

CENTRAL REGION

CAMBRIDGE SPRINGS

COCHRANTON

MEAD

MEADVILLE

SAEGERTOWN

VERNON

THE VERNON SUBMARKET

Nestled in the heart of central Crawford County and providing the “Golden Link” between Meadville and Conneaut Lake, the Vernon Submarket is truly unique in that it contains only one municipality: Vernon Township. The Vernon Submarket lies entirely inside Crawford County and is adjacent to the Saegertown, Meadville, Mead, Cochranon, East Fallowfield-Greenwood, and Conneaut Lake submarkets.

A HOUSING ECOSYSTEM ANALYSIS OF THE VERNON 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.

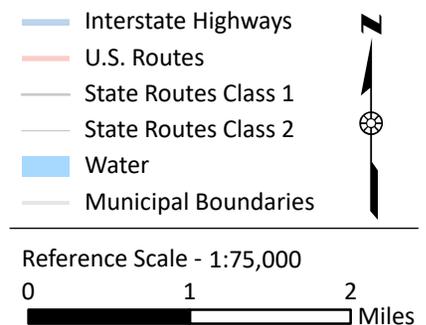
Drivers are those forces that directly propel the need for housing units or development. Drivers are designated by this icon (⚡). Our analysis identifies three major drivers: job growth, population growth, and housing stock growth. The pushing and pulling of these driving forces with each other creates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

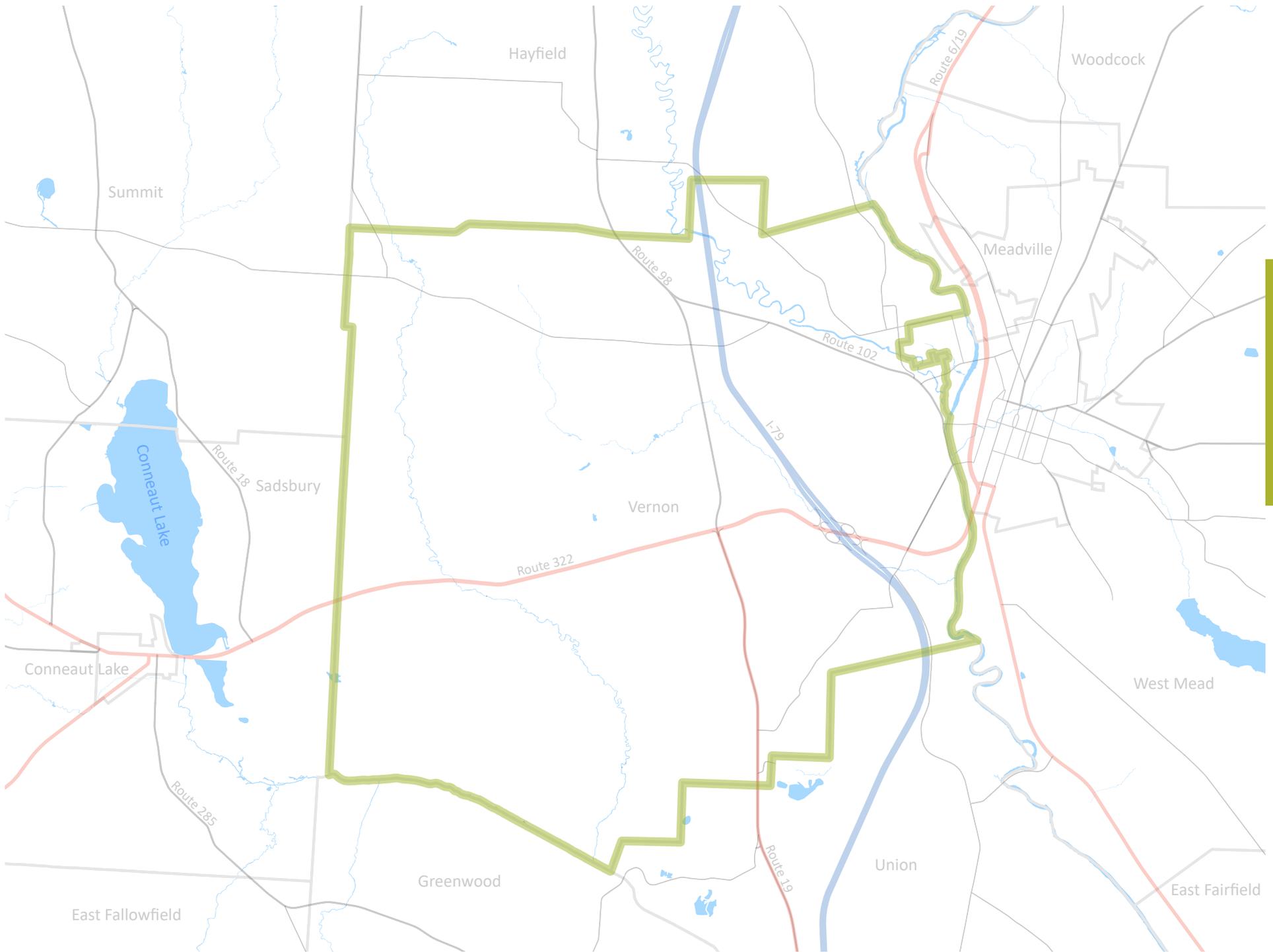
Indicators are metrics useful for providing further insight but are not assumed to produce wider impacts on their own. Indicators have this icon (🍷). These indicators generally gauge how well parts of the market are responding to each other or how people are being accommodated by the housing market.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



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



VERNON 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 Vernon Submarket.

LIVE-WORK TRENDS OF RESIDENTS LIVING WITHIN THE VERNON SUBMARKET —

The map on the next page uses dots to represent where residents living within the Vernon Submarket work. From this map, it is apparent that many Vernon Submarket residents have taken up employment within Meadville and the Saegertown area despite the Submarket's healthy concentration of jobs. 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 Vernon Submarket produces a job-to-housing ratio well above this range at 2.42. This finding may indicate the presence of desirability factors which may discourage people from living within the Submarket.

The radar graph on the bottom left displays the distance and direction of where Vernon Submarket residents work. The dark green wedges of the graph demonstrate those commuting less than ten miles which appears to define most Vernon Submarket workers and presents a good sign for the stability of its housing marketplace. Live-work observations paint the overall picture of the Vernon Submarket being primarily used as residential community with close access to jobs in neighboring submarkets. A break down of such commuter trends is presented on the bottom right.

