

# Target Market Analysis

Manistee County

Michigan

## THE MARKET STRATEGY

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# A-B



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# Market Strategy Report

|                      | Page  |
|----------------------|-------|
| Executive Summary    | 1     |
| Market Potential     | 4     |
| Regional Comparisons | 13-14 |
| Contact Information  | 15    |



## TOC

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## Executive Summary

This Executive Summary of the Target Market Analysis for Manistee County has been prepared as part of a regional study completed for 10 counties comprising the Northwest Michigan Prosperity Region (Region 2). The more complete narrative report begins on page 4 of this report, and includes a more complete explanation of the Place Scores; market potential for both aggressive and conservative scenarios; and housing affordability.

### The Market Potential and Strategy

- ❖ *The Study Areas* – There are 10,561 households in Manistee County as of month-end June 2014. Of these, 2,898 households (27.4%) are located in the City of Manistee; and 1,995 (18.9%) are located in the other communities. A total of 46.3% of all households in the county reside in the 13 communities, and the remaining 53.7% are scattered throughout the surrounding rural areas.
- ❖ *Place Scores and Walk Scores* – The City of Manistee has the highest Walk Score (83 points out of 100 possible) and also the highest Place Score (24 points out of 30 possible). The Villages of Onekama and Bear Lake also have good scores, particularly when compared to the relatively larger Village of Kaleva.
- ❖ *Propensity to Move* – Among the 10,561 households currently residing in Manistee County, 218 of the owner households and 420 of the renter households moved in the past year. These figures include households that moved within Manistee County, plus households that moved into the county from beyond.
- ❖ *The Target Markets* – There are 3,122 existing households in Manistee County that align with the 12 target markets (i.e., household lifestyle clusters), and they represent nearly 30% of the county's total households. Among these 12 selected target markets, 116 of the owner households and 282 of the renter households moved in the past year.
- ❖ *Aggressive Scenario* – There is maximum annual market potential throughout Manistee County for 116 new owner-occupied units and 282 new renter-occupied units, for a total of 398 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 1,990 units over the full 5-year term. Again, the aggressive scenario includes households migrating into the county, plus households moving within the same county.
- ❖ *Market Potential by Community* – Most of the market potential is in the City of Manistee, but if that city does not act to capture its full market potential in any given year, then the smaller communities could pursue an aggressive scenario and grab a share of the market before it dissipates.

- ❖ *Conservative Scenario* – Under the conservative scenario there is an annual market potential for at least 62 new owner-occupied units and at least 95 new renter-occupied units throughout Manistee County, for a total of at least 157 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 785 units over the 5-year term. Again, the conservative scenario is based on in-migration only, and does not include internal movers.
- ❖ *Owner-Occupied Units* – Under the conservative scenario there is an annual market potential for at least 62 new owner-occupied units throughout Manistee County, or a cumulative of 310 units over the next five years. The aggressive scenario or maximum market potential is almost twice as large as these figures, and includes internal migration within the county as well as in-migration from beyond.
- ❖ *Owner-Occupied Values* – Almost all of the target markets will seek home values of \$250,000 or less in 2012 dollars, which will be closer to \$290,000 by 2015, and will approach \$350,000 by the year 2020.
- ❖ *Renter-Occupied Units* – The conservative scenario generates a market potential for at least 95 renter-occupied units throughout Manistee County each year, or a cumulative total of 475 units over the 5-year term (assuming that the potential is fully captured in each consecutive year). The aggressive scenario or maximum market potential is more than twice as large, and includes both internal migration and in-migration from beyond.
- ❖ *Renter-Occupied Prices* – Almost all of the target markets will seek monthly contract rents of \$900 or less in 2012 dollars. These prices will be closer to \$1,000 by 2015, and \$1,200 by the year 2020. At least one-third of the new households will be seeking contract rents of \$500 or less in 2012 dollars, and these prices will be closer to \$600 or less by 2015; and \$700 or less by the year 2020. About one-third of the county's new households will have a tolerance for contract rents in the range of \$700 to \$1,000 (in 2012 dollars).
- ❖ *HUD Affordability Standards* – Based on the HUD income limits and annual market potential by contract rent bracket, only 20% of the 95 new rental units should be priced at market rates and above; and 80% should be priced in more affordable ranges.
- ❖ *Detached Building Formats* – Among the annual market potential of 157 owner-occupied and renter-occupied units, over 65% of the new households will seek detached houses. Among new-builds, detached houses may include cottages with small footprints and lots, perhaps arranged around a shared courtyard. Detached houses could also be re-introduced by rehabilitating some of the existing stock within the urban neighborhoods.
- ❖ *Attached Building Formats* – Almost 35% of the target markets moving into Manistee County are likely to seek attached units (i.e., not detached houses) in a range of building sizes. Under the conservative scenario, there is a county-wide market potential for at least 54 attached units annually, or a cumulative of 270 attached units over the 5-year term.

- ❖ *A Focus on Product Types* – Strategy recommendations by product type should be refined by the developers and builders as needed for local context and place, and applying the urban transect as a general guide. Attached units may include a mix of duplexes, triplexes, quads, condos or row houses (no more than 6 units in a row, with private entrances), and stacked flats or lofts (no more than 6 units along the side of any given building, with shared entrances).
- ❖ *Downtown Formats* – Units above street-front retail and/or located in downtown districts will be well-received by the target markets. In transitional areas around the downtowns, low-rise buildings and row houses might be more appropriate. Detached houses, duplexes, and triplexes could be used as infill within the surrounding neighborhoods.
- ❖ *Unit Sizes and Amenities* – In the individual units, some of the floor area can be traded for unique amenities, quality construction, and modern interior treatments. However, every bedroom must have a full private bath, and 2-bedroom units must have a ½ bath near the entrance. Ideally, kitchens will be centrally located and facing outward onto an open floor plan, with bedrooms on opposite ends (i.e., not sharing common walls.) All units should have balconies or patios that can accommodate at least two chairs.
- ❖ *Construction Costs* – The average detached house built in Manistee County since 2010 has involved an investment in the range of \$170,000 to \$240,000. The assessment of construction costs for detached houses reinforces the strategy for meeting the needs of the target markets by a) building smaller houses (such as cottages) with small footprints as part of urban infill; b) building attached units (like lofts, flats, condos, and row houses); and c) rehabilitating the existing housing stock.

## Placemaking

*Summary of Placemaking Criteria* – Placemaking is addressed early in this report because it is a key ingredient to implementing the optimal market strategy and achieving the market’s full potential under the aggressive scenario. In the absence of effective Placemaking, the market potential will be more limited and could even be as low as the conservative scenario.

We evaluated existing Placemaking in Manistee County by scoring each of six (6) communities based on 30 possible attributes, and also compared each community’s Walk Score. Results in [Table 1](#) below include Benzie County for comparisons to Manistee County.

Table 1  
Summary of Place Scores and Walk Scores  
Manistee and Benzie Counties, Michigan

| Manistee County, Michigan    | 2010       | Place Score | Walk Score   |
|------------------------------|------------|-------------|--------------|
| Small and Large Urban Places | Population | (30 points) | (100 points) |
| The City of Manistee         | 6,226      | 24          | 83           |
| The Village of Eastlake      | 557        | 2           | 10           |
| The Village of Kaleva        | 470        | 6           | 27           |
| The Village of Onekama       | 411        | 10          | 37           |
| The Village of Bear Lake     | 286        | 10          | 30           |
| The Village of Copemish      | 194        | 4           | 13           |
| Benzie County, Michigan      | 2010       | Place Score | Walk Score   |
| Small and Large Urban Places | Population | (30 points) | (100 points) |
| The City of Frankfort        | 1,286      | 18          | 58           |
| The Village of Benzonia      | 497        | 7           | 55           |
| The Village of Thompsonville | 441        | 6           | 12           |
| The Village of Elberta       | 372        | 11          | 17           |
| The Village of Beulah        | 342        | 14          | 44           |
| The Village of Honor         | 328        | 10          | 38           |
| The Village of Lake Ann      | 268        | 5           | 10           |



*Summary of Placemaking Criteria* – The detailed Place Scores for Manistee County are provided in attached [Exhibit B.3](#) and [Exhibit B.4](#), and the criteria include the following general categories:

Place Score Criteria (30 points possible)

- ❖ *Local Planning Documents* – Availability of master plans and zoning ordinance, with extra credit for considering a form-based code. (3 points possible)
- ❖ *Downtown Planning Documents* – Evidence of an established Downtown Development Authority (DDA), subareas plans, streetscape and transportation improvement plans, retail and residential market strategies, Tax Increment Financing (TIF) plans, and façade improvement programs. (7 points possible)
- ❖ *Downtown Organization and Marketing* – Accreditation as a Michigan Cool City or active participation in the Michigan Main Street program, and extra credit for any communities following the National Main Street Center’s 4-point approach (even if they are not Main Street members). (3 points possible)
- ❖ *Online Listings of Merchants and Amenities* – Credit for actively promoting business listings on various websites, such as the city or village’s main website, DDA/BID website, and Chamber of Commerce or Convention and Visitor’s Bureau (CVB) website, with extra credit for Facebook pages. (4 points possible)
- ❖ *Unique Downtown Amenities* – Evidence of downtown cinemas, theaters, playhouses, waterfront access, established farmers’ markets, summer music in the park, and national or other major festivals. (5 points possible)
- ❖ *Downtown Street and Environment* – Credit for any evidence of angle parking in front of storefronts, a higher than average Walk Score, free off-street parking, balanced downtown scale with 2-level buildings on both sides of the street, pedestrian crosswalks that are marked and signaled, and two-way traffic flow. (8 points possible)

*Online Effectiveness* – If the Placemaking criteria are not readily evident or available online, then we considered them to be less effective and more difficult to discover by visitors and households on the move. So, they are not given a point or credit toward the total score. For example, if a community completed a retail market strategy but we couldn’t find the report online, then credit was not given for that criteria. The analysis is imperfect, and any errors or omissions are unintentional. Stakeholder requests for corrections will be verified and then incorporated into the final report.



*Place Score v. Market Size* – Among all communities within the Northwest Michigan Prosperity Region, there is a correlation between the scores and the market size. If the scores are adjusted for the market size (or calculated based on the score per 1,000 residents), then the results reveal an inverse logarithmic relationship. Smaller markets may have lower scores, but their points per 1,000 residents tend to be higher. Larger markets have higher scores, but their points per 1,000 residents tend to be lower. These relationships are also shown on [Exhibit B.5](#) (Place Score) and [Exhibit B.6](#) (Walk Score).

*Summary of Place Scores* – In Manistee County, the City of Manistee is the largest community and overshadows the other with a population of 6,226 residents (based on the 2010 census.) All of the other communities in the county have populations of less than 1,000 residents, and their Place Scores should be evaluated with that in mind. For example, Manistee has the highest Place Score of 24 points (out of 30 possible), but the Villages of Bear Lake and Onekama also have good scores (10 points each) relative to their small population size (less than 500 residents each).

*The City of Manistee* – Since the City of Manistee is the county’s largest community, we conducted an additional assessment of its market Strengths and Opportunities, which is summarized in the attached [Exhibit B.1 and B.2](#). The assessment describes the market’s relationship with Michigan’s Blue Economy, its regional setting relative to natural resources, the downtown business mix, anchor institutions as key economic drivers, educational facilities, and public transit.

## The Market Potential

*Introduction* – The balance of this Executive Summary focuses on the optimal market strategy and annual market potential for urban housing formats over the next 5 years (assuming ground-breaking on the first project in 2015; a first full year of 2016; and fifth full year of 2020). We conducted the market analysis for 13 communities in Manistee County, which are shown on the attached [Exhibit A.1](#) map and listed in [Exhibit A.2](#).

*Current Households* – As shown in [Exhibit A.2](#), there are 10,561 households in Manistee County as of month-end June 2014. Of these, 2,898 households (27.4%) are located in the City of Manistee; and 1,995 (18.9%) are located in the other communities and surrounding rural areas. A total of 46.3% of all households in the county reside in the 13 communities, and the remaining 53.7% are scattered throughout the surrounding rural areas.

*Propensity to Move* – Among the 10,561 households currently residing in Manistee County, 218 of the owner households and 420 of the renter households moved in the past year. Among 12 target markets (i.e., household lifestyle clusters), 116 of the owner households and 282 of the renter households moved in the past year. These figures include households that moved within Manistee County, plus households that moved into the county from beyond. They are also based on the movership rates of households in each target market, and weighted by their prevalence within Manistee County.

*Criteria for the Target Markets* – The target markets and a subset of 71 lifestyle clusters across the nation, and were carefully selected based on the following criteria:

#### Target Market Criteria

- ❖ The households have a proven propensity for choosing to live within the Prosperity Region. Some of the target markets might not yet be prevalent in Manistee County, but when they move within the region, they become good targets for developers.
- ❖ The households have some propensity to choose to live in urban places. For some of the target markets, almost all of the households have a propensity to live in urban places.
- ❖ The households have a propensity to choose to live in attached housing units like lofts, flats, row houses, duplexes, and condominiums (i.e., not detached houses). For some of the target markets, almost all of the households have a propensity to live in attached housing units. They may include a mix of both renters and owners.

*The Target Markets* – There are 3,122 existing households in Manistee County that align with the 12 target markets, and they represent nearly 30% of the county’s total households. [Exhibit A.3](#) introduces the 12 target markets sorted by their lifestyle cluster code. The exhibit also shows their prevalence in each of Manistee County’s 13 communities. For example, households in the K40 Bohemian Groove target market are almost exclusively in the City of Manistee; L41 Booming and Consuming households are predominately in the City of Manistee and Onkama; and N46 True Grit households are most prevalent in Manistee and Oak Hill.

*Introduction to Two Scenarios* – We have prepared two scenarios in the Target Market Analysis for the Northwest Michigan Prosperity Region, including a conservative (minimum) and aggressive (maximum) scenario. In general, the aggressive scenario tends to be about three times as large as the conservative scenario. It is easy to estimate a mid-point between the conservative and aggressive scenarios, which would generally represent a “progressive” or “proactive” scenario.

| Summary of Scenarios | Market Potential | Basis (market parameter) |
|----------------------|------------------|--------------------------|
| “Conservative”       | Minimum          | In-Migration Only        |
| “Progressive”        | Mid-Point        | - average -              |
| “Aggressive”         | Maximum          | Plus Migration Within    |

*Aggressive Scenario* – [Exhibit A.4](#) and [Exhibit A.5](#) present an aggressive scenario for the market potential among residential units. The urban places are listed alphabetically and span the total of 2 pages. The market potential is also broken-down for owner-occupied households, and renter-occupied households. Finally, the market potential is also shown for each of the 12 target markets and all 12 combined.

The aggressive scenario represents a maximum annual threshold based on current migration patterns both within, and into Manistee County. It assumes that every household moving into and within the county could trade up into a new or refurbished residential unit rather than simply occupying a pre-existing unit.

The aggressive scenario also represents a best-case scenario or not-to-exceed maximum, and can be achieved only if all impediments to development are removed or overcome. For example, it assumes that any impediments to securing loans, approving permits, selling and buying real estate, paying for construction materials and labor, and all other related development challenges are easily surmounted.

Results of the aggressive scenario (see [Exhibit A.4](#)) reveal a maximum annual market potential throughout Manistee County for 116 new owner-occupied units and 282 new renter-occupied units, for a total of 398 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 1,990 units over the full 5-year term.

*Market Potential by Community* – Some of the communities in Manistee County will continue to be challenged by their small size, making it difficult to compete for projects that might otherwise gravitate toward the City of Manistee. However, with a mix of aggressive marketing, Placemaking, and planning, the smaller communities could still divert a modest amount of the county-wide market potential.

Most of the market potential is in the City of Manistee, but if that city does not act to capture its full market potential in any given year, then the smaller communities could pursue an aggressive scenario and grab a share of the market before it dissipates. Small communities should focus on appropriately scaled small projects in increments of 2, 3, 4, and 6 attached units per year. Building sizes are addressed in more detail in the following sections of this report.

*Conservative Scenario* – [Exhibit A.6](#) and [Exhibit A.7](#) present the market potential under a conservative scenario that is based on in-migration only, or households moving into Manistee County from beyond. Again, the urban places are listed alphabetically and span the total of 2 pages. The market potential is also detailed for owner and renter households. Finally, the market potential is shown for each of the 12 target markets, with a total for all 12 combined.

The conservative scenario provides an attainable goal with low risk of over-building in the market. It assumes that most of households already living in Manistee County will shuffle among existing housing choices, and that the units they vacate will be occupied by other resident households also on the move within that same county. This pragmatic approach also assumes “business as usual” and that existing master plans, zoning ordinances, real estate prices, property ownership and availability, lending practices, Placemaking initiatives, and overall business development climate all remain as-is.

The conservative scenario is highlighted in the remaining sections of this report. In general, the conservative (or minimum) market potential numbers can be tripled to estimate the aggressive (or maximum) market potential.

Results of the conservative scenario (see [Exhibit A.6](#)) reveal an annual market potential for at least 62 new owner-occupied units and at least 95 new renter-occupied units throughout Manistee County, for a total of at least 157 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 785 units over the 5-year term.

The figure for the five-year build-out assumes that the annual potential is fully captured in each year through new-builds, conversions, or rehabilitation of existing units. If the market potential is not captured in each year, then the balance does not roll-over to the next year. Instead, it dissipates into the rural areas or is intercepted by more communities in the surrounding counties. It is assumed that the first projects aligning with the TMA recommendations would break ground as early as 2015, with a first full year of 2016 and fifth full year of 2020.

*Owner-Occupied Values* – Under the conservative scenario there is an annual market potential for at least 62 new owner-occupied units throughout Manistee County, or a cumulative of 310 units over the next five years. [Exhibit A.8](#) provides details on how these units should be priced in Manistee County, with variations by target market. The market potential by target market is based on their known propensity to choose homes within the given price brackets. Adjustments have also been applied to reflect variances among income profiles for Manistee County relative to other counties in the region.

The owner-occupied home values are stated in 2012 constant dollars but can be forecast based on the median home values over time. Almost all of the target markets will seek home values of \$250,000 or less in 2012 dollars, which will be closer to \$290,000 by 2015, and will approach \$350,000 by the year 2020.

The allocation of units by home value is based on the tolerance level of each target market for prices, and has not been adjusted for HUD's affordability standards. Lower income target markets (particularly S70 Tight Money, S68 Small Town Shallow Pockets, and Q65 Senior Discounts) are most likely to be over-burdened by market-rate prices, and are more likely to be spending more than 35% of their income on gross housing costs, including utilities and associated fees.

*Renter-Occupied Units* – As shown in [Exhibit A.9](#), the conservative scenario generates a market potential for at least 95 renter-occupied units throughout Manistee County each year, or a cumulative total of 475 units over the 5-year term (assuming that the potential is fully captured in each consecutive year).

*Renter-Occupied Prices* – With adjustments for income, all of the target markets will seek monthly contract rents of \$900 or less in 2012 dollars. These prices will be closer to \$1,000 per month by 2015, and \$1,200 per month by the year 2020. Similarly, at least one-third of the new households will be seeking contract rents of \$500 or less per month in 2012 dollars, and these prices will be closer to \$600 or less per month by 2015; and \$700 or less by the year 2020.

About one-third of the county's new households will have a tolerance for monthly contract rents in the range of \$700 to \$1,000 (in 2012 dollars). A few units could be tested with higher prices, but only if they offer exceptional vista views of Lake Michigan and/or the City of Manistee's downtown.

*Detached Building Formats* – [Exhibit A.10](#) shows how the market potential is allocated based on each target market's propensity to choose detached houses and attached units in various building sizes. Among the annual market potential of 157 owner-occupied and renter-occupied units, over 65% of the new households will seek detached houses. Among new-builds, detached houses may include cottages with small footprints and lots, perhaps arranged around a shared courtyard. Detached houses could also be re-introduced by rehabilitating some of the existing stock within the urban neighborhoods.

New-builds for detached houses in suburbs and rural areas are explicitly not recommended as part of the housing strategy for Manistee County. That traditional path of real estate investment should be redirected toward the creation of more attached units in the markets, and within each of the 13 communities (allocated by market size).

*Attached Building Formats* – As shown in the attached [Exhibit A.10](#), nearly 35% of the target markets moving into Manistee County are likely to seek attached units (i.e., not detached houses) in a range of building sizes. Under the conservative scenario, there is a county-wide market potential for at least 54 attached units annually, or a cumulative of 270 attached units over the 5-year term. These results are also shown below in [Table 2](#), for both the conservative (minimum) and aggressive (maximum) scenarios.

Table 2  
Annual and Cumulative Market Potential  
Attached Units in Manistee County, Michigan

| Target Markets |                      | Conservative<br>(minimum) |                    | Aggressive<br>(maximum) |                   |
|----------------|----------------------|---------------------------|--------------------|-------------------------|-------------------|
|                |                      | Annual<br># Units         | 5-Years<br># Units | Annual<br># Units       | 5-Year<br># Units |
| S71            | Tight Money          | 15                        | 75                 | 44                      | 220               |
| Q65            | Senior Discounts     | 15                        | 75                 | 44                      | 220               |
| Q55            | Family Troopers      | 10                        | 50                 | 30                      | 150               |
| K40            | Bohemian Groove      | 5                         | 25                 | 16                      | 80                |
| O51            | Digital Dependents   | 2                         | 10                 | 6                       | 30                |
| N46            | True Grit Americans  | 2                         | 10                 | 6                       | 30                |
| S68            | Small Town, Pockets  | 2                         | 10                 | 6                       | 30                |
| M45            | Infants, Debit Cards | 2                         | 10                 | 4                       | 20                |
| L41            | Booming, Consuming   | <u>1</u>                  | <u>5</u>           | <u>4</u>                | <u>20</u>         |
|                | Subtotal             | 54                        | 270                | 160                     | 800               |

Note: Due to rounding, the figures shown above do not perfectly match [Exhibit A.10](#). Annual units may not be rolled-over to subsequent years. The 5-year totals assume that the market potential is fully captured in each consecutive year. Otherwise, the potential may be intercepted by other counties in the Prosperity Region.

*A Focus on Product Types* – Strategy recommendations by product type should be refined by the developers and builders as needed for local context and place, and applying the urban transect as a general guide. Attached units may include a mix of duplexes, triplexes, quads, condos or row houses (no more than 6 units in a row, with private entrances), and stacked flats or lofts (no more than 6 units along the side of any given building, with shared entrances).

*Downtown Formats* – Units above street-front retail and/or located in downtown districts will be well-received by the target markets. In transitional areas around the downtowns, low-rise buildings and row houses might be more appropriate. Detached houses, duplexes, and triplexes could be used as infill within the surrounding neighborhoods.

Attached products may include a combination of hard lofts (with exposed ductwork, etc.) and soft lofts that are relatively more finished. Units should include either 1 or 2 bedrooms, anticipating that the markets are likely to include young renters, including singles, couples, and/or have unrelated roommates.

*Units Size and Amenities* – In the individual units, some of the floor area can be traded for unique amenities, quality construction, and modern interior treatments. However, every bedroom must have a full private bath, and 2-bedroom units must have a ½ bath near the entrance. Ideally, kitchens will be centrally located and facing outward onto an open floor plan, with bedrooms on opposite ends (i.e., not sharing common walls.) All units should have balconies or patios that can accommodate at least two chairs.

*Contract Rent v. Gross Rent* – [Exhibit A.11](#) shows that on average, gross rents in Manistee County represent about 30% of the area’s median household income. Based on the American Community Survey’s (ACS) 5-year estimates for 2008 through 2012, the median monthly gross rent was \$665 in 2012, and the median monthly contract rent is \$492. The difference of \$173 can be generally attributed to utilities costs paid by the tenant, deposits, and other fees for pets, cleaning, security, parking, storage units, meals, on-call nurses, party rooms, fitness centers, and other memberships. These fees represent about 26% of the county’s median gross rent.

*HUD Affordability Standards* – [Exhibit A.12](#) provides documentation on the US Department and Housing and Urban Development’s 2014 income limits and affordability levels. Households most likely to be candidates for market-rate prices have incomes at or above 80% of the county’s Area Median Income (AMI). On average, 1-person households should have an income of at least \$29,600; a 2-person household should have an income of at least \$33,800; and a 3-person household should have an income of at least \$38,050.

*Renter Affordability Limits* – In order for new housing units to be classified by MSHDA as “market rate” and without adding to shelter burden, gross rents should not exceed 35% of AMI for the local market. For Manistee County, this implies the following rents by affordability bracket (see [Table 3](#) on the following page).



Table 3  
2014 HUD Income Limits and Affordable Rents  
Manistee County, Michigan

|                                       | 1-Person<br>Household | 2-Person<br>Household | 3-Person<br>Household |
|---------------------------------------|-----------------------|-----------------------|-----------------------|
| Income Limits                         |                       |                       |                       |
| 80% of AMI                            | \$29,600              | \$33,800              | \$38,050              |
| 100% of AMI                           | \$36,600              | \$41,800              | \$47,000              |
| Affordable Rent Limit (35% of income) |                       |                       |                       |
| Gross Rent                            | \$ 865                | \$ 985                | \$ 1,110              |
| Other Fees                            | - \$ 225              | - \$ 255              | - \$ 290              |
| Contract Rent                         | \$ 640                | \$ 730                | \$ 820                |

Based on the HUD income limits ([Exhibit A.12](#)) and annual market potential by contract rent bracket ([Exhibit A.9](#)), only 20% of the 95 new rental units should be priced at market rates and above; and 80% should be priced in more affordable ranges.

*Construction Costs* – This last section of the report for the Manistee County TMA provides a comparison of average construction costs over time, with comparisons between detached (single-family) and attached (multi-family) buildings. As shown in [Exhibit A.13](#), the average detached house built in Manistee County since 2010 has involved an investment in the range of \$170,000 to \$240,000.

Historically, per-unit investment into attached units has averaged between 60% and 65% of the investment in detached houses. As might be expected, the average costs per unit have been increasing over time, and has been a significant increase in cost (or investment) per unit since 2010. This is partly attributed to rising labor costs with recovery from the Great Recession, and also rising costs for lumber and materials.

Developers are often motivated to build larger houses because they can get a better return on a square foot basis (the cost per square foot decrease as the footprint size increases). The for-sale price per square foot is also lower for larger footprints, but the net profit is larger for larger units.

Overall, the building permit data reinforces the strategy for meeting the needs of the target markets by a) building smaller houses (such as cottages) with small footprints as part of urban infill; b) building attached units (like lofts, flats, condos, and row houses); and c) rehabilitating the existing housing stock.

## Regional Comparisons

The last table in Section A compares the total market potential for each of the 10 counties within the Northwest Michigan Prosperity Region, under the conservative (minimum) scenario only. The county totals include both renter- and owner-occupied units, and also includes the potential for detached houses as well as units in attached products. The numbers include small and large urban areas, plus surrounding rural areas in the counties. The magnitude of opportunity is a reflection of the each county's current size (in number of households); recent in-migration patterns (but not internal migration); and prevalence of the target markets weighted by their respective movership rates.

Under the minimum or conservative scenario, Grand Traverse County has the largest market potential, or 1,215 units annually over the next five years. Among the urban places in Grand Traverse County, the City of Traverse City will capture the largest market share.

Emmet County has the second largest market potential, and the City of Petoskey will capture the largest share among its urban places. The third largest is Wexford County, and the City of Cadillac will capture the largest share. The Cities of Charlevoix and Manistee will also capture significant shares within their respective counties.

It is important to note gaps in the target market potential between counties. For example, the conservative scenario implies that there is not market for units that would be targeted at the S68 Small Town Shallow Pockets and S70 Tight Money lifestyle clusters. The results reflect the fact that they are not yet demonstrating a propensity to live in Leelanau County.

However, it is equally likely that the low-to-moderate income households simply can't afford to live in Leelanau County, so have found alternatives in the surrounding counties. Deductive reasoning can be used to gauge the magnitude of upside potential for some of the missing lifestyle clusters, and particularly those earning less than 50% of AMI and seeking affordable prices.

On the flip side, most of the market potential for the C12 Golf Carts and Gourmet lifestyle cluster is allocated to Leelanau and Emmet Counties – because they have already demonstrated a high propensity to live there. Similarly, the market potential in the K40 Bohemian Groove lifestyle cluster is weighted toward Grand Traverse and Emmet Counties – where they have already demonstrated a tendency to live. Again, deductive reasoning can be used to argue that Antrim, Benzie, and Manistee Counties could capture a larger share of the region's households in that target market.

The conservative scenario represents a minimum threshold, with plenty of “upside” opportunity to more aggressively pursue moderate-to-low income households and divert migrating households from one county to another. For example, if Manistee County can support a minimum of 20 units annually to meet the needs of the S68 Small Town Shallow Pockets target market, then Benzie and Leelanau Counties should be able to match that. Similarly, Kalkaska County should be able to improve its capture of the M45 Infants and Debit Cards and N46 True Grit Americans target markets.

We recommend all counties in the region focus on the need for affordable housing options. In addition, this Target Market Analysis should be updated after about 5 years to gauge the effects of adding missing middle housing formats – particularly affordable lofts, flats, and other attached products in the downtowns and urban neighborhoods.

## Contact Information

Questions regarding this target market analysis, work approach, analytic results, and strategy recommendations can be directed to Sharon Woods at LandUse|USA. Questions regarding economic growth initiatives and implementation of these recommendations can be addressed to Sarah Lucas at Networks Northwest.

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# Strategy

Market Strategy A

Placemaking B

## Market Analysis

Target Markets C

Movership Rates D

Migration Patterns E

Supply and Demand F

Economics G

Owner Market H

Renter Market I



# TOC

Prepared for:



Prepared by:



# Target Market Analysis

Manistee County

Michigan

## THE MARKET STRATEGY

November 3, 2014



# A

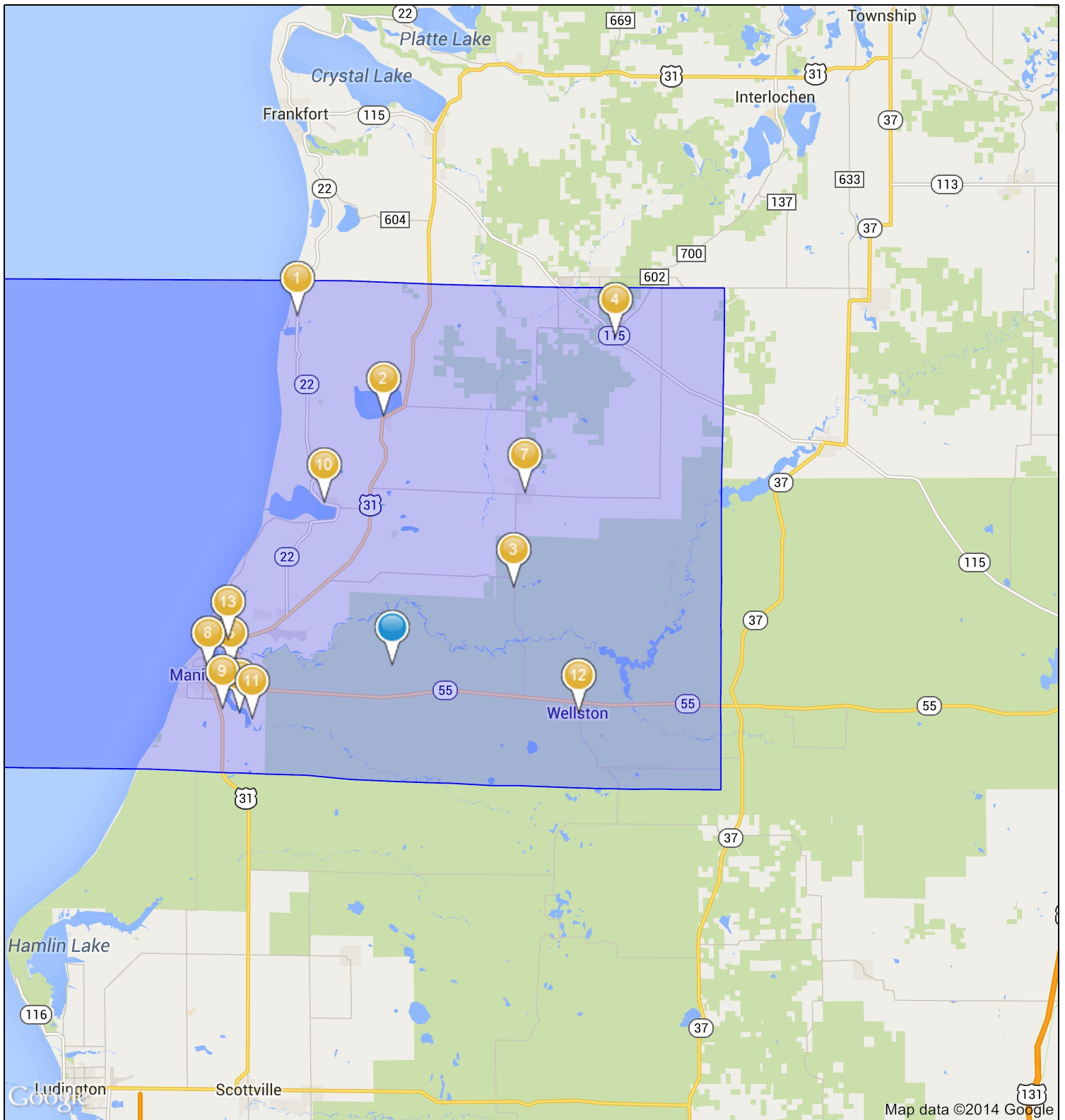


Prepared for:



Prepared by:





## Manistee County, Michigan

Exhibit A.1



1. Arcadia
2. Bear Lake
3. Brethren
4. Copemish
5. Eastlake

6. Filer
7. Kaleva
8. Manistee
9. Oak Hill
10. Onkama

11. Stronach
12. Wellston
13. Parkdale

Existing PARAMETERS (in Households) through June 2014  
Large and Small Urban Places - Manistee County, MI

Exhibit A.2

| Existing<br>Number of Households | Sum of<br>Total<br>12 Targets | Capture Rate<br>12 Targets | Sum of<br>Total<br>71 Clusters | Existing<br>Share<br>71 Clusters |
|----------------------------------|-------------------------------|----------------------------|--------------------------------|----------------------------------|
| MANISTEE COUNTY                  | 3,122                         | 100.0%                     | 10,561                         | 100.0%                           |
| Arcadia                          | 7                             | 0.3%                       | 138                            | 1.3%                             |
| Bear Lake                        | 13                            | 0.5%                       | 122                            | 1.2%                             |
| Brethren                         | 2                             | 0.1%                       | 175                            | 1.7%                             |
| Copemish                         | 2                             | 0.1%                       | 80                             | 0.8%                             |
| Eastlake                         | 98                            | 3.8%                       | 226                            | 2.1%                             |
| Filer City                       | 39                            | 1.5%                       | 54                             | 0.5%                             |
| Kaleva                           | 20                            | 0.8%                       | 209                            | 2.0%                             |
| Manistee                         | 1,980                         | 77.7%                      | 2,898                          | 27.4%                            |
| Oak Hill                         | 190                           | 7.5%                       | 266                            | 2.5%                             |
| Onkama                           | 72                            | 2.8%                       | 207                            | 2.0%                             |
| Parkdale                         | 86                            | 3.4%                       | 302                            | 2.9%                             |
| Stronach                         | 32                            | 1.3%                       | 75                             | 0.7%                             |
| Wellston                         | 6                             | <u>0.2%</u>                | 141                            | <u>1.3%</u>                      |
| Subtotal                         |                               | 100.0%                     |                                | 46.3%                            |
| Immigration - Owners             | 62                            |                            | 117                            |                                  |
| Immigration - Renters            | 95                            |                            | 141                            |                                  |
| All Movers - Owners              | 116                           |                            | 218                            |                                  |
| All Movers - Renters             | 282                           |                            | 420                            |                                  |

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.

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Existing PARAMETERS (in Households) through June 2014  
Large and Small Urban Places - Manistee County, MI

Exhibit A.3

|                       |             |          | L41      | L42    | M45      |           | O51     |          |         |           | S68     |       |
|-----------------------|-------------|----------|----------|--------|----------|-----------|---------|----------|---------|-----------|---------|-------|
|                       | C12         | K40      | Booming, | Rooted | Infants, | N46       | Digital | O55      | Q62     | Q65       | Small   | S70   |
| Existing              | Golf Carts, | Bohemian | Consum-  | Flower | Debit    | True Grit | Depend- | Family   | Reaping | Senior    | Town    | Tight |
| Number of Households  | Gourmets    | Groove   | ing      | Power  | Cards    | Americans | ents    | Troopers | Rewards | Discounts | Shallow | Money |
| MANISTEE COUNTY       | 15          | 45       | 254      | 73     | 335      | 1,410     | 195     | 45       | 99      | 225       | 363     | 63    |
| Arcadia               | 0           | 0        | 7        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Bear Lake             | 0           | 0        | 1        | 0      | 0        | 11        | 1       | 0        | 0       | 0         | 0       | 0     |
| Brethren              | 0           | 0        | 0        | 0      | 0        | 0         | 2       | 0        | 0       | 0         | 0       | 0     |
| Copemish              | 0           | 0        | 0        | 0      | 0        | 0         | 2       | 0        | 0       | 0         | 0       | 0     |
| Eastlake              | 0           | 1        | 0        | 12     | 20       | 47        | 9       | 1        | 0       | 0         | 8       | 0     |
| Filer City            | 0           | 0        | 0        | 1      | 2        | 25        | 1       | 1        | 0       | 6         | 3       | 0     |
| Kaleva                | 0           | 0        | 0        | 0      | 5        | 0         | 9       | 1        | 0       | 0         | 2       | 3     |
| Manistee              | 0           | 42       | 56       | 48     | 278      | 937       | 58      | 32       | 50      | 143       | 320     | 16    |
| Oak Hill              | 0           | 0        | 1        | 3      | 10       | 122       | 4       | 6        | 0       | 28        | 16      | 0     |
| Onkama                | 1           | 0        | 56       | 0      | 0        | 4         | 5       | 0        | 6       | 0         | 0       | 0     |
| Parkdale              | 0           | 1        | 2        | 0      | 0        | 42        | 16      | 0        | 0       | 9         | 0       | 16    |
| Stronach              | 0           | 0        | 0        | 4      | 7        | 15        | 3       | 0        | 0       | 0         | 3       | 0     |
| Wellston              | 0           | 0        | 0        | 0      | 0        | 1         | 4       | 0        | 0       | 0         | 1       | 0     |
| Subtotal              |             |          |          |        |          |           |         |          |         |           |         |       |
| Immigration - Owners  | 0           | 0        | 5        | 1      | 8        | 30        | 9       | 0        | 0       | 1         | 9       | 0     |
| Immigration - Renters | 0           | 6        | 3        | 0      | 9        | 10        | 11      | 12       | 0       | 14        | 11      | 17    |
| All Movers - Owners   | 0           | 0        | 10       | 2      | 14       | 56        | 16      | 0        | 0       | 2         | 16      | 0     |
| All Movers - Renters  | 0           | 18       | 10       | 0      | 28       | 30        | 34      | 36       | 0       | 42        | 34      | 50    |

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.  
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Note: Sums might not total exact due to rounding.

Annual Target Market POTENTIAL in Households for 12 Selected Lifestyle Clusters  
Small and Large Urban Places - Manistee County, MI

Exhibit A.4

|                     |                       | Sum of     | C12         | K40      | L41      | L42    | M45      | N46       | O51     | O55      | Q62     | Q65       | S68   | S70   |
|---------------------|-----------------------|------------|-------------|----------|----------|--------|----------|-----------|---------|----------|---------|-----------|-------|-------|
| AGGRESSIVE Scenario |                       | Total      | Golf Carts, | Bohemian | Booming, | Rooted | Infants, | True Grit | Digital | Family   | Reaping | Senior    | Small | Tight |
| Tenure              | (Based on All Movers) | 12 Targets | Gourmets    | Groove   | ing      | Power  | Debit    | Americans | Depend- | Troopers | Rewards | Discounts | Town  | Money |
| Owners              | MANISTEE COUNTY       | 116        | 0           | 0        | 10       | 2      | 14       | 56        | 16      | 0        | 0       | 2         | 16    | 0     |
| Renters             | MANISTEE COUNTY       | 282        | 0           | 18       | 10       | 0      | 28       | 30        | 34      | 36       | 0       | 42        | 34    | 50    |
| Total               | MANISTEE COUNTY       | 398        | 0           | 18       | 20       | 2      | 42       | 86        | 50      | 36       | 0       | 44        | 50    | 50    |
| Owners              | Arcadia               | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Renters             | Arcadia               | 1          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Total               | Arcadia               | 1          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Owners              | Bear Lake             | 1          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Renters             | Bear Lake             | 1          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Total               | Bear Lake             | 2          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Owners              | Brethren              | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Renters             | Brethren              | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Total               | Brethren              | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Owners              | Copemish              | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Renters             | Copemish              | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Total               | Copemish              | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0     | 0     |
| Owners              | Eastlake              | 4          | 0           | 0        | 0        | 0      | 1        | 2         | 1       | 0        | 0       | 0         | 1     | 0     |
| Renters             | Eastlake              | 11         | 0           | 1        | 0        | 0      | 1        | 1         | 1       | 1        | 0       | 2         | 1     | 2     |
| Total               | Eastlake              | 15         | 0           | 1        | 1        | 0      | 2        | 3         | 2       | 1        | 0       | 2         | 2     | 2     |
| Owners              | Filer City            | 2          | 0           | 0        | 0        | 0      | 0        | 1         | 0       | 0        | 0       | 0         | 0     | 0     |
| Renters             | Filer City            | 4          | 0           | 0        | 0        | 0      | 0        | 0         | 1       | 1        | 0       | 1         | 1     | 1     |
| Total               | Filer City            | 6          | 0           | 0        | 0        | 0      | 1        | 1         | 1       | 1        | 0       | 1         | 1     | 1     |

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.

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Note: Sums might not total exact due to rounding.

Annual Target Market POTENTIAL in Households for 12 Selected Lifestyle Clusters  
Small and Large Urban Places - Manistee County, MI

Exhibit A.5

|                     |                       | Sum of     | C12         | K40      | L41            | L42             | M45            | N46       | O51             | O55      | Q62     | Q65       | S68                        | S70   |
|---------------------|-----------------------|------------|-------------|----------|----------------|-----------------|----------------|-----------|-----------------|----------|---------|-----------|----------------------------|-------|
| AGGRESSIVE Scenario |                       | Total      | Golf Carts, | Bohemian | Booming,       | Rooted          | Infants,       | True Grit | Digital         | Family   | Reaping | Senior    | Small                      | Tight |
| Tenure              | (Based on All Movers) | 12 Targets | Gourmets    | Groove   | Consum-<br>ing | Flower<br>Power | Debit<br>Cards | Americans | Depend-<br>ents | Troopers | Rewards | Discounts | Town<br>Shallow<br>Pockets | Money |
| Owners              | Kaleva                | 1          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Renters             | Kaleva                | 2          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Total               | Kaleva                | 3          | 0           | 0        | 0              | 0               | 0              | 1         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Owners              | Manistee              | 90         | 0           | 0        | 8              | 2               | 11             | 44        | 12              | 0        | 0       | 2         | 12                         | 0     |
| Renters             | Manistee              | 219        | 0           | 14       | 8              | 0               | 22             | 23        | 26              | 28       | 0       | 33        | 26                         | 39    |
| Total               | Manistee              | 309        | 0           | 14       | 16             | 2               | 33             | 67        | 39              | 28       | 0       | 34        | 39                         | 39    |
| Owners              | Oak Hill              | 9          | 0           | 0        | 1              | 0               | 1              | 4         | 1               | 0        | 0       | 0         | 1                          | 0     |
| Renters             | Oak Hill              | 21         | 0           | 1        | 1              | 0               | 2              | 2         | 3               | 3        | 0       | 3         | 3                          | 4     |
| Total               | Oak Hill              | 30         | 0           | 1        | 1              | 0               | 3              | 6         | 4               | 3        | 0       | 3         | 4                          | 4     |
| Owners              | Onekama               | 3          | 0           | 0        | 0              | 0               | 0              | 2         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Renters             | Onekama               | 8          | 0           | 1        | 0              | 0               | 1              | 1         | 1               | 1        | 0       | 1         | 1                          | 1     |
| Total               | Onekama               | 11         | 0           | 1        | 1              | 0               | 1              | 2         | 1               | 1        | 0       | 1         | 1                          | 1     |
| Owners              | Parkdale              | 4          | 0           | 0        | 0              | 0               | 0              | 2         | 1               | 0        | 0       | 0         | 1                          | 0     |
| Renters             | Parkdale              | 10         | 0           | 1        | 0              | 0               | 1              | 1         | 1               | 1        | 0       | 1         | 1                          | 2     |
| Total               | Parkdale              | 13         | 0           | 1        | 1              | 0               | 1              | 3         | 2               | 1        | 0       | 1         | 2                          | 2     |
| Owners              | Stronach              | 1          | 0           | 0        | 0              | 0               | 0              | 1         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Renters             | Stronach              | 4          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 1         | 0                          | 1     |
| Total               | Stronach              | 5          | 0           | 0        | 0              | 0               | 1              | 1         | 1               | 0        | 0       | 1         | 1                          | 1     |
| Owners              | Wellston              | 0          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Renters             | Wellston              | 1          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Total               | Wellston              | 1          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;  
American Community Survey; and Experian Decision Analytics.

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Note: Sums might not total exact due to rounding.

Annual Target Market POTENTIAL in Households for 12 Selected Lifestyle Clusters  
Small and Large Urban Places - Manistee County, MI

Exhibit A.6

|                       |                         |            |             |          |          |        |          |           |         |          |         |           | S68     |       |
|-----------------------|-------------------------|------------|-------------|----------|----------|--------|----------|-----------|---------|----------|---------|-----------|---------|-------|
|                       |                         |            |             |          | L41      | L42    | M45      |           | O51     |          |         |           | Small   |       |
| CONSERVATIVE Scenario |                         | Sum of     | C12         | K40      | Booming, | Rooted | Infants, | N46       | Digital | O55      | Q62     | Q65       | Town    | S70   |
| Tenure                | (Per In-Migration Only) | Total      | Golf Carts, | Bohemian | Consum-  | Flower | Debit    | True Grit | Depend- | Family   | Reaping | Senior    | Shallow | Tight |
|                       |                         | 12 Targets | Gourmets    | Groove   | ing      | Power  | Cards    | Americans | ents    | Troopers | Rewards | Discounts | Pockets | Money |
| Owners                | MANISTEE COUNTY         | 62         | 0           | 0        | 5        | 1      | 8        | 30        | 9       | 0        | 0       | 1         | 9       | 0     |
| Renters               | MANISTEE COUNTY         | 95         | 0           | 6        | 3        | 0      | 9        | 10        | 11      | 12       | 0       | 14        | 11      | 17    |
| Total                 | MANISTEE COUNTY         | 157        | 0           | 6        | 9        | 1      | 17       | 40        | 20      | 12       | 0       | 15        | 20      | 17    |
| Owners                | Arcadia                 | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Renters               | Arcadia                 | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Total                 | Arcadia                 | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Owners                | Bear Lake               | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Renters               | Bear Lake               | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Total                 | Bear Lake               | 1          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Owners                | Brethren                | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Renters               | Brethren                | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Total                 | Brethren                | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Owners                | Copemish                | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Renters               | Copemish                | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Total                 | Copemish                | 0          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Owners                | Eastlake                | 2          | 0           | 0        | 0        | 0      | 0        | 1         | 0       | 0        | 0       | 0         | 0       | 0     |
| Renters               | Eastlake                | 4          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 1         | 0       | 1     |
| Total                 | Eastlake                | 6          | 0           | 0        | 0        | 0      | 1        | 2         | 1       | 0        | 0       | 1         | 1       | 1     |
| Owners                | Filer City              | 1          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Renters               | Filer City              | 1          | 0           | 0        | 0        | 0      | 0        | 0         | 0       | 0        | 0       | 0         | 0       | 0     |
| Total                 | Filer City              | 2          | 0           | 0        | 0        | 0      | 0        | 1         | 0       | 0        | 0       | 0         | 0       | 0     |

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;  
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Note: Sums might not total exact due to rounding.

Exhibit A.7

Annual Target Market POTENTIAL in Households for 12 Selected Lifestyle Clusters  
Small and Large Urban Places - Manistee County, MI

|                       |                         | Sum of     | C12         | K40      | L41            | L42             | M45            | N46       | O51             | O55      | Q62     | Q65       | S68                        | S70   |
|-----------------------|-------------------------|------------|-------------|----------|----------------|-----------------|----------------|-----------|-----------------|----------|---------|-----------|----------------------------|-------|
| CONSERVATIVE Scenario |                         | Total      | Golf Carts, | Bohemian | Booming,       | Rooted          | Infants,       | True Grit | Digital         | Family   | Reaping | Senior    | Small                      | Tight |
| Tenure                | (Per In-Migration Only) | 12 Targets | Gourmets    | Groove   | Consum-<br>ing | Flower<br>Power | Debit<br>Cards | Americans | Depend-<br>ents | Troopers | Rewards | Discounts | Town<br>Shallow<br>Pockets | Money |
| Owners                | Kaleva                  | 0          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Renters               | Kaleva                  | 1          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Total                 | Kaleva                  | 1          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Owners                | Manistee                | 48         | 0           | 0        | 4              | 1               | 6              | 23        | 7               | 0        | 0       | 1         | 7                          | 0     |
| Renters               | Manistee                | 74         | 0           | 5        | 3              | 0               | 7              | 8         | 9               | 9        | 0       | 11        | 9                          | 13    |
| Total                 | Manistee                | 122        | 0           | 5        | 7              | 1               | 13             | 31        | 16              | 9        | 0       | 12        | 16                         | 13    |
| Owners                | Oak Hill                | 5          | 0           | 0        | 0              | 0               | 1              | 2         | 1               | 0        | 0       | 0         | 1                          | 0     |
| Renters               | Oak Hill                | 7          | 0           | 0        | 0              | 0               | 1              | 1         | 1               | 1        | 0       | 1         | 1                          | 1     |
| Total                 | Oak Hill                | 12         | 0           | 0        | 1              | 0               | 1              | 3         | 1               | 1        | 0       | 1         | 1                          | 1     |
| Owners                | Onekama                 | 2          | 0           | 0        | 0              | 0               | 0              | 1         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Renters               | Onekama                 | 3          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Total                 | Onekama                 | 4          | 0           | 0        | 0              | 0               | 0              | 1         | 1               | 0        | 0       | 0         | 1                          | 0     |
| Owners                | Parkdale                | 2          | 0           | 0        | 0              | 0               | 0              | 1         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Renters               | Parkdale                | 3          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 1     |
| Total                 | Parkdale                | 5          | 0           | 0        | 0              | 0               | 1              | 1         | 1               | 0        | 0       | 1         | 1                          | 1     |
| Owners                | Stronach                | 1          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Renters               | Stronach                | 1          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Total                 | Stronach                | 2          | 0           | 0        | 0              | 0               | 0              | 1         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Owners                | Wellston                | 0          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Renters               | Wellston                | 0          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |
| Total                 | Wellston                | 0          | 0           | 0        | 0              | 0               | 0              | 0         | 0               | 0        | 0       | 0         | 0                          | 0     |

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;  
American Community Survey; and Experian Decision Analytics.

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Annual Market Potential by Home Value for 12 Target Markets (in 2012 Constant Dollars)  
Owner-Occupied Units for Manistee County, Michigan

Exhibit A.8

| Tenure            | CONSERVATIVE            | Sum of     | C12         | K40       | L41       | L42       | M45       | N46       | O51       | O55       | Q62       | Q65       | S68      | S70       |
|-------------------|-------------------------|------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-----------|
|                   | SCENARIO                |            |             |           |           |           |           |           |           |           |           |           | Small    |           |
|                   | Home Value Brackets     | Total      | Golf Carts, | Bohemian  | Booming,  | Rooted    | Infants,  | True Grit | Digital   | Family    | Reaping   | Senior    | Town     | Tight     |
|                   | (2012 Constant Dollars) | 12 Targets | Gourmets    | Groove    | Consum-   | Flower    | Debit     | Americans | Depend-   | Troopers  | Rewards   | Discounts | Shallow  | Money     |
| Owner             | < \$50,000              | 4          | 0           | 0         | 0         | 0         | 1         | 1         | 0         | 0         | 0         | 0         | 2        | 0         |
| Owner             | \$50 - \$74,999         | 13         | 0           | 0         | 0         | 0         | 3         | 5         | 1         | 0         | 0         | 0         | 4        | 0         |
| Owner             | \$75 - \$99,999         | 15         | 0           | 0         | 1         | 0         | 2         | 8         | 2         | 0         | 0         | 0         | 2        | 0         |
| Owner             | \$100 - \$149,999       | 17         | 0           | 0         | 1         | 0         | 1         | 10        | 3         | 0         | 0         | 0         | 1        | 0         |
| Owner             | \$150 - \$174,999       | 6          | 0           | 0         | 1         | 0         | 0         | 3         | 1         | 0         | 0         | 0         | 0        | 0         |
| Owner             | \$175 - \$199,999       | 2          | 0           | 0         | 1         | 0         | 0         | 1         | 0         | 0         | 0         | 0         | 0        | 0         |
| Owner             | \$200 - \$249,999       | 3          | 0           | 0         | 1         | 0         | 0         | 2         | 0         | 0         | 0         | 0         | 0        | 0         |
| Owner             | \$250 - \$299,999       | 1          | 0           | 0         | 0         | 0         | 0         | 1         | 0         | 0         | 0         | 0         | 0        | 0         |
| Owner             | \$300 - \$349,999       | 0          | 0           | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0        | 0         |
| Owner             | \$350 - \$399,999       | 0          | 0           | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0        | 0         |
| Owner             | \$400 - \$499,999       | 0          | 0           | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0        | 0         |
| Owner             | \$500 - \$749,999       | 0          | 0           | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0        | 0         |
| Owner             | \$750,000+              | <u>0</u>   | <u>0</u>    | <u>0</u>  | <u>0</u>  | <u>0</u>  | <u>0</u>  | <u>0</u>  | <u>0</u>  | <u>0</u>  | <u>0</u>  | <u>0</u>  | <u>0</u> | <u>0</u>  |
|                   | Total                   | 62         | 0           | 0         | 5         | 1         | 8         | 30        | 9         | 0         | 0         | 1         | 9        | 0         |
| Median Home Value |                         |            |             |           |           |           |           |           |           |           |           |           |          |           |
| Owner             | 2012                    | --         | \$312,163   | \$117,251 | \$161,169 | \$117,080 | \$72,668  | \$109,802 | \$112,619 | \$105,421 | \$202,718 | \$94,846  | \$66,946 | \$90,822  |
| Owner             | 2015                    | --         | \$363,914   | \$136,689 | \$187,888 | \$136,490 | \$84,715  | \$128,006 | \$131,289 | \$122,898 | \$236,325 | \$110,570 | \$78,045 | \$105,878 |
| Owner             | 2020                    | --         | \$435,825   | \$163,699 | \$225,015 | \$163,461 | \$101,455 | \$153,300 | \$157,232 | \$147,184 | \$283,024 | \$132,419 | \$93,467 | \$126,800 |

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;  
American Community Survey; and Experian Decision Analytics.  
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Note: Sums might not total exact due to rounding.

Annual Market Potential by Contract Rent for 12 Target Markets (in 2012 Constant Dollars)  
Renter-Occupied Units for Manistee County, Michigan

Exhibit A.9

| Tenure | CONSERVATIVE  | Sum of<br>Total<br>12 Targets | C12<br>Golf Carts,<br>Gourmets | K40<br>Bohemian<br>Groove | L41                        | L42                       | M45                        | N46<br>True Grit<br>Americans | O51                        | O55<br>Family<br>Troopers | Q62<br>Reaping<br>Rewards | Q65<br>Senior<br>Discounts | S68                                 | S70<br>Tight<br>Money |
|--------|---|-------------------------------|--------------------------------|---------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|----------------------------|---------------------------|---------------------------|----------------------------|-------------------------------------|-----------------------|
|        | SCENARIO<br>Contract Rent Brackets<br>(2012 Constant Dollars) |                               |                                |                           | Booming,<br>Consum-<br>ing | Rooted<br>Flower<br>Power | Infants,<br>Debit<br>Cards |                               | Digital<br>Depend-<br>ents |                           |                           |                            | Small<br>Town<br>Shallow<br>Pockets |                       |
| Renter | <\$500  | 36                            | 0                              | 2                         | 1                          | 0                         | 2                          | 2                             | 2                          | 4                         | 0                         | 8                          | 5                                   | 10                    |
| Renter | \$500 - \$599   | 27                            | 0                              | 2                         | 1                          | 0                         | 3                          | 3                             | 3                          | 4                         | 0                         | 4                          | 4                                   | 4                     |
| Renter | \$600 - \$699   | 18                            | 0                              | 1                         | 1                          | 0                         | 2                          | 2                             | 3                          | 3                         | 0                         | 1                          | 2                                   | 2                     |
| Renter | \$700 - \$799   | 6                             | 0                              | 0                         | 0                          | 0                         | 1                          | 1                             | 1                          | 1                         | 0                         | 0                          | 1                                   | 1                     |
| Renter | \$800 - \$899   | 6                             | 0                              | 0                         | 0                          | 0                         | 1                          | 1                             | 2                          | 1                         | 0                         | 0                          | 0                                   | 0                     |
| Renter | \$900 - \$999   | 1                             | 0                              | 0                         | 0                          | 0                         | 0                          | 0                             | 0                          | 0                         | 0                         | 0                          | 0                                   | 0                     |
| Renter | \$1,000 - \$1,249   | 0                             | 0                              | 0                         | 0                          | 0                         | 0                          | 0                             | 0                          | 0                         | 0                         | 0                          | 0                                   | 0                     |
| Renter | \$1,250 - \$1,499   | 1                             | 0                              | 0                         | 0                          | 0                         | 0                          | 0                             | 0                          | 0                         | 0                         | 0                          | 0                                   | 0                     |
| Renter | \$1,500 - \$1,999   | 0                             | 0                              | 0                         | 0                          | 0                         | 0                          | 0                             | 0                          | 0                         | 0                         | 0                          | 0                                   | 0                     |
| Renter | \$2,000+  | <u>0</u>                      | <u>0</u>                       | <u>0</u>                  | <u>0</u>                   | <u>0</u>                  | <u>0</u>                   | <u>0</u>                      | <u>0</u>                   | <u>0</u>                  | <u>0</u>                  | <u>0</u>                   | <u>0</u>                            | <u>0</u>              |
|        | Total   | 95                            | 0                              | 6                         | 3                          | 0                         | 9                          | 10                            | 11                         | 12                        | 0                         | 14                         | 11                                  | 17                    |
|        | Median Contract Rent  |                               |                                |                           |                            |                           |                            |                               |                            |                           |                           |                            |                                     |                       |
| Renter | 2012  | --                            | \$604                          | \$449                     | \$504                      | \$528                     | \$506                      | \$492                         | \$503                      | \$452                     | \$472                     | \$380                      | \$420                               | \$381                 |
| Renter | 2015  | --                            | \$710                          | \$527                     | \$592                      | \$620                     | \$594                      | \$578                         | \$591                      | \$531                     | \$554                     | \$446                      | \$494                               | \$447                 |
| Renter | 2020  | --                            | \$863                          | \$642                     | \$720                      | \$754                     | \$722                      | \$703                         | \$719                      | \$646                     | \$674                     | \$542                      | \$601                               | \$544                 |

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;  
American Community Survey; and Experian Decision Analytics.  
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Note: Sums might not total exact due to rounding.



Annual Market Potential by Building Size for 12 Target Markets  
Total Units for Manistee County, Michigan

Exhibit A.10

| Tenure | CONSERVATIVE<br>SCENARIO<br>Units by Building Size | Sum of<br>Total<br>12 Targets | C12<br>Golf Carts,<br>Gourmets | K40<br>Bohemian<br>Groove | L41                        | L42                       | M45                        | N46<br>True Grit<br>Americans | O51                        | O55                | Q62                | Q65                 | S68                                 | S70            |
|--------|--|-------------------------------|--------------------------------|---------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|----------------------------|--------------------|--------------------|---------------------|-------------------------------------|----------------|
|        |  |                               |                                |                           | Booming,<br>Consum-<br>ing | Rooted<br>Flower<br>Power | Infants,<br>Debit<br>Cards |                               | Digital<br>Depend-<br>ents | Family<br>Troopers | Reaping<br>Rewards | Senior<br>Discounts | Small<br>Town<br>Shallow<br>Pockets | Tight<br>Money |
| Total  | 1 unit (house)                                     | 104                           | 0                              | 1                         | 8                          | 1                         | 16                         | 38                            | 18                         | 2                  | 0                  | 0                   | 18                                  | 2              |
| Total  | 2 units (duplex)                                   | 4                             | 0                              | 0                         | 0                          | 0                         | 0                          | 0                             | 0                          | 1                  | 0                  | 0                   | 0                                   | 1              |
| Total  | 3 units (triplex)                                  | 7                             | 0                              | 1                         | 0                          | 0                         | 0                          | 0                             | 1                          | 1                  | 0                  | 0                   | 0                                   | 2              |
| Total  | 4 units (quad)                                     | 3                             | 0                              | 0                         | 0                          | 0                         | 0                          | 0                             | 0                          | 1                  | 0                  | 0                   | 0                                   | 1              |
| Total  | 5 - 9 units  | 12                            | 0                              | 2                         | 1                          | 0                         | 0                          | 1                             | 1                          | 3                  | 0                  | 0                   | 1                                   | 4              |
| Total  | 10 - 19 units                                      | 5                             | 0                              | 0                         | 0                          | 0                         | 0                          | 0                             | 0                          | 1                  | 0                  | 2                   | 0                                   | 2              |
| Total  | 20 - 49 units                                      | 7                             | 0                              | 0                         | 0                          | 0                         | 0                          | 0                             | 0                          | 1                  | 0                  | 3                   | 0                                   | 2              |
| Total  | 50 - 100 units                                     | 6                             | 0                              | 0                         | 0                          | 0                         | 0                          | 0                             | 0                          | 1                  | 0                  | 4                   | 0                                   | 1              |
| Total  | 101+ units   | <u>9</u>                      | <u>0</u>                       | <u>0</u>                  | <u>0</u>                   | <u>0</u>                  | <u>0</u>                   | <u>0</u>                      | <u>0</u>                   | <u>1</u>           | <u>0</u>           | <u>6</u>            | <u>0</u>                            | <u>1</u>       |
|        | Total  | 157                           | 0                              | 6                         | 9                          | 1                         | 17                         | 40                            | 20                         | 12                 | 0                  | 15                  | 20                                  | 17             |
| Total  | Detached Units                                     | 104                           | 0                              | 1                         | 8                          | 1                         | 16                         | 38                            | 18                         | 2                  | 0                  | 0                   | 18                                  | 2              |
| Total  | Attached Units                                     | <u>54</u>                     | <u>0</u>                       | <u>5</u>                  | <u>1</u>                   | <u>0</u>                  | <u>1</u>                   | <u>2</u>                      | <u>2</u>                   | <u>10</u>          | <u>0</u>           | <u>15</u>           | <u>2</u>                            | <u>15</u>      |
|        | Total  | 157                           | 0                              | 6                         | 9                          | 1                         | 17                         | 40                            | 20                         | 12                 | 0                  | 15                  | 20                                  | 17             |

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;  
American Community Survey; and Experian Decision Analytics.  
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Note: Sums might not total exact due to rounding.

Market Parameters - Contract and Gross Rents  
Counties in the Northwest Michigan Prosperity Region

| County name      | Median<br>Gross Rent<br>as a Share<br>of Income | Median<br>Gross<br>Rent | Median<br>Contract<br>Rent | Utilities<br>and<br>Fees | Fees as<br>a Share of<br>Gross |
|------------------|---|-------------------------|----------------------------|--------------------------|--------------------------------|
| 1 Grand Traverse | 31%   | \$833                   | \$712                      | \$121                    | 15%                            |
| 2 Leelanau       | 33%   | \$794                   | \$641                      | \$153                    | 19%                            |
| 3 Emmet          | 30%   | \$732                   | \$630                      | \$102                    | 14%                            |
| 4 Charlevoix     | 30%   | \$615                   | \$523                      | \$92                     | 15%                            |
| 5 Antrim         | 38%   | \$710                   | \$515                      | \$195                    | 27%                            |
| 6 Benzie         | 30%   | \$763                   | \$537                      | \$226                    | 30%                            |
| 7 Manistee       | 30%   | \$665                   | \$492                      | \$173                    | 26%                            |
| 8 Wexford        | 32%   | \$679                   | \$521                      | \$158                    | 23%                            |
| 9 Missaukee      | 30%   | \$712                   | \$502                      | \$210                    | 29%                            |
| 10 Kalkaska      | 30%   | \$713                   | \$501                      | \$212                    | 30%                            |

Source: US Census and American Community Survey 5-year estimates (2008 - 2012); analysis and exhibit prepared by LandUse|USA; 2014.

Contract rents typically align with advertised rents and may not include utilities, deposits, and fees for pets, cleaning, security, parking, storage units, meals, on-call nurse services, meals, party rooms, fitness centers, and other memberships.

HUD Income Limits for Affordability  
Selected Counties in Northwest Michigan - 2014

Exhibit A.12

| County Name  | HUD Qualifier | Share of AMI | Household Size 1 person | Household Size 2 persons | Household Size 3 persons | Household Size 4 persons |
|--------------|---------------|--------------|-------------------------|--------------------------|--------------------------|--------------------------|
| Benzie Co.   | Extreme       | 30%          | 12,000                  | 13,700                   | 15,400                   | 17,100                   |
| Benzie Co.   | Very Low      | 50%          | 19,950                  | 22,800                   | 25,650                   | 28,500                   |
| Benzie Co.   | Low           | 80%          | 31,950                  | 36,500                   | 41,050                   | 45,600                   |
| Benzie Co.   | Average       | 100%         | 39,900                  | 45,600                   | 51,300                   | 57,000                   |
| Manistee Co. | Extreme       | 30%          | 11,100                  | 12,700                   | 14,300                   | 15,850                   |
| Manistee Co. | Very Low      | 50%          | 18,500                  | 21,150                   | 23,800                   | 26,400                   |
| Manistee Co. | Low           | 80%          | 29,600                  | 33,800                   | 38,050                   | 42,250                   |
| Manistee Co. | Average       | 100%         | 36,600                  | 41,800                   | 47,000                   | 52,200                   |

Source: U.S. Housing and Urban Development (HUD) income limits for 2014, with some interpolations by LandUseUSA.

Construction Costs Per Approved Building Permits  
Manistee County, Michigan - 2000 through 2013

| Year      | Units<br>Single-<br>Family | Cost<br>Single-<br>Family | Cost/Unit<br>Single-<br>Family | Units<br>Multi-<br>Family | Cost<br>Multi-<br>Family | Cost/Unit<br>Multi-<br>Family | MF v. SF<br>Cost<br>Index |
|-----------|----------------------------|---------------------------|--------------------------------|---------------------------|--------------------------|-------------------------------|---------------------------|
| 2013      | 4                          | \$470,042                 | \$117,500                      | 8                         | \$306,739                | \$38,300                      | 0.33                      |
| 2012      | 2                          | \$474,496                 | \$237,200                      | --                        | --                       | --                            | --                        |
| 2011      | 7                          | \$1,181,389               | \$168,800                      | --                        | --                       | --                            | --                        |
| 2010      | 10                         | \$1,927,326               | \$192,700                      | --                        | --                       | --                            | --                        |
| 2009      | 2                          | \$184,751                 | \$92,400                       | --                        | --                       | --                            | --                        |
| 2008      | 4                          | \$620,777                 | \$155,200                      | --                        | --                       | --                            | --                        |
| 2007      | 9                          | \$1,149,043               | \$127,700                      | 25                        | \$7,500,000              | \$300,000                     | 2.35                      |
| 2006      | 50                         | \$6,496,251               | \$129,900                      | --                        | --                       | --                            | --                        |
| 2005      | 39                         | \$4,807,450               | \$123,300                      | 2                         | \$153,333                | \$76,700                      | 0.62                      |
| 2004      | 56                         | \$6,293,714               | \$112,400                      | 9                         | \$1,329,000              | \$147,700                     | 1.31                      |
| 2003      | 47                         | \$5,692,800               | \$121,100                      | 23                        | \$1,207,500              | \$52,500                      | 0.43                      |
| 2002      | 45                         | \$4,672,811               | \$103,800                      | 20                        | \$1,050,000              | \$52,500                      | 0.51                      |
| 2001      | 52                         | \$6,720,997               | \$129,200                      | 48                        | \$2,700,000              | \$56,300                      | 0.44                      |
| 2000      | 34                         | \$2,813,526               | \$82,800                       | 18                        | \$1,435,132              | \$79,700                      | 0.96                      |
| All Years | 361                        | \$43,505,373              | \$120,500                      | 153                       | \$15,681,704             | \$102,500                     | 0.85                      |
| 2007-13   | 38                         | \$6,007,824               | \$158,100                      | 33                        | \$7,806,739              | \$236,600                     | 1.50                      |
| 2000-06   | 323                        | \$37,497,549              | \$116,100                      | 120                       | \$7,874,965              | \$65,600                      | 0.57                      |

Source: Underlying data collected by the U.S. Bureau of the Census.

Analysis and exhibit prepared by LandUse|USA, 2014.

Annual Target Market POTENTIAL in Housing Units for 12 Selected Lifestyle Clusters  
10 Counties in the Northwest Michigan Prosperity Region (Region 2)

| CONSERVATIVE Scenario<br>(Per In-Migration Only) | Sum of<br>12 Targets | C12<br>Golf Carts,<br>Gourmets | K40<br>Bohemian<br>Groove | L41<br>Booming,<br>Consum-<br>ing | L42<br>Rooted<br>Flower<br>Power | M45<br>Infants,<br>Debit<br>Cards | N46<br>True Grit<br>Americans | O51<br>Digital<br>Depend-<br>ents | O55<br>Family<br>Troopers | Q62<br>Reaping<br>Rewards | Q65<br>Senior<br>Discounts | S68<br>Small<br>Town<br>Shallow<br>Pockets | S70<br>Tight<br>Money |
|--|----------------------|--------------------------------|---------------------------|-----------------------------------|----------------------------------|-----------------------------------|-------------------------------|-----------------------------------|---------------------------|---------------------------|----------------------------|--|-----------------------|
| 10-COUNTY REGION                                 | 2,908                | 20                             | 694                       | 136                               | 18                               | 91                                | 197                           | 705                               | 411                       | 33                        | 209                        | 68   | 328                   |
| GRAND TRAVERSE CO.                               | 1,215                | 1                              | 479                       | 13                                | 13                               | 10                                | 40                            | 339                               | 154                       | 13                        | 85                         | 13   | 54                    |
| LEELANAU COUNTY                                  | 134                  | 11                             | 12                        | 29                                | 0                                | 0                                 | 0                             | 52                                | 15                        | 8                         | 7                          | 0  | 0                     |
| EMMET COUNTY                                     | 463                  | 3                              | 143                       | 20                                | 2                                | 0                                 | 17                            | 75                                | 91                        | 5                         | 35                         | 0  | 72                    |
| CHARLEVOIX COUNTY                                | 274                  | 1                              | 40                        | 12                                | 1                                | 1                                 | 26                            | 53                                | 24                        | 3                         | 33                         | 0  | 80                    |
| ANTRIM COUNTY                                    | 113                  | 2                              | 1                         | 30                                | 0                                | 8                                 | 6                             | 24                                | 12                        | 3                         | 4                          | 7  | 17                    |
| BENZIE COUNTY                                    | 67                   | 2                              | 2                         | 18                                | 0                                | 0                                 | 13                            | 16                                | 4                         | 1                         | 3                          | 0  | 10                    |
| MANISTEE COUNTY                                  | 157                  | 0                              | 6                         | 9                                 | 1                                | 17                                | 40                            | 20                                | 12                        | 0                         | 15                         | 20   | 17                    |
| WEXFORD COUNTY                                   | 324                  | 0                              | 9                         | 3                                 | 1                                | 50                                | 50                            | 72                                | 59                        | 1                         | 15                         | 22   | 41                    |
| MISSAUKEE COUNTY                                 | 68                   | 0                              | 2                         | 1                                 | 0                                | 1                                 | 2                             | 24                                | 17                        | 0                         | 6                          | 1  | 13                    |
| KALKASKA COUNTY                                  | 93                   | 0                              | 0                         | 0                                 | 0                                | 5                                 | 1                             | 30                                | 22                        | 0                         | 6                          | 5  | 24                    |

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American Community Survey; and Experian Decision Analytics.  
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Annual Target Market POTENTIAL in Housing Units for 12 Selected Target Markets  
10 Counties in the Northwest Michigan Prosperity Region (Region 2)

| AGGRESSIVE Scenario<br>(Per All Migration) | Sum of<br>12 Targets | C12<br>Golf Carts,<br>Gourmets | K40<br>Bohemian<br>Groove | L41<br>Booming,<br>Consum-<br>ing | L42<br>Rooted<br>Flower<br>Power | M45<br>Infants,<br>Debit<br>Cards | N46<br>True Grit<br>Americans | O51<br>Digital<br>Depend-<br>ents | O55<br>Family<br>Troopers | Q62<br>Reaping<br>Rewards | Q65<br>Senior<br>Discounts | S68<br>Small<br>Town<br>Shallow<br>Pockets | S70<br>Tight<br>Money |
|--|----------------------|--------------------------------|---------------------------|-----------------------------------|----------------------------------|-----------------------------------|-------------------------------|-----------------------------------|---------------------------|---------------------------|----------------------------|--|-----------------------|
| 10-COUNTY REGION                           | 7,062                | 36                             | 1,720                     | 286                               | 38                               | 230                               | 420                           | 1,620                             | 1,086                     | 66                        | 528                        | 170  | 862                   |
| GRAND TRAVERSE CO.                         | 2,914                | 2                              | 1,178                     | 30                                | 28                               | 22                                | 88                            | 784                               | 382                       | 28                        | 208                        | 30   | 134                   |
| LEELANAU COUNTY                            | 232                  | 18                             | 22                        | 48                                | 0                                | 0                                 | 0                             | 90                                | 28                        | 12                        | 14                         | 0  | 0                     |
| EMMET COUNTY                               | 1,162                | 6                              | 368                       | 46                                | 4                                | 0                                 | 38                            | 178                               | 236                       | 10                        | 90                         | 0  | 186                   |
| CHARLEVOIX COUNTY                          | 592                  | 2                              | 88                        | 24                                | 2                                | 2                                 | 52                            | 112                               | 54                        | 6                         | 72                         | 0  | 178                   |
| ANTRIM COUNTY                              | 274                  | 4                              | 2                         | 68                                | 0                                | 18                                | 14                            | 58                                | 32                        | 6                         | 10                         | 16   | 46                    |
| BENZIE COUNTY                              | 172                  | 4                              | 6                         | 40                                | 0                                | 0                                 | 26                            | 40                                | 12                        | 2                         | 10                         | 0  | 32                    |
| MANISTEE COUNTY                            | 398                  | 0                              | 18                        | 20                                | 2                                | 42                                | 86                            | 50                                | 36                        | 0                         | 44                         | 50   | 50                    |
| WEXFORD COUNTY                             | 962                  | 0                              | 34                        | 8                                 | 2                                | 134                               | 110                           | 194                               | 216                       | 2                         | 52                         | 60   | 150                   |
| MISSAUKEE COUNTY                           | 128                  | 0                              | 4                         | 2                                 | 0                                | 2                                 | 4                             | 46                                | 32                        | 0                         | 12                         | 2  | 24                    |
| KALKASKA COUNTY                            | 228                  | 0                              | 0                         | 0                                 | 0                                | 10                                | 2                             | 68                                | 58                        | 0                         | 16                         | 12   | 62                    |

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;  
American Community Survey; and Experian Decision Analytics.

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# Target Market Analysis

Manistee County

Michigan

PLACEMAKING

November 3, 2014



B



Prepared for:



Prepared by:





### Strengths

- *Michigan's Blue Economy* – Manistee County is ideally located on Lake Michigan, which supports marine related industries in the blue economy, and ecotourism. There are over 40 charter fishing boats that operate on Lake Michigan from Manistee County ports.
- *Highway 31 Linkages* – Manistee County is located along the Highway 31 corridor, which is thoroughfare for vacationing families travelling between Chicago and the Traverse City area. Traffic counts are estimated to be at 16,000 vehicles per day on US 31.
- *Natural Resources* – Manistee is within 1 hour of Sleeping Bear Dunes, and local resources include the Manistee National Forest, Orchard Beach State Park, Manistee Lake, and the Manistee River, which all help boost ecotourism. The region's generous network of parks includes three beaches and nearly 2 miles of Riverwalk along the Manistee River.
- *Downtown Business Mix* – The city's central business district is located on the Manistee River and benefits from being directly connected to the City Marina. It includes a good spectrum of small businesses, including grocery stores, restaurants, Ramsdell Theater, Vogue Theater, and numerous merchants.
- *Streetscapes and Facades* – Downtown Manistee is on the National Register of Historic Places, and the community has reconstructed many of historical elements that had previously been lost. The downtown is an overall success, and the city's efforts and streetscape improvements suggest that it is vested in its preservation.
- *Michigan Main Street* – The City of Manistee is a Main Street community and offers façade grants to business owners to facilitate preservation and improvements of downtown buildings. The downtown also follows the National Main Street Center's four-point approach as an economic development tool.
- *Anchor Institutions* – Manistee County and the region has other economic assets that will help it continue to grow economically and help it be sustainable long-term. It benefits from being the county seat, and Anchor institutions include a medical center (Munson), airport (Manistee Co. Blacker Airport, 2 runways), and casino (Little River).
- *Advanced Education* - The West Shore Community College is located less than half an hour south, in adjacent Mason County. The college has about 1,700 students and has partnered with Munson Medical Center on a Manistee County Education Center; and more recently has been instrumental in launching a West Shore Incubator Initiative for the region.
- *Munson Medical Center* – The local hospital has 390 beds, 320 physicians, and employs a total of 3,700 workers. It is an award-winning hospital with the only Level II trauma center north of Grand Rapids. The hospital is expanding and the Cowell Family Cancer Center is expected to open in 2015.
- *Public Transit* – Manistee County Transportation has a system of buses and trolleys and offers free rides West Shore Community College students, and patients of the Munson Medical Center.

### Opportunities

- *Downtown Reinvestment* – Because of the Streetscape Project, the Main Streets program, and other downtown investment initiatives, the City of Manistee is probably a lucrative market for developers seeking investment opportunities in the downtown.
- *Economic Growth Initiatives* – Based on the list of projects on the DDA’s website that the Economic Restructuring Committee is overseeing, there appears to be opportunity for new businesses and entrepreneurs to find both financial and educational support within the downtown Manistee area. There is also a Manistee Alliance for Economic Success and a local Incubator Initiative, which provide additional resources for new businesses.
- *Marketing Opportunities* – While the City is located directly on US 31, it still remains in a more remote location. Passers through would have to intentionally include the City of Manistee as a point of interest on their travels north or south, as faster routes across the state direct people to highways like US 131. The region might be able to intercept more visitors and attract new residents by improving its downstate advertising efforts. Vacationing families traveling north along Lake Michigan’s shoreline should see advertisements for Manistee long before they arrive in Ludington.

## Place Scores

Local Placemaking Initiatives and Amenities (Evident through Online Search Engines)  
Selected Communities in Manistee County, Michigan - 2014

Exhibit B.3

|   | City<br>of<br>Manistee | Village<br>of<br>Eastlake | Village<br>of<br>Kaleva | Village<br>of<br>Onkama | Village of<br>Bear<br>Lake | Village<br>of<br>Copemish |
|---|------------------------|---------------------------|-------------------------|-------------------------|----------------------------|---------------------------|
| 2010 Census Population                    | 6,226                  | 557                       | 470                     | 411                     | 286                        | 194                       |
| City/Village-Wide Planning Documents      |                        |                           |                         |                         |                            |                           |
| 1 City-Wide Master Plan (not county)      | 1                      | 0                         | 0                       | 1                       | 1                          | 0                         |
| 2 Has a Zoning Ordinance Online           | 1                      | 0                         | 0                       | 1                       | 1                          | 0                         |
| 3 Considering a Form Based Code           | 0                      | 0                         | 0                       | 0                       | 0                          | 0                         |
| Downtown Planning Documents               |                        |                           |                         |                         |                            |                           |
| 4 Established DDA                         | 1                      | 0                         | 0                       | 0                       | 0                          | 0                         |
| 5 DT Master Plan, Subarea Plan            | 1                      | 0                         | 0                       | 0                       | 0                          | 0                         |
| 6 Streetscape, Transp. Improvmt. Plan     | 1                      | 0                         | 0                       | 1                       | 0                          | 0                         |
| 7 Retail Market Study or Strategy         | 1                      | 0                         | 0                       | 0                       | 0                          | 0                         |
| 8 Residential Market Study, Strategy      | 1                      | 0                         | 0                       | 0                       | 0                          | 0                         |
| 9 Downtown TIF Plan (Fiscal Plan)         | 1                      | 0                         | 0                       | 0                       | 0                          | 0                         |
| 10 Façade Improvement Program             | 1                      | 0                         | 0                       | 1                       | 0                          | 0                         |
| Downtown Organization and Marketing       |                        |                           |                         |                         |                            |                           |
| 11 Designation as a Michigan Cool City    | 1                      | 0                         | 0                       | 0                       | 0                          | 0                         |
| 12 Member of Michigan Main Street         | 1                      | 0                         | 0                       | 0                       | 0                          | 0                         |
| 13 Main Street 4-Point Approach           | 0                      | 0                         | 0                       | 0                       | 0                          | 0                         |
| Listing or Map of Merchants and Amenities |                        |                           |                         |                         |                            |                           |
| 14 City/Village Main Website              | 1                      | 0                         | 1                       | 1                       | 1                          | 0                         |
| 15 DDA, BID, or Main Street Website       | 0                      | 0                         | 0                       | 0                       | 0                          | 0                         |
| 16 Chamber or CVB Website                 | 1                      | 0                         | 1                       | 0                       | 0                          | 0                         |
| 17 Facebook                               | 1                      | 0                         | 1                       | 1                       | 1                          | 1                         |
| Subtotal Score (17 points possible)       | 14                     | 0                         | 3                       | 6                       | 4                          | 1                         |

The assessment is based only on internet research, and have not been field verified.

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If a community's amenities and resources are not listed, then the challenge is to improve marking efforts, and ensure that the resources are available and easy to find through mainstream online search engines.

## Place Scores

## Exhibit B.4

Local Placemaking Initiatives and Amenities (Evident through Online Search Engines)

Selected Communities in Manistee County, Michigan - 2014

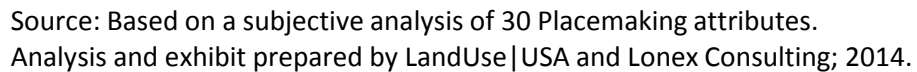
| Jurisdiction Name                          | City<br>of<br>Manistee | Village<br>of<br>Eastlake | Village<br>of<br>Kaleva | Village<br>of<br>Oneskama | Village of<br>Bear<br>Lake | Village<br>of<br>Copemish |
|--|------------------------|---------------------------|-------------------------|---------------------------|----------------------------|---------------------------|
| 2010 Census Population                     | 6,226                  | 557                       | 470                     | 411                       | 286                        | 194                       |
| Unique Downtown Amenities                  |                        |                           |                         |                           |                            |                           |
| 1 Cinema/Theater, Playhouse                | 1                      | 0                         | 0                       | 0                         | 0                          | 0                         |
| 2 Waterfront Access/Parks                  | 1                      | 1                         | 0                       | 1                         | 1                          | 0                         |
| 3 Established Farmer's Market <sup>2</sup> | 1                      | 0                         | 0                       | 0                         | 0                          | 0                         |
| 4 Summer Music in the Park                 | 1                      | 0                         | 0                       | 0                         | 0                          | 0                         |
| 5 National or Other Major Festival         | 1                      | 0                         | 0                       | 0                         | 0                          | 0                         |
| Downtown Street and Environment            |                        |                           |                         |                           |                            |                           |
| 6 Street Views by GoogleEarth              | 1                      | 0                         | 1                       | 1                         | 1                          | 1                         |
| 7 Angle Storefront Parking                 | 0                      | 0                         | 0                       | 0                         | 0                          | 0                         |
| 8 Walk Score/1,000 is 40 or Higher         | 0                      | 0                         | 1                       | 1                         | 1                          | 1                         |
| 9 Off Street Parking is Evident            | 1                      | 0                         | 0                       | 0                         | 1                          | 0                         |
| 10 2-Level Scale of Historic Buildings     | 1                      | 0                         | 0                       | 0                         | 1                          | 0                         |
| 11 Balanced Scale 2 Sides of Street        | 0                      | 0                         | 0                       | 0                         | 0                          | 0                         |
| 12 Pedestrian Crosswalks, Signaled         | 1                      | 0                         | 0                       | 0                         | 0                          | 0                         |
| 13 Two-way Traffic Flow                    | 1                      | 1                         | 1                       | 1                         | 1                          | 1                         |
| Subtotal Score (13 points possible)        | 10                     | 2                         | 3                       | 4                         | 6                          | 3                         |
| Total Score (30 Points Possible)           | 24                     | 2                         | 6                       | 10                        | 10                         | 4                         |
| Points per 1,000 Residents                 | 4                      | 4                         | 13                      | 24                        | 35                         | 21                        |
| Reported Walk Score (avg. = 42)            | 83                     | 10                        | 27                      | 37                        | 30                         | 13                        |
| Walk Score per 1,000 Residents             | 13                     | 18                        | 57                      | 90                        | 105                        | 67                        |

The assessment is based only on internet research, and have not been field verified.

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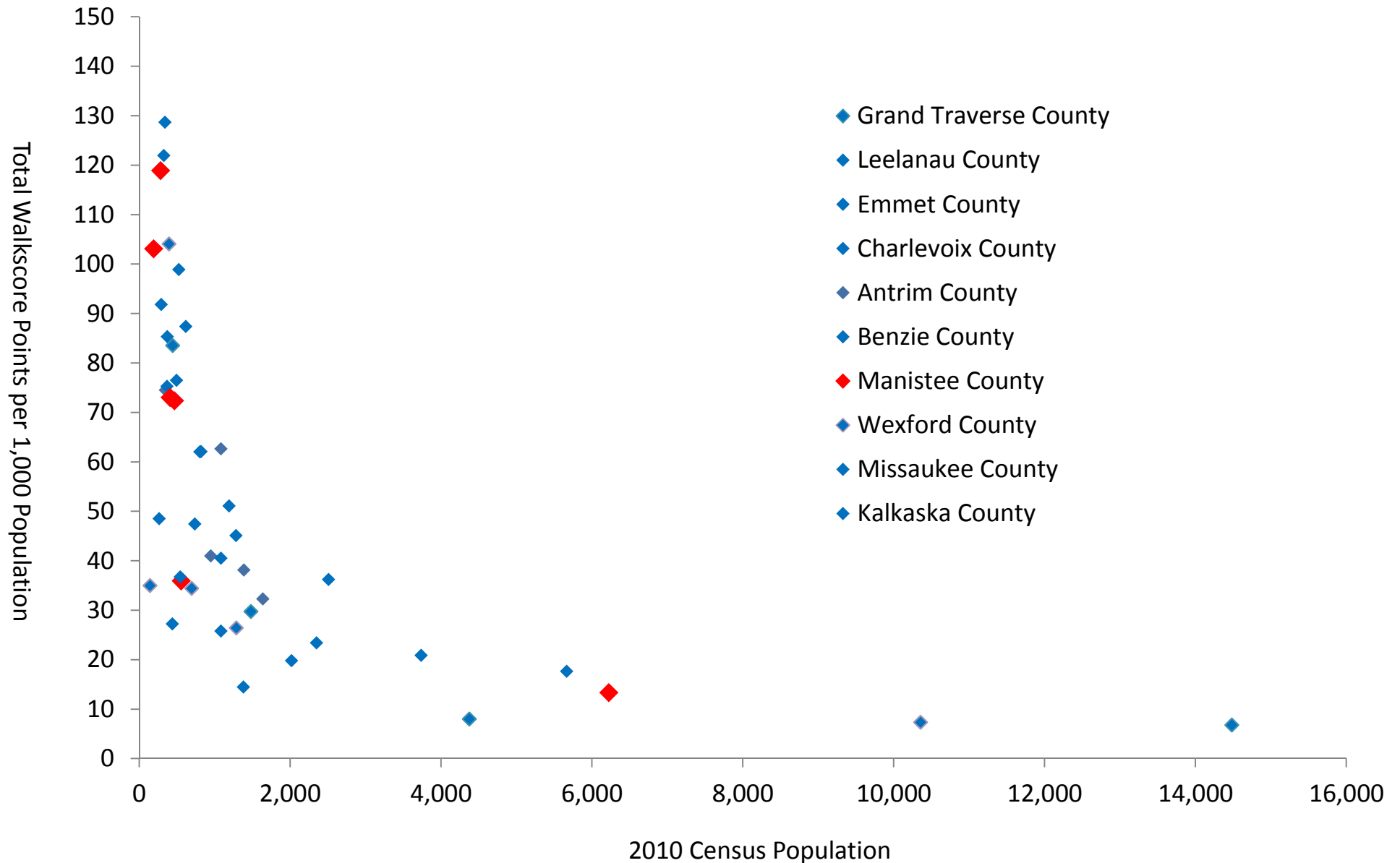
If a community's amenities and resources are not listed, then the challenge is to improve marking efforts, and ensure that the resources are available and easy to find through mainstream online search engines.

## Exhibit B.5



Reported Walk Score / 1,000 Population  
45 Communities in the NW Michigan Prosperity Region  
(i.e., the score is adjusted for market size)

Exhibit B.6



Source: Based on a subjective analysis of 30 Placemaking attributes.  
Analysis and exhibit prepared by LandUse|USA and Lonex Consulting; 2014.