Grand Traverse Economy: 2013 a Very Good Year

BY IEREMY HAWKE

Reflecting back to this time last year, I was using the phrase "cau tiously optimistic" a lot to describe what Grand Traverse area businesses were to expect for the upcoming year

All in all, 2013 ended up being a considerably good year for most businesses especially when considering the last five years.

Area retail and hospitality businesses were supported by an upward trend of visitors to the area. The manufacturers in the area saw strong demand driven by consumer confidence throughout the country. This demand provided many of them with some of the best years they have had.

We saw a better real estate market than we have had since before 2007

for most segments. Since last January, the five-county Grand Traverse region has experienced double-digit sales volume increases. This trend has been led by strong sales of residential properties as well as commercial industrial space.

In the last half of this year retail and office building purchases were also beginning to show improvement. Residential growth has sparked up again, too. If you drive around some of the subdivisions that had stalled out in 2008, you will see new homes being built at a pace the area has not seen prior to 2007

The strong sectors in our region continue to be healthcare, hospitality and manufacturing, particularly automotive manufacturing. Residential real estate and the businesses As we head into 2014, business owners remain cautious. There is still a general uneasiness and concern over the stability of the economy. But most owners have strong pipelines as they head into the new year.

tied to it have been very strong for the last nine to 12 months. The home sales have slowed a little in the last few weeks of the year, which may be due to the holidays.

(As an aside: I am concerned that a large amount of the volume we saw in 2013 was pent-up demand created by the economy throughout the last several years. The first half of 2014 will show whether we are growing at a pace that will absorb the new home construction that has steadily picked up pace.)

We saw a return to a more historical use of the Small Business Administration and U.S. Department of Agriculture federal lending programs. Historical use for these programs means either:

 financing where one or more of the risk parameters are outside of what a bank would be able to do using conventional financing:

• or meeting a client's specific need or provide a competitive differentiation by utilizing specific terms that these programs provide, such as lower down payment percentages or longer repayment terms.

I see this trend continuing in 2014, along with a greater utilization of loans under \$150,000 to take advantage of the fee waiver the federal government implemented in October

As we head into 2014, business owners remain cautious. There is still a general uneasiness and con cern over the stability of the economy. These concerns stem from a wide spectrum of issues including the financial markets, our government's ability to come together and

resolve issues in a manner that can move our country forward, and the stability of other countries across the globe

While business owners are still cautious, most have strong pipelines as they head into 2014. Manufacturing companies are anticipating continued strong orders, residential homebuilders have enough demand to keep them busy through next summer, and most of the industrial space on the market has been absorbed, indicating the potential for commercial construction. It is not a boom, but it is certainly an improvement from the recent past.

There is no doubt this continues to be a slow recovery. We are seeing businesses continue to focus on building and maintaining healthy balance sheets. This doesn't mean that we aren't seeing expansion or growth, but they are doing it in risk-adverse manner should the economy slow back down for any reason.

The area continues to be a draw for companies that are able to choose where they want to do business and are concerned about the quality of life for their employees. As a region, we need to focus on that enticement and continue to bring new companies and talent to the area. This is especially important as the baby boomers look to retire and sell their businesses. It is critical that we look for ways to keep those companies and jobs in northern Michigan.

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