

THE EAST FALLOWFIELD-GREENWOOD SUBMARKET

Introducing north bound travelers along I-79 into Crawford County, the East Fallowfield-Greenwood Submarket contains three municipalities that include West Fallowfield, East Fallowfield, and Greenwood townships. The East Fallowfield-Greenwood Submarket is adjacent to the Cochranon, Vernon, Conneaut Lake, and Shenango submarkets within Crawford County and shares its southern border with Mercer County.

A HOUSING ECOSYSTEM ANALYSIS OF THE EAST FALLOWFIELD-GREENWOOD 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.

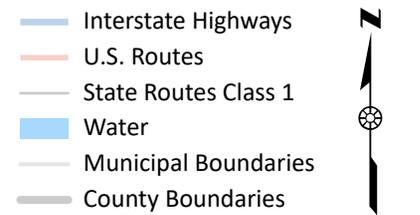
Drivers are those forces that directly propel the need for housing units or development. Drivers are designated by this icon (⚡). Our analysis identifies three major drivers: job growth, population growth, and housing stock growth. The pushing and pulling of these driving forces with each other creates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

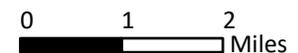
Indicators are metrics useful for providing further insight but are not assumed to produce wider impacts on their own. Indicators have this icon (🍷). These indicators generally gauge how well parts of the market are responding to each other or how people are being accommodated by the housing market.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

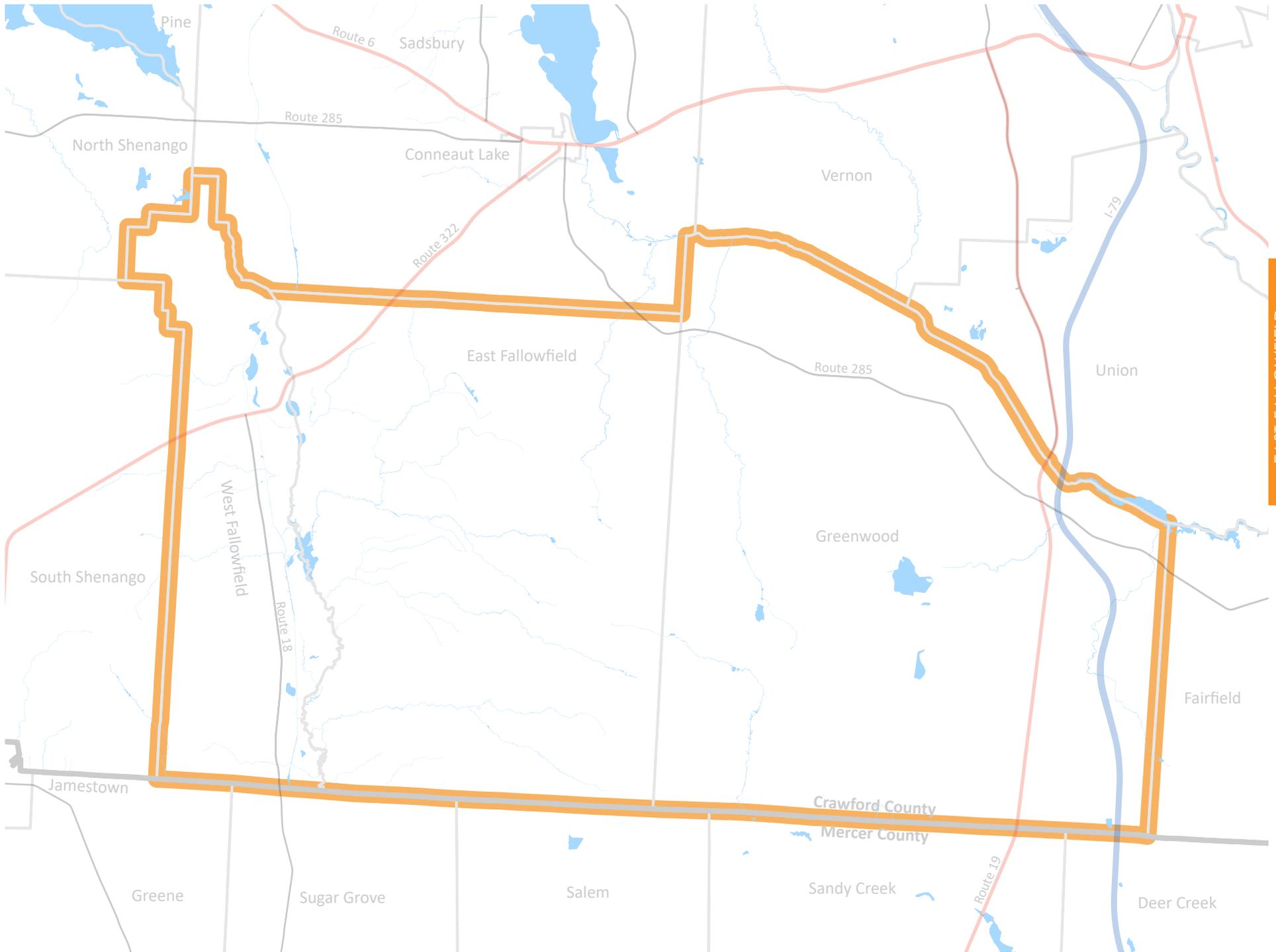
A second premise built into our analysis is that positive growth in terms of jobs, housing units, population, incomes and other characteristics is necessary to sustain a housing market. Not all communities within submarkets may desire to take on significant development. The assumptions inherent within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



Reference Scale - 1:120,000



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



EAST FALLOWFIELD-
GREENWOOD 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 of residents living within the East Fallowfield-Greenwood Submarket.

LIVE-WORK TRENDS OF RESIDENTS LIVING WITHIN THE EAST FALLOWFIELD-GREENWOOD SUBMARKET —

The map on the next page uses dots to represent where residents living within the East Fallowfield-Greenwood Submarket work. From this map, the distribution of where the Submarket's residents work is fairly spread out. Many residents work within the Meadville area, but the influence of jobs in the Greenwood Industrial Park, Conneaut Lake area and Mercer County is noticeable. 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 East Fallowfield-Greenwood Submarket produces a job-to-housing ratio of 0.78, which lies within the beneficial range and potentially indicates housing market stability.

The radar graph on the bottom left displays the distance and direction of where East Fallowfield-Greenwood Submarket residents work. The dark orange wedges of the graph demonstrate those commuting less than ten miles. However, a much larger share of residents travel beyond ten miles to reach work. Despite the Submarket's beneficial job-to-housing ratio, live-work observations within the East Fallowfield-Greenwood Submarket demonstrate that it is more of a bedroom community with the vast majority of residents commuting outside the Submarket for work.

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

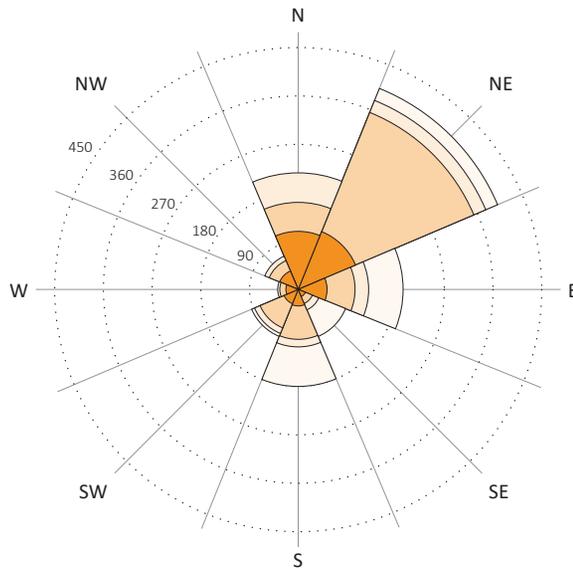


Reference Scale - 1:750,000

0 10 20 Miles

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

WHERE EAST FALLOWFIELD-GREENWOOD SUBMARKET RESIDENTS WORK



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

11.5%

of East Fallowfield-Greenwood Submarket residents work at a location **inside the submarket**.

