

HOUSING

2020 MARKET STUDY AND STRATEGY



CITY OF
BIG RAPIDS
MICHIGAN

SMITHGROUP
LandUseUSA

HOUSING MARKET

WHAT IS THE POTENTIAL IN BIG RAPIDS?

MARKET STUDY INTRODUCTION

- Completed by LandUseUSA using quantitative data analysis and empirical modeling to measure the annual market potential for **new-build** housing units
- Looks at:
 - Movership rate into and within the City
 - New builds and rehabs
- **Concluded that there is a solid potential for developing a variety of new housing choices including:**
 - **For-sale detached houses**
 - **Cottages**
 - **Accessory dwellings**
 - **For-lease urban lofts for students and young professionals alike**



LandUseUSA
UrbanStrategies

MARKET STUDY QUESTIONS

- *What are people looking for, what isn't being supplied?*
 - *Who are these people looking to rent or buy?*
1. Are enough mixed-use, top floor residential opportunities being supplied within the City?
 2. Is there enough supply of apartments within the City?
 3. Are there enough rental housing units? (workforce, student, young professional)
 4. Are there enough duplexes or small flats?

TARGET MARKETS – WHO WANTS TO MOVE HERE?

- This analysis groups market potential into segments or “lifestyle clusters” of the population
- Potential based on trends of a specific cluster like young professional or college students or families or retirees
- These numbers represent the potential to capture by those looking to move to or within Big Rapids



051 Digital Dependents



S68 Small Town, Shallow Pockets



R66 Dare to Dream



053 Colleges & Cafes



S71 Tough Times



055 Family Troopers

Segments Source: Experian Mosaic USA

WHO WANTS TO MOVE HERE?

FOR WHAT TYPES OF UNITS IS THERE MARKET POTENTIAL?

FOR-SALE HOUSES

| | Annual Market Potential | | Minimum Home Value |
|------------------------------|-------------------------|-----------------|--------------------|
| | Minimum | Maximum | |
| L42 Rooted Flower Power | 2 units | 7 units | \$225,000 |
| N46 True Grit Americans | 4 units | 14 units | \$175,000 |
| O51 Digital Dependents | 11 units | 37 units | \$150,000 |
| O53 Colleges & Cafes | 15 units | 50 units | \$125,000 |
| M45 Infants & Debit Cards | 5 units | 17 units | \$125,000 |
| Q64 Town Elders | 2 units | 7 units | \$125,000 |
| S68 Small Town Pockets | 5 units | 17 units | \$100,000 |
| Q65 Senior Discounts | 2 units | 7 units | \$100,000 |
| All Other Lifestyle Clusters | <u>4 units</u> | <u>14 units</u> | \$100,000 |
| Total | 50 units | 170 units | ... |

50 New Houses
120 rehabbed houses
each year for the next 5 years

FOR-LEASE LOFTS OR TOWNHOUSES

| | Annual Market Potential | | Minimum Contract Rent |
|------------------------------|-------------------------|------------------|-----------------------|
| | Minimum | Maximum | |
| K40 Bohemian Groove | 12 units | 25 units | \$900 |
| M45 Infants, Debit Cards | 12 units | 25 units | \$850 |
| O51 Digital Dependents | 33 units | 68 units | \$825 |
| O54 Striving Singles | 12 units | 25 units | \$800 |
| O55 Family Troopers | 63 units | 130 units | \$750 |
| R66 Daring to Dream | 100 units | 206 units | \$700 |
| Q65 Senior Discounts | 17 units | 35 units | \$650 |
| S68 Small Town Pockets | 22 units | 45 units | \$600 |
| S70 Tight Money | 6 units | 12 units | \$550 |
| S71 Tough Times | 35 units | 72 units | \$500 |
| All Other Lifestyle Clusters | <u>13 units</u> | <u>27 units</u> | . |
| Subtotal | 325 units | 670 units | ... |
| S68 Colleges & Cafes | <u>305 units</u> | <u>660 units</u> | \$450 |
| Grand Total | 630 units | 1,330 units | ... |

170 New Lofts or Townhouses
180 rehabbed rentals
each year for the next 5 years
(excludes Colleges and Cafes segment)

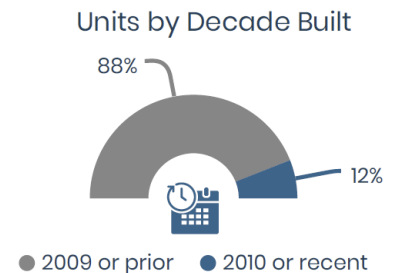
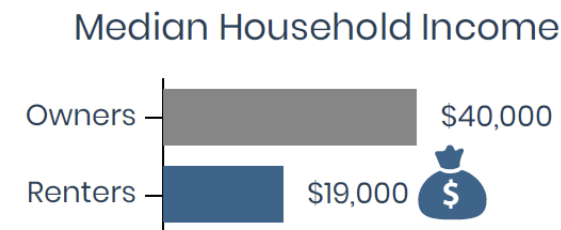
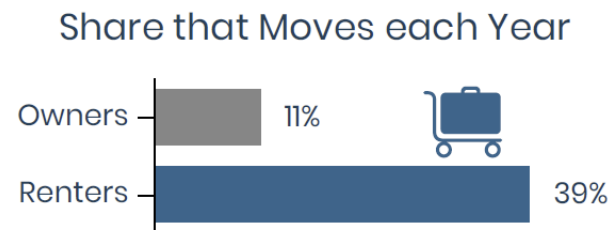
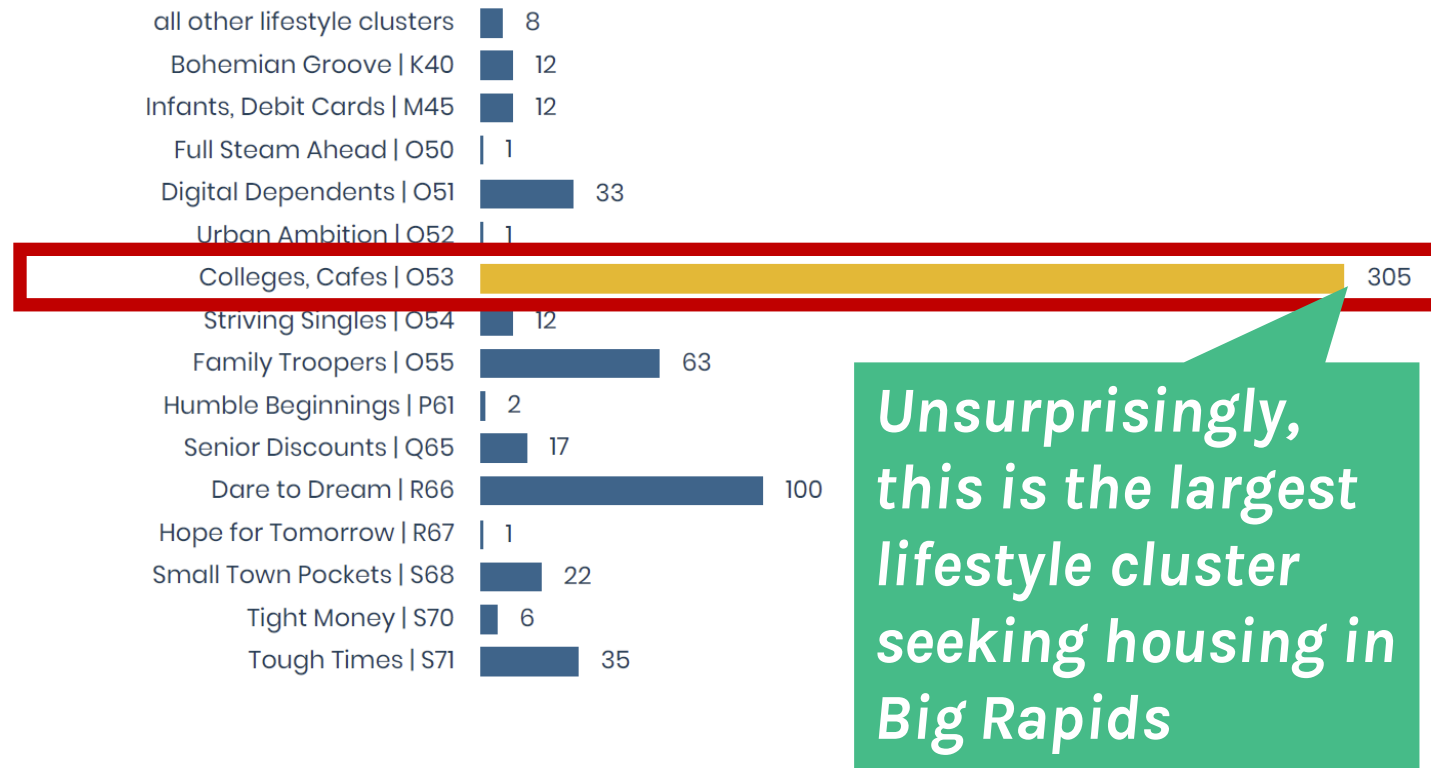
TARGET MARKET

COLLEGES AND CAFES

**These numbers were prior to the pandemic - uncertainty of distance learning may affect future potential*

- University & college affiliates
- Cohort includes:
 - Recent graduate
 - Entrenched alumni
 - Junior faculty
 - University faculty
 - Graduate students
 - Parents of university students (owning & subletting)
 - Campus staff

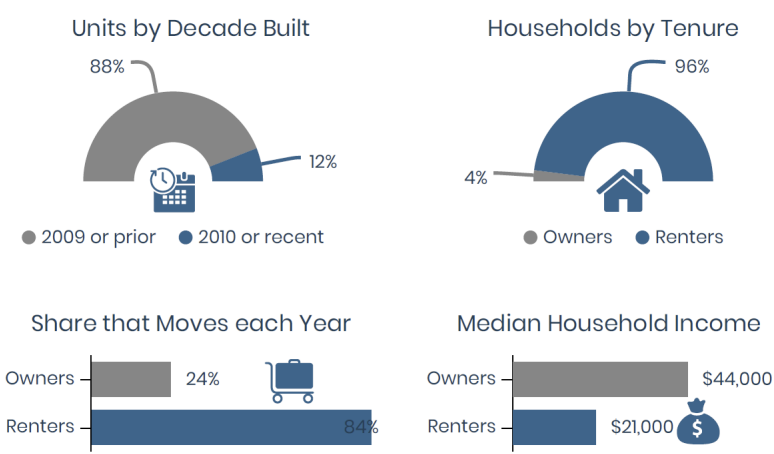
Annual Market Potential | Big Rapids City Renter Target Markets | Year 2020



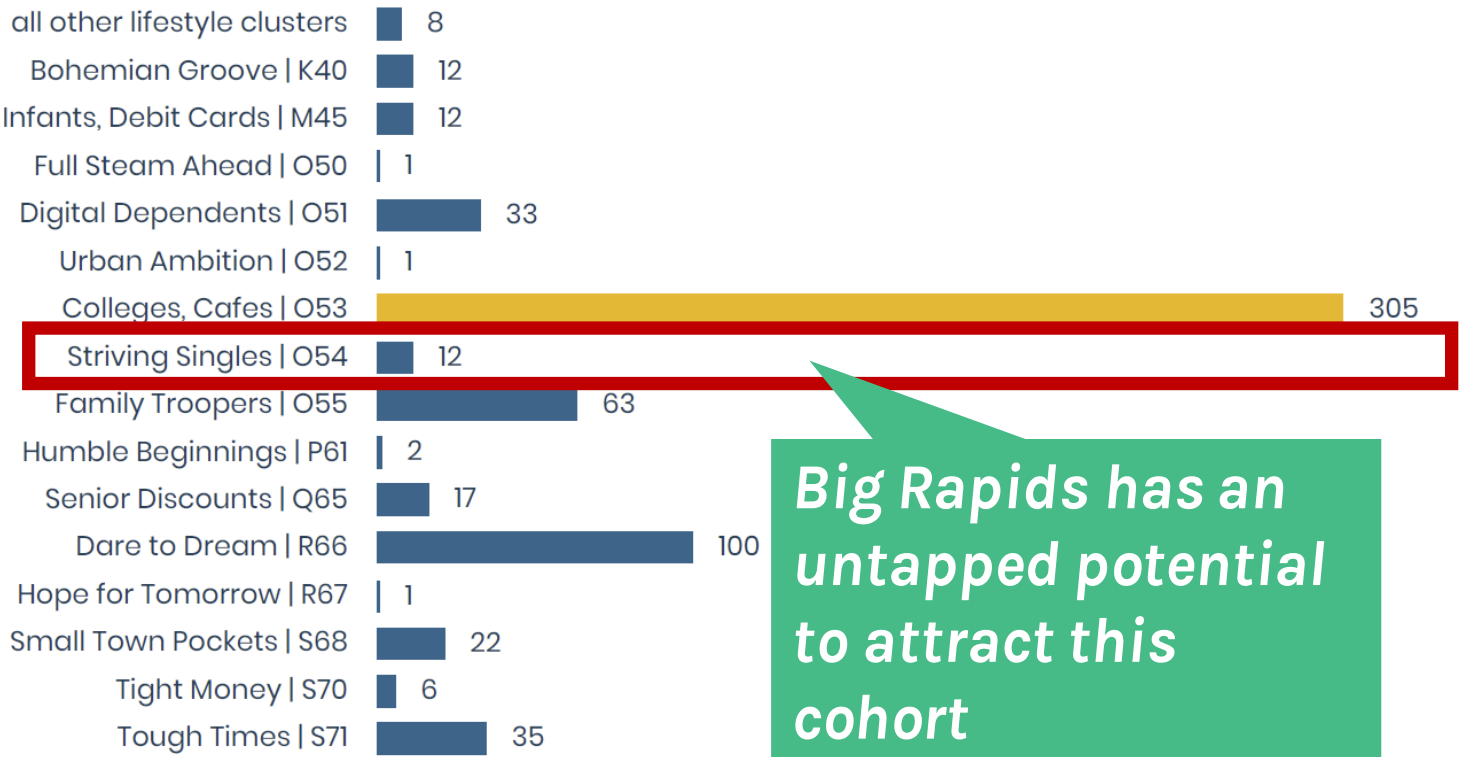
TARGET MARKET

STRIVING SINGLES – WHAT KIND OF HOUSING WOULD INCREASE THEIR POTENTIAL?

- Young singles and city dwellers, well-educated, upwardly mobile, career-driven. Able to pay market rent
- Mount Pleasant has a significant Striving Singles market potential when compared to Big Rapids



Annual Market Potential | Big Rapids City
Renter Target Markets | Year 2020

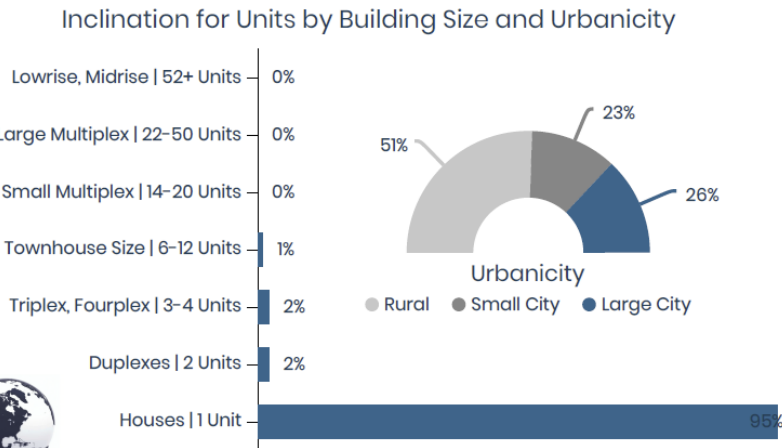
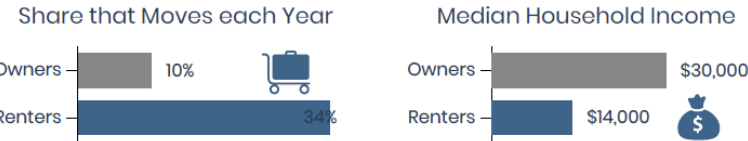
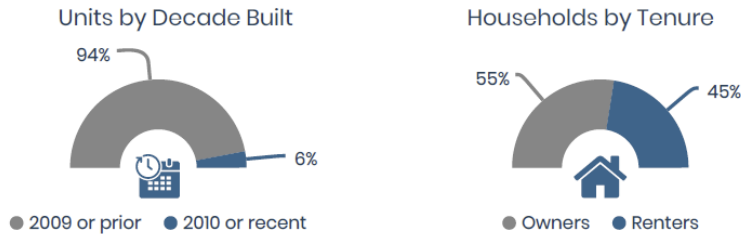


TARGET MARKET PROFILES

NATIONAL AVERAGES

Small Towns, Shallow Pockets | S68

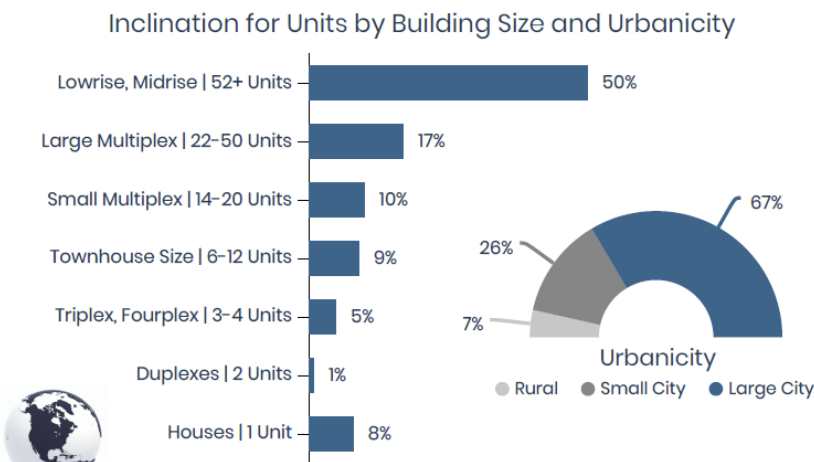
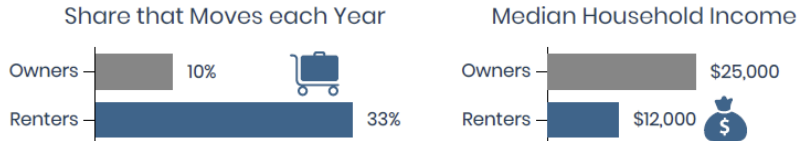
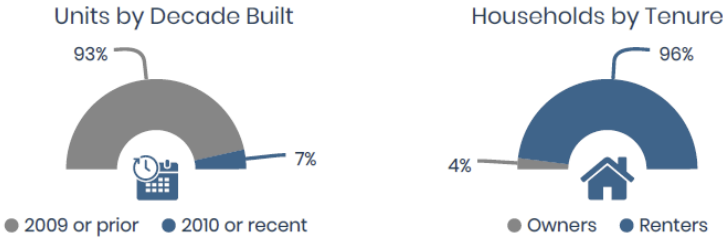
Older, low-income singles and empty-nesters living in modest, exurban small towns



Source: Underlying data by Experian Decision Analytics; exhibit and analysis by LandUseUSA | Urban Strategies © 2020 with all rights reserved.

Tough Times | S71

Older, lower-income singles typically concentrated in inner-city apartments



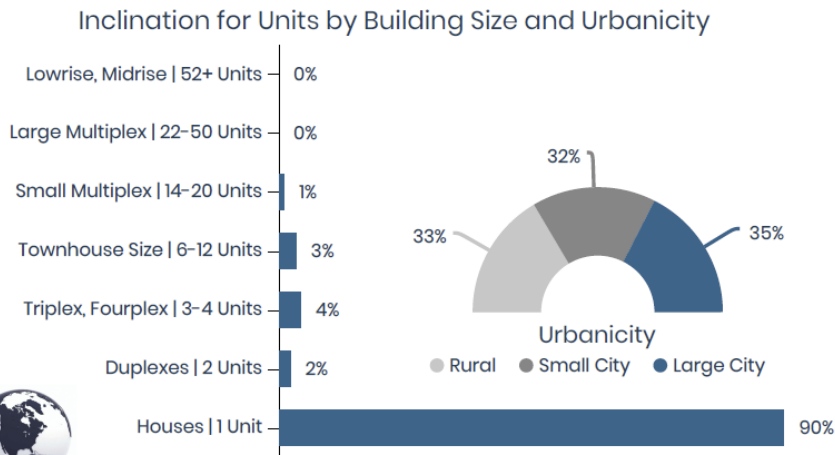
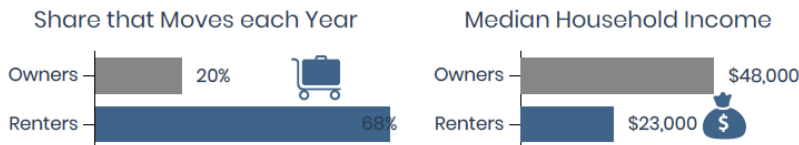
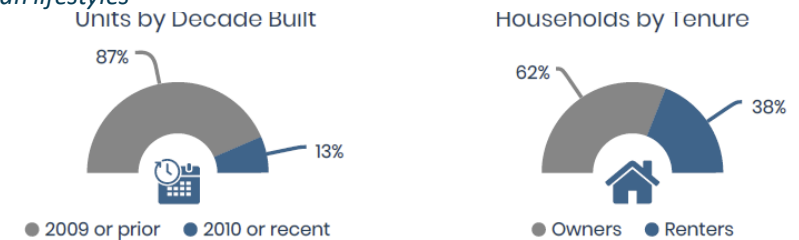
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TARGET MARKET PROFILES

NATIONAL AVERAGES

Digital Dependents | O51

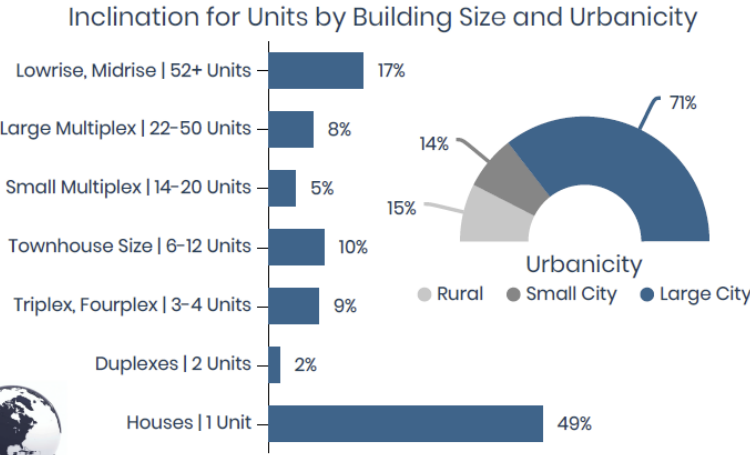
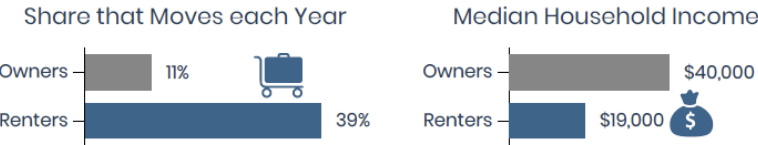
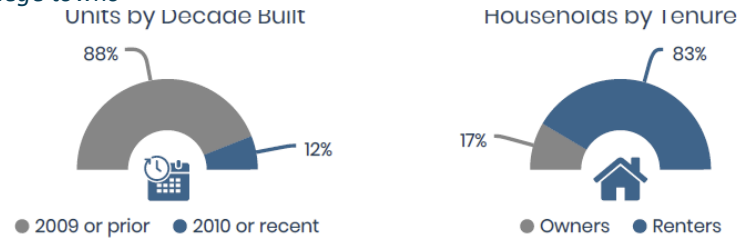
Mix of Generation X and Generation Y households living digital-driven, urban lifestyles



LandUseUSA Urban Strategies Source: Underlying data by Experian Decision Analytics; exhibit and analysis by LandUseUSA | Urban Strategies © 2020 with all rights reserved.

College & University Affiliations | O53

Recent graduates, entrenched alumni, junior faculty, and campus staff in college towns



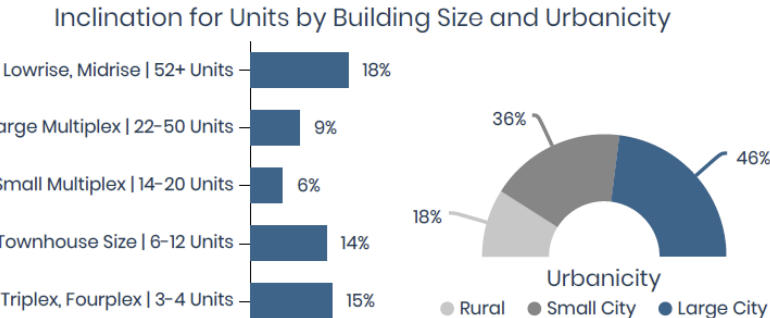
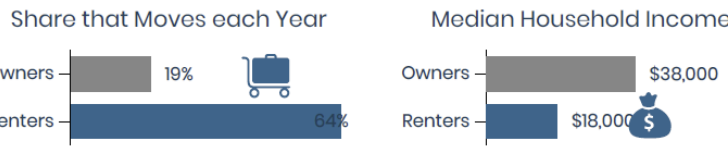
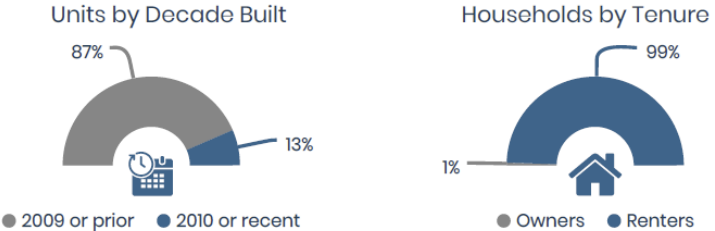
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TARGET MARKET PROFILES

NATIONAL AVERAGES

Family Troopers | O55

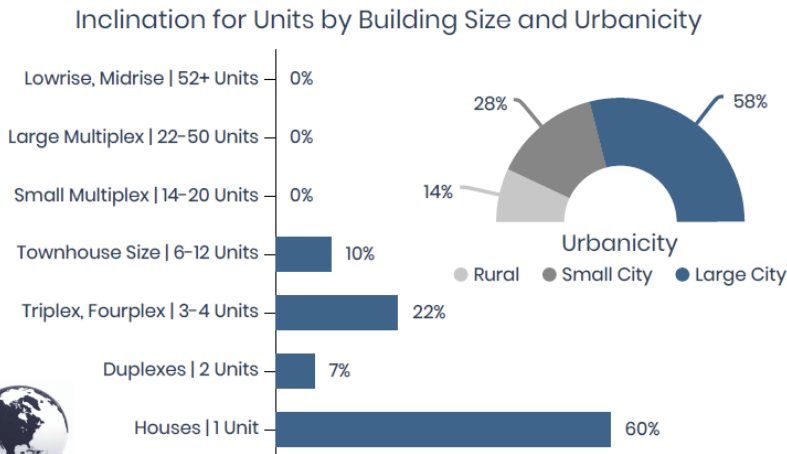
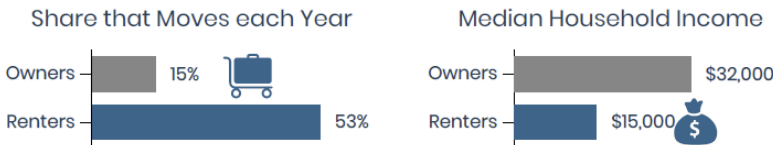
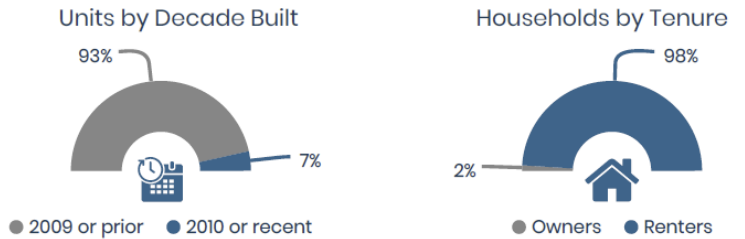
Young families and single-parents with military affiliations, in many scattered locations



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Dare to Dream | R66

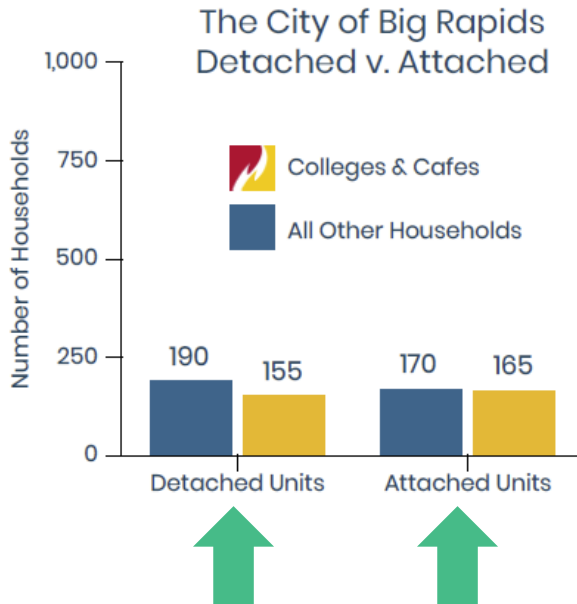
Young singles and single-parents with lower incomes starting out in city apartments



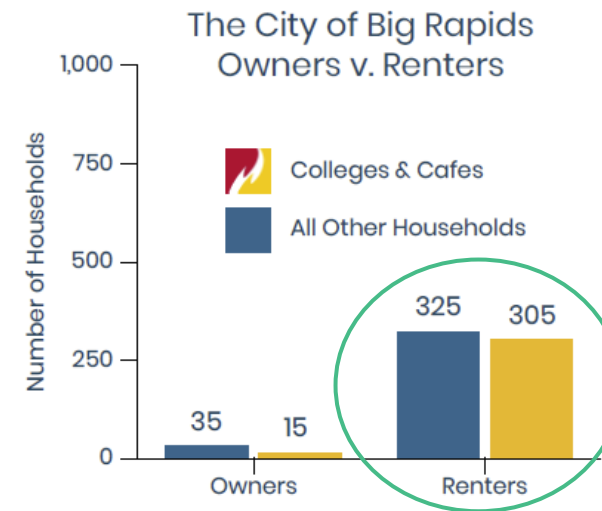
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OWN VS. RENT AND ATTACHED VS. DETACHED

Conservative Market Potential | 2020
New Builds Only | Big Rapids City

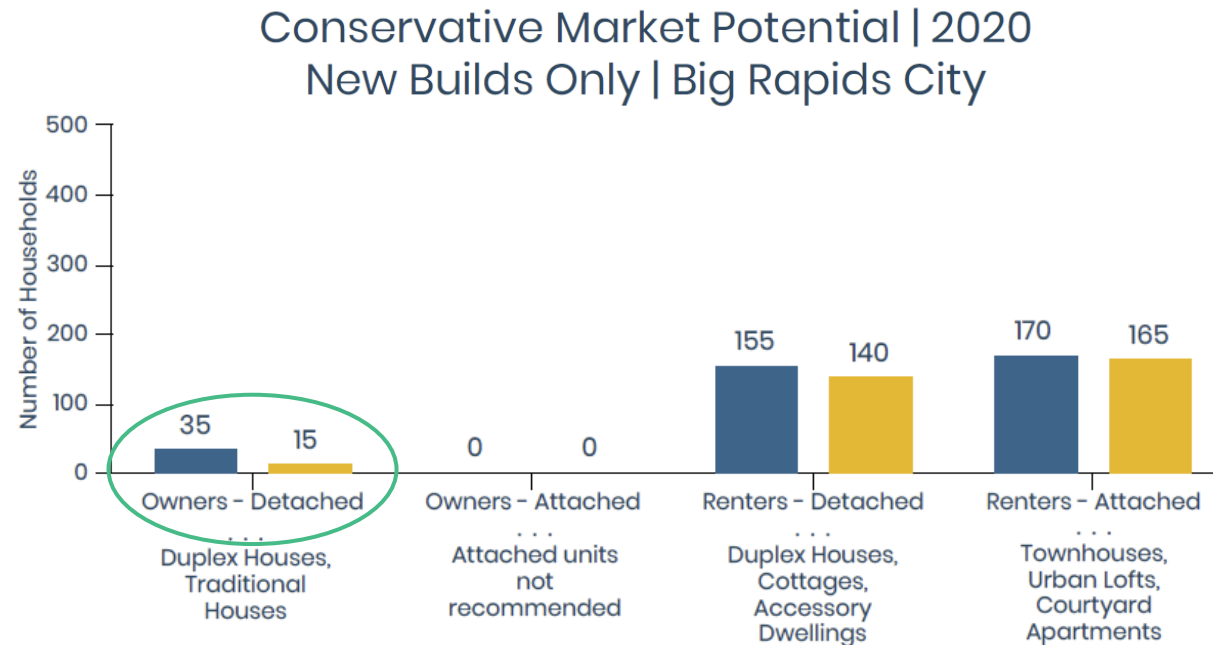


- Households are looking for both detached and attached housing units, whether associated with the university segment or not



- Renters in **both** the university segment and the rest of the community segments are active looking for units – a total of at least 630 new rental units could be captured

OWN VS. RENT

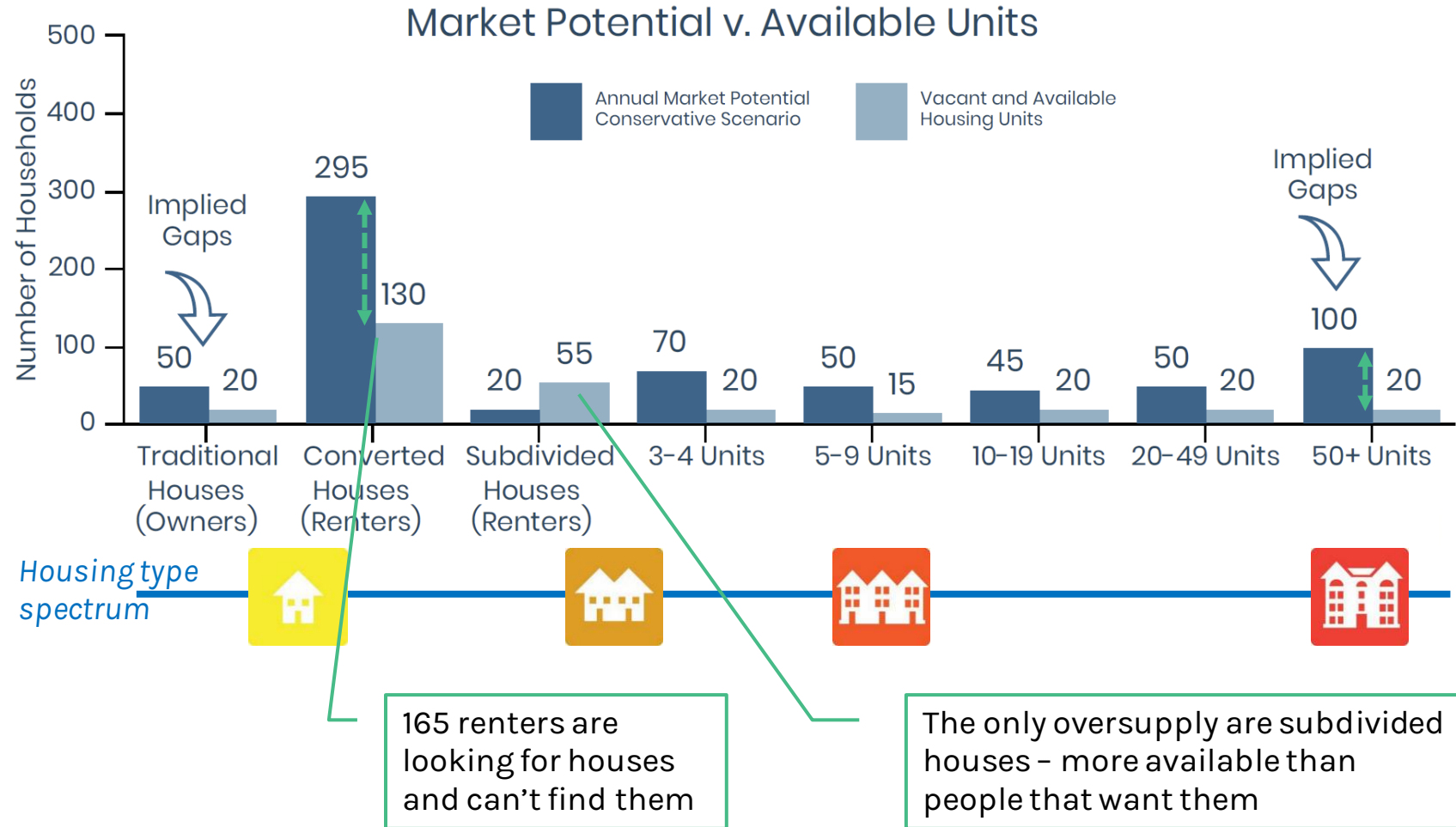


- Owners expect to own a house (not looking for owner-occupied attached units)
- Renters are looking for both attached and detached options

WHERE ARE THE GAPS?

WHAT'S AVAILABLE AND WHAT PEOPLE ARE LOOKING FOR?

- Great potential for new larger apartment buildings to free up single-family houses
- Gaps for all other housing types, especially traditional houses (both for rent and to own) and 50+ apartment units



POTENTIAL RENTAL COSTS

- Greater need for smaller units that meet the \$700/month rent
- Lower price point of around \$450 can be met by accessory units, apartments over garages, etc.

