Residential Supply Activity

The City of Garland issued, on average, 397permits per year over the last 5 years. Of these average permits issued, 32% constituted multi-family permits (Note: In the City of Garland, multi-family represents attached rental and ownership condominiums.)

For the jurisdictions included (at least in part) in the Trade Area, the total average number of permits was 3,713 per year. The communities of Wylie and Garland constitute the majority of permits issued, with multi-family permits representing 8% and 32% of construction, respectively.

Although the City of Garland makes up nearly 27% of the Trade Area's existing households (in other words, it's total historical absorption), it has accounted for approximately 11% of recent Trade Area home-building. These percentages suggest that while Garland had historically captured a greater share of Trade Area growth, time and a declining supply of competitively positioned and available parcels have caused a reduction in their share.

Capture rates used in the following demand estimates assume that the City can regain a share closer to 15% to 20% of the Trade Area – with aggressive marketing (especially among targeted infill areas), strategic positioning and a favorable redevelopment climate (regulatory and financial).

Residential Trade Area Building Permits Trends (SF and MF combined)

	2005	2006	2007	2008	2009	Annual Average (SF + MF)	Avg. Pct. Multi-Family
Garland	327	716	274	508	162	**397**	**32%**
Mesquite	426	345	384	64	81	**260**	**20%**
Murphy	612	436	287	138	87	**312**	**0%**
Richardson	125	104	739	389	209	**313**	**68%**
Rowlett	298	251	107	93	43	**158**	**0%**
Sachse	185	272	165	177	135	**187**	**0%**
Sunnyvale	115	76	61	74	37	**73**	**0%**
Wylie	1,234	909	968	416	261	**758**	**8%**
Total	**4,731**	**6,008**	**4,953**	**1,859**	**1,015**	**3,713**	**18%**

Source: U.S. Census; municipal building departments; Leland Consulting Group.

Note: The residential (regional) Trade Area overlaps substantially, but not entirely, with the above municipalities.

Residential New Home Sales Activity (2010) – Single Family Detached

City	Total Units	<$100K	$101-150K	$151-200K	$200-250K	$251-350K	$351-500K	$501K+
Garland	80	7	5	16	15	33	4	0
Mesquite	4	0	0	0	0	3	0	1
Plano	86	2	4	3	12	37	26	2
Richardson	260	4	15	61	80	74	22	4
Rowlett	29	4	3	0	0	9	9	4
Sachse	2	0	0	0	0	0	2	0
Totals	**461**	**17**	**27**	**80**	**107**	**156**	**63**	**11**

Residential New Home Sales Activity (2010) – Single Family Attached

City	Total Units	<$100K	$101-150K	$151-200K	$200-250K	$251-350K	$351-500K	$501K+
Garland	2	0	1	1	0	0	0	0
Plano	35	7	6	6	11	5	0	0
Richardson	2	1	1	0	0	0	0	0
Totals	**39**	**8**	**8**	**7**	**11**	**5**	**0**	**0**

Source: Hanley Wood Market Intelligence and Leland Consulting Group.

Note: The residential (regional) Trade Area overlaps substantially, but not entirely with the municipalities presented above.

Note: Jurisdictions available through Hanley Wood for this Trade Area do not exactly match those available through the Census on the previous slide.

Sales of single family detached units represented 92% of Trade Area new home sales in 2010. With 80 units sold (as tracked by Hanley Woods), Garland trailed Richardson and Plano in the Trade Area in terms of number of single family detached units sold in 2010.

