



CITY OF OLEAN, NEW YORK MARKET RATE UPPER STORY HOUSING DEMAND ANALYSIS

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SECTION 1. INTRODUCTION

Susan Payne and Margaret Lawrence, Strategic Planning and Economic Development Consultants were commissioned by the Olean Urban Renewal Agency and the City of Olean and the Olean to update the Downtown Olean Market Rate Housing Demand Analysis originally prepared by Susan Payne in February 2015.

In 2015, it was noted that business and community leaders were acutely aware of the need to revitalize Olean’s downtown and came together to fund the study. The goal at the time, as is now, is to create a vibrant downtown, with a neighborhood that includes a mix of services that include housing, restaurants, shopping, and entertainment and events. There are factors and conditions that need to exist to achieve a vibrant downtown.

The original study was based on five guiding principles intended to promote economic growth of the downtown by building on its core strengths and strategically developing a neighborhood to offer an attractive quality of life including, housing, restaurants, retail, services and recreation. The guiding principles serve as the baseline for this report as well.

Since the study was completed in 2015, there has been substantial progress made to revitalize Olean’s downtown. Important first steps include the transformation of Union Street with the “Walkable Olean Streetscape Project initiated in 2016. A total investment of approximately \$11.5M has been made.

An investment of \$1.2M has been made in the new Farmer’s Market, which was relocated to Lincoln Square.

In September 2017, the City of Olean was awarded \$10 million through Governor Cuomo’s Downtown Revitalization Initiative (DRI). Currently, there are 12 projects that have been awarded DRI funding.

Hart Hotels/Krog Development is building a 92-room Hampton Inn in the downtown, targeting a soft opening in late February 2020.

Sunny Olean, LLC is investing \$3M in development of the 106-116 West State Street mixed-use project that is under construction with first floor retail and 12 upper floor high end market rate apartments (6 one-bedroom and 6 two-bedroom units).

At the time of the study in 2015, the forecasted gap for market rate apartments was 45-60 units over a two to three-year period. There have been no market rate housing projects in the City of Olean since the study was completed, with the exception of a few owner-occupied units.

GUIDING PRINCIPALS

- Provide housing options that will attract middle and upper income persons who have the capacity and desire to actively participate in “downtown living.”
- Promote growth/health of existing downtown businesses.
- Create an environment that promotes business development.
- Leverage resources and attract investments necessary to preserve, renovate and transform existing buildings.
- Change how visitors, residents, investors and businesses regard the downtown.

SECTION 2. EXECUTIVE SUMMARY

Susan Payne and Margaret Lawrence, Strategic Planning and Economic Development Consultants were commissioned by the Olean Urban Renewal Agency and the City of Olean to update the Downtown Olean Market Rate Housing Demand Analysis originally prepared by Susan Payne in February 2015. Following are highlights of the outcomes of the updated analysis.

- The Primary Market Draw Area (PMA) includes the communities of Olean and Allegany in Cattaraugus County. Secondary markets include communities in both Cattaraugus and Allegany Counties such as Salamanca to the west and Ellicottville to the north; as well as several small communities within a 15-20-mile radius of downtown Olean. The economy of the PMA and surrounding is expected to remain stable, and the anchor employers in the area such as Olean General Hospital, Olean Medical Group, Siemens, CUTCO, SolEpoxy, JCC, and St. Bonaventure are healthy.
- Factors that impact market rate housing demand include:
 - The creation of new jobs and hiring of replacement positions; particularly management, professionals, faculty, technology, science, physicians/providers and health care positions.
 - The business community reports that new job creation together with replacing retirees will require them to fill 130-165 jobs in the next 12 months, with approximately 69% of these jobs in management, research, technology. Demand will require at least 65 - 80 new hires from outside the area, with professional talent being in the 30 – 49 age group.
 - The region’s economic development and workforce agencies confirm this estimate, and report there is a demand for engineers, scientists, health care professionals, faculty, and technology experts in the PMA.
 - The lack of desirable, luxury market rate apartments is negatively impacting the ability of industry to fill current and projected vacancies, and is a particular barrier for recruitment of physicians and professionals to Olean and Allegany. Specifically,
 - Olean and Allegany employers are competing for employees who have worked in other metropolitan areas that offer many market rate housing options with high-end amenities.
 - Most physicians are foreign born and come from an urban environment. The majority prefer renting versus buying a home and there are not enough suitable high-end market rate apartments to fill this demand.
 - High property taxes in the area, and throughout Upstate and Western New York State, discourage home ownership for young workers.
 - Lack of housing options, primarily upscale apartments with only 30 market rate units available out of approximately 2900 apartment units in the City of Olean.
 - The aging housing stock in the City of Olean.
 - Area realtors report receiving 300-400 requests annually for market rate housing.
 - Employees chose to reside in other areas due to the lack of market rate housing.
- An analysis of the current inventory of market rate housing that meets with consumer expectations together with forecasted consumer demand point to forecasted gap for market rate apartments of 53 – 64 units in the next 2 – 3 years.

- The largest demand for market rate apartments among persons who will be employed in the area for 3-5 years, are in the 30-49 age range, and have an average annual income of \$70,000 - \$150,000 and an average household income of \$130,000 - \$200,000.

Unit Type	Number of Units	Rent Range
One Bedroom	17 - 20	\$1,000 - \$1,300
Two Bedroom	33 - 38	\$1,300 - \$1,600
Three Bedroom	3 - 6	\$1,700 - \$2,250

- The proposed rent range for new market rate apartments in downtown Olean is \$1,000 - \$2,250, depending on size, accessibility, dedicated parking and amenities. Although these rent ranges are above the current rates of the existing inventory, it is expected renters will consider the higher rates if they are provided with high-end amenities and are in a walkable downtown setting.

Target Market Group	Number of Units	Percentage Occupancy
Engineers, IT, scientists, and R&D professionals	15 - 17	25.37%
Physicians and other healthcare providers	18 - 23	34.33%
Upper income empty nesters, including retired executives and upper management persons, with capacity to pay rents in the range of \$1,000 - \$1,500	10 - 12	17.91%
Young and other professionals	10 - 15	22.39%

- Finishes and amenities that are expected in luxury market rate rentals include the following.
 - Stainless appliances – range, refrigerator, dishwasher, microwave, and central air conditioning
 - Granite/Quartz countertops
 - Keyless entry and security
 - Carpet/hardwood/plank flooring
 - Washer and dryer in unit
 - Cable and Wi-Fi
 - 9’ ft. ceilings
 - Window Coverings
 - Storage
 - Assigned Parking, close proximity, covered ideal (additional fees are common)
 - Fitness Center (optional)
 - Elevators
 - Allowing for pets is common in other areas and would be viewed favorably by tenants.

- Challenges in meeting the demand include the following:
 - The need for dedicated parking, within close proximity to the housing unit. This is important to tenants, especially residents over the age of 55. Covered, dedicated parking is the ideal solution.
 - The expense associated with renovating existing buildings. The area is a designated historic district which places some limitations on developers and has the potential to add to the cost to renovate.

SECTION 3. APPROACH AND METHODOLOGY

The City of Olean and the Olean Urban Renewal Agency engaged Susan Payne and Margaret Lawrence, strategic planning and economic development consultants, to prepare an updated demand analysis, assuming the market draw area remains unchanged from the 2015 Study. The consulting team conducted analysis of demand for upper story market rate apartments in the targeted downtown revitalization area by number of units, number of bedrooms, price point and amenities, and provided an assessment of cumulative demand by target market group and projected net renter pool.

The following approach and analysis of data points were used to conduct the analysis.

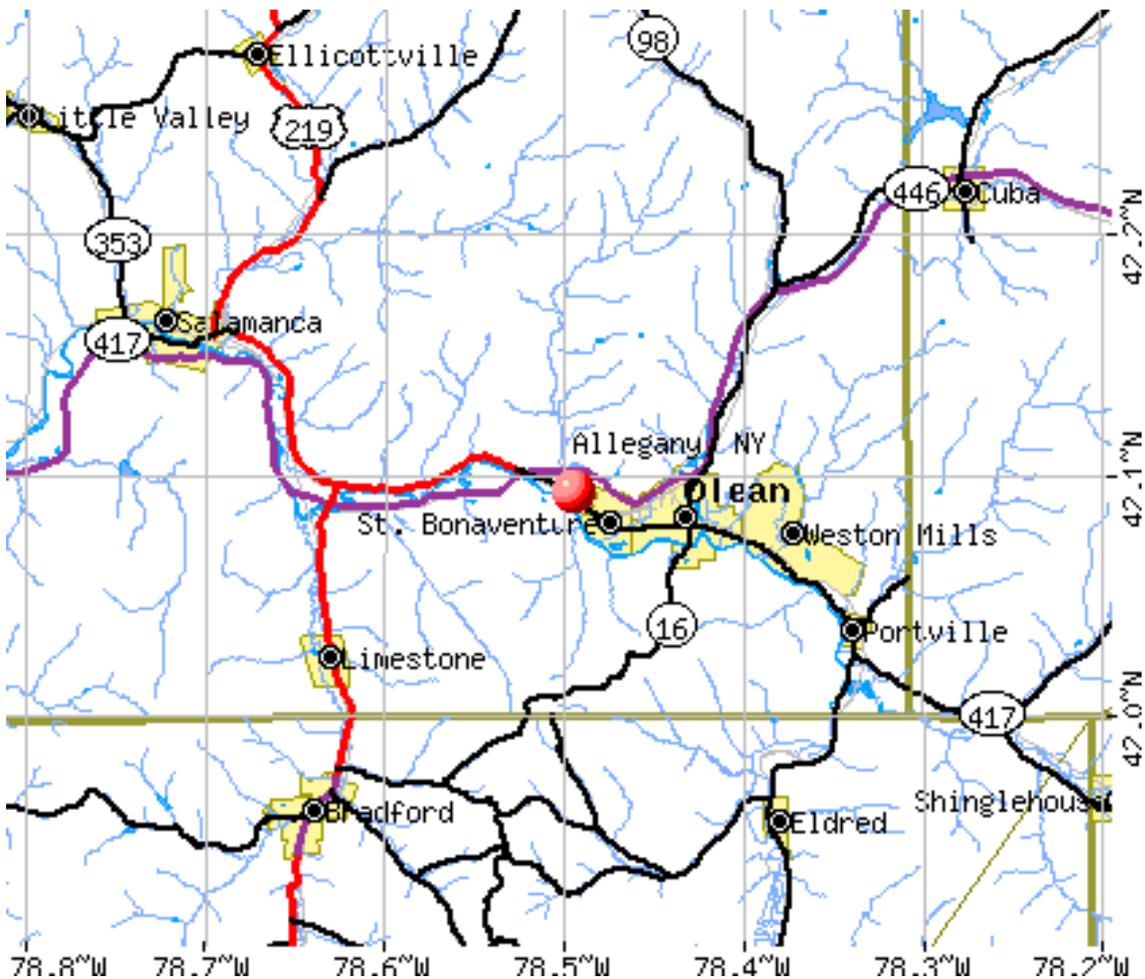
- Review of existing documents, reports and the City of Olean’s Comprehensive Plan, additional plans, and as all other existing housing studies.
- Identification of an appropriate primary market draw area (PMA).
- Analysis of the market conditions in the primary market draw area, including an inventory of competing rental market and all proposed/pending developments.
- Inventory of current market rate apartments and future projects in the pipeline.
- Projected new units coming online in the next six (6) months.
- Analysis of demographics, income brackets, lifestyle preferences, and social movement among the various age groups to determine the target market groups.
- Analysis resulted in determination of the primary target market groups driving demand to include advanced manufacturing and R&D companies, healthcare, higher education and other businesses that require housing for working professionals, and empty nesters from the immediate and surrounding region.
- Analysis of community and economic development factors driving demand for market rate housing.
- Interviews with major employers to assess unmet need for market rate housing as it relates to new hires for business growth and replacement positions.
- Analysis of information collected from major employers to understand both current and projected levels of employment; hiring trends in terms of job categories, annual salaries, employee age; understanding employee needs, expectations and demand levels in terms of market rate apartments, and preference for a downtown location near the water.
- Assessment of cumulative needs of target market groups and the net renter pool.
- Analysis of demand by number of units, number of bedrooms, price point and amenities.

- Correlation between income and annual salary levels by unit type and the monthly rent paid for the existing, comparable inventory,

SECTION 4. PRIMARY MARKET DRAW AREA (PMA)

The prime market draw area includes the communities of Olean and Allegany in Cattaraugus County.

Secondary markets include communities in both Cattaraugus and Allegany Counties such as Salamanca to the west and Ellicottville to the north; as well as several small communities within a 15-20-mile radius of downtown Olean.



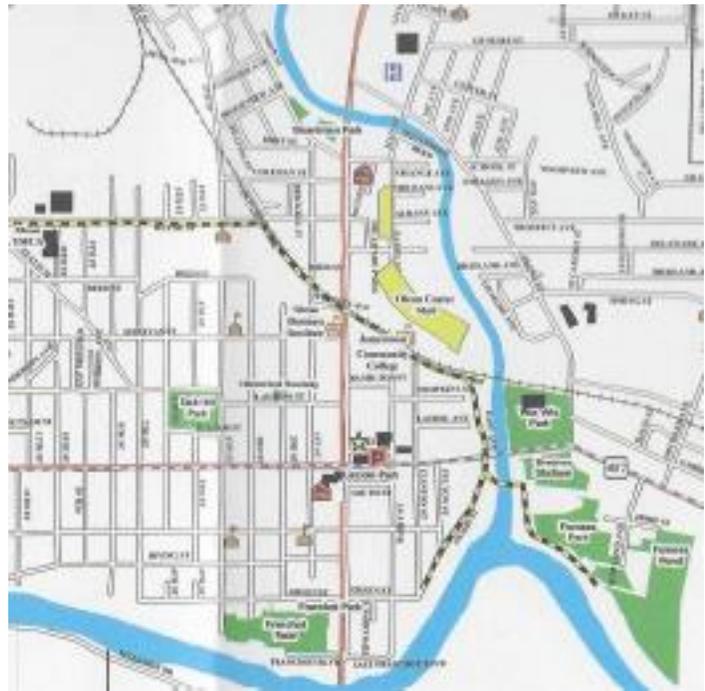
Primary Market Draw Area

SECTION 5. TARGET DEVELOPMENT AREA

The area included in this study encompasses the main corridor of N. Union Street (NYS Route 16) between W. Henley Street on the south and Main Street on the north. This includes properties directly fronting N. Union Street and those buildings within these same blocks, but with the frontage on the cross streets such as W. State Street, Henley Street and Sullivan Street. Recognizable anchors in the target development area include Jamestown Community College, College of Cattaraugus County Campus, Beef 'n' Barrel Restaurant, Bluebird Square, Manny Hanny Building and the Masonic Temple.

Included in the target development area are several buildings that have the potential for conversion to upper story spaces for residential use and first floor retail/commercial uses.

Map of Downtown Olean



Target Development Area



SECTION 6. DEMOGRAPHICS AND QUALITY OF LIFE FACTORS

Cattaraugus County Profile

Cattaraugus County is located in Western New York in the southern tier bordering Pennsylvania. The county's population peaked in 1993 at 85,523. The Cornell Program on Applied Demographics forecasts that the population will decline from 80,317 in 2010 to 76,004 in 2020 and 63,500 by 2040. ¹

The most significant feature is the aging of the population, particularly the prime workforce group. The population cohort age 25-64 is expected to decline from 36,426 in 2020 and 31,167 by 2040 down from 41,361 in 2010.

At the same time, the population age 65 and over is expected to increase to 15,183 in 2020 and 16,615 by 2040, up from 12,419 in 2010.

City of Olean Profile

Population: The City of Olean is one of only two cities in Cattaraugus County and has the largest population. According to the U.S. Census, the population was estimated to be 13,597 in 2018, a drop from 14,452 in 2010 and 15,347 in 2000. ²

The population spread across age groups with 24.9% under the age of 18, 7.0% from 18-24, 25.3 % 25-44, 27.1% from 45-64, and 15.7% who are 65 years of age or older. The median age is 36.6 years

Aging Population: There is an increasing % of population above 65, with a projected 20% of the population above 65 by 2022.

Household Income: The median household income in 2018 was \$40,291, up from \$40,199 in 2012 and \$30,400 in 2000. This is compared to a New York statewide median household income of \$62,765. The median income for a family is \$62,118. About 12.4% of families and 22.8% of the population are below the poverty line, including 28.5% under the age of 18 and 12.7% of those age 65 or over.

Households earning of \$75,000+:

- 22% in Olean (1,380 HH)
- 33% in St. Bonaventure Hamlet and Allegany Township (310 HH) ³

Education: Ninety percent of the population has graduated from high school, and 25.5% hold a bachelor's degree or higher. ⁴

¹ Source: Cornell Program on Applied Demographics

² Source: U.S. Census

³ Source: NYS Office of Planning and Development DRI Report 12/2017

⁴ Source: American Community Survey

Community and Economic Development Trends

Overall Economic Trend: The economy has remained stable over the years and is expected to remain stable for the next several years.

Employment Trends: According the US Bureau of Labor Statistics, the unemployment rate in the Olean area was 4.7% in August 2019 as compared to NYS at 4.2%. This rate is down from 5.7% at the same time last year and a high at 10.7% in February 2010. This compares to unemployment rates in nearby cities such as Jamestown at 4.4%, Buffalo at 4.4%, Elmira at 4.3% and Syracuse at 4.2%.⁵

Businesses: The City of Olean has 768 businesses with 13,967 employees and represents 46% of total Cattaraugus County employment.

Retiring Workforce: There is expected to be a high rate of retirement during the next 3-5 years, particularly among professional positions among several employers. The total number of retiring employees is expected to create a conservative estimate of 250-300 vacant positions.

Labor Force: As of August 2019, the US Bureau of Labor Statistics reports that the Olean Metropolitan Statistics Area has a labor force of 33,500. Today's labor force has declined from a high of 40,800 in February 2012 and 41,068 in February 2013.

Wages: The average annual wage in the Olean Metropolitan area is \$37,862; however, the average annual wages for new employees such as professional and healthcare workers, engineers, faculty and those in R&D is \$70,000-\$120,000. ⁶

Education Employers: There are three options for K-12 Education. The Olean School District serves the city and there are private school options including Southern Tier Catholic School and Archbishop Walsh Academy and the New Life Christian School.

The Cattaraugus County Campus of Jamestown Community College (SUNY JCC) is located in the heart of Olean's downtown. It has 217 full time and 299 full time employees, and an enrollment of approximately 1,000 students. SUNY JCC established the manufacturing institute at 260 N. Union Street in Olean, offering students a curriculum in advanced manufacturing which addresses the need of area manufacturing facilities.

St. Bonaventure University is located just three miles to the west of downtown Olean, in Allegheny. The university has 500 employees and an enrollment of 2,400 students. St. Bonaventure is adding a new Health Professions program and adding expanding the growing School of Business. The school plans to add approximately 30 new faculty over the next 2 – 5 years. In addition, the Health Professions Program will launch the OT and PA graduate programs in 2021, with 40 graduate students in each program.

⁵Source: NYS Department of Labor

⁶ Interviews with area employers

Government Employers: Several government employers are located in the downtown area such as the City of Olean, Cattaraugus County One Stop, US Post Office, US Health and Human Services Department, US Social Security Administration, NYS Veterans' Affairs Division, and Cattaraugus-Allegany County Workforce Development Board.

Healthcare Industry Employers: Olean General Hospital (OGH) offers high quality, world class heart care, is a designated stroke center, and is affiliated with Roswell Park Cancer Center in Buffalo. OGH is a member of Kaleida Health, Buffalo, NY, and part of Upper Allegheny Health System (UAHS), which includes Bradford Regional Medical Center, in Bradford, PA, a 107-bed acute care hospital. UAHS provides care to a service area with more than 160,000 individuals in southwestern New York and northwestern Pennsylvania.



Healthcare is one of the major employers in Olean. Olean General Hospital employs approximately 900 persons, Olean Medical Group employs approximately 200 persons, and both anticipate stable employment over the next 3-5 years. Collectively, the two organizations recruit 10-15 physicians/providers per year.

Olean General Hospital

Tourism Industry: Olean is home to Rock City Park which offers educational sites, museums and geologic formations and hiking. St. Bonaventure University is three miles to the west of Olean and is a destination for thousands of parents and visitors throughout the year.

Allegheny River Trail is a 6.2-mile paved trail perfect for hiking and biking along the Allegheny River.

Cuba Lake is located nearby and is a popular destination, offering a public boat launch, yacht club and cottages.

Nearby there are several popular tourist destinations including, Pfeiffer Nature located in Portville. Seneca Allegany Casino in Salamanca (19 miles). Holiday Valley ski area in Ellicottville (22 miles) and Allegany State Park near Salamanca.

High Tech and Advanced Manufacturing Industry Employers: Olean has several advanced manufacturing and R&D companies such as SolEPOxy, Napoleon Engineering Services, Scott Rotary Seals, Cooper Power Systems and Siemens (Dresser Rand). SolEPOxy, employs 75 people, of which 27 are production workers and the balance are engineers, scientists, R&D, and administrative positions.



SolEpoxy

New Business Development: According to county and regional economic development agencies, Olean has a few small high-tech firms such as SolEPOxy, Napoleon Engineering Services and Scott Rotary Seals. The firms are not large at this time, but they are growing and actively recruiting engineers, IT professionals and scientists from outside the area. New businesses to the area this year include Field of Dreams and Northstar Location Services, which have added 130 new jobs of which 20% are professional/management position.

Manufacturing Industry: CUTCO, known for the design and manufacturing of fine cutlery, is headquartered and manufactures in Olean. CUTCO employs 700 people, 350 are professional/administrative jobs, and 30% of the workforce is under the age of 40. CUTCO plans to add robotics to the plant that will require hiring more engineers. Siemens (Dresser Rand) employs 900 people, the majority of the employees are in engineering, R&D, IT and senior administrative positions. Of the 900 employees, 300 are of retirement age that will create the need to hire and recruit for positions in engineering, R&D, IT, and administrative positions over the next several years. The majority of the new employees will be from outside the area. The company has been an anchor in the community since 1916 and plans to maintain a presence in Olean.

SECTION 7. ACCESSIBILITY AND APPEAL FOR MARKET RATE HOUSING IN DOWNTOWN CITY OF OLEAN

Leadership Collaborations in the Community

Public-private collaborations involving entities such as the City of Olean, Cattaraugus County Industrial Development Agency County, Olean General Hospital/Upper Allegheny Health System, St. Bonaventure University, Greater Olean Chamber of Commerce, and the City of Olean Planning Board are working to bring their respective resources to the table and serve as catalysts for important projects like market rate housing. The addition of market rate housing in the downtown is viewed as a “game changer” for the City of Olean by some and there is broad support and enthusiasm for projects of this type. Luxury market rate housing is expected to significantly enhance the downtown area and build upon the work that has been already completed toward the development of a vibrant downtown.

The \$11.5 M Walkable Olean Project has reduced roadway width, added beautiful green infrastructure, roundabouts for traffic calming, new lighting and bike lanes. The project has created excitement and improved walkability and encouraged private sector investment.



North Union Street

Transportation

The City of Olean has the benefit of sufficient transportation infrastructure to support downtown living.

- ✓ Olean Transit System (OATS) is a public transportation service that operates routes the following routes and schedule:
 - Route 001: OATS Olean City Loop (Monday through Saturday)
 - Route 002: Cuba-Olean-Salamanca Loop AM & PM (Monday through Saturday)
 - Route 003: Salamanca-Olean-Cuba AM & PM (Monday through Saturday)
 - Route 004: Olean Downtown Circulator (Monday through Saturday)
 - SBU: Nightly Runs (Monday through Friday while classes are in session)
 - SBU: Late Night Runs (Thursdays, Fridays & Saturdays while classes are in session)

- ✓ Uber, Lyft and taxicab services are also easily accessible in the City of Olean.

Accessibility and Convenience

- ✓ There is convenient access to services and resources within walking distance of key destinations such as the US Post Office, Public Library, City of Olean Offices, retail shopping and a variety of restaurants, dry cleaning and insurance, churches, banks and credit unions, legal offices, and the site of the Farmer's Market at Lincoln Park. State services including the Social Security Administration and Veteran's Affairs.

- ✓ A short car ride to Olean General Hospital, Olean Medical Group, physician and dental offices, the Reid's Grocery Store, additional retail outlets and restaurants.

Restaurants

- ✓ Four Mile Brewing, Beef 'n' Barrel, Anges Restaurant, the Brother's Bistro, Union Tea Café, and a range of other food eateries.

Beef 'n' Barrel



Fitness and Recreation

- ✓ Eade Fitness located at 502 N. Union Street is open 24/7.
- ✓ Droney Fit and Wellness is also open 24/7 and offers massages therapy and acupuncture.
- ✓ Several parks in the immediate downtown area, including Lincoln Park home of the Farmer's Market held on Saturdays, Oak Hill Park, War Veterans Park that includes William O. Smith Recreation Complex (outdoor pool and regulation ice rink). The Allegheny River Trail passes just yards west of the recreation complex. Rock City Park is a short drive from downtown.

Education Resources within Walking Distance

- ✓ Olean Intermediate Middle School
- ✓ Southern Tier Catholic School
- ✓ Jamestown Community College

Jamestown Community College Hosts Several Cultural Events

- ✓ Annual Indian Festival
- ✓ Musical performances and activities sponsored by the Cattaraugus County Arts Council
- ✓ 200-seat auditorium available for entertainment.

Other Noteworthy Assets

- ✓ Olean is located immediately off of an I-86 interchange, which provides easy and convenient access to east-west destinations.
- ✓ Recent upgrades to Bradner Stadium with plans to attract competitive sporting events are an important element to adding vibrancy to the downtown.
- ✓ Olean is close to two major tourist destinations, including Holiday Valley ski area in Ellicottville and the casino in Salamanca.
- ✓ The Allegheny River Valley Train crosses N. Union just south of the rail tracks, connecting Whitney Avenue and nearby Olean Middle's School's Safe Routes to School sidewalk train to the northerly portion of the Cattaraugus County JCC Campus.

Historic Buildings

- ✓ There are several historic buildings offering charm and character to the downtown and offer the opportunity for interesting settings for mixed-use for commercial or upper story development.

Greater Olean Chamber of Commerce

- ✓ The Chamber successfully coordinates a variety of events annually such as the Home Show, Taste of Olean, Half Marathon and BBQ, drawing folks to the downtown.

Investment in Downtown Olean

Since the original downtown market rate housing study was completed in 2015, there has been substantial progress made to revitalize Olean's downtown. Important first steps that have transpired include the transformation of Union Street with the "Walkable Olean Streetscape Project, initiated in 2016, with total investment to date of approximately \$11.5M. This project includes:

- ✓ Reduced roadway width, adding beautiful green infrastructure, roundabouts for traffic calming, new lighting and bike lanes.
- ✓ Created excitement and improved walkability.
- ✓ Encouraged private sector investment.



The Olean Farmers' Market was relocated to Lincoln Square for its Saturday operation. The investment in the new Farmer's Market is \$1.2M.

The City of Olean was awarded \$10 million through Governor Cuomo's Downtown Revitalization Initiative (DRI) in September 2017. Currently, there are 12 projects that have been awarded DRI funding.

- ✓ Four projects to build upon the Walkable Streetscape Initiative: \$5.1M
 - East State Street Pedestrian and Bike Improvements (2021)
 - Reconstruct South Union Street Gateway (2022)
 - Redesign West State Street (2023)
 - Improve North Union and State Street
- ✓ Expansion of Four Mile Brewing to improve the current structure and add two high-end apartments: \$411,250 award.
- ✓ Matching grant funds to encourage and support investment in downtown properties. Funds can be used for façade renovations and interior renovations, including upper floor housing renovations: \$600,000.
- ✓ Complete renovation of Historic Row Buildings on North Union Street: \$100,000.
- ✓ Renovate 211 North Union Street for mixed use to include retail and office space and four market rate loft apartments: \$194,250.
- ✓ Improve Oak Hill Park with upgraded facilities to complement the needs of the neighborhood and downtown: \$350,000.
- ✓ Establish a permanent home for the African American Center for cultural development. The interior will be outfitted for performance and event space: \$225,000 award.
- ✓ Revitalize the Manny Hanny Building, a historic landmark in the heart of the downtown for use as a restaurant, boutique hotel, and market rate and/or luxury apartments: \$2M



Hart Hotels/Krog Development is building a 92-room Hampton Inn in downtown Olean, targeting a soft opening in late February 2020, to be fully operational by St. Bonaventure's graduation in May 2020.

Sunny Olean, LLC is developing 106-116 West State Street mixed-use project which is under construction with first floor retail and 12 upper floor market rate apartments (6 one-bedroom and 6 two-bedroom units), \$3M investment.

SECTION 8. MARKET RATE/OVERALL VACANCY RATES CITY OF OLEAN

The annual average vacancy rate for market rate rentals in the City of Olean is less than 1%.

SECTION 9. FACTOR DRIVING DEMAND FOR MARKET RATE HOUSING

- The economy of the Primary Market Draw Area (PMA) is expected to remain stable and the anchor employers in the area such as Olean General Hospital, Olean Medical Group, Siemens, CUTCO, SolEpoxy, JCC, and St. Bonaventure are healthy.
- The key factor driving demand for luxury rental housing remains unchanged; that is, the creation of new jobs and hiring of replacement positions. The focus remains on filling management, professionals, technology, science, physicians/providers, faculty and health care positions.
- With new hires and retirements, it is expected that 130-165 jobs will need to be filled in the next 12 months, with approximately 69% of these jobs in management, research, technology, educators. At least 65 -80 new hires will be from outside the area, and the average age will be 30 – 49 years.
- The region’s economic development and workforce agencies confirm there is a demand for engineers, scientists, health care professionals, faculty, and technology experts in the PMA.
- The lack of desirable, luxury market rate apartments is negatively impacting the ability of industry and is a barrier for recruiting physicians and professionals to Olean:
 - Competing for employees who have worked in other metropolitan areas that offer many housing options with high-end amenities.
 - Most physicians are foreign born, and come from an urban environment. The majority prefer renting versus buying a home and there are not enough suitable high-end market rate apartments to meet this demand.
 - High property taxes make renting attractive, particularly for the workforce under the age of 35 years.
 - Lack of housing options, primarily upscale apartments with only 30 market rate units available out of approximately 2,900 apartment units in the City of Olean.
 - The aging housing stock in the City of Olean, making homebuying a challenge.
 - Area realtors report receiving 300-400 requests annually for market rate housing.
 - Employees chose to reside in other areas due to the lack of market rate housing.

Aging Workforce

The most significant factors impacting the Olean area are the overall decline of workers, the aging of its workforce, and the number of retirements that will happen over the next 1 – 5 years.

Olean is not unique and many other communities in upstate New York are facing a similar situation. For Olean, the impact of retirements will be in manufacturing, healthcare, technology- based employers over the next 1-5 years.

It is forecasted that there will be nearly 200-250 persons in management, engineering, healthcare, and other professional positions have plans to retire in the next 3-5 years. This offers an opportunity to attract and retain young professionals, and potentially increases the desire of retirees who plan to remain in the area to downsize their housing.

Aging Population Housing Trends

- Increasing % of population above 65
- 20% in Olean by 2022 ⁷
- 22% of the occupied households in the City of Olean are over the age of 65.

SECTION 10. PROJECTED DEMAND BY TARGET MARKET GROUP

Engineers, IT, scientists and R&D professionals (25.37% of the potential market)

Olean has small tech companies that are financially viable and project adding new jobs in the next one to three years. These include firms such as SolEPOxy that reports starting salaries ranging \$58K - \$175K, with the majority starting at \$70,000 per year.

Siemens employs 900 people, of which 300 are of retirement age. Siemens anticipates replacing 40-55 positions annually for the next several years based on retirements. The majority of those jobs are engineers, scientists, IT and administrative professionals with salaries exceeding \$70,000 per year.

The projected demand for high quality market rentals for engineers, IT, scientists and R&D professionals is 15 – 17 UNITS.

Physicians and Healthcare Professionals (34.33% of the potential market)

Olean General Hospital and Olean Medical Associates are located in the City of Olean and the PMA, and it is the primary health care provider to residents in the City of Olean and Cattaraugus County. In addition, there are several clinics and physician practices within the PMA. Collectively the healthcare industry employs in the PMA an estimated 1,100 people.

The major healthcare providers indicate there is a demand for high quality market rate housing in an urban setting due to several factors: a limited commute time and close proximity to Olean General main campus. Many of the providers are foreign born and want a more urban setting that is walkable to shops, restaurants and services. The majority prefer to rent a high-end luxury apartment. When it comes to recruiting new hires that would require a move to Olean, the lack of high-quality market rate housing is a significant barrier and often impacts the person's decision to take the job.

⁷ Source: NYS Office of Planning and Development DRI Report 12/2017

Olean General Hospital anticipates the need to hire 26 professional replacement positions annually for the next three years, with annual salaries greater than \$60,000.

Olean General Hospital will hire approximately 10 new physicians/providers annually with salaries ranging from \$93,000 - \$500,000.

Olean Medical Group anticipates hiring 1-5 new physicians annually, with salaries range from \$300,000 - \$500,000 depending on the specialty.

The projected demand for the demand for high quality market rentals for Physicians and Healthcare Professionals is 18 – 23 UNITS.

Empty Nesters (17.91% of the potential market)

A number of empty nester ages 55-70 live in the City of Olean. Many seek to downsize and wish to remain in the City. The empty nesters are seeking quality rental housing in a vibrant, small community and are interested in living in an area that's walkable.

The projected demand for high quality market housing for empty nesters is 10 – 12 UNITS.⁸

Young Professionals and Other Professionals (22.29% of the potential market)

Olean Central School District, BOCES, St. Bonaventure University and Jamestown Community College also anticipate the need to collectively hire new or replace more than 50 persons in professional/ management positions annually.

St. Bonaventure University is adding a Health Professions Program and adding to the growing School of Business. In the next 2 – 5 years, St. Bonaventure will add 20-25 new faculty in the Health Professions Program (OT, PT and PA Programs) with salaries ranging from \$90,000 - \$120,000. St. Bonaventure also plans to add to the School of Business (Sports Management and Cyber Security) new faculty will be hired with salaries ranging from \$90,000 - \$115,000. A small number of additional administrative support positions will be added \$50,000 - \$60,000. The majority of new faculty prefer to rent, they are coming from other markets and expect high end, luxury market rate housing options. A percentage of faculty do move south of Buffalo if there is a trailing spouse and employment is an issue for the spouse.

Not factored into the analysis, is the Health Professions Program will offer OT and PA graduate programs in 2021, with 40 students in each program, lasting 30 months. St. Bonaventure does not offer graduate housing and anticipates the need for market rate housing for this group.

The projected demand for high quality market rate housing for Young Professionals is 10 – 15 UNITS.

⁸ Source: Interviews with area realtors



St. Bonaventure University

SECTION 11. SUMMARY OF MARKET CONDITIONS AND PROJECTED DEMAND

Market Conditions in PMA

What does the 2013-2017 US Census Data tell us about rental trends in the City of Olean?

- ✓ 50 % of all housing units are renter-occupied
- ✓ Nearly 41.8% of tenants in the City of Olean pay more than 30 percent of income on housing.

Additional market conditions to note:

- ✓ Using household incomes ranging from \$70,000 - \$90,000, paying 20 -25% of its income in rent, supports rental rates of \$1,167 - \$1,875, and at 30% \$1,750 - \$2,250.
- ✓ Based on the analysis of new hires and replacement positions filled within the PMA over the next two to three years, salary data suggests an increased demand for one-bedroom, two-bedroom and three-bedroom units.

Estimated Demand

- ✓ Currently, there are approximately 2,900 apartments in the City of Olean, of the existing apartment inventory, 2,347 apartments are sized as follows:
 - One Room – 234 Units
 - Two Rooms – 337 Units
 - Three Rooms – 589 Units
 - Four Rooms – 1,187 Units⁹
- ✓ Current number of market rate apartments in the City of Olean is less than 30 units.
- ✓ Renting an apartment in the City of Olean can be difficult, there are virtually no vacancies. Most apartments are rented by referral.
- ✓ There is a conservative estimate of a 53-64 -unit deficit for market rate units in the City of Olean to be met in the next two-three years.

⁹ Source: City of Olean Code Enforcement Officer

Unit Type	Number of Units	Rent Range
One Bedroom	17 - 20	\$1,000 - \$1,300
Two Bedroom	33 - 38	\$1,300 - \$1,600
Three Bedroom	3 - 6	\$1,700 - \$2,250

Target Market Group	Number of Units	Percentage Occupancy
Engineers, IT, scientists, and R&D professionals	15 - 17	25.37%
Physicians and other healthcare providers	18 - 23	34.33%
Upper income empty nesters, including retired executives and upper management persons, with capacity to pay rents in the range of \$1,000 - \$1,500	10 - 12	17.91%
Young and other professionals	10 - 15	22.39%

Lawrence and Payne Consulting Team
November 2019

Finishes and Amenities are expected in luxury market rate rentals and should include:

- Stainless appliances – range, refrigerator, dishwasher, microwave, and central air conditioning
- Granite/Quartz countertops
- Keyless entry and security
- Carpet/hardwood/plank flooring
- Washer and dryer in unit
- Cable and Wi-Fi
- 9’ ft. ceilings
- Window Coverings
- Storage
- Assigned Parking, close proximity, covered ideal (additional fees are common)
- Fitness Center
- Elevators
- Allowing pets and making accommodations for pets is common in other areas and would be viewed favorably by tenants.

SECTION 12. CONCLUSIONS AND RECOMMENDATIONS

1. Currently, there are an estimated 2,900 apartments in the PMA, with sizes ranging from 200 to 2,500 square feet. These rentals are a mix of studio, one-bedroom, two-bedroom and three-bedroom units. There are less than 30 market rate units in the City of Olean.
2. The annual average vacancy rate for market rate rentals in the City of Olean is less than 1%.
3. Construction of market rate units has lagged demand for several years. Business and Community Leaders are united in citing the need for market rate housing and the lack of adequate housing as a barrier when recruiting physicians, young professionals, educators and scientists to the area.
4. There are six factors driving demand for high quality market rate apartments.
 - Professionals locating to Olean to fill job openings. This number is expected to grow due to business growth, retirements and relocations. The vast majority of these job openings are in professional, management, teachers, executives, science, IT, and engineer positions.
 - Empty nesters downsizing and seeking quality rentals.
 - The lack of desirable, luxury market rate apartments is negatively impacting the ability of industry and is a barrier for recruiting physicians and professionals to Olean:
 - Competing for employees who have worked in other metropolitan areas that offer many housing options with high-end amenities.
 - Most physicians are foreign born, and come from an urban environment, the majority prefer renting versus buying a home and there are not enough suitable high-end market rate apartments in existence.
 - High property taxes that make homeownership undesirable for some.
 - The aging housing stock in the City of Olean.
 - Employees who chose to reside in other areas due to the lack of market rate housing.
5. The four primary target market groups seeking high quality market rate housing include:

Target Market Group	Number of Units	Percentage Occupancy
Engineers, IT, scientists, and R&D professionals	15 - 17	25.37%
Physicians and other healthcare providers	18 - 23	34.33%
Upper income empty nesters, including retired executives and upper management persons, with capacity to pay rents in the range of \$1,000 - \$1,500	10 - 12	17.91%
Young and other professionals	10 - 15	22.39%

6. Rent ranges based on type of unit and monthly rent.

Unit Type	Number of Units	Rent Range
One Bedroom	17 - 20	\$1,000 - \$1,300
Two Bedroom	33 - 38	\$1,300 - \$1,600
Three Bedroom	3 - 6	\$1,700 - \$2,250

7. Estimated demand for luxury market rate housing units: A conservative estimate of demand for market rate rental housing is 53-64 units needed to be met in the next two-three years.

8. Finishes and amenities expected in luxury market rate rentals:

- Stainless appliances – range, refrigerator, dishwasher, microwave, and central air conditioning
- Granite/Quartz countertops
- Keyless entry and security
- Carpet/hardwood/plank flooring
- Washer and dryer in unit
- Cable and Wi-Fi
- 9' ft. ceilings
- Window Coverings
- Storage
- Assigned Parking, close proximity, covered ideal (additional fees are common)
- Fitness Center (optional)
- Elevators
- Allowing pets is common in other areas and would be viewed favorably by tenants. A factor for developers to consider.

SOURCES

Interviews and/or data provided by area employers

- Cattaraugus-Allegany BOCES
- CUTCO
- Olean General Hospital
- Olean Medical Group
- Jamestown Community College
- St. Bonaventure University
- Siemens/Dresser Rand
- SolEpoxy

Interviews with real estate professionals

- Dennis Pezzimenti, Howard Hanna
- Dan Butler Southern Tier Realty

Interviews with property owners

- Vicki Blessings
- Jess Anderson
- Charlotte McLaughlin

Community and Economic Development Entities

- Cattaraugus County Industrial Development Agency
- Cattaraugus County Economic Development, Planning and Tourism
- Greater Olean Chamber of Commerce
- Olean Enterprise Development
- Olean Business Development

Local and Government Agencies

- City of Olean, Community Development
- City of Olean Building and Code Enforcement Department
- City of Olean Planning Board
- City of Olean Housing Authority

NYS Department of Labor

NYS Office of community Planning and Development

US Bureau of Labor Statistics

US Census/American Community Survey

APPENDIX A

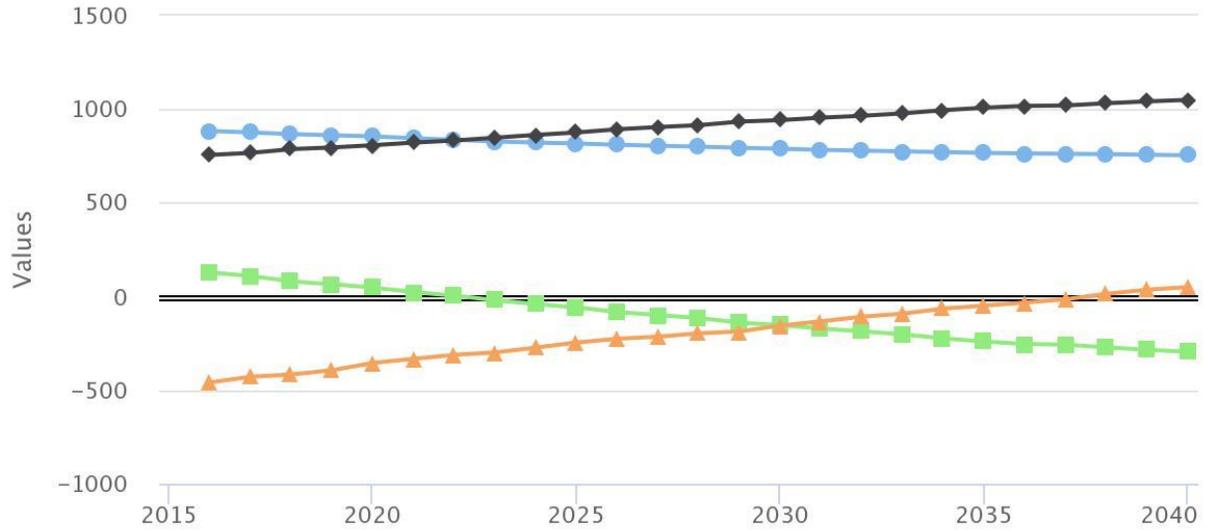
**Cornell Program on Applied Science Cattaraugus County Components of
Change**

US Census American Community Survey Cattaraugus County

US Census American Community Survey City Olean

Cattaraugus County

Components of Change



Series (click to toggle)

Births Deaths Natural increase Net Migration

Based on Cornell PAD projections, 2018

Cattaraugus County, New York

2018 Population Estimates

76,840

Source: Vintage 2018 Population Estimates

Median Household Income

\$ 45,571

Source: 2013-2017 American Community Survey 5-Year Estimates

Persons in poverty, percent

15.8 %

Source: 2017 Small Area Income and Poverty Estimates (SAIPE)

Educational Attainment: Percent high school graduate or higher

88.4 %

Source: 2013-2017 American Community Survey 5-Year Estimates

Persons without health insurance, under age 65 years, percent

6.5 %

Source: Source: 2017 Small Area Health Insurance Estimates (SAHIE)

Median Housing Value

\$ 86,500

Source: 2013-2017 American Community Survey 5-Year Estimates

Total Housing Units

41,431

Source: 2013-2017 American Community Survey 5-Year Estimates

Number of Firms

5,322

Source: 2012 Survey of Business Owners: Company Summary

Veterans

6,405

Source: 2013-2017 American Community Survey 5-Year Estimates

Percent of households with a broadband Internet subscription

66.6 %

Source: 2013-2017 American Community Survey 5-Year Estimates

Olean city, New York

2018 Population Estimates

13,597

Source: Vintage 2018 Population Estimates

Median Household Income

\$ 40,291

Source: 2013-2017 American Community Survey 5-Year Estimates

Persons in poverty, percent

22.8 %

Source: 2013-2017 American Community Survey 5-Year Estimates

Educational Attainment: Percent high school graduate or higher

90.0 %

Source: 2013-2017 American Community Survey 5-Year Estimates

Persons without health insurance, percent

3.7 %

Source: 2013-2017 American Community Survey 5-Year Estimates

Median Housing Value

\$ 77,600

Source: 2013-2017 American Community Survey 5-Year Estimates

Total Housing Units

7,124

Source: 2013-2017 American Community Survey 5-Year Estimates

Number of Firms

1,071

Source: 2012 Survey of Business Owners: Company Summary

Male Median Income

\$ 30,853

Source: 2013-2017 American Community Survey 5-Year Estimates

Female Median Income

\$ 19,747

Source: 2013-2017 American Community Survey 5-Year Estimates

Veterans

1,066

Source: 2013-2017 American Community Survey 5-Year Estimates

Percent of households with a broadband Internet subscription

70.0 %

Source: 2013-2017 American Community Survey 5-Year Estimates

APPENDIX B

New York State Department of Labor - Unemployment Data

New York State Department of Labor - Labor Force Data

New York State Department of Labor – Industry Data

**New York State and Labor Market Regions and Metropolitan Areas
Counties and Municipalities of at Least 25000 Population**

Data Source: Local Area Unemployment Statistics Program

Olean NY Micropolitan Statistical Area

(Data are not seasonally adjusted. Data are preliminary and subject to revision.)

UNEMPLOYMENT RATE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	6%	5.70%	5.40%	4.60%	4.30%	4.10%	4.50%	4.70%				
2018	7.50%	7.40%	6.70%	5.80%	4.90%	4.90%	4.70%	4.50%	4.20%	4%	4.30%	5.30%
2017	7.80%	7.70%	6.70%	6.20%	5.80%	5.70%	5.70%	5.70%	5.30%	5.30%	5.90%	6.40%
2016	6.60%	6.70%	6.50%	6%	5.40%	5.40%	5.70%	5.70%	5.60%	5.60%	5.80%	6.50%
2015	8%	7.70%	7%	6.60%	6.30%	6%	5.90%	5.60%	5.40%	5.20%	5.50%	6%
2014	8.50%	8.70%	8.10%	7.10%	6.80%	6.60%	6.80%	6.40%	6.10%	5.80%	6.40%	6.60%
2013	10.40%	10.20%	9.40%	8.80%	8.20%	8.50%	8.20%	7.80%	7.70%	7.50%	7.70%	7.70%
2012	10.40%	10.60%	10.20%	9.30%	9.20%	9.20%	9.30%	8.90%	8.60%	8.50%	8.50%	9.30%
2011	10.50%	10.20%	9.80%	9.50%	8.90%	9.10%	9.10%	8.70%	9%	8.70%	8.90%	9.40%
2010	10.70%	10.70%	10.20%	9.40%	8.90%	9%	9.10%	9%	9.10%	8.80%	9.50%	9.70%
2009	8.70%	9.30%	9%	8.60%	8.30%	8.40%	8.20%	8.10%	8.30%	8.50%	8.70%	9.30%
2008	6.60%	6.90%	6.50%	5.70%	5.60%	5.40%	5.60%	5.60%	5.70%	5.60%	6.40%	7.40%
2007	5.90%	5.90%	5.20%	5.10%	4.60%	4.70%	5.10%	4.60%	4.70%	4.60%	5%	5.80%
2006	6.20%	6.40%	6%	5.40%	5%	4.80%	4.90%	4.50%	4.50%	4.10%	4.60%	4.70%
2005	6.50%	6.60%	5.50%	5.60%	5.30%	5.20%	5.20%	4.70%	4.90%	4.50%	5.20%	5.30%
2004	7.50%	7.30%	7.50%	6.50%	5.70%	5.70%	5.60%	5.20%	5%	4.70%	5.30%	5.80%
2003	6.40%	6.30%	6%	5.60%	5.40%	5.60%	5.60%	5.20%	5.30%	5.40%	6.20%	6.30%
2002	7.20%	7.10%	6.80%	6.10%	5.40%	5.20%	5.10%	4.60%	4.40%	4.30%	5.10%	5.50%
2001	5.40%	5.40%	5%	4.50%	4.30%	4.60%	4.60%	4.70%	4.80%	4.90%	5.80%	6.10%
2000	5.80%	5.80%	5.30%	4.40%	4.20%	4.10%	4.30%	4%	3.90%	3.90%	4.30%	4.50%
1999	8.70%	8.80%	8.40%	7.80%	7.20%	7.30%	6.50%	5.80%	6.10%	5.50%	6.30%	6.30%
1998	8.50%	8.40%	8.40%	6.80%	7.20%	6.80%	6.40%	6.20%	7%	6.40%	6.90%	7.40%
1997	8.20%	8.20%	7.80%	7.20%	7.40%	7.10%	6.90%	6.10%	6.80%	6.30%	6.60%	7.20%
1996	8.20%	8.30%	8.10%	7.70%	7.30%	6.80%	6.70%	5.90%	6.30%	5.70%	6.50%	6.70%
1995	9.20%	8.40%	7.90%	7.80%	7.20%	7.20%	7.20%	6.90%	7.10%	6.60%	7.60%	7.70%
1994	9.80%	9.40%	9%	8.70%	8.30%	8.20%	8.20%	7.50%	7.50%	7.20%	7.50%	7.70%
1993	10.40%	9.90%	9.20%	9.10%	8.80%	8.70%	8.20%	7.80%	8.10%	8.10%	8.50%	8.90%
1992	12%	12%	10.90%	10.20%	9.90%	9.80%	9.10%	8.60%	9.30%	9%	9.40%	9.20%
1991	9.90%	10.30%	9.70%	8.90%	8.40%	8.30%	8.10%	7.70%	8.10%	8.30%	9.90%	#####
1990	7.60%	7.90%	7%	6.80%	5.90%	5.40%	5.60%	5.10%	5.50%	5.50%	6.80%	7.90%

LABOR FORCE												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	35100	34600	34200	33400	33100	33400	33600	33500				
2018	34500	34600	34100	33300	33200	33800	34300	33700	33800	33900	34200	34700
2017	34800	35000	34900	34100	33800	34300	34500	34100	34000	33600	33800	34000
2016	35600	36000	35700	34800	34400	35000	34700	34500	34400	34400	34100	34100
2015	35600	35500	35300	35100	35200	35600	35500	35000	34700	35000	34800	35000
2014	37800	37800	37600	36500	36400	36700	36400	36100	36100	36300	35900	36000
2013	39100	39000	38500	38100	38300	38300	38300	38000	37800	37400	37100	37400
2012	38600	39000	38600	38100	38500	38500	38400	37900	37800	38100	37900	38300
2011	39700	39600	39300	38400	38500	38500	38200	37900	37900	38000	38000	38400
2010	40300	40400	40200	40000	39900	39900	40000	39300	38900	38800	38900	39200
2009	42200	42600	42200	41700	41700	42100	41900	41200	41000	41300	41200	40900
2008	42200	42300	42000	41200	41400	41900	42000	41400	41200	41700	41600	42200
2007	42000	42000	41900	40700	40900	41500	41500	41000	40700	40700	40900	41600
2006	43000	42800	42500	41600	41700	42200	42200	41800	41200	41300	41200	41600
2005	42900	42900	42300	41500	41800	42400	42400	42000	41700	41800	41800	41900
2004	43200	43100	42600	41000	42200	42600	42700	42000	41600	42100	42100	42100
2003	43100	43200	42600	41800	42000	42800	42000	41700	41500	41500	41800	42000
2002	42700	42800	42200	41100	41300	41700	41700	41800	41500	41200	41100	41800
2001	41700	41400	41000	40200	40400	41200	41200	41000	40700	41200	40900	41400
2000	42300	41700	41300	40300	40100	41300	41000	41000	40300	40300	40200	40800

New York State and Labor Market Regions and Metropolitan Areas

Counties and Municipalities of at Least 25000 Population

Data Source: Local Area Unemployment Statistics Program

Olean NY Micropolitan Statistical Area

(Data are not seasonally adjusted. Data are preliminary and subject to revision.)

Data for Cattaraugus County

(Data are *not* seasonally adjusted. Data are preliminary and subject to revision.)

Data in Thousands.

Industry	Sep-19	Sep-18	Net Change	Percent Change
Total Nonfarm	30.8	30.6	0.2	0.70%
Total Private	21	20.8	0.2	1.00%
Goods Producing	3.9	4	-0.1	-2.50%
Natural Resources, Mining and Construction	0.8	0.8	0	0.00%
Manufacturing	3.1	3.2	-0.1	-3.10%
Service Providing	26.9	26.6	0.3	1.10%
Private Service Providing	17.1	16.8	0.3	1.80%
Trade, Transportation, and Utilities	4.4	4.6	-0.2	-4.30%
Information	0.2	0.2	0	0.00%
Financial Activities	0.9	0.9	0	0.00%
Professional and Business Services	1.4	1.4	0	0.00%
Education and Health Services	5.2	4.8	0.4	8.30%
Leisure and Hospitality	3.2	3.1	0.1	3.20%
Other Services	1.8	1.8	0	0.00%
Government	9.8	9.8	0	0.00%

Source: New York State Department of Labor <https://labor.ny.gov/stats/cesminor.asp>