Quantifying Opportunities in Overlooked Communities:
Market Assessment Measures for Low-Income Urban Neighborhoods

by

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A Master’s Project submitted to the faculty of the University of North Carolina at Chapel Hill in partial fulfillment of the requirements for the degree of Master of Regional Planning in the Department of City and Regional Planning.

Chapel Hill

2008

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EXECUTIVE SUMMARY

Declining urban neighborhood commercial corridors pose a dual dilemma for the community development practitioner: in addition to a lack of physical, financial, and social investment, these areas lack the information and economic tools needed to create investment interest. Addressing this “information gap” (Sabety & Carlson, 2004, 1) becomes a critical issue to determine potential strategies for revitalization and to obtain the interest of government, community, and private sector investors. Traditional market assessments struggle to capture the true dynamics of these areas, as the corridors are often sited within low-income, minority communities that are not adequately measured by the information sources used to create these analyses (Weissbourd & Berry, 1999). While several non-profit market analysis groups have begun to turn their attention to alternate assessment tools, smaller urban communities and non-profit community development groups may not be able to take full advantage of such services due to a lack of financial resources. As these groups desire to create an accurate depiction of their communities in order to entice development, the need for practical and appropriate local market assessment tools becomes evident. Thus, this Master’s Project poses the following question:

What market assessment techniques are the most appropriate and feasible tools for community development practitioners to address declining commercial corridors within low-income, minority neighborhoods?

This question will be addressed through a review of the existing literature on inner city market analyses, as well as interviews with practicing professionals and experts in the field. A set of four questions to guide communities in the collection and distribution of market data will then be proposed, offering strategies to use statistics and community stories to better identify economic opportunities and redevelopment policies.
I. Introduction to Research Question

Declining urban commercial sectors\(^1\) pose a dual dilemma for community economic development practitioners: in addition to a lack of physical, financial, and social investment, these areas lack the information needed to create investment interest. Perceived as weak markets, inner city communities are often under-served and even actively avoided by both private and public sector investors. Rather than attracting resources based on the opportunities they may afford, these communities are instead addressed by policies and funding sources based on their economic and quality of life deficiencies\(^2\) (Alderslade, 2005). Such investment and development policies, however, may be based on a misinterpretation of the local economy, as flaws in the information and data analysis of traditional market assessments\(^3\) can produce inaccurate portrayals of low-income urban areas.

Addressing these flaws and the resulting “information gap” (Sabety & Carlson, 2004, 1) thus becomes a critical factor for obtaining civic and private investment. Several market analysis groups have developed new techniques to estimate inner city economic strength, demonstrating substantial market potential within urban neighborhoods. However, the utilization of such assessments has been somewhat limited thus far to major U.S. cities. While the potential to obtain powerful information exists, many smaller urban communities, non-profit community development corporations (CDCs), or community development financial institutions (CDFIs) may be unable to

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\(^1\) For the purposes of this paper, “urban commercial sectors” are considered to be commercial areas sited within urban neighborhoods. While they may be close to the downtown, they are not considered the main street of a particular city; rather, they are the commercial retailers and spaces available to residents in and immediately around the urban core. Both inner city and first-ring suburbs are included in this definition.

\(^2\) Alderslade defines deficiency data as “the spectrum of socio-economic indicators that highlight perceived weaknesses of neighborhoods, for example rates of poverty, unemployment, low-educational attainment…” (2005, 8).

\(^3\) A “market assessment” is defined as an analysis of the local market economy, which “considers the factors basic to the demand for all types of real estate. Population, households, employment, and income are the principal variables…” (Carn, Rabianski, Racster, & Seldin, 1988, 2). It is not considered to be a site- or use-specific study, but rather an overview of the area economic potential.
take advantage of such services due to cost or capacity constraints. To accurately depict these communities, practitioners require appropriate local market assessment tools and partnerships within municipalities for data collection and distribution. Thus, this Master’s Project poses the following question:

What market assessment measures are the most appropriate and feasible tools for community development practitioners to use to evaluate economic opportunities within low-income urban neighborhoods?

This question will be explored through an overview of the development of inner city market assessments and interviews with experts in the field to suggest how current studies may be adapted by practitioners to adequately address their community and organizational needs. A metric of potential market indicators derived from these interviews will then be supplied, from which the private or public sector may select elements to evaluate current market conditions and to make decisions about future policies and partnerships. Suggestions for the utilization of these measures and a discussion of the implications that such assessments may have will follow to provide a comprehensive consideration of the topic.
II. LITERATURE REVIEW

Commercial Revitalization and Community Economics

Left in the wake of suburban sprawl, declining commercial corridors and shopping centers within the fabric of urban neighborhoods are not uncommon to the city dweller. In addition to the departure of anchor stores and major retailers to suburban areas, the flight of both the wealthy and the white majorities to the suburbs has left many of these corridors in the midst of low-income, minority communities (Seidman, n.d.). Perceptions of poverty and fear of crime deter both shoppers and retailers, leaving small niche stores to fight for existence and creating a significant lack of basic services and goods for residents4 (Alderslade, 2005; Porter, 1995). In the early 1990s, numerous municipalities, CDCs, citizen groups, business associations, and others began to undertake revitalization measures in these communities in an earnest attempt to stem the tide of disinvestment (Seidman, 2004). Such efforts have produced a large body of literature emphasizing successful public-private partnerships, organizational and financing structures, business recruitment policies, design improvements, and crime prevention strategies (Seidman, n.d.; Local Initiatives Support Coalition, 2002; Dane, 1997).

Despite compilations of success stories and best practices, CDCs and revitalization programs have not always reached such reputed levels of achievement. Koebel’s literature review of neighborhood retail change observes that many CDCs initially failed in commercial development due to a lack of capital and management skills, as well as the climate of racial conflict found within many inner city neighborhoods (Halpern, 1995, as cited by Koebel, n.d.). While the CDCs knew their clientele, they were unprepared to develop successful businesses in the varying climates of their particular markets (Porter, 1995). Even the Main Street model, acclaimed as one of the best

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4 A study completed in 1998 by The Boston Consulting Group and the Initiative for a Competitive Inner City estimated an unmet retail demand of $21 billion dollars within inner city communities, demonstrating how residents
comprehensive commercial development tools (Seidman, n.d.), struggles to address many issues in urban inner city areas. Seidman's adaptations to the standard Main Street model to mitigate safety issues and stimulate government investment offer a starting point from which to address retail concerns and coordinate investment policy. However, the fundamental lack of access to capital that many communities face remains to be thoroughly addressed beyond suggestions for technical assistance in loan applications or networking with established loan funds (Seidman, 2004).

City redevelopment programs have likewise fallen short. Wolman, Ford, and Hill’s 1994 study observed that many cities purported as “urban success stories” were actually unsuccessful in improving basic economic and quality of life measures for residents. Though a follow-up study in 2004 found a small correlation between reported success stories and changes in poverty, unemployment, household income, and population, the authors note that the results are statistically low and the actual accrual of economic benefits tends to vary widely amongst the acclaimed cities (as cited in Wolman, Hill, & Furdell, 2004, 966). City business recruitment efforts, loan funds, and financing districts have also met with mixed success across various initiatives (Porter, 1995; Seidman, 2005). Commenting on these differing successes, Porter offers an analysis that highlights one of the central issues faced throughout the varying programs: a mismatch of the initiative and the underlying inner city market. While programs may have begun with the best organizational structure, community input, physical redevelopment, or government incentives, they must ultimately work with the economics of the district.

**Competitive Advantages of Inner City Communities**

Utilizing the underlying economics to generate appropriate investment lies at the heart of Porter’s influential argument about the “competitive advantage of the inner city” (1995, 55). He must go to suburban areas to make purchases for basic items, pay higher prices at small inner city stores, or go
asserts that inner city development must be addressed by an economic model based on the creation of wealth through the private sector as opposed to the traditional model based on social investment through government subsidized businesses (1995). As Weissbourd and Berry state, “Wealth is created in impoverished communities the same way it is created in traditional markets: through a twofold process of identifying and investing in assets” (1999, 1). Porter identifies four of these assets as central advantages that inner cities commonly offer: “strategic location, local market demand, integration with regional clusters, and human resources” (1995, 57). Excellent access to transportation and cyber networks, the presence of a large body of under-served clientele, and the incredibly loyal nature of the inner city workforce are key assets that many retail and service businesses would find attractive in determining business location and expansion (The Boston Consulting Group, Inc., 1998; Hofman, 2004). While some may note that the information age has rendered location and transportation access less relevant, Porter argues that inner city proximity to regional clusters remains of vital importance for developing services, ideas, and partnerships.

The Investment Information Gap

These advantages, however, often remain unrecognized by the perpetuation of urban myths, perceived crime, high initial development and operating costs, and a lack of information (Alpert, 1991; Pawasarat & Quinn, 2001). Common stereotypes that inner city residents prefer not to work, or that the inner city’s entrepreneurial energy is found in drug dealing, contribute to doubts about the workforce and the overall environment (Pawasarat & Quinn, 2001; Porter, 1995). Crime reports and perceptions of safety overshadow economic returns, as retailers consistently cite crime as one of the biggest deterrents to the selection of inner city locations (McLinden, 2006; Alderslade, 2005).
Other major disadvantages include the high costs of land acquisition and real estate development, increased regulations, inadequate infrastructure, the lack of skilled employees, and limited access to capital (Porter, 1995). Porter states that development is more expensive in inner city areas than in suburban localities due to: “the costs and delays associated with logistics, negotiations with community groups, and strict urban regulations: restrictive zoning, architectural codes, permits, inspections, and government-required union contracts and minority set-asides” (1995, 63). He also includes higher taxes, worker compensation requirements, and utilities as increasing the costs of business. However, even these commonly recognized disadvantages may be broad and misinformed stereotypes, as many inner city areas may not have greater development costs or more restrictions than their suburban counterparts. Furthermore, the increasing community activism and NIMBYism found in suburban areas may generate the same costly development delays and onerous permitting processes that Porter cites as an inner city disadvantage.

A major obstacle to overcoming these stereotypes is found in a general lack of information and access to sources of data on individual urban neighborhoods. Due to confidentiality requirements, much of the Census data on smaller block and block group levels is not publicly reported, making finer data collection more complicated and costly (Saby et al., 2004). Aside from confidentiality concerns, data may be inaccessible due to inconsistent records, the lack of records for specific groups (such as employment figures for small businesses), or the proprietary nature of certain business records (Sabety & Carlson, 2004; Alderslade, 2005). Scorsone and Weiler note that the lack of data on daily business transactions, due to the smaller numbers of reporting businesses in these areas, significantly hampers retailers and investors in understanding market dynamics (2004). Ultimately, as Scorsone and Weiler state, “Without information provision, the

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5 However, it may be argued that if higher costs are found, they are commensurate with the benefit of allowing greater density for development, higher rents, etc. in accordance with traditional bid-rent curve theory.
private market will create a logical yet inefficient cycle of neglect and marginalization, which is likely to continually obscure economic opportunities...In essence, neglect breeds neglect” (2004, 304). Without accurate information for the standard models or easily accessible analysis alternatives, investors are unwilling to further explore the inner city markets.

In particular, this lack of information has a significant impact on the predictability, and thus the attractiveness, of real estate investment opportunities. Due to the general lack of investment activity, information on key statistics such as vacancy rates, rents, cap rates, and recent sales may be difficult or impossible to obtain. As cash flows and property values become less predictable, a higher risk premium is applied to required rates of return to offset the greater risk associated with uncertainty. This increased risk premium reduces investment feasibility for inner city projects, as it simultaneously increases an investor’s required rate of return and decreases the value of the expected cash flows from the investment. Thus, even when inner city real estate might offer an equivalent cash flow opportunity to suburban real estate investment, suburban markets remain more attractive due to their greater levels of activity and the predictability that comes from readily available information.

Finally, disadvantages are further highlighted by the response of the local government to inner city areas, as they emphasize the extreme deficiencies of these communities in order to apply for grant and loan funds predicated upon needs (Alderslade, 2005). While targeting relief to the neediest places is certainly important, the stigma generated by local government data analysis can significantly distort the market perception of these areas (Ibid). When final investment decisions are

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6 NIMBYism is a common professional term for the “Not in my backyard” response that residents often voice in opposition to activities or projects perceived as detrimental.
7 The increased risk premium will impact expected values through the application of a higher cap rate. Cap rates may be conceptualized as the sum of the risk-free rate of return and an appropriate risk premium, net of the long-run growth rate (Geltner, Miller, Clayton, & Eichholtz, 2007). As Value = Net Operating Income/ Cap Rate, higher cap rates would generate lower expected values of cash flow streams. Furthermore, the increased risk premium reduces the investment feasibility when viewed through a discounted cash flow analysis. Generally, if the Net Present Value
made by a business owner’s or lender’s “gut instinct” about a particular location, this stigma can be quite influential (Sabety & Carlson, 2004). As the negative information offered does not elicit enough interest for businesses to further examine the area, advantages are left unrecognized, accurate information is not procured, and an “information gap” (Ibid, 1) is created that divides the inner city from the sources of investment that could create wealth.