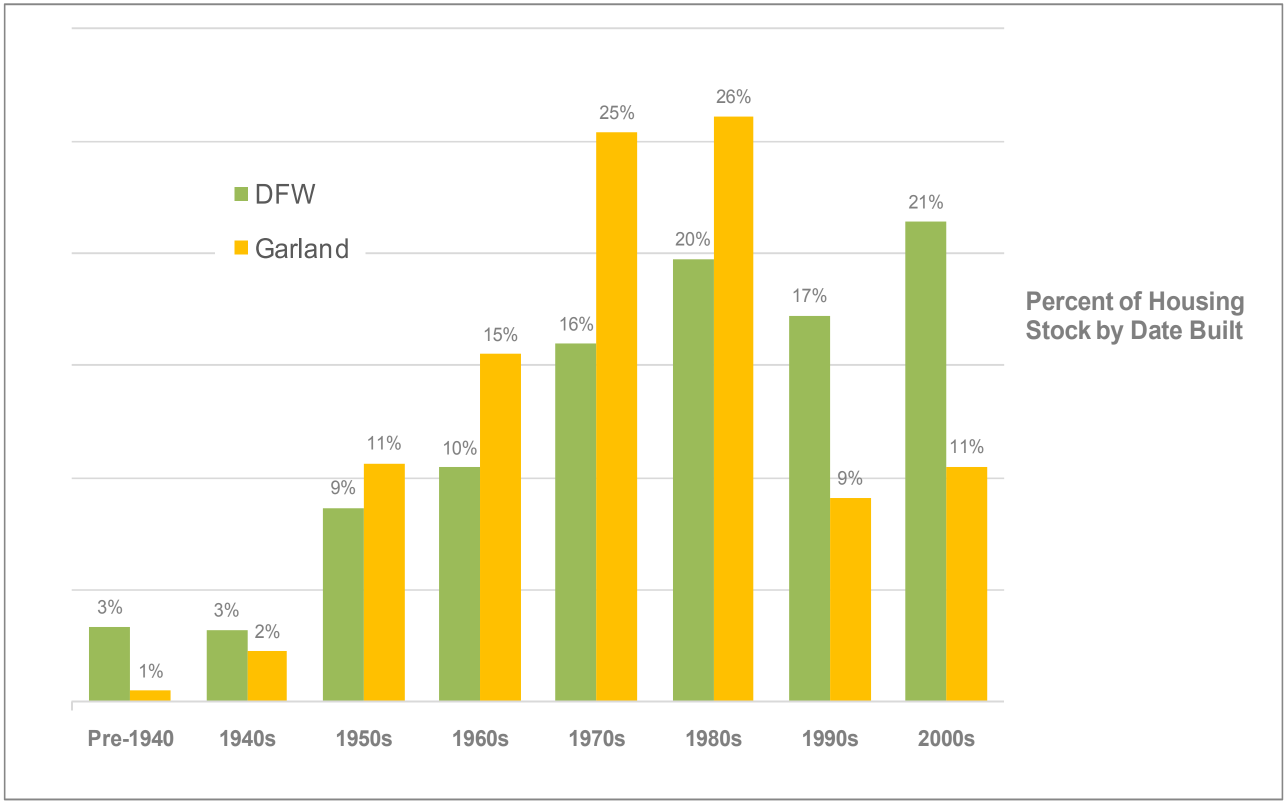
Approximately 57% of single family detached sales were for units priced between $200,000 and $350,000.

Single family attached units accounted for just 8% of Trade Area new home sales in 2010. Plano accounted for an overwhelming majority of these sales.

Sale prices for single family attached units occurred over a broad range of price ranges.

Again, these figures suggest that the Garland market continues to fall behind other competitive communities in terms of its diversity of housing product types – particularly those that effectively respond to a range of lifestyle needs and preferences.

Garland's Aging Housing Inventory



Source: U.S. Census; Claritas, Inc.; and Leland Consulting Group.

Garland had a higher share of housing units built in the 1960s, 70s, and 80s than the Dallas Metro Area overall. Approximately 81 percent of Garland's housing stock was built prior to 1990.

Mid-century housing construction tends to be less robust than units built between the 1900s to 1940s, suggesting a significant inventory of units that could benefit from a range of redevelopment initiatives and resources. Actual numbers of units could be estimated through a combination of GIS mapping by age built, assessed value and visual inspection. Understanding the location of these units will be particularly important in the context of positioning key catalyst areas for reinvestment.

Ownership Housing Demand

Of the 15,154 total units of for-sale housing demand by households earning over $15,000, approximately 20% or 3,031 units could be attached (condo, townhome, rowhome, loft, etc.). Assuming a 20% capture rate (market share) of attached units, the City of Garland could absorb approximately 596 new condo / townhome units by 2020.

At a similar overall capture rate of 20%, Garland could capture approximately 2,379 new detached units over 10 years – perhaps exploring higher density formats (such as patio homes or bungalow courts) to help manage diminishing land supply in parts of Garland while also appealing to older buyers in search of low maintenance product types and developments which emphasize walkability.

10-Year Residential Attached Ownership Demand Analysis

Annual Income Range	Approx. Home Price Range	Trade Area For-Sale Demand (income $15K+)	Townhome/ Condo Demand	Attainable Capture Rate (within condo/ townhome)	City of Garland Attainable Capture (units)
$15-25K	$75 to $100K	522	104	*20%*	21
$25-35K	$100 to $150K	1,082	216	*25%*	54
$35-50K	$150 to $200K	2,322	464	*25%*	116
$50-75K	$200 to $250K	3,875	775	*20%*	155
$75-100K	$250 to $350K	2,914	583	*20%*	117
$100-150K	$350 to $500K	2,909	582	*15%*	87
$150K and up	$500K and up	1,530	306	*15%*	46
Totals		***15,154***	***3,031***	***20%***	***596***

10-Year Residential Single Family Detached Demand Analysis

Annual Income Range	Approx. Home Price Range	Trade Area For-Sale Demand (income $15K+)	Detached Demand	Attainable Capture Rate (within detached)	City of Garland Attainable Capture (units)
$15-25K	$75 to $100K	522	418	*15%*	63
$25-35K	$100 to $150K	1,082	865	*20%*	173
$35-50K	$150 to $200K	2,322	1,858	*20%*	372
$50-75K	$200 to $250K	3,875	3,100	*20%*	620
$75-100K	$250 to $350K	2,914	2,331	*20%*	466
$100-150K	$350 to $500K	2,909	2,327	*20%*	465
$150K and up	$500K and up	1,530	1,224	*18%*	220
Totals		***15,154***	***12,123***	***20%***	***2,379***

Rental Apartment Demand

The Garland Trade Area is expected to experience demand for approximately 21,417 new housing units by 2020. Assuming the ratio of rental units to owner-occupied units remains at 38%, this would translate into demand for 8,138 new multi-family rental units (including approximately 6,263 units only affordable for households earning over $15,000).

10-Year Residential Multi-Family Rental Demand Analysis

Annual Income Range	Approx. Rent Range	Trade Area Rental Demand	Attainable Capture Rate (within rentals)	City of Garland Attainable Capture (units)
$15-25K	$375 - $625	1,566	*13%*	204
$25-35K	$625 - $875	1,622	*13%*	211
$35-50K	$875 - $1,000	1,548	*13%*	201
$50-75K	$1,000+	969	*13%*	126
$75-100K	$1,000+	324	*13%*	42
$100-150K	$1,000+	153	*13%*	20
$150K and up	$1,000+	81	*13%*	10
Totals		***6,263***	***13%***	***814***

Source: Claritas, Inc.; NCTCOG; and Leland Consulting Group.

Assuming a 13% capture rate, weighted evenly across income ranges, an attainable goal for the City of Garland would be approximately 800 new rental units over the next decade. An additional 200 to 300 subsidized (non-market) units targeting households earning less than $15,000 per year could also be required.

Implications for Economic Development - Residential

- As shown, Garland's share of residential development over the past 5 years falls short of its historical absorption. While Garland comprises 27% of the Trade Area households, it is only accounting for 11% of its recent residential growth. Again, this is not uncommon in an "inner ring" community, but with the areas of new development opportunity that Garland possesses, a higher market capture should be achievable.

- In recent years, there has been a shift in the Trade Area to more higher-density housing products, e.g., townhomes, condominiums and apartments. Garland's residential growth has continued to be dominated by single family detached units, with multifamily making up only 32% of total permits. Other Trade Area communities, particularly Richardson, have moved toward higher shares of multifamily construction.

- More recent home sales activity indicates that Garland is beginning to exhibit a growing townhome/condominium market, but not to the same extent shown in other Trade Area communities, particularly East Dallas. While East Dallas is distinctly more urban than the remainder of the Trade Area, the movement toward a higher-density housing market is significant for Garland. As the next "ring" of communities moving outward from Dallas, Garland has a unique opportunity to be a logical target for urban housing. The development of transit only enhances these opportunities.

- Garland's aging housing stock actually represents an opportunity to renovate existing housing stock to better meet the demands of today's homebuyers. With nearly 60% of its housing stock built prior to 1980, there are ample opportunities to redevelop and rehabilitate existing neighborhoods. This could result in the accommodation of a wide variety of housing products without extending infrastructure to newly developing areas. The "close-in" nature of these existing neighborhoods, combined with the introduction of new, higher-density housing products, could allow Garland to attract the demographic groups it now lacks, e.g., young adults seeking job opportunities within an urban, "walkable" environment.

- There continue to be opportunities for Garland to accommodate more traditional single family development, particularly along the newly developing PGBT Corridor. These neighborhoods can respond to the demographics that Garland has long portrayed, in addition to expanding specific niches, such as high-end housing or executive housing.

- The further diversification of Garland's housing inventory is a critical component of the community's economic development "infrastructure" described earlier.