

COMMUNITY OVERVIEW & HOUSING MARKET SUMMARY

Petoskey, Michigan



BOWEN
NATIONAL
RESEARCH

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I. INTRODUCTION

A. PURPOSE

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

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

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

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

B. METHODOLOGIES AND DATA SOURCES

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

Study Area Delineation

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

Demographic Information

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

Housing Supply

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

C. REPORT LIMITATIONS

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

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

II. COMMUNITY OVERVIEW & HOUSING MARKET SUMMARY

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

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

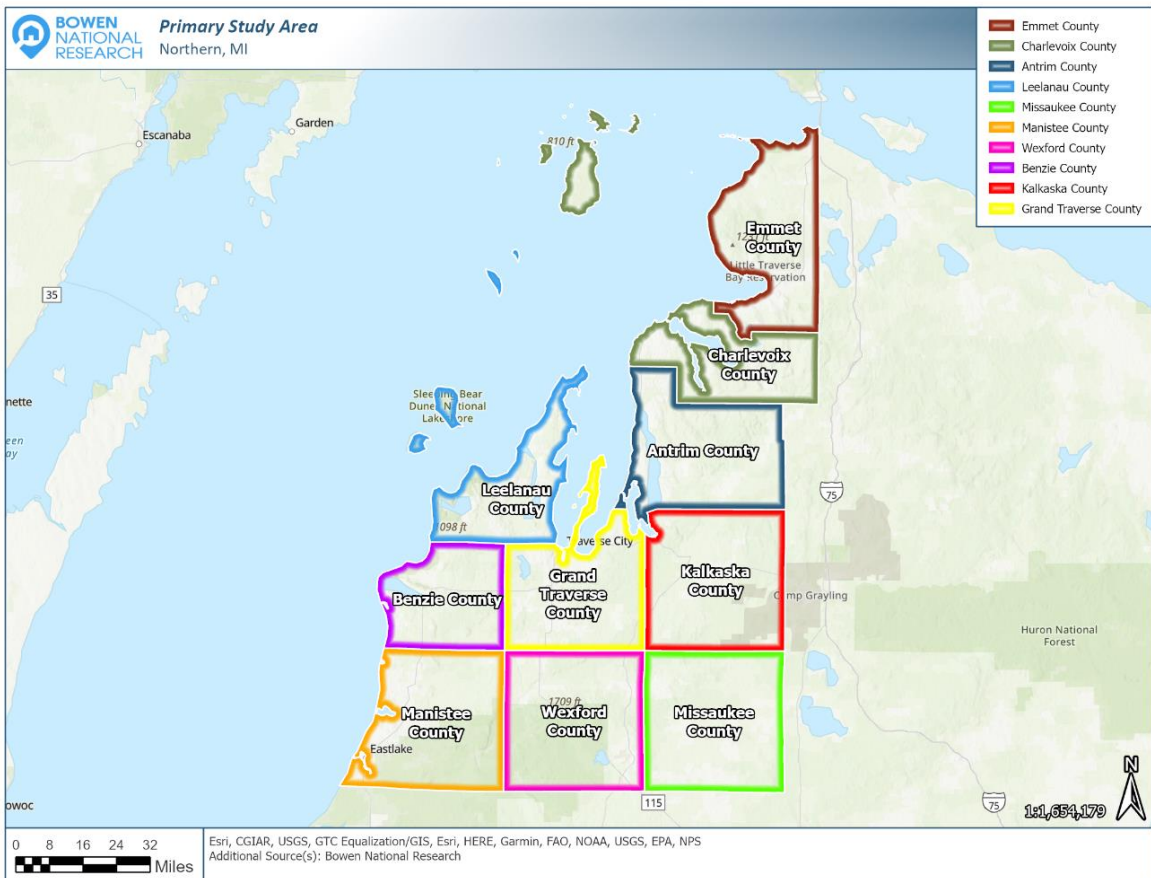
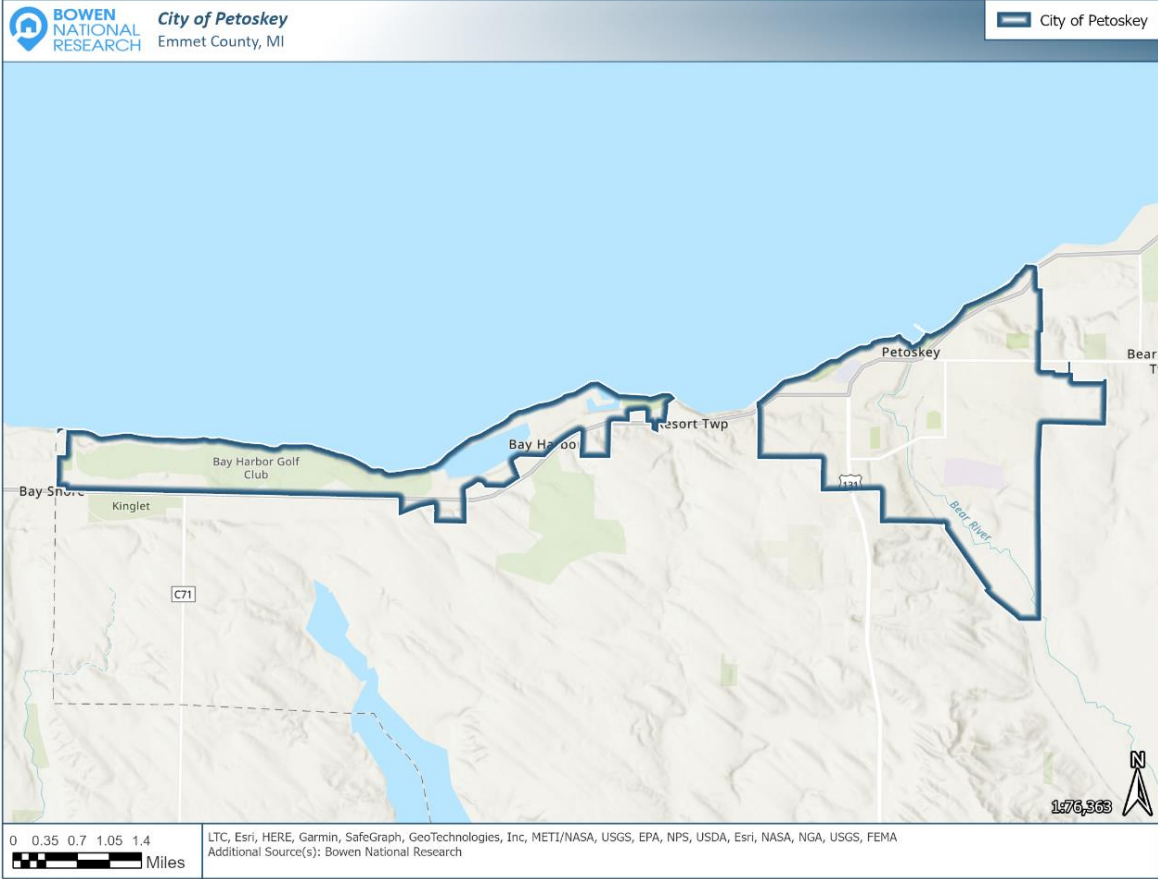
A. INTRODUCTION

The city of Petoskey is located in the southern portion of Emmet County, Michigan and serves as the county seat. Petoskey is accessible via U.S. Highways 31 and 131 and contains approximately 5.3 square miles. The 2022 estimated population is 5,746, representative of approximately 16.8% of the population in Emmet County and 1.8% of the total population for the 10-county region.

