

Troutman Market & Business Development Report

April 12, 2011

T H R I V E

in **NORTH
CAROLINA**

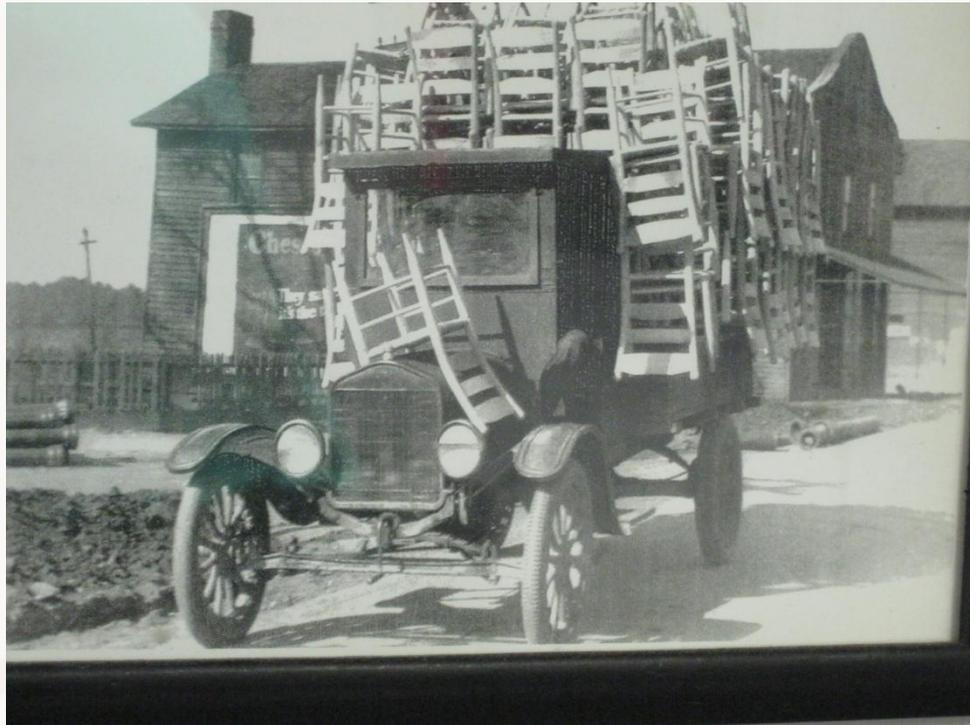
Sherry B. Adams, CMSM, Coordinator Small Town Main Street, Urban Development Division, NC Dept. of Commerce

Economic Development is about:

- Adding Value
- Creating profit in the form of jobs, sales, taxes and property value

Economic Restructuring is:

Economic restructuring is adapting economic activity to the current realities of the market place



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The Six Economic Factors in Downtown Economic Restructuring

1. Market Conditions & Business Climates
2. Retail Mix
3. Real Estate Availability & Condition
4. Physical Environment & Amenities
5. Availability of Capital/Financing
6. Business & Development Assistance

40

70

21

77

801

Old Mountain Rd

Salisbury Rd

Shiloh Rd

Old Murdock Rd

Murdock Rd

Amity Hill Rd

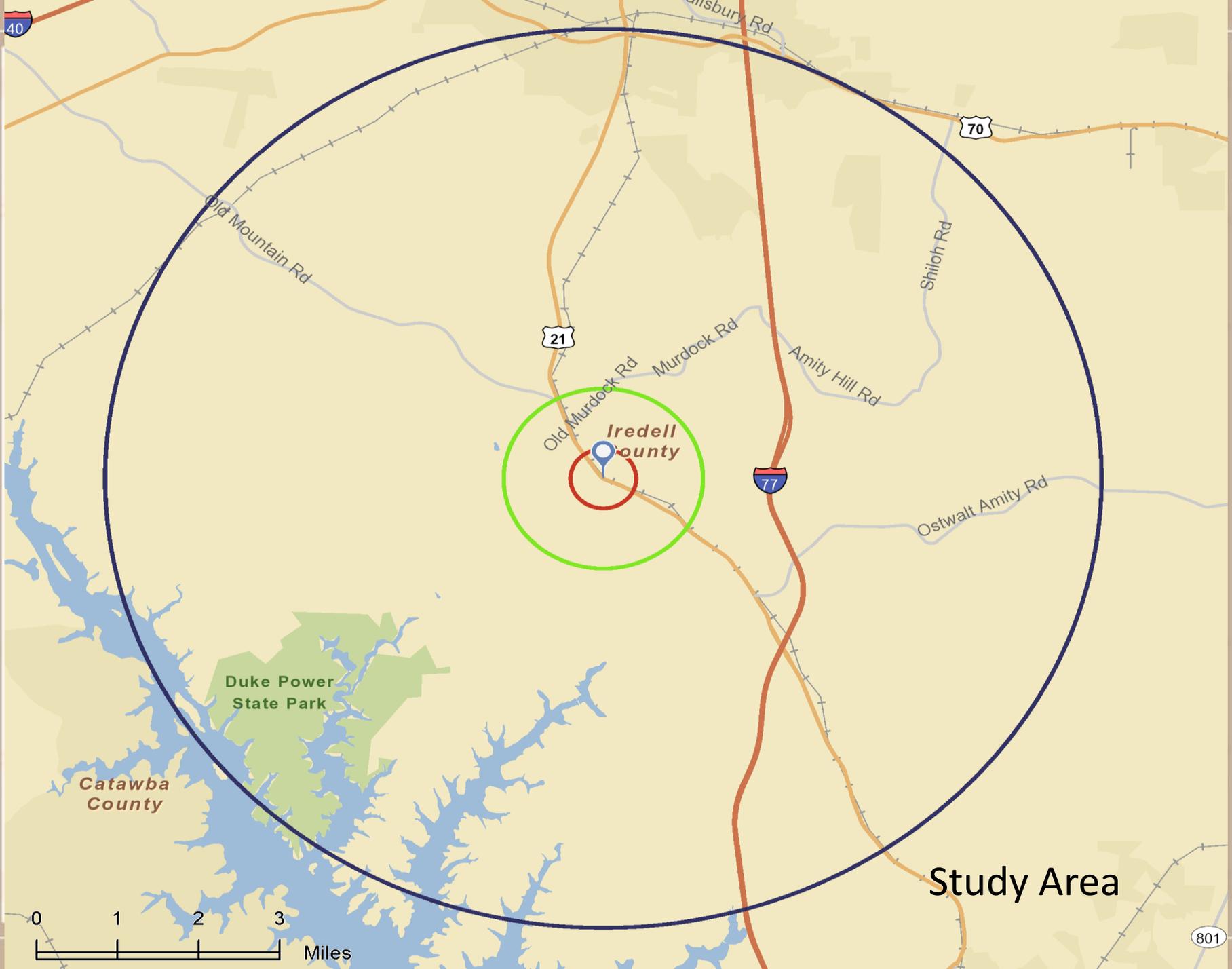
Iredell County

Ostwalt Amity Rd

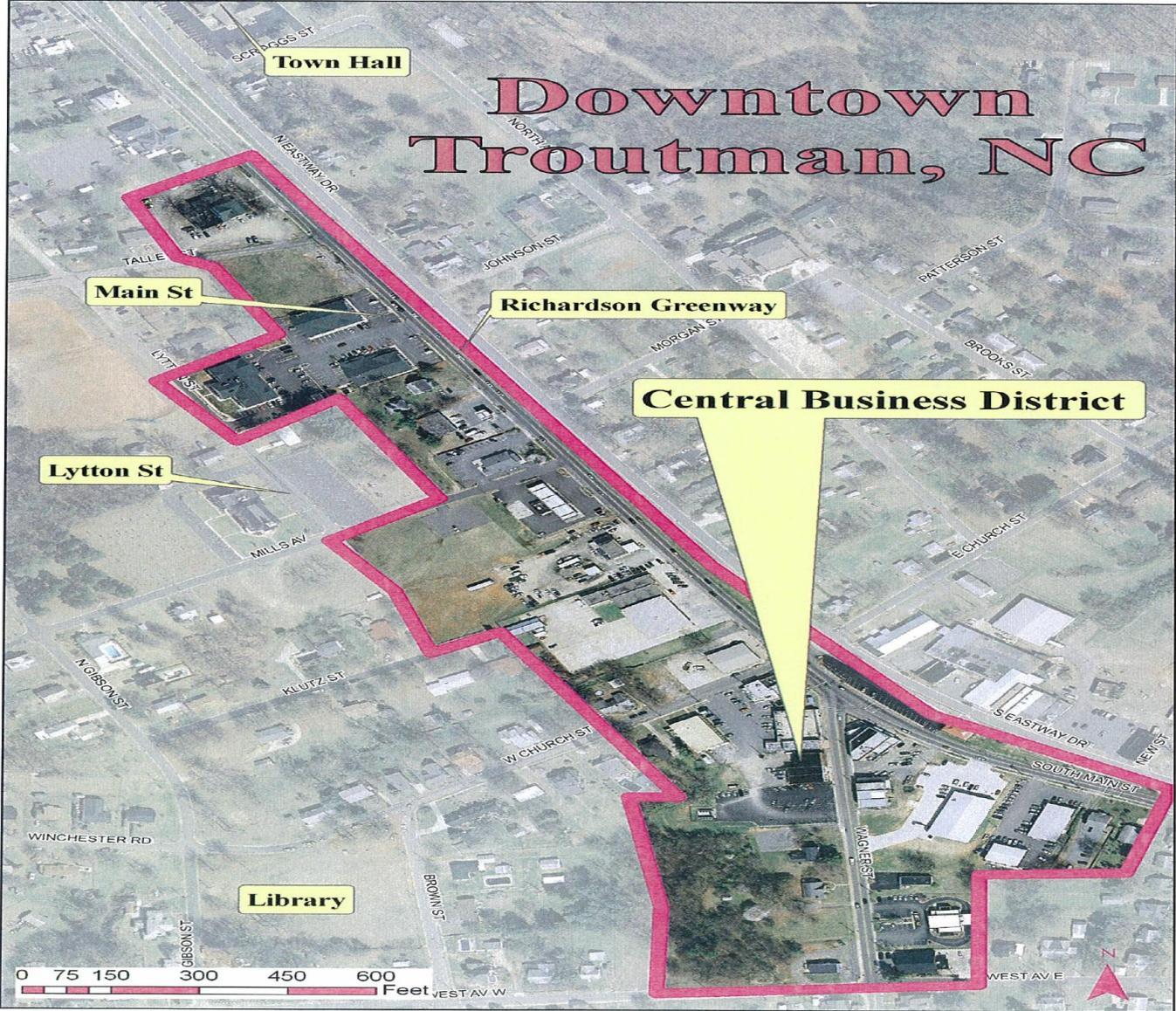
Duke Power State Park

Catawba County

Study Area



Current Boundaries



Factor 1.

Market Conditions/Business Climate

- Avg. age 39
- Median household income @ 5 mile radius \$48,962
- Population has grown by 30%
- 21.6% have higher education
- Median home value for Iredell County \$164,300
- 12.4% living below poverty level in Iredell County

Retail Leakage/Gap Observations

- Supply = \$128,756,745.00
- Demand = \$156,082,800.00
- Losing 83% in sales potential w/in five mile radius
- Largest concentrated sales opportunity appears in the Food & Beverage Stores (NAICS 445); gap of \$15 million

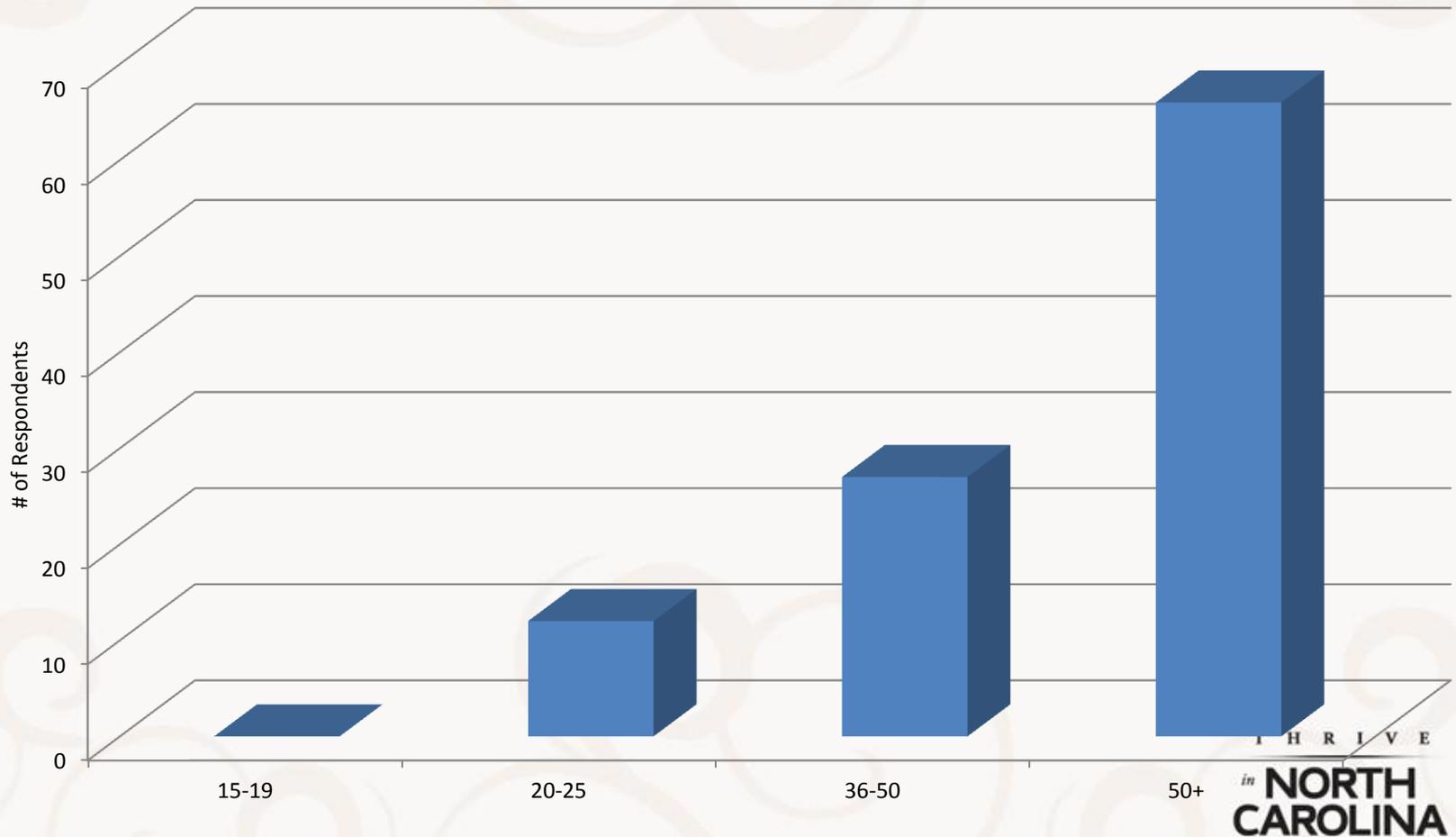
Business Type	Leakage	Est. Capture 15%	Est. Sale/p/s/ft	Supportable S/F
Furniture Store	\$767,678	\$115,152	\$125	921
Grocery Stores	\$10,616,812	\$1,592,522	\$125	12,740
Beer, Wine & Liquor Stores	\$896,715	\$134,507	\$125	1,076
Health & Personal Care	\$5,245,036	\$786,755	\$125	6,294
Clothing & Accessories	\$3,571,803	\$535,770	\$125	4,286
Sporting Goods/Hobby	\$712,504	\$106,876	\$125	855
General Dept. Store Mrch.	\$14,200,214	\$2,130,032	\$125	17,040
Misc. Store Retail/Florists/ Gift/Stationary	\$1,433,725	\$215,059	\$125	1,720
Food Services & Drinking (rest.)	\$15,018,579	\$2,252,787	\$125	11,264

What does this mean?

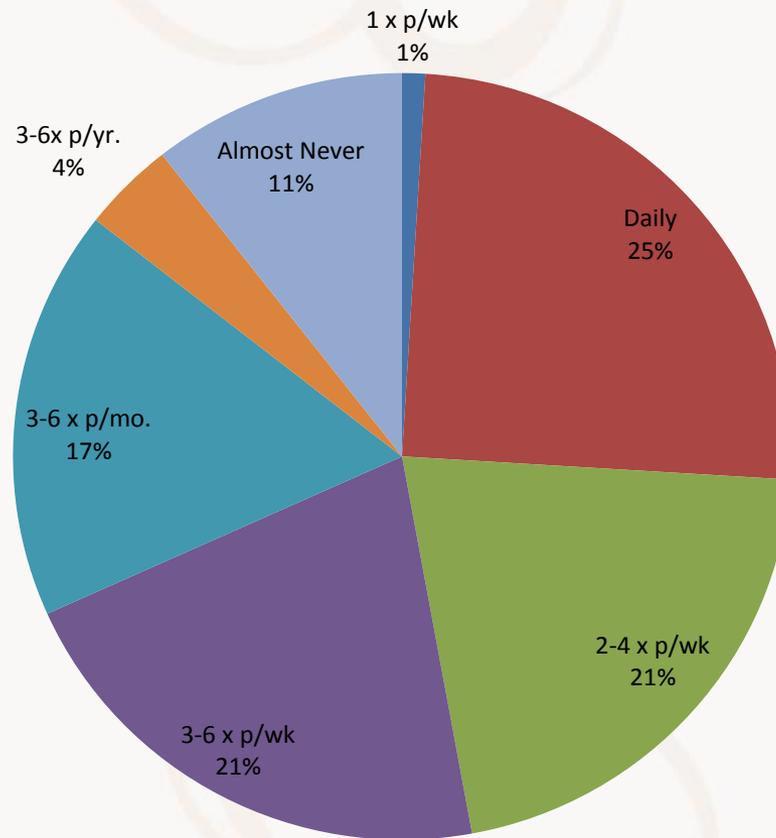
Total	Est. Capture	Supportable S/F
\$54,084,194	\$8,112,629	58,143

Adding Value – creating profit – jobs – sales – taxes – property value

Survey Respondents Age



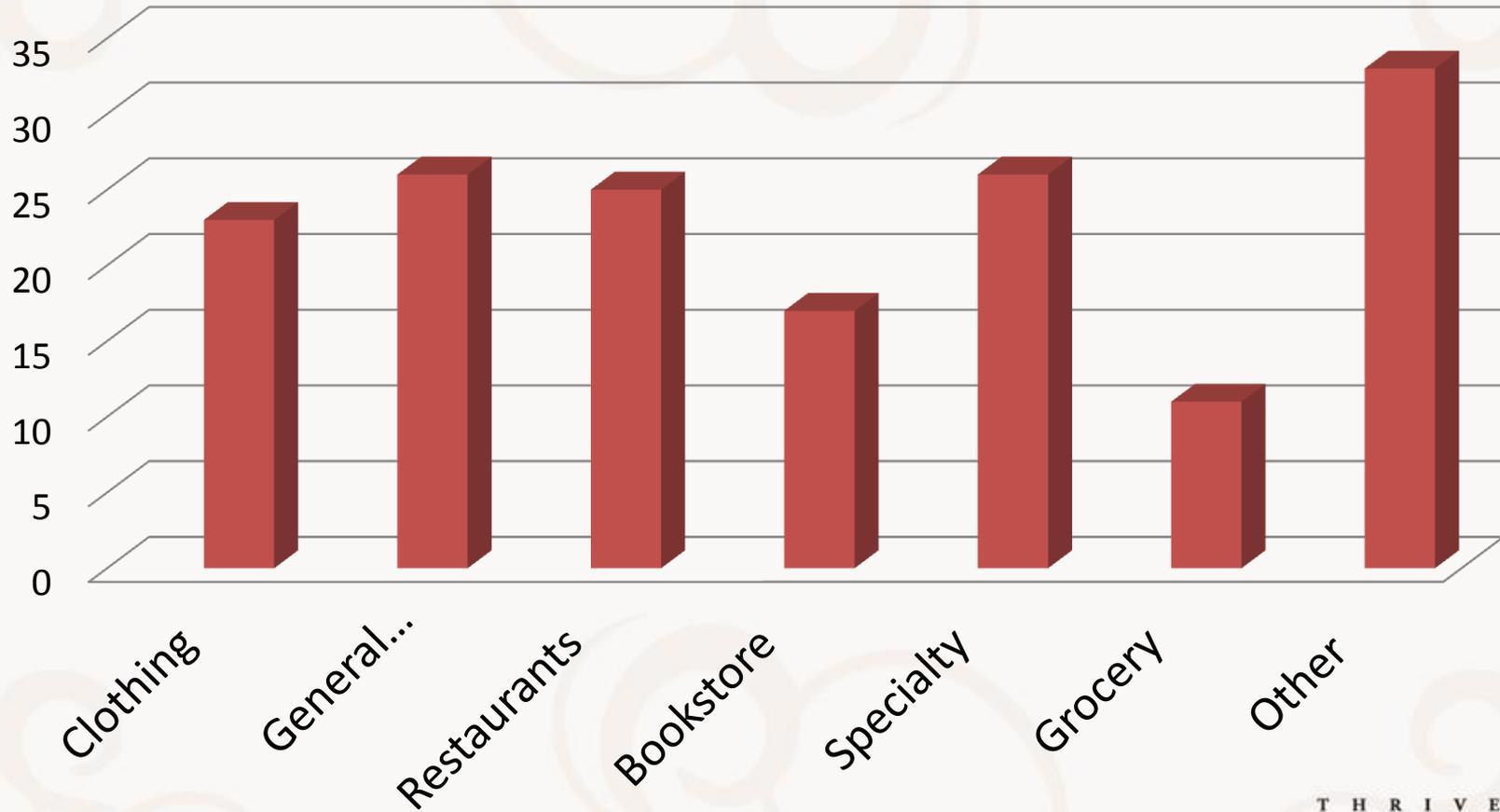
How often they visit



What they currently do downtown



What consumers want



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13.1% of all retail food sales are in specialty foods; cheeses, baked breads, salsas, dips, teas, olives, gluten free showed sharp gains with 119 new products in 2010 verses 67 in 2009

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Think Niche!

Category	Leakage/ gap	15% capture	Est. Sales /s/ft	Supporta ble s/f
Grocery Stores	\$10.6 million	\$1.6	\$125	12,740

Troutman's Tapestries

Salt of the Earth



- Gardening, outdoor projects
- Own CD longer than 6 months
- Hunt, target shoot
- Watch CMT
- Own Motorcycle

Troutman's Tapestries

- Own pets
- Have personal line of credit
- Go hunting, fishing
- Read hunting/fishing magazines
- Own/lease trucks



Troutman's Tapestries

Green Acres

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

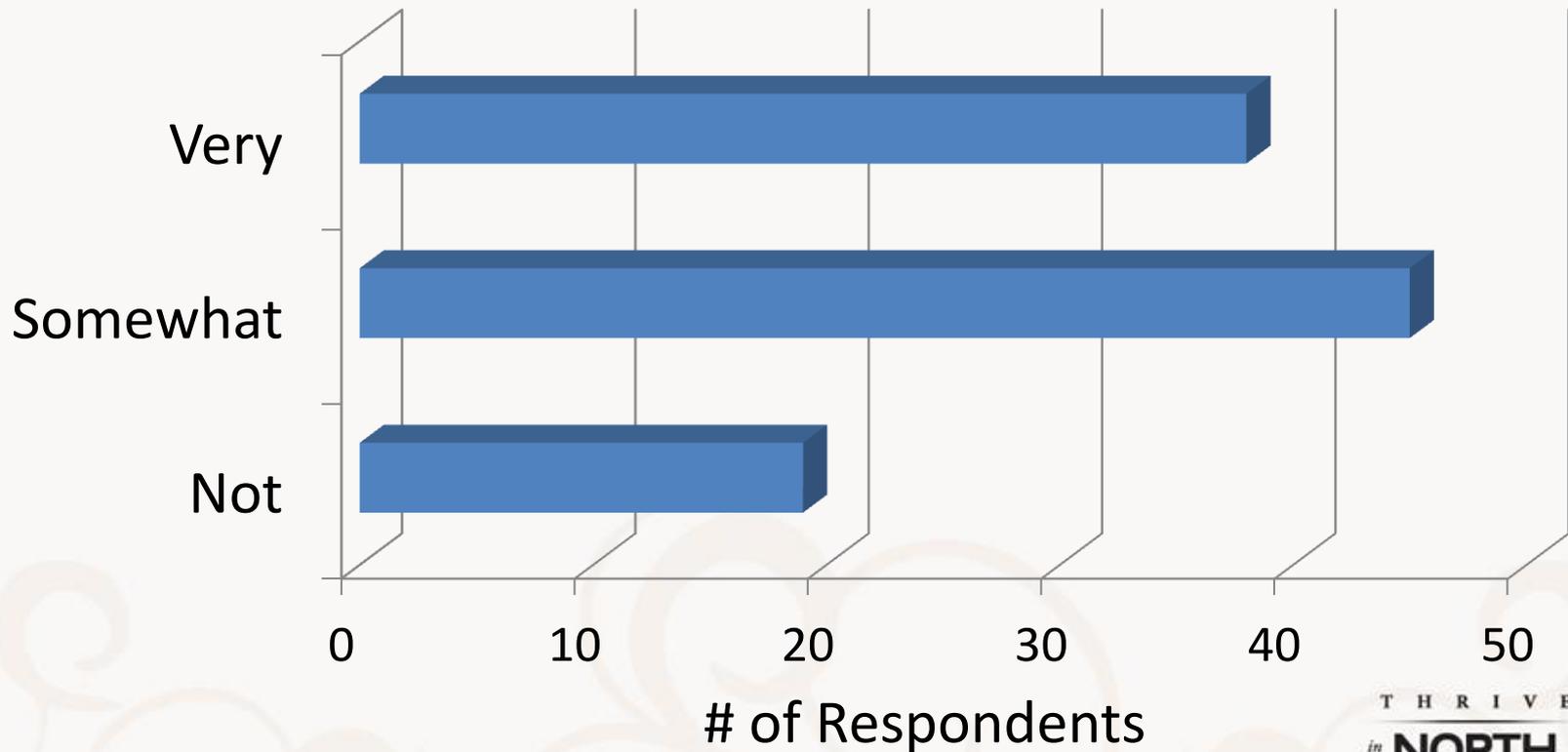


Iredell Co. Tourism Stats.

- Tourism generated economic impact of \$180.96 million in 2010
- A 10.19% change from 2009
- Iredell Co. ranked 21st out of 100 counties in travel impact
- Popular attractions: Statesville Arts & Science Center, Fort Dobbs, Lake Norman, Duke Power State Park, Lazy 5 & NC Auto Racing Hall of Fame

And the surveys said:

Improving Tourism



Specific Recommendations

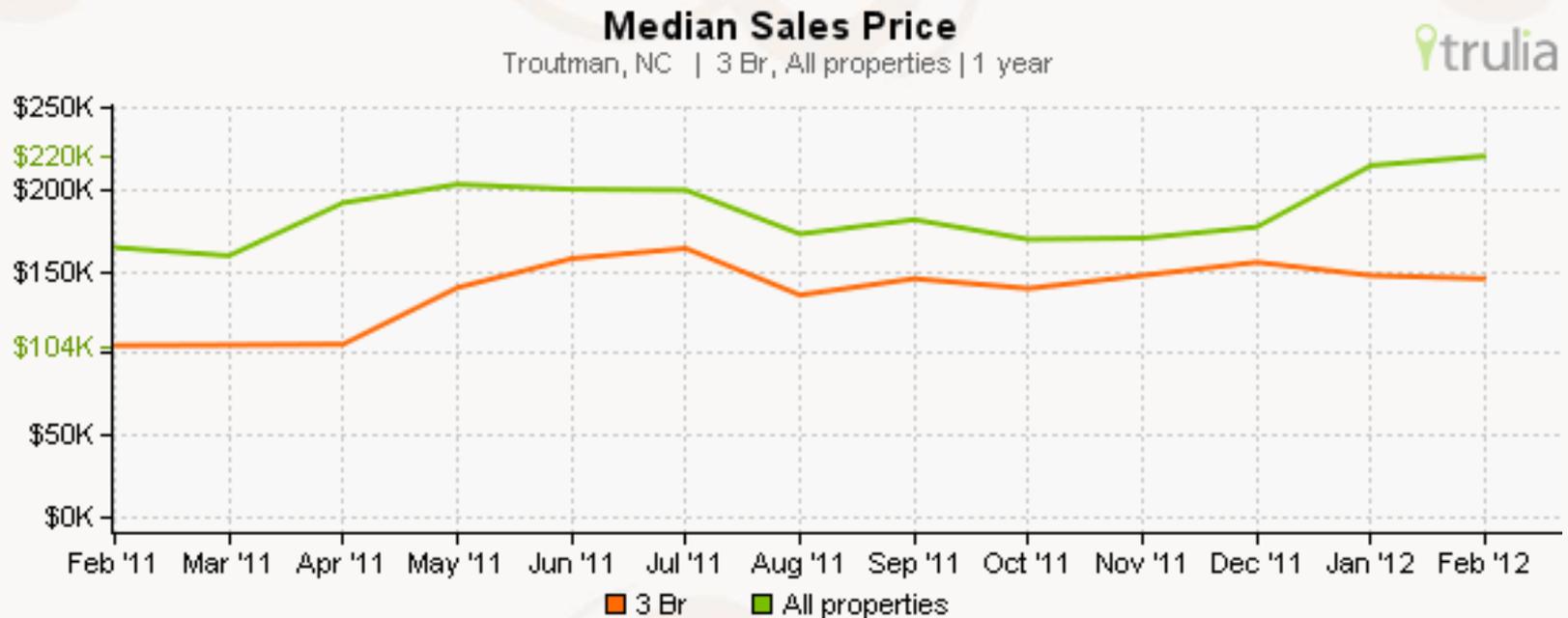
1. Understand your market
2. Attempt to capture at least 10%-20% of the \$54.3 million
3. Focus promotional efforts on markets
Troutman is most likely to attract based on market study
4. Recognize reasonable margin to market to & possible niche mkt. toward tourism & recreational activities
5. Consider the tapestry market

Residential Observations



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Median Sales Price \$219,750



Represents a 29.5% or \$50,000

Increase over last qtr. (from Nov.'11-Feb. '12)

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The Gen X'er Resident



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Specific Recommendations

Residential:

1. Residential neighborhoods surrounding downtown should remain zoned residential
2. Consider the possibility of a National Historic Register neighborhood district (putting a neighborhood on the study list)
3. Encourage upper floor residential
4. Encourage mixed-use development when opportunity arises
5. Consider avg. age of Troutman residents
6. Keep in mind the Gen. Y resident

