

COMPREHENSIVE MARKET ANALYSIS REPORTS



Policy Development & Research

# **Analysis of the Lexington, Kentucky Housing Market**

**As of April 1, 2004**



ECONOMIC RESEARCH

U.S. Department of Housing and Urban Development

## **Foreword**

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions also may be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any particular mortgage insurance proposals that may be under consideration in a particular locality or the housing market area.

The factual framework for this analysis follows the guidelines developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the "as-of" date from local and national sources. As such, any findings or conclusions may be modified by subsequent developments. HUD wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

This analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: from 1990 to 2000, from 2000 to the as-of date of the analysis (Current date), and from the Current date to a Forecast date. The analysis presents counts and estimates of employment, population, households, and housing inventory as of the 1990 Census, 2000 Census, Current date, and Forecast date. For purposes of this analysis, the forecast period is 36 months.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in the demand-supply relationship given the market's condition on the as-of date of the analysis. This analysis was prepared by Tammy Fayed, the Division's Field Economist in the Atlanta Regional Office, based on fieldwork conducted in April 2004. Questions regarding the findings and conclusions of the analysis may be addressed to Ms. Fayed at 404-331-5001, ext. 2475, and at [Tammy\\_Fayed@hud.gov](mailto:Tammy_Fayed@hud.gov).

## **Housing Market Area**

The Lexington, Kentucky Housing Market Area (HMA) is defined as the Lexington Metropolitan Statistical Area as defined by the Office of Management and Budget (OMB) in June 2003 and comprises Bourbon, Clark, Fayette, Jessamine, Scott, and Woodford Counties. For the purposes of this report, the HMA has been divided into two submarkets: Fayette County and the surrounding suburban counties, referred to in this report as the Remainder of the HMA. The HMA is located in central Kentucky, approximately 80 miles southeast of Louisville.

## **Summary**

The Lexington HMA is home to the University of Kentucky, the largest postsecondary educational institution in Kentucky. Noted for its academic and athletic achievements, the university was founded in 1865 by John Bowman as the Agricultural and Mechanical College and enrolled 190 students in its first classes in 1866. The college was renamed the University of Kentucky in 1916. In the fall of 2003, enrollment in the university reached 35,052 students.

The HMA is also known for its horseracing. Famous for its lush, rolling landscapes and picturesque horse farms, Lexington is the home of Keeneland, a 907-acre complex where horseraces are held each April and October and live sales of Thoroughbreds occur 5 months out of the year. Lexington is also home to the Kentucky Horse Park, a 1,200-acre working horse farm featuring two museums and more than 50 breeds of horses. The National Horse Center, located in the park, hosts the national headquarters of 14 equine associations.

Population in the Lexington HMA increased steadily through the 1990s. Stable employment growth throughout the decade and increasing enrollment at the University of Kentucky fueled growth in the HMA. Since 2000, growth has slowed due to a downturn in the national and local economies. During the 3-year forecast period, population is expected to increase more rapidly than during recent years as the local economy continues to recover from the 2001 recession. As a result of higher population growth during the forecast period, annual household formation in the HMA will approximate the growth rate of the 1990s.

As of the Current date, the sales market in the HMA is experiencing balanced market conditions that are expected to continue during the forecast period. Rental market conditions, however, are relatively soft. The current overall vacancy rate in rental housing in the HMA is estimated at 8.1 percent. Assuming construction continues at a pace similar to recent trends, the overall vacancy rate is expected to decline during the forecast period.

During the 3-year forecast period, 7,225 additional owner and 4,375 additional renter households are expected to form. Given the current rates of construction, potential demolitions, tenure shifts from renter to owner, and other factors, 10,600 additional sales units and 1,625 additional rental units will be required in the HMA by 2007.

## **Economy of the Area**

Located in Lexington, the University of Kentucky employs approximately 10,700 people and is the leading local employer in the HMA. In addition to having an educational influence, the local economy has a significant manufacturing base. Toyota Motor Corporation operates a manufacturing plant in Georgetown, which is in Scott County, which in 2003 employed more than 7,000 and produced 439,000 vehicles and 462,000 engines. Other leading employers in the area include Lexmark International with 4,000 employees, University of Kentucky Hospital with more than 3,000, Central Baptist Hospital with 2,400, and St. Joseph Hospital with 2,000. As evidenced by the strong employment figures in healthcare facilities, medicine is also an important component of the local economy due, in part, to the influence of the university's medical school.

For the 12 months ending March 2004, the unemployment rate for the HMA averaged 3.9 percent, far below Kentucky's average of 6.0 percent. Table 1 presents historical levels of labor force, employment, and unemployment in the HMA. In 1991, the unemployment rate in Lexington peaked at an average annual rate of 4.2 percent. From 1993 through 2000, the unemployment rate fell below 4.0 percent, reaching a low of 1.9 percent in 2000. As a result of the 2001 recession, the unemployment rate increased to 3.2 percent in 2001 and continued to increase through 2003, when it reached 4.1 percent.

Nonfarm employment in the HMA increased steadily throughout the 1990s. As shown in Table 2, the economy continued to expand until the 2001 recession, when nonfarm employment began to decline. From 1990 to 1999, nonfarm employment grew from 222,300 to 285,300, an average increase of 7,000 jobs, or 3.1 percent, annually. Employment sectors statistics include Madison County (not part of the HMA) because the U.S. Department of Labor, Bureau of Labor Statistics, currently estimates nonfarm employment for metropolitan areas based on June 1993 OMB definitions. Because nonfarm estimates for individual counties are unavailable, separating and deleting Madison County estimates from the Lexington HMA nonfarm estimates is not possible. Between 2000 and 2003, an average of 4,600 jobs, or 1.6 percent, was lost each year in the area. Nonfarm employment has stabilized recently, however, and averaged 276,200, an increase of 0.1 percent, for the 12 months ending in March 2004, compared with a decline of 0.7 percent for the previous 12 months. Nonfarm employment is expected to improve during the forecast period at an average annual rate of 2,750 jobs, or approximately 1.3 percent.

Since the 2001 recession, many job losses in the Lexington HMA, as in other areas of the United States, can be attributed to a decline in manufacturing employment. Between 2000 and 2003, manufacturing job losses accounted for 64 percent of job losses in the HMA.

During 2001, manufacturing employment fell by 5,100, or 10 percent. Since 2001, manufacturing job losses have gradually declined, but estimates indicate that these losses continued through the Current date. For the 12 months ending March 2004, manufacturing employment fell to 40,500, a loss of 900 jobs, or 2.2 percent below the previous 12 months. Because most manufacturing job losses resulted from permanent layoffs or business closures, these jobs are not expected to return when the economy fully recovers from the recession.

## **Household Incomes**

Between 1989 and 1999, the median family income in the HMA increased from \$32,686 to \$49,892, an average increase of 5.3 percent annually. HUD estimates the 2004 median family income in the Lexington HMA to be \$58,300, a 3.4-percent average annual increase over the 1999 median family income.

## **Population**

In 1990, the population in the Lexington HMA was 348,428. It rose to 408,326 by 2000, an average increase of 5,990 people a year. In 2000, nearly 65 percent of the population in the HMA lived in Fayette County. As of the Current date, the estimated population has reached 432,400 and is expected to grow to 453,400 by the Forecast date, an average growth rate of 1.6 percent annually. During the 3-year forecast period, local economic improvements will boost the population growth rate to near 1990s levels. Table 3 presents the trend in population growth in the HMA from 1990 to the Forecast date.

Since the 1990 Census, annual population growth in the HMA was greater in Fayette County than in the Remainder of the HMA; however, the outlying counties experienced higher rates of growth during that period. Fayette County's population rose gradually through the 1990s; since 2000, population growth has slowed as households moved to less congested suburban areas. Between 1990 and 2000, population in the county grew from 225,366 to 260,512, an average increase of 3,515, or 1.6 percent, annually. The population of the Remainder of the HMA grew from 123,062 to 147,814 between 1990 and 2000, an average annual increase of 2,475, or 2.0 percent.

An analysis of Kentucky Department for Public Health data revealed net natural increase (resident births minus resident deaths) for the HMA averaged 2,375 people a year between 1990 and 1999. Net natural increase gradually declined from 1990 to 1996 from a high of 2,704 in 1990 to a low of 2,148 in 1996, primarily due to increases in resident deaths rather than declines in resident births. Since 1996, net natural increases have climbed steadily due to increases in resident births. Net migration averaged 3,635 people each year from 1990 to 2000 but has declined slightly since 2000 because of the recession and is expected to increase when the local economy strengthens.

## **Households**

Between 1990 and 2000, the number of households increased from 134,077 to 163,854, an annual average increase of 2,978 households, or 2.2 percent. Since 2000, the rate of household formation has slowed with job losses and reduced in-migration. As of the Current date, an estimated 175,600 households were in the HMA, indicating an average annual increase of approximately 2,925, or 1.8 percent, from 2000.

Nonhousehold population in the HMA grew from 15,367 to 16,975 people between 1990 and 2000, an average increase of 161 annually. Since 2000, the nonhousehold population trend of the 1990s is estimated to have continued. During the 3-year forecast period, the University of Kentucky expects to complete construction of four dormitories with 684 beds. As a result, nonhousehold population is forecast to grow at a faster pace during the forecast period than between 2000 and the Current date.

## **Housing Inventory**

In 1990, 145,229 total housing units were in the HMA, including occupied and unoccupied units. By 2000, the number of units had increased to 175,262, an average annual increase of 3,003 units. The housing stock of 175,262 units included 98,054 owner-occupied and 65,800 renter-occupied units; the remaining 11,408 units were vacant. In 2000, the homeownership rate in the HMA was almost 60 percent. The current inventory has approximately 187,900 housing units, an average annual increase of 3,150 units since 2000. Trends in housing inventory, occupancy tenure, and vacancy from 1990 to the Current date are shown in Table 4.

The Remainder of the HMA has fewer multifamily units and a higher rate of homeownership than Fayette County. In 2000, the Remainder submarket had a total of 55,566 occupied housing units, with 38,165 owner-occupied units and 17,401 renter-occupied units, for a homeownership rate of almost 69 percent. Of the renter households in the Remainder of the HMA submarket, 37 percent of the renters lived in single-family units, compared with 21 percent in the Fayette County submarket. As of the Current date, 71 percent of the households in the Remainder are homeowners, which exceeds Fayette County's current rate of 58 percent but is less than the state's first quarter 2004 rate of 72.3 percent.

From January 2000 to March 2004, building permits were issued for 14,111 single-family and 1,611 multifamily units in the HMA. Of these permits, approximately 58 percent of single-family permits and 65 percent of multifamily permits were issued in Fayette County. According to Lexington building officials, single-family development has recently been concentrated in the northwestern and southeastern portions of Fayette County, primarily because of the limited availability of developable land elsewhere in the county. Redevelopment of downtown Lexington is in its infancy as the first units currently are being developed. Since 1990, multifamily development has been scattered throughout the

HMA. In Fayette County, where the majority of multifamily permits were issued since 1990, availability of properly zoned land rather than popularity of the areas themselves has determined construction locations. As a result, recent development is scattered throughout Fayette County. Table 5 shows the number of housing units authorized by building permits in the HMA since 1993.

Manufactured housing plays a larger role in the Remainder of the HMA than in Fayette County. As of the 1990 Census, there were 6,157 mobile homes in the HMA. By 2000, that number had increased to 6,847; 76 percent of the manufactured housing in the HMA was located outside the Fayette County submarket. Manufactured housing made up 8.8 percent of the housing inventory for the Remainder of the HMA compared with 1.4 percent for Fayette County. In the Remainder, 9.4 percent of all owner households and 6.6 percent of all renter households occupied manufactured housing in 2000 compared to 1.9 and 0.8 percent, respectively, for Fayette County. Currently, the number of manufactured homes in the HMA is estimated at approximately 7,125.

## **Housing Vacancy**

In April 2004, the rental market in Lexington was relatively soft. RentStats America, Inc, a company that tracks trends in the local apartment industry, reported that the occupancy rate in apartments in March 2004 was 90.5 percent. According to the company, apartment occupancy was virtually unchanged from the previous year's rate of 90.8 percent, which was an improvement over March 2001 and March 2002 when the occupancy was 87.6 percent. RentStats America's data indicates that construction during the late 1990s resulted in occupancy level declines that have recently started to recover due to reduced development. The shift toward homeownership has also been significant in increasing the occupancy rates. Low interest rates have encouraged renters to leave apartments for ownership opportunities. According to a RentStats survey of apartment move-outs, the primary reason for move-outs was a home purchase. Local market conditions are competitive; common concessions include 1 to 3 months of free rent on a 12-month lease. The overall vacancy rate for all rental property, including single-family homes and manufactured housing, in the HMA is currently estimated to be 8.1 percent. The Remainder of the HMA has historically experienced a lower vacancy rate than Fayette County. The vacancy rate in the Remainder is currently estimated at 7.0 percent.

The sales market in the Lexington HMA has boomed since the 2000 Census. In 2000, the sales vacancy rate was estimated at 1.4 percent. Since then, single-family construction has increased to levels that surpass the average levels of the 1990s. From 1990 to 1999, an average of 2,675 single-family units was permitted annually. From 2000 to 2003, the average number of single-family permits issued annually increased to 3,275. Although construction was vigorous, owner household formation nearly matched new sales construction. As a result, the sales vacancy rate has increased only slightly since 2000 and is estimated at 1.5 percent.

## **Sales Market Conditions**

Between 1998 and 2003, the volume of existing home sales in the Lexington area, as reported by the Lexington-Bluegrass Association of REALTORS<sup>®</sup>, increased from 6,940 to 9,190 units, or 6.5 percent annually. Condominium and townhouse sales during the same period accounted for 464 and 575 units, respectively, per year. Sales figures for the first 3 months of 2004 indicate an accelerating growth rate. During this period, existing home sales reached 1,940, a 16.7-percent increase over the 1,662 units sold during the same period in 2003.

According to the Lexington-Bluegrass Association of REALTORS<sup>®</sup>, the median price of existing homes increased an average of 3.2 percent annually during the past 5 years. The median sales price increased from \$114,000 in 1998 to \$132,030 in 2003. For the first 3 months of 2004, the median sales price was \$130,000, up 2.4 percent over the same period in 2003. Condominium and townhouse prices have increased at a slightly slower pace. From 1998 to 2003, the median price of condominiums and townhouses rose from \$77,600 to \$88,000, a 2.7-percent increase annually. For the first 3 months of 2004, however, median prices for condominiums and townhouses were up 14.0 percent over the same period in 2003.

## **Rental Market Conditions**

As of the Current date, the rental market in the HMA is soft overall. The high levels of multifamily construction during the late 1990s reduced occupancy rates; however, the local rental market has recently begun to recover. A survey conducted by RentStats America, Inc indicates the overall apartment occupancy rate was approximately 90.5 percent in March 2004. Currently overall rental occupancy, including single-family units and manufactured housing, is estimated at 91.9 percent.

As of the Current date, approximately 430 rental units are under construction. Given the expected rate of renter household formation, the rental units under construction are expected to be absorbed into the market, resulting in a balanced rental market during the forecast period. If no additional rental units are constructed during the forecast period, the occupancy rate will increase to 94.2 percent upon when the units currently under construction are completed.

Based on information obtained from RentStats America, rental rates in the HMA vary depending on location and amenities, including the number of bathrooms in a unit. Rents average approximately \$430 for studio units, \$530 for one-bedroom units, \$660 for two-bedroom units, \$900 for three-bedroom units, and \$1,400 for four-bedroom units. Rental data include apartment and single-family units.



## **University Housing**

As of the Current date, the University of Kentucky manages 18 residence halls, 2 residential towers, and 3 special-purpose dormitories for a total of 4,740 beds. The university also manages 152 two-bedroom apartments that each house four undergraduate students and a total of 750 efficiency, one-bedroom, and two-bedroom apartments for single graduate students and undergraduate and graduate students with families. According to the university's Office of Campus Housing, dormitories typically average 93-percent occupancy but experience higher than 100-percent occupancy and maintain a waiting list during the beginning of fall semesters. In the past, the university has accommodated students by converting double rooms to triple rooms and by leasing apartments off campus. During the Fall 2004 to Spring 2005 academic year, new on-campus housing will be available, and the university has no plans to lease off-campus housing.

As of the Current date, the university is constructing its first new on-campus housing in nearly 25 years. Four dormitories, with a total of 684 beds, are currently under construction and are expected to be completed in the summer of 2005. Most existing dormitories on campus have shared bathroom facilities on each floor and no kitchens. The new units under construction will consist of suites, each with a shared bath. Each floor will contain kitchen and laundry facilities and a lounge. According to the Office of Campus Housing, the university currently houses 22 to 24 percent of its student body on campus. Its long-term plan is to increase that percentage to 30 to 35 percent.

## **Forecast Housing Demand**

During the 3-year forecast period ending March 31, 2007, 7,225 owner households and 4,375 renter households will be added to the Lexington HMA. Taking into consideration current market conditions and the number of units under construction, demand for 10,600 sales units and 1,625 rental units is expected in the HMA during the forecast period.

Table 6 presents a summary of qualitative rental demand for the Lexington HMA for the 3-year forecast period. Demand will be strongest for two-bedroom units. At the minimum gross rents listed in the table, demand is expected for 570 one-bedroom units, 900 two-bedroom units, and 165 three-bedroom units during the forecast period. Because of current vacancies, demand is expected to be lower during the first year of the forecast period and higher in the second and third years.

**Table 1**  
**Labor Force and Total Employment**  
**Lexington HMA**  
**1993 to March 31, 2004**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Previous 12 Mos.	Current 12 Mos.
Labor Force	199,496	201,242	205,203	207,021	215,259	218,911	225,010	227,500	218,572	214,678	217,710	215,379	218,577
Employment	192,221	194,356	199,608	201,483	209,681	214,307	220,504	223,113	211,537	206,752	208,840	207,162	210,114
Unemployment	7,275	6,886	5,595	5,538	5,578	4,604	4,506	4,387	7,035	7,926	8,870	8,217	8,463
Rate (%)	3.6	3.4	2.7	2.7	2.6	2.1	2.0	1.9	3.2	3.7	4.1	3.8	3.9

Source: Commonwealth of Kentucky, Department for Employment Services

**Table 2**  
**Nonfarm Employment by Industry**  
**Lexington HMA**  
**1993 to March 31, 2004**

Employment Sector	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Previous 12 Mos.	Current 12 Mos.
Total Nonfarm Employment	237.6	243.0	251.5	259.8	268.3	277.0	285.3	289.5	279.2	276.1	275.7	276.0	276.2
Goods-Producing	49.1	50.3	53.5	55.8	58.4	61.6	63.0	64.0	59.2	55.4	54.3	54.7	54.5
Construction and Mining	11.4	10.5	11.0	11.8	12.3	13.4	14.0	14.3	14.8	13.5	13.7	13.3	13.9
Manufacturing	37.6	39.7	42.4	43.9	46.1	48.2	48.9	49.6	44.5	41.8	40.7	41.5	40.5
Service-Providing	188.5	192.7	198.0	204.0	209.9	215.4	222.2	225.4	219.9	220.7	221.4	221.2	221.7
Trade, Trans., and Utilities	42.3	43.5	44.6	46.3	47.4	50.2	51.7	53.5	50.2	49.3	49.1	49.2	49.3
Wholesale & Retail	36.1	37.1	38.0	39.2	40.4	42.3	43.2	44.4	41.9	41.3	41.6	41.4	41.8
Financial Activities	10.4	10.5	10.4	10.8	10.8	10.9	11.3	11.6	11.3	11.1	11.0	11.0	11.0
Professional Business Svcs.	21.0	22.7	24.0	25.5	27.6	28.7	30.9	30.0	27.7	27.8	27.3	27.8	27.3
Educational & Health Svcs.	25.2	25.3	25.8	26.7	27.8	29.2	29.6	30.8	32.2	33.7	34.8	34.1	34.7
Leisure & Hospitality	22.5	23.1	24.1	25.0	26.0	26.0	27.0	26.9	27.2	27.2	27.3	27.2	27.6
Other Services	9.4	9.4	9.5	9.7	9.8	9.9	10.3	10.4	10.0	10.2	10.5	10.3	10.5
Government	52.9	53.1	54.2	54.6	54.9	54.8	55.7	56.0	55.3	55.5	55.5	55.6	55.4

Notes: Figures include Madison County.  
 Figures are in thousands. Numbers may not add to totals due to rounding.  
 Data has been classified according to the North American Industry Classification System (NAICS).  
 Source: U.S. Department of Labor, Bureau of Labor Statistics—NAICS

**Table 3**  
**Population and Household Trends**  
**Lexington HMA**  
**1990 to April 1, 2007**

	April 1, 1990	April 1, 2000	Current Date	Forecast Date	Average Annual Change					
					1990 to 2000		2000 to Current		Current to Forecast	
					Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
<b>Population</b>										
Lexington HMA	348,428	408,326	432,400	453,400	5,990	1.7	6,025	1.5	7,000	1.6
Fayette County submarket	225,366	260,512	274,100	285,800	3,515	1.6	3,400	1.3	3,900	1.4
Remainder of HMA submarket	123,062	147,814	158,300	167,600	2,475	2.0	2,625	1.8	3,100	2.0
<b>Households</b>										
Lexington HMA	134,077	163,854	175,600	187,300	2,978	2.2	2,925	1.8	3,900	2.2
Fayette County submarket	89,529	108,288	114,700	121,400	1,876	2.1	1,600	1.5	2,225	1.9
Remainder of HMA submarket	44,548	55,566	60,950	65,900	1,102	2.5	1,350	2.4	1,650	2.7

Note: Numbers may not add to totals due to rounding.  
Sources: 1990 and 2000, U.S. Census Bureau  
Current and Forecast: Estimates by analyst

**Table 4**  
**Housing Inventory, Tenure, and Vacancy**  
**Lexington HMA**  
**1990 to April 1, 2004**

	Lexington HMA			Fayette County Submarket			Remainder of HMA Submarket		
	1990	2000	Current	1990	2000	Current	1990	2000	Current
<b>Total Housing Inventory</b>	145,229	175,262	187,900	97,742	116,167	123,100	47,487	59,095	64,850
Occupied Units	134,077	163,854	175,600	89,529	108,288	114,700	44,548	55,566	60,900
Owners	77,504	98,054	109,400	47,460	59,889	66,000	30,044	38,165	43,400
%	57.8	59.8	62.3	53.0	55.3	57.5	67.4	68.7	71.3
Renters	56,573	65,800	66,250	42,069	48,399	48,700	14,504	17,401	17,500
%	42.2	40.2	37.7	47.0	44.7	42.5	32.6	31.3	28.7
Vacant Units	11,152	11,408	12,300	8,213	7,879	8,400	2,939	3,529	1,825
Available Units	7,266	6,959	7,550	5,836	5,102	5,475	1,430	1,857	2,075
For Sale	1,765	1,339	1,700	1,261	668	940	504	671	750
Rate (%)	2.2	1.4	1.5	2.6	1.1	1.4	1.7	1.7	1.7
For Rent	5,501	5,620	5,850	4,575	4,434	4,525	926	1,186	1,325
Rate (%)	8.9	7.9	8.1	9.8	8.4	8.5	6.0	6.4	7.0
Other Vacant	3,886	4,449	4,775	2,377	2,777	2,950	1,509	1,672	1,825

Note: Numbers may not add to totals due to rounding.  
Sources: 1990 and 2000, U.S. Census Bureau  
Current and Forecast: Estimates by analyst

**Table 5**  
**Residential Building Permit Activity**  
**Lexington HMA**  
**1993 to March 31, 2004**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 <sup>a</sup>
<b>Lexington HMA</b>												
Total	3,015	3,099	3,737	3,750	3,396	4,508	3,842	3,890	3,118	3,934	3,903	1,074
Single-family	2,745	2,751	2,743	2,698	2,713	3,141	3,329	3,083	2,846	3,632	3,527	1,023
Multifamily	270	348	994	1,052	683	1,367	513	807	272	302	376	51
<b>Fayette County submarket</b>												
Total	1,995	1,804	2,382	2,425	2,168	3,049	2,205	2,544	1,758	2,321	2,237	562
Single-family	1,861	1,660	1,678	1,540	1,636	1,868	1,784	1,898	1,649	2,142	1,941	554
Multifamily	134	144	704	885	532	1,181	421	646	109	179	296	8
<b>Remainder of HMA submarket</b>												
Total	1,020	1,295	1,355	1,325	1,228	1,459	1,637	1,346	1,360	1,613	1,666	512
Single-family	884	1,091	1,065	1,158	1,077	1,273	1,545	1,185	1,197	1,490	1,586	469
Multifamily	136	204	290	167	151	186	92	161	163	123	80	43

<sup>a</sup> Permits issued January through March 2004 only.

Sources: U.S. Census Bureau, C40 Construction Series

Local permit officials

**Table 6**  
**Estimated Qualitative Annual Demand for New Market-Rate Rental Housing**  
**Lexington HMA**  
**April 1, 2004 to April 1, 2007**

One Bedroom		Two Bedrooms		Three Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
550	190	600	300	700	55
650	150	700	220	800	40
750	110	800	160	900	30
850	70	900	100	1,000	25
950	55	1,000	80	1,100	20
1,050	40	1,100	60	1,200	20
1,150	30	1,200	45	1,300	10
1,250	25	1,300	35	1,400	0
1,350	20	1,400	0	1,500	0
1,450	10	1,500	0	1,600	0
1,550	0	1,600	0	1,700	0

Notes: Distribution above is noncumulative.  
Demand of fewer than 10 units is shown as 0.  
Numbers have been rounded for comparison.  
Source: Estimates by analyst