**Inadequacies of Traditional Market Assessments**

**Inaccurate Data**

Instead of alleviating this information gap, traditional market assessments for business development or expansion tend to exacerbate the condition as their data sources and methods of data analysis are ill-equipped to depict inner city markets accurately. Businesses usually examine three main indicators in relationship to making investment decisions: buying power, stability, and security (The Federal Reserve Bank of Chicago, 1999). These areas are assessed through measurements of median household income, housing values, density, population shifts, and levels of criminal activity within a given area (Ibid). Most traditional market assessments and analyses derive these figures through sources including the U.S. Census, the Consumer Expenditure Survey (CES), credit scoring agencies, consumer segmentation models, and crime index models (Sabety & Carlson, 2004; Pawasarat & Quinn, 2001).

However, these sources have developed well-established reputations for their undercounts and inaccuracy in relation to urban areas with high concentrations of minority and low-income populations (Weissbourd & Berry, 1999; Sabety & Carlson, 2004; Pawasarat & Quinn, 2001; Jacobus, 2005). For example, the 2000 Census population count is estimated to have undercount roughly 3 million people (Jacobus, 2005). In urban areas with increasing immigration, population (NPV) of a project is greater than or equal to zero, the project is considered a sound investment. However, higher
counts may be particularly inaccurate due to underreporting of illegal residents or a language barrier (Sabety & Carlson, 2004). Household population estimates may be further complicated within lower-income areas due to the presence of multiple generations or several unrelated individuals within the same dwelling (Alderslade, 2005).

Additionally, reported incomes are significantly lower than reported expenditures for the same income groups, highlighting errors or omissions in this facet of the Census (Weissbourd & Berry, 1999). While some of this could be attributed to the use of debt, the differences are presumably too large to be entirely accounted for by this source of capital. For example, in 1999, Weissbourd and Berry estimated that individuals with incomes of $10,000 or less made expenditures 250% above their reported income. A 2005 comparison using CES data shows that individuals earning $9,676 or less had average annual expenditures of $19,120, or 198% more than reported incomes (author’s calculation; figures from the Bureau of Economic Analysis, 2007). As many investors focus their research on income levels, these undercounts can have a high impact on the attractiveness of an area.

Within minority and low-income communities, the reported income measurements are especially undervalued, as the informal economy, estimated to be roughly 7.2% of the total 2007 US Gross Domestic Product (Schneider, 2007), is a significant factor in local transactions. Official definitions of the informal economy may be fairly broad, incorporating “all economic activities by workers and economic units that are-- in law or practice-- not covered or insufficiently covered by formal arrangements” (International Labor Office, 2002, 3). Although some illicit activities are risk premiums increase the discount rate applicable in NPV analysis, causing investment feasibility to suffer.

8 The term “informal economy” is the official designation given to this area of market activity by the International Labor Office; however, it is frequently called the “unrecorded,” “hidden,” “underground,” “grey,” “black,” “unobserved,” or “shadow” economy by other authors.

9 Using fourth quarter data from the Bureau of Economic Analysis and Schneider’s estimated percentage, this figure would be roughly $1005.6 billion dollars, based on a current-dollar GDP of $13967.3 billion dollars (Bureau of Economic Analysis, Nov. 2007). Other sources place the informal economy at about $1 trillion annually or 20% of GNP (Weissbourd and Berry, 1999).
included, the majority of unrecorded income is derived from small home businesses, such as child care and home repairs, and is developed through social networks (Weissbourd & Berry, 1999; Alderslade et. al., 2006; Sabety & Carlson, 2004). Underreporting in these instances may be primarily due to a lack of understanding about reporting requirements, or may be an active evasion of taxes or the high regulatory and licensing fees that are common within inner city jurisdictions (Schneider & Enste, 2000).

**Inappropriate Methodology**

In addition to flawed statistical sources on population and income, the methods of assessing market conditions have been suggested to lead to erroneous conclusions about inner city investment opportunities. The unique characteristics of each inner city market jeopardize the use of generic national samples and models to predict trends in consumer expenditures, economic opportunities, and criminal activity. The use of CES data to project spending patterns struggles to paint an accurate portrait of the inner city due to its reliance on a national sample that is significantly less diverse than the population of inner city residents (Weissbourd & Berry, 1999). Consumer segmentation models that attempt to predict expenditure patterns also stumble on this point, tending to reinforce inaccurate and negative stereotypes of inner city residents. While proprietary in nature, models used by private firms are believed to have been derived from a type of cluster analysis created by Claritas, a leading market research firm (Pawasarat & Quinn, 2001). Market clusters were created with variables including place types (large city, small town, suburban

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10 Pawasarat and Quinn offer examples of negative stereotypes generalized from national samples rather than derived from surveys of local residents. They note that market analysis firms stated that residents in African American communities in Milwaukee “splurge on fast food and spend leisure time going to bars and dancing” or as “very low income families…who ‘buy video games, dine at fast food chicken restaurants, use non-prescription cough syrup, and use laundries…”’ Hispanic residents were described to “splurge on videos, long-distance phone calls, cable TV, and theme park and casino visits.” White neighborhoods, in contrast, were described as “a prosperous population…interested in reading, needlework, and cooking”; affluent neighborhoods received similar descriptions as “interested in ‘civic activities, volunteer work, contributions, and travel.’” (2001, 4).
neighborhood, etc.), racial demographics, and income measurements. Sampled data associated with a particular cluster type is then used to create generalizations for zip codes across the country. However, these models fail to properly identify the unique niche cultural markets that many inner city areas offer by analyzing neighborhoods as homogeneous units (Weissbourd & Berry, 1999). Furthermore, as Pawasarat and Quinn found in relation to their Milwaukee study, “the negative marketing stereotypes associated with city neighborhoods are computer-generated ‘urban legends’ that have to be overcome in order to attract new businesses” (2001, 7). The studies thus not only fail to accurately identify opportunities, but can also serve to set up additional obstacles to inner city development.

Additionally, crime index models commonly used by market research firms tend not to accurately report crime for a specified area. Many are based on demographic indicators to predict criminal activities, as opposed to local or district studies that report the actual crimes that have occurred in a given area (Pawasarat & Quinn, 2001). This may generate substantial differences between market information and reality, as areas could be shown to have higher criminal activity due to the prevalence of a particular racial group or income level, while being fairly quiet neighborhoods in reality. As crime is cited as one of the strongest deterrents to retailers, utilization of a statistical model rather than the actual crime incidents can significantly hamper recruitment efforts (Gerety, 2008).

Thus, gaps in information, coupled with inappropriate statistical measures and modeling, tend to perpetuate a cycle of disinvestment within the inner city. Lacking evidence to the contrary, the private market has broadly eschewed inner city communities in favor of settings that are more predictable, and thus theoretically, more profitable.
III. ASSET-BASED ASSESSMENTS

Overview of Organizations

To counter this cycle of disinvestment, several non-profit organizations began to generate alternate measurements of the strength of inner city economies in the late 1990s (MetroEdge, 2006; Federal Reserve Bank of Chicago, 1999). Some of the earliest organizations involved in this work included, among others: the Initiative for the Competitive Inner City (ICIC), The Brookings Institute, the University of Wisconsin-Milwaukee Employment and Training Institute (ETI), Social Compact, and MetroEdge (an affiliate of the Local Initiative Support Coalition).11 In contrast to the deficiency assessments for grant funding, these groups actively pursue an asset-based approach by using data to highlight market opportunities and a community’s capacity (Alderslade, 2005).

While they share similar goals to create economic opportunities for inner city communities, each organization addresses a different facet of inner city markets. The Initiative for a Competitive Inner City focuses on applying Michael Porter’s theories of economic development and exposing unmet retail demand on a national scale (Lynch, 2008). They also host conferences to make connections between cities and entrepreneurs, highlighting the successes of inner city entrepreneurs and retailing firms. The Brookings Institute is likewise a national “umbrella” organization for inner city market assessment efforts through its Urban Markets Initiative (UMI; Lee, 2008). The UMI attempts to “address private sector concerns” (Ibid) that center around public sector issues, such as the concerns retailers have about forays into inner city areas. It serves to “identify and educate people on new data sets and tools” that would foster a better understanding of policies toward these markets, bringing recognition to the work of non-profit market assessment firms through the Brookings nationally recognized brand (Lee, 2008). Not only have

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11 MetroEdge was originally created by Shorebank, but moved to LISC in 2006 as part of their Commercial Markets Advisory Services (Cowan, 2008).
they brought attention to the issue, but UMI has also sought to find ways to apply the information produced by such studies into formats that retailers and communities can use. One of these applications includes a forthcoming work by Alyssa Lee that identifies replicable retail successes in urban neighborhoods, proving such endeavors do not require “brain damage” by investors or super-human efforts to succeed when based on accurate market information (Lee, 2008). A second important initiative of immediate relevance to cities is the creation of the National Infrastructure for Community Statistics (NICS), which is in the process of creating an extensive collection of web-based tools that communities can use to get fine-tuned data on a number of socio-economic indicators (NICS, 2008).

The other three organizations, ETI, MetroEdge, and Social Compact, focus on the collection and publication of data for inner city areas. In response to the negative stereotypes of Milwaukee neighborhoods produced by marketing firms, ETI developed their own database of neighborhood indicators and purchasing power (Pawasarat and Quinn, 2001). Researchers at ETI have subsequently assembled purchasing power and employment data\textsuperscript{12} for every zip code in the country into an accessible database for communities, based on data from the Census, CES, and the Census Transportation Planning Package (CTPP).

The efforts of both Social Compact and MetroEdge have developed the standards for generating inner city market analyses, based on their original efforts to demonstrate market potential in the low-income neighborhoods of Chicago (Federal Reserve Bank of Chicago, 1999). MetroEdge adopts a holistic approach to community development in its market analyses, offering basic supply and demand characteristics and the best strategies to address commercial development (Cowan, 2008). In essence, they build upon a traditional market analysis through examination of additional or alternate metrics, and help communities adopt development plans based on this information. Social
Compact specializes in highly in-depth population and income research, including measurements of the informal economy in their detailed “DrillDown” profiles of client communities. They generate extensive address databases using a variety of data sources to create more precise demographic measurements.

Alternate Market Indicators

Indicators utilizing population density and purchasing power rather than simple population and median income values are among the main elements utilized by both Social Compact and MetroEdge (Weissbourd & Berry, 1999). As the inner city has a higher number of people per acre than the surrounding suburbs, the argument is made that the higher concentration yields a greater purchasing power, despite the lower median incomes (MetroEdge, 2002). Emphasis is also placed on numeric counts of particular population types, including the number of college graduates and middle class households, rather than on percentages (Ibid). The use of percentages tends to skew the data against inner city investment, as these measures fail to quantify demand and show that a majority of residents have lower levels of income and education. In a similar manner, suburban areas usually have higher percentages of high education and income levels. However, if one compares the number of individuals within middle income brackets or with advanced degrees, the inner city appears extremely competitive with a suburban counterpart due to the larger population that resides within it. The greater density of people within the inner city offers a greater diversity of incomes and experiences that is not captured in the percentage statistics (Ibid). With their greater size and density, inner city neighborhoods may have more middle income families than suburban areas, even though these families are not the majority within the overall inner city population. Ultimately, retailers need to quantify the amount of demand they can expect from their target

12 The creation of the employment database was jointly developed by researchers at the University of Wisconsin-
consumer base. Demonstrating a higher number of target consumers within the inner city will show a higher level of demand than suburban areas, offering a critical element of competition.

To initially determine if these variables have been underestimated, MetroEdge uses two proprietary metrics, called the “Consumer Jump” and the “Middle Class Swing” (MetroEdge, 2002). The Consumer Jump uses an algorithm to demonstrate whether utilizing concentrated buying power instead of median incomes will offer a more attractive picture of an area, while the Middle Class Swing metric shows the difference that utilization of the number of middle class households instead of the percentage of these households can make (Ibid). As noted above, percentages may mask the potential buying power of a community, as they fail to show the comparative size of the target consumer group and its demand potential. When these metrics show the potential for an untapped market, a full market assessment may then be conducted.

A third central component of studies for both organizations is the concept of retail leakage or “float” (MetroEdge, 2003), which is the amount of retail expenditures made by residents outside of their communities. Expenditures for area residents are compared with retail sales information (from the Census of Retail Trade) to determine whether there is unmet demand for particular products or services, as well as the magnitude of that demand. Retail sales for vicinities nearby the study region are also examined to discover whether the retail dollars that leave the community are being spent just outside the borders of the specified study area. MetroEdge refers to this as “Retail-Neighbor Float” (2003), and combines the float levels of the surrounding zip codes with the study areas to obtain an average float for the zip code under consideration. This “Retail-Neighbor Float” calculation can be used to give a basic indicator of unmet demand that would justify retail development; follow-up studies can focus on more detailed demand figures for specific types of retail outlets.

Milwaukee and Southern University at New Orleans (ETI, 2008).
Additional measures that enhance a traditional model include expanded indicators on population trends, neighborhood investment, and estimates of the informal economy. Daytime population estimates augment the overall population statistics, as many workers in the inner city area may be shift workers with greater time in the traditional work hours to shop within their communities (Sabety & Carlson, 2004). School enrollment data is used to supplement and project population trends, while household renovations and local sales listings are used to indicate trends in neighborhood investment and in home values (MetroEdge, 2002). These measures demonstrate the viability of investment in these areas, showing reluctant retailers the confidence of other investors (Cowan, 2008).

