

**XII. Market Assessment Highlights, The Chesapeake Group
(full report to be available later)**

Market Assessment Highlights

The Chesapeake Group, Inc.

The following are highlights of the preliminary analysis.

A total of five comparative assessments were performed. A comparative assessment is intended to identify business "gaps" and opportunities. The US Census Bureau provides annual information on Business Patterns throughout the nation in three different geographical formats: by County, zip code, or by Metropolitan Statistical Areas. The comparative assessments were performed at both the County level, identifying opportunities and gaps that Novi or a sub-area might serve within the County's economic structure, and by zip code level (each zip code associated with one of the three sub-areas). The identified business gaps defined in this process may or may not be appropriate for the City or any sub-area because of the nature of operations, scale, or other factors.

- ✓ It is noted that at the county level, there are reasonable or numerous under-represented businesses indicating opportunities in:

Manufacturing,
Wholesaling,

Research & Development, and
Personal & Home Services.

Retail and related services "gap" defined opportunities at the county level are limited.

- ✓ In zip code 48374, associated with 12 Mile / Napier / Wixom Road area, there is at least one significant potential "anchor" community serving retail "business" defined as being under-represented. That is supermarkets.
- ✓ Zip code 48375 is one of two zip code areas associated with I-96 / Novi Road Area. The identified retail operations are generally smaller, non-anchor activity, with the exclusion of the discount department store operations. It is noted that, in general, both convenience, with the exception of potential anchor supermarkets, and shoppers goods retail operations are found as being over-represented.
- ✓ In zip code 48377, the other zip code associated with I-96 / Novi Road Area, has little under-represented retail. That which is generally described as "auto" oriented.
- ✓ In zip code 48167, associated with the Southwest Quadrant, while there are a reasonable number of retail and service operations listed; a location on the fringe or outer edge of a population center within the zip code may not be conducive to success without substantial new housing development. Even with additional housing, there would likely be a need to attract patronage from beyond new development in this area for economic success. Given the geographically small portion of the zip code found in Novi, the location for such anchor activity would not seem to be as advantageous from a public accommodation perspective as other locations in Northville Township.

The future of much industrial and non-community serving retail and office activity and employment in the United States, Michigan, and Novi likely rests in the ability to find and develop technology and products associated with that technology. Success in participating in the future structure of such activity will be dependent upon an area's indigenous resources; current production; and the maximization of the resources' use in productive, environmentally sensitive manner.

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Significant research was performed to determine opportunities for Novi or the sub-areas that involve Research & Development activity and emerging technology that can result in space and land use activity. The selection of potential new base economic activity for inclusion for Novi or its sub-areas was based on a number of factors including:

- ✓ Existing catalytic forces and businesses in the area that have recently or are in the process of expanding or reinvesting in Novi.
- ✓ The natural, human, or economic resources found in the area or resources related to those that are.
- ✓ The current transportation network.
- ✓ The research or the development of products that would not negatively impact the environment in the area.
- ✓ R & D activity related to emerging sectors or markets throughout the country and world.
- ✓ Either or both a reasonable likelihood of interest in funding or current funding.

The following is a list of potential new businesses and industry or product focuses to propel economic development and bring a vigorous business environment to the City of Novi.

Information Technology.
Healthcare Research
Invasive Species
Limnology

Pine Cones
Biomass Alternative Energy
Asian Bird Flu (West Nile Virus)
Black Capped Chickadee

Housing is one of the major land uses. Demand for new housing development has slowed in general. Absorption in the short-run is likely to be below historic absorption rates in Novi, with the total of between 3,200 and 4,800 new units added through 2015.

- ✓ The overall implication is that build-out under current zoning is likely to extend beyond 2015. Furthermore, with the aging of the population in the region, the county and Novi as well as some potential for seniors from other areas of the country or the "return migration" to move to Novi, a larger proportion of new housing units will be oriented toward those 55 or older than previous proportion of the Novi population in that category or than what might have been anticipated previously.
- ✓ This latter has significant implication for the revisions to the master plan and to the accommodation by available land by Novi. While current zoning would indicate that the majority of these new units would located locate in other than the sub-area defined as "I-96 / Novi Road Area" over time, that area and areas nearby would be potentially the prime locations for integration of senior housing, both independent and assisted living, with current commercial development or in new development that would either replace marginal commercial sites or activities areas or be incorporated into new developments within that area.

The following is a synopsis of the pertinent conclusions with respect to demand for retail goods and related services activity.

