

The Detroit Reinvestment Index: *A Kresge Foundation Measure of Detroit's Progress*



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Study Overview and Methodology

- The Kresge Foundation's study measures perceptions of American cities and Detroit among national business leaders:
 - **Business leaders, N = 307:** Senior leaders at mid- to large-size companies with influence over their companies' global, high-level decisions
 - Exhibit the following attributes: work for a global company with at least 250 employees, and are involved in contracting, purchasing, sales, or related functions
- The study:
 - Measures sentiment toward features and attributes relating to **cities generally**
 - Measures sentiment toward features and attributes relating to **Detroit specifically**
- The survey was fielded online between November 6, 2015 and November 15, 2015.

Key Overall Findings

Detroit's emergence from bankruptcy in 2014 created an unprecedented opportunity to reinvest in Detroit's people, neighborhoods, government and community development infrastructure. Two years later, a number of signs point to a resurgent, more economically stable Detroit.

To better understand the contours of Detroit's revitalization and reinvestment, the Kresge Foundation, along with FTI Consulting, gathered data to capture perceptions about the city. The Kresge Foundation's **Detroit Reinvestment Index** measures what national business leaders think about Detroit. This dataset is the first in a series of research the Foundation will be releasing about Detroit – and American cities more broadly

1

98% of business leaders believe it is possible for cities to overcome and recover from significant challenges.

2

When thinking about what makes a city an attractive place, business leaders cite: Good public transit, low crime, racial and cultural diversity, low-cost of living, effective local government, city potential and economic opportunity for all. Low taxes ranked the highest in importance.

Key Overall Findings, Continued

3

When asked about Detroit specifically, 84% of business leaders are confident that Detroit can become a great city again. Business leaders are likely to say it is because Detroit is a good city (17%) and is recovering and making improvements (14%).

4

71% of business leaders see Detroit as a good place in which to invest for their business.

5

Business leaders give Detroit high marks for being a city in economic recovery.

6

In describing Detroit, business leaders have positive perceptions and cite the city's racial, ethnic and cultural diversity, rich cultural history, effective local government, low cost of living and low taxes as key reasons.

7

Business leaders are bullish about Detroit, especially among those who have stronger ties to the city. Respondents who have lived, worked, conducted operations, or invested in Detroit generally view the city more favorably than those who haven't.

Key Overall Findings, Continued

8

Despite the city having emerged from bankruptcy in late 2014, there remains relatively little knowledge of Detroit's current fiscal situation. Only 16% of business leaders are aware that Detroit is out of bankruptcy.

9

Business leaders say Detroit needs to improve its crime rate. 11 percent of business leaders agree that Detroit must lower its crime rate in order to improve.


10

Business leaders ranked a turnaround of the auto industry (23% ranked 1st), implementation of innovative approaches to urban development (22 % ranked 1st) and the emergence of new industries (21 % ranked 1st) as among some of the most important features of Detroit's future and recovery.


Features/Attributes That Are Important for Cities

Key Findings – Features/Attributes that are Important for Cities

■ Respondents were asked to rate the necessity of various city-related features and attributes. Afterward, they were asked to rank the top features and attributes to determine relative importance. These attributes represent the following categories:

1) Housing, Infrastructure, and Community 

2) Economy and Public Sector 

3) Opportunities for the Future 

Across the three categories:

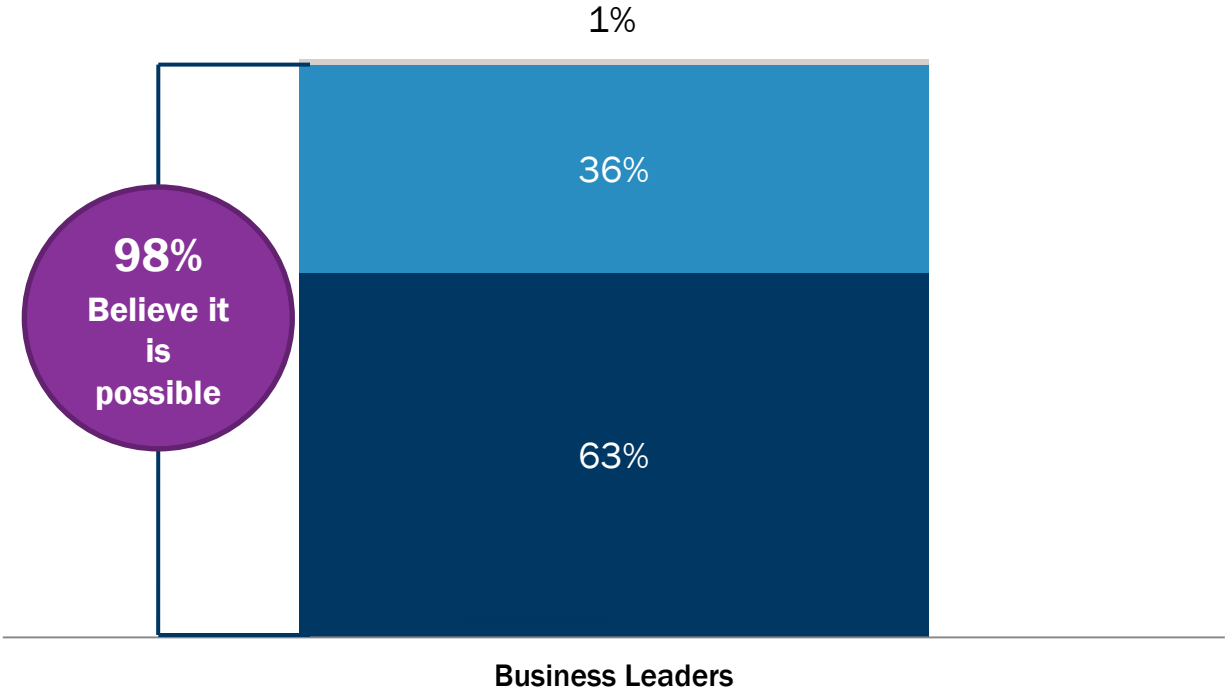
■ Overwhelmingly, 98% of business leaders believe it is possible for cities to overcome and recover from significant challenges.

■ When considering cities with good business opportunities, a city with potential in general (91%) is the most commonly cited need for business leaders.

■ Business leaders rank low taxes as most important.

Business leaders believe that it is possible for cities to overcome significant challenges and recover

Possibility for cities to overcome/recover from significant challenges



■ Very possible ■ Somewhat possible ■ Not very possible ■ Not at all possible

8. As you know, cities across the United States can vary considerably in terms of their economic strength, their quality of life, their appeal to visitors and new residents, and many other factors.

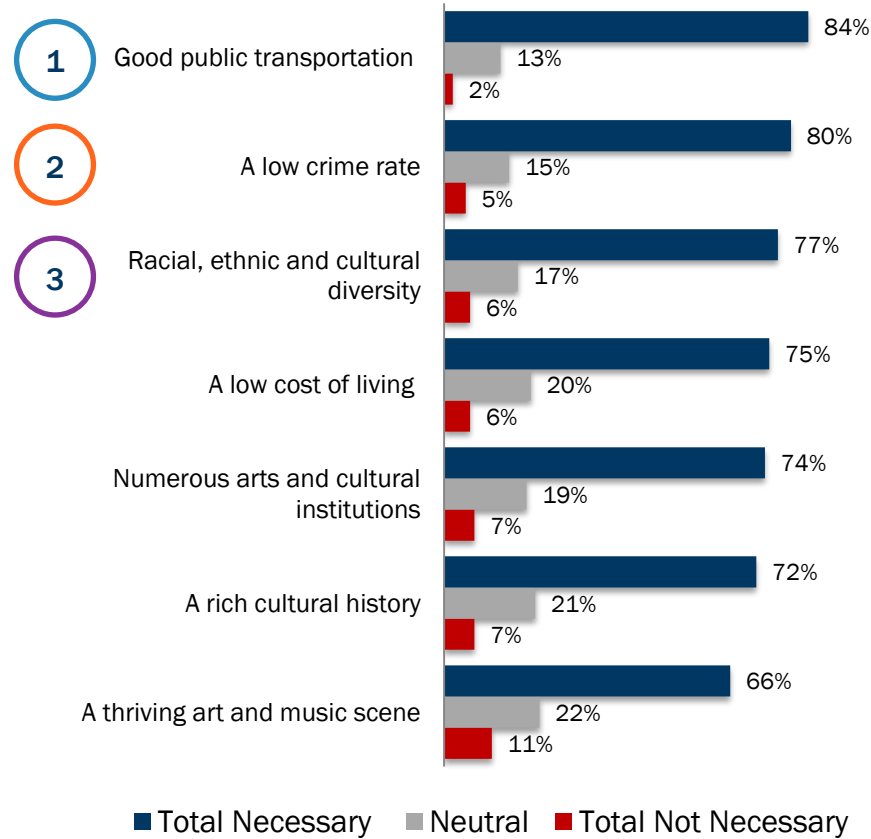
Many cities have experienced significant challenges at various points in their history, and many continue to face challenges today. In today's day and age, how possible is it for cities to overcome significant challenges and recover?

This group identifies public transportation and a low-crime rate as top attributes of cities that offer good business opportunities

Necessity of: Housing, Infrastructure, & Community Features/Attributes



Business Leaders

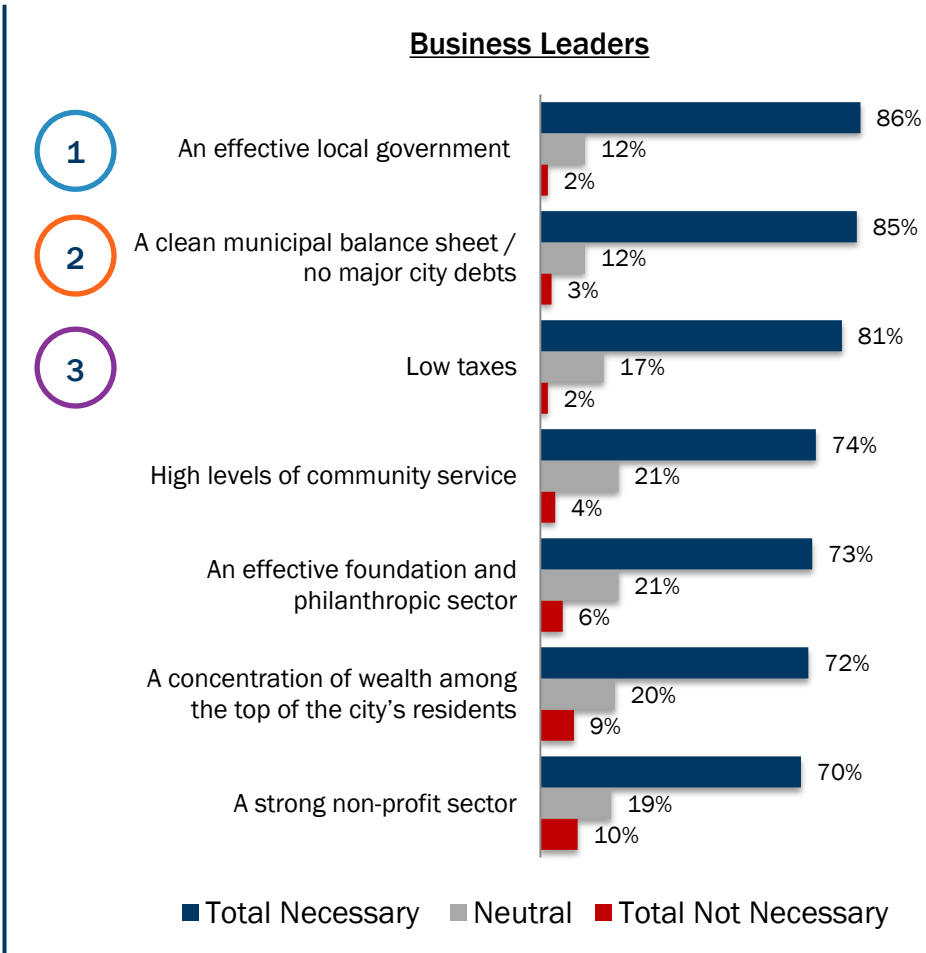


*Circle call-outs indicate top three based on rated most necessary

6. Now, thinking about some different features and attributes a city might have that could provide good business and investment opportunities for your company, HOW NECESSARY are each of the following?

