

# ROCHESTER HILLS MARKET SECTION

Past, current, and future market conditions are critical in a community's land use plan. Communities are not stagnant as both internal and external forces impact them. Changes create opportunities that can be seized.

## Housing/Household Growth Context

Non-residential development must be placed within the context of residential development. Most often, households are the primary factor generating potential sales and supportable space for other goods and services. Most often, households generate potential sales, supportable space for other goods and services, and the need for added employment. Furthermore, based on historical patterns and trends, housing growth has the most significant potential to reconfigure future land use in communities and sub-areas within communities.

Residential activity has evolved and will continue to evolve. Both external and internal factors impact marketable residential and commercial opportunities. External factors influencing future development are universal, expanding, and limiting opportunities. Internal factors are those unique to Oakland County and Rochester Hills. Past, current, and future market conditions play critical roles in a community. Communities are not stagnant. Changes create opportunities that can be seized.

This document is based on extensive primary and secondary data research, surveys of households, and demand forecasting based on proprietary computer models. The opportunities presented do not reflect the holding capacity of the land or zoning. They reflect only market considerations. Rochester Hills may be able to hold more or fewer homes and other activities than indicated.

The analysis involved various components, including a review of residential permitting, current market conditions, future housing market conditions, defining residential opportunities, and current non-residential patterns, conditions, and demand projections for goods and services.

## Housing

Two historical periods are significant when looking at opportunities. One is before the Great Recession, and the other is more recent years when interest rates were extremely low for an extended period. The following summarizes the patterns for Oakland County and Rochester Hills from 2000 through 2010 and 2011 through 2023. It is noted that before the Great Recession that began in 2006, housing prices generally rose rapidly because resale expectations were extremely high. In the latter period, interest rates were extremely low for an extended time.

The numbers for Oakland County reflect the impact of the Great Recession.

- ✓ Oakland County permitted about 39,000 housing units between 2000 and 2010.
- ✓ Oakland County permitted about 3,500 units annually, with the lowest numbers between 2006 and 2010.
- ✓ About 17% of all permitted homes were attached, often called multi-family units, and 83% were detached, often called single-family units.

*Table 1 – Summary of Permitted Units for Oakland County from 2000 to 2010\**

Type of Unit	Total 2000-10	Annual Avg 2000-10	% of Total
Total Units	38,945	3540	100%

Units in Single-Family Structures	32,228	2930	83%
Units in All Multi-Family Structures	6,717	611	17%
Units in 2-unit Multi-Family Structures	436	40	1%
Units in 3 & 4-unit Multi-Fa. Structures	703	64	2%
Units in 5+ Unit Multi-Family Structures	5,578	507	14%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024. Based on HUD data.

The year 2011 is considered the technical end of the Great Recession. During all but the final two years, interest rates, including mortgage rates, were extremely low by historical standards, increasing housing affordability. On the other hand, development costs rose rapidly during the latter parts of the period due to the Covid-19 pandemic and its impact on supply chains and other factors.

- ✓ Issued permits recovered from the Great Recession’s technical end but did not achieve the same levels as those before the Great Recession.
- ✓ The latter’s peak was in 2021, 2017, and 2016, when more than 3,000 units were permitted at a time when interest rates on all borrowing were very low.

*Table 2 – Housing Units Permitted in Oakland County for 2011 through 2023\**

Type of Unit	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Units	2,328	2,329	3,174	2,475	2,842	2,642	3,707	3,196	2,645	2,458	2,705	1,901	1,277
Units in Single-Family Structures	1,764	1,797	2,044	1,935	1,976	2,482	2,744	2,143	2,180	2,114	2,296	1,880	1,266
Units in All Multi-Family Structures	564	532	1,130	540	866	160	963	1,053	465	344	409	21	11
Units in 2-unit Multi-Family Structures	8	14	20	14	0	16	4	60	58	16	14	6	0
Units in 3 & 4-unit Multi-Fa. Structures	26	98	127	111	83	71	105	49	44	49	60	15	11
Units in 5+ Unit Multi-Family Structures	530	420	983	415	783	73	854	944	363	279	335	0	0

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024. Based on HUD data.

- ✓ Rochester Hills permitted about 2,100 housing units each year between 2000 and 2010.
- ✓ Rochester Hills permitted about 190 units annually between 2000 and 2010.
- ✓ About 20% of all permitted homes were attached, often called multi-family units, and 80% were detached, often called single-family units.

*Table 3 – Summary of Permitted Units for Rochester Hills from 2000 to 2010\**

Type of Unit	Total 2000-10	Annual Avg 2000-10	% of Total
Total Units	2121	193	100%
Units in Single-Family Structures	1701	155	80%
Units in All Multi-Family Structures	420	38	20%
Units in 2-unit Multi-Family Structures	2	0	0%
Units in 3 & 4-unit Multi-Fa. Structures	28	3	1%
Units in 5+ Unit Multi-Family Structures	390	35	18%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024. Based on HUD data.

- ✓ The proportion of permitted units in Rochester Hills represented about 5% of the County units permitted.
- ✓ The proportion of attached and detached permitted units in Rochester Hills was essentially identical to the County's proportions.

*Table 4 – Summary of Permitted Units for Oakland County and Proportions of Attached and Detached Units for Oakland County and Rochester Hills from 2000 to 2010\**

Type of Unit	Total 2000-10	Annual Avg 2000-10	% of Total	RH % of Total
Total Units	38,945	3540	100%	100%
Units in Single-Family Structures	32,228	2930	83%	80%
Units in All Multi-Family Structures	6,717	611	17%	20%
Units in 2-unit Multi-Family Structures	436	40	1%	0%
Units in 3 & 4-unit Multi-Fa. Structures	703	64	2%	1%
Units in 5+ Unit Multi-Family Structures	5,578	507	14%	18%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024. Based on HUD data.

- ✓ Issued permits not only recovered from the Great Recession's technical end but achieved greater levels than those before the Great Recession.
- ✓ The peak for the latter time was in 2017, when more than 60 units were permitted when interest rates impacting all borrowing were very low.

*Table 5 – Housing Units Permitted in Rochester Hills from 2011 to 2023\**

Type of Unit	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Units	29	133	191	145	83	118	198	334	90	217	82	99	119
Units in Single-Family Structures	29	115	191	145	83	118	198	152	90	83	82	99	119
Units in All Multi-Family Struct.	0	18	0	0	0	0	0	182	0	134	0	0	0
Units in 2-unit Multi-Fam Struct.	0	2	0	0	0	0	0	0	0	0	0	0	0
Units in 3 & 4-unit Multi-Fam Str.	0	11	0	0	0	0	0	0	0	0	0	0	0
5+ Unit Multi-Family Structures	0	5	0	0	0	0	0	182	0	134	0	0	0

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024. Based on HUD data.

- ✓ Rochester Hills permitted about 1800 housing units between 2011 and 2022, with an additional 29 units in 2023.
- ✓ Rochester Hills permitted about 150 units annually between 2011 and 2022.
- ✓ About 18% of all permitted homes were attached, often called multi-family units, and 82% were detached, often called single-family units.

*Table 6 – Summary of Permitted Units for Rochester Hills from 2011 to 2022\**

Type of Unit	Total 2011-22	Annual Avg 2022-11	% of Total
Total Units	1809	151	100%
Units in Single-Family Structures	1475	123	82%
Units in All Multi-Family Structures	334	28	18%
Units in 2-unit Multi-Family Structures	2	0	0%
Units in 3 & 4-unit Multi-Fa. Structures	11	1	1%
Units in 5+ Unit Multi-Family Structures	321	27	18%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024. Based on HUD data.

- ✓ The proportions of attached and detached units permitted from 2000 through 2023 remained relatively consistent for both Oakland County and Rochester Hills.
- ✓ Rochester Hills has permitted about 6% of all Oakland County homes since 2011.

*Table 7 – Rochester Hills’ Share of Permitted Units from 2011 through 2022\**

Type of Unit	Total 2011-22	Annual Avg 2022-11	% of Total	RH % of Total
Total Units	31,351	2613	100%	6%
Units in Single-Family Structures	24,857	2071	79%	6%
Units in All Multi-Family Structures	6,494	541	21%	5%
Units in 2-unit Multi-Family Structures	222	19	1%	1%
Units in 3 & 4-unit Multi-Fa. Structures	823	69	3%	1%
Units in 5+ Unit Multi-Family Structures	5,449	454	17%	6%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024. Based on HUD data.

An online survey was conducted as part of the market assessment. The survey yielded results for about 300 “unique” households. The survey focused on current and future housing desires and spending capacity. It is noted that all surveys, including the US Census Bureau, have inherent biases. Online surveys typically tend to decrease input from lower-income households that often have lesser experience or availability with the Internet. It is biased against seniors, but that is not true for Rochester Hills. The survey indicates the following.

- ✓ More than 90% of all respondents live in zip code areas 48306, 48307, and 48309.

*Table 9 – Zip Code Areas for Survey Respondents\**

Zip Code Area	Percent
48085	1%
48201	1%
48204	1%
48306	14%
48307	32%
48309	49%
Others	2%
Total	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

- ✓ The mean average household income of respondents was \$155,957. The mean average is typically \$20,000 to 20% above the median average.
- ✓ About two-thirds of the households had annual incomes between \$50,000 and \$200,000.
- ✓ More than four out of ten had annual incomes between \$100,000 and \$200,000.

It is noted that “0%” does not mean that no households were identified but that the number identified was too small to be statistically significant.

*Table 10 – Mean Household Incomes\**

<b>Income Range</b>	<b>Percent</b>
Less than \$10,000	1%
\$10,000 to \$19,999	0%
\$20,000 to \$29,999	2%
\$30,000 to \$49,999	4%
\$50,000 to \$74,999	13%
\$75,000 to \$99,999	13%
\$100,000 to \$149,999	23%
\$150,000 to \$199,999	18%
\$200,000 to \$249,999	9%
\$250,000 to \$299,999	7%
\$300,000 to \$399,999	6%
\$400,000 or more	4%
<b>Total</b>	<b>100%</b>

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

There are significant variations in incomes by age groups shown in the table that follows.

- ✓ Those households with primary income earners 75 years or older have a very dispersed pattern.
- ✓ Those households with primary income earners 35 to 44 are the most concentrated.
- ✓ Younger primary-income earner households generally have lower average incomes. The gap between younger household incomes and affordable ownership units will impact on Rochester Hills, including continued aging of the population, and growing services needs for the older age groups, and labor force issues.

*Table 11 - Mean Household Incomes by the Primary Income Earners' Ages\**

<b>Income Clusters</b>	<b>All</b>	<b>Under 25</b>	<b>25 to 34</b>	<b>35 to 44</b>	<b>45 to 54</b>	<b>55 to 64</b>	<b>65 to 74</b>	<b>75 or over</b>
Less than \$10,000	1%	33%	0%	0%	0%	2%	2%	4%
\$10,000 to \$19,999	0%	0%	0%	0%	0%	2%	0%	0%
\$20,000 to \$29,999	2%	0%	4%	0%	0%	0%	4%	0%
\$30,000 to \$49,999	4%	0%	4%	0%	3%	2%	7%	11%
\$50,000 to \$74,999	13%	0%	16%	3%	6%	8%	24%	21%
\$75,000 to \$99,999	13%	33%	8%	0%	9%	13%	27%	14%
\$100,000 to \$149,999	23%	0%	20%	33%	26%	17%	20%	21%
\$150,000 to \$199,999	18%	33%	20%	27%	23%	21%	9%	14%
\$200,000 to \$249,999	9%	0%	4%	13%	17%	10%	4%	4%
\$250,000 to \$299,999	7%	0%	12%	7%	6%	13%	0%	7%
\$300,000 to \$399,999	6%	0%	12%	10%	11%	2%	2%	4%
\$400,000 or more	4%	0%	0%	7%	3%	10%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>103%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

# Transportation

Regardless of income, households spend most of their income on three necessities. Variations in spending for each can be significant. However, the three are constant; transportation, housing, and food.

- ✓ Only 1% of the households do not own or lease a personal vehicle. These households depend on public transportation, alternatives to gasoline and electric cars, business vehicles, “Ubers,” and others to meet their household needs.
- ✓ One-half of the households own or lease two vehicles.

*Table 12 - Vehicle Ownership Information\**

Vehicles Owned/Leased	Percent
0	1%
1	20%
2	50%
3	21%
4 or More	9%
Total	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

There is often a relationship between the age of the vehicles and debt and maintenance costs.

- ✓ About six in ten households do not own or lease a vehicle at least five years or older.

*Table 13 – Number of Vehicles Owned or Leased Over Five Years Old\**

Vehicles Over 5 yrs	Percent
0	31%
1	30%
2	26%
3 or more	14%
Total	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

- ✓ About 90% of the households ride bicycles for recreational or personal transportation purposes.

*Table 14 - Number of Bike Riders in Household\**

Ride Bikes	Percent
0	10%
1	22%
2	46%
3	9%
4 or More	12%

Total	100%
-------	------

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

## Housing

As noted, housing is one of the three basic household necessities, along with transportation and food. The survey indicates the following for Rochester Hills.

- ✓ About 46% of the households have lived in their homes over twenty years.
- ✓ About one in ten households have lived in their homes for two years or less.
- ✓ About one in ten households have lived in their homes for three and four years.

Table 15 – Tenure in Homes for Rochester Hills Residents\*

Tenure	Percent
2 years or less	9%
3 to 4 years	10%
5 to 9 years	16%
10 to 19 years	19%
20 or more years	46%
Total	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

Average monthly payments for rent and mortgages vary depending on the size of the home.

- ✓ Larger homes with more square footage tend to have no monthly rent or mortgage payments.
- ✓ No payments are often associated with paid-off mortgages, inherited properties, or those living in homes of family or friends.

Table 16 - Monthly Payments by Scale of Home\*

Monthly Payment	1,000 to 1,249 square feet	1,250 to 1,499 square feet	1,500 to 1,749 square feet	1,750 to 1,999 square feet	2,000 to 2,499 square feet	2,500 to 2,999 square feet	3,000 to 3,999 square feet	4,000 square feet or more
None	11%	25%	23%	25%	49%	26%	22%	50%
Less than \$400/month	6%	0%	0%	0%	1%	2%	0%	0%
\$400 to \$599/month	6%	13%	10%	5%	3%	0%	0%	0%
\$600 to \$799/month	0%	4%	3%	0%	0%	5%	17%	0%
\$800 to \$999/month	11%	13%	3%	5%	3%	0%	0%	0%
\$1,000 to \$1,249/month	11%	17%	3%	10%	7%	12%	6%	0%
\$1,250 to \$1,499/month	44%	13%	13%	25%	10%	14%	6%	0%
\$1,500 to \$1,749/month	6%	0%	20%	10%	6%	5%	6%	0%
\$1,750 to \$1,999/month	0%	8%	10%	15%	6%	5%	6%	0%
\$2,000 to \$2,499/month	6%	4%	10%	5%	7%	7%	17%	0%
\$2,500 to \$2,999/month	0%	4%	3%	0%	3%	12%	6%	0%
\$3,000 to \$3,499/month	0%	0%	0%	0%	1%	9%	6%	13%
\$3,500 to \$3,999/month	0%	0%	0%	0%	1%	5%	6%	25%

\$4,000 or more/month	0%	0%	0%	0%	0%	0%	6%	13%
Total	100%	100%	100%	100%	100%	100%	100%	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

There are generally three market generators for new housing in jurisdictions like Rochester Hills. These are internal movements of current residents to different homes, the internal generation of new households that results from the independence of youth raised by current residents or changes in household structure through divorce or other factors, and external movement or relocation of households living beyond Rochester Hills' boundaries.

### Internal Movement

The large-sample survey of households indicated the following.

- ✓ 25% of the households will move from home in the next five years.
- ✓ An additional one-fourth (28%) indicated they may move in the next five years.
- ✓ Therefore, about one-half of all households will likely relocate in the foreseeable future.
- ✓ About one-half of those who are likely or may move feel the move will be outside of the Rochester Hills area.

*Table 17 – Likelihood of Moving in the Next Five Years\**

Likely Move	All	% Outside of Area
Yes	25%	23%
Maybe	28%	42%
No	47%	35%
Total	100%	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

- ✓ Two-thirds of those who will or may move and will stay local will seek smaller homes than those currently occupied.

*Table 18 - Relative Size of the Next Home for Those that Will or May Move\**

If Move	% Stay Local	% non-local Move
Larger	12%	20%
Same	9%	37%
Smaller	67%	34%
Uncertain	12%	8%
Total	100%	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

- ✓ Only 1% of those who will or are likely to move desire a one-bedroom home in the future.
- ✓ Two in ten desire two bedrooms.
- ✓ About four in ten desire more than two bedrooms.



*Table 19 – Number of Bedrooms in Future Home\**

<b>Number of Bedrooms</b>	<b>Percent</b>
one bedroom	1%
two bedrooms	21%
primary bedroom on first floor	38%
more than two bedrooms	39%
total	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

- ✓ Whether two or more bedrooms, 63% want a primary bedroom on the first floor if it is more than one floor.

### **Internally Generated New Households**

In addition to the households that will move, which will create demand for new housing, internal factors will result in additional demand for housing. The U. S. Census and survey indicate the following.

- ✓ About 10% of the current households have one person who will create a new household in the next five to six years.
- ✓ About 5% have more than one person who will generate demand for additional housing.
- ✓ About 15% of Rochester Hills households may “spin-off” an additional household in the next few to ten years.

### **Migrating Generated New Households**

Rochester Hills has seen growth as defined by the permits and is expected to continue to grow. Internally generated households are one aspect of the growth but are likely to be of lesser significance to the growth in new housing. The internal movement and internally generated new households will likely represent the bulk of residents for new units and in-migration from other communities filling the existing housing stock.

The survey indicates that current residents feel the existing housing conditions are favorable, judging them to be essentially “good” or better than good. On the other hand, about one-fourth identified the existing housing conditions as only “fair” or “poor.”

*Table 20 - Current Housing Conditions Based on a Scale Ranging from Poor to Excellent\**

<b>Housing</b>	<b>Percent</b>
1 Poor	5%
2 Fair	19%
3 Good	37%
4 Very Good	27%
5 Excellent	12%
Table	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

It is estimated that between 1,500 and 2,500 new housing units and households will be added to the Rochester Hills inventory by 2034.

## Food, Retail, and Entertainment

As noted, most income and assets are spent on three essential commodities, irrespective of income: housing, food, and transportation. Demand for retail goods and related service space is supported by spending from residents and those from beyond the borders. Direct spending on retail goods and related services is defined through the resident household survey conducted as part of this analysis.

The following are primary data obtained through the survey.

Most food is purchased at grocery and box store operations. Restaurants and other food service establishments typically prevail when eating outside the home. Farmers’ markets capture some sales from either or both, depending upon the character of the vendors.

- ✓ More than half of the households spend between \$100 and \$200 weekly on groceries. The average weekly spending on groceries and related merchandise by area households is \$155. The average annual household spending on groceries is about \$8,060. The following table contains the general weekly spending on groceries and related merchandise.

*Table 21 – Weekly Grocery Spending\**

All	Percent
Less than \$35	1%
\$35 to \$44.99	1%
\$45 to \$59.99	3%
\$60 to \$74.99	7%
\$75 to \$99.99	12%
\$100 to \$124.99	16%
\$125 to \$149.99	16%
\$150 to \$199.99	19%
\$200 to \$249.99	14%
\$250 to \$299	7%
\$300 to \$349.99	2%
\$350 or more	2%
Total	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

- ✓ The following table shows that age is a significant factor in household grocery spending.

*Table 22 – Weekly Grocery Spending by Age\**

All	All	Under 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 or over
Less than \$35	1%	0%	4%	0%	0%	0%	2%	0%
\$35 to \$44.99	1%	0%	0%	0%	2%	2%	0%	3%

\$45 to \$59.99	3%	0%	0%	0%	0%	2%	6%	12%
\$60 to \$74.99	7%	0%	23%	3%	0%	3%	12%	12%
\$75 to \$99.99	12%	0%	15%	6%	6%	11%	13%	24%
\$100 to \$124.99	16%	33%	23%	13%	9%	15%	19%	15%
\$125 to \$149.99	16%	0%	8%	16%	15%	19%	21%	6%
\$150 to \$199.99	19%	33%	15%	32%	23%	16%	12%	15%
\$200 to \$249.99	14%	33%	4%	19%	19%	19%	10%	6%
\$250 to \$299	7%	0%	4%	3%	13%	8%	6%	6%
\$300 to \$349.99	2%	0%	0%	6%	2%	2%	0%	3%
\$350 or more	2%	0%	4%	0%	11%	3%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

Dollars spent on food outside the home depend primarily on the frequency and type of establishment frequented.

- ✓ About 60% of Rochester Hills residents eat lunch outside of the home at a food service establishment at least weekly. About three-fourths do so at least twice monthly.
- ✓ About six in ten households also eat dinner outside the home at a food service establishment at least weekly, and about eight in ten go to food establishments for dinner at least a couple of times monthly.

*Table 23 – Lunch and Dinner Trips Outside the Home to a Food Service Establishment\**

Frequency	Lunch %	% Dinner
A few times/week	22%	21%
About once/week	37%	39%
About twice/month	15%	16%
Once/ month	10%	12%
4 to 9 times/year	4%	4%
Once or twice/year	8%	5%
Less often than once/year	4%	3%
Total	100%	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

- ✓ About one-half prefer local non-chain food service operations for lunch.
- ✓ Higher proportions prefer such establishments for dinner.

*Table 24 – Frequented Type of Food Service Operation for Lunch and Dinner\**

Type of Operation	% Lunch	% Dinner
A local non-chain full-service restaurant	50%	64%
A national or regional chain full-service restaurant	11%	15%
A national, regional or local fast casual chain operation	23%	13%
Fast food operation	7%	4%
Sub shop	4%	0%
All you can eat buffet	0%	0%

Other	5%	5%
Total	100%	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

- ✓ The frequencies for local non-chain full-service establishments are relatively high in both cases.

Many of the food dollars are exported when eating out.

- ✓ As much as 40% of the resident generated dollars for dinners is exported.
- ✓ A much lower amount is exported for lunch trips, but it is still significant at roughly one-third of all dollars.

*Table 25 – Primary Location for Lunch and Dinner Trips\**

Area	% Lunch	% Dinner
Rochester Hills	52%	57%
Outside of Rochester Hills	20%	38%
About equally split	24%	0%
Not certain	4%	4%
Total	100%	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

The County and its communities continue to have long-term successful farmers’ markets selling fresh products and other merchandise and services.

- ✓ About two in ten households frequent farmers’ markets weekly in season.
- ✓ About one-half frequent farmers’ markets at least every month.

*Table 26 - Frequency Residents Go to Farmers’ Markets to Purchase Food and Other Products\**

Frequency	Percent
A few times/week	8%
About once/week	11%
About twice/month	16%
Once/ month	12%
4 to 9 times/year	19%
Once or twice/year	21%
Less often than once/year	13%
Total	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

- ✓ In addition to many food dollars being exported, about half of all residents make purchases at least once weekly online.
- ✓ More than seven in ten purchase products online at least twice monthly.

*Table 27 - Frequency of Online Purchases\**

Frequency	Percent
A few times/week	21%
About once/week	30%
About twice/month	21%
Once/ month	9%
4 to 9 times/year	8%
Once or twice/year	4%
Less often than once/year	6%
Total	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

Entertainment is also sought.

- ✓ One-third of the households seek entertainment outside of the home at least twice a month.

*Table 28 - Frequency Residents Seek Various Forms of Entertainment Outside of the Home\**

Frequency	% Movies	% Crafts	% Collectibles	% Pro	% College	% Entertainment
A few times/week	1%	0%	1%	0%	1%	2%
About once/week	2%	2%	1%	1%	1%	7%
About twice/month	4%	1%	1%	4%	1%	11%
Once/ month	10%	3%	2%	3%	2%	13%
4 to 9 times/year	20%	13%	5%	13%	8%	24%
Once or twice/year	35%	47%	14%	32%	23%	25%
Less often than once/year	29%	34%	76%	47%	64%	18%
Total	100%	100%	100%	100%	100%	100%

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

The City of Rochester Hills obtained the following retail information from CoStar Realty Information, Inc., for 2024.

- ✓ 5.1 million square feet exist, with no new space under construction.
- ✓ About 48,000 square feet of space was absorbed this past year.
- ✓ About 3.8% of the space was vacant.
- ✓ \$26.38 was the average per-square-foot asking rental rate.

## Office and Industrial Markets

Rochester Hills is known for its quality office and industrial-related activity. It is home to both national and regional corporate interests. A few of those entities follow.

- ✓ FANUC America is an automation and robotics company, providing manufacturers with robotics, CNC systems and factory automation solutions.
- ✓ Corporate Dining Concepts.
- ✓ Weathershield (Corporate Office).
- ✓ Brixmor

- ✓ SLPT Automotive provides advanced powertrain system solutions.

The City of Rochester Hills obtained the following office space information from CoStar Realty Information, Inc., for 2024.

- ✓ 2.1 million square feet exist.
- ✓ No new space is under construction.
- ✓ About 70,000 square feet was absorbed this past year.
- ✓ The vacancy rate is 8.1%.
- ✓ The asking price for rent is \$22.52 per square foot.

The multi-tenant office market in the local, regional, and national areas has changed dramatically, with vacant space available. Hybrid work environments and other factors will likely to continue, making new investments in multi-tenant office space less probable. New office space in new developments is likely negligible for uses other than medical or health care, such as outpatient centers, rehabilitation, etc. Medical space increases are dependent on major institution policies. Much new office space will continue to be built in homes.

The flex-space market is probably the most robust market in Rochester Hills at present. Flex space is often used for industrial, warehousing, and office activity. This market will likely continue to be strong over at least the next five to ten years.

The City of Rochester Hills obtained the following industrial and flex space information from CoStar Realty Information, Inc., for 2024.

- ✓ There is roughly 8.3 million square feet of space.
- ✓ The vacancy rate is very low, at about 2.7 %.
- ✓ The average asking price rent is \$9.79 per square foot
- ✓ There are about 277 buildings in the inventory.

## **Demand Estimates and Opportunities**

Based on the following factors, demand for additional housing and other development for Rochester Hills follows.

- ✓ Historical permit patterns.
- ✓ Sales trends.
- ✓ Likelihood of moving.
- ✓ Internally generated new households.
- ✓ Income levels and affordability of the new housing.
- ✓ The desire for smaller housing units.
- ✓ Age composition of households.
- ✓ The desire for walkability.
- ✓ Historic market share.
- ✓ Competitive positioning.

### **Residential Growth**

Rochester Hills number of households and rooftops will grow between 1,500 and 2,500 over the next ten years. A significant focus will be on creating smaller units to meet the needs of changes in current resident households and new internally generated households.

## Retail Goods and Related Services Space

Growth-based supportable square feet are retail goods and related services spaces for which demand will exist and can be used to build a new inventory of space or fill vacant spaces. Rochester Hills market-generated sales are expected to grow by 2034 by \$1.58 billion from \$6.04 billion in 2024.

*Table 29- Current and Future Retail Goods and Related Services Sales Generated By Rochester Hills Residents\**

Category	2024	2034	Avg Change 2024-34
Food	\$598,414,000	\$774,506,000	\$196,952,000
Eat/Drink	\$817,611,000	\$838,945,000	\$213,338,000
General Merchandise	\$771,115,000	\$791,235,000	\$201,206,000
Furniture	\$341,778,000	\$254,038,000	\$64,600,000
Transportation	\$604,453,000	\$620,224,000	\$157,719,000
Drugstore	\$561,579,000	\$576,232,000	\$146,532,000
Apparel	\$471,606,000	\$482,052,000	\$122,583,000
Hardware	\$535,614,000	\$487,629,000	\$124,001,000
Vehicle Service	\$496,967,000	\$509,935,000	\$129,673,000
Miscellaneous	\$839,350,000	\$861,251,000	\$219,011,000
TOTAL	\$6,038,487,000	\$6,196,047,000	\$1,575,616,000

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

Corresponding supportable space will grow by about 485,000 square feet in 2034 from 18.9 million square feet.

*Table 30 - Current and Future Retail Goods and Related Services Space Generated By Rochester Hills Residents (in Square Feet)\**

Category	2024	2034	Avg. Change 2024-34
Food	951,912	1,232,025	31,279
Eat/Drink	1,946,693	1,997,488	50,710
General Merchandise	4,576,775	4,696,193	119,221
Furniture	786,648	584,702	14,844
Transportation	1,981,012	2,032,701	51,606
Drugstore	550,568	564,933	14,342
Apparel	1,308,496	1,337,479	33,955
Hardware	2,182,613	1,987,075	50,449
Vehicle Service	1,209,857	1,241,428	31,517
Miscellaneous	3,351,984	3,439,444	87,319
TOTAL	18,846,558	19,113,468	485,242

\*Developed by The Chesapeake Group, Inc. with Giffels Webster, 2024.

The following are salient conclusions from the current conditions and future Rochester Hills' opportunities.

- ✓ Rochester Hills Residents alone currently support about 1.9 million square feet of food and beverage space in any and all locations, including those outside of Rochester Hills.
- ✓ Rochester Hills residents will support an additional 50,000 square feet of food and beverage space in the future.
- ✓ The Rochester Hills resident demand is sufficient to fill vacant spaces and support additional commercial space.
- ✓ No growth in consumer incomes is anticipated.

## **Office Space Associated with Non-Retail Goods and Related Services**

A metamorphosis in the office market continues throughout this country for many reasons, including those that follow.

- ✓ Continued popularity of hybrid work.
- ✓ Tenants' desires for shorter-term leases.
- ✓ Too many dated buildings that once stored paper files and hosted server rooms.
- ✓ Too few single-tenant buildings that meet changing needs.
- ✓ Declines in the amount of square footage needed per worker.
- ✓ Increases in virtual meetings.
- ✓ Increases in medical patient virtual meetings.
- ✓ Digital replacement of book libraries in law offices and other professional offices.
- ✓ Difficulties with landlords getting returns if they put a lot of capital into a reconfiguration and are unable to get terms and a rental rate that reflects the costs of those improvements.

Yet, increases in households anticipated for Rochester Hills generate new demand for office space in the community to fill the growing demand for services and local employment. It is assumed that each new employee will occupy 200 square feet of space with a twenty percent new household-related employment rate.

The growth in demand indicates that about 300,000 square feet of space will be marketable in the next ten years – both in home based or outside the home. The increase in demand can be used to fill vacant spaces or for new structures. The increases in demand are sufficient to potentially create about 100,000 square feet of new non-home-located office spaces in the foreseeable future.

Opportunities for Rochester Hills that include those resulting in market segment penetration, creating internal synergy, enhancing or creating specific niches and clusters for new market opportunities, and enhancing or creating specific niches and clusters for new mixed-use opportunities.

Additional defined opportunities follow.

1. Between 340 and 500 units would be one-bedroom, creating opportunities for start-up households, small Gen Y, Gen Z, Gen A. and senior households. These units could be detached units or "flats" ranging in scale from 800 to 1,100 square feet or attached units.
2. Other units would be primarily two-bedrooms with 1,200 and 1,400 square feet of space. If attached units and "non-flats," at least one bedroom should be on the first floor.
3. At least 100,000 square feet of added space should focus on food services, with several operations



providing evening entertainment venues appropriate for various age groups.

4. Clustering of food service operations is an appropriate and desired option for new development, infill, or reuse.
5. The feasibility of expanding to a full-year indoor farmers' market should be explored, creating a seven-days-a-week year-around commercial anchor potentially located in one of the corridors.
6. About a few hundred thousand square feet of office space will be marketable in the next ten years and used to fill vacant space or for new structure occupancy. Outpatient health care and orthopedics are likely focuses with the continued aging of the population.
7. With the expansion of the indicated food service activity, Rochester Hills could consider opportunities that combine elements of hospitality, leisure, and retail elements within the same development.