



CENTRAL REGION

CAMBRIDGE SPRINGS

COCHRANTON

MEAD

MEADVILLE

SAEGERTOWN

VERNON

THE CAMBRIDGE SPRINGS SUBMARKET

Comprising the northern reaches of central Crawford County, the Cambridge Springs Submarket contains six municipalities including Cussewago, Venango, Cambridge, and Rockdale townships and the broughs of Venango and Cambridge Springs. The Cambridge Springs Submarket is adjacent to the Springboro-Conneautville, Saegertown, Mead, and Spartansburg-Bloomfield Submarkets within Crawford County and shares its northern border with Erie County.

A HOUSING ECOSYSTEM ANALYSIS OF THE CAMBRIDGE SPRINGS SUBMARKET (FOR A VISUALIZATION OF THE TEXT BELOW, SEE PAGE 10) –

We have placed the factors that determine a housing market’s characteristics into three categories: drivers, influencers, and indicators. Analyzing the trends and statistics related to these characteristics can guide local communities towards those housing interventions and strategies that make the most sense for them.

Drivers are those forces that directly propel the need for housing units or development. Drivers are designated by this icon (⚡). Our analysis identifies three major drivers: job growth, population growth, and housing stock growth. The pushing and pulling of these driving forces with each other creates the broad model of the housing market. To simplify, job opportunities attract people to an area, and in reverse, a population already in place may help attract employers. The housing stock of an area is the physical result of these population and economic trends and also drives them in turn, since its attractiveness and contribution to quality of life may attract people, or if in poor condition or unable to meet their needs, may repel them. We can collect the results of these broad forces into broad outcomes, designated by this icon (📊), namely total jobs, total population, and total housing stock.

Within this model, influencers are more specific, measurable aspects of the housing market that reflect these driving forces and, in response, may make an impact elsewhere in the market. Influencers have this icon (🔗). For instance, the influencer “Household Income Change” may be a response to a change in the wages offered from area jobs; in turn, this change in income may influence the choice of the homeowner to make renovations or move to a better home, which impacts the housing stock. We have identified eight influencers. Within Job Growth is the influencer “Household Income Change;” within Population Growth are “Home Value Change,” “Rent Change,” “Household Formation,” “Education,” and “Demographics;” and within Housing Stock Growth are “Building Type” and “Housing Units Built Pre-1940.”

Indicators are metrics useful for providing further insight but are not assumed to produce wider impacts on their own. Indicators have this icon (🍷). These indicators generally gauge how well parts of the market are responding to each other or how people are being accommodated by the housing market. For instance, the indicator “Household Size vs. Unit Size” gauges whether available homes are too big or too small for the families that would occupy them, which indicates inefficiencies that may be harming the community. Useful indicators we have identified are “Vacancy Type,” “Vacancy Tenure,” “Median Home Value,” “Median Rent,” “Household Size vs. Unit Size,” “Loan Approval Rates,” and “Loan Purposes.”

Our analysis of the Cambridge Springs Submarket is based on the premise that a healthy housing marketplace consists of an environment where households have access to adequate housing and maintain the ability to willingly transition between housing segments in order to meet their needs. The terms “new household market,” “starter home market,” “move-up home market,” “downsizing market,” and “senior housing market” are used to define the stages of housing consumption that exist within a healthy housing market ecosystem. Since these terms are used frequently, please refer to the “glossary of terms” in the appendix for a definition of each.

A second premise built into our analysis is that positive growth in terms of jobs, housing units, population, incomes and other characteristics is necessary to sustain a housing market. Not all communities within submarkets may desire to take on significant development. The assumptions inherent within our analysis should be taken into consideration by municipalities when setting their local objectives and strategies.

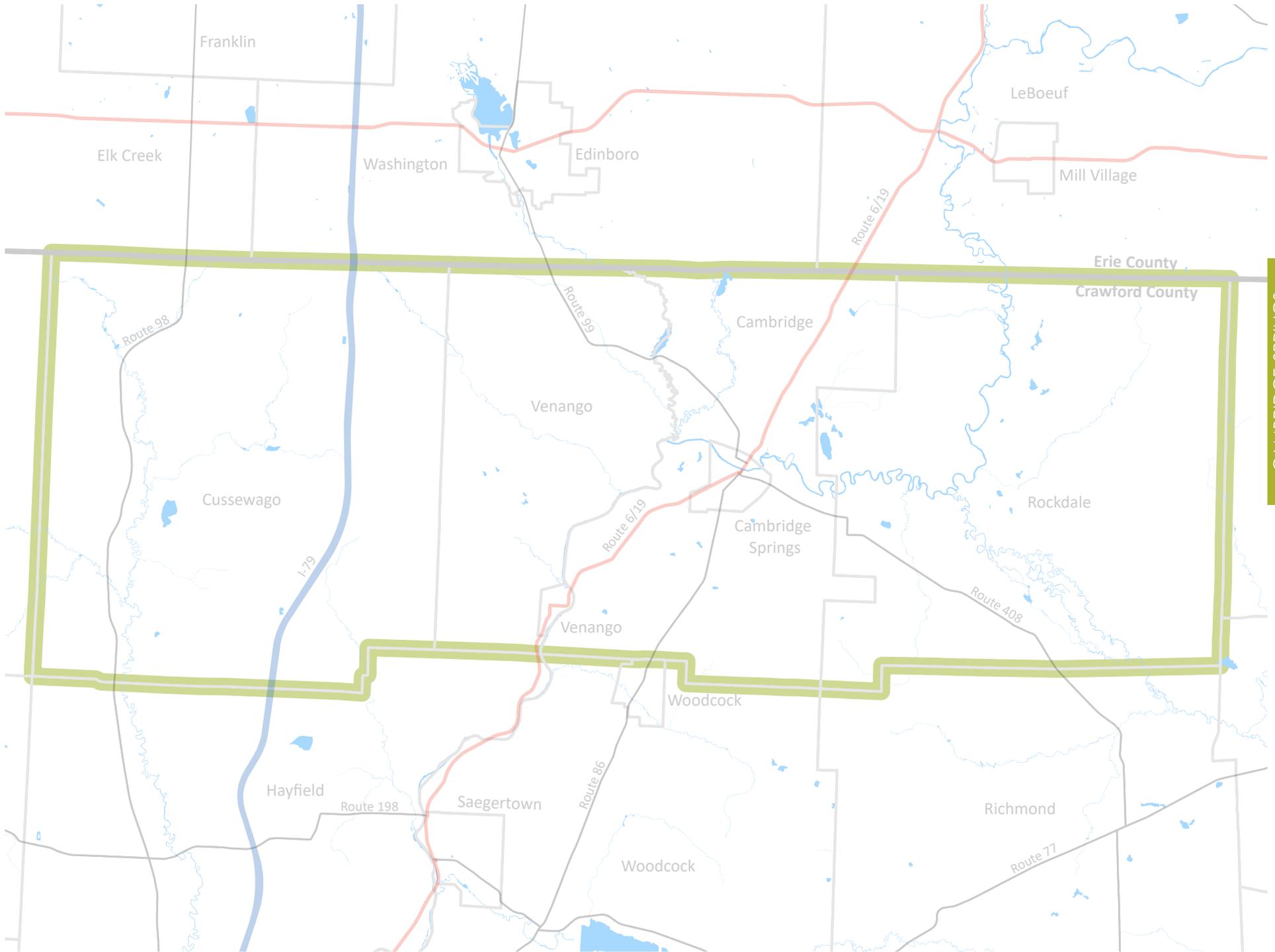
- Interstate Highways
- U.S. Routes
- State Routes Class 1
- Water
- Municipal Boundaries
- County Boundaries



Reference Scale - 1:125,000

0 1 2 Miles

Source: Created by the Crawford County Planning Office with data from the U.S. Census Bureau



CAMBRIDGE SPRINGS
SUBMARKET

JOB GROWTH ANALYSIS:

This section explores job growth as a driver and relationships between its influencers, leading to the outcome of total jobs. Before exploring job growth trends, this section provides a study of the live-work trends for residents living within the Cambridge Springs Submarket.

LIVE-WORK TRENDS OF RESIDENTS LIVING WITHIN THE CAMBRIDGE SPRINGS SUBMARKET —

The map on the next page uses dots to represent where residents living within the Cambridge Springs Submarket work. From this map, it is apparent that many workers living within the Submarket work at locations outside the Submarket. Based on analysis from 4ward Planning, a strong concentration of employment opportunities within a submarket is crucial for producing an adequate job-to-housing ratio. A job-to-housing ratio between 0.75 and 1.5 is beneficial for potentially reducing vehicle miles traveled, which in turn promotes housing market stability since a portion of long distance commuters tend to move out of the submarket and closer to their job. The Cambridge Springs Submarket produces a job-to-housing ratio of 0.57, which lies below the beneficial range.

