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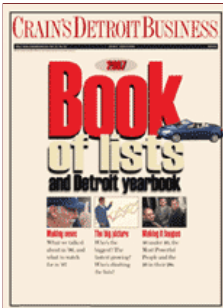
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News

DEGC enlists help to spur Detroit retail

By Sheena Harrison

6:00 am, June 25, 2007

The Detroit Economic Growth Corp. is banking on the help of a Washington-based nonprofit to create a business case for attracting retail to the city.

Social Compact Inc. plans to work with the DEGC over the next three years to study spending power in Detroit neighborhoods. That includes six areas outlined in the city's Next Detroit Neighborhoods Initiative.

It's hoped that the numbers will show Detroit's population can support and sustain retail and grocery development, despite what retailers might think of Census figures and other traditional demographic studies of the city.

"What we're going to do is look at the numbers and then develop the strategies to attract retail businesses that we feel are well-suited to those particular neighborhoods," said DEGC President and CEO George Jackson Jr.

Social Compact bases its reports on market information that isn't used in typical demographic or Census projections. That includes local tax-assessment data, building-permit activity, automobile registrations, credit-bureau information and utility data.

A study of downtown Detroit and surrounding neighborhoods released in October showed that the central city has more residents and income than is projected in Census figures.

For instance, the average household income for downtown residents in Social Compact's report was \$59,300, 33 percent higher than the Census' projected average of \$44,600.

About 27 percent of downtown residents have incomes between \$100,000 and \$249,999, and about 43 percent have incomes between \$50,000 and \$99,999, according to Social Compact.

The report said 74,300 residents lived in downtown Detroit and surrounding neighborhoods, 13.3 percent greater than the Census' 2006 population estimate of 65,500.

New downtown residents are largely young professionals according to Social Compact. About 57 percent are ages 25-34. Forty-two percent live alone, and 33 percent are living with a spouse or a partner but have no children. Also, 45 percent have a bachelor's degree and 34 percent a master's or professional degree.

The report confirmed what the DEGC had suspected and had been trying to convey to businesses about Detroit's downtown, Jackson said.

In May, the DEGC discussed the Social Compact report with retailers at the International Council of Shopping Centers spring convention in Las Vegas. Jackson said the Social Compact numbers didn't persuade some retailers to do deals in Detroit but caused many to think twice about opening locations downtown.

"Quite a few said, 'You're not there yet, but keep in touch,'" Jackson said. "That's progress. These deals don't happen over-night."

Jackson said he thinks the Social Compact studies being done in other Detroit neighborhoods will motivate retailers to consider placing stores throughout the city.

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The Social Compact study could benefit Harper Woods-based Petzold Enterprises Inc., which owns Belmont Shopping Center in Detroit.

The 150,000-square-foot center, located at the southeast corner of Eight Mile and Conant roads, has a mix of national and independent retailers including Foot Locker, Ashley Stewart and Imperial Market grocery store.

The center, which opened in 1956, has been at full or nearly full occupancy since being remodeled in 1999, said President Thomas Petzold II.

The average store at Belmont has been at the center for 23 years, indicating a low tenant turnover rate.

Petzold said Belmont's success shows Detroit can have a strong retail environment.

"We have an incredible purchasing power that has made this an incredibly stable investment," he said.

Others also think Social Compact will help sway retailers to look at Detroit.

"We see the Social Compact work as absolutely critical to what the right business-attraction targets are, especially in the retail sector, and being able to make a compelling business case for Detroit," said Detroit Renaissance Inc. President Doug Rothwell.

The studies help show things that out-of-towners often can't see about Detroit, such as increased foot traffic downtown since Campus Martius Park opened, said Jim Bieri, a retail consultant and president of the Detroit-based Bieri Co.

"I believe they're able to identify retail demand in a way traditional demographics can't," Bieri said.

"Many retailers find that the Social Compact and its methodologies are verifiable and they accept them as fact," Jackson said.

Rothwell said he thinks the study may be a similar turning point in the city's economic development efforts.

"This really represents a level of sophistication in Detroit's business-attraction efforts that I think we have not seen in the past," he said.

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