Office/Other Observations:

- 28 non-residential permits issued in Troutman
- Some office occupancy in the downtown district; believe most if not all at street level
- Service: 20 service related businesses downtown
- City govt. offices are also located downtown
- Places of worship a part of the downtown environment

Recommendations:

1. Identify available spaces suitable for office/residential/govt./churches
2. Create business clustering by placing offices on second floor leaving first floor as retail opportunity arises & is appropriate

Factor 2: Retail Mix

Observations:

- Approximately 11 retail businesses
- Limited number limits ability to draw sizable number of customers
- Business clustering is also somewhat impacted by location of properties



Recommendations:

1. Identify potential businesses to add to retail mix
2. ER committee to dedicate time to refining property inventory list
3. Engage property owners in dialogue regarding this study
4. Encourage cross-shopping opportunities (keeping sales local if not all downtown)
5. Encourage best business practices

Recommendations:

6. Strive to keep quality existing business in downtown/community
7. Visit with current downtown business owners to keep informed of any challenges they may be facing or encourage opportunities for them to grow
8. Know components of a successful business mix



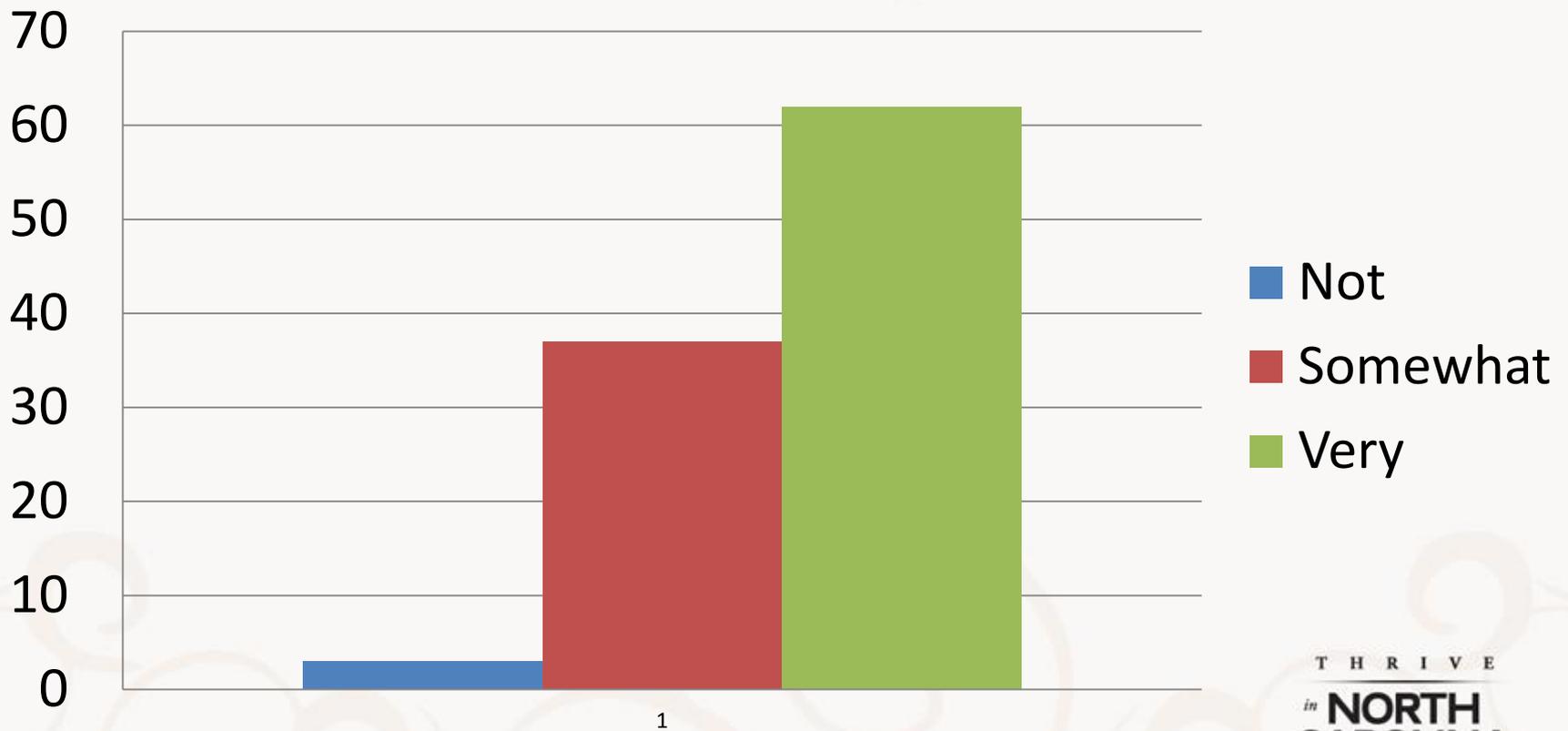
Components of a Successful Business Mix:



- Market Driven
- Financially feasible
- Located appropriately

Recommendations

Importance of consistent business hours



Factor 3: Real Estate Availability & Conditions





Avg. market value of buildings \$21 p/sq/ft.

