

# RESIDENTIAL DEMAND ANALYSIS

The Mexico Downtown Market Area  
City of Mexico  
Audrain County, Missouri

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# Executive Summary



## ▣ **Market Study Purpose:**

Analyze the potential residential demand in the downtown area of Mexico, MO

- Determine if residential development would complement the overall revitalization efforts of the downtown area
- Determine the types of residential market demand that exists
- Detail the depth of the residential market demand
- Provide information regarding existing residential developments
- Provide local demographic and economic data

# Executive Summary

- **Downtown Market Area (DMA) is generally considered to be the area as described in the DREAM application**
  
- **The Analysis includes:**
  - A baseline assessment of current residential options in the DMA
  - An assessment of potential residential development sites in the DMA
  - Demographic and economic analysis of the community
  - Demand analysis of the housing markets
    - Family rental housing
    - Family affordable housing
    - Senior rental housing
    - For sale housing

# Downtown Market Area



MO DREAM - City of Mexico Residential Demand Analysis

# City Facts



## **Mexico, Missouri**

- ▣ Located in Audrain County on the eastern side of Missouri
- ▣ Approximately 110 miles west of St. Louis
- ▣ County Seat
- ▣ Center of government and related services
- ▣ Rural community with diverse economy

# City Facts (Downtown)

## **Downtown Mexico, Missouri**

- ❑ Employment center of County and Municipal Government
- ❑ Downtown square consists predominately of 2 and 3 story brick buildings with retail and office space on the street level
- ❑ Most of the upper floor space of the buildings on the square is vacant or used for storage
- ❑ Some loft style apartments already exist
- ❑ Overall good commercial occupancy and economically vibrant area
- ❑ Several dining establishments are located Downtown
- ❑ Decline, like most downtown areas, was due to urban sprawl
- ❑ Few vacant tracts of land available for development
- ❑ Traffic flow is one way around the Courthouse Square
- ❑ Parking downtown, particularly around the Courthouse Square, is limited

# Demographic Statistics



## **Population of Mexico**

- ▣ Estimated 2008 population is 10,937 people
- ▣ Population decreased slightly between 2000 and 2008 and this trend is expected to continue through 2013
- ▣ The average age of the population increased slightly between 2000 and 2008 and is projected to increase slightly through 2013
- ▣ The gender distribution in Mexico includes more females (54%) than males (46%)
- ▣ Educational attainment has remained stable
- ▣ Approximately 38% of the adult population of Mexico is married

# Demographic Statistics



## Households in Mexico

- ▣ Estimated number of households in 2008 is 4,675
- ▣ Total number of households has decreased slightly since 2000 and is expected to continue over the next five years
- ▣ The average size of households is decreasing, similar to other areas of the State
- ▣ The number of households with income of \$50,000+ is projected to increase by approximately 5% between 2008 and 2013
- ▣ The number of households with income of \$100,000+ is projected to increase by approximately 18% between 2008 and 2013

# Demographic Statistics



## **Households in Mexico, continued**

- The percentage of Hispanic Households is relatively small and is projected to only increase 2% between 2008 and 2013
- The percentage of Female Headed Households is approximately 37% of total households

# Demographic Statistics

## **Households in Mexico, continued**

- Approximately 66% of households live in owner occupied units and approximately 34% of households live in renter occupied
- Tenure patterns of the community have been constant
  - Large percentage of owner occupied housing units are 3 bedroom units
  - The majority of renter occupied units leased are 2 bedroom units
- The declining growth in Mexico is similar to the rest of Audrain County

# Housing Statistics

## Households in Mexico, continued

- ▣ There has been a small increase in households for age groups between ages 55 to 64 and 85 years and older
- ▣ There has been a small decrease in households for age groups between 35 to 44 years and 75 to 84 years of age
- ▣ Majority of housing inventory is owner occupied
- ▣ Approximately 10% of all renter households are severely cost burdened, which is above the 15% of all renter households in the State of Missouri
  - One and two person elderly renter households are the most severely rent burdened group at approximately 17%
- ▣ Audrain County has a small net negative migration pattern with all of its surrounding counties

# Housing Statistics



## Housing Units

- The typical price range for detached single family homes around the downtown area range from \$30,000 to \$150,000
- At the time of this report there are 184 properties listed for sale on the Realtor.com website at asking prices that range from \$20,000 to \$600,000
- Building permit history indicates that annually between 11 to 26 new homes are built

# Employment and Economy

Major Employers - Mexico, Missouri Area		
Employers	Type of Business	Employees
Audrain Medical Center	Medical Center	698
True Manufacturing	Manufacturing	400
Mexico School District	Public School District	394
Home Decorator's Collection	Catalog Distribution Center	270
Wal-Mart	Discount Store	250
Dawn Food Products	Manufacturer of frozen dough products	240
Continental Products	Printed aprons, textile products, tote bags	216
Missouri Veteran's Home	Veteran's Home	200
Spartan Light Metal Products	Magnesium Casting	189
Brookstone Company	Catalog Distribution Center/Call Center	170
Missouri Military Academy	Private School	110

