I86 Innovation Corridor Housing Study: 2017-2020

Three Rivers Development Foundation

19 E. Market Street

Corning, New York

I86 Innovation Corridor Housing Study: 2017 – 2020

TABLE OF CONTENTS

I86 Innovation Corridor Housing Study: 2017 – 2020

Introduction and Executive Summary

Purpose and Scope of the Study

The purpose of the study is to assess and understand the impact of economic factors and market trends on the supply and demand of both the market rate and single-family housing markets in the I86 Innovation Corridor target area extending east to west from Elmira to Town of Erwin, and north to Watkins Glen. The objective of the study is to evaluate the projected gaps, and the issues and opportunities related to revitalization of existing stock and new construction. The study was prepared by Susan Payne, Strategic Planning Consultant.

Research, analysis and evaluation of the following socio-economic characteristics influencing the housing and apartment rental markets in the defined geographic area were evaluated as of May 2017.

- Demographic trends
- Impact of regional and local economies
- Projected job growth and decline among regional businesses
- Impact of the natural gas industry
- Workforce dynamics
- Apartment rental market conditions
- Single-family market conditions
- Lodging and extended stay market conditions
- Current and projected new construction activity: single-family and market rate rental housing
- Major builder and developer activity
- Potential housing development projects in the future
- Demand and gap analysis

Geographic Area Studied

The target study area includes communities in Western Chemung County, Southeast Steuben County and Schuyler County as listed below. Although not included the target study area, the economic impact of activities in Hornell and Wayland are taken into consideration because to the potential impact.

Chemung County
City and Town of Elmira
Village of Elmira Heights
Town and Village of Horseheads
Town of Big Flats

SE Steuben County
City and Town of Corning
Village of Riverside
Town of Campbell
Town of Erwin, including Painted Post
Town of Hornby
Town of Lindley

Schuyler County
Village of Watkins Glen

Trends in Home Buying

National Trends: The pace of single-family home sales was robust in 2016, and the level of activity has continued into 2017. The increasing volume of sales among all consumer groups during the past four years has resulted in a low inventory. Existing housing inventory slipped nearly 9% to 1.43 million, and days on the market (DOM) number dropped from 60 to 49. The current supply of new construction is 5.4 months and among existing houses is 3.8 months, which is beneath the six-month supply considered healthy.

The housing demand also is evident in building permit activity, showing a nation-wide increase of 13% in Q1 of 2017 as compared to Q1 of 2016. Across the country, new residential construction is a mix of style, typically including 30% condo style developments, 50% townhouse developments and 20% single family home developments.

This situation has created a seller's market; driving up existing home prices 4.8% in 2016. The Home Price Expectations Survey shows values increasing by 3.6% to 4% in 2017. The slightly slower pace in 2017 is being attributed to the lack of inventory.

The low inventory also is driven by the acquisition of older homes that require renovations. Home buyers are being forced to invest in upgrades to houses being purchased, particularly those 30+ years.

Sales are occurring at all price points, with the highest concentration in the $200,000 – $299,000 and $300,000 - $399,999 price ranges. Buyers in the 52 to 61 years of age group are active; buying multi-generational houses. Seniors at the upper end of the Boomer age spectrum are showing a preference to trade down for a smaller home, preferring condos or villa-style townhomes with less maintenance and upkeep requirements. Among this group, at least 50% will opt for rental housing (either independent or assisted living) as opposed to purchasing. In addition to the desired amenities listed above, seniors will need age-related home features such as wider hallways to accommodate wheel chairs or walkers, open showers and no stairs.

First-time home buyers represent the largest consumer group at 34%. Most are 36 years or younger (Millennials/Gen Y'ers). Forty-five percent of buyers 36 years and younger have student loan debt with a median balance of $25,000. While only 27% of buyers ages 37 to 51 have student loan debt, they have the highest median balance of debt at $30,000. Their preference is for new construction with low maintenance, or older houses with architectural character that have been renovated; however, there is limited inventory that satisfies this criterion. National surveys indicate that Millennials envision themselves moving to a new city, state or country fewer than two more times in their lives. Sixty-eight percent prefer to build a life in one community, rather than live and work in multiple geographies.[1] As of 2016, 43% of Millennials have bought their homes, while 75% of non-homeowners say they could be motivated to buy a house.

[1] *Millennials have redefined the American Dream.* Wall Street Journal TS. Jason Notte
May 6, 2017

New York State Trends: The pace of the New York State housing market has been mixed among communities outside of the New York City Metropolitan Area. Between 2007 – 2016, home sales fell 12% from 101,000 to 89,144. Median sales price fell 9% from $236,000 to $215,000; however, 60% of communities are seeing an increase.

Albany and the Buffalo-Niagara Area are in the lead with a healthy of pace of both sales and new construction; and also, are among the top ten destinations for Millennia home buyers. At the national level, Syracuse ranks high for its affordability. Among the communities with a population of less than 50,000, Binghamton leads in both New York State and the country in terms of its affordability based on median income. It is important to note that this does not speak to the quality of the housing stock, but rather the affordability.

New construction activity is on the rise in the Northeast with an increase of 10% and in New York State with a 2% increase year-to-date over 2016. However, there has been activity other than the New York City metro area in areas such as Rochester, Long Island, Kingston, Albany, Buffalo, and Syracuse with a 32% increase over 2016. Binghamton, Ithaca and Glens Falls have seen no activity.

I86 Corridor Trends: Much of the housing stock is old, with more than 50% being built prior to 1940 in the cities of Corning and Elmira. Nearly 60% was built prior to 1969 in all the communities identified in the target Corning Area.

The largest concentration of sales in 2016 were among existing houses in the $100,000 – $200,000 price range. The 2016 median sales price was $119,900 and the average sale price was $140,824; up 5-10% from 2015. There were 1,456 closed sales in 2016; up 5.5% from 2015.

Area realtors and financial institutions report that strong home buying activity level is being driven by buyers who are feeling good about the stability of the economy, believe it is a wise business decision to buy rather than continue to rent, and concerns that interest rates may be increasing. This is particularly evident among buyers with a household income of less than $100,00 who are in the position to move from a long-term rental situation to homeownership.

The 2017 housing market continues to be robust in comparison to the past five years. Housing values in the target area have continued to appreciate over the past two years; making homeownership a desired investment. The average DOM (days on market) in 2014 was 178; and dropped to 108 in 2016 with the quickest selling houses in the $60,000 - $70,000, $140,000 - $160,000 and $500,000+ price ranges. Year-to-date 2017 the average DOM is 96.

The volume of buying in the I86 Innovation Corridor is not significantly higher in 2016 as compared to 2015, because buyers are finding it more difficult to find a house in reasonable condition, in a desirable location, and at their desired price point. The issue is a domino effect, with a root cause being the lack of sellers at each price point and no significant volume of new construction in the past decade. Other key indicators are the aging in place dynamic, combined with some existing home owners choosing not to purchase a house at the next level over the $225,000 price point because of the higher property tax liability.

Conclusions: Single-family Housing

There is a shortage of single-family houses on the market, and the low inventory levels are setting a record at all price points as compared to the past five years. The shortage is being driven by a domino effect and is a combination of several factors.

- ✓ Increase in first-time homebuyers who are current renters or relocating to the area, together with persons moving up from starter houses with a preferred price point of $120,000 – $150,000 and are motivated by low interest rates and the advantages of buying versus paying rent. In many cases, the amount paid in monthly rent has prevented this group from saving an adequate down payment plus funds needed for upgrades.
- ✓ Persons 65+ remaining in their homes valued at the $90,000 - $150,000.
- ✓ Hiring by area employers with a projected new job count of 1,600+ jobs over the next three years. The number of new employees expected to relocate to the area is conservatively estimated at 600. Among the number of new residents locating to the area, an estimated 200 will seek to purchase a house in the next 2-3 years.
- ✓ People who currently own houses at the $90,000 – $120,000 price point who are seeking to "move up" to the $175,000 – $225,000 price point. This demand is being stunted by a limited inventory, concern about increasing property tax liability with purchasing a more expensive house, and the need to invest $40,000 - $50,000 in renovations and upgrades. Consequently, they are not selling their houses at a volume needed to meet demand among first-time home buyers. The inability of the area to accommodate demand for homeownership at the starter home price point of $125,000 - $225,000 likely will drive this group to market rate housing.

Houses available at the $90,0000 - $150,000 price point typically are being sold by older owners or estates, and require a $40,000 - $50,000 investment in upgrades to meet buyer expectations. The buyer typically does not have the cash resources to make this additional investment, is carrying college debt, and has limited borrowing power that leads to a valuation issue. Lack of inventory at this price point is being complicated by many young professionals who prefer a "move-in ready" house. Those who are recent college grads, service and administration workers, and production workers also are concerned about the high property taxes in the City of Corning and more densely populated areas, and therefore some are opting to buy in Lindley, Addison and Hornby.

There also is lack of inventory in the $300,000+ price point. Demand is increasing among healthcare professionals and senior management being recruited to the area, as well as existing homeowners wanting to "move up." Due to the lack of inventory, this latter group is opting to remain in their existing home and not allowing for the natural flow of home sales to new buyers.

Horseheads, Big Flats and City of Corning are the most active with sales; however, it's escalating into a seller's market in these communities at the $90,000 – $125,000, $150,000 – $175,000 and $225,000 – $275,000 price points.

Although historically there has been excess inventory in the $400,000 + range, this is being absorbed by the increase in demand among upper management and healthcare professionals being recruited to the area, together with existing residents planning to "move up" due to confidence in the economy, increasing wealth, interest in increasing their investment in real estate, and a stable job environment.

As cited in 2013, the biggest challenge for people moving into the area remains with finding a house in the $175,000 - $225,000, $225,000 -$275,000 and $275,000 – $350,000 price points among both the existing housing stock and new construction. Currently there is less than a 5-month supply in these ranges, and the situation will become dire as new hiring ramps up in the next 18-36 months.

The widening gap between supply and demand is expected to escalate with increasing pent-up demand among first-time buyers, together with hiring to fill new jobs being created by area employers and current residents seeking to "move up" one or more price categories. The forecasted demand for single-family housing cannot be fulfilled by the existing housing stocks combined with new construction spec houses and new subdivision development in the pipeline based on the current rate of buying together with historic trends in listings and sales.

There are six active home buyer market groups: ***Empty Nesters***; ***Established Professionals and Upper Management; Mid-career Professionals and Middle-management; Young Professionals; Executives, Senior Management and Healthcare Professionals; and, Other First-time Home Buyers such as tradesmen, productions workers, customer services representatives and administrative support team members***

The forecast for demand in excess of supply among these groups is a total of 200-250 new single-family houses in the next three years. The highest concentration of demand is at the $225,000 - $275,000 (75) and $275,000 - $350,000 (85) price points.

Consumer Group	$125,000 - $175,000	$175,000 - $225,000	$225,000 – $275,000	$275,000 – $350,000	$350,000 – $500,000	$500,000 +
Empty Nester (downsizing)				10		
Executives, Senior Management and Healthcare Professionals					10	3
Established Professionals including lawyers, accountants, engineers, scientist, etc.			30	45	15	
Professionals and Middle Management		10	25	30		
Young Professionals relocating, and current residents moving up in the marketing or transitioning from rental situations	20	35	20			
Other First-time Home Buyers	20	20				
TOTAL	40	65	75	85	25	3

Recommended Next Steps: Single-family Housing

Filling the forecasted gap will require an aggressive and dual approach involving both revitalization of the existing housing stock and new single-family housing construction. There is an opportunity to meet demand and position the I86 Innovation Corridor to respond to new job creation; however, it will require a significant infusion of private investment, New York State funding and other resources to make these initiatives successful.

Revitalization and Promotion of Existing Housing Stock

This report supports and advocates for the recommendations outlined in Governor Cuomo's 2017 *Strategies for Upstate NY*, which identifies "Placemaking" as an important economic development strategy. An investment in housing also advances the vibrant communities strategy named as a priority initiative for 2017-2019 by the I86 Innovation Corridor Steering Committee because of its importance to business development and workforce recruitment.

It is recommended that "Placemaking" be adopted as a priority and an investment made in creating substantial and meaningful financial, planning and regulatory tools to revitalize the vacant, undesirable and aged housing stock to address the gap. This is of importance to meeting demand at the $90,000 – $225,000 price point, while also stimulating investment, reducing risk and increasing the rate of property appreciation.

Several initiatives have been launched that are important first steps. The Corning Housing Partnership was formed in 2016 and is undertaking a neighborhood redevelopment program that involves renovation of single-family houses in targeted areas. Property owners are offered an incentive package to participate in the redevelopment program, with the objective of promoting homeownership, stimulating investment in upgrades and creating momentum for total neighborhood revitalization. Seven projects are underway at the time of this report. Although this effective business model has been established, it will have limited impact without the infusion of additional financial resources.

In 2016 Elmira received a $10 million award under the NYS Downtown Revitalization Initiative (DRI). Although revitalization of single-family housing was not a project selected under Elmira's DRI plan, the importance of housing and neighborhood redevelopment was identified as an urgent priority. Safe and affordable housing also was identified as a priority in Elmira's Poverty Reduction Initiative (ESPRI) action plan. Consequently, a Housing and Neighborhood Revitalization Task Force has been appointed to address the need for mixed income neighborhoods and an upgraded single-family housing stock. An important tool in the strategy will be the newly formed Chemung County Land Bank. In addition, the New York State "Graduate to Homeownership Program" will play a role in attracting recent college graduates to become first-time homeowners. As a DRI community, Elmira is eligible to participate in this program that is available to qualified first-time homebuyers who have graduated from an accredited college or university with an associate's, bachelor's, master's or doctorate degree within the last 48 months. The program is expected to provide subsidized low-interest rate mortgages; down payment assistance loan of the greater of $3,000 or 3% of the home purchase price up to a maximum of $15,000, with no additional fees; access to additional available subsidies and resources; and online and on-campus homebuyer counseling and education.

These programs and initiatives will be important tools moving forward; however, gap financing for purchase and revitalization will be essential to attract and stimulate investment in the outdated housing stock throughout the entire target area by all consumer groups from the recent college graduates and young professionals, to skilled trades and production workers who are entering the market for the first time. Stimulating revitalization also will require action to update zoning ordinances, offer tax incentives to convert multi-family properties back to original use as single-family structures, real property tax exemption for single-family houses, gap financing to leverage private investment for property acquisition, and redevelopment funds that are a combination of low-interest loans and grants to assist new property owners undertake renovations that make the purchase of an older home a viable business investment.

New Construction

A three-pronged approach to stimulate new construction is recommended to bridge the gap in single-family housing, with a focus on the $275,000 – $400,000 price point that cannot be met through upgrades to the aged housing stock.

1. Strengthen the capacity of the building sector to undertake construction on the existing 180-200 building lots in the Town of Erwin and new developments under consideration in the target area that have the potential to respond to demand.
    a. Property tax incentives to spur development of new housing construction and housing rehabilitation.
    b. Financing packages that provide small builders with the financial capacity to undertake the construction of more than 1-2 spec houses.
    c. Attract mid-scale building companies that have the capacity to undertake 20+ new home construction.
    d. Undertake a promotion program to attract buyers in the $275,000 to $400,000 price point that serves as a mechanism to attract builders.

2. Attract private investment and pursue gap financing sources to take advantage of opportunities for construction in the dense urban area on properties targeted for demolition and redevelopment. A good example is Arbor Housing's proposal to demolish and develop the former Blodgett School site that has the capacity for 25-26 building lots that could accommodate 1,200-1,500 square foot houses with garage in an estimated price range of $175,000 (including lot).

3. Increase the number of buildable lots in the Towns of Erwin, Big Flats and Horseheads through identification of suitable land parcels, rezoning as necessary, and public and private investment in basic infrastructure, road extensions, streetscape and neighborhood amenities such as neighborhood parks.

Trends in Market Rate Rental Housing

National Trends: The highest level of vacancy rates occurred during the housing bubble in 2007 – 2010, when a large percentage of renters entered the home ownership market and then were forced back into rental housing in 2010 due to a high level of foreclosures. The vacancy rate has remained somewhat level since 2013. According to the U.S. Census Bureau's report issued April 27, 2017, the national rental vacancy rate was 7% in Q1 of 2017. This compares to the high point of 10.6% set in 2010.

Monthly rental rates have continued to increase over the past ten years. The median asking rent was $864 in 1Q 2017; up from $430 in 1995. The average U.S. apartment asking rent grew 0.4% in the first quarter of 2017, up to $1,315; and by 3.3% on a year-over-year basis since the first quarter of 2016. It is important to note that the highest vacancy rate currently is among Class A apartments, which is at its highest point over the five-year period with an increase from 29 to 47 according to the NHBA Index.

In 2010, the NAHB reported an increase in demand and projected production of market rate housing units. During 2008-2010 the financial institutions placed a moratorium on financing for new construction. By 2012 the demand for traditional rental apartments had increased due to multiple factors including the impact of the crash of the housing bubble and people facing foreclosures, pent-up demand among new household formations and improvement of the labor markets. New construction ramped up in 2012 and 2013; however, the NAHB Multi-family Production Indices Q1 2017 reports that actual production of "Market Rate Rental Starts" has been on a slight downward trend since 2012.

A 2017 report commissioned by the National Multi-family Housing Council (NMHC) and the National Apartment Association (NAA) states that the U.S. will need 325,000 new apartments, especially in the West, every year between now and 2030 to meet the growing demand. The study, prepared by Hoyt Advisory Services, states that the growing demand for new apartments is due to the delayed marriages, the aging population and international immigration.

New York State Trends: Monthly rental rates have increased over the past five years, with the greatest increases occurring in Albany, Buffalo, Canandaigua, Corning, New York City and Saratoga Springs. Although rents have increased in many metropolitan areas across the country, Buffalo stands out, along with St. Paul and Fresno, as experiencing the biggest decrease in rent price from May to June 2017. The average rent fell 4%. However, Rochester saw a 4% increase during the same period.

Investors have been attracted to mid-sized metropolitan areas such as Albany and Buffalo because of the average capitalization rate (cap rate), fair market price, reasonable maintenance costs and potential return on investment (ROI) because of the positive economic development dynamics occurring in these communities. For multi-family properties, it can be as high as 7.1% in areas like Buffalo, N.Y. and around 4.9% in cities such as New York.

I86 Corridor Trends:

There are several social and economic factors that have the potential to impact today's market rate housing scene ranging from the aging population that plans to maintain an independent lifestyle, to lack of homeownership options for persons under the age of 40, job creation and talent recruitment.

Within the Corridor, 34% of households live in some form of rental housing. There are an estimated 1,400 units of market rate housing (not including single-family houses or low-mod rental units) ranging from 600 – 1,750 square feet. There are an additional 200 units in the final planning or construction phases in the City of Corning, City of Elmira and Village of Horseheads. Rents for these new units are expected to range from $800 for a studio to $2,200+ for a two-bedroom unit.

For the professional, senior level managers, physicians and other healthcare workers such as nurses, Hickory Grove and Colonial Manor located in Horseheads are desirable apartment complexes because of their central location and easy access to shopping, restaurants and the airport. Rents typically range from $995 to $1,895. WoodsEdge and Emerald Springs in the Town of Erwin are higher priced beginning at $1,036 to as high as $2,700 for a three-bedroom furnished unit. Other high-end options are the 180 upper story luxury apartments on Market Street and Academy Place in Corning that rent for $1,800 - $2,200 per month.

Although the rental market is tight at all price points, with an average vacancy rate of less than 5 % throughout the entire corridor, there is some softening of demand at the higher end of $1,800 – $2,200 per month. Consequently, the combination of existing and new construction units is expected to meet the needs of physicians, executives, senior management, and established professionals such as engineer and scientists.

The primary demand for market rate housing at the $900 - $1,200 price point is highest among young professionals under the age of 35. Complexes such as Bottcher's Landing Apartments in Big Flat, Quail Bay in Corning, and Craft Corners Townhouses in South Corning are experiencing 98-100% occupancy rates. A typical two-bedroom unit with 1,200 square feet rents for $925 – $995. A 1,600 square foot, three-bedroom unit is $1,200 per month. There are limited options available at this price point.

Conclusions and Recommended Next Steps: Market Rate Rental Housing

The rental market is tight at all price points, with an average vacancy rate of less than 5 % throughout the entire corridor, although there is some softening of demand at the higher end of $1,800 – $2,200 per month. This is most evident in the high-end upper story apartments in downtown Corning and some of the larger complexes.

The following projection is conservative and based on the assumption that LECOM and expansion of Elmira College will develop at a slower pace beyond the window being considered in this report. This projection also assumes demand among executive and senior level management, physicians and other high-level healthcare professionals, and experienced scientists, engineering and IT professionals will be filled by existing and planned new construction in Corning and Elmira; as well as existing market rate stock. In addition, this forecast assumes that a portion of demand by empty nesters will be filled by a combination of traditional market rate apartments and independent living at locations.

The overall unmet demand is forecasted at 140 to 170 units of market rate housing. This demand is being generated by an increase in the number of medical residents, upper income empty nesters, nurses and similar level healthcare providers, and educators, young professionals and middle management persons entering the local job market. The largest portion of this demand is for one and two-bedroom apartments at the $725 – $850 and $950 - $1,200 price points.

Projected Unmet Demand After Planned New Construction: 2017 - 2020

Target Market Group					Total
	Small 1 bdrm 600-700 sf $725-$850	**1 - 2 bdrm 725-850 sf $950-$1,200**	**1 bdrm large luxury 900-1,000 sf $1,100-$1,300**	**2 bdrm 1,000-1,200 sf $1,100-$1,400**	
Medical residents	10	5 - 10		5	20 - 25
Upper income empty nesters		5 - 7	5 - 8	10	20 - 25
Young professionals, middle management and educators	25 - 35	45 - 50	15	15 - 20	100 - 120
Total	**35 - 45**	**55 - 67**	**20 - 23**	**30 - 35**	**140 - 170**

There is potential demand for an additional 150 market rate housing units by 2022 should LECOM proceed with full intent and maximize their respective faculty hiring and medical student enrollment projections. Also, note that this forecast does not include market rate housing that might be developed in the City of Elmira in response to growth of Elmira College.

It is recommended the following be kept in mind as new market rate rental housing projects are considered.

1. New Construction: The cost of new construction remains high with a minimum cost of $100,000 per unit. The high cost associated with renovation and repurposing of historic buildings will be a challenge to prospective developers, and it will require assistance from the municipal and economic development agencies to help assemble financing strategies. Getting the price points right and assembling financing package both will attract tenants and allow developers to be able to achieve a reasonable return on their investments.

2. Adaptive Reuse of Existing Buildings: The strategy for adaptive reuse of properties for upper story housing needs to foster sufficient critical mass in terms of both number of units and tenants to build confidence in and momentum in the various downtown housing markets so that positive externalities eventually overwhelm negative externalities. These downtown cores include Corning, Elmira and Village of Horseheads. It will be important to introduce new housing products at key price points so that communities such as Elmira and Horseheads can tap into these market segments/niches not being served; that is, those who have difficulty finding appropriate housing together with those who have been priced out of the market in Corning. Recent plans announced by developers and property owners in both Elmira and Horseheads are signaling a move to capture this market and revitalize large buildings in the downtown core. In addition, the Village of Horseheads is undertaking an economic development strategy that includes a focus on revitalization of the Hanover Square area. In 2016, Fagan Engineering and Elmira Downtown Development conducted a detailed vacancy study of Elmira's downtown area to determine the extent of the upper story vacancy rate. This study revealed that approximately 15% of the total square footage in the Central Commercial district is vacant. Roughly two-thirds of this space is concentrated on the upper floors of downtown mixed-use buildings. There are also several whole buildings that greatly contribute to the vacant square footage. The Downtown Elmira Market Rate Rental Housing Demand Analysis fifteen existing properties suitable for mixed-use development.

3. Lifestyle: Developers and local municipalities should consider lifestyle factors important to residents as they select locations for adaptive reuse of existing buildings, infill development or new construction. Key factors include pedestrian safety, particularly for those residents electing to walk or bike to work and entertainment, storage for bikes and outdoor equipment, attached or close parking, zoning to accommodate the proposed density, and easy access to a vibrant urban lifestyle in the surrounding area such as retail, restaurants, entertainment.

4. Paced Development: Timing development carefully so that it builds momentum, rather than cannibalizing existing market rate housing in the primary market area. If too much new market rate rental housing comes on the market too quickly, it can create downward price pressures that could make other projects economically unsustainable. It is therefore critical that this strategy have a means for gauging the timing of the creation of new market rate housing units so that when they come onto market, they are readily absorbed without causing other projects to lose their market viability.

Acknowledgements

Art Ambrose, Realty USA Elmira Office who contributed valuable data related to single-family sales, inventory and new housing development data; as well as, trends in existing market rate housing supply.

Thank you to the following who shared their time and knowledge.

Aimee Barton, Elmira Savings Bank
Dan Bower, Watkins Glen Rental Property Owner
Dawn Burlew, Corning Enterprises
Jason Bierman, Corning Credit Union
Corning Area Young Professionals
Corning Enterprises
Tom Creath, EDC Management, Inc.
Chris Daniel, Corning Credit Union
Steve Dennis, City of Corning
Peter Dugo, Arnot Realty Corporation
Jeff Eaton, Arbor Housing
Elmira Corning Regional Board of Realtors
Ed Fairbrother, Town of Big Flats
John Franzese, Cabins to Castles Real Estate, Watkins Glen, NY
Betsey Hale, Three Rivers Development Foundation
I86 Innovation Corridor, Vibrant Communities Work Group
Jamie Johnson, Steuben County Industrial Development Agency
Mike Krusen, STEG
Ken Leath, Keller-Williams Realty, Corning, NY
Rita McCarthy, Town of Erwin
Barry Nichols, Business Owner, Corning's Gaffer District
Gabe Rosetti, Corning Area Rental Property Owner
Suzanne Schapira, Corning Incorporated
Eric Elder, Corning Incorporated

I86 INNOVATION CORRIDOR HOUSING STUDY: 2017 – 2020

PART 1. SINGLE-FAMILY HOUSING

NATIONAL TRENDS IN SINGLE-FAMILY HOUSING

Key Indicators

- The current household composition is made up of 64% homeowners, 26% renters, and 11% who live with someone else. Of the non-owners, 59% are 34 years or under, 64% make an income of under $50,000, and 43% live in suburban areas. Non-homeowners cited the main reason for not owning as affordability. The perception reached a high of 57% in 2016.
- Overall consumer sentiment has reached a high not seen since 2004, although actual consumer spending is at a slightly more conservative pace.
- The topic of "affordability" remains positive nationwide, although demand is beginning to exceed supply in several markets and driving prices up. It takes 2.6 years of average household income to buy an average house (not in a metro area), assuming a 20% down payment; up from 2.03 in 2000.
- Buyers 52 to 61 years of age are more likely to buy a multi-generational home; while buyers ages 62 to 70 typically move the longest distance at a median of 25 miles and are least likely to make compromises on their home purchase.
- First-time home buyers are flooding the market, representing the largest share at 34%. Most are 36 years or younger (Millennials/Gen Y'ers). 45% of buyers 36 years and younger have student loan debt with a median balance of $25,000. While only 27% of buyers ages 37 to 51 have student loan debt, they have the highest median balance of debt at $30,000. Their preference is for new construction with low maintenance, or older houses with architectural character that have been renovated; however, there is limited inventory that satisfies these criteria.
- Sales are occurring at all price points, with the highest concentration in the $200,000 – $299,000 and $300,000 - $399,999 price ranges.
- According to Freddie Mac, the rate for a 30-year, conventional, fixed-rate mortgage was 4.03% by the end of April 2017, higher than the 3.59% in 2016.
- A seller's market has been driving up existing home prices for the past four years. Realtor.com Data Review reports that home prices increased 4.8 % in 2016. The Home Price Expectations Survey shows values increasing by 3.6% in 2017 – continued growth at a slower rate than 2016.
- Existing housing inventory slipped nearly 9% to 1.43 million, and days on the market (DOM) number dropped from 60 to 49. The current supply of new construction is 5.4 months and among existing houses is 3.8 months, which is beneath the six-month supply considered healthy.
- The housing demand is evident in building permit activity, with a nation-wide increase of 13% in Q1 of 2017 as compared to Q1 of 2016. New residential construction is a mix of style, typically including 30% condo style developments, 50% townhouse developments and 20% single family home developments.
- Home buyers are investing in upgrades to houses being purchased, particularly those houses 30+ years. Note that 78% of Millennials are not looking for fixer-uppers and prefer move-in-ready homes; however, many are being driven to renovations because it is the older house that is in their price range.

