

4A MARKET STUDY

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Photo Credit: South End Night Market

4A.1 INTRODUCTION

This market study summary report is meant to provide a context for the update to the 2007 South End Community Plan. We present data from numerous sources, described below, that can help ground any recommendations in the updated plan in the reality of the marketplace. We provide our conclusions at the end of this report and compare and contrast them to the findings of the 2007 study.

Data Sources

Numerous data sources are used in this report, including the 2010 US Census, American Community Survey estimates from the US Census Bureau, Esri, Emsi and Co-star. Each has its strengths and weaknesses in terms of reliability, currency, precision and usefulness. There are also slightly different geographic boundaries for each set. As such, the numbers across data sets are not comparable. For example, Esri includes a total of 5,121 housing units in the South End, whereas Co-star reports only 1,421. This is because Co-star includes only renter-occupied units that are on the market and contained within larger structures (typically 4+ units per structure).

Market Trade Areas Defined

With respect to the sections that follow on demographics, economics and real estate trends, we have defined five distinct trade areas, shown below, from which we have pulled various data. The five trade areas include: (1) The South End, as defined by the City for this plan, (2) the City of Albany, (3) The South End, with respect to our CoStar data provider, (4) the 12202 ZIP Code with respect to our Emsi data provider, and (5) the Capital Region as defined as Albany, Schenectady, Saratoga, and Rensselaer Counties. This allows us to compare and contrast the characteristics of the South End community against other areas of note.

This market study summary report is meant to provide a context for the update to the 2007 South End Community Plan.

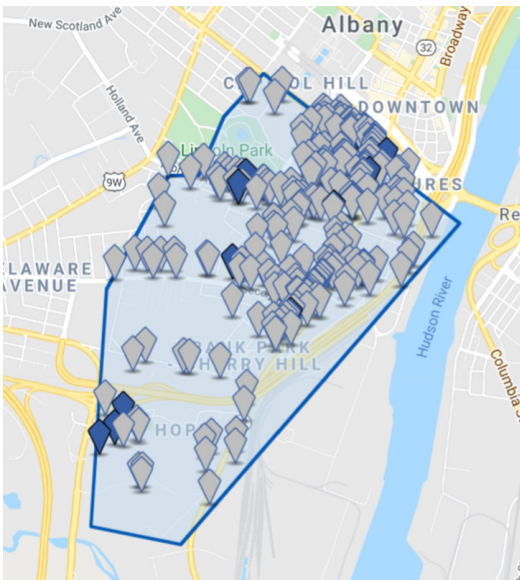
1. THE SOUTH END



2. THE CITY OF ALBANY



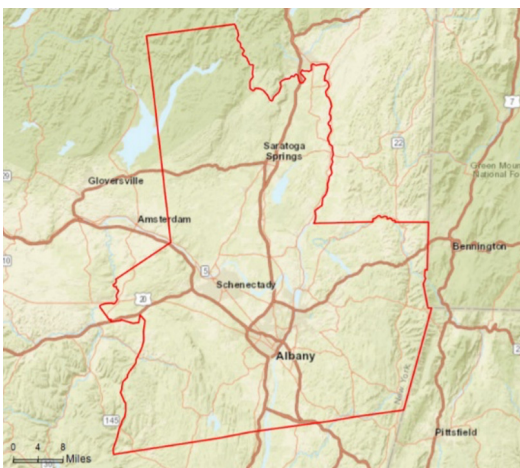
3. SOUTH END - COSTAR



4. 12202 ZIP CODE



5. THE CAPITAL DISTRICT



4A.2 DEMOGRAPHICS

Demographic Trends

Key demographic trends are summarized in the table below as of the 2010 US Census, estimates for 2019 and projections for 2024. The South End's population, household size, and number of renter-occupied housing units show the highest growth rate among indicators through 2024. The number of families and owner-occupied housing units are both expected to remain relatively unchanged.

