5 Economic Development

Introduction

Southfield – because of its location, condition and demographic composition – is uniquely positioned to exert a positive influence on future development/redevelopment in the metropolitan region. Southfield is an economically viable, highly attractive city with community values and a quality of life second to none. The City's approach to seize its economic development potential and to manage its character and appearance will affect its ability to achieve this vision.

Southfield is in an enviable position for a community of its size. The City boasts a number of assets and a unique character that is absent from many of metropolitan Detroit's cities and suburbs. These assets include a distinctive and progressive City Centre, a successful Cornerstone Development District, Lawrence Technological University, Oakland Community College and other higher educational institutions that create intellectual capital that extends beyond students and faculty, as well as Providence Hospital, an innovative institution and the largest employer in Southfield. In addition to a strong employment base, quality neighborhoods with parks, balance of jobs, services and housing, established infrastructure, easy access to the metropolitan Detroit region and a sense of place creates conditions under which growth is highly likely.

Goals

- **Business Area Competitiveness**: Increase the competitiveness of Southfield's major business areas (corporate office, technology sector, retail/service centers) for high quality business and job development.
- **Existing Business Competitiveness**: Increase the competitiveness of existing Southfield businesses to grow locally.
- **Economic Diversification**: Diversify and grow Southfield's economic base in line with new global and technology business realities.
- **Residential Workforce Competitiveness:** Increase educational attainment and raise skill levels of Southfield residents to compete for high quality jobs of the future.
- **Economic Development Partnerships:** Grow current and develop new partnerships fostering and accelerating economic development in the City.

Existing Trends

- Southfield's demographic base has changed dramatically, reflecting many of the trends facing other first-tier suburbs across the country. Many of these communities have lost ground as a result of urban sprawl and other regional dynamics causing them to experience the same urban problems witnessed by larger inner cities.
- The City's economic base, while still rich in economic assets and opportunities, faces stiff competition from newer and more nimble regional communities. This base is restructuring as a result of corporate mergers and acquisitions, manufacturing and service industry outsourcing, and the desire by most businesses today to reduce operating costs and improve productivity.
- As noted in *Chapter 3 Population Trends*, Southfield's population has been in a gradual decline since 2000 and the age of a typical resident is increasing.
- In real dollar terms (1999 dollars), Southfield's median family income declined from $54,380 to $52,668 between 1990 and 2000.
- While Southfield residents showed some improvement in overall educational attainment between 1990 and 2000, there remains much room for improvement.
- Southfield's unemployment was 7.3 percent in 2005, compared to 3.7 percent in 2000. The number of unemployed residents has increased from 1,639 to 3,053 since 2000.

- The workforce residing in Southfield has declined from 43,971 in 2000 to 41,994 in 2005. This drop triggered a drop in the workforce participation rate of the City's residential workforce from 56.1 percent in 2000 to 53.7 percent in 2005.
- 110,412 jobs existed in the City in 2007. By comparison, 114,216 existed in the City in 2002. This suggests that 3,804 jobs were lost in the City over this short time period.
- Total commercial (office, retail, services) and industrial real estate in the City had a total assessed valuation of $1.634 billion in 2006.
- The City's total commercial and industrial real estate stock included almost 41 million square feet of space with another estimated 5 million square feet of office scattered in smaller buildings. Of this total:
  - Office space was 53.5 percent.
  - Industrial space was 10.4 percent.
  - Flex space was 3.7 percent (office/industrial mix).
  - Retail space and shopping centers were 11.14 percent.
  - Unclassifiable space was 21.4 percent.
- The City's office building base is aging. Since 1990, only 7.3 percent of the City's office space was built; 8.7 percent of its industrial space; 7.1 percent of its retail space; and 12.4 percent of its shopping center space.
- As of third quarter 2006, Southfield's office market had a 21.5 percent vacancy rate, compared to a 19.3 percent rate in Farmington Hills, a 21.2 percent rate in Livonia, a 23.8 percent rate in Novi, and a 21.3 percent vacancy rate in Troy.
- Southfield's office market is predominantly located north of 10 Mile Road. Eighteen million square feet of this space is located north of 10 Mile Road and 5.8 million south of 10 Mile Road.
- Almost all (99 percent) of Southfield's class A office space is located north of 10 Mile Road.
- About three quarters of the City class B office space is located north of 10 Mile Road.
- Meanwhile, 60 percent of the City class C office space is located south of 10 Mile Road.