56.3%

of East Fallowfield-Greenwood Submarket residents work inside **Crawford County**.

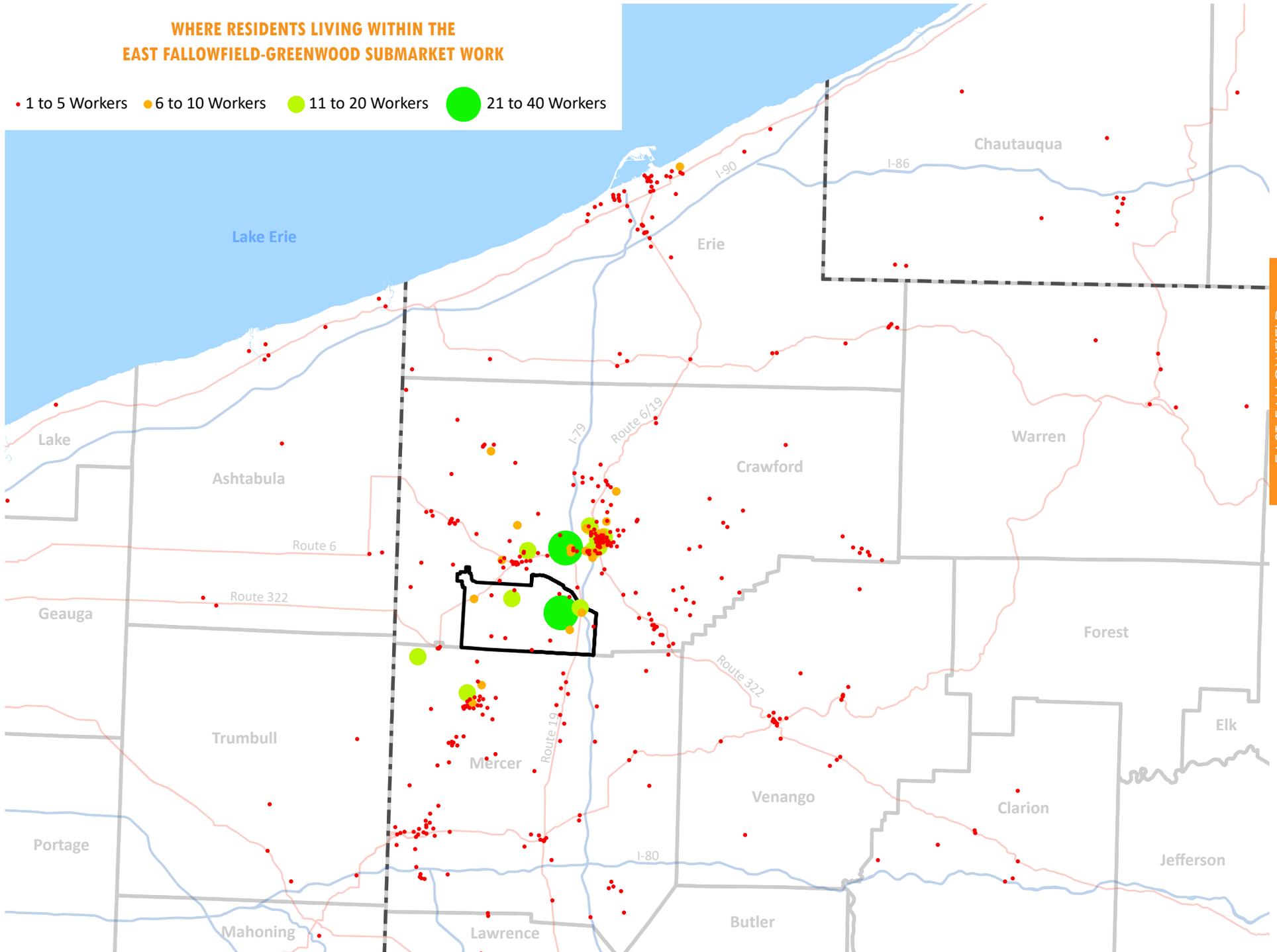
43.7%

of East Fallowfield-Greenwood Submarket residents work outside **Crawford County**.

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

WHERE RESIDENTS LIVING WITHIN THE EAST FALLOWFIELD-GREENWOOD SUBMARKET WORK

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



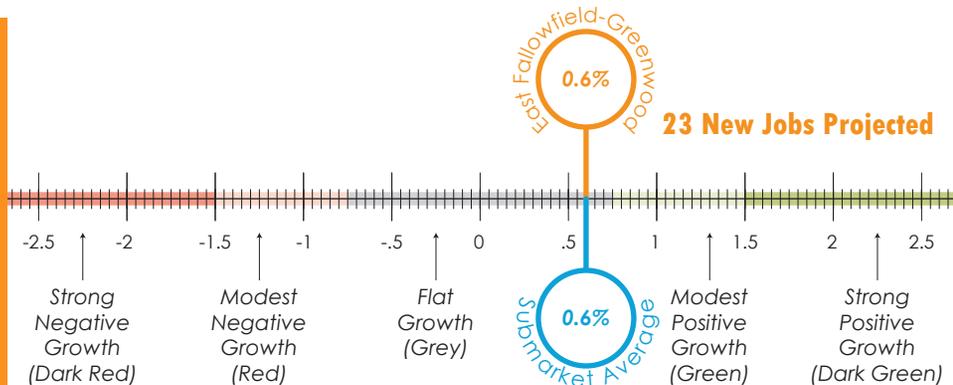
EAST FALLOWFIELD-
GREENWOOD SUBMARKET

JOB GROWTH ANALYSIS:

JOB GROWTH —

From the graph below, the East Fallowfield-Greenwood Submarket's 0.6% projected annual job growth rate is identical to the submarket average 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)

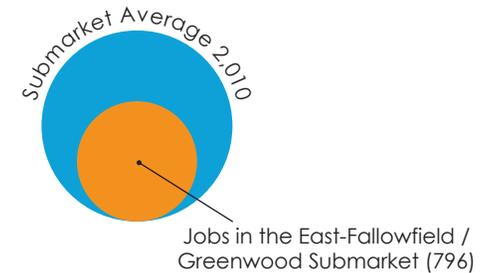


HOUSEHOLD INCOME CHANGE —

Despite flat job growth projections, from the graph on the bottom left, household income within the East Fallowfield-Greenwood 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.

