



ECONOMIC
IMPACT STUDY

Detroit Riverfront 2013

DETROIT RIVERFRONT CONSERVANCY



Ms. Faye Alexander Nelson
President & CEO
Detroit RiverFront Conservancy
600 Renaissance Center, Suite 1720
Detroit, MI 48243-1802

Dear Ms. Nelson,

We have completed the study process and preparation of an analysis of the economic impacts associated with the significant improvements that have taken place along the Detroit riverfront, focusing on the post-2003 period. The scope of this study is for the riverfront improvements and economic impact.

Over the past several months, CSL has worked closely with the Detroit RiverFront Conservancy (DRFC) leadership and staff, as well as numerous other public agencies and private sector entities, in conducting extensive research into the many ways in which development along such an important natural resource helps support the generation of significant impacts throughout the community. These impacts certainly include, but go well beyond, the quantifiable aspects of new spending to include the transformation of a blighted area into a vibrant community asset.

The purpose of this study is to better understand the economic impact return associated with riverfront investment that has taken place since 2003, as planned for and implemented by the DRFC, various city agencies, state and federal sources, the private sector and numerous other parties involved in creating an important asset for the downtown and surrounding area.

We sincerely appreciate the assistance and cooperation we have been provided in the completion of this report and would be pleased to be of further assistance in the interpretation and application of our findings.

Very truly yours,

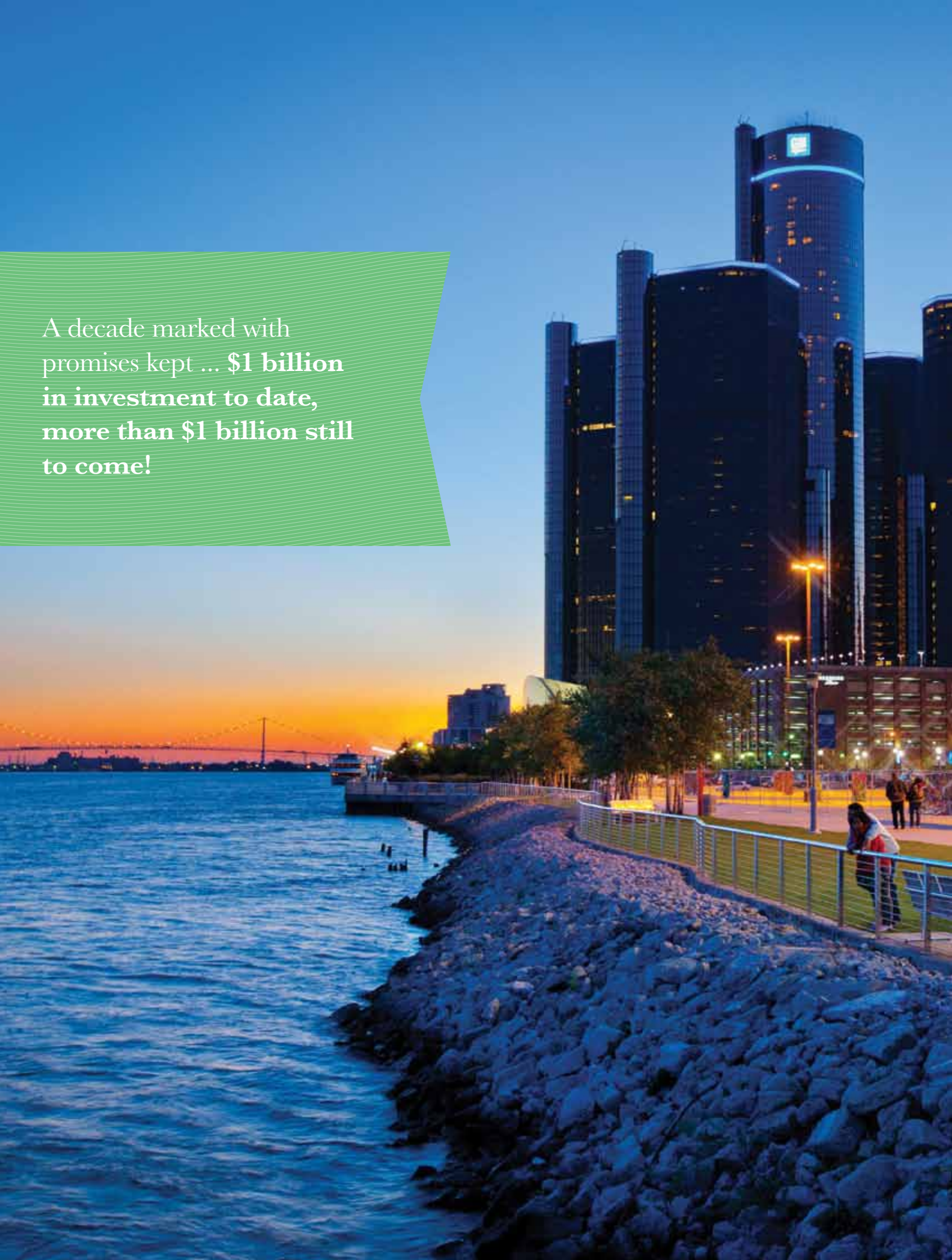
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CSL International

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A decade marked with
promises kept ... **\$1 billion**
in investment to date,
more than **\$1 billion** still
to come!



EXECUTIVE SUMMARY

The Detroit riverfront improvements have had an impact on many of the major development projects in the downtown area over the past five to 10 years. This impact will continue to extend to projects that are in the planning stages and to be developed into the future. The riverfront creates a vital “sense of place” that significantly benefits the development of residential units in the downtown area, enhances the ability to attract businesses, creates a more desirable convention and visitor environment, and provides a staging ground for hundreds of entertainment events enjoyed by visitors and residents of the Detroit area.

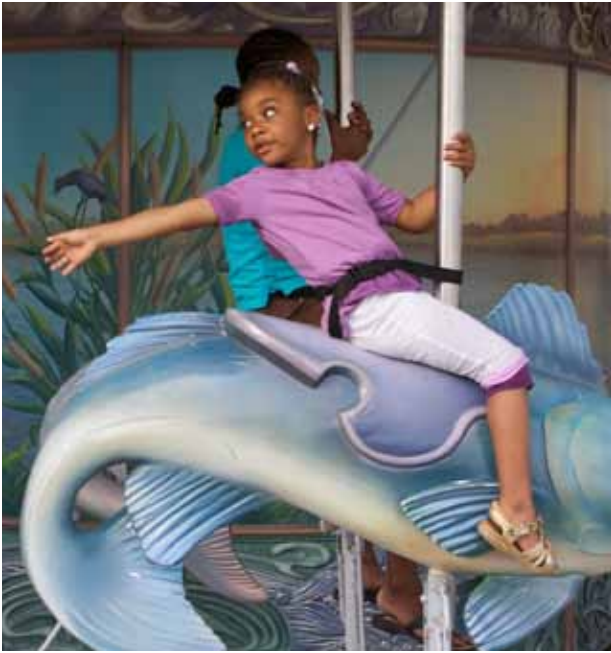
In many cases, these impacts are difficult to quantify, and in other cases, planned development that will benefit significantly from the riverfront improvements has yet to take place. However, we have been able to create a value framework for riverfront improvements that is important in two respects. First, it provides an initial quantification of riverfront improvement impacts that should be considered by business and community leaders as the future of the riverfront is discussed. Secondly, it provides a framework for future efforts to quantify impacts as development in the downtown and riverfront area continues to take place.

Conventions, Sports & Leisure International (CSL) was retained by the Detroit RiverFront Conservancy (DRFC) to prepare an analysis of the economic impacts associated with the significant improvements that have taken place along the Detroit riverfront. The Conservancy represents a successful public-private partnership – including the City of Detroit; various federal, state and city public agencies, including the Detroit Economic Growth Corporation (DEGC), foundations, corporations, the public sector and the broad-based community. This partnership has been integral to revitalizing the riverfront, one of the most successful, fast-tracked developments in the evolution of downtown Detroit.