- ✓ As housing development occurs, retail demand will grow. Novi serves both its own residents as well as residents form other locations. Whether new retail is oriented toward serving both is a policy question that impacts amounts and location of retail opportunities in general.
- ✓ Based on the City's projections of about 500,000 square feet of new space in process and expected to come "on board" through 2010, there is retail demand generated by the growth in Novi households alone that will exceed this level by 2015.

- ✓ The growth in demand generated by the growth in households in Novi will be sufficient to add additional convenience oriented retail space. An example of such convenience activity would be drugstores. Demand generated only by growth in the residential households in Novi will not be sufficient through 2015 to support significant amounts of additional “shopper goods”, regional retail space.
- ✓ The growth in retail space in Oakland County will be substantial through 2015, although linked to new residential development in an effort to not negatively impact competitive operations.
- ✓ Substantial regional serving retail space increases will be linked to the household growth in Oakland County through 2015. In the past, Novi has been very successful at attracting such activity and maintaining its viability.
- ✓ While the above is accurate, Novi’s regional serving strategic retail locations are at interstate interchanges as is typical of patterns in Oakland County, Michigan and across the country. Accommodation of such additional space at the interchange, particularly associated with the I-96 / Novi Road Area sub-area, would require reconfiguration of existing activity and redevelopment. This is feasible over the long-term, but less likely in the next few years. Stimuli for such reconfiguration could come from increased density of senior or other residential activity in the immediate area, through mixed-use redevelopment.
- ✓ There could be the potential to capture in the future an additional 110,000 to 200,000 square feet of regional serving space as growth occurs outside of Novi. The space would include but not be limited to restaurants with entertainment or ethnic venues.
- ✓ The potential space can be and has been allocated to the sub-areas in question. However, this is somewhat of a conundrum. The allocations are based upon the current growth in individual sections which is dictated by the available zoned residential land. Any changes to the Master Plan made as a result of the current efforts on the three sub-areas, of which these analyses are a part, would alter the allocations.

Zip code areas 48375 to the south and southeast of the interchange and 48377 to the north and northeast of the interchange, associated with the I-96 / Novi Road Area, could support an additional 308,000 square feet of the additional Novi generated retail goods and related services demand. This is also the most probable location for any potential regional space as well

The SW Quadrant sub-area, associated with zip code 48167 but with only a portion of the zip code found in Novi, could support an additional 96,000 square feet of the additional Novi generated retail goods and related services demand.

The 12 Mile / Napier / Wixom Road area, associated with northwestern sections of Novi and zip code 48374, could support an additional 281,000 square feet of the additional Novi generated retail

Previously, unique Research & Development opportunity areas were identified. The following is a synopsis of the pertinent information on office and industrial space opportunities presented.

- ✓ The success of Novi to date with the OST District, the R & D opportunities, the expansion of medical services in the area and the amount of additional non-retail, non-residential development in the planning or approval stages (in spite of the economic conditions in the broader community) are all indicators of greater potential.
- ✓ Having an employment or labor force that works close to home is increasingly cost effective to both the household and the jurisdictions involved with the provision of infrastructure. Thus, from a comprehensive policy perspective for Novi, accommodating employment for

residents of the community close to home is a reasonable policy or goal to be pursued. New economic activity should then potentially reflect the composition of the labor force, either existing or future.

- ✓ Between 397,750 and 643,500 square feet of new office space would be required to accommodate the growth in office employment labor force associated with the range in household growth anticipated in Novi by 2015. It is also noted that hospital expansion is excluded, but not spin-off activity.
- ✓ The City estimated that about 679,500 square feet of office space will be developed between 2008 and 2010. This would be more than sufficient to accommodate new local employment needs by 2015. Therefore, the industry and Novi must assume regional as well as local focused activity to absorb the proposed space.
- ✓ The office space associated with growth at the county level outside of Novi will be 2.382 million square feet. If levels of housing once again increase in the County in the short-term, the amount of office space could be double this figure or about 4.7 million square feet to meet the growth in the labor force. It is noted that this space will be aggressively pursued by any number of jurisdictions within the County. Furthermore, a proportion of the office space, potentially as much as 20%, at both the County and Novi levels will be in non-traditional home locations. Included are only multi-tenant office activity. Also excluded have been relocations of existing office activity from other communities in Oakland County and the Detroit Metro, or other areas to Novi.

New City identified industrial space through 2010 is about 273,000 square feet, or well below levels to match employment needs. The needs are anticipated to range from 593,000 to 1.640 million square feet, depending upon assumptions with respect to the average amount of space per employee, the proportion of new residents in various industries, and the household growth.

