Vermont's GDP in 2017 was $32.5B.

- Housing is usually 15-18%.
  - **Residential investment** (averaging roughly 3-5% of GDP), which includes construction of new single-family and multifamily structures, residential remodeling, production of manufactured homes, and brokers’ fees.
  - **Consumption spending on housing services** (averaging roughly 12-13% of GDP), which includes gross rents and utilities paid by renters, and owners' imputed rents and utility payments.

Inventory of homes sold and building permits remain below peak.
Homes affordable to middle income home buyers go fast.

- While rents and home prices increase, median household income is stagnant at $57,000.
- Greatest demand among home buyers is for prices in the $200,000-$300,000 range, in terms of days on the market.
Where does Vermont's housing market stand as of the end of 2018?

• Sales of non-vacation homes picked up slightly to the highest level since the recession, but remain 35% lower than the peak year pre-recession.

• The Vermont median home sales price pushed up to a new high of $218,000.

• Statewide median monthly rent continues to increase up to an estimated $975 for 2018.

• Rental vacancy rate statewide is 4.4%—well below the 6% regional rate.
What is an "affordable" home?
What is an "affordable" home?

• We have lots of similar terms:
  1. affordable housing
  2. subsidized housing
  3. workforce housing
  4. market rate housing
  5. Affordable Housing
  6. Section 8 housing
  7. Public Housing
  8. moderate income housing
Wages of top-growing occupations keep most housing out of reach.

• Food preparers, personal care aides, and RNs have most new jobs in Vermont.
• None of these occupations has a median wage high enough to afford to buy the median-priced home here.
• RNs can afford VT's median monthly rent, but others must pay unsustainable portions of income for housing.
Housing powers the economy

Powering Growth and Opportunity

Affordable and well-located housing options are at the heart of individual economic opportunities and strong local economies.

FACILITATE ASSET BUILDING
SPUR ECONOMIC ACTIVITY
CONNECT WORKERS TO JOBS
I want an affordable house

... what other criteria
Desired House Size

- 1200 - 1800 sq ft: 78%
- 1800 - 2500 sq ft: 11%
- > 2500: 11%

Slason – informal housing survey (Jan 2019)
Desired Price Range

- 600k +: 11%
- 300-400k: 11%
- 200-300k: 44%
- 100-200k: 33%
- <$300k: 77%

Slason – informal housing survey (Jan 2019)
Current vs. Ideal Neighborhood Type

- Urban, downtown, with a mix of offices, apartments, and shops:
  - Current: 7%
  - Ideal: 10%

- Urban, residential neighborhood:
  - Current: 11%
  - Ideal: 17%

- Suburban neighborhood, with a mix of houses, shops, and businesses:
  - Current: 22%
  - Ideal: 28%

- Suburban neighborhood, with houses only:
  - Current: 16%
  - Ideal: 30%

- Small town, with a mix of houses, shops, and businesses:
  - Current: 10%
  - Ideal: 20%

- Small town, with houses only:
  - Current: 3%
  - Ideal: 3%

- Rural Area:
  - Current: 10%
  - Ideal: 12%

Source: TransitCenter / RSG survey (2016)
A Shift on the Horizon

“Although Millennials still have relatively pro-transit attitudes, they now face the same factors that tend to pull people away from transit—starting families, seeking larger homes, and moving to less-dense neighborhoods....”

http://transitcenter.org/2018/11/14/growing-up-and-away-from-transit/
Informal Survey: Vermont Findings

FUTURE BUYERS

• 71% would select a “safe area” over “financial burden”
  ‒ 47% of previous buyers select “safe area”
• 86% would avoid a financial burden housing choice over:
  ‒ a home in within walking distance of shops, stores, or restaurants
  ‒ a spacious home
  ‒ short commute
  ‒ a beautiful area
• 71% prefer “beautiful area” over “short commute,” but
  86% prefer “short commute” to “spacious home”
  ‒ 55% of previous buyers select “short commute” vs. “spacious”

Source: Slason, housing survey, January 2019
Informal Survey: Vermont Findings

Top 3 Attributes (% of responses)

- Mix of destinations (coffee shops, etc.)
- High quality schools
- Safe community
- Bikable - safe and accessible routes for...
- Walkable - most errands can be...
- Public park
- Private Yard
- Nearby public transportation options

Past Purchase

Future Purchase
Transportation Impacts of Housing Location

Daily VMT per Capita
- No data
- 1 - 34
- 35 - 49
- 50 - 59
- 60 - 67

Source: NHTS 2009
Housing + Transportation

- Bringing together the two largest line items in a household budget.

- Most areas of Vermont would consume >50% of income for housing and transportation.
Demand Fundamentals: Demographics
Birth Rates

U.S. birth rates (births per 1,000 population)

Source: National Center for Health Statistics, 2005; Martin et al., 2012; Martin et al., 2013; Hamilton and Sutton, 2013.

Population: Cohort Forecasts

Source: EPR population forecasts for VTrans Long Range Plan (summer 2016)
Population: Cohort Forecasts

Source: EPR population forecasts for VTrans Long Range Plan (summer 2016)
Slow Growth – Not Just Vermont

The U.S. population grew by **0.6 percent** between July 1, 2017, and July 1, 2018.

“This is the lowest growth rate since 1937, in the Great Depression when couples were hesitant to have babies and foreigners saw little point in immigrating to the U.S.

The business implications are large, both in the market for goods and services and in the supply of labor.” (Forbes, 22 Dec 2018)
Vermont Population: Annual Dynamics
Where We Stand

• Natural dynamics 2016 (births – deaths)
  – births: ~5,800 per year  trending down
  – deaths: ~5,900 per year  trending up

• Migration (domestic and international)
  – domestic: increase of ~1,000 people
  – international: net gain of ~3,000 last year
26-34 Year Olds – Millennial Migration

States in the Sunbelt and Pacific Northwest Are Attracting Millennials from Other Parts of the Country

Average Annual Net Domestic Migration of 26–34 Year Olds, 2012–2016
- Inflow of 5,000 or More (Up to 36,600)
- Inflow of Less than 5,000
- No Change (+/- 500)
- Outflow of Less than 5,000
- Outflow of 5,000 or More (Up to 33,900)

Note: The 2012–2016 average excludes 2015 due to data quality issues.
Source: JCHS tabulations of Internal Revenue Service, Statistics of Income Migration Data.
In-migration?

United Van Lines: Vermont tops moving-in list for second year

<table>
<thead>
<tr>
<th>Income</th>
<th>INBOUND</th>
<th>OUTBOUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $49,999</td>
<td>12.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>4.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>$75,000 to $99,999</td>
<td>12.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>$100,000 to $149,999</td>
<td>12.00%</td>
<td>25.00%</td>
</tr>
<tr>
<td>$150,000 or more</td>
<td>60.00%</td>
<td>75.00%</td>
</tr>
</tbody>
</table>

Age Ranges

<table>
<thead>
<tr>
<th>INBOUND</th>
<th>OUTBOUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.13%</td>
<td>&lt;18 to 34</td>
</tr>
<tr>
<td>9.38%</td>
<td>35 to 44</td>
</tr>
<tr>
<td>25.00%</td>
<td>45 to 54</td>
</tr>
<tr>
<td>31.25%</td>
<td>55 to 64</td>
</tr>
<tr>
<td>31.25%</td>
<td>65 or older</td>
</tr>
</tbody>
</table>

Primary Reason for Moving

<table>
<thead>
<tr>
<th>INBOUND</th>
<th>OUTBOUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.25%</td>
<td>retirement</td>
</tr>
<tr>
<td>3.13%</td>
<td>health</td>
</tr>
<tr>
<td>18.75%</td>
<td>family</td>
</tr>
<tr>
<td>15.63%</td>
<td>lifestyle</td>
</tr>
<tr>
<td>34.38%</td>
<td>job</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
</tr>
</tbody>
</table>
2015 Population

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4 Years</td>
<td>4.99%</td>
</tr>
<tr>
<td>5-19 Years</td>
<td>18.09%</td>
</tr>
<tr>
<td>20-24 Years</td>
<td>7.74%</td>
</tr>
<tr>
<td>25-44 Years</td>
<td>23.34%</td>
</tr>
<tr>
<td>45-64 Years</td>
<td>30.51%</td>
</tr>
<tr>
<td>Over 65 Years</td>
<td>18.03%</td>
</tr>
</tbody>
</table>

Total Population: 626k

Source: EPR population forecasts for VTrans Long Range Plan (summer 2016)
2030 Forecasted Population

Total Forecast Population: 644k

- 0-4 Years: 5.10%
- 5-19 Years: 17.53%
- 20-24 Years: 6.68%
- 25-44 Years: 25.51%
- 45-64 Years: 23.81%
- Over 65 Years: 27.03%

Source: EPR population forecasts for VTrans Long Range Plan (summer 2016)
Challenges Beyond Demographics
Who are homeowners?

Homeownership rate peaks at age 55-74

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 to 24</td>
<td>13%</td>
</tr>
<tr>
<td>25 to 34</td>
<td>42%</td>
</tr>
<tr>
<td>35 to 44</td>
<td>68%</td>
</tr>
<tr>
<td>45 to 54</td>
<td>78%</td>
</tr>
<tr>
<td>55 to 59</td>
<td>82%</td>
</tr>
<tr>
<td>60 to 64</td>
<td>84%</td>
</tr>
<tr>
<td>65 to 74</td>
<td>83%</td>
</tr>
<tr>
<td>75 to 84</td>
<td>78%</td>
</tr>
<tr>
<td>85 and over</td>
<td>67%</td>
</tr>
</tbody>
</table>
Where have all the millennials gone?

<table>
<thead>
<tr>
<th>Generation</th>
<th>Years born</th>
<th>Age</th>
<th>Population</th>
<th>Current homeownership (%)</th>
<th>Homeownership at age 25–34 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>1981–97</td>
<td>18–34</td>
<td>75,170,263</td>
<td>32.2%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>1965–80</td>
<td>35–50</td>
<td>66,441,487</td>
<td>60.4%</td>
<td>45.4%</td>
</tr>
<tr>
<td>Baby boomers</td>
<td>1946–64</td>
<td>51–69</td>
<td>74,649,971</td>
<td>75.0%</td>
<td>45.0%</td>
</tr>
</tbody>
</table>

Sources: 1990 and 2000 Decennial Censuses and the 2015 American Community Survey.
Why not buy?
Economic Trends That Will Impact Homebuying

- Wages stagnating in Vermont… and nationally
- Rising interest rates
- Low inventories of homes affordable to buyers
- Lack of down payment
  - VHFA has a program for first-time buyers!
  - www.vhfa.org
Live polling question

“In Vermont, is the current availability of housing affordable to workers an obstacle to economic prosperity?”

(1) it is a serious obstacle
(2) it is a minor obstacle
(3) It is not an obstacle
Thank you