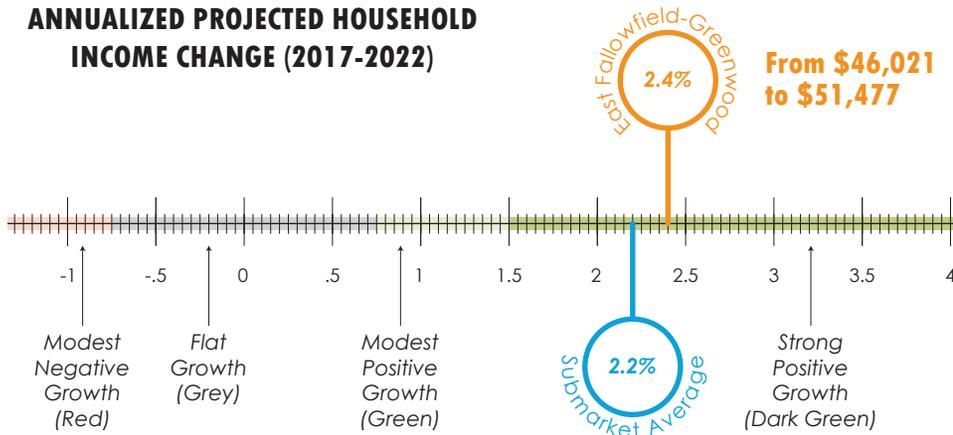
TOTAL JOBS —

To explore the magnitude of the East Fallowfield-Greenwood 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 East Fallowfield-Greenwood Submarket does not contain as many jobs as the submarket average. This finding aligns with our earlier conclusion that the East Fallowfield-Greenwood Submarket is not a job center and primarily functions as a bedroom community. Although jobs within the Submarket provide important opportunities for local residents, the East Fallowfield-Greenwood Submarket is currently more reliant on the growth and stability of nearby job centers.



Source: U.S. Census 2011-2015 ACS

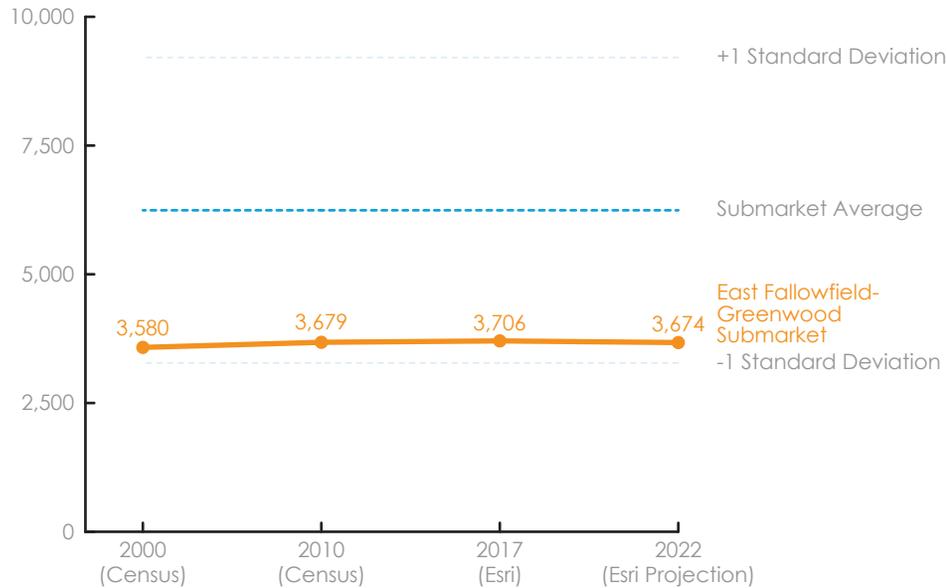
ANNUALIZED PROJECTED HOUSEHOLD INCOME CHANGE (2017-2022)



In summary, although the East Fallowfield-Greenwood Submarket is projected to have a flat job growth rate, it is expected to experience strong household income growth. Such growth in household income may bolster housing market stability. However, at present, the Submarket is more of a bedroom community than a job center and therefore relies significantly on the productivity and growth of its surrounding region.

POPULATION GROWTH ANALYSIS:

EAST FALLOWFIELD GREENWOOD 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 East Fallowfield-Greenwood Submarket would directly lead to household formation and increased housing demand. Stagnant population growth may make it more difficult for homeowners to sell their homes when transitioning into other housing segments.

POPULATION GROWTH —

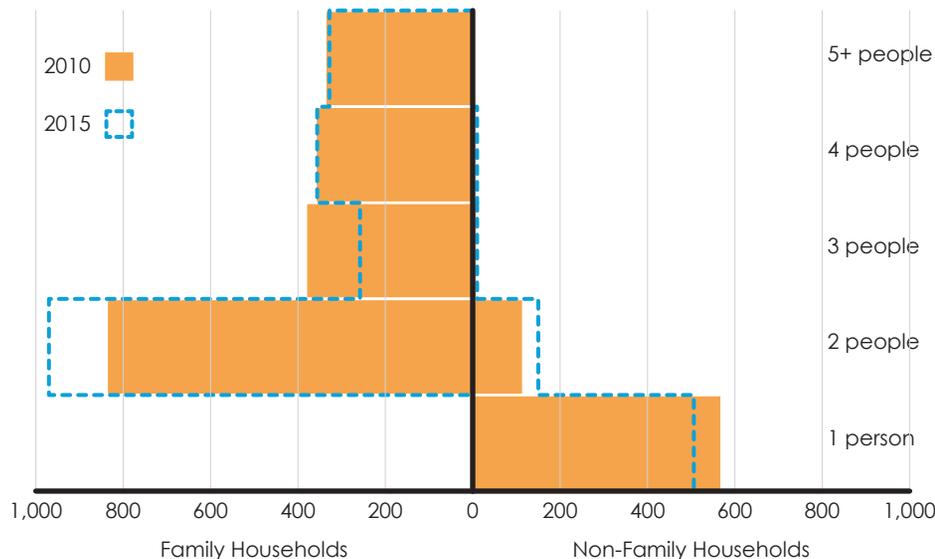
An increase in population will increase the local demand for housing. As demonstrated within the graph on the left, the population of the East Fallowfield-Greenwood Submarket has remained stable since 2000. Although not likely increasing, housing demand appears stable from this observation.

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.

EAST FALLOWFIELD-GREENWOOD 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 East Fallowfield-Greenwood Submarket households by size between 2010 and 2015. One-person non-family households have declined while those comprised of two people have increased. For family households, those with two people have increased while those with three people have declined. Four- and five-or-more-person family households remained stable.

Household formation trends seen within the East Fallowfield-Greenwood Submarket suggest a stagnant rental market, an increase in the demand for starter and downsizing homes, and a decline in demand for move-up housing.

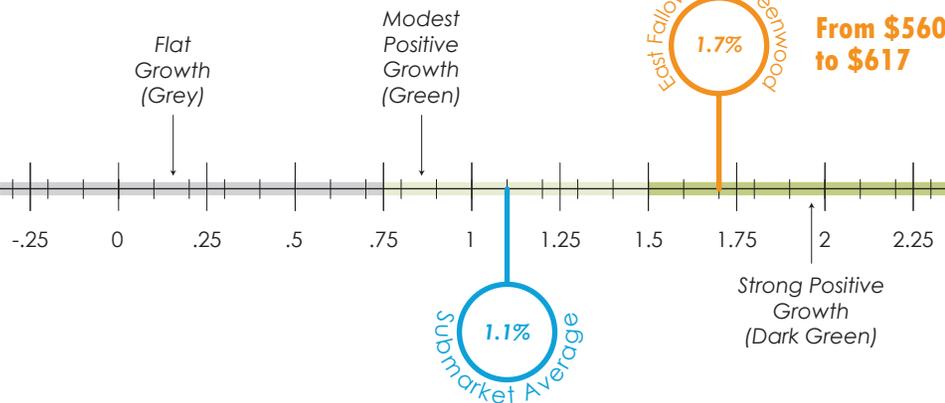
Source: U.S. Census

POPULATION GROWTH ANALYSIS:

🏠 RENT PRICE & HOME VALUE CHANGES —

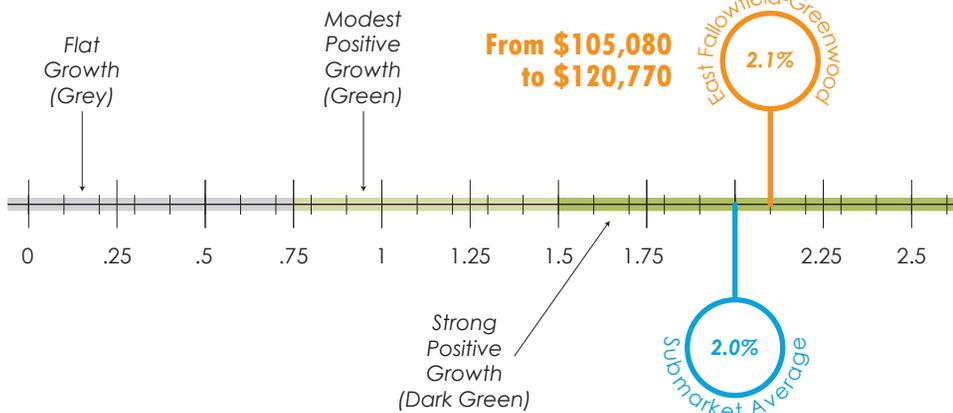
An increase in median rents or home values may delay individuals from forming new households and thus ease housing demand. Conversely, declines in these values may encourage household formation as the ability to move into your own unit becomes more attainable. The line graphs below demonstrate how the East Fallowfield-Greenwood Submarket's median rent prices and median home values have changed compared to the corresponding submarket averages. Both have outpaced the submarket average.

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 East Fallowfield-Greenwood Submarket with comparisons to Crawford County and the submarket average. We see that renter households within the East Fallowfield-Greenwood Submarket are far less cost-burdened overall than other submarkets and the county.

RENTERS PAYING MORE THAN 30% OF INCOME ON HOUSING



19.8% of East Fallowfield-Greenwood Submarket Renters (36 HHs)

41.3% of Crawford County Renters

34.3% Submarket Average

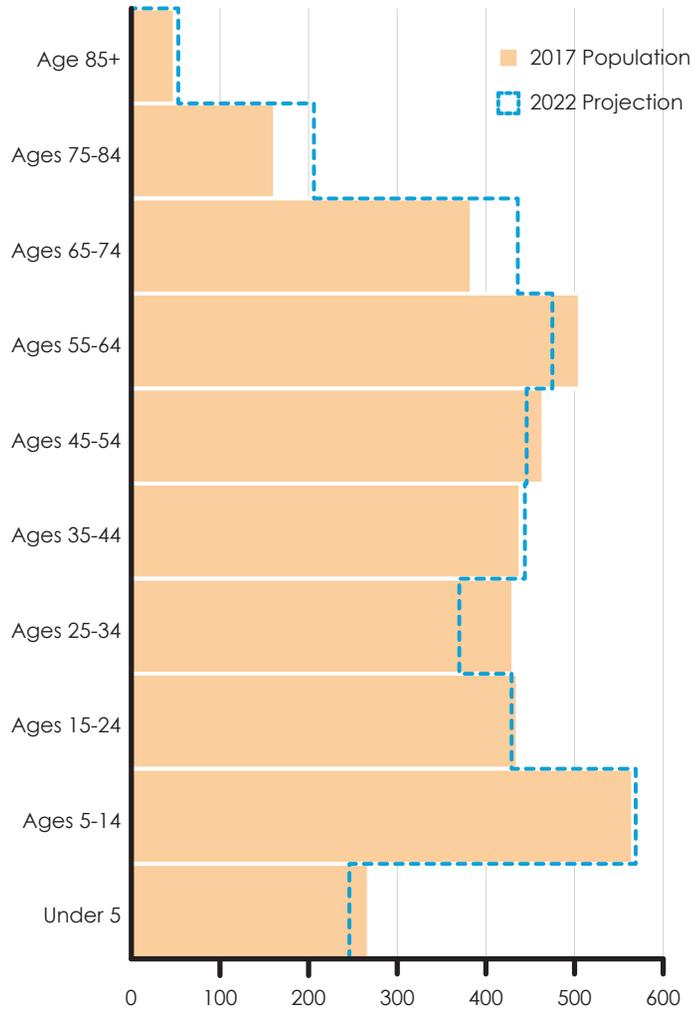
Source: U.S. Census 2011-2015 ACS

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 East Fallowfield-Greenwood Submarket represents a population center by comparing its population to the average Crawford County submarket population. From the graphic shown on the right, it is clear that the East Fallowfield-Greenwood Submarket contains

EAST FALLOWFIELD-GREENWOOD SUBMARKET POP. PYRAMID

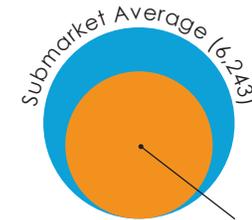


Source: Esri, Retrieved 2018

less population than even the submarket average. By this standard, the East Fallowfield-Greenwood Submarket is considered a rural population area. 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 the East Fallowfield-Greenwood Submarket 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 East Fallowfield-Greenwood Submarket in 2017 with a projection to 2022. Contrary to the projections shown for many other submarkets, youth age cohorts within the East Fallowfield-Greenwood Submarket are expected to remain stable. Working age cohorts, which comprise those between the ages of 15 and 64, are projected to decline overall, albeit only slightly. Similar to projections seen across Crawford County, the population of seniors over the age of 65 is projected to increase. Such demographic projections suggest that the demand for rental units, starter homes, and move-up housing will be stagnant while a greater share of consumers will be seeking downsizing home accommodations.



East-Fallowfield / Greenwood Submarket Population (3,706)

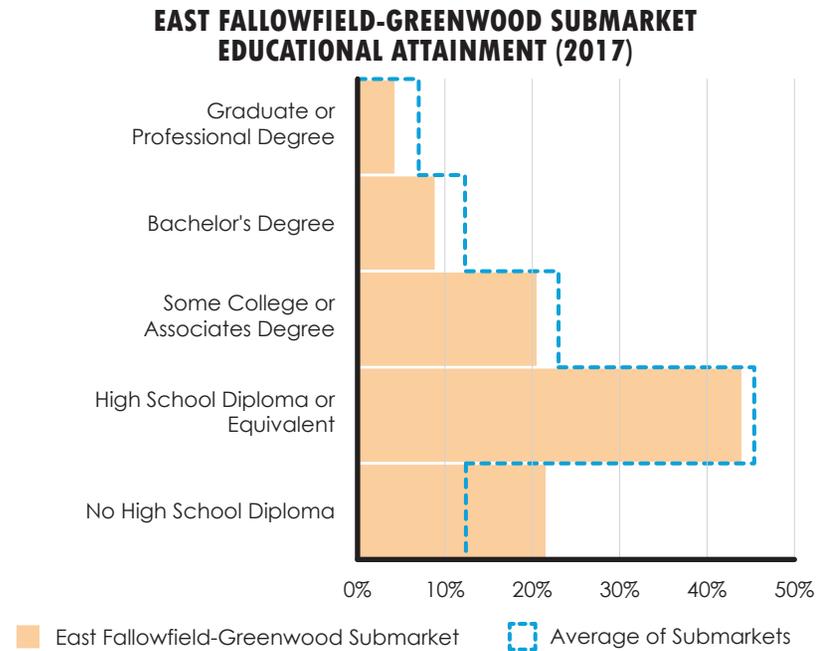
Source: Esri, Retrieved 2017

POPULATION GROWTH ANALYSIS:

The demographic projections and household formation trends addressed earlier suggest that demand for rental units, starter homes, and move-up homes will be relatively flat. However, the same observations also suggest that demand for downsizing homes will increase. This conclusion arises from projections showing growth in the Submarket's senior citizen population, which suggest that many of the new two-person family households within the Submarket may be formed by seniors after their children have moved out.