Demographic Trends, South End

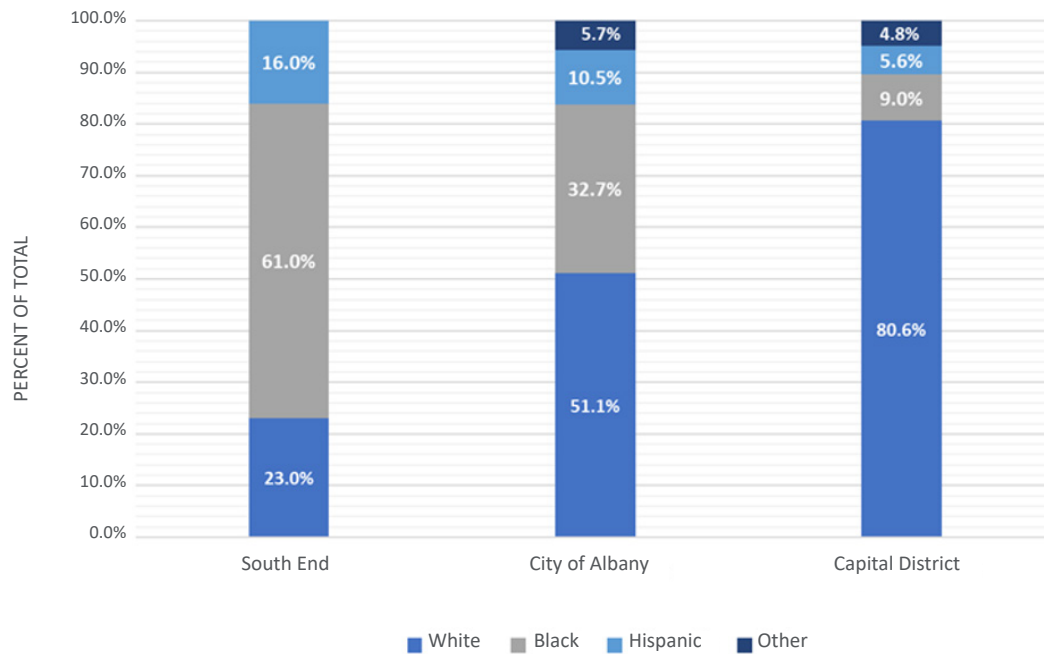
Item	2010 Census	2019	2024	2010 - 2024
Population	9,125	9,353	9,493	4.03%
Households	4,195	4,220	4,284	2.12%
Families	1,936	1,927	1,934	-0.10%
Average Household Size	2.10	2.15	2.15	2.38%
Owner Occupied Housing Units	926	910	927	0.11%
Renter Occupied Housing Units	3,269	3,310	3,357	2.69%
Median Age	32.0	33.5	34.1	6.56%

Source: 2010 US Census, ESRI

Racial Composition

The chart below illustrates the racial composition of the South End, the City and the Capital District. The South End is primarily composed of Black or African-American residents (61%), a concentration far beyond the Capital District as a whole and about double the rate of the City of Albany. Likewise, Hispanic residents comprise 16% of the South End's population, as compared to about 11% and 6% of the City and Capital District. Clearly, the South End is home to a much more diverse population than the comparison geographies.

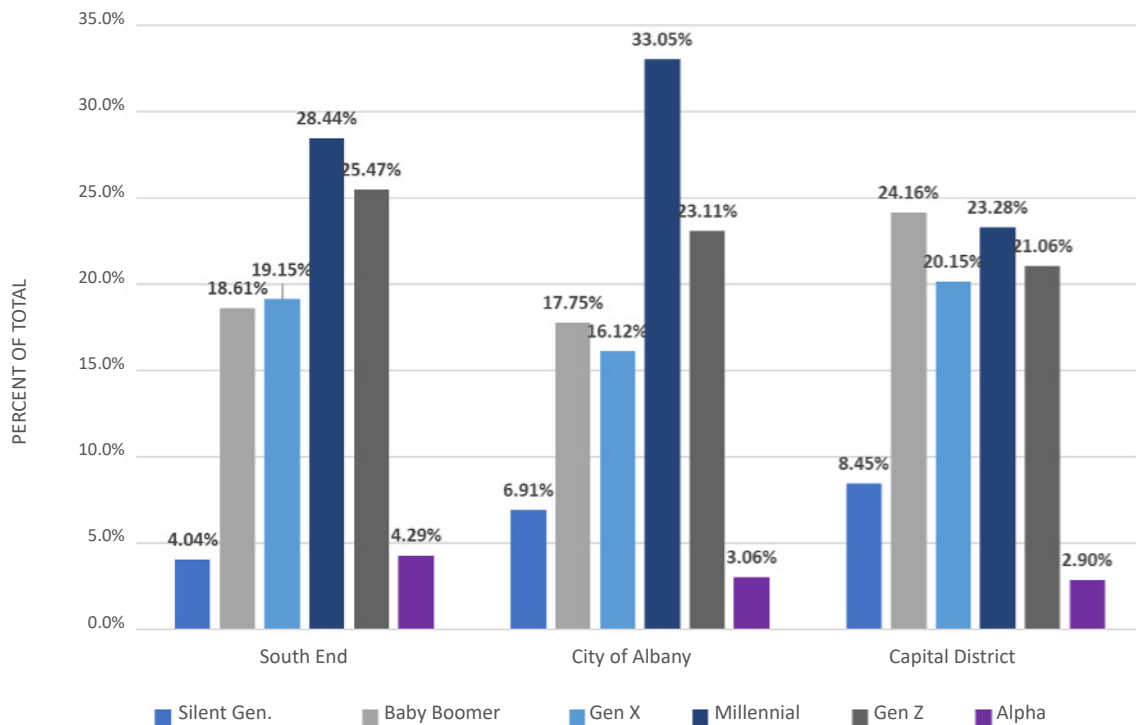
Racial Composition, 2019



Generational Breakdown

The Millennial population, defined as those born between 1981 and 1996, is the largest cohort in both the South End and the City as a whole, but not the Capital Region. Combining both Millennials and the younger Gen Z (1997-2012) cohort, approximately 54% of the South End’s population was born between 1981 and 2016, compared to 56% in the City and 44% for the Capital District. Conversely, the Capital District is more heavily weighted in the Silent Generation (1928-1945), Baby Boomers (1946-1964) and Gen X (1965-1980) cohorts.