Lessons from Other First Tier Suburbs

The experiences of other first tier suburbs were examined as guidance for this Plan. Some general lessons from that examination are:

- **You Can't Do It Alone**. Cooperation with other first tier suburbs and the core city in the region is important to finding effective solutions to larger regional issues such as sprawl and inefficient growth.
- **A State Policy Shift is Vital**. State support is vital to improving conditions in the first tier suburbs. Convincing the state to invest in existing communities and redevelopment over new communities and new development is imperative. First-tier suburbs should develop a shared policy agenda to garner state support.
- **Businesses and Developers must be Re-Educated**. Financial incentives are needed to interest businesses and private developers in investing in first-tier communities rather than developing greenfields in outlying locations.
- **Community-Building is Essential**. It is not enough to just increase public and private investment in first tier suburbs. Community leaders must work on community-building in a holistic sense that looks at economic development, housing, infrastructure, land use and zoning, and the many other issues being considered in the Southfield Comprehensive Master Plan.
- **Quality Coupled with Affordable**. This appears to be the mantra of many first tier suburbs that are making the "value proposition" that quality development/redevelopment must be encouraged, but affordability must be considered in meeting the needs of their residential base.
- **Stepped Up Economic Development**. First-tier communities have increased their assistance to existing businesses, entrepreneurship and new business attraction. A key beginning that must be met is being able to offer businesses quality buildings and sites for use. Brownfield cleanup has received significant attention, coupled with more infill development projects.
- **Better Public Transportation**. Public transportation is seen as essential to workers, students and the elderly living in first-tier communities. Working to make transit services more accessible, responsive and safe is important.

- **Become a Go-To Place**: Many first tier communities have increased their attractiveness as destinations such as specialty shopping, fine dining, and entertainment for local and regional residents.
- **Capture Daytime Worker Dollars.** This is a lesson for Southfield since the City has many daytime workers who leave the City after work. Meeting these workers' shopping and entertainment needs is important.
- **People Retention and Recruitment**. First tier suburbs are working more aggressively at retaining their existing population base and attracting new residents. Having desirable housing, shopping and entertainment amenities is essential to achieving this objective.
- **Reward and Recognize**. It is important to continue to visibly recognize and reward private developers, institutions (e.g., hospitals, education), businesses, neighborhoods, and individual residents helping to bring back the social and economic life in the community.

First Suburbs Examined: Lakewood, Shaker Heights, Beachwood, and Cleveland Heights (Greater Cleveland area, Ohio); Upper Arlington, Grandview Heights, and Worthington (Columbus area, Ohio); Kettering and Oakwood (Dayton area, Ohio); Farmington Hills, Lincoln Park and Warren (Detroit area, Michigan); Overland Park, Kansas and Independence, Missouri (Kansas City area).

Top Economic Development Challenges

Five economic development challenges grew from the analysis of the City's economic profile and opportunities. Because of their importance, a goal and recommendations/strategies have been identified for each challenge. Southfield's top economic development challenges are:

1. Strengthen the competitiveness of the City's existing major business areas (office, industrial/technology and commercial) to bring about new development in these areas.
2. Help existing Southfield business employers become more competitive, enabling them to expand and grow in the City.
3. Encourage and assist with the future diversification of the City's economic base in new growing and innovative industries and occupations.
4. Help Southfield residents gain a greater competitive edge for higher skilled and higher wage employment opportunities in the future.
5. Leverage greater leadership involvement, private and public sector investment and increased access to high quality business and job development opportunities for the City in the future.

Current Conditions

This existing economic development conditions profile of the city of Southfield is intended to highlight the key economic development and business issues facing the community. It provides the analytic foundation for the strategy part of the economic development element of the Comprehensive Plan. Overall, the information presented in this profile identifies many of the changes that have taken place in the city of Southfield over the last 10-15 years. This profile is presented both in relation to the larger political divisions in the area, as well as, in comparison to some of the neighboring communities and region.

