

WESTERN REGION

CONNEAUT LAKE SUBMARKET

EAST FALLOWFIELD-GREENWOOD SUBMARKET

LINESVILLE SUBMARKET

SHENANGO SUBMARKET

SPRINGBORO-CONNEAUTVILLE SUBMARKET

THE CONNEAUT LAKE SUBMARKET

Comprising the communities surrounding Pennsylvania’s largest natural lake, the Conneaut Lake Submarket contains three municipalities including Summit and Sadsbury townships and the Borough of Conneaut Lake. The Conneaut Lake Submarket is adjacent to the Vernon, Saegertown, Springboro-Conneautville, Linesville, Shenango, and East Fallowfield-Greenwood Submarkets within Crawford County.

A HOUSING ECOSYSTEM ANALYSIS OF THE CONNEAUT LAKE 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.

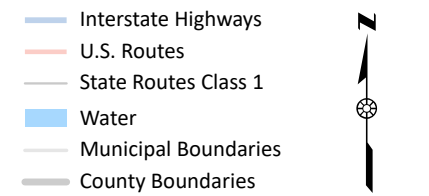
Drivers are those forces that directly propel the need for housing units or development. Drivers are designated by this icon (⚡). Our analysis identifies three major drivers: job growth, population growth, and housing stock growth. The pushing and pulling of these driving forces with each other creates 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.”

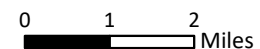
Indicators are metrics useful for providing further insight but are not assumed to produce wider impacts on their own. Indicators have this icon (🍷). These indicators generally gauge how well parts of the market are responding to each other or how people are being accommodated by the housing market. 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 Conneaut Lake 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.

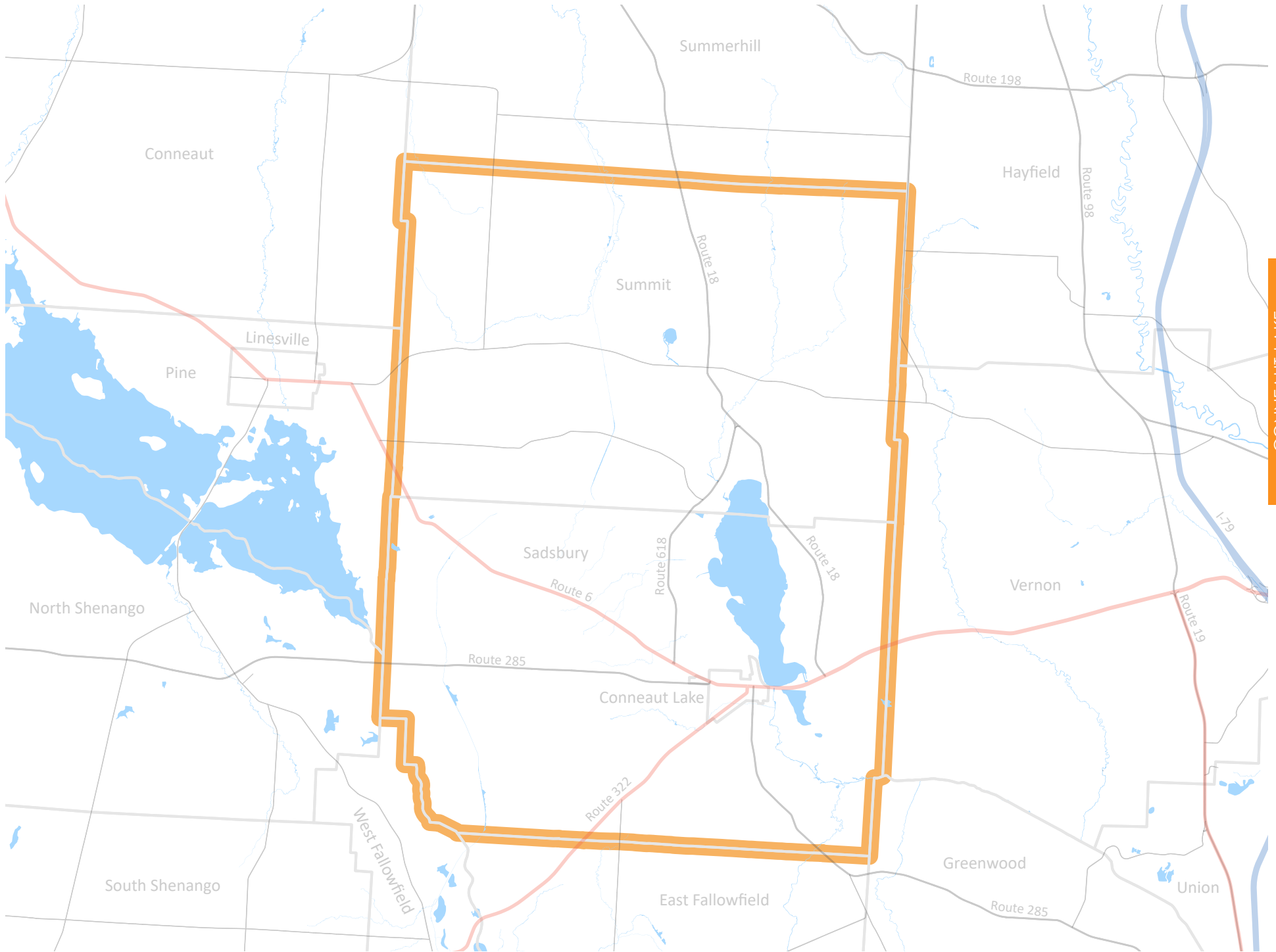
A second premise built into our analysis is that positive growth in terms of jobs, housing units, population, incomes and other characteristics is necessary to sustain a housing market. Not all communities within submarkets may desire to take on significant development. The assumptions inherent within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



Reference Scale - 1:125,000



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



CONNEAUT LAKE
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 Conneaut Lake Submarket.

LIVE-WORK TRENDS OF RESIDENTS LIVING WITHIN THE CONNEAUT LAKE SUBMARKET —

The map on the next page uses dots to represent where residents living within the Conneaut Lake 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 Conneaut Lake Submarket produces a job-to-housing ratio of 0.44, which lies below the beneficial range.

The radar graph on the bottom left displays the distance and direction of where Conneaut Lake Submarket residents work. The dark orange wedges of the graph demonstrate those commuting less than ten miles. However, a larger share of residents travel beyond ten miles to reach work. Consistent with the Submarket's job-to-housing ratio, live-work observations demonstrate that most residents treat the Submarket as a bedroom community and commute to work elsewhere. The radar graph also shows a clear eastward commuter pattern which highlights the importance of the Meadville area in the lives of Submarket residents. A break down of such commuter trends is presented on the bottom right and the map on the next page shows that many Conneaut Lake Submarket residents rely heavily on locations off U.S. Highway 322 and State Routes 6 and 19 for employment.

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

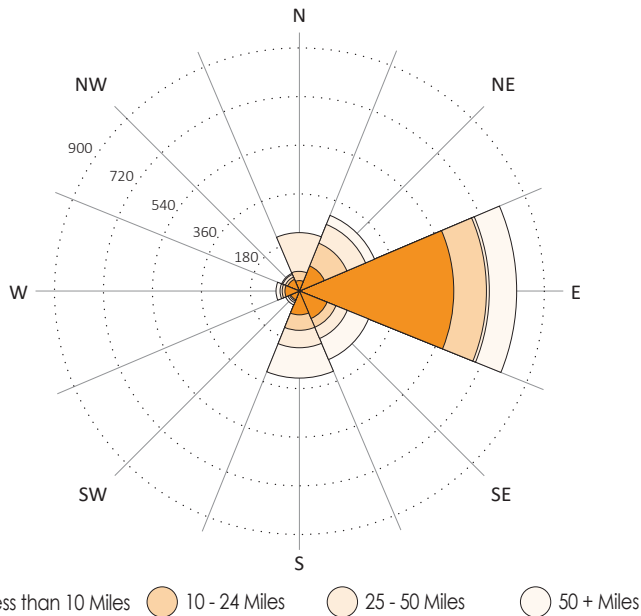


Reference Scale - 1:750,000

0 10 20 Miles

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

WHERE CONNEAUT LAKE SUBMARKET RESIDENTS WORK



12.7%

of Conneaut Lake Submarket residents work at a location **inside the submarket.**

61%

of Conneaut Lake Submarket residents work inside **Crawford County.**

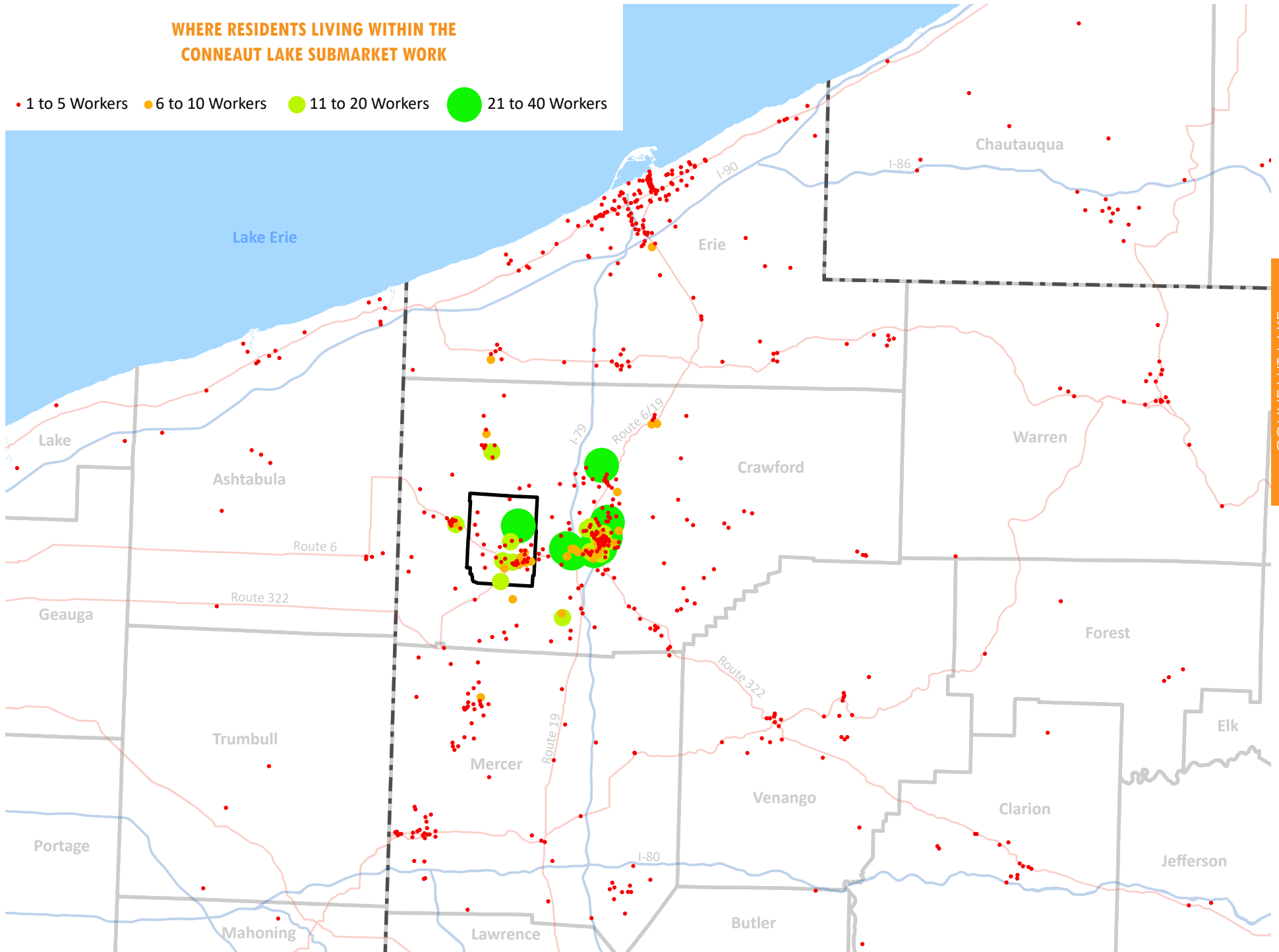
39%

of Conneaut Lake Submarket residents work outside **Crawford County.**

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

WHERE RESIDENTS LIVING WITHIN THE CONNEAUT LAKE SUBMARKET WORK

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



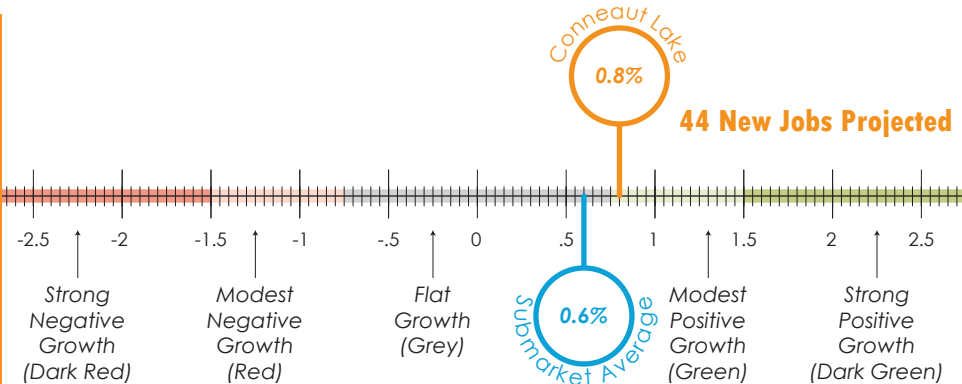
CONNEAUT LAKE
SUBMARKET

JOB GROWTH ANALYSIS:

☀️ JOB GROWTH —

From the graph below, the Conneaut Lake Submarket's 0.8% projected annual job growth rate is just above the submarket average of 0.6% and lies within the "modest positive growth" range. Submarket workers may benefit from the advantages of additional employment options which can also translate into housing market stability with time.

ANNUALIZED PROJECTED JOB GROWTH RATE (2017-2022)



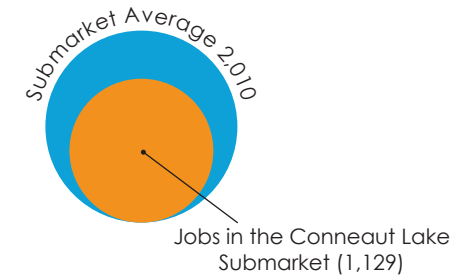
Source: Esri; PA CWIA; 4ward Planning, Inc., Retrieved 2018

🏠 HOUSEHOLD INCOME CHANGE —

In addition to modest job growth projections, from the graph on the bottom left, household income within the Conneaut Lake 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.

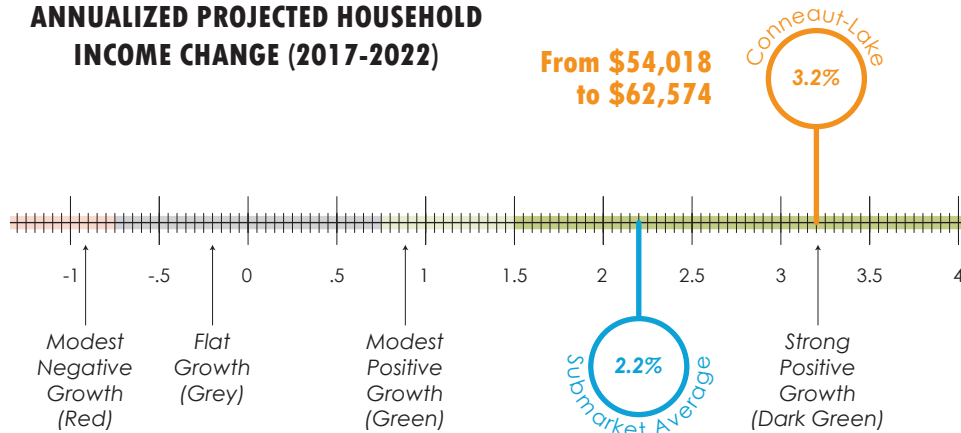
📈 TOTAL JOBS —

To explore the magnitude of the Conneaut Lake 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 Conneaut Lake Submarket contains fewer jobs than even the submarket average. This finding aligns with our earlier conclusion that the Submarket is more of a bedroom community than a job center. Although jobs within the Submarket provide important opportunities for local residents, the Conneaut Lake 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)

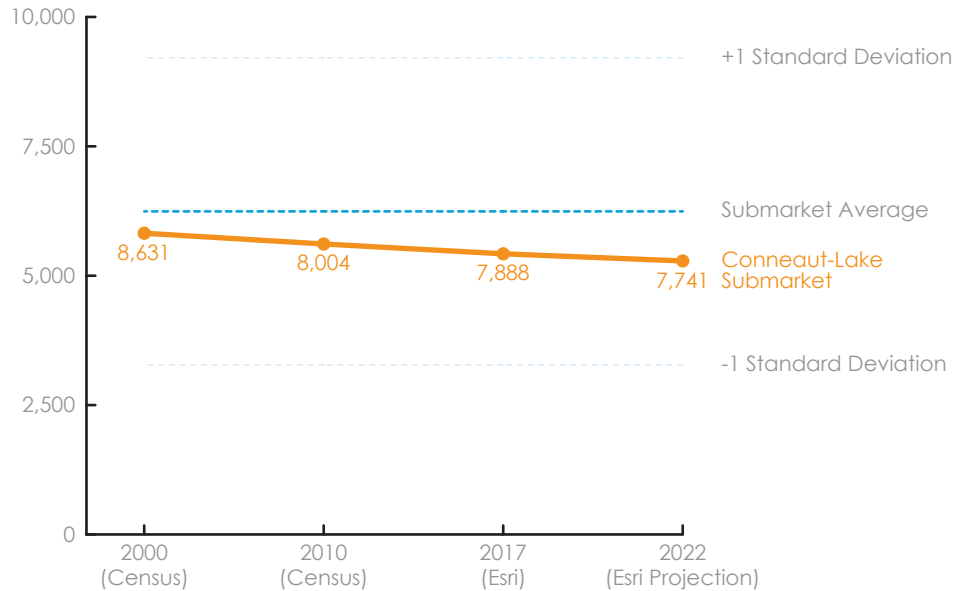


Source: 2010 ACS 5-Year Estimates; BLS., Esri, Retrieved 2018

In summary, the Conneaut Lake Submarket is projected to experience modest job growth with strong household income growth during the same period. 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:

CONNEAUT LAKE 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 Conneaut Lake 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 —

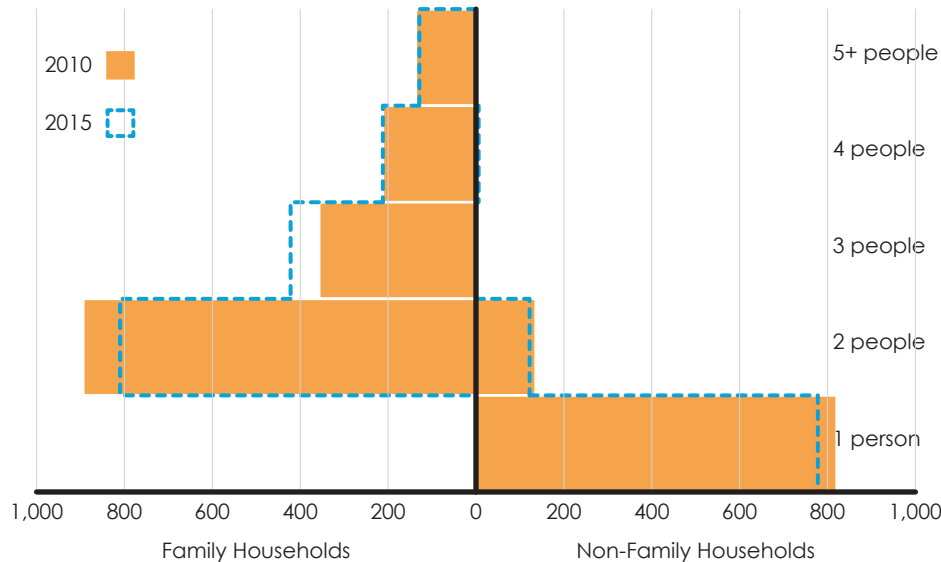
An increase in population will increase the local demand for housing. As demonstrated within the graph on the left, the population of the Conneaut Lake Submarket has declined since 2000.

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.

CONNEAUT LAKE 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 Conneaut Lake Submarket households by size between 2010 and 2015. Non-family households composed of one- or two-persons have declined in number. The number of three- and four-person family households has held steady while those composed of two people have declined and those with three people have increased. These household formation trends suggest a decline in the demand for rental units and starter homes while potentially indicating an increase in demand for move-up housing.

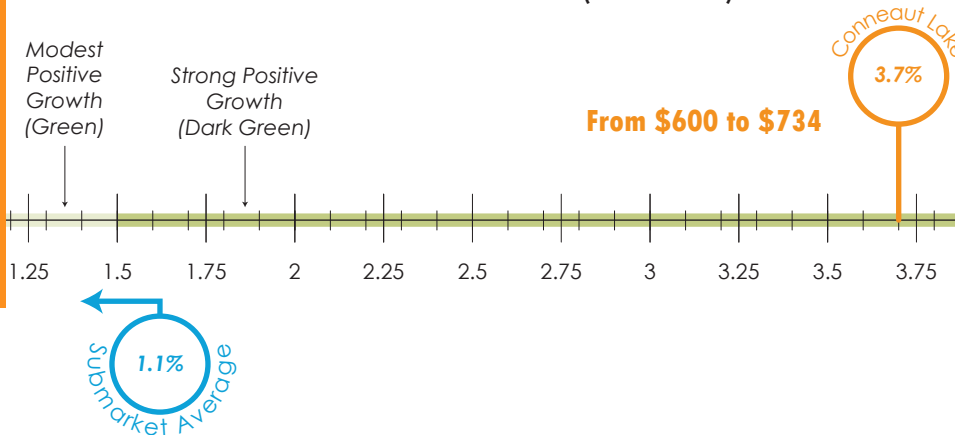
Source: U.S. Census

POPULATION GROWTH ANALYSIS:

RENT PRICE & HOME VALUE CHANGES —

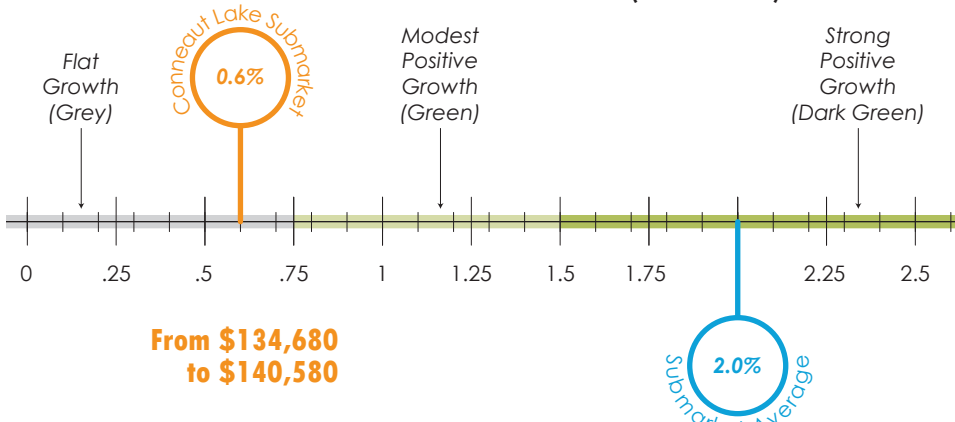
An increase in median rents or home values may delay individuals from forming new households and thus ease housing demand. Conversely, declines in these values may encourage household formation as the ability to move into your own unit becomes more attainable. The line graphs below demonstrate how the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

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 Conneaut Lake Submarket with comparisons to Crawford County and the submarket average. We see that the Cambridge Springs Submarket has a slightly lower 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



30.4% of Conneaut Lake Submarket Renters (160 Households)

41.3% of Crawford County Renters

34.3% Submarket Average

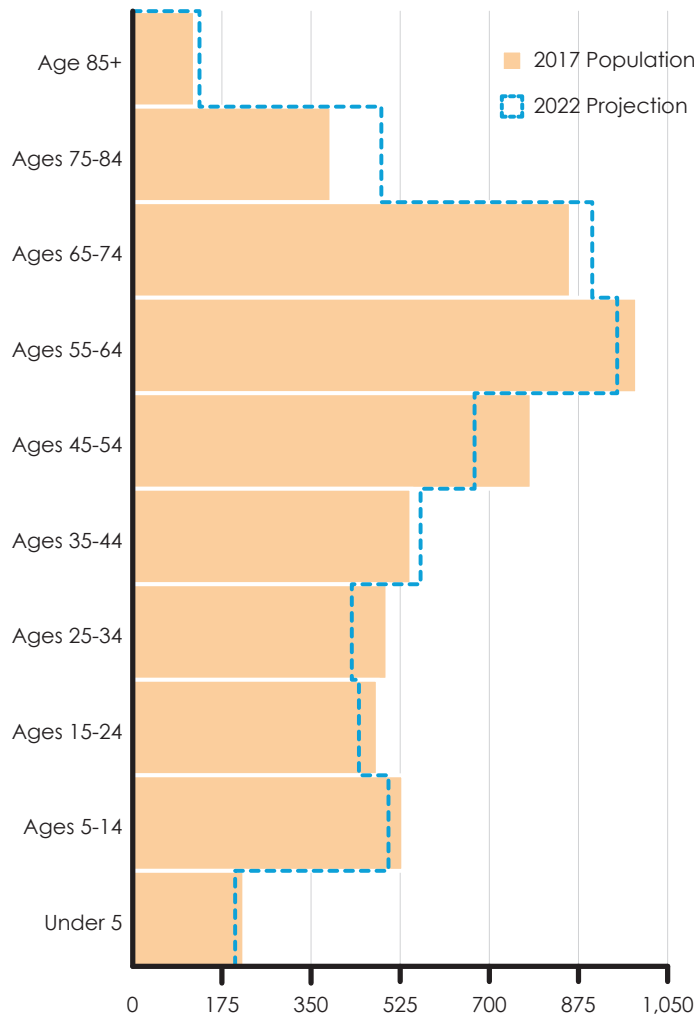
Source: U.S. Census 2011-2015 ACS

POPULATION GROWTH ANALYSIS:

TOTAL POPULATION —

The cycling of households between different homes creates some of the housing demand within a community. To understand this type of housing demand, we established whether the Conneaut Lake Submarket represents a population center by comparing its population to the average population living within a Crawford County submarket. If the Submarket contained more residents than the submarket average, then it was considered a local population center. From the graphic on the right, the Conneaut Lake Submarket is less populated than the submarket average. By this standard, the Conneaut Lake Submarket is a rural population area. Despite the Submarket's relatively low

CONNEAUT LAKE SUBMARKET POPULATION PYRAMID



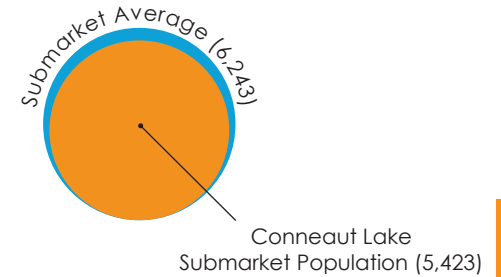
Source: Esri, Retrieved 2018

population, it should be recognized that the Conneaut Lake Submarket has attracted significant housing and commercial development based around its appeal as a regional vacation destination and tourist hotspot.

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 the population's 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 Conneaut Lake Submarket in 2017 with a projection to 2022. Age cohorts within the Submarket are projected to decline across all youth and working age brackets with the exception of those ages 35-to-44. This projection suggests a decline in the demand for rental units, starter homes, and move-up housing. However, the population of senior age individuals within the Submarket is projected to increase, a finding which may translate into demand for downsizing homes and senior living accommodations.



Source: Esri, Retrieved 2017

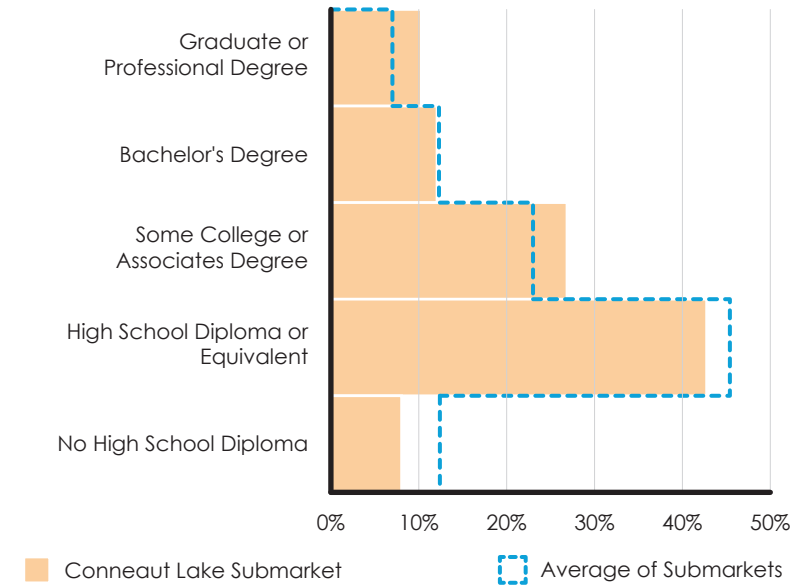
POPULATION GROWTH ANALYSIS:

The demographic projections addressed earlier suggest an increase in the demand for downsizing homes despite a decline in the number of two-person family households in the Submarket. Additionally, an increase in the number of three-person households might translate into demand for move-up homes even in the presence of demographic projections forecasting a decline in the population of individuals most likely to comprise this consumer segment. However, such trends are inconsistent with observations of changes in rent prices or home values.

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 Conneaut Lake Submarket with a comparison to the average educational attainment of all submarkets across the county. From this graph, it appears that the Conneaut Lake Submarket is more educated than the submarket average with a higher portion of individuals holding either associates or graduate/professional degrees along with a lower representation of those with only high school diplomas or no diploma. Despite having a higher overall educational attainment, the Submarket contains a similar portion of those holding bachelor's degrees as the submarket average. This could be a sign that the Conneaut Lake Submarket appeals more to older professionals rather than a more balanced labor force representing workers of all ages.

CONNEAUT LAKE SUBMARKET EDUCATIONAL ATTAINMENT (2017)