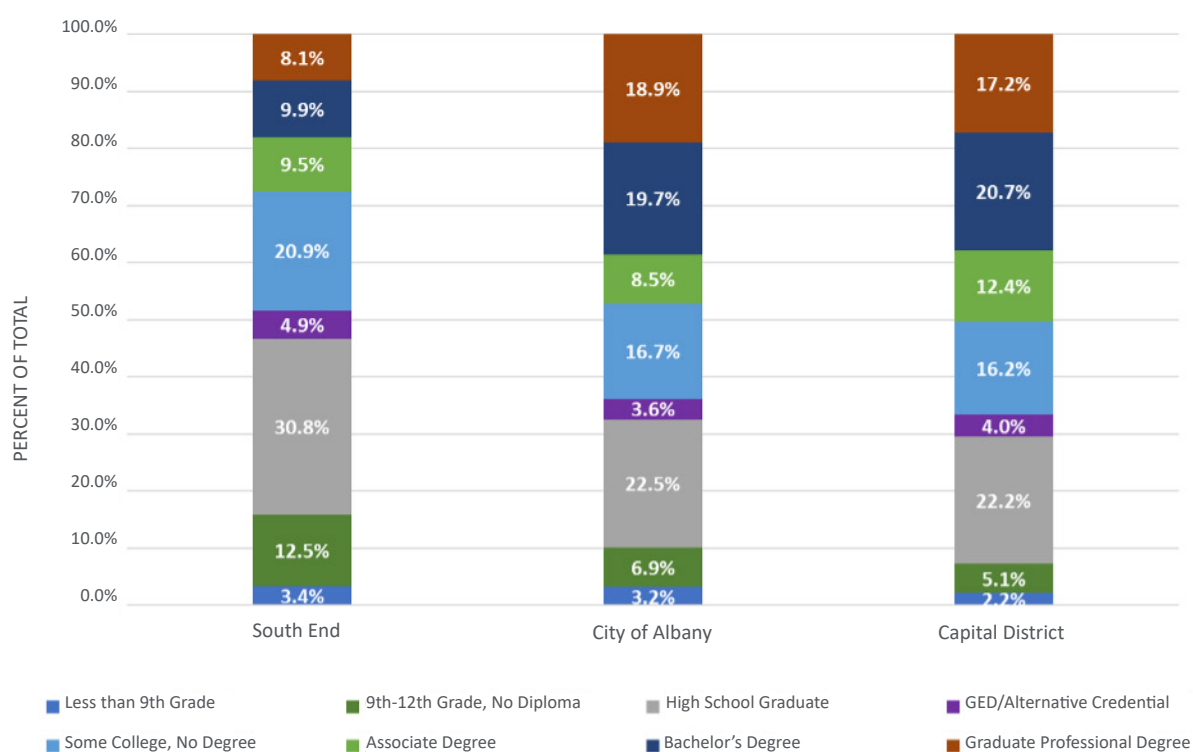
Generational Breakdown, 2019



Education

Educational attainment is generally lower in the South End than in the City and the Capital District. About 16% of South End residents aged 25+ do not hold a high school diploma, as compared to 10% and 7% in the comparison geographies. Just 18% of South End residents hold a Bachelor's degree or higher, again as compared to 39% and 38% in the comparison geographies.

Educational Attainment, 2019



Income and Net Worth

Due to the other various factors described above, it is no surprise that household incomes are lower in the South End (\$28,622) than those of the City (\$45,334) and Capital Region (\$70,776). There also appears to be a large discrepancy in net worth between residents of the Capital District and those of the South End and City, and this is likely due to equity associated with homeownership, which is more prevalent outside the City.

Income Comparison, 2019

	South End	City of Albany	Capital District
Median Household Income	\$28,622	\$45,334	\$70,776
Per Capita Income	\$19,638	\$27,590	\$38,161
Median Net Worth	\$11,957	\$16,793	\$138,856

Source: ESRI

4A.3 INDUSTRY SECTORS

Employment by Sector

Industry data provided by Emsi give unique insights into the industry composition of the South End. To best approximate accurate industry conditions, the South End region is proxied by the 12202 ZIP Code. Unsurprisingly, the 'Government' sector accounts for a large portion of South End's employment base given the neighborhood is in close proximity to the state capital. Construction, transportation and warehousing, and healthcare industries are also in high concentrations in the South End.

