An Addendum Planning Summary
--- City Centre District ---
Portage, Michigan

Prepared on behalf of:

City of Portage
7900 S. Westnedge Avenue
Portage, MI 49002

December 1, 2023

TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS

1375 E. WOODFIELD ROAD, SUITE 520
SCHAUMBURG, IL 60173
847.925.5400 / info@tcrossinc.com
www.tcrossinc.com

AN ADDENDUM SUMMARY: CITY CENTRE DISTRICT

Tracy Cross & Associates, Inc. is pleased to submit our Strategic Market Analysis addressing residential development opportunities throughout the city of Portage, Michigan. Our objective is to provide the City of Portage and associated stakeholders with a full understanding of relevant regional economic and residential market trends as they may impact upon future residential and/or mixed-use development initiatives throughout the City. Our report is intended to serve as the basis for attracting and retaining high quality investment in Portage and as a guideline for policy decisions and implementation strategies. This Addendum Summary focuses specifically upon the defined City Centre District which may represent a principal area of initial opportunity.

A FRAMEWORK FOR PLANNING

The City of Portage and its stakeholder partners recognize the necessity to ensure a full continuum of quality housing alternatives to meet the needs of a diverse base of today's – and tomorrow's – constituents and ensure that Portage remains positioned to attract and retain future workforce generations by enhancing quality of life components and "Main Street" investment in support of local businesses, the arts, dining, and civic amenities which are all within a reasonable distance of one's home. As detailed in our full analysis, residential opportunities in Portage span market rate/workforce moderate-density apartment as well as low-density rental idioms, along with continued phased introduction of attached and detached for sale housing forms.

Serving to instill momentum, and within the context of the city's Draft 2024 Master Plan, our report forwards recommendations for introduction of a variety of housing products which can achieve reasonable absorption levels at market-consistent rents and/or sales prices. It is noted that these benchmark guidelines are presented in 2023 dollars, are forwarded for purposes of financial modeling, and are intended to assist public officials in planning strategies, builder participant selection, and implementation efforts long term. Across most product types, it is expected that *up to* three (3) developments could be concurrently marketing at any given time *assuming that product offerings provide a continuum of plan types and rent/price points,* continuous construction and delivery schedules are maintained for all phases and/or individual projects, and development adheres to the following criteria:

- ❑ First and foremost, builder participants must maintain a disciplined approach to residential product offerings which follow a logical hierarchy in terms of product form, unit sizes and rents/sales prices which can be easily understood by the consumer and, at the same time, maximize efficiencies and overall profitability.

- ❑ Housing product must remain within the affordability limits of the market to ensure that development(s) are equally attractive to young professionals in the early stages of their career, middle income/entry-level homebuyers, localized move-up purchasers, transferees, and downsizing empty-nesters, as well as those younger and/or mature cohorts desirous of a low-maintenance lifestyle.

- ❑ Most importantly, as it is likely that builder partners attracted to development opportunities in Portage will largely represent the region's group of established, privately-held homebuilding companies, it is *imperative* that city planners work with developer partners to establish strict development covenants for all future projects which ensure that respective developments maintain consistent architectural elevations, color palettes, as well as aesthetic treatments including streetscape, lighting, signage, landscape, placement of pocket parks, walking trails and other greenspace for active and passive recreation/reflection that meet the expectations of existing and future/transferee households. Adherence to development covenants is paramount to the integrity of future residential developments in order to sustain momentum and (again) maximize consumer appeal and overall profitability. At the same time, public officials must be prepared *to partner with homebuilders regarding infrastructure and other public improvements and/or regulatory requirements* in order to achieve the shared goal of ensuring the availability of quality housing options which span a full continuum of consumer segments and affordability levels.

RESIDENTIAL OUTLOOK

As fully detailed in Section 2 of this report, market fundamentals which have guided the region's economy over the last decade remain intact and support future residential housing initiatives throughout the city of Portage. Based upon a synthesis of economic factors and empirical residential trends, over the 2023-2028 forecast period (and for planning purposes extended through 2033), the defined Kalamazoo County Market Area could support construction of up to 920 new housing units yearly, distributed between 485 units in ownership sectors and 435 market rate rental forms.

ANNUAL RESIDENTIAL CONSTRUCTION POTENTIALS BY PRODUCT TYPE
-- KALAMAZOO COUNTY MARKET AREA --
2023 - 2033

Product Type	Average Annual Absorption (In Units)		
	Kalamazoo County Market Area	City of Portage	
		Total Units	Percent of Market Area
Total	***920***	***465***	***50.5***
For Sale	**485**	**245**	**50.5**
Single Family Detached	335	160	47.8
Townhome/Condominium	150	85	56.7
For Rent	**435**	**220**	**50.6**

(1) *Estimates* are subject to zoning constraints which could pose limitations on project densities, product form, development timeline, etc. These estimates assume that sufficient development parcels are available and, most importantly, that future for sale and rental apartment developments maintain *competitive sales prices/rents* .

Source: Tracy Cross & Associates, Inc.

In for sale categories, single family detached forms (*including site condominiums*) will account for some 69.0 percent of all new ownership construction or 335 units yearly, with attached ownership forms representing the remaining 150 units yearly (on average). It is expected that the majority of new detached for sale construction will occur in suburban areas of Kalamazoo County as the generally built-out nature of the urban core will effectively limit for sale development to smaller infill locations and/or redevelopment sites. Conversely, *non-student* rental housing construction requirements through forecast timeframe, cast at 435 units yearly, will remain concentrated in the cities of Kalamazoo and Portage.

This construction forecast reconciles regional household growth projections, anticipated strained for sale inventory levels over the near term, a measure of replacement demand, and vacancy allowances to permit adequate market filtering. The 485-unit annual *ownership* forecast is modestly higher than the 400-unit average noted during the 2017-2022 timeframe and considers the expectation of measured post-pandemic economic growth through the forecast period and beyond. Similarly, the 435-unit annual rental construction projection also considers shifts in housing trends in recent years, and reflects the potential introduction of lifestyle, low-density attached townhome/duplex and single family detached rentals over the forecast period. It is also noted that new residential construction requirements *could potentially double during any given year* if supply were made available and *competitive sales prices and rents are maintained*. Derived residential construction requirements represent more than adequate support for future residential development initiatives throughout the city of Portage.

Further disaggregating potential ownership construction requirements based upon the distribution of household incomes throughout Kalamazoo County, together with an examination of existing and new construction single family and attached closings over the last 44 months (2020-August 2023), new construction for sale potentials will carry an average closing price of $395,653 ***in 2023 dollars***. As delineated in the following text table, over the forecast period, it is expected that just over one-half of new production/semi-custom closings (52.5 percent or +/-255 units yearly) will be concentrated at *current 2023 dollar* price points below $399,000, with another 33.3 percent or an estimated 160 closings yearly aligning pricing categories of $400,000 to $549,999. By housing type, new single family closings are expected to carry an average current dollar closing price of $385,900 with a modest 19.4 percent expected to carry closing prices of $550,000 or more. Attached for sale alternatives, in turn, are expected to carry an average current dollar closing price of $408,500, reflecting the preponderance of lifestyle site condominiums and duplex offerings concentrated in the more urban areas of the county (refer to Appendices A2.6 and A2.7).

ANNUAL NEW CONSTRUCTION POTENTIALS BY PRICE RANGE AND PRODUCT TYPE
-- KALAMAZOO COUNTY MARKET AREA --
2023 - 2028

Closing Price Range *(In 2023 Dollars)*	Total		Single Family Detached		Townhome/Condominium	
	Annual Closings	Percent	Number of Sales	Percent	Number of Sales	Percent
$250,000 - 299,999	40	8.2	30	9.0	10	6.7
300,000 - 349,999	100	20.6	70	20.9	30	20.0
350,000 - 399,999	115	23.7	85	25.4	30	20.0
400,000 - 449,999	75	15.5	50	14.9	25	16.7
450,000 - 499,999	55	11.3	35	10.4	20	13.3
500,000 - 549,999	30	6.2	20	6.0	10	6.7
550,000 - 599,999	25	5.2	15	4.5	10	6.7
600,000 - 699,999	20	4.1	15	4.5	5	3.3
700,000 - 799,999	10	2.1	5	1.5	5	3.3
800,000 and Over	15	3.1	10	3.0	5	3.3
Total	***485***	***100.0***	***335***	***100.0***	***150***	***100.0***
Average	***$395,653***		***$389,900***		***$408,500***	

Source: Tracy Cross & Associates, Inc.

It is unlikely, however, that *ownership* demand potential will be met given the region's established pattern of *phased* development over an extended period of time. For example, as detailed in Appendix A2.8, while at present there are some 19 separate single family and townhome/duplex ownership developments and a collective 767 potential new units in some stage of the Kalamazoo County planning pipeline, virtually all reflect additional phases of existing subdivisions with the average future phase reflecting a modest 40 units in size. Similarly, there are an additional 17 rental projects and some 2,196 potential new units in planning. In this sector, as well, most developments are of moderate scale averaging 129 units in size. Notably, in Portage itself, only 183 ownership units and 180 rental units are currently under construction and expected to begin marketing over the coming 12- to 18 months. These include (among others) *Willow Crossings*, a 23-unit townhome development; 150 single family units representing additional phases of *The Oaks* and *Streamsong Condominiums*, along with the 180-unit *Tall Timbers* midrise apartments. Hence, development of rental and ownership housing forms in the city of Portage (and, for that matter, throughout Kalamazoo

County) will serve to alleviate some measure of pent-up demand for quality housing alternatives which meet the needs of today's – and tomorrow's consumers.

BENCHMARK DEVELOPMENT STRATEGIES

Consistent with the vision outlined in the city's Draft 2024 Master Plan, Section 1 of the full analysis provides product development guidelines for a range of rental and for sale housing alternatives as well as general geographic positioning recommendations for consideration. To summarize, the benchmark strategies are consistent with the newest rental and for sale housing products available throughout the Kalamazoo-Portage region and elsewhere in the Midwest, primarily representing product lines marketed by regional homebuilders today. These guidelines provide a logical continuum of plan types, unit sizes and rent/price points which place the respective absorption forecasts in perspective and span a broad range of affordability levels. Benchmark strategies for all for sale idioms also appropriately position each suggested product type in line with new and existing attached and detached home prices in the region, with forecasted sales volumes established to achieve reasonable annual sales cast against new construction demand at price points between $300,000 and $700,000 over the near term 2023-2028 forecast period. Projected leasing periods assume extensive marketing commences with site improvements and three- to six months of lease reservations prior to initial deliveries. While market conditions are expected to remain tight through the forecast period, over the course of lease-up, it may be necessary to offer a discount or lease incentive on *select units* as market conditions dictate. Also, while it is understood that unit counts may vary with final design and approvals, it is strongly suggested that a *proportionate ratio of unit types and plan sizes be maintained* in order to achieve the projected rates of absorption.

Utilizing energy-efficient construction technologies, design aesthetics should complement the respective environs of each project while providing quality rental and for sale housing options which meet the needs of today's workforce and/or lifestyle renters/homeowners. In the rental sector, amenities for larger-scale projects of at least 150 units are also expected to include an outdoor pool/water feature and/or sports courts. Across all rental housing forms, acreage should be reserved for a dedicated pet area/park, greenbelt detention areas, as well as walking trails which link development phases (as appropriate).

PRODUCT CRITERIA: PROTOTYPE MARKET RATE/WORKFORCE APARTMENTS
-- CITY OF PORTAGE --

Features and Amenities

UNIT STANDARDS

- Painted Trim
- White Interior Paint Finish
- Laminate Plank Flooring in Living Areas
- Carpeted Bedrooms / Bedroom-Wing Hallways
- Designer Door Hardware
- Contemporary Lighting Package Throughout
- Private Balcony/Patio

KITCHEN FEATURES

- Quality Wood Cabinetry
- Laminate Plank Flooring
- Energy-Efficient Stainless Steel Appliances
  -- Four-Burner Range
  -- Five-Cycle Dishwasher
  -- Refrigerator w/Icemaker
  -- Microwave with Hood Vent
- Undermount Stainless Steel Sink with Garbage Disposal
- Pantry (per Plan)
- Ceramic Tile Backsplash
- Granite/Quartz Countertop/Island

BATH STANDARDS

- Ceramic or Laminate Flooring Granite/Quartz Vanity Top
- Quality Wood Cabinetry
- Solid-Surface Tub/Shower Surround
- with Accessory Niche
- MBR Frmls Shower Door (per Plan)
- Framed Mirror over Vanity
- Unilever Chrome or Nickel Faucets
- Elongated Commodes

CLOSETS, UTILITIES, AND STORAGE

- Walk-In MBR Closet (Per Plan)
- Laminate Closet Shelving
- Linen Closet/Adequate Secondary Storage
- Full-Size Washer/Dryer (Stacked / Side-by-Side)
- Individually Metered Utilities
- Programmable Smart Thermostat
- Direct-Wire Smoke Detectors per Code
- Internet/Cable/Smart Technology Connectivity

COMMUNITY FEATURES/AMENITIES

- Architecturally-Enhanced Exteriors
- Secured Access Entry per Building
- Secured Mail/Package Room / Mail Kiosks
- Furnished/Landscaped Terrace with Outdoor Kitchen/Grill Stations,
- Multi-Use Lawn / Gazebo Seating
- Dedicated Pet Park
- Secured Bicycle Storage (Mixed-Use Projects)
- Adequate Private Surface Parking

LARGER-SCALE DEVELOPMENTS

- Clubhouse with Social Area(s), Service Kitchen, Remote Work Area and/or "Zoom Rooms"
- Fitness Center
- Sports Courts
- Outdoor Pool w/Sundeck and Cabanas (Developments of 200+ Units)

Source: Tracy Cross & Associates, Inc.

Across all for sale housing products, benchmark sales prices assume quality interior appointments/finishes commensurate with new construction alternatives in the marketplace and community-based amenities appropriate to the scale of the development as defined.

PRODUCT CRITERIA: PROTOTYPE MARKET RATE / WORKFORCE FOR SALE ALTERNATIVES
-- CITY OF PORTAGE --

Features and Amenities

UNIT STANDARDS

- Solid-Core Entry Dors
- Nine-Foot First Floor Ceiling Height
- Six-Panel Passage Doors
- Choice of One Paint Color
- Painted Trim
- Kwik-Set Door Hardward/Knobs
- Laminate Plank Floor in Kitchens and Living Areas
- Carpeted Bedrooms / Bedroom-Wing Hallways/Stairwell
- Contemporary Lighting Package Throughout

KITCHEN FEATURES

- Quality Wood Cabinetry
- Energy-Efficient Stainless Steel Appliances or Allowance
  -- Four-Burner Range
  -- Five-Cycle Dishwasher
  -- Refrigerator w/Icemaker
  -- Microwave with Hood Vent
- Double Bowl Undermount Stainless Steel Sink with Garbage Disposal
- Walk-in Pantry with Wire Shelving
- Ceramic Tile Backsplash
- Granite/Quartz Countertop/Island
- Passage Patio Doors

BATH STANDARDS

- MBR Separate Garden Tub and Shower w/Frmls Shower Door
- Granite/Quartz Double Bowl Vanity in Master Bath
- Solid-Surface Tub/Shower Surround in Secondary Baths
- Single Bowl Vanity in Secondary Baths w/Beveled Mirror
- Unilever Chrome or Nickel Faucets
- Laminate Plank or Ceramic Flooring
- Elongated Commodes

CLOSETS, UTILITIES, AND STORAGE

- Walk-In MBR Closet (Per Plan)
- Laminate Closet Shelving
- Linen Closet/Adequate Secondary Storage
- Separate Utility Room with Laundry Tray and Cabinetry
- No-Wax Flooring in Laundry/Mud Room
- Programmable Smart Thermostat
- Direct-Wire Smoke Detectors per Code
- Internet/Cable/Smart Technology Connectivity
- Energy-Efficient 40 Gal. Water Heater
- Air Conditioning
- 150-Amp Electric Service
- Paneled Garage Doors
- Pre-Wire EV Charging (SF85 and Larger)

COMMUNITY FEATURES/AMENITIES

- Energy-Efficient Engineered Wood Siding with Masonry Accent
- Three (3) Architecturally-Cohesive Elevations per Plan
- Low-E Double-Hung Windows
- Professionally Graded/Seeded Front and Rear Lawn with Foundation Plantings
- 10 Ft. x 10 Ft. Patio
- Front and Rear Exterior Lighting and Faucets
- Asphalt Driveway / Concrete Entrance Walkway
- Parks/Greenbelt Throughout
- Walking Trails with Gazebo Seating, Playground, Sports Fields and Dedicated Pet Area (as Appropriate)
- As Defined by Covenants, Master Association Fee to include Common Area Lighting, Landscape Maintenance, and Snow Removal

CUSTOMIZATION

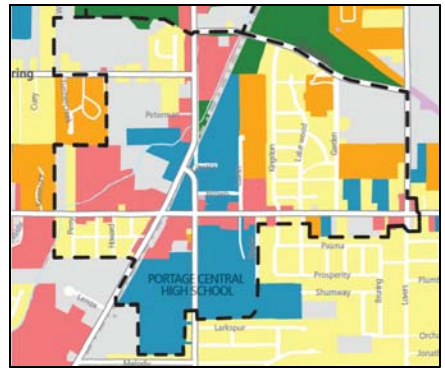
- Pre-Priced Options to Allow for Customization Including but certainly not limited to, Expanded Patio/Deck, Sunroom, Cathedral and Tray Ceilings, Crown Moldings, Detailed Archways, Contemporary Kitchen/ Bath Upgrades, Built-Ins, Fireplace, Bay Windows, Garage Door Opener, Optional Basement (Unfinished or Finished)

Source: Tracy Cross & Associates, Inc.

While opportunities exist throughout the city for a variety of new residential development, the following paragraphs isolate upon the defined City Centre District and those housing products which are viewed to represent the strongest *initial* residential redevelopment opportunities within this key area. Appendix CC-A1 further summarizes pertinent demographic and socio-economic characteristics of the City Centre planning district for perspective.

CITY CENTRE DISTRICT

As defined in the Draft 2024 Master Plan, the City Centre District encompasses an approximate 2.0 square mile area generally extending south from Garden Lane to Melody Avenue and east from Timbercreek Court (as extended) to Lovers Lane. This area includes the municipal offices of the city of Portage, the Portage District Library, Veterans Memorial Park, Portage Schools Public Administration, and Portage Central High School. Principal commutation corridors in this defined area include Shaver Road/Westnedge Avenue and Centre Avenue where commercial development includes the Portage Centre Plaza as well as numerous storefront merchants and consumer service providers. Within this condensed corridor, **Exhibit CC.1** summarizes benchmark recommendations for contemporary moderate-density rental idioms which could be introduced within infill and/or redevelopment parcels within the City Centre District.



City Centre District

Transitioning from rental to ownership housing forms, Exhibit CC.1 also forwards suggested matrices for two-story (front-load) or three-story courtyard (rear-load) townhomes which serve as an affordable entry-level low maintenance lifestyle alternative, as well as *infill single family detached* housing options which *may* have application should infill/residual parcels of established residential areas *adjoining* the City Centre District be identified.

CLOSING REMARKS

As noted, that the distribution of future housing demand has been presented in 2023 dollars. It must also be noted that recent sharp rates of growth in both home prices and rents *are not sustainable*, especially considering the impact of persistently high rates of inflation and related economic uncertainties now evident which could serve as a barrier to residential development initiatives for at least the near term. Therefore, in evaluating proposals which may come before the City, it is reiterated that in order to sustain pro-active regional economic development initiatives to attract and retain workforce talent, the City should be prepared to provide and/or partner with regional stakeholders to promote employment opportunities; initiate workforce training and continuing education programs; and (importantly) partner with regional homebuilders to ensure the continued availability of a quality housing options over the long term.

These initiatives must include infrastructure improvements necessary to enable not only economic expansion, but also a broad range of housing options and levels of affordability. As such, in addition to utilization of established Opportunity Zone designations, the city should strongly consider creation of Neighborhood Enterprise Zones and application of other tax incentive vehicles such as the recently approved State of Michigan SB129 which could serve to initiate redevelopment opportunities throughout Portage and (particularly) its core *City Centre* planning district as envisioned in the Draft 2024 Master Plan.

CC.1

PRODUCT CRITERIA AND BENCHMARK RENTS[(1)]: PROTOTYPE MARKET RATE/WORKFORCE APARTMENTS
-- CITY CENTRE DISTRICT --

Product Line Summary

Moderate-Density Mixed-Use (Residential Above Commercial) and/or Residential w/Structured Parking

Total Units:	***100 - 200***
Density in Units Per Acre:	***28.0 to 40.0***
Plan Types (Bedrooms):	***0, Jr-1, 1, 2, 3***
Plan Size	
Range:	***475 - 1,250***
Average:	***875***
Benchmark Posted Rents	
Range:	***$1,275 - $2,145***
Average:	***$1,725***
$/Sq. Ft.:	***$1.97***
Average Absorption (Units/Month) to 95% Stabilization	***8.0 to 10.5***
Parking Ratio (Average):	***1.45 to 1.70***
Enclosed Parking Ratio:	***1.0 to 1.0***

- This prototype product line is viewed as most appropriate for introduction in the City Centre and Crossroads Mall Area districts and/or at "Gateway" mixed-use locales such as the Lake Center District within walking distance of shopping, dining, public transit, and/or sources of employment. This product idiom could be combined with three-story rental townhomes serving as a transition between commercial and residential planning areas in mixed-use locales. Development envisions two- or three residential floors over retail/office as well as multi-story residential buildings to include some form of structured parking.
- This urban-oriented alternative is not readily available in Portage today, while the suggested plan types will appeal across all potential consumer profiles including two-person living arrangements, as well as more mature cohorts desirous of a maintenance-free option.
- Community amenities should include secured reception lobby(s), secured mail/package room, Resident Club with e-lounge, service kitchen, indoor/outdoor social areas, fitness center, and secured bicycle storage/repair shop.

Moderate-Density Garden/Walk-Up Apartments (May Include Direct-Access or Detached Garage)

Total Units:	***150 - 300***
Density in Units Per Acre:	***16.0 to 24.0***
Plan Types (Bedrooms):	***1, 2, 3***
Plan Size	
Range:	***600 - 1,200***
Average:	***850***
Benchmark Posted Rents	
Range:	***$1,225 - $1,875***
Average:	***$1,525***
$/Sq. Ft.:	***$1.79***
Average Absorption (Units/Month) to 95% Stabilization	***12.0 to 15.0***
Parking Ratio (Surface):	***1.5 to 1.75 Per Unit***
Detached Garage (Optional)	***+/- 15.0 Percent***

- Distributed in a series of two- and/or three-story garden/walk-up buildings, this product line can accommodate hallway-access single car garages for optional lease. This product line is viewed as suitable for introduction on larger parcels aligning primary commercial corridors such as Milham Avenue and Romence and Portage roads and/or in "Gateway" redevelopment locales. Benchmark rents *do not include* garage premium.
- Commensurate with the scale of a given project, community amenities should include a clubhouse with social areas, secured mail/package room, fitness center, terrace with grill stations, outdoor pool with sundeck, multi-use lawn, and a dedicated pet park.
- Prototype benchmark rents do not include a suggested incremental fee of $125 monthly for a hallway-access single garage or $100 for a detached single garage. It is suggested that end-unit detached garage bays are of sufficient width/depth to accommodate larger vehicles/trucks.

Three-Story Courtyard (Rear-Load) Townhome Rentals

Total Units(Per Phase/Project):	***24 - 48***
Density in Units Per Acre:	***12.0***
Plan Types (Bedrooms):	***2, 3 each w/LL Flex***
Plan Size	
Range:	***1,550 - 1,700***
Average:	***1,600***
Benchmark Posted Rents	
Range:	***$2,540 - $2,700***
Average:	***$2,620***
$/Sq. Ft.:	***$1.64***
Average Absorption (Units/Month) to 95% Stabilization	***2.5***
Parking Ratio:	***2.0 Per Unit***
Garage (Attached):	***Included***

- Reflecting a departure from conventional moderate- to higher-density forms, townhome rental idioms would face limited competition in the local marketplace. This urban-inspired product form expands lifestyle options to include renter-by-choice cohorts and could serve as a form of architectural landscape enhancing the transition between mixed-use and/or commercial developments, with initial focus upon the City Centre and Crossroads Mall districts as well as the Lake Center District.
- In mixed-use residential developments, residents of the townhome component should have full access to all community-based amenities. In standalone/infill locations, amenities may be limited to pocket parks/greenspace, a dedicated pet park and other passive amenities. All townhome rental idioms should include an integral two-car garage.

[(1)] To be used for financial modeling; all images intended for illustrative purposes only. Benchmark prototype rents are presented in 2023 dollars. They *do not include* floor or corner-unit premiums, or other incremental revenues. Benchmark rents assume quality interior appointments and finishes, community amenities commensurate with the scale of a respective development, and on-site leasing and management.

Source: Tracy Cross & Associates, Inc.

CC.1

PRODUCT CRITERIA AND BENCHMARK CLOSING PRICES[1]: PROTOTYPE FOR SALE ALTERNATIVES
-- CITY CENTRE DISTRICT --

Product Line Summary

Two- or Three Story Townhomes

Total Units (Per Phase/Project):	***36 - 48***
Density in Units Per Acre:	***8.0 to 10.0***
Plan Types (Bedrooms):	***2+Flex, 3, 3+Flex***
Plan Size	
Range:	***1,575 - 1,750***
Average:	***1,660***
Benchmark Closing Prices	
Range:	***$340,000 - $360,000***
Average:	***$350,000***
$/Sq. Ft.:	***$210.84***
Sales Forecast (Units/Year)	***18.0***
Parking:	***Attached Two-Car***

- Transitioning from rentals to ownership forms, two-story (front-load) or three-story courtyard (rear-load) townhomes serve as an affordable entry-level lifestyle alternative. Developed in *slab-on-grade* condition, this product line should be developed in five- to six-unit modules. All units should include an integral two-car garage. This product line is appropriate for infill residential areas throughout the city of Portage.
- The suggested three-story courtyard idiom includes a small flex area off the owner's entrance at grade. The courtyard idiom also incorporates a raised ranch end-unit which facilitates master-on main living, thus expanding consumer appeal to more mature purchasers desirous of a more affordable option. Under either product type, the benchmark price strategy maintains an appropriate differential between new construction detached, duplex/villa options, or other "like new" alternatives in the existing home (resale) market.

Single Family Detached - Urban Infill

Total Units (Per Phase/Project):	***TBD***
Minimum Lot Size (W' x D'):	***45'-50' x 100'***
Density in Units Per Acre:	***5.0***
Basement Condition:	***Slab-on-Grade***
Plan Types (Bedrooms):	***2, 3, 4***
Plan Size	
Range:	***1,450 - 1,950***
Average:	***1,650***
Benchmark Closing Prices	
Range:	***TBD***
Average:	***TBD***
$/Sq. Ft.:	***---***
Sales Forecast (Units/Year)	***TBD***
Parking:	***Detached Two-Car***

- Lastly, there may be opportunity for small-scale, urban-oriented infill single family development *if development costs can be offset by allocated taxing districts and/or local/state funding vehicles.* Infill development can serve as a form of "transitional architectural landscape" at gateway locations of the city and/or gentrifying established neighborhoods and will attract a broad spectrum of purchasers including singles, couples in the initial stages of family formation, transitioning families, and (potentially) move-down purchasers who wish to remain in their community and prefer an established neighborhood environs.
- Plan offerings should include a ranch-style home providing two bedrooms and two baths, along with two-story plan types providing three bedrooms and two and one-half baths.
- Based upon site location, it is likely that most homes would include a *detached* two-car garage at the rear of the homesite. In established and/or gentrifying areas, it is essential that infill development allow for private outdoor social areas at the rear of the home.

[1] To be used for financial modeling; all images intended for illustrative purposes only. Benchmark closing prices are presented in 2023 dollars. They *include* a 4.0 percent *estimate over base* for options/upgrades and site premiums. They assume *slab-on-grade* construction and quality interior appointments and finishes commensurate with new construction alternatives in the marketplace as defined. It is assumed that an association fee will be required for lawn/landscape maintenance, snow removal, trash removal/recycling, exterior home maintenance, insurance and reserves will be required for attached idioms only as defined by covenants. Estimated closing prices assume a dedicated marketing program, staffed on-site sales office/decorated model(s), and *a continuous construction and delivery schedule.*

Source: Tracy Cross & Associates, Inc.

CC-A1

DEMOGRAPHIC CHARACTERISTICS: 2023
CITY OF PORTAGE - CITY CENTRE DISTRICT

Demographic Trends			
Households	**Total**	**Annual Average Change**	**Percent of City**
2000	557	---	2.9
2010	661	10	3.2
2023	663	0	3.2
2028	667	1	3.1
2023 Household Composition	**Number**	**Percent**	
Households w/Children	175	26.4	
Households No Children	488	73.6	
Total 1- and 2-Person Households	461	69.5	

Household Growth Projections			
Select Age Cohort	**2023**	**Projected 2028**	
Under 35	104	105	
35 - 54	198	202	
55 - 74	202	201	
75 & Above	160	160	

Household Tenure			
Tenancy	**Number**	**Percent**	
Owner-Occupied	431	65.0	
Renter-Occupied	232	35.0	

2023 Estimated Housing Units by Year Built			
Households	**Number**	**Percent**	
Total Housing Units	***686***	***100.0***	
Built 2014 or Later	19	2.8	
Built 2010 to 2013	42	6.1	
Built 2000 to 2009	29	4.2	
Built 1990 to 1999	125	18.2	
Built 1960 to 1989	284	41.4	
Built in 1959 or Earlier	187	27.3	
Median Year Built	***1,971***		

Socio-Economic Characteristics(1)			
Households	**Number**	**Percent**	**2023 Median Income**
Total Households	***663***	***100.0***	***$54,905***
Households Under 35 with Incomes of:	*104*	*15.7*	*$72,930*
Below $35,000	14	13.5	---
$35,000-$49,999	12	11.5	---
$50,000-$74,000	28	26.9	---
$75,000-$99,999	28	26.9	---
$100,000 or More	21	20.2	---
Households Aged 35 to 54 with Incomes of:	*198*	*29.9*	*$84,627*
Below $35,000	21	20.2	---
$35,000 - $49,999	22	21.2	---
$50,000 - $74,999	39	37.5	---
$75,000 - $99,999	43	41.3	---
$100,000 or More	75	72.1	---
Households Aged 55 to 74 with Incomes of:	*202*	*30.5*	*$50,775*
Below $35,000	64	61.5	---
$35,000 - $49,999	41	39.4	---
$50,000 - $74,999	26	25.0	---
$75,000 - $99,999	22	21.2	---
$100,000 or More	47	45.2	---
Households Aged 75 and Above with Incomes of:	*160*	*24.1*	*$26,124*
Below $35,000	101	97.1	---
$35,000 - $49,999	30	28.8	---
$50,000 - $74,999	12	11.5	---
$75,000 - $99,999	5	4.8	---
$100,000 or More	12	11.5	---

(1) Estimated incomes do not include likely equity position of ownership cohorts.

Sources: Environics Analytics and estimates by Tracy Cross & Associates, Inc.

GENERAL LIMITING CONDITIONS

Tracy Cross & Associates, Inc. has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with developers and their agents, government officials, and other third parties. Although Tracy Cross & Associates, Inc. believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information provided by third parties.

Conclusions and recommendations established in this analysis represent a professional opinion and are based upon forecasts into the future which could be significantly altered by outside occurrences. These include, among others, the possible interplay of unforeseen social, economic, physical/environmental, and governmental actions. In this regard, Tracy Cross & Associates, Inc., its owners, and its employees shall be held harmless of changes in conditions that may materially result from these occurrences.

TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS
1375 E. WOODFIELD ROAD, SUITE 520
SCHAUMBURG, IL 60173
847.925.5400 / info@tcrossinc.com
www.tcrossinc.com