

Downtown Ferndale Residential, Office and Retail Market Studies Executive Summary

Gibbs Planning Group, Inc.
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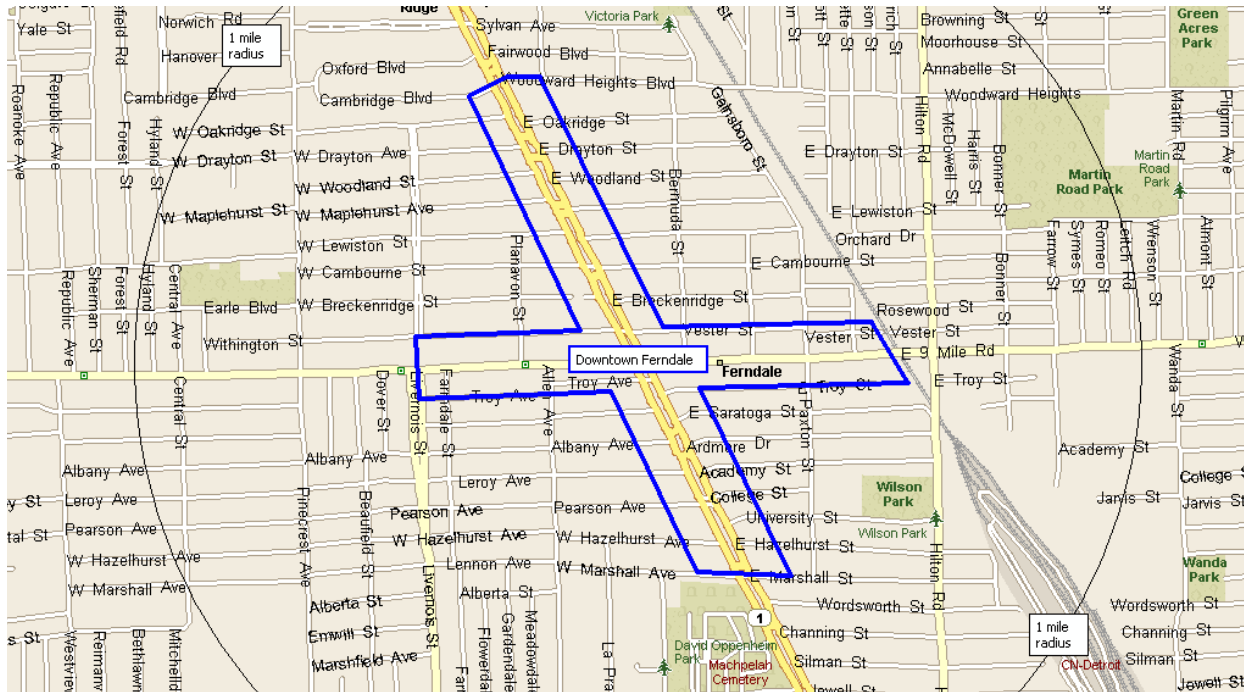


Figure 1: The Downtown Ferndale study area.

Residential Demand Executive Summary

This study finds that Downtown Ferndale can annually support up to 104 new attached dwelling units over the next five years for a total of 520 units by 2021. Gibbs Planning Group (GPG) estimates that an annual total of 370 households from Ferndale, Oakland County and a balance from throughout the U.S. have the potential to move to Downtown Ferndale. Ultimately, up to 104 of these potential household will choose to live in Downtown Ferndale, while the remaining households may choose single-family detached homes in Ferndale or other housing options in nearby communities. The breakdown of the annual housing unit demand is comprised of 87 multi-family for-rent units, nine multi-family for-sale units and eight single-family attached for-sale units. These dwellings will appeal to empty nesters and retirees, traditional and non-traditional families, and younger singles and couples seeking to live in Ferndale.

