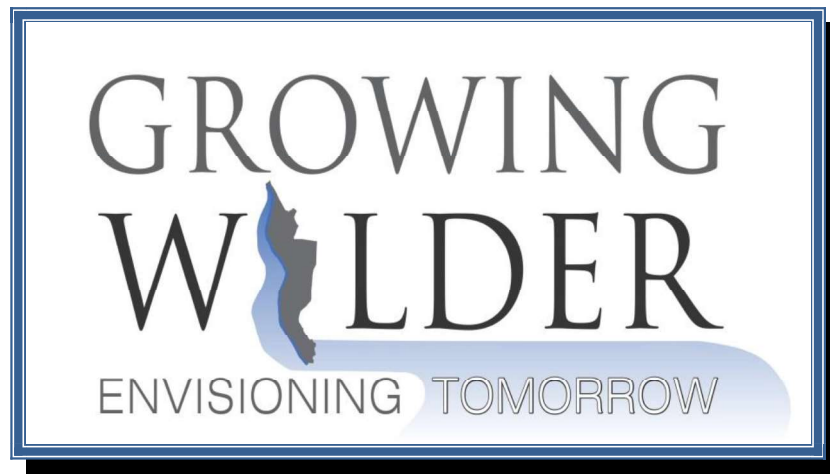


A MARKET ANALYSIS
For the
CITY OF WILDER, KENTUCKY



By

MARKET METRICS\$ LLC

Timeframe for the Market Analysis - 4th Quarter of 2017

Date of the Report - March 5, 2018

CITY OF WILDER, KENTUCKY MARKET ANALYSIS

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I. EXECUTIVE SUMMARY

A market analysis of the City of Wilder has been commissioned as a component of a multi-disciplinary comprehensive plan process currently underway. The purpose of the analysis is to provide current market data to the elected officials and administrative staff of the City with the objective of helping to guide City programs and initiatives for the next five years.

The following analysis places a heavy emphasis on the residential segment of the built environment as the City reaches “build out” with regard to remaining opportunities to add to the residential inventory. Residential uses are also the largest consumer of land in the built environment, as such the vitality of the residential inventory can steer the direction of any community. The office, retail, and industrial segments of the built environment are treated in an overview of the segments. Again, due to the relatively built out status of the City in its entirety, opportunities for new commercial and/or industrial development are limited. Of course, redevelopment opportunities may arise in the future and the City must be attuned to these opportunities if, or when, they become evident.

Given the extremely limited opportunities for growth in the built environment (new housing units) maintaining the existing inventory becomes paramount to attracting new residents especially if Census based projections for the City are realized.

The Census based statistical projections show the housing inventory moving in direct correlation to the projected growth or decline of households in the various CBG’s – housing is simply not that elastic.

The reality is that vacancy rates will spike in the CBG’s where population and household declines are projected (assuming these projections are realized) and conversely, vacancy rates will drop in the CBG’s where growth is projected – corresponding growth in the housing inventory is possible, but highly improbable thus vacancy will drop.

Vitality maintenance of the built environment is extremely important to a City like Wilder which is essentially at its limits of physical growth.

A thorough review of the housing inventory in the various CBG’s that overlay the City is in order to determine if there any characteristics of the existing inventory that are “physically deteriorated” and/or “functionally obsolescent” and if anything can be done to enhance the market attractiveness and/or marketability of the existing housing inventory – this is an ongoing process and will become more important as the built environment ages.

Code enforcement is a key element to maintaining the vitality of the built environment (both maintenance codes and zoning codes) with the objective of maintaining or enhancing the marketability and market value of housing units in the inventory.

Zoning codes that enable property owners, especially in older neighborhoods, to make improvements that will enhance market value should be encouraged.

Annual inspections of rental units have worked in many communities to preserve marketability and rental value. Pre-sale inspections have also been used in communities which are essentially “built out” to preserve market value and ensure code compliance.

The unique housing inventory in Wilder is heavily oriented to multi-family projects, including both condominiums and apartments, and will require an equally unique approach to maintaining the existing housing inventory.

The City staff will be working as much or more with landlords, home owners' associations, and property managers versus individual home owners to preserve or enhance value and marketability of existing housing.

Multi-family projects tend to degrade as entities versus single-family homes which tend to degrade individually - as such potentially large blocks of housing units could become unattractive in the marketplace due to poor ownership and/or management.

Responsible landlords, home owners' associations, and property managers are essential to the vitality of the housing inventory and those who choose not to comply with the City's wishes should not be allowed to escape strict enforcement.

If specific projects and/or neighborhoods appear to be approaching the end of their economic lives then steps should be taken to facilitate redevelopment when the time is right – languishing projects or neighborhoods are serious market impairments and can accelerate the decline of a community.

Where properties appear to be nearing the end of their economic lives plans for redevelopment should be put in place so that derelict properties do not become a burden to the City.

The housing inventory in Wilder appears to be in the current “sweet spots” of the market unlike most communities in the Metro Area.

Based on the data, the most likely residents may come from the ends of the household spectrum – newly formed households of singles and recently marrieds as well as seniors downsizing and getting away from the rigors of freestanding residential housing maintenance.

The City may wish to emphasize the unique characteristics of its housing inventory combined with the ease of access to major points of interest, shopping, and travel as reasons to locate in Wilder. Developing and/or expanding amenities that are desired by the market segments the City appears to be best able to attract are in order – walkable locations and access to recreation and facilities such as fitness centers and health care would appear to be important to the market segments identified above along with dining and entertainment.

Given the limited business base in Wilder, most of its residents likely work outside of town and are away during the day; however, the daytime population of Wilder is substantial according to data provided by reliable sources.

Children, stay-at-home adults, and retirees comprise the bulk of the daytime population along with students in any schools located in town. The vast majority of the daytime population in the City is over the age of 16.

It should be noted that customers at local businesses may supplement the daytime headcount, but they are not represented since they come and go in relatively short spans of time.

The City should keep a watchful eye on the business base – some of the most significant businesses are in very cyclical segments of the market and could ebb and flow significantly with overarching economic conditions.

If major businesses are family owned, the City should try to determine if there is a succession plan in place for current senior management and ownership – if not a potential risk to the future of the businesses involved could be apparent.

The convenient access provided by I-275 can be both positive and negative for local businesses – anytime the City can promote a “shop locally” effort they should to encourage local residents to shop at businesses in the City versus travelling outside of the City.

I. SCOPE OF THE MARKET ANALYSIS

A. The Scope of the Market Analysis

The scope of the market analysis is to assess the current status of the City and to project near-term changes in status through the use of demographic and economic data provided by reliable sources with independent analyses and observations where warranted.

B. The Purpose of the Market Analysis

The purpose of the analysis is to provide a market based backdrop to a comprehensive planning process currently underway.

C. The Objective of the Market Analysis

The objective of the analysis is to determine areas of emphasis and/or concern for the City's elected officials and administrative staff to prioritize in moving the City forward over the next five-year period until the comprehensive plan comes up for review again in accordance with Kentucky statutes.