Source: Esri, Retrieved 2018

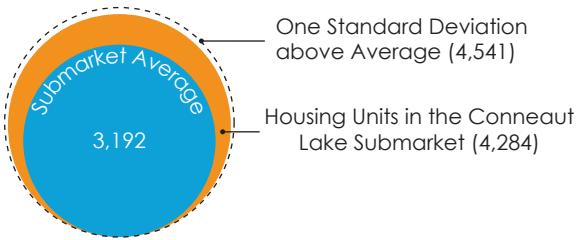
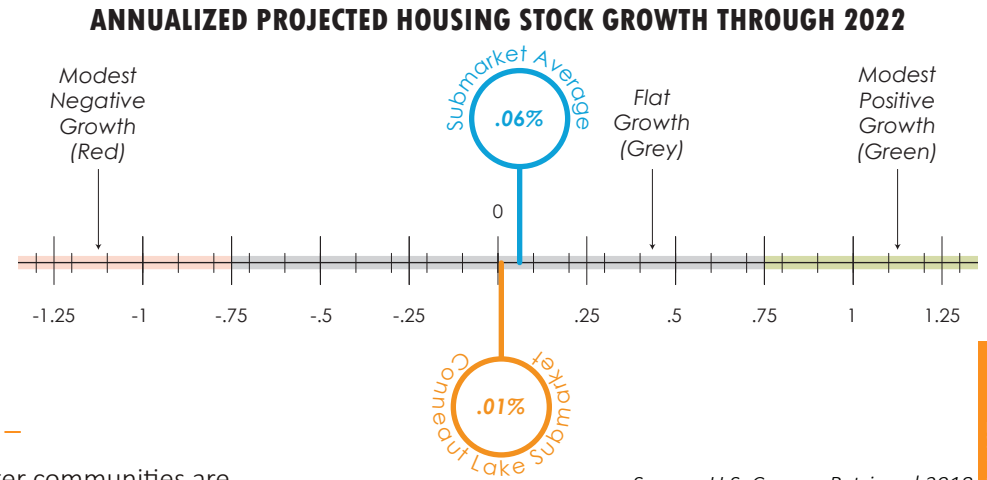
In summary, the Conneaut Lake Submarket is a rural population area despite its relatively high concentration of housing structures. Since 2000, its population has declined. Demographic projections forecast an overall decline in population across the youth and working age brackets within the Conneaut Lake Submarket. Household formation trends show a decline in the number of one- and two-person non-family households. Family households comprised of two people have declined, those with three people have increased, and four and five-or-more-person family households remained stable during the same time period. Household formation trends and demographic projections seem inconsistent with changes in rent prices, which have grown at a strong rate, and home values, which have seen flat growth. Despite the strong growth observed in rent prices, the Submarket's rate of cost-burdened renter households is somewhat below the submarket average. In terms of educational attainment, the Conneaut Lake Submarket is more educated on the whole than the submarket average.

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 Conneaut Lake Submarket. Although housing stock growth within the Submarket has been flat, its rate is similar to the submarket average.



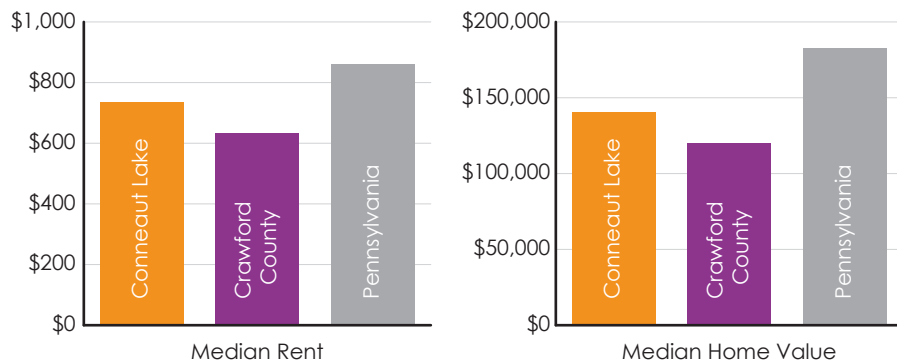
Source: Esri, Retrieved 2018

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 Conneaut Lake 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. The standard deviation was applied to measure the average difference from the average number of housing units within a submarket. From the graphic on the left, we see that the Conneaut Lake Submarket has more housing units than the submarket average but does not deviate significantly above the average. However, when considering that the Submarket's supply of housing units is significantly greater than the submarket average whereas its population is less than the submarket average, it is apparent that housing development within the Conneaut Lake Submarket is not purely based on responses to demand resulting from household formation. Though not necessarily speculative in nature, the demand for seasonal homes has driven much of the new housing investment within the Submarket.

Source: U.S. Census, Retrieved 2018

CONNEAUT LAKE SUBMARKET MEDIAN RENT (2016) & MEDIAN HOME VALUE (2017)



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

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 right, the Conneaut Lake Submarket has a median rent price well above that of Crawford County but lower than Pennsylvania on the whole. For home values, the Submarket significantly outperforms Crawford County but also falls shy of Pennsylvania. These figures suggest that the Conneaut Lake Submarket's renter and home marketplaces are more competitive than many other submarkets across the county.

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-fifth of the Conneaut Lake 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 Conneaut Lake Submarket is projected to see growth in its population over the age of 65.

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. The composition of housing building types within the Conneaut Lake Submarket is more composed of single-family homes than the submarket average. After this observation, all other building types within the Submarket are similar in order to the submarket average but smaller proportioned.

CONNEAUT LAKE SUBMARKET HOUSING UNITS BUILT PRE-1940

20.9%



Homes Built Pre-1940

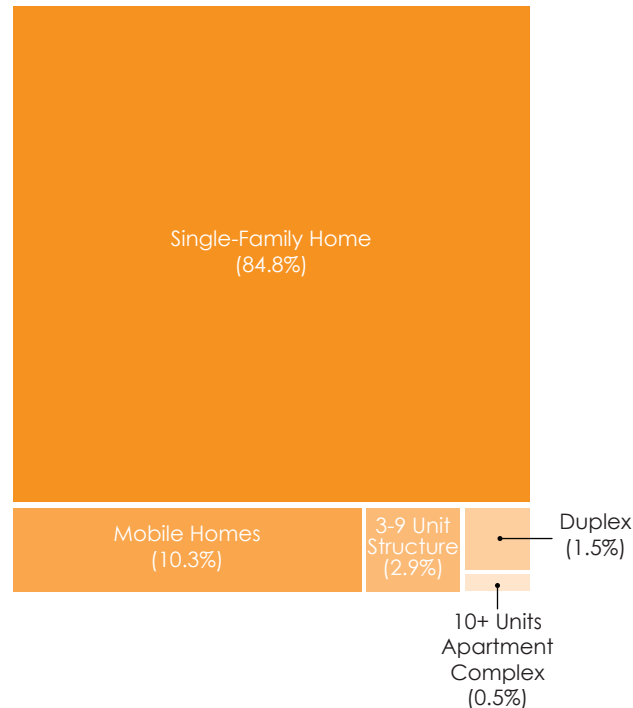
79.1%



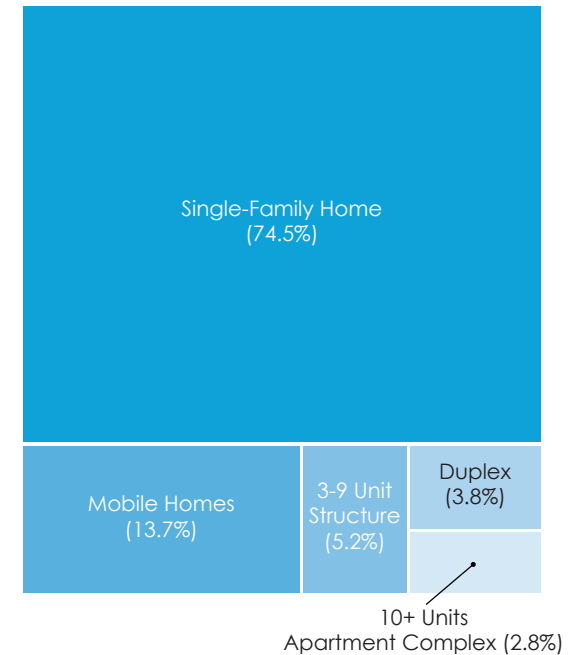
Homes Built Post 1940

Source: U.S. Census, Retrieved 2018

CONNEAUT LAKE SUBMARKET



SUBMARKET AVERAGE

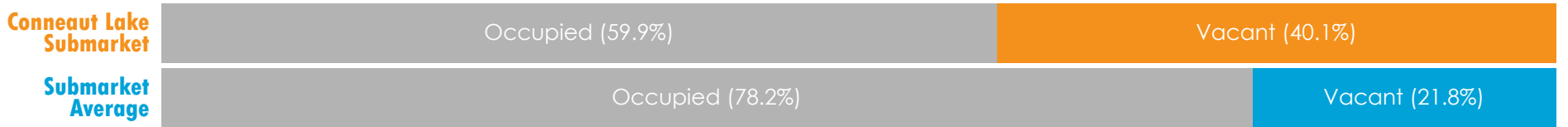


Source: U.S. Census, Retrieved 2018

HOUSING STOCK GROWTH ANALYSIS:

🍷 OVERALL VACANCY & VACANCY BY TYPE —

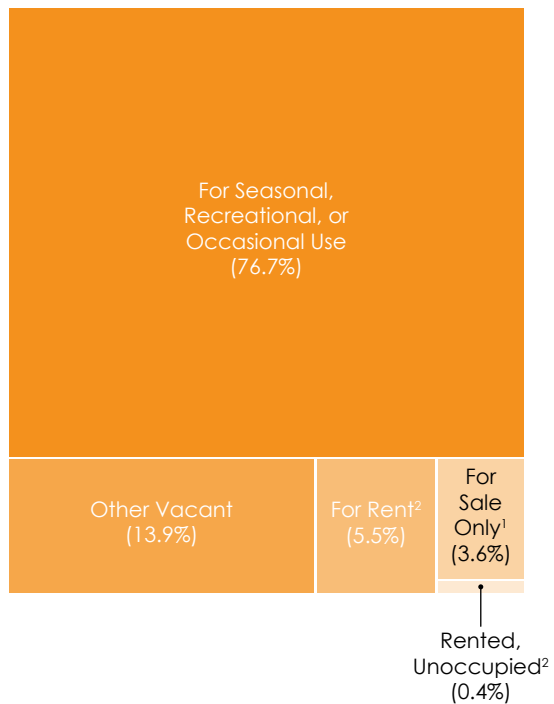
The overall rate and type of vacancy is an important indicator of the stability of a submarket’s housing market. The bar graphs below display the Conneaut Lake Submarket’s recorded vacancy rate in 2016 with a comparison to the submarket average. The Conneaut Lake Submarket’s vacancy rate is nearly double the submarket average. However, this startling finding is mitigated by observations of the composition or nature of vacancy within the Submarket. More than three-quarters of all vacancy within the Conneaut Lake Submarket can be attributed to housing units used for seasonal, recreational, or occasional use purposes. Similar to how the Submarket’s composition of housing building types compares to its corresponding submarket average, all other vacancy types within the Conneaut Lake Submarket are similar to the submarket average but smaller in proportion. Vacancy attributable to seasonal, recreational, or occasional reasons is the least concerning type of vacancy, but too much of this vacancy can lead to other non-housing related community concerns.



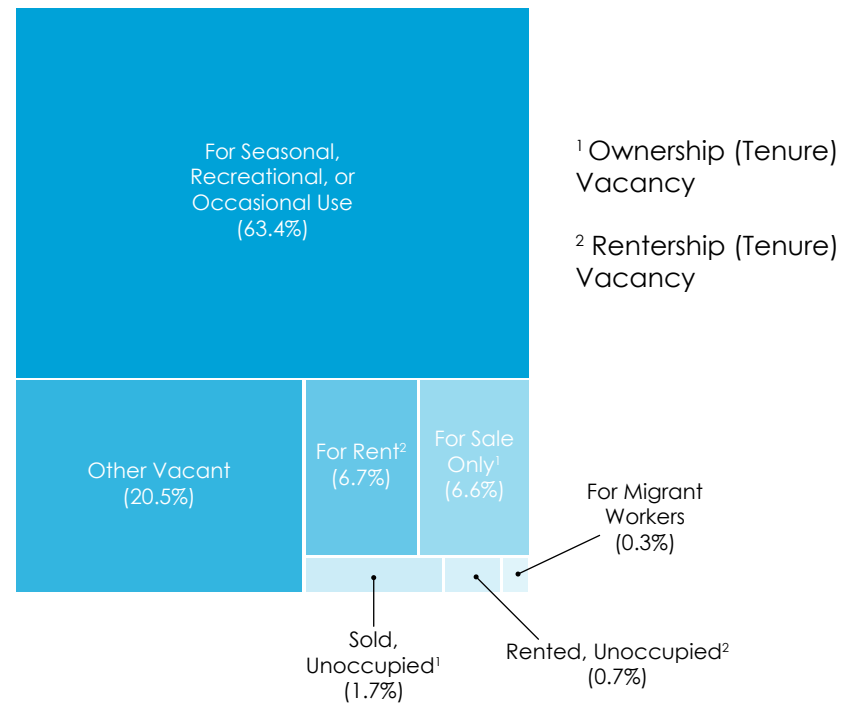
Source: U.S. Census, Retrieved 2018

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SUBMARKET AVERAGE

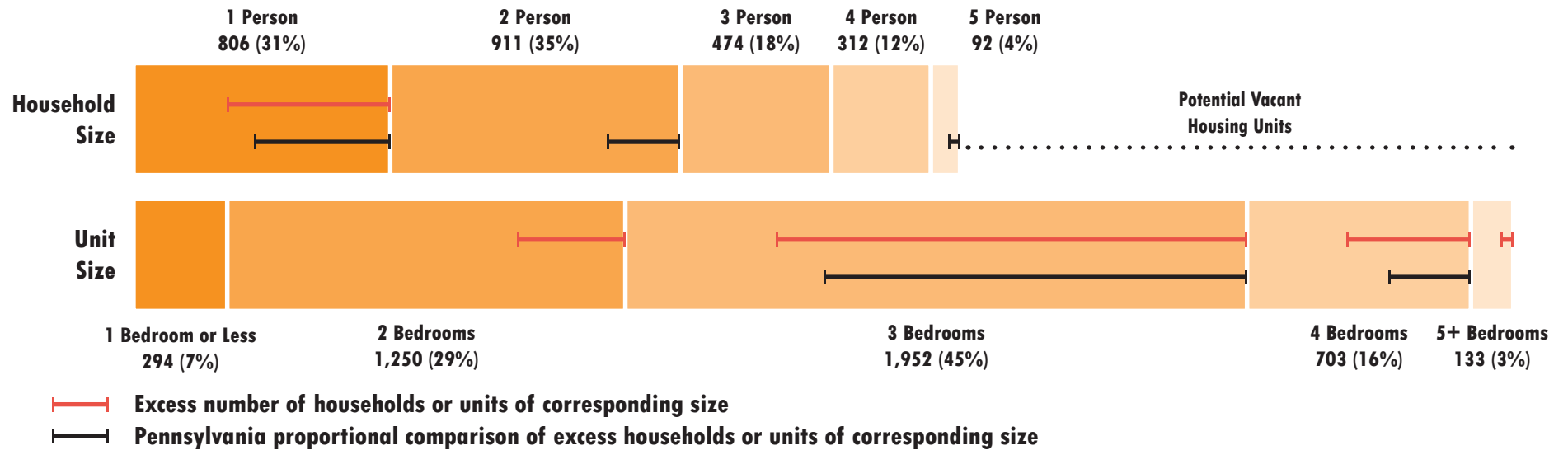


Source: U.S. Census, Retrieved 2018

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 Conneaut Lake 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's figures for comparison purposes. The Conneaut Lake Submarket exhibits a shortage of one-bedroom housing units. However, relative surpluses are present for two-, three-, four-, and five-or-more-bedroom homes. The mismatch is particularly notable for two- and five-or-more-bedroom housing units as the corresponding proportional statewide mismatch or surplus for units of those sizes is actually on the side of households. For the Conneaut Lake Submarket to have a surplus of housing units of those sizes is a substantial departure from statewide trends. Such observations are likely attributable to the Submarket's abundant supply of seasonal, recreational, and occasional use homes.