The radar graph on the bottom left displays the distance and direction of where Cambridge Springs Submarket residents work. The dark green wedges of the graph demonstrate those commuting less than ten miles. A great majority of residents travel beyond ten miles to reach work. Live-work observations within the Cambridge Springs Submarket demonstrate that most residents treat the Submarket as a bedroom community and commute to work elsewhere. The radar graph also shows a clear north-and-south commuter pattern which highlights the importance of the Meadville and Erie job markets in the lives of Submarket residents. A breakdown of such commuter trends is presented on the bottom right, and the map on the next page shows that many Cambridge Springs Submarket residents rely heavily on locations off Interstate-79 and State Routes 6 and 19 for employment.

-  Interstate Highways
-  U.S. Routes
-  County Boundaries
-  State Boundaries

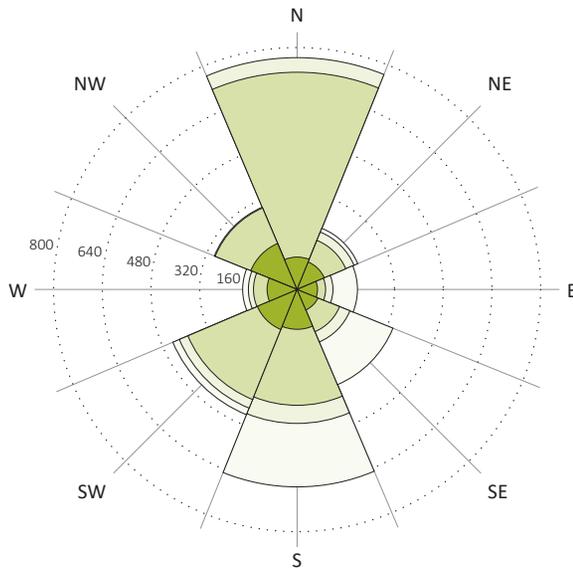


Reference Scale - 1:750,000

0 10 20 Miles

Source: Created by the Crawford County Planning Office with data from the U.S. Census Bureau

WHERE CAMBRIDGE SPRINGS SUBMARKET RESIDENTS WORK



-  Less than 10 Miles
-  10 - 24 Miles
-  25 - 50 Miles
-  50 + Miles

Source: U.S. Census Bureau Center for Economic Studies - Local Employment Dynamics Partnership

13.6%

of Cambridge Springs Submarket residents work at a location **inside the submarket.**

40.7%

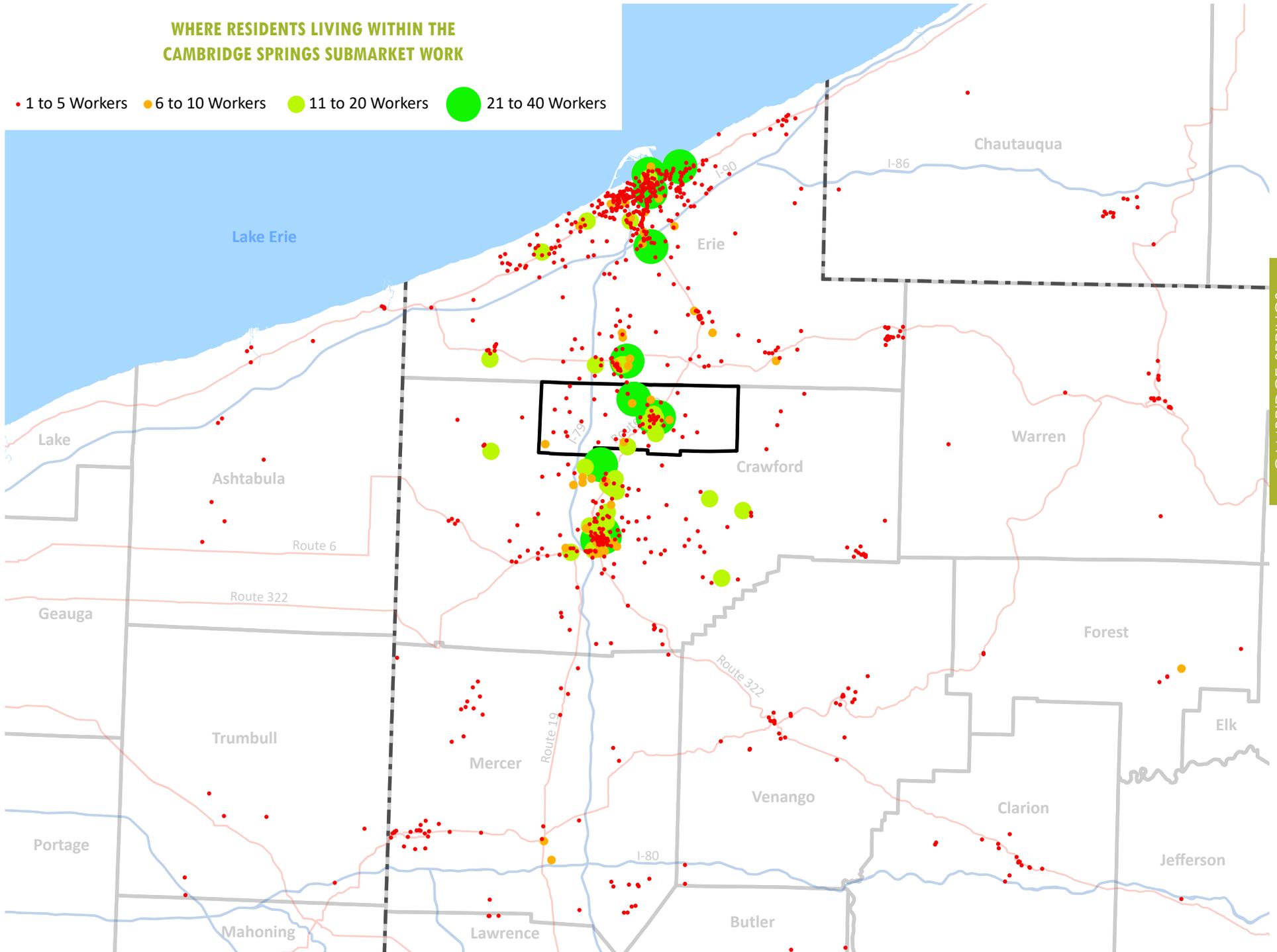
of Cambridge Springs Submarket residents work inside **Crawford County.**

59.3%

of Cambridge Springs Submarket residents work outside **Crawford County.**

**WHERE RESIDENTS LIVING WITHIN THE
CAMBRIDGE SPRINGS SUBMARKET WORK**

- 1 to 5 Workers
- 6 to 10 Workers
- 11 to 20 Workers
- 21 to 40 Workers



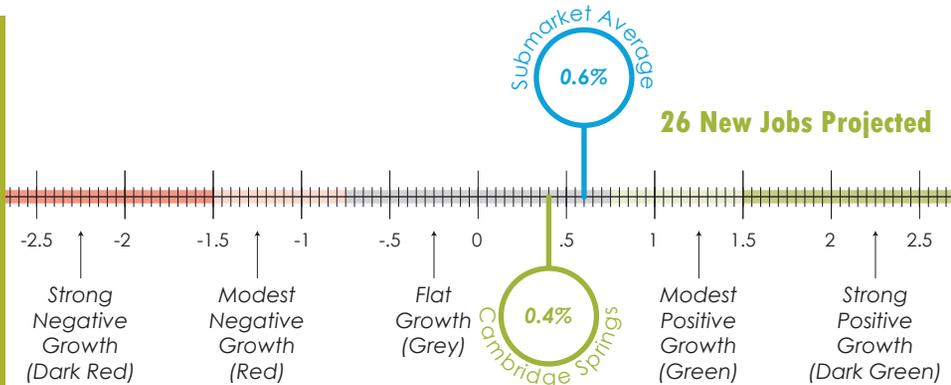
CAMBRIDGE SPRINGS
SUBMARKET

JOB GROWTH ANALYSIS:

⚙️ JOB GROWTH —

From the graph below, the Cambridge Springs Submarket’s 0.4% projected annual job growth rate is below the submarket average of 0.6% and lies within the “flat growth” range. Recognizing this, it is unlikely that projected job growth within the Submarket will provide workers the extra employment options which can be leveraged to encourage an increase in wages.

ANNUALIZED PROJECTED JOB GROWTH RATE (2017-2022)



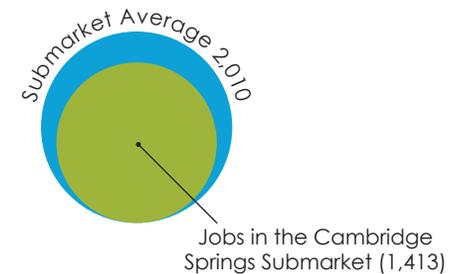
Source: Esri; PA CWIA; 4ward Planning, Inc., Retrieved 2018

👤 HOUSEHOLD INCOME CHANGE —

Despite flat job growth projections, from the graph on the bottom left, household income within the Cambridge Springs Submarket is projected to grow at a strong rate. An increase in household income will bolster the stability of existing households while opening up housing opportunities for those seeking new accommodations.

