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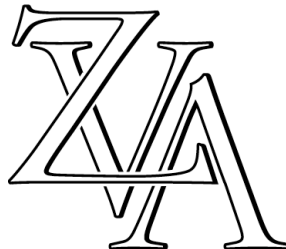
TECHNICAL MEMORANDUM  
PHASE ONE: DEMOGRAPHIC ANALYSIS

An Analysis of Residential Market Potential

The West Central Indiana Region

June, 2023

Conducted by  
ZIMMERMAN/VOLK ASSOCIATES, INC.  
P.O. Box 4907  
Clinton, New Jersey 08809





ZIMMERMAN/VOLK ASSOCIATES, INC.

Post Office Box 4907  
Clinton, New Jersey 08809  
908 735-6336  
info@ZVA.cc • www.ZVA.cc

Residential Market Analysis Across the Urban-to-Rural Transect

## TECHNICAL MEMORANDUM

### PHASE ONE: DEMOGRAPHIC ANALYSIS AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The West Central Indiana Region

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This document represents Phase One of a scope of work designed to establish the depth and breadth of the potential market for new housing units, added through new construction and/or adaptive reuse of existing non-residential structures, within the seven-county West Central Indiana region. The seven counties include: Clay, Montgomery, Parke, Putnam, Sullivan, Vermillion, and Vigo. Phase One includes a demographic analysis of each of the seven counties to understand individual county dynamics.

Base data sourced from Claritas, Inc.—a national provider of geo-demographic and market segmentation data—and the Decennial Census of 2010 and 2020 were compiled for each of the seven counties and are detailed on Table One, following this text. The seven counties are arrayed from left to right across both pages in order of population density, from Vigo, the densest county, in the first column, to Parke, the least dense county, in the last column.

These data show that, for the most part, the counties in the West Central region of Indiana are remarkably similar demographically. There are, however, a few indicators that one or two counties have distinctive qualities which might warrant consideration that the market-rate component to new housing should be detailed separately for those counties. Both Putnam and Montgomery Counties are not contiguous with Vigo County, the core of the region, and are outliers among some data points detailed below. Another consideration is that the urban form, or style of housing, preferred by a significant number of movers within and to Vigo County is likely to be quite different than the other six counties in the region. Regardless, it should be noted that in general the regional needs remain mostly the same throughout the region. All counties have a mismatch between high percentages of

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one-and-two-person households and high percentages of single-family detached housing units, which are typically larger in size than a one or two person household needs, or—as is the case for many younger singles and couples just starting out—wants or can afford. The skew towards older households reinforces the need to develop strategies and build housing that attracts and retains younger households, in an effort to achieve balance in the cyclical nature of the housing market as households transition through lifestages.

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Vigo County, the core county, home to the fifteenth-largest city in Indiana—Terre Haute—is the largest county in many categories, from population density, number of people and households, to the number of in-migrating households. It currently has the greatest potential to capture households from outside the region.

—Land Area/Population Density—

At 505 square miles, Montgomery County has the largest land area of the seven counties. Four counties—Putnam, Sullivan, Parke, and Vigo—follow with land areas containing between 400 and 500 square miles. The remaining two counties—Clay and Vermillion—have smaller land areas of 358 and 257 square miles respectively.

Vigo County has the largest population density of the seven counties at 263 persons per square mile. Population densities of three counties—Putnam, Montgomery, and Clay—range between 74 and 76 persons per square mile. Vermillion has a population density at 60, Sullivan at 47, and Parke has the lowest population density at 36 persons per square mile.

—Population—

Claritas' current 2023 estimates show that, with the exception of Vigo County with a population of 105,567 persons, the number of people living in each of the remaining six counties falls below 40,000 persons. Montgomery and Putnam Counties have populations above 35,000, Clay County has a population of 26,300, and the three remaining counties have populations ranging between 15,201 (Vermillion County) and 20,628 (Sullivan County). Between the 2010 and 2020 Census, all counties in

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the region lost population, with declines ranging from 6.8 percent in Parke County to 0.5 percent in Montgomery County. Claritas estimates that most counties are expected to continue that trend through 2028, except for Putnam County which is projected to gain 0.2 percent and Montgomery County which is projected to gain 0.7 percent. Parke County's current estimate shows an increase from 2020 to 2023 of 0.5 percent, but is projected to decline again by 0.2 percent by 2028.

With the exception of Vigo County, where the population is just over 83 percent white, all of the counties in the West Central Region have populations that are at least 88.8 percent white. The percentage of African Americans in each county range from 0.4 percent in Vermillion County to 7.7 percent in Vigo County. People who identify as two or more races account for 2.9 percent in Vermillion County, up to 5.9 percent in Montgomery County. Most of the counties in the region had the Asian population share at less than one percent, excepting Putnam County (1.4 percent) and Vigo County (1.8 percent). People who reported identifying as another race—consisting of American Indians, Alaskan Natives, Native Hawaiians, Pacific Islanders, and other races—accounted for between 0.8 percent (Vermillion County) and 3.6 percent (Montgomery County) shares of their respective populations.

The Hispanic population is of two percent or less, except in Montgomery County (6.4 percent) and Vigo County (3.4 percent).

According to Claritas, Vigo County also has the highest percentage of college graduates, at 25 percent, about seven points lower than the U.S. percentage. For the other six counties, the percentage of college graduates ranges from the low of 12.3 percent (Parke County) to 20.5 percent in Montgomery County.

—Households—

With the core city of Terre Haute, Vigo County's 41,877 households is by far the largest number of households in the seven counties. Montgomery County has just under 15,300 households, Putnam County has just over 13,600, Clay has over 10,600 households, and the remaining three counties each have fewer than 7,700 households.

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All seven counties have percentages of one- and two-person households that are equal to or higher than the national average of approximately 61 percent. Three of the seven counties are above 65 percent—Vermillion (69 percent), Parke (66.9 percent), and Vigo (65.9 percent) Counties.

Most of the counties in the region have a percentage of households containing traditional families (married couples with children under age 18) close to the national average of 22.1 percent—Putnam (23.2 percent) and Clay (22.4 percent) are slightly higher than the nation, while two counties are below 20 percent (Vermillion at 19.5 percent, Vigo at 17.8 percent). Non-traditional families (other households with children under age 18) represent 11.6 percent of total households in the nation. Only Vigo County (12.6 percent) has a rate higher than the national average, while Parke (9.2 percent) and Putnam (9.7 percent) have rates lower than 10 percent.

Claritas estimates median household incomes in the region are below the national median of \$73,300, ranging from \$50,800 in Vigo County to \$68,700 in Putnam County. The percentage of households with annual incomes below \$25,000 range from 13.3 percent (Putnam County) to 26.4 percent (Vigo County). The percentage of households with annual incomes above \$75,000 range from 33.3 percent (Vigo County) up to 45.7 percent (Clay County).

—Lifestage Distribution—

Demographic and geo-demographic data obtained from Claritas, Inc. provide the framework for the categorization of households, not only by lifestage and demographic characteristics, but also by lifestyle preferences and socio-economic factors.

The three main lifestages are:

- Empty nesters and retirees, largely one- and two-person households with the head of household typically aged over 50, primarily encompassing the Baby Boom generation, born between 1946 and 1964, and leading-edge households of Generation X. As with the Millennials, as it ages the Boomer generation will continue its significant impact on the nation's housing.
- Families, comprising both “traditional” families (married couples with one or more children) and “non-traditional” families (a wide range of family households, from a single parent with

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one or more children, an adult caring for younger siblings, a grandparent with custody of grandchildren, to an unrelated, same-sex couple with children), primarily Generation X, born between 1965 and 1976. However, as the leading-edge Millennials enter their 40s, they have begun to have children, thus moving into the family lifestage.

- Younger singles and couples, largely one- and two-person households with the head of household typically aged between 20 and 40, comprised now mainly of the very large Millennial generation, who were born between 1977 and 1996. The housing and lifestyle choices of the Millennials have had, and will continue to have a profound effect on the nation as a whole and cities in particular. The leading edge of iGen, the next generation following the Millennials, also known as Generation Z, is now 25 years old and are beginning to have an impact on this lifestage's housing preferences.

Putnam County has the highest percentage of family households with children living at home (traditional and non-traditional families) with a 44 percent majority. The county with the lowest percentage of family households is Vigo at 28.8 percent.

Parke County has the highest percentage of empty nesters and retirees at 49.1 percent. A plurality of households in six of the seven counties are empty nesters and retirees: 45.8 percent in Vermillion County, 44.6 percent in Sullivan County, 44.5 percent in Clay County, 42.7 percent in Putnam County, and 41.9 percent in Montgomery County. At 38.3 percent, Vigo County has the lowest percentage of empty nesters and retirees.

As a share of all households, younger singles and couples range between the low of just 13.3 percent in Putnam County to the high of 32.9 percent in Vigo County, home to Terre Haute. In five of the seven counties, younger households represent less than 20 percent of all households.

—Housing—

Claritas provided estimates for the 2023 median home values among owner-occupied housing units in each county. As with incomes, estimated median housing values in the region are below the national median of \$305,400, and range from just \$117,400 in Vermillion County to \$205,600 in Putnam County. The two counties with the highest median home values—Putnam and Montgomery—have

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the closest proximity to Indianapolis and are also the only two counties projected to gain population through 2028.

The percentage of vacant units is below the ten percent national average in two of the seven counties, Clay and Montgomery. The remaining five counties have percentages above the national average: Parke County at 19.7 percent, Sullivan County at 12.9 percent, Vermillion County at 11.5 percent, and Vigo and Putnam Counties at 11.2 and 10.2 percent respectively. However, according to the American Community Survey's 5-year estimates for 2017 through 2021, the percentage of vacant units for seasonal, recreational, or occasional use was 52 percent for Parke County and 33 percent for Putnam County, indicating a sizeable presence of second homes in those counties.

According to Claritas, in 2023, Vigo County has built the most new units since 2014. However, Vigo's new units accounted for just 3.4 percent of the total, well under the national average of 5.5 percent. All of the counties in the region had less than four percent of their units built since 2014. The one exception was Parke County at 6.1 percent, although Parke also contains the lowest number of units among the seven counties.

Owner-occupied units as a percentage of total units, *i.e.* the homeownership rate, are well above the national average of 64.4 percent in all counties except Vigo County (63.4 percent). The other homeownership rates range from 74.1 percent in Putnam County to 79.1 percent in Parke County.

Single-family detached units as a percentage of total units are well above the national average of 61.4 percent in each of the seven counties. The percentage of detached houses ranges from 72 percent in Vigo County to 84.5 percent in Vermillion County. Attached and duplex units ranged between the 1.5 percent share in Vermillion County and the 7.3 percent share in Montgomery County. The share of units in buildings with three to 19 units was lowest in Parke County at 3.2 percent, and highest in Vigo County at 14.1 percent. The percentage of units in buildings containing more than 20 units was highest in Vigo County at 5.4 percent, which is well below the national rate of 9.7 percent. Only two other counties were above two percent—Sullivan (3.2 percent) and Montgomery (2.3 percent)—while the remaining four counties ranged between 1.2 and 1.9 percent.

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The mobile home percentage of total units is comparable to or greater than the six percent national average in six of the seven counties—ranging from 6.1 to 15.5 percent—while Vigo County (2.8 percent) is well below the national average.

The median year dwelling units in a county were built ranges from 1965 in Vermillion County to 1979 in Putnam County.

—Employment—

Claritas classifies workers into three main categories of occupation: white-collar, blue-collar, and service and farm employees. White-collar employees work in executive, administrative managerial, professional specialty, technicians/related support, sales, and administrative support occupations, including clerical. Blue-collar employees work in precision production, craft, repair, machine operation, assembly, inspection, transportation/material moving, handling, equipment cleaning, and other general laborers. Farm employees include occupations in the farming, forestry, and fishing industries. Service employees work in private households, protective service, food service, cleaning, and other personal service occupations.

White-collar employees are the plurality of workers in all seven counties. Montgomery and Vermillion have the lowest percentage of white-collar employees at 44.3 percent each, and Vigo has the highest percentage at 51.9 percent.

Montgomery County has the most blue-collar employees at 38.3 percent and Vigo the least at 27.3 percent. All five other counties have between 33.2 and 37.2 percent of blue-collar employees.

Service and farm workers represent approximately 21 percent of the workforce in Parke County and Vigo County; just under 20 percent in Vermillion; and between 16.3 percent and 18.3 percent in each of the four other counties.

—Migration—

County-to-county migration is based on the year-to-year changes in the addresses shown on the population of returns from the Internal Revenue Service Individual Master File system. Data on



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migration patterns by county, or county equivalent, for the entire United States, include inflows and outflows. The data include the number of returns (which can be used to approximate the number of households), the number of exemptions (which can be used to approximate the number of individuals), and the average income reported on the returns. The most recent five years of available data include 2015 through 2019.

When comparing counties, migration is best examined in relation to the size of each county. Total in-migration as a percentage of county households for the seven counties averages between 5.2 percent and eight percent. Individual county in-migration percentages range from between 4.6 and 5.8 percent in Vigo County to between 6.7 percent and 9.3 percent in Putnam County.

Nine of the ten Indiana counties adjacent to the region are a source of in-migration into at least one of the seven counties; Warren County is not a statistically significant source of in-migration into any of the regional counties, however it is only contiguous with the small northern border of Vermillion County. Hendricks County is a source of households moving to four of the seven counties, while Greene and Owen Counties are a source for three of the seven counties. Marion County, home to Indianapolis, is a source of households moving to five of the seven counties.

Net migration—the difference between in-migrating and out-migrating households—is one component of a county’s growth. None of the counties have shown positive net migration in all of the most recent five years for which data are available, however Parke and Putnam showed positive net migration in four of the five years. Three of the counties have had three years of positive net migration and two years of negative net migration—Clay, Montgomery, and Vermillion. Sullivan County only had one year of positive net migration, while Vigo County had negative net migration in all five years. The highest single year’s net positive migration total was a gain of 120 households in Putnam County, in both 2016 and 2019. The highest single year’s net negative migration total was a loss of 665 households in Vigo County.

—Income Limits—

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The U.S. Department of Housing and Urban Development (HUD) defines Fair Market Rent areas for each county in the United States. Vigo, Clay, and Vermillion Counties are included in the Terre Haute, Indiana, HUD Metro Fair Market Rent area, for which the median family income for a four-person household is \$69,500. For these three counties, at 60 percent of the area median income (AMI) a one-person household has an annual income of \$31,300 and a five-person household has an annual income of \$48,300.

The remaining counties in the region have individual Fair Market Rent areas defined by HUD. Three other counties have similar AMI's to the Terre Haute Metro Fair Market Rent area; Montgomery County has a four-person median family income of \$74,500, Sullivan County has a four-person median family income of \$68,500, while Parke County has a four-person median family income of \$66,700, the lowest in the region. Although the median family incomes for Montgomery, Parke, and Sullivan Counties are different at 100 percent AMI, at 60 percent AMI the annual incomes in these three counties are the same as the Terre Haute Metro Fair Market Rent area.

The highest median family income for a four-person household in the region is \$81,700 in Putnam County. At 60 percent AMI, a one-person household has an annual income of \$33,900, while a five-person household has an annual income of \$52,300. For this reason, developments utilizing Low-Income Housing Tax Credits in Putnam County will have slightly different income restrictions than the other six counties in the region.



Key Demographic Data  
West Central Indiana Region  
2023 Estimates

	Vigo	Putnam	Montgomery	Clay	Vermillion	Sullivan	Parke
Land Area:	404 sq mi	481 sq mi	<b>505 sq mi</b>	358 sq mi	257 sq mi	447 sq mi	445 sq mi
Population Density:	<b>263/sq mi</b>	76/sq mi	75/sq mi	74/sq mi	60/sq mi	47/sq mi	36/sq mi
County Seat:	Terre Haute	Greencastle	Crawfordsville	Brazil	Newport	Sullivan	Rockville
<b>Population</b>							
Number	<b>105,567</b>	36,778	37,991	26,300	15,201	20,628	16,239
% White	83.4%	90.1%	88.8%	93.4%	<b>95.5%</b>	89.9%	94.2%
% African American	<b>7.7%</b>	2.5%	0.8%	0.8%	0.4%	3.8%	1.1%
% Two or more races	4.9%	4.3%	<b>5.9%</b>	4.4%	2.9%	5.0%	3.3%
% Asian	<b>1.8%</b>	1.4%	0.8%	0.5%	0.5%	0.3%	0.2%
% Other	2.1%	1.7%	<b>3.6%</b>	1.0%	0.8%	1.1%	1.2%
% Hispanic	3.4%	2.0%	<b>6.4%</b>	1.6%	1.0%	1.7%	1.6%
% College Graduates	<b>25.0%</b>	16.7%	20.5%	16.3%	15.4%	12.5%	12.3%
<b>Households</b>							
Number	<b>41,877</b>	13,610	15,297	10,613	6,442	7,691	6,111
Housing Units	<b>47,149</b>	15,164	16,587	11,663	7,281	8,826	7,607
1&2-Person Households	65.9%	61.5%	62.0%	61.8%	<b>69.0%</b>	63.5%	66.9%
Married Couples w/ Children	17.8%	<b>23.2%</b>	21.2%	22.4%	19.5%	21.2%	20.4%
Other HHs w/ Children	<b>12.6%</b>	9.7%	11.5%	10.9%	11.0%	10.3%	9.2%
Median Household Income	\$50,800	<b>\$68,700</b>	\$65,500	\$68,400	\$62,600	\$56,100	\$66,300
HHs below \$25,000	26.4%	13.3%	15.6%	13.6%	17.0%	20.4%	14.6%
HHs above \$75,000	33.3%	45.0%	43.1%	45.7%	41.1%	35.1%	44.4%
<b>Lifestage Distribution</b>							
Empty Nesters & Retirees	38.3%	42.7%	41.9%	44.5%	45.8%	44.6%	<b>49.1%</b>
Traditional &							
Non-Traditional Families	28.8%	<b>44.0%</b>	39.4%	36.6%	33.1%	36.9%	37.5%
Younger Singles & Couples	<b>32.9%</b>	13.3%	18.7%	18.9%	21.1%	18.5%	13.4%

Key Demographic Data  
West Central Indiana Region  
2023 Estimates

	Vigo	Putnam	Montgomery	Clay	Vermillion	Sullivan	Parke
<b>Housing</b>							
Median Housing Value	\$137,100	<b>\$205,600</b>	\$183,300	\$137,600	\$117,400	\$128,700	\$136,500
% Vacant Units	11.2%	10.2%	7.8%	9.0%	11.5%	12.9%	<b>19.7%</b>
Units New Since 2014	<b>1580</b>	604	344	416	154	346	466
% Owner-Occupied Units	63.4%	74.1%	74.5%	78.4%	75.3%	75.7%	<b>79.1%</b>
% Single-Family Detached	72.0%	79.7%	75.8%	79.5%	<b>84.5%</b>	77.8%	77.5%
% Attached and Duplex	5.5%	3.2%	<b>7.3%</b>	4.3%	1.5%	2.7%	1.6%
% Units in 3-19 Unit Buildings	<b>14.1%</b>	7.0%	8.5%	4.9%	5.4%	3.7%	3.2%
% Units in 20+ Unit Buildings	<b>5.4%</b>	1.4%	2.3%	1.9%	1.2%	3.2%	1.8%
% Mobile Homes	2.8%	8.6%	6.1%	9.2%	7.3%	12.3%	<b>15.5%</b>
Median Year Built	1971	1979	1967	1972	1965	1973	1974
<b>Employment</b>							
White-collar employment	<b>51.9%</b>	50.2%	44.3%	45.4%	44.3%	47.1%	45.4%
Blue-collar employment	27.3%	33.5%	<b>38.3%</b>	37.2%	35.9%	34.6%	33.2%
Service/farm employment	20.8%	16.3%	17.5%	17.5%	19.8%	18.3%	<b>21.4%</b>
<b>Migration</b>							
Total In-Migration (HHs)	1,930-2,435	910-1,270	765-1,045	570-790	335-455	355-520	320-440
Non-Regional In-Migration	1,365-1,775	780-1,045	690-965	300-410	190-255	245-360	165-220
Total Net Migration (HHs)	-665 to -255	-25 to +120	-70 to +45	-30 to +60	-35 to +20	-60 to +65	-55 to +50
Top In-Migrating Counties (Non-Regional)	Marion Clark, IL Edgar, IL Hendricks Monroe Greene Hamilton, Etc.	Hendricks Marion Owen Morgan Johnson Hamilton	Tiptecanoe Marion Boone Fountain Hendricks Clinton	Marion Owen Greene Hendricks	Vermilion, IL Fountain	Greene Knox	Marion

SOURCES: U.S. Bureau of Census; Claritas, Inc.;  
Zimmerman/Volk Associates, Inc.



## ZIMMERMAN/VOLK ASSOCIATES, INC.

Post Office Box 4907  
Clinton, New Jersey 08809  
908 735-6336  
info@ZVA.cc • www.ZVA.cc

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### ASSUMPTIONS AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the proprietary residential target market methodology™ employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.



