



Policy Development & Research

Analysis of the Grand Rapids, Michigan Housing Market

As of October 1, 2003



ECONOMIC RESEARCH

Foreword

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any particular mortgage insurance proposals that may be under consideration in a particular locality or the housing market area.

The factual framework for this analysis follows the guidelines developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based upon information available on the "as-of" date from both local and national sources. As such, any findings or conclusions may be modified by subsequent developments. HUD wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

This analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: from 1990 to 2000, from 2000 to the as-of date of the analysis (Current date), and from the Current date to a Forecast date. The analysis presents counts and estimates of employment, population, households, and housing inventory, as of the 1990 Census, 2000 Census, Current date, and Forecast date. For the purposes of this analysis the forecast period is 24 months.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in demand-supply relationship given the market's condition on the as-of date of the analysis. This analysis was prepared by Donald Schumacher, Supervisory Economist in the Columbus Field Office, based on fieldwork conducted in July 2003. Questions regarding the findings and conclusions of the analysis may be addressed to Mr. Schumacher at 614-469-5737, ext. 8133, and at donald_schumacher@hud.gov.

Housing Market Area

The Grand Rapids Housing Market Area (HMA) comprises Allegan, Kent, Muskegon, and Ottawa Counties in Michigan. For the purposes of this analysis the HMA has been divided into two submarkets: the City of Grand Rapids and the Remainder of the HMA. Grand Rapids, the central city of the HMA, is the second largest city in Michigan.

Summary

The economy of the Grand Rapids HMA grew steadily during the 1990s as the goods-producing and service-producing sectors registered employment gains. Beginning in 2001, however, the area's economy slowed. Declines in manufacturing employment began in 2000, and by 2001 employment gains in the other sectors could not offset manufacturing's losses. Employment has continued to decline in the HMA through the Current date; but given the most recent national trends, the economy is expected to improve during the forecast period.

During the 1990s, the population and households in the HMA grew at a relatively strong rate because of increased employment opportunities. With household growth came a comparable increase in demand for new homes and apartments, with most of them being built in the suburbs. As a result, the share of the households in the HMA in the City of Grand Rapids declined from 21 percent to 18 percent during the decade. The trend has continued since 2000. Approximately 95 percent of the residential production since 2000 has occurred outside the City of Grand Rapids as an increasing number of households, particularly homeowners, have sought homes in lower density, single-family developments.

Because of the strong economic growth of the first half of the 1990s, the relatively affordable prices of homes in the HMA, and the historically low interest rates since 2000, homeownership in Grand Rapids has increased significantly. Homeowners accounted for 73.6 percent of the households in 1990 and 76.6 percent as of the Current date. Approximately 85 percent of the total residential production since 2000 has been owner units.

The current demand-supply conditions in the HMA are generally balanced in the sales market and slightly less than balanced in the rental market. Weaknesses persist throughout the market but are more pronounced in developments, including the upper rent levels.

Demand for new housing continues to be strong because of the availability of affordably priced homes and low interest rates. Conditions in the sales market are expected to remain balanced during the forecast period.

Rental housing market conditions should improve with a stronger economy and a slower pace of new construction. Demand for new sales housing during the 2-year forecast period is estimated at 4,600 homes annually. Given the number of rental units currently

under construction in the HMA and the expectation that economic gains will be greater during the latter part of the forecast period, most of the need for additional rental production to meet future demands will occur toward the end of the 2-year forecast period. Demand for additional market-rate rental housing is estimated to be approximately 850 units annually.

Economy of the Area

Grand Rapids' development as a manufacturing center began with the fine furniture industry of the 19th century. The HMA became one of the largest centers for furniture manufacturing in the world well into the first half of the 20th century. Now production of office furniture and automotive parts leads the manufacturing sector. Health care, education, tourism and recreation, and agriculture are important supporting sectors. Local leaders are working toward diversifying the local economy by attracting highly educated, higher-income persons involved in research. The Van Andel Research Institute, an independent research organization focusing on molecular cancer research, opened in early 2000 and now has more than 100 staff members.

The trends in annual average civilian labor force and total employment and nonfarm wage and salary employment by industry sector, from 1993 through the Current date, are presented in Tables 1 and 2 respectively.

From 1993 to 2000, employment rose steadily and rapidly. During this period, the number of employed in the HMA rose an average of 15,150 annually, or 2.8 percent. Nonfarm jobs in the HMA increased by an average of 17,150, or 3.3 percent annually. The greater rate of increase in nonfarm jobs reflects increased numbers of commuters from new housing developments in three adjacent counties to the north, east, and southeast of Kent County. Employment declined in 2001 and 2002 as the HMA experienced a recession.

From 1993 to 1999, employment in the goods-producing sector rose by an average of 6,900 jobs a year, or 4.1 percent. Gains in manufacturing employment were responsible for approximately 80 percent of this increase. Employment in the service-producing sector rose an average of 11,000 jobs annually, or 3.2 percent during the period. In 2000, manufacturing employment declined by 1,000 jobs, but increases in construction and mining employment offset the loss and the goods-producing sector registered a slight gain. Employment in the service-producing sector continued to increase at a faster rate, at 12,400 jobs for the year. In 2001 and 2002, employment in the goods-producing sector declined an average of 15,200 jobs annually. Gains in the service-producing sector also slowed to an average of 6,400 jobs a year. As a result, total nonfarm employment declined.

Twelve of the 16 largest manufacturing employers produce office furniture and systems or automotive parts. From 1993 to 2000, the office furniture and automotive parts industries together accounted for more than 9 percent of the total nonfarm employment and more than 28 percent of the goods-manufacturing employment. More than one-third

of the total increase in manufacturing employment from 1993 to 1999 occurred in these two industries. During this period, furniture manufacturing employment rose 3.5 percent annually, or 5,300 jobs. Similarly, employment in the automotive parts industry rose 4.4 percent, or 6,900 jobs, during this period. From 2000 to the Current date, the furniture manufacturing and automotive parts industries have lost 9,200 and 9,400 jobs respectively. This 27 percent decline in employment in these two industries was driven by reduced demand as a result of the recession. The largest employer in the manufacturing sector, Steelcase (a producer of office systems), employs 7,500 workers. Johnson Controls, involved in interior automotive trim, ranks second with 5,550 employees.

The HMA is the regional center for health care, an industry that has grown significantly from 1995 to 2000. Ambulatory healthcare services grew by 4.2 percent annually. Growth in the healthcare industry, along with gains in the information, transportation and utilities, and government sectors, has partially offset the losses in manufacturing, construction, and wholesale and retail trade that have occurred since 2000. The HMA's largest employer, Spectrum Health (an integrated healthcare network), accounts for 12,700 jobs.

The HMA is home to several institutions of higher education. The largest, Grand Valley State University, has accounted for most of the increase in student population since 1990. Enrollment at its campuses within the HMA has grown from approximately 13,300 in 1990 to 21,200 in 2000 and to 26,900 in the 2003-2004 school year. The growth has occurred at both the Allendale and Grand Rapids campuses, which are about 12 miles apart. The number of faculty and supporting staff has grown with the number of students. The university currently employs about 900 full-time faculty members and 3,000 staff, including students. The university has invested over \$250 million in the construction and renovation of facilities during the last 10 years.

In May 2003 the Cooley Law School at Western Michigan University offered the area's first law school classes in Grand Rapids. The law school is renovating some existing structures and constructing others to form a 100,000-square-foot campus facility in downtown Grand Rapids. The first phase will be completed in January 2004; the library, offices, and classrooms are scheduled for completion by the end of 2004. The initial classes are primarily filled by part-time students who are employed elsewhere. During its first year, enrollment reached 70 students; long-term projections call for up to 600 students.

Tourism and recreation are important to the economy of the HMA. The area supports summer recreational opportunities, especially along Lake Michigan, as well as winter activities at ski areas and snowmobile trails. Employment in the leisure and hospitality sector typically represents 11 to 12 percent of the service-producing employment. From 1993 to 2000, employment rose an average of 1,050 annually, or 2.4 percent, then declined in 2001 and 2002. The decrease has been attributed to the slowdown in the economy.

According to the 2002 Michigan Agricultural Statistics, the HMA is one of the leading centers of agriculture in the state in terms of dairy products, cattle and hog production, fruit, produce, and feed grains.

Based on continued improvement in the national economy, increased demand for the office furniture industry, and increased automobile production, employment in the HMA during the 2-year forecast period is expected to increase by 1.0 percent annually. The forecast takes into account the permanent loss of manufacturing jobs due to closures and relocations from the HMA.

Household Incomes

According to HUD's Economic and Market Analysis Division, the median family income in the Grand Rapids HMA was estimated to be \$60,900 in 2003. The annual rate of increase in the median family income since the 2000 Census was 3.2 percent, compared with 4.0 percent annually from 1990 and 2000. The decline in the rate was caused in part by the loss of high-paying manufacturing jobs.

Population

As of the Current date, the Grand Rapids HMA had an estimated population of 1,124,900, or an average rate of increase of 0.9 percent annually since 2000, compared with a 1.5 percent rate of growth from 1990 to 2000. The decline reflects a downturn in the economy and lower net migration. The trends in population change for the HMA and the two submarkets from 1990 through the Forecast date are presented in Table 3.

From 1990 to 2000, net in-migration for the HMA averaged more than 6,000 persons annually. While the population in the City of Grand Rapids grew during this period, a net out-migration of approximately 1,350 persons per year occurred. From 2000 to the Current date, however, the city lost population. Out-migration more than doubled to an estimated 2,700 annually. Population gains due to net natural change (resident births minus resident deaths) have not been large enough to offset the out-migration. The out-migration reflects the slowdown in the economy, as fewer people move to the HMA for jobs and the increasing proportion of residential development occurs in the Remainder of the HMA.

The rate of growth in population and households in the HMA since 1990 would have been greater if not for the increased housing development in three adjacent exurban counties that have become bedroom communities of the HMA. The population in Barry, Ionia, and Newaygo Counties, which border Kent County, grew an average of 1.4 percent annually from 1990 to 2000. During this period, the number of persons commuting from these counties into the HMA increased by nearly 8,200. This suburban area supported by the Kent County employment center is expanding as households seek affordable new homes in lower density developments. The number of households residing in these counties and employed in the HMA is expected to continue to grow during the forecast period. Because of these factors, the population of the HMA is estimated to increase by

10,250 annually, or 0.9 percent per year. Nearly all of the increase is expected to occur in the Remainder of the HMA.

Households

The trends in household change in the Grand Rapids HMA have been comparable to the changes in the area's population during the past 13.5 years. Between 1990 and 2000, the number of households increased an average of 6,200 annually, or 1.9 percent. As a result of declines in manufacturing employment and the slowdown in the economy, the rate of growth has declined significantly since 2000. An estimated 411,700 households are in the Grand Rapids HMA as of October 1, 2003, reflecting an average annual increase of 4,500 since the 2000 Census. The trends in households from 1990 through the Forecast date for the HMA and the two submarkets are presented in Table 3.

Because of the strong economic growth in the first half of the 1990s, the relatively affordable prices of homes in the HMA, and the historically low interest rates since 2000, the proportion of owner households increased significantly in recent years. In 2000, 75 percent of the households in the HMA owned their homes. As of the Current date, that percentage had increased to approximately 77 percent.

All of the net household growth from 2000 to the Current date occurred in the Remainder of the HMA. As the City of Grand Rapids lost population, it also lost households. The City of Grand Rapids lost an average of more than 300 renter households annually but gained more than 150 owner households on average as the city also had some shift in tenure to ownership. New multifamily development occurred primarily in the Remainder of the HMA during this time.

Growth in the enrollment at Grand Valley State University has created more student households, which are primarily renters. Since 1990, the university has increased its number of on-campus beds by nearly 3,250 at its Allendale and Grand Rapids campuses. It is estimated that rental demand from student households increased by about 1,750 units from 1990 to the Current date. The university has 460 beds under development.

Based on increases in employment levels, estimates indicate that the number of households in the HMA will increase by 4,550 annually during the 2-year forecast period to total 420,800 as of October 2005.

Housing Inventory

As with the HMA's population and households, the housing inventory has grown moderately since 1990. From 1990 to 2000, the inventory of owner units increased by 5,200 units annually; the rental market inventory increased by 1,050 units annually during the same period. As of October 2003, it is estimated that approximately 441,300 housing units are in the Grand Rapids HMA, or an average annual increase of 5,300 since the 2000 Census. The counts of housing inventory and occupancy and vacancy by tenure for the 1990 and 2000 Censuses and the Current date are presented in Table 4.

During the 1990s, single-family activity in the HMA increased significantly, from 3,957 in 1990 to 6,089 in 1999, paralleling the economic growth and increased demand. During the first half of the decade, activity averaged 4,000 units annually. Activity was greater during the latter half of the decade, averaging 5,750 units annually. The volume of activity continued to increase after 1999. From the beginning of 2000 through the first 9 months of 2003, single-family activity has averaged 5,950 homes annually.

The strongest development for the rental market took place during the latter part of the 1990s. From 1995 through 1999, multifamily permits averaged 1,700 units a year, a 55 percent increase over the annual average of 1,200 that occurred between 1990 and 1994. At 1,150 units per year, multifamily activity as measured by building permits has returned to the pace experienced during the first part of the 1990s. Since 1999, only about 2.0 percent of the development for the owner market has been in the form of condominiums in multiunit structures. The trends in building permit activity from 1993 through September 30, 2003 for single-family and multifamily housing in the HMA and the two submarkets are presented in Table 5.

Housing Vacancy

In 1990, the vacancy rate for the sales market stood at 1.2 percent. The vacancy rate rose to 1.4 percent in 2000 and is estimated to be 1.3 percent as of the Current date. The relative lack of change indicates stable sales markets in this HMA. The slight increase in 2000 reflects an increase in speculative housing construction when demand and the economy both were at a high level.

Rental market conditions have varied according to the state of the economy and the level of multifamily development entering the market. In 1990, the rental vacancy rate was 7.8 percent. During the 1990s, the vacancy rate declined as increased employment opportunities brought new households to the HMA. By 2000, the rate had declined to 6.3 percent. By October 2003, the rental vacancy rate had risen to 8.8 percent as homeownership opportunities increased due to low interest rates and a decline in the economy. The trends in vacancy rates are presented in Table 4. A large portion of the estimated 16,100 other vacant units in the HMA, especially units in the Remainder of the HMA, are second homes or investment properties held for seasonal or recreational use.

Sales Market Conditions

A strong sales market currently exists in the Grand Rapids HMA in all price ranges. Homes priced between \$100,000 and \$180,000 accounted for more than 50 percent of the sales in 2003. Growth in the number of households during the 1990s increased the demand for new single-family homes, and low interest rates during recent periods made ownership affordable to more households. Most of the development has been outside the City of Grand Rapids. According to the Grand Rapids Association of REALTORS[®], the median sales price of an existing home increased by 6.7 percent annually from 2000 to 2002, to \$149,750. During this period, sales volume grew 2.7 percent annually. Single-family detached homes make up the dominant share of the sales market in the HMA,

accounting for more than 90 percent of the sales. Condominium activity has increased in recent years; sales have increased by 12 percent a year between 2000 and 2002, and sales for the first 9 months of 2003 have exceeded the total sales in 2002.

Rental Market Conditions

A somewhat soft rental market exists in the Grand Rapids HMA as of the Current date. Causes cited for the softness are lower interest rates that have enabled a larger-than-normal segment of the rental market to become first-time homebuyers and the slowdown in the local economy that has reduced the level of migration into the area. In addition, multifamily permit activity in 2002 was 350 units above the prior 3-year average, resulting in a recent influx of rental units. The softness has caused many developments to offer concessions. Market conditions are expected to improve toward the end of the forecast period with an improvement in the economy. The average gross rent for a two-bedroom/two-bath unit in a newly completed Class A development is \$800.

Forecast Housing Demand

Two major components of housing demand are household growth and replacement of housing lost from the inventory. The forecast estimate in this analysis incorporates a continued shift of renters to homeownership, but at a lower rate than that of the past 3.5 years. Based on these factors, estimates indicate that a demand for approximately 10,850 new housing units will occur during the 2-year forecast period ending October 1, 2005. This demand could be successfully met by the construction of 4,600 units of sales housing and 800 to 850 rental units annually. To achieve a balanced rental market, the bulk of the rental unit construction should occur toward the end of the 2-year forecast period. The annual volume of rental demand forecast is below recent production levels in 2001 and 2002 to allow the current surplus to be absorbed. Demand is expected to be greatest for two-bedroom units. A tabular summary of rental qualitative demand for the HMA in total appears in Table 6.