Statistics on the informal economy can also further the case for investment. Social Compact derives estimates of the informal economy through a neighborhood proxies approach, using weighted measurements of eight household and income variables including: the percentage of low-income households, household expenditure to income ratios, the presence of check-cashing firms per acre and per household, the percentage of the unbanked population to total population, the percentage of utility payments made in cash, modeled and actual housing costs, and the percentage of foreign-born residents (Alderslade et.al., 2006). Comparative values for each indicator were developed in Social Compact’s original Chicago study, and are used to award points in the weighted system, with ten as the total amount of points awarded to any neighborhood (Ibid). They are unique to Social Compact, as few organizations or individuals attempt this complicated measurement on a local level.

Alternate Information Sources and Strategies

In order to produce these indicators, the organizations have utilized both traditional and untraditional sources of data. Data from the Census, CES, and market research firms, such as
Claritas, provide a basis of information from which to begin research (Gerety, 2008; Cowan, 2008). While Social Compact and MetroEdge recognize such sources as flawed and often inaccurate data sets, they also acknowledge that these sources are often either the only or best sources of data that may be available (Ibid). Additionally, as retailers tend to rely solely on these sources for their in-house modeling, the organizations stress the importance of understanding the data the private sector will utilize in order to effectively counter misperceptions (Ibid). The data is handled in a different manner, as different statistics are used and the reported data is compared with conditions on the ground.

To evaluate and correct the standard market information, Social Compact and MetroEdge use data from nontraditional sources to create a more accurate picture. Such sources have included: local tax records, local address listings, assumed name business registrations, municipal property transaction listings, Home Mortgage Disclosure Act (HMDA) data, credit agencies, building permit records, IRS adjusted income reports, DMV registrations, utility connections, and other proprietary business and government data (Weissbourd & Berry, 1999; Social Compact, Inc., 2007; Pawasarat & Quinn, 2001). Utilization of these data sources has required partnerships with local governments, planning departments, and private companies for access to existing data and the collection of additional information to compile into extensive databases. Both organizations emphasize the importance of working with these groups to gain a better understanding of the numbers (Cowan, 2008; Gerety, 2008). These partnerships not only help to verify the numbers, but are also important to help change the community’s own perspective of itself (Cowan, 2008). Helping residents, organizations, and public officials to see the potential of the neighborhood builds informed advocates who are empowered to recruit appropriate development.
Results of Asset-Based Assessments

With these measures, studies have consistently shown that inner city areas not only are viable demand markets, but that they often actually surpass suburban areas in terms of spending power per acre (Williams, 1999; Pawasarat & Quinn, 2001; Social Compact, 2007). Social Compact alone has done market assessments, or “DrillDown” reports, for over 100 neighborhoods in nine cities (McLinden, 2006; Social Compact, 2007), as numerous other groups have adopted similar projects. In a recent speech to the Greenlining Institute, Federal Reserve Chairman Ben Bernanke lauded such efforts, noting that Social Compact has estimated that inner city areas have, on average, an additional $6,000 per household in purchasing power than is shown by traditional assessments (Bernanke, 2006). A recent study for the city of Detroit exemplifies these statements, as it revealed income densities within certain inner city neighborhoods as more than double the city average (Social Compact, 2007). Additionally, the study reported substantially higher population and income statistics than the Census, significant appreciation in housing values, and an estimate of an $800 million informal economy (Ibid).

In light of these alternate assessments, the case for investment in the inner city has been successfully made in many locations. The reports tend to receive widespread support at a local level, as community groups and city officials find that the studies tend to reinforce their beliefs in the strength of their communities and challenge perceptions to the contrary (Moreno, 2006; Abate, 2005). Studies have been used, among other things, to generate substantial redevelopment, recruit financial institutions and retailers, and provide marketing tools for communities (Social Compact, 2005). For example, the city of Washington, D.C., has utilized the information to market opportunities in many of its inner city neighborhoods, developing a web-based profile of communities to aid investors in identification of opportunities (Gerety, 2008). Additionally, these reports can also allow community development lenders, developers, or investors to more readily
assess the risks involved in inner city initiatives (Bernanke, 2006). In fact, many of the report
sponsors come from major lending and financial institutions, as well as foundations (Social
Compact, 2005, 2007); their support for these efforts indicates a strong level of confidence in the
results produced and the potential of these areas.

Examples of successful projects or developments based on the results of assessments
testify to the potential impact of the information. After initial market assessments showed income
levels too low to support a shopping center in a predominantly Hispanic Houston neighborhood,
Social Compact found a population base 25% greater than that shown by traditional measures, as
well an additional $121 million in household income (Bernanke, 2006; Moreno, 2006). As a result,
developer Ed Wulfe created a 700,000 square foot shopping center that is presently 99% leased with
major national retailers (Ibid). In a similar manner, Social Compact’s market analysis for Jacksonville,
FL, inspired plans for a $45 million mixed-use entertainment complex (Bernanke, 2006). MetroEdge
reports likewise have generated significant investments, exemplified by the decision of a major
national home improvement retailer to locate within a Chicago inner city neighborhood once a study
contradicted the firm’s in-house market profile (Ibid). DrillDown reports for both Harlem and
Cleveland were also cited as influential in the establishment of new bank branches within their
respective communities (Social Compact, 2005).
IV. ADAPTATIONS FOR COMMUNITY PRACTITIONERS

Community Constraints and Concerns

Success stories, such as those discussed previously, tend to characterize the literature surrounding the use of inner city market assessments. As noted, Bernanke hailed these initiatives as important advances in community and economic development for the recruitment of private sector investment, the evaluation of public policy, the accountability of governments, and the development of independent research for new ideas and policies regarding inner city revitalization (2006). Despite the potential for influential information, many cities, small urban communities, or CDCs have not yet partnered with these agencies for assessments of their areas. A number of factors may influence these decisions, although cost constraints, a lack of information, and capacity issues may be the most central concerns bearing upon the use of these specialized studies.

For many smaller urban communities or CDCs, the cost of such assessments could be prohibitive, even when produced by a non-profit research firm. While many may not have the resources to partner with these organizations at all, those with the resources may lack the information needed to make the decision to partner with an outside research firm. City officials, for example, may require prior evidence of neighborhood market potential or the value these studies may bring before investing limited public funds for a complete assessment. Others may be unaware of the differences in the types of market analyses available to them and lack information on how to choose amongst their options. MetroEdge Business Manager Jake Cowan noted that he has seen countless communities spend resources on expensive market analyses, only to get products that are “roughly processed versions of Claritas” (Cowan, 2008). They don’t realize that there are other, more appropriate means to assess their communities, or that they are receiving an inferior product. Additionally, some of these communities may be particularly averse to commissioning another study, particularly if previous analyses failed to generate the investment desired.
A third, closely related reason may also exist based on the skill and time capacity of the community or group under consideration. Many communities and individuals are uncertain about when they need market research, what types of information they require, and what firm or consultant should complete the analysis (Cowan, 2008; Jacobus, 2008). Interviewees noted that CDCs and municipalities may lack the capacity to interpret the information that they currently possess or that may be given to them in professional market analyses (Ibid). The overwhelming amount of data available can in itself cause confusion and frustration, as communities often do not know how to sift through the information to find the essential components that may interest investors. Finally, capacity issues may play a role as public servants or non-profit employees may not have the time to invest in data interpretation or application.

Understanding and Developing Local Market Assessments

Thus, there remains the need to develop local market indicators (Sabety & Carlson, 2004; Williams, 1999) that may be easily replicated for any area, simplify the analysis, and reduce the costs involved. The original research question of this paper is once again posed:

What market assessment measures are the most appropriate and feasible tools for community development practitioners to use to evaluate economic opportunities within low-income urban neighborhoods?

In response to this need, the following sections of this paper synthesize key metrics proposed by experts in the field to assist communities to identify opportunities, as well as process and development strategies to consider for effective leverage of the information gained. The sections are organized by questions designed to guide practitioners through the process of obtaining and using market data and to assess the varying levels of interest, capacity, and needs an organization or individual may have. This particular format was adopted based on the recommendations of Jake Cowan, as he identified a simple outline of the issues regarding market data decisions as a pressing
need in the industry. The metrics and utilization strategies that follow may then be more easily filtered to find appropriate tools, as well as what types of assistance or partnerships a community may need to further their development goals. Ultimately, these measurements are not meant to serve as complete substitutes for the professional assessments, but would be “back-of-the-envelope” techniques to illustrate the potential of a given area. As such, the suggestions herein offer a foundation on which to build other strategies to aid communities in the elimination of the information gap in an effective and feasible manner.

WHEN DO WE NEED MARKET DATA?

Eager to make change happen, communities often look first to market analysis firms and professionals to tell them what they need and want in order to revitalize their neighborhoods. In return, they may get a fairly standard report, describing the area and implementation actions in broad generalities (Jacobus, 2008), or one that clouds the issues with overwhelming amounts of statistical data. Rather than look to professionals for the first steps, the experts interviewed suggest that communities look to their own constituents and partners first, considering the following questions and actions at the outset of their redevelopment efforts.

What does the community need and want? (Jacobus, 2008).

To make a market study more meaningful, practitioners must first gauge what the community actually requires and wants in regard to development. While this may seem to be an obvious first step, many communities tend to look to professionals to give the expert opinion; in return, they fail to tap into their own expertise, street knowledge, and networks. Identification of gaps in goods and services can come through focus groups or public forums, surveys at local gathering places, or discussions with community leaders and organizations operating within the area.
A list of needs and wants can then be used to target the information that will need to be collected (Jacobus, 2008), the stakeholders to be involved, and the partnerships that will be required throughout the stages of the recruitment and development processes. Additionally, community strengths and assets, including existing industries or businesses, should be identified as potential building blocks for a redevelopment strategy (Nunn, 2001).

**What is the level of capacity that the individual/organization/municipality has to accomplish the tasks required?** (Cowan, 2008).

Organizations and individuals must determine whether they have the time and skills to collect and process the data that will be required; if not, they need to identify the areas in which they require assistance. As implementation will require in-depth knowledge of inner city communities, as well as substantial staff or volunteer hours, broad partnerships between public and private agencies will be essential to the success of community efforts (Ibid). Municipalities can offer access to necessary records and existing databases, as well as potential staff time and expertise. Other non-profit groups may be able to generate volunteer involvement from their community base or offer on-the-ground information about neighborhood conditions and trends (Sabety & Carlson, 2004). In addition, local partners may be able to offer additional access to funding sources otherwise unavailable, provide publicity, or offer new avenues for networking. Once a group has assessed the time, skills, and resources required, they can determine the level of analysis they desire, as well as the stage at which an outside consultant will need to be hired.

**Does the market data currently available accurately portray our community?** (Gerety, 2008).

Although this paper has outlined the means in which the Census and other market data sources are flawed, the data obtained from these sources may actually be fairly accurate for many
areas. Prior to commissioning studies or creating their own extensive databases, communities need
to examine the available data to determine if it accurately describes the neighborhoods. Additionally,
practitioners need to be familiar with the information that investors are using to make decisions
about their area. If these sources offer accurate portrayals of the community, further efforts in data
collection would be less useful. To determine whether the available information is accurate, simple
statistics from the Census and a few reports from Claritas or ESRI can be obtained at a fairly low
cost. Population, income, expenditures, and business information should be examined from these
sources and compared with the community’s understanding of current conditions. Comparisons
between the 2000 Census and the most current American Community survey can be made to get a
basic idea of the magnitude of change that the city has sustained (Gerety, 2008). If the data is
considered to be inaccurate, then additional efforts to collect and analyze data can be made.

What “new” information is already available?

If the existing data does not accurately portray the neighborhood conditions, practitioners
should first consider the alternate sources of information that they may have readily available before
initiating new data collection efforts. Many municipalities already collect data that can be readily used
for alternate market indicators, as shown by the array of information sources previously noted to be
used by inner city market analysts (Sabety and Carlson, 2004; Alderslade, 2005; Social Compact,
2007). The practitioner may have access to the databases or records of private firms and area
businesses, as well. Existing data will need to be evaluated as to its accuracy, timeliness, and potential
to inform efforts, and then standardized to allow for ease in analysis. The important issue here,

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13 MetroEdge will provide ESRI reports to LISC communities at no cost; while they do not perform any analysis or
summary of the information, the cost savings of a subscription to the service or for the individual reports is
extremely beneficial. (Cowan, 2008).
14 Rick Jacobus presents an excellent overview of the various reports that can be obtained from ESRI in
“Understanding Market Data” (see References for a complete citation), in an attempt to guide neighborhoods in
selection of reports for baseline data.
however, is to map out the existing sources of data to avoid the replication of efforts and identify the gaps in current information.

Once these questions are thoroughly addressed, an entity can make the decision as to whether or not they need market data to accomplish their objectives. They can then move forward in the process by collecting some basic indicators from which to make better judgements about procuring further assistance.

**What do we need and how do we get it?**

After the existing data are reviewed, additional data must be obtained to augment areas in which current or accurate information is lacking. The adoption of new measures and data collection for inner city areas should be based at the neighborhood level, in lieu of collecting only city-wide data. This detailed level of collection and organization would allow for more precise assessments of the assets and needs of each neighborhood and more targeted responses. The metrics outlined herein may be best utilized as a comprehensive whole for some communities, while others may only need to select provisions to address specific needs. Cities should ensure that the metrics they use are considered acceptable to the individuals and organizations that they attempt to recruit (e.g., developers and grant foundations may desire to see very different statistics, and indicators would have to be selected accordingly). Practitioners will need to determine the number of metrics that they would like to utilize and tailor their collection efforts accordingly, as well as develop standard recording measures with which to present the data. Finally, to provide a point of reference and context for the information, communities should select an appropriate comparison location. This comparison point is often the city, county, or MSA in which a community is located, but each comparison should be selected with the target audience in mind. To establish the appropriate area,
communities may ask, “With whom are we competing for investment dollars?” (Cowan, 2008). This will help focus their efforts and provide a meaningful comparison for investors.