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

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

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



B. DEMOGRAPHICS

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

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

| | Total Population | | | | | | | | | |
|-----------------|------------------|-------------|------------------|---------|----------------|------------------|---------|----------------|------------------|---------|
| | 2010 Census | 2020 Census | Change 2010-2020 | | 2022 Estimated | Change 2020-2022 | | 2027 Projected | Change 2022-2027 | |
| | | | Number | Percent | | Number | Percent | | Number | Percent |
| Petoskey | 5,642 | 5,877 | 235 | 4.2% | 5,746 | -131 | -2.2% | 5,602 | -144 | -2.5% |
| Emmet | 32,694 | 34,112 | 1,418 | 4.3% | 34,134 | 22 | 0.1% | 34,147 | 13 | <0.1% |
| Region | 297,912 | 310,802 | 12,890 | 4.3% | 311,690 | 888 | 0.3% | 313,166 | 1,476 | 0.5% |
| Michigan | 9,883,297 | 10,077,094 | 193,797 | 2.0% | 10,077,929 | 835 | 0.0% | 10,054,166 | -23,763 | -0.2% |

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

Between 2010 and 2020, the population within Petoskey increased by 235 (4.2%), which represents a marginally smaller percentage increase as compared to Emmet County (4.3%) during this time period. The population in Petoskey declined by 2.2% between 2020 and 2022, and it is projected that the population within the area will further decline by 2.5% between 2022 and 2027. This contrasts with the diminutive projected population increase (<0.1%) in Emmet County and 0.5% increase within the 10-county Northern Michigan Region during this time. It is critical to point out that *household* changes, as opposed to population, are more material in assessing housing needs and opportunities. As illustrated on the following page, Petoskey experienced significant positive *household* growth between 2010 and 2020 and is expected to experience moderate household decline between 2022 and 2027.

Other notable population statistics for Petoskey include the following:

- Minorities comprise 11.1% of the community's population, which is larger than the shares for Emmet County (10.4%) and the Northern Michigan Region (8.7%), but much smaller than the statewide share (26.1%).
- Married persons represent 41.0% of the adult population in Petoskey, which is lower than the shares reported for Emmet County (54.4%), the Northern Michigan Region (55.3%), and the state of Michigan (49.0%).
- The share of the adult population without a high school diploma is 4.0%, which is lower than the shares reported for Emmet County (5.1%), the Northern Michigan Region (6.1%), and the state share of Michigan (7.7%).

- Approximately 8.7% of the population lives in poverty, which is lower than the respective shares in Emmet County (8.9%), the Northern Michigan Region (10.3%), and the state of Michigan (13.7%).
- The annual movership rate (population moving within or to Petoskey) is 15.0%, which is slightly higher than the shares in Emmet County (12.0%), the Northern Michigan Region (12.1%), and Michigan (13.4%).

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

| | Total Households | | | | | | | | | |
|-----------------|------------------|-------------|------------------|---------|----------------|------------------|---------|----------------|------------------|---------|
| | 2010 Census | 2020 Census | Change 2010-2020 | | 2022 Estimated | Change 2020-2022 | | 2027 Projected | Change 2022-2027 | |
| | | | Number | Percent | | Number | Percent | | Number | Percent |
| Petoskey | 2,510 | 2,775 | 265 | 10.6% | 2,751 | -24 | -0.9% | 2,713 | -38 | -1.4% |
| Emmet | 13,601 | 14,862 | 1,261 | 9.3% | 14,961 | 99 | 0.7% | 15,106 | 145 | 1.0% |
| Region | 122,388 | 131,151 | 8,763 | 7.2% | 131,968 | 817 | 0.6% | 133,293 | 1,325 | 1.0% |
| Michigan | 3,872,302 | 4,041,552 | 169,250 | 4.4% | 4,055,460 | 13,908 | 0.3% | 4,067,324 | 11,864 | 0.3% |

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

Between 2010 and 2020, the total number of households within Petoskey increased by 10.6% (265 households), which is larger than the county and regional growth rates of 9.3% and 7.2%, respectively, during this same time period. While Petoskey experienced household decline of 0.9% between 2020 and 2022, the Emmet County household base increased by 99 (0.7%). Household decline (1.4%) is again projected for Petoskey between 2022 and 2027, which contrasts with the projected increases in Emmet County (1.0%), the Northern Michigan Region (1.0%), and the state of Michigan (0.3%).

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

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

| | | Household Heads by Age | | | | | | |
|-----------------|---------------------|---------------------------------|----------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------|---------------------------------|
| | | <25 | 25 to 34 | 35 to 44 | 45 to 54 | 55 to 64 | 65 to 74 | 75+ |
| Petoskey | 2010 | 184 (7.3%) | 400 (15.9%) | 337 (13.4%) | 479 (19.1%) | 461 (18.4%) | 241 (9.6%) | 409 (16.3%) |
| | 2022 | 156 (5.7%) | 500 (18.2%) | 380 (13.8%) | 395 (14.4%) | 518 (18.8%) | 423 (15.4%) | 379 (13.8%) |
| | 2027 | 147 (5.4%) | 475 (17.5%) | 410 (15.1%) | 396 (14.6%) | 438 (16.1%) | 413 (15.2%) | 434 (16.0%) |
| | Change 2022-2027 | -9 (-5.8%) | -25 (-5.0%) | 30 (7.9%) | 1 (0.3%) | -80 (-15.4%) | -10 (-2.4%) | 55 (14.5%) |
| Emmet | 2010 | 487 (3.6%) | 1,554 (11.4%) | 2,112 (15.5%) | 2,965 (21.8%) | 2,971 (21.8%) | 1,794 (13.2%) | 1,718 (12.6%) |
| | 2022 | 417 (2.8%) | 1,836 (12.3%) | 2,080 (13.9%) | 2,349 (15.7%) | 3,276 (21.9%) | 2,931 (19.6%) | 2,072 (13.8%) |
| | 2027 | 388 (2.6%) | 1,696 (11.2%) | 2,174 (14.4%) | 2,299 (15.2%) | 2,868 (19.0%) | 3,167 (21.0%) | 2,514 (16.6%) |
| | Change 2022-2027 | -29 (-7.0%) | -140 (-7.6%) | 94 (4.5%) | -50 (-2.1%) | -408 (-12.5%) | 236 (8.1%) | 442 (21.3%) |
| Region | 2010 | 3,841 (3.1%) | 13,648 (11.2%) | 18,314 (15.0%) | 26,363 (21.5%) | 26,039 (21.3%) | 18,114 (14.8%) | 16,069 (13.1%) |
| | 2022 | 3,249 (2.5%) | 15,367 (11.6%) | 17,843 (13.5%) | 20,514 (15.5%) | 28,678 (21.7%) | 26,939 (20.4%) | 19,378 (14.7%) |
| | 2027 | 3,134 (2.4%) | 14,210 (10.7%) | 18,674 (14.0%) | 19,693 (14.8%) | 25,393 (19.1%) | 29,053 (21.8%) | 23,136 (17.4%) |
| | Change 2022-2027 | -115 (-3.5%) | -1,157 (-7.5%) | 831 (4.7%) | -821 (-4.0%) | -3,285 (-11.5%) | 2,114 (7.8%) | 3,758 (19.4%) |
| Michigan | 2010 | 170,982 (4.4%) | 525,833 (13.6%) | 678,259 (17.5%) | 844,895 (21.8%) | 746,394 (19.3%) | 463,569 (12.0%) | 442,370 (11.4%) |
| | 2022 | 150,466 (3.7%) | 572,672 (14.1%) | 630,554 (15.5%) | 677,148 (16.7%) | 814,827 (20.1%) | 695,910 (17.2%) | 513,883 (12.7%) |
| | 2027 | 144,849 (3.6%) | 535,146 (13.2%) | 653,008 (16.1%) | 642,114 (15.8%) | 736,410 (18.1%) | 749,254 (18.4%) | 606,543 (14.9%) |
| | Change 2022-2027 | -5,617 (-3.7%) | -37,526 (-6.6%) | 22,454 (3.6%) | -35,034 (-5.2%) | -78,417 (-9.6%) | 53,344 (7.7%) | 92,660 (18.0%) |