Table 1
Labor Force and Total Employment
Grand Rapids HMA
1993 to October 1, 2003

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Prior 12 Mos.	Current 12 Mos.
Labor Force	524,800	541,600	548,900	564,200	581,200	594,100	614,000	621,100	622,900	607,100	610,300	617,800
Employment	495,700	517,200	526,700	541,200	561,600	576,000	594,300	601,700	591,600	568,100	571,700	573,500
Unemployment	29,100	24,300	22,200	23,000	19,600	18,000	19,800	19,500	31,300	39,000	38,500	44,200
Rate (%)	5.6	4.5	4.0	4.1	3.4	3.0	3.2	3.1	5.0	6.4	6.3	7.2

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

Table 2
Total Wage and Salary Employment
Grand Rapids HMA
1993 to October 1, 2003

Employment Sector	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Prior 12 Mos.	Current 12 Mos.
Total Nonfarm	471,600	497,000	519,300	532,500	550,600	564,400	579,000	591,700	584,500	574,100	574,800	570,100
Goods-Producing	154,000	164,800	176,000	179,500	184,600	193,800	195,500	195,700	178,400	165,300	167,900	160,100
Construction and Mining	19,500	21,100	22,200	24,200	25,900	26,900	27,600	29,000	28,800	28,200	28,500	27,200
Manufacturing	134,500	143,800	153,800	155,300	158,700	166,800	167,800	166,800	149,500	137,100	139,400	132,900
Transportation Equipment	24,500	26,900	29,300	29,500	30,100	31,600	32,100	32,900	28,300	26,600	26,900	26,200
Motor Vehicle Parts	23,400	26,200	28,500	28,700	29,300	30,100	30,300	30,700	23,400	22,100	22,300	21,300
Furniture	22,800	24,200	25,500	25,400	26,300	27,700	28,100	27,800	25,800	20,800	21,900	18,600
Office Furniture	20,800	22,100	23,100	23,000	23,600	25,000	25,400	25,600	23,800	18,900	20,100	16,900
Service-Producing	317,600	332,100	343,200	352,900	366,100	370,600	383,600	396,000	406,200	408,800	406,900	410,000
Trade, Transp., and Utilities	95,900	101,600	106,500	110,200	112,100	114,900	116,500	117,500	113,700	111,300	111,100	111,500
Information	6,700	6,600	6,800	7,200	7,500	7,900	7,900	8,400	8,500	8,700	8,800	8,300
Financial Activities	18,400	20,100	21,200	20,900	22,300	23,900	24,700	25,000	24,400	24,400	24,600	23,600
Prof. and Business Services	43,100	48,100	49,800	50,200	55,400	54,500	59,400	67,500	65,000	65,800	65,900	65,300
Education and Health Care Services	45,500	44,800	46,200	48,100	49,400	48,600	51,400	51,700	66,400	70,400	69,200	72,300
Leisure and Hospitality	40,100	41,200	41,700	43,800	45,600	45,800	46,800	47,400	46,700	45,600	46,100	43,700
Other Services	17,400	18,700	19,500	20,500	20,600	20,500	21,100	21,700	23,600	23,900	23,600	25,100
Government	50,500	51,100	51,500	52,100	53,100	54,500	55,800	56,900	58,000	58,700	58,000	60,300

Notes: Numbers may not add to totals due to rounding. Not all subsectors are shown.
Source: U.S. Department of Labor, Bureau of Labor Statistics

Table 3
Population and Household Trends
Grand Rapids HMA
April 1, 1990 to October 1, 2005

	April 1, 1990	April 1, 2000	Current Date	Forecast Date	Average Annual Change					
					1990 to 2000		2000 to Current		Current to Forecast	
					Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
Population										
Grand Rapids HMA	937,891	1,088,514	1,124,900	1,145,400	150,623	1.5	36,386	0.9	20,500	0.9
City of Grand Rapids	189,126	197,800	196,100	196,200	8,674	0.4	(1,700)	-0.2	100	0.0
Remainder of HMA	748,765	890,714	928,800	949,200	141,949	1.8	38,086	1.2	20,400	1.1
Households										
Grand Rapids HMA	333,911	396,047	411,700	420,800	62,136	1.7	15,653	1.1	9,100	1.1
City of Grand Rapids	69,029	73,217	72,650	72,750	4,188	0.6	(567)	-0.2	100	0.1
Remainder of HMA	264,882	322,830	339,050	348,050	57,948	2.0	16,220	1.4	9,000	1.3

Notes: Rate of change calculated on a compound basis.
 Numbers have been rounded for comparison.

Sources: U.S. Census Bureau, 1990 and 2000 Censuses
 Current and Forecast: Estimates by analyst

Table 4
Housing Inventory Tenure and Vacancy
Grand Rapids HMA
1990 to October 1, 2003

	Grand Rapids HMA			City of Grand Rapids Submarket Area			Remainder of HMA Submarket Area		
	1990	2000	Current	1990	2000	Current	1990	2000	Current
Total Housing Inventory	357,679	422,704	441,300	73,716	77,960	78,150	283,963	344,744	363,150
Occupied Units	333,911	396,047	411,700	69,029	73,217	72,650	264,882	322,830	339,050
Owners	245,806	296,476	315,400	41,349	43,717	44,300	204,457	252,759	271,100
%	73.6	74.9	76.6	59.9	59.7	61.0	77.2	78.3	80.0
Renters	88,105	99,571	96,300	27,680	29,500	28,350	60,425	70,071	67,950
%	26.4	25.1	23.4	40.1	40.3	39.0	22.8	21.7	20.0
Vacant Units	23,768	26,657	29,600	4,687	4,743	5,500	19,081	21,914	24,100
Available Units	10,320	10,979	13,500	2,795	2,683	3,350	7,525	8,296	10,150
For Sale	2,862	4,267	4,200	522	592	600	2,310	3,675	3,600
Rate (%)	1.2	1.4	1.3	1.3	1.3	1.3	1.1	1.4	1.3
For Rent	7,458	6,712	9,300	2,243	2,091	2,750	5,215	4,621	6,550
Rate (%)	7.8	6.3	8.8	7.5	6.6	8.8	7.9	6.2	8.8
Other Vacant	13,448	15,678	16,100	1,892	2,060	2,150	11,556	13,618	13,950

Note: Numbers have been rounded for comparison.
Source: U.S. Census Bureau, 1990 and 2000 Censuses
Current—Estimates by analyst

Table 5
Residential Building Permit Activity
Grand Rapids HMA
1993 to October 1, 2003

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*
Grand Rapids HMA											
Total	5,383	6,606	7,102	7,940	7,151	7,720	7,228	6,614	7,187	7,244	5,562
Single-family	4,668	5,356	5,487	6,117	5,244	5,795	6,089	5,662	5,996	5,788	4,791
Multifamily	715	1,250	1,615	1,823	1,907	1,925	1,139	952	1,191	1,456	771
City of Grand Rapids Submarket Area											
Total	316	616	591	551	321	319	313	237	241	649	144
Single-family	259	361	473	410	233	189	241	237	225	197	104
Multifamily	57	255	118	141	88	130	72	0	16	452	40
Remainder of HMA Submarket Area											
Total	5,067	5,990	6,511	7,389	6,830	7,401	6,915	6,377	6,946	6,595	5,418
Single-family	4,409	4,995	5,014	5,707	5,011	5,606	5,848	5,425	5,771	5,591	4,687
Multifamily	658	995	1,497	1,682	1,819	1,795	1,067	952	1,175	1,004	731

* Partial building permit activity through September 30, 2003.
Source: U.S. Census Bureau, C-40 Construction Series

Table 6
Estimated Qualitative Annual Demand for New Market-Rate Rental Housing
Grand Rapids HMA
October 1, 2003 to October 1, 2005

One Bedroom		Two Bedrooms		Three Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
650	300	800	425	950	125
700	255	850	355	1,000	105
750	235	900	315	1,050	95
800	205	950	270	1,100	85
850	175	1,000	225	1,150	75
900	140	1,050	180	1,200	65
950	110	1,100	140	1,250	55
1,000	85	1,150	110	1,300	50
1,050	65	1,200	85	1,350	45
1,100	50	1,250	65	1,400	25
1,150	35	1,300	10	1,500	10
1,250	20	1,400	0	1,550	0

Notes: Distribution above is noncumulative.
Demand of fewer than 10 units is shown as 0.
Source: Estimates by analyst