

A Comprehensive Housing Needs Analysis Update For the City of Marshall, Minnesota

Prepared For:

Marshall Economic Development Authority
Marshall, MN

August 2021



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Maxfield
Research & Consulting

August 9, 2021

Ms. Lauren Deutz
Executive Director
Marshall Economic Development Authority
344 West Main St.
Marshall, MN 56258

Dear Ms. Deutz:

Attached is the analysis titled, ***"A Comprehensive Housing Needs Analysis Update for the City of Marshall, MN."*** This market analysis projects general occupancy housing demand between 2021 and 2030. The study also provides recommendations on the amount and type of housing that could be built in Marshall to satisfy demand from current and future residents through the next nine years.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City and surrounding area; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions in the City; and a senior housing supply and demand analysis. Detailed recommendations are provided for the housing types identified as being needed in Marshall to 2030. An assessment of other strategies is provided to overcome challenges associated with housing development.

Please contact us if you have questions or require additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Mary Bujold
President
Attachment

Andrew McIntyre
Associate

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
EXECUTIVE SUMMARY.....	1
Overview	1
Demographic Analysis.....	3
Employment Trends	4
Housing Characteristics	5
For-Sale Market Analysis	5
Rental Market Analysis	6
Senior Housing Market Analysis	7
PURPOSE AND SCOPE OF STUDY.....	9
DEMOGRAPHIC ANALYSIS.....	10
Introduction.....	10
Marshall PMA	10
Population and Household Growth Trends.....	11
Age Distribution.....	13
Household Income.....	15
Household Tenure by Income.....	19
Household Tenure by Age.....	20
Tenure by Household Size	23
Household Type	26
Enrollment Trends	30
Summary of Demographic Trends	37
EMPLOYMENT ANALYSIS	39
Introduction	39
Employment Forecast.....	39
Resident Employment	40
Industry Employment and Wage Data.....	42
Commuting Patterns of Area Workers	46
Major Employers	49
Employer Survey	51
Employment Analysis Summary	52
HOUSING CHARACTERISTICS.....	55
Introduction	55
Residential Construction Trends 2000 to Present	55
Area Community Survey.....	58
Housing Units by Occupancy Status & Tenure.....	58
Age of Housing Stock.....	59
Housing Units by Structure and Occupancy	62
Owner Occupied Housing Units by Mortgage Status.....	62

TABLE OF CONTENTS
(continued)

<u>Section</u>	<u>Page</u>
HOUSING CHARACTERISTICS (continued)	
Renter Occupied Units by Contract Rent.....	63
Mobility in the Past Year	64
Rent and Income Limits.....	66
FOR-SALE MARKET ANALYSIS	67
Introduction	67
Home Sales.....	67
Active Listings.....	72
Foreclosures	74
Residential Lot Prices	78
Residential Lot Supply	79
New Construction Pricing	80
Real Estate Agent/Builder Interviews.....	83
For-Sale Housing Market Demand Analysis.....	83
RENTAL ANALYSIS.....	86
Introduction	86
Overview of Rental Market Conditions	86
General Occupancy Rental Projects.....	90
Pending rental Developments	107
Rental Housing Demand Analysis	107
Rental Market Summary	109
SENIOR HOUSING ANALYSIS	110
Introduction	110
Senior Housing Defined.....	110
Older Adult Population and Household Trends.....	112
Supply of Senior Housing in Primary Market Area.....	114
Market Rate Adult/Few Services Senior Housing Demand.....	121
Shallow Subsidy/ Deep Subsidy Independent Senior Housing Demand	124
Demand for independent living Senior Housing.....	127
Assisted Living Demand Estimate	130
Demand for Memory Care Senior Housing.....	134
CONCLUSIONS AND RECOMMENDATIONS.....	137
Introduction	137
Demographic Profile and Housing Demand.....	137
Housing Demand Summary.....	138
Recommendations	141
Challenges and Opportunities	147

LIST OF TABLES

<u>Table Number and Title</u>	<u>Page</u>
A-1. Population and Household Growth Trends; City of Marshall and Lyon County, 2000 - 2040	11
A-2. Population Age Distribution; Primary Market Area; 2000 to 2030	15
A-3. Household Income by Age of Householder; Primary Market Area; 2021 & 2026....	16
A-4. Tenure by Household Income, City of Marshall, and Lyon County, 2021	20
A-5. Tenure by Age of Householder, City of Marshall and Lyon County Area, 2021 & 2026	22
A-6. Tenure by Household Size, City of Marshall, 2010 & 2021	25
A-7. Household Type, City of Marshall, 2010 & 2021	26
A-8. Population Distribution by Race and Ethnicity, 2010 - 2021	29
A-9. Enrollment History, Southwest Minnesota State University, 2009 through 2020 (Fall Semesters)	31
A-10. Full Time/Part Time Enrollment SMSU, 2009 through 2020 (Fall Semester)	32
A-11. Non-Minnesota Enrollment by State (Top 10 States), SMSU, 2020 (Fall Semester).	33
A-12. Student Enrollment, Marshall Public Schools, 2013/14 through 2020/21 School Years	34
 B-1. Employment Growth Trends and Projections, Marshall, 2000 - 2030	 40
B-2. Local Area Unemployment Statistics, Marshall, March 2020, and March 2021	42
B-3. Quarterly Census of Economics and Wages, Marshall, Lyon County and Southwest MN, 2016, 2018, and 2020	45
B-4. Commuting Patterns, City of Marshall, 2018.....	47
B-5. Commuting Inflow/Outflow Characteristics, Marshall, 2018	48
B-6. Major Employers, City of Marshall, 2020	49
 HC-1. Residential and Construction Trends, Marshall, and Lyon County, 2000 thru 2020	57
HC-2. Housing Units by Occupancy Status and Tenure, Lyon County, 2010 & 2019	59
HC-3. Age of Housing Stock, Primary Market Area, 2019.....	61
HC-4. Housing Units by Structure & Tenure, Primary Market Area, 2019.....	62
HC-5. Owner-Occupied Housing Units by Mortgage Status, PMA, 2019	63
HC-6. Renter Occupied Units by Contract Rent, PMA, 2019	64
HC-7. Mobility in the Past Year by Age for Current Residence, Lyon County, 2019	65
HC-8. Lyon County Income Limits and Max. Rents by Bedroom Size, 2021.....	66
 D-1. Residential Sales Activity, Marshall, 2001 – 2021 YTD.....	 69
D-2. Residential Median Sales Price Distribution, Marshall, 2015 – 2021 YTD.....	72
D-3. Current Residential Listings, Marshall, April 2021	73
D-4. Sheriff's Sale Foreclosures in Minnesota, 2010 – 2018	75
D-5. Lender Mediated vs. Traditional Sales, Lyon County, 2015 – 2021	78
D-6. Residential Lot Prices by Subdivision, Marshall, May 2015 - 2021	79
D-7. Residential Lot Supply, Marshall, 2021.....	80
D-8. New Construction Pricing by Subdivision, Marshall, May 2021.....	81

LIST OF TABLES
(continued)

<u>Table Number and Title</u>	<u>Page</u>
D-9. General Occupancy For-Sale Housing Demand, Marshall, 2021 to 2030.....	85
E-1. Rental Housing Vacancy Estimates, PMA, 2010 – 2019	87
E-2. Bedrooms by Gross Rent, Renter Occupied Housing Units, PMA, 2019	88
E-3. General Occupancy Rental Housing, Marshall, May/June 2021	91
E-4. Unit Mix Summary, Selected General Occupancy Rental Developments, May/June 2021	101
E-5. Demand for General Occupancy Rental Housing, Marshall, 2021 to 2030	108
F-1. Senior Rental Projects, Marshall, May 2021.....	116
F-2. Market Rate Adult/Few Services Housing Demand, PMA, 2021 & 2026	122
F-3. Market Rate Adult/Few Services Housing Demand, PMA, 2026 & 2030	123
F-4. Financially Assisted Independent Housing Demand, PMA, 2021 & 2026	125
F-5. Financially Assisted Independent Housing Demand, PMA, 2026 & 2030	126
F-6. Shallow & Independent Housing Demand, PMA, 2021 & 2026	128
F-7. Shallow & Independent Housing Demand, PMA, 2016 & 2030	129
F-8. Assisted Living Demand, PMA, 2021 & 2026	132
F-9. Assisted Living Demand, PMA, 2026 & 2030	133
F-10. Memory Care Demand, PMA, 2021 & 2026	135
F-11. Memory Care Demand, PMA, 2026 & 2030	136
CR-1. Summary of Marshall Housing Demand, May 2021	139
CR-2. Recommended Housing Development, 2021 to 2030	144
<u>Maps</u>	<u>Page</u>
Primary Market Area	10
Economic Development Region 8: Southwest Minnesota	11
Marshall Public School District Boundaries and Schools	36
City of Marshall Inflow/Outflow	48
Market Rate General-Occupancy Rental Housing Location Map	98
Affordable & Subsidized Rental Housing Location Map	99
Marshall Senior Housing Location Map	118

Overview

Maxfield Research and Consulting was engaged by the Marshall Economic Development Authority to update a Comprehensive Housing Needs Analysis for the City. The Housing Needs Analysis, which was last completed in 2015, provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households residing in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City and surrounding area; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions; a senior housing supply and demand analysis; and an assessment of housing affordability in Marshall. Detailed recommendations are provided for the housing types identified as being needed in Marshall to 2030 for general occupancy housing and 2030 for senior housing product types. An assessment of other challenges associated with housing development in the City is also provided.

Based on the demographic characteristics of Marshall and the PMA, there will be growing demand for a variety of housing products, including: rental housing targeting the young adult (25 to 34) age group as well as the empty nester population (55 to 74 age group); entry-level ownership housing for first-time home buyers (25 to 39); move-up housing for the 35 to 44 age group; and senior housing.

In total, we find demand to support 665 general occupancy housing units between 2021 and 2030. Demand is expected to favor rental housing, with 249 rental units and 183 for-sale housing units needed in Marshall by 2030.

Demand is strong for many types of housing in the area, but based on information from local area realtors, housing demand is highest for housing priced from the mid to high \$100,000s to low to mid \$200,000s.

We estimate that Marshall can accommodate 124 new market rate rental housing units, 75 shallow-subsidy units, and 128 deep-subsidy units through 2030.

In addition, we found excess demand for a total of 523 senior housing units to 2030. Of these senior units, 60.8% (about 314 units) would be market rate housing and the remaining 39.8% (208 units) would be shallow-subsidy or deep-subsidy units. demand exists for all senior housing product types over the next several years. However, except for the independent living vacancy rate (4.2%), all other senior housing types in our inventory have vacancy rates above equilibrium. High vacancy rates among senior properties are largely a role of the COVID-19 Pandemic. As a result, service-based housing (assisted living, memory care, etc.) should not be built until 2023 or 2024.

EXECUTIVE SUMMARY

The table below displays demand by product type. Housing demand is comprised of several components, including projected household growth, pent-up demand (i.e. below equilibrium housing vacancy rates) and replacement needs (functionally or physically obsolete units).

SUMMARY OF HOUSING DEMAND MARSHALL MARKET AREA JUNE 2021						
Type of Use	Demand in Market Area			Demand in Marshall		
	2021-2030			2021-2030		
General-Occupancy						
Rental Units - Market Rate	166			108		
Rental Units - Shallow Subsidy	100			65		
Rental Units - Deep Subsidy	66			43		
For-Sale Units - Single-family	233			140		
For-Sale Units - Multifamily	100			60		
Total General Occupancy Supportable	665			415		
	Demand in Market Area			Demand in Marshall		
	2021	2026	2030	2021	2026	2030
Age-Restricted (Senior)						
Market Rate						
Adult Few Services (Active Adult)	196	238	242	128	155	157
Ownership	89	105	107	58	68	69
Rental	108	133	135	70	86	88
Independent Living	39	80	85	25	52	55
Assisted Living	63	102	107	43	70	72
Memory Care	21	48	45	13	31	29
Total Market Rate Senior Supportable	319	468	479	209	307	314
Shallow-Subsidy/Deep-Subsidy						
Active Adult - Shallow-Subsidy	154	154	187	100	100	121
Active Adult - Deep-Subsidy	85	85	134	55	55	87
Total Affordable Senior Supportable	239	239	320	156	156	208
Source: Maxfield Research & Consulting, LLC.						

Demographic Analysis

- As of 2021, the Primary Market Area contained an estimated 25,873 people and 10,302 households. Between 2010 and 2021, the population increased by 16 people (0.1%) while the number of households expanded by 75 (0.7%). The proportional rate of growth of new households was higher than the proportional rate of growth of the population suggesting a trend toward decreasing household sizes in the PMA. In 2010, the average household size in the PMA was 2.53 people per household. This number declined to 2.51 in 2021, a drop of -0.7%. Marshall's population increased 1.8% from 2010 to 2021 (248 people) against household growth of 2.9% (155). As of 2021, the average household size in Marshall was 2.51, which is down -1.0% from 2010. This trend indicates an aging household base and also reflects a general shift in demographic factors that favor smaller households, such as a declining proportion of married couple households with children.
- In 2021, the median household income is estimated to be \$48,268 in Marshall, compared to \$54,653 in the PMA. This data suggests more lower income households and students are concentrated in Marshall because the City provides access to more affordable housing options than outlying communities in Lyon County.
- In Marshall, 54.2% of all households owned their housing in 2021, resulting in a home ownership rate that is substantially lower than the Primary Market Area (68.4% in 2021). In the prime ownership years (35 to 64), nearly 68.4% of households in Marshall owned, compared to 78.8% of PMA householders and 88.5% in Remainder of the PMA. The number of owner households in Marshall increased by 129 (4.5%) between 2010 and 2021. The largest increases occurred in the 65 to 74 age group (178 households for a 21.0% gain) and the 55 to 64 age group (278 households for a 20.4% increase), while the 45 to 54 age group experienced the largest numeric contraction in owner households, decreasing by 317 households (-19.8%).
- Shifting household types can drive demand for housing in a community. Married couple families with children typically generate demand for single-family detached ownership housing. Married couple families without children often desire multifamily housing options for convenience reasons, however older couples in rural areas often hold onto their single-family homes until they need services. In 2010, the proportion of households in families was 55.5% in Marshall, 69.8% in the Remainder and 62.2% in the PMA. By 2021, these proportions increased to 60.6% in Marshall, 71.6% in the Remainder and 65.7% in the PMA in 2021.

Employment Trends

- Marshall's historic unemployment rates have been lower than Lyon County's, although the gap has lessened since 2009. As of March 2021, Marshall (3.6%) and Lyon County (4.2%) have unemployment rates lower than the Southwest Minnesota Economic Development Region 8 (SW MN Region – 4.4%). By comparison, Minnesota (4.5%) and the United States (6.2%) have unemployment rates higher than Marshall, Lyon County, and the SW MN Region 8.
- Between March 2020 and March 2021, Marshall's labor force decreased by 355 while the number of employed residents decreased 5.5% (-404), causing Marshall's unemployment rate to rise 0.8% over the year to 3.6%. Similarly, Lyon County's unemployment rate rose 0.6% to 4.2% over the past year. The SW MN Region 8's unemployment rate rose 0.7%. By comparison, Minnesota's unemployment rate remained at 4.5% while the unemployment rate in the US increased to 6.2%.
- In 2020, the most recent year with annual available data, Education and Health Services was the largest employment sector in Marshall, providing 2,810 jobs (27.6% of the total); followed by Trade, Transportation, and Utilities with 2,145 jobs (21.0%); and Manufacturing with 1,479 jobs (14.5%). The Professional and Business Services Sector is another large employment sector in Marshall with 1,101 jobs (10.8% of the total).
- Marshall can be considered an importer of workers as a significantly higher number of non-residents commutes into the City for work. An estimated 6,643 workers come into Marshall for work (inflow) while 2,389 leave (outflow) and 4,530 both live and work in Marshall.
- A household earning the average weekly wage in Marshall (\$982) would be able to afford an apartment renting for \$1,178 per month to not exceed 30% of its monthly income on housing costs. Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage would be able to afford to purchase a home priced \$178,724 or lower to not be cost-burdened (paying more than 30% of their income for housing). This is similar to the 2021 year to date average sales price of single-family homes (\$180,436).

Housing Characteristics

- The dominant housing type in the Primary Market Area, as of 2019, was the single-family detached home, representing 95.0% of all housing units in the County. The most common rental housing unit in the PMA was a single-family detached home (25.6% of all rental units) followed by 3- to 4-unit structures (13.4% of all rental units). In Marshall, the most common type of rental housing was a 3- to 4-unit structure with 16% of all rental units in the City, followed closely by a 10- to 19-unit structure, which represented 15.8% of the City's rental stock.
- Building permits were issued for 1,570 residential units in Lyon County from 2000 through 2020; equating to 75 units per year. A little under two thirds or 64% of these units were single family while 4.7% were duplexes and 31.3% were multifamily structures.
- As of 2019, the greatest percentage of homes in Lyon County (PMA) was built prior to 1940, which comprised 19.4% of the County's housing stock. As a comparison, only 9.4% of homes in Marshall were built prior to the 1940s. In Marshall, most of the housing stock was built in the 1980s (18.1%).
- Lyon County's median monthly contract rent in 2019 was estimated at \$539. Based on a 30% allocation of income to housing, a household in Lyon County would need an income of \$21,560 to afford a median monthly rent of \$539. Considering an annual increase of 2.0% per year for inflation, the median monthly rent in 2021 would be \$561.

For-Sale Market Analysis

- From 2017 through 2020 (2021 data is only year to date), there were 606 single-family residential sales, 17 duplex/triplex/townhome sales and 29 condo sales in Marshall. This equates to an average annual rate of 163 units between the four years. In Marshall, 92.9% of all sales were for detached single-family homes during this period. The multifamily market appears to be a very small proportion of residential sales in Marshall, as there have been only 46 combined duplex, triplex, townhomes, and condo sales since 2001 (7.1% of the total).
- The median sale price for single-family homes lowest post-recession price point was in 2011, at \$121,049 in Marshall. For owned multifamily products such as duplexes, triplexes, and townhomes, the lowest post-recession median price occurred in 2017 at \$75,000. The median price for condos is currently at its highest price, with a median price of \$152,900 as of April 2021.
- Marshall's single family median sales price has continued to rise and was at a high of \$173,200 as of April 2021, up 43.1% from its low of \$121,049 in 2011. Duplex, triplex, and

townhome median sale prices have been more volatile over this period and have fluctuated from a low of \$75,000 in 2017 to a high of \$164,713 in 2014. Marshall's condo price of \$125,000 as of April 2021 is down from its highest price point of \$226,000 in 2019.

- Maxfield examined lot prices of recent City subdivisions and compared them to home sale prices to determine a home to lot price ratio. In many communities, the lot price is often between 15% and 25% of a homes combined home/lot value. Estimated single-family home values range from as low as \$160,000 in the Camelot Square Subdivision to as high as \$275,000 in the third and fourth additions of Carr Estates Subdivision.
- Lot prices vary depending on location, features, community amenities, and its own unique situation. Average prices range from as low as \$0.68 per square foot for an 11,151 average sq. ft. (0.25 acres) site in the 2nd addition of the Parkway Subdivision to an average high of \$4.68 per square foot for an 11,326 square-foot (0.26 acres) lot in Prairieview East subdivision. Parkway's price per square foot is low because it is a publicly assisted property. Throughout Marshall, the average per square foot cost for single-family lots is \$2.23 with an average lot price of \$30,669.
- Sizes range from as small as 8,276 square feet (0.19 acres) for a lot in the second addition of the Parkway Subdivision to 22,207 square feet (0.51 acres) for a single-family lot in the third addition of Carr Estates Subdivision. The average single-family lot in Marshall is 13,638 square feet (0.31 acres).
- Homes in high demand in the Marshall housing market range from the mid to high \$100,000s to the low to mid \$200,000s.
- Demand was estimated at 333 units of new for sale housing in the PMA by 2030. Of those 333 units, we estimate that Marshall could capture 55% of the PMA's demand. As a result, Marshall could support 183 for sale housing units by 2030. This includes single-family detached and attached homes such as townhomes and rowhomes.

Rental Market Analysis

- The equilibrium vacancy rate for market rate and shallow-subsidy rental housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. Shallow-subsidy properties are well below equilibrium with only 2 vacancies out of 117 units. This suggest a need for more shallow subsidy units in the City. In contrast, market rate units are well above equilibrium at 9.8%. However, both the newest market rate properties, The Nexus I and II and Colonial House, have vacancy rates at or below equilibrium. This suggest that there is demand for newer housing while already sufficient older rental housing stock.

- For deep-subsidy rental housing the equilibrium vacancy rate is 2.0%. The overall vacancy rate for deep-subsidy rental housing in Marshall was 5.6% at the time of the survey. With a deep-subsidy vacancy rate of 5.6%, it appears as though there is sufficient supply to meet current demand. There are often wait lists for deep-subsidy units and it may require longer periods of time to occupy units on turnover. This must also be accounted for in considering if there is a sufficient supply of deep-subsidy units in the market.
- The strongest sources of demand for rental housing in Marshall will likely be young singles and couples without children in their late-20s and early-30s who work in Marshall or in nearby communities, who would desire new apartment units with modern amenities. In addition, SMSU students could be targeted for new housing options. Shallow-subsidy rental housing will draw from a wide variety of population segments, including; low-wage workers, single-parent households and low-income family households. In total, we find demand for 50 deep-subsidy units, 75 shallow-subsidy units and 124 market rate rental units in Marshall between 2021 and 2030.

Senior Housing Market Analysis

- Large population growth is expected to occur among older adults in the Market Area. Aging of the baby boomers in the PMA led to an increase of 412 people (14.9%) in the 55 to 64 population and 740 people (46.1%) in the 65 to 74 population between 2010 and 2021. As baby boomers continue to age, individuals between 65 and 74 and 75 and older are expected to see increases over the next five years (2021 to 2026) of 120 people (11.1%) and 137 people (14.2%), respectively.
- Maxfield Research identified eight separate senior housing developments in Marshall. Combined, these projects contain a total of 478 senior housing units. Four of these properties with 149 units are deep-subsidy, while the remaining are market rate. Of the 478 senior housing units, 51 were vacant, representing a 10.7% vacancy rate.
- There are 149 units of deep-subsidy housing that are restricted to households age 62 years or older or those that have physical or cognitive limitations. Of the 149 units, 17 were vacant representing an 11.4% vacancy rate. The equilibrium vacancy rate for deep-subsidy active adult housing is considered to be 2.0% which allows for normal turnover and an adequate supply of alternatives for prospective residents.
- A possible reason for the high vacancy rates among senior properties is the effect of the COVID-19 Pandemic. Many seniors who can are staying in their homes longer. We don't recommend constructing more senior housing units until two to three years in the future.

EXECUTIVE SUMMARY

- One deep-subsidy senior property, Windsong Apartments, a rural development property, offers three market rate units, renting for \$645 per month for a one-bedroom unit, none of which are currently vacant.
- Demand was identified for most senior housing product types over the next several years. However, one must proceed with caution as vacancy rates are above equilibrium for all senior housing types except independent living. This is likely a result of the COVID-19 Pandemic and a reluctance of those who could delay a move to senior housing. Nevertheless, demand was projected for 284 market rate rental (148 units) and owner-occupied (136 units) active adult units in Marshall to 2030. We also estimate there is demand for 509 shallow-subsidy and 520 active adult units to 2030. Demand for service-enriched units totals 388 service-enhanced units in Marshall to 2030 (independent living, assisted living and memory care units). This level of demand will likely best be satisfied with a continuum of care project, so a resident can change their level of care as they age without having to relocate from the facility.

Purpose and Scope of Study

Maxfield Research and Consulting was engaged by the Marshall Economic Development Authority to update a Comprehensive Housing Needs Analysis for the City. The Housing Needs Analysis, which was last completed in 2015, provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households residing in the City.

The scope of this study includes an analysis of the demographic and economic characteristics of the City and surrounding area; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions; a senior housing supply and demand analysis; an overview of special needs housing; and an assessment of housing affordability in Marshall. Detailed recommendations are provided for the housing types identified as being needed in Marshall to 2030. Recommendations are also provided regarding strategies for additional housing development in the City.



Downtown Marshall and The Redwood River



Welcome to Marshall Water Towers off MN
State Hwy 23

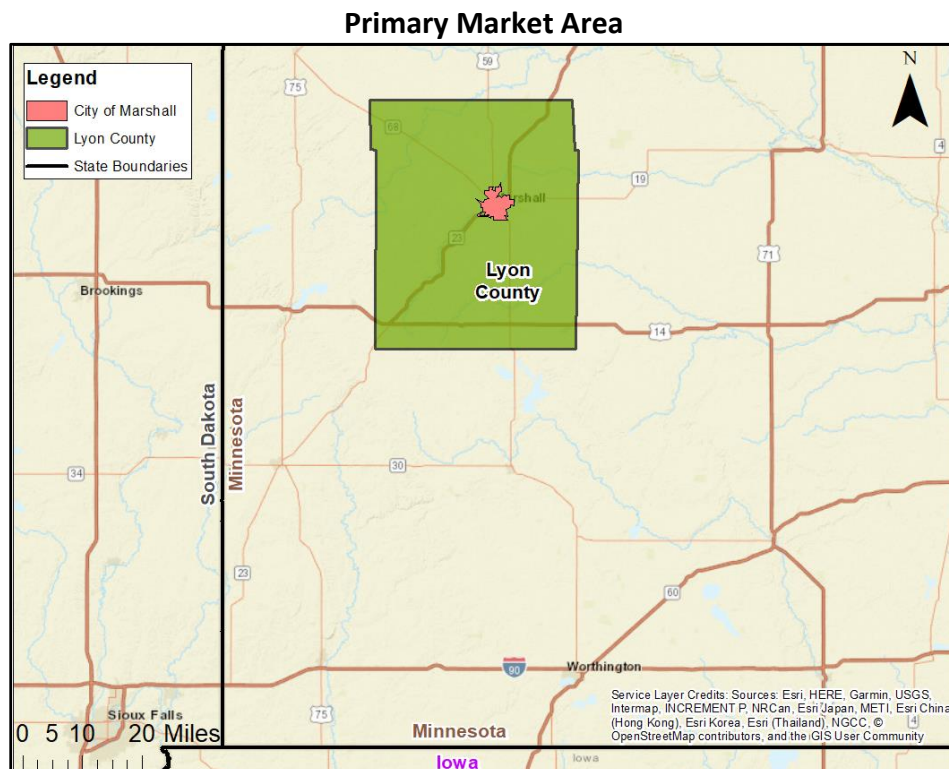
Introduction

This section of the report examines factors related to the current and future demand for owned and rented housing products in Marshall, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, household types and household tenure. A review of these characteristics provides insight into the demand for various types of housing in the County.

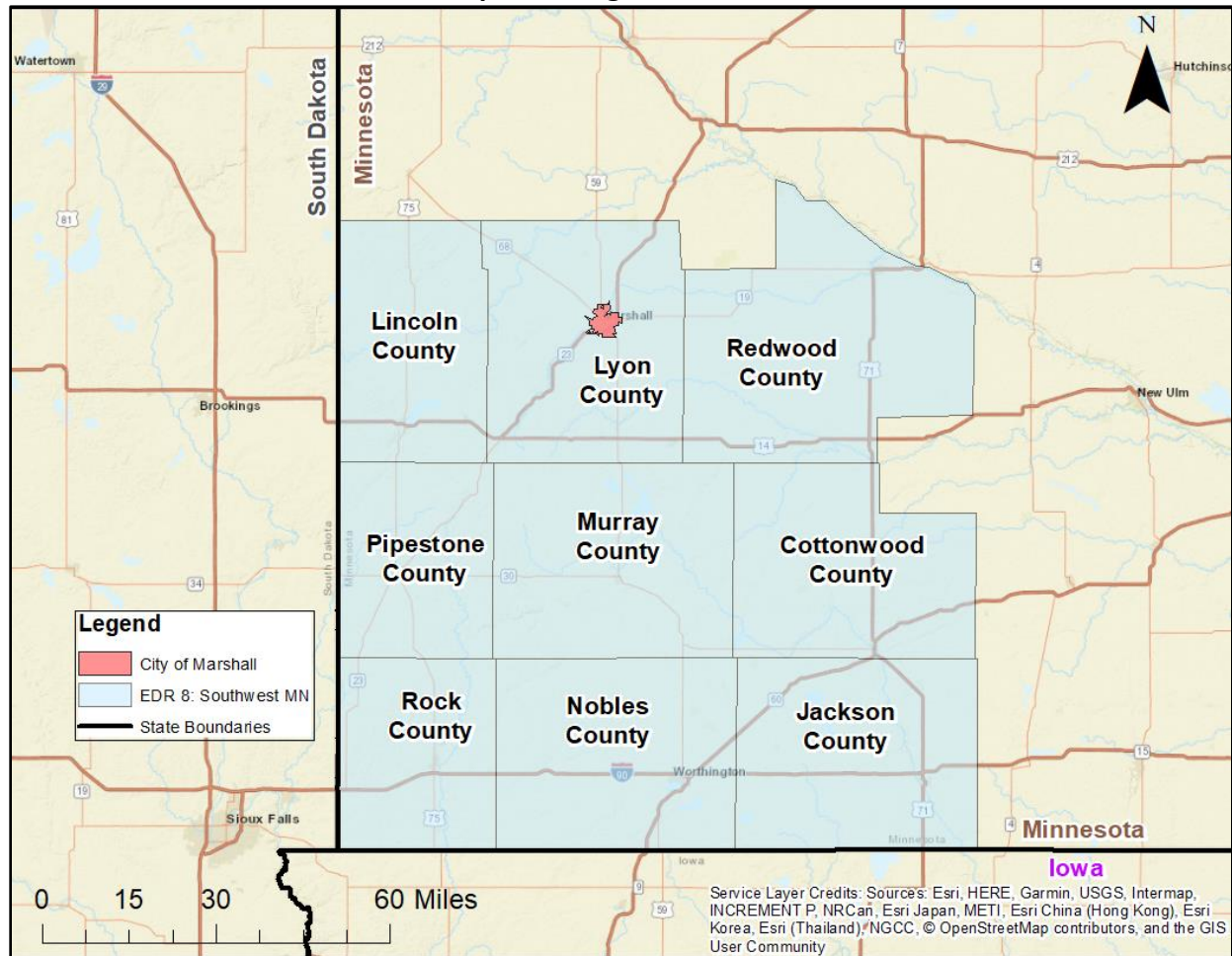
Marshall Primary Market Area

For purpose of this analysis, the Primary Market Area (PMA) encompasses all of Lyon County, which includes the Cities of Marshall, Tracy, Minneota, Cottonwood, Balaton, Russell, Lynd, Taunton, Florence, Ghent, Garvin, and rural townships.

In some cases, additional demand for housing will come from individuals moving from outside Lyon County, those returning from other locations (particularly young households returning after pursuing their degrees or elderly individuals/couples returning from retirement locations), and seniors who move to be near their adult children living in Marshall/Lyon County. Demand generated from in and outside of Lyon County is considered in the demand calculations presented later in the analysis. The following maps display the City of Marshall, Lyon County, and the Southwest Economic Development Region 8 (SW MN Region 8), which includes Lyon, Cottonwood, Jackson, Lincoln, Murray, Nobles, Pipestone, Redwood and Rock Counties.



Economic Development Region 8: Southwest Minnesota



Population and Household Growth Trends

Table A-1 presents population and household growth trends in the Market Area from 2000 to 2040. The 2000 and 2010 figures are from the U.S. Census while data for 2021, 2025, 2030, 2035 and 2040 are based on projections from ESRI (a nationally recognized demographics firm) and the Minnesota State Demographic Center with adjustments made by Maxfield Research Inc. to reflect recent trends. Adjustments are made based on residential building permit activity and employment growth trends.

The following are key figures from Table A-1.

- As of 2021, the Primary Market Area, which includes all of Lyon County, contained 25,873 people and 10,302 households. Between 2010 and 2021, the population is estimated to have increased by 16 people (0.1%) while the number of households expanded by 75 (0.7%).

DEMOGRAPHIC ANALYSIS

TABLE A-1 POPULATION & HOUSEHOLD TRENDS CITY OF MARSHALL & LYON COUNTY 2000 - 2040															
								Change							
Census		Estimate	Forecast				2000-2010		2010-2021		2021-2030		2030-2040		
2000	2010	2021	2026	2030	2035	2040	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
Population															
Marshall	12,735	13,680	13,928	14,198	14,272	14,459	14,575	945	7.4%	248	1.8%	344	2.5%	302	2.1%
Remainder	12,690	12,177	11,945	11,875	11,630	11,406	11,176	-513	-4.0%	-232	-1.9%	-315	-2.6%	-454	-3.9%
Lyon County	25,425	25,857	25,873	26,073	25,902	25,865	25,750	432	1.7%	16	0.1%	29	0.1%	-152	-0.6%
Households															
Marshall	4,914	5,394	5,549	5,685	5,735	5,825	5,907	480	9.8%	155	2.9%	186	3.4%	171	3.0%
Remainder	4,801	4,833	4,753	4,696	4,655	4,632	4,547	32	0.7%	-80	-1.7%	-98	-2.1%	-107	-2.3%
Lyon County	9,715	10,227	10,302	10,381	10,390	10,457	10,454	512	5.3%	75	0.7%	88	0.9%	64	0.6%
Persons per Household															
Marshall	2.59	2.54	2.51	2.50	2.49	2.48	2.47								
Remainder	2.64	2.52	2.51	2.53	2.50	2.46	2.46								
Lyon County	2.62	2.53	2.51	2.51	2.49	2.47	2.46								
Sources: U.S. Census Bureau; ESRI; MN State Demograher; Maxfield Research and Consulting LLC.															

Sources: U.S. Census Bureau; ESRI; MN State Demographer; Maxfield Research and Consulting LLC.

- The proportional rate of growth for households in the PMA was greater than the rate of population growth. As evidence, in 2010, the average household size in the PMA was 2.53 people per household. This number declined to 2.51 in 2021, a drop of -0.7%.
- Marshall's population increased 1.8% from 2010 to 2021 (248 people) against household growth of 2.9% (155). As of 2021, the average household size in Marshall was 2.51 people, down -1.0% from 2.54 in 2010. This trend indicates an aging household base and also reflects a general shift in demographic factors that favor smaller households, such as a declining proportion of married couple households with children.
- By 2030, the PMA is expected to gain 29 people (0.1%) and gain 88 households (0.9%). Most of the PMA's growth is projected to occur in Marshall, which is the hub of employment and residential growth in the Region. Marshall is projected to gain 344 people (2.5%) and 186 households (3.4%), while the remainder of the PMA is projected to lose population and households (-2.6% and -2.1%, respectively).
- In 2010, 52.9% of the PMA's population was in Marshall. This percentage increased to 53.8% in 2021. By 2026, this proportion is anticipated to increase to 54.5% and by 2030, to 55.1%. The trend of Marshall increasing its overall percentage of the population in Lyon County is common to many rural counties in Minnesota and across the US. Many rural counties are declining in population as younger residents move to larger cities.

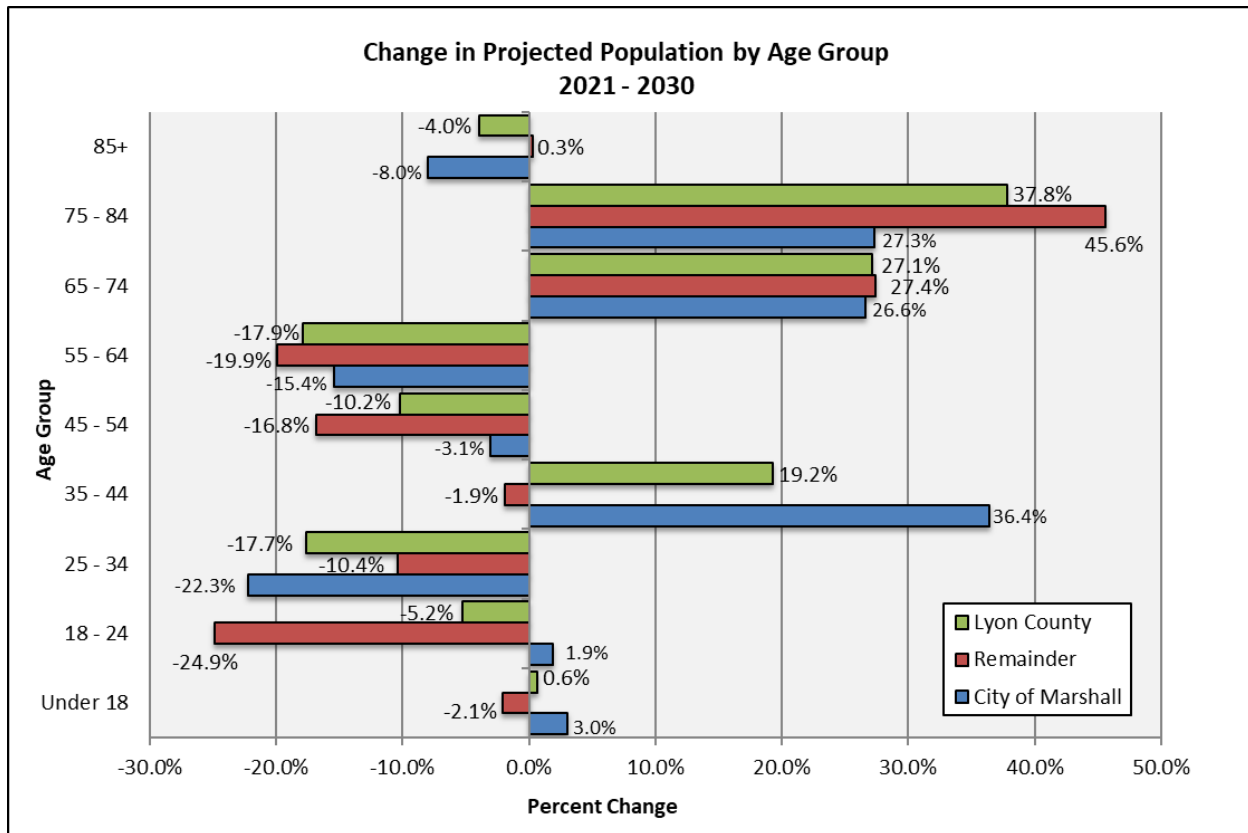
- Despite Marshall attracting residents from smaller communities, it may also lose residents to larger cities and Metropolitan Areas, most notably the Sioux Falls, which is about a 90-minute drive from Marshall. Other nearby regional communities competing with Marshall for population and household growth include Brookings and Watertown, both in South Dakota. Brookings and Watertown are a 60- and 90-minutes' drive, respectively, from Marshall.
- Projected household growth in Marshall is depends to a degree on increased or decreased hiring by major employers in the City, as well as the availability of suitable housing options in and near Marshall. Population and household growth will be difficult to achieve in Marshall without the addition of new housing units in the City. Marshall however, enjoys a variety of advantages compared to other rural communities and counties in attracting potential residents. These include, but are not limited to, the presence of a large university (Southwest Minnesota State University), its status as the headquarters for Schwan's Company (headquarters in Marshall and the Twin Cities – Bloomington) and the City's high quality academic and athletic facilities.

Age Distribution

The age distribution of a community's population helps in assessing the type of housing needed. For example, younger and older people are more attracted to higher-density housing located near urban services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes. Table A-2 presents the age distribution of the Market Area population from 2000 to 2030. Information from 2000 and 2010 is sourced from the U.S. Census. The 2016 estimate is sourced from the American Community Survey's 5-year estimates (2012-2016). Estimates for 2021, 2026 and 2030 were calculated by Maxfield Research based on information from ESRI and adjusted by us based on current estimates and forecasts.

- In 2021, the largest adult cohort in the Primary Market Area was 25 to 34, totaling 3,710 people (14.3% of the total population). The 55 to 64 age group was the second largest cohort in the PMA with 3,169 people. In Marshall, the 25 to 34 age group was also the largest adult cohort in Marshall with 2,275 people (16.3% of the total), followed by the 18 to 24 cohort with 2,190 people. The large size of the 18 to 24 age group reflects the presence of Southwest State University campus in Marshall, part of the Minnesota State Colleges and Universities System (MNSCU)
- The greatest growth is expected to occur among older adults in the PMA. Aging of baby boomers led to an increase of 412 people (14.9%) in the 55 to 64 population and an increase of 740 people (46.1%) in the 65 to 74 population between 2010 and 2021 in Marshall. Between 2021 and 2030, these groups will age into older cohorts. Thus, between 2021 and 2030, the 65 to 74 and 75 to 84 age cohorts are projected to increase by 636 peo-

ple (27.1%) and 481 people (37.8%), respectively. Similar growth rates for these cohorts are anticipated throughout the Primary Market Area.



- In Marshall, there was a -19.5% decline in the 45 to 54 age group between 2010 and 2021 resulting in a loss of -325 people. This age group is expected to continue to decline modestly between 2021 and 2030 (3.1%), while the 55 to 64 age group is expected to experience a decrease of -15.4%.
- The loss people in the 45 to 54 cohort is a result of the comparatively small number of people who moved into this age group by 2021, a phenomenon known as the “baby bust.” The “baby bust” is often referred to the generation of children born between 1965 and 1980, an era when the United States birthrate dropped sharply. As this group ages, it is causing a subsequent decrease in this decade among people ages 55 to 64. The lower decline in the 45 to 54 age group is a result of the Echo Boom generation aging, at least partially, into that age group.
- The under 18 population in the PMA experienced a decrease of -5.5% between 2010 and 2021. By 2030, this age group is projected to increase by 0.6%. The projected increase will result from growth in Marshall (3.0%) as the Remainder of the PMA is expected to decrease by 2.1%.

DEMOGRAPHIC ANALYSIS

- Between 2021 and 2030, the only adult age groups projected to increase are ages 35 to 44 (19.2%), 65 to 74 (27.1%) and 75 to 84 (37.8%).

TABLE A-2 POPULATION AGE DISTRIBUTION PRIMARY MARKET AREA 2000 to 2030												
	Number of People						Change					
	U.S. Census			Estimates	Projections		2000 - 2010		2010 - 2021		2021 - 2030	
	2000	2010	2016	2021	2026	2030	No.	Pct.	No.	Pct.	No.	Pct.
City of Marshall	No.	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	3,048	3,086	3,212	3,140	3,211	3,235	38	1.2%	54	1.8%	95	3.0%
18 - 24	2,430	2,686	2,206	2,190	2,225	2,231	256	10.5%	-496	-18.5%	41	1.9%
25 - 34	1,653	1,975	2,000	2,275	2,008	1,769	322	19.5%	300	15.2%	-506	-22.3%
35 - 44	1,761	1,437	1,597	1,631	1,968	2,225	-324	-18.4%	194	13.5%	594	36.4%
45 - 54	1,405	1,670	1,639	1,345	1,330	1,303	265	18.9%	-325	-19.5%	-42	-3.1%
55 - 64	854	1,264	1,281	1,436	1,322	1,215	410	48.0%	172	13.6%	-221	-15.4%
65 - 74	651	655	717	993	1,145	1,257	4	0.6%	338	51.6%	265	26.6%
75 - 84	651	570	556	544	629	693	-81	-12.4%	-26	-4.5%	149	27.3%
85+	282	337	408	375	360	345	55	19.5%	38	11.2%	-30	-8.0%
Total	12,735	13,680	13,616	13,928	14,198	14,272	945	7.4%	248	1.8%	344	2.5%
Remainder	No.	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	3,602	3,179	3,132	2,782	2,774	2,723	-423	-11.7%	-397	-12.5%	-59	-2.1%
18 - 24	948	784	672	792	691	595	-164	-17.3%	8	1.0%	-197	-24.9%
25 - 34	1,370	1,440	1,445	1,435	1,361	1,286	70	5.1%	-5	-0.4%	-149	-10.4%
35 - 44	1,949	1,403	1,411	1,325	1,326	1,299	-546	-28.0%	-78	-5.6%	-25	-1.9%
45 - 54	1,608	1,921	1,509	1,445	1,320	1,201	313	19.5%	-476	-24.8%	-243	-16.8%
55 - 64	1,095	1,493	1,909	1,733	1,553	1,388	398	36.3%	240	16.1%	-345	-19.9%
65 - 74	941	950	1,098	1,352	1,572	1,723	9	1.0%	402	42.3%	371	27.4%
75 - 84	807	654	569	728	920	1,060	-153	-19.0%	74	11.3%	332	45.6%
85+	370	353	309	354	357	355	-17	-4.6%	1	0.3%	1	0.3%
Total	12,690	12,177	12,054	11,945	11,875	11,630	-513	-4.0%	-232	-1.9%	-315	-2.6%
PMA	No.	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	6,650	6,265	6,344	5,922	5,984	5,958	-385	-5.8%	-343	-5.5%	36	0.6%
18 - 24	3,378	3,470	2,878	2,982	2,916	2,826	92	2.7%	-488	-14.1%	-156	-5.2%
25 - 34	3,023	3,415	3,445	3,710	3,370	3,054	392	13.0%	295	8.6%	-655	-17.7%
35 - 44	3,710	2,840	3,008	2,955	3,294	3,524	-870	-23.5%	115	4.1%	569	19.2%
45 - 54	3,013	3,591	3,148	2,789	2,650	2,505	578	19.2%	-802	-22.3%	-285	-10.2%
55 - 64	1,949	2,757	3,190	3,169	2,875	2,603	808	41.5%	412	14.9%	-566	-17.9%
65 - 74	1,592	1,605	1,815	2,345	2,717	2,980	13	0.8%	740	46.1%	636	27.1%
75 - 84	1,458	1,224	1,125	1,272	1,550	1,753	-234	-16.0%	48	3.9%	481	37.8%
85+	652	690	717	729	718	700	38	5.8%	39	5.6%	-29	-4.0%
Total	25,425	25,857	25,670	25,873	26,073	25,902	432	1.7%	16	0.1%	29	0.1%

Sources: U.S. Census Bureau; Esri; Maxfield Research, and Consulting, LLC.

Household Income

Household income data helps ascertain the demand for different types of owned and rented housing based on the size of the market at specific cost levels. In general, housing costs of up to 30% of income are considered affordable by the Department of Housing and Urban Development (HUD). Table A-3, on the following page, displays households by age cohort and income in the PMA as well as median incomes by age cohort in both the PMA and The City of Marshall.

DEMOGRAPHIC ANALYSIS

TABLE A-3 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA 2021 & 2026								
	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65-74	75+
2021								
Less than \$15,000	1,308	365	190	130	113	213	155	142
\$15,000 to \$24,999	951	206	147	89	61	108	125	215
\$25,000 to \$34,999	939	196	186	105	83	98	114	156
\$35,000 to \$49,999	1,324	195	255	185	134	178	215	163
\$50,000 to \$74,999	1,780	137	347	290	315	359	210	123
\$75,000 to \$99,999	1,203	90	274	253	212	195	120	58
\$100,000 or more	2,795	164	616	686	546	457	218	108
Total	10,300	1,353	2,015	1,738	1,464	1,608	1,157	965
Median Income	\$54,653	\$34,397	\$54,352	\$77,030	\$79,280	\$64,752	\$50,510	\$30,268
City of Marshall	\$48,268	\$32,171	\$47,468	\$76,145	\$77,156	\$59,059	\$44,209	\$27,434
2026								
Less than \$15,000	1,220	360	166	107	100	175	153	159
\$15,000 to \$24,999	864	205	122	68	52	85	118	214
\$25,000 to \$34,999	929	209	179	94	76	85	117	169
\$35,000 to \$49,999	1,340	212	242	174	131	162	237	182
\$50,000 to \$74,999	1,772	150	336	260	307	331	243	146
\$75,000 to \$99,999	1,222	94	273	236	220	183	140	76
\$100,000 or more	3,034	175	656	681	620	467	278	158
Total	10,381	1,405	1,973	1,620	1,506	1,487	1,286	1,103
Median Income	\$57,190	\$35,545	\$57,113	\$80,398	\$83,083	\$70,555	\$54,323	\$31,843
City of Marshall	\$49,185	\$33,254	\$48,485	\$78,923	\$77,463	\$62,022	\$44,805	\$27,517
Change 2021 - 2026								
Less than \$15,000	-87	-5	-25	-23	-13	-38	-2	17
\$15,000 to \$24,999	-86	-1	-24	-21	-9	-23	-7	-1
\$25,000 to \$34,999	-10	12	-7	-12	-7	-13	3	13
\$35,000 to \$49,999	15	17	-13	-11	-3	-16	22	19
\$50,000 to \$74,999	-9	13	-11	-30	-9	-29	33	23
\$75,000 to \$99,999	19	4	-1	-18	8	-12	20	18
\$100,000 or more	239	11	40	-5	74	10	60	50
Total	81	52	-42	-118	43	-121	129	138
Median Income	\$2,537	\$1,148	\$2,761	\$3,368	\$3,803	\$5,803	\$3,813	\$1,575
City of Marshall	\$917	\$1,083	\$1,017	\$2,778	\$307	\$2,963	\$596	\$83

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC.

The following are key points from Table A-3:

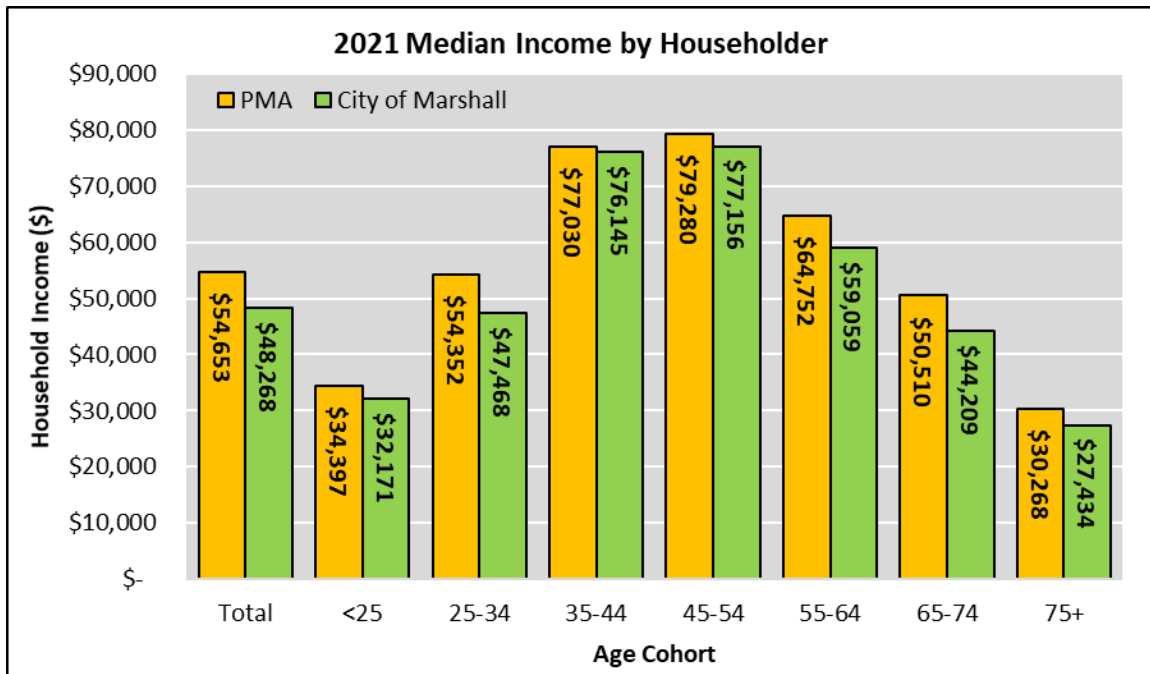
- In 2021, the median household income is estimated to be \$48,268 in Marshall, compared to \$54,653 in the PMA. Household incomes are lower in Marshall than the Remainder of the PMA, as elderly and disabled households need to live closer to services. Additionally, there is a substantially higher proportion of lower income households in Marshall than the Remainder of the PMA, particularly in the younger age cohorts, because there are more low cost housing options in Marshall.

DEMOGRAPHIC ANALYSIS

- By 2021, the median household income is projected to increase 4.6% to \$57,190 in the PMA, an average annual increase of 0.9%.
- As households age through the lifecycle, household incomes tend to peak in the late 40s and early 50s which explains why most upscale housing is targeted to persons in these age groups. This trend is evident throughout the Market Area as the age 45 to 54 cohort has the highest estimated incomes at \$77,156 in Marshall and \$79,280 in the PMA.
- As illustrated in the graph on the following page, the estimated median household incomes in the PMA are \$34,397 for households under the age of 25, \$54,352 for the 25 to 34 age group, \$77,030 for the 35 to 44 age group, and \$79,280 for the 45 to 54 age group. After age 54, median household incomes decline with age as older households are more likely to only have one income per household and senior households often do not have income-producing employment.
- To 2026, the PMA is expected to experience household growth in several age groups, particularly those between 65 and 74 (11.2%) and 75 plus (14.3%). In addition, the 45 to 54 age and under 25 age cohorts are also expected to grow. Although growth of the younger cohorts will be less at 2.9% and 3.8%, respectively. Based on the distribution of projected household growth across age groups, there will likely be growing demand for a variety of housing options in the future.
- The Department of Housing and Urban Development (HUD) defines affordable housing cost as at or less than 30% of a household's adjusted gross income. Households earning below 50% of the Area Median Income (AMI) are qualified for deep-subsidy housing while households earning between 50% and 80% of AMI are qualified for shallow-subsidy housing. Often, shallow-subsidy housing is income-restricted at 60% AMI. All households earning incomes above 80% AMI comprise the target market for market rate housing.
- The median contract rent in Marshall in 2019 was \$577 in 2019 up from \$540 in 2018 and \$531 in 2017.
- Based on the 2019 American Community Surveys' median contract rent of \$577 for renter-occupied housing units in Marshall, a household would need to have an annual income of \$23,080 or greater to not exceed 30% of its monthly income on rental housing costs. Note that the American Community Survey's median contract rent of \$577 is 11.9% less than the average market rate rent of \$641 found by Maxfield Research via fieldwork. In 2021, an estimated 8,041 households in the PMA (79.8% of the total) are estimated to have incomes of at least \$23,080. By 2026, the total number of households that could qualify to afford this rent based on their incomes is projected to increase by 238 households (2.9%).

DEMOGRAPHIC ANALYSIS

- New market rate rental housing is likely to be priced higher than the existing stock of rental housing. If a new apartment unit were priced at \$900 per month, a household would need to have an annual income of \$36,000 or greater to not exceed 30% of its monthly income on rental housing costs. In 2021, an estimated 7,014 PMA households (68.0% of the total) are estimated to have incomes of at least \$36,000.



- Households under age 35 are most likely to rent their housing. In 2021, 42.3% of households age 24 and below and 73.2% of households age 25 to 34 in the PMA have incomes of at least \$36,000. However, because younger householders are often willing to live with roommates, the percent income-qualified is likely somewhat higher.
- Between 2021 and 2026, the number of income-qualified households (making \$36,000 or greater) in the PMA in the 34 and younger age group is expected to grow by 59 households (2.9%). Another potential target market for rental housing in the City would be the senior population. The number of income-qualified households (making \$36,000 or greater) over the age of 65 is expected to increase by 242 households (20.4%) between 2021 and 2026.
- In 2021, the median sale price for a single-family home in Marshall is \$154,900. Typically, a household can afford a home that is approximately 3.5 times their annual income after accounting for a 10% down payment. To afford a home at the median sale price in the City of Marshall, a household would need to have a minimum annual income of estimated at \$45,500 with good credit.

- In 2021, 60.0% of the households in the PMA (6,176) have incomes of \$45,500 or higher. The number of income-qualified households is projected to increase by 1.9% (253 households) by 2026. Most of this growth will occur in the 65 to 74 and 75 plus age groups. This data indicates a growing demand for housing in Lyon County that would target young seniors such as single-level townhomes or cottage-style homes.

Household Tenure by Income

Table A-4 shows estimated household tenure by income in the Primary Market Area during 2021. Data is based on an estimate from the 2015-2019 American Community Survey, and adjusted by Maxfield Research to reflect current year household estimates. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income.

The higher the income, the lower percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households, spend more than 30% of their income on housing, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income to housing.

- Typically, as income increases, so does the rate of homeownership. This can be seen in the PMA, where the homeownership rate increases from 30.5% of households with incomes below \$15,000 to 97.7% of households with incomes above \$100,000.
- A portion of renter households that are referred to as lifestyle renters, or those who are financially able to own but choose to rent, often have household incomes of \$50,000 or higher and rent newer apartments (26% of PMA renter households). However, the \$50,000 benchmark is more typical of large metro areas. Using a lower income threshold of \$40,000 produces a 35.0% income qualified percentage of PMA renter households. Lifestyle renters could also have lower incomes and be living in older apartments.
- Single-person households with incomes below \$15,000 are typically a market for deep-subsidy rental housing. An estimated 737 renter households in the PMA have incomes of less than \$15,000, which represents 22.6% of all renter households in the PMA.
- According to income limits for Lyon County established by HUD, to qualify for affordable (shallow-subsidy) rental housing, a two-person household in Lyon County would need to have an income of \$18,400 or lower. We estimate that 1,906 renter households in the PMA have incomes of less than \$35,000, representing 58.5% of all renter households. This data suggests that there is a sizable number of renter households in the PMA income-qualified for affordable rental housing in Marshall.

**TABLE A-4
TENURE BY HOUSEHOLD INCOME
CITY OF MARSHALL & LYON COUNTY
2021**

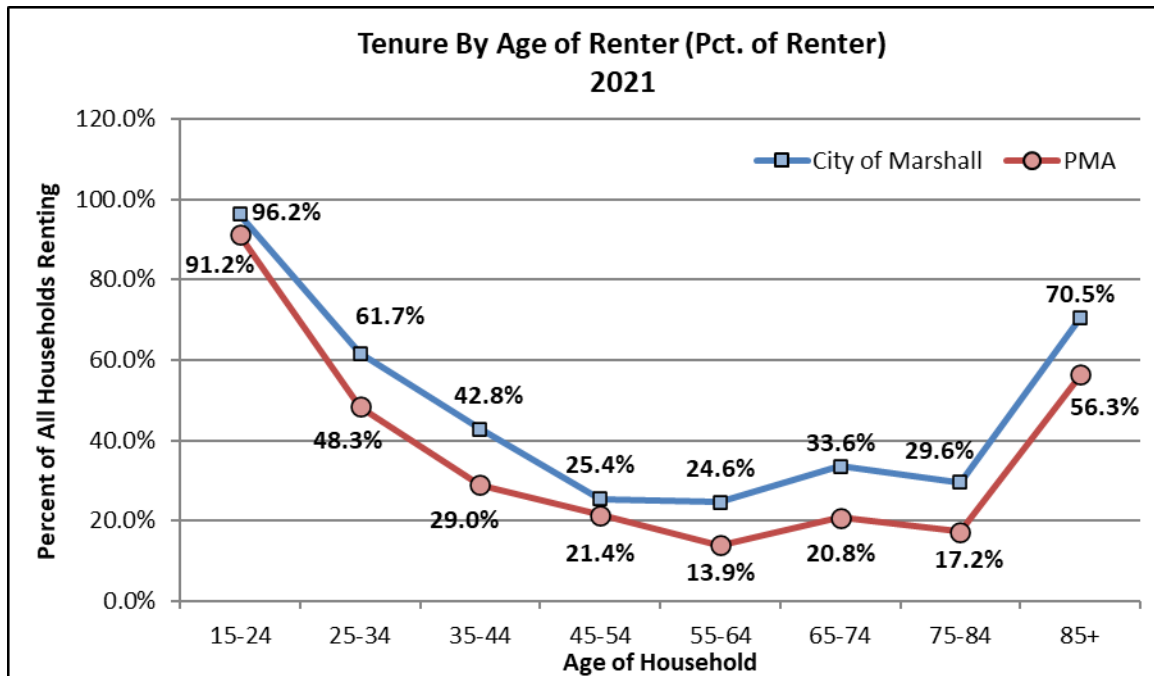
Income	City of Marshall				Remainder				Lyon County			
	Own	Pct.	Rent	Pct.	Own	Pct.	Rent	Pct.	Own	Pct.	Rent	Pct.
Less than \$15,000	131	17.5%	615	82.5%	193	61.3%	122	38.7%	324	30.5%	737	69.5%
\$15,000 to \$24,999	169	26.8%	462	73.2%	200	59.8%	134	40.2%	369	38.2%	596	61.8%
\$25,000 to \$34,999	295	39.5%	452	60.5%	315	72.4%	120	27.6%	610	51.6%	572	48.4%
\$35,000 to \$49,999	324	46.2%	377	53.8%	479	80.0%	120	20.0%	803	61.8%	497	38.2%
\$50,000 to \$74,999	453	62.0%	278	38.0%	932	87.3%	135	12.7%	1,384	77.0%	413	23.0%
\$75,000 to \$99,999	579	74.8%	195	25.2%	774	94.2%	48	5.8%	1,353	84.8%	243	15.2%
\$100,000 to \$149,999	723	82.6%	152	17.4%	739	96.3%	29	3.7%	1,462	89.0%	181	11.0%
\$150,000+	331	96.3%	13	3.7%	408	98.9%	5	1.1%	739	97.7%	17	2.3%
Total	3,005	54.2%	2,544	45.8%	4,040	85.0%	713	15.0%	7,045	68.4%	3,257	31.6%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC.

Household Tenure by Age

Table A-5 shows household tenure by age of householder for the City of Marshall and Primary Market Area in 2010 and 2021. The data for 2010 is sourced from the U.S. Census Bureau, while the 2021 data is sourced from the American Community Survey's Five-Year Estimates (2015 – 2019) adjusted to 2021 by Maxfield Research and Consulting, LLC. The table shows the number and percent of renter- and owner-occupied housing units in the Market Area. All data excludes unoccupied units and group quarters such as dormitories and nursing homes. Household tenure information is important in understanding households' preferences to either rent or own their housing. In addition to preferences, factors that contribute to these proportions include mortgage interest rates, household age, and lifestyle considerations, among others.

- In Marshall, 54.2% of all households owned their housing in 2021, resulting in a home ownership rate that is substantially lower than the Primary Market Area (68.4% in 2021). Within the prime ownership years (35 to 64), 68.4% of households in Marshall owned in 2021, compared to 78.8% of PMA householders and 88.5% in Remainder of the PMA.
- The number of owner households in Marshall increased by 129 (4.5%) between 2010 and 2021. The largest increases occurred in the 65 to 74 age group (178 households for a 21.0% gain) and the 55-64 age group (+278 households for a 20.4% increase), while the 45 to 54 age group experienced the largest numeric contraction in owner households, decreasing by 317 households (-19.8%).
- Typically, the youngest and oldest households rent their housing in greater proportions than middle-aged households. This pattern is apparent among the younger Market Area households as 71.8% of the population under the age of 35 rents in Marshall while 32.1% of the Remainder of the PMA householders under the age of 35 rent. In whole, 59.1% of the under 35 age group rented in 2021.



- Over 91% of households under the age of 25 rented in the PMA in 2021 while 48.3% of households age 25 to 34 rented. These percentages are lower than Marshall which had 96.2% of households under age 25 and 61.7% of age 25 to 34 households renting in 2021.
- In the PMA, 31.6% of all households rented in 2021, giving it a rental rate that was lower than the Marshall (45.8% of households rented in 2021). All age groups rented at higher rates in Marshall than in the PMA.
- In the PMA, the percentage of renter households decreased from 33.5% in 2010 to 31.6% in 2021, while the percentage of owner households increased from 66.5% to 68.4% over the decade. This trend was also the same in the Marshall where owner households increased from 53.3% in 2010 to 54.2% in 2021 and renter households decreased from 46.7% in 2010 to 45.8% in 2021. These overall trends suggest a growing demand for ownership housing in both Marshall and the larger PMA.

DEMOGRAPHIC ANALYSIS

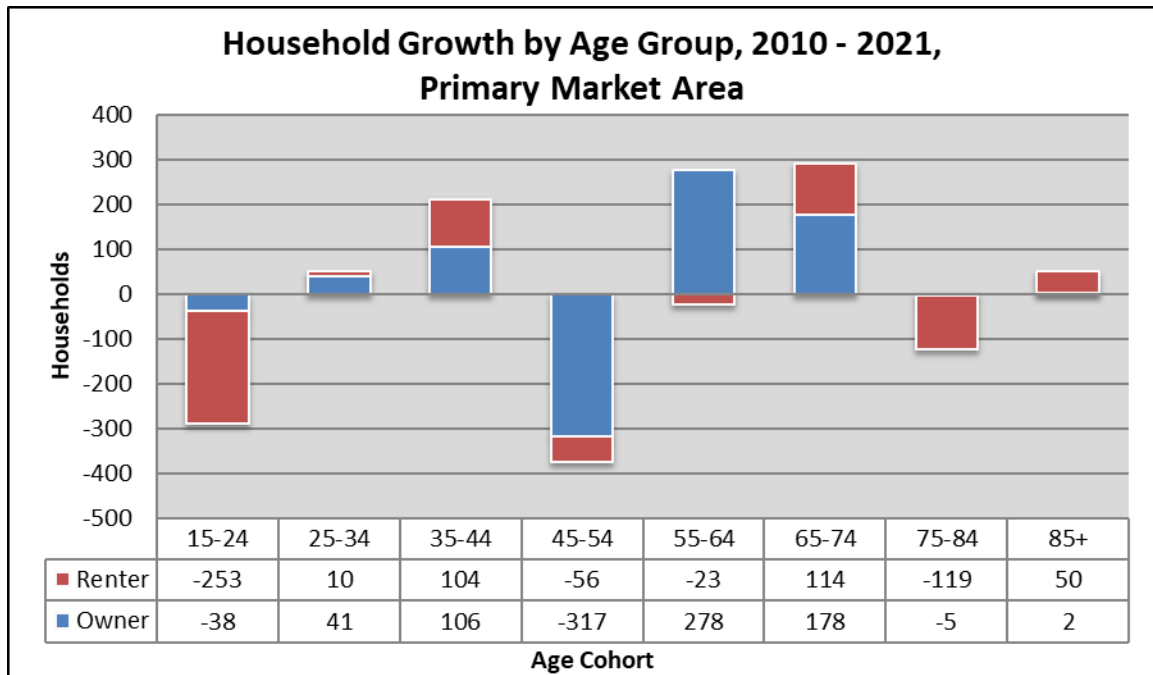
TABLE A-5
TENURE BY AGE OF HOUSEHOLDER
CITY OF MARSHALL & PRIMARY MARKET AREA
2010 & 2021

Age		City of Marshall				REMAINDER OF MARKET AREA				PRIMARY MARKET AREA			
		2010		2021		2010		2021		2010		2021	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	38	5.1%	19	3.8%	53	33.1%	35	30.6%	91	10.1%	53	8.8%
	Rent	700	94.9%	475	96.2%	107	66.9%	79	69.4%	807	89.9%	554	91.2%
	Total	738	100.0%	494	100.0%	160	100.0%	114	100.0%	898	100.0%	608	100.0%
25-34	Own	410	38.8%	458	38.3%	491	68.6%	484	77.1%	901	50.8%	942	51.7%
	Rent	646	61.2%	738	61.7%	225	31.4%	144	22.9%	871	49.2%	881	48.3%
	Total	1,056	100.0%	1,195	100.0%	716	100.0%	628	100.0%	1,772	100.0%	1,823	100.0%
35-44	Own	527	65.9%	561	57.2%	634	82.0%	706	88.1%	1,161	73.8%	1,267	71.0%
	Rent	273	34.1%	421	42.8%	139	18.0%	96	11.9%	412	26.2%	516	29.0%
	Total	800	100.0%	982	100.0%	773	100.0%	801	100.0%	1,573	100.0%	1,783	100.0%
45-54	Own	675	69.7%	575	74.6%	931	89.1%	713	82.2%	1,606	79.8%	1,288	78.6%
	Rent	293	30.3%	196	25.4%	114	10.9%	155	17.8%	407	20.2%	351	21.4%
	Total	968	100.0%	771	100.0%	1,045	100.0%	868	100.0%	2,013	100.0%	1,639	100.0%
55-64	Own	568	74.5%	661	75.4%	797	89.6%	982	95.3%	1,365	82.6%	1,643	86.1%
	Rent	194	25.5%	216	24.6%	93	10.4%	49	4.7%	287	17.4%	264	13.9%
	Total	762	100.0%	877	100.0%	890	100.0%	1,030	100.0%	1,652	100.0%	1,907	100.0%
65-74	Own	317	75.3%	429	66.4%	531	91.2%	597	91.9%	848	84.5%	1,026	79.2%
	Rent	104	24.7%	217	33.6%	51	8.8%	53	8.1%	155	15.5%	269	20.8%
	Total	421	100.0%	646	100.0%	582	100.0%	649	100.0%	1,003	100.0%	1,295	100.0%
75-84	Own	239	61.9%	278	70.4%	360	79.1%	316	97.9%	599	71.2%	594	82.8%
	Rent	147	38.1%	117	29.6%	95	20.9%	7	2.1%	242	28.8%	123	17.2%
	Total	386	100.0%	394	100.0%	455	100.0%	323	100.0%	841	100.0%	718	100.0%
85+	Own	102	38.8%	94	29.5%	126	59.4%	137	65.3%	228	48.0%	230	43.7%
	Rent	161	61.2%	224	70.5%	86	40.6%	73	34.7%	247	52.0%	297	56.3%
	Total	263	100.0%	318	100.0%	212	100.0%	209	100.0%	475	100.0%	527	100.0%
TOTAL	Own	2,876	53.3%	3,074	54.2%	3,923	81.2%	3,969	85.9%	6,799	66.5%	7,044	68.4%
	Rent	2,518	46.7%	2,603	45.8%	910	18.8%	654	14.1%	3,428	33.5%	3,256	31.6%
	Total	5,394	100.0%	5,677	100.0%	4,833	100.0%	4,623	100.0%	10,227	100.0%	10,300	100.0%

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC.

DEMOGRAPHIC ANALYSIS

- As depicted in the following chart, the largest numeric increase occurred in the 65 to 74 age group in the PMA, as 114 renter households were added and the number of owner households climbed by 178 households. Substantial numeric growth also occurred in the 35 to 44 age group with the addition of 106 owner households and 104 renter households. The 45 to 54 age group had the greatest numeric contraction, losing 56 renter households and 318 owner households.



Tenure by Household Size

Table A-6 shows household tenure by size of household in the Primary Market Area for 2010 and 2021. Data is sourced from the U.S. Census Bureau for 2010 and the American Community Survey's 5 Year 2019 Estimates (2015-2019) adjusted to 2021 by Maxfield Research. The tables show the number and percent of renter- and owner-occupied housing units in the Primary Market Area. All data excludes unoccupied units and group quarters such as nursing homes. Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and less likely to be married with children, as well as older adults and seniors who choose to downsize from their single-family homes.

- In 2010, the average size of renter households in Marshall was 2.04 people, while the average owner household included 2.63 people. By 2021, the average household size increased to 2.10 people in renter households, while the average owner household size decreased slightly to 2.62 people. The decline in owner household sizes can be attributed, in large part, to a shift toward older households and fewer married couple families with children.

DEMOGRAPHIC ANALYSIS

- In 2021, 37.7% of all PMA households were comprised of two people while 28.1% were one-person households. An estimated 13% were three-person households, 11.1% of the households consisted of four persons and 6.2% were five-person households. There were relatively few six (2.7%)- and seven (1.3%)-person households in the PMA.
- Smaller households comprised the greatest proportion of renter households in Marshall in 2021. In Marshall, 45.4% of the renter households were one-person households, while 29.6% were two-person households. In Lyon County, the proportion of one-person households was lower at 44.1%, while the proportion of two-person households was also lower at 29.3%.
- In the PMA, between 2010 and 2021; one-person, three-person, four-person and six-person renter households declined. In contrast, two-person, five-person and seven-person renter households increased. The largest numeric increase in renter households occurred in two-person households, which gained 114 households (13.6%) while the largest numeric decrease in renter households occurred in one-person households which declined by 196 households (-12.0%).
- Owner households in the PMA experienced growth in one-person, two-person, three-person, five-person and six-person households. Declines in owner households were seen in four-person and seven-person households. The largest numeric increase in owner households occurred in two-person households, which gained 195 households (7.1%) while the largest numeric decrease in owner households occurred in three-person households which declined by 110 households (-11.3%).

DEMOGRAPHIC ANALYSIS

TABLE A-6
TENURE BY HOUSEHOLD SIZE
CITY OF MARSHALL & PRIMARY MARKET AREA
2010 & 2021

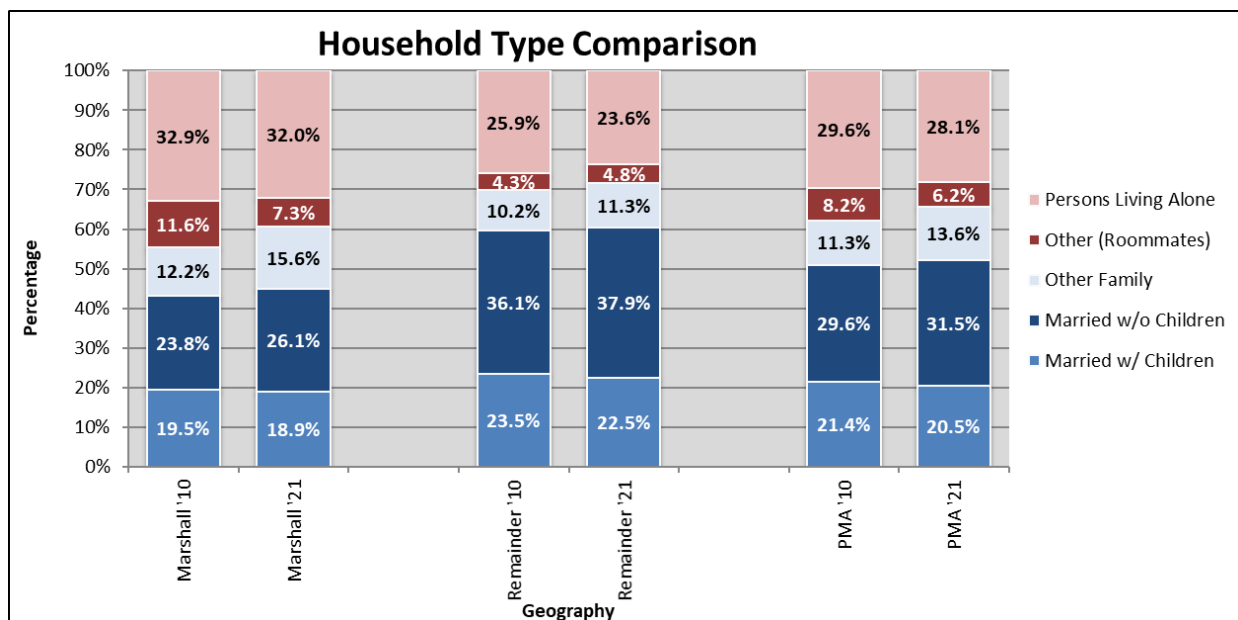
Age		Marshall				Remainder of Market Area				Primary Market Area			
		2010		2021		2010		2021		2010		2021	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
1-Person	Own	573	32.3	623	35.0	821	65.6	837	74.8	1,394	46.0	1,460	50.4
	Rent	1,203	67.7	1,155	65.0	431	34.4	282	25.2	1,634	54.0	1,438	49.6
	Total	1,776	100.0	1,778	100.0	1,252	100.0	1,120	100.0	3,028	100.0	2,898	100.0
2-Person	Own	1,115	64.0	1,167	60.8	1,619	88.5	1,762	89.8	2,734	76.5	2,929	75.4
	Rent	628	36.0	754	39.2	211	11.5	199	10.2	839	23.5	953	24.6
	Total	1,743	100.0	1,921	100.0	1,830	100.0	1,961	100.0	3,573	100.0	3,882	100.0
3-Person	Own	432	56.9	463	70.6	548	82.2	533	79.0	980	68.7	996	74.9
	Rent	327	43.1	193	29.4	119	17.8	141	21.0	446	31.3	334	25.1
	Total	759	100.0	656	100.0	667	100.0	675	100.0	1,426	100.0	1,331	100.0
4-Person	Own	451	68.9	426	64.9	527	87.7	442	91.6	978	77.9	868	76.2
	Rent	204	31.1	230	35.1	74	12.3	40	8.4	278	22.1	270	23.8
	Total	655	100.0	656	100.0	601	100.0	482	100.0	1,256	100.0	1,138	100.0
5-Person	Own	208	69.8	142	52.2	260	84.7	331	89.8	468	77.4	473	73.8
	Rent	90	30.2	130	47.8	47	15.3	38	10.2	137	22.6	168	26.2
	Total	298	100.0	272	100.0	307	100.0	369	100.0	605	100.0	641	100.0
6-Person	Own	61	63.5	168	83.6	89	81.7	67	89.2	150	73.2	235	85.1
	Rent	35	36.5	33	16.4	20	18.3	8	10.8	55	26.8	41	14.9
	Total	96	100.0	201	100.0	109	100.0	75	100.0	205	100.0	277	100.0
7-Person	Own	36	53.7	16	24.6	59	88.1	67	95.1	95	70.9	83	61.4
	Rent	31	46.3	49	75.4	8	11.9	3	4.9	39	29.1	52	38.6
	Total	67	100.0	65	100.0	67	100.0	71	100.0	134	100.0	136	100.0
TOTAL	Own	2,876	53.3	3,005	54.2	3,923	81.2	4,040	85.0	6,799	66.5	7,045	68.4
	Rent	2,518	46.7	2,544	45.8	910	18.8	713	15.0	3,428	33.5	3,257	31.6
	Total	5,394	100.0	5,549	100.0	4,833	100.0	4,753	100.0	10,227	100.0	10,302	100.0
Avg. HH Size	Own	2.63		2.62		2.56		2.54		2.59		2.57	
	Rent	2.04		2.10		2.11		2.14		2.06		2.11	

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC.

Household Type

Table A-7 on the following page shows household type trends in Marshall and the PMA as well as the Remainder of the PMA in 2010 and 2021. The data for 2010 is sourced from the U.S. Census while the 2021 data is sourced from the American Community Survey's 2019 Five Year Estimates (2015-2019) adjusted to 2021 by Maxfield Research. The following are key points from Table A-7:

- The percentage of households in families in 2010 was 55.5% in Marshall, 69.8% in the Remainder, and 62.2% in the PMA. By 2021, these increased to 60.6% in Marshall, 71.6% in the Remainder and 65.7% in the PMA.



- In Marshall, the number of married couple families without children increased by 165 households (12.9%). Additionally, other family households in Marshall jumped 31.4% after increasing by 207 households.
- The PMA experienced a -3.3% decline in the number of married couples with children (-72 households), while the number of married couples without children increased by 224 households (7.4%). Other family households increased 21.8% during the decade (251 households).
- The Remainder of the PMA saw a decline of married couple families with children, declining by 71 households (-6.2%), while married couples without children increased by 58 households (1.4%) and other families increased by 44 households (8.9%).

DEMOGRAPHIC ANALYSIS

- Married couple families with children typically generate demand for single-family detached ownership housing. Within the PMA, single-family detached housing demand is also likely being driven by other household types such as married couples without children and non-family households due to a limited supply of available multifamily housing options. Married couple families without children are generally made up of younger couples that have not had children (and may not have children) and older couples with adult children that have moved out of the home. These household types often desire multifamily housing options for convenience reasons, however older couples in rural areas often hold onto their single-family homes until they need services. Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing. The 31.4% increase in other family households in Marshall suggests a growing need for affordable housing options in the City.

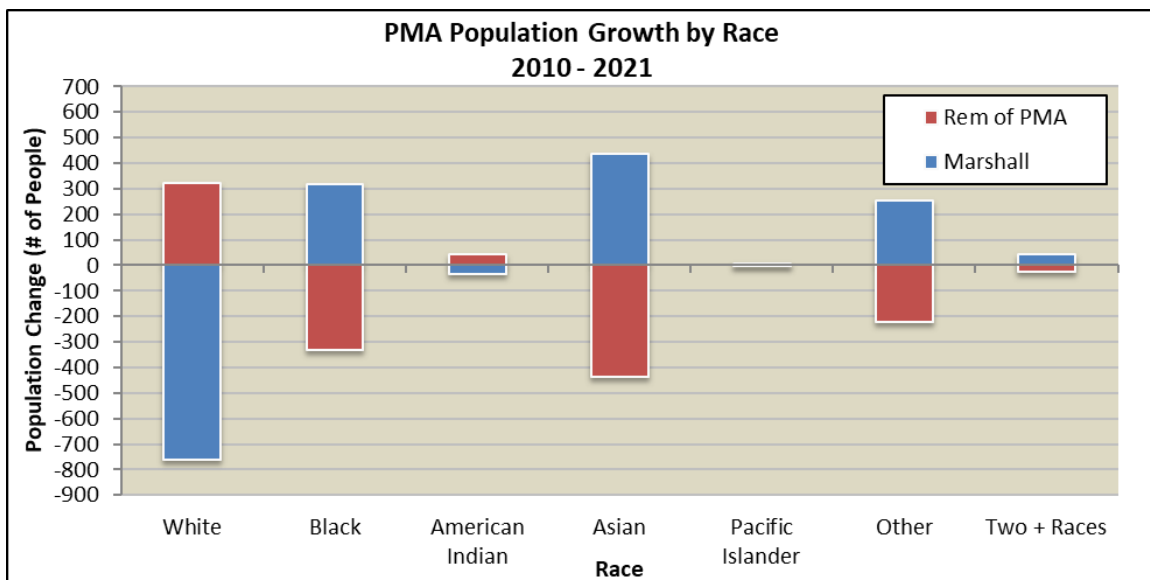
TABLE A-7 HOUSEHOLD TYPE CITY OF MARSHALL & PRIMARY MARKET AREA 2010 & 2021												
Number of Households	Total HH's		Family Households						Non-Family Households			
	2010	2021	Married w/o Child		Married w/ Child		Other *		Living Alone		Roommates	
			2010	2021	2010	2021	2010	2021	2010	2021	2010	2021
City of Marshall	5,394	5,677	1,283	1,482	1,050	1,073	659	886	1,776	1,819	626	417
Remainder	4,833	4,623	1,743	1,767	1,138	1,043	492	516	1,252	1,078	208	219
Primary Market Area	10,227	10,300	3,026	3,249	2,188	2,116	1,151	1,401	3,028	2,897	834	636
Percent of Total												
City of Marshall	100%	100%	23.8%	26.1%	19.5%	18.9%	12.2%	15.6%	32.9%	32.0%	11.6%	7.3%
Remainder	100%	100%	36.1%	38.2%	23.5%	22.6%	10.2%	11.2%	25.9%	23.3%	4.3%	4.7%
Primary Market Area	100%	100%	29.6%	31.5%	21.4%	20.5%	11.3%	13.6%	29.6%	28.1%	8.2%	6.2%
Change												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
City of Marshall	283	5.2%	199	15.5%	23	2.2%	227	34.4%	43	2.4%	-209	-33.3%
Remainder	-210	-4.3%	24	1.4%	-95	-8.4%	24	4.8%	-174	-13.9%	11	5.4%
Primary Market Area	73	0.7%	223	7.4%	-72	-3.3%	250	21.8%	-131	-4.3%	-198	-23.7%
* Single-parent families, unmarried couples with children.												
Sources: U.S. Census Bureau; Maxfield Research and Consulting, LLC.												

- Between 2010 and 2021, non-family households collectively decreased by 216 in Marshall (-9.0%). The Remainder of the PMA experienced a 7.7% decrease (-112) in nonfamily households, which means nonfamily households in the PMA decreased by 8.5%. Table A-9, later in the Demographic Analysis section, illustrates the drop in student enrollment at Southwest Minnesota State University (SMSU) between 2010 and 2021. This helps explain the decrease in non-family households over the past 11 years.
- The number of households identified as Living Alone increased 0.1% in Marshall over the past eleven years, from 1,776 households in 2010 to 1,778 households in 2021, while the number of households with roommates decreased 34.8% (-218 households). In comparison, single-person households declined 10.6% in the Remainder of the PMA while the number of households with roommates increased by 10.0% in the Remainder of the PMA.

Race and Ethnicity

Table A-8 on the following page displays the breakdown of the Market Area population by race and ethnicity. This data is useful in that it illustrates shifts in the demographic characteristics of the Market Area population from 2010 to 2021. Data for 2010 was obtained from the U.S. Census while data for 2021 was obtained from the American Community Survey's 2019 5-Year Estimates (2015-2019) adjusted to 2021 by Maxfield Research. Federal standards mandate that race and ethnicity are separate and distinct identities, and Census results are based on self-identification. A person may be categorized as one of two ethnic categories; "Hispanic or Latino" origin or "Not Hispanic or Latino". In addition, a person can self-identify as having one or more racial identity, including; "White", "Black or African American", "American Indian or Alaska Native", "Asian", and "Native Hawaiian or Other Pacific Islander". Respondents could also identify as being "Some Other Race".

- As of 2021, White people comprised the largest proportion of the Market Area population, at 79.8% in Marshall, 86.2% in the PMA and 93.8% in the Remainder. Marshall is becoming more diverse, as the number of people identified as White decreased by 6.4% (-763 people) between 2010 and 2021, while the Black population increased 58.3% (317 people). People identified as Asian experienced the most substantial increase, climbing 106.5% (437 people) in Marshall. In the Remainder of the PMA, the White population contracted by 3.8% (-441 people) but still represented 93.8% of the Remainder's population. People who identified as Some Other Race also experienced high growth, gaining 253 people (51.4%).



- The number of people self-identifying as being of Hispanic or Latino origin experienced growth over the last eleven years, climbing 19.5% in Marshall (207 people) and 6.2% in the Remainder of the PMA (30 people).

TABLE A-8
POPULATION DISTRIBUTION BY RACE & ETHNICITY
PRIMARY MARKET AREA
2010 - 2021

	2010		2021		Change ('10 - '21)	
	No.	Pct.	No.	Pct.	No.	Pct.
City of Marshall						
Population by Race	13,680	100.0%	13,928	100.0%	248	1.8%
White	11,874	86.8%	11,111	79.8%	-763	-6.4%
Black	544	4.0%	861	6.2%	317	58.3%
American Indian	84	0.6%	51	0.4%	-33	-39.3%
Asian	410	3.0%	847	6.1%	437	106.5%
Pacific Islander	4	0.0%	0	0.0%	-4	-100.0%
Other	492	3.6%	745	5.3%	253	51.4%
Two or More Races	272	2.0%	313	2.2%	41	15.2%
Population by Ethnicity	13,680	100.0%	13,928	100.0%	248	1.8%
Hispanic or Latino	1,063	7.8%	1,270	9.1%	207	19.5%
Not Hispanic or Latino	12,617	92.2%	12,658	90.9%	41	0.3%
Remainder of PMA						
Population by Race	12,177	100.0%	11,778	100.0%	-399	-3.3%
White	11,486	94.3%	11,045	93.8%	-441	-3.8%
Black	43	0.4%	28	0.2%	-15	-34.7%
American Indian	30	0.2%	42	0.4%	12	39.3%
Asian	269	2.2%	268	2.3%	-1	-0.4%
Pacific Islander	3	0.0%	2	0.0%	-1	-33.5%
Other	216	1.8%	249	2.1%	33	15.4%
Two or More Races	130	1.1%	144	1.2%	14	10.7%
Population by Ethnicity	12,177	100.0%	11,778	100.0%	-399	-3.3%
Hispanic or Latino	478	3.9%	508	4.3%	30	6.2%
Not Hispanic or Latino	11,699	96.1%	11,270	95.7%	-429	-3.7%
Primary Market Area						
Population by Race	25,857	100.0%	25,706	100.0%	-151	-0.6%
White	23,360	90.3%	22,156	86.2%	-1,204	-5.2%
Black	587	2.3%	889	3.5%	302	51.5%
American Indian	114	0.4%	93	0.4%	-21	-18.6%
Asian	679	2.6%	1,115	4.3%	436	64.2%
Pacific Islander	7	0.0%	2	0.0%	-5	-71.5%
Other	708	2.7%	994	3.9%	286	40.4%
Two or More Races	402	1.6%	457	1.8%	55	13.7%
Population by Ethnicity	25,857	100.0%	25,706	100.0%	-151	-0.6%
Hispanic or Latino	1,541	6.0%	1,778	6.9%	237	15.4%
Not Hispanic or Latino	24,316	94.0%	23,928	93.1%	-388	-1.6%
Sources: US Census Bureau; ESRI; Maxfield Research, LLC.						

Enrollment Trends

Southwest Minnesota State University Student (SMSU)

Table A-9 shows data on enrollment trends at SMSU from 2009 through 2020 for Fall Semesters. The Table shows the headcount enrollment separated by undergraduate and graduate students in addition to existing students and new transfers. Regular undergraduate enrollment has decreased from 1,618 students in 2009 to 1,047 students in 2020. Undergraduate transfers fluctuated during this same timeframe, peaking at 905 in 2012 and hitting a low of 731 students in 2017. Regular graduate enrollment decreased during the period from 490 students in 2009 to 338 students in 2020.

College NOW Program at SMSU

The College NOW category has risen from 3,633 students in 2009 to 4,304 students in 2020. SMSU partners with nearly 100 school districts in the College Now Program. SMSU has been offering concurrent enrollment courses since 1984, making it the longest running concurrent enrollment program in Minnesota. The SMSU College Now Program is accredited by the National Alliance of Concurrent Enrollment Partnerships (NACEP). NACEP accreditation represents a significant transformation for the program both in policy and function. Due to the rigorous accreditation process, the integrity of the program has been enhanced, staffing increased and offerings improved to better serve the partner schools.

