



Business & Market Development Report

Downtown Troutman

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Prepared for: Town of Troutman

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NC Department of Commerce

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The Town of Troutman

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INTRODUCTION

Troutman was selected to be a part of the North Carolina Small Town Main Street program in July 2011, joining 38 other North Carolina cities so designated. As such, they are all also part of a national effort.

The National Main Street Center® is operating in 46 states with more than 1,400 cities, urban areas and small towns involved in the Main Street approach to downtown revitalization. All of these communities and more are involved in revitalizing their downtowns because they have come to realize that downtown is important to the community's image, to its economic development, to its potential for continued community growth in jobs and businesses and to its quality of life.

Main Street is a program within the N.C. Department of Commerce. Our focus is on downtown revitalization and development. Since the program began in 1980, Main Street downtowns have seen more than \$1.6 billion in investment and experienced gains of 14,000 jobs and 3,600 businesses. The Small Town Main (STMS) Street program began in Eastern NC in 2004 as a pilot program expanding into the Western half of the state in 2007 serving towns with populations under 7,500 who do not have a full-time Main Street director differentiating these STMS communities from the NC Main Street communities. Between 2004 and 2011, the STMS communities have added 672 new jobs, 270 new businesses, 267 façade improvements and 234 building improvements with \$11.6+ million in public investment and \$25.6+ million in private investment.

Downtowns are important. They are a critical piece of a community's overall economic vitality, representing a major aspect of both public and private investment. Nowhere else in the community do the public's interests so intertwine with the private sector's interests. Downtown is a fabric woven of public streets, sidewalks, both public and private buildings; green spaces, recreational opportunities and the entire infrastructure associated with a downtown environment as well as the businesses and other capital investments. The health and vitality of one is interdependent on the health and vitality of the other; the whole community is dependent upon the health of downtown – it's symbolic and very real heart.

Business and industry today judge a community's worthiness by the vitality of its town center. It is not the presence or absence of strip shopping, malls or big box retail that can in a snapshot show whether or not a community has pride, awareness of its own history, or commitment to community values; it is its downtown.

Independent of its economic value, downtown is the historical, cultural, religious, governmental and civic center of our communities. These tangible and intangible values cannot be overstated in their importance today as we learn more about how communities grow and succeed over time. Place and sense of place matter and that is best defined by those cultural and historical attributes.

Downtown is the window to the community, the view through which people can judge a community's sense of being and its self-image. It is for these reasons that investing in downtown with both private and public dollars is an investment in the whole community.

The Main Street Approach and Principles

The Main Street Approach Four Point Approach® was created by the National Trust for Historic Preservation. Through their National Main Street Center (NMSC), they have refined the techniques necessary for successful downtown revitalization, and they have willingly transferred many of the lessons learned to others. The North Carolina Main Street Center, having participated with the NMSC in their initial demonstration effort in 1980, directs the Main Street program in this state through the Division of Community Assistance in the Department of Commerce.

The Main Street Four Point Approach® features organization, promotion, design and economic restructuring. It is under these umbrella issues that all downtown concerns can be addressed.

Organization is the vehicle by which people come together to identify areas of common interest and decide strategies for moving forward.

Promotion involves defining an image for the downtown and marketing that to people within and beyond the community.

Design represents the physical image as well as the manner in which downtown functions, both publicly and privately.

Economic restructuring is the acknowledgment that the market for downtown has changed and we need to understand the forces of change and what that means for future development.

There are also eight guiding principles that a community must understand if they are going to be successful in achieving their vision. These principles and brief National Main Street definition are:

- **Comprehensive:** No single focus — lavish public improvements, name-brand business recruitment, or endless promotional events — can revitalize Main Street. For successful, sustainable, long-term revitalization, a comprehensive approach, including activity in each of Main Street's Four Points, is essential.
- **Incremental:** Baby steps come before walking. Successful revitalization programs begin with basic, simple activities that demonstrate that "new things are happening" in the commercial district. As public confidence in the Main Street district grows and participants' understanding of the revitalization process becomes more sophisticated, Main Street is able to tackle increasingly complex problems and more ambitious projects. This incremental change leads to much longer-lasting and dramatic positive change in the Main Street area.
- **Self-help:** No one else will save your Main Street. Local leaders must have the will and desire to mobilize local resources and talent. That means convincing residents and business owners of the

rewards they'll reap by investing time and money in Main Street — the heart of their community. Only local leadership can produce long-term success by fostering and demonstrating community involvement and commitment to the revitalization effort.

- **Partnerships:** Both the public and private sectors have a vital interest in the district and must work together to achieve the common goals of Main Street's revitalization. Each sector has a role to play, and each must understand the other's strengths and limitations in order to forge an effective partnership.
- **Identifying and capitalizing on existing assets:** Business districts must capitalize on the assets that make them unique. Every district has unique qualities like distinctive buildings and human scale that give people a sense of belonging. These local assets must serve as the foundation for all aspects of the revitalization program.
- **Quality:** Emphasize quality in every aspect of the revitalization program. This applies to all elements of the process — from storefront designs to promotional campaigns to educational programs. Shoestring budgets and "cut and paste" efforts reinforce a negative image of the commercial district. Instead, concentrate on quality projects over quantity.
- **Change:** Skeptics turn into believers and attitudes on Main Street will turn around. At first, almost no one believes Main Street can really turn around. Changes in attitude and practice are slow but definite — public support for change will build as the Main Street program grows and consistently meets its goals. Change also means engaging in better business practices, altering ways of thinking and improving the physical appearance of the commercial district. A carefully planned Main Street program will help shift public perceptions and practices to support and sustain the revitalization process.
- **Implementation:** To succeed, Main Street must show visible results that can only come from completing projects. Frequent, visible changes are a reminder that the revitalization effort is under way and succeeding. Small projects at the beginning of the program pave the way for larger ones as the revitalization effort matures, and that constant revitalization activity creates confidence in the Main Street program and ever-greater levels of participation.

Troutman STMS Background

In September of 2011 a team from the NC Department of Commerce's Community Development Division facilitated a day long community wide process where the team interviewed many downtown stakeholders from citizens to property and business owners; town officials, corporate business leaders and educational leaders. At the end of the day the public was invited to participate in a forum where team leaders conducted a S.W.O.T Analysis identifying downtown Troutman's strengths, weaknesses, opportunities and threats. From this information the public voted on top items which were later coalesced into a work plan under each of the four points.

During the months of October and November the public was invited be a part of monthly facilitated meetings where a vision statement and a mission statement were created. During December, January and February the STMS committees were formed and they began to embrace their role as volunteer committee members with the Town of Troutman in a supportive role. The NC STMS role is to guide and facilitate leading Troutman to ultimately having a sustainable program from which they can take pride and ownership in developing a program around the four-points.



Downtown Troutman's Vision & Mission

A vision statement for Downtown Troutman was created by the Downtown Troutman STMS Committee within the first two months of the STMS Kick-Off meeting in September, 2011. The Downtown Troutman Vision Statement reads: *Downtown Troutman is committed to preserving and growing our downtown center through:*

- thriving diverse, independent businesses
- combining our rural heritage with modern, urban opportunities
- offering the finest recreational activities and facilities
- promoting & connecting educational, and cultural events

The mission of the Troutman Small Town Main Street program is the position or role that the STMS committee plays in the accomplishment of the vision. The mission of the Troutman Small Town Main Street program is: *to build an atmosphere that encourages the redevelopment of the downtown core as the business and cultural center utilizing the National Main Street Center's Four-Point Approach® as tools for success.*

In order to fulfill the mission and to achieve the vision and develop a program the Troutman STMS committee and community must have an understanding of their economic data. This report will focus on what is known as the "Six Factors in Downtown Economic Restructuring". Within the report there will be specific recommendations at the end of the section which will tie back to the Main Street Four-Point Approach®.

THE SIX ECONOMIC FACTORS IN DOWNTOWN RESTRUCTURING

The most basic definition of the word economic is profitable. Although all four points of the Main Street approach are necessary in a successful downtown revitalization program, very little will be accomplished unless economic (profitable) activity occurs; for the ultimate goal of revitalization is the creation of economic value (profit) for the downtown and its investors; public and private.

And even though "profit" can come from improvements to the physical environment and quality of life, economic development is essentially "adding value", (creating profit) in the form of jobs, sales, taxes, and property value.

The National Main Street Center's definition of Economic Restructuring under the Four-Point Approach® is: *finding a new purpose for Main Street's enterprises. By helping existing downtown businesses expand and recruiting new ones to respond to today's market, Main Street programs help convert unused space into productive property and sharpen the competitiveness of business enterprises.*

Simply put: Economic restructuring is adapting economic activity to the current realities of the market place.

Listed below are the six economic factors and a defining statement about each. These six basic factors should be considered when undertaking economic activities. In order to determine a direction for economic activity a community must have an understanding of these factors to be enabled to bring about successful economic restructuring/development and re-development. These factors are as follows:

Factor 1. Market Conditions and Business Climate

If a community is serious about retaining, sustaining and recruiting businesses to downtown assessing factor number one helps determine the status of the retail, residential and office markets and their potential in your downtown. Information gathered related to retail sales, occupancies and rents is used to develop recruitment materials for attracting new businesses to downtown but is also used when providing information to existing retailers and downtown business owners.

Factor 2. Retail Mix

A market assessment and merchants' survey can provide information related to the number and types of businesses currently in the downtown area. From this information, the potential for success of additional or different retail businesses can be determined. Additionally, a personal observation should be made to determine the physical location of retail businesses by type, in order to determine the best locations to site additional businesses.

Factor 3. Real Estate Availability and Condition

This factor addresses the ability to recruit business and residential development. Building availability, fair market price and overall condition affects this factor. When buildings are overpriced or in poor condition, then it will be difficult to carry out the revitalization effort.

Factor 4. Physical Environment and Amenities

The physical environment in which a business must function is critical to its success. Even the best businesses will not be successful if the surrounding environment is run down, with few amenities and is difficult to access.

Factor 5. Availability of Capital/Financing

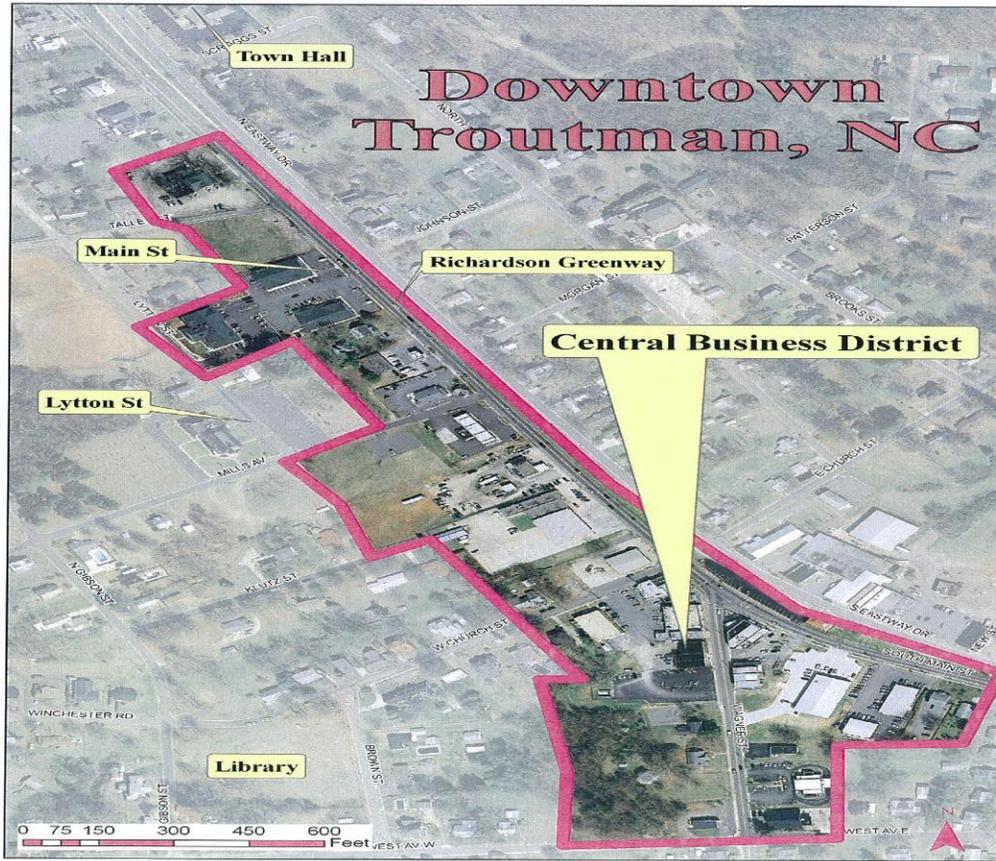
Adequate investment capital and the availability of attractive financing is critical for downtown projects. In addition to public financing tools, local financial institutions must be actively involved and supportive of development and business downtown.

Factor 6. Business and Development Assistance

Business and investment decisions must be made based on complete and factual information. One of the most important services that can be offered to potential investors is the provision of professional business and development assistance, along with a coordinated promotional effort.