2020 Jobs by Industry, South End & Capital District

NAICS	Description	2020 Jobs	South End (%)	Capital District (%)
23	Construction	725	14.6%	4.7%
31	Manufacturing	333	6.7%	6.1%
42	Wholesale Trade	157	3.2%	2.7%
44	Retail Trade	171	3.5%	10.2%
48	Transportation and Warehousing	636	12.8%	2.6%
51	Information	129	2.6%	17%
52	Finance and Insurance	< 10	0.0%	4.2%
53	Real Estate and Rental and Leasing	46	0.9%	14%
54	Professional, Scientific, and Technical Services	31	0.6%	6.4%
55	Management of Companies and Enterprises	< 10	0.0%	12%
56	Administrative and Support and Waste Management and Remediation Services	425	8.6%	4.1%
61	Educational Services	139	2.8%	4.1%
62	Health Care and Social Assistance	550	11.1%	14.5%
71	Arts, Entertainment, and Recreation	11	0.2%	17%
72	Accommodation and Food Services	84	17%	8.0%
81	Other Services (except Public Administration)	49	10%	4.2%
90	Government	1,447	29.2%	20.9%
99	Unclassified Industry	< 10	0.0%	0.1%
Total		4,954	100.0%	100.0%

Source: ESRI

Retail Sector

ESRI provides us data on the supply, demand and retail market gaps for the South End trade area. “Supply” is measured in dollars of sales in stores located in the South End. “Demand” is estimated spending by households in the South End. The “Gap” is the difference in how much households are spending versus how much spending is occurring in the area. The presumption in this type of analysis is that any “Gap” is being met by households spending their dollars outside the neighborhood and thus could represent an opportunity to recapture that spending.

As shown, in virtually every category of retail goods and services, there is a leakage (i.e. gap) of retail dollars spent outside of the South End. Clearly, this is largely the result of the South End being under-served in the retail sector.

In the next table, we show the results of a presumed 15% recapture of any current sales leakage and we calculate the number of new businesses that would result. As shown, the only category that has enough recaptured leakage (at 15%) to effectively support a new business is “restaurant”. Therefore, to support other businesses, any of the following would have to occur, (1) recapturing a larger share of the retail leakage, (2) “importing” retail spending from non-residents, or (3) increasing the retail spending demand of residents through growth in the number of resident households and average household income.

Retail Gap, South End

NAICS	Industry Group	Demand	Supply	Retail Gap
441	Motor Vehicle & Parts Dealers	\$14,269,810.00	\$3,447,798.00	\$10,822,012.00
4411	Automobile Dealers	\$12,121,848.00	\$3,447,798.00	\$8,674,050.00
4412	Other Motor Vehicle Dealers	\$975,092.00	\$0.00	\$975,092.00
4413	Auto Parts, Accessories & Tire Stores	\$1,172,870.00	\$0.00	\$1,172,870.00
442	Furniture & Home Furnishings Stores	\$2,541,911.00	\$2,949,139.00	(\$407,228.00)
4421	Furniture Stores	\$1,396,776.00	\$864,671.00	\$532,105.00
4422	Home Furnishings Stores	\$1,145,135.00	\$2,084,468.00	(\$939,333.00)
443	Electronics & Appliance Stores	\$2,645,030.00	\$0.00	\$2,645,030.00
444	Bldg Materials, Garden Equip. & Supply Stores	\$3,549,664.00	\$0.00	\$3,549,664.00
4441	Bldg Material & Supplies Dealers	\$3,263,508.00	\$0.00	\$3,263,508.00
4442	Lawn & Garden Equip & Supply Stores	\$286,156.00	\$0.00	\$286,156.00
445	Food & Beverage Stores	\$13,555,777.00	\$6,366,047.00	\$7,189,730.00
4451	Grocery Stores	\$11,592,809.00	\$4,282,891.00	\$7,309,918.00
4452	Specialty Food Stores	\$912,912.00	\$921,965.00	(\$9,053.00)
4453	Beer, Wine & Liquor Stores	\$1,050,056.00	\$1,161,191.00	(\$111,135.00)
4464	Health & Personal Care Stores	\$6,217,904.00	\$1,878,428.00	\$4,339,476.00
4474	Gasoline Stations	\$7,494,967.00	\$10,720,579.00	(\$3,225,612.00)
448	Clothing & Clothing Accessories Stores	\$6,088,192.00	\$1,282,549.00	\$4,805,643.00
4481	Clothing Stores	\$4,343,317.00	\$1,250,648.00	\$3,092,669.00
4482	Shoe Stores	\$713,961.00	\$0.00	\$713,961.00
4483	Jewelry, Luggage & Leather Goods Stores	\$1,030,915.00	\$0.00	\$1,030,915.00
451	Sporting Goods, Hobby, Book & Music Stores	\$2,118,092.00	\$0.00	\$2,118,092.00
4511	Sporting Goods/Hobby/Musical Instr Stores	\$1,756,909.00	\$0.00	\$1,756,909.00
4512	Book, Periodical & Music Stores	\$361,184.00	\$0.00	\$361,184.00
452	General Merchandise Stores	\$8,865,104.00	\$426,981.00	\$8,438,123.00
4521	Department Stores Excluding Leased Depts.	\$5,438,455.00	\$391,672.00	\$5,046,783.00
4529	Other General Merchandise Stores	\$3,426,649.00	\$0.00	\$3,426,649.00
453	Miscellaneous Store Retailers	\$2,694,121.00	\$191,153.00	\$2,502,968.00
4531	Florists	\$192,797.00	\$0.00	\$192,797.00
4532	Office Supplies, Stationery & Gift Stores	\$834,631.00	\$0.00	\$834,631.00
4533	Used Merchandise Stores	\$369,908.00	\$148,072.00	\$221,836.00
4539	Other Miscellaneous Store Retailers	\$1,296,786.00	\$0.00	\$1,296,786.00
454	Nonstore Retailers	\$2,153,959.00	\$0.00	\$2,153,959.00
4541	Electronic Shopping & Mail-Order Houses	\$1,807,061.00	\$0.00	\$1,807,061.00
4542	Vending Machine Operators	\$41,018.00	\$0.00	\$41,018.00
4543	Direct Selling Establishments	\$305,880.00	\$0.00	\$305,880.00
722	Food Services & Drinking Places	\$7,942,110.00	\$3,213,248.00	\$4,728,862.00
7223	Special Food Services	\$344,902.00	\$0.00	\$344,902.00
7224	Drinking Places - Alcoholic Beverages	\$455,592.00	\$0.00	\$455,592.00
7225	Restaurants/Other Eating Places	\$7,141,616.00	\$3,069,270.00	\$4,072,346.00