When comparing information for the City of Southfield to larger political divisions, comparisons are made to Oakland County and to Southeast Michigan (see Figure 5-1). For the purposes of this analysis, the definition of Southeast Michigan is based on that used by Southeast Michigan Council of Government (SEMCOG) and includes the counties of Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne[1].

Demographic Changes

Population and Households. Demographic factors and trends are significant influences upon the growth

[1] This definition differs slightly from the definition of Metropolitan Statistical Areas used by the U.S. Bureau of the Census. As defined in 2003, the Detroit – Warren – Livonia Metropolitan Statistical Area (MSA) includes two Metropolitan Divisions: Detroit – Livonia – Dearborn Metropolitan Division (Wayne County) and Warren – Farmington Hills – Troy Metropolitan Division (Lapeer, Livingston, Macomb, Oakland, and St. Clair counties). Prior to 2003, the cities of Ann Arbor (Washtenaw County) and Flint (Genesee County) were also included in the Detroit Consolidated Metropolitan Statistical Area (CMSA). These cities, and their respective counties, are currently defined as being their own Metropolitan Statistical Areas.

of Southfield's economic base. Between 1990 and 2000, the City of Southfield grew in terms of population and households. This growth, however, trailed the growth in Oakland County and Southeast Michigan as a whole, see *Chapter 3 Population Trends*, for additional analysis.

Slow growth in the number of households in the City is important from an economic development standpoint because households are consuming units that support the local economy.

Figure 5-1: Population Change: Southeast MI Cities, 2000-2006

Rank 2006	Community	Estimated Population 2006	Change in Population 2000-2006	Rank 2000
1	Detroit	868,822	-82,448	1
2	Warren	135,339	-2,908	2
3	Sterling Heights	127,623	3,152	3
4	Ann Arbor	112,530	-1,494	4
5	Dearborn	99,909	2,134	6
6	Livonia	96,531	-4,014	5
7	Clinton Twp	96,144	496	7
8	Canton Twp	85,462	9,096	12
9	Westland	83,605	-2,997	8
10	Troy	81,290	331	10
11	Farmington Hills	80,486	-1,625	9
12	**Southfield**	**78,009**	**-313**	**11**
13	Macomb Twp	72,824	22,346	23
14	Waterford Twp	70,792	-1,189	13
15	Shelby Twp	71,997	6,838	17
16	Rochester Hills	69,405	580	14
17	Pontiac	68,112	606	15
18	West Bloomfield Twp	65,789	929	18
19	Taylor	64,127	-1,741	16
20	St. Clair Shores	60,760	-2,336	19

Between 1990 and 2000, the percent of the population in the City of Southfield between the ages of 18 to 34 declined by 3 percent while those ages 35-64 increased by 4 percent. Though Southfield has a significant concentration of Baby Boomers, the City does not appear to be retaining its Mini Boomers. This is an important future economic issue for the City. According to research by the Brookings Institute and other research groups, the failure to capture the Mini Boomers generation is characteristic of many "inner ring suburbs."

Income and Poverty. Comparing household incomes in 1990 to those in 2000, it appears that household incomes in the City of Southfield increased; however, the use of income categories over time is deceptive because it is difficult to identify the effects that inflation has on households' real income. Refer to *Chapter 3 Population Trends*, for a more detailed analysis.

Although redefining the income categories for household income does not, by itself, definitively show decline in resident incomes, it is consistent with other data that show the decline in income and increasing poverty. Data in Figure 5-2 shows that, in 'real' terms (incomes adjusted for inflation), incomes are declining and poverty is increasing within the City.

Labor Force

While Southfield saw a small growth in its residential labor force during 1990-2000, the City experienced a sharp drop of almost 2,000 workers between 2000 and 2005.

The number of residents employed in the City declined during the 2000-2005-period. One explanation of this decline in workforce is the migration of employed workers to other locations. Employment dislocations are a likely explanation for the decline in the number of employed residents over the past five years. A closer examination of local employer cutbacks and relocations is needed to pinpoint the cause of these trends. See Figure 5-3.

A second important dimension of the local labor force is the participation rate of those people available to work. Figure 5-4 provides data on these trends between 2000 and 2005. This data indicates that the labor force participation rate declined for Southfield, Oakland County and southeast Michigan. Southfield's labor force participation rate decline was much more severe than Southeast Michigan and about the same as Oakland County.

