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Value of Riparian Property on Michigan's Inland Lakes

By Dr. Niles Kevern

Over two years ago, the McNALMS Board of Directors decided that a priority project would be to estimate the value of riparian property on Michigan's inland lakes.

This information might help policy makers realize, more fully, the value of our inland lakes. To gather information, we needed the cooperation of many Township tax assessors. We also had to decide if we were asking for data on shoreline property only or would also include back-lot and adjacent subdivisions. We chose shoreline only property. Also, we had to decide to base the study on market value or actual real estate value. Even though market value was the lesser of the two choices we chose market value because it was easier to obtain. Both of these choices resulted in a conservative estimate of Riparian property values, but quite impressive all the same.

We have data from small, medium and large lakes and from lakes in rural and urban areas. Most of our data are from lakes in mid-Michigan. We still need to collect data for the U.P. and the urban lakes of Michigan's southeast corridor. For this report we made educated estimates for these areas based on the data we had. We determined the distribution of lakes by size (under 50 acres (A), 50-100A, 101-500A, 501-1,000A, and over 1,000A). About 8,000 of our inland lakes are under 50A, with over 1,700 being 50-100A and the remainder over 500A. Nearly 40% are in the lower half of the lower peninsula, a little over 1/3 in the U.P. and a little less than 1/3 in the northern half of the lower peninsula. We calculated the average market value for each category of the five lake sizes in each of the three state land areas giving a total of 15 data sets. The summary of those calculations gave us a total estimate of the value of riparian (shoreline) property on Michigan's inland lakes to be over **\$200 billion**. This value gives an approximate taxable value of **\$113 billion** with an annual tax income to local government of about **\$3.5 billion**. If we included back-lot property, near, but not on the water, it would increase the market value to well over **\$250 billion**.

This is an incredible measure of the real estate value of Michigan's inland lakes. Most certainly this is a resource so valuable that it must be protected from degradation. Studies from several other states have clearly shown that a decline in water quality and clarity results in a commensurate decline in the riparian property value and thus a decline in tax revenue.

The value of Michigan's inland lakes is indeed incredible and leads us to a very simple conclusion- **we must protect the quality of our inland lake resource**. Many of us worked on this project. We especially thank Gary Swier who lives on Horsehead Lake in Mecosta County. Gary obtained information from tax assessors in Martiny and Morton Townships and presented us with a data model. The following MCNALMS members helped us to gather data from other counties or made input to the development of the study: John Beck, John Drake, Tom Ellis, Dave Foley, Niles Kevern, Joe Landis, Pam Tynning, and Howard Wandell. We also thank Diana Sprague (Montcalm Township) and Nancy Williams (Pierson Township) for providing data on lakes in Montcalm County and for their helpful advice. Thanks also for the many other Township tax assessors who took the time to gather data for us.

We hope this study is useful in convincing policy makers that we must invest in our inland lakes.