The indicators suggested below require both quantitative measures and qualitative information to offer a complete overview of an area. This recognizes the community’s potential to create value for retailers, as they can offer more detailed and accurate statistics as well as the qualitative information about their community that makes the case for investment. While these are detailed below, a summary sheet is presented in the appendix as a quick reference, along with examples of exemplary market assessments done by communities and market research firms.

**Community Statistics**

**Population**

Population figures should be displayed in a number of different formats, including total numbers of people and households, growth trends, and density figures.¹⁵

- *Total Population*—This indicator can be taken directly from the Census for counts of both people and households, unless there is a strong sense that the figures are significantly different due to changes in the neighborhood. Figures from private market research firms such as Claritas, ESRI, or PopStats may also be used. If practitioners sense that there is a significant difference, estimates of the number of households can be derived from a few sources that serve as proxies for active addresses. These include data from the United States Post Office on active mailing addresses and information on IRS income tax returns at the zip code level (Gerety, 2008).

¹⁵ It should be noted that population alone may be considered a weak indicator of demand for retailers. However, it is meant to be incorporated as part of an overall package of statistical information to demonstrate purchasing power.
• **Household Size**—As noted earlier, household sizes in lower-income neighborhoods may be larger than in the suburbs due to the potential for multiple generations or individuals to share the same dwelling. Household size may demonstrate potential for multiple earners within one household or provide more insight into consumer segmentation. For example, if household sizes tend to be larger, household purchases may focus on more necessary items rather than luxury goods, and vice versa. Finally, the potential for multiple earners may offer supporting evidence for the existence of informal economic activities, as the additional income may not be reported in Census data collection.

• **Population Growth**—Trends in population growth can be shown directly from the Census, unless, as discussed above, there is a sense that the Census numbers are significantly different from the community’s reality. In this case, trends in the number of households can be extrapolated from the USPS and IRS data previously mentioned, as well as from examining school enrollment trends. Data on school enrollment can usually be obtained from local school districts.

• **Population and Household Density**—This is a key indicator for inner city communities, as it displays the impact that the high concentration of people in the inner city can have (Gerety, 2008; Cowan, 2008). The numbers obtained for the total population estimates can be divided by the total number of miles within the study area and then compared with a similar statistic at the city, county, or MSA level.

**Income**

Like population statistics, income information should be presented according to density and the number of individuals earning a particular income, rather than through median figures.
• *Income Distribution*—Practitioners should graphically illustrate the varying incomes that households earn by the number of households, and then emphasize the number of middle income households that are prevalent throughout the study area (Cowan, 2008). While an inner city community may be afraid to show the number of low-income households they contain, the numbers of middle income households are usually surprisingly high to both residents and retailers alike. The number of middle income households per square mile should then be calculated and compared with city, county, or MSA figures to further establish the financial strength of the community. Income information may be obtained through Census data and Dataplace, or through reported incomes on IRS income tax returns or borrower incomes from HMDA records (Gerety, 2008).

• *Average Income*—Rather than using median incomes, practitioners should instead state the average household income of an area, as this indicator usually offers a more intuitive measurement (Lee, 2008). The average income of an area may be obtained through the Census, while the average income of new homeowners in an area can be found through HMDA data on Dataplace.

• *Income Density*—This is the key statistic for communities to utilize to establish the purchasing power of a neighborhood (Cowan, 2008; Gerety, 2008). To estimate the income density, the average household income can be multiplied by the number of households and then divided by the total miles within the study area. This statistic thus produces the aggregate income per square mile, and can generally be compared very favorably against the city, county, or MSA figures.\(^{16}\)

\(^{16}\) Another potential income indicator would be the multiplication of average per capita income (derived from the Census) and the total population. This could be used as a secondary indicator to accompany income density figures.
**Community Expenditures, Businesses, and Unmet Demand**

Consumer expenditure data should be collected for the neighborhood in question, and then compared with the data on sales revenue to determine the level of unmet demand that may be present. In the determination of unmet demand, two essential concepts must be understood and explored: those of leakage and inflow. Leakage is essentially the amount of expenditures made by residents of the study area outside of the studied marketplace. If expenditures in a particular retail category exceed the local sales in that category, it can be easily inferred that residents purchase these goods or services outside of the neighborhood, and there is a level of unmet demand in the community. However, leakage is expected to be present to some degree in every community. Residents may shop outside their immediate community for any number of reasons, including preferences for certain goods or service providers, sales or lower prices, or the necessity or desire to make purchases while on trips to other locations. Thus, statistics on unmet demand must be understood in light of an expected or “normal” level of leakage to be meaningful indicators.

The dynamics of the local market demand, however, are not limited to the expenditure patterns of local residents. Inflow accounts for the effect of purchases made in the study area by individuals external to the community. Essentially, inflow can be thought of as the expected leakage from other communities into the study area. Individuals external to the community purchase goods and services within the study area for the same reasons that community residents make expenditures outside of their local marketplace. When inflow effects are particularly strong, resident expenditures are less than local sales in the same category of goods or services and indicate a surplus of demand.

These indicators can be particularly valuable when enhanced by the community’s extra efforts to demonstrate ground-level research, as investors are keenly interested in the hard financial transactions. When asked about what information would be necessary to have, one developer was quoted as saying, “Real data from real retailers. Period. It’s about data, not just concepts” (as quoted
by Lynch, 2008). Providing focus group or surveyed information on what residents actually purchase can significantly impact development strategies and attract retailers, as they have a greater level of detail than most reports produced through CES or private market data analysis. For example, the developer of the Greenbriar Mall in Atlanta, GA, founded a particularly profitable development in an area traditionally viewed as undesirable due to its proximity to low-income housing developments in the city. Surveying the actual purchasing patterns of the community, the developer was able to cater the mix of retailers in the mall to the expenditures residents actually made, rather than operate on a fixed standard retailing mix. As a result, the mall has consistently been 100% leased and profitable (Lee, 2008). Indicators to enable this type of informed development strategy are detailed below.

- **Expenditures**—Expenditure information can be obtained through a number of sources that vary by cost and accuracy. Free estimates can be obtained through utilization of the Consumer Expenditure Survey (CES). Practitioners multiply the number of households in each income bracket by the average total expenditures made to determine area expenditures. Similar figures (produced through a more complex calculation that takes into account more characteristics of households) may be downloaded from ETI’s “Purchasing Power Profiles” for free at the zip code or census tract level. Private market research on consumer expenditures can also be obtained fairly inexpensively from Claritas or ESRI; these figures are based on similar calculations on the CES, but may be more up-to-date. The results from either method can then be compared to actual expenditure information collected through consumer intercept surveys at retail locations, business surveys, or focus groups of community residents (Jacobus, 2005; Lee, 2008).
• **Business Data**—In addition to the amount of expenditures, the number and type of businesses currently operating in the community should be detailed, along with their annual sales information and total employment. This allows retailers to see evidence of other businesses and identify profit potential in a language that they understand, as well as identify the potential for competitors (or the lack thereof). The information required will naturally vary depending on the retailer sought, but communities should strive to get accurate sales data on both a total revenue and sales per square foot basis, as this information is extremely important to investors. This information can be obtained from ESRI or Claritas reports and then supplemented with surveys of area businesses, city tax records (Lee, 2008), and data from the Census for Retail Trade (MetroEdge, 2003).

• **Employment**—Statistics on area employment can help to supplement the retail sales information. Employment data not only shows the fiscal viability of the area, but can also be viewed in terms of the additional purchases that employees may make by working within the community. Data on employment can be found at Dataplace or through ETI, which creates detailed reports on employment at zip code and census tract levels.

• **Unmet or Surplus Demand**—This indicator takes the amount of expenditures within a certain category (e.g., groceries) and subtracts them from the total area retail sales for the same category. This produces the community’s level of leakage, which offers a basic estimate of the consumer demand that is not being met within the community and can indicate what types of retailers might be needed within the neighborhood. Figures can also demonstrate a surplus of demand, indicating that commuters or visitors to the neighborhood are significant contributors to local
business success. Alternately, estimates of unmet demand can be found using ETI’s free “Urban Markets Retail Sales Leakage/Surplus Drill Downs.”

As noted earlier, it is important to view unmet demand as net of an expected level of leakage. While this expected level of leakage will vary across communities, practitioners can estimate a reasonable expectation by comparing their community leakage with the leakage in a similar market that has the desired retailer or service provider. For example, if a community experiences a high level of leakage in basic foods, a community that has a grocer might be used as a comparison point to determine a “normal” level of leakage in terms of basic food purchases. Additionally, unmet demand should be viewed in context with the expenditure and sales patterns of areas immediately surrounding the community (MetroEdge, 2003). While the neighborhood may show a high unmet demand for a particular product or service, an area immediately adjacent to the community may actually be satisfying that demand at an acceptable level.

**Crime**

Retailers and developers cite crime, and perceptions of crime, as one of the biggest deterrents to inner city locations. Several interviewees stressed that accurate information on actual incidents of crime within the specified area is one of the most important measures a community can contribute (Gerety, 2008; Cowan, 2008; Lee, 2008). Data may be obtained through local police records and should be detailed as to the type of crime that was committed (e.g., distinguish between violent crimes and petty crimes). Maps displaying the locations of crimes, charts showing the history of crime trends, and statistics on crime per capita (total incidents/neighborhood population) are

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17 In communities with large immigrant or migrant worker communities, the level of expected leakage may be fairly high. These groups may send a portion of their income to family members in their home countries or may have higher expenditures for trips outside their communities to visit their home countries. In this manner, expected leakage would be much higher in these communities than in other areas. As much of this income may also be unrecorded, it is difficult to estimate the exact amount of money that may leave the community. However, an
particularly helpful to establish evidence of area safety and trends in criminal activity (Gerety, 2008). Reports on crime (or the lack thereof) from local businesses and comparisons to other “safe” areas can further enhance the information (Lee, 2008). This indicator, however, is accompanied by a caveat: if concerns over crime are used to disguise racial or other biases against inner city residents, more accurate information will not change the final decisions of investors. To this end, crime data must be accompanied by the more qualitative community discussions that are detailed in later sections.

**Investment Trends**

Retailers and investors tend to be shy of making the first steps into a community, and often want evidence of other investments before making their own (Gerety, 2008; Cowan, 2008; Lee, 2008). To demonstrate that others are investing in the neighborhood, Gerety and Cowan both suggest using trends in home values, new home sales, and the number and growth in building permits as indicators. These show the level of confidence that both residents and smaller entrepreneurs have in the community and serve as a proxy of investment dollars by private sector actors. Neighborhood homeownership and owner-occupancy levels can also be used as supporting statistics.

Information on home values can be found using HMDA data or local sales listings, while building permits may be obtained from the city. Dataplace may have statistics on these points for certain geographies, but data are limited at neighborhood census tract levels. It will, however, have detailed homeownership and owner-occupancy information. Owner-occupancy statistics can also be acquired through examining city address and title databases, if these exist in an accessible format. Durham, NC, for example, hosts a web-based GIS browser that allows users to look up an address expected leakage level might be obtained by comparisons with other communities with similar demographic profiles.
anywhere in the city and download information about the property, including the owner’s address. Information from Dataplace and the Census can thus be verified at a property level as a “reality check” (Jacobus, 2005, 3). A qualitative description should accompany this indicator and will be discussed in a later section.

Informal Economy

Interviewees observed that the informal economy is one area in which retailers are distinctly interested; however, statistics on the amount of money flowing through informal networks are extremely difficult to procure. The methods suggested by academic studies are fairly imprecise at the local level and involve complex calculations that are beyond the scope of this paper.18 Due to these concerns, informal economy estimates are particularly questionable as back-of-the-envelope measures. Should smaller economic development groups produce their own statistics on the underground transactions, the assessments would be widely regarded as undependable throughout the development and investment communities. An organization such as Social Compact is required to produce these estimates, as its standing as an independent and established research organization provides it with legitimacy in the public eye (Gerety, 2008).

and a provider of the good or service in question.
18 Of the seven methods commonly used to assess this phenomenon, five have been identified for potential use on a micro-market level (Alderslade et. al., 2006). These include measurements of electrical consumption, direct surveys, tax auditing, multiple cause indicator models, and the neighborhood proxies approach (Ibid). However, analyses of electrical consumption may not capture the full breadth or the trends of the informal economy, as many activities do not require electricity or electrical use may be streamlined by the implementation of technological advances (Schneider & Enste, 2000). Such advances may actually spur the development of the informal economy, while the indicators would show a decreasing cash flow. Surveys may offer strong data, but the self-selection bias of respondents or the unwillingness to disclose underground activities jeopardizes this common form of inquiry (Alderslade et.al., 2006). The use of tax audits likewise suffers from a biased sample, as only those expected of tax fraud are audited, and the process does not capture those who did not file a report or register their business (Ibid). Finally, multiple cause models and neighborhood proxies remain fairly untested at the local level and are highly dependent on precise nature of the data involved (Ibid). Neighborhood proxies, for example, may overestimate the size of the informal economy by capturing formal, informal, and illegal economic activities in the same measure (Ibid).
Rather than showing dollar amounts, both Social Compact and MetroEdge suggest that practitioners can instead present investors with evidence of a strong immigrant or foreign-born population through demographic statistics and extrapolate that informal economies could be active within the community. Additionally, citing the number of non-traditional banking institutions or ethnic-specialty shops can help establish the presence of an informal economy (Gerety, 2008). Statistics on nationalities and immigration may be obtained from the Census, and updated or supplemented through information obtained from organizations working within immigrant communities (such as non-profits, religious organizations, and health care providers). Business data may be compiled with a windshield survey or a map highlighting the numbers of establishments that cater to ethnic groups.