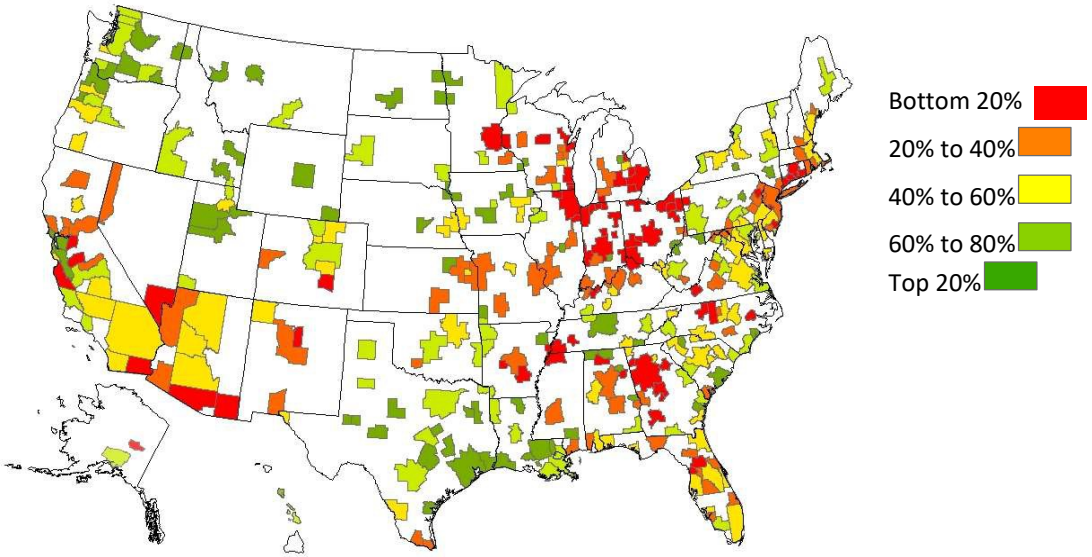
The national trends in both existing homes and new construction provide a framework to consider the target area housing situation, and a perspective of the competitive market as the I86 Innovation Corridor area is experiencing job growth and stiff competition for talent recruitment.

The Conference Board Leading Economic Index® (LEI) for the U.S. increased 0.4 percent in March 2017 to 126.7 (2010=100), pointing to continued economic growth through 2017.[2]

"The March increase and upward trend in the U.S. LEI point to continued economic growth in 2017, with perhaps an acceleration later in the year if consumer spending and investment pick up," said Ataman Ozyildirim, Director of Business Cycles and Growth Research at The Conference Board. "The gains among the leading indicators were very widespread, with new orders in manufacturing and the interest rate spread more than offsetting declines in the labor market components in March."

The growth in demand for housing reflects the stability of the national economy, and particularly employment growth.

Figure 1. Leading Housing Markets Nationwide



NATIONAL HOUSING SALES TRENDS

Housing data in January (2017) gave mixed signals on the direction for the year. Closing activity for existing home sales shot up to a decade-high of 5.69 million units at an annualized pace, but pending contracts fell to their lowest level in 12 months. For the whole of 2017, I expect existing home sales to reach 5.6 million, which would be a gain of 2.2% from the prior year, but below the annualized pace set in January.

Even though home sales will not make much gains, home prices will. With inventories still at grossly inadequate levels, there is only one direction to go for home prices. The national median price will likely rise by 4% to 5%. Do not be surprised if it goes up even higher. While the country needs around 1.6 million new housing starts, only around 1.3 million units will be constructed, based on permit information and from labor and lot shortages facing the industry.

The number of people in their 30s will grow by five million in 10 years. This 12% growth means that first-time homebuyers will become more numerous.

The number of people in their 40s will be grow by three million or 7%. They are the ones that will be trading-up to a better home as their finances improve with years.

The number of people in the 50s will fall by nearly 4 million. They are the few and the proud of the baby-bust generation. The proud is less important than the few as regards to demand for second homes. Be careful in resort markets that cater principally to these groups.

Real Estate Markets to Watch in 2017
Forbes

[2] The Conference Board Leading Economic Index®. April 20, 2017.

Table 1. National Trend in Existing Home Sales by Price Point – Percent Distribution

Period	Under $150,000	$150,000 to $199,999	$200,000 to $299,999	$300,000 to $399,999	$400,000 to $499,999	$500,00 to $749,000	$750,000 and over
2015 Annual	5	14	32	20	13	11	5
2016 Annual (r)	4	13	28	23	14	12	5
SE (%)	*1*	*2*	*1*	*2*	*1*	*1*	*1*
2016							
March	4	10	34	23	13	12	4
April	3	14	26	26	12	13	5
May	4	17	30	24	11	9	5
June	2	12	30	23	18	11	3
July	3	15	31	24	14	8	5
August	5	11	32	24	12	11	5
September	3	13	28	25	13	13	4
October	3	16	30	24	15	9	3
November	3	10	32	23	15	13	4
December (r)	2	10	26	28	15	13	6
2017							
January (r)	5	10	32	27	10	13	4
February (r)	3	13	36	16	16	10	5
March (p)	**6**	**10**	**28**	**24**	**13**	**14**	**5**
SE (%).	*2*	*2*	*2*	*3*	*2*	*2*	*1*

Sales are occurring at all price points, with the highest concentration in the $200,000 – $299,000 and $300,000-$399,999 price points, which can be seen in Table 1 above. Cash sales also are increasing, particularly among investors growing their rental market portfolios. This dynamic is seen in communities with older housing stock at low prices. Sales of second or vacation homes is not increasing at the same rate a primary residential housing.

HOME PRICES CONTINUE TO RISE

Data released for December 2016 S&P CoreLogic Case-Shiller Indices shows that home prices continued to rise across the country over the 12 months in 2016.

The chart below depicts the annual returns of the U.S. National, the 10-City Composite, and the 20-City Composite Home Price Indices. The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, recorded a 5.8% annual gain in December 2016. The 10-City and 20-City Composites reported year-over-year increases of 4.9% and 5.6%, respectively.

Table 2 below depicts the national trend during the period 2015 to 2017, as well as, median and average sales prices as of March 2017. The pace of sales nationally in 2016 surpassed 2015 statistics by 610,000. Although the Northeast represented the lowest level of activity at 32,000 sales in 2016, it showed the greatest percent change over 2015 at 17%. In the first quarter of 2017 the Northeast experienced a volume of 3,000 sales, which is consistent with the same period in 2016. The I86 Innovation Corridor activity reflects these national trends in all price points, except for the $150,000 - $199,000 price point where there is greater demand.

Table 2. National Trend in Existing Home Sales: 2015 – 2017 (Thousands of Units. Detail may not add to total because of rounding. Not seasonally adjusted.)

Period	Sold during period					For sale at end of period					Months' supply	Median sales price ($)	Average sales price ($)
	United States	North-east	Mid-west	South	West	US	North-east	Mid-west	South	West			
2015 Annual	501	24	61	286	130	235	24	32	124	55	X	296,400	360,600
2016 Annual (r)	561	32	69	318	142	257	27	33	133	64	X	316,200	372,500
RSE (%)	*3*	*10*	*11*	*5*	*4*	*5*	*13*	*10*	*6*	*7*	*X*	*3*	*3*
2016 Year to date	134	7	14	77	35	X	X	X	X	X	X	X	X
2017 Year to date	150	9	18	82	40	X	X	X	X	X	X	X	X
RSE (%)	*4*	*16*	*12*	*6*	*5*	*X*	*X*	*X*	*X*	*X*	*X*	*X*	*X*
Year to date percent change[4] . . .	*12.0%*	*17.3%*	*27.3%*	*6.8%*	*16.1%*	X	X	X	X	X	X	X	X
90 percent confidence interval	*± 10.4*	*± 40.3*	*± 18.9*	*± 15.2*	*± 11.9*	X	X	X	X	X	X	X	X
2016													
March	50	3	6	29	13	240	24	32	127	57	4.8	311,400	367,700
April	55	4	6	31	14	239	25	32	126	56	4.3	321,300	380,000
May	53	3	7	29	14	238	24	31	127	56	4.5	296,000	350,000
June	50	3	7	28	12	243	26	32	128	58	4.8	321,600	364,300
July	54	3	7	32	12	236	25	31	122	58	4.4	295,000	355,000
August	46	2	6	26	12	242	26	32	125	59	5.3	302,400	364,700
September	44	3	6	25	10	248	27	32	129	60	5.6	323,700	372,800
October	46	3	6	27	11	250	27	32	130	61	5.5	302,000	340,600
November	40	2	5	22	11	252	27	33	131	62	6.3	318,300	364,600
December	39	3	4	21	11	257	27	33	133	64	6.5	332,700	390,100
2017													
January (r)	43	3	5	25	11	259	27	33	136	63	6.0	308,000	355,100
February (r)	48	2	6	26	13	260	26	33	138	62	5.4	293,100	373,600
March (p)	58	3	7	31	17	266	26	34	144	62	4.6	315,100	388,200
Average RSE (%)	*8*	*26*	*19*	*11*	*12*	*5*	*12*	*10*	*6*	*7*	*7*	*4*	*5*

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Sales, April 25, 2017.

Table 3. National Trends in Sales and Inventory

	NEW CONSTRUCTION				EXISTING HOMES									
	SOLD	SOLD	FOR SALE	MONTHS SUPPLY	SALES				INVENTORY			MONTHS' SUPPLY		
					TOTAL	TOTAL	SINGLE FAMILY	CONDO	TOTAL	SINGLE-FAMILY	CONDOS	TOTAL	SINGLE-FAMILY	CONDOS
2012	368	369	148	4.5	4,657	4,656	4,128	528	1,830	1,610	224	5.9	5.8	6.3
2013	430	429	186	5.1	5,078	5,087	4,484	603	1,860	1,640	222	4.9	4.9	4.7
2014	440	439	212	5.1	4,923	4,935	4,344	591	1,860	1,640	216	5.2	5.2	5.1
2015	502	501	235	5.2	5,233	5,254	4,646	608	1,760	1,550	213	4.8	4.8	4.8
2016	559	560	257	5.8	5,440	5,452	4,838	614	1,650	1,450	195	4.4	4.3	4.5
2016 - Feb	525	45	242	5.5	5,200	314	4,620	580	1,870	1,640	225	4.3	4.3	4.7
Mar	537	50	244	5.5	5,390	421	4,790	600	1,960	1,720	238	4.4	4.3	4.8
Apr	570	55	241	5.1	5,480	470	4,870	610	2,120	1,870	247	4.6	4.6	4.9
May	566	53	240	5.1	5,470	525	4,850	620	2,140	1,890	248	4.7	4.7	4.8
Jun	558	50	242	5.2	5,480	582	4,850	630	2,110	1,880	234	4.6	4.7	4.5
Jul	622	54	236	4.6	5,330	513	4,760	570	2,110	1,860	253	4.8	4.7	5.3
Aug	559	46	240	5.2	5,340	539	4,720	620	2,010	1,780	233	4.5	4.5	4.5
Sep	568	44	242	5.1	5,470	486	4,850	620	2,030	1,790	240	4.5	4.4	4.6
Oct	568	46	247	5.2	5,530	445	4,920	610	2,010	1,780	230	4.4	4.3	4.5
Nov	573	40	249	5.2	5,600	418	4,930	670	1,850	1,630	216	4.0	4.0	3.9
Dec	530	38	255	5.8	5,510	437	4,910	600	1,650	1,450	195	3.6	3.5	3.9
2017 - Jan	558	41	262	5.6	5,690	319	5,040	650	1,680	1,510	172	3.5	3.6	3.2
Feb	592	49	266	5.4	5,480	315	4,890	590	1,750	1,540	208	3.8	3.8	4.2

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Sales, April 25, 2017.

Buyer Preferences

Across the country, new residential construction is a mix of style that typically includes 30% condo style developments, 50% townhouse developments and 20% single-family developments; however, this does not necessarily represent the consumer market in this study's target market area.

We also know that across the board, consumers are seeking to purchase housing that will result in a return on investment; with 70% preferring purchase of a single-family house or townhouse. Townhouses and condos are attractive to a variety of buyers because they require less maintenance, while others are drawn to them because they can be more affordable. The townhouse is being considered the middle ground between the single-family house and the apartment style condo because it offers a garage, storage area, patio and limited yard and privacy. Townhouses also straddle the gap between condominiums and single-family houses, providing a more house-like environment but without the property. This has proved a desirable combination for many buyers, particularly singles, young or small families, and empty-nesters.

Consumers under the age of 45 are indicating they prefer new construction and low maintenance with the following amenities:

- no construction, renovation or major changes after move-in
- modern kitchen
- bike rack and storage for other sporting activities available outside their front door rather than using stairs or elevators
- sense of privacy
- area to garden, or at least a patio area for plants
- garage and storage area
- private entrance
- influence over landscaping, or at least the front entrance
- some distance from neighbors
- private mail delivery
- energy efficiency

Seniors at the upper end of the Boomer age spectrum would like to trade down for a smaller home, preferring condos or villa-style townhomes with less maintenance and upkeep requirements. Among this group, at least 50% will opt for rental housing (either independent or assisted living) as opposed to purchasing. In addition to the desired amenities listed above, seniors will need age-related home features such as wider hallways to accommodate wheel chairs or walkers, open showers and no stairs.

AFFORDABILITY

"Affordability remains positive nationwide even as demand is outstripping supply in many markets," said NAHB Chief Economic Robert Dietz. "Though mortgage rates are rising, incomes should rise faster as well, helping to keep home prices affordable. Meanwhile, policymakers at all level of government must address regulatory burdens that are raising housing costs while officials at the state and local level need to take steps to put more lots in the pipeline to help offset future price growth."

National Association of Home Builders.
February 2017

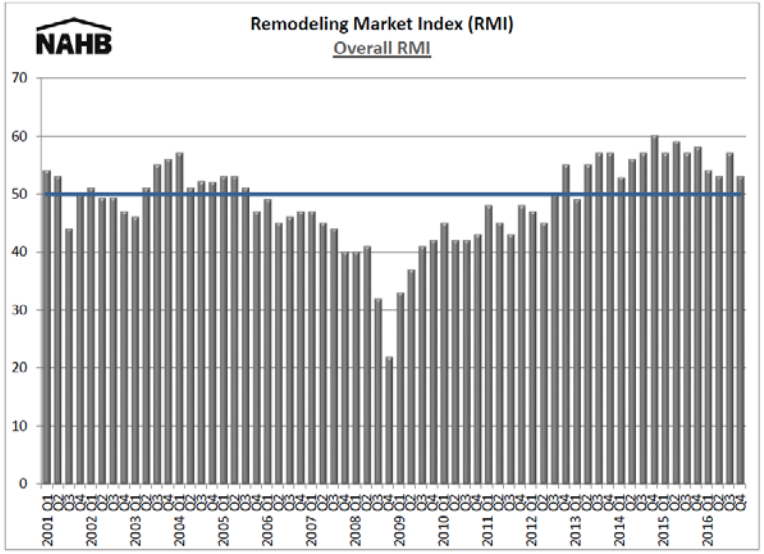


Figure 2. Home Remodeling Trends

As can be seen in Figure 2. Remodeling Market Index published by the National Association of Home Builders, buyers are investing in upgrades; particularly in houses that are 30+ years old.

This is becoming common among Millennials and those upgrading who want state-of-the-art kitchens and bathrooms.

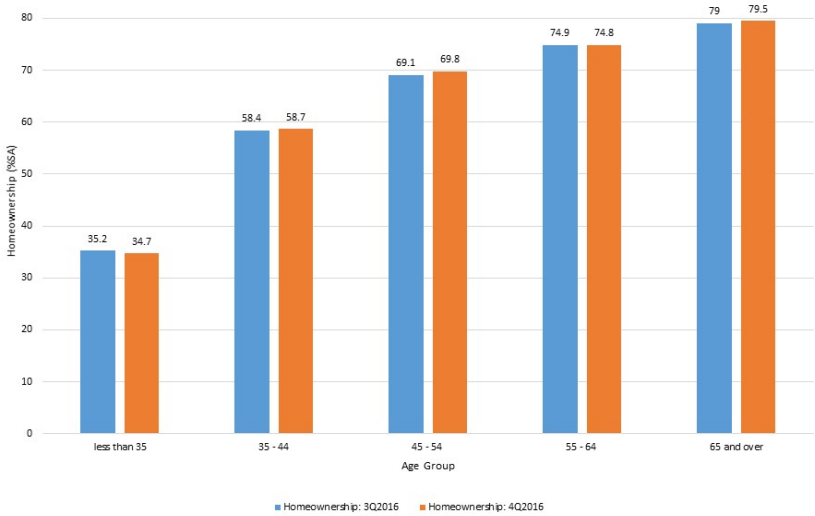
Figure 3. US Home Ownership Rate: 2014 – 2017

Home Ownership Rate in the United States decreased to 63.6% in the first quarter of 2017 from 63.7% in the fourth quarter of 2016. Home Ownership Rate in the United States averaged 65.27% from 1965 until 2017, reaching an all-time high of 69.2% in the second quarter of 2004 and a record low of 62.9% in the second quarter of 1965.
Source: Tradingeconomics.com

Homeownership by Age Group

Among age groups, those less than 35 years old and 55-64 years old experienced decreases in homeownership rates for the fourth quarter of 2016. The homeownership rate for household heads aged less than 35-year-olds decreased from 35.2% in the third quarter of 2016 to 34.7% in the fourth quarter of 2016. This is attributed to a combination of factors such as limited inventory in select price points and financing required for renovation of older houses. The homeownership rates for the remaining groups, including the groups aged 35-44 years old, 45-54 years old and 65 years old and over, increased. The group aged 45-54 years old had the largest increase of 0.7 percentage point.

Figure 4. Homeownership by Age of Household Head



Millennial Home Buyer Trends

"Millennials see strong job growth, making them more willing to commit to buying a home. Millennials are entering peak home buying years, typically when consumers are between ages 25 and 45." Detroit Free Press. May 5, 2017

National surveys indicate that Millennials envision themselves moving to a new city, state or country fewer than two more times in their lives. Sixty-eight percent prefer to build a life in one community, rather than live and work in multiple geographies.[3] As of 2016, 43% of Millennials have bought their homes, while 75% of non-homeowners say they could be motivated to buy a house. As a result, Millennials helped make first-time homebuyers 34% of all homebuyers in Q1 of 2017.

[3] *Millennials have redefined the American Dream.* Wall Street Journal TS. Jason Notte May 6, 2017

That represents the highest percentage of first-time homebuyers during that same period in three years and follows a 2016 housing market trend in which 35% of homebuyers were first-timers … up from 30% for all of 2015. This trend is due to a combination of factors ranging from low mortgage rates and an expectation that they will increase, together with young couples starting families and wanting to establish roots in their community.

A survey by TD Bank examined young homebuyers and found that 65% planned to purchase their first house with cash or savings. Of that group, 33% plan to pay it off over a 15-year mortgage. However, 17% of those homebuyers have not set aside money for unexpected repairs and costs, and 44% of Millennial homebuyers encountered $5,000 in unexpected costs during the mortgage process. While 74% of young potential homebuyers are saving up for their home, 65% say that saving for a down payment is an obstacle to homeownership. As a result, 19% of Millennials plan to ask friends and family for financial help on top of their savings, while 65% will have a spouse or partner as a co-signer.

The most popular trends in house designs for Millennials today are Pre-WWII, Mid-Century homes built between 1945 and 1965, and Mediterranean styles.[4]

- **Pre-WWII.** Homes can be Victorians such as Italianates or Queen Annes, Arts & Crafts bungalows, Tudors, Colonials, California Missions, Greek Revivals; that is, almost any type of architecture with Old-World style, charm and character. The exteriors are frame and wood covered in stucco, or brick and stone.
- **Mid-Century Homes Built Between 1945 and 1965.** Cape Cods fall into this category, but the period is better known for sleek '50's style, modern homes such as those built by Frank Lloyd Wright. Many have flat roofs, geometric shapes and triangular windows, and open floor plans.
- **Mediterranean.** These houses incorporate Spanish or Italian details, have stucco exteriors and tile roofs, and are mostly multiple levels. The entrances are grand and generally covered. Homes feature archways and wrought iron. Interior floors are ceramic or Travertine; and dramatic staircases are located most often near the front of the house. Although these houses were constructed in the early 1920s, this style was copied by tract builders after 2000.

Top Millennial house buying hot spots include Salt Lake City, Miami and Orlando that are attractive for a strong local economy or relative affordability, or both. Other popular areas are Seattle, Houston, Buffalo-Niagara and Albany. Millennials are searching in urban areas at a greater rate than other age groups.

Table 4: Key Economic Variables for the Top 10 Metros for Older Millennials

REALTOR.COM March 2017

Rank	Metro Area	25-34 Share of Population	Cost to Buy Home as % of Income	Unemployment Rate	2017-2022 5-Year Population Growth	2016-2017 Forecasted Job Growth
1	Salt Lake City, UT	15.8%	30.0%	2.9%	6.4%	2.5%
2	Miami-Fort Lauderdale-West Palm Beach, FL	13.1%	49.0%	5.1%	6.7%	3.7%
3	Orlando-Kissimmee-Sanford, FL	14.6%	34.3%	4.4%	8.3%	4.5%
4	Seattle-Tacoma-Bellevue, WA	15.2%	35.6%	4.2%	7.1%	3.1%
5	Houston-The Woodlands-Sugar Land, TX	14.5%	36.1%	5.4%	8.8%	1.9%
6	Los Angeles-Long Beach-Anaheim, CA	15.0%	64.1%	4.7%	4.2%	1.1%
7	Buffalo-Cheektowaga-Niagara Falls, NY	13.4%	22.7%	5.6%	0.7%	-0.3%
8	Albany-Schenectady-Troy, NY	12.7%	27.3%	4.5%	1.6%	0.6%
9	San Francisco-Oakland-Hayward, CA	15.0%	56.2%	3.7%	5.9%	1.7%
10	San Jose-Sunnyvale-Santa Clara, CA	14.2%	53.0%	3.7%	6.0%	1.9%
	United States	13.4%	27.8%	4.7%	3.8%	1.5%

[4] Hot Home Trend Features and Home Design. Elizabeth Weintraub. September 19, 2016

New Construction

National Trend: Single Family Housing Starts

National trends in new single-family construction and sales activity demonstrate a continued increase in demand since 2012; and the momentum is continuing into 2017.

Construction activity has kept pace with demand, which is evident in the months' supply remaining constant during 2016 and 2017. However, there is some concern that the monthly supply has slipped below the ideal 6-month level. By 2018, the annual number of new housing starts is forecasted to be 1,331,000; nearly double the annual number in 2012. The greatest increase will be in single-family houses, estimated at 855,000 in 2017 and 961,000 in 2018.

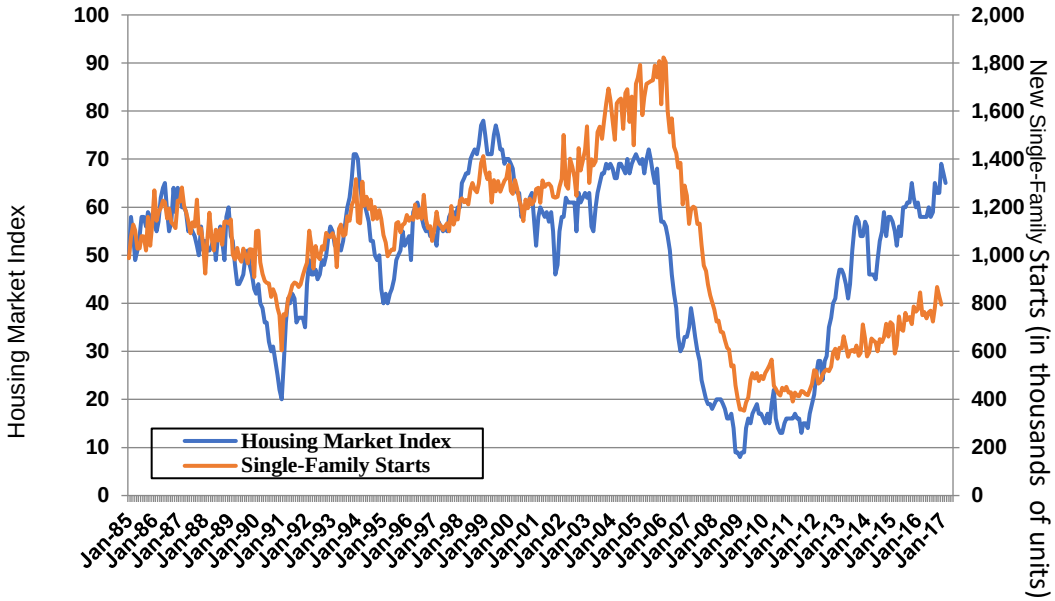


Figure 5. NAHB/Wells Fargo Housing Market Index and New Single-Family Start

This trend is expected to continue based on the Housing Market Index (HMI) issued by the National Association of Home Builders (NAHB) in April 2017. The HMI gauges builder sentiment regarding the demand side of the single-family housing market, and provides insight to the health and probable course of the housing market in the near term. The April 2017 HMI shows a 1st quarter pace exceeding 2016. The projected building rate is expected to increase through to the third quarter of 2017, and the rate of traffic among prospective buyers is expected to increase from 44 to 52.

