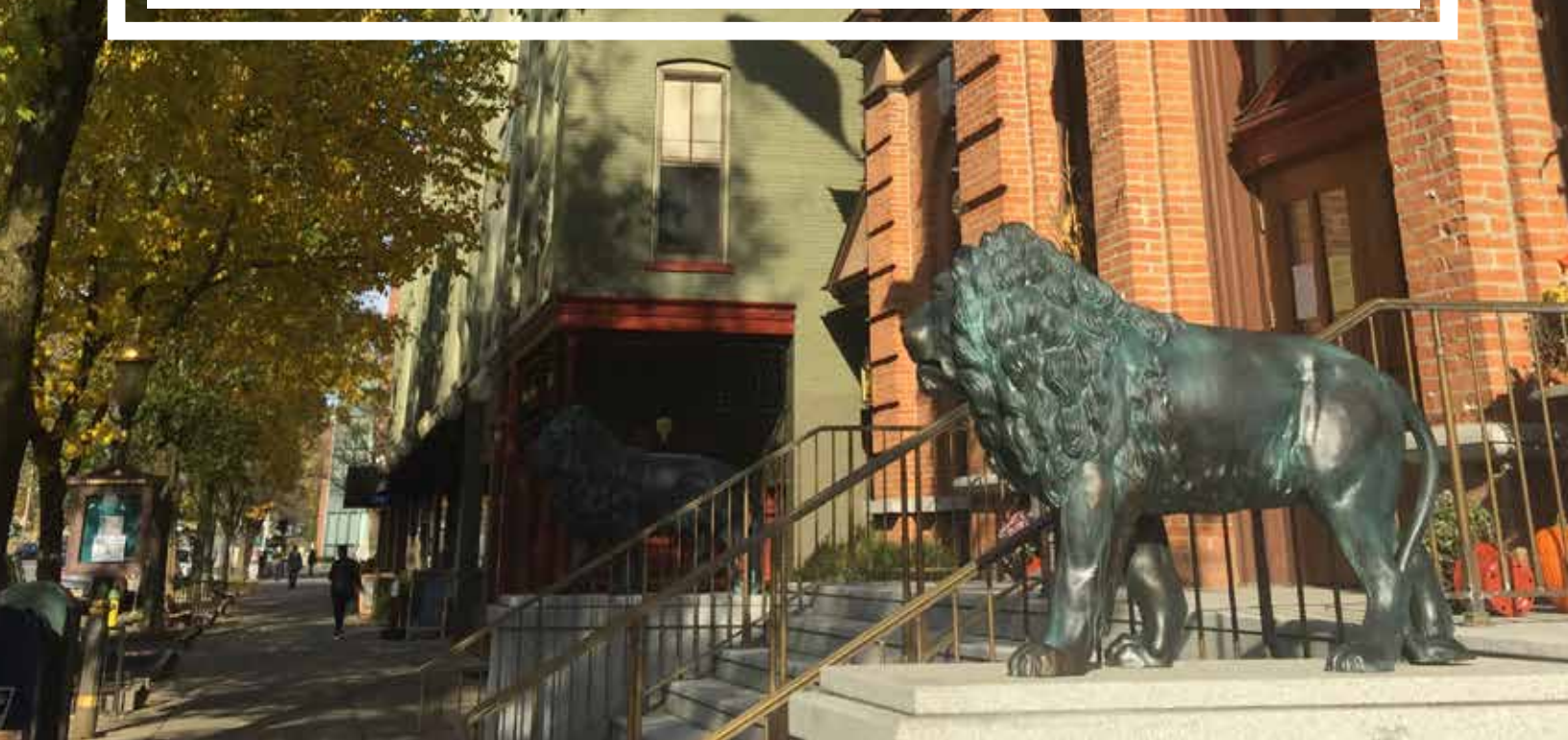




# Property Value Analysis

Saratoga Springs, New York

Prepared by PlaceEconomics for the City of Saratoga Springs | November 2018



# Executive Summary

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Saratoga Springs has worked diligently and intentionally to recognize, protect, utilize, celebrate, and invest in its built heritage for over 40 years. As a result, the city, its residents, and its visitors have been reaping the benefits of these efforts for decades. This report is intended to assist elected officials, community leaders, and the public in understanding the ways historic preservation contributes to the economic, social, and cultural life in Saratoga Springs. This report provides analytical data rather than recommendations. However, the findings may provide a foundation for Saratoga Springs' future historic preservation policies.

Among the most significant findings are:

- Saratoga Springs has 8 local historic districts that collectively cover 6 percent of the land area and 9 percent of the properties within city limits.
- The 6 percent land area in historic districts contributes 14 percent of the total assessed value of the city.
- Houses in local historic districts are more valuable per square foot and are increasing in value more rapidly than comparable properties not in historic districts.



# Property Values

For most Americans two-thirds or more of their family’s net worth is represented in their equity in their home. It is neither surprising nor inappropriate that homeowners and potential homeowners are concerned about the impacts of rules, regulations, and restrictions on their property’s value. Properties in Saratoga Springs that fall within the local historic districts are subject to restrictions that their neighbors outside of historic districts are not. As was noted earlier, any alterations, demolition, or new construction within local historic districts are subject to review by the Design Review Commission.

Everyone is familiar with the saying that the three most important things in real estate are location, location, location. The economic role of land use regulations in general, and local historic districts in particular, is to protect the context within which individual historic properties exist.<sup>1</sup> In Saratoga Springs that means maintaining the character and quality of historic neighborhoods – the defining feature of each home’s “location.” Design review and regulation do in fact influence property values. This report was commissioned to assess the specific impact of local historic districts.

## Property Value Methodology

Thanks to the Eastern New York Regional Multiple Listing Service (MLS) for sharing their sales data, more than 8,600 residential transactions between 1997 and September 2018 were evaluated. For some measures the MLS data was combined with Saratoga County property information and Zillow value estimates.<sup>6</sup>

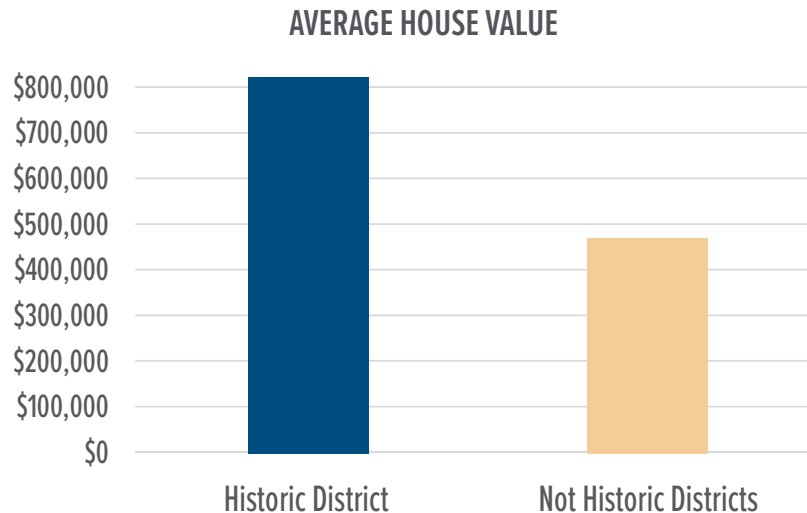
In general, a city-wide comparison was made between properties within Saratoga Springs local historic districts and those not within historic districts. The quantity of data and the extended period over which the MLS data was available meant that comparisons could be made on a number of levels.

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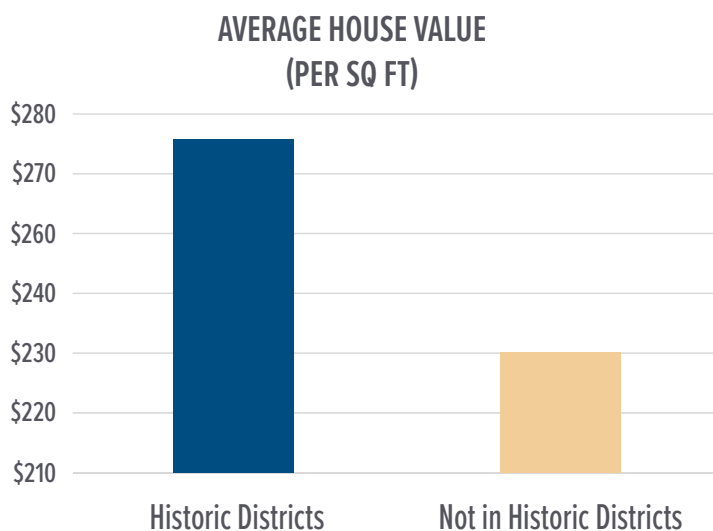
<sup>1</sup> There are houses in Saratoga Springs that are located in a district listed on the National Register of Historic Places, but not in a local historic district. Some of those properties come under review due to their location within Architectural Review Districts. Due to the relatively few number of properties, there was insufficient sales and value data to provide a statistically reliable estimate of the impacts, if any, of being in a district listed on the National Register of Historic Places, but not a local district.

## Average Value

The most straightforward of the comparisons was simply, what is the average (mean) value of houses in Saratoga Springs' local historic districts and how does that compare with houses not in these districts. Based on the most recent Zillow estimates, houses in historic districts average slightly over \$800,000 or about 75% more than houses not within districts, which have an average value of \$466,000.



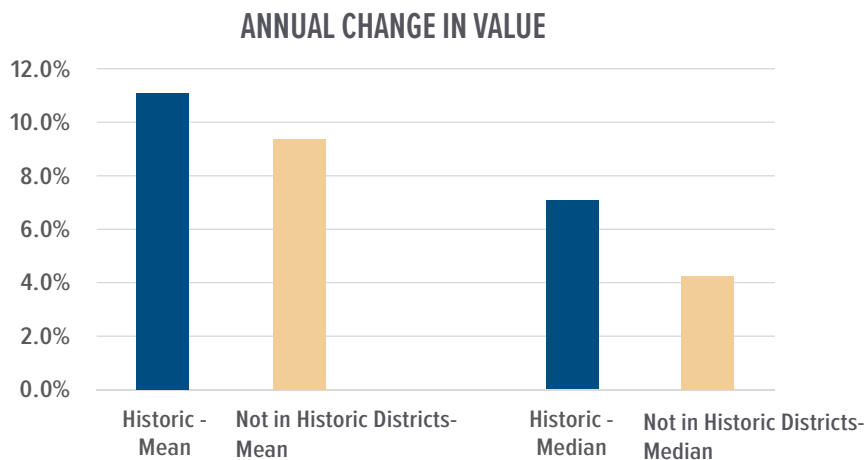
As anyone knowledgeable about the local market can attest, average value is not the best comparison, since that number can be affected by a few, very large, and very expensive properties. A fairer comparison is to consider the average value per square foot. Here again, houses in local historic districts reflect higher values at \$265 per square foot compared to \$230 per square foot for houses not in local historic districts – a difference of over 15%.



<sup>2</sup> Zillow is a private sector real estate research firm that maintains and regularly updates information on its data base of more than 110 million US homes. For this study the Zillow estimate of value Saratoga Springs houses as of October 1, 2018 was utilized.

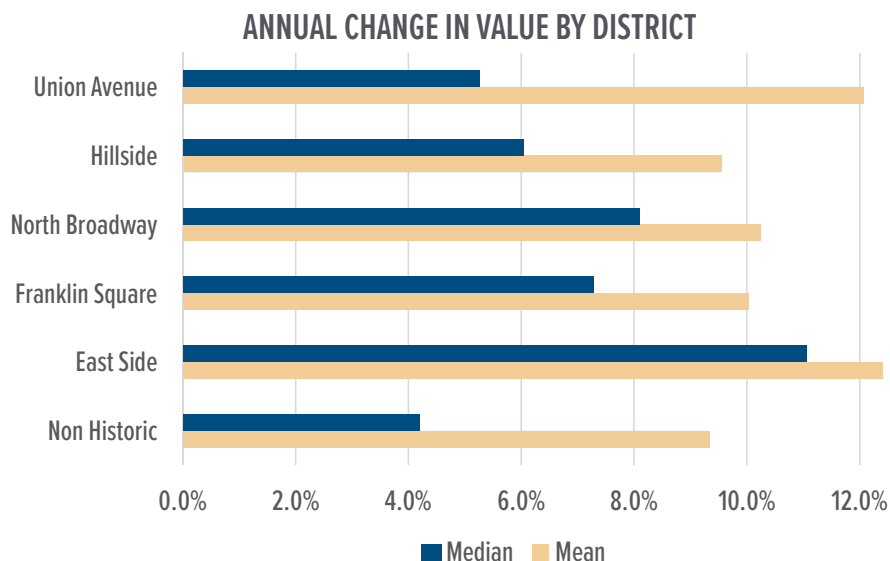
## Change in Value

Many homeowners are concerned with the change in value over time – “Yes, my house may be worth more, but how will that change in the future?” Again, because of the quantity and quality of data that was available, the change in value question was approached from several different means of comparison. The MLS data had information on more than 4,000 transactions where the same property was sold more than once over the 20-year period. Both the selling price and the dates of sale were provided. Therefore, a calculation was made of the average annual change in value between the sales, and this average change was compared for properties within and not within one of the local historic districts. In this case both the mean and the median were calculated.<sup>1</sup> For houses within local historic districts, the average annual change in value between sales was 11.0% while those not in a historic district saw an annual value change of 9.3%. For the more useful median calculation, the annual change in value was 7.0% and 4.2% respectively. It merits mentioning that the change in value is more than just appreciation of the property. Between the dates of sale some homeowners remodeled their kitchen, added a garage, or made other improvements that accounted for part of the value change. This would have been true for both houses in and not in local historic districts.



For the calculation above properties in all the historic districts combined were compared. Of the eight local historic districts in Saratoga Springs, five of them are primarily residential and included sufficient data on residential sales so that comparisons could be made. In each case both the mean and the median annualized change in value was greater for properties in the historic districts than for properties elsewhere in Saratoga Springs.

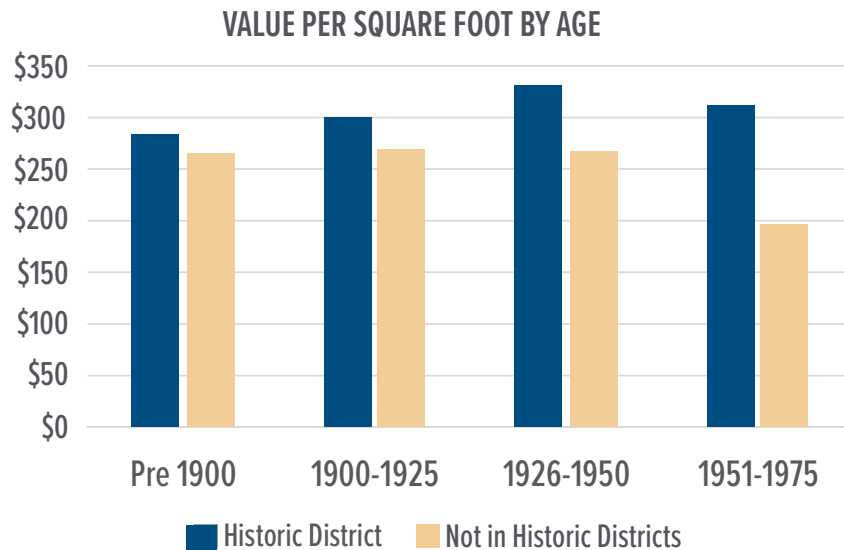
Not only did properties within historic districts outperform the rest of the market, but each of the five districts did better than the overall market.



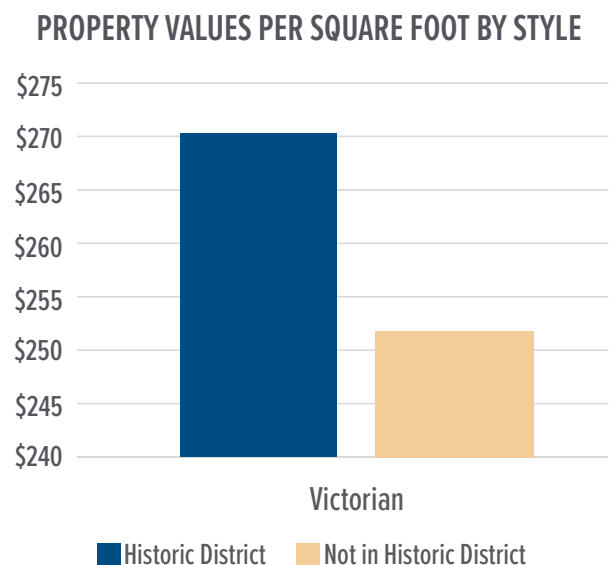
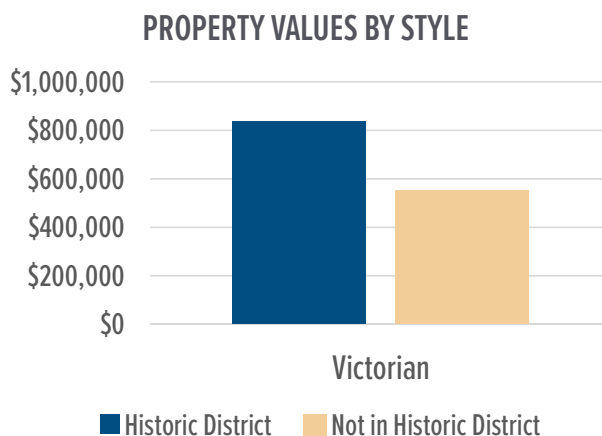
<sup>1</sup> Mean is the average of the sample values. Median is the middle value when the data are sorted. Median is a more robust measurement because it is less susceptible to outliers.

## Value by Age and Style

Saratoga Springs is fortunate to have a large inventory of older and historic houses, many of which are not located in one of the local historic districts. Some buyers are specifically attracted to these older properties. Does it make a difference if these houses are in a historic district or not? To answer that question the average value based on current Zillow estimates was compared by year of construction for houses in and not within local historic districts. Properties were sorted by year of construction dates: pre-1900, between 1900 and 1925, 1926 through 1950 and from 1951 through 1975. In every age category, these older properties are worth more if they are in a local historic district than if they are not.



There is a predominant architectural style in older houses in Saratoga Springs – Victorian. There are abundant examples of that style in both local historic districts and elsewhere. If a buyer made a decision to purchase based on preferring a Victorian home, did it make a difference whether the home purchased was in a local historic district or not? A Victorian home in a local historic district has an average value of \$827,000 versus \$435,000 not in a district.



This premium for being within a local historic district also emerges when the comparison is on a per square foot basis. The historic district Victorian house is worth \$270 per square foot on average compared to \$252 not in a district.

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City of Saratoga Springs  
474 Broadway  
Saratoga Springs, NY 12866  
518-587-3550  
[www.saratoga-springs.org](http://www.saratoga-springs.org)

Saratoga Springs  
Preservation Foundation



112 Spring Street, Ste 203  
Saratoga Springs, NY 12866  
518-587-5030  
[www.saratogapreservation.org/](http://www.saratogapreservation.org/)

Prepared by  **PlaceEconomics**

P.O. Box 7529  
Washington, DC 20044  
202-588-6258  
[www.placeeconomics.com](http://www.placeeconomics.com)