Table 1: Downtown Study Area

Current Boundaries



Factor 1: MARKET CONDITIONS/BUSINESS CLIMATE

In order to understand the retail market for downtown Troutman the retail owner and potential retail owner must be aware of many factors including basic demographics, retail leakage/gap observations, retail analysis/leakage downtown potential, general consumer survey data observations, niche markets/tapestry segmentation/tourism observations, residential observations, and office/other observations, tourism and the various "tapestry" segmentations that the ESRI Data indicates is indicative of the Troutman area.

General Demographic Observations

Troutman, NC is an incorporated town in Iredell County with a county population of 159,437 and city population of 2,383. At the five mile radius of downtown Troutman the population is 23,728.

Troutman's population has grown by 38% since 2000 while Iredell County's population grew by 30% between 2000 and 2010.¹

Troutman is situated six miles south of the county seat of Statesville off NC 115 and US 21, and is 10 miles North of Mooresville which is off NC 115 and also in Iredell County. Troutman's downtown commercial district is situated on and right off US 21/NC 115. Commercial growth has occurred more in the Statesville and Mooresville areas along the I-40/I-77 corridor, but commercial growth is beginning to occur along the Troutman I-77/US 21 corridor with gas/convenience stations and fast food development.

Troutman has a downtown traditional business district, but within the boundaries of their downtown district there is several free standing commercial retail centers; two that are fairly adjacent and contiguous to one another and one on the north end of the downtown boundary of a smaller scale (Dollar General) on the south end. Also within the downtown boundaries is an industrial site turned commercial and it is within the downtown boundaries as well.

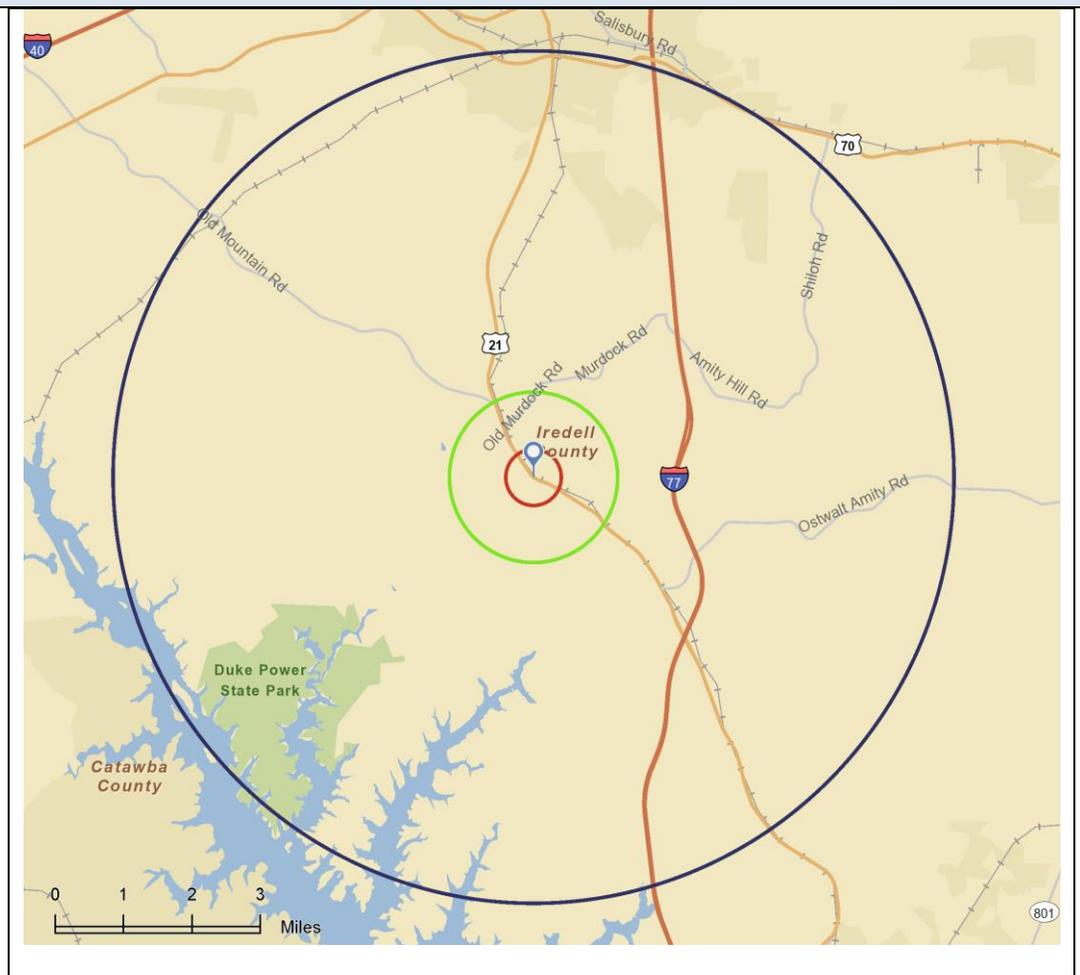
Our study focuses on the five mile radius of downtown Troutman where Troutman has the most opportunity to capture retail leakage.

The Household information for Troutman and/or Iredell County based on the ESRI report & 2010 US Census data (unless otherwise noted):

- Average age: 39
- Median household income is \$38,207 at the five mile radius (county \$48,962)
- Per capita income within a 5.0 mile radius of downtown Troutman is \$21,695
- Average family size is three
- The per capita income for Iredell County is \$25,018 & median income is \$47,979
- 84.5% are high school graduates
- 21.6% have higher education; bachelors, associates, etc.
- Occupied housing is 88.2%; Vacant housing units 11.8%
- Owner occupied housing is 76.7%
- Avg. household size of owner occupied is 2.56%
- 12.4% are living below poverty level in Iredell County
- 30.4% of households have children
- Median home value (2006-2010) for Iredell County \$164,300
- Unemployment in Iredell County is at 10% (as of December 2011)

¹ http://www.osbm.state.nc.us/ncosbm/facts_and_figures/socioeconomic_data/population_estimates/municipal_estimates.shtm

Table 2: Troutman Primary Trade Area



Source: ESRI On-Line Business Analysis

Retail Leakage/Gap Observations

Downtown Troutman currently captures about \$28 million or about 17% in non-automobile retail sales within a five-mile radius of the downtown area of the \$128,756,745 leaving an 83% retail gap/leakage. The retail leakage analysis chart (Table 3 - below) shows the NAICS Retail Business category where there is retail potential and can serve as a tool for expanding an existing retail business or to assist in retail recruitment. The largest concentrated sales opportunity for downtown appears in the Food & Beverage Store (NAICS 722) category with a retail gap of over \$15 million. The second highest category is General/Department Store Merchandise (NAICS 452) with over \$14 million in leakage followed by (NAICS 4451) grocery stores with over \$10.6 million in leakage.

While grocery stores came up frequently in what people would like to see downtown and while this leakage may imply that an additional grocery store is needed, research indicates that a typical grocery store has over 46,000 square feet and generates \$11.78 per square foot on a weekly basis.² This is addressed a bit more in Niche Markets within this report.

The categories that downtown most likely should focus upon are in the categories of Health & Personal Care, General Department Store Merchandise, Clothing & Accessories, and Food Services & Drinking Places.

Table 3. Retail Analysis/Leakage Downtown Potential						
RETAIL LEAKAGE ANALYSIS		Troutman	Nov-11			
AREA/MILES/RADIUS		5.00		DOWNTOWN POTENTIAL		
NAICS	BUSINESS TYPE		LEAKAGE/LOST BUSINESS	Est. Capture	Est.	Supportable
				15%	Sales/SF	SF
4421	Furniture Stores		\$767,678	\$115,152	\$125	921
4451	Grocery Stores		\$10,616,812	\$1,592,522	\$125	12,740
4453	Beer, Wine & Liquor Stores		\$896,715	\$134,507	\$125	1,076
4461	Health and Personal Care		\$5,245,036	\$786,755	\$125	6,294
448	Clothing and Accessories		\$3,571,803	\$535,770	\$125	4,286
451	Sporting Goods/Hobby/Music		\$1,621,128	\$243,169	\$125	1,945
451	Sporting Goods/Hobby/Music		\$712,504	\$106,876	\$125	855
452	General/Department Store Merchandise		\$14,200,214	\$2,130,032	\$125	17,040
453	Misc. Store Retail/Florists/Gift/Stationary		\$1,433,725	\$215,059	\$125	1,720
722	Food Services and Drinking Places		\$15,018,579	\$2,252,787	\$200	11,264
TOTAL			\$54,084,194	\$8,112,629		58,143
SOURCES:		ESRIBIS ©		(Adjusted)	NC Main Street	

Column at far right indicates potential for new retail space in square feet for each type of business.

² http://www.fmi.org/facts_figs/?fuseaction=superfact

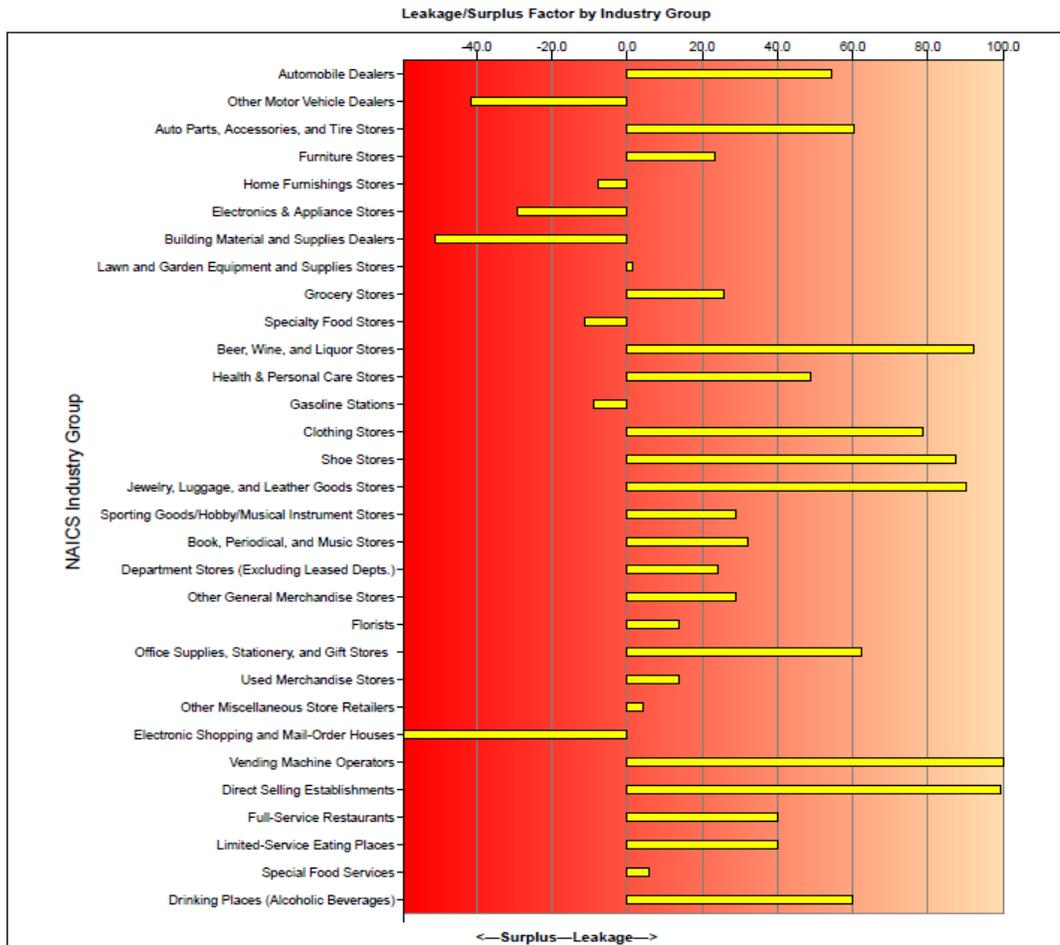
Table 4. Retail Leakage Graph



Retail MarketPlace Profile

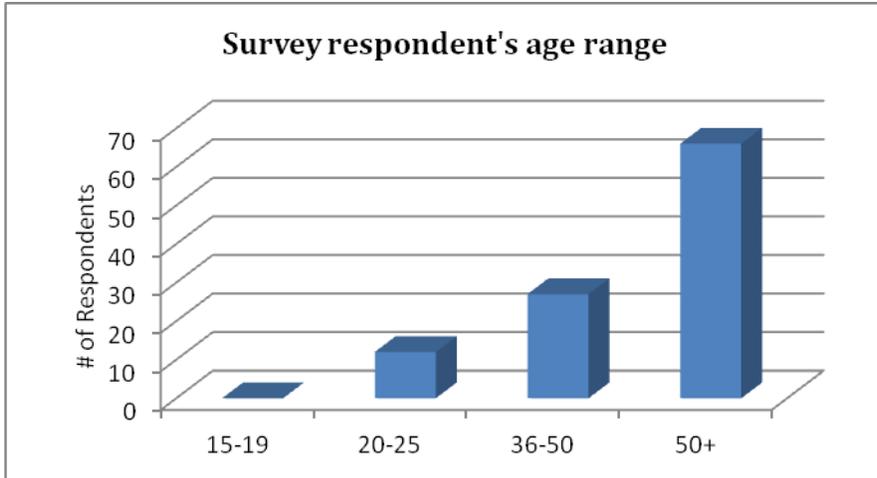
124 S Main St, Troutman, NC, 28166
 Ring: 5 miles radius