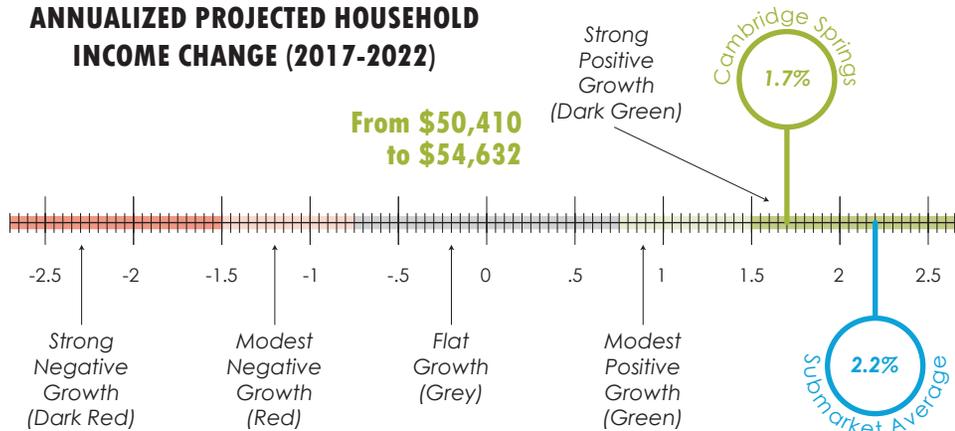
📈 TOTAL JOBS —

To explore the magnitude of the Cambridge Springs Submarket’s employment base, we compared the number of jobs inside the submarket to the average number of jobs located within a Crawford County submarket. From the graphic on the right, the Cambridge Springs Submarket contains fewer jobs than even the submarket average. This finding aligns with our earlier conclusion that the Cambridge Springs Submarket is more of a bedroom community than a job center. Although jobs within the submarket provide important opportunities for local residents, the Cambridge Springs Submarket is currently more reliant on the growth and stability of nearby job centers.



Source: U.S. Census 2011-2015 ACS

ANNUALIZED PROJECTED HOUSEHOLD INCOME CHANGE (2017-2022)

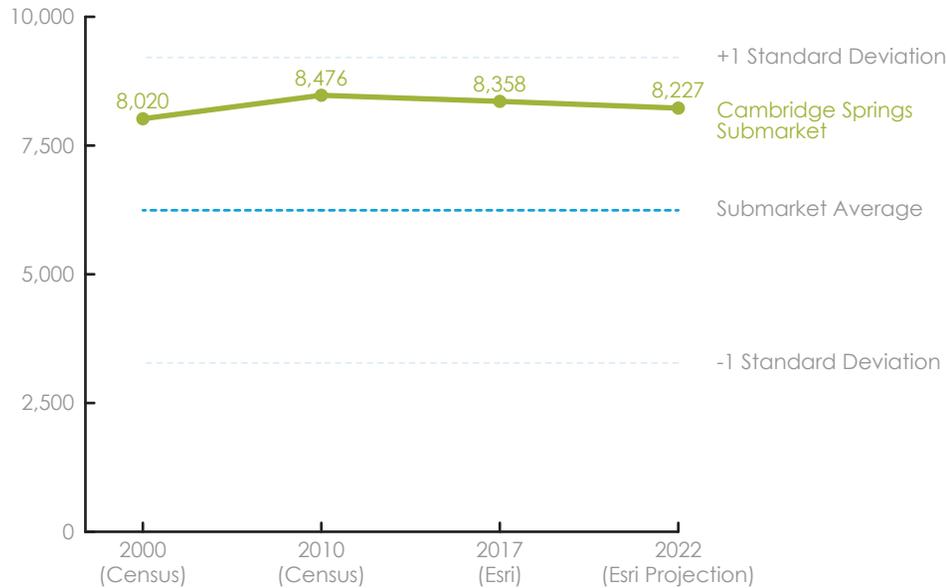


Source: 2010 ACS 5-Year Estimates; BLS., Esri, Retrieved 2018

In summary, although the Cambridge Springs Submarket is projected to have a flat job growth rate, it is expected to experience a strong household income growth rate. Such growth in household income may bolster housing market stability. However, the submarket is a bedroom community and therefore relies substantially on the productivity and growth of its surrounding region.

POPULATION GROWTH ANALYSIS:

CAMBRIDGE SPRINGS SUBMARKET POPULATION GROWTH



This section explores population growth as a driver and relationships between its influencers leading to a submarket's total population. Population growth within the Cambridge Springs Submarket would directly lead to household formation and increase housing demand. Stagnant population growth may make it more difficult for homeowners to sell their homes when transitioning into other housing segments.

POPULATION GROWTH —

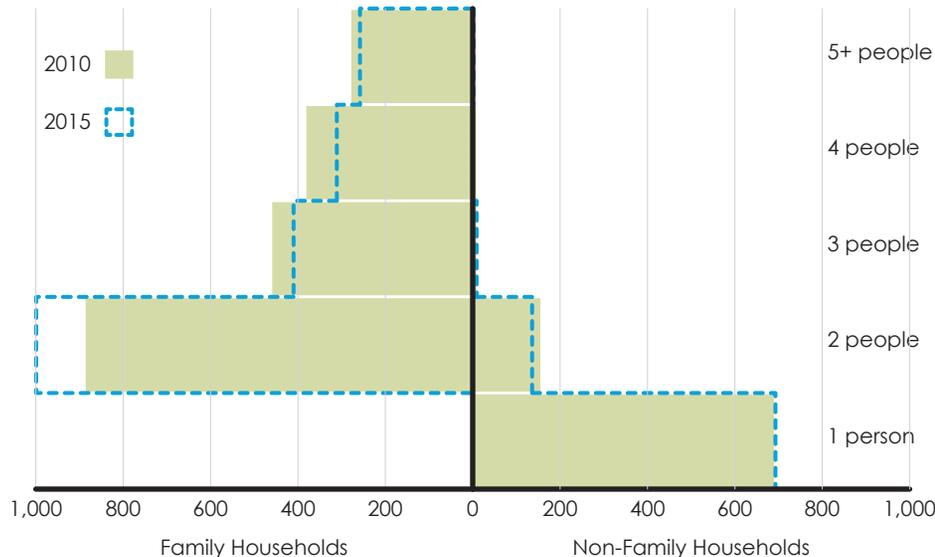
As demonstrated within the graph on the left, the population of the Cambridge Springs Submarket has increased since 2000. However, reports that show an increase in the Submarket's inmate population account for the difference. As such, population growth does not appear to be driving housing demand.

HOUSEHOLD FORMATION —

According to the U.S. Department of Housing and Urban Development, a household is:

all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household.

CAMBRIDGE SPRINGS SUBMARKET HOUSEHOLD FORMATION TRENDS



A household must comprise at least one person in a dwelling unit. It is almost impossible to experience population growth without seeing an increase in the number of households within a community. As more households are formed, demand for housing units increases as individuals, couples, families, and roomers seek living accommodations. The graph on the left demonstrates the composition of Cambridge Springs Submarket households by size between 2010 and 2015. In terms of non-family households, those comprised of a single individual held flat while those with two-people declined slightly. For family households, which constitute the bulk of the Submarket's household composition, those with two people saw a considerable increase while three, four, and five-or-more person households all declined. Such household formation trends suggest that the demand for small rental units should be stable while the demand for starter and downsizing homes may increase. Additionally, these trends suggest a decline in the demand for move-up housing.

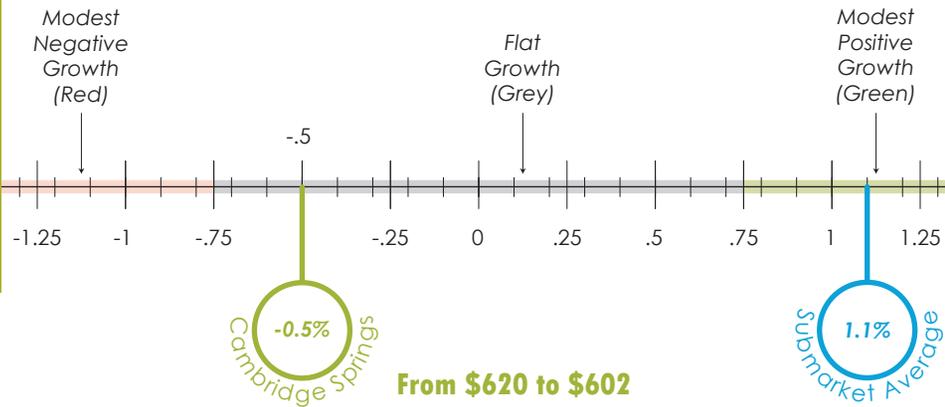
Source: U.S. Census

POPULATION GROWTH ANALYSIS:

RENT PRICE & HOME VALUE CHANGES —

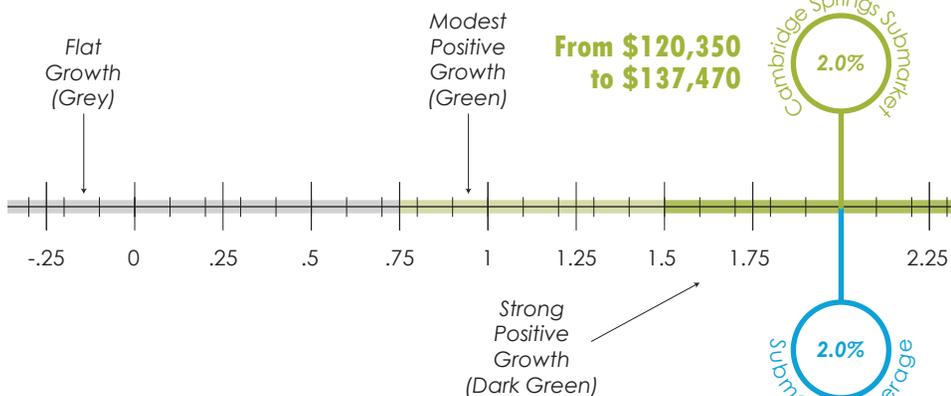
An increase in median rents or home values may delay individuals from forming new households and thus ease housing demand. Conversely, declines in these values may encourage household formation as the ability to move into your own unit becomes more attainable. The line graphs below demonstrate how the Cambridge Springs Submarket's median rent prices and median home values have changed compared to the corresponding submarket averages. Rent prices have held flat while home values have experienced strong positive growth.