The Conservancy was launched by three key partners: the **City of Detroit**, which provided valuable riverfront land and significant infrastructure improvements, including the relocation and demolition of the riverfront silos; **General Motors**, which invested significant financial resources into its waterfront renovations at the Renaissance Center, including the building of the GM Plaza and the first half mile of RiverWalk, which it donated to the Conservancy along with cash and in-kind support; and the **Kresge Foundation**, which provided its largest grant ever to a single project – a \$50 million challenge grant that served as the economic catalyst to launch the Conservancy’s efforts.

To date, the Conservancy has raised \$121 million towards a \$140 million goal to ensure that all components of the riverfront project—from construction, operations, maintenance, programming and security—are funded, including the establishment of an adequate endowment to ensure the perpetual sustainability of the riverfront.

Over the past several months, CSL has worked closely with DRFC management and staff in conducting extensive research into the many ways in which development of such an important downtown and community asset helps support the generation of significant impacts. These impacts certainly include, but go well beyond, the quantifiable aspects of new spending.



Today, the east riverfront encompasses over 3.5 miles, of which 80% is complete with the remaining 20% under construction. Approximately three million visitors enjoy the highly landscaped, well-maintained, secure and active space annually. In 2012, over 100 events were held along the riverfront, ranging from small weekly gatherings to large annual events, such as the River Days festival.

The riverfront, as currently developed, has been referred to as a “**game changer**” in terms of helping to form opinions of Detroit from the perspective of the visitor and residents. As part of the analysis process, interviews were conducted with dozens of developers, economic development officials, business leaders, community groups, visitor industry professionals, land owners and others, seeking to gain insight into the impacts of the riverfront development. In addition, the research process included the following efforts:

Surveys of over 1,500 visitors to the riverfront, including attendees at specific events and casual visitors.

Review of the past commercial and development history along the Detroit River, particularly in the downtown Detroit area.

Assessment of future development plans along the riverfront.

Review of waterfront development and associated impacts in other U.S. urban environments.

Development of impact assessment models.

Preparation of written reports summarizing research results.

The analysis presented herein attempts to present a “return on investment” framework for the riverfront improvement efforts. It is difficult to ascribe cause/effect relationships with respect to investment in riverfront improvement projects. However, we have put forth a description of specific DRFC and partner investments alongside the return that has accrued and will continue to accrue due to the public and private investment taking place along the riverfront.

The current and near future magnitude of DRFC and partner investments includes \$80 million in capital expenditures, establishment of a \$60 million endowment to help fund future riverfront efforts, and an on-going annual budget of \$4 million used for maintenance, repairs, security and other on-going requirements for the foreseeable future.

Over the past 10 years, there have been numerous positive impacts that are directly or indirectly associated with the existence of a highly developed riverfront:

\$1.55 billion in total public and private sector investment (including value of contributed land), of which approximately \$639 million can be linked directly to riverfront improvements. Based on information provided by various public agencies, approximately \$1.55 billion in investment along or near the riverfront has taken place over the past 10 years, is currently under construction, or is planned for completion within the next several years. Based on our interviews and subsequent analysis, many of these initiatives, such as the public spaces improvements, the Renaissance Center Wintergarden and various residential projects, can be either partially or wholly attributed to the proximity to the Detroit riverfront area. The costs for these projects approximates \$639 million.

A potential for significant future riverfront area public and private sector investment, estimated for purposes of this analysis at between \$700 million and \$950 million. Many local real estate and economic development professionals believe that as the capital markets improve, and as development within downtown continues to grow, significant investment along the riverfront will take place. There are several potential future projects in particular that if completed, would continue the transformation of the riverfront area into a vibrant live-work-play environment. These include future development of the 40-acre Uniroyal site and various east riverfront residential projects. Given the number and size of available parcels, the value of potential future development could range between \$700 million and \$950 million.

Annual spending by visitors, residents, employees and other operations along the riverfront is estimated at \$43.7 million. DRFC estimates that there are more than three million visitors to the riverfront annually, including those attending large

festivals and on-going seasonal activities, as well as general visitors to the area. Based on intercept survey research, 90% of this activity would not have taken place without the significant riverfront area improvements over the past 10 years, and spending by these visitors is estimated at \$16.7 million annually. An estimated \$27 million in annual spending is also generated by convention attendees, cruise ship patrons, employees, students and residents within the riverfront area, as well as spending on riverfront maintenance and operation. Combined, the annual spending from these sources is estimated at \$43.7 million.

Tax revenue generation supported by on-going riverfront activity is estimated at \$4.5 million annually. The state sales and income tax generated from the annual on-going riverfront area spending approximates \$3.5 million. The annual city income and hotel taxes generated as a result of this spending are estimated at \$1 million.

Press coverage of riverfront improvements provides an estimated \$600,000 in positive exposure for Detroit. The riverfront improvements are in many ways a key asset in the effort to sell and market the Detroit destination for event planners, businesses, visitors and residents. In any destination sales and marketing effort, positive media exposure is one of the most important objectives, far more impactful than paid advertising. The improvements to the riverfront, and its role in overall downtown resurgence have been cited in numerous local, state and national media outlets. The value of this positive media exposure is estimated at over \$600,000 annually.

Riverfront improvements have helped to change the perception of the downtown area. Specific observations put forth by local visitors, real estate and other professionals include:

- The riverfront has evolved beyond a physical asset, and is now both a community in itself, and an asset to the entire downtown area.
- When national convention planners tour the riverfront, they routinely refer to the downtown area as new and exciting, going well beyond anything they had expected. As planners increasingly seek a walkable center, hotel and entertainment environment, the riverfront improvements will help create a competitive benefit in attracting events.
- The RiverWalk provides a safe, secure recreational environment for all ages, working to effectively counter many of the perceptions held regarding the downtown area.

Riverfront improvements have supported 16,700 construction jobs, and provide on-going annual support for 1,300 jobs. Spending on the various riverfront area projects that have taken place or are scheduled to begin soon combine to support 16,700 jobs within the metro area during the various construction periods. The annual or on-going spending that takes place in the riverfront area will continue to support approximately 1,300 recurring metro area jobs.





These impacts, along with the wide variety of non-quantifiable, yet very tangible benefits, reflect a conservative assessment of how the riverfront improvements have positively impacted downtown Detroit and the overall metropolitan area.

The construction spending, annual spending, employment and tax revenue impacts associated with riverfront improvements are summarized in *figure 1*, right.

We note that the combined construction impacts attributable to the riverfront and the combined riverfront related annual spending through 2013 reaches approximately \$1 billion. Given the improvements to the economy and financial markets nationally, the investment totals tied to the riverfront over the next 10 years should certainly exceed this total.

The analysis presented herein serves to highlight the economic impact and community-wide reach of the riverfront improvements, the benefits to Detroit area residents offered by these improvements, and the ability of the riverfront to enhance the broader perception of Detroit for both residents and visitors.

figure 1:

Summary of Riverfront Impacts

CONSTRUCTION IMPACTS

RIVERFRONT CONSTRUCTION & LAND VALUE	\$ 1.548 billion
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PORTION ATTRIBUTABLE TO RIVERFRONT	\$ 639 million
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CONSTRUCTION PERIOD JOBS	16,700
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ANNUAL IMPACTS

TOTAL ANNUAL SPENDING (1)	\$ 43.7 million
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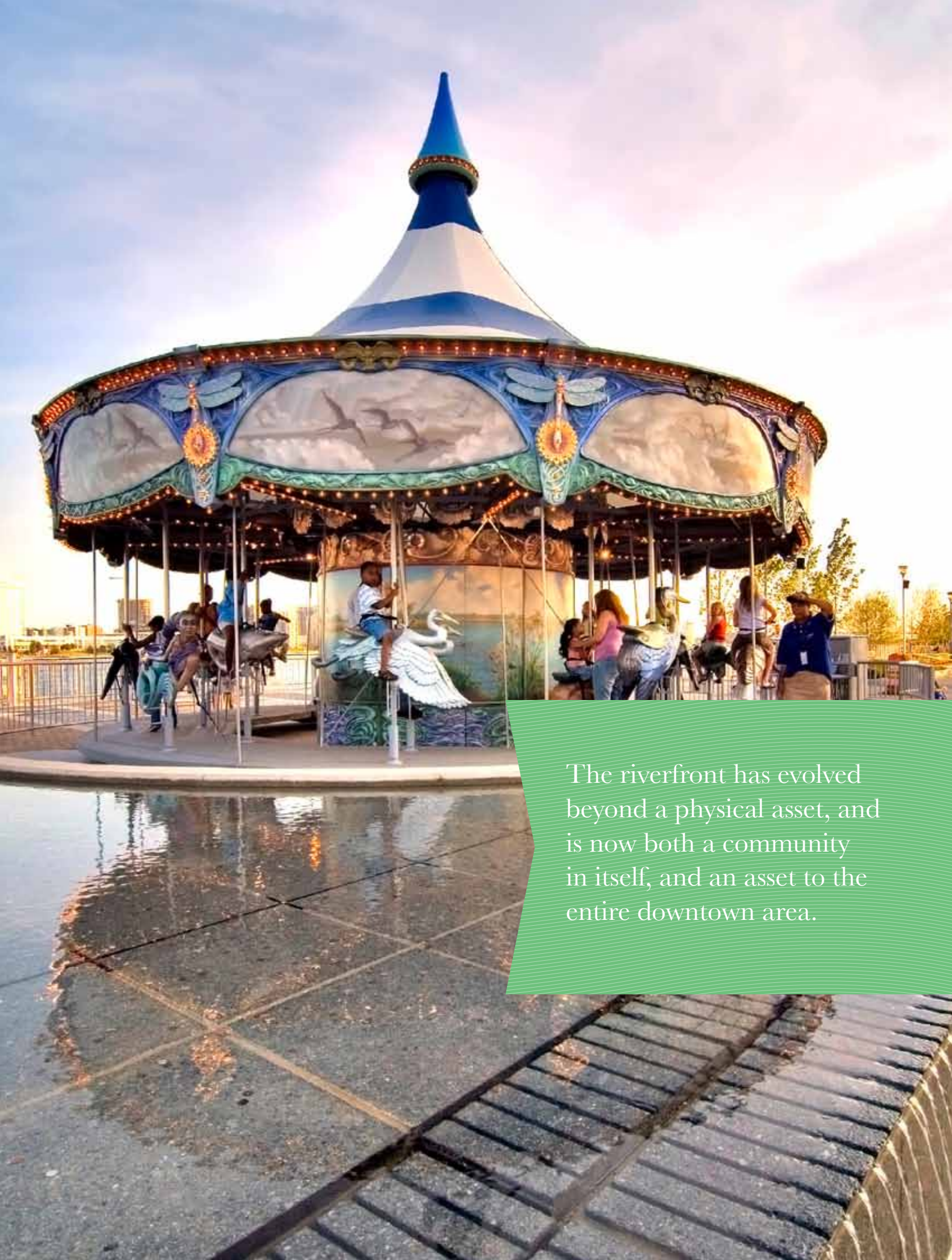
COMBINED ANNUAL SPENDING: 2003-2013	\$ 360.6 million
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ANNUAL POSITIVE MEDIA VALUE	\$ 600,000
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ANNUAL JOBS	1,300
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TOTAL ANNUAL TAX REVENUE GENERATION	\$ 4.5 million
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(1) Includes convention, visitor, DRFC, resident, Port Authority and employee spending



The riverfront has evolved beyond a physical asset, and is now both a community in itself, and an asset to the entire downtown area.

1.0 PROJECT BACKGROUND & INTRODUCTION

The non-profit Detroit RiverFront Conservancy was formed in 2003 with the mission of bringing public access to Detroit's riverfront and serving as a catalyst for economic development in the city. The ultimate vision is to develop 5.5 miles of riverfront from the Ambassador Bridge to just east of the MacArthur (Belle Isle) Bridge, and will include the construction of a continuous RiverWalk along with plazas, pavilions and green spaces.

Thanks to the strength of its public/private partnerships, the Detroit RiverFront Conservancy celebrated the successful completion of 3 miles of development on the east riverfront, including pavilions, plazas, parks and green space, all connected by the ever popular RiverWalk. Already, it is becoming an extension of Detroiters' backyards and a not-to-be-missed destination for visitors.

The Conservancy is responsible for the improvement, operations, maintenance, security and programming of the Detroit international riverfront in perpetuity.

The Detroit RiverFront Conservancy is committed to presenting an active and engaging riverfront and Dequindre Cut to the public. As part of this commitment, the Conservancy is proud to present a full calendar of events including annual events such as River Days and Fishing Fest; and seasonal on-going events such as River Walkers, Yoga/ Tai-Chi and Reading & Rhythm on the Riverfront, providing seven-day-a-week programming.

The riverfront transformation has been realized given the extensive efforts of a public-private partnership including the City of Detroit; various federal, state and city public agencies including the Detroit Economic Growth Corporation (DEGC); foundations, corporations, the public sector and the broad-based community. This partnership has been integral to revitalizing the riverfront, one of the most successful, fast-tracked developments in the evolution of downtown Detroit. Key milestones in the early development of the riverfront include the creation and donation of the GM Plaza and promenade to the DRFC in 2004, and the demolition of two 175-foot and one 125-foot cement silos in 2006.

It is interesting to note that the public and private partnerships created as part of the development of the riverfront have served in some way as a precursor to successful regional efforts including the Detroit Regional Convention Facility Authority and the recently announced Detroit Blight Authority.

Over the past several months, CSL has worked closely with DRFC management and staff in conducting extensive research into the many ways in which development of such an important downtown and community asset helps support the generation of significant impacts. These impacts certainly include, but go well beyond, the quantifiable aspects of new spending.

Initial riverfront development comprised several parks along the river including Chene Park, Mt. Elliott Park, Gabriel Richard Park and St. Aubin Park, which later became the Milliken State Park and Harbor (the first urban state park in Michigan). Today, Mt. Elliott Park is undergoing a transformation that will provide an interactive community destination with a world class water feature/play scape. Family-oriented walking paths and a parking area for Gabriel Richard Park will also increase accessibility for visitors and residents to the riverfront.

In 2007, the DRFC completed and opened to the public its first brick and mortar improvements to the riverfront, including Rivard Plaza and pavilion, with its 24/7 security command center; a plaza and pavilion at Gabriel Richard Park with meditative labyrinth, and fishing outlook; and continuous non-motorized paths from Stroh properties, Talon Office complex, UAW-GM Center for Human Resources through the Harbortown residential community.

The development of the Dequindre Cut into a 1.5 mile greenway allows for access from the riverfront to Eastern Market (one of the oldest original open air markets in the United States). This greenway will connect the community to fresh produce offered at the market that is so often lacking in urban environments. Through these improvements, the notion of “live-work-play” has been enhanced.


Setting the stage for the riverfront improvements, urban pioneers such as GM (and the relocation of their global headquarters), Stroh Properties, UAW-Center for Human Resources and Harbortown, had invested in their properties and welcomed the publicly accessible amenity of a RiverWalk. As documented later in this report, since 2003, the following private developments have emerged on land adjacent to the riverfront: Math and Science High School, Detroit/Wayne County Port Authority, Presbyterian Village and Manor, as well as new restaurants, and major tenants relocating to existing buildings (i.e., Blue Cross/Blue Shield, US Patent Office, etc.). A great deal of mixed use commercial development has been scheduled for construction prior to the recent recession and collapse of the financial markets. As the economic conditions improve, the financial viability of significant riverfront development should be realized.



Over the long term and with the Conservancy's acquisition of 26 acres of west riverfront property in 2009, plans are being developed for significant improvements on the western portion of the riverfront (from Hart Plaza to the Ambassador Bridge). Additional positive economic impacts will benefit Southeastern Michigan communities as a result of extending the RiverWalk from 3.5 miles (as shown below in *figure 2*) to 5.5 miles.

figure 2:
The Evolving Detroit Riverfront, Project by Project



A vibrant garden scene featuring a gravel path that curves through a variety of plants. In the foreground, there is a dense patch of bright yellow flowers with dark centers. To the right, a tall, modern street lamp stands. In the background, a multi-arched bridge spans across a body of water under a bright blue sky with scattered white clouds.

There is a positive energy in the downtown area, and people are increasingly expressing a “pleasant surprise” when they consider all the assets, including the riverfront.