Source: ESRI

Supportable Retail, South End

NAICS	Industry Group	Retail Gap	15% Recapture	Average Sales per Business	NYS Average Sales	Supportable Businesses	Average Sales per SF	Supportable SF
4411	Automobile Dealers	\$8,674,050	\$1,301,108	\$6,464,930	\$6,464,930	0.20	\$300	4,337
4412	Other Motor Vehicle Dealers	\$975,092	\$146,284	\$2,478,198	\$2,478,198	0.06	\$300	488
4413	Auto Parts, Accessories & Tire Stores	\$1,172,870	\$175,931	\$1,027,928	\$1,027,928	0.17	\$300	586
4421	Furniture Stores	\$532,105	\$79,816	\$2,027,787	\$2,027,787	0.04	\$300	266
4441	Bldg Material & Supplies Dealers	\$3,263,508	\$489,526	\$1,954,940	\$1,954,940	0.25	\$350	1,399
4442	Lawn & Garden Equip & Supply Stores	\$286,156	\$42,923	\$775,768	\$775,768	0.06	\$250	172
4451	Grocery Stores	\$7,309,918	\$1,096,488	\$6,091,584	\$6,091,584	0.18	\$500	2,193
4,464,461	Health & Personal Care Stores	\$4,339,476	\$650,921	\$2,148,105	\$2,148,105	0.30	\$400	1,627
4481	Clothing Stores	\$3,092,669	\$463,900	\$1,204,111	\$1,204,111	0.39	\$300	1,546
4482	Shoe Stores	\$713,961	\$107,094	\$1,105,683	\$1,105,683	0.10	\$300	357
4483	Jewelry, Luggage & Leather Goods Stores	\$1,030,915	\$154,637	\$668,152	\$668,152	0.23	\$500	309
4511	Sporting Goods/Hobby/Musical Instr Stores	\$1,756,909	\$263,536	\$1,201,866	\$1,201,866	0.22	\$250	1,054
4512	Book, Periodical & Music Stores	\$361,184	\$54,178	\$909,919	\$909,919	0.06	\$250	217
4521	Department Stores Excluding Leased Depts.	\$5,046,783	\$757,017	\$17,226,652	\$17,226,652	0.04	\$250	3,028
4529	Other General Merchandise Stores	\$3,426,649	\$513,997	\$3,236,651	\$3,236,651	0.16	\$500	1,028
4531	Florists	\$192,797	\$28,920	\$357,880	\$357,880	0.08	\$200	145
4532	Office Supplies, Stationery & Gift Stores	\$834,631	\$125,195	\$733,863	\$733,863	0.17	\$300	417
4533	Used Merchandise Stores	\$221,836	\$33,275	\$291,897	\$291,897	0.11	\$200	166
4539	Other Miscellaneous Store Retailers	\$1,296,786	\$194,518	\$809,237	\$809,237	0.24	\$250	778
4542	Vending Machine Operators	\$41,018	\$6,153	\$599,212	\$599,212	0.01	\$100	62
4543	Direct Selling Establishments	\$305,880	\$45,882	\$1,873,457	\$1,873,457	0.02	\$250	184
7223	Special Food Services	\$344,902	\$51,735	\$517,945	\$517,945	0.10	\$300	172
7224	Drinking Places - Alcoholic Beverages	\$455,592	\$68,339	\$299,624	\$299,624	0.23	\$250	273
7225	Restaurants/Other Eating Places	\$4,072,346	\$610,852	\$612,637	\$612,637	1.00	\$350	1,745

Source: ESRI, MRB Group

4A.4 HOUSING

Housing Tenure

According to ESRI as of 2019, there were 5,121 housing units in the South End, of which 901 were vacant. This equates to a vacancy rate of 17.6% for the South End, which is notably higher than that of both the City of Albany (12.6%) and the Capital District (9.9%). This measure suggests a weak South End housing market likely driven by low demand, persistent divestment in the area, and an aging housing stock.

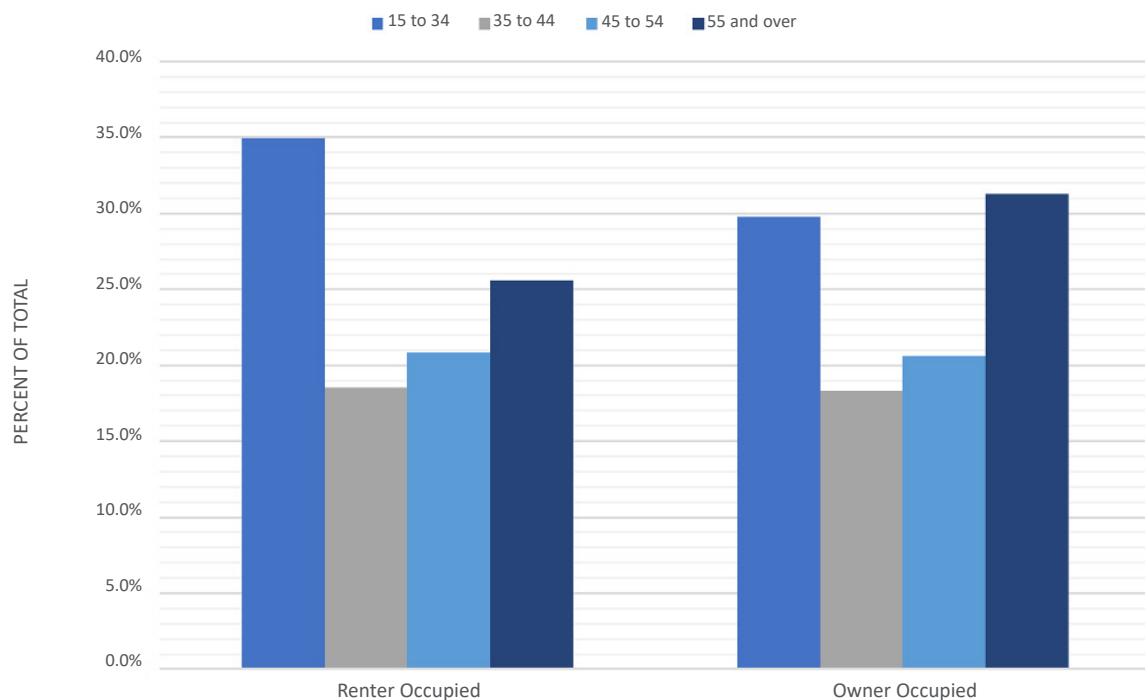
House Tenure South End

Type	South End	City of Albany	Capital District
Owner-Occupied	17.8%	30.8%	56.2%
Renter-Occupied	64.6%	56.7%	33.9%
Vacant Units, Rate	17.6%	12.6%	9.9%
Total Housing Units	5,121	47,855	398,217

Source: ESRI

The South End's housing stock is primarily focused on renter-occupied units, when compared to the City and Capital District. The South End is comprised of 64.8% renters compared to 56.7% in the City and 33.9% in the Capital District. As shown in the following table, the owner-occupied units in the South End tend to be owned in larger proportions by householders 55+ years old whereas the renter-occupied units have more representation in the youngest age bracket.

Tenure by Age of Householder, South End, 2019



Affordability of Housing

The affordability of housing is often measured by the median cost of housing in relation to the median household income. As a general rule, households that spend more than 28% of their income on housing-related costs are said to be “burdened”. Using the South End’s Median Home Value, the local income affordability threshold was calculated at \$29,614 in order for a household to not be considered burdened. Because this threshold exceeds the area’s median household income of \$28,622, more than half of the South End’s population would be deemed “burdened” in a home ownership scenario.

