Summary of Housing Market Growth in Lawrence, Kansas 1990 to 2016

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Lawrence Housing Market Growth 1990 to 2000

		Year							
		1990		*2000*		*2009*		*2016*	
Demand	*Renter Households*	13,177		17,023		18,345		19,338	
	Owner Households	11,345		14,412		16,536		16,145	
	Total Households	24,522		31,435		34,881		35,483	
Supply	*Rental Units*								
	Occupied	13,177		17,023		18,345		19,338	
	Vacant	810	5.8%	729	4.1%	1,575	7.9%	1,597	7.6%
	Total	13,987		17,752		19,920		20,935	
	Owner-Occupied Units								
	Occupied	11,345		14,412		16,536		16,145	
	Vacant	177	1.5%	421	2.8%	447	2.6%	481	2.9%
	Total	11,522		14,833		16,983		16,626	
	Other unoccupied	385		140		384		1,252	
	Total Housing Units	25,894		32,725		37,287		38,813	

		Period			
Growth in Demand		*1990 to 2000*	*2000 to 2009*	*2009 to 2016*	*2000 to 2016*
	Renter Household Growth	3,846	1,322	993	2,315
	Owner Household Growth	3,067	2,124	(391)	1,733
	Total Household Growth	6,913	3,446	602	4,048
Growth in Supply		*1990 to 2000*	*2000 to 2009*	*2009 to 2016*	*2000 to 2016*
	Rental Unit Growth	3,765	2,169	1,015	3,184
	Owner Unit Growth	3,311	2,150	(357)	1,793
	Other Unit Growth	(245)	244	868	1,112
	Total Unit Growth	6,831	4,562	1,526	6,088
		1990 to 2000	*2000 to 2009*	*2009 to 2016*	*2000 to 2016*
Excessive Growth		(82)	1,116	924	2,040

Notes:

In a well-disciplined market, the supply would respond to changes in demand in the correct direction (expansion or contraction) and in approximately the correct amount (.e.g.: if the population grows by 100 households the stock would grow by about 103 units to absorb the growth and maintain the inventory of vacant units).

The Lawrence market showed evidence of being a well-disciplined market from 1990 to 2000. Even though the growth in demand was great (6,913 households), the supply grew by approximately the same number (6,831 units). Vacancy rates remained in normal ranges, for rental housing 4% to 6% and for owner housing 1.7% to 2.0%.

During the housing bubble, Lawrence's housing market became unstable, building units faster than demand could support. Demand grew by 3,446 households from 2000 to 2009, while supply grew by 4,562 units, resulting in a surplus growth of 1,116 homes. This surplus is approximately 124 units per year (i.e.: about one 60-unit subdivision and one 60-unit apartment building per year).

During the post-bubble recovery period, the Lawrence housing market did not correct its behavior. Rather than slowing the pace of growth sufficiently to absorb the surplus stock, the supply continued to expand faster, not slower, than the pace of household growth. During the recovery period of 2009 to 2016, the surplus of stock growth over household growth was 924 units, a surplus of 132 units per year.

Over the entire period from 200o to 2016, the housing supply grew 128 units faster than household growth each year.

Conclusion:

The housing market of Lawrence, Kansas, lost its capacity to self-regulate the pace of growth.

Excessive growth harms older neighborhoods. Notice that the supply of "other vacant" units (in probate, abandoned, etc.) grew from under 400 in 1990, to excess of 1,200 units by 2016.

The problem is made especially acute because of proposals to build a 270-unit development on 33rd Street and another with about 190 units on Clinton Parkway. Note that renter households have been growing by only 140 households per year. These two developments would consume over three years of growth with no other properties in the pipeline and with no surplus already in the community.

The Planning Commission can and should work to bring the development process back to the level of discipline that it achieved in the 1990s.