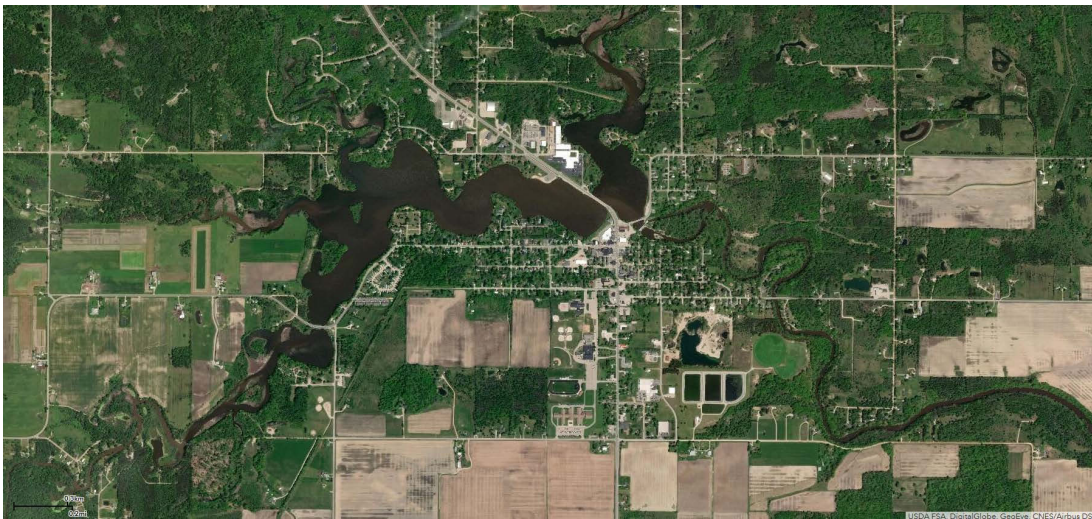




**A Housing Market
Analysis of
Beaverton, MI**



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I. INTRODUCTION

Community Research Services, LLC (CRS) has been commissioned by Beckett & Raeder, Inc. to investigate housing market conditions across the Beaverton area. Beaverton is located within the east-central section of lower Michigan, within the southwest corner of Gladwin County. The city is approximately 45 miles from Bay City, approximately 95 miles from Lansing, and approximately 110 miles from Traverse City.

CRS has been tasked to investigate the viability of various housing options, based on current and projected market conditions, identified target market segments, and the status of prevailing and projected economic conditions. While the market conditions are measured for those within the Beaverton area, in some instances assumptions will be made regarding the likely participation of households outside of the Beaverton area.

Like many northern Michigan communities, Beaverton was originally established as a lumber community, with an ideal location for such activities at the confluence of the Tobacco and Cedar Rivers. Lumbering, oil production, and manufacturing have traditionally served as the primary employment sectors for the community. More recently, the local economy has included service and retail options, along with manufacturing, as the most prominent employment segments. Prevailing demographic trends reflect a generally stable population base increasingly aging in place, slightly smaller than typical family sizes, and a household base that consists of mostly owner-occupied homes. The community does feature a higher than typical concentration of manufacturing employment, positive income trends as compared to Gladwin County, and sufficient land for future development opportunities.

This analysis will attempt to quantify prevailing housing conditions, identify the community's strengths and weaknesses from a housing standpoint, ascertain gaps within the local housing marketplace, and provide recommendations for housing options that would ideally enhance the area's viability as a residential community for current and future residents.

No assumptions or analysis will be made regarding the separate market viability of higher-priced homeownership options, luxury homes (rental or owner), nor the potential for 2nd homes/vacation residences. Comments and market criteria for these segments will be included when necessary as part of an examination of overall housing market conditions.

A discussion of the likely target market segments that match the product types under examination will be included, using standard demographic/economic data as well as Tapestry information provided by ESRI, which examines local population segments within a series of generalized categories based on prevailing incomes, educational attainment, and other factors. This review will include the relative size and strength of each target market segment, individual characteristics of each target market, and the potential contribution of each segment.

The primary purpose of the following market analysis is to provide sufficient evidence that market depth and demand may or may not exist for potential housing development. This will be demonstrated through an in-depth analysis of local and regional demographic and income trends, economic and employment patterns, and existing housing conditions, as well as a supply and demand analysis of available residential alternatives within the region.

II. EXECUTIVE SUMMARY

The following overview highlights the major findings and conclusions reached from information collected through demographic analysis, economic observations, and primary research of the community:

- The analysis assumes the examination of Beaverton city and the three townships within the southeast corner of Gladwin County as one combined market area. Other geographic measures used throughout the analysis include Beaverton City and Gladwin County. The market area is appropriate for the preliminary examination of housing options; however, the size and characteristics of any subsequent housing proposal would likely expand the market area beyond the city and townships. This is of course dependent upon assumptions regarding location and accessibility.
- Two primary target markets (market subsets) were examined for this analysis, including:
 - Senior rental housing – for those persons or couples age 55 and older, that are able to live an independent lifestyle, and are primarily retired or work on a part-time basis. The segment is divided into an affordable band (with incomes between \$18,000 and \$24,000) and market rate band (\$48,000 and above).
 - Workforce housing – for singles, couples, or small families of all ages, divided between an affordable band (with incomes between \$20,000 and \$35,000 depending on family size) and market rate band (with incomes between \$35,000 and \$75,000), typically with some degree of specialized training or educational attainment, employed within manufacturing, services, or other moderate-wage sectors. Rental and homeownership considerations will be included.
- Positive factors include the following:
 - Local employment trends within the immediate Beaverton community are very positive. Manufacturing occupations have remained a strong and stable component of the community's economy, providing a degree of stability that is beneficial to the local retail sector, school system, and housing market. Ongoing additions to the labor force will continue to set Beaverton apart from adjacent communities as a job generator.
 - Gladwin County contains a number of recreational areas, lakes, and parkland. Such areas are popular destination points for both local and regional use, and also encourage consideration of the Beaverton area as a retirement destination. The community's ongoing gains within the senior segment points to this trend. Additional placemaking considerations are mostly favorable, as the community contains generally sufficient retail and service outlets to support daily living activities.
 - Housing prices are relatively modest, despite some price inflation due to the presence of retirement homes found along lakes, rivers, and other resort-oriented locations. Comparisons regarding housing cost with other northern Michigan communities are generally favorable for both owner-occupied and rental options.

- The community exhibits relatively little blight, and with few exceptions most residential areas are in fair to good condition, with a degree of stability that is a positive influence upon the community. While improvements within the housing stock are always welcome, the overall quality of the community's housing stock is not an immediate issue at this time.
- The rental housing stock contains ample affordable units for those households that fall within the low-income range. This includes options for both families with children and senior citizens with limited incomes. These rental facilities are in generally good condition and are near full occupancy.
- The Beaverton area has exhibited substantial wage/income appreciation over the past decade. While still lagging behind overall Gladwin County figures, prevailing wages within the city are now much more competitive with neighboring communities as compared to prior decades, providing additional economic stimulus to the community and contributing to more housing demand.
- Impediments and other problematic considerations include:
 - The population across the Beaverton area is aging in place, and along with migration into the region by retirees the size of the non-senior labor force continues to decline. By 2023 senior households age 55 and older will represent nearly 60 percent of the area's total. Such trends are not sustainable, and will result in a rapidly declining workforce, shrinking school age population, and reduced tax base.
 - Limited supply of market rate rental housing is present, and is an impediment to the potential relocation of households with professional skills/talents into the community. While affordability of housing is not an acute issue, the availability of housing proximate to likely employment locations within the city is lacking.
 - Development costs are somewhat prohibitive, reflecting a range of issues that make affordable housing more difficult not only locally but across much of Michigan. These include environmental concerns, zoning requirements, permit costs, and other factors that are becoming more common across the region and statewide. The ability to reduce the cost of development is critical to the ability of a community to provide affordable housing.
 - Declining birth rates are prevalent across Michigan, but this trend within the Beaverton area is exacerbated by the community's increasing concentration of senior households. As a result of such trends, local schools typically increasingly seek out alternatives to stabilize enrollment, decide to reduce budgets/payroll, or investigate consolidations with other neighboring areas.
 - While the area's home sales market is relative stable, many of these homes are not ideal for entry level professionals or blue-collar families that are seeking to establish more permanent residences within Beaverton. While some options are present within Beaverton, many of these options may be aged, undersized, or inadequate to serve the demand potential within the community. Many of the homes that are perhaps more suited for the primary target market segments are not

found within the immediate Beaverton area, but are located near recreational areas that are not the first choice for relocation.

- Primary findings for this analysis include:
 - **Limited Housing Supply:** The Beaverton Area’s ability to attract entry level households across the moderate-income and upper-moderate income ranges is limited by a lack of supply for both rentals and homes for purchase, despite relatively reasonable price points across the community. These factors negate the positive Placemaking assets found across the Beaverton Area. In addition, an increasing senior segment and declining birthrates will lead a shift in the community’s characteristics which may negatively impact the school system, tax base, employment base, and retail/service availability.
 - **Demand for Market Rate Rentals:** Relatively few market rate rental developments are present within the Beaverton area. Future development should reflect primarily market rate options, with secondary consideration for additional affordable units that would serve both the low-income and moderate-income household segments. The introduction of 20 to 30 units of market rate rental housing is strongly suggested. Such a development would facilitate any relocation to the Beaverton area, reflecting the growing need for such housing options to match the current and future gains in the local labor force.
 - **Demand for Workforce Homeownership Options:** A clear need for additional homeownership opportunities can be identified within the analysis. Increasing demographic trends within the city reflect an ongoing desire for persons and families to migrate to the area. Such trends are reflected within the ESRI forecasts for local population, households, and income growth. A review of housing supply points to a lack of modern moderately-priced homes available for sale, as the current market is divided between lower-priced, older, smaller homes and higher priced homes located along recreational areas. Additional homes available for sale, targeted for moderate-income households, and priced between \$160,000 and \$200,000 would greatly alleviate an increasing demand for modern homeownership within the Beaverton area. Price points that can be further reduced due to public/private collaborations, targeted reductions in development costs, and any potential reductions in pre-development costs are also worthy of investigation by local leaders.
 - **Demand for Senior Housing:** Long-term trends indicate ongoing growth within the senior segments; however, insufficient demand is present at this time for a positive recommendation regarding the placement of senior housing options within the Beaverton area. Additional considerations toward this conclusion include a lack of medical facilities that most senior households would require, the insufficiently small size of the Beaverton market, and the close proximity of alternative senior housing options within Gladwin, Clare, and Midland. While demand does exist for such housing, minimum project size realities within the development community prevent the development of such a facility at the local level at this time. Growing senior populations and the community’s desire to attract more medical options for local residents may lead to sufficient market depth and conditions for senior rental housing in the future.

The findings point to sufficient statistical support and market depth for rental development that addresses the moderate-income band, generally described by households between 60 percent and 120 percent of Area Median Income, ideally suited for the “Workforce Housing” target market segment. Based on the preliminary findings, such a development should feature the following characteristics:

- Project Size: Approximately 20 - 30 units
- Project Type: Market rate units, with a combination of garden apartments and lower-density townhomes
- Unit mix: The inclusion of affordable and market rate units within a mixed-income proposal is also suggested, but it is difficult to minimize the inclusion of affordable units within such a proposal
Combination of one-bedroom / two-bedroom options
- Targeted Incomes: \$35,000 - \$75,000
- Preliminary Pricing: \$800+ – 1BR
\$1,050+ – 2BR
Rents do not include utilities, and assume a 2020 market entry
- Amenities/features: Commensurate with modern rental developments found within nearby metropolitan areas such a Midland
- Additional considerations: Collaboration with local employers to pre-lease or sponsor units for occupancy by employees on either a temporary or permanent basis

A need for additional homeownership options within the community for moderate income households is an additional recommendation from this analysis. Suggested features for such a proposal would include:

- Project Type: Single family or duplex structures with attached garage, targeted for couples and small families
- Unit mix: 3BR/2bth structures
- Targeted Incomes: \$50,000 - \$95,000
- Preliminary Pricing: \$160,000 - \$200,000

Amenities/features: Commensurate with modern owner-occupied housing found within adjacent communities (Gladwin, Midland, Clare)

Additional considerations: Collaboration with local employers to help sponsor financing options, or establishment of a sponsored down-payment assistance program to rapidly move potential employees into desirable homes for permanent occupancy

These recommendations are preliminary only. A positive recommendation for a more specific proposal would be dependent upon the utilization of a specific targeting plan, inclusion of amenities and building design that reflects the market, availability of on-site services (if applicable), and professional preleasing and management. Assumptions also include a positive location with ample visibility and strong access from across the region, as well as no delays during the eventual development process.

Map: Beaverton



III. MARKET PROFILE

Target Market Identification

To best identify which portion of the marketplace exhibits the strongest demand potential, a housing market analysis will identify a key target market segment or segments as the primary focus for examination and market potential, taking into consideration associated demographic and economic features. By separating the overall rental market into separate target market segments based on age, income, or other unique and pertinent aspects, a more specific examination and recommendation can be made for the community that specifically reflects the area's characteristics.

From a purely demographic standpoint, no one segment of the local population is clearly dominant, as the area's population for younger adults, older adults, and senior citizens is approximately the same. Only the senior segment demonstrates widespread growth trends, and much of this growth is simply aging in place. Describing the community from a very generalized social/economic standpoint, the largest segments include blue-collar unskilled laborers, retirees, and non-seniors those that do not participate within the labor force.

Ideally, a housing market that provides the widest range of choices for the broadest range of households will result in the strongest and most stable housing environment. For the Beaverton area an imbalance appears present for workforce households seeking both rental and homeownership options. From a local employment standpoint, a majority of the potential residents that may occupy such homes would have backgrounds within the manufacturing, services, and trade sectors. This may also include entry level professionals that are employed within the Beaverton area, regardless of industry background.

For this analysis, based on an examination of both demand and supply factors, Community Research has narrowed the list of applicable target market segments to the following two segments groups:

- Working class households seeking market driven rental housing and homeownership alternatives
- Senior citizens seeking independent living and assisted living alternatives

The likely market demand for housing types that may match the primary target market segments is evident to community leaders based on interviews conducted for this report.

Correspondingly, the primary target market segments for this analysis will include:

- Moderate income households (all ages, and including singles, couples, and small families), with a wide range of backgrounds and educational attainment, many of which are relocating to the community, and feature either strong educational attainment or workforce experience that results in higher than average income potential. This is the “missing middle” most communities are lacking, and feature occupations within both blue collar and white-collar sectors
- Moderate income to higher income senior households (age 55 and older), singles or couples, with minimal or no participation within the labor force, able to live an independent lifestyle or in need of some personal assistance, potentially seeking a rental housing option designated for senior occupancy

Households outside of these two descriptions are readily found across the Beaverton area and Gladwin County as a whole, and represent separate target market segments. All potential target market segments impact the overall housing marketplace, but our examination will focus on workforce households and independent living seniors, the likely characteristics that these two target markets would ideally seek, and the availability of housing options that would best match the desires of the two segments.

Primary and Secondary Market Area Determination

The Beaverton area is a distinct market, with a clear history, retail/service options, employment opportunities, and cultural background. The most conservative measure of this marketplace would include the City of Beaverton and adjacent townships within the southwest corner of Gladwin County. This is what this analysis will use as a baseline for demographic analysis and demand calculations. The Primary Market Area includes the following subdivisions of Gladwin County:

- Beaverton City
- Beaverton Township
- Tobacco Township
- Billings Township

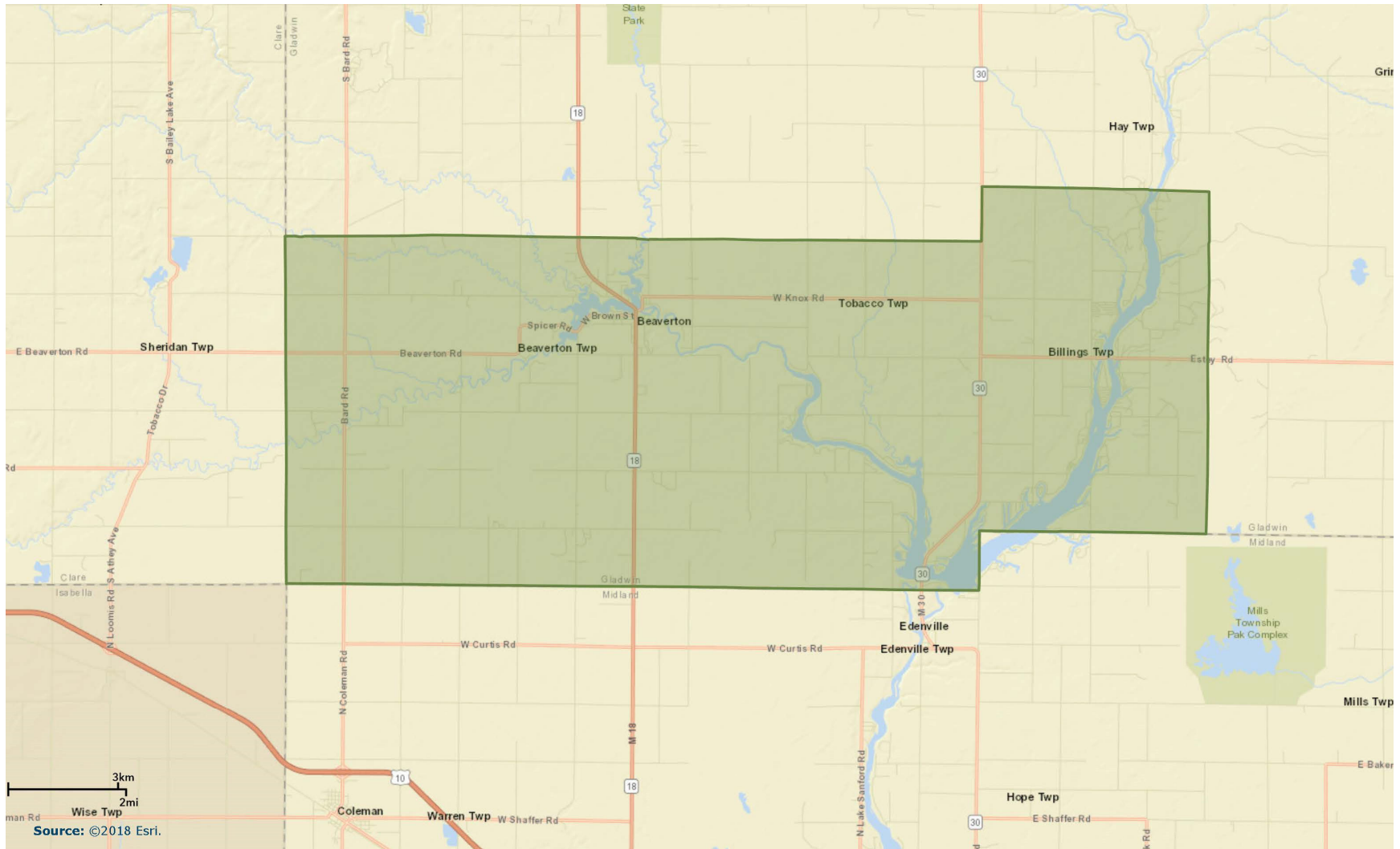
The proximity of Gladwin, Clare, Coleman, and Harrison help to shape the market area, with an overriding factor to make any market area as conservative as reasonably possible, in

order to make any subsequent housing demand calculations as reasonable as possible. As a result, townships to the north of Beaverton (Grout and Buckeye), to the west (Sheridan, in Clare County), and south (Warren, in Midland County) were not included within the market area. In addition, the eastern section of Gladwin County was not included, as this section of the county is sparsely populated and is mostly State Forest land.

Secondary Market Area considerations are an important consideration for this analysis, as this overlap with adjacent communities does to some degree exist, despite exclusion of these additional townships from the defined market area. Both migration data and commuting patterns indicate an observable degree of movement from other nearby cities and villages with Beaverton.

From a senior housing standpoint, Secondary Market considerations may be somewhat more liberal, and include former residents of the Beaverton area, regardless of their current address, that would strongly consider relocating to the community if a residential option was available. While Secondary Market contributions clearly exist, it is difficult to quantify in a reasonable manner the degree of participation prior to the development of housing options. Such factors are readily determined after the development process, based on traffic patterns, inquiries, and the eventual relocation of residents from outside of the region.

Map: Beaverton Primary Market Area



IV. DEMOGRAPHIC & ECONOMIC TRENDS

Economic Trends

Employment by industry data from the American Community Survey indicates the most common industry for employed residents to work in was services, which represented nearly 40 percent of all market area workers. With the city this percentage was nearly 39 percent, reflective of a combination of highly concentrated service jobs and a lack of other options within the community. Manufacturing positions represented 24 percent of the market area’s labor force, while construction and retail trade positions were also prominent portions of the labor force.

The percentage of employment within moderate to higher wage positions appears higher than typically found within rural communities, reflecting a higher than average degree of blue-collar employment.

Table: Employment by Industry

	<u>City of Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
Agriculture and Mining	0	49	324
Percent	0.0%	1.6%	3.6%
Construction	19	327	867
Percent	4.2%	10.6%	9.7%
Manufacturing	158	752	1,796
Percent	35.1%	24.4%	20.2%
Wholesale Trade	28	101	168
Percent	6.2%	3.3%	1.9%
Retail Trade	46	303	1,096
Percent	10.2%	9.8%	12.3%
Transportation & Utilities	6	125	407
Percent	1.3%	4.1%	4.6%
Information	3	14	61
Percent	0.7%	0.5%	0.7%
Finance, Insurance, & Real Estate	17	122	485
Percent	3.8%	4.0%	5.5%
Services	173	1,219	3,388
Percent	38.7%	39.8%	38.3%
Professional & Managerial Serv	7	153	443
Percent of All Services	4.0%	12.6%	13.1%
Educational & Healthcare Serv	81	668	1,781
Percent of All Services	46.8%	54.8%	52.6%
Arts/Entertainment Services	74	289	690
Percent of All Services	42.8%	23.7%	20.4%
Other Services	11	109	474
Percent of All Services	6.4%	8.9%	14.0%
Public Administration	0	67	304
Percent	0.0%	2.2%	3.4%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

Unlike most communities across rural Michigan, the Beaverton area has maintained a healthy combination of service and manufacturing employment, resulting in a positive level of employment stability.

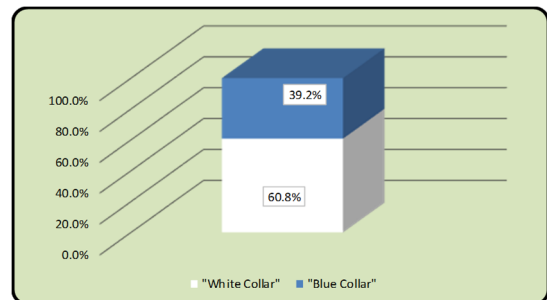
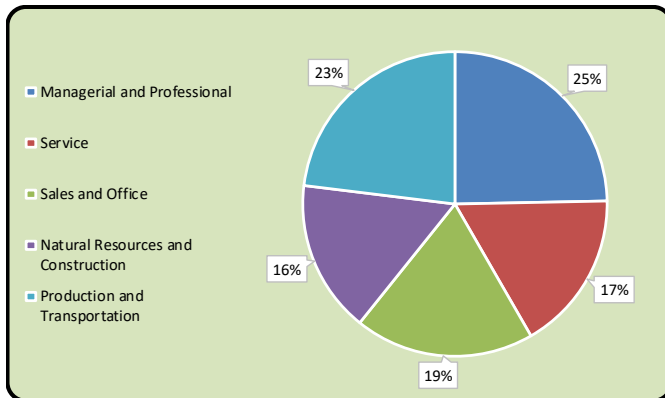
Employment by Occupation data from the American Community Survey indicates the majority of workers are employed in professional, sales, or office positions. These sectors combined totaled nearly 61 percent of the area’s labor force. The area’s concentration of “blue collar” positions represented approximately 39 percent of the labor force, with an identical concentration within the city (despite differences in individual occupation categories).

Table: Employment by Occupation

	<u>City of Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
Managerial and Professional	67	760	2,196
Percent	14.9%	24.7%	24.7%
Service	117	523	1,585
Percent	26.0%	17.0%	17.8%
Sales and Office	89	588	2,012
Percent	19.8%	19.1%	22.6%
Natural Resources and Construction	42	498	1,325
Percent	9.3%	16.2%	14.9%
Production and Transportation	135	710	1,778
Percent	30.0%	23.1%	20.0%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

Figure One: Employment by Occupation Breakdown – Beaverton Area



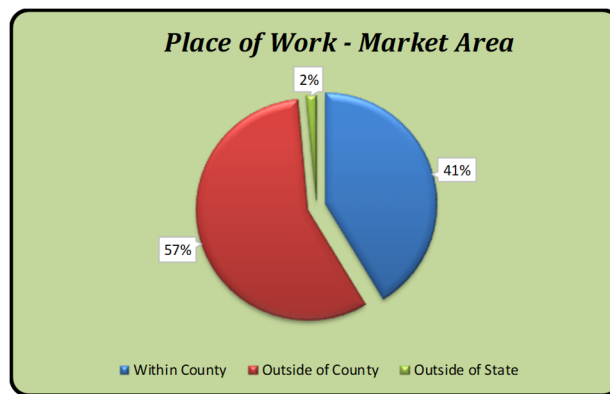
The area’s labor force is mostly local, with patterns that are similar to most other communities within adjacent portions of central and northeast Michigan. The percentage of people working outside of Gladwin County reflects the proximity of Midland, along with additional employment centers that are somewhat farther away.

Table: Employment by Place of Work

	City of <u>Beaverton</u>	<u>PMA</u>	Gladwin <u>County</u>
Place of Work within County	251	1,241	4,569
Percent	58.1%	41.3%	52.3%
Place of Work Outside of Coun	176	1,719	4,061
Percent	40.7%	57.3%	46.5%
Place of Work Outside of State	5	42	103
Percent	1.2%	1.4%	1.2%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

Figure Two: Employment by Place of Work Breakdown



Migration patterns for Beaverton as compared to Gladwin County give another perspective on local employment and the overall direction of demographic and economic levels. This data was collected from the most recent American Community Survey, and does include a surprisingly sizable margin of error.

Migration patterns are generally negative for Gladwin County in comparison to adjacent sections of Michigan. However, Beaverton exhibits surprisingly competitive migration statistics from a local standpoint.

Countywide, migration trends are negative with other sections of central and northeast Michigan, the state of Michigan overall, and the nation overall. Most adjacent counties are also negative in terms of migration patterns, with the exception of Bay County and Roscommon County, but these balances are minimal. The only strongly positive trend in favor of Gladwin County is a net migration of more than 200 persons from the Metro Detroit region (Wayne, Oakland, and Macomb Counties), most likely reflecting an infusion of retirees, or less likely specialized non-senior professionals relocating for new employment opportunities.

Two adjacent counties with the highest degree of migration are Ogemaw County (West Branch/Rose City), with a net negative migration totaling an estimated 84 persons, and Midland County (Midland/Coleman/Sanford), with a net negative migration estimated at 229 persons. Overall migration with adjacent counties totals negative 333 persons, estimated for 2016. This is a key statistic reflecting the degree of competitiveness from both a housing standpoint as well as employment standpoint. It is evident that Gladwin County exhibits migration trends that do not bode well for the area in comparison to adjacent communities.

More in-depth statistics measuring movership by local jurisdictions (cities and townships) are also available. Based on this data, local migration patterns for Beaverton are much more stable, and reflect a net positive migration of 117 persons for the balance of Michigan, and 110 persons nationwide. Locally, Beaverton's largest two out-migration destinations were Tobacco Township (loss of 27 persons), and Hayes Township (surrounding Harrison, within Clare County), with an estimated loss of 42 persons. Movership to Tobacco Township is not problematic, as such individuals have remained within the greater Beaverton area. Persons relocating to Harrison reflect a logical alternative to residence within Beaverton, particularly if an insufficient degree of housing options are present for those seeking such choices. Harrison, along with Gladwin and Coleman, are reasonable relocation options for persons that remain employed within the Beaverton area but are unable to obtain an alternative housing option (upgrade, starter home, or permanent relocation). The balance of local movership is minimal, with a slight balance in favor of Beaverton for persons from Gladwin city and Gladwin County overall. The only other notable activity includes infusions from Cole Township of Isabella County (Shepard), and Flint, as noted within the following tables. As for the aforementioned movement from the metro Detroit area, hardly any of these persons relocated to Beaverton, further indication that the movement reflects retirees moving to pre-planned retirement homes or 2nd homes, rather than a sizable relocation of persons that are within the workforce.

These migration trends are reflected within the county and city's population projections from ESRI, with declines in overall population anticipated between 2010 and 2023 countywide, but slight gains for Beaverton. It should be noted that some of these gains within the city may also reflect annexations that have taken place since 2000.

Table: Annual Migration Patterns – Beaverton & Gladwin County

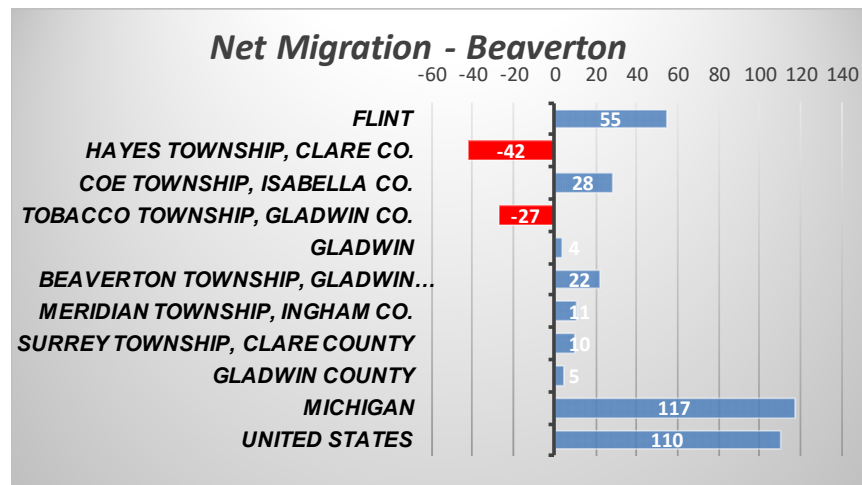
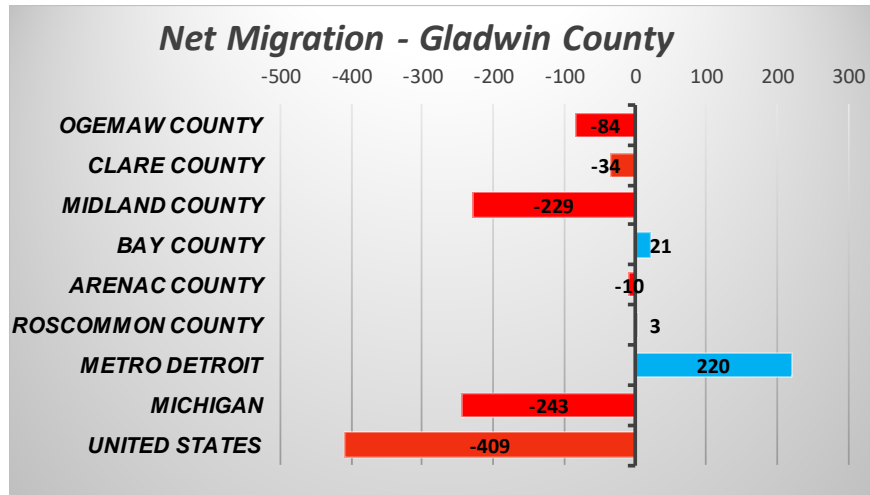
	<u>Flow Into Gladwin County</u>	<u>Flow Out of Gladwin County</u>	<u>Net Migration Gladwin County</u>
Ogemaw County	23	107	-84
Percent of Total	2.0%	6.8%	---
Clare County	133	167	-34
Percent of Total	11.5%	10.7%	---
Midland County	111	340	-229
Percent of Total	9.6%	21.7%	---
Bay County	65	44	21
Percent of Total	5.6%	2.8%	---
Arenac County	34	44	-10
Percent of Total	2.9%	2.8%	---
Roscommon County	18	15	3
Percent of Total	1.6%	1.0%	---
Metro Detroit	259	39	220
Percent of Total	22.3%	2.5%	---
Michigan	1,055	1,298	-243
Percent of Total	91.0%	82.8%	---
United States	1,159	1,568	-409
Percent of Total	100.0%	100.0%	---

SOURCE: 2012/2016 American Community Survey, U.S. Census Bureau

	<u>Flow Into Beaverton</u>	<u>Flow Out of Beaverton</u>	<u>Net Migration Beaverton</u>
City of Flint	55	0	55
Percent of Total	23.5%	0.0%	---
Hayes Township, Clare County	0	42	-42
Percent of Total	0.0%	33.9%	---
Coe Township, Isabella County	28	0	28
Percent of Total	12.0%	0.0%	---
Tobacco Township, Gladwin County	0	27	-27
Percent of Total	0.0%	21.8%	---
Beaverton Township, Gladwin County	22	0	22
Percent of Total	9.4%	0.0%	---
Meridian Township, Ingham County	11	0	11
Percent of Total	4.7%	0.0%	---
Surry Township, Clare County	10	0	10
Percent of Total	4.3%	0.0%	---
City of Gladwin	42	38	4
Percent of Total	17.9%	30.6%	---
United States	234	124	110
Percent of Total	100.0%	100.0%	---

SOURCE: 2012/2016 American Community Survey, U.S. Census Bureau

Figure Three: Annual Net Migration – Beaverton & Gladwin County



Employment Trends

Gladwin County employment totals have nearly recovered from the last recessionary period, but job trends since 2000 have been generally negative. The past five years have reflected the most positive trends across the county, with gains experienced every year except 2016. While positive, the county’s gains are not commensurate with the degree of economic recovery observed within many other sections of Michigan (both urban and rural). Employment totals peaked in 2000, with both the size of the labor force and total employment declining by approximately 11 percent. While unemployment levels have recently stabilized below seven percent, the number of jobs across the county is a difference of more than 1,100 positions from the year 2000. Such trends are indicative of permanent employment loss, typically within manufacturing and professional occupations.

While employment levels are lagging behind trends from the previous decade, unemployment ratios for Gladwin County have recovered to near historically stable levels. The county’s unemployment rate for 2017 was recorded at 6.7 percent, much improved from the high level of 16.5 percent recorded in 2009. Since 2013 the annual unemployment rate has remained below ten percent, with relatively small gains (100 jobs per year on average) each year since. By comparison, Michigan’s unemployment rate was 4.6 percent for 2017, while the national unemployment rate was reported at 4.4 percent.

For 2017, the Gladwin County labor force totaled 9,905 persons. This level is an increase from 2016, but is well below the peak level from 2003 (11,141 persons). Employed persons across Gladwin County were calculated at 9,244 persons in 2017, the largest total since 2008. Such trends across the region are mixed, as other counties within northern Michigan have also struggled to replace employment options that were lost during the past recessionary period, while other counties are much more successful in terms of employment recovery.

Figure Four: Area Employment Trends – Gladwin County

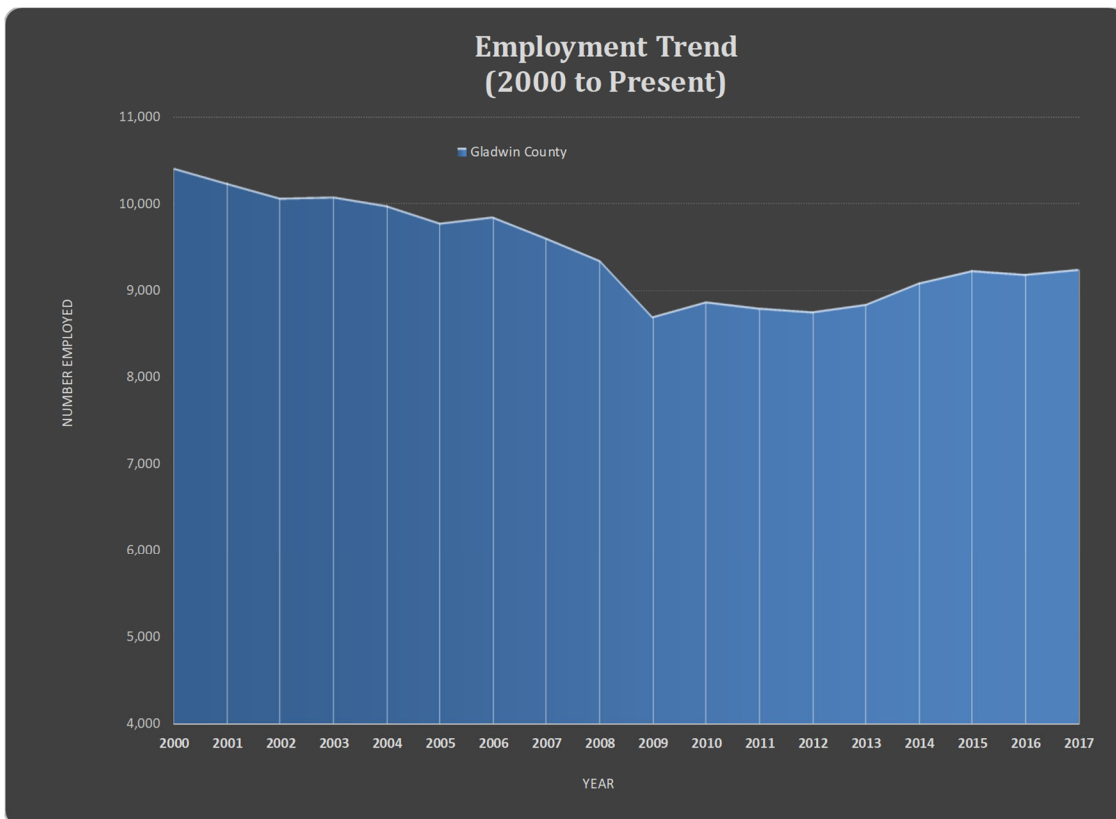


Figure Five: Annual Change in Employment

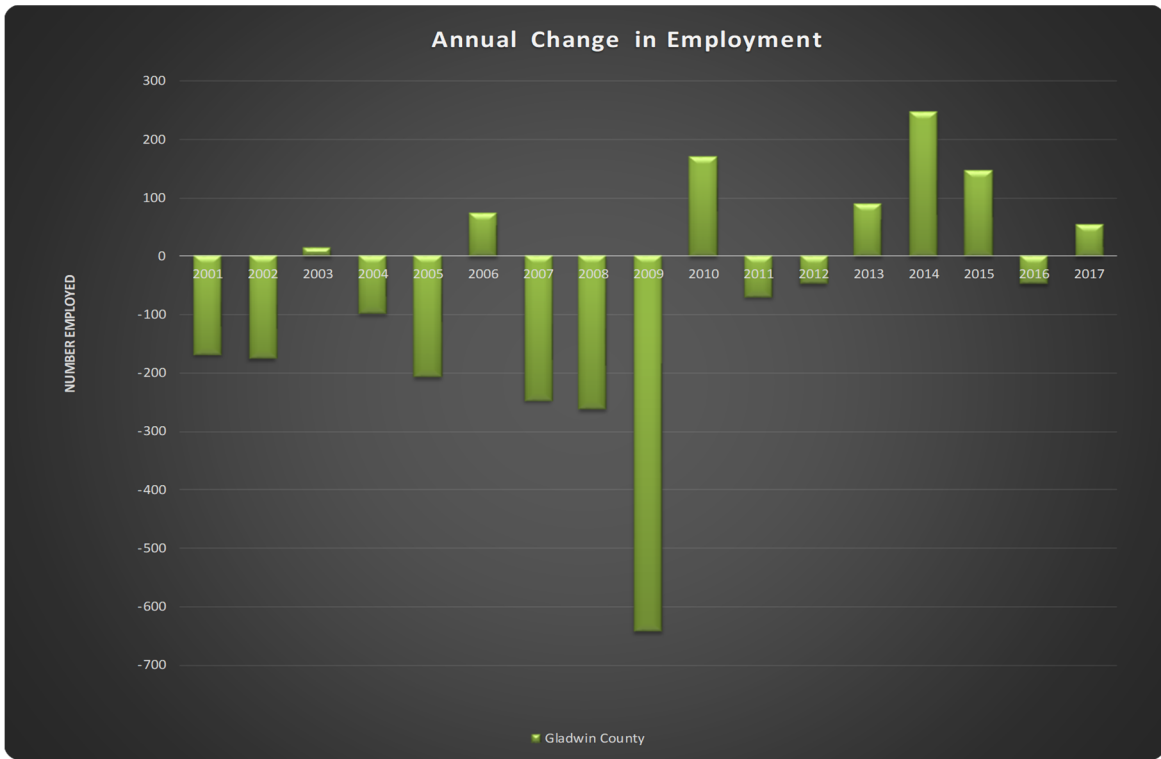


Figure Six: Unemployment Rate Comparison

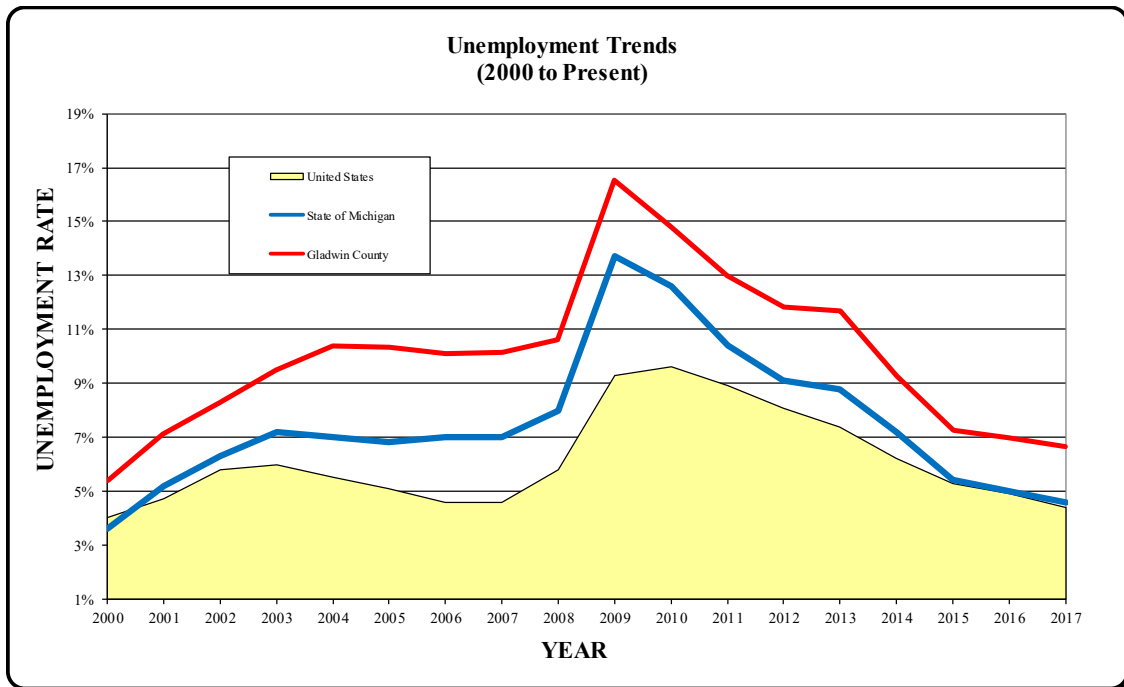


Table: Employment Trends (2000 to Present)

	<i>Gladwin County</i>				<i>State of Michigan</i>	<i>United States</i>
<i>Year</i>	<i>Labor Force</i>	<i>Number Employed</i>	<i>Annual Change</i>	<i>Unemployment Rate</i>	<i>Unemployment Rate</i>	<i>Unemployment Rate</i>
2000	11,006	10,410	---	5.4%	3.6%	4.0%
2001	11,030	10,242	(168)	7.1%	5.2%	4.7%
2002	10,978	10,067	(175)	8.3%	6.3%	5.8%
2003	11,141	10,081	14	9.5%	7.2%	6.0%
2004	11,140	9,983	(98)	10.4%	7.0%	5.5%
2005	10,902	9,776	(207)	10.3%	6.8%	5.1%
2006	10,958	9,850	74	10.1%	7.0%	4.6%
2007	10,686	9,603	(247)	10.1%	7.0%	4.6%
2008	10,451	9,341	(262)	10.6%	8.0%	5.8%
2009	10,422	8,699	(642)	16.5%	13.7%	9.3%
2010	10,413	8,869	170	14.8%	12.6%	9.6%
2011	10,115	8,799	(70)	13.0%	10.4%	8.9%
2012	9,926	8,752	(47)	11.8%	9.1%	8.1%
2013	10,011	8,842	90	11.7%	8.8%	7.4%
2014	10,019	9,089	247	9.3%	7.2%	6.2%
2015	9,961	9,236	147	7.3%	5.4%	5.3%
2016	9,880	9,189	(47)	7.0%	5.0%	4.9%
2017	9,905	9,244	55	6.7%	4.6%	4.4%
Nov-17	9,759	9,204	---	5.7%	4.1%	3.9%
Nov-18	9,757	9,303	99	4.7%	3.6%	3.5%
			<u><i>Number</i></u>	<u><i>Percent</i></u>		
			Change (2000-Present): (1,166)	-11.2%		
			Change (2000-2008): (1,069)	-10.3%		
			Change (2008-Present): (97)	-1.0%		

SOURCE: Bureau of Labor Statistics.

The county exhibits a somewhat larger than typical production/manufacturing sector, based on both US Census (at approximately 35 percent of the residential labor force) and Bureau of Labor Statistics information (at approximately 37 percent of the private sector’s at-place employment). Within the Beaverton area this concentration of production-oriented employment is somewhat higher, indicative of the community’s somewhat minimal retail and service outlets as compared to Gladwin and Clare, along with the number of manufacturing positions found within the defined market area. Thus, any loss of manufacturing jobs would not be immediately replaced by service or retail employment, as such positions do not exist locally.

Correspondingly, it is a positive trend that manufacturing employment within the market area is present, with both Saint-Gobain and Brown Machine Group representing the majority of employment within the market area. The 2018 addition of 120 jobs and the ongoing addition of at least 60 additional jobs at Saint-Gobain for 2019, along with the \$26 million expansion of the Beaverton facility are clear and direct indications of continued economic development for

Beaverton and southwest Gladwin County. Wages for these positions are competitive with employment across the region.

Data provided by the Beaverton Rural Schools points to a slow decline in student population, similar to other districts across mid-Michigan and especially northern Michigan. What is unique about the local schools is a recognition of these trends and a willingness to make changes within the local curriculum to maximize the community’s assets, such as the aforementioned manufacturing facilities. Beaverton has a state-wide award-winning robotics club, and plans to establish a plastics/robotics laboratory. School leaders recognize that providing STEM-related courses will increase the district’s potential for school-of-choice candidates along with increased interest by local residents. As for housing regarding the school’s employees, the district recognizes difficulties are present regarding new arrivals to the community. Part of the district’s attempt to address housing-related issues is the establishment of a Young-Five’s program, which is not only a response to community demand for such a change, but to also maximize the community and school to potential residents that may wish to relocate to the Beaverton area due to employment expansion.

Wages and Income Data

Employment and wage data obtained from the U.S. Census Bureau’s Quarterly Census of Employment and Wages (QCEW) provides a current picture of employment distribution within Gladwin County. This data measures private sector employment trends that take place within a given county, regardless of the residence of the labor force. As can be seen within the figures on the following pages, over the past seven years Trade/Transportation/Utilities positions remain the largest industry sector for the county, despite a decline of two percent within this category from 2010 to 2017. In 2017, this sector represented 25 percent of the county’s private sector labor force. Manufacturing employment accounted for 16 percent of the total, while

Sizable gains within specific industries have yielded the large majority of employment and wage growth over the past seven years – mostly within the production occupations.

Leisure/Hospitality jobs represented 15 percent of employment. Separated by the type of employment category, production positions increased by an impressive 37 percent over the seven-year period, while service positions have declined by less than one percent. Overall, private-sector employment has

increased by 8.5 percent between 2010 and 2017 (the totals do not include public sector jobs). As described previously, these trends reflect a partial recovery for the at-place employment base across the county.

The number of production-related jobs has increased over the seven-year period, including Natural Resources (up 33 percent), Manufacturing (up 28 percent) and Construction (up 58 percent). The largest percentage declines in employment were within Information (71 percent), Education/Healthcare (31 percent), and Other Services categories (16 percent). The largest gain by category was within the Financial sector, at more than double levels from 2010.

A primary way to illustrate the employment trends within Gladwin County is a comparison of private sector residential employment compared to at-place employment. Both statistics are collected by the U.S. Department of Labor, but are collected within separate surveys and are not meant for extensive comparisons. However, in a broad sense the total number of residential employment (8,800 jobs, estimated and adjusted for private sector jobs only, as of 2017) as compared to at-place employment (3,311 jobs, also as of 2017) is a clear illustration of the dynamics of the Gladwin County labor market. Just over 50 percent of the county's labor force is actually employed within Gladwin County, based on the latest American Community Survey information, so local workers are more than willing to find employment options within adjacent counties and beyond. As a result, any gaps in employment vs. labor force are more likely a reflection of the type of jobs being unfulfilled, rather than a general limitation based on the size of the local labor force. In discussions with local leaders and employers, this appears to be the case within the Beaverton area.

Leisure/hospitality positions currently offer the lowest average wages within the county (\$14,272 in 2017), followed by "other services" positions (\$23,446 in 2017). The trend within the natural resources sector is not unusual, as the size and characteristics of this sector are volatile. The highest average annual wages within Gladwin County are found within the manufacturing sector (\$53,502) and construction sector (\$50,865). Outside of the production occupations, remaining industries are concentrated in moderate and lower-wage positions, regardless of the employment sector. Overall wages have slowly increased over the past seven years, as the private sector average annual wage in 2017 was \$34,896 – slightly above Ogemaw County, but well below Midland County. Since 2010 this reflects an average annual rate of

increase of 2.3 percent, which is slightly above-average growth compared to statewide trends, but perhaps skewed greatly by the gains in select industries.

For housing needs to match these economic characteristics, pricing and project features need to reflect these recent changes within the target market segments, while recognizing that potential economic development opportunities (such as expansions at Saint-Gobain) may not exclusively reflect available housing options within the Beaverton area. The broadest available housing stock serves the broadest possible resident base. The identification of such gaps in the housing stock and the employment base is critical to the long-term stabilization of the area.

Table: Largest Employers – Gladwin County

Company	City	Employees	Product/Service
Gladwin Community Schools	Gladwin	260	Education
Brown Machine	Beaverton	228	Manufacturing
Saint-Gobain	Beaverton	228	Manufacturing
MidMichigan Health	Beaverton/Gladwin	187	Healthcare
Beaverton Rural Schools	Beaverton	150	Education
Gladwin Pines Nursing/Rehabilitation Center	Gladwin	135	Healthcare
Loose Plastics	Gladwin	120	Manufacturing
East Jordan Plastics	Beaverton	100	Manufacturing
Gladwin County	Gladwin	82	Public Administration

Source: Gladwin County EDC

Table: Gladwin County - Employment by Industry – 2010 to 2017

<i>Employment Categories by Industry</i>	<i>2010</i>		<i>2017</i>		<i>% Change</i>
	<i>Number Employed</i>	<i>Percent</i>	<i>Number Employed</i>	<i>Percent</i>	
Construction	210	6.9%	332	10.0%	58.1%
Manufacturing	418	13.7%	534	16.1%	27.8%
Natural Resources and Mining	101	3.3%	134	4.0%	32.7%
Total Production:	729	23.9%	1,000	30.2%	37.2%
Education and Health Services	522	17.1%	360	10.9%	-31.0%
Financial Activities	79	2.6%	203	6.1%	157.0%
Information	34	1.1%	10	0.3%	-70.6%
Leisure and Hospitality	423	13.9%	495	15.0%	17.0%
Other Services	284	9.3%	238	7.2%	-16.2%
Professional and Business Services	135	4.4%	176	5.3%	30.4%
Trade, Transportation, and Utilities	847	27.7%	829	25.0%	-2.1%
Total Services:	2,324	76.1%	2,311	69.8%	-0.6%
Overall Total:	3,053	100%	3,311	100%	8.5%

SOURCE: Bureau of Labor Statistics.

Figure Seven: Employment by Industry Breakdown – Gladwin County

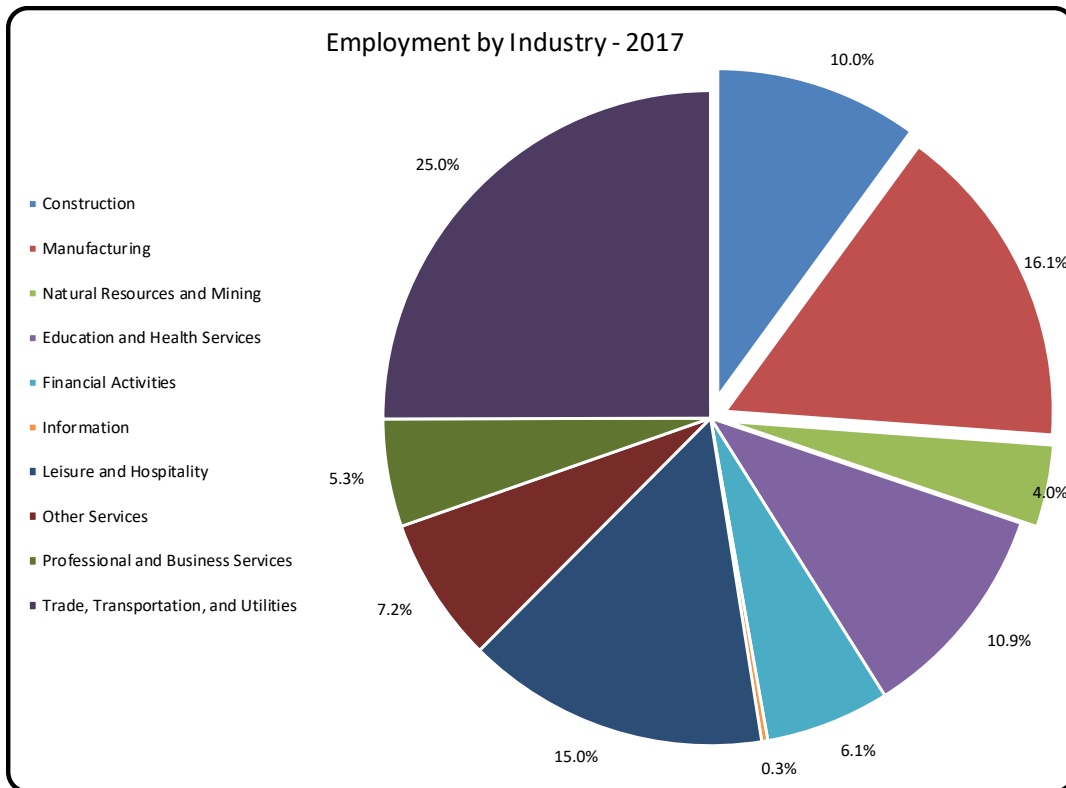
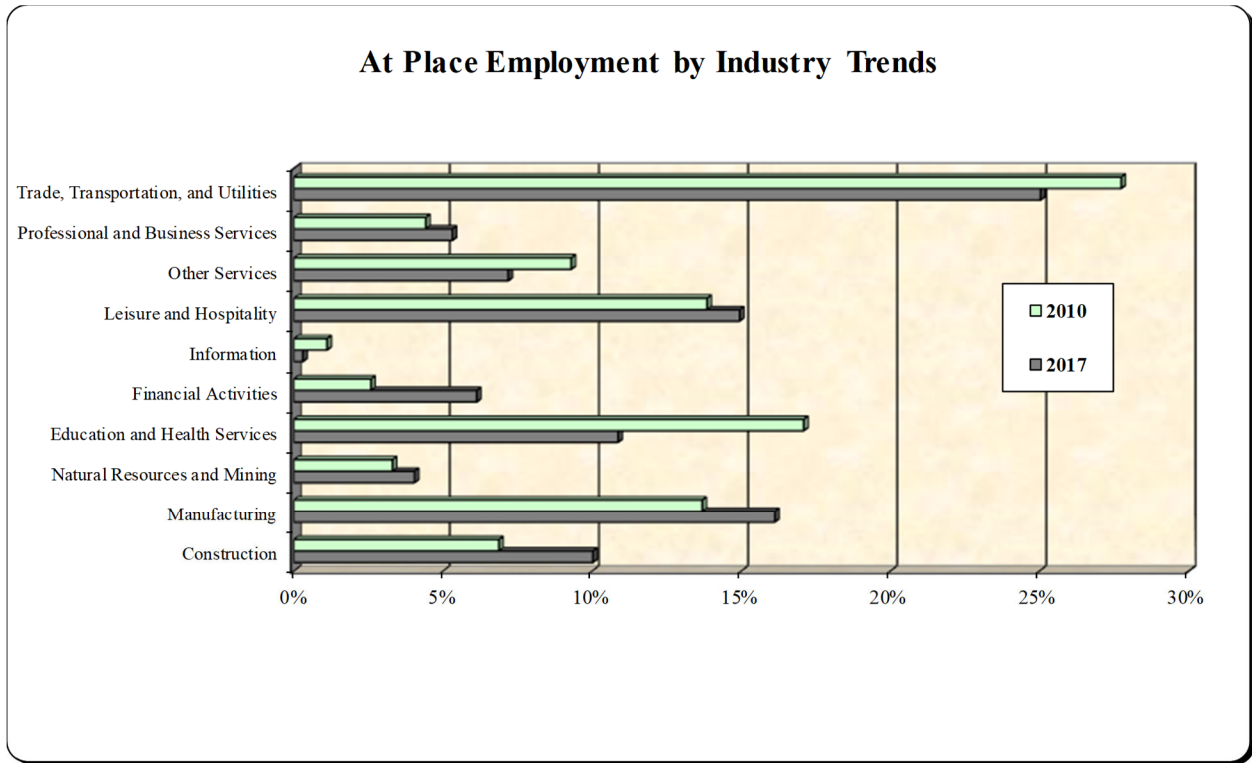


Table: Gladwin County Wage Trends by Industry – 2010 to 2017

<i>Private Employment Categories by Industry</i>	<i>Average Annual Pay - 2010</i>	<i>Average Annual Pay - 2017</i>	<i>% of Overall Average - 2017</i>	<i>Total % Change - 2010-2017</i>	<i>Average Annual % Change - 2010-2017</i>
Construction	\$37,087	\$45,136	29.3%	21.7%	2.8%
Education and Health Services	\$30,575	\$36,634	5.0%	19.8%	2.6%
Financial Activities	\$43,542	\$42,501	21.8%	-2.4%	-0.3%
Information	\$27,338	\$37,499	7.5%	37.2%	4.6%
Leisure and Hospitality	\$12,516	\$14,272	-59.1%	14.0%	1.9%
Manufacturing	\$50,295	\$53,502	53.3%	6.4%	0.9%
Natural Resources and Mining	\$36,152	\$50,865	45.8%	40.7%	5.0%
Other Services	\$18,234	\$23,446	-32.8%	28.6%	3.7%
Professional and Business Services	\$32,006	\$37,002	6.0%	15.6%	2.1%
Trade, Transportation, and Utilities	\$27,331	\$28,842	-17.3%	5.5%	0.8%
Overall Average	\$29,720	\$34,896	---	17.4%	2.3%

SOURCE: Bureau of Labor Statistics.

Population Trends

Population totals across the market area and Gladwin County are forecast to decline into the next decade, according to projections from ESRI. By 2023, the market area’s population is projected to total 7,899 persons, reflecting a decline of 1.5 percent from 2010. A similar trend is expected across Gladwin County over the same period. However, the city’s population is expected to increase by nearly five percent during the same period. While a positive indicator of the city’s economy, a portion of these gains are due to annexations to the city over the past few years.

Table: Population Trends (2000 to 2023)

	<u>City of Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
2000 Population	1,013	8,089	26,023
2010 Population	1,071	8,017	25,692
Percent Change (2000-2010)	5.7%	-0.9%	-1.3%
Average Annual Change (2000 to 2010)	0.6%	-0.1%	-0.1%
2018 Population Estimate	1,117	7,985	25,429
Percent Change (from 2010)	4.3%	-0.4%	-1.0%
Average Annual Change (2010 to 2017)	0.6%	-0.1%	-0.1%
2021 Population Forecast	1,119	7,933	25,227
Percent Change (from 2010)	4.5%	-1.0%	-1.8%
Average Annual Change (2010 to 2020)	0.4%	-0.1%	-0.2%
2023 Population Forecast	1,121	7,899	25,093
Percent Change (from 2010)	4.7%	-1.5%	-2.3%
Average Annual Change (2010 to 2022)	0.4%	-0.1%	-0.2%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

The following chart shows a population projection for the city and market area, providing an indication of the prevailing trend forward from 2010, reflecting little to no change.

Figure Eight: Population Trends/Projections



For this type of housing analysis, it is common to separate population totals into various age cohorts that reflect key age segments. In this analysis, this has been done as well, and include four key cohorts – Less than Age 20, Age 20 to 44, Age 45 to 65, and Age 65 and older.

Growth in senior population, due to both migration and aging in place, represents the primary demographic change in the Beaverton Area.

The ideal distribution of age within a community has the largest concentrations among the younger adults and non-adult populations, which transition into increasing household totals and family creation, while allowing older adults to age in place. Within the Beaverton area as of 2010, the

young adult and non-adult (less than age 20) segments are similar in size, between 23 percent and 25 percent. The older adult segment (age 45 to 64) was the largest cohort in 2010, representing nearly 32 percent of the population. Seniors within the area in 2010 accounted for 20 percent of the local population, indicative of an older-than-typical population base.

According to ESRI forecasts, by 2023 the size of each age cohort will be much more similar. Across the Beaverton Area, the three adult cohorts will be generally similar in concentration, while the number of children across the region will decline by nearly 15 percent. This shift in population is primarily aging in place by the local population, along with some degree of migration by older adults/seniors.

Correspondingly, the Beaverton Area’s non-senior population will continue to decline, projected to represent 73 percent of the 2023 population; in 2010, the non-senior population accounted for 80 percent of the total population. These shifts are similar across Gladwin County as a whole.

Figure Nine: Beaverton Market Area - Age Distribution (2010 to 2023)

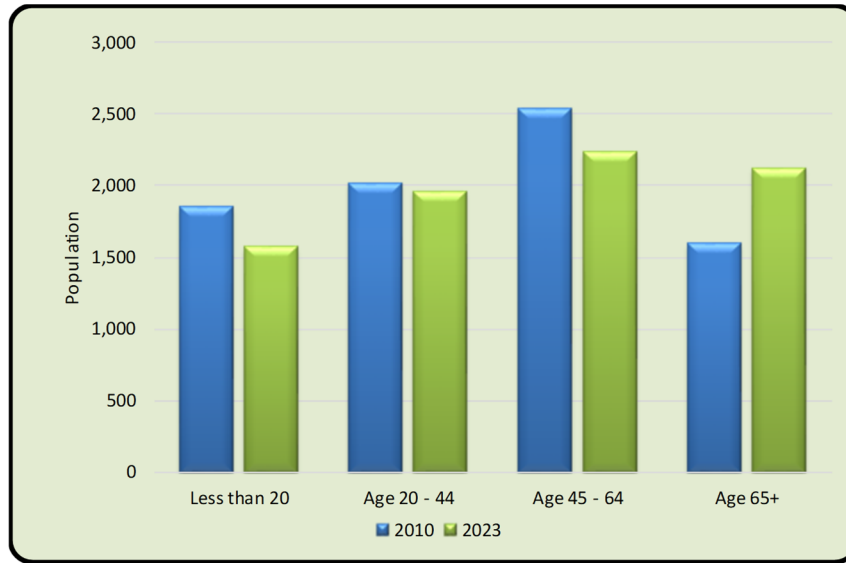


Table: Age Distribution (2010 to 2023)

	<u>City of Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
Age Less than 20 - 2010	315	1,852	5,761
Percent of total 2010 population	29.4%	23.1%	22.4%
Age Between 20 and 44 - 2010	307	2,023	6,185
Percent of total 2010 population	28.7%	25.2%	24.1%
Age Between 45 and 64 - 2010	262	2,544	7,893
Percent of total 2010 population	24.5%	31.7%	30.7%
Age 65 and Over - 2010	187	1,598	5,853
Percent of total 2010 population	17.5%	19.9%	22.8%
Age Less than 20 - 2023	275	1,576	4,920
Percent of total 2023 population	24.5%	20.0%	19.6%
Percent change (2010 to 2023)	-12.7%	-14.9%	-14.6%
Average Annual Change (2010 to 2023)	-1.1%	-1.3%	-1.3%
Age Between 20 and 44 - 2023	327	1,964	5,837
Percent of total 2023 population	29.2%	24.9%	23.3%
Percent change (2010 to 2023)	6.5%	-2.9%	-5.6%
Average Annual Change (2010 to 2023)	0.5%	-0.2%	-0.5%
Age Between 45 and 64 - 2023	282	2,233	6,889
Percent of total 2023 population	25.2%	28.3%	27.5%
Percent change (2010 to 2023)	7.6%	-12.2%	-12.7%
Average Annual Change (2010 to 2023)	0.6%	-1.1%	-1.1%
Age 65 and Over - 2023	238	2,126	7,447
Percent of total 2023 population	21.2%	26.9%	29.7%
Percent change (2010 to 2023)	27.3%	33.0%	27.2%
Average Annual Change (2010 to 2023)	2.0%	2.4%	2.0%

SOURCE: 2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

Table: Senior Population Trends (2010 to 2023)

	<u>City of Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
2000 Senior Population (55 years and Over)	305	2,381	8,454
Percent of total 2000 population	28.5%	29.7%	32.9%
2010 Senior Population (55 years and Over)	311	2,891	10,012
Percent of total 2010 population	27.8%	36.2%	39.4%
Percent change (2000 to 2010)	2.0%	21.4%	18.4%
Average Annual Change (2000 to 2010)	0.2%	2.0%	1.7%
2018 Senior Population (55 years and Over)	371	3,260	11,095
Percent of total 2018 population	33.1%	41.1%	44.0%
Percent change (2010 to 2018)	19.3%	12.8%	10.8%
Average Annual Change (2010 to 2018)	2.6%	1.7%	1.5%
2021 Senior Population (55 years and Over)	381	3,335	11,300
Percent of total 2021 population	34.0%	42.0%	44.8%
Percent change (2010 to 2021)	22.4%	15.4%	12.9%
Average Annual Change (2010 to 2021)	2.0%	1.4%	1.2%
2023 Senior Population (55 years and Over)	387	3,385	11,437
Percent of total 2023 population	34.5%	42.9%	45.6%
Percent change (2010 to 2023)	24.4%	17.1%	14.2%
Average Annual Change (2010 to 2023)	1.8%	1.3%	1.1%
2000 Senior Population (65 years and Over)	204	1,273	4,768
Percent of total 2000 population	19.0%	15.9%	18.6%
2010 Senior Population (65 years and Over)	187	1,598	5,853
Percent of total 2010 population	16.7%	20.0%	23.0%
Percent change (2000 to 2010)	-8.3%	25.5%	22.8%
Average Annual Change (2000 to 2010)	-0.9%	2.3%	2.1%
2018 Senior Population (65 years and Over)	214	1,929	6,822
Percent of total 2018 population	19.1%	24.3%	27.0%
Percent change (2010 to 2018)	14.4%	20.7%	16.6%
Average Annual Change (2010 to 2018)	1.9%	2.7%	2.2%
2021 Senior Population (65 years and Over)	228	2,047	7,197
Percent of total 2021 population	20.4%	25.8%	28.5%
Percent change (2010 to 2021)	22.1%	28.1%	23.0%
Average Annual Change (2010 to 2021)	2.0%	2.5%	2.1%
2023 Senior Population (65 years and Over)	238	2,126	7,447
Percent of total 2023 population	21.2%	26.9%	29.7%
Percent change (2010 to 2023)	27.3%	33.0%	27.2%
Average Annual Change (2010 to 2023)	2.0%	2.4%	2.0%
2000 Senior Population (75 years and Over)	110	513	1,869
Percent of total 2000 population	10.3%	20.4%	17.3%
2010 Senior Population (75 years and Over)	95	573	2,359
Percent of total 2010 population	8.5%	7.2%	9.3%
Percent change (2000 to 2010)	-13.6%	11.7%	26.2%
Average Annual Change (2000 to 2010)	-1.5%	1.1%	2.4%
2018 Senior Population (75 years and Over)	95	670	2,686
Percent of total 2018 population	8.5%	8.4%	10.6%
Percent change (2010 to 2018)	0.0%	16.9%	13.9%
Average Annual Change (2010 to 2018)	0.0%	2.3%	1.9%
2021 Senior Population (75 years and Over)	100	744	2,901
Percent of total 2021 population	9.0%	9.4%	11.5%
Percent change (2010 to 2021)	5.7%	29.8%	23.0%
Average Annual Change (2010 to 2021)	0.6%	2.6%	2.1%
2023 Senior Population (75 years and Over)	104	793	3,045
Percent of total 2023 population	9.3%	10.0%	12.1%
Percent change (2010 to 2023)	9.5%	38.4%	29.1%
Average Annual Change (2010 to 2023)	0.8%	2.7%	2.1%

SOURCE: 2000/2010 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Figure Ten: Senior Population Trends/Projections – Beaverton Area

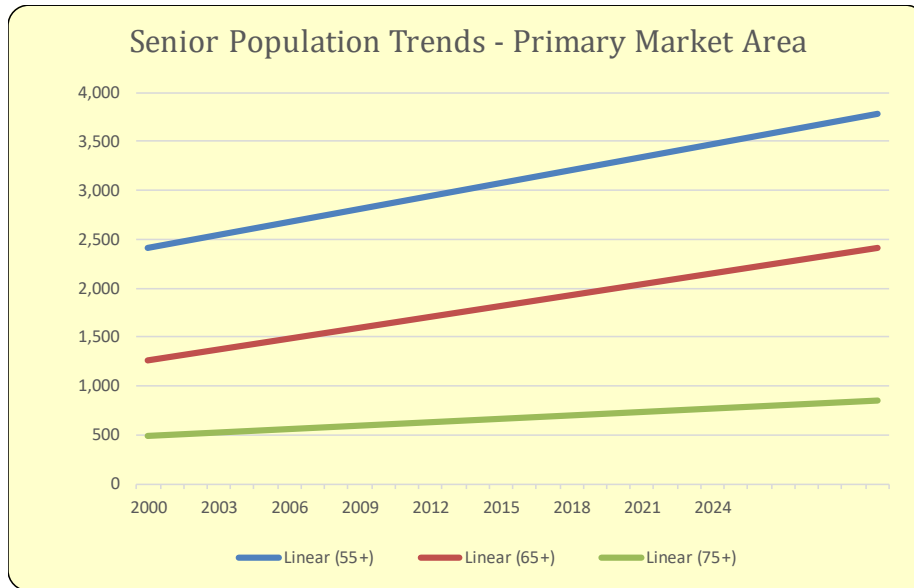
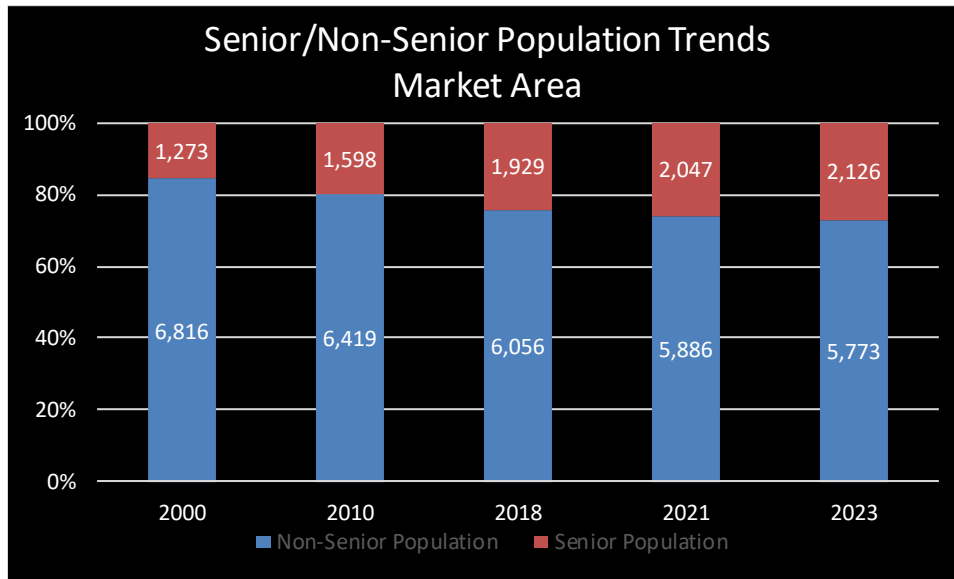


Table: Senior/Non-Senior Population Trends (2010 to 2023)

	City of <u>Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
2000 Non-Senior Population	809	6,816	21,255
Percent of total 2000 population	81.0%	84.1%	81.4%
2010 Non-Senior Population	884	6,419	19,839
Percent of total 2010 population	83.3%	80.0%	77.0%
2018 Non-Senior Population	903	6,056	18,607
Percent of total 2018 population	80.9%	75.7%	73.0%
Percent change (2010 to 2018)	2.1%	-5.7%	-6.2%
2021 Non-Senior Population	891	5,886	18,030
Percent of total 2021 population	79.6%	74.2%	71.5%
Percent change (2010 to 2021)	-1.3%	-2.8%	-3.1%
2023 Non-Senior Population	883	5,773	17,646
Percent of total 2023 population	78.8%	73.1%	70.3%
Percent change (2010 to 2023)	-0.9%	-1.9%	-2.1%
2000 Senior Population (65 years and Over)	204	1,273	4,768
Percent of total 2000 population	19.0%	15.9%	18.6%
2010 Senior Population (65 years and Over)	187	1,598	5,853
Percent of total 2010 population	16.7%	20.0%	23.0%
Percent change (2000 to 2010)	-8.3%	25.5%	22.8%
2018 Senior Population (65 years and Over)	214	1,929	6,822
Percent of total 2018 population	19.1%	24.3%	27.0%
Percent change (2010 to 2018)	14.4%	20.7%	16.6%
2021 Senior Population (65 years and Over)	228	2,047	7,197
Percent of total 2021 population	20.4%	25.8%	28.5%
Percent change (2010 to 2021)	22.1%	28.1%	23.0%
2023 Senior Population (65 years and Over)	238	2,126	7,447
Percent of total 2023 population	21.2%	26.9%	29.7%
Percent change (2010 to 2023)	27.3%	33.0%	27.2%

SOURCE: 2000-2010 Census STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Figure Eleven: Senior/Non-Senior Population – Beaverton Area



The average household size across the Beaverton Area is currently estimated at 2.40 persons – slightly smaller than statewide estimates. The county’s average household size is similar, at 2.37 persons, while the city’s ratio is slightly smaller, at 2.33 persons. In the future, household sizes will vary little from 2017 estimates.

Among seniors, the average household size is slowly rising within Beaverton and across Gladwin County, indicative of increased senior lifespans and more senior couples continuing to reside as an independent household. Such trends should continue into the next decade and beyond.

Table: Average Household Size (2000 to 2023)

	City of <u>Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
2000 Average Household Size	2.23	2.44	2.43
2010 Average Household Size Percent Change (2000-2010)	2.32 4.1%	2.39 -2.0%	2.36 -3.1%
2018 Average Household Size Estimate Percent Change (2010-2018)	2.33 0.6%	2.40 0.4%	2.37 0.5%
2021 Average Household Size Forecast Percent Change (2000-2021)	2.33 0.7%	2.40 0.5%	2.37 0.6%
2023 Average Household Size Forecast Percent Change (2010-2023)	2.34 0.7%	2.40 0.5%	2.37 0.6%

SOURCE: 2000/2010 Census of Population & Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

	<u>City of Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
2000 Average Household Size - Age 65+	1.32	1.48	1.50
2010 Average Household Size - Age 65+	1.26	1.54	1.55
Percent Change (2000-2010)	-4.6%	3.5%	3.4%
2018 Average Household Size Estimate - Age 65+	1.43	1.61	1.61
Percent Change (2010-2018)	13.7%	5.0%	4.3%
2021 Average Household Size Forecast - Age 65+	1.43	1.63	1.63
Percent Change (2010-2021)	14.0%	1.9%	1.6%
2023 Average Household Size Forecast - Age 65+	1.43	1.64	1.64
Percent Change (2010-2023)	14.0%	1.9%	1.6%

SOURCE: 2000/2010 Census of Population & Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

Household Trends

Households within the PMA follow trends similar to that of the population, with small losses across the region, but a small gain for the city. By 2023 the market area is projected to contain 3,281 households, reflecting a decrease of nearly two percent from 2010. An increase of four percent is anticipated within Beaverton.

Table: Household Trends (2000 to 2023)

	<u>City of Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
2000 Households	455	3,306	10,561
2010 Households	462	3,342	10,753
Percent Change (2000-2010)	1.5%	1.1%	1.8%
Average Annual Change (2000 to 2010)	0.2%	0.1%	0.2%
2018 Household Estimate	479	3,320	10,621
Percent Change (2010-2018)	3.7%	-0.7%	-1.2%
Average Annual Change (2010 to 2018)	0.5%	-0.1%	-0.2%
2021 Household Forecast	480	3,297	10,531
Percent Change (2010-2021)	3.8%	-1.4%	-2.1%
Average Annual Change (2000 to 2021)	0.4%	-0.1%	-0.2%
2023 Household Forecast	480	3,281	10,471
Percent Change (2010-2023)	3.9%	-1.8%	-2.6%
Average Annual Change (2010 to 2023)	0.3%	-0.2%	-0.2%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

Less than 30% of all occupied apartments within Beaverton were available for moderate-income households. This total is likely insufficient to address current and future demand for rental housing.

Beaverton features an estimated occupied renter household percentage of 31 percent, with a total of 150 units, as estimated by ESRI for 2018. This is a sharp decline from 2010 totals, and is perhaps an inaccurate depiction of current and future renter propensity. Across the Beaverton Market Area, rental units represent an estimated 17 percent of all households in 2018 (556

units). This figure, unlike the city estimate from ESRI, is quite similar to the 2010 data, and reflects all available data in regard to household creation and tenure. This figure, a stable representation of the community's trends, will be the focus for this analysis, rather than the unexpected shift in figures for Beaverton city.

This concentration of rentals is somewhat lower than most rural market areas, and is indicative of a community with a clear history of home ownership preferences. Available rental units are mostly apartment units within the city, and rental homes among the surrounding townships. Based on 2010 information, among all rental units at that time within the city, 85 percent were subsidized or rent restricted, either by the local housing authority or other entities. In addition, approximately 22 percent of the Beaverton Area's rentals are mobile homes, typically occupied by lower-income households or seniors with fixed incomes. As a result, relatively few rental units are targeted or even available for occupancy by those households above 60 percent of Area Median Income. As a result, despite a large number of rental units within the community, an insufficient number of rental units are likely present for renters within the primary target market segment identified within this analysis.

The Beaverton Area's total housing stock (occupied and vacant) in 2010 was approximately 34 percent vacant, further limiting available units for conventional rental options. While many of these units are seasonal/recreational use structures, the lack of suitable rental choices for moderate income households inhibits the relocation of families to the Beaverton area.

Figure Twelve: Household Tenure Trends – Beaverton Area

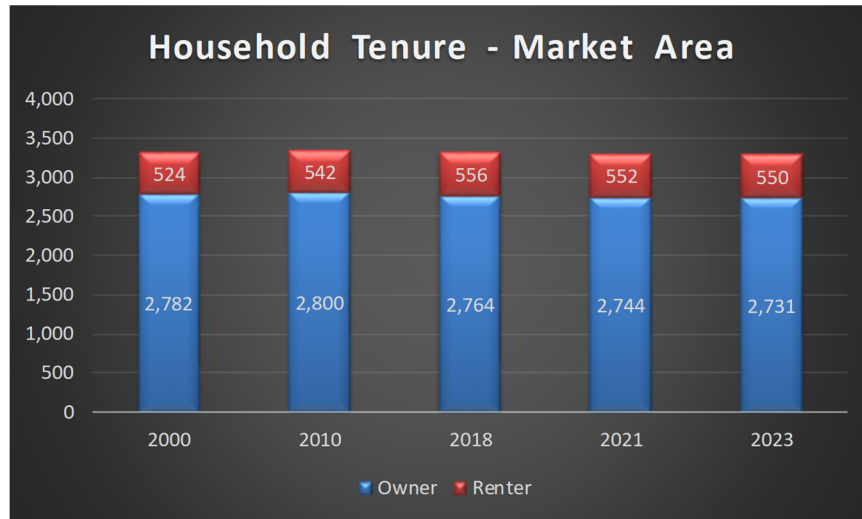


Table: Households by Tenure (2000 to 2023)

	City of <u>Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
2000 Renter-Occupied Households	222	524	1,508
Percent of total 2000 households	48.8%	15.8%	14.3%
2010 Renter-Occupied Households	205	542	1,646
Percent of total 2010 households	44.4%	16.2%	15.3%
Percent change (2000 to 2010)	-7.7%	3.4%	9.2%
2018 Renter-Occupied Households	150	556	1,773
Percent of total 2018 households	31.3%	16.7%	16.7%
Percent change (2010 to 2018)	-26.8%	2.6%	7.7%
2021 Renter-Occupied Households	150	552	1,759
Percent of total 2021 households	31.3%	16.8%	16.7%
Percent change (2010 to 2021)	-26.8%	1.9%	6.8%
2023 Renter-Occupied Households	150	550	1,749
Percent of total 2023 households	31.3%	16.8%	16.7%
Percent change (2010 to 2023)	-26.8%	1.5%	6.3%
2000 Owner-Occupied Households	233	2,782	9,053
Percent of total 2000 households	51.2%	84.2%	85.7%
2010 Owner-Occupied Households	257	2,800	9,107
Percent of total 2010 households	55.6%	83.8%	84.7%
Percent change (2000 to 2010)	10.3%	0.6%	0.6%
2018 Owner-Occupied Households	329	2,764	8,848
Percent of total 2018 households	68.7%	83.3%	83.3%
Percent change (2010 to 2018)	28.0%	-1.3%	-2.8%
2021 Owner-Occupied Households	330	2,744	8,772
Percent of total 2021 households	68.7%	83.2%	83.3%
Percent change (2010 to 2021)	28.2%	-2.0%	-3.7%
2023 Owner-Occupied Households	330	2,731	8,722
Percent of total 2023 households	68.8%	83.2%	83.3%
Percent change (2010 to 2023)	28.4%	-2.5%	-4.2%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI

As with the senior population, senior households will exhibit the most robust gains within the Beaverton Area for the foreseeable future. By 2023, the number of senior households age 65+ across the market area will total 1,293 units, accounting for 39 percent of all households. The younger senior segment (age 55 and older) will represent a majority of the market area's households by 2023, with 1,964 units. The 2023

Senior households age 55+ across the Beaverton Area will represent nearly 60 percent of all occupied units by 2023. Such a high concentration of seniors will ultimately negatively impact the tax base and employment base.

concentration of younger senior households within the Beaverton Area will represent nearly 60 percent of all households. The implications regarding schools, the local tax base, the labor force, and the future of the community overall are quite evident within this statistic. Even with increased longevity, by 2040 the Beaverton Area may be significantly depopulated of non-senior households to the point where the composition and viability of the community will be greatly different. Such trends are already becoming evident across sections of the western Upper Peninsula.

Senior rental housing is very present across the Beaverton community, with two rental developments targeted for low income persons, totaling 88 apartments. All senior rental households, regardless of the type of unit occupied, accounted for 97 households (age 65 and older), representing nine percent of all senior households. Among persons age 55 and older, the number of rental units totaled 170 households in 2010, representing just 10 percent of all senior households. These households would include those within assisted living developments, conventional apartment units, and rental homes of any type. Alternative senior rental housing options are mostly found in other communities (primarily within Gladwin), as Beaverton lacks the medical facilities that most seniors strongly desire.

Table: Senior Household Trends (2000 to 2023)

	<u>City of Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
2000 Senior Households (55 years and Over)	226	1,501	5,178
Percent of total 2000 households	49.7%	45.4%	49.0%
2010 Senior Households (55 years and Over)	223	1,779	6,086
Percent of total 2010 households	48.3%	53.2%	56.6%
Percent change (2000 to 2010)	-1.3%	18.5%	17.5%
2018 Senior Households (55 years and Over)	242	1,918	6,495
Percent of total 2018 households	50.5%	57.8%	61.2%
Percent change (2010 to 2018)	8.5%	7.8%	6.7%
Average Annual Change (2010 to 2018)	1.2%	1.1%	0.9%
2021 Senior Households (55 years and Over)	249	1,946	6,567
Percent of total 2021 households	51.8%	59.0%	62.4%
Percent change (2010 to 2021)	11.5%	9.4%	7.9%
Average Annual Change (2010 to 2021)	1.1%	0.9%	0.8%
2023 Senior Households (55 years and Over)	253	1,964	6,615
Percent of total 2023 households	52.7%	59.9%	63.2%
Percent change (2010 to 2023)	13.5%	10.4%	8.7%
Average Annual Change (2010 to 2023)	1.1%	0.8%	0.7%
2000 Senior Households (65 years and Over)	155	855	3,067
Percent of total 2000 households	34.1%	25.9%	29.0%
2010 Senior Households (65 years and Over)	149	1,041	3,707
Percent of total 2010 households	32.3%	31.1%	34.5%
Percent change (2000 to 2010)	-3.9%	21.8%	20.9%
2018 Senior Households (65 years and Over)	150	1,195	4,159
Percent of total 2018 households	31.3%	36.0%	39.2%
Percent change (2010 to 2018)	0.7%	14.8%	12.2%
Average Annual Change (2010 to 2018)	0.1%	2.0%	1.7%
2021 Senior Households (65 years and Over)	160	1,254	4,349
Percent of total 2021 households	33.3%	38.0%	41.3%
Percent change (2010 to 2021)	7.1%	20.4%	17.3%
Average Annual Change (2010 to 2021)	0.7%	1.9%	1.6%
2023 Senior Households (65 years and Over)	166	1,293	4,476
Percent of total 2023 households	34.6%	39.4%	42.7%
Percent change (2010 to 2023)	11.4%	24.2%	20.7%
Average Annual Change (2010 to 2023)	0.9%	1.8%	1.6%
2000 Senior Households (75 years and Over)	88	365	1,244
Percent of total 2000 households	19.3%	11.0%	11.8%
2010 Senior Households (75 years and Over)	79	406	1,573
Percent of total 2010 households	17.1%	12.1%	14.6%
Percent change (2000 to 2010)	-10.2%	11.2%	26.4%
2018 Senior Households (75 years and Over)	73	454	1,728
Percent of total 2018 households	15.2%	13.7%	16.3%
Percent change (2010 to 2018)	-7.6%	11.8%	9.9%
Average Annual Change (2010 to 2018)	-1.1%	1.6%	1.4%
2021 Senior Households (75 years and Over)	76	494	1,850
Percent of total 2021 households	15.8%	15.0%	17.6%
Percent change (2010 to 2021)	-3.8%	21.7%	17.6%
Average Annual Change (2010 to 2021)	-0.4%	2.0%	1.6%
2023 Senior Households (75 years and Over)	78	521	1,931
Percent of total 2023 households	20.5%	15.6%	17.1%
Percent change (2010 to 2023)	-1.3%	28.3%	22.8%
Average Annual Change (2010 to 2023)	-0.1%	2.1%	1.7%

SOURCE: 2000/2010 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Figure Thirteen: Senior Household Trends – Beaverton Area

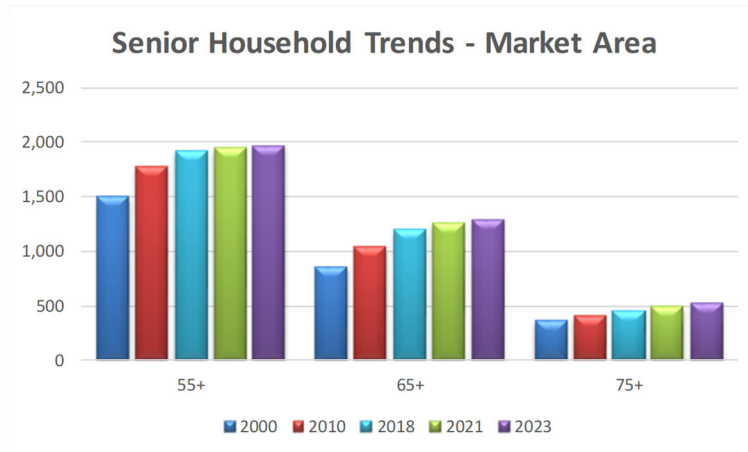


Table: Senior Renter Household Trends (2000 to 2010)

	City of <u>Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
2000 Senior Renter Households (65 years and Over)	63	108	315
Percent of total 2000 senior households	40.6%	12.6%	10.3%
2010 Senior Renter Households (65 years and Over)	54	97	354
Percent of total 2010 senior households	36.2%	9.3%	9.5%
Percent change (2000 to 2010)	-14.3%	-10.2%	12.4%
Percent of Total 2010 Renter Households	26.3%	17.9%	21.5%
2000 Senior Renter Households (55 years and Over)	88	164	459
Percent of total 2000 senior households	38.9%	19.2%	15.0%
2010 Senior Renter Households (55 years and Over)	91	170	575
Percent of total 2010 senior households	40.8%	9.6%	9.4%
Percent change (2000 to 2010)	3.4%	3.7%	25.3%
Percent of Total 2010 Renter Households	44.4%	31.4%	34.9%

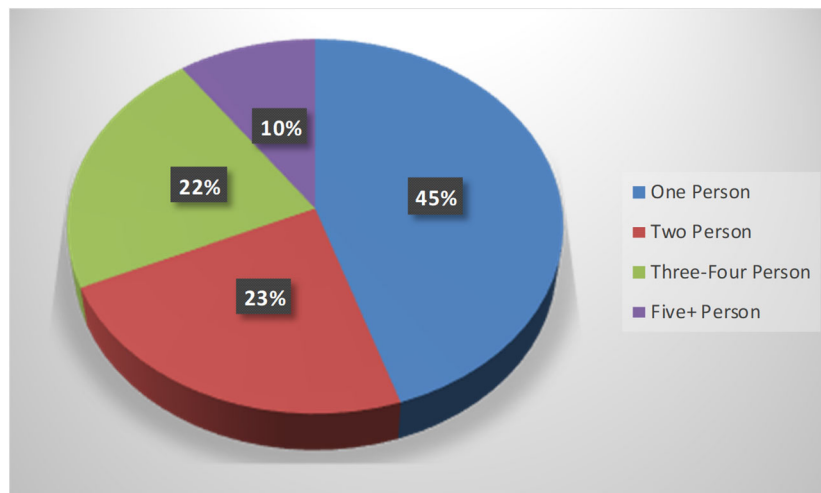
SOURCE: 2000/2010 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau

The division of renter households by size appears to be a function of the subsidy and affordable units, as indicated by data reporting rental households by the number of occupants. For the market area, this would include apartments as well as rental homes generally suited for family occupancy. Based on the most recent data from the American Housing Survey, 45 percent of the renter-occupied households in the market area were one-person households, while two-person households accounted for 23 percent. Three-and four-person renter households totaled 22 percent, while five or more-person renters represented just 10 percent of renter households. As expected, single-person rentals are more concentrated within the city as compared to the county overall.

Table: Rental Unit Size Distribution

	City of <u>Beaverton</u>	<u>PMA</u>	Gladwin <u>County</u>
One Person Percent of total renter household	161 55.7%	273 44.9%	737 40.8%
Two Persons Percent of total renter household	57 19.7%	142 23.4%	484 26.8%
Three or Four Persons Percent of total renter household	44 15.2%	133 21.9%	437 24.2%
Five or More Person Percent of total renter household	27 9.3%	60 9.9%	148 8.2%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

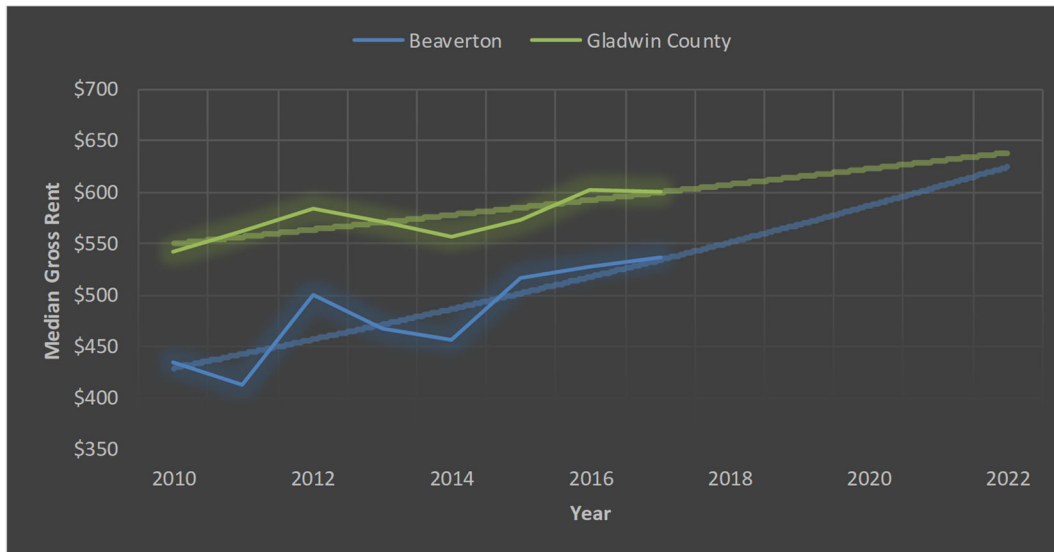


The best available statistic from the Census Bureau regarding rental pricing is the Median Gross Rent, which also includes the cost of any utilities paid the tenant. The impact of a limited number of market rate rentals is evident, despite the concentration of subsidy and rent-restricted units. Rent levels have been somewhat volatile, but the prevailing trend is upward, with the highest average annual gains within Beaverton, at 2.9 percent. The projected pricing for rental housing into the next decade is quite similar to anticipated growth in wages/incomes, which will continue to squeeze affordability.

Table: Median Gross Rent Trends

	<u>City of Beaverton</u>	<u>PMA</u>	<u>Gladwin County</u>
2010 Median Gross Rent Estimate	\$435	\$543	\$542
2017 Median Gross Rent Estimate	\$537	\$594	\$601
2020 Median Gross Rent Forecast	\$581	\$616	\$626
Total percent change (2010 to 2020)	33.5%	13.4%	15.6%
Annual percent change (2010 to 2020)	2.9%	1.3%	1.5%

SOURCE: American Community Survey, U.S. Census Bureau; CRS.



Household Income Trends

The median household income figures for the Beaverton Area were relatively low as compared to countywide totals, but recent estimates of income within the city reflects a significant gain corresponding with additional employment opportunities within the city.

Estimated income levels for the city are now much more comparable to both the market area and

Gladwin County overall. Such gains are relatively rare, but in this case the relatively small size of Beaverton and the characteristics of the new employment options result in an increase in the city’s median household income that is both logical and measured, as assumptions regarding new jobs and new housing should not be exclusive to Beaverton.

Significant gains in overall income within Beaverton are anticipated by ESRI over the next few years, due to additional employment entering the area.

At \$43,615, the 2018 median household income estimate for the market area is greater than both the city’s estimate as well as Gladwin County overall. The city’s estimated median income is currently \$38,276 – an increase of 68 percent from 2010, and one of the largest gains in overall income observed within rural Michigan over the past few years. Countywide, median income trends are somewhat more moderate, but still reflective of slowing increasing wages/incomes.

ESRI forecasts predict that incomes in the region will slowly increase, but this growth will not likely exceed the prevailing rate of inflation. By 2023 the market area’s median household income is forecast at \$47,729, reflecting an average annual increase of 1.9 percent from 2010 totals. Median income projected for Gladwin County is forecast at \$45,160 for 2023, an average annual increase of 1.3 percent from 2010.

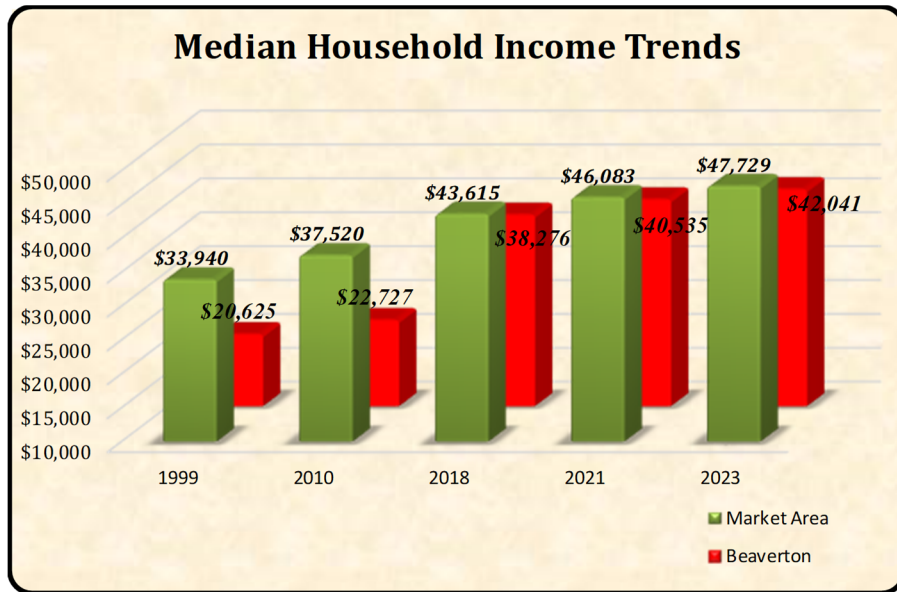
As the overall annual inflation rate for the nation has averaged 1.7 percent since 2010, it is unlikely that prevailing incomes will grow well above the prevailing rate of inflation. However, the significant income gains within Beaverton do reflect a sizable infusion of both income and wealth that should lead to ongoing development opportunities, including an increasing demand for a wider variety of housing options.

Table: Median Household Incomes (1999 to 2023)

	City of Beaverton	PMA	Gladwin County
1999 Median Household Income	\$20,625	\$33,940	\$32,019
2010 Median Household Income	\$22,727	\$37,520	\$37,936
Total percent change (1999 to 2010)	10.2%	10.6%	18.5%
Annual percent change (1999 to 2010)	0.9%	0.9%	1.6%
2018 Estimated Median Household Income	\$38,276	\$43,615	\$41,837
Total percent change (2010 to 2018)	68.4%	16.2%	10.3%
Annual percent change (2010 to 2018)	6.7%	1.9%	1.2%
2021 Forecast Median Household Income	\$40,535	\$46,083	\$43,831
Total percent change (2010 to 2021)	78.4%	22.8%	15.5%
Annual percent change (2010 to 2021)	5.4%	1.9%	1.3%
2023 Forecast Median Household Income	\$42,041	\$47,729	\$45,160
Total percent change (2010 to 2023)	85.0%	27.2%	19.0%
Annual percent change (2010 to 2023)	4.8%	1.9%	1.3%

SOURCE: 2000 Census; American Comm. Srvy., U.S. Census Bureau; ESRI Business Analyst.

Figure Twelve: Median Household Incomes – 1999 to 2023



Household Income Distribution

The distribution of household income by tenure type (owner vs. renter) is illustrated in the following table and chart. The data is a reflection of available rental units, with a greater concentration of subsidy and affordable units based on prevailing incomes. This distribution is not surprising, given the lack of market rate rentals found across the Beaverton Area.

Also, the community's owner households exhibit an evident upper-income component – not necessarily unexpected, but indicative of a market rate potential for renter households by residents that may prefer a shift away from homeownership, as well as the recent infusion of earnings within Beaverton due to additional employment options.

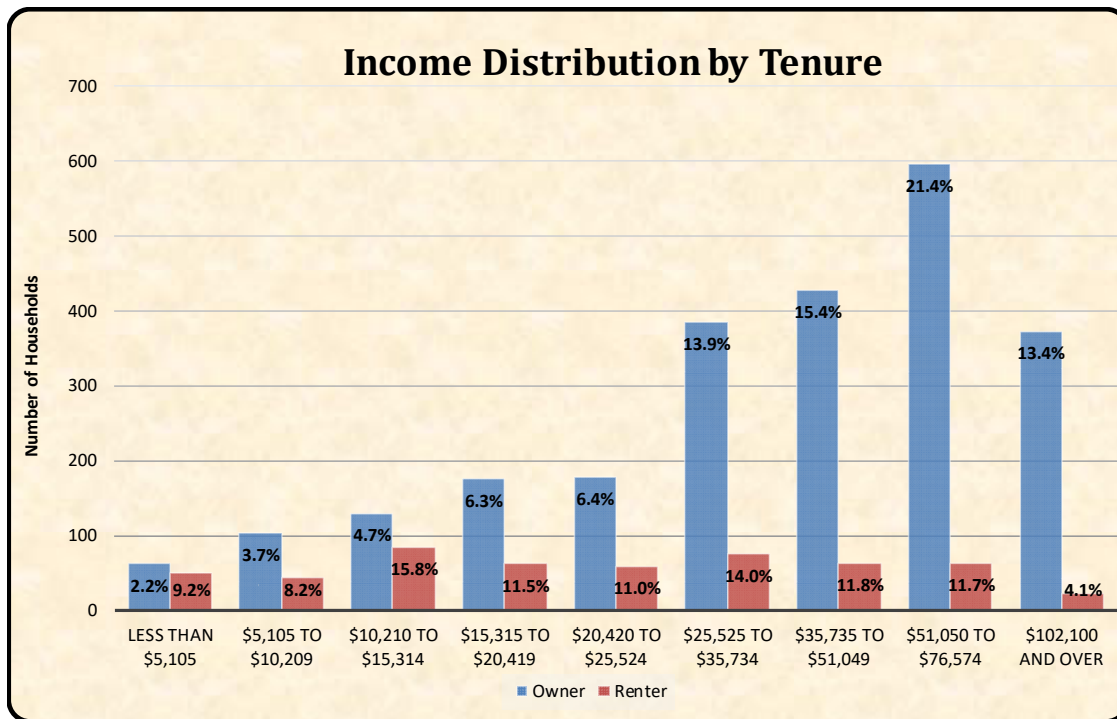
Since the housing bubble and subsequent recession of the last decade, the rate of homeownership has fallen each year, and will likely continue to do so into the next decade. Younger households are delaying a home purchase for various reasons (student debt load, marital status, career considerations, among others), and older households are increasingly seeking a rental housing alternative and leaving homeownership regardless of financial status or health considerations. As a result, the demand potential for rental options among moderate-income and upper-income households is increasingly positive not only locally but across the region, despite mixed population and income trends found across Gladwin County.

Table: Household Income Distribution by Tenure – Beaverton Area (2018)

	Total Households	Owner Households	Renter Households
Less than \$5,105 Percent of 2018 Households	112 3.5%	62 2.2%	50 9.2%
\$5,105 to \$10,209 Percent of 2018 Households	147 4.5%	103 3.7%	44 8.2%
\$10,210 to \$15,314 Percent of 2018 Households	215 6.6%	130 4.7%	85 15.8%
\$15,315 to \$20,419 Percent of 2018 Households	238 7.2%	176 6.3%	62 11.5%
\$20,420 to \$25,524 Percent of 2018 Households	238 7.2%	179 6.4%	59 11.0%
\$25,525 to \$35,734 Percent of 2018 Households	461 13.9%	385 13.9%	75 14.0%
\$35,735 to \$51,049 Percent of 2018 Households	491 14.8%	428 15.4%	64 11.8%
\$51,050 to \$76,574 Percent of 2018 Households	659 19.7%	596 21.4%	63 11.7%
\$102,100 and Over Percent of 2018 Households	395 11.8%	373 13.4%	22 4.1%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau; BLS Consumer Price Index

Figure Thirteen: Household Income Distribution by Tenure – Beaverton Area (2018)

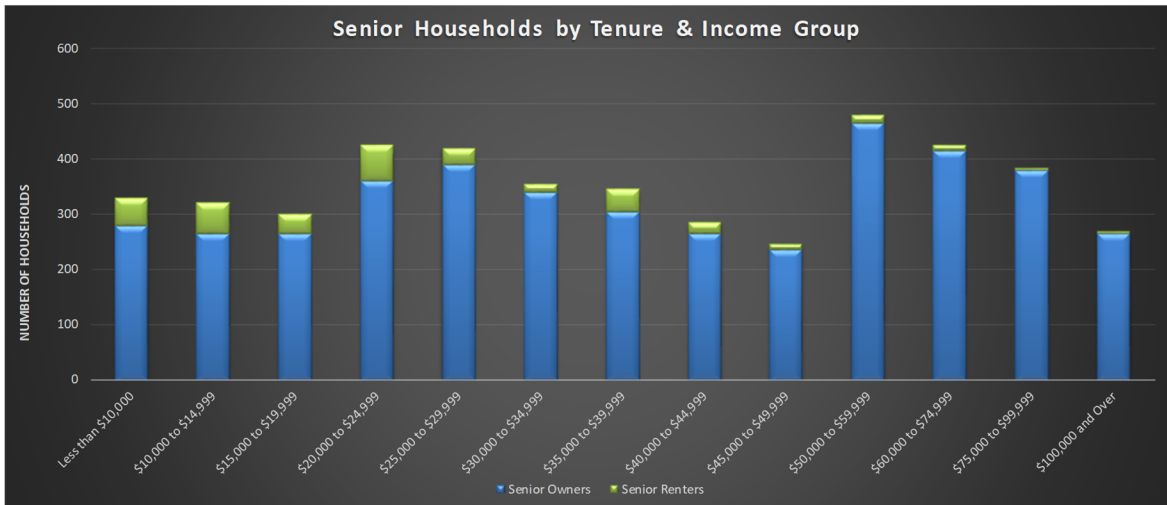


A distribution of senior household income (age 62 and older) for Gladwin County is illustrated within the following table (data is not available below the county level without adjustments). The spread of households across various income levels is indicative of the high number of subsidy rental units. Conversely, the number of higher-income retirees is evident within the higher-income bands, as indicated below. The movement of senior owners into a rental option is increasingly observed across much of Michigan and regionally, but is not clear that such a trend is immediately prevalent throughout Gladwin County, as the availability of senior housing options is limited to the Gladwin area. It is also likely that most seniors entering the community are seeking homeownership options, particularly those relocating from the Detroit metro area.

Table: Senior Household Income Distribution by Tenure – Gladwin County (2016)

	Senior Owner	Senior Renter	Senior Total
Less than \$10,000	280	50	330
Percent of Total	6.6%	14.2%	7.2%
\$10,000 to \$14,999	265	55	320
Percent of Total	6.3%	15.6%	7.0%
\$15,000 to \$19,999	265	35	300
Percent of Total	6.3%	9.9%	6.5%
\$20,000 to \$24,999	360	65	425
Percent of Total	8.5%	18.4%	9.3%
\$25,000 to \$29,999	390	30	420
Percent of Total	9.2%	8.5%	9.2%
\$30,000 to \$34,999	340	15	355
Percent of Total	8.0%	4.2%	7.7%
\$35,000 to \$39,999	305	40	345
Percent of Total	7.2%	11.3%	7.5%
\$40,000 to \$44,999	265	20	285
Percent of Total	6.3%	5.7%	6.2%
\$45,000 to \$49,999	235	10	245
Percent of Total	5.6%	2.8%	5.3%
\$50,000 to \$59,999	465	15	480
Percent of Total	11.0%	4.2%	10.5%
\$60,000 to \$74,999	415	10	425
Percent of Total	9.8%	2.8%	9.3%
\$75,000 to \$99,999	380	4	384
Percent of Total	9.0%	1.1%	8.4%
\$100,000 and Over	265	4	269
Percent of Total	6.3%	1.1%	5.9%

Source: US Bureau of the Census, HUDuser.org

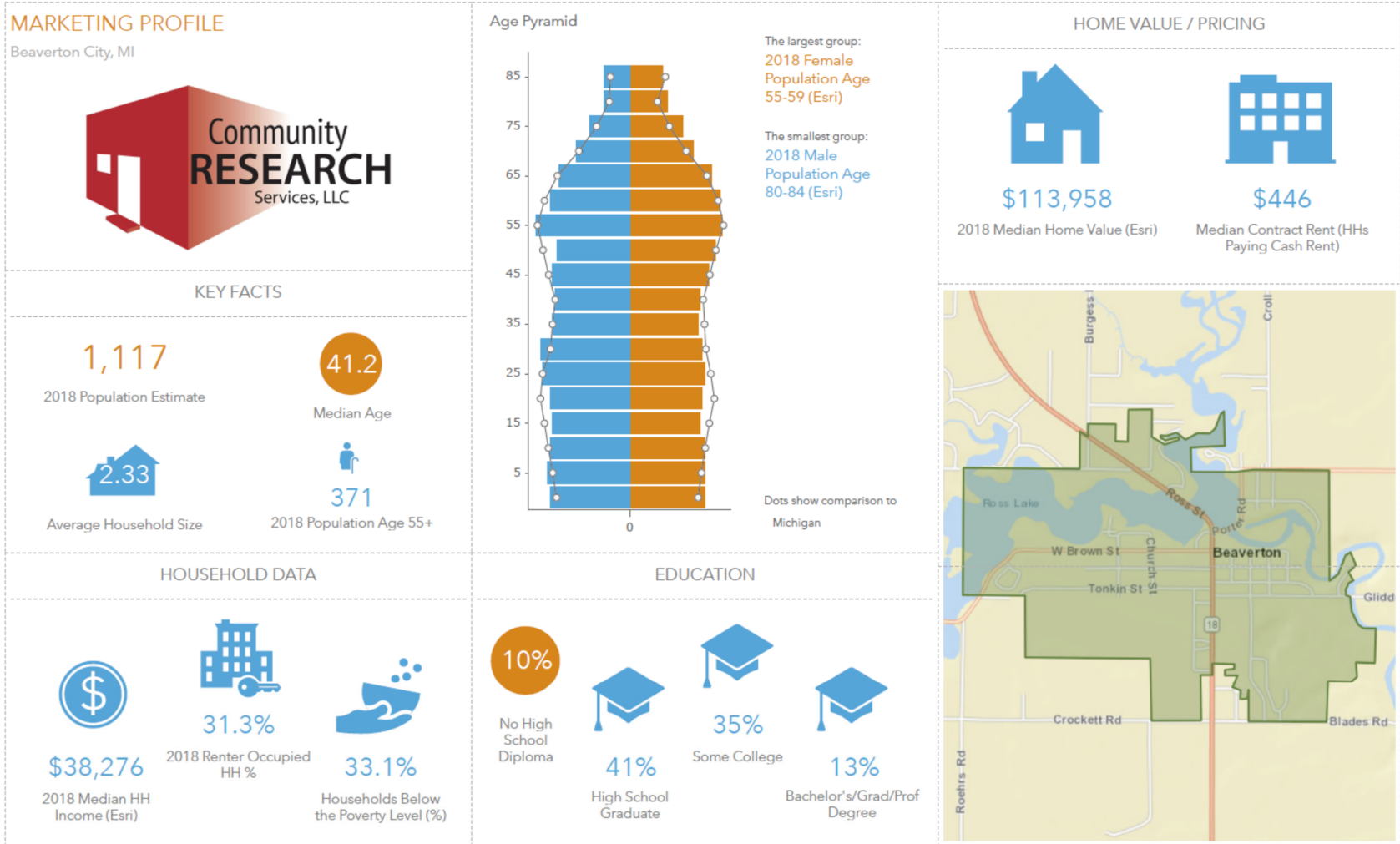


A summary of key demographic and economic statistics is presented within the following pages in an infographic format. While much of the information was previously presented, two considerations of note are worthy of mention. One, the prevailing poverty rate for Beaverton is lower than average, despite the number of subsidy units found within the city. Across the market area the poverty rate is slightly higher, but generally similar to statewide levels.

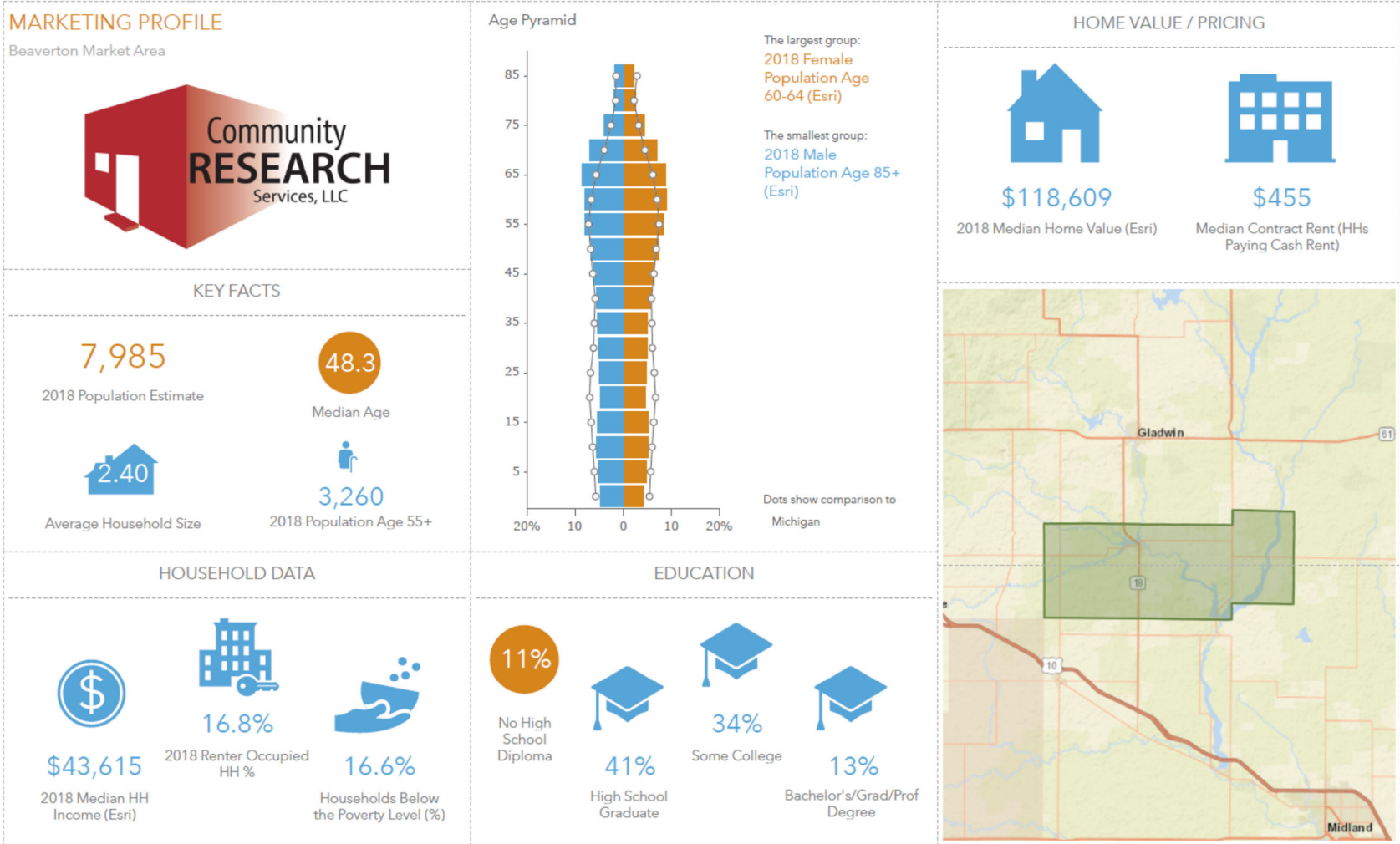
Secondly, the population totals for the city, the Beaverton Area, and Gladwin County are illustrated within a population pyramid format, with comparisons to the State of Michigan illustrated by connected line segments. This is an excellent illustration of the high concentration of seniors across the area. A “healthy” population pyramid will actually resemble a pyramid, with ample younger population to support a reasonable percentage of older adults. The Beaverton Area, and the city specifically, features population pyramids that are becoming insufficient to readily support the community’s economy, employment base, and other characteristics. As a result, an increasing reliance will be required upon positive net migration to augment these demographic trends; along with other community and economic factors, this cannot be achieved unless sufficient housing options are present.

Infographics: Key Demographic/Economic Data

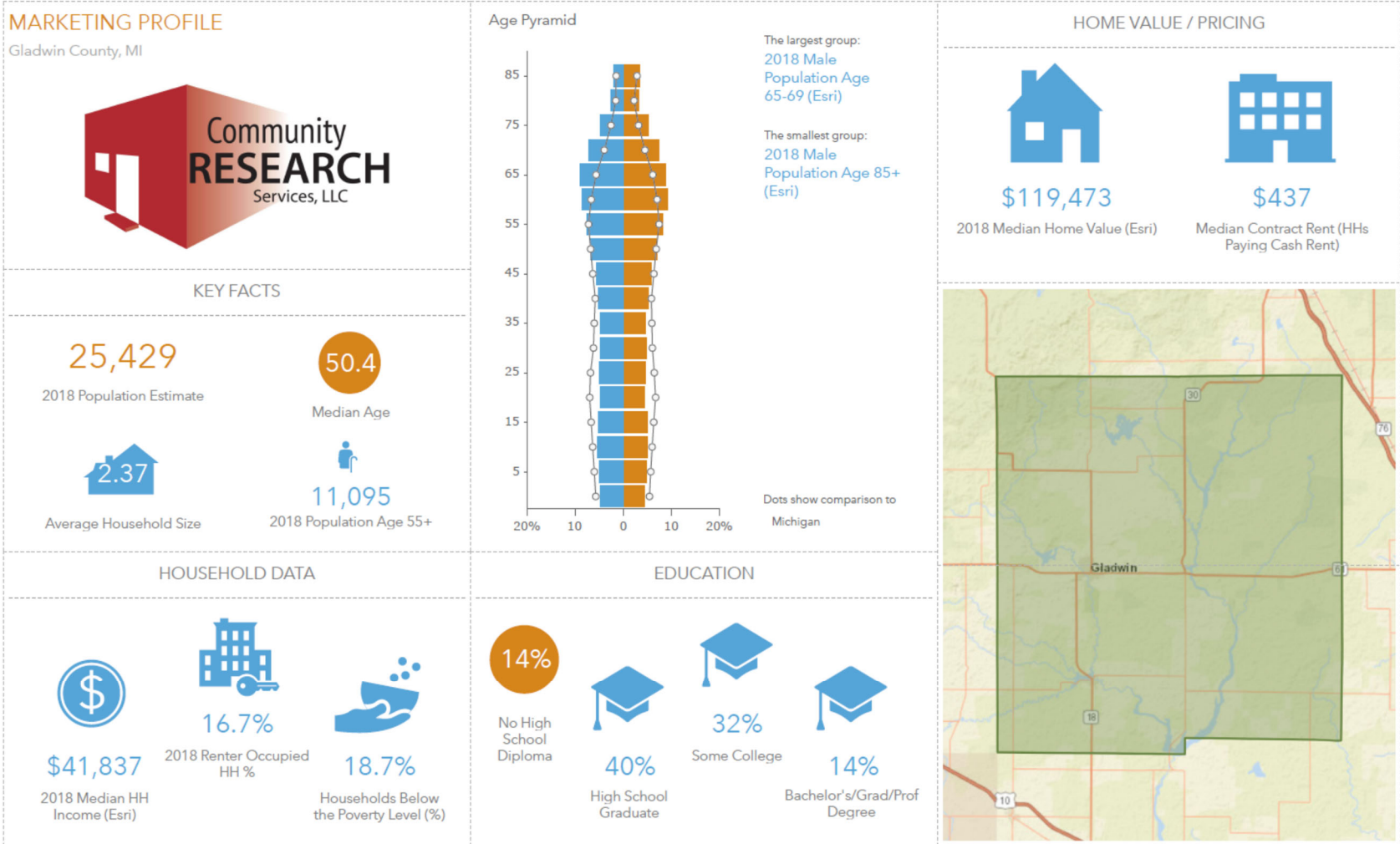
City of Beaverton



Beaverton Market Area



Gladwin County



ESRI Tapestry Information

A method of describing the socio-economic patterns that are prevalent within a specific community has been developed by ESRI. Called Tapestry, this type of analysis uses a set of pre-defined descriptions that provide a convenient way to examine areas. A total of 67 separate segments have been identified, based on unique demographic, economic, educational, housing, and purchasing characteristics. Some of these definitions are quite similar, but have been separated due to a key factor, such as urban/suburban/rural, preferred employment options, or typical housing choices, among other factors.

In addition, the 67 segments have been coordinated into 15 separate “LifeMode” groups, which permit cross tabulations of the segments by urban locations or senior citizens, for example. Thus the Tapestry analysis can be based on either the identification of key segments within a specific area, or the collective review of various segments that may exist within a defined area. Either approach provides a new and interesting way to identify market demand and long-term market depth for a wide range of products and services.

While these definitions of population segments are broadly defined, this type of segmentation allows for a more target-market approach to the segmentation of a specific market area or community. Identification of specific Tapestry segments that matches a desired target market allows for a secondary identification of market depth, potential flexibility in regard to key project features, and a higher level of background information in regard to a defined market area.

Segmentation analysis is difficult to describe briefly, and caution should be used in regard to this tool being over-used as a primary determinant of market potential. Entire recommendations by inexperienced analysts have been made primarily based on segmentation-type tools, without any significant examination of site, demographic, and economic factors. At best this tool helps to refine target market identification and provides a secondary source of market demand. A summary of the Tapestry data is present at the end of this report. Detailed descriptions of individual Tapestry segments are found at <http://www.esri.com/landing-pages/tapestry>.

ESRI Tapestry segments found within Gladwin County are best matched to the senior target market segment. As for the open (non-senior) target market segments, it appears that insufficient concentrations of these target market segments are found locally.

Across Gladwin County, seven separate segments were identified by ESRI as representing a significant portion of the overall population. According to ESRI, six of the seven segments are indirectly or directly tied to seniors, reflective of the aged population totals found within the Beaverton area and all of Gladwin County. The non-senior segment - Small Town Simplicity - reflect the majority of non-senior families across the community –

lower to moderate incomes, smaller family sizes, and ties to rural living (such as employment or recreation). Segments tied to young adults, higher income families, and other age cohorts are not sufficiently large to be clustered within this analysis of Gladwin County. A brief identification and description of these Tapestry Segments provides an indication of market potential from a more qualitative standpoint:

Tapestry Segment	Brief Description	% of Gladwin County Households	% of U.S. Households
Rural Resort Dwellers	Older, moderate/higher income households, mostly singles/couples	43.5%	1.0%
Heartland Communities	Empty nesters with moderate incomes in rural areas	15.8%	2.3%
Rooted Rural	Empty nesters with lower incomes in rural areas	14.0%	2.0%
Senior Escapes	Older, lower income seniors, with mobile homes or older homes	8.2%	0.9%
Small Town Simplicity	Rural families with kids, generally lower incomes	7.6%	1.9%
Silver & Gold	Older seniors with wealth	6.0%	0.8%
Midlife Constants	Empty nesters with moderate-higher incomes in rural areas	4.9%	2.5%
Total		100.0%	11.3%

Source: ESRI Tapestry

Upon review of these categories, none of the seven categories reflect the primary target market segment that were identified earlier – workforce households. While this does not mean these people do not exist within Gladwin County, the concentration of such individuals is minimal to the point that it does not register within the cluster analysis calculations used to determine ESRI Tapestry segments. Thus, the vast majority of desirable singles and households that could be considered part of the workforce housing target market segment are very likely to come from both the primary and secondary market sources.

As for the senior target market segment, six of the seven Tapestry segments appear to at least partially describe the segment. This is no surprise, given the strong demographic trends discussed previously for seniors. However, location-related considerations, prevailing income levels, and the presence of existing options within adjacent communities may make overall market feasibility more difficult.

Most of these Tapestry categories feature commonalities that do not directly reflect the primary factors shared across the target markets, such as sufficient income levels, moderate to advanced educational attainment, and professional background ranging from market entry to near retirement. Exact matches or comparisons to target market categories are always somewhat rarely made, with indirect comparisons to general target market descriptions perhaps more reasonable and readily understood. Tapestry data is also ideally used for larger metropolitan areas, rather than rural communities or counties. That is why Gladwin County data was used for this examination, as the local Tapestry information is not sufficient for a reasonable analysis.

This is also why the use of Tapestry data to primarily determine statistical demand is not advised. An example of this is the 2016 TMA Report for Gladwin County, which is primarily based on a separate, but similar, cluster analysis such as the Tapestry data discussed previously. Within the report, an annual demand for housing (renters and owners) across Gladwin County was reported at 1,022 units, with a market demand reported at 67 units. Over a five-year period, this would total more 5,000 units countywide, and more than 330 units within Beaverton. These demand potential forecasts are simply not realistic. While the TMA report does provide excellent information on the community's assets, it is not a reasonable measure of statistical housing demand potential, and is actually somewhat misleading in terms of market depth and need.

V: HOUSING CONDITIONS AND CHARACTERISTICS

Housing Market Characteristics

Housing across the Beaverton Area is primarily single family homes, with apartment buildings and mobile homes/trailers also present within the city. Retirement homes and seasonal units are also found across the county, and reflect part-time use by both local residents and those from outside the region. While seasonal and vacation homes are a sizable portion of the current housing marketplace, such options are not a focus of this analysis. Observing recent data available regarding properties for sale and those have recently been sold, these higher-priced residences generally located along waterfronts are a notable portion of the overall marketplace, but are not as prominent as other northern Michigan communities that are perhaps more identified as retirement destinations. On the other side of the marketplace, a somewhat larger portion of the current home sales market includes lower-priced structures that do not reflect the type of modern units many of those within the target market segments would prefer to occupy. Modern homes that are readily available for moderate income workforce families are not as prevalent within the Beaverton area.

One way to demonstrate the various segments of the home sales market is to broadly describe what is currently available within the Beaverton area. According to www.Realtor.com a total of 40 homes are currently for sale with a Beaverton address. This includes locations within the market area, as well as within the adjacent townships. Twenty-one homes are priced at or below \$100,000 (53 percent). The balance of homes researched are primarily between \$100,000 and \$200,000, with a few homes priced above \$300,000.

Among the homes currently for sale, a plurality are three-bedroom homes, which features an average size of 1,855 square feet. Broken down by number of bedrooms, average and median data are as follows:

	# For Sale	Average Price	Median Price	Average Size	Ave. Price / Sq. Ft.
One-Bedroom	2	\$74,900	\$74,900	1,084	\$69.10
Two-Bedroom	12	\$77,333	\$69,900	959	\$72.89
Three-Bedroom	20	\$125,111	\$109,900	1,536	\$71.55
Four+ Bedroom	6	\$198,100	\$207,450	2,140	\$96.94
TOTAL	40	\$119,215	\$97,400	1,855	\$95.29

It is evident from the data that size, and most likely age have less to do with pricing as compared to location and perhaps style. The for-sale listings are mapped on the following pages, and it is obvious that higher priced homes are found along recreational oriented locations, and are upon lots with water features/views/access. A comparison to these recreational-oriented homes to those found around the city is difficult, as few similarities are present. Despite the price inflation for some of these homes due to a waterfront location, the average price/sq. ft. is on average below \$100 – typically indicative of commonly found pricing for homes across many Michigan markets.

The average year of construction among these homes is 1976 – perhaps better than many northern Michigan communities, but likely skewed due to development near the recreational areas. The current time on the market varies greatly among the for-sale data, ranging from one day to more than a year, with the average period at 111 days. The vast majority of homes for sale are standard stick-built structures, with three mobile homes within the totals. Only one for sale home exhibits as a foreclosure.

The pattern of sales was mapped by price, to give an indication of any concentrations of activity. As seen within the following pages, the higher priced structures are clustered around the lakes/recreational areas within the surrounding area (such as Lake Gladwin). While certainly attractive for many households, those families seeking a reasonably priced and modern home closer to the city have generally limited choices, as many of the homes in and around Beaverton are priced below \$100,000, severely restricting moderate and higher-income households from any real choices within the for-sale marketplace.

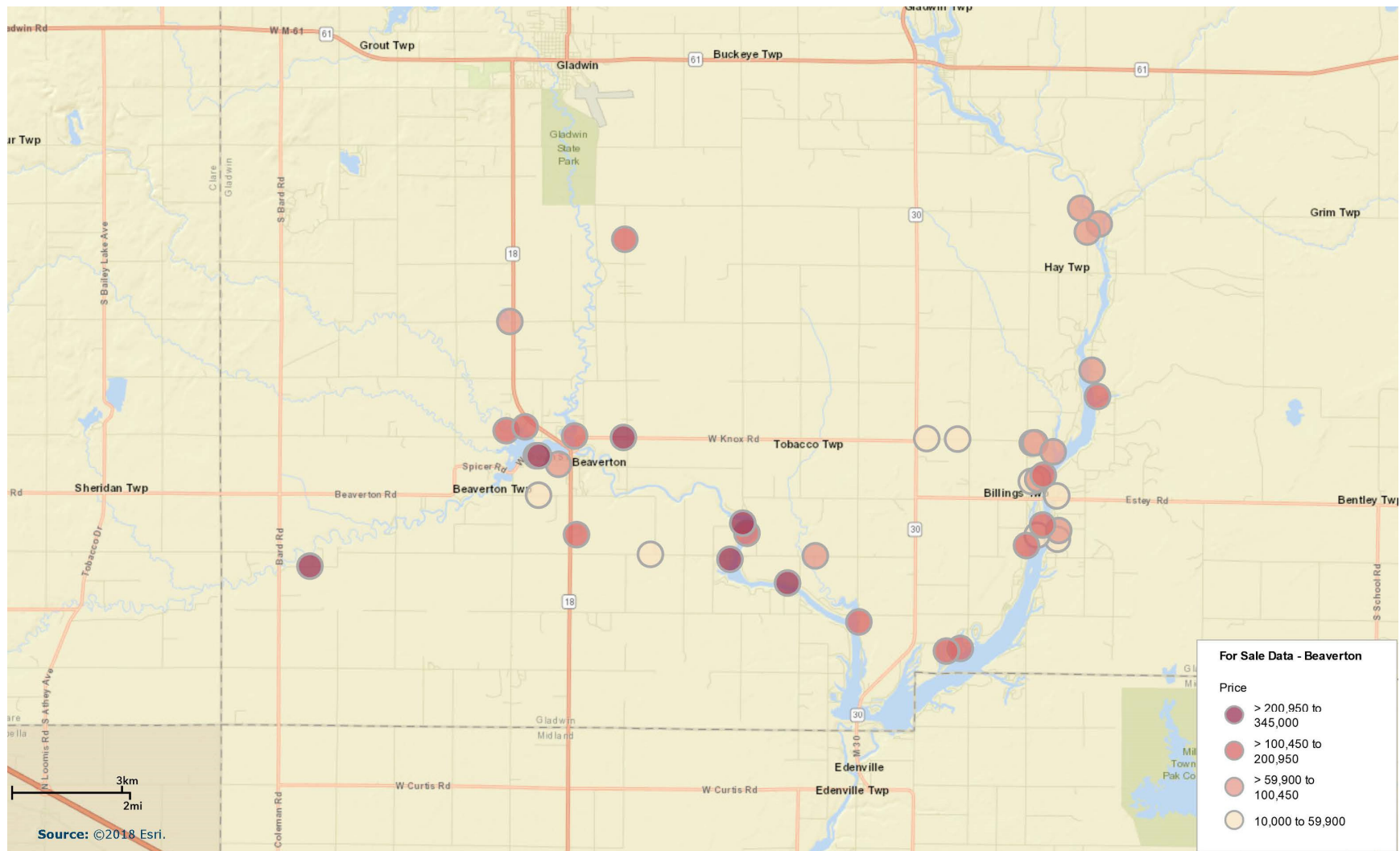
A similar examination was conducted for those homes that have recently sold, which provides an indication of expectations vs. reality for the housing sales market over the past six months. For this time period, a total of 67 homes with a Beaverton address have closed. Among these, 41 were priced below \$100,000 (61 percent), while just eight were priced above \$200,000. Data regarding home size and number of bedrooms was incomplete, and is not included. A summary of the data includes the following:

	# Sold	Average Price	Median Price	Average Discount from List	Price Per Sq. Ft.
TOTAL	67	\$113,356	\$88,000	-3.4%	\$76.82

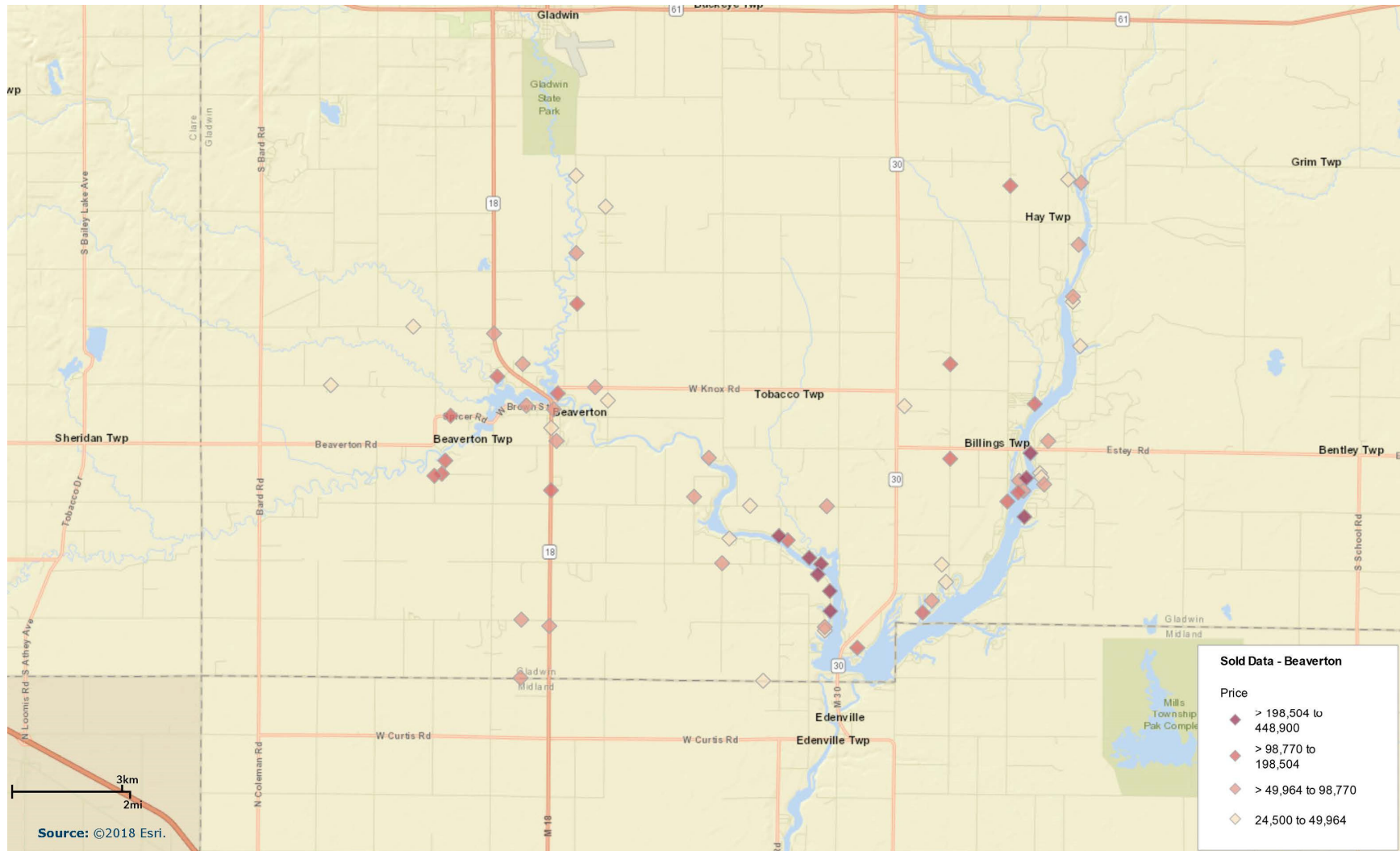
Other interesting notes from the data include:

- A slight majority of homes sold dropped price from the original listing, but this discount on average was just 3.4 percent. However, 31 of the homes that have been sold either sold for list price, or were sold at a premium above the original listing. Such trends indicate a very strong sales market is present across all price levels, as the presence of any premium or discount is scattered across all price levels.
- Four-bedroom for-sale pricing reflects mostly properties that are found along waterfronts or other premium locations. No above average price preference exists for larger homes found within non-recreational areas.
- The distribution of recently sold properties by location is similar to the listing currently for sale – higher priced units are generally located along recreational areas, but a surprisingly small number of moderate and higher priced homes are noted within the immediate Beaverton area. This indicates a lack of such homes for sale, or more broadly stated a lack of such homes available period. Such data regarding a lack of moderate-priced homes does correspond with the migration and commuting data discussed previously.
- Difference in average price between homes for sale and recently sold is 4.9 percent; the difference in median pricing between the two categories is 9.7 percent. The median statistics are somewhat more reliable as measured of prevailing pricing, as median values do not tend to over-emphasize any outlier figure within the data. This specific trend seems to contradict the strong for sale/sold patterns observed throughout the analysis, but can be explained by a wide variation in the quality of homes (for which this analysis cannot accurately measure) as well as a lack of homes in some instances where demand is potentially intensifying (such as the immediate Beaverton area). Simple over-estimation of value may also be in play. In any case, the differential is not problematic, as the overall characteristics of the home sales market appear positive.
- Forty homes were listed for sale, while 67 have been sold in the past six months. Typically, these two numbers are much more equal (if not favoring the number of homes listed for sale), but this also illustrates a limited number of homes available within the Beaverton area to accommodate new potential residents. It is also likely that economic conditions are sufficiently attractive within Beaverton that no one wishes to list an existing home for sale – as no local “move-up” opportunities are present.

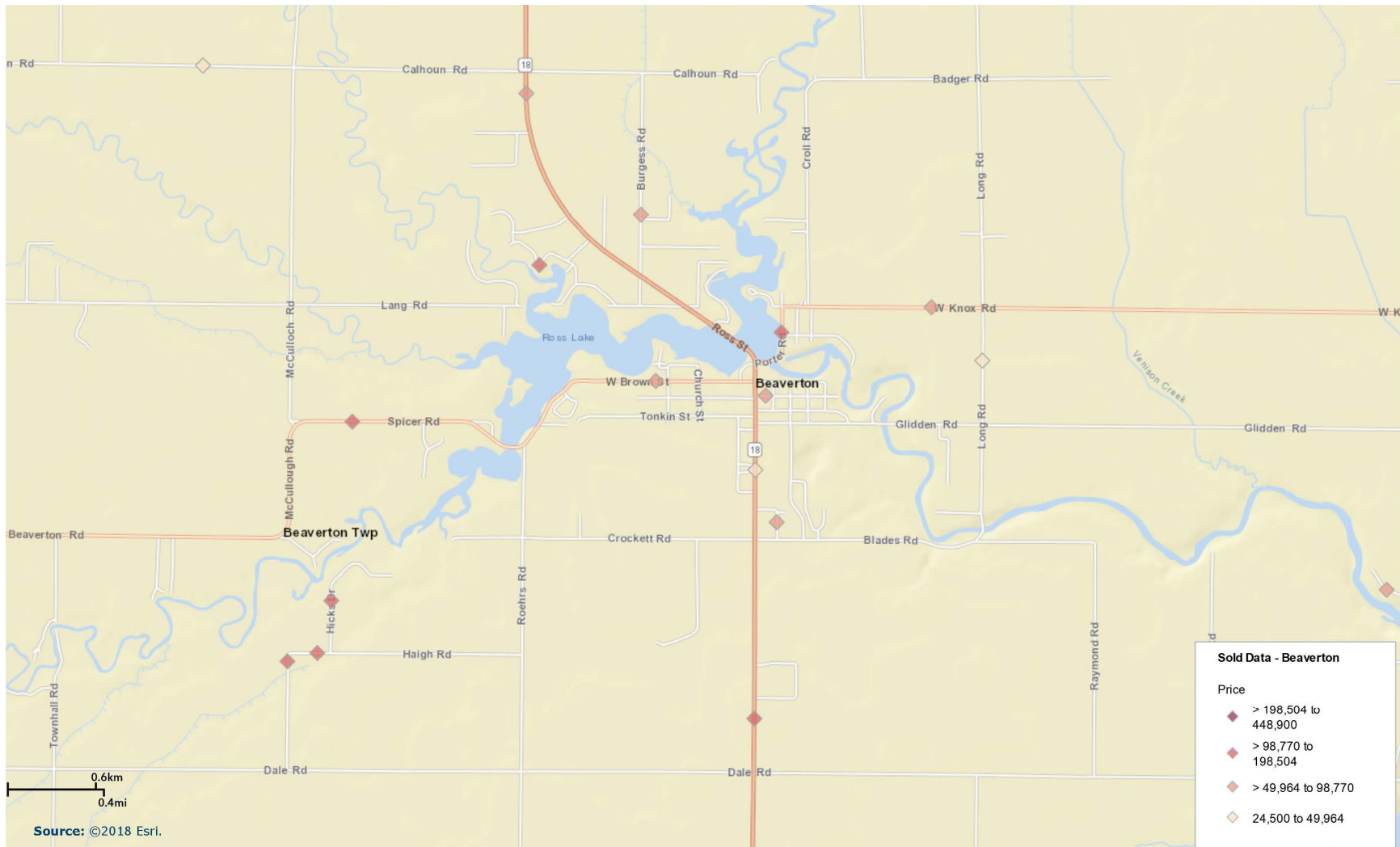
Map: Homes Currently For Sale - Beaverton Area



Map: Homes Recently Sold - Beaverton Area



Map: Homes Recently Sold - Beaverton



Rental trends within the Beaverton area are greatly influenced by subsidy units and income-restricted apartments that utilize the Low Income Housing Tax Credit (LIHTC). As stated previously, such apartment options represent a sizable portion of local rental units, and a large majority of all apartment options.

Subsidy units within the area are in generally fair to good condition, and always are at or near full occupancy. These units are constructed through HUD or Rural Housing Service. These units include:

- Beaverton Manor (Senior) – 63 units
- Grand Fork Commons (Senior) – 24 units
- Three Forks Apartments (Open/Family) – 24 units
- Beaverton Village Apartments (Open/Family) – 24 units

Apartments deemed “affordable” are not subsidized based on rent, but are income-restricted through the use of tax credits or subsidized financing. One such development is within the Beaverton market. Ross Lake Village is a 48-unit rental complex on the west side of the city. The property was constructed in 2000, and has remained at or near full occupancy. The property contains eight one-bedroom units, 24 two-bedroom units, and 16 three-bedroom units. Rental rates for 39 units are targeted for singles and families between 45 percent of Area Median Income (AMI) and 60 percent AMI, while the remaining nine units are not income restricted. The development is fully occupied at this time with a waiting list.

Pohlman Apartments is a market rate rental option, found along Brown Street. It contains 13 units, among one-bedroom and two-bedroom options. Remaining rental opportunities include individual rental homes, including mobile homes and single family structures that contain one unit or have been subdivided into multiple units. Additional rental units are present above a few select downtown retail establishments, and may total as many as 11 separate units potentially for lease.

The rental units within the community are in generally good condition, and appear to suit the needs of the local rental marketplace. The overall occupancy rate based on our research is quite high, at 98.9 percent. While waiting lists may be small at most of the developments, vacancies appear to be filled relatively quickly. Additional observations within the Beaverton rental market include the following:

- Many of the residents within the existing properties need some type of subsidy, either through the property itself or via a Section 8/Housing Choice Voucher. Among the rental developments, 111 units contain project-based subsidies, through Rural Housing Service or HUD. In addition, 72 additional units are rent and income restricted, up to no more than 60 percent of Area Median Income. And of these 72 units, at least 30 carry a Housing Choice Voucher (HCV) or other portable subsidy. This leaves just 22 apartment units available for persons and families above the 60 percent AMI level – which is generally considered the primary income band for workforce housing, and represents the majority of the target market segment discussed previously.
- While no comments regarding affordability issues were brought up by the leasing agents, this degree of participation with a voucher does indicate that a portion of the affordable market is perhaps more reflective of 30 percent AMI and 40 percent AMI rents, rather than the 60 percent AMI units some of these households currently occupy.
- Much of the traffic at Ross Lake Village are over-qualified based on income, and cannot reside at the facilities. Managers have few options to refer these individuals or families within the Beaverton area.
- No resistance to price points for market rate units was noted, although the number of such units within Beaverton is quite small.
- Little information is available regarding downtown rental units, typically found above ground floor commercial establishments. Such options are increasingly popular in more urban communities, favoring occupancy by younger adults without children. Given the prevailing demographic trends within the Beaverton area, and the limited concentrations of professional/entrepreneurial opportunities indicated within current and future economic data, the demand potential for such units may be somewhat limited.
- Demand trends are shifting toward a greater need for two-bedroom units, followed by one-bedroom units, based on ongoing demographic trends discussed previously. The demand potential for three-bedroom units has remained sufficiently stable to maintain occupancy levels, but fewer inquiries for such units are taking place.

One manufactured home community is present within Beaverton. Lakefront Estates is a 68-lot mobile home park located on the west side of the city. First developed in 1968, the site includes mobile homes for rent as well as lot rent for placement by owners. No units are available at this time. A second mobile home park is located to the east of Beaverton, off the Tittabawassee River. Called Pleasant Beach Mobile Home Resort, it contains 101 lots available for both permanent use and seasonal occupancy. The site was originally developed in 1965.

Three mobile homes are currently for sale, beginning at \$18,000. Based on the latest American Community Survey data, 549 mobile homes are currently occupied within the market area. Of these, just 25 percent are rented, with the balance owner-occupied units. This does not include the large number of vacant and seasonal mobile homes are present within the Beaverton area and across Gladwin County. It is generally understood that seasonal units (in use or vacant) vary greatly in terms of quality, time of use, and value.

Remaining rentals consist of single-family homes for rent. Most of these rentals are listed on local or internet sources, or are made known via word-of-mouth. Many listings are for summer/seasonal rentals, but some submissions on these sites are for rental homes or apartments previously discussed, with pricing ranging up to \$700 per month.

According to the latest American Community Survey data, approximately 42 percent of all occupied rental units within the market area are single family homes (both attached and detached structures), while just six percent are duplex to four-plex style units. It is likely that most of these are within the city, with most single family rentals primarily found outside of the city. Those that are clearly within recreational areas are in many cases utilized for short-term rental use, and thus are unavailable for households seeking a permanent residence.

Despite an increasing demand for such long-term rentals, the potential value of many of these homes as a seasonal rental alternative clearly outweighs their use as a traditional rental unit, based on a cursory examination of short-term rental data on such websites as www.airbnb.com, www.VRBO.com, and others. These sites list at least 20 homes as available for short-term rentals across the market area, with the least expensive option listed at \$120 per night. It is evident that nearly all of these homes for short term rent are located within recreational areas, and would likely not be perceived as a viable rental option for some households.

Admittedly, much of these trends regarding short-term rentals are anecdotal in nature, with little hard data available for examination from traditional demographic sources. Also, many short-term rental units were originally developed solely as vacation/short-term rentals (and thusly were not removed from the available rental housing stock for permanent residents). However, all available data does point to the lack of reasonably priced rental homes clearly increasing across the area, despite a definite demand for such units within the Beaverton area.

Table: Rental Households by Structure Size

	City of <u>Beaverton</u>	Market <u>Area</u>	Gladwin <u>County</u>
Total Occupied Rental Units	289	608	1,806
1 Unit	83	253	841
% of Total	28.7%	41.6%	46.6%
2 to 4 Units	31	34	128
% of Total	10.7%	5.6%	7.1%
5 to 19 Units	55	97	230
% of Total	19.0%	16.0%	12.7%
20 to 49 Units	37	44	165
% of Total	12.8%	7.2%	9.1%
50 or more Units	40	45	149
% of Total	13.8%	7.4%	8.3%
Mobile Home/Boat/Other	43	135	293
% of Total	14.9%	22.2%	16.2%
SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau			

Senior rental housing options for those persons able to live an independent lifestyle include subsidized and affordable developments, as mentioned previously. The Beaverton community does lack a market rate independent living rental option for active seniors. However, the proximity of such options in Gladwin, Clare, and Midland reduces the overall demand potential for a local facility. Despite a rapidly aging population, the Beaverton area is not sufficiently large to support a nominally sized senior facility at this time.

In addition, the area lacks medial facilities that are normally found near such senior housing options, despite an aging population that would increasingly require medical services. According to ESRI’s Health Market Potential Index, as of 2018 the Beaverton area exhibits above average market potential for most health-related purchases and services, with the leading options including (100 = US Average):

- Cardiology Care – 164
- Nurse Practitioner Care – 195
- Drug Use for Arthritis/Osteoarthritis - 184
- Out of Pocket Prescription Drug Purchases (\$100-\$149) – 185
- Out of Pocket Prescription Drug Purchases (\$150+) – 176

Some items on the index for the market area are below the index average, but most of these are such items as contact lenses, elective surgeries, and similar items. Most of the above average medical listings are related to the aging population and general blue-collar workforce. However, it should be reiterated that the Beaverton community is prepared to take steps necessary to provide sufficient medical services for the local population of all ages. Future considerations, assuming ongoing senior growth and improved local features, will lead to increased demand potential for market-rate or mixed income senior options within the Beaverton area.

VI: DEMAND ANALYSIS

Statistical Demand for Rental Housing Units

Demand calculations are presented for 2018 and three-year projections for households within the target market income ranges, defined within two segments – open occupancy and independent living seniors age 65 and older. Both target markets will be divided into affordable and market rate income levels. For the open segment the affordable income range is between \$20,000 and \$35,000, with actual eligibility based on household size and the desired income targeting (in this case such targeting would be between 40 percent of Area Median Income (AMI) and 60 percent of Area Median Income). The eligibility range for the affordable segment reflects the current income and rent restrictions placed upon such units by the federal and state financing programs currently in use for the development affordable rental housing. The market rate segment is between \$35,000 and \$75,000 annual income. The upper range of \$75,000 is used as a measure of conservatism and assumes that those households above \$75,000 income would have a broader set of housing alternatives.

By using the most recent income data, the percentage of owner and renter households that fall within the income-qualified range (adjusted to 2018) is calculated. This total is adjusted to exclude larger-sized households that would require more than a three-bedroom unit to house such a larger-sized family. This number is applied to the percentage of households that relocate to rental housing on an annual basis, using available information from the American Community Survey. This yields the annual demand for the current year. Future demand includes any additional renter households that are projected to be added to the marketplace. This results in a demand estimate for 2021.

Statistical demand forecasts favor the development of market rate rental housing, reflecting the greatest need within the community.

The resulting demand forecast is 39 affordable units and 72 market rate units. Assuming the development of a 20-unit property for both segments (40 total units), the penetration rate is 4.3 percent for the affordable segment and 2.4 percent for the market rate segment – indicating that approximately two to four percent of each eligible household segments would be required to absorb the proposal. The ideal penetration rate is below three percent, with larger ratios

indicative of overly aggressive project sizes and/or relatively weak market trends from a statistical standpoint. A second statistical demand ratio commonly used is the capture rate, indicating how much statistical demand would be required to absorb a proposal. Based on a 20-unit proposal, the capture rate for the affordable range is 51 percent, while the market rate capture rate is 28 percent. Capture rates that approach or exceed 50 percent typically exhibit questionable demand levels, as a majority of all households likely to move within a given year would be required to move into the proposed facility.

The results suggest a minimal demand currently for affordable units, but a notably greater market potential for a market rate rental project. A mixed-income facility (with both affordable and market rate units) would also be acceptable from a statistical standpoint, but such options are typically difficult to finance and generally feature a small portion of the project as market rate.

A similar method can be used to determine senior demand. In this case, the demand forecast is based on seniors age 65 and older, as this represents the most likely age definition for senior occupancy, assuming seniors can live an independent lifestyle with minimal assistance. Using the same methodology and two income ranges – affordable (\$18,000 to \$24,000) and market rate (\$48,000 to \$100,000), a 2021 demand for senior rental housing was calculated at six units within the affordable range and 24 units within the market rate income range. The corresponding capture rate for this calculation was 211 percent for the affordable range and 50 percent for the market rate range. The penetration rates were 16.6 percent and 4.2 percent, respectively. Both the demand levels and ratios are not indicative of sufficient market depth.

Please note that the senior demand is not a complete subset of the overall open demand calculation, as it utilizes separate migration and income eligibility factors.

One other note is important to reiterate – the demand forecasts are based on seniors age 65 and older. The actual eligibility age for senior-designated housing is age 55 and older. However, prior research and available data indicates that average age of most senior independent living facilities exceeds 75 years of age. Occupancy within a senior development is more dependent upon health and the condition of the prior residence than purely the age of the household. As a result, most analysts are wary of exceedingly strong demand forecasts based on the 55 and older age segment. For this analysis the demand equation utilized the slightly older age segment in order to maintain conservatism and avoid an overly optimistic demand forecast.

Other factors outside the demand forecasts' ability to measure should also be considered. These factors include the overall attractiveness of the subject's location, marketing and outreach efforts by the community and management agents, and ongoing economic changes that may take place within the market area. Any of these items could significantly alter the calculated demand for a given project. Please note that these demand forecasts are also dependent on the following assumptions:

- The demand forecasts should be considered preliminary. A more specific and definitive demand forecast can be determined when a specific site is determined, project characteristics are finalized, and price points are set
- Future demand forecasts would potentially utilize a broader area that many include additional sections of Gladwin County, as well as adjacent sections of Clare and Midland Counties
- The development team is experienced and no delays in construction will take place
- Proposed developments will be constructed at a location that maximizes visibility, access to the site, and is not adjacent to a detrimental feature (such as a landfill)
- Pre-leasing and outreach efforts are maximized to positively impact the planned development, by a management company with experience leasing affordable and market rate rental units
- Community support for the proposal is present
- If necessary, pricing and project features are adjusted to reflect ideal market conditions

Statistical demand forecasts exist within a “*ceteris paribus*” environment in which all other factors outside the equation are held constant. If any of these considerations are not present, however, or if a specific characteristic of the proposal is deemed excessively negative within the community, the demand potential for any proposal could be greatly diminished.

Table: Statistical Demand Calculation – Open Rental Units

2018 Total Occupied Households	3,320		
2018 Owner-Occupied Households	2,764		
2018 Renter-Occupied Households	556		
		Total Market Rate Range	Total Affordable Range
QUALIFIED-INCOME RANGE <i>(unduplicated)</i>			
Minimum Annual Income		\$35,000	\$20,000
Maximum Annual Income		\$75,000	\$35,000
PERCENTAGE SMALL SIZED OWNER HH		73.6%	73.6%
PERCENTAGE SMALL SIZED RENTER HH		68.3%	68.3%
DEMAND FROM EXISTING HOUSEHOLDS			
Percent Income Qualified Owner Households		35.5%	18.4%
Percent Income Qualified Renter Households		24.6%	24.8%
Income Qualified Owner Households		723	375
Income Qualified Renter Households		93	94
Annual Movership Rate - Owner to Renter		9.3%	9.3%
Annual Movership Rate - Renter to Renter		5.2%	5.2%
Total Income-Qualified Owner to Renter Movers		67	35
Total Income-Qualified Renter to Renter Movers		5	5
Total Demand from Existing Households		72	40
DEMAND FROM NEW RENTER HOUSEHOLDS			
Projected 2021 Renter Households	552		
Annual Change in Renter Households, 2018-2021	-1		
Percent Qualified Renter Households		24.6%	24.8%
Total Annual Demand From New Households		(0)	(0)
TOTAL DEMAND		72	39
LESS: Total Comparable Units Placed in Service Since 2017		0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0
TOTAL NET DEMAND		72	39
PROPOSED NUMBER OF UNITS		20	20
CAPTURE RATE		27.9%	50.7%
PENEIRATION RATE		2.4%	4.3%
SATURATION RATE		2.5%	4.3%
Note: Totals may not sum due to rounding or differences in income ranges			
SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau American Community Survey, U.S. Census Bureau ESRI Business Analyst			

Table: Statistical Demand Calculation – Senior Rental Units

2018 Total Occupied Households 65+	1,195		
2018 Owner-Occupied Households 65+	1,084		
2018 Renter-Occupied Households 65+	111		
\			
		Market Rate	Total Affordable
QUALIFIED-INCOMERANGE <i>(unduplicated)</i>			
Minimum Annual Income		\$48,000	\$18,000
Maximum Annual Income		\$100,000	\$24,000
DEMAND FROM EXISTING RENTER HOUSEHOLDS - AGE 65+			
Percent Income Qualified Owner Households		34.0%	7.5%
Percent Income Qualified Renter Households		12.6%	13.5%
Percentage of Seniors without Independent Living Difficulty		73.4%	73.4%
Income Qualified Owner Households		270	60
Income Qualified Renter Households		10	11
Annual Movership Rate - Owner to Renter		8%	8%
Annual Movership Rate - Renter to Renter		5%	5%
Total Income-Qualified Owner to Renter Movers		23	5
Total Income-Qualified Renter to Renter Movers		0	1
Total Demand from Existing Households		23	6
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 65+			
Annual Owner Household Growth, 2018-2021		18	18
Percent Income Qualified Owner Households		34.0%	7.5%
Annual Renter Household Growth, 2018-2021		2	2
Percent Income Qualified Renter Households		12.6%	13.5%
Total Demand From New Households		1	0
TOTAL DEMAND		24	6
LESS: Total Comparable Units Placed in Service Since 2018		0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0
TOTAL NET DEMAND		24	6
PROPOSED NUMBER OF UNITS		12	12
CAPTURE RATE		50.3%	210.7%
PENETRATION RATE		4.2%	16.6%
SATURATION RATE		4.2%	16.6%
Note: Totals may not sum due to rounding			
SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau American Community Survey, U.S. Census Bureau ESRI Business Analyst			

Statistical Demand for Owner Housing Units

Demand forecasts for homeownership analysis are rarely utilized, as the homeownership marketplace has numerous factors that are difficult to readily quantify within a simple algorithm such as the rental demand forecast. A regression analysis is typically provided for such an analysis, but the Beaverton area is relatively small to provide this type of analysis with a high degree of confidence. However, the following information may shed light on the statistical aspects of the local homeownership market:

- Annual movership ratios for households into owner-occupied units was calculated as follows for the Beaverton PMA, based on the latest American Community Survey data:
 - Previous Owner into Owner-Occupied Units: 2.4 Percent
 - Previous Renter into Owner-Occupied Units: 1.3 Percent

For this data to reflect current conditions, the approximate number of homes purchased within the last year would need to total approximately 65 units. Based on the number of homes currently for sale, the difference in the market area and the Realtor.com trade area, and closing data listed on Realtor.com, these statistics appear in line with current market conditions.

- Realtor.com describes the local housing market slightly favorable to buyers, as homes over the past few months have sold for up to 10 percent below asking price. The median number of days homes have been on the marketplace is currently 108 days, notably improved from much of 2017, when listing periods were on average well over 150 days.
- The number of owner-occupied homes is forecast to decline over the next few years, based on ESRI data. While some of these homes may convert to rental units, it is more likely that some of the lower-quality homes within the market area may be vacated or removed from the available housing stock. Based on the latest American Community Survey data, 1.3 percent of market area owner-occupied households are considered substandard, totaling 43 units for 2018.
- Sales data and overall homeowner information is skewed somewhat by the number of homes used for recreational use. Within the market area as of 2010, the number of housing units used for recreational use totaled 1,383 units, representing 27 percent of all housing units. In all, approximately 34 percent of the market area's housing units in 2010 were not available for occupancy, including vacancies, for-sale units, recreational/seasonal units, and other categories. Across Gladwin County, the number of non-occupied units represented 39 percent of all 2010 housing units.

VII: DATA & SOURCES

BIBLIOGRAPHY

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ESRI TAPESTRY DATA



Tapestry Segmentation Area Profile

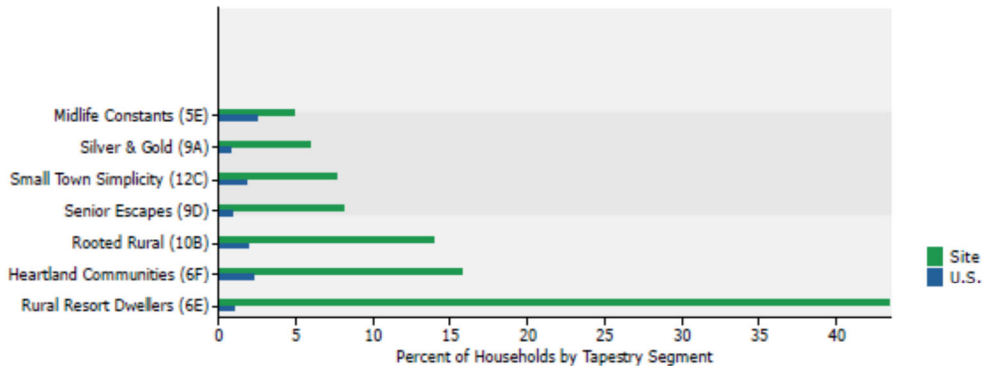
Gladwin County, MI
 Gladwin County, MI (26051)
 Geography: County

Prepared by Esri

Top Twenty Tapestry Segments

Rank	Tapestry Segment	2018 Households		2018 U.S. Households		Index
		Percent	Cumulative Percent	Percent	Cumulative Percent	
1	Rural Resort Dwellers (6E)	43.5%	43.5%	1.0%	1.0%	4348
2	Heartland Communities (6F)	15.8%	59.3%	2.3%	3.3%	687
3	Rooted Rural (10B)	14.0%	73.3%	2.0%	5.3%	712
4	Senior Escapes (9D)	8.2%	81.5%	0.9%	6.2%	897
5	Small Town Simplicity (12C)	7.6%	89.1%	1.9%	8.1%	412
Subtotal		89.1%		8.1%		
6	Silver & Gold (9A)	6.0%	95.1%	0.8%	8.9%	781
7	Midlife Constants (5E)	4.9%	100.0%	2.5%	11.4%	198
Subtotal		10.9%		3.3%		
Total		100.0%		11.3%		887

Top Ten Tapestry Segments Site vs. U.S.



Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.
 Source: Esri

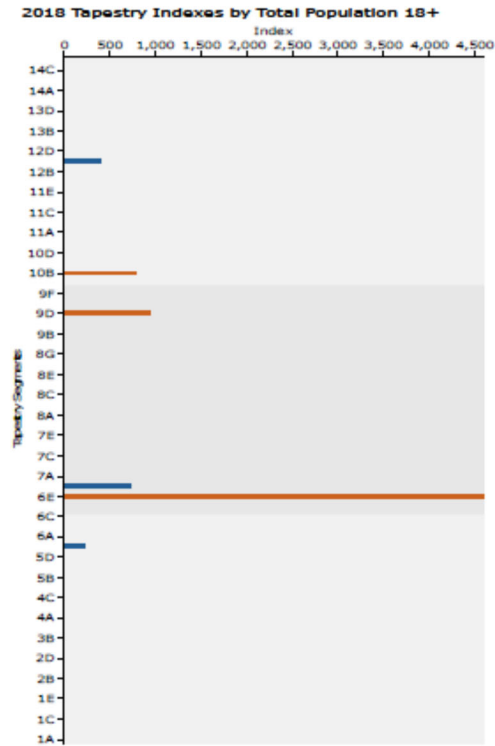
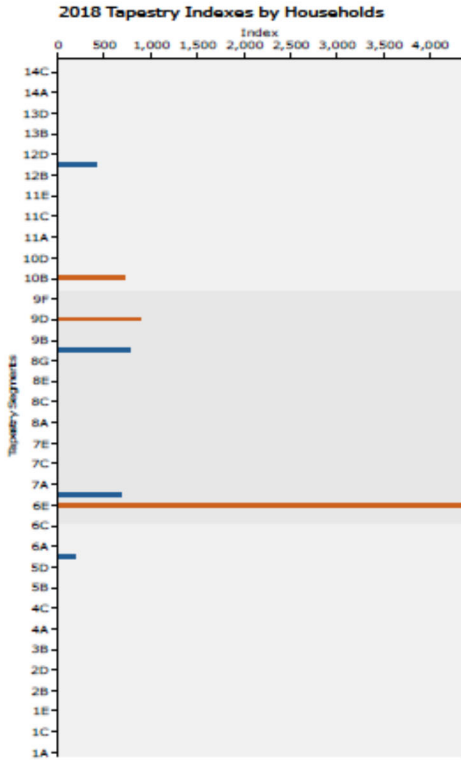
January 06, 2019



Tapestry Segmentation Area Profile

Gladwin County, MI
 Gladwin County, MI (26051)
 Geography: County

Prepared by Esri



data note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.
 Source: Esri

January 06, 2019



Tapestry Segmentation Area Profile

Gladwin County, MI
 Gladwin County, MI (26051)
 Geography: County

Prepared by Esri

Tapestry LifeMode Groups	2018 Households			2018 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	10,621	100.0%		20,884	100.0%	
1. Affluent Estates	0	0.0%	0	0	0.0%	0
Top Tier (1A)	0	0.0%	0	0	0.0%	0
Professional Pride (1B)	0	0.0%	0	0	0.0%	0
Boomburbs (1C)	0	0.0%	0	0	0.0%	0
Savvy Suburbanites (1D)	0	0.0%	0	0	0.0%	0
Exurbanites (1E)	0	0.0%	0	0	0.0%	0
2. Upscale Avenues	0	0.0%	0	0	0.0%	0
Urban Chic (2A)	0	0.0%	0	0	0.0%	0
Pleasantville (2B)	0	0.0%	0	0	0.0%	0
Pacific Heights (2C)	0	0.0%	0	0	0.0%	0
Enterprising Professionals	0	0.0%	0	0	0.0%	0
3. Uptown Individuals	0	0.0%	0	0	0.0%	0
Laptops and Lattes (3A)	0	0.0%	0	0	0.0%	0
Metro Renters (3B)	0	0.0%	0	0	0.0%	0
Trendsetters (3C)	0	0.0%	0	0	0.0%	0
4. Family Landscapes	0	0.0%	0	0	0.0%	0
Soccer Moms (4A)	0	0.0%	0	0	0.0%	0
Home Improvement (4B)	0	0.0%	0	0	0.0%	0
Middleburg (4C)	0	0.0%	0	0	0.0%	0
5. GenXurban	521	4.9%	43	1,146	5.5%	50
Comfortable Empty Nesters	0	0.0%	0	0	0.0%	0
In Style (5B)	0	0.0%	0	0	0.0%	0
Parks and Rec (5C)	0	0.0%	0	0	0.0%	0
Rustbelt Traditions (5D)	0	0.0%	0	0	0.0%	0
Midlife Constants (5E)	521	4.9%	198	1,146	5.5%	234
6. Cozy Country Living	6,296	59.3%	495	12,186	58.4%	494
Green Acres (6A)	0	0.0%	0	0	0.0%	0
Salt of the Earth (6B)	0	0.0%	0	0	0.0%	0
The Great Outdoors (6C)	0	0.0%	0	0	0.0%	0
Prairie Living (6D)	0	0.0%	0	0	0.0%	0
Rural Resort Dwellers (6E)	4,621	43.5%	4,348	8,923	42.7%	4,604
Heartland Communities (6F)	1,675	15.8%	687	3,263	15.6%	729
7. Ethnic Enclaves	0	0.0%	0	0	0.0%	0
Up and Coming Families (7A)	0	0.0%	0	0	0.0%	0
Urban Villages (7B)	0	0.0%	0	0	0.0%	0
American Dreamers (7C)	0	0.0%	0	0	0.0%	0
Barrios Urbanos (7D)	0	0.0%	0	0	0.0%	0
Valley Growers (7E)	0	0.0%	0	0	0.0%	0
Southwestern Families (7F)	0	0.0%	0	0	0.0%	0

Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.

Source: Esri

January 06, 2019



Tapestry Segmentation Area Profile

Gladwin County, MI
 Gladwin County, MI (26051)
 Geography: County

Prepared by Esri

Tapestry LifeMode Groups	2018 Households			2018 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	10,621	100.0%		20,884	100.0%	
8. Middle Ground	0	0.0%	0	0	0.0%	0
City Lights (8A)	0	0.0%	0	0	0.0%	0
Emerald City (8B)	0	0.0%	0	0	0.0%	0
Bright Young Professionals	0	0.0%	0	0	0.0%	0
Downtown Melting Pot (8D)	0	0.0%	0	0	0.0%	0
Front Porches (8E)	0	0.0%	0	0	0.0%	0
Old and Newcomers (8F)	0	0.0%	0	0	0.0%	0
Hardscrabble Road (8G)	0	0.0%	0	0	0.0%	0
9. Senior Styles	1,505	14.2%	245	2,866	13.7%	274
Silver & Gold (9A)	639	6.0%	781	1,189	5.7%	817
Golden Years (9B)	0	0.0%	0	0	0.0%	0
The Elders (9C)	0	0.0%	0	0	0.0%	0
Senior Escapes (9D)	866	8.2%	897	1,677	8.0%	950
Retirement Communities (9E)	0	0.0%	0	0	0.0%	0
Social Security Set (9F)	0	0.0%	0	0	0.0%	0
10. Rustic Outposts	1,487	14.0%	170	3,266	15.6%	188
Southern Satellites (10A)	0	0.0%	0	0	0.0%	0
Rooted Rural (10B)	1,487	14.0%	712	3,266	15.6%	803
Diners & Miners (10C)	0	0.0%	0	0	0.0%	0
Down the Road (10D)	0	0.0%	0	0	0.0%	0
Rural Bypasses (10E)	0	0.0%	0	0	0.0%	0
11. Midtown Singles	0	0.0%	0	0	0.0%	0
City Strivers (11A)	0	0.0%	0	0	0.0%	0
Young and Restless (11B)	0	0.0%	0	0	0.0%	0
Metro Fusion (11C)	0	0.0%	0	0	0.0%	0
Set to Impress (11D)	0	0.0%	0	0	0.0%	0
City Commons (11E)	0	0.0%	0	0	0.0%	0
12. Hometown	812	7.6%	125	1,420	6.8%	117
Family Foundations (12A)	0	0.0%	0	0	0.0%	0
Traditional Living (12B)	0	0.0%	0	0	0.0%	0
Small Town Simplicity (12C)	812	7.6%	412	1,420	6.8%	406
Modest Income Homes (12D)	0	0.0%	0	0	0.0%	0
13. Next Wave	0	0.0%	0	0	0.0%	0
International Marketplace	0	0.0%	0	0	0.0%	0
Las Casas (13B)	0	0.0%	0	0	0.0%	0
NeWest Residents (13C)	0	0.0%	0	0	0.0%	0
Fresh Ambitions (13D)	0	0.0%	0	0	0.0%	0
High Rise Renters (13E)	0	0.0%	0	0	0.0%	0
14. Scholars and Patriots	0	0.0%	0	0	0.0%	0
Military Proximity (14A)	0	0.0%	0	0	0.0%	0
College Towns (14B)	0	0.0%	0	0	0.0%	0
Dorms to Diplomas (14C)	0	0.0%	0	0	0.0%	0
Unclassified (15)	0	0.0%	0	0	0.0%	0

Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.

Source: Esri

January 06, 2019



Tapestry Segmentation Area Profile

Gladwin County, MI
 Gladwin County, MI (26051)
 Geography: County

Prepared by Esri

Tapestry Urbanization	2018 Households			2018 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	10,621	100.0%		20,884	100.0%	
1. Principal Urban Center	0	0.0%	0	0	0.0%	0
Laptops and Lattes (3A)	0	0.0%	0	0	0.0%	0
Metro Renters (3B)	0	0.0%	0	0	0.0%	0
Trendsetters (3C)	0	0.0%	0	0	0.0%	0
Downtown Melting Pot (8D)	0	0.0%	0	0	0.0%	0
City Strivers (11A)	0	0.0%	0	0	0.0%	0
NeWest Residents (13C)	0	0.0%	0	0	0.0%	0
Fresh Ambitions (13D)	0	0.0%	0	0	0.0%	0
High Rise Renters (13E)	0	0.0%	0	0	0.0%	0
2. Urban Periphery	0	0.0%	0	0	0.0%	0
Pacific Heights (2C)	0	0.0%	0	0	0.0%	0
Rustbelt Traditions (5D)	0	0.0%	0	0	0.0%	0
Urban Villages (7B)	0	0.0%	0	0	0.0%	0
American Dreamers (7C)	0	0.0%	0	0	0.0%	0
Barrios Urbanos (7D)	0	0.0%	0	0	0.0%	0
Southwestern Families (7F)	0	0.0%	0	0	0.0%	0
City Lights (8A)	0	0.0%	0	0	0.0%	0
Bright Young Professionals (8C)	0	0.0%	0	0	0.0%	0
Metro Fusion (11C)	0	0.0%	0	0	0.0%	0
Family Foundations (12A)	0	0.0%	0	0	0.0%	0
Modest Income Homes (12D)	0	0.0%	0	0	0.0%	0
International Marketplace (13A)	0	0.0%	0	0	0.0%	0
Las Casas (13B)	0	0.0%	0	0	0.0%	0
3. Metro Cities	0	0.0%	0	0	0.0%	0
In Style (5B)	0	0.0%	0	0	0.0%	0
Emerald City (8B)	0	0.0%	0	0	0.0%	0
Front Porches (8E)	0	0.0%	0	0	0.0%	0
Old and Newcomers (8F)	0	0.0%	0	0	0.0%	0
Hardscrabble Road (8G)	0	0.0%	0	0	0.0%	0
Retirement Communities (9E)	0	0.0%	0	0	0.0%	0
Social Security Set (9F)	0	0.0%	0	0	0.0%	0
Young and Restless (11B)	0	0.0%	0	0	0.0%	0
Set to Impress (11D)	0	0.0%	0	0	0.0%	0
City Commons (11E)	0	0.0%	0	0	0.0%	0
Traditional Living (12B)	0	0.0%	0	0	0.0%	0
College Towns (14B)	0	0.0%	0	0	0.0%	0
Dorms to Diplomas (14C)	0	0.0%	0	0	0.0%	0

Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.

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	Number	Percent	Index	Number	Percent	Index
Total:	10,621	100.0%		20,884	100.0%	
4. Suburban Periphery	1,160	10.9%	34	2,335	11.2%	34
Top Tier (1A)	0	0.0%	0	0	0.0%	0
Professional Pride (1B)	0	0.0%	0	0	0.0%	0
Boomburbs (1C)	0	0.0%	0	0	0.0%	0
Savvy Suburbanites (1D)	0	0.0%	0	0	0.0%	0
Exurbanites (1E)	0	0.0%	0	0	0.0%	0
Urban Chic (2A)	0	0.0%	0	0	0.0%	0
Pleasantville (2B)	0	0.0%	0	0	0.0%	0
Enterprising Professionals (2D)	0	0.0%	0	0	0.0%	0
Soccer Moms (4A)	0	0.0%	0	0	0.0%	0
Home Improvement (4B)	0	0.0%	0	0	0.0%	0
Comfortable Empty Nesters	0	0.0%	0	0	0.0%	0
Parks and Rec (5C)	0	0.0%	0	0	0.0%	0
Midlife Constants (5E)	521	4.9%	198	1,146	5.5%	234
Up and Coming Families (7A)	0	0.0%	0	0	0.0%	0
Silver & Gold (9A)	639	6.0%	781	1,189	5.7%	817
Golden Years (9B)	0	0.0%	0	0	0.0%	0
The Elders (9C)	0	0.0%	0	0	0.0%	0
Military Proximity (14A)	0	0.0%	0	0	0.0%	0
5. Semirural	3,353	31.6%	339	6,360	30.5%	338
Middleburg (4C)	0	0.0%	0	0	0.0%	0
Heartland Communities (6F)	1,675	15.8%	687	3,263	15.6%	729
Valley Growers (7E)	0	0.0%	0	0	0.0%	0
Senior Escapes (9D)	866	8.2%	897	1,677	8.0%	950
Down the Road (10D)	0	0.0%	0	0	0.0%	0
Small Town Simplicity (12C)	812	7.6%	412	1,420	6.8%	406
6. Rural	6,108	57.5%	343	12,189	58.4%	347
Green Acres (6A)	0	0.0%	0	0	0.0%	0
Salt of the Earth (6B)	0	0.0%	0	0	0.0%	0
The Great Outdoors (6C)	0	0.0%	0	0	0.0%	0
Prairie Living (6D)	0	0.0%	0	0	0.0%	0
Rural Resort Dwellers (6E)	4,621	43.5%	4,348	8,923	42.7%	4,604
Southern Satellites (10A)	0	0.0%	0	0	0.0%	0
Rooted Rural (10B)	1,487	14.0%	712	3,266	15.6%	803
Diners & Miners (10C)	0	0.0%	0	0	0.0%	0
Rural Bypasses (10E)	0	0.0%	0	0	0.0%	0
Unclassified (15)	0	0.0%	0	0	0.0%	0

Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.
 Source: Esri

January 06, 2019

CERTIFICATION

CONSULTANT CERTIFICATION/CERTIFICATE OF ACCURACY

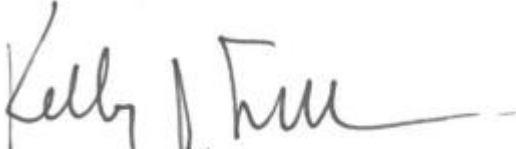
It is hereby attested to that the information in this report is true and accurate. Information gathered from other sources is considered to be reliable; however, the undersigned does not guarantee the data nor assume any liability for any errors in fact, analysis, or judgment.

While the sponsor has paid for the market research services rendered, the undersigned certifies that no fees will be collected or payments received contingent upon the success of the proposal. In addition, the undersigned further certifies that no ownership interest exists concerning the proposal.

While the document specifies Community Research Services, LLC, the certification is always signed by the individual completing the study and attesting to the certification.



COMMUNITY RESEARCH SERVICES, LLC



Kelly J. Murdock

Date: February 15, 2019

RESUME AND BACKGROUND

KELLY J. MURDOCK

COMMUNITY RESEARCH SERVICES, LLC

Mr. Murdock has vast experience in the analysis of housing markets. Since 1988, he has provided market analyses and studies on single-family developments, apartment complexes, condominium proposals, and senior citizen communities. Mr. Murdock has also assisted numerous nonprofit groups and non-entitled communities with the use and regulations of the HOME program, as a technical assistance representative through the Michigan State Housing Development Authority (MSHDA). He has been featured within several published articles on housing research, and has served as a speaker at numerous housing seminars on market-related issues.

Mr. Murdock currently serves as the Managing Partner of Community Research Services, LLC (CRS). CRS was created to provide a wide variety of products and services to the affordable housing industry, ranging from market feasibility studies to development consulting. CRS provides consulting and research with for-profit firms, nonprofit organizations, as well as state and local governments.

Prior to the establishment of CRS, Mr. Murdock was the founder of Community Research Group LLC and Community Targeting Associates. Both companies provided a large degree of affordable housing research over a twelve-year period (1992 to 2004) across 31 states for over 250 clients. This included research conducted under contract with Rural Housing Service, HUD, and six state housing agencies. Previously, Mr. Murdock served as the Senior Market Analyst of Target Market Systems, the market research division of First Centrum Corporation. At TMS, Mr. Murdock was responsible for market research services for all development and management divisions of the corporation, and completed some of the first market reviews and studies within Michigan under the LIHTC program (IRS Section 42).

A graduate of Eastern Michigan University, Mr. Murdock holds a degree in Economics and Business, with a concentration in economic modeling and analysis. Mr. Murdock and CRS are charter members of the National Council of Housing Market Analysts (NCHMA), an organization dedicated to the establishment of standard practices and methods in housing research across the nation. Mr. Murdock serves on the executive committee of NCHMA as Vice-Chair, is the co-chair of the Peer Review committee, and will lead the council as Chairman during the upcoming 2019-2020 term. Mr. Murdock has been awarded the Professional Member designation by NCHMA, the highest level of membership offered by the organization.