

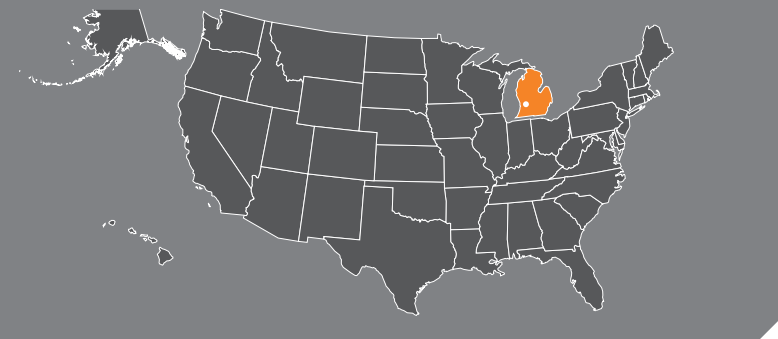
HUD PD&R Housing Market Profiles

Grand Rapids-Wyoming, Michigan



Quick Facts About Grand Rapids-Wyoming

- **Current sales market conditions: slightly soft but improving.**
- **Current apartment market conditions: tight.**
- **The city of Grand Rapids is home to the Gerald R. Ford Presidential Library and Museum. Ford, the 38th President of the United States, and his wife, Betty Ford, are buried on the grounds of the museum.**



By Tim McDonald | As of May 1, 2014

Overview

The Grand Rapids-Wyoming (hereafter, Grand Rapids) metropolitan area, which comprises Barry, Ionia, Kent, and Newaygo Counties in western Michigan, is the second largest metropolitan area in the state. Spectrum Health is the largest employer in the metropolitan area, with 19,100 employees.

- As of May 1, 2014, the estimated population of the metropolitan area was 800,000, an average annual increase of 6,325, or 0.8 percent, since April 2010.
- From 2000 to 2010, net out-migration from the metropolitan area averaged nearly 2,700 people annually but, since 2010, with the improving economy, net in-migration has averaged 1,400 people per year.
- Kent County is the largest and fastest growing county in the Grand Rapids metropolitan area, with about 78 percent of the total population in the metropolitan area and nearly 100 percent of the population growth in the metropolitan area since 2010.



PD&R



The mining, logging, and construction and the leisure and hospitality sectors in the Grand Rapids area recorded double-digit growth rates during the past 3 months.

	3 Months Ending		Year-Over-Year Change	
	April 2013 (thousands)	April 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	397.4	410.7	13.3	3.3
Goods-producing sectors	80.1	84.2	4.1	5.1
Mining, logging, and construction	13.1	14.7	1.6	12.2
Manufacturing	67.0	69.5	2.5	3.7
Service-providing sectors	317.3	326.5	9.2	2.9
Wholesale and retail trade	59.0	60.5	1.5	2.5
Transportation and utilities	10.3	10.6	0.3	2.9
Information	4.3	4.3	0.0	0.0
Financial activities	21.6	21.4	-0.2	-0.9
Professional and business services	70.6	70.6	0.0	0.0
Education and health services	67.9	71.9	4.0	5.9
Leisure and hospitality	32.8	37.0	4.2	12.8
Other services	17.1	17.3	0.2	1.2
Government	33.7	33.0	-0.7	-2.1
	(percent)	(percent)		
Unemployment rate	6.8	5.8		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

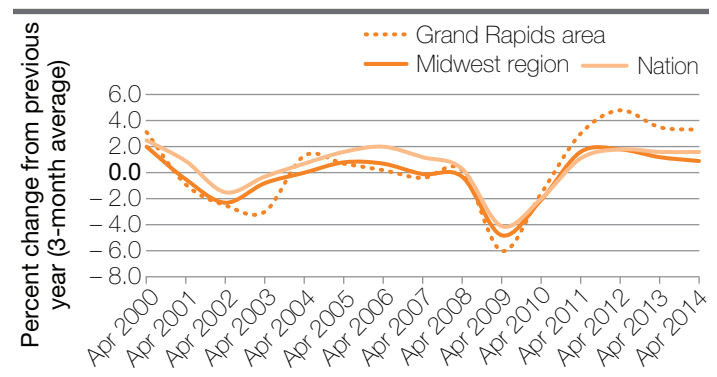
The Grand Rapids metropolitan area has recorded 4 consecutive years of nonfarm payroll growth, and the average for nonfarm payrolls for the 3 months ending April 2014 surpassed the previous peak level of 403,700 jobs in 2000.

- During the 3 months ending April 2014, nonfarm payrolls increased by 13,300 jobs, or 3.3 percent, to 410,700.
- The unemployment rate during the 3 months ending April 2014 was 5.8 percent, down from 6.8 percent a year earlier.
- The leisure and hospitality sector led job growth during the 3 months ending April 2014, increasing by 4,200 jobs, or 12.8 percent.
- A \$17.6 million dollar investment by INGlass in a new manufacturing facility is expected to create 109 new jobs in the manufacturing sector, and a \$1.5 million NOVO 1 Inc. customer contact center is expected to add 287 jobs to the information sector by 2015.
- The metropolitan area has 15 local craft beer breweries, 9 of which have opened since 2012, contributing to employment growth in the manufacturing sector, which has increased by an average of 2,700 jobs, or 4.2 percent, annually since the end of 2011.

Several ongoing or recently completed expansions contributed to growth in the mining, logging, and construction sector, which increased by 1,600 jobs, or 12.2 percent, to 14,700 jobs during the 3

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Nonfarm payroll growth has been much stronger in the Grand Rapids area than in the Midwest region and the nation since 2011.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Grand Rapids area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Spectrum Health	Education and health services	19,100
Axios Incorporated	Professional and business services	8,000
Meijer, Inc.	Wholesale and retail trade	7,725

Note: Excludes local school districts.
Source: The Right Place, Inc.



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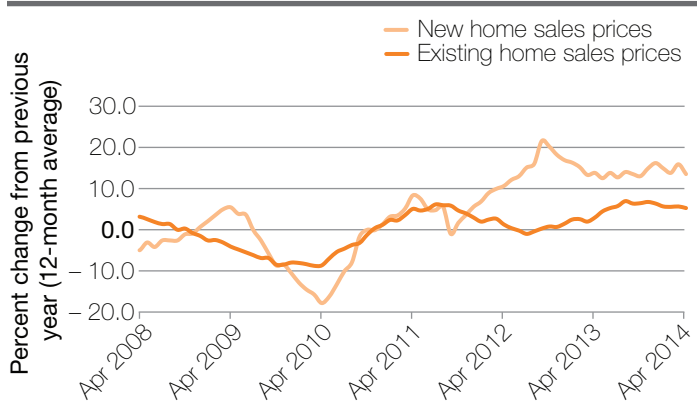
months ending April 2014. The Mary Free Bed Rehabilitation Hospital is currently undertaking a \$54 million expansion that will add 87 beds and, in the fall of 2013, Grand Valley State University opened the \$40 million L. William Seidman Center that houses its school of business.

Sales Market Conditions

The Grand Rapids metropolitan area sales housing market is currently slightly soft but improving. The sales vacancy rate is estimated at 1.8 percent, down from 2.4 percent in April 2010. The average sales price of new and existing homes increased by \$13,700, or 10 percent, to \$148,900 during the 12 months ending April 2014 (Metrostudy, A Hanley Wood Company). New and existing home sales totaled 12,200 during the 12 months ending April 2014, a decline of 400 sales, or nearly 3 percent, from the previous 12 months because REO (Real Estate Owned) sales declined by 1,500, or nearly 61 percent, to slightly more than 2,300 sales.

- New home sales increased 3 percent during the 12 months ending April 2014, to 410 sales, with an average sales price of \$223,000, an increase of \$26,600, or 14 percent, from the previous 12 months.
- The regular (nondistressed, non-REO) resale of existing homes increased by 1,100 sales, or nearly 13 percent, to 9,400 during the 12 months ending April 2014, with an average sales price of \$160,300, an increase of \$8,125, or more than 5 percent.
- The inventory of unsold homes comprised a 2.4-month supply in April 2014, down from 2.6- and 3.7-month supplies in April 2013 and April 2012, respectively.

New home sales prices increased much faster than existing home sales prices in the Grand Rapids area.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

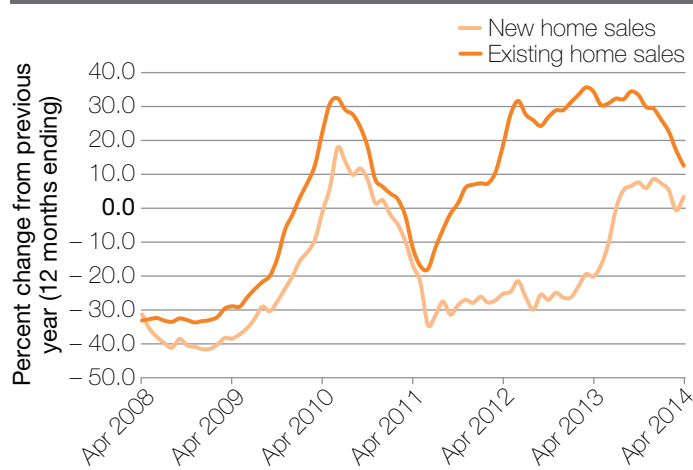
Hampton Inns, part of the Hilton Worldwide hotel group, recently broke ground on a \$28 million hotel in the Medical Mile district in the city of Grand Rapids, which is expected to add 40 new full-time jobs to the leisure and hospitality sector when complete in the summer of 2014.

- During April 2014, 3.4 percent of home loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 4.5 percent a year earlier and well below the peak of 9.1 percent in January 2010 (Black Knight Financial Services, Inc.).

Increased home sales and decreased unsold inventory in the Grand Rapids metropolitan area led to an increase in single-family home-building activity, as measured by the number of homes permitted, during the 12 months ending April 2014.

- Building activity totaled 1,300 homes permitted during the 12 months ending April 2014, an increase of 150 units, or 13 percent, from the previous 12 months (preliminary data).
- From 2001 through 2005, an average of 3,800 single-family homes were permitted annually, but average annual permitting declined to 1,700 homes from 2006 through 2008 and declined further to 820 homes from 2009 through 2011.
- Sycamore Woods, a 41-lot, single-family development with home prices starting at \$350,000, began construction in Grand Rapids Charter Township in the spring of 2014.

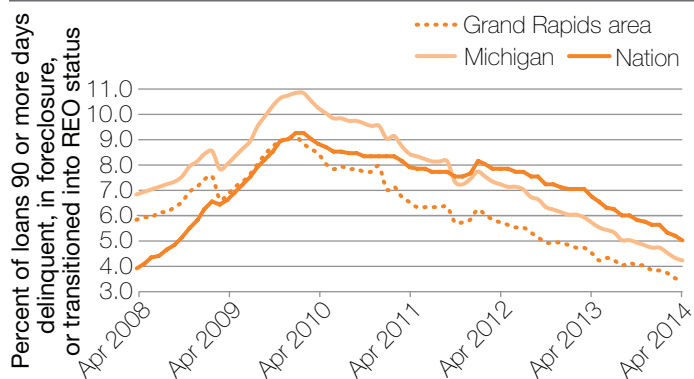
Existing home sales in the Grand Rapids area improved nearly 2 years before new home sales.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

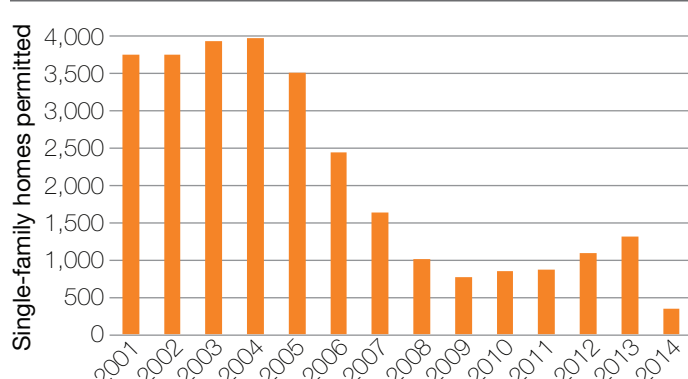


The distressed loan rate in the Grand Rapids area declined faster from the peak level than the national rate.



REO = Real Estate Owned.
Source: Black Knight Financial Services, Inc.

Single-family construction activity in the Grand Rapids area has increased slightly every year since 2009.



Note: Includes preliminary data from January 2014 through April 2014.
Source: U.S. Census Bureau, Building Permits Survey

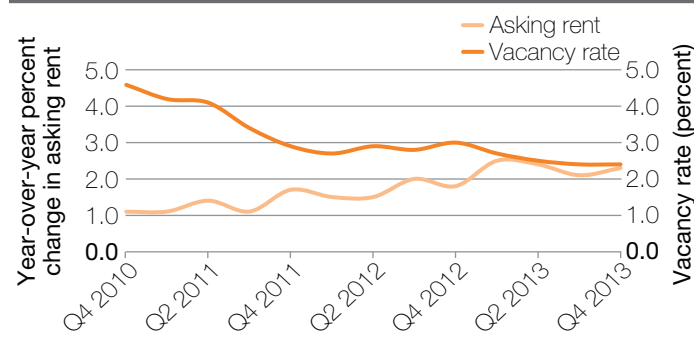
Apartment Market Conditions

The apartment market in the Grand Rapids metropolitan area is tight, with a 2.5-percent vacancy rate during the first quarter of 2014. The average rent for an apartment was \$700, an increase of \$15, or 1.9 percent, during the past 12 months (Reis, Inc.).

- The apartment market has tightened significantly since the first quarter of 2010, when the vacancy rate was 6.7 percent.
- The average rents for one-, two-, and three-bedroom units are currently \$610, \$750, and \$1,100, respectively.
- The apartment market in downtown Grand Rapids is also very tight, with a vacancy rate of 1.0 percent (Triad Real Estate Partners).
- Rents in downtown Grand Rapids average \$1,000 and \$1,425 for one- and two-bedroom units, respectively.

In response to tightening apartment market conditions, multifamily construction, as measured by the number of units permitted, increased during the past 24 months.

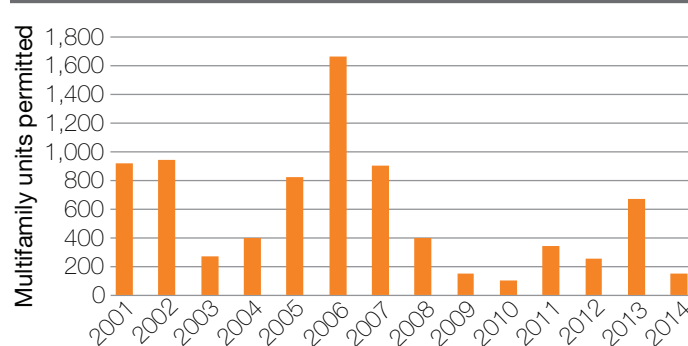
The apartment vacancy rate dropped below 3 percent as the rate of rent growth increased in the Grand Rapids area.



Source: Reis, Inc.

- Multifamily construction increased by 40 units, or 8 percent, to 520 units permitted during the 12 months ending April 2014 (preliminary data).
- From 2001 through 2007, multifamily construction averaged 700 units a year, with condominiums accounting for 310 units, or nearly 55 percent of all multifamily construction, annually.
- Multifamily construction declined to an average of 250 units annually from 2008 through 2012, when condominium construction stopped in the metropolitan area.
- Two mixed-income rehabilitation properties were recently completed in downtown Grand Rapids. The 45-unit 26 Cherry Street apartments and the 38-unit 205 South Division Avenue Apartments both offer market-rate rents of \$900 and \$1,375 for one- and two-bedroom units, respectively.

Multifamily construction increased significantly in the Grand Rapids area during 2013 because the previous overproduction of multifamily units had been absorbed.



Note: Includes preliminary data from January 2014 through April 2014.
Source: U.S. Census Bureau, Building Permits Survey