Latitude: 35.70153
 Longitude: -80.88836

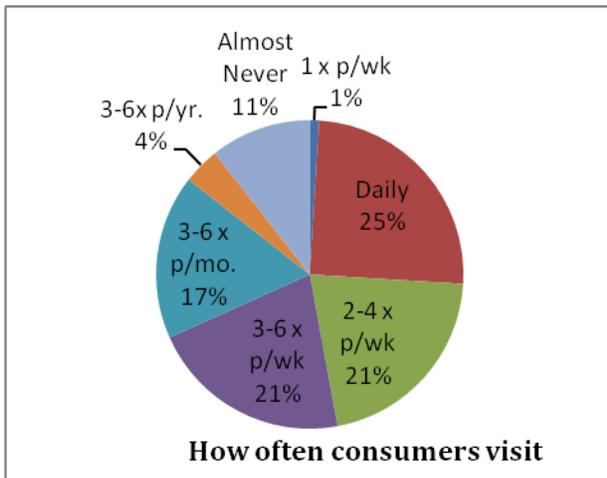


General Consumer Survey Data Observations

Merchant and consumer surveys indicate that the downtown primarily serves a local market. Data from the ESRI study supports this, but we also know that most major retail shopping is occurring outside this five mile radius. Troutman’s few retail stores do not provide enough shopping diversity for even local residents and are not able to draw outside shoppers to the area. Also, our data indicates that the average age of the Troutman resident within the five mile radii of downtown is 39, the average age of the 82 out of 107 respondents was 50 years old; 67 females and 39 males responded.



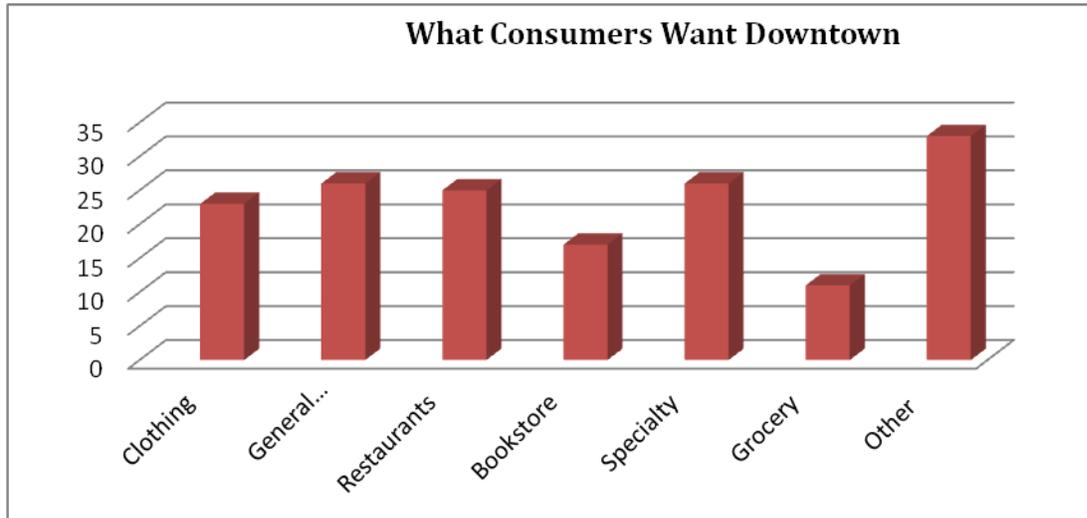
The consumer survey also asked, how often consumers visited downtown, where consumers live in relation to downtown and their reasons for visiting. Out of the 107, 25% visited daily and 11% said almost never. Most of the respondents, 55%, live within 1-3 miles of downtown. When asked where consumers found out what was going on downtown 47% stated that word of mouth was the most common way followed by the local paper. This response is not uncommon; in fact the majority of the time respondents from our Small Town Main Street programs will state “word of mouth” is how they find out their information about what’s going on downtown.



When asked what was their primary reason for visiting downtown Troutman 41% or 46 stated shopping. While 17% stated “other” they listed in no particular order: dentist, doctor, pharmacy, post office, library, hair/nail salon, walking and events.

Not surprisingly when asked what type of retail would the respondent like to see downtown a variety of answers was given. Each respondent could give up to three answers. The following graph demonstrates the variety of answers. Some even went so far as to be specific about the restaurant or brand chain and they varied from hi-end restaurant chains to seafood; grocers included discount to very specific chains;

specialty includes gifts, novelties, coffee shops, bakerys and other included a wide variety such as pet supply, hardware, antiques, bars, ABC Store and drugstore.



Perception is that downtown is overall very safe. The majority who participated in the consumer surveys regard safety as either excellent or good, but there were comments that pedestrian safety is not as it should be (crosswalks, sidewalks).

Niche Markets/Tapestry Segmentation/Tourism Observations

Additional potential could come from carefully identified “niche” markets. Usually these markets are identified by observing the “surplus” merchandise categories where there are excess dollars (i.e. shoppers) coming into the community to take advantage of products or services. Where there is a large concentration of outside spending in a given category, possibilities may exist to find a “niche” or additional potential within that category that is not represented widely in the trade area. The concept is, sometimes a surplus indicates that your market has become a destination for a particular retail product and therefore the market can support more of that category if it comes in a form that is complimentary to the existing businesses.

However for Troutman while the grocery store category shows a leakage gap it is not enough to recruit a typical chain grocery store, but a concept to entertain would be an independent style specialty food store. In 2010 the specialty food industry was a \$70.32 billion dollar industry with nearly \$56 billion of sales at retail stores.

Specialty Food Industry at a Glance

According to NASFT's annual State of the Specialty Food Industry 2011 :

- Total sales of specialty foods in 2010 were \$70.32 billion, with \$55.92 billion of sales at retail.
- Specialty foods represent 13.1 percent of all retail food sales.
- The average specialty food manufacturer produces 51 different items and brings in \$2.3 million in annual sales.
- Cheese and Cheese Alternatives are the largest specialty food category, at \$3.23 billion, followed by meat, chips and snacks, bread and baked goods, and condiments.
- The specialty food categories with the greatest sales percentage of all food sales are Refrigerated Sauces, Salsas and Dips at 56.9 percent, Teas at 49.2 percent and Pickles, Peppers, Olives and Other Vegetables at 33.5 percent.
- Functional beverages are the fastest growing specialty food category, sporting a sales increase of 119.5 percent in 2010, followed by yogurt and kefir with a 48.9 percent jump.
- 76 percent of specialty food manufacturers report sales growth for 2010, with 36 Percent up more than 20 percent.
- Gluten-free product introductions showed sharp gains, with 119 new products in 2010 versus 67 in 2009.
- Mediterranean and Indian are the most influential emerging cuisines, importers say.
- Natural food stores are the fastest growing retail channel; sales rose 14.7 percent from 2008 to 2010.³

Tapestry Segmentation Observations:

Tapestry Segmentation represents the fourth generation of market segmentation systems that began more than 30 years ago. The 65-segment Tapestry Segmentation system classifies US neighborhoods based on their socioeconomic and demographic compositions. The power of Tapestry Segmentation allows you to profile consumers and constituents in a number of ways including:

- Standard geographic areas including census tract, block group, ZIP Code™, and ZIP+4
- User-defined areas such as rings or polygons based on distance, drive time, or other specifications
- Customer addresses or site locations

The versatility of Tapestry Segmentation provides several methods of dividing the 65 segments into summary groups for a broader view of US neighborhoods.

- LifeMode: 12 summary groups based on lifestyle and life stage
- Urbanization: 11 summary groups based on geographic and physical features along with income

The benefits of segmentation can be clearly defined by anyone who needs accurate information about their consumers, constituents, or members.⁴

According to the ESRI data's Top "Tapestry" segments Troutman falls into three segments:

³ www.specialtyfood.com/knowledge

⁴ <http://www.esri.com/library/brochures/pdfs/tapestry-segmentation.pdf>, pg. 2, 3

Salt of the Earth, Midland Crowd and Green Acres. Characteristics of each segmentation follows:

❖ **39 % Salt Of The Earth**

- Life mode: Factories & Farms-Hardworking families in small communities, settled near jobs
- Urbanization summary group Rural 1 (Small Towns/Villages)
- Married-Couple Families
- Median age 38.1
- Middle
- Skilled
- No HS diploma; HS Grad
- Single Family; Mobile Home
- White

Culturally:

- Gardening, outdoor projects
- Own CD longer than 6 months
- Go hunting, target shooting
- Watch CMT
- Own Motorcycle

❖ **17% Midland Crowd**

- Life mode: American Quilt – Households in small towns & rural areas
- Urbanization summary group Rural 1
- Married-Couple Families
- Median age 37
- Middle
- Skilled/Prof/Mgmt
- HS Grad; Some College
- Single Family; Mobile Home
- White

Culturally:

- Own pets
- Have personal line of credit
- Go hunting, fishing
- Read hunting/fishing magazines
- Own/Lease Trucks

❖ **13% Green Acres**

- Life mode: Upscale Avenues – Prosperous married-couple homeowners in different housing
- Urbanization summary group: Rural 1
- Married-Couple Families
- Median age 40.7
- Upper Middle
- Prof/Mgmt/Skilled
- Some College
- Single Family
- White

❖ **13% Green Acres (continued)**

Culturally:

- Gardening/Woodworking
- Have home equity/credit line
- Attend country music shows
- Watch auto racing on TV
- Drives 20,000+ miles annually

Tourism Observations

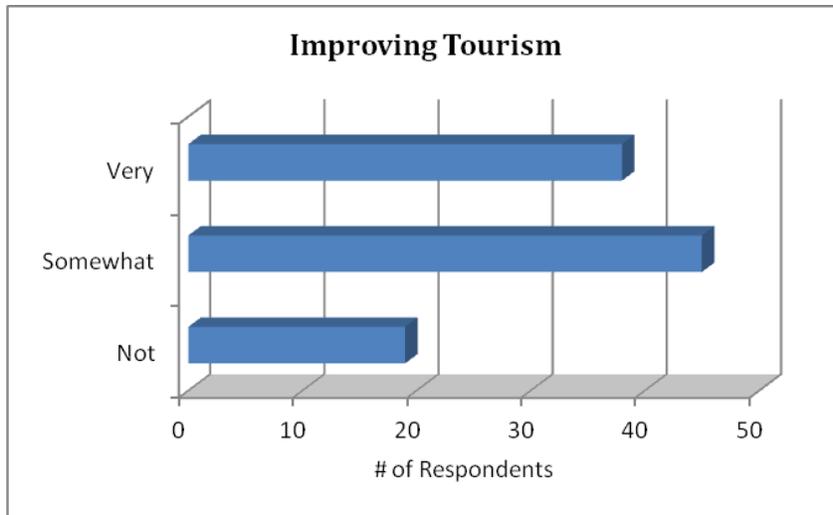


Nearly every county in North Carolina reports some tourism within their county. While we usually don't dwell on tourism dollars as it relates to retail communities should be aware of these trends in their community. Through awareness retailers can identify ways in which to capture a portion of the revenue that tourism may already be bringing to their community.

Iredell County Tourism statistics for year 2010

- Domestic tourism in Iredell County generated an economic impact of \$180.96 million in 2010. This was a 10.19% change from 2009.
- In 2010, Iredell County ranked 21st in travel impact among North Carolina's 100 Counties.
- More than 1,590 jobs in Iredell County were directly attributable to travel and tourism.
- Travel generated a \$28.42 million payroll in 2012.
- State and local tax revenues from travel to Iredell County amounted to \$16.73 million. This represents a \$104.49 tax savings to each county resident.
- Popular attractions include the Statesville Arts and Science Center, Fort Dobbs State historic Site, Lake Norman, Lazy 5 Ranch, Duke Power State Park, North Carolina Auto Racing Hall of Fame⁵

⁵ www.nccommerce.com/en/TourismServices/PromoteTravelAndTourismIndustry/TourismResearch/



According to the Consumer Surveys “Improving Tourism” was ranked fairly high from somewhat to very.

Recommendations

The downtown business district should attempt to capture at least 10% to 20% of the \$54.3 million in potential additional sales dollars within the five mile radius of downtown or approximately \$8.1 million if focused on capturing 15%. This can best be accomplished by increasing the availability and/or marketing of the identified retail opportunities as indicated in the leakage report including **Food Services (restaurants), General Merchandise (Department Stores), Clothing and Accessories, Health Care/Personal Items.**

Due to industry standards for a full-size grocery store, the median total square feet in a grocery store are 46,000 with average sales per square feet on an annual basis of \$612.56;⁶ we do not recommend focusing on this particular category even though the retail leakage suggests there is potential revenue. Rather we recommend studying the possibility of “specialty/craft foods” as a Niche Market area.

Downtown businesses should understand their markets and focus their promotional efforts on the markets they are most likely to attract. Most downtown retail areas function in an “inside-out” manner, with much of the retail trade being from nearby neighborhoods and employees. The identified markets in Troutman in order of importance are:

- A. Employees within downtown (473) and at the one mile radii (1,098)
- B. The combined residential population of downtown and within one mile (2,383)

⁶ www.fmi.org/facts_figs

- C. Visitors to other downtown businesses and downtown’s “magnets” (Town Hall, Financial Institutions, Library, etc.)
- D. Employees of local businesses and industries within five (5) miles of downtown (7,254)
- E. The 23,726 residents within five (5) miles of the business district
- F. Other/outside/tourists and visitors to the Lake Norman State Park/Duke Power State Park etc.

Specific Recommendations for Market Conditions & Business Climate

1. STMS committee members in particular the ER committee should understand your market
2. Attempt to capture at least 10%-20% of the \$54.3 million in potential additional sales dollars within the five mile radius of downtown;
3. Focus promotional efforts on the markets you are most likely to attract based on the information within this report
4. Recognize there is a reasonable margin to market to and possible niche marketing toward tourism and recreational activities
5. Consider the “Tapestry” component of your market when developing business plans/marketing campaign

RESIDENTIAL



Downtown retailers are essential to a successful and vibrant downtown, but two additional key players that occupy downtown’s real estate and can contribute significantly to a successful downtown are the residents and those who work in offices. Each provides their own unique contribution, but the recognition and encouragement of these two other uses and their place within downtown, by both retailers and the Small Town Main Street Committee is vital.

Residential Observations

Troutman has a nice collection of homes encircling the downtown district. There are 827 households within a one mile radius of downtown. Average age of these homes surrounding downtown are 30 years old with over 76% owner-occupied as noted in general demographics. There are 2.56 people per household.

There has been population growth in Troutman between years 2000 and 2011. The current population for the Town of Troutman is 2,383. The median age of these residents is 39 with 1,744 residents age 18 and over.⁷

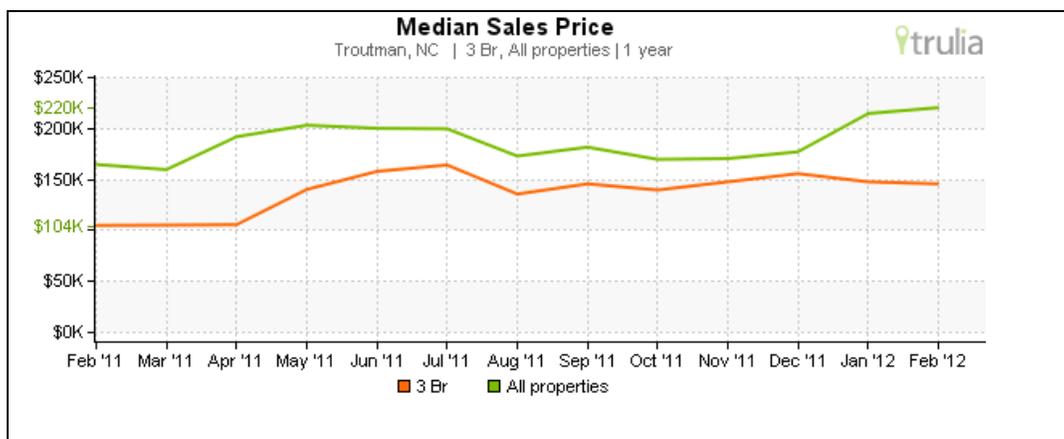
Growth in Iredell County has been steady with the most recent report from the NC Economic Development Intelligence System (EDIS) showing growth at 0.6%; and in Troutman data states population has increased by 8% between 2005 and 2010.⁸

Our collected data indicated that there are two upper-floor residential units downtown. There are traditional neighborhoods within walking distance of the downtown district. The additional residents that these neighborhoods provide create opportunities for downtown retailers.

Additionally, in 2011, 57 residential permits were issued in Troutman while Iredell County issued 261 residential according to Iredell County. Overall, residential vacancy was around 11.8% in 2010 according to Iredell County information per Troutman’s Planning Department (February, 2012).

According to Trulia.com as of February 29, 2012 the median sales price for homes in Troutman NC for November 11 to January 12, 2012 was \$219,750. This represents an increase of 29.5%, or \$50,000, compared to the prior quarter and an increase of 34% compared to the prior year. Sales prices have appreciated 43.6% over the last 5 years in Troutman. The average listing price for Troutman homes for sale on Trulia was \$246,323 for the week ending February 22, 2012. Average price per square foot for Troutman NC was \$111, an increase of 12.1% compared to the same period last year.⁹

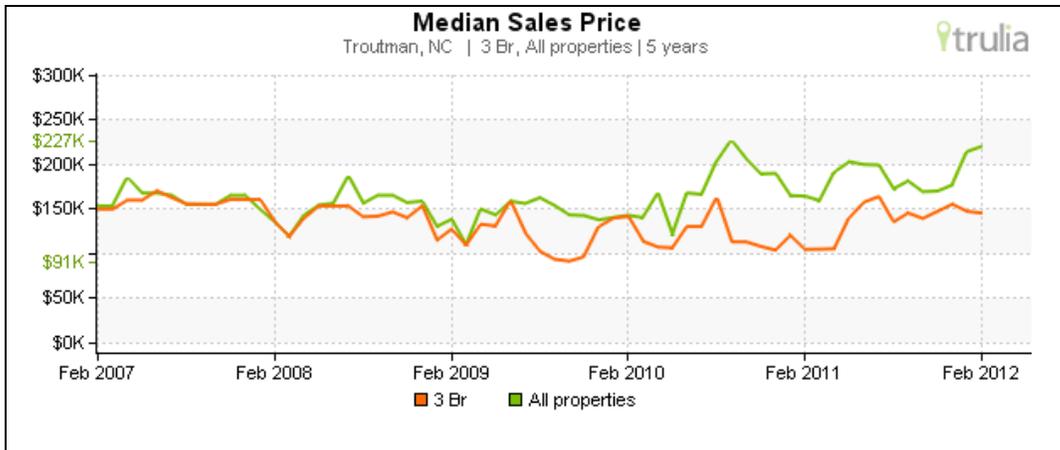
Below graphs show a comparison between one year ago and the last five years from February 2007-February 2012 between three bedroom homes and all residential properties.



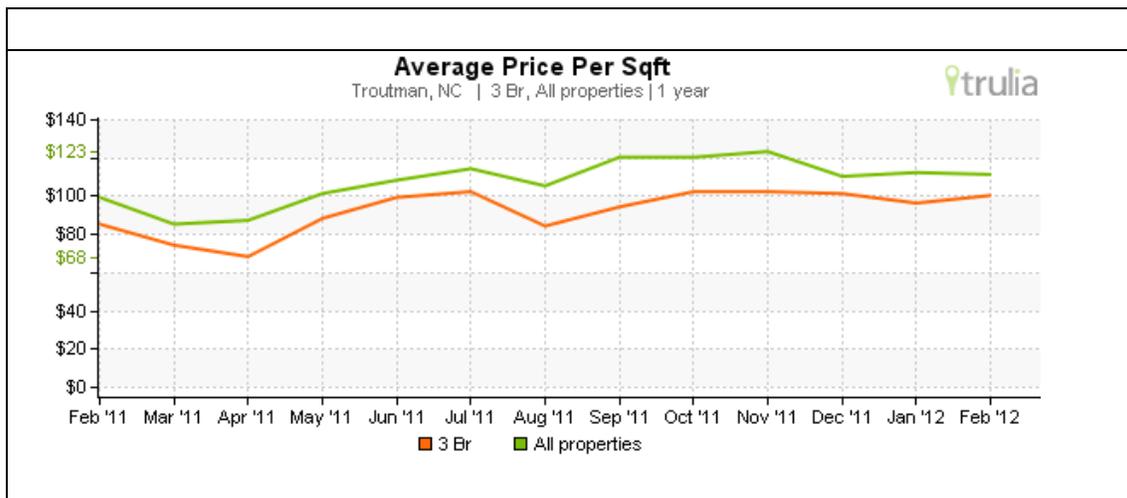
⁷ <http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml> (pg.1)

⁸ <https://edis.commerce.state.nc.us>

⁹ http://www.trulia.com/real_estate/Troutman-North_Carolina/market-trends/ (March 2, 2012)



The chart below indicates the average price per square feet of all residential properties and three bedroom properties.



In looking a bit further at Troutman’s residential demographic and the average age of the resident being 39 with the median age of 37 Troutman is true to the countywide age demographic while the state’s median age is just over 35. This means that Troutman’s typical resident according to the data falls into the prescribed “Generation X”. According to Wikipedia, Generation X represents a more heterogeneous generation, exhibiting great variety of diversity in such aspects as race, class, religion, ethnicity, and sexual orientation. Wikipedia also cites the US Census Bureau as stating that Generation X is highly educated, statistically holding the highest education levels when looking at current age groups (bloc): US Census Bureau, in their 2009 abstract. However, in real dollars, this generation’s men made less (by 12%) than their fathers had at that same age in 1974, thus reversing a historical trend.¹⁰

¹⁰ http://en.wikipedia.org/wiki/Generation_X

What this also indicates according to studies is that this age group is a hard market to sell to in the current economy and something that potential and existing retailers need to take into consideration. Generation X has always been problematic. Skeptical and saddled with recessions, the members of this age group never really had a chance to embrace shameless consumerism like Gen Y. The recession of the early 90s produced a job market so dismal that college grads were forced to take menial jobs to support themselves and pay back heavy student loan debt. Five years ago, it seemed that Generation X (which we will define as born between 1965 and 1978) had finally caught a break. The dot-com boon and thriving economy of the late 90s created a prosperous climate, finally giving Gen X'ers a reason to feel that they might be able to achieve or surpass the financial status of their parents.

But as it turns out, a second recession, 10 years after their first, is sending many X'ers back to the unemployment line.¹¹

Residential Recommendations

The residential areas adjacent to downtown should remain residentially zoned. Efforts should be made to encourage the steps necessary to put Downtown Troutman on the Study List for a National Register District. If Troutman can establish the historic district, there are properties within the district that could possibly qualify for historic tax credits in regards to rehabilitation work. Future residential growth should be encouraged downtown whether in the upper floors of existing downtown buildings or through new "mixed use" developments. Developing and maintaining the quality of the residential projects will attract a quality tenant target market. Quality and management of residential projects are key ingredients.

Mixed-use (commercial-residential) development with street levels reserved for traditional commercial uses is a key to a successful downtown. Mixed-use development offers the potential for "full-building" renovation, since finding uses for upper floors in multi-story buildings is often difficult. Downtown "loft" style apartments typically demand higher rents within the market. The experience of other smaller cities with successful downtown residential development indicates that there is an increased chance of success for residential development in a commercial area if there is a "real" residential neighborhood nearby.

Since Troutman's median age is 37 it is important from a marketing perspective to have an understanding of what this age group is purchasing. Research indicates that Gen X consumers are more cynical than their predecessors. With more information at their fingertips via the Internet, they want to carefully evaluate their choices and reach their own purchasing decisions. This discriminating pattern often discourages brand loyalty, keeping brand managers and advertisers on their toes. Rob Frankel, author of *The Revenge of Brand X* offers his opinion as to the cause of this: "Gen X is called Gen X because they had no unifying cause".

¹¹ http://www.brandchannel.com/features_effect.asp?pf_id=136

We agree with the online source *Brand Channel* which recommends targeting Gen X'ers by trying to convince them that other Gen X'ers are doing the same thing; something they can join and to which they can belong".¹²

Also recall the Tapestry Segmentation for Troutman which indicates that gardening, outdoor projects, hunting, target shooting, woodworking, read hunting/fishing magazines, watch auto racing, attend country music shows, watch CMT, own a motorcycle, have home equity/credit line and drive 20,000+ miles annually are downtown Troutman's market, this is the Generation X'er.

However, we also recommend that as you build your retail program to keep an eye on the Generation Y resident: these are those age wise just a tad younger; these are the siblings of Generation X and they are tech savvy and the ones to whom Generation X look to for buying advice.

Specific Residential Recommendations

1. Residential neighborhoods surrounding downtown should remain zoned residential
2. If considering putting the downtown commercial district on the National Historic Register consider adding to the study the surrounding homes/neighborhoods
3. Encourage upper floor residential
4. Encourage mixed-use development when opportunity arises
5. Consider the average age of the Troutman resident and those within the five-mile range (37-39)
6. Keep in mind the Generation Y coming along when planning residential development they are prone to want high density for socializing as well as access to recreational opportunities

OFFICE/OTHER

Observations

Office

In 2011, 28 non-residential permits were issued in Troutman. Iredell County issued 70 non-residential. While uncertain as to whether these non-residential permits are retail use or office the important fact is that 40% of those non-residential permits issued in Iredell County were in Troutman.

There is some office occupancy in the downtown district and to the best of our knowledge believe it all occurs at the street level. Office as defined by the SIC Business Codes include Finance, Insurance and Real Estate. We were not able to identify the depth of the office market in the Troutman area; however, there should be a reasonable market for professional offices and services that can be attracted to downtown if adequate support services (parking, eating places, etc.) are available.

¹² http://www.brandchannel.com/features_effect.asp?pf_id=136

Service

There are approximately 20 service related businesses in downtown Troutman. The service sector, which includes hair/nail salons, barbers and other personal services, is an important component in every small downtown. These customer-oriented businesses provide employment for locals with special skills and a variety of necessary services for local citizens. They are also traffic generators for retail businesses in downtown. Educational Institutions and Libraries which Troutman has both within the downtown boundaries are included in this category.

Government

City Government offices are also located downtown with these employees potentially needing and using the services and goods offered within the downtown district.

Places of Worship

While not specifically mentioned in our data are the numerous churches within the walkable radii of downtown; but they do bear relevance when considering the target market and potential influence. The faith based community plays or can plan an active role in downtown bringing in people more than just once a week for a weekly service.

Recommendations

Office

New office tenants that can benefit from a downtown location and provide needed professional services to local citizens should be recruited. Preference should be that when there is an opportunity for additional office space downtown to locate the office on upper floors or in an area where office space is already prevalent or clustering offices in an area that could be geared toward office space. As the program evolves part of the planning process would be to identify areas designated for retail/restaurant and for service/office space. This should in no way be interpreted to mean that offices are not important to downtown...they are! Remember...office employees are retail customers!

Service

Smaller commercial spaces are often well-suited for service businesses. It will be important to identify available spaces suitable for small service businesses and locate these where they can provide the opportunity for cross shopping with retailers. Banks, salons and barbers are traffic generators but as stated above space may need to be incorporated in future planning for these potential businesses.

Other

While churches surround downtown Troutman as with recommendations above it is important to recognize the appropriate physical location for a place of worship and refrain from allowing a church to

open in what should be reserved for a retail storefront. This is the same recommendation that is being made for office and service oriented businesses.

Specific Office/Service/Other Recommendations:

1. Identify Office/Service/Other needs moving forward
2. Identify available spaces suitable for office/residential/government
3. As opportunity arises and as appropriate create business clustering by placing offices on second floor leaving first floor as retail

Factor 2: RETAIL MIX



Observations

The downtown business district contains approximately 11 retail businesses. The mix includes home improvement, restaurants, food store, auto dealers/gas stations, furniture and home furnishings and miscellaneous retail. As with many small towns, the relatively small total number of retail businesses impacts the ability to draw a sizable number of customers to downtown for shopping. The additional challenge for Troutman is that business clustering is somewhat impacted due to the two distinct retail centers both of which are within the identified downtown boundaries. This is further impacted by the fact that part of the downtown district faces US 2/South Main while the traditional/historic central business district faces Wagner Street. Wagner Street is the historic center of downtown, but due to the earlier zoning and lack of design overlay parcels along South Main were developed into non-contiguous retail space.

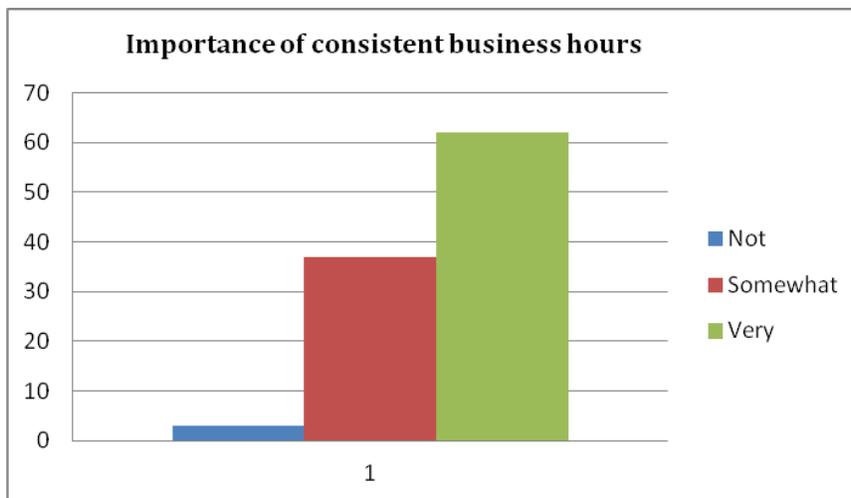
Recommendations

New businesses and products of the types identified in this report should be added to the supply (see Retail Leakage Chart). There is room for some additional businesses of the same type as well as those that carry complementary merchandise and different merchandise.

We also suggest that the economic restructuring committee dedicate time, in addition to their monthly committee meeting, to refining the available property inventory, i.e. really coming to understand property condition and potential property uses for available, and potentially available, properties. This requires engaging the property owner(s) in this process, a key piece of any successful program. Ideally this would involve meeting with property owner(s) early on and discussing with them the ideals and goals for the downtown business mix.

“Cross-shopping” between stores should be encouraged by businesses simply **REFERRING** customers to other downtown businesses, whether a competitor or not. A downtown sale, even to your competitor, is better than a sale lost to another shopping area especially to another county. When a sale stays local so does the tax revenue.

Retail development must be aware of trends; for the most part 9 a.m. – 5 p.m. shopping doesn’t work anymore. Business models needs to adapt and change along with the times; open earlier and close later or adjust hours depending on the majority of retailers and your customer base.



Also, consider that a successful business mix will contain businesses that are:

1. Market driven
 - Provide products and services that meet local needs
2. Financially feasible

- Have sufficient investment and financing
 - Business plan based on local market data
3. Located appropriately
- In or near a “comparable cluster” of businesses
 - Same customer base-different products
Example: High income; low income; retirees
 - In or near a “complementary cluster” of businesses
 - Goods and services used in conjunction with each other
Example: Women’s clothing/accessories; Convenience Items- groceries/drugs; Furniture/appliances
 - In or near a “comparative cluster” of businesses
 - Same or similar products
Example: furniture stores; jewelry stores; antique stores
 - Part of a “critical mass” of businesses
 - Sufficient number of businesses and business types to provide a destination for shopping

And: in order to have successful business recruitment program, keeping the existing quality businesses in the community is crucial because success of existing businesses helps in recruiting new businesses. (Success breeds success.)

An Economic Restructuring Committee should routinely visit with owners of existing businesses. Current owners may identify problems, weaknesses that may need to be addressed by the recruitment committee. Also, by identifying business opportunities that can be met by existing business expansions as well as new businesses that are complementary and will attract customers for existing businesses as well. Encourage best business practices possibly setting up mentoring opportunities.

Specific Retail Mix Recommendations:

1. Identify potential businesses to add to retail mix as well as complimentary (florist/photographer/bakery)
2. Economic Restructuring Committee dedicate time to refining property inventory list
3. Engage property owners in dialogue regarding this study
4. Encourage cross-shopping opportunities
5. Understand what it takes to put together a successful business mix and focus on making this a reality
6. Routinely visit with current business owners and consider their viewpoint; listen to their challenges and if possible strive to offer assistance (classes, marketing strategies, etc.)
7. Strive to keep quality existing businesses in downtown/community
8. Identify business opportunities that can be met by expanding existing business and;
9. Encourage best business practices

Factor 3: REAL ESTATE AVAILABILITY AND CONDITION



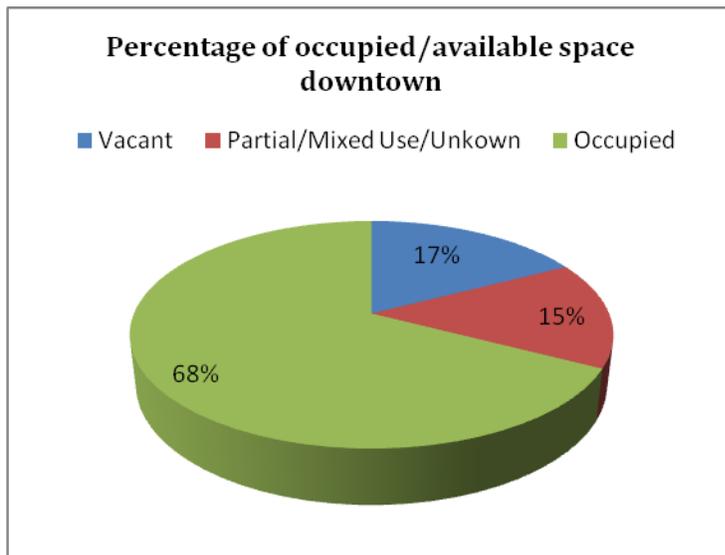
Existing Condition



Conceptual Rendering (by Lauren Malinoff, NCMS Designer)

Observations

Occupied buildings in the downtown are generally in good to fair condition and have average market values of \$21 per square foot based on average building value (not including land) of \$151,381. The average land value is \$110,749; therefore average property cost in downtown Troutman according to current tax valuation is \$262,130.00. Currently our data suggests the market value coincides with this, but our sales data is limited. Occupied square footage is at 68%.



Total square feet of downtown properties is 318,372 square feet and the average square feet of a downtown building in Troutman is 7075. Currently, 248,009 are occupied and 70,363 square feet are available; representing approximately 17% of total square feet; meaning 68% is occupied. Of the occupied square feet 50,000+ s is retail according to survey data.

Renovation and up-fit costs hover around \$80.00 - \$100 per square foot for a retail building according to comparable data. Development projects based on this data, market rents and other known local conditions indicate limited but reasonable feasibility, particularly if utilizing historic tax credits. (*see proforma on pg. 34*)

Returned retail surveys indicate the average rent per square foot is \$12. We found this to be surprising based on comparables from neighboring designated North Carolina Main Street towns within Iredell County which indicated rents ranged from \$6.00 - \$12 a square foot with \$12 reserved for those that had undergone major up fits. Also our more recently designated and comparable to Troutman, Small Town Main Street communities, average from \$4-\$9 a square foot for retail space with \$9 reserved for the more revitalized districts. While one-third of the retailers in Troutman completed surveys we do not believe we are getting an accurate picture of these rental rates.

In analyzing the sales to rent ratio, the percentage of sales going toward rent is 13% which is too high to sustain a business. As a general rule, in order to sustain a profitable business all retailers should aim to stay within 2.29% to 7.88% in sales to rent ratio depending on retail NAICS or SIC business code.

The current average sales per square foot, based on survey response on an annual basis are \$110.00. This current average sale per square foot is not high enough to off-set the sales to rent ratio as outlined above which 13% on average of retail sales going toward is rent. To be sustainable based on our observations: gross sales must increase or rents need to be lower or a combination of the two. As mentioned earlier in the report, the average retail square feet is 2,100 (typically first floor retail) according to returned surveys, the average rent per month is \$2,474 and the average gross sales are \$231,250.00. Again, gross sales are not high enough to off-set the sales to rent ratio.

Recommendations

According to the leakage report, Troutman can support an additional 58,143 plus square feet in retail. Currently, there is over 70,000 square feet of available space with the majority at North Main, Eastway and Wagner Streets with few of these vacancies seemingly appropriate for retail. We recommend evaluating these properties for some of the identified uses within the leakage report as well as evaluating and inventorying possible underutilized space to determine appropriate business type.

Vacant buildings should be developed/redeveloped first and new infill construction on vacant parcels to follow. Redevelopment and new construction opportunities exist in the downtown area. Commercial encroachment on the nearby residential neighborhoods should be avoided.

Equally important to understanding the retail leakage/surplus information is to know and understand how rent, sales per square foot, sales to rent ratio can impact attracting and retaining potential retail to downtown. Below are examples of how to calculate this information and apply it in order to self-assess.

Table 4: Example of Retail Self Evaluation
<p><u>Example of how to calculate annual rent p/s/f based on Troutman’s returned surveys:</u></p> <p style="text-align: center;"> $\\$29688.00$ (rent p/yr) \div 2100 s/ft = $\\$14.14$ p/s/ft. on annual basis Or by month this would be = $\\$2,474$ (avg. rent p/mo) \div 2100 (avg. s/ft.) = $\\$1.18$ p/s/f <i>Avg. gross sales</i> $\\$231,250 \div 2100$ avg. s/ft = $\\$110.12$ in sales p/sq/ft </p>
<p style="text-align: center;"><u>Formula for calculating sales to rent example:</u></p> <p style="text-align: center;"> Rent = $\\$2474$ p/mo. X 12 months = $\\$29,688.00$ $\\$29,688.00$ (rent p/yr.) \div $\\$231,250.00$ gross sales (p/yr) = 13% of sales going toward rent $\\$2474$(rent p/mo) \div $\\$19,270$ = 13% sales to rent each month </p> <p style="text-align: center;">Avg. Gross sales = $\\$231,250.00 \div 2100.00$ s/ft = $\\$110.12$ = sales per s/ft.</p>

Table 5. Example Tax Credit Project

EXAMPLE TAX CREDIT PROJECT	(Assumes full occupancy/ no debt)	
Acquisition	\$ 21.00	
Renovation	\$ 100.00	
Investment	\$ 121.00	
Gross income (rent)	\$ 9.00	
Less operating Expenses	\$ 2.70	
Net Income	\$ 6.30	
Return on Investment	5.2%	
Historic Tax Credits	\$ 4.00	10 years
Adjusted Net income	\$ 10.30	
Adjusted return on Investment	8.5%	10 years

\$ 250,000 Rehabilitation cost
 X 20% Federal Tax Credit &
 20% State Tax Credit

 \$100,000 tax credit over
 10 yrs.

Potential investors should evaluate potential rehabilitation projects by examining three basic elements: 1) the cost of acquisition; 2) the cost of rehabilitation; and 3) the income & operating expense of the

There is a variety of tools available to assist the Economic Restructuring committee including, zoning, which may be explored as a way to control and manage the desired mix of uses downtown. The NC Rehab Code should be utilized to guide building inspections during the renovation of historic properties, as well as assist in making these projects feasible. We’ve said this before, but shall restate, there is no better tool than knowledge of your marketplace. We encourage the Economic Restructuring committee to commit to two on-going goals, 1) to continuously inventorying the town’s building stock, and 2) to continuously identify potential business prospects. These two on-going goals should be top.

To learn more about State and Federal Historic Tax Credits go to the following website: <http://www.hpo.ncdcr.gov/TaxCredits/Commercial%20Fact%20Sheethighres.pdf> as well as the National Park Service website; <http://www.nps.gov/tps/tax-incentives/application.htm>. It is always advisable to seek professional consultation when considering a tax credit project. Remember the property must either be individually listed or a contributing building within a designated National Historic Register District.

Specific Real Estate & Building Condition Recommendations:



1. Identify all available properties, square footage, current rental rate for properties
2. Continuously identify business potential
3. Identify best locations for retail, office, service
4. Make the available property list available for potential businesses
5. Identify a source for keeping the list and updating the list
6. Do annual retail self-assessment using the formulas above
7. Be aware that if non-retail uses become dominate or development costs are too high and rents stay too high (as per the data from retail surveys) in relation to retail sales, businesses will struggle to remain viable and property vacancy will rise
8. Zoning options may be explored to control and manage the desired mix of uses in downtown
9. The NC Rehab Code should be utilized to assist with renovations of properties wherever appropriate **it is our understanding that the NC Rehab Code may be undergoing changes, therefore it is recommended that someone from the town staff be aware of these changes and how it can affect future projects

FACTOR 4: PHYSICAL ENVIRONMENT AND AMENITIES

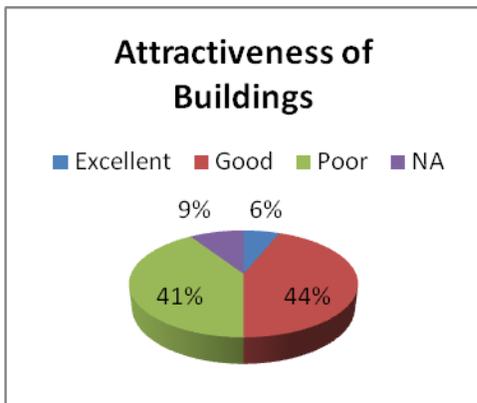


Observations and Recommendations

The physical environment in which a business must function is critical to its success. The design issues have been investigated in a number of ways, but most significantly by the Troutman Small Town Main Street Committee and through a downtown walk-about facilitated by the Small Town Main Street staff. The following is a compilation of observations made by both that committee and in large part the Small Town Main Street Staff.

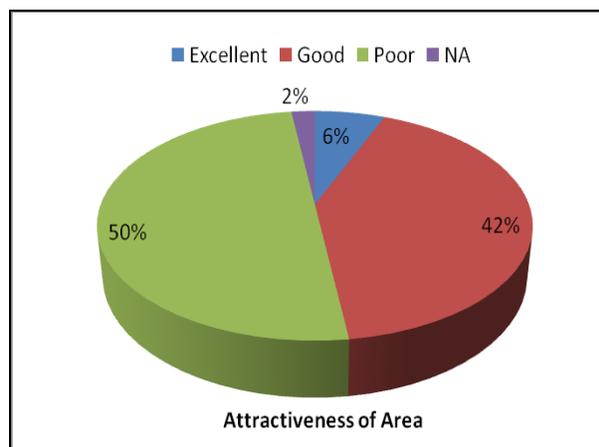
Buildings, Streets, Sidewalks and Public Spaces Observations

Building facades are an important contributing factor to any downtown and to a downtown’s image. As an outgrowth of the National Trust for Historic Preservation, our office believes that preserving and maintaining these buildings in their original form is a key component of a vibrant downtown. Like many of North Carolina’s downtown, business and building owners have added inappropriate renovations to their buildings over time. Inappropriate additions include those that do not fit in scale or in color to the original intent of the building’s design, also including but not limited to, replacement windows, doors, awnings, deferred maintenance, etc.



Not an original façade. This would be considered as an inappropriate alteration. Many downtown buildings went through this period of “colonializing” façades.

The town of Troutman is somewhat unique in that the downtown boundaries were expanded. Anchoring the south east end of downtown is the original central business district where the most architecturally historic buildings are located and on the northwest end of downtown is a newer more modern style, shopping center featuring both restaurants and retail/service oriented business.



Consumer surveys indicate that while 48% viewed attractiveness of area as good – excellent, 50% viewed attractiveness as poor and 2% did not respond and, as for attractiveness of buildings, 50% good to excellent; 41% poor and 9% no response.

A contiguous sidewalk connecting the two districts is mainly non-existent. In some places there are curb cut-outs where sidewalks should be, broken pavement/asphalt and other issues that give an overall up-kept appearance.

However, connecting somewhat the two shopping districts within the downtown boundaries is the rail-to-trail greenway/walking trail. The town is commended for taking the opportunity to turn an abandoned rail line into a pedestrian walkway. Troutman did an excellent job of incorporating street lighting, banners, street furniture and even at the corner of US 21 and Main/Wagner Streets replicating

the former depot with a picnic shelter; yet there a disconnect as well and it is mainly in the form of safe access. The rail-trail runs parallel to US 21 a very busy state highway. Accessing the shopping districts, Troutman Elementary and surrounding neighborhoods via foot one must cross this high traffic state road; therefore accessibility is challenging and poses series safety issues.

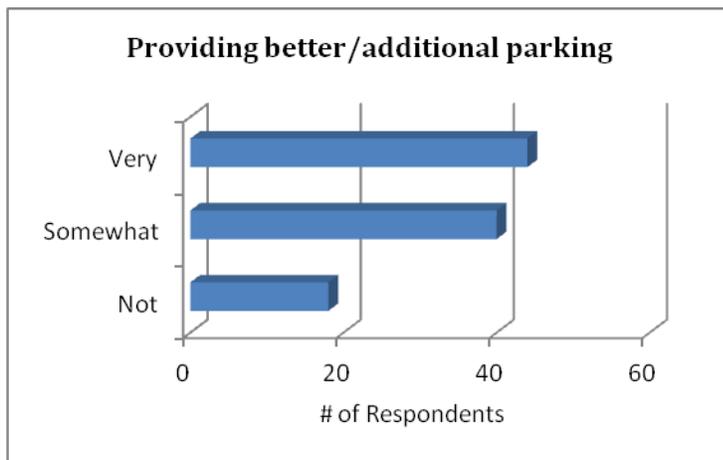
The Department of Transportation (DOT) has started marking the pedestrian crosswalks and adding decorative patterns to these walks which are an enhancement.

We emphasize that it is important to consider how the downtown is connected to the surrounding neighborhoods and local elementary school in terms of pedestrian experience. Safe and comfortable connections should be a key component of any future infrastructure work on the part of the town and or state. These connections are important because they promote the use of downtown by the surrounding community. (see Tables 6 & 7 at end of this section regarding 15 minute walk radii as well as connections to Carolina Thread Trail, and Lake Norman State Park)

Parking Observations

Our assessment is that parking appears to be sufficient for the current level of activity. There appears to be underutilized public parking as well as underutilized private parking in the downtown central business district. Signage indicating available public parking is not clearly marked. Consumer surveys, by a slight margin, indicated that Providing Better/Additional Parking was very important.

Public parking spaces; Downtown Main St/Depot has 35 standard spaces, 3 handicapped spaces; Downtown Wagner Street has 35 standard spaces, 1 handicap space for a total of 70 standard and 4 handicap. This does not include any private off-street parking only the public spaces.



The question: does downtown Troutman have enough parking to accommodate consumers? According to one study by the American Society of Planning Officials, the quantity of parking space is measured in two ways. The older method is to compare the total area devoted to parking with the net retail area of the stores. Thus, if 50,000 square feet of floor space is devoted to retailing, and 150,000 square feet to parking area, we would say the ratio is 3:1. A more recently used measure is to compute the number of

parking spaces per 1,000 square feet of store space. If we assume that each space takes up a total of 300 square feet of parking lot area (including aisles, landscaping, etc.) then 3.3 cars can be parked for each 1,000 square feet of parking area. By the old method, a ratio of 3:1 meant that there were three square feet of parking for every square foot of retail space. So, for 1,000 square feet of retail space, we have 3,000 square feet of parking. At 300 square feet a space, 10 cars can be parked in those 3,000 square feet. Therefore, a ratio of 3:1 by the old method is equivalent to saying 10 spaces per 1,000 feet of retail floor area.¹³ If these guidelines were implemented within downtown Troutman a shortage of spaces seems likely.

However, even within the study noted above there is no precise formula to determine the appropriate number of spaces for retail centers. Many professional firms have been hired to do parking studies in which they take into account many factors including peak hours for shopping, dining and those who work/live within the boundaries of a retail life style center and/or a downtown district.

Traffic and Circulation (Lytton Street & Downtown Re-Visioning)

Traffic and circulation appears to be somewhat problematic during what is often referred to as “drive-time”; meaning between the hours 6 a.m. and 10 a.m. and 4 p.m. and 6 p.m. For Troutman with two schools as bookends to the downtown district the afternoon drive time may need to be expanded beginning at 2:30 p.m. (or when the two schools get out in the afternoon). According to the 2012 Annual Average Daily Traffic (AADT) counts for Main St. (US 21) at Wagner St. is 10,000.

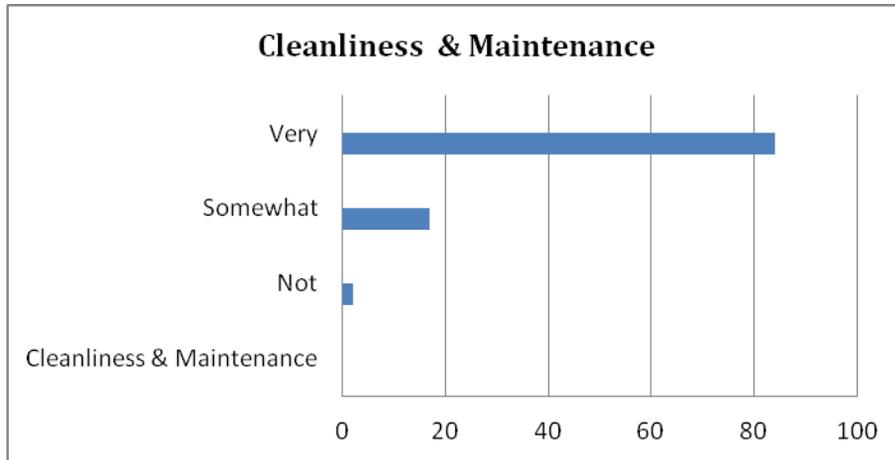
Re-visioning Lytton Street and Downtown was a project the town has taken a hard look at in order to improve the traffic and circulation issue as well as improve connectivity as well as potential in-fill retail opportunities. This could be a long-term effort that could be beneficial, but our observations believe there are short-term ways in which to make improvements until the time is right to move forward with this larger vision.

General Design Recommendations

Buildings

The single most important issue for Downtown Troutman moving forward will be the facilitation of and continued effort to preserve and rehabilitate the historic downtown commercial buildings. As indicated in the charts above there is concern among those who took the consumer survey regarding building appearance and in overall attractiveness of area. Also, during the kick-off the number one goal under design was to “Improve Storefronts” and the “Triangle Area” of Wagner/S. Main Street followed closely by being more “Pedestrian/Bike Friendly” and improving “Entry Way/Gateway Signage” into downtown Troutman. A continued focus and dedication to preserving and rehabilitating the existing historic downtown structures will serve this committee well. Continue to convey the importance of these structures and their uniqueness. (see attached work plan at end of this document)

¹³ <http://www.planning.org/pas/at60/report59.htm>



Streetscape/Public Spaces/Connectivity

Key words in these recommendations: safety and connectivity. The overall pedestrian experience, feeling comfortable and safe, is extremely important for the success of a downtown district. Troutman has some wonderful existing elements that contribute to this. These attributes should be preserved, while also looking for others ways to slow traffic speed as it passes through downtown. Pedestrian connections in downtown are not sufficient by our visual observations and through our downtown walk-about experience with the Small Town Main Street committee. Extremely valuable is the pedestrian connection between your downtown neighborhoods and downtown itself is; this seems to exist in some areas but not others, identifying the missing links are important as the program moves forward. Table 6 (pg. 40) shows the walking radii for a nice five minute walk to the central business district of downtown Troutman.

Finally, downtown Troutman is unique in its access to recreational opportunities as highlighted in Table 7 below showing the Carolina Thread Trail. This represents an opportunity promotionally which could lead to potential business growth opportunities as well; bike shops/repair; healthy food choices, camping gear.

The Small Town Main Street Design Sub-Committee will continue to refine and detail the design priorities of our group moving forward.

Specific Physical Environment & Amenities Recommendations



1. Put into place specific strategies for improving store fronts and preserving buildings that could be considered contributing historic properties; strategies could include a Façade/Maintenance Incentive Grant program; Best Window Display Monthly award
2. To establish and/or strengthen the relationship between the Town of Troutman and DOT regarding a safer more pedestrian friendly downtown corridor
3. The Town of Troutman to work with STMS Design sub-committee to begin prioritizing sidewalk repairs/maintenance schedules
4. Identify and prioritize where Gateway Signage should go and budget for these; possibly coordinate with DOT for signage from 1-40 off Old Mountain Rd.
5. Continue to work with DOT discussing possible traffic calming strategies(in some of our downtown programs where state roads run through their downtown district 4-Way Stop Signs have been installed i.e. West Jefferson)
6. Explore promotional opportunities to connect more with recreational activities such as “Bike with your Family Day” ; Explore Nature/Explore Culture all within a 5 Mile Radius of Downtown Troutman!
7. Revisit Lytton Street & Downtown Streetscape plan and implementing in phases as appropriate

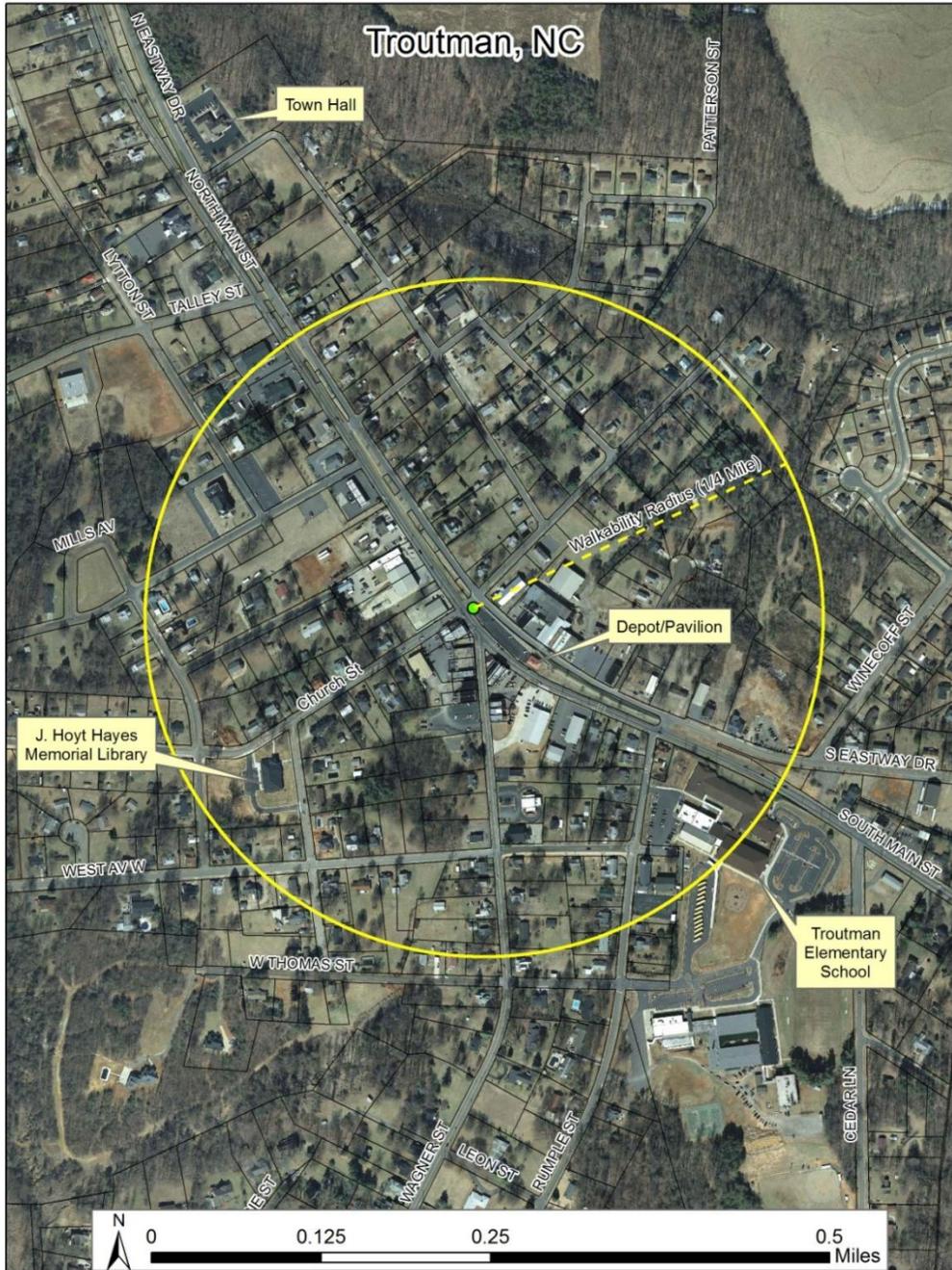


Table 6: Five minute walking radius

Mapping by Glen Locascio, WNC GIS Specialist, Community Development Division, NC Dept. of Commerce

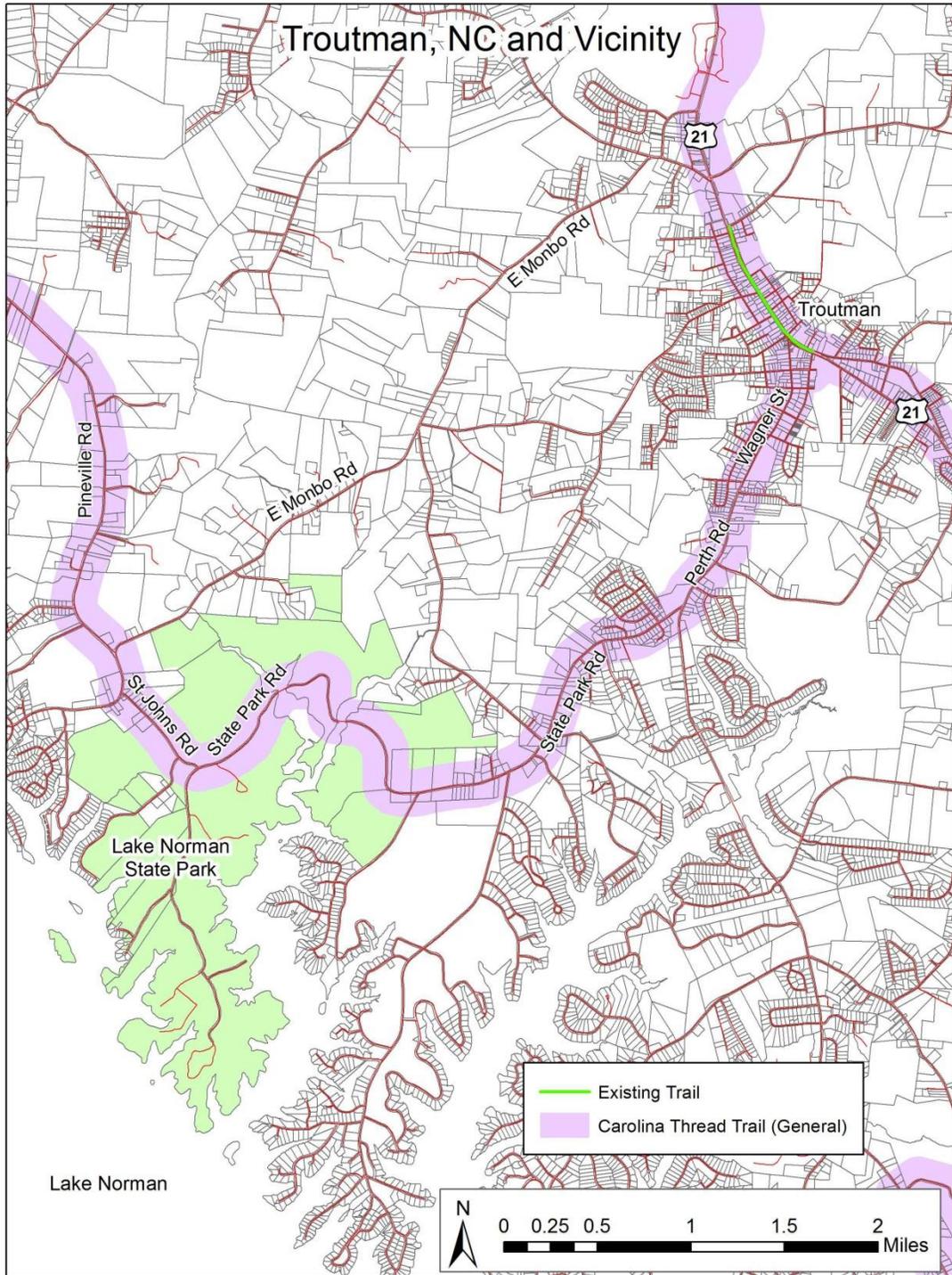


Table 7: Carolina Thread Trail/Existing and General

Mapping by Glen Locascio, WNC GIS Specialist, Community Development Division, NC Dept. of Commerce

FACTOR 5: AVAILABILITY OF CAPITAL/FINANCING

Observations

The Town of Troutman currently does not offer a façade incentive grant program nor do they have a National Historic Register District which would provide an additional incentive with Federal and State Tax Credits for building rehabilitation. The STMS staff has recommended that Troutman consider applying to be placed on the National Register Study List.

Some owners may have little or no existing debt on their properties, and can realize a benefit from providing owner financing to buyers over a term of years, possibly deferring some capital gains taxes. This is an excellent benefit for both buyers and sellers, and should be aggressively pursued as an option.

Recommendations

The town or the STMS committee should consider a way to offer a façade incentive grant program to assist with exterior improvements, particularly where they might provide an incentive to carry out a more extensive renovation than might otherwise be planned. In addition we recommend: explore the possibility of National Historic Register designation within the Historic Central Business District and as possible include adjacent residential areas. At this time state tax credits on commercial Historic Rehabilitation projects is 20% and the federal historic tax credit is 20% as well. (see example on pg. 32)



Before

After (Photos from NC SHPO website)

Homeowner Tax Credit Example \$100,000 Rehabilitation Expenses

x 30% State Tax Credit

\$30,000 Tax Credit Amount¹⁴

The residential non-incoming producing state residential tax credit is 30% therefore this could prove beneficial to the home owner as well as serve to encourage quality home-rehabilitation projects.

¹⁴ <http://www.hpo.ncdcr.gov/TaxCredits/Homeowner%20Fact%20SheetWeb.pdf>

Work to develop a relationship with local lending institutions to facilitate and promote the creation of a downtown loan program. Although this program does not necessarily need to represent better terms than those being offered by other commercial borrowers, it is an opportunity for the banks and downtown to show a shared interest in the community's success.

Additional incentives including commercial building rental assistance, special downtown upper floor housing incentive loans and full building renovation incentive loans should be considered. Funding could come from the local government budget, private fundraising efforts or a combination of sources.

Specific Capital/Financing Recommendations

1. Consider ways in which to fund a Façade Incentive Grant program
2. Consider ways which to fund a building rehab/maintenance program (either of these could be a matching grant programs, a loan pool program or a combination of the two) or;
3. Work toward creating a relationship with local lending institutions to facilitate and promote the creation of a downtown loan program
4. Keep a resource list available for potential capital/financing opportunities
5. Contact the NC State Historic Preservation Office to discuss the possibility of whether the central business district and the contiguous residential district could be placed on the National Historic Register Study list

FACTOR 6: BUSINESS AND DEVELOPMENT ASSISTANCE

Observations

Business decisions must be based on complete and factual information. The data within the ESRI report serves as a basis for identifying needs and highlighting surplus and leakage it is just that: a basis. There is incomplete information on the downtown market available and no one source offers a one-stop source for business inquiries. The Town of Troutman serves that purpose for the most part. The Small Town Main Street committee is a volunteer organization consisting of town officials, property and business owners, non-profits, citizens and other advocates for downtown Troutman.

As discussed under Factor Three: Real Estate Conditions and Availability, business owners must evaluate their business plans, marketing, know their sales per square foot and if renting sales to rent ratio. Knowing and understanding this information is a way to evaluate your personal situation and possibly when to seek outside assistance. Assistance may be in the form of obtaining business counseling, receiving an evaluation of a marketing plan or taking a business development class or classes.

Resources are limited, but there are resources available to those who do their due diligence. Some loans are for very specific business types while more are more broad-based. For example there are loans being made by North Carolina private investors for entrepreneurial ventures through such funders as NC Capital Investment fund (www.ncifund.org). NCIF is certified as a *Community Development Financial Institution Fund* (CDFI) by the U.S. Department of the Treasury's CDFI Fund. CDFIs are private, specialized

financial institutions that are targeted to borrowers who cannot meet the credit standards of traditional financial institutions because of perceived credit risk. NCIF, like other CDFIs operating around the country, provides a wide range of financial services to businesses located in economically distressed urban and rural communities. The NCIF provides flexible financing and investments and targeted technical assistance to a variety of natural resource based businesses, which range from small crafts enterprises and specialty food manufacturers to multi-million dollar forest products enterprises. We also finance and invest in businesses involved with environmental and green products/services.¹⁵

Or loans from Slow Money NC (<http://slowmoenync.org>) where they set out to build resilience in the local food economy by facilitating the making of low-interest loans to local, sustainable food and farming businesses could be another potential resource for a small downtown business who is interested in aforementioned niche food/grocer business. ShadeFund (<http://www.shadefund.org>) is another creative funding source that could be applicable to a small start up business. Their program was established by The Conservation Fund with a lead grant from the U.S. Endowment for Forestry and Communities, ShadeFund enables individuals, companies and foundations to help green entrepreneurs across America grow their businesses and create jobs.

The point of calling out a few of these loans is to recognize that when someone has a business concept there are first resources to help develop a plan and secondly there are, while limited, some resources to help fund entrepreneurial ventures.

Marketing advice and assistance is another critical need in small downtowns. Few small businesses have a large enough advertising or promotion budget to create an impact in the marketplace.

The NC Department of Commerce offers on their website resources and tools that can be helpful to small business start-ups as well as those that are looking toward expanding, <http://www.thrivenc.com/incentives/financial>, we encourage anyone who is looking for resources and tools to help to utilize this website. We also encourage town staff to be familiar with this information as well.

Recommendations

Downtown organizations, such as the Small Town Main Street program, are formed for the specific purpose of providing for the needs of the downtown area in their communities. Although these organizations/programs must thoroughly understand and appreciate the economic conditions of the area at large, by the narrowness of their purpose they are not distracted by the need to provide economic development activities and other services to those areas. The NC Small Town Main Street Program helps provide the information and serve as the source for assistance in participating communities, and will provide that assistance in Troutman during the first 2-3 years on a more personal level through monthly meetings.

¹⁵ http://www.ncifund.org/who_we_are

In the long run, it will be important to establish the downtown committee as a cost effective community based organizational structure that addresses the needs of downtown constituents by filling the void between services offered by other agencies and those that need to be targeted specifically to downtown. The information contained in this report should be provided to current and prospective businesses and development prospects in order to assist them with decision-making.

In addition, a unified joint marketing effort that pools the resources of many businesses will be necessary in order to create the desired impact and bring new customers to downtown. The Small Town Main Street Promotions Subcommittee has a goal to “Grow Customer Loyalty Base”. The committee should seek strategies in which to develop a long term work plan including the following: a shop local campaign, an effort to interest traffic in stopping in downtown Troutman to shop and explore through signage and other creative marketing programs and build on the town identity possibly creating a downtown identity to tie in with the town’s existing brand.

Specific Business & Development Recommendations

1. Understand and appreciate the economic conditions of the area at large but focus on the downtown district
2. Encourage participation among property/business owners in the Small Town Main Street (STMS) program
3. Get information out to the community about what’s going on downtown and within the STMS Committee
4. Focus on the needs of the downtown area
5. STMS committee members should spend time focusing on developing specific strategies to meet the identified goals of the STMS Work Plan; STMS coordinator can provide assistance with this task but;
6. STMS committee needs to take ownership of the work plan
7. Familiarize yourselves with the NC Department of Commerce’s website in particular on this site Small Business Resources
8. Research funding opportunities and keep up with funding resources when sent information from the NC Main Street program in order to share with potential downtown business owners

REPORT CONCLUSION

This report has addressed each one of the four points of the Main Street Four-Point Approach®: Organization, Design, Promotion and Economic Restructuring. Under each factor is a list of recommendations followed by the bulleted “specific recommendations” which can be tied back to one or more of the four-points. We recommend that this report serve as a guiding document for the next few years for the Troutman Small Town Main Street Committee’s work. While there is a work plan in place that was created during the STMS Kick-Off this report offers specific recommendations that can be incorporated into the on-going plan of work. We encourage the Troutman STMS committee to review this report and within the next year use it as a barometer for setting, achieving and meeting goals. This work cannot be done by the Town of Troutman and the Town’s staff alone; it must be a public/private partnership between the town and the Troutman STMS volunteer committee. The Troutman STMS volunteer committee should believe that they can candidly make recommendations that can be brought before Troutman Town Council and staff and that their recommendations, based on their STMS Committee work, will be taken into strong consideration.

Resources

NC Department of Commerce

ESRI On-Line Business Analysis

NC State Historic Preservation Office

Town of Troutman, Planning Dept.

Community Development Division, Asheville & Piedmont Region

Troutman Small Town Main Street Committee

We thank the Town of Troutman for their support of the Small Town Main Street program and to the dedicated community volunteers who attend monthly meeting.

***This report is accurate to the best of our knowledge based on the resources stated above and returned surveys.*

Troutman Work Plan 2011-2012

Created during the Community Kick-Off in September

Troutman Small Town Main Street Plan of Work –2011-2012			
<p>Vision: <i>Downtown Troutman is committed to preserving and growing our downtown center through:</i></p> <ul style="list-style-type: none"> • thriving diverse, independent businesses • combining our rural heritage with modern, urban opportunities • offering the finest recreational activities and facilities • promoting & connecting educational, and cultural events 			
<p>Mission: <i>to build an atmosphere that encourages the redevelopment of the downtown core as the business and cultural center utilizing the National Main Street Center's Four-Point Approach® as tools for success.</i></p>			
I. ORGANIZATION	II. PROMOTION	III. DESIGN	IV. ECONOMIC RESTRUCTURING
<p>Goal 1. Create over the next two yrs. a sustainable organization dedicated to downtown Troutman revitalization.</p> <p>Goal 2. - Build stronger community partnerships.</p>	<p>Goal 1. Plan small, authentic, creative events that will grow & retain customer base & loyalty.</p>	<p>Goal 1. Aesthetically improve storefronts.</p> <p>Goal 2 – Improve connectivity</p>	<p>Goal 1. Have a better understanding of downtown economic environment in order to sustain & grow.</p> <p>Goal 3. Preserve & Promote existing (historic) assets.</p>
<p>Objective – To have an organization that is fiscally stable and is the organization recognized for working with Troutman toward downtown revitalization.</p> <p>Goal 2 – Build stronger community partnerships. Objective: to work together in a more cooperative manner and to identify programs & projects from which to work together on as well as pool resources both fiscal & human.</p> <p>Strategies:</p>	<p>Objective: To gain & retain loyal downtown customers.</p> <p>Strategies:</p> <ol style="list-style-type: none"> 1. Identify 1-2 promotional activities that Troutman STMS can create & develop which could lead to an on-going annual event (bike Troutman, run Troutman, Trot Through Troutman Family Fun Day)- include Who, What, When, Where, How promotion will be accomplished (which 	<p>Objective: Goal 1: to improve the overall visual impact while improving the value of the property.</p> <p>Objective: Goal 2: improving connectivity for safety as well as for visual impact.</p> <p>Strategies:</p> <ol style="list-style-type: none"> 1. Encourage business owners to have creative/inviting window displays through organized window display contests. 2. Work with the town to establish and implement a 	<p>Objective – in order to sustain & grow our downtown business district we need to have an understanding of our downtown market.</p> <p>Strategies:</p> <ol style="list-style-type: none"> 1. Collect Retail Surveys & STMS staff will analyze and coalesce into Marketplace Study 2. Collect data on available properties or underutilize properties. 3. Identify and prioritize possible ways in which to

**Troutman– Small Town Main Street Program
Resource & Partnership Identification**

<p>1. STMS core group meet monthly and within yr. 1-2 identify chairs for committees & establish a STMS Advisory Committee at end of f/y two.</p> <p>2. Identify potential partners who can be advocates for program and assist with helping move forward the work to be done.</p> <p>3. Develop a Downtown Troutman PowerPoint Presentation that can be presented to community partners. Tell your story: aurally, visually, and numerically.</p> <p>4. Keep Council Informed of work progress.</p>	<p>includes a budget).</p> <p>2. Put together a business listing with a brief description of what each downtown business does and create a Downtown Troutman website</p>	<p>Façade Incentive Grant program on a 50/50 match.</p> <p>3. Prioritize areas that need the most improvements connectivity wise: i.e. sidewalks, signage</p> <p>4. Identify key areas where directional signage is lacking followed by asking town/DOT if signage could be added to those area</p> <p>5. Meet with DOT representatives to gain an understanding of their priorities and establish a working relationship</p> <p>6. Long-term goal to develop cohesive, unique connectivity signage linking people to shopping, dining, recreational opportunities.</p>	<p>sustain what we have while recruiting additional businesses.</p> <p>4. Consider inviting SHPO representative to come visit to see if there is a possibility of a National Historic Register District.</p> <p>5. Encourage downtown retailers to do an annual retail self-assessment (see Market Study for information)</p> <p>6. Gain understanding of current NC Building Codes (Rehab Code)</p>
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North Carolina
Main Street

MAIN STREET BASICS: Retail Self-Assessment

Why facilitate retail self-assessments?

A goal of being in retail business is to be able to stay in retail business and that means making a profit. Successful retailers have a self-awareness that may seem innate, but their innateness comes from knowing specifically certain things that will make them a better retail business owner. We recommend that if you are not conducting an annual assessment of your business that you build this process into your overall annual work plan.

There are two types of assessments to consider when self-assessing:

- ◆ Overall business assessment: are you making enough sales to sustain your business; is your sales to rent ratio in a range where it needs to be in order for you to be profitable.
- ◆ The customer's assessment—survey your customers and ask them to give you feedback on what they think of your business, your customer service, how your store is laid out, etc.

This information is going to focus on the business self-assessment part rather than the customer survey/assessment.

Calculate your sales per square foot:

Retailers should be aware of their sales per square foot. Experience in working with NC small towns has indicated that sales ranging from \$100-\$150 per square foot are average and that mall sales p/sq/ft. are considerably higher. We recognize this is a personal evaluation depending on the retailers situation, lower sales per square foot may be fine.

*The formula for calculating sales per square foot is simple:
Take gross sales and divide by square feet of your sales area:*

Example:
 $\$225,000 \text{ g/s} \div 3000 \text{ s/f} = \75 p/s/f

Sales to Rent Ratio

A major component of sustaining and growing a businesses is understanding what is known as the sales to rent ratio. This ratio represents the percentage of a retailer's sales that go towards covering their building rental costs. (See attached sheet for sales to rent table for different business types.)

How to calculate sales to rent:

$\text{Rent p/mo} \times 12 \text{ months} \div \text{gross sales} = \%$

Example:

$\$1200 \times 12 = \$14,400 \div \$350,000(\text{gs}) = 0.0411$ or 4.1% of your sales is going toward rent.

If you own your building but are paying mortgage you will want to be aware of this ratio as well—consider your mortgage as the rent payment.

Your Rent to Sales Ratio is off—what next?

You've done the math and your sales are not within the recommended ratio what's next?

- ◆ First, do you think your rent is too high?
- ◆ Ask and compare: this can be done by contacting property managers and asking them for information on comparable properties within your downtown or another comparable downtown. Remember location can play a role so make sure you are looking at comparable properties both in sq/ft and location.
- ◆ If your rental rate is within a comparable market range then it's time to drill down and decide whether to call in help to evaluate your business plan and your product line. Outside help and evaluation could lead you to make minor to moderate changes turning your business around and getting the sales to rent ratio within a more reasonable range.

- ◆ If you discover your rent is more than the current market rate demands you may want to present your findings to your landlord asking for your rent to be lowered to a range more acceptable for your situation and within the current market rate.

**However, be prepared that your landlord may not consider negotiating and you may have to prepare to relocate your business if the rental rate is unacceptable to you.

Below is a list of resources within NC that offer free to low-cost business planning assistance.

Resources for Business Plan Assessment

- ◆ Business Link North Carolina – or BLNC www.glncc.gov/planning.asp
- ◆ Small Business Center Network (SBCN) - www.sbcn.nc.gov
- ◆ Small Business & Technology Development Center (SBTDC) www.sbtcd.org
- ◆ Growing America Through Project Entrepreneurship (GATE) - www.ncprojectgate.org
- ◆ NC Real Enterprise—<http://ncreal.org>
- ◆ NC Department of Commerce—www.nccommerce.com

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Retail Self Assessment Tech Sheet