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

In 2022, household heads between the ages of 55 and 64 within Petoskey comprise the largest share of households (18.8%) by age. Household heads between the ages of 25 and 34 represent the next largest share (18.2%). Household heads ages 55 and older comprise nearly half (48.0%) of all households within the area, although this represents a smaller share of senior households as compared to Emmet County (55.3%) and the Northern Michigan Region (56.8%). Household heads under the age of 35, which are typically more likely to be renters or first-time homebuyers, comprise nearly one-fourth (23.9%) of Petoskey households, which represents a notably larger share of such households when compared to the county (15.1%), region (14.1%) and state (17.8%). Between 2022 and 2027, household growth within Petoskey is projected to occur among the age cohorts 75 years and older and those between the ages of 35 and 54. The most significant growth, in terms of *percentage*, will occur among households age 75

and older, with the area experiencing a 14.5% increase within this age cohort. Households under the age of 35 and between the ages of 55 and 74 are projected to decline over the next five years, with the largest percentage decline (15.4%) projected for the cohort between the ages of 55 and 64.

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

| | | Households by Tenure | | | | | | | | |
|-----------------|-----------------|----------------------|--------|-----------|--------|-----------|--------|------------------|--------------|---------|
| | | Household Type | 2000 | | 2010 | | 2022 | | 2027 | |
| | | | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Petoskey | Owner-Occupied | 1,363 | 52.5% | 1,195 | 47.6% | 1,489 | 54.1% | 1,486 | 54.8% | |
| | Renter-Occupied | 1,235 | 47.5% | 1,316 | 52.4% | 1,262 | 45.9% | 1,227 | 45.2% | |
| | Total | 2,598 | 100.0% | 2,511 | 100.0% | 2,751 | 100.0% | 2,713 | 100.0% | |
| Emmet | Owner-Occupied | 10,276 | 75.6% | 10,096 | 74.2% | 10,964 | 73.3% | 11,164 | 73.9% | |
| | Renter-Occupied | 3,325 | 24.4% | 3,505 | 25.8% | 3,997 | 26.7% | 3,942 | 26.1% | |
| | Total | 13,601 | 100.0% | 13,601 | 100.0% | 14,961 | 100.0% | 15,106 | 100.0% | |
| Region | Owner-Occupied | 98,506 | 80.5% | 96,114 | 78.5% | 105,039 | 79.6% | 106,857 | 80.2% | |
| | Renter-Occupied | 23,882 | 19.5% | 26,274 | 21.5% | 26,929 | 20.4% | 26,436 | 19.8% | |
| | Total | 122,388 | 100.0% | 122,388 | 100.0% | 131,968 | 100.0% | 133,293 | 100.0% | |
| Michigan | Owner-Occupied | 2,857,499 | 73.8% | 2,793,208 | 72.1% | 2,895,751 | 71.4% | 2,936,335 | 72.2% | |
| | Renter-Occupied | 1,014,803 | 26.2% | 1,079,094 | 27.9% | 1,159,709 | 28.6% | 1,130,990 | 27.8% | |
| | Total | 3,872,302 | 100.0% | 3,872,302 | 100.0% | 4,055,460 | 100.0% | 4,067,325 | 100.0% | |

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

In 2022, Petoskey has a 54.1% share of owner households and a 45.9% share of renter households. This is a much lower share of owner households as compared to Emmet County (73.3%), the Northern Michigan Region (79.6%), and state of Michigan (71.4%). Overall, Petoskey owner households represent 13.6% of all owner households within Emmet County, while Petoskey renter households comprise nearly one-third (31.6%) of the county’s renter households. Between 2022 and 2027, the number of owner households in the area is projected to decrease by three households (0.2%), while the number of renter households is projected to decline by 35 (2.8%). These decreases will result in a slightly higher share (54.8%) of owner households over the next five years.

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

| | Median Household Income | | | | |
|-----------------|-------------------------|----------------|--------------------|----------------|--------------------|
| | 2010 Census | 2022 Estimated | % Change 2010-2022 | 2027 Projected | % Change 2022-2027 |
| Petoskey | \$41,927 | \$57,874 | 38.0% | \$65,343 | 12.9% |
| Emmet | \$47,152 | \$67,354 | 42.8% | \$76,893 | 14.2% |
| Region | \$44,261 | \$63,085 | 42.5% | \$71,177 | 12.8% |
| Michigan | \$46,042 | \$65,507 | 42.3% | \$75,988 | 16.0% |

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

In 2022, the estimated median household income in Petoskey is \$57,874, which is 14.1% lower than the median household income in Emmet County. Between 2010 and 2022, Petoskey experienced a 38.0% increase in median household income. The increase in Petoskey was less than the increases within Emmet County (42.8%), the Northern Michigan Region (42.5%), and the state of Michigan (42.3%). The median household income in Petoskey is projected to increase by an additional 12.9% between 2022 and 2027, resulting in a projected median income of \$65,343 in 2027, which will remain below the projected median household incomes for the county (\$76,893), region (\$71,177), and state (\$75,988) for this time period.