Full-Time/Part-Time University Enrollment

Table A-10 shows full-time and part-time enrollment at SMSU from 2009 through 2020, Fall Semesters. Noticeably, while there has been a drop-in undergraduate full-time enrollment, there has at the same time been an increase in part time undergraduate enrollment.

Out of State Enrollment

Table A-11 displays the top ten states outside of Minnesota with enrolled students at SMSU as of the Fall 2020 Semester. Most states sending students to the University are in neighboring or Midwestern states. California, Texas, and Florida however, are also on the top ten list indicating the University's reach into other parts of the country. That being said, over 90% of students enrolled at the University are from Minnesota with 10% of students from outside of Minnesota.

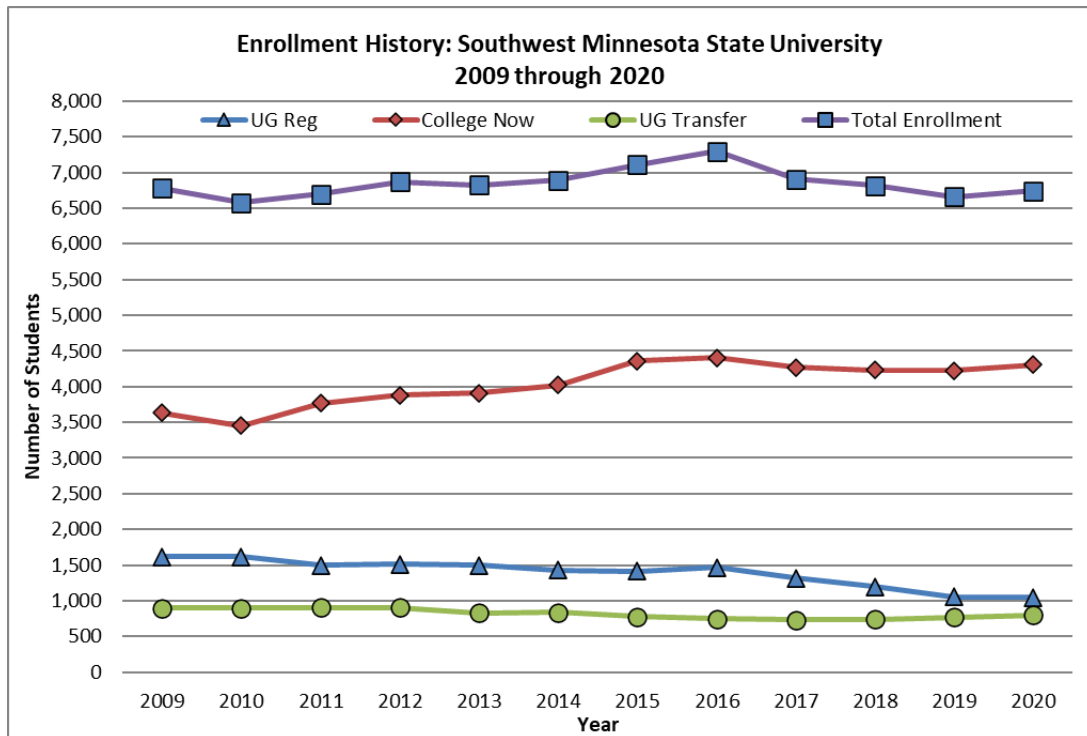
Students, whether from out of state or Minnesota, live in Marshall either on campus or in off campus housing. The City has the opportunity to retain some of its graduating seniors. However, to better compete with larger nearby communities like Sioux Falls, Marshall will need to offer a greater number of new rental and for sale housing products at more affordable prices. In addition, the community will also need to offer a greater variety of jobs and amenities/entertainment options more in line with larger communities.

DEMOGRAPHIC ANALYSIS

TABLE A-9
ENROLLMENT HISTORY
SOUTHWEST MINNESOTA STATE UNIVERSITY
2009 THROUGH 2020 (Fall Semesters)

Fall Term	UG Reg.	UG Trans.	UG w/ Degree	College Now	Non-PSEO HS Enroll.	UG Unclass.	UG Unclass. w/Degree	Grad. Cert. w/License	Grad. Regular	Grad. Unclassif.	Post Mstrs. Regular	Post Mstrs. Unclass.	Specialist
2009	1,618	896	56	3,633	1	26	26	--	490	44	5	3	3
2010	1,618	898	54	3,454	2	23	23	--	449	39	4	9	9
2011	1,493	901	54	3,767	--	25	25	--	358	64	3	3	3
2012	1,513	905	54	3,882	1	25	25	--	374	48	6	6	6
2013	1,493	827	57	3,910	1	33	33	--	404	26	9	6	6
2014	1,426	834	49	4,025	2	28	28	0	416	17	7	5	5
2015	1,416	778	55	4,362	3	35	35	0	360	16	21	3	3
2016	1,464	748	73	4,407	--	47	47	1	367	71	21	26	26
2017	1,317	731	74	4,270	1	31	31	1	396	16	5	6	6
2018	1,195	741	77	4,234	--	39	39	4	395	25	10	12	12
2019	1,055	770	89	4,226	--	43	43	18	366	13	8	1	1
2020	1,047	801	85	4,304	--	37	37	29	338	17	12	2	2
	16,655	9,830	667	48,474	11	392	392	53	4,713	396	111	82	82

Source: ISRS_ST_TERM_DATA and SMSU Supertable History.



**TABLE A-10
FULL TIME/PART-TIME ENROLLMENT
SOUTHWEST MINNESOTA STATE UNIVERSITY
2009 THROUGH 2020 (Fall Semesters)**

Fall Term	Undergraduate		Graduate	
	Full Time	Part Time	Full Time	Part Time
2009	2,292	3,943	350	192
2010	2,249	3,812	302	199
2011	2,204	4,063	236	192
2012	2,223	4,216	264	170
2013	2,097	4,282	283	162
2014	2,077	4,374	277	168
2015	2,040	4,672	250	150
2016	2,035	4,777	313	173
2017	1,886	4,593	276	155
2018	1,763	4,589	293	173
2019	1,621	4,621	240	178
2020	1,577	4,751	227	187

Source: ISRS_ST_TERM_DATA and SMSU Supertable History.

TABLE A-11
NON-MINNESOTA ENROLLMENT BY STATE (TOP TEN STATES)
SOUTHWEST MINNESOTA STATE UNIVERSITY
2020 (Fall Semester)

Rank	State	Number of Enrolled Students	Percentage of Enrolled Students*
1	South Dakota	94	1.4%
2	Iowa	61	0.9%
3	California	49	0.7%
4	Wisconsin	39	0.6%
5	Nebraska	23	0.3%
6	Illinois	22	0.3%
7	Texas	15	0.2%
8	Nevada	14	0.2%
9	North Dakota	15	0.2%
10	Florida	11	0.2%
Total University Enrollment		6,742	
Enrolled Students From Minnesota		6,102	90.5%
Enrolled Students Not From Minnesota**		640	9.5%

*: Percentage is out of total university enrollment.
 **: Includes international students and students with no known information.
 Source: ISRS-ST_TERM_DATA and SMSU Supertable History.



Mattke Field at the Schwan Reg. Event Center



SW MN State University Welcome Sign



Social Science Dept. & Temp. City Hall Offices



SW MN State University Student Center

Marshall Public School District

Public School Districts impact for sale home values in a community. A city with a strong school district and tax base helps keep its for sale properties increase in value.

District Overview

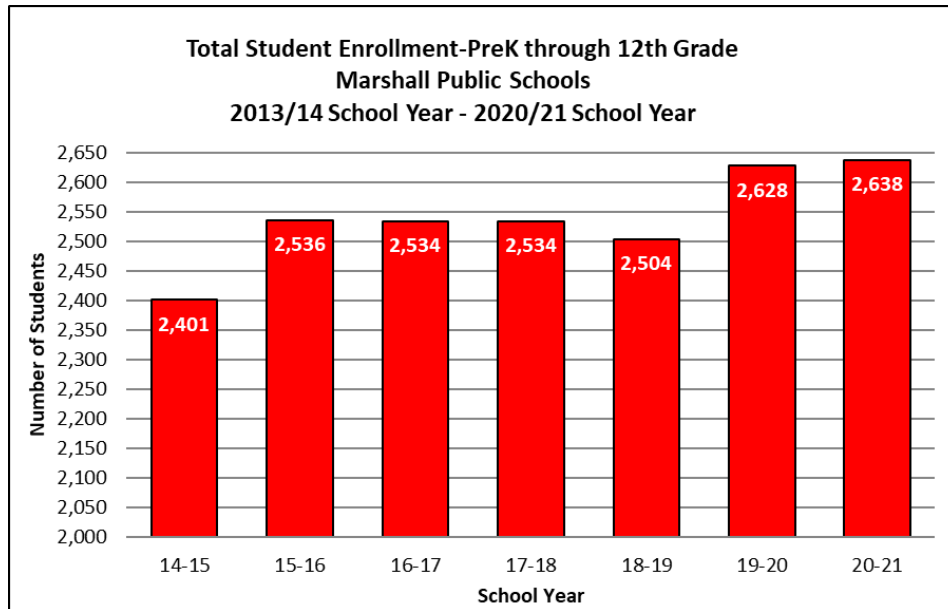
According to US News and World Report's 2020 Rankings, Marshall High School had 824 students in grades 9-12, a 16:1 student to teacher ratio, and ranked in the top 20% of surveyed Minnesota high schools (82 out of 419 or 19.6%) and top 27% of surveyed national high schools (4,735 out of 17,793 or 26.6%).¹

Public School Enrollment

Table A-11 displays student enrollment at Marshall Public Schools over the past eight school years. Between the 2017/18 and 2018/19 school years, total student enrollment decreased 1.2%, while between the 2018/19 and 2019/20 school years student enrollment increased 5.0%. Enrollment also increased slightly (0.4%) between the 2019/2020 and 2020/21 school years. The total student category is the sum of all grade levels and programs including the Marshall Area Technical and Educational Center (MATEC) and Marshall Learning Center (MLC).

TABLE A-12 STUDENT ENROLLMENT ISD #413-Marshall Public Schools 2013/14 School Year - 2020/21 School Year							
School Year	Grade Level						Totals
	Pre K	K-5	6-8	9-12	MATC	MLC	
13-14	65	983	460	760	33	--	2,301
14-15	70	1,042	464	785	40	--	2,401
15-16	72	1,098	486	814	63	3	2,536
16-17	94	1,071	496	813	56	4	2,534
17-18	64	1,060	524	836	42	8	2,534
18-19	38	1,063	532	830	37	4	2,504
19-20	188	1,044	550	814	27	5	2,628
20-21	193	1,021	551	824	43	6	2,638
MATC: Marshall Area Technical and Educational Center							
MLC: Marshall Learning Center							
Sources: Minnesota Department of Education; Maxfield Research & Consulting, LLC.							

¹ "Marshall High School," *US News & World Report*. Accessed April 16, 2021.
<https://www.usnews.com/education/best-high-schools/minnesota/districts/marshall-public-school-district/marshall-high-school-10898>.



Marshall Regional Track & Field Complex



Marshall High School



Marshall High School from Red Baron Arena

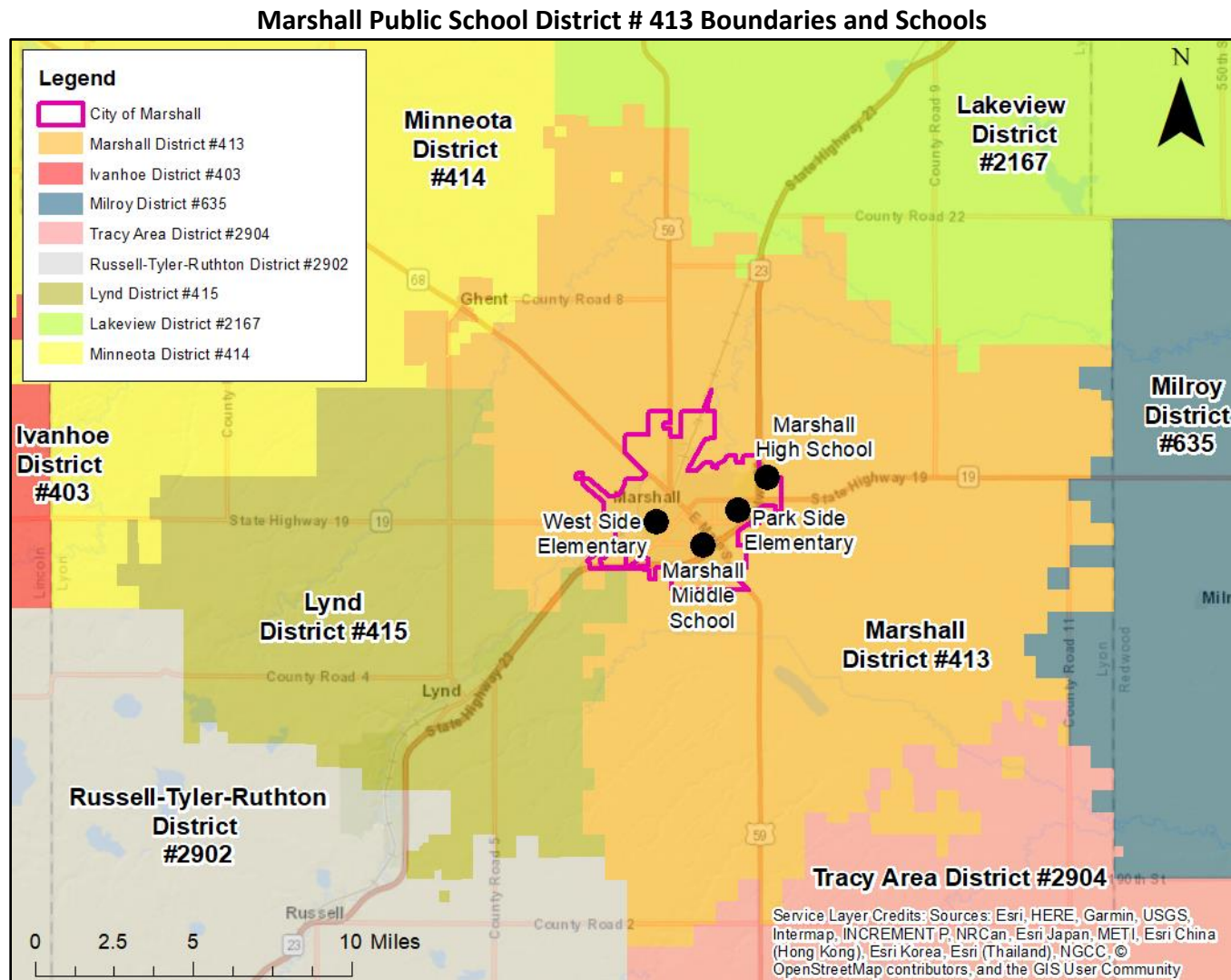


Red Baron Arena & Expo

DEMOGRAPHIC ANALYSIS

Public School District Map

The below map depict boundaries of the Marshall Public School District #413, neighboring school districts, and the City of Marshall.



Summary of Demographic Trends

The following points summarize key demographic trends that will impact demand for housing in Marshall and the PMA.

- As of 2021, the Primary Market Area contained 25,873 people and 10,302 households. Between 2010 and 2021, the population increased by 16 people (0.1%) while the number of households expanded by 75 (0.7%). The number of new households was high relative to the number of new people suggesting a trend toward decreasing household sizes in the PMA. In 2010, the average household size in the PMA was 2.53 persons per household. This number declined to 2.51 in 2021, a drop of -0.7%. Marshall's population increased 1.8% from 2010 to 2021 (+248 people) against household growth of 2.9% (155). As of 2021, the average household size in the City of Marshall was 2.51, which is down -1.0% from 2010. This trend is an indication of an aging household base and also reflects a general shift in demographic factors that favor smaller households, such as a declining proportion of married couple households with children.
- By 2030, the PMA is expected to gain 29 people (0.1%) and add 88 households (0.9%). Most of the PMA's growth will occur in the City of Marshall, which is the hub of employment and residential growth in the region. Marshall is projected to gain 344 people (2.5%) and 186 households (3.4%) while the remainder of the PMA is projected to lose population and households (-2.6% and -2.1%, respectively). Thus, the City of Marshall and the PMA are expected to remain roughly the same, with slight fluctuations in the population and household bases.
- In 2021, the largest adult cohort in the Primary Market Area was 25 to 34, totaling 3,710 people (14.3% of the total population). The 55 to 64 age group was the second largest cohort in the PMA with 3,169 people. Similarly, the 25 to 34 age group was the largest cohort in the City of Marshall with 2,275 people (16.3% of the total), followed by the 18 to 24 cohort with 2,190 people.
- In 2020, the median household income is estimated to be \$48,268 in Marshall, compared to \$54,653 in the PMA. Household incomes are lower in Marshall than the Remainder of the PMA, as the elderly and disabled households need to live closer to services. Additionally, there is a substantially higher proportion of lower income households in Marshall than the Remainder of the PMA, particularly in the younger age cohorts, because there are more lower cost housing options in Marshall.
- In 2020, the median sale price for a single-family home in Marshall was \$154,900. Typically, a household can afford a home that is approximately 3.5 times their annual income after accounting for a 10% down payment. A household would need to have a minimum annual income of roughly \$45,500 to be income-qualified for a home purchased at the median sale price in Marshall.

- In Marshall, 54.2% of all households owned their housing in 2021, resulting in a home ownership rate that is substantially lower than the Primary Market Area (68.4% in 2021). Within the prime ownership years (35 to 64), nearly 68.4% of households in Marshall owned in 2021, compared to 78.8% of PMA householders and 88.5% in Remainder of the PMA. The number of owner households in Marshall increased by 129 (4.5%) between 2010 and 2021. The largest increases occurred in the 65 to 74 age group (178 households for a 21.0% gain) and the 55-64 age group (278 households for a 20.4% increase), while the 45 to 54 age group experienced the largest numeric contraction in owner households, decreasing by 317 households (-19.8%).
- Shifting household types can drive demand for housing in a community. Married couple families with children typically generate demand for single-family detached ownership housing. Married couple families without children often desire multifamily housing options for convenience reasons, however older couples in rural areas often hold onto their single-family homes until they need services.
- In 2021, family households comprised 60.6% of all households in Marshall, 71.6% the Remainder of the PMA and 65.7% in the PMA. Between 2010 and 2021, the number of family households increased in both Marshall and the Remainder of the PMA. The 2010 were 55.5% in Marshall, 69.8% in the Remainder, and 62.2% in the PMA. By 2020 they increased to 60.6% in Marshall, 71.6% in the Remainder, and 65.7% in the PMA in 2021.
- Regular undergraduate enrollment at Southwest Minnesota State University has decreased from 1,618 students in 2009 to 1,047 students in 2020. Undergraduate transfers fluctuated during this same timeframe, peaking at 905 in 2012 and hitting a low of 731 students in 2017. Regular graduate enrollment decreased during the period from 490 students in 2009 to 338 students in 2020.
- Student enrollment at Marshall Public Schools has fluctuated somewhat over the past eight school years. Between the 2017/18 and 2018/19 school years total student enrollment decreased 1.2%, while between the 2018/19 and 2019/20 school years student enrollment increased 5.0%. Enrollment also increased slightly (0.4%) between the 2019/2020 and 2020/21 school years.
- Based on the demographic characteristics of Marshall and the PMA, there appears to be growing demand for a variety of housing products, including: rental housing targeting the young adult (25 to 34) age group as well as the empty nester population (55 to 74 age group); entry-level ownership housing for first-time home buyers (25 to 39); move-up housing for the 35 to 44 age group; and senior housing

Introduction

Employment characteristics are important components in assessing housing needs in any given market area. These trends are important to consider since employment growth generally fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. Many households commute greater distances to work provided their housing is affordable enough to offset the additional transportation costs. Often, in less densely-populated areas, people will choose to live further from their place of work because they prefer a rural lifestyle (i.e. they want to live on a wooded lot or be on a lake) or suitable housing may not be available in their employer's community.

Employment Forecast

The 2000, 2005, 2010, 2015, and 2020 employment data in Table B-1 is gathered from the Minnesota Department of Employment and Economic Development (MN DEED) for the City of Marshall, Lyon County, the SW MN Region 8, and Minnesota. The 2025 and 2030 forecasts are based on 2018 to 2028 industry projections published by MN DEED. This is the most recent employment forecast available for the State.

Maxfield Research utilized the 2018 to 2028 projected rate of growth from MN DEED for the 23-County Southwest Minnesota Planning Area and Statewide to calculate 2025 and 2030 projections. Note the Southwest Minnesota Planning Area is separate from the nine-county SW MN Region 8. To arrive at our projections, we calculated the employment percentages for Marshall, the PMA, and SW MN Region 8 out of the Southwest Minnesota Planning Area's projections. Calculations for Minnesota were done with state specific projections.

The following are key figures from Table B-1.

- In 2000, there were 11,542 jobs in Marshall. By 2010, employment in the City decreased by 376 jobs (-3.3%), primarily due to the Great Recession. Between 2010 and 2020, Marshall lost 968 jobs (-8.7%).
- Lyon County also experienced job decreases of 2.3% between 2000 and 2010 and 7.7% between 2010 and 2020. In contrast, the SW MN Region 8 experienced a job increase of 0.8% between 2000 and 2010 and a job loss of 3.5% between 2010 and 2020. Minnesota saw a job loss of 1.7% between 2000 and 2010 and a job increase of 5.6% between 2010 and 2020.
- Between 2020 and 2030, Marshall is projected to gain 1,159 jobs (11.4%). Lyon County is also forecast to follow this trend, gaining 1,470 jobs (11.2%) between the same period. The SW MN Region 8 and Minnesota are also projected to see job increases of 6.8% and 22.8%, respectively. We note that employment forecasts were developed pre-COVID and although

EMPLOYMENT ANALYSIS

employment is already recovering across the State, some jurisdictions and industries may experience a near-term lag in employment recovery.

- In 2000, Lyon County employment represented 27.7% of all Region 8 jobs. The proportion decreased slightly to 26.6% through the first half of the decade, then fell to 26.9% in 2010. Lyon County's share of Region 8 employment dropped 0.1% to 26.8% in 2015. In 2020, Lyon County accounted for 25.7% of all jobs in Region 8 in 2020.
- Marshall contained 79.0% of Lyon County's jobs in 2000. The proportion decreased to 78.2% in 2010. As of 2020, Marshall accounted for 77.4% of Lyon County's jobs. While the proportion of the City's employment as compared to the County has decreased, it still represents three-quarters of the Lyon County total. This stresses the important role that Marshall plays in the regional economy of Southwest Minnesota.

TABLE B-1 EMPLOYMENT GROWTH TRENDS AND PROJECTIONS MARSHALL MARKET AREA 2000-2030													
	2000	2005	2010	2015	2020	Projection		Change					
						2025	2030	2000-2010		2010-2020		2020-2030	
								No.	Pct.	No.	Pct.	No.	Pct.
Marshall	11,542	11,689	11,166	11,372	10,198	11,266	11,357	-376	-3.3	-968	-8.7	1,159	11.4
Lyon County	14,607	14,845	14,272	14,661	13,179	14,532	14,649	-335	-2.3	-1,093	-7.7	1,470	11.2
SW MN EDR 8	52,676	53,866	53,089	54,682	51,217	54,270	54,708	413	0.8	-1,872	-3.5	3,491	6.8
Minnesota	2,608,844	2,637,323	2,563,391	2,774,426	2,706,953	3,250,275	3,324,900	-45,453	-1.7	143,562	5.6	617,947	22.8
Note: SW MN EDR 8 consists of the following counties Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock.													
Sources: Minnesota Department of Employment and Economic Development; Maxfield Research & Consulting, LLC.													

Resident Employment

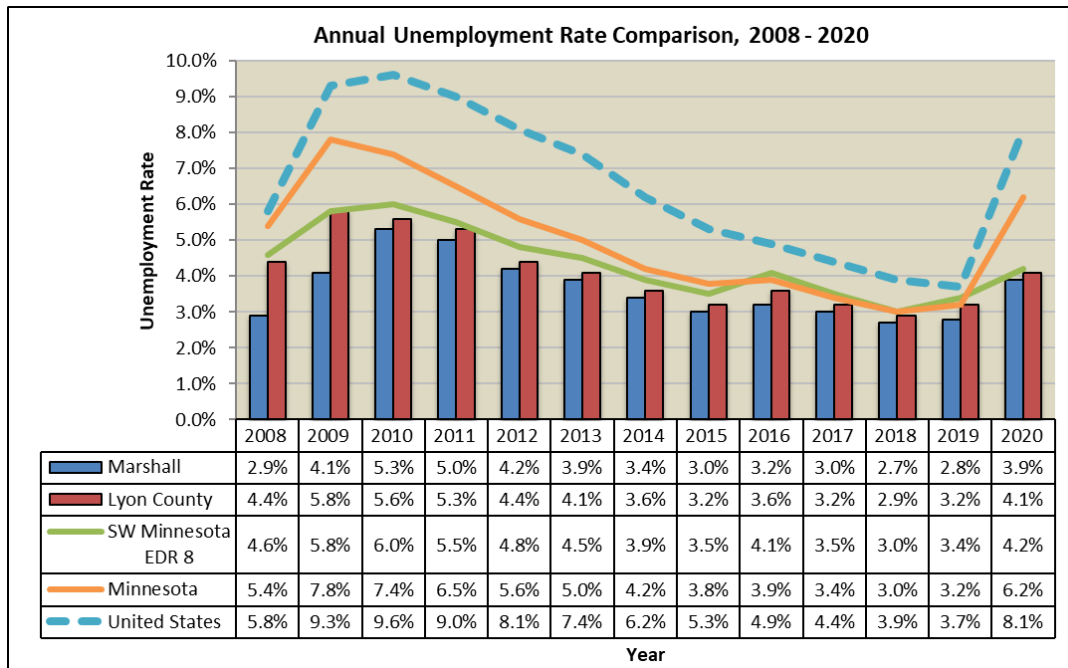
Table B-2 shows information on the resident labor force and employment in Marshall compared to Lyon County, SW MN Region 8, Minnesota, and the United States. The data is sourced from MN DEED. Resident employment data reveals the work force and number of employed people living in the area.

Declining unemployment driven by job growth often stimulates demand for housing in a community, as households generally prefer to live near work for convenience. Many households, however, will commute greater distances to work if their housing is affordable enough to offset the additional transportation costs. In rural areas, other factors such as lifestyle choice and housing availability impact this decision.

The following points summarize key employment trends that will impact the demand potential for housing in Marshall.

EMPLOYMENT ANALYSIS

- The following chart illustrates the unemployment rate in Marshall compared to Lyon County, SW MN Region 8, Minnesota, and the United States between 2008 and 2020. The chart shows the increasing unemployment rate at the end of the 2000s during the Great Recession and then a decrease in unemployment to 2019. The impact of the COVID 19-Pandemic is seen in the increased unemployment rate in 2020.



- Marshall's unemployment rate has been historically lower than Lyon County, although the gap has closed since 2009. Both Marshall and Lyon County have unemployment rates lower than the SW MN Region 8 which are lower than Minnesota and the Nation.
- Between March 2020 and March 2021, Marshall's labor force decreased by 355 while the number of employed residents decreased 5.5% (-404), causing Marshall's unemployment rate to increase 0.8% over the year to 3.6%. Similarly, Lyon County's unemployment rate rose 0.6% to 4.2% over the past year. The SW MN Region 8's unemployment rate rose 0.7%. By comparison, Minnesota's unemployment rate remained at 4.5% while the unemployment rate in the US increased to 6.2%.
- The increase in unemployment rates between March 2020 and March 2021 is largely a result of the COVID-19 Pandemic which led to shutdowns and job losses/layoffs. While unemployment rates rose in Marshall and Lyon County, they were not as high as Minnesota and the US. A reason for the lower unemployment rates in Marshall and Lyon County is the types of industries present. The two largest industry sectors Marshall and Lyon County are Education and Health Services and Trade, Transportation, and Utilities. These industries fared better than others during the Pandemic suffering less layoffs/job losses and have remained in demand.

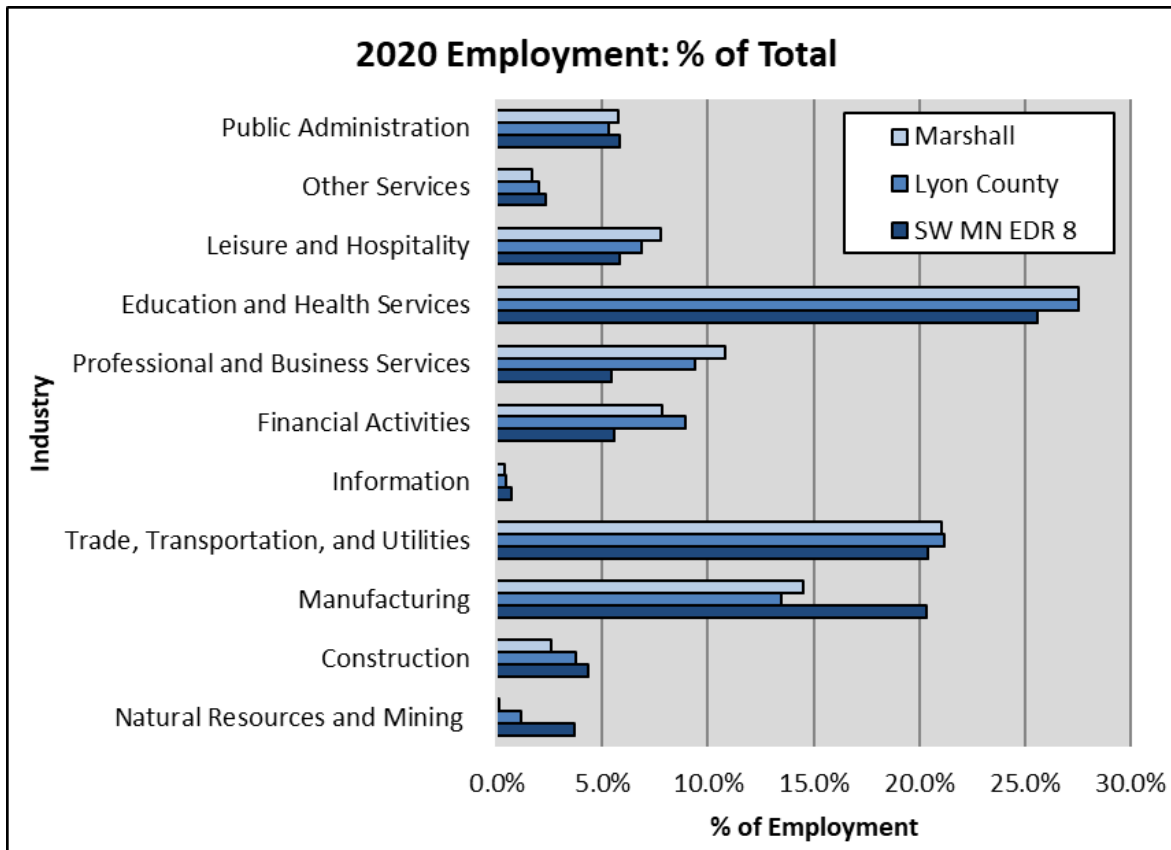
TABLE B-2 LOCAL AREA UNEMPLOYMENT STATISTICS MARSHALL MARKET AREA						
	March 2021			March 2020		
	Labor Force	Employment	Unemployment	Labor Force	Employment	Unemployment
City of Marshall	7,232	6,969	3.6%	7,587	7,373	2.8%
Lyon County	13,461	12,897	4.2%	14,192	13,686	3.6%
SW MN EDR 8	60,985	58,295	4.4%	62,164	59,882	3.7%
Minnesota	3,003,073	2,867,069	4.5%	3,111,045	2,971,207	4.5%
United States	160,397,000	150,493,000	6.2%	162,537,000	155,167,000	4.5%
Notes: Data not seasonally adjusted. The SW MN EDR 8 consists of the following counties: Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock.						
Sources: MN Department of Employment and Economic Development; Maxfield Research, Inc.						

Industry Employment and Wage Data

Table B-3 displays information on the employment and wage situation in Marshall compared to Lyon County and the SW MN Region 8. The Quarterly Census of Employment and Wages (QCEW) data is sourced from Minnesota DEED for 2016, 2018 and 2020, the most recent annual data available. All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics quarterly to DEED. Federal government establishments are also covered by the QCEW program.

Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

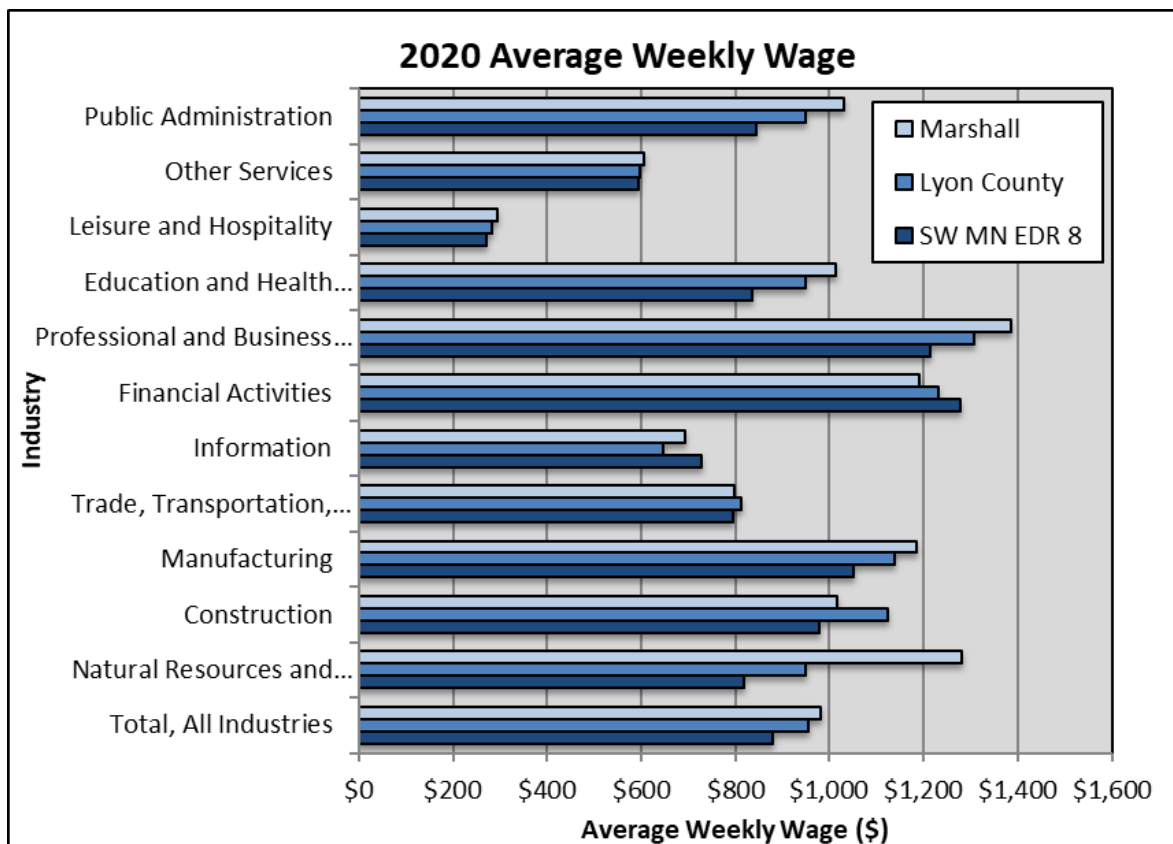
- In 2020, the most recent year with annual available data, Education and Health Services was the largest employment sector in Marshall, providing 2,810 jobs (27.6% of the total), followed by Trade, Transportation, and Utilities with 2,145 jobs (21.0%), and Manufacturing with 1,479 jobs (14.5%). The Professional and Business Services Sector is another large employment sector in Marshall with 1,101 jobs (10.8% of the total).
- Education and Health Services is also the largest employment sector in Lyon County with 3,629 jobs (27.5% of the total), followed by Trade, Transportation, and Utilities with 2,796 jobs (21.2%) and Manufacturing with 1,779 jobs (13.5% of the total).
- In the SW MN Region 8, Education and Health Services is the largest employment sector, comprising 26.1% of total employment regionally. The next largest employment sectors are Trade, Transportation, and Utilities and Manufacturing with 10,452 (20.4% of the total) and 10,416 jobs (20.3% of the total), respectively.



- In Marshall, total employment decreased 10.0% between 2016 and 2020, with only the Education and Health Services (54 employees) and Financial sectors (9 employees) gaining jobs. The Manufacturing sector experienced the largest loss in jobs with a decrease of 330 jobs. The Professional and Business Services and Trade, Transportation, and Utilities sectors also saw significant losses of 237 and 231 jobs, respectively.
- Lyon County also experienced an employment decrease between 2016 and 2020, declining by 9.7%. Similar to Marshall, only the Education and Health Services (6 employees) and Financial (4 employees) sectors gained jobs. The Natural Resources sector experienced the largest loss at 1,303 jobs. The Leisure and Hospitality and Manufacturing sectors also saw losses of 378 and 371 jobs, respectively.
- The number of business establishments in Marshall increased slightly from 493 businesses in 2016 to 496 businesses in 2020 (0.6%). Most sectors experienced some fluctuations in business establishments. The number of businesses operating in Lyon County increased by ten (1.3%) between 2015 and 2019. In the larger SW MN Region 8, businesses increased 4.5% from 3,827 businesses in 2016 to 3,998 businesses in 2020.
- At \$982, the average weekly wage across all industries in Marshall is 2.7% higher than in Lyon County (\$956) and 11.6% higher than the SW MN Region 8 (\$880).

EMPLOYMENT ANALYSIS

- Wages increased over the two-year period (2018 to 2020) in all geographies, rising 18.6% in Marshall, 17.9% in Lyon County and 13.4% across the Southwest Minnesota Economic Development Region 8. Nearly all industry sectors experienced wage growth during the year.
- A household earning the average weekly wage in Marshall (\$982) would be able to afford an apartment renting for \$1,178 per month to not exceed 30% of its monthly income on housing costs. Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage would be able to afford to purchase a home priced \$178,724 or lower to not be cost-burdened (paying more than 30% of their income for housing).



EMPLOYMENT ANALYSIS

TABLE B-3
QUARTERLY CENSUS OF EMPLOYMENT AND WAGES
MARSHALL, LYON COUNTY & SOUTHWEST MINNESOTA EDR 8
2016, 2018 and 2020

Industry	2016			2018			2020			Change 2016 - 2020			
	Establish-ments	Employ-ment	Weekly Wage	Establish-ments	Employ-ment	Weekly Wage	Establish-ments	Employ-ment	Weekly Wage	Employment #	%	Wage #	%
CITY OF MARSHALL													
Total, All Industries	493	11,331	\$810	500	11,139	\$828	496	10,198	\$982	-1,133	-10.0%	\$172	21.2%
Natural Resources and Mining	--	--	--	4	12	1,634	5	12	\$1,281	--	--	--	--
Construction	--	--	--	36	287	942	37	260	\$1,016	--	--	--	--
Manufacturing	18	1,615	\$1,083	19	1,539	\$1,037	21	1,479	\$1,184	-136	-8.4%	\$101	9.3%
Trade, Transportation, and Utilities	124	2,376	\$621	127	2,308	\$654	121	2,145	\$797	-231	-9.7%	\$176	28.3%
Information	11	103	\$508	11	105	\$498	9	39	\$694	-64	-62.1%	\$186	36.6%
Financial Activities	55	792	\$1,073	56	817	\$1,180	54	801	\$1,192	9	1.1%	\$119	11.1%
Professional and Business Services	58	1,338	\$1,091	55	1,282	\$1,022	54	1,101	\$1,386	-237	-17.7%	\$295	27.0%
Education and Health Services	68	2,756	\$833	78	2,948	\$870	82	2,810	\$1,014	54	2.0%	\$181	21.7%
Leisure and Hospitality	56	1,123	\$246	56	1,003	\$269	52	793	\$295	-330	-29.4%	\$49	19.9%
Other Services	38	204	\$506	38	189	\$530	42	168	\$606	-36	-17.6%	\$100	19.8%
Public Administration	21	643	\$845	21	647	\$891	20	589	\$1,031	-54	-8.4%	\$186	22.0%
LYON COUNTY													
Total, All Industries	798	14,592	\$779	819	14,368	\$811	808	13,179	\$956	-1,413	-9.7%	\$177	22.7%
Natural Resources and Mining	23	1,456	\$705	27	185	\$843	27	153	\$949	-1,303	-89.5%	\$244	34.6%
Construction	100	565	\$945	99	505	\$1,037	97	495	\$1,123	-70	-12.4%	\$178	18.8%
Manufacturing	32	2,150	\$984	32	1,964	\$988	35	1,779	\$1,138	-371	-17.3%	\$154	15.7%
Trade, Transportation, and Utilities	196	3,014	\$635	205	2,935	\$676	197	2,796	\$813	-218	-7.2%	\$178	28.0%
Information	19	125	\$499	19	122	\$510	16	55	\$646	-70	-56.0%	\$147	29.5%
Financial Activities	72	1,169	\$1,075	72	1,191	\$1,178	71	1,173	\$1,232	4	0.3%	\$157	14.6%
Professional and Business Services	84	1,456	\$1,047	81	1,395	\$993	77	1,237	\$1,306	-219	-15.0%	\$259	24.7%
Education and Health Services	98	3,623	\$781	112	3,863	\$811	115	3,629	\$948	6	0.2%	\$167	21.4%
Leisure and Hospitality	77	1,278	\$239	74	1,162	\$257	69	900	\$284	-378	-29.6%	\$45	18.8%
Other Services	60	280	\$512	63	277	\$549	70	263	\$596	-17	-6.1%	\$84	16.4%
Public Administration	37	772	\$774	36	768	\$816	35	698	\$948	-74	-9.6%	\$174	22.5%
SOUTHWEST MINNESOTA EDR 8													
Total, All Industries	3,827	54,184	\$726	3,986	53,657	\$776	3,998	51,217	\$880	-2,967	-5.5%	\$154	21.2%
Natural Resources and Mining	236	1,838	\$703	238	1,764	\$746	248	1,870	\$818	32	1.7%	\$115	16.4%
Construction	486	2,339	\$865	519	2,350	\$916	522	2,201	\$979	-138	-5.9%	\$114	13.2%
Manufacturing	172	9,625	\$912	181	10,107	\$961	188	10,416	\$1,051	791	8.2%	\$139	15.2%
Trade, Transportation, and Utilities	1,026	11,318	\$651	1,042	11,047	\$696	1,033	10,452	\$794	-866	-7.7%	\$143	1.3%
Information	75	517	\$638	79	488	\$640	73	363	\$728	-154	-29.8%	\$90	14.1%
Financial Activities	306	2,849	\$1,059	303	248	\$1,149	294	2,857	\$1,278	8	0.3%	\$219	20.7%
Professional and Business Services	305	3,216	\$951	316	3,200	\$1,002	292	2,780	\$1,215	-436	-13.6%	\$264	27.8%
Education and Health Services	393	13,626	\$688	450	13,879	\$726	485	13,107	\$836	-519	-3.8%	\$148	21.5%
Leisure and Hospitality	313	4,485	\$279	330	3,616	\$250	316	2,985	\$272	-1,500	-33.4%	-\$7	-0.2%
Other Services	303	1,305	\$517	318	1,270	\$539	334	1,192	\$593	-113	-8.7%	\$76	6.0%
Public Administration	213	3,054	\$715	213	3,085	\$758	213	2,991	\$843	-63	-2.1%	\$128	17.9%

* Estimated due to non-disclosure

NA: Not Assesed

Note: The Southwest Minnesota EDR 8 includes the following counties: Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, and Rock.

Sources: MN Department of Employment and Economic Development, Maxfield Research & Consulting, LLC.

Commuting Patterns of Area Workers

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. For this analysis, we reviewed commuting patterns in the Marshall. Table B-4 highlights the commuting patterns of workers in Marshall based on data from the U.S. Census Bureau Local Employment Dynamics data for 2018, the most recent data available.

- As the table illustrates, Marshall is the top home destination for workers in the City with a 40.5% share, while 59.5% of Marshall's workers reside outside the City, many commuting from other Southwestern Minnesota communities for employment, although 5,360 workers commute from locations outside of the immediate area to Marshall.
- An estimated 50% of Marshall workers reside within ten miles of their place of employment while nearly 19% travel greater than 50 miles. An estimated 21% of workers in the City travel 10 to 24 miles for employment and 10.8% commute a distance ranging from 25 to 50 miles.
- Of workers living in Marshall, 65.5% also have jobs in Marshall. The remaining 34.5% commute to other communities, most notably to Willmar (1.5%), Cottonwood (1.4%) and Mankato (1.4%).
- An estimated 68% of Marshall's residents travel less than ten miles to their place of employment, while 22.5% have a commute distance of more than 50 miles. Much smaller portions commute intermediate distances, 4.7% commute between 25 and 50 miles to get to work and 5.1% travel from 10 to 24 miles.