Community Stories

Several interviewees emphasized that the statistics themselves will not suffice to magically create investment interest. As one noted, “The numbers are not as convincing as you would hope…[retailers] just won’t jump at some threshold number” (Jacobus, 2008), while others confirmed that the statistics were not the end of the case for the inner city. Retailers will always run their own internal reports and make judgements on the numbers; provision of the numbers by the community is helpful to “start a conversation” (Cowan, 2008), but is not the final effort. Rather, interviewees suggested that communities can add significant value to the process by portraying the broader stories of their neighborhoods, forging comparisons with other retailing successes, and “making the connections” between the community and potential investors (Lee, 2008). To this end, the following aspects should be included in market overviews and discussions with retailers and developers, in the attempt to show both the tangible and intangible assets that the community has to offer beyond what the numbers will state. Essentially, these components should be viewed as a
means to personalize the market assessment to the community (Schneiderman, 2008) and to effectively answer the question, “Why this neighborhood?” (Jacobus, 2008).

**Community Dynamics**

As stated, the essential intention of this section is to help investors make a connection with the community and move beyond the stereotypical images, whether through comparison of the community to other locations or through pointed conversations and neighborhood tours. There are several ways that practitioners can display some of the more personalized dynamics and build the case for why their neighborhood deserves the investment dollars at stake.

- **Assets**—Market information can be accompanied with information on strengths or assets particular to the neighborhood under consideration. Showcasing neighborhood amenities such as cultural or entertainment venues, parks and public gathering spaces, important educational or professional centers, as well as proximity to destination spots or major transit routes throughout the city can help to reframe the image of the neighborhood. For example, the Washington, D.C. Economic Partnership offers an “Amenities and Attractions” section in their 2007 Neighborhood Profiles, complete with area pictures, in each of the short market overviews that they publish for every neighborhood in the city, creating a sense of place amidst the numbers (see Appendix).

- **Community Typologies and Comparisons**—Adopting one of the industry practices, communities can create their own neighborhood “typology” by generating focus groups of residents to offer accurate expenditure information (Lee, 2008). These typologies can then be used to demonstrate similarities with communities that have successfully hosted the type of development or retail sought. Lee noted that a group in New Haven, Connecticut had successfully generated more
detailed information on routine expenditures made by area residents through consumer focus groups. They were able to use this self-styled typology to compare their neighborhood to other communities that had the retailers that they desired (in this case, a grocery store). Particularly effective was a trip to successful supermarkets in nearby New Jersey and New York inner city neighborhoods. Once investors had seen the success of these stores, they were then shown the commonalties that these neighborhoods had with the New Haven community—with the exception of the grocery store. Comparisons can also be made within the same city, as practitioners can point to past experiences with development projects in similar neighborhoods and supplement their arguments with accounts from businesses in those areas (Lee, 2008).

- **Community Tours**—Lee stressed the importance of a community tour with potential investors, as a means to “have the dialogue that helps them find the commonalties” with a community (2008). Showing investors the community through the eyes of its residents can help to clear some of the stereotypes and urban myths that may exist. For example, Lee noted that one future investor saw a lot of people standing around on the street corners during a morning tour. While this initially painted a very negative stereotype, the tour guide was able to point out that these people were all waiting for the bus to go to work—much as the investor had gotten up and gone to work that very same day. This insight was not some incredibly detailed data point, but a simple statement that brought a deeper understanding of the character and potential of the community once cleared of stereotypes. Communities need to have these types of conversations with investors, particularly to confront the issues of racial perceptions which can significantly distort the American real estate investment perspective (Lee, 2008).
**Retail Landscape**

Offering a comprehensive picture of the commercial landscape can provide retailers with the additional comfort levels that they require to consider making an investment. As noted throughout the paper and by many interviewees, retailers often avoid neighborhoods due to the lack of other comparable retailers (Gerety, 2008; Lee, 2008; Lynch, 2008). They don’t feel comfortable being the first ones into an “untested” market, and prefer to go to locations where they can already assess their expected profit margins by observing the mix of other stores and outfits with which they are familiar. However, providing detailed information on sales per square foot, rents, and locations of competitive and complementing suppliers can help in the recruitment process. This is particularly relevant when recruiting specific types of retailers; comparisons of revenues and expenditures should be phrased in terms of industry standards to facilitate the conversation and provide appropriate data points. 19 Accounts from current retailers about the incidents of crime their businesses actually experience (particularly the lack thereof) is also of significant import to meeting the need for “real data” that retailers want (Lee, 2008).

**Development Prospects**

Making information readily accessible on a number of potential development sites is another means through which a community can add value to the numbers. MetroEdge works with communities to help them to identify available sites and appropriate uses (Cowan, 2008), but communities can also begin the process of identification with the resources that they have. Assembling information on vacant land and properties available for sale or lease, including price points, size, applicable zoning restrictions, and owner contact information can eliminate much of the

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19 For example, the International Council of Shopping Centers publishes information on the typical expenses and revenues of different types of shopping centers. When recruiting for a particular type of shopping center, the
ground work for out-of-town retailers and developers who may be unfamiliar with the community and its data systems. Information on the indicators noted in the Statistics section may be collected specifically in reference to these sites, as well (e.g., crime data within a half-mile radius of a property). Retail Chicago and FOCUS Indy offer excellent examples of commercial and industrial properties available to the development industry.

**Public Policies and Programs**

Practitioners should thoroughly examine the public policies and programs that can impact trade dynamics within their communities and be able to readily offer investors information about the options or incentives that may be beneficial (Jacobus, 2008). This could include a list of available subsidies, incentives, and pertinent taxation policies, as well as any special economic development zones, tax-increment financing districts, and business improvement districts. Information on additional programs that would have bearing on investors’ decisions, such as street beautification or crime reduction programs, as well as area business partnerships and associations should also be gathered, along with any information on area revitalization plans. This information need not be handed to an investor in an overwhelming list of options, but may be selectively used to show important benefits the area may offer or as background information in conversations.

**WHO DO WE NEED?**

Once the baseline data is established, communities can decide if other industry professionals need to be involved in order to further their efforts and meet the community’s goals. The information gathered can serve as a guide to the type of assistance that a community needs or wants and positively impact the outcomes of such assistance in a number of ways.
Consultants

Consultants may be brought in once a community has identified the particular types of retail or development that they would like to recruit. These professionals can provide the specific detailed information that the selected retailers require, and can aid the community in targeted recruitment efforts. While they can certainly contribute at all stages of the information gathering process, their services can have the biggest impact when the community has clearly defined their objectives and recognized the potential demand and need for services or goods (Jacobus, 2008).

Market Analysis Firms

Market analysis firms such as Social Compact or MetroEdge may be hired based on the type of assistance a community needs. If the data obtained through back-of-the-envelope measures shows substantial differences from the “traditional” sources, a partnership with Social Compact or a similar firm can provide the in-depth data required. If strategic technical assistance in redevelopment planning (such as site selection or recruitment strategies) is needed, a firm such as MetroEdge can provide valuable expertise to the community at this stage. Additionally, the use of studies from these firms can provide a level of publicity to highlight the community to a national market; often, this is one of the key benefits that reports such as the “DrillDown” can offer to an area (Gerety, 2008; Lee, 2008). Finally, Social Compact or MetroEdge may be used to broker relationships with certain retailers or investors; while this benefit is not exclusive to these organizations, they may perhaps be able to grant the exposure to national retailers that smaller firms or retailers cannot.

consultant familiar with the particular retailer, industry, or development type under consideration.
HOW DO WE USE THE MARKET INFORMATION?

Market information can be used in a variety of ways to meet the particular goals of each community. The following are some common uses of market data that have been suggested by both the literature review and interviews to be successful and beneficial applications.

Community-Based Information Systems

To organize the information collected and enable widespread applications, many articles call for the establishment of a community-based information system. This is a central, standardized data system for reporting, organizing, and storing information that can be accessed by a wide variety of groups (Sabety, 2006). If the municipality determines that an expert market assessment is desirable in the future, the existence of the system will streamline the process and may reduce the assessment cost. Such a system need not be limited solely to the organization of data for market indicators, but could also be used to facilitate federal reporting, grant applications, and policy evaluations, among other things. Grant funding may be aided by the additional level of detail, as the city may more readily demonstrate improvements in neighborhoods for performance-based grants, as well as specifically target their applications to focus on unmet needs within each neighborhood. Finally, sharing information and systems for collection across city departments and non-profit groups could further reduce information costs for all involved.

Conversation Starters

Using the data and broader stories to “start the conversation” (Cowan, 2008) with investors is a natural implementation of the research. Communities need to consider how the data

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20 Admittedly, this may not be an option for some communities due to the costs involved. While the organizations charge reasonable rates for their high-quality and in-depth work, the costs for such work may not be affordable for many.
matches their original list of wants and needs, and then begin to pursue retailers and developers that fit the combined image. For example, a Southside, Chicago, community utilized MetroEdge information to recruit retailers and developers at an ICIC conference, and is currently breaking ground on a massive mixed-use project from a connection made with a company there (Cowan, 2008). The important objective is to use the data to draw the right attention to the area, but not to hand the market information over as a final word.

**Place Publicity**

Information can also be used to start conversations on a much broader scale throughout media, publications, and key relationships. Study results can be posted online in user-friendly formats, so that neighborhood statistics can be quickly derived by interested parties. Examples of successful marketing campaigns can be seen on the websites of the Washington, D.C. Economic Partnership and FOCUS Indy (Indianapolis), where they have created individual market profiles for each neighborhood. Publicity can also come through key relationships with real estate professionals and brokers (Lee, 2008). As many retailers\(^{21}\) locate based on broker’s selections, bringing the neighborhood to the attention of these real estate professionals is a critical step in publicizing neighborhood data. If provided with reliable information and dependable relationships, brokers may likely begin to guide clients to these areas. Retail Chicago has an excellent broker referral system in place, as they offer a “single point of access for inquiries about neighborhood retail development” (City of Chicago, 2008). Not only do they have market information readily available for their neighborhoods, but they also have CDCs on call for each neighborhood which are ready to talk with investors about their communities (Lee, 2008). The comprehensive package of services makes it

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\(^{21}\) Alyssa Lee (2008) estimated that about 70% of retailers locate based on a broker’s recommendation.
easier for brokers, real estate professionals, retailers, and developers to access the potential opportunities.

**Business Planning and Lending**

The information could also be used to offer technical assistance to smaller businesses to help them to refine their business plans and product lines to unmet demands, or to prepare applications using the new data to obtain loans from larger commercial banks. In order to fully assist both small and large businesses, CDCs and CDFIs will also need to develop working relationships with local municipalities to help facilitate effective recruitment of investors and developers through the creation of incentives and expedited reviews. Potential applications for lenders could include, but would not be limited to: enhanced evaluations of loans and real estate development opportunities, revisions to development policies, the attraction of investors, the development of necessary loan products (including guarantees, subordinated debt, and loan partnerships), and expanded opportunities to apply for grant and low-interest loans. While not an exhaustive evaluation, the additional data may serve to enhance a practitioner’s confidence in a particular deal, or to direct his/her attention to opportunities for additional services within a particular community.
IV. RESEARCH IMPLICATIONS AND POLICY RESPONSES

Market Research Implications

While the implementation of partnerships and systems for data collection and organization may seem to be straightforward, the impact that the data may have, once utilized as public knowledge, can be substantial. A discussion of the intended and unintended consequences these analyses could foster is thus important to determine the costs and benefits to the public, as well as to propose responses to the issues raised. While the following consequences are not an exhaustive list, they form a basis for consideration for the production and use of the data and the partnerships described earlier.

*Intended Impact*

As intended, the implementation of local market assessments would offer communities the ability to demonstrate their market potential to the private sector and offer a basis for informed investment. Furthermore, practitioners may be able to identify and address any barriers to successful development and recruitment present in the regulatory or financing realms, such as a complicated and time-consuming approval process, high impact fees, or a lack of access to capital (Rosen, Kim, and Patel, 2003; Seidman, 2004). The information and resulting regulatory changes may then serve to attract needed retail and other businesses, as opportunities for particular industries are identified. In addition to meeting community needs for goods and services, these additional businesses could facilitate the creation of jobs for residents in close proximity to their homes. Investment in the commercial areas could also raise surrounding property values, as well as the local tax base, of the inner city. As businesses demonstrate success in these areas, snowball investments and the agglomeration of businesses may occur as the market opportunities become evident. Finally, as described earlier, communities would also be able to use the data systems to streamline their grant
application processes, inform decision making, and evaluate the impact that other programs have on any number of variables regarding city life.

**Unintended Impact**

This same data collection and distribution system may also have several unintended impacts upon communities, as the information may reveal problematic community characteristics and limit available capital, generate harmful forms of development, or impose additional regulatory and fiscal responsibilities. First, it is plausible that the data collected could demonstrate the lack of market opportunities in a given neighborhood. While this result would shape appropriate policy decisions, the area could suffer from greater disinvestment by entrepreneurs and lenders who decline to do business or exit from current ventures in the community. Alternately, findings of strong market potential could also limit available capital by deterring from the ability of communities to successfully apply for grants and other subsidies. Funding sources, for example, may consider the potential to leverage private market investment indicative of a reduction in needs. In this manner, additional costs may be imposed on the municipality for social programs that were not formerly budgetary items. Further impacts to the municipal budget may occur as studies highlight the needs for costly infrastructure investment and repairs as a pre-requisite to economic development. These additional costs could require higher taxes or bond referendums, which are not politically popular.

Second, the common use of the market information generated by these assessments for business recruitment could potentially harm the economy of the community in which an economic development organization works. Incorrect information, for example, could spur development efforts that fail when the projected demand does not materialize. Accuracy and responsibility in the application of the data is thus highly important. Additionally, many articles describe how communities successfully employed their market data to recruit national chains, such as Home
Holton
47

Depot, Walmart, K-Mart, Payless Shoes, Pathmark supermarkets, Starbucks, and Staples, into their retailing environments (Rosen, Kim, & Patel, 2003; Porter, 2006; McLinden, 2006). While Porter argues that recruitment of national chains may generate an increased customer base and opportunities for complimentary services for small firms (1996, 2006), it may also lead to the downfall of established local entrepreneurs who can no longer compete with the lower prices and range of products or services larger firms tend to offer. The jobs that are created by businesses may not provide living wages or benefits; in fact, employers may not even hire area residents. The job impact and economic development intentions of the market assessment program would thus be thwarted or twisted into a less than satisfactory format.

Third, additional regulatory and fiscal responsibilities may be imposed on the municipality as a result of the information brought to light in a market assessment. Details of the extent of the informal economy may require officials to determine a strategy to eliminate, capture, or reduce the underground circulation of funds. Strict regulations may limit the economic growth of an area, while no regulations may lead to a loss of significant tax revenues and possibly jeopardize the safety of the workforce in unregulated environments (Alderslade, et.al., 2006; Alpert, 1991). However, as stewards of public health and welfare, the municipality has the responsibility to address the issue in some fashion once the knowledge is gained. Additionally, the management of the use and distribution of the information could require time and funds from the local government. Municipalities will need to guard against confidentiality problems, as well as the misuse of the information, requiring staff hours and the implementation of protective programs and legal agreements to further safeguard the community's interests.

Finally, a tendency to consider the market assessment process as a “one-shot” effort can ultimately defeat many of the original intentions (Jacobus, 2008). It is easy to consider the market assessment as the first step, rather than something that can and should inform efforts throughout
the development process. Failures to update the information or to consult analyses when determining tenant mixes can have negative impacts on project success.

Policy Responses

All possible implications cannot be thoroughly addressed in the scope of this paper, but a few proposals of preventive measures can be made. These follow below, addressing some of the key consequences noted above in sequential order.

- **Changes to Policy and Grant Programs**— Ensuring that communities are not penalized for demonstrating their market potential requires policy changes at the foundation and government levels from a deficiency-based to an asset-based application process. It appears as though this would be the case in very select situations, however, as most economic development funds would tend to see the market data as a positive element of exemplary programs that they would want to continue to support.

- **Streamline the Regulatory Environment**— High development costs, fees, and onerous or long permitting processes will need to be addressed to attract businesses and to reduce the degree of informal economic activity. A thorough review of regulations will identify these significant barriers and complement the program’s economic development intentions.

- **Partner with a Spectrum of Businesses**— To address the issue of unintentional harm to the local economy, municipalities need to incorporate both large and small businesses into their economic development strategies. Practitioners should determine with neighborhood entrepreneurs and community residents what types of firms are needed to complement existing
businesses as a baseline for recruitment efforts. Market assessments should then be made available to both large, complimentary companies, as well as to smaller entrepreneurs. Municipalities may also consider giving additional technical assistance to small firms to develop their niche markets, as well as to encourage the development of standard income and sales reporting. Targeted technical assistance to small or minority-owned firms may also be a first step to legalize and regulate activity in the informal economy. Negotiating local hiring requirements in return for facilitation of development or provision of market data may control the impact of large firms on job creation and quality. These measures, however, must be carefully considered so that they do not eliminate the advantages an area has to offer.

• **Involve Residents in Policy Review and Development**-- To generate support for public programs, incentives, and policy changes, concentrated and continued efforts will need to be made to involve the public in the creation and review of policies. Government officials can be kept accountable and informed of the effects of their efforts through citizen and practitioner task forces. Community input on the decision-making process for new development regulations will help generate political support for regulatory changes, incentives offered to businesses, and the degree of executive power exercised by the local government.

• **Create Neighborhood Development Committees**-- Jacobus noted that from his experience as a consultant, CDCs that were focused on the development of an entire corridor tend to have better success than those solely focused on a single development project, such as a shopping center. The former groups have stakeholder committees that can continually give feedback on the market conditions, keeping the information current and actively using the data. Single-development groups, he noted, tend to put the information on the shelf, where it is easily
forgotten and may lose its power. Forming a committee of concerned citizens that looks at the entire neighborhood as a development project may thus keep the redevelopment activities informed and vibrant.
V. FUTURE DIRECTIONS & CONCLUSION

Limitations and Directions for Future Research

Throughout the course of this study, several directions for future research have surfaced due to limitations in the scope of the project. Admittedly, this paper has limitations in relation to the number and variety of sources that have been consulted; further research and interviews of several parties are required to produce a more comprehensive overview of the preferred elements of inner city market assessments. In particular, interviews of developers, retailers, lenders, and other related parties should be used to complement the interviews of analysts and researchers used herein. Input from these parties would be especially valuable to select the metrics that communities need to present, so that the data efforts will not be wasted on statistics that are not ultimately attractive to sources of investment. While specific information may be difficult to obtain from firms for proprietary reasons, guidelines could be established to ensure that communities are obtaining the appropriate statistics and stories for their target audience.

Second, information about both successful and unsuccessful applications of the data by community organizations should be analyzed at greater length. The brief stories mentioned herein represent a sampling of the communities that have utilized inner city market assessments, and could benefit from expansion to produce a document on “best practices.” This could then be used by communities to demonstrate successes to investors and to determine the elements or strategies which may be replicated in their communities. A discussion of failed efforts would be equally as important to help organizations avoid common mistakes or misuses of the information.

Additional directions identified by interviewees include studies of ESRI and Claritas data, informal economy estimates, discussions of the impact of racial issues, and practical guides for community activists. Research into standard adjustments that are required to make ESRI or Claritas data more accurate were suggested to provide general guidelines for consideration of these data
sources (Jacobus, 2008). While the informal economy remains an imprecise science, further research was also recommended at the government level to provide more accurate estimation tools for professionals and municipalities alike (Lee, 2008). Practical issues of great import to communities were also recommended, such as an investigation on the ways in which racial issues may cloud the American conversation about profitable development and retail activity, as well as means to constructively address these issues (Lee, 2008). Finally, additional practical publications to guide communities and practitioners in the use and understanding of market data were suggested as subsequent applications of the research conducted herein and other future efforts (Cowan, 2008).

Conclusion

For many practitioners and communities, the topic of market assessments and data collection may seem at first to be a bit dry. Market research is often viewed only as the dutiful first step in the more exciting development process, and can be confusing, tiring, intimidating, and frustrating. While each of these adjectives may at times apply to the topic at hand, market research is yet one of the most important pieces of the development process. In addition to informing the correct mix of stores and the number of units, it plays a much larger role in the creation of value. Weissbourd and Bodini eloquently identify this role as they state:

“In the information age, we pay attention to what we can measure, and what we pay attention to becomes what we value. When less information is available on poorer people and communities, they remain out of sight and, increasingly, out of opportunities” (2005,13-14).

Essentially, in the current investment environment, market information offers the vehicle by which value is recognized and opportunities are created. Low-income urban communities are often left unrecognized in the current market due to the lack of quantifiable evidence that exists to prove both the value of their tangible and intangible characteristics, and to disprove the stereotypical images.
To counter the negative impact of the information gap, practitioners must communicate the value of their communities in the language of investors. In order to do this, they must be familiar with both the existing market data retailers possess and the data that are readily available to supplement the former sources and make the case for investment in their community. To this end, the methods and tools listed herein will enable practitioners to quantify and portray a community’s valuable characteristics. They offer a thoughtful way to make decisions throughout the market assessment process and to ultimately influence investment patterns. While the statistics produced will not magically transform a neighborhood’s commercial scene, they do offer a mechanism by which to alter the conversation with investors. When combined with qualitative information about the neighborhood, these statistics offer a level of detail, accuracy, and humanity that investors cannot find within the traditional market studies, bringing about value recognition.

In addition to changing the perspectives of outside investors, the methods and tools within this paper can help a community to better understand itself and to construct a vision for the future. While communities often know their value far better than any statistics may show, they also may be caught within an incorrect paradigm of their strengths and weaknesses. Market data can thus create value for residents, helping them to recognize the truth or falsehood of various paradigms and to move forward as more effective advocates. To capitalize on these strengths and to mitigate the weaknesses, residents and practitioners must further understand how to apply the market data to generate appropriate and sustainable redevelopment. Using the resources offered in this paper, practitioners and community members can become educated consumers of market data, empowered to make informed decisions about the resources and professional services they require.

Ultimately, the importance of market assessments lies in their potential to bring opportunities into low-income neighborhoods in a manner that accurately reflects the value that these communities have to contribute. The outline for action described within this paper requires a
community to delve into the data that can be found on key metrics, in order to utilize these to set forward their vision with investors. While information imperfections, partnerships, and requirements for regulatory change may generate challenges to the implementation of these measures, the potential benefits offer substantial returns not only for investors, but also in the provision of opportunities for overlooked communities. Through compiling, understanding, and communicating information about their neighborhoods, practitioners can create invaluable potential by simply bringing the community's value to light.
WORKS CITED


INTERVIEWS

The individuals interviewed for this paper represent organizations with substantial experience in inner city market assessments or a significant role in community development activities. Without their time and insights, much of this paper would not have been possible. Their willingness to help and to offer critical information is tremendously appreciated.


APPENDIX

Questions Every Community Should Ask about Market Assessments
This offers a brief summary of the questions that communities need to consider in regard to market assessments. It may be used as an introduction to the complete discussion in the text or may be developed into a stand-alone brochure to begin a conversation with individuals, organizations, and municipalities unfamiliar with the process involved in creating a market assessment.

1. When do we need market data?
   a. What does the community need and want?
   b. What is the level of capacity that the individual/organization/municipality has to accomplish the tasks required?
   c. Does the market data currently available accurately portray our community?
   d. What “new” information is already available?

2. What do we need and how do we get it?
   a. Statistics
      i. Population
      ii. Income
      iii. Community Expenditures, Businesses, and Unmet Demand
      iv. Crime
      v. Investment Trends
      vi. Informal Economy
   b. Stories
      i. Neighborhood Dynamics
      ii. Retail Landscape
      iii. Development Prospects
      iv. Public Policies and Programs

3. Who do we need?
   a. Consultants
   b. Market Analysis Firms

4. How do we use the market information?
   a. Community-Based Information Systems
   b. Conversation Starters
   c. Place Publicity
   d. Business Planning and Lending
Market Assessment Measures and Resources

This chart summarizes the proposed market assessment measures listed within the text and offers suggestions for data sources with which to estimate each indicator. While this chart is not an exhaustive listing of data sources, practitioners may adapt the list to reflect local data sources and additional resources that become available. The list may be further tailored in future research with developers, investors, and retailers to reflect the interests of these parties. Private market research firms, such as Claritas, ESRI, or PopStats, are not listed amongst the resources due to their costs and the issues previously noted. However, they may be used as baseline indicators and to understand the data investors use.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Measures</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>Total population</td>
<td>• U.S. Census and American Community Survey</td>
</tr>
<tr>
<td></td>
<td>Household size</td>
<td><a href="http://www.factfinder.census.gov">http://www.factfinder.census.gov</a></td>
</tr>
<tr>
<td></td>
<td>Population growth</td>
<td>• Dataplace</td>
</tr>
<tr>
<td></td>
<td>Population density</td>
<td><a href="http://www.dataplace.org">www.dataplace.org</a></td>
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<tr>
<td></td>
<td></td>
<td>• HUD User USPS data</td>
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<tr>
<td></td>
<td></td>
<td><a href="http://www.huduser.org/DATASETS/usps.html">http://www.huduser.org/DATASETS/usps.html</a></td>
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<tr>
<td></td>
<td></td>
<td>• IRS TaxStats</td>
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<tr>
<td></td>
<td></td>
<td>• Local school districts</td>
</tr>
<tr>
<td>Income</td>
<td>Income distribution</td>
<td>• U.S. Census and American Community Survey</td>
</tr>
<tr>
<td></td>
<td>Average income</td>
<td>• Dataplace</td>
</tr>
<tr>
<td></td>
<td>Income density</td>
<td>• Home Mortgage Disclosure Act data (HMDA--on Dataplace)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• IRS TaxStats</td>
</tr>
<tr>
<td>Community Expenditures, Businesses, and Unmet Demand</td>
<td>Expenditures</td>
<td>• Consumer Expenditure Survey</td>
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<td>Community Expenditures, Businesses, and Unmet Demand</td>
<td>Business types</td>
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</tr>
<tr>
<td>Community Expenditures, Businesses, and Unmet Demand</td>
<td>Business annual sales</td>
<td>• University of Milwaukee-Wisconsin Employment and Training Institute Drill Down Tool Kit</td>
</tr>
<tr>
<td>Community Expenditures, Businesses, and Unmet Demand</td>
<td>Employment</td>
<td><a href="http://www.uwm.edu/Dept/ETI/drilldowns">http://www.uwm.edu/Dept/ETI/drilldowns</a></td>
</tr>
<tr>
<td>Community Expenditures, Businesses, and Unmet Demand</td>
<td>Unmet demand</td>
<td>• Local businesses</td>
</tr>
<tr>
<td>Community Expenditures, Businesses, and Unmet Demand</td>
<td></td>
<td>• Local consumer surveys</td>
</tr>
<tr>
<td>Community Expenditures, Businesses, and Unmet Demand</td>
<td></td>
<td>• Community focus groups</td>
</tr>
<tr>
<td>Community Expenditures, Businesses, and Unmet Demand</td>
<td></td>
<td>• U.S. Census and American Community Survey (employment)</td>
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<tr>
<td>Community Expenditures, Businesses, and Unmet Demand</td>
<td></td>
<td>• Dataplace (employment)</td>
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<tr>
<td>Community Expenditures, Businesses, and Unmet Demand</td>
<td></td>
<td>• Bureau of Labor Statistics</td>
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<tr>
<td>Crime</td>
<td>Local incidents</td>
<td>• Local police departments</td>
</tr>
<tr>
<td></td>
<td>Types of incidents</td>
<td>• Area businesses (crimes against customers, property; expenditures for security)</td>
</tr>
<tr>
<td></td>
<td>Crime trends</td>
<td>• U.S. Census and American Community Survey (employment)</td>
</tr>
<tr>
<td></td>
<td>Crime per capita</td>
<td>• Dataplace</td>
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<td>Investment Trends</td>
<td>Home values</td>
<td>• HMDA</td>
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<td>New home sales</td>
<td>• Dataplace</td>
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<td>Investment Trends</td>
<td>Owner-occupancy (homes and businesses)</td>
<td>• Local sales listings</td>
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<tr>
<td>Investment Trends</td>
<td>Building permits</td>
<td>• Tax assessments</td>
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<tr>
<td>Investment Trends</td>
<td></td>
<td>• City planning/permitting departments</td>
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</table>
MARKET ASSESSMENT EXAMPLES

The following profiles are excellent examples of ways in which the market data may be presented to developers, investors, and retailers in a concise, attractive format. Each example is fully cited below, with additional explanation as necessary; the profiles follow accordingly as full-page inserts. The use of these profiles as examples for this report has been granted by each agency and is greatly appreciated.

A. Social Compact Preliminary Market Overview
   This two-page profile is a preliminary sketch of 1st and M Streets in Washington, D.C., completed by Social Compact in 2007; these are done in the initial stages of the market research process. Social Compact’s complete reports are significantly more detailed, but this overview offers a great example for a simple way to present the key statistics outlined in this paper. Full reports on select cities may be found on the organization’s website (www.socialcompact.org); the organization may also be contacted at the following address for additional information:

   Social Compact
   738 7th Street, SE
   Washington, D.C. 20003
   Phone: 202.547.2581

B. Washington, D.C. Economic Partnership Neighborhood Profiles
   The Washington, D.C. Economic Partnership publishes market profiles on each of the city’s neighborhoods. These are an excellent demonstration of ways to use market data to inspire development and investment through place publicity. Examples from both the 2007 and 2008 Neighborhood Profiles books are included within for the neighborhoods of 14th Street Heights and Brookland, respectively. They can be found online at WDCEP’s website (www.wdcep.com) or by contacting the organization at the following address:

   Washington, D.C. Economic Partnership
   1495 F Street, NW
   Washington, D.C. 20004
   Phone: 202.661.8670
DrillDown Market Overview

**MARKET SIZE**

<table>
<thead>
<tr>
<th></th>
<th>2007 DRILLDOWN</th>
<th>2006 Trend Projection</th>
<th>2000 Census</th>
<th>Comparison DrillDown/Trend Proj</th>
</tr>
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<tbody>
<tr>
<td>Total Population</td>
<td>13,425</td>
<td>12,302</td>
<td>12,854</td>
<td>9.0%</td>
</tr>
<tr>
<td>Population per Acre</td>
<td>20.4</td>
<td>18.7</td>
<td>19.5</td>
<td>-</td>
</tr>
<tr>
<td>Total # Households</td>
<td>4,824</td>
<td>4,573</td>
<td>4,645</td>
<td>5.0%</td>
</tr>
<tr>
<td>% Change in Total USPS Count</td>
<td>0.5% ('05-'07)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Change in IRS Returns</td>
<td>17% ('98-'05)</td>
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</tbody>
</table>

**MARKET STRENGTH**

<table>
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<tr>
<th></th>
<th>2007 DRILLDOWN</th>
<th>2006 Trend Projection</th>
<th>2000 Census</th>
<th>Comparison DrillDown/Trend Proj</th>
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<tbody>
<tr>
<td>Average Household Income</td>
<td>$51,329</td>
<td>$55,868</td>
<td>$44,589</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$41,887</td>
<td>$46,462</td>
<td>$37,940</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Aggregate Neighborhood Income</td>
<td>$248 Million</td>
<td>$255 Million</td>
<td>$207 Million</td>
<td>-3.0%</td>
</tr>
<tr>
<td>% Informal Economy</td>
<td>6.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregate Income per Acre</td>
<td>$375,658</td>
<td>(7.1 times MSA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Income New Home Buyers</td>
<td>$110,742</td>
<td>148% above Census Avg HH Inc</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Change in Adj Gross Income*</td>
<td>36% ('98-'05)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**MARKET STABILITY**

<table>
<thead>
<tr>
<th></th>
<th>2007 DRILLDOWN</th>
<th>2006 Trend Projection</th>
<th>2000 Census</th>
<th>Comparison DrillDown/Trend Proj</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Owner Occupancy - Unit</td>
<td>53.1%</td>
<td>41.5%</td>
<td>42.6%</td>
<td>-</td>
</tr>
<tr>
<td>% Owner Occupancy - Bldg</td>
<td>72.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Median Home Sale Value</td>
<td>$417,317</td>
<td>$289,839</td>
<td>$130,883</td>
<td>44.0%</td>
</tr>
<tr>
<td>New Construction Units ('02-'06)</td>
<td>18</td>
<td>3.9 Per 1K Households</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential Rehab Permits</td>
<td>151.8 Per 1K Households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in Crime ('01-'06)</td>
<td>-13% (Violent)</td>
<td>-24% (Property)</td>
<td>-21% (Total)</td>
<td></td>
</tr>
<tr>
<td>Incidents per 1,000 Persons</td>
<td>19.6 (Violent)</td>
<td>45.5 (Property)</td>
<td>65.1 (Total)</td>
<td></td>
</tr>
</tbody>
</table>

Social Compact first conducted a DrillDown in Washington, DC in 2002, uncovering an aggregate income worth over $2 billion and a population more than 36% higher than the Census 2000 estimates in study area neighborhoods. In collaboration with the District of Columbia Office of Planning, the Office of the Chief Technology Officer, the Office of the Deputy Mayor of Economic Development and the Washington, DC Economic Partnership, Social Compact conducted a second DrillDown in the District in the spring of 2007. Findings from the study will inform the District’s retail attraction strategies and economic development initiatives, with particular emphasis on highlighting market strengths of the District’s underserved neighborhoods.
### DrillDown Market Overview

#### BUSINESSES

<table>
<thead>
<tr>
<th>Type</th>
<th>Total #</th>
<th>Total Revenue</th>
<th>Total # Employees</th>
<th>Employee Annual Spending Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Businesses</td>
<td>914</td>
<td>$1,279 Million</td>
<td>14,220</td>
<td>x $2,787 / yr = $42. Million</td>
</tr>
<tr>
<td>Small Business (Empl. 51 - 100)</td>
<td>28</td>
<td>$85 Million</td>
<td>2,116</td>
<td></td>
</tr>
<tr>
<td>Small Business (Empl. 20 - 50)</td>
<td>68</td>
<td>$196 Million</td>
<td>2,007</td>
<td></td>
</tr>
<tr>
<td>Small Business (Empl. 6 - 19)</td>
<td>183</td>
<td>$174 Million</td>
<td>1,720</td>
<td></td>
</tr>
<tr>
<td>Small Business (Empl. 1 - 5)</td>
<td>253</td>
<td>$93 Million</td>
<td>728</td>
<td></td>
</tr>
</tbody>
</table>

#### GROCERY DEMAND

<table>
<thead>
<tr>
<th>Type</th>
<th>Total #</th>
<th># per 10K HH</th>
<th>Average Distance</th>
<th>Total Expenditures</th>
<th>Total Leakage</th>
<th>Estimated Sq. Ft. Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Grocers</td>
<td>11</td>
<td>22.8</td>
<td>-</td>
<td>$14.9 Million</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Full Service Grocers Only</td>
<td>0</td>
<td>0.0</td>
<td>0.61mi</td>
<td>$14.9 Million</td>
<td>43,529</td>
<td></td>
</tr>
</tbody>
</table>

#### FINANCIAL SERVICES

<table>
<thead>
<tr>
<th>Type</th>
<th>Total #</th>
<th># per 10K HH</th>
<th>Average Distance</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks &amp; Credit Unions</td>
<td>4</td>
<td>8.3</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banks Only</td>
<td>1</td>
<td>2.1</td>
<td>0.29mi</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pawnshops, Cashcheckers, Payday Lenders</td>
<td>5</td>
<td>10.4</td>
<td>0.21mi</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

% of Households lacking credit histories = 17%

#### RETAIL DEMAND

<table>
<thead>
<tr>
<th>Type</th>
<th>Estimated Revenue</th>
<th>Excluding Union Station</th>
<th>Resident Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>$93.5 Million</td>
<td>$26.5 Million</td>
<td>$70.0 Million</td>
</tr>
<tr>
<td>Apparel</td>
<td>$25.6 Million</td>
<td>$7.8 Million</td>
<td>$7.9 Million</td>
</tr>
<tr>
<td>Restaurants</td>
<td>$46.4 Million</td>
<td>$10.0 Million</td>
<td>$11.4 Million</td>
</tr>
</tbody>
</table>

**Social Compact** is a national not-for-profit corporation led by a board of business leaders whose mission is to help strengthen neighborhoods by stimulating private market investment in underserved communities. The lack of dependable business-oriented data on inner-city communities expands the information gap on market trends, disabling potential investors from making informed decisions. Established to provide up-to-date profiles of market size, strength, and stability for small, dense, and rapidly changing urban geographies, Social Compact's Neighborhood Market DrillDown addresses key barriers to private investment in and around inner-city neighborhoods - a lack of information and negative stereotyping. The DrillDown uses numerous sources of market data to identify the fundamental business attributes and market characteristics of urban communities and aims to expose market anomalies and opportunities that may have previously been overlooked by traditional market analyses. The DrillDown serves as a resource to community organizations, government decision makers and the private sector. Social Compact is at the forefront of identifying the market potential of underserved neighborhoods and believes that a public private partnership that involves community members and leverages private investment is the most sustainable form of community economic development.
The 14th Street Heights neighborhood is just east of the better known 16th Street Heights and Crestwood neighborhoods. The 14th Street Heights commercial corridor is surrounded by moderate density residential neighborhoods with varied buying habits reflecting the cultural and ethnic diversity of their residents. This 14th Street corridor spans four blocks from Webster to Decatur Streets, NW. Anchoring the neighborhood is a high-style Italian renaissance revival trolley station built in 1906.

Thirty commercial properties comprise this unique retail enclave in a moderate density residential neighborhood with household incomes on the rise. Ninety percent of storefronts line the west side of the corridor, making for a unique browsing experience.

The 1920s Mediterranean-style corridor is ripe for renovations as neighborhood families demand higher quality full-service restaurants with extended evening hours. New, wide and well-lit sidewalks lend themselves to outdoor seating.

Property values, education levels and incomes in the surrounding residential neighborhood have been rising at an increasing rate over the past few years.

### Population

<table>
<thead>
<tr>
<th></th>
<th>0–0.5 mi</th>
<th>0–1 mi</th>
<th>0–3 mi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>8,165</td>
<td>45,330</td>
<td>314,800</td>
</tr>
<tr>
<td>Male</td>
<td>48.4%</td>
<td>48.6%</td>
<td>48.1%</td>
</tr>
<tr>
<td>Female</td>
<td>51.6%</td>
<td>51.4%</td>
<td>51.9%</td>
</tr>
</tbody>
</table>

### Households

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>2,786</td>
<td>17,004</td>
<td>144,662</td>
</tr>
<tr>
<td>Average Household Size</td>
<td>2.9</td>
<td>2.6</td>
<td>2.1</td>
</tr>
<tr>
<td>Owner-occupied</td>
<td>69.0%</td>
<td>51.4%</td>
<td>45.1%</td>
</tr>
</tbody>
</table>

### Income

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita</td>
<td>$31,967</td>
<td>$25,765</td>
<td>$41,975</td>
</tr>
<tr>
<td>Median HH Disposable</td>
<td>$48,393</td>
<td>$35,980</td>
<td>$42,586</td>
</tr>
<tr>
<td>Average Household</td>
<td>$90,932</td>
<td>$68,444</td>
<td>$90,165</td>
</tr>
<tr>
<td>Median Household</td>
<td>$63,732</td>
<td>$45,783</td>
<td>$56,589</td>
</tr>
</tbody>
</table>

### Consumer Expenditures ($000)

<table>
<thead>
<tr>
<th>Category</th>
<th>0–0.5 mi</th>
<th>0–1 mi</th>
<th>0–3 mi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel</td>
<td>$7,519</td>
<td>$35,767</td>
<td>$397,533</td>
</tr>
<tr>
<td>Computers &amp; Accessories</td>
<td>$928</td>
<td>$4,293</td>
<td>$49,461</td>
</tr>
<tr>
<td>Entertainment &amp; Recreation</td>
<td>$11,849</td>
<td>$33,375</td>
<td>$597,431</td>
</tr>
<tr>
<td>Food at Home</td>
<td>$17,552</td>
<td>$84,780</td>
<td>$918,085</td>
</tr>
<tr>
<td>Home Improvement</td>
<td>$8,728</td>
<td>$34,219</td>
<td>$368,114</td>
</tr>
<tr>
<td>Household Furnishings</td>
<td>$6,976</td>
<td>$31,002</td>
<td>$352,052</td>
</tr>
<tr>
<td>Pets</td>
<td>$1,587</td>
<td>$7,056</td>
<td>$78,743</td>
</tr>
<tr>
<td>Meals at Restaurants</td>
<td>$10,987</td>
<td>$53,163</td>
<td>$596,163</td>
</tr>
<tr>
<td>Vehicle Maint. &amp; Repair</td>
<td>$3,700</td>
<td>$17,153</td>
<td>$196,417</td>
</tr>
<tr>
<td>Television, Radio &amp; Sound</td>
<td>$3,850</td>
<td>$18,410</td>
<td>$205,097</td>
</tr>
<tr>
<td>Travel</td>
<td>$6,844</td>
<td>$29,942</td>
<td>$333,663</td>
</tr>
<tr>
<td>Average Spent per HH</td>
<td>$30.6</td>
<td>$23.2</td>
<td>$30.4</td>
</tr>
</tbody>
</table>

### Age

<table>
<thead>
<tr>
<th></th>
<th>0–4</th>
<th>5–9</th>
<th>10–14</th>
<th>15–24</th>
<th>25–34</th>
<th>35–44</th>
<th>45–54</th>
<th>55–64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0–4</td>
<td>5.9%</td>
<td>6.3%</td>
<td>6.7%</td>
<td>11.7%</td>
<td>12.9%</td>
<td>14.8%</td>
<td>15.4%</td>
<td>11.4%</td>
<td>15.0%</td>
</tr>
<tr>
<td>5–9</td>
<td>6.4%</td>
<td>6.5%</td>
<td>5.8%</td>
<td>13.1%</td>
<td>16.4%</td>
<td>16.0%</td>
<td>13.9%</td>
<td>8.2%</td>
<td>13.6%</td>
</tr>
<tr>
<td>10–14</td>
<td>5.0%</td>
<td>5.0%</td>
<td>4.5%</td>
<td>13.8%</td>
<td>20.0%</td>
<td>16.2%</td>
<td>13.7%</td>
<td>8.8%</td>
<td>12.9%</td>
</tr>
<tr>
<td>15–24</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>25–34</td>
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<tr>
<td>35–44</td>
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<td></td>
<td></td>
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<tr>
<td>45–54</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>55–64</td>
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<tr>
<td>65+</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Age</td>
<td>39.8</td>
<td>36.9</td>
<td>37.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ESRI, 2006 Estimates & Projections
(data gathered from 14th & Buchanan Streets)
14TH STREET HEIGHTS
BY THE NUMBERS*

2,807
# of Employees

569
# of Businesses

75
# of Retail Stores

$90,291,000
Est. Retail Sales Volume

DEVELOPMENT ACTIVITY**

Estimated Project Cost

$138 MILLION

$255 MILLION

$233 MILLION

Completed (since 2001)

Under Construction

Pipeline

Total Sq. Ft. of Development

831,378

1,074,786

1,370,484

Completed (since 2001)

Under Construction

Pipeline

*Source: InfoUSA (Retail data based on NAICS codes—does not include restaurants).

Businesses within a 1/2 mile of Main Street.

**Development within one mile of Main Street (as of 12/2006)
The DC Main Street program, in the Office of the Deputy Mayor for Planning and Economic Development, fosters retail investment in the District by providing funding and technical assistance to help communities retain and recruit businesses, improve commercial properties and streetscapes, and attract consumers to neighborhood commercial districts. This mayoral initiative, which is based on the National Trust’s Main Street Approach model, builds the capacity of nonprofit organizations and residents to sustain community-driven revitalization efforts. For more information visit restore.dc.gov.

AMENITIES & ATTRACTIONS

- Excellent schools: the prestigious British School of Washington (private); West Elementary (public) is one of only three Department of Education “Blue Ribbon” schools in DC; and the newly renovated Kingsbury Center school is an employment anchor.
- Prime access to the city’s most popular parks: Rock Creek Park, the Carter Barron Amphitheater with its adjoining soccer fields and the Fitzgerald Tennis Center—home of the Legg Mason Tennis Classic.
- WMATA’s bus barn brings over 400 employees to the corridor daily and is a major transportation hub in DC.
- Excellent access to Rock Creek Parkway—Northwest DC’s scenic urban artery to Downtown DC and suburban Maryland.
- Major adjacent redevelopments: just south is the booming Columbia Heights neighborhood and its multiple mixed-used developments currently under construction.

FOR MORE INFORMATION: Phyllis Young, 14th Street Heights Main Street pyoung6873@aol.com www.14thstreetheights.org

Washington, DC Economic Partnership

The Washington, DC Economic Partnership is a 501(c)(3), public/private partnership dedicated to facilitating economic development in the District of Columbia by promoting business development opportunities and retail attraction activities. The Economic Partnership is your first point of contact for information on the District’s economy, available opportunities, incentives, site locations, contacts within the District Government and partnerships in the development community.
BROOKLAND

WHY BROOKLAND

■ Because of significant city investments: a recently completed Streetscape Study with planned improvement slated for 2008; a planning study around the Metrorail station; and a $300,000 façade improvement program for commercial buildings

■ Brookland offers several major tourist attractions, including the John Paul II Cultural Center and The Basilica, that collectively draw hundreds of thousands of visitors each year

■ Nearby hospitals employ several thousand workers: Washington Hospital Center, Children’s Hospital, the Veteran’s Administration Hospital and Providence Hospital

■ The Historic Brookland Farmers Market is a well-established neighborhood institution that features fresh fruits and vegetables and other homemade products

■ Business assistance & commercial property improvement services provided by Historic Brookland Main Street

Tree-lined streets, single-family residences, home to three of Washington’s universities and in 2009 the new headquarters for Casey Trees. Brookland offers tremendous retail and residential opportunities close to the heart of the nation’s capital.

Largely constructed during the Art Deco era, Brookland’s commercial district, 12th Street, NE, is the neighborhood’s main street. Area students and residents come here for a wide range of neighborhood goods and services, such as eateries, hardware stores and grocery stores, including Yes! Organic Market.

The Basilica of the National Shrine of the Immaculate Conception, the largest Catholic church in the United States, forms the architectural heart of Brookland. Catholic University, Trinity University, the Howard University Divinity School and the Franciscan Monastery provide a population in excess of 10,000 students, faculty and staff.

Residents await the opening of the Metropolitan Branch Trail for bicycling and walking from Brookland to Union Station and other trails in Maryland. Meanwhile, the nearby Metrorail station and Metrobus hub provide convenient access for residents and visitors to the 12th Street, NE neighborhood.
2,512  
# of Employees

316  
# of Businesses

27  
# of Retail Stores

$35.5  
Est. Retail Sales Volume (in millions)

Source: InfoUSA (Retail data based on NAICS codes—does not include restaurants). Businesses within 0.5 mile of 12th & Newton Streets.
BROOKLAND PICTURES & LOCATIONS

1. Residential
2. 12th Street Retail
3. Residential & The Basilica
4. Yes! Organic Market
5. The 3610
6. Cafe Sureia
7. CVS Pharmacy
8. Treasures
9. Residential
Brookland

0.5 mile radius* 

Main Street

Catholic University of America

Trinity College

Glenwood Cemetery

Brookland

Rhode Island Avenue

**Population**

<table>
<thead>
<tr>
<th></th>
<th>0-0.5 mi</th>
<th>0-1 mi</th>
<th>0-3 mi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>5,348</td>
<td>26,815</td>
<td>313,807</td>
</tr>
<tr>
<td>Male (%)</td>
<td>47.6</td>
<td>47.1</td>
<td>48.6</td>
</tr>
<tr>
<td>Female (%)</td>
<td>52.4</td>
<td>52.9</td>
<td>51.4</td>
</tr>
</tbody>
</table>

**Households**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>2,095</td>
<td>9,740</td>
</tr>
<tr>
<td>Average Household Size</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Owner-occupied (%)</td>
<td>65.7</td>
<td>58.1</td>
</tr>
</tbody>
</table>

**Income**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Household</td>
<td>$70,122</td>
<td>$64,280</td>
</tr>
<tr>
<td>Median Household</td>
<td>$54,286</td>
<td>$49,129</td>
</tr>
<tr>
<td>Median HH Disposable</td>
<td>$40,756</td>
<td>$37,490</td>
</tr>
<tr>
<td>Median Net Worth</td>
<td>$117,190</td>
<td>$122,318</td>
</tr>
</tbody>
</table>

**Consumer Expenditures ($000)**

<table>
<thead>
<tr>
<th>Category</th>
<th>0-0.5 mi</th>
<th>0-1 mi</th>
<th>0-3 mi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel</td>
<td>$5,323</td>
<td>$22,549</td>
<td>$308,917</td>
</tr>
<tr>
<td>Computers &amp; Accessories</td>
<td>$8,439</td>
<td>$2,071</td>
<td>$28,916</td>
</tr>
<tr>
<td>Entertainment &amp; Recreation</td>
<td>$6,751</td>
<td>$28,701</td>
<td>$374,537</td>
</tr>
<tr>
<td>Pets</td>
<td>$837</td>
<td>$3,558</td>
<td>$45,140</td>
</tr>
<tr>
<td>Television, Radio &amp; Sound</td>
<td>$2,374</td>
<td>$10,105</td>
<td>$137,012</td>
</tr>
<tr>
<td>Food at Home</td>
<td>$10,205</td>
<td>$43,599</td>
<td>$593,523</td>
</tr>
<tr>
<td>Home Improvement</td>
<td>$4,912</td>
<td>$20,907</td>
<td>$239,277</td>
</tr>
<tr>
<td>Household Furnishings</td>
<td>$4,293</td>
<td>$18,227</td>
<td>$236,835</td>
</tr>
<tr>
<td>Meals at Restaurants</td>
<td>$6,388</td>
<td>$27,135</td>
<td>$372,949</td>
</tr>
<tr>
<td>Personal Care</td>
<td>$9,400</td>
<td>$4,010</td>
<td>$55,147</td>
</tr>
<tr>
<td>Vehicle Maint. &amp; Repair</td>
<td>$2,025</td>
<td>$8,661</td>
<td>$116,987</td>
</tr>
<tr>
<td>Average Spent per HH</td>
<td>$24.2</td>
<td>$22.2</td>
<td>$22.3</td>
</tr>
</tbody>
</table>

**Age (%)**

<table>
<thead>
<tr>
<th>Age</th>
<th>0-0.5 mi</th>
<th>0-1 mi</th>
<th>0-3 mi</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–4</td>
<td>4.8</td>
<td>4.8</td>
<td>5.7</td>
</tr>
<tr>
<td>5–9</td>
<td>4.9</td>
<td>4.6</td>
<td>5.4</td>
</tr>
<tr>
<td>10–14</td>
<td>6.6</td>
<td>5.9</td>
<td>6.1</td>
</tr>
<tr>
<td>15–24</td>
<td>9.6</td>
<td>15.9</td>
<td>13.8</td>
</tr>
<tr>
<td>25–34</td>
<td>15.1</td>
<td>13.0</td>
<td>16.8</td>
</tr>
<tr>
<td>35–44</td>
<td>14.5</td>
<td>11.8</td>
<td>15.1</td>
</tr>
<tr>
<td>45–54</td>
<td>16.2</td>
<td>14.4</td>
<td>14.3</td>
</tr>
<tr>
<td>55–64</td>
<td>12.4</td>
<td>10.8</td>
<td>10.1</td>
</tr>
<tr>
<td>65+</td>
<td>15.7</td>
<td>18.9</td>
<td>12.6</td>
</tr>
<tr>
<td>Median Age</td>
<td>41.5</td>
<td>40.2</td>
<td>36.0</td>
</tr>
</tbody>
</table>

* Source: ESRI, 2007 Estimates & Projections

Data gathered from 12th & Newton Streets

**CONTACT**

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Main Street
p 202.526.4848

Historic Brooklandcdc@aol.com

www.historicbrookland.org

The DC Main Streets program, in the Department of Small and Local Business Development, fosters retail investment in DC by providing services and funding to help communities retain and recruit businesses, improve commercial properties and streetscapes and attract consumers. For more information, please visit www.restore.dc.gov or call 202.727.3900.

The Washington, DC Economic Partnership is a 501(c)(3) public/private partnership dedicated to facilitating economic development in the District of Columbia by promoting business opportunities and retail attraction activities.
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