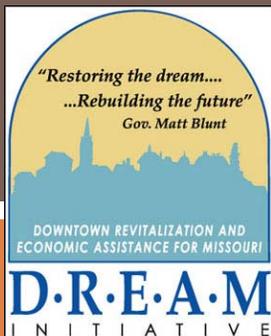


RESIDENTIAL DEMAND ANALYSIS

The Hermann Downtown Market Area
City of Hermann
Gasconade County, Missouri

Prepared by
Missouri Housing Development Commission

Assistance provided by
Peckham Guyton Albers & Viets



Executive Summary



- ▣ **Market Study Purpose:** Quantify the potential residential demand in the downtown area of Hermann, MO
 - Complement the overall revitalization efforts of the area
 - Determine the type of residential demand that exists
 - Detail the depth of the market demand

Executive Summary



- ▣ Downtown Market Area (DMA) is generally considered to be the area as described in the DREAM application

- ▣ The Analysis includes:
 - Demographic and economic analysis of the community
 - Demand analysis of the housing markets
 - Family rental housing
 - Senior rental housing
 - Family affordable housing
 - For sale housing

Downtown Market Area



MO DREAM - City of Hermann Residential Demand Analysis

City of Hermann Facts



- ▣ Located in Gasconade County
- ▣ Approximately 80 miles west of St. Louis
- ▣ County seat and center of government and related services
- ▣ Missouri's Wine Country
- ▣ Along Missouri River

Downtown Market Area Description



Downtown - Hermann, Missouri

- ▣ Home to Gasconade County Courthouse
- ▣ Hermann Riverfront creates recreation area
- ▣ Active train track for freight and Amtrak passengers
- ▣ High concentration of bed and breakfasts
- ▣ Numerous art, antique and gifts shops
- ▣ Stable and improving

Demographic Statistics



Population of Hermann

- ▣ Estimated 2007 population is 2,678 people
- ▣ Population has decreased slightly since 1990 but is expected to remain stable within the next 5 years
- ▣ Median age of Hermann population is significantly older than the State as a whole
- ▣ The gender distribution in Hermann includes slightly more females (53%) than males (47%)
- ▣ Approximately 54% of the adult population of Hermann is married

Demographic Statistics



Households in Hermann

- ▣ Estimated number of households in 2007 is 1,171
- ▣ Total number of households is expected to slightly increase over the next five years, creating a greater demand for housing units
- ▣ The average size of households is decreasing, creating a greater demand for smaller housing units
- ▣ The number of households with income of \$60,000+ is projected to increase by about 22% between 2007 & 2012
- ▣ The number of households with income of \$100,000+ is projected to increase by about 27% between 2007 & 2012

Demographic Statistics



Households in Hermann, continued

- Although few Hispanic Households, the percentage increased by over 300% between 2000 & 2007 and is projected to increase 23% between 2007 & 2012
- The percentage of Female Headed Households has significantly increased by 102% between 2000 & 2007 and is projected to increase 8% between 2007 & 2012

Demographic Statistics



Households in Hermann, continued

- ▣ Tenure patterns of the community have been changing over time to favor more renter households
 - Large percentage of owner occupied housing units are by 2 person households
 - The majority of renter occupied units are leased to 1 person households

Demographic Statistics



Households in Hermann, continued

- ▣ There has been a large increase in renter occupied units for the age group between 45 & 54 between 1990 & 2000
- ▣ There has been a significant decline in renter occupied units for the age group between 25 & 34 between 1990 & 2000

Housing Statistics

Households in Hermann, continued

- ▣ Majority of housing inventory is owner occupied
 - There is a fair distribution of homeowners above age 25
- ▣ Approximately 11.5% of all renter households are severely cost burdened compared to the State at 15%
 - Single person households are the largest group at 16.5%
 - Elderly households are also severely cost burdened at 13%

Housing Statistics

Housing Units

- ▣ Estimated 1,281 units in the 2000 Census
- ▣ Majority of structures were single family units
- ▣ Less than 25% of structures are multi-family units
- ▣ Only 10% of structures were built post 1990
- ▣ The average sales price in 2007 for detached single family homes totaled \$129,642
 - This represents a 6% increase in the average sales price since 2005

Gross Rents (2000)

- ▣ Approximately 22% of households spend more than 30% of their income on rent

Employment and Economy

Major Employers

Major Employers - Hermann Area		
Employers	Type of Business	Employees
Preflum Packaging	Manufacturing	125
Stone Hill Winery	Manufacturing	85
Laser Light Technology	Manufacturing	50
Lennertson Sample Co.	Manufacturing	50
Moore Gear	Manufacturing	50
Home, Inc.	Manufacturing	10
CFV Plastics	Manufacturing	50
Hermann Area Hospital	Healthcare	160
Hemannoff Winery	Manufacturing	30
Frene Valley Health Center	Healthcare	120
Public School District	Education	150
Tri-County Trucking	Transportation	50