D. The Context Market Areas

Establishing the context of the market for the various land uses to be analyzed addresses the fundamental prerequisite step of problem definition.

The macro-market area has been defined as encompassing the Cincinnati Metropolitan Area (Exhibit 1), while a more closely associated market area has been defined as Campbell County (Exhibit 3) and the immediate market area has been defined as the City of Wilder (Exhibit 5). In addition to the three context areas cited, the analysis has also broken the City down by the four (4) Census Block Groups (Exhibit 7) that overlay the City in whole, or in parts.

The City can be described as a blend of predominantly bedroom community and a long-established, industrial base in the Northern Kentucky portion of the Cincinnati metro market. It is predominantly a community of home owners; however, home ownership includes a substantial number of condominium units in multi-family structures. This is a very unique characteristic of the City of Wilder.

While demographic and economic data have been compiled and analyzed for the political geographies cited above, the market for land uses seldom parallels the boundaries of specific political subdivisions. Markets for the various land uses can be significantly different in magnitude in any given community. As stated above, in virtually all cases potential markets for the various major land use categories; residential, retail, office, and industrial, overlay multiple political jurisdictions. Specific existing and potential land uses can directly influence the importance of a local marketplace as well. All of these circumstances are true of the following analysis.

E. The Specific Questions To Be Answered

The analytical questions to be answered in the following report are:

1. What is the development status of the City?
2. How will the development status of the City influence efforts to maintain and/or enhance the City's vitality in the future?
3. If opportunities exist, what land uses represent the most likely choices in the marketplace for any future development?
4. Are there specific segments of the market that should be emphasized for development and/or redevelopment in the future?

F. What Analytical Methodologies Have Been Applied

The methodologies applied during the course of this analysis include the use of both primary research and secondary data. Key economic and demographic data has been obtained from one or more public and/or proprietary sources that have been identified throughout this report and the attached exhibits. Basic quantitative methods have been applied to develop useable information from the data that has been obtained. Of course, the analyst's observations, judgment and conclusions are also contained in this report.

G. The Timeframe of the Analysis

The following market analysis was conducted during the fourth quarter of 2017. The findings represent conclusions that can be drawn based on market conditions at the time of the analysis. Given the dynamics of the marketplace and the economy at large, the conclusions contained herein may or may not be applicable in the future.

H. The Exhibits Are an Integral Part of the Report

Several exhibits are included at the end of this market analysis report. These exhibits are an integral part of the report and not simply addenda. While key data, observations, and conclusions are included in the text, considerably more detail is provided in the exhibits.

III. HIGHEST AND BEST USE

This analysis examines land use potential by employing market driven evaluation criteria. In order to carry out this analysis, it is necessary to understand the concept of highest and best use. Highest and best use analysis is a key concept in determining a property's market value. According to the Appraisal of Real Estate -- Twelfth Edition (Appraisal Institute, Chicago, 2001) highest and best use is defined as follows:

"The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, and financially feasible, and that results in the highest value."

A. Highest and Best Use Criteria

The analysis of highest and best use is based on four fundamental tests. In order for a given use to be considered the highest and best use of a site, affirmative answers must be concluded for all four of the fundamental tests:

1) Legal Permissibility

What uses are currently permitted and could any additional uses be permitted with reasonably probable zoning changes?

2) Physical Possibility

Can the site be economically developed and will it adequately support anticipated improvements?

3) Financial Feasibility

Will the site as improved have a market value that justifies the cost and provides a sufficient entrepreneurial return to take the risk of development? A project is not economically feasible unless the rental rate or sales prices are sufficient to repay the costs of land acquisition and construction, plus provide an entrepreneurial return on investment sufficient to justify the risk associated with that investment.

4) Maximum Profitability

This test asks the question: among financially feasible alternatives, which alternative returns the maximum value to the underlying site? Different land uses result in different values for underlying land. Land uses can be described in levels of intensity. The more intense the land use, the higher the land value. This concept must work in conjunction with financial, feasibility. Therefore, an alternative land use must be financially feasible before it can be measured for maximum profitability.

B. Prerequisite Conditions of Highest and Best Use

The four fundamental tests are applied under the assumptions of two prerequisite conditions. These conditions are as follows:

- 1) The site as vacant.
- 2) The site as improved.

The four fundamental tests are applied to a site (or an area) under each of the two conditions. This set of tests enables the analyst to determine if any current improvements contribute to the value of the underlying site (consistent with highest and best use) or do not contribute to the value of the underlying site (inconsistent with highest and best use).

These tests can be applied to vacant sites as well as improved sites. In the case of improved sites, the results of the analysis indicate whether existing improvements contribute to value, in which case the site is improved to its highest and best use. If the improvements do not contribute value, they no longer represent the highest and best use of the site.

C. Application of Highest and Best Use to the City of Wilder Market Analysis

The market analysis of the City of Wilder has been general in scope. There are no specific sites included in the analysis. While it is important to remember the premise of “highest and best use” in optimizing the value of land, the application of the four tests cited above are provided only as guidelines for the remaining available development land in the City. In essence, the scarcity of remaining development land in the City means that City officials and administrative staff must not allow the development outcomes on these remaining sites to be sub-optimized in the future.

IV. KEY DEMOGRAPHICS

Demographic and economic data for the population and households comprising the various market areas defined earlier in this report form the foundation of the analysis. The dynamics of the population and households in the marketplace represent the sources of growth, or decline, that are the precursor of the market demand for housing as well as consumer support for local businesses. The macro-market, defined as the Cincinnati Metropolitan Area, has been analyzed along with Campbell County in order to determine the significance of projections for the City of Wilder along with the four Census Block Groups that overlay the City and its immediate vicinity.

A. Population and Households

All of the various market areas analyzed experienced growth between 2000 and 2010; however, historical growth is of much less importance than estimated growth since the 2010 Census and projected growth in the near-term, defined as the next five years, through 2022.

The pace of estimated growth in the City of Wilder since the 2010 Census is much less dynamic than the growth projected to occur in the next five years. The City of Wilder is projected to grow by 366 persons from 2017 through 2022. This projected growth compares to an estimated growth of only 36 persons between 2010 and 2017 in the City. The projected growth in Wilder represents slightly less than 20% of the population growth projected for Campbell County in the next five years. The projected growth in the City represents slightly less than one-half of one percent of the population growth projected for the next five years in the Cincinnati Metropolitan Area.

It should be noted that Campbell County is projected to add 1,870 persons in the next five years. Campbell County is projected to contribute approximately 2.4% of the projected population growth for the Cincinnati Metropolitan Area between 2017 and 2022.

Household growth is directly related to housing demand and parallel to the projections for population growth in the City of Wilder and Campbell County. Household growth is projected to be relatively robust from 2017 through 2022 in the City; significantly more robust than the growth estimated to have occurred between 2010 and 2017. A total of 144 new households are projected for the City of Wilder in the next five years. This household growth projection is a direct indicator of demand for both new and existing housing. Of course, statistical projections are based on trends that emerge from historical data and current market indicators. Whether the projections will be realized is a function of the ability of the market to keep pace with projected demand. Future housing developments will determine where the new growth will take place and lack of available land for new development and/or the inability of specific governmental jurisdictions to deliver the prerequisite capacity for development to occur will ultimately determine which political subdivisions will benefit from future growth and those which will not. The lack of land appears to be a significant barrier to more growth in the City of Wilder.

As stated above, new households are not the only households in search of housing in the marketplace each year. A percentage of existing households will relocate each year as well. This segment of the market helps propel the need for new construction as well as existing housing in the context of projected market demand, housing vacancy rates, and household turnover rates. The characteristics of Wilder exhibit varying degrees of consistency with the larger context marketplace.

The existing housing inventory in the City of Wilder appears to be most suitable to newly formed households as well as senior households. The apartment inventory appears to be attractive to a significant contingent of one-person and two-person households which also appear to be more youthful. In addition, there appear to be numerous options in the City of Wilder for seniors who no longer want the responsibility of maintaining a freestanding single-family home.

Tables summarizing population and household growth in all of the defined market areas appear below. Detailed population and household demographics for all market areas are contained in Exhibits 1 through 11 that accompany this report beginning on Page 26.

POPULATION			
	2010 Census	2017 Estimate	2022 Projection
Cincinnati MSA	2,114,584	2,173,462	2,252,841
Campbell County	90,337	92,947	94,817
City of Wilder	3,035	3,071	3,437
Wilder Census Block Groups			
CBG 525004	2,510	2,548	2,900
CGB 533021	1,570	1,584	1,399
CBG 533022	1,407	1,422	1,763
CBG 533011	2,095	2,170	1,987
Table prepared by MARKET METRICS\$ LLC from data supplied by Alteryx.com			
HOUSEHOLDS			
	2010 Census	2017 Estimate	2022 Projection
Cincinnati MSA	824,967	847,194	885,029
Campbell County	36,069	37,068	38,215
City of Wilder	1,365	1,385	1,529
Wilder Census Block Groups			
CBG 525004	1,044	1,061	1,242
CGB 533021	914	924	837
CBG 533022	539	548	667
CBG 533011	1,034	1,072	983
Table prepared by MARKET METRICS\$ LLC from data supplied by Alteryx.com			

B. Population Age and Age of Heads of Households

Population age and ages of heads of household demographics are important because spending patterns change with age. As individuals leave the labor force there is typically a corresponding decrease in household income that reflects itself in statistical measures such as average and median household income.

The general market area is experiencing an overall aging of the population. To some extent this aging process was accelerated by job losses in the most recent recession and the need for working age persons to relocate outside of the local area to find work.

As a result the population of the Cincinnati Metropolitan Area has aged more rapidly than other areas of the country. Nevertheless, age of the population and the ages of heads of households are fundamental demographic measures when examining the market potential for residential real estate or consumer goods and services. The median age of the population establishes a context to then discuss the ages of heads of households. While the age of the overall population is important, it is more likely that the age of the head of household will directly influence the spending decisions and housing decisions for the members of each household.

Tables summarizing these demographic measures, for each of the defined market areas, appear below.

MEDIAN AGE OF THE POPULATION						
	2010 Census		2017 Estimate		2022 Projection	
Cincinnati MSA	37.1		37.8		38.4	
Campbell County	36.9		37.8		38.3	
City of Wilder	37.2		37.4		38.4	
Wilder Census Block Groups						
CBG 525004	28.9		30.2		31.8	
CGB 533021	35.0		36.1		36.9	
CBG 533022	45.2		46.3		47.3	
CBG 533011	41.2		44.1		43.6	
MEDIAN AGE OF HEADS OF HOUSEHOLDS						
	2010 Census		2017 Estimate		2022 Projection	
Cincinnati MSA	50.0		51.9		53.0	
Campbell County	50.1		52.0		53.0	
City of Wilder	49.4		51.3		52.8	
Wilder Census Block Groups						
CBG 525004	40.6		40.8		40.9	
CGB 533021	47.5		49.0		48.6	
CBG 533022	53.6		56.4		58.6	
CBG 533011	56.2		58.2		59.3	
DISTRIBUTION OF AGES OF HEADS OF HOUSEHOLDS						
	2010 Census		2017 Estimate		2022 Projection	
Age of Head of Household	<55	55+	<55	55+	<55	55+
Cincinnati MSA	61.22%	38.78%	56.51%	43.49%	53.71%	46.29%
Campbell County	60.78%	39.22%	56.14%	43.86%	53.57%	46.43%
City of Wilder	62.58%	37.42%	57.79%	42.21%	53.79%	46.21%
Wilder Census Block Groups						
CBG 525004	75.57%	24.43%	72.38%	27.62%	70.53%	29.47%
CGB 533021	62.58%	37.42%	58.01%	41.99%	56.51%	43.49%
CBG 533022	53.80%	46.20%	46.35%	53.65%	40.93%	59.07%
CBG 533011	48.36%	51.64%	45.52%	54.48%	44.56%	55.44%
Table prepared by MARKET METRICS LLC from data supplied by Alteryx.com						

The increasing median age of heads of households is an indicator of the age dynamics of households in the defined market areas in general. For the most part, households headed by persons under 55 years of age are declining in numbers over time. The age brackets of heads of households 55 years of age or older is growing significantly in some cases. Universally, the greatest growth by age of head of household is the bracket between 65-74 years of age. With similar consistency, the age bracket between 55-64 years of age is the second largest in terms of projected growth in the defined market areas. This detailed data is contained in the exhibits at the end of this report.

C. Household Size

The household demographics of Wilder are somewhat inconsistent with comparable statistics for the other various defined jurisdictional market areas in this analysis. Wilder has more one-person and two-person households than Campbell County of the Cincinnati metro area. It should be noted that two-person households include households of one adult and one dependent child along with two adult households. This observation becomes more evident in the statistics regarding household income.

The household statistics are much more diverse in the four Census Block Groups that overlay Wilder, in whole or in part. This statistic demonstrates how an aggregated measure for a city can hide significant differences in sub-areas of any jurisdiction.