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Marshall Regional Airport



TABLE B-4 COMMUTING PATTERNS CITY OF MARSHALL 2018					
Home Destination			Work Destination		
Place of Residence	Count	Share	Place of Residence	Count	Share
Marshall city, MN	4,530	40.5%	Marshall city, MN	4,530	65.5%
Tracy city, MN	256	2.3%	Willmar city, MN	106	1.5%
Minneota city, MN	229	2.0%	Cottonwood city, MN	99	1.4%
Cottonwood city, MN	195	1.7%	Mankato city, MN	95	1.4%
Balaton city, MN	134	1.2%	Red Wing city, MN	53	0.8%
Lynd city, MN	115	1.0%	Belgrade city, MN	51	0.7%
Ghent city, MN	110	1.0%	New Ulm city, MN	50	0.7%
Canby city, MN	96	0.9%	Lakefield city, MN	42	0.6%
Redwood Falls city, MN	82	0.7%	Minneota city, MN	40	0.6%
Tyler city, MN	66	0.6%	Maplewood city, MN	38	0.5%
All Other Locations	5,360	48.0%	All Other Locations	1,815	26.2%
Distance Traveled			Distance Traveled		
Total All Jobs	11,173	100.0%	Total All Jobs	6,919	100.0%
Less than 10 miles	5,539	49.6%	Less than 10 miles	4,685	67.7%
10 to 24 miles	2,299	20.6%	10 to 24 miles	322	4.7%
25 to 50 miles	1,212	10.8%	25 to 50 miles	352	5.1%
Greater than 50 miles	2,123	19.0%	Greater than 50 miles	1,560	22.5%
Home Destination: Where workers live who are employed in the selection area Work Destination: Where workers are employed who live in the selection area					
Sources: U.S. Census Bureau Local Employment Dynamics, Maxfield Research & Consulting, LLC.					

Table B-5 provides a summary of the inflow and outflow characteristics of the workers in Marshall. Outflow reflects the number workers living in Marshall but employed outside the City while inflow measures the number of workers that are employed in the City but live outside Marshall. Interior flow reflects the number of workers that both live and work in Marshall.

- As the table shows, Marshall can be considered an importer of workers as a significantly higher number of nonresidents commute into the City for work. Roughly 6,643 workers come into Marshall for work (inflow) while 2,389 leave (outflow) and 4,530 both live and work in Marshall.
- The highest proportion of workers coming into Marshall are aged between 30 and 54 (48.4%), earning more than \$3,333 per month (42.5%), and employed in the “All Other Services” industry category (61.8%), which includes Education and Health Services. With 10,732 workers commuting into Marshall daily, many coming from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers.

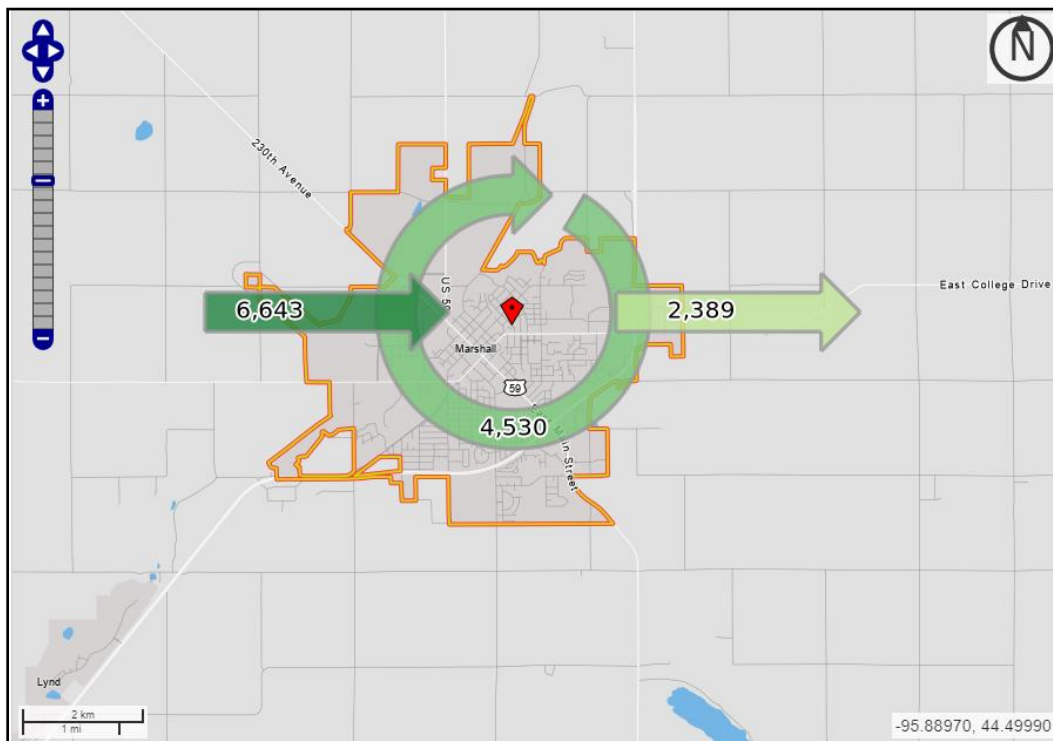
EMPLOYMENT ANALYSIS

TABLE B-5
COMMUTING INFLOW/OUTFLOW CHARACTERISTICS
CITY OF MARSHALL
2018

	Outflow		Inflow		Interior Flow	
City Total	2,389	100.0%	6,643	100.0%	4,530	100.0%
By Age						
Workers Age 29 or younger	777	32.5%	1,748	26.3%	1,231	27.2%
Workers Age 30 to 54	1,136	47.6%	3,218	48.4%	2,234	49.3%
Workers Age 55 or older	476	19.9%	1,677	25.2%	1,065	23.5%
By Monthly Wage						
Workers Earning \$1,250 per month or less	706	29.6%	1,851	27.9%	1,238	27.3%
Workers Earning \$1,251 to \$3,333 per month	796	33.3%	1,970	29.7%	1,498	33.1%
Workers Earning More than \$3,333 per month	887	37.1%	2,822	42.5%	1,794	39.6%
By Industry						
Workers in the "Goods Producing" Industry Class	556	23.3%	923	13.9%	669	14.8%
Workers in the "Trade, Transportation, and Utilities" Industry Class	547	22.9%	1,613	24.3%	933	20.6%
Workers in the "All Other Services" Industry Class	1,286	53.8%	4,107	61.8%	2,928	64.6%

Sources: U.S. Census Bureau Local Employment Dynamics, Maxfield Research & Consulting, LLC.

City of Marshall Inflow/Outflow



Source U.S. Census Bureau Local Employment Dynamics

Major Employers

Table B-6, sourced from the City of Marshall, provides a list of the city's major employers as of 2020.

Rank	Employer	Business	No. of Employees
1	The Schwan Food Company	Frozen Food Wholesale	900
2	Avera Marshall Regional Medical Center	Hospital	700
3	U.S. Bancorp Business Equipment Finance Group	Banking and Finance	550
4	Marshall Public Schools	Public Schools	450
5	Hy-Vee Food Stores	Grocer - Retail	450
6	Southwest Minnesota State University	College	400
7	North Star Mutual Insurance	Finance	324
8	Archer Daniels Midland	Ethanol Plant	266
9	Wal-Mart Supercenter	Retail	260
10	Runnings	Retail	237
11	REM Services, Inc.	Human Services	216
12	Cygnus Home Service (Schwan's)	Food Service Delivery	160
13	Ralco Nutrition	Feed Manufacturer	150
14	Menards	Retail Store	140
15	Vishay HiRel Systems LLC	Magnetic & Power Supply Manufacturer	130
16	City of Marshall	Local Government	122
17	Reinhart Food Service	Food Service	111
19	Cliff Viessman Inc.	Transportation (Trucking)	110
19	BH Electronics	Electronics Equipment Manufacturer	95
20	United Community Action Partnership	Social Service Agency	87
Totals			5,858

Sources: City of Marshall; Employer Sites; Maxfield Research & Consulting, LLC.

- The Schwan Food Company, Avera Marshall Regional Medical Center and US Bancorp Business Equipment Finance Group are Marshall's largest employers. Combined, these three companies employ 2,150 people (37% of all employees at the City's top 20 employers).
- The list of major employers represents a variety of sectors. The highest employment counts in Marshall are in the Manufacturing and Retail sectors.
- Based on 2020 data from the Quarterly Census of Employment and Wages (most recent available annual data) for Marshall, the Trade, Transportation and Utilities sector had the most establishments (121). The next largest sectors by number of establishments include Education and Health Services (82), Professional and Business Services (54) and Financial Activities (54).
- The Manufacturing sector averaged the highest number of workers per establishment at 71. A distant second was the Education and Health Services sector averaging 34 workers per establishment. The Natural Resources and Mining sector had the fewest number of workers per establishment at 2.

Major Employer - Photos



Southview Elementary – Opening Fall 2021



Renovated City Hall - To open Summer 2021



Avera Marshall Regional Medical Center



Schwan's Company Corporate Offices



US Bank Office Near SM MN Reg. Airport



Marshall Hy-Vee

Major Employer – Photos (Continued)



Runnings: Marshall



Walmart Supercenter: Marshall



Menards: Marshall



SW MN State University

Employer Survey

Maxfield Research surveyed representatives of several large employers in Marshall. The questions covered topics such as recent trends in job growth, average wages and salaries, hiring, relocation and housing considerations. The following points summarize the findings of this survey process.

- Most employees at Marshall's large employers either live in Marshall or in nearby communities. The City serves as a regional hub for much of SW Minnesota. Therefore, employees wanting access to a variety of retail services, restaurants and amenities are best suited with-in Marshall. Brookings, South Dakota, the largest city near Marshall, is still an hour's drive away. In addition, Sioux Falls and Watertown, South Dakota are still 90 minutes away from Marshall.

- Most large employers believe that employment numbers are likely to remain relatively constant heading into the future. However, a sizable number of employees at Marshall's larger employers work either part time or seasonally. These positions have the potential to fluctuate given events such as the COVID-19 Pandemic.
- Positions span a diverse array of skills and wage levels. Lower skilled workers are more likely to need affordable housing, which is sometimes difficult to find in Marshall. Highly skilled workers may have difficulty finding housing, both single and multifamily, at the higher end of the range. While not discussed in employer questionnaires, the Nexus I and II, built in 2019 and 2020, is the only rental property built since 2006. This helps illustrate the lack of newer product and diversity in rental housing in Marshall.
- The vast number of larger Marshall employers have been at their current locations more than fifteen years. This is not unique to Marshall. Many small towns are home to companies that have an established presence and have been around for many years. They play important roles in the vibrancy and futures of Greater Minnesota communities.

Employment Analysis Summary

- In 2020, Marshall had 10,198 jobs, an 8.7% decrease from 2010. Between 2020 and 2030 however, Marshall is projected to gain 1,159 jobs (11.4%). Lyon County is also forecast to follow this trend, gaining 1,470 jobs (11.2%) between the same period.
- Marshall accounted for 79.0% of Lyon County's jobs in 2000. The proportion decreased to 78.2% in 2010. As of 2020, Marshall accounted for 77.4% of Lyon County's jobs. While the proportion of the City's employment total has decreased, it still represents 75% of the employment base in the County. This stresses the important role that Marshall plays in the regional economy of Southwest Minnesota.
- Marshall's unemployment rate has historically been lower than Lyon County, although the gap has closed since 2009. Both Marshall and Lyon County have unemployment rates lower than the SW MN Region 8 Region which in turn is lower than Minnesota and the Nation.
- Between March 2020 and March 2021, Marshall's labor force decreased by 355 while the number of employed residents decreased 5.5% (-404), causing Marshall's unemployment rate to increase 0.8% over the year to 3.6%. Similarly, Lyon County's unemployment rate rose 0.6% to 4.2% over the past year.
- The increase in unemployment rates between March 2020 and March 2021 is largely a result of the COVID-19 Pandemic which led to shutdowns and job losses/layoffs. While unemployment rates rose in Marshall and Lyon County, they did not reach as high as in the Minnesota and the US. A reason for the lower unemployment rates in Marshall and Lyon

County is the types of industries present. The two largest employment industries in both Marshall and Lyon County are Education and Health Services and Trade, Transportation, and Utilities. These industries have fared better than others during the Pandemic suffering less layoffs/job losses and have remained in demand.

- In 2020, the most recent year with annual available data, Education and Health Services was the largest employment sector in Marshall, providing 2,810 jobs (27.6% of the total) followed by Trade, Transportation, and Utilities with 2,145 jobs (21.0%) and Manufacturing with 1,479 jobs (14.5%). The Professional and Business Services Sector is another large employment sector in Marshall with 1,101 jobs (10.8% of the total).
- At \$982, the average weekly wage across all industries in Marshall is 2.7% higher than in Lyon County (\$956), and 11.6% higher than the SW MN Region 8 (\$880).
- A household earning the average weekly wage in Marshall (\$982) would be able to afford an apartment renting for \$1,178 per month to not exceed 30% of its monthly income on housing costs. Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage would be able to afford to purchase a home priced \$178,724 or lower to not be cost-burdened (paying more than 30% of their income for housing).
- Marshall is the top home destination for workers in the City with a 40.5% share, while 59.5% of Marshall's workers reside outside the City, with many commuting from the Southwest Minnesota region for employment, although 5,360 workers commute from other locations outside of Marshall.
- An estimated 68% of Marshall's residents travel less than ten miles to their place of employment, while 22.5% have a commute distance of more than 50 miles. Much smaller portions commute intermediate distances, 4.7% commute between 25 and 50 miles to get to work and 5.1% travel from 10 to 24 miles.
- As the table shows, Marshall can be considered an importer of workers as a significantly higher number of nonresidents commute into the City for work. Roughly 6,643 workers come into Marshall for work (inflow) while 2,389 leave (outflow) and 4,530 both live and work in Marshall.
- The Schwan Food Company, Avera Marshall Regional Medical Center, and US Bancorp Business Equipment Finance Group are Marshall's largest employers. Combined, these three companies employ 2,150 people (37% of all employees at the city's top 20 employers).
- The list of major employers represents a variety of sectors. The highest employment counts in Marshall are in the Manufacturing and Retail sectors.

EMPLOYMENT ANALYSIS

- Sites are available for lease such as the former Shopko and Market Street Mall, both pictured below.



Former Shopko - Available for Lease



Market Street Mall - Spaces Available for Lease

Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market for Marshall by reviewing data on the age of the existing housing supply, examining residential building trends since 2000 and reviewing housing data from the Marshall and the U.S. Census Bureau.

Residential Construction Trends 2000 to Present

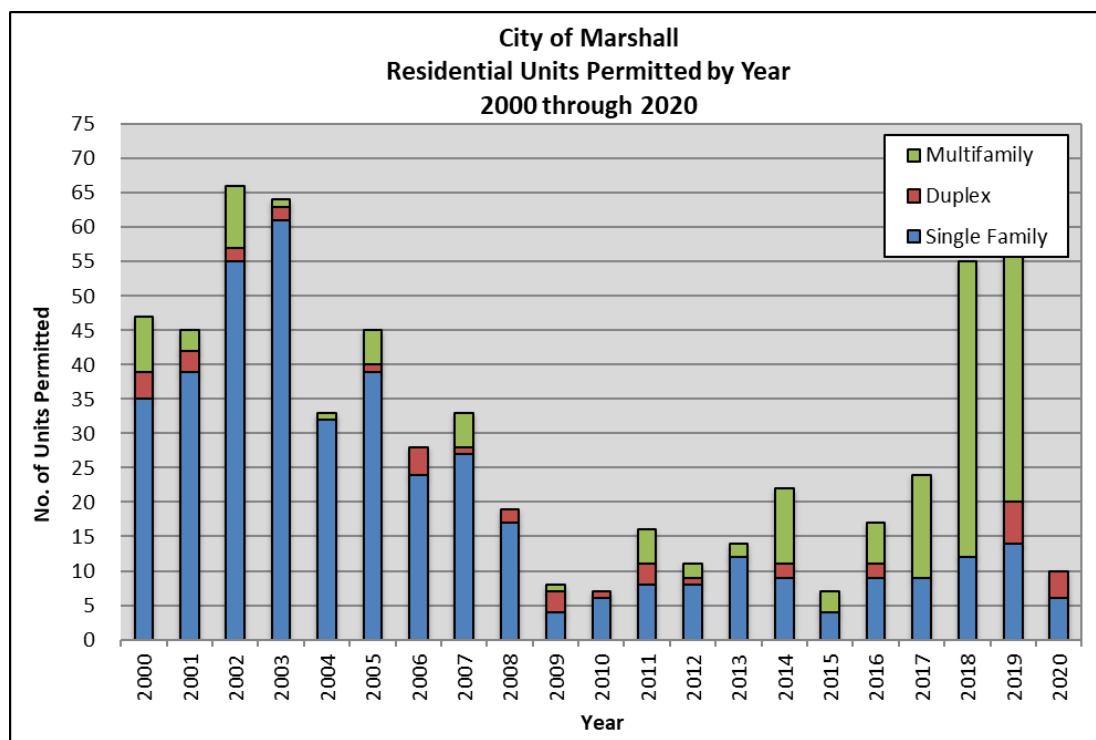
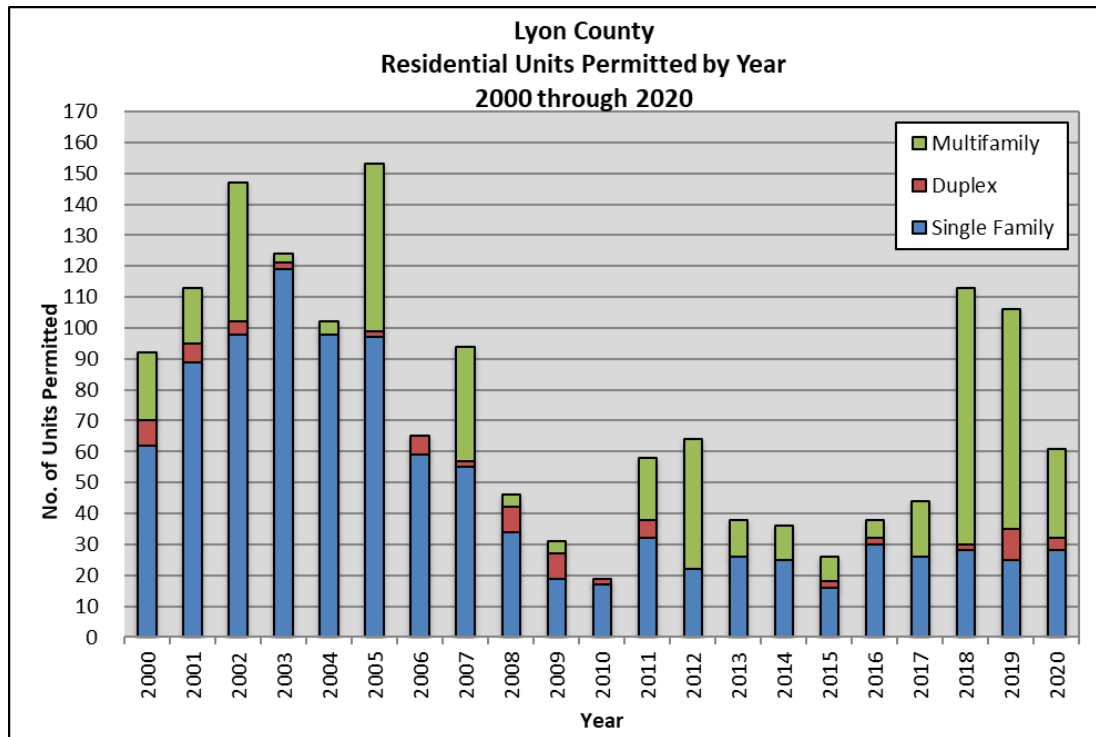
Maxfield Research obtained data on the number of building permits issued for new housing units from 2000 through 2020 from the U.S. Census Building Permits Survey (BPS). The purpose of the BPS is to provide national, state, and local statistics on the new privately-owned housing units authorized by building or zoning permits in the United States. Statistics from the BPS are based on reports submitted by local permit officials and the survey covers all “permit-issuing places” which are jurisdictions that issue building or zoning permits. Areas for which no authorization is required to construct new housing units are not included in the survey.

Table HC-1 displays the number of units permitted for single-family homes, duplexes, and multifamily structures (includes structures with three or four units, and structures with five or more units) from 2000 through 2020, which is the most recent full-year data available. Single-family is defined as fully detached, semi-detached (semi-attached, side-by-side), row houses and townhouses. Also note that multifamily housing includes for-sale and rental units.

- Building permits were issued for 1,570 residential units in Lyon County from 2000 through 2020 equating to an average of 75 units annually. A little under two thirds or 64% were single family homes while 4.7% were duplexes and 31.3% were multifamily structures.
- Marshall permitted 640 residential units from 2000 through 2020. Of the 640 permitted residential units, 430 (67.2%) units were single family, 41 units (6.4%) were duplexes, and 169 units (26.4%) were multifamily.
- As seen in the graph on the following page, 2005 was the most active year for residential permits in Lyon County, with a total of 153 units permitted, followed by 2002 (147 units). Residential construction activity slowed in 2006 with only 65 units permitted in the County.
- Lyon County permitted a two-decade low of 19 residential units in 2010. Of those 19 units, 36.8% (7 units) were in Marshall.
- Between 2010 and 2020, residential units permitted in Lyon County hit a peak of 113 units in 2018, followed closely by 106 units in 2019. Marshall made up 48.7% (55 units) and 65.1% (69 units) of permitted units in 2018 and 2019, respectively.

HOUSING CHARACTERISTICS

- Permitted residential units in Lyon County dropped 42.5% from 106 units in 2019 to 61 units in 2020. In Marshall, permitted residential units dropped 82.5% from 69 units in 2019 to 10 units in 2020.



HOUSING CHARACTERISTICS

TABLE HC-1 RESIDENTIAL CONSTRUCTION TRENDS CITY OF MARSHALL & LYON COUNTY 2000 THROUGH 2020								
Year	CITY OF MARSHALL				LYON COUNTY			
	Single Family	Duplex	Multifamily	Total Units	Single Family	Duplex	Multifamily	Total Units
2020	6	4	0	10	28	4	29	61
2019	14	6	49	69	25	10	71	106
2018	12	0	43	55	28	2	83	113
2017	9	0	15	24	26	0	18	44
2016	9	2	6	17	30	2	6	38
2015	4	0	3	7	16	2	8	26
2014	9	2	11	22	25	0	11	36
2013	12	0	2	14	26	0	12	38
2012	8	1	2	11	22	0	42	64
2011	8	3	5	16	32	6	20	58
2010	6	1	0	7	17	2	0	19
2009	4	3	1	8	19	8	4	31
2008	17	2	0	19	34	8	4	46
2007	27	1	5	33	55	2	37	94
2006	24	4	0	28	59	6	0	65
2005	39	1	5	45	97	2	54	153
2004	32	0	1	33	98	0	4	102
2003	61	2	1	64	119	2	3	124
2002	55	2	9	66	98	4	45	147
2001	39	3	3	45	89	6	18	113
2000	35	4	8	47	62	8	22	92
Total	430	41	169	640	1,005	74	491	1,570
<i>Average Units per Year</i>								
<i>2010 through 2020</i>	<i>9</i>	<i>2</i>	<i>12</i>	<i>23</i>	<i>25</i>	<i>3</i>	<i>27</i>	<i>55</i>
<i>2000 through 2009</i>	<i>33</i>	<i>2</i>	<i>3</i>	<i>39</i>	<i>73</i>	<i>5</i>	<i>19</i>	<i>97</i>

Sources: City of Marshall, U.S. Census Bureau - Censtats, Maxfield Research & Consulting, LLC.

American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the Decennial Census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. Whenever possible, Maxfield Research used the five-year estimates as it provides the largest sample size and has a longer period of data collection. All ACS surveys are subject to sampling error and uncertainty. The ACS reports margins of errors (MOEs) with estimates for most standard census geographies. The MOE is shown by reliability from low, medium to high. Due to the MOE, 2019 ACS data may have some inconsistencies with previous 2010 Census data.

Housing Units by Occupancy Status & Tenure

Tenure is a key variable that analyzes the propensity for householders to rent or own their housing unit. Tenure is an integral statistic used by numerous governmental agencies and private sector industries to assess neighborhood stability. Table HC-2 shows historic trends in 2010 and 2019. Data for 2010 is sourced from the U.S Census while data for 2019 is from the American Community Survey’s 5-year 2015-2019 estimates.

- The number of housing units in the PMA increased by 179 over the past nine years, with most units owner-occupied (60.8%). The City of Marshall experienced a similar trend, with the overall number of units increasing by 47 over the past nine years, with most as owner occupied (48.7%).
- The percentage of renter-occupied housing units dropped in Marshall from 43.8% of all housing units in 2010 to 41.3% of all housing units in 2019. The proportion of renter occupied households also dropped in the Remainder and PMA.

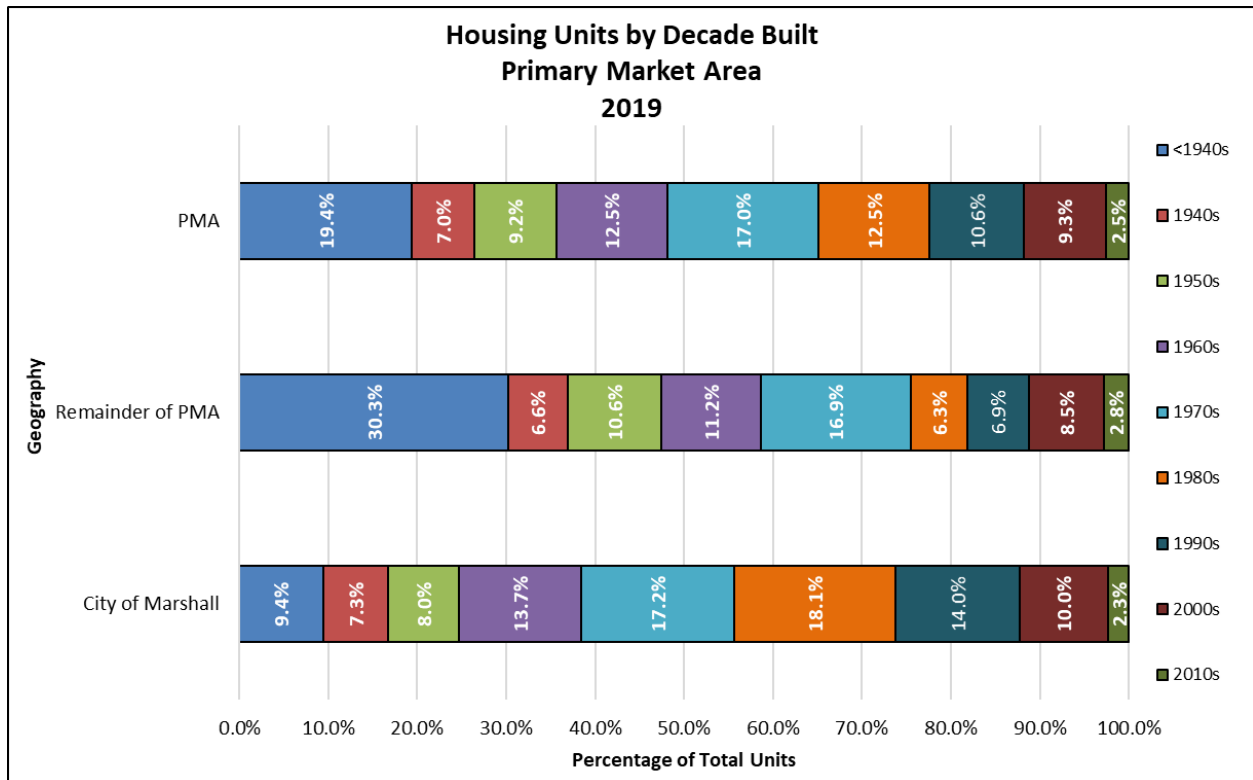
TABLE HC-2 HOUSING UNITS BY OCCUPANCY STATUS & TENURE LYON COUNTY MARKET AREA 2010 to 2019						
Year/Occupancy	MARSHALL		REMAINDER		MARKET AREA	
	No.	Pct.	No.	Pct.	No.	Pct.
2010						
Owner Occupied	2,876	50.1	3,923	73.3	6,799	61.3
Renter Occupied	2,518	43.8	910	17.0	3,428	30.9
Vacant	350	6.1	521	9.7	871	7.8
Total	5,744	100.0	5,354	100.0	11,098	100.0
2019						
Owner Occupied	2,822	48.7	4,029	73.4	6,851	60.8
Renter Occupied	2,389	41.3	778	14.2	3,167	28.1
Vacant	580	10.0	679	12.4	1,259	11.2
Total	5,791	100.0	5,486	100.0	11,277	100.0
Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC.						

Age of Housing Stock

The following graph shows the age distribution of the housing stock based on data from the U.S. Census Bureau and the American Community Survey (5-Year). Table HC-3 includes the number of housing units built in Lyon County, prior to 1940 and during each decade since.

- The greatest percentage of homes in Lyon County (PMA) was built prior to 1940, which comprised 19.4% of the housing stock in the County. As a comparison, only 9.4% of homes in Marshall were built prior to the 1940s. In Marshall, most of the housing stock was built in the 1980s (18.1%).
- The Remainder of the PMA has the highest proportion of older homes as 30.3% of the housing supply was built prior to 1940. The second highest home building activity occurred during the 1970s (16.9%).
- Since 2000, 1,182 housing units have been added to the County's housing stock, 12% of the total.

HOUSING CHARACTERISTICS



Older Homes in a Walkable Neighborhood Just Outside Downtown



HOUSING CHARACTERISTICS

TABLE HC-3
AGE OF HOUSING STOCK
MARSHALL MARKET AREA
2019

			Year Unit Built																	
	Total Units	Med. Yr. Built	<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010s	
			No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
CITY OF MARSHALL																				
Owner-Occupied	2,822	1971	359	12.7%	250	8.9%	310	11.0%	448	15.9%	431	15.3%	373	13.2%	253	9.0%	353	12.5%	45	1.6%
Renter-Occupied	2,389	1982	131	5.5%	133	5.6%	106	4.4%	264	11.1%	467	19.5%	571	23.9%	475	19.9%	168	7.0%	74	3.1%
Total	5,211	1977	490	9.4%	383	7.3%	416	8.0%	712	13.7%	898	17.2%	944	18.1%	728	14.0%	521	10.0%	119	2.3%
REMAINDER OF MARKET AREA																				
Owner-Occupied	4,029	1961	1,231	30.6%	259	6.4%	429	10.6%	475	11.8%	610	15.1%	264	6.6%	264	6.6%	390	9.7%	107	2.7%
Renter-Occupied	778	1952	225	28.9%	59	7.6%	79	10.2%	62	8.0%	200	25.7%	41	5.3%	67	8.6%	18	2.3%	27	3.5%
Total	4,807	1960	1,456	30.3%	318	6.6%	508	10.6%	537	11.2%	810	16.9%	305	6.3%	331	6.9%	408	8.5%	134	2.8%
MARKET AREA TOTAL																				
Owner-Occupied	6,851	1966	1,590	23.2%	509	7.4%	739	10.8%	923	13.5%	1,041	15.2%	637	9.3%	517	7.5%	743	10.8%	152	2.2%
Renter-Occupied	3,167	1978	356	11.2%	192	6.1%	185	5.8%	326	10.3%	667	21.1%	612	19.3%	542	17.1%	186	5.9%	101	3.2%
Total	10,018	1971	1,946	19.4%	701	7.0%	924	9.2%	1,249	12.5%	1,708	17.0%	1,249	12.5%	1,059	10.6%	929	9.3%	253	2.5%
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC.																				

Housing Units by Structure and Occupancy

Table HC-4 shows the housing stock in Lyon County by type of structure and tenure based on the 2019 ACS.

- The dominant housing type in the Primary Market Area is the single-family detached home, representing 95.0% of all housing units in the County.

TABLE HC-4 HOUSING UNITS BY STRUCTURE & TENURE PRIMARY MARKET AREA 2019												
Units in Structure	Marshall				Remainder				Primary Market Area			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	2,616	92.7%	380	15.9%	3,890	96.6%	431	55%	6,506	95.0%	811	25.6%
1, attached	116	4.1%	210	8.8%	12	0.3%	9	1%	128	1.9%	219	6.9%
2	0	0.0%	152	6.4%	7	0.2%	39	5%	7	0.1%	191	6.0%
3 to 4	34	1.2%	382	16.0%	10	0.2%	42	5%	44	0.6%	424	13.4%
5 to 9	0	0.0%	235	9.8%	4	0.1%	100	13%	4	0.1%	335	10.6%
10 to 19	0	0.0%	377	15.8%	0	0.0%	31	4%	0	0.0%	408	12.9%
20 to 49	12	0.4%	331	13.9%	5	0.1%	73	9%	17	0.2%	404	12.8%
50 or more	0	0.0%	282	11.8%	1	0.0%	3	0%	1	0.0%	285	9.0%
Mobile home	44	1.6%	40	1.7%	100	2.5%	49	6%	144	2.1%	89	2.8%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	1	0%	0	0.0%	1	0.0%
Total	2,822	100%	2,389	100%	4,029	100%	778	100%	6,851	100%	3,167	100%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC.

- In Marshall, the most common type of rental housing is a 3- to 4-unit structure, accounting for 16% of all rental units in the City, followed closely by a 10- to 19-unit structure, which represents 15.8% of the City's rental building types. In the PMA, the most common rental housing unit is a single-family detached home (25.6% of all rental units) followed by 3- to 4-unit structures (13.4% of all rental units).
- Most of the housing units with two or more units in the PMA are renter-occupied. Over 90% (90.8%) of housing structures with two or more units in the PMA are renter-occupied.

Owner-Occupied Housing Units by Mortgage Status

Table HC-5 shows mortgage status and average values from the American Community Survey for 2013 (5-Year). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it is the only mortgage. A second (and sometimes third)

HOUSING CHARACTERISTICS

mortgage is called a “junior mortgage,” a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear.

- Nearly 60% of Lyon County homeowners have a mortgage. Of those 60% of homeowners with mortgages in Lyon County, 6% also have a second mortgage and/or home equity loan. In the Remainder of the PMA, 55% of homeowners had a mortgage.
- In 2019, Marshall, had a median value of \$151,100 for homes with a mortgage and \$159,700 for homes without a mortgage according to the American Community Survey’s five-year estimates. In comparison, data from the City of Marshall’s Assessor Department had median sales prices of \$167,450 for single-family homes in the City, \$147,500 for duplex/triplex/townhomes in the City, and \$138,377 for condos in the City.

TABLE HC-5 OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS PRIMARY MARKET AREA 2019						
Mortgage Status	Marshall		Remainder		PMA	
	No.	Pct.	No.	Pct.	Pct.	Pct.
Housing units without a mortgage	955	33.8%	1,799	44.7%	2,754	40.2%
Housing units with a mortgage/debt	1,867	66.2%	2,230	55.3%	4,097	59.8%
<i>Second mortgage only</i>	28	1.0%	33	0.8%	61	0.9%
<i>Home equity loan only</i>	127	4.5%	220	5.5%	347	5.1%
<i>Both second mortgage and equity loan</i>	0	0.0%	23	0.6%	23	0.3%
<i>No second mortgage or equity loan</i>	1,712	60.7%	1,954	48.5%	3,666	53.5%
Total	2,822	100.0%	4,029	100.0%	6,851	100.0%
Median Value by Mortgage Status						
Housing units with a mortgage	\$151,100		\$182,459		\$149,300	
Housing units without a mortgage	\$159,700		\$167,676		\$148,300	
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC.						

Renter-Occupied Units by Contract Rent

Table HC-6 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- The median contract rent in Lyon County was \$539 (As mentioned earlier this is less than the \$641 average market rate rent Maxfield Research found through fieldwork). Based on a 30% allocation of income to housing, a household in Lyon County would need an income of about \$21,560 to afford an average monthly rent of \$539. Similarly, the median contract rent in Marshall is \$577. A household in Marshall would need an income of \$23,080 to af-

HOUSING CHARACTERISTICS

ford an average monthly rent of \$577. In comparison, the median contract rent in the remainder of Lyon County is \$450. A household in the remainder of Lyon County would need an income of about \$18,360 to afford an average monthly rent of \$459.

- In Marshall, 34.4% of renters had monthly rents ranging from \$500 to \$749, 27.5% had monthly rents ranging from \$250 to \$499, 18.0% had monthly rents between \$750 and \$999, and 10.9% had monthly rents of \$1,000 or greater.
- Housing units without payment of rent (“no cash rent”) make up only 1.3% of Marshall renters. Typically, units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.

TABLE HC-6						
RENTER-OCCUPIED UNITS BY CONTRACT RENT						
PRIMARY MARKET AREA						
2019						
Contract Rent	Marshall		Remainder		Market Area	
	No.	Pct.	No.	Pct.	Pct.	Pct.
No Cash Rent	31	1.3%	101	13.0%	132	4.2%
Cash Rent	2358	98.7%	677	87.0%	3,035	95.8%
\$0 to \$249	188	7.9%	77	9.9%	265	8.4%
\$250-\$499	658	27.5%	312	40.1%	970	30.6%
\$500-\$749	822	34.4%	212	27.2%	1,034	32.6%
\$750-\$999	430	18.0%	43	5.5%	473	14.9%
\$1,000+	260	10.9%	33	4.2%	293	9.3%
Total	2,389	100.0%	778	100.0%	3,167	100.0%
Median Contract Rent	\$577		\$459		\$539	
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC.						

Mobility in the Past Year

Table HC-7 shows the mobility patterns of Lyon County residents within the last year (2019 is the last year available).

- Most residents (87.4%) did not move within the last year.

HOUSING CHARACTERISTICS

- Of the residents that moved within the last year, an estimated 3.8% moved from outside of Lyon County but within Minnesota, 6.0% moved from within Lyon County, 2.3% moved from within a different state and 0.6% moved from abroad.
- A greater proportion of younger age cohorts tended to move within the last year compared to older age cohorts. Nearly 27% of those age 25 to 34 moved within the last year compared to 6.9% of those age 75+.

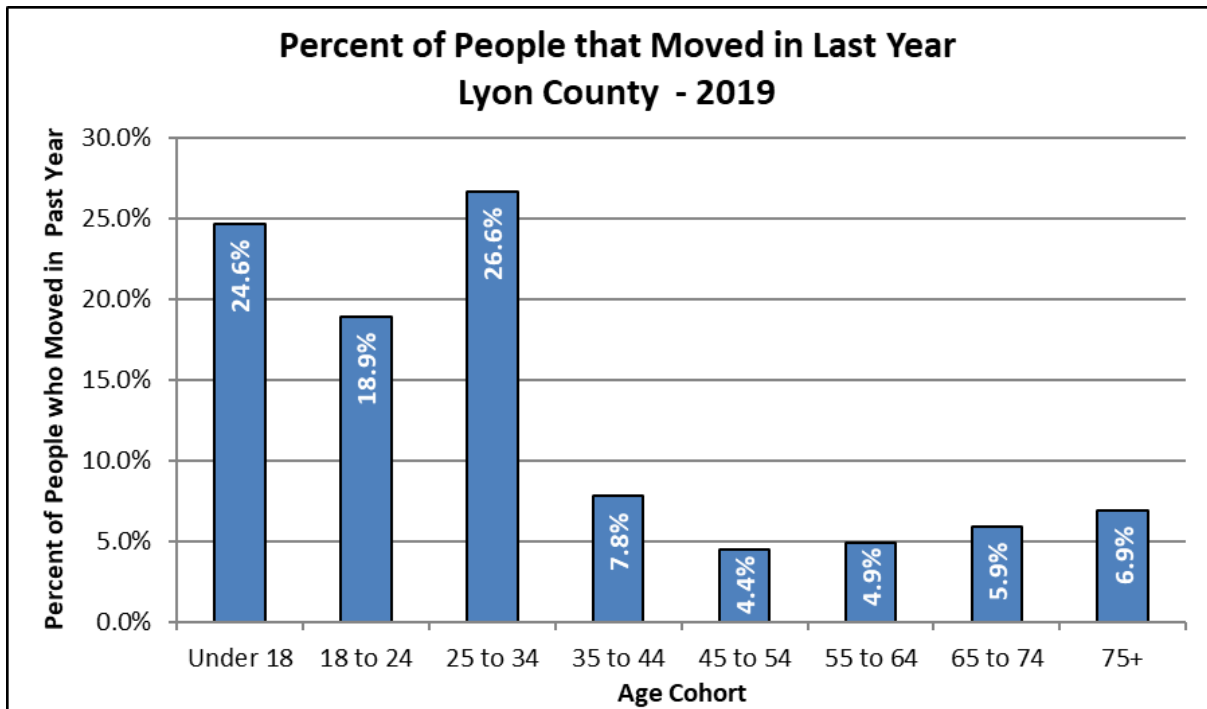


TABLE HC-7 MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE LYON COUNTY 2019										
Age	Not Moved		Moved							
	Same House		Within Same County		Different County Same State		Different State		Abroad	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	Pct.	Pct.
Under 18	5,380	87.0%	312	5.0%	324	5.2%	112	1.8%	57	0.9%
18 to 24	1,758	63.4%	304	11.0%	399	14.4%	232	8.4%	81	2.9%
25 to 34	2,273	72.3%	523	16.6%	193	6.1%	149	4.7%	6	0.2%
35 to 44	2,801	91.7%	145	4.7%	50	1.6%	59	1.9%	0	0.0%
45 to 54	2,859	95.2%	89	3.0%	21	0.7%	22	0.7%	13	0.4%
55 to 64	3,079	95.1%	121	3.7%	8	0.2%	25	0.8%	6	0.2%
65 to 74	1,875	90.7%	78	3.8%	61	2.9%	36	1.7%	18	0.9%
75+	1,692	88.2%	164	8.6%	35	1.8%	27	1.4%	0	0.0%
Total	21,717	85.5%	1,736	6.8%	1,091	4.3%	662	2.6%	181	0.7%
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting, LLC.										

Rent and Income Limits

Table HC-8 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Lyon County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Minnesota Housing Finance Agency (MHFA) based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing. The second part of the table shows the maximum rents by household size and AMI based on the above stated income limits. The rents on Table HC-8 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the Table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two persons.

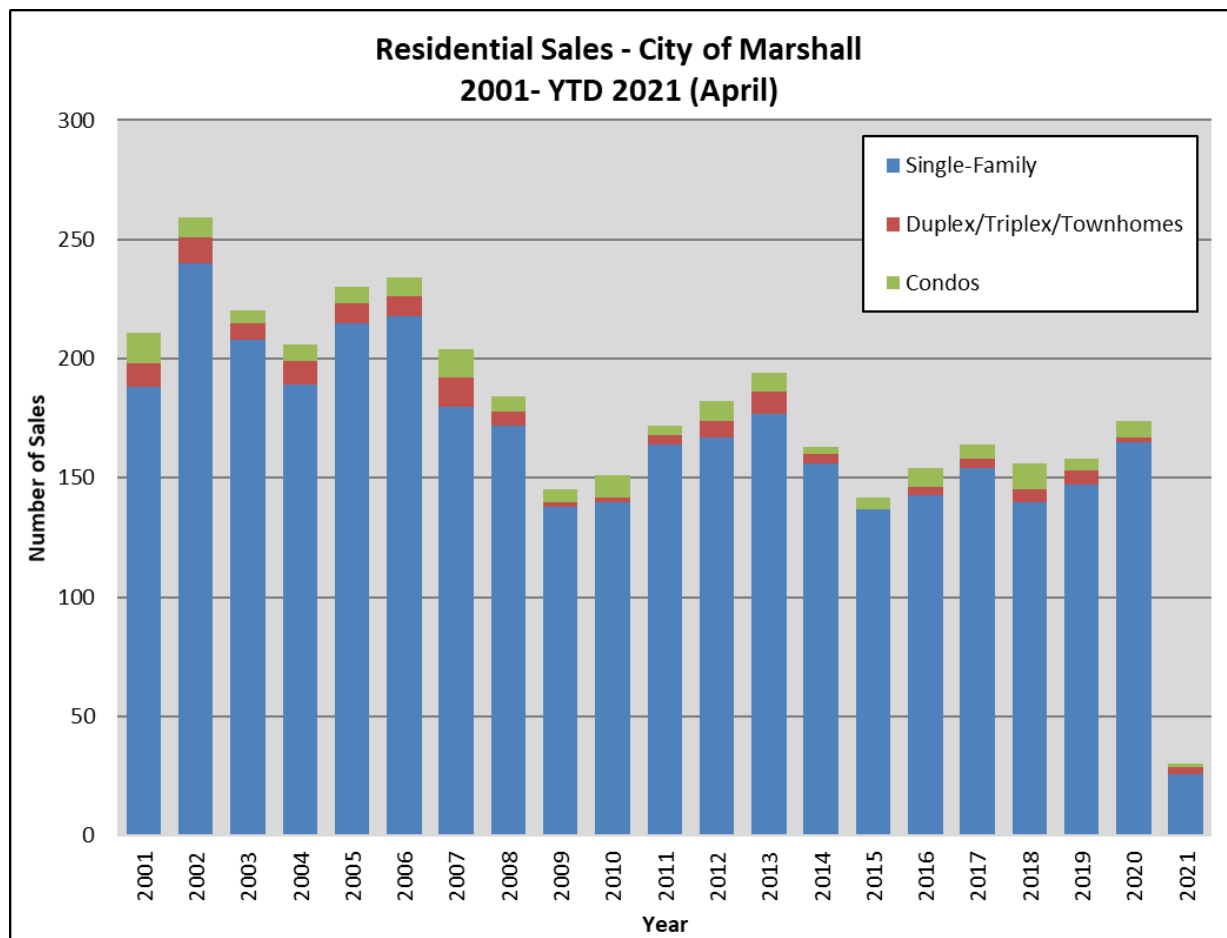
TABLE HC-8 INCOME LIMITS AND MAX RENTS BY NO. OF BEDROOMS LYON COUNTY 2021								
Income Limits								
HH Size	Area Median Income							
	30%	40%	50%	60%	70%	80%	90%	100%
1-Person	\$16,500	\$22,000	\$27,500	\$33,000	\$38,500	\$44,000	\$49,500	\$55,000
2-Person	\$18,840	\$25,120	\$31,400	\$37,680	\$43,960	\$50,240	\$56,520	\$62,800
3-Person	\$21,210	\$28,280	\$35,350	\$42,420	\$49,490	\$56,560	\$63,630	\$70,700
4-Person	\$23,550	\$31,400	\$39,250	\$47,100	\$54,950	\$62,800	\$70,650	\$78,500
5-Person	\$25,440	\$33,920	\$42,400	\$50,880	\$59,360	\$67,840	\$76,320	\$84,800
6-Person	\$27,330	\$36,440	\$45,550	\$54,660	\$63,770	\$72,880	\$81,990	\$91,100
7-Person	\$29,220	\$38,960	\$48,700	\$58,440	\$68,180	\$77,920	\$87,660	\$97,400
8-Person	\$31,110	\$41,480	\$51,850	\$62,220	\$72,590	\$82,960	\$93,330	\$103,700
Maximum Rent by Number of Bedrooms								
Bedroom Size	30%	40%	50%	60%	70%	80%	90%	FMR
Studio/Efficiency	\$402	\$537	\$671	\$805	\$939	\$1,074	\$1,208	\$506
One-Bedroom	\$460	\$614	\$767	\$921	\$1,074	\$1,228	\$1,381	\$557
Two-Bedroom	\$518	\$691	\$863	\$1,036	\$1,209	\$1,382	\$1,554	\$734
Three-Bedroom	\$575	\$767	\$958	\$1,150	\$1,342	\$1,534	\$1,725	\$1,008
Four-Bedroom	\$621	\$829	\$1,036	\$1,243	\$1,450	\$1,658	\$1,865	\$1,228
FMR: Fair Market Rent								
Sources: HUD; Novogradac & Company, Maxfield Research & Consulting, LLC.								

Introduction

Maxfield Research analyzed the for-sale housing market in Marshall by collecting data on home sales, foreclosures, the supply of residential lots in the area, and conducting interviews with area real estate professionals. Demand calculations for general occupancy for-sale housing in the Market Area between 2021 and 2030 are also provided.

Home Sales

Table D-1 on the following page provides information on sales of single-family detached homes, duplexes, triplexes, townhomes, and condos in Marshall between 2001 and April 16th, 2021. Residential sale data is from the City of Marshall Assessor. Table D-2 shows the price distribution of these sales. The following points summarize key findings:



FOR-SALE MARKET ANALYSIS

- From 2017 through 2020 (2021 data is only year to date), there were 606 single-family residential sales, 17 duplex/triplex/townhome sales and 29 condo sales in Marshall. This equates to an average annual rate of 163 units between the four years. In Marshall, 92.9% of all sales were for detached single-family homes during this period. The multifamily market appears to be a very small proportion of residential sales in Marshall, as there have been only 46 combined duplex, triplex, townhomes, and condo sales since 2001 (7.1% of the total).
- Residential sales activity in Marshall peaked in 2002, with 259 sales in Marshall. More recently, residential sales activity peaked again in 2013, with 194 total sales. Between 2015 and 2020, the number of home sales increased 22.5% from 142 closed transactions in 2014 to 174 closed transactions in 2020.
- In 2020, the median sale price for single-family homes in Marshall was \$173,200, which was 1.9% higher than the 2019 median sale price and 22.9% higher than the 2015 median sale price. Duplexes, Triplexes, and Townhome units sold for a median price of \$82,775 in 2020, while Condo units sold for a median price of \$224,500 in 2020. Duplex, triplex, and townhome unit median sale prices decreased 43.9% since 2015, a decrease of \$64,725 while the median price for Condo units increased 12.3% since 2015, an increase of \$24,495.
- The median sale price for single-family homes lowest post-recession price point was in 2011, at \$121,049 in Marshall. Duplexes, triplexes, and townhomes lowest post-recession median price occurred in 2017, with a median sale price of \$75,000. The median price for condos is currently at its lowest price, with a median price of \$152,900 as of April 2020.
- Marshall's single family median sales price has continued to rise and was at a high of \$173,200 as of April 2021, up 43.1% from its low of \$121,049 in 2011. Duplex, triplex, and townhome median sale prices have been more volatile over this period and have fluctuated from a low of \$75,000 in 2017 to a high of \$164,713 in 2014. Marshall's condo price of \$125,000 as of April 2021 is down from its highest price point of \$226,000 in 2019.

TABLE D-1
RESIDENTIAL SALES ACTIVITY
CITY OF MARSHALL
2001-2021 Year-to-Date

Single-Family Sales				
Year	No. of Sales	Average Sale Price	Median Sales Price	Median Year Built
2021 YTD	26	\$180,436	\$173,200	1970
2020	165	\$187,378	\$170,000	1968
2019	147	\$176,540	\$167,450	1970
2018	140	\$169,458	\$160,275	1967
2017	154	\$162,821	\$150,675	1966
2016	143	\$158,782	\$140,500	1967
2015	137	\$152,468	\$141,300	1963
2014	156	\$148,420	\$142,500	1970
2013	177	\$150,197	\$138,200	1969
2012	167	\$151,021	\$134,000	1969
2011	164	\$138,207	\$121,049	1965
2010	140	\$136,152	\$132,300	1963
2009	138	\$149,416	\$132,375	1967
2008	172	\$151,702	\$143,220	1969
2007	180	\$157,521	\$145,125	1968
2006	218	\$140,704	\$133,500	1964
2005	215	\$136,110	\$125,000	1961
2004	189	\$137,697	\$125,000	1965
2003	208	\$130,373	\$119,950	1968
2002	240	\$118,403	\$112,833	1969
2001	188	\$117,128	\$108,854	1965
Change 2010-2020				
No.	25	\$51,226	\$37,700	
Pct.	17.9%	37.6%	28.5%	
CONTINUED				

TABLE D-1 (CONTINUED) RESIDENTIAL SALES ACTIVITY CITY OF MARSHALL 2001-2021 Year-to-Date				
Duplex/Triplex/Townhome Sales				
Year	No. of Sales	Average Sale Price	Median Sales Price	Median Year Built
2021 YTD	3	\$133,233	\$156,800	1967
2020	2	\$82,775	\$82,775	1915
2019	6	\$142,110	\$147,500	1975
2018	5	\$152,070	\$159,000	1981
2017	4	\$77,924	\$75,000	1905
2016	3	\$134,067	\$125,000	1969
2015	0	--	--	--
2014	4	\$148,356	\$164,713	1970
2013	9	\$147,214	\$137,650	1981
2012	7	\$116,264	\$135,000	1976
2011	4	\$143,175	\$157,350	1993
2010	2	\$132,900	\$132,900	1976
2009	2	\$93,255	\$93,255	1933
2008	6	\$105,667	\$88,000	1923
2007	12	\$156,921	\$141,700	1969
2006	8	\$115,879	\$118,900	1907
2005	8	\$144,188	\$128,000	1973
2004	10	\$128,400	\$128,950	1974
2003	7	\$93,400	\$82,300	1920
2002	11	\$98,409	\$80,000	1946
2001	10	\$118,248	\$127,250	1976
Change 2010-2020				
No.	0	-\$50,125	-\$50,125	
Pct.	0.0%	-37.7%	-37.7%	
CONTINUED				

TABLE D-1 (CONTINUED)
RESIDENTIAL SALES ACTIVITY
CITY OF MARSHALL
2001-2021 Year-to-Date

Condo Sales				
Year	No. of Sales	Average Sale Price	Median Sales Price	Median Year Built
2021 YTD	1	\$125,000	\$125,000	1993
2020	7	\$224,500	\$223,500	2005
2019	5	\$226,070	\$226,000	2004
2018	11	\$188,559	\$192,500	1999
2017	6	\$217,100	\$225,000	1997
2016	8	\$191,313	\$198,250	2001
2015	5	\$202,801	\$199,005	1999
2014	3	\$182,333	\$190,000	2000
2013	8	\$173,257	\$191,878	2001
2012	8	\$165,219	\$167,250	2001
2011	4	\$159,825	\$162,900	2001
2010	9	\$143,678	\$156,000	2000
2009	5	\$169,960	\$152,900	1997
2008	6	\$168,004	\$188,414	2003
2007	12	\$169,679	\$177,477	2007
2006	8	\$159,019	\$165,621	2003
2005	7	\$168,894	\$163,500	2004
2004	7	\$173,138	\$166,000	1998
2003	5	\$152,320	\$142,600	2001
2002	8	\$144,424	\$138,377	2000
2001	13	\$134,292	\$127,511	2000
Change 2010-2020				
No.	-2	\$80,822	\$67,500	
Pct.	-22.2%	56.3%	43.3%	
Notes: 2001 Sales are from October 1, 2000 through September 30, 2001. Sales for 2021 are from January 1, 2021 through April 16, 2021.				
Sources: City of Marshall Assessor, Maxfield Research & Consulting, LLC.				

- In 2020 over two-thirds of single-family sales were for homes priced under \$200,000. This proportion has fallen slightly since 2010, when 81% of single-family sales were under \$200,000. Between 2015 and 2020, 32.2% of sales were between \$100,000 and \$149,999, 12.9% were between \$50,000 and \$99,999 and 27.9% were between \$150,000 and \$199,999.

FOR-SALE MARKET ANALYSIS

- Duplexes, triplexes, and townhomes were sold from under \$49,999 to between \$200,000 to \$299,999 while condos were sold from between \$100,000 and \$149,999 and \$200,000 and \$299,999.

TABLE D-2 RESIDENTIAL RESALES ACTIVITY - PRICE DISTRIBUTION PRIMARY MARKET AREA 2015 - 2021 YTD														
	2015		2016		2017		2018		2019		2020		2021 YTD*	
	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total
Single-family Detached														
Less than \$50,000	2	1.5%	2	1.4%	4	2.6%	0	0.0%	5	3.4%	1	0.6%	0	0.0%
\$50,000 to \$99,999	23	16.8%	20	14.0%	23	14.9%	16	11.4%	19	12.9%	13	7.9%	4	15.4%
\$100,000 to \$149,999	55	40.1%	60	42.0%	48	31.2%	53	37.9%	28	19.0%	41	24.8%	7	26.9%
\$150,000 to \$199,999	31	22.6%	32	22.4%	44	28.6%	36	25.7%	47	32.0%	57	34.5%	5	19.2%
\$200,000 to \$299,999	20	14.6%	22	15.4%	27	17.5%	30	21.4%	35	23.8%	39	23.6%	8	30.8%
\$300,000 or more	6	4.4%	7	4.9%	8	5.2%	5	3.6%	13	8.8%	14	8.5%	2	7.7%
Total	137	100.0%	143	100.0%	154	100.0%	140	100.0%	147	100.0%	165	100.0%	26	100.0%
Duplex/Triplex/Townhomes														
Less than \$50,000	0	0.0%	0	0.0%	1	25.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$50,000 to \$99,999	0	0.0%	1	33.3%	1	25.0%	1	20.0%	1	16.7%	2	100.0%	1	33.3%
\$100,000 to \$149,999	0	0.0%	1	33.3%	2	50.0%	1	20.0%	3	50.0%	0	0.0%	2	66.7%
\$150,000 to \$199,999	0	0.0%	1	33.3%	0	0.0%	3	60.0%	1	16.7%	0	0.0%	0	0.0%
\$200,000 to \$299,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	16.7%	0	0.0%	0	0.0%
\$300,000 or more	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	3	100.0%	4	100.0%	5	100.0%	6	100.0%	2	100.0%	3	100.0%
Condos														
Less than \$50,000	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$50,000 to \$99,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,000 to \$149,999	0	0.0%	0	0.0%	0	0.0%	2	18.2%	0	0.0%	0	0.0%	1	100.0%
\$150,000 to \$199,999	3	60.0%	4	50.0%	1	16.7%	4	36.4%	1	20.0%	3	42.9%	0	0.0%
\$200,000 to \$299,999	2	40.0%	4	50.0%	5	83.3%	5	45.5%	4	80.0%	4	57.1%	0	0.0%
\$300,000 or more	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	5	100.0%	8	100.0%	6	100.0%	11	100.0%	5	100.0%	7	100.0%	1	100.0%
*: Year To Date (YTD) is January 1, 2021 to April 16, 2021.														
Sources: City of Marshall; Maxfield Research & Consulting, LLC.														

Active Listings

Table D-3 presents a summary of single-family detached and multifamily homes currently listed for sale in Marshall. Multifamily includes condominiums, townhouses, twin homes, and patio homes.

- There are 11 homes listed for sale in Marshall as of April 2021. Ten of the current listings are for single family homes while one is a multifamily listing. The median price for active single-family home listings in the City is \$170,000, which is 8.3% higher than the median price for active multifamily home listings, \$157,000.

FOR-SALE MARKET ANALYSIS

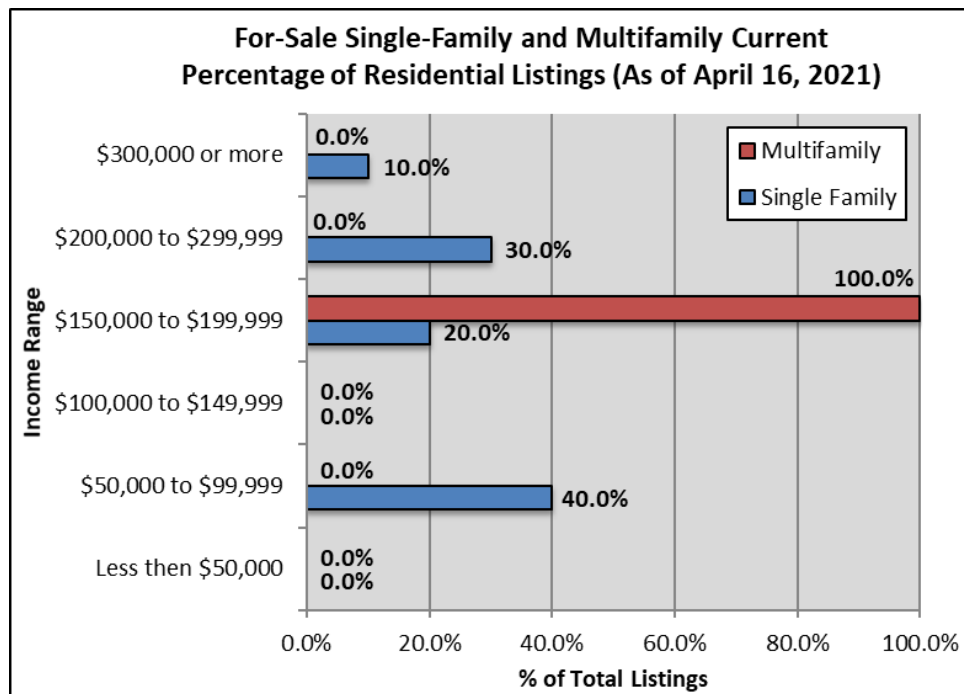
- The median list price of the only multifamily property for sale is \$157,500.

TABLE D-3 CURRENT RESIDENTIAL LISTINGS MARSHALL APRIL 2021*						
	Listings	% of Total	Median Year Built	Average Size	Median Price	Price Per Sq. Ft.
Single Family Detached						
Less than \$50,000	0	0.0%	--	--	--	--
\$50,000 to \$99,999	4	40.0%	1905	1,215	\$71,500	\$58.87
\$100,000 to \$149,999	0	0.0%	--	--	--	--
\$150,000 to \$199,999	2	20.0%	1952	1,491	\$170,000	\$114.02
\$200,000 to \$299,999	3	30.0%	1983	2,158	\$224,400	\$104.00
\$300,000 or more	1	10.0%	1998	4,525	\$445,000	\$98.34
Total	10	100.0%	1929	1,884	\$170,000	\$90.24
Multifamily						
Less than \$50,000	0	--	--	--	--	--
\$50,000 to \$99,999	0	--	--	--	--	--
\$100,000 to \$149,999	0	--	--	--	--	--
\$150,000 to \$199,999	1	100%	1982	1,704	\$157,500	\$92.43
\$200,000 to \$299,999	0	--	--	--	--	--
\$300,000 or more	0	--	--	--	--	--
Total	1	100.0%	1982	1,704	\$157,500	\$92.43
*: Data is as of April 16, 2021.						
Sources: Minneapolis Area Association of Realtors; Maxfield Research & Consulting, LLC.						

- The average size of single-family homes listed for sale is 1,884 square feet which equates to a median price per square foot of \$90.24. In contrast, the average size of the lone multifamily listing is smaller at 1,704 square feet which equates to a median price per square foot of \$92.43.
- Approximately 10.0% of the listed single homes were built in the decade of the 1990s, 20% were built in the 1980s, 10% were built in the 1950s, 10% were built in the 1940s, 20% were built in the 1910s, 20% were built in the 1900s, and 10% were built in the 1890s. No listed single-family homes were built in the following decades: 2010s, 2000s, 1970s, 1960s, 1930s, and 1930s. It is significant to note that 70% of all listed single-family homes were built prior to 1960, meaning some homes may be in need of some improvements.
- The only multifamily listed home was built in 1982. This compares to a median year built for single-family homes of 1929.

FOR-SALE MARKET ANALYSIS

- The data identifies a direct relationship between the price, age, and size of homes in Marshall. Older homes tend to be smaller and have a lower asking price per square foot than newer homes. Single-family homes with asking prices below \$100,000 are smallest in size with an average of 1,215 square feet. Homes in this price range were all built prior to 1911. Single-family homes with asking prices at \$300,000 or higher are the largest. The one property listed in this price range was built in 1998 and has 4,525 square feet. The only multifamily property has 1,704 square feet and is priced in the \$150,000 to \$199,999 range.
- Of the 10 active single-family home listings in Marshall, the breakdown by price range was 40% (4 homes) were priced between \$50,000 and \$99,999, 30% (3 homes) were priced between \$200,000 and \$299,999, 20% (2 homes) were priced between \$150,000 and \$199,999 and 10% (1 home) was priced at \$300,000 or more. The only multifamily listing was priced between \$150,000 and \$199,999.



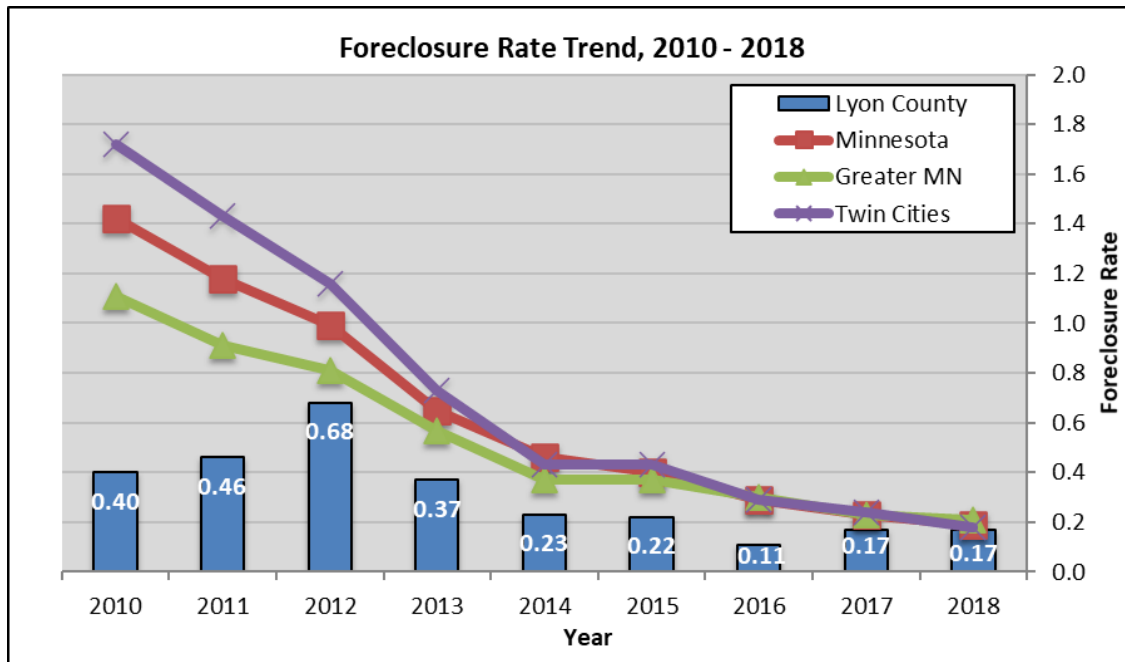
Foreclosures

Table D-4 presents sheriff's sale foreclosure data compiled by HousingLink and the Minnesota Homeownership Center. Data from 2010 to 2013 is from Housing Link while data from 2014 to 2018 is from the Minnesota Homeownership Center. No data is available for 2019 or 2020. Sheriff's sale records do not necessarily reflect the total number of properties that enter the foreclosure process as some portion of properties identified in sheriff's sale records do not result in actual loss of title and occupancy for borrowers because they are redeemed within the allowed timeframe. Foreclosure rate is defined as the number of foreclosed mortgages as a percent of total residential parcels.

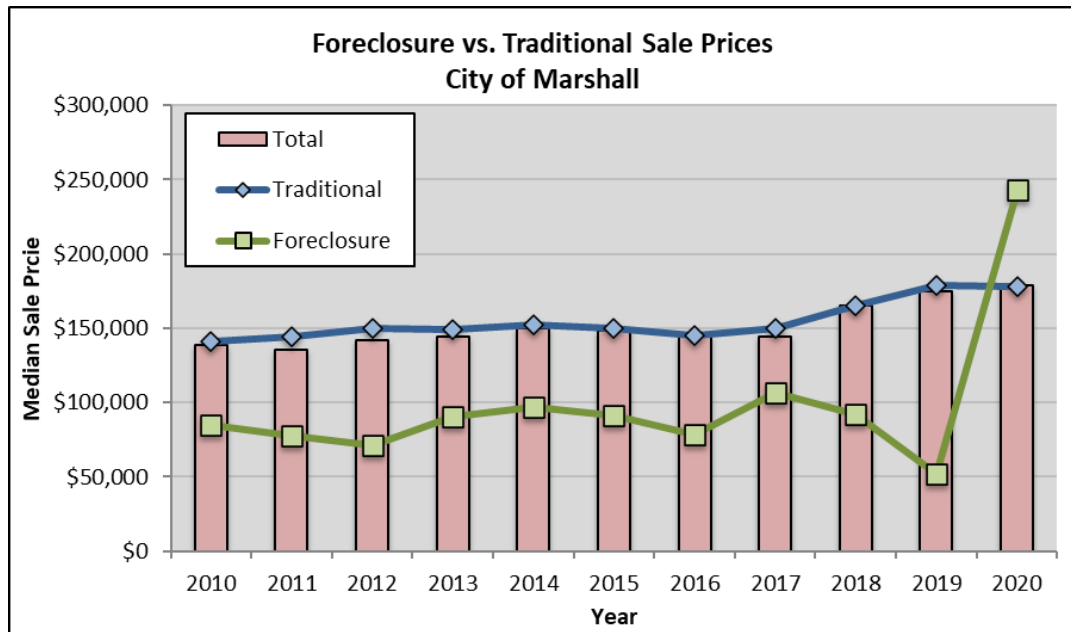
- There were 3,495 foreclosures in Minnesota during 2018 which was down -86.4% from just after the housing crisis in 2010. In the past five years (2013-2018) foreclosures in Minnesota also dropped 70.5%. By comparison, Greater Minnesota experienced a -81.2% decline in foreclosures between 2010 and 2018, while the Twin Cities Metro Area experienced a -89.6% drop in foreclosures.
- Lyon County had 15 foreclosures in 2018, down -57.1% from 2010 and -62.5% from 2011 when foreclosures peaked at 40. Foreclosures in Lyon County over the past three years have either remained the same or increased. In comparison, Greater Minnesota, the Twin Cities, and the state of Minnesota have all declined sharply for the past three years.

TABLE D-4 SHERIFF'S SALE FORECLOSURES IN MINNESOTA 2010 - 2018								
	Lyon County		Minnesota		Greater MN		Twin Cities	
Foreclosures								
	<u>Count</u>	<u>% Change</u>	<u>Count</u>	<u>% Change</u>	<u>Count</u>	<u>% Change</u>	<u>Count</u>	<u>% Change</u>
2018	15	0.0%	3,495	-17.4%	1,861	-8.4%	1,634	-25.7%
2017	15	50.0%	4,231	-20.3%	2,031	-20.1%	2,200	-20.4%
2016	10	-47.4%	5,306	-26.4%	2,541	-22.3%	2,765	-29.9%
2015	19	-5.0%	7,212	-13.2%	3,269	-9.8%	3,943	-15.9%
2014	20	-37.5%	8,313	-29.8%	3,624	-28.7%	4,689	-30.6%
2013	32	-13.5%	11,834	-33.9%	5,080	-29.5%	6,754	-36.8%
2012	37	-7.5%	17,895	-16.0%	7,209	-11.2%	10,686	-18.9%
2011	40	14.3%	21,298	-17.0%	8,117	-18.0%	13,181	-16.5%
2010	35	--	25,673	--	9,894	--	15,779	--
Foreclosure Rate								
	<u>Rate</u>	<u>% Change</u>	<u>Rate</u>	<u>% Change</u>	<u>Rate</u>	<u>% Change</u>	<u>Rate</u>	<u>% Change</u>
2018	0.17	0.0%	0.19	-17.4%	0.21	-8.7%	0.18	-25.0%
2017	0.17	54.5%	0.23	-20.7%	0.23	-23.3%	0.24	-17.2%
2016	0.11	-50.0%	0.29	-27.5%	0.30	-18.9%	0.29	-32.6%
2015	0.22	-4.3%	0.40	-13.0%	0.37	0.0%	0.43	0.0%
2014	0.23	-37.8%	0.46	-29.2%	0.37	-35.1%	0.43	-41.1%
2013	0.37	-45.6%	0.65	-34.3%	0.57	-29.6%	0.73	-37.1%
2012	0.68	47.8%	0.99	-16.1%	0.81	-11.0%	1.16	-18.9%
2011	0.46	15.0%	1.18	-16.9%	0.91	-18.0%	1.43	-16.9%
2010	0.40	--	1.42	--	1.11	--	1.72	--
Foreclosure rate = the number of foreclosed mortgages as a percent of total residential parcels								
Sources: Minnesota Homeownership Center; Housing Link; & Maxfield Research & Consulting, LLC.								

- Between 2010 and 2018 Lyon County maintained a lower foreclosure rate than Minnesota, Greater Minnesota, and the Twin Cities. In 2018 Lyon County's foreclosure rate of 0.17 was down from 0.40 in 2010. In 2018 Greater Minnesota had a foreclosure rate of 0.21 while the Twin Cities Metropolitan Area had a foreclosure rate of 0.18 in 2018. Lyon County's foreclosure rate peaked at 0.68 in 2012 while Minnesota's rate was highest in 2010 at 1.42.



- Many foreclosed properties are neglected and in poor condition with extensive repairs needed. As such, they can be very difficult to sell and can have a negative impact on home prices. Foreclosed homes are typically priced at a discount and they increase the supply of homes on the market, likely resulting in lower prices for other homes on the market. The presence of a foreclosed home in poor condition can lessen the desirability of a neighborhood for potential buyers and exert downward pressure on home prices.
- Table D-5 on the next page examines the number of lender-mediated (foreclosure and short sale) transactions that occurred in from 2010 to 2020 and the impact of those sales on pricing. Foreclosures are properties in which the financial institution has repossessed the home from the owner due to non-payment of mortgage obligations. A short sale refers to an arrangement where the financial institution and the in-default homeowner work together in an attempt to sell the home before it is foreclosed upon. Foreclosures and short sales (lender-mediated properties) are different than traditional real estate sales because a lender is involved by acting directly as the current owner/seller or as an intermediary with approval powers.
- Lender-mediated transactions represented approximately 2.7% of all residential sales in Lyon County in 2020 (2.0% were foreclosures and 0.7% were short sales), while the remaining 97.3% were traditional sales. The proportion of lender-mediated transactions in the City of Marshall has declined sharply since peaking at 16.3% of total sales (40 transactions) in 2011.
- As illustrated on the following page, the median sale price for foreclosed homes is significantly lower than homes sold in traditional transactions, and the relatively high number of foreclosures that occurred from 2010 to 2012 exerted downward pressure on pricing.



- The average median sale price for a foreclosed property between 2010 and 2020 is 59.5% lower than the price of a home sold in a traditional transaction. Homes sold through a short sale process have median sale prices that are 5.0% higher than homes sold in a traditional transaction.

**TABLE D-5
LENDER-MEDIATED VS. TRADITIONAL SALES
LYON COUNTY
2015 - 2020**

City of Marshall											
	Total		Traditional			Foreclosure			Short Sales		
	Median Sale Price	Closed Sales	Median Sale Price	Closed Sales	% of Total	Median Sale Price	Closed Sales	% of Total	Median Sale Price	Closed Sales	% of Total
2020	\$179,000	193	\$177,750	190	98.4%	\$243,050	2	1.0%	\$193,500	1	0.5%
2019	\$175,000	171	\$178,625	168	98.2%	\$52,000	3	1.8%	--	0	0.0%
2018	\$165,000	167	\$165,000	164	98.2%	\$92,000	3	1.8%	--	0	0.0%
2017	\$143,900	180	\$150,000	173	96.1%	\$106,505	7	3.9%	--	0	0.0%
2016	\$144,000	173	\$145,000	161	93.1%	\$78,500	11	6.4%	--	0	0.0%
2015	\$148,000	175	\$149,700	166	94.9%	\$91,185	8	4.6%	\$235,000	1	0.6%
Lyon County											
	Total		Traditional			Foreclosure			Short Sales		
	Median Sale Price	Closed Sales	Median Sale Price	Closed Sales	% of Total	Median Sale Price	Closed Sales	% of Total	Median Sale Price	Closed Sales	% of Total
2020	\$157,000	301	\$157,000	293	97.3%	\$63,250	6	2.0%	\$125,750	2	0.7%
2019	\$158,000	267	\$159,900	259	97.0%	\$39,525	8	3.0%	--	0	0.0%
2018	\$148,750	256	\$149,000	250	97.7%	\$55,000	5	2.0%	\$415,000	1	0.4%
2017	\$135,000	278	\$137,500	266	95.7%	\$65,000	11	4.0%	\$73,875	2	0.7%
2016	\$128,000	268	\$135,000	247	92.2%	\$62,750	20	7.5%	--	0	0.0%
2015	\$130,000	255	\$133,250	238	93.3%	\$64,900	16	6.3%	\$235,000	1	0.4%

Sources: Greater Minneapolis Area Association of Realtors; Maxfield Research & Consulting, LLC.

Residential Lot Prices

Table D-6 provides a summary of the residential lot prices by subdivision for the City of Marshall from information gathered from the West Central Association of Realtors (WCAR). Prices and lot sizes shown range from 2015 to the present day (2021).

- Lot prices vary depending on location, features, and community amenities. Average prices range from as low as \$0.68 per square foot for an 11,151 average sq. ft. (0.25 acres) site in the 2nd addition of the Parkway Subdivision to an average high of \$4.68 per square foot for an 11,326 square-foot (0.26 acres) lot in Prairieview East subdivision. Throughout Marshall, the average per square foot cost for single-family lots is \$2.25.
- Sizes range from as small as 8,276 square feet (0.19 acres) for a lot in the second addition of the Parkway Subdivision to 22,207 square feet (0.51 acres) for a single-family lot in the third addition of Carr Estates Subdivision. The average single-family lot size in Marshall is 13,638 square feet (0.31 acres).

FOR-SALE MARKET ANALYSIS

- Maxfield examined lot prices of recent City subdivisions and compared them to home sale prices to determine a home to lot price ratio. In many communities, the lot price is often between 15% and 25% of a homes combined home/lot value. Estimated single-family home values range from as low as \$160,000 in the Camelot Square Subdivision to as high as \$275,000 in the third and fourth additions of Carr Estates Subdivision.

TABLE D-6 RESIDENTIAL LOT PRICES BY SUBDIVISION CITY OF MARSHALL 2015 - PRESENT (2021)								
Single Family Subdivision	Lot Size (Sq. Ft.)			Lot Price			Lot Price Per Sq. ft.	Estimated Home Values
	Min.	Max.	Average	Min.	Max.	Average		
Camelot Square	12,197	12,197	12,197	\$12,500	\$12,500	\$12,500	\$1.02	\$160,000 to \$170,000
Camelot Square 2nd Addition	11,062	11,062	11,062	\$20,000	\$20,000	\$20,000	\$1.81	NA
Carr Subdivision 1st Addition	18,295	18,295	18,295	\$48,000	\$48,000	\$48,000	\$2.62	NA
Carr Subdivision 1	11,761	15,754	13,785	\$16,000	\$42,500	\$31,395	\$2.28	NA
Carr Estates Subdivision 3rd Addition	22,207	22,207	22,207	\$47,000	\$50,000	\$48,500	\$2.18	\$300,000 to \$375,000
Carr Estates Subdivision 4th Addition	18,056	18,056	18,056	\$56,000	\$56,000	\$56,000	\$3.10	\$300,000 to \$375,000
Parkway 2 Addition	8,276	20,909	11,151	\$5,600	\$15,500	\$7,580	\$0.68	\$200,000 to \$290,000
Prairieview Estates	11,326	11,326	11,326	\$53,000	\$53,000	\$53,000	\$4.68	\$180,000 to \$310,000
Stonebridge Estates	14,723	14,723	14,723	\$29,000	\$29,000	\$29,000	\$1.97	NA
Total (Averages)	8,276	22,207	13,638	\$5,600	\$56,000	\$30,391	\$2.23	NA
NA: Not Assessed.								
Sources: West Central Association of Realtors (WCAR), Realtor Listings, Maxfield Research & Consulting, LLC.								

Residential Lot Supply

Table D-7 identifies residential lots and subdivisions in Marshall. Information in the table includes year open, total number of lots, the number of lots developed, and the number of lots that remain available.

This information was provided by the City of Marshall. According to the City of Marshall, no new residential subdivisions have been platted since 2008. Maxfield Research reviewed residential lot sales and new construction sales data to determine changes in the supply of available lots.

- There have been 503 single-family lots platted in Marshall since 2000. Of the 503 platted lots, 386 remain available.

TABLE D-7 RESIDENTIAL LOT SUPPLY MARSHALL 2021				
Subdivision	Year Opened	Total Lots	Available Lots	Average Annual Absorption
North Riverview Addition	2005	39	19	2.0
Parkway Addition	2005	82	43	3.9
Carr Subdivision One	2005	106	54	5.2
Carr Estates (1-4)	2003	122	48	6.2
Stonebridge Addition	2008	100	94	0.9
University Park Addition	2007	10	5	0.6
University Park Addition II	2009	10	10	0.0
Wilke Miller Busing (1-7)	2000	34	13	1.4
Total		503	286	20.1
Sources: City of Marshall, Maxfield Research, Consulting, LLC.				

- Based on an average annual lot absorption of 20.1 lots per year in Marshall, the 286 available lots could potentially take fourteen years to be developed. Absorption estimates do not account for the location and/or quality of available lots.
- The industry standard for a balanced lot supply is three to five years to provide for sufficient lots to accommodate new housing development depending on the pace of construction and absorption of lots. Marshall is particularly lacking in larger homes and could use the construction of homes more homes with either 3 or 4 bedrooms.
- Based on the lack of current listings on the Multiple Listing Service and information from local realtors, it appears that many of the available lots are not being actively marketed.

New Construction Pricing

Table D-8 identifies new construction sales in Marshall and was obtained through the West Central Association of Realtors. Information in the Table includes subdivision name, asking price range, the finished square feet of new construction homes and the style of homes sold. This information was derived from new construction homes sold from 2015 up to the present.

FOR-SALE MARKET ANALYSIS

<p align="center">TABLE D-8 NEW CONSTRUCTION PRICING BY SUBDIVISION CITY OF MARSHALL 2015 - PRESENT (2021)</p>								
Single Family Subdivision	Sale/List Price Range			Finished Square Feet			\$/Sq. Ft.	Style(s)
	Low	High	Average	Low	High	Average		
Stockholm Addition	\$339,000	\$339,000	\$339,000	1,720	1,720	1,720	\$197	SF Detached
Parkway 2nd Addition	\$164,000	\$275,700	\$210,791	1,138	2,146	1,693	\$125	SF Detached
Carr Subdivision	\$197,745	\$197,745	\$197,745	1,880	1,880	1,880	\$105	SF Detached
Carr Estates 2nd Addition	\$210,000	\$329,900	\$275,843	1,572	2,906	2,067	\$133	SF Detached/SF Condo
Carr Estates 3rd Addition	\$346,000	\$346,000	\$346,000	1,788	1,788	1,788	\$194	SF Detached
Windstar Street	\$270,000	\$280,000	\$290,630	2,592	3,412	2,907	\$100	SF Detached
Stonebridge Estates	\$234,750	\$262,000	\$247,464	1,760	1,880	1,802	\$137	SF Condo/Side by Side TH
Prairieview Villas	\$256,300	\$265,000	\$261,100	1,755	1,872	1,794	\$146	SF Condo
Stonebridge Estates	\$269,000	\$292,000	\$287,400	1,806	1,880	1,836	\$157	SF Condo
Prairieview Villas	\$340,000	\$340,000	\$340,000	3,476	3,476	3,476	\$98	SF Detached
Total (Averages)	\$164,000	\$346,000	\$252,838	1,138	3,476	1,923	\$132	
Note: Data includes completed new construction and under construction/spec homes.								
Sources: West Central Association of Realtors (WCAR), For Sale Listing Sites, Maxfield Research, & Consulting, LLC.								

- There has been limited new construction sales activity in Marshall in since 2015. According to available data, there have been 31, new single-family homes, 15, single family condo homes and three townhomes sold since 2015. The average price for these new construction homes was \$252,838 or \$131.51 per square foot.
- The average size (based on total finished square feet) for new detached single-family homes in Marshall was 1,980 square feet, with a range of 1,138 square feet in Parkway 2nd Addition to 3,476 square feet in Carr Estates. On average, new single-family construction in Marshall is priced at \$124.27 per square foot according to recent pricing.
- For new single-family condos in Marshall, the average size (based on total finished square feet) in Marshall is 1,816 square feet, with a range of 1,755 to 1,880 square feet at Windstar Street Condominiums. On average, new single-family condo construction in Marshall is priced at \$145.85 per square foot.
- The average size (based on total finished square feet) for new side by side twin homes in Marshall is 1,855 square feet, with a range of 1,843 to 1,880 square feet Carr Estates 3rd Addition. On average, new side by side twin home construction in Marshall is priced at \$141.21 per square foot.

Marshall Subdivision Examples



North Riverview



Stonebridge Estates



Prairieview Villas



Parkway 2nd Addition



Stockholm Addition



University Park Addition

Real Estate Agent/Builder Interviews

To gain additional insight into trends in the for-sale residential market in Marshall, Maxfield Research solicited input from real estate agents and builders active in the area. Topics addressed included issues such as the general condition of Marshall's housing stock, the types of homes being sought by buyers and whether the existing supply of available housing in Marshall satisfies current buyer demand. The following points summarize the findings from this process.

- Homes in high demand in the Marshall housing market range from the mid to high \$100,000s to the low to mid \$200,000s.
- All Realtors mentioned the need for more housing in the City. Inventory in most all housing products is low.
- In particular, three-to-four-bedroom homes are in short supply and desired by many in the market. Homebuyers also want to be close to area schools and other City amenities.
- Current interest rates have had a positive effect on the market and homes are selling very quickly.
- Land costs are relatively affordable, but rising construction costs are pushing new construction pricing upwards. Buyers can generally find better value in an existing home.
- Condos are proving to be a popular housing type with seniors. This makes sense given a high number of seniors are "snowbirds" and head south for the Winter.

For-Sale Housing Market Demand Analysis

Table D-9 presents demand calculations for general occupancy for-sale housing in Marshall between 2021 and 2030. This analysis identifies potential demand for general occupancy for-sale housing that is generated from new and turnover households. The following points summarize the findings.

- According to projections, the PMA is expected to grow by 88 households between 2021 and 2030. Because however, the 65 and older cohort is typically not a target market for new general occupancy for-sale housing, we limit demand from household growth to households under the age of 65. Between 2021 and 2030, PMA households under 65 are projected to decrease by 353 households. Based on household tenure data from the US Census, we anticipate that households owning their housing will account for an estimated 68.4% of all new households.

- As of 2021, there are an estimated 5,193 owner households under the age of 65 in the PMA. Based on household turnover data from the 2019 American Community Survey 5-year estimates, 44.9% of these households are expected to relocate to other housing between 2021 and 2030. This estimate results in anticipated turnover of 2,330 non-senior households by 2030.
- We then estimate the proportion of owner households turning over that would prefer to purchase new housing. Considering the age of Marshall's housing stock (primarily late 1960s and early 1970s) along with recent sale trends in the Market Area (particularly the single-family home market, which has remained strong throughout the Pandemic), we estimate that 10% of households turning over in the City will desire new housing. This results in demand for 233 new owned units in the PMA between 2021 and 2030.
- Total demand from household growth and existing household turnover between 2021 and 2030 equals 233 new for-sale housing units in the PMA. While there is no projected household growth in people under 65, demand still exists due to growth from turnover. This is likely from people moving into the PMA from outside the area.
- Due, in large part, to the employment opportunities along with other community amenities, Marshall will draw a portion of potential home buyers from areas outside the PMA. While not all demand from outside the PMA will settle in Marshall, we estimate that 30% of the demand for general occupancy owned housing in Marshall would be derived from outside the area. This increases total demand to 333 units.
- Based on population and household growth projections, we estimate that Marshall will capture 60% of the PMA's demand for new for-sale housing between 2021 and 2030, equating to demand for 200 units between 2021 and 2030. Based on building permit trends, new construction sales data and household growth projections by age group in the Market Area, we estimate that 70% of households seeking new housing will prefer single-family homes, while the remaining 30% will prefer units such as townhomes, condominiums, or other type of ownership multifamily format. We anticipate demand for 140 general occupancy single-family homes and 60 multifamily units in Marshall between 2021 and 2030.

TABLE D-9 GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND PRIMARY MARKET AREA 2021 to 2030			
DEMAND FROM PROJECTED HOUSEHOLD GROWTH			
Projected HH growth under age 65 2021 to 2030 ¹			0
(times) Propensity to Own ²	x	68.4%	
(equals) Number of potential owner households from HH growth	=		0
DEMAND FROM EXISTING OWNER HOUSEHOLDS			
Number of owner households (age 64 and younger) in the PMA, 2021	=	5,193	
(times) Estimated % of owner turnover (age 64 and younger, 2021 to 2030) ³	x	44.9%	
(equals) Total existing households projected to turnover between 2021 and 2030	=	2,330	
(times) Estimated % desiring new owner housing	x	10.0%	
(equals) Demand from existing households	=	233	
Total Demand From Household Growth and Existing Households, 2021 to 2030	=	233	
(times) Ownership demand generated from outside PMA	+	30.0%	
(equals) Total demand potential for ownership housing in the PMA	=	333	
% of PMA Demand Capturable in the City of Marshall	x	75.0%	
Demand from Household Growth and Existing Households in PMA	=	250	
		Single Family	Multi-family
(times) Percent desiring for-sale single family (SF) vs. multifamily (MF) ⁴	x	70.0%	30.0%
(equals) Total demand potential for new for-sale housing in PMA	=	175	75
¹ Estimated household growth based per ESRI and Maxfield Research Inc.			
² Pct. Owner households under age 65 in 2021.			
³ Based on household turnover and mobility data (2019 American Community Survey, Five Year Estimates).			
⁴ Based on new construction sales data, building permit data, and growth projections by age group.			
* Multifamily demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research & Consulting, LLC.			

Introduction

The following section of the report analyzes current market conditions for general occupancy rental housing in Marshall. Topics covered include rental housing data from the American Community Survey, detailed information on individual rental developments in Marshall and a calculation of rental housing demand.

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in Marshall and the surrounding Market Area. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the Decennial Census. We use this data because this information is no longer compiled through the Decennial Census.

Table E-1 shows estimated rental vacancy rates and gross rental rates by community from the 2019 ACS (the most recent data available) compared to estimates from the 2018 ACS, the 2017 ACS, the 2016 ACS, and the 2015 ACS. Data from the ACS represents five-year averages. Note that the information in Table E-1 is meant as a general overview of rental vacancies and rents because we do not know which specific units were classified as vacant for each year. Table E-3, which was compiled by Maxfield Research, is more comprehensive and encompasses field work and information gathered from a variety of sources in order to obtain the latest rents and vacancies within Marshall.

Based on the ACS definition, a housing unit is considered vacant if no one is living in it at the time of the interview. Also, units occupied at the time of interview entirely by persons who are staying two months or less and who have a more permanent residence elsewhere are as temporarily occupied and classified as vacant. Vacant units are excluded from the housing inventory if they are open to the elements (roof, walls, windows, and/or doors no longer protect the interior), if they have been condemned, or if they are to be demolished.

Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- In 2019, it was estimated that the rental vacancy rate in Marshall was 11.5%, slightly higher than the rest of Lyon County, which had an estimated vacancy of 11.4%. The vacancy rates of Marshall (11.5%) and Lyon County (11.4%) were well above that of Minnesota (4.2%).
- Median gross rent in Marshall jumped 12.9%, from \$606 as of the 2015 ACS to \$684 in the 2019 ACS. Similarly, Lyon County median gross rent increased from \$605 (2015) to \$666 in

as if 2019. By comparison, median gross rent in Minnesota increased even more rapidly from \$848 as of 2015 to \$977 by 2019.

TABLE E-1 RENTAL HOUSING VACANCY ESTIMATES PRIMARY MARKET AREA 2015 - 2019										
	2015		2016		2017		2018		2019	
	Vacancy	Rent	Vacancy	Rent	Vacancy	Rent	Vacancy	Rent	Vacancy	Rent
City of Marshall	8.6%	\$606	8.2%	\$615	11.0%	\$625	13.5%	\$672	11.5%	\$684
Lyon County	10.5%	\$605	10.1%	\$614	11.5%	\$621	12.9%	\$657	11.4%	\$666
Minnesota	4.3%	\$848	4.0%	\$873	4.1%	\$906	4.2%	\$944	4.2%	\$977
Note: Rent equals median gross rent										
Sources: American Community Survey; Maxfield Research & Consulting, LLC.										

Table E-2 on the following page presents a distribution of monthly gross rent by number of bedrooms in renter-occupied housing units from the 2019 ACS in Marshall and Lyon County in comparison to Minnesota. Also shown is the median gross rent for the same period.

- Because the ACS data represents a sample rather than the Decennial Census which is intended as a full count of the population, there are differences in the total number of renter-occupied units presented between the two surveys. For example, Census data indicates that there were 2,518 renter-occupied housing units in Marshall in 2010 while the ACS shows 2,420 renter-occupied housing units. The ACS unit count is based on sample data and single-family units can fluctuate between being owned and rented.
- As presented in Table HC-4 in an earlier section of this study, 15.9% of the renter-occupied units in Marshall are single-family units while 25.7% are in structures with 20 or more units; an estimated 15.9% of the renter-occupied units are in structures with between 10 and 19 units. Marshall has a higher proportion of renter-occupied, single attached units than the PMA Remainder. In Marshall, 8.8% of renter-occupied units were classified as single attached versus 1% of all renter-occupied units in the remaining portion of the PMA.
- Marshall has relatively affordable rents when compared to Minnesota. The median gross rent in the City was \$684 as of the 2019 ACS, 30.0% lower than the median rent of \$977 in the State. In contrast, the median gross rent in Lyon County (\$666) was 2.6% lower than the City median, although there were much less renter-occupied housing units (778 units) in the Remainder of the PMA than in Marshall (2,389 units).

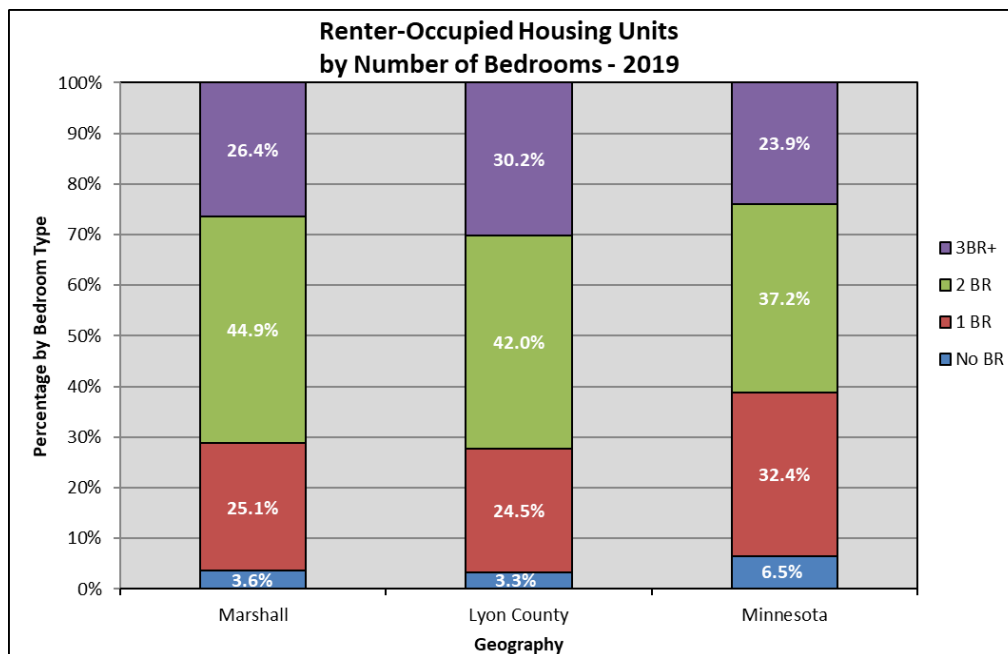
TABLE E-2
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
PRIMARY MARKET AREA
2019

	Marshall		Lyon County		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.
Median Rent:	\$606		\$605		\$848	
Total:	2,389	100.0%	3,167	100.0%	620,733	100.0%
No bedroom:	87	3.6%	105	3.3%	40,093	6.5%
With cash rent:	87	3.6%	103	98.1%	39,459	98.4%
Less than \$200	0	0.0%	6	5.7%	3,670	9.2%
\$200 to \$299	76	3.2%	83	79.0%	4,209	10.5%
\$300 to \$499	0	0.0%	0	0.0%	10,458	26.1%
\$500 to \$749	11	0.5%	14	13.3%	11,369	28.4%
\$750 to \$999	0	0.0%	0	0.0%	6,521	16.3%
\$1,000 or more	0	0.0%	0	0.0%	3,232	8.1%
No cash rent	0	0.0%	2	1.9%	634	1.6%
1 bedroom:	600	25.1%	775	24.5%	201,100	32.4%
With cash rent:	600	100.0%	772	99.6%	198,653	98.8%
Less than \$200	136	22.7%	155	20.0%	21,177	10.5%
\$200 to \$299	150	25.0%	248	32.0%	21,580	10.7%
\$300 to \$499	204	34.0%	233	30.1%	34,191	17.0%
\$500 to \$749	42	7.0%	52	6.7%	58,068	28.9%
\$750 to \$999	51	8.5%	61	7.9%	44,959	22.4%
\$1,000 or more	17	2.8%	23	3.0%	18,678	9.3%
No cash rent	0	0.0%	3	0.4%	2,447	1.2%
2 bedrooms:	1,072	44.9%	1,330	42.0%	231,193	37.2%
With cash rent:	1,063	99.2%	1,294	97.3%	223,606	96.7%
Less than \$200	23	2.1%	40	3.0%	6,159	2.7%
\$200 to \$299	50	4.7%	80	6.0%	10,480	4.5%
\$300 to \$499	525	49.0%	657	49.4%	31,705	13.7%
\$500 to \$749	314	29.3%	342	25.7%	56,263	24.3%
\$750 to \$999	141	13.2%	159	12.0%	85,231	36.9%
\$1,000 or more	10	0.9%	16	1.2%	33,768	14.6%
No cash rent	9	0.8%	36	2.7%	7,587	3.3%
3 or more bedrooms:	630	26.4%	957	30.2%	148,347	23.9%
With cash rent:	608	96.5%	866	90.5%	133,823	90.2%
Less than \$200	10	1.6%	10	1.0%	2,317	1.6%
\$200 to \$299	58	9.2%	93	9.7%	6,504	4.4%
\$300 to \$499	74	11.7%	159	16.6%	13,864	9.3%
\$500 to \$749	229	36.3%	323	33.8%	19,909	13.4%
\$750 to \$999	205	32.5%	245	25.6%	42,707	28.8%
\$1,000 or more	32	5.1%	36	3.8%	48,522	32.7%
No cash rent	22	3.5%	91	9.5%	14,524	9.8%

Sources: American Community Survey, Maxfield Research & Consulting, LLC.

RENTAL MARKET ANALYSIS

- In 2019, two-bedroom units were the most common rental unit type in Marshall, representing 44.9% of all occupied rental units in the City compared to 37.2% in Minnesota. Similarly, 42.0% of the rental units in Lyon County were two-bedroom units. Three-bedroom plus units were the second most common unit type in Marshall (26.4%) and Lyon County (30.2%) but in Minnesota, it was one-bedroom units which were second at 32.4%. Units with one-bedroom in Marshall and Lyon County accounted for 25.1% and 24.5% of the rental stock, respectively.



- The 2019 ACS showed 87 (3.6%) efficiency units (zero bedrooms) in Marshall and 105 (3.3%) efficiency units in Lyon County. By comparison, 6.5% of all renter-occupied units in Minnesota are studio units.
- Of renter-occupied units in Marshall, 1.3% (31 units) were reported as having no cash rent. These units may be owned by friends or relatives who live elsewhere and who allow occupancy at no charge. Rent-free houses or apartment units may be provided to compensate caretakers, ministers, tenant farmers, or others.
- Monthly gross rents in Marshall ranged from less than \$200 to over \$1,000 with over 33% renting for between \$300 and \$499 per month. An estimated 25% had gross monthly rents between \$500 and \$749 and 16.6% had rents between \$750 and \$599. Over 2% rented for \$1,000 or more per month, while 14.0% had monthly rents in the \$200 to \$299 range and 7.1% rented for less than \$200 per month.
- An estimated 49.0% of two-bedroom units in Marshall had gross monthly rents between \$300 and \$499 while 29.3% have rents between \$500 and \$749. There are nine, two-bedroom units without cash rent. Of the one-bedroom units in Marshall, 34.0% rented for

between \$300 and \$499 per month. In addition, 8.5% had gross monthly rents between \$749 and \$999 while 25.0% had rents between \$200 and \$299. An estimated 3% of units had monthly rents of \$1,000 or more.

General Occupancy Rental Properties

Maxfield Research compiled detailed information for general occupancy apartment properties with eight or more units in Marshall, including ten market rate properties, three shallow-subsidy, tax credit properties and thirteen deep-subsidy properties in May/June 2021. Data for these apartment properties was collected by contacting managers and owners for each of the properties.

These properties represent a combined total of 1,198 units, including 758 market rate, 117 shallow-subsidy and 323 deep-subsidy. The rents shown represent quoted rents and were not adjusted to reflect the inclusion or exclusion of utilities. Table E-3 on the following pages summarizes information on these properties.

- Marshall's rental housing stock is aging, as the median year built for all properties identified by Maxfield Research is 1992 and only The Nexus I and II (2019 and 2020) and Colonial House (2019 and 2020) have been built in the last decade; both are market rate properties. Below is a breakdown of all property types by decade built.
 - 1950s: 2.5%
 - 1960s: 2.5%
 - 1970s: 30.0%
 - 1980s: 12.5%
 - 1990s: 22.5%
 - 2000s: 20.0%
 - 2010s: 5.0%
 - 2000s: 5.0%
- The breakdown by unit type of all units (market rate, shallow, subsidy, and deep subsidy) is shown below:
 - Efficiency: 2.8% (33 units)
 - One-Bedroom: 29.5% (354 units)
 - Two-Bedroom: 55.2% (661 units)
 - Three-Bedroom: 11.5% (138 units)
 - Four-Bedroom: 1.0% (12 units)

RENTAL MARKET ANALYSIS

TABLE E-3 GENERAL OCCUPANCY RENTAL HOUSING CITY OF MARSHALL MAY/JUNE 2021							
Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
<i>Market Rate Rental Projects</i>							
The Nexus I and II 231-235 Legion Field Rd Marshall	2019/2020	72	0	24 - 1BR 24 - 2BR 20 - 3BR 4 - 4BR	\$775 - \$895 \$895 - \$995 \$1,175 - \$1,225 \$1,295 - \$1,295	672 - 675 980 - 980 1,120 - 1,120 1,270 - 1,270	The Nexus I and II opened in 2019 and 2020, respectively. The development will open an additional 36 units in a coming third phase. Amenities at the property include the following: stainless steel appliances, in unit washer/dryer, dishwasher in some units, and balcony in some units. Both buildings offer one, two, and three bedroom units, while the Nexus II also offers four bedroom units.
Wedgewood Apartments 407-413 Village Dr. Marshall	1992/1993	60	12	60 - 2BR	\$657 - \$758	968 - 1,400	Located near SMSU campus. Tenant pays electric; wall-unit A/C; off-street/detached garages; disposal; coin-op laundry; walk-in closet; storage; secured access; picnic area.
Downtowner I & II 111 South 5th St./ 110 South 4th St. Marshall	1984	60	0	60 - 2BR	\$550 - \$600	910 - 1,000	Two 3-story buildings. Tenant pays electric/heat; wall-unit A/C; disposal; walk-in closet; storage; coin-op laundry; secured access; picnic table.
Fairway Apartments 900-904 Pearl Ave. Marshall	1978	36	0	2 - 1BR 34 - 2BR	\$490 \$525	500 800 - 850	Two 18-unit, 3-story buildings. Tenant pays electric; detached garages; cats allowed; wall-unit A/C; dishwasher, disposal, balcony; coin-op laundry; mini-blinds; walk-in closet; storage. Profile: Wide mix. Renovated units in 2003/2004.
Riverview Court 208-210 Hamden Dr./ 205 West Saratoga St. Marshall	1975 (1999 Renovated)	82	0	5 - EFF 3 - 1BR 74 - 2BR	\$490 \$490 \$550 - \$600	500 600 834 - 1,215	Three 3-story buildings. Tenant pays electric; off-street & detached garages; wall-unit A/C; disposal; balcony; elevator in 205 bldg.; small picnic area; coin-op laundry.
Country Club Estates 801-1001 Pearl Ave Marshall	1971	54	2	27 - 1BR 27 - 2BR	\$459 \$563	689 963	Three 3-story buildings. Tenant pays electric; off-street & detached garages; wall-unit A/C; disposal; balcony; coin-op laundry.
Suite Liv'n Village (501-515) 501-515 Village Dr Marshall	1975	72	10	34 - 1BR 35 - 2BR 3 - 4BR	\$552 \$602 \$803	750 1,000 2,000	Various properties that Suite Liv'n owns near SW MN State University. There are a total of 232 total beds across the 72 units. The property caters to students and offers such amenities as coin-op laundry, shower/tub, and off street parking.
Continued							

RENTAL MARKET ANALYSIS

TABLE E-3
GENERAL OCCUPANCY RENTAL HOUSING
CITY OF MARSHALL
MAY/JUNE 2021
(Continued)

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
<i>Market Rate Rental Projects</i>							
Suite Liv'n Collegeview 402 Village Dr Marshall	2004	25	4	25 - 1BR	\$500 - \$600	600	3-story building near SMSU campus. Included utilities are water, heat, and trash/sewer. The property contains off street and detached garage parking. Amenities include the following: wall-unit A/C; coin-op laundry; in-unit; and balcony.
Colonial House 301-307 Stephens Marshall	2017/2020	20	1	16 - EFF 3 - 1BR 1 - 2BR	\$650 - \$825 \$810 - \$900 \$800 - \$1,000	522 - 622 728 - 873 1,125 - 1,125	Two buildings, one of which was built in 2017 (301 Stephens) and the other which was built in 2020 (307 Stephens). Pricing includes both furnished and unfurnished units which are both available for rent. Furnished units include all utilities, water/sewer, tv-hook-up, wireless internet, and a single car garage with opener are included. Unfurnished units also include all utilities and other amenities but pay for utilities (typically \$35/month).
Riverside Manor 216 Hamden St Marshall	1965	12	0	12 - 2BR	\$510	1,000	Two-story townhome units. Tenant pays heat/electric; off-street parking (plug-ins); cats allowed; wall-unit A/C; W/D hook-ups in-unit; disposal; patio; private entrance.
Wooddale Apartments 302 E Saratoga St Marshall	1979	20	0	20 - 2BR	\$510	900	Utilities included are water, sewer, and garbage removal. Tenant pays electric and electric heat. Garages start at \$35/month. Amenities include laundry facilities, off street parking, air conditioning, dishwasher and garbage disposal.
Carr Estates 1700 - 1744 Thunderbird Rd Marshall	2004	20	0	18 - 2BR 2 - 3BR	\$1,200 \$1,200	1,400 1,400	Tenant pays all utilities. Amenities include laundry hook-ups, central air conditioning, dishwasher, garbage disposal, patio, 2 full bathrooms, private entry and attached double garage.
Fairfield Apartments 1303 Birch St Marshall	1979	24	2	9 - 1BR 15 - 2BR	N/A N/A	495 850	Walking distance to SMSU. 3-story building. All utilities included in rent, wall-unit A/C. Profile: College students and professional working class.
Suite Liv'n Village (400) 400 Village Dr Marshall	2006	24	0	24 - 2BR	\$556	750	3-story building near SMSU campus. Included utilities are water, heat, and trash/sewer. The property contains off street and detached garage parking. Amenities include the following: wall-unit A/C; coin-op laundry; in-unit; and balcony.
Continued							

RENTAL MARKET ANALYSIS

TABLE E-3 GENERAL OCCUPANCY RENTAL HOUSING CITY OF MARSHALL MAY/JUNE 2021 (Continued)							
Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
<i>Market Rate Rental Projects</i>							
Paris Park Townhomes 1100 Paris Rd Marshall	2001	2	0	2 - 3BR	\$900	1,781 - 1,812	Two of the 38 total units are market rate. Units have attached garages. Tenant pays heat and electricity; dishwasher; disposal; in-unit washer/dryers. In addition, every unit has an over the range microwave and dishwashers.
Suite Liv'n on Birch 1302 Birch St Marshall	1998	103	39	34 - 1BR 69 - 2BR	\$501 \$600-\$675	710 800	3-story building near SMSU campus. Included utilities are water, heat, and trash/sewer. In unit amenities include the following: wall-unit A/C; coin-op laundry; walk in closet; bike racks, courtyard, and playground.
Briarwood 901 Country Club Dr Marshall	1998	24	0	8 - 1BR 8 - 2BR 8 - 3BR	\$459 \$645 \$759	689 963 1,245	3-story building near Marshall Golf Club. Included utilities are water and trash/sewer. In unit amenities include the following: wall-unit A/C; coin-op laundry; bike storage; and balcony. Detached garages and off street parking are available.
1102 Hola Bird Circle 1102 Hola Bird Cir Marshall	1998	12	0	12 - 1BR	\$645	990	2-story building just south of MN State Highway 23 and near shopping and retail. Amenities include the following: wall-unit A/C; patio; fireplace; and coin-op laundry. Detached and off street parking are both available.
Countryside Apartments 2621 State Hwy 23 Marshall	1950	12	1	12 - EFF	N/A	N/A	Located off MN State Highway 23 on the edge of southwestern Marshall.
Birchwood Apartments (Suite Liv'n) 1305 Birch St Marshall	1977	24	3	8 - 1BR 16 - 2BR	\$557 \$638	750 900	3-story building near SMSU. Included utilities are heat, water, and trash. In unit amenities include the following: coin-op laundry and balcony. Detached garages and off street parking are available.
Market Rate Sub-Totals		758	74 9.8%	33 - EFF 189 - 1BR 497 - 2BR 32 - 3BR 7 - 4BR			
Continued							

RENTAL MARKET ANALYSIS

TABLE E-3
GENERAL OCCUPANCY RENTAL HOUSING
CITY OF MARSHALL
MAY/JUNE 2021
(Continued)

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
<i>Shallow Subsidy Rental Projects</i>							
Paris Park Townhomes 1100 Paris Rd Marshall	2003	14	0	10 - 2BR 4 - 3BR	\$740 \$800	1,389 1,781 - 1,812	Fourteen of the 38 total units are market rate. Units have attached garages. Tenant pays heat and electricity; dishwasher; disposal; in-unit washer/dryers. In addition, every unit has an over the range microwave and dishwashers.
Parkway Townhomes 1103 Paris Rd Marshall	2002	30	0	14 - 2BR 16 - 3BR	\$845 \$865	1,075 - 1,190 1,393 - 1,393	One- and two-level townhome units, attached garages included in rent. Tenant pays heat and electricity; dishwasher; disposal; in-unit washer/dryers.
Cityside Townhomes 1402 South 4th St Marshall	1996/1997	50	0	12 - 2BR 33 - 3BR 5 - 4BR	\$745 \$820 \$895	960 1,150 1,244	Seven townhome style buildings. Tenant pays electric; detached garages; wall-unit sleeves (tenant must provide A/C unit); dishwasher, disposal; some walk-in closets; mini-blinds; party room; playground; coin-op laundry.
RC Square Apartments 1112-1126 Birch St. Marshall	1975	23	2	10 - 1BR 11 - 2BR 2 - 3BR	\$445 - \$515 \$561 - \$635 \$629 - \$685	516 893 1,236	One 3-story building located near SMSU campus. 23 of the 66 units are Section 236 income restricted. 2- and 3-BR units are townhouses.
Shallow Subsidy Sub-Totals		117 1.7%	2	10 - 1BR 47 - 2BR 55 - 3BR 5 - 4BR			
Continued							

RENTAL MARKET ANALYSIS

TABLE E-3
GENERAL OCCUPANCY RENTAL HOUSING
CITY OF MARSHALL
MAY/JUNE 2021
(Continued)

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
<i>Deep Subsidy Rental Projects</i>							
River Winds Apartments 303 Jewett St Marshall	1994	25	2	19 - 1BR 6 - 2BR	30% of income 30% of income	N/A N/A	HUD 811 (physically disabled) 3-story project. Incl. all utilities except electric, phone, and cable TV; off-street parking; party room, library, picnic area; BBQ; coin-op laundry. Profile: N/A (need driven).
Halter Villa III 501 Jewett St. Marshall	1992	12	1	8 - 2BR 4 - 3BR	\$540 - \$690 \$560 - \$702	750 850	Rural Development (30% AGI). Tenant pays electric; off-street parking (plug-ins); wall-unit sleeves (tenant must provide A/C unit); coin-op laundry. Profile: mix of seniors and younger workers.
Halter Villa II 1404 Peterson & 302 Jewett Marshall	1988	24	5	20 - 2BR 4 - 3BR	\$540 - \$690 \$560 - \$702	750 850	Rural Development (30% AGI). Tenant pays electric; off-street parking (plug-ins); wall-unit sleeves (tenant must provide A/C unit); coin-op laundry. Profile: mix of seniors and younger workers.
Paris Park Townhomes 1100 Paris Rd Marshall	2001	22	3	11 - 2BR 11 - 3BR	\$740 \$800	700 - 1,389 1,781 - 1,812	Twenty-two of the 38 total units are market rate. Units have attached garages. Tenant pays heat and electricity; dishwasher; disposal; in-unit washer/dryers. In addition, every unit has an over the range microwave and dishwashers.
Continued							

RENTAL MARKET ANALYSIS

TABLE E-3
GENERAL OCCUPANCY RENTAL HOUSING
CITY OF MARSHALL
MAY/JUNE 2021
(Continued)

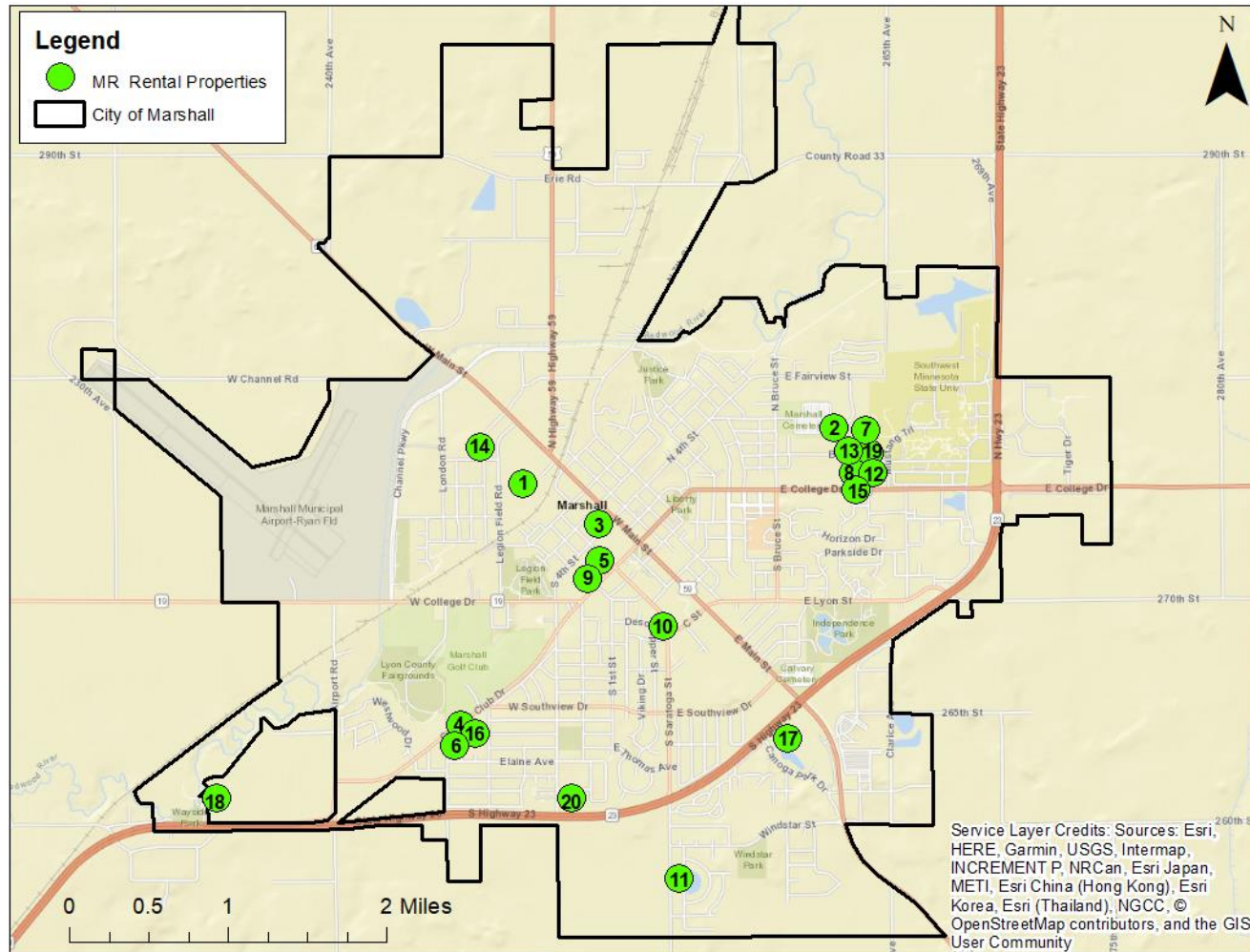
Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
<i>Deep Subsidy Rental Projects</i>							
Halter Villa I 1400 Peterson St Marshall	1981	30	3	6 - 1BR 21 - 2BR 3 - 3BR	\$490 - \$518 \$520 - \$548 \$550 - \$578	650 750 850	Rural Development (30% AGI). Tenant pays electric; off-street parking (plug-ins); wall-unit sleeves (tenant must provide A/C unit); coin-op laundry; some walk-in closet/storage areas; play-ground.
1308 & 1310 Peterson Street 1308 & 1310 Peterson St Marshall	1980	12	0	12 - 3BR	30% of income	1,100	HUD Section 8 project. Off-street parking, includes all utilities except electricity, wall-unit sleeves (tenant must provide A/C unit); basketball court; common laundry. There is a \$225 deposit. Washer/dryer
1101 Winchester Avenue 1101 Winchester Ave Marshall	1980	12	0	12 - 3BR	30% of income	1,100	HUD Section 8 project. Off-street parking, incl. all utilities except electricity; wall-unit sleeves (tenant must provide A/C unit); basketball court; common laundry. There is a \$225 deposit.
202 East Main Street 202 E Main St Marshall	1978	8	0	8 - 2BR	30% of income	900	HUD Section 8 project. Off-street parking and laundry facilities. There is a \$225 deposit.
Paris Park Townhomes 1100 Paris Rd Marshall	2001	6	0	3 - 2BR 3 - 3BR	30% of income 30% of income	700 - 1,389 1,781 - 1,812	One- and two-level townhome units, attached garages. Tenant pays heat and electricity; dishwasher; disposal; in-unit washer/dryers. Every unit has over the range microwave, dishwashers.
Continued							

RENTAL MARKET ANALYSIS

TABLE E-3
GENERAL OCCUPANCY RENTAL HOUSING
CITY OF MARSHALL
MAY/JUNE 2021
(Continued)

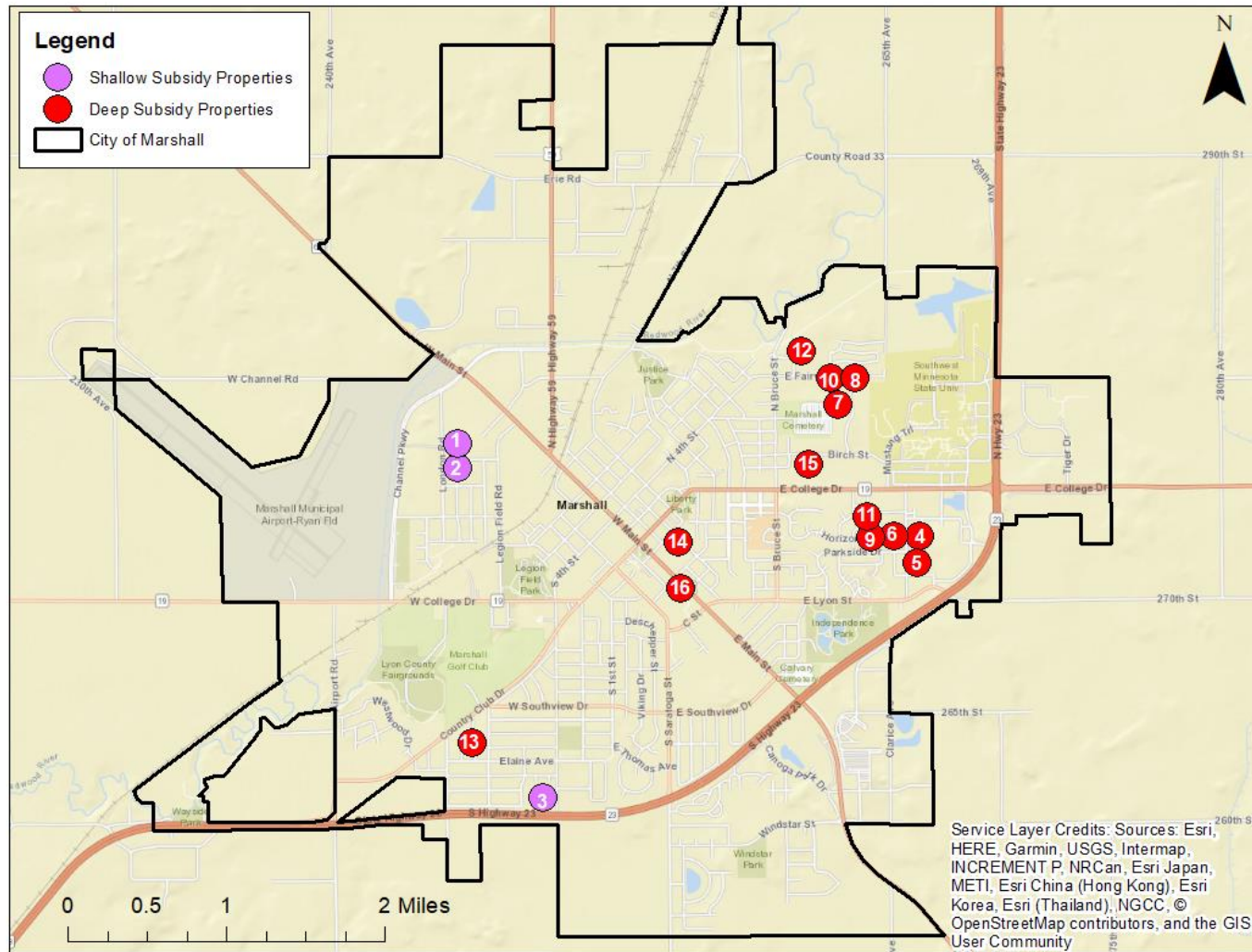
Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments	
Deep Subsidy Rental Projects								
West Mar Apartments 1002 & 1003 Pearl Ave Marshall	1978	24	0	16 - 1BR 8 - 2BR	\$583 \$675	650 760	HUD Section 8 project. Includes all utilities except electric, phone, & cable TV; off street parking; no pets allowed; microwave, wall-unit A/C; oversized windows; picnic area w/BBQ; coin-op laundry. Extensive rehab completed in January 2004.	
Parkview Apartments 202 N 1st St Marshall	1970	105	2	102 - 1BR 3 - 2BR	30% of income 30% of income	500 - 550 700 - 800	HUD Section 8, 6-story project. All utilities included except phone and cable; pets allowed; windo-unit A/C must be provided by resident; 2nd floor laundry, off-street parking; billiard table; sundeck; playground; picnic area; party/community room. There is a \$125 deposit.	
RC Square Apartments 1112-1126 Birch St Marshall	1975	43	2	12 - 1BR 29 - 2BR 2 - 3BR	\$597 \$745 \$855	516 893 1,236	One 3-story building located near SMSU campus. 43 of the 66 units are subsidized (pay 30% of AGI for rent). 2- and 3-BR units are townhouses.	
Deep Subsidy Sub-Totals		323	18	155 - 1BR				
			5.6%	117 - 2BR				
				51 - 3BR				
N/A: Not Assessed.								
Sources: Property Management and Apartment Listing Sites; Costar; Local News Sources; Maxfield Research Inc.								

Market Rate General-Occupancy Rental Housing Location Map



1. The Nexus I & II
2. Wedgewood Apts
3. Downtowner I & II
4. Fairway Apts
5. Riverview Court
6. Country Club Estates
7. Suite Liv'n Collegeview
8. Suite Liv'n Village (400)
9. Riverside Manor
10. Wooddale Apts
11. Carr Estates
12. Fairfield Apts
13. Suite Liv'n Village (501-515)
14. Paris Park THs
15. Suite Liv'n on Birch
16. Briarwood
17. 1102 Hola Bird Cir
18. Countryside Apts
19. Birchwood Apts
20. Colonial House

Affordable & Subsidized Rental Housing Location Map



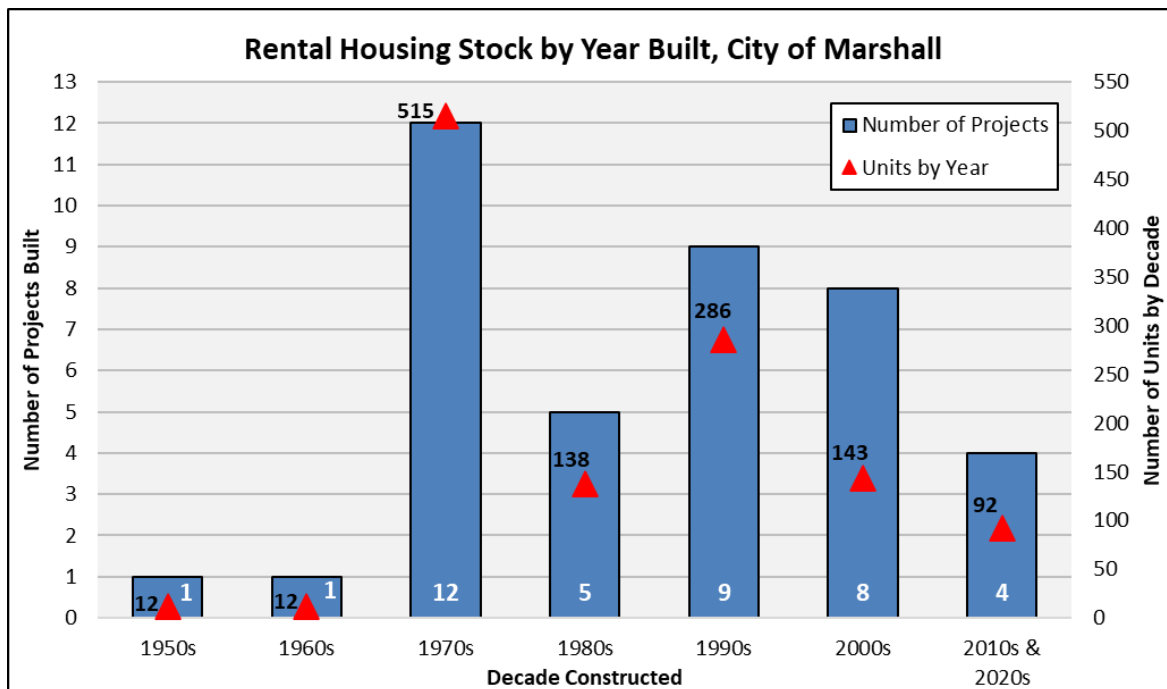


Table E-4, on page 102, summarizes the unit mix, average rents, and average rents per square foot among these general occupancy rental properties. Rental rates presented in the table are a weighted average based on the number of units in each property and broken down by product type (market rate, shallow subsidy, and deep subsidy). Therefore, developments with a larger number of units contribute more toward the average than those with fewer units. Fairfield Apartments and Countryside Apartments are not included in the weighted monthly rent and average rent per square foot calculations as pricing for their units was not available.

At the time of the survey, 94 units were vacant in Marshall, resulting in an overall vacancy rate of 7.8% in Marshall. There are 20 market rate properties containing 758 market rate units, 74 of which were vacant representing a 9.8% vacancy rate. There are three shallow subsidy properties with a total of 117 units, two of which are vacant (1.7% vacancy rate). There are also twelve deep-subsidy rental properties in Marshall with a total of 323 units, 18 of which were vacant for a vacancy rate of 5.6%.

The equilibrium vacancy rate for market rate and shallow-subsidy rental housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. Shallow-subsidy properties are well below equilibrium with only 2 vacancies out of 117 units. This suggests a need for more shallow subsidy units within the city. In contrast, market rate units are well above equilibrium at 9.8%. However, both of the two newest market rate properties, The Nexus I and II and Colonial House, are at or below equilibrium. This suggests that there is demand for newer housing while already sufficient older rental housing stock.

For deep-subsidy rental housing the equilibrium vacancy rate is 2.0%. The overall vacancy rate for deep-subsidy rental housing in Marshall is 5.6% at the time of the survey. With a deep-

subsidy vacancy rate of 5.6%, it appears as though there is sufficient supply to meet current demand. There are often wait lists for deep-subsidy units and it may require longer periods of time to occupy units on turnover. This must also be accounted for in considering if there is a sufficient supply of deep-subsidy units in the market.

TABLE E-4 UNIT MIX SUMMARY GENERAL OCCUPANCY RENTAL DEVELOPMENTS CITY OF MARSHALL MAY/JUNE 2021					
Market Rate			Weighted Monthly Rents		
Unit Type	Total Units	% of Total	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Efficiency	33	4.4%	\$490 - \$825	\$679	\$1.22
1BR	189	24.9%	\$445 - \$895	\$572	\$0.81
2BR	497	65.6%	\$459 - \$1,200	\$630	\$0.65
3BR	32	4.2%	\$563 - \$1,225	\$1,071	\$0.91
4BR	7	0.9%	\$803 - \$1,295	\$1,084	\$0.75
Total:	758	100.0%	\$445 - \$1,295	\$641	\$0.72
Vacant:	74	9.8%			

Shallow Subsidy			Weighted Monthly Rents		
Unit Type	Total Units	% of Total	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
1BR	10	8.5%	\$445 - \$515	\$480	\$0.93
2BR	47	40.2%	\$561 - \$845	\$739	\$0.69
3BR	55	47.0%	\$629 - \$865	\$826	\$0.66
4BR	5	4.3%	\$895 - \$895	\$895	\$0.72
Total:	117	100.0%	\$445 - \$895	\$764	\$0.70
Vacant:	2	1.7%			

Deep Subsidy			Weighted Monthly Rents		
Unit Type	Total Units	% of Total	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
1BR	155	48.0%	N/A - N/A	N/A	N/A
2BR	117	36.2%	N/A - N/A	N/A	N/A
3BR	51	15.8%	N/A - N/A	N/A	N/A
Total:	323	100.0%	N/A - N/A	N/A	N/A
Vacant:	18	5.6%			

N/A: Not Assessed as Deep Subsidy Properties are 30% of AGI.
 Note: Average Rents exclude Fairfield Apartments and Countryside Apartments for which no pricing information was available.
 Source: Maxfield Research and Consulting, LLC.

- As depicted in Table E-4, the unit breakdown of market rate rental units is as follows: efficiency units, 4.4% (33 units); one-bedroom units, 24.9% (189 units); two-bedroom units,

65.6% (497 units); three-bedroom units, 4.2% (32 units), and four-bedroom units, 0.9% (7 units).

- The breakdown of shallow subsidy rental units is as follows: one-bedroom units, 8.5% (10 units); two-bedroom units, 40.2% (27 units); three-bedroom units, 47.0% (55 units), and four-bedroom units, 4.3% (5 units).
- Deep subsidy rental units are as broken down as follows: one-bedroom units, 48.9% (155 units); two-bedroom units, 36.2% (117 units); and three-bedroom units, 15.8% (51 units).
- Marshall rental properties range from 495 square feet for a one-bedroom apartment at Fairfield Apartments to 1,812 square feet for a three-bedroom apartment at Paris Park Townhomes.
- The weighted average rental rate across market rate rental properties is \$641 per month with a range of \$490 for an efficiency unit at Riverview Court and a one-bedroom unit at Fairway Apartments to a high of \$1,295 for a four-bedroom unit at The Nexus I and II.
- At shallow subsidy properties, the weighted average rental rate is \$764 per month with a range of \$445 for a one-bedroom unit at RC Square Apartments to a high of \$895 for a four-bedroom unit at Cityside Townhomes. The weighted average annual rental rate is skewed higher among shallow subsidy properties than market rate properties. While this may seem odd at face value it is largely due to their only being four shallow subsidy properties compared to 20 market rate properties. In addition, rents in Marshall for market rate properties are low to begin with which also helps to explain this occurrence.
- The weighted average rent per square foot at market rate properties by unit type are as follows: efficiency units, \$1.22 per square foot; one-bedroom units, \$0.81 per square foot; two-bedroom units, \$0.65 per square foot; three-bedroom units, \$0.91 per square foot, and four-bedroom units, \$0.75 per square foot.
- At shallow subsidy properties the weighted average rent per square foot at market rate properties by unit type are as follows: one-bedroom units, \$0.93 per square foot; two-bedroom units, \$0.69 per square foot; three-bedroom units, \$0.66 per square foot, and four-bedroom units, \$0.72 per square foot.
- While each property manages utilities differently, heat, water, and sewer are included in the rent at most properties. In addition, detached garages are available at most of the rental properties for an additional charge.

The following pages display photographs of select general occupancy rental properties in Marshall. Properties are shown by rental type: market rate, shallow-subsidy, and deep subsidy.

Market Rate Rental Properties



The Nexus I & II



The Nexus I & II



Country Club Estates



Fairfield Apartments



Fairway Apartments



Suite Liv'n

Market Rate Rental Properties (continued)



Riverview Court



Riverside Manor



Wooddale Apartments



Carr Estates



1102 Hola Bird Circle



Briarwood

Shallow Subsidy Properties



Cityside Townhomes



Paris Park Townhomes



Parkway Townhomes



RC Square Apartments

Deep Subsidy Properties



West Mar Apartments



RC Square Apartments



River Winds Apartments



Parkview Apartments



Halter Villa I



Halter Villa III

Pending Rental Developments

Maxfield Research interviewed City staff in Marshall and the communities comprising the PMA to identify any new rental developments that are proposed, planned, or under construction in the Market Area. As of May 2021, there are no pending rental developments in Marshall.

Rental Housing Demand Analysis

Table E-5 presents a calculation of general-occupancy rental housing demand in Marshall. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households. A portion of the demand will be drawn from existing households in Marshall that want to upgrade their housing situations.

First, we calculate potential demand from new household growth based on the propensity of households to rent their housing. For this analysis, we focus on households between the ages of 18 and 64 that will account for most general-occupancy rental demand. We also include a portion (20%) of the demand potential generated by households age 65 and older, as a segment of this age group that can live independently could be drawn to a new general occupancy rental housing development in Marshall. Next, we calculate the percentage of household growth that will likely rent their housing based on 2019 American Community Survey 5-year estimates data adjusted to 2021 by Maxfield Research. In 2021, an estimated 29% of households under the age of 65 rented. However, since projected household growth between 2021 and 2030 is expected to be negative there is no demand for rental housing units from projected household growth.

The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. Mobility rates were calculated for the renter population based on 2015-2019 American Community Survey data and were applied to the existing renter household base. Finally, we estimate the percentage of the existing renter households will seek new rental housing by age cohort resulting in demand for 232 units by 2030.

We estimate that 30% of the total demand for new rental housing units in Marshall will come from people currently living outside of the area. As a result, we find demand for 332 renter households based on household growth and turnover of existing households between 2021 and 2030. Due to factors such as the geographic distribution of the renter population in the PMA along with the location of services (entertainment, shopping, education, etc.) in the PMA, we anticipate that Marshall can capture 65% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 216 new general occupancy rental units in Marshall between 2021 and 2030.

RENTAL MARKET ANALYSIS

TABLE E-5
DEMAND FOR GENERAL OCCUPANCY RENTAL HOUSING
PRIMARY MARKET AREA
2021 to 2030

Demand From Household Growth			
Projected HH growth under age 65 in the PMA 2021 to 2030 ¹			0
(times) Proportion Estimated to Be Renting Their Housing ²	x	29.0%	
(equals) Projected Demand for Rental Housing Units	=	0	
Demand From Existing Households			
Number of renter households in the PMA, 2021 ³	=	2,704	
(times) Estimated % of renter turnover between 2021 & 2030 ⁴	x	53.7%	
(equals) Existing Renter Households Projected to Turnover, 2021 to 2030	=	1,451	
(times) Estimated % Desiring New Rental Housing ⁵	x	16.0%	
(equals) Demand From Existing Households	=	232	
Total Demand From Household Growth and Existing Households		232	
(plus) Rental demand from outside Market Area	+	30.0%	
(equals) Total Demand for Rental Housing in the PMA	=	332	
(times) percent of PMA Demand Capturable in the City of Marshall	x	65.0%	
(equals) Total Demand for Rental Housing the City of Marshall	=	216	
		Deep-Subsidy	Shallow-Subsidy
(times) Percent of rental demand by product type ⁶	x	20.0%	30.0%
(equals) Total demand for new general occupancy rental housing units	=	43	65
(minus) Units under construction or approved*	-	0	0
(equals) Excess demand for new general occupancy rental housing	=	43	108
¹ Estimated household growth under age 65 plus 20% of households age 65 and older. ² Pct. Of renter households under age 65 in 2021 as well as 20% of those over 65 in 2021. ³ Renter households age 64 and younger plus 20% of renter households age 65 and older. ⁴ Based on household turnover and mobility data (2019 American Community Survey, Five Year Estimates). ⁵ Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council. ⁶ Based on the combination of current rental product, income limits, and household incomes of area renters (non-senior households). *Pending competitive units at 95% occupancy.			
Source: Maxfield Research & Consulting, LLC.			

Based on a review of renter household incomes and income limits set by HUD, we estimate that 20% of the total demand will be for deep-subsidy housing, 30% will be for shallow-subsidy housing, and 50% will be for market rate housing. Next, we subtract developments under construction or pending at this time at 95% occupancy (equilibrium), since these projects will satisfy some of the demand for new general occupancy rental housing. There are currently no pending rental developments in Marshall.

In total, we find demand for 43 deep-subsidy units, 65 shallow-subsidy units, and 108 market rate rental units in Marshall between 2021 and 2030.

Rental Market Summary

The equilibrium vacancy rate for market rate and shallow-subsidy rental housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. Shallow-subsidy properties are well below equilibrium with only 2 vacancies out of 117 units. This suggests a need for more shallow subsidy units within the city. In contrast, market rate units are well above equilibrium at 9.8%. However, both of the two newest market rate properties, The Nexus I and II and Colonial House, are at or below equilibrium. This suggests that there is demand for newer housing while already sufficient older rental housing stock.

For deep-subsidy rental housing the equilibrium vacancy rate is 2.0%. The overall vacancy rate for deep-subsidy rental housing in Marshall is 5.6% at the time of the survey. With a deep-subsidy vacancy rate of 5.6%, it appears as though there is sufficient supply to meet current demand. There are often wait lists for deep-subsidy units and it may require longer periods of time to occupy units on turnover. This must also be accounted for in considering if there is a sufficient supply of deep-subsidy units in the market.

Strong demographics from the echo boom generation will likely generate rental housing demand over the next several years. Additionally, there continues to be more lifestyle renters in the market, those with busy professional lives and people who prefer to spend their free time in leisure pursuits rather than on the upkeep and maintenance of a home. Demand for new market rate rental housing is driven primarily by professional young to mid-age adults and empty nesters. These households tend to have higher incomes and desire rental housing with modern features and higher finish levels.

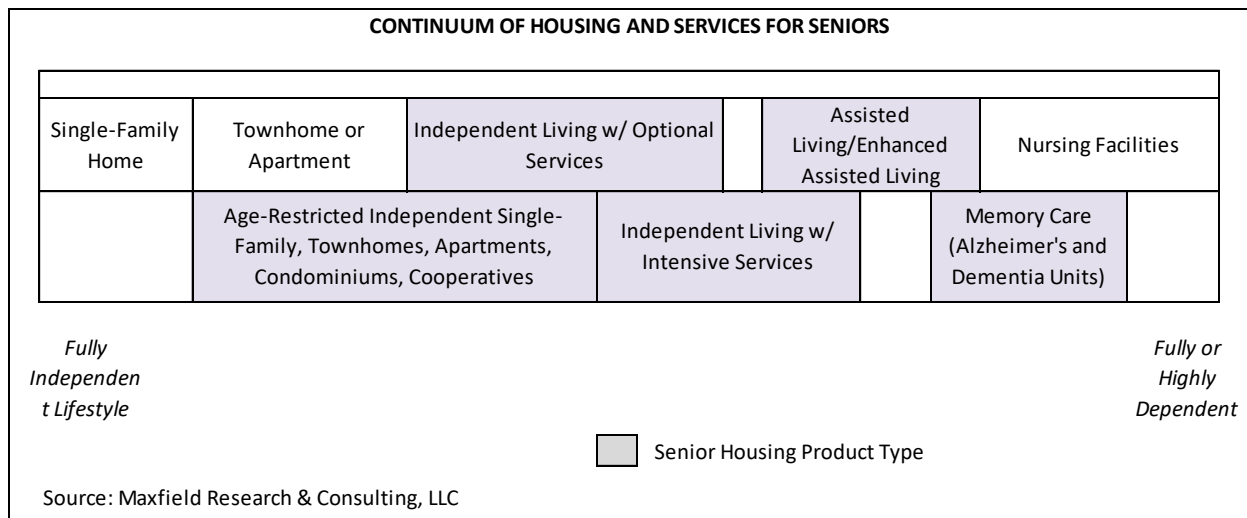
The strongest sources of demand for rental housing in Marshall will likely be young singles and couples without children in their late-20s and early-30s who work in Marshall or in nearby communities, who would desire newer rental housing stock with modern amenities. In addition, university students at SMSU could be targeted for new housing options. Shallow-subsidy rental housing will draw from a wide variety of population segments, including; low-wage workers, single-parent households, and low-income family households. In total, we find demand for 50 deep-subsidy units, 75 shallow-subsidy units, and 124 market rate rental units in Marshall between 2021 and 2030.

Introduction

This section assesses the market support for senior housing (active adult, independent living, assisted living and memory care) in Marshall, Minnesota. An overview of the demographic and economic characteristics of the senior population in the PMA is presented along with an inventory of existing and pending senior housing developments. Demand for senior housing is calculated based on demographic, economic and competitive factors that would impact demand for additional senior housing units in the City.

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum. Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum. In general, independent senior housing attracts people age 65 and over while assisted living typically attracts people age 80 and older who need assistance with activities of daily living (ADLs). For analytical purposes, Maxfield Research and Consulting, LLC classifies market rate senior housing into five categories based on the level and type of services offered:



- Active Adult properties (independent living without services available) can have a rental or owner-occupied (condominium or cooperative) format and are similar to a general occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because these properties have

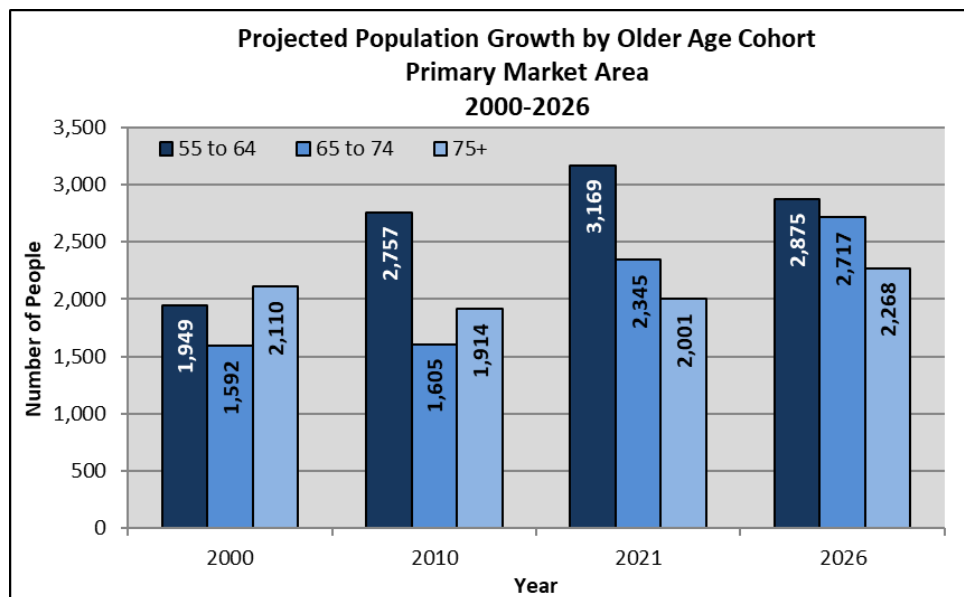
very limited services or no services, they generally do not command the rent premiums of more service-enriched senior housing.

- Independent living properties (or independent living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rent. These properties often dedicate a larger share of the overall building area to common areas, in part, because the units are often smaller than in active adult housing and in part to encourage socialization among residents. Independent living properties attract a slightly older target market than active adult housing, typically seniors age 75 or older. Rents are also usually higher than active adult buildings. Sponsorship by a nursing home, hospital or other health care organization is common.
- Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.
- Today, there are memory care properties designed specifically for persons suffering from Alzheimer's disease or other dementias. Properties consist mostly of studio or one-bedroom apartment-style units and more communal areas for group activities and programming. In addition, staff undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and the costs of care are also higher.
- Skilled Nursing Care, or long-term care facilities, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs and private insurance as well as use of private funds.

Older Adult (Age 55+) Population and Household Trends

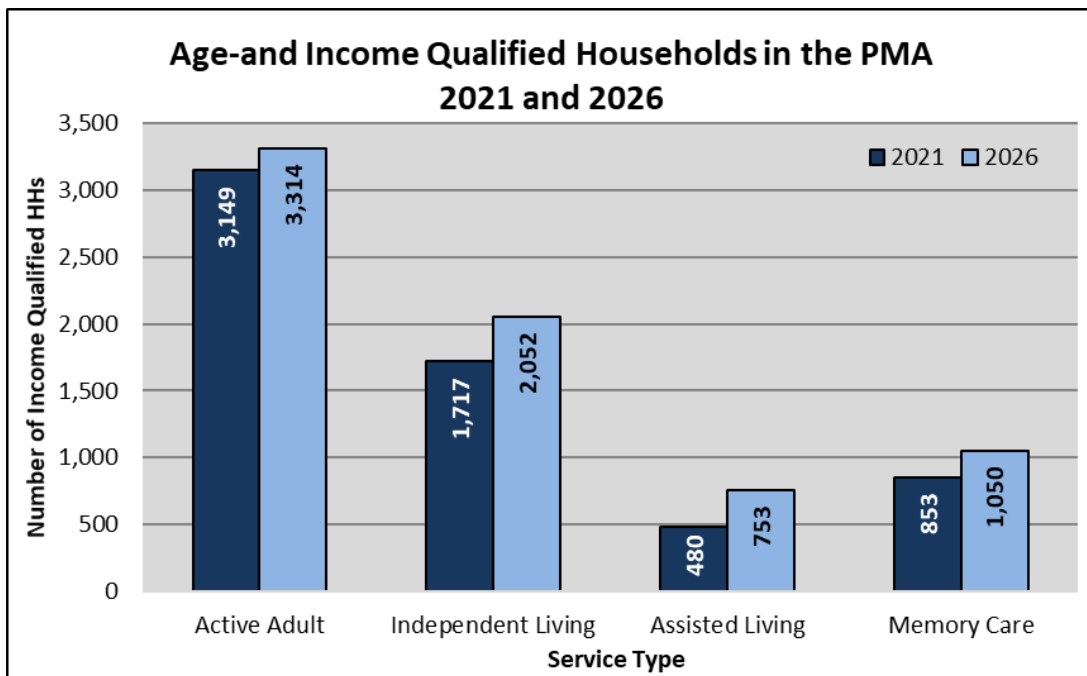
The Demographic Analysis section presents general demographic characteristics of the PMA's population. The following points summarize key findings from that section as they pertain to the older adult population in the Market Area.

- Significant population growth is expected to occur among older adults in the Market Area. Aging of baby boomers in the PMA led to increases of 412 people (14.9%) in the 55 to 64 population and 740 people (46.1%) in the 65 to 74 population between 2010 and 2021. As baby boomers continue to age, individuals between 65 and 74 and 75 and older are expected to see increases over the next five years (2021 to 2026) of 120 people (11.1%) and 137 people (14.2%), respectively.



- The primary market for service-enhanced housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Since elderly parents typically prefer to be near their adult caregivers, growth in the older adult age cohort (age 55 to 64) generally results in additional demand for senior housing products.
- The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, beginning with an income allocation of 40% to 50% for market rate adult senior housing with little or no services, increasing to 65% for independent living housing and to 80% to 90% or more for assisted living housing. The proceeds from the sales of their homes, as well as financial assistance from their adult children, are often used as supplemental income to afford senior housing alternatives.

- The key market for active adult/few services housing is comprised of senior households (age 65+), with incomes of \$30,000 or more. The age threshold increases to 70+ if in an apartment-style building. In 2021, there are an estimated 3,149 age- and income-qualified households in the PMA that comprise the key market for active adult housing. Including all households with incomes of \$35,000 and over (adjusted for inflation), the number of 65+ senior households projected to income-qualify for active adult/few services housing is expected to grow to 3,314 households in 2026.
- Independent living housing demand is driven by senior households (age 75+) with incomes of \$30,000 or more. We estimate the number of age- and income-qualified households in the PMA as of 2021 to be 1,717 householders. In 2026 income qualified households are expected to increase to 2,052 after accounting for inflation (\$35,000 and over).
- The target market for assisted living housing is senior households age 75 and older with incomes of at least \$40,000 (plus senior homeowners with lower incomes). There are 480 older senior households (age 75+) in the PMA with incomes of at least \$40,000. Including all households with incomes of \$45,000 and over (adjusted for inflation), the number of older senior households projected to income-qualify for senior housing with services is expected to increase to 753 households in 2026.
- Memory care housing has a target market of senior households age 65 and older with a memory impairment and incomes of at least \$60,000. In 2021, we estimate that there are approximately 853 age 65+ households in the PMA with incomes of at least \$60,000. The number of income-qualified (\$65,000 adjusted for inflation) households is projected to increase to 1,050 by 2026. We estimate that roughly 15% of the senior population has a memory impairment and would be a candidate for memory care housing.



- Since senior housing with services is need-driven, seniors with low incomes are still candidates for private pay housing, provided they have home equity or other financial assistance that they can utilize to pay for the costs. Very low-income seniors who are Medicaid-qualified also could live in assisted living or memory care facilities that accept Elderly Waivers. Due to the limited availability of facilities that accept Elderly Waivers, demand from low-income seniors is often substantial.
- Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing. The PMA maintains relatively high rates of homeownership in the older adult age cohorts. The homeownership rate in 2021 is estimated at 86.1% for age 55 to 64 households compared to 75.4% Marshall. The PMA homeownership rate decreases to 79.2% for age 65 to 74 households compared to 66.4% in Marshall. Seniors typically begin to consider moving into senior housing alternatives or more convenient housing such as apartment buildings or twinhomes in their early to mid-70s. This movement pattern is demonstrated by the drop in homeownership between the 75 to 84 age cohort (82.8%) and the 85+ age cohort (43.7%). This pattern is more pronounced in Marshall than in the PMA which has a drop in the homeownership rate from 70.4% (age 75 to 84) to 29.5% (age 85+).
- With a homeownership rate of 72.8% for all households age 65 years or older, a large number of residents would be able to use the proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing. These considerations are factored into our demand calculations.

Supply of Senior Housing in the Primary Market Area

Table F-1 provides information on the various senior housing products by service-level. Information in the table includes year built, number of units, unit sizes, vacancies, rents, and general comments about each project. The following section summarizes key points from May 2021 survey of the supply of senior housing in Marshall.

- Maxfield Research identified eight separate senior housing developments in Marshall. Combined, these projects contain a total of 478 senior housing units. Four of these projects with 149 units are deep-subsidy, while the remaining facilities are market rate. Of the 478 senior housing units, 51 are currently vacant, representing a 10.7% vacancy rate.
- There are a total of 149 units of deep-subsidy housing that are restricted to households age 62 years or older or those that have physical or cognitive limitations. Of the 149 units, 17 were vacant representing a 11.4% vacancy rate. The equilibrium vacancy rate for deep-

subsidy active adult housing is considered to be 2.0% which allows for normal turnover and an adequate supply of alternatives for prospective residents. In effect, the supply of available active adult housing in the Market Area appears to be insufficient to meet demand.

- One deep-subsidy senior property, Windsong Apartments, a rural development project, offers three market rate units, renting for \$645 per month for a one-bedroom unit, none of which are currently vacant.
- An estimated 63% of the senior housing inventory consists of service-enhanced housing units, 306 units (167 independent living, 85 assisted living, and 51 memory care units). As of May 2021, there are 31 vacant service-enhanced units (10.2% vacancy rate). The vacancy rate among independent living units is 4.2%, which is below the market equilibrium vacancy rate of 5.0%. The vacancy rate for assisted living is 16.5%, which is well above the market equilibrium rate of 7.0%. The vacancy rate for memory care units is also very high at 19.6%. The COVID-19 Pandemic had a significant impact on service-enriched senior properties. Many who could care for loved ones at home did so which caused reduced move-ins in service-enriched senior properties.

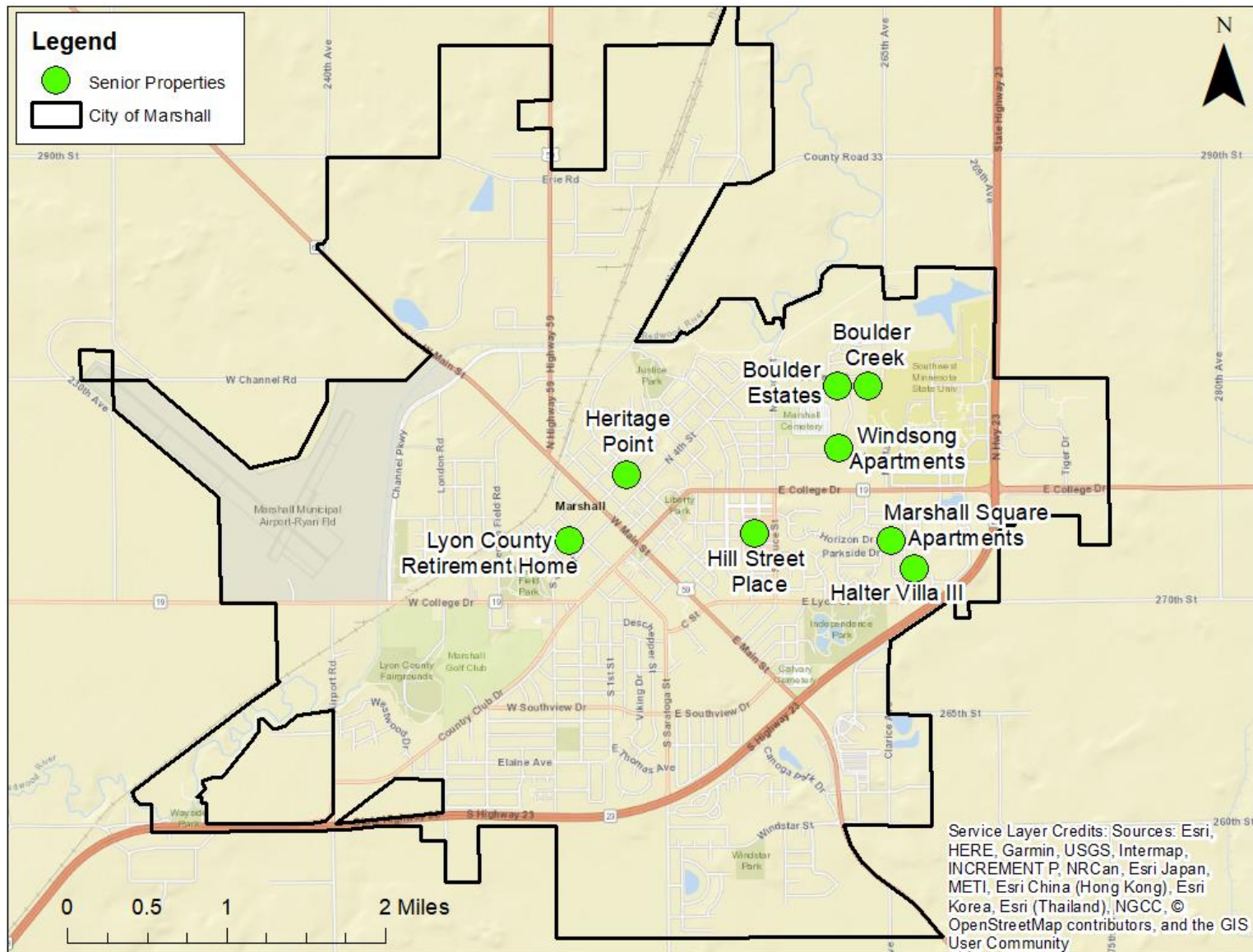
SENIOR HOUSING ANALYSIS

TABLE F-1 SENIOR RENTAL PROJECTS CITY OF MARSHALL MAY 2021								
Project name	Year Built	No. of Units	No. Vacant	Unit Mix/Sizes/Rents		Monthly Rent		Comments
				No.	Type.	Sizes		
Market Rate Active Adult								
Windsong Apartments 401 Village Drive Marshall	Late '80's	3	0	3 - 1BR		NA	\$645	Rural Development. Tenants pay 30% of AGI; rent includes all utilities except electricity, cable and phone; off-street parking; party/community room w/ exercise equipment; BBQs; coin-op laundry. These units were originally subsidized, but became market rate after prolonged vacant periods.
Lyon County Retirement Home 200 South 4th St Marshall	1968	23	3	5 - EFF 18 - 1BR		450 600	\$375 \$468	Rent for 11 of 34 units is 30% of AGI and rest of 23 units are market rate. Rent includes all utilities except cable and phone; parking; party room; game room; picnic area; floor laundry.
Market Rate Active Adult Total:		Total 26	Vac. 3	Vac. % 11.5%				
Market Rate Independent Living (IL)								
Boulder Estates (IL) 601 Village Drive Marshall	1998	77	1	57 - 1BR 20 - 2BR		552 - 1,108 925 - 1,148	\$955 - \$1,360 \$1,310 - \$1,475	Attached to assisted living. Rent includes all utilities except wireless internet (\$20/month); 30 detached garages (\$40/month); walk-in shower; emergency call system; storage room; multi-purpose room w/hobbyroom; activity room; library; sundeck; barber; free laundry, FT activities; optional meal; \$138/month for breakfast, \$205/month for lunch, \$170/month for dinner. Housekeeping is included.
Hill Street Place 401 South Hill Street Marshall	1987/96	90	6	26 - 1BR 3 - 1BR+D 61 - 2BR		550 - 645 870 844 - 1,215	\$880 \$1,075 \$1,055 \$1,080 \$1,260 \$1,500	Connected to Avera Marshall Regional Medical Center. All utilities included except electric; 34 detached garages; walk-in closets/showers; pull-cords in BR, BA, & LR; Storage/pantry; elevator; secured access; garden plots; party, billiard, and dining rooms; solarium; gazebo; fitness center; computer center; guest suite; barber/beauty shop; limited local transportation included; activities; noon meal available; some weekly cleaning included; laundry & linen service available.
Independent Living Total:		Total 167	Vac. 7	Vac. % 4.2%				
Market Rate Assisted Living								
Boulder Estates (Assisted Living) 601 Village Drive Marshall	1998	47	3	6 - EFF 33 - 1BR 8 - 2BR		412 - 436 552 - 1,169 925 - 1,104	\$1,895 \$2,095 - \$2,405 \$2,295 - \$2,425	All utilities included except for phone; full kitchen; emergency call system; private bathroom; walk-in shower; activity room w/ hobby area; library; sundeck; barber; weekly laundry; 3 meals/ day; weekly housekeeping; FT activities; Avera Home Health on site; monthly blood pressure & footcare. Second occupant is an additional \$675 per room. Also available are wireless internet (\$20 per month) and detached garages (\$40 per month).
Heritage Pointe (Assisted Living) 207 North 4th St. Marshall	2013	38	11	28 - 1BR 10 - 2BR		603 - 700 897	\$2,385 - \$3,010 \$2,710 - \$3,310	Apartment amenities include: full size washer and dryer; full kitchens; individually controlled temperatures; emergency response system; daily check-in system. Community amenities include: Library w/ computer area; coffee shop; dining room on 2nd floor; elevator; grand bath and whirlpool spa; private dining room; limited number of garages; guest suite; hair salon; great room/lounge; chapel.
Assisted Living Total:		Total 85	Vac. 14	Vac. % 16.5%				
Continued								

SENIOR HOUSING ANALYSIS

TABLE F-1 (Continued) SENIOR RENTAL PROJECTS CITY OF MARSHALL MAY 2021							
Project name	Year Built	No. of Units	No. Vacant	Unit Mix/Sizes/Rents		Monthly Rent	Comments
Market Rate Memory Care							
Boulder Creek (Memory Care) 604 Village Drive Marshall	2014/15	31	4	31 - Studio	360 - 440	\$3,450	16 of the Memory Care units opened in 2015. Affiliated with Boulder Estates Congregate Living and Assisted Living. Some of the services offered are a beauty shop, private baths, and specific neighborhoods.
Heritage Pointe (Memory Care) 207 North 4th St. Marshall	2013	20	6	20 - Studio	365	\$4,200	Amenities include three meals a day, laundry and housekeeping, wellness program, satellite television, Wifi, and events. In addition, all utilities are included except for phone.
Memory Care Total:		Total 51	Vac. 10	Vac. % 19.6%			
Deep-Subsidy/Shallow Subsidy							
Halter Villa III (Building 1) 501 Jewett Street Marshall	1992	12	1	12 - 1BR	650	\$523 - \$680	Rural Development. Tenant pays 30% AGI; Rent includes all utilities except electric; off-street parking w/ plug-ins; coin-op laundry; walk-in closets; emergency call system; community/party room. Profile: Mix of seniors and a few disabled. Rental Assistance Available.
Marshall Square Apartments 400 Jewett Street Marshall	1989	90	8	87 - 1BR 3 - 2BR	540 - 623 840	\$618 \$719	HUD Sec. 811 (seniors & disabled) Tenants pay 30% of AGI; rent includes all utilities except electric; off-street parking w/plug-ins; coin-op laundry; common room on each of 3 floors; walk-in closets in 2BR units; elevator; secured entrance.
Windsong Apartments 401 Village Drive Marshall	Late '80's	36	8	36 - 1BR	N/A	30% of AMI	Rural Development. Tenants pay 30% of AGI; rent includes all utilities except electricity, cable and phone; off-street parking; party/community room w/ exercise equipment; BBQs; coin-op laundry.
Lyon County Retirement Home 200 South 4th St Marshall	1968	11	0	11 - 1BR	600	\$468	Rent for 11 of 34 units is 30% of AGI and rest of 23 units are market rate. Rent includes all utilities except cable and phone; parking; party room; game room; picnic area; floor laundry.
Subsidized Total		Total 149	Vac. 17	Vac. % 11.4%			
Total:		Total 478	Vac. 51	Vac. % 10.7%			
Sources: Senior Housing Properties/Websites; Maxfield Research & Consulting, LLC.							

Marshall Senior Housing Facilities Location Map



Senior Property Photos



Windsong Apartments



Marshall Square Apartments



Boulder Creek



Boulder Estates



Lyon County Retirement Home



Heritage Pointe

Service-Enhanced Facilities

- Boulder Estates is a 124-unit independent living and assisted living facility built in 1998 and located at 601 Village Drive. Boulder Estates has 77 independent living units of which 76 are fully-occupied and 47 assisted living units, of which 44 are occupied. Rents for independent living start at \$955 per month for a one-bedroom to a maximum of \$1,475 per month for a two-bedroom. Assisted Living units start at \$1,895 for an efficiency unit to a maximum of \$2,425 for a two-bedroom unit. Amenities include an activity room with a hobby area, a library, sundeck, hair salon, and free laundry.
- Hill Street Place is a 90-unit independent living facility at 401 South Hill Street and is connected to Avera Marshall Regional Medical Center. There are currently six vacancies. Hill Street offers one- and two-bedroom units starting at \$880 per month for a one-bedroom to a maximum of \$1,500 per month for a two-bedroom unit. Amenities include party room, billiard room and dining room, a solarium, gazebo, computer center and hair salon.
- Heritage Pointe is one of the newer assisted living facilities in Marshall. Built in 2013 and located at 207 North 4th St., Heritage Pointe is a 58-unit assisted living and memory care project. There are 38 assisted living units, with monthly rents for a one-bedroom unit beginning at \$2,385 per month to a maximum of \$3,310 per month for a two-bedroom assisted living unit. There are currently eleven assisted living units available. The memory care portion of Heritage Pointe, called Heritage Lane, is comprised of 20 studio units. Memory care pricing begins at \$4,200 per month. Heritage Pointe's amenities include full kitchens, washers and dryers, a library with a computer area, coffee shop and a grand bath and whirlpool spa, among other amenities.
- Boulder Creek is a 31-unit memory care facility at 604 Village Drive. Built in 2014 and 2015, Boulder Creek is the newest senior project in Marshall, with the second phase of 16 memory care units having opened in 2015. Boulder Creek is a sister facility to Boulder Estates, which is across the street. Currently, there are four memory care units available. Studio units at Boulder Creek start at \$3,450 per month.

Deep-Subsidy Active Adult Properties

These properties are restricted to households age 62 years or older or those younger than age 62 that have a physical or cognitive disability. Many of these properties have a mix of households younger and older than age 62.

- Halter Villa III is a Rural Development property offering rental assistance for qualified households. The property has 12, age-restricted units for seniors age 62+. Halter Villa III was built in 1992 and offers one-bedroom units at 30% of a household's income for qualified households and for between \$523 and \$680 per month, for those making above the income threshold. Rent includes all utilities except electric. Off street parking with plug-ins is available. Amenities include community room and walk-in closets.

- Marshall Square Apartments is a 90-unit Section 811 facility located at 400 Jewett St. in Marshall. There are currently eight vacancies. Maximum rents for one-bedroom units start at \$618 and go up to \$719 per month. However, most households pay much less than the market rent. Residents qualify to reside at the property if their income does not exceed 50% AMI for Lyon County based on household size.
- Windsong Apartments is a 39-unit Rural Development Property located at 401 Village Drive. Of the 39 units, 36 are subsidized, while three are market rate. Tenants pay 30% of AGI for subsidized units. Amenities include a community room, off street parking, BBQ stations and coin-op laundry.
- The Lyon County Retirement Home is another Rural Development property at 200 S. 4th St. Rental assistance is provided to 11 units. The other 23 units are market rate and made up of efficiency and one-bedroom units at \$375 and \$468 per month, respectively. A sizable portion of the residents are younger disabled people.

Market Rate Adult/Few Services Senior Housing Demand

Table F-2 presents demand calculations for market rate active adult/few services housing in the PMA in 2021 and 2026 while Table F-3 presents demand calculations for 2026 and 2030. The market for active adult/few services housing is comprised of older adult (age 55 to 64), younger senior (age 65 to 74) and older senior (age 75+) households, with market demand weighted most heavily toward older seniors.

In order to arrive at the potential age-, income- and asset-qualified base for active adult housing, we include all age-qualified households with incomes greater than \$30,000 plus homeowner households with incomes between \$25,000 and \$29,999 who would qualify with the proceeds from a home sale. The number of qualifying homeowner households is estimated by applying the appropriate homeownership rate to each age cohort. We estimate there are 3,541 age-, income- and asset-qualified PMA households that comprise the market for active adult housing in 2021, increasing to 3,684 qualified households in 2026, and then decreasing slightly to 3,625 households in 2030.

Adjusting to include appropriate capture rates for each age cohort (0.5% of households age 55 to 64, 5.0% of households age 65 to 74, and 12.0% of households age 75 and older) results in a demand potential for 166 active adult housing units in 2021, 197 units in 2026, and 200 units in 2030. These capture rates reduce the total number of age/income/asset-qualified households to consider only the portion of older adult and senior households who would be able, willing, and inclined to move to senior housing alternatives, including both owner- and renter-occupied housing.

SENIOR HOUSING ANALYSIS

We estimate that seniors currently residing outside the PMA will generate 25% of the demand for active adult housing – increasing demand to 221 active adult units in 2021. Demand from outside the PMA includes parents of adult children living in the area, individuals who live outside the PMA but have an orientation to the area and former residents who desire to return upon retirement.

TABLE F-2
MARKET RATE ADULT/FEW SERVICES HOUSING DEMAND
PRIMARY MARKET AREA
2021 & 2026

	2021			2026		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$30,000 ¹	1,432	1,010	707	1,262	1,084	968
# of Households w/ Incomes of \$20,000 to \$29,999 ¹	+ 142	182	294	123	221	205
(times) Homeownership Rate	x 79.2%	82.8%	43.7%	x 79.2%	82.8%	43.7%
(equals) Total Potential Market Base	= 1,544	1,161	835	= 1,359	1,267	1,058
(times) Potential Capture Rate	x 0.5%	5.0%	12.0%	x 0.5%	5.0%	12.0%
(equals) Demand Potential	= 8	58	100	= 7	63	127
Potential Demand from PMA Residents	= 166			= 197		
(plus) Demand from Outside PMA (25%) ²	+ 55			+ 66		
(equals) Total Demand Potential	= 221			= 263		
	Owner-Occupied	Renter-Occupied		Owner-Occupied	Renter-Occupied	
(times) % by Product Type	x 40.0%	x 60.0%		x 40.0%	x 60.0%	
(equals) Demand Potential by Product Type	= 89	= 133		= 105	= 158	
(minus) Existing and Pending MR Active Adult Units ³	- 0	- 25		- 0	- 25	
(equals) Excess Demand for MR Active Adult Units	= 89	= 108		= 105	= 133	
(times) Percent capturable in Marshall	x 75.0%			x 75.0%		
(equals) # of units supportable in Marshall	= 66	81		79	99	

¹ 2026 calculations define income-qualified households as all households with incomes greater than \$35,000 and homeowner households with incomes between \$25,000 and \$34,999.

² Based on interviews and historical trends. We estimate that roughly 20% of demand will come from outside the PMA.

³ Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC.

TABLE F-3
MARKET RATE ADULT/FEW SERVICES HOUSING DEMAND
PRIMARY MARKET AREA
2026 & 2030

	2026			2030		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	1,262	1,084	968	1,137	1,100	977
# of Households w/ Incomes of \$25,000 to \$34,999 ¹	+ 123	221	205	+ 145	237	229
(times) Homeownership Rate	x 79.2%	82.8%	43.7%	x 79.2%	82.8%	43.7%
(equals) Total Potential Market Base	= 1,359	1,267	1,058	= 1,252	1,296	1,077
(times) Potential Capture Rate	x 0.5%	5.0%	12.0%	x 0.5%	5.0%	12.0%
(equals) Demand Potential	= 7	63	127	= 6	65	129
Potential Demand from PMA Residents	= 197			= 200		
(plus) Demand from Outside PMA (25%) ²	+ 66			+ 67		
(equals) Total Demand Potential	= 263			= 267		
	Owner-Occupied	Renter-Occupied		Owner-Occupied	Renter-Occupied	
(times) % by Product Type	x 40.0%	x 60.0%		x 40.0%	x 60.0%	
(equals) Demand Potential by Product Type	= 105	= 158		= 107	= 160	
(minus) Existing and Pending MR Active Adult Units ³	- 0	- 25		- 0	- 25	
(equals) Excess Demand for MR Active Adult Units	= 105	= 133		= 107	= 135	
(times) Percent capturable in Marshall	x 75.0%			x 75.0%		
(equals) # of units supportable in Marshall	= 79	99		80	101	

¹ 2030 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30,000 and \$39,999.

² Based on interviews and historical trends. We estimate that roughly 20% of demand will come from outside the PMA.

³ Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC.

Demand for active adult/few services housing in the PMA is apportioned between ownership and rental product types. Based on the age distribution of the population, homeownership rates and trends for active adult housing products, we project that 40% of the demand will be for owner-occupied active adult housing (89 units in 2021), and the remaining 60% of demand will be for rental active adult housing units (133 units in 2021).

From the demand potential, we subtract existing and pending market rate active adult units in the PMA at 95% occupancy. There are 26 market rate active adult rental units in Marshall, which we subtract at 95% occupancy (25 units). In total, after subtracting existing rental units, we calculate pent-up demand for 89 owner-occupied units and 108 renter-occupied units in 2021. Adjusting for inflation, we estimate that households with incomes of \$35,000 or more and home-owners with incomes of \$25,000 to \$34,999 would be candidates for market rate active adult housing in 2026. Following the same methodology, we project a slight increase in

demand to 105 owner-occupied units and 133 renter-occupied units by 2026. In 2030, after adjusting for inflation, demand exists for 107 owner occupied units and 135 renter occupied units.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of Marshall can capture 65% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 128 market rate active adult units in Marshall in 2021 (68 owner-occupied and 70 renter-occupied units), growing to 155 units in 2026 (owner-occupied and 86 renter-occupied units), and for 157 units in 2030 (69 owner-occupied and 88 renter-occupied units).

Shallow-Subsidy/Deep-Subsidy Independent Senior Housing Demand

Tables F-4 and F-5 presents our demand calculations for shallow-subsidy and deep-subsidy independent senior housing in the PMA and Marshall in 2021, 2026, and 2030. While the methodology used to calculate demand for affordable housing closely mirrors the methodology used to calculate demand for market rate housing, we make adjustments to quantify demand more precisely among this market segment. The following points summarize these adjustments:

- **Income-Qualifications:** In order to arrive at the potential age and income-qualified base for low-income and affordable housing, we include all senior households age 55 and older that qualify for the income guidelines for two-person households in 2021. Households earning between 30% and 60% of AMI are generally candidates for affordable housing, while households earning less than 30% AMI are typically a market for subsidized housing. The income-restriction for a two-person household in Lyon County at 30% AMI is \$18,840 and the income-restriction for a two-person household at 60% AMI in the County is \$37,680.
- **Capture Rates:** Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need-based situations. Based on our experience in market feasibility for affordable and subsidized senior housing, along with our analysis of demographic and competitive market factors, we apply a conservative 20% capture rate to the age/income-qualified market in the PMA to arrive at a total potential demand from the PMA and Marshall.

Using the methodology described above results in a demand potential for 289 shallow-subsidy and deep-subsidy active adult housing units in 2021. We estimate that seniors currently residing outside the PMA will generate 25% of the demand for shallow/deep-subsidy active adult housing – increasing demand to 385 units. Based on the existing and projected distribution of households with incomes below \$37,680, we estimate that roughly 60% of the demand will be for deep-subsidy units and 40% will be for shallow-subsidy units. Next we subtract existing competitive units. There are four deep-subsidy projects in Marshall with 149 units. Shallow-subsidy funding (i.e. Tax Credit) is awarded by Minnesota Housing through a competitive pro-

cess, and it is very difficult for senior housing projects to receive Tax Credit funding in Minnesota.

Overall, we subtract 146 deep-subsidy units from the demand potential after accounting for a 2% vacancy rate, resulting in demand for 85 deep-subsidy active adult housing units in the PMA. In addition, we find excess demand potential for 154 shallow-subsidy active adult housing units in the PMA in 2021. To calculate demand in 2026, we increase the income-qualifications to account for inflation. Following the same methodology, demand is projected to be for 85 deep-subsidy and 154 shallow-subsidy units in 2026. In 2030 demand is projected for 134 deep-subsidy units and 187 shallow subsidy units.

We anticipate that Marshall can capture 65% of the excess demand potential for shallow- and deep-subsidy active adult housing within the larger PMA. Based on this capture rate, we find demand for 55 deep-subsidy units and 100 shallow-subsidy units in Marshall in 2021. Demand is expected for 55 deep-subsidy and 100 shallow-subsidy units in 2026 and 87 deep-subsidy and 121 shallow subsidy units in 2030.

TABLE F-4 SHALLOW & DEEP SUBSIDY INDEPENDENT HOUSING DEMAND PRIMARY MARKET AREA 2021 & 2026						
	2021			2026		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$37,680	507	537	843	471	637	664
Less Households w/ Incomes of \$27,681 to \$37,679	- 147	184	256	- 118	157	152
(times) Homeownership Rate	x 86.1%	79.2%	66.2%	x 86.1%	79.2%	66.2%
(equals) Total Potential Market Base by Age	= 380	391	674	= 369	513	563
(equals) Total Potential Market Base	= 1,445			= 1,445		
(times) % of Seniors Needing/Desiring Affordable Hsg	x 20.0%			x 20.0%		
(equals) Potential Demand from PMA	= 289			= 289		
(plus) Demand from Outside PMA (25%)	+ 96			+ 96		
(equals) Total Demand Potential	= 385			= 385		
	Deep-Sub.		Shallow-Sub.	Deep-Sub.		Shallow-Sub.
(times) % by Product Type	x 60.0%		x 40.0%	x 60.0%		x 40.0%
(equals) Demand Potential by Product Type	= 231		= 154	= 231		= 154
(minus) Existing and Pending Independent Units ²	- 146		- 0	- 146		- 0
(equals) Excess Demand for Subsidized Units	= 85		= 154	= 85		= 154
(times) Percent that could be captured in Marshall	x 65.0%			x 65.0%		
(equals) Excess subsidized demand in Marshall	= 55		100	= 55		100
¹ 2026 calculations define income-qualified households as all households with incomes less than \$42,679. Homeowner households with incomes between \$32,680 and \$42,678 are excluded from the market potential for financially-assisted housing. ² Existing units are deducted at market equilibrium, or 98% occupancy.						
Source: Maxfield Research, & Consulting, LLC						

SENIOR HOUSING ANALYSIS

TABLE F-5
SHALLOW & DEEP SUBSIDY INDEPENDENT HOUSING DEMAND
PRIMARY MARKET AREA
2026 & 2030

	2026			2030		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$42,679	471	637	664	504	771	801
Less Households w/ Incomes of \$32,680 to \$42,678	- 118	157	152	- 116	156	156
(times) Homeownership Rate	x 86.1%	79.2%	66.2%	x 86.1%	79.2%	66.2%
(equals) Total Potential Market Base by Age	= 369	513	563	= 404	647	698
(equals) Total Potential Market Base	= 1,445			= 1,749		
(times) % of Seniors Needing/Desiring Affordable Hsg	x 20.0%			x 20.0%		
(equals) Potential Demand from PMA	= 289			= 350		
(plus) Demand from Outside PMA (25%)	+ 96			+ 117		
(equals) Total Demand Potential	= 385			= 466		
	Deep-Sub.	Shallow-Sub.		Deep-Sub.	Shallow-Sub.	
(times) % by Product Type	x 60.0%	x 40.0%		x 60.0%	x 40.0%	
(equals) Demand Potential by Product Type	= 231	= 154		= 280	= 187	
(minus) Existing and Pending Independent Units ²	- 146	- 0		- 146	- 0	
(equals) Excess Demand for Subsidized Units	= 85	= 154		= 134	= 187	
(times) Percent that could be captured in Marshall	x 65.0%			65.0%		
(equals) Excess subsidized demand in Marshall	= 55	100		87	121	
¹ 2030 calculations define income-qualified households as all households with incomes less than \$47,679. Homeowner households with incomes between \$37,680 and \$47,678 are excluded from the market potential for financially-assisted housing. ² Existing units are deducted at market equilibrium, or 98% occupancy.						
Source: Maxfield Research, & Consulting, LLC						

Demand for Independent Living Senior Housing

Table F-6 presents our demand calculations for independent living senior housing in Marshall in 2021 and 2026 while Table F-7 shows demand for 2026 and 2030. This analysis focuses on the potential private pay/market rate demand for independent living units in the City.

In order to arrive at the potential age-income qualified base for independent senior housing, we include all senior households with incomes of \$30,000 or more and homeowners with incomes between \$20,000 and \$29,999 who would qualify with the proceeds from a home sale (this proportion was estimated based on the homeownership rates for each age cohort). Senior householders with incomes of \$35,000 allocating 65% of their income toward base housing cost could afford beginning rents of \$1,625. We estimate the number of age/income/asset-qualified households in the Market Area to be 2,056 householders in 2021, increasing to 2,363 in 2026, and increasing to 2,416 in 2030.

Demand for independent living housing is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. Thus, the age/income-qualified base is multiplied by the percentage of seniors who need some assistance with IADLs (at least three), but not six or more ADLs/IADLs, as these frailer seniors would need the level of care found in service-intensive assisted living.

According to the Summary Health Statistics of the U.S. Population: National Health Interview Survey, 2018 (conducted by the U.S. Department of Health and Human Services), the percentage of seniors having limitation in activities of daily living (bathing, dressing, toileting, transferring, eating) and instrumental activities of daily living (using the telephone, shopping, food preparation, housekeeping, laundry, transportation, taking medication, handling finances) are as follows:

Limitation in ADLs & IADLs

Age	ADLs	IADLs
65-74 years	3.3%	6.3%
75+ years	11.0%	20.0%

It is most likely that seniors who need assistance with ADLs also need assistance with multiple IADLs, and are more likely to be candidates for service-intensive assisted living. The prime candidates for independent living are seniors needing assistance with IADLs, but not ADLs. We derive the capture rate for independent living housing by subtracting the percentage of seniors needing assistance with ADLs from those needing assistance with IADLs, which equates to 3.0% of seniors age 65 to 74 and 9.0% of seniors 75+. For the purposes of this report and understanding current market conditions, we have reduced the potential capture rates for the 65 to 74 age group to 1.5% while increasing the capture rate of the 75+ age group to 14.5%. Multiplying the senior household base by these capture rates results in Market Area demand potential for 148 independent living housing units in 2021, 179 units in 2026 and 183 units in 2030.

TABLE F-6 INDEPENDENT LIVING DEMAND PRIMARY MARKET AREA 2021 & 2026				
	2021		2026	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Householders w/ Incomes of \$30,000+ in 2021 / \$35K in 2026 (plus)	1,010	707	1,084	968
+ # of Hhldrs w/ Incomes of \$20K - \$29,999 in 2021 / \$25K - \$34,999 in 2026	182	294	221	205
(times) Homeownership Rate	x 79.2%	66.2%	x 79.2%	66.2%
(equals) Potential Market	= 144	195	= 175	136
(equals) Total Potential Market Base	= 1,154	902	= 1,259	1,104
(times) Potential Capture Rate of Independent Living Demand ¹	x 1.5%	14.5%	x 1.5%	14.5%
(equals) Potential Demand	= 17	+ 131	= 19	+ 160
Total Local Demand Potential	= 148		= 179	
(plus) Demand from Outside the PMA (25%)	+ 49		+ 60	
(equals) Total Demand Potential	= 197		= 239	
(minus) Existing Competitive IL Units ²	- 159		- 159	
(equals) Excess Demand Potential	= 39		= 80	
(times) Proportion Capturable in Marshall	x 75.0%		x 75.0%	
(equals) Independent Living Demand Potential in Marshall	= 29		= 60	
¹ The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2018 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living.).				
² Competitive existing and pending units at 95% occupancy (market equilibrium).				
Source: Maxfield Research & Consulting LLC.				

TABLE F-7 INDEPENDENT LIVING DEMAND PRIMARY MARKET AREA 2026 & 2030				
	2026		2030	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Householders w/ Incomes of \$35,000+ in 2026 / \$40K in 2030 (plus)	1,084	968	1,100	977
+ # of Hhldrs w/ Incomes of \$25K - \$34,999 in 2026 / \$30K - \$39,999 in 2030	221	205	237	229
(times) Homeownership Rate	x 79.2%	66.2%	x 79.2%	66.2%
(equals) Potential Market	= 175	136	= 188	152
(equals) Total Potential Market Base	= 1,259	1,104	= 1,288	1,129
(times) Potential Capture Rate of Independent Living Demand ¹	x 1.5%	14.5%	x 1.5%	14.5%
(equals) Potential Demand	= 19 + 160		= 19 + 164	
Total Local Demand Potential	= 179		= 183	
(plus) Demand from Outside the PMA (25%)	+ 60		+ 61	
(equals) Total Demand Potential	= 239		= 244	
(minus) Existing Competitive Units ²	- 159		- 159	
(equals) Excess Demand Potential	= 80		= 85	
(times) Proportion Capturable in Marshall	x 75.0%		x 75.0%	
(equals) Independent Living Demand Potential in Marshall	= 60		= 64	
¹ The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2018 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living.).				
² Competitive existing and pending units at 95% occupancy (market equilibrium).				
Source: Maxfield Research & Consulting LLC.				

We estimate that seniors currently residing outside the PMA will generate 25% of the demand for independent living senior housing – increasing total demand by 60 independent living units. This demand consists primarily of parents of adult children living in the PMA, individuals who live just outside the PMA and have an orientation to the area, retirees who wish to relocate to the area and former residents who desire to return upon retirement. Together, the demand from PMA seniors and demand from seniors who would relocate to the area totals 239 independent living units.

Next, existing independent living units are subtracted from overall demand. There are two market rate facilities with a total of 167 independent living units in the PMA. Overall, we subtract 159 competitive units after accounting for a 5% vacancy rate from the demand potential, resulting in demand for 39 independent living units in 2021, 89 independent living units in 2026, and 85 independent living units in 2030.

Due to factors such as the geographic distribution of the senior population along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that Marshall can capture 65% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 25 independent living units in Marshall in 2021, 52 independent living units in 2026, and 55 independent living units in 2030.

Assisted Living Demand Estimate

Table F-8 presents demand calculations for assisted living housing in Marshall in 2021 and 2026 while Table F-9 presents calculation for 2026 and 2030. This analysis focuses on the potential *private pay/market rate* demand for assisted living units in the City.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be over age 75. In 2021, there are an estimated 2,001 seniors ages 75 and over in the PMA. We project that this number will increase to 2,268 in 2026 and 2,468 in 2030.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the Centers for Disease Control and the National Center for Health Statistics (Health, United States, 2018 Health and Aging Chartbook), about 35% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of an estimated 743 seniors in the PMA in 2021, 816 seniors in 2026, and 870 seniors in 2030.

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental fees which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living housing in the PMA is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of \$40,000 or greater to be income-qualified for assisted living senior housing in the PMA. Households with incomes of \$40,000 could afford monthly assisted living fees of \$3,500 by allocating a high proportion of their income toward the fees.

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of \$40,000 or

greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

We estimate the income-qualified percentage to be all seniors in households with incomes at or above \$40,000 (who could afford monthly rents of \$3,500+ per month) plus 40% of the estimated seniors in owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market for about 455 units from the PMA in 2021.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the PMA living alone, or 54.1% based on Census data. This results in a total base of about 280 age/income-qualified singles.

The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples results in a total of 280 age/income-qualified seniors needing assistance in the PMA in 2021.

We estimate that 65% of the qualified market needing significant assistance with ADLs could either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 35% could be served by assisted living housing. Applying this market penetration rate of 35% results in demand for 98 assisted living units in 2021.

We estimate that a portion of demand for assisted living units in the PMA (25%) will come from outside the area. This secondary demand will include seniors currently living just outside the area, former residents, and parents of adult children who desire supportive housing near their adult children. Applying this figure results in total potential demand for 130 assisted living units in 2021.

Next, existing, and pending assisted living units are subtracted from overall demand. There are two existing assisted living properties in the PMA with a total of 85 units. However, we exclude estimated units occupied by low-income seniors utilizing Elderly Waivers (13 units). Subtracting these existing units (minus a 7% vacancy factor) from the total demand equates to excess demand potential for 63 market rate assisted living units in the PMA in 2021, 102 assisted living units in the PMA in 2026, and 107 assisted living units in 2030.

We anticipate that the City of Marshall can capture 68% of the excess assisted living demand potential in the PMA. Based on this capture rate, we find demand for 43 assisted living units in Marshall in 2021, growing to 70 units in 2026, and to 72 units in 2030.

SENIOR HOUSING ANALYSIS

TABLE F-8
MARKET RATE ASSISTED LIVING DEMAND
PRIMARY MARKET AREA
2021 & 2026

Age group	2021			2026		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	743	25.5%	189	926	25.5%	236
80 - 84	529	33.6%	178	624	33.6%	210
85+	729	51.6%	376	718	51.6%	370
Total	2,001		743	2,268		816
Percent Income-Qualified ²			61.2%			72.5%
Total potential market			455			592
(times) Percent living alone		x	54.1%			54.1%
(equals) Age/income-qualified singles needing assistance		=	246			320
(plus) Proportion of demand from couples (12%) ³		+	34			44
(equals) Total age/income-qualified market needing assistance		=	280			364
(times) Potential penetration rate ⁴		x	35.0%			35.0%
(equals) Potential demand from PMA residents		=	98			127
(plus) Proportion from outside the PMA (25%)		+	33			42
(equals) Total potential assisted living demand		=	130			170
(minus) Existing market rate assisted living units ⁵		-	67			67
(equals) Total excess market rate assisted living demand		=	63			102
(times) Percent that could be captured in Marshall		x	68.0%			68.0%
(equals) Excess market rate assisted living demand		=	43			70
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 2018 National Health Survey, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
² Includes households with incomes of \$40,000 (\$45,000 or more in 2026) or more (who could afford monthly rents of \$3,500+ per month) plus 40% of the estimated owner households with incomes below \$40,000 (\$45,000 in 2026) (who will spend down assets, including home-equity, in order to live in assisted living housing).						
³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
⁴ We estimate that 65% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
⁵ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents (15%).						
Source: Maxfield Research, & Consulting, LLC.						

SENIOR HOUSING ANALYSIS

TABLE F-9
MARKET RATE ASSISTED LIVING DEMAND
PRIMARY MARKET AREA
2026 & 2030

Age group	2026			2030		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	926	25.5%	236	1,067	25.5%	272
80 - 84	624	33.6%	210	697	33.6%	234
85+	718	51.6%	370	704	51.6%	363
Total	2,268		816	2,468		870
Percent Income-Qualified ²			72.5%			69.7%
Total potential market			592			606
(times) Percent living alone		x	54.1%			54.1%
(equals) Age/income-qualified singles needing assistance		=	320			328
(plus) Proportion of demand from couples (12%) ³		+	44			45
(equals) Total age/income-qualified market needing assistance		=	364			372
(times) Potential penetration rate ⁴		x	35.0%			35.0%
(equals) Potential demand from PMA residents		=	127			130
(plus) Proportion from outside the PMA (25%)		+	42			43
(equals) Total potential assisted living demand		=	170			174
(minus) Existing market rate assisted living units ⁵		-	67			67
(equals) Total excess market rate assisted living demand		=	102			107
(times) Percent that could be captured in Marshall		x	68.0%			68.0%
(equals) Excess market rate assisted living demand		=	70			72
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 2018 National Health Survey, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
² Includes households with incomes of \$45,000 (\$50,000 or more in 2030) or more (who could afford monthly rents of \$3,500+ per month) plus 40% of the estimated owner households with incomes below \$45,000 (\$50,000 in 2030) (who will spend down assets, including home-equity, in order to live in assisted living housing).						
³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
⁴ We estimate that 65% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
⁵ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents (15%).						
Source: Maxfield Research, & Consulting, LLC.						

Demand for Memory Care Senior Housing

Table F-10 presents our demand calculations for memory care housing in Marshall in 2021 and 2026 while Table F-11 presents the same data for 2026 and 2030. Demand is calculated by starting with the estimated PMA senior (ages 65+) population in 2021 and multiplying by the incidence rate of Alzheimer's/dementia among this population's age cohorts. This yields a potential market of about 595 seniors in the PMA. We project that this number will climb to 650 in 2026, and to 687 in 2030.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments are a market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the latter stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of 149 seniors in the PMA in 2021, 163 seniors in 2026, and 172 seniors in 2030.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about \$4,500. Although some of the seniors will have high monthly incomes, most will be willing to spend down assets and/or receive financial assistance from family members to afford memory care housing. Based on our review of senior household incomes in the PMA, homeownership rates, and home sale data, we estimate that 30.8% of all seniors in the PMA have incomes and/or assets to sufficiently cover the costs for memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the potential market (149 seniors) by 30.8% results in a total of about 46 income-qualified seniors in the PMA in 2021.

We estimate that 25% of the overall demand for memory care housing would come from outside the PMA, for a total demand for 61 units in 2021. Currently, there are two memory care facilities in the PMA with a total of 51 units. We subtract 15% of these units (excluding public Elderly Waivers) and allocate a 7% vacancy factor for a total of 40 existing units. This reduces excess demand potential in the PMA to 21 units in 2021. Excess demand is expected to grow to approximately 31 units in 2026, and then decrease slightly to 29 units in 2030.

We anticipate that the City of Marshall can capture 65% of the excess memory care demand potential in the PMA. Based on this capture rate, we find demand for 13 memory care units in Marshall in 2021, growing to 31 units in 2026, and then decreasing to 29 units in 2030.

TABLE F-10 MEMORY CARE DEMAND PRIMARY MARKET AREA 2021 & 2026		
	2021	2026
65 to 74 Population	2,345	2,717
(times) Dementia Incidence Rate ¹	x 2.0%	x 2.0%
(equals) Estimated Senior Pop. with Dementia	= 47	= 54
75 to 84 Population	1,272	1,550
(times) Dementia Incidence Rate ¹	x 19%	x 19%
(equals) Estimated Senior Pop. with Dementia	= 242	= 295
85+ Population	729	718
(times) Dementia Incidence Rate ¹	x 42.0%	x 42.0%
(equals) Estimated Senior Pop. with Dementia	= 306	= 302
(equals) Total Population with Dementia	595	650
(times) Percent Needing Specialized Memory Care Assistance	x 25.0%	x 25.0%
(equals) Total Need for Dementia Care	= 149	= 163
(times) Percent Income/Asset-Qualified ²	x 30.8%	x 40.8%
(equals) Total Income-Qualified Market Base	= 46	= 66
(plus) Demand from Outside the Market Area (25%)	+ 15	+ 22
Total Demand for Memory Care Units	61	88
(minus) Existing and Pending Memory Care Units ³	- 40	- 40
(equals) Excess Primary Market Area Demand Potential	= 21	= 48
(times) Estimated Percent Capturable in Marshall	x 65.0%	x 65.0%
(equals) Memory Care Demand Capturable in Marshall	= 13	= 31
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2020)		
² Income greater than \$60,000 in 2021 and greater than \$65,000 in 2026.		
³ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver		
Source: Maxfield Research & Consulting, LLC		

TABLE F-11
MEMORY CARE DEMAND
PRIMARY MARKET AREA
2026 & 2030

	2026	2030
65 to 74 Population	2,717	2,980
(times) Dementia Incidence Rate ¹	x 2.0%	x 2.0%
(equals) Estimated Senior Pop. with Dementia	= 54	= 60
75 to 84 Population	1,550	1,753
(times) Dementia Incidence Rate ¹	x 19%	x 19%
(equals) Estimated Senior Pop. with Dementia	= 295	= 333
85+ Population	718	700
(times) Dementia Incidence Rate ¹	x 42.0%	x 42.0%
(equals) Estimated Senior Pop. with Dementia	= 302	= 294
(equals) Total Population with Dementia	650	687
(times) Percent Needing Specialized Memory Care Assistance	x 25.0%	25.0%
(equals) Total Need for Dementia Care	= 163	= 172
(times) Percent Income/Asset-Qualified ²	x 40.8%	x 37.2%
(equals) Total Income-Qualified Market Base	= 66	= 64
(plus) Demand from Outside the Market Area (25%)	+ 22	+ 21
Total Demand for Memory Care Units	88	85
(minus) Existing and Pending Memory Care Units ³	- 40	- 40
(equals) Excess Primary Market Area Demand Potential	= 48	= 45
(times) Estimated Percent Capturable in Marshall	x 65.0%	x 65.0%
(equals) Memory Care Demand Capturable in Marshall	= 31	= 29
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2020)		
² Income greater than \$65,000 in 2026 and greater than \$70,000 in 2030.		
³ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver		
Source: Maxfield Research & Consulting, LLC		

Introduction

This section summarizes demand calculated for specific housing products in Marshall and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Needs Analysis*.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The various housing life-cycle stages can generally be described as follows.

1. Entry-level householders

- Often prefer to rent basic, inexpensive apartments and will often “double-up” with roommates in apartment setting. Usually singles or couples without children in their early 20's.

2. First-time homebuyers and move-up renters

- Usually married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children that prefer to purchase modestly-priced single-family homes or rent more upscale apartments.

3. Move-up homebuyers

- Typically families with children where householders are in their late 30's to 40's and prefer to purchase newer, larger, and therefore more expensive single-family homes.

4. Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)

- Generally couples in their 50's or 60's that prefer owning but will consider renting their housing and some will move to alternative lower-maintenance housing products.

5. Younger independent seniors

- Prefer owning but will consider renting their housing and will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for housing upkeep and maintenance. Generally in their late 60's or 70's.

6. Older seniors

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance. Generally single females (widows) in their mid-70's or older.

CONCLUSIONS AND RECOMMENDATIONS

Smaller, outstate communities and rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas. Also, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households.

The baby boom generation will have the biggest effect on the housing market in Marshall as their life cycle continues. Baby boomers are currently ages 57 to 75, and as they age over this decade, they will increase the population in the age groups 65 to 74 and 75+. Some baby boomers will prefer more expensive single-family homes, while others who become empty nesters may prefer to downsize or desire maintenance-free alternatives. With the baby busters following in the baby boomers' wake, the age group 45 to 54 will decline, somewhat decreasing the overall demand for move-up housing. However, Millennials will be looking to purchase move up housing in the next five to ten years helping to stabilize demand.

Housing Demand Summary

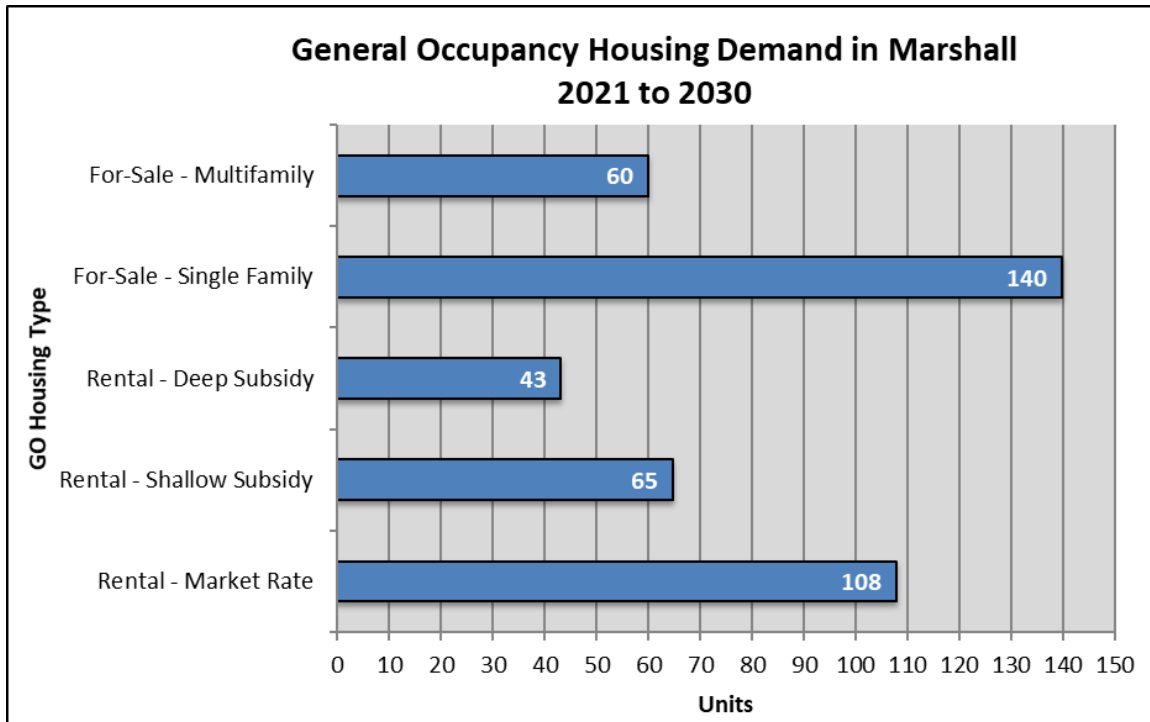
The following table and charts illustrate demand by product type. Housing demand is comprised of several components, including projected household growth, pent-up demand (i.e. below equilibrium housing vacancy rates), and replacement needs (housing functionality or physically obsolete units). It is important to recognize that projected household growth is highly dependent on increased or decreased hiring by employers in the City, as well as the availability of suitable housing options in Marshall.

CONCLUSIONS AND RECOMMENDATIONS

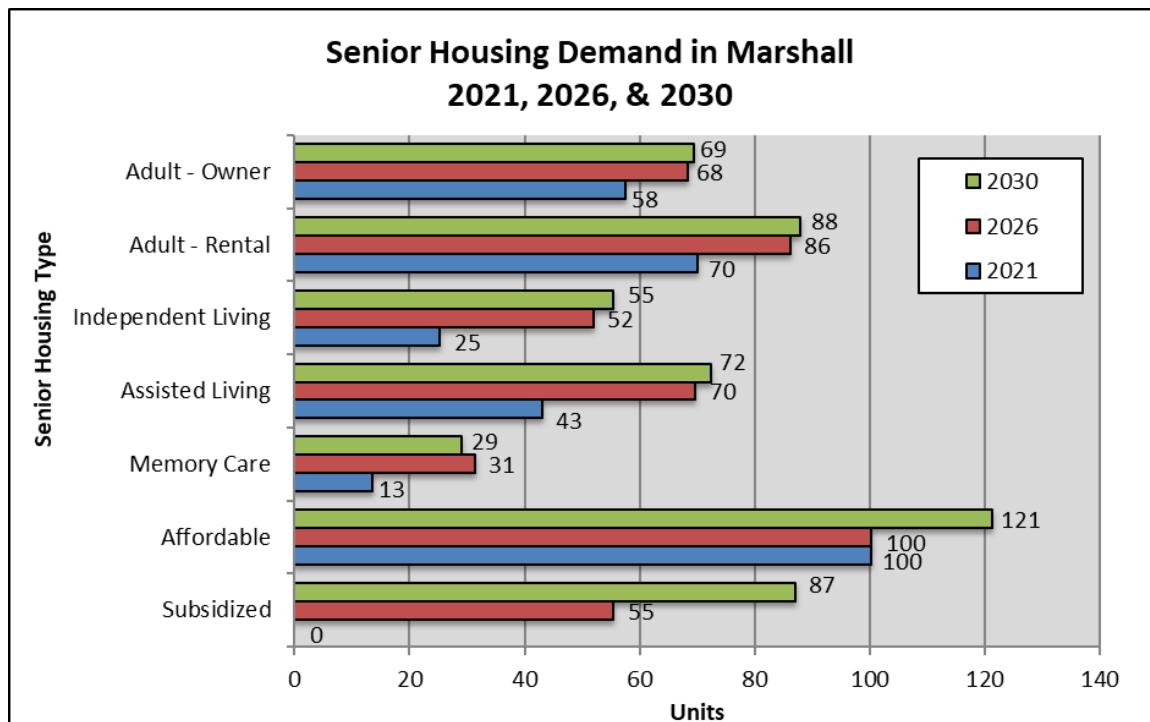
TABLE CR-1 SUMMARY OF HOUSING DEMAND MARSHALL MARKET AREA JUNE 2021						
Type of Use	Demand in Market Area			Demand in Marshall		
	2021-2030			2021-2030		
General-Occupancy						
Rental Units - Market Rate	166			108		
Rental Units - Shallow Subsidy	100			65		
Rental Units - Deep Subsidy	66			43		
For-Sale Units - Single-family	233			140		
For-Sale Units - Multifamily	100			60		
Total General Occupancy Supportable	665			415		
	Demand in Market Area			Demand in Marshall		
	2021	2026	2030	2021	2026	2030
Age-Restricted (Senior)						
Market Rate						
Adult Few Services (Active Adult)	196	238	242	128	155	157
Ownership	89	105	107	58	68	69
Rental	108	133	135	70	86	88
Independent Living	39	80	85	25	52	55
Assisted Living	63	102	107	43	70	72
Memory Care	21	48	45	13	31	29
Total Market Rate Senior Supportable	319	468	479	209	307	314
Shallow-Subsidy/Deep-Subsidy						
Active Adult - Shallow-Subsidy	154	154	187	100	100	121
Active Adult - Deep-Subsidy	85	85	134	55	55	87
Total Affordable Senior Supportable	239	239	320	156	156	208
Source: Maxfield Research & Consulting, LLC.						

In total, we find support for 415 general occupancy housing units in Marshall between 2021 and 2030. Demand is expected to slightly favor rental housing (216 units) over for-sale housing (200 units).

CONCLUSIONS AND RECOMMENDATIONS



We also found excess demand in Marshall for a total of 523 senior housing units in 2021. Of these senior units 60.2% would be market rate, 23.2% would be shallow-subsidy units, and 16.6% would be deep-subsidy units. This level of senior housing demand (particularly market rate active adult) may not be realized in the short-term as many seniors, especially in rural areas, prefer to age in place and delay moving to senior housing until they need services.



Recommendations

Based on the findings of the analysis and demand calculations, Table CR-2 provides a summary of the recommended development concepts by product type for Marshall. These proposed concepts are intended to act as a development guide to meet the housing needs of existing and future households in Marshall.

For-Sale Housing

Based on information gathered on for-sale properties in the City along with feedback from local officials, major employers, and area real estate professionals, we provide the following conclusions regarding the Marshall for-sale housing market. Our recommendations include a breakdown of units by price range. Modest housing is defined as housing priced less than \$175,000, move-up housing is priced between \$175,000 and \$324,999 and executive housing is priced at \$325,000 and above.

- Demand was estimated at units of new for-sale housing in the City by 2030. Based on recent sale transactions, housing demand appears to be highest for move-up housing priced between \$175,000 and \$240,000, followed by move-up priced housing between \$250,000 and \$400,000, and modest-priced housing under \$175,000. Executive housing will comprise a smaller portion of demand to 2030 and be priced at \$400,000 and above.
- Multifamily owned housing can be an option for buyers looking for a starter home and households seeking to downsize or those that do not want the responsibilities of upkeep and maintenance. As such, we estimate that 30% of the demand for new for-sale housing in the City will be multifamily owned units. We recommend that most for-sale multifamily units in the City target the entry-level or older adult market segments.
- While there is currently strong demand for modestly-priced homes, it is difficult for the private market to build new single-family detached homes in that price range (less than \$175,000).
- In total, demand was identified for up to 140 single-family homes in the City between 2021 and 2030. Based on comments from Realtors in the City, we recommend that that 50% of these homes be priced in the low move-up range (60 to 66 units), 10% priced as executive homes (10-16 units), 20% in the modest price range (24-26 units), and 20% in the high move up range (20-32 units)
- Demand was also identified for up to 60 for-sale multifamily units. Because the multifamily target market will likely be first-time homebuyers or older adult households looking to downsize, we recommend that multifamily housing be close to evenly split between the modest and move-up price ranges.

General Occupancy Rental Housing

Our competitive inventory identified that vacancy rates for shallow subsidy general occupancy rental products are below market equilibrium (5.0% vacancy rate), indicating that there is some pent-up demand for this rental housing type in Marshall. Market rate rental housing, in contrast, was above equilibrium. However, the two newest developments, Colonial House, and the Nexuses I and II were at or below equilibrium. This suggests demand for newer products while exercising caution with older product types. Deep-subsidy rental housing, like market rate rental housing, was above the equilibrium rate of 2.0%, which suggests that there is temporary excess supply of this housing. As of May 2021, the vacancy rate for market rate rental properties in Marshall was 9.8% while the affordable/tax credit (shallow-subsidy) was 1.7% and subsidized (deep-subsidy) properties were at 5.6%.

Due to the lower positioning of much of the existing rental supply, a significant portion of the market rate units are priced at or below the guidelines for affordable housing, which indirectly satisfies some demand from households that income-qualify for financially assisted housing. However, today's renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. Because of the generally older age of Marshall's rental housing inventory, the majority of properties do not provide modern features and amenities. Because the vacancy rate is slightly below equilibrium in Marshall, and based on feedback provided by major employers in Marshall, it appears that there is a need for new rental housing in the community. The two newest rental properties are The Nexus and Colonial House. Amenities and finishes should be similar to those two properties.

Based on our analysis, we estimate that Marshall can accommodate 124 new market rate rental units, 75 shallow-subsidy and 50 deep-subsidy units to 2030. From this demand Maxfield believes Marshall can support 114 to 140 for sale single family homes and between 56 and 60 multifamily homes. Development of project-based deep subsidy properties has been extremely limited funding is available. We note however that additional funding for vouchers and some project-based assistance has been made available from the Federal level because of the pandemic. A number of Housing and Redevelopment Authorities are or will be the recipient of some of this funding to expand their ability to provide housing for extremely low-income households. Rural Development is usually able to provide additional rental assistance to support very low-income households.

Table CR-2 provides a summary of the recommended mix of general occupancy rental housing including unit type, monthly rents, and development timing.

- Market Rate Rental – We recommend the development of between 80 and 85 market rate rental units in Marshall between 2021 and 2030. Market rate units should be priced at \$900 for one-bedroom units and \$1,200 and up for three-bedroom units. This is in line with newer developments in the City such as The Nexus I and II and Colonial House.

CONCLUSIONS AND RECOMMENDATIONS

- Market Rate General Occupancy Rental Townhomes– We also find that demand exists for some larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. An additional 18 to 23 rental townhome units could be supported in Marshall by 2030. We recommend pricing of \$1,200 plus for two-bedroom units to \$1,400 plus for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.), an attached two car garage and should provide open/green space as well as a playground facility to support families with children.
- Shallow-Subsidy General Occupancy Multifamily Housing– We estimate demand for up to 65 shallow-subsidy units to 2030. Of this demand we recommend 32 to 36 apartment units and 20 to 25 townhome units. Shallow-subsidy housing attracts households that cannot afford market rate housing units but do not income-qualify for deep-subsidy housing. Shallow-subsidy properties attract a broad group of tenants based on the unit type. One-bedroom units target singles and couples, whereas two- and three-bedroom units target families. Some seniors would also be attracted to an affordable concept. Although there is an older supply of market rate apartments in Marshall that indirectly serves as affordable housing, we recommend a shallow-subsidy concept that would target residents at 50% to 60% AMI. For apartment style units, this equates to between \$27,500 for a one-bedroom household to \$37,680 for a two-person household. Townhome units could accommodate up to six people. This constitutes a range from \$31,400 for a two-person household to \$54,660 for a six-person household. We recommend a project(s) with one- and two-bedroom units targeting young singles and families. Units should feature central air conditioning, full appliance package, in-unit washer/dryer and an attached one/two car garage.
- Deep-Subsidy Rental Housing– Subsidized housing receives financial assistance (i.e. operating subsidies, rent payments, etc.) from governmental agencies in order to make the rent affordable to low-to-moderate income households. Although we find demand for deep-subsidy rental units (43 units) to 2030, this housing is very difficult to develop financially. A new subsidized or public housing development would have pent-up demand. We recommend a subsidized project of between 15 and 22 units between 2021 and 2030. But since this housing is challenging to develop today, an alternative to a multifamily structure is to acquire single-site housing structures to meet a portion of this demand, most likely through public housing. A second strategy is to utilize HUD funds because of the COVID-19 Pandemic which is providing for additional project-based assistance or vouchers.

Adding new rental housing as suggested above will expand the housing choices in the City and will help to serve households that live and/or work in Marshall and those that may be looking for housing in Marshall which have not been able to find the housing they seek. We believe market rate housing and shallow subsidy housing can be sustained currently. However, we feel that deep subsidized housing should not begin development until 2022.

CONCLUSIONS AND RECOMMENDATIONS

TABLE CR-2 RECOMMENDED HOUSING DEVELOPMENT CITY OF MARSHALL 2021 to 2030					
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Homes					
Single Family ²					
	Modest	Under \$175,000	24 - 26	20%	2021+
	Move-up Low	\$175,000 - \$240,000	60 - 66	50%	2021+
	Move-up High	\$250,000 - \$400,000	20 - 32	20%	NA
	Executive	\$400,000+	10 - 16	10%	NA
	Total		114 - 140	100%	
Townhomes/Twinhomes ²					
	Modest	Under \$160,000	26 - 28	47%	2021+
	Move-up	\$210,000+	30 - 32	53%	2021+
	Total		56 - 60	100%	
Total Owner-Occupied			170 - 200		
General Occupancy Rental Housing					
Market Rate Rental Housing					
	Apartment-style	\$900/1BR - \$1,200+/3BR	80 - 85	80%	2021+
	Townhomes	\$1,200+/2BR - \$1,400+/3BR	18 - 23	20%	2021+
	Total		98 - 108	100%	
Affordable Rental Housing					
	Apartment-style	Moderate Income ³ (\$767 to \$1,036 - Max. Rents)	32 - 36	45%	2021+
	Townhomes	Moderate Income ³ (\$767 to \$1,150 - Max. Rents)	20 - 25	30%	2021+
	Subsidized	30% of Income ³	15 - 22	25%	2022+
	Total		67 - 83	100%	
Total Renter-Occupied			165 - 191		
Senior Housing (i.e. Age Restricted)					
	Active Adult Market Rate Rental	\$900/1BR - \$1,000/2BR	60 - 62	19%	2022+
	Active Adult Senior Coop	\$40,000 to \$75,000	40 - 40	12%	2022+
	Catered Living ⁴	\$1,900/1BR - \$3,000/2BR	53 - 55	17%	2023+
	Assisted Living	\$2,850/EFF - \$4,300/2BR	46 - 48	14%	2023+
	Memory Care	\$4,000/EFF - \$5,400/1BR	20 - 22	6%	2023+
	Active Adult - Shallow-Subsidy	Moderate Income ³ (\$767 to \$1,036 - Max. Rents)	55 - 58	17%	2021+
	Active Adult - Deep-Subsidy	30% of Income ⁴	40 - 50	14%	2026+
	Total		314 - 335	100%	
Total - All Units			649 - 726		

¹ Pricing in 2021 dollars. Pricing can be adjusted to account for inflation.

² Recommendations include the absorption of some existing previously platted lots.

³ Affordability subject to income guidelines per Minnesota Housing Finance Agency. See Table HC-8 for Lyon County

⁴ Catered living is a hybrid concept of independent and assisted living service levels

Note - Recommended development does not coincide with total demand. Marshall may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.). Moderate income rental apartment units and active adult shallow subsidy units are restricted to those making 50% to 60% AMI \$27,500 - 1 person household - to \$37,680 - 2 person household. Moderate income rental townhome units are restricted to those making 50% to 60% AMI \$27,500 - 1 person household - to \$54,660 - 6 person household.

NA: Not Applicable.

Source: Maxfield Research & Consulting, LLC.

Senior Housing

As illustrated in Table CR-1, demand is identified for various senior housing products in Marshall to 2030. Development of additional senior housing in the next several years is recommended in order to provide housing opportunity to these residents as they age.

The development of additional senior housing serves a two-fold purpose in meeting housing needs in Marshall: older adult and senior residents are able to relocate to new age-restricted housing in Marshall and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need would be satisfied by housing unit turnover.

Demand exists for most senior housing product types over the next several years. However, vacancy rates among most senior housing inventory is above-below equilibrium. However, we believe this is likely because of the COVID-19 Pandemic. Seniors who can receive care at home or by family members are choosing to do so contributing to high vacancy rates. We do believe senior housing can still be built. However, service based senior housing development should be delayed until 2023 or 2024 to let the market recover.

- **Market Rate Active Adult** – Demand was projected for 69 market rate active adult ownership units and 88 active adult rental units in Marshall to 2030. Of this demand we recommend between 60 and 62 units. Currently, there are two active adult properties in the City. It is likely there are seniors who currently reside in general occupancy housing that would consider a newer active adult rental product. However, existing market rate developments are priced very low. Developing new housing at much higher rents would likely attract a portion of upper income households that would prefer a higher amenity product. We do not recommend the development of both ownership or rental in this category in the short-term, either one or the other. The most popular ownership product in this category has been cooperative housing.
- **Shallow-Subsidy and Deep-Subsidy Senior Rental** – Demand was calculated for 121 shallow-subsidy active adult and 87 deep-subsidy active adult units to 2030. We believe the City can support between 55 to 58 shallow subsidy and 40 to 50 deep subsidy units during this time frame. While there are a number of deep-subsidy senior housing units in the Market Area, there is a lack of moderate-income properties. Many candidates for shallow-subsidy senior rental may be residents living at older market rate properties. These older properties would have rents similar that would be considered affordable for these seniors. The lack of shallow-subsidy senior housing may be due to the cost and funding associated with this type of development. We recommend a shallow-subsidy senior housing development in either a stand-alone building or incorporated within a mixed-income development.

While the study shows pent-up demand for deep subsidy units in Marshall, the development of any subsidized senior housing can be challenging. Financing subsidized senior

CONCLUSIONS AND RECOMMENDATIONS

housing is difficult as federal funds have been shrinking. Therefore, a new development would likely rely on several funding sources; from low-income tax credits (LIHTC), tax-exempt bonds, Section 8, Rural Development 515 program, among others.

- **Service-Enhanced Senior Housing** – We find demand for a total of 156 service-enhanced units in Marshall to 2030 (55 independent living units, 72 assisted living units, and 29 memory care units). This level of demand will likely best be satisfied with a continuum of care project, so a resident can change their level of care as they age without having to relocate from the facility. The timing of a new development would not likely be for several years, as current vacancy rates for most service enhanced units are close to stabilized equilibrium.

Independent living Service Level

From the total demand we feel the City can support 53 to 55 catered living units to 2030. The monthly fees should include the base monthly rent, utilities, and some assisted living services, including social, health, wellness, and educational programs; 24-hour emergency call system; and regularly scheduled van transportation. In addition, meals and other support and personal care services should be made available to independent living residents on a fee-for-service basis. When their care needs increase, residents should be provided the option of receiving assisted living services in their existing units, either in bundled packages or a-la-carte.

Assisted Living Service Level

Marshall can support 46 to 48 assisted living units from total demand to 2030. The fees should include the base monthly rent, utilities and assisted living services, such as three meals per day plus snacks; weekly housekeeping and linen service; professional activity programs and scheduled outings; nursing care management; and 24-hour on site staffing. Additional services should also be available either in service packages or a la carte for an extra monthly charge.

Memory Care Component

The City can support 20 to 22 memory care units to 2030 from total demand. We suggest that any memory care units be in a separate, secured, self-contained wing located on the first floor of the building with its own dining and common area amenities including a secure outdoor patio and wandering area. Fees should include the base rent, utilities and services such as medication reminders, medication administration and personal care assistance, with other service packages available a-la-carte.

Challenges and Opportunities

Table CR-2 identified and recommended housing types that would satisfy the housing needs in Marshall to 2030. The following were identified as the greatest challenges and opportunities for developing the recommended housing types (listed in order of importance)

- **Residential Development Costs.** Developing land is generally considered to be a profitable segment of the housing industry, yet it is also risky if the lot inventory goes unsold. Due to raw land costs, entitlements, and the cost to develop infrastructure, developers will be cautious given achievable lot prices. Many subdivisions in Marshall take years to sell out and developers have carrying costs (property taxes, financing) on improved lots.

The value of building lots is often benchmarked against the value of the completed retail housing package (sales price). Target ratios for builders show that the cost of sales should be held to 70% of the purchase price; 50% for construction hard costs and 20% for the land (raw land, improvements, financing costs, etc.) However, these ratios vary considerably based on builder, product, topography, lot type, etc. An improved single-family lot should generally cost from 15% to 25% of the projected retail price of the home.

A potential solution to help offset rising development costs is to create smaller lot widths. Homes can remain similar in square footage with a smaller yard. This will help to keep prices down and in ranges more affordable to first time homebuyers as well as seniors looking to downsize. Smaller lot sizes could be especially attractive to seniors who still want to own but want less of a yard to maintain. In addition, modular or manufactured homes can be used to help keep down construction costs.

- **Multifamily Development Costs.** It is difficult to construct new multifamily product with amenities today's renter's desire given market rents and development costs. Particularly an issue is the skyrocketing cost of lumber. As a result, a lack of new product has been built in the last decade. To remain affordable in the market many utilities and other services need to be included. This can quickly drive-up costs for developers and builders. As a result, a private-public partnership or other financing programs will likely be required to spur development and potentially reduce rent levels to bridge some of the gap between existing older product and new product. A different solution to offset development costs could be to utilize modular construction. This would also help to reduce the construction timeline.
- **Housing Programs.** The Marshall Economic Development Authority and Southwest Minnesota Housing Partnership offer a number of programs to promote and preserve the existing housing stock in Marshall. Some of the key programs that are offered include:
 - The Small Cities Development Fund from the State of Minnesota helps cities and counties with funding for housing, public infrastructure, and commercial rehabilitation. Housing funds must benefit low- and moderate-income persons.

CONCLUSIONS AND RECOMMENDATIONS

- Online homebuyer education programs, including mortgage counseling.
- Tax Increment Financing (TIF), which Marshall has used for the Heritage Point and the Nexus developments, should continue to be promoted as a strategy moving forward. Currently one TIF Project, consisting of two 24-unit apartment buildings, has been proposed and is pending approval by the City Council.
- Tax abatement is another financial tool that the city should continue to use to encourage development. The City has utilized tax abatement for six homes in the past.

A new strategy Marshall can use in the future is the creation of a city loan program for developers to help ease construction costs.

- **Affordability.** Because the cost to own a modestly-priced home is similar to the cost to rent a new market rate rental unit, some households may choose owning over renting in Marshall. However, the purchasing affordability factor will decrease with continued price appreciation, and there is a growing segment of the population that is choosing rental housing over ownership housing. These households are referred to as “lifestyle renters”, those with busy professional lives and people who prefer to spend their free time in leisure pursuits rather than on the upkeep and maintenance of a home. Additionally, for people who have significant barriers to access to entering the traditional rental market, such as felons or renters with bad credit, a private-partnership with the city or county and private landlords to provide oversight might be able to assist this harder to house population.
- **Job Growth/Employment.** Low unemployment often generates demand for both existing home purchases and new-home purchases. Marshall and Lyon County have historically maintained a lower unemployment rate than the rest of the United States. Marshall’s unemployment rate of 3.6% as of March 2021 was below equilibrium (generally considered to be 5.0%) and lower than the United States (6.2%).

From March 2020 to March 2021, as the COVID 19 Pandemic hit Marshall and the rest of the nation, the City’s labor force and number of employees dropped 4.7% and 5.5% respectively. This caused the City’s unemployment rate to increase from 2.8% to 3.6%. However, despite the rising unemployment rate, Marshall still maintained an unemployment rate below that of Lyon County, the region, Minnesota, and the US as a whole. In addition, the vaccine rollout has been gaining momentum, allowing daily life to return to more of a sense of normalcy.

Marshall is also a strong “importer” of workers. Nearly 20% (19%) of workers commute into Marshall daily from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers. Marshall is a regional hub for southwestern Minnesota and its nearest larger cities of Brookings, South Dakota and Sioux Falls South Dakota are still an hour and an hour and a half, respectively away by car.

CONCLUSIONS AND RECOMMENDATIONS

- **Land Supply.** Table D-7 inventoried active subdivisions with undeveloped lots. Based on our information from Marshall, there are 286 platted lots available. Based on this lot supply and the recent construction activity, there is an excess supply of platted lots in the community. Because of this, it is unlikely that developers will plat lots in the short-term until additional inventory has been absorbed, especially given development and infrastructure costs.