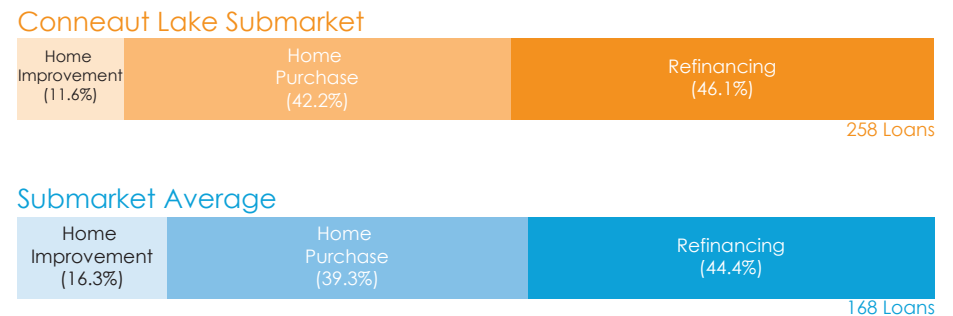


Source: U.S. Census, Retrieved 2018

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 Conneaut Lake Submarket. From these graphs, it appears that loan activity within the Submarket has been less investment oriented, at least in 2016, than the submarket average despite its greater proportion of loan originations intended for home purchases.

CONNEAUT LAKE SUBMARKET LOANS BY PURPOSE (2016)



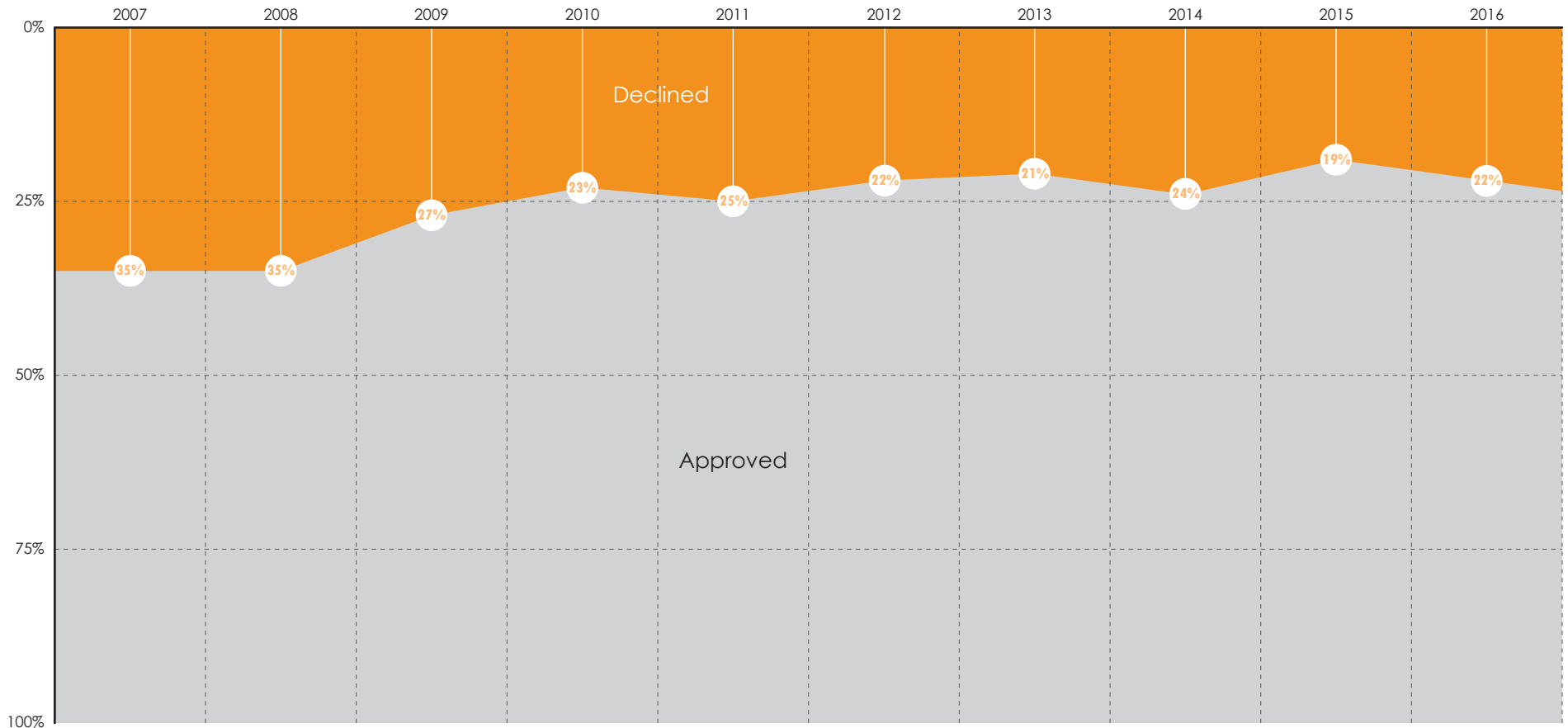
Source: Consumer Financial Protection Bureau, Retrieved 2018

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 Conneaut Lake Submarket, the rate of declined loans has hovered in the low-twenties in recent years (see below) and does not appear to be showing significant improvement.

CONNEAUT LAKE SUBMARKET DECLINED HOUSING LOANS (2007-2016)



Source: Consumer Financial Protection Bureau, Retrieved 2018

In summary, the Conneaut Lake Submarket contains a higher number of housing units than the submarket average despite being a submarket of less than average population. Its housing stock has seen flat growth over recent years although pending developments could increase this rate. Despite limited construction activity, median rent prices and home values are well above those observed county-wide. Just over one-fifth of the homes within the Conneaut Lake Submarket were built prior to 1940 and a much higher proportion of the Submarket's housing stock is comprised of single-family structures than the submarket average. Even though the Submarket's overall housing vacancy rate is nearly double the submarket average, more than three-quarters of its vacancy is composed of units vacant for seasonal, recreational, or occasional use purposes. Outside of vacancy related to seasonal and occasional uses, other types of vacancy comprise a much smaller proportion of overall vacancy within the Submarket than seen within the submarket average. Comparisons between the composition of households and housing units by size suggests that the Submarket lacks one-bedroom housing units while having a surplus of all units containing two-bedrooms or more. Real-estate loans have been less investment oriented overall, and approval rates have held steady.

OVERALL STATUS OF THE CONNEAUT LAKE HOUSING SUBMARKET:

AN ECONOMIC OVERVIEW —

Observations of live-work trends within the Conneaut Lake Submarket suggest that most of its residents treat it as a bedroom community. The Submarket's job-to-housing ratio of 0.44, which lies below the beneficial range, supports this conclusion. This finding can also be observed through commuter trends showing that many of the Submarket's residents travel to the Meadville area to reach work. The combination of these live-work, job-to-housing, and commuter trends are consistent with our analysis which showed that the Conneaut Lake Submarket is not a job center. This observation is unlikely to change in the near future given projections showing that the Submarket will experience only a modest job growth rate. Despite forecasts showing only modest job growth on the horizon, household income within the Submarket is projected to see strong growth. Educational attainment figures showing that the Submarket is more educated on the whole than the submarket average which suggests that its labor force might present a more competitive environment for attracting certain kinds of employers. Real estate loan activity within the Conneaut Lake Submarket has been less investment oriented than the submarket average overall but with a higher proportion of activity for home purchases. Recent loan originations have been approved at around a 78% success rate which has slowly improved since 2007.

POPULATION TRENDS —

Based on its number of residents, the Conneaut Lake Submarket is a rural population area. The Submarket's population has declined since 2000. Such population decline may normally indicate that housing demand within the Submarket is largely left to the cycling of existing households. However, the Conneaut Lake area's ability to attract vacation or recreational home dwellers should be recognized. Household formation trends show a decline in the number of one- and two-person non-family households. For family households, those comprised of two people have declined in number while those with three people have increased with four- and five-or-more-person households remaining stable. Demographic projections forecast an overall decline in the population of individuals comprising the youth and working age brackets while the number of senior citizens within the Submarket is projected to increase. The combination of these trends indicates that demand for downsizing homes could rise in the near future. Additionally, growth in the number of three-person family households suggests an increase in the demand for move-up housing despite demographic projections suggesting a drop in the population that usually participates in that consumer segment.

THE HOUSING MARKET GENERALLY —

The Conneaut Lake Submarket has a greater concentration of housing development than the submarket average. Despite its concentration, projections forecast that the Submarket's housing stock will not grow considerably in the coming years. However, recent senior housing developments within Conneaut Lake Borough will likely counter development projections and show modest growth in the number of housing units across the Submarket.

