

February 22, 2019

MEMORANDUM

TO: Ms. Heidi Steinmetz
Kanabec County EDA

FROM: Mr. Matt Mullins
Maxfield Research and Consulting, LLC

RE: Initial Market Assessment for General Occupancy Market Rate Rental Housing in Mora, Minnesota

Introduction/Purpose and Scope of Research

This memorandum contains an initial market assessment to evaluate the development potential for various general-occupancy rental housing types in the City of Mora. Maxfield Research and Consulting, LLC (Maxfield Research) calculates demand for general occupancy rental housing based on 1) projected household growth, 2) turnover of existing households and 3) the amount of pending product in the surrounding market area.

The scope of the study includes a demographic review of population and household growth trends, household income trends, household tenure, employment trends, an assessment of current market conditions for rental housing and a survey of affordable and market rate rental properties in Mora. Maxfield Research also inventoried pending developments in the surrounding area and provides an estimate of demand for additional market rate rental housing. The methodology used to calculate demand in this memorandum is proprietary to Maxfield Research but is consistent with methodologies used by analysts throughout the housing industry.

This report includes both primary and secondary research. Primary research includes interviews with rental property managers and data on existing and proposed rental properties. Secondary research is credited to the source when used, and is usually data from the U.S. Census or regional planning agencies. Secondary research is always used as a basis for analysis, and is carefully reviewed considering other factors that may impact projections. All the information on competitive rental housing projects and pending rental housing developments was gathered by Maxfield Research and is accurate to the best of our knowledge.

Primary Market Area Definition

The primary draw area (Market Area) for housing in Mora was defined based on traffic patterns, community and school district boundaries, and geographic and our general knowledge of the draw area. The Market Area includes 11 townships (Ann Lake, Arthur, Brunswick, Comfort, Grass Lake, Hillman, Kanabec, Knife Lake, Peace, South Fork, and Whited) and three cities (Grasston, Ogilvie, and Quamba) surrounding Mora.

We estimate that 80% of the demand for general occupancy rental housing in the PMA will be generated from the Mora PMA. The remaining portion of the demand (20%) will come from outside the defined PMA.

Primary Market Area



Population and Household Growth Trends

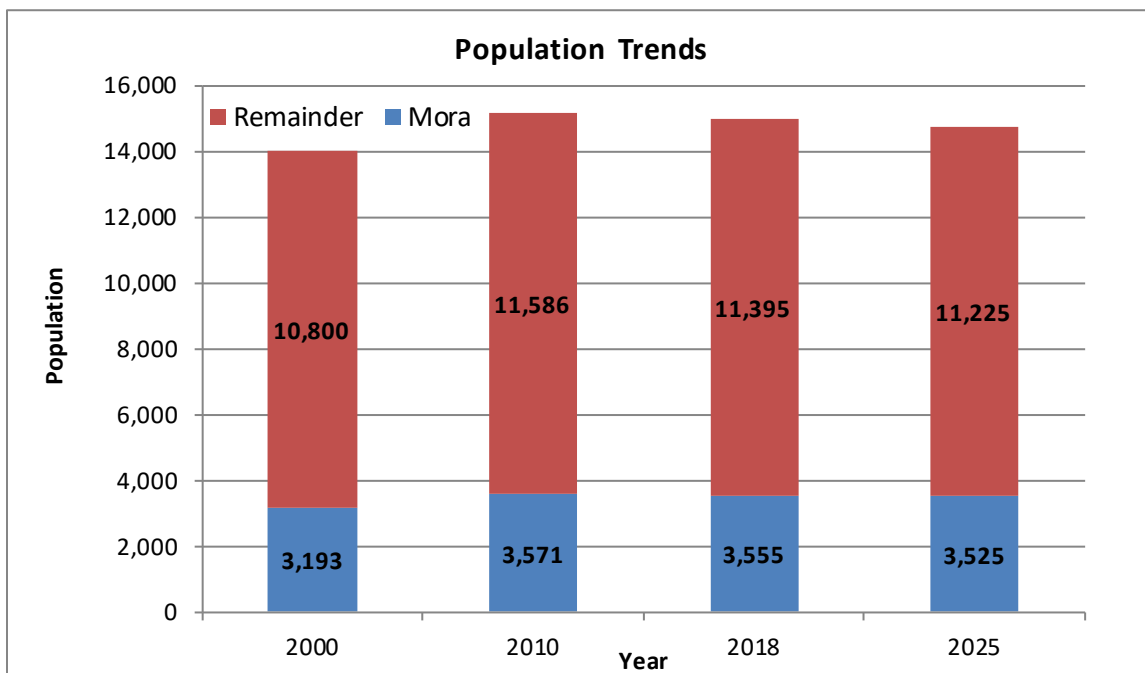
Table 1 presents population and household growth trends in the Mora Market Area from 2000 to 2025. The 2000 and 2010 population and household figures were obtained from the U.S. Census Bureau. The 2018 estimates and projections were based on recent ACS Census data and estimates and forecasts made by ESRI (a nationally recognized demographics firm) with adjustments made by Maxfield Research to reflect local trends.

The following are key points from Table 1.

- As of 2010, the PMA contained 15,157 people and 5,977 households. Growth was strong the first half of last decade before slowing during the Great Recession. Between 2000 and 2010, the PMA population expanded by 8.3% (+1,164), while the number of households expanded 11.3% (+609). The proportional change in new households was high relative to population suggesting a trend toward decreasing household sizes in the PMA.
- Similar to the PMA, Mora experienced growth during the 2000s; increasing by +11.8% population and +9.6% household growth. However, this decade growth trends in both Mora and the PMA have peaked and have slowly declined from year-to-year. Between 2010 and 2018; Mora's population lost 19 persons while the PMA is estimated to have lost 207 persons.

TABLE 1 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS MORA MARKET AREA 2000 to 2025								
					Change			
	U.S. Census		Estimate	Forecast	2000 to 2010		2010 to 2025	
	2000	2010	2018	2025	No.	Pct.	No.	Pct.
POPULATION								
Mora	3,193	3,571	3,555	3,525	378	11.8	-46	-1.3
Remainder of the PMA	10,800	11,586	11,395	11,225	786	7.3	-361	-3.1
Primary Market Area	13,993	15,157	14,950	14,750	1,164	8.3	-407	-2.7
Kanabec County	14,996	16,239	16,000	15,750	1,243	8.3	-489	-3.0
HOUSEHOLDS								
Mora	1,381	1,513	1,505	1,490	132	9.6	-23	-1.5
Remainder of the PMA	3,987	4,464	4,384	4,320	477	12.0	-144	-3.2
Primary Market Area	5,368	5,977	5,889	5,810	609	11.3	-167	-2.8
Kanabec County	5,759	6,413	6,355	6,275	654	11.4	-138	-2.2
Sources: U.S. Census Bureau; State Demographic Center; Maxfield Research & Consulting, LLC								

- In Mora, the average household size increased from 2.31 persons per household in 2000 to 2.36 in 2010. This average household size is projected to remain consistent through 2025. For comparison, the average household size in the Remainder of the PA was 2.6 persons per household in 2010.
- The trend toward declining household sizes indicates an aging household base in the Market Area and reflects a general shift in demographic factors that favor smaller households, such as a declining proportion of married couple households with children.
- Between 2018 and 2025, both Mora and the PMA are projected to lose population. However, the majority of losses will be in the Remainder of the PMA vs. Mora proper (-1.5% vs. -0.8%). Kanabec County is projected to also decline by -1.6%.

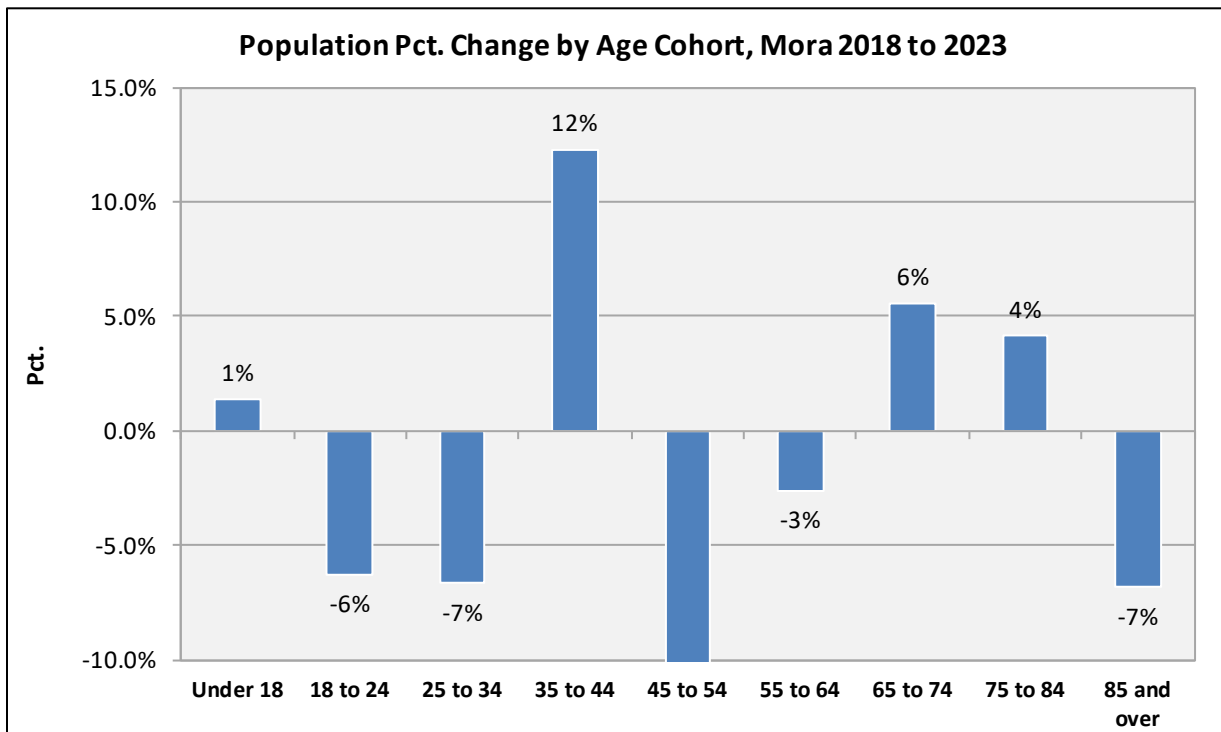
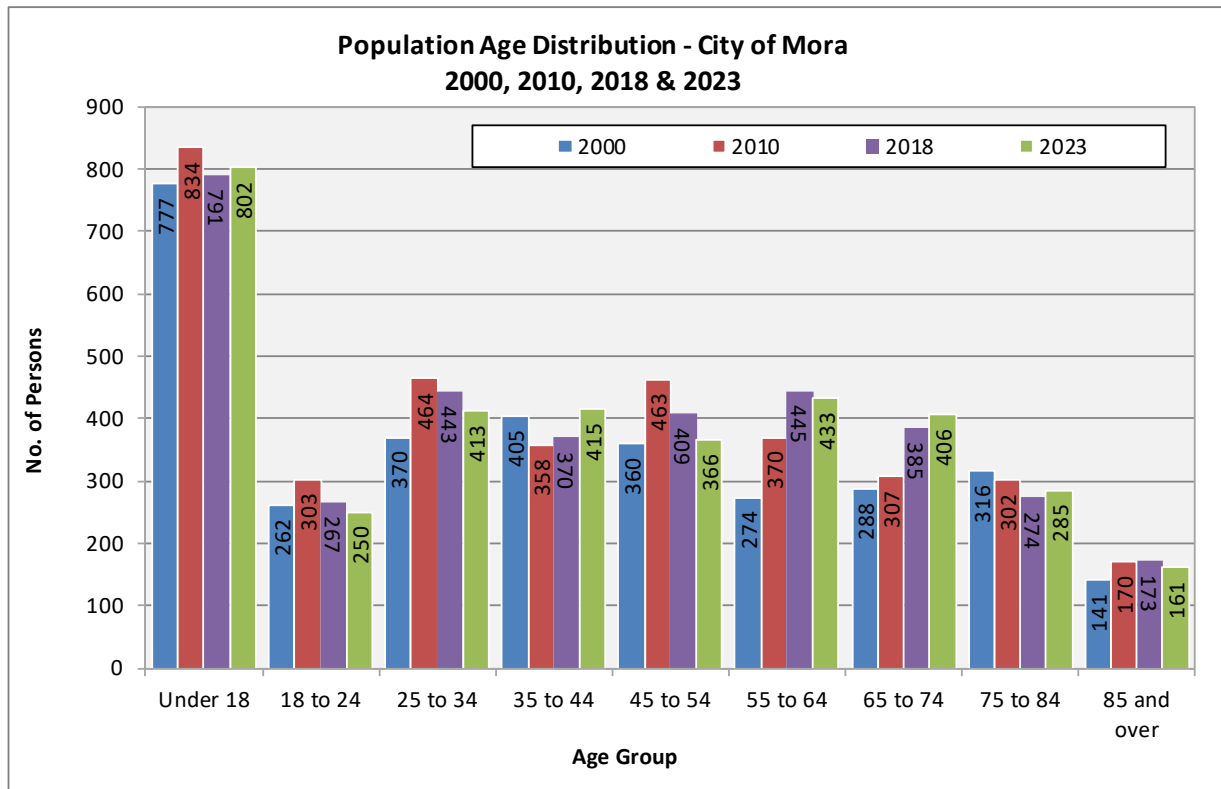


Age Distribution

The age distribution of a community's population helps in assessing the type of housing needed. For example, younger and older people are more attracted to higher density housing located near urban services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes.

Table 2 presents the age distribution of the Market Area population from 2000 to 2023. Information from 2000 and 2010 is sourced from the U.S. Census. The 2018 estimates and projections for 2023 were calculated by Maxfield Research based on information from ESRI, a reputable national demographics firm. The following are key trends about the age distribution of the Market Area's population.

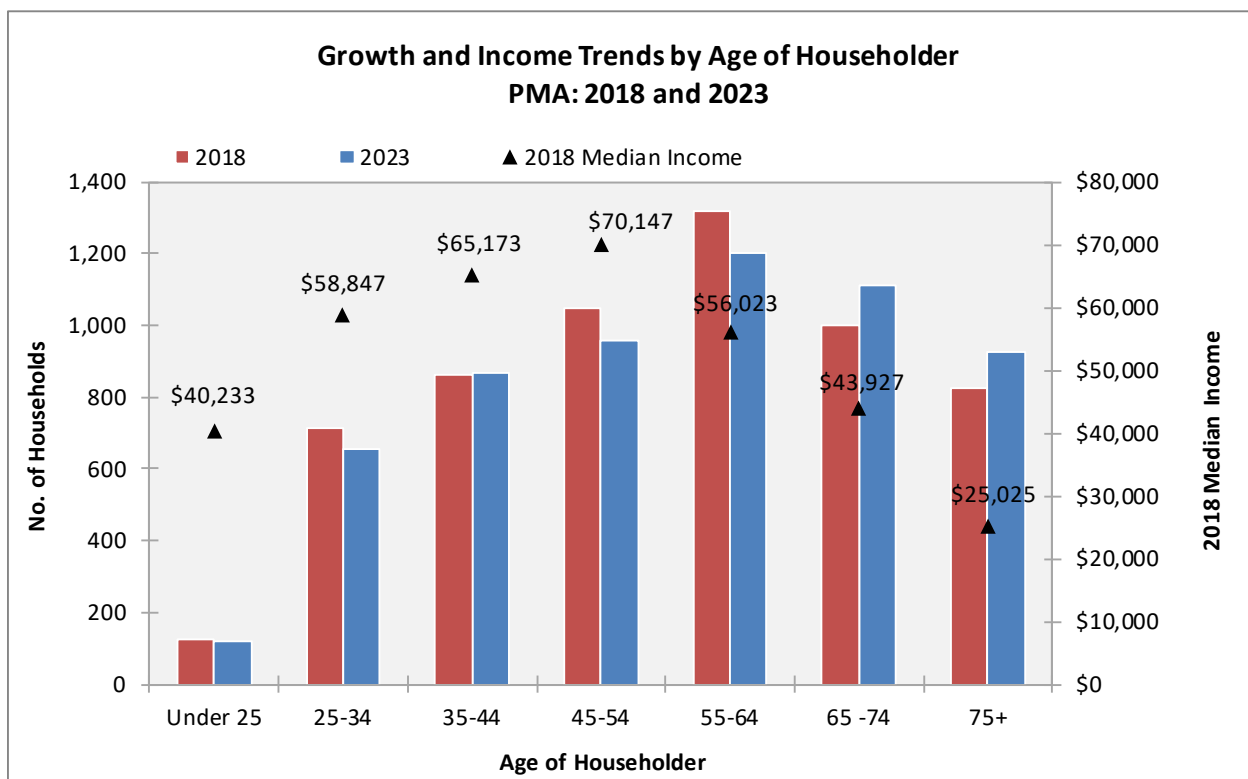
- In 2018, the largest adult cohort by age in Mora was 55 to 64, totaling an estimated 445 people (12.5% of the total population), followed by the 25 to 34 age group with an estimated 443 people (12.5%).
- Over the next five years, the strongest growth in Mora will be among the 35 to 44 age cohort (+12.3%). Many households in this age cohort are home buyers; including move-up buyers.
- The 55 to 64 cohort was also the largest age group in the PMA in 2018, representing 15.6% of the population, followed by the 45 to 54 cohort (13.1%).
- The loss projected for the middle age population is a result of the comparatively small number of people who will move into this age group between 2018 and 2023, a phenomenon known as the "baby bust." The "baby bust" is often referred to the generation of children born between 1965 and 1980, an era when the United States birthrate dropped sharply.



Household Income

Household income data is important when considering the ability of households to pay different rent levels. In general, housing costs of up to 30% of income are considered affordable by the Department of Housing and Urban Development (HUD). Table 3 presents data on household income by age of householder for the Primary Market Area in 2018 and 2023. The data is estimated by ESRI and adjusted by Maxfield Research to reflect the most current local household estimates and projections. The following are key points.

- In 2018, the median household income was estimated to be \$52,939 in the PMA. As households age through the lifecycle, household incomes tend to peak in their late 40s and early 50s. This trend is evident in the PMA as the age 45 to 54 cohort has the highest estimated income at \$70,147 in the PMA.



- The median household income in the PMA is expected to grow over the next five years, climbing to \$55,289 (+4.4%).
- Median incomes in Mora are lower for each age cohort compared to the PMA. In 2018, the median household income in Mora was \$41,107 compared to \$52,939 in the PMA (22%

lower). Similar to the PMA, household incomes in Mora peak amongst the 45 to 54 age cohort at \$60,325.

- Rental housing often targets younger renter households. The median household income in the PMA is \$40,233 for the under-25 age group and \$58,847 for the 25 to 34 age group. Households earning the median income for these cohorts could afford monthly housing costs estimated at \$1,000 and \$1,470, respectively. Households in the 35 to 44 age group that may delay buying a home could afford a \$1,630 monthly rent, based on the median household income of \$65,173.
- Based on the average market rate rental fee of \$690 per month, a household would need an annual income of roughly \$27,600 or greater to not exceed 30% of its monthly income on housing costs. In 2018, approximately 4,500 PMA households (76.0% of the total) are estimated to have incomes of at least \$27,600.
- Income-qualified households (60% AMI) would have maximum incomes of \$33,360 based on a two-person household. Approximately 30% of all Mora PMA households earn less than \$33,360.

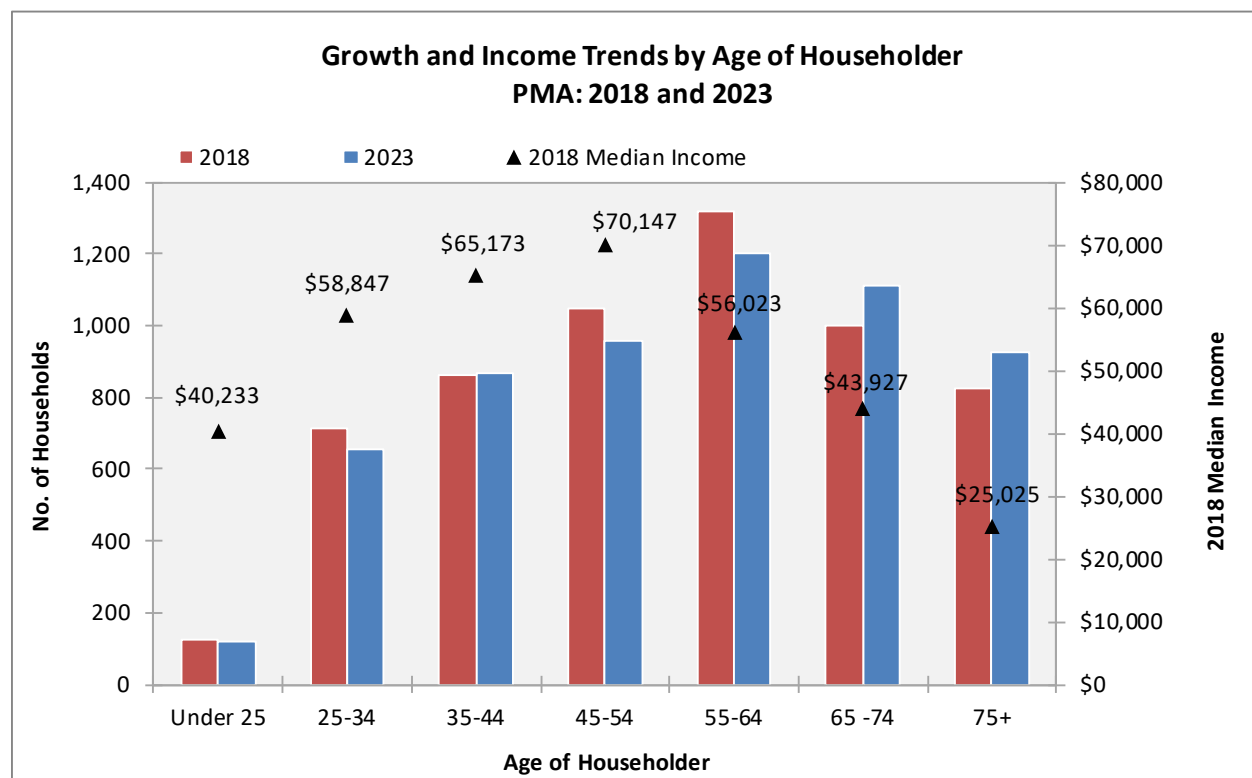
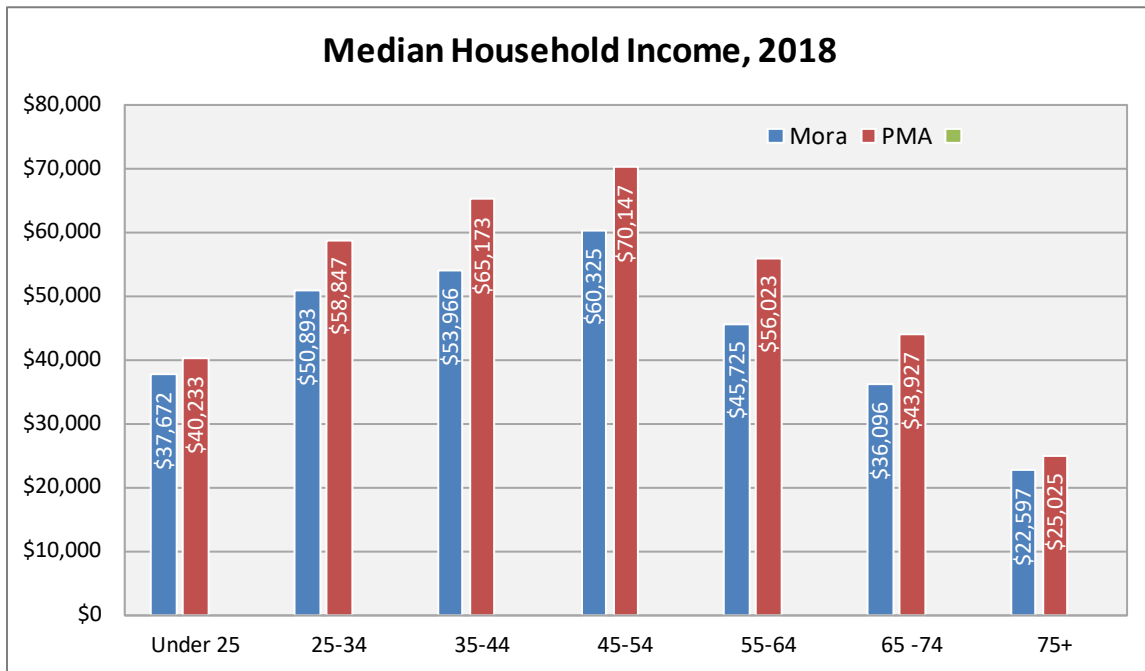


TABLE 3 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA (Number of Households) 2018 and 2023								
		Age of Householder						
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	75+
2018								
Less than \$15,000	561	10	33	49	67	135	121	145
\$15,000 to \$24,999	692	24	54	58	41	117	132	265
\$25,000 to \$34,999	590	17	68	69	69	104	122	140
\$35,000 to \$49,999	877	27	102	113	122	196	184	132
\$50,000 to \$74,999	1,292	33	207	201	259	318	197	75
\$75,000 to \$99,999	897	12	102	181	204	230	126	41
\$100,000 to \$149,999	675	2	98	150	182	141	87	14
\$150,000 to \$199,999	224	1	31	32	64	68	20	8
\$200,000+	80	0	16	7	37	9	10	1
Total	5,889	126	712	861	1,047	1,320	1,001	822
Median Income	\$52,939	\$40,233	\$58,847	\$65,173	\$70,147	\$56,023	\$43,927	\$25,025
2023								
Less than \$15,000	505	11	30	47	49	105	118	145
\$15,000 to \$24,999	658	22	43	48	28	95	132	290
\$25,000 to \$34,999	555	10	56	69	49	88	129	154
\$35,000 to \$49,999	824	26	86	99	99	162	197	156
\$50,000 to \$74,999	1,259	33	188	198	231	290	226	94
\$75,000 to \$99,999	937	13	99	191	196	227	158	54
\$100,000 to \$149,999	758	2	105	171	200	149	115	17
\$150,000 to \$199,999	244	1	31	36	64	74	25	13
\$200,000+	90	0	16	8	41	10	13	2
Total	5,830	118	654	866	956	1,199	1,112	924
Median Income	\$55,289	\$42,794	\$61,908	\$70,147	\$77,024	\$60,166	\$48,005	\$26,321
Change - 2018 to 2023								
Less than \$15,000	-56	1	-3	-2	-18	-30	-3	-0
\$15,000 to \$24,999	-35	-2	-11	-10	-13	-22	-0	24
\$25,000 to \$34,999	-35	-7	-12	-0	-20	-16	7	14
\$35,000 to \$49,999	-53	-1	-16	-14	-23	-34	13	24
\$50,000 to \$74,999	-33	-0	-19	-3	-29	-29	29	19
\$75,000 to \$99,999	40	1	-3	10	-8	-4	32	13
\$100,000 to \$149,999	83	-0	7	21	18	8	28	3
\$150,000 to \$199,999	19	-0	-0	4	-0	6	5	5
\$200,000+	10	0	-0	1	4	1	3	1
Total	-59	-8	-59	5	-90	-121	112	102
Median Income	\$2,350	\$2,561	\$3,061	\$4,974	\$6,877	\$4,143	\$4,078	\$1,296
Sources: ESRI; Maxfied Research & Consulting, LLC								



Rent and Income Limits

Table 4 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Kanabec County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Minnesota Housing Finance Agency based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

TABLE 4 MHFA/HUD INCOME AND RENT LIMITS KANABEC COUNTY- 2018								
	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$14,610	\$16,680	\$18,780	\$20,850	\$22,530	\$24,210	\$25,860	\$27,540
50% of median	\$24,350	\$27,800	\$31,300	\$34,750	\$37,550	\$40,350	\$43,100	\$45,900
60% of median	\$29,220	\$33,360	\$37,560	\$41,700	\$45,060	\$48,420	\$51,720	\$55,080
80% of median	\$38,960	\$44,480	\$50,080	\$55,600	\$60,080	\$64,560	\$68,960	\$73,440
100% of median	\$48,700	\$55,600	\$62,600	\$69,500	\$75,100	\$80,700	\$86,200	\$91,800
120% of median	\$58,440	\$66,720	\$75,120	\$83,400	\$90,120	\$96,840	\$103,440	\$110,160
	Maximum Gross Rent							
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$365	\$417	\$469	\$521	\$563			
50% of median	\$608	\$695	\$782	\$868	\$938			
60% of median	\$730	\$834	\$939	\$1,042	\$1,126			
80% of median	\$974	\$1,112	\$1,252	\$1,390	\$1,502			
100% of median	\$1,217	\$1,390	\$1,565	\$1,737	\$1,877			
120% of median	\$1,461	\$1,668	\$1,878	\$2,085	\$2,253			
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$514	\$598	\$795	\$997	\$1,400			
Sources: MHFA, HUD, Novogradac, Maxfield Research and Consulting LLC								

Sources: MHFA, HUD, Novogradac, Maxfield Research and Consulting LLC

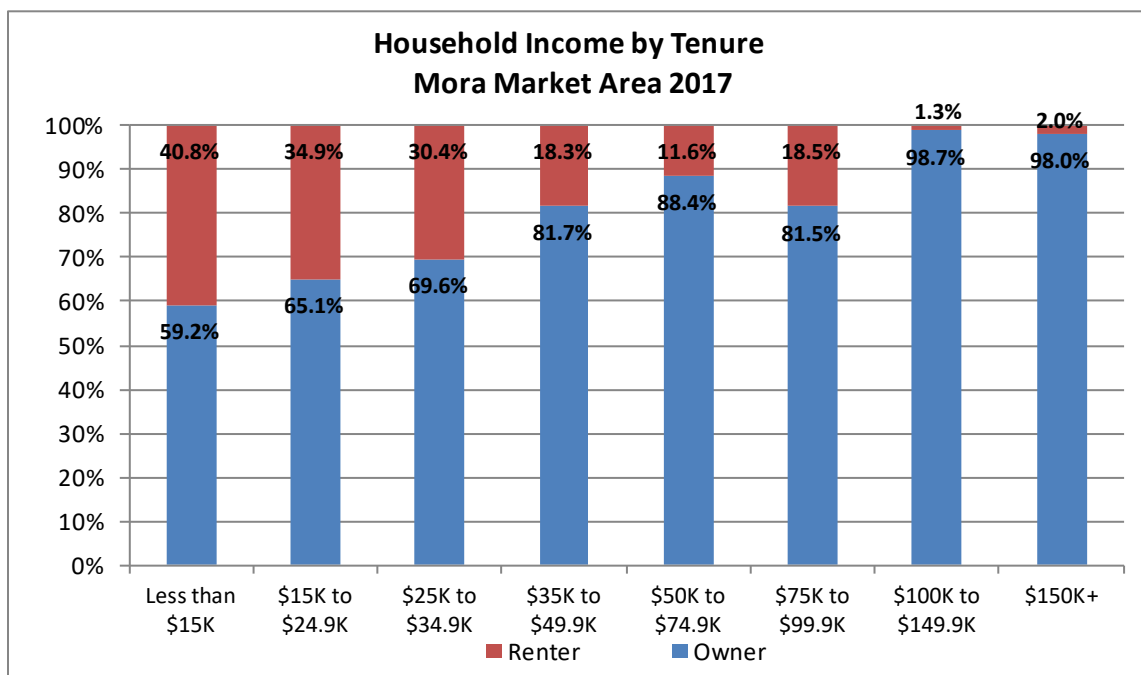
Tenure by Household Income

Table 5 shows household tenure by income for the Mora Market Area in 2017. Data is an estimate from the American Community Survey. Household tenure information is important to assess the propensity for owner-occupied or renter-occupied housing options based on household affordability. The Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income. The higher the income, the lower percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households spend more than 30% of their income, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income.

Income	MORA				REMAINDER				MARKET AREA			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than \$15,000	72	27.3%	192	72.7%	331	79.4%	86	20.6%	403	59.2%	278	40.8%
\$15,000 to \$24,999	94	44.3%	118	55.7%	312	75.7%	100	24.3%	406	65.1%	218	34.9%
\$25,000 to \$34,999	76	44.4%	95	55.6%	346	79.5%	89	20.5%	422	69.6%	184	30.4%
\$35,000 to \$49,999	204	64.6%	112	35.4%	623	89.5%	73	10.5%	827	81.7%	185	18.3%
\$50,000 to \$74,999	94	57.0%	71	43.0%	918	93.7%	62	6.3%	1,012	88.4%	133	11.6%
\$75,000 to \$99,999	94	52.8%	84	47.2%	555	89.8%	63	10.2%	649	81.5%	147	18.5%
\$100,000 to \$149,999	105	100%	0	0.0%	596	98.5%	9	1.5%	701	98.7%	9	1.3%
\$150,000+	31	100.0%	0	0.0%	307	97.8%	7	2.2%	338	98.0%	7	2.0%
Total	770	53.4%	672	46.6%	3,988	89.1%	489	10.9%	4,758	80.4%	1,161	19.6%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.

- Typically, as income increases, so does the rate of homeownership. This can be seen in Mora, where the homeownership rate increases from 27.3% of households with incomes below \$15,000 to 100% of households with incomes above \$100,000.
- A portion of renter households that are referred to as lifestyle renters, or those who are financially-able to own but choose to rent, have household incomes of \$50,000 or more (about 23% of Mora's renters in 2017). Households with incomes below \$15,000 are typically a market for deep subsidy rental housing (about 29% of Mora's renters in 2017).



Household Tenure

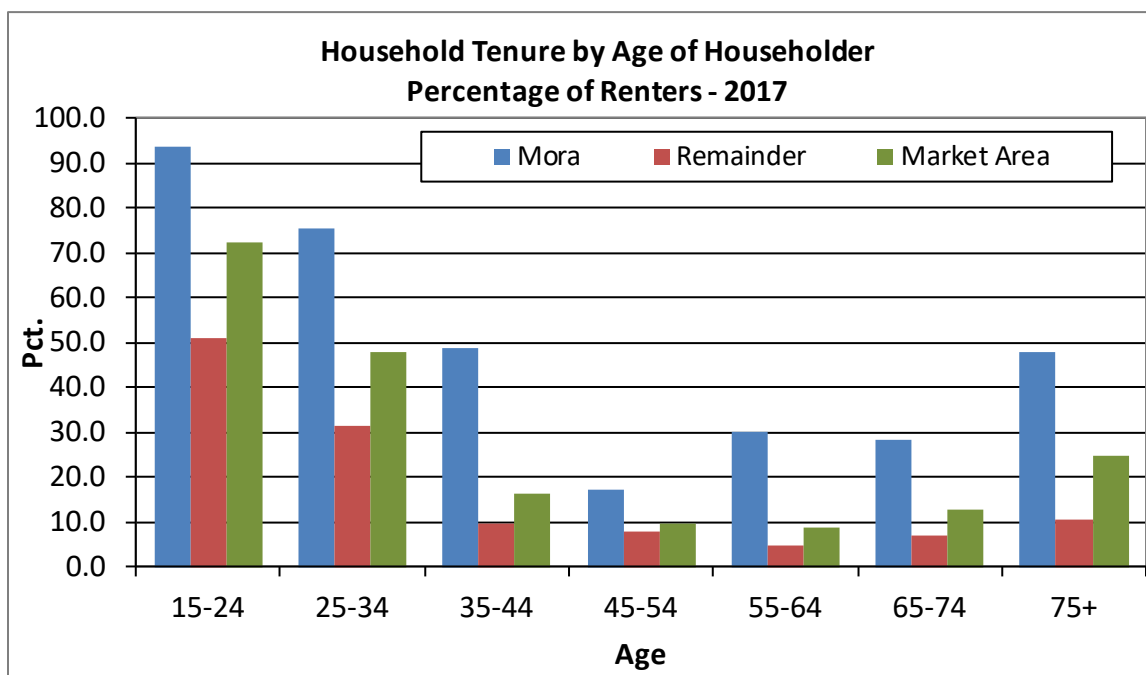
Table 6 on the following page shows household tenure by age of householder for the PMA and the Metro Area in 2010 and 2017. Data for 2010 is obtained from the Decennial Census, while the 2017 data is an estimate from the 2013-2017 American Community Survey. The table shows the number and percent of renter- and owner-occupied housing units in Mora and the PMA. All data excludes unoccupied units and group quarters such as dormitories and nursing homes. Household tenure information is important in understanding households' preferences to rent or own their housing. In addition to preferences, contributing factors include mortgage interest rates, household age, and lifestyle considerations, among others.

TABLE 6 TENURE BY AGE OF HOUSEHOLDER MORA MARKET AREA 2010 & 2017													
Age		City of Mora				Remainder of Market Area				Market Area Total			
		2010		2017		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	15	28.8	7	6.4	56	61.5	52	49.1	71	49.7	59	27.4
	Rent	37	71.2	102	93.6	35	38.5	54	50.9	72	50.3	156	72.6
	Total	52	100.0	109	100.0	91	100.0	106	100.0	143	100.0	215	100.0
25-34	Own	116	48.5	64	24.5	396	76.3	302	68.5	512	67.5	366	52.1
	Rent	123	51.5	197	75.5	123	23.7	139	31.5	246	32.5	336	47.9
	Total	239	100.0	261	100.0	519	100.0	441	100.0	758	100.0	702	100.0
35-44	Own	120	56.3	75	51.4	629	87.2	673	90.2	749	80.2	748	83.9
	Rent	93	43.7	71	48.6	92	12.8	73	9.8	185	19.8	144	16.1
	Total	213	100.0	146	100.0	721	100.0	746	100.0	934	100.0	892	100.0
45-54	Own	183	68.3	156	82.5	1,007	91.4	791	92.1	1,190	86.9	947	90.4
	Rent	85	31.7	33	17.5	95	8.6	68	7.9	180	13.1	101	9.6
	Total	268	100.0	189	100.0	1,102	100.0	859	100.0	1,370	100.0	1,048	100.0
55-64	Own	172	75.1	140	69.7	906	94.5	1,113	95.1	1,078	90.7	1,253	91.4
	Rent	57	24.9	61	30.3	53	5.5	57	4.9	110	9.3	118	8.6
	Total	229	100.0	201	100.0	959	100.0	1,170	100.0	1,188	100.0	1,371	100.0
65-74	Own	129	66.2	179	71.6	610	92.3	643	92.8	739	86.3	822	87.2
	Rent	66	33.8	71	28.4	51	7.7	50	7.2	117	13.7	121	12.8
	Total	195	100.0	250	100.0	661	100.0	693	100.0	856	100.0	943	100.0
75-84	Own	102	51.0	98	47.3	300	90.9	344	88.0	402	75.8	442	73.9
	Rent	98	49.0	109	52.7	30	9.1	47	12.0	128	24.2	156	26.1
	Total	200	100.0	207	100.0	330	100.0	391	100.0	530	100.0	598	100.0
85+	Own	40	34.2	51	64.6	71	87.7	70	98.6	111	56.1	121	80.7
	Rent	77	65.8	28	35.4	10	12.3	1	1.4	87	43.9	29	19.3
	Total	117	100.0	79	100.0	81	100.0	71	100.0	198	100.0	150	100.0
TOTAL	Own	877	58.0	770	53.4	3,975	89.0	3,988	89.1	4,852	81.2	4,758	80.4
	Rent	636	42.0	672	46.6	489	11.0	489	10.9	1,125	18.8	1,161	19.6
	Total	1,513	100.0	1,442	100.0	4,464	100.0	4,477	100.0	5,977	100.0	5,919	100.0
Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC													

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

- In the PMA, about 20% of all households rented in 2017 compared to a rental rate of 47% in Mora. Nearly 90% of households in the Remainder of the Market Area are home owners.

- About 94% of households under age 25 rent their housing in Mora; compared to 50% in the Remainder of the Market Area. The number of renters in Mora in this age cohort has nearly tripled since 2010.
- Over three-quarters of Mora households between the ages of 25 and 34 are renters. Typically, the youngest and oldest households rent their housing in greater proportions than middle-age households.
- The number of renters increased in both Mora and the PMA between 2010 and 2017 while home ownership rate fell from 81.2% in 2010 to 80.4%.

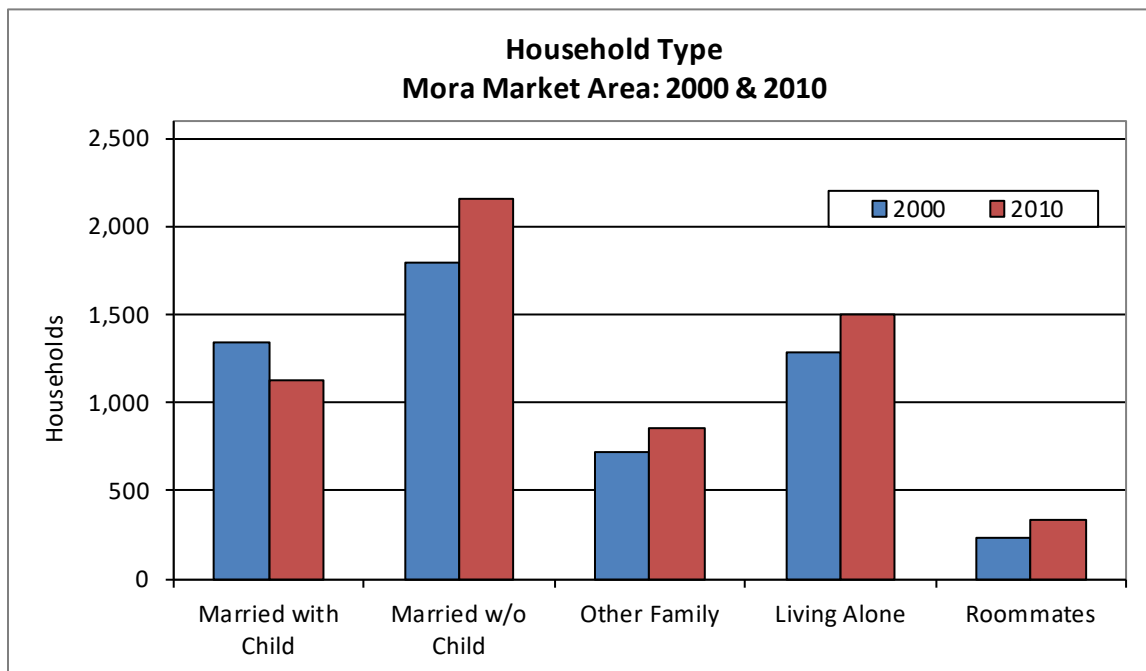


Household Type

Table 7 shows a breakdown of the type of households present in Mora and Market Area in 2000 and 2010 (the most recent data available). The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- Between 2000 and 2010, the Market Area experienced an increase in all types of households except families that are married with children (-16.4%). Married families without children experienced the largest numerical increase (370 households or +20.7%). The increase in households married without children can be attributed to couples waiting longer to have children, and the baby boomers aging into empty nester years.
- Persons Living Alone experienced an increase of 214 households (16.7%). This could indicate an aging senior population. As the frailty level of these seniors increases, they typically move out of their homes in pursuit of housing with services.
- The Market Area also had significant increases in other family households (a gain of 136 households, or 18.8%). Other families include single-parents and unmarried couples with children. With only one income, these families are most likely to need affordable or modest housing, both rental and for-sale.
- About 43% of Mora's households were non-family households in 2010, while only 26% of the Remainder of the Market Area's households was non-family. This reflects the availability of multifamily rental housing in Mora.

TABLE 7 HOUSEHOLD TYPE MORA MARKET AREA 2000 & 2010												
Number of Households	Total HH's		Family Households						Non-Family Households			
	2000	2010	Married w/o Child		Married w/ Child		Other *		Living Alone		Roommates	
			2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Mora	1,381	1,513	356	378	241	191	218	288	509	572	57	84
Rem. of Market Area	3,987	4,464	1,435	1,783	1,100	930	505	571	776	927	171	253
Market Area Total	5,368	5,977	1,791	2,161	1,341	1,121	723	859	1,285	1,499	228	337
Percent of Total												
Mora	100.0	100.0	25.8	25.0	17.5	12.6	15.8	19.0	36.9	37.8	4.1	5.6
Rem. of Market Area	100.0	100.0	36.0	39.9	27.6	20.8	12.7	12.8	19.5	20.8	4.3	5.7
Market Area Total	100.0	100.0	33.4	36.2	25.0	18.8	13.5	14.4	23.9	25.1	4.2	5.6
Change												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Mora	132	9.6	22	6.2	-50	-20.7	70	32.1	63	12.4	27	47.4
Rem. of Market Area	477	12.0	348	24.3	-170	-15.5	66	13.1	151	19.5	82	48.0
Market Area Total	609	11.3	370	20.7	-220	-16.4	136	18.8	214	16.7	109	47.8
* Single-parent families, unmarried couples with children.												
Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC												



Employment Trends

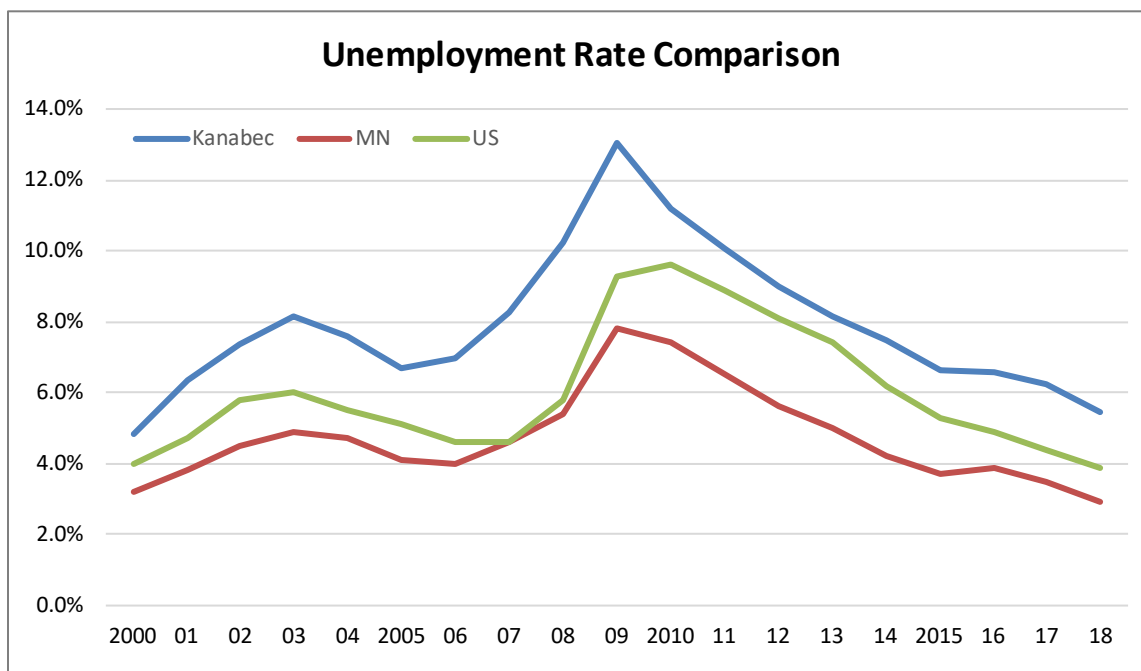
Employment characteristics are an important component in assessing housing needs in any given market area. These trends are important to consider since employment growth often fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. This preference is particularly true among renters. Young adults entering the workforce, a primary target market for rental housing, often place great value on living near employment, education, shopping, and entertainment.

Resident Labor Force

Table 8 presents resident employment data for Kanabec County from 2000 through 2018. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. It is important to note that not all of these individuals necessarily work in Kanabec County. The data was obtained from the Minnesota Department of Economic Development (MN DEED).

- Since 2000, the labor force in Kanabec County has grown by 1,200, a 15% increase in the labor force.
- The number of employed persons has also risen in Kanabec County, growing 14.3% from 2000 to 2018.
- Unemployment in Kanabec County peaked at 13.0% in 2009. The unemployment rate has dropped each year since its 2009 peak, falling to 5.5% in 2018.
- As shown in the chart below, the unemployment rate in Kanabec County is consistently higher than the Minnesota and U.S. average. In many years, the unemployment rate in the County is nearly twice the percentage as the State of Minnesota.

TABLE 8 ANNUAL AVERAGE RESIDENT EMPLOYMENT KANABEC COUNTY 2000 to 2018						
Year	Labor Force	Employed	Unemployed	Rate	MN Rate	US Rate
KANABEC COUNTY						
2000	7,932	7,550	382	4.8%	3.2%	4.0%
2001	8,040	7,529	511	6.4%	3.8%	4.7%
2002	7,988	7,400	588	7.4%	4.5%	5.8%
2003	7,900	7,257	643	8.1%	4.9%	6.0%
2004	7,901	7,303	598	7.6%	4.7%	5.5%
2005	7,778	7,256	522	6.7%	4.1%	5.1%
2006	7,779	7,238	541	7.0%	4.0%	4.6%
2007	7,917	7,263	654	8.3%	4.6%	4.6%
2008	8,014	7,192	822	10.3%	5.4%	5.8%
2009	8,115	7,056	1,059	13.0%	7.8%	9.3%
2010	8,784	7,800	984	11.2%	7.4%	9.6%
2011	8,709	7,834	875	10.0%	6.5%	8.9%
2012	8,732	7,947	785	9.0%	5.6%	8.1%
2013	8,783	8,068	715	8.1%	5.0%	7.4%
2014	8,816	8,159	657	7.5%	4.2%	6.2%
2015	8,770	8,188	582	6.6%	3.7%	5.3%
2016	8,951	8,364	587	6.6%	3.9%	4.9%
2017	9,054	8,489	565	6.2%	3.5%	4.4%
2018	9,133	8,633	500	5.5%	2.9%	3.9%
Change 2000-2018						
Number	1,201	1,083	118	--		
Percent	15.1%	14.3%	30.9%	--		
Sources: MN Workforce Center, Maxfield Research & Consulting, LLC						



Industry Employment and Wage Data

Table 9 on the following page displays information on the employment and wage situation in Kanabec County compared to the State of Minnesota. The Quarterly Census of Employment and Wages (QCEW) data is sourced from DEED for the third quarter of 2017 compared to the third quarter of 2018, the most recent data available. Data was not available for the City of Mora.

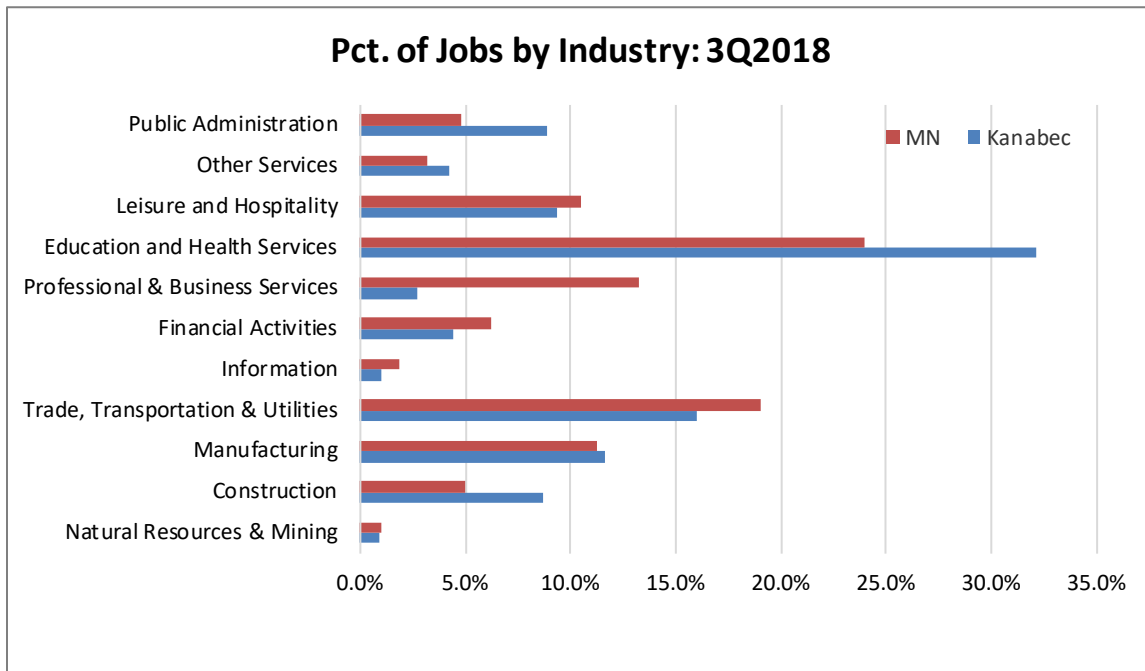
All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics to DEED quarterly. Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

- In Kanabec County, total employment contracted by -1.7% (-65 jobs) between the third quarters of 2017 and 2018. The greatest job losses were in the Constructor sector (-39 jobs) and the Education and Health Services sector (-23 jobs). Leisure and Hospitality posted the largest employment gains with an additional ten new jobs.

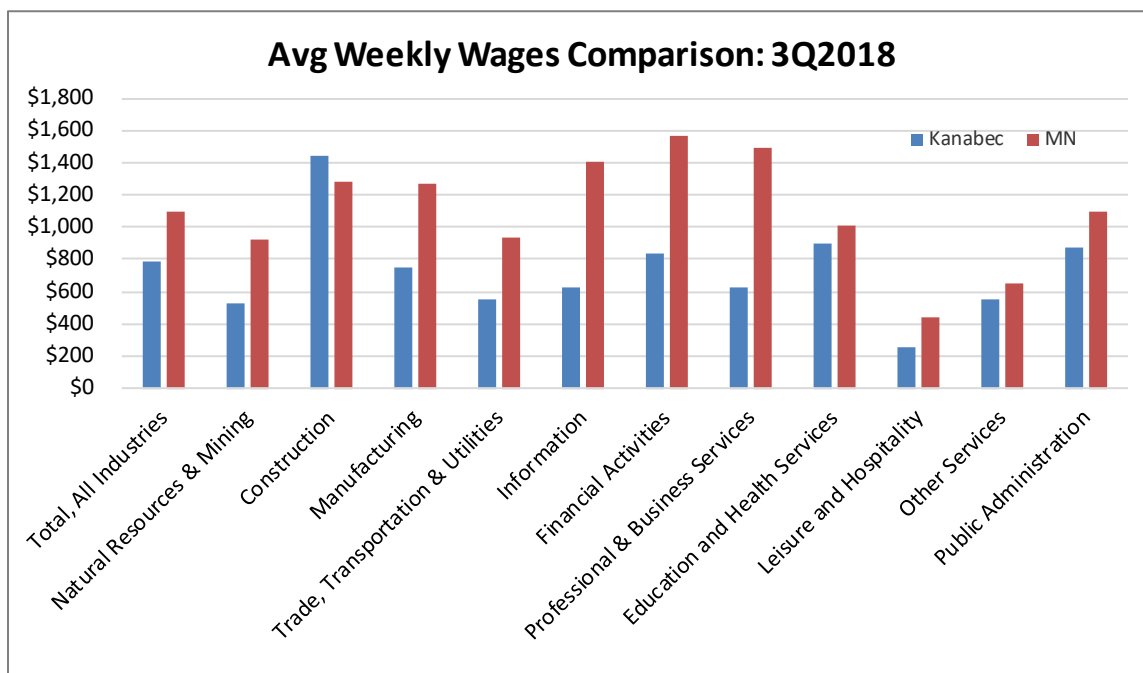
- Although employment was down slightly; wages grew by 9% over the past year from \$716/week to \$781/week. This is higher than the State of Minnesota average of +6%. Weekly wages in Kanabec County are about 29% lower than the State of Minnesota average.
- Education and Health Services accounts for one-third of all jobs in Kanabec County; compared to 24% in the State of Minnesota. The next largest industry in the county is Trade, Transportation, and Utilities accounting for 16% of jobs.

TABLE 9 QUARTERLY CENSUS OF EMPLOYMENT AND WAGES KANABEC COUNTY										
Industry	2017 Q3			2018 Q3			Change 2017 Q3 - 2018 Q3			
	Establish- ments	Employ- ment	Weekly Wage	Establish- ments	Employ- ment	Weekly Wage	Employment # %		Wage # %	
KANABEC COUNTY										
Total, All Industries	313	3,924	\$716	323	3,859	\$781	-65	-1.7%	\$64	9.0%
Natural Resources and Mining	8	42	\$778	7	37	\$522	-5	-11.9%	(\$256)	-32.9%
Construction	41	376	\$1,437	49	337	\$1,438	-39	-10.4%	\$1	0.1%
Manufacturing	18	443	\$765	20	447	\$754	4	0.9%	(\$11)	-1.4%
Trade, Transportation & Utilities	66	623	\$548	68	616	\$556	-7	-1.1%	\$8	1.5%
Information	5	35	\$569	5	38	\$624	3	8.6%	\$55	9.7%
Financial Activities	19	171	\$806	20	171	\$834	0	0.0%	\$28	3.5%
Professional & Business Services	29	105	\$599	31	104	\$620	-1	-1.0%	\$21	3.5%
Education and Health Services	45	1,263	\$784	43	1,240	\$900	-23	-1.8%	\$116	14.8%
Leisure and Hospitality	30	352	\$250	29	362	\$257	10	2.8%	\$7	2.8%
Other Services	30	160	\$525	29	164	\$546	4	2.5%	\$21	4.0%
Public Administration	22	354	\$820	22	343	\$876	-11	-3.1%	\$56	6.8%
MINNESOTA										
Total, All Industries	168,804	2,866,807	\$1,031	177,652	2,894,503	\$1,095	27,696	1.0%	\$64	6.2%
Natural Resources & Mining	3,013	29,193	\$890	3,092	29,447	\$919	254	0.9%	\$29	3.3%
Construction	16,046	139,357	\$1,238	16,880	143,213	\$1,278	3,856	2.8%	\$40	3.2%
Manufacturing	8,368	322,549	\$1,236	8,669	326,171	\$1,268	3,622	1.1%	\$32	2.6%
Trade, Transportation, Utilities	37,437	551,952	\$899	38,616	551,628	\$931	-324	-0.1%	\$32	3.6%
Information	3,788	54,061	\$1,324	4,119	53,052	\$1,401	-1,009	-1.9%	\$77	5.8%
Financial Activities	15,526	178,778	\$1,487	16,141	181,058	\$1,564	2,280	1.3%	\$77	5.2%
Professional & Business Services	30,335	379,094	\$1,421	32,487	384,024	\$1,488	4,930	1.3%	\$67	4.7%
Education & Health Services	19,661	683,104	\$960	21,427	692,686	\$1,005	9,582	1.4%	\$45	4.7%
Leisure & Hospitality	14,925	300,416	\$423	15,512	302,459	\$440	2,043	0.7%	\$17	4.0%
Other Services	16,341	90,819	\$621	17,328	91,043	\$652	224	0.2%	\$31	5.0%
Public Administration	3,364	137,484	\$1,072	3,381	139,722	\$1,102	2,238	1.6%	\$30	2.8%
Sources: Minnesota Department of Employment and Economic Development; Maxfield Research and Consulting, LLC										

Sources: Minnesota Department of Employment and Economic Development; Maxfield Research and Consulting, LLC



- A household earning the average weekly wage in the Kanabec County (\$781) would be able to afford an apartment renting for approximately \$1,015 per month to not exceed 30% of its monthly income on housing costs, higher than the average rent for one-bedroom apartment units in the competitive set of rental properties in the City of Mora (\$580).



Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often account for a considerable proportion of households' budgets. Table 10 highlights the commuting patterns of workers in Mora in 2015 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau. Home destination is defined as where workers live who are employed in the selection area. Work destination is defined as where workers are employed who live in the selection area.

- As Table 9 illustrates, the largest proportion workers who live in Mora are employed in the City of Mora (41%). The next largest destination for workers from Mora was the City of Cambridge (5.3%).
- Mora residents account for about 21% of all the workers in jobs in Mora. As a result, about 80% of the jobs in Mora are filled by workers from outside the City.

TABLE 10 COMMUTING PATTERNS MORA 2015					
Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Mora	645	20.8%	Mora	645	41.0%
Cambridge	55	1.8%	Cambridge	84	5.3%
Ogilvie	31	1.0%	Hinckley	53	3.4%
Rock Creek	29	0.9%	St. Cloud	46	2.9%
Pine City	26	0.8%	Pine City	32	2.0%
Isanti City	22	0.7%	Minneapolis	27	1.7%
Braham	19	0.6%	Duluth	25	1.6%
Hinckley	16	0.5%	North Branch	19	1.2%
Norht Branch	15	0.5%	St. Paul	18	1.1%
Grasston	14	0.5%	Ham Lake	16	1.0%
All Other Locations	2,224	71.8%	All Other Locations	610	38.7%
Total All Jobs	3,096		Total All Jobs	1,575	
Home Destination = Where workers live who are employed in the selection area Work Destination = Where workers are employed who live in the selection area					
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting					

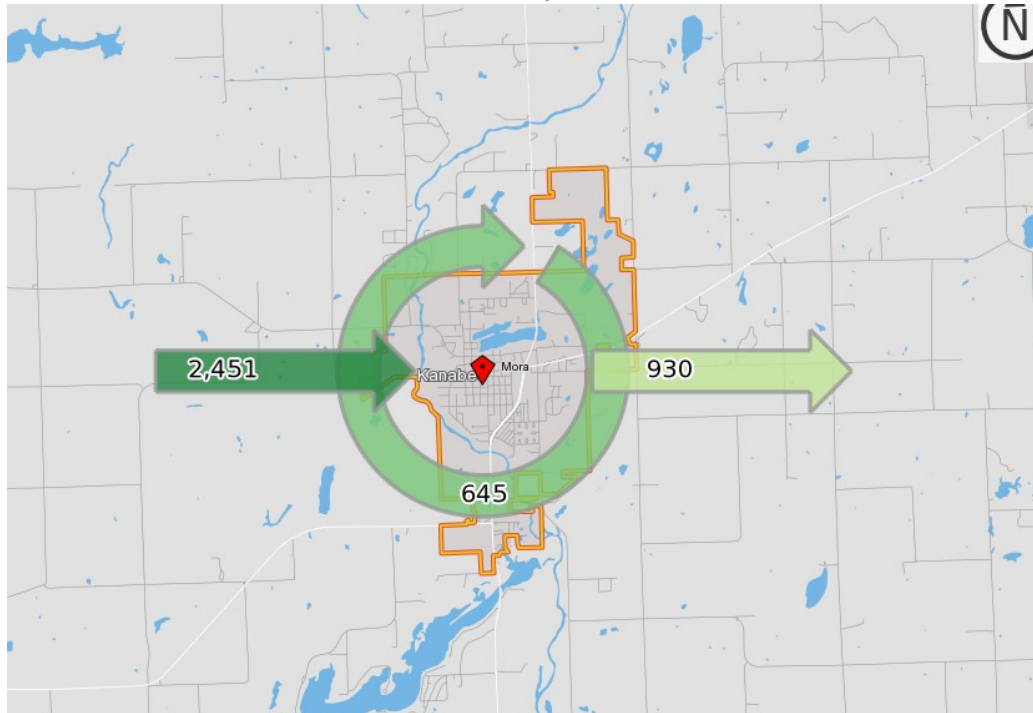
Inflow/Outflow

Table 11 provides a summary of the inflow and outflow of workers of Mora and Kanabec County. Outflow reflects the number of workers living in Mora/County but employed outside of Mora/County while inflow measures the number of workers that are employed in Mora/County but live outside. Interior flow describes those people who live and work in either Mora or Kanabec County.

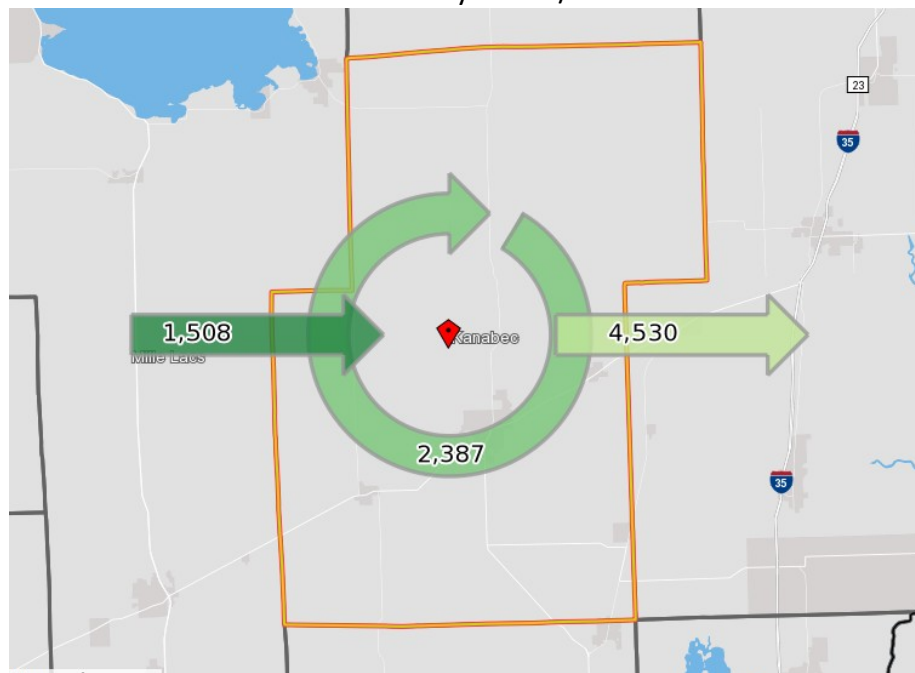
- Mora is an importer of workers as about 2,400 workers commute to Mora, while over 900 Mora residents work outside of Mora.
- Kanabec County however is an exporter of workers as over 4,500 residents of the County work outside of Kanabec County.

TABLE 11 COMMUTING INFLOW/OUTFLOW CITY OF MORA/KANABEC COUNTY 2015		
	MORA	
	Num.	Pct.
Employed in the Selection Area	3,096	100%
Employed in the Selection Area but Living Outside	2,451	79.2%
Employed and Living in the Selection Area	645	20.8%
Living in the Selection Area	1,575	100%
Living in the Selection Area but Employed Outside	930	59.0%
Living and Employed in the Selection Area	645	41.0%
	KANABEC COUNTY	
	Num.	Pct.
Employed in the Selection Area	3,895	100%
Employed in the Selection Area but Living Outside	1,508	38.7%
Employed and Living in the Selection Area	2,387	61.3%
Living in the Selection Area	6,917	100%
Living in the Selection Area but Employed Outside	4,530	63.5%
Living and Employed in the Selection Area	2,387	34.5%
Sources: Longitudinal Employer-Household Dynamics; Maxfield Research & Consulting, LLC		

Mora Inflow/Outflow



Kanabec County Inflow/Outflow



Overview of General-Occupancy Rental Market Conditions

Table 12 on the following page displays an inventory of general-occupancy rental projects in Mora. The table excludes age-restricted senior developments and generally includes only larger apartment buildings of more than 16 units. The inventoried properties were all contacted during the month of February 2019. The per square foot rents presented reflect a weighted average based on the number of units in each development, so properties with a larger number of units of any one type contribute more toward the average than those with only a few units of a specific type. Table 12 and the points that follow summarize key observations for the selected general-occupancy rental properties.

- The equilibrium vacancy rate for rental housing is 5.0%. This allows for normal turnover and an adequate supply of alternatives for prospective renters. Combining income-restricted and market rate units, the properties inventoried accounted for 191 units and had a vacancy rate of 2.1%. In effect, the overall supply of rental housing in the Market Area is below the level considered adequate to meet demand.
- There were no vacancies at any of the income-restricted properties in Mora. Market rate properties posted a vacancy rate of 4.0%.
- Nearly 70% of the market rate rental stock inventoried is two-bedroom units. One-bedroom units accounted for only 17% on the inventory.

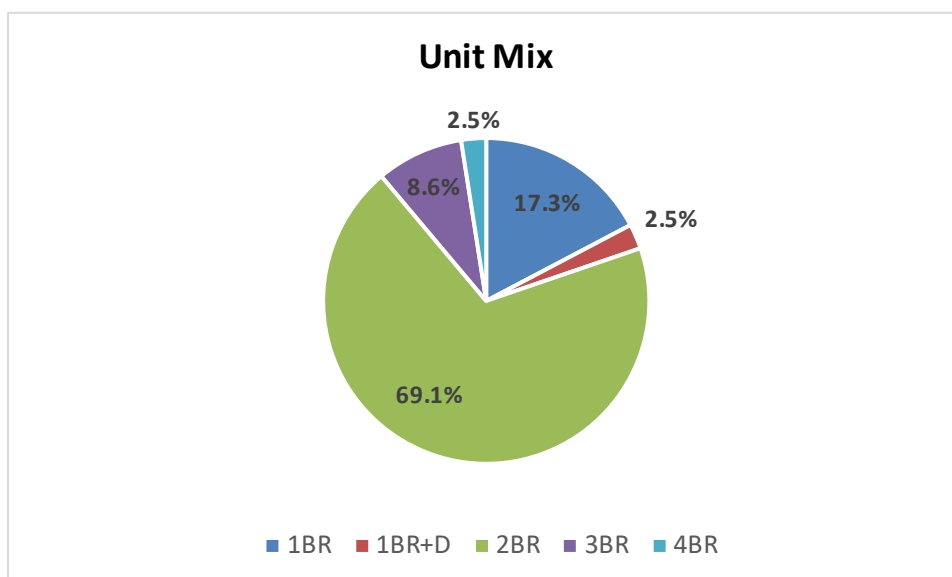


TABLE 12 GENERAL OCCUPANCY RENTAL DEVELOPMENTS CITY OF MORA FEBRUARY 2019								
Development/Location	Date Opened	No. of Units	Vacant	Unit Mix	Unit Size	Monthly Rent/Fees	Rent/Fees per Sq. Ft.	Comments
Subsidized								
Pine Crest Manor 420 Bean Avenue <i>Mora</i>	1973	43	0 0.0%	43 - 1BR	550	\$339	\$0.62	On-site caretaker, daily ok check, barber/beauty shop, health clinic on-site, garages available, Landlord pays for heat, electric, water, sewer, and trash
Affordable								
Northcrest Townhomes 501 9th Street <i>Mora</i>	2009	24	0 0.0%	12 - 2BR 12 - 3BR	1,134 1,279	\$685 \$770	\$0.60 \$0.60	Affordable tax credit. Landlord pays cold water, sewer, refuse, and heat. Includes detached garage, W/D hook-ups, playground, and common laundry
Evergreen Apartments 310/320 Evergreen St. <i>Mora</i>	1992	24	0 0.0%	8 - 1BR 12 - 2BR 4 - 3BR	614 764 910	\$455 \$500 \$535	n/a n/a n/a	Rural Development 515 & market rate should rental assistance run out. Landlord pays for water, heat, and trash. Playground, basketball court, common laundry
Affordable/Subsidized Totals		91	0.0%					
Market Rate								
Meadow Ridge Apartments 431 West Central Ave. <i>Mora</i>	2003	21	2 9.5%	21 - 2BR	804 - 894	\$810 - \$830	\$0.93 - \$1.01	New owners in 2017 have been updating units. Landlord pays water,heat, sewer, and trash. W/D in each unit
Whispering Pines 500 West Maple Ave. <i>Mora</i>	2000	18	0 0.0%	6 - 1BR/1BA 10 - 2BR/1BA 2 - 3BR/2BA	687 - 761 872 - 999 1,197	n/a n/a n/a	n/a n/a n/a	W/D hook-ups, walk-in closets, fireplaces in some units, patio, detached garages, common laundry
North Mora Estates 562 South Wood Street <i>Mora</i>	1979	35	2 5.7%	2 - 1BR/1BA 24 - 2BR/1BA 6 - 3BR/2BA 2 - 4BR/2BA	620 992 1,240 1,476	\$507 \$597 \$668 \$708	\$0.82 \$0.60 \$0.54 \$0.48	Townhome-style rentals, common laundry room, detached garages extra, balcony/patio all units, playground
Meadow Brook Apartments 107 7th St. <i>Mora</i>	1975	16	0 0.0%	6 - 1BR 2 - 1BR/Den 8 - 2BR	750 850 950	\$670 \$730 \$770	\$0.89 \$0.86 \$0.81	Utilities incl. except electricity and cable.
Dunker Apts I 144-146 Ford Street <i>Mora</i>	1950s	3	0 0.0%	3 - 2BR	800	\$800	\$1.00	All utilities included except for electricity and cable. Townhome facility.
Dunker Apts II 615 Watkins Street <i>Mora</i>	1950s	7	0 0.0%	6 - 1BR 1 - 3BR	600 800	\$500 - \$530 \$800	\$0.88 - \$0.83 \$1.00	Utilities incl. except electricity and cable.
Totals		100	4 4.0%					
*Vacancy rate does not include properties that were unable to participate in rental survey.								
Source: Maxfield Research & Consulting, LLC								

- On average, units in these market rate projects in Mora are 912 square feet, with one-bedroom units being the smallest (667 square feet) and four-bedroom units being the largest at 1,476 square feet.
- Market rate monthly rents range from \$500 for a one-bedroom apartment at Dunker Apts. II to \$830 for a two-bedroom at Meadow Ridge Apartments. The affordable tax credit rents range from \$685 for a two-bedroom townhome to \$770 for a three-bedroom townhome. The average rent at the subsidized Pine Crest Manor is \$339/month.
- The weighted average monthly rent for market rate projects is \$690 which equates to \$0.78 per square foot. One-bedroom units have the highest PSF rent at \$0.87 while four-bedrooms have the lowest at \$0.48 PSF.

Table 13 provides a summary of rents, unit sizes, and PSF rents for the market rate housing stock that was inventoried in Table 12 Mora.

TABLE 13 MARKET RATE RENT SUMMARY MORA			
Unit Type	Avg. Size (Sq. Ft.)	Avg. Rent	Avg. Rent PSF
1BR	667	\$580	\$0.87
1BR+D	850	\$730	\$0.86
2BR	922	\$716	\$0.79
3BR	1,177	\$687	\$0.60
4BR	1,476	\$708	\$0.48
Total	912	\$690	\$0.78

Source: Maxfield Research & Consulting, LLC

- Given the rental rates among the market rate housing stock; the existing market rate stock is considered “naturally occurring affordable housing” as the average market rate rents are lower than the fair market rents for Kanabec County.
- The rental housing stock in Mora is older and lacks amenities today’s tenants desire. Although some properties have recently received updates; most of the rental properties have common laundry and do not include in-unit washer/dryers.
- According to discussions with owners/property managers, Mora is a rate sensitive rental market and landlords receive push back on any rental increase from year-to-year. Although

there are few available units in Mora, a few interviewees indicated they had to lower the credit score or other application criteria to maintain high occupancy levels. However, most landlords run a credit history and criminal history on all tenants.

Pending Rental Developments

Maxfield Research contacted planning staff in the City of Mora to determine if any new rental developers are planned, proposed, or under construction. The following bullet points summarize potential projects in the pipeline:

- The Central MN Housing Partnership has been exploring the development of a 31-unit tax credit project that would be affordable at 60% AMI. At the time of this study, the project is still preliminary, and the developer is planning on seeking funding from MHFA in June 2019. If funded, the project may start construction in Summer 2020 for occupancy in Spring 2021.

General Occupancy Rental Demand Calculations

Table 14 presents our calculation of general occupancy market rate rental housing demand for the Mora PMA and assesses the potential for a new project in Mora to capture a portion of demand. Factors considered include competitiveness of existing rental properties, pending developments, demographic trends and population shifts, and the overall image and popularity of Mora as a residential location. Potential demand is calculated from two categories:

1. From new household growth by age group based on the propensity of households to rent their housing in the Primary Market Area; and,
2. From existing households that will remain in the Market Area because new product is available and they value other area amenities including proximity to employment, entertainment and recreation.

First, we calculate potential demand from household growth over the next five years by age group based on the propensity of households to rent their housing. We focus on households between the ages of 18 and 64 that will account for most of rental demand on the subject property. We also include a portion (20%) of the demand generated by households age 65 and older, as a segment of this age group that is able to live independently could be drawn to a new general occupancy rental housing development on the subject property. The propensity to rent or own is based on 2017 American Community Survey figures by age cohort.

The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. The youngest households are often unable to afford rents at the top of the market unless they receive assistance from their parents or desire a roommate. Mobility rates were identified for all age cohorts under 65 (utilizing Census data) and were applied to the existing household base.

Together with demand from projected household growth and turnover, the total demand for PMA rental housing is summarized. In the PMA, total demand for rental housing over the next five years is 100 units. An additional proportion is added for households that would move to a rental project in the PMA who currently reside outside the PMA. We estimate that 20% of the demand potential for rental housing in the Mora PMA would be derived from outside the PMA, increasing demand to 126 units.

TABLE 14 RENTAL HOUSING DEMAND MORA MARKET AREA 2018 to 2023						
		----- Number of Households -----				
		Under 25	Age 25 to 34	Age 35 to 44	Age 45 to 64	Age 65 & Over
Demand From Household Growth						
Projected Growth in Household Base by 2023		0	0	5	0	214
(times) Proportion Estimated to Be Renting Their Housing ¹	x	72.6%	47.9%	16.1%	9.1%	18.1%
(equals) Projected Demand for Rental Housing Units	=	0	0	1	0	39
Demand From Existing Households						
Number of renter households in 2017		156	336	144	219	306
(times) Estimated % of renter turnover between 2017 & 2023 ²	x	99.0%	88.0%	75.0%	77.0%	73.0%
(equals) Total Existing Renter Households Projected to Turnover	=	154	296	108	169	223
(times) Estimated % Desiring New Rental Housing	x	10%	15%	10%	10%	10%
(equals) Demand From Existing Households	=	15	44	11	17	22
Total Demand From Household Growth and Existing Households		15	44	12	17	61
Total Demand from Household Growth and Existing Households			100			
(plus) Demand from outside Market Area (20%)			25			
(equals) Total Demand for Rental Housing in the Mora Market Area			126			
		Subsidized	Affordable	Market Rate		
(times) Percent of rental demand by product type ³	x	24%	28%	48%		
(equals) Total demand for new general occupancy rental housing units	=	30	35	60		
(minus) Units under construction or pending*	-	0	0	0		
(equals) Excess demand for new general occupancy rental housing	=	30	35	60		
(times) Percent of Market Area Demand capturable by Mora	x	90.0%	90.0%	85.0%		
(equals) Excess demand for new general occupancy rental housing in Mora	=	27	32	51		
¹ Based on 2017 Census data.						
² Based on Turnover from 2017 American Community Survey						
³ Based on the combination of current rental product and household incomes of area renters						
*Pending/proposed competitive units at 95% occupancy.						
Source: Maxfield Research & Consulting, LLC						

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 24% of the total demand will be for subsidized housing (30% AMI), 28% will be for affordable housing (50% to 60% AMI), and 48% will be for market rate housing (non-income restricted). Although there is talk of two potential rental developments in Mora, no projects have officially moved forward at the City. Therefore, we do not subtract any pending units at this time. Finally, because Mora is the largest city in the PMA the City will attract nearly all the Market Area demand for multifamily housing (ranging from 85% to 90% of total PMA demand).

After adjusting demand by income and the percentage of demand capturable in Mora; **we find demand for 27 subsidized units, 32 affordable units, and 51 market units over the next five years.**

Preliminary Conclusions General Occupancy Rental Housing

Table 14 indicated demand over the next five years for 27 subsidized units, 32 affordable units, and 51 market rate units. Our inventory of selected general-occupancy rental developments in Mora found rental rates below equilibrium at 2.1% across all incomes indicated pent-up demand for additional rental units.

Although there is demand for subsidized housing; funding for this product type is extremely challenging today hence it will be very difficult to develop subsidized or project-based housing. Table 15 provides recommendations for both market-rate housing and affordable housing over the next five years. The following summarizes suggested concepts and pricing.

Market Rate Rental Housing

There majority of the rental stock in Mora is older and lacks contemporary amenities today's tenants desire. At the same time renters in Mora are very price sensitive and market rate rents are on-par or lower than the maximum gross rents for affordable tax credit projects. As such, any new market rate development will have difficulty cash-flowing unless there is a private-public partnership or other incentives to attract development.

Maxfield Research and Consulting recommends exploring both traditional apartment-style rental housing and/or townhome style rental housing. Either style would be attractive to renters seeking a newer rental concept with more modern amenities. However, the suggested monthly rents are higher than the existing rentals and the recommended rents are not high enough to support construction and development costs. In most out-state Minnesota markets, we find rents typically need to be at least \$1.10 PSF to support new construction. The suggest

rents in Table 15 indicate an average rent of \$807 for an apartment-style building (\$0.97 PSF) and \$1,050 for a townhome rental (\$0.91 PSF).

Affordable Rental Housing

Demand was found for 32 affordable units over the next five years. Similar to market rate housing, development could be designed in either a traditional apartment-style building or in side-by-side affordable townhomes. Monthly rents should follow Kanabec County income limits at 60% AMI. The recommended rents with these income limits would be slightly lower than the suggest rents for market rate housing.

TABLE 15 UNIT SIZE/MIX/RENT RECOMMENDATIONS MORA CONCEPT RECOMMENDATIONS February 2019					
Unit Type	No. of Units	% of Total	Square Feet Range	Proposed Rent Range	Average Rent Per Sq. Ft.
Market Rate - Apartment-Style					
Studio	2	7%	500 - 550	\$625 - \$675	\$1.23 - \$1.25
1BR	16	53%	700 - 775	\$725 - \$775	\$1.00 - \$1.04
2 BR	10	33%	950 - 1,000	\$875 - \$900	\$0.90 - \$0.92
2BR + Den/3BR	2	7%	1,100 - 1,150	\$975 - \$1,050	\$0.89 - \$0.91
Totals/Avg.	30	100%	828	\$807	\$0.97
Market Rate Townhome Style					
2 BR	12	50%	1,000 - 1,100	\$900 - \$1,000	\$0.90 - \$0.91
3BR	12	50%	1,200 - 1,300	\$1,100 - \$1,200	\$0.92 - \$0.92
Totals/Avg.	24	100%	1,150	\$1,050	\$0.91
Affordable Tax Credit - Apartment Style					
1BR	10	31%	675 - 725	\$625 - \$675	\$0.93 - \$0.93
2 BR	18	56%	875 - 950	\$800 - \$850	\$0.89 - \$0.91
3BR	4	13%	1,000 - 1,050	\$900 - \$950	\$0.90 - \$0.90
Totals/Avg.	32	100%	860	\$783	0.91
Affordable:Townhome Style					
2 BR	12	38%	1,000 - 1,100	\$850 - \$900	\$0.82 - \$0.85
3BR	20	63%	1,200 - 1,300	\$950 - \$1,000	\$0.77 - \$0.79
Totals/Avg.	32	100%	1,175	\$938	\$0.80
Note: Pricing in 2019 dollars and can be trended upward by 2% prior to occupancy. Monthly rents include property management, trash removal, and maintenance.					
Source: Maxfield Research & Consulting, LLC					

It is important to note that this initial market assessment is intended only to broadly assess the depth of the market for general occupancy affordable and market rate rental housing and to estimate whether a project could be supported in the PMA. The preliminary analysis does not constitute a full feasibility study, which would provide greater insight into the overall demand potential in the PMA and the ability of a particular site to capture demand.