Table 5. AHB/Wells Fargo National Housing Market Index (HMI) as of April 2017 (In thousands)

	2016									2017			
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April
Housing Market Index	58	58	60	58	59	65	63	63	69	67	65	71	68
Housing Market Index Components													
Single Family Sales: Next 6 Months	63	63	64	63	65	71	69	69	75	72	71	77	74
Single Family Sales: Next 6 Months	62	65	69	66	66	71	71	69	78	76	73	78	75
Traffic of Prospective Buyers	44	44	46	45	44	47	46	47	52	51	46	53	52

	SOLD	FOR SALE	MONTHS' SUPPLY
2012	369	148	4.5
2013	429	186	5.1
2014	439	212	5.1
2015	501	235	5.2
2016	560	257	5.8
2016 - Feb	45	242	5.5
Mar	50	244	5.5
Apr	55	241	5.1
May	53	240	5.1
Jun	50	242	5.2
Jul	54	236	4.6
Aug	46	240	5.2
Sep	44	242	5.1
Oct	46	247	5.2
Nov	40	249	5.2
Dec	38	255	5.8
2017 - Jan	41	262	5.6
Feb	49	266	5.4

Table 6. Trends in Sales of New Construction: 2012 – 2017

Across the country, new residential construction is a mix of style, and typically is including 30% condo style developments, 50% townhouse developments and 20% single-family house developments.

According to Housing Economics, trends in the sale of newly constructed single-family houses are following the same pace as sales of existing houses. New construction sales rose to 560,000 in 2016, up from 501,000 in 2015 and 369,000 in 2012.

Source: HousingEconomics.com March 2017

Table 7. National New Construction Activity Trend and Forecast: 2012 – 2018

	2012	2013	2014	2015	2016	2017	2018
Housing Activity (000)							
Total Housing Starts	784	928	1,001	1,108	1,176	1,240	1,331
Single Family	537	620	647	713	784	855	961
Multi-family	247	308	355	395	392	385	370
New Single-Family Sales	368	430	440	502	559	626	708
Existing Single-Family Home Sales	4,125	4,475	4,338	4,627	4,828	4,980	5,063

Note: National Housing Activity Forecast March 31, 2017. Data are average of seasonally adjusted quarterly data and may not match annual data published elsewhere.

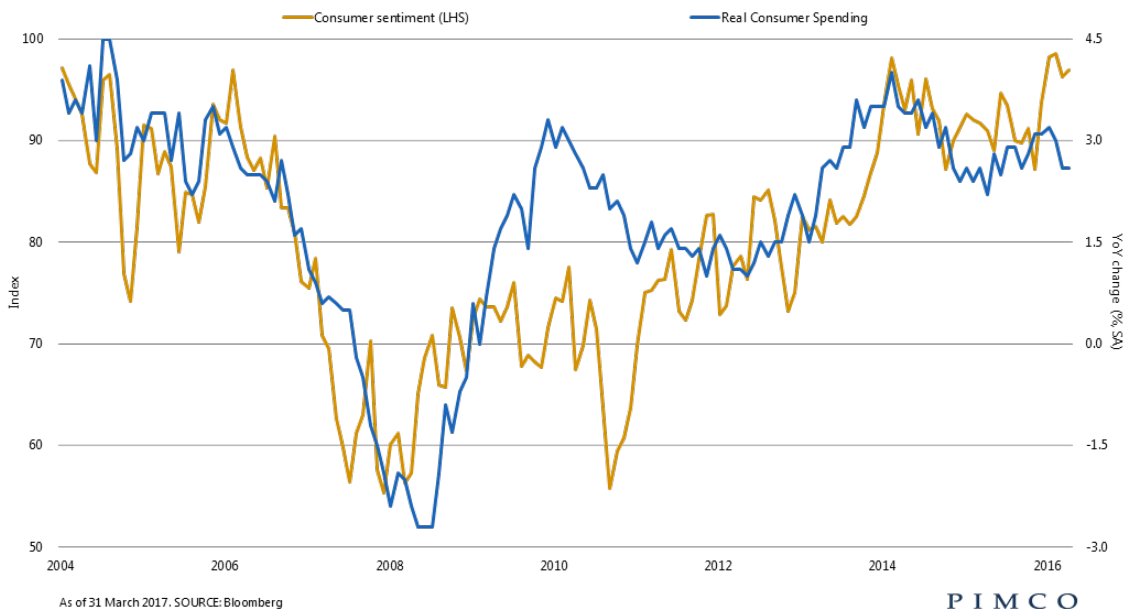
Source: Metro Housing Starts Forecast Chartbook: 2016-2018. HousingEconomics.com March 2017

Table 8. Single-family Building Permit Activity

	Feb-17	Feb-16	% CHG	2016	Feb-17	Feb-16
US	111.356	98.575	13%	745.525	60.803	61.301
Northeast	6.368	58.09	10%	53.666	9.868	6.840

Further evidence of new construction activity in is permit activity. The volume of single-family building permits issued in February of 2017 is nearly double the activity in February 2016. This continues to reflect builder confidence in the market and overall consumer sentiment regarding spending on housing.

Figure 6. Overall Consumer Sentiment and Real Consumer Spending



SINGLE-FAMILY CONSTRUCTION TRENDS

Shortages of buildable lots and skilled labor, along with excessive regulations, rising mortgage interest rates and ongoing home price appreciation pushed housing affordability in the fourth quarter of 2016 to its lowest point since the third quarter of 2008, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI).

"Affordability remains positive nationwide even as demand is outstripping supply in many markets," said NAHB Chief Economist Robert Dietz. "Though mortgage rates are rising, incomes should rise faster as well, helping to keep home prices affordable. Meanwhile, policymakers at all levels of government must address regulatory burdens that are raising housing costs while officials at the state and local level need to take steps to put more lots in the pipeline to help offset future price growth."

National Association of Home Builders
Housing Affordability Remains Favorable Even as it Hits an Eight-Year Low

February 2017

Aspiring Home Buyer Profile: 2016

- For non-owners, 63% felt that now was a good time to buy in Q1 compared to 55% by Q4.
- For owners, 82% felt that now was a good time to buy in Q1 compared to 78% by Q4.
- For non-owners, the perception that now is a good time to buy a house was roughly the same across age, income, and city size, with the exception of the west region, which was lower than all other regions.
- For both homeowners and non-homeowners alike, homeownership is strongly considered a part of the American Dream.
- Non-homeowners cited the main reason why they do not currently own is that they cannot afford to buy a home. That perception was lowest in Q2 at 48% of all non-owners and was highest in Q3 at 57%.
- Throughout 2016, non-homeowners were consistent in their desire to own a house in the future. 87% of non-owners each quarter expressed a desire to be a homeowner.
- The main reasons that non-owners would buy a house in the future are a change in lifestyle such as getting married, starting a family, or retiring (32% to 38% each quarter); followed by an improvement in financial situation (23% to 28% each quarter); the desire to settle down in one location (14% to 17% each quarter percent); and a better or more stable employment situation (10% to 13% each quarter).
- 61% of non-owners do not have student loan debt, whereas 39% do have student loan debt in Q2 of 2016. Of the non-owners that reported having student loan debt, 38% were not comfortable taking on a mortgage compared to 18% that are comfortable taking on a mortgage.
- 39% of non-owners believe they need more than 20% for a down payment, 26% believe they need 15% to 20%, and 22% believe they need 10% to 14%. 30% of owners believe they need more than 20% for a down payment, 35% believe they need 15% to 20%, and 22% believe they need 10% to 14%.

The National Association of Realtors Research Department issued its Aspiring Home Buyer Profile report in February 2017. The Aspiring Home Buyer Profile is an in-depth examination of the consumer preferences of non-homeowners, defined as those who rent and those who live with someone else (such as family or friends) without paying rent.

The *Aspiring Home Buyer Profile* compares and contrasts the perceptions of homeownership and housing affordability from the perspective of non-homeowners. The profile is based on data collected on a monthly basis throughout 2016 as part of NAR's Housing Opportunities and Market Experience (HOME) report, which monitors consumer sentiment about the housing market. Topics include whether now is a good time to buy a house, the perception of homeownership as part of their American Dream, why non-owners do not own now, and what would cause them to purchase in the future.

Of the U.S. consumer households that were surveyed each month in 2016, 64% of respondents were homeowners, 26% were renters, and 11% lived with someone else. Of the non-owners, 59% are 34 years or under, 64% have an income of under $50,000, and 43% live in suburban areas. Non-homeowners cited the main reason for not owning as affordability. The perception reached a high of 57% in 2016.

While all-cash sales were 23% of existing-home transactions in March 2017, individual investors paying cash accounted for less than 15% of homes purchased. As a result, "first-time homebuyers aren't buying homes to flip them, but to stick around a while."

The needs of the senior population ages 65+ cannot be ignored in terms of aspiring homeowner profile. Current housing supply is inadequate to meet the needs of an aging population. By 2035, more than one in five people in the U.S. will be aged 65 and older. Homes will need more age-friendly elements such as zero-step entrances, single-floor living and wide halls and doorways that can accommodate walkers and wheelchairs.

TRENDS IN NEW YORK STATE IN SINGLE-FAMILY HOUSING

Key Indicators

- The pace of housing market has been mixed among communities outside of the New York Metropolitan Area. Between 2007 – 2016, home sales fell 12% from 101,000 to 89,144. Median sales price fell 9% from $236,000 to $215,000; however, 60% of communities are seeing an increase.

- Rochester and Syracuse are the leading markets for new construction, while Albany and Buffalo-Niagara Area are in the lead with a healthy of pace of both sales and new construction.

- Albany and Buffalo-Niagara are among the top ten destinations for millennia home buyers.

- At the national level, Syracuse ranks high for its affordability. Among the communities with a population of less than 50,000, Binghamton leads in both NYS and the country in terms of its affordability. It is important to note that this does not speak to the quality of the housing stock, but rather the affordability.

- New construction activity is on the rise in the Northeast with an increase of 10% and in New York State with a 2% increase year-to-date over 2016. The data shows the least amount of new construction activity is in the Southern Tier. However, there has been activity other than the New York City metro area in areas such as Rochester, Long Island, Kingston, Albany, Buffalo, and Syracuse with a 32% increase over 2016. Binghamton, Ithaca and Glens Falls have seen no activity.

Trends and Leading Housing Markets in New York State

Table 9. Leading Housing Market

	Feb-17	Feb-16	% CHG	2016	Feb-17	Feb-16
US	111.356	98.575	13%	745.525	60.803	61.301
Northeast	6.368	58.09	10%	53.666	9.868	6.840
New York State	1.083	1.063	2%	10.923	5.251	1.681

The pace of the housing market has been mixed among communities outside of the New York City Metropolitan Area. Between 2007 and 2016, home sales fell 12% from 101,000 to 89,144. The median sales price fell 9% from $236,000 to $215,000; however, 60% of communities are seeing an increase.

In May 2017, Trulia published a "popularity" ranking of counties in New York State. The full listing is included in Appendix F. According to this listing, Albany ranks as the 16th most popular county for home sales, with Tompkins ranked 28, Steuben at 37 and Chemung at 44.

The leading housing markets in New York State for new construction are Rochester and Syracuse; while Albany and the Buffalo-Niagara area are in the lead with an aggressive pace of both existing home sales and new construction. In fact, Albany and Buffalo-Niagara are among the top ten destinations for Millennia home buyers.

At the national level, Syracuse ranks high for its affordability. Among communities with a population of less than 50,000, Binghamton leads in both New York State and the country in terms of its affordability based on home prices and median income. It is important to note that this does not speak to the quality of the housing stock, but rather the affordability.

Table 10. Leading Housing Markets Index: Overall and New Construction

Q4 - 2016	New York State Leading Markets Index (LMI)			
US Rank	MSA	Overall	Permits	Prices
	United States	0.99	0.52	1.47
88	Watertown-Fort Drum	1.11	0.58	1.74
114	Albany	1.06	0.62	1.56
125	Buffalo-Niagara Falls	1.05	0.62	1.49
136	Rochester	1.03	0.81	1.27
143	Syracuse	1.02	0.74	1.34
146	Glens Falls	1.02	0.46	1.59

Table 11. Housing Opportunity Index by Affordability: New York State

	HOI 4th Qtr 2016	2016	4th Qtr 2016	4th Qtr 2016	
Metro Area	**Share of Homes Affordable for Median Income**	**Median Family Income (000s)**	**Median Sales Price (000s)**	**Affordability Rank**	
Binghamton, NY	90.9	63.9	115	3	1
Buffalo-Cheektowaga-Niagara Falls, NY	90.3	67.3	120	6	2
Glens Falls, NY	89.8	64.8	130	8	3
Utica-Rome, NY	89.1	59.6	100	12	4
Syracuse, NY	88.6	69.2	125	15	6
Rochester, NY		84.8	68.4	128	30
Albany-Schenectady-Troy, NY		82.8	82.0	180	44
Watertown-Fort Drum, NY		73.9	57.9	144	103
Ithaca, NY		73.3	69.0	171	105
Kingston, NY		72.6	75.9	191	108
Nassau County-Suffolk County, NY		46.6	106.2	435	186

Sources: Sales Transaction Data: Core Logic
Interest Rates Data: Federal Housing Financing Agency
Median Household Income: Housing & Urban Development Department (HUD)
Property Tax and Insurance Information: US Bureau of the Census

New Construction Activity

	Feb-17	Feb-16	% CHG	2016	Feb-17	Feb-16
US	111.356	98.575	13%	745.525	60.803	61.301
Northeast	6.368	58.09	10%	53.666	9.868	6.840
New York State	1.083	1.063	2%	10.923	5.251	1.681

Table 12. Single-family Building Permit Activity

The trend for demand continues with the building permit activity, showing a nation-wide increase of 13% in February 2017 as compared to the same time in 2016. New construction activity is on the rise in the Northeast with an increase of 10%, and in New York State with a 2% increase year-to-date over 2016. The data shows the least amount of new construction activity is in the Southern Tier. However, there has been activity in communities other than the New York City metro area such as Rochester, Long Island, Kingston, Albany and Buffalo. Syracuse has had five major developments and a 32% increase over 2016. These projects are being undertaken by major developers such as Bardon Homes, Faber Homes, Morrell Builders, Ryan Homes, Reidman and Toll. Evidence of new construction for empty nesters is taking place in Canandaigua, where companies such as Wegman Companies, Inc. and Christhanna are constructing stand-alone and attached villas with 1,400 – 2,200 square feet in the $300,000 – $450,000 price point.

Binghamton, Ithaca and Glens Falls have not seen any major building activity.

I86 CORRIDOR SINGLE-FAMILY HOUSING PRICING AND SALES TRENDS

Key Indicators

- Much of the housing stock is old, with more than 50% being built prior to 1940 in the cities of Corning and Elmira; and nearly 60% was built prior to 1969 in all the communities identified in the target area.

- New housing development took place in Erwin, Horseheads and Big Flats over the past decade, but by 2013 new housing development had reached its peak in Chemung County. In Steuben County, new development hit a peak in 2010 and has continued a slow but even level of activity. Although the volume is low, there has been a surge in new housing development in the Watkins Glen area since 2012.

- The largest concentration of houses is in the $100,000 – $200,000 price range.

- The 2016 median sales price was $119,900 and the average sale price was $140,824; up 5-10% from 2015. There were 1,456 closed sales in 2016, up 5.5% from 2015.

- The 2017 housing market continues to be robust in comparison to the past five years. The average DOM (days on market) in 2012 was 157 and 178 in 2014, before dropping to 152 in 2013, 132 in 2015. That number declined to 108 in 2016; with the quickest selling houses in the $60,000 - $70,000, $140,000 - $160,000 and $500,000+ price ranges. Year-to-date 2017 the average DOM is 96; however, some homes are selling before being listed. This mirrors national trends of sales up 9% in 2017 as compared to 2016, inventory down 13% and DOM number dropping from 60 to 49 to as reported by Redfin, a national real estate firm.

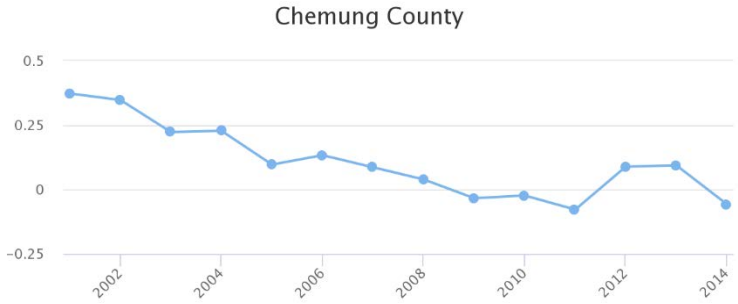
- The volume of buying in the I86 Innovation Corridor is not significantly higher in 2016 as compared to 2015, because buyers are finding it more difficult to find a house in reasonable condition, in a desirable location, and at their desired price point. The issue is a domino effect, with a root cause being the lack sellers at each price point and no significant volume of new construction in the past decade. Other key indicators are the aging in place dynamic, combined with some existing homeowners choosing not to purchase a house at the next level over the $225,000 price point because of the higher tax liability.

- Housing values in the I86 Innovation Corridor have continued to appreciate over the past two years; making homeownership a desired investment. This is particularly evident among buyers with a household income of less than $100,00 who now can move from a long-term rental situation to homeownership.

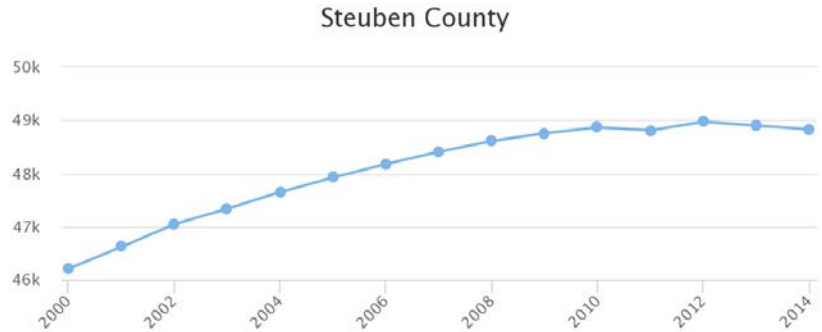
Existing Housing Stock

By 2013 new housing development had reached its peak in Chemung County. In Steuben County, new development hit a peak in 2010 and activity has continued at an even level. Although the volume is low, there has been a surge in new housing development in the Watkins Glen area since 2012.

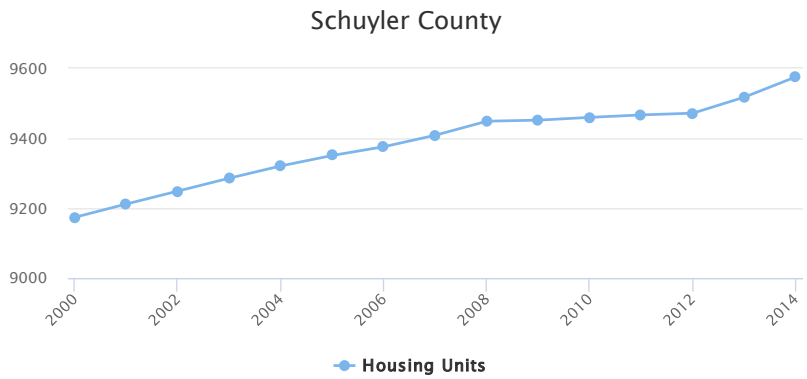
Change in Number of Housing Units



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
38,250	38,287	38,338	38,371	38,386	38,373	38,364	38,334	38,368	38,404	38,382



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
47,648	47,922	48,175	48,409	48,607	48,757	48,863	48,810	48,969	48,897	48,828



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
9,321	9,351	9,376	9,409	9,449	9,452	9,460	9,467	9,472	9,518	9,576

Source: U.S. Census Bureau 2015. Cornell Program on Applied Demographics

Home Ownership and Condition of the Housing Stock

Table 13. Home Ownership Rates

Community	Ownership Rate
Corning	49%
Elmira	38%
Elmira Heights	53%
Horseheads	58%
Big Flats	87%
Riverside	82%
Painted Post	82%
Watkins Glen	68%

Homeownership rates are highest in Big Flats at 89%, and Painted Post and Riverside each at 82%.

Age of the Housing Stock

The I86 Innovation Corridor housing stock mirrors that of the Southern Tier. More than one-third of the Southern Tier region's housing stock was built before 1939. In some areas, this proportion is even higher with 71% in Hornell, 66% in Elmira, 62% in Norwich, and 53% in Ithaca. In Binghamton, 50% of the housing stock was built before 1939 and less than 1% has been built since 2000. Just 6.8% of the Southern Tier's housing has been built since 2000. Quality of housing is important to young families and Millennials, and a lack of adequate and affordable ownership options, as well as rental options, can deter jobseekers from moving to the region. (2010-2014 American Community Survey 5-Year Estimates)

Table 14. Corning Area: Age of Housing Stock

	Corning	Elmira Heights	Elmira	Horseheads/ Big Flats	Painted Post	Riverside	Watkins Glen
2000 or Newer	**1.5%**	**1.2%**	**1.0%**	**11.4%**	**2.0%**	**9.0%**	**7.0%**
1970 – 1999	**19.6%**	**22.8%**	**7.1%**	**35.4%**	**35.0%**	**27.3%**	**32.6%**
1940 – 1969	**29.2%**	**29.3%**	**23.8%**	**40.3%**	**28.0%**	**45.2%**	**13.0%**
1939 or Older	**50.6%**	**46.7%**	**68.0%**	**12.0%**	**35.0%**	**18.4%**	**47.4%**

Figure 7. Age of Housing Stock

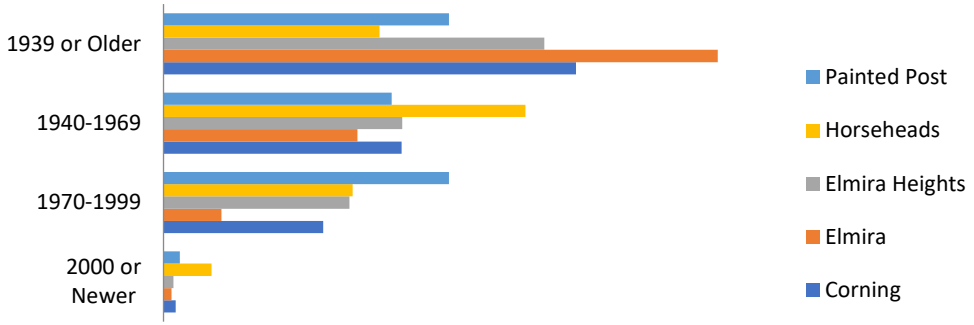


Table 15. Types of Housing

Community	Single-Family	Townhomes	Small Apt Buildings	Apt Complexes
Corning	54%	2%	27%	16%
Elmira	48%	6%	30%	16%
Elmira Heights	56%	3%	22%	18%
Horseheads	60%	2%	14%	22%
Riverside	85%	0%	7%	2%
Erwin/Painted Post	55%	3%	8%	26%
Big Flats	82%	0.5%	4%	4%
Watkins Glen	56%	1%	14%	8%




Table 16. Typical House Size

Community	No Bedrooms	1 Bedrooms	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms
Corning	0.8%	17%	30%	34%	13%	4%
Elmira	2%	16%	28%	35%	14%	4%
Elmira Heights	1%	21%	29%	32%	11%	5%
Horseheads	3%	19%	26%	40%	10%	2%
Riverside	0%	3%	28%	49%	14%	5%
Erwin/Painted Post	0.3%	19%	18%	38%	17%	8%
Big Flats	0%	5%	20%	49%	22%	3%
Watkins Glen	0%	18%	27%	35%	16%	3%

Distribution of Home Prices in the Corning Area

Figure 8. Home Prices in the Corning Area

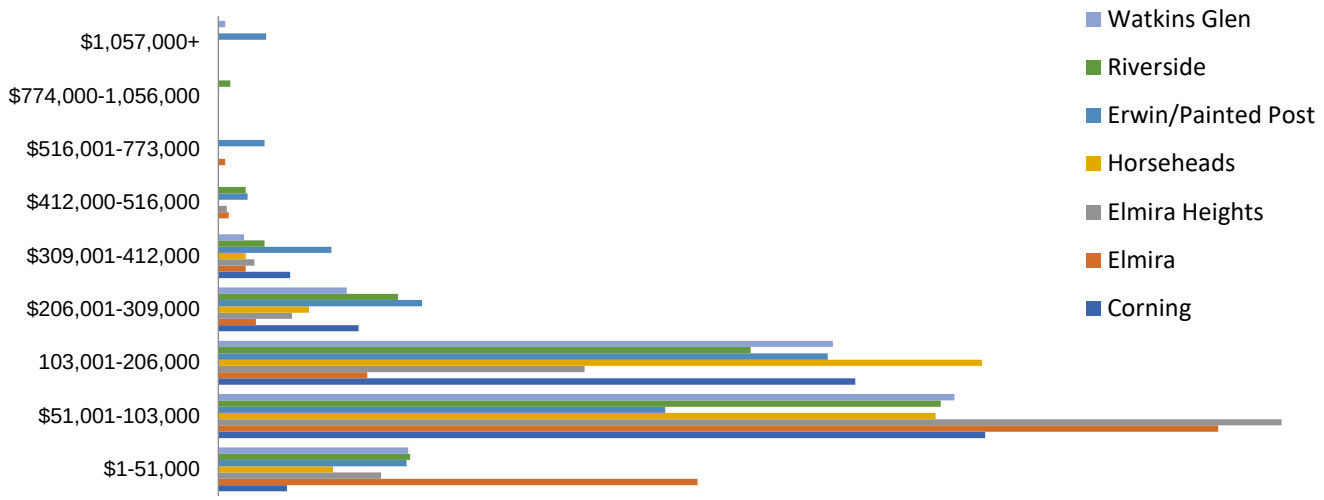


Table 17. Pricing in 2016

	Corning	Elmira	Elmira Heights	Horseheads	Erwin/Painted Post	Big Flats	Riverside	Watkins Glen
$1,056,000	0%	0%	0%	0%	2.8%	0%	0%	0.4%
$792 ,000 -$1,056,000	0.2%	0%	0%	0%	0.05%	4%	0.7%	0%
$528,001 – $792,000	0.8%	0.4%	0%	0%	2.7%	4%	0%	0%
$423,001 - $526,000	0%	0.6%	0.5%	0%	1.7%	5%	1.6%	0%
$317,001 - $423,000	4.2%	1.6%	2.1%	1.6%	6.6%	3.2%	2.7%	1.5%
$211,001 - $317,000	8.2%	2.2%	4.3%	5.3%	11.9%	16%	10.5%	7.5%
$105,001 - $211,000	37.2%	8.7%	21.4%	44.6%	35.6%	64%	31.1%	35.9%
$53,001 - $105,000	44.8%	58.4%	62.1%	41.9%	26.1%	12.7%	42.2%	43.0%
0 - $53,000	0%	280%	9.5%	6.7%	10.9%	2.7%	11.2%	11.1%

Appreciation Rates

Housing values in the I86 Innovation Corridor have continued to appreciate over the past two years; making homeownership a desired investment.

Table 18. Corning Area Appreciation Rates Note: 10 is highest

Community	Appreciation Last 2 Years: 2014-2016		
	Total Appreciation	Total Appreciation	Average Annual Rate
Corning	+4.70%	+4.52%	+2.23%
Elmira	+3.78%	-8.88%	-4.5%
Elmira Heights	+2.71%	-3.25%	-1.64%
Horseheads/Big Flats	+0.01%	-6.30%	-3.20%
Watkins Glen	+3.59%	+4.95%	+2.44%

The tables below depict appreciation rates for 2016, as well as, the past ten and fifteen year periods.

Source: Locations, Inc.