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

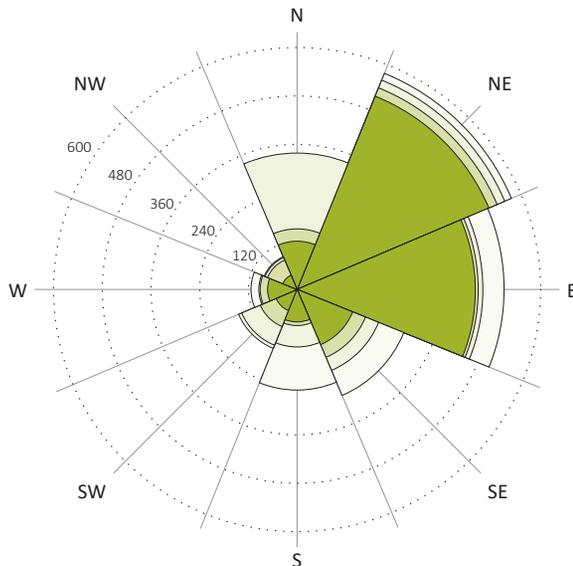


Reference Scale - 1:750,000

0 10 20 Miles

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

WHERE VERNON SUBMARKET RESIDENTS WORK



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

17.6%

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

68.5%

of Vernon Submarket residents work inside **Crawford County.**

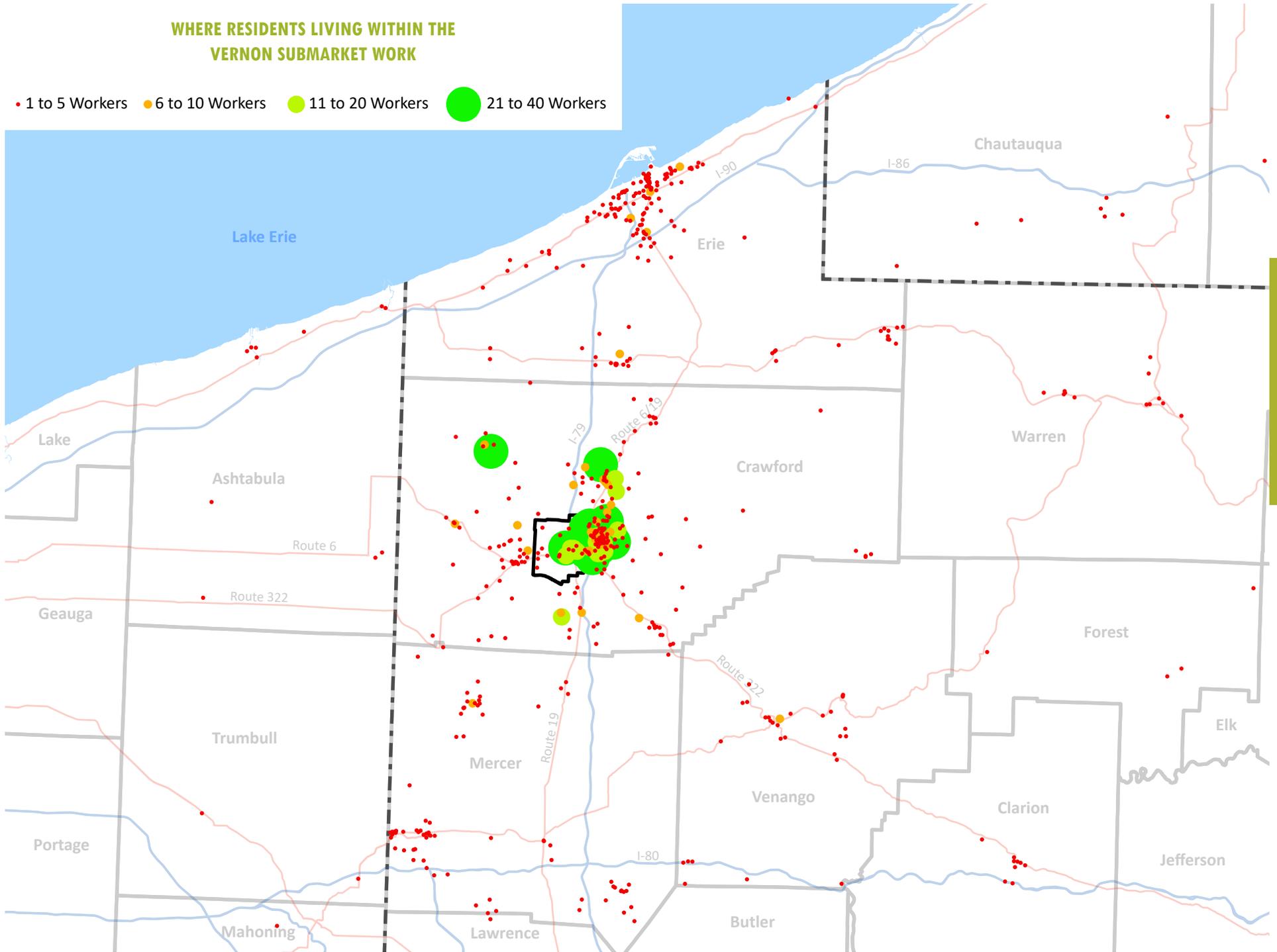
31.5%

of Vernon Submarket residents work outside **Crawford County.**

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

WHERE RESIDENTS LIVING WITHIN THE VERNON SUBMARKET WORK

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



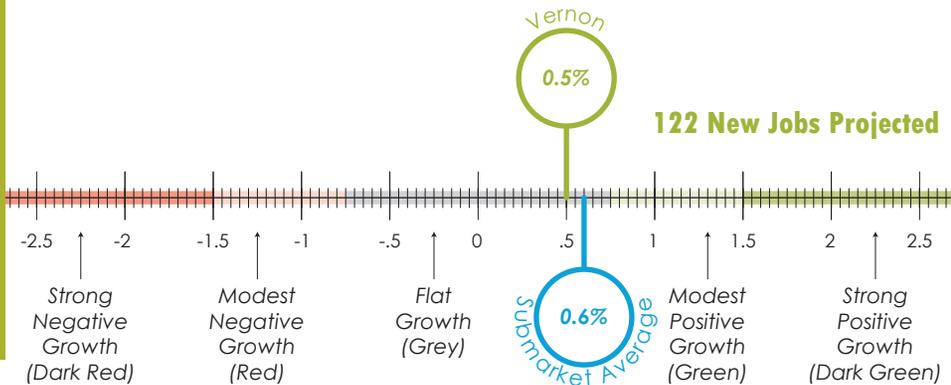
VERNON SUBMARKET

JOB GROWTH ANALYSIS:

⚙️ JOB GROWTH —

From the graph below, the Vernon Submarket's 0.5% projected annual job growth rate is just below the submarket average of 0.6% and lies within the "flat growth" range. Recognizing this, it is unlikely that projected job growth within the Submarket will provide workers the extra employment options which can be leveraged to encourage an increase in wages.

ANNUALIZED PROJECTED JOB GROWTH RATE (2017-2022)



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

🏠 HOUSEHOLD INCOME CHANGE —

Despite flat job growth projections, from the graph on the bottom left, household income within the Vernon 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 Vernon 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. The standard deviation was applied to measure the average difference from the average value of

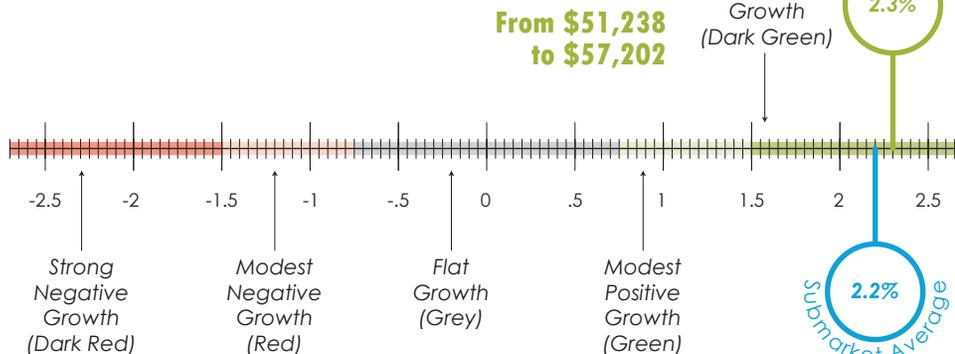


Source: U.S. Census 2011-2015 ACS

jobs present within a submarket. If the Vernon Submarket contained more jobs than two standard deviations above the submarket average, then that submarket was considered as a job center. From the graphic above, the Vernon Submarket contains more jobs than one standard deviation above the submarket average but does not fit our test for being considered as a job center. However, given the Submarket's concentration of jobs, it should be recognized that it is likely an emerging job center. At the present time, housing activity within the Vernon Submarket is still highly reliant on the growth and stability of nearby job centers.