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 East Fallowfield-Greenwood Submarket with a comparison to the average educational attainment of all submarkets across the county. From this graph, it appears that the East Fallowfield-Greenwood Submarket is less educated than the submarket average in that it contains a much higher proportion of individuals not holding a high school diploma. The Submarket's lower level of overall educational attainment may make it less economically competitive over the long run.



Source: Esri, Retrieved 2018

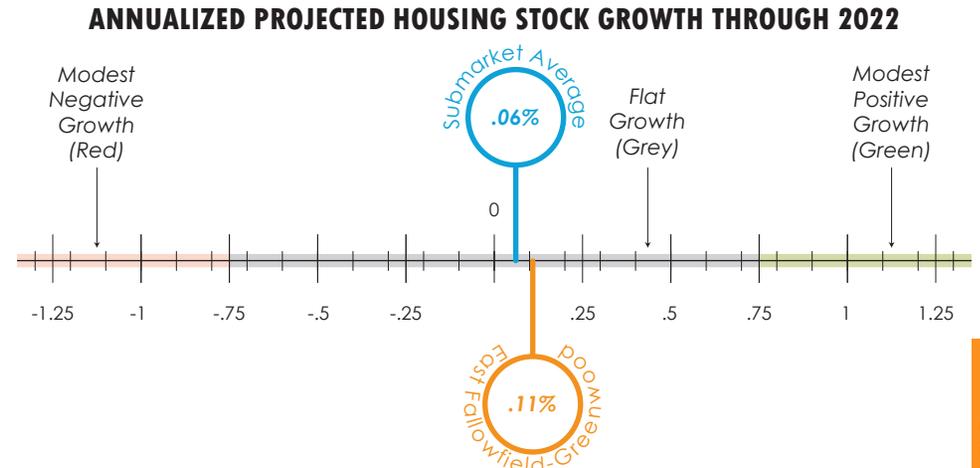
In summary, the East Fallowfield-Greenwood Submarket is less populated than the submarket average and represents a rural population area. The Submarket's population has been relatively stable, which likely leaves housing demand largely to the cycling of existing residents. Household formation trends within the submarket suggest a decline in the demand for rental units and move-up housing but an increase in demand for starter and downsizing homes. When demographic projections are considered, it appears that there will be additional demand for downsizing homes in the East Fallowfield-Greenwood Submarket but not for starter homes. Despite trends and projections suggesting that the downsizing consumer segment will likely be the only consumer segment to see additional housing demand, observations of changes in rent prices and home values show strong growth. Even in the face of strong rent price growth, the East Fallowfield-Greenwood Submarket's overall rate of cost burdened renter households is well below the submarket average. Additionally, the East Fallowfield-Greenwood Submarket is less educated overall than the submarket average.

HOUSING STOCK GROWTH ANALYSIS:

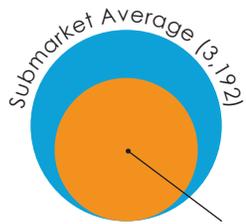
This section of our analysis explores housing stock growth as a driver and relationships between its influencers leading to the outcome of the total housing stock. A stable and growing housing stock, balanced with population and job growth, is essential for sustaining a healthy housing market. A healthy 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 East Fallowfield-Greenwood Submarket. Although flat, the Submarket's housing stock growth rate is similar to the submarket average.



Source: U.S. Census, Retrieved 2018



Housing Units in the East-Fallowfield / Greenwood Submarket (1,486)

Source: Esri, Retrieved 2018

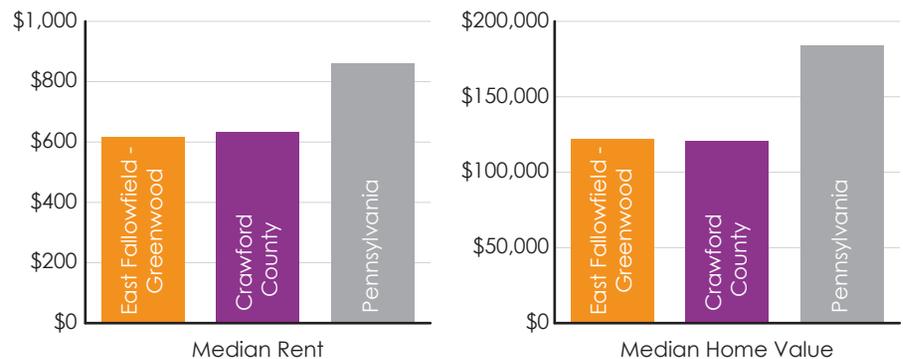
📊 TOTAL HOUSING STOCK —

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 East Fallowfield-Greenwood Submarket's housing stock, we compared the number of housing units located within the submarket to the submarket average. From the graphic on the left, we see that the East Fallowfield-Greenwood Submarket has fewer housing units than the submarket average. Based on this analysis, it can be safely assumed that most housing development within the East Fallowfield-Greenwood 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 right, median rent prices and home values within the East Fallowfield-Greenwood Submarket are similar to those of Crawford County but much lower than Pennsylvania on the whole. These figures are unlikely to indicate a significant increase in development activity within the Submarket.

EAST FALLOWFIELD-GREENWOOD 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-fifth of the East Fallowfield-Greenwood Submarket's 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. From this observation, the East Fallowfield-Greenwood Submarket does contain its fair share of historical homes but does not seem burdened with an oversized portion of such properties. Given the Submarket's aging population, opportunities to encourage accessibility upgrades should be considered from time to time.

EAST FALLOWFIELD-GREENWOOD SUBMARKET HOUSING UNITS BUILT PRE-1940

21%



Homes Built Pre-1940

79%



Homes Built Post 1940

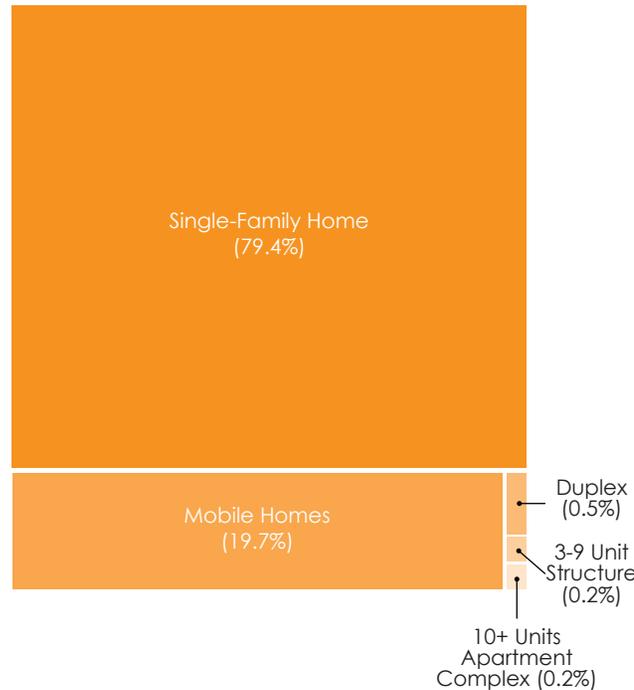
Source: U.S. Census, Retrieved 2018

EAST FALLOWFIELD-
GREENWOOD SUBMARKET

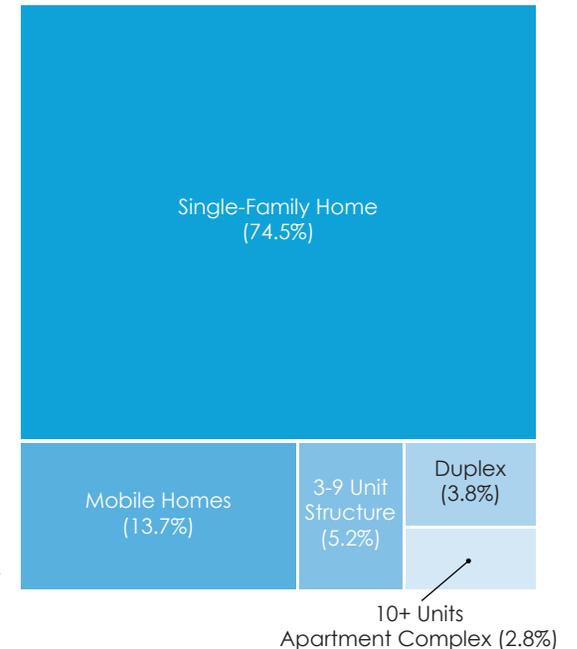
HOUSING BUILDING TYPES —

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 East Fallowfield-Greenwood Submarket deviates substantially from the submarket average in that it is comprised of higher shares of single-family and mobile homes. Mobile homes are especially more represented within the Submarket's stock of housing structures than within the submarket average. Overall, multi-unit housing structures are much less represented in the East Fallowfield-Greenwood Submarket than across the submarket average.