Table 19. Corning

Time Period	Total Appreciation	Average Annual Rate	Compared to NYS	Compared to Nationwide
2016 Q3 – 2016 Q4	-0.18%	-0.72%	4	3
2015 Q4 – 2016 Q4	4.70%	4.70%	8	6
2014 Q4 – 2016 Q4	4.52%	2.23%	5	3
2011 Q4 – 2016 Q4	7.98%	1.55%	6	4
Last 10 Years 2006 Q4 – 2016 Q4	19.85%	1.83%	10	9
Since 2000 2000 Q4– 2016 Q4	29.67%	1.52%	1	3

Table 20. Elmira Heights

Time Period	Total Appreciation	Average Annual Rate	Compared to NYS	Compared to Nationwide
2016 Q3 – 2016 Q4	-4.67%	-17.41%	4	3
2015 Q4 – 2016 Q4	2.71%	2.71%	8	6
2014 Q4 – 2016 Q4	-3.25%	-1.64%	5	3
2011 Q4 – 2016 Q4	1.0%	.20%	6	4
Last 10 Years 2006 Q4 – 2016 Q4	18.89%	1.75%	10	0
Since 2000 2000 Q4– 2016 Q4	34.27%	1.72%	1	3

Table 21. Horseheads/Big Flats

Time Period	Total Appreciation	Average Annual Rate	Compared to NYS	Compared to Nationwide
2016 Q3 – 2016 Q4	-4.24%	-15.9%	4	3
2015 Q4 – 2016 Q4	0.01%	0.01%	8	6
2014 Q4 – 2016 Q4	-6.3%	-3.20%	5	3
2011 Q4 – 2016 Q4	4.05%	0.8%	6	4
Last 10 Years 2006 Q4 – 2016 Q4	12.87%	1.22%	10	0
Since 2000 2000 Q4– 2016 Q4	35.33%	1.77%	1	3

Table 22. Elmira

Time Period	Total Appreciation	Average Annual Rate	Compared to NYS	Compared to Nationwide
2016 Q3 – 2016 Q4	-5.79%	-21.23%	4	3
2015 Q4 – 2016 Q4	3.78%	3.78%	8	6
2014 Q4 – 2016 Q4	-8.88%	-4.54%	5	3
2011 Q4 – 2016 Q4	17.13%	3.21%	6	4
Last 10 Years 2006 Q4 – 2016 Q4	0.03%	0.00%	10	0
Since 2000 2000 Q4– 2016 Q4	35.62%	1.78%	1	3

Table 23. Watkins Glen

Time Period	Total Appreciation	Average Annual Rate	Compared to NYS	Compared to Nationwide
2016 Q3 – 2016 Q4	-0.58%	-2.31%	4	3
2015 Q4 – 2016 Q4	3.59%	3.59%	8	6
2014 Q4 – 2016 Q4	4.95%	2.44%	5	3
2011 Q4 – 2016 Q4	6.80%	1.30%	6	4
Last 10 Years 2006 Q4 – 2016 Q4	6.14%	0.58%	10	0
Since 2000 2000 Q4– 2016 Q4	49.97%	2.52%	1	3

Trends in Single-family Sales Activity

Area realtors and financial institutions report that the strong home buying activity level is being driven by buyers who are feeling good about the stability of the economy, believe it is a wise business decision to buy rather than continue to rent, and concerns that interest rates may be increasing.

The 2016 median sales price was $119,900 and the average sale price was $140,824; up 5% and 10% from 2015. There were 1,456 closed sales in 2016, up 5.5% from 2015.

The 2017 housing market continues to be robust in comparison to the past five years. The average DOM (days on market) was 157 in 2012 and 178 in 2014, before dropping to 152 in 2013 and 132 in 2015. That number declined to 108 in 2016; with the quickest selling houses in the $60,000 - $70,000, $140,000 - $160,000 and $500,000+ price ranges. The average DOM is 96 for the year-to-date 2017 period; however, some houses are selling before being listed. This mirrors national trends with sales up 9% in 2017 as compared to 2016, inventory down 13%, and DOM number dropping from 60 to 49 as reported by Redfin, a national real estate firm. Local communities with the least DOM in 2017 are Corning at 43 and Erwin at 20 in the $150,000 -$200,000 price point.

It is important to note that the volume of buying in the I86 Innovation Corridor was not significantly higher in 2016 as compared to 2015 because buyers were finding it more difficult to find a house in reasonable condition, in a desirable location, and at their price point. The issue is a domino effect, with a root cause being the lack of sellers at each price point and lack of new construction in the past decade. Other key indicators are the aging in place dynamic, combined with existing homeowners electing not to purchase a house at the next level over the $250,000 price point because of concerns about a higher property tax liability.

The Watkins Glen market is particularly “tight” with single-family houses selling within days of being listed, both in the Village and on the Seneca lakefront if a lot is somewhat level. Demand is being generated by the desire to be within walking distance of shopping and entertainment. The primary buyers are professionals who work in Corning and Ithaca.

The limited number of newer condominiums in the immediate Village area are selling quickly in the $420,000 - $480,000 range for approximately 1,300 square feet; however, there were inducements that made the purchase package desirable to buyers.

Table 24. Historical Residential Active Listings by Year: 2012 - 2016

	2016	2015	2014	2013	2012
Chemung County	1,585	1,618	1,603	1,438	1,299
SE Steuben County	1,348	1,451	1,448	1,403	1,214

Listings peeked in 2015, but declined in 2016. Demand has continued in 2017 at all price points with sales outpacing the inventory, and the average DOM dropping to a record 96.

Table 25. Recent Sales History: Chemung and SE Steuben Counties

	2016			2017: January - April	
	Total Sales	Average Sale Price	DOM	Total Sales	Average Sale Price
Chemung	721	$136,402	101	185	$128,696
SE Steuben	570	$141,336	108	154	$141,606

Sales in 2016 reached the highest point in the past five years, with 721 sales in Chemung County and 570 in SE Steuben County. 2017 is on track to equal or surpass 2016. Demand has continued in 2017 at all price points, with sales outpacing inventory resulting in competitive bidding.

Table 26. Historical Residential Sales by Year: 2012 - 2016

	2016	2015	2014	2013	2012
Chemung County	721	689	674	603	644
SE Steuben County	570	541	495	496	447

Table 27. Historical Residential Sold by Price Point: SE Steuben County 2012 – 2016

	$60,000 – $89,000	$90,000 – $119,000	$120,000 – $159,999	$160,000 – $199,000	$200,000 – $249,000	$250,000 – $299,000	$300,000 – $399,000	$400,000 – $499,000	$500,000 – $749,000
2012	97	78	124	40	17	19	17	7	3
2013	95	91	108	51	30	19	32	5	5
2014	111	92	94	39	30	26	27	10	5
2015	114	104	93	56	36	20	29	2	4
2016	105	104	123	56	46	27	20	6	5
2017 YTD	25	39	27	18	11	7	6	1	1

The "sold" data indicates there has been consistent demand in the various price ranges over the past five years, with the greatest demand in the $90,000 - $120,000 and $120,000 - $160,000 price ranges. 2017 sales are outpacing prior year trends in the $250,000 - $300,000 price range; however, this data does not portray an accurate picture of demand. To understand demand, it also is important to examine the available inventory data at each price point.

As of April 2017, there were 43 houses for sale in the $150,000 – $200,000 price range in Horseheads and Big Flats (26) and Corning and Erwin (17). There were an additional 22 listings in the Elmira area, Campbell, Lindley and Hornby. In the $200,000 – $250,000 range, there were 23 houses available in Big Flats and Horseheads (11), and Corning and Erwin (12). In the $250,000 – $300,000 range, there were 24 houses listed in Big Flats and Horseheads (13) and Corning and Erwin (11).

Table 28. Historical Residential Sold by Price Point: Chemung County 2012 – 2016

	$60,000 – $89,000		$90,000 – $119,000		$120,000 – $159,999		$160,000 – $199,000		$200,000 – $249,000		$250,000 – $299,000		$300,000 – $399,000		$400,000 – $499,000		$500,000 – $749,000	
2012	142	27%	121	23%	112	21%	57	11%	35	6%	32	6%	22	4%	10	2%	1	0.2%
2013	132	30%	99	22%	103	23%	66	15%	40	9%	21	5%	29	6%	9	2%	3	0.7%
2014	174	31%	94	17%	109	19%	73	13%	28	5%	22	4%	31	6%	13	2%	9	1.6%
2015	168	30%	99	18%	115	20%	73	13%	40	7%	25	4%	18	3%	10	2%	8	1.4%
2016	158	26%	97	16%	128	21%	81	13%	61	10%	32	5%	24	4%	13	2%	5	0.8%
2017 YTD 1/17 – 4/17	38	27%	21	15%	28	20%	20	14%	10	7%	11	8%	6	4%	3	2%	2	1.4%

Table 29. Historical Residential Sold by Price Point: 2015 and 2016

Community	$150,000 – $199,000		$200,000 – $249,000		$250,000 – $299,000		$300,000 +	
	2015	2016	2015	2016	2015	2016	2015	2016
Chemung County								
City of Elmira	2	2	4	5	0	1	1	2
Town of Elmira	17	24	6	10	2	3	3	3
Elmira Heights	1	0	1	0	0	0	0	0
Town and Village of Horseheads	24	22	3	11	8	8	9	18
Town of Big Flats	19	27	11	18	11	8	9	4
SE Steuben County								
City & Town of Corning	27	24	17	18	9	11	12	10
Campbell	6	4	0	0	0	0	0	0
Erwin	9	14	6	9	6	10	12	15
Hornby	1	2	2	1	3	0	0	3
Lindley	3	4	0	0	0	0	0	0
Schuyler County								
Watkins Glen	4	4	1	2	0	0	0	1

COMMUNITY AND ECONOMIC TRENDS IMPACTING HOUSING DEMAND

Key Indicators

- There are more than 165,000 people living within 25 miles of Corning, and nearly 460,000 people live within 50 miles of the Corning area.
- Communities in the I86 Innovation Corridor are experiencing an aging of the population. Although the desire is to age in place, there are factors that will drive seniors to independent living facilities or downsize to a smaller house customized to meet their needs such as wider doorways to accommodate wheel chair, single-story and bathrooms with safety features. The high property taxes also will become a financial barrier for many seniors.
- The Corning, Big Flats, Horseheads areas are desirable residential locations for persons working as far as Sayre, PA and Hornell due to the lack of housing in those areas. In fact, there are an estimated 25,000 jobs with an annual salary of $75,000 within a 30-minute drive of downtown Corning.
- Watkins Glen is becoming a popular residential area for persons who are seeking a casual lifestyle and the ability to walk to restaurants and entertainment. Many of the new home buyers work in Corning and Ithaca. Within a 30-minute drive of Watkins Glen, there are 12,662 jobs with an annual salary of $75,000+.
- An estimated 45% of residents in the I86 Innovation Corridor are executives, managers or professionals; and approximately 25% of the residents are not native to the Corning area.
- The economy in the I86 Innovation Corridor is stable and people are feeling good about investing in real estate, and the real estate professionals are describing it as “seller’s market.” This is in pace with the national trend.
- Major employers are reporting they are stable and several anticipate job growth in the next 2-3 years to support new product development and expansion plans.
- An estimated 1,600 jobs are expected to be created in the western Chemung and SE Steuben County areas in the next 12-36 months; and there is the potential for an addition 775 jobs during that same period.
- A conservative projection is that 600 new employees will be recruited from outside the area. This group includes persons in positions such as executive level management, high level healthcare professionals, together with R&D scientists, engineers and other technical professionals. New employees moving into the area to fill approximately 50% of the mid-level management positions.

Proximity to the Regional Population

There are more than 165,000 people living within 25 miles of Corning, and nearly 460,000 people living within 50 miles of Corning. During the past five years, there has been an average annual population growth of 2% within a 5-mile radius of Corning, and a 1.5% growth rate within a 10-mile radius. The total population within a 25-mile radius has remained somewhat flat during the past five years.

Table 30. Proximity to Population

DISTANCE FROM CORNING	POPULATION 5 YEARS AGO	CURRENT POPULATION	PERCENT CHANGE
Half Mile	746	835	2.19%
1 Mile	1,965	2,169	2.07%
3 Miles	8,573	9,258	1.80%
5 Miles	18,079	18,919	.96%
10 Miles	35,566	36,029	.26%
15 Miles	54,239	54,463	.08%
25 Miles	168,749	167,123	-.19%
50 Miles	457,455	459,046	.07%

Source: Location, Inc.

Access to High-Paying Jobs Within an Hour of the Corning Area

The I86 Innovation Corridor is a desirable residential location for persons working as far as Sayre, PA and Hornell due to the lack of housing in those areas. In fact, there are an estimated 25,000 jobs with an annual salary of $75,000 within a 30-minute drive of downtown Corning.

AVERAGE ONE-WAY COMMUTE TIME	
Less than 15 minutes	43.0%
15-30 minutes	37.7%
30 – 45 minutes	12.5%
45 – 60 minutes	6.1%
More than 60 minutes	0.6%

Source:
Location, Inc.
April 2017

WITHIN	HIGH-PAYING JOBS
5 minutes	1713
10 minutes	7976
15 minutes	10626
20 minutes	14016
30 minutes	25038
45 minutes	39282
60 minutes	57855

Access to High-Paying Jobs Within an Hour of Watkins Glen

WITHIN	HIGH-PAYING JOBS
5 minutes	142
10 minutes	390
15 minutes	905
20 minutes	1351
30 minutes	12662
45 minutes	34148
60 minutes	63930

Watkins Glen is becoming a popular residential area for persons seeking a casual lifestyle and the ability to walk to restaurants and entertainment. Many of the new home buyers work in Corning and Ithaca. There are 12,662 jobs with an annual salary of $75,000+ within a 30-minute drive of Watkins Glen.

An estimated one-quarter of persons living in Corning, Horseheads, Big Flats and Riverside are not native of the I86 Innovation Corridor; and this number reaches 36% in the Town of Erwin and Village of Painted Post. The largest percentage of persons "born out-of-state" reflects the talent recruitment efforts of major employers in manufacturing, R&D and healthcare.

Table 31. Typical Resident Employment

	Executives, Managers & Professionals	Sales and Service Workers	Office Support Workers	Skilled Labor
Corning	47%	26%	10%	17%
Erwin/Painted Post	49%	22%	12%	17%
Horseheads/Big Flats	45%	24%	11%	20%
Riverside	40%	25%	12%	23%
Watkins Glen	26%	35%	13%	24%

Source: Location, Inc®. April 2017

Table 32. Mobility and Migration

	Moved Last Year	Born Out-of-State	Foreign Born
Corning	18%	27%	2%
Erwin/Painted Post	17%	36%	10%
Horseheads/Big Flats	10%	24%	3%
Riverside	7%	23%	1%
Watkins Glen	14%	17%	2%

Business Development and Projected Job Growth

Based on interviews with employers and economic development professionals in the area, the number of job vacancies has dropped and unemployment rates continue to decline. Major employers are reporting they are stable and several anticipate job growth in the next 2-3 years to support new product development and expansion plans. Business development plans include projects such as creation of the World Kitchen Global Manufacturing Center, the Corning Incorporated Pharmaceutical Technologies facilities in Big Flats, new business investment by Pioneer Credit, expansion and relocation of Ullman Associates Wealth Management in Big Flats, the FedEx expansion in the HOST facility in Horseheads, the Project C call center in Big Flats, expansion of Micatu, and continued hiring by Guthrie Healthcare System, Arnot Health and other healthcare organizations. There also are companies within 30-minutes of Corning, such as Alstom in Hornell and Gunlocke in Wayland, that have plans for expansion.

An estimated 1,600 jobs are expected to be created in the western Chemung and SE Steuben County areas in the next 12-36 months; and there is the potential for an addition 775 jobs during that same period. Note this does not include new job creation in Hornell or Sayre, PA; although job growth in both areas will have an impact on the Corning area.

Table 33. Projected Job Creation: 2017-2020

Projected New Job Creation: 2017 - 2020	Annual Income Range	Forecasted	Potential Additional
Executive, senior level management, and healthcare professionals	$250,000 – $400,000	40	
Senior Level Professionals and Upper-level Management	$175,000 – $250,000	200	
Professional and Technical	$125,000 – $150,000	260	20
Mid-level healthcare professionals	$75,000 – $125,000	35	30
Professional and Mid-level Management	$75,000 – $125,000	180	
Production	$40,000 – $ 65,000	100	300
Technical and administrative support staff	$65,000 - $85,000	360	50
Entry level sales, telemarketing and customer relations	$25,000 – $40,000	400	400

A conservative projection is that 550-600 new employees will be recruited from outside the immediate Corning area. This group includes persons in positions such as executive level management, high level healthcare professionals, together with R&D scientists, engineers and other technical professionals. New employees moving into the area are expected to fill approximately 50% of the mid-level management positions.

Aging Population

The communities in the Corning Area are experiencing an aging population. Although the desire is to age in place, there are factors that will drive seniors to independent living facilities or downsize to a smaller house that is customized to meet their needs such as wider doorways to accommodate wheel chair, single-story and bathrooms with safety features. The high property taxes also will become a financial barrier for many seniors.

Seniors at the upper end of the Boomer age spectrum would like to trade down for a smaller home, preferring condos or villa-style townhomes with less maintenance and upkeep requirements. Among this group, at least 50% will opt for rental housing (either independent or assisted living) as opposed to purchasing.

MILLENNIAL HOUSING BOOM

After sitting on the sidelines for a decade, Millennials are buying homes en masse, promising to kick the already strong housing market into higher gear.

Virtually all major builders are migrating away from the luxury homes that dominated the early years of the economic expansion and are focusing on lower price points to cater to this burgeoning clientele.

“There’s an increasing confidence level in that part of the market,” said Gregg Nelson, co-founder of California home builder Trumark Cos. “The recovery is finally starting to take hold in a broader way.”

The share of first-time buyers fell to 32% in 2015, its lowest level in nearly three decades and down from a historical average of around 40%, according to the National Association of Realtors. That number climbed back up to 35% last year and is expected to increase.

The Wall Street Journal
May 11, 2017

DEMAND ANALYSIS AND CAPACITY OF THE I86 CORRIDOR TO RESPOND

Key Indicators

- There are six active home buyer market groups: ***Empty Nesters***; ***Established Professionals and Upper Management; Mid-career Professionals and Middle-management; Young Professionals; Executives, Senior Management and Healthcare Professionals; and, Other First-time Home Buyers such as tradesmen, productions workers, customer services representatives and administrative support team members***

- The inventory of houses has reached its lowest point since 2008. Realtors and financial institutions report a shortage of housing in all price points; setting records at all price points as compared to the past five years and leading to a competitive environment with multiple offer situations.

- The shortage is being driven by a domino effect and is a combination of:
  - Increase among first-time homebuyers, with preferred price points of $90,000 – $120,000 and $120,000 – $150,000
  - Persons 65+ remaining in their homes valued at the $90,000 - $150,000 price point
  - Existing homeowners seeking to move-up to the $225,000 – $350,000 price point but are facing limited inventory; consequently, not freeing up inventory in the $120,000 - $225,000 price range.

- There is the potential that demand will continue to ramp up at a time when supply is already tight and price growth could outstrip wage gains. As cited in 2013, the biggest challenge for people moving into the area remains with finding a house in the $175,000 - $225,000 price point, $225,000 - $275,000 price point and the $275,000 – $350,000 range; for both existing and new construction. Currently there is less than a 5-mo supply in these ranges, and the situation will become dire as new hiring ramps up in the next 18-36 months.

- Houses at the $90,0000 - $150,000 price point typically are being sold by older owners or estates, and require a $40,000 - $50,000 investment to upgrade the house to buyer expectations. The buyer typically does not have the cash resources to make this additional investment, is carrying college debt, and has limited borrowing power that leads to a valuation issue.

- The forecast is a demand of 200-250 new single-family houses in the next three years that cannot be filled with existing inventory or projects in the pipeline. The highest concentration of demand is at the $225,000 - $275,000 (75) and $275,000 - $350,000 (85) price points.

- There is a shortage of experienced residential home builders, with only seven active. These independent contractors are building one to two custom and spec houses at a time. This low volume, combined with demand, is expected to absorb the existing inventory of buildable lots by the mid-2018.

- The only development of any significance is a 20-lot subdivision in Horseheads, with plans to build villa-style houses for the empty nester as the primary buying group. There is the potential for development of an additional 180-200 building lots in the Town of Erwin that are owned by developers; however, to-date they have not indicated interest in building out these subdivisions.

Consumer Markets

Table 34. Forecasted Homeownership vs. Rentals

	Homeownership	Rent
2018-2019	85	150
2019-2021	165	200

Demand for housing among both persons relocating to the I86 Innovation Corridor, as well as, persons entering the homeownership market are as follows. This assumes an estimated 15% of new workers will elect to live in communities outside of the I86 Innovation Corridor such as Ithaca or one of the rural communities within a 30-minute drive, a community in bordering Pennsylvania, or a lake such as Keuka or Seneca.

Empty Nesters: Demand at the $200,000 - $300,000 price point for retired management and professionals who are downsizing and seek high quality and low maintenance. The 60-75 age population in Chemung, Schuyler and Steuben Counties is expected to continue growing through the next two decades and flatten out in 2040. By 2025 there will be an estimated 15,000 people ages 60-75 in the three-county area. There is a growing demand for single-family housing to accommodate active adults aged 60 to 75 with an annual household income of $125,000+.

Executives, Senior Management and Healthcare Professionals: Demand at the $450,000 – $650,000 price point. This group includes persons being recruited by existing employers and have an annual household income of $250,000+. Examples of employers include hospitals, manufacturing companies, R&D and high-tech firms.

Established Professionals and Upper Management: Lawyers, accountants, financial advisors and other professionals ages 40 – 60 with an annual household income of $150,000 - $250,000. Single-family housing demand is at the $225,000 – $300,000 range; as well as the $300,000+ priced houses being purchased by the buyer who is moving up in size and/or quality due to an increased income allowing for a larger mortgage, attraction to low interest rates, growing multi-generation families requiring a larger house, or opportunities to make an investment in a house of greater value.

Engineers and Scientists: There are several hundred persons in the "knowledge worker" category such as engineering, research and development, IT and other technical positions who work within a 30-minute drive of the I86 Innovation Corridor. This group would have an annual household income of $100,000 – $150,000. It is likely that 30-40% of this group will have children living at home. The forecasted price points are $175,000 - $250,000 for the engineers and scientists in the early stages of their career; and $250,000 – $350,000 for the experienced professional.

Professionals and Middle-management: Housing demand at the $150,000 - $175,000 price point for the first-time home buyer whose annual household income is $90,000 – $125,000; and $175,000 – $250,000 price point for a repeat buyer looking to move up and has an annual income of $100,000 – $125,000.

Young Professionals Moving Up: Demand at the $125,000 – $200,000 for the repeat buyer who is moving up.

First-time Home Buyers- Young Professionals, Skilled Workers and Customer Services and Administrative Support: Demand at the $90,000 – $120,000 price point for the first-time home buyer whose household income is less than $80,000.

Gaps in the Single-family Housing Inventory

Realtors and financial institutions report a shortage of housing in all price points, leading to a competitive environment with multiple offer situations. The number of listing listed in the table below demonstrates the lack of inventory in all price points.

Table 35. Active Listings by Price Point (April 2017)

Community	# of Active Listings	$100,000 – $149,000	$150,000 – $199,000	$200,000 – $249,000	$250,000 – $299,000	$300,000 +
Chemung County	434					
City of Elmira	131	18	4	2	5	2
Town of Elmira	59	18	11	7	0	5
Elmira Heights	16	4	0	0	0	0
Town and Village of Horseheads	51	11	11	5	10	19
Town of Big Flats	43	5	15	7	3	8
SE Steuben County	354					
City & Town of Corning	72	26	14	8	2	10
Campbell	18	4	3	4	1	1
Erwin	35	5	3	4	9	14
Hornby	7	1	1	0	0	1
Lindley	8	3	3	1	0	0
Schuyler County	88					
Watkins Glen Area	16	5	1	1	0	1

Revitalization of Existing Housing Stock

Efforts are underway to address the need for revitalization of the existing housing stock.

Corning Housing Redevelopment Project

The Corning Housing Partnership has been formed to undertake targeted neighborhood housing renovations in the City of Corning. Property owners are offered an incentive package to participate in the redevelopment program. Seven projects are planned or underway at the time of this report that will result in revitalized houses. The objective is to stimulate investment and ownership, as well as create momentum for total neighborhood revitalization.

Additional tools to stimulate single-family property redevelopment in City of Corning include:

- City's plan to update its zoning ordinances to support implementation of the housing redevelopment plan
- Tax incentive to convert multi-family properties back to original use as single-family structures
- Real property tax exemption for single-family houses

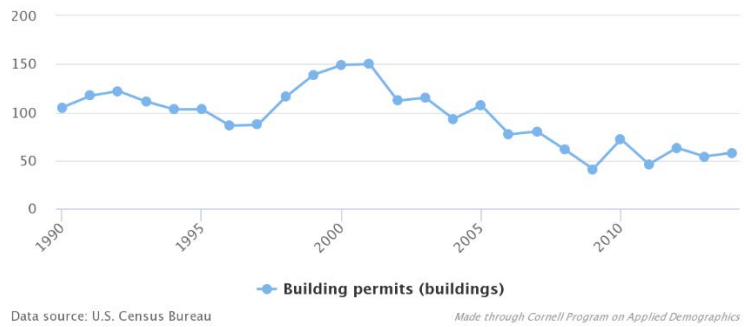
Elmira Neighborhood Revitalization

The City of Elmira has identified neighborhood revitalization as a priority, and plans are underway to conduct a block-by-block assessment of the housing stock and develop a neighborhood revitalization strategy to address both low-income housing and creation of mixed income neighborhoods. A first step in this direction is the recent formation of the Chemung County Land Bank, which will receive blighted properties to rehabilitate or demolish. There is an opportunity to utilize this revitalization effort to meet the growing demand for houses in the $90,000 – $150,000 price point.

Development Lots and New Construction

New Construction Activity

New construction activity, particularly in Big Flats, Horseheads and Erwin peaked in 2000, and has been on the decline since then.



NEXT HOT HOUSING MARKET: STARTER HOMES

The housing recovery has been divided, as the luxury market has soared in recent years while the more affordable end of the market has struggled to make up for lost ground. Tough lending standards, slow wage growth, growing student-debt obligations and a newfound fear of ownership have combined to crimp demand among Millennials.

The return of the starter-home market means the housing bifurcation is finally starting to narrow. "They're crawling out of their parents' basements, they're forming households and they're looking to buy," said Doug Bauer, chief executive of Tri Pointe Group Inc., which operates in eight states.

The return of first-time buyers allays fears that Millennials would eschew homeownership and provides a long-awaited infusion of new demand to the market.

These new buyers could also be a boon to the overall economy by driving builders to build more homes. Some 854,000 new-owner households were formed during the first three months of the year, more than double the 365,000 new-renter households formed during the period, according to Census Bureau data. It was the first time in a decade that more households chose to own than rent.

The Wall Street Journal

May 11, 2017

Gaps in New Construction

There is a shortage of experienced residential home builders, with only seven active builders in the I86 Innovation Corridor. These independent contractors are building one to two single-family houses at a time. This low volume of new construction, combined with demand, is expected to absorb the existing inventory of buildable lots by mid-2018.

