REVITALIZING THE CORRIDOR

An Analysis of Commercial Markets in Detroit Neighborhoods

PREPARED BY MICHIGAN COMMUNITY RESOURCES
IN PARTNERSHIP WITH PROSPERUS DETROIT
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About ProsperUS Detroit

ProsperUS Detroit is a place-based economic development strategy designed to empower low-income, immigrant, and minority individuals and neighborhoods. ProsperUS Detroit was established in 2012, as a program of Southwest Solutions. ProsperUS Detroit works in partnership with multiple Community Partners across five Detroit neighborhoods. All ProsperUS Detroit resources are made available at the neighborhood level through relationships with Community Partners. The entrepreneur training program includes 12 interactive classroom sessions, a proven 12 chapter curriculum, and 10 one-on-one sessions with a professional trainer and runs about 20 weeks from day one to graduation. Graduates become eligible to apply for technical assistance to help them get started or take their business to the next level and micro-lending to support the financial needs of their business. Existing businesses located within the boundaries of one of our five neighborhoods are also eligible to apply for technical assistance and/or micro-lending.

This model was adopted from the Neighborhood Development Center (NDC) of St. Paul, MN, established in 1993. In 2013, a report released by Wilder Research found that for every $1 spent on NDC programs, $28 was returned annually to neighborhoods in the form of payroll, rent, taxes, and other expenditures.

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PROSPERUS DETROIT TARGET AREAS

CODY ROUGE
GRAND-MONT ROSEDALE
NORTH END
SOUTHWEST
LOWER EASTSIDE
In recent years, there has been a significant increase in the amount of available funds, support services, and media attention centered on small businesses and entrepreneurship in Detroit. It seems that economic development in the Motor City is expanding from traditional smokestacks and taking a smaller and more personal tone, often pushing economic development strategies to the neighborhood level.

This is coupled with an increasing body of research espousing the virtues of immigrant-based entrepreneurship programs. Global Detroit estimates that between 1996 and 2007, immigrants in Michigan started businesses at three times the rate of native-born Michiganders.

It is within this fortunate confluence of economic development trends that ProsperUS finds itself - training immigrant and minority populations to launch successful businesses, while also raising the capacity of place-based community organizations to attract investment to their commercial corridors and improve the quality of life of their constituents. Fostering small businesses in neighborhoods not only provides a loyal customer base and potentially lower operational costs to the entrepreneur but also provides additional commercial amenities and helps stabilize property values for surrounding residents.

There is tremendous opportunity for place-based community organizations to be champions of economic development within their neighborhoods. Previous research conducted by MCR, in conjunction with several other partners, found that low-income and minority business owners place a high value on trust and pre-existing relationships when seeking support services. Previous MCR research also found that larger economic development agencies seek greater localized knowledge (i.e. area market feasibility, existing building conditions, and background on property owners) when identifying potential neighborhood business locations. Because place-based
community organizations can garner proven, culturally sensitive trust with low-income and minority business owners, while also providing local market knowledge to larger economic development entities, their role as local economic developers is critical to the success of Detroit’s neighborhood commercial corridors.

It is within this context that MCR performs much of its analysis – with the dual intention of providing information to place-based organizations about how to attract, grow, and retain businesses in their community, as well as to provide critical information to the ProsperUS entrepreneurs so that they may strategically site their businesses in a suitable location with the best chances for success.

The Analysis

In 2014, Michigan Community Resources completed a commercial market analysis in partnership with ProsperUS Detroit and its community partners. The analysis focuses on the five ProsperUS Detroit Target Areas (TAs) including Cody Rouge, Grandmont Rosedale, the Lower Eastside, the North End, and Southwest Detroit.

