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Research & Strategic Analysis

## EXECUTIVE SUMMARY UPDATE RESIDENTIAL MARKET POTENTIAL

Downtown Wichita  
*City of Wichita, Sedgwick County, Kansas*

June, 2014

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This study re-evaluated the depth and breadth of the potential market for new market-rate rental and for-sale dwelling units, to be added through adaptive re-use of existing non-residential buildings and/or new construction, within Downtown Wichita, in the City of Wichita, Sedgwick County, Kansas. The original Downtown study was published in January, 2010..

### CONCLUSION OF THE ANALYSIS

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Between 1,425 and 1,870 new market-rate units could be absorbed within Downtown Wichita over the next five to seven years.

### SUMMARY OF FINDINGS

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- Over the next five years, households moving to Downtown Wichita from outside the region represent an increasing proportion of market potential for new housing in the Downtown (37.9 percent, compared to 22.2 percent in the 2010 study).
  - An average of 4,795 households comprise the potential market for new and existing housing units in Downtown Wichita each year over the next five years, nearly 30 percent higher than in 2010.
  - Focussing solely on the market for higher-density units, an annual average of up to 2,970 households comprise the core market potential for new downtown housing over the next five years (an increase of more than 18 percent over 2010).
  - Those households that comprise the potential market for new Downtown Wichita housing units include:
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Update: Residential Market Potential  
Downtown Wichita  
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- Younger singles and childless couples (76 percent, up from 71 percent in 2010);
  - Empty nesters and retirees (16 percent, down from 20 percent); and
  - Traditional and non-traditional families (eight percent, down from nine percent).
- The recent protracted ownership housing slump has led to a measurable shift in market preferences from home ownership to rental dwelling units, particularly among younger households, yielding a higher share of consumer preference for multi-family rentals even among relatively affluent consumers than would have been typical just five years ago.
  - In Downtown Wichita, market propensities for higher-density urban housing continue to grow: multi-family rental housing accounted for 50.6 percent of target market propensities in the 2010 study (1,270 households), but has increased both in number (to 1,930 households) and in share (to 65 percent) in 2014.
  - The number of households with preferences for multi-family for-sale units dropped significantly (from 870 to 420 households), and their share of the potential market dropped from 34.7 percent to 14.1 percent.
  - Another major change over the past five years is the increase in market preferences for single-family *attached* units (from 370 households to 620 households, and from a 14.7 percent share of the market to a 20.9 percent market share).
  - Several new rental properties have successfully entered the market since 2010: Zelman Lofts (nine units), The Renfro (20 units), Player Piano (36 units), Commerce Street Lofts (six units), Corner 365 (36 units), and the Lux (85 units).
  - In 2010, the optimum market position for the Downtown Study Area was established for a total of 1,000 units; in 2014, given the increase in market potential for Downtown, particularly for rental units, the number of units that could potentially be absorbed within the Study Area over five years now ranges between 1,425 and 1,870 new market-rate dwelling units.
  - Based on the tenure preferences of draw area households and their income and financial capabilities, the optimum market position for 1,750 newly-developed market-rate residential units that could currently be absorbed by the market over the next five to seven years is shown on the following page:

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**Rent, Price and Size Ranges: 1,750 Dwelling Units**  
**Newly-Created Housing (Adaptive Re-Use and New Construction)**  
**DOWNTOWN WICHITA**  
*City of Wichita, Sedgwick County, Kansas*

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
<b>FOR-RENT (MULTI-FAMILY)—</b>			
Hard Lofts	\$650–\$1,350/month	450–1,100 sf	\$1.23–\$1.44 psf
Soft Lofts	\$550–\$1,750/month	350–1,250 sf	\$1.40–\$1.57 psf
Upscale Apartments	\$1,350–\$2,300/month	800–1,500 sf	\$1.53–\$1.69 psf
<b>FOR-SALE (MULTI-FAMILY)—</b>			
Hard Lofts	\$135,000–\$225,000	650–1,250 sf	\$180–\$208 psf
Soft Lofts	\$185,000–\$285,000	850–1,400 sf	\$204–\$218 psf
Upscale Condominiums	\$235,000–\$350,000	1,000–1,650 sf	\$212–\$235 psf
<b>FOR-SALE (SINGLE-FAMILY ATTACHED)—</b>			
Townhouses/Rowhouses	\$215,000–\$325,000	1,100–1,800 sf	\$181–\$195 psf
Live-Work	\$315,000–\$365,000	1,350–1,600 sf	\$228–\$233 psf

- Based on a 12 to 15 percent capture of the potential market for new rental housing, and a five to eight percent capture of the potential market for new for-sale housing units, Downtown Wichita should be able to absorb up to 285 to 374 new market-rate multi-family rental and for-sale and for-sale single-family attached housing units per year over the next five to seven years, as follows:

**Annual Capture of Market Potential**  
**DOWNTOWN WICHITA**  
*City of Wichita, Sedgwick County, Kansas*

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Multi-family for-rent (lofts/apartments, leaseholder)	1,930	12%-15%	232-290
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	420	5%-8%	21-34
Single-family attached for-sale (80 to 100% AMI) (rowhouses, fee-simple ownership)	620	5%-8%	32-50
Total	2,970		285-374