



Regional Housing Submarket Analysis

Presented by the Institute for Housing Studies

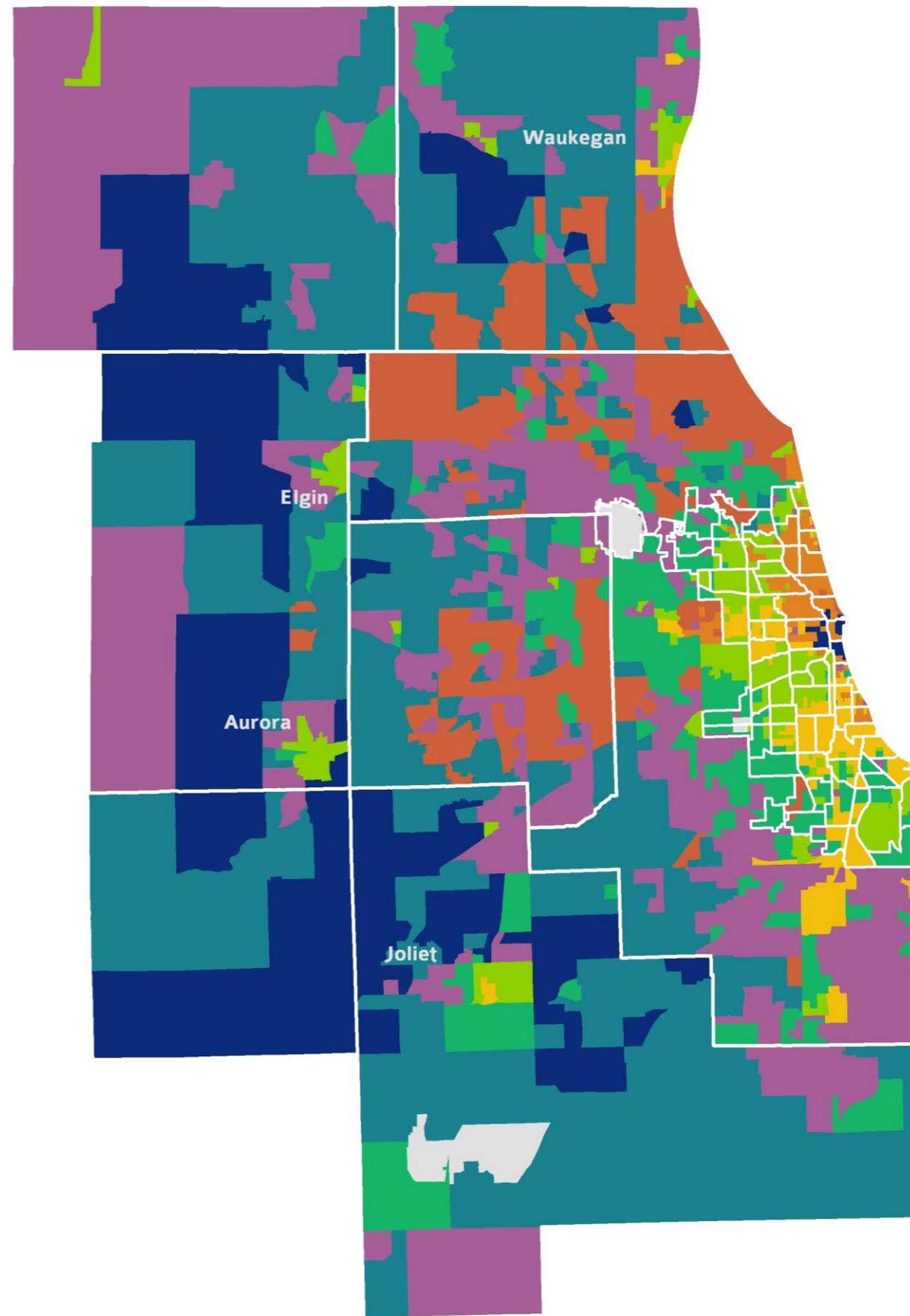
Approach

- Developed clustering model with faculty and students from DePaul's Department of Predictive Analytics
- Model includes census tract-level data on:
 - Housing affordability
 - Housing stock
 - Investment and market conditions
 - Demographic and socioeconomic characteristics
- Clustering model classifies census tracts based on:
 - Similarities – How closely related tract characteristics are across a range of variables
 - Differences – How distinct or separated tracts are from others across a range of variables

Housing Submarket Clusters – Chicago Region



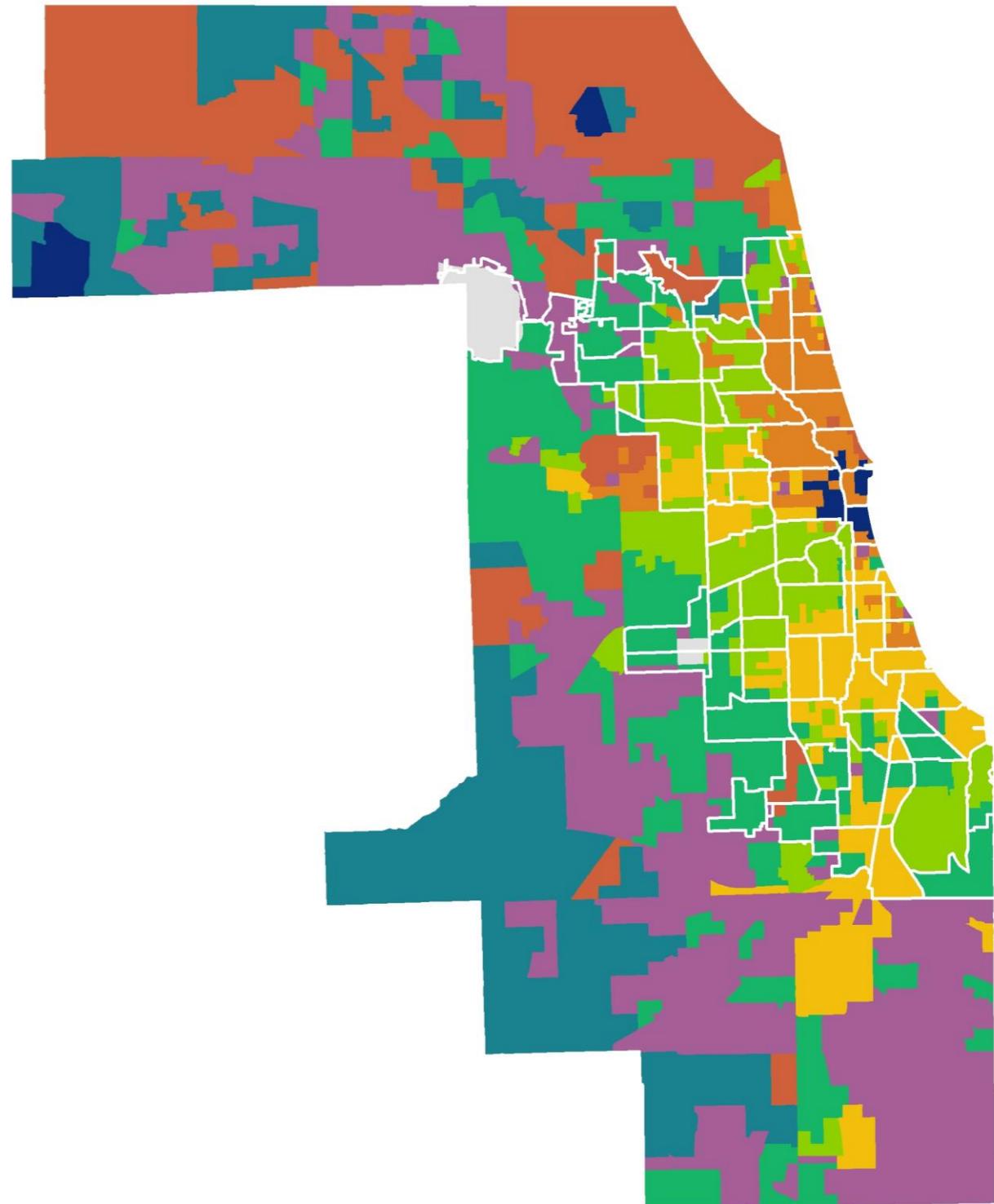
- 1** Lowest income, high distress, declining population, urban
- 2** Low/moderate-income, distressed, large households
- 3** Higher-income, young, educated, strong market urban
- 4** Moderate-income, lower cost, post-war housing stock
- 5** Moderate-income, declining, 1960-79 stock, suburban
- 6** Highest-income, high cost, stable, suburban, aging
- 7** Growth cluster, newest stock, large households, core/fringe
- 8** High/middle-income, 1980-99 housing stock, suburban, aging



