

The background features a large, faded circular seal of the City of Dearborn Heights, Michigan. The seal contains the text "CITY OF" at the top, "DEARBORN HEIGHTS, MICHIGAN" around the middle, and "CITY WITH A FUTURE • FOUNDED 1963" at the bottom. The central image of the seal depicts a landscape with a house, trees, and a church steeple.

Marketing Study

Marketing Study available in full at www.tifadh.com

Chapter 2 Executive Summary

TIFA District Existing Business Mix

The TIFA District currently has relatively few larger concentrations of office-based establishments, personal service providers, convenience or comparison-shopping outlets. Such uses are found in the greatest numbers on the Van Born and Beech Daly frontages in the District. Currently, there are neither vacant buildings nor vacant commercially zoned sites on the District side of Telegraph.

The existing mix of retail and office-based uses and the presence of several vacant buildings and numerous vacant lots along Beech Daly offer opportunities to reinforce existing medical business clusters. The Inkster frontage has no retail or office uses, other than a funeral home on the Westland side and auto and hardware stores at its Van Born edge.

Michigan Avenue's frontage in the District appears wholly occupied. There may be sufficient unused parking area at the Home Depot site to accommodate a second small retail use to complement the new gas station/convenience market.

Shallow site depth and/or floodplain restrictions associated with the north branch of Ecorse Creek constrain the scale of future commercial development along some parts of the Van Born corridor. A limited few larger, deeper sites also exist, primarily in the western and easternmost portions of the Van Born corridor and along the Inkster Road frontage in the District.

The City's attempt to transition from primarily industrial use to a greater diversity of community and business park-supportive mix of uses in the M-3 business industrial park district in the southwest portion of the District is seeing positive results. Further efforts should be encouraged.

Market Characteristics

The primary source of demand for the commercial frontages of the TIFA District is anticipated to be from residents of the TIFA District trade area. Within that area, the residents in the primary trade area will account for the majority of demand for convenience oriented retailers and personal service providers, whereas the overall trade area will represent the majority of demand for comparison oriented providers.

The location and market characteristics of the TIFA District indicate that the area is suited for development with a variety of neighborhood and community-oriented shopping centers and free-standing establishments; however, the physical configurations of the District's vacant or under-utilized commercially zoned areas will likely constrain their relative scale. As a means of inducing new investment, the city should seriously consider assembling larger tracts of land in critical locations that satisfy the site location thresholds (e.g., traffic volume, neighborhood quality, residential concentrations) of larger and national retailers.

With the exception of the Telegraph and Michigan corridors and the eastern portion of Van Born, the relatively low traffic volumes along the balance of the District's commercial corridors constrain the extent of the appeal of sites within the District to national and regional chain retailers and retail-related service providers. Rather, these less heavily trafficked areas of the TIFA are more likely to draw the interest of independent operators of relatively small establishments.

The Competitive Environment

The trade area is a predominately middle-income area, whose residents are primarily employed in blue collar and service occupations (versus technical, executive, managerial or administrative support occupations). While the area's median as well as average household income is lower than the regional levels, it remains above the income threshold (\$50,000) used by a variety of retailers. More importantly, the area's income levels are above the national median or average.

The area's household base has declined over the last decade, but this pattern may be slowly reversing. Given the nearly uilt-out character of the major part of the trade area, the major portion of future household growth is likely to be the result of a variety of small infill and a limited few larger redevelopment initiatives. Nonetheless, with over 117,200 people and 47,000 households in the PTA and over nearly 288,000 people and over 113,000 households currently living in the overall trade area, a sizeable marketplace exists for a variety of retailers, both independent and national.

There are a variety of retailers who may consider "infill" locations in higher density, older neighborhoods, even those characterized by more moderate income households and higher proportions of minority populations. While we anticipate that independent retailers will be the primary source of new retail use in the District, national chains and/or franchise operations such as Dots (men's/ladies' apparel), MAACO Auto Painting/Bodyworks, Movie Gallery, Dairy Queen, Hallmark (cards and gifts), Payless Shoesource, Simply Fashions (family apparel), Wendy's, Cousin's Subs, Grease Monkey (auto/tire), Little Caesars Pizza, Mr. Hero (sub-shop), Sally Beauty Supply, Tubby's Sub Shop have found success in such neighborhoods.

The concentration of racial minorities in the western portion of the PTA and the increasing base of Latino or Hispanic population in the south and southeast parts of the PTA provides opportunity for attracting small-scale, primarily independently owned niche retailers and service-providers to the District. Concentrations of these racial and ethnic minorities in and near the TIFA District also provide opportunities to encourage the District's existing businesses to offer merchandise and services attractive to such groups.

Our analysis of expenditure potential per household and per square mile reveals that the trade area and, in particular the PTA, exhibit relatively strong potential for a variety of goods and services. Thus, while trade area households have more moderate-income levels than does the region as a whole, in the aggregate, they exhibit high levels of potential for a variety of goods and services.

The above findings must be balanced against the competitive supply of establishments already serving the trade area in the TIFA District and elsewhere. Further, convenience, comparison and service establishments differ with respect to how far shoppers are willing to travel to them to make their purchases. Some will generate the largest portion of their sales from within the overall trade area (five mile radius) while others will generate nearly all of their sales primarily within the primary trade area (three mile radius). Yet others may have an even more localized draw. Convenience stores, party stores, video rental stores and drugstores tend to draw the majority of their sales from a customer base located within a one-mile distance.

The commercial corridors within the TIFA District exist within an increasingly competitive retail marketplace. The largest concentrations of competitive influences serve the densely settled portions of the trade area to the north, northwest and northeast. Major new initiatives underway east of the District near the Outer Drive and Oakwood intersections with I-94 are likely to draw a significant portion of trade area resident expenditure potential from the south and southeast – areas already well-served by a variety of existing shopping center formats.

There are fewer larger scale shopping centers and less variety among types of shopping center facilities to the west and southwest of the TIFA District. This is a reflection of the combination of the more moderate incomes of the households in those portions of the trade area, the lower density of residential development to the southwest, particularly south of I-94, and the abrupt change in the racial composition of the population in the Inkster and Westland neighborhoods immediately west of the TIFA District, compared to those within the District.

These factors, coupled with the physical constraints imposed by the limited depth of most vacant or underutilized commercially zoned properties in the TIFA District will constrain the nature and extent of additional retail and personal service establishments that can be attracted to different locations within the District. With the exception of the Michigan Avenue and Telegraph frontages and the eastern portion of Van Born near Telegraph, we anticipate that the majority of retail and personal service businesses that might be drawn to new-construction or substantially renovated facilities in the District will be independent operators rather than multi-store national or regional operators.

The office market throughout the Detroit region is quite soft, with vacancies remaining high and lease rates stagnant or decreasing. Nonetheless, small-scale office-based service providers continue to seek locations convenient to prospective customers and thus continue to be drawn to locations adjacent to neighborhood and community shopping facilities and/or to commercial corridors offering exposure to at least moderate volumes of traffic.

We estimated the average sales per store by type of store within the TIFA District trade area (retailer strength assessment) and estimated the extent to which expenditures by the trade area's households expenditure are being spent at stores located outside rather than within the trade area. Our analysis of these estimates, coupled with the other analyses and findings described above indicate that there are a variety of opportunities that may be available to enhance the mix of retail and office uses in the TIFA District.

We estimate that between 103,000 and 148,000 square feet of additional convenience and comparison shopping center space (including personal services) can achieve market support in the Dearborn Heights TIFA District. We also estimate that the District can attract and support occupancy of 5,000 to 10,000 square feet of additional small-scale office space.

Thus, in combination, an additional occupancy of 108,000 to 158,000 square feet of retail and office space may be market-supportable in the District. This amount of building area may require a total land area that may range between 11 and 16 acres.

We do not anticipate nor do we recommend that this amount of space be concentrated in any single location. Rather, it should be distributed within in the District in a manner to support and enhance the existing business base of the area.

We recommend that priority for business attraction efforts be given as follows:

- ✓ Reinforce the existing business mix in the southern half of Beech Daly south of Dartmouth.
- ✓ Encourage the redevelopment/reuse of the Grainger site near Telegraph on Van Born.
- ✓ Create shopping and/or personal service facilities to “bridge the gap” between the Dearborn Heights Shopping Center east of Gulley on Van Born and the Seward Sav-More Drugs/Spartan Saturn Food Center to the east.
- ✓ Redevelop the northeast corner of the Van Born/Inkster intersection with retail uses to serve not only the adjacent business park but support the surrounding residential neighborhoods. The success of such redevelopment will hinge on increasing both the amount and mix of housing in the area as well as on the further redevelopment of the business park with a variety of employment intensive uses.
- ✓ Capitalize on the opportunity provided by Telegraph Road as a location attractive to national retailers by considering redevelopment of Pat’s Trailer Court.

FOR ADDITIONAL INFORMATION on the Dearborn Heights Marketing Study and/or a complete listing of all subjects, please visit our website at www.tifadh.com.