

City of Hammond
Downtown's Market Analysis

Steering Committee

May 27, 2009



Today's Review

- *Consider broader market realities by sector*
- *Consider Hammond's market characteristics*
- *Begin to examine development concepts specific to downtown Hammond*
- *Discuss preliminary market strategies for downtown*
- *Overall question--Do we have it right?*



Current Market Context

- *Recent good news for Hammond*
 - *Retailer investments: Study area and in Hammond*
 - *New downtown school*
 - *Casino revenues*
 - *City and stakeholder commitment*



Current Market Context

- *Retail*
 - *Challenging market nationally*
 - *Retail vacancies in Hammond's nearby markets--10%-17.5% (CBRE)*
 - *Downtown rents: \$7-8 PSF net; \$12-18 PSF gross*
 - *Vacant land asking prices in Hammond less than \$2 PSF*



Current Market Context

- *Office*
 - *Minimal construction of Class A over last 7 years nationally*
 - *Competition between former A and Class B*
 - *Minimal impact on small office user market*
 - *Source of job growth*
 - *Response to local market need*
 - *Current new construction in nearby markets are build-to-suit*



Current Market Context

- *Office (cont)*
 - *Vacancy rates in nearby markets in 16-21% (CBRE)*
 - *Asking rents in nearby markets are \$15-21 PSF (CBRE)*
 - *One downtown listing: Asking rent of \$10 PSF gross*



Current Market Context

- *Residential*
 - *Depressed nationally*
 - *Diverse housing types and price point range in Hammond*
 - *36 new residential units in Hammond since 2004*
 - *Impact of few new Hammond households*
 - *Diverse housing product serving Hammond's workforce and population is long-term opportunity*



Commercial Development Concepts

- *Retail follows other markets.*
- *Cluster development versus broad selection of business types.*
- *Visibility is important.*
- *Downtown anchors (in the broadest sense) will be key.*
- *Parking is an 'art' and a 'science.'*



Hammond's Market

- *Examined key downtown markets*
 - *Proximate radii (.5 and 1 mile)*
 - *Convenience drive-time (5-minute)*
- *Compared demographics with neighboring towns*
- *Evaluated current downtown mix*
- *Applied retail gap analysis to current retail market share*



Downtown's Key Demographics

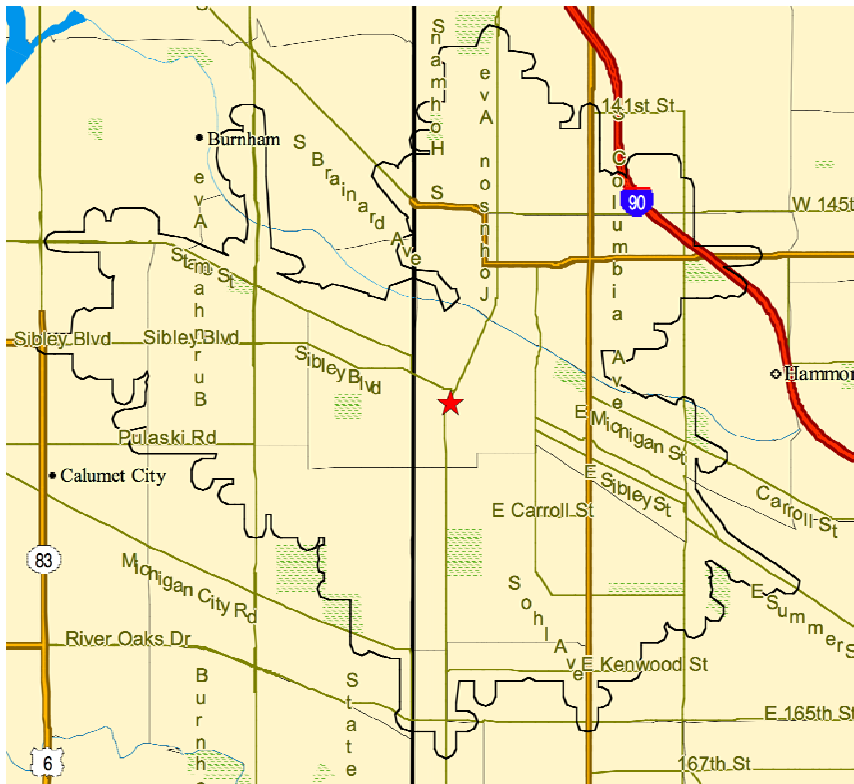
Basic Variables 2008	Hammond	0.5 Miles	1 Miles	5 Minutes
Population	77,172	4,178	18,358	37,029
Average Household Size	2.66	2.49	2.7	2.8
Households	28,817	1,628	6,738	13,128
Population Density	3,095.44	5,319.20	5,843.69	5,913.96
Total Population Median Age	34.94	29.89	31.42	32.5
% Bachelor's Degree	10.87%	8.62%	10.58%	10.34%
% Graduate or Professional School Degree	4.01%	3.27%	4.17%	4.49%
Average Household Income	\$44,614	\$32,075	\$39,013	\$42,446
Median Household Income	\$44,625	\$20,291	\$34,085	\$38,609
Total Employees	32,616	6,845	10,497	16,219
Total Establishments	2,036	305	649	1,091
Total Retail Expenditure	\$498,327,238	\$23,380,193	\$107,690,640	\$220,451,082

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- *Employee numbers are strong*
- *5-minute market has density versus higher income*
- *Significant spending power in Hammond and the 5-minute market*

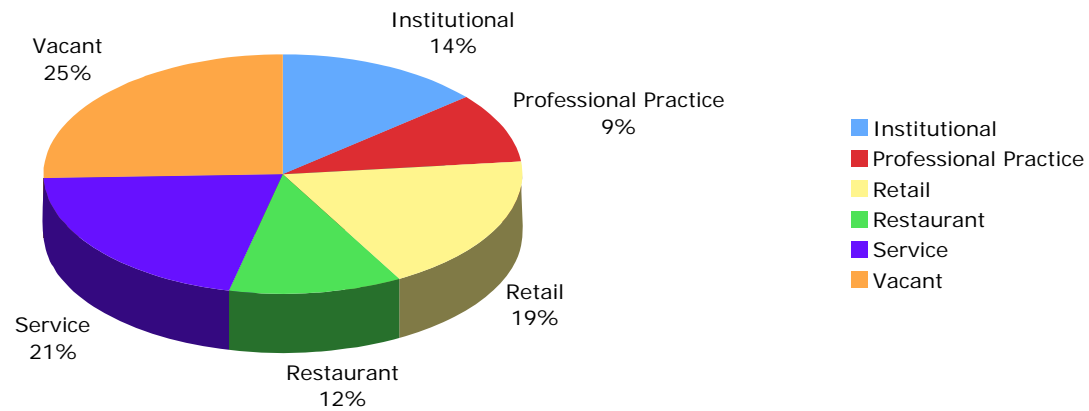


Downtown's Convenience Drive Time



- *5 minute market*
- *High traffic corridor in western section of study area*
- *Strong employment base*

Downtown Hammond's Current Mix



Hammond's Neighbors

	Hammond	Calumet City	East Chicago	Highland	Munster	Whiting
Population	77,172	37,492	29,833	23,792	23,206	4,313
Average Household Income	\$44,614	\$50,407	\$41,012	\$62,467	\$88,040	\$49,014
Median Household Income	\$44,625	\$47,971	\$32,685	\$63,304	\$80,807	\$42,721

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- *Hammond's incomes are comparable to most neighbors*
- *Munster is the exception*
- *Access to all retail formats is significant*



Downtown's Gap Analysis

- *Calculate downtown's current market share of total retail expenditures across markets*
 - *Use known data about downtown businesses*
 - *Apply ULI "Dollars and Sense of Shopping Centers 2008"*
 - *Estimated Sales per Square Foot*
 - *Estimated Square Feet*
- *Consider downtown's existing business*
 - *Few retail categories represented*
 - *86% current estimated sales from 3 businesses*



Downtown's Gap Analysis

- *Estimated total downtown retail sales at \$35,900,000*
- *Compared to total retail expenditures shown for .5 and 1-mile markets and 5 minute drive time*
- *Capture Rates*
 - *.5- mile: 151.4%*
 - *1 mile: 32.9%*
 - *5-minute: 16.1%*



Downtown's Sales Gap Analysis

- *Market Share Methodology*
 - *Is forward looking*
 - *Focus upon growing the overall offering*
 - *Focus on HOW prospective downtown businesses sell versus WHAT they sell*
 - *Recognize that certain retail categories will never be downtown*
 - *Emphasize increasing overall sales capture*



Other Issues

- *Perception of Safety*
- *Strong Regional Competition*
- *Potential Downtown Traffic Generators*
- *Redevelopment Opportunities*



Preliminary Strategy Thoughts

- *Address downtown's social issues*
- *Grow downtown's employment base*
 - *Work with current major employers*
 - *Continue early Incubator growth and entrepreneur support*
 - *Recognize potential impact (e.g., 200 employees at \$5/day for 50 weeks=\$250,000)*
 - *Retain or grow key categories (legal and medical)*
- *Consider shorter term destination opportunities*
 - *Food and Beverage*
 - *Theater Programming*



Preliminary Strategy Thoughts

- *Begin physical improvement plans*
 - *Streetscape*
 - *Gateway and wayfinding*
- *Consider ‘art’ of parking*



Your Questions and Observations

Market Review Draft and Process