2.0 RIVERFRONT IMPACT ANALYSIS BY SEGMENT

The purpose of this section of the analysis is to summarize the economic impact findings and supporting research with respect to the economic impacts of riverfront development and improvement. The impact analysis is organized into several measures and observations, as summarized below.

2.1 Riverfront Economic Impact Observations:

summarizes opinions of local developers, economic development and other professionals as to how the riverfront and associated improvements support broader downtown development.

2.2 Quantified Impact Analysis:

presents estimates of economic impacts associated with completed investments, planned investments and on-going business operations associated with riverfront improvements.

2.1

RIVERFRONT ECONOMIC IMPACT OBSERVATIONS

In our discussions with local economic development professionals and developers, reference has often been made to the fact that the commercial, convention and entertainment-oriented development that takes place in the downtown area is significantly and positively impacted by the riverfront improvements. Several of the common viewpoints as to the impact of the riverfront improvements are summarized below.

- The riverfront is truly **a transformational asset** that will help spur development that would not have taken place otherwise.
- The riverfront has evolved beyond a physical asset, and is now both **a community in itself, and an asset to the entire downtown area.**
- The riverfront has **transformed perceptions of Detroit** (among both non-locals and residents). It has become a “playground for the metro area.”
- The riverfront creates **a desirable space for workers in the area.** This will have the effect of supporting a viable rental structure for properties located close to the riverfront.
- **Area students have taken advantage of the riverfront in many ways** (biology/nature-related research, water quality analysis, recreation, boat rides, etc.). The Reading & Rhythm on the Riverfront program also supports an important educational mission, and involves a schedule of six weekends during the summer designed to promote literacy for children between the ages of three and 10.

The riverfront creates a desirable space for workers in the area. This will have the effect of supporting a viable rental structure for properties located close to the riverfront.

- The riverfront is a **magnet for visitors** and continues to attract people from all parts of Michigan.
- There is a **positive energy in the downtown area**, and people are increasingly expressing a “pleasant surprise” when they consider all the assets, including the riverfront.
- The riverfront has **transformed the Detroit cruise industry** from a pass through stop for visitors going to Dearborn, to a destination in and of itself. Today, there are occasions during which passengers from cruise ships are standing along the riverfront taking pictures.
- When national convention planners tour the riverfront, they routinely refer to the downtown area as **new and exciting, going well beyond anything they had expected**. As planners increasingly seek a walkable center, hotel and entertainment environment, the riverfront improvements will help create a competitive benefit in attracting events.
- Residential and office developers note that the riverfront can have a **profound impact on the ability to sell downtown Detroit as an option**. Young adults and families are moving downtown, and the riverfront is seen as a critical part of their lifestyle.
- **The riverfront is Detroit’s best kept secret**. Residents in the riverfront area benefit to such a degree that several existing residential properties have a waiting list.
- The riverfront development has played an important role **increasing the success of lodging and entertainment properties** in the area.
- Several businesses have **relocated to the riverfront area and several others are part of future riverfront area plans**. Direct access to the attractive green space and landscaped areas has had a significant positive impact on these relocations.
- The riverfront and Hart Plaza now have **successfully “connected the dots” with respect to individual assets** including Cobo Center (currently undergoing a \$279 million upgrade), the Renaissance Center and the Detroit Marriott, a state park and various residential, public art, green space and other assets.
- Surveys were conducted with participants and attendees at the recent Detroit Free Press/ Talmer Bank Marathon. 91% of respondents noted that the improvements to the riverfront had a **significant or somewhat positive impact on their perception** of the downtown area.
- 59% of those surveyed during the marathon noted that the riverfront improvements **increased the likelihood that they would visit downtown** in the future for other leisure and recreation purposes.
- Surveys were also conducted with general visitors to the riverfront. 54% of respondents were from suburban areas or otherwise from out of town. The **broad geographic pull of the riverfront** will increasingly serve to re-introduce downtown to the community, and can help to break down cultural barriers between city and suburban residents.

- The RiverWalk provides a **safe, secure recreational environment** for all ages, working to effectively counter many of the perceptions held regarding the downtown area.
- Overall **visitor satisfaction** as to the riverfront **has averaged 4.5 on a scale of one to five** (with five representing the highest possible ranking). These data further underscore the “pleasant surprise” offered by visitors that haven’t been in the downtown area in recent years.
- The Dequindre Cut has **improved connectivity between the riverfront and residential areas**, as well as many of the city’s other attractions. This also helps to reduce vehicular traffic in the area.
- **Tour group operators are generating significant business**, and cite developments along the riverfront as having helped to support revitalization throughout downtown Detroit.

The comments summarized above serve to highlight the economic reach of the riverfront improvements throughout the downtown area, the benefits to Detroit area residents offered by these improvements, and the ability of the riverfront to enhance the broader perception of Detroit for both residents and visitors.



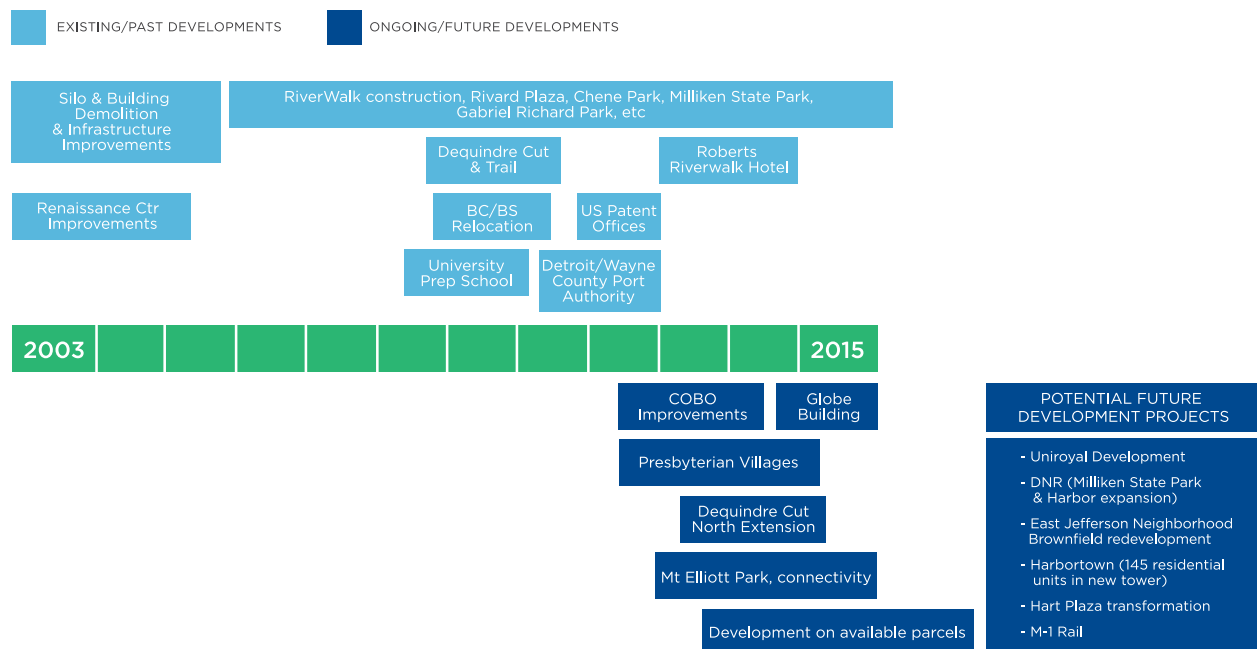
2.2 QUANTIFIED IMPACT ANALYSIS

Assessments for each defined component of riverfront impact are summarized throughout the remainder of this section. Sections 2.2.1 through 2.2.3 highlight past and current, as well as potential future riverfront area construction investments that downtown economic development and real estate professionals believe may materialize over the next five to 10 years. In section 2.2.4, we present estimates of the annual spending impacts.

The exhibit below presents a timeline of past, on-going and future development projects that are in planning stages and likely to occur within the next several years.

figure 3:

Timeline of Detroit Riverfront Developments



2.2.1 IMPACTS OF CURRENT & PLANNED RIVERFRONT AREA INVESTMENTS/DEVELOPMENTS

Significant investment, both public and private, has taken place along the Detroit riverfront in recent years. In many cases, the many improvements spearheaded by the DRFC have served as catalysts to support additional development in the area. As part of our analysis, we have reviewed the variety of projects developed in the area over the past 10 years, as well as those that are scheduled for the future. The exhibit below highlights the many forms that such investment has taken, as well as the value of land contributed into the project by the city and DEGC.

Based on information provided by various public agencies, an estimated \$1.55 billion in development and contributed land value along or near the riverfront has been invested over the past 10 years. This includes projects that are currently under construction, or are planned for completion within the next several years. Large scale projects, such as the redevelopment of the Renaissance Center campus, the Cobo Center expansion and the development of the planned M-1 RAIL corridor likely would have taken place regardless of the riverfront improvement program. However, for each of these projects, there are important elements (such as the Wintergarden at the Renaissance Center) that would not have taken place without the proximity to the river.

Further based on our interviews and subsequent analysis, “but for” the benefits associated with the existence of the improved Detroit riverfront, several individual development initiatives such as the Rivertown Neighborhood Community (\$40 million), Hart Plaza improvements (\$50 million), and the Wayne County Port Authority (\$32 million) may not have taken place to the extent they did. The value of these projects, including the value of land provided by the City and DEGC,

approximates \$639 million. To measure the employment impacts associated with past, current or near term construction-related spending, economic and employment multipliers for the Detroit area have been used. Based on the application of these multipliers, we estimate a construction employment effect of the past, current and planned construction spending at 16,700 metro area construction and support-related jobs.

figure 4:
Summary of Current/Planned Detroit River Investment
& Value of Contributed Land

TIMING	PROJECT	INVESTMENT \$ 000,000'S
2004	Renaissance Center Redevelopment	500.0
2001-07	Riverfront Improvements (City of Detroit/DEGC)	85.4
2001-08	Riverfront land value (City of Detroit/DEGC)	103.5
2004-15	East Riverfront/RiverWalk Improvement (DRFC)	70.0
2004-13	East Riverfront land value	16.0
2008-13	West Riverfront/RiverWalk Improvement (DRFC)	5.0
2008-13	West Riverfront land value	12.5
2009	Milliken State Park: Phase 1 & 2 completion (DNR)	11.0
2010	University Prep Math & Science High School	17.0
2010	Blue Cross/Blue Shield (investment in Renaissance Ctr)	32.0
2011	Port Authority	32.0
2011	Alden park (450 rental units): rehabilitation	10.0
2013	Cobo Center: Improvements	279.0
2013	Rivertown Neighborhood Senior Community (Presbyterian Villages)	40.3
2014	Globe Buildings: Outdoor Adventure & Discovery Center	12.8
ongoing	Dequindre Cut (opened in 2008)	13.0
pending	M-1 Rail	140.0
pending	East Jefferson Neighborhood Brownfield Redevelopment	38.0
pending	Uniroyal Development	20.0
pending	Harbortown (145 residential units in new tower)	18.0
pending	Hart Plaza Improvements	50.0
various	Other Projects	42.9
		\$ 1,548.4

NOTE: Values are presented in millions of dollars.
Source: Various Detroit area public agencies.

Between 2006 and 2009, over \$3.9 billion was invested in greater downtown Detroit on 70 projects in the entertainment, commercial, residential, medical and educational sectors.

2.2.2

THE RIVERFRONT & IMPACTS ON FUTURE COMMERCIAL DEVELOPMENT

There have been numerous riverfront area commercial development projects discussed over the past several years. These projects have not been fully funded, and many have been negatively impacted by the recent challenges in capital markets and overall economic conditions. Rates that can currently be charged for rental units, or the price charged for owner occupied units, have not risen to the level that will support new private sector investment without significant public subsidies. In fact, housing development recently completed, or currently being discussed, includes various forms of public financial support.

On a positive note, downtown residential units are approximately **95% rented**, and several properties are being acquired for redevelopment as office, residential and retail units. Further, our review of national studies and our conversations with local real estate professionals indicate that there is a premium on rates that can be charged for riverfront-located properties of approximately 12%. These factors will lead to added residential development in the downtown area, and the riverfront offers significant lifestyle and economic benefits for the resident.

Detroit-area real estate and economic development professionals have stated that the level of development that would have taken place by 2012 along the riverfront would have been significant, had economic conditions not deteriorated in 2008. Potential future projects representing a major investment in the riverfront area include the long-discussed mixed use development of the 40-acre Uniroyal site and significant housing projects along the east riverfront area. Local real estate professionals consulted for this project indicate that several of these large-scale projects would have

been completed but for the crash in the financial market and associated economic downturn. While it is difficult to assess the actual level of future riverfront area development and associated employment impacts that may take place, many local real estate and economic development professionals believe that it is likely that as the capital markets improve, and as development within the downtown continues to grow, investment along the riverfront will likely be significant. The value of various development projects or concepts that have been discussed could range between **\$700 and \$950 million**.

Based on conversations with local real estate, economic development, public sector and other representatives, the commercial development value proposition created by a highly-developed riverfront area in support of future development can be summarized as follows:

- The riverfront provides the kind of active, safe, secure, highly landscaped green space highly desired by urban residents.
- The coordinated efforts of the DRFC and its public/private sector partners will have resulted in approximately 3.5 miles of contiguous east riverfront along downtown Detroit's greatest natural resource: the Detroit River.
- The aggressive development planning and investment put forth by DEGC and the City of Detroit helped to create momentum within the private sector for residential and mixed use development.
- The availability of urban waterfront parcels, combined with the extensive physical enhancements, rigorous maintenance and security procedures and event programming provided by the DRFC,

provides a desirable platform for potential future residential mixed use development. This impact would likely be delayed without the existence of the riverfront real estate and the wide variety of physical, operational, security and programming improvements organized by numerous public and private sector entities.

2.2.3 RIVERFRONT & THE IMPACT ON THE M-1 RAIL (THE DOWNTOWN LIGHT RAIL/STREETCAR CIRCULATOR)

Efforts are underway for the development of a \$140 million light rail/streetcar circulator (M-1 RAIL) encompassing 3.4 miles along the Woodward corridor between Grand Boulevard and Larned in downtown Detroit. Project proponents have cited the riverfront and associated improvements as a central feature of the streetcar project, helping to provide a “bookend” attraction along with numerous other community assets including the Entertainment District (encompassing Comerica Park, Ford Field and the Fox Theatre), the Midtown Area (including the Detroit Institute of Arts, the Michigan Science Center, Detroit Historical Museum, Detroit Medical Center and Henry Ford Hospitals) and numerous educational institutions and development opportunities along the line.

While it is not possible to ascribe a quantified impact estimate for riverfront improvements on the M-1 project, it is clear that as with virtually all other corridor developments, the existence of a clean, landscaped, programmed, safe and entertaining riverfront will have a significant positive impact on both commercial and residential density creating incremental ridership, community acceptance and the ultimate success of the new streetcar project.



2.2.4 SPENDING BY RIVERFRONT VISITORS

As part of our research, we have conducted more than 1,500 in-person intercept interviews with visitors to the riverfront. These interviews focused on attendees to special events such as River Days, as well as casual visitors. The chart (*figure 5, right*) summarizes the analysis of riverfront impacts generated by the approximately three million riverfront visitors. The addendum to this report includes a summary of research results.

As noted in *figure 5*, we estimate that 90% of visits would not have taken place without the significant riverfront improvements. On average, these visitors spend \$5.82 per visit, resulting in approximately \$22 million in total spending. In many cases (particularly for major events such as the Detroit Free Press/Talmer Bank Marathon) access to the riverfront is not a primary reason for the visit. Conversely, large events (such as River Days) and the many smaller weekly riverfront events (such as River Walkers, Tai Chi, Yoga, etc.) would simply not have taken place without the riverfront improvements. Spending associated with these events is estimated at \$16.7 million annually.



figure 5:

Summary of Annual Riverfront Spending Impacts

RIVERFRONT EVENT TYPE	Approx. Annual Attendance ¹	Avg. Length of Stay	Total Visit Days	Attributable to Riverfront	Person/Day Spending ²	Total Group Spending	Riverfront Spending
Weekly Riverfront Events ie. Riverwalkers, Tai Chi, Yoga, Canine Club, etc.	13,000	1.00	13,000	90%	\$ 6.59	\$ 85,700	\$ 77,100
Scheduled Riverfront Events ie. Community Meetings, Water Festival, etc.	27,000	1.10	29,700	80%	\$ 12.74	\$ 378,400	\$ 302,700
Detroit Free Press Marathon	77,000	1.14	87,800	5%	\$ 39.91	\$ 3,504,100	\$ 175,200
Large Riverfront/Sponsored Events ie. River Days, Rockin' on the Riverfront, etc.	292,000	1.15	335,800	90%	\$ 21.79	\$ 7,317,100	\$ 6,585,400
Casual Riverfront Visitors & Fireworks	2,668,000	1.0	2,668,000	90%	\$ 4.00	\$ 10,672,000	\$ 9,604,800
Total/Weighted Average	3,000,000	1.2	3,134,300	90%	\$ 5.82	\$ 21,957,300	\$ 16,745,200

¹ Riverfront event attendance figures obtained from DRFC.

² Values are derived from onsite intercept surveys conducted by CIS.

AFTER 40 YEARS, DETROIT'S RIVERFRONT GOES FROM FACTORIES AND SHIPPING TO HOUSING, RETAIL, RECREATION

June 24, 2012 Detroit Free Press

FINAL STAGE OF RIVERWALK GETS \$44 MILLION IN FUNDING

Last part of east riverfront project to add kids' water park, bike path and greenspace

Thursday, July 24, 2012 Detroit News

MOTOR CITY BY MOTORBOAT

May, 2012 GQ Magazine

REVIVAL

"America's Motor City is no longer running on fumes"

Excerpts - The Detroit RiverFront Conservancy started to convert an area of urban blight into the first phase of a RiverWalk

October, 2012 American Way Magazine

Local greenways would connect in proposal to make Michigan the 'Trail State'

November 30, 2012 Michigan Live

Excerpts - But Gov. Rick Snyder and the state's active and excited greenway enthusiasts are trying to add the 'Trail State' to the list ... Scott said the governor's office approached him for input on the plan shortly after Snyder last month biked Detroit's Dequindre Cut, a popular pedestrian and bike pathway built on an abandoned rail line.

Detroit Riverfront Conservancy Announces Launch of Final Development of the East Riverfront at Mt. Elliott Park

Friday July 20, 2012 Detroit Free Press article picked up by Reuters

Riverfront Vision Comes into Focus

June 24, 2012 Detroit Free Press

RISE AND SHINE, DETROIT

March/April, 2012 National Geographic Traveler

Excerpts - An expanding Detroit RiverWalk edges downtown, where corporations like DTE energy, Quicken Loans, and Blue Cross Blue Shield have moved in thousands of workers.

New development aims to make Detroit a popular port of call

Updated May 3, 2012 Detroit Free Press article picked up by USA Today Travel

Dave Bing's Detroit: WHAT'S ON THE MAYOR'S TOUR

November 29, 2012 - by Jamie Gumbrecht, CNN

Excerpts - CNN asked Bing: What would you want visitors to see? Here are some of his answers.

Detroit's riverfront - "We have something that's distinct from almost any city in the country." Bing says, a view across a waterway and into another country, "It's beautiful," he said. Detroit's riverfront draws together public space, art and events, especially along the RiverWalk. Within a few years, he expects there to be more attractions, commerce and living space along the water. It's the Motor City, but the city needs to give more people more reasons to get out and walk, he said.

Current Events: Riverfront a busy place

August 20, 2012 Crain's Detroit Business

1,505 riverfront visitors were surveyed during select events and weekends in 2012.



2012 INTERCEPT SURVEY SUMMARY REPORTS

Project Overview & Methodology

As part of the engagement, CIS provided survey questionnaire design services; onsite staffing, training and management; data analysis; economic impact modeling; and report creation services. Onsite, electronic intercept surveys were conducted with random riverfront guests during select events and weekends of 2012. The chart (*below*) outlines the data collection initiatives undertaken as part of this project that form the basis of the assumptions utilized in the economic impact analysis of riverfront events.

The expertise gained from conducting numerous similar engagements has been leveraged to ensure that all required information to comprehensively quantify the economic and fiscal impacts generated by riverfront events is collected accurately and in the most efficient methods possible.

DATES	EVENT/PURPOSE	SURVEY
JUN 22-24, 2012	DETROIT RIVER DAYS	442
AUG 23-26, 2012	PERSON ON THE STREET	489
SEP 28-30, 2012	PERSON ON THE STREET	489
OCT 21, 2012	DETROIT FREE PRESS MARATHON	298
	TOTAL SURVEYS	1,505

2012 DETROIT RIVER DAYS

SUMMARY OF FINDINGS

The riverfront has **transformed the Detroit cruise industry**, from a pass through stop for visitors going to Dearborn, to a destination in and of itself. Today, there are occasions during which passengers from cruise ships are standing along the riverfront taking pictures.

Overall satisfaction of the riverfront as a venue for River Days averaged 4.6 on a five point scale with approximately **96% of respondents rating the riverfront as 'Good' or 'Excellent'**.

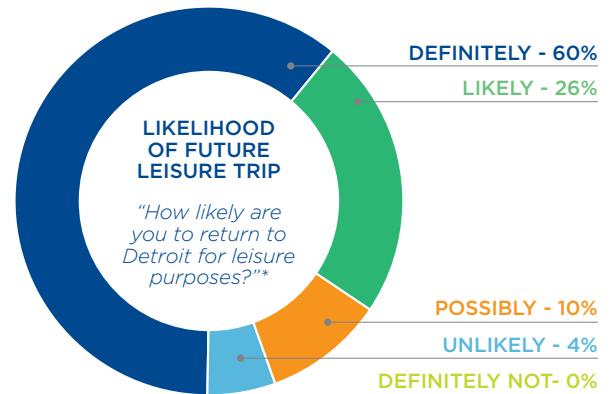
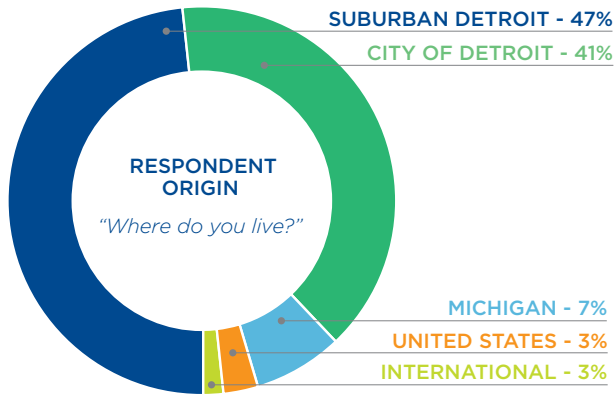
When asked to rate the likelihood that they would return to the Detroit riverfront area for future leisure trips, non-local visitors gave an average rating of 4.4 out of five. Nearly **90% of respondents indicated that they would 'Likely' or 'Definitely' return.**

Approximately **12%** of River Days survey respondents came from **outside the downtown or suburban Detroit area** (defined as non-local visitors).

87% of respondents from outside the Detroit area are **definitely or likely to return to the riverfront** in the future.

87% of respondents were at the riverfront specifically due to **River Days**.

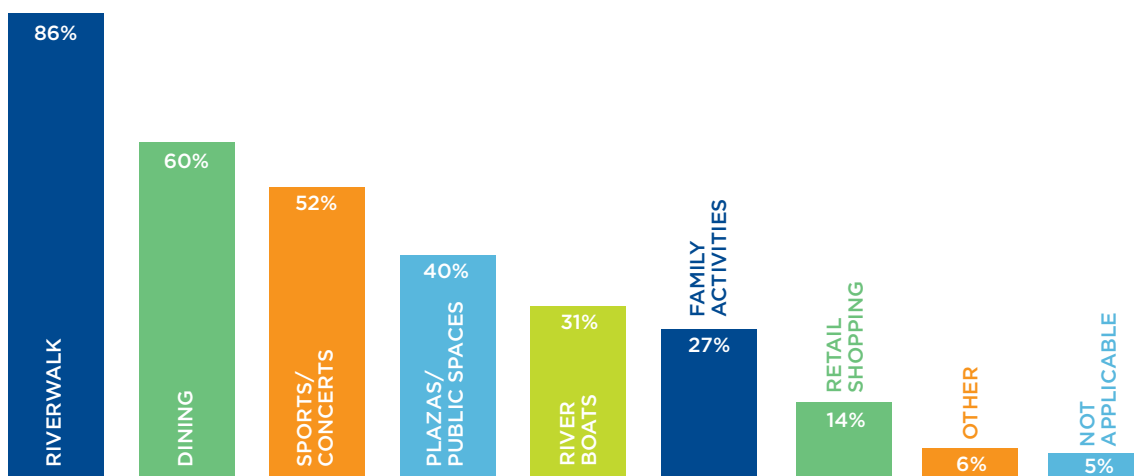
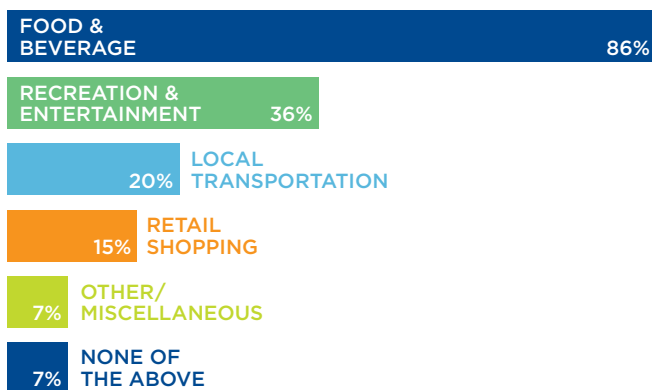
45% of respondents from outside the Detroit area stay **at hotels**, with the remaining visitors primarily staying with family or friends.



* This question was not posed to City of Detroit or Suburban Detroit Residents

SPENDING CATEGORIES

"What did you buy?" (Check all that apply)



RIVERFRONT AMENITY UTILIZATION

Which of the following riverfront amenities do you utilize for leisure purposes? (select all that apply)

2012 AUGUST & SEPTEMBER RIVERFRONT USERS PERSON ON THE STREET INTERVIEWS

SUMMARY OF FINDINGS

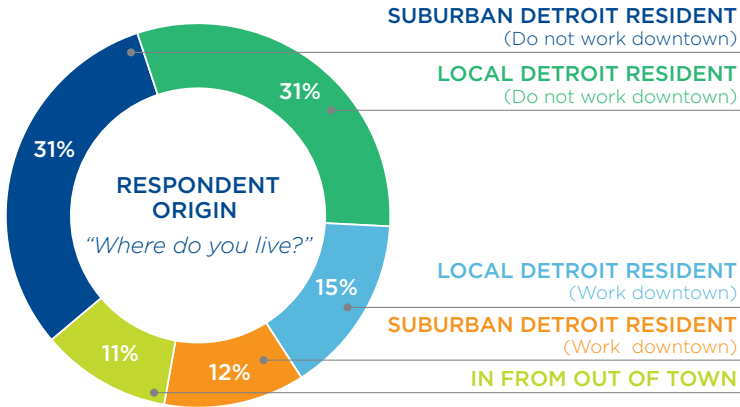
Of the nearly 700 “person on the street” intercept surveys conducted in 2012, approximately **77%** of respondents indicated that they came to the riverfront from ‘home’ indicating **the riverfront was their destination** as opposed to being in the riverfront/downtown area for work or other purposes.

Approximately **55%** of those who came to the riverfront from home **traveled more than 10 miles to do so**.

Approximately **72%** of “person on the street” respondents indicated that they **visit the riverfront on a monthly or more frequent basis** - of those frequent visitors, approximately 40% do not live or work downtown - illustrating the drawing power of the riverfront as a destination.

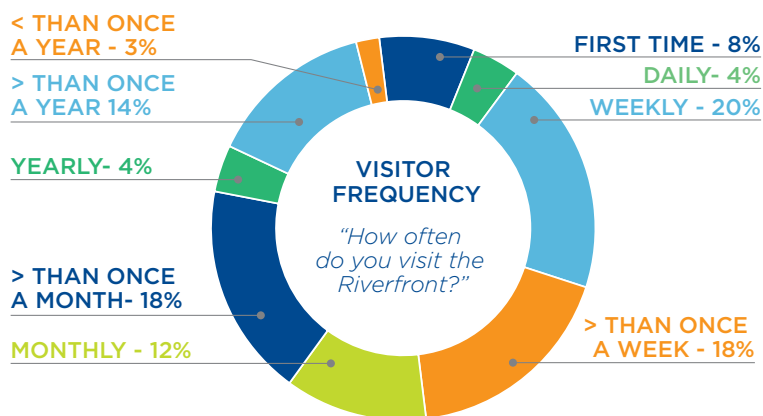
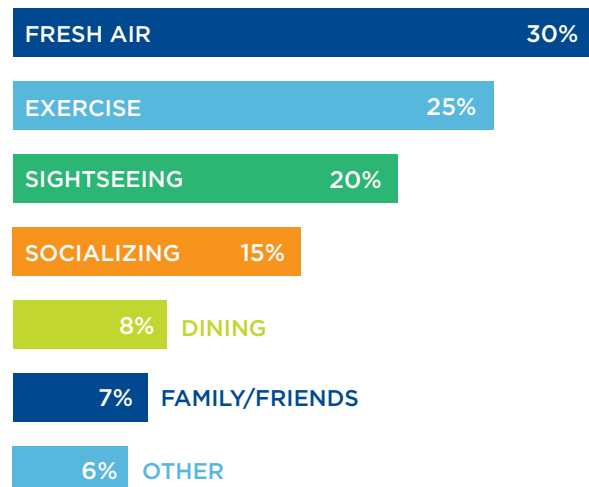
Fresh air, exercise, sight-seeing and socializing are the primary reasons for visiting the riverfront.

66% of respondents from outside the Detroit area **stay at hotels**, with the remaining visitors primarily staying with family or friends.



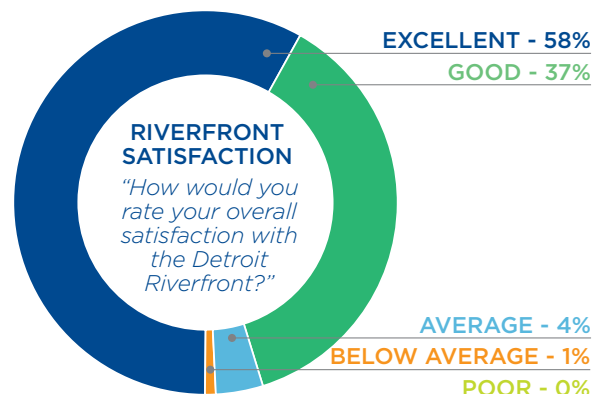
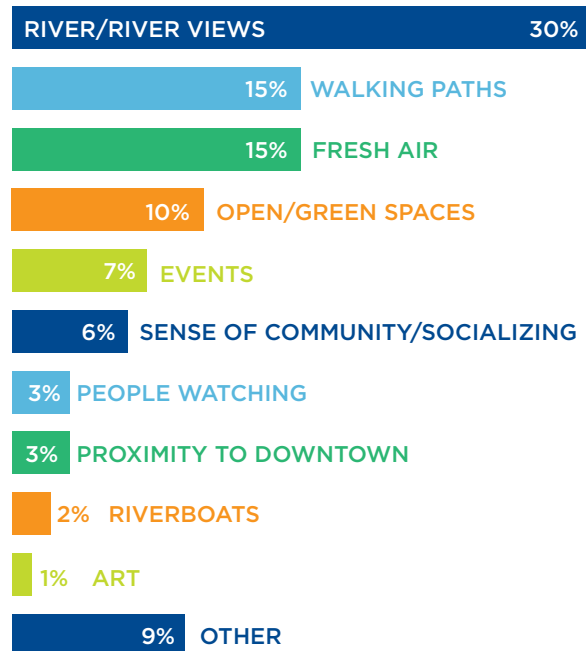
REASON FOR VISIT

"What brings you to the Riverfront today?"



FAVORITE AMENITIES

"What do you like BEST about the Riverfront?"



2012 DETROIT FREE PRESS MARATHON

SUMMARY OF FINDINGS

22% of survey respondents **originated from outside the state of Michigan**. An additional 29% were from within Michigan, but outside the Detroit metro area.

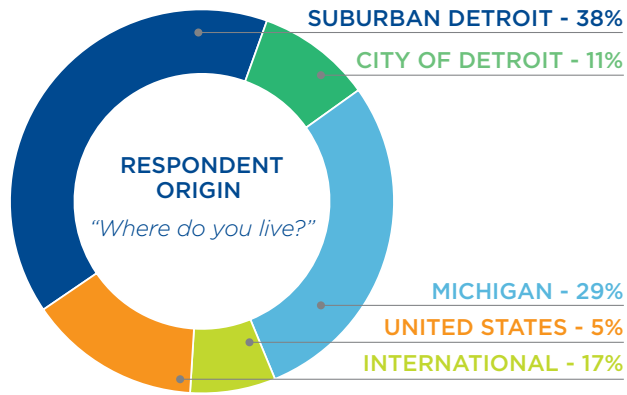
78% percent of respondents indicated that the riverfront improvements have had a very or somewhat **positive impact on the quality of the Marathon**.

91% of those surveyed during the Marathon noted that the riverfront had a **significant or somewhat positive impact on their perception of the downtown area**.

59% of those surveyed during the Marathon noted that the riverfront improvements **increased the likelihood that they would visit downtown in the future** or for other leisure and recreation purposes.

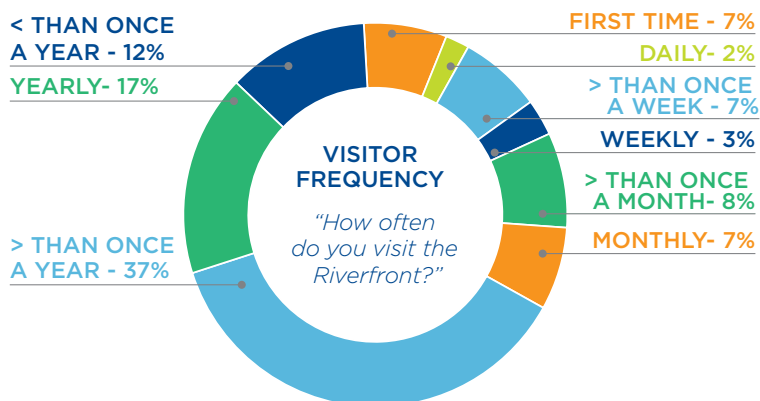
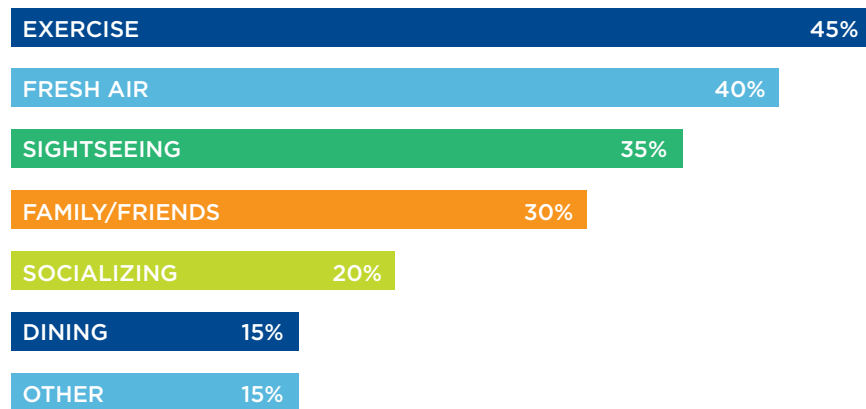
88% percent of respondents from outside downtown Detroit indicated that they are **more likely to visit the riverfront** due to the improvements.

93% of respondents were **at the riverfront specifically due to the Marathon**.



REASON FOR VISIT

"What brings you to the Riverfront today?"



ABOUT CSL + CIS

CONVENTION, SPORTS AND LEISURE,

INTERNATIONAL (CSL) was founded in 1988 specifically to provide focused and independent research to the public assembly industry. The professional resources at CSL include over 120 years of combined industry experience and a large staff of highly trained consultants. CSL has provided economic impact and market research services related to more than 600 projects throughout North America.

CSL has built its reputation on meeting client needs by delivering quality services that have credibility in the marketplace. Our extensive experience working with the Cobo Center master plan and other important Detroit area projects provides us with an understanding of the unique conditions that have impacted this project. CSL is the industry leader in providing research, planning and analysis services, including detailed impact analysis for events, facilities, districts and other entities. CSL routinely provides each of the following services to organizations in the public assembly industry:

Economic Impact Analysis

Market Analysis

Financial Analysis

Facility Program/Design Criteria

Facility Funding Analysis

Strategic Project Planning

Operations Analysis

Negotiation Assistance

Strategic Plan Development & Implementation

Site Analysis

CSL has conducted numerous analyses that quantify all relevant economic impacts including construction and demolition costs, infrastructure improvements, land acquisitions, visitor spending and other related components. The expertise developed through offering these services to a diverse array of client organizations throughout the public assembly industry allows CSL to apply unmatched experience and know-how to their engagements.

CUSTOM INTERCEPT SOLUTIONS (CIS) is a full-service market research firm that was formed in 2004 by the Principals of CSL International to fill a need in the market for a dedicated research firm that understands the unique needs of public assembly districts and organizations. CIS has extensive experience providing data collection, reporting and analysis services to organizations throughout the visitor industry. CIS has provided these services in numerous major markets including Phoenix, Minneapolis, Pittsburgh, Miami, Houston, San Antonio, Oklahoma City and Grand Rapids among others. CIS leverages its in-depth understanding of the public assembly industry to implement comprehensive research strategies to enable clients to confidently portray the broad economic and other impacts of a project.

CIS is a full-service research and analysis firm offering all of the traditional data collection methods including online surveys, focus groups, one-on-one interviews and telephone surveys among others, however, our specialty lies in data collection and analysis utilizing electronic, onsite intercept surveys. An overview of CIS's intercept survey process is summarized on the following page.

Intercept Surveys The CIS system utilizes handheld electronic devices to quickly and efficiently collect quantitative and qualitative data from respondents. The process is simple, 1) targeted surveys are developed and loaded onto the devices or published to the Internet, 2) intercept surveys are conducted with respondents at their point-of-experience - anywhere throughout a destination or venue, 3) data is uploaded to CIS's proprietary and secure online reporting site where it is available virtually in real-time for strategic analysis.

Utilizing electronic devices provides numerous benefits compared to traditional paper-based surveys including virtually eliminating the turnaround time necessary to convert completed paper surveys into actionable results, eliminating data entry errors inherent with the manual input process and allowing for quick and easy revisions to be made to the survey instrument as results and conditions dictate.

With all data collections methods offered by CIS, our experienced personnel work with the client to ensure that targeted, effective survey instruments are created. CIS has developed numerous economic impact survey questionnaires and fully understands the unique inputs that are necessary to quantify the overall economic and fiscal impacts generated by events, venues and destinations.

STUDY HIGHLIGHTS



The newly developed riverfront has spurred **\$1 billion in total public and private sector investment.**

Given the improvements to the economy and financial markets nationally, the **investment totals tied to the riverfront** over the next 10 years is **expected to exceed \$1 billion.**

Annual spending by visitors, residents, employees and other operations along the riverfront is estimated at **\$43.7 million.**

Riverfront improvements have supported **16,700 construction jobs**, and provide **on-going annual support for 1,300 jobs.**

3 million visitors annually enjoy the highly landscaped, well-maintained, secure and active riverfront.

90% of visits to the riverfront **would not have taken place** without the significant riverfront improvements.

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DETROITRIVERFRONT.ORG 600 RENAISSANCE CENTER SUITE 1720 DETROIT, MI 48243-1802