EAST FALLOWFIELD-GREENWOOD SUBMARKET



SUBMARKET AVERAGE



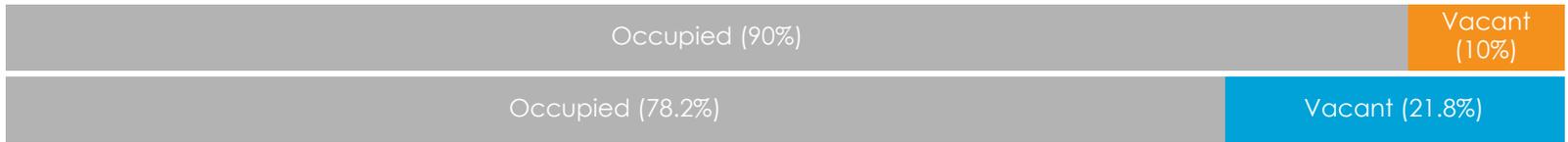
Source: U.S. Census, Retrieved 2018

HOUSING STOCK GROWTH ANALYSIS:

🍷 OVERALL VACANCY & VACANCY BY TYPE —

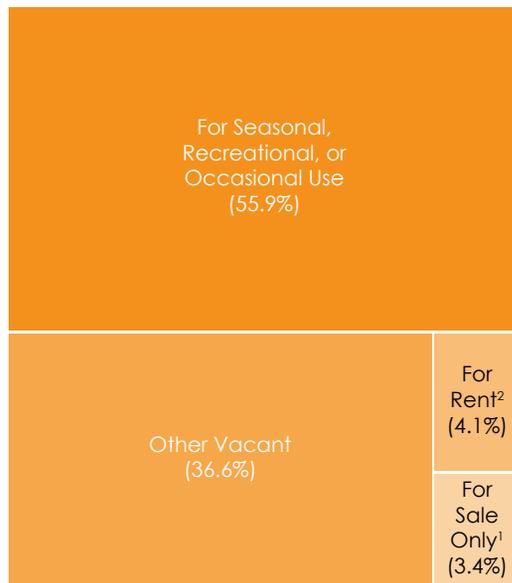
The overall rate and type of vacancy is an important indicator of the stability of a submarket’s housing market. The bar graphs below display the East Fallowfield-Greenwood Submarket’s recorded vacancy rate in 2016 with a comparison to the submarket average. Although still substantial at 10%, the East Fallowfield-Greenwood Submarket reported a much lower vacancy rate than the submarket average. Despite its lower overall rate, the portion of housing vacancy attributable for “other” reasons is higher than the submarket average. “Other vacant” housing units are likely those which are abandoned, condemned, dilapidated, or off the market. This observation indicates that the East Fallowfield-Greenwood Submarket’s housing marketplace may be experiencing problems that can result in unintentional vacancy to a greater extent than most submarkets across Crawford County. Such unintended vacancy may demonstrate a significant cycle of disinvestment as landlords struggle to profit from their properties and owners abandon them.

East Fallowfield-Greenwood Submarket
Submarket Average

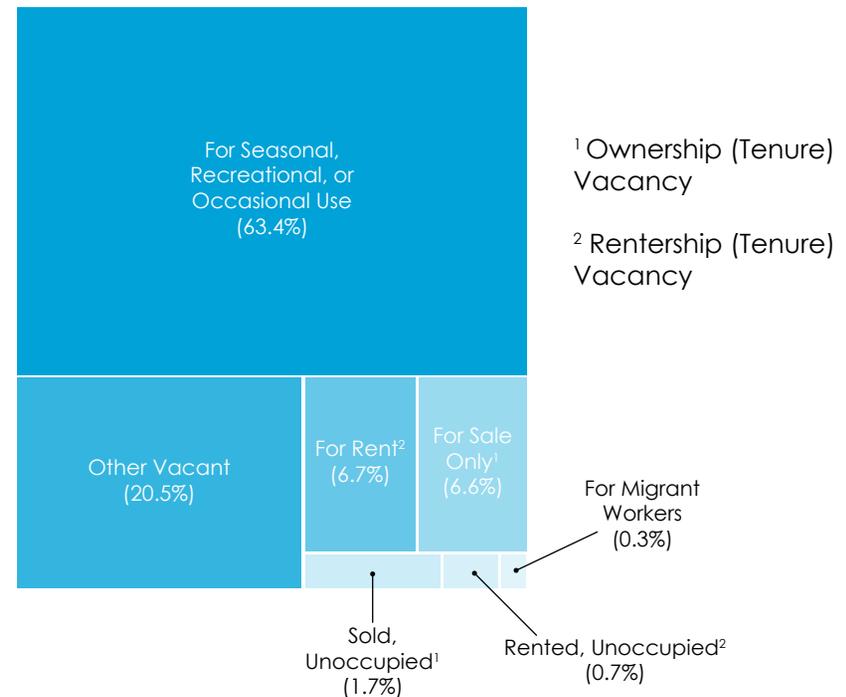


Source: U.S. Census, Retrieved 2018

EAST FALLOWFIELD-GREENWOOD SUBMARKET



SUBMARKET AVERAGE



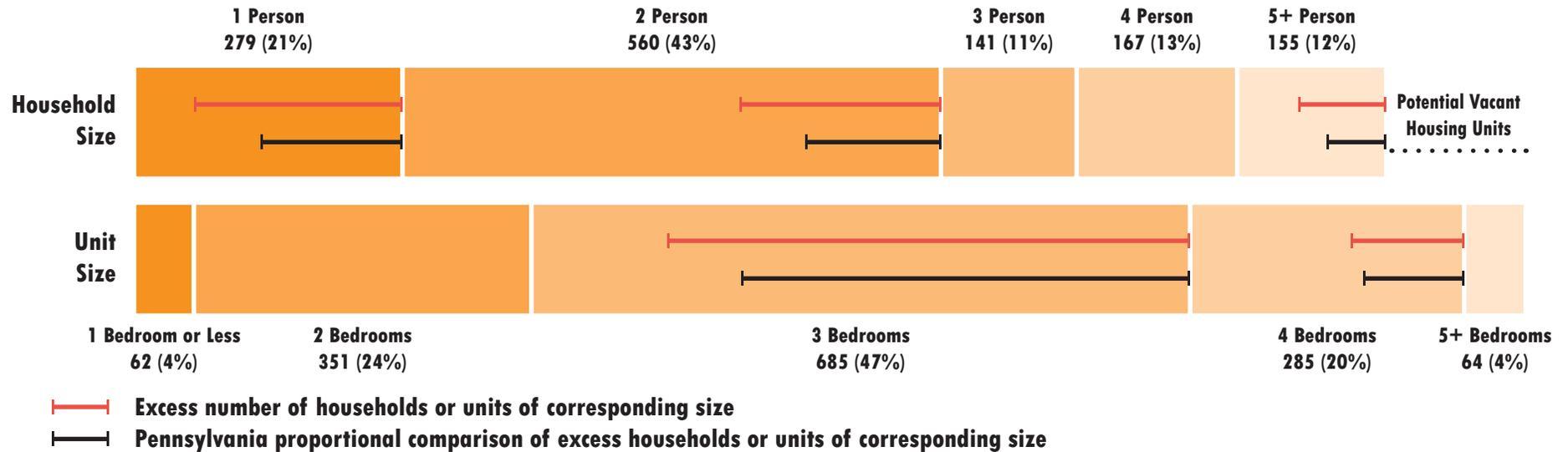
¹ Ownership (Tenure) Vacancy
² Rentership (Tenure) Vacancy