Source: City of Mexico, Department of Economic Development

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# Employment and Economy



## **City Employment**

- ▣ Manufacturing, Health care, and Retail Trade comprise over half of the Mexico economy
- ▣ Average annual earnings for the top three sectors range from \$21,000 to \$37,000
- ▣ Manufacturing jobs have declined in the Mexico area
- ▣ Audrain Medical Center is the largest employer with True Manufacturing the second largest

# Existing Rental Housing

## Market Rate Rental Housing

- Several rental housing options for non-low income households
  - Options include:
    - Loft style apartments
    - Garden style apartments
    - Duplexes
    - Older single family homes
  - Occupancy is strong with demand for all bedroom sizes
  - No new developments currently under construction
  - Typical rents
    - 1 & 2 bedroom - \$250 to \$400
    - 3 bedroom - \$400+
    - Loft - \$300 to \$500

# Existing Affordable Housing

## Family Affordable Renter Housing

- 5 existing developments with no new construction at this time
  - All affordable housing developments are reported to have good occupancy
  - Most are rent subsidized or at below market rates
  - No new developments currently under construction
  - Typical rents
    - 1 bedroom- \$325 to \$387
    - 2 bedroom- \$330 to \$395
    - 3 bedroom- \$405 to \$510

# Existing Senior Affordable Housing



## **Senior Affordable Renter Housing**

- ▣ 3 developments with no new construction at this time
  - All senior affordable housing developments are reported to have good occupancy
  - All developments are rent subsidized

# Conclusions



- 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
- Potential demand from young and senior households should be considered in vacant or underutilized sites/space
- There could be demand from baby boomer households looking to downsize and also seek a unique or nostalgic housing situation
- Survey of existing senior housing indicates good occupancy rate – opportunity for additional units in DMA

# Conclusions



- Between 2000-2008 Mexico lost approximately 129 households – additional housing in Downtown can help to reduce that trend
- Developers should capitalize on the advantage of a shopping district within walking distance of the Downtown by strengthening the link between the two areas
- The City should explore the possibility of applying for historic status for buildings or districts in Downtown, which would allow access to federal and state historic tax credits

# Market Opportunities



## **Primary Market Area (PMA) for residential demand in the city of Mexico as a whole and the downtown market area**

- ▣ All of the City of Mexico
- ▣ Area approximately 5 miles around the City of Mexico

# Market Opportunities

## Assets of Downtown Mexico

- ❑ Government Center – center of municipal and county government
- ❑ Existing Business Market – a good number of small and medium sized businesses; most street level commercial space around Courthouse Square is occupied
- ❑ Existing Residential Market – significant amount of existing residential units located on the upper floors so area will not need to reinvent itself
- ❑ Essential Neighborhood Services – grocer, hardware store, gas station, and eating establishments are located in and around Downtown area
- ❑ Potential Development Space – significant amount of vacant upper floor space and blocks of possibly underutilized real estate in the southwest portion of Downtown
- ❑ Location – Downtown is centrally located in the community
- ❑ Commitment – City is committed to revitalization efforts

MO DREAM - City of Mexico Residential Demand Analysis

# Rental Household Opportunities

## Market Rate Renter Household Demand (2008-2013)

- ▣ 23 households attracted to Downtown Market Area
  - One bedroom - 11
  - Two bedroom - 10
  - Three bedroom - 2
- ▣ Target Market
  - Young, adult households without children
  - Baby boomers/empty nesters
- ▣ Create a unique housing experience & opportunities

# Rental Household Opportunities

## **Affordable Family Renter Household Demand (2008-2013)**

- ▣ 16 households attracted to Downtown Market Area
  - One bedroom - 9
  - Two bedroom - 6
  - Three bedroom - 1
- ▣ Target Market
  - Lower income seniors
  - Young, lower income working households

# Rental Household Opportunities

## **Affordable Senior Renter Household Demand (2008-2013)**

- ▣ 32 households attracted to Downtown Market Area
  - One bedroom - 8
  - Two bedroom - 24
- ▣ Complement other residential developments
- ▣ Creates social and economic diversity

# Housing Production Considerations

## Financing Options

- ❑ Federal & State Affordable Housing Tax Credits, Historic Tax Credits, and New Markets Tax Credits
- ❑ MHDC Multifamily Loan Programs
- ❑ Hope VI Main Street Grants
- ❑ Tax Abatement, TIFs, Special Taxing Districts, and State Grant Programs
- ❑ Brownfield Redevelopment Program
- ❑ Industrial Development Bonds
- ❑ Neighborhood Assistance Program
- ❑ MODESA
- ❑ First Time Homebuyer Loan Program
- ❑ HeRO Program
- ❑ Missouri Housing Trust Fund

# Contact Information



**The entire Residential Demand Analysis  
is available from:**

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