House Tenure South End

Item	\$
Median Home Value, 2019	\$94,988
10% Down Payment	\$9,499
Loan Amount	\$85,489
Avg. Mortgage Payment, 30 Yrs. @ 5%	\$459
Est Additional Costs	\$232
Avg Mortgage Payment and Estimated Additional Costs	\$691
Household Income Threshold	\$29,614
Median Household Income, 2019	\$28,622

Source: ESRI

2019 Households by Income

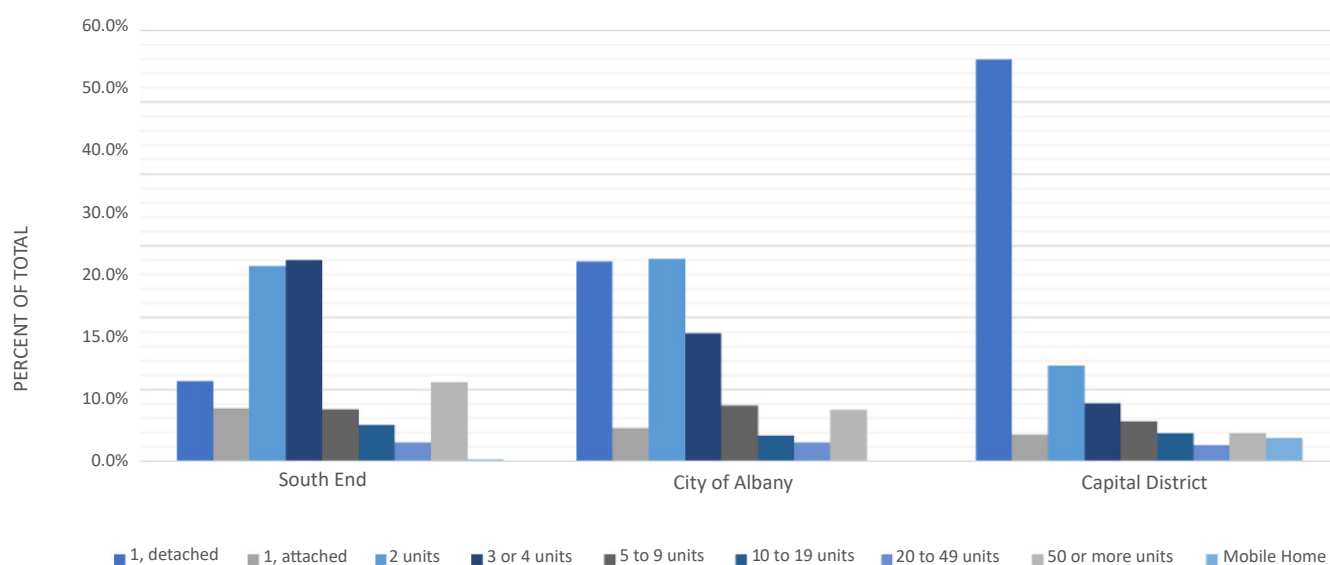
Range	%
<\$15,000	26.0%
\$15,000 - \$24,999	19.2%
\$25,000 - \$34,999	11.1%
\$35,000 - \$49,999	12.4%
\$50,000 - \$74,999	13.0%
\$75,000 - \$99,000	10.0%
\$100,000 - \$149,000	5.7%
\$150,000 - \$199,000	1.7%
\$200,000+	0.9%

Source: ESRI

Housing Structures

Approximately 54% of South End housing units are in structures with more than 3 units, as compared to 39% and 24% in the City and Capital Region respectively which have much higher proportions of single-family homes. The larger, multi-unit structures are of importance to South End residents, as they offer more affordable housing cost options than single- or double-unit structures found elsewhere in the region.

Housing Characteristics, South End



2019 Median Home Value



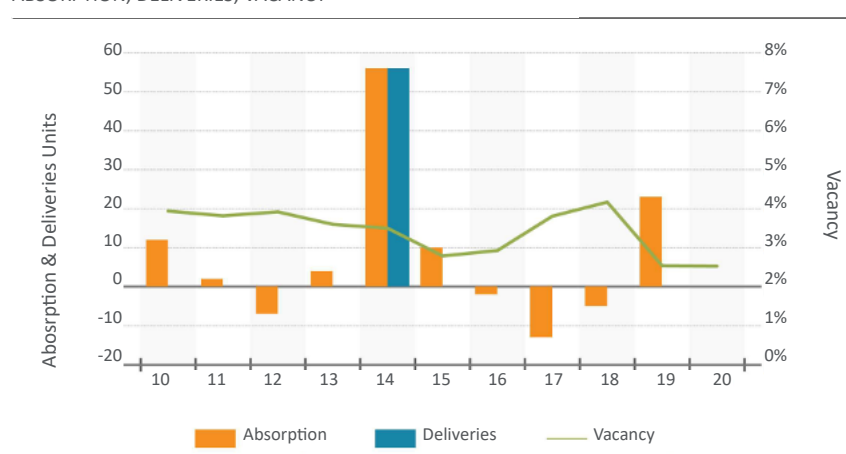
In 2019, the median South End home value was \$94,988 as compared to \$179,739 for the City of Albany and \$219,531 of the Capital District. Therefore, the 2019 median home value for South End properties is 47% and 57% lower than the City of Albany and Capital District respectively. While there may be many factors that contribute to this disparity, clearly an aging housing stock and divestment in the area can help explain the downward pressure on home values in South End. At the same time, more affordable home values in the South End's housing stock enable lower income residents to remain in the City.

