

# COMMUNITY OVERVIEW & HOUSING MARKET SUMMARY

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Traverse City, Michigan



**BOWEN**  
NATIONAL  
RESEARCH

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# I. INTRODUCTION

## A. PURPOSE

Housing North retained Bowen National Research in April 2023 for the purpose of conducting a Community Overview and Housing Market Summary of Traverse City, Michigan.

With changing demographic characteristics and trends expected over the years ahead, it is important for the local government, stakeholders and its citizens to understand the current market conditions and projected changes that are anticipated to occur that will influence future housing needs. Toward that end, this report intends to:

- Provide an overview of present-day Traverse City, Michigan.
- Present and evaluate past, current and projected detailed demographic characteristics.
- Determine current characteristics of major housing components within the market (for-sale/ownership and rental housing alternatives).

By accomplishing the study's objectives, government officials, area stakeholders, and area employers can: (1) better understand the community's evolving housing market, (2) establish housing priorities, (3) modify or expand local government housing policies, and (4) enhance and/or expand the community's housing market to meet current and future housing needs.

## B. METHODOLOGIES AND DATA SOURCES

The following methods and data sources were used by Bowen National Research:

### Study Area Delineation

The primary geographic scope of this study is Traverse City, Michigan. A description of the individual study areas and corresponding maps are included in Section II.

### Demographic Information

Demographic data for population, households, and housing was secured from ESRI, the 2000, 2010 and 2020 U.S. Census, the U.S. Department of Commerce, and the American Community Survey. This data has been used in its primary form and by Bowen National Research for secondary calculations. Estimates and projections of key demographic data for 2022 and 2027 were also provided.

## Housing Supply

This study focuses on rental and for-sale housing components. Rentals include multifamily apartments (generally five+ units per building) and non-conventional rentals (single-family homes, duplexes, units over storefronts, etc.). For-sale housing includes individual homes, mobile homes, and projects within subdivisions. It is important to note, depending upon the availability of data and housing product, we present and evaluate housing data as reported by secondary data sources and/or collected by Bowen National Research.

### **C. REPORT LIMITATIONS**

The intent of this report is to collect and analyze selected data for Traverse City, Michigan. Bowen National Research relied on a variety of data sources to generate this report. These data sources are not always verifiable; however, Bowen National Research makes a concerted effort to assure accuracy. While this is not always possible, we believe that our efforts provide an acceptable standard margin of error. Bowen National Research is not responsible for errors or omissions in the data provided by other sources.

We have no present or prospective interest in any of the properties included in this report, and we have no personal interest or bias with respect to the parties involved. Our compensation is not contingent on an action or event resulting from the analyses, opinions, or use of this study. Any reproduction or duplication of this study without the expressed approval of Housing North or Bowen National Research is strictly prohibited.

## II. COMMUNITY OVERVIEW & HOUSING MARKET SUMMARY

The primary focus of this Community Overview and Housing Market Summary is on the community of Traverse City, Michigan. The analyses on the following pages provide overviews of key demographic data, summaries of the multifamily and non-conventional rental market, for-sale housing supply, and general conclusions on the housing needs of the overall community. For comparison purposes, the demographic and housing characteristics of Grand Traverse County, the 10-county Northern Michigan Region, and the state of Michigan are also included, when applicable. It is important to note that the demographic projections included in this section assume no significant government policies, programs or incentives are enacted that would drastically alter residential development or economic activity.

It is important to note that 2010 and 2020 demographic data are based on U.S. Census data (actual count), while 2022 and 2027 data are based on calculated estimates provided by ESRI, a nationally recognized demography firm. Additionally, secondary housing data included within this analysis uses a combination of ESRI estimates and data obtained from the 2016-2020 American Community Survey (ACS). As such, differences in totals and shares among various tables within this analysis may exist.

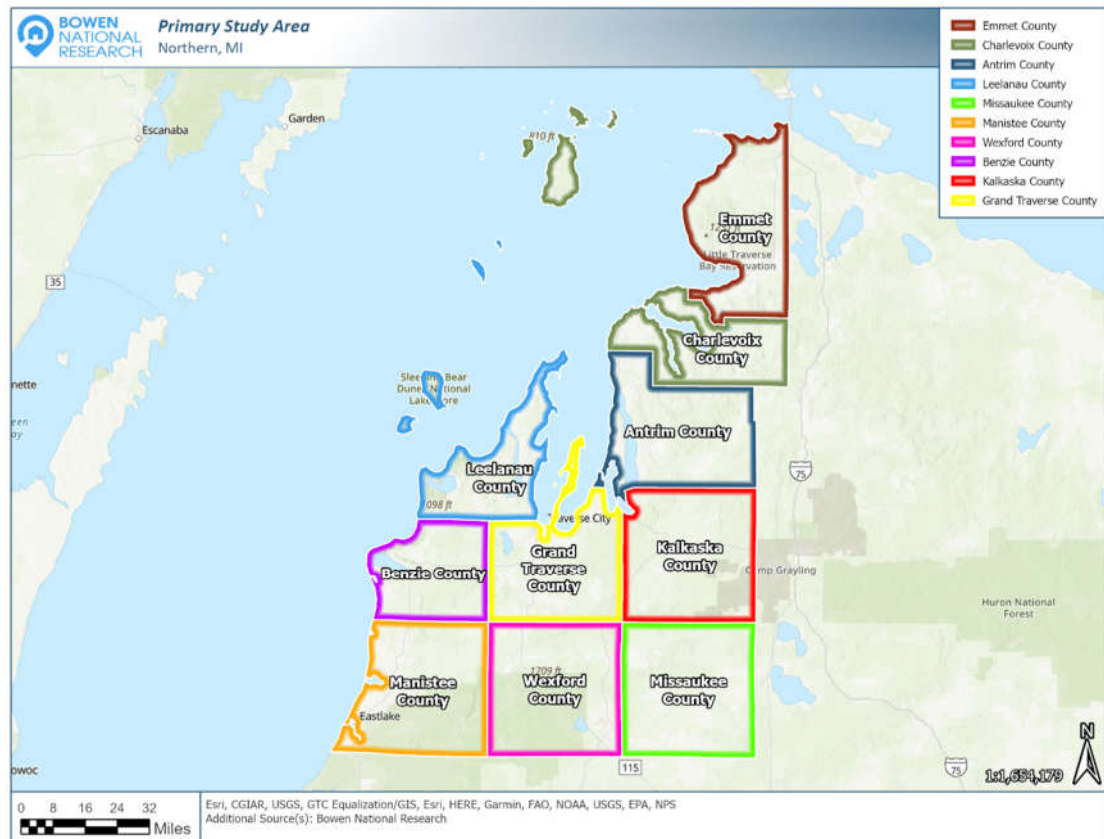
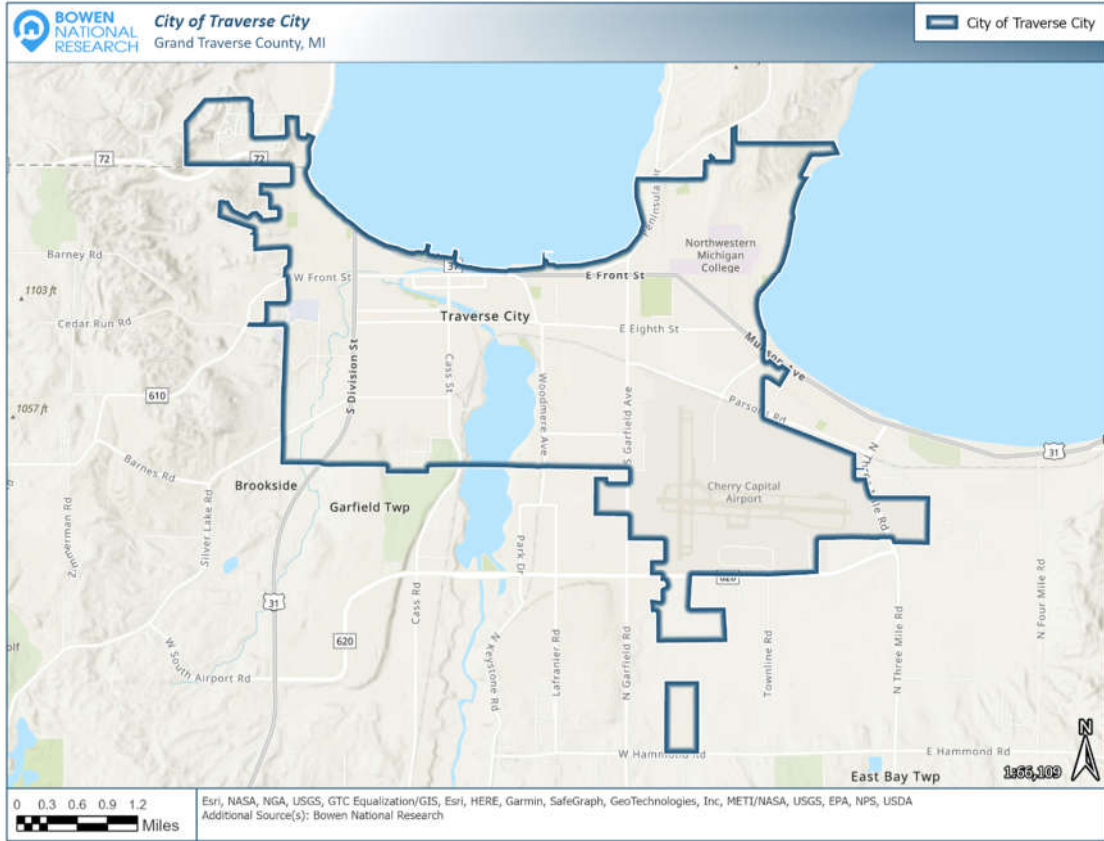
### A. INTRODUCTION

Traverse City is located in Grand Traverse County (with a small portion in Leelanau County), Michigan and serves as the county seat. Traverse City is accessible via U.S. Highway 31 as well as State Routes 22, 37, and 72 and contains approximately 8.61 square miles. The 2022 estimated population is 16,110, which is representative of approximately 16.6% of the population in Grand Traverse County and 5.2% of the total population for the 10-county Northern Michigan Region.

The 10 counties within the Northern Michigan Region are listed below.

- Antrim County
- Benzie County
- Charlevoix County
- Emmet County
- Grand Traverse County
- Kalkaska County
- Leelanau County
- Manistee County
- Missaukee County
- Wexford County

Maps illustrating Traverse City, Michigan and the Northern Michigan Region are on the following page.



## B. DEMOGRAPHICS

This section of the report evaluates key demographic characteristics for the community of Traverse City. Demographic comparisons provide insights into the human composition of housing markets.

Population by numbers and percent change (growth or decline) for selected years is shown in the following table. It should be noted that some total numbers and percentages may not match the totals within or between tables in this section due to rounding. Note that declines are illustrated in **red** text, while increases are illustrated in **green** text:

	Total Population									
	2010 Census	2020 Census	Change 2010-2020		2022 Estimated	Change 2020-2022		2027 Projected	Change 2022-2027	
			Number	Percent		Number	Percent		Number	Percent
<b>Traverse City</b>	14,592	15,678	<b>1,086</b>	<b>7.4%</b>	16,110	<b>432</b>	<b>2.8%</b>	16,467	<b>357</b>	<b>2.2%</b>
<b>Grand Traverse</b>	86,986	95,238	<b>8,252</b>	<b>9.5%</b>	96,832	<b>1,594</b>	<b>1.7%</b>	98,662	<b>1,830</b>	<b>1.9%</b>
<b>Region</b>	297,912	310,802	<b>12,890</b>	<b>4.3%</b>	311,690	<b>888</b>	<b>0.3%</b>	313,166	<b>1,476</b>	<b>0.5%</b>
<b>Michigan</b>	9,883,297	10,077,094	<b>193,797</b>	<b>2.0%</b>	10,077,929	<b>835</b>	<b>0.0%</b>	10,054,166	<b>-23,763</b>	<b>-0.2%</b>

Source: 2010, 2020 Census; ESRI; Urban Decision Group; Bowen National Research

Between 2010 and 2020, the population within Traverse City increased by 1,086 (7.4%), which represents a smaller percentage increase as compared to Grand Traverse County (9.5%) during this time period, but a larger increase than the 10-county Northern Michigan Region (4.3%) and the state of Michigan (2.0%). The population in Traverse City increased by 2.8% between 2020 and 2022, and it is projected that the population within the area will further increase by 2.2% between 2022 and 2027. This represents a larger rate of increase compared to the county (1.9%) and region (0.5%) and contrasts with the 0.2% decline projected for the state. It is critical to point out that *household* changes, as opposed to population, are more material in assessing housing needs and opportunities. As illustrated on the following page, Traverse City experienced significant positive *household* growth between 2010 and 2020 and is expected to experience additional household growth between 2022 and 2027.

Other notable population statistics for Traverse City include the following:

- Minorities comprise 9.5% of the community’s population, which is slightly greater than the shares for Grand Traverse County (9.2%) and the Northern Michigan Region (8.7%), but notably less than the statewide share (26.1%).
- Married persons represent 45.2% of the adult population, which is lower than the shares reported for Grand Traverse County (53.8%), the Northern Michigan Region (55.3%), and the state of Michigan (49.0%).
- The share of the adult population without a high school diploma is 3.0%, which is lower than the shares reported for Grand Traverse County (3.9%), the Northern Michigan Region (6.1%) and the state share of Michigan (7.7%).

- Approximately 10.5% of the population lives in poverty, which is comparable to the shares in Grand Traverse County (10.3%) and the Northern Michigan Region (10.3%), but less than the state of Michigan (13.7%).
- The annual movership rate (population moving within or to Traverse City) is 15.3%, which is higher than the shares in Grand Traverse County (13.9%), the Northern Michigan Region (12.1%), and Michigan (13.4%).

Households by numbers and percent change (growth or decline) for selected years are shown in the following table. Note that declines are illustrated in **red** text, while increases are illustrated in **green** text:

	Total Households									
	2010 Census	2020 Census	Change 2010-2020		2022 Estimated	Change 2020-2022		2027 Projected	Change 2022-2027	
			Number	Percent		Number	Percent		Number	Percent
<b>Traverse City</b>	6,650	7,377	727	10.9%	7,535	158	2.1%	7,731	196	2.6%
<b>Grand Traverse</b>	35,328	39,819	4,491	12.7%	40,604	785	2.0%	41,553	949	2.3%
<b>Region</b>	122,388	131,151	8,763	7.2%	131,968	817	0.6%	133,293	1,325	1.0%
<b>Michigan</b>	3,872,302	4,041,552	169,250	4.4%	4,055,460	13,908	0.3%	4,067,324	11,864	0.3%

Source: 2010, 2020 Census; ESRI; Urban Decision Group; Bowen National Research

Between 2010 and 2020, the total number of households within Traverse City increased by 727 (10.9%), which is smaller than the county growth rate of 12.7%, but larger than the regional growth rate of 7.2% during this same time period. Traverse City experienced household growth of 2.1% between 2020 and 2022, which is more than the growth within Grand Traverse County (2.0%). Household growth (2.6%) is again projected for Traverse City between 2022 and 2027. This represents a larger growth rate than Grand Traverse County (2.3%), the Northern Michigan Region (1.0%), and the state of Michigan (0.3%) over the next five years.

It should be noted that household growth alone does not dictate the total housing needs of a market. Factors such as households living in substandard or cost-burdened housing, people commuting into the area for work, pent-up demand, availability of existing housing, and product in the development pipeline all affect housing needs.

Household heads by age cohorts for selected years are shown in the following table. Note that five-year declines are in **red**, while increases are in **green**:

		Household Heads by Age						
		<25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75+
Traverse City	2010	349 (5.2%)	987 (14.8%)	949 (14.3%)	1,237 (18.6%)	1,332 (20.0%)	824 (12.4%)	972 (14.6%)
	2022	282 (3.7%)	1,084 (14.4%)	1,062 (14.1%)	1,111 (14.7%)	1,391 (18.5%)	1,433 (19.0%)	1,172 (15.6%)
	2027	290 (3.8%)	1,031 (13.3%)	1,114 (14.4%)	1,119 (14.5%)	1,244 (16.1%)	1,523 (19.7%)	1,410 (18.2%)
	Change 2022-2027	<b>8</b> <b>(2.8%)</b>	<b>-53</b> <b>(-4.9%)</b>	<b>52</b> <b>(4.9%)</b>	<b>8</b> <b>(0.7%)</b>	<b>-147</b> <b>(-10.6%)</b>	<b>90</b> <b>(6.3%)</b>	<b>238</b> <b>(20.3%)</b>
Grand Traverse	2010	1,354 (3.8%)	4,734 (13.4%)	5,660 (16.0%)	7,840 (22.2%)	7,253 (20.5%)	4,242 (12.0%)	4,245 (12.0%)
	2022	1,177 (2.9%)	5,515 (13.6%)	6,015 (14.8%)	6,495 (16.0%)	8,539 (21.0%)	7,476 (18.4%)	5,387 (13.3%)
	2027	1,181 (2.8%)	5,225 (12.6%)	6,424 (15.5%)	6,402 (15.4%)	7,504 (18.1%)	8,187 (19.7%)	6,630 (16.0%)
	Change 2022-2027	<b>4</b> <b>(0.3%)</b>	<b>-290</b> <b>(-5.3%)</b>	<b>409</b> <b>(6.8%)</b>	<b>-93</b> <b>(-1.4%)</b>	<b>-1,035</b> <b>(-12.1%)</b>	<b>711</b> <b>(9.5%)</b>	<b>1,243</b> <b>(23.1%)</b>
Region	2010	3,841 (3.1%)	13,648 (11.2%)	18,314 (15.0%)	26,363 (21.5%)	26,039 (21.3%)	18,114 (14.8%)	16,069 (13.1%)
	2022	3,249 (2.5%)	15,367 (11.6%)	17,843 (13.5%)	20,514 (15.5%)	28,678 (21.7%)	26,939 (20.4%)	19,378 (14.7%)
	2027	3,134 (2.4%)	14,210 (10.7%)	18,674 (14.0%)	19,693 (14.8%)	25,393 (19.1%)	29,053 (21.8%)	23,136 (17.4%)
	Change 2022-2027	<b>-115</b> <b>(-3.5%)</b>	<b>-1,157</b> <b>(-7.5%)</b>	<b>831</b> <b>(4.7%)</b>	<b>-821</b> <b>(-4.0%)</b>	<b>-3,285</b> <b>(-11.5%)</b>	<b>2,114</b> <b>(7.8%)</b>	<b>3,758</b> <b>(19.4%)</b>
Michigan	2010	170,982 (4.4%)	525,833 (13.6%)	678,259 (17.5%)	844,895 (21.8%)	746,394 (19.3%)	463,569 (12.0%)	442,370 (11.4%)
	2022	150,466 (3.7%)	572,672 (14.1%)	630,554 (15.5%)	677,148 (16.7%)	814,827 (20.1%)	695,910 (17.2%)	513,883 (12.7%)
	2027	144,849 (3.6%)	535,146 (13.2%)	653,008 (16.1%)	642,114 (15.8%)	736,410 (18.1%)	749,254 (18.4%)	606,543 (14.9%)
	Change 2022-2027	<b>-5,617</b> <b>(-3.7%)</b>	<b>-37,526</b> <b>(-6.6%)</b>	<b>22,454</b> <b>(3.6%)</b>	<b>-35,034</b> <b>(-5.2%)</b>	<b>-78,417</b> <b>(-9.6%)</b>	<b>53,344</b> <b>(7.7%)</b>	<b>92,660</b> <b>(18.0%)</b>

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2022, household heads between the ages of 65 and 74 within Traverse City comprise the largest share of households (19.0%) by age. Household heads between the ages of 55 and 64 represent the next largest share (18.5%), followed by those age 75 and older (15.6%). Household heads ages 55 and older comprise over half (53.1%) of all households within the area, which represents a slightly larger share of senior households as compared to Grand Traverse County (52.7%), but less than the Northern Michigan Region (56.8%). Household heads under the age of 35, which are typically more likely to be renters or first-time homebuyers, comprise nearly one-fifth (18.1%) of Traverse City households, which represents a larger share of such households when compared to the county (16.5%), region (14.1%) and state (17.8%). Between 2022 and 2027, household growth within Traverse City is projected to occur among a variety of age cohorts, with the most significant growth, in terms of *percentage*, projected to



occur among households age 75 and older (20.3%). Households between the ages of 25 and 34 and those between the ages of 55 and 64 are projected to decline by 4.9% and 10.6%, respectively, over the next five years.

Households by tenure (renters versus owners) for selected years are shown in the following table. Note that 2027 numbers which represent a decrease from 2022 are illustrated in **red** text, while increases are illustrated in **green** text:

		Households by Tenure							
		2000		2010		2022		2027	
Household Type		Number	Percent	Number	Percent	Number	Percent	Number	Percent
Traverse City	Owner-Occupied	3,829	59.6%	4,013	60.3%	4,651	61.7%	4,866	62.9%
	Renter-Occupied	2,596	40.4%	2,637	39.7%	2,884	38.3%	2,865	37.1%
	Total	6,425	100.0%	6,650	100.0%	7,535	100.0%	7,731	100.0%
Grand Traverse	Owner-Occupied	27,337	77.4%	26,489	75.0%	30,425	74.9%	31,516	75.8%
	Renter-Occupied	7,991	22.6%	8,839	25.0%	10,179	25.1%	10,037	24.2%
	Total	35,328	100.0%	35,328	100.0%	40,604	100.0%	41,553	100.0%
Region	Owner-Occupied	98,506	80.5%	96,114	78.5%	105,039	79.6%	106,857	80.2%
	Renter-Occupied	23,882	19.5%	26,274	21.5%	26,929	20.4%	26,436	19.8%
	Total	122,388	100.0%	122,388	100.0%	131,968	100.0%	133,293	100.0%
Michigan	Owner-Occupied	2,857,499	73.8%	2,793,208	72.1%	2,895,751	71.4%	2,936,335	72.2%
	Renter-Occupied	1,014,803	26.2%	1,079,094	27.9%	1,159,709	28.6%	1,130,990	27.8%
	Total	3,872,302	100.0%	3,872,302	100.0%	4,055,460	100.0%	4,067,325	100.0%

Source: 2000 Census; 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2022, Traverse City has a 61.7% share of owner households and a 38.3% share of renter households. This is a much larger share of renter households as compared to Grand Traverse County (25.1%), the Northern Michigan Region (20.4%), and state of Michigan (28.6%). Overall, Traverse City owner households represent 15.3% of all owner households within Grand Traverse County, while Traverse City renter households comprise 28.3% of the county's renter households. Between 2022 and 2027, the number of owner households in the area is projected to increase by 215 (4.6%), while the number of renter households is projected to decline by 19 (0.7%). The increase among owner households over the next five years will likely contribute to an increase in demand within the for-sale market of Traverse City.

Median household income for selected years is shown in the following table:

		Median Household Income				
		2010 Census	2022 Estimated	% Change 2010-2022	2027 Projected	% Change 2022-2027
Traverse City		\$40,580	\$64,909	60.0%	\$70,223	8.2%
Grand Traverse		\$45,681	\$69,310	51.7%	\$77,541	11.9%
Region		\$44,261	\$63,085	42.5%	\$71,177	12.8%
Michigan		\$46,042	\$65,507	42.3%	\$75,988	16.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2022, the estimated median household income in Traverse City is \$64,909, which is 6.3% lower than the median household income in Grand Traverse County. Between 2010 and 2022, Traverse City experienced a 60.0% increase in median household income. The increase in Traverse City was notably higher than the increase within Grand Traverse County (51.7%), the Northern Michigan Region (42.5%), and the state of Michigan (42.3%). The median household income in Traverse City is projected to increase by an additional 8.2% between 2022 and 2027, resulting in a projected median income of \$70,223 in 2027, which will remain below the projected median household incomes for the county (\$77,541), region (\$71,177), and state (\$75,988) for this time period.

The distribution of *renter* households by income is illustrated below. Note that declines between 2022 and 2027 are in **red**, while increases are in **green**:

		Renter Households by Income							
		<\$10,000	\$10,000 - \$19,999	\$20,000 - \$29,999	\$30,000 - \$39,999	\$40,000 - \$49,999	\$50,000 - \$59,999	\$60,000 - \$99,999	\$100,000+
Traverse City	2010	329 (12.5%)	600 (22.8%)	532 (20.2%)	368 (13.9%)	292 (11.1%)	143 (5.4%)	280 (10.6%)	93 (3.5%)
	2022	219 (7.6%)	430 (14.9%)	505 (17.5%)	441 (15.3%)	309 (10.7%)	195 (6.8%)	512 (17.8%)	273 (9.5%)
	2027	203 (7.1%)	352 (12.3%)	443 (15.5%)	512 (17.9%)	303 (10.6%)	201 (7.0%)	557 (19.4%)	294 (10.2%)
	Change 2022-2027	<b>-16</b> <b>(-7.3%)</b>	<b>-78</b> <b>(-18.1%)</b>	<b>-62</b> <b>(-12.3%)</b>	<b>71</b> <b>(16.1%)</b>	<b>-6</b> <b>(-1.9%)</b>	<b>6</b> <b>(3.1%)</b>	<b>45</b> <b>(8.8%)</b>	<b>21</b> <b>(7.7%)</b>
Grand Traverse	2010	874 (9.9%)	1,981 (22.4%)	1,710 (19.3%)	1,309 (14.8%)	1,039 (11.8%)	548 (6.2%)	1,095 (12.4%)	283 (3.2%)
	2022	559 (5.5%)	1,319 (13.0%)	1,707 (16.8%)	1,665 (16.4%)	1,118 (11.0%)	795 (7.8%)	2,075 (20.4%)	940 (9.2%)
	2027	533 (5.3%)	1,115 (11.1%)	1,474 (14.7%)	1,824 (18.2%)	1,006 (10.0%)	777 (7.7%)	2,146 (21.4%)	1,163 (11.6%)
	Change 2022-2027	<b>-26</b> <b>(-4.7%)</b>	<b>-204</b> <b>(-15.5%)</b>	<b>-233</b> <b>(-13.6%)</b>	<b>159</b> <b>(9.5%)</b>	<b>-112</b> <b>(-10.0%)</b>	<b>-18</b> <b>(-2.3%)</b>	<b>71</b> <b>(3.4%)</b>	<b>223</b> <b>(23.7%)</b>
Region	2010	3,632 (13.8%)	6,097 (23.2%)	4,944 (18.8%)	3,611 (13.7%)	2,920 (11.1%)	1,464 (5.6%)	2,903 (11.1%)	702 (2.7%)
	2022	2,324 (8.6%)	3,845 (14.3%)	4,696 (17.4%)	4,084 (15.2%)	2,979 (11.1%)	2,099 (7.8%)	4,829 (17.9%)	2,074 (7.7%)
	2027	1,965 (7.4%)	3,032 (11.5%)	4,394 (16.6%)	4,134 (15.6%)	2,829 (10.7%)	2,222 (8.4%)	5,265 (19.9%)	2,596 (9.8%)
	Change 2022-2027	<b>-359</b> <b>(-15.4%)</b>	<b>-813</b> <b>(-21.1%)</b>	<b>-302</b> <b>(-6.4%)</b>	<b>50</b> <b>(1.2%)</b>	<b>-150</b> <b>(-5.0%)</b>	<b>123</b> <b>(5.9%)</b>	<b>436</b> <b>(9.0%)</b>	<b>522</b> <b>(25.2%)</b>
Michigan	2010	199,712 (18.5%)	246,606 (22.9%)	177,623 (16.5%)	132,096 (12.2%)	102,309 (9.5%)	60,184 (5.6%)	120,836 (11.2%)	39,728 (3.7%)
	2022	130,946 (11.3%)	162,366 (14.0%)	160,440 (13.8%)	142,557 (12.3%)	118,579 (10.2%)	91,322 (7.9%)	228,712 (19.7%)	124,786 (10.8%)
	2027	101,174 (8.9%)	121,966 (10.8%)	136,822 (12.1%)	131,187 (11.6%)	112,648 (10.0%)	96,571 (8.5%)	262,502 (23.2%)	168,120 (14.9%)
	Change 2022-2027	<b>-29,772</b> <b>(-22.7%)</b>	<b>-40,400</b> <b>(-24.9%)</b>	<b>-23,618</b> <b>(-14.7%)</b>	<b>-11,370</b> <b>(-8.0%)</b>	<b>-5,931</b> <b>(-5.0%)</b>	<b>5,249</b> <b>(5.7%)</b>	<b>33,790</b> <b>(14.8%)</b>	<b>43,334</b> <b>(34.7%)</b>

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2022, renter households earning between \$60,000 and \$99,999 (17.8%) and \$20,000 and \$29,999 (17.5%) comprise the largest shares of renter households by income level within Traverse City. Well over half (55.3%) of all renter households within the area earn less than \$40,000, which is a larger share compared to Grand Traverse County (51.7%), but a slightly smaller share than the region (55.5%). Renter households earning \$60,000 or more comprise over one-fourth (27.3%) of all Traverse City renter households, which is a smaller share as compared to Grand Traverse County (29.6%). As a result, the distribution of renter households by income in Traverse City is slightly more concentrated among lower income households as compared to households within the county. Projected growth among renter households within Traverse City is concentrated on households earning between \$30,000 and \$39,999 and those earning \$50,000 or more. Renter households earning less than \$30,000 and those earning between \$40,000 and \$49,999 are projected to decline. The largest growth is projected among the income cohort earning between \$30,000 and \$39,999 (16.1%, or 71 households). These growth projections for the area are generally consistent with the projected growth within Grand Traverse County, with the exception that households earning between \$50,000 and \$59,999 are projected to decline within the county during this time period. While the overall number of renter households in Traverse City is projected to decline, the projected changes in the distribution of renter households by income will likely have an impact on the demand for rental product at specific price points over the next five years.

The distribution of *owner* households by income is included below. Note that declines between 2022 and 2027 are in **red**, while increases are in **green**:

		Owner Households by Income							
		<\$10,000	\$10,000 - \$19,999	\$20,000 - \$29,999	\$30,000 - \$39,999	\$40,000 - \$49,999	\$50,000 - \$59,999	\$60,000 - \$99,999	\$100,000+
Traverse City	2010	145 (3.6%)	336 (8.4%)	465 (11.6%)	505 (12.6%)	484 (12.1%)	406 (10.1%)	916 (22.8%)	756 (18.8%)
	2022	46 (1.0%)	132 (2.8%)	237 (5.1%)	329 (7.1%)	336 (7.2%)	345 (7.4%)	1,377 (29.6%)	1,849 (39.8%)
	2027	36 (0.7%)	93 (1.9%)	165 (3.4%)	330 (6.8%)	338 (6.9%)	355 (7.3%)	1,454 (29.9%)	2,096 (43.1%)
	Change 2022-2027	<b>-10</b> <b>(-21.7%)</b>	<b>-39</b> <b>(-29.5%)</b>	<b>-72</b> <b>(-30.4%)</b>	<b>1</b> <b>(0.3%)</b>	<b>2</b> <b>(0.6%)</b>	<b>10</b> <b>(2.9%)</b>	<b>77</b> <b>(5.6%)</b>	<b>247</b> <b>(13.4%)</b>
Grand Traverse	2010	933 (3.5%)	2,456 (9.3%)	2,817 (10.6%)	3,170 (12.0%)	3,210 (12.1%)	2,848 (10.8%)	6,407 (24.2%)	4,648 (17.5%)
	2022	363 (1.2%)	1,000 (3.3%)	1,716 (5.6%)	2,555 (8.4%)	2,343 (7.7%)	2,361 (7.8%)	9,358 (30.8%)	10,730 (35.3%)
	2027	280 (0.9%)	710 (2.3%)	1,213 (3.8%)	2,446 (7.8%)	2,057 (6.5%)	2,230 (7.1%)	9,430 (29.9%)	13,149 (41.7%)
	Change 2022-2027	<b>-83</b> <b>(-22.9%)</b>	<b>-290</b> <b>(-29.0%)</b>	<b>-503</b> <b>(-29.3%)</b>	<b>-109</b> <b>(-4.3%)</b>	<b>-286</b> <b>(-12.2%)</b>	<b>-131</b> <b>(-5.5%)</b>	<b>72</b> <b>(0.8%)</b>	<b>2,419</b> <b>(22.5%)</b>
Region	2010	4,344 (4.5%)	9,146 (9.5%)	11,100 (11.5%)	12,022 (12.5%)	11,861 (12.3%)	10,277 (10.7%)	23,379 (24.3%)	13,986 (14.6%)
	2022	2,552 (2.4%)	4,891 (4.7%)	7,765 (7.4%)	9,550 (9.1%)	8,967 (8.5%)	9,135 (8.7%)	30,773 (29.3%)	31,405 (29.9%)
	2027	2,034 (1.9%)	3,540 (3.3%)	6,333 (5.9%)	8,594 (8.0%)	7,858 (7.4%)	8,551 (8.0%)	31,453 (29.4%)	38,493 (36.0%)
	Change 2022-2027	<b>-518</b> <b>(-20.3%)</b>	<b>-1,351</b> <b>(-27.6%)</b>	<b>-1,432</b> <b>(-18.4%)</b>	<b>-956</b> <b>(-10.0%)</b>	<b>-1,109</b> <b>(-12.4%)</b>	<b>-584</b> <b>(-6.4%)</b>	<b>680</b> <b>(2.2%)</b>	<b>7,088</b> <b>(22.6%)</b>
Michigan	2010	135,263 (4.8%)	233,420 (8.4%)	278,350 (10.0%)	300,038 (10.7%)	283,387 (10.1%)	274,521 (9.8%)	702,775 (25.2%)	585,454 (21.0%)
	2022	79,236 (2.7%)	127,936 (4.4%)	183,925 (6.4%)	219,479 (7.6%)	219,662 (7.6%)	236,316 (8.2%)	752,251 (26.0%)	1,076,947 (37.2%)
	2027	62,652 (2.1%)	95,491 (3.3%)	147,512 (5.0%)	184,824 (6.3%)	191,349 (6.5%)	215,963 (7.4%)	741,472 (25.3%)	1,297,072 (44.2%)
	Change 2022-2027	<b>-16,584</b> <b>(-20.9%)</b>	<b>-32,445</b> <b>(-25.4%)</b>	<b>-36,413</b> <b>(-19.8%)</b>	<b>-34,655</b> <b>(-15.8%)</b>	<b>-28,313</b> <b>(-12.9%)</b>	<b>-20,353</b> <b>(-8.6%)</b>	<b>-10,779</b> <b>(-1.4%)</b>	<b>220,125</b> <b>(20.4%)</b>

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2022, 69.4% of *owner* households in Traverse City earn \$60,000 or more annually, which represents a larger share of such households compared to the shares within Grand Traverse County (66.1%), the Northern Michigan Region (59.2%), and the state of Michigan (63.2%). Approximately 14.6% of owner households in Traverse City earn between \$40,000 and \$59,999, and the remaining 16.0% earn less than \$40,000. As such, the overall distribution of owner households by income in Traverse City is more weighted toward the upper income cohorts as compared to households within Grand Traverse County. Between 2022 and 2027, owner household growth is projected to occur among households earning \$30,000 or more, although a majority of the growth will be concentrated among households earning \$60,000 or more. Specifically, households earning \$100,000 or more are projected to increase by 13.4% (247

households) during this time. Conversely, households earning less than \$30,000 are projected to decline in the area over the next five years. By comparison, owner household growth within Grand Traverse County will be isolated to households earning \$60,000 or more, with the largest growth (22.5%) occurring among households earning \$100,000 or more.

### C. HOUSING METRICS

The estimated distribution of the area housing stock by tenure for Traverse City in 2022 is summarized in the following table:

		Occupied and Vacant Housing Units by Tenure 2022 Estimates				
		Total Occupied	Owner Occupied	Renter Occupied	Vacant	Total
Traverse City	Number	7,535	4,651	2,884	1,089	8,624
	Percent	87.4%	61.7%	38.3%	12.6%	100.0%
Grand Traverse County	Number	40,604	30,425	10,179	6,168	46,772
	Percent	86.8%	74.9%	25.1%	13.2%	100.0%
Region	Number	131,968	105,039	26,929	52,017	183,985
	Percent	71.7%	79.6%	20.4%	28.3%	100.0%
Michigan	Number	4,055,460	2,895,751	1,159,709	533,313	4,588,773
	Percent	88.4%	71.4%	28.6%	11.6%	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In total, there are an estimated 8,624 housing units within Traverse City in 2022. Based on ESRI estimates and 2020 Census data, of the 7,535 total *occupied* housing units in the area, 61.7% are owner occupied, while the remaining 38.3% are renter occupied. Approximately 12.6% of the housing units within Traverse City are classified as vacant, which is a lower share than that reported for Grand Traverse County (13.2%) and the Northern Michigan Region (28.3%), but slightly higher than the state of Michigan (11.6%). Vacant units are comprised of a variety of units including abandoned properties, unoccupied rentals, for-sale homes, and seasonal housing units. While this represents a comparably small share of the total housing units being classified as vacant, it is important to point out that slightly over half (51.7%) of the vacant housing units within the area are classified as “Seasonal or Recreational” based on 2016-2020 American Community Survey (ACS) data. Thus, a slight majority of the vacant housing units illustrated in the preceding table for the area are not reflective of true vacant/unoccupied housing units. In comparison, 82.6% of all vacant housing units within the Northern Michigan Region and 45.7% of those throughout the state of Michigan are classified as “Seasonal or Recreational.” While the Traverse City housing market does not appear to be as heavily influenced by seasonal/recreational units as the region, the data indicates that seasonal/recreational units are moderately more common within Traverse City than they are within the state, overall.

The following table compares key housing age and conditions based on 2016-2020 American Community Survey data. Housing units built over 50 years ago (pre-1970), overcrowded housing (1.01+ persons per room), or housing that lacks complete indoor kitchens or bathroom plumbing are illustrated by tenure. It is important to note that some occupied housing units may have more than one housing issue.

	Housing Age and Conditions											
	Pre-1970 Product				Overcrowded				Incomplete Plumbing or Kitchen			
	Renter		Owner		Renter		Owner		Renter		Owner	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Traverse City</b>	1,071	39.6%	2,571	58.6%	34	1.3%	11	0.3%	25	0.9%	15	0.3%
<b>Grand Traverse</b>	2,370	26.6%	7,058	24.3%	277	3.1%	290	1.0%	169	1.9%	81	0.8%
<b>Region</b>	7,662	31.6%	30,923	30.2%	781	3.2%	1,204	1.2%	619	2.5%	605	0.6%
<b>Michigan</b>	526,133	46.8%	1,373,485	48.1%	32,741	2.9%	31,181	1.1%	24,376	2.2%	16,771	0.6%

Source: American Community Survey (2016-2020); ESRI; Urban Decision Group; Bowen National Research

In Traverse City, 39.6% of the renter-occupied housing units and 58.6% of the owner-occupied units were built prior to 1970. As such, the renter- and owner-occupied housing stock in Traverse City appears to be generally older than the housing in the county and region. Older housing units may require additional maintenance and repairs compared to newer homes, which can adversely affect affordability for owners and prospective buyers. The respective shares of renter households (1.3%) and owner households (0.3%) in Traverse City that experience overcrowding is notably less than the shares in the county, region, and state. Housing units within Traverse City, regardless of tenure, are less likely to have issues related to incomplete plumbing or kitchens as compared to housing units in the other areas. Overall, the housing inventory within Traverse City, while typically older than housing in the county and region, does not appear to have any major deficiencies.

The following table compares key household income, housing cost, and housing affordability metrics. It should be noted that cost burdened households pay over 30% of income toward housing costs, while severe cost burdened households pay over 50% of income toward housing.

	Household Income, Housing Costs and Affordability						
	Median Household Income	Estimated Median Home Value	Average Gross Rent	Share of Cost Burdened Households*		Share of Severe Cost Burdened Households**	
				Renter	Owner	Renter	Owner
<b>Traverse City</b>	\$64,909	\$293,768	\$1,001	54.5%	16.7%	23.0%	6.9%
<b>Grand Traverse County</b>	\$69,310	\$263,652	\$1,011	48.7%	20.3%	24.5%	7.0%
<b>Region</b>	\$63,085	\$209,788	\$888	43.3%	20.4%	20.0%	7.7%
<b>Michigan</b>	\$65,507	\$204,371	\$968	44.9%	18.8%	23.1%	7.4%

Source: American Community Survey (2016-2020); ESRI; Urban Decision Group; Bowen National Research

\*Paying more than 30% of income toward housing costs

\*\*Paying more than 50% of income toward housing costs

The estimated median home value in Traverse City of \$293,768 is 11.4% higher than the median home value for the county (\$263,652) and 40.0% higher than that reported for the region (\$209,788). The average gross rent in Traverse City (\$1,001) is 1.0% lower than the county average gross rent (\$1,011) and 12.7% higher than the regional average (\$888). While the share of housing cost burdened *renter* households (54.5%) in Traverse City is higher than the shares within Grand Traverse County (48.7%) and the region (43.3%), the share of cost burdened *owner* households (16.7%) is slightly lower than the county (20.3%) and region (20.4%). Overall, there are an estimated 1,472 renter households and 733 owner households that are housing cost burdened in Traverse City, of which 622 renter households and 304 owner households are severe cost burdened. As such, affordable housing alternatives should continue to be part of future housing solutions.

### Rental Housing

The renter-occupied housing in a market is generally classified in one of two categories: *multifamily apartments* or *non-conventional rentals*. Multifamily apartments are typically properties consisting of five or more rental units within a structure, while non-conventional rentals are usually defined as rental properties with four or less units within a structure. The following pages provide an analysis of the rental market within Traverse City based on secondary data from sources such as the American Community Survey (ACS) and U.S. Census Bureau, and when applicable, includes primary data collected directly by Bowen National Research.

#### *Multifamily Apartments*

A survey of conventional apartment properties was conducted as part of this Housing Market Summary. The following table summarizes the surveyed multifamily rental supply within Traverse City.

Multifamily Supply by Product Type				
Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	8	417	5	98.8%
Market-rate/Government-Subsidized	1	122	0	100.0%
Tax Credit	1	39	0	100.0%
Tax Credit/Government-Subsidized	4	133	0	100.0%
Government-Subsidized	2	134	0	100.0%
Total	16	845	5	99.4%

In Traverse City, a total of 16 apartment properties were surveyed, comprising a total of 845 units. Among these, eight are market-rate properties, one is a Tax Credit property, two are government-subsidized properties, and five contain some combination of units operating under mixed project types. A majority (57.6%) of the units surveyed operate as market-rate units, slightly over one-fifth (22.0%) are government-subsidized, 15.7% operate under a Tax Credit program with a concurrent government subsidy, and the remaining 4.6% operate strictly under a Tax Credit program. Overall, the multifamily apartments surveyed are operating at an occupancy

rate of 99.4%, which is a high occupancy rate and indicative of a strong market for apartments. Only five vacant units were identified during the survey, all of which operate as market-rate units. Typically, healthy, well-balanced markets have rental housing vacancy rates generally between 4% and 6%. As such, it appears the Traverse City market has a shortage of multifamily apartments, which may represent a potential future development opportunity in the area.

### *Non-Conventional Rental Housing*

Non-conventional rentals are considered rental units typically consisting of single-family homes, duplexes, units over store fronts, mobile homes, etc. and account for 45.1% of the total rental units in Traverse City. The following table illustrates the distribution of renter-occupied housing by the number of units in the structure for Traverse City, Grand Traverse County, the Northern Michigan Region, and the state of Michigan.

		Renter-Occupied Housing by Units in Structure			
		1 to 4 Units	5 or More Units	Mobile Homes/Boats/RVs	Total Units
<b>Traverse City</b>	Number	1,190	1,480	28	2,698
	Percent	44.1%	54.9%	1.0%	100.0%
<b>Grand Traverse County</b>	Number	4,196	3,971	752	8,919
	Percent	47.0%	44.5%	8.4%	100.0%
<b>Region</b>	Number	13,338	8,236	2,710	24,284
	Percent	54.9%	33.9%	11.2%	100.0%
<b>Michigan</b>	Number	588,520	488,828	47,520	1,124,868
	Percent	52.3%	43.5%	4.2%	100.0%

Source: American Community Survey (2016-2020); ESRI; Urban Decision Group; Bowen National Research

In Traverse City, over two-fifths (44.1%) of all renter-occupied housing is non-conventional rental units (structures containing one to four units), with mobile homes and similar structures comprising an additional 1.0%. This represents a smaller combined share (45.1%) of such units when compared to Grand Traverse County (55.4%) and the Northern Michigan Region (54.9%). While a majority (54.9%) of the rental inventory in the area consists of multifamily apartments, a significant share of the overall rental housing stock in Traverse City is comprised of non-conventional rentals. As such, this housing segment warrants additional analysis.

The following summarizes monthly gross rents for area rental alternatives based on American Community Survey estimates. These rents are for all rental product types including apartments, non-conventional rentals, and mobile homes. Since 45.1% of all rentals in Traverse City are considered non-conventional rentals, the rents in the following table provide some insight as to likely rents for non-conventional rentals in the area.



		Estimated Gross Rents by Market								
		< \$300	\$300-\$500	\$500-\$750	\$750-\$1,000	\$1,000-\$1,500	\$1,500-\$2,000	\$2,000+	No Cash Rent	Total
<b>Traverse City</b>	Number	90	208	357	740	1,024	210	36	36	2,701
	Percent	3.3%	7.7%	13.2%	27.4%	37.9%	7.8%	1.3%	1.3%	100.0%
<b>Grand Traverse County</b>	Number	223	710	1,167	2,535	3,173	560	166	385	8,919
	Percent	2.5%	8.0%	13.1%	28.4%	35.6%	6.3%	1.9%	4.3%	100.0%
<b>Northern Michigan Region</b>	Number	1,235	2,176	5,475	6,155	6,264	794	375	1,810	24,284
	Percent	5.1%	9.0%	22.5%	25.3%	25.8%	3.3%	1.5%	7.5%	100.0%
<b>Michigan</b>	Number	51,846	69,698	227,872	314,293	299,877	70,403	33,633	57,245	1,124,867
	Percent	4.6%	6.2%	20.3%	27.9%	26.7%	6.3%	3.0%	5.1%	100.0%

Source: American Community Survey (2016-2020); ESRI; Urban Decision Group; Bowen National Research

As the preceding table illustrates, nearly two-thirds (65.3%) of rental units in Traverse City have rents between \$750 and \$1,500, which is a marginally higher share of renters within this price range compared to Grand Traverse County (64.0%), but a significantly higher share as compared to the Northern Michigan Region (51.1%), and state of Michigan (54.6%). Nearly two-fifths (37.9%) of Traverse City rental units have rents between \$1,000 and \$1,500, which is a higher share compared to the county (35.6%), region (25.8%), and state (26.7%). It is also noteworthy that nearly one-fourth (24.2%) of rentals in the area have rents less than \$750. It is important to understand, however, that this distribution of gross rents includes multifamily apartments, which represents over one-half of the total rental supply in the area. Given that about one-half of all surveyed apartment units operate under an affordable housing program, it is likely that a majority of the units with rents below \$750, particularly those under \$500, are multifamily apartments. While only 9.1% of rental units have gross rents of \$1,500 or more, these units illustrate the ability to achieve premium rents in the market. It should be noted that during our survey of non-conventional rentals in the Northern Michigan Region, 44 available non-conventional rentals were identified in Grand Traverse County. Among these units, rents ranged between \$1,100 (two-bedroom/apartment) and \$3,900 (four-bedroom/single-family). Over half (52.3%) of these units had rents between \$1,500 and \$2,000, which illustrates that many non-conventional rental units are likely unaffordable to low-income households in the area.

In order to gain additional perspective on the rental alternatives offered in the Traverse City market, the following table illustrates the distribution of the renter-occupied housing by number of bedrooms based on 2016-2020 American Community Survey data.

Renter-Occupied Housing by Number of Bedrooms		
Bedroom	Number	Percent
Studio	63	2.3%
One-Bedroom	885	32.8%
Two-Bedroom	1,265	46.9%
Three-Bedroom+	487	18.0%
Total	2,700	100.0%

Source: American Community Survey (2016-2020); ESRI; Urban Decision Group; Bowen National Research

As the preceding illustrates, of the approximate 2,700 rental units in Traverse City, two-bedroom units account for nearly half (46.9%) of the total units, followed by one-bedroom (32.8%) and three-bedroom or larger (18.0%) units. This represents a reasonably balanced distribution of rental units by bedroom type within the area.

For-Sale Housing

The following table summarizes the total number of homes sold and median sale prices during the study period.

Historical Sales (Sept. 12, 2022 to Mar. 15, 2023)		
Study Area	Homes Sold	Median Price
Traverse City	120	\$350,000
Grand Traverse County	591	\$350,000
Region	1,567	\$285,000

Source: Realtor.com and Bowen National Research

As the preceding table illustrates, 120 homes were sold in Traverse City between September 12, 2022, and March 15, 2023. This equates to approximately 236.8 homes sold on an annual basis, or 19.7 homes sold per month, based on the recent historical sales volume. The homes sold during this period of time had a median sale price of \$350,000, which is equal to the median sale price of homes sold within Grand Traverse County and 22.8% higher than the median sale price within the region during this time period.

The following table illustrates sales activity by *price point* from September 2022 to March 2023 for Traverse City.

Sales History by Price (Sept. 12, 2022 to Mar. 15, 2023)		
Sale Price	Number Available	Percent of Supply
Up to \$99,999	1	0.8%
\$100,000 to \$199,999	5	4.2%
\$200,000 to \$299,999	39	32.5%
\$300,000 to \$399,999	31	25.8%
\$400,000+	44	36.7%
Total	120	100.0%

Source: Realtor.com and Bowen National Research

The largest share (36.7%) of the recent sales activity in Traverse City were homes with a sale price of \$400,000 or more. Homes that were priced between \$200,000 and \$299,999 (32.5%) and homes that were priced between \$300,000 and \$399,999 (25.8%) comprise the next largest shares of homes sold in Traverse City. Only 5.0% of homes sold in the area were priced for less than \$200,000 during the time period, which is a price point that is typically affordable to many first-time homebuyers. While recent home sales in the area are relatively well-distributed among each price point above \$200,000, this data indicates that a very small share of the homes would be considered affordable to low-income households and many first-time homebuyers.

To better understand the overall value of the existing inventory of homes in Traverse City, the following table illustrates the distribution of homes in the area by *estimated* home value for 2022. Note that these are estimated values provided by the owners through the American Community Survey, and as such, these values can be highly subjective. Regardless, this provides a reasonable estimate of the overall distribution of owner-occupied home values in the area.

2022 Estimated Home Value of Owner-Occupied Homes		
Estimated Home Value	Number Available	Percent of Supply
Up to \$99,999	105	2.3%
\$100,000 to \$199,999	927	20.0%
\$200,000 to \$299,999	1,381	29.8%
\$300,000 to \$399,999	827	17.9%
\$400,000+	1,389	30.0%
Total	4,629	100.0%

Source: American Community Survey (2016-2020); ESRI; Urban Decision Group; Bowen National Research

As the preceding illustrates, the largest share (30.0%) of homes in Traverse City has an estimated value of \$400,000 or more, followed by homes valued between \$200,000 and \$299,999 (29.8%) and homes valued between \$100,000 and \$199,999 (20.0%). In total, over one-fifth (22.3%) of homes in the area are valued at less than \$200,000. Conversely, nearly one-half (47.9%) of homes are valued at \$300,000 or more. The distribution of homes by estimated value in the area is generally well-balanced and is a positive attribute in the market. While not as large as the shares of homes in the higher value cohorts, a notable share of homes valued under \$200,000 indicates that home ownership in the area would likely be attainable for many low to moderate income households and first-time homebuyers should owners place these homes on the market.

Based on information provided by the Multiple Listing Service, we identified 34 housing units within Traverse City that were listed as *available* for purchase as of February 28, 2023. While it is possible that additional for-sale residential units are available for purchase, such homes were not identified during our research due to the method of advertisement or simply because the product was not actively marketed.

There are two inventory metrics most often used to evaluate the health of a for-sale housing market. This includes *Months Supply of Inventory* (MSI) and availability rate. Overall, based on the recent monthly absorption rate of 19.7 homes sold in Traverse City, the 34 homes listed as available for purchase represent 1.7 months of supply. Typically, healthy and well-balanced markets have an available supply that should take about four to six months to absorb (if no other units are added to the market). The area's less than two months of inventory is considered low and indicates limited available supply. The 34 available for-sale units in Traverse City represent 0.7% of the 4,651 owner-occupied units in the area. Typically, in healthy, well-balanced markets, approximately 2% to 3% of the for-sale housing stock should be available for purchase to allow for inner-market mobility and to enable the market to attract households,

though due to recent national housing market pressures it is not uncommon for most markets to have an availability rate below 2.0%. Overall, there appears to be a lack of available for-sale supply in the Traverse City market, which can contribute to a rapid increase in home prices and households seeking options outside the area.

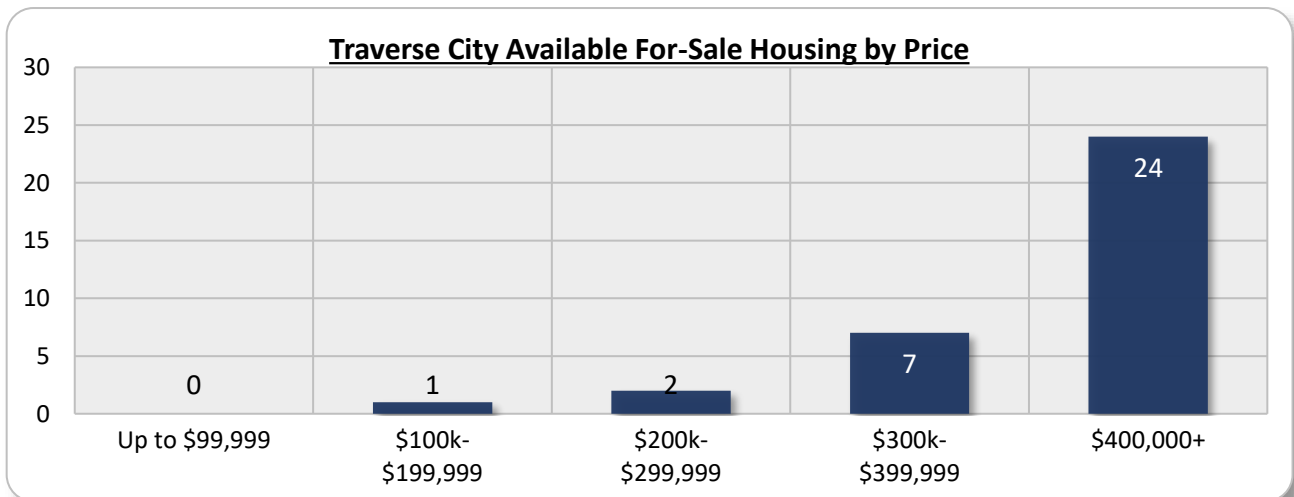
The following table summarizes the distribution of *available* for-sale residential units by *price point* for Traverse City.

Available For-Sale Housing by Price (As of Feb. 28, 2023)		
List Price	Number Available	Percent of Supply
Up to \$99,999	-	-
\$100,000 to \$199,999	1	2.9%
\$200,000 to \$299,999	2	5.9%
\$300,000 to \$399,999	7	20.6%
\$400,000+	24	70.6%
Total	34	100.0%

Source: Realtor.com and Bowen National Research

Of the currently available for-sale homes in Traverse City, a vast majority (70.6%) are priced at \$400,000 or higher. Those priced between \$300,000 and \$399,999 (20.6%) and those between \$200,000 and \$299,999 (5.9%) comprise the next largest shares of available homes by price point. With 91.2% of the currently available product priced at \$300,000 or higher, this represents a distribution of product that is notably concentrated among the higher price points. Most low-income households and first-time homebuyers would likely have difficulty purchasing an affordable home in the market currently with only one home (2.9% of the supply) priced at \$200,000 or less. However, recent home sales history and estimated home values suggest that this may be a short-term shortage of the more affordable for-sale homes in the market, but this may also be an early signal of rising home prices in the area.

The distribution of available homes in Traverse City by *price point* is illustrated in the following graph:



The distribution of available homes by *bedroom type* for Traverse City is summarized in the following table.

Available For-Sale Housing by Bedrooms (As of Feb. 28, 2023)					
Bedrooms	Number Available	Average Square Feet	Price Range	Median List Price	Median Price per Sq. Ft.
One-Br.	6	725	\$265,000-\$472,500	\$407,000	\$481.28
Two-Br.	10	1,280	\$105,000-\$1,250,000	\$521,950	\$416.07
Three-Br.	7	1,922	\$395,000-\$875,000	\$485,000	\$313.42
Four-Br.+	11	2,525	\$379,900-\$2,285,000	\$749,000	\$259.85
Total	34	1,717	\$105,000-\$2,285,000	\$480,000	\$383.98

Source: Realtor.com and Bowen National Research

As shown in the preceding table, the largest share (32.4%) of the available for-sale housing product in the county is comprised of four-bedroom or larger units, while 29.4% of available homes in the area are two-bedroom units. Among the most common bedroom types, four-bedroom or larger units have a median list price of \$749,000, while two-bedroom units have a median list price of \$521,950. With an overall median list price of \$480,000 and only one home with a list price below \$200,000, it is unlikely that many low to middle income households can afford a typical for-sale home within the Traverse City market.

#### **D. HOUSING GAP ESTIMATES**

Traverse City is located in Grand Traverse County. As shown in the county-wide Housing Needs Assessment, the county has an overall housing gap of 11,361 units, with a gap of 3,569 rental units and a gap of 7,792 for-sale units.

As part of this community analysis, we have also provided/calculated housing gap estimates to better understand the housing needs of Traverse City. For this exercise, we provided housing gap estimates utilizing two different methodologies/approaches. The first is a “fair share” analysis which considers the housing gap estimates determined for Grand Traverse County in the county-wide Housing Needs Assessment, with a fair share ratio applied for the Traverse City submarket. While a variety of factors influence the decisions of where people ultimately choose to live and where developers choose to develop, it is assumed that individual communities can reasonably capture a fair share of the overall county’s housing needs. As such, we applied the subject market’s current portion of the overall county’s renter and owner households to the county’s housing gap estimates to derive the local community’s estimated housing gaps. The following tables summarize the rental and for-sale housing gaps by income and affordability levels for Traverse City based on our fair share analysis.

Traverse City (Grand Traverse County), Michigan Fair Share Rental Housing Gap Estimates (2022-2027)				
Percent of Median Income	≤ 50%	51%-80%	81%-120%	121%+
Household Income Range	≤\$44,950	\$44,951-\$71,920	\$71,921-\$107,880	\$107,881+
Monthly Rent Range	≤\$1,123	\$1,124-\$1,797	\$1,798-\$2,697	\$2,698+
County Housing Gap	2,358	733	288	190
Submarket Fair Share Ratio	28.3%	28.3%	28.3%	28.3%
<b>Traverse City Housing Gap</b>	<b>667</b>	<b>207</b>	<b>82</b>	<b>54</b>

Traverse City (Grand Traverse County), Michigan Fair Share For-Sale Housing Gap Estimates (2022-2027)				
Percent of Median Income	≤ 50%	51%-80%	81%-120%	121%+
Household Income Range	≤\$44,950	\$44,951-\$71,920	\$71,921-\$107,880	\$107,881+
Price Point	≤\$149,833	\$149,834-\$239,733	\$239,734-\$359,600	\$359,601+
County Housing Gap	1,798	1,384	2,569	2,041
Submarket Fair Share Ratio	15.3%	15.3%	15.3%	15.3%
<b>Traverse City Housing Gap</b>	<b>275</b>	<b>212</b>	<b>393</b>	<b>312</b>

As the preceding tables illustrate, the projected housing gaps over the next five years encompass a variety of affordability levels for both rental and for-sale housing product. Overall, it is estimated that Traverse City has a **rental housing gap of 1,010 units** and a **for-sale housing gap of 1,192 units**. While the local market could outperform these estimates and serve a greater portion of the overall county’s housing needs, these housing gap estimates should provide a baseline for establishing priorities within the community.

The second Housing Gap Estimates provided for Traverse City are summarized in the following tables and are based on more traditional methodology utilized within the county-wide Housing Needs Assessment. This approach considers demographic characteristics and projections specific to Traverse City. Details of the methodology and data used to derive the county’s housing gap estimates are provided in Section VII of the separate county Housing Needs Assessment.

Traverse City (Grand Traverse County), Michigan Traditional Rental Housing Gap Estimates (2022-2027)				
Percent of Median Income	≤ 50%	51%-80%	81%-120%	121%+
Household Income Range	≤\$44,950	\$44,951-\$71,920	\$71,921-\$107,880	\$107,881+
Monthly Rent Range	≤\$1,123	\$1,124-\$1,797	\$1,798-\$2,697	\$2,698+
Household Growth	-88	15	41	13
Balanced Market*	87	24	4	11
Replacement Housing**	45	7	2	1
External Market Support^	511	165	100	67
Severe Cost Burdened^^	373	187	62	0
Step-Down Support	40	2	-5	-37
Less Pipeline Units	-76	-73	-40	0
<b>Overall Units Needed</b>	<b>892</b>	<b>327</b>	<b>164</b>	<b>55</b>

\*Based on Bowen National Research’s survey of area rentals

\*\*Based on ESRI/ACS estimates of units lacking complete indoor plumbing or are overcrowded

^Based on Bowen National Research proprietary research and ACS migration patterns for the county

^^Based on ACS estimates of households paying in excess of 50% of income toward housing costs

Traverse City (Grand Traverse County), Michigan Traditional For-Sale Housing Gap Estimates (2022-2027)				
Percent of Median Income	≤ 50%	51%-80%	81%-120%	121%+
Household Income Range	≤\$44,950	\$44,951-\$71,920	\$71,921-\$107,880	\$107,881+
Price Point	≤\$149,833	\$149,834-\$239,733	\$239,734-\$359,600	\$359,601+
Household Growth	-119	31	75	229
Balanced Market*	26	27	33	20
Replacement Housing**	5	3	2	1
External Market Support^	266	261	346	486
Severe Cost Burdened^^	183	91	30	0
Step-Down Support	82	63	149	-294
Less Pipeline Units	0	-165	0	-12
<b>Overall Units Needed</b>	<b>443</b>	<b>311</b>	<b>635</b>	<b>430</b>

\*Based on Bowen National Research's analysis of for-sale product within county

\*\*Based on ESRI/ACS estimates of units lacking complete indoor plumbing or are overcrowded

^Based on Bowen National Research proprietary research and ACS migration patterns for the county

^^Based on ACS estimates of households paying in excess of 50% of income toward housing costs

As the preceding tables illustrate, the projected Traverse City housing gaps over the next five years encompass a variety of affordability levels for both rental and for-sale housing product. In total, there is a **rental housing gap of 1,438 units** and **for-sale housing gap of 1,819 units**. It appears the greatest *rental* housing gap in the city is for the lowest housing affordability segment (rents below \$1,123 that are affordable to households earning up to 50% of AMHI), though a notable gap also exists for rental product with rents of up to \$1,797 that are affordable to households earning between 51% and 80% of AMHI. While there is a significant gap for numerous for-sale housing price segments, the largest gap in the county is for product priced between \$239,734 and \$359,600, which is affordable to households earning between \$71,921 and \$107,880. Based on the preceding analysis, it appears efforts to address housing should consider most rents and price points across the housing spectrum. The addition of a variety of housing product types and affordability levels would enhance the city's ability to attract potential workers and help meet the changing and growing housing needs of the local market.

## E. CONCLUSIONS AND RECOMMENDATIONS

**Demographics** – Significant overall household growth has occurred in the market since 2010 and is projected to continue through 2027. The market has a relatively large and growing base of seniors aged 65 and older, although more moderate growth is projected among some younger age cohorts as well. Notable growth of *renter* households earning between \$30,000 and \$39,999 and those earning \$60,000 or more is projected over the next five years, despite a slight decline in the total number of renter households in the market. While the overall number of owner households is projected to increase substantially, most of this growth will occur within the highest income households (earning \$100,000 or more). The preceding attributes and trends will influence the area's housing needs.

**Housing Supply** – There is a relatively high share of renter-occupied housing units within the market, although owner-occupied units comprise a sizable majority of the total housing inventory. Seasonal/recreational housing does not appear to represent a large share of housing units in the market. Substandard housing within the market is very minimal and *renter* households are slightly more likely to live in a housing cost overburdened situation. Large multifamily apartments comprise the majority of the rental market in the subject area and exhibit high occupancy rates. There are a limited number of available non-conventional rentals (e.g., houses, duplexes, mobile homes, etc.) within the entirety of the county, and as a result there is a low overall inventory of available rentals in the market. While 34 homes are available for purchase in the market, this represents a limited available for-sale housing stock, given the market size.

While this is not a comprehensive Housing Needs Assessment and therefore does not include a detailed action plan, we do believe there are some initial steps the community can take to help address local housing issues.

**Recommendations** – Based on this analysis of the Traverse City market, we recommend local officials, stakeholders and housing advocates consider the following to address local housing issues:

- Support efforts to encourage residential development of both rental and for-sale housing product.
- Support efforts to encourage the preservation of the older existing housing stock that is prevalent in this market.
- Emphasize and support projects that consider a variety of affordability levels and target segments (e.g., seniors, individuals, young families, professionals, etc.).
- Identify and reach out to advocates, foundations, developers and investors that could be potential residential development partners.
- Reach out to and work with housing organizations and professionals that can bring expertise and increase the community's capacity to address housing issues.
- Consider identifying possible sites for residential development and determine if the sites' appeal could be enhanced with land preparation, pre-development assistance or infrastructure help.



### III. QUALIFICATIONS

#### The Company

Bowen National Research employs an expert staff to ensure that each market study includes the highest standards. Each staff member has hands-on experience evaluating sites and comparable properties, analyzing market characteristics and trends, and providing realistic recommendations and conclusions. The Bowen National Research staff has national experience and knowledge to assist in evaluating a variety of product types and markets.

#### Primary Contact and Report Author



**Patrick Bowen**, President of Bowen National Research, has conducted numerous housing needs assessments and provided consulting services to city, county and state development entities as it relates to residential development, including affordable and market-rate housing, for both rental and for-sale housing, and retail development opportunities. He has also prepared and supervised thousands of market feasibility studies for all types of real estate products, including housing, retail, office, industrial and mixed-use developments, since 1996. Mr. Bowen has worked closely with many state and federal housing

agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor’s degree in legal administration (with emphasis on business and law) from the University of West Florida and currently serves as Vice Chair and Trustee of the National Council of Housing Market Analysts (NCHMA).

Housing Needs Assessment Experience		
Location	Client	Completion Year
Dublin, GA	City of Dublin Purchasing Departments	2018
Evansville, IN	City of Evansville, IN - Department of Metropolitan Development	2018
Beaufort County, SC	Beaufort County	2018
Burke County, NC	Burke County Board of REALTORS	2018
Ottawa County, MI	HOUSING NEXT	2018
Bowling Green, KY	City of Bowling Green Kentucky	2019
Evansville, IN	City of Evansville, IN - Department of Metropolitan Development	2019
Zanesville, OH	City of Zanesville Department of Community Development	2019
Buncombe County, NC	City of Asheville Community and Economic Development Department	2019
Cleveland County, NC	Cleveland County Government	2019
Frankstown Twp., PA	Woda Cooper Companies, Inc.	2019
Taylor County, WV	Taylor County Development Authority	2019
Lac Courte Oreilles Reservation, WI	Lac Courte Oreilles Ojibwa Community College	2019
Owensboro, KY	City of Owensboro	2019
Asheville, NC	City of Asheville Community and Economic Development Department	2020
Evansville, IN	City of Evansville, IN - Department of Metropolitan Development	2020

(continued)

<b>Housing Needs Assessment Experience</b>		
<b>Location</b>	<b>Client</b>	<b>Completion Year</b>
Youngstown, OH	Youngstown Neighborhood Development Corporation (YNDC)	2020
Richlands, VA	Town of Richlands, Virginia	2020
Elkin, NC	Elkin Economic Development Department	2020
Grand Rapids, MI	Grand Rapids Area Chamber of Commerce	2020
Morgantown, WV	City of Morgantown	2020
Erwin, TN	Unicoi County Economic Development Board	2020
Ferrum, VA	County of Franklin (Virginia)	2020
Charleston, WV	Charleston Area Alliance	2020
Wilkes County, NC	Wilkes Economic Development Corporation	2020
Oxford, OH	City of Oxford - Community Development Department	2020
New Hanover County, NC	New Hanover County Finance Department	2020
Ann Arbor, MI	Smith Group, Inc.	2020
Austin, IN	Austin Redevelopment Commission	2020
Evansville, IN	City of Evansville, IN - Department of Metropolitan Development	2021
Giddings, TX	Giddings Economic Development Corporation	2021
Georgetown County, SC	Georgetown County	2021
Western North Carolina (18 Counties)	Dogwood Health Trust	2021
Carteret County, NC	Carteret County Economic Development Foundation	2021
Ottawa County, MI	HOUSING NEXT	2021
Dayton, OH	Miami Valley Nonprofit Housing Collaborative	2021
High Country, NC (4 Counties)	NC REALTORS	2022
Evansville, IN	City of Evansville, IN - Department of Metropolitan Development	2022
Barren County, KY	The Barren County Economic Authority	2022
Kirksville, MO	City of Kirksville	2022
Rutherfordton, NC	Town of Rutherfordton	2022
Spindale, NC	Town of Spindale	2022
Wood County, WV	Wood County Development Authority & Parkersburg-Wood County Area Development Corporation	2022
Yancey County, NC	Yancey County	2022
Cherokee County, NC	Economic and Workforce Development, Tri-County Community College	2022
Rowan County, KY	Morehead-Rowan County Economic Development Council	2022
Avery County, NC	Avery County	2022
Muskegon, MI	City of Muskegon	2023
Firelands Region, OH	Firelands Forward	2023
Marshall County, WV	Marshall County Commission	2023
Lebanon County, PA	Lebanon County Coalition to End Homelessness	2023

**The following individuals provided research and analysis assistance:**

**Christopher Bunch**, Market Analyst, has more than a decade of experience in conducting both site-specific market feasibility studies and broader housing needs assessments. He has conducted on-site market research of a variety of housing product, conducted stakeholder interviews and completed specialized research on housing market attributes including the impact of military personnel, heirs and estates and other unique factors that impact housing needs.

**Desireé Johnson** is the Director of Operations for Bowen National Research. Ms. Johnson is responsible for all client relations, the procurement of work contracts, and the overall supervision and day-to-day operations of the company. Ms. Johnson also coordinates and oversees research staff and activities. She has been involved in the real estate market research industry since 2006. Ms. Johnson has an Associate of Applied Science in Office Administration from Columbus State Community College.

**Pat McDavid**, Research Specialist, has conducted housing research for housing needs assessments completed throughout the country. Additionally, he is experienced in analyzing demographic and economic data in rural, suburban and metropolitan communities. Mr. McDavid has been a part of the development of market strategies, operational and fiscal performance analysis, and commercial, industrial and government (local, state, and federal) client consultation within the construction and manufacturing industries. He holds a bachelor's degree in Secondary Earth Science from Western Governors University.

**Gregory Piduch**, Market Analyst, has conducted site-specific analyses in both metropolitan and rural areas throughout the country. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Piduch holds a Bachelor of Arts in Communication and Rhetoric from the University of Albany, State University of New York and a Master of Professional Studies in Sports Industry Management from Georgetown University.

**Jody LaCava**, Research Specialist, has nearly a decade of real estate research experience. She has extensive experience in surveying a variety of housing alternatives, including rental, for-sale, and senior housing. She has experience in conducting on-site research of real estate, evaluating existing housing properties, conducting interviews, and evaluating community services. She has been involved in industry leading case studies, door-to-door resident surveys and special needs housing research.

**In-House Researchers** – Bowen National Research employs a staff of in-house researchers who are experienced in the surveying and evaluation of all rental and for-sale housing types, as well as in conducting interviews and surveys with city officials, economic development offices and chambers of commerce, housing authorities and residents.

*No subconsultants were used as part of this assessment.*