Source: Hermann Chamber of Commerce

Employment and Economy



City Employment

- ▣ Manufacturing, Health Care/Social Services & Retail Trade comprise over half of the Gasconade County economy
- ▣ Average annual earnings for the top three sectors range from \$19,500 to \$33,500
- ▣ Gasconade County's manufacturing employment gained a significant number of jobs over the last few years contrary to state and national trends, but lost a small number between 2006 and 2007

Existing Rental Housing

Market Rate Rental Housing

- ▣ Limited number located in the Downtown area
 - A few small rental developments with less than 6 units
 - Some single family homes for rent
 - Typical rents range from \$350 to \$600
 - Upper floors of Wine Valley Inn
 - Available and unoccupied since construction
 - Upper income rentals with rents that exceed \$900

Existing Senior Affordable Housing

Senior Affordable Renter Housing

- ▣ Few available units within City of Hermann
 - No units currently under construction
 - Upper floors of the former City Hall
 - Senior households, age 55+
 - Rents in excess of \$600

Existing Affordable Housing



Family Affordable Renter Housing

- ▣ No subsidized rental developments within City of Hermann
- ▣ Private sector may have been providing rental housing to lower income households

Existing Housing

Existing Subdivisions in Hermann

- Market has slowed in sales of single family homes
 - Small number of existing homes for sale in the market
 - Largest number of homes range in value from \$80,000 to \$140,000
- Limited number of attached homes available for sale
- Little competition to downtown revitalization
 - A few new homes under construction around lake
 - New subdivision at 6th and Gellert

Market Opportunities

Residential Downtown Housing Market

- Downtown area dominated by tourist industry
 - Large percentage of residential units are B & Bs
 - Many commercial homes & businesses transformed to living accommodations for the seasonal flow of tourists

- Small number of residences occupied by local households
 - Most are attached and detached homes
 - Some occupy upper floors of commercial buildings
 - Owner occupied units range in value from \$50,000 to \$300,000

Conclusions



- **There is a shortage of available housing in the downtown area**
- **Additional housing in the downtown area would complement downtown revitalization efforts by repopulating the area with permanent consumers that could help to support existing businesses and attract new businesses**
- **There appears to be available vacant and underutilized land and buildings for development**

Conclusions



- **There could be demand from young households looking for a unique housing option not available in other parts of the City**
- **There could be demand from baby boomer households looking to downsize and also seek a unique or nostalgic housing situation**
- **There could be demand for live/work space from the art community as the art district continues to expand**

Conclusions



- **There could be demand from senior households drawn to downtown amenities and services**
- **Developers should take advantage of the majestic river views with vertical developments**
- **Any new housing options, of good quality, that is generally well located should enjoy good market demand**

Market Opportunities

- Primary Market Area (PMA) for residential demand in the city of Hermann as a whole and the downtown market area
 - ▣ All of Gasconade County
 - ▣ All of Warren County
 - ▣ All of Montgomery County
 - ▣ Portions of surrounding counties
 - Callaway County
 - Franklin County
 - Osage County

Market Opportunities

- Assets of Downtown Hermann
 - Area Attractions and Tourism- wineries
 - Potential Residential Sites- vacant or underutilized buildings & land
 - Culture- German traditions; developing into an art district
 - Niche Shopping- antique stores, gift shops & specialty stores
 - Natural Asset- magnificent views along Missouri River
 - Walkability- compact with a friendly street pattern
 - Accessible – access to & from relatively easy
 - Gathering Place- riverfront is site of many community events

Rental Household Opportunities

- Market Rate Renter Household Demand (2007-2012)
 - 9 households attracted to Downtown Market Area
 - One bedroom – 3
 - Two bedroom – 6
 - Target Market
 - Artists
 - Young professionals
 - Create a unique housing experience & opportunities
 - Add permanent residents to downtown market

Affordable Opportunities

- Senior Affordable Renter Households (2007 to 2012)
 - 50 households attracted to Downtown Market Area
 - Mostly 2 bedrooms
 - High demand
 - Short supply
 - Vertical developments to take advantage of river views
 - Compliment to downtown revitalization efforts

Affordable Opportunities



- Affordable Family Renter Households (2007 to 2012)
 - Not recommended for Downtown Market Area
 - Not enough land available for horizontal development
 - Schools and play areas unavailable for children
 - Safety concerns for children during tourist season due to an increase in vehicular and pedestrian traffic

Home Ownership Opportunities



- Home Ownership Households (2007 to 2012)
 - Demand from 4 homebuyer households
 - Priced from \$85,000 to \$140,000
 - Target market
 - Young professionals
 - Baby Boomers/ Empty Nesters
 - Small households without children
- Create a unique housing experience & opportunities

Housing Production Considerations

□ Financing Options

- City owned land donated or sold below market rate
- City can use powers of eminent domain
- City can assist with land assemblage
- City can provide parking to lower developer cost
- Assist developers with demolition & remediation costs
- Increase flexibility of building & zoning codes & fast track permits
- Create Private/Public partnerships
- Tax abatement, TIFs, & Special Taxing Districts
- Federal & State Affordable Housing Tax Credits, Historic Tax Credits

Contact Information



**The entire Residential Demand Analysis is available from
the City of Hermann**

Contact: