

Residential Market Analysis
-- Strategy Planning Guidelines --
Michigan City, Indiana

Prepared on behalf of:

Michigan City Redevelopment Commission
100 E. Michigan Boulevard
Michigan City, IN 46360

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REAL ESTATE MARKET ANALYSIS

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TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS

INTRODUCTION

At the request of Michigan City Redevelopment Commission, Tracy Cross & Associates, Inc. evaluated the market potential for residential development in Michigan City, LaPorte County, Indiana. Specifically focusing upon new construction housing opportunities throughout the downtown area, this analysis establishes the following:

- Conclusions regarding the depth of the market for residential development throughout Michigan City based upon pertinent economic, demographic, and residential trends which define the marketplace.
- Conclusions regarding the overall marketability of new housing units (both for rent and for sale) over the next several years. These conclusions are based upon factors associated with location, depth of market, segmentation variables, growth and income characteristics of area households, residential market conditions, etc.
- Detailed recommendations regarding those housing forms viewed to hold measurable market support near- to mid-term – and those that could be successfully introduced at various locations throughout the downtown area, focusing specifically on Michigan City's defined Transit Development District (TDD). These recommendations, which address all segments of the rental and for sale housing markets extending from younger profiles through active adults/empty nesters, include product types, plan styles/sizes, etc., along with benchmark rental rates and price points necessary to achieve acceptable levels of absorption.
- An overall development matrix outlining the most marketable mix of residential uses throughout downtown Michigan City to facilitate land planning, approvals, architecture, financial modeling, marketing, merchandising, developer/builder guidance, etc.

WORK PLAN

The work plan for this assignment involved a series of inter-related research investigations as summarized below:

- A thorough field examination of the downtown Michigan City housing market and surrounding areas.
- A detailed analysis of all relevant employment, demographic, and residential trends/statistics including a comprehensive evaluation of key socio-economic and income variables of area households.
- A thorough assessment of both the rental apartment and for sale sectors of the local housing market and adjoining areas.
- A demand forecast for residential development in Michigan City over the next several years focusing on the downtown (TDD) area and its capture potential.
- A case study evaluation of "like" residential initiatives throughout similar markets in the Midwest in order to assess trends, products, performance levels, etc.

DOWNTOWN MICHIGAN CITY AND THE TDD

Michigan City's Transit Development District (TDD), which essentially encircles the new 11th Street "Double Track" *South Shore Line* commuter train station, includes over 300 acres of development/redevelopment parcels extending, generally, from the waterfront/Trail Creek area on the north to just past Greenwood Avenue on the south, and from the Lighthouse Place Premium Outlets on the west to the Blue Chip Casino area on the east. This Michigan City TDD, together with adjoining neighborhoods, is defined for the purpose of this analysis as *downtown Michigan City* and is the focal point of our analysis.



The introduction of the new "Double Track" 11th Street commuter train station in Michigan City, which is currently under construction, represents a catalytic development for Michigan City as it will increase ridership on the South Shore Line, a commuter train service which runs between South Bend, Indiana and downtown Chicago, Illinois (with several stops in between including 11th Street in Michigan City). This new facility (and its expanded service) will also allow for reduced travel times. The construction of the station has already sparked new investment in Michigan City including various planned residential/commercial developments, which will be discussed more thoroughly in later sections of this report.

It is important to note that, in addition to the "Double Track" 11th Street redevelopment area, the Michigan City Redevelopment Commission has made significant strides to promote and prepare the TDD for future commercial and residential development (following the underlying theme of the comprehensive plan) with a number of projects in the pipeline, which will be discussed later in the report. It is within the framework of this initiative that our conclusions and recommendations are forwarded.

UNDERLYING POTENTIALS FOR NEW HOUSING DEVELOPMENT

Based upon a detailed analysis of those economic, demographic, residential and demand-related variables expected to influence the development of new market rate housing in downtown Michigan City, while giving full consideration to the size, location and environment of the TDD and surrounding areas, the opportunity for new residential development over the next several years is viewed as *strong*. This favorable conclusion is founded on the basis of the following key factors, which lay the foundation for the recommendations that will follow, *primarily as it relates to the mainstream of the conventional housing market*:

Location and Environment

- ❑ In addition to the physical and economic enhancements associated with the new 11th Street train station initiative, downtown Michigan City already maintains the necessary base of infrastructure and ancillary support mechanisms to serve future residents of any new construction housing development. These include a wide variety of “in-place” shops, services, restaurants, night spots, employment centers, major transportation arterials, and significant recreation/entertainment venues including a popular Arts District. Some of the more notable destination points in downtown Michigan City currently include the Lighthouse Place Outlet Mall, the Blue Chip Casino, Hotel and Spa and, most importantly, the Lake Michigan waterfront.

- ❑ Accessible within a short walk from the north end of the TDD is Washington Park – Michigan City’s highly acclaimed, waterfront recreational area. Washington Park is a 140-acre historic public park with two miles of pristine beach along the shores of Lake Michigan. It includes the Michigan City Zoo, the Michigan City senior center, a restaurant, concessions, the Oasis Splash Park, an amphitheater, a full-service marina (500+/- slips), boat launch, picnic shelters, playgrounds and historical monuments including the Washington Park lighthouse. Washington Park also hosts annual world class sporting events and is home to the famous Festival of Holiday Lights in December and January.



- ❑ Located along Michigan City’s shoreline, directly west of the Washington Park Marina is the Northern Indiana Public Service Company (NIPSCO) power generating station. However, this coal- and natural gas-fired facility will be fully decommissioned in the next four-five years. And, while redevelopment plans have yet to be established, this decommissioning reflects the transition that is taking hold in downtown Michigan City and along its lakefront – a transition to become a more prominent destination for visitors and vacationers for years to come. Overall, it is the intent to eventually redevelop the NIPSCO property with water-oriented uses complimenting its neighbor to the east, Washington Park, and its neighbor to the west, Indiana Dunes National Park.



- ❑ As mentioned, Michigan City is in a state of transition. In addition to the new 11th Street “double track” train lines/station and adjoining uses, the community has (and will continue) to promote and support additional economic development, especially in its downtown and waterfront areas. Recent and upcoming projects are numerous including the introduction of new medical facilities, new restaurants/bars, new retailers/service providers and a variety of employer/employment expansions.



Population and Households

- ❑ LaPorte County (host to the city of Michigan City) is a rather sizeable component of northern Indiana with an estimated 2022 population base of 109,840 persons distributed among 42,390 households. As highlighted in the following table, household additions in LaPorte County were positive during the 2000-2010 period totaling 1,281, or 128 yearly. And, while not immune to the national recession which began in late 2007 and lingered through 2014, not to mention the more recent Covid-19 pandemic, the market area’s household base still increased between 2010 and 2022, albeit modestly. Moreover, according to estimates provided by Environics Analytics through its review of recent Census information and the Census Bureau’s annual American Community surveys, household growth in both LaPorte County and the city of Michigan City is expected to be more significant over the next five years.

**POPULATION AND HOUSEHOLD TRENDS
LAPORTE COUNTY AND MICHIGAN CITY, INDIANA**

Area	2000	2010	2022 (Estimate)	2027 (Projected)	Average Annual Change		
					2000 - 2010	2010 - 2022	2022 - 2027
Population							
LaPorte County	110,106	111,467	109,840	110,430	+136	-136	+118
City of Michigan City	32,723	31,479	30,310	30,440	-124	-97	+26
Percent of Market Area	29.7	28.2	27.6	27.6	---	---	---
Households							
LaPorte County	41,050	42,331	42,390	42,939	+128	+5	+110
City of Michigan City	12,509	12,049	11,888	11,986	-46	-13	+20
Percent of Market Area	30.5	28.5	28.0	27.9	---	---	---

Source: U.S. Census Bureau, Environics Analytics and Tracy Cross & Associates, Inc.

- ❑ *It is extremely important to note that while positive population and household growth in LaPorte County and Michigan City is expected near term, these estimates should be considered conservative as they are influenced by the current lack of new housing supply. Should new housing supply be made available (as will be discussed later in this report), the upside potential for additional increases in population and households is significant and could improve the current base by as much as 25% over the next five years.*
- ❑ Relative to households by age classification, there is currently a rather large base of existing households among each of the various age categories in both LaPorte County as a whole and the city of Michigan City in particular. The depth of households by age group (as outlined in the following text table) provides the initial foundation for the introduction of *diversified housing products*. In this regard, it is important to note that the total number of households in the 55-64 and 64-75 age classifications surpass all other groups.

HOUSEHOLD GROWTH BY AGE GROUP: 2022
-- LAPORTE COUNTY AND MICHIGAN CITY, INDIANA --

Age Range	Total Number of Households	
	LaPorte County	City of Michigan City
Under 35	6,765	2,095
35-44	6,324	1,980
45-54	6,887	1,853
55-64	8,495	2,253
65-74	8,302	2,162
75-84	4,040	1,076
85 and over	1,577	469
Total	42,390	11,888

Source: Environics Analytics: 2022 Demographic Snapshot

- The current composition of area households lends additional support to the development of a variety of residential product forms locally. As highlighted in the adjacent table, there is an ample number of one- and two-person households (for both rental housing and for sale attached products such as duplexes, condominiums and/or townhomes), and also a significant number of three- and four-person households (for certain attached for sale housing products as well as single family detached residences).

Most notable among all household classifications are one- and two-person occupied housing units which, together, comprise 65+/- percent of total households in both LaPorte County and Michigan City.

2022 COMPOSITION OF AREA HOUSEHOLDS:
LAPORTE COUNTY AND MICHIGAN CITY, INDIANA

Attribute	LaPorte County	City of Michigan City
Total Households	42,390	11,888
1-Person Household	12,055	4,123
2-Person Household	14,840	3,758
3-Person Household	6,585	1,757
4-Person Household	4,959	1,188
5-Person Household	2,412	583
6 or More Person Household	1,539	479
1 Person Households		
Percent	28.4	34.7
Number	12,055	4,123
2 Person Households		
Percent	35.0	31.6
Number	14,840	3,758

Source: Environics Analytics; 2022 Demographic Snapshot

Incomes

- ☐ Households in LaPorte County support lower incomes than the nation as a whole as evidenced by an estimated 2022 median of \$62,001, a level 12.0 percent below the \$70,443 median noted for the United States. Upon close examination of area incomes in the county, nearly 50 percent of all current households earn between \$35,000 and \$99,999 annually, which represents the mainstream of the market (the heart of the workforce), i.e., those earning between 50 and 150 percent of the county's median. This signifies the threshold of the market and a target point where most new market rate housing should be initially directed.

**HOUSEHOLDERS BY AGE AND INCOME: 2022
-- LAPORTE COUNTY, INDIANA --**

Income Range	Number of Households by Age of Householder							
	Total Households	Under 35	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85 and Over
Under \$15,000	3,481	686	577	357	690	579	375	217
15,000 - 24,999	3,949	589	289	313	540	1,028	777	413
25,000 - 34,999	4,375	983	615	509	691	781	561	235
35,000 - 49,999	5,334	861	697	611	864	1,314	726	261
50,000 - 74,999	7,946	1,640	1,373	1,126	1,387	1,523	689	208
75,000 - 99,999	5,283	791	708	947	1,128	1,196	390	123
100,000 - 124,999	3,773	373	576	1,088	1,140	431	137	28
125,000 - 149,999	2,899	363	555	664	725	413	147	32
150,000 - 199,999	3,081	279	497	899	928	363	93	22
200,000 and Over	2,269	200	437	373	402	674	145	38
Total	42,390	6,765	6,324	6,887	8,495	8,302	4,040	1,577
Median	\$62,001	\$53,196	\$67,218	\$88,917	\$76,556	\$56,377	\$40,897	\$31,278

Sources: U.S. Bureau of the Census; Environics Analytics; and Tracy Cross & Associates, Inc.

- ☐ In Michigan City, the same general concentration of household incomes is represented, although the \$35,000 to \$74,999 bracket reflects the clear majority within the municipality.

**HOUSEHOLDERS BY AGE AND INCOME: 2022
-- MICHIGAN CITY, INDIANA --**

Income Range	Number of Households by Age of Householder							
	Total Households	Under 35	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85 and Over
Under \$15,000	1,468	337	292	172	319	180	109	59
15,000 - 24,999	1,444	238	133	133	219	348	241	132
25,000 - 34,999	1,397	355	287	157	200	201	137	60
35,000 - 49,999	1,795	313	250	232	290	404	214	92
50,000 - 74,999	2,145	438	404	330	371	376	167	59
75,000 - 99,999	1,435	230	260	248	279	290	94	34
100,000 - 124,999	843	64	125	249	242	116	40	7
125,000 - 149,999	490	63	118	110	112	56	23	8
150,000 - 199,999	521	39	82	171	161	49	15	4
200,000 and Over	350	18	29	51	60	142	36	14
Total	11,888	2,095	1,980	1,853	2,253	2,162	1,076	469
Median	\$62,706	\$40,001	\$51,634	\$66,968	\$55,893	\$47,927	\$38,438	\$31,851

Sources: U.S. Bureau of the Census; Environics Analytics; and Tracy Cross & Associates, Inc.

Housing Stock and Recent Residential Construction

- ❑ From a physical perspective, new housing development in downtown Michigan City (and elsewhere throughout LaPorte County for that matter) will represent a welcome addition to an otherwise aging housing stock. In other words, the limited amount of new construction offerings of *any major scale* in the last 20+ years has disenfranchised local area residents, not to mention those relocating to Michigan City and other portions of the county. As highlighted in the following text table, a full 90 percent of the housing stock in the city of Michigan City, and 85 percent in LaPorte County as a whole, was built prior to 2000. In fact, almost 80 percent of the housing stock in Michigan City was constructed prior to 1980.

**HOUSING UNITS BY YEAR STRUCTURE BUILT
-- LAPORTE COUNTY AND MICHIGAN CITY, INDIANA --**

Year Built	Total Number of Housing Units			
	LaPorte County		City of Michigan City	
	Number	Percent	Number	Percent
2010 or Later	2,297	4.7	642	4.4
2000-2009	4,893	9.9	844	5.8
1990-1999	6,052	12.3	1,065	7.3
1980-1989	3,390	6.9	704	4.8
1970-1979	6,880	14.0	1,674	11.5
1960-1969	5,475	11.1	2,372	16.3
1950-1959	6,105	12.4	2,631	18.1
1940-1949	3,606	7.3	993	6.8
1939 or Earlier	10,497	21.3	3,636	25.0
Total	49,195	100.0	14,561	100.0

Source: EnviroNics Analytics: 2022 Demographic Snapshot

- ❑ The aging of the housing stock, together with the overall lack of new supply, is also evident when reviewing recent building permit trends. For example, LaPorte County recorded an average of just 134 residential permit authorizations annually over the last five years, down nearly 50 percent compared to number of permits authorized yearly since 2000. As depicted in **Exhibit 1**, recent residential construction activity reflects just one-quarter of volumes posted on an annual basis between 2000 and 2006 when more ample supply was available county-wide.
- ❑ As also outlined in Exhibit 1, residential construction activity in Michigan City, again as measured by building permit authorizations, has averaged 53 units annually since 2000, representing a 20.5 percent share of LaPorte County as a whole. Again, recent permit activity is *well below* long-term trendlines – a result of supply-side constraints.

RESIDENTIAL BUILDING PERMIT TRENDS
LAPORTE COUNTY AND MICHIGAN CITY, INDIANA
2000 - 2021

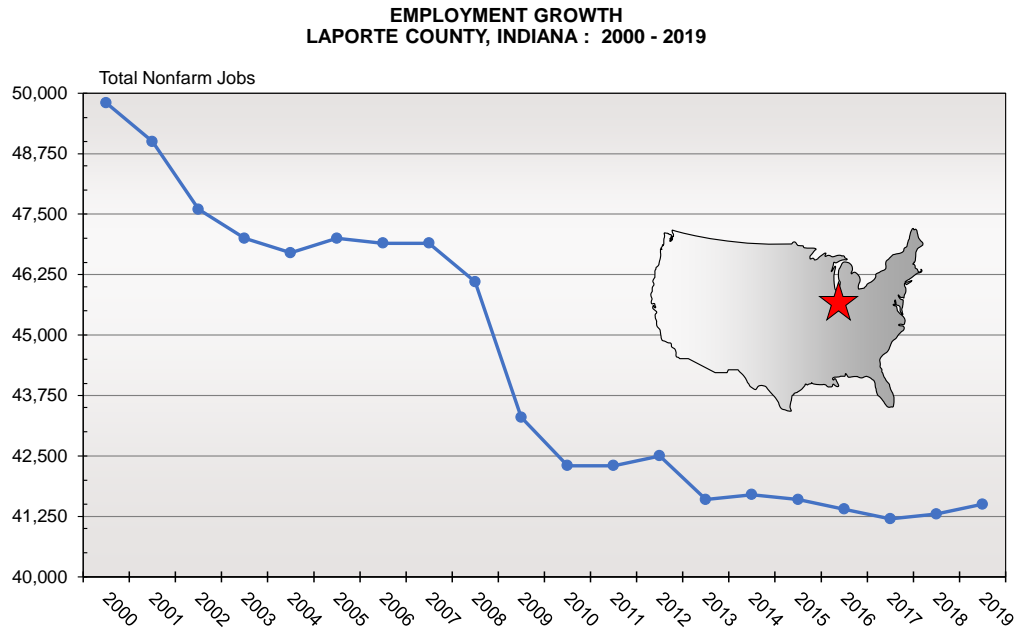
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Year	LaPorte County			City of Michigan City		
	Total	Single Family	Multi-Family	Total	Single Family	Multi-Family
2000	440	418	22	72	50	22
2001	442	406	36	60	52	8
2002	413	392	21	97	76	21
2003	417	396	21	99	78	21
2004	512	419	93	90	77	13
2005	577	441	136	84	74	10
2006	382	375	7	62	55	7
2007	330	301	29	49	40	9
2008	180	174	6	30	24	6
2009	138	114	24	32	8	24
2010	228	156	72	31	31	0
2011	143	119	24	21	21	0
2012	306	122	184	174	14	160
2013	113	97	16	8	8	0
2014	125	101	24	40	16	24
2015	159	99	60	62	12	50
2016	108	92	16	9	9	0
2017	157	147	10	35	35	0
2018	140	134	6	22	22	0
2019	115	113	2	17	17	0
2020	120	118	2	28	28	0
2021	138	136	2	36	36	0
Averages						
2000 - 2021	258	221	37	53	36	17

Source: U.S. Department of Commerce, Bureau of the Census: *C-40 Construction Reports*

Employment

- ❑ The more modest levels of residential construction activity (and corresponding household growth) in recent years, while certainly a function of limited new construction supply, has been influenced by declining and/or stagnant internal employment levels. For example, the number of nonfarm workers in LaPorte County had dropped from 49,800 in 2000 to 41,500 in 2019, prior to the coronavirus pandemic.



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

- ❑ Like practically every market in the country, LaPorte County was further affected by the Covid-19 pandemic and ensuing economic constraints, compounded by lockdowns and periods of social unrest. Specifically, in 2020, the county experienced year-over-year job losses of 2,300 or 5.5 percent of total nonfarm employment, which compares with the 5.8 percent contraction witnessed nationwide during the same 12-month period. On a more positive note, however, LaPorte County economic recovery was in full swing in 2021 and during the first nine months of 2022 – *erasing most of the job losses experienced during the pandemic.*
- ❑ While LaPorte County’s economy has witnessed employment losses long-term, the county still maintains a base of 40,000+ jobs, yet little new construction housing has been made available to these workers. In addition, given the proximity of Porter County just minutes west of Michigan City, we would be remiss not to mention the significant employment base in this adjoining area. Specifically, Porter County currently contains over 60,000 nonfarm jobs, a level that has grown by 7,000 net workers in the last 10 years.

Conventional Housing Demand

- ❑ During the 2022-2027 timeframe, construction requirements for new housing in LaPorte County will average 270 units annually. This 270-unit forecast can be tied to household growth levels estimated at 110 per annum through 2027, along with 160 units representing the replacement of residences lost to demolition and abandonment and the need to provide a vacancy allowance for filtering or movement from one residence to another. Of the 270 units expected to be constructed annually in the county during the 2022-2027 forecast period, 160 will occur among for sale housing forms with 110 represented in the rental apartment sector. As detailed in the following text table, annual for sale housing demand will be distributed among 100 single family detached homes and 60 in the attached sector, i.e., duplexes, condominiums, and townhomes.

**RESIDENTIAL ABSORPTION POTENTIALS BY PRODUCT TYPE
-- LAPORTE COUNTY, INDIANA --
2022 - 2027**

Product Type	Annual	Total Through 2027
Total	270	1,350
For Sale	160	800
Single Family Detached	100	500
Townhome/Duplex/Condominium	60	300
For Rent	110	550

Source: Tracy Cross & Associates, Inc.

- ❑ Given supply-side constraints throughout the county, while also considering the limited amount of pipeline activity market-wide, it is highly likely that demand will exceed supply near term. This market reality bodes well for new housing initiatives across the county (and in Michigan City in particular), *if properly planned and executed*. In fact, outside of several residential projects that are being proposed in downtown Michigan City, which will be addressed in upcoming sections of this report, there are virtually no other developments of *significant scale* in planning throughout the county.
- ❑ Moreover, not only is “derived demand” likely to outstrip supply near term, but the overall base of residential construction requirements could actually be *much higher, i.e., double or possibly triple* during any given year where properly positioned supply is made available. This *upside potential* factors pent-up demand; possible increases in household growth; spillover potentials from areas outside the county; and the impetus of increases in second home/seasonal opportunities.

*It is important to note that Michigan City has an opportunity to capture a disproportionate share of county-wide demand with the introduction of properly positioned new construction housing product. In other words, downtown Michigan City (and the TDD in particular) is fully capable of becoming a true **destination point** for future renter and ownership households given its size, its transitioning nature and its current and future features/amenities. Also, the aging of the housing stock locally and, quite simply, the limited amount of new construction supply throughout Michigan City historically, provides further justification for new residential offerings – if strategically positioned.*

The Competitive Marketplace

- ❑ Conditions in the competitive marketplace, too, point to *new construction* development opportunities. For instance, in the **rental sector**, just five apartment communities (of scale) have been constructed in LaPorte County since 2000, yet there are more than 11,000 renter households within the boundaries of the county. As such, current renter households have limited new product to choose from. The five newer developments include The Banks and Briarwood in LaPorte; Long Beach Cove Villas and The Retreat at Canterbury in Michigan City; and The Fields at New Durham in Westville. As highlighted in the following text table, all communities have been *well received* as noted by a collective vacancy rate of just 0.8 percent among stabilized developments – indicative of an *extremely tight* (and undersupplied) rental market. For reference, in a normal (or balanced) market, vacancies of 5.0 to 6.0 percent are typically required for filtering, or movement between developments. In addition, the one community still undergoing its initial absorption period, The Banks in LaPorte, is doing so at a rate of 23.6 units per month.

**APARTMENT COMMUNITIES (OF SCALE) CONSTRUCTED IN 2000 OR LATER
LAPORTE COUNTY, INDIANA
NOVEMBER 2022**

Development	Municipality	Year Built	Total Units	Number Vacant	Percent Vacant (Absorption Rate in Units)	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
The Banks ⁽¹⁾	LaPorte	2022	194	76	39.2 (23.6/Mo.)	890	\$1,305	\$1.47
Briarwood	LaPorte	2011	144	0	0.0	847	1,079	1.27
Long Beach Cove Villas	Michigan City	2007	136	0	0.0	1,123	1,067	0.95
The Retreat at Canterbury	Michigan City	2014	160	2	1.2	1,021	1,109	1.09
The Fields of New Durham	Westville	2005	160	3	1.9	1,185	1,319	1.11
Total/Weighted Avg.	---	---	794 / 600⁽²⁾	81 / 5⁽²⁾	10.2 / 0.8⁽²⁾	1,008	\$1,187	\$1.18

⁽¹⁾ Community is still undergoing its initial absorption period.
⁽²⁾ Excludes community still undergoing its initial absorption period.

Source: Tracy Cross & Associates, Inc.

- ❑ Just outside of LaPorte County in Porter County to the west, similar market conditions exist. For example, in this adjoining area, 11 apartment communities of scale have been constructed since 2000 (see **Exhibit 2**). Among these, the current vacancy rate also stands at 0.8 percent, again indicative of *extremely tight* (and undersupplied) market conditions. In addition, at the time of our recent survey, nearly 50 percent of all newer apartment communities in Porter County were 100 percent occupied with waiting lists.
- ❑ As it relates to the **ownership sector** of the market, supply-side constraints are also apparent, especially for moderately priced mainstream product. Overall, new construction for sale development throughout LaPorte County is generally characterized by smaller- to modest-scale broker- or builder-represented communities reflecting conventional single family and duplex/townhome/condominium subdivisions or scattered-site suburban developments. The communities that do exist are directed to both primary and lifestyle consumer segments which (in many cases) have been marketed in phases over extended periods of time (and most recently at higher price points). Some of the newer development has been lake-oriented with product geared primarily toward second home/seasonal home purchasers. Overall, there are limited developments actively marketing new units in proprietary communities that target the mainstream of the market, and also a limited number of lifestyle and/or seasonal/second home developments.

**APARTMENT COMMUNITIES (OF SCALE) CONSTRUCTED IN 2000 OR LATER
PORTER COUNTY, INDIANA
NOVEMBER 2022**

Development	Municipality	Year Built	Total Units	Number Vacant	Percent Vacant	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
Traditions at the Village	Burns Harbor	2012	181	2	1.1	876	\$1,215	\$1.39
Eagle Crossing	Chesterton	2018	170	1	0.6	1,129	1,809	1.60
The Enclave at Coffee Creek Center	Chesterton	2002	88	1	1.1	1,036	1,288	1.24
Lake Pointe	Portage	2001	192	7	3.6	1,055	1,541	1.46
Promenade at Founder's Square	Portage	2018	304	3	1.0	913	1,424	1.56
Compass Pointe	Valparaiso	2000	224	0	0.0	974	1,475	1.51
East Pointe	Valparaiso	2000	64	0	0.0	932	1,124	1.21
The Hills at Aberdeen	Valparaiso	2000	173	3	1.7	1,059	1,756	1.66
The Lakes of Valparaiso	Valparaiso	2015	407	0	0.0	948	1,549	1.63
The Masters	Valparaiso	2002	88	0	0.0	968	1,081	1.12
Preserve at Grand Oaks	Valparaiso	2014	152	0	0.0	1,017	1,574	1.55
Total/Weighted Average	---	---	2,043	17	0.8	983	\$1,488	\$1.51

Source: Tracy Cross & Associates, Inc.

- ❑ In the entirety of LaPorte County, single family building permits which include single family detached homes as well as single-address townhomes, duplexes, and condominium/villa units, has hovered around 130 units annually over the last few years, despite demand potentials being stronger. This lack of new construction for sale development activity is due, in large part, to the higher price points that now accompany most newly built for sale homes which, in turn, has resulted in more modest sales volumes. In fact, most individual subdivisions throughout the county are generating sales volumes of less than 6 homes per year.

- ❑ New construction **single family detached** closing activity throughout LaPorte County has been generally steady over the last three years, mainly because of the moderate number of new developments entering the market and their prices. As highlighted in the following text table, between 38 and 41 new construction single family detached homes are sold/closed annually in the county (through the local multiple listing service), with a median price point of almost \$400,000 most recently. Given the limited amount of new construction development (overall), together with higher underlying currents of demand, the median closing price has been rising rapidly, while the average marketing time of a new single family home (days on market) has dropped precipitously.

NEW CONSTRUCTION SINGLE FAMILY CLOSINGS
LAPORTE COUNTY, INDIANA
2020-OCTOBER 2022

Price Range	2020		2021		Jan-Oct 2022 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$200,000	4	9.3	2	5.3	2	4.9
200,000 - 249,999	8	18.6	6	15.8	4	9.8
250,000 - 299,999	11	25.6	7	18.4	4	9.8
300,000 - 349,999	6	14.0	5	13.2	6	14.6
350,000 - 399,999	4	9.3	3	7.9	5	12.2
400,000 - 449,999	2	4.7	3	7.9	6	14.6
450,000 - 499,999	2	4.7	3	7.9	3	7.3
500,000 - 549,999	2	4.7	2	5.3	3	7.3
550,000 - 599,999	1	2.3	4	10.5	2	4.9
600,000 - 699,999	1	2.3	1	2.6	2	4.9
700,000 & Above	2	---	2	5.3	4	9.8
Total	43	100.0	38	100.0	41	100.0
Median	----- \$293,163 -----		----- \$339,772 -----		----- \$394,671 -----	
Avg. Days on Market	----- 78 -----		----- 53 -----		----- 41 -----	

Source: Northern Indiana Multiple Listing Service

Please note that new construction closings recorded by the multiple listing service do not include all proprietary subdivision activity among single family developments, especially where individual lots are sold directly to the end consumer, who in turn, builds a semi-custom or custom home.

- While the limited amount of new single family development (of scale) is keeping volumes in the more modest ranges, especially when demand is stronger, so, too, is the overall higher price position of the new construction homes being built (as mentioned earlier). In fact, with the median price of a new single family closing (as recorded through the multiple listing service) standing at nearly \$400,000 during the first ten months of 2022, there is a disconnect with the distribution of household incomes, which is putting pressure on the existing home market, i.e. the resale sector. For example, the median closing price among new construction units in LaPorte County is now \$200,000 higher than that of a resale counterpart. As a result, prices in the existing home market have been increasing rapidly (up 17.5 percent since 2020) and the average “days on market” are low. As highlighted in the following text table, the average market time of an older-stock single family resale closing during the January-October 2022 period stood at just 27 days, down from 38 days in 2021 and 46 days in 2020. For reference, the typical marketing time for a single family detached resale in the Midwest ranges from 72-90 days.

SINGLE FAMILY RESALE CLOSINGS
LAPORTE COUNTY, INDIANA
2020-OCTOBER 2022

Price Range	2020		2021		Jan-Oct 2022 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$150,000	541	44.4	528	45.1	429	32.9
150,000 - 199,999	282	23.2	141	12.1	283	21.7
200,000 - 249,999	119	9.8	147	12.6	179	13.7
250,000 - 299,999	85	7.0	104	8.9	127	9.8
300,000 - 349,999	54	4.4	59	5.0	76	5.8
350,000 - 399,999	43	3.5	46	3.9	50	3.8
400,000 - 449,999	20	1.6	24	2.1	34	2.6
450,000 - 499,999	9	0.7	20	1.7	18	1.4
500,000 - 549,999	10	0.8	21	1.8	22	1.7
550,000 - 599,999	17	1.4	9	0.8	21	1.6
600,000 - 699,999	16	1.3	20	1.7	20	1.5
700,000 & Above	22	1.8	51	4.4	43	3.3
Total	1,218	100.0	1,170	100.0	1,302	100.0
Median	----- \$162,068 -----		----- \$170,247 -----		----- \$190,401 -----	
Avg. Days on Market	----- 46 -----		----- 38 -----		----- 27 -----	

Source: Northern Indiana Multiple Listing Service

- In the **duplex/condominium/townhome** sector, a similar condition exists in LaPorte County relative to pricing differentials between new construction units and resales. As highlighted in the following text table, there are currently only 10-16 new attached units being sold annually market-wide through the multiple listing service, again a modest volume because of limited supply in this sector, coupled with a median price point that is now exceeding \$450,000, influenced, of course, by several new construction units that have sold near the Lake Michigan waterfront in Michigan City, i.e., Lakeside townhomes, along with condominiums at the Legacy Hills golf course community in the city of LaPorte.

NEW CONSTRUCTION DUPLEX/CONDOMINIUM/TOWNHOME CLOSINGS
LAPORTE COUNTY, INDIANA
2020-OCTOBER 2022

Price Range	2020		2021		Jan-Oct 2022 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$100,000	---	---	---	---	---	---
100,000 - 149,999	---	---	---	---	---	---
150,000 - 199,999	---	---	---	---	---	---
200,000 - 249,999	3	23.1	1	10.0	---	---
250,000 - 299,999	5	38.5	2	20.0	1	6.3
300,000 - 349,999	2	15.4	3	30.0	1	6.3
350,000 - 399,999	2	15.4	2	20.0	2	12.5
400,000 - 449,999	1	7.7	2	20.0	3	18.8
450,000 - 499,999	---	---	---	---	5	31.3
500,000 & Above	---	---	---	---	4	25.0
Total	13	100.0	10	100.0	16	100.0
Median	----- \$284,934 -----		----- \$333,332 -----		----- \$459,743 -----	
Avg. Days on Market	----- 88 -----		----- 69 -----		----- 51 -----	

Source: Northern Indiana Multiple Listing Service

- The higher price position found in the new construction attached sector is, again, putting pressure on the existing home market as evidenced by duplex/condominium/townhome resale closings averaging 31 days on market during the January-October 2022 period, down from 40 days in 2021 and 59 days in 2020. As highlighted in the following text table, the difference in price between typical resale and new construction attached sector units now stands at nearly \$180,000.

DUPLEX/CONDOMINIUM/TOWNHOME RESALE CLOSINGS
LAPORTE COUNTY, INDIANA
2020-OCTOBER 2022

Price Range	2020		2021		Jan-Oct 2022 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$100,000	1	1.9	1	1.6	1	1.6
100,000 - 149,999	12	22.2	11	17.2	2	3.2
150,000 - 199,999	12	22.2	12	18.8	14	22.6
200,000 - 249,999	6	11.1	4	6.3	11	17.7
250,000 - 299,999	11	20.4	8	12.5	5	8.1
300,000 - 349,999	6	11.1	2	3.1	6	9.7
350,000 - 399,999	1	1.9	14	21.9	10	16.1
400,000 & Above	5	9.3	12	18.8	13	21.0
Total	54	100.0	64	100.0	62	100.0
Median	----- \$216,666 -----		----- \$274,399 -----		----- \$280,246 -----	
Avg. Days on Market	----- 59 -----		----- 40 -----		----- 31 -----	

Source: Northern Indiana Multiple Listing Service

- ❑ The limited amount of *new construction* product in the overall market (both conventional and seasonal/second home), especially at price points more in-line with typical “new versus resale” differentials, is also having an impact on overall inventory levels. For example, among all residential resales in the market (both detached and attached excluding new construction), inventory levels are generally low. For example, with only 314 single family and duplex/condominium/townhome listings reported on November 10, 2022, and with closing activity totaling 1,364 units during the January-October 2022 period (annualized), resale inventory levels in LaPorte County stand at just 2.67 months, which falls below the typical three- to four-month inventory period that exists in more normal, or balanced, existing home markets. *Please note that inventory levels in Michigan City are even lower standing at just 2.49 months.*

A SUMMARY OF CONCLUSIONS

As outlined in the previous paragraphs, tables and graphs, future residential development potentials throughout LaPorte County (and in downtown Michigan City and the TDD in particular), are considered strong on the basis of several factors. In other words, the city of Michigan City is *well suited* for the introduction new *market rate* residential development over the next 5+ years including rental apartments and various forms of conventional for sale housing as well as additional second home/seasonal offerings. This favorable conclusion is based upon: 1) more than adequate demand support for a variety of new construction housing alternatives; 2) notable supply-side constraints; 3) an ample base of existing (and future) households with diverse demographic profiles; 4) tightness (and certain disjointedness) in both the rental and for sale sectors of the market; 5) locational advantages associated with the downtown/TDD area; 6) in-place employment, shopping/services, entertainment, recreation and transportation (including the expansion of the South Shore line train station/double track at 11th Street; and 7) the opportunity to introduce new and differentiated housing product in a market where such product is needed.

Overall, the Michigan City Redevelopment Commission is in a position to help guide future residential development efforts in a direction of discipline and insight as it relates to specific products that meet the demands of the market relative to unit types/styles, rent/price positioning, etc.

A PLANNING STRATEGY – MAINSTREAM PRODUCT

With the local housing market showing growth potential during the next several years, and especially considering the supply-side constraints that exist today, practically any ***well designed and properly positioned*** new conventional residential product form could be introduced within a number of areas throughout downtown Michigan City and the TDD. However, from a strategic planning perspective, the following paragraphs provide specific product guidelines for establishing the most practical and marketable hierarchy of conventional housing within development/redevelopment areas throughout Michigan City – to serve as a guide for future planning and implementation efforts as the Michigan City Redevelopment Commission (and other stakeholders) review various proposals and/or seek development partners.

*As mentioned throughout this report, given the enhancement associated with Michigan City’s alignment with Lake Michigan’s waterfront (i.e., in the northern portion of the downtown/TDD area), there are two distinct housing markets that have evolved (and will continue to evolve), each of which must be addressed relative to the planning guidelines. These include: 1) the mainstream of the market targeting the bulk of local area households and 2) the seasonal/second home/retirement market. With this said, the recommendations that follow provide guidelines for both market sectors – starting with the mainstream of the market, i.e., located more within the central and southern portions of the downtown area. **The mainstream/workforce of the market (or the “middle of the market”) is most in need of new supply locally.***

Mainstream Apartments

Taking the lead from a number of successful urban/suburban apartment developments throughout the Midwest, the Michigan City Redevelopment Commission should, first and foremost, give full consideration to promoting and supporting various **mid- to higher-density density rental apartment** product forms at several locations within the core of the downtown area, i.e., multi-floor product with some form of structured parking. This generic product form, which consists of multiple residential floors over/around structured parking, is not only widely accepted throughout various urban/suburban areas in the Midwest, but it represents a building configuration whereby at least one-to-one enclosed parking can typically be provided in an efficient and cost-effective manner, and at a strong density. Ideally, individual floorplans for any mid- to higher-density apartment program should be broad and varied ranging from small studio units starting around 450 square feet, extending through a variety of one- and two-bedroom alternatives, and ending with three-bedroom residences containing roughly 1,350 square feet.

A broad mix of unit types and sizes for mid- to higher-density apartments in downtown Michigan City will allow this product to capture the full breadth of renter profiles with attentive focus directed toward Millennials, also known as Echo Boomers or Generation Y, along with Centennials, also known as Generation Z (i.e., younger singles and couples without children), together with empty-nesters and non-traditional households such as divorcees, middle-age singles, never-nested couples, singles living together as couples in a roommate condition, transitional families, etc. With the availability of new apartment product, the pool of renters in and around Michigan City will continue to expand each year, and a broad continuum of floorplan alternatives within any mid- to higher-density apartment community will best serve the overall base of existing/future renter households, especially those with one and two persons. In addition, it will allow Michigan City to curb leakage to other areas such as Porter County where more new/newer product is currently available.



If elevated properly, the mid-to higher-density concept can exemplify tasteful, urban/suburban architecture, and be very complimentary to other development and/or redevelopment initiatives throughout Michigan City. This product concept can also be combined with first floor retail space if offered within pedestrian-oriented areas and/or near public transportation such as the new 11th Street station.

Age-Targeted Mainstream Rentals

Strong consideration should also be given to introducing **ranch villa rentals** targeting the active adult aged 55-74 (the largest segment of the market), but not restricted to this profile since other age groups and household compositions will find this product desirable. This housing form, which is extremely efficient and cost effective to build, will allow for private-entry rental product to complement the mid- to higher-density developments.



The ranch villa rental program would consist of direct-entry single-level ranch-type townhome plans, each with a one-car attached garage (either front- or rear-load depending upon land planning requirements). Modeled, in part, after very successful empty nester ranches throughout Indiana (and other parts of the Midwest), this product line would consist of four different plan designs ranging from a one-bedroom residence at 725 square feet to a three-bedroom unit with 1,275 square feet. This product line would be configured in 3-, 4-, 5- and 6-unit buildings (duplexed where necessary).

Mainstream Townhomes/Rowhomes

Representing the first of two product lines in the “for sale” sector of the mainstream market, and in an effort to establish an overall hierarchy of ownership product starting with an alternative that should be able to achieve price points directly in-line with the lower-end of the qualitative distribution of mainstream incomes, is an efficiently designed mid-density **townhome/rowhome series**. This product line would include three separate three-story plan types, each with two main living areas configured over an integral two-car garage and a finished lower level, all with rear-load garages. Plan sizes for this series, which will average 1,400 square feet, should range from 1,200 to 1,550 square feet including finished lower levels. This can be achieved in very efficient and cost effective 20’ wide modules. With rear-entry garages, individual buildings are generally designed to face one another, thus allowing for a small pedestrian greenway between buildings, or they can be configured fronting a street for maximum density. Combined, the three individual plan offerings will be capable of attracting a broad range of buyer profiles, with attentive focus directed toward young singles and couples without children, couples in their initial stages of family formation and young families.

Architecturally, the townhome/rowhome product line can support either a traditional elevation scheme, or it can command something more contemporary/urban oriented, i.e., at the builder’s discretion and dependent upon cost. Overall, this product line can achieve a density of 12-14 units per acre, thus allowing builders to distribute land and development costs across more units – in an attempt to offer price points that align the middle of the market in terms of incomes.



Mainstream Single Family

In the single family sector, and representing a departure from the current medium- to larger-lot production/semi-custom/custom home development currently represented among new scattered-lot developments throughout LaPorte County, would be an urban/suburban detached product line, most with rear-load garages. Representing a derivation of the neo-traditional planning concept, i.e., Traditional Neighborhood Development (TND), this **small lot single family series**, ideally, would be comprised of two single-level “ranch” plans, two traditional two-story units (with second floor master bedrooms) and one two-story unit with a first-floor master bedroom, all with optional basements. Ranging in size from 1,500 to 2,100 square feet, and averaging 1,760 square feet across the group, homes in this series should be approximately 30’-35’ wide configured on 40’-45’ wide homesites. In various areas of the Midwest, this particular product line has been extremely successful as it has allowed new construction single family housing (through density and unit sizes) to meet a mainstream or “middle of the market” price point – one not typically seen among more traditional counterparts, especially in more suburban areas.



The small lot single family product line will be able to attract a broad spectrum of mainstream detached home purchasers including young childless married couples, couples in their initial stages of family formation, and traditional families. And, with the incorporation of several ranch plans and a two-story master-down design, this program will also be directed to the 55 and older empty-nester segment desirous of ownership housing. While most homes should accommodate rear-load garages to maximize density, a plan or two could be configured with a front-load garage if land planning calls for such a configuration.

For a detailed outline of each recommended mainstream housing idiom including individual product/plan criteria, unit sizes, rents/prices, features, community amenities, etc., consult **Exhibits 3 through 6**. As depicted, plan offerings are broad and varied, and reflect some of the best-selling floorplan alternatives among successful “like” products throughout the Midwest and northern Indiana.

When reviewing these tables, please note that the rents reflected for the mid- to higher-density apartments (as footnoted) do not include extras such as additional premiums, enclosed parking, pet fees, etc. – which will be billed separately. When factored, overall revenue per apartment unit will be higher.

It is important to point out that the detailed planning guidelines and rent/price suggestions for the various mainstream housing products are not arbitrary, but rather *strategic*. Specially, these guidelines will allow three important goals to be met. First, the continuum of home types, styles and rents/prices will directly align mainstream/workforce household incomes in the market. Second, the suggested products will allow any designated development area in downtown Michigan City to achieve maximum unit counts, which will help minimize raw land costs or distributions per unit. Finally, each product line will be capable of achieving a successful absorption or sales rate at the assigned rents/prices. While the scale of each development will, in large part, dictate the rate of absorption or sales, the adjacent table provides a general scale for planning purposes.

**ABSORPTION / SALES SUMMARY - MAINSTREAM HOUSING PRODUCTS
DOWNTOWN MICHIGAN CITY, INDIANA**

Product Line	Estimated Total Units Per Development Or Development Area	Monthly Absorption/Sales Potential (In Units) At Benchmark Rents/Prices ⁽¹⁾
Mid- To Higher-Density Apartments	100-200+	10.0-20.0+
Ranch Villa Rentals	20-60+	4.0-5.0+
For Sale Townhomes/Rowhomes	20-60+	1.0-1.5+
For Sale TND Single Family	20-40+	1.0-1.5+
⁽¹⁾ Actual absorption/sales rate will be dependent upon total unit count within development or development area, i.e., each overall marketing unit.		

Source: Tracy Cross & Associates, Inc.


The forecast ranges presented above assume a 3- to 4-month pre-leasing period for the any apartment community (prior to initial deliveries), along with a similar pre-sale period for the ownership units. They also assume professional, aggressive, and all-encompassing marketing/leasing/sales campaigns and a continuous construction cycle/delivery schedule of all products.

Note: there are currently approvals in place and/or pending for several major apartment communities in downtown Michigan City that fall within the general framework of the mainstream apartment criteria. These include the Central Station project near the new train station (200+/- units); The Terraces at Cadence Park (125+/- units); DTM (160+/- units) and TRG (150 units). Given the level of derived and pent-up demand, i.e., 550-1,000+ total units over the next five years, coupled with the lack of new supply, all of these projects (and others) could be absorbed through 2027, especially considering the lack of proposals elsewhere throughout LaPorte County.

**PRODUCT CRITERIA AND BENCHMARK RENTS: MID- TO HIGHER-DENSITY MARKET RATE RENTAL APARTMENTS
-- A 100- TO 200-UNIT PROTOTYPE --
DOWNTOWN MICHIGAN CITY, INDIANA**

3

Product Line Summary	
Product Form:	Multiple Residential Floors Over/Around Structured Parking (w/Elevator)
Total Units:	100-200
Enclosed Parking:	100-200+/-
Density in Units Per Acre:	30.0+
Average Plan Size (Sq. Ft.):	870
Average Benchmark Base Monthly Rent (Floor 1 Only):	\$1,475
Per Sq. Ft.:	\$1.70
Average Benchmark Monthly Rent (All Floors):	\$1,495
Per Sq. Ft.:	\$1.72



Plan Detail									
Plan Designation	A	B	C-1	C-2	D	E-1	E-2	E-3	F
Percent Distribution	10.0	15.0	15.0	10.0	10.0	10.0	10.0	10.0	10.0
Plan Type	Studio	Junior 1BR	1BR	1BR	1BR Den	2BR	2BR	2BR	3BR
Bedroom/Bath Mix	--/1.0	1/1.0	1/1.0	1/1.0	1+Den/1.0	2/2.0	2/2.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	450	550	650	750	900	1,050	1,150	1,250	1,350
Benchmark Rent Per Floor: ⁽¹⁾									
Floor 5	\$1,030	\$1,145	\$1,260	\$1,375	\$1,550	\$1,725	\$1,840	\$1,955	\$2,070
Floor 4	\$1,020	\$1,135	\$1,250	\$1,365	\$1,540	\$1,715	\$1,830	\$1,945	\$2,060
Floor 3	\$1,010	\$1,125	\$1,240	\$1,355	\$1,530	\$1,705	\$1,820	\$1,935	\$2,050
Floor 2	\$1,000	\$1,115	\$1,230	\$1,345	\$1,520	\$1,695	\$1,810	\$1,925	\$2,040
Floor 1	\$990	\$1,105	\$1,220	\$1,335	\$1,510	\$1,685	\$1,800	\$1,915	\$2,030
Average:	\$1,010	\$1,125	\$1,240	\$1,355	\$1,530	\$1,705	\$1,820	\$1,935	\$2,050
Per Sq. Ft.:	\$2.24	\$2.05	\$1.91	\$1.81	\$1.70	\$1.62	\$1.58	\$1.55	\$1.52

Features and Amenities		
<p>UNIT STANDARDS</p> <ul style="list-style-type: none"> ■ Painted Trim ■ Luxury Plank Flooring in Living Areas ■ "White" Interior Paint Finish ■ Direct Wire Smoke Detectors ■ Cable/Satellite/Telephone Access ■ Carpeting in Bedrooms ■ High-Speed Internet Connectivity ■ Air Conditioning ■ Designer Door Hardware ■ Designer Lighting Package ■ Private Balcony 	<p>KITCHEN FEATURES</p> <ul style="list-style-type: none"> ■ Wood Cabinetry ■ Luxury Plank Flooring ■ Four Burner Cooktop ■ Self Clean Single Oven-Stainless Steel ■ Built-In Dishwasher-Stainless Steel ■ Refrigerator with Ice-Maker-Stainless Steel ■ Garbage Disposal ■ Microwave with Vent ■ Granite or Quartz Countertops ■ Stainless Steel Sink 	<p>BATH/POWDER ROOM STANDARDS</p> <ul style="list-style-type: none"> ■ Ceramic Flooring ■ Granite or Quartz Vanity Tops ■ Wood Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity
<p>CLOSETS, UTILITIES, AND STORAGE</p> <ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Laminate Closet Shelving ■ Washer/Dryer (Stacked or Side-by-Side) ■ Linen Closet(s) ■ Programmable Thermostat ■ Storage Lockers 	<p>GENERAL BUILDING FEATURES/AMENITIES</p> <ul style="list-style-type: none"> ■ Architecturally-Enhanced Exteriors ■ Secured Access Entry ■ Community Room w/Kitchen ■ Fitness Center ■ E-Lounge w/Coffee Bar ■ Fireside Lounge & Grilling Stations ■ Swimming Pool/Deck Area (Larger Communities) 	<ul style="list-style-type: none"> ■ Extensive Landscaping/Hardscaping ■ Dog Wash Area in Garage ■ Wi-Fi in All Common Areas ■ Enclosed Parking Leased Separately at \$100 Per Space ■ Adequate Open Parking

⁽¹⁾ Benchmark monthly rents, which are presented in November 2022 dollars, include premiums for floor (assuming five residential levels); however, they do not include additional floor premiums for buildings with more than five residential levels, nor do they include incremental premiums for corner units or enhanced views. Benchmark rents also exclude enclosed garage parking, application/administration fees, pet fees, storage rental, or utilities, all of which would be separate charges.

PRODUCT CRITERIA AND BENCHMARK RENTS - MARKET RATE RANCH VILLA RENTALS

-- A 20- TO 60-UNIT PROTOTYPE --
MICHIGAN CITY, INDIANA

4

Product Line Summary

Product Form: *Single-Level Ranch Villas w/Attached One-Car Garages
(3-, 4-, 5- and/or 6-Unit Buildings-Duplexed Where Necessary)*

Density in Units Per Acre: 10.0+

Average Plan Size (Sq. Ft.): 1,000

Average Benchmark Base Rent: \$1,800
Per Sq. Ft.:(1) \$1.80



Plan Detail

Plan Designation	A	B-1	B-2	C
Percent Distribution	25.0	25.0	25.0	25.0
Plan Type	1BR	1BR DEN	2BR	3BR
Bedroom/Bath Mix	1/1.0	1+Den/1.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	725	925	1,075	1,275
Benchmark Base Rent:(1)	\$1,475	\$1,695	\$1,895	\$2,135
Per Sq. Ft.:(1)	\$2.03	\$1.83	\$1.76	\$1.67

Unit Features and Community Amenities

UNIT STANDARDS

- Painted Trim
- Plank Flooring in Living Areas
- "White" Interior Paint Finish
- Direct Wire Smoke Detectors
- Cable/Satellite Access
- High-Speed Internet Connectivity
- USB Ports
- Air Conditioning
- Quality Door Hardware and Lighting Package
- Private Patio

KITCHEN FEATURES

- Quality Wood Cabinetry
- Plank Flooring
- Self Clean Range Oven
- Built-In Dishwasher
- Refrigerator with Ice-Maker
- Garbage Disposal
- Microwave with Vent
- Hard Surface Countertops
- Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Plank Flooring
- Hard Surface Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND STORAGE

- Walk-In MBR Closet (Per Plan)
- Wire Closet Shelving
- Full Size Washer/Dryer (Stacked or Side-by-Side)
- Storage Area (Either In-Unit or Separate)
- Linen Closet(s)
- Programmable Thermostat

COMMUNITY FEATURES/AMENITIES (SHARED WITH GARDEN APTS)

- Architecturally-enhanced Exteriors
- Secured/Private Access Entry Per Unit
- Extensive Landscaping/Hardscaping
- No Community Amenities Unless Done in Conjunction with larger mid- to higher-density development where amenities can be shared. In this instance, rents and/or absorption would be higher.
- Pocket Parks (If Possible)
- Direct Access Garages at 100%
- Additional Surface Parking

⁽¹⁾ Benchmark base monthly rents, which are presented in November 2022 dollars, reflect the posted base rents, each of which includes an attached one-car garage. They do not include potential premiums for corner units or view. They also do not include application/administration fees, pet fees, storage rental, or utilities.

PRODUCT CRITERIA AND BENCHMARK PRICES - FOR SALE TOWNHOMES/ROWHOMES

-- A 20- TO 60-UNIT PROTOTYPE --
MICHIGAN CITY, INDIANA

5

Product Line Summary			
Product Form:	Townhomes/Rowhomes		
Garage Condition:	2-Car (Rear Load)		
Lower Level of Townhomes/Rowhomes:	Finished		
Density in Units Per Acre:	12.0+		
Average Plan Size (Sq. Ft.):	1,400		
Average Benchmark Base Price:⁽¹⁾	\$228,990		
Per Sq. Ft.:	\$163.56		
Average Anticipated Closing Price:⁽²⁾	\$242,700		
Per Sq. Ft.:	\$173.36		
			
Plan Detail			
Plan Designation	A	B	C
Plan Style	3-Story	3-Story	3-Story
Bedrooms	2	2+Loft	3
Baths	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,200	1,450	1,550
Benchmark Base Price: ⁽¹⁾	\$214,990	\$231,990	\$239,990
Per Sq. Ft.:	\$179.16	\$159.99	\$154.83
Anticipated Closing Price:⁽²⁾	\$227,900	\$245,900	\$254,400
Per Sq. Ft.:	\$189.92	\$169.59	\$164.13
Features and Amenities			
<p>UNIT STANDARDS</p> <ul style="list-style-type: none"> ■ Luxury Plank Flooring in Main Living Areas ■ Carpeting in Bedroom Areas ■ "White" Interior Paint Finish ■ Painted Trim ■ Direct-Wire Smoke Detectors Per Code ■ Cable/Satellite/Telephone Prewire ■ Paneled Doors ■ High-Speed Internet Connectivity ■ Air Conditioning ■ Designer Door Hardware ■ Designer Lighting Package ■ Private Balcony <p>CLOSETS, UTILITIES, AND LAUNDRY</p> <ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Laminate Closet Shelving ■ Washer/Dryer Hook-Up ■ Linen Closet(s) ■ Programmable Thermostat 	<p>KITCHEN FEATURES</p> <ul style="list-style-type: none"> ■ Quality Cabinetry ■ Luxury Plank Flooring ■ Four Burner Cooktop ■ Self Clean Single Oven-Stainless Steel ■ Built-In 5-Cycle Dishwasher-Stainless Steel ■ Refrigerator with Ice-Maker-Stainless Steel ■ Garbage Disposal ■ Microwave with Vent ■ Granite or Quartz Countertops ■ Double Bowl Stainless Steel Sink 	<p>BATH/POWDER ROOM STANDARDS</p> <ul style="list-style-type: none"> ■ Ceramic Flooring ■ Granite or Quartz Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity 	<p>BUILDING FEATURES/AMENITIES</p> <ul style="list-style-type: none"> ■ Architecturally-Enhanced Exteriors ■ Extensive Hardscaping/Landscaping ■ Finished Lower Level ■ Front-Oriented Sidewalks ■ Pocket Parks (If Possible)
<p>⁽¹⁾ Benchmark base sales prices, which are presented in November 2022 dollars, do not include options, upgrades or premiums.</p> <p>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 6.0 percent above the base sales price.</p>			

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK PRICES - SMALL LOT FOR SALE SINGLE FAMILY
-- A 20- TO 40-UNIT PROTOTYPE --
MICHIGAN CITY, INDIANA

6

Product Line Summary

Product Form: *Single Family*

Lot Dimensions: *40'-45" x 90'-110'*

Garage Condition: *2-Car (Rear Load)
(Front-Load As Necessary)*

Density in Units Per Acre: *8.0+*

Average Plan Size (Sq. Ft.): *1,765*

Average Benchmark Base Price:⁽¹⁾ *\$287,790*
Per Sq. Ft.: *\$163.05*

Average Anticipated Closing Price:⁽²⁾ *\$307,900*
Per Sq. Ft.: *\$174.45*



Plan Detail

Plan Designation	A	B	C	D	E
Plan Style	Ranch	Ranch	2-Story	2-Story	2-Story (1st Floor MBR)
Bedrooms	2 + Den	2 + Flex	3	3 + Flex	3 + Loft
Baths	2	2	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,500	1,600	1,750	1,875	2,100
Benchmark Base Price: ⁽¹⁾	\$264,990	\$273,990	\$285,990	\$296,990	\$316,990
Per Sq. Ft.:	\$176.66	\$171.24	\$163.42	\$158.39	\$150.95
Anticipated Closing Price:⁽²⁾	\$283,500	\$293,200	\$306,000	\$317,800	\$339,200
Per Sq. Ft.:	\$189.00	\$183.25	\$174.86	\$169.49	\$161.52

Features and Amenities

UNIT STANDARDS

- Luxury Plank Flooring in Main Living Areas
- Carpeting in Bedroom Areas
- "White" Interior Paint Finish
- Painted Trim
- Direct-Wire Smoke Detectors Per Code
- Cable/Satellite/Telephone Prewire
- Paneled Doors
- High-Speed Internet Connectivity
- Air Conditioning
- Designer Door Hardware
- Designer Lighting Package
- Private Patio Area

KITCHEN FEATURES

- Quality Cabinetry
- Luxury Plank Flooring
- Four Burner Cooktop
- Self Clean Single Oven-Stainless Steel
- Built-In 5-Cycle Dishwasher-Stainless Steel
- Refrigerator with Ice-Maker-Stainless Steel
- Garbage Disposal
- Microwave with Vent
- Hard Surface Countertops
- Double Bowl Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Ceramic Flooring
- Hard Surface Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND LAUNDRY

- Walk-In MBR Closet (Per Plan)
- Laminate Closet Shelving
- Washer/Dryer Hook-Up
- Linen Closet(s)
- Programmable Thermostat

HOME FEATURES/AMENITIES

- Architecturally-Enhanced Exteriors
- Extensive Hardscaping/Landscaping
- Optional Basements
- Front-Oriented Sidewalks
- Pocket Parks (If Possible)

⁽¹⁾ Benchmark base sales prices, which are presented in November 2022 dollars, do not include options, upgrades or premiums.

⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.

MARKET POSITIONING

Please note that the benchmark rents/prices for the mainstream products outlined in Exhibits 3 through 6 have been *carefully* established so that each product line can penetrate the middle of the new construction housing market based, primarily, on area incomes. In doing so, the two rental products will each occupy near *on market* value positions, albeit modestly higher, when cast against the newest apartment communities both inside and just outside LaPorte County (see **Exhibits 7 and 8**).

As positioned, any mid- to higher-density rental development in downtown Michigan City can expect to achieve double-digit monthly absorption with the exact rate, again, dependent upon the scale of the development. Double-digit absorption is not uncommon in LaPorte County (and nearby Porter County) given the limited amount of new/newer supply in the overall market. For instance, the only development in LaPorte and Porter counties currently undergoing its initial lease-up period is The Banks in the city of LaPorte. This development is currently absorbing units at a pace of 23.6 per month. Among the three newest apartment communities in Porter County, which include Promenade at Founder's Square in Portage, Eagle Crossing in Chesterton and The Lakes of Valparaiso in Valparaiso, an average absorption pace of 11.7 units monthly was achieved per project. These three developments are currently at or near full occupancy.

For the ranch villa rental product, absorption will be slightly lower given the smaller expected scale, but still viewed as healthy by typical standards.

The two for sale products, in turn, will also occupy competitive value positions, albeit appropriately below conventional counterparts located in the more suburban areas of LaPorte County where higher prices are resulting in lower volumes. For example, the townhomes/rowhomes and small lot single family product will be positioned roughly 10-15 percent below traditional single family residences being sold county-wide for comparable footage (see **Exhibit 9**). This under market variance is justified for two reasons. First, it will allow each mainstream for sale product to generate a sales rate above the market average. Second, it will provide the necessary whole dollar price points for penetrating the threshold of household incomes locally.

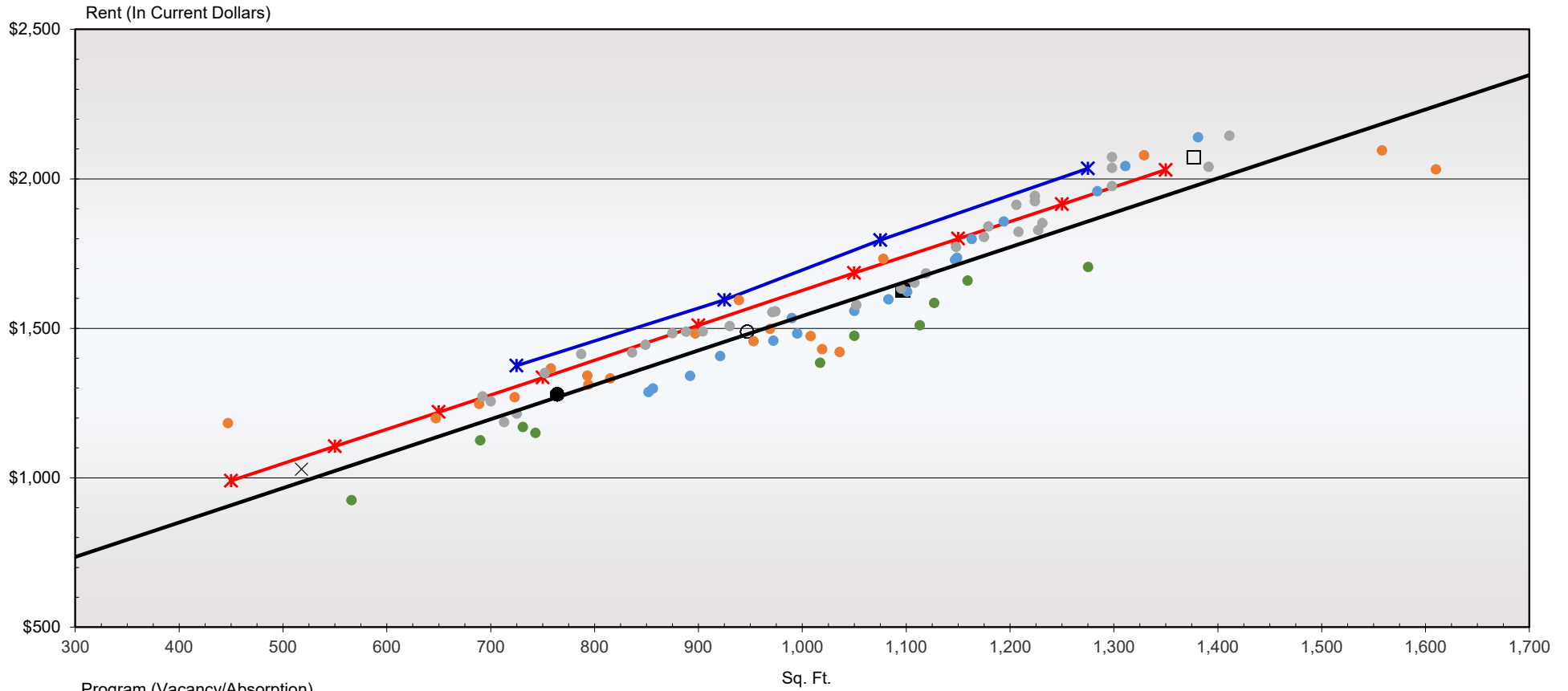
Compared to better selling proprietary subdivisions by, say, Olthof Homes to the west in Chesterton, Portage and Valparaiso, the mainstream for sale products suggested for downtown Michigan City will, too, be positioned an appropriate 10-15 percent lower for comparable footage. Here, individual conventional developments (with larger lots) are averaging close to 18 sales annually (1.5 units per month), a rate consistent with our forecast.

A DISCIPLINED APPROACH TO PRODUCT DEVELOPMENT

From a very practically standpoint, it will take a combination of factors to achieve the rents/prices suggested for each mainstream product line based upon current costs of development and construction, although it can be accomplished (and must be accomplished) in order to penetrate the middle of the market and attain acceptable/successful absorption/sales rates. To assist in this endeavor, it will be imperative for all stakeholders to work closely with builders/developers so that the recommendations are followed as closely as possible. With this said, builders/developers (and Michigan City Redevelopment Commission) will need to think differently in terms of land planning, development, and product design in order to *substantially reduce costs*, a key component to meeting the rent/price requirements. Provided below are key ingredients to bringing properly positioned mainstream housing to market, especially as it relates to the ranch villa rentals and both ownership products:

- Each product line must be efficient and cost effective to build from a design standpoint (value engineered). This can be achieved while still offering functional and desirable floorplans.

**Rent/Value Analysis
New/Newer Apartment Communities
LaPorte and Porter Counties, Indiana
November 2022**



Program (Vacancy/Absorption)

× Studio Garden Flat	● One Bedroom Flat	○ One Bedroom+Den Flat	■ Two Bedroom Flat
□ Three Bedroom Flat	● The Banks (23.6/Mo.)	● Eagle Crossing (0.6)	● Promenade at Founder's Square (4.9)
● The Lakes of Valparaiso (0.0)	—*— Mid- to Higher-Density Apartments	—*— Ranch Villa Rentals	— Market Line

Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.

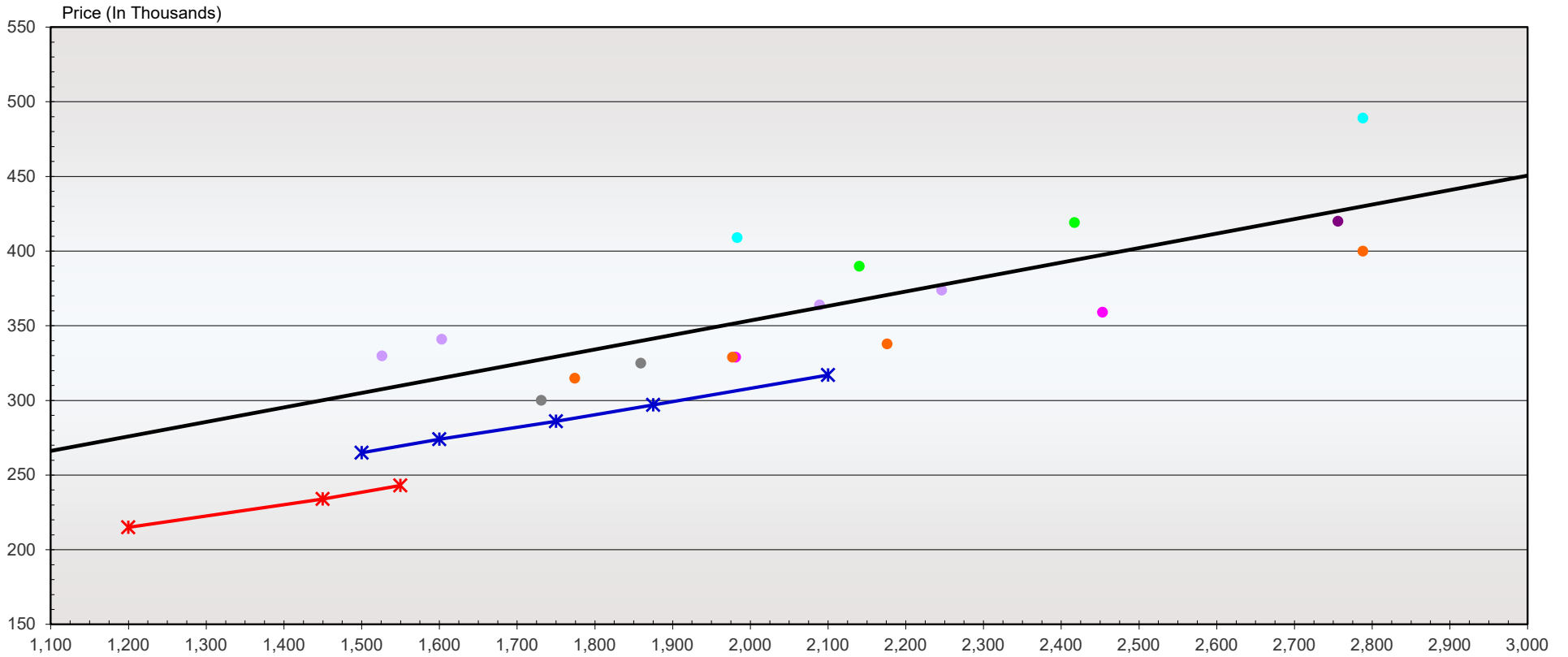
**Rent/Value Analysis
New/Newer Apartment Communities
LaPorte and Porter Counties, Indiana
November 2022**

Plan Size (Sq. Ft.)	Average Market Rent	Program/Location	Total Units	Year Built	Average Plan Size (Sq. Ft.)	Average Posted Base Rent		Average Base Market Rent	Price Variance From Market	Vacancy Rate / Absorption (Units/Mo.)
						Dollars	Rent per Sq. Ft.			
300	\$736	⁽¹⁾ <i>Ranch Villa Rentals</i>	---	---	1,000	\$1,700	\$1.70	\$1,541	+\$159	---
400	851	<i>Mid- to Higher-Density Apartments</i>	---	---	870	1,475	1.70	1,392	+83	---
500	966	⁽¹⁾ The Lakes of Valparaiso/Valparaiso	407	2015	948	1,540	1.62	1,481	+59	0.0
600	1,081	⁽¹⁾ Eagle Crossing/Chesterton	170	2018	1,129	1,734	1.54	1,689	+45	0.6
700	1,196									
800	1,311	--- Market Average ---	---	---	950	1,484	1.56	1,484	0	1.8 / 23.6/Mo.
900	1,426									
1,000	1,541	Promenade at Founder's Square/Portage	304	2018	913	1,424	1.56	1,441	-17	4.9
1,100	1,656	The Banks/LaPorte	194	2022	890	1,305	1.47	1,415	-110	23.6/Mo.
1,200	1,771									
1,300	1,886									
1,400	2,001									
1,500	2,116									
1,600	2,231									
1,700	2,346									

Slope: \$1.15 per sq. ft.

⁽¹⁾ Development includes one enclosed garage space in base rent of some or all units. Adjustments have been made in order to evaluate all developments as if garage space was optional. This is done for analytical purposes only.

Price/Value Analysis: Recent Closings/Listings
 Conventional Single Family Developments
 LaPorte County, Indiana



Development



Price/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated sales prices. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the sales rate of currently available product lines.

- ❑ The basis for design should be modeled after box-on-box/four-corner construction with no wasted space; however, exterior elevations should still be very appealing. Referencing the latter, a strong use of colors *not materials* is but one example of how quality can be portrayed to the consumer. This has been accomplished in numerous communities throughout the U.S. To reiterate, by creating value-oriented floorplans, we are not suggesting that quality be minimized, nor is there implication that overall curb appeal be comprised. It simply needs to be accomplished strategically.
- ❑ Once value-engineering has taken place, and efficient/cost effective plans and buildings are designed, these efficiencies must be conveyed to all subcontractors for bidding purposes. *This may become a critical element to ultimately achieving the suggested rents/prices.*
- ❑ The townhomes/rowhomes will not have basements, but rather finished lower levels (above grade). The single family product should be offered slab-on-grade as standard, although the option for a basement can be made available if the site will allow.
- ❑ In achieving higher densities, strong consideration should be placed on “to the street” product, smaller lots, along with front-to-back living (i.e., narrower units). At the same time, the mixing of products within neighborhood areas will help improve densities, while also establishing a desirable architectural landscape.
- ❑ Finally, outdoor living space for each residence (among all product lines) is essential, but need not be extensive. Specifically, private balconies for the apartments and townhomes/rowhomes will be sufficient, along with private courtyards/patios and side/back-yards for the attached ranch villa rentals and the single family homes.

INCENTIVES

Even with a disciplined planning and design approach, some level of incentives/concessions will likely be necessary to bring the products (as positioned) to market. These incentives will include some form of land cost relief, Tax Increment Financing (TIF) assistance, Opportunity Zone allocation or something similar. In this regard, the TDD and surrounding areas already have these mechanisms in place for consideration, most or all of which will likely need to be utilized.

PRODUCT CLARIFICATIONS

Please keep in mind that while our mainstream product guidelines are very specific, there are a number of derivatives to each of the recommended generic forms that could evolve through the design efforts of individual builders/developers – or through the overall planning process. However, when considering any derivatives during the course of the planning process, it is still important to follow the general parameters outlined for each of the recommended products relative to unit types, bedroom counts, rents, prices, etc., in order to insure acceptable absorption and/or sales, and most importantly, the appeal to the mainstream of the market who are currently disenfranchised by the lack (or limited amount) of similar products.

In addition, consideration can be given to the introduction of other generic forms based upon the imbalance that exists market-wide between supply and demand – but done so with the same general planning strategy in mind – that being differentiation, efficiency, tasteful architecture, and rent/price positioning.

SEASONAL/SECOND HOME OPPORTUNITIES

While significant opportunities exist for penetrating the mainstream of the conventional housing market, the downtown Michigan City area, especially to the north near the waterfront, ***is in a unique position to also see levels of success with luxury products targeting the seasonal/second home purchaser and/or higher income households locally.*** While product targeting this sector of the market can take a myriad of forms, highly-amenitized and service enhanced condominium developments such as that proposed for the You Are Beautiful Site and The Terraces at Cadence Park, represents a product idiom that could be successful, especially if incorporating a vacation rental program. In addition, luxury townhomes, albeit larger in size than that recommended for the mainstream market, could also be developed successfully – at an appropriate scale. This favorable conclusion, which is supported by the positive transition occurring in Michigan City, coupled with the municipality’s Lake Michigan orientation, is also substantiated on the basis of the following:

- First and foremost, any luxury seasonal/second home/vacation-type development will be void of direct competition. Currently, Michigan City is absent any new construction, amenity-enhanced condominium/townhome development *of scale*.
- The general absence of notable *new construction* luxury product holds true for other nearby areas aligning Lake Michigan – a condition that will allow Michigan City to induce a level of spillover from these areas – especially considering the resort-oriented, destination-point environment that could be established by such a development.
- Additionally, while a number of established and newer projects can be found to the north/northeast along the Lake Michigan shoreline, Michigan City represents an *intercepting location* for potential buyers emanating from the Chicago region.
- The overall seasonal/second home market in the states of Indiana, Michigan, and Illinois (combined) has shown positive growth each year since 1990. In fact, after increasing by 958 units annually between 1990 and 2000, the seasonal/second home market in these three states exploded between 2000 and 2010, adding 5,849 per annum. In addition, it is estimated that another 4,500+ new seasonal/second homes were added yearly between 2010 and 2022 with this trend expected to continue over the next five years.

**SEASONAL/SECOND HOME TRENDS
INDIANA/MICHIGAN/ILLINOIS, LAPORTE COUNTY AND MICHIGAN CITY**

Year	Indiana/Michigan/Illinois		LaPorte County		Michigan City	
	Number of Seasonal Second Homes ⁽¹⁾	Annual Change	Number of Seasonal Second Homes ⁽¹⁾	Annual Change	Number of Seasonal Second Homes ⁽¹⁾	Annual Change
1990	287,859	---	1,538	---	327	---
2000	297,437	+958	1,816	+28	486	+16
2010	355,931	+5,849	2,249	+43	638	+15
2022 (Estimate)	409,967	+4,503	3,157	+76	1,058	+35
2027 (Forecast)	436,972	+5,401	3,697	+108	1,308	+50

⁽¹⁾ As measured by the U.S. Department of Commerce, Bureau of the Census as: vacant housing units for seasonal, recreational or occasional use with estimates and forecasts derived from Environics Analytics.

Source: U.S. Department of Commerce, Bureau of the Census; Environics Analytics; and Tracy Cross & Associates, Inc.

- ❑ At the same time, vacation rental activity (overall) in Michigan City has *increased dramatically* each year since 2017, despite the temporary disruption in travel during the coronavirus (Covid-19) pandemic. According to AirDNA, which tracks daily booking levels by Airbnb and Home and Away, the average annual volume of vacation rental listing nights *booked* in the city of Michigan City during 2021 and the January-June 2022 period (seasonally adjusted and annualized) is more than *double* the average annual rate realized during the 2017-2020 period.

**VACATION RENTAL NIGHT BOOKINGS
MICHIGAN CITY, INDIANA**

Year	Number of Listing Nights Booked	Percent Change
2017	15,798	---
2018	24,125	+52.7
2019	34,796	+44.2
2020	38,545	+59.8
2021	53,510	+53.8
Jan-June 2022 ⁽¹⁾	64,373	+20.3

(1) Seasonally adjusted and annualized.


Source: AirDNA

- ❑ Considering the fact that second/seasonal homes or vacation rental investment units are not a necessity, estimating demand does not generally rely on population or household growth, but rather an investigation of the overall pool of income-qualifying households, along with the forecasting of a reasonable (or realistic) capture rate. In just the greater Chicago region, i.e., the nine counties of Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will, which is expected to represent the primary point of origin for any seasonal/second home/investment buyers based upon its proximity to Michigan City, there are currently 265,527 households earning \$300,000 or more annually – the primary profile category for seasonal/second home or vacation rental investment consideration. Of this total, it is estimated that 5.0 percent are *highly likely* to consider a second home investment. At this percentage rate, which is consistent with the 4.97 percent representation level of second homeowners nationwide in 2021, a luxury seasonal/second home/vacation rental development will have an overall pool of 13,276 households in the Chicago region alone – a more than adequate base from which to draw. Additive to this pool will be households in other areas of Illinois, along with portions of Indiana and Michigan, where another 283,975 households support incomes of \$300,000 or more annually with 5.0 percent (14,199 households) representing potential second home/seasonal/investor buyers.

- ❑ While nothing *of scale* is under construction (or recently completed) in Michigan City as it relates to luxury condominiums or townhomes, one smaller-scale project has been *well received* – clearly signifying localized demand for new construction luxury attached sector product. Situated along Lake Avenue are the initial eight units at the Lakeside townhome (duplex) community, which recently sold out in less than five months at an average price point of \$463,970 for 1,867 square feet of livable area, or roughly \$250 per square foot.



- ❑ In addition, older-stock water-oriented condominium developments in Michigan City, which appeal to second home/seasonal home purchasers, are witnessing significant sales/closing activity. At Dunescape, Lake Terrace and Marina Park, 22 closings have occurred over the past 24 months at price points close to \$400,000 on average.

- ❑ While there are currently no larger-scale conventional or vacation rental condominium/townhome developments actively selling new construction units in Michigan City from which to gauge performance levels, we would be remiss not to discuss the empirical support derived from the Beachwalk single family (cottage) community in Michigan City. Beachwalk is an amenity enhanced, resort community consisting of cottages and beach homes located on a small inland lake with access to Lake Michigan. While comprised of roughly 200 homes, at least half represent the community's primary pool of vacation rental units managed professionally on site. The others are either owner-occupied or investor-held and rented independently. Overall, Beachwalk is a highly desirable destination community, primarily for vacationers from the Chicago area. Historically, the professionally managed vacation rental homes at Beachwalk, together with private rentals as tracked through AirDNA, have averaged close to 135+/- booking nights *per home* annually at an average nightly rate per home, not including taxes and other fees, of roughly \$460 for the average two-, three-, and four-bedroom home. In addition, the homes within Beachwalk command healthy price points. Among 16 resale closings recorded during the last 24 months, closing prices ranged from \$328,500 to \$975,000, averaging nearly \$600,000 across the group (for 2,450 square feet of usable space on average), or nearly \$250 per square foot.
- ❑ From a case study perspective, aligning Lake Michigan in southeast Wisconsin are several water-oriented condominium developments that have been constructed in the last 20+ years in the communities of Kenosha, Racine, and St. Francis. These municipalities share commonalities with Michigan City as it relates to 1) Lake Michigan-oriented amenities; 2) proximity to the Chicago region; and 3) the on-going transition/improvement of their downtown/urban areas. These developments include Gaslight Pointe, The Atwater at Gaslight Pointe and Lakeshore Tower in downtown Racine; Harbor Park in downtown Kenosha; and The Landing and Park Shore in St. Francis. Among the six southeast Wisconsin water-oriented communities referenced above, a total of 202 resale units were sold/closed during the January 2020-May 2022 period with the average marketing time standing at just 25 days.

All told, luxury condominium and townhome developments of scale, if strategically positioned from a locational perspective, and also in terms of product, amenities, services, etc., could command price points, generally, in the \$300,000 to \$600,000+ price range, i.e., several notches above mainstream conventional offerings. This general criteria would apply to those developments currently being planned in the downtown area/north side of Michigan City – projects expected to be well received.

OTHER CONSIDERATIONS

As outlined throughout this report, there is a clear opportunity to successfully introduce new market rate apartments/ranch villa rentals; mainstream for sale housing products, and also luxury seasonal/second homes. However, it is important to point out that while middle incomes in \$35,000 to \$99,999 range represent the majority of households throughout LaPorte County, while the number of higher-income households is also significant, nearly 28 percent of all households (nearly 12,000 in total) earn less than \$35,000 annually. Given this base of existing lower income households, continual consideration should also be given to affordable housing. And, if done properly, affordable housing, if designed appropriately, could blend well with the market rate offerings outlined in this report.

CERTIFICATION AND SIGNATURE

This analysis represents our objective and independent opinion regarding the market potential for residential development throughout the downtown area of Michigan City, Indiana as certified below:

TRACY CROSS & ASSOCIATES, INC.

An Illinois Corporation

By: 
Erik A. Doersching
Its: President & CEO

Date: November 16, 2022



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/property managers 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.



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