ANNUALIZED RENT CHANGE (2010-2016)



Source: U.S. Census

ANNUALIZED HOME VALUE CHANGE (2010-2017)



Source: U.S. Census (inflation adjusted)

RENTAL COST BURDEN —

Rental cost burden or “affordability” is an important indicator of how household income and median rent prices interact. The U.S. Department of Housing and Urban Development defines affordable housing as:

In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities. Please note that some jurisdictions may define affordable housing based on other, locally determined criteria, and that this definition is intended solely as an approximate guideline or general rule of thumb.

A household that is spending more than 30% of its total income on housing, including essential utilities, is considered cost burdened. Cost burdened renter households may have more difficulty saving the money for a down payment on a home. The infographic below demonstrates the percentage of cost burdened rental households within the Cambridge Springs Submarket with comparisons to Crawford County and the submarket average. We see that the Cambridge Springs Submarket has a similar proportion of cost-burdened renters to the submarket average and performs better than Crawford County on the whole.

RENTERS PAYING MORE THAN 30% OF INCOME ON HOUSING



35.6% of Cambridge Springs Submarket Renters (200 Households)

41.3% of Crawford County Renters

34.3% Submarket Average

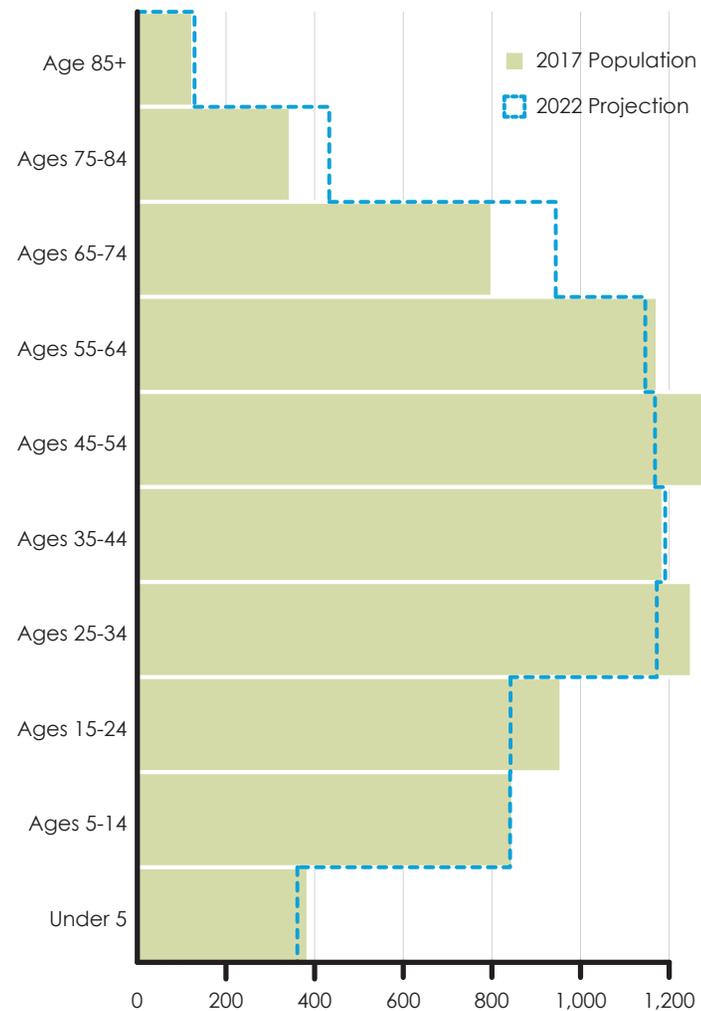
Source: U.S. Census 2011-2015 ACS

POPULATION GROWTH ANALYSIS:

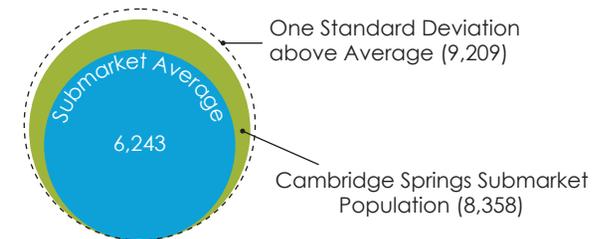
TOTAL POPULATION –

The cycling of households between different homes creates some of the housing demand within a community. To attempt to understand this type of housing demand, we established whether the Cambridge Springs Submarket represents a population center by comparing its population to the average population living within a Crawford County submarket. The standard deviation was applied to measure the average difference from the average population living within a submarket. If the Cambridge Springs Submarket contained more residents than one standard deviation above the submarket average, then it was considered a regional population center.

CAMBRIDGE SPRINGS SUBMARKET POPULATION PYRAMID



Source: Esri, Retrieved 2018



Source: Esri, Retrieved 2017

From the graphic on the right, although the Cambridge Springs Submarket is more populated than the submarket average, its population is less than one standard deviation above the submarket average. By this standard, the Cambridge Springs Submarket is not a regional population center but a local population center instead. Although there must be some housing demand created by the cycling of households between different homes within the community, such demand may not exist at a magnitude large enough to drastically transform individual neighborhoods based on the shifting preferences of local consumers alone. Additionally, from the Submarket's relative population size, it can be assumed that it does not have the gravity to attract new residents on a speculative basis. This assumption infers that those moving into the Submarket are likely anchored in some personal manner such as to be close to a recently secured job or to be near family members.

AGE BRACKET COMPOSITION –

Whether the type or quantity of housing within a community meets the needs of its population is largely influenced by its age composition. For example, a community with a large senior population will likely generate demand for senior living accommodations such as older-age communities and assisted living facilities. Similarly, a community with an emerging population of younger, family age residents will likely produce demand for additional "starter home" housing units. Additionally, significant voids in certain age cohorts comprising a community will produce lopsided demand for certain types of housing. The graph on the left demonstrates the age composition of the Cambridge Springs Submarket in 2017 with a projection to 2022. Age cohorts within the Submarket are projected to decline across the working age brackets comprising individuals ages 15-to-64 with larger drops for those ages 15-to-34 and 45-to-54. Such projections suggest a decline in the demand for rental units, starter homes, and move-up housing. The population in age brackets 65-to-84 is projected to increase which may translate into demand for downsizing homes and senior living accommodations.

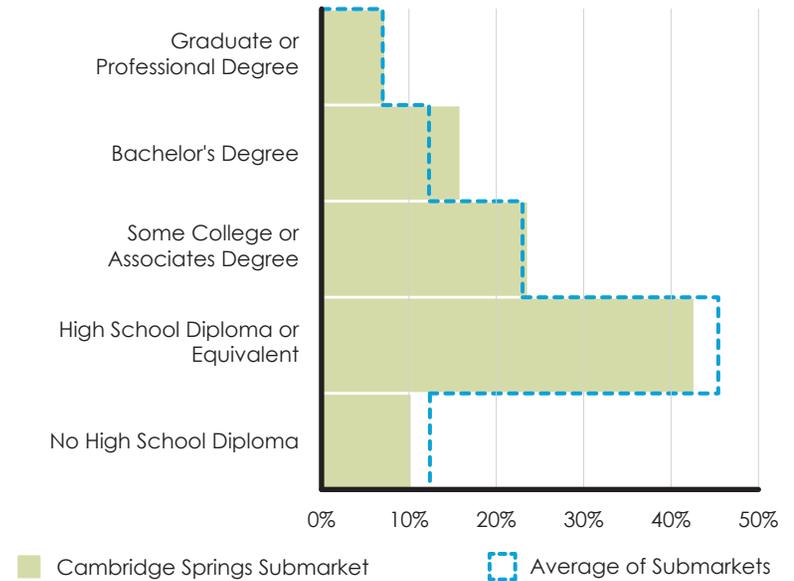
POPULATION GROWTH ANALYSIS:

The household formation trends addressed earlier suggest increased pressure on the market for both starter and downsizing homes. However, demographic projections that show growth in older age brackets suggest that many new two-person households within the Submarket may be formed by seniors after their children have moved out. The combination of these trends appear consistent with the rough finding that rental prices have been flat while home values have fared better.