This decline in the City's labor force participation rate could be attributed to three possible explanations.

- The demand for labor, or the specific types of labor skills in Southfield, has declined.
- Southfield residents that have lost jobs have been unable to find replacement jobs.
- Workers are exiting the workforce due to their age and contributing to a lower participation rate.

Industry Trends

The growth performance of local industries comprising the City's economic base is an important driver for local economic development.

The data in Figures 5-5, 5-6 and 5-7 (pg. 5-7) come from the U.S. Economic Censuses of 1997 and 2002. It is important to note that this data only brings us to 2002, and a great deal has changed in the regional and local economies since then. Unfortunately, local area industry and employment data is very limited in availability.

Figure 5-5 describes employment changes in the city of Southfield's major industries between 1997 and 2002. Data in Table 5-5 describes changes in the major industries located in Southfield. Some highlights:

- Manufacturing declined in the City by 18.6 percent; a loss of 847 jobs.
- Wholesale trade declined by nearly 36 percent; a loss of 2,457 jobs.
- Retail trade declined by 16.5 percent; a loss of 1,476 jobs.
- Real estate declined by 7.3 percent; a loss of 220 jobs.
- Accommodations and food services declined by 3.6% percent; a loss of 170 jobs.
- Educational services declined by 24.5 percent; a loss of 146 jobs.

Figure 5-2: Southfield "Real" Income and Poverty Picture

Income Category	1990	2000
Median Household Income (1999 Dollars)	$54,380	$52,468
Households in Poverty	1,982 (6%)	2,570 (8%)
Persons in Poverty	4,371 (6%)	5,721 (7%)

Figure 5-3: Labor Force Trends, 1990-2006

Community	1990	2000	2005
City of Southfield			
Labor Force	43,405	43,971	41,994
Employment	40,495	42,332	38,941
Unemployment	2,910	1,639	3,053
Jobless Rate	6.7	3.7	7.3
Oakland County			
Labor Force	604,989	675,784	639,985
Employment	567,932	656,338	603,762
Unemployment	37,057	19,446	36,223
Jobless Rate	6.1	2.9	5.7
Southeast Michigan			
Labor Force	2,304,693	2,501,294	2,420,189
Employment	2,124,125	2,411,983	2,251,959
Unemployment	180,568	89,311	168,230
Jobless Rate	7.8	3.6	7.0

Figure 5-4: Labor Force Participation Trends, 1990-2005

Community	1990	2000	2005
City of Southfield			
Total Population	75,745	78,322	78,272
Labor Force	43,405	43,971	41,994
Participation Rate	57.3%	56.1%	53.7%
Oakland County			
Total Population	1,083,592	1,194,156	1,218,573
Labor Force	604,989	675,784	639,985
Participation Rate	55.8%	56.6%	52.5%
Southeast Michigan			
Total Population	4,590,468	4,833,368	4,908,997
Labor Force	2,304,693	2,501,294	2,420,189
Participation Rate	50.2%	51.8%	49.3%

- Administration of waste management and remediation services grew by 52 percent; a gain of 7,900 jobs.
- Healthcare and social assistance grew by 84 percent; a gain of 6,981 jobs.

- Arts, entertainment and recreation grew by 36.6 percent; a gain of 207 jobs.
- Other services grew in the City by 11.2 percent; a gain of 175 jobs.
- No data was released for the Information sector, which is unfortunate because this sector is an important one for the City, especially IT-related businesses and jobs.