Business leaders also consider an effective local government a top need

Necessity of: Economy & Public Sector Features/Attributes



*Circle call-outs indicate top three based on rated most necessary

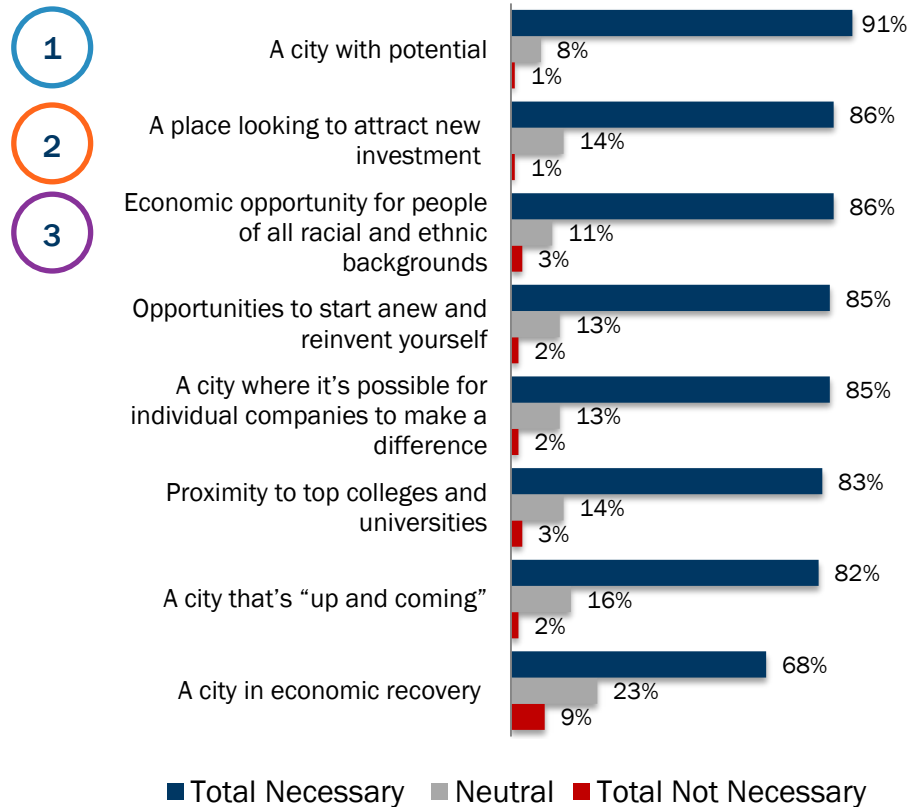
6. Now, thinking about some different features and attributes a city might have that could provide good business and investment opportunities for your company, HOW NECESSARY are each of the following?

A “city with potential” and a “place looking to attract new investment” is critical for business leaders

Necessity of: Opportunities for the Future Features /Attributes



Business Leaders

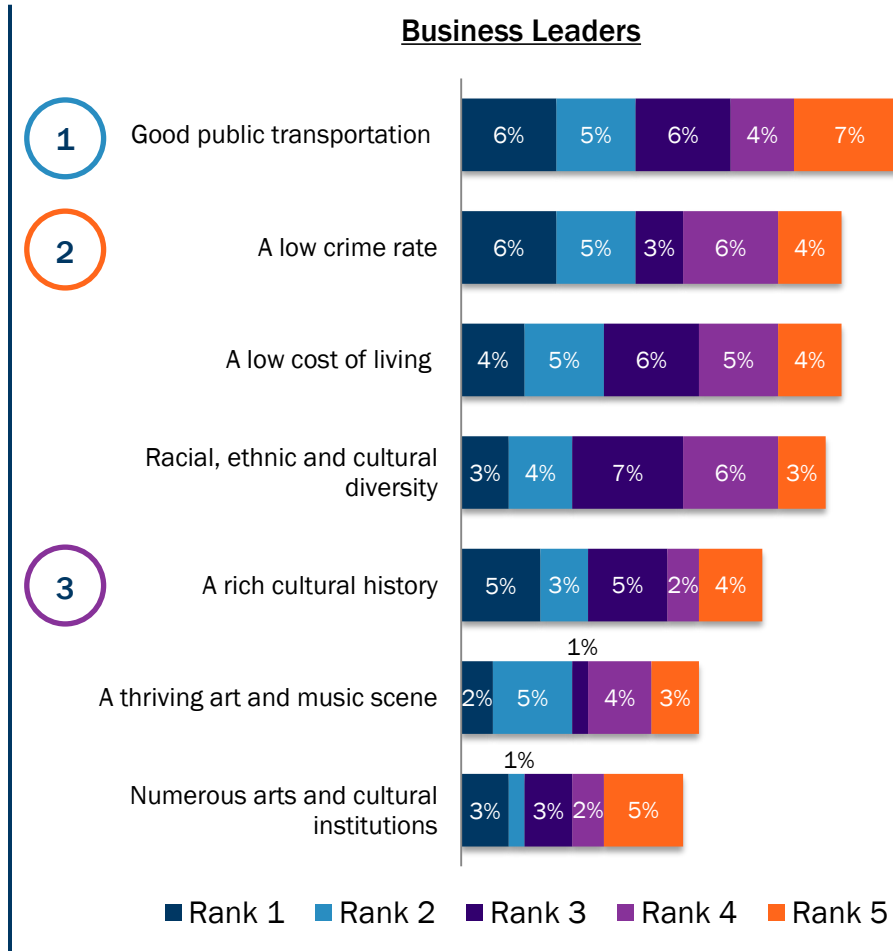


*Circle call-outs indicate top three based on rated most necessary

6. Now, thinking about some different features and attributes a city might have that could provide good business and investment opportunities for your company. HOW NECESSARY are each of the following?

When asked to rank the most important attributes, business leaders prioritize a low crime rate and good public transportation

Ranked Most Important: Housing, Infrastructure, & Community Features/Attributes

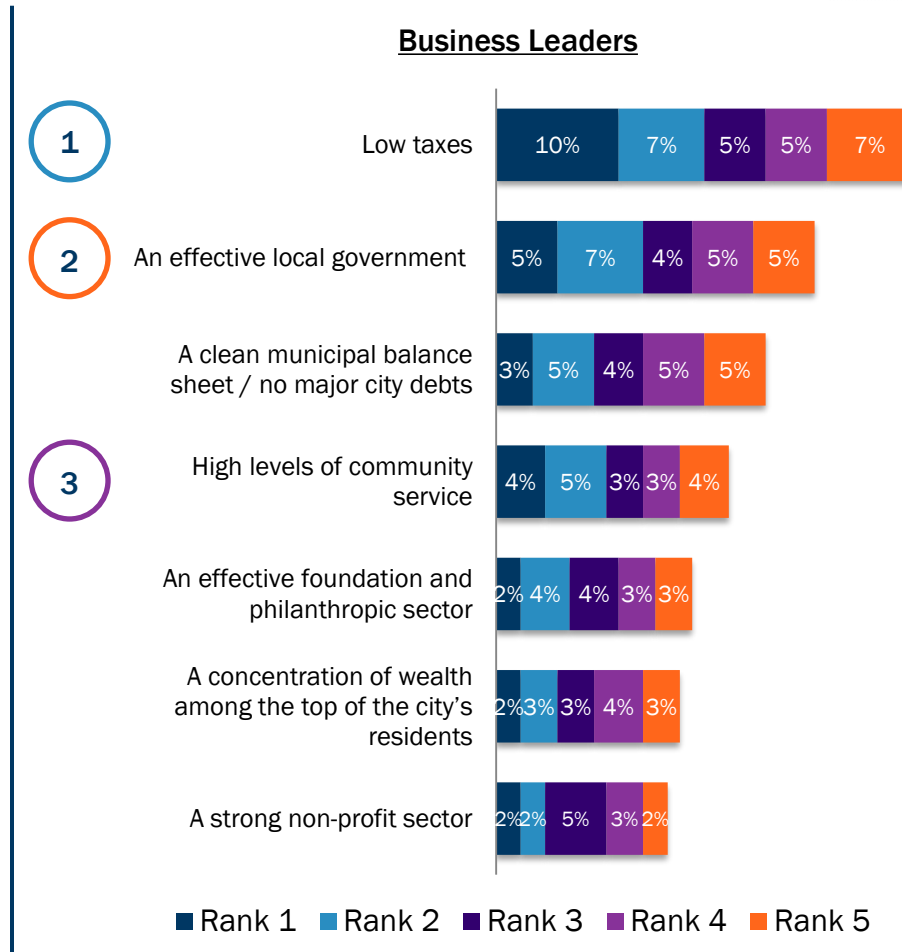


*Circle call-outs indicate top three based on ranked 1st (in case of tie, based on total ranked 1st and 2nd)

7. Of these various features and attributes, please rank the five MOST IMPORTANT to you.

Business leaders agree that low taxes are most important, followed by an effective local government

Ranked Most Important: *Economy & Public Sector Features/Attributes*



*Circle call-outs indicate top three based on ranked 1st (in case of tie, based on total ranked 1st and 2nd)

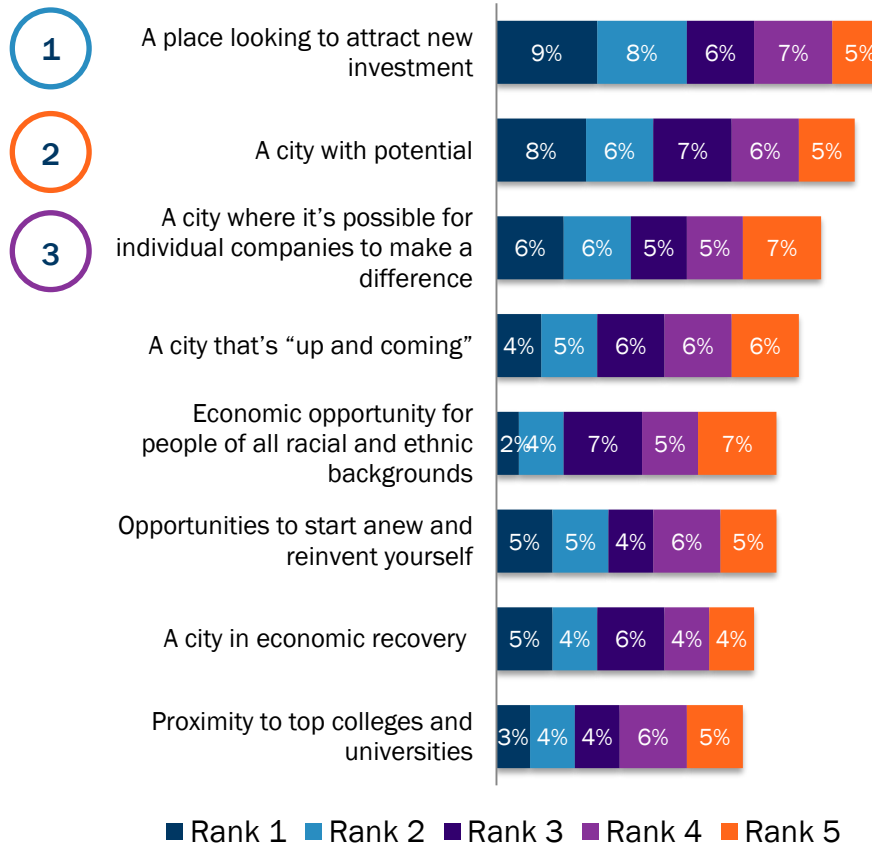
7. Of these various features and attributes, please rank the five MOST IMPORTANT to you.

Business leaders also rank high “a place looking to attract new investment” as an important attribute

Ranked Most Important: Opportunities for the Future Features /Attributes



Business Leaders



*Circle call-outs indicate top three based on ranked 1st (in case of tie, based on total ranked 1st and 2nd)

7. Of these various features and attributes, please rank the five MOST IMPORTANT to you.

Impressions of Detroit



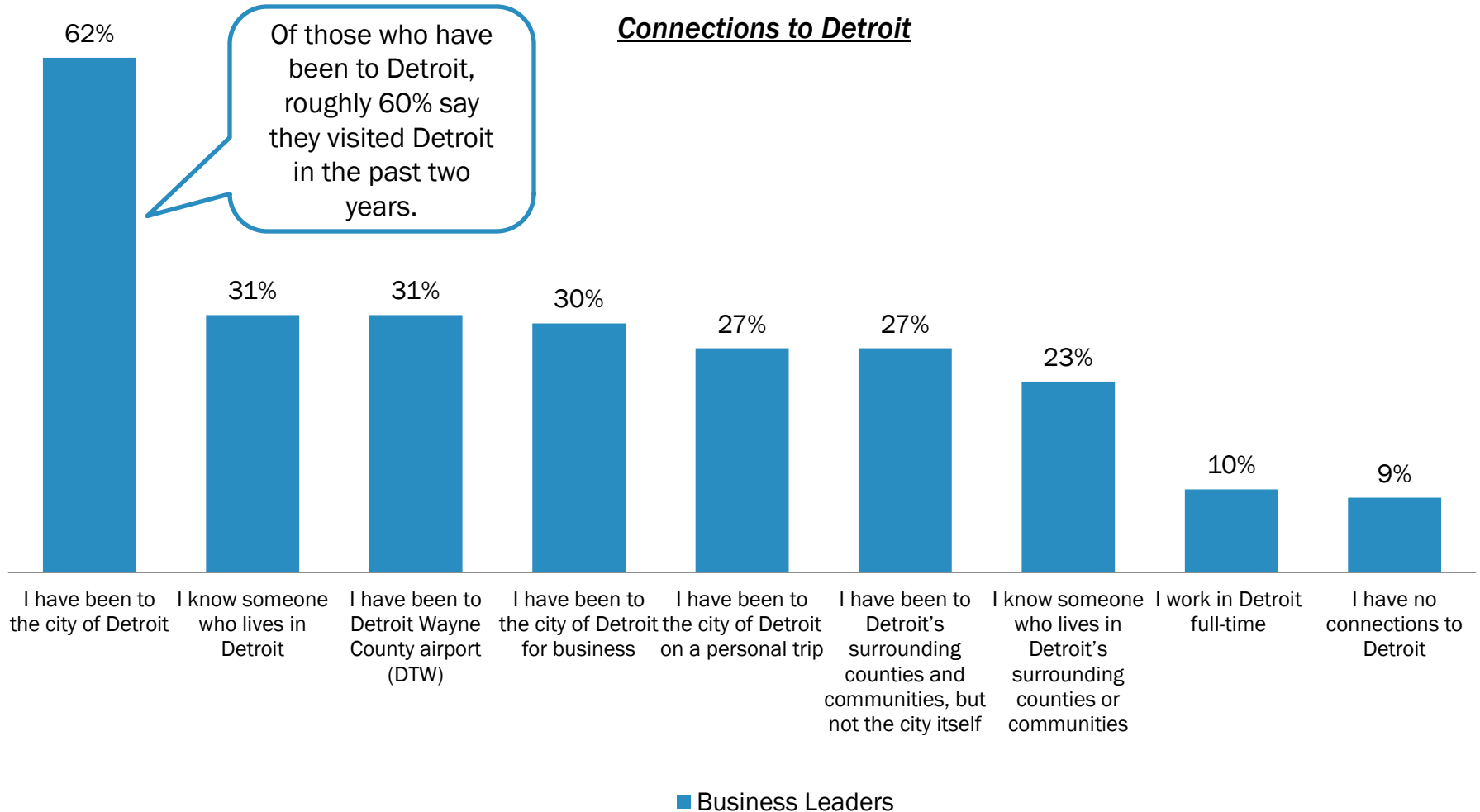
Key Findings – Impressions of Detroit

- Overall, business leaders have strong ties to Detroit; 91% of business leaders have a connection to Detroit.
 - 45% of business leaders have had business operations and investments in Detroit.
 - Furthermore, 62% of business leaders have been to the city of Detroit.
 - Among respondents that have been to Detroit, more than 60% have visited within the past two years.

- When writing what first comes to mind when thinking of Detroit, general responses about how Detroit is a good/nice city are most common among business leaders (20%).*

- Nearly three-fourths of business leaders see Detroit as a good place in which to invest for their business (71%).

Business leaders have strong ties to Detroit



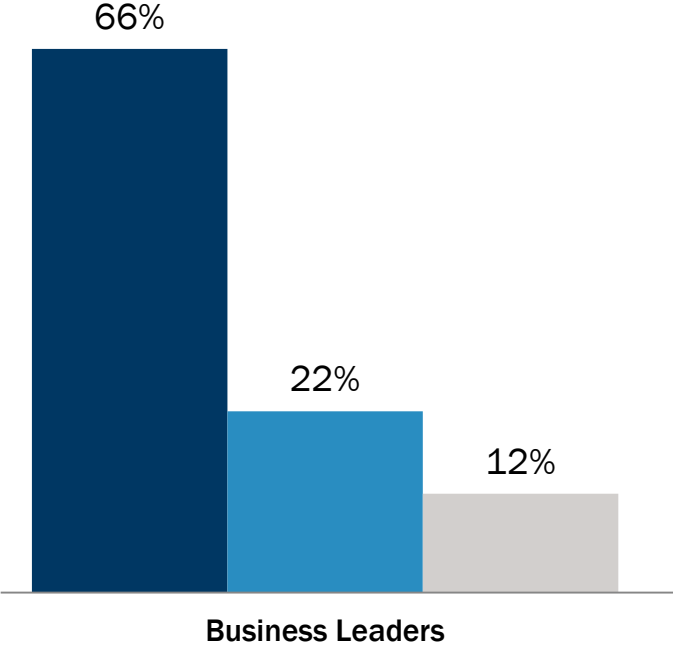
9. Which of the following connections do you have with Detroit? Please select all that apply. BUS n = 307

10. (Asked of those who have been to the city of Detroit and do not currently live/work there)

When was the last time you visited Detroit? BUS n = 190

Business leaders have developed more favorable views of Detroit recently based on what they've seen, read, or heard

Impression of Detroit Based on Recently Seen/Read/Heard

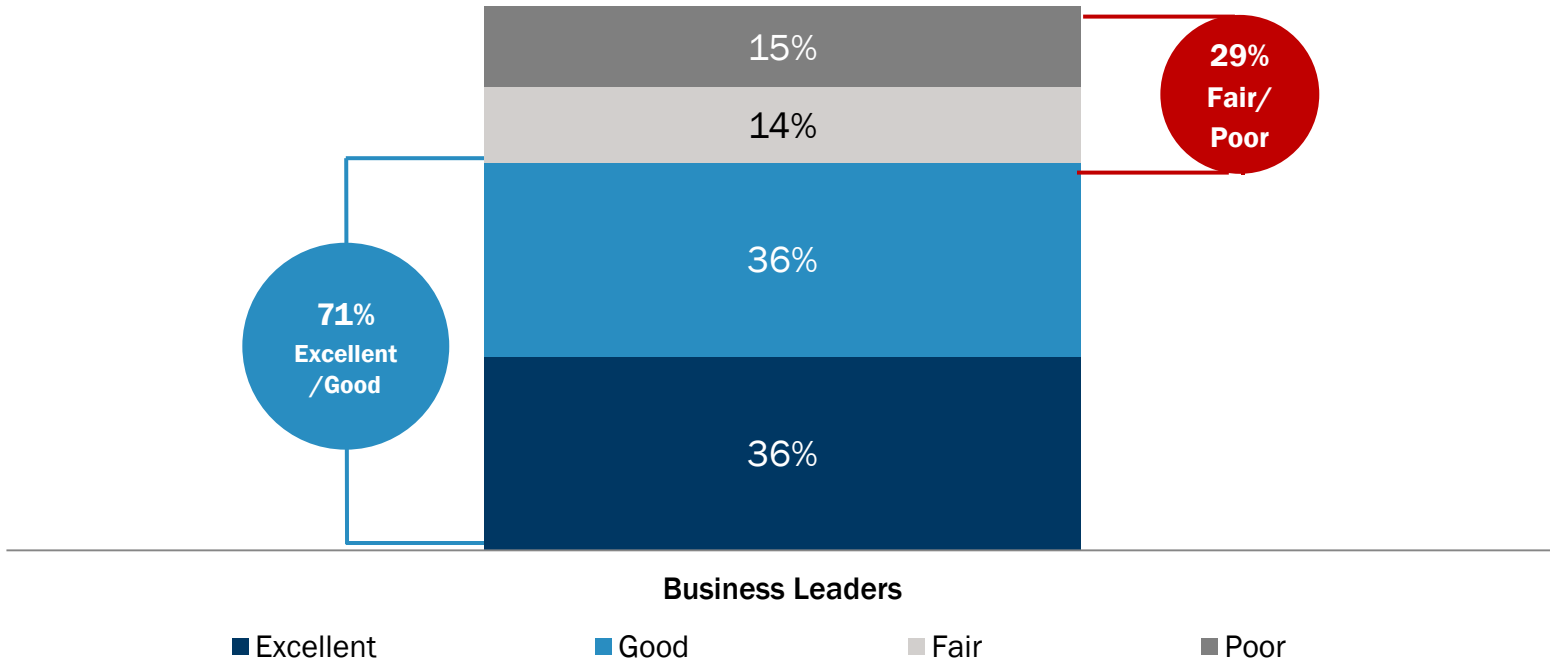


■ Total More Favorable ■ Mostly Unchanged ■ Total Less Favorable

12. Based on everything you may have seen, read or heard about Detroit most recently, has your impression of the city become...
YNG N = 503 / BUS N = 307

Nearly three-quarters of business leaders see Detroit as a place in which to invest

Detroit As A Place to Invest



Business leaders who are younger between the ages 33 and 46 (79%) and have formerly had/currently have operations in Detroit (90%) are more likely to rate Detroit as a excellent/good place to invest


Describing and Rating Detroit

Key Findings – Describing and Rating Detroit

■ Business leaders were asked to rate various features and attributes – this time in reference to Detroit – across the same three categories. They were then asked to rank the top 5 features/attributes to determine Detroit’s relative performance on characteristics.

1) Housing, Infrastructure, and Community 

2) Economy and Public Sector 

3) Opportunities for the Future 

Across the three categories:

■ Believe that Detroit’s racial, ethnic, and cultural diversity (74%) as well as its rich cultural history (74%) are fitting descriptions of Detroit.

■ Business leaders rank Detroit high for being a city in economic recovery (10% ranked 1st).

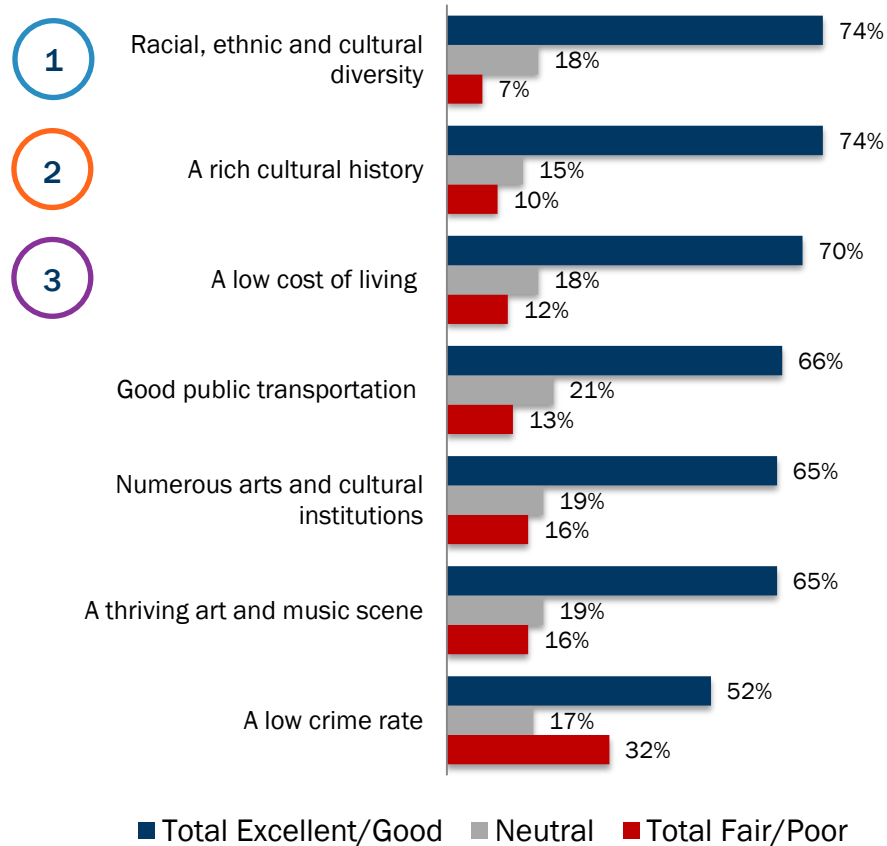
■ Business leaders say a low crime rate and a clean municipal balance sheet/no major city debts are most important for Detroit to improve upon.

Detroit is seen to embody racial, ethnic and cultural diversity and enjoying a rich cultural history

Describing Detroit: Housing, Infrastructure, & Community Features/Attributes



Business Leaders

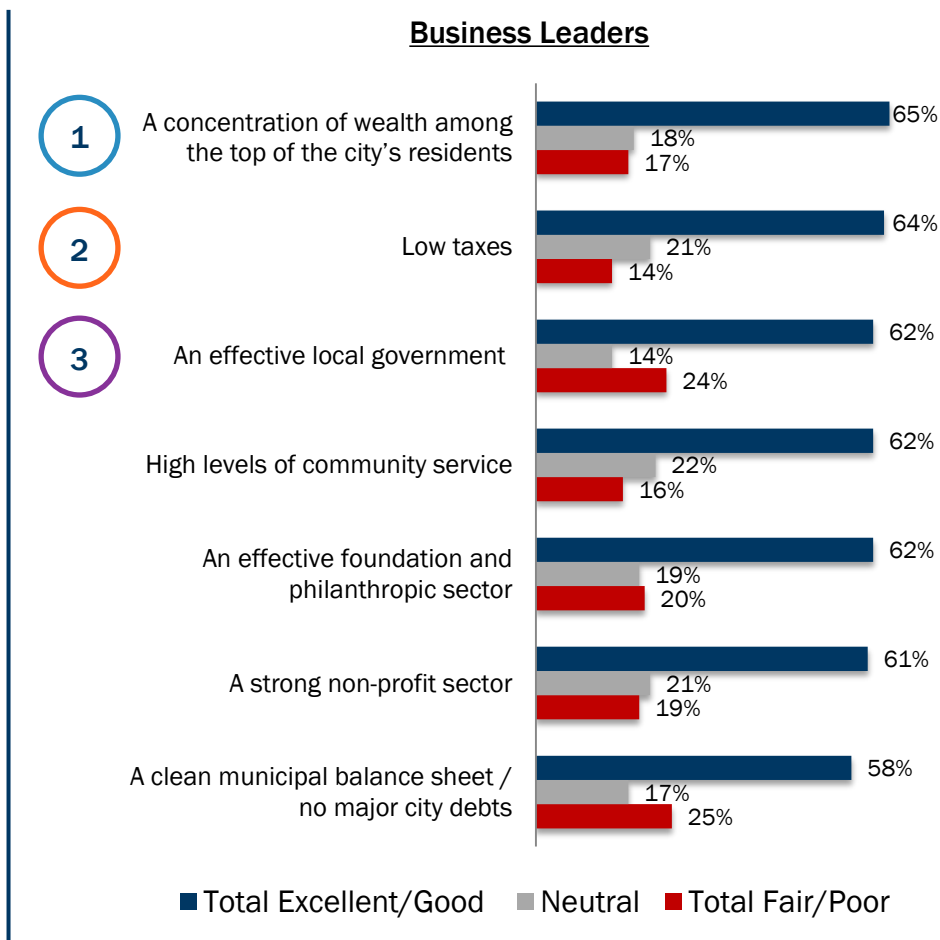


*Circle call-outs indicate top three based on total rated excellent or good

16. Based on what you know about the city, how well do each of the following features and attributes describe Detroit?

Business leaders have fairly strong positive associations with Detroit and rate it highly on attributes related to the economy and public sector

Describing Detroit: Economy & Public Sector Features/Attributes



*Circle call-outs indicate top three based on total rated excellent or good

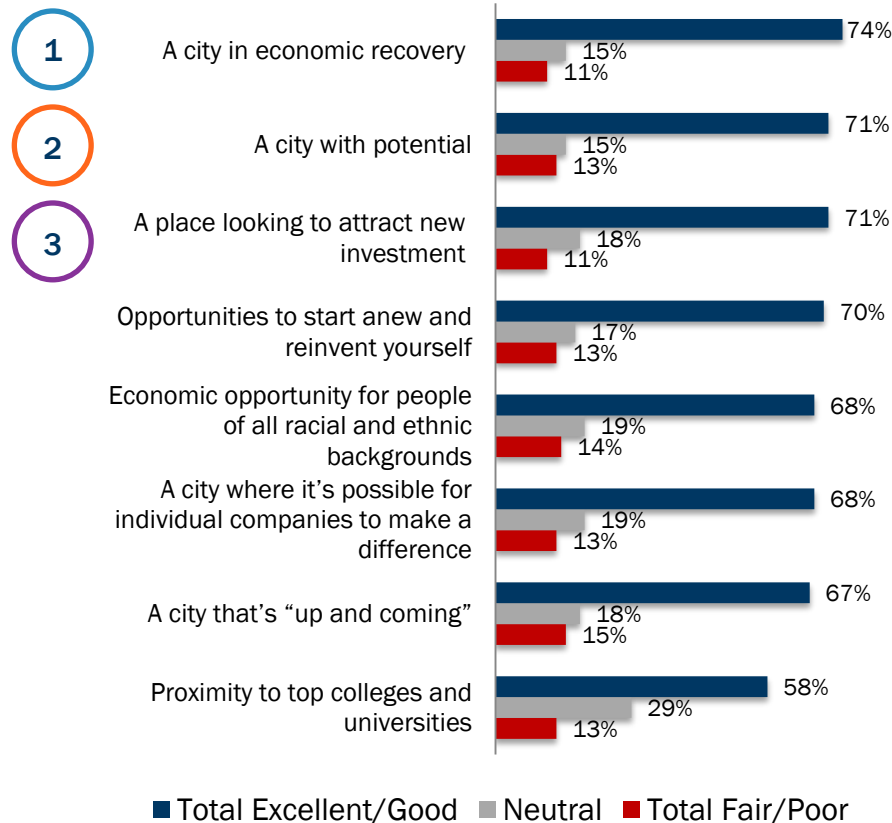
16. Based on what you know about the city, how well do each of the following features and attributes describe Detroit?

Business leaders see Detroit as “a city with potential” and experiencing economic recovery

Describing Detroit: Opportunities for the Future Features /Attributes



Business Leaders

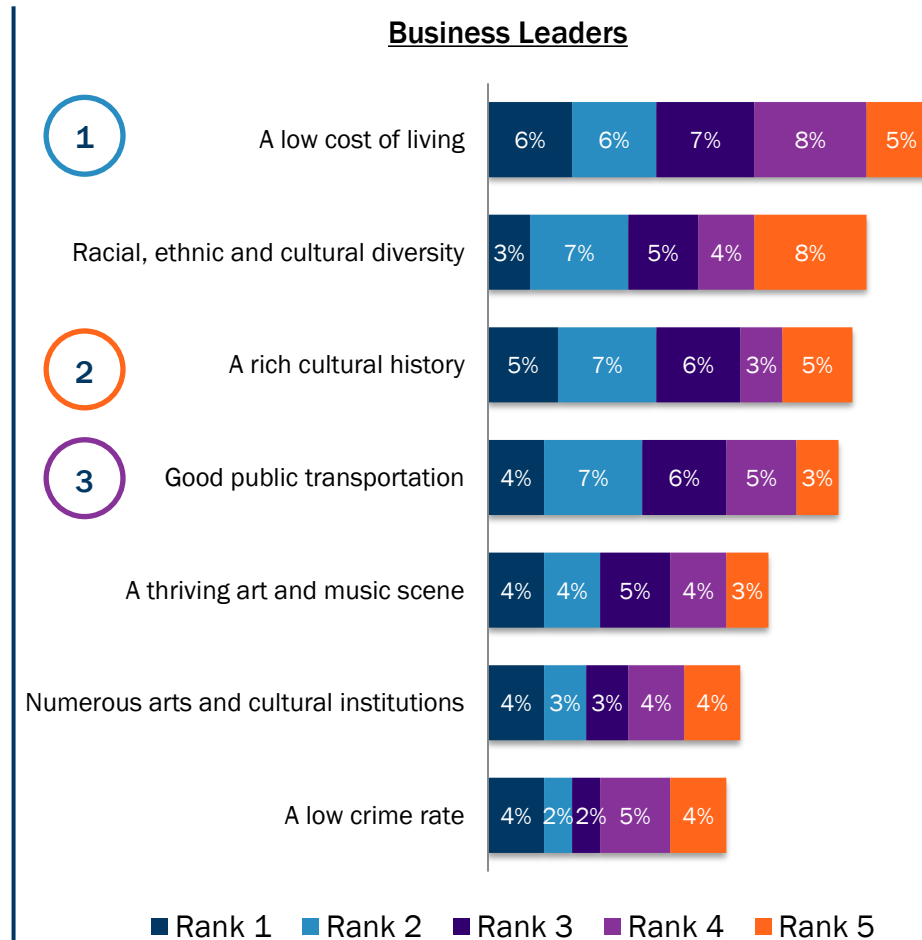


*Circle call-outs indicate top three based on total rated excellent or good

16. Based on what you know about the city, how well do each of the following features and attributes describe Detroit?

Business leaders rank Detroit highest on a low cost of living, with racial, ethnic and cultural diversity closely following

Rating Detroit: Housing, Infrastructure, & Community Features/Attributes



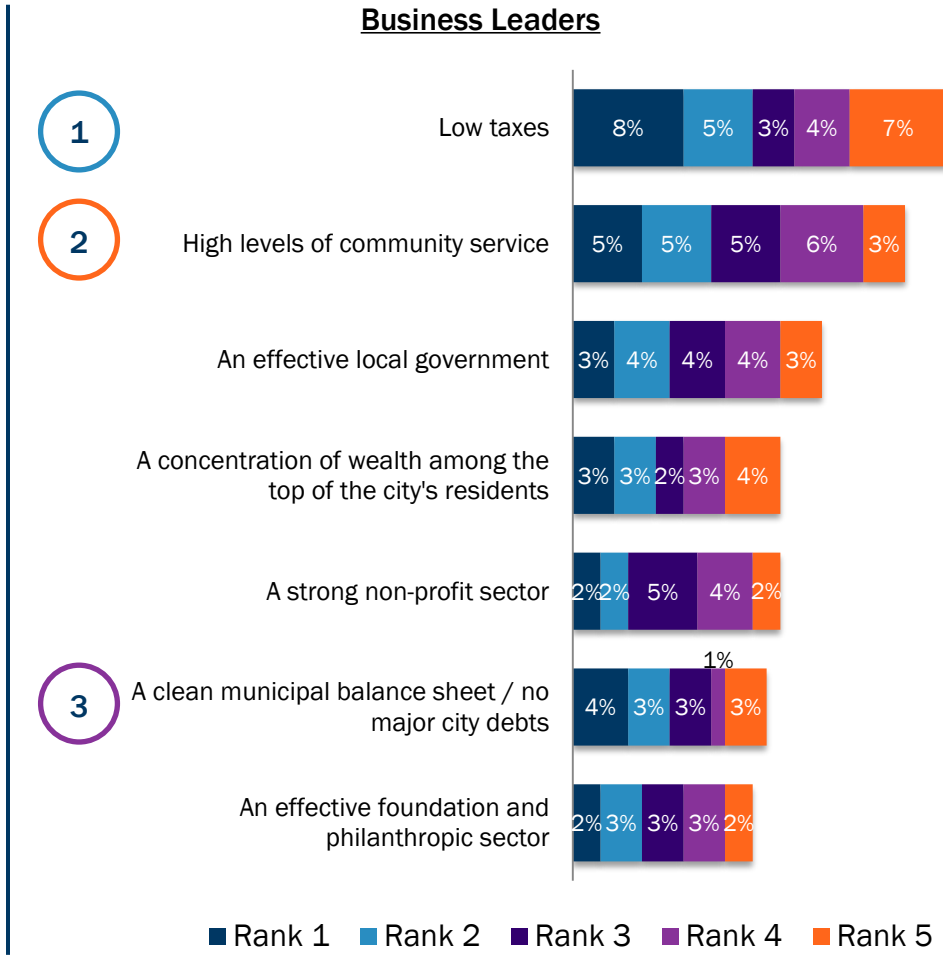
*Circle call-outs indicate top three based on ranked 1st (in case of tie, based on total ranked 1st and 2nd)

17. On which of these features and attributes would you rate Detroit highest? Please rank your top five.

26

Business leaders rank both low taxes and high levels of community service high on what Detroit is currently doing well

Rating Detroit:
Economy & Public Sector Features/Attributes 
Business Leaders



*Circle call-outs indicate top three based on ranked 1st (in case of tie, based on total ranked 1st and 2nd)

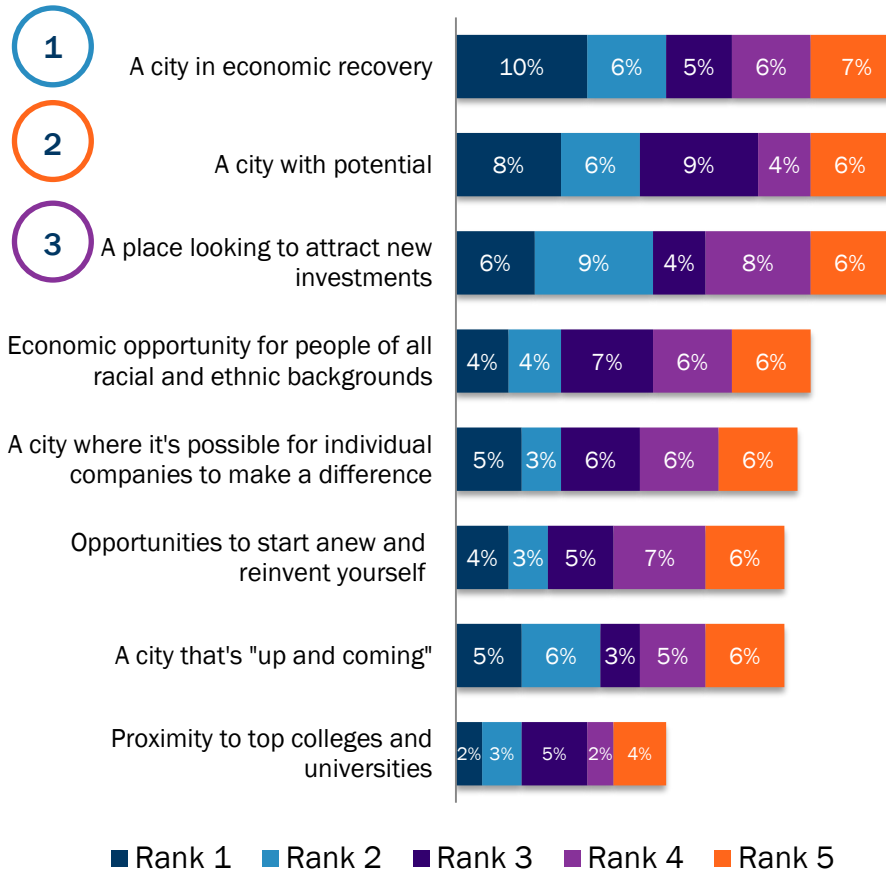
17. On which of these features and attributes would you rate Detroit highest? Please rank your top five.

A “city with potential,” a “city in economic recovery,” and “a place looking to attract new residents/investments” are ranked high

Rating Detroit: Opportunities for the Future Features/Attributes



Business Leaders



*Circle call-outs indicate top three based on ranked 1st (in case of tie, based on total ranked 1st and 2nd)

17. On which of these features and attributes would you rate Detroit highest? Please rank your top five.

For business leaders, Detroit must lower its crime rate; the city must also work towards a clean municipal balance sheet with no major city debts

BUSINESS LEADERS	Necessary	Detroit's Performance	Delta
A low crime rate	80%	52%	28%
A clean municipal balance sheet / no major city debts	85%	58%	27%
Proximity to top colleges and universities	83%	58%	25%
An effective local government	86%	62%	24%
A city with potential	91%	71%	20%
Economic opportunity for people of all racial and ethnic backgrounds	86%	68%	18%
Good public transportation	84%	66%	18%
Low taxes	81%	64%	17%
A city where it's possible for individual companies to make a difference	85%	68%	17%
Opportunities to start anew and reinvent yourself	85%	70%	15%
A place looking to attract new investment	86%	71%	15%
A city that's up and coming	82%	67%	15%
High levels of community service	74%	62%	12%
An effective foundation and philanthropic sector	73%	62%	11%
A strong non-profit sector	70%	61%	9%
Numerous arts and cultural institutions	74%	65%	9%
A concentration of wealth among the top of the city's residents	72%	65%	7%
A low cost of living	75%	70%	5%
Racial, ethnic, and cultural diversity	77%	74%	3%
A thriving art and music scene	66%	65%	1%
A rich cultural history	72%	74%	-2%
A city in economic recovery	68%	74%	-6%

Note: The "Delta" column was calculated by subtracting the "Total Necessary" rating on general city attributes (Question 6) from the "Total Excellent/Good" rating on Detroit-specific attributes (Question 16). The warmer colors indicate the most necessary attributes with the biggest gap in Detroit's performance.

The Future of Detroit

Key Findings – The Future of Detroit

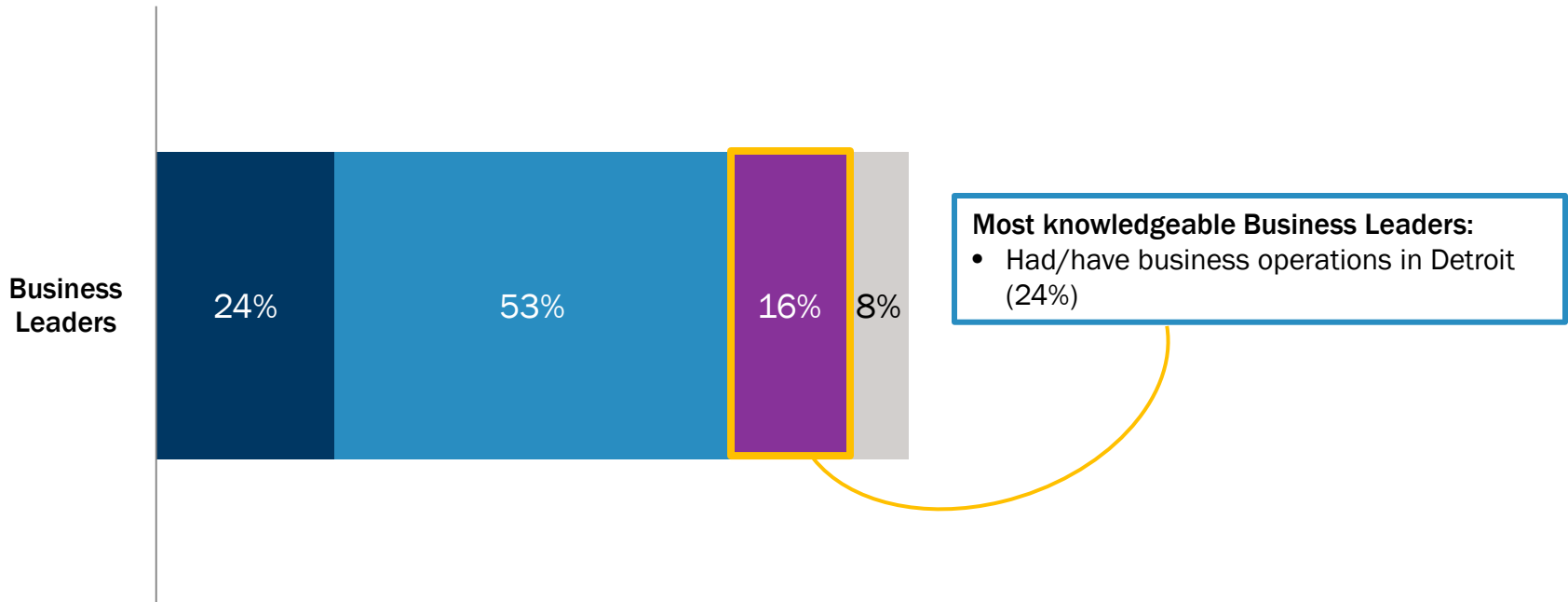
- Overall, 84% of business leaders are confident that Detroit can recover and become a great American city again.
 - Business leaders are likely to say it is because Detroit is a good city (17%) and is recovering and making improvements (14%).*
 - Business leaders cite the city being too behind and having too many problems (19%) and too much crime (19%) as the greatest obstacles.*
- Only 16% of business leaders know the city is out of bankruptcy, however.
- 11% of business leaders agree that Detroit must lower its crime rate in order to receive a higher rating.
- Business leaders ranked a turnaround of the auto industry (23% ranked 1st), implementation of innovative approaches to urban development (22 % ranked 1st), and the emergence of new industries (21 % ranked 1st) as among some of the most important features of Detroit's future and recovery.

*The reasons named in this finding are from open-ended responses

Business leaders largely unaware of Detroit's fiscal situation

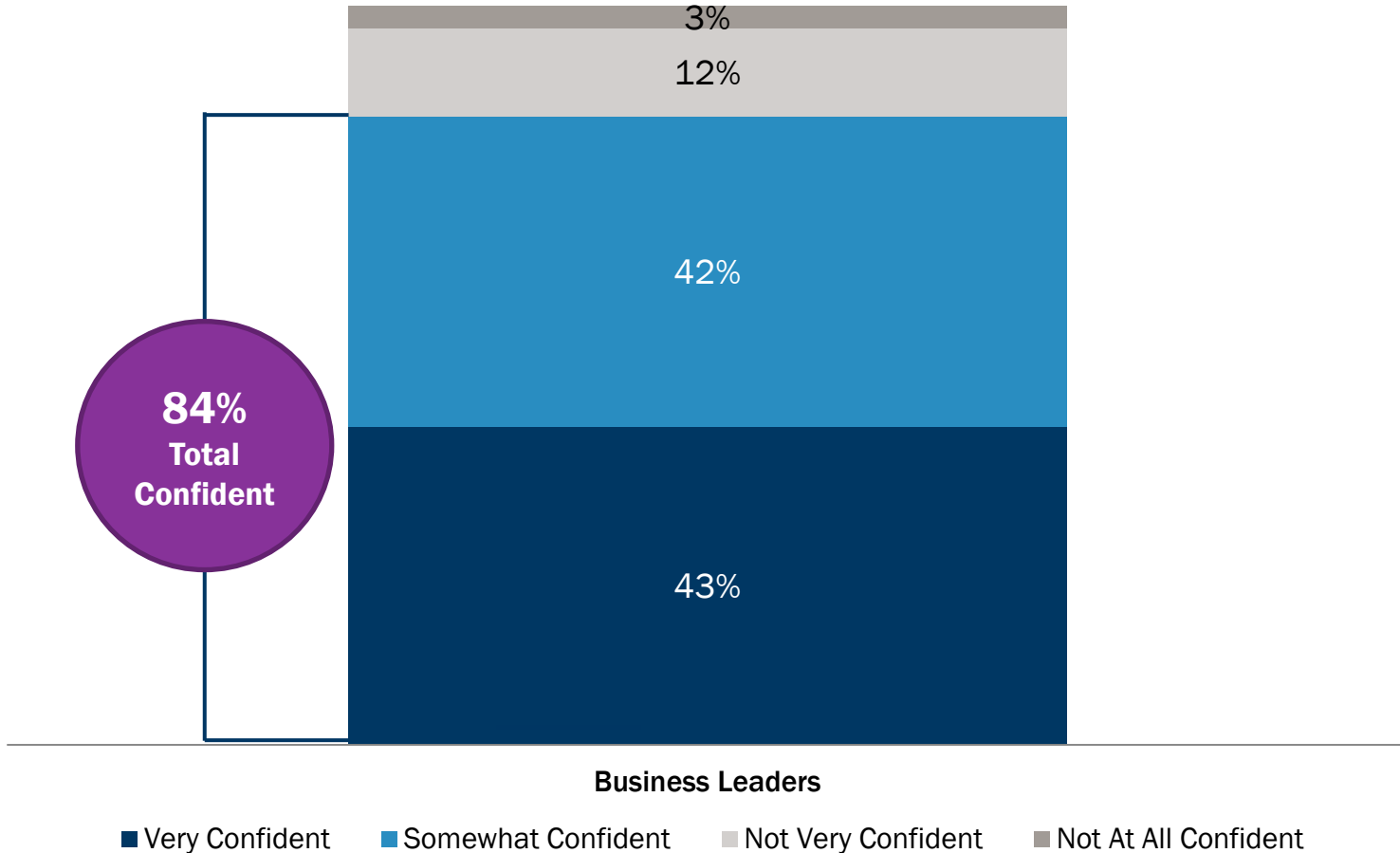
Perception of Detroit's Fiscal Situation

- In bankruptcy
- Emerging from bankruptcy
- Out of bankruptcy
- Don't know



Business leaders are confident that Detroit can recover and become a great American city again

Confidence That Detroit Can Become A Great American City Again

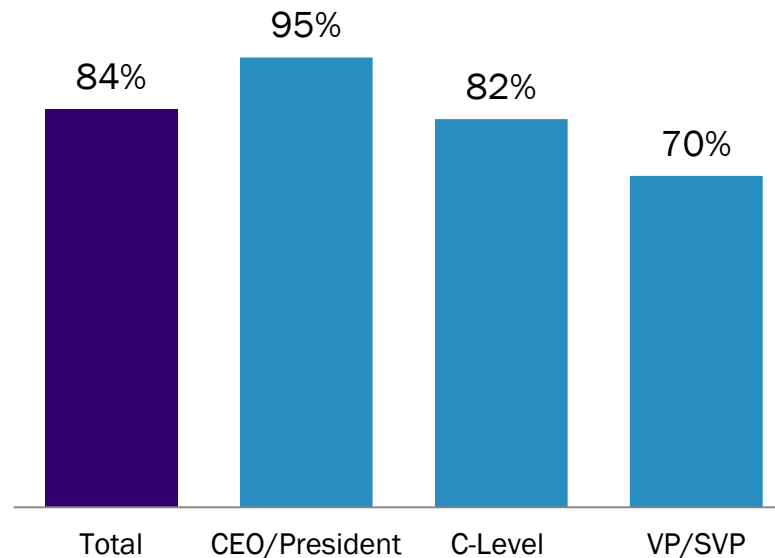


20. How confident are you that Detroit can recover and become a great American city again?

CEO/President-level executives are more confident that Detroit can recover

Those who believe it is possible for cities to recover, and are also confident that Detroit can recover

Business Leaders: CEOs vs. C-level and VP/SVP



Role within company: Interestingly, CEOs/Presidents are more likely to say it is possible for a city to recover and they are confident in Detroit to recover, at 95% vs. 82% of those at the C-Level vs. 70% of VP/SVPs.

Note: Analysis based on combining respondents who believe it is "Very/Somewhat Possible" for cities to overcome significant challenges and recover (Question 8) and also are "Very/Somewhat Confident" that Detroit can recover and become a great American city again (Question 20).
BUS n = 257

Reasons why Detroit can and cannot be a great American city again



Reasons Why Detroit Can Recover and Become a Great American City Again

Business Leaders (n = 259)	
17%	Good city/I like it
14%	Recovering and making improvements
9%	Good place for business
7%	Good leadership/local government



Reasons Why Detroit Cannot Recover and Become a Great American City Again

Business Leaders (n = 48)	
19%	Too behind, too many problems
19%	Too much crime
15%	Poor leadership/local government
13%	No improvements have been made, nothing has changed

*The phrases displayed in the charts above are from unaided open-ended responses

20A. [Asked if Confident] Please elaborate on why you are confident that Detroit can recover and become a great American city again.

BUS n = 259

20B. [Asked if Not Confident] Please elaborate on why you are not confident that Detroit can recover and become a great American city again.

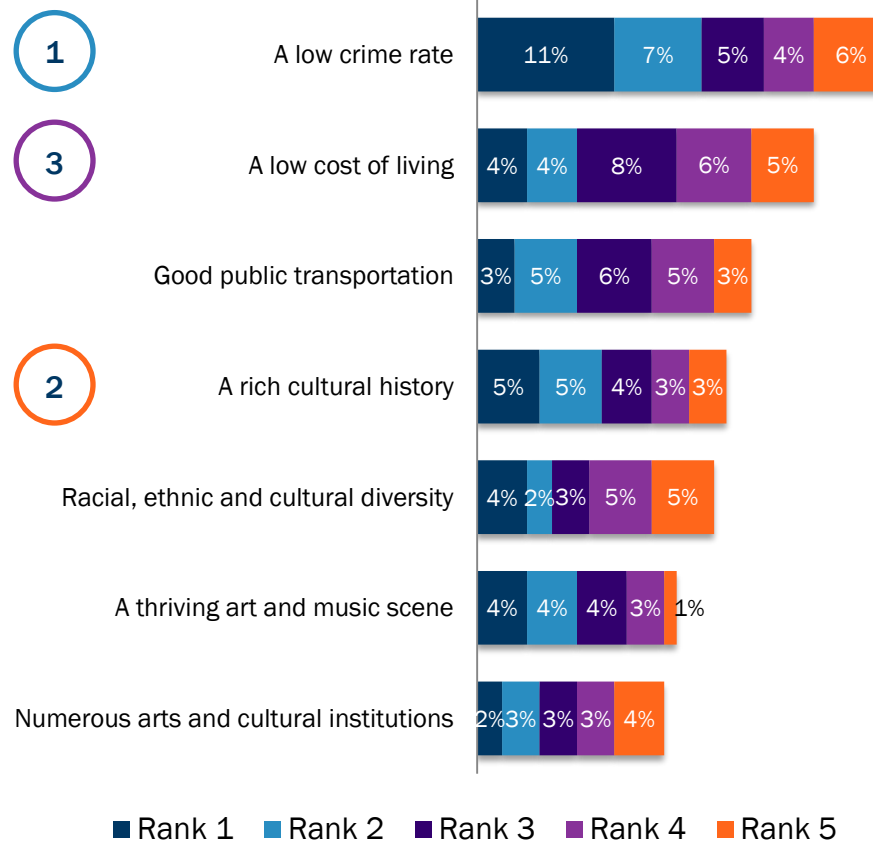
BUS n = 48

Lowering its crime rate is an important attribute upon which Detroit must improve

Most Important to Improve in Detroit: Housing, Infrastructure, & Community Features/Attributes



Business Leaders



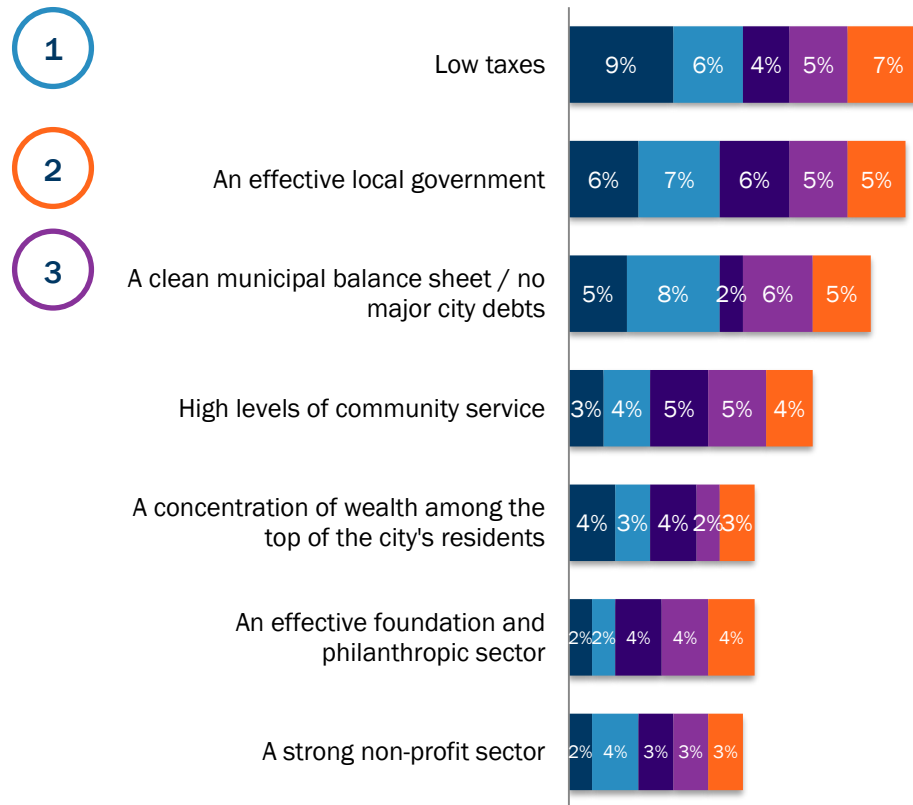
*Circle call-outs indicate top three based on ranked 1st (in case of tie, total ranked 1st and 2nd)

18. Which of these items would be most important to improve in order for you to rate Detroit higher as a city that could provide good business and investment opportunities for your company? Please rank your top five.

Low taxes and an effective local government are important to business leaders when evaluating how Detroit can improve

Most Important to Improve in Detroit: Economy & Public Sector Features/Attributes

Business Leaders



■ Rank 1 ■ Rank 2 ■ Rank 3 ■ Rank 4 ■ Rank 5

*Circle call-outs indicate top three based on ranked 1st (in case of tie, total ranked 1st and 2nd)

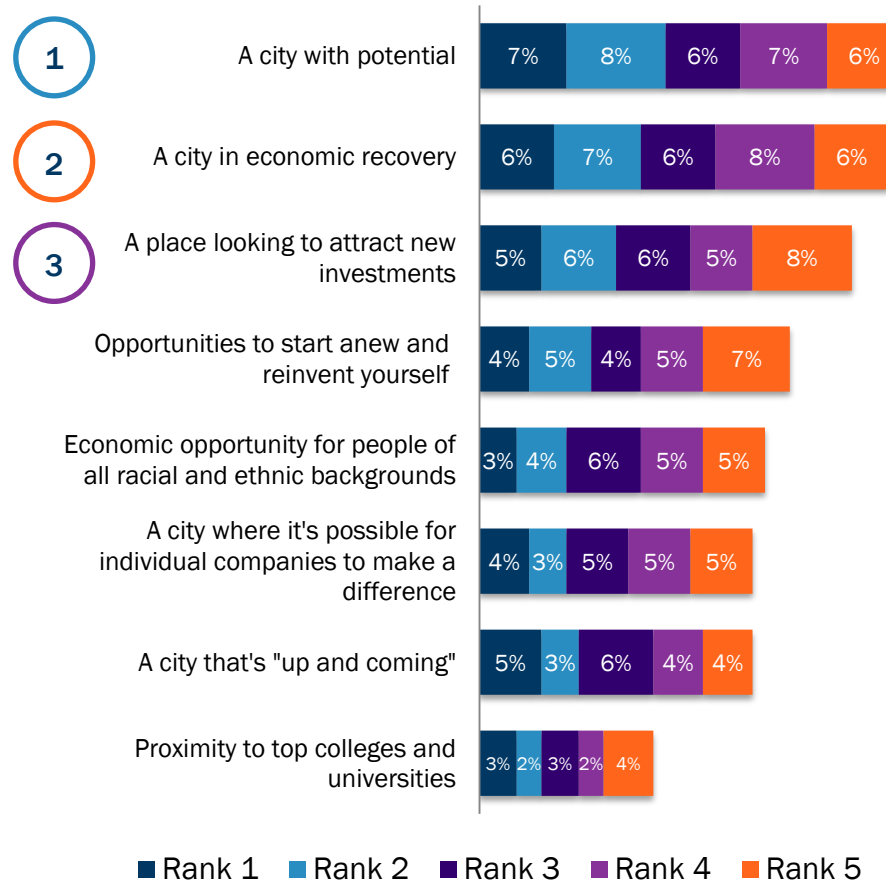
18. Which of these items would be most important to improve in order for you to rate Detroit higher as a city that could provide good business and investment opportunities for your company? Please rank your top five.

Being a “city with potential” and “in economic recovery” are seen to be vital to Detroit’s future

Most Important to Improve in Detroit: Opportunities for the Future Features/Attributes



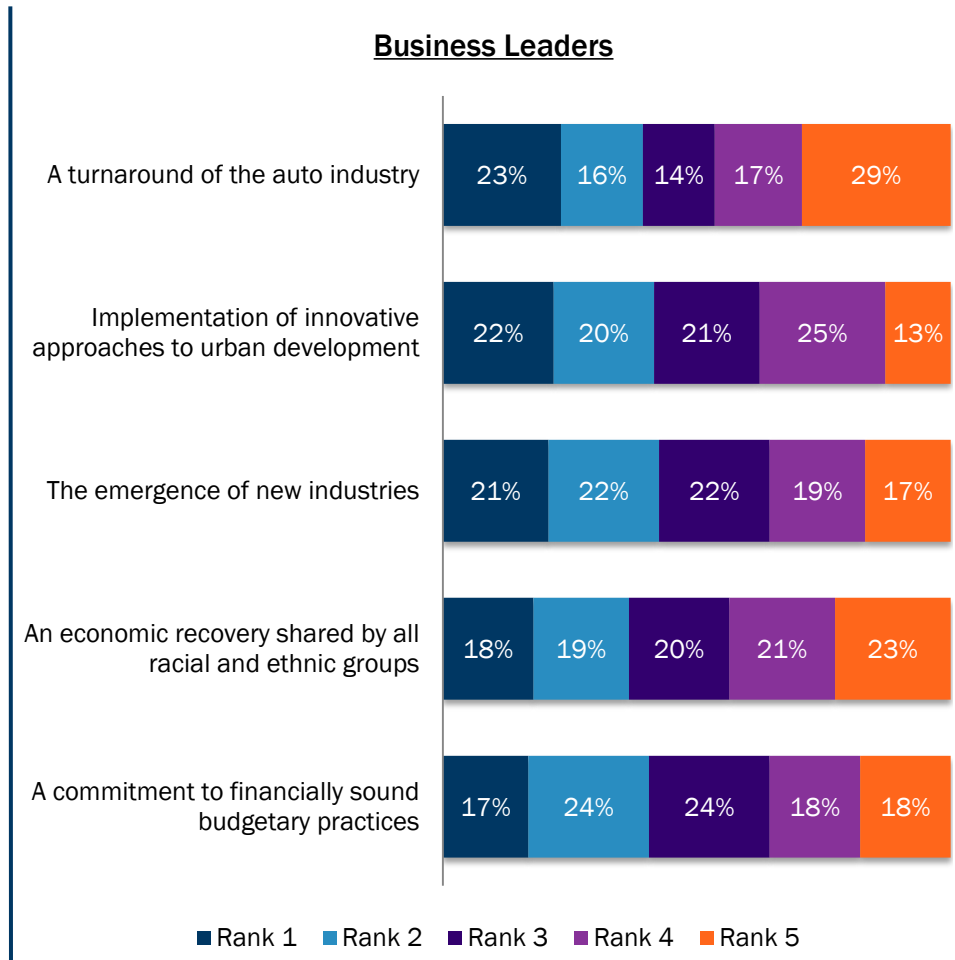
Business Leaders



*Circle call-outs indicate top three based on ranked 1st (in case of tie, total ranked 1st and 2nd)

For future growth, business leaders look for a turnaround of the auto industry and the rise of new industries

Features/Attributes Important to Detroit's Future

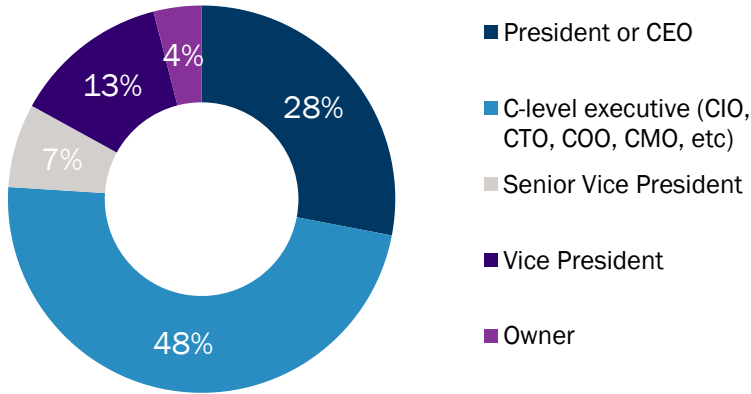


21. And, as Detroit recovers and grows into the future, how would you rank the following in terms of importance?

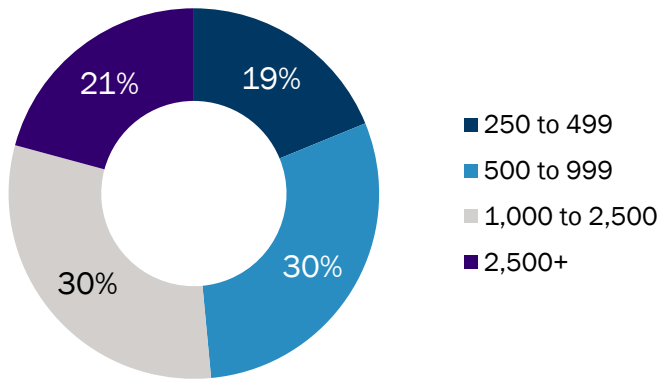
Business Leaders Demographics

Business Leader Demographics

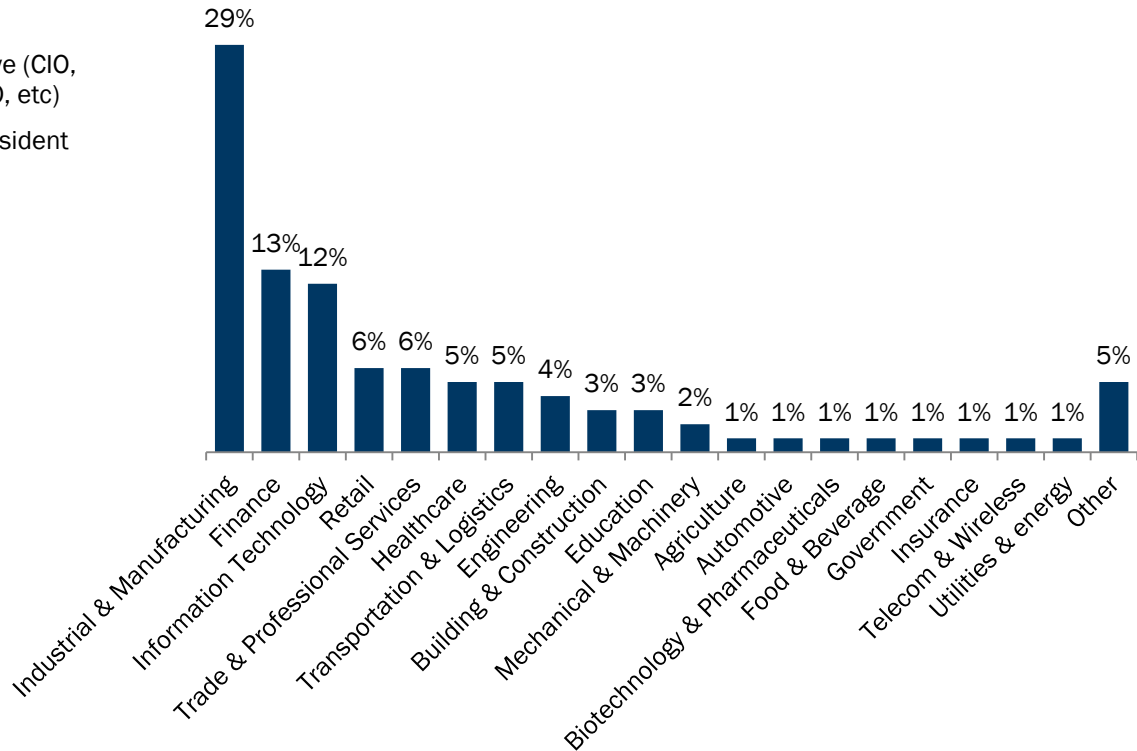
Job Title



Company Size

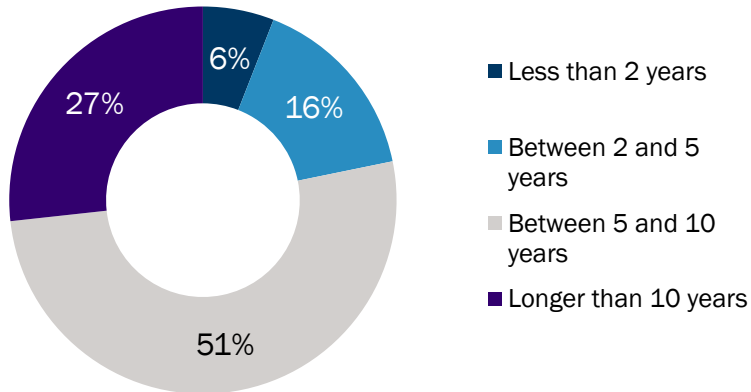


Industry

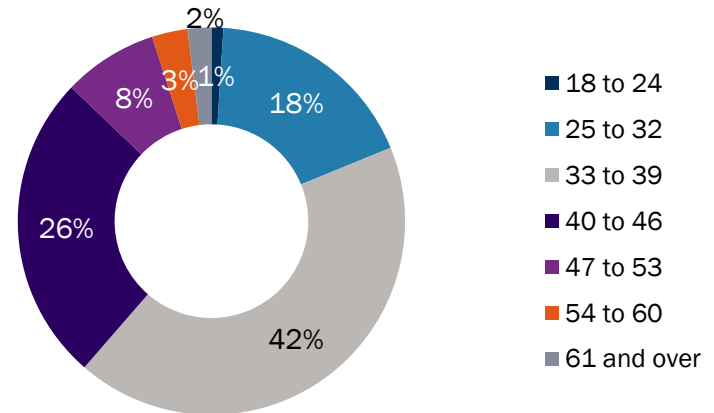


Business Leader Demographics

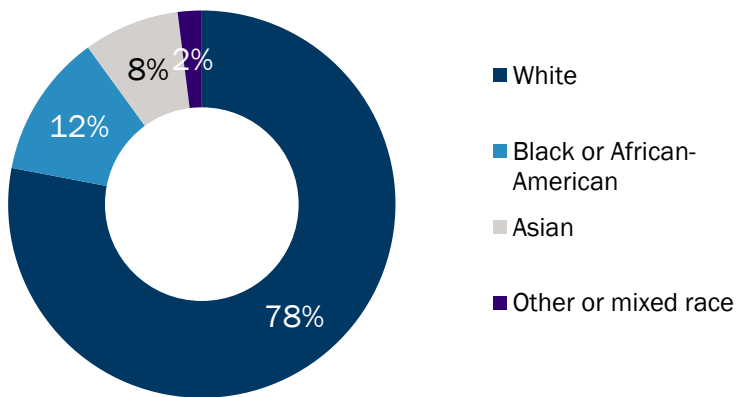
Time at Current Company



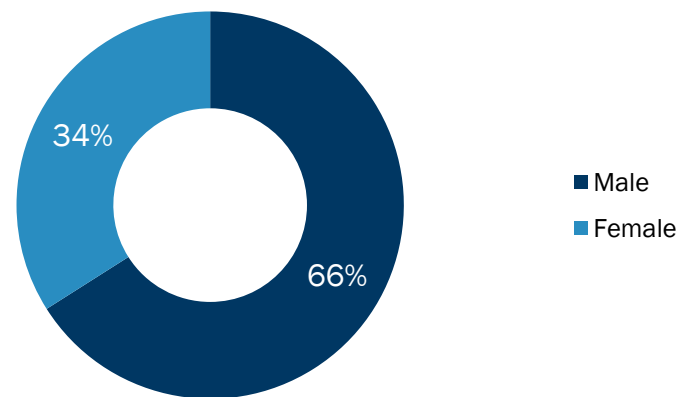
Age



Race

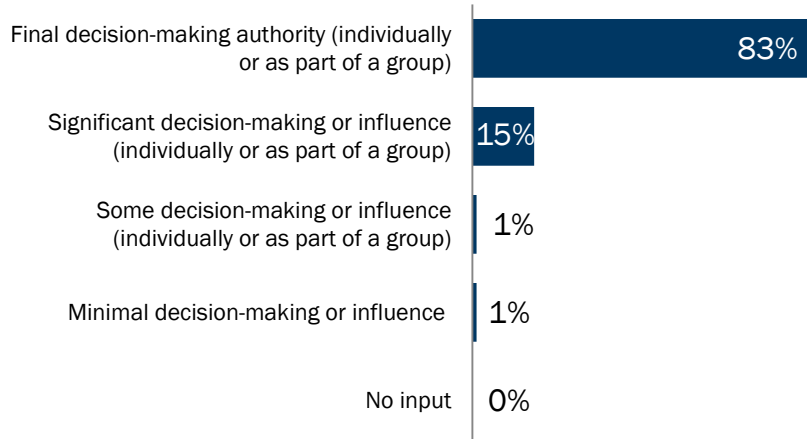


Gender

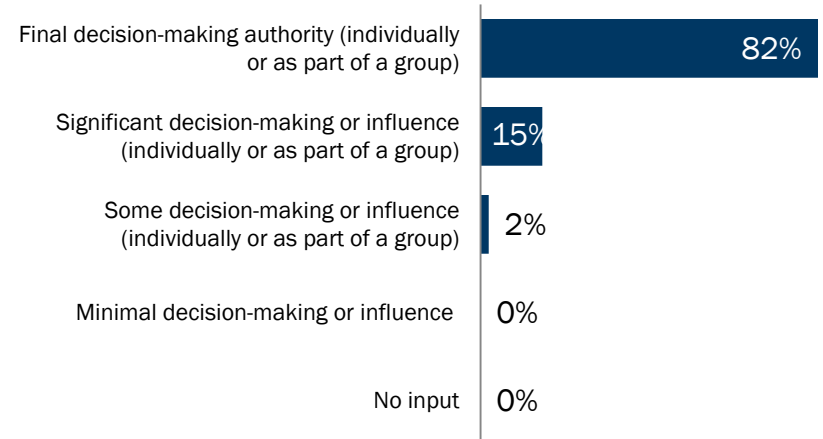


Business Leader Demographics

Level of Decision-Making Authority on Nationwide Investment Decisions for Organization



Level of Decision-Making Authority on Real Estate Decisions for Organization



Level of Decision-Making Authority on Contracting, Purchasing, Marketing, or Sales for Organization

