

2015 Wilmington Market Value Analysis (MVA)

Reinvestment Fund designed the MVA in 2001 to support a significant and comprehensive neighborhood revitalization program in the City of Philadelphia. Since that time, Reinvestment Fund has conducted MVAs in cities across the U.S. to support government officials at all levels, as well as the private and nonprofit sectors, as they work to implement evidence-based decision-making. Using an MVA, the public, private, and non-profit sectors can more precisely craft intervention strategies in weak markets and support sustainable growth in stronger ones.

The MVA is rooted in several normative assumptions. First, public subsidy is a scarce commodity and cannot, by itself, create a market. Therefore, public subsidy must be used to leverage, or clear the path for, private investment. Second, in distressed markets, investments should be made adjacent to areas of strength, such as major institutions, transportation centers or significant public amenities. This approach has been described as *building from strength*. Third, all residents of a community (in this instance, the City of Wilmington) are customers of the services and resources that it has to offer. To retain these residents, public leaders must balance programs and initiatives to preserve and stabilize neighborhoods as well as stimulate growth in distressed areas. Fourth, decisions to invest resources and/or deploy programs must be informed by objectively-gathered data and sound quantitative and qualitative analysis.

In preparing the Wilmington MVA, all market indicators were geocoded to Census block groups. The indicators were then inspected and validated both by local subject matter experts and through Reinvestment Fund staff field validation. Next, a statistical cluster analysis was used to identify areas (i.e., block groups) that share a common data profile. The results of the statistical process are mapped, and the results then go through another round of field inspection to ensure they reflect what is observed on the ground. The result is also validated by the local experts.

The descriptions and table below reflect the indicators used in the Wilmington MVA, with the table organized so that each market type is described by its block group average of the relevant indicator. Note that four block groups were not able to be classified according to market type because of insufficient home sales data. According to the 2015 Wilmington MVA, the average block group has a typical home sales price of \$110,876. For every 100 residential parcels in the average block group, the city issued 2.8 building permits from 2013 through 2014. On average, Wilmington is almost evenly split between owner households (51.0%) and renter households (49.0%). An average of 5.5% of residential parcels are vacant, and 3.3 of every 100 residential parcels was associated with a foreclosure from 2013 through 2014. Subsidized rental housing makes up 16.9% of the average block group's total rental housing stock. Non-residential land makes up 40.9% of the average block group's total land area. Approximately one quarter of home sales in the average Wilmington block group (25.7%) were investor-related sales.

Market Type A

Seven of the city's 80 Census block groups have been characterized as "A" markets. These block groups were home to 7.0% of the city's 2010 population and 7.8% of its housing units. The typical home sales price in "A" markets is approximately \$343,000, more than three times the citywide median, and these markets have more than two times the permitting activity. Residents in these "A" markets are predominantly owners, with owner-occupancy rates (75%) well above the citywide average. Vacancy rates in these areas are roughly one quarter of the citywide average, and "A" markets also have the lowest foreclosure rates in the city. There is almost no publicly subsidized rental housing in these markets, and minimal land is used for non-residential (i.e., commercial, institutional, industrial, etc.) purposes.

Market Type B

13 of the city's 80 block groups have been characterized as "B" markets. These block groups were home to 12.4% of the city's 2010 population and 16.7% of its housing units. At roughly \$215,000, the "B" markets' typical home sales price is almost twice the citywide figure. Permitting activity is slightly more than half that in "A" markets but still higher than the citywide average. These markets are split relatively evenly between owner-occupancy (47.1%) and renter-occupancy. Wilmington's "B" markets typically have the lowest vacancy in the city (1.1%), slightly below even the "A" markets, and their typical foreclosure rate (1.5%) is less than half the citywide average. There is relatively little subsidized rental housing in these markets. Approximately half the land is used for non-residential purposes.

Market Type C

16 of the city's 80 block groups have been characterized as "C" markets. These block groups were home to 20.8% of the city's 2010 population and 21.4% of its housing units. "C" markets are similar to the citywide average on several measures, including median home sales price (\$116,000), permitting activity (2.6%), owner-occupied housing (54.5%), subsidized rental housing (16.7%), and investor sales (20.3%). With a vacancy rate of 3.0%, "C" markets generally have less vacancy than the Wilmington average. The typical foreclosure rate of 2.2% in these markets is also somewhat below the city average.

Market Type D

Nine of the city's 80 block groups have been characterized as "D" markets. In 2010 these block groups were home to 9.8% of the city's residents and 10.1% of its housing units. Wilmington's "D" markets have home sales prices (\$59,700) that are about half the citywide average. At 2.3%, permitting activity is just below average, while the homeownership rate in "D" markets (57.5%) is above the Wilmington average. The percent of residential parcels that are vacant is still relatively low in these areas (4.4%), and the foreclosure rate (3.3%) matches the city's average rate, indicating moderate market stability. A substantial portion of the rental housing in these markets (22.9%) is publicly subsidized. One-third of the typical "D" market's land area is non-residential, and roughly one-quarter of home sales are investor-related sales.

