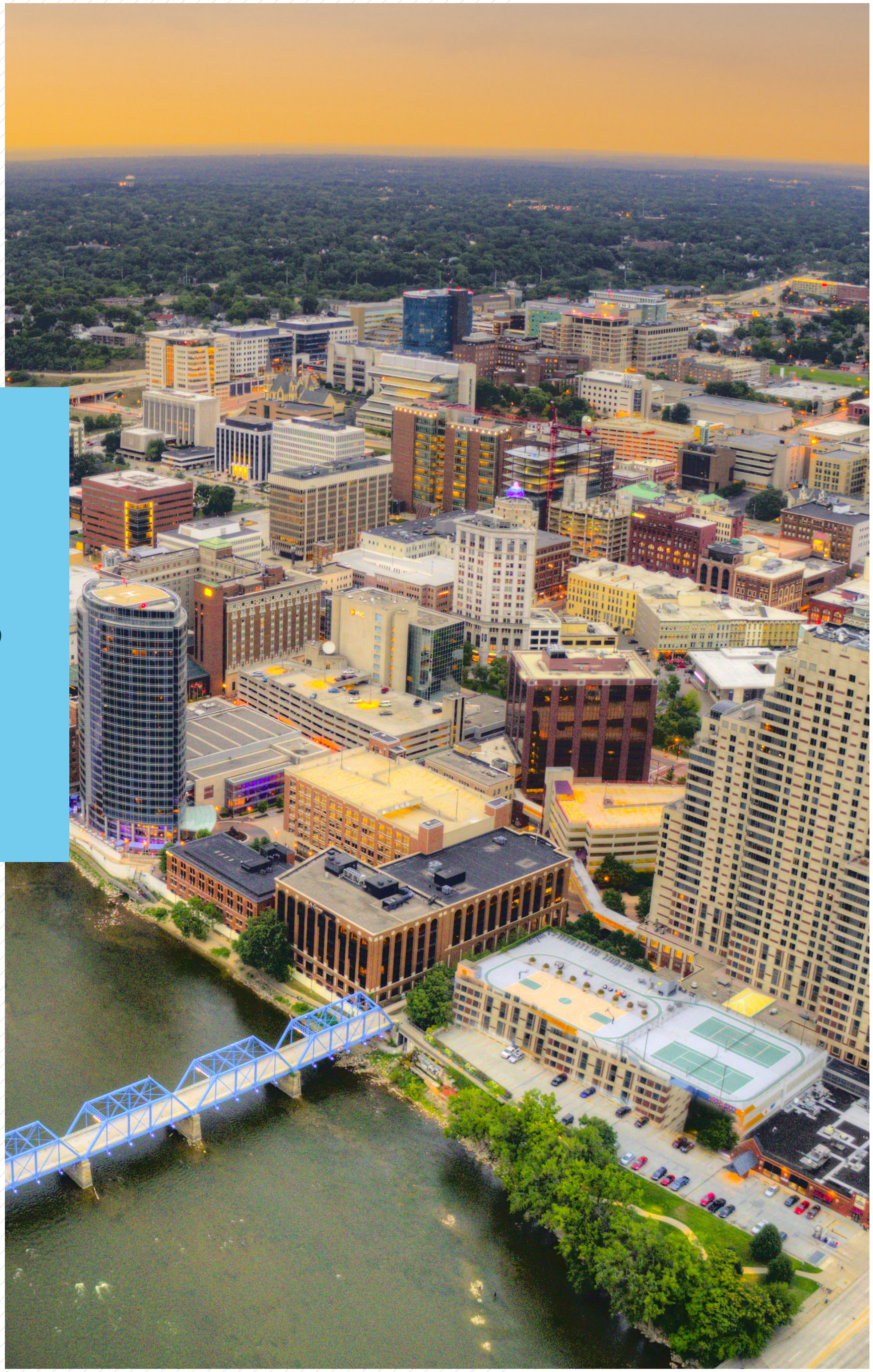
The analysis presented in this report was completed prior to the release of the 2020 Decennial Census, and therefore the current estimates may not reflect the true change since April 1, 2020; however, the direction and magnitude of trends in the data are presumed to be accurate. HUD will provide an updated report that incorporates the 2020 Decennial Census in the future.



COMPREHENSIVE HOUSING MARKET ANALYSIS

Grand Rapids-Wyoming, Michigan

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of July 1, 2021

Share on:

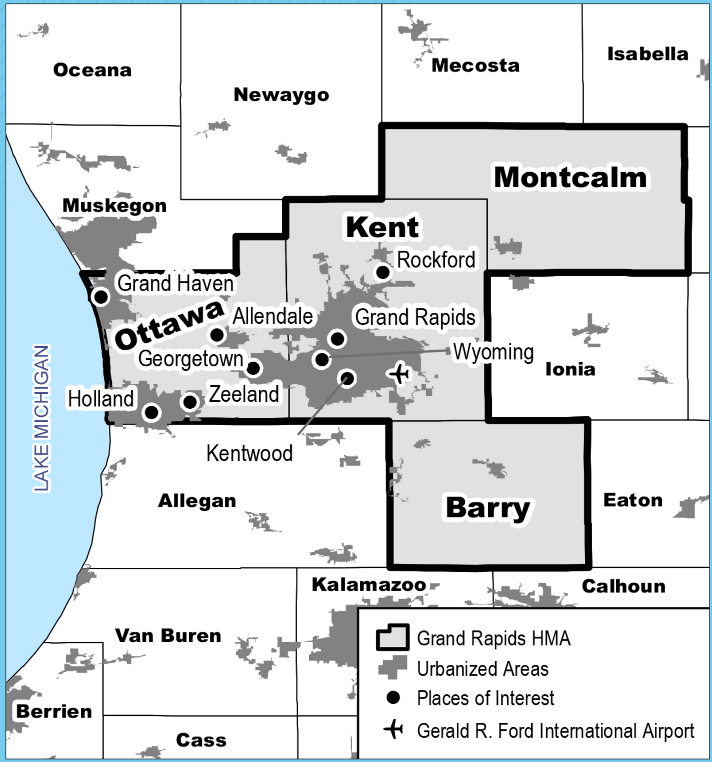
Executive Summary

Housing Market Area Description

The Grand Rapids-Wyoming, Michigan (hereafter, Grand Rapids) HMA is coterminous with the Grand Rapids-Wyoming, Michigan Metropolitan Statistical Area (MSA), which is the second most populous MSA in Michigan. The HMA is composed of Barry, Kent, Montcalm, and Ottawa counties. The principal city of Grand Rapids is known as a center for the manufacture of office furniture and for its craft beer industry.

The current population of the HMA is estimated at 1.08 million.

The HMA is home to nearly 60 breweries. In 2019, the craft beer industry was estimated to attract 94,000 beer enthusiasts to visit the HMA and had an economic impact of nearly $39 million on the HMA (Experience Grand Rapids).



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Weak, but Improving: During the 12 months ending June 2021, nonfarm payrolls declined 3.0 percent to 528,000, which was the lowest job total since the end of 2014.

Payrolls in the HMA declined because of the brief recession caused by countermeasures to slow the spread of COVID-19. All but two nonfarm payroll sectors declined during the past 12 months. Although the unemployment rate fell from recent highs, it remained elevated. The average unemployment rate in the Grand Rapids HMA during the 12 months ending June 2021 was 5.2 percent, down from 5.9 percent a year earlier but higher than the 2.9 percent rate during the 12 months ending June 2019. As of June 2021, approximately 80 percent of the jobs lost early in 2020 were recovered. During the 3-year forecast period, the unemployment rate is expected to continue to decline as the remaining lost jobs are recovered, and nonfarm payrolls are estimated to increase an average of 2.1 percent annually.

Sales Market

Tight: An estimated 0.6-month supply of homes is for sale in the Grand Rapids HMA as of June 2021, down from 1.1 months of supply a year earlier.

Low levels of new home construction since the Great Recession and a shift to net in-migration since 2010 have contributed to the home sales market tightening. The current sales vacancy rate is estimated at 0.5 percent, down from 2.3 percent in 2010. During the 12 months ending June 2021, new and existing home sales totaled approximately 23,000, reflecting an increase of 20 percent from a year earlier, and the average home sales price rose 13 percent to $251,100 (Zonda). During the 3-year forecast period, demand is estimated for 9,975 new homes. The 850 homes under construction are expected to meet a portion of that demand during the first year of the forecast period.

Rental Market

Tight: The estimated rental vacancy rate is 4.0 percent, down from 10.1 percent in 2010.

Rental housing market conditions in the HMA are tight. The apartment market is also tight, with a vacancy rate of 3.1 percent during the second quarter of 2021, down from 3.7 percent a year earlier, and the average apartment rent increased 2 percent to $932 (Moody's Analytics REIS). The average apartment vacancy rate declined because strong population growth since 2010 caused the demand for new rental units to outpace the supply. During the forecast period, demand is expected for 4,525 rental units. The 850 units under construction will satisfy a portion of that demand during the first year of the forecast period.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Grand Rapids HMA	Total Demand	9,975	4,525
	Under Construction	850	850

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2021. The forecast period is July 1, 2021, to July 1, 2024.
Source: Estimates by the analyst

Economic Conditions

Largest Sector: Manufacturing

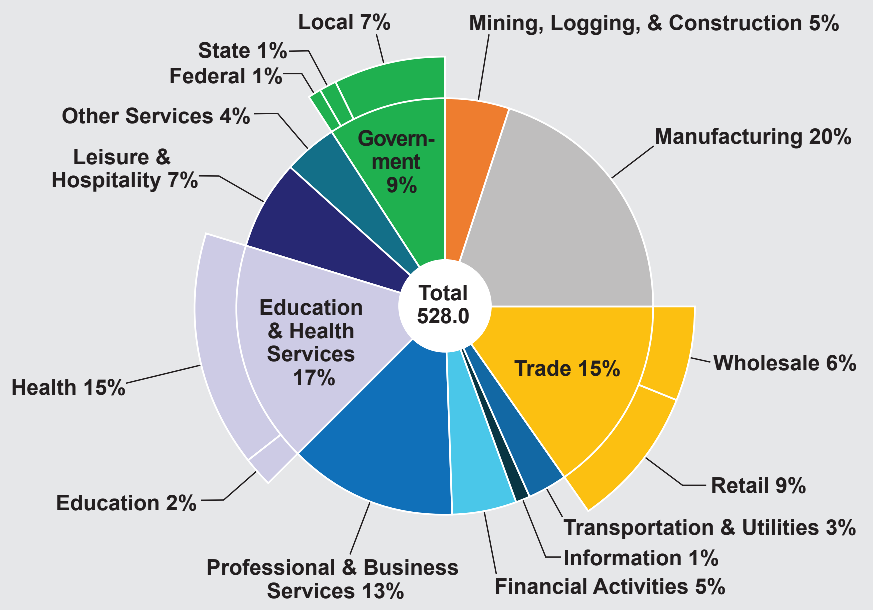
Jobs in the manufacturing sector account for 20 percent of all nonfarm payroll jobs in the HMA, compared with a 9-percent share nationally.

Primary Local Economic Factors

The HMA has been historically known as a hub for furniture production, but the manufacturing sector has diversified and currently encompasses several industries, including office furniture, automotive, medical devices, food processing, and aerospace and defense. Four major office furniture producers—American Seating Company, Haworth, Inc., Herman Miller, Inc., and Steelcase Inc.—are headquartered in the HMA. The craft beer industry grew fast during the 2010s; in 2019, the economic impact of the industry on the HMA was nearly $39.0 million, more than triple the $12.2 million in 2015. Local automobile parts suppliers are mostly small- to mid-size businesses with fewer than 250 employees who produce components for the major national automakers. Since the Great Recession, the manufacturing sector in the HMA rebounded strongly because increased automobile sales nationally benefited the local suppliers. In stark contrast with the 2000s, the manufacturing sector in the HMA added jobs each year during the 2010s, contributing to the overall economic expansion. The availability of well-paying manufacturing jobs was partially responsible for a shift to net in-migration in the Grand Rapids HMA since 2010.

The HMA is a regional healthcare hub for western Michigan. The education and health services sector is the second largest payroll sector in the HMA, accounting for approximately 17 percent of all nonfarm payroll jobs (Figure 1), and it was the fastest growing sector in the local economy from 2001 through 2019. Spectrum Health and Mercy Health are among the three largest employers in the HMA, with approximately 25,000 and 8,500 employees, respectively (Table 1). The founding of Van Andel Institute to conduct cancer research in 1996 began medical-related development in the city of Grand Rapids, which has grown into what is today known as the Medical Mile. The medical research

Figure 1. Share of Nonfarm Payroll Jobs in the Grand Rapids HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2021.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Grand Rapids HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Spectrum Health	Education & Health Services	25,000
Meijer, Inc.	Wholesale & Retail Trade	11,400
Mercy Health	Education & Health Services	8,500
Gentex Corporation	Manufacturing	5,800
Axios HR	Professional & Business Services	5,000
SpartanNash Co.	Wholesale & Retail Trade	4,200
Amway Corporation	Manufacturing	4,000
Herman Miller, Inc.	Manufacturing	3,925
Johnson Controls International plc	Manufacturing	3,900
Perrigo Co.	Manufacturing	3,800

Note: Excludes local school districts.
Source: Moody's Analytics

corridor is home to Fred and Lena Meijer Heart Center, Helen DeVos Children's Hospital, and the Cancer Center at Lemmen-Holton Cancer Pavilion—all part of Spectrum Health. The corridor is also home to several universities, including the health campus of Grand Valley State University (GVSU).

Current Conditions—Nonfarm Payrolls

The brief recession early in 2020 caused by public health measures to limit the spread of the COVID-19 pandemic significantly weakened the local economy and ended a lengthy period of economic expansion, when jobs grew every year from 2010 through 2019. Currently, the local economy continues to reopen, and people are returning to work. By the end of June 2021, roughly 80 percent of the 121,900 jobs lost in March and April of 2020 were recovered (not seasonally adjusted).

During the 12 months ending June 2021, nonfarm payrolls totaled 528,000, a decrease of 16,500 jobs, or 3.0 percent (Table 2), compared with a year earlier. This followed a decline of 22,900 jobs, or 4.0 percent, during the 12 months ending June 2020. Job losses during the 12 months ending June 2021 were widespread, but the industries affected most were those whose employees were unable to work remotely. The leisure and hospitality and the manufacturing sectors led job declines, down 5,700 and 4,700 jobs, or 13.0 and 4.2 percent, respectively. After being closed for nearly 3 months, hotels, restaurants, and entertainment venues started to reopen in July 2020. The Amway Corporation, which operates several hotels in the HMA, furloughed approximately 1,200 employees in April 2020, of which 580 were permanently laid off in July 2020. The remaining employees began returning to work when some of the hotels resumed operations in a limited capacity. As supply chains were disrupted by the outbreak of COVID-19 early in 2020, Benteler Automotive laid off approximately 850 workers at its facilities in the cities of Grand Rapids and Holland. More layoffs among local manufacturers related to the auto industry occurred during the past 12 months due to the national shortage of semiconductor chips, which disrupted operations among the major car manufacturers. Temporary office closures and transition to remote work during the pandemic had a negative effect on the local office furniture producers. In September 2020, the office furniture manufacturer Steelcase Inc. reduced its workforce by 460 through early retirements and permanent layoffs.

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Grand Rapids HMA, by Sector

	12 Months Ending June 2020	12 Months Ending June 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**544.5**	**528.0**	**-16.5**	**-3.0**
Goods-Producing Sectors	137.6	133.5	-4.1	-3.0
Mining, Logging, & Construction	24.9	25.5	0.6	2.4
Manufacturing	112.7	108.0	-4.7	-4.2
Service-Providing Sectors	406.9	394.4	-12.5	-3.1
Wholesale & Retail Trade	78.5	78.3	-0.2	-0.3
Transportation & Utilities	17.0	18.3	1.3	7.6
Information	6.3	5.5	-0.8	-12.7
Financial Activities	26.9	26.5	-0.4	-1.5
Professional & Business Services	72.8	70.1	-2.7	-3.7
Education & Health Services	92.6	91.7	-0.9	-1.0
Leisure & Hospitality	43.7	38.0	-5.7	-13.0
Other Services	21.5	19.8	-1.7	-7.9
Government	47.5	46.3	-1.2	-2.5

Notes: Based on 12-month averages through June 2020 and June 2021. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

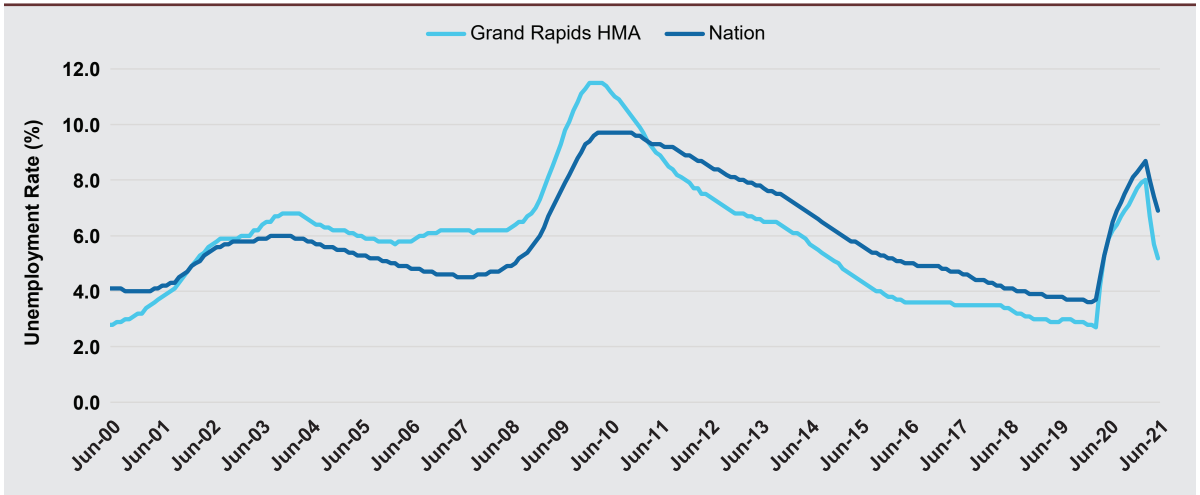
In the public sector, projected budget shortfalls prompted local governments to cut their workforce. Most of the furloughs resulted from school closures and included layoffs of noninstructional staff. During the 12 months ending June 2021, the government sector declined by 1,200 jobs, or 2.5 percent, with nearly all losses attributed to the local government subsector. With main campuses in Allendale and Grand Rapids, GVSU is the largest university in the HMA; the university has approximately 22,400 students and includes nearly 3,300 employees. According to a 2018 report issued by GVSU, the university has an annual impact of $849 million on the local economy.

The only two sectors that added jobs during the 12 months ending June 2021 were the transportation and utilities and the mining, logging, and construction sectors, with gains of 1,300 and 600 jobs, or 7.6 and 2.4 percent, respectively. By comparison, during the 12 months ending June 2020, the transportation and utilities sector grew by 600 jobs, or 3.9 percent, whereas the mining, logging, and construction sector declined by 400 jobs, or 1.8 percent. In March 2020, Amazon.com, Inc. opened a $150 million regional center in the HMA and currently continues hiring to reach its goal of 1,000 employees. In June 2021, passenger activity at the Gerald R. Ford International Airport (GFIA) in the city of Grand Rapids totaled nearly 264,800, a substantial increase from 76,400 in June 2020 (GFIA).

Current Conditions—Unemployment

The jobless rate in the HMA is elevated, resulting from job declines caused by efforts undertaken to limit the spread of COVID-19, but is trending downward. During the 12 months ending June 2021, the unemployment rate in the HMA averaged 5.2 percent, down from 5.9 percent a year earlier. By comparison, the unemployment rate in the HMA reached a peak of 11.5 percent during the 12 months ending April 2010, in the aftermath of the Great Recession in 2009; the rate then declined each year to a low of 2.7 percent during the 12 months ending March 2020, as labor conditions tightened prior to the pandemic. Currently, the unemployment rate in the HMA is lower than the national average of 6.9 percent (Figure 2).

Figure 2. 12-Month Average Unemployment Rate in the Grand Rapids HMA and the Nation



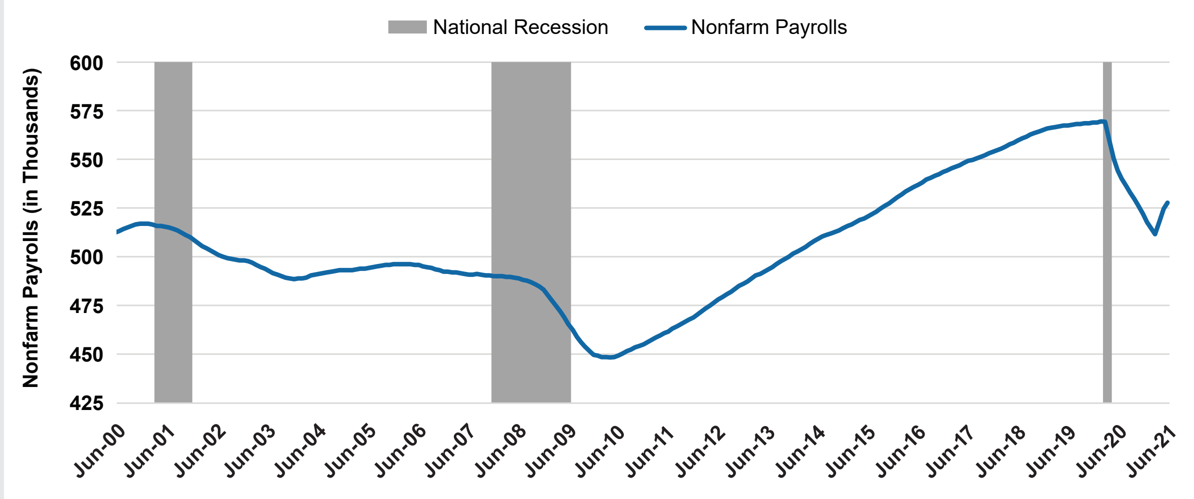
Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Historical Trends

2000 Through 2003

During the 2000s, nonfarm payrolls peaked in 2000 at 517,100, following an extended period of growth in the 1990s, but economic conditions began to deteriorate a year later because of the national recession (Figure 3). From 2001 to 2003, nonfarm payrolls declined by an average of 9,500 jobs, or 1.9 percent, annually. Widespread layoffs among manufacturers accounted for a large portion of the overall job losses. Jobs in the manufacturing sector declined by an average of 6,700, or 5.4 percent, annually through 2003. Major furniture manufacturers in the HMA laid off nearly 2,000 employees combined because of weaker demand for office furniture nationally during the recession. Despite weak economic conditions, the education and health services sector in the HMA grew rapidly during the period, with average gains of 2,400 jobs, or 4.3 percent, a year, from 2001 through 2003. The first phase of the Van Andel Institute opened in 2000 with the completion of a $65 million cancer research facility that contributed to job growth in the sector.

Figure 3. 12-Month Average Nonfarm Payrolls in the Grand Rapids HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2004 Through 2005

Job growth in several service-providing sectors led to a brief period of economic expansion in the HMA. During 2004 and 2005, nonfarm payrolls grew by an average of 3,900 jobs, or 0.8 percent, annually, to 496,300 in 2005. The professional and business services and the education and health services sectors led job growth during this time, with average annual increases of 2,500 and 2,000, or 4.1 and 3.2 percent, respectively. Notable job gains occurred in the leisure and hospitality sector, which grew by an average of 1,000 jobs, or 2.6 percent, a year. Net out-migration from the HMA increased during the period and likely contributed to weaker demand for services in other industries and the public sector. During 2004 and 2005, the retail trade subsector and the local government subsector decreased by an average of 1,000 and 400 jobs, or 2.0 and 0.9 percent, annually respectively. The pace of decline in the manufacturing sector slowed considerably during those 2 years; the sector lost an average of 900 jobs, or 0.8 percent, a year.

2006 Through 2009

During 2006, economic conditions in the HMA started to weaken. The local economy contracted sharply because of the Great Recession. Nonfarm payrolls declined by an average of 11,600, or 2.4 percent, annually from 2006 through 2009 to a low of 449,800 jobs. Losses were widespread, but the manufacturing sector led declines during the period, with an average loss of 6,500 jobs, or 6.6 percent, a year. Bankruptcies of the Chrysler Corporation and General Motors Corporation negatively affected the local auto parts manufacturing firms and contributed to job losses in the sector. At the end of 2009, the manufacturing sector averaged 82,300 jobs, accounting for 18 percent of all nonfarm payrolls, and was 37 percent smaller than in 2000, when it accounted for 25 percent of all nonfarm payrolls in the HMA. The housing crisis led to declines in the mining, logging, and construction sector, which lost an average of 1,700 jobs, or 8.0 percent, annually. Despite weak economic conditions, the education and health services sector continued to expand, with gains averaging 1,800 jobs, or 2.6 percent, a year. In 2009, the sector became the second largest employment sector in the HMA, with 73,000 jobs.

2010 Through 2019

Whereas manufacturing job losses weakened the local economy during the 2000s, a rebound in the sector supported economic growth in the HMA during the 2010s. From 2010 through 2019, nonfarm payrolls in the HMA rose an average of 11,900 a year, or 2.4 percent, to 569,000 jobs. The manufacturing sector added the most jobs, with an average annual gain of 3,700 jobs, or 3.8 percent. During this period, job growth in the HMA was substantially stronger than in the nearest major metropolitan areas of the Detroit-Warren-Dearborn, Michigan MSA and the Chicago-Naperville-Elgin, Illinois-Indiana-Wisconsin MSA, where nonfarm payrolls grew an average of 1.6 and 1.1 percent a year, respectively. Part of the increase in the manufacturing sector occurred because of an increase in automobile sales nationally. In 2009, vehicle sales nationally totaled approximately 11.3 million and grew each year to a peak of 18.3 million in 2016. Vehicle sales eased somewhat after 2016 but remained relatively high, with 17.3 million sales at the end of 2019 (Federal Reserve Bank of St. Louis). Jobs in the manufacturing sector in the HMA at the end of 2019 totaled 119,000, representing an increase of nearly 45 percent since the end of 2009. All private nonfarm payroll sectors gained jobs during the expansion, with significant increases occurring again in the education and health services and the professional and business services sectors, which grew by an average of 2,100 and 1,800 jobs, or 2.6 and 2.7 percent, respectively. Contributing to the growth in these sectors was the opening of an $88.1 million Grand Rapids Research Center by Michigan State University (MSU) at the Medical Mile. MSU is estimated to support more than 2,000 jobs in the HMA and has an economic impact of $339 million a year. Early in 2018, Spectrum Health opened Health Pointe in partnership with Holland Hospital. The medical facility provides health care to residents in northern Ottawa County and employs more than 250 healthcare workers.

Forecast

During the 3-year forecast period, nonfarm payrolls are expected to grow by an average of 2.1 percent annually. Job growth is expected to be strongest during the first year as the local economy continues to reopen. Most gains are expected to be in sectors that were heavily affected by COVID-19 because of furloughed employees returning to work, and nonfarm payrolls are expected to reach prepandemic levels in the second year of the forecast period. Economic activity will remain highly dependent on the manufacturing and the education and health services sectors. The manufacturing sector in the HMA will benefit from stronger demand for office furniture as more workers return to offices and major automakers increase production when the semiconductor chip shortage is resolved. Founded in 2020 and headquartered in the HMA, Gen3 Defense & Aerospace is investing $8.9 million to expand its capabilities in robotics systems development, focusing on autonomous military and aerospace programs. The company plans to create approximately 270 new jobs during the next 2 years. Earlier in 2021, manufacturer Blackmer announced plans to invest more than $7 million to build a new 60,000 square-foot facility. The company currently has 250 employees in the HMA and plans to create 50 additional new jobs during the forecast period. The major healthcare providers in the metropolitan area have ongoing expansions, which are expected to boost payroll growth in the education and health services sector. A new $8.72 million surgical facility expansion at Spectrum Health Zeeland Community Hospital is currently underway and is expected to be complete by the end of 2021.

Population and Households

Current Population: 1.08 Million

> The population of the Grand Rapids HMA as of July 1, 2020, is estimated at 1.08 million, an average increase of 8,400, or 0.8 percent, annually since April 2010, with 36 percent of the growth the result of net in-migration.

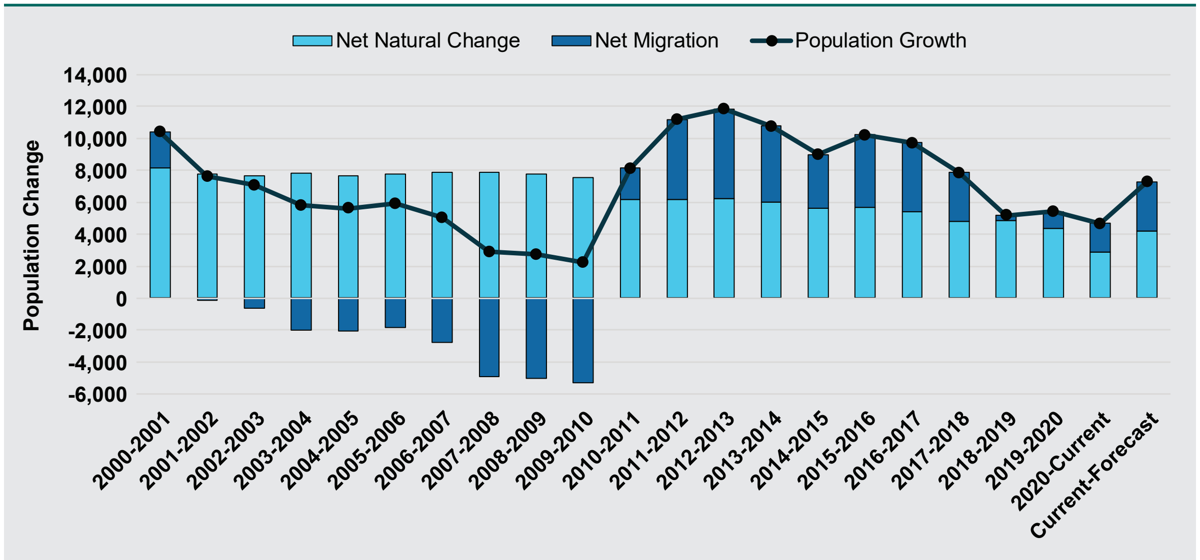
Population Trends

The Grand Rapids HMA is the second largest MSA in the state of Michigan. Approximately 96 percent of people residing in the HMA live in Kent and Ottawa Counties, which are the fourth and the seventh most populous counties in Michigan, respectively. With an estimated population of 200,300, the city of Grand Rapids, in Kent County, is the second most populous city in Michigan, after the city of Detroit.

Weaker economic conditions during the 2000s contributed to overall net out-migration from the HMA. From 2000 to 2006, the population of the HMA increased an average of 7,350, or 0.8 percent, annually, with net out-migration averaging 500 people per year (Census Bureau population estimates as of July 1). During the period of an economic downturn in the HMA that included the Great Recession, the rate of population growth slowed as net out-migration rose sharply. From 2006 to 2010, population growth averaged 3,275, or 0.3 percent, annually, and net out-migration spiked to an average of 4,550 people a year. Figure 4 shows components of population change in the HMA from 2000 through the forecast.

Population growth has generally been faster since 2010, compared with the 2000s, because of relatively stronger economic conditions, which attracted people to the HMA to fill available jobs. As the manufacturing sector rebounded strongly, population growth in the HMA from 2010 to 2018 averaged 9,625, or 0.9 percent, annually. During the period, net in-migration to the HMA averaged 3,825 people a year. The influx of new residents contributed to job growth in the service-providing sectors and created additional demand for apartments and homes. Since 2018, population growth in the HMA has slowed to an average of 5,100, or 0.5 percent, a year. Declining student enrollment at GVSU, slowing economic expansion, and subsequent recession in 2020, as well as COVID-19-related restrictions on international travel have slowed net in-migration to the HMA, which has averaged only 1,050 people a year since 2018. From 2011 to 2018, international net-migration to the HMA averaged 2,050 people a year and then slowed to an average of 1,050 people a year from 2019 to 2020. Approximately 62 percent of the students enrolled

Figure 4. Components of Population Change in the Grand Rapids HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (July 1, 2021) to July 1, 2024.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

at GVSU in 2021, or 13,900 students, are from outside the HMA. Enrollment at the university has been declining steadily from a recent peak of 25,450 in 2016 to 22,400 currently, largely because fewer students have been graduating high school in Michigan due to declines in the school-aged population. By comparison, student enrollment at GVSU expanded in 9 out of 11 academic years from 2006 through 2016 (GVSU).

Since 2010, net natural increase in the HMA averaged 5,350 people a year, substantially below 7,850 people a year during the 2000s. The aging population and lower birth rates have contributed to lower net natural increase in the HMA since 2010, an effect exacerbated by the approximately 1,550 COVID-19-related deaths in the HMA since the onset of the pandemic (Johns Hopkins Coronavirus Resource Center).

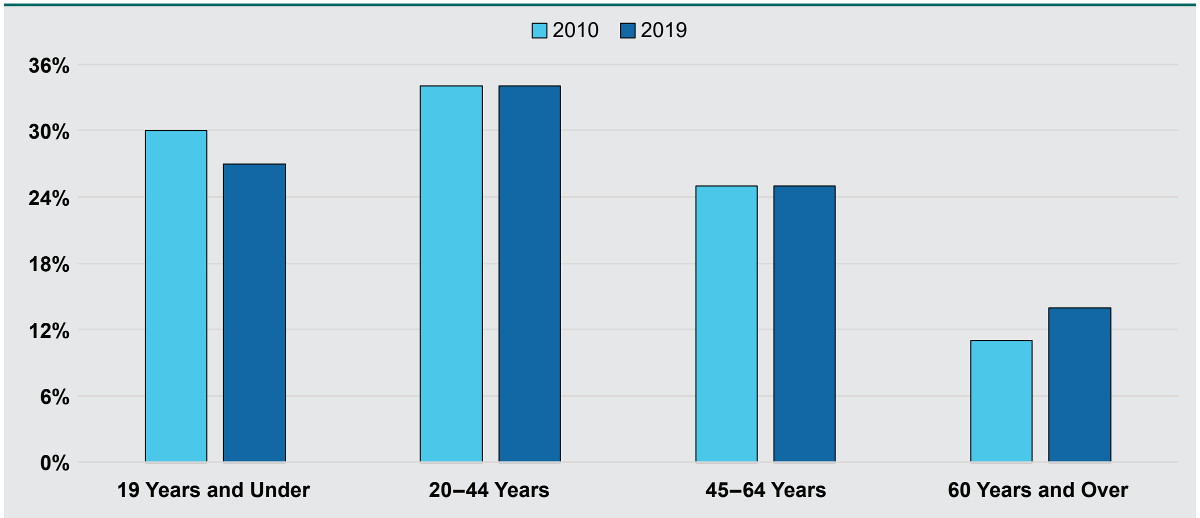
Age Cohort Trends

The largest cohort in the HMA in 2019 were residents 20 to 44 years of age, representing approximately 34 percent of the total population, unchanged since 2010 (American Community Survey [ACS 5-year data]). The share of HMA residents ages 19 and younger fell from 30 percent in 2010 to 27 percent in 2019. The age cohort of those 65 years and older was the only cohort in the HMA to increase during that same period, accounting for 14 percent of the HMA population in 2019, up from 11 percent in 2010 (Figure 5). Nationally, the population age 65 and older accounted for nearly 16 percent of the total poulation in 2019 (ACS 1-year data).

Migration Trends

The strong economic recovery since the Great Recession, relative to nearby major metropolitan areas, attracted job seekers to the Grand Rapids HMA. Table 3 lists the top areas for migration inflows and

Figure 5. Population by Age Range in the Grand Rapids HMA



Source: 2010 and 2019 American Community Survey, 5-year data

Table 3. County-to-County Migration Flows in the Grand Rapids HMA: 2014–18

Into the HMA	
Detroit-Warren-Dearborn, MI	6,384
Muskegon, MI	2,875
Kalamazoo-Portage, MI	2,762
Lansing-East Lansing, MI	2,527
Chicago-Naperville-Elgin, IL-IN-WI	2,075
Out of the HMA	
Muskegon, MI	3,570
Detroit-Warren-Dearborn, MI	2,936
Lansing-East Lansing, MI	2,683
Kalamazoo-Portage, MI	1,903
Ann Arbor, MI	1,275

Source: U.S. Census Bureau Migration Flows, 2014–2018 American Community Survey, 5-year data outflows for the HMA. In 2018 overall net in-migration to the HMA was highest from the Detroit-Warren-Dearborn and Chicago-Naperville-Elgin MSAs, where job growth from 2010 through 2019 lagged the HMA.

Household Trends

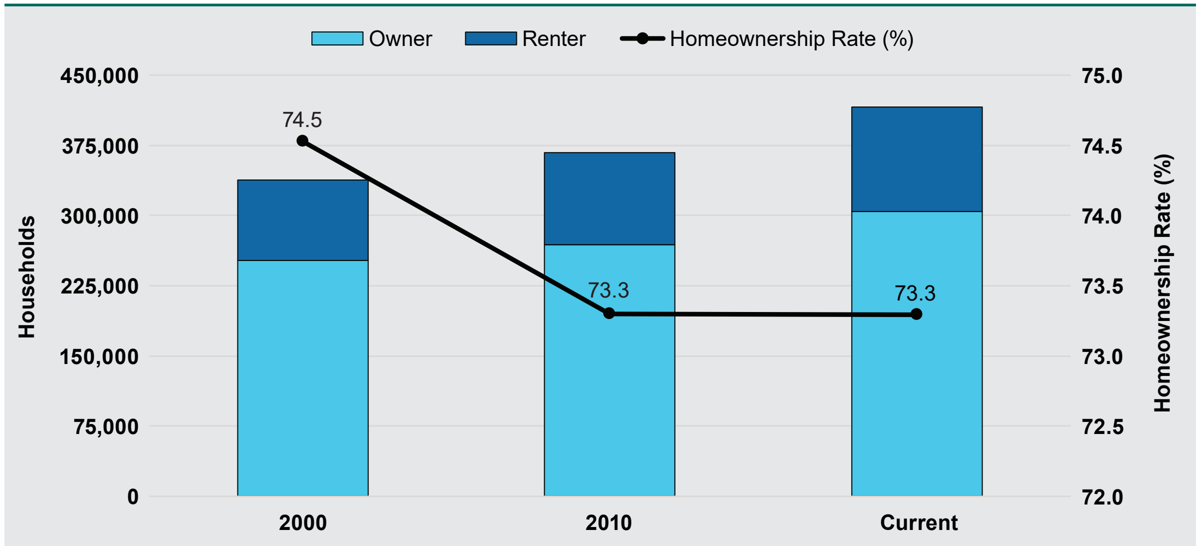
The current number of households in the HMA is estimated at 415,700, reflecting an average annual increase of 4,325, or 1.1 percent, since 2010 (Table 4). By comparison, from 2000 to 2010, the number of households increased by an average of 2,925, or 0.8 percent, annually. An estimated 73.3 percent of current households, or 304,700, are homeowner households, and the remaining 111,000 are renter households. The current homeownership rate is unchanged since 2010. By contrast, the homeownership rate in 2010 was lower than the rate of 74.5 percent in 2000, largely because the housing crisis late in the 2000s caused a decline in homeownership in the HMA (Figure 6). Economic expansion following the Great Recession and low mortgage rates contributed to an increase in the number of owner households in the HMA, which have grown at an average rate of 1.1 percent, or 3,175 households, a year, since 2010, compared with an average annual increase of 0.7 percent, or 1,725 households, from 2000 to 2010. At the same time, renter households increased at an average annual rate of 1.1 percent, or 1,150 households, compared with an average increase of 1.3 percent, or 1,200 households, annually from 2000 to 2010.

Table 4. Grand Rapids HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	988,938	1,084,000	1,105,000
	Average Annual Change	5,825	8,400	7,300
	Percentage Change	0.6	0.8	0.7
		2010	**Current**	**Forecast**
Household Quick Facts	**Households**	366,997	415,700	427,800
	Average Annual Change	2,925	4,325	4,025
	Percentage Change	0.8	1.1	1.0

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (July 1, 2021) to July 1, 2024.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 6. Households by Tenure and Homeownership Rate in the Grand Rapids HMA



Note: The current date is July 1, 2021.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

During the 3-year forecast period, population growth is expected to be greater, compared with the period from 2018 to the current date, due to projected economic growth and continued net in-migration.

Moderating some of that increase will be limited net natural increase because of the rising share of older residents. The population is expected to increase by an average of 7,300, or 0.7 percent, annually, with the population reaching 1.11 million by July 2024. The number of households is estimated to increase during the 3-year forecast period by an average of 4,025, or 1.0 percent, a year, reaching 427,800 households. Homeownership is expected to increase during the forecast period, partially because the COVID-19 pandemic has caused people to reassess their housing needs in favor of homes with more square footage and larger yards.

Home Sales Market

Market Conditions: Tight

The average home sales price has increased each year since the end of 2011 and has more than doubled from the levels during the Great Recession.

Current Conditions

Sales housing market conditions in the Grand Rapids HMA are currently tight, with an estimated vacancy rate of 0.5 percent (Table 5), down from 2.3 percent in April 2010 when the market was soft. The recent period of economic and population growth contributed to the absorption of home inventory. In addition, recent changes in housing needs and historically low mortgage interest rates further strengthened demand for sales housing in the HMA, which contributed to the decline in vacancy rates and tight market conditions. Currently, a 0.6-month inventory is on the market, down from 1.1 months during June 2020 and lower than the 1.1 months of supply nationally (Redfin, a national real estate brokerage). The inventory of homes for sale in the Grand Rapids HMA has been less than 6 months (a general indicator of a balanced market) since early 2012. During the 12 months ending June 2021, new and existing home sales in the HMA increased to approximately 23,000, up 20 percent compared with the previous 12 months, and the average home sales price rose 13 percent to $251,100 (Zonda). The low supply of homes available for sale, combined with increased demand caused by stronger population growth and the recent shift to remote work, contributed to the substantial home sales price growth during the past 12 months. Despite recent price increases, homes in the HMA remain relatively affordable. Compared with the nearby metropolitan areas, the average home sales price in the HMA is about 2 percent higher than the average home price of $246,000 in the Detroit-Warren-Dearborn, Michigan MSA but 23 percent lower than the average home sales price of $326,400 in the Chicago-Naperville-Elgin, Illinois-Indiana-Wisconsin MSA.

Existing Home Sales and Prices

During the 12 months ending June 2021, existing home sales, which include regular resales and real estate owned (REO) sales, totaled 21,450, an increase of 3,500, or nearly 20 percent, while the average existing home sales price rose by $30,800, or 14 percent, to $245,300 (Zonda). A substantial increase in regular resales and a decline in the number of REO properties during the past year resulted in tighter housing market conditions. The largest concentration of existing home sales during the past 12 months has been for homes priced up to $299,999 (Figure 7).

Regular Resale Sales and Prices

During the 12 months ending June 2021, regular resales totaled 21,100, an increase of 3,700, or 21 percent, from the previous 12 months. By comparison, prior to the housing crisis, regular resales in the HMA totaled 13,700 in 2006 and then began to decline by an average of 2,325 home sales, or 21 percent, annually from 2007 through 2009 to a low of 6,725 regular resales. Since 2010, demand for homes has increased

Table 5. Home Sales Quick Facts in the Grand Rapids HMA

		Grand Rapids HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	0.5%	NA
	Months of Inventory	0.6	1.1
	Total Home Sales	23,000	6,053,000
	1-Year Change	20%	14%
	New Home Sales Price	$333,500	$420,700
	1-Year Change	4%	6%
	Existing Home Sales Price	$245,300	$373,200
	1-Year Change	14%	20%
	Mortgage Delinquency Rate	1.4%	3.1%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2021; and months of inventory and mortgage delinquency data are as of June 2021. The current date is July 1, 2021.
Sources: Vacancy rate—estimates by the analyst; months of inventory—CoreLogic, Inc.; HMA and national home sales and prices—Zonda

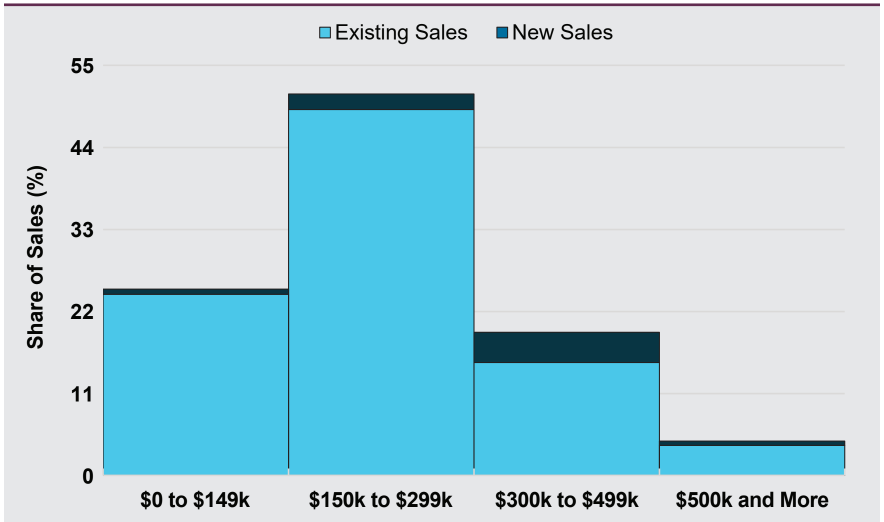
because of economic and population growth. From 2010 through 2016, regular resales increased by an average of 1,775, or 16 percent, annually, and the housing market conditions were tight. In 2017, regular home resales decreased by 720, or nearly 4 percent, to 18,350. Regular resales remained relatively steady during 2018 and 2019, averaging 18,650 home sales a year. By the end of 2019, the home sales market conditions were balanced, but the market has tightened again since then.

During the 12 months ending June 2021, regular resale home prices rose sharply because increased demand, combined with a decreased inventory of homes on the market, placed upward pressure on home prices. The average price for regular resales during the 12 months ending June 2021 was $246,600, an increase of $29,900, or 14 percent, from the previous 12 months. In 2007, the average price peaked at $160,200 before falling during 2008 and 2009 by an average of $7,150, or 5 percent, a year to $145,900. The average regular resale price in the HMA remained near this level through 2011 and then increased steadily as demand for homes increased because of stronger economic conditions, averaging an annual gain of $8,450, or 5 percent, from 2012 through 2019.

REO Sales and Prices

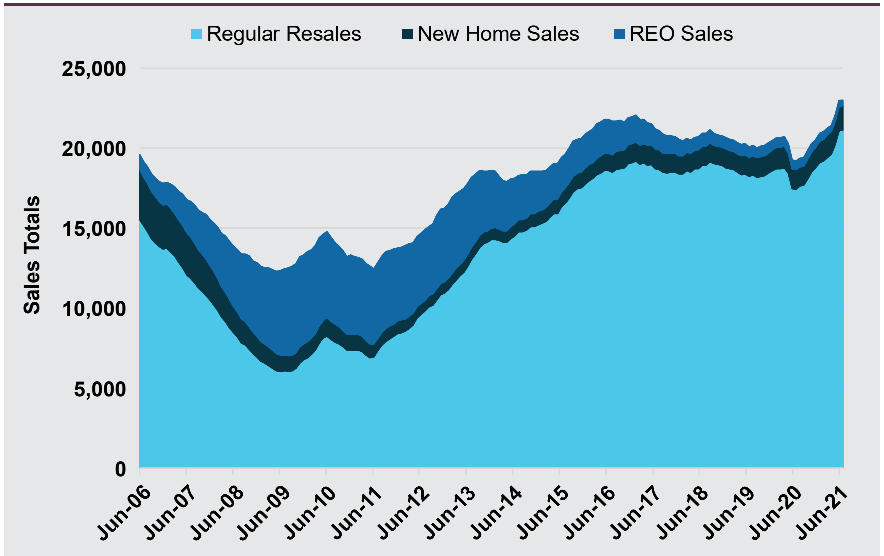
Since the economic recovery following the Great Recession, the number of REO sales in the HMA declined substantially (Figure 8). Additionally, REO sales decreased further during the past year to record low levels because forbearance programs implemented during the COVID-19 pandemic sharply reduced foreclosures in the HMA. REO sales during the 12 months ending June 2021 totaled 360, a decline of 170 sales, or 32 percent, from a year earlier. The REO sales currently account for a record low of 2 percent of existing home sales in the HMA. By comparison, from 2007 through 2009,

Figure 7. Share of Overall Sales by Price Range During the 12 Months Ending June 2021 in the Grand Rapids HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

Figure 8. 12-Month Sales Totals by Type in the Grand Rapids HMA



REO = real estate owned.
Source: Zonda

REO sales rose an average of 1,425 sales, or 62 percent, a year to 5,600 sales in 2009, which represented 46 percent of existing home sales that year. As economic conditions in the HMA began to strengthen in 2010, REO sales in the HMA fell each year from 2010 through 2019, averaging an annual decline of 500, or 20 percent, to 610.

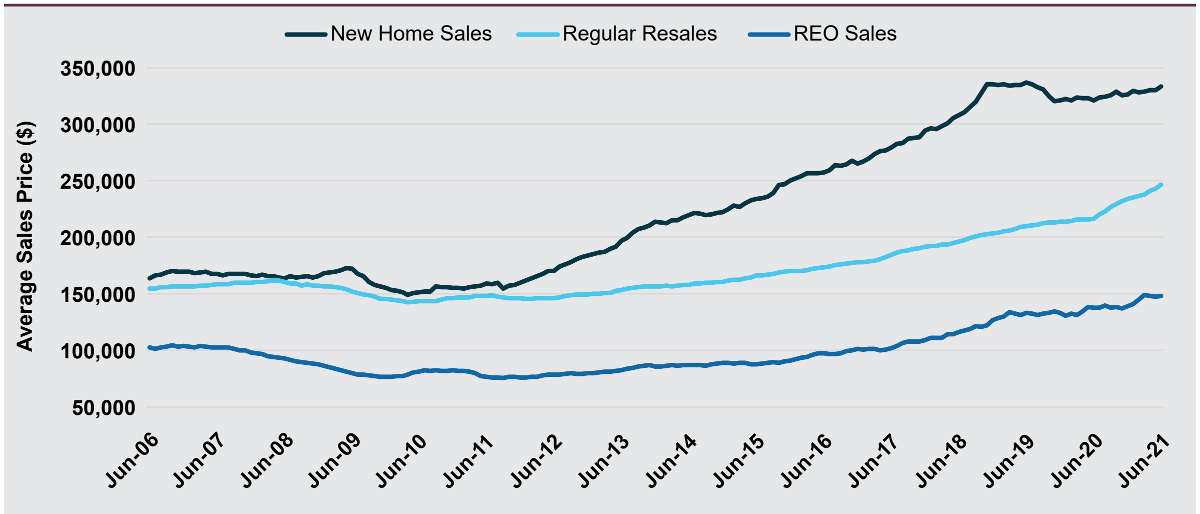
The average sales price of an REO property in the HMA was $148,100 during the 12 months ending June 2021, about 40 percent below the average regular resale price. In 2006, the average REO sales price was $104,000 and then fell nearly every year from 2007 through 2011, averaging a decline of $5,625, or 6 percent, a year to a low of $75,800 in 2011, depressing the average existing home sales price to about 14 percent below the average regular home resale price. Since the end of 2011, the average sales price of an REO property has nearly doubled, averaging a gain of $7,600, or 7 percent, annually.

New Home Sales and Prices

During the 12 months ending June 2021, 1,525 new homes were sold in the Grand Rapids HMA, an increase of 320 sales, or 26 percent, from the previous 12 months. By comparison, new home sales in 2006 totaled 2,750 and then started to decline as demand weakened because of high levels of net out-migration. In 2012, approximately 690 new homes sold, representing an average decrease of 350, or 21 percent, annually from 2007 through 2012. As economic conditions continued to improve, and more people moved to the HMA attracted by available jobs, new home sales started to increase but remained far below the previous high. Construction of new homes was limited in part because of the shortage of qualified labor in the construction industry. From 2013 through 2016, new home sales increased an average of 130, or 15 percent, a year, to 1,200. A year later, sales of new homes slowed modestly, averaging about 1,175 new homes sold through 2018 before increasing by 130 sales, or 11 percent, to 1,300 in 2019.

Low levels of inventory and a shift to net in-migration caused demand for new homes to exceed supply, and the average sales price of a new home has increased significantly since 2010. During the 12 months ending June 2021, the average price for a new home in the Grand Rapids HMA reached a new high of $333,500, after an increase of $12,300, or 4 percent, from a year earlier. Approximately 55 percent of new homes sold during the past 12 months were in the $300,000 to $499,999 range. The average sales price of a new home rose from 2011 through 2018, following generally declining prices from 2007 through 2010 (Figure 9). New home sales prices averaged $169,600 in 2006, but by 2010 had dropped to $155,300, an average decline of $3,550, or 2 percent, annually from 2007 through 2010. Since the low in 2010, home prices increased by an average of $22,500, or 10 percent, annually from 2011 through 2018, and then fell by $14,500, or 4 percent, to $320,800 in 2019.

Figure 9. 12-Month Average Sales Price by Type of Sale in the Grand Rapids HMA



REO = real estate owned.
Source: Zonda

Delinquent Mortgages

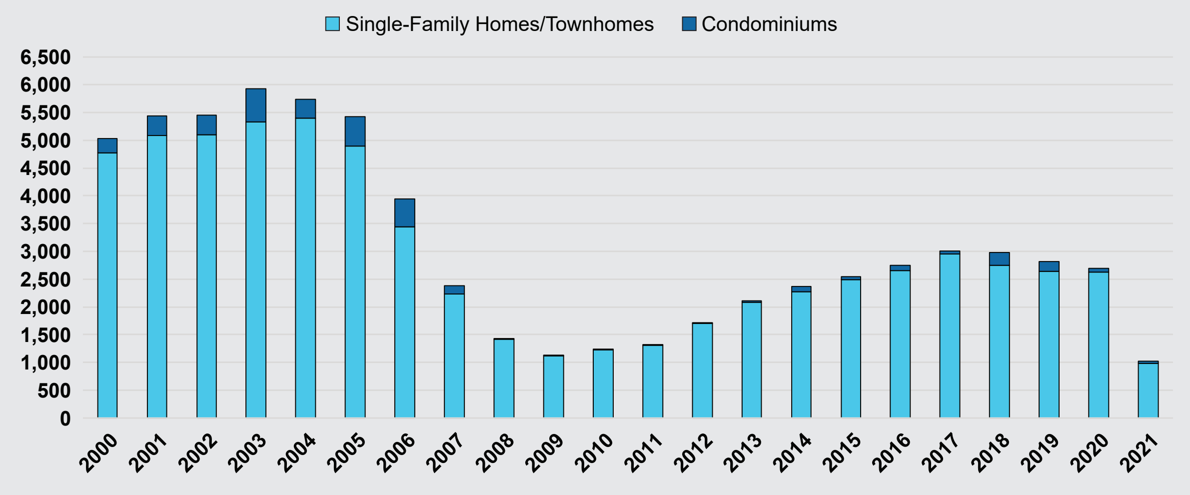
The mortgage delinquency rate declined during the past year, following an increase a year earlier when job losses due to COVID-19 affected the ability of homeowners to make their mortgage payments. Early in 2020, homeowners affected by the pandemic received relief from mortgage payments when Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which offered forbearance for federally backed home loans for up to 12 months. The program was extended in February 2021 for an additional 3 to 6 months. In June 2021, the percentage of home loans in the HMA that were seriously delinquent or had transitioned into real estate owned (REO) status fell to 1.4 percent, down from 2.1 percent a year earlier (CoreLogic, Inc.). The current rate is lower than the 3.1-percent rate for the nation. The number of mortgage loans more than 90 days delinquent in the HMA has risen substantially since mid-2020, but is decreasing, while foreclosures and REO properties have declined. In June 2021, the number of mortgage loans delinquent for more than 90 days totaled 1,850, down from 2,750 a year earlier, but more than double the total of 825 in June 2019. Homes in foreclosure and REO properties totaled a combined 60 in June 2021, down from 100 a year earlier and 150 in June 2019. Until the recent spike, the rate of seriously delinquent home loans and REO properties in the HMA had fallen since early 2010, when it peaked at 6.4 percent, to a recent low of 0.6 percent at the end of 2019.

Sales Construction Trends

Homebuilding activity, as measured by the number of sales units permitted, increased each year from 2010 through 2017 but has since moderated. During the 12 months ending June 2021, homebuilding totaled approximately 2,000 units, an increase of 10 percent from 1,825 a year earlier (preliminary data, with adjustments by the analyst). Recent peak years for new home construction in the HMA were from 2000 through 2005, when home sales construction activity averaged 5,500 new homes annually (Figure 10). Because of decreased demand stemming from the slowdown in the local economy and the national housing crisis, the number of homes permitted declined an average of 32 percent annually from 2006 through 2009. Approximately 1,125 homes were permitted in 2009, a figure that increased to a recent high of 3,000 in 2017, representing an average increase of 13 percent a year from 2010 through 2017. In 2018, home sales construction activity slowed slightly to 2,975 but then decreased 5 percent to 2,285 in 2019, contributing to the current tight market conditions.

New home construction in the HMA is generally concentrated in the outer suburbs surrounding the city of Grand Rapids. Approximately 40 percent of all new homes permitted in the HMA from 2017 through 2020

Figure 10. Average Annual Sales Permitting Activity in the Grand Rapids HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2021 are through June 2021.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

were in the Byron, Georgetown, and Cascade townships, with 940, 830, and 790 homes permitted, respectively (Map 1). The city of Grand Rapids had 530 homes permitted, accounting for about 8 percent of all new homes permitted in the HMA.

Recent developments in the HMA include Phase II of the Autumn Trails development in the city of Rockford. This phase will consist of 32 detached single-family homes and 41 townhomes. Starting prices will range from $365,400 for one-bedroom townhomes to $514,900 for a four-bedroom single-family home. Construction continues at the second phase of the Lowing Woods development in Georgetown Township that will feature 100 two- to four-bedroom single-family homes. Prices for new homes at the subdivision start at $372,000, and there are about 36 lots left available for sale.

Forecast

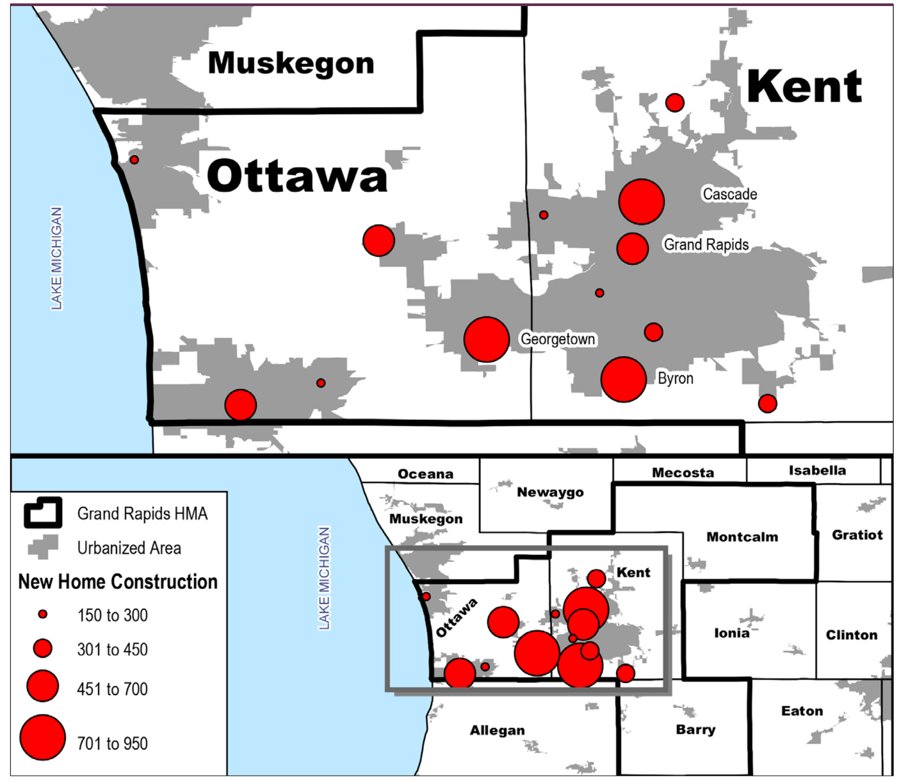
During the next 3 years, demand is estimated for 9,975 new homes (Table 6). The 850 homes currently under construction will meet part of the demand during the first year of the forecast period. Demand is expected to be strongest during the first 2 years and will moderate as expected employment growth slows during the third year of the forecast period.

Table 6. Demand for New Sales Units in the Grand Rapids HMA During the Forecast Period

	Sales Units
Demand	9,975 Units
Under Construction	850 Units

Note: The forecast period is from July 1, 2021, to July 1, 2024.
Source: Estimates by the analyst

Map 1. Single-Family Home Construction in the Grand Rapids HMA from 2017 through 2020, by Municipality



Source: State of Cities Data Systems (SOCDS) with adjustments by the analyst

Rental Market

Market Conditions: Tight

Approximately 55 percent of all apartments that have been built in the HMA since 2010 are located in the city of Grand Rapids, compared with a 33-percent share from 2000 to 2010.

Current Conditions and Recent Trends

The rental housing market in the Grand Rapids HMA is currently tight; the rental vacancy rate is estimated at 4.0 percent—down from 10.1 percent during April 2010, when the market was soft (Table 7). Weak economic conditions and out-migration late in the 2000s led to softening rental market conditions by 2010 after a large supply of unsold homes entered the rental market. By contrast, strong job growth and net in-migration in the HMA since 2010 resulted in an increased rate of household formation which, combined with low levels of apartment construction from 2008 through 2013, allowed for previously vacant units to be absorbed.

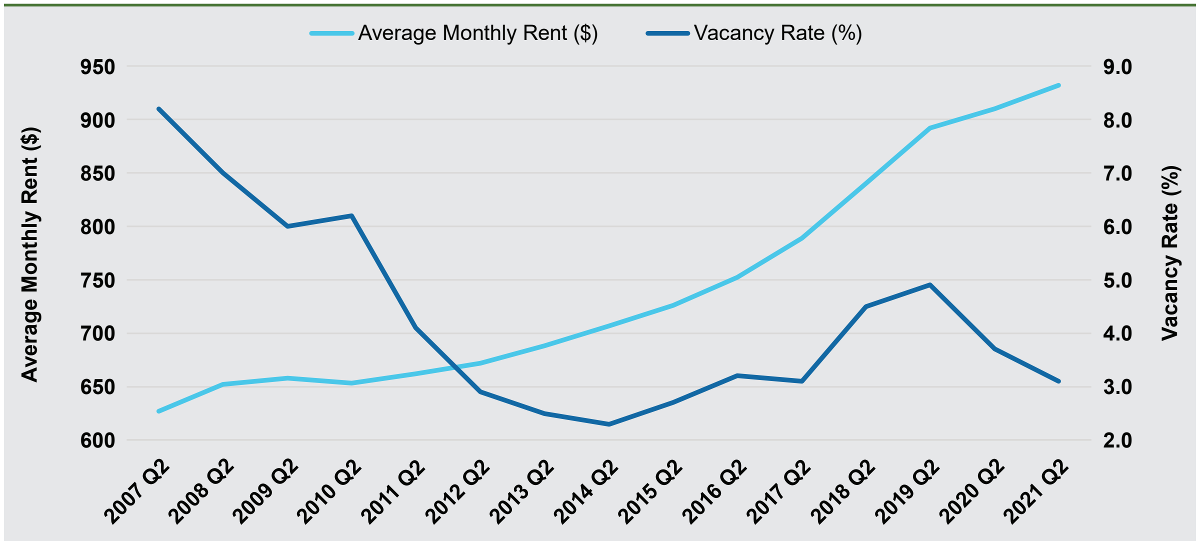
Apartment market conditions have tightened in recent years as construction of new rental units has slowed modestly since the end of 2017, but apartments in the HMA remain generally affordable. During the second quarter of 2021, apartment market conditions in the HMA were tight, with an estimated vacancy rate of 3.1 percent, down from 3.7 percent a year earlier (Moody's Analytics REIS; Figure 11). During the second quarter of 2021, the average apartment rent in the HMA rose more than 2 percent to $932. The apartment vacancy rate in the HMA reached a recent peak of 8.2 percent during the second quarter of 2007 before falling to 6.0 percent during the second quarter of 2009. This decline was due to an increased preference to rent

Table 7. Rental and Apartment Market Quick Facts in the Grand Rapids HMA

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	10.1	4.0
		2010 (%)	2019 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	30.0	31.0
	Multifamily (2–4 Units)	21.0	19.0
	Multifamily (5+ Units)	46.0	46.0
	Other (Including Mobile Homes)	3.0	4.0

Notes: The current date is July 1, 2021. Percentages may not add to 100 due to rounding.
Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey, 5-year data; apartment data—Moody's Analytics REIS

Figure 11. Apartment Rents and Vacancy Rates in the Grand Rapids HMA



Q2 = second quarter.
Source: Moody's Analytics REIS

in the aftermath of the housing crisis and because of student enrollment increases at GVSU, which averaged more than 2 percent a year from 2006 to 2010. During the second quarter of 2010, the apartment vacancy rate rose slightly to 6.2 percent, but then declined in 2011 because economic conditions improved and construction activity remained limited. By the second quarter of 2014, the apartment vacancy rate reached a new low of 2.3 percent. Builders responded to tight rental market conditions by increasing the construction of new apartments. However, demand for new rental units continued to outweigh supply, and even as the apartment vacancy rate reached 4.9 percent during the second quarter of 2019, apartment market conditions in the HMA remained relatively tight.

The average apartment rent in the HMA was $652 during the second quarter of 2008, reflecting a gain of 4 percent from a year earlier. Rents stagnated near this level for the next 2 years because of severe job losses, but they began to rise again as economic conditions started to improve. Rent growth in the HMA averaged more than 1 percent a year from the second quarter of 2010 to the second quarter of 2012. Rent increases accelerated further from 2012 to 2016, averaging 3 percent a year during the period. New higher priced apartments built in the mid-to-late 2010s contributed to the average rent increase of 6 percent a year from the second quarter of 2016 to the second quarter of 2019. Rent growth in the HMA has moderated since 2020, largely because of consumer reluctance to reside in densely populated places during the pandemic.

Single-Family Homes for Rent

Single-family rental homes provide a substitute for larger apartments. Approximately 31 percent of renter households in the HMA lived in detached single-family homes in 2019, compared with 30 percent in 2010 (ACS 5-year data). In June 2021, the vacancy rate among professionally managed three-bedroom single-family homes for rent was 1.2 percent, with an average monthly rent of $1,350, up 4 percent from a year earlier (CoreLogic, Inc.). The market for single-family rental homes in the HMA has been generally tight. The current vacancy rate is below the previous high of 1.7 percent in 2012, while rent growth has averaged more than 4 percent annually since 2015.

Senior Rental Housing

Households with adults ages 60 years and older account for approximately 22 percent of all renter households, up from 17 percent in 2010 (ACS 5-year data). To accommodate the growing share of senior renters, additional senior housing has been built since 2010, including senior apartments and independent and assisted living facilities. This additional housing has accounted for 16 percent of rental units built during the period. In general, older adults are at greater risk if diagnosed with COVID-19. As such, reports of higher mortality rates within skilled nursing facilities, and new policies that restricted visitors and halted group activities, negatively affected demand for most types of congregate senior housing. During the second quarter of 2021, the vacancy rate among apartments restricted to households headed by seniors (including assisted and independent living facilities) increased to an average of 23 percent—up from 14.9 percent during the same period a year earlier (Moody's Analytics REIS).

Student Housing

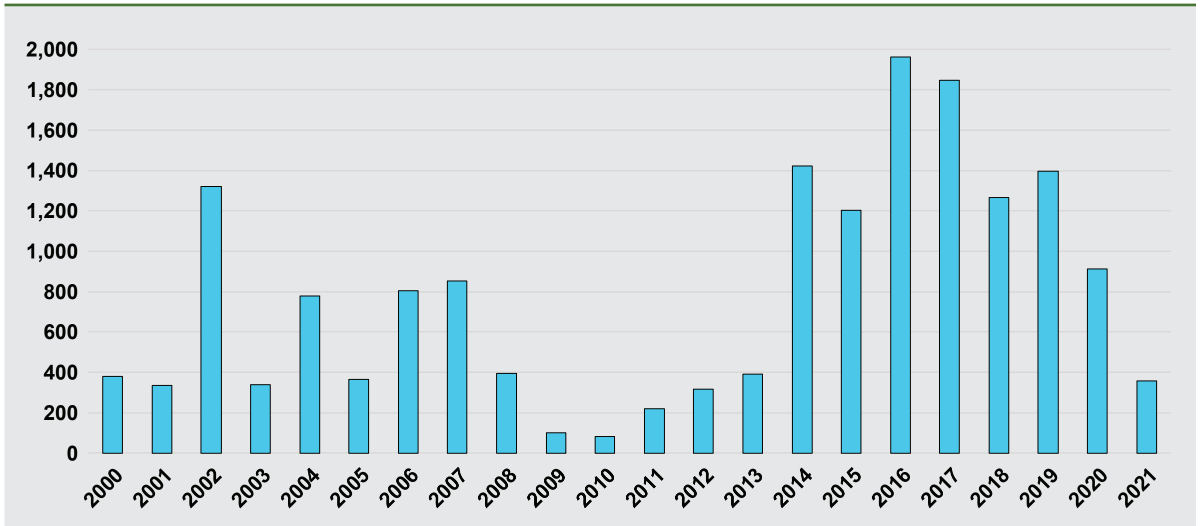
University students in the HMA live predominately in the cities of Allendale and Grand Rapids; they are estimated to account for approximately 5 percent of all renter households. Approximately 4,900 GVSU students live in university-provided housing, such as residence halls and campus apartments, and the remaining students live off-campus. Currently, the vacancy rate among residential rental properties targeted to the GVSU student population near the university is estimated at 3.0 percent, down from 6.7 percent a year earlier, and the average asking rent per bedroom rose 2 percent from a year earlier to $520. The sharp decline in the vacancy rate occurred because new apartments were absorbed when students returned to the university for in-class instructions.

Rental Construction

Low vacancy rates and increased net in-migration have contributed to a strong rebound in rental construction activity since the early 2010s, although current apartment construction in the HMA is down from recent highs. During the 12 months ending June 2021, the number of rental units permitted totaled approximately 1,125 units—up 31 percent from 860 during the previous 12 month period (preliminary data, with adjustments by the analyst). By comparison, from 2000 through 2007, an average of 650 rental units were permitted in the HMA, with a high of 1,325 in 2002 (Figure 12). During the economic downturn, construction activity dropped sharply and remained low during the early years of economic recovery; from 2008 through 2013, rental unit construction averaged only 250 units a year. As average rent growth in the HMA accelerated, developers gained more confidence in the rental market, and from 2014 through 2019, permitting rose to an average of 1,525 rental units a year.

Recent developments in the HMA include the 106-unit Studio Park Lofts I in the central area of the city of Grand Rapids, which offers 67 one-bedroom units and 39 two-bedroom units, with monthly rents starting at $1,371 and $1,800, respectively. The 320-unit The Grove in the city of Grand Rapids is currently under construction and will consist of 20 two-story buildings. The development will have 120 one-bedroom units, 160 two-bedroom units, and 40 three-bedroom units, with monthly rents starting at $1,450, $1,850, and $2,200, respectively. The first buildings are expected to be complete during the third quarter of 2021. The 56-unit Tapestry Square in the city of Grand Rapids is currently under construction and will offer a mix of 50 affordable and 6 market-rate units restricted to households headed by seniors. Monthly rents for affordable units will range from $352 for one-bedroom units to $422 for two-bedroom units. The proposed rents for market-rate units will start at $1,400 for one-bedroom units and $1,650 for two-bedroom units. The project is expected to be completed during the first half of 2020.

Figure 12. Average Annual Rental Permitting Activity in the Grand Rapids HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2021 are through June 2021.
Sources: U.S. Census Bureau, Building Permits Survey; 2000—2020 final data and analyst estimates; 2021 preliminary data and estimates by the analyst

Forecast

During the 3-year forecast period, demand is estimated for 4,525 new rental units in the HMA (Table 8). The 850 units currently under construction will satisfy a portion of the demand during the first year of the forecast period. As uncertainty regarding the COVID-19 pandemic alleviates, rental demand is expected to gradually increase with each year of the forecast period. Apartment construction is expected to be most active in the city of Grand Rapids.

Table 8. Demand for New Rental Units in the Grand Rapids HMA During the Forecast Period

	Rental Units
Demand	4,525 Units
Under Construction	850 Units

Note: The forecast period is July 1, 2021, to July 1, 2024.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

CARES Act	The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The more than $2 trillion in federal funding provides economic assistance in response to the public health and economic impacts of COVID-19.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Forecast Period	07/01/2021–07/01/2024—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Homebuilding Activity/Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Net Natural Increase	Resident births minus resident deaths.
Regular Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.

Senior Housing	**Housing restricted to elderly households—typically those with a head of household aged 55 years or older.**
Seriously Delinquent Mortgages	**Mortgages 90+ days delinquent or in foreclosure.**

B. Notes on Geography

1.	**The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.**
2.	**Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.**
3.	**The census tracts referenced in this report are from the 2010 Census.**

C. Additional Notes

1.	**This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.**
2.	**The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.**

D. Photo/Map Credits

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