Investing in Possibilities

Shorebank’s purpose is to strengthen local economies and communities. We achieve this mission through partnerships with our customers - they see possibilities and we provide the resources for their possibilities to become realities.

These partnerships are transforming customers, communities and Shorebank itself.
Shorebank is a development bank holding company in the business of increasing opportunities in under-invested communities.
Established in 1973 to prove that a local, self-sustaining comprehensive organization which targets all its resources to one neighborhood, could significantly improve the neighborhood to benefit its residents.
Shorebank Corporation Today

- A $1 billion company.
- Surpassed $1 billion in cumulative development investment in targeted communities.
- Chicago roots, worldwide impact.
Shorebank Corporation
New Development Investment

- $146 million
- 39% more than previous record
- 1,100 loans represents over $4 million in own real estate development
- Cumulative development investment over $1 billion
Investing in Communities

- Comprehensive development strategy:
  - Full-service commercial banks.
  - For-profit real estate development companies.
  - For-profit venture capital companies.
  - Non-profit community development organizations.
Investing in Possibilities through Developing Entrepreneurs

- Rehabbers
- Runner’s Club
- Individual Development Accounts
- Unique initiatives
  - Studio Air
  - Shore Staffing Works
  - Specialized Funds
Investing in Possibilities: Rehabbers - Our first entrepreneurial initiative

• Release local talent and financial resources
• Combine credit with knowledge support
• Help build networks
• Create economic opportunities for residents
• In Detroit Shorebank is offering classes in construction and business management

35 experienced minority subcontractors

- Buy vacant buildings for rehab and profitable resale
Developing entrepreneurial buildings

- Cleveland
  - 2 rehabbed buildings turned into business incubators
    - 197,000 square feet
    - 51 small businesses sharing services
    - 222 jobs
Founded By Shorebank in 1996 as a visionary pilot program.

- The goal is to increase the number of successful African-American entrepreneurs owning companies of substantial size.

- Results include:
  - More jobs
  - Higher incomes
  - Expanded wealth
  - Greater quality of life
  - Stronger communities
  - Increased contributions to the economy
Source: Census and GDP, 1997, 2 1997 GDP (billions): $8,790
Shore Staffing Works

- Comprehensive full service employment agency
- Temp-to-hire
- Permanent placement
- Unique services:
  - Peer support groups
  - Transportation, childcare, health screening
  - HR adjunct to partner companies
Specialized Funds

• Austin Growth Fund
  – Debt loan fund to assist businesses in distress
  – Normal underwriting
  – Place on advisory board
  – Sign covenant to hire through Shore Staffing Works
  – Retained almost 200 jobs, created over 60
  – Loaned over $1.5 million
Investing in Possibilities

- Investing in Partners, Residents, Entrepreneurs, Business
- Being a Successful Business
- Identifying Untapped Potential
Shorebank is Creating New Market Intelligence

Shorebank has created the In-City Economic Database to begin filling the in-city information gap and help companies tap the huge in-city market.

New Measures
- buying power
- consumer behavior
- market trends

Predictors of business performance

Predictors Data

Performance Data

Local Markets

SPECIALIZED TOOLS

Business Profiles of local markets

Customized Models
Conventional methods of market analysis tend to underestimate the potential of the in-city. A good example is the common focus on median income as an indicator of buying power.
New Indicator Shows Potential

Boston MSA, Concentrated Buying Power

Despite a lower median income, the in-city has significant buying power.

Note: Darker shades represent areas with high concentrated spending power ($ per mile).
Another standard indicator measures the percent of middle class households, which shows strength in the suburbs.
Counting the number of middle class households captures the density of the in-city and reveals a strong middle class.
**Central Cities are Diverse as well as Dense**

**Solid Middle Income Neighborhoods: South Shore vs. Chicago**

South Shore median income = $25,100

South Shore has a lower proportion of the very wealthy and a higher proportion of the very poor, but its solid middle class looks much like anywhere else in the city.

1990 census data
Most companies want to locate where there is significant existing business activity.

Source: Claritas Corporation, Shorebank Analysis
Shorebank’s New Approach: Follow the Leakage

There is also opportunity in areas of spending leakage, where consumers go outside the neighborhood to make their expenditures.
**Millions of Dollars Leave the Neighborhood**

Exploring leakage shows several market segments almost entirely unserved in this neighborhood.
## Look at Workplace Population

<table>
<thead>
<tr>
<th>Consumer Profile</th>
<th>Nat’l Pct</th>
<th>MPI</th>
<th>WPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have a passport</td>
<td>16.9</td>
<td>66</td>
<td>122</td>
</tr>
<tr>
<td>Gourmet coffee beans</td>
<td>3.4</td>
<td>41</td>
<td>106</td>
</tr>
<tr>
<td>Own gas grill</td>
<td>22.0</td>
<td>42</td>
<td>74</td>
</tr>
<tr>
<td>3+ Bus. trips by plane</td>
<td>2.7</td>
<td>33</td>
<td>90</td>
</tr>
<tr>
<td>Own/lease a Mercedes</td>
<td>0.7</td>
<td>64</td>
<td>112</td>
</tr>
<tr>
<td>Own computer</td>
<td>23.9</td>
<td>44</td>
<td>86</td>
</tr>
<tr>
<td>Own cellular phone</td>
<td>17.0</td>
<td>73</td>
<td>93</td>
</tr>
<tr>
<td>Own pager/beeper</td>
<td>10.6</td>
<td>113</td>
<td>120</td>
</tr>
</tbody>
</table>

MPI = Market Potential Index (Residence)
WPI = Workplace Potential Index

Differences in demographics and lifestyle translate into differences in product potential between the residential and workplace populations.
## Indicators Make a Difference

### Median Income

<table>
<thead>
<tr>
<th>Rank</th>
<th>Community</th>
<th>Median Family Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Calumet Heights</td>
<td>$42,763</td>
</tr>
<tr>
<td>2</td>
<td>Morgan Park</td>
<td>$41,040</td>
</tr>
<tr>
<td>3</td>
<td>Washington Heights</td>
<td>$37,242</td>
</tr>
<tr>
<td>4</td>
<td>North Center</td>
<td>$34,941</td>
</tr>
<tr>
<td>5</td>
<td>West Pullman</td>
<td>$32,454</td>
</tr>
<tr>
<td>6</td>
<td>Roseland</td>
<td>$31,195</td>
</tr>
<tr>
<td>7</td>
<td>Burnside</td>
<td>$30,179</td>
</tr>
<tr>
<td>8</td>
<td>Uptown</td>
<td>$27,886</td>
</tr>
<tr>
<td>9</td>
<td>Kenwood</td>
<td>$27,138</td>
</tr>
<tr>
<td>10</td>
<td>Near South Side</td>
<td>$10,597</td>
</tr>
</tbody>
</table>

### Consumer Expenditures

<table>
<thead>
<tr>
<th>Rank</th>
<th>Community</th>
<th>CEX Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Center</td>
<td>$13,675</td>
</tr>
<tr>
<td>2</td>
<td>Calumet Heights</td>
<td>$12,448</td>
</tr>
<tr>
<td>3</td>
<td>Kenwood</td>
<td>$11,930</td>
</tr>
<tr>
<td>4</td>
<td>Uptown</td>
<td>$11,807</td>
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<tr>
<td>5</td>
<td>Morgan Park</td>
<td>$11,334</td>
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<td>6</td>
<td>Washington Heights</td>
<td>$10,218</td>
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<tr>
<td>7</td>
<td>Roseland</td>
<td>$8,918</td>
</tr>
<tr>
<td>8</td>
<td>West Pullman</td>
<td>$8,302</td>
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<tr>
<td>9</td>
<td>Burnside</td>
<td>$7,983</td>
</tr>
<tr>
<td>10</td>
<td>Near South Side</td>
<td>$7,330</td>
</tr>
</tbody>
</table>

### COMPARATIVE RANKINGS

<table>
<thead>
<tr>
<th>Community</th>
<th>CEX Rank</th>
<th>Income Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Center</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Calumet Heights</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Kenwood</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Uptown</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Morgan Park</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Washington Heights</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Roseland</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>West Pullman</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Burnside</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Near South Side</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Changing the variables and tools used in market analysis can have a substantial impact on the locations selected for potential expansion opportunities.
Enhancing Model for National Retailer

Home Ownership: Density

Renovation Lending

In-city trade areas can have significant home ownership activity. Looking at renovation activity can also be important for understanding the purchasing power related to home improvement, furnishings and other household items.
New Data Predicts Sales Performance For Grocery Store Model

New indicators were more significant than traditional ones in this location model created to predict sales for a grocery chain.
Use Urban Intelligence to Your Advantage

Become a Shorebank City Partner

- Increase the visibility of your city with national corporations
- Have the marketing tools to attract business
- Utilize accurate data to change perceptions
- Create neighborhood indicators and understand trends
- Enhance the information resources for local entities
- Transform Inner-city communities

Market knowledge products to meet the needs of cities today and tomorrow

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