Please find a summary of the residential market potential forecast and allocation by district in Table 1:

Housing Type	Annual Number of Households Market Potential	Annual Absorption of Market Potential	Downtown 5-Year Total Market Demand
Multi-family For Rent (Lofts/apartments, leaseholder)	300 Dwellings	87 Dwellings	435 Dwellings
Multi-family For Sale (Lofts, condo)	40 Dwellings	9 Dwellings	45 Dwellings
Single-family Attached For-Sale (Townhomes, live-work, fee-simple ownership)	30 Dwellings	8 Dwellings	40 Dwellings
Total	370 Dwellings	104 Dwellings	520 Dwellings

Table 1: Downtown and demand for residential development through 2021. (source: Zimmerman/Volk Associates, Inc.; Gibbs Planning Group. 2015):

The potential households are a mix of 76 percent younger singles and couples, 13 percent empty nesters and retirees, and 11 percent traditional and non-traditional families. Their preferences are for multi-family for-rent and for-sale, and attached single-family dwelling units in Ferndale.

In addition, Downtown Ferndale has a market demand for up to 110 new single-family detached homes during the next five years. However, GPG concludes that limited land supply and high property values make new detached homes impractical in most cases.

Table 2: Target Markets by Household and Housing Types
Households in Groups with Median Incomes above \$50,000

Household Type	Percent of Total	Multi-Family		Single-Family Attached
		Rental	For-Sale	
Empty Nesters & Retirees	13%	10%	16%	23%
Traditional & Non-Traditional Families	11%	10%	10%	18%
Younger Singles & Couples	76%	80%	74%	59%
Total	100%	100%	100%	100%

Table 2: Target markets for Ferndale's Downtown households, in groups with a median income above \$50,000. (Source: Zimmerman/Volk Associates, Inc.; Gibbs Planning Group, Inc. 2015)

Office Demand Executive Summary

This study finds that the Downtown Ferndale study area can support an additional 34,300 square feet (sf) of office development by the end of 2020. Based on general employment growth, and the increasing needs of square footage per employee generated by expanding market share of health care employment, this report forecasts that in years 2025 and 2030, the office space inventory can grow by an additional 37,300 sf and 35,000 sf, respectively, totaling 106,600 sf over the next 15 years.

Table 3: Downtown Ferndale Office Demand and Employment Growth

Office Demand and Employment Growth	2020	2025	2030
Downtown Study Area Total Workers	2,020	2,170	2,310
Office Workers	650	690	720
Downtown Study Area Additional Office Space	34,300 sf	37,300 sf	35,000 sf
Downtown Study Area Cumulative Office Space	34,300 sf	71,600 sf	106,600 sf

Table 3: Under current trends there will be 130 new office workers and demand for 106,600 sf of new office space in Downtown Ferndale over the next 15 years (Source: Gibbs Planning Group, Inc. 2015)

GPG predicates these projections on a stabilized vacancy factor trending towards 8.0 percent in Downtown Ferndale and an annualized employment growth rate of 1.36 percent for the entire city of Ferndale. Presently, there are 1,850 workers within the Downtown boundary, 590 of which are office workers. By 2030, under current trends, Downtown will be the work location for 2,310 employees of which 720 are office workers.

This office space will primarily serve the class B office space needs of existing tenants' organic job growth, and relocation from surrounding communities. The Standard Industrial Classification (SIC) labor categories with the greatest rate of annual growth in the City of Ferndale are Legal Services, Securities

Brokers and Wholesale Trade, all with an estimated annualized expansion rate of over 1.75 percent. Construction, Transportation, Communication, Real Estate & Other Investment Offices, Health Services, and Government jobs are projected to swell by over 1.50 percent per year.

Although still uncertain, there is a reasonable likelihood that bus rapid transit (BRT) will be implemented along the Woodward corridor with the possibility of service beginning between 2020 and 2025. Should BRT be realized with a stop designated for Downtown Ferndale, it is plausible that the study area could attract two to three signature office tenants and the overall office demand could increase by 250,000 sf by 2030. Similarly, due to favorable location and community amenities, it is possible that without BRT, downtown Ferndale could attract a regional or national satellite company to deploy in the study area and significantly outperform the market demand.

Retail Demand Executive Summary

This study finds that Downtown Ferndale can presently support up to 118,500 square feet (sf) of new retail and restaurant development, generating up to \$38.8 million in sales. By 2020, this new retail could likely produce up to \$42.9 million in gross sales. If constructed on a single site, the new development would be considered a small lifestyle type shopping center by industry definitions and could partially be absorbed by existing businesses and/or with the opening of 40 to 60 new restaurants and stores.

