

**Exhibit C**

Lotis 1 Staff Report (Petition 2023-0002-MPA)

**TABLE 10**

**GROWTH OF HOUSING  
The Wellington Market Area (1)  
1990 - 2023  
Forecast To 2026**

<u>Year</u>	<u>Total Housing Units</u>
1990	63,876
2000	76,053
2010	101,436
2020	133,081
2023 (Estimate)	142,980
2026 (Forecast)	153,225
<u>Average Annual Change:</u>	
1990 - 2000	+1,218
2000 - 2010	+2,538
2010 - 2020	+3,165
2020 - 2023	+3,300
2023 - 2026	+3,415

(1) The Wellington Market Area is bordered on the north by Okeechobee Road/Royal Palm Boulevard/Southern Boulevard, the south by Indian Mound Road/Lake Worth Road, the east by Military Trail and the west by Flying Cow Road/South 160th Trail.

**Source:** U.S. Census of Housing, 1990 - 2020; 2023 estimated and 2026 forecast by Reinhold P. Wolff Economic Research, Inc. based on analysis of trends in the ratio of housing units to households.

	Palm Beach County	Wellington Market Area
• Annual Demand For Additional Market Rate Apartments, 2023 – 2026:	5,785	1,952 (2)
Total Demand Next 3-Years Market Rate Apts:	17,355	5,856
• Excess Demand Over Potential Supply	(3,822)	4,753

(1) Includes subject The Residences At Lotis Wellington Apartments.

(2) See Table 37.

The demand for new market rate apartment units in the Wellington Market Area exceeds the near-term supply potential by 4,753 units. In Palm Beach County overall, however, the supply potential of apartments exceeds estimated demand by 3,822 units over the next three years. This analysis assumes that all of the units proposed are actually built over the next three year period. It is more likely that only about half of the units planned would be delivered into the market over the next three years in which case the demand would exceed supply in Palm Beach County by 3,241 units while in the market area demand would be 4,942 units greater than supply.

On balance, it is expected that the vacancy rate in Palm Beach County and the General Wellington Area will hold in the 1.0% to low 2.0% range throughout 2023 and will fluctuate in the 2.0% to 3.0% range during 2024-2026.

Apartment rents in Palm Beach County and the Wellington Market Area are expected to increase in the 3.0% per year over the 2024-2026 period. The increase forecast is lower than has been experienced in recent years, but rent increases above the 3.0% to 4.0% range cannot be sustained for a long period of time.

## CHAPTER VI

### CONCLUSIONS/RECOMMENDATIONS

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#### **A. Summary Of General Conclusions**

As of May, 2023 the vacancy rate in apartment developments located throughout Palm Beach County stood at 2.3%, slightly higher than the 1.6% rate found in the General Wellington area. The vacancy rates in both Palm Beach County and the General Wellington area have been below the 5.0% level since mid 2019.

New apartment unit construction starts, completions and absorption have increased considerably since 2011 in Palm Beach County. Despite this, new apartment completions remain well below the forecasted demand for additional apartments.

Apartment vacancy rates in Palm Beach County and the General Wellington Area are expected to hold in the 1.0% to low 2.0% range through 2023 and will fluctuate in the 2.0% to 3.0% range during 2024-2026 period.

The population and household growth of Palm Beach County was exceptionally strong from 1990 to 2000 and to 2006 prior to the economic recession. From 1990 to 2000 the population of Palm Beach County expanded by an average of 26,767 per year and from 2000 to 2010 an average annual increase of 18,895 was experienced. In the Wellington Market Area the population increased by an average of 4,235 per year from 1990 to 2000 and from 2000 to 2010 the population increased by an average of 6,701 per year. Most of the increase in population and household growth during 2000 to 2010 occurred from 2000 to 2006. The economic recession resulted in some decline of population and households from 2006 to 2010. From 2010 to 2020 the population of the market area increased by an average of 7,444 per year and from 2020 to 2023 the population of the market area increased by an average of 7,761 per year in the Wellington Market Area.

From 2003 to 2026 the population and household growth is expected to accelerate from the level of the past few years as we advance further from the economic recession. In Palm Beach County the population is forecast to increase by 15,680 persons per year from 2023 to 2026 while households expand by 6,437 annually. In the Wellington Market Area the population from 2023 to 2026 is forecast to increase by 8,033 persons per year and households by 2,917 annually.

These forecasts of population and household growth are expected to generate a demand for an additional 7,893 housing units per year in Palm Beach County from 2021 to 2024 and in the

Wellington Market Area the number of housing units is forecast to increase by 3,338 units annually from 2023 to 2026.

Based on analysis of the historical trend in the percentage share of housing utilized on a rental basis and multi-family rentals as a share of all rental utilized housing, it is forecast that there is an annual demand potential for 7,936 additional apartment units in Palm Beach County from 2023 to 2026 and in the Wellington Market Area there is an estimated demand for 2,620 additional apartments per year during this three year period. As detailed in the demand analysis section of this report, this demand is generated not only by growth of households but also by households within the area switching from owner to renter status and non-apartment renters shifting to multi-family apartments.

When the demand is narrowed to include only those households which could afford apartments having rents concluded for the subject development, the demand is estimated at 2,547 units per year in Palm Beach County from 2023 to 2026.

In the Wellington Market Area the demand for additional apartments of the rent character planned at the subject development is 810 units annually from 2023 to 2026.

The extent to which a rental apartment development at the subject site can capture a share of the indicated demand depends on numerous factors, including the appropriateness of the development parameters for the market and rents charged. In the following sections of this report the proposed development parameters are reviewed, rent conclusions are offered and absorption potential is forecast.

## **B. Review Of Development Parameters**

### **1. Mix Of Unit Types**

The following summarizes the unit mix planned for the subject The Residences At Lotis Wellington Apartments versus the mix found in the selected comparable developments and in market rate apartment developments located throughout the General Wellington Area:

Unit Type	% Unit Mix		
	Subject The Residences At Lotis Wellington	Selected Comparables	General Wellington Developments
1BR/1B	37.1%	25.0%	23.6%
2BR/1-2B	46.2%	45.6%	53.7%
3BR/2-2.5B	16.7%	26.9%	21.6%