The goals of this commercial market analysis were to:

1. Identify Commercial Study Areas (CSAs) within each TA to focus recommendations
2. Identify business types to target for entrepreneurship and tenant marketing within each of the five TAs
3. Gain resident, customer, and business owner feedback on commercial amenities and shopping habits within each of the five TAs

To achieve these goals:

- **861** Customer Questionnaires gathering shopper feedback were collected through 212 hours of surveying by **18** volunteers
- **1,753** properties were surveyed externally to assess occupancy, condition, and nine other characteristics across ten CSAs within the five TAs
- **41** community members and business owners were engaged in ten focus groups
- **8** interviews were conducted with business owners and **11** interviews were completed with community partners
- **4** ProsperUS Quarterly Convenings were held where feedback was gathered from community partners and other stakeholders

Major Findings

The neighborhood commercial corridors studied predominantly cater to the lowest-income bracket of a neighborhood. Most of the patrons of neighborhood commercial corridors are residents who live nearby, do not drive, and make less than half the income of their neighbors. Those residents who have both the transportation and the financial means to shop outside the neighborhood usually do so; higher-income residents reported shopping in their local neighborhood only when they need quick convenience goods such as a gallon of milk or paper towels. In this way, the pharmacy, the dollar store, and the gas station convenience store are serving the everyday needs of lower-income residents and meeting the occasional quick-convenience needs of higher-income residents.
Few neighborhood businesses studied attract patrons from other neighborhoods or surrounding suburbs. The commercial businesses under observation cater primarily to nearby residents and, with few exceptions, do not function as retail or entertainment destinations for those residing outside of their neighborhood. On average, more than 62% of Customer Questionnaire respondents came from the zip code(s) surrounding the commercial corridor. Only the Hubbard and Central Woodward CSAs had more than half of its patrons travel from outside the local zip code(s).

Store location is currently the primary force attracting customers. While Customer Questionnaire respondents reported being generally satisfied with a number of factors including hours of operation, product quality, and customer service at most

/FACT/
According to the U.S. Census, the median monthly household income for the city of Detroit is $2,246.25*. 

*Data from U.S. Census 2012 5-Year American Community Survey
neighborhood businesses, they were most satisfied with the location of stores. This seems to reinforce other findings that customers patronize businesses within the CSAs out of geographical convenience (or necessity) more than anything else. Customers were least satisfied with the price, safety, and cleanliness of local businesses.

The most prevalent business types in the neighborhood commercial corridors studied are businesses providing services, not retail goods. The most prevalent business types in the neighborhood corridors studied (in order of prevalence) are Religious, Civic & Similar, Healthcare & Caregiving Facilities, Beauty & Grooming Services, and finally, Auto Dealer & Auto Repair Shops.

Overall walkability of the corridors is poor, but most parcels have plentiful parking nearby. Abundant parking attracts the type of customer looking for quick convenience goods, but the existing street infrastructure, lighting, traffic, and sparse
distribution of occupied stores impair pedestrian access and prevent effective trip-chaining. Even in the areas where walkability was rated fair or good, bikeability conditions were often poor due to an absence of bike lanes, bike sharrows (shared lane bicycle markings), or bike parking.

**Neighborhoods lack adequate family-friendly businesses.** Family Entertainment Venues were the most desired and least represented business type in all TAs, with the exception of the Lower Eastside TA where the two most desired businesses were Grocery Stores and Sit-Down Restaurants. Bars & Night Clubs were the least desired business type in all TAs. Focus group participants cited safety concerns as the primary reason for not wanting Bars & Night Clubs along neighborhood commercial corridors.

**Recommendations**

**Increase the safety, and improve the lighting of neighborhood commercial corridors to attract more customers.** The most important step a community group can take towards attracting more customers from all demographics is to improve safety along commercial corridors. A number of focus group participants (particularly females) reported that safety concerns prevent them from patronizing the commercial corridors studied more frequently. **Community groups should seek funding and work with government officials to maintain public lighting along commercial corridors.** They can also work with local business owners to make customers feel more secure by encouraging crime prevention through the design of their parking lots and exterior walkways. Community partners can investigate the feasibility of raising extra funds for safety measures through tools such as tax increment financing or special assessments authorized through state legislation that have unique attributes and requirements. Community groups can consult an attorney or MCR for more information about these tools.