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 East Fallowfield-Greenwood 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. From comparing these graphs and the lines within them, it is clear that the East Fallowfield-Greenwood Submarket appears to have a shortage of one-, two-, and five-or-more-bedroom housing units. However, the Submarket appears to have a potential oversupply of three-bedroom homes along with an adequate proportion of four-bedroom units. Such a finding suggests that the Submarket's housing stock is comprised of units that are somewhat larger on average than the needs of its households. Overall, there appears to be a shortage of both smaller and larger housing units.



Source: U.S. Census, Retrieved 2018

EAST FALLOWFIELD-GREENWOOD SUBMARKET LOANS BY PURPOSE (2016)

East Fallowfield-Greenwood Submarket



Submarket Average



Source: Consumer Financial Protection Bureau, Retrieved 2018

🍷 THE PURPOSE OF LOAN ORIGINATIONS —

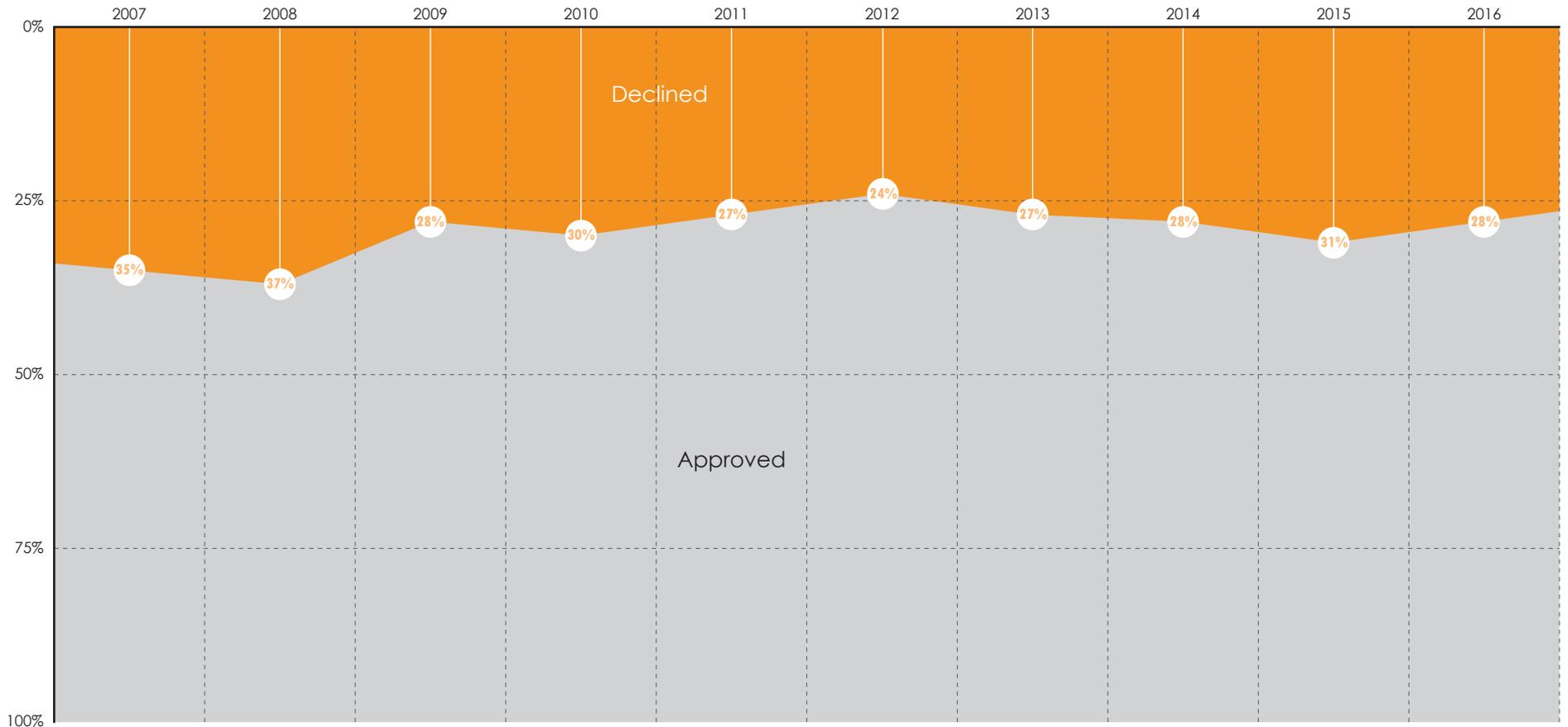
The purpose of loan originations is a key indicator of real estate investment. A marketplace experiencing a great deal of loans for new purchases may indicate its desirability for attracting new residents, whereas one with a significant amount of refinancing loans might be experiencing economic difficulties. Along different lines, a submarket exhibiting a great deal of renovation activity might be experiencing the beginnings of an economic resurgence. The graphic on the right demonstrates the purpose of loan activity within the East Fallowfield-Greenwood Submarket. From these graphs, it appears that loan activity within the East Fallowfield-Greenwood Submarket has been less investment oriented, at least in 2016, than activity reported across the submarket average. This is apparent from a stronger showing of the portion of loans for refinancing activities.

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 East Fallowfield-Greenwood Submarket, the rate of declined loans has hovered in the mid-twenties since the end of the Great Recession (see below) without signs of improvement.

EAST FALLOWFIELD-GREENWOOD SUBMARKET DECLINED HOUSING LOANS (2007-2016)



Source: Consumer Financial Protection Bureau, Retrieved 2018

In summary, housing stock growth within the East Fallowfield-Greenwood Submarket has been flat and the overall size of this Submarket's housing stock does not generally lend toward speculative investment but rather to responses to preceived demand. Median rent and home value prices are not at levels that may incentivize new homebuilding. Despite current price levels, only one-fifth of the Submarket's housing stock was constructed prior to 1940, which does not present an immediate challenge but accessibility concerns should be evaluated from time to time. Overall vacancy within the East Fallowfield-Greenwood Submarket is much lower than the submarket average, but the composition of its vacancy resulting from "other" reasons is much higher. In terms of financial activity, real-estate loan originations have been less investment oriented than the submarket average with the rate of declined loans holding steady. Comparisons between the composition of household and unit sizes demonstrate clear mismatches within the East Fallowfield-Greenwood Submarket's housing stock, which may present suitability issues for both smaller and larger households.