Figure 5-5: City of Southfield Economic Base Changes, 1997-2002

Employment by Industry, City of Southfield: 1997-2002					
		Number of Employees		Change 1997-2002	
NAICS	Description	1997	2002	Number	Percent
31-33	Manufacturing	4,564	3,717	(847)	-18.6%
42	Wholesale trade	6,838	4,381	(2,457)	-35.9%
44-45	Retail trade	8,925	7,449	(1,476)	-16.5%
51	Information	NA	NA	NA	NA
53	Real estate & rental & leasing	3,001	2,781	(220)	-7.3%
54	Professional, scientific, & technical services	13,035	NA	NA	NA
56	Admin, Support, Waste Mgmt & Remediation Services	15,152	23,053	7,901	52.1%
61	Educational services	595	449	(146)	-24.5%
62	Health care & social assistance	8,302	15,283	6,981	84.1%
71	Arts, entertainment, & recreation	566	773	207	36.6%
72	Accommodation & food services	4,739	4,569	(170)	-3.6%
81	Other services (except public administration)	1,565	1,740	175	11.2%

Figure 5-6: Oakland County Economic Base Changes, 1997-2002

Employment by Industry, Oakland County: 1997-2002					
		Number of Employees		Change 1997-2002	
NAICS	Description	1997	2002	Number	Percent
31-33	Manufacturing	90,481	79,167	(11,314)	-12.5%
42	Wholesale trade	45,311	42,709	(2,602)	-5.7%
44-45	Retail trade	83,826	80,791	(3,035)	-3.6%
51	Information	NA	NA	NA	NA
53	Real estate & rental & leasing	14,568	16,161	1,593	10.9%
54	Professional, scientific, & technical services	60,999	93,633	32,634	53.5%
56	Admin, Support, Waste Mgmt & Remed Serv	88,516	81,549	(6,967)	-7.9%
61	Educational services	2,464	3,445	981	39.8%
62	Health care & social assistance	35,580	84,553	48,973	137.6%
71	Arts, entertainment, & recreation	6,948	9,712	2,764	39.8%
72	Accommodation & food services	48,174	49,848	1,674	3.5%
81	Other services (except public administration)	16,274	20,942	4,668	28.7%

Figure 5-7: SE Michigan Economic Base Changes, 1997-2002

Employment by Industry, Southeast Michigan: 1997-2002					
		Number of Employees		Change 1997-2002	
NAICS	Description	1997	2002	Number	Percent
31-33	Manufacturing	380,989	339,391	(41,598)	-10.9%
42	Wholesale trade	107,361	98,924	(8,437)	-7.9%
44-45	Retail trade	254,616	248,940	(5,676)	-2.2%
51	Information	NA	NA	NA	NA
53	Real estate & rental & leasing	29,948	33,179	3,231	10.8%
54	Professional, scientific, & technical services	113,457	NA	NA	NA
56	Admin, Support, Waste Mgmt & Remed Serv	169,739	168,995	(744)	-0.4%
61	Educational services	NA	NA	NA	NA
62	Health care & social assistance	98,163	254,431	156,268	159.2%
71	Arts, entertainment, & recreation	17,717	36,106	18,389	103.8%
72	Accommodation & food services	155,542	160,701	5,159	3.3%
81	Other services (except public administration)	51,201	59,349	8,148	15.9%

Data in Figure 5-8 suggests that 110,412 total jobs exist in the City at the present time. By comparison, 114,216 jobs were in the City in 2002, according SEMCOG estimates using the ES-202 data. This suggests that Southfield lost over 3,800 jobs during the last three years. The information also indicates Southfield had 5,443 Information sector jobs, which is a growing industry sector nationally.

Figure 5-9 shows the percentage shares that major industries hold in the City's economic base. The City's three largest industries, based upon Figure 5-9 data are:

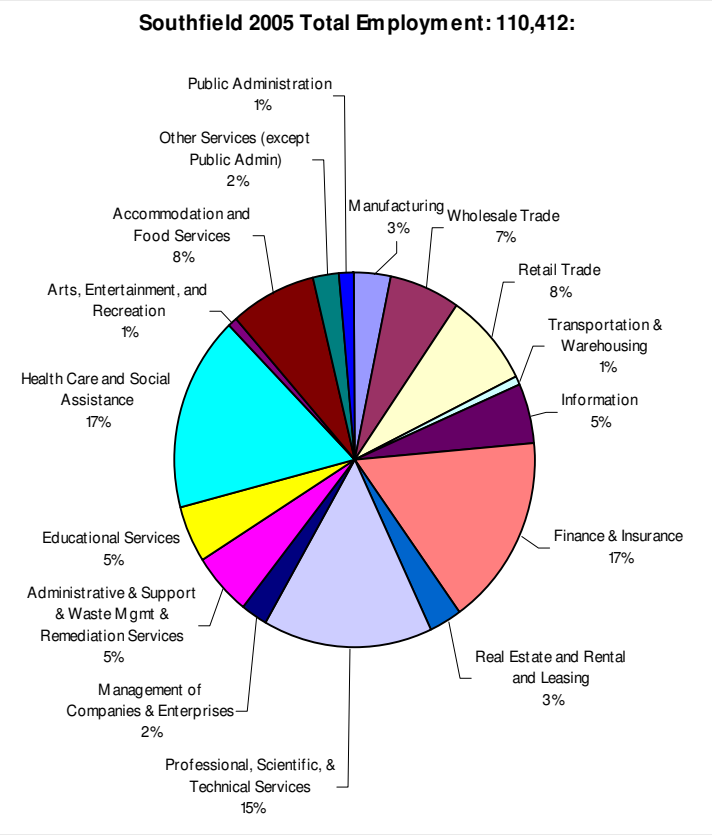
- Finance and Insurance
- Healthcare and Social Services
- Professional and Technical Services

Figure 5-8: Southfield Economic Base, 2005

Sector	Employment
Agriculture, Forestry, Fishing, & Hunting	n/a
Mining	0
Utilities	n/a
Manufacturing	3,532
Wholesale Trade	7,351
Retail Trade	8,619
Transportation & Warehousing	983
Information	5,443
Finance & Insurance	18,285
Real Estate & Rental & Leasing	3,402
Professional, Scientific, & Technical Services	16,484
Management of Companies & Enterprises	2,669
Administrative & Support & Waste Mgmt & Remediation Services	6,052
Educational Services	5,316
Health Care and Social Assistance	18,644
Arts, Entertainment,& Recreation	910
Accommodation and Food Services	8,719
Other Services (except Public Admin)	2,369
Public Administration	1,618
Total	**110,412**

n/a - Data blocked for confidentiality
Source: SEMCOG, Michigan ES-202 Data

Figure 5-9: Southfield 2005 Employment, Industry Shares



Economic Development Framework

Economic development is a vitally important priority in Southfield's new Comprehensive Master Plan. A healthy, high quality and growing economic base is the foundation for effective community building in the City. Unless the economic life of Southfield is strengthened, the City's vision for a more vibrant, diverse and successful community will be undermined.

Southfield stands at an economic crossroads. If the City's economic base remains on its current slow growth trajectory, business and employment opportunities for residents and the City as a whole will diminish. Southfield will lose stature as a community of choice for resident, office and retail trade development. On the other hand, armed with a strong economic development game plan as part of its new Comprehensive Master Plan, Southfield will be better prepared to weather the economic storm that ravaged both Southeast Michigan and Michigan's economies.

At present, Southfield still has a chance to give shape to a better economic future for the community and its businesses and residents, but time is running out. The City and its public and private sector economic development partners must work harder and smarter in retaining and expanding existing businesses and jobs, recruiting new job-creating businesses to the City, and accelerating entrepreneurship in new and diverse industry sectors. Examples of these sectors are advanced automation, nanotechnology, advanced medical services, information technology services aimed at established and emerging industries, professional and technical services, and specialty retail trade.

Strategic Economic Development Trends

The City economic base is currently dominated by the following strategic trends:

- **Strategic Location**: Southfield continues to offer a highly strategic location for businesses and employment within the region. This is an economic development advantage that will continue to work for Southfield for some time in the future. Southfield's central location provides easy access to numerous metro-area arterials, freeways and air transportation. Southfield's central location places it just 20 minutes away from almost every major greater Detroit area destination. The City's extensive hotel industry and business travel accommodations also make Southfield an ideal location for conventions, conferences and business meetings.

- **Weak Regional Economy**: The economic basis for much of greater Detroit and southeast Michigan have exhibited a pattern of slow economic, market, business and job growth over the past two decades or more. In large part, this slow growth pattern is caused by the longstanding concentration of slowly growing or declining manufacturing industries; most of which still depend heavily on the automotive marketplace. Regional economic development efforts have expanded, and according to the latest annual report of the Economic Development Coalition of Southeast Michigan some progress is being made. In 2007, the Coalition helped 177 economic development projects create just over 16,000 new jobs and $4 billion in new business investment across the region. Another 9,500 existing jobs were retained through assistance by the Coalition.

- **First-Tier Suburb Characteristics**: The economic and social challenges facing Southfield are not unfamiliar to America's other first-tier suburbs, like Beachwood, Cleveland Heights, Shaker Heights, and Lakewood in the Greater Cleveland area. In short, first-tier communities have witnessed many of the same economic and social problems besetting the large central cities on which they border.

- **Limited Land for Development**: A central issue for Southfield, as well as most first-tier suburbs, is a very limited supply of available and developable land for future residential, commercial, office and industrial development. While the City has made considerable efforts in the past to clean-up and recycle its available land supply, much greater attention must be given to this issue, as the plan recommends in *Chapter 6 Managing Land Use for the Future*. It will be especially important for Southfield to continue planning, improving and developing incentives to existing business areas, such as City Centre, Cornerstone Development Authority District, Northwestern Highway Corridor area, Central Business Park, Bridge Street/Southfield Commerce Center, and American Commerce Centre.

- **Slipping Community Educational Attainment**: For years, Southfield's schools were seen as being among the best in the region. While still

good in many respects, there has been some slippage in educational outcomes as shifting demographics and other issues have created added pressures for the schools. Southfield must keep its schools strong to ensure that an educated residential workforce exists for the future. Southfield educators must ensure that their graduates possess the essential math, science, writing, reasoning, creative and social skills demanded by employers today. A number of school-business partnerships exist now in the community. These must be maintained, and new ones developed, especially in fast growth career areas like advanced healthcare services, information technology and communications, and business entrepreneurship.

- **Victim of Corporate Restructuring**: Many of the business and job losses in Southfield, as well as the surrounding region, have been triggered by corporate restructuring and downsizing and the globalization of the area's once strong manufacturing industries. Fortunately, the City continues to boast a strong corporate base that includes employers like Lear Corporation (world headquarters), Denso International (North American headquarters), BASF, GE, Honda Research and Development America, Eaton Corporation, Sverdrup Technologies, Panasonic Automotive Electronics, Autoliv Electronics, AT&T, Verizon, Sprint, Comcast, IBM, Microsoft, UGS Corporation, Sun Microsystems, and Cisco Systems. Creating a competitive environment for their future growth is a major priority of this plan.

- **Stiff Business/Job Competition**: Nearly all Southeast Michigan communities have bolstered their economic development efforts for business retention and expansion, recruitment, and entrepreneurial development. Southfield has an effective economic development effort, but this effort must be expanded in the future to help more businesses, entrepreneurs and job-seekers. A review of economic development efforts in surrounding communities, like Troy, Livonia, Farmington Hills, West Bloomfield, and Novi indicates these communities will give increased attention to developing new office, technology, and retail businesses and jobs. Many of these communities, especially those to the west, are better equipped with available land for future development.

- **Still Strong Office Sector, Despite Some Losses**: With over 26 million square feet of office space within the City, Southfield is the home of a large number of corporate and entrepreneurial business office users. Some examples of these companies were listed earlier. The City's office base is its leading economic sector, which makes an important economic contribution directly and indirectly through the jobs and payroll it creates and the taxes it contributes. While some of the City's major office users face major business challenges, most remain strong.

- **Aging Business Real Estate**: The City's office building base is aging. Since 1990, only 7.3 percent of the City's office space was built; 8.7 percent of its industrial space; 7.1 percent of its retail space; and 12.4 percent of its shopping center space. These numbers suggest property owners, tenants and the City will need to work closely in the future in improving existing retail, office, and technology/light industrial space, and build new space where existing will not meet future market needs.

- **Weak Retail Sector, Not Aligned to Community Needs in Places**: Interviews and public meetings point to the need for some realignment and expansion of the City's retail trade base. City residents and employees working in the City point to the need for a wider variety of retail shopping services, including more restaurants, especially higher quality and mid-priced establishments, specialty clothing shops, home furnishing, food and grocery stores, and fitness and wellness related services. Currently, 11-12 percent of the City's business real estate base is retail in nature. Much of this space is located in smaller older shopping strips along the City's major transportation corridors. The future of Northland Mall is a major issue, hopefully an opportunity to strengthen the variety and quality of this retail and consumer services center will become available to residents of the City and region.

- **Neutral to Weakening Economic Image**: A positive community image is an important ingredient for economic development. Southfield must give greater attention to building and communicating its business image. At one time, Southfield was well recognized both regionally and nationally as a major thriving office service center. According to interviews and meetings with local and regional business leaders, this image has weakened in some ways as the community has seen a slowing of its

business and residential growth. Southfield is seen as a central place for business, but it is not clear what differentiates Southfield from other community locations in Southeast Michigan. The City's transportation access advantages seem clear enough, but what is less clear is that the City can meet the real estate space needs of employers and that Southfield will not fall prey to the serious social and economic problems besetting other communities in the metro region. An important aspect of Southfield's future business image must be that it can offer quality coupled with affordability.

- **Industrial Sector, Very Small and Growing Slowly**: Unlike some of its neighboring communities, Southfield's economic base has never been dominated by manufacturing. Instead, Southfield has relied heavily on its office base as an economic catalyst. It is very unlikely that the City will grow its manufacturing base to any great extent in the future because of the sharp decline in the region's industrial sector and the fact that other Southeast Michigan communities have established themselves already as manufacturing centers. Instead, Southfield's future, beyond office, is technology business related. The City is already off to a good start as a technology center with more than 350 high-technology, information-technology, and telecommunications firms in Southfield.

- **Need for Greater Business & Industry Diversity**: It is clear that increased industry diversification will be important to Southfield's future economic stability. In particular, additional technology sector, entrepreneurial office, research and development and specialty retail businesses will be important to the City attaining its overall economic development goals. While retaining existing corporate office users is vitally important, greater attention must be given to increasing the number and variety of new entrepreneurial businesses. Economic development research by the Kauffman Foundation in Kansas City points to the fact that entrepreneurial businesses that are owned by local residents tend to remain longer in a community than many other types of businesses, such as branches of large office and manufacturing companies.

- **Not Capitalizing Fully on Daytime Worker Dollar**: This is a reality for Southfield and many other communities with large daytime populations. Southfield's daytime population is close to 175,000, which points to a large market for desired retail trade and consumer services that currently do not exist in the community. Major office property owners in the community indicate their willingness to work with the City in increasing these types of opportunities. These services must be of the right type and they must be located within an easy walk of the City's major office districts.

- **Entrepreneurial Sector Weakening**: Interviews with local business leaders indicate that the City's entrepreneurial sector is weakening as longstanding locally-owned businesses grow older. While the City has seen some new business starts, it does not appear that these births are growing fast enough. First-tier suburbs like Beachwood, Ohio (located in the Greater Cleveland area) has seen the same trend and is working to combat this by growing new technology related businesses built by local and out of town entrepreneurs. Beachwood is giving major attention to the attraction of Israeli technology startups. The City's large Jewish population is a magnet helping to attract these businesses. Nearly 20 of these startups have landed in the City over the past 4-5 years.

Recommendations

Taking these important trends into account, all signs point to the need for an expanded economic development effort by the City in the future. As discussed in *Chapter 2 (Governing Principles, Goals and Recommendations),* a multi-faceted action strategy must be adopted by the City. While direct economic development services must be increased, equal attention must be given to sparking economic development through land use, transportation, and housing.

Southfield must approach economic development in the future through a more integrated strategy that links planning, zoning, transportation and other City services. In addition, the City must continue to work on strengthening its local business and community partnerships while building even stronger external partnerships with Oakland County, the State of Michigan, various regional economic development groups, and various business associations.

The Comprehensive Master Plan can be a powerful tool preparing the City and its partners to strengthen economic development across the City. As a starting

point, the top three economic development goals that should receive the greatest attention:

1. Strengthen the City's major business areas.
2. Help Southfield employers become more competitive.
3. Encourage and assist with local economic diversification.

The specific strategies to achieve these goals are identified in *Chapter 2*. Actions focused on these goals will ensure that Southfield positions itself for not only better immediate economic development opportunities, but longer term initiatives that will foster sufficient job growth, capital investment and revenue generation. These top three goals will provide the City with a stronger foundation for future growth, which is most important.