**Attract more middle-income women to neighborhood commercial corridors.** This study has shown that the commercial corridors under observation do not attract a customer base that is representative of the residents of the surrounding neighborhood, or Detroit as a whole. This implies that a market gap exists and that area businesses could do more to attract customers that are more representative of the neighborhood as a whole, which for the most part, means middle-income women. As noted in the previous recommendation, increasing safety is paramount, particularly for attracting female customers. Women account for 52.7% of the population in the City of Detroit and according to the Harvard Business Review, women control nearly 73% of consumer spending nationally. Beyond improving public safety, further study is needed to determine the local spending habits of this demographic and its shopping needs and preferences. **To this end, community groups should partner with technical assistance providers such as MCR to conduct resident expenditure surveys.**

**Improve pedestrian access along neighborhood commercial corridors to attract more customers.** Both Customer Questionnaire respondents and focus group participants reported that traffic patterns often dissuade them from crossing the street on foot or bicycle and deter them from visiting other businesses near their original destination. Poor physical infrastructure in neighborhood commercial corridors becomes an obstacle to economic development. **Community groups should partner with government officials and local walkability advocates to develop pedestrian infrastructure projects in accordance with Complete Streets principles that improve safety and encourage active transportation along commercial corridors.**

**GLOSSARY TERM**

Trip-Chaining: a connected sequence of stops to two or more businesses on a single visit to a commercial corridor.

**GLOSSARY TERM**

Complete Streets: streetscapes that are designed and operated to safely accommodate pedestrians, bicyclists, motor vehicle drivers, and transit riders of all ages and abilities.
Establish an ongoing inventory of available commercial spaces and their condition that may be shared with other groups, made available to the public, and utilized to develop marketing materials for potential investors. As MCR worked with place-based community organizations, several of them did not have ongoing inventories of available commercial spaces. Moreover, many of the organizations that did have such inventories were not currently sharing the database with other community groups or regional economic development entities. Previous research conducted by JPMorgan Chase Executive Service Corps members, in conjunction with MCR, concluded that the disconnect between regional economic development entities and place-based community organizations represented a significant lost opportunity for neighborhood economic development. Community groups should partner with commercial real estate professionals and business service organizations to create a database of available commercial spaces; and create property info-sheets that can be used to market spaces to potential investors as well as immigrant entrepreneurs.

Create public marketing materials for local businesses, targeted at consumers. At the September ProsperUS Quarterly Convening, community partners expressed a need for marketing neighborhood commercial districts to would-be consumers both within and outside the community. Materials could include brochures or online portals that could eventually lead to “buy local” or shared discount campaigns. To this end, community groups should create a directory of local businesses and make it publicly accessible. Potential partners might include the Build Institute’s Shop Detroit campaign, which encourages consumers to purchase goods and services from locally-owned businesses through advertising and events.

Establish culturally appropriate business associations and ‘business advocates’ to build community trust. Previous research conducted by MCR and several other partners shows that neighborhood business owners often require a high degree of trust and the presence of pre-existing relationships for business support services to be most effective. This is where local place-based organizations can play a significant role in helping to bridge the relationship between local businesses and the greater economic development system. Community groups should convene a forum of local business owners to discuss the creation of an inclusive business association dedicated to enhancing the growth and economic empowerment of existing community businesses and entrepreneurs.

Target redevelopment at nodes with concentrated assets. Nodes along commercial corridors are important because they provide a viable market, as well as a sense of place for residents and visitors. Commercial nodes are often highly visible and located at key intersections with significant vehicle and pedestrian traffic. They also often exist within close proximity to local assets such as historic landmarks, parks, and schools. Understanding where key commercial nodes are located can help identify which vacant commercial structures and lots are best to target for redevelopment and tenant marketing. Additionally, targeting each individual node separately allows for greater capacity and enough time for planning and implementation. Community groups should partner with local government officials, business owners, and residents to identify key nodes with vacant commercial structures and lots to design strategies for redevelopment.