EDUCATIONAL ATTAINMENT —

The educational attainment of residents within a community will influence its potential for job growth. In general, a more educated community presents a more inviting environment for a greater range of potential employers. Similarly, a more educated community will also better encourage existing employers to remain and expand their operations. The graph on the right demonstrates the educational attainment of the Cambridge Springs Submarket with a comparison to the average educational attainment of all submarkets across the county. From this graph, it appears that the Cambridge Springs Submarket is more educated than the submarket average with a higher portion of individuals holding bachelor's degrees along with a lower representation of those with only high school diplomas or no diploma. The Submarket's higher level of overall educational attainment may make it more economically competitive over the long run.

CAMBRIDGE SPRINGS SUBMARKET EDUCATIONAL ATTAINMENT (2017)



Source: Esri, Retrieved 2018

In summary, the Cambridge Springs Submarket is a local population center in Crawford County. The population of the Cambridge Springs Submarket has grown slightly on the aggregate since 2000, but its population growth rate still represents flat growth. Further research has uncovered that the number of state prisoners within the Cambridge Springs Submarket has doubled since 2000 which more than accounts for all observed overall population growth. When the Submarket's prisoner population is removed, it is actually losing population. The Submarket has seen a significant increase in two-person family households while family households with three or more people have declined. In terms of non-family households, those consisting of just a single person have held steady while those comprised of two people have declined slightly. Demographic trends within the Cambridge Springs Submarket show an overall decline across the working age population brackets along with an increase in the senior age population. The combination of household formation trends and demographic projections suggest that much of the new formation of two-person family households results from senior couples remaining at home after their children have moved out. In terms of educational attainment, the Cambridge Springs Submarket is significantly more educated than the submarket average.

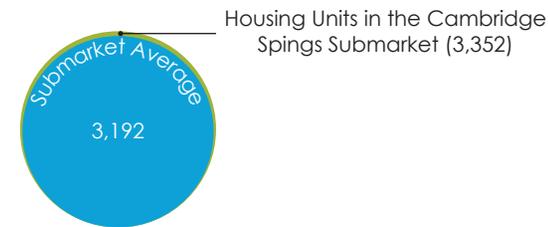
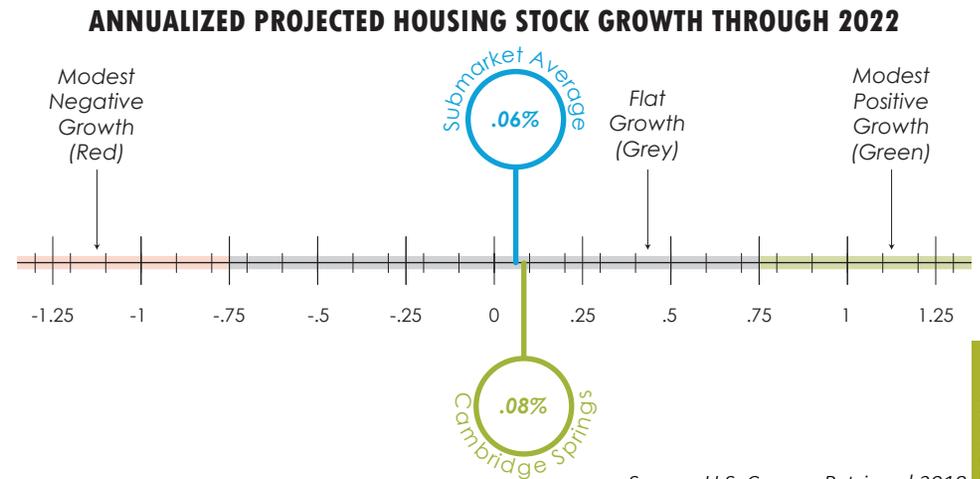
Rent prices within the Cambridge Springs Submarket have been flat and its median rent is below Crawford County's overall figure. Such finding is consistent with trends and projections showing a decline in non-family households and the population comprising younger age brackets. Renter households within the Cambridge Springs Submarket are about as cost-burdened overall as the submarket average and less adverse rate of renter cost-burdened than the county on the whole. Home values have increased at a strong rate and median home values within the Submarket are well above the county's overall figure.

HOUSING STOCK GROWTH ANALYSIS:

This section of our analysis explores housing stock growth as a driver and relationships between its influencers leading to the outcome of the total housing stock. A stable and growing housing stock, balanced with population and job growth, is essential for sustaining a healthy housing market. A healthy housing market ecosystem provides housing opportunities for individuals and families at every stage.

HOUSING STOCK GROWTH —

The graph on the right presents the housing stock growth rate for the Cambridge Springs Submarket. Although housing stock growth within the Submarket has been flat, its rate is similar to the submarket average.



Housing Units in the Cambridge Springs Submarket (3,352)

Source: Esri, Retrieved 2018

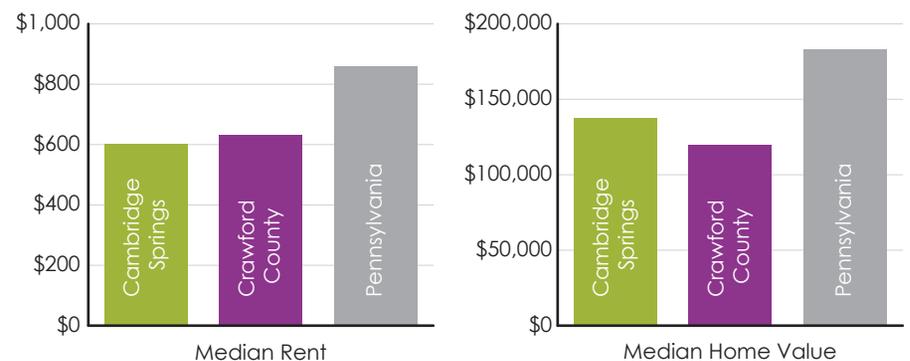
TOTAL HOUSING STOCK —

It can be assumed that larger communities are more likely to attract speculative real estate investment than smaller communities where developers may more strictly adhere to the fundamentals of supply and demand. A larger housing stock may indicate the presence of niche investment opportunities for housing developers. To study the relative size of the Cambridge Springs Submarket's housing stock, we compared the number of housing units located within the Submarket to the average number of housing units within a Crawford County submarket. From the graphic on the left, we see that the Cambridge Springs Submarket has more housing units than the submarket average but does not deviate significantly above the average. Based on this analysis, it can be safely assumed that housing development within the Cambridge Springs Submarket is largely a creature of immediate responses to observable market demand rather than along speculative lines.

MEDIAN RENT & HOME VALUES —

High median rent prices and home values may encourage the development of additional housing units as developers look to capitalize on greater and more reliable profit margins. From the graphs on the left, the Cambridge Springs Submarket has a median rent price just below that of Crawford County and much lower than Pennsylvania on the whole. For home values, the Cambridge Springs Submarket significantly outperforms Crawford County but falls shy of Pennsylvania. These figures suggest that the Submarket's rental marketplace doesn't show signs of elevated activity but its home ownership market is among the more desirable within Crawford County.

CAMBRIDGE SPRINGS SUBMARKET MEDIAN RENT (2016) & MEDIAN HOME VALUE (2017)



Source: U.S. Census, Esri - Retrieved 2018

HOUSING STOCK GROWTH ANALYSIS:

UNITS BUILT PRE-1940 –

A home's age may influence a consumer's or investor's decision to purchase or renovate the property. A submarket with a high proportion of older housing units might encounter extra challenges meeting the needs of its population or attracting reinvestment. The infographic on the right shows that more than one-third of the Cambridge Springs Submarket housing stock was built prior to 1940. Although older homes are often of quality construction and contain fine architectural details, they're usually maintenance intensive and inaccessible for seniors and those with disabilities. This finding is mildly concerning given that the Cambridge Springs Submarket is projected to see growth in its population over the age of 65. In addition to the challenges older units present for seniors, many historic homes contain four-or-more bedrooms in response to past demographic and wealth trends which may make them inadequate for many two-person family households- a growth consumer housing segment in the Cambridge Springs Submarket.

HOUSING BUILDING TYPES –

The graphic on the right divides housing structures into five categories of common forms: single-family homes, duplexes, three-to-nine unit structures and complexes, ten-or-more unit structures and complexes (apartment complexes) and mobile homes. In terms of building types, the Cambridge Springs Submarket is similar to the submarket average in the proportions of its building stock comprised of single-family homes and mobile homes. However, the Submarket contains a larger share of its building stock in duplexes and has a lesser share of 3-9 unit structures and 10-or-more unit complexes.