ONE PERSON HOUSEHOLDS			
	2010 Census	2017 Estimate	2022 Projection
Cincinnati MSA	27.70%	27.60%	28.00%
Campbell County	30.10%	29.70%	30.40%
City of Wilder	32.30%	32.10%	31.10%
Wilder Census Block Groups			
CBG 525004	28.60%	28.50%	30.90%
CGB 533021	48.50%	48.60%	51.40%
CBG 533022	21.90%	21.50%	19.00%
CBG 533011	39.90%	39.40%	39.60%
TWO PERSON HOUSEHOLDS			
	2010 Census	2017 Estimate	2022 Projection
Cincinnati MSA	32.70%	33.10%	32.90%
Campbell County	33.10%	33.80%	33.60%
City of Wilder	36.10%	36.60%	36.70%
Wilder Census Block Groups			
CBG 525004	33.30%	33.70%	33.30%
CGB 533021	35.54%	35.50%	33.90%
CBG 533022	38.60%	39.60%	40.60%
CBG 533011	35.70%	36.60%	36.40%
Table prepared by MARKET METRICS LLC from data supplied by Alteryx.com			

THREE OR MORE PERSON HOUSEHOLDS			
	2010 Census	2017 Estimate	2022 Projection
Cincinnati MSA	39.60%	39.30%	39.10%
Campbell County	36.80%	36.50%	36.00%
City of Wilder	31.60%	31.30%	32.20%
Wilder Census Block Groups			
CBG 525004	38.10%	37.80%	35.80%
CBG 533021	15.96%	15.90%	14.70%
CBG 533022	39.50%	38.90%	40.40%
CBG 533011	24.40%	24.00%	24.00%
Table prepared by MARKET METRICS LLC from data supplied by Alteryx.com			

The table above provides additional support to the observations regarding household sizes in the City of Wilder. Note the wide range of three or more person households exhibited in the four Census Block Groups included in the analysis.

D. Household Income

The number of adult persons per household has a direct correlation to the typical statistical market measures of household income; median and average household income. Universally, one-person and two-person households make up the majority of the households in the defined market areas. While the percentage of one-person households in Wilder is projected to decrease slightly overall in the next five years, three of the four Census Block groups included in the analysis show increases in the percentage of one-person households. The percentage of two-person households is also projected to increase slightly in Wilder in the next five years while the comparable statistic for the four Census Block Groups indicate decreases in the percentage of two person households in three of the four Block Group areas. Because the geographic areas of the Census Block Groups do not coincide with the boundaries of the City, the seeming disparities in the statistics are likely to be explained by this fundamental difference in geographic areas. The importance of these projections translates to the household income statistics which are directly correlated to the number of working adults in the households in any of the defined market areas.

Household income measures are a direct indication of the ability to afford housing of all types. The income measures for the primary market area; i.e., the City, strongly suggests that household income should not be a barrier to the ability to afford new or existing housing. While the opportunities to introduce new housing in Wilder appear to be extremely limited, affordability should not be a market impediment to the introduction of new housing. Available land for residential development will be the most serious constraint to the introduction of new housing in Wilder in the foreseeable future.

The following tables summarize measures of median and average household income for the defined market areas in this analysis. Much more detailed analyses of household income by ages of the heads of household for the various defined market areas are contained in the exhibits at the end of this report.

MEDIAN HOUSEHOLD INCOME			
	2010 Census	2017 Estimate	2022 Projection
Cincinnati MSA	\$53,624	\$58,802	\$70,029
Campbell County	\$50,442	\$55,481	\$63,718
City of Wilder	\$47,484	\$56,083	\$64,861
Wilder Census Block Groups			
CBG 525004	\$48,458	\$58,346	\$64,780
CGB 533021	\$47,730	\$48,252	\$52,788
CBG 533022	\$46,495	\$64,738	\$75,945
CBG 533011	\$42,860	\$47,104	\$51,756
AVERAGE HOUSEHOLD INCOME			
	2010 Census	2017 Estimate	2022 Projection
Cincinnati MSA	\$72,949	\$80,661	\$94,459
Campbell County	\$67,702	\$74,443	\$82,592
City of Wilder	\$67,571	\$84,873	\$95,624
Wilder Census Block Groups			
CBG 525004	\$55,128	\$58,901	\$64,407
CGB 533021	\$72,083	\$73,825	\$82,424
CBG 533022	\$73,255	\$112,791	\$125,374
CBG 533011	\$53,174	\$58,973	\$65,068
PER CAPITA INCOME			
	2010 Census	2017 Estimate	2022 Projection
Cincinnati MSA	\$28,724	\$31,710	\$37,370
Campbell County	\$27,390	\$30,076	\$33,673
City of Wilder	\$30,383	\$38,283	\$42,532
Wilder Census Block Groups			
CBG 525004	\$22,932	\$24,529	\$27,587
CGB 533021	\$41,963	\$43,063	\$49,312
CBG 533022	\$28,063	\$43,467	\$47,433
CBG 533011	\$26,245	\$29,134	\$32,191
Table prepared by MARKET METRICS LLC from data supplied by Alteryx.com			

E. Miscellaneous Population and Household Demographics

In order to preserve brevity and maintain focus on the key demographic measures relevant to the market analysis commentary regarding several additional population and household demographics have been omitted from this discussion. As stated above, these additional details regarding population and households for all of the defined market areas include data for population age, marital status, educational attainment, size of household, family status, employment (labor force), and household income by age of head of household are contained in the exhibits at the end of this report.

F. Demographic Observations and Conclusions

The demographics for the City of Wilder point to a stable and potentially growing housing market. On a City wide basis Wilder is reflective of the County and the Metro Area. Disaggregating the City into the CBG's in and in close proximity to the City there are significant differences. The statistics for the broader four Census Block Group market areas are mixed from north to south geographically with populations and households projected to alternatively grow or decline in the next five years – the Wilder “Roller Coaster”. Of course, these are statistical projections. The reality will be revealed in the next decennial Census in 2020. Nevertheless, the City should be prepared to deal with the potential for increased vacancy in the areas that are projected to experience decline while alternatively dealing with a potential under-supply of housing in the areas projected to increase.

Population and household demographics tend to reflect the composition and vitality of the built environment. The City of Wilder has grown dramatically since 1979 with the vast majority of housing units in the City built between 1990 and 2004; a relatively new inventory. The City appears to be transitioning into a stable long-term development status reflective of a community that is essentially “built out”. Retaining existing households and promoting the orderly turnover of households should be the dual focus of the City in the future. In essence, vitality maintenance and enhancement of the built environment are essential to keeping the City attractive in the marketplace in the future. The remaining sections of this report will discuss the built environment.

V. THE RESIDENTIAL MARKET

Projected growth of households is the prerequisite for housing growth and the demographic analysis summarized in the report sections above indicate that such growth is statistically projected through the next five years in Wilder. The residential market in Campbell County and more specifically in the City of Wilder are both projected to demand an increase in new housing units assuming statistical projections for household growth are actually realized. As stated previously in this report, the major question regarding the potential for housing growth in Wilder is the availability of land for future residential development.

There appear to be some infill sites that are available in the marketplace. The physical suitability of these sites for future residential development is unknown. The following paragraphs detail the status of the current residential inventory and the market along with projections for growth in the next five years. **Exhibits 12 through 16 detailing the residential market analysis are included at the end of this report beginning on Page 76.**

A. The Current Inventory

The current inventory of housing units in Wilder is estimated to consist of 1,478 units based on MARKET METRICS LLC (MMLLC) calculations. The 2010 Census indicated that there were 1,452 units in the inventory. Census estimates place the current inventory at 1,468 units; however, building permit data as filed with HUD indicate that 26 housing units of all types have been built between 2011 and 2017 and there are no indications of any housing units being demolished in the City during the 2010-2017 time period; therefore, the best estimate places the unit count at 1,478 units. Census based projections suggest that the unit count will grow by 152 units by the end of 2022. Restating for emphasis, this unit growth appears to be optimistic given the almost complete lack of remaining building lots and/or land for new housing development at this time.

The current inventory of housing units is heavily skewed to attached, multi-family structures. Based on MMLLC calculations, 68.4% of all housing units in the City are in multi-family structures of various types and sizes. MMLLC calculations indicate that there are only 467 freestanding, single-family dwelling units in the City's housing inventory. Estimates for 2017 indicate that there are 1,001 owner occupied housing units in the City. Thus, over 50% of the owner occupied housing units in the City are in condominium projects of various descriptions. Only 27.7% of occupied housing units (384 units) are renter households according to Census Bureau data. Only 5.6% of the total inventory is vacant (83 units). The vacancy percentage increased between 2000 and 2010 from 3.9% to 6.0% in the context of a severe recession and a general housing market collapse. As stated, current vacancy is estimated at 5.6% and is projected to remain constant through 2022. This vacancy percentage is indicative of a stable housing market in terms of supply and demand and is a lower percentage than estimated for Campbell County or the Cincinnati Metropolitan Area. This relative market strength exhibited by the low vacancy percentage is projected to continue through 2022. This condition may also be reflective of the relative newness of the housing inventory in the City.

Data extracted from the Housing and Urban Development Department building permit data base provides some additional detail regarding the age and composition of the housing inventory on the following page.

As stated above, the 2017 housing unit inventory as estimated by the U.S. Census Bureau is 1,468 units. As calculated by MMLLC the 2017 housing unit inventory totals 1,478 units. Additions to the inventory since 1980 are summarized below.

Of the units built between 1980-1989 74 Units Total - 63% were in multifamily structures
 Of the units built between 1990-1999 819 Units Total - 69% were in multifamily structures
 Of the units built between 2000-2004 253 Units Total - 91% were in multifamily structures
 Of the units built between 2005-2017 45 Units Total - 73% were in multifamily structures

B. The Market

The focus of this discussion regarding the market will turn to new construction. Finished residential lots or sites are the prerequisite to residential construction. Residential construction is a direct measure of the prerequisite market for residential lots and sites. Thus, permit filings are a direct indicator of demand for residential building lots and sites of all types. Note that the data that follows is countywide for Campbell County along with the City of Wilder. Also note that permit filings are based on structure type; single-family or multi-family structures. Multi-family structures can be for sale, condominiums, or for rent, apartments. Both Countywide and City data have been compiled for this section of the analysis since permit filings are directly related to where building lots are currently available in the marketplace. Note that almost 81% of the units permitted in Wilder between 2011 and September, 2017 were in multi-family structures.

Residential Building Permit Filings 2011-2017									
Year	2011	2012	2013	2014	2015	2016	2017*	Total	Percent
Campbell County									
Total Permits	162	149	137	212	319	447	211	1,637	100.0%
Single Family Structures	124	103	118	161	198	163	136	1,003	61.3%
2 Family Structures	0	0	0	0	2	14	0	16	1.0%
3-4 Family Structures	16	3	0	7	19	11	12	68	4.2%
5+ Family Structures	22	43	19	44	100	259	63	550	33.6%
City of Wilder									
Total Permits	2	22	1	0	1	0	0	26	100.0%
Single Family Structures	2	1	1	0	1	0	0	5	19.2%
2 Family Structures	0	0	0	0	0	0	0	0	0.0%
3-4 Family Structures	0	0	0	0	0	0	0	0	0.0%
5+ Family Structures	0	21	0	0	0	0	0	21	80.8%

*Data based on preliminary permit filings for 2017 through September

Table prepared by MARKET METRICS LLC from data supplied by SOCDS

Based on the modest housing unit growth following the recent severe recession and relatively low vacancy rates throughout the recession and post recessionary period a condition of market stability (market equilibrium) appears to exist in Wilder.

C. Future Demand

As stated above, the inventory of existing housing in Wilder is heavily skewed to multi-family dwelling units. Repeating for emphasis, the inventory appears to be well positioned to address the needs of newly formed households as well as the senior population that no longer want the burdens of freestanding home upkeep; current “sweet spots” in the housing marketplace.

The high percentage of home ownership may be somewhat at odds with the predisposition of many households toward rental housing in the marketplace today. Many households have strategically determined that it is better to rent than to own. Young professional households may be burdened by student loan debt that leaves them unable to save money for a down payment on a home purchase. Many younger households want to “tryout” a community by renting only to transition into home ownership at a later date. Some households are simply too transient due to job changes and/or uncertain income that they don’t want the issues involved in buying or selling a home to hinder their ability to move on at any time.

Three basic premises have been recited over time as reasons to own a home; appreciation in value as an inflation hedge (nominal wealth builder), the mortgage interest tax deduction, and the tax deduction for property taxes. The recent recession taught millennials that constant appreciation in housing values that their parents regarded as irrefutable was false and recent tax law changes may eliminate the mortgage interest deduction for many households while the cap on state and local tax deductions may blunt another of the selling points regarding home ownership. Several notable financial experts now suggest that home ownership should only be considered under a specific set of family based decision making criteria and that home ownership is not the ticket to wealth formation.

Census based projections indicate that the supply of housing in Wilder will grow by 152 units by the end of 2022. Assuming this projection can be achieved, it is likely that any new additions to the inventory in Wilder would be in a multi-family format of apartments or condominiums. This relatively robust projection contrasts sharply with almost static housing inventory in the City in recent years. Market demand does not appear to have been the constraint to housing unit growth in Wilder in recent years; the supply of buildable lots and/or land for new residential development appears to be the constraint. The topography of the City of Wilder is prohibitive for the development of low density, freestanding, single-family housing; however, the City appears to have adapted well to this physical constraint permitting higher density multi-family housing including a significant component of condominium dwelling units.

The table on the following page analyzes housing unit growth between 2011 and 2017 in Campbell County and Wilder along with projected unit growth for the County and the City between 2017 and 2022. Of most interest is the positive, difference between Census based estimates for growth by the end of 2017 and actual permit filings by the end of 2017. The projected growth for the period between 2017 and 2022 is sensitivity tested for possible variances given the actual performance of the market versus Census based estimates from the prior seven-year period.

The housing unit growth projections for Campbell County and the City of Wilder are both negative by 2022 based on the extrapolation of recent permit filing experience. Much of the county wide negative result appears to be directly related to the inability of Wilder to accommodate new residential growth in the future as exhibited by recent past market experience. This is not a negative statement about Wilder, simply a reflection that the City is essentially “built out” with little prospect of geographic expansion that would enable further residential development. Of course, redevelopment opportunities could arise in the future that would allow expansion of the residential inventory, but these opportunities are unpredictable at this time.

Housing Unit Growth 2011-2022					
Permit Filings Versus Census Based Estimates and Projections					
	2011-2017 Estimate	Average Per Year	2018-2022 Projection	Average Per Year	Potential Range
Campbell County					
Permit Filings 2011-2017	1,637	234			
Census Estimate 2011-2017	868	124			
Variance 2011-2017	769	110			
Census Projection 2018-2022			1,363	273	
2017 Permit Filings*				281	1,405
Variance to 2017 Filings				8	42
7-Year Average Filings				234	1,169
Variance to 7-Year Average				39	194
City of Wilder					
Permit Filings 2011-2017	26	4			
Census Estimate 2011-2017	16	2			
Variance 2011-2017	10	1			
Census Projection 2018-2022			152	30	
2017 Permit Filings*				0	0
Variance to 2017 Filings				30	152
7-Year Average Filings				4	19
Variance to 7-Year Average				27	133

***2017 Permit filings are estimated through year end based on preliminary data through September**

Table prepared by MARKET METRIC\$ LLC from data supplied by Alteryx.com and SOCDS

D. Competitive Supply

As stated above, the Wilder residential market appears to be in an ongoing stable state; i.e., market demand as expressed by relatively low vacancy rates indicates that the supply of housing in the City is sufficient for a supply-demand balance in the marketplace. Overall, the housing inventory is relatively new. This “newness” likely translates to an inventory that is, for the most part, physically sound and functionally adequate to attract market demand now and through the near term future.

Numerous subdivisions and multi-family projects will continue to increase the competitive supply of new housing in the general marketplace. Wilder has a unique housing inventory which appears to be in the “sweet spots” of the residential marketplace today; i.e., apartments for young, new households, and condominiums for seniors who want to transition to a more “carefree” lifestyle. The proximity of Wilder to downtown Cincinnati and the I-275 beltway gives it a unique competitive status that could enable it to add to its residential inventory to the extent that is possible given the limited opportunities for growth that exist within the City’s boundaries.

An ongoing 5.6% vacancy rate is projected even after increasing the housing supply by 152 units in the next five years according to Census based projections. Traditionally, markets have been said to be in supply-demand balance at a 5% vacancy rate. During the recent recession, a “new normal” was established at 10% vacancy. That revision in stabilized market vacancy recognized the oversupply of housing nationwide and that oversupply condition should subside as the oldest, least competitive units are removed from the inventory and family formations, delayed during the recession, return to a more normal pace in the economy. Nonetheless, for Wilder, an expansion of the inventory of 152 units projected in Census based numbers may be difficult to achieve for physical reasons not because of limited market.

As with all communities, there will be attrition of older residents. That means the city must market its attractiveness to new households on an ongoing basis. In order to attract younger segments of the housing market, the City must stay current with the demands of these segments of the market and, where possible, develop amenities to attract the younger household component. Recreation, fitness, health care, dining and entertainment, are all amenities that are found desirable in today’s marketplace in the context of a “walkable” environment. Of course, these market desires will constantly evolve and the City must continue to monitor the marketplace for these changes and then work to adapt to the changes observed.

As the community reaches physical “build out”, the physical condition and functional adequacy of the residential inventory becomes more important to attracting buyers and/or renters in the future. Maintenance code enforcement will become ever more important in the future as well.

E. Supply and Demand Balance

Based on recent history, a repeat of overbuilding in the residential marketplace could be even more devastating to prospects for future development than the housing collapse that occurred at the outset of the last recession. Maintaining a relative balance between supply and demand is imperative. The indicators for new residential development are positive. Household growth is projected to be reasonable in the defined primary market area. Household incomes are sufficient to suggest that affordability of new or existing housing will not be a market impediment. Existing housing vacancies are relatively low even when measured against the “traditional normal” of five percent or the “new normal” of ten percent; in essence existing housing is in a state of market equilibrium.

Census based projections add 152 units to the housing inventory in Wilder in the next five years. Low, ongoing, vacancy rates 5.6% in Wilder (over 8% in the County and the Cincinnati MSA) strongly suggest that an additional 152 units could be added without exceeding a 5.6% vacancy rate in the City. This assumes that housing demand would grow to fill the new units developed.

Given the limited number of scattered infill sites available in the City, it is likely that any new residential development that occurs would add new units in increments. This type of development outcome allows for the market to absorb new units at a measured pace that should allow for periodic price or rent increases as costs and/or inflation may demand.

F. Market Share and the Competition

It has been noted above that the City appears to be attractive to newly formed households as well as seniors who are downsizing from freestanding, single-family homes. These two market segments are very popular in the development community and the marketplace currently. However, it should be noted that all housing products must offer flexibility to attract all age brackets of households. As the population of the larger market ages in general, the “downsizing” or “empty nester” segments of the market may be where the ownership market is headed in the next five years, but this market will ultimately peak. Newly formed households are a significant component of the rental market. These households are likely to be very “mobile” moving as lifestyle changes evolve and/or employment opportunities shift. The needs and wants of households in the future may differ from the initial target market(s), so the ability to have the housing products change with the nature of the marketplace will extend the functional life of any housing products currently on the landscape or developed in the future.

Of particular importance is the vitality of the existing residential inventory. Since the City of Wilder has few opportunities to grow its residential inventory in the future, barring significant redevelopment, the physical condition and functional utility of the inventory will become much more important in the future. The physical condition translates to what is commonly called “curb appeal”; however, it extends well beyond outward appearances to the basic mechanical and structural components of any structure. Functional utility is commonly defined as “the difference between what you have and what the market wants”. The more closely these two viewpoints coincide, the more attractive the residential product. The more these two viewpoints diverge, the less attractive the product is in the marketplace and the less valuable. Some functional obsolescence is curable and some is not. Keeping the curable facets of functional utility on pace with the marketplace will help sustain market values in the future.

G. Residential Market Observations and Conclusions

Given the extremely limited opportunities for growth in the built environment (new housing units) maintaining the existing inventory becomes paramount to attracting new residents especially if the Census based projections are realized.

The Census based statistical projections show the housing inventory moving in direct correlation to the projected growth or decline of households in the various CBG’s – housing is simply not that elastic.

The reality is that vacancy rates will spike in the CBG’s where projected population and household declines are projected (assuming these projections are realized) and conversely, vacancy rates will drop in the CBG’s where growth is projected – corresponding growth in the housing inventory is possible, but highly improbable thus vacancy will drop.

Vitality maintenance of the built environment is extremely important to a City like Wilder which is essentially at its limits of physical growth.

A thorough review of the housing inventory in the various CBG's is in order to determine if there are any characteristics of the existing inventory that are "physically deteriorated" and/or "functionally obsolescent" and if anything can be done to enhance the market attractiveness and/or marketability of the existing housing inventory – this is an ongoing process and will become more important as the built environment ages.