OVERALL STATUS OF THE EAST FALLOWFIELD-GREENWOOD SUBMARKET:

AN ECONOMIC OVERVIEW —

Observations of live-work trends within the East Fallowfield-Greenwood Submarket suggest that most of its residents treat it as a bedroom community. This finding can also be observed through commuter trends showing that many of the Submarket's residents travel to the Meadville area or points to the south to reach work. However, the Submarket's job-to-housing ratio of 0.78, which lies within the beneficial range, suggests that it isn't as commuter dependent as some bedroom communities. The combination of these live-work, job-to-housing, and commuter trends are consistent with our analysis which showed that the East Fallowfield-Greenwood Submarket is not a job center. This observation is unlikely to change in the near future given projections showing that the Submarket will experience a flat job growth rate. Despite forecasts showing flat job growth on the horizon, household income within the Submarket is projected to see strong growth. Educational attainment figures showing that the Submarket is less educated on the whole than the submarket average, which suggests that its labor force might present a less competitive environment for attracting certain kinds of employers. Real estate loan activity within the East Fallowfield-Greenwood Submarket has been less investment oriented than the submarket average overall but with a higher proportion of activity for home improvements. Recent loan originations have been approved at around a 72% success rate which has held steady since 2009.

POPULATION TRENDS —

Based on its number of residents, the East Fallowfield-Greenwood Submarket is a rural population area. The Submarket's population has increased since 2000, suggesting that it is benefitting from either natural population growth or the ability to attract new residents. Household formation trends are split for non-family households in that they show a decline in the number of those composed of a single-person but an increase in two-person households. For family households, those comprised of two people have increased substantially in number while those with three people have decreased with four- and five-or-more-person households remaining stable. Demographic projections forecast a slight 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. Consistent with observed population growth within the East Fallowfield-Greenwood Submarket, demographic projections forecast that the number of children living within the Submarket will remain stable. The combination of these trends indicates that downsizing and possibly even starter homes are in demand within the Submarket.

THE HOUSING MARKET GENERALLY —

The East Fallowfield-Greenwood Submarket has a lower concentration of housing development than the submarket average and development projections forecast that its housing stock will not grow considerably in the coming years.

Rent prices within the East Fallowfield-Greenwood Submarket have seen strong growth despite stagnant non-family household formation trends yet the Submarket's median rent price sits just below that observed for the county. Strong rent price growth does not appear to have encumbered many renter households as the Submarket's overall renter cost-burdened rate is well below the submarket average. It is possible that the formation of new two-person family households may be driving strong home value growth as median home values sit just above the county's figures.

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 and mobile homes, which are proportionally more plentiful in the Submarket than the submarket average. The East Fallowfield-Greenwood Submarket's housing stock exhibits an overall vacancy rate well below the submarket average, but a larger proportion of its vacancy is comprised of homes vacant for "other" reasons, which may signify issues within certain portions of its housing stock. When examining how well the size of the Submarket's composition of housing units by size meets the needs of its households, one-, two-, and five-or-more-bedroom homes within the East Fallowfield-Greenwood Submarket appear to be in short supply while the Submarket seems to have a surplus of three-bedroom homes and an adequate supply of four-bedroom housing units.

THE EAST FALLOWFIELD-GREENWOOD SUBMARKET'S HOUSING ECOSYSTEM:

HOUSING MARKET ECOSYSTEM —

The graphic on the next spread demonstrates the housing market ecosystem for the East Fallowfield-Greenwood 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 East Fallowfield-Greenwood 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 — The East Fallowfield-Greenwood Submarket's new household market will likely be negatively impacted by household formation trends, which show a slight 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 East Fallowfield-Greenwood 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. Unfortunately for participants in the new household market, an apparent shortage in the number of two-bedroom homes within the Submarket fails to lend comfort to those who could be accommodated in such units. Additionally, the East Fallowfield-Greenwood 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 just below those observed county-wide along with the strong growth of such prices both provide somewhat positive signs for the East Fallowfield-Greenwood Submarket's new household market. Even better, the Submarket's overall rate of cost-burdened renter households is well below the submarket average which suggests that many renters aren't struggling to afford housing. Such observation provides a good sign of stability within the Submarket's new household marketplace.

Overall, the East Fallowfield-Greenwood 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. The Submarket's limited stock of housing options for consumers within the new household market also places stress upon consumers within this segment. However, the ability of a household participating in the Submarket's new household consumer segment to transition into the starter home segment is considered adequate because of the Submarket's relative low rate of cost-burdened renter households.

STARTER HOME & DOWNSIZING MARKETS — The East Fallowfield-Greenwood Submarket's starter and downsizing markets will likely be positively impacted by household formation trends, which show an increase in the overall number of two-person family households. This trend is accompanied by demographic projections which 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 East Fallowfield-Greenwood 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 of which the Submarket has very few. Comparisons between the composition of households and housing units by size suggests that the Submarket has a shortage of two-bedroom homes but an abundance of three-bedroom housing units. The Submarket's supply of

THE EAST FALLOWFIELD-GREENWOOD SUBMARKET'S HOUSING ECOSYSTEM:

two- and three-bedroom homes is critical for supporting the needs of most consumers within the starter and downsizing market segments. However, consumers within the starter and downsizing home segments will have to be content 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. Another challenge may come from the East Fallowfield-Greenwood Submarket's proportionally larger share of homes vacant from "other" reasons when compared against the submarket average as the presence of such structures may be a sign of disinvestment issues.

Projections that forecast that household income will increase at a strong rate provide a sign for consumer stability within both the starter and downsizing markets. Providing landlords some assurance, the Submarket's median home value lies near the county-wide figure and home values have appreciated at a strong rate 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 East Fallowfield-Greenwood Submarket which is comprised in part of a larger proportion of loans intended for home improvements despite overall originations being far less investment oriented.

Overall, the East Fallowfield-Greenwood Submarket's starter home market is considered adequate largely as the result of household formation trends suggesting an increase in consumer demand. However, if demographic projections hold true, starter home demand could decline with dwindling numbers of individuals between the ages of 15 and 34. Additionally, the combination of projections showing an increase in household income paired with median home values aligned with county-wide figures suggests that the ability of a household participating in the Submarket's starter home market to transition into the move-up segment may be adequate. Household formation trends also suggest an increase in the demand for downsizing homes with demographic projections which show gains in the number of senior citizens indicating that future demand for this housing segment may be strong. Therefore, the Submarket's downsizing market segment is adequate, and the ability to transition from this segment and into a senior living accommodation is also adequate.

MOVE-UP MARKET — The move-up housing market within the East Fallowfield-Greenwood Submarket will likely be negatively impacted by household formation trends that show a decrease in the overall number of family households comprised of at least three members. This trend is accompanied by demographic projections, which 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. The combination of household formation trends and population projections suggest that the demand for move-up housing will decrease.

Similar to the Submarket's starter and downsizing segments, the move-up market may be positively affected by projections showing strong increases in both household income and home value appreciation. Additionally, median home values within the East Fallowfield-Greenwood Submarket sit near county-wide figures. However, the Submarket's higher proportion of vacancy related to "other" reasons when compared to the submarket average indicates signs of potential disinvestment issues. However, despite its higher proportion of vacancy attributable to "other" reasons, overall loan originations comprised in part of a stronger showing for home improvements present a positive sign for the move-up market.

Comparisons between the composition of households and housing units by size suggests that the Submarket has an abundance of homes containing three- and four-bedrooms but a shortage of those with five-or-more-bedrooms. Housing units of such size are important as they likely support the needs of most consumers within the move-up market segment.

Overall, the East Fallowfield-Greenwood Submarket's move-up market is considered inadequate largely due to a combination of household formation trends which suggest a decline in consumer demand. However, projections showing an increase in household income paired with median home prices comparable to county-wide figures 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 EAST FALLOWFIELD-GREENWOOD SUBMARKET'S HOUSING ECOSYSTEM:

