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Introduction

The following is an economic analysis and strategic program for the City of Hudsonville in West Michigan. This effort is the compilation of information developed during The Chesapeake Group's (TCG) analysis process that included significant primary data from face-to-face interviews with major stakeholders, telephone surveys of current and potential consumers, and a mailed questionnaire to business owners and operators. In addition, TCG staff conducted numerous site visits to better understand the current conditions and economic structure of the area. Furthermore, computer models for non-residential activity, based on U. S. Census of Business information, were used to compare the county to other areas having certain similar characteristics in other sections of the United States.

Estimates of demand found in this analysis are considered conservative in nature, tending to understate rather than overstate opportunities. They represent TCG's opinion based on the presented information and experiences. It is noted that success of any geographic area, collection of activity, or individual components is dependent upon other factors as well as marketability. Some of those other factors are management practices, financial feasibility, regulations and collective cooperation. The demand indicates that the following is or will be marketable in the central core of Hudsonville and in other areas of the City:

- ✓ Additional vehicle sales and services space and operations, the latter of which Hudsonville has a certain established market position at present.
- ✓ Additional TBA center (20,000 square feet).
- ✓ Additional supermarket or food space (30,000 square feet).
- ✓ About 20,000 square feet of food service space.
- ✓ Additional home furnishing space (about 4,000 square feet).
- ✓ Combined drugstore and general merchandise operation.
- ✓ Specialty "outdoor" oriented space associated with an existing operation (10,000 square feet).
- ✓ Space and businesses associated with household "pets".
- ✓ Additional housing.
- ✓ Additional office space, when appropriate from a timing perspective, to service the growing population in the Hudsonville area.

There are a number of significant recommendations put forth in the strategic program. These include, but are not limited to:

- ✓ The establishment of a permanent economic development partnership organization.
- ✓ The establishment of a cost effective business recruitment process.
- ✓ Niche retail focus for the central core or downtown area of the City.
- ✓ Creation of additional core area housing.
- ✓ Creation of a permanent farmers' market and facility.

- ✓ Making core area zoning performance oriented and flexible.
- ✓ Creation of a marketing campaign based on core and non-core are retail niches.
- ✓ Creating redevelopment opportunities in the central core.
- ✓ Providing redevelopment incentives.
- ✓ Expanded coordinated outreach to area businesses.
- ✓ Supporting quality housing throughout the City.
- ✓ Expanding regional cooperation.

The market analysis and strategic implementation suggestions contained within this report may mention names of specific businesses. These names are employed to indicate a certain type of operation or quality. Their inclusion represents neither an endorsement by The Chesapeake Group nor any indication of interest on their part.

TCG believes that this report can be instrumental in efforts to undertake economic enhancement in a manner sensitive to the needs of businesses and residential community interests. The suggestions are based upon sustainable economic development principals. We recognize that economic development is a dynamic and evolving process and commitment.

Interview Synopsis

The following is a synopsis of information conveyed or gleaned through the "stakeholder" or "critical actor" interviews. It is noted that the information does not necessarily reflect the attitudes or opinions of The Chesapeake Group, but of those interviewed.

- ✓ The Hudsonville area is ideally located to capitalize upon its current and soon to be enhanced highway access, between Grand Rapids and Holland.

- ✓ The Hudsonville area, most notably the surrounding townships, are growing rapidly. "Roof tops" continue at a rapid pace. Industrial and commercial development is growing. Most anticipate that the growth will continue. However, because of land availability, access and other factors, growth will likely continue to be greater outside of Hudsonville than within. Residential growth will likely slow in the City of Hudsonville as land availability changes or diminishes.

- ✓ Growth in Hudsonville and vicinity is not driven by internal factors, but by out-migration from Grand Rapids and Holland, with stronger relationships at present with Grand Rapids. Most feel the growth will be significant into the foreseeable future as a result of these factors.

- ✓ Chicago Drive "conditions" are seen as significant impediments to economic activity both in and outside of downtown Hudsonville by some. So too is the amount of land in Hudsonville used for automotive related sales. Some feel the community has become a "mecca" for vehicle dealerships.

- ✓ On the other hand, there is a concentration of vehicle and sporting activity that some believe could be the nucleus for future development. Action Water Sports, Harley Davidson and others are located in Hudsonville.

- ✓ Whether or not the individuals personally support the introduction of alcoholic beverages in the community or consume such beverages themselves, there is almost unanimity on the part of the business interests that "alcohol" will be permitted in the community at some time in the future. It is also recognized that there are many means of control exercisable by a jurisdiction to address the numbers, locations, etc. of liquor distribution.

- ✓ There is concern that the downtown is at a competitive disadvantage to surrounding townships with respect to current and future commercial activity because of access and "alcohol" distribution.

- ✓ There are three current "anchors" for downtown activity identified. Until about one year ago, there were four. The three current anchors, not necessarily in order of their importance, are the state government, the supermarket and the hardware store. There is concern expressed for the future of two of the three. The interviewees are about evenly split as to their perceptions of the future for downtown. About one-half are optimistic and one-half are pessimistic. Significant concern was expressed for the future of the supermarket because of its competitive disadvantage with respect to the ability to sell alcoholic beverages, its scale compared to potential future competition, and the long-term commitment of the ownership.

- ✓ The Chamber of Commerce was seen as a "weak" link in the public-private partnership often identified as necessary for successful economic development efforts. Majority expressed concern as to the Chamber's long-term viability, productivity and usefulness without change.

- ✓ Past City efforts to "sure-up" private investment in downtown through direct assistance in that investment process were perceived as being "heated". Yet, in hindsight, all recognized the value or success of these efforts, and while questioned or fought at the time, now believe the moves were correct.

- ✓ There are literally hundreds of thousands of people who come into Hudsonville from which the community makes little or no attempt at extracting dollars. Last year the Pinnacle Center alone drew well in excess of 150,000 to Hudsonville for weddings, diners, trade shows, etc. Most of the people choose to stay overnight at other than Hudsonville locations.

- ✓ There are "events" that draw people to the area that are held regularly for which there is little or no coordination by the business community in general or in downtown. These include those events associated with the Pinnacle Center, the Coop, and the Plaza merchants. "One hand does not know what the other is doing."

- ✓ In Hudsonville and the surrounding townships, there is a reportedly reasonably healthy demand for smaller industrial buildings. The office market is reported to be very weak at present.

- ✓ The City's "tag" or "positioning" line or slogan as the "salad bowl capital" is no longer valid. Although there are still strong farming interests in the area, much agricultural land is either owned by corporate interests or is being replaced by "roof tops".

Business Survey

There are several surveys that were conducted as part of this analysis to generate critical information and a new data base not found elsewhere. One of those was a survey of current business operations within the study area.

The businesses were identified and contacted through the combined efforts of the City's Downtown Development Authority and The Chesapeake Group. The large majority of businesses are located within the City of Hudsonville's legal boundaries, with only a few being outside those boundaries. The following is a synopsis of the survey.

Characteristics

About three-fourths (72%) of the individuals actually completing the survey were the owners of the establishments within the study area, while 15% work in a management position, and 13% classified themselves as "other". The latter category includes those respondents identifying themselves as Presidents, CEO's, partners, consultants, former owner/suppliers, investment representatives, and accounts or business managers.

Table 1 – Respondent's Position*

Position	%
Owner	72
Manager	15
Other	13
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The managers and other employees responding to the survey have been employed by the businesses for periods of time ranging from less than one year to longer than twenty years. As shown in the following table, a majority of (58%) the employees has been with the establishments for ten years or more. On the average, the employees have worked for the area businesses for over thirteen years.

Table 2 – Managers' Tenure with Business*

Tenure	%
Less Than 1 Year	4
1 To 2 Years	13
3 To 4 Years	4
5 To 9 Years	21
10 To 19 Years	17
20 Years Or More	41
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

As shown in Table 3, about two-thirds (65%) of the respondents have held their current position for a minimum of five years. On average, the employees completing the survey have held their current position for approximately nine years.

Table 3 – Employees Have Held Current Position*

Tenure in Current Position	%
Less Than 1 Year	9
1 To 2 Years	22
3 To 4 Years	4
5 To 9 Years	26
10 To 19 Years	26
20 Years Or More	13
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

While not generally recognized as a major factor in the closure of businesses in established downtowns and communities, many business establishments in fact shut down not as a result of market factors, but because they were independently owned or franchised, and the owner retired or was unable to operate the business any longer. There were no succession plans or "lineage" for the establishment. No other family member was available or chose to continue the operation. Thus, age is an important factor in assessing the potential for reinvestment in a commercial community. As shown in the Table 4, 13% of the owners are sixty years of age or older. An additional 30% are between fifty and fifty-nine.

Table 4 – Owners' Age*

Owners' Age	%
Less Than 30	5
30 To 49	52
50 To 59	30
60 Or Older	13
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The survey inquired into whether or not those owners age sixty or older had identified an individual to take over and continue the business upon their retirement. About one-third (37%) of the owners at or nearing retirement age have not yet identified such individuals, while another one-third (36%) reported being uncertain.

Table 5 – For Those 60 or Over, Has A Future Operator Been Identified*

Identified Future Operator	%
Yes	27
Uncertain	36
No	37
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

As shown in Table 6, 60% of the surveyed businesses have been located in the area for ten years or longer. About four in ten (39%) reported that they have been operating within the community for over twenty years; and several made notations indicating that they have been located within the community for as long as sixty years. It is estimated that the typical business has been serving the community on an average of approximately fourteen years.

Table 6 – Length of Time Located in Hudsonville*

Length	%
Less Than 1 Year	5
1 To 2 Years	6
3 To 4 Years	8
5 To 9 Years	21
10 To 19 Years	21
20 Years Or More	39
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

There is a significant correlation between tenure in the area and the amount of time at the current location. The implication is that there has been a relatively small or infrequent movement from the time the business opened until the present day. The average tenure at their current location is approximately eleven years.

Table 7 – Length of Time Located at This Specific Location*

Length	%
Less Than 1 Year	5
1 To 2 Years	10
3 To 4 Years	14
5 To 9 Years	29
10 To 19 Years	19
20 Years Or More	23
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The information contained in the chart below indicates that the businesses took multiple factors into account when selecting their locations. The most important consideration related to the opportunity to purchase the building followed by vehicular traffic and access.

Table 8 – Primary Factors in Selecting Current Location*

Factors	%
Opportunity to Purchase/Own Building	42
Vehicular Traffic Volume or Access	37
Proximity to Other Businesses	22
Opportunity to Rent	20
Proximity to the Home	18
Proximity to Residential Activity	17
Character of Buildings and Area	12
Inherited or Purchased Business	7
Available Labor Pool	5
Pedestrian Traffic Volume	5
Other Reasons	4

*Developed by The Chesapeake Group, Inc., 2004.

Importantly, a majority of (80%) all business respondents reported that their location had met their expectations, while 11% expressed disappointment. Those businesses that expressed disappointment cited difficulties related to a perceived lack of local support, a shortage of parking, traffic difficulties, and restrictive signage regulations.

Table 9 – Location Met Expectations*

Met Expectations	%
Yes	80
Uncertain	9
No	11
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The survey generated additional information on the characteristics of the business community. A majority of (60%) the businesses completing the survey owned the building that housed their establishment, while 40% are renters. The size of the operations range from a small office of 300 square feet to industrial uses of almost 500,000 square feet. It is estimated that the average commercial establishment consisted of roughly 17,800 square feet. On average, each establishment occupied roughly 78% of the building that housed their operation.

Table 10 – Own or Rent*

Own or Rent	%
Own	60
Rent	40
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The types of businesses most often responding to the survey were retail establishments, professional services, and wholesale, warehousing and distribution. A listing of the types of businesses is provided below. The 3% reported as “Other” include driving schools, a repossession company, and motel accommodations.

Table 11 – Nature of the Business*

Type Of Business	%
Retail	21
Professional Services	19
Wholesale, Warehousing, Distribution	14
Retail Related Services	11
Manufacturing	11
Food Establishment, Eating Drinking Places	8
General Construction or Other Contracting	8
Auto Service or Dealership	8
Personal Services	6
Financial Institution	4
Insurance	3
Printing & Publishing	2
Shipping, Trucking, Transportation	2
Real Estate	2
Mixture of Research & Development with Manufacturing	1
Electric, Gas & Other Utilities	1
Other	3

*Developed by The Chesapeake Group, Inc., 2004.

Table 12 provides information on employees that work throughout the year. The employment levels range from a single person to manufacturing facilities with over 350 employees. As detailed in the table, 50% of the establishments represent small businesses with one to ten employees. The average number of year round employees per responding business is roughly twenty-three.

Table 12 – Number of Year Round Employees (Including Owner)*

Number Of Year Round Employees	%
1 To 2	16
3 To 5	12
6 To 10	22
11 To 20	26
21 To 30	8
31 To 50	6
51 Or More	10
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

All but 2% of the surveyed firms reported having full-time employees. Over one-half (56%) of the responding establishments employ between one and ten full time workers. On the average, the number of full-time employees per business is approximately nineteen persons.

Table 13 – Number of Full-Time Employees (Including Owner)*

Number Of Full-Time Employees	%
0	2
1 To 2	26
3 To 5	13
6 To 10	17
11 To 20	18
21 To 50	18
51 Or More	8
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About eight in ten (79%) of the businesses utilize part-time help. Those firms with part-time help maintain an average part-time employment level of seven persons. Additionally 13% of the respondents reported that they hire people to work on a seasonal basis. The number of seasonal workers per establishment range from a single individual to twenty-two. Those businesses that do use seasonal help employ an average of four seasonal workers per business.

Table 14 – Number of Part-Time Employees*

Number Of Part-Time Employees	%
0	21
1 To 2	25
3 To 5	26
6 To 10	13
11 Or More	15
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About one-half (52%) of the responding businesses reported that most of their employees reside within Hudsonville and 49% reported that the majority of their employees live in other areas of the county. One in ten report that their employees reside in either Grand Rapids or in other areas outside of Ottawa County.

Table15 – Employees' Residence*

Residence	%
Hudsonville	52
Other Communities in the County	49
Grand Rapids	10
Outside of the County	10
Other	1

*Developed by The Chesapeake Group, Inc., 2004.

Attitudes, Opinions & Trends

As shown below, a limited number of establishments (9%) report having difficulties attracting qualified employees. A number of firms feel that there was a general shortage of qualified workers due a lack of technical and mechanical skills.

Table 16 – Problems Attracting Labor or Employees *

Problems	%
Yes	9
No	91
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Collectively, the businesses gave mixed reports on their level of sales and revenues during the past few years. About one-third (36%) indicate that their sales had been up over the last several years, while 23% report that revenues had been down. About four in ten (41%) report that sales had been relatively stable.

Table 17 – Sales or Revenue Trends Over the Past Two or Three Years *

Sales / Revenues	%
Up	36
Down	23
About The Same	41
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Those businesses reporting a decline or lack of growth most often attributed the situation to the economy and competition from both local and foreign sources. The third most often cited problem related to the loss of good paying manufacturing jobs. Several respondents related poor sales to the inability to sell beer and wine, advertising costs, and the fact that they operated in a relatively small market.

Those businesses reporting increased sales most often attributed their success to:

- Population growth associated with new residents and housing.
- Increased sales efforts, including aggressive marketing and advertising.
- The quality of customer service and repeat customers and referrals.
- A good location within a quality community.
- Hard work, good employees, and expanded services and products.

When asked to identify the location of their most significant competition, a majority of 61% of the respondents identified the local area, 15% the State, 14% the region, 8% the nation, and 5% the international market.

Table 18 – Location of Major Competition*

Location	%
Local	61
Statewide	15
Region or Midwest Area	14
Nationwide	8
Worldwide	5

*Developed by The Chesapeake Group, Inc., 2004.

Respondents were asked to specify changes that they would like to see occur in Hudsonville on the part of the City, County, or State that would directly benefit their business. Their responses, in order of their frequency included:

- Tax relief, in general, including lower taxes; the elimination of the single business tax as well as personal property tax; tax incentives; and the institution of sales taxes on mail order and internet purchases.
- Less restrictive government regulations, including greater flexibility on land use and building permits; more liberalized sign and advertising regulations; and greater opportunities for retailers to sell beer and wine.
- Roadway improvements, including the mitigation of traffic congestion, general improvements to Chicago Drive, better street lighting, and highway access.
- An improved physical definition of Hudsonville's downtown business district.
- More aggressive marketing and promotions combined with an improved relationship with the Chamber of Commerce.
- Both commercial and residential development and attraction along with job creation.

The survey generated specific suggestions on the types of businesses or activities that members of the business community favored. Their collective suggestions, in order of priority, are as follows.

- New restaurants, variously described as full-service, upscale, family oriented, part of a national chain, ethnic, and with the ability to sell alcohol.
- An improved mix of retail establishments, including "new anchors", clothing, crafts, specialty stores, and building supplies and materials.
- Promotions and events in the form of festivals, holiday events, parades, and concerts.
- Professional offices and services such as medical and dental.

The survey asked the respondents to identify what types of complementary businesses, services, and products should be attracted or developed that would directly benefit their establishments. While a number of respondents suggested "anything positive" that would generate traffic others prioritized the following:

- Manufacturing or industrial facilities such as stamping, plating, and welding.
- New retail establishments characterized as quality, not discount.
- Construction trades.
- New restaurants along with a banquet or meeting hall.
- Corporate and professional offices
- New auto dealers along with auto shows.
- Senior housing, including retirement communities.

The respondents were asked to select from a variety of issues those challenges that most impacted their ability to "grow" their business within the area. Over one-third of the respondents identified "Laws and Regulations" as their most significant challenge; although it should be noted that a number of respondents made notations that they were not referring to local ordinances or regulations. One-third (33%) identified the level of competition. While only 9% of the businesses had previously reported difficulties in attracting labor or employees, the third most significant challenge reported related to finding qualified employees.

Table 19 – Challenges of Growing Their Business*

Challenges	%
Laws and Regulations	35
Level of Competition	33
Finding Qualified Employees	25
Cost of Materials	19
Marketing or Promotion	18
Transportation or Accessibility	14
Lack of Complementary Activity	11
Business Community	6
Telecommunications Infrastructure	6
Availability of Resources	5
Other Infrastructure	2
Others	9

*Developed by The Chesapeake Group, Inc., 2004.

Reinvestment & Investment Opportunities

As was previously noted, six in ten own the buildings out of which they operate. Those businesses that rented their space were asked if they had an interest in purchasing the property. As shown below, a majority of the respondents indicated that they are comfortable remaining as tenants while a minority of 13% expressed an interest in acquiring the property.

Table 20 - Interested in Purchasing Building*

Interested in Purchasing	%
Yes	13
Uncertain	23
No	64
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Almost one-half, 48%, of the respondents reported that there exists an outstanding debt on the property that housed their business, while 7% were uncertain, and 45% reported that the property was debt free as shown in Table 21.

Table 21 - Outstanding Debt on the Building*

Outstanding Debt	%
Yes	48
Uncertain	7
No	45
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

There was a reasonable level of interest, on the part of business property owners, in selling their property. As detailed in the following table, 13% of the property owners, responding to the survey, indicated that they had an interest in selling their property and 25% were uncertain.

Table 22 - Plan on Selling the Property*

Plan on Selling	%
Yes	13
Uncertain	25
No	62
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Whether a result of healthy sales or other reasons, the survey revealed that there are a number of businesses that need to expand their physical facilities. About one-third (37%) feel the need to expand their physical facilities in the near future. Yet, a majority of 59% did not anticipate a change. A few expressed a need to contract their facilities.

Table 23 – Need To Expand Or Contract*

Anticipated Change	%
No Change	59
Expand	37
Contract	4
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Importantly and as shown in the Table 24, 43% of those establishments that require or desire physical change feel that their current location would not be able to accommodate such a change while 8% were uncertain.

Table 24 – Able to Make Change At Current Location,*

Able To Make Change	%
Yes	49
No	43
Uncertain	8
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Those businesses that feel a need to expand but did not believe that their current location could accommodate the change were asked if they had another location within the City which might accommodate the growth. As shown in Table 25, 19% reported that they did have another location and 10% were uncertain.

Table 25 – Has another Location within Hudsonville*

Another Location	%
Yes	19
No	71
Uncertain	10
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About one-quarter (24%) of the businesses expressed an interest in technical or financial assistance. Another one-fourth (27%) were uncertain as to public sector assistance.

Table 26 – Interested in Financing or Technical Assistance*

Interested	%
Yes	24
No	49
Uncertain	27
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Finally and irrespective of the type of investment, 17% of the surveyed businesses reported that they had “definite” plans for new “investments and improvements” within the next year or so. About 34% were uncertain as to new “investments and improvements”.

Table 27 – Have Definite Plans For New Improvements*

Plans	%
Yes	17
No	49
Uncertain	34
Total	100%

*Developed by The Chesapeake Group, Inc., 2004.

Comparative Assessment

As part of the market analysis of the City of Hudsonville, a comparative assessment was performed as one of two primary analyses used to identify business "gaps" and opportunities. The identified business gaps defined in this process may or may not be appropriate for the City of Hudsonville because of the nature of operations, scale, or other factors.

Methodology

The comparative analysis requires comparing the larger Ottawa County business structure to communities that are similar. In determining communities for which the comparison can be made, the following criteria were used:

- ✓ The population size and household numbers had to be similar to those associated with Ottawa County, since demand for goods and services are ultimately dependent largely upon the size of the market served.
- ✓ The selected counties all experienced similar levels of population growth in the decade between the 1990 and 2000 census.
- ✓ Transportation access had to be somewhat similar.

Based on the criteria, eight counties were identified for which the comparison in economic structure of was made. These eight counties are:

Brazoria, TX
Brown, WI
Cumberland, PA
Harford, MD
Kitsap, WA
Lake, OH
Lexington, SC
McHenry, IL

It is noted that all population and household estimates upon which the comparisons are made were derived from the same source, the United States Census Bureau's 2000 data, for consistency purposes. Also for consistency purposes, a single source, the US Census Bureau's 2001 County Business Patterns, was employed to define the business structure and activity of all nine counties.

The North American Industry Classification System (NAICS) was introduced in 1997 as a more effective business classification system that identifies and groups establishments according to their primary activity. It replaces the older Standard Industrial Classification (SIC) coding system. NAICS identifies and groups 1,170 different types of "industries" or establishments into twenty major industry sectors ranging from Agriculture (Sector 11) to Public Administration (Sector 92). This analysis extracted information on businesses within all twenty major sectors.

Those establishments associated with thirteen of the twenty major NAICS sectors (Sectors 44 & 45, 51 thru 56, 61 & 62, 71 & 72 and 81) are traditionally non-manufacturing, non-agriculture and may be more appropriate for the City of Hudsonville in the long run. They include "industry" classifications, such as:

Automotive Dealers & Parts
Furniture & Home Furnishings
Electronics & Appliances
Building Materials & Supplies
Food Stores
Health & Personal Care Stores
Clothing & Accessories
Sporting Goods, Book & Music Stores
General Merchandise
Information & Data Processing
Depository Financial Institutions
Non-depository Credit Institutions
Security & Commodity Brokers Insurance
Carriers & Agents
Real Estate
Rental & Leasing Services
Legal Services
Accounting & Tax Services
Management Services
Business & Employment Services
Educational Services
Health Services
Performing Arts & Entertainment
Amusement & Recreation Industries
Traveler Accommodations
Eating & Drinking Places
Automotive Repair & Maintenance
Personal Care Services

Underrepresented Industries

Underrepresented "industries" are then defined as those where Ottawa County had a lesser number of businesses than at least five other counties. Thus, the number of businesses in Ottawa County compared to the other communities was below what might be expected or should occur and can be defined as representing a potential gap in the market.

It is also noted that in some cases, the differences are great, or no businesses in the under-served categories were identified in Ottawa County. Once again, under-representation does not mean that the identified categories of businesses are desirable for Hudsonville.

The following are the "industries" or businesses identified as being underrepresented in Ottawa County. About 131 are identified. Highlighted, in gray, are retail operations that may be appropriate uses for either downtown or elsewhere.

Type of Business
Water Supply and Irrigation Systems
Tile, Marble, Terrazzo, and Mosaic Contractors
Carpentry Contractors
Floor Laying and Other Floor Contractors
Sawmills
Commercial Flexographic Printing
Quick Printing
Manifold Business Forms Printing
Asphalt Paving Mixture and Block Manufacturing
Custom Compounding of Purchased Resins
Tire Rethreading

Type of Business
Rubber Product Manufacturing for Mechanical Use
Surgical Appliance and Supplies Manufacturing
Automobile and Other Motor Vehicle Wholesalers
Roofing, Siding, and Insulation Material Wholesalers
Construction & Mining (except Oil Wells) Machinery & Equip. Wholesalers
Transportation Equipment and Supplies (except Motor Vehicle) Whslers.
Jewelry, Watch, Precious Stone and Precious Metal Wholesalers
Stationary and Office Supplies Wholesalers
Industrial and Personal Service Paper Wholesalers
Women's, Children's, and Infants' Clothing & Accessories Wholesalers
Book, Periodical, and Newspaper Wholesalers
New Car Dealers
Automotive Parts and Accessories Stores
Recreational Vehicle Dealers
Furniture Stores
Computer and Software Stores
Camera and Photographic Supplies Stores
Supermarkets and Other Grocery (except convenience) Stores
Convenience Stores
Beer, Wine, and Liquor Stores
Pharmacies and Drug Stores
Cosmetic, Beauty Supplies, and Perfume Stores
Other Health and Personal Care Stores
Gasoline Service Stations with Convenience Stores
Other Gasoline Stations
Men's Clothing Stores
Jewelry Stores
Prerecorded Tape, Compact Disc, and Record Stores
Department Stores
Pet and Pet Supplies Stores
Art Dealers
Household Appliance Stores
Tobacco Stores
Non Scheduled Air Transportation
Taxi Service
Limousine Service
School and Employee Bus Service
Airport Operations
Other Support Activities for Air Transportation
General Warehousing and Storage
Motion Picture Theaters (except Drive-Ins)
Postproduction Services for Other Motion Picture and Video Industries
Teleproduction and Other Postproduction Services
Cellular and Other Wireless Communications
Data Processing Services
Sales Financing
Consumer Lending
Real Estate Credit

Type of Business
All Other Nondepository Credit Intermediation
Mortgage and Nonmortgage Loan Brokers
Direct Life Insurance Carriers
Direct Property and Casualty Insurance Carriers
Direct Title and Casualty Insurance Carriers
Insurance Agencies and Brokerages
Claims Adjusting
Third Party Administration of Insurance and Pension
Lessors of Residential Buildings and Dwellings
Lessors of Non-Residential Buildings (except Miniwarehouses)
Lessors of Miniwarehouses and Self-Storage Units
Consumer Electronics and Appliance Rental
General Rental Centers
Home Health Equipment Rental
Offices of Lawyers
Offices of Certified Public Accountants
Tax Preparation Services
Building Inspection Services
Surveying and Mapping (except Geophysical) Services
Custom Computer Programming Services
Veterinary Services
Interior Design Services
Management Consulting Services
Human Resources and Executive Search Consulting
Environmental Consulting Services
Media Representatives
Direct Mail Advertising
Marketing Research and Public Opinion Polling
Office of Administrative Services
Facilities Support Services
Telephone Answering Services
Telemarketing Bureaus
Private Mail Centers
Other Business Service Centers (including Copy Shops)
Repossession Services
Court Reporting and Stenotype Services
Travel Agencies
Tour Operators
Investigation Services
Security Systems Services (except Locksmiths)
Locksmiths
Landscaping Services
Computer Training
Fine Arts School
Sports and Recreation Instruction
Exam Preparation and Tutoring
Automobile Driving Schools
Educational Support Services
Offices of Physicians (except Mental Health Specialists)

Type of Business
Diagnostic Imaging Centers
Ambulance Services
Child Day Care Services
Historical Sites
Amusement Arcades
Hotels (except Casino Hotels) and Motels
Full-Service Restaurants
Limited Service Restaurants
Caterers
Drinking Places (Alcoholic Beverages)
Car Washes
Computer and Office Machine Repair and Maintenance
Home and Garden Equipment and Appliance Repair and Maintenance
Reupholstery and Furniture Repair
Appliance Repair and Maintenance
Beauty Salons
Nail Salons
Diet and Weight Reducing Centers
Cemeteries and Crematories
Coin Operated Laundries and Drycleaners
Drycleaning and Laundry Services (except Coin Operated)
Pet Care (except Veterinary) Services
Parking Lots and Garages

It is also noted that there is a gap in restaurant activity and a gap in vehicle sales and services, the latter of which Hudsonville has a certain established market position at present.

Telephone Survey

The market is the driving force behind economic viability, whether it be commercial or service opportunity. Commercial opportunity is dependent upon the ability of the consumer to make purchases that result in the generation of revenues and sales.

In an effort to understand the market opportunities, a telephone survey of households within the Hudsonville area was conducted as part of this analysis. The following is a synopsis of this survey's findings.

Market Penetration

One of the primary factors in defining long-term economic viability of a commercial area or composite of commercial activity is market penetration. Market penetration is defined by the share of households that conduct business in an area with regular frequency. The telephone survey generated information on how often households generally went out to shop for food or any other retail commodity in general and how often they came to Hudsonville. As detailed below, 96% of the households surveyed indicated that they went shopping at a frequency of at least once each week.

Table 28 – The Frequency of Shopping Trips*

Frequency of Trips	%
More Than Once / Week	51
About Once / Week	45
Few Times / Month	2
Twice / Month	1
Less Often	1
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Nine out of ten (90%) of the respondents reported that they or a member of their household visited Hudsonville in order to shop, eat or drink, obtain professional or medical services or conduct other business, at least occasionally.

Table 29 – Whether Respondents Make Purchases, Obtain Service or Conduct Business in Hudsonville*

Frequent Hudsonville	%
Yes	90
No	7
Uncertain	3
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The frequency of shopping trips on the part of households that do utilize Hudsonville establishments is reasonable, but not high. About one-half (46%) of the households that do frequent Hudsonville establishments visit the area with a frequency of more than once each week. Seven in ten (70%) of the households that frequent the area do so at a rate of at least once each week.

Table 30 – The Frequency of Trips to Hudsonville*

Frequency of Trips	%
More Than Once / Week	46
About Once / Week	24
Few Times / Month	6
Twice / Month	8
Once / Month	11
Less Often	5
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Thus, the market penetration rate for residents of the general Hudsonville area is about 63%.

Synergism

Viability of most commercial areas is dependent upon synergism, or the sharing of patronage. This entails going to more than one type of business and making multiple "stops", whether within one center or in more than one location and whether by foot or vehicle. Those households that do visit and utilize Hudsonville establishments do so for a variety of reasons as shown in Table 31. Eight of ten of the surveyed households that do visit indicated that they visit the area to shop. About one-quarter (23%) visit the area in order to frequent a local restaurant. The "other" category includes those individuals who reported that they live there or attend church in the area.

Table 31 – Purpose of the Trip*

Purpose	%
Shop	81
Professional Service	28
Eat /Drink	23
Visit Family or Friends	22
Obtain Government Service	21
Personal Service	20
Work	18
Other	3

*Developed by The Chesapeake Group, Inc., 2004.

Attitudes & Opinions

When those households familiar with Hudsonville's commercial area were asked what they liked most, the popular responses were that it was close to home and convenient. Other positive attributes reported include:

- The commercial is compact; it is easy to get around.
- A significant number of people appreciated the personalized service and attention that they regularly received from Hudsonville merchants. (This was particularly true for comments directed at Gemmen's.)
- The people, both on the street and within the businesses, are friendly.
- There is minimal traffic congestion or crowds.
- Parking is generally readily available.
- The areas are generally well maintained and clean.

These same households identified changes which would increase the level of their patronage or visits. Their responses, in order of frequency, follow.

- A greater variety of stores and merchandise. Specific suggestions included larger department stores, as well as, clothing, shoes, hobby/crafts, toys, specialty shops, a coffee shop, and a bank.
- Additional restaurants, particularly “fine dining”.
- An improved grocery store, characterized as being larger, modern with a greater selection of items such as fresh produce, meats, and seafood.
- Beer, wine, and liquor sales.
- Updated shops, improved storefronts and facades.
- Cheaper prices.
- Sales, promotions and community activities.

Those households that had indicated that they did not frequent Hudsonville identified elements or issues that discouraged then from coming. The majority indicated that they shopped elsewhere simply because it was closer to home or work. Others preferred to shop in malls or the large box store operations situated elsewhere.

When asked what changes or new businesses would attract these individuals to the area, the following items were identified:

- Lower prices, sales.
- Fine Dining.
- Larger stores.
- Liquor, alcohol sales.

Select Demographics

In addition to the commercial utilization patterns that impact market potential, demographic and lifestyle characteristics that impact demand and spending patterns were also obtained.

About one in ten (9%) households consists of a single person. About four in ten (38%) contain two people and 41% four or more members. The average household is relatively large, consisting of 3.07 members.

Table 32 - Number of Household Members*

Number	%
1	9
2	38
3	12
4	25
5	10
6 Or More	6
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The presence of pre-school age children within households has a significant impact on many aspects of households, including shopping patterns, incomes and ability to purchase goods and services. About one-fourth (22%) of the households contain a child six years old or younger. About one-half of these households contain more than one young child as found in Table 33.

Table 33 – Number of Household Members Pre-School Age*

Number Younger Than Six	%
0	78
1	9
2	11
3 Or More	2
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The presence of seniors within the household, like young children, often impacts the family units' employment patterns and spending levels. In 42% of the households the most senior member was 60 years old or older. In many cases these individuals live with younger household members. The average age of the most senior household member within the surveyed households is estimated to be 55 years of age. It is noted that telephone surveying generally attracts a disproportionate share of seniors while young households with young children have a tendency to be under-represented. On the other hand, it is clear from both the size of the households and the number of young children that there are many younger households in the general market area.

Table 34 – Age of Most Senior Household Member*

Age	%
21 To 29	5
30 To 39	14
40 To 49	22
50 To 59	17
60 To 69	17
70 Or Older	25
Total	100

*Developed By The Chesapeake Group, Inc., 2004.

Employment trends and patterns are also significant factors in demand. They impact not just the ability to purchase goods and services through income generation but also such factors as times, frequencies and locations of purchases. About one-fourth (24%) indicated that no one within the household was employed on a full-time basis, reflective of the number of seniors. More than four in ten (44%) of the households contain one member with a full-time job. Two in ten (22%) have two or more members working on a full-time basis.

Table 35 – Number of Household Members Employed Full-Time*

Number Full-Time	%
0	34
1	44
2	19
3	3
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Table 36 - Number of Household Members Employed Part-Time*

Number Part-Time	%
0	59
1	31
2	5
3	5
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

A relatively high proportion (41%) of households have someone working on a part-time basis, as found in Table 36 to the right. About one in ten households have multiple members working part-time.

The survey also revealed that 16% of the households contained a member who desired a new or better job and was actively seeking a new or better job.

Table 37 – Household Member Seeking Employment*

Seeking Better Job	%
Yes	16
No	84
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Household incomes represent a dominant factor impacting the ability of almost any group to purchase goods and services. The diversity of incomes within the surveyed households is detailed below. On average, the surveyed households reported annual incomes of approximately $62,100.

Table 38 – Total Household Income*

Income Category	%
Less Than $29,999	10
$30,000 To $39,999	9
$40,000 To $49,999	23
$50,000 To $59,999	16
$60,000 To $69,999	16
$70,000 To $99,999	14
$100,000 To $124,999	10
$125,000 Or More	2
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Spending

There are essentially three commodities upon which households spend much of their incomes and assets over time. These are food, transportation, and housing. The type and variety of each commodity often changes with income and other fiscal resources.

Respondents were asked both general questions about spending, such as how often they shopped for various merchandise, and specific spending information, such as the amount generally spent at supermarkets. The former information is used in modeling, as well as the latter, when combined with industry averages and other salient data.

Food purchased for home consumption is generally purchased at supermarkets or other facilities that have a supermarket component, such as Wal*Mart or Meijer. The surveyed households report a range of weekly grocery expenditures. About one in ten (14%) spends less than $50 in a normal week on groceries. On the other hand, 29% spend more than $100 per week on groceries and related merchandise. It is estimated that the typical household spends almost $85 each week on groceries.

Table 39 – Average Amount Spent on Groceries and Related Merchandise Per Week*

Amount Spent	%
$30 To $49.99	14
$50 To $74.99	34
$75 To $99.99	23
$100 To $124.99	14
$125 To $149.99	6
$150 Or More	9
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Other food spending is also associated with lunch and dinner trips as well as some specific entertainment activity. These essentially reflect spending related to meals purchased and consumed outside of the home. As revealed below, 51% eat lunch out at the rate of at least once each week.

Table 40 – Frequency Lunch Is Consumed Outside the Home*

Frequency	%
Few Times / Week	31
Once / Week	20
Twice / Month	10
Once / Month	10
4 To 9 Times / Year	5
Few Times / Year	2
Once / Year	2
Less Often	10
Never	10
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The relationship between lunch trips and employment is important particularly if the employment is not in close proximity to the home. Fourteen percent (14%) of the households that do eat lunch outside of the home reported that the lunch trips are related to their work.

There are industry standard relationships between meal costs and spending and the level of service provided at food service establishments. Full-service restaurants were slightly more popular for lunch than were fast food restaurants. The "Other" category includes "bistros" and "family-style" establishments. A number of the more popular restaurants for lunch are located within the Hudsonville area, including: Jerry's Country Inn, McDonalds, Arby's, Village Seafood & Grille, Burger King, and Pizza Ranch. Other popular places include: Wendy's, Russ' Restaurant, Panera Bread, Applebee's Neighborhood Grill, and Fazoli's.

Table 41 - Type of Establishment Most Often Associated With Lunch*

Type Of Establishment	%
Full-Service Restaurant	59
Fast Food Operation	53
All You Can Eat Buffet	11
Cafeteria	5
Other	2

*Developed by The Chesapeake Group, Inc., 2004.

As shown below, the households have dinner outside the home with slightly greater frequency than they go out to lunch. Over one-half (56%) of the households eat dinner outside of their homes about once each week. This compares to 51% who eat lunch out at the same frequency.

Table 42 – Frequency Dinner Is Consumed Outside the Home*

Frequency	%
Few Times / Week	30
Once / Week	26
Twice / Month	16
Once / Month	12
4 To 9 Times / Year	3
Few Times / Year	3
Less Often	5
Never	5
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Consistent with the previously reported desire for new restaurants and fine dining, 93% of the households prefer full-service restaurants for dinner outside of the home. Additionally, nine of the ten most popular establishments are located outside of Hudsonville. Those ten restaurants, presented in order of their popularity, are: Logan's Roadhouse, Applebee's, Russ' Restaurant, Brann's Steakhouse, Olive Garden, Jerry's Country Inn, Red Lobster, Perkin's Family Restaurant, Rainbow Grill, and Carrabba's Italian Grill.

Table 43 - Type of Establishment Most Often Associated With Dinner*

Type of Establishment	%
Full-Service Restaurant	93
Fast Food Operation	3
All You Can Eat Buffet	2
Other	4

*Developed by The Chesapeake Group, Inc., 2004.

As detailed in the following table, 47% of the households indicated that at least one member normally has a cocktail, beer, or wine with dinner at a full-service restaurant.

Table 44 – Household Member Typically Has a Cocktail at Full-Service Restaurant*

Typically Has A Drink with Dinner	%
Yes	47
No	49
Uncertain	4
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Certain entertainment activity generally involves food and beverage consumption. Thus, information on the frequency households partake of select entertainment activities was also obtained. As shown below, 22% of the households contain a member who goes to the movies as often as once a month, while 30% report that they never go out to the movies.

Table 45 – Frequency Household Members Go Out to the Movies*

Frequency	%
Once / Week	1
Twice / Month	5
Once / Month	16
4 To 9 Times / Year	14
Few Times / Year	10
Once / Year	6
Less Often	18
Never	30
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Sporting activity, both as an observer and participant, is an important component of household entertainment, leisure, and recreation often blended with retail and other commercial activity. Table 46 reveals a diversity of interests, with two of the top four activities being related to water.

Table 46 – Sports In Which Household Member Participates*

Sport	%
Swimming	40
Golf	39
Fishing	34
Bicycling	34
Baseball / Softball	18
Soccer	17
Sailing / Boating	13
Basketball	12
Hunting	12
Bowling	12
Tennis	10
Skating / Hockey	6
Skiing	5
Auto Racing	4
Billiards / Pool	3
Racquetball / Handball	1

*Developed by The Chesapeake Group, Inc., 2004.

Over one-half of the surveyed households reported that at least one member attends craft shows and sporting events as a form of leisure activity. The "Other" category includes antique shows and yard or garage sales.

Table 47 – Events Which Household Member Attends*

Event	%
Craft Shows	54
Sporting Events	51
Concerts	42
Art Shows	27
Auto, Historic Auto Shows	24
Collectable Shows	16
Boat Shows	12
Sporting, Hunting, Fishing Shows	11
Computer Shows	6
Other	3

*Developed by The Chesapeake Group, Inc., 2004.

Transportation is the second major household expenditure reviewed. All but 1% of the surveyed households own or lease a private vehicle. Of these, some have access to a company or corporate vehicle. About eight in ten (78%) of the households own multiple vehicles. On an average, each household within the area owns or leases 2.18 vehicles.

Table 48 – Number of Personal Vehicles Owned or Leased*

Number Owned/Leased	%
0	1
1	21
2	49
3	17
4 Or More	12
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The age of vehicles typically impacts the size or existence of loan payments and the amount spent on maintenance. In general, vehicles older than five years have lesser loan payments than newer vehicles, but greater maintenance costs. As shown in the table to the right, 76% of the vehicles within the households are five years old or older.

Table 49 - Years of Age or Older*

Number Five Years Or +	%
0	24
1	42
2	24
3 Or More	10
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Spending on housing over time, the third major commodity, is dependent upon a number of factors. One of those factors is the ownership pattern. In general, mortgages have a tendency to increase at a slower pace, if at all, than do payments for rent. A significant majority (94%) of the households reported that they own rather than rent their residences.

Table 50 – Whether Household Owns or Rents*

Own/Rent	%
Own	94
Rent	6
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About one-half (45%) of the households have lived in their homes for ten years or longer. About two in ten (21%) have resided at their current address for twenty years or longer. While it is conservatively estimated that, on the average, the surveyed households have resided at their current address for slightly longer than 11 years; yet, two in ten have lived at their current address for under two years.

Table 51 – Number of Years Living At the Address*

Number of Years	%
Two Or Less	19
3 Or 4	13
5 To 9	23
10 To 19	24
20 Or More	21
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About one-fourth (29%) of the households, primarily those living in the area the longest, reported that they no longer have a monthly mortgage or rent payment. This finding is consistent with the degree of homeownership and the extended tenure detailed above. The average monthly housing cost for those surveyed households with a monthly rent or mortgage payment is estimated to be approximately $803.

Table 52 – Amount Spent on Rent or Mortgage Per Month*

Rent / Mortgage	%
None	29
Less Than $500	12
$500 To $749	20
$750 To $874	14
$875 To $999	12
$1,000 To $1,249	9
$1,250 To $1,499	2
$1,500 Or More	2
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The telephone survey also generated Information on the frequency of the purchase of common household items. As detailed in Table 53, 19% of the households reported that they shopped at a pharmacy or drugstore at a rate of once each week or more often; and 38% do so at least a couple of times per month.

Table 53 – The Frequency of Shopping at Pharmacies or Drugstores*

Frequency	%
More Than Once / Week	6
About Once / Week	13
Few Times / Month	12
Twice / Month	7
Once / Month	26
Less Often	36
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The following table provides additional information of common household purchases. It is noted that 45% of the surveyed households purchased health and beauty aids at a frequency of a few times each month, indicating that they make at least some of these purchases at establishments other than pharmacies.

Table 54 - Frequency of Purchases of Selected Household Items (In %)*

Product	Once/ Week	Few/ Mon	Once/ Mon	Few/ Year	Less Oft	Never	Total
Health Care/Beauty Aids	20	25	33	16	2	4	100
Cards & Magazines	6	16	41	15	14	8	100
Women's Clothes	2	16	16	33	25	8	100
Children's Clothes	-	6	11	21	7	55	100
Auto Supplies	4	8	9	29	18	32	100

*Developed by The Chesapeake Group, Inc., 2004

The survey asked respondents to identify the establishment where they made the majority of their clothing purchases. About one-fourth (22%) reported that they tended to make most clothing purchases at Kohl's Department Store; 12% preferred Younker's, and an additional 12% indicated that they made these types of purchases at the RiverTown Crossings Mall in general. Other reported stores, in order of popularity were: JC Penny's, Meijer, Marshall Fields, Wal-Mart, Target, Old Navy, Sears, Talbots, Rogers Department Store, Goodwill, and through catalogs.

The survey also generated information on where area households made additional purchases. Specifically, the survey asked the respondents to identify where they most often shopped for hardware and home improvement items. Over one-half (58%) of the respondents reported that they utilized Gemmen's on Kelly Street in Hudsonville for these purchases. Two in ten (19%) identified Lowe's and 14% tended to use Home Depot. Other stores reported, at a significantly lower level, included Menard's and Wal*Mart.

A related question asked the households where they made most of their lawn and garden purchases. Again, Gemmen's was the most popular choice at 50%, followed by Lowe's at 15%, and Meijer's at 12%. Other reported establishments include Home Depot, the Farmer's Co-op, and Wal-Mart.

Demand Forecast

Demand for retail goods and related commercial services for any business or collective businesses in a geographic area is based on the various markets' abilities to purchase goods and services. As previously noted, the primary data source used to define spending patterns for commercial demand was the telephone survey. The following represents a review of demand for commercial activity for Hudsonville.

It is noted that there are two primary sources of demand, residents of the general area and "visitors" or non-residents of the area. The demand generated by the latter group is not expected to be significant. Therefore, it is noted that suggestions made for business activity will be based upon residentially generated demand, with demand from visitor sources not considered.

Residential Markets

There are essentially three potential residential markets for retail goods and related services. These are:

- ✓ The primary market, composed of residents living in the general Hudsonville area.
- ✓ The secondary market, composed of residents living in other parts of Ottawa County.
- ✓ The tertiary market, composed of those living in other parts of the Greater Grand Rapids area.

The following estimates of the demand for retail goods and related services are considered to be conservative in nature, likely to understate supportable space.

Retail goods and related services sales generated by primary market residents are estimated at about $368.6 million for 2005. The primary market sales are expected to increase to $415.2 million by 2010, due primarily to anticipated growth in area households around the City. The sales are again expected to increase significantly to roughly $461.7 million by 2015.

As noted above, the rise in sales is due primarily to anticipated increases in area households. The number of households or "roof tops" are expected to grow by about 2.66% per year, or more than 25% over the ten year period from 2005 to 2015.

Aggregate retail sales figures represent a compilation of sales associated with ten major categories. The ten major categories of retail goods and related services are:

- ✓ Food, such as groceries and related merchandise generally purchased for home preparation or consumption.
- ✓ Eating and drinking, consisting of prepared food and beverages generally consumed on the premises or carried to another location.
- ✓ General merchandise, including variety stores, department stores and large value oriented retail operators.
- ✓ Furniture and accessories, including appliances and home furnishings.
- ✓ Transportation and utilities, including the sale of new and used automotive and other personal vehicles and parts and basic utilities for the home.

- ✓ Drugstores, including those specializing in health and beauty aids or pharmaceuticals.
- ✓ Apparel and accessories.
- ✓ Hardware and building materials, including traditional hardware stores and garden and home improvement centers.
- ✓ Auto services, including gasoline and vehicle repair.
- ✓ Miscellaneous, which includes a plethora of retail goods and services ranging from florists to paper goods.

Some operations fall into more than one category. For example, many of the general merchandisers associated with the "big box stores" have added more or less traditional supermarket components to their operations.

Table 55 contains the estimated retail sales and related services revenues generated by the primary market for the major categories for the years of 2005, 2010, and 2015. The aggregate sales and category figures are based on the spending information obtained from the telephone survey. For example, if a person generally goes out to lunch twice per week at McDonalds, based on an average per meal cost of $5, the total spent per year by that person is estimated at $520. If 100% do the same, the total is determined by multiplying the number of people by $520.

Table 55 - Estimated Primary Market Generated Retail and Related Services Sales for Hudsonville by Category*

Category	2005	2010	2015
Food	$32,107,000	$36,161,000	$40,216,000
Eat/Drink	31,701,000	35,705,000	39,708,000
General Merchandise	66,204,000	74,565,000	82,925,000
Furniture	23,260,000	26,197,000	29,135,000
Transportation & Utilities	97,905,000	110,269,000	122,633,000
Drugstore	15,040,000	16,939,000	18,838,000
Apparel	10,948,000	12,331,000	13,713,000
Hardware	42,612,000	47,994,000	53,375,000
Vehicle Service	19,426,000	21,879,000	24,333,000
Miscellaneous	29,416,000	33,131,000	36,845,000
TOTAL	$368,620,000	$415,170,000	$461,720,000

*Developed by The Chesapeake Group, Inc., 2004.

There are sub-categories, generally associated with particular types of businesses, found within each retail goods and related services category. While not necessarily the largest in terms of sales, the miscellaneous category contains more sub-categories or types of establishments than any other major retail goods and related services category.

It is noted that irrespective of the strength, location, mass, or other factors, no commercial area or community is able to attract all of the sales generated in a market. In all communities, dollars are spent in locations not associated with the home or home market. As examples, people employed at other than home locations often spend resources at or near their place of employment. Others make visits and spend money with relatives and friends living elsewhere and others take vacations, resulting in still other spending.

Retail and related services sub-category sales for the primary market are found in Table 58 on Page 32.

Secondary market sales for Hudsonville are estimated to be roughly $2.5 billion for 2005. Secondary market sales are expected to increase to about $2.7 billion by 2010. An additional increase to $2.97 billion is expected by 2015. Sub-category retail and related services sales estimates for the secondary market are found on Page 33.

Table 56 - Estimated Secondary Market Generated Retail and Related Services Sales by Major Category*

Category	2005	2010	2015
Food	$215,178,000	$236,663,000	$258,147,000
Eat/Drink	212,460,000	233,674,000	254,887,000
General Merchandise	443,696,000	487,998,000	532,299,000
Furniture	155,887,000	171,451,000	187,016,000
Transportation & Utilities	656,157,000	721,671,000	787,186,000
Drugstore	100,795,000	110,859,000	120,923,000
Apparel	73,373,000	80,699,000	88,025,000
Hardware	285,586,000	314,101,000	342,616,000
Vehicle Service	130,194,000	143,193,000	156,192,000
Miscellaneous	197,143,000	216,827,000	236,512,000
TOTAL	$2,470,469,000	$2,717,136,000	$2,963,804,000

*Developed by The Chesapeake Group, Inc., 2004.

Tertiary market sales for Hudsonville are estimated to be roughly $11.2 billion for 2005. Secondary market sales are expected to increase to about $11.96 billion by 2010. An additional increase to $12.7 billion is expected by 2015. Sub-category retail and related services sales estimates for the secondary market are found on Page 34.

Table 57 - Estimated Tertiary Market Generated Retail and Related Services Sales by Major Category*

Category	2005	2010	2015
Food	$977,991,000	$1,041,719,000	$1,105,622,000
Eat/Drink	965,640,000	1,028,563,000	1,091,659,000
General Merchandise	2,016,616,000	2,148,023,000	2,279,789,000
Furniture	708,510,000	754,678,000	800,973,000
Transportation & Utilities	2,982,256,000	3,176,586,000	3,371,448,000
Drugstore	458,118,000	487,970,000	517,903,000
Apparel	333,483,000	355,213,000	377,003,000
Hardware	1,298,000,000	1,382,580,000	1,467,392,000
Vehicle Service	591,735,000	630,294,000	668,958,000
Miscellaneous	896,024,000	954,411,000	1,012,958,000
TOTAL	$11,228,373,000	$11,960,038,000	$12,693,704,000

*Developed by The Chesapeake Group, Inc., 2004.

Table 58 - Estimated Primary Market Generated Retail and Related Services Sales for Hudsonville by Sub-category*

Sub-category	2005	2010	2015
Food	$32,107,000	$36,161,000	$40,216,000
Supermarkets	26,809,345	30,194,435	33,580,360
Independents	2,568,560	2,892,880	3,217,280
Bakeries	706,354	795,542	884,752
Dairies	417,391	470,093	522,808
Others	1,605,350	1,808,050	2,010,800
Eat/Drink	31,701,000	35,705,000	39,708,000
General Merchandise	66,204,000	74,565,000	82,925,000
Dept. Stores	24,164,460	27,216,225	30,267,625
Variety Stores	4,766,688	5,368,680	5,970,600
Jewelry	4,568,076	5,144,985	5,721,825
Sporting Goods/Toys	7,216,236	8,127,585	9,038,825
Discount Dept.	24,098,256	27,141,660	30,184,700
Antiques, etc.	331,020	372,825	414,625
Others	1,059,264	1,193,040	1,326,800
Furniture	23,260,000	26,197,000	29,135,000
Furniture	5,489,360	6,182,492	6,875,860
Home Furnishings	8,094,480	9,116,556	10,138,980
Store/Office Equip.	5,070,680	5,710,946	6,351,430
Music Instr./Suppl.	1,000,180	1,126,471	1,252,805
Radios,TV, etc.	3,605,300	4,060,535	4,515,925
Transportation & Utilities	97,905,000	110,269,000	122,633,000
New/Used Vehicles	34,266,750	38,594,150	42,921,550
Tires, Batt., Prts.	43,176,105	48,628,629	54,081,153
Marine Sales/Rentals	5,188,965	5,844,257	6,499,549
Auto/Truck Rentals	15,273,180	17,201,964	19,130,748
Drugstore	15,040,000	16,939,000	18,838,000
Apparel	10,948,000	12,331,000	13,713,000
Men's and Boy's	1,434,188	1,615,361	1,796,403
Women's and Girl's	3,634,736	4,093,892	4,552,716
Infants	229,908	258,951	287,973
Family	3,043,544	3,428,018	3,812,214
Shoes	2,288,132	2,577,179	2,866,017
Jeans/Leather	43,792	49,324	54,852
Tailors/Uniforms	197,064	221,958	246,834
Others	76,636	86,317	95,991
Hardware	42,612,000	47,994,000	53,375,000
Hardware	20,624,208	23,229,096	25,833,500
Lawn/Seed/Fertil.	809,628	911,886	1,014,125
Others	21,178,164	23,853,018	26,527,375
Vehicle Service	19,426,000	21,879,000	24,333,000
Gasoline	6,604,840	7,438,860	8,273,220
Garage, Repairs	12,821,160	14,440,140	16,059,780
Miscellaneous	29,416,000	33,131,000	36,845,000
Advert. Signs, etc.	470,656	530,096	589,520
Barber/Beauty shop	1,794,376	2,020,991	2,247,545
Book Stores	1,353,136	1,524,026	1,694,870
Bowling	676,568	762,013	847,435
Cig./Tobacco Dealer	205,912	231,917	257,915
Dent./Physician Lab	1,176,640	1,325,240	1,473,800
Florist/Nurseries	2,206,200	2,484,825	2,763,375
Laundry, Dry Clean	1,000,144	1,126,454	1,252,730
Optical Goods/Opt.	705,984	795,144	884,280
Photo Sup./Photog.	2,029,704	2,286,039	2,542,305
Printing	2,382,696	2,683,611	2,984,445
Paper/Paper Prod.	1,264,888	1,424,633	1,584,335
Gifts/Cards/Novel.	4,206,488	4,737,733	5,268,835
Newsstands	235,328	265,048	294,760
Video Rent/Sales	3,824,080	4,307,030	4,789,850
Others	5,883,200	6,626,200	7,369,000
TOTAL	$368,619,000	$415,171,000	$461,721,000

*Developed by The Chesapeake Group, Inc., 2004.

Table 59 - Estimated Secondary Market Generated Retail and Related Services Sales for Hudsonville by Sub-category*

Sub-category	2005	2010	2015
Food	$215,178,000	$236,663,000	$258,147,000
Supermarkets	179,673,630	197,613,605	215,552,745
Independents	17,214,240	18,933,040	20,651,760
Bakeries	4,733,916	5,206,586	5,679,234
Dairies	2,797,314	3,076,619	3,355,911
Others	10,758,900	11,833,150	12,907,350
Eat/Drink	212,460,000	233,674,000	254,887,000
General Merchandise	443,696,000	487,998,000	532,299,000
Dept. Stores	161,949,040	178,119,270	194,289,135
Variety Stores	31,946,112	35,135,856	38,325,528
Jewelry	30,615,024	33,671,862	36,728,631
Sporting Goods/Toys	48,362,864	53,191,782	58,020,591
Discount Dept.	161,505,344	177,631,272	193,756,836
Antiques, etc.	2,218,480	2,439,990	2,661,495
Others	7,099,136	7,807,968	8,516,784
Furniture	155,887,000	171,451,000	187,016,000
Furniture	36,789,332	40,462,436	44,135,776
Home Furnishings	54,248,676	59,664,948	65,081,568
Store/Office Equip.	33,983,366	37,376,318	40,769,488
Music Instr./Suppl.	6,703,141	7,372,393	8,041,688
Radios,TV, etc.	24,162,485	26,574,905	28,987,480
Transportation & Utilities	656,157,000	721,671,000	787,186,000
New/Used Vehicles	229,654,950	252,584,850	275,515,100
Tires, Batt., Prts.	289,365,237	318,256,911	347,149,026
Marine Sales/Rentals	34,776,321	38,248,563	41,720,858
Auto/Truck Rentals	102,360,492	112,580,676	122,801,016
Drugstore	100,795,000	110,859,000	120,923,000
Apparel	73,373,000	80,699,000	88,025,000
Men's and Boy's	9,611,863	10,571,569	11,531,275
Women's and Girl's	24,359,836	26,792,068	29,224,300
Infants	1,540,833	1,694,679	1,848,525
Family	20,397,694	22,434,322	24,470,950
Shoes	15,334,957	16,866,091	18,397,225
Jeans/Leather	293,492	322,796	352,100
Tailors/Uniforms	1,320,714	1,452,582	1,584,450
Others	513,611	564,893	616,175
Hardware	285,586,000	314,101,000	342,616,000
Hardware	138,223,624	152,024,884	165,826,144
Lawn/Seed/Fertil.	5,426,134	5,967,919	6,509,704
Others	141,936,242	156,108,197	170,280,152
Vehicle Service	130,194,000	143,193,000	156,192,000
Gasoline	44,265,960	48,685,620	53,105,280
Garage, Repairs	85,928,040	94,507,380	103,086,720
Miscellaneous	197,143,000	216,827,000	236,512,000
Advert. Signs, etc.	3,154,288	3,469,232	3,784,192
Barber/Beauty shop	12,025,723	13,226,447	14,427,232
Book Stores	9,068,578	9,974,042	10,879,552
Bowling	4,534,289	4,987,021	5,439,776
Cig./Tobacco Dealer	1,380,001	1,517,789	1,655,584
Dent./Physician Lab	7,885,720	8,673,080	9,460,480
Florist/Nurseries	14,785,725	16,262,025	17,738,400
Laundry, Dry Clean	6,702,862	7,372,118	8,041,408
Optical Goods/Opt.	4,731,432	5,203,848	5,676,288
Photo Sup./Photog.	13,602,867	14,961,063	16,319,328
Printing	15,968,583	17,562,987	19,157,472
Paper/Paper Prod.	8,477,149	9,323,561	10,170,016
Gifts/Cards/Novel.	28,191,449	31,006,261	33,821,216
Newsstands	1,577,144	1,734,616	1,892,096
Video Rent/Sales	25,628,590	28,187,510	30,746,560
Others	39,428,600	43,365,400	47,302,400
TOTAL	$2,470,469,000	$2,717,136,000	$2,963,803,000

*Developed by The Chesapeake Group, Inc., 2004.

Table 60 – Estimated Tertiary Market Generated Retail and Related Services Sales for Hudsonville by Sub-category*

Sub-category	2005	2010	2015
Food	$977,991,000	$1,041,719,000	$1,105,622,000
Supermarkets	816,622,485	869,835,365	923,194,370
Independents	78,239,280	83,337,520	88,449,760
Bakeries	21,515,802	22,917,818	24,323,684
Dairies	12,713,883	13,542,347	14,373,086
Others	48,899,550	52,085,950	55,281,100
Eat/Drink	965,640,000	1,028,563,000	1,091,659,000
General Merchandise	2,016,616,000	2,148,023,000	2,279,789,000
Dept. Stores	736,064,840	784,028,395	832,122,985
Variety Stores	145,196,352	154,657,656	164,144,808
Jewelry	139,146,504	148,213,587	157,305,441
Sporting Goods/Toys	219,811,144	234,134,507	248,497,001
Discount Dept.	734,048,224	781,880,372	829,843,196
Antiques, etc.	10,083,080	10,740,115	11,398,945
Others	32,265,856	34,368,368	36,476,624
Furniture	708,510,000	754,678,000	800,973,000
Furniture	167,208,360	178,104,008	189,029,628
Home Furnishings	246,561,480	262,627,944	278,738,604
Store/Office Equip.	154,455,180	164,519,804	174,612,114
Music Instr./Suppl.	30,465,930	32,451,154	34,441,839
Radios,TV, etc.	109,819,050	116,975,090	124,150,815
Transportation & Utilities	2,982,256,000	3,176,586,000	3,371,448,000
New/Used Vehicles	1,043,789,600	1,111,805,100	1,180,006,800
Tires, Batt., Prts.	1,315,174,896	1,400,874,426	1,486,808,568
Marine Sales/Rentals	158,059,568	168,359,058	178,686,744
Auto/Truck Rentals	465,231,936	495,547,416	525,945,888
Drugstore	458,118,000	487,970,000	517,903,000
Apparel	333,483,000	355,213,000	377,003,000
Men's and Boy's	43,686,273	46,532,903	49,387,393
Women's and Girl's	110,716,356	117,930,716	125,164,996
Infants	7,003,143	7,459,473	7,917,063
Family	92,708,274	98,749,214	104,806,834
Shoes	69,697,947	74,239,517	78,793,627
Jeans/Leather	1,333,932	1,420,852	1,508,012
Tailors/Uniforms	6,002,694	6,393,834	6,786,054
Others	2,334,381	2,486,491	2,639,021
Hardware	1,298,000,000	1,382,580,000	1,467,392,000
Hardware	628,232,000	669,168,720	710,217,728
Lawn/Seed/Fertil.	24,662,000	26,269,020	27,880,448
Others	645,106,000	687,142,260	729,293,824
Vehicle Service	591,735,000	630,294,000	668,958,000
Gasoline	201,189,900	214,299,960	227,445,720
Garage, Repairs	390,545,100	415,994,040	441,512,280
Miscellaneous	896,024,000	954,411,000	1,012,958,000
Advert. Signs, etc.	14,336,384	15,270,576	16,207,328
Barber/Beauty shop	54,657,464	58,219,071	61,790,438
Book Stores	41,217,104	43,902,906	46,596,068
Bowling	20,608,552	21,951,453	23,298,034
Cig./Tobacco Dealer	6,272,168	6,680,877	7,090,706
Dent./Physician Lab	35,840,960	38,176,440	40,518,320
Florist/Nurseries	67,201,800	71,580,825	75,971,850
Laundry, Dry Clean	30,464,816	32,449,974	34,440,572
Optical Goods/Opt.	21,504,576	22,905,864	24,310,992
Photo Sup./Photog.	61,825,656	65,854,359	69,894,102
Printing	72,577,944	77,307,291	82,049,598
Paper/Paper Prod.	38,529,032	41,039,673	43,557,194
Gifts/Cards/Novel.	128,131,432	136,480,773	144,852,994
Newsstands	7,168,192	7,635,288	8,103,664
Video Rent/Sales	116,483,120	124,073,430	131,684,540
Others	179,204,800	190,882,200	202,591,600
TOTAL	$11,228,373,000	$11,960,037,000	$12,693,705,000

*Developed by The Chesapeake Group, Inc., 2004.

Anticipated increases in future retail and related services sales are important to defining economic opportunity. Real growth in sales, or sales excluding inflation, is associated with changes in the market. Increases reflect positive market changes and increases that are relatively greater than other areas represent one area growing or changing at a different pace than others. Such is the case in Hudsonville, where the primary market is expected to grow at a greater pace than either the secondary or tertiary markets. The secondary market is expected to grow at a greater rate than the tertiary market or the region in total.

Critical to defining opportunities for all commercial activity is the amount of space that can be supported. Retail and related services sales are converted to supportable space through the application of sales productivity levels. A sales productivity level is the level of sales per square foot at which it is assumed that the business will generate sufficient dollar revenue to cover all costs of operation as well as provide a reasonable return on investment for the ownership or operating entity.

As might be expected, sales productivity levels vary, sometimes greatly, for each sub-category, type of business operation, or store-type. The productivity levels vary from very low figures for bowling centers, with sales or revenues of significantly less than $100 per square foot, to hundreds of dollars for other users. Dividing the amount of sales by appropriate sales productivity levels results in estimates of supportable space.

As found in Table 61, the primary market is expected to be capable of supporting about 1.1 million square feet of retail and related services space in 2005. This amount is expected to increase to about 1.4 million square feet by 2015. The combined food and eating and drinking establishment categories represent a significant share of all space. However the largest single category or collection of categories is associated with vehicle sales, parts, and services.

Table 61 - Estimated Primary Market Generated Retail and Related Services Supportable Space for Hudsonville by Category*

Category	2005	2010	2015
Food	59,962	67,533	75,105
Eat/Drink	79,253	89,263	99,270
General Merchandise	215,951	243,224	270,494
Furniture	73,039	82,261	91,487
Transportation & Utilities	284,890	320,867	356,846
Drugstore	30,080	33,878	37,676
Apparel	34,066	38,371	42,671
Hardware	181,142	204,021	226,896
Vehicle Service	47,292	53,264	59,239
Miscellaneous	113,613	127,964	142,310
TOTAL	1,119,288	1,260,646	1,401,994

*Developed by The Chesapeake Group, Inc., 2004.

Table 62 that follows on Page 36 contains the sub-category estimates for supportable space for the primary market.

Table 62 – Estimated Primary Market Generated Retail and Related Services Sales for Hudsonville by Sub-category*

Sub-category	2005	2010	2015
Food	59,962	67,533	75,105
Supermarkets	45,440	51,177	56,916
Independents	6,421	7,232	8,043
Bakeries	2,355	2,652	2,949
Dairies	1,159	1,306	1,452
Others	4,587	5,166	5,745
Eat/Drink	79,253	89,263	99,270
General Merchandise	215,951	243,224	270,494
Dept. Stores	80,548	90,721	100,892
Variety Stores	18,333	20,649	22,964
Jewelry	6,434	7,246	8,059
Sporting Goods/Toys	24,054	27,092	30,129
Discount Dept.	80,328	90,472	100,616
Antiques, etc.	1,439	1,621	1,803
Others	4,815	5,423	6,031
Furniture	73,039	82,261	91,487
Furniture	17,708	19,944	22,180
Home Furnishings	23,127	26,047	28,969
Store/Office Equip.	16,902	19,036	21,171
Music Instr./Suppl.	5,001	5,632	6,264
Radios,TV, etc.	10,301	11,602	12,903
Transportation & Utilities	284,890	320,867	356,846
New/Used Vehicles	85,667	96,485	107,304
Tires, Batt., Prts.	143,920	162,095	180,271
Marine Sales/Rentals	14,024	15,795	17,566
Auto/Truck Rentals	41,279	46,492	51,705
Drugstore	30,080	33,878	37,676
Apparel	34,066	38,371	42,671
Men's and Boy's	3,585	4,038	4,491
Women's and Girl's	9,824	11,065	12,305
Infants	766	863	960
Family	10,145	11,427	12,707
Shoes	8,320	9,372	10,422
Jeans/Leather	146	164	183
Tailors/Uniforms	985	1,110	1,234
Others	295	332	369
Hardware	181,142	204,021	226,896
Hardware	82,497	92,916	103,334
Lawn/Seed/Fertil.	2,381	2,682	2,983
Others	96,264	108,423	120,579
Vehicle Service	47,292	53,264	59,239
Gasoline	4,555	5,130	5,706
Garage, Repairs	42,737	48,134	53,533
Miscellaneous	113,613	127,964	142,310
Advert. Signs, etc.	1,711	1,928	2,144
Barber/Beauty shop	8,972	10,105	11,238
Book Stores	3,657	4,119	4,581
Bowling	6,766	7,620	8,474
Cig./Tobacco Dealer	412	464	516
Dent./Physician Lab	3,620	4,078	4,535
Florist/Nurseries	5,191	5,847	6,502
Laundry, Dry Clean	3,334	3,755	4,176
Optical Goods/Opt.	2,017	2,272	2,527
Photo Sup./Photog.	5,799	6,532	7,264
Printing	8,664	9,759	10,853
Paper/Paper Prod.	6,324	7,123	7,922
Gifts/Cards/Novel.	14,022	15,792	17,563
Newsstands	471	530	590
Video Rent/Sales	19,120	21,535	23,949
Others	23,533	26,505	29,476
TOTAL	1,119,288	1,260,646	1,401,994

*Developed by The Chesapeake Group, Inc., 2004.

Table 63 below contains the estimates of supportable space by major category for the secondary market. Supportable space in 2005 is estimated at 7.5 million square feet. This is expected to grow to about 9 million by 2015. The sub-category secondary market information is found in Table 65 on Page 38.

Table 63 - Estimated Secondary Market Generated Retail and Related Services Supportable Space for Hudsonville by Category*

Category	2005	2010	2015
Food	401,858	441,981	482,104
Eat/Drink	531,150	584,185	637,218
General Merchandise	1,447,296	1,591,804	1,736,309
Furniture	489,501	538,373	587,247
Transportation & Utilities	1,909,328	2,099,964	2,290,605
Drugstore	201,590	221,718	241,846
Apparel	228,315	251,113	273,910
Hardware	1,214,018	1,335,236	1,456,452
Vehicle Service	316,955	348,601	380,246
Miscellaneous	761,428	837,454	913,484
TOTAL	7,501,439	8,250,429	8,999,421

*Developed by The Chesapeake Group, Inc., 2004.

Table 64 contains the estimates of supportable space by major category for the tertiary market or the rest of the region. Supportable space in 2005 is estimated at 34.1 million square feet. This is expected to grow to about 36.3 million by 2010, and to 38.5 million by 2015. The sub-category tertiary market information is found in Table 66 on Page 39.

Table 64 - Estimated Tertiary Market Generated Retail and Related Services Supportable Space for Hudsonville by Category*

Category	2005	2010	2015
Food	1,826,452	1,945,469	2,064,810
Eat/Drink	2,414,100	2,571,408	2,729,148
General Merchandise	6,578,011	7,006,649	7,436,457
Furniture	2,224,793	2,369,765	2,515,135
Transportation & Utilities	8,677,962	9,243,435	9,810,458
Drugstore	916,236	975,940	1,035,806
Apparel	1,037,705	1,105,323	1,173,127
Hardware	5,517,763	5,877,311	6,237,844
Vehicle Service	1,440,569	1,534,440	1,628,567
Miscellaneous	3,460,726	3,686,234	3,912,359
TOTAL	34,094,317	36,315,974	38,543,711

*Developed by The Chesapeake Group, Inc., 2004.

Table 65 – Estimated Secondary Market Generated Retail and Related Services Supportable Space for Hudsonville by Sub-category*

Sub-category	2005	2010	2015
Food	401,858	441,981	482,104
Supermarkets	304,532	334,938	365,344
Independents	43,036	47,333	51,629
Bakeries	15,780	17,355	18,931
Dairies	7,770	8,546	9,322
Others	30,740	33,809	36,878
Eat/Drink	531,150	584,185	637,218
General Merchandise	1,447,296	1,591,804	1,736,309
Dept. Stores	539,830	593,731	647,630
Variety Stores	122,870	135,138	147,406
Jewelry	43,120	47,425	51,730
Sporting Goods/Toys	161,210	177,306	193,402
Discount Dept.	538,351	592,104	645,856
Antiques, etc.	9,646	10,609	11,572
Others	32,269	35,491	38,713
Furniture	489,501	538,373	587,247
Furniture	118,675	130,524	142,373
Home Furnishings	154,996	170,471	185,947
Store/Office Equip.	113,278	124,588	135,898
Music Instr./Suppl.	33,516	36,862	40,208
Radios,TV, etc.	69,036	75,928	82,821
Transportation & Utilities	1,909,328	2,099,964	2,290,605
New/Used Vehicles	574,137	631,462	688,788
Tires, Batt., Prts.	964,551	1,060,856	1,157,163
Marine Sales/Rentals	93,990	103,374	112,759
Auto/Truck Rentals	276,650	304,272	331,895
Drugstore	201,590	221,718	241,846
Apparel	228,315	251,113	273,910
Men's and Boy's	24,030	26,429	28,828
Women's and Girl's	65,837	72,411	78,985
Infants	5,136	5,649	6,162
Family	67,992	74,781	81,570
Shoes	55,763	61,331	66,899
Jeans/Leather	978	1,076	1,174
Tailors/Uniforms	6,604	7,263	7,922
Others	1,975	2,173	2,370
Hardware	1,214,018	1,335,236	1,456,452
Hardware	552,894	608,100	663,305
Lawn/Seed/Fertil.	15,959	17,553	19,146
Others	645,165	709,583	774,001
Vehicle Service	316,955	348,601	380,246
Gasoline	30,528	33,576	36,624
Garage, Repairs	286,427	315,025	343,622
Miscellaneous	761,428	837,454	913,484
Advert. Signs, etc.	11,470	12,615	13,761
Barber/Beauty shop	60,129	66,132	72,136
Book Stores	24,510	26,957	29,404
Bowling	45,343	49,870	54,398
Cig./Tobacco Dealer	2,760	3,036	3,311
Dent./Physician Lab	24,264	26,686	29,109
Florist/Nurseries	34,790	38,264	41,737
Laundry, Dry Clean	22,343	24,574	26,805
Optical Goods/Opt.	13,518	14,868	16,218
Photo Sup./Photog.	38,865	42,746	46,627
Printing	58,068	63,865	69,664
Paper/Paper Prod.	42,386	46,618	50,850
Gifts/Cards/Novel.	93,971	103,354	112,737
Newsstands	3,154	3,469	3,784
Video Rent/Sales	128,143	140,938	153,733
Others	157,714	173,462	189,210
TOTAL	7,501,439	8,250,429	8,999,421

*Developed by The Chesapeake Group, Inc., 2004.

Table 66 – Estimated Tertiary Market Generated Retail and Related Services Supportable Space for Hudsonville by Sub-category*

Sub-category	2005	2010	2015
Food	1,826,452	1,945,469	2,064,810
Supermarkets	1,384,106	1,474,297	1,564,736
Independents	195,598	208,344	221,124
Bakeries	71,719	76,393	81,079
Dairies	35,316	37,618	39,925
Others	139,713	148,817	157,946
Eat/Drink	2,414,100	2,571,408	2,729,148
General Merchandise	6,578,011	7,006,649	7,436,457
Dept. Stores	2,453,549	2,613,428	2,773,743
Variety Stores	558,448	594,837	631,326
Jewelry	195,981	208,752	221,557
Sporting Goods/Toys	732,704	780,448	828,323
Discount Dept.	2,446,827	2,606,268	2,766,144
Antiques, etc.	43,839	46,696	49,561
Others	146,663	156,220	165,803
Furniture	2,224,793	2,369,765	2,515,135
Furniture	539,382	574,529	609,773
Home Furnishings	704,461	750,366	796,396
Store/Office Equip.	514,851	548,399	582,040
Music Instr./Suppl.	152,330	162,256	172,209
Radios,TV, etc.	313,769	334,215	354,717
Transportation & Utilities	8,677,962	9,243,435	9,810,458
New/Used Vehicles	2,609,474	2,779,513	2,950,017
Tires, Batt., Prts.	4,383,916	4,669,581	4,956,029
Marine Sales/Rentals	427,188	455,024	482,937
Auto/Truck Rentals	1,257,384	1,339,317	1,421,475
Drugstore	916,236	975,940	1,035,806
Apparel	1,037,705	1,105,323	1,173,127
Men's and Boy's	109,216	116,332	123,468
Women's and Girl's	299,233	318,732	338,284
Infants	23,344	24,865	26,390
Family	309,028	329,164	349,356
Shoes	253,447	269,962	286,522
Jeans/Leather	4,446	4,736	5,027
Tailors/Uniforms	30,013	31,969	33,930
Others	8,978	9,563	10,150
Hardware	5,517,763	5,877,311	6,237,844
Hardware	2,512,928	2,676,675	2,840,871
Lawn/Seed/Fertil.	72,535	77,262	82,001
Others	2,932,300	3,123,374	3,314,972
Vehicle Service	1,440,569	1,534,440	1,628,567
Gasoline	138,752	147,793	156,859
Garage, Repairs	1,301,817	1,386,647	1,471,708
Miscellaneous	3,460,726	3,686,234	3,912,359
Advert. Signs, etc.	52,132	55,529	58,936
Barber/Beauty shop	273,287	291,095	308,952
Book Stores	111,398	118,657	125,935
Bowling	206,086	219,515	232,980
Cig./Tobacco Dealer	12,544	13,362	14,181
Dent./Physician Lab	110,280	117,466	124,672
Florist/Nurseries	158,122	168,425	178,757
Laundry, Dry Clean	101,549	108,167	114,802
Optical Goods/Opt.	61,442	65,445	69,460
Photo Sup./Photog.	176,645	188,155	199,697
Printing	263,920	281,117	298,362
Paper/Paper Prod.	192,645	205,198	217,786
Gifts/Cards/Novel.	427,105	454,936	482,843
Newsstands	14,336	15,271	16,207
Video Rent/Sales	582,416	620,367	658,423
Others	716,819	763,529	810,366
TOTAL	34,094,317	36,315,974	38,543,711

*Developed by The Chesapeake Group, Inc., 2004.

Growth presents opportunities. Table 67 contains the growth in space associated with the primary market by major category for 2005 to 2010 and 2005 to 2015. In total, 283,000 square feet of new space are expected to be supportable by the primary market between 2005 and 2015. This represents a growth of about 28,000 square feet per year.

Table 67 - Estimated 2005 & Change in Primary Market Supportable Space by Category for Hudsonville*

Category	2005	2005-2010	2005-2015
Food	59,962	7,572	15,144
Eat/Drink	79,253	10,008	20,018
General Merchandise	215,951	27,268	54,542
Furniture	73,039	9,222	18,448
Transportation & Utilities	284,890	35,978	71,952
Drugstore	30,080	3,798	7,596
Apparel	34,066	4,303	8,604
Hardware	181,142	22,875	45,748
Vehicle Service	47,292	5,972	11,943
Miscellaneous	113,613	14,348	28,693
TOTAL	1,119,288	141,344	282,688

*Developed by The Chesapeake Group, Inc., 2004.

Table 68 contains the growth in space associated with the secondary market by major retail and related service category for the selected time frames of 2005 to 2015.

Table 68 - Estimated 2005 & Change in Secondary Market Supportable Space by Category for Hudsonville*

Category	2005	2005-2010	2005-2015
Food	401,858	40,125	80,247
Eat/Drink	531,150	53,033	106,068
General Merchandise	1,447,296	144,506	289,014
Furniture	489,501	48,875	97,748
Transportation & Utilities	1,909,328	190,641	381,279
Drugstore	201,590	20,128	40,256
Apparel	228,315	22,797	45,594
Hardware	1,214,018	121,216	242,433
Vehicle Service	316,955	31,646	63,294
Miscellaneous	761,428	76,028	152,051
TOTAL	7,501,439	748,995	1,497,984

*Developed by The Chesapeake Group, Inc., 2004.

Similar information on the tertiary market is found in the table that follows. The associated sub-category estimates for the primary, secondary, and tertiary markets are found in Tables 70, 71, and 72 that follow.

Table 69 - Estimated 2005 & Change in Tertiary Market Supportable Space by Category for Hudsonville*

Category	2005	2005-2010	2005-2015
Food	1,826,452	119,015	238,357
Eat/Drink	2,414,100	157,308	315,045
General Merchandise	6,578,011	428,639	858,447
Furniture	2,224,793	144,972	290,339
Transportation & Utilities	8,677,962	565,474	1,132,496
Drugstore	916,236	59,704	119,572
Apparel	1,037,705	67,618	135,422
Hardware	5,517,763	359,548	720,081
Vehicle Service	1,440,569	93,871	187,998
Miscellaneous	3,460,726	225,510	451,632
TOTAL	34,094,317	2,221,659	4,449,389

*Developed by The Chesapeake Group, Inc., 2004.

Table 70 - Estimated 2005 and Change from 2005 to 2015 in Primary Market Supportable Space by Sub-category for Hudsonville*

Sub-category	2005	2005-2010	2005-2015
Food	59,962	7,572	15,144
Supermarkets	45,440	5,739	11,476
Independents	6,421	811	1,622
Bakeries	2,355	297	595
Dairies	1,159	146	293
Others	4,587	579	1,158
Eat/Drink	79,253	10,008	20,018
General Merchandise	215,951	27,268	54,542
Dept. Stores	80,548	10,171	20,344
Variety Stores	18,333	2,315	4,630
Jewelry	6,434	812	1,625
Sporting Goods/Toys	24,054	3,037	6,075
Discount Dept.	80,328	10,143	20,288
Antiques, etc.	1,439	182	364
Others	4,815	608	1,216
Furniture	73,039	9,222	18,448
Furniture	17,708	2,236	4,473
Home Furnishings	23,127	2,920	5,841
Store/Office Equip.	16,902	2,134	4,269
Music Instr./Suppl.	5,001	631	1,263
Radios,TV, etc.	10,301	1,301	2,602
Transportation & Utilities	284,890	35,978	71,952
New/Used Vehicles	85,667	10,819	21,636
Tires, Batt., Prts.	143,920	18,175	36,349
Marine Sales/Rentals	14,024	1,771	3,542
Auto/Truck Rentals	41,279	5,213	10,425
Drugstore	30,080	3,798	7,596
Apparel	34,066	4,303	8,604
Men's and Boy's	3,585	453	906
Women's and Girl's	9,824	1,241	2,481
Infants	766	97	194
Family	10,145	1,282	2,562
Shoes	8,320	1,051	2,101
Jeans/Leather	146	18	37
Tailors/Uniforms	985	124	249
Others	295	37	74
Hardware	181,142	22,875	45,748
Hardware	82,497	10,418	20,835
Lawn/Seed/Fertil.	2,381	301	601
Others	96,264	12,156	24,312
Vehicle Service	47,292	5,972	11,943
Gasoline	4,555	575	1,150
Garage, Repairs	42,737	5,397	10,793
Miscellaneous	113,613	14,348	28,693
Advert. Signs, etc.	1,711	216	432
Barber/Beauty shop	8,972	1,133	2,266
Book Stores	3,657	462	924
Bowling	6,766	854	1,709
Cig./Tobacco Dealer	412	52	104
Dent./Physician Lab	3,620	457	914
Florist/Nurseries	5,191	656	1,311
Laundry, Dry Clean	3,334	421	842
Optical Goods/Opt.	2,017	255	509
Photo Sup./Photog.	5,799	732	1,465
Printing	8,664	1,094	2,188
Paper/Paper Prod.	6,324	799	1,597
Gifts/Cards/Novel.	14,022	1,771	3,541
Newsstands	471	59	119
Video Rent/Sales	19,120	2,415	4,829
Others	23,533	2,972	5,943
TOTAL	1,119,288	141,344	282,688

*Developed by The Chesapeake Group, Inc., 2004.

Table 71 - Estimated 2005 and Change from 2005 to 2015 in Secondary Market Supportable Space by Sub-category for Hudsonville*

Sub-category	2005	2005-2010	2005-2015
Food	401,858	40,125	80,247
Supermarkets	304,532	30,407	60,812
Independents	43,036	4,297	8,594
Bakeries	15,780	1,576	3,151
Dairies	7,770	776	1,552
Others	30,740	3,069	6,138
Eat/Drink	531,150	53,033	106,068
General Merchandise	1,447,296	144,506	289,014
Dept. Stores	539,830	53,900	107,800
Variety Stores	122,870	12,268	24,536
Jewelry	43,120	4,305	8,611
Sporting Goods/Toys	161,210	16,096	32,192
Discount Dept.	538,351	53,752	107,505
Antiques, etc.	9,646	963	1,926
Others	32,269	3,222	6,444
Furniture	489,501	48,875	97,748
Furniture	118,675	11,849	23,698
Home Furnishings	154,996	15,476	30,951
Store/Office Equip.	113,278	11,311	22,620
Music Instr./Suppl.	33,516	3,346	6,693
Radios,TV, etc.	69,036	6,893	13,786
Transportation & Utilities	1,909,328	190,641	381,279
New/Used Vehicles	574,137	57,326	114,651
Tires, Batt., Prts.	964,551	96,307	192,614
Marine Sales/Rentals	93,990	9,385	18,769
Auto/Truck Rentals	276,650	27,623	55,245
Drugstore	201,590	20,128	40,256
Apparel	228,315	22,797	45,594
Men's and Boy's	24,030	2,399	4,799
Women's and Girl's	65,837	6,574	13,147
Infants	5,136	513	1,026
Family	67,992	6,789	13,578
Shoes	55,763	5,568	11,136
Jeans/Leather	978	98	195
Tailors/Uniforms	6,604	659	1,319
Others	1,975	197	394
Hardware	1,214,018	121,216	242,433
Hardware	552,894	55,205	110,410
Lawn/Seed/Fertil.	15,959	1,593	3,187
Others	645,165	64,418	128,836
Vehicle Service	316,955	31,646	63,294
Gasoline	30,528	3,048	6,096
Garage, Repairs	286,427	28,598	57,198
Miscellaneous	761,428	76,028	152,051
Advert. Signs, etc.	11,470	1,145	2,291
Barber/Beauty shop	60,129	6,004	12,007
Book Stores	24,510	2,447	4,894
Bowling	45,343	4,527	9,055
Cig./Tobacco Dealer	2,760	276	551
Dent./Physician Lab	24,264	2,423	4,845
Florist/Nurseries	34,790	3,474	6,947
Laundry, Dry Clean	22,343	2,231	4,462
Optical Goods/Opt.	13,518	1,350	2,700
Photo Sup./Photog.	38,865	3,881	7,761
Printing	58,068	5,798	11,596
Paper/Paper Prod.	42,386	4,232	8,464
Gifts/Cards/Novel.	93,971	9,383	18,765
Newsstands	3,154	315	630
Video Rent/Sales	128,143	12,795	25,589
Others	157,714	15,747	31,494
TOTAL	7,501,439	748,995	1,497,984

*Developed by The Chesapeake Group, Inc., 2004.

Table 72 - Estimated 2005 and Change from 2005 to 2015 in Tertiary Market Supportable Space by Sub-category for Hudsonville*

Sub-category	2005	2005-2010	2005-2015
Food	1,826,452	119,015	238,357
Supermarkets	1,384,106	90,191	180,629
Independents	195,598	12,746	25,526
Bakeries	71,719	4,673	9,360
Dairies	35,316	2,301	4,609
Others	139,713	9,104	18,233
Eat/Drink	2,414,100	157,308	315,045
General Merchandise	6,578,011	428,639	858,447
Dept. Stores	2,453,549	159,879	320,194
Variety Stores	558,448	36,390	72,879
Jewelry	195,981	12,771	25,576
Sporting Goods/Toys	732,704	47,745	95,620
Discount Dept.	2,446,827	159,440	319,317
Antiques, etc.	43,839	2,857	5,721
Others	146,663	9,557	19,140
Furniture	2,224,793	144,972	290,339
Furniture	539,382	35,147	70,390
Home Furnishings	704,461	45,904	91,934
Store/Office Equip.	514,851	33,549	67,189
Music Instr./Suppl.	152,330	9,926	19,879
Radios,TV, etc.	313,769	20,446	40,947
Transportation & Utilities	8,677,962	565,474	1,132,496
New/Used Vehicles	2,609,474	170,039	340,543
Tires, Batt., Prts.	4,383,916	285,665	572,112
Marine Sales/Rentals	427,188	27,836	55,749
Auto/Truck Rentals	1,257,384	81,934	164,092
Drugstore	916,236	59,704	119,572
Apparel	1,037,705	67,618	135,422
Men's and Boy's	109,216	7,117	14,253
Women's and Girl's	299,233	19,498	39,050
Infants	23,344	1,521	3,046
Family	309,028	20,136	40,329
Shoes	253,447	16,515	33,075
Jeans/Leather	4,446	290	580
Tailors/Uniforms	30,013	1,956	3,917
Others	8,978	585	1,172
Hardware	5,517,763	359,548	720,081
Hardware	2,512,928	163,747	327,943
Lawn/Seed/Fertil.	72,535	4,727	9,466
Others	2,932,300	191,074	382,672
Vehicle Service	1,440,569	93,871	187,998
Gasoline	138,752	9,041	18,107
Garage, Repairs	1,301,817	84,830	169,891
Miscellaneous	3,460,726	225,510	451,632
Advert. Signs, etc.	52,132	3,397	6,803
Barber/Beauty shop	273,287	17,808	35,665
Book Stores	111,398	7,259	14,538
Bowling	206,086	13,429	26,895
Cig./Tobacco Dealer	12,544	817	1,637
Dent./Physician Lab	110,280	7,186	14,392
Florist/Nurseries	158,122	10,304	20,635
Laundry, Dry Clean	101,549	6,617	13,252
Optical Goods/Opt.	61,442	4,004	8,018
Photo Sup./Photog.	176,645	11,511	23,053
Printing	263,920	17,198	34,442
Paper/Paper Prod.	192,645	12,553	25,141
Gifts/Cards/Novel.	427,105	27,831	55,738
Newsstands	14,336	934	1,871
Video Rent/Sales	582,416	37,952	76,006
Others	716,819	46,710	93,546
TOTAL	34,094,317	2,221,659	4,449,389

*Developed by The Chesapeake Group, Inc., 2004.

One of the primary reasons for performing a demand analysis is to identify business activity that will enhance the quality and viability of the community and not cause additional stress. By definition, sales and space derived from growth are not associated with any current business since they do not exist at present, but will exist in a year or two from now or at another future time. However, this does not imply that all new growth should result in new space or be "allocated" to new space. Some, sales increases could be used to bolster revenues of existing operations and space.

Market Penetration

A second factor that is important is the penetration level within a market. As previously defined, market penetration is basically the proportion of a market that utilizes the area for whatever purposes on a regular basis. It is a function of the proportion of the market that comes and the frequency of the trips.

Market penetration levels are typically higher in primary markets than in secondary or tertiary markets as is the case in Hudsonville. Based on the conducted survey, the penetration level for the primary area is only about 63%.

Ultimately, potential space is derived by applying penetration levels to the total supportable sales and space associated with the market. Thus, while the primary market demand in 2005 and the growth between 2005 and 2015 is sufficient to support a total of 1.1 million and 283,000 square feet respectively, in actuality no more than 705,000 and 178,000 will likely accrue to the general Hudsonville area unless the penetration level is increased. It is important to understand that penetration levels do not reflect the actual sales captured by an area, but the potential sales associated with the capture of the proportion of residents who come to an area at present.

The lower growth in penetration levels for the secondary market impact the total space that will likely accrue to Hudsonville from the growth in those areas, unless penetration levels increase in the future. About 150,000 square fete of space in the future could be derived from secondary market growth based on a penetration level in the future of about 10%. The total space potentially associated with growth in the region could add another 45,000 square feet, or roughly 1% of the anticipated growth.

Retail Implications

The opportunities presented by the demand forecast for Hudsonville are clear. From a strategic standpoint, the greatest opportunities for growth are associated with:

- ✓ Increasing the primary market penetration level at present.
- ✓ Capturing an increased share of growth anticipated in the primary market by increasing market penetration in the future.
- ✓ Increasing secondary market penetration levels to about the 10% level indicated above.

In addition, the following specific activity is defined as representing market opportunities associated with only the demand forecast for retail goods and related services

- ✓ Additional supermarket or food space (30,000 square feet).
- ✓ About 20,000 square feet of food service space (Could range from as few as 4 restaurant establishments to as many as 10.
- ✓ Expanded vehicle sales facilities or operations
- ✓ Additional TBA center (20,000 square feet).
- ✓ Additional home furnishing space (about 4,000 square feet).
- ✓ Combined drugstore and general merchandise operation (Example – Walgreens)
- ✓ Specialty "outdoor" oriented space (associated with an existing operation (10,000 square feet).

Beyond the major opportunities, consolidation of existing retail space and expansion or reconfiguration may be beneficial.

Additional Office Activity

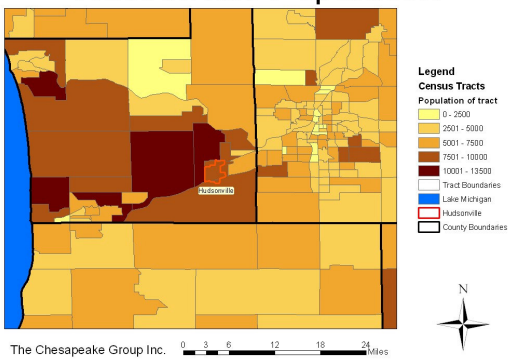
The office market in West Michigan has been relatively depressed for the last few years. Hudsonville's office market has shared this malaise. Yet, the number of households living in and near Hudsonville are substantial and are growing. This provides the long-run opportunity for more office space based on local service needs and on wanting employment near home.

Over a ten year period, the general Hudsonville area could see at least a 25% growth in roof tops or households. The remainder of the county could see a 20% growth.

Based on the anticipated growth in households in the area, about 1.075 million square feet of new office space will be needed to meet growing service and labor force demands in the county. This figure is base on:

- ✓ 250 gross square feet per office employee.
- ✓ An average household employment level of 1.2 people per household.
- ✓ About 40% of all future new employment in activity that could or will be situated in office or flex space formats.
- ✓ The desire to be employed near home.
- ✓ Increasing share of the office space market associated with home based activity.
- ✓ A 5% to 10% annual replacement rate for employment in the area from retirements, etc.

Hudsonville Population



There is little reason to believe that Hudsonville could not capture at least 50,000 square feet to as much as 75,000 square feet of this space in the core over time, with most coming in latter years rather than sooner.

Strategic Program

Through the analysis components of this effort, a number of significant opportunities have been defined for Hudsonville. These include those that follow.

- ✓ A defined gap in restaurant activity and a gap in vehicle sales and services, the latter of which Hudsonville has a certain established market position at present.
- ✓ Additional supermarket or food space (30,000 square feet).
- ✓ About 20,000 square feet of food service space (Could range from as few as 4 restaurant establishments to as many as 10.
- ✓ Additional home furnishing space (about 4,000 square feet).
- ✓ Expanded vehicle sales facilities or operations, and an additional TBA center (20,000 square feet).
- ✓ Combined drugstore and general merchandise operation (Example – Walgreens).
- ✓ Specialty "outdoor" oriented space (associated with an existing operation (10,000 square feet).
- ✓ Under-representation in the household "pet" arena.
- ✓ Anticipated housing growth, of which a reasonable share could be attracted to the central core of Hudsonville.
- ✓ Additional office space, when appropriate from a timing perspective, to service the growing population in the Hudsonville area.

Based on the anticipated opportunities as well as the issues raised through the interview and survey process, a program with a set of goals can be been defined. The goals are:

1. Enhance quality of life and economic opportunities for residents.
2. Enhance property values.
3. Create employment opportunities close to home.
4. Create a variety of housing opportunities based on changing demographics in the larger region.
5. Enhance the viability of the central core.
6. Create a destination center in the central core.
7. Develop a viable, sustainable economic development program.
8. Increase the efficient use of limited resources through increased coordination and cooperation.
9. Manage growth through cooperative efforts with surrounding jurisdictions.

The primary purpose of this strategy is to provide direction for achieving those goals based on the analysis findings. Many topics are covered and a host of suggestions are made with respect to the various topics. It is recognized that it is unlikely that all the suggestions will be adopted or pursued. The following is a presentation of the suggestions.

Organizational Development

At the current time, there are some significant issues with respect to lack of coordination with respect to event activity, no staff focused only on economic development or DDA activity, insufficient coordination with respect to surrounding townships, and no organized partnership between the business community and the public sector. The DDA, Chamber and other interests have done a "journeyman's job" given the resources, but their combined effectiveness has been limited and resources may be inefficiently used. Based on the issues and opportunities, it is suggested that:

- An economic development entity be formed and formalized as a group.
- The group should be formalized by establishing operational and appointment procedures, with potential incorporation or City charter status as an alternative.
- The commission or corporation would be advisory to the City's legislative branch.
- Funds provided by the City and Chamber, based on available resources, and in-kind staff and other services provided by the Chamber of Commerce and City.
- Appointments to the economic development entity would be approved by the City, but put forth by both the Chamber and City on an equal basis.
- The City should have defined representation from both the Administrative and Legislative branches of its government.
- The DDA Chair could act as the Chair of the economic development group for efficiencies and because of overlapping interests. Core area representation should be strong and significant in terms of numbers.
- Business interests on the group should include developer, merchant, industrial sector and property owners.
- The economic development entity would have primary responsibility for coordinating marketing and promotional efforts, including current downtown events; management of the farmers' market; and business recruitment and development efforts.

Three options for the permanent structure were identified and evaluated.

The first option is to have the economic development entity or EDC fully within and part of the City government. It is noted that most EDC's around the country were initiated in this manner but many later evolved into separate organizations or what are often defined as "quasi-public" entities for a host of reasons. This separate organization evolution often occurred to address procurement of services, confidentiality of information, funding, etc.

The second option would be to have the economic development entity or EDC placed under the auspices of the Chamber of Commerce, with control over the operation being the responsibility of the Board of that organization.

The third and final option would be to have a partnership entity that would follow many of the steps and efforts below. Such entities are often referred to as "quasi-public" entities. In this option:

- The entity is to be formed as an "independent" corporation.

- The corporation is intended to obtain 501c(3) status under the Internal Revenue Service code.

- The EDC has a "Secretary".
- The Secretary's responsibilities include but are not limited to the hiring and management of staff specifically defined to work on the EDC effort and provide other technical assistance.
- The Secretary coordinates both other Chamber and local government staff activities that are performed on behalf of the EDC.
- In addition to the identified activities, the corporation is likely to seek or perform the following:

    A. Increase intensity of commercial activity.
    B. Coordinate public, quasi-public, and private economic development resources.
    C. Foster communications and dialogue between various groups.
    D. Foster new activity and events.
    E. Establish a solid marketing effort.
    F. Facilitate commercial and industrial development of key parcels.
    G. Facilitate commercial activity, events, and development of the town center.
    H. Establish a near-term viable funding base.
    I. Conduct or assist with the conduct of developer and business recruitment activity.

The Corporation would be composed of at least 15 members.

It would have a right to form an Executive Committee and other committees as appropriate to efficiently and effectively perform the tasks of the partnership.

An Advisory Board could also be formed that would incorporate elected officials from other levels of government, regional business leaders and others.

The elected officers would include, at a minimum, a President or Chairperson, one Vice President or Vice Chairperson, and a Treasurer. Each of these positions must be held by different people.

With the objectives, agenda, and basic activities defined, the actual work of the corporate entity can be accomplished.

Business Recruitment Process

Currently, the City of Hudsonville is essentially "land locked". There is much growth in the surrounding area, and reasonable growth inside the city limits. On the other hand, the amount of vacant space is limited and efforts will increasingly need to focus on redevelopment and establishing unique commercial and housing market niches in order to maintain competitiveness and investment, both in the central core and in other areas of the community.

Fundamental to successful economic development efforts is both business recruitment and business retention.

Hudsonville is involved with business recruitment activity at this point in a host of different ways and efforts, including but not limited to:

- Associations with regional and state governmental organizations that market for the larger area.
- Developers or commercial Realtors that, to one extent or another, do their own marketing to prospective purchasers of land, individual businesses, etc.
- City elected officials and staff that are parts of regional and county efforts, maintain contacts with developers in the area, or have established their own linkages and ties.

With the exception of the latter, none of these entities and efforts necessarily have only Hudsonville's interest to consider. The state, regional and county organizations have the responsibility to attract or assist interests to larger areas. Commercial realtors and other property interests often have multiple sites, both in and outside of Hudsonville.

Thus, Hudsonville should continue to participate in or initiate those efforts, but should develop its own recruitment effort. The recruitment effort would focus upon attracting the targeted business groups and clusters. Furthermore, the focus should be on both Hudsonville in general and the town center in particular. Thus, the marketing effort is essentially "tiered".

The targeted types of businesses or mass have been defined, to a limited extent, and will be further defined for the central core area. It is noted that the recruitment efforts for those activities will be national and super-regional. On the other hand and in disseminating information and marketing, the recruitment effort is also local or includes the greater Grand Rapids-Holland area by definition. The following is suggested for the general recruitment effort.

A. The calendar is developed. The calendar is based on the available human and fiscal resources. Quality and consistency is more important than quantity. It is assumed that for this and all other tasks, available resources will be limited.

B. Marketing materials are developed (It is noted that this can be done simultaneously with the first few other steps. Furthermore, some materials can be professionally printed, such as folders, with some others, such as inserts, done "in shop" so they can be varied.)

C. Contact lists are developed. Much information is available through internet research.

D. Contact methods are determined (may vary by season, etc.), but should include "cold call door knocking" within the region to reach those who might want an additional location, and direct mail solicitation.

E. Work load is determined (number of contacts per month, etc.) and assignments are made.

F. A follow-up process is put into place, including phone calling after initial contact and additional mailings.

The solicitation of businesses, either to re-locate or develop a new facility, should try to employ a combination of public relations, direct marketing, and some industry specific advertising. The following are the primary tools in the recruitment process.

1. Public Relations should be a key tool and employed whenever possible with regularity. Press releases will create awareness and should be targeted to publications within Michigan, the Midwest and national professional "communities" for each targeted business. These will help to increase the effectiveness of advertising and direct marketing solicitations. Having read and seen the Hudsonville business recruitment campaign "news reports", these impressions provide the foundation for inquiries, while extolling the benefits of Hudsonville.

   It is also suggested that the public relations include both a video and CD/DVD version of a presentation. This video could travel to trade shows, be presented at community outreach meetings and be copied to send with economic development packages. Encompassing the same components outlined in the to be defined printed materials, this video must give the emotional message. However, it should not exceed 7-10 minutes in length. Professional advice should be sought in developing the video. Production could become an effort of a university or high school communications class, thereby diminishing/minimizing "out of pocket" costs.

2. Advertising is a broader message delivery method for building awareness within a wider audience. Distinguished from Public Relations by virtue of its paid status, guaranteeing exact timing, placement and message content; it is an expensive option, but potentially reaches the greatest number of potential entities.

   The ABC's of advertising as applied to Hudsonville include: Action, Building, Community. Used judiciously, it is a valuable tool for garnering immediate attention; creating awareness for long-term building campaigns; generating traffic at an event and a specific time; and exhibiting community involvement and support. Advertising is never a "one shot" deal to be effective. It must be repetitive.

   Advertising planning is highly specific, timed to achieve its purpose, used in the media most targeted, and targeted toward an intended audience. Creating a promotional calendar, all marketing methods, including PR, should be considered in the advertising plan so there is no waste of budget or efforts. This is true for both an event or a solicitation program. By "calendar" planning, both the marketing budget and time commitments become manageable for implementation. The previously defined calendar provides for long range planning to maximize all available resources, moving the marketing in an orderly progression of activities.

   Limited resources are likely to mean that Hudsonville efforts will require leveraging dollars and advertising, through joint advertising, "piggy-back" advertising with other private sector interests, seeking corporate sponsorship of ads, seeking state and county grants, and piggy-backing with quasi-public sector entities. Advertisements should always be identified by an established, distinguishing layout design format. Therefore, one potential customer may well receive several messages, but by the look its message is almost subliminal and, therefore, recognizable. In recruiting new businesses, trade journal ads can be most effective, if the resources are available. "Piggybacking" might occur if a developer is seeking tenants for a site in the area, if an event is being held and promoted, if a store or merchandise line that is already in the area is running a promotion, etc.

3. Direct mail can be as simple as a postcard, letter with a brochure, or as fancy as a multi-piece envelope with enclosures, response cards etc. It, along with door knocking, can be an extremely effective tool that can be spaced out over time in the recruitment program.

4. Promotional materials should be available to respond to inquiries, hand out at meetings and included with packages. A brochure featuring either artistic renderings or actual photography of a Hudsonville opportunity are and will be developed anyway through other City efforts. Use of such graphics introduces prospective developers, businesses and retailers to the present and future economic environment.

   A simple, 4 x 9" tri-folded format brochure, fitting in standard racks and #10 business envelopes, is suggested as one piece because of its versatility. The contents of the brochure should emphasize the benefits of Hudsonville and the core, presenting the commitment and other information and including:

Economic Forecasts	Transportation Routes
Business Environment	Consumer Demand
Identified Business Gaps	Permitting/Licensing Programs
City Contacts	Business Support Entities
Available Properties/Land	Quality of Life

   Additional promotional materials could include:

   - Presentation Folder - A standard 9 x12" folder with pockets, distinguishing Hudsonville as a prestigious area for new retail and restaurant business development. Printed on the covers, with images illustrating the benefits of Hudsonville, leaves the pockets for other information inclusions, such as specific letters, brochures, news reprints, significant data, etc.

Central Core, Downtown, Town Center

Much attention is placed and should be placed on the central core area, town center, or downtown of Hudsonville. In some ways, it is at its crossroads and must establish competitive advantages in the market place for long-term sustainable economic viability.

Maintaining and enhancing economic viability will be dependent upon going in one of two directions. These are: (a) becoming simply a local, neighborhood convenience center; or (b) establishing a niche within the larger region, becoming a unique larger regional attraction. To a certain extent, it is very possible to be both.

Becoming a larger regional attraction, with neighborhood appeal, is preferred. It will allow the downtown to take advantage of:

- ✓ Current anchor activity that includes specialized hardware; state vehicle related offices that many people will continue to use in the foreseeable future; and the farmers' co-op.

- ✓ Competitive advantages that can be established through quality design.

- ✓ Current event activity that is associated with two of the anchors (farmers' market and various co-op events).

It will be achieved by establishing a unique niche, becoming a destination, expanding the critical mass, diversification with intensification of uses. In an effort to achieve the objective, it is suggested that:

- ✓ Downtown Hudsonville establish a niche associated with family-oriented outdoor activity and nature. Because of the nature of such activity, there will be constant change in merchandise and activity, injecting a permanent entertainment quality so important today in successful retailing and quality, sustainable downtown development. The establishment of the niche requires a continued evolution of the hardware and co-op, but also the attraction of new businesses, including but not necessarily limited to:

  West Marine –REI type
  A substantial aquarium center, inclusive of pond fish and plants
  Diving center with pool
  Florist/Cut flowers (reg. & exotic)
  Restaurants (Arnie's, bagel shop, pastries)
  Ice cream (Hudsonville retail operation, reestablishing the name, not production)
  Whole Oats, Manhattan Marketplace or other market, include the operation that recently moved to Hudsonville, but is in a non-central location.

  It is noted that several food establishments or types of establishments are suggested. None require the sale or consumption of alcohol for success. Other restaurant activity, that could form an attractive niche when coupled with the types of operation noted, would likely require on-premise consumption of alcohol.

- ✓ A semi or permanent outdoor pavilion be created for the current farmers' market. Eventually, such activity could be converted to or expand in-doors to become a permanent "city" market.

- ✓ Creation of new housing opportunities in the downtown, focused initially but not exclusively in the future on senior housing.

- ✓ Defining redevelopment sites for mixed housing and retail activity.

- ✓ Creating zoning and performance oriented development regulations that have the flexibility to foster creative quality design, different densities, and site-specific use and criteria flexibility that are applied uniquely to the core area.

- ✓ Creating a marketing campaign around the niche activity or themed development.

  Often important to such campaigns is a positioning or tag line. A positioning or a tag line is supposed to convey an idea to others about who you are, what you are about, etc. There are many that are so well known, both now and in the past, that you need not even say the name of the company to recognize it or the product. "Like A Rock" or "Built Tough", "Just Do It" and "I Love New York" are all anyone needs to say for you to know the product.

  Based on the presented factors, there are a series of positioning or tag lines that that have been developed as examples. Each in its own way supports the concepts of earthy, home, outdoors, and family. Each expresses a slightly different feeling about downtown Hudsonville. The positioning lines follow.

Hudsonville – Naturally!
Mother Nature's Elements. Hudsonville.
Hudsonville. Natures Essentials.
Nature's Elements. Hudsonville.
Elementals. Hudsonville.
Hudsonville. Naturalements.

It is also noted that the niche and themes actually can be viewed as a modernization of Hudsonville's historic "salad bowl" theme.

- ✓ Consider the development of a logo that is expressive of downtown activity so that it can be applied to streetscape elements, marketing materials, etc. A logo or a symbol is often used as a means of conveying a concept or becomes synonymous with a product, product line, community or company. Examples of logos that become synonymous with products, areas, etc. include the Nike "swoosh", the Calder designed element in Grand Rapids, the "golden arches", etc.

  In developing a logo, the following should be taken into consideration.

  1. Quality reproduction in both color and black and white. (Even if you send something in color, it may be reproduced by whomever you send it in black and white and should look good like that as well. Also, black and white printing is more affordable than color.)

  2. Quality, style, and character are desirable characteristics to be associated with downtown Hudsonville. The logo should reflect these.

  The logo could be developed through a contest of local area high schools and students or regional art or other higher education institutions or students, with a financial award provided to the winner. The logo could also be developed professionally. The former represents an excellent public relationships opportunity.

- ✓ Consider developing a "character" in addition to a logo upon which events can be focused that also expresses the theme. A character can be created and effectively used, similar to Betty Crocker, Aunt Jemima, The Colonel (KFC), Mr. Clean and other personifications for products. It can also be used in print formats as well as for events. The suggested character is Mother Hudson and Mother Hudson's Cupboard. The name has been adapted from a familiar nursery rhyme, Mother Hubbard's Cupboard, and implies a "goodness" related to Mother's Cupboard and ties it home to Hudsonville.

  A motherly concern and caring is associated with the many natural products and services. Mother Hudson can be used in marketing year-round, supplying recipes, and party ideas; having special events; and sending a newsletter. She is warm, involved with the community, and knows what's best for the family. Bags, tags and signs can be created with her image and supplied to all the participating stores and merchants for use when customers are shopping. There are several design graphics that can be associated with Mother Hudson. Traditional American gingham checks, white lacey borders, or a "Dutch" traditional pattern. The image of Mother Hudson (with a smile) can be created by an experienced illustrator, working with a design committee to portray a (grand) Mother, 60'ish woman, wearing a traditional Dutch hairstyle, and wearing a dress, bodice or other "top" with a neckline that can be used as a logo. A local contest could be held to identify Mother Hudson. This could occur every few years.

- ✓ Consider establishing a community theater with linkages to and held at the existing banquet hall operation.

Non-Core Retail Focus

Just as in the central core, retail and related recruitment activity and marketing can focus on specific niches as well. It is suggested that Hudsonville focus upon vehicle sales, services and related activity outside of the core area, strengthening the existing niche created by Harley Davidson, etc. The vehicular activity could be both land and water related.

As with the core programs, a tag or positioning line and marketing program could be developed around the activity. One option for consideration follows.

Hudsonville's Power Play.

The illusion is both to water and land related power transportation “toys” with which to play. As part of the program, it is suggested that the current antique auto event activity be relocated to areas near the dealerships, outside of the central core.

Business Development & Retention

Most of the already identified or noted items, including events and the improved coordination and communications associated with the marketing efforts, are oriented toward and have a potential positive impact on existing businesses as well as any new businesses. Thus, they are very much a part or if not more a part of the business retention efforts as recruitment efforts. Also and in fact, having existing operators or operations move into new activities, replaces some of the need to bring in new operations to accomplish the overall goals and objectives of the strategy.

The following are four suggested basic “principles” of retention activity.

A. Any incentives used in recruitment should also be applicable and employed in retention efforts.

B. Let land use, zoning, and other regulations guide decisions on incentives, not potentially arbitrary or arbitrarily defined criteria. If a use is conforming, based on zoning and other regulations, they should be appropriate for incentives.

C. There should be equal treatment and effort for small and large businesses. Historically, small businesses provide the bulk of the jobs and job growth in the country.

It is very important that the Chamber and City, under the proposed partnership effort work extremely closely with the existing businesses to nurture and not hinder quality new investment.

Based on the principles and the previously identified activities that are applicable to both retention and recruitment, the following additional activity is put forth.

- ✓ All identifiable businesses in Hudsonville should be contacted at least once per year. The contacts can be through face-to-face interviews associated with an annual survey or other means. The method of contact is to be determined.

- ✓ An annual survey of all businesses should be conducted that includes information on at least the following:

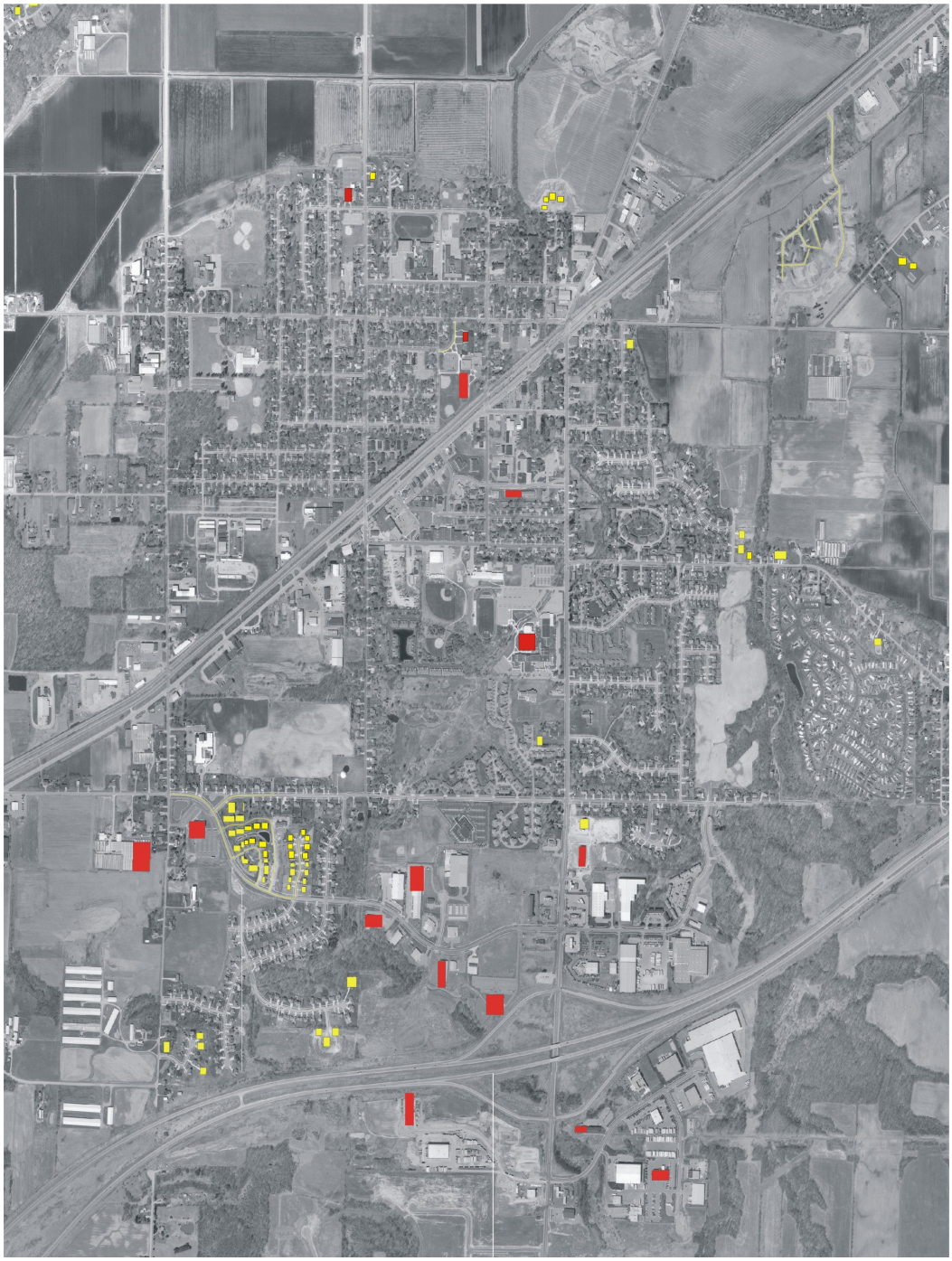
    - Name, address, e-mail address, and telephone number.
    - # or employees.
    - # of years in business and in Hudsonville.
    - For or not-for-profit and IRS status if latter.
    - If rent space, the terms of leases, including end date.
    - Trends in sales or revenue volumes.
    - SIC/NAICS code and broad business type.
    - Structure (Corporate, LLC, Partnership, PA, etc.)
    - Location of home or corporate office where applicable.
    - National, state, and local alliances, trade, certification, or "professional" group membership or association.
    - Investment plans.
    - Retirement plans, if appropriate.
    - Other issues.

- ✓ "Peer" contact could be particularly important and is suggested for face-to-face interviews. This may prove to be a productive form of networking and business development for both the interviewers and interviewees.

- ✓ Particular attention should be paid to establishing networks with "home-based" operations as they are an increasing component of the economic structure. This outreach should not only continue but be enhanced through quarterly meetings, special breakfasts or other events, and peer topic discussions.

Continued growth in residential activity is probably the most important business retention and recruitment tool that Hudsonville has. Therefore, continuation and establishing enhanced policies that promote quality residential development will assist in promoting quality economic development activity. Quality housing will be the homes for a skilled and educated labor force that are the owners, operators, managers, financial advisors, researchers, etc. for existing and future businesses in Hudsonville and elsewhere.

Hudsonville has seen new growth since 2000. New residential and non-residential growth in Hudsonville and near its borders since the last census is defined on the map that follows. Residential is defined in yellow, and commercial is defined in red.

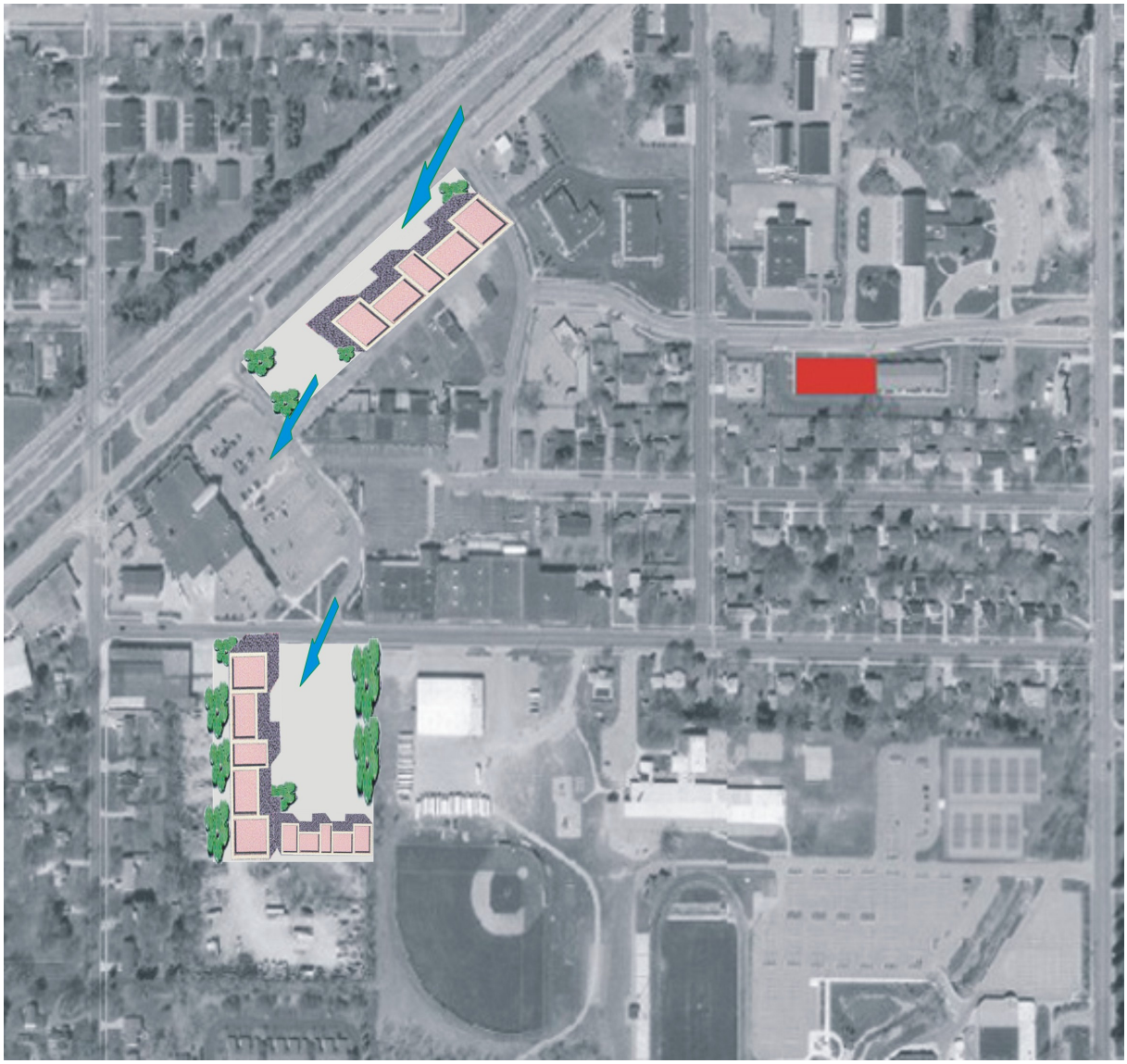


Importantly and as previously noted, Hudsonville has little non-developed, developable land left within its boundaries. Therefore, quality housing within is of utmost importance to maximize the return to all. Furthermore and also as previously noted, most new commercial development internal to Hudsonville will come through redevelopment of key sites. Two examples of just one possible redevelopment opportunity centered on Chicago Drive are found in the two illustrations that follow. Each depicts an intensification of current activity that could be used by some of the indicated central core tenants and should provide a very positive return to the property ownership, development interest, and the City.

Conceptual Development Alternative 1

It is noted that one or both of the two new buildings structures defined in the lower left hand corner of the graphic could include commercial activity as well as housing.

Conceptual Development Alternative 2



In addition, incentives should be provided for reinvestment and new investment when such can be catalytic. Incentives should be to short-term and might include even elimination of costs associated with investment. Included might be waiver of processing fees and utility hook-ups and assistance with off-site enhancements essential for development activity. Tax incentives are not suggested because of their long-term fiscal impact on City, DDA and other revenue flow.

Funding for Economic Development Activity

Obviously the amount of work that needs to be done and the requirement of professional staff support means a reasonable level of funding. The following are the suggested funding options and sources for economic development activity.

- ✓ City grants for administration. The City should make a multiple year commitment to the partnership, providing funding for much of the professional staff or "loaning" of professional staff to the effort.

- ✓ City or other level of grants for project specific activity. Multi-level government grant opportunities exist. Shared State and Federal grant writing and knowledge expertise with the City and others may be necessary to tap into those opportunities. The State has strong and growing interest in housing in downtowns as well as in creating sustainable creative environments, as reflected in the "Cool Cities" and other programs. CDBG funds could be involved with senior housing in the central core area.

- ✓ Chamber match through in-kind services. As a partner, the Chamber should be required to match the local dollar multi-year commitment through in-kind services and staff time. The match may not be on a one to one basis, but should be significant as determined through negotiations in the partnership with the City.

- ✓ Sponsors. The envisioned program provides significant opportunity for multi-level corporate sponsorship. Individual events can be sponsored. Newsletters and mailings can be sponsored. Meetings, breakfasts, etc. can be sponsored. The sponsorship can be monetary or in-kind. In-kind can include printing, provision of food and beverage, rooms for activities and other aspects of the proposed elements. Utility companies and financial institution assistance should be sought. All events should be programmed to be at least revenue neutral for the sponsoring party after a one or two year start-up period.