Code enforcement is a key element to maintaining the vitality of the built environment (both maintenance codes and zoning codes) with the objective of maintaining or enhancing the marketability and market value of housing units in the inventory.

Zoning codes that enable property owners in older neighborhoods to make improvements that will enhance market value should be encouraged.

Annual inspections of rental units have worked in many communities to preserve marketability and rental value. Pre-sale inspections have also been used in communities which are essentially "built out" to preserve market value and ensure code compliance.

The unique housing inventory in Wilder is heavily oriented to multi-family projects, including both condominiums and apartments, and will require an equally unique approach to maintaining the existing housing inventory.

The City staff will be working as much or more with landlords, home owners' associations, and property managers versus individual home owners to preserve or enhance value and marketability of existing housing.

Multi-family projects tend to degrade as entities versus single-family homes which tend to degrade individually - as such potentially large blocks of housing units could become unattractive in the marketplace due to poor ownership and/or management.

Responsible landlords, home owners' associations, and property managers are essential to the vitality of the housing inventory and those who choose not to comply with the City's wishes should not be allowed to escape strict enforcement.

If specific projects and/or areas appear to be approaching the end of their economic lives then steps should be taken to facilitate redevelopment when the time is right – languishing projects or neighborhoods are serious market impairments and can accelerate the decline of a community.

Where properties appear to be nearing the end of their economic lives plans for redevelopment should be put in place so that derelict properties do not become a burden to the City.

The housing inventory in Wilder appears to be in the current "sweet spot" of the market unlike most communities in the Metro Area.

Based on the data, the most likely residents may come from the ends of the household spectrum – newly formed households of singles and recently marrieds as well as seniors downsizing and getting away from the rigors of freestanding residential housing maintenance.

The City may wish to emphasize the unique characteristics of its housing inventory combined with the ease of access to major points of interest, shopping, and travel as reasons to locate in Wilder. Developing and/or expanding amenities that are desired by the market segments the City appears to be best able to attract are in order – walkable locations and access to recreation and facilities such as fitness centers and health care would appear to be important to the market segments identified above along with dining and entertainment.

VI. THE RETAIL, OFFICE, AND INDUSTRIAL MARKETS

This section of the report is heavily dependent on the data and analyses contained in the exhibits. Once again, the reader is encouraged to visit these exhibits in order to better understand the observations and conclusions stated in the following paragraphs. **Exhibits 17 through 21 at the end of this report beginning on Page 97, detail the retail, office, and industrial market analyses.**

The following data has been provided by Alteryx.com based on research conducted by Experian and/or Dun and Bradstreet. In order for a business to be included in this data base it must have a tax identification number, as such sole proprietorships and pass-through entities are excluded. Additionally, businesses with multiple outlets may not report their employment at the individual locations, but aggregate their employment numbers at their “headquarters” location. As such, the numbers in the following analysis likely understate the number of businesses and employment in the City.

A. City of Wilder Estimated Daytime Population

While a discussion regarding daytime population may seem peripheral to an analysis of commercial markets, many retail and service enterprises are dependent on this daytime population for their revenue streams.

As has already been stated previously in this report, the daytime population of Wilder is not an insignificant number of persons. The daytime population of the City is estimated to comprise 2,169 persons. The vast majority of this daytime population is over the age of 16. As such, this population represents a potential consumer base for local retail and service businesses.

There are several retail businesses that are also dependent on the convenience offered by the City’s proximity to I-275. This is especially true for fast food outlets which serve local residents, employees of local businesses, and travelers on the local roads as well as I-275. Other than customers that are a part of the daytime population counted above, the majority of the patrons of local food service establishments are not counted in the daytime population of Wilder.

B. Major Industry Employment and Establishments

Based on data supplied by Alteryx.com there are 2,681 establishments employing 27,012 persons in Campbell County. By comparison there are 138 establishments employing 1,264 persons in the City of Wilder. Thus, the City of Wilder represents 5.1% of the business base and 4.7% of employment base in Campbell County. Note that Wilder represents only 3.3% of the population and 3.7% of households in Campbell County; thus the City’s commercial and industrial base is significant.

Service and retail businesses comprise the largest concentration of employment and establishments in the City, respectively. Both of these categories will be analyzed in more depth in the following paragraphs. Construction, manufacturing, and wholesale trade enterprises are also significant contributors to the number of establishments and employment in the City.

C. The Retail Surpluses and Leakages Analysis

A surpluses and leakages analysis is a simple way to measure the adequacy of a business base within a specified geographic area to serve the needs of households indigenous to the same geographic area. Supply and demand are in balance at 100%; in essence, the expected market demand generated by the indigenous households is being met by the businesses within the same area. Percentages less than 100% indicate a market leakage; residents of the specified geographic area must journey outside the area to find sources of the goods or services they desire. Conversely, percentages in excess of 100% indicate that the businesses within the specified area are attracting customers from outside of the specified area. This is the framework of the analyses performed for retail businesses in the City of Wilder.

While Wilder has a substantial commercial and industrial base the City is still largely residential in character. The City has a relatively small numbers of retail businesses that capture only a percentage of expected retail demand. The City's proximity to adjacent communities and I-275 mitigate the weaknesses of the limited retail base in town. In essence, any consumer wants or needs can be easily met within a short drive-time of the City.

D. The Retail Business Inventory

The results of the analysis cited above and detailed in the exhibits at the end of this report reflect the dramatic expansion of the retail inventory and retail employment as the geographic area is expanded outward to encompass Campbell County and beyond. The following data has been provided by Alteryx.com based on research conducted by Experian and/or Dun and Bradstreet. There are only 18 retail businesses located in Wilder based on the major industry categories within the retail industry group. These eighteen businesses employ 224 persons; i.e.; predominantly small businesses. The relatively limited nature of the retail business base in the City becomes evident when viewing Campbell County. There are 548 retail businesses located in Campbell County based on the major industry categories within the retail industry group. These five hundred forty-eight businesses employ 7,724 persons. The intensity of potential competition is evident in the business inventory numbers for the City as compared to the County.

Of course, the City's proximity to the I-275 beltway adds substantially to the competitive inventory of retail businesses. Within a fifteen minute drive-time from Wilder's City Hall are 1,795 retail establishments employing 33,208 persons. As stated above, the City's proximity to I-275 enables residents to likely find sources to satisfy any of their consumer wants or needs.

E. The Services (Office) Business Surpluses and Leakages Analysis

An analysis of services businesses that parallels the model employed in the analysis of retail businesses, discussed above, produced similar results to those indicated for the retail segment of the market. Service businesses in the City serve only a portion of the expected demand to be generated by City households. It should be noted that some service businesses also serve the business community; i.e., business-to-business enterprises. As such, their location and employment may be as much, or more, dependent on their business client base versus their consumer base. As with retail establishments, the intensity of competition that would be encountered in order to establish new service businesses or to expand existing service providers within the City is substantial.

F. The Services (Office) Business Inventory

once again, the following services business data has been provided by Alteryx.com based on research conducted by Experian and/or Dun and Bradstreet. There are 62 services businesses located in Wilder based on the major industry categories within the services industry group. These sixty-two businesses employ 407 persons; i.e.; predominantly small businesses. By comparison, there are 1,192 service businesses located in Campbell County employing 10,700 persons. Within a fifteen minute drive-time from Wilder's City Hall are 5,691 service businesses employing 94,494 persons. As with the retail segment of the market, the intensity of potential competition is evident in the business inventory numbers for the City, Campbell County, and within fifteen minutes, drive-time of Wilder.

G. The Industrial Business Base

As stated above, construction, manufacturing, and wholesale trade are all substantial contributors to the number of establishments and employment in Wilder. All of these industry categories are cyclical in nature. As such, overarching economic conditions will have a direct influence on the health of these enterprises and employment levels.

In addition, the age and competitiveness of these businesses will have a direct influence on their importance to Wilder in the future. Several industrial enterprises have been long-term establishments in the City. The industry life cycles of these long term enterprises should also be taken into account.

H. The Fifteen Minute Drive-time Area

As has been mentioned several times in the preceding report, the fifteen minute drive-time area is an important influence on the attractiveness of the City of Wilder as a residential location and as a business location. This area is described in a reference map in the Exhibits section of this report. This drive-time area includes much of the southeastern quadrant of the I-275 right-of-way as well as downtown Cincinnati.

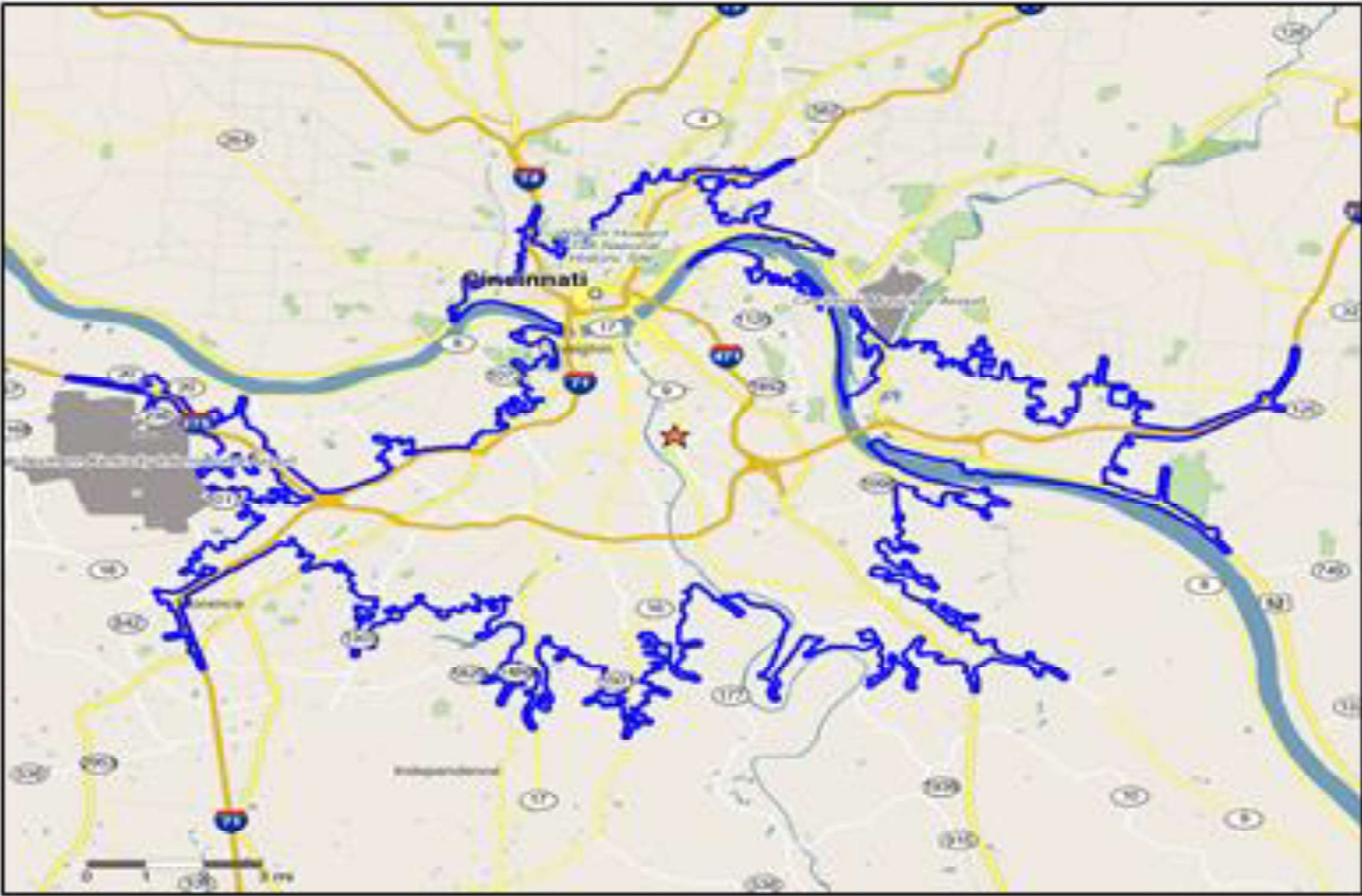
A new arterial connector from Newport through Wilder may alter travel patterns for local residents and commuters in the vicinity of Wilder. The completion of this corridor could have a positive impact on any available sites and/or improved commercial properties along the corridor in the City. This corridor is nearing completion, but its impacts on local traffic are yet to be determined; however, the potential benefits for the future of commercial development in the City are worth noting.

I. Observations and Conclusions for the Retail, Office, and Industrial Markets

Given the limited business base in Wilder, most of its residents likely work outside of town and are away during the day; however, the daytime population of Wilder is substantial according to data provided by reliable sources.

Children, stay-at-home adults, and retirees comprise the bulk of the daytime population along with students in any schools located in town. The vast majority of the daytime population in the City is over the age of 16.

**CITY OF WILDER, KENTUCKY MARKET ANALYSIS
15 MINUTES DRIVE TIME ACCESS**



It should be noted that customers at local businesses may supplement the daytime headcount, but they are not represented since they come and go in relatively short spans of time.

The City should keep a watchful eye on the business base – some of the most significant businesses are in very cyclical segments of the market and could ebb and flow with overarching economic conditions.

If major businesses are family owned, the City should try to determine if there is a succession plan in place for current senior management and ownership – if not a potential risk to the future of the businesses involved could be apparent.

The convenient access provided by I-275 can be both positive and negative for local businesses – anytime the City can promote a “shop locally” effort they should to encourage local residents to shop at businesses in the City versus travelling outside of the City.

A new arterial connector from Newport through Wilder is nearing completion. The completion of this corridor could have a positive impact on any available sites and/or improved commercial properties along the corridor in the City.