Table 4: Downtown Ferndale Supportable Retail

<i>Retail Category</i>	<i>2015 Estimated Supportable SF</i>	<i>2015 Estimated Retail Sales</i>	<i>No. of Stores</i>
Retailers			
Apparel & Shoe Stores	14,000 sf	\$4,055,300	7 - 10
Auto Parts Stores	1,500 sf	\$361,900	1
Book & Music Stores	600 sf	\$125,400	< 1
Department Store Merchandise	10,500 sf	\$3,478,200	4 - 5
Electronics & Appliance Stores	4,400 sf	\$1,550,500	2 - 3
Furniture & Home Furnishings Stores	3,400 sf	\$936,400	1
General Merchandise Stores	33,600 sf	\$10,742,400	10 - 12
Grocery Stores	5,100 sf	\$1,923,800	1
Hardware & Garden Supply Stores	6,400 sf	\$1,580,300	2 - 3
Jewelry Stores	1,700 sf	\$635,300	1 - 2
Miscellaneous Store Retailers	4,500 sf	\$1,223,800	2 - 3
Office Supplies & Gift Stores	3,000 sf	\$852,200	2 - 3
Pharmacy	7,800 sf	\$2,548,000	1 - 2
Sporting Goods & Hobby Stores	3,700 sf	\$1,012,000	1 - 2
Retailer Totals	100,200 sf	\$31,025,500	35 - 50
Restaurants			
Bars, Breweries & Pubs	4,000 sf	\$1,572,100	1 - 2
Full-Service Restaurants	8,200 sf	\$3,703,500	2 - 3
Limited-Service Eating Places	4,000 sf	\$1,695,800	1 - 3
Special Food Services	2,100 sf	\$776,300	1 - 2
Restaurant Totals	18,300 sf	\$7,747,700	5 - 10
Retailer & Restaurant Totals	118,500 sf	\$38,773,200	40 - 60

Table 4: The Downtown Ferndale trade area can presently support 118,500 sf of additional retail and restaurant. (Source: Gibbs Planning Group, Inc. 2015)

Downtown Ferndale can provide needed goods and services for the future and the existing consumer base of nearby residents, employees and visitors. The supportable retail includes 10-12 general merchandise stores, 7-10 apparel and shoe stores, 4-5 stores carrying department store merchandise and 5-10 restaurants. Although there is strong retail competition north of downtown Ferndale in Royal Oak and Troy, the dense neighborhood development of the inner ring suburbs and lack of regional shopping destinations within four miles translates to a robust retail market, with the potential to attract consumers who would rather shop closer to home or work.

Close proximity to both Interstate 696 and Interstate 75 makes Ferndale a convenient location for commuters and visitors to the Metro Detroit area. Easy exiting from the freeway makes stopping in Ferndale for shopping or dining simple and attractive to consumers. Combined with adequate parking and pedestrian friendly infrastructure, this could help downtown Ferndale compete with neighboring retail areas in Metro Detroit.

Downtown Ferndale currently has 66 restaurants and a variety of retailers along Woodward Avenue and 9 Mile Road. Retail variety is most heavily consumed by beauty services, with approximately 35 retailers that specialize in hair, nails or spa services. Ferndale also boasts 10 grocery and beverage stores and four pharmacies, which provide daily consumer items to the residents within the primary trade area.

This study further finds that the Downtown Ferndale primary trade area includes 260,400 people and is expected to grow to 260,600 by 2020, at an annual rate of 0.01 percent. The current 2015 households number is 111,400, growing to 112,000 by 2020 at an annual rate of 0.11 percent. Incomes in the primary trade area average \$59,300 annually, and are estimated to increase to \$68,000 by 2020. Moreover, 27.5 percent of the primary trade area's households earn above \$75,000 per year. The primary trade area's average household size of 2.32 persons is expected to remain roughly the same through 2020; the 2015 median age is 39.3 years old. Housing favors owner-occupied units, which comprise 54.3 percent of all housing, compared to 31.8 percent renter-occupied households. The primary trade area has a labor base of approximately 112,800 employees.