

2022 Multi-Family Housing Assessment Key Takeaways:

Study Purpose:

The study is an update to the 2017 market study conducted by Vogt Strategic Insights (VSI) and was prepared to evaluate the future market demand and support potential for new rental housing developments within the City of Lee's Summit, MO. Market-rate rental units were the primary focus of the study, with reviews of age-restricted and affordable housing units being a secondary focus. The study focused on Lee's Summit, as well as six (6) identified sub-markets:

• Independence, MO	• Overland Park, KS
• Blue Springs, MO	• Olathe, KS
• Grandview, MO	• Lenexa, KS

Key Findings:

Statistical trend and demographic analysis were used to prepare a projection of anticipated demand by the year 2032. A field survey of existing units and market conditions was used to determine the existing supply and measure the overall strength of the market.

The stabilized regional market area has a combined occupancy rate of 97.0%, a high rate for rental housing.

The Lee's Summit market has a combined stabilized occupancy rate of 98.8%, slightly higher than the 2017 occupancy rate of 98.4%

An occupancy rate greater than 95% (or vacancy rate less than 5%) indicates overall market demand is exceeding supply.

Despite all the multifamily housing development, there is still pent-up market demand for more multifamily housing, as evidenced by the high occupancy rates and fast absorption rates experienced among the recently developed projects.

Recently rent growth has been 5% - 15% per year, much higher than historical ranges between 1.5% - 2.5% per year. 2% rent growth has been used in the study.

Senior Renter Households (55+) can be served by non-age restricted units and typically make up 15% to 20% of total units.

Many of the demographic support base for affordable housing reside in lower quality market-rate alternatives. A 10% response to new alternatives is typical without impacting the existing housing stock.

Additional modern alternatives can attract additional renter households from outside of Lee's Summit.

Projections are considered conservative, and demand remains strong for new rental housing.

Comparison of 2017 study to 2022 study:

	2017 Study	2022 Update	Δ	Notes
Projection Year	2027	2032		
Overall Demand	6,776	8,401	1,625	
Supply: Existing Modern Units	2,304	3,949	1,645	
Supply: Units Under Construction	647	641	-6	
Supply: Units Approved	1,506	1,862	356	
Supply: Combined	4,457	6,452	1,995	Existing + U/C + Approved
Demand Greater than Supply	2,319	1,949		Demand - Supply

Income eligibility for modern units has increased from \$35,000 in 2017 to a minimum of \$60,000 in 2022.

Recommended gross rents increased from \$1,100-\$2,000 in 2017 to \$1,450-\$2,500 in 2022.

Actual income growth and rent growth experienced over the past five years outpaced the projections made in 2017 by VSI and also demographic professionals, such as ESRI.

The 2017 study utilized 30% household growth from outside of Lee's Summit. The 2022 study utilized 20% household growth from outside of Lee's Summit. This results in a more conservative demand estimate due to the large supply of multifamily development in Lee's Summit and across the region.

The proposed Discovery Park is not included in this analysis and is anticipated to create additional demand.