

one unit into two or more units. By 1975, it is expected that housing removals will average 770,000 annually or approximately 1% of the total inventory. An increase in the effort to upgrade housing will undoubtedly result in more removals, thereby leading to a heavier housing demand. In periods of time when there is a short supply of housing, the removal rate tends to remain relatively low, but in a buyers' market where there is an element of choice, it is not economically feasible to permit many substandard or less desirable units to remain in the inventory.

Change in Vacancies

The change in the vacant units make up the third element of housing demand. Approximately 10% of the inventory is vacant. This has not significantly changed since the 1960 Census of Housing. However, approximately 30% of the vacant inventory is made up of seasonally vacant units such as vacation homes and second homes. The portion of the inventory represented by the vacation home market has shown significant growth during the 60's. The balance of the vacant inventory permits choice and allows for mobility. High vacancies permit greater choice and offer the competition necessary to keep prices from rising sharply. Declining vacancies such as we have experienced during the past two years limit consumer choice and tend to push rents and sales prices higher.