Market Type E

Seven of the city's 80 block groups were characterized as "E" markets. These block groups were home to 10.4% of the city's 2010 population and 7.2% of its housing units. The typical home sales price in "E" markets is approximately \$34,500, about one-third the citywide average, although there is somewhat greater than average sales price variation within this market type. Foreclosures rates in these markets are slightly elevated (3.7%), and permitting activity (1.4%) is the lowest in the city. However, the vacancy rate is typical among Wilmington markets at 5.5%. Similar to "D" markets, the homeownership rate in these "E" markets is slightly above average (55.5%), as is the percentage of rental units that are publicly subsidized (18.0%). These "E" markets have a relatively high percentage of land area used for non-residential purposes (63.4%). The percentage of home sales to investors in these markets (45.2%) is second only to "G" markets.

Market Type F

10 of the city's 80 block groups were characterized as "F" markets. These block groups were home to 12.3% of the city's 2010 population and 10.5% of its housing units. At \$32,400, typical home sales prices in these "F" markets are, like those in "E" markets, roughly one-third the city average. Unlike most of Wilmington's other market types, most of

the housing in these “F” markets (67.3%) is renter-occupied. The percentage of rental units that are publicly subsidized (15.4%) is somewhat below the city average. The vacancy rate (14.7%) is higher in this market type than in any of the others and well above the city average. The typical foreclosure rate in “F” markets (5.9%) is the second highest in Wilmington, while permitting activity in “F” markets (1.9%) is below the citywide average. Non-residential land makes up 38.1% of these markets, and nearly 40% of home sales are investor-related, well above the city average.

Market Type G

10 of the city’s 80 block groups were characterized as “G” markets. These block groups were home to 11.7% of the city’s 2010 population and 10.1% of its housing units. The typical home sales price in these “G” markets is \$21,300, well below the Wilmington average. Notably, almost half of home sales (47.9%) are investor-related. The vacancy rate (7.1%) and the foreclosure rate (5.0%) are both above the city average, although both figures are below “F” market averages. “G” markets are evenly split between homeowners and renters, with 35.8% of renter households receiving public rental subsidy – a higher percentage than in any other market type in Wilmington. Permitting activity is quite low (1.7%). These “G” markets have the second-lowest percentage of non-residential land in the city (21.9%), second only to Wilmington’s “A” markets.

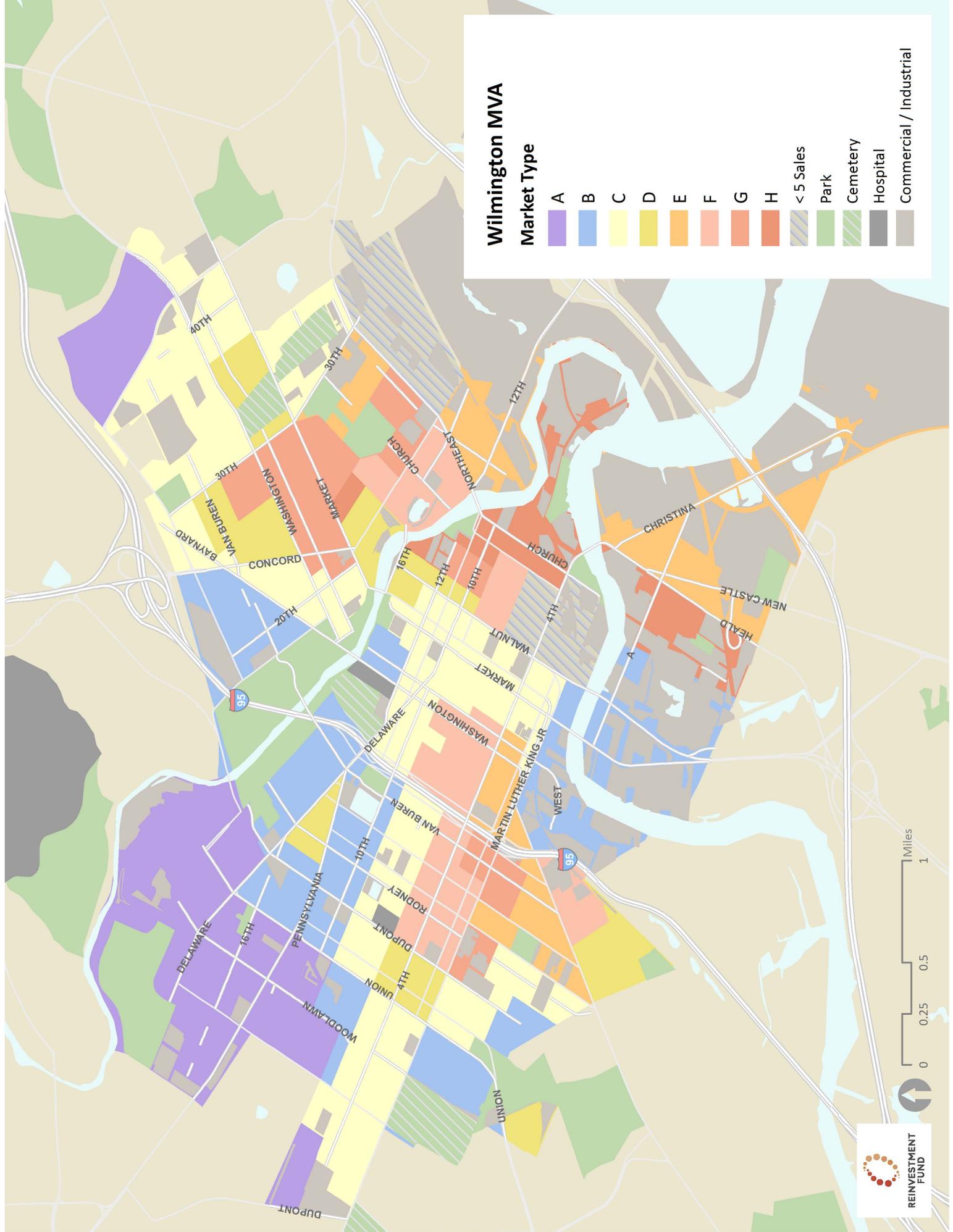
Market Type H

Four of the city’s 80 block groups have been characterized as “H” markets. These block groups were home to 2.2% of the city’s 2010 population and 2.1% of its housing units. The typical home sales price in “H” markets (\$13,400) is the lowest of Wilmington’s market types. Like “F” markets, these “H” markets have low owner-occupancy rates (35.1%) and high vacancy rates (13.4%). “H” markets also have the highest foreclosure rates in Wilmington (7.1%). The percentage of rentals that are publicly subsidized in these markets (16.8%) is about average for the city. Permitting activity (1.6%) is quite low. Two thirds of land area in these markets is for non-residential use. Nearly one third of home sales are to investors.

Average Block Group Housing Market Characteristics for Wilmington MVA Housing Market Types

| MVA Market Type | Number of Block Groups | Median Sales Price, 2013-2014 | Variance Sales Price, 2013-2014 | Permits as a % of Res. Parcels 2013-2014 | Owner-Occupied Housing as a % of All Housing, 2010 | Vacancy as a % of Res. Parcels 2014 | Foreclosures as a % of Res. Parcels 2013-2014 | Subsidized Rentals as a % of All Rental Housing, 2014 | Percent Non-Residential Land, 2014 | Percent Investor Sales, 2014 |
|-----------------|------------------------|-------------------------------|---------------------------------|--|--|-------------------------------------|---|---|------------------------------------|------------------------------|
| A | 7 | \$ 343,444 | 0.52 | 6.8% | 74.8% | 1.2% | 0.6% | 0.3% | 21.0% | 4.0% |
| B | 13 | \$ 215,393 | 0.37 | 3.9% | 47.1% | 1.1% | 1.5% | 7.9% | 50.3% | 5.9% |
| C | 16 | \$ 115,795 | 0.55 | 2.6% | 54.5% | 3.0% | 2.2% | 16.7% | 43.6% | 20.3% |
| D | 9 | \$ 59,672 | 0.68 | 2.3% | 57.5% | 4.4% | 3.3% | 22.9% | 33.1% | 23.0% |
| E | 7 | \$ 34,598 | 0.72 | 1.4% | 55.5% | 5.5% | 3.7% | 18.0% | 63.4% | 45.2% |
| F | 10 | \$ 32,399 | 0.89 | 1.9% | 32.7% | 14.7% | 5.9% | 15.4% | 38.1% | 39.2% |
| G | 10 | \$ 21,289 | 0.81 | 1.7% | 49.7% | 7.1% | 5.0% | 35.8% | 21.9% | 47.9% |
| H | 4 | \$ 13,378 | 1.09 | 1.6% | 35.1% | 13.4% | 7.1% | 16.8% | 66.8% | 32.8% |
| Not Classified | 4 | NULL | NULL | 1.3% | 8.6% | 7.6% | 5.2% | 74.0% | 76.3% | 75.0% |
| Study Area | 76 | \$ 110,876 | 0.65 | 2.8% | 51.0% | 5.5% | 3.3% | 16.9% | 40.9% | 25.7% |

For more information on the City of Wilmington’s MVA, please contact
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Wilmington MVA

Market Type

- A
- B
- C
- D
- E
- F
- G
- H
- < 5 Sales
- Park
- Cemetery
- Hospital
- Commercial / Industrial