Housing Submarket Clusters – Cook County



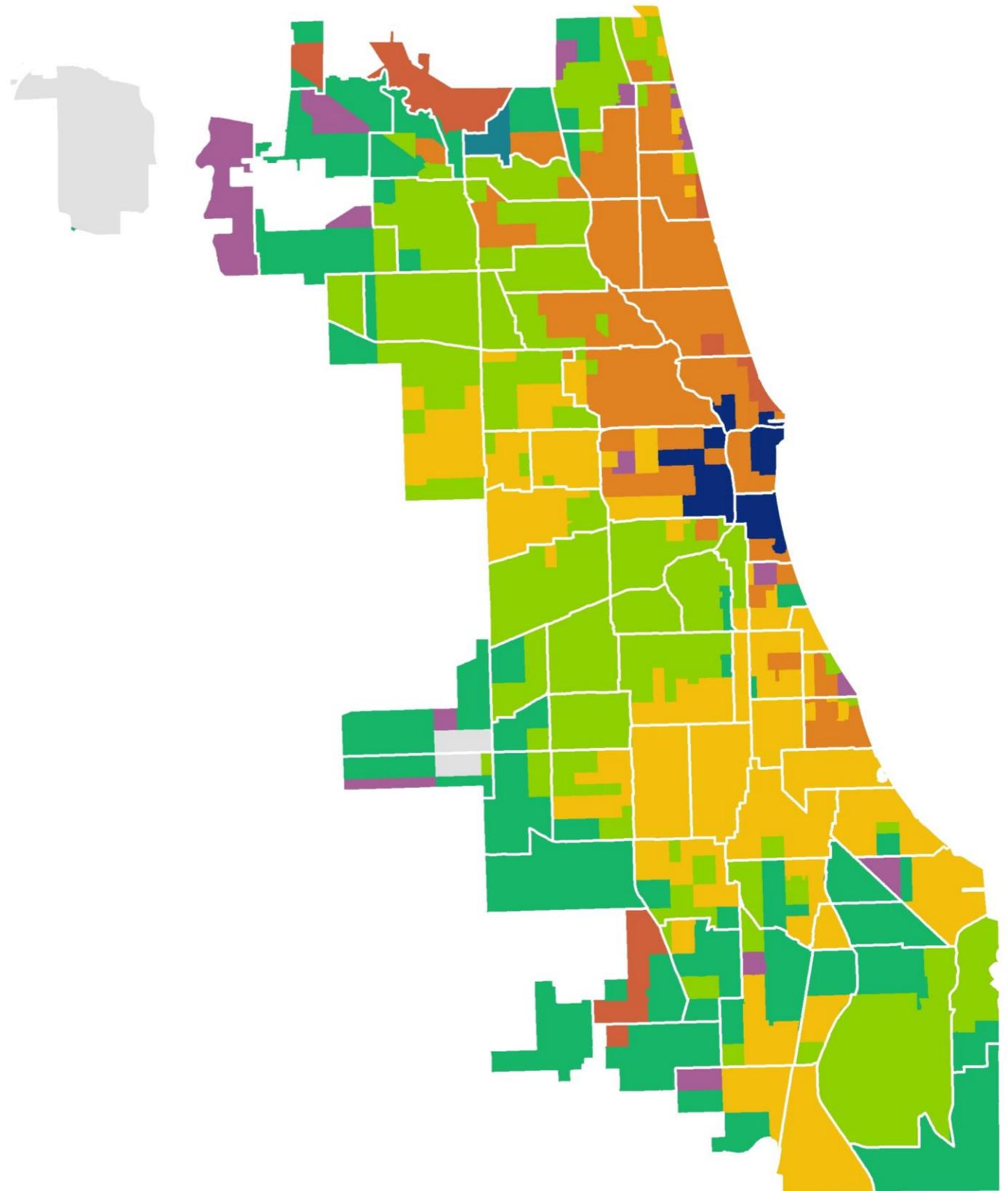
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Housing Submarket Clusters – City of Chicago



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Cluster 1

Housing affordability

- High and increasing levels of cost burden
- Housing stock is low-cost, but incomes are very low and have seen large declines
- Low transportation costs

Housing stock

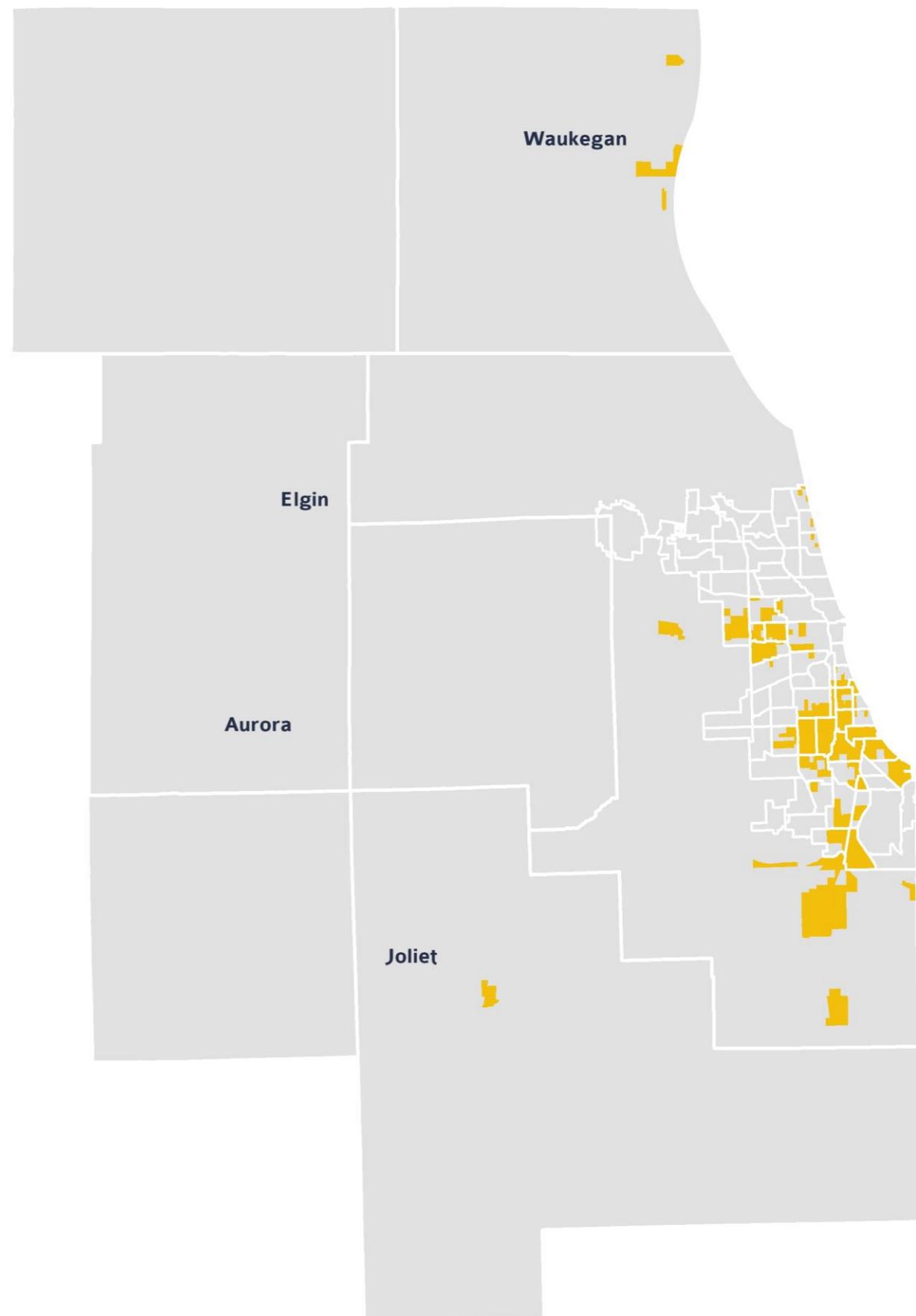
- Relatively high density urban cluster with older housing stock built prior to 1940
- High levels of renters and largest share of subsidized housing

Investment and market conditions

- This is a high distress area with high levels of foreclosure activity and vacancy
- Low levels of mortgage investment, but high levels of cash sales

Demographic and socioeconomic characteristics

- Low levels of educational attainment
- Households are low-income and have seen the largest income declines
- Unemployment is high and increasing
- Increase in share of senior population



Cluster 2

Housing affordability

- High and increasing levels of cost burden, largely due to declining incomes
- Low transportation costs

Housing stock

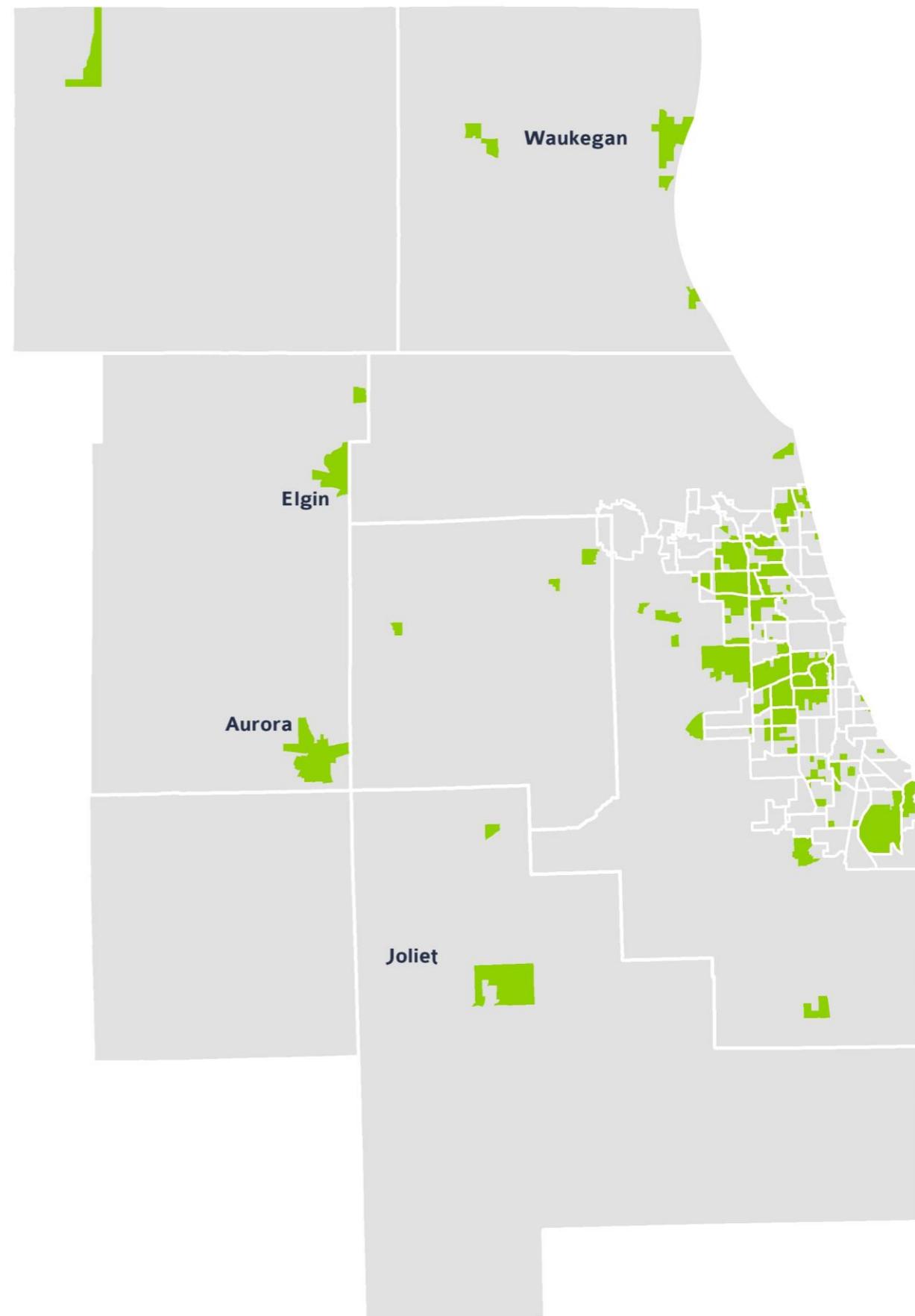
- Relatively high density urban and suburban cluster with older housing stock built prior to 1940
- Moderate to high levels of renters with lower levels of subsidized housing

Investment and market conditions

- This is a high distress area with higher levels of foreclosure activity but moderate levels of vacancy
- Low levels of mortgage investment, but high levels of cash sales

Demographic and socioeconomic characteristics

- Low levels of educational attainment
- Households are low- and moderate-income and have seen declining incomes
- This area is characterized by large households and high levels of children



Cluster 3

Housing affordability

- Both house prices and rents are high and increasing, but lower levels of cost burden due to high and growing incomes
- Low transportation costs

Housing stock

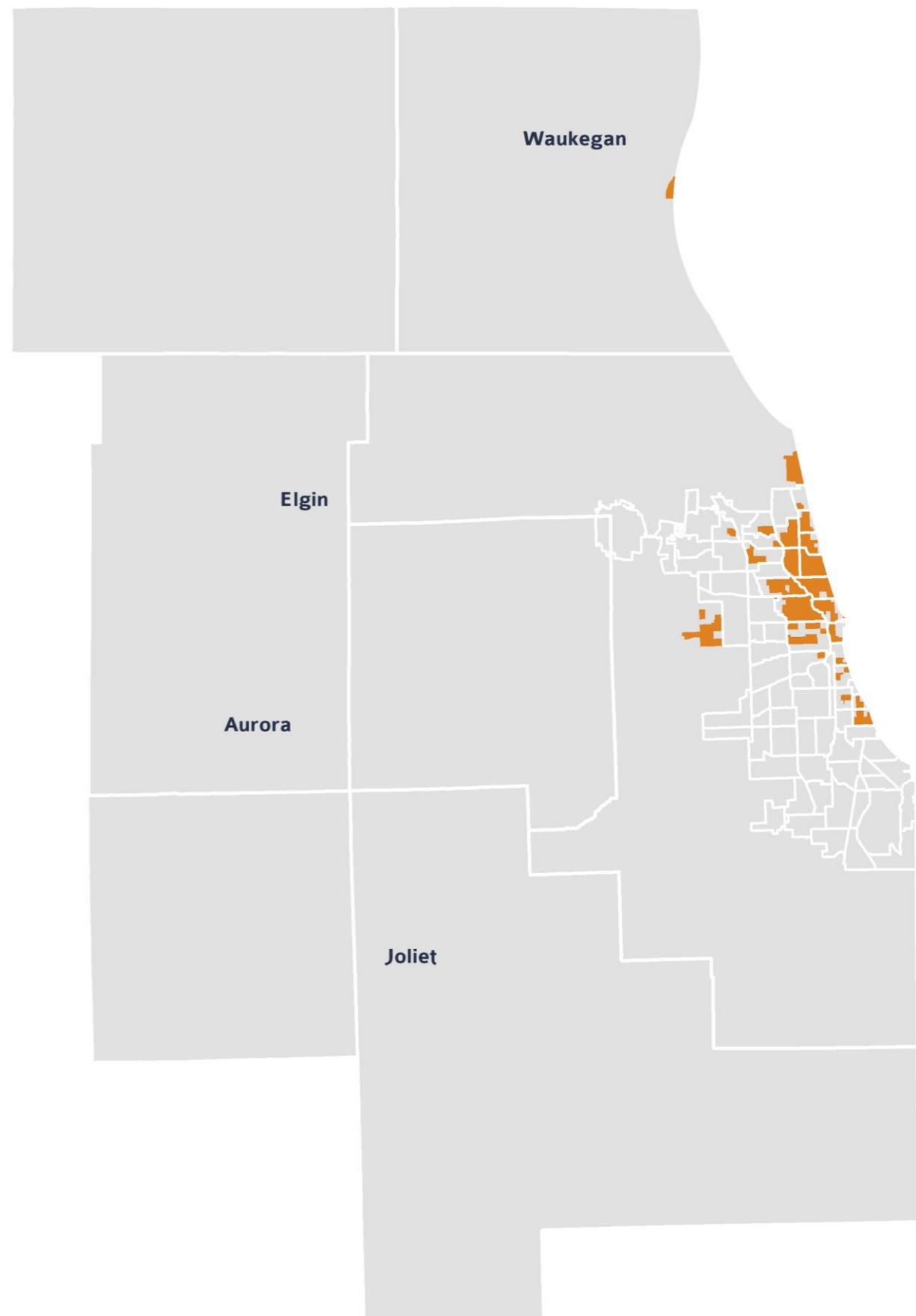
- High density urban cluster with older housing stock
- High level of renters, but only area with declining levels of renters
- Generally lower levels of subsidized housing

Investment and market conditions

- This is a very active housing market with high levels of mortgage activity and housing turnover and low vacancy
- Low foreclosure distress

Demographic and socioeconomic characteristics

- High/middle income, younger, and educated households
- Only area to see incomes increase
- High levels of small 1-person households with low levels of children



Cluster 4

Housing affordability

- This is a moderate cost burden cluster that has seen fairly substantial increases in burden
- Housing costs are generally low in this cluster, but incomes are declining
- This cluster has moderate transportation costs

Housing stock

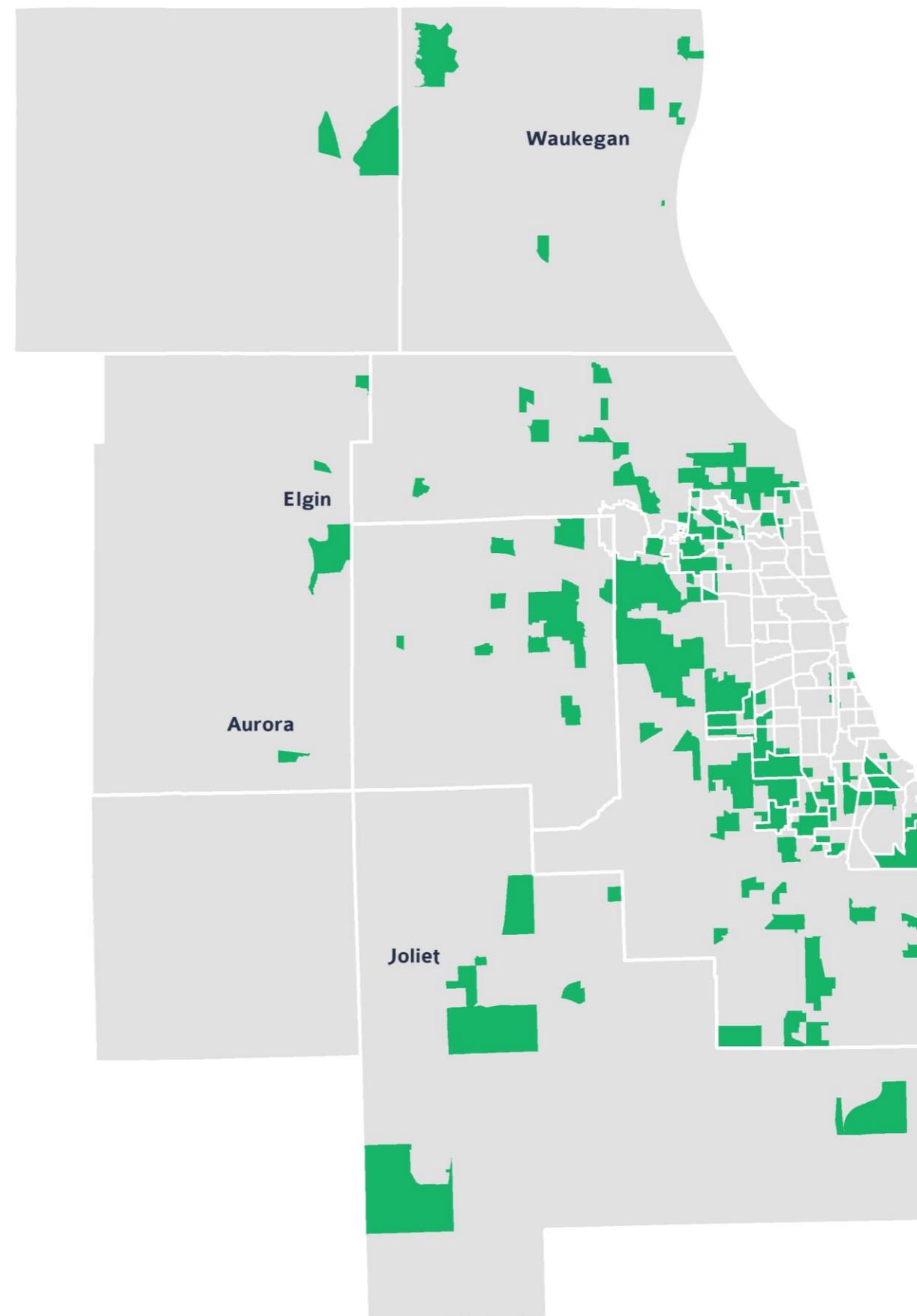
- Largely suburban cluster with some lower density urban areas and largely single family postwar housing stock built 1940–59
- This is a largely owner-occupied cluster with low levels of subsidized housing

Investment and market conditions

- Moderate levels of foreclosure activity and high/moderate level of distressed sales
- Moderate levels of mortgage lending and housing market activity

Demographic and socioeconomic characteristics

- Primarily middle and moderate income households with generally lower levels of educational attainment
- Family area with moderate share of children but somewhat older population



Cluster 5

Housing affordability

- This is a moderate cost burden cluster that has seen fairly substantial increases in burden
- Housing costs are generally low in this cluster, but incomes declined substantially
- This cluster has moderate transportation costs

Housing stock

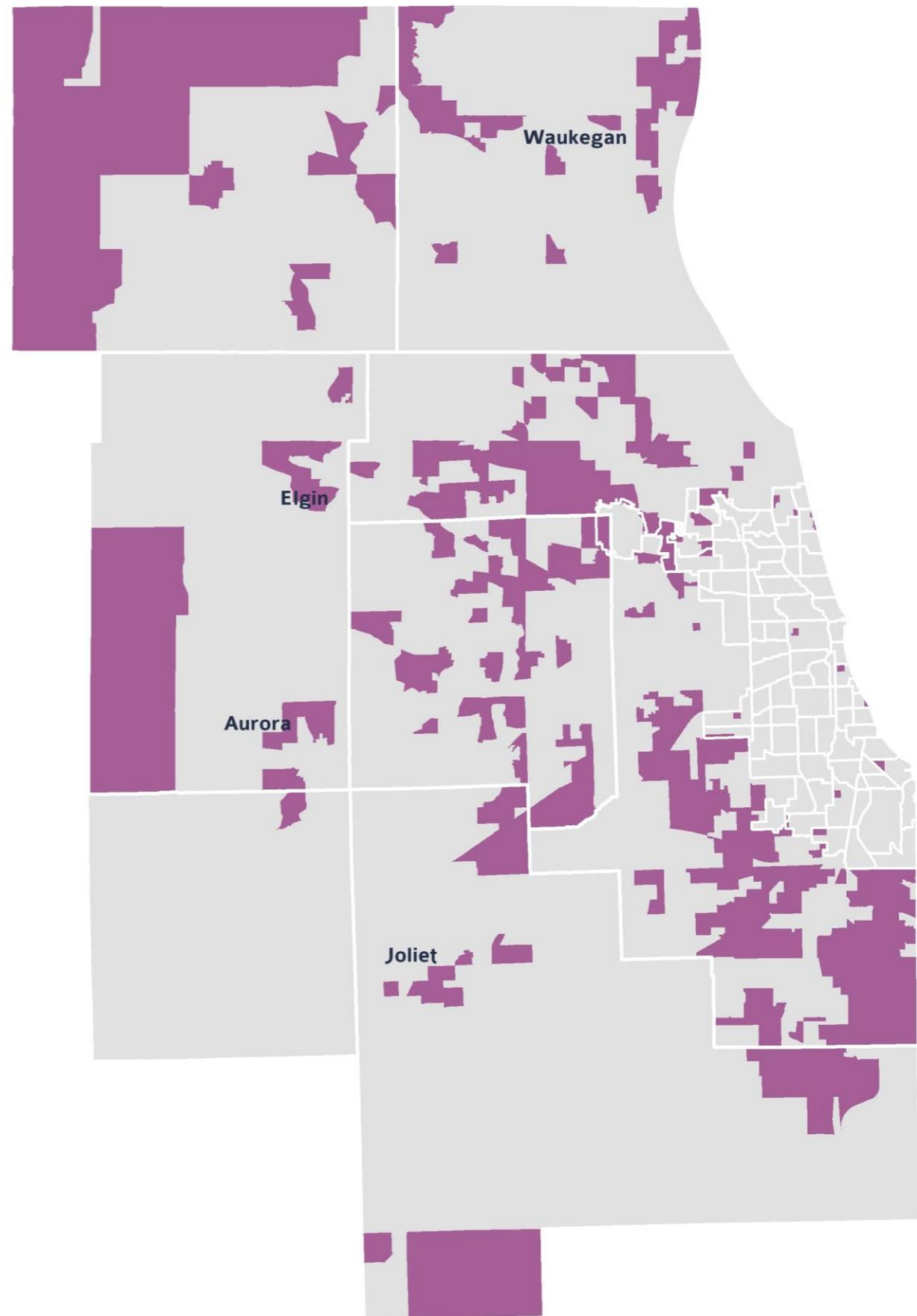
- Lower-density suburban cluster with housing stock largely built 1960-79
- This is an owner occupied area, but higher level of renters and subsidized housing for the suburbs

Investment and market conditions

- Moderate levels of foreclosure activity and high/moderate level of distressed sales
- Moderate higher levels of cash sales for suburbs
- Weak house prices

Demographic and socioeconomic characteristics

- Primarily moderate income households with generally lower levels of educational attainment
- Family area with moderate share of children



Cluster 6

Housing affordability

- This is an expensive cluster in terms of housing costs (both house prices and rents)
- Because incomes are high, not a lot of cost burden
- High transportation costs

Housing stock

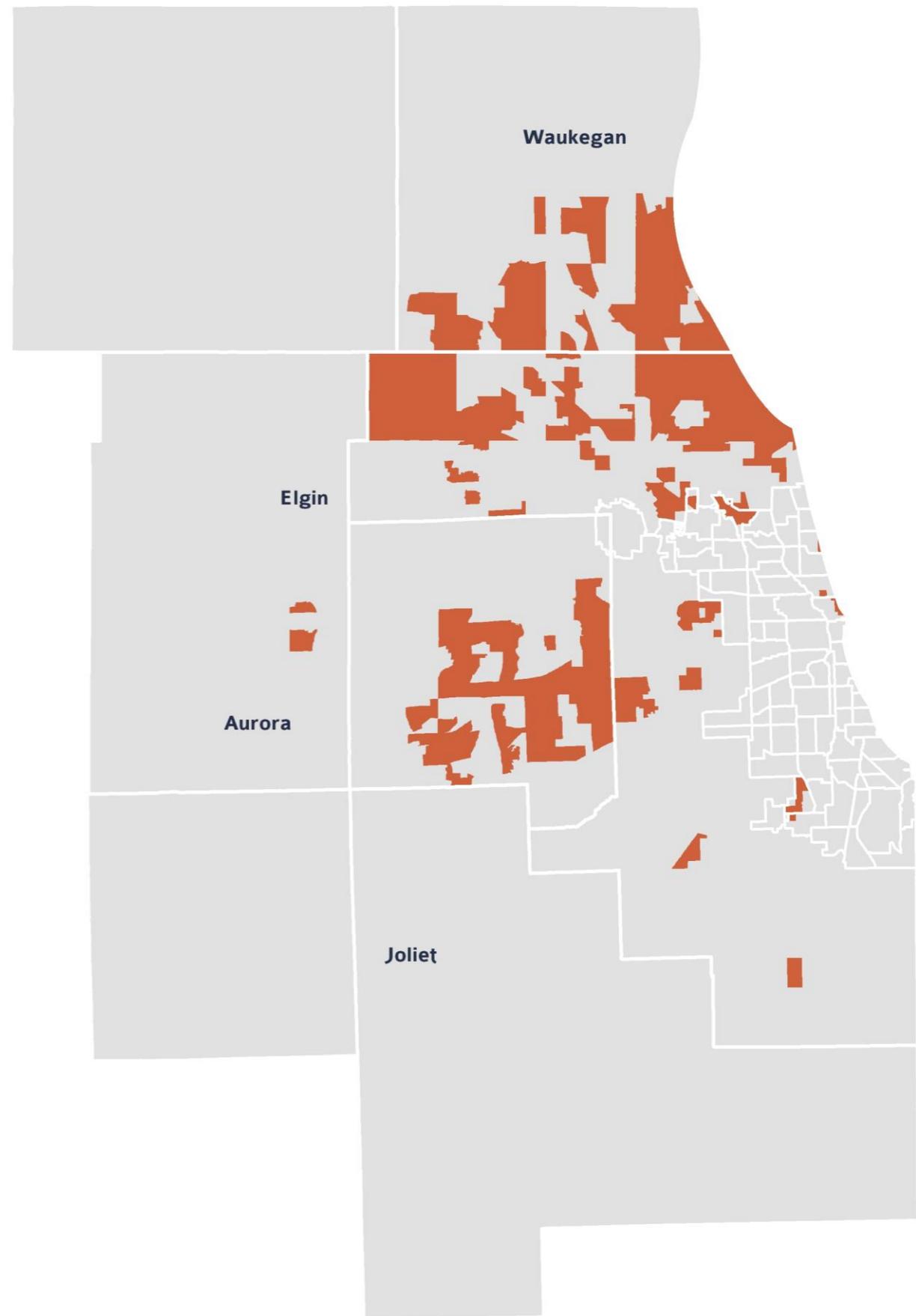
- Largely suburban, low density cluster with a mix of both older and newer single family housing
- This is a largely owner occupied cluster with low levels of subsidized housing

Investment and market conditions

- Not heavily impacted by foreclosures
- Low vacancy with higher levels of mortgage investment, and higher levels of recent housing turnover

Demographic and socioeconomic characteristics

- Largely a higher income, highly educated area
- High and growing share of 60+ households, low share of younger adults households(15-34)
- High share of 2-4 person households, moderate levels of children.



Cluster 7

Housing affordability

- This area has low levels of cost burden that have slightly increased
- Home prices are moderate, but rents are high (core), and incomes are high
- Transportation costs are very high (fringe areas)

Housing stock

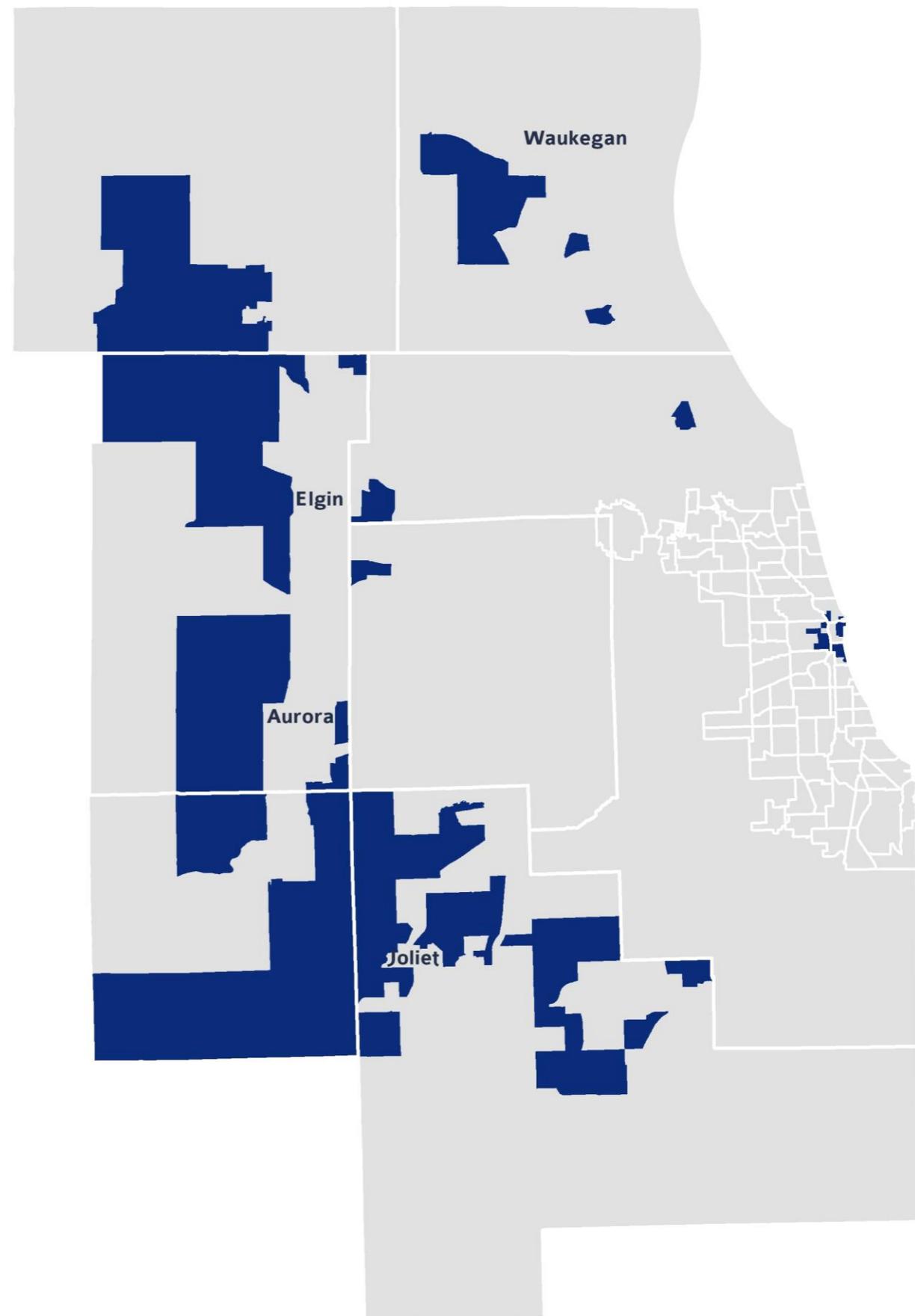
- This cluster includes areas with high levels of recent, post-2000 development in the urban core and fringe
- Outside of core, primarily low density
- Lowest level of renters

Investment and market conditions

- Moderate levels of foreclosure activity and distressed sales
- Moderate levels of lending, somewhat stagnant recent market activity

Demographic and socioeconomic characteristics

- Cluster with most significant population growth
- Higher/middle-income cluster, but only moderate levels of educational attainment
- Family households with high share of children
- Primarily middle-aged households



Cluster 8

Housing affordability

- This area has low levels of cost burden that has slightly increased
- Home prices and rents are moderate, but incomes are higher
- Transportation costs are very high

Housing stock

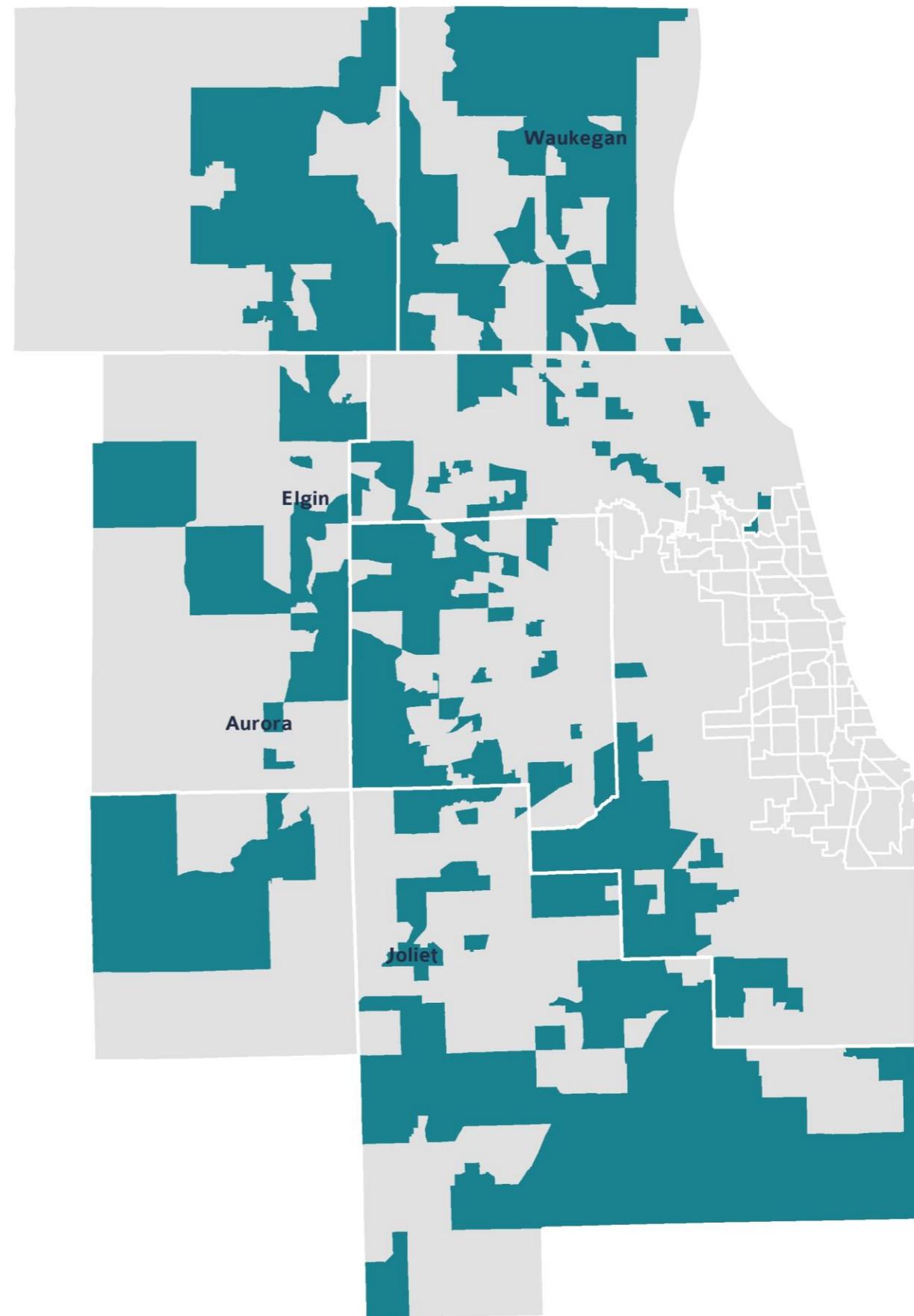
- Suburban, low density cluster with a housing largely built after 1980
- This is a largely owner occupied cluster with low levels of subsidized housing

Investment and market conditions

- Not heavily impacted by foreclosures but moderate levels of distressed sales
- Low vacancy with moderate levels of mortgage investment

Demographic and socioeconomic characteristics

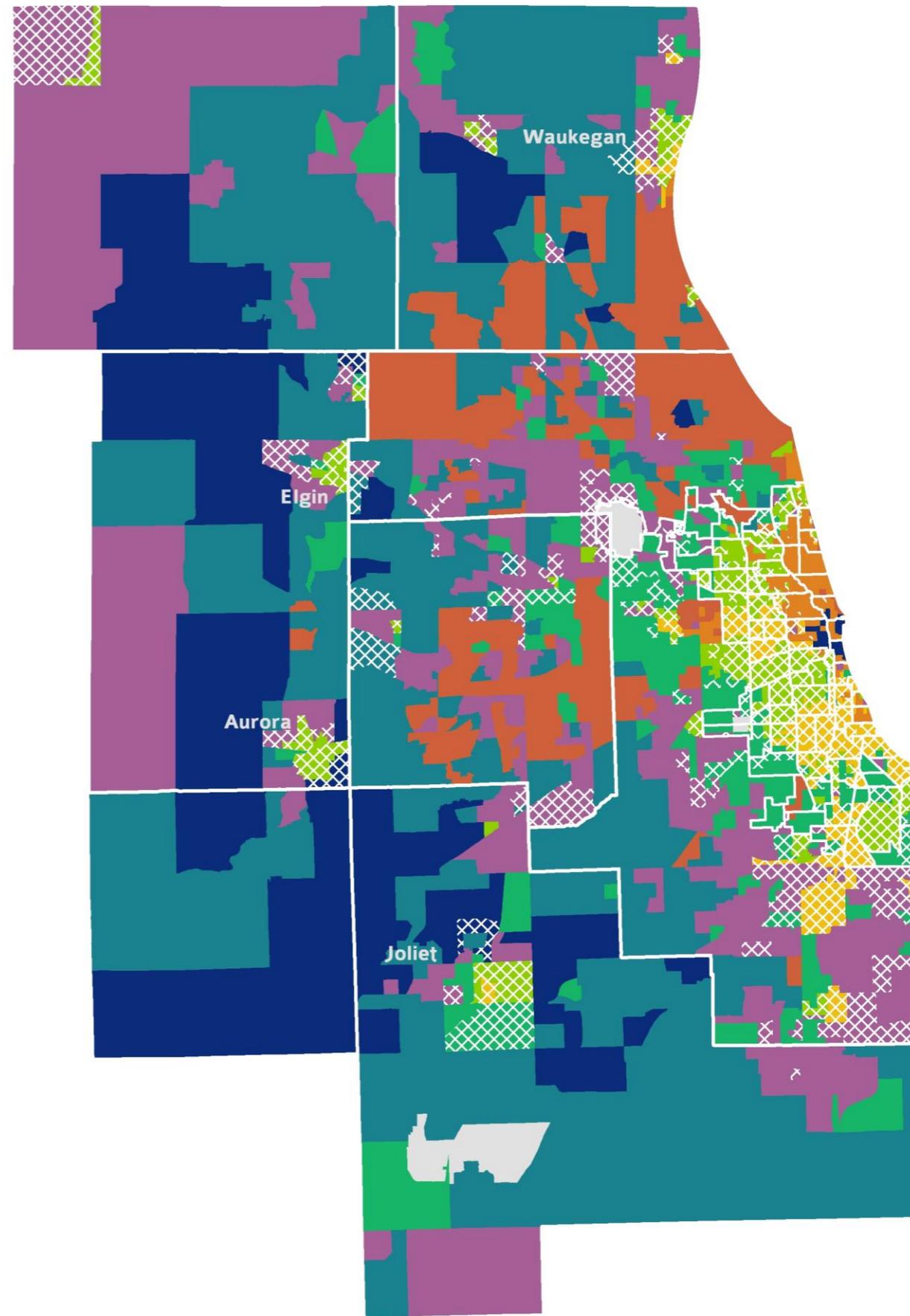
- Moderate levels of population growth
- Higher/middle-income cluster, but only moderate levels of educational attainment
- High share of 2-4 person households but decline in children
- Primarily middle-aged households but increasing share of 60+



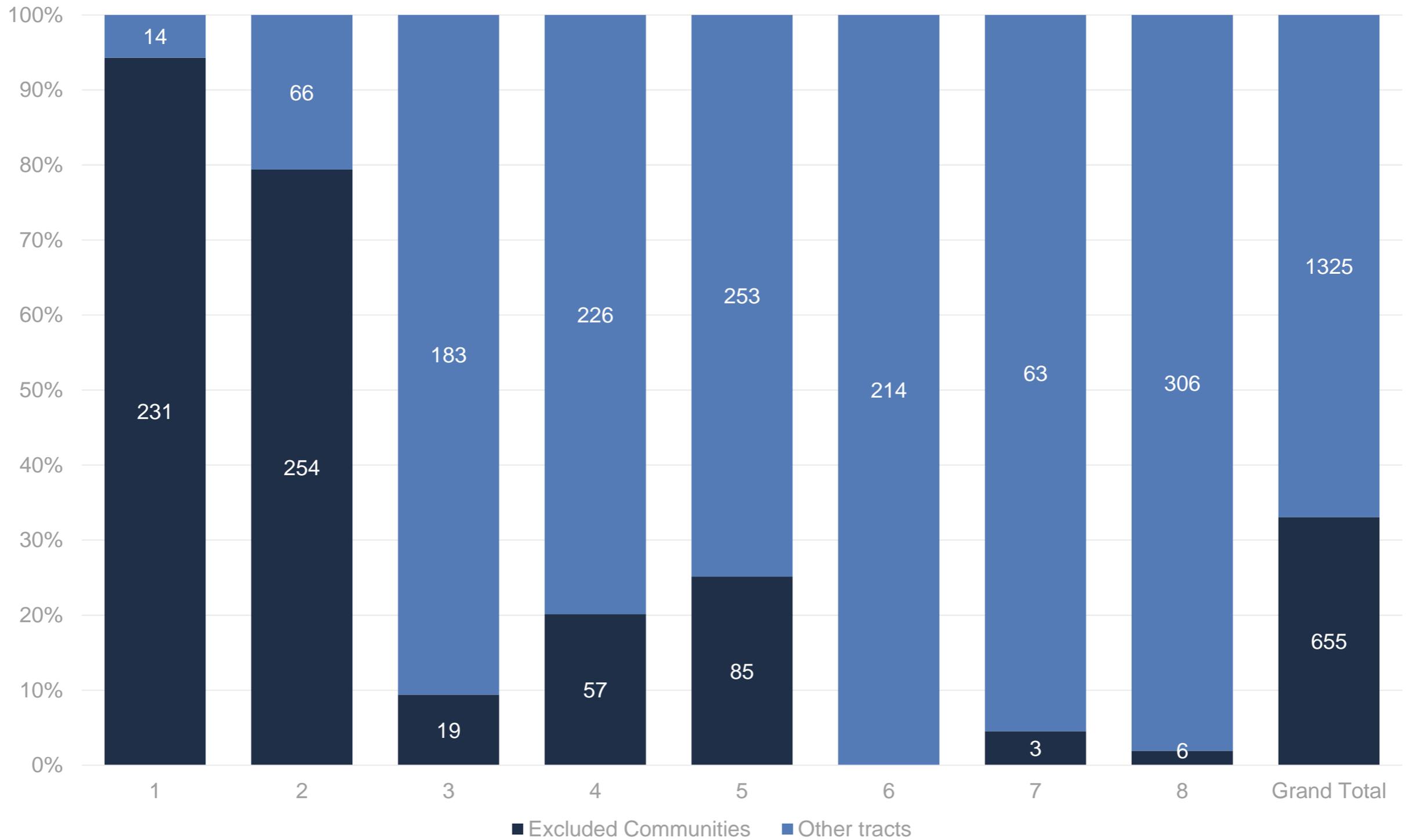
Clusters and CMAP Excluded Communities



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- CMAP Excluded Community



Distribution of Excluded Communities by Cluster Group





July 14, 2016

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Contact: gsmith33@depaul.edu

Presented by Geoff Smith