Costar Multi-family For-rent Real Estate Data

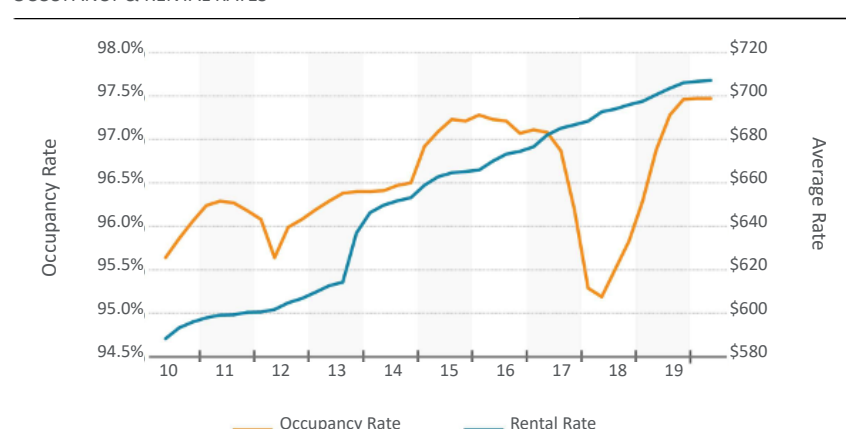
Using CoStar real estate market data for the defined South End region, the following trends were observed across for-rent, multi-family listings.¹

As shown in the table below, vacancy rates in the South End in larger, multi-family, for-rent properties have been low in recent years, moving from roughly 4% to as low as 2.5%. The data indicate that many of these units are affordable (i.e. subsidized) and, with such low vacancy, there is clearly a significant unmet demand. Of particular interest is the 2014 delivery of a more than 50-unit building that was entirely absorbed in the same year.

ABSORPTION, DELIVERIES, VACANCY



OCCUPANCY & RENTAL RATES



¹ Note that Co-star covers most, but not all, multi-family for-rent properties. For example, it would likely capture most 4+ unit structures but only some 2 or 3-unit structures. Therefore, it is best to use Co-star to understand trends and percentages, as opposed to absolute numbers. Also, critically, it would not cover properties that are off the market (i.e. vacant structures that are not currently on the market).

4A.5 SUMMARY AND CONCLUSIONS

Below are the major conclusions of the market study by topic. Where applicable, we have noted changes since the 2007 *Capital South Plan* (the “2007 Plan”) and any implications for the current community planning effort.

Demographics

- Population, households, average household size, renter population, and median age have grown since 2010 and are projected to grow modestly through 2024. This is a significant change from the 2007 Plan, where population was shown to be declining and continuing to decline. This appears to indicate that the neighborhood is stabilizing somewhat.
- Compared to the remainder of the Capital District, the South End has a younger and much more diverse population. Since the 2007 Plan, the median age has slightly increased and the non-white population has risen from 65% to 76%.
- South End residents are heavily skewed toward renters (78%), as compared to the reference geographies, consistent with the findings of the 2007 Plan.
- Median income is low and is stagnant in the South End relative to surrounding areas.
- Educational attainment is lower in the South End than the City of Albany and the Capital District. However, educational attainment has improved significantly since the 2007 Plan, with “less-than-a-high-school-diploma” declining from 30% to 17% and “bachelor’s degree or higher” rising from 15% to 18%.

Industry Sectors

- Jobs located in the South End are concentrated in the government, construction, warehousing, transportation and healthcare sectors

- The retail sector data shows that the South End has very little retail shopping available in the neighborhood and the vast majority of retail purchases by residents are made outside the South End. Despite this, new retail development is likely to be limited unless and until the neighborhood is able to: (1) recapture a large share of the retail leakage, which can be difficult, (2) “import” retail spending from non-residents, or (3) increase the retail spending demand of residents through growth in the number of resident households and average household income.

Housing

- Overall, the South End has higher vacancy rates as compared to the City and Region, but its trend has been downward, which is positive for the market. It appears that some of the South End’s vacancy is not due to problems with absorption of existing units on the market, but rather by properties that are entirely vacant and not on the market.
- The majority of housing units in the South End are in structures containing 3 or more housing units. This section of the residential real estate market is, by far, the healthiest, with multi-family, for-rent units in larger buildings at very low vacancy rates. This is in part due to a significant presence of subsidized housing available in the South End.
- Home values and rent prices are generally lower in the South End when compared to the City and Region. Despite this, there is a significant homeownership affordability issue in the South End, as the median household income is not high enough to afford the median for-sale home value.