There are scattered buildable lots in Chemung and SE Steuben Counties, and limited construction activity. The opportunity for new construction in the Big Flats and Horseheads area is limited to scattered lots in Soaring Ridge, Barrington West, Brookwood Hills and Highland Hills.

Throughout the area, there are six custom built houses under construction at the time of this report; and all are in the $600,000 - $1,200,000 price range.

Only nine spec houses are under construction, and all are in the $450,000 - $650,000 price range. There is the potential for an additional three spec houses in the $500,000 -$600,000 price range. These spec houses are being built on scattered lots in developments such as Soaring Ridge, Hunter's Run and Barrington West all located in the Big Flats/Horseheads area and Country Walk Estates in Corning.

There are no plans for large residential subdivision developments in the I86 Innovation Corridor, and no large-scale home builder is active in the area. The only remaining approved subdivision with the land, infrastructure and approvals to accommodate a large development is the DeMarco 80-lot site in the Town Erwin. Also in the Town of Erwin, Steve Coots has completed the infrastructure to support 100 building lots, and Matt Dann owns property that has the potential to support 30 building lots; however only four lots have been approved by the Town for Phase 1 of the project that would accommodate houses to meet demand at the $300,000 - $350,000 price point. The proposed new construction would include 1,800 – 2,100 square feet with three bedrooms and two baths.

Table 36. Building Lots

Subdivision	# Available	Adding in 2017-2018
Horseheads Area		
Barrington Estates	0	0
Barrington West	6	6
English Hills	0	0
Fox Run	5	0
Highland Hills	2	3
Horseheads Village Estates	1	0
Hunters Run	0	9
Hylan Terrace	1	0
Oak Hill	0	0
Presidential	0	0
Villas at Village Estates	0	20
Big Flats		
Brookwood Hills	5	0
Colonial Estates	0	0
Quail Hollow	0	0
Soaring Ridge	2	0
Corning		
Country Walk	5	0
Erwin		
Beartown Estates	0	0
Mountainview Estates	0	0
Woodland Park	0	25-30

The only development in Chemung County is the Villas at Village Estates in Horseheads being undertaken by Barrington Associates. The 20-lot subdivision has received approval and spec houses are being planned. The houses are expected to be 1,800 square feet with a basement, and priced in the $350,000 range.

In the City of Corning, Arbor Housing is considering demolition and redevelopment of the former Blodgett School site that has the capacity for 25-26 building lots that could accommodate 1,200-1,500 square foot houses with garage in an estimated price range of $175,000 (including lot).

CONCLUSIONS AND RECOMMENDED NEXT STEPS: SINGLE-FAMILY HOUSING

Supply

There is shortage of single-family houses on the market, and the low inventory levels are setting a record at all price points as compared to the past five years.

The shortage is being driven by a domino effect and a combination of:

- ✓ An increase of first-time homebuyers who are current renters or relocating to the area, together with persons moving up from starter houses with preferred price point of $120,000 – $150,000. This group is motivated to buy due to low interest rates and interest in making a sound financial decision to buy versus paying rent. In many cases, the amount paid in monthly rent has prevented this group from saving a substantial amount for a down payment on a house and funds needed for upgrades.
- ✓ Persons 65+ remaining in their homes valued at the $90,000 - $150,000 price point.
- ✓ Hiring by area employers with a projected new job count of 1,600+ jobs over the next three years. The number of new employees expected to relocate to the area is conservatively estimated at 600. Among the number of new residents locating to the area, an estimated 200 - 250 will seek to purchase a house in the next 2-3 years.
- ✓ Persons who currently own houses at the $90,000 – $120,000 price point who are seeking to "move up" to the $175,000 – $225,000 price point; however, this is being stunted by a limited inventory, concern about increasing property tax liability with a more expensive house, and the need to invest $40,000 - $50,000 in renovations and upgrades. Consequently, they are not selling their houses at a volume needed to meet demand among for first-time home buyers. The inability of the area to accommodate demand for homeownership at the starter home price point of $125,000 - $225,000 likely will drive this group to market rate housing.

Houses available at the $90,0000 - $150,000 price point typically are being sold by older owners or estates, and require a $40,000 - $50,000 investment in upgrades to meet buyer expectations. The buyer typically does not have the cash resources to make this additional investment, is carrying college debt, or has limited borrowing power that leads to a valuation issue. Lack of inventory at this price point is being complicated by many young professionals who prefer a "move-in ready" house. Those who are recent college grads, service and administration workers, and production workers also are concerned about the high taxes in the City of Corning and more densely populated areas, and therefore some are buying in Lindley, Addison and Hornby.

There also is lack of inventory in the $300,000+ price point. Demand is increasing among healthcare professionals and senior management being recruited to the area, as well as existing homeowners wanting to "move up." Due to the lack of inventory, this latter group is opting to remain in their existing home and not allowing for the natural flow of sales to new buyers.

Horseheads, Big Flats and City of Corning are the most active with sales; however, it's escalating into a seller's market in these communities at the following price points: $90,000 – $125,000; $150,000 – $175,000; and $225,000 – $275,000.

Although historically there has been excess inventory in the $400,000 + range, this is being absorbed by the increase in upper management and healthcare professionals being recruited to the area, together with existing residents planning to "move up" due to confidence in the economy, increasing wealth, interest in increasing their investment in real estate and a stable job environment.

As cited in 2013, the biggest challenge for people moving into the area remains finding a house in the $175,000 - $225,000, $225,000 -$275,000 or the $275,000 – $350,000 ranges among both existing and new construction. Currently there is less than a 5-month supply in these ranges, and the situation will become dire as new hiring ramps up in the next 18-36 months.

Gap in Supply-Demand Analysis

The widening gap is expected to escalate with increasing pent-up demand among first-time buyers, together with hiring to fill new jobs being created by area employers, and current residents seeking to "move up" one or more price categories. The forecasted demand for single-family housing cannot be fulfilled by the existing housing stocks combined with the low volume of new construction spec houses and new subdivision development in the pipeline based on the current rate of buying together with historic trends in listings and sales. Revitalization of vacant or undesirable housing stock in the cities of Corning and Elmira, together with turn-over resulting from the aging population, have the potential to address the gap at the $90,000 – $120,000 and $125,000 - $225,000 price ranges; however, the balance of the existing housing stock is inadequate to meet demand.

Table 37. Conservative Forecast of Gap in Single-family Housing by Consumer Group and Price Point

Consumer Group	$125,000 - $175,000	$175,000 - $225,000	$225,000 – $275,000	$275,000 – $350,000	$350,000 – $500,000	$500,000 +
Empty Nester (downsizing)				10		
Executives, Senior Management and Healthcare Professionals					10	3
Established Professionals including lawyers, accountants, engineers, scientist, etc.			30	45	15	
Professionals and Middle Management		10	25	30		
Young Professionals relocating, and current residents moving up in the marketing or transitioning from rental situations	20	35	20			
Other first-time home buyers	20	20				
TOTAL	40	65	75	85	25	3

Recommended Next Steps: Single-family Housing

Filling the forecasted gap will require an aggressive and dual approach involving both revitalization of the existing housing stock and new single-family housing construction. There is an opportunity to meet demand and position the I86 Innovation Corridor and I86 Innovation Corridor to respond to new job creation; however, it will require a significant infusion of private investment, New York State funding and other resources to make these initiatives successful.

Revitalization and Promotion of Existing Housing Stock

This report supports and advocates for the recommendations outlined in Governor Cuomo's *Strategies for Upstate NY* issued in early 2017, which identifies "Placemaking" as an important economic development strategy. An investment in housing also advances the vibrant communities strategy named as a priority initiative for 2017-2019 by the I86 Innovation Corridor Steering Committee because of its importance to business development and workforce recruitment.

It is recommended that "Placemaking" be adopted as a priority and an investment made in creating substantial and meaningful financial, planning and regulatory tools to revitalize the vacant, undesirable and aged housing stock in the urban areas to address the gap. This is of importance to meeting demand at the $90,000 – $225,000 price point, while also stimulating investment, reducing risk and increasing the rate of property appreciation.

Several initiatives have been launched that are important first steps. The Corning Housing Partnership was formed in 2016 and is undertaking a neighborhood redevelopment program that involves renovation of single-family houses in targeted areas. Property owners are offered an incentive package to participate in the redevelopment program, with the objective of promoting homeownership, stimulating investment in upgrades, and creating momentum for total neighborhood revitalization. Seven projects are underway at the time of this report. Although this effective business model has been established, it will have limited impact without the infusion of additional financial resources.

In 2016 Elmira received a $10 million award under the NYS Downtown Revitalization Initiative (DRI). Although revitalization of single-family housing was not a project selected under Elmira's DRI plan, the importance of housing and neighborhood redevelopment was identified as an urgent priority. Safe and affordable housing also was identified as one of three major strategies in Elmira's Poverty Reduction Initiative (ESPRI) action plan. Consequently, a Housing and Neighborhood Revitalization Task Force has been organized to address the need for mixed income neighborhoods and an upgraded single-family housing stock. An important tool in the strategy will be the newly formed Chemung County Land Bank. In addition, the New York State "Graduate to Homeownership Program" will play a role in attracting recent college graduates to become first-time homeowners. As a DRI community, Elmira is eligible to participate in this program being administered by the NYS Home and Community Renewal agency. It is available to qualified first-time homebuyers who have graduated from an accredited college or university with an associate's, bachelor's, master's or doctorate degree within the last 48 months. The program provides subsidized low-interest rate mortgages; down payment assistance loan of the greater of $3,000 or three percent of the home purchase price up to a maximum of $15,000, with no additional fees; access to additional available subsidies and resources; and online and on-campus homebuyer counseling and education.

These programs and initiatives will be important tools moving forward; however, gap financing for property acquisition and revitalization will be essential to attract and stimulate investment in the severely outdated housing stock by all consumer groups from the recent college graduates and

young professionals, to skilled trades and production workers who are entering the market for the first time. Stimulating single-family property redevelopment also will require action to update zoning ordinances, offer tax incentives to convert multi-family properties back to original use as a single-family structure, real property tax exemption for single-family houses, gap financing to leverage private investment for property acquisition, and redevelopment funds that are a combination of low-interest loans and grants to assist new property owners undertake renovations that make the purchase of an older home a viable business investment.

New Construction

A three-pronged approach to stimulate new construction is recommended to bridge the gap in single-family housing, with a focus on the $275,000 – 400,000 price point; which cannot be met through upgrades to the aged housing stock.

1. Strengthen the capacity of the building sector to undertake construction on the existing 180-200 building lots in the Town of Erwin and new developments under consideration in the Corning area that have the potential to respond to demand.

    a. Property tax incentives to spur development of new housing construction and housing rehabilitation
    b. Financing packages that provide small builders with the financial capacity to undertake the construction of more than 1-2 spec houses
    c. Attract mid-scale building companies that have the capacity to undertake 20+ new house construction.
    d. Undertake a promotion program to attract buyers in the $275,000 to $400,000 price point that also serves as a mechanism to attract builders.

2. Attract private investment and pursue gap financing sources to take advantage of opportunities for construction in the dense urban area on properties targeted for demolition and redevelopment. A good example is Arbor Housing's proposal to demolish and develop the former Blodgett School site that has the capacity for 25-26 building lots that could accommodate 1,200-1,500 square foot houses with garages in an estimated price range of $175,000 (including lot).

3. Increase the number of buildable lots in the Towns of Erwin, Big Flats and Horseheads through identification of suitable land parcels, rezoning as necessary, and significant public and private investment in basic infrastructure, road extensions, streetscape and neighborhood amenities such as neighborhood parks.

I86 INNOVATION CORRIDOR HOUSING STUDY: 2017 – 2020

PART 2. MARKET RATE RENTAL HOUSING

NATIONAL TRENDS IN MARKET RATE RENTAL HOUSING

Key Indicators

- The current household composition is made up of 64% homeowners, 26% renters, and 11% who live with someone else. Of the non-owners, 59% are 34 years or under, 64% make an income of under $50,000, and 43% live in suburban areas. Non-homeowners cited the main reason for not owning as affordability. The perception reached a high of 57% in 2016.

- According to the U.S. Census Bureau's report issued April 27, 2017, the national rental vacancy rate was 7% in Q1 of 2017. This compares to the high point of 10.6% set in 2010.

- The highest level of vacancy rates occurred during the housing bubble in 2007 – 2010, when a large percentage of renters entered the home ownership market and then were forced back into rental housing in 2010 due to a high level of foreclosures. The vacancy rate has remained somewhat level since 2013.

- Monthly rental rates have continued to increase over the past ten years. The median asking rent was $864 in 1Q 2017; up from $430 in 1995.

- The average U.S. apartment asking rent grew 0.4% in the first quarter of 2017, up to $1,315; and by 3.3% on a year-over-year basis since the first quarter of 2016. It is important to note that the highest vacancy rate currently is among Class A apartments, which is at its highest point over the five-year period with an increase from 29 to 47 according to the NAHB Index.

- In 2010, the NAHB reported an increase in demand and projected production of market rate multi-family housing units. During 2008-2010 the financial institutions placed a moratorium on financing for new construction. By 2012 the demand for traditional rental apartments had increased due to multiple factors including the impact of the crash of the housing bubble and people facing foreclosures, pent-up demand among new household formations and improvement of the labor markets. New construction ramped up in 2012 and 2013; however, the NAHB Multi-family Production Indices Q1 2017 reports that actual production of "Market Rate Rental Starts" has been on a slight downward trend since 2012.

- A 2017 report commissioned by the National Multi-family Housing Council (NMHC) and the National Apartment Association (NAA) states that the U.S. will need 325,000 new apartments, especially in the West, every year between now and 2030 to meet the growing demand. The study, prepared by Hoyt Advisory Services, states that the growing demand for new apartments is due to the delayed marriages, the aging population and international immigration.

Renter Population

The current household composition is made up of 64% homeowners, 26% renters, and 11% who live with someone else. Of the non-owners, 59% are 34 years or under, 64% make an income of under $50,000, and 43% live in suburban areas. Non-homeowners cited the main reason for not owning as affordability. The perception reached a high of 57% in 2016.

Trends in Vacancy Rates

Vacancy Trends at the National Level

According to the U.S. Census Bureau's report issued April 27, 2017, the national rental vacancy rate was 7% in Q1 of 2017. This compares to the high point of 10.6% set in 2010.

Table 38. Rental Vacancy Rates for the United States: 2010 to 2017

Year	Rental Vacancy Rate (percent)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2017……	7.0			
2016…….	7.0	6.7	6.8	6.9
2015……	7.1	6.8	7.3	7.0
2014……	8.3	7.5	7.4	7.0
2013……	8.6	8.2	8.3	8.2
2012……	8.8	8.6	8.6	8.7
2011……	9.7	9.2	9.8	9.4
2010……	10.6	10.6	10.3	9.4

Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, April 27, 2017.

The first quarter 2017 rental vacancy rate was highest in the South at 8.8%, followed by 7.8% in the Midwest, 5.7% in the Northeast and 4.7% in the West. The rental vacancy rates in the Northeast, Midwest, South and West were not statistically different from the first quarter 2016 rates.

According to the National Association of Home Builders (NAHB) Multi-family Vacancy Index issued in June 2017, the vacancy rate in all types of multi-family housing was at 35.96 in the first quarter of 2017, down from 38.64 in the last quarter of 2016 and down from 37.38 one year ago. This represents a change of -6.93% from last quarter of 2016 and -3.80% from one year ago.

Multi-family Housing Likely to Slow This Year

The U.S. multi-family housing market is likely to slow this year, according to a group of panelists at the recent National Association of Home Builders International Builders' Show in Orlando, Florida

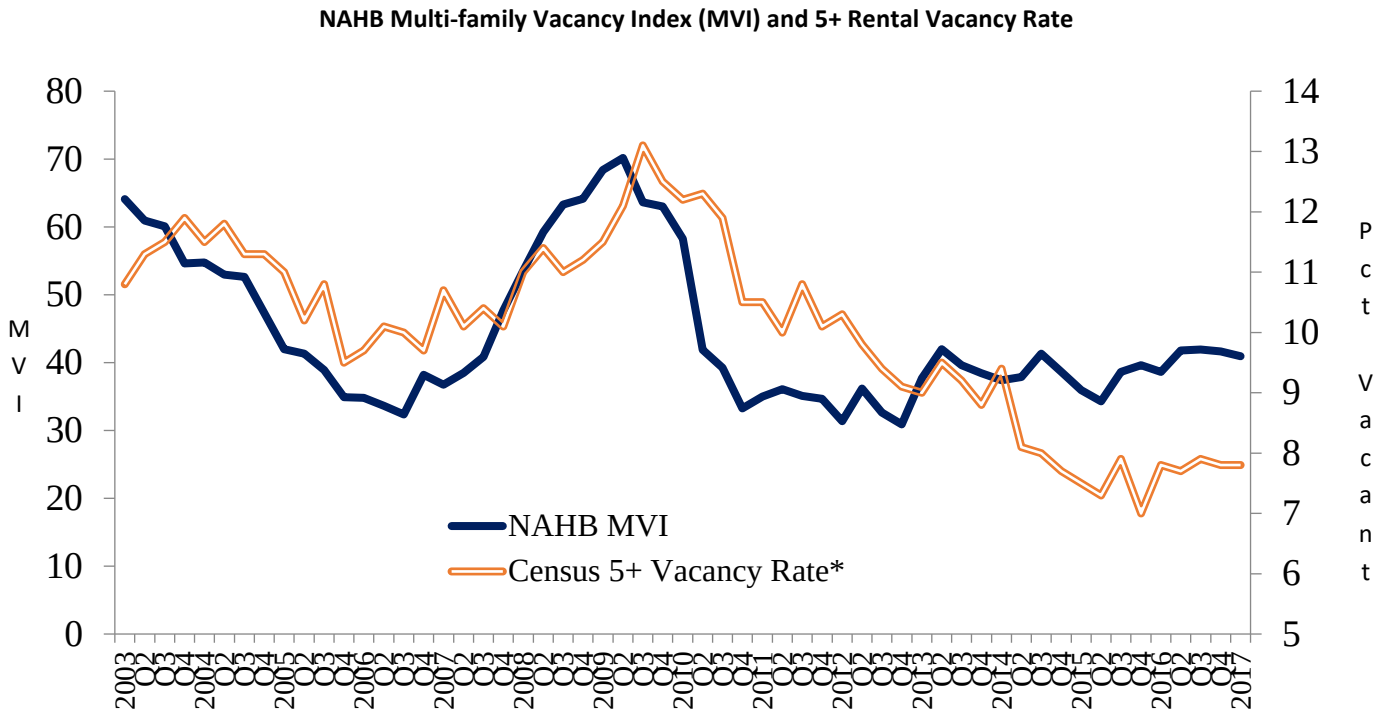
NAHB Senior Economist Robert Denk said multi-family starts data shows the sector "slowing down from recent historical highs in response to a more sustainable demand.

"Vacancy rates and inflation in rents still show high production, but Denk expects multi-family production to slow modestly from its 2015 peak of 395,000 units.

"The demand for affordable rentals already outstrips supply, and that imbalance will only get worse for a couple of reasons: First, demand will increase as the millennial generation fully enters the housing market, and second, those aging baby boomers with minimal savings will be looking for housing they can afford on a budget that depends primarily on Social Security," said Steven E. Lawson, president of The Lawson Companies in Virginia Beach, Va.

Floor Daily. June 17, 2017.

The figure below demonstrates the trends in multi-family vacancies during the period 2013 – 2017. It reflects the housing bubble in 2007 – 2010, when a large percentage of renters entered the homeownership market and then were forced back into rental housing in 2010 due to a high level of foreclosures. The vacancy rate has remained somewhat level since 2013.



*Source: U.S. Census Bureau, Housing Vacancies and Homeownership 2016 (http://www.census.gov/hhes/www/housing/hvs/hvs.html)
Note: The rental vacancy rate is the number of vacant rental units divided by the number of vacant rental units, plus the number of rental units occupied plus the number of rental units rented but not yet occupied.

The NAHB data also indicates that rental vacancies in the Class B apartment classification has remained fairly constant since 2013. The highest vacancy rate currently is among Class A apartments, which is at its highest point over the five-year period with an increase from 29 to 47. The vacancy rate among Class C apartments has constantly fluctuated between 42 and 38 during this same period.

Table 39. Rental Vacancy in Current Vs. Prior Quarter

	2012				2013				2014				2015				2016				2017
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Multi-family Vacancy Index	**31**	**36**	**33**	**31**	**38**	**42**	**40**	**38**	**37**	**38**	**41**	**39**	**36**	**34**	**39**	**40**	**39**	**42**	**42**	**42**	**41**
Class A apartments	29	35	33	30	38	42	36	36	38	39	40	39	35	34	41	40	39	44	44	44	47
Class B apartments	30	38	31	30	37	41	42	39	35	36	41	37	36	33	36	38	38	40	40	39	37
Class C apartments	42	33	35	37	40	43	41	43	41	40	46	41	38	37	42	42	39	41	41	45	38

Source: Multi-family Market Survey, NAHB Economics and Housing Policy Group

Notes:
Class A: Generally built within the last 10 years; but high-rise product in select Central Business District may be over 20 years old. Commands rents within the range of Class "A" rents in the submarket. Well merchandised with landscaping, attractive rental office and/or club building. High-end exterior and interior amenities as dictated by other Class "A" products in the market. High quality construction with highest quality materials.
Class B: Generally, product built within the last 20 years. Exterior and interior amenity package is dated and less than what is offered by properties in the high end of the market. Good quality construction with little deferred maintenance. Commands rents within the range of Class "B" rents in the submarket.
Class C: Generally, product built within the last 30 years. Limited, dated exterior and interior amenity package. Improvements show some age and deferred maintenance. Commands rents below Class "B" rents in submarket. Majority of appliances are "original".

Vacancy Trends at the Local Level

The national vacancy rate remains stable, but locally, vacancies have increased in 39 out of 79 major metros.[5] The first quarter 2017 rental vacancy rate was highest outside Metropolitan Statistical Areas at 8.7%. These rental vacancy rates were not statistically different from the first quarter 2016 rates.

New York City's effective-rent rate has fallen 0.6% YOY, and 0.7% since last quarter, while San Francisco's 0.4% rent increase since last quarter pairs with a 1.3% YOY drop. Metros that saw the highest effective-rent growth from last quarter include Ventura County, Calif. (2.5%); Colorado Springs, Colo. (1.8%); and Syracuse, N.Y. (1.6%).

[5] *REIS: Rent-Growth Deceleration Continues in 1Q '17*. Mary Salmonsen. Multi-family Executive Magazine.

Market conditions and their results vary widely across the country. As Barbara Denham notes, on the national level the effective-rent declines can occur in flat markets when landlords attempt to boost occupancy by offering concessions, including free rent for a limited time. Many markets' occupancy rates have fallen behind their new-unit delivery rates. Metros with the highest vacancy-rate increases include Nashville, Tenn. (1.2%); and Charleston, S.C. (1.2%); whereas vacancy declined the most in Fairfield County, Conn. (-0.6%). On a year-over-year basis, vacancies increased in 33 of the 79 metros studied. On a positive note, all but eight of these markets have recorded job growth, which should be reflected in a steady demand for new apartments, according to Denham. Any further vacancy growth or decline in effective rent will likely be tied to an oversupply of new construction.[6]

Trends in New Construction

In 2010, the NAHB reported an increase in demand and projected production of market rate housing units. During 2008-2010 the financial institutions had placed a moratoruium on financing for new construction of multi-family units. By 2012 the demand for market rate apartments had increased due to multiple factors including the impact of the crash of the housing bubble and people facing foreclosures, pent-up demand among new household formations and labor markets improve. New construction ramped up in 2012 and 2013; however, the NAHB Multi-family Production Indices Q1 2017 reports that actual production of "Market Rate Rental Starts" has been on a downward trend since 2012.

Table 40. Multi-family Production Indices - Q1 2017

(Seasonally Adjusted)

PRODUCTION OF NEW MARKET RATE APARTMENTS IN CURRENT VS. PRIOR QUARTER

	2012				2013				2014				2015				2016				2017
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Overall Multi-family Production Index	**51**	**54**	**52**	**54**	**52**	**61**	**54**	**50**	**53**	**58**	**54**	**54**	**54**	**55**	**56**	**52**	**53**	**50**	**53**	**55**	**48**
Market Rent Starts	69	63	69	65	61	67	64	60	59	68	64	62	59	60	64	59	58	53	57	58	55

New-supply construction has been steady in 2016 and 2017. Nationwide, inventory grew by 39,000 new units in 1Q 2017, the lowest new-supply rate since 1Q 2015. Occupancy growth capped out at 23,957 units, the lowest net absorption total since 2010.

Many markets' occupancy rates have fallen behind their new-unit delivery rates. Metros with the highest vacancy-rate increases include Nashville, Tenn. (1.2%); and Charleston, S.C. (1.2%); whereas vacancy declined the most in Fairfield County, Conn. (-0.6%). On a year-over-year basis, vacancies increased in 33 of the 79 metros studied.

[6] Reis'*1Q 2017 Apartment Sector Preliminary Trends Release*.

In addition, a new report commissioned by the National Multi-family Housing Council (NMHC) and the National Apartment Association (NAA) states that the U.S. will need 325,000 new apartments, especially in the West, every year between now and 2030 to meet the growing demand. The study prepared by Hoyt Advisory Services and released in June 2017, states that the growing demand for new apartments is due to the delayed marriages, the aging population and international immigration.

The apartment study showed:

- Currently, nearly 39 million people live in apartments, and the apartment industry is exceeding capacity;
- In the past five years, an average of one million new renter households were formed every year, which is a record amount;
- It will take building an average of at least 325,000 new apartments every year to meet demand; yet, on average, just 244,000 apartments were delivered from 2012 through 2016;
- Demand is expected to be especially significant in Raleigh, N.C., with a 69.1 percent increase in new apartments between now and 2030, Orlando, Fla. (56.7 percent), and Austin, Texas (48.7 percent). Also notable, the demand in the New York City metro area will call for an additional 278,634 apartment units, Dallas-Ft. Worth, Texas (266,296 new units), and Houston, Texas (214,176 new units).

"We're experiencing fundamental shifts in our housing dynamics, as more people are moving away from buying houses and choosing apartments instead. More than 75 million people between 18 and 34 years old are entering the housing market, primarily as renters," said Dr. Norm Miller, Principle at Hoyt Advisory Services and Hahn Chair of Real Estate Finance at the University of San Diego.[7]

Most Expensive Investment Markets

San Francisco ($492,500/unit) was the highest priced multi-family investment market over the last 12 months. Its local economy has been boosted by the expansion of the technology sector, while opposition to new development has limited new supply.

Manhattan ($485,800/unit) was second on the list, weighted heavily by the purchase of Stuyvesant Town and Peter Cooper Village for $5.3 billion at the end of 2016. New York City remains the favorite destination for international investment capital. However, investors of all types have begun to approach this market with caution as the luxury condominium market has slowed recently. The area also now has the highest level of new development in the pipeline of any multi-family market in the country.

The third highest priced multi-family investment markets was San Jose. CA ($334,800/unit). Washington, D.C. ($284,500/unit) and Boston ($257,200/unit) also were in the top five highest priced markets.

[7] Rental Housing Journal. June 12, 2017.

Least Expensive Investment Markets

"The secondary and tertiary markets of the U.S. have apartment assets that price at a lower rate per unit and also at higher cap rates," said Jim Costello, Senior Vice President at Real Capital Analytics. "In the six major metros, cap rates came in at 4.8% in during Q2 2016 versus a 6.4% rate in the secondary and tertiary markets. Given that GSE debt is priced about the same across markets in terms of mortgage rates, it implies more positive leverage opportunities in the secondary and tertiary markets."

Real Capital Analytics further reports that the lowest priced major market over the last 12 months was Memphis ($54,600/unit). Memphis is expected to maintain strong economic growth as a major transportation hub with a healthy job market, low business costs, and an attractive downtown area.

Indianapolis ($57,600/unit) was another strong market. The local economy is expected to continue its recent expansion, which has been driven by low business costs and favorable demographics, along with gains in employment in the high-tech and life sciences sectors.

Cleveland ($59,600/unit), Columbus ($63,100/unit), and Cincinnati ($77,300/unit) were among the lower priced markets. Houston ($73,700/unit) also has a strong market.

HOUSING DEMAND ROBUST BUT NOT ENOUGH HOMES FOR BUYERS

More Millennials are starting families and want to buy homes, but they are heading into a housing market with inadequate inventories and rising prices, a new study says. The result is Millennials are being forced to remain in market rate housing.

In addition, existing homeowners are reluctant to sell their homes because there is not enough inventory for them to find another home to buy says First American Financial Corporation.

"As more and more Millennials marry and have children, among the strongest determinants for the desire to be a homeowner, demand for housing will remain robust. However, the housing market faces a dilemma that is restricting the inventory of homes for sale," said Mark Fleming, chief economist at First America.

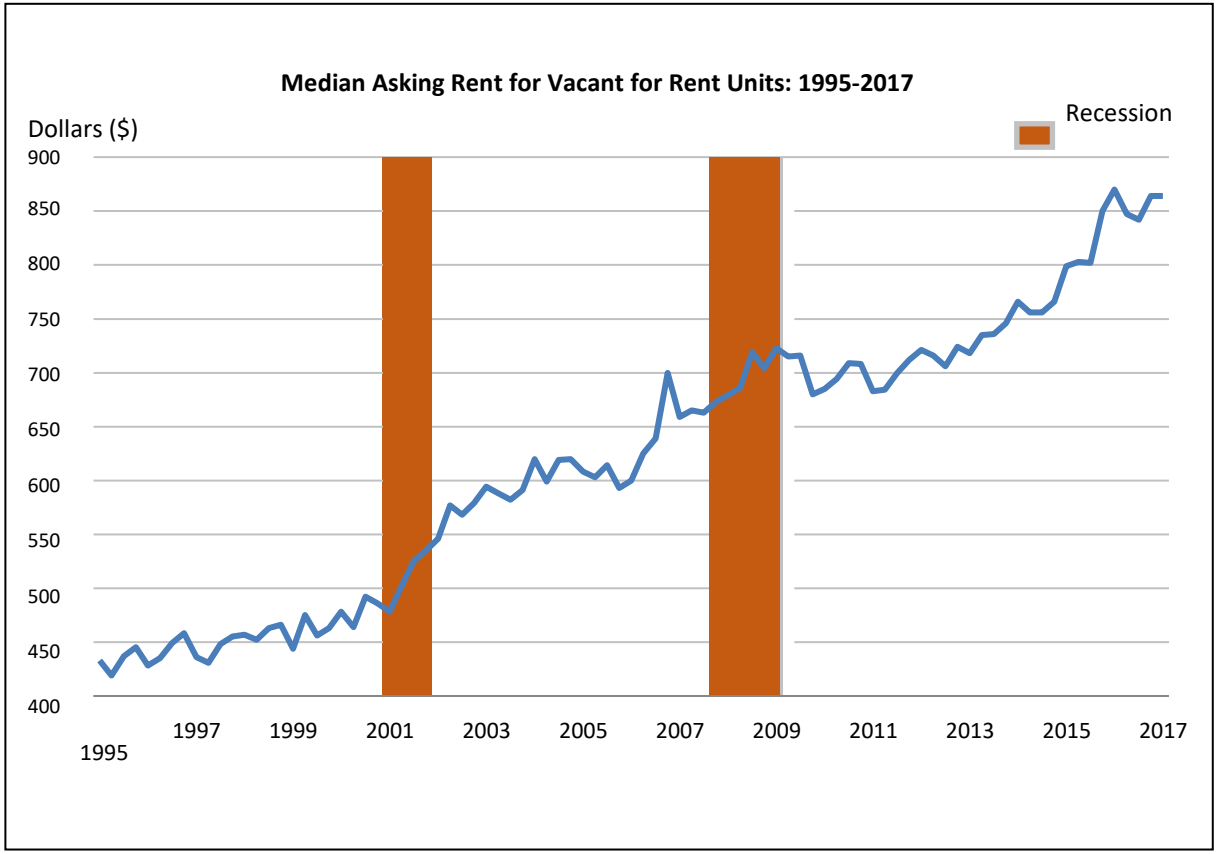
"As rates rise and the cost to finance a mortgage increases, existing homeowners are prisoners in their own homes. In addition, the fear of being unable to find a home to purchase hinders a homeowners' decision to sell.

The low inventory of homes for sale is preventing the housing market from reaching its potential and pressuring prices higher. Increasing shortages of homes for sale is a growing problem for potential home buyers, especially potential first-time home buyers today, as it causes affordability to decline," Fleming said.

Rental Housing Journal. June 21, 2017.

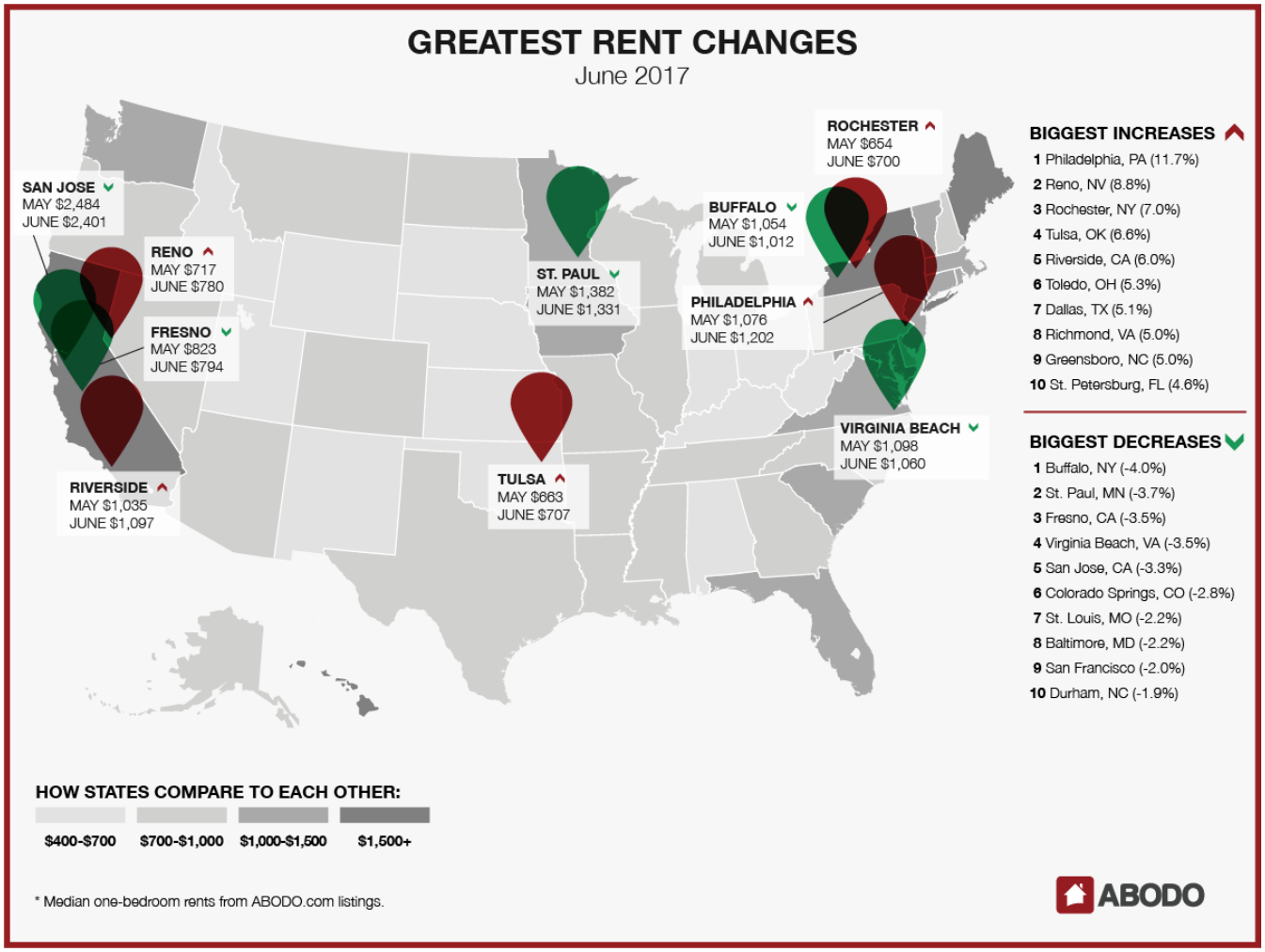
Trends in Rental Rates

Monthly rental rates have continued to increase over the past ten years. The median asking rent was $864 in 1Q 2017; up from $430 in 1995. Several cities are experiencing significant rate hikes. For example, Philadelphia leads with an 11.7% increase over the same time in 2016. In fact, more than half of the top ten most expensive markets are in the West, including San Francisco, San Jose, Los Angeles, Oakland, Seattle, Santa Ana, San Diego, Long Beach, Portland, Denver Sacramento and Scottsdale. Overall, the national average monthly rental rate for a one-bedroom apartment reached a high of $1,016.[8]



Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, April 27, 2017 Recession data: National Bureau of Economic Research,

[8] Rental Housing Journal. Philadelphia Apartment Rent Hikes Lead the Nation in June. June 1, 2017.



Source: ADOBO. June 2017.

The average U.S. apartment asking rent grew 0.4% in the first quarter of 2017, up to $1,315, and by 3.3% on a year-over-year basis since the first quarter of 2016, according to Reis'*1Q 2017 Apartment Sector Preliminary Trends Release*. The research firm's findings mark a significant deceleration in rent growth from the pace seen one year ago, when the annual rent growth exceeded 5%. The author, Reis' Barbara Denham, attributes the growing divide between asking and effective rents to the increasing use of concessions to attract and secure occupants. On the local level, effective rents have declined since the last quarter in 23 of the 79 major metro markets.

NEW YORK STATE MARKET RATE HOUSING TRENDS

Key Indicators

- Monthly rental rates have increased over the past five years, with the greatest increases occurring in Albany, Buffalo, Canandaigua, Corning, New York City and Saratoga Springs.
- Although rents have increased in many metropolitan areas across the country, Buffalo stands out, along with St. Paul and Fresno, as experiencing the biggest decrease in rent price from May to June 2017. The average rent fell 4%. However, Rochester saw a 4% increase during the same period.
- Investors have been attracted to mid-sized metropolitan areas such as Albany and Buffalo because of the average capitalization rate (cap rate), fair market price, reasonable maintenance costs and potential return on investment (ROI) because of the positive economic development dynamics occurring in these communities. For multi-family properties, it can be as high as 7.1% in areas like Buffalo, N.Y. and around 4.9% in cities such as New York.

Average Monthly Rents in Cities Throughout New York State

Table 41. Average Monthly Rents

City	Average Monthly Rent		Average Monthly Rent: 1 Bedroom		Average Monthly Rent: 2 Bedrooms	
	May 2017	May 2012	May 2017	May 2012	May 2017	May 2012
Albany	$1,149	$939	$1,009	$848	$1,302	$991
Buffalo	$1,176	$763	$1,149	$685	$1,272	$897
Canandaigua	$1,333	$807	$1,264	$658	$1,302	$802
Corning	***$1,233***	***$903***	***$971***	***$820***	***$1,478***	***$985***
Elmira	***$868***	***$629***	***$553***	***$588***	***$1,044***	***$638***
Horseheads	***$744***	***$799***	***$679***	***$750***	***$806***	***$835***
New York City	$3,109	$2,818	$2,765	$2,450	$3,516	$3,077
Rochester	$897	$895	$800	$716	$966	$995
Saratoga Springs	$1,946	$1,219	$1,548	$1,039	$2,111	$1,150
Syracuse	$868	$808	$670	$713	$839	$898

Source: Rent Jungle. May 2017.
Note: Data includes all rental housing types: apartments, townhouses, duplexes, multi-family houses and single-family houses. Data includes all rental categories, including subsidized.

Although rents have increased in many metropolitan areas across the country, Buffalo stands out, along with St. Paul and Fresno, as experiencing the biggest decrease in rent price from May to June 2017. The average rent fell 4%. However, Rochester saw a 4% increase during the same period.

Investments in the Market Rate Market

Investors have been attracted to mid-sized metropolitan areas such as Albany and Buffalo because of the average capitalization rate (cap rate), fair market price, reasonable maintenance costs and potential return on investment (ROI) because of the positive economic development dynamics occurring in these communities. For multi-family properties it can be as high as 7.1% in areas like Buffalo, N.Y. and around 4.9% in cities such as New York.[9]

[9] Rental Housing Journal. Property Managers Buy Smarter and Smaller. 2015.

I86 CORRIDOR AREA TREND IN MARKET RATE RENTAL HOUSING

Key Indicators

- There are several social and economic factors that have the potential to impact today's market rate housing scene ranging from the aging population that plans to maintain an independent lifestyle, to lack of homeownership options for persons under the age of 40, job creation and talent recruitment.

- Within the Corridor, 34% of households live in some form of rental housing. There are an estimated 1,400 units of market rate housing (not including single-family houses or low-mod rental units) ranging from 600 – 1,750 square feet. There are an additional 200 units in the final planning or construction phases in the City of Corning, City of Elmira and Village of Horseheads. Rents for the newly construction units are expected to range from $800 for a studio to $2,200+ for a two-bedroom unit.

- For the professional, senior level managers, physicians and other healthcare workers such as nurses, Hickory Grove and Colonial Manor located in Horseheads are desirable apartment complexes because of their central location and easy access to shopping, restaurants and the airport. Rents typically range from $995 to $1,895. WoodsEdge and Emerald Springs in the Town of Erwin are higher priced beginning at $1,036 to as high as $2,700 for a three-bedroom furnished unit. Other high-end options are the 180 upper story luxury apartments on Market Street and Academy Place in Corning that rent for $1,800 - $2,200 per month.

- Although the rental market is tight at all price points with an average vacancy rate of less than 5 % throughout the entire corridor, there is some softening of demand at the higher end of $1,800 – $2,200 per month. Consequently, the combination of existing and new construction units is expected to meet the needs of physicians, executives, senior management, and established professionals such as engineer and scientists.

- The primary demand for market rate housing at the $900 - $1,200 price point is highest among young professionals under the age of 35. Complexes such as Bottcher's Landing Apartments in Big Flats, Quail Bay in Corning, and Craft Corners Townhouses in South Corning are experiencing 98-100% occupancy rates. A typical two-bedroom unit with 1,200 square feet rents for $925 – $995. A 1,600 square foot, three-bedroom unit is $1,200 per month. There are limited options available at this price point.

- There is an unmet demand of an estimated 140-170 apartments during the period 2017-2020 by medical residents, empty nesters, young professionals, middle management and educators such as college faculty. The largest portion of this demand is for one and two-bedroom apartments at the $725 - $805 and $950 - $1,200 price points.

Historic Perspective

An assessment of the market rate housing situation was conducted in 2012. At that time, the apartment vacancy rate was less than 1%. All of the major apartment complexes with the quality and amenities needed to meet the expectations of the employees of the major employers had 100% occupancy, and many were maintaining waiting lists. The high occupancy rate was being driven by area employers hiring, growth of the natural gas industry immediately across the Pennsylvania border, and families not qualifying for home mortgages. Home buyer confidence was low at the time, and lenders continued to be conservative. These factors contributed to a strong market rate rental situation.

The average gross rent ranged from $775 - $1,500 per month for units ranging from 700 – 1,300 square feet. Rental rates were climbing in response to demand, with an average increase of 3% in 2011 for one- and two-bedroom units, and 7-8% for three-bedroom units.

Until that time, there had been a ten-year gap in market rate housing construction since Hickory Grove was built in 2000 and Bottcher's Landing was built in 1996 with an addition in 2001.

In 2012, the gap in rental housing was identified as being units at the $900 – $1,200 price point. The forecast for rental units in the $1,800+ price point was forecast to be limited to 25 units. There was a flurry of new construction in 2011 – 2014. Colonial Square Senior Village in the Town of Erwin constructed 146 units of independent living for 55+ tenants. Colonial Manor Apartments, near the intersection of Colonial Drive and Sing Sing Road in Horseheads, was constructed by Gough Holding Corporation in 2012 and today includes 144 units in 12 buildings. In early 2013, Arnot Realty undertook construction of an additional 40 units of market rate housing in its Hickory Grove complex. And in 2014, Conifer Corporation constructed the Biltmore Crossing project located off Gardner Road in Horseheads. This subsidized project includes 56 units of one, two and three-bedroom apartments, with rents ranging from $525 – $849 per month.

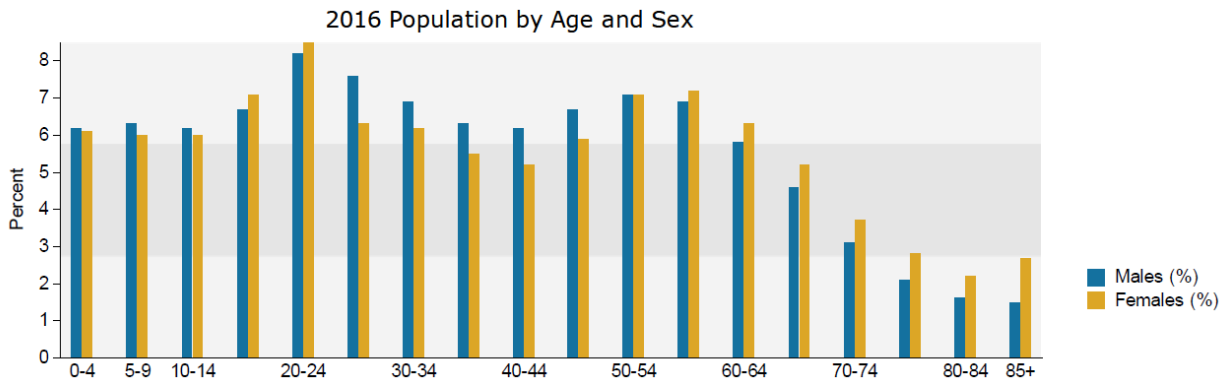
The momentum for new market rate housing complexes slowed in 2014-2015 due to a reverse trend in area hiring, lack of anticipated momentum in the natural gas industry, and cost of new apartment complex construction that was exceeding $100,000 per unit. There also was concern about the area's rent structure beginning to approach maximum levels, and whether the area could support increased rates necessary to support the cost of new construction and ongoing operating costs. In fact, this later issue has become more of an issue for rental property owners in today's market. Tom Creath of EDC Management reports that the recent increase in New York State's minimum wage has become a challenge for market rate housing projects with a rate of $9.70 and increases of $.70 every December for the next few years. "It's getting harder to find reliable maintenance help as the minimum wage increases. People would rather work 30 hours with no benefits at McDonalds. We have to compete with fast-food and ultimately pass the cost on to the tenant."

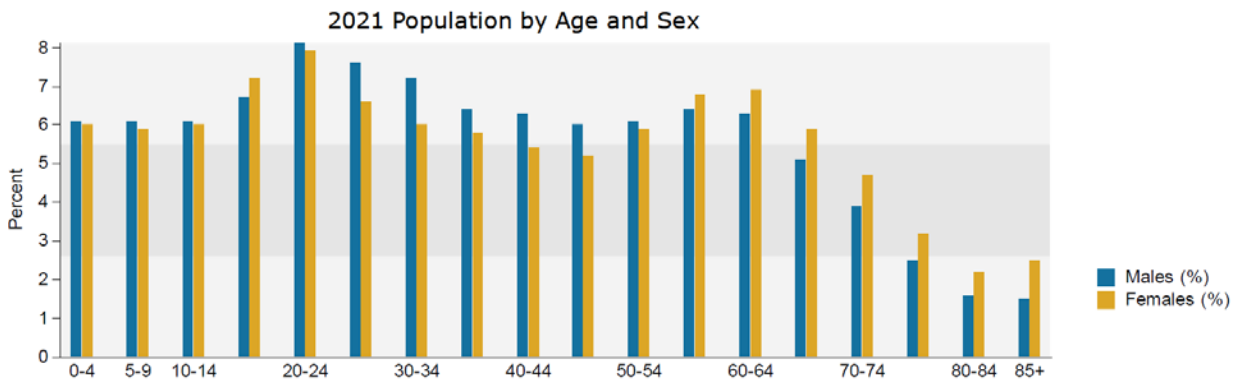
Socio-Economic Conditions Impacting Market Rate Housing

There are several social and economic factors that have the potential to impact today's market rate rental scene.

Aging of the Population

According to the U.S. Census, the average age of residents in the Corridor is 41.6 years, which is slightly older than NYS at 38.1 and the Nation at 37.3 years. Those above 60 years of age represent 22% of the area's population, indicating that more than 1 in 5 residents of the Corridor can be classified as "retirees". Most significant is the projected increase in the senior population, which is expected to grow by more than 4% per year in the Corridor. The greatest growth will be among the 65 to 74-year age group is expected to increase by 1,617 in the next five years.[10]





[10] Cornell Program on Applied Demographics

Lack of Homeownership Options

Many first-time homebuyers are being forced to remain in market rate housing due to a low inventory of houses for sales, inability to finance a mortgage with housing prices escalating, as well as, the inability to finance the cost of upgrades to the aged housing stock. For some, this situation is compounded by a history of poor credit, bankruptcy and credit card abuse.

Talent Recruitment

Part 1 of this report described job creation in the next 18 to 36 months. The typical wages for new employees such as professional and technical health care workers, senior level managers, scientists and engineers and those in R&D are estimated at $100,000 - $150,000.[11] Although this group has the capacity to purchase, many are electing to live in market rate housing for at least the first year before making a decision to purchase a house. The lack of inventory in the $250,000 - $390,000 range also is a factor in their ability to move directly into homeownership.

Many new employees being hired by the major companies are between the ages of 28-35, and are earning an annual wage of $75,000 to $100,000. The majority of these Millennials have not previously owned a house and are seeking a quality market rate housing situation. Focus groups and reports from corporate HR representatives throughout the Corridor report that this group of new employees are relocating from metropolitan areas such as Austin and Seattle, where rent rates for comparable apartments are less than comparable units in the Corridor.

Downtown Elmira Revitalization

Elmira is making strides in assembling the ingredients of a revitalized downtown, with a focus on mixed-use development and infill development projects intended to address the growing demand for market rate apartments in the eastern end of the I86 Corridor. Momentum is building with the $10 million Downtown Revitalization Initiative awad, recent designation of a historic district, creation of the Chemung County Land Bank, early investment in the adaptive reuse of vacant buildings, commitments by anchor employers to remain downtown, planned expansion of Elmira College and potential for introduction of the Lake Erie College of Osteopathic Medicine (LECOM). Funding being made available through the Downtown Revitalization Initiative (DRI) and various federal programs is advancing projects such as:

- Redevelopment of Main Street and W. Water Street into a commercial, retail and residential hub. Examples include the Richards-Werdenberg building renovation with two commercial units on the ground floor and four upper story apartments; as well as the proposed West Water Street Redevelopment Project.
- The North Main Street Cultural Corridor, a $4.2 million federally funded project, which includes reconstruction and streetscape improvements to tie the cultural connector from W. 2nd Street to W. Water Street.
- The Main Street Bridge rehabilitation project.
- The Chemung River Development and Lake Street Pedestrian Bridge Renovation.
- Revitalization of downtown parking garages.

[11] Based on information provided to the consultant during interviews with HR and senior management personnel in 1st quarter 2017.

Area Rental Rates

Table 43. Monthly Rental Rates

Community	Average Monthly Rent	Median Monthly Rent
Big Flats	$1,120	$1,695
Corning/Painted Post	$1,233	$1,000
Horseheads	$1,172	$1,787
Elmira	$868	$1,050
Watkins Glen	$736	NA

Source: Neighborhood Scout. April 2017.
Trulia. May 2017.

Table 44. Sampling of Market Rate Units in the I86 Corridor

Complex	Units	Bedrooms	Square Footage	Monthly Rate
Academy Place **Corning**	58 apartments and townhouses	1 2	1 Bdrm: 600 – 1,096 2 Bdrm: 813 – 1,833	$1,268 – $1,900 $1,425 – $2,370
Apple Creek Townhomes **Corning**	60 townhouses	1 2	1 Bdrm: 650 2 Bdrm: 1,000 – 1,200	$978 $1083 - $1,125
Bottchers Landing **Big Flats**	56 townhouses	2 Bdrm: 53 3 Bdrm: 3	2 Bdrm: 1,152 3 Bdrm: 1,452	$925 – $940 $1,300
Broadwood Manor **Horseheads**	90 apartments	Efficiency, 1, 2 & 3	Efficiency 1 Bdrm 2 Bdrm 3 Bdrm: 1,050	$695 $785 + $995+ $1,145+

Craft Corners **Corning**	50 townhouses	2 Bdrm: 50	2 Bdrm: 1,100	$940
Cherrywood Manor **Town of Southport**	193 apartments	1 & 2	1 Bdrm: 550 2 Bdrm: 750	$745 - $795 $925
Colonial Manor **Horseheads**	144 apartments	1 & 2	1 Bdrm: 872 – 913 2 Bdrm: 1,000 – 1,175	$995 + $1,295 - $1,895
Emerald Springs Apartments **Painted Post**	287 apartments	1, 2, 3 & 4	Studio: 600 - 700 1 Bdrm: 912 - 940 2 Bdrm: 960 – 1,090 3 Bdrm: 1,336 – 1,524 4 Bdrm: 1,770	$1,167 - $1,636 $1,329 - $1,958 $1,240 – $1,958 $1,321 – $1,809 $1,433 - $2,215
Gardner Road Duplexes **Horseheads**	22 duplex units	2 Bdrm: 22	2 Bdrm duplex: 1,000	$1,000 – $1,250
Hickory Grove –The Meadows and Stillwater **Horseheads**	248 apartments	1, 2 & 3	1 Bdrm: 864 – 953 2 Bdrm: 1,183 – 1,486 3 Bdrm: 1,319 – 1,486	$1,010 - $1,175 $1,225 – $1,500 $1,445 - $1,600
Maplewood Manor **Horseheads**	Townhouses and apartments	2	2 Bdrm apt 2 Bdrm townhouse	$925 $995
Mountainbrow Village Townhouses **Corning**	56 townhouses	2 & 3	2 Bdrm: 1,200 3 Bdrm: 1,400	$775 $850 - $875
Quail Bay **Corning**	125 apartments	Studio, 1, 2 & 3	Studio: 400 1 Bdrm: 650 - 670 2 Bdrm:917 - 970 3 Bdrm: 1,070	$525 $650+ $725+ $850 - $880
WoodsEdge Apartments **Painted Post**	144 apartments	1 Bdrm: 24 2 Bdrm: 96 3 Bdrm: 24	1 Bdrm: 839 2 Bdrm: 960 – 1,141 3 Bdrm: 1,271	1 bdrm: $1,036 - $2,140 (furnished) 2 bdrm: $1,145 – $2,350 (furnished) 3 bdrm: $1,480 - $2,700 (furnished)

Market Analysis and Capacity to Respond to Demand

An estimated 34% of all households in the I86 Corridor live in some form of rental housing; whether that be in a multi-family house, subsidized low-income or traditional apartment-style market rate housing.

There are an estimated 1,400 units of market rate housing (not in single-family houses or low-mod rental housing) in the I86 Corridor, with sizes ranging from 600 – 1,750 square feet. These units are in the form of apartments, townhouses and duplexes. There are an additional 200 units in the planning or construction phase in the City of Corning, City of Elmira and Village of Horseheads. This number does not include projects in the conceptual stages.

The demand for market rate housing at the $900 - $1,200 price point continues to persist today, particularly among young professionals under the age of 35. Complexes such as Bottcher's Landing Apartments in Big Flat, Quail Bay in Corning, and Craft Corners Townhouses in South Corning are experiencing 97-100% occupancy rates. The popularity of complexes such as Bottcher's Landing, with its 56 units, are a combination of square footage, 2-story layout and easy access to parking. For example, a two-bedroom with 2.5 baths offers 1,200 square feet of living at a monthly rent of $925 – $995. A 1,600 square foot, three-bedroom unit is $1,200 per month. These rental rates include fees for water, sewer and trash removal. These types of rental communities offer the Millennial the proximity to work and price point within their budgets. However, there are few options beyond these offerings, and all new apartments coming on line are at the luxury price point well over the $1,200 threshold.

For the professional, senior level managers, physicians and other healthcare workers such as nurses, Hickory Grove and Colonia Manor located in Horseheads are desirable apartment complexes because of their location off of I86 between Elmira and Corning, and easy access to shopping, restaurants and the airport. Hickory Grove includes two apartment communities, Stillwaters and The Meadows. The Meadows community offers one, two and three-bedroom apartments with contemporary design and wide range of amenities including pools and walking paths. It also offers attached garages and front-door parking, which is at the top of the list for renters regardless of age. Nearby Colonial Manor's rents range from $995 to $1,895.

WoodsEdge and Emerald Springs in the Town of Erwin are priced beginning at $1,036 to as high as $2,700 for a three-bedroom furnished apartment. The other high-end option are the 180 upper story luxury apartments on Market Street and Academy Place in Corning that have rents ranging from $1,800 - $2,200 per month.

There are several market rate housing options available to persons age 65+. Recent studies indicate there continues to be a gap of at least 70 units of housing for this age group in the Corridor. An age 50+ subsidized apartment project is planned on the former McNaught Field property on Maple Avenue in Elmira.

It is important to note that this group ages 65-75 also is continues to have interest in living in traditional apartment complexes such as Hickory Grove and Strawberry Flats in Big Flats. In addition, Retirement Estates in Horseheads is a 55+ age-restricted community that provides the option to purchase a manufactured house on a leased lot.

Table 45. Independent Living Housing Options for Persons 65+

Complex	Units	Bedrooms	Square Footage	Monthly Rental Rates
Appleridge, Horseheads	112 apts	1 & 2	575 – 1,044	$2,140 – $3,790
Orchard Homes at Bethany Village, Horseheads	23 patio homes	1 & 2	1,014 - 1,229	$1,514
Colonial Square, Painted Post	105	1 & 2	675 - 918	$825 – $1,045

Urban Lifestyle

Corning provides the only options for consumers seeking market rate housing in an urban environment The following are examples of adaptive reuse projects that provide urban style apartments.

- Upper Story Housing on Market Street and Bridge Street: There are an estimated 130 upper story market rate apartments located on Market Street and Bridge Street. Typical apartments range in size from 700 to 1,600 square-feet, with monthly rentals of $950 to $2,000. The second and third floors of the historic TG Hawkes Building on Market Street in downtown Corning represents a recent renovation project that houses eight one and two-bedroom luxury apartments.

- Academy Place: Academy Place is a multi-unit apartment building that opened in May 2015. It is a recent example of adaptive reuse of an older building in the Corridor. The building is the Former Corning Free Academy, a high school built in 1815. The building holds 58 luxury apartments and townhouses, as well as a clubhouse and fitness center. The rental range is $1,025 - $2,075 for one, two and three bedroom units.

New Construction

An estimated 200 new market rate housing units are scheduled to come on-line in 2018.

Table 46. New Construction

Project	Location	Developer	Units
Former Corning Hospital Site	Denison Parkway Downtown Corning	Reidman	89 apartments
West Water Street Infill project	West Water Street Downtown Elmira	Park Grove	54 apartments
Prospect Ridge Apartments	Horseheads	Mosso	45 apartments and two duplexes

W. Water Street Infill Project in Elmira

The former Corning Hospital Site is a mixed-use development on the former Corning Hospital site on Denison Parkway in the City of Corning. The first phase of the project includes 89 market rate apartments.

The West Water Street Infill Project is a Downtown Revitalization Initiative (DRI) priority in downtown Elmira. The new construction of a 4-story, 54-unit market rate project will take place on a vacant parcel across from Mark Twain Park on the Chemung River. The project will include one, two and three-bedroom apartments, with rents expected to range from $800 to $1,400 per month. The project is being undertaken by Park Grove Realty Development.

There are several additional mixed-use projects in the planning stages in Elmira such as the Lake Street Revitalization Project in downtown Elmira. The concept plan being developed by Arbor Housing calls for first-floor commercial spaces and a possible combination of 16-20 market rate and low-mod units.

Target Market Groups and Projected Demand

Physicians, Executives and Senior Management Level Professionals:
Arnot Health and Guthrie Healthcare together with other healthcare providers within a 20-mile radius typically recruit 60-75 physicians and high level medical professionals and administrators annually. This target market group is facing a significant void in market rate housing options that meet their needs and expectations; particularly those being recruited to work in the Sayre, PA area. Many are being forced into purchasing rather than renting an upscale apartment; a less than desirable option for those who want to become acquainted with the community before committing to a purchase. This is particularly an issue for those who are single and couples with no children. Demand is expected in the rent ranges of $1,200 – $1,475 for a luxury one-bedroom unit and $1,700 – $2,000 for a spacious luxury two-bedroom unit.

There are two subgroups of the executives and senior management professionals who seek a rental situation in the I86 Corridor. One group includes those who are locating to the area and prefer to rent for at least one year prior to purchasing a single-family residence. This group requires two and three bedrooms, typically with 1,200 – 1,700 square feet. The second subgroup includes those who maintain a permanent residence in communities such as Syracuse and Rochester, and want an apartment for Monday-Thursday while working in the region. A one-bedroom luxury apartment with 900 – 1,000 square feet would meet the needs of this second group. Both of these subgroups are seeking a sophisticated urban atmosphere, with modern conveniences and creative upgrades including designer countertops, high-end appliances and fixtures, in-unit washer and dryer, plus quality tile and carpeting. Depending on size and amenities, the rent range for this target group is forecasted to be $1,100 – $1,300 for a one-bedroom and $1,400 – $1,700 for a two-bedroom unit; and $1,200 – $1,475 for a luxury one-bedroom, and $1,700 – $2,000 for a spacious luxury two-bedroom unit.

It is expected the majority of demand among this group will be satisfied by existing complexes such as Hickory Grove, as well as the planned construction of 200 luxury rated apartment developments such as the Reidman project on the site of the former Corning Hospital on Denison Parkway in Corning and the West Water Street Infill project in downtown Elmira. The unmet demand among this target market group is modest at perhaps 15 – 20, and this report does not recommend creation of additional units beyond the existing stock and planned projects.

Established Professionals, Engineers, Scientists and IT Professionals:
One of the most significant opportunities to breathe new life into the I86 Innovation Corridor is the attraction of engineers, scientists, IT professionals and other technical positions. This group also includes established professionals who currently are in the local rental market and seek a higher quality or larger unit. Many of these persons will have previously lived in a large urban area where loft style apartments in an urban setting are popular. The average annual earnings for this group is in the $100,000 – $150,000 range. The forecast for annual demand is set at 85 - 100 units. It is likely their preference will be for apartments with high quality amenities, including a one-bedroom unit in the $1,200 – $1,400 range and a two-bedroom unit in the $1,500 – $1,800 range. Consistent with the previous target market group, it is expected that the demand among this group will be satisfied with the by existing complexes such as Hickory Grove and Academy Place; as well as the new construction of 175 - 200 luxury rated apartment developments such as the Reidman project on the site of the former Corning Hospital on Denison Parkway in Corning and the West Water Street Infill project in downtown Elmira. This report does not anticipate demand for creation of additional units beyond the existing stock and projects under construction.

Medical Residents:
The primary affiliation of these physicians in training and residency will be Arnot Health based in downtown Elmira. It is forecasted that the number of residents will increase from the current 65 to approximately 80 – 90 residents annually, with earning of an estimated $50,000 per year. Because many of these residents will be married with employed spouses or already are residing in the area, it is expected that the majority will continue to live in the various apartment complexes in Horseheads or in houses being rented in the Elmira area. The forecasted annual demand for market rate housing is forecasted to reach 20-25 by 2020. The maximum rent range for this group is $725-850 for a one-bedroom apartment and a maximum of $1,200 for a two-bedroom.

Upper Income Empty Nesters: Empty nesters typically are defined as those who are retired or no longer have children at home, and are in the age range of 60 – 75 years. The vast majority (92%) of these older adults want to continue living in their own apartments and single-family houses. Innovative construction, design, and technologies can enable older adults to live independently and maximize caregivers' efficacy. The upper income empty nester group includes retired engineers, senior management and other professionals who want to reside in the area on a permanent basis, as well as those who want a rental situation that allows them the opportunity to spend the winter months in a warm climate. Local real estate professionals report there are typically 20-25 upper income empty nester households per year that have the desire to sell their single-family home and downsize to a market rate rental. Typically, this group is seeking an upscale apartment in an urban setting and are finding downtown Corning and possibly Elmira as the only options. It is important to note that some will elect more traditional senior living options currently available such as Appleridge in Horseheads and Colonial Square in the Town of Erwin. It will be necessary to provide market rate apartments that are high quality, and have ADA compatible features and convenient parking. The unmet demand by this target market group is forecasted at 20 - 25 units, including 5 to 7 one-bedroom units at $925 - $1,200 per month and 15 to 20 two-bedroom units at $1,100 - $1,400 per month.

Young Professionals, Middle Management, Healthcare Providers and Educators: The young professionals and middle management category includes persons such as attorneys, accountants, financial advisors, engineers, scientists, IT professionals, healthcare administration staff and nurses predominantly under the age of 40 with salaries of $65,000 - $95,000. The affordable rent range for this group is $725 - $850 for a small one-bedroom, $950 – $1,200 for a one to two-bedroom unit of 725 – 850 square feet, and up to $1,300 for a large two-bedroom with modern amenities and quality finishes. The total number of persons in this target group is expected to create an annual demand of 100 to 120 units by 2020 and potentially require an additional 85 units by 2022. This demand is being driven by new hiring by area employers, combined with the inability of first-time homebuyers able to make a home purchase and those who prefer the renter's lifestyle. Should LECOM and expansion of Elmira College proceed as planned, there is potential demand for an additional 150 to 175 market rate housing units by 2022, and an annual demand of 200+ units by 2027.

There is not adequate market rate housing to meet the needs of this segment. Vacancy rates are routinely at or near zero for units in complexes such as Quail Bay Apartments and Mountainbrow Village Townhouses in Corning. The issue is compounded by lack of newly constructed units at the desired price point. The majority of units are dated and lack amenities such as adequate nearby parking.

CONCLUSIONS AND RECOMMENDED NEXT STEPS: MARKET RATE RENTAL HOUSING

Unmet Demand

The market rate housing scene is tight at all price points, with an average vacancy rate of less than 5 % throughout the entire corridor, although there is some softening of demand at the higher end of $1,800 – $2,200 per month. This is most evident in the high-end upper story apartments in downtown Corning and some of the larger complexes.

The following projection is conservative and based on the assumption that LECOM and expansion of Elmira College will develop at a slower pace beyond the window being considered in this report. This projection also assumes demand among executive and senior level management, physicians and other high-level healthcare professionals, and experienced scientists, engineering and IT professionals will be filled by existing and planned new construction in Corning and Elmira; as well as existing market rate stock. In addition, this forecast assumes that a portion of demand by empty nesters will be filled by a combination of traditional market rate apartments and independent living at locations.

The overall unmet demand is forecasted at 140 to 170 units of market rate housing. This demand is being generated by an increase in the number of medical residents, upper income empty nesters, nurses and similar level healthcare providers, and educators, young professionals and middle management persons entering the local job market. The largest portion of this demand is for one and two-bedroom apartments at the $725 – $850 and $950 - $1,200 price points.

Table 47. Projected Unmet Demand After Planned New Construction: 2017 - 2020

Target Market Group					Total
	Small 1 bdrm 600-700 sf $725-$850	**1 - 2 bdrm 725-850 sf $950-$1,200**	**1 bdrm large luxury 900-1,000 sf $1,100-$1,300**	**2 bdrm 1,000-1,200 sf $1,100-$1,400**	
Medical residents	10	5 - 10		5	20 - 25
Upper income empty nesters		5 - 7	5 - 8	10	20 - 25
Young professionals, middle management and educators	25 - 35	45 - 50	15	15 - 20	100 - 120
Total	**35 - 45**	**55 - 67**	**20 - 23**	**30 - 35**	**140 - 170**

As noted in the Demand Analysis section of this report, there is potential demand for an additional 150 market rate housing units by 2022 should LECOM proceed with full intent and maximize their respective faculty hiring and medical student enrollment projections.

It also is important to note the potential impact of Elmira College on the housing market in the eastern sector of the I86 Corridor, which is not reflected in Table 47 above. Elmira College's goal is to increase enrollment from the current 1,100 to a target of 1,800 over the period 2018-2027. The college's physical plant is too expansive for its current enrollment, and with the exception of on-campus housing, has the capacity to accommodate a student enrollment of 1,800 - 2,000; therefore, if the college is successful in fully achieving its enrollment goals then by 2027 it will be necessary for 500 upper classmen to secure housing off-campus in close proximity to the campus. The increase in student enrollment and faculty hiring are expected to occur over a staggered period, with 100 students who will be seeking off-campus housing beginning in the fall 2018.

Below is the forecast for demand of housing in Elmira's downtown to accommodate this dynamic. The figures below are cumulative, so by the year 2027 it is projected that a maximum of 500 students has the potential to create a maximum annual demand for 130 - 135 housing units. The projected demand is based on a combination of a select few students living in one and two-bedroom apartments, and the majority of off-campus housing being designed to accommodate four students per unit. It is recommended that the downtown housing developers consider configurations of large (1,200 – 1,400 sq. ft.) two-bedroom apartments with a shared common space designed to accommodate four students with an average monthly rent of $1,800 - $2,000.

Table 48. Projected Demand for Elmira College Student Housing Based on Conservative Estimates

Timeline	Students Seeking Off-campus Housing	Anticipated Annual Demand for Downtown Housing Units
2018	80 - 100	25 - 30
2019	200	35 - 40
2020	225 – 250	45 - 60
2021	275 – 300	65 - 70
2022	325 – 350	75 - 80
2023	375 - 400	85 - 90
2024	400 - 425	95 - 100
2025	425 - 450	105 - 115
2026	450 - 475	120 - 130
2027	500	130 – 135

New Product Development Considerations

1. New Construction: The cost of new construction remains high with a minimum cost of $100,000 per unit. The high cost associated with renovation and repurposing of historic buildings will be a challenge to prospective developers, and it will require assistance from the municipal and economic development agencies to help assemble financing strategies. Getting the price points right and assembling financing package both will attract tenants and allow developers to be able to achieve a reasonable return on their investments.

2. Adaptive Reuse of Existing Buildings: The strategy for adaptive reuse of properties for upper story housing needs to foster sufficient critical mass in terms of both number of units and tenants to build confidence in and momentum in the various downtown housing markets so that positive outcomes eventually overwhelm negative externalities. These downtown cores include Corning, Elmira and Village of Horseheads. It will be important to introduce new housing products at key price points so that communities such as Elmira and Horseheads can tap into these market segments/niches not being served; that is, those who have difficulty finding appropriate housing together with those who have been priced out of the market in Corning. Recent plans announced by developers and property owners in both Elmira and Horseheads are signaling a move to capture this market and revitalize large buildings in the downtown core. In addition, the Village of Horseheads is undertaking an economic development strategy that includes a focus on revitalization of the Hanover Square area. In 2016, Fagan Engineering and Elmira Downtown Development conducted a detailed vacancy study of Elmira's downtown area to determine the extent of the upper story vacancy rate. This study revealed that approximately 15% of the total square footage in the Central Commercial district is vacant. Roughly two-thirds of this space is concentrated on the upper floors of downtown mixed-use buildings. There are also several whole buildings that greatly contribute to the vacant square footage. The Downtown Elmira Market Rate Housing Demand Analysis fifteen existing properties suitable for mixed-use development.

3. Lifestyle: Developers and local municipalities should consider lifestyle factors important to residents as they select locations for adaptive reuse of existing buildings, infill development or new construction. Key factors include pedestrian safety, particularly for those residents electing to walk or bike to work and entertainment, storage for bikes and outdoor equipment, attached or close parking, zoning to accommodate the proposed density, and easy access to a vibrant urban lifestyle in the surrounding area such as retail, restaurants, entertainment.

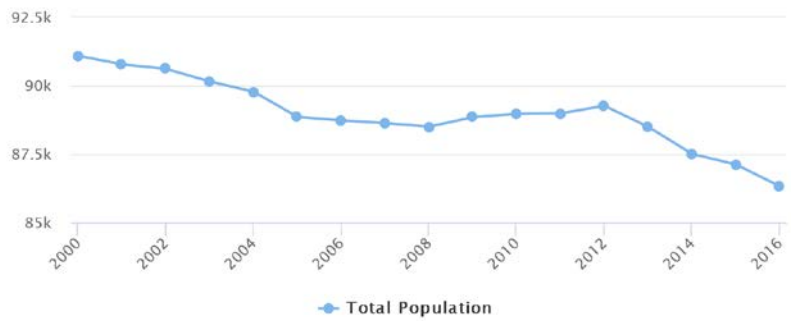
4. Paced Development: Timing development carefully so that it builds momentum, rather than cannibalizing existing market rate housing in the primary market area. If too much new market rate rental housing comes on the market too quickly, it can create downward price pressures that could make other projects economically unsustainable. It is therefore critical that this strategy have a means for gauging the timing of the creation of new market rate housing units so that when they come onto market, they are readily absorbed without causing other projects to lose their market viability.

Appendix A.
Population Trends

Chemung Population Trends: 1990 – 2040

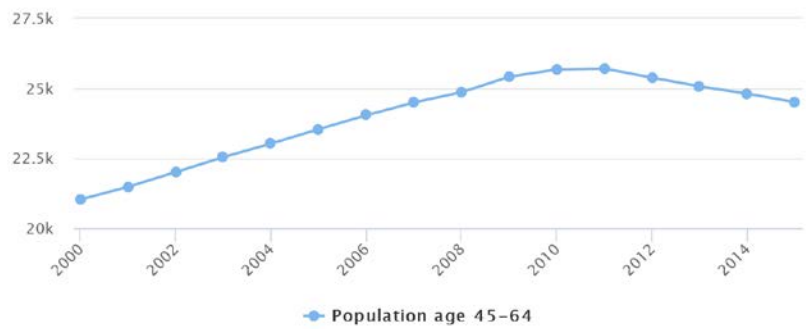
	1990	2000	2010	2015	2020	2025	2030	2035	2040
Total	95,195	91,070	88,830	87,110	85,524	83,775	81,715	79,383	76,946
0-4	6,803	5,448	5,275	5,229	5,233	5,106	4,947	4,815	4,714
5-14	13,547	12,764	11,023	10,497	10,033	9,941	9,742	9,437	9,166
15-24	13,510	11,996	11,518	10,982	10,371	9,976	9,656	9,498	9,245
25-44	28,668	25,745	21,427	21,415	21,723	21,365	20,617	19,734	18,980
45-64	18,332	20,895	25,644	24,411	22,468	20,549	19,504	19,253	19,189
65plus	14,335	14,222	13,943	14,576	15,696	16,838	17,249	16,646	15,652
85plus	1,548	1,718	2,240	2,151	1,921	1,808	1,873	2,121	

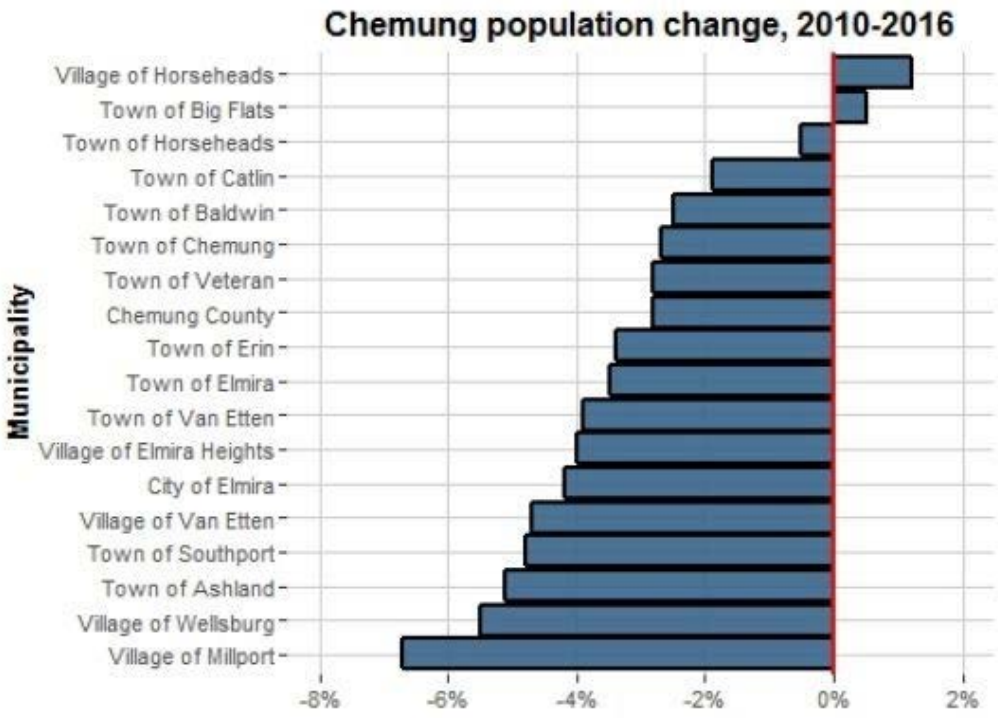
Sources of data: US Census 2010-2015, NYS Department of Labor and Cornell Program on Applied Demographics.

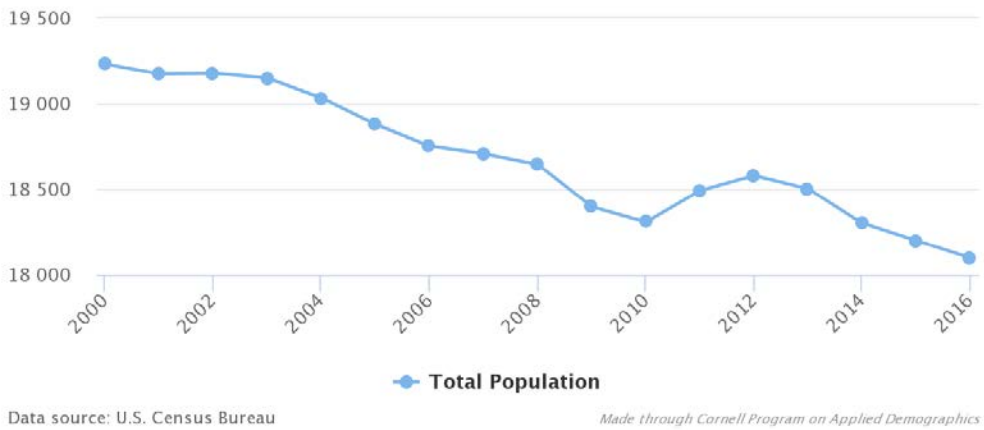


Trends in Population Age 45 – 64: 2005 - 2015

2005	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*
23,546	24,045	24,499	24,868	25,423	25,681	25,710	25,384	25,070	24,810	24,50




Chemung population change, 2010-2016
Municipality
Village of Horseheads
Town of Big Flats
Town of Horseheads
Town of Catlin
Town of Baldwin
Town of Chemung
Town of Veteran
Chemung County
Town of Erin
Town of Elmira
Town of Van Etten
Village of Elmira Heights
City of Elmira
Village of Van Etten
Town of Southport
Town of Ashland
Village of Wellsburg
Village of Millport
-8%
-6%
-4%
-2%
0%
2%

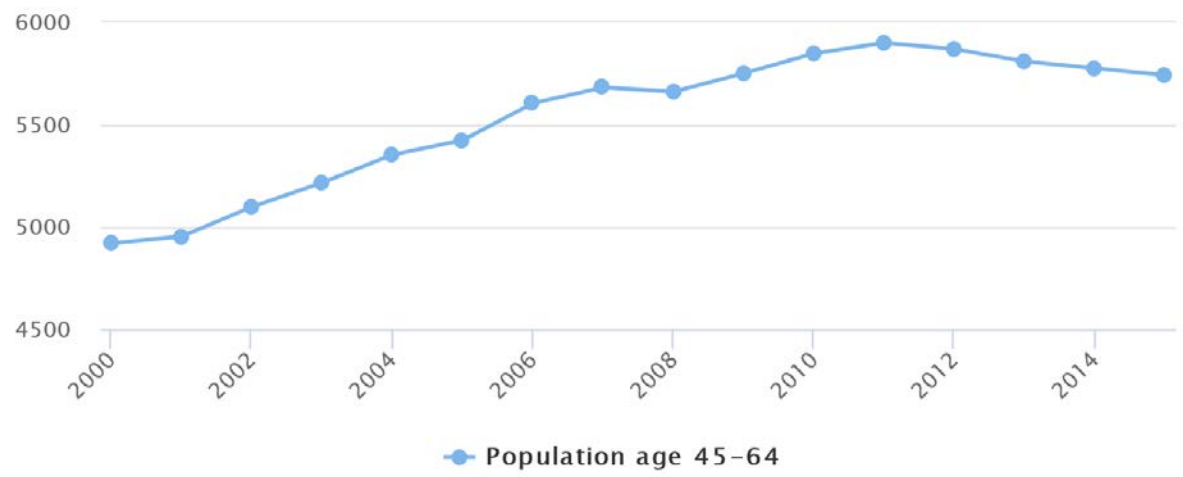

19 500
19 000
18 500
18 000
2000
2002
2004
2006
2008
2010
2012
2014
2016
Total Population
Data source: U.S. Census Bureau
Made through Cornell Program on Applied Demographics

Schuyler County Population Trends: 1990 – 2040

	1990	2000	2010	2015	2020	2025	2030	2035	2040
Total	18,662	19,224	18,343	17,889	17,331	16,677	15,936	15,123	14,277
0-4	1,328	1,121	881	928	883	816	768	733	700
5-14	2,900	2,813	2,177	2,034	1,978	1,946	1,838	1,729	1,644
15-24	2,412	2,465	2,237	2,014	1,840	1,741	1,691	1,617	1,512
25-44	5,623	5,119	4,091	3,768	3,692	3,582	3,380	3,165	2,984
45-64	3,740	4,891	5,841	5,714	5,177	4,544	4,016	3,741	3,622
65plus	2,659	2,815	3,116	3,431	3,761	4,048	4,243	4,138	3,815
85plus	289	345	422	372	404	406	423	489	540

Schuyler County Trends in Population Ages 45 – 64: 2005 - 2015

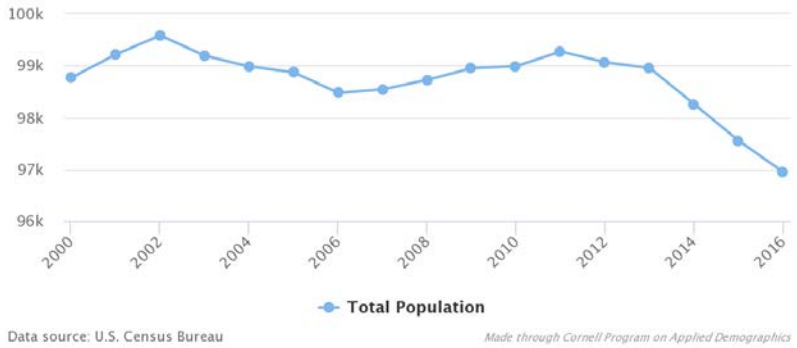
2005	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*
5,424	5,605	5,682	5,661	5,751	5,848	5,900	5,869	5,809	5,775	5,742



Steuben County

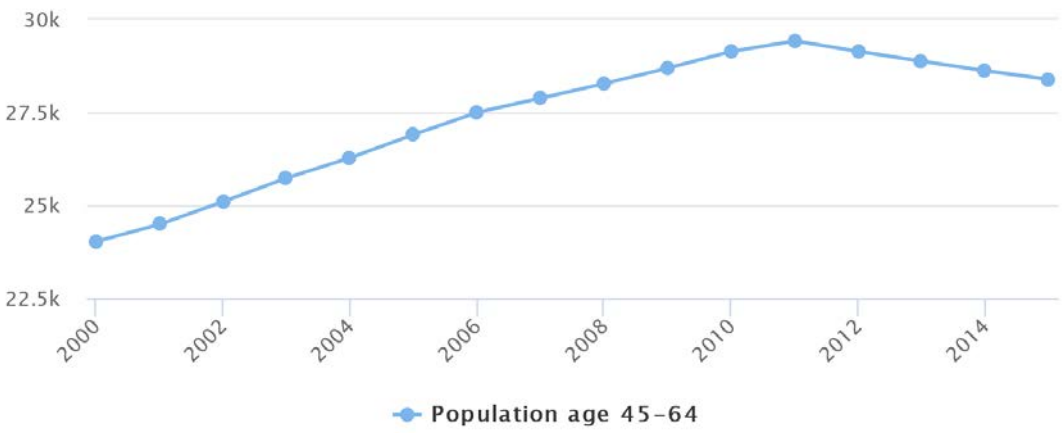
Steuben County Population Trends: 1990 – 2040

	1990	2000	2010	2015	2020	2025	2030	2035	2040
Total	99,088	98,726	98,990	97,720	96,181	94,150	91,516	88,361	84,917
0-4	7,328	6,068	5,793	5,517	5,345	5,086	4,835	4,630	4,457
5-14	15,309	15,014	12,983	12,574	12,163	11,753	11,317	10,824	10,387
15-24	12,915	11,958	12,109	11,479	10,811	10,492	10,128	9,743	9,296
25-44	29,179	26,817	23,308	22,291	21,924	21,216	20,191	19,248	18,390
45-64	19,926	23,898	29,079	28,851	26,917	24,850	23,329	22,455	22,020
65plus	14,431	14,971	15,718	17,008	19,021	20,753	21,716	21,461	20,367
85plus	1,500	1,810	2,160	2,246	2,130	2,057	2,172	2,510	2,855



Steuben County Trends in Population Age 45 – 64

2005	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*
26,907	27,503	27,884	28,277	28,696	29,144	29,423	29,141	28,877	28,622	28,390

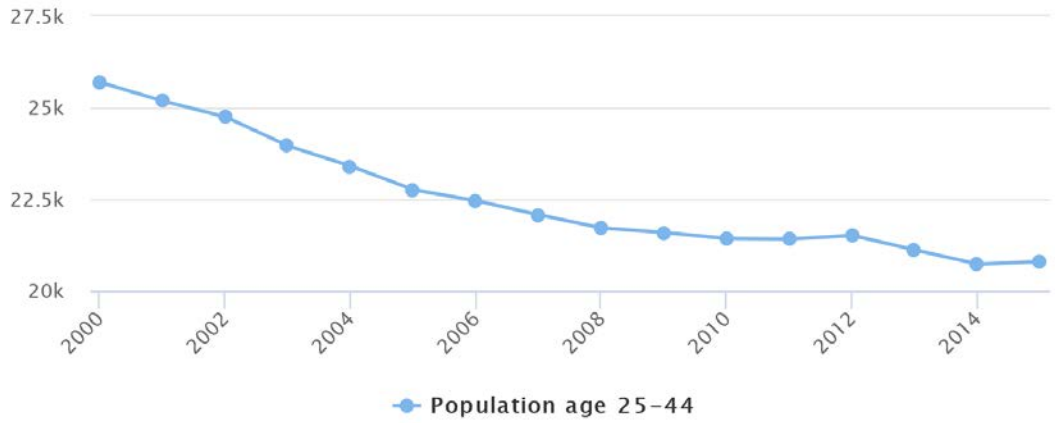


Sources of data: US Census 2010-2015, NYS Department of Labor and Cornell Program on Applied Demographics.

Millennials and Next Generation Homebuyers

Chemung County Trends in Population Age 25 – 44: 2005 - 2015

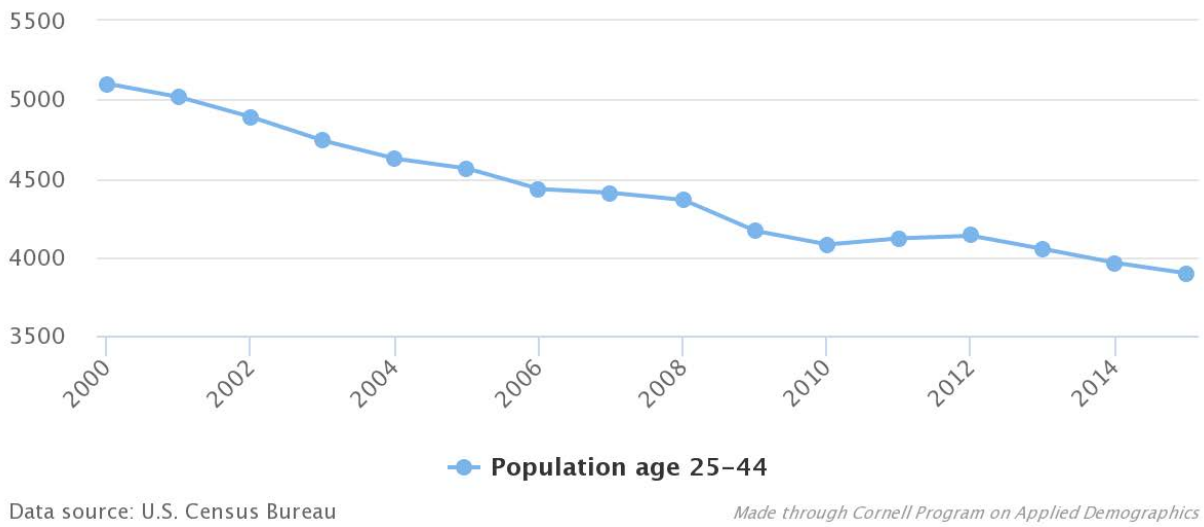
2005	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*
22,759	22,459	22,073	21,715	21,592	21,426	21,411	21,511	21,113	20,729	20,797



Sources of data: US Census 2010-2015, NYS Department of Labor and Cornell Program on Applied Demographics.

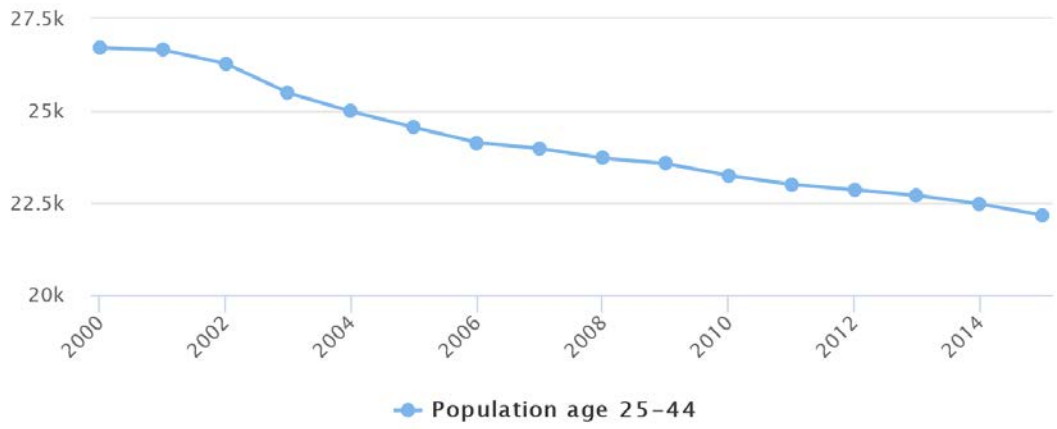
Schuyler County Trends in Population Ages 25-44: 2005 - 2015

2005	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*
4,561	4,431	4,407	4,362	4,165	4,079	4,118	4,134	4,050	3,962	3,895



Steuben County Trends in Population Age 25-44

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
24,543	24,134	23,972	23,710	23,563	23,240	22,997	22,852	22,697	22,467	22,156



Appendix B.
New York State Association of Realtors Report: 2016 vs 2017
Activity by County

Activity by County

Key metrics by report month for the counties in the state of New York.

nysar
New York State Association of REALTORS®, Inc.

	New Listings			Closed Sales			Median Sales Price			Homes for Sale			Months Supply		
	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –
Albany* (1)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Allegany	32	28	-12.5%	16	18	+12.5%	$51,450	$85,000	+65.2%	274	215	-21.5%	11.1	8.0	-27.9%
Bronx	180	158	-12.2%	88	98	+11.4%	$322,225	$325,000	+0.9%	861	626	-27.3%	8.3	5.0	-39.8%
Broome	191	188	-1.6%	98	111	+13.3%	$103,000	$84,800	-17.7%	949	789	-16.9%	7.5	5.9	-21.3%
Cattaraugus* (3)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Cayuga	71	63	-11.3%	40	39	-2.5%	$113,250	$106,560	-5.9%	443	276	-37.7%	8.2	4.8	-41.5%
Chautauqua	108	120	+11.1%	71	57	-19.7%	$95,000	$82,250	-13.4%	819	1,116	+36.3%	8.8	10.9	+23.9%
Chemung	89	72	-19.1%	44	43	-2.3%	$108,500	$74,130	-31.7%	435	346	-20.5%	7.2	5.5	-23.6%
Chenango	58	59	+1.7%	24	19	-20.8%	$89,500	$81,450	-9.0%	491	408	-16.9%	17.2	11.5	-33.1%
Clinton	42	42	0.0%	39	30	-23.1%	$145,000	$128,750	-11.2%	349	260	-25.5%	7.0	5.1	-27.1%
Columbia	95	81	-14.7%	33	48	+45.5%	$224,000	$224,600	+0.3%	894	705	-21.1%	16.1	10.5	-34.8%
Cortland	44	41	-6.8%	24	25	+4.2%	$111,000	$130,000	+17.1%	283	218	-23.0%	8.6	5.8	-32.6%
Delaware	68	64	-5.9%	34	44	+29.4%	$110,000	$150,000	+36.4%	822	725	-11.8%	19.9	14.3	-28.1%
Dutchess	367	378	+3.0%	199	222	+11.6%	$222,500	$237,125	+6.6%	2,046	1,624	-20.6%	9.2	5.7	-38.0%
Erie* (3)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Essex	40	45	+12.5%	33	32	-3.0%	$189,000	$190,750	+0.9%	799	685	-14.3%	21.2	16.5	-22.2%
Franklin	31	31	0.0%	22	22	0.0%	$63,500	$127,200	+100.3%	435	383	-12.0%	15.3	13.4	-12.4%
Fulton	53	50	-5.7%	24	38	+58.3%	$92,750	$107,500	+15.9%	444	293	-34.0%	10.6	6.4	-39.6%
Genesee* (3)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Greene	120	104	-13.3%	44	36	-18.2%	$184,400	$148,125	-19.7%	1,013	849	-16.2%	17.1	12.7	-25.7%
Hamilton	10	10	0.0%	5	3	-40.0%	$186,000	$135,000	-27.4%	134	110	-17.9%	18.7	14.8	-20.9%
Herkimer	61	52	-14.8%	29	34	+17.2%	$86,200	$118,180	+37.1%	504	500	-0.8%	15.8	12.0	-24.1%

Activity by County (continued)

Key metrics by report month for the counties in the state of New York.

nysar
New York State Association of REALTORS®, Inc.

	New Listings			Closed Sales			Median Sales Price			Homes for Sale			Months Supply		
	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –
Jefferson	128	116	**-9.4%**	52	69	**+32.7%**	$141,250	$119,450	**-15.4%**	1,126	789	**-29.9%**	15.2	8.8	**-42.1%**
Kings	260	287	**+10.4%**	129	148	**+14.7%**	$475,000	$469,500	**-1.2%**	1,345	1,063	**-21.0%**	7.8	6.5	**-16.7%**
Lewis	26	17	**-34.6%**	19	13	**-31.6%**	$82,250	$87,500	**+6.4%**	244	205	**-16.0%**	13.4	10.8	**-19.4%**
Livingston* (3)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Madison	40	60	**+50.0%**	38	35	**-7.9%**	$128,500	$135,000	**+5.1%**	404	324	**-19.8%**	7.7	5.6	**-27.3%**
Monroe	880	758	**-13.9%**	465	437	**-6.0%**	$122,000	$129,000	**+5.7%**	2,195	1,462	**-33.4%**	3.0	1.9	**-36.7%**
Montgomery* (1)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Nassau	1,402	1,295	**-7.6%**	882	931	**+5.6%**	$445,000	$475,000	**+6.7%**	6,239	5,544	**-11.1%**	5.9	5.0	**-15.3%**
New York†	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Niagara* (3)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Oneida	234	215	**-8.1%**	134	135	**+0.7%**	$110,000	$100,000	**-9.1%**	1,575	1,540	**-2.2%**	9.8	8.9	**-9.2%**
Onondaga	432	431	**-0.2%**	328	327	**-0.3%**	$130,000	$128,375	**-1.3%**	2,279	1,352	**-40.7%**	5.4	2.9	**-46.3%**
Ontario	153	161	**+5.2%**	65	66	**+1.5%**	$134,900	$133,500	**-1.0%**	562	411	**-26.9%**	5.2	3.9	**-25.0%**
Orange* (2)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Orleans* (3)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Oswego	93	107	**+15.1%**	54	75	**+38.9%**	$75,138	$104,000	**+38.4%**	722	527	**-27.0%**	9.1	5.6	**-38.5%**
Otsego	72	43	**-40.3%**	28	37	**+32.1%**	$109,975	$125,000	**+13.7%**	650	496	**-23.7%**	15.4	10.4	**-32.5%**
Putnam* (2)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Queens	1,024	1,032	**+0.8%**	663	655	**-1.2%**	$442,050	$480,000	**+8.6%**	4,960	4,584	**-7.6%**	6.4	6.0	**-6.3%**
Rensselaer* (1)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Richmond	406	353	**-13.1%**	273	324	**+18.7%**	$429,000	$490,000	**+14.2%**	1,589	984	**-38.1%**	4.9	2.7	**-44.9%**
Rockland* (2)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

	New Listings			Closed Sales			Median Sales Price			Homes for Sale			Months Supply		
	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –	1-2016	1-2017	+ / –
St Lawrence	82	72	**-12.2%**	41	39	**-4.9%**	$89,000	$100,000	**+12.4%**	1,018	843	**-17.2%**	16.1	12.6	**-21.7%**
Saratoga* (1)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Schenectady* (1)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Schoharie* (1)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Schuyler	13	24	**+84.6%**	8	14	**+75.0%**	$96,399	$136,800	**+41.9%**	103	105	**+1.9%**	7.8	7.0	**-10.3%**
Seneca	27	32	**+18.5%**	18	24	**+33.3%**	$90,050	$106,250	**+18.0%**	154	110	**-28.6%**	6.6	4.2	**-36.4%**
Steuben	129	94	**-27.1%**	49	58	**+18.4%**	$104,000	$114,950	**+10.5%**	556	441	**-20.7%**	7.9	5.9	**-25.3%**
Suffolk	2,003	1,837	**-8.3%**	977	1,081	**+10.6%**	$315,000	$340,000	**+7.9%**	10,294	8,668	**-15.8%**	8.6	6.3	**-26.7%**
Sullivan	91	115	**+26.4%**	63	71	**+12.7%**	$132,500	$125,000	**-5.7%**	1,263	1,096	**-13.2%**	16.7	13.0	**-22.2%**
Tioga	41	36	**-12.2%**	24	13	**-45.8%**	$122,500	$135,000	**+10.2%**	266	197	**-25.9%**	10.6	7.4	**-30.2%**
Tompkins	70	71	**+1.4%**	34	34	**0.0%**	$222,350	$186,000	**-16.3%**	290	202	**-30.3%**	4.8	3.3	**-31.3%**
Ulster	291	266	**-8.6%**	125	149	**+19.2%**	$180,000	$219,250	**+21.8%**	1,813	1,329	**-26.7%**	11.8	7.5	**-36.4%**
Warren	106	105	**-0.9%**	74	53	**-28.4%**	$202,500	$167,000	**-17.5%**	926	749	**-19.1%**	11.7	8.8	**-24.8%**
Washington	70	74	**+5.7%**	45	36	**-20.0%**	$118,000	$120,800	**+2.4%**	625	492	**-21.3%**	11.7	7.8	**-33.3%**
Wayne	85	106	**+24.7%**	53	59	**+11.3%**	$96,000	$112,000	**+16.7%**	389	299	**-23.1%**	4.8	3.6	**-25.0%**
Westchester* (2)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Wyoming* (3)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Yates	32	20	**-37.5%**	23	17	**-26.1%**	$106,000	$199,000	**+87.7%**	181	104	**-42.5%**	8.7	5.0	**-42.5%**
New York State	14,132	13,598	**-3.8%**	8,142	8,472	**+4.1%**	$230,000	$250,000	**+8.7%**	74,065	59,771	**-19.3%**	7.2	5.3	**-26.4%**

† Data is included in the calculation of state totals. However, New York County data is incomplete and does not accurately represent activity.

* Data is included in the calculation of the state totals. For this county's statistical data, contact the corresponding local board/association listed below:

(1) Greater Capital Association of REALTORS®, 451 New Karner Road, Albany, NY 12205, 518-464-0191

(2) Hudson Gateway Association of REALTORS®, One Maple Avenue, White Plains, NY 10605, 914-681-0833

(3) Buffalo Niagara Association of REALTORS®, 200 John James Audubon Pkwy, Amherst, NY 14228, 716-636-9000

Appendix C.
NAHB Wells Fargo National HMI – History
1985 – 2017 YTD

NAHB/Wells Fargo National HMI - History

(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1985	50	58	54	49	51	54	58	58	56	59	58	57
1986	57	55	57	62	64	65	59	55	57	64	59	64
1987	63	60	60	59	55	56	55	54	52	50	56	51
1988	53	51	51	52	54	49	54	56	53	49	58	60
1989	54	53	48	44	44	45	46	50	51	48	46	43
1990	42	44	40	39	36	36	32	30	31	28	25	22
1991	20	27	36	41	40	42	41	36	37	37	37	35
1992	44	49	46	46	47	45	46	49	48	50	54	56
1993	55	52	53	52	51	53	57	60	62	66	71	71
1994	70	64	61	61	59	57	53	53	50	49	50	43
1995	40	42	40	42	43	45	49	50	51	55	52	53
1996	54	49	59	60	61	59	58	56	55	56	54	55
1997	54	52	57	56	55	56	55	58	59	59	58	60
1998	60	65	66	67	67	70	71	72	71	73	77	78
1999	75	71	71	71	75	77	75	72	72	69	70	70
2000	69	68	64	63	63	58	59	60	60	62	63	57
2001	52	58	60	59	58	59	57	59	55	46	48	55
2002	58	58	62	61	61	61	61	55	63	61	62	63

2003	62	63	56	55	60	63	65	67	67	69	68	69
2004	68	66	66	69	69	68	67	70	67	69	70	71
2005	70	69	70	67	70	72	70	67	65	68	61	57
2006	57	56	54	51	46	42	39	33	30	31	33	33
2007	35	39	36	33	30	28	24	22	20	19	19	18
2008	19	20	20	20	19	18	16	16	17	14	9	9
2009	8	9	9	14	16	15	17	18	19	17	17	16
2010	15	17	15	19	22	16	14	13	13	15	16	16
2011	16	16	17	16	16	13	15	15	14	17	19	21
2012	25	28	28	24	28	29	35	37	40	41	45	47
2013	47	46	44	41	44	51	56	58	57	54	54	57
2014	56	46	46	46	45	49	53	55	59	54	58	58
2015	57	55	52	56	54	60	60	61	61	65	62	60
2016	61	58	58	58	58	60	58	59	65	63	63	69
2017	67	65	71	**68**								

Appendix D.
New York Counties: Average Listing Price, Median Sales Price, Trulia Popularity Ranking

February – May 2017

New York counties	Avg. listing price Week ending May 10	Median sales price Date range: Feb-May '17	Trulia popularity Week ending May 10
Name	Amount	Amount	Rank
New York	$3,984,122	$1,346,250	3
SARATOGA	$1,595,000	-	-
Kings	$1,102,925	$785,000	6
Westchester	$1,064,104	$575,000	2
Suffolk	$823,704	$344,535	5
Nassau	$803,647	$472,500	1
Queens	$761,079	$565,000	4
YATES	$725,000	-	-
Richmond	$625,272	$437,500	11
Bronx	$545,570	$390,000	7
Rockland	$510,186	$424,950	14
Putnam	$446,813	$302,500	18
ULSTER	$389,000	-	-
Columbia	$359,537	-	19
Saratoga	$326,779	$246,000	17
Dutchess	$320,554	$210,500	9
Tompkins	$300,270	$187,000	28
Warren	$277,838	$150,000	26
Hamilton	$272,383	$145,000	50
Greene	$268,943	-	25
Orange	$268,383	$227,000	10

New York counties	Avg. listing price Week ending May 10	Median sales price Date range: Feb-May '17	Trulia popularity Week ending May 10
Name	Amount	Amount	Rank
Ulster	$266,484	$160,875	13
Essex	$256,070	$135,000	38
Albany	$246,221	$198,000	16
Yates	$238,913	-	61
Ontario	$220,206	$124,250	29
Erie	$199,748	-	8
Rensselaer	$192,135	$164,950	23
Sullivan	$184,749	-	20
Otsego	$183,529	$110,000	34
Monroe	$182,728	$122,000	12
Schuyler	$181,496	$155,550	58
Onondaga	$179,418	$131,000	15
Delaware	$176,001	-	30
Franklin	$168,971	$71,000	52
Madison	$168,038	-	35
Schenectady	$167,661	$154,000	27
Washington	$166,795	$75,000	36
Jefferson	$164,469	$124,000	31
Clinton	$163,973	$135,250	54
Seneca	$160,832	$80,790	59
Steuben	$158,856	$71,500	37
Chautauqua	$155,315	-	32
Cayuga	$151,075	$86,000	42
Oneida	$149,662	$88,000	21
Fulton	$142,625	$110,750	46
Niagara	$140,888	$67,000	22
Herkimer	$140,220	$275,000	41
Livingston	$139,153	$124,900	53

New York counties	Avg. listing price Week ending May 10	Median sales price Date range: Feb-May '17	Trulia popularity Week ending May 10
Name	Amount	Amount	Rank
Cortland	$138,581	$85,000	51
Tioga	$137,856	$84,500	57
Schoharie	$136,916	$58,000	45
Cattaraugus	$133,215	$73,000	39
Wayne	$131,679	-	40
Chenango	$130,607	$74,750	49
Chemung	$129,603	$92,250	44
Broome	$127,703	$88,298	24
Lewis	$126,871	$84,950	48
Genesee	$117,061	$96,788	56
Montgomery	$114,886	$106,750	47
Saint Lawrence	$114,036	$110,000	43
Oswego	$109,060	$87,790	33
Wyoming	$102,545	-	60
Orleans	$98,665	$75,000	62
Allegany	$95,672	$45,370	55

Sources

Adobo National Apartment Report. June 2017.
Apartment and Condominium Market Keeps Momentum Going in Fourth Quarter. National Association of Home Builders. February 2017
Aspiring Home Buyer Profile. National Association of Realtors Research Department. February 2017
Activity by County Report: 1st Quarter 2016 vs 2017. New York State Association of Realtors. April 2017
Bloomberg Overall Consumer Sentiment and Real Consumer Spending Report. March 2017
Cornell Program on Applied Demographics
Elmira Corning Regional Board of Realtors
Federal Housing Financing Agency
Forbes
Hot Home Trend Features and Home Design. Elizabeth Weintraub. September 19, 2016
HousingEconomics.com
Housing and Urban Development Department (HUD)
Housing Affordability Remains Favorable Even as it Hits an Eight-Year Low. National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI). February 2017
Metro Housing Starts Forecast Chartbook: 2016-2018. HousingEconomics.com March 2017
Millennials have redefined the American Dream. Wall Street Journal TS. Jason Notte. May 6, 2017
Multi-family Housing Likely to Slow This Year. Floor Daily. January 17, 2017.
NAHB Wells Fargo National HMI – History, 1985 – 2017 YTD
NAHB/Wells Fargo Housing Market Index and New Single-Family Start
National Association of Home Builders/First American Leading Markets Index. 4th Quarter 2016
National Home Builders Association, Overall Remodeling Index. February 2017
New York State Department of Labor
Real Capital Analytics
Reis'*1Q 2017 Apartment Sector Preliminary Trends Release*
RentJungle.com
S&P CoreLogic Case-Shiller Indices
Scott's Real Estate
South Hamilton Town Center Plan (draft), Town of Erwin, NY
Trading Economics, United State Homeownership Rates: 1965-2017
US Census. 2011-2015 American Community Survey 5-Year Estimates.
U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, April 27, 2017.