In summary, despite containing a considerable share of local employment opportunities, many of the residents within the Vernon Submarket commute to jobs located elsewhere in the region. The Submarket is not quite a bedroom community but also not a job center. Although the Submarket is projected to have a flat job growth rate, it is expected to experience a strong household income growth rate. Such household income growth may bolster housing market stability.

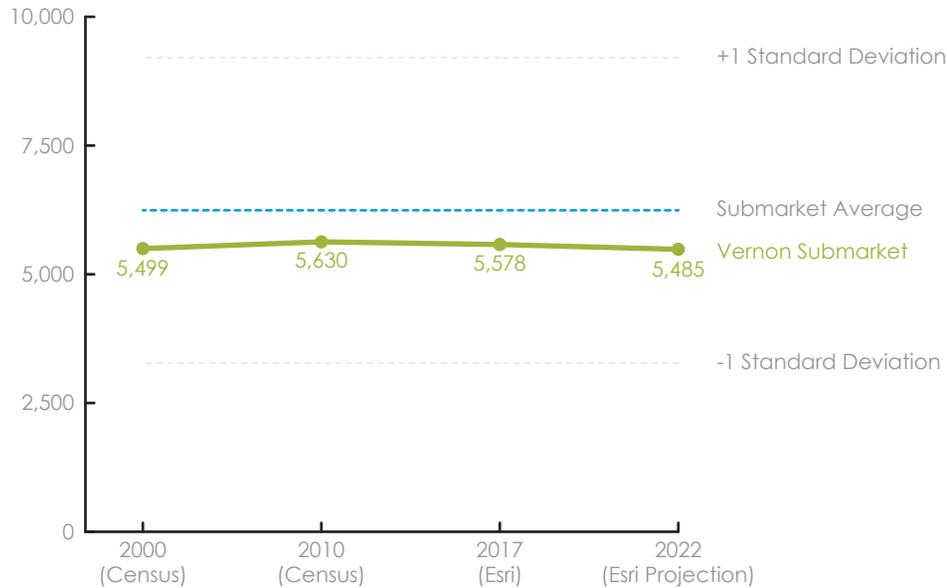
ANNUALIZED PROJECTED HOUSEHOLD INCOME CHANGE (2017-2022)



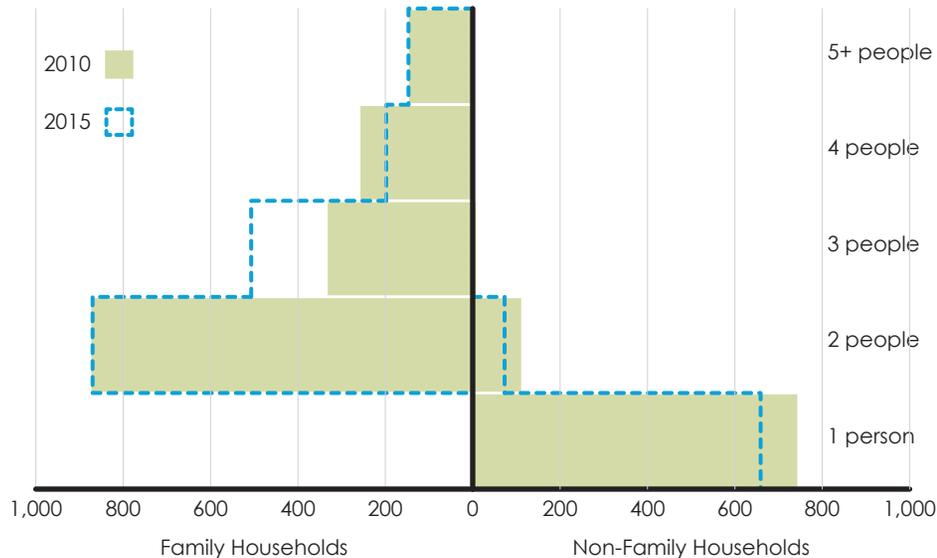
Source: 2010 ACS 5-Year Estimates; BLS., Esri, Retrieved 2018

POPULATION GROWTH ANALYSIS:

VERNON SUBMARKET POPULATION GROWTH



VERNON SUBMARKET HOUSEHOLD FORMATION TRENDS



Source: U.S. Census

This section explores population growth as a driver and relationships between its influencers leading to a submarket's total population. Population growth within the Vernon 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 Vernon Submarket has been stable since 2000. Absent any natural increase, outside buyers may be taking interest in the Submarket.

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.

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 at left demonstrates the composition of Vernon Submarket households by size between 2010 and 2015. One- and two-person non-family households declined substantially over this time period. For family households, those comprised of two-people have remained flat while those composed of three or more inhabitants have fluctuated. Three-person family households increased drastically while those with four people declined over the same period. Additionally, five-or-more person family households remained stable in the Vernon Submarket between 2010 and 2015.

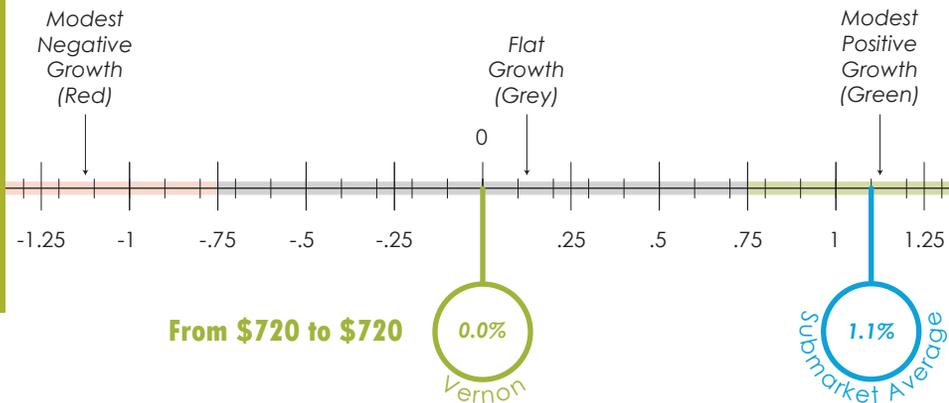
Household formation trends observed within the Vernon Submarket suggest a decline in the demand for rental units, stable demand for starter and downsizing homes, and an increase in the demand for move-up housing.

POPULATION GROWTH ANALYSIS:

RENT PRICE & HOME VALUE CHANGES —

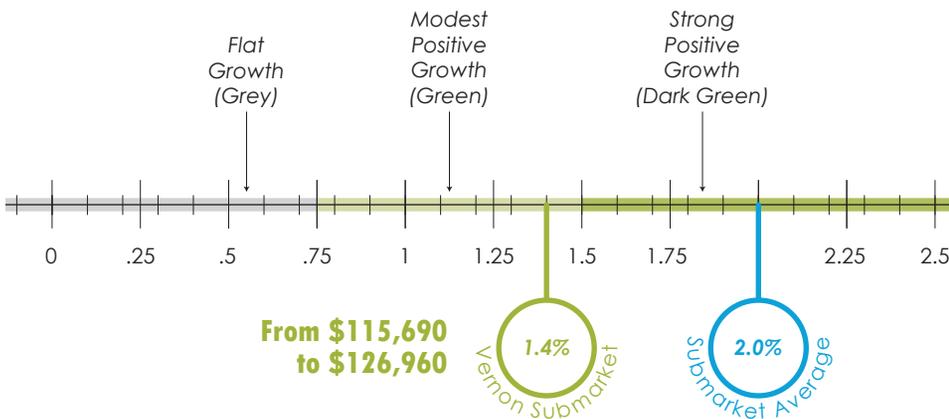
An increase in median rents or home values may delay individuals from forming new households and thus ease housing demand. Conversely, declines in these values may encourage household formation as the ability to move into one's own unit becomes more attainable. The line graphs below demonstrate how the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

ANNUALIZED RENT CHANGE (2010-2016)



Source: U.S. Census

ANNUALIZED HOME VALUE CHANGE (2010-2017)



Source: U.S. Census (inflation adjusted)

RENTAL COST BURDEN —

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

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

A household that is spending more than 30% of its total income on housing, including essential utilities, is considered cost burdened. Cost burdened renter households may have more difficulty saving the money for a down payment on a home. The infographic below demonstrates the percentage of cost burdened rental households within the Vernon Submarket with comparisons to Crawford County and the submarket average. We see that renter households within the Vernon Submarket are about as cost-burdened overall as the submarket average but are faring better on the whole than those across Crawford County.

RENTERS PAYING MORE THAN 30% OF INCOME ON HOUSING



34.4% of Vernon Submarket Renters
(186 Households)

41.3% of Crawford County Renters

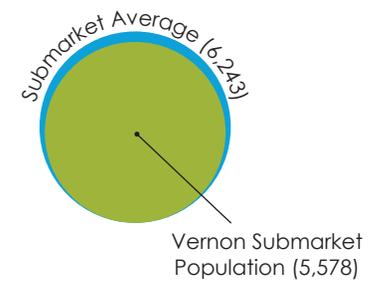
34.3% Submarket Average

Source: U.S. Census 2011-2015 ACS

POPULATION GROWTH ANALYSIS:

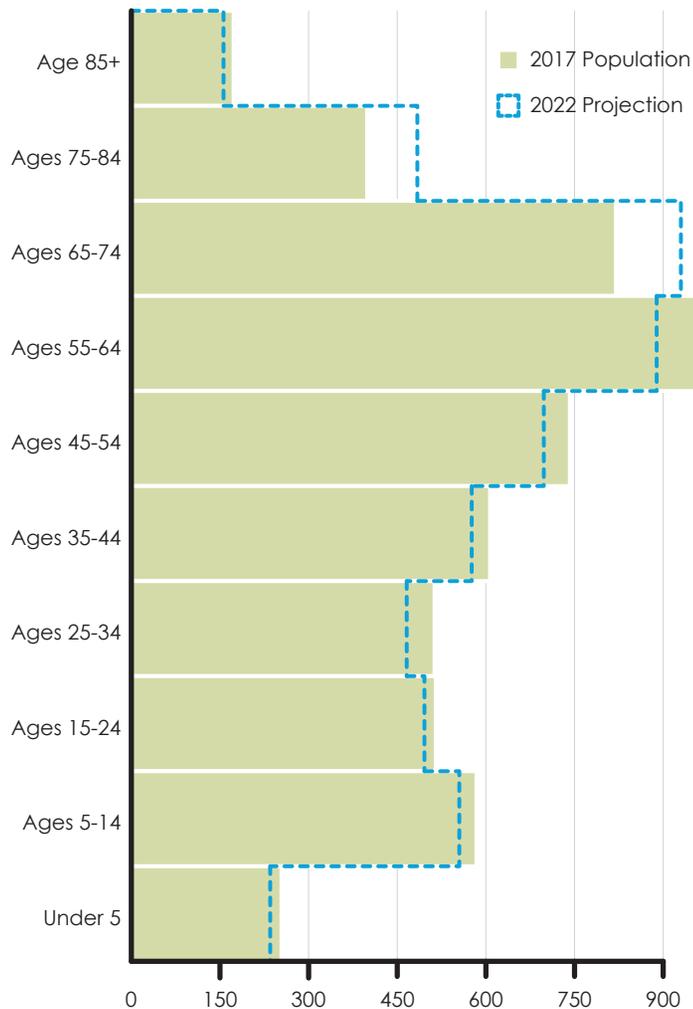
TOTAL POPULATION – The cycling of households between different homes creates some of the housing demand within a community. To understand this type of housing demand, we established whether the Vernon Submarket represents a population center by comparing its population to the average population living within a Crawford County submarket.

From the graphic shown on the right, the Vernon Submarket is less populated than the submarket average. By this standard, the Vernon Submarket is not a regional population center or even a local population center despite its proximity to the Meadville area. In terms of population, the Vernon Submarket is a rural population area. Before analyzing the Vernon Submarket as a rural population area it is important to consider a few caveats. As the only single municipality submarket, the Vernon



Source: Esri, Retrieved 2017

VERNON SUBMARKET POPULATION PYRAMID & PROJECTION



Source: Esri, Retrieved 2018

Submarket constitutes a significantly smaller area than the other submarkets except for the entirely urban Meadville Submarket. Despite its actual population size, the Vernon Submarket should be evaluated within the context of its role as a part of the Meadville area and a community with extensive commercial areas connecting the City of Meadville to the Conneaut Lake area. When these caveats are considered, the Vernon Submarket may have some ability to attract residents on a speculative basis rather than drawing only those who are anchored in some personal manner such as to be close to a recently secured job or to be near family members.

AGE BRACKET COMPOSITION

Whether the type or quantity of housing within a community meets the needs of its population is largely influenced by its age composition. For example, a community with a large senior population will likely generate demand for senior living accommodations such as older-age communities and assisted living facilities. Similarly, a community with an emerging population of younger, family age residents will likely produce demand for additional “starter home” housing units. Additionally, significant voids in certain age cohorts comprising a community will produce lopsided demand for certain types of housing. The graph on the left demonstrates the age composition of the Vernon Submarket in 2017 with a projection to 2022. Age cohorts within the Vernon Submarket are projected to decline across both the youth and working age brackets which together constitute all individuals under the age of 64. Conversely, population is projected to increase across the age brackets comprising individuals ages 65-to-84. Such demographic projections suggest a decline in the local demand for rental units, starter homes, and move-up housing while also suggesting an increase in the internal demand for downsizing homes and senior living accommodations.

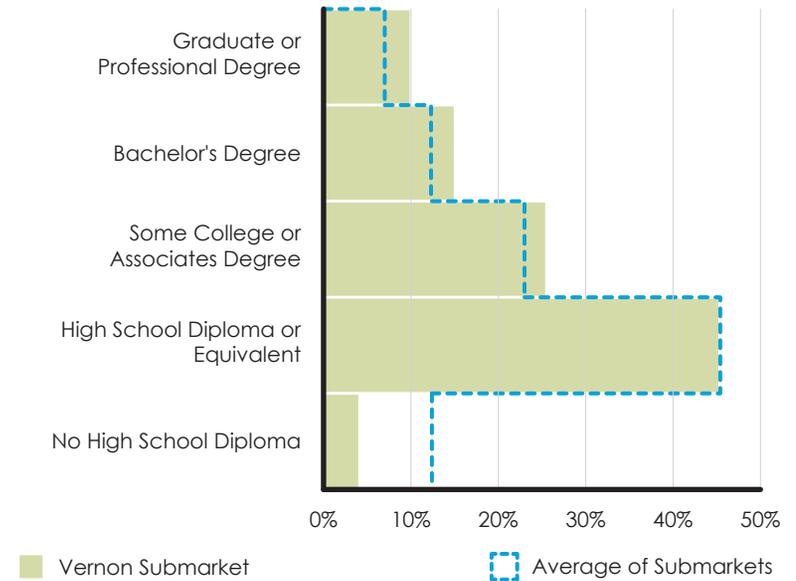
POPULATION GROWTH ANALYSIS:

The demographic trends and household formation trends addressed earlier provide mixed messages concerning the demand for starter homes and move-up housing while suggesting that the local demand for rental units and downsizing homes will increase. The combination of these trends appear only somewhat consistent with the rough finding that rental prices have slightly declined while home values have fared better.

EDUCATIONAL ATTAINMENT —

The educational attainment of residents within a community will influence its potential for job growth. In general, a more educated community presents a more inviting environment for a greater range of potential employers. Similarly, a more educated community will also better encourage existing employers to remain and expand their operations. The graph on the right demonstrates the educational attainment of the Vernon Submarket with a comparison to the average educational attainment of all submarkets across the county. From this graph, it appears that the Vernon Submarket is more educated than the submarket average. The Submarket contains higher portions of individuals holding either associates level, bachelor's, and graduate/professional degrees than the submarket average. Even though the Submarket has a similar proportion of people holding a high school diploma as their maximum educational attainment, it contains a much lower portion of those without a high school diploma. The Submarket's higher level of overall educational attainment may make it more economically competitive over the long run.

VERNON SUBMARKET EDUCATIONAL ATTAINMENT (2017)



Source: Esri, Retrieved 2018

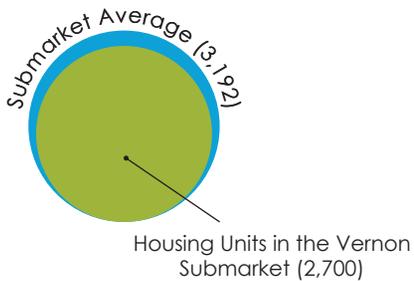
In summary, the Vernon Submarket is not a population center within Crawford County and its population has been stable since 2000. Such stability suggests that demand for new housing within the Submarket may be split between the cycling of existing households and the arrival of new residents. In terms of household formation trends, non-family households comprised of one to two people have declined. Family households comprised of two and five-or-more people have remained stable while three person family households have increased significantly as those with four people have declined. Household formation trends appear consistent with the Submarket's modest increases in home values and observations of flat rent prices. Even though rents have seen flat growth, the Vernon Submarket has a similar rate of cost burdened renters than the submarket average and Crawford County on the whole. Demographic projections within the Submarket show declines across both the youth and working age cohorts while showing an increase in the population of seniors. In terms of educational attainment, the Vernon Submarket is more educated 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 at right presents the housing stock growth rate for the Vernon Submarket. Although flat, the Submarket's housing stock growth rate is similar to the submarket average.

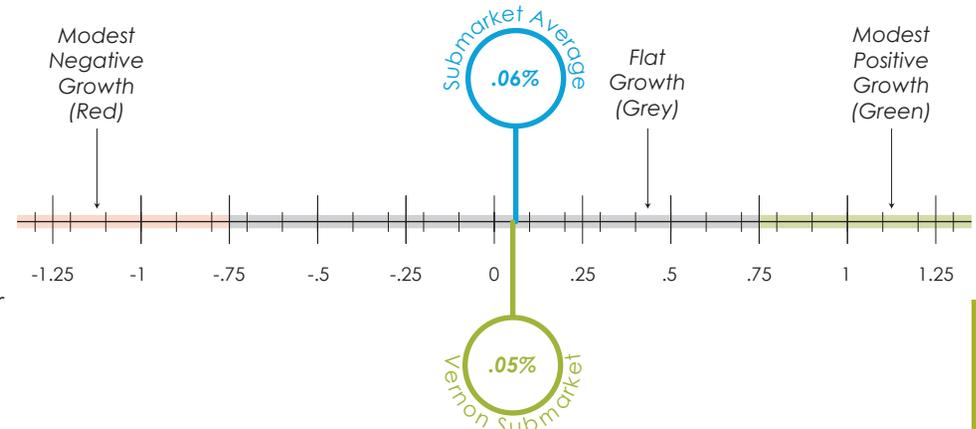


Source: Esri, Retrieved 2018

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 Vernon Submarket's housing stock, we compared the number of housing units located within the submarket to the average number of housing units within a Crawford County submarket. From the graphic on the left, we see that the Vernon Submarket has fewer housing units than the submarket average. Based on this analysis, it can be safely assumed that housing development within the Vernon Submarket is largely a creature of immediate responses to observable market demand rather than along speculative lines.

ANNUALIZED PROJECTED HOUSING STOCK GROWTH THROUGH 2022

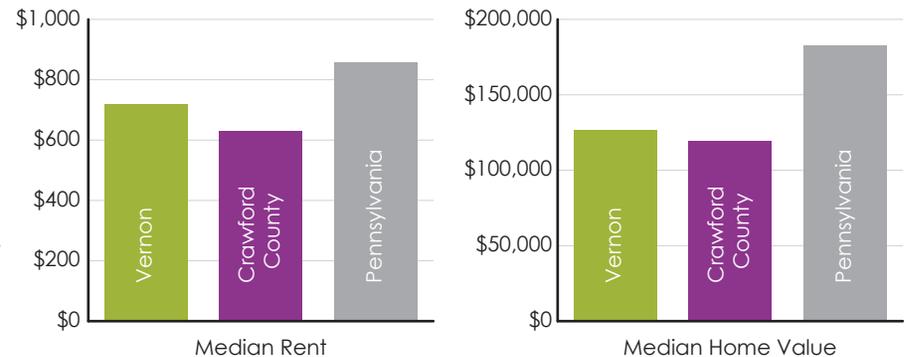


Source: U.S. Census, Retrieved 2018

VERNON SUBMARKET MEDIAN RENT (2016) & MEDIAN HOME VALUE (2017)

MEDIAN RENT & HOME VALUES —

High median rent prices and home values may encourage the development of additional housing units as developers look to capitalize on greater and more reliable profit margins. From the graphs on the left, both median rent prices and home values within the Saegertown Submarket are above the corresponding figures for all of Crawford County yet well below those observed for Pennsylvania on the whole. However, such figures suggest that the Submarket's rental and home ownership markets are among the most desirable in the county. Most significantly, the Vernon Submarket is carrying a much stronger rent price than that observed across the county.



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 nearly 16% of the Vernon 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 Vernon Submarket has a young housing stock which suggests that its housing units may, on the whole, be more physically accessible and provide more modern amenities. It is also possible that the Vernon Submarket may have a desirable housing stock for seniors wishing to live out their latter years at home. Despite its young housing stock, the Submarket should still consider providing for Aging-in-Place opportunities and senior living accommodations given its proximity to submarkets with an older housing stock.

VERNON SUBMARKET HOUSING UNITS BUILT PRE-1940

15.8%



Homes Built Pre-1940

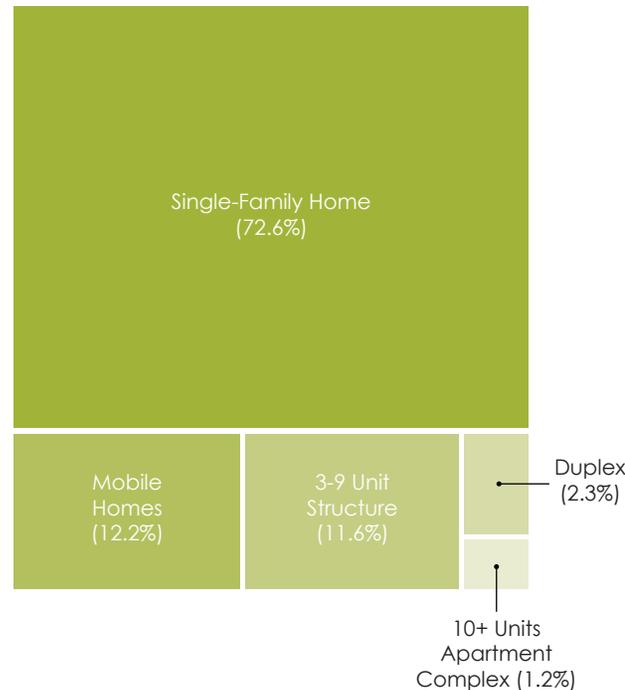
84.2%



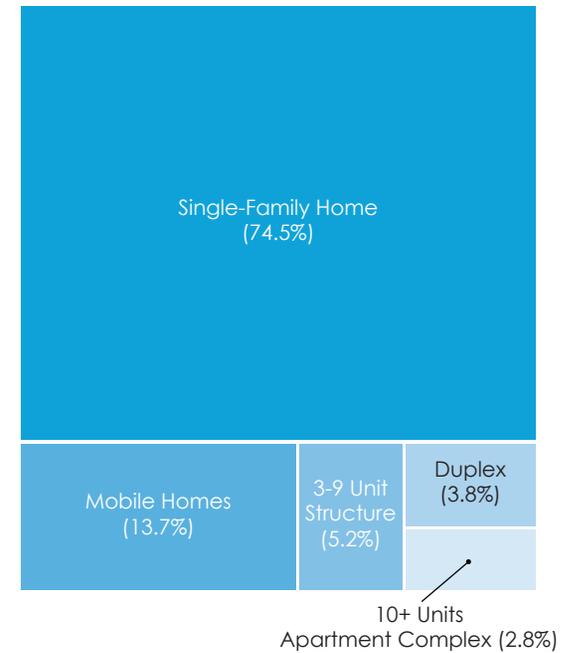
Homes Built Post 1940

Source: U.S. Census, Retrieved 2018

VERNON SUBMARKET



SUBMARKET AVERAGE



Source: U.S. Census, Retrieved 2018

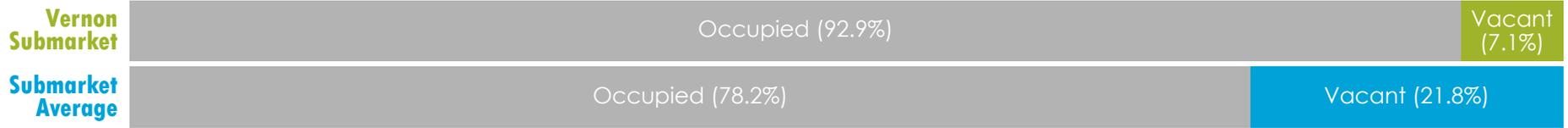
HOUSING BUILDING TYPES —

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 Vernon Submarket is similar to the submarket average except that three-to-nine unit structures and complexes comprise a larger share of the Submarket's overall housing building stock. The Vernon Submarket has similar proportions of single-family and mobile homes but a lesser share of duplexes and apartment complexes consisting of ten-or-more units.

HOUSING STOCK GROWTH ANALYSIS:

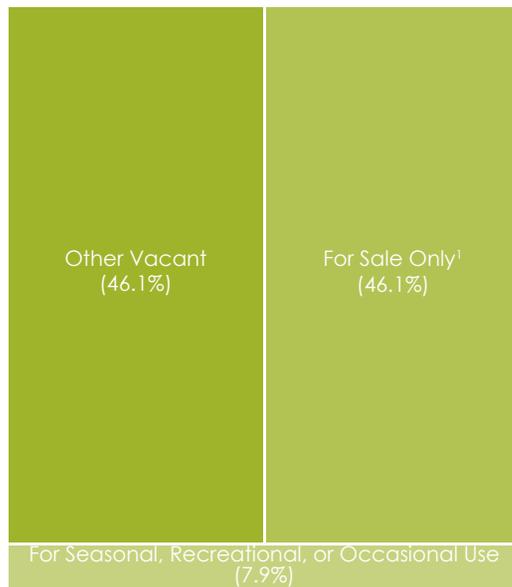
OVERALL VACANCY & VACANCY BY TYPE –

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 Vernon Submarket’s recorded vacancy rate in 2016 with a comparison to the submarket average. The Vernon Submarket has an overall vacancy rate barely above what is considered the natural range (4% to 7%) by real estate professionals. Despite its much lower overall vacancy rate, nearly half (46%) of the Submarket’s vacancy results from “other” reasons while another identically sized share is reduced from homes that are currently listed for sale. “Other vacant” housing units are likely those which are abandoned, condemned, dilapidated, or off the market. For homes currently listed for sale, at 46% of all vacancy the sum of such units relative to the Vernon Submarket’s housing stock amounts to a natural vacancy rate of 3.3%. Even though the Vernon Submarket has a relatively low vacancy rate, the proportion of vacancy resulting from “other” reasons might indicate the existence of disinvestment issues within certain portions of its overall housing stock.

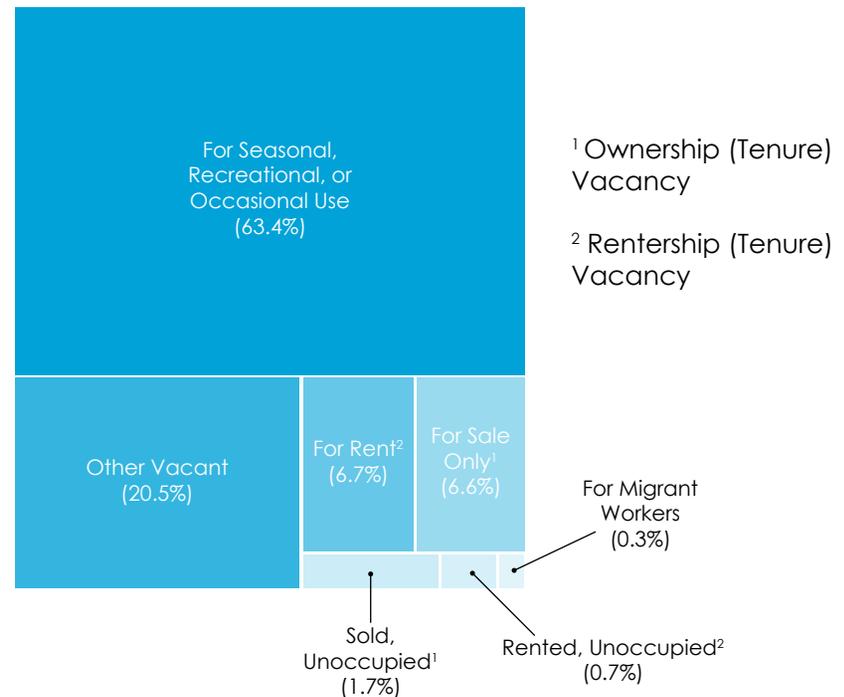


Source: U.S. Census, Retrieved 2018

VERNON SUBMARKET



SUBMARKET AVERAGE

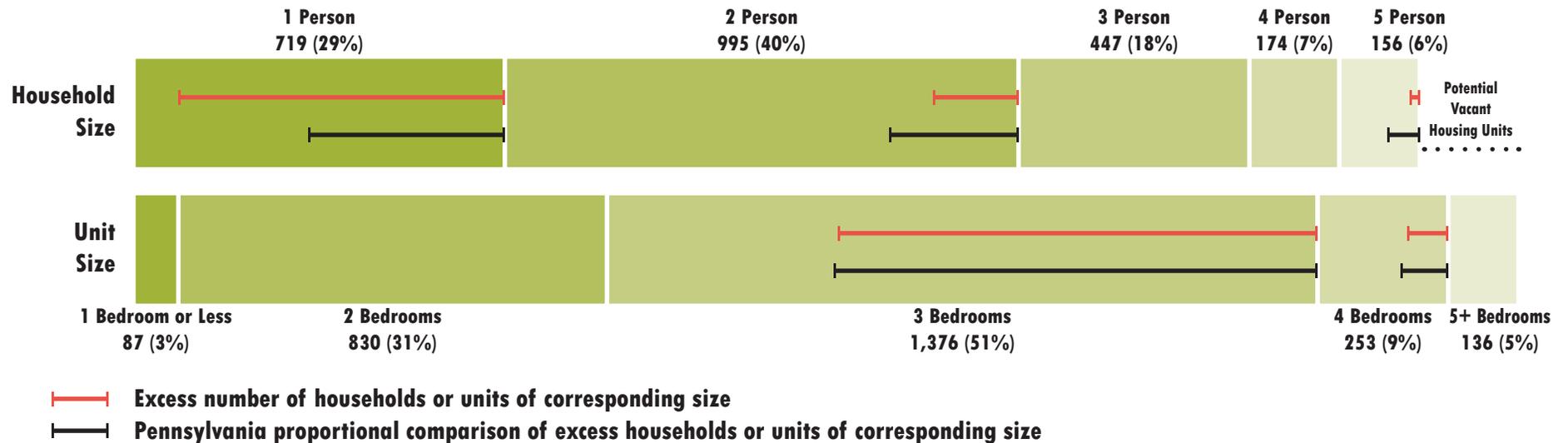


Source: U.S. Census, Retrieved 2018

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 Vernon Submarket. The red lines within the bars show either the excess of households or housing units of corresponding size within the Submarket while the black lines show the same corresponding mismatch for the whole Commonwealth scaled down to the size of the Submarket figures for comparison purposes. From comparing these graphs, it is clear that the Vernon Submarket exhibits a household to housing unit size mismatch beyond what is observed throughout Pennsylvania for single person to one-bedroom units. Beyond having a major shortage of one-bedroom units, mismatches between household and housing unit sizes within the Submarket are comparable to statewide proportions with the exception of having a relatively larger share of two-bedroom and five-bedroom units.

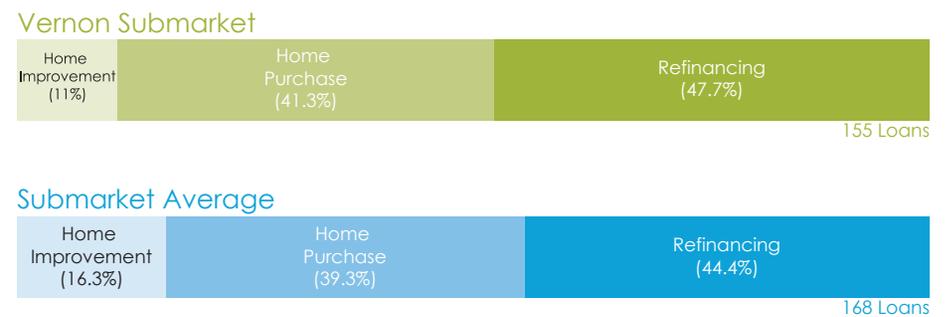


Source: U.S. Census, Retrieved 2018

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 activity within the Vernon Submarket. From this graphic, it appears that loan activity within the Vernon 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. However, loan originations for home purchases outperformed the submarket average.

VERNON 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 Vernon Submarket, the rate of declined loans has hovered in the mid-twenties in recent years (see below) and appears to show improvement since 2007.

VERNON SUBMARKET DECLINED HOUSING LOANS (2007-2016)



Source: Consumer Financial Protection Bureau, Retrieved 2018

In summary, the Vernon Submarket contains a lesser concentration of housing units than the submarket average and its housing stock isn't growing at a significant rate. This finding is consistent with observations of median rent and home values which are above those observed across Crawford County but below Pennsylvania's figures. However, despite a lack of recent construction, around 16% of the Submarket's stock was constructed prior to 1940. Single-family structures and mobile homes are about as represented within the Submarket as the submarket average but three-to-nine unit structures are more represented. In terms of vacancy, the Submarket's vacancy rate is healthy and much lower than the submarket average, but a larger composition of its vacancy is due to "other" reasons. When assessing how well the Vernon Submarket's housing stock meets the needs of its residents, it is clear that it doesn't offer many opportunities for single person households. Loan activity within the Submarket has been less investment oriented than the submarket average and the rate of approved loans has hovered around 81% while showing some improvement.

OVERALL STATUS OF THE VERNON HOUSING SUBMARKET:

AN ECONOMIC OVERVIEW —

The Vernon Submarket is not currently a job center according to our methodology, but such finding could be subject to change in the near future. Such change could occur somewhat soon as a new medical campus is planned inside the Submarket which could employ upwards of 1,000 people. Currently, despite the Vernon Submarket's concentration of jobs, many of its residents commute to opportunities within the Meadville Submarket, Saegertown area, and north towards the Erie area. Though many residents commute to jobs outside the Submarket, a significant portion, nearly 18%, both live and work inside the Vernon Submarket. This observation is also supported by our analysis of the Submarket's job-to-housing ratio which, at 2.42, lies well above the beneficial range and is the highest reported across any submarket in Crawford County. A job-to-housing ratio this high may indicate that the Submarket either lacks housing opportunities or has living conditions that many view as undesirable. The combination of the above findings suggests that the Vernon Submarket is not entirely a bedroom community due to its concentration of employment, and that the Submarket could potentially absorb more housing activity in the future.

Overall, the educational attainment of residents within the Vernon Submarket is well above the submarket average with much higher proportions of those attaining either associates, bachelor's, or graduate and professional level degrees. Though the Submarket's higher overall educational attainment makes it more economically competitive, the recent job growth rate within the Submarket has been flat. Despite flat job growth, household income is projected to increase at a strong rate leading out to 2022. Potential household income growth may partially explain why the success rate for securing real-estate related loans has dropped since 2007. However, the composition of loan originations within the Submarket has been less investment oriented than the submarket average despite containing a higher proportion of activity for home purchases. Ultimately, the anticipated opening of the new medical center paired with projected gains in household income could make the Vernon Submarket one of the most stable housing markets in Crawford County.

POPULATION TRENDS —

According to our methodology, the Vernon Submarket represents a rural population area within Crawford County. It should be noted that this conclusion is based purely on the number of people living within the Submarket. Therefore, before considering the Vernon Submarket as a rural population area, it should be recognized that the Submarket largely functions as a suburban community on the edge of a larger city and is a part of a greater micropolitan region. Population growth within the Submarket has been flat since 2000, and demographic projections of the composition of its population by age show declines across all youth and working age cohorts paired with an increase in its senior citizen population. Household formation trends show a decline in the number of one- and two-person non-family households whereas family households formation trends have been more dynamic. Family households comprised of two- and five-or-more people have remained stable, those containing four people have declined, and three-person family households have increased. Overall, the Vernon Submarket's population has seen stagnant growth and is continuing to age. Despite such observations and projections, the Submarket is showing signs of attracting small families while also losing non-family households.

THE HOUSING MARKET GENERALLY —

The Vernon Submarket's housing stock isn't growing at a significant rate despite modest growth in home values. In terms of affordability, the cost burdened rate among renter households within the Submarket is nearly identical to the submarket average. When considering the accessibility needs of older residents, the Submarket's relatively newer housing stock is less likely to present challenges for most residents. The Vernon Submarket's vacancy rate is significantly lower than the submarket average and lies just slightly above what is considered to be a healthy or acceptable rate according to real-estate industry analysts. Due to the Submarket's low vacancy rate, the composition of its vacancy by type is unlikely to present significant issues for its residents. Homes currently listed for sale along with "other" vacant properties together comprise around 92% of the vacant housing units within the Vernon Submarket. Household to housing unit size comparisons within the Submarket suggest that it has a shortage of one-bedroom units but a more generous supply of two- and five-or-more-bedroom homes. Additionally, the supply of three and four bedroom units relative to household sizes within the Submarket is comparable to the ratios observed across the State of Pennsylvania.

THE VERNON SUBMARKET'S HOUSING ECOSYSTEM:

HOUSING MARKET ECOSYSTEM —

The graphic on the next spread demonstrates the housing market ecosystem for the Vernon 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 Vernon 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 Vernon Submarket's new household market may be negatively impacted by trends that show a decline in the number of one- and two-person non-family households. These household formation trends are further supported by demographic projections which show an overall decline in the population of individuals between the ages of 15 and 34. Observations of declining non-family household formation trends and demographic projections which appear to forecast a decline in the population most likely to participate in the new household market are further corroborated by rent price trends. Although median rent prices within the Vernon Submarket are above county-wide figures rent price growth has been flat. This observation is somewhat unusual when considered relative to other submarkets within the county, many of which have experienced growth in rent prices. Additionally, despite projections showing strong household income growth within the Vernon Submarket, its rate of cost-burdened renter households is similar to the submarket average, which rests at a relatively high rate.

When considering how the Vernon Submarket's existing housing stock may impact its new household market, some relief can be drawn from the observation that the composition of its stock contains a proportionally larger share of multi-unit residential structures. Such multi-unit residential structures are typically more accommodating for participants in the new household market as they often either don't require or can't afford all the features of a single-family home. However, comparisons between the composition of households and housing units by size show that the Submarket severely lacks housing units with only one-bedroom or less. The result may be that those in the new household consumer segment are pushed into larger housing than what is necessary to meet their needs. In terms of vacancy, the Vernon Submarket has the lowest vacancy rate of all submarkets within the county and likely isn't experiencing significant problems as a result of vacant homes.

The combination of trends and projections suggesting a decline in consumer demand for the Submarket's new household market paired with observations of flat rent growth and relatively high renter household cost-burdened rates leave the Vernon Submarket's new household market segments as performing inadequately. The Submarket's high renter household cost-burdened rate likely inhibits the ability of households to transition into the starter home market and therefore the ability to make such transition is inadequate.

STARTER HOME & DOWNSIZING MARKETS — Trends showing that the number of two-person family households in the Vernon Submarket has been stable potentially indicate stability for its starter and downsizing home markets. However, demographic projections within the Submarket forecast a decline in the population of individuals between the ages of 15 and 34 while also showing an increase in the population of individuals over the age of 65. The combination of household formation trends and demographic projections for the Vernon Submarket suggest that the demand for starter homes is stagnant while demand for downsizing homes is on the rise.

Both the starter and downsizing home consumer segments may be positively affected by projections showing strong household income growth. Additionally, home values have seen modest growth and median home values are above county-wide figures. The Vernon Submarket's housing stock is relatively modern and contains an abundance of single-family building types and an adequate supply of both two- and three-bedroom homes. Loan originations within the Submarket have been more oriented towards home purchases than the submarket average and the rate of declined loans has been improving over recent years.

Overall, a series of relatively positive observations of the Vernon Submarket's housing stock, median home values, and financing activity may lend stability to the Submarket's starter and downsizing markets. However, demographic projections suggest that the starter home market segment within the Submarket might be less stable. For now, the stable number of two-person family households paired with positive economic conditions suggests that both the starter home housing

THE VERNON SUBMARKET'S HOUSING ECOSYSTEM:

segment and the ability to transition from this segment and into the move-up market are adequate. For the downsizing market, demographic projections suggest that demand may pick up in the future. As a result, the downsizing housing market segment and the ability to transition from this segment and into a senior living accommodation are both considered to be adequate.

MOVE-UP MARKET – Trends showing an overall increase in the number of family households containing three-or-more people suggest that the demand for move-up housing within the Vernon Submarket may increase. However, such trends are contradicted by demographic projections that show a decline in the population of individuals between the ages of 35 and 64. Similar to the starter and downsizing markets, the Vernon Submarket's move-up marketplace should benefit from projections showing strong household income growth and trends of modest gains in home values which currently lie around county-wide figures. Additionally, the Submarket's relatively new housing stock appears to supply an adequate amount of larger single-family homes which may meet the needs of many households seeking move-up housing. Furthermore, loan originations within the Submarket have been more oriented towards home purchases than the submarket average and the rate of declined loans has been improving over recent years.

Overall, household formation trends suggest that the demand for move-up housing within the Vernon Submarket is stable, and therefore the performance of this housing segment is considered adequate. Additionally, a series of relatively positive economic conditions suggest that the ability of households currently within the move-up market to transition into the downsizing consumer segment should be adequate as well.

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

THE VERNON SUBMARKET'S HOUSING ECOSYSTEM:

