

# Housing Market Analysis and Demand Estimates for Red Wing, Minnesota

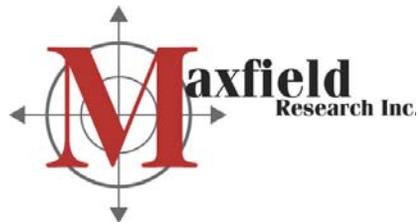
*Prepared for:*

**Red Wing Housing And Redevelopment Authority**  
Red Wing, Minnesota

March 2009



615 First Avenue NE  
Suite 400  
Minneapolis, MN 55413  
612.338.0012



March 13, 2009

Randal Hemmerlin  
Executive Director  
Red Wing Housing and Redevelopment Authority  
428 West 5<sup>th</sup> Street  
Red Wing, MN 55066

Dear Mr. Hemmerlin:

Attached is the *Housing Market Analysis and Demand Estimates for Red Wing, Minnesota* conducted by Maxfield Research Inc. The study projects housing demand from 2008 through 2020, and gives recommendations on the amount and type of housing that could be built in Red Wing to satisfy demand from current and future residents. Recommendations are also broken down into Residential Sectors.

The study identifies a potential demand for 800 new housing units in Red Wing from 2008 to 2020, which includes a variety of housing products. Overall, we estimate that just over 70% of the demand will be for owned housing (510 new homes) and the remainder for rental and senior housing (255 units). We estimate that Downtown red Wing could capture over half of the overall rental demand. Detailed information regarding recommended housing concepts can be found in the Conclusions and Recommendations section at the end of the report.

We have enjoyed performing this study for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH INC.

Brian Smith  
Research Analyst

Attachment

## TABLE OF CONTENTS

	<u>Page</u>
<b>REDWING RESIDENTIAL SECTORS .....</b>	<b>1</b>
Introduction .....	1
Residential Sectors .....	2
<b>DEMOGRAPHIC ANALYSIS.....</b>	<b>6</b>
Introduction .....	6
Market Area Definition .....	6
Population and Household Growth Trends and Projections .....	6
Population Age Distribution Trends .....	10
Household Tenure .....	14
Household Tenure by Age of Householder.....	15
Household Income .....	18
Employment Growth Trends.....	27
Major Employer Interviews .....	33
<b>HOUSING CHARACTERISTICS.....</b>	<b>36</b>
Introduction.....	36
Age of Housing Stock .....	36
Residential Construction Trends from 2000 through 2007.....	39
Housing Conditions.....	40
<b>FOR-SALE HOUSING MARKET ANALYSIS .....</b>	<b>41</b>
Introduction.....	41
For-Sale Housing Market Conditions .....	41
<b>RENTAL MARKET ANALYSIS.....</b>	<b>48</b>
Rental Housing Market Conditions.....	48
Senior Housing Market Conditions.....	55
Pending Housing Developments in Red Wing.....	64
Housing Market Interview Summary.....	64
<b>OVERALL HOUSING DEMAND ANALYSIS.....</b>	<b>67</b>
Introduction.....	67
Demographic Profile and Housing Demand .....	67
Red Wing Housing Demand Calculations .....	68

**TABLE OF CONTENTS**  
(continued)

	<u>Page</u>
<b>SENIOR HOUSING DEMAND ANALYSIS.....</b>	<b>71</b>
Introduction.....	71
Adult/Few Services Senior Housing Demand Analysis .....	71
Congregate Senior Housing Demand Analysis.....	73
Assisted Living Demand Analysis.....	74
Memory Care Demand Analysis.....	77
<b>CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>80</b>
Introduction/Overall Housing Recommendations .....	80
Downtown Residential Sector Recommendations.....	83
Other Residential Sectors Recommendations .....	85

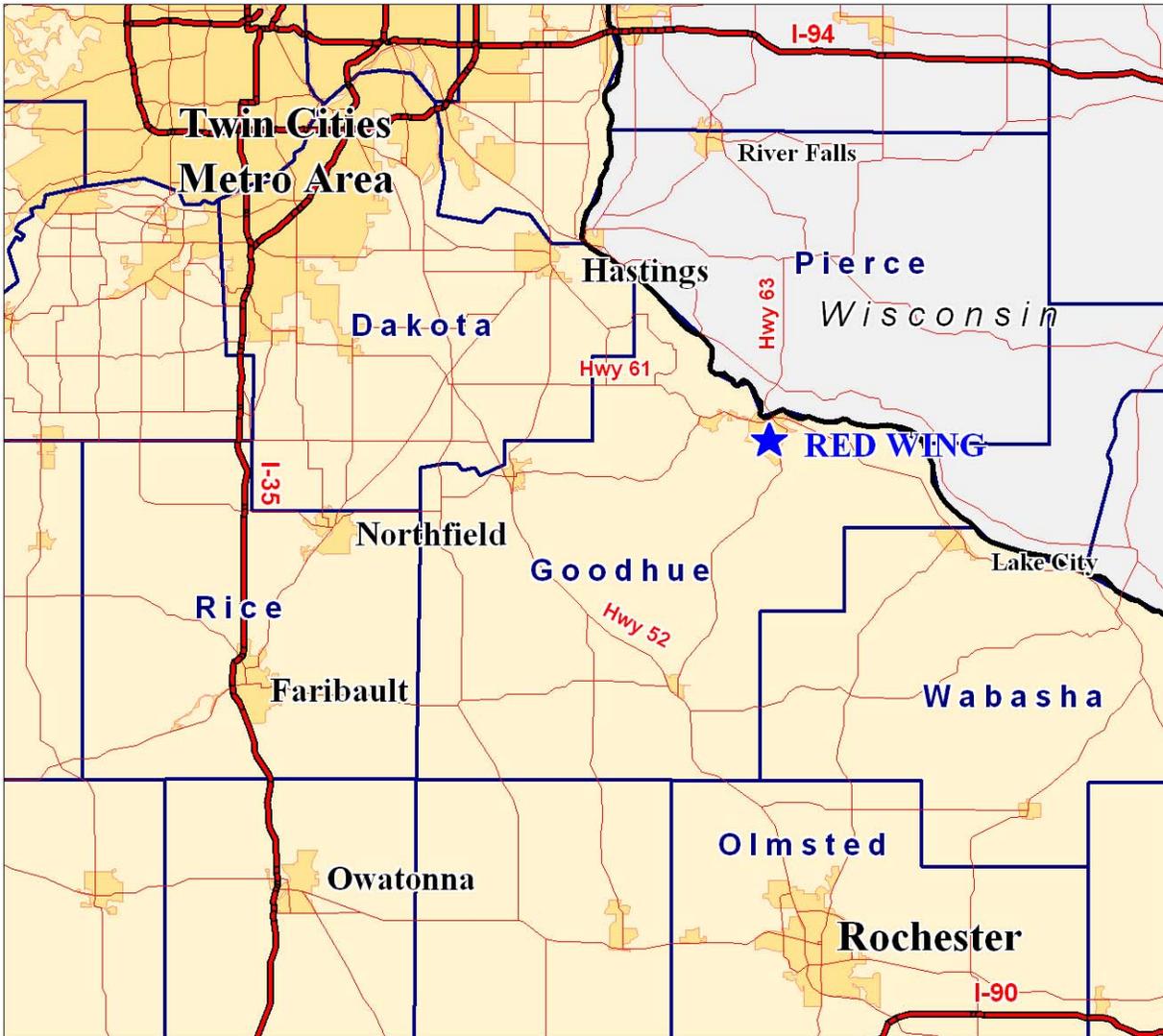
## LIST OF TABLES

<u>Table Number and Title</u>	<u>Page</u>
1. Population and Household Growth Trends, Red Wing Market Area, 1990 - 2020.....	9
2. Population Age Distribution, Red Wing Market Area, 2000 to 2013 .....	12
3. Household Tenure, Red Wing Market Area, 1990 - 2000 - 2008.....	14
4. Tenure by Age of Householder, Red Wing Market Area and Residential Sectors, 2000	17
5. Household Income by Age of Householder, Red Wing Market Area, 2008 & 2013 ...	20
6. Household Income by Age of Householder, City of Red Wing, 2008 & 2013 .....	21
7. Household Income by Age of Householder, West Sector, 2008 & 2013 .....	22
8. Household Income by Age of Householder, Southwest Sector, 2008 & 2013.....	23
9. Household Income by Age of Householder, Downtown Sector, 2008 & 2013.....	24
10. Household Income by Age of Householder, South Sector, 2008 & 2013 .....	25
11. Household Income by Age of Householder, East End Sector, 2008 & 2013 .....	26
12. Resident Employment, City of Red Wing and Goodhue County, 2000 through 2008.	28
13. City of Red Wing, Commuting Patterns, 2000 .....	29
14. Covered Employment by Industry , City of Red Wing, 2000 and 2007.....	31
15. Covered Employment by Industry, Goodhue County, 2000 and 2007.....	32
16. Major Employers, City of Red Wing, 2009.....	34
17. Age of Housing Stock, Occupied Housing Units, Red Wing Market Area, 2000.....	37
18. Annual Building Permit Issued, Red Wing Market Area, 2000 through 2008.....	39
19. Annual New Building Permits Issued, Red Wing Market Area, 2000 through 2008...	40
20. Single Family Home Resales, Red Wing Market Area, 2000 to 2008 .....	42
21. Single Family Homes Currently Listed For-Sale, Red Wing Market Area, Feb. 2009	44
22. Active For-Sale Housing Development, Red Wing Market Area, February 2009.....	46
23. General Occupancy Rental Projects, City of Red Wing, February 2009.....	49
24. Unit Features and Common Area Amenity Comparison, Market Area Apartment Projects, February 2009 .....	53
25. Unit Mix/Size/Cost & Occupancy Comparison, Senior Housing Projects, Red Wing Market Area, February 2009.....	60
26. Unit Features/Building Amenities/Services, Senior Housing Projects, Red Wing Market Area, February 2009.....	62
27. Services Comparison, Senior Housing Projects, Red Wing Market Area, February 2009.....	63
28. Housing Demand Summary, City of Red Wing, 2008 to 2020 .....	69
29. Market Rate Adult/Few Services Housing Demand, Red Wing Market Area, 2008 & 2013 .....	72
30. Market Rate Congregate Rental Senior Housing Demand, Red Wing Market Area, 2008 & 2013 .....	73
31. Market Rate Assisted Living Demand, Red Wing Market Area, 2008 & 2013 .....	75
32. Memory Care Demand, Red Wing Market Area, 2008 & 2013 .....	78
33. Demand Summary, City of Red Wing, 2008 & 2013.....	79
34. Recommended Housing Development, City of Red Wing, 2008 to 2020.....	80
35. Recommended Housing Development Priority, City of Red Wing Residential Sectors	86

**Introduction**

Nestled along the Mississippi River, the City of Red Wing is located at the junction of U.S. Highways 61 and 63, approximately 60 miles southeast of the Twin Cities Metropolitan Area. Highway 61 connects Red Wing with the Twin Cities as well as many other communities to the southeast, including Lake City, Wabasha, and Winona. Although traditionally a manufacturing center with access to the Mississippi River, a growing number of residents commute to the Twin Cities for work. However, Red Wing remains an important local employment and service center as a number of people living outside of Red Wing commute to the City to work at the Hospital and other large industrial employers in the community. Red Wing is the largest city in Goodhue County, serving as its County Seat.

**Red Wing Regional Location**



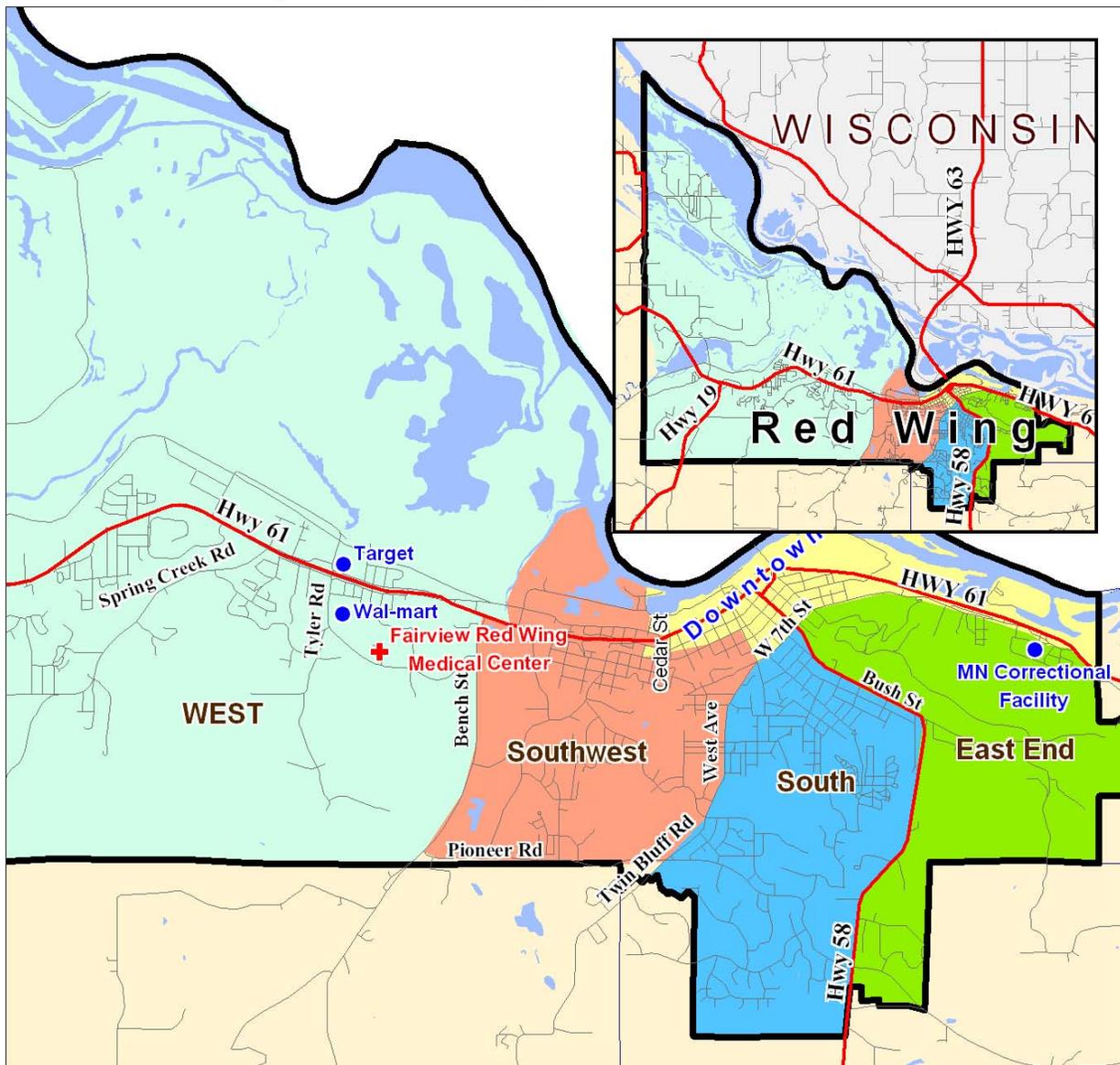
# RED WING RESIDENTIAL SECTORS

## Residential Sectors

For the purposes of this study, the City of Red Wing was divided into five neighborhoods – or Residential Sectors. The Residential Sectors were delineated using US Census Block Groups and were based on factors such as their location within the City, likeness of housing stock, and land availability. Demographic trends, housing characteristics, and market conditions in this report are presented for each Residential Sector. Conclusions and recommendations are presented for each Residential Sector as well.

The map below shows the boundary of each Residential Sector. Following the map are descriptions of each Residential Sector.

### City of Red Wing Residential Sectors



## **RED WING RESIDENTIAL SECTORS**

---

### **West**

The West Sector is primarily the land west of Bench Street and it covers 32 of Red Wing's 41 square miles, making it by far the largest sector in terms of geography. However, while it has an ample supply of land to accommodate new development, much of the land is un-developable river bottom and bluff. In 2008, the West Sector had a population of 3,800, or 22% of the City's total population of 16,765.

The West Sector is the newest portion of the City, with only 15% of its housing stock built before 1950, compared to 40% in the remainder of the City. A large proportion of the housing stock is single-family. Only 10% of the City's rental housing stock is located in the West Sector.

As the other Sectors have become more fully developed, the West Sector has captured a greater proportion of housing growth due to availability of land. So far this decade, the West Sector has seen the development of about 420 housing units, or over half of the City's new units. Due to the amount of lots and the availability of undeveloped land the West Sector will continue to accommodate the largest share of the City's growth.

Commercial development has also been strong in this Sector, as numerous retailers, including Wal-mart and Target, have located along Highway 61. Some of the City's largest employers are also located in the West Sector, including Fairview Red Wing Medical Center, Treasure Island Resort and Casino, and the Prairie Island Nuclear Power Station. Close proximity to shopping and employment will make this Sector a desirable residential location.

### **Southwest**

The Southwest Sector covers approximately 2.5 square miles and is generally located between Bench Street on the west, Twin Bluff Road and West Avenue on the east, and Downtown to the northeast. It had a population of 4,225 people in 2008, making it the City's second most populous sector.

About one-third of the Southwest Sector's homes were built before 1950 (about 650 homes). Since 1950, an average of about 170 homes have been built each decade. Only the West and South Sectors have outpaced the Southwest Sector in home construction since 1980. Additionally, almost three-quarters of the homes are owned single-family homes and about one-quarter are rentals.

The Southwest Sector is becoming more fully developed, but there remains available land generally located south and west of Red Wing Golf Club and north of the Twin Bluff Middle School, located at the corner of Pioneer Road and Twin Bluff Road. So far this decade, the West Sector has seen the development of about 90 housing units, including the 50-unit Potter Ridge senior apartment building.

Other than businesses located along Highway 61, there is very little commercial within the Southwest Sector. However, residents are close to both the Downtown and retail located in the West Sector.

## **RED WING RESIDENTIAL SECTORS**

---

### **Downtown**

The Downtown Sector is the commercial center of Red Wing. While the Sector is just short of 1.5 square miles, about half of that is undevelopable land east of the Highway 63 Bridge over the Mississippi River, including Burns Bluff Park. The developed portion of the Downtown Sector covers about 60 square blocks south of the Mississippi River, east of Cedar Street. The southern boundary is 4<sup>th</sup> Street west of West Avenue and 7<sup>th</sup> Street east of West Avenue.

The majority of the lots along Highway 61 as well as the blocks extending south along Highway 58 are developed with commercial uses. Most of the Downtown Sector's housing is on the periphery, and includes a mix of the City's oldest single-family homes along with apartment buildings on redeveloped parcels. These include Jordan Towers I and II (high-rise apartment buildings) and Fairview Seminary (94-unit senior building). Overall, the Downtown Sector contained 2,065 people and 1,020 households in 2008.

Being at the core of Red Wing, the housing stock is older, with about 60% of the units being built prior to 1950. Many of the newer units, excluding Fairview Seminary, which was built in 1986, are renovated commercial buildings. These include Siewart Apartments and the Liberty Building. During the 1990s, 20 housing units were added in the Downtown and so far this decade, 26 units have been added.

The Downtown Sector is an appealing location for people because of the close proximity to shopping, services (YMCA, Sheldon Theatre, US Post Office, City and County Government Centers, and restaurants/cafes), amenities (the Mississippi River, Barns Bluff Park, Levee Park, and Baypoint Park), and employment. The majority of Downtown is developed, however there are vacant lots and parcels of land available for in-fill and redevelopment. In-fill and redeveloping can provide potential new housing opportunities for potential residents along with the viability of Downtown businesses and services.

### **South**

The South Sector covers approximately 2.5 square miles and is bordered by Twin Bluff Road and West Avenue on the west, Highway 58 on the east, and Downtown (7<sup>th</sup> Street) to the north. It had a population of 5,585 people in 2008, making it the City's most populous sector. It contains one-third of the City's total population.

The South Sector contains a mix of older homes (one-third, or 737 homes, were built prior to 1950) and newer homes. About 435 homes were built during the 1990s, more than any other Sector and about half of the City's total for the decade. So far this decade, 175 homes have been added. Most of the new homes are single-family or for-sale townhomes, as rentals account for only 22% of the Sector's housing stock. The most recent multifamily developments are Village Cooperative (44 units), Pheasant Ridge Apartments (38 units) and Valentines Senior Living (15 units).

The South Sector is almost entirely residential. Downtown is the closest and most convenient commercial district. Thus, people in the South Sector rely heavily on motorized transportation to

## **RED WING RESIDENTIAL SECTORS**

---

access shopping and services. Close proximity to the Downtown and Red Wing High School, located on Highway 58 at Pioneer Drive, add appeal to housing in the South Sector. Although it is becoming more fully developed, but there remains available land in the South Sector for at least the next decade to accommodate new housing development.

### **East**

The East Sector is located east of Highway 58 and south of the Downtown and Highway 61. It covers just over 2.5 square miles, however much of it is not available for housing development. Located within the East Sector are the Minnesota Correctional Facility, Soldiers Memorial Park, Mississippi National Golf Links, and Red Wing High School. In 2008, the East Sector had a population of 1,090 people, making it the City's least populous sector.

The East Sector in itself has areas that are separate from each other due to the bluffs. There is the area directly east of downtown consisting of most of the single family home development and includes the correctional facility, golf course, and memorial park. This area is oriented to the Downtown of Red Wing. The second area located by the High School is more cohesive with the South Sector. However, it is included in the East Sector due to US Census demographic restrictions.

Nearly half of the homes in the East Sector were built prior to 1950. Most of these older homes are in the neighborhood directly adjacent to the Downtown, southeast of the intersection of Highway 58 and East 7<sup>th</sup> Street. Since 1950, an average of 50 homes has been built annually in the East Sector.

The Downtown is the closest and most convenient commercial district. Close proximity to the Downtown, Red Wing High School, and parks add appeal to housing in the East Sector. Relatively little land is available for new development, however. There is available land east of Highway 58, north of the High School. Currently, the Highlands subdivision is marketing 44 lots at this location.

Overall, the population of the East Sector is not expected to increase substantially over the next decade because of the relatively limited supply of available land and because much of the housing demand in Red Wing is for locations on the western portion of the City, near more employment and shopping opportunities.

In addition, there are opportunities in all Sectors to identify blighted areas and potential for redevelopment, in-fill, and improvement to the current housing supply.

## Introduction

This section of the report examines factors related to the current and future demand for owner- and renter-occupied housing in the City of Red Wing, Minnesota. It includes an analysis of population and household growth trends and projections, employment data, projected age distribution, household income and household tenure data for the City of Red Wing and the remainder of the Market Area. A review of these characteristics will provide insight into the demand for various types and styles of housing in Red Wing.

## Market Area Definition

Maxfield Research Inc. determined the draw area for housing in Red Wing based on geographic and man-made boundaries, commuting patterns, and our knowledge of the Red Wing area. The housing draw area, herein referred to as the Market Area, includes the following Cities and Townships:

### Goodhue County, Minnesota

City of Red Wing  
Featherstone Township  
Florence Township  
Hay Creek Township  
Vasa Township  
Wacouta Township  
Welch Township

### Pierce County, Wisconsin

City of Bay City  
Hartland Township  
Isabelle Township  
Trenton Township

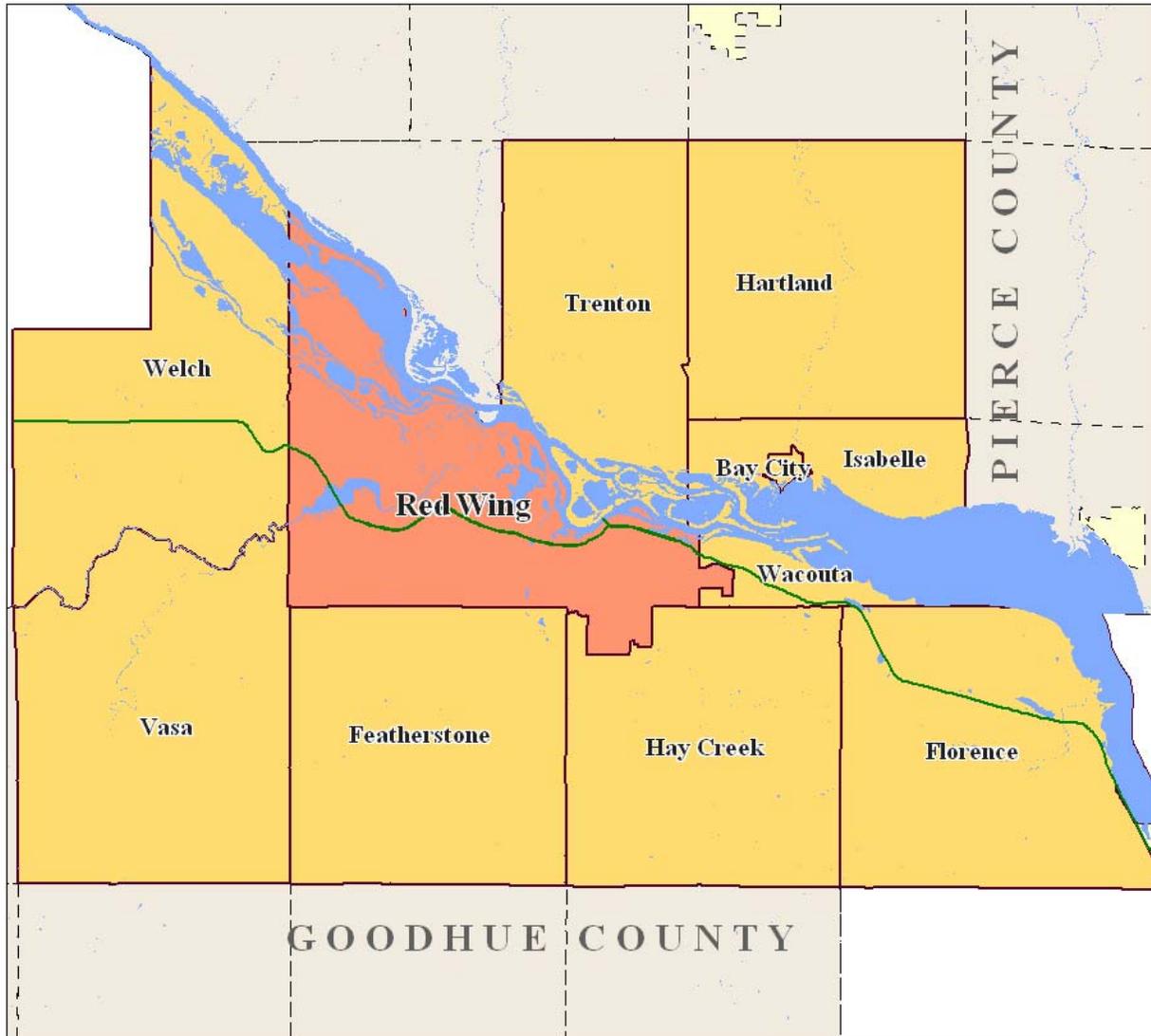
Residents residing and working in this geographic area comprise the largest potential market for housing in Red Wing. A map of the Market Area is shown on the following page.

