



2004-2005 MARKET ANALYSIS SUMMARY

Downtown Ferndale is a diverse, urban activity center with small-town charm attracting the creative class from across the Metro Detroit region. Residents enjoy distinctive dining, specialty shopping, arts and entertainment in a real and unpretentious atmosphere.

The downtown serves as the most convenient place for Woodward Avenue corridor residents and businesses to shop specialty markets, clothing accessory stores, leisure products such as music, books and instruments, and home furnishings.

Downtown Ferndale's vibrant nightlife is a destination for the Metro Detroit region, but also visitors to the Metro Detroit area including families, friends and business travelers. It is a place where individuals feel comfortable being themselves and where the individuals meet neighbors and visitors alike on the pedestrian friendly streets and at the active community events.

Increasingly, Downtown Ferndale has a growing arts, culture and entertainment base, as well as mixed-use development including upper-level residential and office space.

In 2004, a Market Analysis¹ was created as part of a process to create strategies for developing Downtown Ferndale. Its intent was to define how and to whom Downtown Ferndale should be marketed, as well as economic restructuring initiatives that recruit and retain businesses and attract redevelopment to the area. Identification of key concepts and target audiences is crucial to define in order to promote a consistent image and strengthen our downtown business market. Therefore, key findings are summarized in the information below.

Strengths

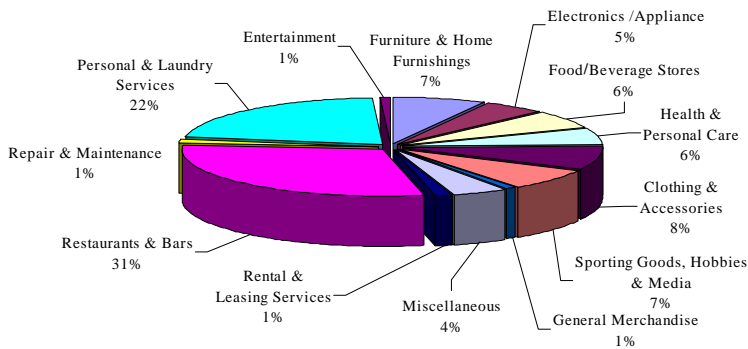
- Geographically large trade area with a sizeable population base of approximately 550,000 people
- Downtown combines various niches with large downtown anchors; i.e., clothing, home furnishings, and restaurants
- Strategic location on Woodward Avenue; close proximity to interstate highways and 20 minutes from anywhere in Metro Detroit
- High trade area expenditure for retail and restaurants - \$3.8 billion
- An established critical mass of retail space with a large number of establishments – 132

Opportunities

- Market trends show there is a growing attractiveness of an urban environment and experience
- Ferndale benefits as an already “hip place” and has been designated a “Cool City” by the State of Michigan
- Significant opportunity exists to further exploit niches
- The perception of retail quality is higher than the perception of retail variety
- Very positive perception from interviewees – “up & coming” – 43%; “it’s growing” – 35%

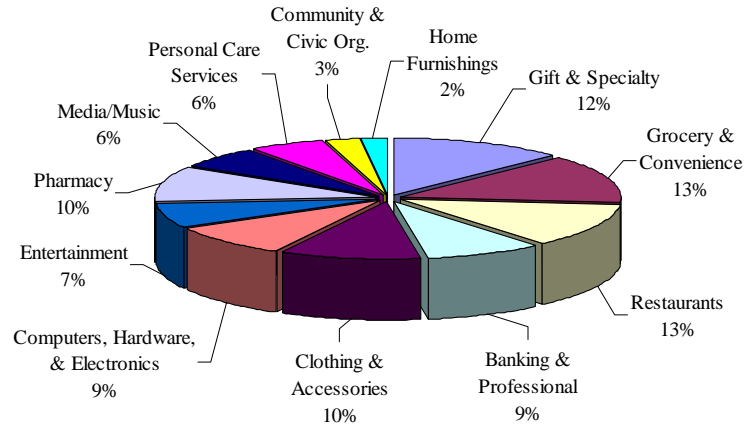
Current Tenant Mix

Over 50% of existing businesses fall under the category **Restaurants & Bars** and **Personal & Laundry Services**. **Clothing stores** make up just 8% of the downtown and there is only one **Entertainment Venue**, two categories in high demand by patrons of Downtown Ferndale. There is also a relatively small number of **Miscellaneous or Specialty stores**, comprising only 4% of downtown stores.



Most Frequented Stores by Type

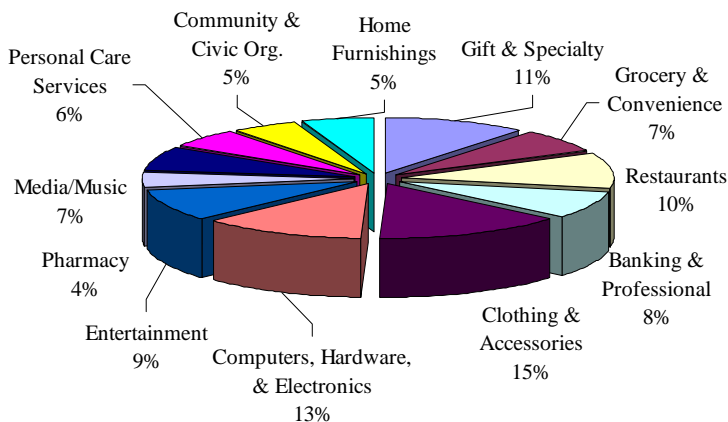
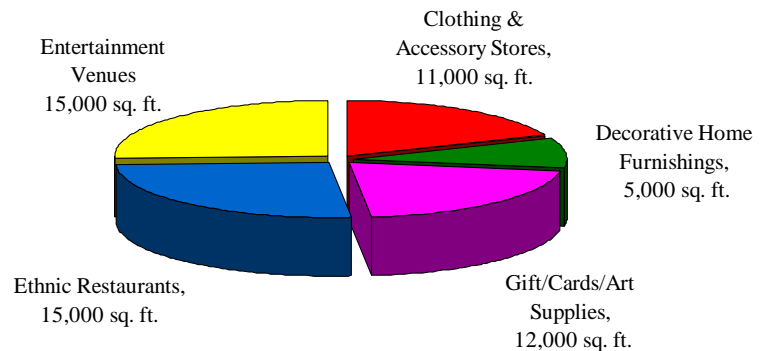
Survey respondents visited **Restaurants** and **Grocery Stores** most frequently at 13%, followed closely by **Gift & Specialty**, **Clothing & Accessories**, and **Pharmacy**. **Banking & Professional Services** and **Computers, Hardware and Electronics** both were mentioned 9% of the time. **Entertainment** was mentioned by 7% of the respondents.



Recommended Tenants

At the time of this analysis, significant opportunities existed to expand in several business categories. **Clothing & Accessories** can be expanded up to 11,000 sq. ft. Both **Entertainment Venues** and **Ethnic Restaurants** can be expanded up to 15,000 sq. ft. **Gift/Card/Art Supply**

Stores could grow up to 12,000 sq. ft. **Home Furnishings Stores** could handle 5,000 sq. ft. of additional space. However, in 2005, 26,000 sq. ft. of restaurant space was added to the downtown totaling 4 new restaurants, one of which was ethnic.



Most Requested Stores by Type

A telephone survey² of the Trade Area showed that **Clothing Stores** received the most requests at 15%. **Computers, Hardware, & Electronics** were mentioned by 13% of Ferndale shoppers. 11% would like to see more **Gift & Specialty Stores**, while 10% want more **Restaurants**. More **Entertainment Venues** were requested by 9%.

Market Study conducted by the Strategic Edge in 2004
² Telephone survey of Trade Area 2003