CAMBRIDGE SPRINGS SUBMARKET HOUSING UNITS BUILT PRE-1940

35.7%



Homes Built Pre-1940

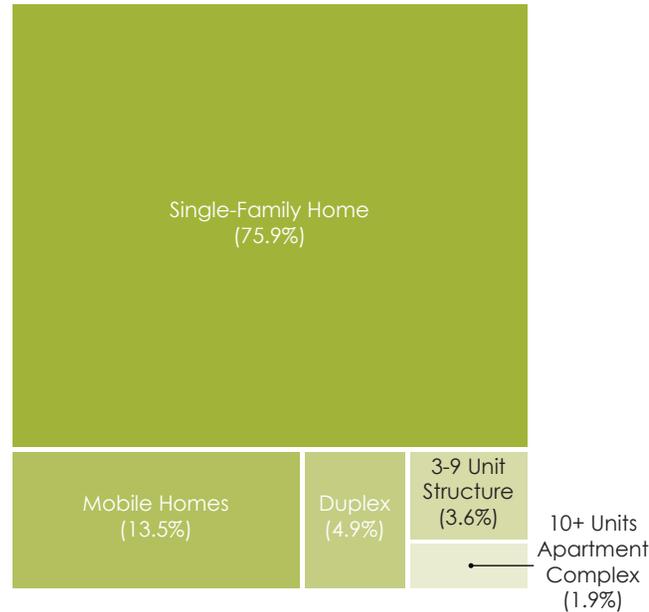
64.3%



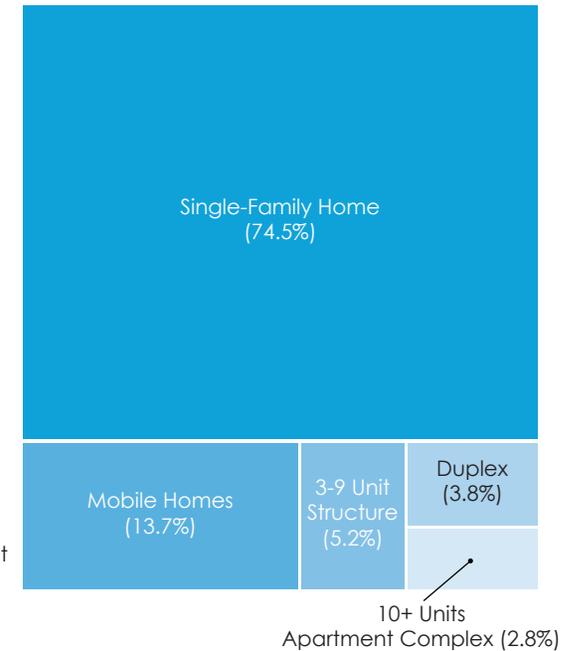
Homes Built Post 1940

Source: U.S. Census, Retrieved 2018

CAMBRIDGE SPRINGS SUBMARKET



SUBMARKET AVERAGE

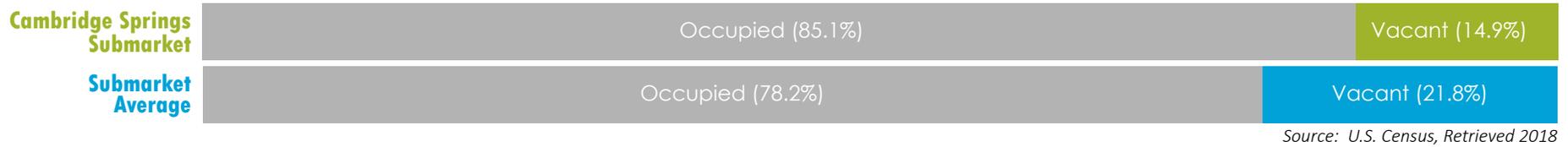


Source: U.S. Census, Retrieved 2018

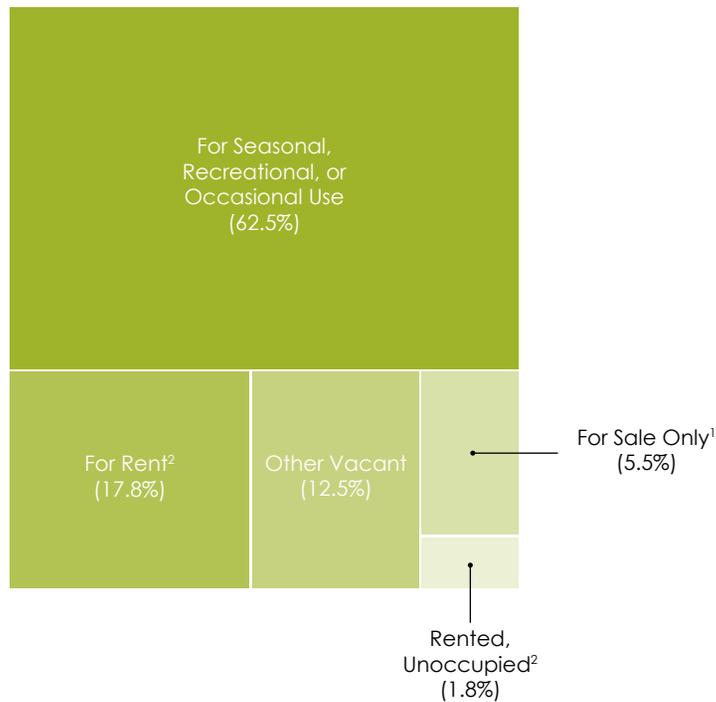
HOUSING STOCK GROWTH ANALYSIS:

OVERALL VACANCY & VACANCY BY TYPE –

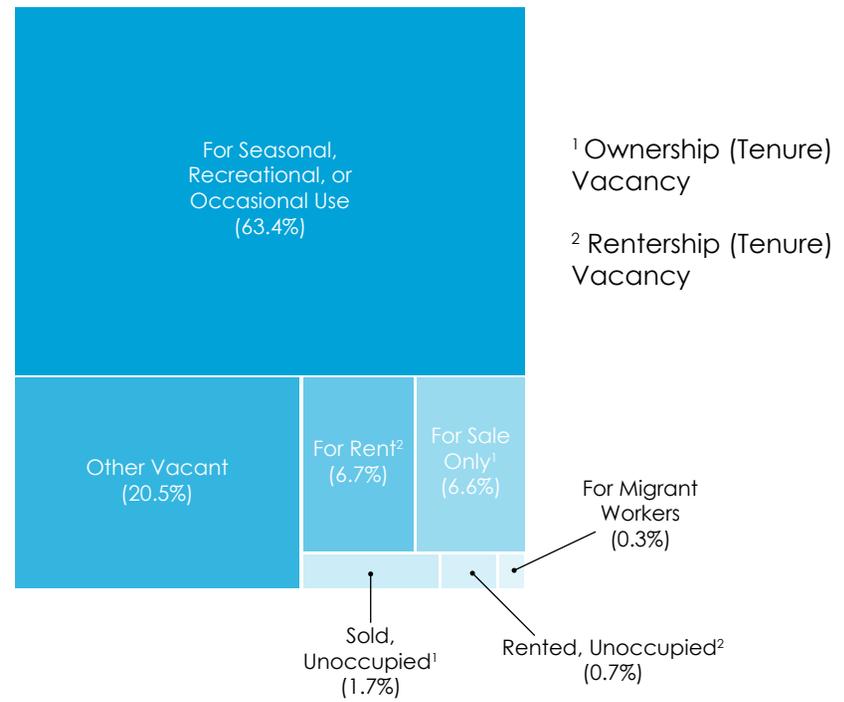
The overall rate and type of vacancy is an important indicator of the stability of a submarket’s housing market. The bar graphs below display the Cambridge Springs Submarket’s recorded vacancy rate in 2016 with a comparison to the submarket average. Although still substantial at 15%, the Cambridge Springs Submarket reported a lower vacancy rate than the submarket average. The composition of vacancy reduced from seasonal, recreational, or occasional use purposes was nearly identical to the submarket average while vacancy stemming from “other” reasons was well below its corresponding submarket average. Consistent with earlier observations of rent prices lagging behind county-wide observations while home values within the Submarket exceed those reported across Crawford County, housing units currently for rent account for almost one-fifth of all vacancy within the Cambridge Springs Submarket. This observation indicates the existence of a potential problem within the Submarket’s rental marketplace such as an over-supply of units or the presence of poor quality units.



