Community RESEARCH Services, LLC

**A Housing Needs
Assessment of
Otsego County, MI
2024 Update**

December 18, 2024

National Council of Housing Market Analysts
AN AFFILIATE OF NATIONAL HOUSING & REHABILITATION ASSOCIATION
MEMBER ®

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Table of Contents

I. INTRODUCTION

Community Research Services, LLC (CRS) has been commissioned by the Otsego County Economic Alliance, Inc., to investigate housing market potential within Gaylord and across Otsego County. This report is an update and expansion of a prior housing needs assessment, completed in December 2022, with updated information, comparisons of various data points across the past few years, and specific recommendations for various target market segments.

Otsego County is located within the central section of northern lower Michigan, and is bisected by Interstate 75 and M-32. Gaylord is considered the primary commercial location within the central section of northern lower Michigan, with significant concentrations of manufacturing employment, vacation/tourism opportunities, and commercial/service jobs for those across the region. The city is approximately 62 miles from Traverse City, 70 miles from Alpena, and 230 miles from Detroit.

Gaylord was established in 1873, primarily by the Michigan Central Railroad, and named after Augustine Smith Gaylord, an attorney and railroad official. By 1877 the town became a village and was named the Otsego County seat. During the early 20th Century, the intersection of railroads and later, state and federal highways, led to increased visitors and tourism-related enterprises, ranging from skiing, golfing, and other options related to the increasing level of visitors and retirees. Adaptation of an Alpine theme across much of the city's downtown area has also encouraged increased visitors and tourism across the region.

Today's local economy exhibits slightly greater concentrations of blue-collar employment compared to most Michigan communities, but most residents are employed within service-oriented and leisure/tourism occupations, along with professional, managerial, and sales positions across the region. Prevailing population trends reflect a somewhat unique combination of aging population along with generally stable family concentrations; however, seniors represent the fastest-growing age cohort within the community.

This analysis will quantify prevailing housing conditions, identify the community's strengths and weaknesses from a housing standpoint, ascertain gaps within the local housing

marketplace, and provide recommendations for housing options that would ideally enhance the area's viability as a residential community for current and future residents.

A discussion of the likely target market segments that match the product types under examination will be included, using standard demographic/economic data as well as Tapestry information provided by ESRI (Environmental Systems Research Institute, Inc.), a leading provider of demographic and economic data and forecasts throughout the United States and worldwide. Tapestry data examines local population segments within a series of generalized categories based on prevailing incomes, educational attainment, employment levels, and other factors. This review will include the relative size and strength of each target market segment, individual characteristics of each target market, and the potential contribution of each segment.

II. EXECUTIVE SUMMARY

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

- The analysis provides data and analysis on various levels of geography within Otsego County. This includes the City of Gaylord, along with the two surrounding townships as a focus for much of the statistical and demographic analysis. In addition, Otsego County was divided into two sections that reflect the greater Gaylord area and the more rural section of Otsego County to the northeast. The various market areas are appropriate for the preliminary examination of housing options; however, the size and characteristics of any subsequent housing proposal would likely expand the market area beyond the city and two townships. This is of course dependent upon assumptions regarding location and accessibility.

- A number of identifiable target market categories are present within the Gaylord/Otsego County area. While many target market categories overlap in terms of age, educational attainment, housing status, and incomes, the analysis will focus on the general categories, including:

  - Senior housing – for those persons or couples age 65 and older, that are able to live an independent lifestyle, and are primarily retired or work on a part-time basis.

  - Couples/families with moderate incomes, seeking homeownership options – for families of all ages, typically with some specialized training/education, within a wide range of occupational backgrounds.

  - Singles, couples, and small families seeking rental housing options - with moderate income levels, including both entry level and unskilled occupations, employed within retail trade, services, or leisure/hospitality positions.

- Findings within the analysis include the following:

  - The city and market area exhibit stable demographic trends. The community is somewhat younger overall as compared to many other northern Michigan communities, but household sizes are influenced by both seniors and singles, regardless of age. Seniors reflect an increasing segment of the city and county's overall population, and exhibit the strongest growth patterns of any age segment.

  - Gaylord features quite positive transportation linkages, excellent community assets, and is recognized as a tourism and retirement destination point. The area contains a number of resorts, hotels, and tourism-related outlets. All of these features are positive assets for the Gaylord area.

  - Otsego County exhibits a higher-than-average blue-collar component in terms of local employment composition. The area's employment base is much more

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diverse than many northern Michigan communities, providing job opportunities for both unskilled and trained occupations, across nearly all industries.

o The county's residential employment base is mostly employed locally, within Gaylord and other sections of Otsego County, at approximately 83 percent. Remaining employment options are located within adjacent counties.

o Information on commuting into Gaylord indicates that the city's average daily daytime population approaches 300 percent of the city's permanent resident total. Such trends are a positive reflection of the Gaylord area as a destination point for both local workers as well as regional residents from outside of the city. This data likely under-reports the level of tourism/related visitors or other travelers that frequent the community.

o Migration trends from the U.S. Census Bureau reflect net positive movement into Otsego County, with minimal shifts across the local area. Migration from outside of the state is negative, however, as Otsego County is losing residents to other sections of the United States. These totals represent less than two percent of the county's total population.

o County employment trends up to 2024 demonstrate a complete recovery from the economic impacts of the pandemic, and future employment levels are likely to continue in a positive direction.

o Considering the size of Otsego County and Gaylord in comparison to other northern Michigan communities, the degree of economic investment is very impressive, and should further enhance the Gaylord area as a regional destination point for employment, services, and recreational uses.

o The number of senior households age 55+ will continue to increase over the balance of the decade, and is now estimated as the largest single household category within Gaylord and across Otsego County.

o Both owner and renter households will demonstrate positive trends over the next few years across Otsego County, which points to continued demand potential for both owner and renter households.

o Most renter households within the Gaylord area are one-person units, either occupied by seniors or single-person households. Conversely, the community's rental housing stock exhibits a relatively small concentration of family-oriented rentals, making it difficult for moderate-income families to relocate to the community.

o Median gross rents for Gaylord and Otsego County exhibit growth over the past decade, but are at levels of increase less than median income levels. Such trends are somewhat rare, as housing prices typically exceed prevailing income levels. In this case, median income trends across Otsego County and especially Gaylord demonstrate growth rates that exceed prevailing rental rate increases.

o A review of the Gaylord area's distribution of incomes by tenure indicate that a broad range of income levels is present for both renters and especially

homeowners. Such trends indicate that demand potential for both tenure types would extend across a wider than average range of household incomes.

o Poverty levels within Gaylord have declined since the 2022 report, and are now below statewide levels. This is despite the city's higher than average concentration of subsidy rental units, targeted primarily for seniors but also intended for family/open occupancy. Such trends regarding poverty and prevailing incomes are very positive indications regarding vitality of the Gaylord community from an economic standpoint.

o Tapestry segmentation by ESRI identifies one out of eight segments that reflect the most desirable target market segments, as mentioned previously. This points to a somewhat moderate degree of target market segment households demonstrating demand for additional housing options. It also indicates that additional demand for Gaylord-area households would need to come from households outside of the defined market area.

o Home sales data for the past three months demonstrates decreasing numbers of homes sold and for sale, with a shift toward a more balanced marketplace. Considering the increase in inflation and interest rates across the nation, these trends are not unexpected. However, the lack of supply for most housing options within Otsego County will remain, resulting in continued housing deficiencies for most residential alternatives.

o Existing apartments within the Gaylord area are present for low-income, affordable, and market rate segments. Because of the degree of subsidy or income targeting within low-income and affordable facilities, affordability and price points are not problematic.

o Pines 45 is the newest rental housing development within the Gaylord area. The positive lease-up and acceptance of market rate price points provides direct evidence of the strength of the local rental housing market, the pent-up demand that has been present within the marketplace for market rate rental housing, and the continued demand potential for similar rental development.

o Seasonal homes are prevalent across Otsego County, with many found on individual lots within recreational areas, as well as part of resort communities. Short-term rentals are also present within the Gaylord area, but not at a concentration that exists within resort-oriented communities that are negatively impacting the overall housing stock. It is hoped that the conversion of permanent housing options into short-term rentals, as observed within some high-demand markets, does not occur within the Gaylord area.

o Similar to many other areas of Michigan, the prior decade experienced a significant drop in regard to housing development activity, reflective of the long-term impacts of the 2008 housing crisis, which resulted in the removal of housing development capacity across the state. Ultimately, such trends have led to an increasing lack of housing supply, particularly within the homeowner segment. Thanks to the recent development of market rate rental units within the city, this situation is not as acute for those seeking such options.

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- o The city features a higher-than-average rental household concentration, with a portion of these rentals consisting of single-family homes, or former single-family homes that have converted into multiple-unit structures.

- o Continued demand potential is present for assisted-living and memory care options within the Gaylord community. Continued demographic growth within the senior segment, future migration by seniors from outside of the region, and aging in place by local residents that are no longer to maintain an independent living lifestyle all point to continued market potential for the balance of the decade.

- o An insufficient number of homes are available for purchase across Otsego County, and the number of options at the key purchase range of $175,000 to $300,000 is especially inadequate. Homes within this segment of the housing market are rapidly sold, and the lack of such homes will have an increasingly unfavorable impact upon the local economy, school district, and labor force. Any opportunity for local housing development needs to place a strong emphasis on increasing the availability of these moderately-priced homes.

- Primary findings for this analysis include:

  - o The Gaylord area and Otsego County's ability to attract entry level households across the moderate-income and upper-income ranges is limited by a lack of supply of moderate and upper-moderate homes for purchase, despite generally reasonable price points across the community. These factors negate the strong level of placemaking assets found within Gaylord and the surrounding area. Eventually, an increasing senior household segment and declining birthrates will lead a shift in the community's characteristics which may negatively impact the school system, tax base, employment base, and retail/service availability. If the Gaylord community does not find methods to attract additional families to the market area, by the early 2030s the region will rapidly age, face a decline in tax base, and ultimately realize an unfortunate reduction in the size and earning potential of the local labor force.

  - o The rental market within Gaylord should be considered very stable, with ample demand potential evident from both supply and demand-related factors. The rental market is also tight, with an insufficient number of rental housing options for many household types. The successful introduction and absorption of Pines 45 provides evidence of additional market demand within a market rate environment. While economic and inflationary patterns would clearly influence the strength of the rental marketplace, the long-term pattern for this housing segment indicates ongoing market potential.

  - o The placement of additional rental housing options within the downtown district of Gaylord would be an ideal alternative, considering the likely characteristics of additional market rate rental housing and the various placemaking features found within the city's central business district. Depending on such a project's amenities and features, a wide range of target markets for both open and senior occupancy would be in play.

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- o Existing senior rental housing options are present within the Gaylord area, serving both affordable and moderate-income levels. These facilities appear to adequately serve the current market demands of the community, so the demand for senior rental housing options should not be considered a primary need at this time. Future development plans for additional senior housing may become more prominent toward the end of the 2020s, and ongoing investigation of senior housing needs is encouraged. This includes both independent living and assisted living options, which should continue to demonstrate market potential over the balance of the decade within the moderate-income and higher-income segments.

- As indicated previously, this report serves as an update for the 2022 Housing Needs Assessment, completed by this firm. While many positive changes have taken place within the Gaylord community since 2022, the demand potential for new housing options for a number of target market segments remains in place. Primary changes and considerations from the 2022 report to this document include the following:

  - o Otsego County's employment totals have fully recovered from the 2020 pandemic, across all categories and industries;

  - o The size of Otsego County's labor force is actually increasing, leading to a slight increase in the labor participation rate – such trends are very rare, and reflect positively upon the county's ability to attract a wide range of workers across all age and income categories;

  - o Overall population projections have increased slightly from the original report, the trend in household size reduction has slowed slightly, and the rate of increase for seniors has moderated somewhat, but still reflects the primary demographic change within the Gaylord area;

  - o Notable increases in median income levels were observed, reflecting an average annual increase for 2029 of 5.2 percent within Gaylord; the 2022 report had future median income growth at a 3.8 percent average annual rate within Gaylord;

  - o The city's poverty rate for the updated report (as of 2023) is 13.0 percent, lower than the statewide level (13.5 percent) – within the prior report the county's poverty level exceeded the statewide level, formerly at 17.4 percent (as of 2020);

  - o Statistics regarding annual movership collected through the American Community Survey demonstrate a sizable increase for both Gaylord and Otsego County overall, which is highly contrary to nearly every other city or county within the State of Michigan, in which the overwhelming trend regarding movership is a slow decline from the prior decade. This shift in migration patterns is highly unusual, but a clearly positive indication of the Gaylord area's ability to attract new residents from outside of the region;

  - o The prevailing home price levels have grown substantially, with the current median sale price at $299,500 – reflecting an increase of 15.7 percent over a two-year period. The difference in average sale price was approximately 35 percent over the same two-year period, but average figures are somewhat more volatile due to the presence of high-end homes skewing the data;

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o Existing rental properties have remained at or near full occupancy, demonstrating market strength after the absorption of Pines 45. Continuation of high occupancy levels over an extended period demonstrates the rental market's potential for the introduction of additional units;

The community's two primary housing needs are the addition of more single-family units for homeowners, and the introduction of additional rental units for workforce and market-rate households. Broadly described, the needs are summarized within the following:

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

Project Type: Single family or duplex structures with attached garage, targeted for couples and small families

Unit Mix: Primarily 3BR/2bth structures

Targeted Incomes: $60,000 - $150,000

Preliminary Pricing: $175,000 - $300,000

Amenities/Features: Commensurate with modern owner-occupied housing found across the community

Additional considerations:
- Collaboration with local employers to help streamline financing options, refer possible homebuyers to possible home alternatives, and streamline the introduction of new households into the Gaylord area

- Development of additional community features or parks, assuming sufficient land/resources are present, proximate to any new housing opportunities

- Possible reduction in development-oriented costs, fees, or other barriers to the addition of new housing by local governments

- A portion of this housing demand could include some type of condominium-type development; while perhaps ideal in a downtown location, such development may not ideally fit the primary target market segments

2) A need for additional market rate rental housing is an additional recommendation from this analysis. This would address a combination of "workforce" housing and missing middle segments that are generally used for this segment's target market description. Suggested features for such a proposal would include:

Project Type:	Traditional garden-style apartments or townhome-style units, targeted for singles, couples and small families
Unit Mix:	Ranging between studios and two-bedroom options
Targeted Incomes:	$40,000 - $120,000
Preliminary Pricing:	Ranging between $1,100 to $1,800, depending on unit type
Suggested Features:	Full kitchens with refrigerator, range, dishwasher, disposal, and microwave; central heat/air conditioning, private patio, washer/dryer units, and ample closet space. Premium kitchen fixtures and appliances. Some garage units are recommended, with available storage space. Project features to include multiple community rooms with flexible uses found throughout the site (including gaming area, theater, and exercise room), green space/walking paths, dog park, and on-site office/management. Wi-fi availability in all public areas.
Additional Considerations:	Location within the downtown district would be an ideal location, but such a location would utilize a multi-story structure on a smaller footprint or rehabilitated building.

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

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Recommendations Summary Matrix

Target Market Segments – Open & Senior

Target Market	Income Eligibility Range	Approximate Demand Potential	Preliminary Recommendation
Subsidy/Affordable Rental (Open/Family)	$15,000 to $50,000	Up to 40 units	Assumed that such units would be developed through MSHDA or a LIHTC allocation; Targeted between 40% and 60% AMI. Focus should be upon two-bedroom units; Ideal location is near employment & retail outlets
Workforce Housing Rental (Open/Family	$35,000 to $75,000	Up to 40 units	Units could be included in mixed-income property with affordable options, or options such as "Missing Middle" program; one-bedroom and two-bedroom unit mix, with community features; Ideal sites are near retail outlets
Market Rate Rental (Open/Family)	$45,000 to $130,000	Up to 90 units	Combination of one-bedroom and two-bedroom units; price points begin around $1,100; Focus on community features and options for work-at-home residents. Consider covered/garage parking options, on-site gym/recreation room, media center, ample community space, and services targeted for working singles.
Affordable Rental – Senior	$15,000 to $50,000	24 units	Demand for affordable senior units is primarily within the lower income bands (less than 50% AMI); Existing properties are currently serving this target market.

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Target Market	Income Eligibility Range	Approximate Demand Potential	Preliminary Recommendation
Market Rate Rental - Senior	$35,00 to $120,000	50 units	Price points would begin above $1,200, with added consideration for larger unit sizes, unit location/view, and the inclusion of various personal care or in-unit services; combination of one-bedroom and two-bedroom units; a downtown location would maximize rent potential; target market would focus on independent living seniors, but those will minimal personal care needs are also of interest.
Assisted Living – Senior	Exhibits sufficient resources/wealth for assisted living residency	24 units	Base rental rate would begin at approximately $3,200, with added fees based on degree of personal care services needed, unit size, and single/double occupancy choices; Existing assisted living developments are currently meeting this segments' needs; Increasing market potential as population ages in place/migration trends continue.
Senior Homeownership Options	Varies depending upon type of home, financial characteristics of the buyer, and other factors	Variable – dependent upon pricing, product, location and target market	As the community ages, a wider range of senior-oriented housing options will be necessary to serve all potential senior target market segments. Either duplex/townhome style options or a multi-unit condo alternative would be appropriate. Locations much justify price premiums and level of amenities expected for that target market segment.

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Target Market	Income Eligibility Range	Approximate Demand Potential	Preliminary Recommendation
Homeownership Options	Varies depending upon type of home, financial characteristics of the buyer, and other household or home purchase specific factors Primary target market: $60,000 to $150,000	Variable – dependent upon pricing, product, location, and target market – but the Otsego County housing market does exhibit a clear lack of moderately-priced homes intended for both entry level workers or moderate-income families. Primary target market: Approximately 300 homes	The local area has at this shifted toward a more balanced market, based on recent sales volume trends and the short time most properties remain on the market. What is discernable is the lack of new construction for homeowners since 2010, which has led to a decreasing market volume as compared to prior decades, regardless of yearly economic factors or permanent changes in the local employment base. In today's home sales marketplace, very few homes are being developed, and most are only high-end luxury-oriented homes, due to the combination of market and cost factors facing the northern Michigan area and much of the state overall. Moderate-sized homes priced between $175,000 to $300,000 would represent a significant introduction to the local market that would be immediately absorbed by a wide range of household types. As such price points for homeownership development are quite difficult to create, this represents a sizable barrier in regard to increasing in-migration and positive movership trends by young adults and families – which represent the future of any community.

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Rankings – Housing Recommendations

A summary ranking of each housing recommendation discussed within the assessment:

Housing Option	Summary Comments
1) Homeownership Options	The strongest housing need within Otsego County – the community cannot progress economically, become more diverse demographically, or attract/maintain high-wage positions within the area without additional homeownership options, serving primarily moderate to upper-moderate income families. At this time, this represents the primary challenge from a housing standpoint for the community.
2) Workforce Rental Housing	The introduction of new workforce housing will help to stabilize the local labor force and encourage long-term residency among moderate-income households
3) Market Rate Rental Housing	Such market rate options will serve new residents to the community, provide active empty nesters a new alternative, and (assuming a downtown location) encourage continued development of the downtown district
4) Senior Homeownership Options	This would serve the strongest demographic segment within Otsego County, and further diversify an already prominent portion of the local housing marketplace. Such options near medical and service/retail outlets would be well received by those seniors seeking to reduce their involvement in unit/home maintenance
5) Market Rate Senior Rental Housing	Market potential for this segment will increase over time, with current demand indicative of the area's aging in place and migration by seniors from other parts of Michigan
6) Assisted Living Housing	Existing assisted living properties appear stable, but future needs will point to added attention for this segment
7) Affordable Rental Housing	Demand potential is present for additional units, but such options are present within the community, with future development dependent on continued economic stability
8) Affordable Senior Rental Housing	Existing affordable developments are adequate for current needs, but future growth within the senior segment will necessitate additional units in the near future

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Map: Otsego County
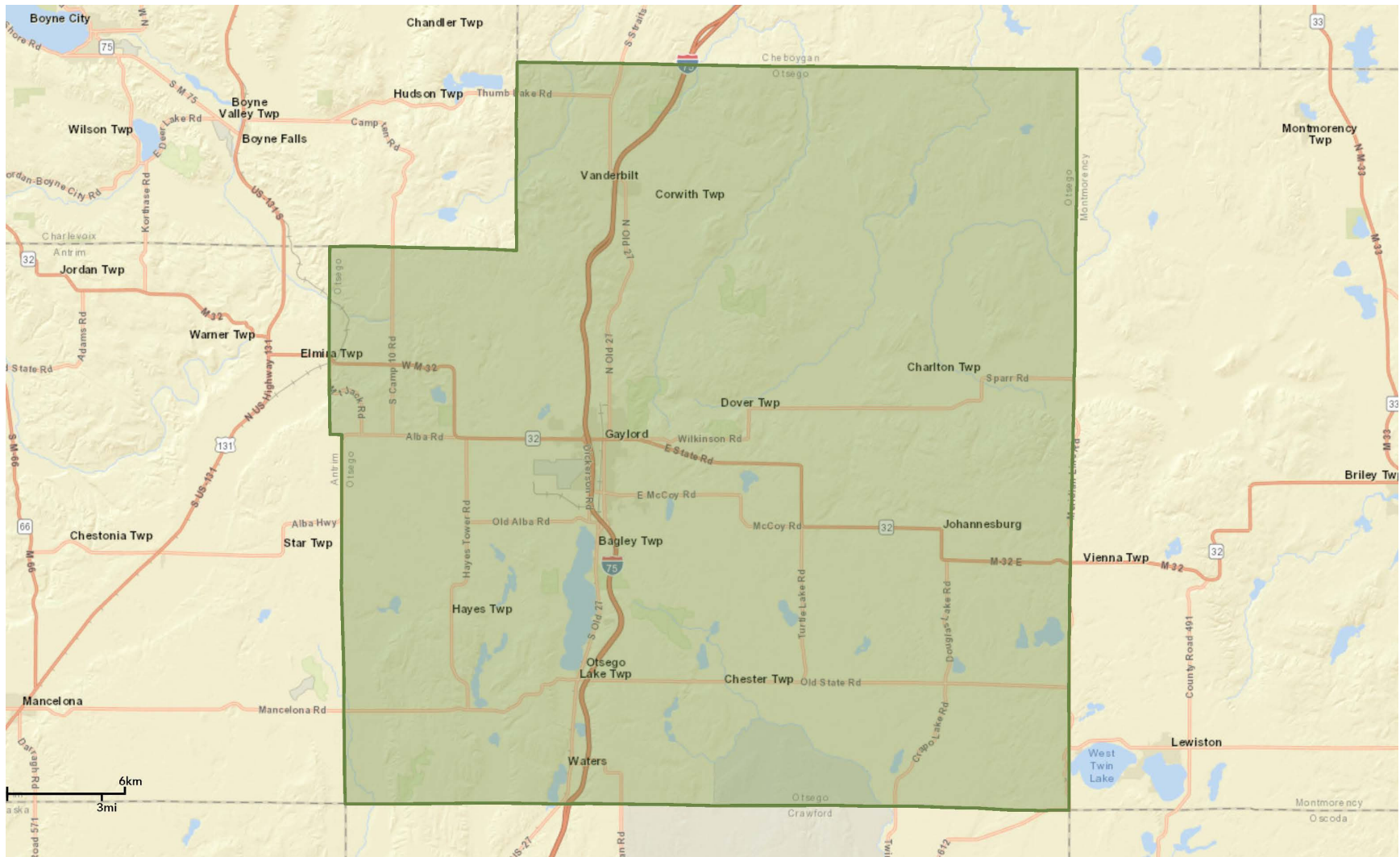
III. MARKET PROFILE

Target Market Identification

By dividing overall households by various categories based on a combination of various factors, such as age, income, educational attainment, or employment segments, we can refine the research for this assessment with a focus on those categories that exhibit the greatest housing needs, or provide the strongest housing demand potential. Most target markets are similar across the state and nation, but identification of the specific characteristics of the Otsego region may point to any factors that result in the community's potentially unique housing needs.

Across Otsego County from a demographic standpoint, no one segment of the local population is clearly dominant, as the area's population for younger adults, older adults, and senior citizens is generally the same. Most age cohorts within the Gaylord area demonstrate stable or positive growth, either through aging in place, natural growth, or migration. As for socio/economic categories, as a rural community Otsego County exhibits somewhat greater concentrations of service and retail employment, with somewhat smaller concentrations of professional/managerial occupations (as compared to the more suburban/urban sections of Michigan). Prevailing incomes are a reflection of the region's industries and occupations, and outside of the Traverse City region, are generally similar to most sections of northern lower Michigan.

Ideally, a housing market that provides the widest range of choices for the broadest range of households will result in the strongest and most stable housing environment. For the Gaylord/Otsego County community, an imbalance appears present regarding the types of housing available as compared to the characteristics of the local/regional population. This mismatch also appears present regarding the ideal household segments that would potentially relocate to the Gaylord area. From a local employment standpoint, a majority of the potential residents that are employed locally or regionally have accepted possible mismatched housing options, which may further inhibit the ideal match of household characteristics to available housing alternatives. A lack of housing diversity will also further complicate housing shortages, ultimately impacting the local economy and the viability of the community's labor force.

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For this assessment, Community Research has narrowed the list of applicable target market segments to the following groups, based on the size, depth, or strength of the individual housing segment:

- Young adults with unskilled occupations in need of rental options

- Young couples/families with seeking first time home purchase

- Established couples/families interested in "move-up" homes

- Single-parent families seeking affordable housing options

- Empty nester couples seeking to downsize

- Moderate income households moving from rentals to homeownership options

- Working class households seeking non-subsidy rental housing options

- Senior citizens seeking independent living alternatives

Within the original report, market demand for housing types that may match the primary target market segments was determined within three primary segments, as listed below. These segments still reflect the community's most notable housing target markets from a housing needs standpoint, and are suitable as the primary target markets for this analysis, described as follows:

- Lower-income to moderate-income non-senior households (including singles, couples, and small families), actively participating within the labor force, featuring occupations mostly within the services sector (such as retail or office positions) and leisure/hospitality sectors (hotel and resort positions), potentially seeking workforce housing options

- Moderate income households (all ages, and including singles, couples, and small families), with a wide range of backgrounds and educational attainment, many of which are relocating to the community, and feature either strong educational attainment or workforce experience that results in higher-than-average income potential. This is the "missing middle" most communities are lacking

- Moderate income to higher income senior households (age 55 and older), with minimal or no participation within the labor force, able to live an independent lifestyle, potentially seeking a rental housing option designated for senior occupancy

While vacation and second-home purchases are a definitive segment of the county's housing stock, such options are perhaps most available within the current housing market, and will not be a primary focus of this analysis.

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16

Primary and Secondary Market Area Determination

Recognizing that Gaylord is the primary community within Otsego County, the analysis will focus on the city and immediately surrounding townships. The most conservative measure of the local housing market includes Gaylord and the two surrounding townships – Livingston Township and Bagley Township. This will be the baseline measure for most demographic data, and will be utilized for statistical demand purposes. Within the analysis this will be referred to as the Gaylord Area.

To broadly measure various housing statistics and make comparisons between the Gaylord area and more rural sections of Otsego County, using census tracts we can divide the county into two areas; one is the northeast section of Otsego County, including Vanderbilt Village and much of the Johannesburg area on the far east side of the county. This area includes Tract 1 of Otsego County, and is referred to as the Northeast Otsego Market Area. The balance of the county is generally influenced by the immediate Gaylord area, is representative of the public school district (which are often utilized in market area composition), and is a reasonable distance from the city. This section includes Census Tracts 2 through 6, and is referred to as the Gaylord Market Area.

From a senior housing standpoint, market area formation typically reflects a broader area as compared to non-designated (or family) housing markets. Secondary Market considerations may be somewhat more broadly defined, and at a minimum include adjacent sections of nearby counties, along with most of Otsego County. Contributions from outside of the county are also much more likely, given the proximity of other northern Michigan communities from which senior housing options are also somewhat lacking. While Secondary Market contributions clearly exist, it is difficult to quantify in a reasonable manner the degree of participation prior to the development of housing options. Such factors are readily determined after the development process, based on traffic patterns, inquiries, and the eventual relocation of residents from outside of the region.

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Map: Gaylord Market Area
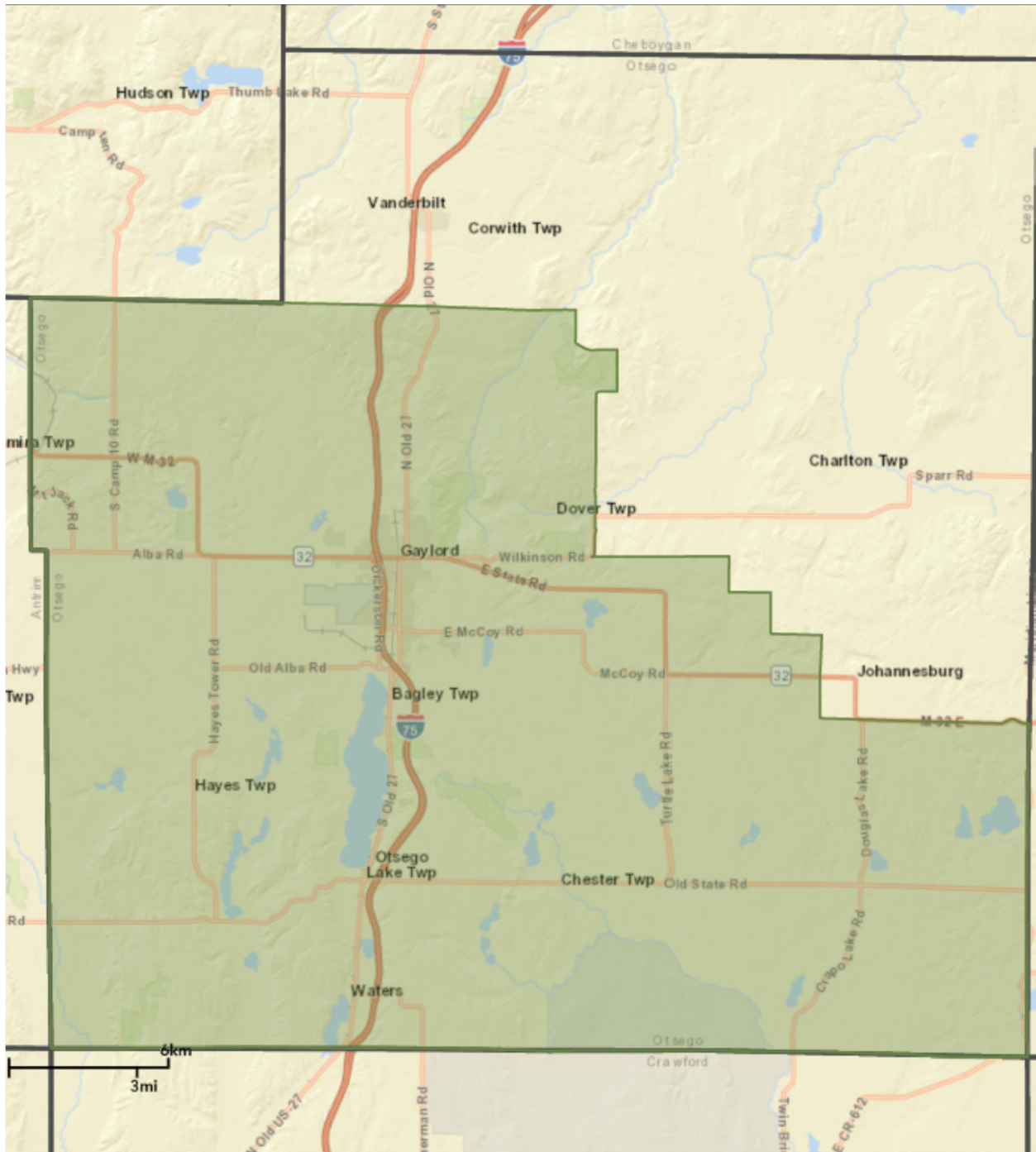
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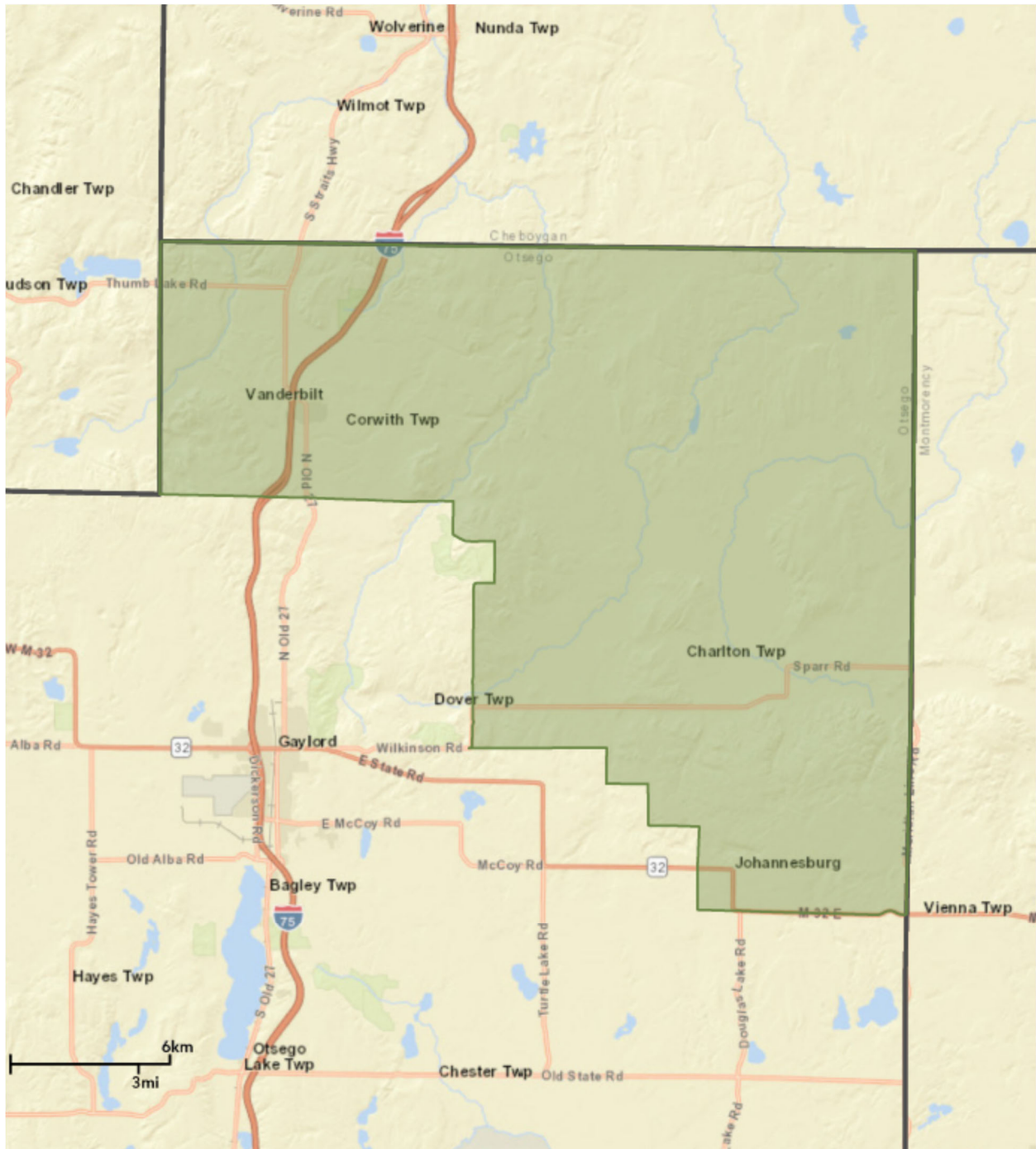
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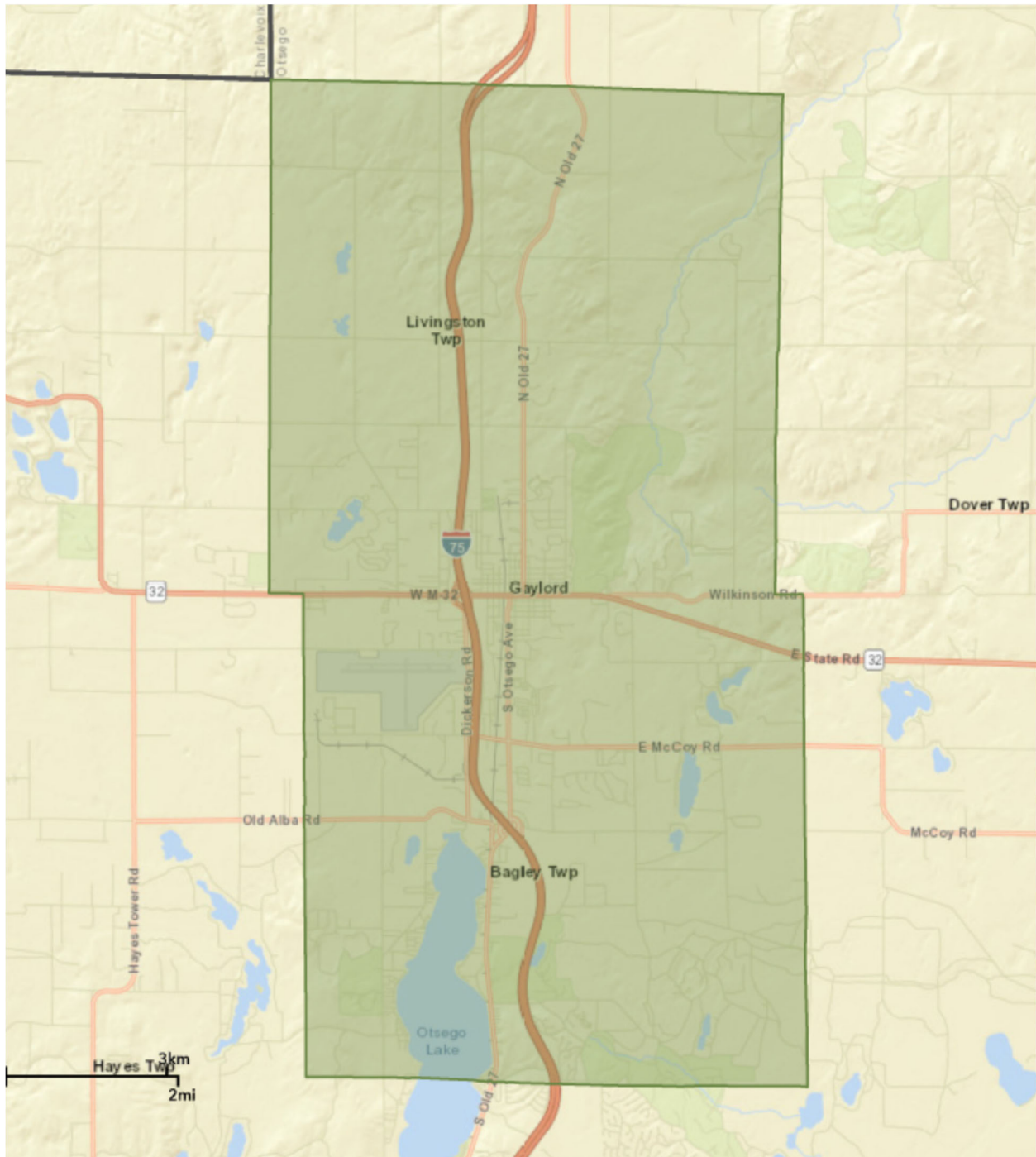
Map: City of Gaylord
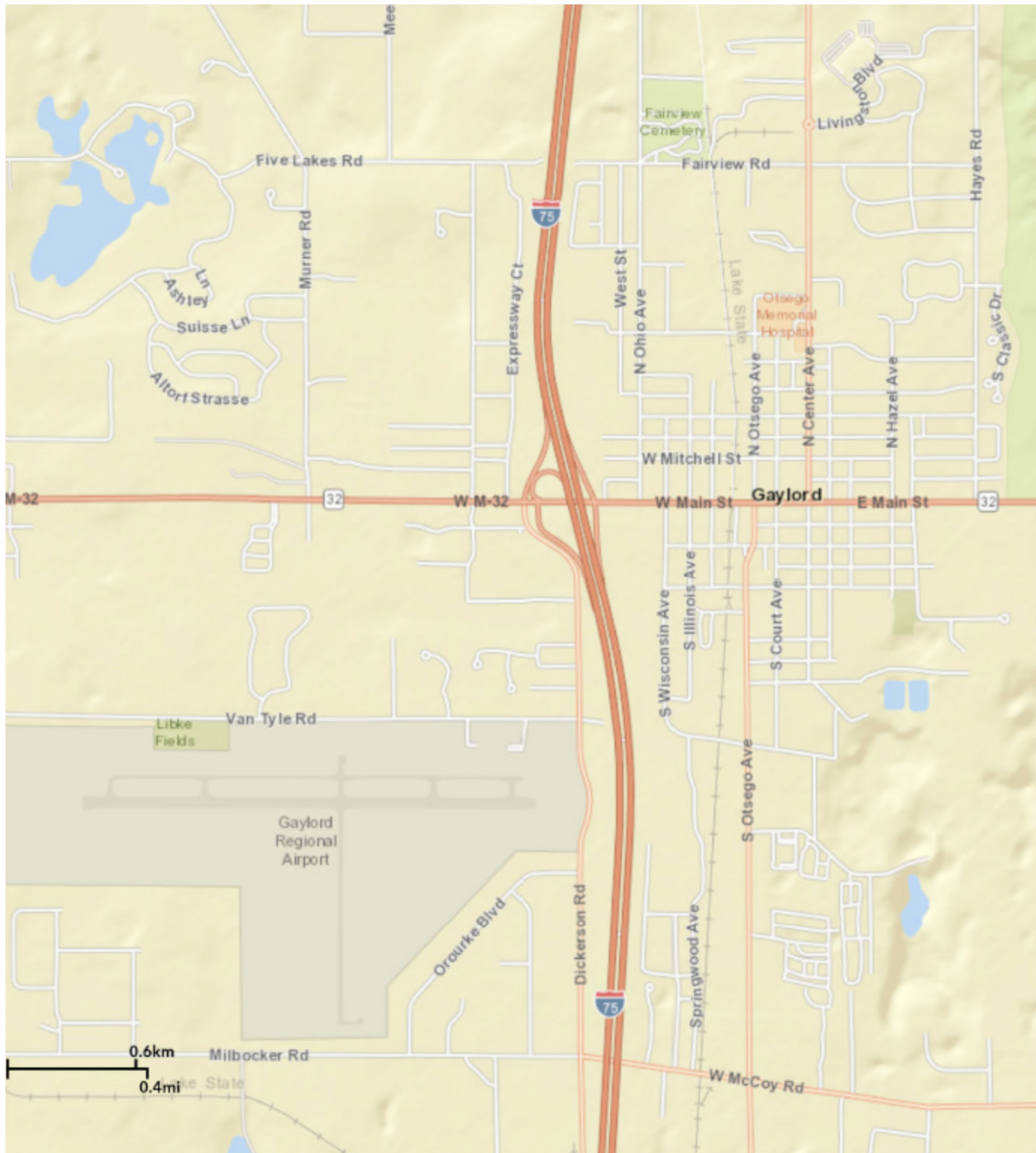
Map: Vanderbilt Village

IV. DEMOGRAPHIC & ECONOMIC TRENDS

Economic Trends

Federal employment data can be categorized by the type of industry each position is based. Employment by industry data from the American Community Survey indicates the most common industry for employed residents to work in was services, which represented approximately 43 percent of local workers throughout Otsego County. With the city this percentage was slightly higher, at 46 percent, reflective of a combination of concentrated service jobs and a limited number of other options within Gaylord proper. Retail trade positions represented 14 percent of the county's labor force, while manufacturing jobs accounted for nearly 11 percent of the county's labor force. The percentage of public administration positions is approximately six percent, higher than most rural communities. These updated figures reflect a shift toward more manufacturing employment and a larger labor force.

Table: Employment by Industry

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Agriculture and Mining	**66**	**84**	**175**	**332**	**416**
Percent	3.2%	6.2%	2.7%	3.1%	3.4%
Construction	**124**	**129**	**466**	**889**	**1,018**
Percent	6.0%	9.5%	7.3%	8.2%	8.3%
Manufacturing	**228**	**182**	**573**	**1,154**	**1,336**
Percent	11.0%	13.4%	9.0%	10.6%	10.9%
Wholesale Trade	**108**	**44**	**196**	**305**	**349**
Percent	5.2%	3.2%	3.1%	2.8%	2.9%
Retail Trade	**342**	**177**	**880**	**1,544**	**1,721**
Percent	16.5%	13.0%	13.8%	14.2%	14.1%
Transportation & Utilities	**152**	**91**	**374**	**669**	**760**
Percent	7.3%	6.7%	5.9%	6.2%	6.2%
Information	**0**	**5**	**26**	**33**	**38**
Percent	0.0%	0.4%	0.4%	0.3%	0.3%
Finance, Insurance, & Real Estate	**50**	**14**	**224**	**561**	**575**
Percent	2.4%	1.0%	3.5%	5.2%	4.7%
Services	**950**	**537**	**3,118**	**4,712**	**5,249**
Percent	45.9%	39.6%	49.1%	43.4%	43.1%
Professional & Mangerial Serv	**116**	**104**	**391**	**601**	**705**
Percent of All Services	12.2%	19.4%	12.5%	12.8%	13.4%
Educational & Healthcare Serv	**572**	**224**	**1,663**	**2,528**	**2,752**
Percent of All Services	60.2%	41.7%	53.3%	53.7%	52.4%
Arts/Entertainment Services	**224**	**153**	**824**	**1,150**	**1,303**
Percent of All Services	23.6%	28.5%	26.4%	24.4%	24.8%
Other Services	**38**	**56**	**240**	**433**	**489**
Percent of All Services	4.0%	10.4%	7.7%	9.2%	9.3%
Public Administration	**51**	**97**	**349**	**667**	**764**
Percent	2.5%	7.2%	5.5%	6.2%	6.3%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

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The Gaylord Area exhibits a slightly higher than typical level of "blue collar" and manufacturing employment as compared to most other sections of northern Michigan.

Another way to categorize employment is by occupation categories, which reflect the type of job that a worker maintains, regardless of what type of industry it may arise. For example, a managerial or sales occupation/position may be found within a manufacturing entity. Employment by occupation data from the American Community Survey indicates the majority of workers are employed in professional, sales, or office positions. These sectors combined totaled 74 percent of the county's labor force, and 69 percent within Gaylord. The area's concentration of "blue collar" positions represented approximately 26 percent of the county's labor force, with a larger concentration within the city, at 31 percent. These blue-collar concentrations are higher than most nearby communities, and reflect positively upon the Gaylord area with a diverse employment base.

A diverse employment base is an ideal goal from an economic standpoint, as no one sector of the local or regional labor force is vulnerable to downturns or other shocks to the economy. Within the Gaylord area, a higher than typical concentration of blue-collar employment is clearly a positive attribute, as these manufacturing and construction positions are likely the highest wage positions within the community. It is important to differentiate these high-wage blue-collar occupations from low-skilled service-oriented positions, most of which feature lower wage levels and often are within part-time employment arrangements.

Table: Employment by Occupation

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Managerial and Professional	**588**	**394**	**2,351**	**3,898**	**4,292**
Percent	28.4%	29.0%	36.8%	35.9%	35.1%
Service	**462**	**217**	**1,373**	**2,135**	**2,352**
Percent	22.3%	16.0%	21.5%	19.6%	19.2%
Sales and Office	**376**	**214**	**1,195**	**2,219**	**2,433**
Percent	18.2%	15.7%	18.7%	20.4%	19.9%
Natural Resources and Construction	**192**	**263**	**526**	**933**	**1,196**
Percent	9.3%	19.3%	8.2%	8.6%	9.8%
Production and Transportation	**453**	**272**	**936**	**1,681**	**1,953**
Percent	21.9%	20.0%	14.7%	15.5%	16.0%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

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Graphic: Employment by Occupation Breakdown – City of Gaylord

- Managerial and Professional
- Service
- Sales and Office
- Natural Resources and Construction
- Production and Transportation
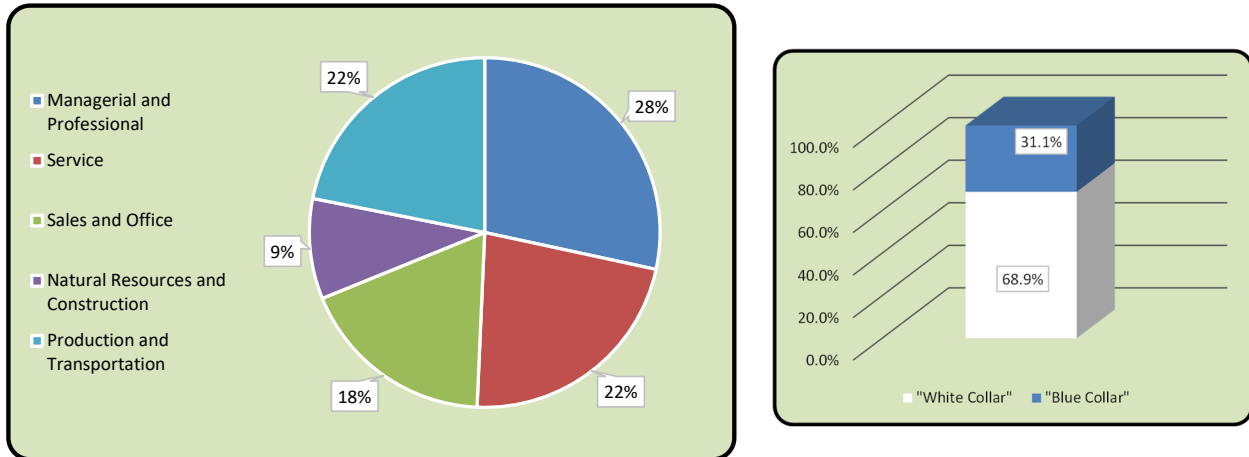
Commuting Patterns

Gaylord and Otsego County's residential labor force is highly local, with more than 82 percent of residential workers employed within Otsego County. This is understandable, as Gaylord has evolved into a regional economic hub, with employment opportunities across nearly all industries and occupations. This includes the larger than average blue-collar segment, long-established leisure/hospitality options, and regional medical and professional establishments. Traverse City, Alpena, and Grayling reflect nearby employment options for locals. The data for the following table reflects employed persons age 16 and older that reside within the referenced geographic area, and reflect essentially the same ratios as calculated for the 2022 report.

Graphic: Employment by Place of Work Breakdown – Otsego County

Place of Work - Otsego County

- Within County
- Outside of County
- Outside of State
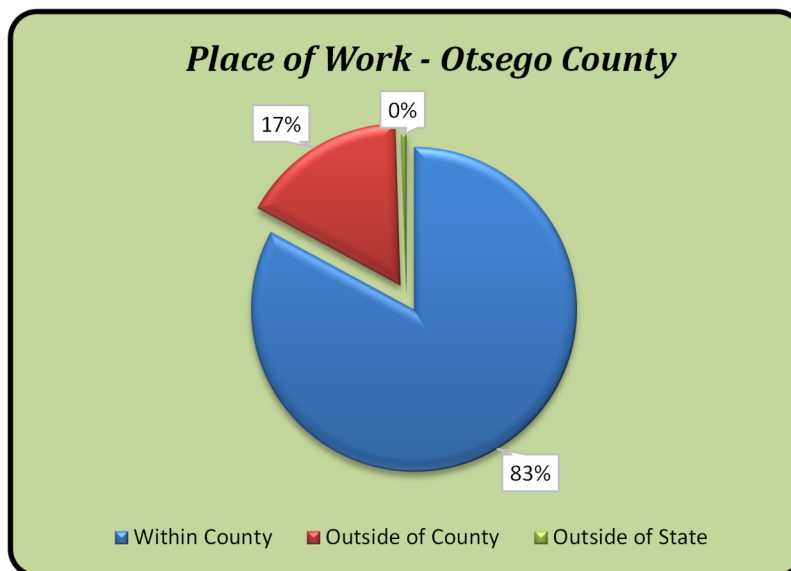
Table: Employment by Place of Work

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Place of Work within County	**1,661**	**1,102**	**5,350**	**8,767**	**9,869**
Percent	82.7%	83.5%	86.2%	82.8%	82.9%
Place of Work Outside of County	**347**	**214**	**841**	**1,757**	**1,971**
Percent	17.3%	16.2%	13.6%	16.6%	16.6%
Place of Work Outside of State	**0**	**4**	**13**	**58**	**62**
Percent	0.0%	0.3%	0.2%	0.5%	0.5%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

Detailed commuting data from the American Community Survey provide an indication of Gaylord's influx of workers on a daily basis, with total daytime population totals reflective of nearly double the city's current population. The data also provide an indication of how concentrated employment options are within Gaylord as compared to Otsego County overall. Among those that daily commute into Otsego County employment options, approximately 80 percent are found within Gaylord. Residential workforce totals for the county are also concentrated within Gaylord, as indicated within the following table and map.

Map: Daily Commuting Patterns by Minor Civil Division – Otsego County
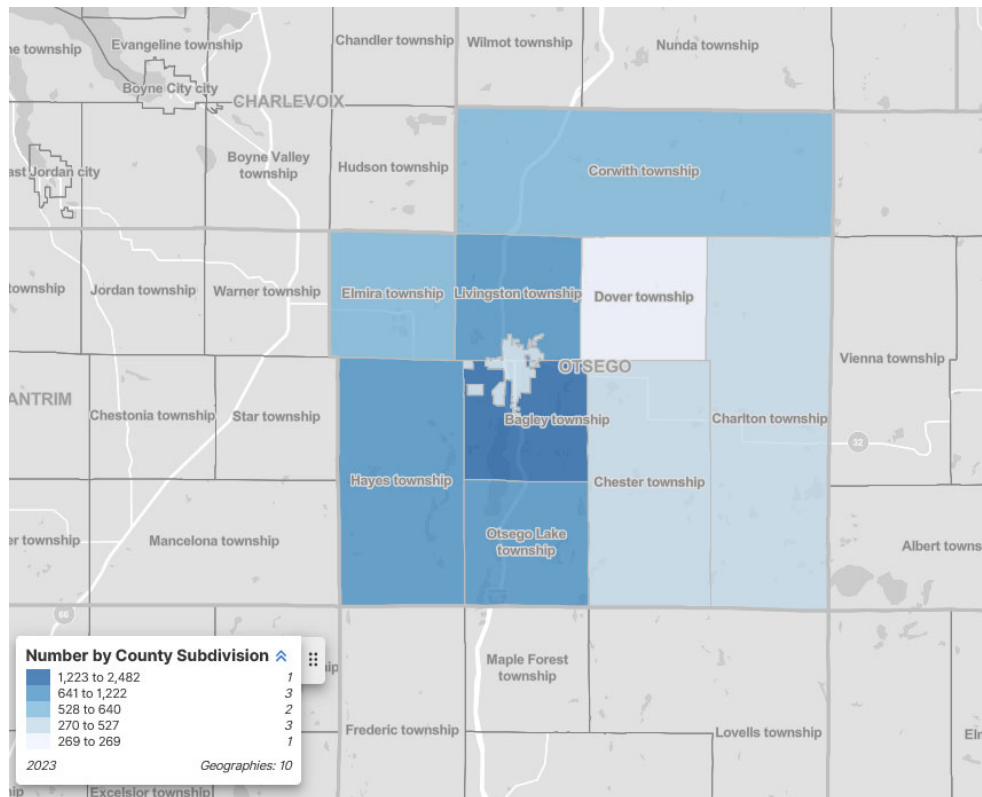
Table: Daily Commuting Patterns

	City of Gaylord	Gaylord Area	Otsego County
Total Population - ACS Estimate	4,307	12,941	25,352
Total Daytime Population	12,379	21,830	35,498
Percent of Total Population	287.4%	168.7%	140.0%
Commuting Population	8,072	8,889	10,146
Percent of Total Population	187.4%	68.7%	40.0%
Resident Workforce	1,481	2,105	3,067
Percent of Total Workforce	73.8%	33.9%	25.8%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

Trends for commuting totals over the past decade reflect an increase in workers from outside of Gaylord, by approximately 32 percent from 2011 – a significant change from 2022, in which the number of commuters was much lower. In addition, local population gains within the

> *Gaylord's daytime population is nearly three times the permanent population, and reflects the city's economic strength and status as a regional retail/service destination point.*

city has resulted in an extremely positive daytime population ratio of 287 percent, based on the latest ACS data. This is nearly identical to the 2022 data, despite sizable gains in both residential population and commuters. Countywide, the local workforce (regardless of commuting status) has increased by 58 percent over the past 12 years; within Gaylord this gain

is 32 percent. These trends are welcome reflections of the community's economic potential, and reflect a significant increase for both the local workforce as well as the overall participation ratio.

Graphic: Residential and Daytime Population Trends

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Daytime Population Trends - Otsego County
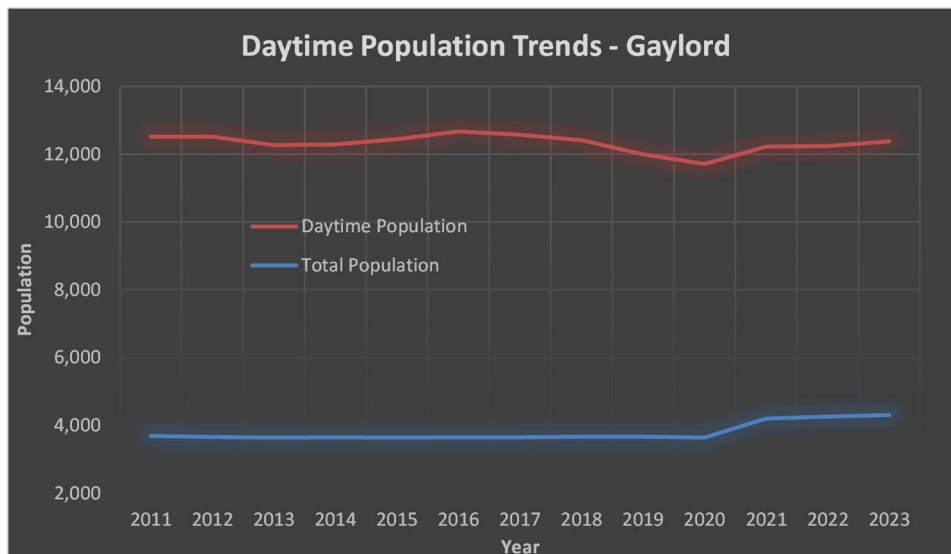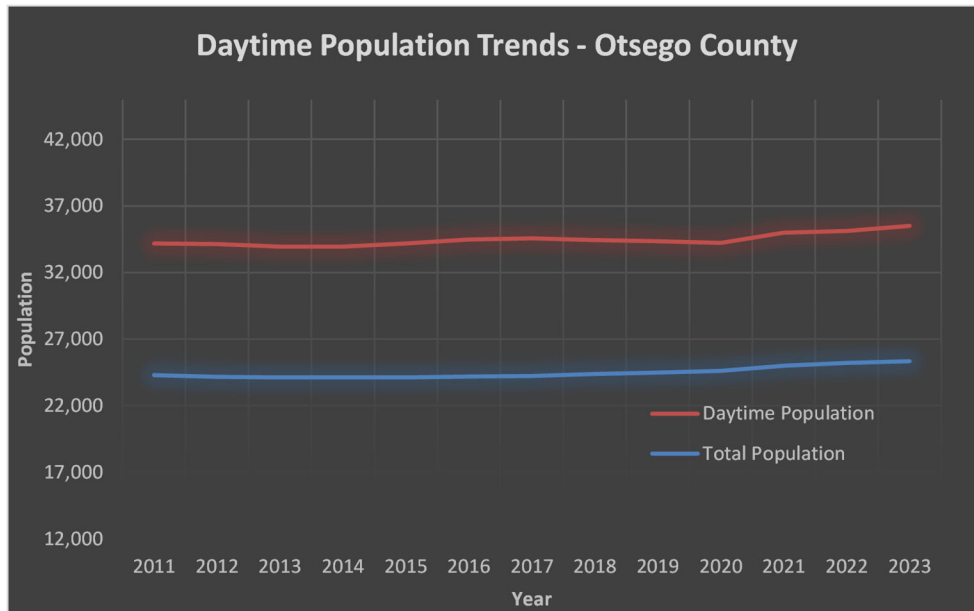
Migration Trends

Migration patterns for persons within Gaylord reflect mostly movement within Otsego County, with a few exceptions. One is a notable movement into the city from Sault Ste. Marie – due to the relocation of jobs for the Soo Locks project. The only other migration pattern into Gaylord is from Antrim County (Mancelona/Elk Rapids). The city's migration pattern reflects mostly outflows across Michigan, with most of this movement local, including Traverse City and other sections of Otsego County (reflecting 42 percent of all outflows from the city). More than 500 persons are estimated to have left Gaylord within 2020, and just over 700 persons nationwide for the same year. This data was collected from the most recent American Community Survey, and does include a surprisingly sizable margin of error. As a large portion of these outflows are simply relocations throughout other sections of Otsego County, the long-term impact upon the local marketplace is perhaps minimal at best.

An examination of migration patterns across Otsego County provides a more complete picture of movership patterns across the region. At the county level, migration patterns are somewhat more moderate, with net positive trends for many of the adjacent counties, as well as the State of Michigan overall. These trends are exhibited within the following data and chart. Positive migration flows are found from Alpena, Crawford, and Antrim Counties, while migration losses are estimated from Grand Traverse and Cheboygan Counties. Overall migration across the State of Michigan is slightly positive, as compared to the significant out migration

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from the city. Overall migration across the nation is also negative for Otsego County, but the county's total is approximately 40 percent less than the patterns for Gaylord itself.

Considering the level of migration on an annual basis is relatively low (representing approximately two percent of the county's overall population), the influence of migration patterns is also low. What is also notable is that the degree of out migration is significantly lower on a percentage basis compared to most other northern Michigan communities, which are losing a higher percentage of local population. Such stability reflects upon the Gaylord area's economic vitality, diverse employment base, and placemaking/community assets. In terms of housing market potential, a lack of housing supply would inhibit more positive migration patterns that may be possible.

The connection between commuting and migration patterns is telling, with a high degree of economic commitment by individuals and families without an associated residential commitment regarding relocation into the Gaylord community, as observed by the available data from the American Community Survey. As discussed previously, the city's daily daytime population totals on average approach 300 percent of the city's permanent population, but measures of a permanent residential commitment to the area, as reflected in the migration patterns illustrated within the following tables and graphics, are mixed at best. Unfortunately, available data does not reflect any post-pandemic trends after 2020/2021, but a pattern of strong commuting/minimal migration has been firmly established throughout the prior decade. With the introduction of new housing options, is it hoped that increased market depth would be reflected with both the commuting patterns and migration trends.

It should be reiterated that the migration data is at the Minor Civil Division and county level, with a high error rate. Even with this consideration, net migration trends are only a small portion of the overall population base (less than two percent of Otsego County's population), but any trend that may impact housing demand potential requires examination.

Graphic: Annual Net Migration – Otsego County
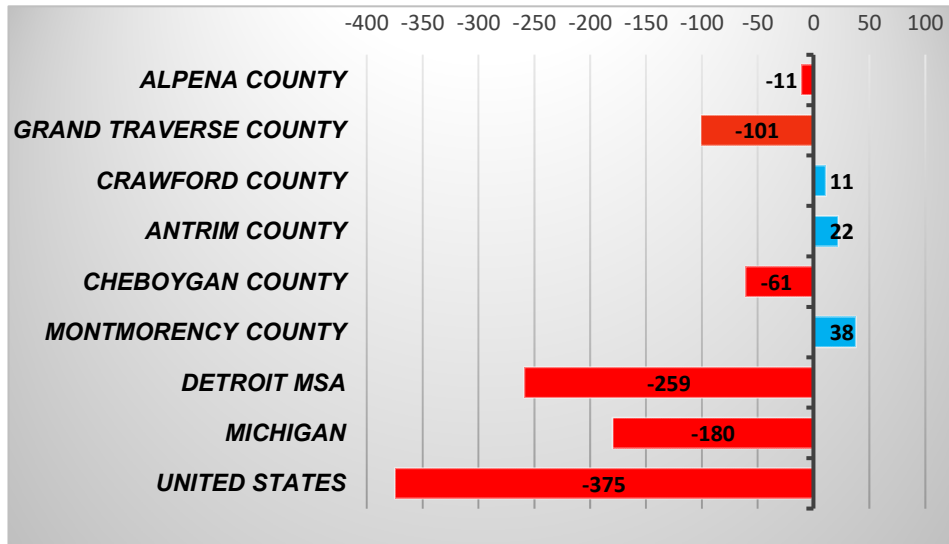
Table: Annual Migration Patterns – Otsego County

	Flow Into Otsego County	Flow Out of Otsego County	Net Migration Otsego County
Alpena County	21	32	-11
Percent of Total	1.4%	1.7%	---
Grand Traverse County	0	101	-101
Percent of Total	0.0%	5.3%	---
Crawford County	129	118	11
Percent of Total	8.4%	6.2%	---
Antrim County	123	101	22
Percent of Total	8.0%	5.3%	---
Cheboygan County	72	133	-61
Percent of Total	4.7%	7.0%	---
Montmorency County	46	8	38
Percent of Total	3.0%	0.4%	---
Detroit MSA	55	314	-259
Percent of Total	3.6%	16.4%	---
Michigan	1,212	1,392	-180
Percent of Total	78.9%	72.8%	---
United States	1,537	1,912	-375
Percent of Total	100.0%	100.0%	---

SOURCE: 2016/2020 American Community Survey, U.S. Census Bureau

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Employment Trends

Labor and employment data collected by the Bureau of Labor Statistics reflects residential employment, regardless of location (inside or outside of Otsego County). Otsego County has exhibited mostly stable employment trends, based on residential employment data collected from the US Bureau of Labor Statistics, with pandemic-related declines nearly offset by new/returning job opportunities. Since the 2008 recession, the county's employment totals have increased by four percent, despite a sharp decline in 2020 attributed to the pandemic's economic impacts. By the end of 2024, assuming trends continue as anticipated, the county's employment levels should reflect the recent highpoint for the Gaylord area.

With the exception of Grand Traverse County, the Gaylord area exhibits the region's most stable labor trends, with a preferrable combination of professional and unskilled occupations available, providing a wide range of employment options for the community's labor force. However, compared to statewide and national levels, the percentage of unemployed for Otsego County has remained slightly higher. The county's unemployment rate for 2023 was recorded at 4.8 percent, much improved from the high level of 10.6 percent recorded in the pandemic-influenced 2020. Since 2014 the annual unemployment rate has remained at or below approximately eight percent (except 2020, as previously mentioned), with declining levels of employment over the past nine years. By comparison, Michigan's unemployment rate was 3.9 percent for 2023, while the national unemployment rate for 2023 was reported at 3.6 percent.

A recent trend of note is the size of the labor force within Otsego County. Nearly all sections of northern Michigan are exhibiting declining employment totals, including both the size of the available labor force as well as the actual number of employees located within individual counties. However, within Otsego County the size of the available labor force has increased since 2012 (with a slight decline after the 2020 pandemic), and the past three years reflect an increase of four percent. Increases in the size of the labor force within individual counties across northern Michigan are very rare, but the diverse composition and strength of the Gaylord area's economy has yielded this gain.

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Graphic: Labor Force Trend – Otsego County
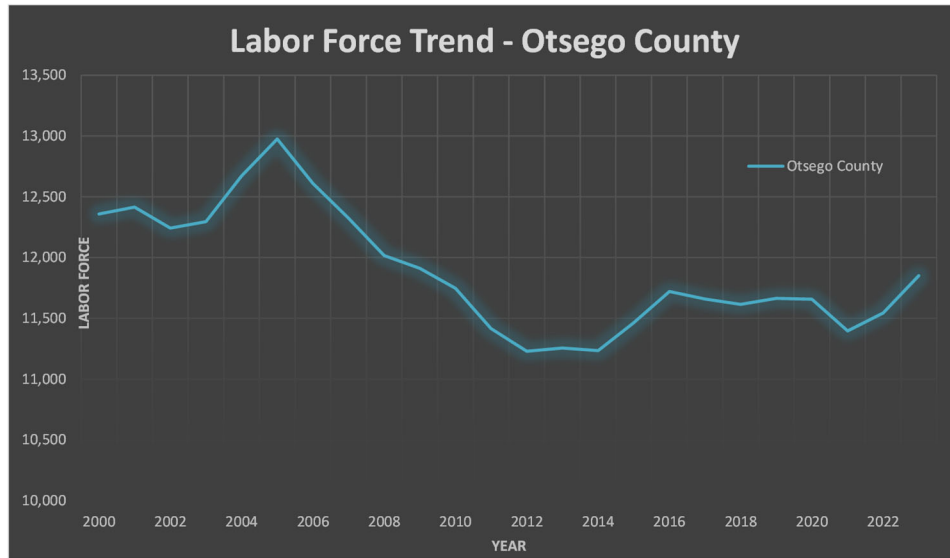
For 2023, the Otsego County employment base totaled 11,284 persons. This level is an increase of more than 1,200 jobs from 2012, reflecting an increase of 12 percent. The pandemic year of 2020 wiped out more than 650 jobs, so the overall gain in employment is somewhat muted as compared to the prior trend for the decade.

Graphic: Area Employment Trends – Otsego County

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32
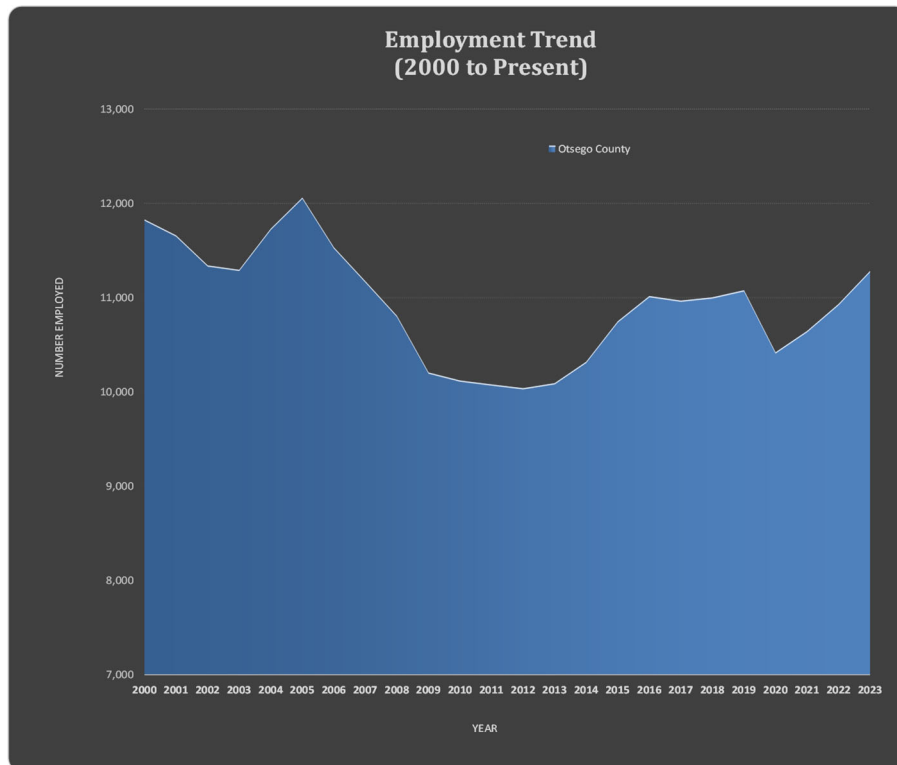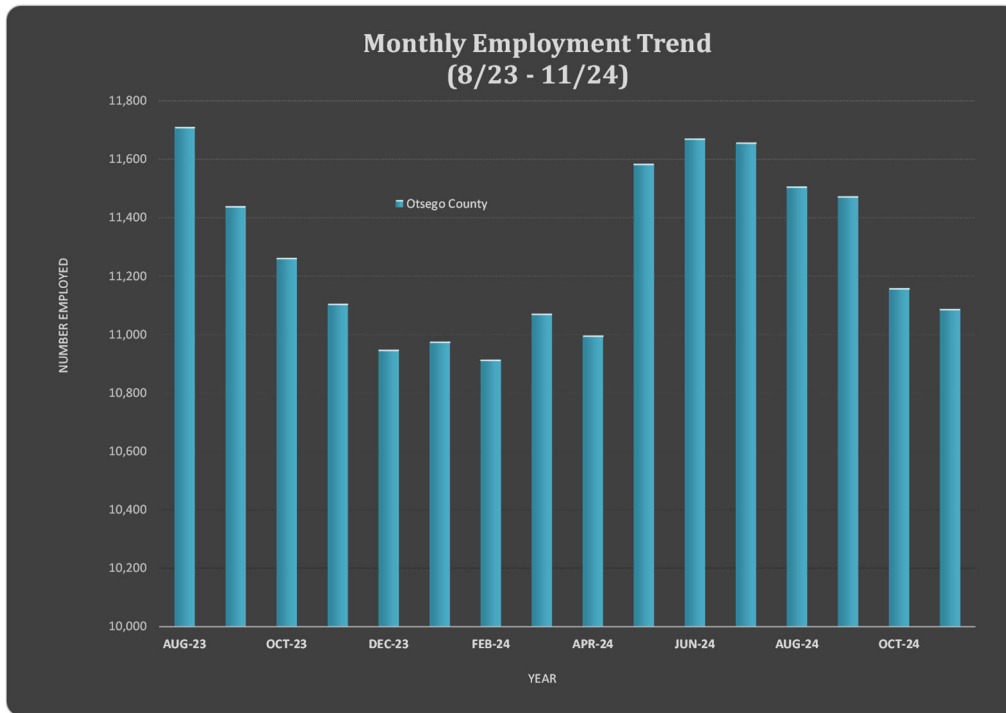
Graphic: Annual Change in Employment

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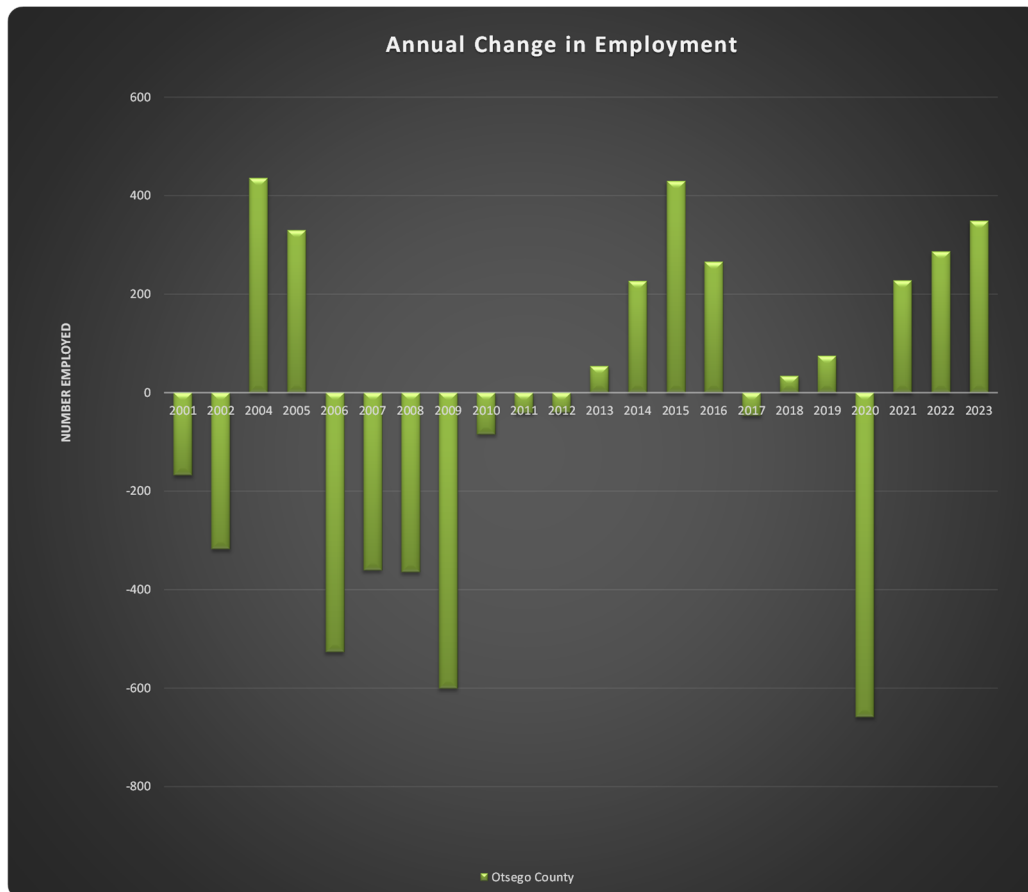
Change in Employment - 8/23 - 11/24
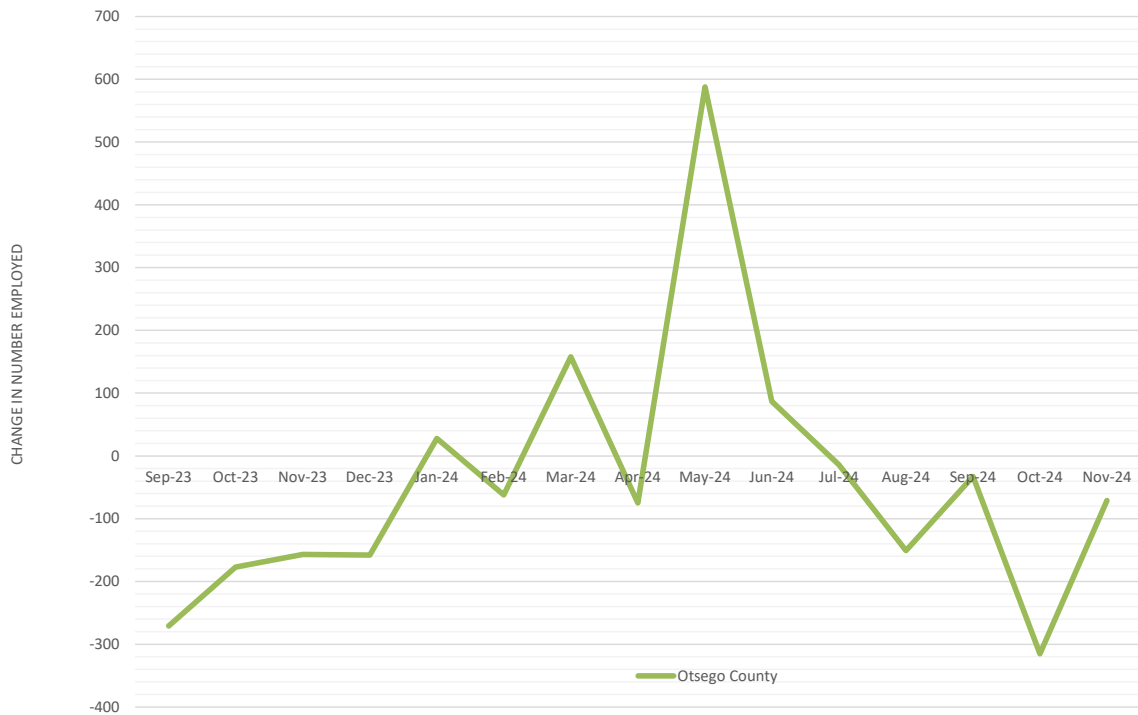
Graphic: Unemployment Rate Comparison

Unemployment Trends
(2000 to Present)
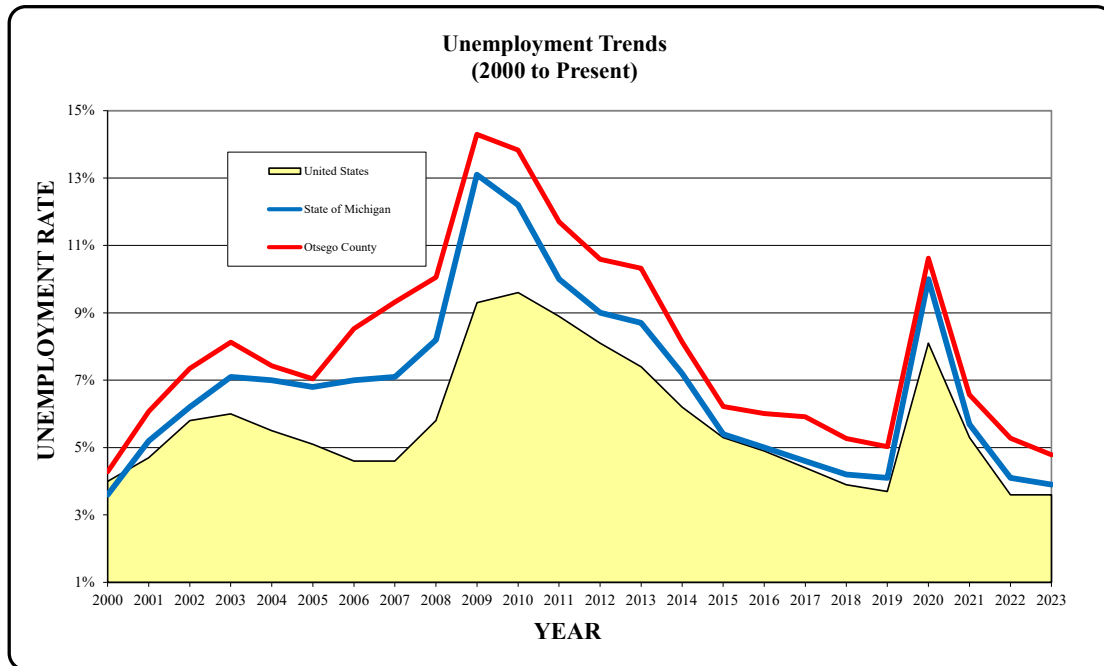
Table: Employment Trends (2000 to Present)

Year	Otsego County				State of Michigan	United States
	Labor Force	*Number Employed*	*Annual Change*	*Unemployment Rate*	*Unemployment Rate*	*Unemployment Rate*
2000	12,359	11,829	---	4.3%	3.6%	4.0%
2001	12,415	11,661	(168)	6.1%	5.2%	4.7%
2002	12,242	11,343	(318)	7.3%	6.2%	5.8%
2003	12,295	11,296	(47)	8.1%	7.1%	6.0%
2004	12,673	11,732	436	7.4%	7.0%	5.5%
2005	12,975	12,062	330	7.0%	6.8%	5.1%
2006	12,610	11,535	(527)	8.5%	7.0%	4.6%
2007	12,323	11,174	(361)	9.3%	7.1%	4.6%
2008	12,017	10,809	(365)	10.1%	8.2%	5.8%
2009	11,911	10,208	(601)	14.3%	13.1%	9.3%
2010	11,748	10,123	(85)	13.8%	12.2%	9.6%
2011	11,417	10,081	(42)	11.7%	10.0%	8.9%
2012	11,229	10,040	(41)	10.6%	9.0%	8.1%
2013	11,256	10,094	54	10.3%	8.7%	7.4%
2014	11,235	10,321	227	8.1%	7.2%	6.2%
2015	11,464	10,751	430	6.2%	5.4%	5.3%
2016	11,721	11,017	266	6.0%	5.0%	4.9%
2017	11,660	10,970	(47)	5.9%	4.6%	4.4%
2018	11,616	11,004	34	5.3%	4.2%	3.9%
2019	11,665	11,079	75	5.0%	4.1%	3.7%
2020	11,658	10,420	(659)	10.6%	10.0%	8.1%
2021	11,397	10,648	228	6.6%	5.7%	5.3%
2022	11,544	10,935	287	5.3%	4.1%	3.6%
2023	11,851	11,284	349	4.8%	3.9%	3.6%
Nov-23	11,552	11,106	---	3.9%	3.3%	3.7%
Nov-24	11,689	11,088	(18)	5.1%	4.8%	4.2%

	Number	*Percent*
Change (2000-Present):	**(545)**	**-4.6%**
Change (2000-2008):	**(1,020)**	**-8.6%**
Change (2008-Present):	**475**	**4.4%**

SOURCE: Bureau of Labor Statistics.

   The Otsego County employment base is increasingly diverse, as compared to most nearby communities as well as prior trends for the Gaylord area. Government positions, professional services, retail trade, manufacturing, and leisure/hospitality options are all found within Gaylord, providing a wide range of employment opportunities for local and regional residents.

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Local Economic Information/Trends

A primary reason for the 2022 report was the May 2022 tornado that caused significant damage the city's commercial establishments and housing stock. Over 40 businesses were

> *The Gaylord area has experienced a significant degree of investment across various sectors, at a level that is surprisingly strong considering the relatively small size of the region – making the Gaylord area a highly attractive economic hub.*

adversely impacted to some degree, and those homes that were damaged were either demolished or repaired, with mostly mobile homes and older and somewhat smaller single-family homes north of the downtown area ultimately removed from the housing stock. Since 2022, the local economy has attracted and number of initiatives that have positively impacted the community. Some of these initiatives have included the following:

- The anticipated completion of Alpen Bluffs, billed as "Michigan's Premier Outdoor Resort", offering RV/motorhome sites, fully furnished luxury cabins (see below), and glamping yurts (a large, circular canvas tent that provides a combination of outdoor living with luxury amenities). When completed, the facility will contain approximately 270 RV/camping sites that are able to serve a wide range of vacation options and lifestyles. Combined with an adjacent water park (Inukshuk Shores - to be completed next year) and golf simulator/bar/restaurant (Mulligans at the Bluffs - currently open), the facility will generate significant tourism/travel activity toward the Gaylord area from across the state and beyond.

- This past July, **Amazon** opened a new distribution center in Gaylord – a 42,500 square foot building within the Gaylord Industrial Park. The operation has created 200 new jobs, and represents an investment within the community of approximately $15 million. Such a facility will further galvanize the Gaylord community's reputation as a commercial hub for northern Michigan.

- **Menards** has opened a store in Gaylord, at 2300 Snowdrift Drive, in March of this past year. Employing approximately 200 persons, the company decided that sufficient market depth was present for their operations, despite the presence of a Home Depot, Lowe's, and other local hardware options.

- Gaylord will benefit from the use of railways to deliver **Ford Motor Company** cars and trucks to local outlets. In an effort to reduce carbon emissions, Ford will now ship vehicles on the **Lake State Railway** to an off-loading facility just outside of Gaylord. Thanks to this arrangement, a partnership with Road Warrior Transport (out of Waters), cars and trucks from as far away as Kentucky will now be delivered to Ford dealerships across northern Michigan and the Upper Peninsula. Improvements to the facility represent a $1 million investment within the private sector.

- **Munson Healthcare** has announced the following investments within their facility in Gaylord:
  - $33.6 million for improvements to the Birthing Center and Acute Care / ICU centers, essentially doubling the size of both of these centers, along with creating additional nursing stations.
  - $15 million toward an ambulatory surgery center

  Both projects have now begun, representing a total investment of $48 million for local healthcare. According to hospital officials, both investments are intended to transform the Gaylord facility to a regional hospital ideally suited for both acute care / in-patient services as well as out-patient options, with the intent to shift the organization's Graying and Charlevoix facilities toward more out-patient services.

- **Saab**, an international manufacturer of munitions and military products, has announced the development of a new facility in nearby Grayling, creating approximately 70 jobs and furthering their investment in the Midwest, providing products for the U.S. Government. The Graying site will be the company's 10th facility within the U.S., and will begin construction shortly. It can be anticipated that retail, services, and housing needs that result from this development will spill over into the Gaylord marketplace.

A great deal of the 2022 report was completed to document the county's housing needs through interviews of local employers and community leaders. As discussed within the original report, these interviews with a number of local employers indicated a common theme regarding the recruitment of new staff and talent – the lack of readily available housing opportunities has made staffing decisions much more difficult than necessary. This is especially true for

managerial staff, skilled workers, and professionals that seek job opportunities or are recruited for open positions, but cannot find a reasonable housing opportunity. Available options, among both homeowner and rental options, are rapidly snapped up or do not exist at sufficient levels. Thus, both major employers and smaller firms within the Gaylord area are obligated to carefully plan and schedule any employment openings, new employees are likely to begin new positions commuting from Traverse City or other adjacent counties, with the strongest candidates for new positions given additional reasons to decline Gaylord-area career opportunities. Such talent-recruitment issues are also present in other areas of northern Michigan, but the Gaylord area's community assets and potential competitive advantages go unutilized if such issues are not addressed. The potential removal of a portion of the permanent housing stock into short-term/vacation rentals is also an increasingly real obstacle regarding the relocation of workers and their families – regardless of the position or wage/income level.

Wages and Income Data

At-Place employment and wage data obtained from the U.S. Census Bureau's Quarterly Census of Employment and Wages (QCEW) provides a current picture of employment distribution within Otsego County (data is only available at the county level). This data measures both public and private sector employment trends that take place within a given county, regardless of the residence of the labor force. This is a different survey as compared to the Bureau of Labor Statistics information presented previously, and reflects local jobs within

Comparisons between the residential labor force and at-place labor force reflect the county's diverse employment base and combination of local and regional employment options

Otsego County, regardless of the residence of the worker. As can be seen within the figures on the following pages, over the past ten years Trade/Transportation/Utilities positions remain the largest industry sector for the county, despite a three percent decline in the number of jobs between 2013 and 2023. In 2023, this sector represented 29 percent of the county's labor force.

Education/Healthcare jobs represented 18 percent of 2023 employment, a slight decline from 2013. Leisure/Hospitality employment accounted for 15 percent of the total, while manufacturing jobs represented 10 percent of employment for 2023. Three sectors reported declines in employment, but these losses were not significant. However, manufacturing and construction jobs increased significantly over the past decade (more than 600 positions), a gain

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in employment opportunities for blue-collar positions that are generally not found in other sections of northern Michigan. Such diversity in regard to local employment options is highly desirable, as such trends result in a wide degree of economic stability, wage gains, and employment growth across all industries and occupations, rather than just specific job sectors. Overall, public and private employment has increased by 14 percent between 2013 and 2023 – despite a sizable drop in employment totals in 2020 due to the pandemic.

An alternative way to illustrate employment trends within Otsego County is a comparison of residential employment compared to at-place employment. Both statistics are collected by the U.S. Department of Labor, but are collected within separate surveys and are not meant for extensive comparisons. However, in a broad sense the total number of residential employment jobs, regardless of location (11,284 jobs, as of 2023) as compared to at-place employment (10,825 jobs, also as of 2023) also points to the city's focus as an employment center for Otsego County, with the additional influx of workers from other adjacent areas of northern Michigan. Existing transportation routes within Otsego County help facilitate the flow of workers and other visitors to the Gaylord area, helping the community maintain a generally diverse set of employment options, from which continued economic growth can be established.

Leisure/Hospitality positions currently offer the lowest average wages within the county ($24,934 in 2023). The highest average annual wages within Otsego County are found within the finance sector ($80,180) and construction sector ($72,332). Overall private-sector wages have increased over the past ten years, as the private sector average annual wage in 2023 was $50,264. Since 2013 this reflects an average annual rate of increase of 4.4 percent, which is somewhat higher than statewide trends.

For housing market trends to address the most attractive target market segments, the gaps within the housing stock need to be identified and addressed, with the goal of providing the widest range possible of housing choices that will attract potential residents from across the region. The broadest available housing stock serves the broadest possible resident base. The identification of such gaps in the housing stock will then provide local housing leaders/developers with potential pricing and amenities that would make the local housing stock ideally competitive with neighboring communities.

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Table: Otsego County - Employment by Industry – 2013 to 2023

Employment Categories by Industry	2013		2023		*% Change*
	Number Employed	**Percent**	**Number Employed**	**Percent**	
Construction	398	4.2%	760	7.0%	*91.0%*
Manufacturing	750	7.9%	1,027	9.5%	*36.9%*
Natural Resources and Mining	363	3.8%	335	3.1%	*-7.7%*
Total Production:	**1,511**	**15.9%**	**2,122**	**19.6%**	*40.4%*
Education and Health Services	1,953	20.5%	1,913	17.7%	*-2.0%*
Financial Activities	288	3.0%	535	4.9%	*85.8%*
Information	69	0.7%	76	0.7%	*10.1%*
Leisure and Hospitality	1,431	15.1%	1,622	15.0%	*13.3%*
Other Services	441	4.6%	500	4.6%	*13.4%*
Professional and Business Services	448	4.7%	409	3.8%	*-8.7%*
Trade, Transportation, and Utilities	2,941	30.9%	3,134	29.0%	*6.6%*
Public Administration	423	4.5%	514	4.7%	*21.5%*
Total Services:	**7,994**	**84.1%**	**8,703**	**80.4%**	*8.9%*
Overall Total:	**9,505**	**100%**	**10,825**	**100%**	*13.9%*
SOURCE: Bureau of Labor Statistics.					

TOTAL AT-PLACE EMPLOYMENT TRENDS - 2013-2023

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40

Graphic: Employment by Industry Trends 2013-2023
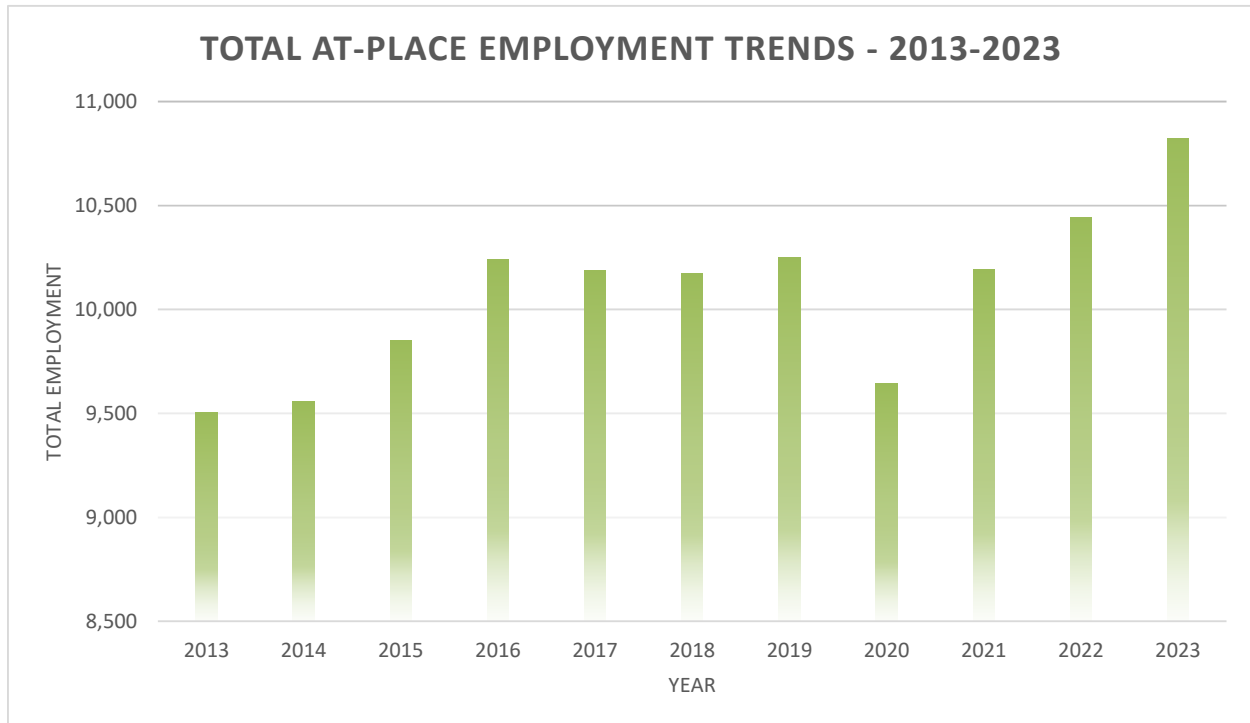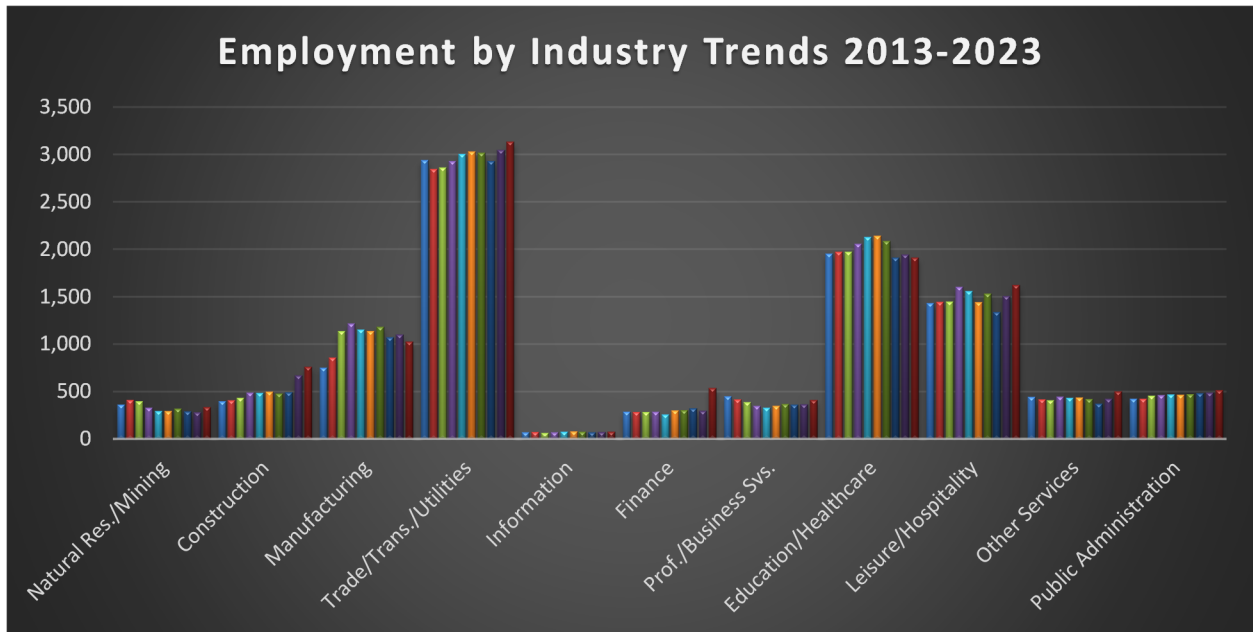
Graphic: Employment by Industry Breakdown – Otsego County

Employment by Industry - 2023

Total At-Place Employment By Sector - 2013-2023
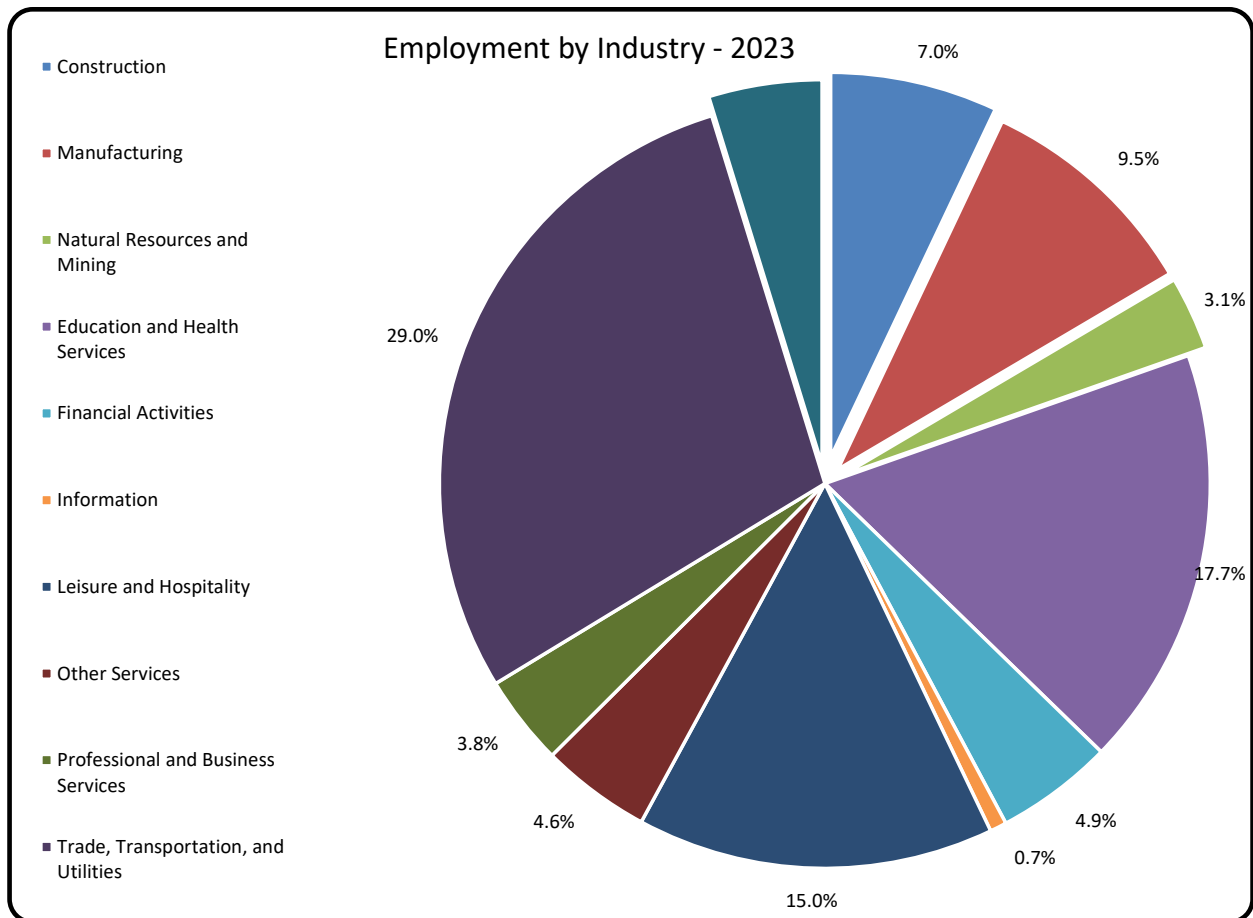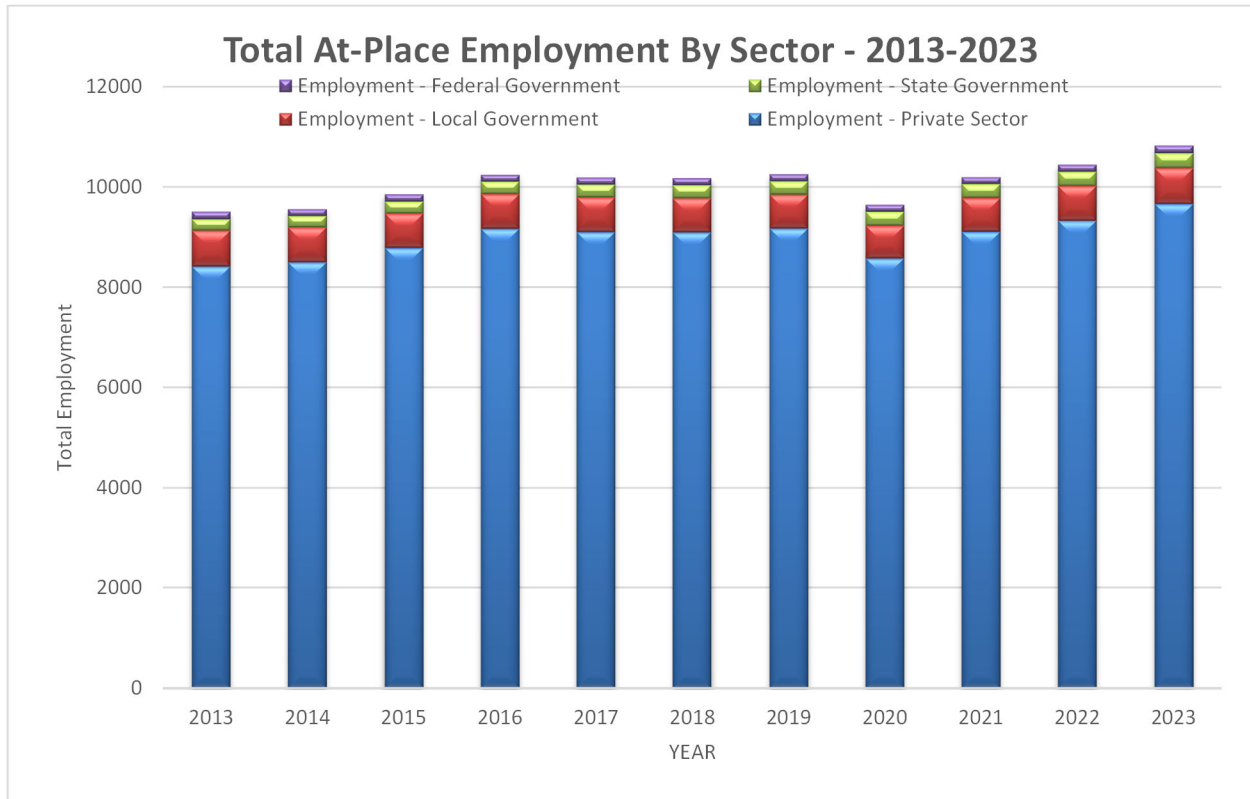
Table: Otsego County Wage Trends by Industry – 2013 to 2023

Private Employment Categories by Industry	*Average Annual Pay - 2013*	*Average Annual Pay - 2023*	*% of Overall Average - 2023*	*Total % Change - 2013-2023*	*Average Annual % Change - 2013-2023*
Construction	$36,653	$72,332	*43.9%*	*97.3%*	*7.0%*
Education and Health Services	$42,432	$56,104	*11.6%*	*32.2%*	*2.8%*
Financial Activities	$44,842	$80,180	*59.5%*	*78.8%*	*6.0%*
Information	$56,978	$56,838	*13.1%*	*-0.2%*	*0.0%*
Leisure and Hospitality	$14,365	$24,934	*-50.4%*	*73.6%*	*5.7%*
Manufacturing	$46,437	$67,094	*33.5%*	*44.5%*	*3.7%*
Natural Resources and Mining	$58,726	$57,567	*14.5%*	*-2.0%*	*-0.2%*
Other Services	$27,986	$44,516	*-11.4%*	*59.1%*	*4.8%*
Professional and Business Services	$35,653	$57,304	*14.0%*	*60.7%*	*4.9%*
Trade, Transportation, and Utilities	$28,565	$43,904	*-12.7%*	*53.7%*	*4.4%*
Overall Average	**$32,769**	**$50,264**	*---*	*53.4%*	*4.4%*

SOURCE: Bureau of Labor Statistics.

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Wage Trends by Sector - 2013-2023

Federal Government
State Government
Local Government
Private Sector

Wage Trends by Production Industries - 2013-2023

Overall (Private)
Natural Res./Mining
Construction
Manufacturing
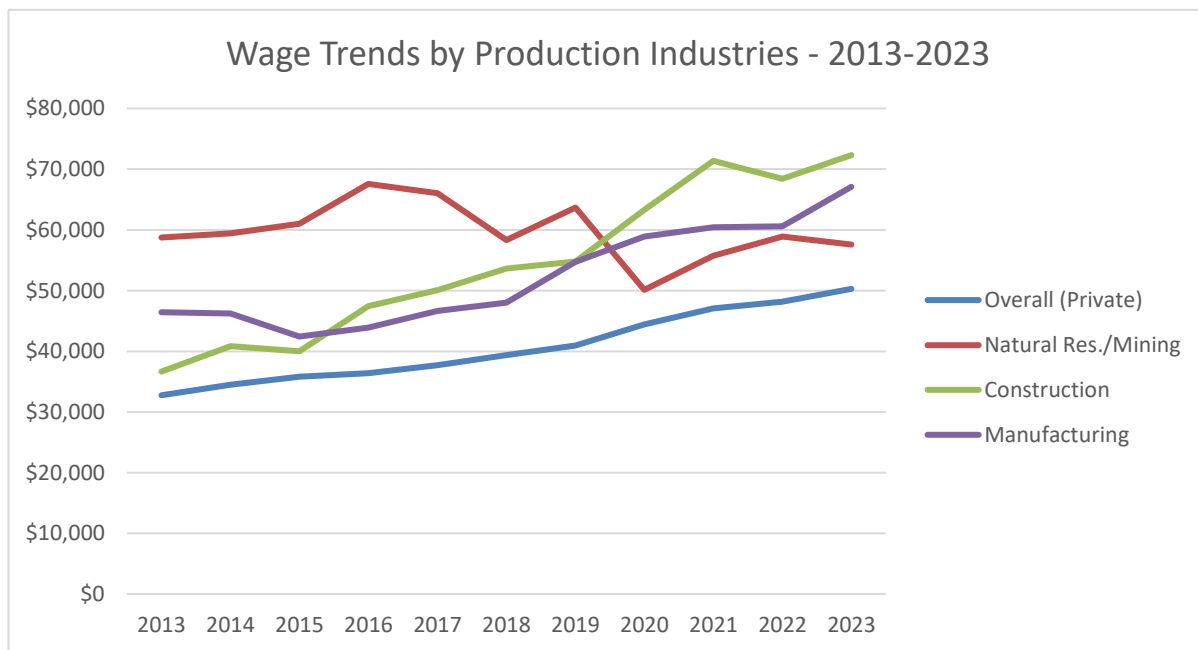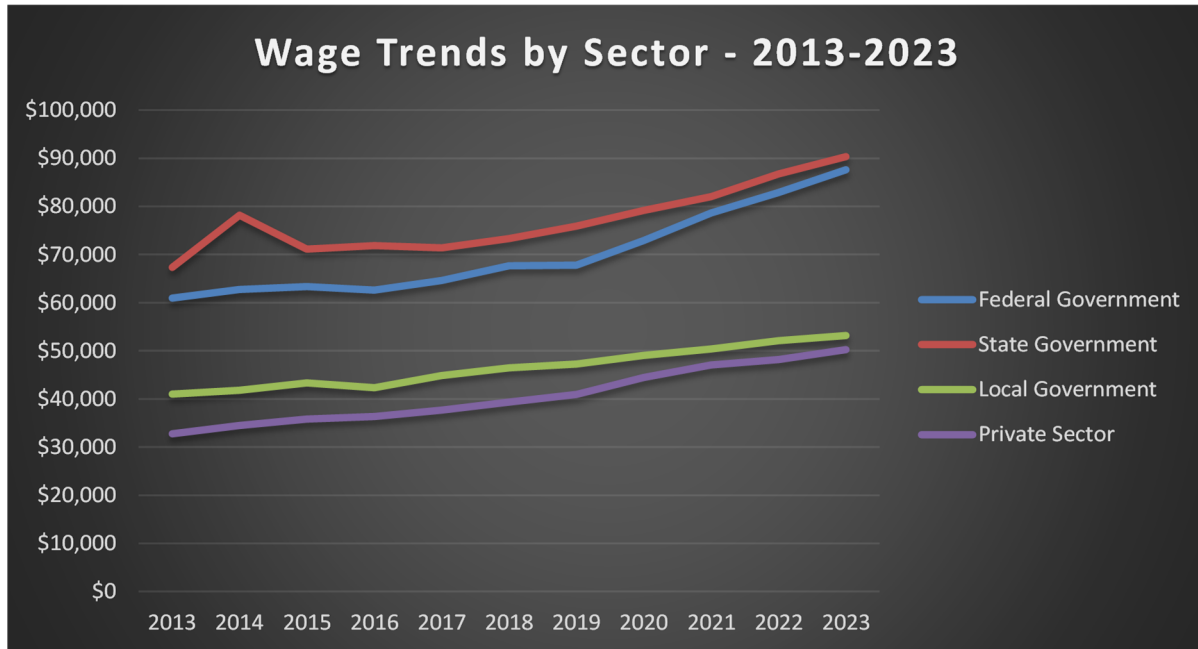
The most sizable increases in wage levels were found within the blue-collar segments (manufacturing and construction), along with financial activities on the services side. The size of the financial services segment is notably smaller, however. All but two employment categories have demonstrated continued wage/income appreciation, particularly over the past three years.

The 2022 report determined that the local economy was perhaps one of the strongest and most diverse across northern Michigan; this update confirms these trends, with ongoing wage

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increases, continued employment diversity, and improvements within the community's labor force and employment totals. Commuting patterns remain favorable, with one of the strongest ratios of regional commuters to existing local population totals found across northern Michigan.

Wage Trends by Service Industries - 2013-2023

EMPLOYMENT DIFFERENTIAL - OTSEGO COUNTY
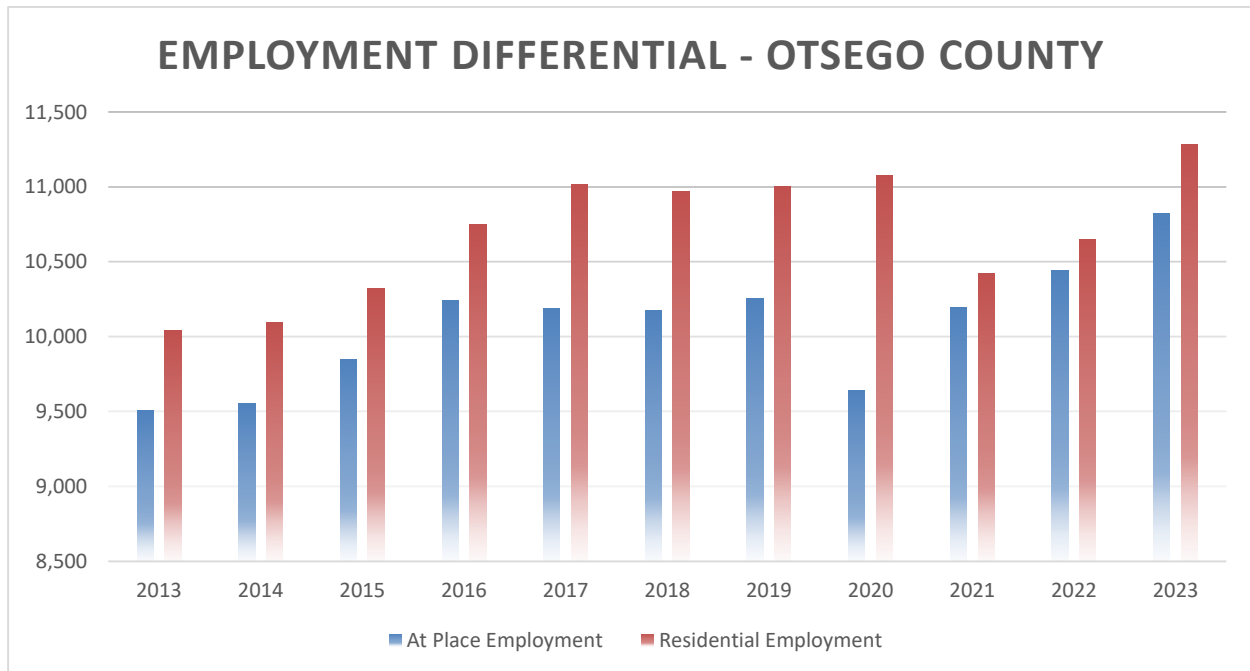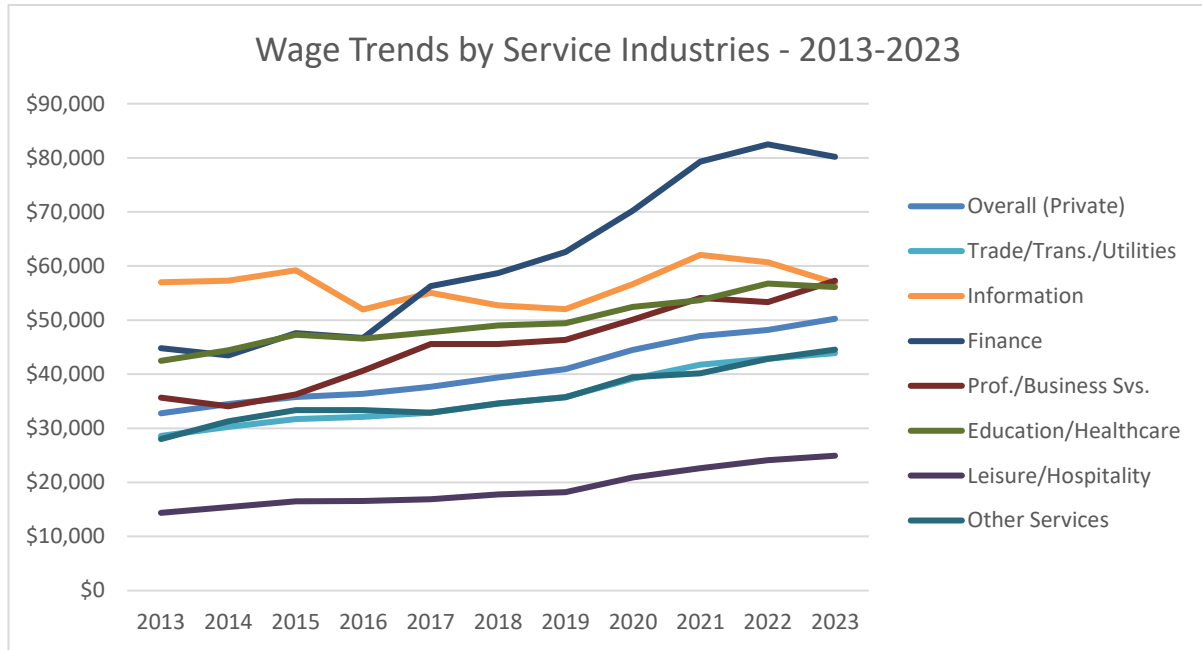
Population Trends

Population trends within the Gaylord area and across Otsego County are forecast to vary little, with stable population trends anticipated for the balance of the decade, according to projections from ESRI. By 2029, the Gaylord area's population is projected to total 12,982 persons, reflecting an increase of one percent from 2020. Across the county, population totals will increase by 2029, as the combination of births, deaths, and net migration will result in population stability for the foreseeable future.

Table: Population Trends (2010 to 2029)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Population	**3,629**	**2,810**	**12,056**	**21,354**	**24,164**
2020 Population	**4,266**	**2,805**	**12,805**	**22,286**	**25,091**
Percent Change (2010-2020)	0.1%	3.2%	1.5%	3.1%	3.1%
Average Annual Change (2010 to 2020)	1.6%	0.0%	0.6%	0.4%	0.4%
2024 Population Estimate	**4,291**	**2,884**	**13,005**	**22,816**	**25,700**
Percent Change (from 2020)	0.6%	2.8%	1.6%	2.4%	2.4%
Average Annual Change (2020 to 2024)	0.1%	0.7%	0.4%	0.6%	0.6%
2027 Population Forecast	**4,270**	**2,896**	**12,991**	**22,976**	**25,872**
Percent Change (from 2020)	0.1%	3.2%	1.5%	3.1%	3.1%
Average Annual Change (2020 to 2027)	0.0%	0.5%	0.2%	0.4%	0.4%
2029 Population Forecast	**4,256**	**2,904**	**12,982**	**23,082**	**25,986**
Percent Change (from 2020)	-0.2%	3.5%	1.4%	3.6%	3.6%
Average Annual Change (2020 to 2029)	0.0%	0.4%	0.2%	0.4%	0.4%

SOURCE: 2010/2020 Census of Population and Housing, U.S. Census Bureau; ESRI Business Analyst.

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

> *Growth in senior population, due to both aging in place and migration, represents the primary demographic change in the Gaylord area.*

The ideal distribution of age within a community has the largest concentrations among the younger adults and non-adult populations, which transition into increasing household totals and family creation, while allowing older adults to age in place. Within the Gaylord area, the young adult and older adult segments are similar in size, between 29 percent and 26 percent, as of 2020. Non-adults (less than age 20) also represented a sizable portion of the area's total, at 25 percent.

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45

Seniors within the area in 2020 accounted for 20 percent of the local population, the smallest segment at that time.

According to ESRI forecasts, by 2029 the size of each age cohort will be much more similar. Across the Gaylord area, the three adult cohorts will be generally similar in concentration due to a sharp increase in seniors, while the number of children across the region will decline by 11 percent. This shift in population is a combination of locals aging in place and an influx of seniors of various ages and degrees of living. The concentration of seniors projected for 2029 is actually greater across Otsego County as well as the city, reflective of an anticipated influx of seniors to the area along with sizable aging in place by the local population.

Correspondingly, the non-senior population will continue to slowly decline for the county overall, with the Gaylord area and the city demonstrating the highest declines, with non-seniors projected to represent 76 percent of the 2029 population. A portion of these trends are due to increased group quarters population, but from an overall standpoint such trends are a reflection of aging in place and migration by older adults. These trends are more moderate within the rural sections of Otsego County, which feature greater concentrations of family households with children.

Graphic: Otsego County - Age Distribution (2020 to 2029)
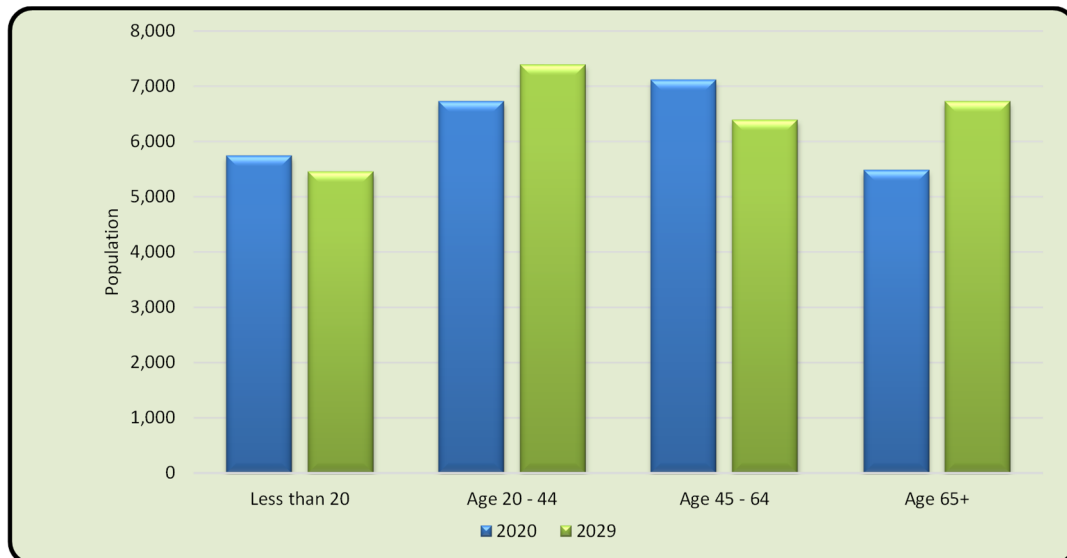
In comparison to other communities across northern Michigan, the Gaylord area exhibits positive growth among young adult cohort (age 20 to 44). Most rural sections of Michigan struggle to retain young adult households, which represent the primary source of labor and

economic potential for any given community. In terms of nearby communities, only Sault Ste. Marie and Traverse City exhibit such favorable trends, which are most complementary for the continuation of stable employment and school enrollment levels.

Table: Age Distribution (2020 to 2029)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Age Less than 20 - 2020	**1,058**	**632**	**3,135**	**5,115**	**5,747**
Percent of total 2020 population	24.8%	22.5%	24.5%	23.0%	22.9%
Age Between 20 and 44 - 2020	**1,390**	**713**	**3,744**	**6,019**	**6,732**
Percent of total 2020 population	32.6%	25.4%	29.2%	27.0%	26.8%
Age Between 45 and 64 - 2020	**916**	**862**	**3,336**	**6,262**	**7,124**
Percent of total 2020 population	21.5%	30.7%	26.1%	28.1%	28.4%
Age 65 and Over - 2020	**902**	**598**	**2,590**	**4,890**	**5,488**
Percent of total 2020 population	21.1%	21.3%	20.2%	21.9%	21.9%
Age Less than 20 - 2029	**912**	**556**	**2,789**	**4,903**	**5,459**
Percent of total 2029 population	21.4%	19.1%	21.5%	21.2%	21.0%
Percent change (2020 to 2029)	-13.8%	-12.0%	-11.0%	-4.1%	-5.0%
Average Annual Change (2020 to 2029)	-1.6%	-1.4%	-1.3%	-0.5%	-0.6%
Age Between 20 and 44 - 2029	**1,425**	**816**	**3,988**	**6,581**	**7,397**
Percent of total 2029 population	33.5%	28.1%	30.7%	28.5%	28.5%
Percent change (2020 to 2029)	2.5%	14.4%	6.5%	9.3%	9.9%
Average Annual Change (2020 to 2029)	0.3%	1.5%	0.7%	1.0%	1.1%
Age Between 45 and 64 - 2029	**896**	**768**	**3,021**	**5,629**	**6,397**
Percent of total 2029 population	21.1%	26.4%	23.3%	24.4%	24.6%
Percent change (2020 to 2029)	-2.2%	-10.9%	-9.4%	-10.1%	-10.2%
Average Annual Change (2020 to 2029)	-0.2%	-1.3%	-1.1%	-1.2%	-1.2%
Age 65 and Over - 2029	**1,023**	**764**	**3,184**	**5,969**	**6,733**
Percent of total 2029 population	24.0%	26.3%	24.5%	25.9%	25.9%
Percent change (2020 to 2029)	13.4%	27.8%	22.9%	22.1%	22.7%
Average Annual Change (2020 to 2029)	1.4%	2.8%	2.3%	2.2%	2.3%

SOURCE: 2020 Census of Population and Housing, U.S. Census Bureau; ESRI Business Analyst.

Graphic: Senior Population Trends/Projections – Otsego County

Table: Senior Population Trends (2010 to 2029)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Senior Population (55 years and Over)	**1,105**	**912**	**3,382**	**6,653**	**7,565**
Percent of total 2010 population	30.4%	31.6%	26.0%	29.2%	29.4%
2020 Senior Population (55 years and Over)	**1,404**	**1,072**	**4,429**	**8,369**	**9,441**
Percent of total 2020 population	32.9%	38.2%	34.6%	37.6%	37.6%
Percent change (2010 to 2020)	27.1%	17.5%	31.0%	25.8%	24.8%
Average Annual Change (2010 to 2020)	2.4%	1.6%	2.7%	2.3%	2.2%
2024 Senior Population (55 years and Over)	**1,437**	**1,135**	**4,685**	**8,764**	**9,899**
Percent of total 2024 population	33.5%	39.4%	36.0%	38.4%	38.5%
Percent change (2020 to 2024)	2.4%	5.9%	5.8%	4.7%	4.9%
Average Annual Change (2020 to 2024)	0.6%	1.4%	1.4%	1.2%	1.2%
2027 Senior Population (55 years and Over)	**1,453**	**1,165**	**4,711**	**8,897**	**10,062**
Percent of total 2027 population	34.0%	40.2%	36.3%	38.7%	38.9%
Percent change (2020 to 2027)	3.5%	8.7%	6.4%	6.3%	6.6%
Average Annual Change (2020 to 2027)	0.5%	1.2%	0.9%	0.9%	0.9%
2029 Senior Population (55 years and Over)	**1,464**	**1,185**	**4,729**	**8,985**	**10,170**
Percent of total 2029 population	34.4%	40.8%	36.4%	38.9%	39.1%
Percent change (2020 to 2029)	4.3%	10.5%	6.8%	7.4%	7.7%
Average Annual Change (2020 to 2029)	0.5%	1.1%	0.7%	0.8%	0.8%
2010 Senior Population (65 years and Over)	**729**	**503**	**1,857**	**3,611**	**4,114**
Percent of total 2010 population	20.1%	17.9%	15.4%	16.9%	17.0%
2020 Senior Population (65 years and Over)	**902**	**598**	**2,590**	**4,890**	**5,488**
Percent of total 2020 population	21.1%	21.3%	20.2%	21.9%	21.9%
Percent change (2010 to 2020)	23.7%	18.9%	39.5%	35.4%	33.4%
Average Annual Change (2010 to 2020)	2.2%	1.7%	3.4%	3.1%	2.9%
2024 Senior Population (65 years and Over)	**938**	**675**	**2,887**	**5,379**	**6,054**
Percent of total 2024 population	21.9%	23.4%	22.2%	23.6%	23.6%
Percent change (2020 to 2024)	4.0%	12.9%	11.5%	10.0%	10.3%
Average Annual Change (2020 to 2024)	1.0%	3.1%	2.8%	2.4%	2.5%
2027 Senior Population (65 years and Over)	**989**	**728**	**3,065**	**5,733**	**6,461**
Percent of total 2027 population	23.2%	25.2%	23.6%	25.0%	25.0%
Percent change (2020 to 2027)	9.6%	21.8%	18.3%	17.2%	17.7%
Average Annual Change (2020 to 2027)	1.3%	2.9%	2.4%	2.3%	2.4%
2029 Senior Population (65 years and Over)	**1,023**	**764**	**3,184**	**5,969**	**6,733**
Percent of total 2029 population	24.0%	26.3%	24.5%	25.9%	25.9%
Percent change (2020 to 2029)	13.4%	27.8%	22.9%	22.1%	22.7%
Average Annual Change (2020 to 2029)	1.4%	2.8%	2.3%	2.2%	2.3%
2010 Senior Population (75 years and Over)	**447**	**193**	**913**	**1,632**	**1,825**
Percent of total 2010 population	12.3%	6.9%	7.6%	7.6%	7.6%
2020 Senior Population (75 years and Over)	**453**	**215**	**1,123**	**1,983**	**2,198**
Percent of total 2020 population	10.6%	7.7%	8.8%	8.9%	8.8%
Percent change (2010 to 2020)	1.3%	11.4%	23.0%	21.5%	20.4%
Average Annual Change (2010 to 2020)	0.1%	1.1%	2.1%	2.0%	1.9%
2024 Senior Population (75 years and Over)	**459**	**271**	**1,304**	**2,311**	**2,582**
Percent of total 2024 population	10.7%	9.4%	10.0%	10.1%	10.0%
Percent change (2020 to 2024)	1.3%	26.0%	16.1%	16.5%	17.5%
Average Annual Change (2020 to 2024)	0.3%	6.0%	3.8%	3.9%	4.1%
2027 Senior Population (75 years and Over)	**480**	**306**	**1,413**	**2,551**	**2,857**
Percent of total 2027 population	11.2%	10.6%	10.9%	11.1%	11.0%
Percent change (2020 to 2027)	6.0%	58.4%	54.7%	56.3%	56.5%
Average Annual Change (2020 to 2027)	0.8%	5.2%	3.3%	3.7%	3.8%
2029 Senior Population (75 years and Over)	**494**	**329**	**1,485**	**2,711**	**3,040**
Percent of total 2029 population	11.6%	11.3%	11.4%	11.7%	11.7%
Percent change (2020 to 2029)	9.1%	53.0%	32.2%	36.7%	38.3%
Average Annual Change (2020 to 2029)	1.0%	4.8%	3.2%	3.5%	3.7%

SOURCE: 2010/2020 Census of Population and Housing, U.S. Census Bureau; ESRI Business Analyst.

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Graphic: Senior/Non-Senior Population – Otsego County

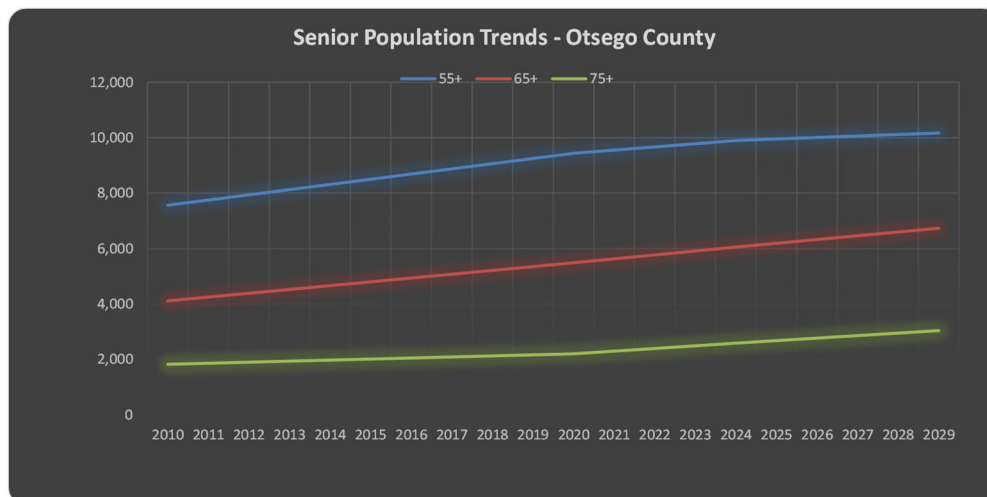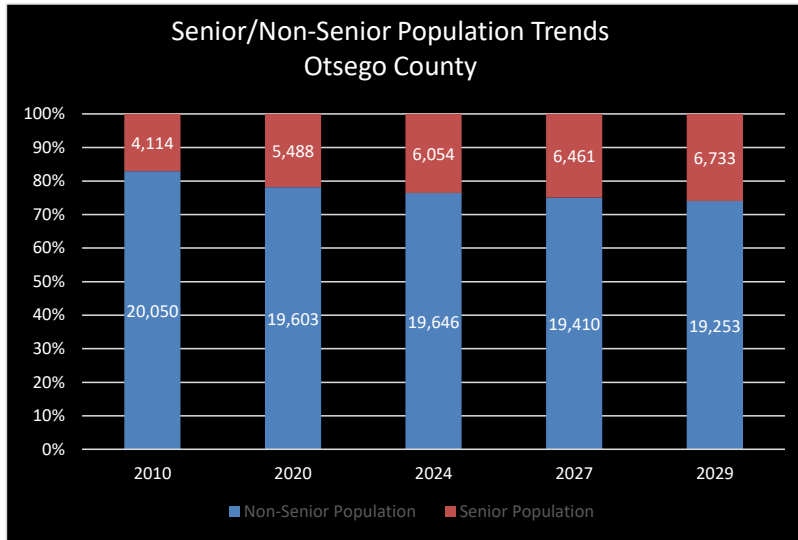## Table: Senior/Non-Senior Population Trends (2010 to 2029)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Non-Senior Population	**2,900**	**2,307**	**10,199**	**17,743**	**20,050**
Percent of total 2010 population	79.9%	82.1%	84.6%	83.1%	83.0%
2020 Non-Senior Population	**3,364**	**2,207**	**10,215**	**17,396**	**19,603**
Percent of total 2020 population	78.9%	78.7%	79.8%	78.1%	78.1%
Percent change (2010 to 2020)	16.0%	-4.3%	0.2%	-2.0%	-2.2%
2024 Non-Senior Population	**3,353**	**2,209**	**10,118**	**17,437**	**19,646**
Percent of total 2024 population	78.1%	76.6%	77.8%	76.4%	76.4%
Percent change (2020 to 2024)	-0.3%	0.1%	-0.9%	0.2%	0.2%
2027 Non-Senior Population	**3,281**	**2,168**	**9,926**	**17,243**	**19,410**
Percent of total 2027 population	76.8%	74.8%	76.4%	75.0%	75.0%
Percent change (2020 to 2027)	-2.5%	-1.8%	-2.8%	-0.9%	-1.0%
2029 Non-Senior Population	**3,233**	**2,140**	**9,798**	**17,113**	**19,253**
Percent of total 2029 population	76.0%	73.7%	75.5%	74.1%	74.1%
Percent change (2020 to 2029)	-3.9%	-3.0%	-4.1%	-1.6%	-1.8%
2010 Senior Population (65 years and Over)	**729**	**503**	**1,857**	**3,611**	**4,114**
Percent of total 2010 population	20.1%	17.9%	15.4%	16.9%	17.0%
2020 Senior Population (65 years and Over)	**902**	**598**	**2,590**	**4,890**	**5,488**
Percent of total 2020 population	21.1%	21.3%	20.2%	21.9%	21.9%
Percent change (2010 to 2020)	23.7%	18.9%	39.5%	35.4%	33.4%
2024 Senior Population (65 years and Over)	**938**	**675**	**2,887**	**5,379**	**6,054**
Percent of total 2024 population	21.9%	23.4%	22.2%	23.6%	23.6%
Percent change (2020 to 2024)	4.0%	12.9%	11.5%	10.0%	10.3%
2027 Senior Population (65 years and Over)	**989**	**728**	**3,065**	**5,733**	**6,461**
Percent of total 2027 population	23.2%	25.2%	23.6%	25.0%	25.0%
Percent change (2020 to 2027)	9.6%	21.8%	18.3%	17.2%	17.7%
2029 Senior Population (65 years and Over)	**1,023**	**764**	**3,184**	**5,969**	**6,733**
Percent of total 2029 population	24.0%	26.3%	24.5%	25.9%	25.9%
Percent change (2020 to 2029)	13.4%	27.8%	22.9%	22.1%	22.7%

SOURCE: 2010/2020 Census STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

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Another way to illustrate population shifts is to use a population pyramid, to reflect individual age group concentrations and shifts in how these groups move over time. The pyramid below is for Otsego County, with sizable segments that reflect both the Baby Boom generation and the Millennials. Over time, nearly all of the Baby Boom generation ages in place locally; the Millennials, however, appear to dissipate as the pyramid shifts from 2020 to 2029. This visualization also illustrates the increasing imbalance within the market area (along with most of Michigan) in regard to increasing burdens placed upon a shrinking workforce.

While these trends are not ideal for the Gaylord area, please note that the prevailing population trends are still much more favorable than many northern Michigan communities, in which the number of seniors and households headed by a senior citizen are to the point that school districts are rapidly depopulating, tax base issues are becoming prevalent, and the number of retail/service outlets and their composition/target market is shifting toward the senior segment. The implications for those communities are very serious into the next two decades in regard to local labor force, the availability of certain services, and the community's ability to provide public services. Otsego County is not remotely close to these conditions, but the foundation for such dramatic changes is being made today – thus the importance of a more balanced housing stock that would stabilize the population around a combination of families, singles, and seniors.

Graphic: Population Pyramids by Sex – Gaylord

Age	City of Gaylord 2020 Male	Female		Age	City of Gaylord 2024 Male	Female		Age	City of Gaylord 2029 Male	Female
85+	55	129		85+	45	116		85+	50	103
80 - 84	31	93		80 - 84	35	71		80 - 84	51	86
75 - 79	54	91		75 - 79	79	113		75 - 79	87	117
70 - 74	81	130		70 - 74	89	127		70 - 74	93	169
65 - 69	101	137		65 - 69	116	147		65 - 69	115	152
60 - 64	129	130		60 - 64	140	124		60 - 64	129	112
55 - 59	118	125		55 - 59	116	119		55 - 59	83	117
50 - 54	110	103		50 - 54	101	118		50 - 54	105	117
45 - 49	94	107		45 - 49	112	118		45 - 49	117	116
40 - 44	115	117		40 - 44	129	115		40 - 44	114	110
35 - 39	131	139		35 - 39	130	136		35 - 39	151	142
30 - 34	144	145		30 - 34	161	139		30 - 34	153	144
25 - 29	153	165		25 - 29	149	151		25 - 29	161	140
20 - 24	139	142		20 - 24	177	144		20 - 24	149	161
15 - 19	140	124		15 - 19	138	132		15 - 19	128	117
10 - 14	138	141		10 - 14	112	118		10 - 14	118	94
5 - 9	151	114		5 - 9	134	100		5 - 9	117	97
0 - 4	139	111		0 - 4	140	100		0 - 4	146	95

Graphic: Population Pyramids by Sex – Otsego County

Age	Otsego County 2020 Male	Female		Age	Otsego County 2024 Male	Female		Age	Otsego County 2029 Male	Female
85+	241	383		85+	259	412		85+	314	441
80 - 84	274	369		80 - 84	313	382		80 - 84	443	513
75 - 79	431	500		75 - 79	570	646		75 - 79	631	698
70 - 74	732	778		70 - 74	778	785		70 - 74	840	885
65 - 69	900	880		65 - 69	948	961		65 - 69	978	990
60 - 64	1,006	987		60 - 64	1,047	974		60 - 64	971	886
55 - 59	979	981		55 - 59	939	885		55 - 59	777	803
50 - 54	913	870		50 - 54	807	786		50 - 54	754	731
45 - 49	675	713		45 - 49	712	681		45 - 49	782	693
40 - 44	669	672		40 - 44	747	666		40 - 44	800	753
35 - 39	710	680		35 - 39	806	751		35 - 39	863	796
30 - 34	700	705		30 - 34	772	705		30 - 34	723	690
25 - 29	711	659		25 - 29	703	643		25 - 29	776	710
20 - 24	627	599		20 - 24	704	624		20 - 24	638	648
15 - 19	784	689		15 - 19	764	720		15 - 19	774	728
10 - 14	774	823		10 - 14	822	737		10 - 14	746	728
5 - 9	787	648		5 - 9	714	657		5 - 9	660	614
0 - 4	638	604		0 - 4	657	623		0 - 4	670	636

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Most of the local population is found within households, rather than a group quarters arrangement, such as a nursing home or dormitory. As expected, most single person households are found within the city and the Gaylord Area. The more rural areas of Otsego County are primarily occupied by family-oriented households.

Table: Households by Relationship Status

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
In Households	**4,129**	**2,829**	**12,623**	**22,150**	**24,979**
Percent of Total Population	95.9%	99.6%	97.5%	98.4%	98.5%
Householder	2,201	1,145	5,862	9,851	10,996
Living Alone	1,034	261	1,932	2,649	2,910
Not Living Alone	1,167	884	3,930	7,202	8,086
Male	1,087	608	2,918	5,103	5,711
Female	1,114	537	2,944	4,748	5,285
Spouse	547	607	2,540	4,960	5,567
Unmarried Partner	86	109	370	772	881
Children	1,002	813	3,242	5,462	6,275
Other Relative	293	131	544	903	1,034
Non-Relative	0	24	65	202	226
In Group Quarters	**178**	**12**	**318**	**361**	**373**
Percent of Total Population	4.1%	0.4%	2.5%	1.6%	1.5%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

The average household size across the Gaylord area is currently estimated at 2.35 persons – lower than statewide estimates (2.60 persons, as of 2024). The city's average household size is smaller, at 2.08 persons for 2024. In the future, household sizes will vary little from the current estimates.

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

Table: Average Household Size (2010 to 2029)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Average Household Size	**2.14**	**2.43**	**2.44**	**2.44**	**2.44**
2020 Average Household Size	**2.10**	**2.37**	**2.36**	**2.38**	**2.38**
Percent Change (2010-2020)	-1.9%	-2.5%	-3.1%	-2.5%	-2.5%
2024 Average Household Size Estimate	**2.08**	**2.36**	**2.35**	**2.36**	**2.36**
Percent Change (2020-2024)	-0.7%	-0.4%	-0.5%	-0.8%	-0.8%
2027 Average Household Size Forecast	**2.06**	**2.35**	**2.33**	**2.34**	**2.34**
Percent Change (2020-2027)	-1.7%	-0.8%	-1.4%	-1.7%	-1.5%
2029 Average Household Size Forecast	**2.05**	**2.34**	**2.31**	**2.33**	**2.33**
Percent Change (2020-2029)	-2.4%	-1.3%	-2.0%	-2.1%	-2.0%

SOURCE: 2000/2010/2020 Census of Population & Housing, U.S. Census Bureau; ESRI Business Analyst.

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Average Household Size - Age 65+	**1.37**	**1.50**	**1.49**	**1.54**	**1.53**
2020 Average Household Size - Age 65+	**1.31**	**1.49**	**1.49**	**1.56**	**1.55**
Percent Change (2010-2020)	-4.4%	-1.0%	0.2%	1.3%	1.1%
2024 Average Household Size Estimate - Age 65+	**1.31**	**1.50**	**1.52**	**1.56**	**1.55**
Percent Change (2020-2024)	-0.4%	1.1%	2.0%	0.2%	0.3%
2027 Average Household Size Forecast - Age 65+	**1.32**	**1.53**	**1.54**	**1.57**	**1.56**
Percent Change (2020-2027)	0.5%	2.3%	1.2%	0.6%	0.8%
2029 Average Household Size Forecast - Age 65+	**1.33**	**1.54**	**1.54**	**1.57**	**1.57**
Percent Change (2020-2029)	1.0%	3.3%	3.2%	0.8%	1.1%

SOURCE: 2010/2020 Census of Population & Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

Household Trends

Households across Otsego County follow trends similar to that of the population, with general stability observed across the various geographic levels. By 2029 the county is projected to contain 11,007 households, reflecting an increase of nearly six percent from 2020. Compared to the 2022 report, these revised household estimates are notably stronger, reflecting a greater percentage increase from 2020 Census totals. Much of these projections are based on the development of additional housing options for both owners and rental households.

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Table: Household Trends (2010 to 2029)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Households	**1,604**	**1,152**	**4,835**	**8,604**	**9,756**
2020 Households	**1,920**	**1,180**	**5,310**	**9,227**	**10,407**
Percent Change (2010-2020)	19.7%	2.4%	9.8%	7.2%	6.7%
Average Annual Change (2010 to 2020)	1.8%	0.2%	0.9%	0.7%	0.6%
2024 Household Estimate	**1,946**	**1,214**	**5,421**	**9,535**	**10,749**
Percent Change (2020-2024)	1.4%	2.9%	2.1%	3.3%	3.3%
Average Annual Change (2020 to 2024)	0.3%	0.7%	0.5%	0.8%	0.8%
2027 Household Forecast	**1,956**	**1,228**	**5,467**	**9,675**	**10,904**
Percent Change (2020-2027)	1.9%	4.1%	2.9%	4.9%	4.8%
Average Annual Change (2020 to 2027)	0.3%	0.6%	0.4%	0.7%	0.7%
2029 Household Forecast	**1,962**	**1,238**	**5,497**	**9,769**	**11,007**
Percent Change (2020-2029)	2.2%	4.9%	3.5%	5.9%	5.8%
Average Annual Change (2020 to 2029)	0.2%	0.5%	0.4%	0.6%	0.6%

SOURCE: 2010/2020 Census of Population and Housing, U.S. Census Bureau; ESRI Business Analyst.

> *Gaylord's rental housing stock is a combination of subsidy units, senior-designated apartments, mobile homes, market rate units, and single-family homes for rent. It is highly likely that the available supply of rentals does not match the characteristics of the market demand.*

Gaylord features an estimated occupied renter household percentage of 56 percent, with a total of 1,091 units, as estimated by ESRI for 2024. Across the Gaylord area, rental units represent an estimated 33 percent of all households in 2024 (1,784 units). This concentration of rentals is typical of most communities the size and characteristics of Gaylord, and under normal conditions should be more than sufficient to meet the needs of the area. However, the lack of new housing supply over the past decade has resulted in an increasingly limited housing market across all types and price points; from a rental standpoint such trends result in longer residency within existing units, and a slower than typical turnover of units available for new households to the community, or newly created households aging in place within Otsego County. Also, the community's rental housing stock reflects a number of senior-designated units or subsidy units that are not available for alternative target market segments, such as moderate-income families, newly-relocated families to the Gaylord area, younger singles or couples, among others. Based on the most recent census data, adjusted to reflect the 2024 estimated data from ESRI, among all rental units within the city, approximately 29 percent are subsidized or rent restricted. In addition, approximately nine percent of the county's rentals are mobile homes, typically occupied by lower-income

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households or seniors with fixed incomes. Approximately 35 percent reflect non-subsidized (market rate) apartments rentals, including the recently constructed Pines 45 Apartments. As a result, the remaining 23 percent of available rental units estimated to exist for 2022 are single family rental units – with likely target markets ranging from lower-income ranges to upper-income households.

Without a specific count and survey of all available rental units of all types, it is not possible to definitively qualify how many units are available for persons at various income levels, but this does correspond with the most current American Community Survey data. It is likely, however, based on field reviews, interviews with local housing leaders, and available data on the local rental market, that an insufficient number of these rental homes are available for moderate and higher-income households. This lack of housing options for the most sought-after population segments inhibits the community's ability to compete with nearby cities such as Traverse City or Alpena that may have a greater degree of housing options available. As a result, despite a large number of rental units within the community, an insufficient number of rental units are likely present for renters within some of the target market segments of interest within this analysis.

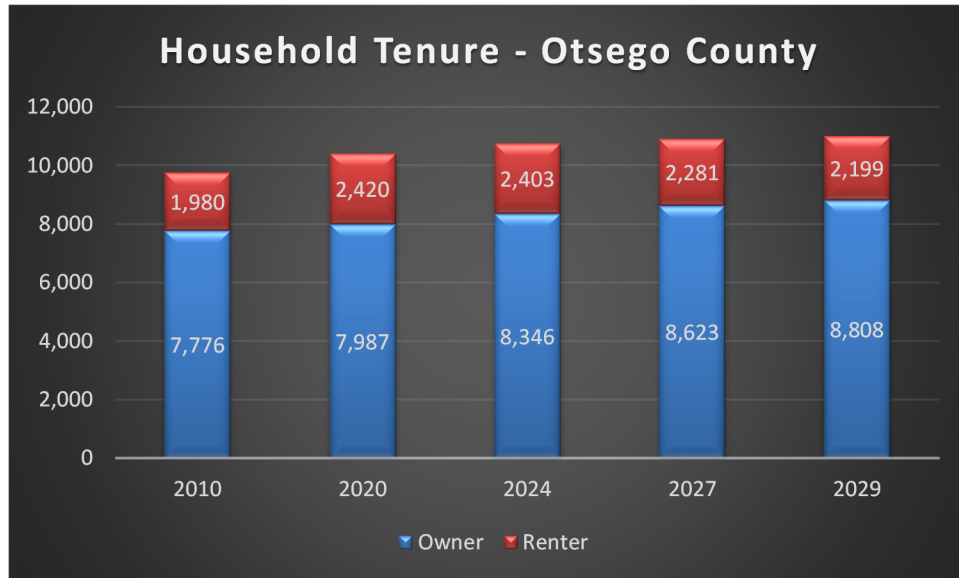**Graphic: Household Tenure Breakdown**
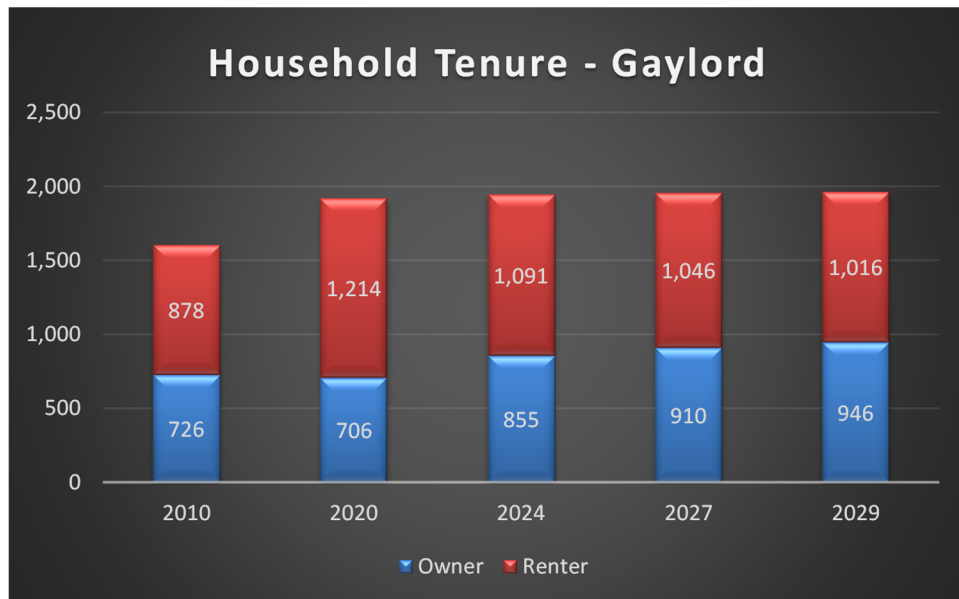
Table: Households by Tenure (2010 to 2029)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Renter-Occupied Households	**878**	**178**	**1,427**	**1,802**	**1,980**
Percent of total 2010 households	54.7%	15.5%	29.5%	20.9%	20.3%
2020 Renter-Occupied Households	**1,214**	**228**	**1,836**	**2,192**	**2,420**
Percent of total 2020 households	63.2%	19.3%	34.6%	23.8%	23.3%
Percent change (2010 to 2020)	38.3%	28.1%	28.7%	21.6%	22.2%
2024 Renter-Occupied Households	**1,091**	**225**	**1,784**	**2,178**	**2,403**
Percent of total 2024 households	56.1%	18.5%	32.9%	22.8%	22.4%
Percent change (2020 to 2024)	-10.1%	-1.3%	-2.8%	-0.6%	-0.7%
2027 Renter-Occupied Households	**1,046**	**212**	**1,697**	**2,069**	**2,281**
Percent of total 2027 households	53.5%	17.2%	31.0%	21.4%	20.9%
Percent change (2020 to 2027)	-13.8%	-7.0%	-7.6%	-5.6%	-5.8%
2029 Renter-Occupied Households	**1,016**	**203**	**1,639**	**1,996**	**2,199**
Percent of total 2029 households	51.8%	16.4%	29.8%	20.4%	20.0%
Percent change (2020 to 2029)	-16.3%	-11.0%	-10.7%	-8.9%	-9.1%
2010 Owner-Occupied Households	**726**	**974**	**3,408**	**6,802**	**7,776**
Percent of total 2010 households	45.3%	84.5%	70.5%	79.1%	79.7%
2020 Owner-Occupied Households	**706**	**952**	**3,474**	**7,035**	**7,987**
Percent of total 2020 households	36.8%	80.7%	65.4%	76.2%	76.7%
Percent change (2010 to 2020)	-2.8%	-2.3%	1.9%	3.4%	2.7%
2024 Owner-Occupied Households	**855**	**989**	**3,637**	**7,357**	**8,346**
Percent of total 2024 households	43.9%	81.5%	67.1%	77.2%	77.6%
Percent change (2020 to 2024)	21.1%	3.9%	4.7%	4.6%	4.5%
2027 Owner-Occupied Households	**910**	**1,017**	**3,770**	**7,607**	**8,623**
Percent of total 2027 households	46.5%	82.8%	69.0%	78.6%	79.1%
Percent change (2020 to 2027)	28.8%	6.8%	8.5%	8.1%	8.0%
2029 Owner-Occupied Households	**946**	**1,035**	**3,858**	**7,773**	**8,808**
Percent of total 2029 households	48.2%	83.6%	70.2%	79.6%	80.0%
Percent change (2020 to 2029)	34.0%	8.7%	11.1%	10.5%	10.3%

SOURCE: 2010/2020 Census of Population and Housing, U.S. Census Bureau: ESRI

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Table: Owner Households by Size

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Total Occupied Owner Units	792	933	3,979	7,644	8,577
1 Unit	756	886	3,718	7,162	8,048
% of Total	95.5%	95.0%	93.4%	93.7%	93.8%
2 to 4 Units	0	0	0	6	6
% of Total	0.0%	0.0%	0.0%	0.1%	0.1%
5 to 19 Units	36	0	36	52	52
% of Total	4.5%	0.0%	0.9%	0.7%	0.6%
20 to 49 Units	0	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%
50 or more Units	0	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%
Mobile Home/Boat/Other	0	47	225	424	471
% of Total	0.0%	5.0%	5.7%	5.5%	5.5%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

Table: Renter Households by Size

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Total Occupied Rental Units	1,409	212	1,883	2,207	2,419
1 Unit	228	125	410	677	802
% of Total	16.2%	59.0%	21.8%	30.7%	33.2%
2 to 4 Units	386	5	504	526	531
% of Total	27.4%	2.4%	26.8%	23.8%	22.0%
5 to 19 Units	392	11	432	432	443
% of Total	27.8%	5.2%	22.9%	19.6%	18.3%
20 to 49 Units	247	13	270	270	283
% of Total	17.5%	6.1%	14.3%	12.2%	11.7%
50 or more Units	122	0	150	150	150
% of Total	8.7%	0.0%	8.0%	6.8%	6.2%
Mobile Home/Boat/Other	34	58	117	152	210
% of Total	2.4%	27.4%	6.2%	6.9%	8.7%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

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As with the senior population, senior households will exhibit the most robust gains across all geographic levels within Otsego County for the foreseeable future. By 2029, the number of senior households age 65+ across the county will total 4,211 units, accounting for 38 percent of all households. The younger senior segment (age 55 and older) will represent a majority of

Senior households age 55+ across Otsego County will represent 56 percent of all occupied units by 2029. Such a high concentration of seniors will ultimately negatively impact the tax base and employment pool.

the market area's households by 2029, with 6,182 units (58 percent of all households). The 2029 concentration of younger senior households within the Gaylord area will also represent more than half of all households, at 53 percent.

These trends are not unique to Gaylord, and the impacts of such trends can be observed within other northern Michigan communities, such as declining school enrollment, shrinking labor force, reduced retail and commercial market potential, and an inevitable and necessary emphasis on healthcare-related outlets and occupations. The implications regarding schools, the local tax base, the labor force, and the future of the community overall are quite evident within this statistic. Gaylord and Otsego County are far from such a shift toward a primarily elderly population and household base; unless an increasing degree of migration and household creation takes place over the balance of the decade, trends beyond 2030 point to an increasingly elderly household count, decreased family concentrations, and greater dependence on outside economic/social inputs to maintain economic stability.

Across Otsego County, rental units occupied by a senior, including those designated for senior occupancy or undesignated options, represented 24 percent of all rental units in 2020, and accounted for 17 percent of all senior households in 2020. These concentrations are notably larger within Gaylord and the Gaylord area, as indicated within the following table. Gaylord has historically contained senior rental developments, and has long been an attractive retirement destination for both local and regional seniors, with growth coming from both those local residents aging in place as well as migration from other sections of Michigan. These households would include those within independent living developments, conventional apartment units, and rental homes of any type. Assisted living and nursing care residents are considered group quarters population, and are not counted individually as a senior household.

Table: Senior Household Trends (2010 to 2029)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Senior Households (55 years and Over)	**614**	**531**	**1,935**	**3,798**	**4,329**
Percent of total 2010 households	38.3%	46.1%	40.0%	44.1%	44.4%
2020 Senior Households (55 years and Over)	**941**	**670**	**2,757**	**5,078**	**5,748**
Percent of total 2020 households	49.0%	56.8%	51.9%	55.0%	55.2%
Percent change (2010 to 2020)	53.3%	26.2%	42.5%	33.7%	32.8%
2024 Senior Households (55 years and Over)	**967**	**704**	**2,899**	**5,327**	**6,031**
Percent of total 2024 households	49.7%	58.0%	53.5%	55.9%	56.1%
Percent change (2020 to 2024)	2.8%	5.1%	5.2%	4.9%	4.9%
Average Annual Change (2020 to 2024)	0.7%	1.2%	1.3%	1.2%	1.2%
2027 Senior Households (55 years and Over)	**980**	**717**	**2,920**	**5,405**	**6,122**
Percent of total 2027 households	50.1%	58.3%	53.4%	55.9%	56.1%
Percent change (2020 to 2027)	4.2%	7.0%	5.9%	6.4%	6.5%
Average Annual Change (2020 to 2027)	0.6%	1.0%	0.8%	0.9%	0.9%
2029 Senior Households (55 years and Over)	**989**	**725**	**2,934**	**5,457**	**6,182**
Percent of total 2029 households	50.4%	58.6%	53.4%	55.9%	56.2%
Percent change (2020 to 2029)	5.1%	8.2%	6.4%	7.5%	7.6%
Average Annual Change (2020 to 2029)	0.6%	0.9%	0.7%	0.8%	0.8%
2010 Senior Households (65 years and Over)	**477**	**332**	**1,194**	**2,297**	**2,629**
Percent of total 2010 households	29.7%	28.8%	24.7%	26.7%	26.9%
2020 Senior Households (65 years and Over)	**604**	**399**	**1,648**	**3,053**	**3,452**
Percent of total 2020 households	37.7%	34.6%	34.1%	35.5%	35.4%
Percent change (2010 to 2020)	26.6%	20.2%	38.0%	32.9%	31.3%
2024 Senior Households (65 years and Over)	**634**	**446**	**1,810**	**3,361**	**3,807**
Percent of total 2024 households	32.6%	36.7%	33.4%	35.2%	35.4%
Percent change (2020 to 2024)	5.0%	11.8%	9.8%	10.1%	10.3%
Average Annual Change (2020 to 2024)	1.2%	2.8%	2.4%	2.4%	2.5%
2027 Senior Households (65 years and Over)	**667**	**475**	**1,913**	**3,575**	**4,049**
Percent of total 2027 households	34.1%	38.7%	35.0%	36.9%	37.1%
Percent change (2020 to 2027)	10.4%	19.0%	16.1%	17.1%	17.3%
Average Annual Change (2020 to 2027)	1.4%	2.5%	2.2%	2.3%	2.3%
2029 Senior Households (65 years and Over)	**689**	**494**	**1,982**	**3,717**	**4,211**
Percent of total 2029 households	35.1%	39.9%	36.1%	38.0%	38.3%
Percent change (2020 to 2029)	14.1%	23.8%	20.3%	21.7%	22.0%
Average Annual Change (2020 to 2029)	1.5%	2.4%	2.1%	2.2%	2.2%
2010 Senior Households (75 years and Over)	**292**	**136**	**607**	**1,082**	**1,218**
Percent of total 2010 households	18.2%	11.8%	12.6%	12.6%	12.5%
2020 Senior Households (75 years and Over)	**283**	**154**	**714**	**1,272**	**1,426**
Percent of total 2020 households	14.7%	13.1%	13.4%	13.8%	13.7%
Percent change (2010 to 2020)	-3.1%	13.2%	17.6%	17.6%	17.1%
2024 Senior Households (75 years and Over)	**294**	**190**	**804**	**1,484**	**1,674**
Percent of total 2024 households	15.1%	15.7%	14.8%	15.6%	15.6%
Percent change (2020 to 2024)	3.9%	23.4%	12.6%	16.7%	17.4%
Average Annual Change (2020 to 2024)	1.0%	5.4%	3.0%	3.9%	4.1%
2027 Senior Households (75 years and Over)	**308**	**210**	**869**	**1,635**	**1,845**
Percent of total 2027 households	15.8%	17.1%	15.9%	16.9%	16.9%
Percent change (2020 to 2027)	9.0%	36.6%	21.7%	28.5%	29.4%
Average Annual Change (2020 to 2027)	1.2%	4.5%	2.8%	3.7%	3.7%
2029 Senior Households (75 years and Over)	**318**	**224**	**912**	**1,735**	**1,959**
Percent of total 2029 households	16.2%	18.1%	16.6%	17.8%	17.8%
Percent change (2020 to 2029)	12.4%	45.5%	27.7%	36.4%	37.4%
Average Annual Change (2020 to 2029)	1.3%	4.3%	2.8%	3.5%	3.6%

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

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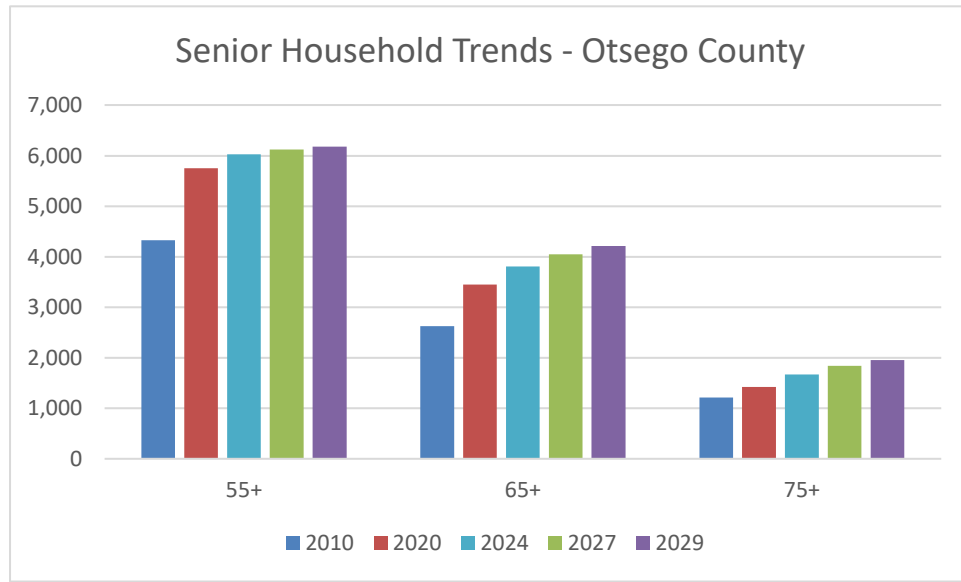**Graphic: Senior Household Trends – Otsego County**

Table: Senior Renter Household Trends (2010 to 2020)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Senior Renter Households (65 years and Over)	**246**	**32**	**292**	**325**	**357**
Percent of total 2010 senior households	51.6%	9.6%	24.5%	14.1%	13.6%
2020 Senior Renter Households (65 years and Over)	**360**	**38**	**485**	**553**	**591**
Percent of total 2020 senior households	59.6%	9.5%	29.4%	18.1%	17.1%
Percent change (2010 to 2020)	46.3%	18.8%	66.1%	70.2%	65.5%
Percent of Total 2020 Renter Households	29.7%	16.7%	26.4%	25.2%	24.4%
2010 Senior Renter Households (55 years and Over)	**290**	**52**	**385**	**460**	**512**
Percent of total 2010 senior households	47.2%	15.7%	32.2%	20.0%	19.5%
2020 Senior Renter Households (55 years and Over)	**562**	**89**	**799**	**934**	**1,023**
Percent of total 2020 senior households	59.7%	13.3%	29.0%	18.4%	17.8%
Percent change (2010 to 2020)	93.8%	71.2%	107.5%	103.0%	99.8%
Percent of Total 2020 Renter Households	46.3%	39.0%	43.5%	42.6%	42.3%

SOURCE: 2010/2020 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau

The division of renter households by size appears to be a function of the subsidy/affordable units, along with the somewhat higher than average concentration of senior rental units, as indicated by data reporting rental households by the number of occupants. Based on the most recent data from the American Housing Survey, 63 percent of the renter-occupied households in the Gaylord area were one-person households, while two-person households accounted for 20 percent. Three-and four-person renter households totaled 14 percent as well, while five or more-person renters represented just four percent of renter households within the Gaylord area. The Gaylord area and Otsego County overall exhibit a somewhat lower

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concentration of family-oriented rental units, particularly those units for larger-sized families.

In comparison to the 2022 report, the updated data reflect a slightly greater concentration of smaller-sized rental units, due to the introduction of new rental units. These percentages are much more similar to urban-oriented communities with a limited number of families – this is not the case for the Gaylord area, which points to a growing mismatch in terms of local market characteristics and available rental units. The strongly positive response to the construction of Pines 45 Apartments points to this imbalance, and future statistics should reflect these adjustments.

Table: Rental Unit Size Distribution

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
One Person	946	76	1,183	1,289	1,365
Percent of total renter households	67.1%	35.8%	62.8%	58.4%	56.4%
Two Persons	298	73	374	510	583
Percent of total renter households	21.1%	34.4%	19.9%	23.1%	24.1%
Three or Four Persons	165	56	260	301	357
Percent of total renter households	11.7%	26.4%	13.8%	13.6%	14.8%
Five or More Person	0	7	66	107	114
Percent of total renter households	0.0%	3.3%	3.5%	4.8%	4.7%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

**Graphic: Rental Unit Size Distribution – Otsego County**
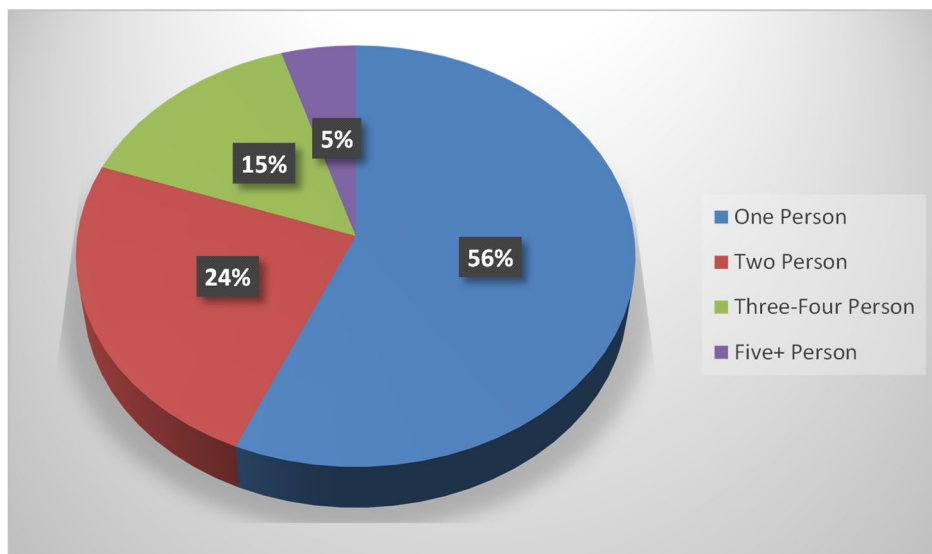
By comparison, owner units are primarily occupied by larger households, reflecting the presence of children and/or other relatives within the unit. This corresponds with population per household data for Gaylord and Otsego County, which reflect the presence of family-oriented units primarily within the rural sections of the county, but at concentrations somewhat below statewide levels.

Table: Owner Unit Size Distribution

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
One Person	**88**	**185**	**749**	**1,360**	**1,545**
Percent of total owner households	11.1%	19.8%	18.8%	17.8%	18.0%
Two Persons	**279**	**438**	**1,656**	**3,501**	**3,939**
Percent of total owner households	35.2%	46.9%	41.6%	45.8%	45.9%
Three or Four Persons	**389**	**231**	**1,302**	**2,276**	**2,507**
Percent of total owner households	49.1%	24.8%	32.7%	29.8%	29.2%
Five or More Person	**36**	**79**	**272**	**507**	**586**
Percent of total owner households	4.5%	8.5%	6.8%	6.6%	6.8%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

**Graphic: Owner Unit Size Distribution – Otsego County**
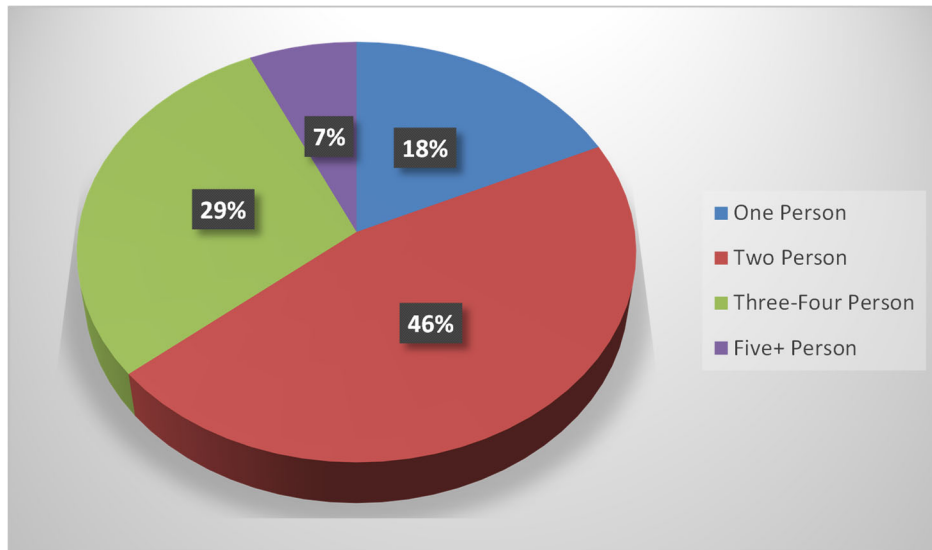
The best available statistic from the Census Bureau regarding rental pricing is the Median Gross Rent, which also includes the cost of any utilities paid the tenant. These trends appear to indicate that most rental units are found within the city, but the impact of rental pricing outside of the city has a strong effect upon overall market area trends. What is unusual is that prevailing rental rates over the past decade have increased, but prevailing incomes have grown at higher levels of growth – quite unusual for most rural communities, and a clearly positive indication of ongoing market potential. This would not be the case if rental rates or incomes were stagnant, but the growth rates reflect a healthy rate of appreciation within a positive growth market – the best of both worlds from a housing market standpoint.

Table: Median Gross Rent Trends

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Median Gross Rent Estimate	**$582**	**$730**	**$609**	**$638**	**$639**
2020 Median Gross Rent Estimate	**$723**	**$752**	**$773**	**$775**	**$767**
Total percent change (2010 to 2020)	24.2%	3.0%	26.9%	21.5%	20.0%
Annual percent change (2010 to 2020)	2.2%	0.3%	2.4%	2.0%	1.8%
2023 Median Gross Rent Estimate	**$844**	**$887**	**$888**	**$879**	**$880**
Total percent change (2020 to 2023)	16.7%	18.0%	14.9%	13.3%	14.7%
Annual percent change (2020 to 2023)	5.3%	5.7%	4.7%	4.3%	4.7%
2027 Median Gross Rent Estimate	**$1,005**	**$1,067**	**$1,042**	**$1,018**	**$1,031**
Total percent change (2020 to 2027)	39.1%	41.9%	34.8%	31.3%	34.4%
Annual percent change (2020 to 2027)	4.8%	5.1%	4.4%	4.0%	4.3%

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

Graphic: Median Gross Rent Trends
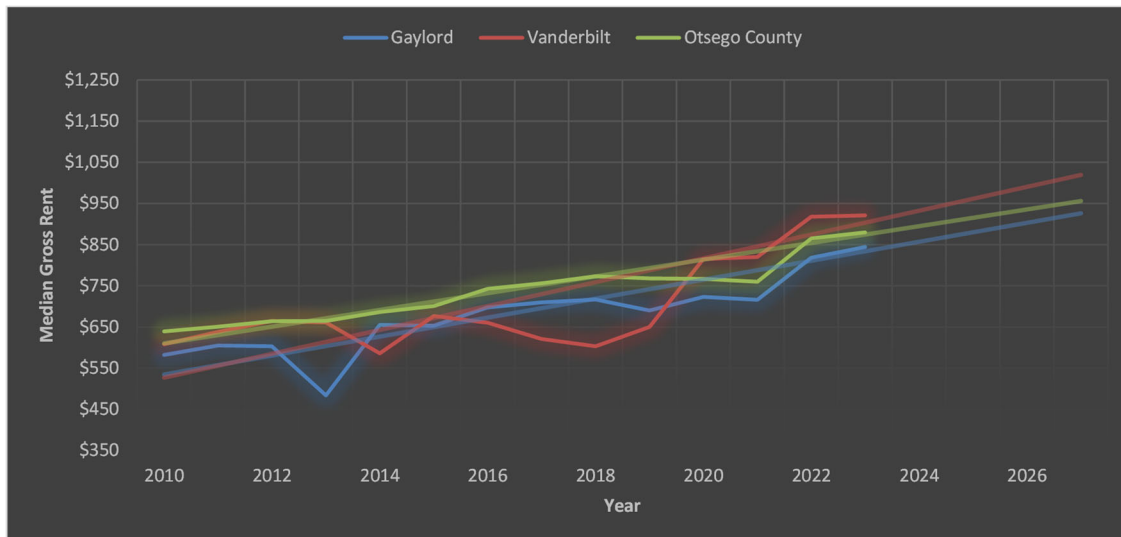
Household Income Trends

The median household income figures for Gaylord exhibit the strongest percentage increases, but still lag behind the Gaylord area and Otsego County overall. This is due to a

> *Gaylord features the lowest prevailing incomes across the county, but demonstrates the strongest percentage growth potential for the foreseeable future*

combination of subsidy rental developments concentrated within Gaylord, and the prevalence of higher income households and resort destinations within specific sections of rural Otsego County. This is evident from the overall rate of growth for the various geographic levels found within the following table. Until recently, income growth across Otsego County was generally stagnant, as inflation-adjusted levels would reflect little to no income appreciation since the late 1990s. Due to recent increases in prevailing inflation levels, these income appreciation levels are now notably lower on a real basis. Such patterns are not unique to Gaylord, but are found within nearly all communities across Michigan and the Midwest, as wage gains and prevailing income trends have been minimal over the past two decades, and now significantly lag behind these higher inflation levels.

Comparisons to income appreciation and housing price points for both owner and renter options have until recently remained generally stable; within a highly inflationary marketplace coupled with increasing economic instability, home sale prices and prevailing market rental rates may place many households out of reach regarding available housing. Given the lack of supply available within the Gaylord area, the local housing marketplace is being squeezed from both sides of the demand equation.

At $68,514, the 2024 median household income estimate for Otsego County is 23 percent greater than the 2020 median. For Gaylord, the 2024 median income estimate is $46,389 – well below the county median, but reflective of a 39 percent increase from 2020. The highest prevailing incomes within the county are found within the NE Otsego Area – with a 2024 median estimate of $71,025.

ESRI forecasts predict that incomes across the county will continue to increase, with higher growth rates continuing within the immediate Gaylord area. By 2029, Gaylord's median household income is forecast at $52,821, reflecting an average annual increase of 5.2 percent from 2020. Median income projected for Otsego County is forecast at $78,790 for 2029, an

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average annual increase of 3.9 percent. While positive, with projected inflation levels as high as nine percent over the past four years, these income gains in a real sense may be less impactful, or potentially negated in real dollar terms, with decreasing affordability and reduced asset accumulation within the housing marketplace. Such trends will not be unique to the Gaylord area, but the lack of housing supply evident within the marketplace will place additional pressure upon an increasingly limited housing market.

Table: Median Household Incomes (2010 to 2029)

|	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Median Household Income	**$27,115**	**$40,298**	**$40,797**	**$45,068**	**$45,531**
2020 Median Household Income	**$33,353**	**$60,234**	**$49,694**	**$54,912**	**$55,917**
Total percent change (2010 to 2020)	23.0%	49.5%	21.8%	21.8%	22.8%
Annual percent change (2010 to 2020)	2.1%	4.1%	2.0%	2.0%	2.1%
2024 Estimated Median Household Income	**$46,389**	**$71,025**	**$62,945**	**$68,200**	**$68,514**
Total percent change (2020 to 2024)	39.1%	17.9%	26.7%	24.2%	22.5%
Annual percent change (2020 to 2024)	8.6%	4.2%	6.1%	5.6%	5.2%
2027 Forecast Median Household Income	**$50,248**	**$78,660**	**$67,906**	**$74,234**	**$74,680**
Total percent change (2020 to 2027)	50.7%	30.6%	36.6%	35.2%	33.6%
Annual percent change (2020 to 2027)	6.0%	3.9%	4.6%	4.4%	4.2%
2029 Forecast Median Household Income	**$52,821**	**$83,750**	**$71,214**	**$78,257**	**$78,790**
Total percent change (2020 to 2029)	58.4%	39.0%	43.3%	42.5%	40.9%
Annual percent change (2020 to 2029)	5.2%	3.7%	4.1%	4.0%	3.9%

SOURCE: 2010/2020 Census; American Comm. Srvy., U.S. Census Bureau; ESRI Business Analyst.

Graphic: Median Household Incomes – 2010 to 2029
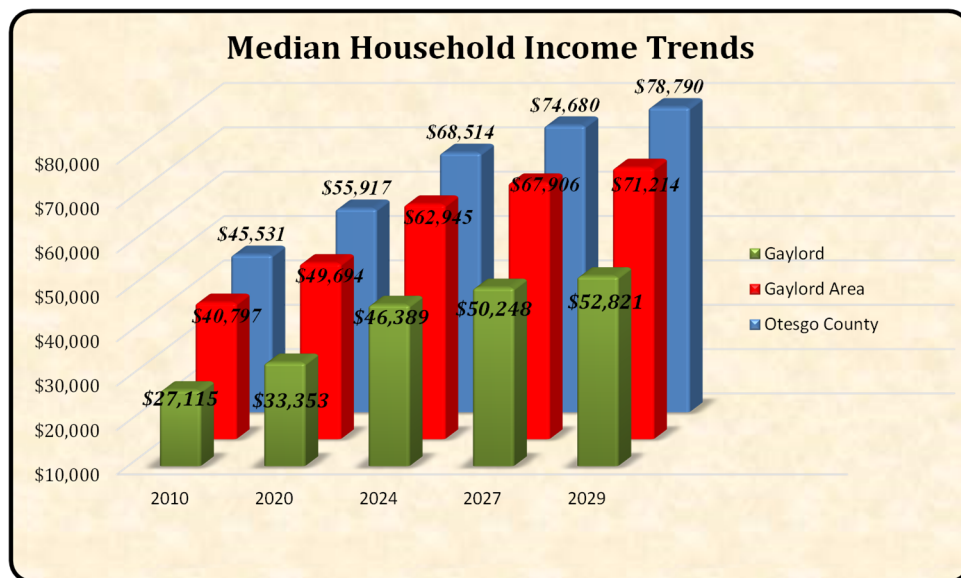
Separating median income by age cohort, the highest levels are found within the older adult / non-senior group (age 45 to 64), at $81,250 for 2023. Not surprising, the young adult segment (up to age 25) yields the lowest median income levels for the past decade, at $41,917 for 2023. This cohort also exhibits the most erratic trends, which is not unexpected.

Graphic: Median Household Incomes by Age – Otsego County
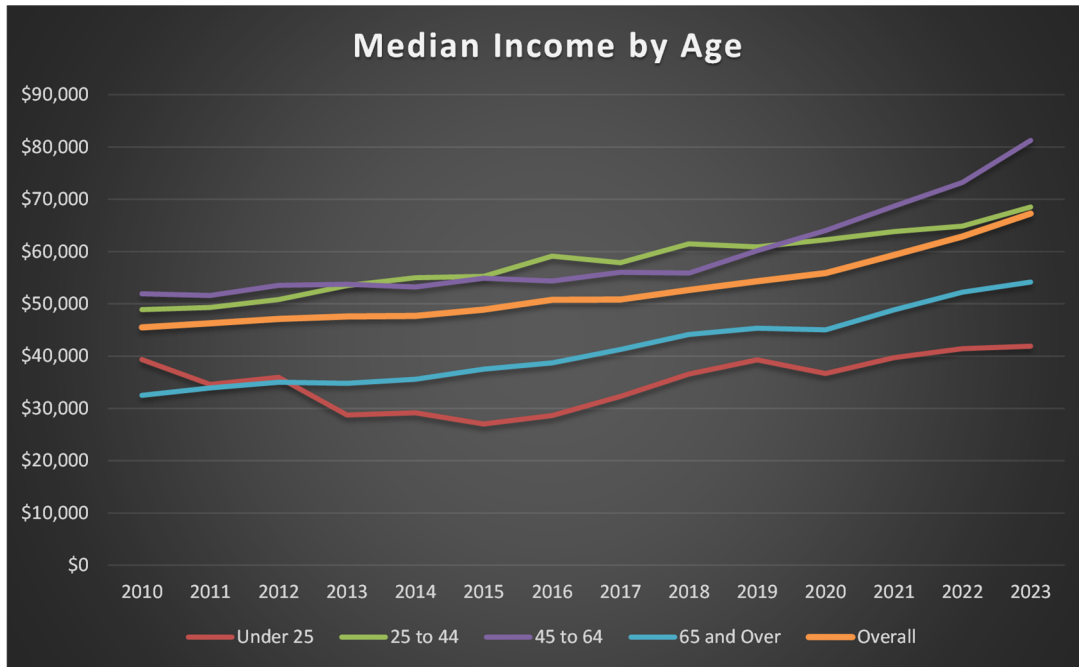
Household Income Distribution

The distribution of household income by tenure type (owner vs. renter) is illustrated in the following table and chart. The data exhibits the types of housing options present across the Gaylord area. This would include a range of rental unit types, ranging from subsidy units to higher priced apartments and single-family rentals, along with a homeownership segment that is concentrated among moderate-income and higher-income households. Comparing this data to the available housing options across the Gaylord area, it is likely that single family rentals and other non-apartment units represent a significant part of the community's rental housing stock.

Also, the community's owner households exhibit an evident upper-income component – not necessarily unexpected, but indicative of a market rate potential for renter households by residents that may prefer a shift away from homeownership. Since the housing bubble and subsequent recession of the last decade, the rate of homeownership has fallen each year, and will

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65

likely continue to do so into the next decade. Younger households are delaying a home purchase for various reasons (student debt load, marital status, career considerations, among others), and older households are increasingly seeking a rental housing alternative and leaving homeownership regardless of financial status or health considerations. The pandemic has likely exacerbated such trends, based on the most available housing information. As a result, the demand potential for rental options among moderate-income and upper-income households is increasingly positive, despite uncertain economic conditions and increasing price points for both owner and rental options.

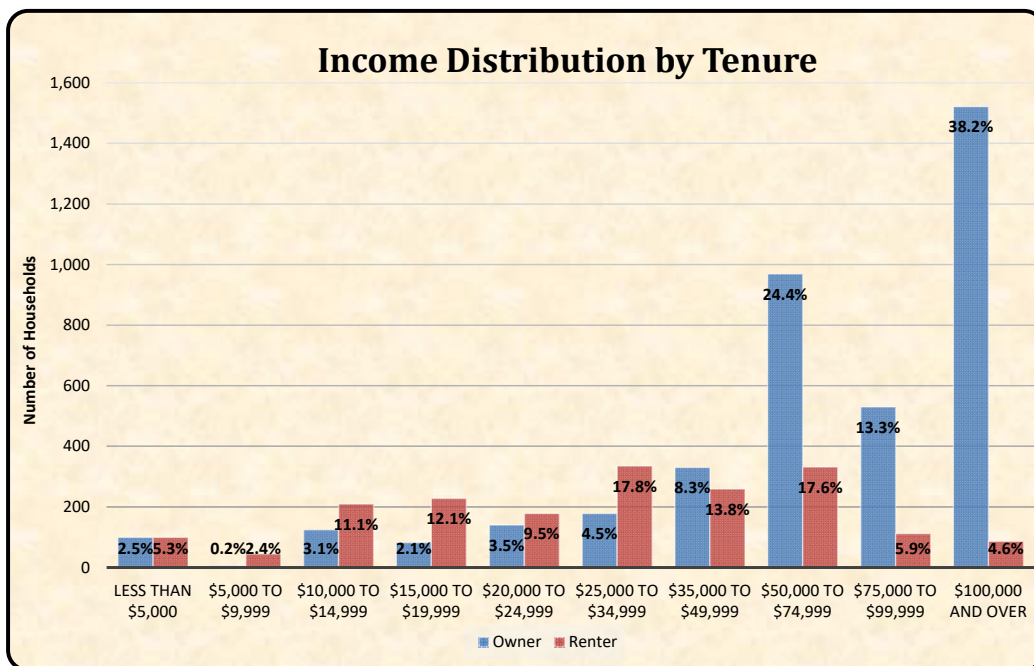**Graphic: Household Income Distribution by Tenure – Gaylord Area (2023)**

Table: Household Income Distribution by Tenure – Gaylord Area (2023)

	Total Households	Owner Households	Renter Households
Less than $5,000	**198**	**99**	**99**
Percent of 2023 Households	3.4%	2.5%	5.3%
$5,000 to $9,999	**51**	**6**	**45**
Percent of 2023 Households	0.9%	0.2%	2.4%
$10,000 to $14,999	**333**	**124**	**209**
Percent of 2023 Households	5.7%	3.1%	11.1%
$15,000 to $19,999	**310**	**82**	**228**
Percent of 2023 Households	5.3%	2.1%	12.1%
$20,000 to $24,999	**318**	**140**	**178**
Percent of 2023 Households	5.4%	3.5%	9.5%
$25,000 to $34,999	**513**	**178**	**335**
Percent of 2023 Households	8.8%	4.5%	17.8%
$35,000 to $49,999	**589**	**330**	**259**
Percent of 2023 Households	10.0%	8.3%	13.8%
$50,000 to $74,999	**1,301**	**969**	**332**
Percent of 2023 Households	22.2%	24.4%	17.6%
$75,000 to $99,999	**642**	**530**	**112**
Percent of 2023 Households	11.0%	13.3%	5.9%
$100,000 and Over	**1,607**	**1,521**	**86**
Percent of 2023 Households	27.4%	38.2%	4.6%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

A distribution of senior household income (age 65 and older) for Otsego County is illustrated within the following table. The spread of households across various income levels is indicative of the high number of subsidy rental units. The movement of senior owners into a rental option is increasingly observed across much of Michigan and regionally, and has been a common aspect of the senior housing segment within the Gaylord area. As mentioned previously, senior growth reflects a combination of aging in place within a historically senior-oriented community and movement by retirees from across other portions of Michigan.

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Table: Senior Household Income Distribution by Tenure – Otsego County (2022)

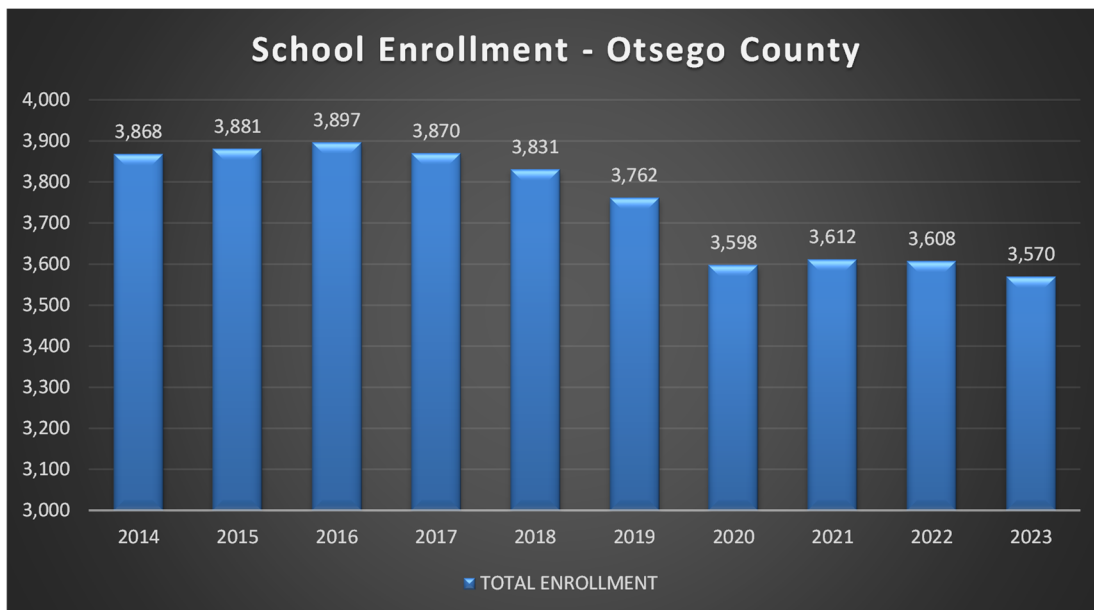|	Senior Owner	Senior Renter	Senior Total
Less than $5,000	**220**	**14**	**234**
Percent of Total	6.7%	1.7%	5.7%
$5,000 to $9,999	**180**	**275**	**455**
Percent of Total	5.5%	33.5%	11.0%
$10,000 to $14,999	**265**	**190**	**455**
Percent of Total	8.0%	23.2%	11.0%
$15,000 to $19,999	**270**	**130**	**400**
Percent of Total	8.2%	15.9%	9.7%
$20,000 to $24,999	**239**	**4**	**243**
Percent of Total	7.2%	0.5%	5.9%
$25,000 to $34,999	**425**	**60**	**485**
Percent of Total	12.9%	7.3%	11.8%
$35,000 to $49,999	**405**	**4**	**409**
Percent of Total	12.3%	0.5%	9.9%
$50,000 to $74,999	**430**	**89**	**519**
Percent of Total	13.0%	10.9%	12.6%
$75,000 to $99,999	**365**	**4**	**369**
Percent of Total	11.1%	0.5%	9.0%
$100,000 and Over	**500**	**50**	**550**
Percent of Total	15.2%	6.1%	13.4%

Source: US Census Bureau, HUDuser.org

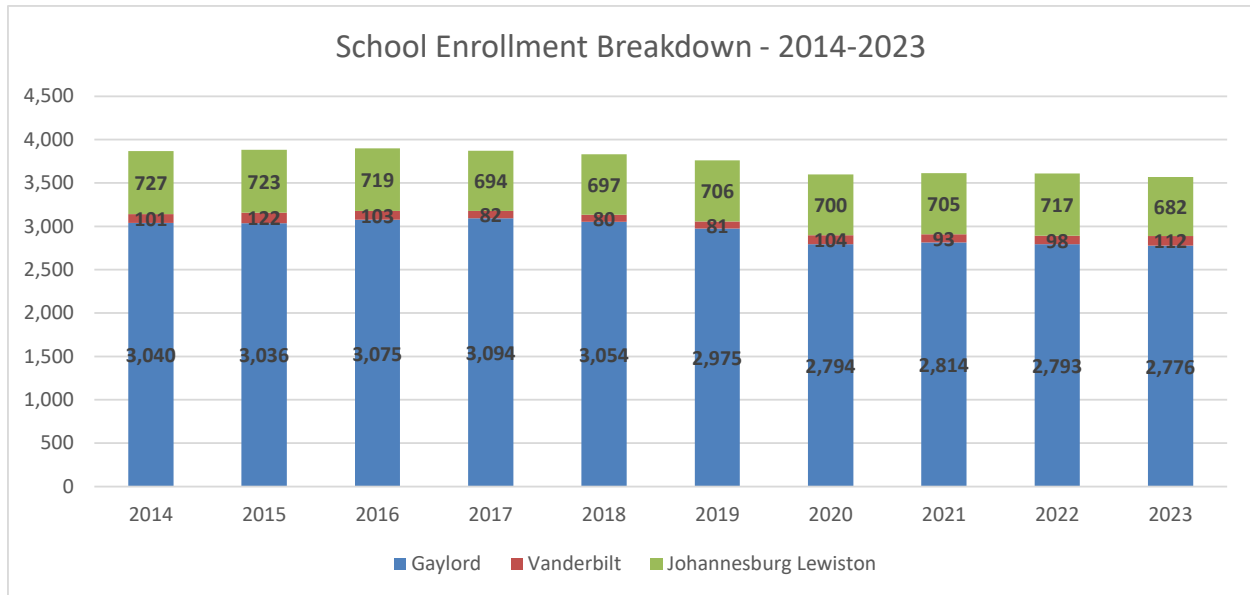**Graphic: Senior Household Income Distribution by Tenure – Otsego County (2022)**
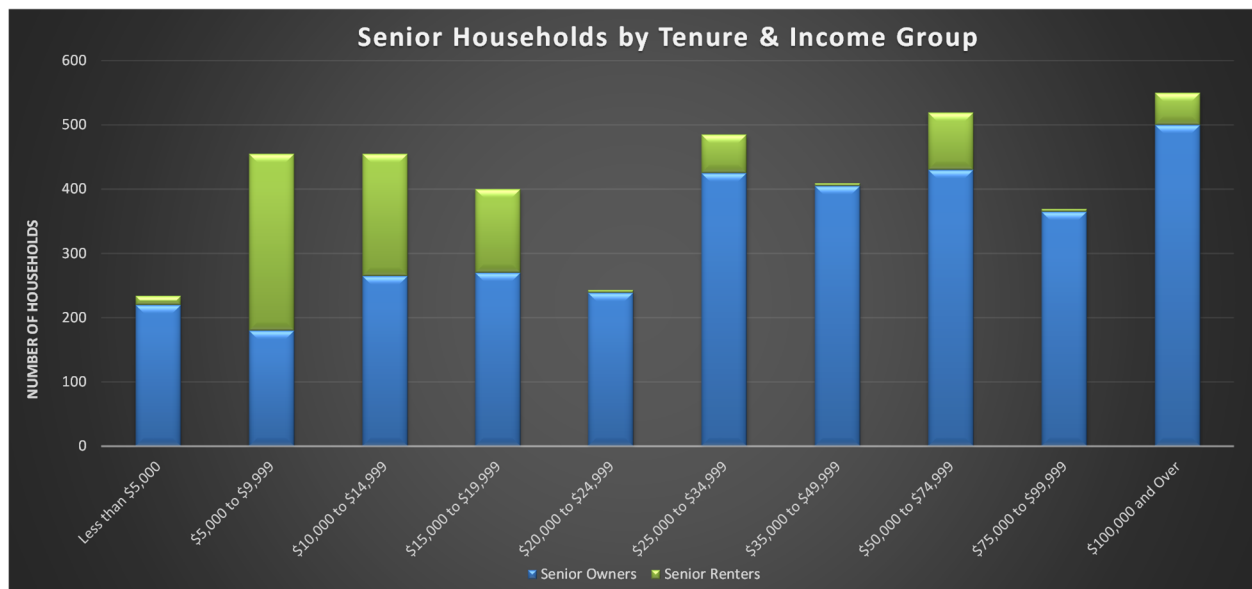
Other Demographic Factors

As indicated by both US Census data and ESRI forecasts, non-adult population totals within Gaylord and across Otsego County are projected to slowly decline over the balance of this decade, similar to most other northern Michigan communities. Based on enrollment data from the State of Michigan's Department of Education, the number of students within public schools for Otsego County has declined slightly over the past decade, reflecting an overall decline of 7.7 percent. This includes information from three districts – Gaylord, Vanderbilt, and Johannesburg-Lewiston.

Approximately one fourth of the county falls within other school districts adjacent to Otsego County (Boyne City, East Jordan, Alba, Mancelona, and Grayling); data for this section of the county was not included. Also within the community are St. Mary Cathedral School (approximately 300 students PK-12) and Otsego Christian (approximately 90 students PK-6). While complete trends regarding enrollment for these two parochial schools was not available, it is believed that no significant changes in student totals have taken place over the past three years.

School Enrollment - Otsego County

Year	Total Enrollment
2014	3,868
2015	3,881
2016	3,897
2017	3,870
2018	3,831
2019	3,762
2020	3,598
2021	3,612
2022	3,608
2023	3,570

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School Enrollment Breakdown - 2014-2023

Year	Gaylord	Vanderbilt	Johannesburg Lewiston
2014	3,040	101	727
2015	3,036	122	723
2016	3,075	103	719
2017	3,094	82	694
2018	3,054	80	697
2019	2,975	81	706
2020	2,794	104	700
2021	2,814	93	705
2022	2,793	98	717
2023	2,776	112	682

Legend: Gaylord, Vanderbilt, Johannesburg Lewiston

With two alternative religious schools within the city and considering the increasing popularity of homeschooling, these trends are not unusual, and are actually somewhat preferrable to other rural school districts that are experiencing sharp declines in enrollment. Certainly, the pandemic has impacted traditional enrollment, but many northern Michigan communities are facing significant declines over the coming decade due to prevailing demographic trends, declining family sizes, and reduced fertility ratios.

A summary of key demographic and economic statistics is presented within the following pages in an infographic format. While much of the information was previously presented, other considerations of note are worthy of mention. One is reduction in the poverty rate for Gaylord as compared to the 2022 report – down to 13.0 percent as compared to 17.4 percent in 2022. Across the county the poverty rate is slightly lower, at 11 percent. Statewide, poverty rates have slowly increased over the past few years, currently at 13.5 percent. The national poverty rate is 12.5 percent.

The infographics for each area also include a more detailed population pyramid (among other statistics of note), which illustrates a somewhat larger number of young adults on a percentage basis within Gaylord and to a lesser extend the Gaylord area, as compared to other similar northern Michigan cities. This concentration does reflect at least a portion of two key
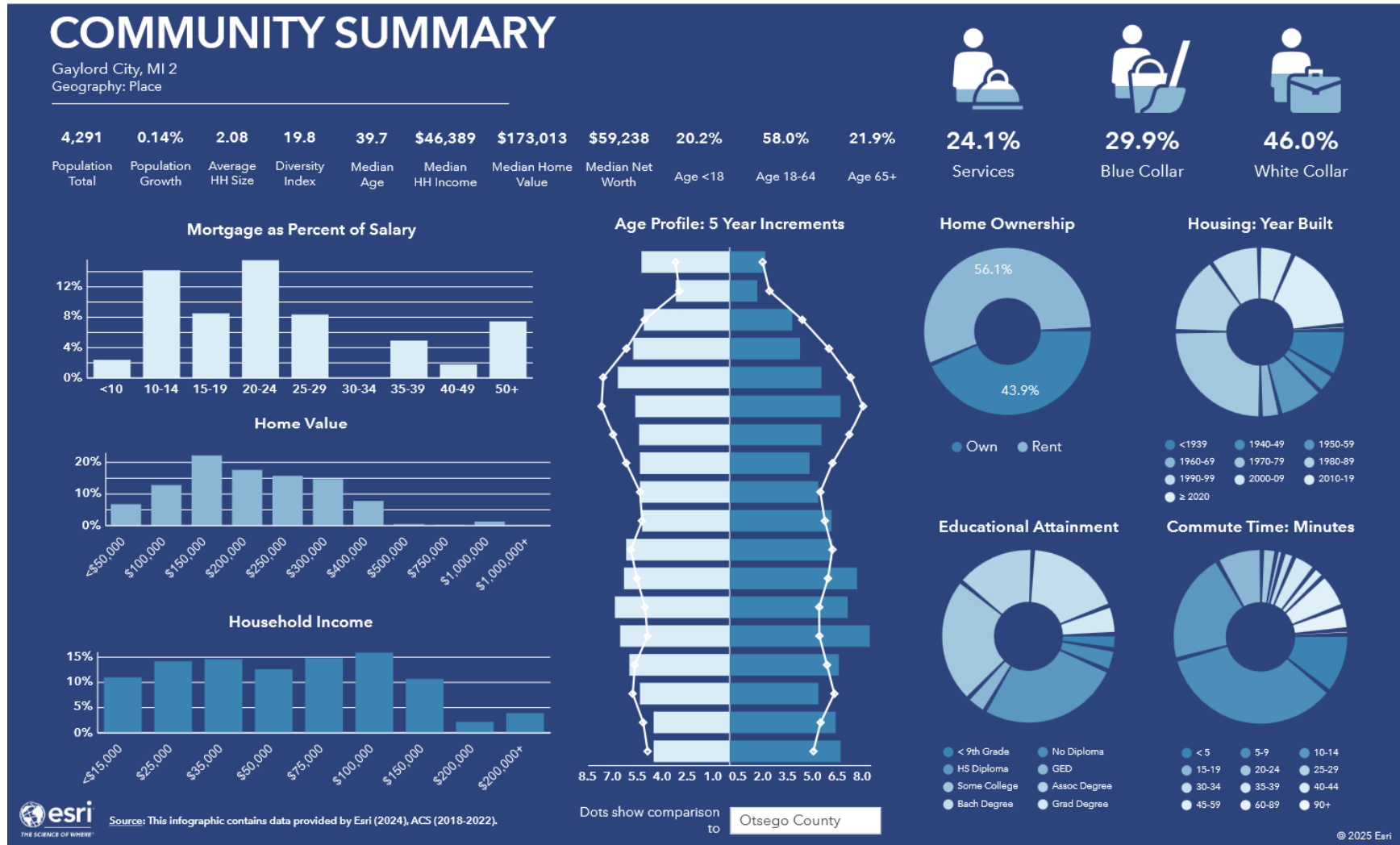
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target market segments, as described within the prior section of this report, and represents a likely underserved housing segment.

Also, median home values are listed within the ESRI data, based in ACS surveys from the Census Bureau. Figures from Gaylord reflect a combination of various housing options, ages, and occupancy. Within the surrounding townships and overall county data, prevailing home values are notably higher, reflective of mostly homeowners, larger structures, and the inclusion of high-end vacation/retirement homes found within sections of Otsego County.

Data from the infographics reflect a combination of sources, and may differ slightly from comparable information provided within the analysis.

Infographics: Key Demographic/Economic Data

City of Gaylord

Village of Vanderbilt

Gaylord Area

COMMUNITY SUMMARY

Greater Gaylord Market Area
Geography: County Subdivision

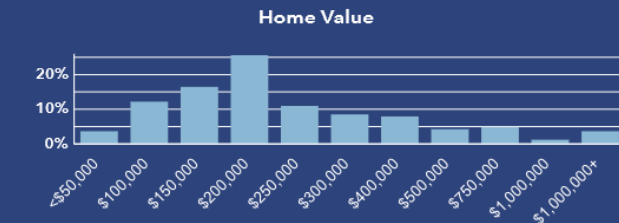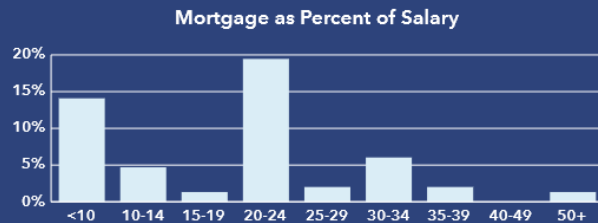| 13,005	0.37%	2.35	18.5	42.6	$62,945	$210,324	$182,510	20.7%	57.1%	22.2%
Population Total	Population Growth	Average HH Size	Diversity Index	Median Age	Median HH Income	Median Home Value	Median Net Worth	Age <18	Age 18-64	Age 65+

21.0% Services

24.3% Blue Collar

54.7% White Collar

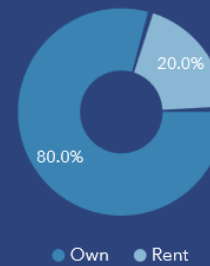**Mortgage as Percent of Salary**
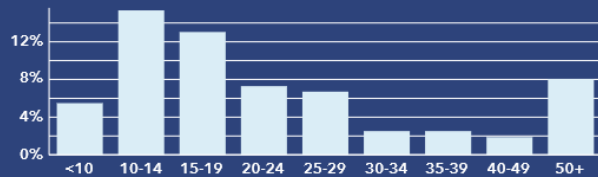
Home Value

Household Income

Age Profile: 5 Year Increments

Dots show comparison to Otsego County

Home Ownership
32.9%
67.1%
● Own ● Rent

Housing: Year Built
● <1939 ● 1940-49 ● 1950-59
● 1960-69 ● 1970-79 ● 1980-89
● 1990-99 ● 2000-09 ● 2010-19
● ≥ 2020

Educational Attainment
● < 9th Grade ● No Diploma
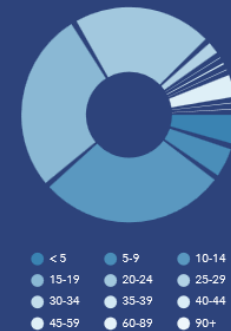● HS Diploma ● GED
● Some College ● Assoc Degree
● Bach Degree ● Grad Degree

Commute Time: Minutes
● <5 ● 5-9 ● 10-14
● 15-19 ● 20-24 ● 25-29
● 30-34 ● 35-39 ● 40-44
● 45-59 ● 60-89 ● 90+

Source: This infographic contains data provided by Esri (2024), ACS (2018-2022).

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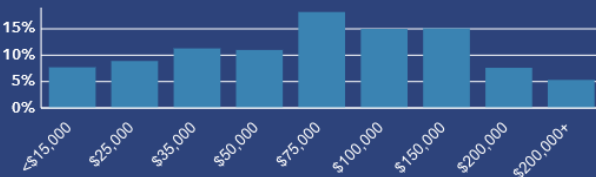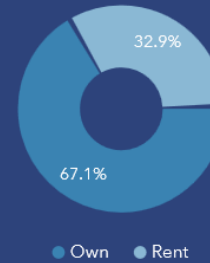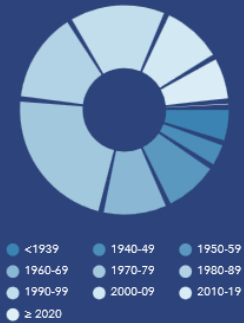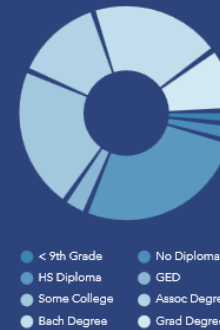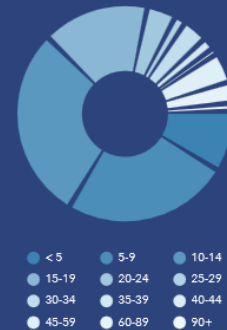
Gaylord Market Area

Northeast Otsego Market Area

COMMUNITY SUMMARY

Northeast Otsego Market Area
Geography: Census Tract

| 2,884	0.66%	2.36	16.8	46.9	$71,025	$198,973	$276,792	18.6%	58.0%	23.4%
Population Total	Population Growth	Average HH Size	Diversity Index	Median Age	Median HH Income	Median Home Value	Median Net Worth	Age <18	Age 18-64	Age 65+

16.6% Services **32.5%** Blue Collar **50.9%** White Collar

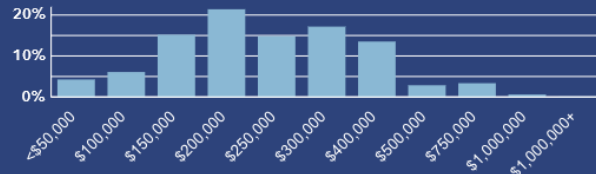**Mortgage as Percent of Salary**

Home Value

Household Income

Age Profile: 5 Year Increments

Dots show comparison to Otsego County

Home Ownership
18.5% / 81.5%
Own / Rent

Housing: Year Built
<1939 / 1940-49 / 1950-59 / 1960-69 / 1970-79 / 1980-89 / 1990-99 / 2000-09 / 2010-19 / ≥ 2020

Educational Attainment
< 9th Grade / No Diploma / HS Diploma / GED / Some College / Assoc Degree / Bach Degree / Grad Degree

Commute Time: Minutes
< 5 / 5-9 / 10-14 / 15-19 / 20-24 / 25-29 / 30-34 / 35-39 / 40-44 / 45-59 / 60-89 / 90+

Source: This infographic contains data provided by Esri (2024), ACS (2018-2022).

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Otsego County

ESRI Tapestry Information

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

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

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

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

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A brief description of these Tapestry Segments provides an indication of market potential from a more qualitative standpoint:

Tapestry Segment	Brief Description	% of Otsego County Households	% of U.S. Households
Salt of the Earth	Moderate incomes, families w/children, mostly homeowners, lower educational attainment	28.2%	2.8%
Rural Resort Dwellers	Moderate income singles/couples, empty nesters, mostly homeowners, near retirement	25.6%	1.0%
Small Town Sincerity	Lower-income singles/couples, mix of renters/owners, mix of ages but mostly 55+, still employed	24.3%	1.8%
Rooted Rural	Low/moderate income couples, mostly homeowners, still employed, lower educational attainment	7.2%	1.8%
Green Acres	Moderate/higher income families, homeowners, professional/managerial occupations	4.6%	3.3%
The Great Outdoors	Moderate-income couples, some with older children, mostly homeowners, ready for retirement	4.6%	1.6%
Prairie Living	Moderate income families, homeowners, mix of self-employed & traditional wage earners, mostly involved with agriculture	3.2%	1.0%
Down the Road	Lower incomes, families with children, mobile homes/rental homes, lower educational attainment	2.4%	1.2%
Total		**100.0%**	**14.4%**

Source: ESRI Tapestry

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Within Otsego County, eight separate segments were identified by ESRI as representing a significant portion of the overall population. All but one of the segments are described as moderate income or low/moderate income. The exception is Green Acres, which represent just five percent of the county's households, and reflects a combination of moderate and higher-income households. The segments do reflect a range of incomes, economic status, and likely household types found within the market area, but the differences among these groups are not substantial when taking the entire range of possible household characteristics into consideration.

The Green Acres segment is the only Tapestry segment exhibiting at least partially the most ideal characteristics – such as higher incomes households, younger households, or those with a high degree of educational attainment. Such characteristics are representative of highly sought-after target market segments that most communities would ideally welcome. While individuals within these attractive segments are likely present, these categories are not sufficiently large to be clustered within this analysis.

ESRI Tapestry segments found within Otsego County only reflect a limited degree of key target market characteristics, while two segments indicating the increasing influence of senior households

According to ESRI, none of the eight Tapestry segments are specifically oriented for senior households, but two segments (Small Town Sincerity and The Great Outdoors) are somewhat oriented toward older households/families. This is a reflection of the community's increasing degree of aging in place, ultimately emulating many other communities across northern Michigan in which the senior segments represent the most prominent features and sources of growth.

Comparing this Tapestry data to the original housing assessment from 2022, the categories and percentages are nearly identical, as such demographic features take many years to evolve. The primary trend will be more segments pointing toward the community's ongoing aging in place and economic emphasis on a combination of retirees and tourism-related options. It is also assumed that the community's relatively diverse workforce and residential base will remain in place over the foreseeable future. With the exception of a regional or national economic upheaval, the Gaylord area's economic base and corresponding Tapestry composition should remain similar into the next decade.

Most of these Tapestry categories feature commonalities that do not directly reflect the primary factors shared across the target markets, such as moderate/higher income levels, moderate to advanced educational attainment, and professional background ranging from entry-level positions to near retirement. Exact matches or comparisons to target market categories are always somewhat rarely made, with indirect comparisons to general target market descriptions perhaps more reasonable and readily understood.

Tapestry data is also ideally used for larger metropolitan areas, rather than rural communities or counties. This is why the use of Tapestry data to determine statistical demand is not advised. However, the data does indicate an increasing degree of senior influence, along with confirmation of Otsego County's primary characteristics, including the prevalence of family households, lower income levels, and the employment base reflective of primarily non-professional occupations.

V: HOUSING CONDITIONS AND CHARACTERISTICS

Housing Market Characteristics

Housing across Gaylord and Otsego County ranges from individual apartment units to luxury homes, intended for a wide range of incomes, household segments, and target market groups.

Despite being a somewhat small rural county, Gaylord and Otsego County's housing stock is diverse. Among owner-occupied units, one way to demonstrate the various segments of the home sales market is to broadly describe what is currently available across Otsego County. According to www.Realtor.com a total of 88 homes are currently for sale with an Otsego County address. Of these 88 homes, just two are priced at or below $100,000, while 20 homes are priced between $100,000 and $200,000. A total of 31 homes are priced between $200,000 and $350,000, with the balance (35 homes) priced above $350,000. Based on 2024 ESRI estimates, 88 homes represents less than one percent of the county's occupied housing stock, generally lower sales volume as compared to the prior decade. This relatively small total of homes available for sale is due to a combination of reduced development activity, increasing price levels, and uncertain economic conditions (partially due to the pandemic, among other factors).

Among the homes currently for sale, a plurality are three-bedroom homes, which features an average size of 2,156 square feet. Broken down by number of bedrooms, average and median data are as follows, along with a comparison to the 2022 data:

	# For Sale	Median Price	Average Price	Average Size	Price Per Sq. Ft.	Average Year Built
One/Two-Bedroom	18	$238,950	$258,806	1,187	$218.03	1979
Three-Bedroom	41	$244,900	$351,237	1,986	$176.86	1984
Four+ Bedroom	29	$460,000	$629,814	2,997	$210.15	1979
TOTAL	**88**	**$299,550**	**$424,134**	**2,156**	**$196.72**	**1981**
2022-2024 CHANGE:	**-11%**	**+15.7%**	**+36.0%**	**+2.6%**	**32.5%**	**----**

It is evident from the data that size, and most likely age, are characteristic of smaller-sized homes available for sale. In addition, many of these smaller-sized homes were originally for seasonal use, or reflect primarily recreationally-oriented structures, rather than homes utilized

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for traditional occupancy. While the average three-bedroom home's average year of construction is 1984, and the unit size on average is more reflective of modern homeownership options, the difference between the two size categories is immediately evident. Conversely, the prevailing data for four-bedroom units reflects the prevalence of higher-priced luxury homes, as well as older established structures originally intended for seasonal use.

The overall average year of construction among these homes is 1981 – indicative of the community's combination of older and somewhat newer construction. The current time on the market varies greatly among the for-sale data, ranging from one day to more than a year, with the average period at 112 days, primarily due to a few long-term outliers. By comparison, the average for sale period from the 2022 report was just 70 days. The marketplace exhibits a number of homes that have been on the market from 30 to 45 days, indicating an active degree of turnover for available homes. The vast majority of homes for sale are standard stick-built structures, with 10 condominiums within the totals. Just one for sale home was specifically listed as a foreclosure.

Current home sales data compared to 2022 reflects an ongoing shortage of available homes, a 20% increase in median sales price, and continued lack of moderately-priced homes for local families to relocate to the Gaylord area.

The pattern of sales was mapped by price, to give an indication of any concentrations of activity. As seen within the following pages, the higher priced structures are mostly found outside of the city. Many of these options, however, also include larger sized lots that clearly impact the overall price. While certainly attractive for many households, those families seeking a reasonably priced and modern home closer to the city have very limited choices, as few homes are found within the ideal range for market entry by the primary target market segment and are considered examples of modern residential homes. For those lower-priced homes, most are very aged, lack amenities, and were originally constructed as seasonal structures rather than year-round properties. As it currently exists, the local housing for-sale marketplace lacks reasonably priced opportunities for moderate-income households. Often referred to as the "missing middle" housing segment, the lack of such options clearly inhibits the rapid relocation of all but the highest-income households from outside of the region into the Gaylord area.

A similar examination was conducted for those homes that have recently sold, which

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provides an indication of expectations vs. reality for the housing sales market over the past six months. For this time period (90 days), a total of 117 homes within Otsego County have been sold. Among these, just two were priced below $100,000, while 26 were priced between $100,000 and $200,000 (22 percent). A total of 52 homes were sold between $200,000 and $350,000 (44 percent). The remaining 37 homes priced above $350,000 accounted for 32 percent of the total. The largest category of these sales are three-bedroom homes, representing 58 percent of all homes sold (68 homes). A summary of the data includes the following, along with the level of change from the 2022 report:

	# Sold	Median Price	Average Price	Average Size	Price Per Sq. Ft.	Average Year Built
One/Two-Bedroom	20	$175,000	$201,144	1,294	$155.44	1970
Three-Bedroom	68	$261,400	$298,057	2,071	$143.92	1983
Four-Bedroom+	29	$409,900	$423,263	3,029	$139.74	1987
TOTAL	**117**	**$270,000**	**$312,525**	**2,176**	**$143.62**	**1981**
2022-2024 CHANGE:	**+2%**	**+20.0%**	**+25.7%**	**+2.0%**	**+23.2%**	**---**

Other interesting notes from the data include:

- The average period on the marketplace for the recently sold properties was 72 days, as compared to 53 days in 2022. Sale absorption from the updated data ranged between 1 day to 218 days – 29 homes featured a sales period of more than 100 days (25 percent); for the currently for-sale properties the average listing period is 112 days, ranging from one day to 520 days – reflecting generally longer for-sale periods as compared to the 2022 report. A graph of these trends demonstrates the difference (removing the most extreme values):

The trend line shows the relationship between pricing and time on market. A slightly positive relationship is present regarding for sale pricing and time on the market.

- A slight majority of sold homes (54 percent) dropped price from the original listing rate, by an average of eight percent. Among for sale homes, 14 percent have already enacted some level of price reduction. Considering the growth in home values and sale prices from 2022, it is more likely that these reductions are reasonable adjustments for individual transactions, rather than a broad over-estimation of the value of homes across Otsego County.

- Average year of construction for the sold properties was 1981, identical to the average for current listings (1980). This average construction date is a slight reduction from the 2022 report data, with an average build date of 1983.

- The long-term trends regarding for sale pricing and the price levels for those properties that have been sold are similar to the data collected for this report. The sold price points are generally at or near for sale offering levels, as illustrated within the following chart from realtor.com:

Median listing home price vs. median home sold price
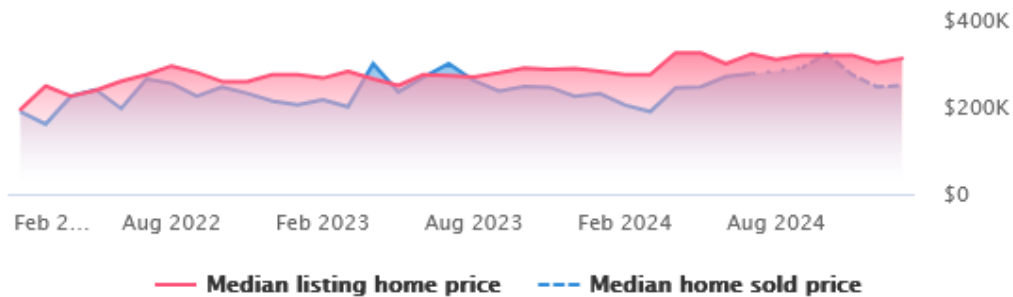
Sale-to-list price ratio: 98.52%

Homes in Otsego County, MI sold for **1.48% below** asking price on average in December 2024

- The distribution of recently sold properties by location is similar to the listing currently for sale – higher priced units are generally located outside of the city, within recreational areas, or as part of resort-oriented locations.

- The difference between the number of homes for sale (88) and recently sold (117) is to some degree an indication of the lack of supply within the Gaylord housing market. These trends are typically reversed, and upon examination of those homes that are rapidly sold with a minimal time period upon the marketplace for nearly all three-bedroom homes priced between $150,000 and $225,000, a slight mismatch is present regarding demand and supply. The pattern of available homes and the number of sales is essentially the same as the 2022 report.

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Map: Homes Currently For Sale – Otsego County

ESRI - For Sale - Otsego County 2024

Price

◆ > 500,000 – 2,950,000
◆ > 350,000 – 500,000
◆ > 200,000 – 350,000
◇ 59,900 – 200,000

ESRI - For Sale - Otsego County 2024

Price

◆ > 500,000 – 2,950,000
◆ > 350,000 – 500,000
◆ > 200,000 – 350,000
◇ 59,900 – 200,000
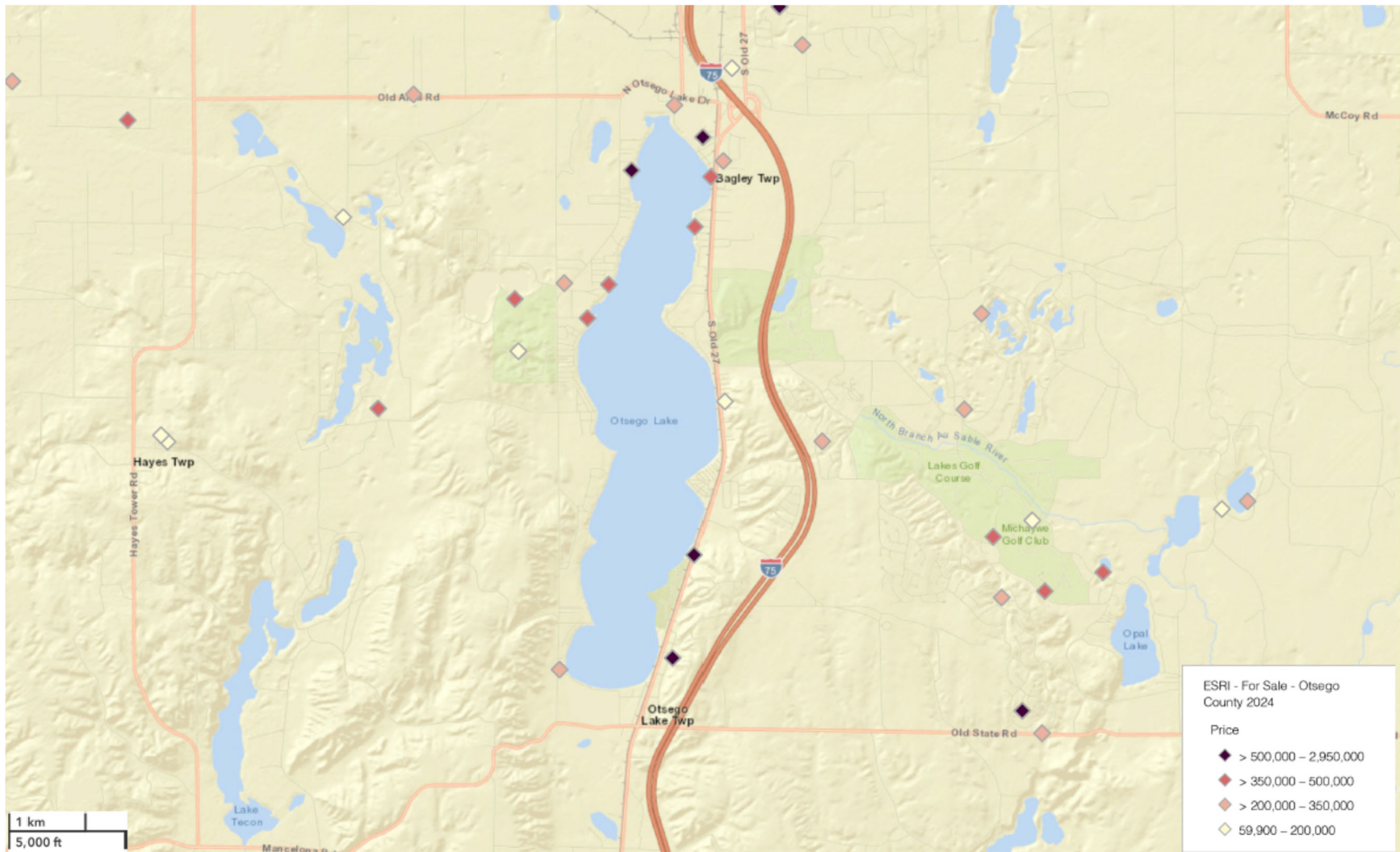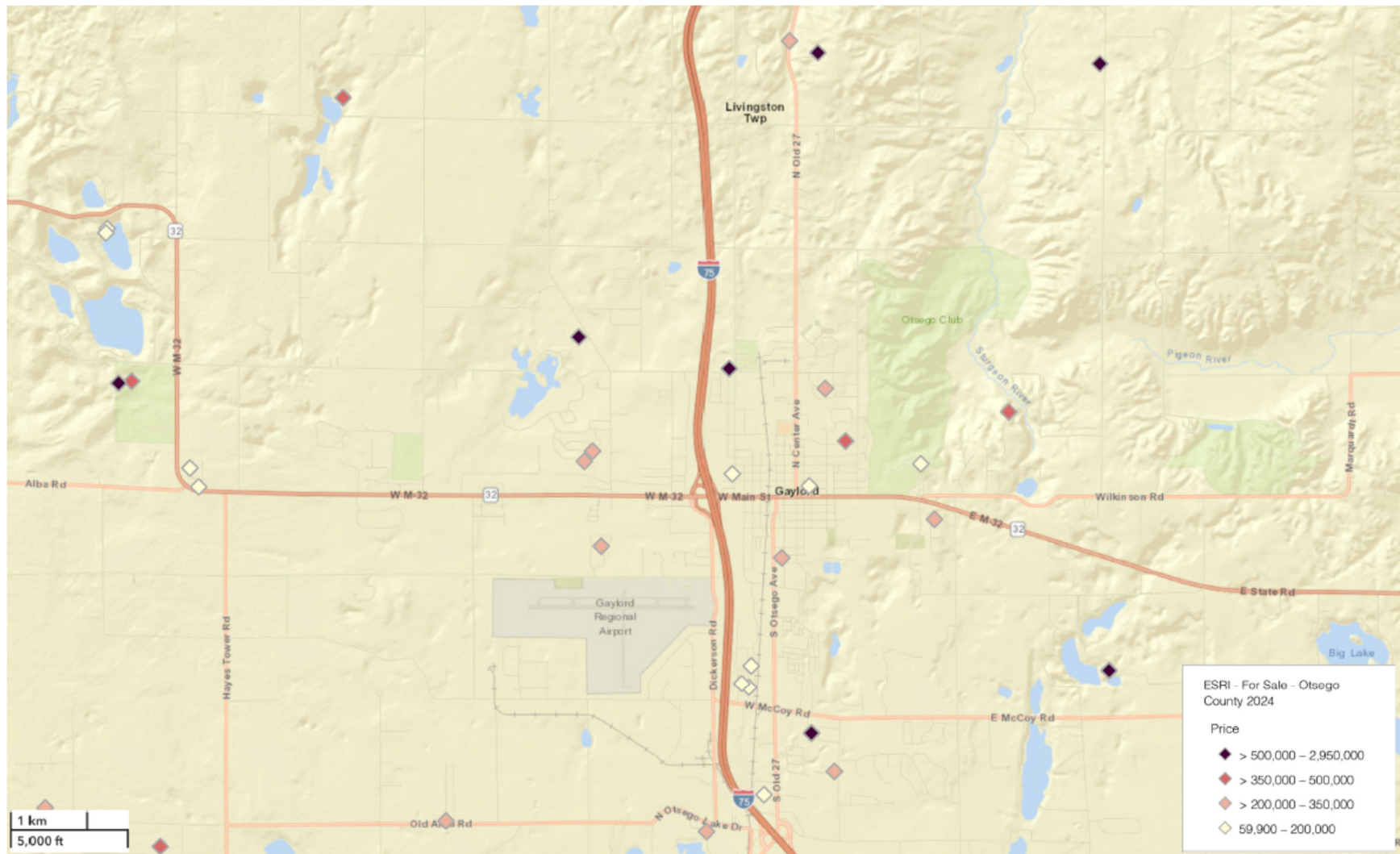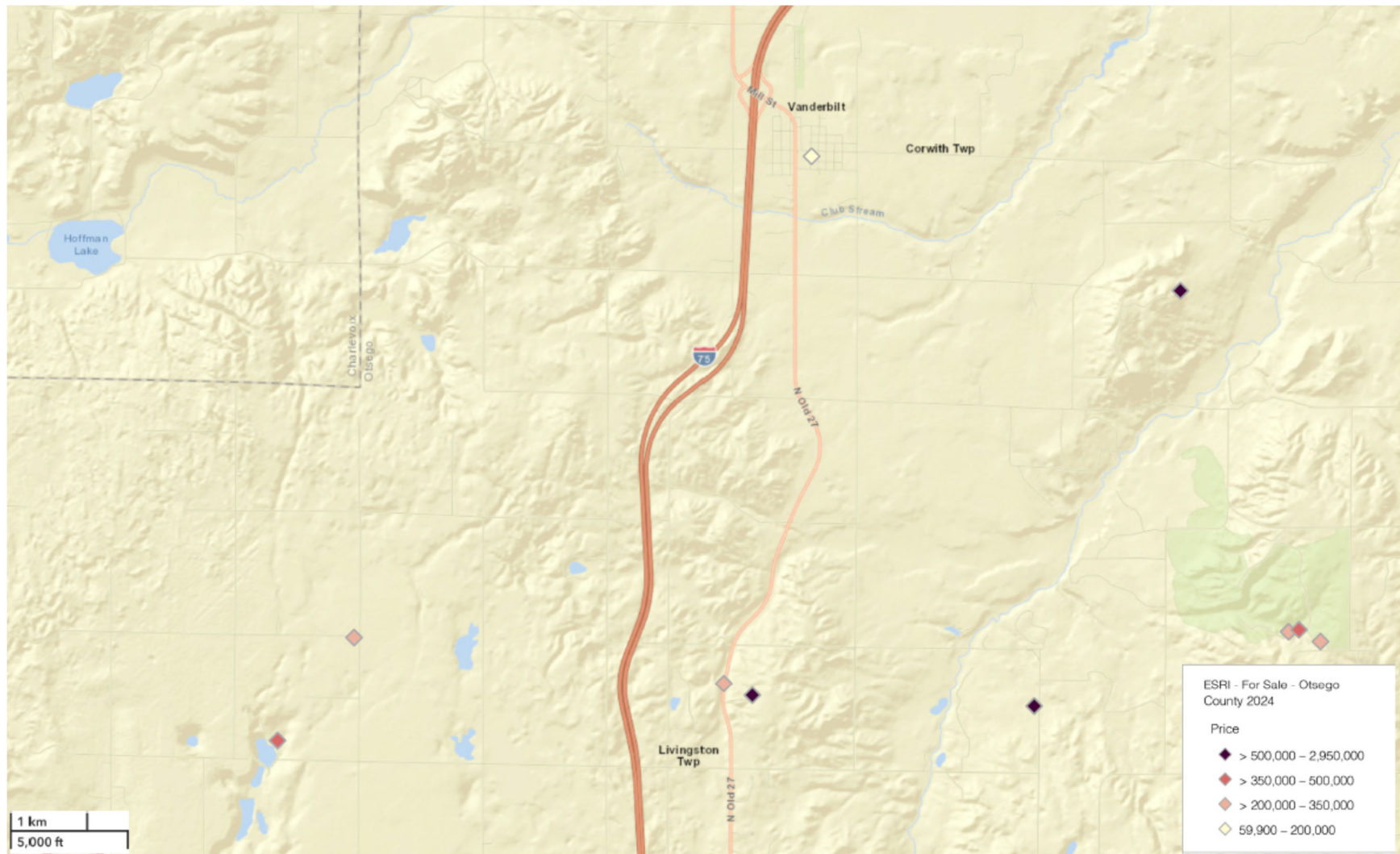
Rental trends within the Gaylord area are greatly influenced by the number of apartment units found within the city, with additional influences from single family rentals mostly within the rural sections of the county. Existing apartments are a combination of market rate units and affordable options, mostly subsidized through HUD or MSHDA, but also utilizing the Low Income Housing Tax Credit, in which rents are reduced and targeted for households at or below 60 percent of Area Median Income (AMI).

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

- Aspen Apartments (Open) – 80 units
- Alpine Alten Zimmer (Senior) – 118 units (some market rate)
- Gaslight Square (Open) – 36 units
- Little Village (Senior) – 32 units
- Horsell Manor (Senior) – 20 units
- Alpine Haus (Senior) – 50 units

Apartments deemed "affordable" are not subsidized based on rent, but are income-restricted through the use of tax credits or subsidized financing. These developments include the following:

- Green Meadow Village (Open) – 48 units
- Sheldon Place (Senior) – 32 units
- Northwind (Open) – 48 units
- Park Meadow – (Open) – 80 units

Existing market rate apartment developments were also contacted. These include:

- East Side Apartments (Open) – 8 units
- Pines 45 (Open) – 228 units
- Lakeview (Open) – 32 units
- West Park (Open) – 36 units
- Woods at Aspen Park – (Open) – 8 units
- Elkview (Open) – 32 units

A summary of the most prominent rental properties within the Gaylord market is found within the following pages.

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WESTPARK APARTMENTS

Family/Open Property

400 MUSNER ROAD   Phone: (989) 732-1010

GAYLORD   MI   49735
36 Units   **97.2% Occupancy**   **As of: 12/21/24**
Visibility: GOOD   **Comment:**
Condition: GOOD

Market Served/Type: MARKET RATE	Program: MARKET RATE
Structure Type: TOWNHOME	Subsidy? NONE
Exterior Type: MIXED	# of Subsidy Units: 0
Year Constructed: 2015	Rehab?
	Rehab Yr: 0

Unit Mix

Type	#	Ave. Rnt	Ave.Sq Ft.	Ratio
Studio	0	---	---	---
1BR	36	$1,000	800	$1.25
2BR	0	---	---	---
3BR	0	---	---	---
4BR	0	---	---	---

Comments:

Community Features

Clubhouse:	NO	Community Space:	NO
Basketball:	NO	Tennis Courts:	NO
Laundry:	NO	Volleyball:	NO
Elevator:	NO	Sauna/Jacuzzi:	NO
Fitness:	NO	Walking Trails:	NO
Pool:	NO	Business Center:	NO
Playground:	NO	Computer Center:	NO
Gazebo:	NO	Educational Services:	NO
Car Wash:	NO	Special Nds Services:	NO
Garden:	NO	Management Office:	NO

Other:
Other:
Other:

Unit Features

Kitchen Features		Unit Amenities		Parking/Other		Security/Other	
Stove:	YES	Central A/C:	YES	Surface:	YES	Intercom:	NO
Refrigerator:	YES	Wall A/C:	NO	Carport:	YES	Cameras:	NO
Disposal:	YES	Patio/Balc:	NO	Garage:	NO	Gated Pking:	NO
Dishwasher:	YES	Ceiling Fan:	YES	Undergrd:	NO	Guards:	NO
Microwave:	NO	Lndry Hk-Up:	YES	Fee:	$0	Entry Security:	NO
Pantry:	NO	Washer/Dryer:	NO				
Other:		Blinds/Drapes:	YES	Indiv. Entry:	YES	# of Stories: 1	
		Storage:	NO	Fireplace:	NO		
		Walk-in Clsts:	NO				

Utilities Included

Heat:	YES
Source:	GAS
Electric:	NO
Hot Water:	NO
Cooking:	NO
Source:	ELECTRIC
Water:	YES
Sewer:	YES
Trash:	YES

Survey Data:

Unit Type:	#	Rent	Size	Ratio	# Vacant	% Occ	Wait List?	Targeting:
Studio								
One-Bedroom								
1.1	36	$1,000	800	$1.25	1	97.2%	No	MARKET
Two-Bedroom								
Three-Bedroom								
Four-Bedroom								

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PINES 45

Family/Open Property

45 FRASIER BOULEVARD

Phone: (989) 614-4545

GAYLORD   MI   49735

228 Units   99.1% *Occupancy*   *As of: 12/21/24*

Visibility: EXCELLENT   **Comment:**
Condition: EXCELLENT

Market Served/Type:	MARKET RATE	Program:	MARKET RATE
Structure Type:	GARDEN	Subsidy?	NONE
Exterior Type:	MIXED	# of Subsidy Units:	0
Year Constructed:	2020	Rehab?	Rehab Yr: 0

Unit Mix

Type	#	Ave. Rnt	Ave.Sq Ft.	Ratio
Studio	32	$1,055	600	$1.76
1BR	64	$1,354	804	$1.68
2BR	84	$1,723	1,163	$1.48
3BR	48	$1,985	1,552	$1.28
4BR	0	---	---	---

Comments: Unit mix an estimate

Community Features

Clubhouse:	YES	Community Space:	YES
Basketball:	NO	Tennis Courts:	NO
Laundry:	YES	Volleyball:	NO
Elevator:	NO	Sauna/Jacuzzi:	NO
Fitness:	YES	Walking Trails:	YES
Pool:	YES	Business Center:	YES
Playground:	YES	Computer Center:	YES
Gazebo:	NO	Educational Services:	NO
Car Wash:	NO	Special Nds Services:	NO
Garden:	NO	Management Office:	YES
Other:			
Other:			
Other:			

Unit Features

Kitchen Features		Unit Amenities		Parking/Other		Security/Other	
Stove:	YES	Central A/C:	YES	Surface:	YES	Intercom:	NO
Refrigerator:	YES	Wall A/C:	NO	Carport:	NO	Cameras:	YES
Disposal:	YES	Patio/Balc:	YES	Garage:	YES	Gated Pking:	NO
Dishwasher:	YES	Ceiling Fan:	YES	Undergrd:	NO	Guards:	NO
Microwave:	YES	Lndry Hk-Up:	YES	Fee:	$0	Entry Security:	NO
Pantry:	NO	Washer/Dryer:	NO				
Other:		Blinds/Drapes:	YES	Indiv. Entry:	NO	# of Stories: 3	
		Storage:	YES	Fireplace:	NO		
		Walk-in Clsts:	YES				

Utilities Included

Heat:	NO
Source:	GAS
Electric:	NO
Hot Water:	NO
Cooking:	NO
Source:	ELECTRIC
Water:	YES
Sewer:	YES
Trash:	YES

Survey Data:

Unit Type:	#	Rent	Size	Ratio	# Vacant	% Occ	Wait List?	Targeting:
Studio								
0.1	32	$1,055	600	$1.76	0	100.0%	No	MARKET
One-Bedroom								
1.1	16	$1,275	770	$1.66	0	100.0%	No	MARKET
1.1	24	$1,330	815	$1.63	0	100.0%	No	MARKET
1.1	24	$1,430	815	$1.75	0	100.0%	No	MARKET
Two-Bedroom								
2.2	20	$1,605	1110	$1.45	1	95.0%	No	MARKET
2.2	32	$1,705	1180	$1.44	0	100.0%	No	MARKET
2.2	32	$1,815	1180	$1.54	0	100.0%	No	MARKET
Three-Bedroom								
3.2	24	$1,935	1552	$1.25	0	100.0%	No	MARKET
3.2	24	$2,035	1552	$1.31	1	95.8%	No	MARKET
Four-Bedroom								

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LAKEVIEW APARTMENTS

Family/Open Property

238 ROBERTS AVENUE   Phone: (989) 732-2477

GAYLORD   MI   49735

| **32 Units** | **100.0% Occupancy** | **As of: 12/21/24** |

Visibility: GOOD   **Comment:**
Condition: GOOD

Market Served/Type: MARKET RATE		Program:	MARKET RATE
Structure Type: GARDEN		Subsidy?	NONE
Exterior Type: MIXED		# of Subsidy Units:	0
Year Constructed: 1984	Rehab?	Rehab Yr:	0

Unit Mix

Type	#	Ave. Rnt	Ave.Sq Ft.	Ratio
Studio	0	---	---	---
1BR	0	---	---	---
2BR	32	$950	700	$1.36
3BR	0	---	---	---
4BR	0	---	---	---

Comments:

Community Features

Clubhouse:	NO	Community Space:	NO
Basketball:	NO	Tennis Courts:	NO
Laundry:	YES	Volleyball:	NO
Elevator:	NO	Sauna/Jacuzzi:	NO
Fitness:	NO	Walking Trails:	NO
Pool:	NO	Business Center:	NO
Playground:	NO	Computer Center:	NO
Gazebo:	NO	Educational Services:	NO
Car Wash:	NO	Special Nds Services:	NO
Garden:	NO	Management Office:	NO

Other:	
Other:	
Other:	

Unit Features

Kitchen Features		Unit Amenities		Parking/Other		Security/Other	
Stove:	YES	Central A/C:	NO	Surface:	YES	Intercom:	NO
Refrigerator:	YES	Wall A/C:	NO	Carport:	YES	Cameras:	NO
Disposal:	NO	Patio/Balc:	YES	Garage:	NO	Gated Pking:	NO
Dishwasher:	YES	Ceiling Fan:	NO	Undergrd:	NO	Guards:	NO
Microwave:	NO	Lndry Hk-Up:	NO	Fee:	$0	Entry Security:	NO
Pantry:	NO	Washer/Dryer:	NO				
Other:		Blinds/Drapes:	YES	Indiv. Entry:	NO	# of Stories: 2	
		Storage:	NO	Fireplace:	NO		
		Walk-in Clsts:	NO				

Utilities Included

Heat:	NO
Source:	GAS
Electric:	NO
Hot Water:	NO
Cooking:	NO
Source:	ELECTRIC
Water:	YES
Sewer:	YES
Trash:	YES

Survey Data:

Unit Type:	#	Rent	Size	Ratio	# Vacant	% Occ	Wait List?	Targeting:
Studio								
One-Bedroom								
Two-Bedroom								
2.1	32	$950	700	$1.36	0	100.0%	No	MARKET
Three-Bedroom								
Four-Bedroom								

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PARK MEADOW

Family/Open Property

1316 PARK MEADOW DRIVE

Phone: (989) 731-1159

GAYLORD   MI   49735

80 Units   **100.0% Occupancy**   **As of: 12/21/24**

Visibility: GOOD   **Comment:**

Condition: GOOD

Market Served/Type: AFFORDABLE	Program: LIHTC
Structure Type: TOWNHOME	Subsidy? NONE
Exterior Type: MIXED	# of Subsidy Units: 0
Year Constructed: 1995	Rehab? Rehab Yr: 0

Unit Mix

Type	#	Ave. Rnt	Ave.Sq Ft.	Ratio
Studio	0	---	---	---
1BR	30	$735	660	$1.11
2BR	26	$890	850	$1.05
3BR	24	$900	1,210	$0.74
4BR	0	---	---	---

Comments:

Community Features

Clubhouse:	NO	Community Space:	YES
Basketball:	NO	Tennis Courts:	NO
Laundry:	YES	Volleyball:	NO
Elevator:	NO	Sauna/Jacuzzi:	NO
Fitness:	NO	Walking Trails:	NO
Pool:	NO	Business Center:	NO
Playground:	YES	Computer Center:	NO
Gazebo:	NO	Educational Services:	NO
Car Wash:	NO	Special Nds Services:	NO
Garden:	NO	Management Office:	YES

Other:
Other:
Other:

Unit Features

Kitchen Features		Unit Amenities		Parking/Other		Security/Other	
Stove:	YES	Central A/C:	NO	Surface:	YES	Intercom:	NO
Refrigerator:	YES	Wall A/C:	YES	Carport:	YES	Cameras:	NO
Disposal:	YES	Patio/Balc:	YES	Garage:	NO	Gated Pking:	NO
Dishwasher:	NO	Ceiling Fan:	NO	Undergrd:	NO	Guards:	NO
Microwave:	NO	Lndry Hk-Up:	NO	Fee:	$0	Entry Security:	NO
Pantry:	NO	Washer/Dryer:	NO				
Other:		Blinds/Drapes:	YES	Indiv. Entry:	YES	# of Stories:	1/2
		Storage:	NO	Fireplace:	NO		
		Walk-in Clsts:	YES				

Utilities Included

Heat:	YES
Source:	GAS
Electric:	NO
Hot Water:	NO
Cooking:	NO
Source:	ELECTRIC
Water:	YES
Sewer:	YES
Trash:	YES

Survey Data:

Unit Type:	#	Rent	Size	Ratio	# Vacant	% Occ	Wait List?	Targeting:
Studio								
One-Bedroom								
1.1	30	$735	660	$1.11	0	100.0%	YES	60% AMI
Two-Bedroom								
2.1	26	$890	850	$1.05	0	100.0%	YES	60% AMI
Three-Bedroom								
3.2	24	$900	1210	$0.74	0	100.0%	YES	60% AMI
Four-Bedroom								

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NORTHWIND APARTMENTS

403 WEST MITCHELL STREET

Phone: (989) 448-8423

GAYLORD   MI   49735

48 Units   93.8% Occupancy   *As of: 12/21/24*

Visibility: GOOD   **Comment:**
Condition: EXCELLENT

Market Served/Type: AFFORDABLE	Program:	LIHTC
Structure Type: GARDEN	Subsidy?	NONE
Exterior Type: MIXED	# of Subsidy Units:	0
Year Constructed: 2016	Rehab?	Rehab Yr: 0

Unit Mix

Type	#	Ave. Rnt	Ave.Sq Ft.	Ratio
Studio	0	---	---	---
1BR	23	$806	728	$1.11
2BR	25	$943	928	$1.02
3BR	0	---	---	---
4BR	0	---	---	---

Comments:

Community Features

Clubhouse:	NO	Community Space:	YES
Basketball:	NO	Tennis Courts:	NO
Laundry:	YES	Volleyball:	NO
Elevator:	YES	Sauna/Jacuzzi:	NO
Fitness:	YES	Walking Trails:	NO
Pool:	NO	Business Center:	YES
Playground:	NO	Computer Center:	YES
Gazebo:	NO	Educational Services:	NO
Car Wash:	NO	Special Nds Services:	NO
Garden:	NO	Management Office:	YES

Other:
Other:
Other:

Unit Features

Kitchen Features		Unit Amenities		Parking/Other		Security/Other	
Stove:	YES	Central A/C:	YES	Surface:	YES	Intercom:	YES
Refrigerator:	YES	Wall A/C:	NO	Carport:	NO	Cameras:	NO
Disposal:	YES	Patio/Balc:	YES	Garage:	NO	Gated Pking:	NO
Dishwasher:	YES	Ceiling Fan:	NO	Undergrd:	NO	Guards:	NO
Microwave:	YES	Lndry Hk-Up:	NO	Fee:	$0	Entry Security:	NO
Pantry:	NO	Washer/Dryer:	NO				
Other:		Blinds/Drapes:	YES	Indiv. Entry:	NO	# of Stories: 4	
		Storage:	YES	Fireplace:	NO		
		Walk-in Clsts:	NO				

Utilities Included

Heat:	YES
Source:	GAS
Electric:	NO
Hot Water:	NO
Cooking:	NO
Source:	ELECTRIC
Water:	YES
Sewer:	YES
Trash:	YES

Survey Data:

Unit Type:	#	Rent	Size	Ratio	# Vacant	% Occ	Wait List?	Targeting:
Studio								
One-Bedroom								
1.1	11	$796	728	$1.09	0	100.0%	No	50% AMI
1.1	12	$815	728	$1.12	0	100.0%	No	60% AMI
Two-Bedroom								
2.1	12	$912	928	$0.98	1	91.7%	No	50% AMI
2.1	13	$971	928	$1.05	2	84.6%	No	60% AMI
Three-Bedroom								
Four-Bedroom								

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GREEN MEADOWS APARTMENTS · *Family/Open Property*

900 NORTH MEADOWS   Phone: (989) 732-4581

GAYLORD   MI   49735
48 Units   100.0% Occupancy   *As of: 12/21/24*
Visibility: GOOD   *Comment:*
Condition: GOOD

Market Served/Type: AFFORDABLE	Program: LIHTC
Structure Type: WALK UP	Subsidy? NONE
Exterior Type: OTHER	# of Subsidy Units: 0
Year Constructed: 2002	Rehab? Rehab Yr: 0

Unit Mix

Type	#	Ave. Rnt	Ave.Sq Ft.	Ratio
Studio	0	---	---	---
1BR	8	$693	816	$0.85
2BR	24	$862	1,022	$0.84
3BR	16	$924	1,162	$0.80
4BR	0	---	---	---

Comments: Some units at 30% AMI and 50% AMI, as well as 60% AMI

Community Features

Clubhouse:	YES	Community Space:	YES
Basketball:	NO	Tennis Courts:	NO
Laundry:	NO	Volleyball:	NO
Elevator:	NO	Sauna/Jacuzzi:	NO
Fitness:	NO	Walking Trails:	NO
Pool:	NO	Business Center:	NO
Playground:	YES	Computer Center:	NO
Gazebo:	NO	Educational Services:	NO
Car Wash:	NO	Special Nds Services:	NO
Garden:	NO	Management Office:	YES

Other:
Other:
Other:

Unit Features

Kitchen Features		Unit Amenities		Parking/Other		Security/Other	
Stove:	YES	Central A/C:	YES	Surface:	YES	Intercom:	NO
Refrigerator:	YES	Wall A/C:	NO	Carport:	YES	Cameras:	NO
Disposal:	YES	Patio/Balc:	NO	Garage:	NO	Gated Pking:	NO
Dishwasher:	YES	Ceiling Fan:	NO	Undergrd:	NO	Guards:	NO
Microwave:	NO	Lndry Hk-Up:	YES	Fee:	$0	Entry Security:	NO
Pantry:	NO	Washer/Dryer:	NO				
Other:		Blinds/Drapes:	YES	Indiv. Entry:	YES	# of Stories: 2	
		Storage:	NO	Fireplace:	NO		
		Walk-in Clsts:	YES				

Utilities Included

Heat:	NO
Source:	GAS
Electric:	NO
Hot Water:	NO
Cooking:	NO
Source:	ELECTRIC
Water:	YES
Sewer:	YES
Trash:	YES

Survey Data:

Unit Type:	#	Rent	Size	Ratio	# Vacant	% Occ	Wait List?	Targeting:
Studio								
One-Bedroom								
1.1	8	$693	816	$0.85	0	100.0%	YES	60% AMI
Two-Bedroom								
2.2	24	$862	1022	$0.84	0	100.0%	YES	60% AMI
Three-Bedroom								
3.2	16	$924	1162	$0.80	0	100.0%	YES	60% AMI
Four-Bedroom								

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Occupancy levels vary among this group of rental properties, ranging from 94 percent to 100 percent. Pricing among these market rate properties is based on age, with the newest development – Pines 45 (constructed in 2020), exhibiting the highest rents among existing apartment properties. Waiting lists are relatively rare for this group of rentals, as market pressure does not appear overly strong. Most properties are in good to excellent condition overall, but amenities vary greatly depending on the age of the development, as well as whether the property has been recently rehabilitated.

A determination of the likely draw of new rental housing options within the Gaylord area was determined for the 2022 report, and is worthy of reiteration within this analysis. Based on primary data collection by the management of Pines 45, an idea of the market potential for market rate rental housing can be examined. In terms of market area designation for statistical demand purposes, researchers wish to establish a Primary Market Area (PMA) that reflects at least 60 percent of potential residents that may relocate into a new rental facility. Over-estimation of the PMA may result in an unrealistic depiction of demand potential, resulting in a slower lease-up and difficulties in maintaining long-term occupancy. Based on data collected in the third quarter of 2022, and adjusting for co-signers and a few unknown address entries, the following table illustrates the prior address of newly-relocated households within Pines 45:

Prior Location:	# of Residents	% of Total
Outside of Michigan:	35	22%
Michigan	127	78%
Detroit Area:	8	6%
Traverse City:	5	4%
Alpena	1	1%
Otsego County/Gaylord	62	49%
Petoskey	4	3%
Balance of Michigan	47	37%

Local residents that reflect the likely PMA represent 49 percent of new residents within Pines 45 – demonstrating that the new market rate apartment community has successfully been able to attract residents from both local and regional locations, as well as outstate. The data does not reflect all 228 units at the property, and impacts from the pandemic may be influencing these trends as well. Nonetheless, the successful lease-up of the property within an environment that was, at least partially, impacted by COVID-19 restrictions and a temporarily-muted economic

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climate, is very impressive. Much of this is clearly attributable to a professional and attentive pre-leasing/marketing campaign by the ownership/management at Pines 45, but what is also evident is that the true demand potential for market rate rental housing is likely stronger than can be described by typical statistical methods. Revisiting this prior residence data over the next year would provide a unique and inciteful depiction of the property's market potential, along with an idea of demand potential for future phases at the property.

The overall occupancy rate based on our research is indicative of stable conditions. Including the subsidy and affordable units with the market rate options, the overall rental occupancy rate is essentially full occupancy, with most units vacant due to turnover or scheduled maintenance. Other factors from our research include the following:

- Many of the residents within the low-income and affordable units carry a Section 8/Housing Choice Voucher or other subsidy, with some properties featuring project-based subsidies (through Rural Housing or HUD). While no comments regarding affordability issues were brought up by the leasing agents, this degree of participation with a voucher or project-based subsidy does indicate that a portion of the affordable market is perhaps more reflective of 30 percent AMI and 40 percent AMI rents, rather than the 60 percent AMI units some of these households currently occupy. This would correspond with the prevailing income data, which shows a somewhat "thin" band of households within the traditional affordable income range.

- Little information is available regarding downtown rental units, typically found above ground floor commercial establishments. Such options are increasingly popular in more urban communities, favoring occupancy by younger adults without children. Given the available commercial establishments downtown, the prevailing demographic trends within Gaylord that indicate a concentration of younger adults, the demand potential for such units may be stronger than found within similar-sized communities.

- Demand trends are shifting toward a greater need for two-bedroom units, followed by one-bedroom units. The demand potential for three-bedroom units has remained sufficiently stable to maintain occupancy levels, but fewer inquiries for such units are taking place.

Mobile home parks within the community were greatly impacted by the May 2022 tornado. Primary options include Aspen Village (204 Aspen Commons Drive), and Nottingham Forest (535 Nottingham Road). The most recent census data indicates that a total of 935 mobile homes/trailers are occupied across Otsego County. Most are found within rural sections of the

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98

area rather than within the city limits. Of these occupied units, 369 are rentals, which represents 16 percent of all rental unit options and 39 percent of all occupied mobile homes/trailers.

Remaining rentals consist of select condominium units for rent and single-family homes for rent. Single family rental homes are much more prevalent outside of the city, and actually represent a majority of rental units within the NE Otsego area. Most of these rentals are listed on local or internet sources (Craigslist, Backpage, and other sources), or are made known via word-of-mouth.

Assisted living developments within Gaylord account for five properties, with 144 total units dedicated to senior occupancy, along with 30 units specifically utilized for seniors with memory-care needs. In all, these units represent approximately 38 percent of the senior rental units within the Gaylord Area. These include:

- The Porches – 435 Murner Road
- August Haus – 1201 Village Parkway
- The Brook – 900 Hayes Road
- Aspen Ridge – 1261 Village Parkway
- Woodland Acres – 2796 Plywood Road

Demand potential for various senior housing options, including assisted living rental units, will continue throughout the balance of the decade, as younger seniors continue to age in place, additional migration of seniors from across the region continues, and existing elderly residents transition from independent living status into various levels of additional care, such as assisted living. The status of these existing developments, prevailing senior household trends, and continued demand for additional personal care services for those local seniors that age in place points to continued market potential. Given the price points for such options, private sector operations are likely to demonstrate continued interest in such housing options within the Gaylord community.

The Gaylord/Otsego community also features a notable number of seasonal homes, ranging from the minimally modest single room structures to luxurious vacation homes with a wide range of amenities. Based on available short-term rental data, at least 89 structures are available for short-term lease to the public across the Gaylord area. Most are outside of the city, either within existing resort communities or within sparsely populated sections of Otsego County attractive for various vacation/short term uses. These short-term rental totals are not

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unreasonable, given the characteristics of the Gaylord area. A significant number of seasonal structures are not readily available to the public, but still reflect a segment of the overall housing stock. However, future concerns are present regarding the potential increase in short-term rental use, particularly if such rentals are removed from the permanent housing stock that would normally be available for long-term occupancy or for home purchase.

According to the latest American Community Survey data, approximately 16 percent of all occupied rental units within the Gaylord area, and 33 percent of all occupied rental units across Otsego County, are single family homes (both attached and detached structures). In addition, 27 percent and 22 percent are duplex to four-plex style rental units within the Gaylord area and across Otsego County, respectfully. This would include both duplex-style units originally constructed in that style as well as single family home conversions into duplex or four-plex rentals. The majority of duplex-style units are found within the Gaylord area (95 percent of all duplex-style rentals within the county).

The large majority of rental units are considered modern, with sufficient plumbing and no issues regarding overcrowding (defined as more than one person per room). Across Otsego County, less than one percent of rental units are substandard, and approximately one percent of owner-occupied units are similarly considered substandard. It is assumed that most of these units are found in rural sections of the county, and are likely quite aged.

Table: Substandard/Overcrowded Rental Units

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Estimated Total Owner Households	**792**	**933**	**3,979**	**7,644**	**8,577**
Number Lacking Complete Plumbing Facilities	0	0	0	0	0
Percent Lacking	0.0%	0.0%	0.0%	0.0%	0.0%
Number of Over-crowded Units	0	25	39	78	103
Percent Over-crowded	0.0%	2.7%	1.0%	1.0%	1.2%
Total Owner Substandard Units	**0**	**25**	**39**	**78**	**103**
Percent Owner Substandard	0.0%	2.7%	1.0%	1.0%	1.2%
Estimated Total Renter Households	**1,409**	**212**	**1,883**	**2,207**	**2,419**
Number Lacking Complete Plumbing Facilities	0	0	0	0	0
Percent Lacking	0.0%	0.0%	0.0%	0.0%	0.0%
Number of Over-crowded Units	0	16	5	5	21
Percent Over-crowded	0.0%	7.5%	0.3%	0.2%	0.9%
Total Renter Substandard Units	**0**	**16**	**5**	**5**	**21**
Percent Renter Substandard	0.0%	7.5%	0.3%	0.2%	0.9%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

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One of the primary housing issues within Otsego County and much of Michigan is simply a lack of supply. Up until the mid-2000s, housing construction trends were generally similar to prior decades, in which sufficient number of units were developed to meet the prevailing demand potential. While high-growth and high-income communities experienced some degree of limited supply, most sections of Michigan were in balance regarding development activity and market demand. After the housing crisis of 2008 and subsequent recession, a great deal of Michigan's construction and development talent and infrastructure was either forced out of business, retired, or, mostly relocated to other sections of the nation, such as Texas, Arizona, or Florida. Based on our firm's research and experience over the past decade, only a few sections of the Detroit Metro Area and Grand Rapids region have not experienced this reduction in development activity. Reduced development capacity, coupled with a slowly recovering economy over the next few years, has resulted in the lowest housing permit activity and construction trends in the past 70 years. These trends are clearly demonstrated within the following tables, and have been a primary factor in the current issues that most sections of Michigan are facing. Please note that the updated data reflects information up to 2022, so the most recent development trends within the Gaylord community are not entirely inclusive within the data.

Table: Total Occupied Households by Year Built

TOTAL HOUSEHOLDS	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Built Earlier than 1950	**264**	**132**	**543**	**693**	**825**
Percent of total households	12.0%	11.5%	9.3%	7.0%	7.5%
Built 1950 - 1959	**205**	**74**	**448**	**604**	**678**
Percent of total households	9.3%	6.5%	7.6%	6.1%	6.2%
Built 1960 - 1969	**105**	**105**	**558**	**792**	**897**
Percent of total households	4.8%	9.2%	9.5%	8.0%	8.2%
Built 1970 - 1979	**608**	**206**	**1,353**	**2,306**	**2,512**
Percent of total households	27.6%	18.0%	23.1%	23.4%	22.8%
Built 1980 - 1989	**346**	**151**	**776**	**1,461**	**1,612**
Percent of total households	15.7%	13.2%	13.2%	14.8%	14.7%
Built 1990 - 1999	**268**	**228**	**1,076**	**2,070**	**2,298**
Percent of total households	12.2%	19.9%	18.4%	21.0%	20.9%
Built 2000 - 2009	**190**	**205**	**801**	**1,502**	**1,707**
Percent of total households	8.6%	17.9%	13.7%	15.2%	15.5%
Built 2010 or Later	**215**	**44**	**307**	**423**	**467**
Percent of total households	9.8%	3.8%	5.2%	4.3%	4.2%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

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Housing Construction Trends - Otsego County
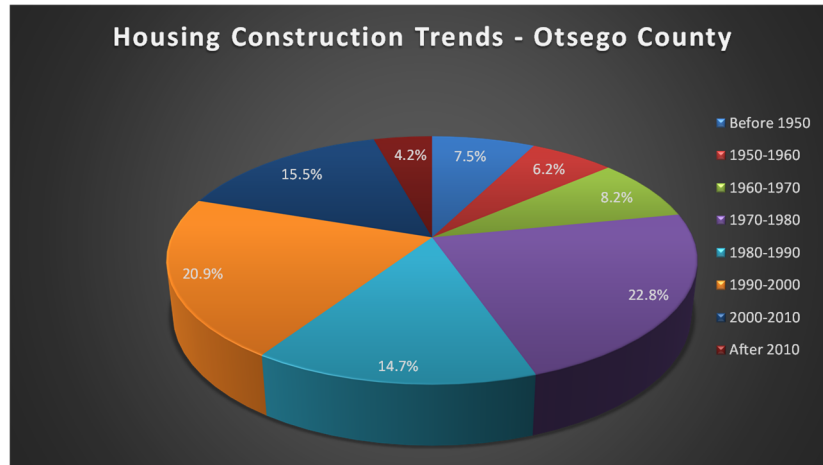
The lack of supply is most evident within the owner-occupied side of the county's inventory, as indicated below. Just less than three percent of the county's homes occupied by homeowners has been constructed since 2010. These figures are based on the latest American Community Survey data, so some subsequent development activity has taken place, but certainly not enough to overcome the prior decade's minimal construction trends.

Table: Occupied Owner Households by Year Built

OWNER HOUSEHOLDS	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Built Earlier than 1950	**123**	**99**	**402**	**518**	**617**
Percent of total owner households	15.5%	10.6%	10.1%	6.8%	7.2%
Built 1950 - 1959	**160**	**52**	**324**	**453**	**505**
Percent of total owner households	20.2%	5.6%	8.1%	5.9%	5.9%
Built 1960 - 1969	**105**	**92**	**469**	**692**	**784**
Percent of total owner households	13.3%	9.9%	11.8%	9.1%	9.1%
Built 1970 - 1979	**219**	**165**	**870**	**1,711**	**1,876**
Percent of total owner households	27.7%	17.7%	21.9%	22.4%	21.9%
Built 1980 - 1989	**72**	**109**	**418**	**1,065**	**1,174**
Percent of total owner households	9.1%	11.7%	10.5%	13.9%	13.7%
Built 1990 - 1999	**81**	**168**	**792**	**1,714**	**1,882**
Percent of total owner households	10.2%	18.0%	19.9%	22.4%	21.9%
Built 2000 - 2009	**32**	**204**	**625**	**1,307**	**1,511**
Percent of total owner households	4.0%	21.9%	15.7%	17.1%	17.6%
Built 2010 or Later	**0**	**44**	**79**	**184**	**228**
Percent of total owner households	0.0%	4.7%	2.0%	2.4%	2.7%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

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102

Rental housing development over the past decade is primarily due to affordable developments that have been constructed with a Low Income Housing Tax Credit allocation. Most of these units are located within Gaylord. The development of Pines 45 Apartments will essentially double the development activity across Otsego County for the prior decade, but such activity will still lag behind development trends from the 1970s and 1980s.

Table: Occupied Renter Households by Year Built

RENTER HOUSEHOLDS	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Built Earlier than 1950	**141**	**33**	**141**	**175**	**208**
Percent of total renter households	10.0%	15.6%	7.5%	7.9%	8.6%
Built 1950 - 1959	**45**	**22**	**124**	**151**	**173**
Percent of total renter households	3.2%	10.4%	6.6%	6.8%	7.2%
Built 1960 - 1969	**0**	**13**	**89**	**100**	**113**
Percent of total renter households	0.0%	6.1%	4.7%	4.5%	4.7%
Built 1970 - 1979	**389**	**41**	**483**	**595**	**636**
Percent of total renter households	27.6%	19.3%	25.7%	27.0%	26.3%
Built 1980 - 1989	**274**	**42**	**358**	**396**	**438**
Percent of total renter households	19.4%	19.8%	19.0%	17.9%	18.1%
Built 1990 - 1999	**187**	**60**	**284**	**356**	**416**
Percent of total renter households	13.3%	28.3%	15.1%	16.1%	17.2%
Built 2000 - 2009	**158**	**1**	**176**	**195**	**196**
Percent of total renter households	11.2%	0.5%	9.3%	8.8%	8.1%
Built 2010 or Later	**215**	**0**	**228**	**239**	**239**
Percent of total renter households	15.3%	0.0%	12.1%	10.8%	9.9%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

Many northern Michigan regions and communities feature a high degree of vacant housing units that not utilized for full-time occupancy. Historically, this has included vacation homes, recreational cabins, and other structures that were constructed for part-time or seasonal use. The most recent housing trend regarding non-permanent use is the conversion of permanent housing units into seasonal or vacation units, leased through VRBO or individual owners. Within other sections of the state, such as Traverse City or South Haven, entire rental properties have been removed from the permanent housing stock and converted to short-term rentals. While this is not evident within the Gaylord marketplace, it is likely that individual homes and condo units are shifting to seasonal use. For January 2025 occupancy, a total of 47 potential

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short-term rentals were identified on VRBO. For June 2025 occupancy, a total of 149 potential short-term rentals were found. Obviously, many of these options are related to available skiing, golf, or other recreational options found within the Gaylord community, so the impact upon the overall housing market should not be problematic. What is of concern is the conversion of full-time housing for permanent residents into short-term rental units, as the demand potential for additional housing needs would be impacted in a negative manner.

The latest ACS data indicates that vacant housing units are quite minimal within Gaylord itself, and definitely lower than typical for a northern Michigan community, in which vacant housing units typically reflect as much as 50 percent of available housing units.

Table: Housing Units by Occupancy

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Total Housing Units	2,294	1,604	6,653	13,289	14,893
Occupied Units	2,201	1,145	5,862	9,851	10,996
Percent Occupied	95.9%	71.4%	88.1%	74.1%	73.8%
Vacant Units:	93	459	791	3,438	3,897
For Rent	0	0	6	51	51
Rented - Not Occupied	0	0	0	0	9
For Sale	0	0	31	75	75
Sold - Not Occupied	0	0	0	18	18
Seasonal/Recreational Use	93	397	720	3,234	3,631
For Migrant Workers	0	0	0	0	0
Other Vacant	0	53	34	60	113
Percent Vacant	4.1%	28.6%	11.9%	25.9%	26.2%

SOURCE: 2019-2023 American Community Survey, U.S. Census Bureau

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VI: DEMAND ANALYSIS

Statistical Demand for Rental Housing Units

Demand calculations are presented for 2024 and three-year projections for households within the target market income ranges, defined within two segments – and open (family) occupancy and independent living seniors age 65 and older. Both target markets will be further divided into subsidy, affordable, workforce, and market rate income levels. Each sub-market has an income range, with overlap among the various segments, as listed within the following demand tables. The eligibility ranges for these various segments are based on 2024 income limits (which applicable), but are broadly rounded, which permits a greater degree of separation among the various target markets.

The market rate segment is between $45,000 and $130,000 annual income. The upper range of $130,000 is used as a measure of conservatism and assumes that those households above that level of income would have a broader set of housing alternatives. This segment of the housing marketplace includes the "Missing Middle" or workforce housing segments commonly referred to within various media and housing studies. From an Area Median Income (AMI) standpoint, a conservative measure of workforce rental housing demand is the income band between 60 percent of AMI and 80 percent of AMI. At times the range up to 100 percent or even 120 percent of Area Median Income is used to broaden the income range, but for this rental housing demand, we will utilize the original definition (up to 80 percent AMI), and leave the balance of the segment to reflect an overall market rate (unrestricted) income band. These levels are measured within the following statistical demand forecasts.

What is important to note is the degree of overlap that generally exists between the various demand segments – as this is a reflection of the market choices facing various households based on prevailing income patterns. Many households may select a housing option purely based on price, while other households would consider the project's location, amenities, quality, or other considerations. Thus, each segment has some degree of overlap that takes such choices and alternative into consideration.

Common methodology assumes the use of a conservative market area. For the 2022 report, the demand forecasts were based on the Gaylord area (the city, along with Bagley

Township and Livingston Township). Using this geographic area provided statistical results that are conservative, but realistic, based on the likely location of future rental housing within the immediate Gaylord area. However, after considering the increased movership data from updated American Community Survey data, the collected information on the rapid absorption of Pines 45, and the continued market potential evident within the Gaylord economy, it is deemed appropriate and more relevant to use all of Otsego County for the demand functions. Thus, direct comparisons to the 2022 report and this 2024 update will not be possible.

By using the most recent income data, the percentage of owner and renter households that fall within the income-qualified range (adjusted to 2024) is calculated. This total is adjusted to exclude larger-sized households that would require more than a three-bedroom unit to house such a larger-sized family. This number is applied to the percentage of households that relocate to rental housing on an annual basis, using available information from the American Community Survey. This yields the annual demand for the current year. Future demand includes any additional renter households that are projected to be added to the marketplace. This results in a demand estimate for 2027.

Statistical demand forecasts point to additional demand potential for primarily workforce and market-rate rental units

The resulting demand forecast is 98 subsidy units, 103 affordable units, 156 workforce housing units, and 276 market rate units. Based on an ideal penetration rate of approximately three percent, estimates of "ideal" unit sizes for each demand segment can be determined. The penetration rate ratio is a measure of recommended units compared to the number of age and income qualified households within the defined market area. The ideal penetration rate is at or below three percent, with larger ratios indicative of overly aggressive project sizes and/or relatively weak market trends from a statistical standpoint. A second statistical demand ratio commonly used is the capture rate, indicating how much statistical demand would be required to absorb a proposal. Capture rates that approach or exceed 50 percent typically exhibit questionable demand levels, as a majority of all households likely to move within a given year would be required to move into the proposed facility.

The results suggest a moderate level of market potential for the subsidy and affordable segments, with the majority of demand from workforce housing and market rate segments.

Stronger statistical demand levels have been found within the Gaylord area for workforce and market rate rental units, based mostly on prevailing income patterns that trend toward those income levels. Based on these figures, the primary recommendation for rental development would include a combination of workforce housing and market rate units. On an annual basis, suggested project sizes would range between 80 and 130 units, based solely on demand from the Gaylord area and a combination of both income segments (workforce and market rate).

Statistical Demand for Senior Rental Housing Units

A similar statistical method can be used to determine senior demand. In this case, the demand forecast is based on seniors age 65 and older, as this represents the broadest base of potential senior occupancy, assuming seniors can live an independent lifestyle. Using very similar methodology and three income ranges – subsidy ($15,000 to $30,000), affordable ($25,000 to $50,000) and market rate ($35,000 to $120,000), a 2027 demand for senior rental housing was calculated at 41 subsidy units, 65 affordable units, and 103 units within the market rate income range. Under a senior demand forecast, the corresponding ideal penetration rate is three to six percent. Using these ratios, the suggested unit sizes are 12 subsidy senior units, 24 affordable senior units, and 50 market rate senior units. The demand levels are suggestive of a moderate level of demand.

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

One other note is important to reiterate – the demand forecasts are based on seniors age 65 and older. Actual eligibility for most senior housing begins at age 55 and older, but the utilized age segment is reflective of the actual average age of most senior independent living facilities, which typically exceeds 75 years of age. Occupancy within a senior development is more dependent upon health and the condition of the prior residence than purely the age of the household. As a result, most analysts are wary of exceedingly strong demand forecasts based on the 55 and older age segment. For this analysis the demand equation utilized very cautious measures to maintain a degree of conservatism and avoid an overly optimistic demand forecast.

Other factors outside the demand forecasts' ability to measure should also be considered. These factors include the overall attractiveness of the subject's location, marketing and outreach

efforts by the community and management agents, and ongoing economic changes that may take place within the market area. Any of these items could significantly alter the calculated demand for a given project. Please note that these demand forecasts are also dependent on the following assumptions:

- The demand forecasts should be considered preliminary. A more specific and definitive demand forecast can be determined when a specific site is determined, project characteristics are finalized, and price points are set

- Future demand forecasts may utilize a different market area, depending on the product, location, and target market. Such decisions would also influence the likely size and degree of secondary market participation.

- The development team is experienced and no delays in construction will take place

- Proposed developments will be constructed at a location that maximizes visibility, access to the site, and is not adjacent to a detrimental feature (such as a landfill)

- Pre-leasing and outreach efforts are maximized to positively impact the planned development, by a management company with experience leasing affordable and market rate rental units

- Community support for the proposal is present

- If necessary, pricing and project features are adjusted to reflect ideal market conditions

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

Statistical Demand for Assisted-Living Units

The estimation of Assisted-Living senior units is somewhat different than the prior demand estimations, as age and income status are not the primary determinants of demand potential. Net worth, rather than annual income, is utilized to determine viability from a cost standpoint, as it is assumed that persons seeking an Assisted-Living alternative are near the end of their respective lifespans, so all resources are utilized toward the new housing option. Also, while the vast majority of Assisted-Living residents are quite aged, the assumption that all persons beyond at 75 are seeking such an option is not reflective of true market potential. The

primary determinant is actually health status, as seniors that are able to live independently, regardless of age, are not part of the market potential for Assisted-Living housing. A reasonable estimation for the likely Assisted-Living target market segment is a combination of age and health status.

An explanation of the demand forecast presented within the following pages for Assisted-Living units includes the following factors. An expanded market area for assisted living units includes all of Otsego County, rather than the Gaylord Area used for the other demand estimates. As such senior facilities are often concentrated near service corridors and medical alternatives, a broader market area is often utilized to reflect this stronger degree of attraction. In terms of determining income-eligibility, assumptions regarding baseline costs, the anticipated number of years an assisted living household would remain within a complex, and the likely housing cost/net worth ratio providing a minimum net worth level for eligibility. For this analysis, the minimum monthly cost for assisted living units was estimated at $3,200 per month, with a maximum tenure at a complex of eight years, and assuming that 95 percent of all household resources (net worth) would be dedicated toward assisted living costs. Under this scenario, a minimum net worth level of $290,000 was determined. Based on net worth data for seniors age 75+ within Otsego County, this reflects 40.8 percent of all households 75+, according to ESRI.

A senior household baseline of age 75+ is used for this estimate, reflective of most resident age levels. The 75+ household total is then adjusted by the percentage of households 75+ that exhibit an independent living difficulty, as defined by the American Community Survey. The percentage of households 75+ that exhibit an independent living difficulty was 17.1 percent, based on the most recent American Community Survey data. Applying the net worth and independent living difficulty percentages to the 75+ household baseline for Otsego County yields a baseline demand potential of 117 households for 2024. With additional senior household growth among the 75+ age cohort, the forecast 2027 demand potential is 121 households.

Other factors worthy of note include:

- Any senior-oriented housing option located within the Gaylord area will exhibit a high degree of secondary-market participation. Assuming the calculated demand reflects approximately 60 percent of overall market potential, the likely demand potential may reflect as much as 240 households.

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109

- This type of demand forecast does not include a movership assumption for eligible households into assisting living units, thus the description demand potential. As a result, using conservative capture and penetration ratios provides a stronger indication of suggested project size. For our example, a project size of 24 units yields a capture rate of just below 20 percent, and a penetration rate of 3.5 percent – indicating that continued demand potential is present, with additional considerations regarding secondary market potential likely pushing annual demand potential as high as 36 to 40 units.

- Location and marketing considerations are also important, but the reputation and overall impression of the various services related to an assisted living development are critical in terms of maximizing market potential for both local and secondary market sources.

- A broad degree of healthcare and personal care services typically found within assisted living developments would ideally appeal to the broadest number of potential senior households. A mixed-use option of both independent living and assisted living units would provide an option for seniors to age in place, rather than being forced to relocate when circumstances dictate such a decision.

Table: Statistical Demand Calculation – Open Rental Units

		Subsidy Range	Affordable Range	Workforce Housing Range	Total Market Rate Range
2024 Total Occupied Households	10,749				
2024 Owner-Occupied Households	8,346				
2024 Renter-Occupied Households	2,403				
QUALIFIED-INCOME RANGE *(unduplicated)*					
Minimum Annual Income		$15,000	$25,000	$35,000	$45,000
Maximum Annual Income		$35,000	$50,000	$75,000	and Above
PERCENTAGE SMALL SIZED OWNER HH		60.4%	60.4%	60.4%	60.4%
PERCENTAGE SMALL SIZED RENTER HH		82.7%	82.7%	82.7%	82.7%
DEMAND FROM EXISTING HOUSEHOLDS					
Percent Income Qualified Owner Households		8.9%	10.9%	22.2%	45.0%
Percent Income Qualified Renter Households		34.1%	31.8%	33.1%	35.7%
Size-Adjusted Income Qualified Owner Households		449	552	1,120	2,268
Size-Adjusted Income Qualified Renter Households		677	632	658	709
Annual Movership Rate - Owner to Renter		8.9%	8.9%	8.9%	8.0%
Annual Movership Rate - Renter to Renter		10.3%	10.3%	10.3%	15.0%
Total Income-Qualified Owner to Renter Movers		40	49	99	181
Total Income-Qualified Renter to Renter Movers		70	65	68	106
Total Demand from Existing Households		**110**	**114**	**167**	**288**
DEMAND FROM NEW RENTER HOUSEHOLDS					
Projected 2027 Renter Households	2,281				
Annual Change in Renter Households, 2024-2027	-41				
Percent Qualified Renter Households		34.1%	31.8%	33.1%	35.7%
Total Annual Demand From New Households		**(11)**	**(11)**	**(11)**	**(12)**
TOTAL DEMAND		**98**	**103**	**156**	**276**
LESS: Total Comparable Units Placed in Service Since 2023		0	0	0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0	0	0
TOTAL NET DEMAND		**98**	**103**	**156**	**276**
IDEAL NUMBER OF UNITS		**32**	**36**	**56**	**88**
CAPTURE RATE		**32.6%**	**34.9%**	**35.9%**	**31.9%**
PENETRATION RATE		**2.9%**	**3.0%**	**3.2%**	**3.0%**

Note: Totals may not sum due to rounding or differences in income ranges

SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau
American Community Survey, U.S. Census Bureau
ESRI Business Analyst

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Table: Statistical Demand Calculation – Senior Rental Units

	2024		
2024 Total Occupied Households 65+	**3,807**		
2024 Owner-Occupied Households 65+	**3,155**		
2024 Renter-Occupied Households 65+	**652**		

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	Subsidy Range	Affordable Range	Market Rate
QUALIFIED-INCOME RANGE *(unduplicated)*			
Minimum Annual Income	$15,000	$25,000	$35,000
Maximum Annual Income	$30,000	$50,000	$120,000
DEMAND FROM EXISTING RENTER HOUSEHOLDS - AGE 65+			
Percent Income Qualified Owner Households	7.9%	16.5%	53.8%
Percent Income Qualified Renter Households	36.4%	38.0%	37.4%
Percentage of Seniors without Independent Living Difficulty	82.9%	82.9%	82.9%
Income Qualified Owner Households	206	521	1,406
Income Qualified Renter Households	197	248	202
Annual Movership Rate - Owner to Renter	5%	5%	5%
Annual Movership Rate - Renter to Renter	15%	15%	15%
Total Income-Qualified Owner to Renter Movers	10	26	70
Total Income-Qualified Renter to Renter Movers	30	37	30
Total Demand from Existing Households	**40**	**63**	**101**
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 65+			
Annual Owner Household Growth, 2024-2027	67	67	67
Percent Income Qualified Owner Households	7.9%	16.5%	53.8%
Annual Renter Household Growth, 2024-2027	14	14	14
Percent Income Qualified Renter Households	36.4%	38.0%	37.4%
Total Demand From New Households	**1**	**1**	**2**
TOTAL DEMAND	**41**	**65**	**103**
LESS: Total Comparable Units Placed in Service Since 2023	0	0	0
LESS: Total Comparable Units Proposed/Under Construction	0	0	0
TOTAL NET DEMAND	**41**	**65**	**103**
SUGGESTED NUMBER OF UNITS	**12**	**24**	**50**
CAPTURE RATE	**29.5%**	**37.2%**	**48.5%**
PENETRATION RATE	**2.9%**	**3.1%**	**3.0%**

Note: Totals may not sum due to rounding

SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau
American Community Survey, U.S. Census Bureau
ESRI Business Analyst

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112

Table: Statistical Demand Calculation – Assisted Living Senior Units

	Market Rate
2024 Total Occupied Households 75+	**1,674**
2024 Owner-Occupied Households 75+	**1,381**
2024 Renter-Occupied Households 75+	**293**
QUALIFIED NET WORTH RANGE *(unduplicated)*	
Minimum Net Worth	$290,000
Maximum Net Worth	And Above
DEMAND FROM EXISTING HOUSEHOLDS - AGE 75+	
Percent Qualified Net Worth Households 75+	40.8%
Percent with an Independent Living Difficulty	17.1%
Total Demand from Existing Households	**117**
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 75+	
Senior 75+ Household Annual Growth, 2024-2027	57
Percent Qualified Net Worth Households 75+	40.8%
Total Demand From New Households	**4**
TOTAL GROSS DEMAND	**121**
PROPOSED NUMBER OF UNITS	**24**
CAPTURE RATE	**19.9%**
PENETRATION RATE	**3.5%**

Note: Totals may not sum due to rounding

SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau
American Community Survey, U.S. Census Bureau
ESRI Business Analyst

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Statistical Demand for Owner Housing Units

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

- Annual movership ratios for households into owner-occupied units was calculated as follows for Otsego County, based on the latest American Community Survey data:
  - Previous Owner into Owner-Occupied Units: 2.9 Percent (242 units)
  - Previous Renter into Owner-Occupied Units: 4.6 Percent (111 units)

  For this data to reflect current conditions, the approximate number of homes purchased within the last year would need to total approximately 350 units, which is essentially implied with the above movership ratios. As the data does not include secondary market sources, these results reflect only a portion of the market potential across Otsego County.

  Based on the number of homes currently for sale, the difference in the market area and the Realtor.com trade area, and closing data listed on Realtor.com, these statistics appear to be a reasonable assessment of the degree of movership within the community on an annual basis. It should be noted that annual movership levels for most of Michigan and surrounding states have been slowly declining over the past decade; the pandemic's influence upon these trends is not entirely known at this time, but considering the increase in workers employed at home and the "gig" economy (which assumes a household is either totally or partially supported by a series of non-traditional employment arrangements, such as Uber drivers, eBay sales, or other alternatives that previously would be considered more of a hobby rather than the basis of family/household income), a decrease in migration patterns would not be considered unusual. However, Gaylord and Otsego County are not following this pattern, and have exhibited increasing levels of movership, based on the latest American Community Survey information, with data collection ending in 2023. The above movership ratios calculated from the ACS information are between one and two percent larger than reported within the 2022 report.

- Realtor.com describes the local housing market shifting away from a buyers' market toward a more balanced level. The median number of days homes have been on the marketplace is currently 85 days, reflecting an increase from the past few months. The following chart illustrates median market time for homes that are for sale:

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114
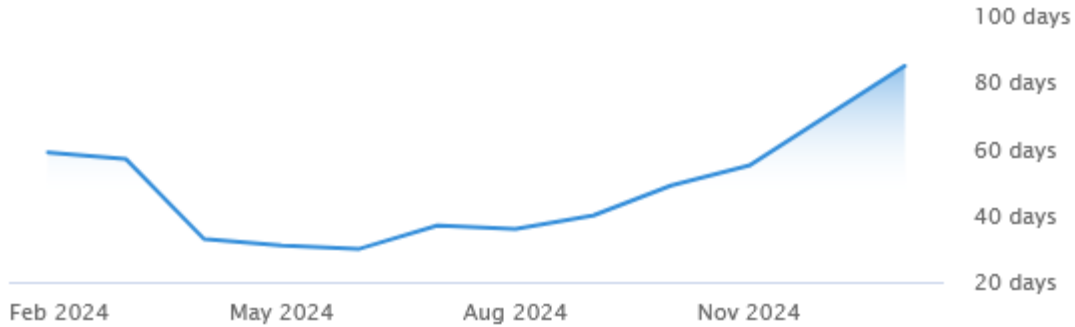
- An alternative method to determine demand potential for owner-occupied housing is to utilize the absorption rate, the period of time in which a home is available for sale. By separating the number of homes sold within a 30-day period and comparing this total to the number of homes available across all categories, we can illustrate the intensity of the home sales market. Based on the recently sold data, the absorption rate was calculated at 17.9 percent – indicative of more product being purchased within a shorter period of time, as compared to last year's calculations.

- The number of owner-occupied homes is forecast to slowly increase over the next few years, based on ESRI data. Considering the degree of uncertainty that was present within the 2020 Census results, the impacts of the pandemic, and actual construction trends regarding various housing developments, these forecasts may understate the growth potential for owner-occupied homes.

- While some existing owner-occupied homes may convert to rental units, it is more likely that some of the lower-quality homes within the market area may be vacated or removed from the available housing stock. Based on the latest American Community Survey data, 1.2 percent of Otsego County owner-occupied households are considered substandard, totaling approximately 103 units. These figures are nearly identical to the 2022 report.

VII: DATA & SOURCES

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U.S. Department of Labor, Bureau of Labor Statistics

Aerial Photography from ESRI Business Analyst

Local housing sales trends/data - Realtor.com

Employment and economic data/trends – Otsego County Economic Alliance & interviews with local employers

CERTIFICATION

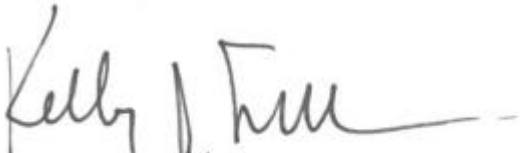### CONSULTANT CERTIFICATION/CERTIFICATE OF ACCURACY

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

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

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

COMMUNITY RESEARCH SERVICES, LLC

Kelly J. Murdock

Date: December 18, 2024

117

RESUME AND BACKGROUND

KELLY J. MURDOCK

COMMUNITY RESEARCH SERVICES, LLC

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

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

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

A graduate of Eastern Michigan University, Mr. Murdock holds a degree in Economics and Business, with a concentration in economic modeling and analysis. Mr. Murdock is a member of the Michigan Housing Council, a statewide affordable housing advocacy group. He previously served on the Council's Board of Directors. Mr. Murdock and CRS are also charter members of the National Council of Housing Market Analysts (NCHMA), an organization dedicated to the establishment of standard practices and methods in housing research across the nation. Mr. Murdock previously served on the executive committee of NCHMA as Chairman during the 2020-2022 term. Mr. Murdock has been awarded the Professional Member designation by NCHMA, the highest level of membership offered by the organization.