## Population and Household Growth Trends and Projections

Table 1 presents population and household growth trends for each of the five Residential Sectors in the City of Red Wing, as well as the remainder of the Market Area. The data from 1990 to 2000 is from the U.S. Census, while Maxfield Research determined the estimates for 2008 and the projections for 2010 and 2020 based on data from the Minnesota State Demographic Center, the Wisconsin Division of Intergovernmental Relations, Claritas, Inc. (a national demographic firm), recent housing construction trends, interviews with other housing professionals in the area, and were adjusted accordingly. The 1990 population and household census data for the five residential sectors in Red Wing is not available and thus, not included in the table. The following are key points from Table 1.

- In 2000, Red Wing had 16,107 people and 6,558 households. During the 1990s, the Market Area's population increased by 1,586 people (7%) and the household base grew by 856 households (10%). The population and household growth in the City of Red Wing alone accounted for 61% and 68% of the Market Area's total growth during this period.

## RED WING MARKET AREA



Maxfield Research, Inc.

- Based on our review of projections for the State and recent trends in local housing construction, we project that Red Wing's population will grow up to 16,855 people in 2010, a 5% increase since 2000, and up to 17,765 people in 2020. The remainder of the Market Area will continue to see consistent population growth during this decade and the next, adding 630 people during this decade (7.5%) and 760 people between 2010 and 2020 (8%).
- Since households represent occupied housing units, household growth trends are a more accurate indicator of housing demand than population growth trends. Between 2000 and 2010, Red Wing's household base is projected to grow by 602 households (9%). This increase accounts for roughly 66% of the Market Area's household growth during this period. Consistent household growth is projected to continue through 2020 in both the City of Red Wing

## DEMOGRAPHIC ANALYSIS

---

and the remainder of the Market Area; however, at the slightly slower rate than this decade due to the housing market slowdown and the finite amount of land that is available for development. Because of the current economic climate and oversupply of housing in the market we assume that the majority of growth from 2010 to 2020 will occur over the second half of the decade.

- Household growth has outpaced population growth in the Red Wing Market Area since 1990. This is due to declining household sizes (people per household). As shown below, the average household size in the Market Area declined from 2.63 people per household in 1990 to 2.56 in 2000. With a growing number of baby boomers becoming empty-nesters this decade, we project that the average household size in the Market Area will decline to 2.47 in 2010 and 2.43 in 2020.

	Average Household Size (People/Household)				
	1990	2000	2008	2010	2020
City of Red Wing	2.54	2.46	2.35	2.35	2.31
Remainder of Market Area	2.84	2.79	2.73	2.72	2.68
<b>Market Area Total</b>	<b>2.63</b>	<b>2.56</b>	<b>2.47</b>	<b>2.47</b>	<b>2.43</b>

For the purpose of this study, we focus on individual residential sector in the City of Red Wing. The following are key findings regarding population and household growth trends for each sector.

### West Sector

- In 2008, the West Sector has an estimated population of 3,800 people, an increase of 16.5% or 538 people since 2000. This is the largest sector in term of area compared to other residential sectors in the City. The West Sector is projected to have the strongest population growth in the City during this decade. The availability of underdeveloped land in this sector contributes to this rapid growth. In addition, the opening of Fairview Red Wing Medical Center in 2001 attracted substantial new retail developments in this sector, including Target and Wal-Mart and thus, drawing more people to this area to live and work. Between 2000 and 2010, the West Sector is projected to add 578 people (18%) and then an additional 730 people (19%) between 2010 and 2020.
- Household growth in this sector is also projected to be significant through 2020. In 2008, it is estimated that the West Sector had 1,630 households, accounting for roughly 23% of the total households in Red Wing. By 2020, this sector is expected to add 375 households (23% from 2008) – the highest numerical and percentage growth.

### South Sector

- In 2008, the South Sector is estimated to have 5,585 people. This is the largest sector in term of population in the City of Red Wing. By 2020, this sector is expected to add an additional 180 people (3%) from 2008 to a total of 5,765 people – the second largest population growth in Red Wing behind the West Sector.

**DEMOGRAPHIC ANALYSIS**

**TABLE 1  
POPULATION AND HOUSEHOLD GROWTH TRENDS  
RED WING MARKET AREA (BY NEIGHBORHOOD SECTOR)  
1990-2020**

	U.S. Census		Maxfield Research/ MN Demographic Center			Change					
	1990	2000	2008	2010	2020	1990-2000		2000-2010		2010-2020	
						No.	Pct.	No.	Pct.	No.	Pct.
<b>POPULATION</b>											
West Sector	n/a	3,262	3,800	3,840	4,570	n/a	--	578	17.7	730	19.0
SW Sector	n/a	4,200	4,225	4,250	4,285	n/a	--	50	1.2	35	0.8
Downtown Sector	n/a	2,149	2,065	2,060	2,030	n/a	--	-89	-4.1	-30	-1.5
South Sector	n/a	5,429	5,585	5,605	5,765	n/a	--	176	3.2	160	2.9
East End Sector	n/a	1,067	1,090	1,100	1,115	n/a	--	33	0.0	15	1.4
<b>City of Red Wing Total</b>	<b>15,143</b>	<b>16,107</b>	<b>16,765</b>	<b>16,855</b>	<b>17,765</b>	<b>964</b>	<b>6.4</b>	<b>748</b>	<b>4.6</b>	<b>910</b>	<b>5.4</b>
Remainder of Market Area	7,785	8,407	8,911	9,037	9,596	622	8.0	630	7.5	559	6.2
<b>Market Area Total</b>	<b>22,928</b>	<b>24,514</b>	<b>25,676</b>	<b>25,892</b>	<b>27,361</b>	<b>1,586</b>	<b>6.9</b>	<b>1,378</b>	<b>5.6</b>	<b>1,469</b>	<b>5.7</b>
<b>HOUSEHOLDS</b>											
West Sector	n/a	1,284	1,630	1,655	2,005	n/a	--	371	28.9	350	21.1
SW Sector	n/a	1,709	1,780	1,780	1,825	n/a	--	71	4.2	45	2.5
Downtown Sector	n/a	1,015	1,020	1,020	1,030	n/a	--	5	0.5	10	1.0
South Sector	n/a	2,130	2,235	2,245	2,340	n/a	--	115	5.4	95	4.2
East End Sector	n/a	420	460	460	475	n/a	--	40	9.5	15	3.3
<b>City of Red Wing Total</b>	<b>5,973</b>	<b>6,558</b>	<b>7,125</b>	<b>7,160</b>	<b>7,675</b>	<b>585</b>	<b>9.8</b>	<b>602</b>	<b>9.2</b>	<b>515</b>	<b>7.2</b>
Remainder of Market Area	2,744	3,015	3,478	3,510	3,890	271	9.9	495	16.4	380	10.8
<b>Market Area Total</b>	<b>8,717</b>	<b>9,573</b>	<b>10,603</b>	<b>10,670</b>	<b>11,565</b>	<b>856</b>	<b>9.8</b>	<b>1,097</b>	<b>11.5</b>	<b>895</b>	<b>8.4</b>
<p>Note: There is potential for more fully-developed sectors, including the Downtown, to exceed these projections by redeveloping under-utilized parcels with new housing. In this case, projections for the West and South Sectors would be reduced by a similar amount.</p> <p>Sources: U.S. Census Bureau; Minnesota Demographic Center; Maxfield Research, Inc.</p>											

## **DEMOGRAPHIC ANALYSIS**

---

- Household base in this sector is expected to increase by 105 households (5%) from 2008 to 2,340 households by 2020 and account for nearly one third of the total household base in the City.

### **Southwest Sector**

- In 2008, the Southwest Sector is estimated to have 4,225 people and 1,780 households. This is the second largest sector in term of population and household in the City of Red Wing. Both the South and Southwest Sectors are located on the fringe of Downtown Red Wing and attract residents because of for the proximity to employment, school, and entertainment. Both sectors are almost built out and future growth depends on redeveloping in-fill parcels.
- By 2020, the Southwest Sector is expected to add an additional 60 people (1%) from 2008 to a total of 4,285 people and the household base is expected to increase by 45 households (2.5%).

### **East Sector**

- In 2008, the East Sector had 1,090 people and 460 households. This sector is home to a correctional facility and has limited retail developments. Population and household bases in this sector are projected to stabilize through 2020 with no significant increase. By 2020, the East Sector is expected to have 1,115 people and 475 households.

### **Downtown Sector**

- In 2008, the Downtown Sector had an estimated 2,065 people and 1,020 households. This is the only sector that is estimated to slightly lose population during this decade and through 2020. The household base in this sector is projected to stabilize, however. The Downtown Sector, although almost fully-developed, is not developed to the highest and best use as many properties have vacant floors above retail and in-fill/vacant parcels are scattered throughout Downtown. Population and household growth in this sector depends on a focus in the developing under-utilized parcels and existing space with new housing units. There is the potential for downtown to exceed these projections because of the proximity to retail and services if appropriate housing options are developed to attract seniors, young professionals, empty-nesters, as demand likely exceeds the number of housing units.

## **Population Age Distribution Trends**

Table 2 shows the age distribution of the population for each residential sector in Red Wing, the City of Red Wing as a whole, and the remainder of the Market Area in 2000, 2008 and in 2013. The 2000 data is from the U.S. Census. Maxfield Research Inc. estimated and projected the 2008 and 2013 figures based on past population trends and data from Claritas, Inc. (a national demographics firm) and the State Demographic Center. The distribution of ages in an area helps determine the need for various types of housing, as housing needs change throughout a person's life cycle. The following are key findings from Table 2.

## DEMOGRAPHIC ANALYSIS

---

- Mirroring demographic trends across the nation, the aging of the baby boomer population is resulting in strong growth of older adults in Red Wing. Born between 1946 and 1964, baby boomers comprised the age groups 35 to 44 and 45 to 54 in 2000. These two age groups combined for nearly 7,680 people, or 31% of the population, in the Market Area in 2000. By 2013, most baby boomers will be between the ages of 45 to 64 and will combine for over 7,620 people.
- Following in the baby boomers wake is the baby bust generation, a group born between 1965 and 1976. This was a period of lower birth rates and as a result, the 35 to 44 age cohort decreased in the 2000s as the younger baby boomers were replaced by baby busters. The Market is expected to lose nearly 200 people (-5%) in the 35 to 44 age group between 2008 and 2013.
- In 2000, the Market Area had nearly 3,680 people age 65 and over. By 2013, the senior population is projected to grow to nearly 4,460 seniors, an increase of 780 people or 21%. This is the second strongest growth behind the 55 to 64 age cohort. The City of Red Wing is also expected to see meaningful increase in its senior population, adding about 345 seniors, or 13%, between 2000 and 2013.
- While the first baby boomers will begin entering their mid-60s next decade, their impact on senior housing demand will not be felt until after 2020, since most people do not begin seeking senior (or “age-restricted”) housing until their mid-70s. However, many baby boomers entering their 60s will decide to move from their single-family homes into single-level townhomes or condominiums to reduce home maintenance responsibilities.
- The West Sector is projected to experience the strongest growth in the senior population between 2008 and 2013. This is primarily due to an aging baby boomer population in addition to the Cities single-family and multifamily development trends which have been focused in this sector. This sector is projected to add nearly 100 people age 65 and older, more than any other sectors during this period. The population age 55 to 64 is also projected to grow by 65 people (17%) during this time period. The West Sector is the only sector in Red Wing expecting to see increases in both the 18 to 24 and 25 to 34 age groups increasing by 53 people. This sector has experienced an influx of multifamily development over the decade which appeals to a wide variety seniors as well as empty nesters, young singles and couples.
- The South Sector had the highest number of people under 18 years old in 2008 and is projected to continue this trend into 2013. In addition, the South Sector is also projected to have the highest average household size among all sectors through 2020, which indicates that this sector is largely comprised of families with children. This sector will also see the highest increase in the number of older adults age 55 to 64 between 2008 and 2013, adding 142 people (31%) during this period.
- The growth in these sectors can be attributed to housing availability as the majority of development has occurred in the past decade within these sectors. Focusing development or redevelopment (specifically Downtown) in other areas of Red Wing would most likely alter the projected growth.

**TABLE 2  
POPULATION AGE DISTRIBUTION  
RED WING MARKET AREA  
2000 to 2013**

	Number of People			Change			
	2000	2008	2013	2000-2008		2008-2013	
	No.	No.	No.	No.	Pct.	No.	Pct.
<b>West Sector</b>							
17 & under	833	871	904	38	4.6	33	4.0
18 to 24	245	317	332	72	29.4	15	6.2
25 to 34	337	451	488	114	33.7	38	11.2
35 to 44	542	491	438	-51	-9.4	-53	-9.7
45 to 54	461	604	592	143	31.0	-12	-2.5
55 to 64	377	483	548	106	28.0	65	17.3
65 to 74	275	330	391	55	20.1	60	21.9
75+	192	254	291	62	32.2	37	19.5
<b>Total</b>	<b>3,262</b>	<b>3,800</b>	<b>3,985</b>	<b>538</b>	<b>16.5</b>	<b>185</b>	<b>5.7</b>
<b>SW Sector</b>							
17 & under	916	803	806	-113	-12.3	3	0.4
18 to 24	331	318	299	-13	-4.1	-19	-5.6
25 to 34	506	578	518	72	14.3	-60	-11.9
35 to 44	642	533	563	-109	-17.0	30	4.7
45 to 54	584	617	562	33	5.7	-55	-9.4
55 to 64	405	502	581	97	24.1	79	19.5
65 to 74	358	378	414	20	5.5	36	10.1
75+	458	496	516	38	8.2	20	4.4
<b>Total</b>	<b>4,200</b>	<b>4,225</b>	<b>4,260</b>	<b>25</b>	<b>0.6</b>	<b>35</b>	<b>0.8</b>
<b>Downtown Sector</b>							
17 & under	486	420	414	-66	-13.6	-6	-1.2
18 to 24	248	221	225	-27	-10.9	4	1.6
25 to 34	310	308	259	-2	-0.7	-49	-15.9
35 to 44	269	274	303	5	2.0	29	10.7
45 to 54	233	246	239	13	5.6	-7	-3.0
55 to 64	127	176	210	49	38.5	34	26.6
65 to 74	141	129	135	-12	-8.7	6	4.2
75+	335	291	271	-44	-13.1	-21	-6.1
<b>Total</b>	<b>2,149</b>	<b>2,065</b>	<b>2,055</b>	<b>-84</b>	<b>-3.9</b>	<b>-10</b>	<b>-0.5</b>
<b>South Sector</b>							
17 & under	1,455	1,275	1,238	-180	-12.4	-37	-2.6
18 to 24	413	529	500	116	28.0	-28	-6.9
25 to 34	619	713	777	94	15.1	64	10.4
35 to 44	866	695	642	-171	-19.7	-53	-6.1
45 to 54	843	895	789	52	6.2	-106	-12.6
55 to 64	453	702	843	249	54.9	142	31.2
65 to 74	380	373	443	-7	-1.9	71	18.6
75+	400	404	402	4	0.9	-2	-0.4
<b>Total</b>	<b>5,429</b>	<b>5,585</b>	<b>5,635</b>	<b>156</b>	<b>2.9</b>	<b>50</b>	<b>0.9</b>

**TABLE 2**  
**POPULATION AGE DISTRIBUTION**  
**RED WING MARKET AREA**  
**1990 to 2013**  
**(Continued)**

	Number of People			Change			
	2000	2008	2013	2000-2008		2008-2013	
	No.	No.	No.	No.	Pct.	No.	Pct.
<b>East End Sector</b>							
17 & under	276	262	268	-14	-4.9	6	2.1
18 to 24	84	86	86	2	2.4	0	0.0
25 to 34	151	148	128	-3	-1.9	-20	-13.0
35 to 44	181	161	153	-20	-11.0	-8	-4.5
45 to 54	165	181	164	16	9.6	-17	-10.0
55 to 64	89	133	163	44	49.3	30	34.0
65 to 74	66	64	84	-2	-2.7	20	29.6
75+	55	54	58	-1	-1.0	4	6.6
<b>Total</b>	<b>1,067</b>	<b>1,090</b>	<b>1,105</b>	<b>23</b>	<b>2.2</b>	<b>15</b>	<b>1.4</b>
<b>City of Red Wing</b>							
17 & under	3,966	3,631	3,631	-335	-8.4	-1	0.0
18 to 24	1,321	1,470	1,442	149	11.3	-28	-2.1
25 to 34	1,923	2,197	2,170	274	14.3	-27	-1.4
35 to 44	2,500	2,155	2,100	-345	-13.8	-55	-2.2
45 to 54	2,286	2,543	2,347	257	11.3	-196	-8.6
55 to 64	1,451	1,996	2,346	545	37.5	350	24.1
65 to 74	1,220	1,274	1,467	54	4.4	193	15.8
75+	1,440	1,499	1,537	59	4.1	39	2.7
<b>Total</b>	<b>16,107</b>	<b>16,765</b>	<b>17,040</b>	<b>658</b>	<b>4.1</b>	<b>275</b>	<b>1.7</b>
<b>Remainder of Market Area</b>							
17 & under	2,212	1,928	1,882	-284	-12.8	-46	-2.1
18 to 24	556	796	766	240	43.2	-30	-5.4
25 to 34	902	1,034	1,249	132	14.6	215	23.8
35 to 44	1,502	1,128	984	-374	-24.9	-144	-9.6
45 to 54	1,395	1,587	1,443	192	13.8	-144	-10.3
55 to 64	823	1,212	1,486	389	47.3	274	33.3
65 to 74	556	660	812	104	18.7	152	27.3
75+	461	566	643	105	22.8	77	16.7
<b>Total</b>	<b>8,407</b>	<b>8,911</b>	<b>9,265</b>	<b>-7,906</b>	<b>-94.0</b>	<b>354</b>	<b>4.2</b>
<b>Market Area Total</b>							
17 & under	6,178	5,559	5,513	-619	-10.0	-47	-0.8
18 to 24	1,877	2,266	2,208	389	20.7	-58	-3.1
25 to 34	2,825	3,231	3,419	406	14.4	188	6.6
35 to 44	4,002	3,283	3,084	-719	-18.0	-199	-5.0
45 to 54	3,681	4,130	3,790	449	12.2	-340	-9.2
55 to 64	2,274	3,208	3,832	934	41.1	624	27.4
65 to 74	1,776	1,934	2,279	158	8.9	345	19.4
75+	1,901	2,065	2,180	164	8.6	116	6.1
<b>Total</b>	<b>24,514</b>	<b>25,676</b>	<b>26,305</b>	<b>-6,933</b>	<b>-28.3</b>	<b>629</b>	<b>2.6</b>

Sources: U.S. Census Bureau; Claritas, Inc.; Maxfield Research Inc.

## DEMOGRAPHIC ANALYSIS

### Household Tenure

Table 3 shows the number of owner and renter households in the Red Wing Market Area and residential sectors by age group in 1990, 2000 and 2008. The data is based on the U. S. Census and Claritas, Inc. and adjusted by Maxfield Research. The data shows the propensity of households to own or rent their housing.

Key points from Table 3 are:

- In 2000, 72% of the households in Red Wing owned their housing, compared to 89% in the Remainder of the Market Area. The notably higher homeownership rates in the Remainder of the Market Area compared to Red Wing reflects the rural nature of the Remainder of the Market Area.
- The homeownership rate in Red Wing is estimated to increase to 73% in 2008. There was an estimated additional 530 households who owned their housing between 2000 and 2008 for an increase of 11%. During the same period, there were only about 42 additional households who rent their housing (2%).

**TABLE 3  
HOUSEHOLD TENURE  
RED WING MARKET AREA  
1990 - 2000 - 2008**

Neighborhood Sectors	1990				2000				2008			
	Own		Rent		Own		Rent		Own		Rent	
	No.	Pct.										
West Sector	n/a	--	n/a	--	1,090	84.9	194	15.1	1,402	86.0	228	14.0
Sothwest Sector	n/a	--	n/a	--	1,304	76.5	401	23.5	1,371	77.0	409	23.0
Downtown Sector	n/a	--	n/a	--	334	32.9	681	67.1	326	32.0	694	68.0
South Sector	n/a	--	n/a	--	1,646	77.3	484	22.7	1,766	79.0	469	21.0
East Sector	n/a	--	n/a	--	325	77.4	95	22.6	363	79.0	97	21.0
<b>City of Red Wing</b>	<b>4,114</b>	<b>68.9</b>	<b>1,859</b>	<b>31.1</b>	<b>4,699</b>	<b>71.7</b>	<b>1,855</b>	<b>28.3</b>	<b>5,228</b>	<b>73.4</b>	<b>1,897</b>	<b>26.6</b>
Remainder of MA	2,392	87.2	352	12.8	2,693	89.3	322	10.7	2,922	89.5	343	10.5
<b>Market Area Total</b>	<b>6,506</b>	<b>74.6</b>	<b>2,211</b>	<b>25.4</b>	<b>7,392</b>	<b>77.2</b>	<b>2,177</b>	<b>22.8</b>	<b>8,150</b>	<b>78.4</b>	<b>2,240</b>	<b>21.6</b>

Sources: Bureau of the Census; Maxfield Research Inc.

- Overall, in 2008, the Red Wing Market Area contained approximately 8,150 homeowner households and 2,240 renter households. About, 64% of the homeowner households (5,228) and 85% of the renter households (1,897) were from Red Wing. The higher renter percentage in Red Wing is due to the fact that Red Wing has the infrastructure to support multifamily housing and the rural area does not.
- Within the City of Red Wing, the West Sector had the highest homeownership rate in 2008 with 86% of the total households (1,402) own their houses. Numerically, the South Sector

## DEMOGRAPHIC ANALYSIS

---

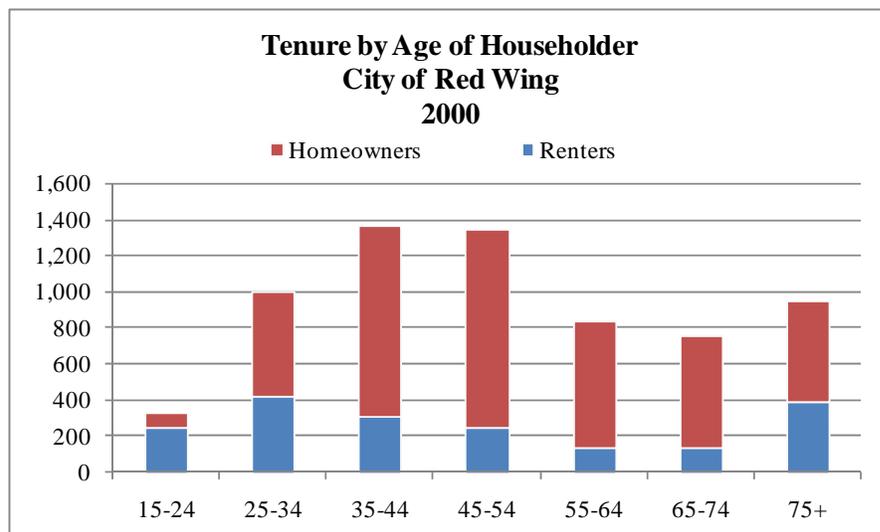
had the largest number of homeowner households with 1,766 households owning their houses in 2008, or 79% of the total households in this sector.

### Household Tenure by Age of Householder

Table 4 shows the number of owner and renter households in the Red Wing Market Area and Red Wing's residential sectors by age group in 2000. This data is useful in assessing demand for various types of housing based on the change in housing preferences throughout an individual's lifecycle.

The following are key points from Table 4:

- The proportion of renter households decreases significantly as households age. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership. In 2000, homeownership rates peaked in the City of Red Wing in the 55 to 64 age cohort (84%), declined gradually to 82% in the 65 to 74 age group and then declined significantly to 59% in the 75+ age cohort.
- Because homeownership rates are well above 80 percent among middle-aged adults in the Red Wing Market Area, many households will have significant equity in their home when they reach their retirement years. They will have the ability to use this equity to purchase a townhome or condominium, which offer maintenance-free housing options. Alternatively, seniors who remain in their single-family homes longer will have the option of using their additional home equity to cover the cost of senior rental housing if they choose to relocate.

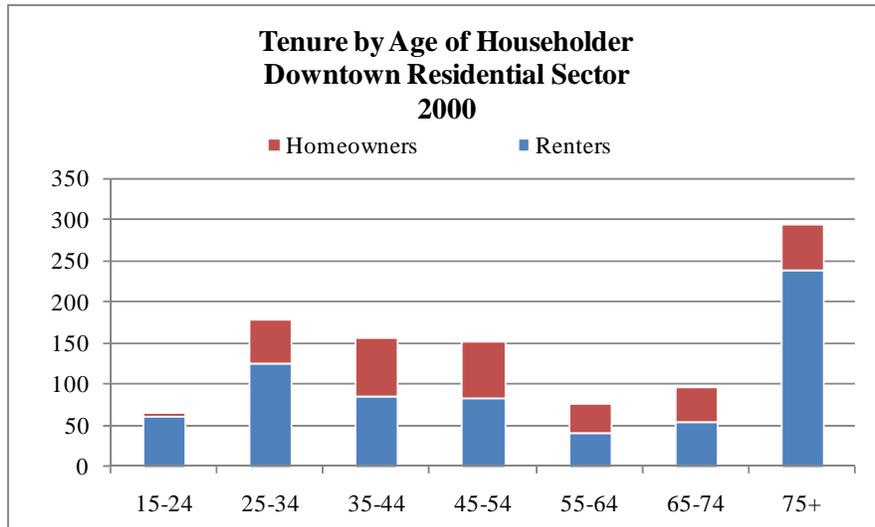


- In Red Wing, the 15 to 24 age group had the largest percentage (73%) of renters. In terms of numbers, the 25 to 34 age cohort had the largest number of renters (416) while the 75+ age cohort followed second with 385 renter households.

## DEMOGRAPHIC ANALYSIS

---

- Among the residential sectors in Red Wing, the Downtown Sector had the highest percentage of renters, peaked with the 15 to 24 age group (91%) and followed by the 75+ age group (81%). The renter household proportion was above 50% across all age cohorts in this sector.
- The West Sector had the highest homeownership rate in almost all age cohorts among the residential sectors in Red Wing.



**DEMOGRAPHIC ANALYSIS**

**TABLE 4  
TENURE BY AGE OF HOUSEHOLDER  
RED WING MARKET AREA AND RESIDENTIAL SECTORS  
2000**

	Age of Householder														Total	
	15-24		25-34		35-44		45-54		55-64		65-74		75+			
	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent
<b>2000</b>																
West Sector	18	16	119	49	243	38	240	29	197	25	159	15	114	22	1,090	194
<i>Pct. Own</i>	52.9%		70.8%		86.5%		89.2%		88.7%		91.4%		83.8%		84.9%	
SW Sector	37	51	167	96	283	71	289	49	197	23	178	38	153	73	1,304	401
<i>Pct. Own</i>	42.0%		63.5%		79.9%		85.5%		89.5%		82.4%		67.7%		76.5%	
Downtown Sector	6	59	54	124	71	85	68	83	37	39	43	53	55	238	334	681
<i>Pct. Own</i>	9.2%		30.3%		45.5%		45.0%		48.7%		44.8%		18.8%		32.9%	
South Sector	24	98	192	123	382	84	424	62	213	42	208	26	203	49	1,646	484
<i>Pct. Own</i>	19.7%		61.0%		82.0%		87.2%		83.5%		88.9%		80.6%		77.3%	
East End Sector	4	16	46	24	80	22	77	19	50	6	30	5	38	3	325	95
<i>Pct. Own</i>	20.0%		65.7%		78.4%		80.2%		89.3%		85.7%		92.7%		77.4%	
<b>City of Red Wing</b>	<b>89</b>	<b>240</b>	<b>578</b>	<b>416</b>	<b>1,059</b>	<b>300</b>	<b>1,098</b>	<b>242</b>	<b>694</b>	<b>135</b>	<b>618</b>	<b>137</b>	<b>563</b>	<b>385</b>	<b>4,699</b>	<b>1,855</b>
<i>Pct. Own</i>	27.1%		58.1%		77.9%		81.9%		83.7%		81.9%		59.4%		71.7%	
Remainder of MA	31	38	281	102	704	82	704	39	428	21	327	16	218	24	2,693	322
<i>Pct. Own</i>	44.9%		73.4%		89.6%		94.8%		95.3%		95.3%		90.1%		89.3%	
<b>Market Area Total</b>	<b>120</b>	<b>278</b>	<b>859</b>	<b>518</b>	<b>1,763</b>	<b>382</b>	<b>1,802</b>	<b>281</b>	<b>1,122</b>	<b>156</b>	<b>945</b>	<b>153</b>	<b>781</b>	<b>409</b>	<b>7,392</b>	<b>2,177</b>
<i>Pct. Own</i>	30.2%		62.4%		82.2%		86.5%		87.8%		86.1%		65.6%		77.2%	

Sources: Bureau of the Census, Maxfield Research Inc.

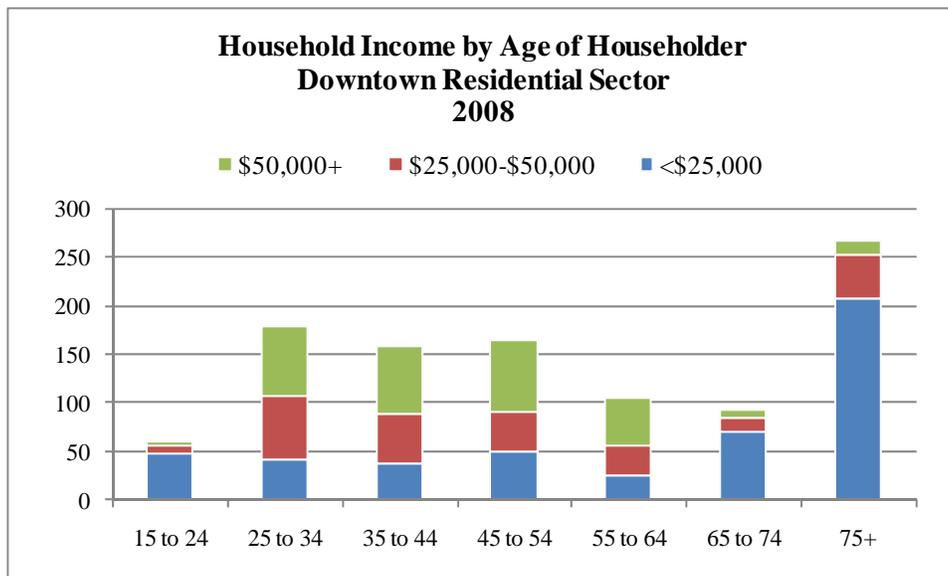
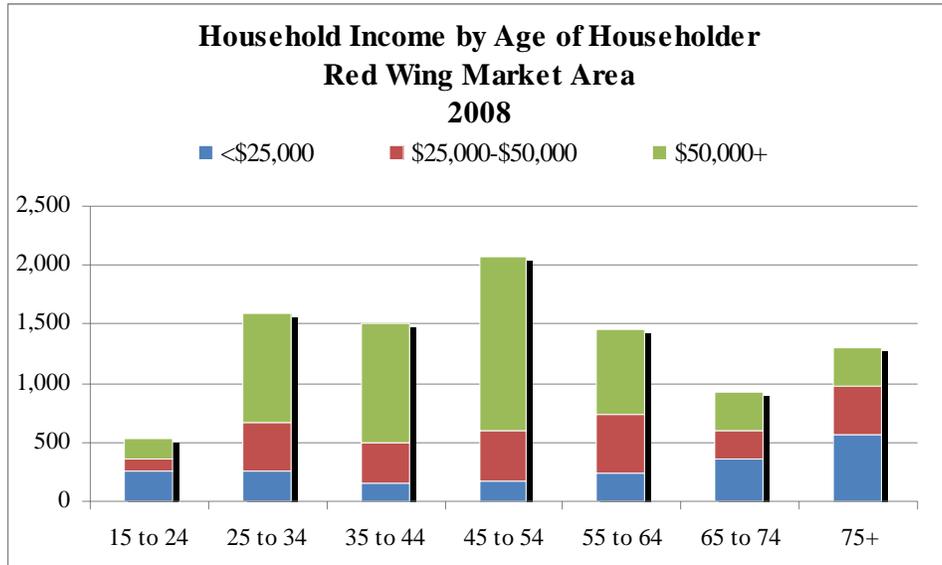
### Household Income

The estimated distribution of households by income in the Red Wing Market Area and Red Wing's residential sectors for 2008 and 2013 is shown in Tables 5 through 11. The data was estimated by Maxfield Research and based on income trends provided by Claritas Inc., a national demographics firm. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing cost as less than 30% of a household's adjusted gross income. Maxfield Research Inc. uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward housing payments.

The following are key points from Tables 5 through 11:

- The overall median household income in Red Wing is estimated at about \$50,440 in 2008. This is lower than the Market Area as a whole (\$62,090), since Red Wing has a greater percentage of younger households and renters, both of whom typically have lower incomes than middle-aged homeowners.
- The majority of householders between the ages of 35 and 64 had incomes above \$50,000 while the majority of householders younger than 25 and older than 75 had incomes below \$30,000. These lower-income young households typically need to rent their housing, while most seniors also have fewer expenses and often own their home out-right.
- The majority of household growth over the next five years in Red Wing and the Market Area will be among households age 55 to 64. Most of these older households will have equity in an existing home and other accumulated wealth, and therefore will remain in ownership housing.
- Households ages 25 to 34 are typically a target market for entry-level for-sale housing. This age group, along with seniors, is primary market for multifamily housing. The median income in 2008 for those households ages 25 to 34 in Red Wing was estimated to be approximately \$49,574. With this income, a household could afford a monthly rent of about \$1,200 (including rents, utilities, and garage parking) or a maximum purchase price of about \$124,000 to \$149,000 (calculating a home purchase price of 2.5 to 3.0 times household income).
- In Red Wing, the South and East Sectors had the highest median income in 2008, estimated at \$60,730 and \$58,880, respectively while the Downtown Sector had the lowest median income of about \$28,050. It is understandable given that the South and East Sectors had some of the highest homeownership rates in the City and the Downtown Sector had the lowest. These sectors contained moderate- to higher-income families who can afford single-family homes compared to the Downtown Sector with mostly young renters.



## DEMOGRAPHIC ANALYSIS

**TABLE 5  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
RED WING MARKET AREA  
2008 & 2013**

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65 -74	75+
<b>2008</b>								
Less than \$15,000	970	104	121	72	97	147	157	273
\$15,000 to \$24,999	1,035	152	139	75	75	97	204	293
\$25,000 to \$34,999	994	41	155	110	119	236	152	182
\$35,000 to \$49,999	1,434	61	261	234	313	250	82	233
\$50,000 to \$74,999	1,796	102	488	260	283	426	96	140
\$75,000 to \$99,999	1,551	39	246	408	501	153	114	90
\$100,000 or more	1,619	26	189	354	680	155	117	97
Total	10,603	526	1,599	1,513	2,067	1,464	923	1,307
Median Income	\$62,089	\$26,607	\$56,332	\$75,363	\$82,341	\$50,136	\$31,596	\$29,848
<b>2013</b>								
Less than \$15,000	864	81	110	58	87	153	142	232
\$15,000 to \$24,999	853	61	131	57	48	91	211	253
\$25,000 to \$34,999	859	46	141	53	72	197	168	183
\$35,000 to \$49,999	1,386	59	196	212	209	279	184	246
\$50,000 to \$74,999	2,458	78	474	393	491	514	336	173
\$75,000 to \$99,999	1,813	53	318	395	442	331	163	111
\$100,000 or more	2,617	34	303	495	816	613	206	151
Total	10,849	413	1,672	1,663	2,165	2,178	1,409	1,349
Median Income	\$64,883	\$39,583	\$63,631	\$78,691	\$84,950	\$67,933	\$49,954	\$35,402
<b>Change 2008-2013</b>								
Less than \$25,000	-289	-114	-19	-31	-36	1	-8	-80
\$25,000 to \$74,999	479	-21	-93	54	56	78	357	47
\$75,000 or more	1,260	22	185	128	78	636	137	75
Total	1,450	-114	73	151	98	714	486	42
Median Income	\$2,794	\$12,976	\$7,299	\$3,328	\$2,609	\$17,797	\$18,358	\$5,554

Sources: Claritas, Inc.;  
Maxfield Research Inc.

**DEMOGRAPHIC ANALYSIS**

**TABLE 6  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
CITY OF RED WING  
2008 & 2013**

	<b>Age of Householder</b>							
	<b>Total</b>	<b>15-24</b>	<b>25-34</b>	<b>35-44</b>	<b>45-54</b>	<b>55-64</b>	<b>65 -74</b>	<b>75+</b>
<b>2008</b>								
Less than \$15,000	866	98	103	54	82	113	143	273
\$15,000 to \$24,999	847	152	122	56	56	69	166	226
\$25,000 to \$34,999	742	34	155	73	90	171	80	138
\$35,000 to \$49,999	1,083	40	215	163	230	169	82	185
\$50,000 to \$74,999	1,388	62	332	260	283	266	96	90
\$75,000 to \$99,999	998	25	147	267	270	153	67	68
\$100,000 or more	988	22	104	193	400	155	48	65
<b>Total</b>	<b>7,125</b>	<b>432</b>	<b>1,179</b>	<b>1,065</b>	<b>1,411</b>	<b>1,097</b>	<b>682</b>	<b>1,045</b>
<b>Median Income</b>	<b>\$50,443</b>	<b>\$22,782</b>	<b>\$49,574</b>	<b>\$68,045</b>	<b>\$71,864</b>	<b>\$52,395</b>	<b>\$29,043</b>	<b>\$26,686</b>
<b>2013</b>								
Less than \$15,000	722	79	92	51	70	118	116	195
\$15,000 to \$24,999	698	58	118	43	44	59	174	203
\$25,000 to \$34,999	618	35	115	33	47	155	105	129
\$35,000 to \$49,999	1,040	50	152	164	177	192	104	202
\$50,000 to \$74,999	1,633	39	320	293	306	339	220	115
\$75,000 to \$99,999	1,097	37	186	270	261	180	97	67
\$100,000 or more	1,457	27	158	306	477	303	91	95
<b>Total</b>	<b>7,265</b>	<b>325</b>	<b>1,142</b>	<b>1,158</b>	<b>1,382</b>	<b>1,347</b>	<b>907</b>	<b>1,005</b>
<b>Median Income</b>	<b>\$58,494</b>	<b>\$32,419</b>	<b>\$57,262</b>	<b>\$74,662</b>	<b>\$79,491</b>	<b>\$61,046</b>	<b>\$43,478</b>	<b>\$33,113</b>
<b>Change 2008-2013</b>								
Less than \$25,000	-294	-113	-14	-16	-25	-5	-19	-101
\$25,000 to \$74,999	78	-11	-115	-6	-73	79	170	32
\$75,000 or more	569	17	92	115	67	176	73	28
<b>Total</b>	<b>353</b>	<b>-107</b>	<b>-36</b>	<b>93</b>	<b>-30</b>	<b>250</b>	<b>224</b>	<b>-40</b>
<b>Median Income</b>	<b>\$8,052</b>	<b>\$9,637</b>	<b>\$7,688</b>	<b>\$6,618</b>	<b>\$7,627</b>	<b>\$8,651</b>	<b>\$14,435</b>	<b>\$6,428</b>

Sources: Claritas, Inc.;  
Maxfield Research Inc.

## DEMOGRAPHIC ANALYSIS

**TABLE 7  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
WEST SECTOR  
2008 & 2013**

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65 -74	75+
<b>2008</b>								
Less than \$15,000	112	9	9	12	2	28	32	21
\$15,000 to \$24,999	93	4	15	10	9	8	33	15
\$25,000 to \$34,999	148	0	26	4	31	39	18	32
\$35,000 to \$49,999	259	0	44	40	79	27	32	37
\$50,000 to \$74,999	283	16	41	77	26	43	46	33
\$75,000 to \$99,999	181	0	27	32	59	46	11	7
\$100,000 or more	213	5	28	36	88	42	8	6
Total	1,284	33	190	210	293	232	180	151
Median Income	\$52,593	\$56,944	\$50,798	\$62,784	\$75,000	\$58,418	\$38,446	\$38,214
<b>2013</b>								
Less than \$15,000	124	11	8	9	0	40	33	23
\$15,000 to \$24,999	112	7	11	13	2	7	49	23
\$25,000 to \$34,999	149	5	30	2	26	35	29	23
\$35,000 to \$49,999	290	0	59	34	75	27	18	75
\$50,000 to \$74,999	381	9	64	66	58	73	82	29
\$75,000 to \$99,999	240	8	29	46	58	55	27	17
\$100,000 or more	359	2	50	58	133	81	16	18
Total	1,655	42	251	228	354	318	254	208
Median Income	\$59,992	\$31,249	\$56,696	\$71,120	\$81,372	\$66,992	\$48,593	\$42,045
<b>Change 2008-2013</b>								
Less than \$25,000	31	6	-4	-0	-8	11	17	10
\$25,000 to \$74,999	129	-2	42	-18	24	27	32	25
\$75,000 or more	205	5	23	36	45	48	25	22
Total	366	9	61	18	61	86	75	57
Median Income	\$7,399	-\$25,695	\$5,898	\$8,336	\$6,372	\$8,573	\$10,147	\$3,831

Sources: Claritas, Inc.;  
Maxfield Research Inc.

## DEMOGRAPHIC ANALYSIS

**TABLE 8  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
SOUTHWEST SECTOR  
2008 & 2013**

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65 -74	75+
<b>2008</b>								
Less than \$15,000	140	16	24	9	31	22	14	23
\$15,000 to \$24,999	129	1	42	2	1	17	25	40
\$25,000 to \$34,999	209	6	39	13	10	47	24	69
\$35,000 to \$49,999	341	14	62	35	75	44	54	57
\$50,000 to \$74,999	443	37	77	90	104	58	70	7
\$75,000 to \$99,999	315	7	44	118	66	30	23	28
\$100,000 or more	201	1	13	35	67	58	9	18
Total	1,780	82	301	301	354	276	220	242
Median Income	\$54,036	\$52,734	\$45,971	\$75,368	\$64,305	\$53,250	\$47,925	\$33,333
<b>2013</b>								
Less than \$15,000	125	12	16	13	24	20	13	26
\$15,000 to \$24,999	117	2	36	2	6	14	31	24
\$25,000 to \$34,999	144	1	40	6	1	26	24	46
\$35,000 to \$49,999	346	14	42	42	47	88	30	83
\$50,000 to \$74,999	428	24	65	58	93	70	95	24
\$75,000 to \$99,999	309	19	50	108	57	26	29	19
\$100,000 or more	321	6	24	83	89	70	22	28
Total	1,790	79	273	313	316	315	244	250
Median Income	\$59,515	\$60,000	\$51,157	\$83,055	\$71,590	\$53,017	\$56,171	\$40,217
<b>Change 2008-2013</b>								
Less than \$25,000	-27	-3	-14	4	-2	-4	5	-13
\$25,000 to \$74,999	-74	-17	-32	-32	-49	35	0	20
\$75,000 or more	114	17	18	39	13	8	18	1
Total	12	-3	-28	11	-38	39	24	8
Median Income	\$5,479	\$7,265	\$5,186	\$7,688	\$7,285	-\$233	\$8,246	\$6,885

Sources: Claritas, Inc.;  
Maxfield Research Inc.

**DEMOGRAPHIC ANALYSIS**

**TABLE 9  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
DOWNTOWN SECTOR  
2008 & 2013**

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65 -74	75+
<b>2008</b>								
Less than \$15,000	256	23	21	18	19	14	41	120
\$15,000 to \$24,999	224	25	19	19	31	12	30	88
\$25,000 to \$34,999	99	1	21	27	13	16	1	19
\$35,000 to \$49,999	155	8	45	24	28	14	13	25
\$50,000 to \$74,999	179	1	46	40	44	41	2	5
\$75,000 to \$99,999	65	2	15	16	21	3	4	3
\$100,000 or more	45	1	11	14	8	5	1	5
Total	1,020	60	179	158	164	105	92	266
Median Income	\$28,043	\$18,043	\$44,107	\$44,204	\$45,095	\$46,538	\$16,786	\$16,463
<b>2013</b>								
Less than \$15,000	221	18	19	19	20	13	26	106
\$15,000 to \$24,999	214	21	22	18	21	14	33	84
\$25,000 to \$34,999	109	6	20	14	10	28	6	26
\$35,000 to \$49,999	133	3	22	38	30	10	14	14
\$50,000 to \$74,999	193	7	36	42	36	58	3	11
\$75,000 to \$99,999	84	1	20	25	26	2	4	6
\$100,000 or more	67	3	14	18	16	4	6	6
Total	1,020	59	154	174	158	130	93	252
Median Income	\$31,887	\$20,526	\$45,499	\$49,117	\$48,888	\$49,166	\$21,166	\$17,400
<b>Change 2008-2013</b>								
Less than \$25,000	-45	-8	1	-1	-9	2	-12	-18
\$25,000 to \$74,999	2	6	-34	5	-9	25	7	2
\$75,000 or more	40	1	9	12	12	-2	5	3
Total	-3	-1	-25	16	-6	25	0	-14
Median Income	\$3,844	\$2,483	\$1,393	\$4,913	\$3,792	\$2,628	\$4,381	\$936

Sources: Claritas, Inc.;  
Maxfield Research Inc.

**DEMOGRAPHIC ANALYSIS**

**TABLE 10  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
SOUTH SECTOR  
2008 & 2013**

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65 -74	75+
<b>2008</b>								
Less than \$15,000	231	44	38	10	19	37	41	43
\$15,000 to \$24,999	201	19	29	12	6	15	59	61
\$25,000 to \$34,999	203	24	38	25	23	54	28	10
\$35,000 to \$49,999	261	17	43	48	25	57	20	52
\$50,000 to \$74,999	517	6	118	106	133	95	30	30
\$75,000 to \$99,999	342	15	50	72	93	57	28	28
\$100,000 or more	484	7	43	95	210	75	25	28
Total	2,235	131	359	368	509	388	233	252
Median Income	\$60,734	\$26,200	\$56,611	\$71,100	\$88,157	\$58,505	\$30,689	\$38,538
<b>2013</b>								
Less than \$15,000	205	33	38	9	17	39	38	33
\$15,000 to \$24,999	181	17	37	7	8	11	51	51
\$25,000 to \$34,999	179	18	26	7	9	52	39	29
\$35,000 to \$49,999	223	28	25	41	21	50	27	30
\$50,000 to \$74,999	478	2	116	89	82	113	33	44
\$75,000 to \$99,999	373	8	77	65	91	75	36	22
\$100,000 or more	626	13	71	119	217	124	44	39
Total	2,265	119	389	335	444	463	267	248
Median Income	\$68,018	\$30,000	\$64,999	\$80,970	\$98,536	\$67,841	\$38,482	\$40,564
<b>Change 2008-2013</b>								
Less than \$25,000	-45	-12	7	-6	1	-3	-12	-20
\$25,000 to \$74,999	-101	1	-32	-42	-69	10	19	12
\$75,000 or more	173	-1	56	15	4	68	26	4
Total	26	-12	31	-33	-64	76	34	-5
Median Income	\$7,284	\$3,800	\$8,388	\$9,870	\$10,379	\$9,336	\$7,793	\$2,027

Sources: Claritas, Inc.;  
Maxfield Research Inc.

**DEMOGRAPHIC ANALYSIS**

**TABLE 11  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
EAST END SECTOR  
2008 & 2013**

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65 -74	75+
<b>2008</b>								
Less than \$15,000	33	2	7	1	10	2	2	8
\$15,000 to \$24,999	66	6	13	12	6	15	3	12
\$25,000 to \$34,999	16	0	2	0	2	0	8	3
\$35,000 to \$49,999	50	0	12	5	8	21	2	2
\$50,000 to \$74,999	183	5	32	50	59	20	10	8
\$75,000 to \$99,999	65	3	3	21	18	16	0	2
\$100,000 or more	46	6	5	6	8	12	7	3
Total	460	22	74	93	112	85	33	39
Median Income	\$58,883	\$65,624	\$52,678	\$64,825	\$62,500	\$55,882	\$51,389	\$25,000
<b>2013</b>								
Less than \$15,000	29	3	7	0	7	3	2	6
\$15,000 to \$24,999	59	7	8	6	6	15	2	15
\$25,000 to \$34,999	23	2	3	2	0	3	7	5
\$35,000 to \$49,999	47	0	6	3	5	19	12	2
\$50,000 to \$74,999	145	1	29	35	38	24	10	7
\$75,000 to \$99,999	88	5	6	23	29	15	6	5
\$100,000 or more	73	3	3	17	15	26	6	2
Total	465	22	63	87	100	106	45	42
Median Income	\$62,799	\$27,500	\$56,000	\$72,916	\$71,211	\$62,500	\$49,249	\$25,000
<b>Change 2008-2013</b>								
Less than \$25,000	-11	2	-4	-7	-3	1	-1	1
\$25,000 to \$74,999	-34	-1	-8	-13	-26	6	8	0
\$75,000 or more	51	-1	1	14	18	13	5	1
Total	6	0	-11	-6	-12	20	12	3
Median Income	\$3,916	-\$38,125	\$3,321	\$8,091	\$8,712	\$6,617	-\$2,140	\$0

Sources: Claritas, Inc.;  
Maxfield Research Inc.

## Employment Growth Trends

Since employment growth generally fuels household growth, employment trends are a reliable indicator of housing demand. Typically, households prefer to live near work for convenience. However, housing is often less expensive in smaller towns, making commuting from outlying communities to work in larger employment centers attractive for households concerned about housing affordability.

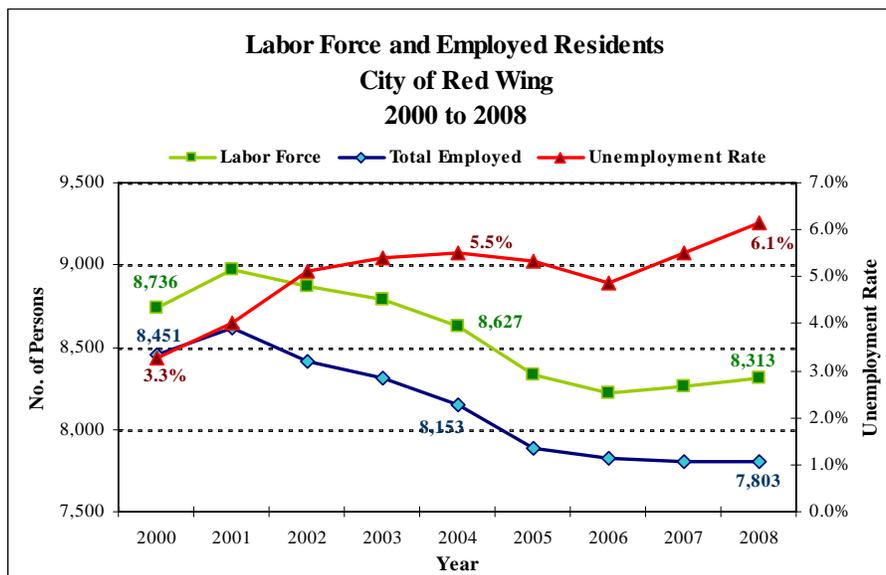
Employment growth trends and projections for Goodhue County are shown in Tables 12 through 15. The following are key trends derived from the employment data:

### Employed People Living in Goodhue County

Table 12 on the following page presents resident employment data for Red Wing and Goodhue County from 2000 through 2008. Resident employment data is calculated as an annual average and reveals the work force and *number of employed people living in the City/County*. It is important to note that not all of these individuals work in the City/County.

Table 13 shows commuter patterns to and from Red Wing, the largest employment center in the County, based on data obtained from the 2000 Census. The data shows the work destinations for people who live in Red Wing, as well as where employees in Red Wing live. This data is insightful because people working in Red Wing who commute to their jobs are a potential market for new housing, particularly if higher gas prices cause commuting to be more expensive. The following are key trends derived from Tables 12 and 13:

- ▶ The labor force and the number of employed residents have decreased between 2000 and 2008 in Red Wing. This has been consistent with trends across the State. The number of employed people in Minnesota grew only 2% between 2000 and 2008. This lags behind the Nation, which saw growth of 6% over the same period.



## DEMOGRAPHIC ANALYSIS

- ▶ The unemployment rate in Red Wing and the County has risen from roughly 3% in 2000 to 6% in 2008. In comparison, the 2008 unemployment rate in both Minnesota and the Nation was 5.4% and 5.8%, respectively. Overall, the unemployment rate had remained steady through most of the decade until the last two years where both Red Wing and the County have experienced sharp increases.
- ▶ Red Wing accounts for roughly 33% of the County's labor force.
- ▶ About 80% of Red Wing's residents also work in Red Wing. Of those that work elsewhere, the majority work in Cannon Falls and Hastings (214 and 189 residents, respectively in 2000).

<b>TABLE 12</b>					
<b>RESIDENT EMPLOYMENT</b>					
<b>CITY OF RED WING AND GOODHUE COUNTY</b>					
<b>2000 through 2008</b>					
<b>Year</b>	<b>Labor Force</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Rate</b>	<b>Minnesota Unemployment Rate</b>
<b>CITY OF RED WING</b>					
2000	8,736	8,451	285	3.3%	3.1%
2001	8,977	8,617	360	4.0%	3.8%
2002	8,868	8,415	453	5.1%	4.5%
2003	8,789	8,314	475	5.4%	4.8%
2004	8,627	8,153	474	5.5%	4.6%
2005	8,328	7,884	444	5.3%	4.1%
2006	8,223	7,824	399	4.9%	4.0%
2007	8,261	7,805	456	5.5%	4.6%
2008	8,313	7,803	510	6.1%	5.4%
<b>Change 2000-2008</b>					
<b>Number</b>	-423	-648	225	--	--
<b>Percent</b>	-4.8%	-7.7%	78.9%	--	--
<b>GOODHUE COUNTY</b>					
2000	25,118	24,353	765	3.0%	3.1%
2001	25,940	25,045	895	3.5%	3.8%
2002	25,851	24,684	1,167	4.5%	4.5%
2003	25,906	24,675	1,231	4.8%	4.8%
2004	25,717	24,495	1,222	4.8%	4.6%
2005	25,033	23,917	1,116	4.5%	4.1%
2006	24,999	23,926	1,073	4.3%	4.0%
2007	25,118	23,867	1,251	5.0%	4.6%
2008	25,326	23,861	1,465	5.8%	5.4%
<b>Change 2000-2008</b>					
<b>Number</b>	208	-492	700	--	--
<b>Percent</b>	0.8%	-2.0%	91.5%	--	--
Sources: Minnesota Department of Employment & Economic Development; Maxfield Research, Inc.					

## DEMOGRAPHIC ANALYSIS

- ▶ About 12,650 people worked in Red Wing in 2000, including the 6,290 that also live in Red Wing. The other 6,350 workers in Red Wing commuted mainly from across both Goodhue County (about 2,060 people) and Pierce County (about 1,930 people).
- ▶ Many of the people commuting to Red Wing have strong ties to other communities or have a spouse working elsewhere, and thus are unlikely to move. However, some of the 6,350 people commuting to Red Wing for work would move, particularly if the cost to live in Red Wing becomes less expensive than the housing and transportation cost of their current situation.

**TABLE 13  
CITY OF RED WING  
COMMUTING PATTERNS  
2000**

Place of Residence	Place of Employment	Count	Percent
<b>Place of Employment for Red Wing Residents</b>			
Red Wing	Red Wing, Goodhue Co., MN	6,290	78.1%
Red Wing	Cannon Falls, Goodhue Co., MN	214	2.7%
Red Wing	Hastings, Dakota Co., MN	189	2.3%
Red Wing	Trenton, Pierce Co., WI	100	1.2%
Red Wing	St. Paul, Ramsey Co., MN	86	1.1%
Red Wing	Lake City, Wabasha Co., MN	69	0.9%
Red Wing	Minneapolis, Hennepin Co., MN	64	0.8%
Red Wing	Eagan, Dakota Co., MN	63	0.8%
Red Wing	Rochester, Olmsted Co., MN	55	0.7%
Red Wing	Goodhue, Goodhue Co., MN	51	0.6%
Red Wing	Other	874	10.9%
		<b>8,055</b>	<b>100.0%</b>
<b>Place of Residence for Workers Commuting to Red Wing</b>			
Red Wing	Red Wing	6,290	49.7%
Trenton, Pierce Co., WI	Red Wing	525	4.2%
Lake City, Wabasha Co., MN	Red Wing	308	2.4%
Florence Township, Goodhue Co., MN	Red Wing	307	2.4%
Haycreek Township, Goodhue Co., MN	Red Wing	291	2.3%
Featherstone, Goodhue Co., MN	Red Wing	261	2.1%
Ellsworth Village, Pierce Co., WI	Red Wing	221	1.7%
Hastings, Dakota Co., MN	Red Wing	217	1.7%
Wacouta Township, Goodhue Co., MN	Red Wing	163	1.3%
Bay City, Pierce Co., WI	Red Wing	157	1.2%
Other	Red Wing	3,909	30.9%
		<b>12,649</b>	<b>100.0%</b>

Sources: US Census Bureau; Maxfield Research Inc.

### Jobs Located in Goodhue County

Tables 14 and 15 present covered employment for the City of Red Wing and Goodhue County in 2000 and 2007. Covered employment data is calculated as an annual average and *reveals the number of jobs in the County*, which are covered by unemployment insurance. Most farm jobs, self-employed people, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data comes from the Employment and Economic Development Department.

- ▶ A comparison of Table 12 with Table 14 shows that both the number of employed people and number of jobs has declined since 2000 in Red Wing.
- ▶ Of the roughly 10,190 jobs in Red Wing in 2007, about 24% were in Goods Producing Industries (manufacturing, construction, and mining). The remaining jobs were located within the Service Providing Domain with about 76%. Of these, the largest service-sector jobs were Education & Health Services (22% of all jobs), Retail Services (16%), and Leisure & Hospitality Services (10%).
- ▶ The average wage of jobs in Red Wing increased from \$27,200 in 2000 to \$32,800 in 2007, a 21% increase. Much of this increase was due to strong job growth in Public Administration and Education and Health Service, which had annual average wages of over \$42,000 and nearly \$36,500, respectively in 2007. Sharply rising wages in the Retail sector also contributed to the overall rise in annual wages.
- ▶ Average wages in Red Wing and Goodhue County in 2007 are less than the State average of \$44,000. The state's average is inflated by high incomes in the Twin Cities seven-county metro area, which had an average annual wage of \$50,800. Like other rural counties, the lower average wage results in more modest housing prices/rents than are typically found in the Twin Cities Metro Area.
- ▶ A comparison of Tables 14 and 15 reveals that nearly half of the jobs in Goodhue County are located in Red Wing. This should not be confused with Table 8, which shows that only 33% of the employed people in the County live in Red Wing. Overall, Red Wing is a regional job center that draws its employees from throughout Goodhue County and adjacent counties.

**DEMOGRAPHIC ANALYSIS**

**TABLE 14  
COVERED EMPLOYMENT BY INDUSTRY  
CITY OF RED WING  
Annual Average 2000 and 2007**

	2000			2007			Change	
	Employment		Avg. Wage	Employment		Avg. Wage	No.	Pct.
<b>Goods Producing Industries*</b>	<b>3,335</b>	<b>31.3%</b>	<b>\$33,904</b>	<b>2,476</b>	<b>24.3%</b>	<b>\$43,732</b>	<b>-859</b>	<b>-25.8%</b>
<b>Service Providing Domain</b>	<b>7,328</b>	<b>68.7%</b>	<b>\$24,180</b>	<b>7,712</b>	<b>75.7%</b>	<b>\$29,328</b>	<b>384</b>	<b>5.2%</b>
Retail Trade	1,420	13.3%	\$14,872	1,625	16.0%	\$19,864	205	14.4%
TWU** & Wholesale Trade	324	3.0%	\$19,344	368	3.6%	\$23,972	44	13.6%
Information	196	1.8%	\$37,908	203	2.0%	\$43,056	7	3.6%
Financial Activities	361	3.4%	\$37,128	380	3.7%	\$41,236	19	5.3%
Professional and Business Services	805	7.5%	\$25,740	560	5.5%	\$26,728	-245	-30.4%
Education & Health Services	2,048	19.2%	\$28,912	2,245	22.0%	\$36,452	197	9.6%
Leisure and Hospitality	970	9.1%	\$10,452	1,008	9.9%	\$12,064	38	3.9%
Other Services	421	3.9%	\$14,300	420	4.1%	\$16,068	-1	-0.2%
Public Administration	783	7.3%	\$33,748	903	8.9%	\$42,224	120	15.3%
<b>Total</b>	<b>10,663</b>	<b>100%</b>	<b>\$27,196</b>	<b>10,188</b>	<b>100%</b>	<b>\$32,812</b>	<b>-475</b>	<b>-4.5%</b>

\* Includes natural resource/mining, construction, and manufacturing.

\*\* Transportation, warehousing, & utilities

Sources: MN Dept. of Employment and Economic Development; Maxfield Research Inc.

**DEMOGRAPHIC ANALYSIS**

**TABLE 15  
COVERED EMPLOYMENT BY INDUSTRY  
GOODHUE COUNTY  
Annual Average 2000 and 2007**

	2000			2007			Change	
	Employment		Avg. Wage	Employment		Avg. Wage	No.	Pct.
<b>Goods Producing Industries*</b>	<b>5,746</b>	<b>26.5%</b>	<b>\$32,669</b>	<b>4,856</b>	<b>22.7%</b>	<b>\$40,648</b>	<b>-890</b>	<b>-15.5%</b>
<b>Service Providing Domain</b>	<b>15,977</b>	<b>73.6%</b>	<b>\$25,557</b>	<b>16,534</b>	<b>77.3%</b>	<b>\$32,053</b>	<b>557</b>	<b>3.5%</b>
Retail Trade	2,489	23.3%	\$15,207	n/a	--	n/a	n/a	--
TWU** & Wholesale Trade	1,968	18.5%	\$44,761	n/a	--	n/a	n/a	--
Information	n/a	--	n/a	286	2.8%	\$38,613	n/a	--
Financial Activities	637	6.0%	\$32,349	830	8.1%	\$35,211	193	30.3%
Professional and Business Services	1,658	15.5%	\$29,267	1,256	12.3%	\$31,056	-402	-24.2%
Education & Health Services	3,686	34.6%	\$26,651	4,004	39.3%	\$34,532	318	8.6%
Leisure and Hospitality	3,463	32.5%	\$17,803	3,355	32.9%	\$20,142	-108	-3.1%
Other Services	689	6.5%	\$14,309	698	6.9%	\$18,331	9	1.3%
Public Administration	961	9.0%	\$30,801	1,269	12.5%	\$37,725	308	32.0%
<b>Total</b>	<b>21,722</b>	<b>100%</b>	<b>\$27,448</b>	<b>21,391</b>	<b>100%</b>	<b>\$34,003</b>	<b>-331</b>	<b>-1.5%</b>

\* Includes natural resource/mining, construction, and manufacturing.

\*\* Transportation, warehousing, & utilities

Sources: MN Dept. of Employment and Economic Development; Maxfield Research Inc.

### Major Employer Interviews

Maxfield Research Inc. interviewed and/or surveyed representatives of various employers in Red Wing in February/March 2009. The interviews covered topics such as recent trends in job growth, projected job growth, job types, and average hourly wages or annual salaries. Representatives were also asked about housing needs of their employees. Interviews with an area's largest employers not only provide data regarding commercial job growth, but also reveal personal impressions regarding housing demand in any given area. As displayed in Table 16 on page 35, the companies interviewed employed nearly 5,500 people.

The following are key points for our interviews with major employers in Red Wing.

#### Employment

- ▶ In Red Wing, the majority of the companies interviewed indicated that they have decreased employees over the past three years and most of the decline in the last year. All employers want to remain stable and reported no further plans to cut back on employee numbers; this however depends on the current market conditions through 2009. The majority of interviewees stated that is difficult to know what their companies hiring practices will be due to the recession.
- ▶ The job losses have occurred mostly in hourly support positions. Employers such as Econofoods (Downtown), the St. James Hotel, and the Red Wing School District have seen declines in these types of jobs.
- ▶ Norwood Products has increased employment over the past few years and is expecting and additional 100 employees in Red Wing in the next two years due to their Iowa division relocating due to the 2008 flood.
- ▶ It is unclear on whether the job force will increase in Red Wing in the near future. Many companies expect to remain stable with slight increases but the unstable market conditions can change the situation abruptly. In addition, the majority of new jobs will have low-paying wages which will have a minimal impact on for-sale housing market in Red Wing.
- ▶ One can expect after the economy improves and provides some stability that companies in the Red Wing Market Area will increase their work force. This may not occur until for a few years and thus population and household growth will remain slow through the beginning of the next decade increasing as more jobs become available.
- ▶ Roughly 80% of the jobs of surveyed employers were production and support staff with hourly wages from \$7 to \$44 per hour. The average hourly range was roughly around \$13 to \$16 per hour.
- ▶ The remaining 20% of employees consist of professional and managerial positions. Salaries ranged from \$30,000 to well over \$100,000.

## DEMOGRAPHIC ANALYSIS

### Housing

- ▶ Housing has not been an issue with Red Wing employers in terms of retaining or hiring employees. Most of the production type employees are from around the Red Wing area and have already established a place in the community or in other surrounding communities.

<b>TABLE 16 MAJOR EMPLOYERS CITY OF RED WING 2009</b>		
<b>Name of Company</b>	<b>Product/Service</b>	<b>Number of Employees</b>
Treasure Island Casino	Gambling Industries	1,500
Red Wing Shoe Company	Footwear Manufacturing	797
Xcel Energy	Nuclear Electric Power Generation	611
Fairview Red Wing Medical Center	General Medical & Surgical Hospitals	665
Independent School District 256	Elementary & Secondary Schools	500
Norwood	Other Miscellaneous Manufacturing	450
Express Services	Employment Services	236
DB Industries Inc	Apparel Accessories & Other Apparel Manufacturing	225
SB Foot Tanning Co	Leather & Hide Tanning and Finishing	164
St. James Hotel	Traveler Accommodation	100
Fairview Seminary Home	Nursing Care Facilities	108
Riedell Shoes Inc	Other Miscellaneous Manufacturing	68
Goodhue Public Health	Home Health Care Services	60
<b>Total Employment by Major Employers</b>		<b>5,484</b>
Sources: MN Dept. of Employment and Economic Development, Maxfield Research, Inc.		

- ▶ Although it has not affected employers' ability to recruit new hires or maintain their workforce, some stated that there is a lack of availability of apartment units. It affects both the higher paying skilled labor positions seeking temporary rental housing and lower paid staff who can't afford to purchase a home. A few employees of Red Wing businesses have chosen to commute from as far as Albert Lea because of their inability to find rental housing that fits their need.
- ▶ Employees at the St. James Hotel and the YMCA reported that they have many employees that are high school or college students, and said these groups don't report difficulty finding housing. These employees are already in Red Wing or the immediate area.
- ▶ The Technical College reported that students typically do not have difficulty finding housing. The College takes down names and provides a list of rental properties for students to contact. Students are advised to start the rental search early in the spring (April). Many, room-together and multiple students will rent single-family homes.

## DEMOGRAPHIC ANALYSIS

---

- ▶ Many employers report that if they are not established in the community already that the employees commute from their current residence usually up to a 75 mile radius from Red Wing. Many of the interviewees commuted themselves and stated that it was an easy stress free drive.
- ▶ The main factors for new hires outside of Red Wing moving to the City are employment of the spouse and kids in school. If the spouse has a good job the family typically does not want move to Red Wing and will either stay where they are or move somewhere in-between their current location and Red Wing.
- ▶ Employers found that the supply and stock of for-sale housing within Red Wing currently offered a wide variety of housing types in terms of price, size, and location. Employees who relocate do not have any problem finding the type of for-sale housing they are looking for. The only issue is when someone from outstate or has a very long commute cannot find sufficient temporary rental units to live in prior to purchasing a home.
- ▶ Very few people that work Downtown actually live in the Downtown. Less than 5% of the workforce at Downtown employers surveyed lived within the Downtown. Econofoods and the St. James Hotel have some employees that walk from the surrounding residential single-family neighborhoods but few that live in the core of Downtown.
- ▶ The St. James Hotel has 10 employees out of 120 employees that live Downtown. Most live in one-bedroom units or large studio units and are price sensitive.
- ▶ The YMCA stated they have senior members that would desire to live in the Downtown due to the availability of service all within walking distance.
- ▶ There is a small segment of employees that find that they do not like the small town atmosphere of Red Wing prefer to commute from the Twin Cities. In addition, some find that the cost of living in Red Wing is higher than in some of the surrounding small towns, thus finding housing in these towns and commuting to Red Wing.

### Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing is the primary building block of neighborhoods, supporting goods and services. We examined the housing market in Red Wing and the Remainder of the Market Area by: 1) reviewing data on the age of the existing housing in the Red Wing County from the 2000 Census; 2) examining residential building trends since 2000; and 3) assessing the condition of the Market Area's housing stock through interviews with the city/county building inspector and census data on age of housing.

### Age of Housing Stock

Table 17 on the following page shows the age of the Red Wing Market Area's occupied housing stock in 2000. The table includes the number of housing units built in both Red Wing and the Remainder of the Market Area over the previous six decades as well as the number of units built prior to 1940. The table further breaks down the data by number of owner-occupied and renter-occupied units. The following are key points from Table 17.

- ▶ The greatest percentage (roughly 30%) of the Red Wing's housing stock was built prior to 1940.
- ▶ Housing growth in Red Wing always outpaced housing growth in the Remainder of the Market Area. During the 1990s, however the Remainder of the Market Area (912 housing units) outpaced Red Wing (880 housing units). Red Wing has added an average of 864 housing units per decade, while the Remainder of the Market Area has added an average of 589 units per decade.
- ▶ Since 1960, the ratio of owner occupied units compared to renter occupied units being built in Red Wing has been 3 to 1. The greatest number of rental units was added during the 1970s.
- ▶ The City of Red Wing contained approximately 70% of the Market Area's rental housing stock as of 2000.
- ▶ The majority of the housing stock in Downtown Red Wing was built prior to 1940 (57%). Since the 40s, the 1970s and 1980s is where most of the development or redevelopment has occurred with 319 housing units (all of units its being renter-occupied). Many of the upper level apartments in Downtown were also renovated during the 1990s through the use of HRA funding.
- ▶ Nearly half of the household growth in Red Wing during the 1990s occurred in the South Sector with 426 housing units. The Southwest Sector had the second highest growth during the 1990s with 262 units, followed by the West Sector with 149 units.

## HOUSING CHARACTERISTICS

**TABLE 17**  
**AGE OF HOUSING STOCK (OCCUPIED HOUSING UNITS)**  
**RED WING MARKET AREA**  
**2000**

	Total Units	Year Structure Built													
		<1940		1940s		1950s		1960s		1970s		1980s		1990s*	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<b>West Sector</b>															
Owner-Occupied	1,092	54	4.9	67	6.1	186	17.0	218	20.0	231	21.2	193	17.7	143	13.1
Renter-Occupied	195	9	4.6	27	13.8	21	10.8	26	13.3	51	26.2	55	28.2	6	3.1
Subtotal	1,039	63	6.1	94	9.0	207	19.9	244	23.5	282	27.1	248	23.9	149	14.3
<b>SW Sector</b>															
Owner-Occupied	1,267	407	32.1	66	5.2	133	10.5	189	14.9	166	13.1	133	10.5	173	13.7
Renter-Occupied	419	160	38.2	13	3.1	7	1.7	11	2.6	84	20.0	55	13.1	89	21.2
Subtotal	1,686	567	33.6	79	4.7	140	8.3	200	11.9	250	14.8	188	11.2	262	15.5
<b>Downtown Sector</b>															
Owner-Occupied	359	308	85.8	30	8.4	7	1.9	0	0.0	0	0.0	0	0.0	14	3.9
Renter-Occupied	674	279	41.4	0	0.0	17	2.5	53	7.9	209	31.0	110	16.3	6	0.9
Subtotal	1,033	587	56.8	30	2.9	24	2.3	53	5.1	209	20.2	110	10.6	20	1.9
<b>South Sector</b>															
Owner-Occupied	1,635	478	29.2	133	8.1	207	12.7	154	9.4	231	14.1	113	6.9	319	19.5
Renter-Occupied	486	97	20.0	29	6.0	43	8.8	10	2.1	132	27.2	68	14.0	107	22.0
Subtotal	2,121	575	27.1	162	7.6	250	11.8	164	7.7	363	17.1	181	8.5	426	20.1
<b>East End Sector</b>															
Owner-Occupied	333	144	43.2	16	4.8	42	12.6	33	9.9	47	14.1	28	8.4	23	6.9
Renter-Occupied	87	28	32.2	9	10.3	12	13.8	13	14.9	15	17.2	10	11.5	0	0.0
Subtotal	420	172	41.0	25	6.0	54	12.9	46	11.0	62	14.8	38	9.0	23	5.5
<b>Continued</b>															

## HOUSING CHARACTERISTICS

**TABLE 17**  
**AGE OF HOUSING STOCK (OCCUPIED HOUSING UNITS)**  
**RED WING MARKET AREA**  
**2000**  
**(Continued)**

	Total Units	Year Structure Built													
		<1940		1940s		1950s		1960s		1970s		1980s		1990s*	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<b>City of Red Wing</b>															
Owner-Occupied	4,686	1,391	29.7	312	6.7	575	12.3	594	12.7	675	14.4	467	10.0	672	14.3
Renter-Occupied	1,861	573	30.8	78	4.2	100	5.4	113	6.1	491	26.4	298	16.0	208	11.2
Subtotal	6,547	1,964	30.0	390	6.0	675	10.3	707	10.8	1,166	17.8	765	11.7	880	13.4
<b>Remainder of Market Area</b>															
Owner-Occupied	4,016	1,129	28.1	189	4.7	247	6.2	432	10.8	831	20.7	439	10.9	749	18.7
Renter-Occupied	860	216	25.1	80	9.3	73	8.5	74	8.6	161	18.7	93	10.8	163	19.0
Subtotal	4,876	1,345	27.6	269	5.5	320	6.6	506	10.4	992	20.3	532	10.9	912	18.7
<b>Market Area Total</b>															
Owner-Occupied	8,702	2,520	29.0	501	5.8	822	9.4	1,026	11.8	1,506	17.3	906	10.4	1,421	16.3
Renter-Occupied	2,721	789	29.0	158	5.8	173	6.4	187	6.9	652	24.0	391	14.4	371	13.6
Total	11,423	3,309	29.0	659	5.8	995	8.7	1,213	10.6	2,158	18.9	1,297	11.4	1,792	15.7
* Includes housing built through March 2000															
Sources: U.S. Census, Maxfield Research Inc.															

## HOUSING CHARACTERISTICS

### Residential Construction Trends from 2000 Through 2007

Data was obtained from the Cities of Red Wing, Goodhue County, and Pierce County on the number of building permits issued for new housing units in the Market Area and neighbor sectors. This data is presented in Tables 18 and 19, which displays housing starts each year since 2000. The following are key points from Tables 18 and 19.

- ▶ The City of Red Wing and the Remainder of the Market Area added a total of 755 and about 570 housing units respectively, through 2008 this decade for an annual average of just over 80 and 60 new units, respectively. The current pace is comparable to the number of homes added during each the past few decades.

Year	Number of Permit/Units			
	City of Red Wing		Remainder of Market Area	
	SF	MF	SF	MF
2000	30	20	43	0
2001	43	22	73	0
2002	36	20	90	0
2003	43	18	93	0
2004	47	75	103	0
2005	32	175	64	0
2006	29	121	44	0
2007	17	10	37	0
2008	8	9	22	0
<b>Total</b>	<b>285</b>	<b>470</b>	<b>569</b>	<b>0</b>

Sources: City of Red Wing, Goodhue County, Pierce County, Maxfield Research Inc.

- ▶ Over the past two years in Red Wing there has been a significant decline in new units built with 27 units in 2007 and 17 in 2008. This has been due to the slow housing market and poor economy.
- ▶ The neighborhood sectors that have experienced the majority of the growth in Red Wing have been the West Sectors (nearly 350 units) and the South Sector (nearly 175 units).
- ▶ Of the 755 new units added in Red Wing, 30% are multifamily units in buildings of 10 units or more. The majority of these units have been senior and include Deer Crest (69 units in 2006), Village Cooperative (44 units in 2005), Potter Ridge (50 units in 2005), and Valentines Senior Living (15 units in 2006). The only general occupancy building over the time period was Eagle Ridge Apartments (48 units in 2004).

## HOUSING CHARACTERISTICS

- ▶ With a slowing economy and housing market nationwide, new construction has dwindled the past two years compared to earlier in the decade.

Year	Red Wing Residential Sectors									
	West		Southwest		Downtown		South		East	
	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF
2000	17	4	1	2	0	0	11	14	1	0
2001	18	6	6	2	1	0	16	14	2	0
2002	19	16	5	0	0	0	12	4	0	0
2003	17	10	9	2	2	0	13	6	2	0
2004	24	70	3	0	0	0	18	5	2	0
2005	20	77	1	50	0	0	11	0	0	48
2006	15	82	3	0	1	0	10	24	0	15
2007	4	8	2	0	0	0	10	0	1	2
2008	3	7	1	0	0	0	3	2	1	0
<b>Total</b>	<b>137</b>	<b>280</b>	<b>31</b>	<b>56</b>	<b>4</b>	<b>0</b>	<b>104</b>	<b>69</b>	<b>9</b>	<b>65</b>

Sources: City of Red Wing, Maxfield Research Inc.

### Housing Conditions

While a detailed neighborhood assessment was beyond the scope of this study, Maxfield Research Inc. did conduct interviews with the city building department and area realtors to provide their views and impressions of the overall of Red Wing's housing stock.

Overall, we find that the City's overall housing stock appears to be in good condition. Issues for housing units in need of repair or rehabilitation is on an individual property basis and is scattered throughout the City. The older, more established neighborhoods near the core of Downtown may have slightly higher concentration of homes in need due to age.

In addition to well maintained single-family homes, most rental although older and offering few contemporary amenities, most appear to be in relatively sound condition. However, a segment of single-family rental properties can be labeled as in average to poor condition as these units often go unchecked and some have absentee landlords who forego maintenance of the home. The East Sector near downtown has a number of these single-family rental properties that are in need of upkeep and repairs. It would be in the best interest of the City to indentify and closely monitor single-family and multifamily landlords in an effort to keep these units maintained in good condition. If left unchecked, these properties will become worse bringing down the entire neighborhood and could cause the spreading of deferred maintenance in addition to more properties of this type.

### Introduction

Maxfield Research Inc. analyzed the for-sale housing market by collecting data on: 1) single-family home sales in the City of Red Wing; 2) the residential lot supply in the Red Wing area; 3) pending for-sale developments in the Red Wing area; and 4) interviews with local real estate professionals, developers, building and planning officials to solicit their impressions of existing market conditions and trends.

### For-Sale Housing Market Conditions

#### Home Resale Trends

Table 20 displays data on single-family home sales in the City of Red Wing and the Remainder of the Market Area (communities within Goodhue County only) from 2000 through 2008. The data was obtained from the Goodhue County Assessor's Office. The table shows the annual number of sales, annual change in average resale price and percentage increases in price. The following are key points observed from the resale data:

- ▶ The average resale price of homes in Red Wing was \$178,909 in 2008. The average resale price steadily increased each year until 2007, when it then declined 4% to 2008. This decline is similar to other markets throughout the state and nation, but the decline from 2007 to 2008 is less than the decline experienced by the Twin Cities Metro Area.
- ▶ During this decade so far, the average home resale price has increased by about \$61,500 – or 52%. The highest growth occurred from 2001 to 2003 which were peak years of the housing boom.
- ▶ While the housing market has slowed nationwide and in the Twin Cities, including a decrease in overall home values in most areas, Red Wing continued to post steady gains until 2008. The stability in the housing market is partly due to a strong job base and home prices that did not escalate exorbitantly during the early 2000s, and a minimal number of foreclosures.
- ▶ An average of nearly 250 homes was sold annually in Red Wing since 2000. Considering that Red Wing has a supply of about 5,200 owned homes in 2008, this represents turnover of almost 5% of the owned homes annually.
- ▶ The average resale price in the Remainder of the Market Area is about 45% higher than in the City of Red Wing during 2008. Contributing to the higher average prices in the Remainder of the Market Area is the fact that its overall housing stock typically has larger lots and square footages than most homes in Red Wing.

**FOR-SALE HOUSING MARKET ANALYSIS**

**TABLE 20  
SINGLE-FAMILY HOME RESALES  
RED WING MARKET AREA\*  
2000 to 2008**

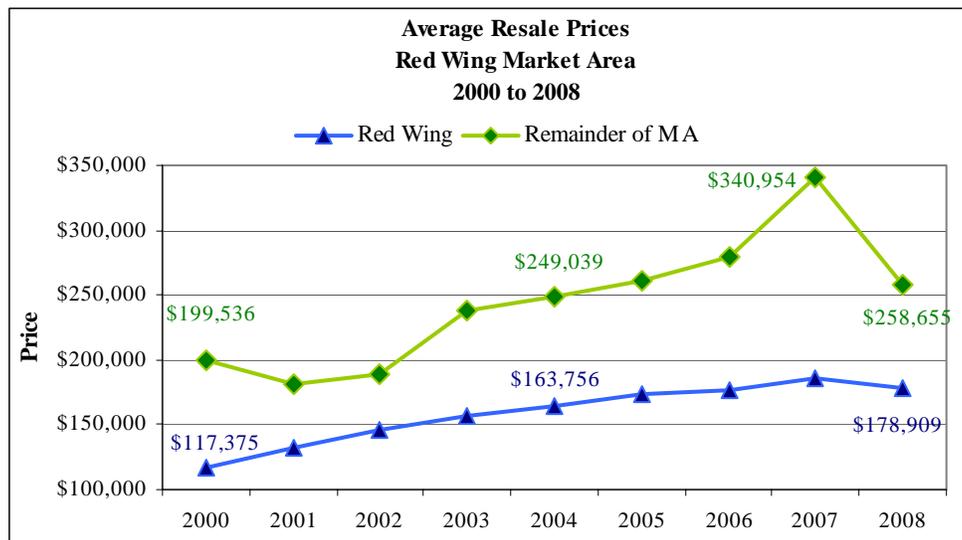
Year	Red Wing				Remainder of Market Area				Market Area Total*			
	No. Sold	Avg. Sales Price	Avg. % Change	Median Price	No. Sold	Avg. Sales Price	Avg. % Change	Median Price	No. Sold	Avg. Sales Price	Avg. % Change	Median Price
2000	208	\$117,375	-	\$105,500	29	\$199,536	-	\$179,000	237	\$127,428	-	\$114,494
2001	325	\$131,963	12.4%	\$123,000	41	\$180,691	-9.4%	\$151,000	366	\$137,422	7.8%	\$126,137
2002	281	\$145,335	10.1%	\$135,000	34	\$189,547	4.9%	\$170,000	315	\$150,107	9.2%	\$138,778
2003	329	\$157,336	8.3%	\$144,000	27	\$238,754	26.0%	\$213,500	356	\$163,511	8.9%	\$149,271
2004	268	\$163,756	4.1%	\$149,950	23	\$249,039	4.3%	\$198,000	291	\$170,497	4.3%	\$153,748
2005	269	\$174,266	6.4%	\$161,500	34	\$260,592	4.6%	\$233,000	303	\$183,953	7.9%	\$169,523
2006	270	\$177,005	1.6%	\$164,450	39	\$280,000	7.4%	\$272,500	309	\$190,004	3.3%	\$178,087
2007	217	\$186,390	5.3%	\$166,103	27	\$340,954	21.8%	\$289,000	244	\$203,493	7.1%	\$179,702
2008	94	\$178,909	-4.0%	\$160,250	21	\$258,655	-24.1%	\$238,000	115	\$193,471	-4.9%	\$174,448
<b>Total</b>	<b>2,261</b>				<b>275</b>				<b>2,536</b>			
<b>% Increase</b>		<b>52.4%</b>		<b>51.9%</b>		<b>29.6%</b>		<b>33.0%</b>		<b>51.8%</b>		<b>52.4%</b>

\* Data for Market Area only includes Minnesota communities. Resale data from Wisconsin assessor is not available.

Sources: Goodhue County Assessor, Maxfield Research Inc.

## FOR-SALE HOUSING MARKET ANALYSIS

- ▶ The chart below highlights the steady appreciation through 2007 experienced by homes in Red Wing and the Remainder of the Market Area since 2000.



To more closely examine the current market for available owner-occupied housing in Red Wing, we reviewed the current supply of homes on the market (listed for sale), and discuss the new housing developments either underway or in the planning stages.

### **Current Supply of Homes on the Market**

Table 21 shows the number of homes currently listed for sale in Red Wing and the selected neighborhood sectors, distributed into six price ranges. The data was provided by Tittle Real Estate through their website and includes homes listed for sale with the regional Multiple Listing Service. Key findings from our assessment of the actively listed homes in Red Wing are:

- ▶ A total of 111 homes were listed for sale in Red Wing with the regional Multiple Listing Service in February 2009. It should be noted that MLS listings generally account for the majority of all residential sale listings in a given area, although we assume that additional homes would also be available in the market (for-sale by owner, by builder, etc.).
- ▶ The average and median list prices of homes for sale in Red Wing were about \$225,000 and \$169,900 in February 2009, respectively.
- ▶ About 80% of the homes listed for sale in Red Wing were priced above \$100,000. Using an industry standard that a household can afford a home priced 2.5 to 3.0 times their annual income (not including savings or debt that they might have), an income of about \$35,000 would be needed to afford among the least expensive home listed for sale. Based on household income data in Table 6, over three-quarters of Red Wing's households ages 25 to 64 could afford to purchase a home in the community.

**FOR-SALE HOUSING MARKET ANALYSIS**

**TABLE 21  
SINGLE-FAMILY HOMES CURRENTLY LISTED FOR-SALE  
RED WING MARKET AREA  
February 2009**

<b>West Sector</b>			<b>Southwest Sector</b>			<b>Downtown Sector</b>		
<b>Price Range</b>	<b>No.</b>	<b>Pct.</b>	<b>Price Range</b>	<b>No.</b>	<b>Pct.</b>	<b>Price Range</b>	<b>No.</b>	<b>Pct.</b>
<\$100,000	0	0.0%	<\$100,000	6	22.2%	<\$100,000	10	52.6%
\$100,000 to \$149,999	0	0.0%	\$100,000 to \$149,999	8	29.6%	\$100,000 to \$149,999	3	15.8%
\$150,000 to \$199,999	8	44.4%	\$150,000 to \$199,999	1	3.7%	\$150,000 to \$199,999	4	21.1%
\$200,000 to \$299,999	5	27.8%	\$200,000 to \$299,999	7	25.9%	\$200,000 to \$299,999	2	10.5%
\$300,000 to \$499,999	3	16.7%	\$300,000 to \$499,999	4	14.8%	\$300,000 to \$499,999	0	0.0%
\$500,000 and Over	2	11.1%	\$500,000 and Over	1	3.7%	\$500,000 and Over	0	0.0%
	18	100%		27	100%		19	100%
Min. \$159,900			Min. \$65,500			Min. \$29,850		
Max. \$975,000			Max. \$1,200,000			Max. \$279,000		
Med. \$238,950			Med. \$149,900			Med. \$88,000		
Avg. \$298,045			Avg. \$222,506			Avg. \$113,085		
<b>South Sector</b>			<b>East Sector</b>			<b>City of Red Wing</b>		
<b>Price Range</b>	<b>No.</b>	<b>Pct.</b>	<b>Price Range</b>	<b>No.</b>	<b>Pct.</b>	<b>Price Range</b>	<b>No.</b>	<b>Pct.</b>
<\$100,000	6	13.6%	<\$100,000	0	0.0%	<\$100,000	22	19.8%
\$100,000 to \$149,999	14	31.8%	\$100,000 to \$149,999	1	33.3%	\$100,000 to \$149,999	26	23.4%
\$150,000 to \$199,999	4	9.1%	\$150,000 to \$199,999	0	0.0%	\$150,000 to \$199,999	17	15.3%
\$200,000 to \$299,999	8	18.2%	\$200,000 to \$299,999	1	33.3%	\$200,000 to \$299,999	23	20.7%
\$300,000 to \$499,999	10	22.7%	\$300,000 to \$499,999	1	33.3%	\$300,000 to \$499,999	18	16.2%
\$500,000 and Over	2	4.5%	\$500,000 and Over	0	0.0%	\$500,000 and Over	5	4.5%
	44	100%		3	100%		111	100%
Min. \$59,900			Min. \$109,000			Min. \$59,900		
Max. \$899,000			Max. \$419,000			Max. \$1,200,000		
Med. \$187,175			Med. \$224,500			Med. \$169,900		
Avg. \$239,826			Avg. \$250,833			Avg. \$224,974		

Sources: Southeast Minnesota Association of Realtors MLS  
Maxfield Research Inc.

### **Actively Marketing and Pending Subdivisions**

Maxfield Research Inc. interviewed City Planners/Building Department officials and developers/builders/realtors of subdivisions currently being marketed in Red Wing. City provided data showed 29 subdivisions with a total of 1,210 lots with 419 lots vacant. The cities data included older subdivisions that are no longer active and may undesirable lots vacant along with outlots that will not be developed or sold for development such as retail. Thus, we filtered the city data through interviews with realtors and developers and identified 16 active developments. Altogether, the active subdivisions contain a total of 695 lots, of which 365 remain available. Information regarding these subdivisions is shown in Table 23. The Central park Condominium is also included in the table. The table includes year platted, total lots, lots available, lot sizes and prices, and base home prices.

The following are key points about these subdivisions.

- ▶ Of the active subdivisions, single-family lots totaled about 340 with 190 lots available and townhomes lots/units totaled roughly 375 with 185 lots/units available.
- ▶ Table 18 revealed that permits were issued for 285 single-family homes and 212 multifamily units (after subtracting rental and condominium permits) in Red Wing since 2000 or about 30 new homes and 25 multifamily units annually. At that pace, Red Wing has an existing lot supply of almost nine to eight years, respectively.
- ▶ The industry standard for a balanced lot supply is a three- to five-years. This supply of lots is appropriate as it provides adequate consumer choice but minimize developers' carrying costs. With an annual absorption of lots for both single-family and multifamily, Red Wing will have an abundance of lots into the first half the next decade.
- ▶ New construction activity has slowed the past two years, coinciding with a slowdown state-wide and nationally.
- ▶ The subdivisions in Red Wing have a good mix of lots available at different price levels. Single-family lots have pricing for homes from the low \$200,000 and above. Higher priced executive lots are in overabundance and are seeing almost no movement in the current market. There also appears to be an oversaturation of townhome lots from \$130,000 to \$200,000.
- ▶ We were unable to identify surrounding Red Wing. People working in Red Wing have been buyers of scattered lots for-sale in townships outside of Red Wing. These lots are typically larger for lower cost and buyers avoid the higher property taxes found in Red Wing.
- ▶ We also surveyed the new Central Park Condominiums in Downtown Red Wing. The condominiums have struggled selling since opening in 2005. Market timing, high sales prices, and the thin market for Downtown condos in Red Wing are all factors of the sluggish performance. Attempts to rent certain units have also been slow due to high rental price (\$1,200 and up).

## FOR-SALE HOUSING MARKET ANALYSIS

**TABLE 22**  
**ACTIVE FOR-SALE HOUSING DEVELOPMENTS**  
**RED WING MARKET AREA**  
**February 2009**

<b>Subdivision Name</b>	<b>Year</b>	<b>Type of Homes</b>	<b>Lot/Unit Total</b>	<b>Inventory Avail.</b>	<b>Base Lot Price</b>	<b>Base Home Price (including lot price)</b>	<b>Comments</b>
<b>Red Wing</b>							
<b>Gadient Heights 3rd</b> Southwest Sector <i>Larry Kull</i>	2008	SF	15	11	n/a	n/a	
<b>Charlson Crest 5th</b> West Sector <i>Biermann Companies</i>	2006	SF	65	51	n/a	n/a	Biermann Companies is rumored to be in financial troubles.
<b>Highlands of Red Wing</b> East Sector <i>Biermann Companies</i>	2006	SF	44	41	\$40,000	n/a	Biermann Companies is rumored to be in financial troubles.
<b>Central Park Condominiums</b> Downtown Sector <i>Nybo &amp; Associates</i>	2005	Condo	21	10	n/a	\$180,000 - \$389,000	Many units were purchased to be rentals and some unsold units are available to rent.
<b>Charlson Crest 4th</b> West Sector <i>Biermann Companies</i>	2005	TH	38	17	\$39,900 - \$54,300	\$195,900	Biermann Companies is rumored to be in financial troubles.
<b>Cannon River Bluffs</b> West Sector <i>Miles Development</i>	2005	TH	108	67	n/a	\$139,900 - \$190,000	One- and two-level townhomes. Capturable market is wide ranging from empty nestors to young professionals.
<b>Westwood Hills 3rd</b> West Sector <i>Nybo &amp; Associates</i>	2005	SF	5	2	\$119,000 - \$129,000	\$300,000 - \$900,000	Large acre lots ranging from 2.5 to 4.8 acres.
<b>Danforth Place</b> West Sector <i>M W Johnson Construction</i>	2004	SF	12	9	n/a	\$180,000+	M W Johnson filed for bankruptcy in 2008.
<b>Cannondale Court</b> West Sector <i>Ken Smith</i>	2004	SF	18	10	\$54,000	\$79,900	1/3 to a full acre lots.
<b>Continued</b>							

## FOR-SALE HOUSING MARKET ANALYSIS

**TABLE 22**  
**ACTIVE FOR-SALE HOUSING DEVELOPMENTS**  
**RED WING MARKET AREA**  
**February 2009**  
**(Continued)**

Subdivision Name	Year	Type of Homes	Lot/Unit Inventory		Base Lot Price	Base Home Price (including lot price)	Comments
			Total	Avail.			
<b>Red Wing</b>							
<b>Ridgeview</b> West Sector <i>M W Johnson Construction</i>	2004	TH	144	83	n/a	\$130,000+	M W Johnson filed for bankruptcy in 2008.
<b>Briarwood 1st &amp; 2nd</b> West Sector <i>Star Realty, Inc.</i>	2001/ 2004	TH SF	51 19	6 8	\$30,000 - \$35,000 \$45,000	\$215,000 - \$240,000 \$250,000 - \$385,000	
<b>Westwood Hills 2nd</b> West Sector <i>Nybo &amp; Associates</i>	2003	SF	27	9	\$119,000 - \$129,000	\$300,000 - \$900,000	Large acre lots ranging from 2.5 to 4.8 acres.
<b>Westwood Hills</b> West Sector <i>Nybo &amp; Associates</i>	2002	SF	6	3	\$119,000 - \$129,000	\$300,000 - \$900,000	Large acre lots ranging from 2.5 to 4.8 acres.
<b>Charlson Crest 3rd</b> West Sector <i>Biermann Companies</i>	2001	SF	31	7	\$69,900 - \$79,900	n/a	Biermann Companies is rumored to be in financial troubles.
<b>Hi Park Hills 7</b> South Sector <i>Star Realty, Inc.</i>	2000	TH	9	7	\$30,000 - \$35,000	\$215,000 - \$240,000	
<b>Pine Ridge 2nd</b> South Sector <i>Lawrence Realty</i>	1997	SF TH	36 24	16 4	\$58,900 n/a	n/a n/a	The majority of lots are for single-family
<b>Hi Park Heights 4th</b> South Sector	1992	SF	64	24	n/a	n/a	The single-family lots are all built out. The remaining lots are for townhomes
<b>Red Wing Total</b>							
		Single-Family Lots	342	191			
		Twinhome Units	374	184			
		Condominium Units	21	10			
			<b>716</b>	<b>375</b>			
Source: Maxfield Research Inc.							

### **General Occupancy Rental Housing Market Conditions**

Our research of Red Wing's rental market included a survey of 19 market rate, two affordable, and 11 subsidized properties. Combined, the general occupancy properties surveyed accounted for a total of 872 units including 106 units located within Downtown. . It is important to note that, despite our best efforts, we were not able to inventory every rental development in the City. Tables 23 and 24 summarize information on general occupancy projects surveyed. The following are key points from our survey of these developments:

#### **Market Rate**

- ▶ We identified five vacancies out of 242 units (not including Downtown units) surveyed in Red Wing in February 2009. Typically, a healthy rental market maintains a vacancy rate of roughly 5%, which promotes competitive rates, ensures adequate consumer choice, and allows for unit turnover. Thus, a 2% vacancy rate in the market rate projects indicates a pent up demand for additional market rate rental units. Units located Downtown were not included because many of the units are small in size and some are just private rooms and not necessarily competitive with rental units in the remainder of the City. In addition some of the vacant units are currently vacant due to the renovation to make them larger and more up to date. Thus, some of the vacancies Downtown we feel would skew the rate higher.
- ▶ Red Wing's larger market rate apartments were all built prior to 1995 with the majority built during the 70s and 80s. The substantial number of older units indicates that unit desirability could also begin to wane as people generally prefer contemporary amenities.
- ▶ The overall unit mix of apartments (includes Downtown units) surveyed consists of 38 studio/efficiency units (11%), 71 one-bedroom units (21%), and 228 two-bedroom units (78%). All of the studio/efficiency units and nearly half of the one-bedroom units are located in the Downtown Sector.
- ▶ Overall in February 2009, the average monthly rent was \$476 for studio/efficiency units, \$521 for one-bedroom units and \$672 for two-bedroom units. Units located downtown averaged \$476 for studio/efficiency units, \$422 for one-bedroom units, and \$670 for two-bedroom units. The Downtown units do not include the new Central Park Condominiums of which some units are currently being rented for roughly \$1,200 to \$1,400 for two-bedroom units.
- ▶ We also surveyed five owners of apartments units located in the Downtown Sector. We selected owners who managed a larger portion of the Downtown units. We surveyed 97 units in the Downtown sector out of a total 156 identified by the City. Rents ranged from \$410 to \$660 for studio units, \$365 to \$725 for one-bedroom units, and \$725 to \$800 for two-bedroom units. In addition, most tenants are responsible for paying utilities. Many of the units are older and lack contemporary amenities, thus command lower rents.

## RENTAL HOUSING MARKET ANALYSIS

**TABLE 23  
GENERAL OCCUPANCY RENTAL PROJECTS  
CITY OF RED WING  
February 2009**

<b>Project Name/ Address</b>	<b>Year Built</b>	<b>Total Units</b>	<b>Vacant</b>	<b>Unit Mix</b>	<b>Market/Base Rent Ranges</b>	<b>Unit Size</b>	<b>Description/Comments</b>
<b>Affordable Rental</b>							
<b>Eagle Ridge Apts.</b> 582 Tyler Road S. Section 42 West Sector	2005	48	0	36 - 2BR 12 - 3BR	\$620 \$735 - \$745	928 1,260	LIHTC Two-story building. 24-hour management, 20+ on waiting list. Full since opening.
<b>Pheasant Run Townhomes</b> 259-298 Frenn Avenue Section 42 South Sector	1995	20	0	20 - 3BR	\$735	1,201	LIHTC Tow-story Townhomes. 24-hour management, have a short waiting list. Profile: mostly families with children.
<b>Total Affordable</b>		<b>68</b>	<b>0</b>	<b>0.0% Vacancy Rate</b>			
<b>Market Rate Rental</b>							
<b>Pheasant Ridge Apts.</b> 2488 Malmquist Avenue South Sector	1995	38	0 2	10 - 1BR 28 - 2BR	\$615 \$715	800 1,000	Three-story building. Tenants pay electric, phone cable. Profile: Mostly families.
<b>Siewert Apartments</b> 1913 Perlich Avenue Southwest Sector	1994	36	0	7 - 1BR 29 - 2BR	\$600 \$650 - \$665	800 1,000	Three-story building. Tenants pays utilities. Detached garages included in rent. Profile: Mostly seniors, some younger people. Turnover: 1 unit every 1-2 months.
<b>Siewert Apartments</b> 1935 Perlich Avenue Southwest Sector	1994	36	0 0	7 - 1BR 29 - 2BR	\$600 \$650 - \$665	800 1,000	Three-story building. Tenants pays utilities. Detached garages included in rent. Profile: Mostly seniors, some younger people. Turnover: 1 unit every 1-2 months.
<b>Siewert Apartments</b> 2005 Perlich Avenue Southwest Sector	1989	36	1 0	6 - 1BR 30 - 2BR	\$585 \$635 - \$645	800 1,000	Three-story building. Tenants pays utilities. Detached garages included in rent. Profile: Mostly seniors, some younger people. Turnover: About 30% a year.
<b>Siewert Apartments</b> 1826 Pioneer Road Southwest Sector	1978	24	0	24 - 2BR	\$635	1,000	Three-story building. Tenants pays utilities. Detached garages included in rent. Profile: Mostly seniors, some younger people.
<b>Continued</b>							

## RENTAL HOUSING MARKET ANALYSIS

**TABLE 23**  
**GENERAL OCCUPANCY RENTAL PROJECTS**  
**CITY OF RED WING**  
**February 2009**  
**(Continued)**

<b>Project Name/ Address</b>	<b>Year Built</b>	<b>Total Units</b>	<b>Vacant</b>	<b>Unit Mix</b>	<b>Market/Base Rent Ranges</b>	<b>Unit Size</b>	<b>Description/Comments</b>
<b>Market Rate Rental (cont.)</b>							
<b>Siewert Apartments</b> 725 Featherstone Road Southwest Sector	1972	24	1	24 - 2BR	\$625	1,000	Three-story building. Tenants pays utilities. Detached garages included in rent. Profile: Mostly seniors, some younger people.
<b>Pottery Place Apts.</b> 2000 W. Main Street Southwest Sector	1982	24	1 0	9 - 1BR 15 - 2BR	\$600 \$850	900 1,100	Positioned on the fourth floor of the Historic Pottery Place Building. Tenants pay electric, phone, cable, internet and garage (\$35/month). Profile: mixed, some seniors.
<b>Kingswood Apartments</b> 134 Kingswood Drive West Sector	n/a	24	n/a	24 - 2BR	n/a	n/a	n/a
<b>Bluffview Townhomes</b> 515 E 5th Street Downtown Sector	n/a	12	0	12 - 2BR	\$650	1,000	Two-story building, four units on the first floor are handicap-accessible. Tenants pays electricities. No garage, surface lot parking only. Profile: Wide mix. No waiting list.
<b>Main Street Condos</b> Main St & Bush St. Downtown Sector	1984	11	1 0	1 - 1BR 10 - 2BR	\$725 \$725 - \$800	n/a n/a	Built as 14 condominiums units but only 3 units are lived in by owners. The remaining 11 are rented out. Typically full and rented out before tenant moves out. Profile: mostly singles late 20s to 40.
<b>Siewart Apartments</b> 309/213 Bush St. (2 Locations) Downtown Sector	Remodled 1995 1997	33	4 2	15 - 0BR 17 - 1BR	\$410 \$345 - \$480	n/a n/a	2nd and 3rd floor above retail. No off street parking available. Profile: split between elderly and below 65. Most elderly resident do not drive. 4 units at 213 Bush have harder time renting due to small units and stairways to units (tough for elderly).
<b>Liberty Bldg./ Metro Apartments</b> Plum St. (2 Locations) Downtown Sector	Remodled 1980s	18	0 0 0	14 - 1BR 3 - 2BR 1 - 4BR	\$365 - \$460 \$425 - \$450 \$575	n/a n/a n/a	n/a
<b>Eagle House Apts.</b> Plum St. Downtown Sector	n/a	15	0 4	6 - 0BR 9 - Private Room	\$660 \$500	250 190	Originally 25 private sleeping rooms. 16 rooms remodeled into 6 studio apts. Studio have been full always since remodel. May add more studios in future. Private rooms share two bathrooms.
<b>Continued</b>							

## RENTAL HOUSING MARKET ANALYSIS

**TABLE 23**  
**GENERAL OCCUPANCY RENTAL PROJECTS**  
**CITY OF RED WING**  
**February 2009**  
**(Continued)**

<b>Project Name/ Address</b>	<b>Year Built</b>	<b>Total Units</b>	<b>Vacant</b>	<b>Unit Mix</b>	<b>Market/Base Rent Ranges</b>	<b>Unit Size</b>	<b>Description/Comments</b>
<b>Market Rate Rental (cont.)</b>							
<b>Alleva Apartments</b> 5th St. Downtown Sector	n/a	8	1	8 - 0BR	\$435	n/a	All singles mainly 20's and 30's. One retired and one disabled. Three tenants do not drive and none work downtown.
Downtown Subtotal		97	12	12.4%			
Remainder Subtotal		242	5	2.1%			
<b>Total Market Rate</b>		<b>339</b>	<b>17</b>	<b>5.0% Vacancy Rate</b>			
<b>Subsidized Rental</b>							
<b>Maple Hills Apts.</b> 521 Maple Street Section 8 South Sector	1972/ 2007	96	2 0 0	72 - 1BR 16 - 2BR 8 - 3BR	\$548 \$598 \$782	N/A N/A N/A	Four Two-story building. Tenants pay phone and cable. Transitional housing, high turnover. Profile: Wide mix
					30% of AGI		
<b>Trailside Acres I</b> 211 Sargent Drive Rural Development West Sector	1988	24	1 1 0	12 - 1BR 8 - 2BR 4 - 3BR	\$455 - \$610 \$475 - \$630 \$495 - \$635	575 725 925	Two-story building. Tenants pays phone and cable. Profile: mostly families. 15 units with rental assistance.
<b>Trailside Acres II</b> 219 Sargent Drive Rural Development West Sector	1988	24	1 0 0	12 - 1BR 8 - 2BR 4 - 3BR	\$455 - \$610 \$475 - \$630 \$495 - \$635	676 960	Two-story building. Tenants pays phone and cable. Profile: mostly families. 13 units with rental assistance.
<b>Malmquist Estates</b> 2622 Malmquist Avenue Rural Development South Sector	1985	30	0 1 0	6 - 1BR 21 - 2BR 3 - 3BR	\$460 - \$680 \$530 - \$690 \$550 - \$700	575 725 925	Two-story building. Tenants pays phone and cable. Profile: Wide mix. 21 with rental assistance.
<b>Wings Apts.</b> 2536 Malmquist Avenue Rural Development South Sector	1980s	24	1 0	18 - 1BR 6 - 2BR	\$430 - \$635 \$470 - \$670	650 750	Two-story building. Tenants pays electric, phone and cable. Profile: Mostly families and some young college students. 9 units with rental assistance (all rented). Assigned surface lot parking.
<b>Continued</b>							

## RENTAL HOUSING MARKET ANALYSIS

**TABLE 23**  
**GENERAL OCCUPANCY RENTAL PROJECTS**  
**CITY OF RED WING**  
**February 2009**  
**(Continued)**

<b>Project Name/ Address</b>	<b>Year Built</b>	<b>Total Units</b>	<b>Vacant</b>	<b>Unit Mix</b>	<b>Market/Base Rent Ranges</b>	<b>Unit Size</b>	<b>Description/Comments</b>
<b>Subsidized Rental (cont.)</b>							
<b>Burnside Apts.</b> 187 Sargent Drive Rural Development West Sector	1988	32	0 1	20 - 1BR 12 - 2BR	\$400 - \$560 \$435 - \$610	624 768	Two-story building. Tenants pays electric, phone and cable. Profile: Some families and young college students but also has some seniors. 14 with rental assistance. Garage fee of \$25/month.
<b>Jordan Towers I</b> 433 West 4th Street Section 8 Downtown Sector	1974	101	0	101 - 1BR	\$489 30% of AGI	540	Nine-story building. Tenants pays phone and cable. Profile: Mostly seniors. 14 with rental assistance. Parking fee of \$10/month. Waiting list of approximately 1-2 years.
<b>Jordan Towers II</b> 440 West 4th Street Section 8 Downtown Sector	1981	105	0 0 0	2 - EFF 97 - 1BR 6 - 2BR	\$250 - \$350 \$565 \$621 30% of AGI	400 578 895	Nine-story building. Tenants pays phone and cable. Profile: Mostly seniors. 14 with rental assistance. Parking fee of \$10/month. Waiting list of approximately 1-2 years.
<b>Pioneer Place</b> 341 Pioneer Road Public Housing South Sector	1970s	6	0 0	5 - 3BR 1 - 4BR	\$893 \$1,112 30% of AGI	N/A N/A	6-plex building. Residents pay utilities. Profile: families with children.
<b>Deer Run Apartments</b> 613 21st Street Public Housing East Sector	1970s	6	0 0	5 - 3BR 1 - 4BR	\$893 \$1,112 30% of AGI	N/A N/A	6-plex building. Residents pay utilities. Profile: families with children.
<b>Featherstone Court</b> 861 Featherstone Rd Public Housing Southwest Sector	1974	6	0 0	5 - 3BR 1 - 4BR	\$893 \$1,112 30% of AGI	N/A N/A	6-plex building. Residents pay utilities. Profile: families with children.
Downtown Subtotal		206	0	0.0%			
Remainder Subtotal		248	8	3.2%			
<b>Total Subsidized</b>		<b>454</b>	<b>8</b>	<b>1.8% Vacancy Rate</b>			
<b>Overall Rental Total</b>		<b>861</b>	<b>25</b>	<b>2.9% Vacancy Rate</b>			
Source: Maxfield Research Inc.							

## RENTAL HOUSING MARKET ANALYSIS

TABLE 24 UNIT FEATURE AND COMMON AREA AMENITY COMPARISON MARKET AREA APARTMENT PROJECTS February 2009												
Project	Air Conditioning	Dishwasher	Microwave	Laundry	Patio/Balcony	Walk-in Closet	Disposal	Parking	Elevator	Community/Party Room	Playground	Other
<b>Affordable Rental</b>												
Eagle Ridge Apartments	CA	Y	N	C	Y	Y	Y	G	Y	Y	Y	
Pheasant Run Townhomes	CA	Y	N	IU	Y	Y	Y	G	N	N	N	
<b>Market Rate Rental</b>												
Pleasant Ridge Apartments	W	Y	N	C	Y	Y	N	G	Y	N	N	
1913 Perlich Avenue	W	Y	N	C	Y	Y	N	G	Y	N	N	
1935 Perlich Avenue	W	Y	N	C	Y	Y	N	G	Y	N	N	
2005 Perlich Avenue	W	Y	N	C	Y	N	N	G	Y	N	N	
1826 Pioneer Road	W	Y	N	C	Y	N	N	G	Y	N	N	
725 Featherstone Road	W	Y	N	C	Y	N	N	G	Y	N	N	
Pottery Place Apartments	W	Y	N	IU	N	Y	N	G	Y	N	N	
Kingswood Apartments	--	--	--	--	--	--	--	--	--	--	--	
Bluffview Townhomes	W	N	N	IU	N	Y	N	O	N	N	N	
Main Street Condominiums	W	S	S	N	N	Y	S	Y	Y	Y	N	
Siewart Apartments*	W	N	N	N	N	N	N	N	N	N	N	
Metro/Liberty Bldg. Apts.*	W	N	N	N	N	N	N	N	N	N	N	
Eagle House Apartments*	W	N	N	N	N	N	N	Y	N	N	N	
Alleva Apartments*	W	N	N	N	N	N	N	Y	N	N	N	
<b>Subsidized Rental</b>												
Maple Hills Apts.	N	N	N	C	Y	N	N	N	N	N	N	
Trailside Acres I	W	N	N	C	Y	N	N	G	N	N	Y	Picnic Area
Trailside Acres II	W	N	N	C	Y	N	N	G	N	N	Y	Picnic Area
Malmquist Estates	W	N	N	C	Y	N	N	G	N	N	Y	
Wings Apts.	N	N	N	C	Y	N	N	O	N	N	N	
Burnside Apts.	N	N	N	C	Y	N	N	G	N	N	N	
Jordan Towers I*	N	N	N	C	Y	N	N	O	Y	Y	N	
Jordan Towers II*	N	N	N	C	Y	N	N	O	Y	Y	N	
Pioneer Place	W	N	N	HU	Y	N	N	O	N	N	N	
Deer Run Apartments	W	N	N	HU	Y	N	N	O	N	N	N	
Featherstone Court	W	N	N	HU	Y	N	N	O	N	N	N	
Note: Y=Available, N=Not Available CA=Central Air; W=Wall unit air; S=Some units; G=Garage; O=Offstreet; IU=In-unit; C=Common, HU=Hookup * Located in Downtown Sector												
Sources: Maxfield Research Inc.												

- ▶ The majority of rental units are housed in traditional elevator-style buildings of two- to three-stories. Some others are townhome-style developments and renovated spaces located above Downtown businesses. We identified 925 units of single-family homes, duplexes, and other various rental styles of 5-units or fewer are present in the City and compete with general oc-

## **RENTAL HOUSING MARKET ANALYSIS**

---

cupancy market rate apartments for a portion of the renter base. It was beyond the scope of the study to calculate the vacancies at these properties due to the large amount within the City and the building department of Red Wing does not keep track of vacancies.

- ▶ The current housing market has created more single-family rental homes and although a portion of these units (along with duplexes, triplexes, quads, and multi-unit homes) compete with the traditional apartment buildings, these units capture certain niche of renters. Single-family homes usually are rented by an owner who no longer can afford the mortgage or where the homes value is too low for ownership and is thus rented. Rents for the for mentioned owner are high (typically what the mortgage would be –on average \$1,000) and the later due to dilapidation and poor maintenance have very low rents (close to subsidized levels). These properties exclude the renters looking for quality affordable units and market rate renters who do not want the size of a single-family home.
- ▶ Common areas are limited at Red Wing’s rental properties. Almost all of the properties contain a community laundry room with coin-operated washers and dryers. Those that don’t have coin operated laundry have in-unit laundry. All but one building includes detached garage parking in the rent, while Pottery Place Apartments charges \$35 per month. Downtown Sector Apartments that were surveyed by Maxfield Research do not offer garages or laundry. In fact some of the downtown apartments do not have parking at all which is an issue for some residents as parking is limited in certain areas. Units not surveyed are stated by the HRA to have in-unit or shared laundry facilities.
- ▶ Nearly all of the properties surveyed draw residents from all age groups and household types. Downtown units typically had single residents ranging from young to old due to the small unit sizes. Apartments in the South/Southwest Sectors that are close to the college typically have a higher percentage of student renters and not as many seniors. Two-bedroom units are filled with mostly family households and roommates.

### **Affordable**

- ▶ Two affordable rental properties have been built in Red Wing since 1995, including Eagle Ridge Apartments and Pheasant Run Townhomes in 2005 and 1995, respectively. These developments are LIHTC (Low Income Housing Tax Credit) projects and geared towards moderate-income families at 60% of the AMI (Adjusted Median Income). Combined, these projects contain a total of 68 units.
- ▶ Despite being income-restricted, rents at the affordable projects are roughly similar to rents at market rate apartments. This is mainly due to the older age of the market rate buildings. Rents at Eagle Ridge are \$620 for two-bedroom units and \$735 to \$745 for three-bedroom units. Rents at Pheasant Run Townhomes are \$735 for three-bedroom units.
- ▶ However, Eagle Ridge has 30 units currently occupied through Section 8 subsidy averaging \$360 per month per unit. Therefore, the intended rental market is not being met due to the large amount of subsidized renters. This is most likely due to an overwhelming need for newer quality low-income housing in the City and this intern has caused a flight to quality by

## **RENTAL HOUSING MARKET ANALYSIS**

---

low-income families. The low-income renters have thus, pushed the intended households out of the market.

- ▶ There were no vacancies at Eagle Ridge or Pheasant Run Townhomes. Eagle Ridge and Pheasant Run Townhomes are among the most desirable projects in Red Wing, as units are newer, have attached and detached garages and in-unit washer/dryers (at Pheasant Run).

### **Subsidized**

- ▶ Eleven properties containing a total of 454 subsidized rental units were identified and surveyed in Red Wing. A total of eight vacancies were reported for a vacancy rate of 2%.
- ▶ As with market rate rental housing, vacancy rates among subsidized rental developments should typically fall below 5%. Historically, subsidized projects have been able to maintain vacancy rates of 3% or less in most market areas and although this indicates that the overall supply of subsidized rental housing may be meeting the current need in Red Wing the situation at Eagle Ridge shows the opposite. There appears to be a need for newer subsidized rental as most of the buildings were built prior to 1990. In Red Wing, almost half of the 11 projects were built in the 80s.
- ▶ Jordan Towers I and II, which are owned and managed by the HRA, have 206 units, accounting for nearly half of the total subsidized units and over half one-bedroom units in Red Wing. Jordan Towers resident profile is made up of mostly senior tenants.
- ▶ All of the subsidized projects are either HUD Section 8 or Rural Development properties, requiring a monthly rent of 30% of a resident's adjusted gross income. The Rural Development projects also have Rental Assistance available for a portion of their units, which pays the difference between basic rent (the minimum rent) and 30% of a resident's income, if it is below the basic rent. Without Rental Assistance, most residents of Rural Development projects would need to pay more than 30% of their income for rent to afford basic rent.

### **Senior Housing Market Conditions**

The term "senior housing" refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives, which occasionally overlap, thus making the differences somewhat ambiguous. However, the level of support services offered best distinguishes them. Maxfield Research Inc. classifies senior housing projects into four categories based on the level of support services offered:

Adult/Few-Services projects are similar to a general occupancy apartment or condominium building, in that they offer virtually no services but have age-restrictions (typically 55+ or older). Organized activities and transportation are usually all that are available at these projects.

Congregate projects (or independent living with services available) offer seniors support services such as meals and/or housekeeping. Congregate projects attract a slightly older target market

## RENTAL HOUSING MARKET ANALYSIS

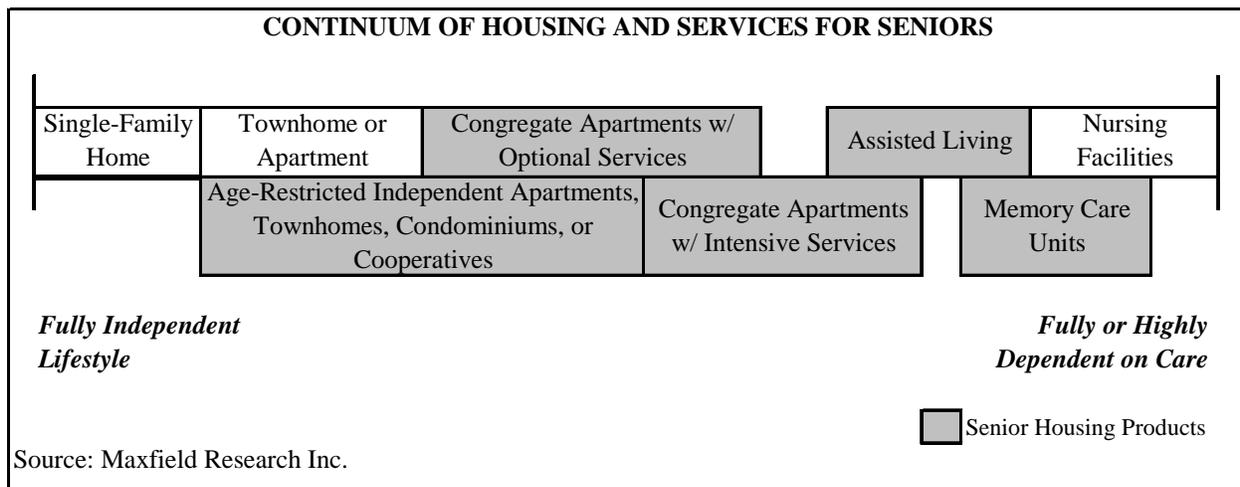
than adult housing, typically seniors age 75+. Sponsorship by a nursing home, hospital, or other health care organization is common.

Assisted Living facilities serve very frail seniors, generally age 80 or older who are in need of extensive support services. Absent an assisted living option, these seniors may otherwise need to move to a nursing facility. At a minimum, assisted living projects 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 available for an additional cost in tiered service packages or a-la-carte). Assisted living facilities also have either staff on duty 24 hours per day or 24-hour emergency response.

Memory Care facilities are designed specifically for seniors suffering from Alzheimer's or other dementias. Projects will consist mostly of suite-style or studio apartment units and allocate large communal areas for activities and programming.

Today's senior housing products form a continuum of care from a purely residential level to intensive medical care. Often the services offered at these projects overlap with one another and make these definitions somewhat ambiguous. In general, however, distinctions in cliental are made within each type of facility.

Adult/few-services projects tend to attract younger, independent, and active seniors; congregate projects serve independent seniors who desire support services (i.e., meals, housekeeping, transportation, etc.); and assisted living projects tend to attract older, more frail seniors who need assistance with daily activities but do not need the intensive medical care provided by a skilled care facility.



Maxfield surveyed senior housing properties in the Red Wing Market Area. Information on these seven properties is displayed in Table 25. Senior housing is more need driven and specialized than rental housing and thus seniors will often move from their home community to a senior property in another community that serves their needs. Often the move is from a smaller community to a larger one, such as Red Wing, that has a greater abundance of senior housing choices

## **RENTAL HOUSING MARKET ANALYSIS**

---

available as well as medical services close by. Many times, their adult children live in the community they move to, increasing the frequency that they can visit with their family.

The following are key highlights about the senior housing properties in the Market Area, which combine for a total of 322 units. All of the properties are market rate.

- ▶ The majority of the senior housing units in Red Wing have been built in the past five years. The oldest properties were built in the 1980s (Fairview Seminary and St. Brigid's at Hi Park).
- ▶ The overall vacancy rate of all market rate senior housing in Red Wing was 8%. A few managers stated that the slow resale market has impacted occupancy because some seniors are having trouble selling their home in a timely manor and some are delaying their move out of fears they can't sell their home for its full value.
- ▶ The newest project is Deer Crest which is a 69 unit development located in the west neighborhood sector adjacent the Fairview Red Wing Medical Center. The development incorporates independent, assisted living and memory care components, thereby offering seniors the opportunity to "age in place" without having to consider moving to another facility as they need additional support services. One of the units is designated for hospice use.

### ***Independent Senior Housing Facilities***

We identified a total of four independent market rate developments with a total of 231 units in Red Wing. There are three rental projects for a total of 187 units and one ownership projects with a total of 44 units. Two of the projects offer no services (adult) while the other two developments are congregate. See Table 25, Table 26, and Table 27 for more detailed information on the properties surveyed.

#### **Adult**

- ▶ We identified 138 adult units with a total of seven vacancies for an overall rate of 5%. Turnover of units is typically higher in senior housing than general occupancy housing (particularly in assisted living and memory care, where the frailty level is higher), therefore vacancies at senior housing facilities are also generally higher. The 5% vacancy rate indicates that the adult housing market is near equilibrium.
- ▶ Real Estate Equities Development Group opened the 44-unit senior facility called the Village Cooperative in 2006, located near the High Scholl in the South Sector. The Village Cooperative is an owner-occupied adult facility for active seniors. Under the cooperative model, residents buy a share of the corporation that owns the building and then lease their unit from the corporation for a monthly fee. In February 2009 there were two vacancies for a rate of 4.5%.
- ▶ Village Cooperative consists of four one-bedroom units, three one-bedroom plus den units, and 37 two-bedroom units. Unit sizes are 871 square feet one-bedroom units, 1,049 for one-

## RENTAL HOUSING MARKET ANALYSIS

---

bedroom plus den units, and range from 1,049 square feet to 1,413 square feet for two-bedroom units. Purchase prices range from \$33,600 to \$47,040 with monthly fees ranging from \$690 to \$1,280. Resident owners also are able to gain 3% equity of the original purchase price on their unit after each year.

- ▶ Amenities Village Cooperative include central air conditioning, dishwasher, in-unit washer/dryer, underground parking, car wash stall, library, common areas, community room, craft room, exercise room, guest suites, outdoor deck, lawn care, snow removal, and many more.
- ▶ Fairview Seminary is the oldest senior housing development in the Red Wing (built in 1986) and is located in Downtown. The building consists of 94 units of which 77 are one-bedroom units and 17 are two-bedroom units. As of February 2009 there were five vacancies for a rate of 5%.
- ▶ Unit sizes at Fairview Seminary range from 560 square feet to 690 square feet for one-bedroom units and 840 square feet to 1,300 square feet for two-bedroom units. Monthly rents range from \$910 to \$1,165 for one-bedroom units and from \$1,340 to \$1,950 for two-bedroom units.
- ▶ Features and amenities at Fairview Seminary include: a community room overlooking downtown, patio, dining room, library, craft room, exercise room, barber/beauty salon, transportation services, weekly activities, and noon meal for a fee. Guest suites and garages are available for \$60/night and \$50/month, respectively.

### Congregate

- ▶ Deer Crest is opened in 2008 with a total of 54 units. Deer Creek offers catered living units where residents can remain in the same unit and opt for assisted living services when they or their spouse needs them rather than moving to another unit. There are 6 efficiencies, 22 one-bedroom units, 11 one-bedroom plus den units, and 15 two-bedroom units. Unit sizes range from 371 square feet to 477 square feet for efficiencies, 529 square feet to 811 square feet for one-bedroom units, 677 square feet to 916 square feet for one-bedroom plus den units, 700 square feet to 1,150 square feet for two-bedroom units. Monthly rents range from \$1,550 to \$2,650 for units with limited services and from \$2,140 to \$3,580 for assisted living services. Roughly 80% of the residents use assisted living services. There were 17 vacancies as of February 2009 (31%). According to management, the timing of Deer Crest's opening during the housing downturn is the reason for the slow lease-up.
- ▶ Deer Crest amenities included underground garage parking for \$46 per month, storage lockers are available for a fee, guest suite, continental breakfast included, emergency pull cords, wellness program, 24 hour registered nurse, spa, lounges, parlor, theater, fitness room, and cafe. Health services beyond light housekeeping and linens are provided based on need.
- ▶ St. Brigid's at Hi Park is the second oldest senior development in Red Wing (opening in 1987). St. Brigid's is similar to Deer Crest where units are catered to the residents' needs and thus can be used for independent living or assisted living services. The unit sizes range from

## **RENTAL HOUSING MARKET ANALYSIS**

---

652 square feet to 735 square feet for the one-bedroom units and 835 square feet to 1,108 square feet for the two-bedroom units. Monthly rents are \$1,245 for one-bedroom units and \$1,961 for two-bedroom units. Roughly half of the residents use assisted living services and management stated that they would like to achieve all of the units to be assisted living.

- ▶ St. Brigid's at Hi Park has features and amenities similar to that of Deer Crest. Because it is much older, amenities such as storage lockers, beauty salon, and fitness room are not offered. Similar to Deer Crest, units can be used for independent living or assisted living. Health services are based on assessment and additional services are charged hourly if needed.

### ***Assisted Living and Memory Care Developments***

Because assisted living, board and care, and memory care projects generally include three meals per day, housekeeping, laundry, and personal care services in the monthly rent, monthly rents are higher than at congregate projects. We have identified three assisted living developments, two which is a board and care home, and two memory care facilities, all which all are located in the City of Red Wing. We were unable to contact the Loving Residence. Additional information on each of the properties can be found in Table 25. Table 26 displays the unit features and building amenities; and Table 27 shows the services comparison of all the properties. The following are some key findings from the tables:

#### **Assisted Living/Board & Care Facilities**

- ▶ The assisted living/board & care developments have a total of 65 units. There were no vacancies identified at the time of the survey in February. As mentioned on the previous page, assisted living services are used at a total of 48 units in both Deer Crest and St. Brigid's at the time of this survey. Thus the total number of assisted living units currently is 113 in Red Wing. Units at Deer Crest and St. Brigid's can fluctuate between congregate and assisted living services, however they are more than likely to increase their assisted living services.
- ▶ Valentines Senior Living, which opened in 2007, consists of 15 individual rooms of roughly 120 square feet. The development is a board and care facility where the residents live in a bedroom unit with shared amenities. Monthly rents range from \$2,475 to \$4,529 based on a service needs assessment. Rent for seven is paid through Elderly Waiver. As of February 2008, there were no vacancies.
- ▶ Potter Ridge opened in 2005 and has a total of 50 units with 29 one-bedroom units, 6 one-bedroom plus den units, and 15 two-bedroom units. Unit sizes range from 525 square feet to 640 square feet for one-bedroom units, 1,020 square feet for one-bedroom plus den units, and from 780 to 880 square feet for the two-bedroom units. Monthly rents are set based on the level of assisted living needed by each individual. An assessment is performed by the Registered Nurse prior to move-in. The base rates range from \$2,117 to \$2,170 for one-bedroom units, \$2,383 for one-bedroom plus den units, and from \$2,224 to 2,303 for the two-bedroom units. Depending on the level of service needed, an additional fee of \$112 to \$1,065 is added to the base rent. There are currently no vacancies at Potter Ridge.

**RENTAL HOUSING MARKET ANALYSIS**

**TABLE 25  
UNIT MIX/SIZE/COST & OCCUPANCY COMPARISON  
SENIOR HOUSING PROJECTS  
RED WING MARKET AREA  
February 2009**

Project Name/ Location	Occp. Date	No. of Units	No. Vac.	Unit Mix/Sizes/Pricing			Resident Profile	Comments
				Unit Mix	Size (Sq. Ft.)	Sales/Share Price/ Monthly Rent/Fee		
<b>Independent Few Services</b>								
<b>Village Cooperative</b> 2533 Eagle Ridge Rd Red Wing East Sector	2006	44	2 4.5%	4 - 1BR	871	\$33,600 - \$35,280 Monthly Fee: \$690 - \$720	Avg. Age = 75 75% couples	3-story building. Underground parking. Three units are for sale and two of those are vacant due to deaths.
				3 - 1BR/D	1,049	\$44,800 - \$47,040 Monthly Fee: \$910 - \$940		
				37 - 2BR	1,049 - 1,413	\$44,800 - \$47,040 Monthly Fee: \$910 - \$1,280		
<b>Fairview Seminary</b> 434 W. 4th St. Red Wing Downtown Sector	1986	94	5	77 - 1BR	560 - 690	\$910 - \$1,165	Avg. age = 85	10 story building. 10 names on waiting list.
				17 - 2BR	840 - 1,300	\$1,340 - \$1,950	9 couples	
<b>Total Independent Few Services</b>		<b>138</b>	<b>7</b>	<b>5.1%</b>	<b>Vacancy Rate</b>			
<b>Independent Service Intensive (Congregate)</b>								
<b>Deer Crest</b> 470 Fairview Ave Red Wing West Sector	2008	54	17 31.5%	6 - Eff	371 - 477	Congregate	Avg. age = 85	Adjacent to the Fairview Medical Center. 29 apartments are currently receiving assisted living services
				22 - 1BR	529 - 811	\$1,550 - \$2,650	3 couples	
				11 - 1BR/D	677 - 916	Assisted Living		
				15 - 2BR	700 - 1,150	\$2,140 - \$3,580		
<b>St. Brigid's @ Hi Park</b> 135 Pioneer Road Red Wing South Sector	1987	39	1 2.6%	25 - 1BR	652	\$2,000 - \$5,370	Avg. age = 87	Units can be used for assisted living or independent services. Currently 19 assisted living and 20 independent.
				16 - 2BR	705	\$2,384 - \$5,370	4 couples	
<b>Total Independent Service Intensive</b>		<b>93</b>	<b>18</b>	<b>19.4%</b>	<b>Vacancy Rate</b>			
<b>Continued</b>								

**RENTAL HOUSING MARKET ANALYSIS**

**TABLE 25  
UNIT MIX/SIZE/COST & OCCUPANCY COMPARISON  
SENIOR HOUSING PROJECTS  
RED WING MARKET AREA  
February 2009  
(Continued)**

Project Name/ Location	Occp. Date	No. of Units	No. Vac.	Unit Mix/Sizes/Pricing			Resident Profile	Comments
				Unit Mix	Size (Sq. Ft.)	Sales/Share Price/ Monthly Rent/Fee		
<b>Assisted Living</b>								
<b>Valentines Senior Living*</b> 2557 Eagle Ridge Red Wing East Sector	2007	15	0	15 - Private	120	\$945 Base Rate	Avg. age = 84 no couples	Rates range from an additional \$2,475 to \$4,529 depending on assessment. 7 residents on elderly waivers.
<b>Potter Ridge</b> 1979 Neal Street Red Wing Southwest Sector	2005	50	0	29 - 1BR 6 - 1BR/D 15 2BR	525 - 640 1,020 780 - 880	\$2,117 - \$2,170 \$2,383 \$2,224 - \$2,303	Avg. age = Mid 80s 1 couple	n/a
<b>Loving Residence*</b> 1760 Perlich Avenue Red Wing Southwest Sector						n/a		
<b>Total Assisted Living</b>		<b>65</b>	<b>0</b>	<b>0.0%</b>	<b>Vacancy Rate</b>			
<b>Memory Care</b>								
<b>Deer Crest</b> 470 Fairview Road Red Wing West Sector	2008	14	1	14 - Studio	371 - 494	\$2,450 - \$2,570 Plus additional fess \$515 - \$1,854	Avg. age = 85 No couples	Adjacent to the Fairview Medical Center
<b>St. Brigids @ Hi-Park</b> 135 Pioneer Road Red Wing South Sector	2007	12	0	12 - Eff	260	\$5,160 - \$5,760	Avg. age = 87 No couples	n/a
<b>Total Memory Care</b>		<b>26</b>	<b>1</b>	<b>3.8%</b>	<b>Vacancy Rate</b>			
*Board and Lodging Facilities								
Source: Maxfield Research Inc.								

**RENTAL HOUSING MARKET ANALYSIS**

**TABLE 26  
UNIT FEATURES/BUILDING AMENITIES/SERVICES  
SENIOR HOUSING PROJECTS  
RED WING MARKET AREA  
February 2009**

	Unit & Building Features																			Other
	A/C	Kitchen Sink	Range	Dishwasher	Microwave Oven	Private Bath	W/D	Walk-in Shower	Walk-in Closet	Balcony/Patio	Community Rm.	Dining Rm.	Craft/Hobby Rm.	Library	Storage Lockers	Exercise Rm.	Barber/Beauty	Guest Suite	Parking	
<b>Independent Few Services</b>																				
Village Cooperative Red Wing	C	Y	Y	Y	N	Y	IU	Y	Y	Y	Y	Y	Y	Y	N	Y	N	Y	UG	Car wash
Fairview Seminary Red Wing	C	Y	Y	S	S	Y	CO	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	UG	Outdoor patio, community room overlooks downtown.
															\$50/\$210			\$60	\$55	
<b>Independent Service Intensive</b>																				
Deer Crest Red Wing	C	Y	Y	N	N	Y	C/O	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	UG	
St. Brigid's @ Hi Park Red Wing	W	Y	Y	N	N	Y	C/O	Y	N	N	Y	Y	Y	Y	N	N	N	Y	Detached	Outdoor patios
																		\$42	\$51	
<b>Assisted Living</b>																				
Valentines Senior Living Red Wing	C	N	N	N	N	N	N	Y	N	N	Y	Y	N	N	N	N	N	N	None	
Potter Ridge Red Wing	C	Y	Y	Y	Y	Y	N	Y	Y	N	Y	Y	Y	Y	Y	N	Y	N	Detached	7 garages all full.
															\$15				50	
Loving Residence Red Wing	Not Available																			
<b>Memory Care</b>																				
Deer Crest Red Wing	C	Y	N	N	N	Y	N	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	N	UG	
St. Brigid's @ Hi Park Red Wing	W	Y	N	N	Y	Y	N	Y	N	N	Y	Y	Y	Y	N	N	Y	Detached	Outdoor patios	
																		\$42	\$51	

W=wall-unit; C=Central air; CO=Coin-operated; S=Some; UG=Underground; IU=In Unit  
Source: Maxfield Research Inc.

## RENTAL HOUSING MARKET ANALYSIS

**TABLE 27**  
**SERVICES COMPARISON**  
**SENIOR HOUSING PROJECTS**  
**RED WING MARKET AREA**  
**February 2009**

	Utilities	Transportation	Activities	Meal Program	Hskpg.*	Laundry	Health/Personal Care*
<b>Independent Few Services</b>							
<b>Village Cooperative</b> Red Wing	Tenant pays all utilities	Red Wing Bus Service	Activities Committee	None provided	None provided	None Provided	None provided
<b>Fairview Seminary plaza</b> Red Wing	All Included	Van service to grocery, medical and outings	Activities Coordinator	Four downtown vendors bring noon meal for \$6	None Provided	None Provided	None Provided
<b>Independent Service Intensive</b>							
<b>Deer Crest</b> Red Wing	All Included	Van service to grocery, medical and outings	Activities Director	Continental breakfast incl.	Weekly included	Weekly included	A la carte
<b>St. Brigid's @ Hi Park</b> Red Wing	All Included	Van service to outings	Activities Coordinator	Continental breakfast Noon meal \$7.50 Dinner meal \$6.25	Weekly included	Weekly included	Hourly service extra RN = \$77/hr Health Aid = \$45/hr
<b>Assited Living</b>							
<b>Valentines Senior Living</b> Red Wing	All Included	Provided if needed	Activities Staff	3 meals/day included	Included	Included	Included. Based on assessment for level of care needed.
<b>Potter Ridge</b> Red Wing	All Included	and business appointments	Full-Time Director	Noon meal included \$54 breakfast/\$103 supper	Weekly included	Weekly included	A la carte
<b>Loving Residence</b> Red Wing	Not Available						
<b>Memory Care</b>							
<b>Deer Crest</b> Red Wing	All Included	Will arrange for trans.	Director	3 meals/day plus snacks included	Weekly included	1-6 loads/week	Assistance with dressing, grooming, and bath/shower. 3 levels of care based on assessments made by RN
<b>St. Brigid's @ Hi Park</b> Red Wing	All Included	Van service to outings	Activities Director	3 meals/day included	Weekly included	Unlimited included	Minimal daily assistance with dressing, grooming, weekly stand-by assist with shower. Level of care based on assessments made by RN
*Housekeeping and health services can be individually purchased through outside contracts if not offered by facility.							
Source: Maxfield Research Inc.							

## **RENTAL MARKET ANALYSIS**

---

### Memory Care Facilities

- ▶ One of the newest trends in senior housing is memory care housing, which caters to seniors with Alzheimer's and other dementia. Red Wing has only two memory care facilities with 26 total beds/units – St. Brigid's at Hi-Park and Deer Crest, both of which added their memory care wings in the last two years. One unit was vacant for a vacancy rate of 4%.
- ▶ Deer Crest offers 14 studios units ranging from 371 square feet to 494 square feet. These units are in addition to the 54 units of congregate/assisted living on the campus. Base rates range from \$2,450 to \$2,570. Assessments are made to determine the level of services a resident needs. Depending on the level of service needed, an additional \$515 to \$1,854 fee is added to the base rent. There was one vacancy in February 2009 at Deer Crest.
- ▶ St. Brigid's of Hi Park reconfigured their existing facility and added a memory care wing in 2007. The wing includes 12 efficiency apartments at 260 square feet. Service needs are based on a resident assessment and depending on the level of service needed, fees range from \$5,160 to \$5,760 per month. There were no vacancies in February 2009 at St. Brigid's memory care.

### **Pending Housing Developments in Red Wing**

Two developments were identified that are preliminarily proposed for development within Red Wing. Sand Companies has put there proposed 50-unit affordable rental building on hold. The development would be located at the intersection of Highway 61 and Learning Lane in the Cannon River Bluffs subdivision. It is unclear if Sand Companies will move forward on this project in the future.

The second project is a 8-to 12-unit rental building by Bob Alleva that would be built adjacent to his existing eight units building located on 5<sup>th</sup> Street W in Downtown. He would like construction to begin this year but states it would depend on construction costs to move forward. He is in contact with the HRA, however nothing has been proposed to the city.

### **Housing Market Interview Summary**

Interviews with area managers of senior buildings, real estate agents, and other people familiar with Red Wing's senior housing market were conducted to solicit their impressions of current market conditions. In addition, we interviewed some potential renters who are looking for housing in Red Wing in order to gain perspectives about the housing situation in the City. The following are key points derived from these interviews. It is important to note that these are the opinions and comments directly from interviewees.

- ▶ The Red Wing resale housing market is down slightly compared to other areas of the state. New construction in Red Wing is practically at a stand still with very few lots being purchased or built on.

## RENTAL MARKET ANALYSIS

---

- ▶ Realtors are indicating a decline of roughly 30% in the resales of homes in Red Wing. Homes at the bottom end of the pricing spectrum (\$200,000 and under) are experiencing the most activity. As home prices increase, the slower the market.
- ▶ The average home resale price is roughly around \$200,000. The average market time for home resales is four to six months. Higher end homes tend to see higher market times from about nine months to one year.
- ▶ No one market segment is buying or selling more than others. There has been a slight increase in investor purchases that either refurbish homes to turn around or to rent out the home.
- ▶ There is an over supply of both single-family and townhome lots in Red Wing. Absorption of lots in Red Wing is very slow. Most of the new development that has occurred has been focused in the South sector near the high school and in the West sector near the Burnside area.
- ▶ Most rental properties report that vacancy rates have been consistent low over the past few years. Affordable and subsidized projects are typically full with lengthy waiting lists. Market rate rental managers receive calls weekly for potential openings. All properties have seen a slight increase in activity due to the economy.
- ▶ One developer of rental townhomes stated they have a long waiting list and are constantly receiving inquiries from all over the area households who cannot qualify to own. All property managers see demand from all segments (single to families).
- ▶ Many of the Downtown Red Wing rental units are walk up units above commercial space. A few are equipped with an elevator. Most units due to building age are small studio and one-bedroom units. Renovated units that have been combined to make larger one-bedrooms or that have just been updated have been received well by the market.
- ▶ Of the downtown buildings interviewed, very few of the units were being rented by individuals that worked in the Downtown area. Price was the main reason renters at these properties chose the location. Because the units are older and smaller the rents tend to be lower than other market rate projects throughout the city.
- ▶ Another draw for units Downtown are the amenities (retail, parks, recreation, services, and entertainment) within walking distance from the units. Many of the owners also stated that they are diligent and proud that they keep the units clean and updated in addition to keeping the units occupied by tenants with clean rental and personal histories.
- ▶ Most units Downtown due to size are occupied by single households with slightly more men than women. Buildings with larger one-bedrooms and two-bedrooms have attracted couples or roommates. The age range for renters Downtown is wide from 20 to 70. About half of units by interviewed property owners are occupied by households ages 50 and older.

## RENTAL MARKET ANALYSIS

---

- ▶ Most Downtown renters have cars, while the ones that don't are usually seniors or have some disability. Those individuals need to close to the services that Downtown can provide. Parking availability is an issue for some of the tenants at certain properties without it.
- ▶ There is said to be some price sensitivity involving units in Downtown Red Wing by employers and property managers. Rents above \$800/\$900 dollars are too high for most prospective renters currently seeking Downtown units. This is one issue for loft units at the Central Park Condominiums in Downtown Red Wing. The owners of the Downtown loft units that cannot be sold as for-sale are attempting to rent the units for \$1,200 and up.
- ▶ A local developer stated that they can build more units with more amenity space (common areas, in-unit laundry, open floor plans, and parking) for the same cost as the redevelopment of a property downtown with room for less units and minimal amenity space.
- ▶ Potential renters were those who wanted to move to Red Wing to be close to work or family, people who once lived in Red Wing and people who are living and working in Red Wing but looking for housing options to expand.
- ▶ All of the potential renters interviewed have been looking for housing in Red Wing since as early as October 2008. None of them have found housing in Red Wing and one person, due to limited time frame, found housing in another community are commuting roughly 20 minutes.
- ▶ When asked about their experiences with searching for housing in Red Wing, most of the potential renters expressed difficulties. The cost of living (including housing) in Red Wing is higher than smaller towns which make it difficult to find new housing options. Newer rental options are lacking and many buildings in the City are old.
- ▶ Most potential renters will remain at their current locations than relocate to smaller adjacent communities if they cannot find housing in Red Wing.
- ▶ Most senior housing managers feel that the current supply is meeting the needs of seniors living in Red Wing.
- ▶ The higher vacancy rate at Deer Crest is believed to be from poor timing entering the market. The length of time for the sale of homes has affected some seniors moving into senior housing in Red Wing.
- ▶ Although an older building, Fairview Seminary Plaza has performed well over the years because it is the only age-restricted option Downtown. Many seniors like the availability of services within walking distance of the property. Views from the units and community room are excellent.
- ▶ The Fairview clinic leaving Downtown may have an impact on the demand for housing in Downtown from seniors on slightly.

### Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in the Market Area. This section of the report presents our estimates of housing demand in the Red Wing market Area and the Neighborhood Sectors from 2008 through 2020.

### Demographic Profile and Housing Demand

The demographic profile in Red Wing will affect housing demand and the types of housing that are needed. The various household types are:

1. *Entry-level householders*
  - Often prefer to rent basic, inexpensive apartments
  - Usually singles or couples in their early 20's without children
  - Will often “double-up” with roommates in apartment setting
2. *First-time homebuyers and move-up renters*
  - Often prefer to purchase modestly-priced single-family homes and townhomes or rent more upscale apartments
  - Usually married or cohabiting couples, some with children, in their mid-20's or 30's
3. *Move-up homebuyers*
  - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
  - Typically families with children where householders are in their late 30's to 40's
4. *Empty-nesters (people whose children have grown and left home) and never-nesters (people who never have children)*
  - Prefer owning and some will move to alternative lower-maintenance housing products
  - Generally couples in their 50's or 60's
5. *Younger independent seniors*
  - Prefer owning but will consider renting their housing
  - Some will move to alternative lower-maintenance housing products
  - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for 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

Demand for housing can come from several sources including: household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement needs is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

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. In addition, 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. Therefore, the age categories for housing life cycles will be somewhat different in Red Wing than in larger metropolitan areas, such as the Twin Cities.

The baby boom generation will have the biggest effect on the housing market in Red Wing as their life cycle continues. Baby boomers are currently ages 44 to 62, and as they age over the next 12 years, they will increase the population in their mid-50s to mid-70s. Many of these baby boomers will prefer who become empty nesters may prefer to downsize or desire maintenance-free alternatives.

### **Red Wing Housing Demand Calculations**

Demand for additional housing in Red Wing will primarily come from household growth. Replacement of older homes will contribute to the need for additional residential development, as will pent-up rental demand. Table 28 shows our calculation of housing demand in Red Wing from 2008 to 2020.

Table 1 in the *Demographic Analysis* section shows that Red Wing is projected to add 550 households by 2020 and the Remainder of the Market Area is projected to add roughly 410 households. We estimate that Red Wing can capture one-fifth of the demand in the Remainder of the Market Area, or 80 units, by providing greater housing choices to retain some potential residents who otherwise would build homes in the surrounding area. Thus, an additional 630 housing units would need to be developed from 2008 to 2020 to satisfy projected household growth in Red Wing.

A second factor in calculating demand for housing is an examination of replacement need. Replacement need is generated from the loss of housing, or the need to replace housing units that

## OVERALL HOUSING DEMAND ANALYSIS

are physically or functionally obsolete (i.e., they no longer meet the needs of the current housing market). A review of the age of Red Wing's housing stock from the U.S. Census revealed that about 1,960 housing units were built prior to 1940. We estimate that 0.5% of these units should be replaced annually. This would result in a replacement need for about four houses each year, or about 100 houses between 2008 and 2020. So far this decade, permit data provided by the City indicates that 41 homes were demolished in Red Wing.

<b>TABLE 28 HOUSING DEMAND SUMMARY CITY OF RED WING 2008 to 2020</b>			
			<b>2008 to 2020</b>
Household growth*			630
(plus) Replacement need		+	100
(equals) Total housing demand		=	730
(times) Percent rental demand	x	30% to 35%	
(equals) Rental housing demand	=	219 to 256	
(plus) Pent-up rental demand (units needed to reach 5% vacancy)	+	35	35
<b>(equals) Total rental housing demand**</b>	<b>=</b>	<b>254 to</b>	<b>291</b>
(times) Percent owner demand	x	65% to 70%	
<b>(equals) Total owner housing demand</b>	<b>=</b>	<b>475 to</b>	<b>511</b>
* Includes projected growth in the Red Wing (550 households) and one-fifth the growth in the Remainder of the Market Area (80 households)			
Source: Maxfield Research Inc.			

Pent-up rental demand is a third source of housing demand. A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover (the vacancy rate for single-family homes is expected to be about one percent or less). With pent-up demand (a shortage of units), people who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, or live in housing outside of the area and commute to jobs. In Red Wing, we found that the overall vacancy rate was less than 3% among the general-occupancy rental supply – or well below the stabilized vacancy rate. In order to bring the overall vacancy rate to a balanced 5%, about 35 existing rental units would need to be added to the community.

Based on demand generated from household growth, replacement need, and pent-up demand, there is a need for an additional 765 housing units in Red Wing from 2008 to 2020. It is important to note that in order for Red Wing to realize this growth, a variety of housing options at various price points will need to be developed.

## **OVERALL HOUSING DEMAND ANALYSIS**

---

Our research indicates that of the total housing demand, about 30% to 35% of the demand from household growth and replacement will be for rental housing (about 220 to 255 units). Including pent-up demand, total demand for rental housing is about 255 to 290 units from 2008 to 2020.

The remaining 65% to 70% demand through 2020 will be for owned housing (475 to about 510 units).

### **For-Sale Housing Needs**

Table 28 shows that there is a projected demand for about 475 to 510 additional owner-occupied housing units in Red Wing between 2008 and 2020. We estimate that about 55% of the demand for owned housing will be for single-family homes (260 to 280 homes), and the remainder for 215 to 230 multifamily units (i.e. twinhomes, townhomes, and condominiums). We estimate that 5% to 10% (roughly 25 to 50 units) of the for-sale housing demand could be captured by the Downtown and neighborhoods near Downtown through in-fill and redevelopment of blighted properties.

The demand for for-sale multifamily condominium units housing units in Downtown Red Wing is poor in today's housing market. We estimate that of the 215 to 230 multifamily units there is demand for roughly 15 to 30 multifamily condominium units within Downtown (most if not all units would need to provide good views, i.e. bluffs, river, and downtown).

Based on community interviews, we believe that most of the demand for new single-family homes in Red Wing will be from family households in their 30s and 40s. However, some households in their 50s or even early 60s will seek to move-up into higher-priced executive homes.

Demand for multifamily owned housing is particularly generated by empty nesters and younger single households. Twinhomes and townhomes generally appeal to empty nesters because they offer a more maintenance-free environment (allowing more time for travel or other activities) than a single-family home. Younger households are generally attracted to townhomes if they are more affordable than single-family homes. Because new single-family homes in Red Wing are comparable to new townhomes in price, we believe that almost all younger households will prefer single-family homes.

### **Rental Housing Needs**

Based on the calculations in Table 28, demand exists for an additional 255 to 290 rental units in Red Wing between 2008 and 2020. Most of this demand will be general-occupancy, but some will be age-restricted for seniors. Based on the calculations in Tables 29 through 32, we project that about 100 units of the demand will be age-restricted between 2008 and 2020, with the remaining 155 to 190 units of demand being general-occupancy. It should be noted that while most of the residents in general-occupancy units would be younger, some seniors would find these buildings to be appealing as well.

With the significant pent-up demand, Red Wing could support about half of the general-occupancy rental demand over the next five years, or about 75 to 100 units.

### Introduction

Earlier sections of this report examined the development potential of the Site, growth trends and demographic characteristics of the Red Wing Market Area, current senior housing market conditions, and the existing and future supply of competitive senior housing product. The current section utilizes findings from earlier sections to estimate the market potential for active adult ownership, market rate adult rental, congregate, assisted living, and memory care housing products in the Red Wing Market Area.

### Adult/Few Services Senior Housing Demand Analysis

Table 29 presents our demand calculations for active adult housing in the Red Wing Market Area in 2008 and 2013.

The market for active adult housing is comprised of older adults (age 55 to 64), younger senior (age 65 to 74), and older senior (age 75+) households in the Red Wing Market Area, with market demand weighted most heavily toward older seniors. In order to arrive at the potential age, income, and asset-qualified base for affordable active adult housing, we include all older adult, younger senior, and older senior households with incomes of \$30,000 or more plus homeowner households with incomes between \$20,000 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, as identified in Table 4, to each age cohort. In 2008, we estimate there are 3,345 age, income, and asset-qualified households that would support demand for active adult housing in Red Wing Market Area.

Adjusting to include appropriate capture rates for each age cohort (1.0% of households age 55 to 64, 6.0% of households age 65 to 74, and 13.0% of households age 75 and older) results in a demand potential for roughly 175 active adult housing units in 2008.

Demand for active adult housing in this Red Wing Market Area is apportioned between ownership and rental product types. Based on the age distribution of the Red Wing Market Area population, homeownership rates, and current trends, we project that 40% of the Red Wing Market Area demand will be for owner occupied housing (70 units), and the remaining 60% of demand will be for rental adult/few services housing units (105 units).

In addition to the demand generated in the Red Wing Market Area, a second portion of demand will come from outside the Red Wing Market Area. We estimate that seniors currently residing outside the Red Wing Market Area will generate 15% of the demand for active adult housing – increasing total demand to about 80 owner occupied units and 125 rental units. This demand consists primarily of parents of adult children living in the Red Wing Market Area, individuals who live just outside the Red Wing Market Area and have an orientation to the area, and former residents who desire to return upon retirement.

The existing supply of active adult housing satisfies some of the total demand for active adult housing in the Red Wing Market Area. To calculate excess demand – the demand beyond the

## SENIOR HOUSING DEMAND ANALYSIS

supply of existing units – we deduct the number of existing units, less a 5% vacancy factor from the total demand potential. There are 89 rental units and 43 owner occupied units are subtracted.

No single location can capture all of the excess demand in the Market Area. We estimate that buildings in the City of Red Wing could capture 80% of the demand potential. Based on the calculations in Table 29, we find excess demand capturable for roughly 30 owner occupied units and about 30 rental units in 2008.

	2008			2013		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of \$20,000 to \$29,999 <sup>1</sup>	166	178	238	170	149	180
(times ) Homeownership Rate	x 84%	x 82%	x 60%	x 84%	x 82%	x 60%
(equals) Potential Market	= 139	= 146	= 143	= 143	= 122	= 108
(plus) # of Households w/ Incomes of \$30,000+ <sup>1</sup>	+ 1,488	+ 780	+ 651	+ 1,737	+ 889	+ 681
(equals) Total Potential Market Base	= 1,627	= 926	= 794	= 1,880	= 1,011	= 789
(times) Potential Capture Rate	x 1.0%	x 6.0%	x 13.0%	x 1.0%	x 6.0%	x 13.0%
<b>(equals) Demand Potential</b>	<b>= 16</b>	<b>= 56</b>	<b>= 103</b>	<b>= 19</b>	<b>= 61</b>	<b>= 103</b>
Total Market Rate Demand Potential	= 175 ↗			= 182 ↗		
(times) % for housing w/services & w/o services	x <u>Ownership</u> 40%		x <u>Adult Rental</u> 60%	x <u>Ownership</u> 40%		x <u>Adult Rental</u> 60%
(equals) Demand potential	= 70	= 105		= 73	= 109	
(plus) Demand from Outside Market Area (15%)	+ 12	+ 19		+ 13	+ 19	
(equals) Total Demand Potential	= 82	= 124		= 86	= 128	
(minus) Existing Competitive and Pending Units <sup>2</sup>	- 43	- 89		- 43	- 89	
<b>(equals) Excess Demand</b>	<b>= 39</b>	<b>= 35</b>		<b>= 43</b>	<b>= 39</b>	
(times) Percent capturable in Red Wing	x 80%	x 80%		x 80%	x 80%	
<b>(equals) Units supportable in Red Wing</b>	<b>= 31</b>	<b>= 28</b>		<b>= 34</b>	<b>= 32</b>	

<sup>1</sup> 2013 income-qualified figures adjusted for inflation (\$35,000K or more + homeowners w/ inc. of \$22.5K - 34,999K)  
<sup>2</sup> Competitive existing and pending units include adult rental/ownership at 95% occupancy (market equilibrium).

Source: Maxfield Research Inc.

Adjusting for inflation, we estimate that households with incomes of \$35,000 or more and homeowners with incomes of \$22,500 to \$34,999 would be candidates for active adult housing in 2013. Growth in the older adult and senior household base, coupled with increased affluence of these households, results in an increase of households that would be age, income, and asset-qualified in 2013. Following the same methodology, we project that demand for independent senior housing in Red Wing will increase to about 35 owner-occupied and roughly 30 rental units through 2013.

**Congregate Senior Housing Demand Analysis**

Table 30 presents our demand calculations for congregate senior housing in the Red Wing Market Area in 2008 and 2013.

The potential age and income-qualified base for congregate senior housing includes all senior (65+) households with incomes of \$30,000 as well as homeowner households with incomes between \$20,000 and \$29,999 who would qualify with the proceeds from the sale of their homes. The proportion of eligible homeowners is based on the homeownership rates of areas seniors, as identified in Table 4. The number of age, income, and asset-qualified households in the Indiana Red Wing Market Area is an estimated 1,720 households as of 2008.

<b>TABLE 30</b>				
<b>MARKET RATE CONGREGATE RENTAL SENIOR HOUSING DEMAND</b>				
<b>RED WING MARKET AREA</b>				
<b>2008 &amp; 2013</b>				
	<b>2008</b>		<b>2013</b>	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$30,000 <sup>1</sup>	780	651	889	681
(plus)	+		+	
# of Households w/ Incomes of \$20,000 - \$30,000 <sup>1</sup>	178	238	149	180
(times) Homeownership Rate	x 82%	60%	x 82%	60%
(equals) Potential Market	= 146	143	= 122	108
(equals) Total Potential Market Base	= 926	794	= 1,011	789
(times) Potential Capture Rate	x 1.5%	8.0%	x 1.5%	8.0%
(equals) Potential Demand	= 14	64	= 15	63
Total Local Demand Potential	= 77		= 78	
(plus) Demand from Outside Market Area (15%)	+ 14		+ 14	
(equals) Total Demand Potential	= 91		= 92	
(minus) Existing Competitive Units <sup>2</sup>	- 43		- 43	
(equals) Total Congregate Demand Potential	= 48		= 49	
(times) Percent of demand capturable in Red Wing	x 90%		x 90%	
<b>(equals) Excess Demand in Red Wing</b>	<b>= 43</b>		<b>= 44</b>	

<sup>1</sup> 2013 income-qualified figures adjusted for inflation (\$35K or more + homeowners w/ inc. of \$25K - 35K)  
<sup>2</sup> Competitive existing and pending units include congregate rental at 95% occupancy (market equilibrium).  
 Source: Maxfield Research Inc.

Adjusting to include appropriate capture rates for each age cohort (2.0% of households age 65 to 74 and 8.0% of households age 75 and older) results in a local demand potential for an estimated 75 congregate units in 2008. We estimate that seniors currently residing outside the Red Wing Market Area will generate 15% of the demand for congregate senior housing – increasing total

## **SENIOR HOUSING DEMAND ANALYSIS**

---

demand by about 15 congregate units. This demand will consist primarily of parents of adult children living in the Red Wing Market Area, individuals who live just outside the Red Wing Market Area and have an orientation to the area, and former residents who desire to return upon retirement. Together, demand from Red Wing Market Area seniors and demand from seniors who are willing to locate to the Red Wing Market Area totals an estimated 90 units of congregate senior housing as of 2008.

We reduce the demand potential by the existing competitive congregate units in Red Wing Market Area. As of May 2008, we calculate 43 units that would be competitive with congregate units in a new facility in the Red Wing Market Area after accounting for a 5% vacancy rate. These units include the units at Deer Crest and St. Brigid's where residents are not using assisted living services. After deducting these units from the demand potential, we find excess demand for 48 congregate units in the Red Wing Market Area in 2008.

No single location can capture all of the demand in the Market Area. We have estimated that the City of Red Wing can capture 90% of the excess demand potential in the Red Wing Market Area. Applying this potential capture rate results in excess demand that would be capturable on an appropriate Site for an estimated 43 congregate units in 2008.

Adjusting for inflation, we have estimated that households with incomes of \$35,000 or more and senior homeowners with incomes between \$25,000 and \$34,999 would qualify for congregate housing in 2013. Following the same methodology, we project that demand for congregate housing in Red Wing will increase to about 45 units through 2013.

### **Assisted Living Demand Analysis**

Table 31 presents our demand calculations for assisted living senior housing in the Red Wing Market Area in 2008 and 2013.

The availability of more intensive support services such as meals, housekeeping, and personal care at assisted living facilities usually attracts older, frailer seniors. Hence, the age-qualified market for assisted living housing is defined as seniors ages 75 and over.

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 assisted living housing with basic services. Therefore, the first step in determining the potential demand for assisted living housing in the Red Wing Market Area is to identify the age/income-qualified market based on a senior's ability to pay the monthly fees. An income of approximately \$35,000 and a 90% allocation of that income for housing translate to an affordable monthly fee of roughly \$2,600, which would be an approximate base monthly fee at many assisted living projects. Thus, all households with incomes above \$35,000 would be able to afford the monthly fee at an assisted living facility, based on monthly fees of \$2,600.

# SENIOR HOUSING DEMAND ANALYSIS

**TABLE 31  
MARKET RATE ASSISTED LIVING DEMAND  
RED WING MARKET AREA  
2008 & 2013**

	2008						2013							
	HHs 75+ Lvg. Alone	Capture Rate	Potential HHs	Non-single HH's 75+	Capture Rate	Potential HHs	HHs 75+ Lvg. Alone	Capture Rate	Potential HHs	Non-single HH's 75+	Capture Rate	Potential HHs		
Less than \$20,000	348	25%	87	72	15%	11	Less than \$25,000	402	25%	101	83	15%	12	
\$20-\$34,999	147	80%	118	182	45%	82	\$25-\$39,999	119	70%	83	146	45%	66	
\$35,000+	162	100%	162	398	70%	279	\$40,000+	173	100%	173	426	70%	298	
<b>Total</b>	<u>657</u>		<u>366</u>	<u>652</u>		<u>371</u>	<b>Total</b>	<u>694</u>		<u>356</u>	<u>655</u>		<u>377</u>	
<b>Total potential market</b>						<u>738</u>							<u>733</u>	
(times) Percent needing assistance with ADLs					x	<u>30%</u>							x	<u>30%</u>
(equals) Age/income qualified market needing assistance					=	<u>221</u>							=	<u>220</u>
(times) Market penetration rate					x	<u>40%</u>							x	<u>40%</u>
(equals) Short-term demand					=	<u>89</u>							=	<u>88</u>
(plus) Proportion from outside the market area (15%)					+	<u>22</u>							+	<u>21</u>
(equals) Total potential assisted living demand					=	<u>111</u>							=	<u>110</u>
(minus) Existing market-rate assisted living units*					-	<u>91</u>							-	<u>91</u>
(equals) Total excess market rate assisted living demand in the MA					=	<u>20</u>							=	<u>19</u>
(times) Percent capturable in Red Wing					x	<u>90%</u>							x	<u>90%</u>
<b>(equals) Units supportable in Red Wing</b>						<b>18</b>								<b>17</b>

\* Competitive existing and pending units less 7% vacancy rate.

Source: Maxfield Research Inc.

## HOUSING DEMAND ANALYSIS

---

In addition to seniors who are qualified based on their incomes alone, there is a substantial base of senior households with lower incomes who own their homes. These seniors have an untapped source of equity that can be used as supplemental income to defray the additional costs incurred by living in housing alternatives with services. There are a significant number of seniors who will spend down their assets or will receive financial assistance from family members in order to avoid institutional care.

Because the vast majority (90% according to the latest ALFA survey) of assisted living residents are singles, our demand methodology separates the number of senior households who live alone from those who live with a spouse or other relative. We have further broken down the number of senior households by household type and income. From these figures, we apply acceptable capture rates for each income cohort and household type to derive the potential age/income-qualified market. As of 2008, there are an estimated 740 age/income-qualified older seniors in the Red Wing Market Area.

Demand for assisted living housing is need-driven, which reduces the age/income-qualified market to only the portion of seniors who need assistance. Studies by government agencies indicate that about 30% of all seniors age 75 and over need assistance with an activity of daily living. Applying this proportion to the age/income-qualified household base yields a potential assisted living market of an estimated 220 seniors in the Red Wing Market Area in 2008.

We estimate that roughly 60% of the age/income-qualified market needing significant assistance with ADLs will be able to remain in their homes with the assistance of a family member or home health care. The remaining 40% will need assisted living housing. Applying this market penetration rate, results in demand for nearly 90 assisted living units in 2008.

A portion of demand for assisted living units in the Red Wing Market Area, we estimate 15%, will come from outside the Market Area. This secondary demand will include households currently living just outside the Market Area, former residents, parents of adult children who desire supportive housing near their adult children, and increasingly frail retirees returning from retirement communities. Applying this figure results in total age/income-qualified demand for about 110 assisted living units in 2008.

We reduce the demand potential by the existing competitive assisted living units in Red Wing Market Area. As of December 2008, we calculate 91 units that would be competitive with an assisted living facility in the Red Wing Market Area after accounting for a 7% vacancy rate. These units include the units at Deer Crest and St. Brigid's where assisted living services are being utilized and does not include the units at Valentines Assisted Living. After deducting these units from the demand potential, we find excess demand for roughly 20 assisted living units in the Red Wing Market Area in 2008.

No single location can capture all of the demand in the Market Area. We have estimated that the City of Red Wing can capture 90% of the excess demand potential in the Market Area. Applying this potential capture rate, results in excess demand that would be capturable on an appropriate Site for an estimated 18 assisted living units in 2008.

## **HOUSING DEMAND ANALYSIS**

---

The same calculations are applied to the age/income-qualified base in 2013. Due to continued growth in the senior population, total potential demand for assisted living housing is expected to remain at roughly 18 units through 2013.

### **Memory Care Demand Analysis**

Table 32 presents our demand calculations for memory care senior housing in Red Wing Market Area in 2008 and 2013.

Demand is calculated by starting with the estimated Red Wing Market Area senior (65+) population in 2008 and multiplying by the 10% incidence rate of Alzheimer's/dementia among this population. This yields a potential market of about 280 seniors in Red Wing Market Area. According to data from the National Institute for Aging, about 25% of all persons with memory care impairments would be potential candidates for memory care housing units. This figure considers that seniors in the early stages of dementia will still be able to live independently with the care of a spouse or other family member, while those in the later 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 an estimated 70 seniors in the Red Wing Market Area in 2008.

Because of the staff-intensive nature of dementia care, monthly fees for this type of housing typically start at about \$4,000. Residents of designated memory care housing often contribute 90% or more of their incomes for monthly fees. Thus, the income-qualified market is defined as individuals with incomes of \$50,000 or more, or incomes of \$40,000 and non-income producing assets. As with all senior housing with services, a portion of this demand will also come from seniors who are willing to spend down assets and/or receive financial assistance from family members.

Based on our review of senior household incomes in the Red Wing Market Area, homeownership rates, and home resale data, we estimate that 45% of all seniors in the Red Wing Market Area would have incomes and/or assets to sufficiently cover the costs for memory care housing. This figure takes into account two-person households where one spouse may have memory care needs and allows for sufficient income for the other spouse to live independently. Multiplying the potential market by 45% results in a total of nearly 30 seniors who would be age/income/asset-qualified in 2008.

We estimate that 15% of the overall demand for memory care housing in Red Wing would come from outside the Red Wing Market Area. This secondary demand will include households currently living just outside the Red Wing Market Area, former residents, parents of adult children who desire supportive housing near their adult children, and increasingly frail retirees returning from retirement communities. Together, demand from within and outside the Red Wing Market Area totals about 35 memory care housing units in 2008.

Some of the demand for memory care housing will be satisfied by the existing supply of memory care housing in the Red Wing Market Area. After subtracting the existing competitive units (26

## HOUSING DEMAND ANALYSIS

units) less a 7% vacancy rate, we calculate total excess demand potential for memory care housing to an estimated 15 memory care units in 2008.

<b>TABLE 32 MEMORY CARE DEMAND RED WING MARKET AREA 2008 &amp; 2013</b>		
	<b>2008</b>	<b>2013</b>
65 + Population	2,773	3,004
(times) 10% Dementia incidence rate	x <u>10%</u>	x <u>10%</u>
(equals) Estimated senior pop. with dementia	= 277	= 300
(times) Percent needing specialized memory care assistance	x <u>25%</u>	<u>25%</u>
(equals) Total need for dementia care	= 69	= 75
(times) Percent income/asset-qualified	x <u>45%</u>	x <u>45%</u>
(equals) Total income-qualified market base	= 31	= 34
(plus) Demand from outside Market Area (15%)	+ <u>6</u>	+ <u>6</u>
Total Demand for memory care units	37	40
(minus) Existing memory care units <sup>1</sup>	- <u>24</u>	- <u>24</u>
(equals) Excess memory care demand in Market Area	= 13	= 16
(times) Percent capturable in Red Wing	x <u>90%</u>	x <u>90%</u>
<b>(equals) Excess Demand capturable in Red Wing</b>	<b>11</b>	<b>14</b>
<sup>1</sup> Competitive existing and pending memory care units at 93% occupancy (market equilibrium).		
Source: Maxfield Research Inc.		

We have estimated that the City of Red Wing could capture approximately 90% of the total memory care demand in the Market Area. Excess demand is calculated for 10 memory care units that would be capturable in Red Wing in 2008.

The same calculations were applied to the projected age/income/asset-qualified base in 2013 to determine demand for memory care housing over the next five years. Thus, through 2013, we project demand for memory care units will increase slightly to an estimated 15 units.

### Senior Housing Needs

Overall, demand will exist for all types of senior housing in Red Wing over the next five years as shown in the demand summary Table 33 on the following page. However, we find that existing developments in Red Wing are meeting the immediate needs for most senior housing types.

Although demand for independent ownership and adult rental exist, it may not be sufficient to support a new building. Some of the ownership demand could be captured by new for-sale townhome and condominium developments. In addition, adult rental demand could be captured

## HOUSING DEMAND ANALYSIS

by new contemporary apartment building if it was added in the downtown. Such a building, near services would draw some independent seniors who otherwise would have moved to an age-restricted facility.

The best opportunity for senior development over the next five years would be a new congregate facility with demand for up to about 45 units by 2013. However, Deer Crest which opened in 2008 is struggling to fill their units with a vacancy rate of roughly 30%. Deer Crest is a more service intensive model with nearly 80% of their residents currently using assisted living level services. A less service intensive project offering optional services and geared towards more active independent adults may be the better option for development at this time.

Demand does not exist for a stand alone assisted living or memory care development due to economies of scale and any future development should be added to either an existing facility or developed in a new building offering multiple levels of senior housing services to make it financially feasible. Although demand exists at the time of this study for assisted living units, the current supply we is meeting the needs of Red Wing. As Deer Crest fills there remaining 17 units, roughly 75% to 80% of those units are expected to use assisted living services thus absorbing much of the projected demand.

<b>TABLE 33 DEMAND SUMMARY CITY OF RED WING 2008 &amp; 2013</b>		
<i>Service Level</i>	<i>Demand Capturable in RedWing</i>	
	<b>2008</b>	<b>2013</b>
Ownership	31	34
Adult	28	32
Congregate	43	44
Assisted Living	18	17
Memory Care	11	14
<b>Total Units</b>	<b>131</b>	<b>141</b>

Source: Maxfield Research Inc.

## CONCLUSIONS AND RECOMMENDATIONS

### Introduction/Overall Housing Recommendations

This section recommends housing development concepts for Red Wing from 2008 to 2020, based on the demand analysis and interviews with persons knowledgeable about the Red Wing housing market. A summary of these development concepts is shown in Table 34. Detailed recommendations for each housing type follow the table. It is important to note that these proposed concepts are intended to act as a development guide and that similar product could be successful as well.

<b>TABLE 34 RECOMMENDED HOUSING DEVELOPMENT CITY OF RED WING 2008 to 2020</b>				
		<b>Purchase Price/ Monthly Rent Range</b>	<b>No. of Units</b>	<b>Pct. of Total</b>
<b>Owner-Occupied Housing</b>				
<b>Single-Family</b>				
	Entry-level	\$150,000 - \$200,000	90 - 100	35%
	Move-up	\$200,000 - \$275,000	110 - 120	42%
	Executive	\$275,000+	60 - 60	23%
	<b>Total</b>		<b>260 - 280</b>	<b>100%</b>
<b>Multifamily*</b>				
	Entry-level	\$150,000 - \$200,000	90 - 100	42%
	Upper-end	\$200,000+	110 - 130	51%
	Condominium	\$175,000 - \$250,000	15 - 30	7%
	<b>Total</b>		<b>215 - 230</b>	<b>100%</b>
<b>General Occupancy Rental Housing*</b>				
	Market Rate Rental Housing	\$675/1BR - \$1,000/3BR	90 - 110	60%
	Affordable Rental Housing	\$600/1BR - \$900/3BR	60 - 80	40%
	<b>Total</b>		<b>150 - 190</b>	<b>100%</b>
<b>Senior Housing*</b>				
	Congregate	\$1,500 - \$1,900	40 - 45	60%
	Assisted Living**	\$2,200 - \$3,500	15 - 20	22%
	Memory Care**	\$4,000 - \$5,000	12 - 14	18%
	<b>Total</b>		<b>67 - 79</b>	<b>100%</b>
* We project that Downtown Red Wing could capture a portion of demand for multifamily for-sale, general occupancy rental, and independent senior housing.				
** Demand for additional assisted living and memory care will occur later next decade as existing facilities are meeting current demand.				
Source: Maxfield Research Inc.				

## CONCLUSIONS AND RECOMMENDATIONS

---

### *Single-Family Housing*

Demand was estimated for 260 to 280 new single-family homes in Red Wing between 2008 and 2020 – or about 23 new homes per year. We recommend maintaining a three-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. Based on recent building trends since 2000, Red Wing currently has roughly a six year supply with about 190 available lots. Since 2008, there has been minimal to no activity at the subdivisions.

Through our research and interview, we find that sales for all types of single-family lots are currently at a stand still with plenty of supply that will meet demand into the next decade. Our projected demand for 60 executive and higher priced move-up home priced at \$300,000 and up, should be absorbed by the existing lot supply through 2020. Similarly, the supply of move-up homes (\$200,000 to \$275,000) is sufficient to carry the projected demand for 110 to 120 lots for this segment to about 2015. The majority of demand for entry-level lots (or “starter homes”), which we classify as homes priced under \$200,000 will be satisfied by existing single-family homes as residents of existing homes move into newer housing products built in the community, such as move-up single-family homes, townhomes, rental housing and senior housing.

Overall, if the housing market remains slow for an extended period we find that the existing lots will adequately accommodate the demand for executive and some move-up single-family homes in Red Wing well into the next decade.

### *For-Sale Multifamily Housing*

A growing number of households desire alternative housing types such as townhouses, twin-homes and condominiums. In Red Wing, the target market is empty-nesters and retirees seeking to downsize from their single-family homes. Some professionals moving to Red Wing, particularly singles and couples without children, also will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In larger housing markets with higher housing costs, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes. This has only occurred to a small extent in Red Wing, and thus, the demand for two-level units at lower price points (for new construction) is more limited.

Based on recent development trends and demographic growth trends, we project that between 2008 and 2020, roughly 40% of the for-sale multifamily demand will be for units priced between \$150,000 and \$200,000 (90 to 100 units). Half of demand (110 to 130 units) will be for units priced above \$200,000. Because the main target market is empty-nesters and young seniors, the majority of townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories.

Existing subdivisions in Red Wing have capacity for about 185 townhome units. The existing multifamily lot supply is currently oversaturated in Red Wing and should satisfy most of the demand for in Red Wing through the first half of the next decade, especially the entry level units. Future development of townhome units should be marketed to the upper-end market.

## **CONCLUSIONS AND RECOMMENDATIONS**

---

A portion of the for-sale multifamily demand consists of people who would find condominium and townhome living in or near the Downtown appealing. Recommendations for Downtown multifamily housing are provided in the Downtown sector recommendations on Page 86.

### ***General Occupancy Rental Housing***

We also find that Red Wing has an older rental housing stock, as there has only been a hand full of apartments built since the 1990s. Based on our research, newer contemporary affordable and market rate apartments units are the greatest housing need for Red Wing.

Interviews and research concluded that no matter the location, a new building would be absorbed due to pent up demand. With the significant pent-up demand, Red Wing could support about half of the calculated general-occupancy rental demand over the next five years, or about 75 to 100 units. We find that roughly over 50% of the overall estimated rental demand through 2020 could be captured by redevelopment, infill, and renovation projects within Downtown Red Wing. Recommendations of product type, unit mix and pricing are discussed in further depth among the residential sectors on the following pages.

### ***Senior Housing***

#### Adult ownership and Rental

We have projected demand for up to roughly 35 ownerships units and roughly 30 adult rental units by 2013. We do not recommend development of an age-restricted condominium or apartment building at this time. Because of market overlap, we find that a portion of both the adult ownership and rental demand would be satisfied by new condominium and or general-occupancy buildings that would offer one-level units and elevator access.

#### Congregate Housing

Red Wing currently has two congregate projects (Deer Crest and St. Brigid's at Hi Park). These projects are intensive service models and are currently meeting the demand for this senior segment. However, with senior household growth, demand is projected for up to roughly 45 additional congregate units in Red Wing by 2013. Although there is demand for congregate units, we recommend that the Red Wing allow Deer Crest to absorb the remainder of their units and any future development be a less service intensive project offering optional services and geared towards more active independent adults.

#### Assisted Living and Memory Care Housing

Based on senior population growth, we project demand to support an additional 20 assisted living units and 14 memory care units between 2008 and 2013. Although we project additional demand through 2013 for assisted living units, we find that the existing units in Red Wing are meeting the current and projected demand. As vacant units are filled at Deer Crest, a majority are expected to use assisted living services resulting in the absorption of the projected demand.

## **CONCLUSIONS AND RECOMMENDATIONS**

---

Future development of assisted living and/or memory care housing units we recommend occur in the middle or late part of the next decade.

In addition, projected demand figures are insufficient to support a new stand alone project of each of these types of services. Any future assisted living or memory care units developed we recommend be included as an addition to an existing facility or as part of new building that offers multiple services.

### **Downtown Residential Sector Recommendations**

Other than the Central Park Condominiums (21 units), almost no development has taken place in the Downtown sector this decade despite the fact that it is an appealing location for many potential residents. A focus on new development and rapid expansion into the West Sector are factors in the limited number of housing units added in Downtown recently. Most developers choose to build on vacant parcels on the edge of Red Wing due to the lower cost and less challenges issues involved.

Demand exists for housing in or near the Downtown however, the lack of new housing has forced most residents to look elsewhere in the City. Based on our demand calculations, we find that the Downtown sector could capture roughly 5% to 10% of the single-family and multifamily for-sale demand and more than 50% of the calculated demand for general occupancy housing. Research indicates that the need for rental units is so strong, that a new building will draw, regardless of its location in Red Wing. The biggest factor for success will be ensuring that the units features and building amenities meet the desires of potential renters.

Based on our analysis, the greatest housing potential from a market perspective is market rate and affordable apartments. Opportunity in Downtown exists to convert empty and underutilized space on floors in existing buildings above commercial space along with infill development. These types of projects could accommodate roughly 25 to 40 units throughout the Downtown and should be the initial focus of Downtown development.

Within the next five years, we recommend the development of a new large rental project of up to 40 to 50 units to maximize impact to the Downtown. This development should be targeted towards the local workforce population with moderate incomes. After the above rental products are supplied in Downtown Red Wing and as the amenity package and rental rates are improved in Downtown, the City can then encourage more market rate products.

Demand for an age-restricted development is not large enough to build a separate project in Downtown. However, an affordable or market rate general occupancy building would capture some of the senior adult demand. Development of a senior independent rental should be revisited in the future as the population continues to age and when the for-sale housing market improves making it easier for seniors to sell their homes.

As the City begins the process of Downtown development and redevelopment of housing, projects will most likely need and require the assistance of government programs.

## CONCLUSIONS AND RECOMMENDATIONS

---

A larger contemporary rental building would have a target market of young professionals and some seniors. It is important to include as many modern features and amenities in any new downtown product as possible. These consist of higher ceilings, bright spaces, large windows, slightly larger unit sizes, open floor plans, secured entry, common areas, storage areas, parking, full appliance package, fitness room, and in-unit/or common laundry facilities. If incorporating a fitness room is cost prohibitive, a full or discounted membership to the YMCA could be offered.

We recommend a Downtown apartment consist of approximately 50% to 55% one-bedroom units, 10% to 15% one-bedroom plus den units, and 35% to 40% two-bedroom units. Further, rents should range from about \$675 to \$725 for one-bedroom units, \$725 to \$775 for one-bedroom plus den units, and \$800 to \$900 for two-bedroom units. It should be noted that even though these rents would be at the high end in Red Wing, they may be too low for a building to be financially feasible given high construction and development costs. For a newer contemporary building to become a reality (keeping the maximum rents to those recommended so that the units would be at a level the target market would be willing to pay) there may need to be a public – private partnership and some financial assistance to reduce development costs.

Ownership demand in Red Wing is primarily for lower-density products, such as single-family homes and townhomes. In addition, most owners may not be inclined to buy new housing units at a much higher price than the value of the surrounding homes. Urban style townhomes/rowhomes in Downtown would be appealing to for-sale market and draw some empty nesters and mid-age couples with and without children if done well and moderately priced. We recommend that a development with a few units (6 to 8 units) would be appropriate as a starting point in Downtown. As the Central Park Condominiums have shown, condominium style product can be difficult in smaller cities. We project demand for up to a 30 unit condominium in the Downtown and would recommend a condominium development located in the core of Downtown that would provide excellent views for all units.

We recommend the City identify homes in the existing supply in/and or near the Downtown core that are need of renovation and repair. Encourage local owners to fix-up and maintain their homes through assistance programs. In the event that the home is in disrepair, the HRA should continue to encourage and support the removal or rehabilitation of these properties. Keeping neighborhoods up to date and in good condition will encourage more people to move Downtown and in turn create more development.

The challenges for redevelopment range from finding a parcel large enough to accommodate the project to the cost of redeveloping to providing proper views for upscale developments. We identified through discussions with HRA staff, two locations with potential redevelopment opportunity for a larger rental building.

Site #1 is located between Potter Street/Plum Street and 3<sup>rd</sup> Street W/4<sup>th</sup> Street W. The Site is occupied mainly by paved and gravel parking lots with a building in the middle of the parcel closest to 4<sup>th</sup> Street that is said to be in poor condition and could be removed. There are also multiple buildings along Plum Street that house rental units above retail that would remain on the site.

## **CONCLUSIONS AND RECOMMENDATIONS**

---

Site #2 is located along Main Street from Broad Street to Fulton Street. Site #2 currently is occupied by various retail and service and multiple vacant lots. Its location is near the core of Downtown and near amenities such as Econofoods. The YMCA is directly across the street, coupled with potential views of the River and bluffs make this an enticing location for redevelopment. Potential challenges of this Site include acquisition of parcels (four separate owners), views partially blocked by grain elevators to north and relocation of current businesses.

In addition to the recommended Downtown redevelopment projects we also suggest that the City encourage landlords of Downtown rental properties to continue with the renovation and enhancement of the existing units. We recommend the HRA create a rental information brochure for potential Red Wing residents in search of product in Downtown and throughout the City. The brochure could include the contact information and location of rental properties in Red Wing making it easier for prospective renters to find the product they desire. The brochure could be distributed through the Visitor Information Center, the Chamber of Commerce, the Public Library and local businesses regularly attracting new hires to Red Wing.

### **Other Residential Sectors Recommendations**

#### ***West Residential Sector Recommendations***

Due to the current oversupply of lots, the West Sector will continue to add new housing development in Red Wing over the next decade as these lots are absorbed. The availability of land, developer focus and natural progression has been key factors of continued development in the West. The housing boom created 11 active single-family and townhome subdivisions in this sector with 99 single-family lots and over 170 townhome lots currently available. Realtor and developer interviews concluded that there is an oversupply of lots in Red Wing. The poor housing market, economy, and over-development are to blame.

At the current rate of issued building permits for the West sector, single-family lot supply is about six years and townhome lot supply at roughly 9 to 10 years. We typically recommend maintaining a three-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. The lot availability for all market segments (entry-level, move-up, and executive) is being met adequately. Thus, we do not recommend that any more lots be developed for the next several years, or until the number of available lots is significantly reduced closer to the recommended three-year supply.

In addition to the Downtown, the West sector could accommodate some of the demand for general-occupancy and senior multifamily units. Any multifamily development should be focused at locations near Highway 61 due to its proximity and access to shopping (Target, Walmart, Menards, Econofoods, etc.) and major employers (Red Wing Shoes, Reidell, Fairview Medical Center, Norwood Products, etc.). We recommend an affordable multifamily rental project in the West sector that would be targeted to families. This would be in addition to rental product located in the Downtown as a portion of the rental demand would desire the location, larger units, and proximity to neighborhood amenities along Highway 61. We suggest this proposed apartment project have a unit mix consisting of approximately 5% to 10% one-bedroom units, 60% to

## CONCLUSIONS AND RECOMMENDATIONS

65% two-bedroom units, and 25% to 30% three-bedroom units. Rents should range from about \$600 for one-bedroom units to \$900 for three-bedroom units. We also believe that this type of product could be considered for a redevelopment on the fringe of Downtown.

<b>TABLE 35 RECOMMENDED HOUSING DEVELOPMENT PRIORITY CITY OF RED WING RESIDENTIAL SECTORS</b>	
	<u>No. of Units</u>
<b><u>Downtown Sector</u></b>	
Development of existing underutilized space and in-fill	25 - 40
Development of larger general occupancy rental project	40 - 50
Development of urban style for-sale townhome/rowhomes	6 - 8
<b><u>West Sector</u></b>	
Development of larger general occupancy rental project	40 - 50
Focus on the absorption of current lot supply	
<b><u>South Sector</u></b>	
Focus on the absorption of current lot supply	
<b><u>Southwest Sector</u></b>	
Redevelopment of Old West Main and Pottery District	
<b><u>East Sector</u></b>	
Focus on absorption of current lot supply	
<b><u>All Sectors</u></b>	
Identify existing properties in need of renovation, rehabilitation, and maintenance.	
- Encourage homeowners and landlords through the use of assistance programs.	
- When appropriate the HRA should continue to encourage and support removal rehabilitation of certain properties.	
City involvement in monitoring condition of existing rental units (mainly single-family) to maintain safety of units and neighborhood vitality.	
Source: Maxfield Research Inc.	

### ***South Residential Sector Recommendations***

The South sector has absorbed most of the development of the City for the past 30 years. There are three active subdivisions with 60 single-family lots and 22 multifamily townhome lots available. These lots should sustain the South sector through the middle to roughly 2015 as building

## **CONCLUSIONS AND RECOMMENDATIONS**

---

permit trends average 10 single-family lots and six townhome units per year. Building permits in 2008 significantly declined and could remain slow through 2011 as the housing market recovers. Thus, most of the absorption of these lots/units would occur in the first half of the next decade.

There is a large amount of multifamily rental located in the South sector. Much of the rental accommodates students at the Southeast Technical College. The College currently does not have issues with students being unable to find rental housing. Thus, we would not recommend a new rental project in the South sector unless housing difficulties arise for students at the College. We also believe that students could be a market for Downtown rental as they would be drawn to the amenities, employment, and entertainment that Downtown can provide. The school or City could provide busing to and from Downtown to accommodate students without their own transportation. Multifamily rental should be focused in Downtown or along Highway 61 in the west and Southwest sectors in or near activity centers.

Near the high school and college we find that the amenity package in this area of Red Wing is substantially lacking. Neighborhood amenities such as retail and services are almost non-existent. Students and residents of the area are required drive to employment, services, and shopping. We recommend upgrading the amenity package of this area by providing small commercial nodes such as a local restaurant and convenience store.

### ***Southwest Residential Sector Recommendations***

The Southwest Sector has minimal opportunity for new development as the sector appears to be land locked to the city border to the south and the river wetlands to the north. The development in the 1990s which was second to the South sector took up most of the remaining developable land. Gadiant Heights 3<sup>rd</sup> addition is the only currently active single-family subdivision in the sector with 11 of 15 lots remaining and Potter Ridge assisted living was developed back in 2005. Although available land for new development is in short supply, the opportunity exists for redevelopment and enhancement of older homes and the amenity package in the existing neighborhood.

We recommend that the focus in this sector be towards the redevelopment of the Old West Main and Potter District north of Highway 61. Although few, most homes in this area are older and may be in need of improvement.

### ***East Residential Sector Recommendations***

Development in the East Sector is also limited due to natural barriers. The land available for development is not easily accessible and somewhat isolated from the remainder of the city. Almost half of the existing development occurred prior to 1940. New development has been focused in the southern end of the sector near the intersection of Highway 58 and Pioneer Road with senior rental properties of The Village Cooperative (2006) and Valentines Senior Living (2007). Due to the majority of homes in this sector being 60 plus years old, we recommend identifying homes in need of improvements, and to help residents maintain these older homes through use of government programs. As foreclosure rates and renter demand increased, the number of single-family rental has also increased. Some of these properties are not being maintained and also

## **CONCLUSIONS AND RECOMMENDATIONS**

---

have absentee landlords. We recommend that the City monitor the condition of these properties to ensure safe housing for residents. If necessary, fines should be levied against landlords whose properties are not in basic compliance with health and safety issues. Many other communities in Minnesota have implemented similar programs to mitigate this growing issue.

Currently one single-family subdivision is active in the East Sector. Biermann Companies broke ground on a 44 single-family development near the Red Wing High School in September 2007 called the Highlands of Red Wing. The Highlands of Red Wing has struggled with 41 lots still available. Although the Highlands is located near the High School and the Southeast Technical College, the area is disconnected from the surrounding residential neighborhoods. Although the infrastructure is in place, the Highlands may have difficulty with any future development because of its isolation.