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

| | | Renter Households by Income | | | | | | | |
|-----------------|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|---------------------------------|-------------------------------|---------------------------------|---------------------------------|
| | | <\$10,000 | \$10,000 - \$19,999 | \$20,000 - \$29,999 | \$30,000 - \$39,999 | \$40,000 - \$49,999 | \$50,000 - \$59,999 | \$60,000 - \$99,999 | \$100,000+ |
| Petoskey | 2010 | 163 (12.4%) | 310 (23.6%) | 260 (19.7%) | 196 (14.9%) | 145 (11.0%) | 58 (4.4%) | 145 (11.0%) | 40 (3.0%) |
| | 2022 | 132 (10.5%) | 181 (14.3%) | 228 (18.0%) | 193 (15.3%) | 132 (10.5%) | 94 (7.5%) | 207 (16.4%) | 95 (7.6%) |
| | 2027 | 104 (8.5%) | 143 (11.7%) | 205 (16.7%) | 150 (12.2%) | 103 (8.4%) | 134 (10.9%) | 284 (23.2%) | 103 (8.4%) |
| | Change 2022-2027 | -28 (-21.2%) | -38 (-21.0%) | -23 (-10.1%) | -43 (-22.3%) | -29 (-22.0%) | 40 (42.6%) | 77 (37.2%) | 8 (8.4%) |
| Emmet | 2010 | 384 (10.9%) | 754 (21.5%) | 692 (19.7%) | 499 (14.3%) | 361 (10.3%) | 210 (6.0%) | 453 (12.9%) | 152 (4.3%) |
| | 2022 | 340 (8.5%) | 475 (11.9%) | 625 (15.6%) | 515 (12.9%) | 385 (9.6%) | 353 (8.8%) | 812 (20.3%) | 493 (12.3%) |
| | 2027 | 261 (6.6%) | 339 (8.6%) | 572 (14.5%) | 450 (11.4%) | 361 (9.2%) | 391 (9.9%) | 907 (23.0%) | 661 (16.8%) |
| | Change 2022-2027 | -79 (-23.2%) | -136 (-28.6%) | -53 (-8.5%) | -65 (-12.6%) | -24 (-6.2%) | 38 (10.8%) | 95 (11.7%) | 168 (34.1%) |
| Region | 2010 | 3,632 (13.8%) | 6,097 (23.2%) | 4,944 (18.8%) | 3,611 (13.7%) | 2,920 (11.1%) | 1,464 (5.6%) | 2,903 (11.1%) | 702 (2.7%) |
| | 2022 | 2,324 (8.6%) | 3,845 (14.3%) | 4,696 (17.4%) | 4,084 (15.2%) | 2,979 (11.1%) | 2,099 (7.8%) | 4,829 (17.9%) | 2,074 (7.7%) |
| | 2027 | 1,965 (7.4%) | 3,032 (11.5%) | 4,394 (16.6%) | 4,134 (15.6%) | 2,829 (10.7%) | 2,222 (8.4%) | 5,265 (19.9%) | 2,596 (9.8%) |
| | Change 2022-2027 | -359 (-15.4%) | -813 (-21.1%) | -302 (-6.4%) | 50 (1.2%) | -150 (-5.0%) | 123 (5.9%) | 436 (9.0%) | 522 (25.2%) |
| Michigan | 2010 | 199,712 (18.5%) | 246,606 (22.9%) | 177,623 (16.5%) | 132,096 (12.2%) | 102,309 (9.5%) | 60,184 (5.6%) | 120,836 (11.2%) | 39,728 (3.7%) |
| | 2022 | 130,946 (11.3%) | 162,366 (14.0%) | 160,440 (13.8%) | 142,557 (12.3%) | 118,579 (10.2%) | 91,322 (7.9%) | 228,712 (19.7%) | 124,786 (10.8%) |
| | 2027 | 101,174 (8.9%) | 121,966 (10.8%) | 136,822 (12.1%) | 131,187 (11.6%) | 112,648 (10.0%) | 96,571 (8.5%) | 262,502 (23.2%) | 168,120 (14.9%) |
| | Change 2022-2027 | -29,772 (-22.7%) | -40,400 (-24.9%) | -23,618 (-14.7%) | -11,370 (-8.0%) | -5,931 (-5.0%) | 5,249 (5.7%) | 33,790 (14.8%) | 43,334 (34.7%) |

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

In 2022, renter households earning between \$20,000 and \$29,999 (18.0%) and \$60,000 and \$99,999 (16.4%) comprise the largest shares of renter households by income level within Petoskey. Nearly three-fifths (58.1%) of all renter households within the area earn less than \$40,000 which is a larger share compared to Emmet County (48.9%), but only a slightly larger share than the region (55.5%). Renter households earning \$60,000 or more comprise nearly one-fourth (24.0%) of all Petoskey renter households, which is a smaller share as compared to Emmet County (32.6%). As a result, the distribution of renter households by income in Petoskey is more heavily concentrated among the lower earning households than in the county. Projected growth among renter households within Petoskey is limited to households earning \$50,000 or more between 2022 and 2027, while renter households earning less than \$50,000 are projected to decline. The largest growth in terms of the *number* of households is projected among the income cohort earning between \$60,000 and \$99,999 (77 households). Petoskey's projected growth in cohorts earning \$50,000 or more is consistent with the projected growth within Emmet County and the state of Michigan during this time period. While the overall number of renter households in Petoskey are projected to decline, the increase among households earning \$50,000 or more will likely affect demand for premium rental product over the next five years.

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

| | | Owner Households by Income | | | | | | | |
|-----------------|------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | <\$10,000 | \$10,000 - \$19,999 | \$20,000 - \$29,999 | \$30,000 - \$39,999 | \$40,000 - \$49,999 | \$50,000 - \$59,999 | \$60,000 - \$99,999 | \$100,000+ |
| Petoskey | 2010 | 2 (0.2%) | 29 (2.4%) | 106 (8.9%) | 134 (11.2%) | 143 (12.0%) | 124 (10.4%) | 381 (31.9%) | 275 (23.0%) |
| | 2022 | 19 (1.3%) | 33 (2.2%) | 72 (4.8%) | 111 (7.4%) | 107 (7.2%) | 120 (8.0%) | 440 (29.5%) | 589 (39.5%) |
| | 2027 | 17 (1.1%) | 27 (1.8%) | 61 (4.1%) | 79 (5.3%) | 72 (4.8%) | 126 (8.5%) | 551 (37.0%) | 558 (37.4%) |
| | Change 2022-2027 | -2 (-10.5%) | -6 (-18.2%) | -11 (-15.3%) | -32 (-28.8%) | -35 (-32.7%) | 6 (5.0%) | 111 (25.2%) | -31 (-5.3%) |
| Emmet | 2010 | 310 (3.1%) | 802 (7.9%) | 1,130 (11.2%) | 1,181 (11.7%) | 1,105 (10.9%) | 1,100 (10.9%) | 2,707 (26.8%) | 1,761 (17.4%) |
| | 2022 | 266 (2.4%) | 417 (3.8%) | 707 (6.4%) | 815 (7.4%) | 773 (7.1%) | 976 (8.9%) | 3,253 (29.7%) | 3,756 (34.3%) |
| | 2027 | 207 (1.9%) | 290 (2.6%) | 603 (5.4%) | 643 (5.8%) | 639 (5.7%) | 883 (7.9%) | 3,363 (30.1%) | 4,536 (40.6%) |
| | Change 2022-2027 | -59 (-22.2%) | -127 (-30.5%) | -104 (-14.7%) | -172 (-21.1%) | -134 (-17.3%) | -93 (-9.5%) | 110 (3.4%) | 780 (20.8%) |
| Region | 2010 | 4,344 (4.5%) | 9,146 (9.5%) | 11,100 (11.5%) | 12,022 (12.5%) | 11,861 (12.3%) | 10,277 (10.7%) | 23,379 (24.3%) | 13,986 (14.6%) |
| | 2022 | 2,552 (2.4%) | 4,891 (4.7%) | 7,765 (7.4%) | 9,550 (9.1%) | 8,967 (8.5%) | 9,135 (8.7%) | 30,773 (29.3%) | 31,405 (29.9%) |
| | 2027 | 2,034 (1.9%) | 3,540 (3.3%) | 6,333 (5.9%) | 8,594 (8.0%) | 7,858 (7.4%) | 8,551 (8.0%) | 31,453 (29.4%) | 38,493 (36.0%) |
| | Change 2022-2027 | -518 (-20.3%) | -1,351 (-27.6%) | -1,432 (-18.4%) | -956 (-10.0%) | -1,109 (-12.4%) | -584 (-6.4%) | 680 (2.2%) | 7,088 (22.6%) |
| Michigan | 2010 | 135,263 (4.8%) | 233,420 (8.4%) | 278,350 (10.0%) | 300,038 (10.7%) | 283,387 (10.1%) | 274,521 (9.8%) | 702,775 (25.2%) | 585,454 (21.0%) |
| | 2022 | 79,236 (2.7%) | 127,936 (4.4%) | 183,925 (6.4%) | 219,479 (7.6%) | 219,662 (7.6%) | 236,316 (8.2%) | 752,251 (26.0%) | 1,076,947 (37.2%) |
| | 2027 | 62,652 (2.1%) | 95,491 (3.3%) | 147,512 (5.0%) | 184,824 (6.3%) | 191,349 (6.5%) | 215,963 (7.4%) | 741,472 (25.3%) | 1,297,072 (44.2%) |
| | Change 2022-2027 | -16,584 (-20.9%) | -32,445 (-25.4%) | -36,413 (-19.8%) | -34,655 (-15.8%) | -28,313 (-12.9%) | -20,353 (-8.6%) | -10,779 (-1.4%) | 220,125 (20.4%) |

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

In 2022, 69.0% of *owner* households in Petoskey earn \$60,000 or more annually, which represents a higher share of such households compared to the shares within Emmet County (64.0%), the Northern Michigan Region (59.2%), and the state of Michigan (63.2%). Approximately 15.2% of owner households in Petoskey earn between \$40,000 and \$59,999, and the remaining 15.7% earn less than \$40,000. As such, the overall distribution of owner households by income in Petoskey is slightly more weighted toward the higher income cohorts as compared to households within Emmet County. Between 2022 and 2027, owner household growth in Petoskey is projected to be concentrated among households earning between \$50,000 and \$99,999, with the largest growth (25.2%) occurring in the cohort earning between \$60,000 and \$99,999. By comparison, owner household growth within Emmet County will be isolated to

households earning \$60,000 or more, with the largest growth (20.8%) occurring among households earning \$100,000 or more.

C. HOUSING METRICS

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

| | | Occupied and Vacant Housing Units by Tenure 2022 Estimates | | | | |
|---------------------|---------|---|----------------|-----------------|---------|-----------|
| | | Total Occupied | Owner Occupied | Renter Occupied | Vacant | Total |
| Petoskey | Number | 2,751 | 1,489 | 1,262 | 759 | 3,510 |
| | Percent | 78.4% | 54.1% | 45.9% | 21.6% | 100.0% |
| Emmet County | Number | 14,961 | 10,964 | 3,997 | 7,072 | 22,033 |
| | Percent | 67.9% | 73.3% | 26.7% | 32.1% | 100.0% |
| Region | Number | 131,968 | 105,039 | 26,929 | 52,017 | 183,985 |
| | Percent | 71.7% | 79.6% | 20.4% | 28.3% | 100.0% |
| Michigan | Number | 4,055,460 | 2,895,751 | 1,159,709 | 533,313 | 4,588,773 |
| | Percent | 88.4% | 71.4% | 28.6% | 11.6% | 100.0% |

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

In total, there are an estimated 3,510 housing units within Petoskey in 2022. Based on ESRI estimates and 2020 Census data, of the 2,751 total *occupied* housing units in the area, 54.1% are owner occupied, while the remaining 45.9% are renter occupied. Approximately 21.6% of the housing units within Petoskey are classified as vacant, which is a lower share than that reported for Emmet County (32.1%) and the Northern Michigan Region (28.3%), but nearly two times as high as that reported for the state of Michigan (11.6%). Vacant units are comprised of a variety of units including abandoned properties, unoccupied rentals, for-sale homes, and seasonal housing units. While over one-fifth of the total housing units within Petoskey are reported as vacant, it is important to point out that 90.9% of the vacant housing units within the area are classified as “Seasonal or Recreational” based on 2016-2020 American Community Survey (ACS) data. Thus, the vacant housing units illustrated in the preceding table for the area are not reflective of true vacant/unoccupied housing units. In comparison, 82.6% of all vacant housing units within the Northern Michigan Region and 45.7% of those throughout the state of Michigan are classified as “Seasonal or Recreational.” As such, Petoskey and the region contain a significantly higher share of seasonal properties as compared to the state.

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

| | Housing Age and Conditions | | | | | | | | | | | |
|---------------------|----------------------------|---------|-----------|---------|-------------|---------|--------|---------|--------------------------------|---------|--------|---------|
| | Pre-1970 Product | | | | Overcrowded | | | | Incomplete Plumbing or Kitchen | | | |
| | Renter | | Owner | | Renter | | Owner | | Renter | | Owner | |
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Petoskey | 338 | 25.6% | 650 | 50.7% | 1 | 0.1% | 0 | 0.0% | 10 | 0.8% | 0 | 0.0% |
| Emmet County | 946 | 25.9% | 2,728 | 25.9% | 64 | 1.8% | 66 | 0.6% | 58 | 1.6% | 74 | 0.7% |
| Region | 7,662 | 31.6% | 30,923 | 30.2% | 781 | 3.2% | 1,204 | 1.2% | 619 | 2.5% | 605 | 0.6% |
| Michigan | 526,133 | 46.8% | 1,373,485 | 48.1% | 32,741 | 2.9% | 31,181 | 1.1% | 24,376 | 2.2% | 16,771 | 0.6% |

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

In Petoskey, 25.6% of the renter-occupied housing units and 50.7% of the owner-occupied units were built prior to 1970. While the rental housing stock in Petoskey appears to be similar to rental housing product in the county and generally newer than the rental housing in the region and state, the owner-occupied units in the area are typically older. Older housing units may require additional maintenance and repairs compared to newer homes, which can adversely affect affordability for owners and prospective buyers. The respective shares of renter households (0.1%) and owner households (0.0%) in Petoskey that experience overcrowding is also notably less than the shares in the county, region, and state. The share of renter households in Petoskey with incomplete plumbing or kitchens (0.8%) is lower than county, region, and state (between 1.6% and 2.5%), while it appears this issue is non-existent among owner households (0.0%) in the area. Despite comparably older owner-occupied product as compared to the surrounding county and region, the housing inventory within Petoskey does not appear to have any significant deficiencies.

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

| | Household Income, Housing Costs and Affordability | | | | | | |
|---------------------|---|-----------------------------|--------------------|------------------------------------|-------|--|-------|
| | Median Household Income | Estimated Median Home Value | Average Gross Rent | Share of Cost Burdened Households* | | Share of Severe Cost Burdened Households** | |
| | | | | Renter | Owner | Renter | Owner |
| Petoskey | \$57,874 | \$200,251 | \$996 | 31.8% | 18.3% | 11.7% | 7.8% |
| Emmet County | \$67,354 | \$220,376 | \$945 | 34.0% | 23.0% | 14.0% | 10.0% |
| Region | \$63,085 | \$209,788 | \$888 | 43.3% | 20.4% | 20.0% | 7.7% |
| Michigan | \$65,507 | \$204,371 | \$968 | 44.9% | 18.8% | 23.1% | 7.4% |

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

*Paying more than 30% of income toward housing costs

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

The estimated median home value in Petoskey of \$200,251 is 9.1% lower than the median home value for the county (\$220,376) and 4.5% lower than that reported for the region (\$209,788). The average gross rent in Petoskey (\$996) is 12.2% higher than the regional average gross rent (\$888) and 2.9% higher than the state average (\$968). Overall, the share of cost burdened renter households (31.8%) and owner households (18.3%) in Petoskey is lower than the comparison areas. Regardless, there are an estimated 419 renter households and 235 owner households that are housing cost burdened in Petoskey, of which 154 renter households and 100 owner households are severe cost burdened. As such, affordable housing alternatives should continue to be part of future housing solutions.

Rental Housing

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

Multifamily Apartments

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

| Multifamily Supply by Product Type | | | | |
|------------------------------------|-------------------|-------------|--------------|----------------|
| Project Type | Projects Surveyed | Total Units | Vacant Units | Occupancy Rate |
| Market-rate | 2 | 88 | 0 | 100.0% |
| Tax Credit/Government-Subsidized | 3 | 334 | 0 | 100.0% |
| Government-Subsidized | 1 | 2 | 0 | 100.0% |
| Total | 6 | 424 | 0 | 100.0% |

In Petoskey, a total of six apartment properties were surveyed, comprising a total of 424 units. Among these, two are market-rate properties, three are subsidized Tax Credit properties, and one is a government-subsidized property. Typically, properties with four or less units are classified as non-conventional rentals, however, because the property with two units operates under a government-subsidized program, we have included it within this multifamily apartment analysis. A vast majority (78.8%) of the units surveyed operate as Tax Credit units with a concurrent government subsidy, while approximately one-fifth (20.8%) operate as market-rate units, and only two units are strictly government-subsidized. Overall, the multifamily apartments surveyed are operating at an occupancy rate of 100.0%, regardless of program type. This is an exceptionally high occupancy rate and indicative of a strong market for apartments.

Typically, healthy, well-balanced markets have rental housing vacancy rates generally between 4% and 6%. As such, it appears the Petoskey market has a shortage of multifamily apartments, which may represent a potential future development opportunity in the area.

Non-Conventional Rental Housing

Non-conventional rentals are considered rental units typically consisting of single-family homes, duplexes, units over store fronts, mobile homes, etc. and account for 33.2% of the total rental units in Petoskey. The following table illustrates the distribution of renter-occupied housing by the number of units in the structure for Petoskey, Emmet County, the Northern Michigan Region, and the state of Michigan.

| | | Renter-Occupied Housing by Units in Structure | | | |
|---------------------|---------|---|-----------------|----------------------------|-------------|
| | | 1 to 4 Units | 5 or More Units | Mobile Homes/ Boats/RVs | Total Units |
| Petoskey | Number | 437 | 869 | 10 | 1,316 |
| | Percent | 33.2% | 66.0% | 0.8% | 100.0% |
| Emmet County | Number | 1,806 | 1,472 | 379 | 3,657 |
| | Percent | 49.4% | 40.3% | 10.4% | 100.0% |
| Region | Number | 13,338 | 8,236 | 2,710 | 24,284 |
| | Percent | 54.9% | 33.9% | 11.2% | 100.0% |
| Michigan | Number | 588,520 | 488,828 | 47,520 | 1,124,868 |
| | Percent | 52.3% | 43.5% | 4.2% | 100.0% |

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

In Petoskey, nearly one-third (33.2%) of all renter-occupied housing is non-conventional rental units (structures containing one to four units), with mobile homes and similar structures comprising an additional 0.8%. This represents a much smaller combined share (34.0%) of such units when compared to Emmet County (59.8%) and the Northern Michigan Region (54.9%). While a majority (66.0%) of the rental inventory in the area consists of multifamily apartments, a significant share of the overall rental housing stock in Petoskey is comprised of non-conventional rentals. As such, this housing segment warrants additional analysis.

The following summarizes monthly gross rents for area rental alternatives based on American Community Survey estimates. These rents are for all rental product types including apartments, non-conventional rentals, and mobile homes. Since slightly over one-third (34.0%) of all rentals in Petoskey are considered non-conventional rentals, the rents in the following table provide some insight as to likely rents for non-conventional rentals in the area.

| | | Estimated Gross Rents by Market | | | | | | | | |
|---------------------------------|---------|---------------------------------|-------------|-------------|---------------|-----------------|-----------------|----------|--------------|-----------|
| | | < \$300 | \$300-\$500 | \$500-\$750 | \$750-\$1,000 | \$1,000-\$1,500 | \$1,500-\$2,000 | \$2,000+ | No Cash Rent | Total |
| Petoskey | Number | 65 | 164 | 252 | 290 | 418 | 21 | 95 | 12 | 1,317 |
| | Percent | 4.9% | 12.5% | 19.1% | 22.0% | 31.7% | 1.6% | 7.2% | 0.9% | 100.0% |
| Emmet County | Number | 150 | 354 | 921 | 708 | 1,002 | 68 | 170 | 284 | 3,657 |
| | Percent | 4.1% | 9.7% | 25.2% | 19.4% | 27.4% | 1.9% | 4.6% | 7.8% | 100.0% |
| Northern Michigan Region | Number | 1,235 | 2,176 | 5,475 | 6,155 | 6,264 | 794 | 375 | 1,810 | 24,284 |
| | Percent | 5.1% | 9.0% | 22.5% | 25.3% | 25.8% | 3.3% | 1.5% | 7.5% | 100.0% |
| Michigan | Number | 51,846 | 69,698 | 227,872 | 314,293 | 299,877 | 70,403 | 33,633 | 57,245 | 1,124,867 |
| | Percent | 4.6% | 6.2% | 20.3% | 27.9% | 26.7% | 6.3% | 3.0% | 5.1% | 100.0% |

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

As the preceding table illustrates, over half (53.7%) of rental units in Petoskey have rents between \$750 and \$1,500, which is a moderately higher share of renters within this price range compared to Emmet County (46.8%) and the Northern Michigan Region (51.1%), but a slightly smaller share compared to the state of Michigan (54.6%). Nearly one-third (31.7%) of Petoskey rental units have rents between \$1,000 and \$1,500, which is a higher share compared to the county (27.4%), region (25.8%), and state (26.7%). It is also noteworthy that nearly one-fifth (17.4%) of rentals in the area have rents less than \$500. It is important to understand, however, that this distribution of gross rents includes multifamily apartments, which represents nearly two-thirds of the total rental supply in the area. Most surveyed apartments are Tax Credit or government subsidized. As a result, it is likely that a majority of the units with rents below \$750, particularly those under \$500, are multifamily apartments. It is also noteworthy that 7.2% of rental units in the area have rents of \$2,000 or more, which illustrates the ability to achieve premium rents in the market. It should be noted that during our survey of non-conventional rentals in the Northern Michigan Region, five available non-conventional rentals were identified in Emmet County. Among these units, rents ranged between \$1,700 (one-bedroom /condominium) and \$2,600 (four-bedroom/single-family).

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

| Renter-Occupied Housing by Number of Bedrooms | | |
|---|--------|---------|
| Bedroom | Number | Percent |
| Studio | 24 | 1.8% |
| One-Bedroom | 351 | 26.7% |
| Two-Bedroom | 727 | 55.2% |
| Three-Bedroom+ | 215 | 16.3% |
| Total | 1,317 | 100.0% |

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

As the preceding illustrates, of the approximate 1,317 rental units in Petoskey, two-bedroom units account for over half (55.2%) of the total units, followed by one-bedroom (26.7%) and three-bedroom or larger (16.3%) units. This represents a well-balanced distribution of rental units by bedroom type within the area.

For-Sale Housing

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

| Historical Sales (Sept. 12, 2022 to Mar. 15, 2023) | | |
|--|------------|--------------|
| Study Area | Homes Sold | Median Price |
| Petoskey | 28 | \$243,750 |
| Emmet County | 149 | \$252,107 |
| Region | 1,567 | \$285,000 |

Source: Realtor.com and Bowen National Research

As the preceding table illustrates, 28 homes were sold in Petoskey between September 12, 2022, and March 15, 2023. This equates to approximately 55.2 homes sold on an annual basis, or 4.6 homes sold per month, based on the recent historical sales volume. The homes sold during this period of time had a median sale price of \$243,750, which is approximately 3.3% lower than the median sale price of homes sold within Emmet County and 14.5% lower than those sold within the region during this time period.

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

| Sales History by Price (Sept. 12, 2022 to Mar. 15, 2023) | | |
|---|------------------|-------------------|
| Sale Price | Number Available | Percent of Supply |
| Up to \$99,999 | 1 | 3.6% |
| \$100,000 to \$199,999 | 7 | 25.0% |
| \$200,000 to \$299,999 | 9 | 32.1% |
| \$300,000 to \$399,999 | 5 | 17.9% |
| \$400,000+ | 6 | 21.4% |
| Total | 28 | 100.0% |

Source: Realtor.com and Bowen National Research

Nearly one-third (32.1%) of the recent sales activity in Petoskey were homes with a sale price between \$200,000 and \$299,999. One-fourth (25.0%) of homes sold during this time period were priced between \$100,000 and \$199,000, which is a price point that is typically affordable to many first-time homebuyers. Nearly two-fifths (39.3%) of homes sold during this time had sale prices of \$300,000 or more. Overall, recent home sales in the area have been well-balanced by price point, which accommodates home ownership for a variety of affordability levels.

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

| 2022 Estimated Home Value of Owner-Occupied Homes | | |
|---|------------------|-------------------|
| Estimated Home Value | Number Available | Percent of Supply |
| Up to \$99,999 | 114 | 7.8% |
| \$100,000 to \$199,999 | 630 | 43.3% |
| \$200,000 to \$299,999 | 311 | 21.4% |
| \$300,000 to \$399,999 | 184 | 12.6% |
| \$400,000+ | 217 | 14.9% |
| Total | 1,456 | 100.0% |

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

As the preceding table illustrates, the largest share (43.3%) of homes in Petoskey has an estimated value of between \$100,000 and \$199,999, followed by homes valued between \$200,000 and \$299,999 (21.4%). In total, over half (51.1%) of homes in the area are valued at less than \$200,000. Conversely, over one-fourth (27.5%) of homes are valued at \$300,000 or more. The distribution of homes by estimated value in the area is considered well-balanced and is a positive attribute in the market. The majority share of homes valued under \$200,000 means that home ownership in the area is likely attainable for many moderate income households and first-time homebuyers. This data indicates that there is a high likelihood that future available for-sale homes may be able to accommodate a variety of affordability levels should owners place them on the market.

Based on information provided by the Multiple Listing Service, we identified 19 housing units within Petoskey that were listed as *available* for purchase as of February 28, 2023. While it is possible that additional for-sale residential units are available for purchase, such homes were not identified during our research due to the method of advertisement or simply because the product was not actively marketed.

There are two inventory metrics most often used to evaluate the health of a for-sale housing market. This includes *Months Supply of Inventory* (MSI) and availability rate. Overall, based on the recent monthly absorption rate of 4.6 homes sold in Petoskey, the 19 homes listed as available for purchase represent 4.1 months of supply. Typically, healthy and well-balanced markets have an available supply that should take about four to six months to absorb (if no other units are added to the market). This means the area appears to have a fair amount of for-sale supply available in the market. The 19 available for-sale units in Petoskey represent 1.3% of the 1,489 owner-occupied units in the area. Typically, in healthy, well-balanced markets, approximately 2% to 3% of the for-sale housing stock should be available for purchase to allow for inner-market mobility and to enable the market to attract households, though due to recent national housing market pressures it is not uncommon for most markets to have an availability rate below 2.0%. Overall, the available for-sale supply in the Petoskey market is considered fair to somewhat limited, particularly compared to many other markets that Bowen National Research has evaluated recently.

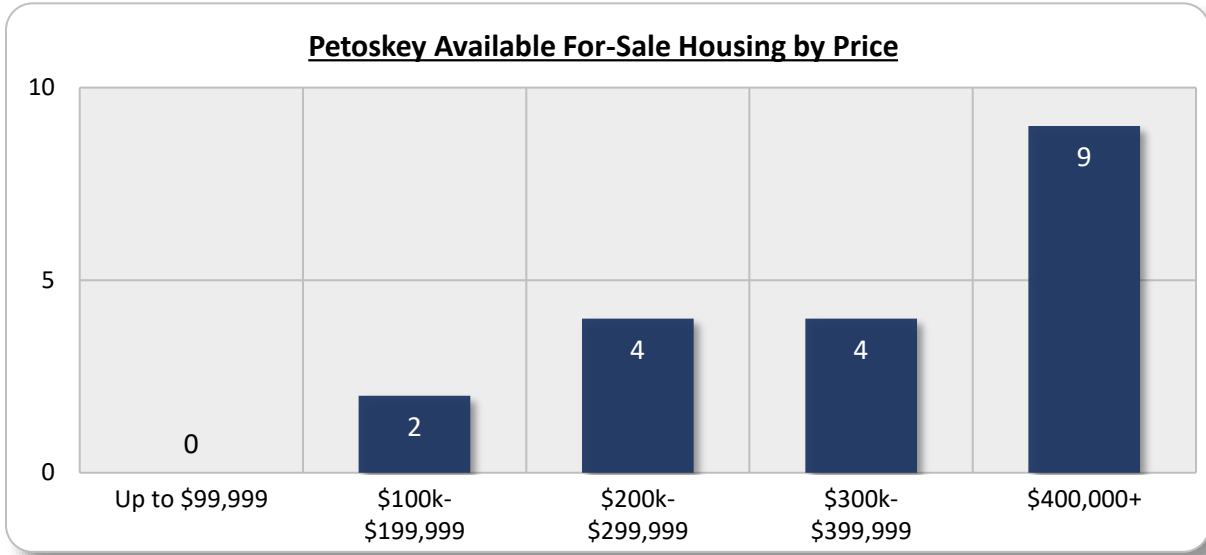
The following table summarizes the distribution of available for-sale residential units by *price point* for Petoskey.

| Available For-Sale Housing by Price (As of Feb. 28, 2023) | | |
|--|------------------|-------------------|
| List Price | Number Available | Percent of Supply |
| Up to \$99,999 | 0 | - |
| \$100,000 to \$199,999 | 2 | 10.5% |
| \$200,000 to \$299,999 | 4 | 21.1% |
| \$300,000 to \$399,999 | 4 | 21.1% |
| \$400,000+ | 9 | 47.4% |
| Total | 19 | 100.0% |

Source: Realtor.com and Bowen National Research

Of the currently available for-sale homes in Petoskey, nearly half (47.4%) are priced at \$400,000 or higher. Homes priced between \$200,000 and \$299,999 (21.1%) and homes between \$300,000 and \$399,999 (21.1%) each represent approximately one-fifth of the available supply. While this represents a variety of available price points at or above \$200,000, only 10.5% of the available supply (two units) are priced below \$200,000. This indicates that most low-income households and first-time homebuyers would likely have difficulty purchasing an affordable home in the market currently. However, recent home sales history and estimated home values suggest that this may be a short-term shortage of the more affordable for-sale homes in the market, but this may also be an early signal of rising home prices in the area.

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



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

| Available For-Sale Housing by Bedrooms (As of Feb. 28, 2023) | | | | | |
|---|------------------|---------------------|-----------------------|-------------------|--------------------------|
| Bedrooms | Number Available | Average Square Feet | Price Range | Median List Price | Median Price per Sq. Ft. |
| One-Br. | 2 | 967 | \$284,900-\$410,000 | \$347,450 | \$371.37 |
| Two-Br. | 4 | 1,237 | \$349,000-\$509,000 | \$398,998 | \$341.73 |
| Three-Br. | 5 | 1,975 | \$189,900-\$699,000 | \$290,000 | \$188.77 |
| Four-Br.+ | 8 | 4,519 | \$295,000-\$4,299,000 | \$2,012,500 | \$367.50 |
| Total | 19 | 2,784 | \$284,900-\$4,299,000 | \$399,995 | \$300.75 |

Source: Realtor.com and Bowen National Research

As shown in the preceding table, the largest individual share (42.1%) of the available for-sale housing product in the area is comprised of four-bedroom units or larger, while 47.4% of available homes are two- or three-bedroom units, combined. The median list price of the available homes is \$399,995, which represents a significant increase in median list price compared to recent historical sales (\$243,750). The list price of a typical three-bedroom home in the area ranges between \$189,900 and \$699,000, averages 1,975 square feet, and has a median list price of \$290,000. It should be noted that four of the four-bedroom or larger properties have list prices of at least \$2,575,000, which is primarily due to their larger square footage (between 4,064 and 7,255 square feet) and their proximity to the waterfront.

D. HOUSING GAP ESTIMATES

Petoskey is located in Emmet County. As shown in the county-wide Housing Needs Assessment, the county has an overall housing gap of 3,370 units, with a gap of 865 rental units and a gap of 2,505 for-sale units. While a variety of factors influence the decisions of where people ultimately choose to live and where developers choose to develop, it is assumed that individual communities can reasonably capture a “fair share” of the overall county’s housing needs. As such, we have applied the subject market’s current portion of the overall county’s renter and owner households to the county’s housing gap estimates to derive the local community’s estimated housing gaps. The following tables summarize the rental and for-sale housing gaps by income and affordability levels for Petoskey. Details of the methodology and data used to derive the county’s housing gap estimates are provided in Section VII of the separate county Housing Needs Assessment.

| Petoskey (Emmet County), Michigan | | | | |
|--|------------|-------------------|-------------------|-----------|
| Rental Housing Gap Estimates (2022-2027) | | | | |
| Percent of Median Income | ≤ 50% | 51%-80% | 81%-120% | 121%+ |
| Household Income Range | ≤\$41,600 | \$41,601-\$66,560 | \$66,561-\$99,840 | \$99,841+ |
| Monthly Rent Range | ≤\$1,040 | \$1,041-\$1,664 | \$1,665-\$2,496 | \$2,497+ |
| County Housing Gap | 380 | 226 | 115 | 144 |
| Submarket Fair Share Ratio | 31.6% | 31.6% | 31.6% | 31.6% |
| Petoskey Housing Gap | 120 | 71 | 36 | 46 |

| Petoskey (Emmet County), Michigan | | | | |
|--|------------|---------------------|---------------------|------------|
| For-Sale Housing Gap Estimates (2022-2027) | | | | |
| Percent of Median Income | ≤ 50% | 51%-80% | 81%-120% | 121%+ |
| Household Income Range | ≤\$41,600 | \$41,601-\$66,560 | \$66,561-\$99,840 | \$99,841+ |
| Price Point | ≤\$138,666 | \$138,667-\$221,867 | \$221,868-\$332,800 | \$332,801+ |
| County Housing Gap | 552 | 462 | 856 | 635 |
| Submarket Fair Share Ratio | 13.6% | 13.6% | 13.6% | 13.6% |
| Petoskey Housing Gap | 75 | 63 | 116 | 86 |

As the preceding tables illustrate, the projected housing gaps over the next five years encompass a variety of affordability levels for both rental and for-sale housing product. Overall, it is estimated that Petoskey has a **rental housing gap of 273 units** and a **for-sale housing gap of 340 units**. While the local market could outperform these estimates and serve a greater portion of the overall county’s housing needs, these housing gap estimates should provide a baseline for establishing priorities within the community.

E. CONCLUSIONS AND RECOMMENDATIONS

Demographics – Rapid overall household growth has occurred in the market since 2010; however, households are projected to decline slightly in the market through 2027. The market has a moderate and growing base of seniors aged 65 and older, specifically those aged 75 and older. In addition, there is a growing base of households between the ages of 35 and 44 in the area. Projected growth among *renter* households over the next five years is isolated to those earning \$50,000 or more, while nearly all growth of *owner* households is confined to households earning between \$60,000 and \$99,999. The preceding attributes and trends will influence the area’s housing needs.

Housing Supply – The local housing supply is relatively balanced between owner-occupied and renter-occupied housing units, and seasonal/recreational housing is widespread within the market. Substandard housing and households living in cost overburdened situations is not prevalent in this market. Large multifamily apartments comprise a majority of the rental supply within the market, while non-conventional rentals (e.g., houses, duplexes, mobile homes, etc.) account for about one-third of the total rental inventory. However, there is an extremely low inventory of available rentals in the market. There were 19 homes available for purchase in the market at the time of the survey. While this is considered to be on the lower end of a healthy inventory based on Months Supply of Inventory, this represents limited available for-sale housing stock as compared to the total number of owner-occupied units in the market.

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

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

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

III. QUALIFICATIONS

The Company

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

Primary Contact and Report Author



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

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

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

(continued)

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

The following individuals provided research and analysis assistance:

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

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

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

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

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

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

No subconsultants were used as part of this assessment.