CAMBRIDGE SPRINGS SUBMARKET



SUBMARKET AVERAGE



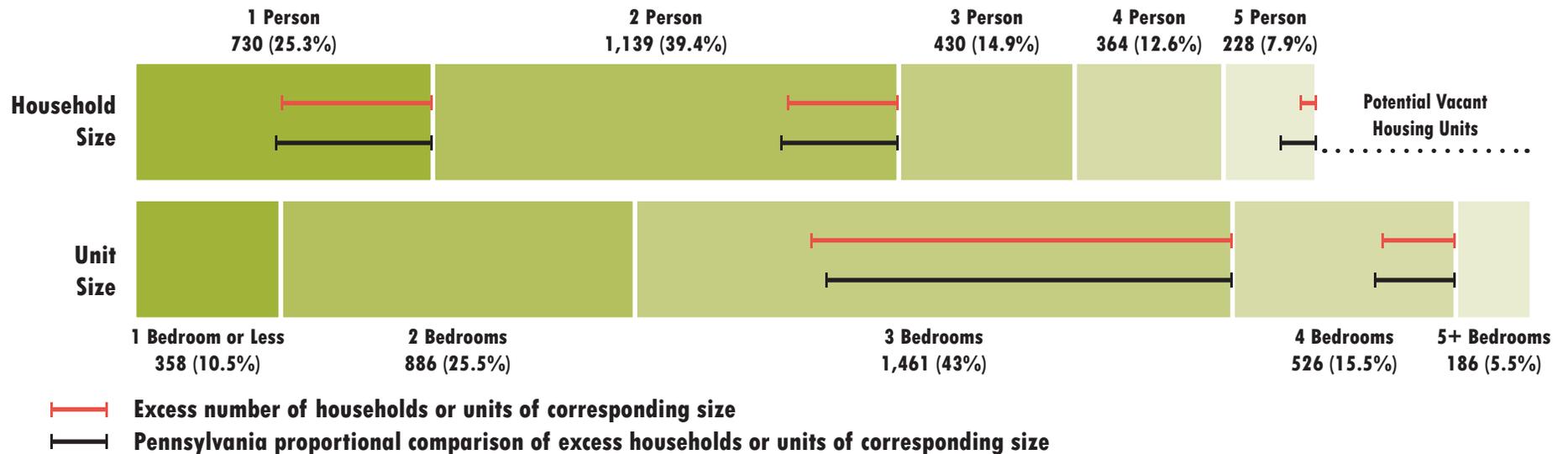
¹ Ownership (Tenure) Vacancy
² Rentership (Tenure) Vacancy

Source: U.S. Census, Retrieved 2018

HOUSING STOCK GROWTH ANALYSIS:

HOUSEHOLD SIZE V. UNIT SIZE —

Exploring the relationship between household and unit sizes can reveal whether there are potential mismatches between a community's available housing stock and the needs of its population. The bar graphs below represent the compositions of households and housing units by size within the Cambridge Springs Submarket. The red lines within the bars show either the excess of households or housing units of corresponding size within the Submarket while the black lines show the same corresponding mismatch for the whole Commonwealth scaled down to the size of the Submarket figures for comparison purposes. From comparing these graphs, it is clear that the Cambridge Springs Submarket does not exhibit household to housing unit size mismatches that are greatly out of alignment with Pennsylvania on the whole except in that it contains a larger portion of housing units with three bedrooms. Such a finding suggests that the Submarket's housing stock is comprised of units which are a little larger on average than the needs of its households.

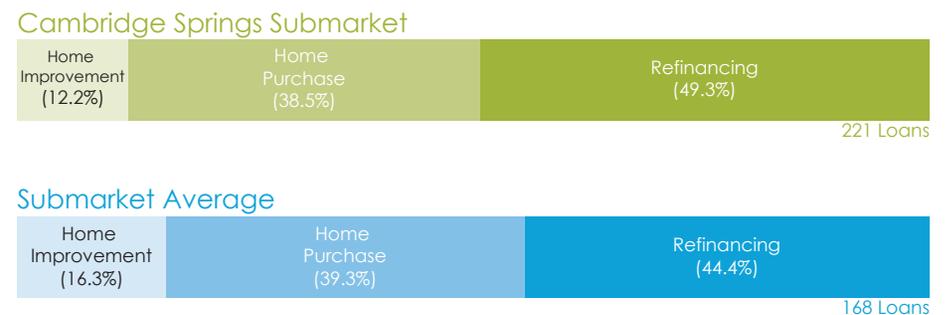


Source: U.S. Census, Retrieved 2018

THE PURPOSE OF LOAN ORIGINATIONS —

The purpose of loan originations is a key indicator of real estate investment. A marketplace experiencing a great deal of loans for new purchases may indicate its desirability for attracting new residents, whereas one with a significant amount of refinancing loans might be experiencing economic difficulties. Along different lines, a submarket exhibiting a great deal of renovation activity might be experiencing the beginnings of an economic resurgence. The bar graphs on the right demonstrate the purpose of loan origination activities within the Cambridge Springs Submarket. From these graphs, it appears that loan activity within the Cambridge Springs Submarket has been less investment oriented, at least in 2016, than activity reported across the submarket average. This observation potentially indicates struggles within the Submarket's housing marketplace particularly for home improvements.

CAMBRIDGE SPRINGS SUBMARKET LOANS BY PURPOSE (2016)



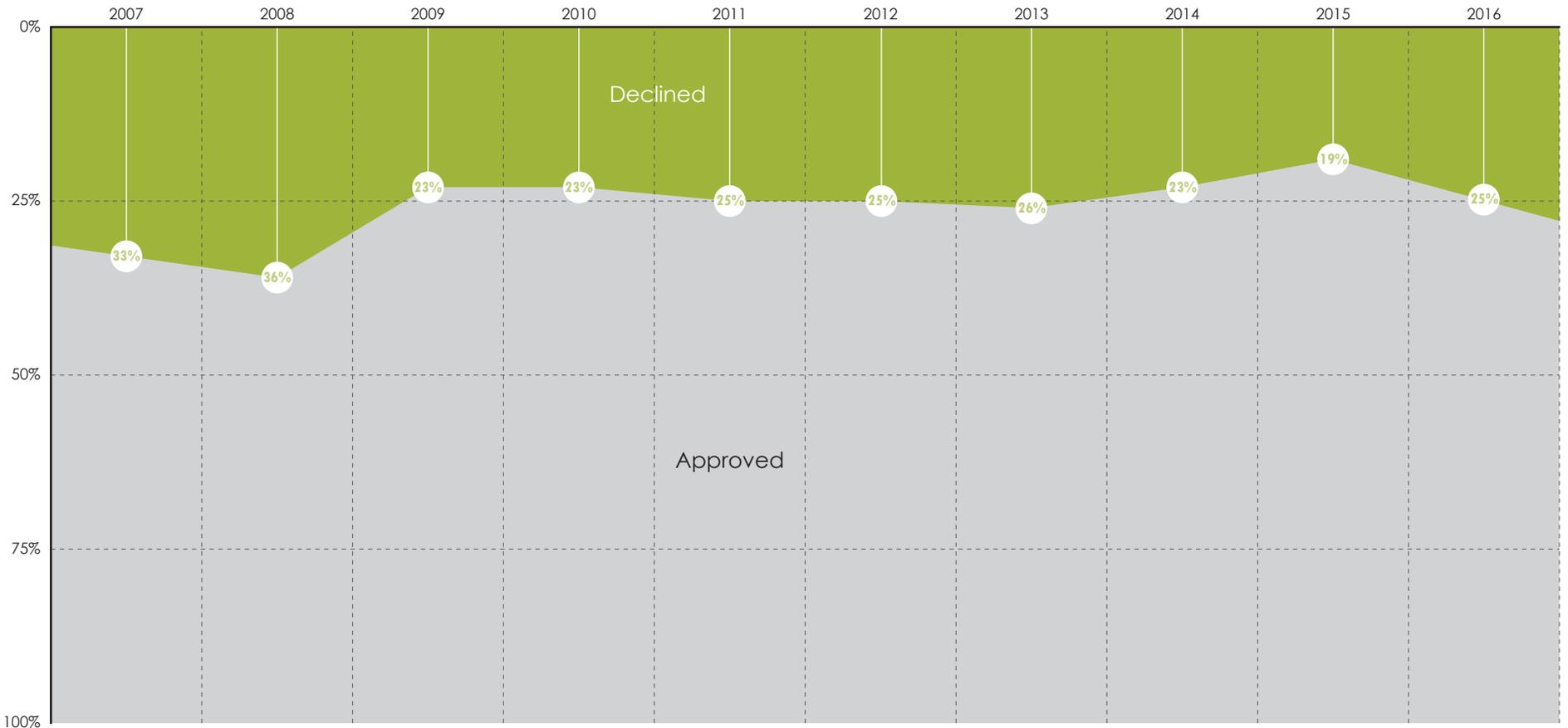
Source: Consumer Financial Protection Bureau, Retrieved 2018

HOUSING STOCK GROWTH ANALYSIS:

RATE OF DECLINED LOANS —

The rate of declined loans is an indicator of the ability of potential home buyers to purchase homes. Within the Cambridge Springs Submarket, the rate of declined loans has hovered in the mid-twenties in recent years (see below) and does not appear to be showing significant improvement.

CAMBRIDGE SPRINGS SUBMARKET DECLINED HOUSING LOANS (2007-2016)



Source: Consumer Financial Protection Bureau, Retrieved 2018

In summary, the Cambridge Springs Submarket's housing stock is not expanding and more than one-third of its existing inventory was constructed prior to 1940. Comparisons between housing unit and household sizes show that the Submarket contains more larger homes than its population needs, but that such mismatch is not critical. Demographic projections showing an increase in seniors and household formation trends projecting an increase in two-person family households suggest that the average age and size of the Submarket housing stock may become a significant accessibility and affordability challenge for residents in the future. The Cambridge Springs Submarket's vacancy rate is still high despite being lower than the submarket average and housing units listed for rent comprise an oversized role of the Submarket's vacancy. This observation paired with flat growth in rent prices suggest that the Submarket's rental marketplace may be struggling. Loan activity within the Cambridge Springs Submarket has been less investment oriented than the submarket average, with a smaller proportion of originations for home improvement activities, and the approval rate for all originations has hovered around 75%.

OVERALL STATUS OF THE CAMBRIDGE SPRINGS SUBMARKET'S HOUSING SUBMARKET:

AN ECONOMIC OVERVIEW –

The Cambridge Springs Submarket contains fewer jobs than the submarket average and does not represent a job center when compared to other submarkets within Crawford County. The Submarket currently supports a job-to-housing ratio of 0.57, which indicates that its residents rely heavily on job opportunities found within neighboring regions and that its housing marketplace is relatively less stable than that of job centers within proximity. Live-work observations of residents within the Cambridge Springs Submarket show that more than 86% of residents living within the Submarket work outside it, with a substantial 59% of residents commuting to jobs outside Crawford County. Our live-work map shows that many of those commuting to jobs outside the Submarket and Crawford County travel north towards the City of Erie and surrounding areas in order to reach work. Currently, economic conditions within the Cambridge Springs Submarket are unlikely to change drastically into the near future as the Submarket's annualized job growth rate is flat. Despite having a flat job growth rate, the Submarket is projected to see an increase in household income into 2022. Residents within the Cambridge Springs Submarket have an overall higher level of educational attainment than the submarket average which along with projections showing household income growth provide indications of housing market stability. In terms of real estate related loan originations, financial activity within the Cambridge Springs Submarket was less investment-oriented in 2016, with a lower share of originations for home improvement activities than the submarket average, and overall loan applications have around a 75% approval rate.

POPULATION TRENDS –

The Cambridge Springs Submarket is a local population center. Although the Cambridge Springs Submarket has experienced a slight increase in population since 2000, such an increase is so small that it represents a flat growth rate. Additionally, further research suggests that the increase in the Submarket's population since 2000 can be accounted for by the increase in the number of prisoners housed in the Cambridge Springs State Correctional Institution. In 2000, about 655 prisoners were housed in the Cambridge Springs State Correctional Institution with this figure nearly doubling to 1,233 by 2018. As a result, the increase in the number of prisoners living within the Submarket since 2000 more than accounts for its population gain of around 340 residents over the same period. In terms of household formation, the Submarket has experienced a significant increase in two-person family households while those comprised of three-or-more people have declined. For non-family households, single person households have remained stable while those consisting of two people have declined slightly. When considering demographic projections, the Cambridge Springs Submarket is expected to see an increase in its senior age population while experiencing a decline across all youth and working age population brackets. The combination of household formation trends and demographic projections suggest that most of the increase in two-person family households will come from senior couples living together after their children have moved out.

THE HOUSING MARKET GENERALLY –

The Cambridge Springs Submarket is not adding new housing units at a significant rate. Such finding is consistent with observations of rent prices, which have been flat and remain below the corresponding county-wide figure, but not in alignment with home value trends, which have seen a strong increase in price and lie well above the corresponding county-wide figure. At present, the Submarket's existing stock of older homes may place accessibility and affordability challenges on seniors and households comprised of only two members. Consistent with common expectations of communities with older housing stocks, the Submarket's housing units trend larger in terms of generally having more bedrooms. Despite the possibility of emerging challenges, the rate of cost burdened rental households within the Submarket is similar to the submarket average with just over one-third of all renter households paying more than 30% of their gross income on housing-related costs. Vacancy trends within the Submarket are high, albeit lower than the submarket average. When exploring the composition of vacancy within the Cambridge Springs Submarket, it is clear that housing units currently listed for rent comprise a higher than expected portion of all vacancy when compared to the submarket average. This trend may continue to worsen when considering that the Submarket has experienced a slight decline in the number of non-family households and that demographic projections show a decline across both youth and working age population brackets. The Cambridge Springs Submarket's composition of the housing units by size generally matches up nicely with its composition of households by number of members with the exception that the Submarket appears to have a surplus of homes containing five-or-more bedrooms.

THE CAMBRIDGE SPRINGS SUBMARKET'S HOUSING ECOSYSTEM:

HOUSING MARKET ECOSYSTEM —

The graphic on the next spread demonstrates the housing market ecosystem for the Cambridge Springs Submarket. Consumer housing segments are represented by the arch-like blocks with the ability of households to transition between segments displayed as arrows. All segments are impacted by the economic conditions, population trends, and overall housing market dynamics discussed on the previous page. However, to better understand the Cambridge Springs Submarket, the conditions and trends explored within this chapter are examined at the level of each housing segment that constitutes a portion of the overall housing ecosystem.

NEW HOUSEHOLD MARKET — Demographic projections within the Cambridge Springs Submarket forecast a decline in the population of individuals ages 15-to-24 and 25-to-34. This projection is a negative sign for the new household market since many households within this consumer segment fall within those age brackets. Despite the projected population decline within these age brackets, observations between 2010 and 2015 show that the number of non-family households within the Cambridge Springs Submarket will remain stable. In terms of consumer demand, population projections and household formation trends do not suggest particularly hard times for the Submarket's new household market, but these observations are not optimistic. Fortunately, comparisons within the Submarket between the composition of households and housing units by size suggest that its housing stock contains an adequate supply of smaller homes.

Median rent prices within the Cambridge Springs Submarket are slightly below the county-wide figure. This finding suggests that the Submarket's rental marketplace isn't as elevated as other locations within Crawford County. In terms of affordability, the cost-burdened rate for renter households within the Submarket is similar to the submarket average across the county — a relatively high rate. Even with median rents slightly below those observed across the county and observations of flat rent price growth, the rate of cost-burdened renter households within the Submarket is relatively high.

A final indicator of instability within the Cambridge Springs Submarket's new household market is that housing units either listed for rent or as rented but unoccupied comprise a much larger portion of overall vacancy than observed within the submarket average. This observation suggests that many landlords might be struggling to rent their properties.

The above trends and projections suggest that the new household consumer segment within the Cambridge Springs Submarket is inadequate. Additionally, projections showing a strong increase in household income do not appear to have eased renter cost-burdened rates within the Submarket, leaving the ability to transition from the new household market into the starter home market as inadequate.

STARTER HOME & DOWNSIZING MARKETS — Household formation trends which show gains in the number of two-person family households within the Cambridge Springs Submarket suggest an increase in the demand for either starter or downsizing homes. When this trend is paired with demographic projections, it appears that most of the new formation of two-person family households within the Submarket will occur due to an increase of empty nesters. This conclusion arises from projections which show a stable population among individuals ages 25-to-34 and 35-to-44, who often participate in the starter home market, but which also show an increase in the population of those over the age of 65, who often downsize their living accommodations. From these trends and projections, it can be concluded downsizing homes within the Cambridge Springs Submarket are in demand while the demand for starter homes is less clear.

Homes values have been increasing at a strong rate within the Cambridge Springs Submarket and the Submarket's median value is higher than that observed across Crawford County. Despite strong home value growth, real-estate related loan originations within the Submarket have been less oriented towards home purchases than the submarket average. When comparing the composition of household and housing units by size, it appears that the Cambridge Springs Submarket has an adequate supply of both two- and three-bedroom housing units. Two- and three-bedroom housing units typically represent the size of housing unit commonly considered by those participating in either the starter home or downsizing market segments. However, despite the apparent abundance of starter and downsizing homes, many housing units within the Submarket are of old construction which may present either maintenance issues or renovation challenges for existing residents and new buyers.

Based on the above findings, the starter homes consumer segment within the Cambridge Springs Submarket is inadequate primarily as the result of apparently

THE CAMBRIDGE SPRINGS SUBMARKET'S HOUSING ECOSYSTEM:

stagnant demand. The ability to transition out of the starter home segment and into the move-up housing segment is adequate, despite the stagnant demand for starter homes, due to observations showing potentially weak demand for move-up housing. If the relatively low demand for move-up housing is reflected in the price of such homes, then the ability to transition into this segment should be in good order. For downsizing homes, demand appears stronger and therefore this consumer segment is adequate. The ability to transition into the senior household market is adequate given the strong and seemingly stable demand for downsizing homes, which should be able to retain their value as a result.

MOVE-UP MARKET — The move-up housing consumer segment within the Cambridge Springs Submarket may be negatively impacted by trends showing a decline in the number of three- and four-person family households. These trends are supported by demographic projections showing an overall decline in the population between the ages of 45 and 64. This decline suggests that the Submarket is losing a key demographic of consumers who commonly comprise the move-up housing market.

Despite a potential drop in demand for move-up housing, the Cambridge Springs Submarket's relatively high median home value along with strong submarket-wide appreciation in home values should translate to move-up homes within the Submarket to some degree. For buyers seeking move-up homes within the Cambridge Springs Submarket, the Submarket's abundant supply of single-family houses should provide a significant range of options. Additionally, after comparing the compositions of household and housing units by size, it is apparent that the Submarket has an abundant stock of three-, four-, and five-or-more-bedroom homes, that often constitute move-up housing.

Overall, the move-up housing segment is inadequate as the result of weak demand. Additionally, those currently holding move-up homes within the Cambridge Springs Submarket may have difficulty transitioning into the downsizing market as the result of the potentially weak demand for move-up housing. The final result of this observation is that the ability to transition out of the move-up housing segment is considered inadequate.

SENIOR HOUSING MARKET — Please see the chapter on county-wide trends for details regarding the senior housing marketplace.

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