Even though non-family households have declined in number, rent prices within the Conneaut Lake Submarket have seen strong growth and its median rent price sits comfortably above that observed for the county. Despite median home values also sitting above county figures, home value growth has been flat. Flat home value growth appears inconsistent with observations of family household formation trends showing an increase in the number of homes comprised of three people while those of four-or-more persons have held steady. Such unique observations suggest that prices within the Conneaut Lake Submarket are largely driven by external forces or consumers rather than local housing formation trends and demographic projections. In this sense, the Conneaut Lake Submarket's housing market may be operating along speculative lines rather than observing local interactions between supply and demand. Strong rent price growth does not appear to have encumbered many renter households as the Submarket's overall renter cost-burdened rate is below the submarket average.

Consumers of housing within the Conneaut Lake Submarket recognize that just over one-fifth of all homes within the Submarket were built prior to 1940. The Submarket's older housing stock could present issues in the future as its population continues to age. For non-renter households, consumers will benefit from an abundance of single-family structures. The Conneaut Lake Submarket's housing stock exhibits an overall vacancy rate well above the submarket average, however, this observation is primarily due to its concentration of seasonal housing and doesn't present considerable alarm as a result. When examining how well the size of the Submarket's composition of housing units by size meets the needs of its households, the Conneaut Lake Submarket appears to have a minor shortage of one-bedroom units but a surplus of all units that are two-bedrooms or larger.

THE CONNEAUT LAKE SUBMARKET'S HOUSING ECOSYSTEM:

HOUSING MARKET ECOSYSTEM —

The graphic on the next spread demonstrates the housing market ecosystem for the Conneaut Lake 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 Conneaut Lake Submarket, the conditions and trends explored within this chapter are examined at the level of each housing segment which constitutes a portion of the overall housing ecosystem.

NEW HOUSEHOLD MARKET —

The Conneaut Lake Submarket's new household market will likely be negatively impacted by household formation trends that show a decline in the overall number of non-family households. This trend is accompanied by demographic projections that forecast an overall decline in the population of all individuals between the ages of 15 and 34. A decline in the population of individuals within this age range is problematic for the new household market as these residents are mostly likely to participate in this consumer segment. As a result, the combination of household formation trends and demographic projections suggests that the consumer demand within the new household housing market is in decline.

Projections that forecast that household income will increase at a strong rate provide a sign of stability for the new household market. Comparisons between the composition of households and housing units by size suggests that the Conneaut Lake Submarket has a shortage of housing units composed of one-bedroom or less. Although such finding may be beneficial for landlords holding such units, this observation likely places stress on housing consumers within the new household market. Fortunately, some participants within the new household market will be able to comfortably consume two-bedroom homes, which are in abundant supply in the Submarket. However, the Conneaut Lake Submarket contains a lesser share of multi-unit housing structures when compared to the submarket average. The lack of multi-unit housing structures may place stress on the Submarket's new household market as such buildings are often more accommodating to the needs of those participating within this consumer segment.

Median rent prices above those observed county-wide along with the strong growth of such prices provide positive signs for the Conneaut Lake Submarket's new household market. However, the Submarket's overall rate of cost-burdened renter households is near the relatively high submarket average, which suggests that many renters are struggling to afford housing. Such observation provides a sign of instability within the Submarket's new household marketplace.

Overall, the Conneaut Lake Submarket's new household market is considered inadequate largely due to a combination of household formation trends and demographic projections suggesting a decline in consumer demand. Additionally, the ability of a household participating in the Submarket's new household consumer segment to transition into the starter home segment is also considered inadequate because of the Submarket's relative high rate of cost-burdened renter households.

STARTER HOME & DOWNSIZING MARKETS —

The Conneaut Lake Submarket's starter and downsizing markets will likely be negatively impacted by household formation trends that show a decline in the overall number of two-person family households. This trend is accompanied by demographic projections that forecast an overall decline in the population of all individuals between the ages of 15-to-34 but an increase in the number of those over age 65. A decline in the population of those between the ages of 15 and 34 is problematic for the starter home market as these residents are mostly likely to participate in this consumer segment. However, an increase in the population of those over age 65 is a good sign for consumer demand in the downsizing market.

The healthy composition of single-family homes within the Conneaut Lake Submarket will benefit both the starter and downsizing markets since participants in these consumer segments are often in the market for this type of home. However, accessible multi-unit structures of quality construction are also attractive to many senior couples looking to downsize. Fortunately, the Conneaut Lake Submarket will soon provide a considerable supply of senior apartments or condominiums within the development of a new multi-unit structure. Comparisons between the composition of households and housing units by size suggests

THE CONNEAUT LAKE SUBMARKET'S HOUSING ECOSYSTEM:

that the Submarket has an abundance of two- and three-bedroom homes, which will likely support the needs of most consumers within the starter and downsizing market segments. However, consumers within the starter and downsizing home segments will have to contend with the Submarket's relatively old housing stock of which just over one-fifth was built prior to 1940. This significant concentration of older homes could present either financial or physical burdens on younger and older buyers alike.

Projections that forecast that household income will increase at a strong rate provides a sign for consumer stability within both the starter and downsizing markets. Providing landlords some assurance, the Submarket's median home value continues to rest well above the county's figure despite trends showing flat appreciation over recent years. The combination of household income projections and median home value observations may be reflected in real-estate loan origination activity across the Conneaut Lake Submarket, which is comprised in part of a larger proportion of loans intended for home purchases despite overall originations being less investment oriented.

Overall, the Conneaut Lake Submarket's starter home market is considered inadequate largely due to a combination of household formation trends and demographic projections suggesting a decline in consumer demand. However, the combination of projections showing an increase in household income paired with median home values that outpace county-wide figures suggests that the ability of a household participating in the Submarket's starter home market to transition into the move-up housing segment may be adequate. Consumers within the Submarket's starter home market may be particularly capable of making the transition into the move-up housing segment if their current home is both senior-friendly and appealing to vacation home buyers. Household formation trends also suggest a decline in the demand for downsizing homes. However, this could turn around in the future if demographic projections hold true. For now, the Submarket's downsizing market segment is inadequate, but the ability to transition from this segment and into a senior living accommodation is adequate in large part because of the versatility of the Submarket's housing stock in catering to vacation home buyers.

MOVE-UP MARKET —

The move-up housing market within the Conneaut Lake Submarket will likely be positively impacted by household formation trends, which show an increase in the overall number of family households comprised of at least three members. However, this trend is accompanied by demographic projections that forecast an overall decline in the population of all individuals between the ages of 35 and 64. A decline in the population of individuals within this age range is problematic for the move-up market as these residents are mostly likely to participate in this consumer segment. For now, household formation trends suggest that the demand for move-up housing will increase. However, such demand could wane if population projections hold true.

Similar to the Submarket's starter and downsizing segments, the move-up market may be positively affected by projections showing a strong increase in household income as well as relatively high median home values. However, move-up market consumers may have to contend with recent observations that home value growth has been flat. Furthermore, the Submarket does not have a higher proportion of vacancy related to "other" reasons when compared to the submarket average and loan originations within the Conneaut Lake Submarket have been more oriented towards homes purchases. Both observations present positive signs for the Submarket's move-up housing segment.

Comparisons between the composition of households and housing units by size suggests that the Submarket has an abundance of homes containing at least three bedrooms, which will likely support the needs of most consumers within the move-up market segment. However, such consumers face the Submarket's relatively old housing stock, of which just over one-fifth was built prior to 1940.

Overall, the Conneaut Lake Submarket's move-up market is considered adequate largely due to a combination of household formation trends that suggest an increase in consumer demand. Additionally, relatively high median home values paired with the potential market versatility that comes with the ability to sell to vacation home buyers suggest that the ability of a household participating in the Submarket's move-up consumer segment to transition into the downsizing home segment is adequate.

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

THE CONNEAUT LAKE SUBMARKET'S HOUSING ECOSYSTEM:

