St. Louis 2019 Market Value Analysis (MVA)

Executive Summary

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

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

Market Indicators Employed in the MVA

In preparing the 2019 St. Louis MVA, all market indicators were obtained directly from the City or from the U.S. Census Bureau's American Community Survey and geocoded to Census block groups. The data used in the St. Louis MVA are:

- Residential Real Estate Sales (2017 – 2018) price and variance from City of St. Louis property sales data;
- Distressed sales (2017 – 2018) foreclosures, sheriff sales, tax sales and bank-sold residential properties from City of St. Louis property sales data;
- Investor activity (2017-2018) arms-length investor sales data from City of St. Louis property data;
- Residential Vacancy from City of St. Louis vacant land and property data (August 2019);
- Building Permits, including renovations and new construction, sum of all permitted work must be at least $10,000 value (2017 – 2018) from the City of St. Louis;
- Owner Occupancy from 2013 – 2017 American Community Survey data;
- Cost-assisted renter households using housing choice vouchers or living in public housing developments obtained from HUD's Picture of Subsidized Housing (POSH 2018); and
- Non-residential land area from City of St. Louis parcel data;
- Rent from 2013-2018 American Community Survey data, used to manually classify block groups with fewer than five home sales.

The indicators were then field validated by Reinvestment Fund staff and local subject matter experts. Reinvestment Fund staff drove throughout the city of St. Louis physically inspecting for agreement between the data collected and the appearance of markets on the ground. A group of local real estate experts viewed maps and data summaries of each component variable and provided feedback on the project on three occasions.

Methodology for Creating the MVA

Next, a statistical cluster analysis identified areas (i.e., block groups) that share a common data profile. The cluster analysis segments block groups into clusters (in this case, a total of nine) based on sharing like characteristics on the market indicators listed above. The cluster analysis therefore creates a typology of market types that share characteristics even when geographically located in different places within the city of St. Louis. The cluster analysis results were mapped and subjected to another round of field inspection by Reinvestment Fund staff comparing the results to observed conditions on the ground and vetted again by local experts.

Citywide Findings

According to the 2019 St. Louis MVA, the median home sales price of St. Louis' block groups is about $124,000. In a typical block group two percent of residential parcels have renovation or new construction permits valued at $10,000 or more. St. Louis block groups on average have slightly fewer owner-occupied households (46 percent) than renters (54 percent). On average, 5 percent of residential buildings and 10 percent of residential land are vacant. Citywide, distressed sales account for 17 percent of sales, and 10 percent of sales were made to investors. Subsidized rental households makes up two percent of the average block group's total rental housing stock.

The table and descriptions below present the indicators used in the City of St. Louis MVA. The table is organized so each market type is described by the block group average for each indicator. Note that 32 block groups with insufficient sales data were manually classified by imputing home values from rents and using the other available characteristics. An additional 21 block groups were not assigned to a market type due to insufficient home sales and rent data, and/or low population. The 2013-2017 American Community Survey shows that those 21 areas are home to 8,934 households and 19,453 people – representing six percent of the housing units and six percent of the population of the City of St. Louis.

Market Characteristics for Each Identified Cluster

- "A" markets have the highest housing values, low levels of vacancy, very little non-residential land, and few distressed or investor sales.
- "B" markets have high housing values, experience the highest levels of permitting investment, few vacant buildings and below average levels of distressed or investor sales.
- "C" markets have above average housing values and permitting activity, low levels of vacant residential land and buildings, and their share of distressed sales below the city average.
- "D" markets have slightly above average housing values, low levels of residential vacancy, low levels of cost assisted renters and the highest share of owner occupants.
- "E" markets have below average housing values, low levels of permitting investment, and slightly above average share of distressed and investor sales and residential vacancy that is below the city average.
- "F" markets have housing values below the citywide average, have more renters than owners, above average shares of distressed and investor sales, and the third highest share of renters receiving federal subsidy.
- "G" markets have below average housing values, low levels of permitting activity, high levels of distressed sales, below average share of vacant land, but above average share of vacant buildings.

- "H" markets have below average housing values, low levels of permitting activity, have more renters than owners, above average share of distressed sales and investor sales and the highest levels of vacant residential land and vacant residential buildings.
- "I" markets have the lowest average housing values and lowest levels of permitting activity. They have more owners than renters, the highest share of distressed sales and investor sales and the second highest levels of vacant residential land and vacant residential buildings and the highest share of renters receiving federal subsidy.

Average Block Group Housing Market Characteristics for 2019 City of St. Louis MVA Housing Market Types

		Median Sales Price, 17-18	Coef. Of Variance	Home- Owners	Permits >$10k	Distressed Sales, 17-18	Investor Sales, 17-18	Vacant Buildings	Share Vacant Land	Cost Assist. Renters	Non- Res Area
A	18	$416,876	0.40	39%	4%	2%	3%	0%	2%	8%	3%
B	39	$263,949	0.39	42%	5%	4%	6%	1%	4%	9%	45%
C	43	$167,854	0.51	39%	4%	8%	9%	1%	5%	5%	31%
D	65	$144,129	0.43	71%	3%	7%	7%	1%	2%	1%	44%
E	43	$76,300	0.59	41%	1%	18%	13%	2%	4%	11%	46%
F	31	$40,660	0.79	35%	2%	22%	19%	6%	9%	15%	43%
G	35	$19,606	0.82	54%	1%	34%	10%	8%	7%	13%	43%
H	26	$17,065	0.83	31%	1%	26%	13%	17%	32%	16%	47%
I	39	$10,768	0.80	52%	0%	42%	16%	16%	23%	20%	39%
NR	21	*Insuff. data*	0.57	16%	0%	44%	56%	19%	7%	25%	18%
Citywide Average		$124,487	0.59	46%	2%	17%	10%	5%	10%	2%	41%

For more information on the 2019 St. Louis MVA, please contact Ira Goldstein, President, Policy Solutions, Reinvestment Fund at ira.goldstein@reinvestment.com

St Louis MVA, 2019
DRAFT - 10/29/19

A
B
C
D
E
F
G
H
I

Estimated Category

<5 Sales, 2017-18

Lake, River
Park, Monument, Cemetary
University, Hospital, College, Hospital
Sports Complex, Industrial Park, Etc.
Large Non-Res Parcel

NEW MISSOURI AVE

IL-15

17A 17B

CAMP JACKSON RD 13

MISSISSIPPI AVE

WATER ST

ST CLAIR AVE

IL-3

4TH ST

HALLS FERRY CIR

RIVERVIEW BLVD

LEWIS AND CLARK BLVD

31B 31A

LEWIS AND CLARK BLVD

RIVERVIEW BLVD

GOODFELLOW BLVD

242

243A

243C

243B

BIRCHER BLVD 244A 244B

GOODFELLOW AVE

PAGE BLVD

N KINGSHIGHWAY BLVD

N 11TH ST

248A

249

S TUCKER BLVD

290B

36A

MCREE AVE

SHAW BLVD

S KINGSHIGHWAY BLVD

GRAVOIS AVE

TESSON FERRY RD

GRAVOIS RD

GE AVE

N MCKINLEY BRG

0 0.5 1 2 Miles