Avg. building value: \$151,381.00

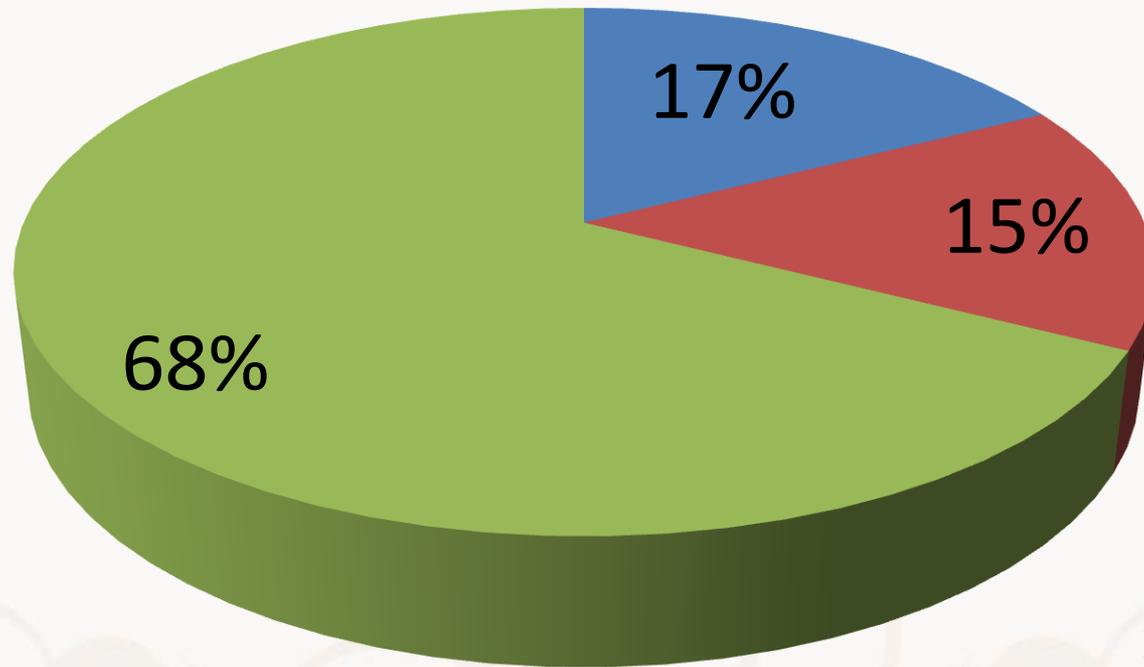
Avg. land value: \$110,749.00

Avg. total property cost \$262,130.00

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Percentage of occupied/available space

■ Vacant ■ Partial/Mixed Use/Unkown ■ Occupied



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Observations



- 318,000+ sq/ft total downtown
- 248,000 occupied
- 50,000 s/ft. is occupied with retail which includes restaurants

Observations continued:



Average sales p/s/ft. \$110

- Fair to good condition
- Avg. age 63 yrs. (blt. 1948)
- Renovation up-fits \$80-\$100 p/sq/ft.
- Avg. rent - \$12 p/sq/ft
- Sales to rent is at 13%
- Avg. rent p/mo. \$2,474
- Avg. gross sales p/yr.

\$231,250.00

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Commercial Tax Credit Example



Before



After

\$1,000,000 Rehabilitation Expenses
20% Federal Tax Credit
x 20% State Tax Credit
\$400,000 Tax Credit Amount

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Example of Tax Credit Project	Assumes Full Occupancy
Acquisition	\$21.00 p/s/ft.
Renovations	\$100 p/s/ft.
Investment	\$121 p/s/ft.
Gross Income (rent)	\$9 p/s/ft
Less Operating Expenses	\$2.70
Net Income	\$6.30
ROI	5.2%
Historic Tax Credits	\$4 (10 yrs.)
Adjusted Net Income	\$10.30
Adjusted ROI	8.5% (10 yrs.)

Recommendations:

1. Identify all available properties, s/ft., current rental rates and/or sale price (if on the market)
2. Continuously i.d. business potential
3. Identify best locations for retail, office, service
4. Make list available & accessible
5. Identify source for keeping up list
6. Encourage annual retail assessment

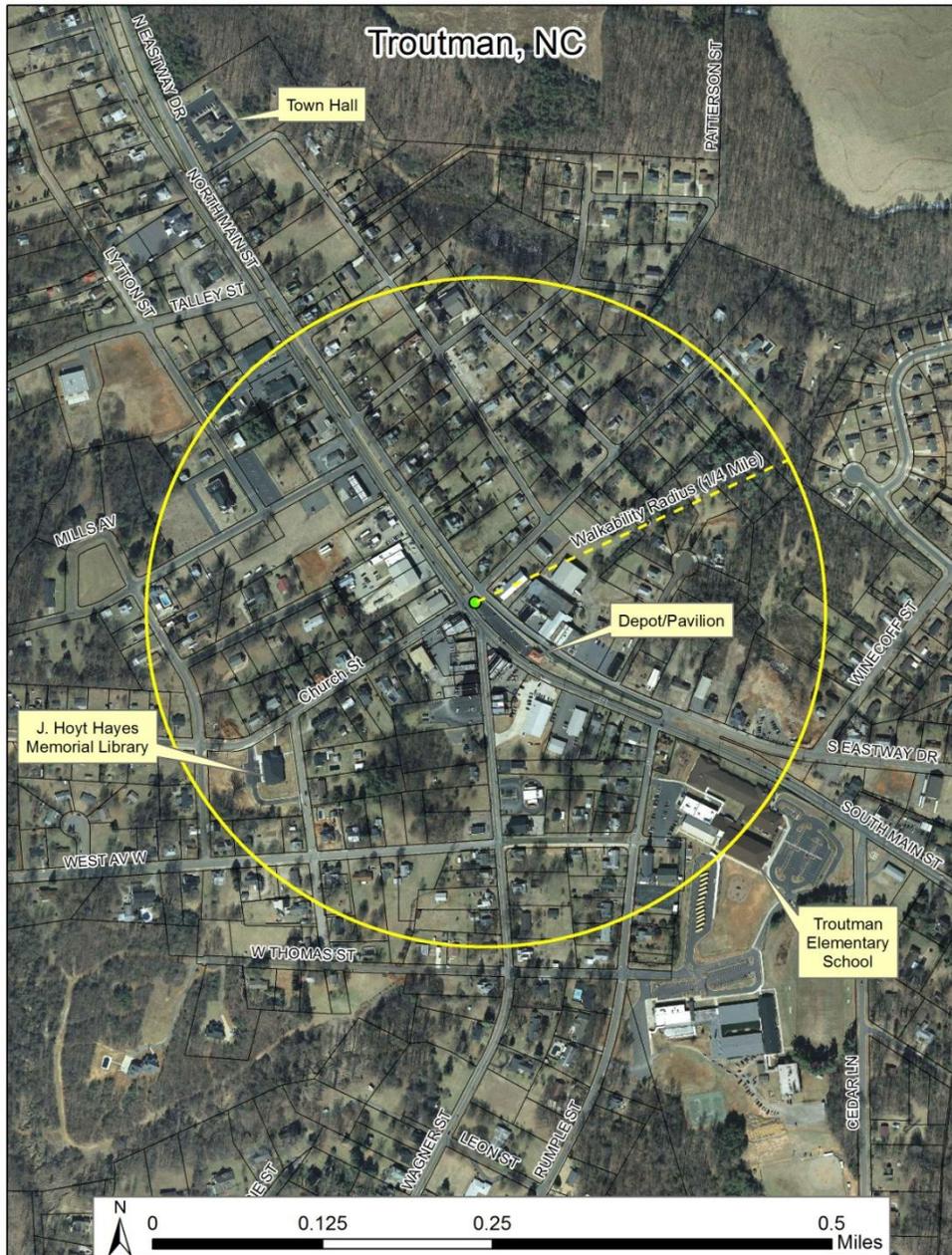
Recommendations cont.:

7. Be aware that if non-retail uses become dominate or development costs too high & rents stay high in relation to sales, businesses will struggle
8. Zoning options may be explored to control & manage desired mix of uses in downtown
9. The NC rehab cost should be utilized as appropriate

Factor 4: Physical Environment & Amenities



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Walk-ability radius

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119610

4056

DOLLAR GENERAL

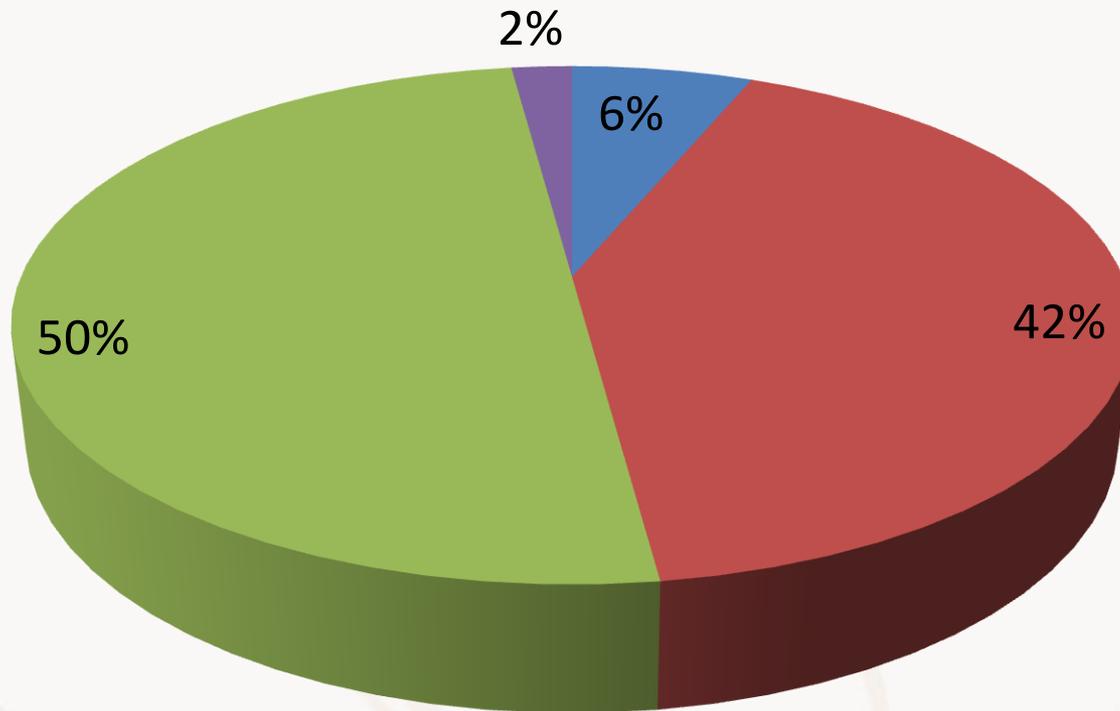
Walking & Bicycling
Directions
← 432-4510

The HAIR
EVENT

T-TOWN
JEWELRY
& PAWN
←

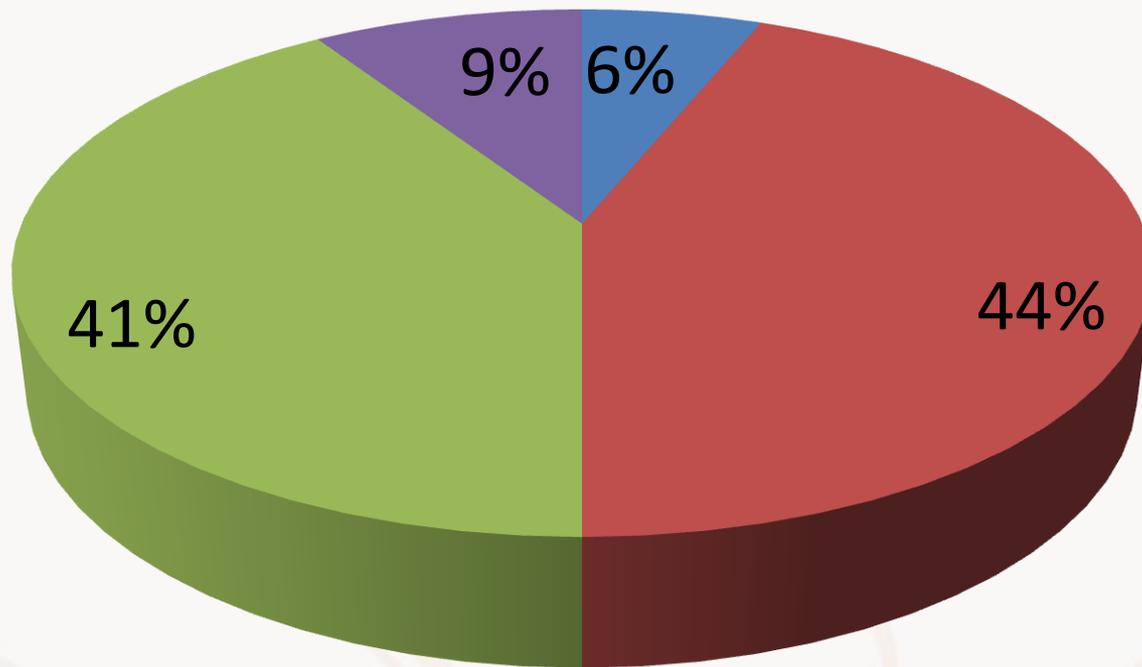
Attractiveness of Downtown

■ Excellent ■ Good ■ Poor ■ NA

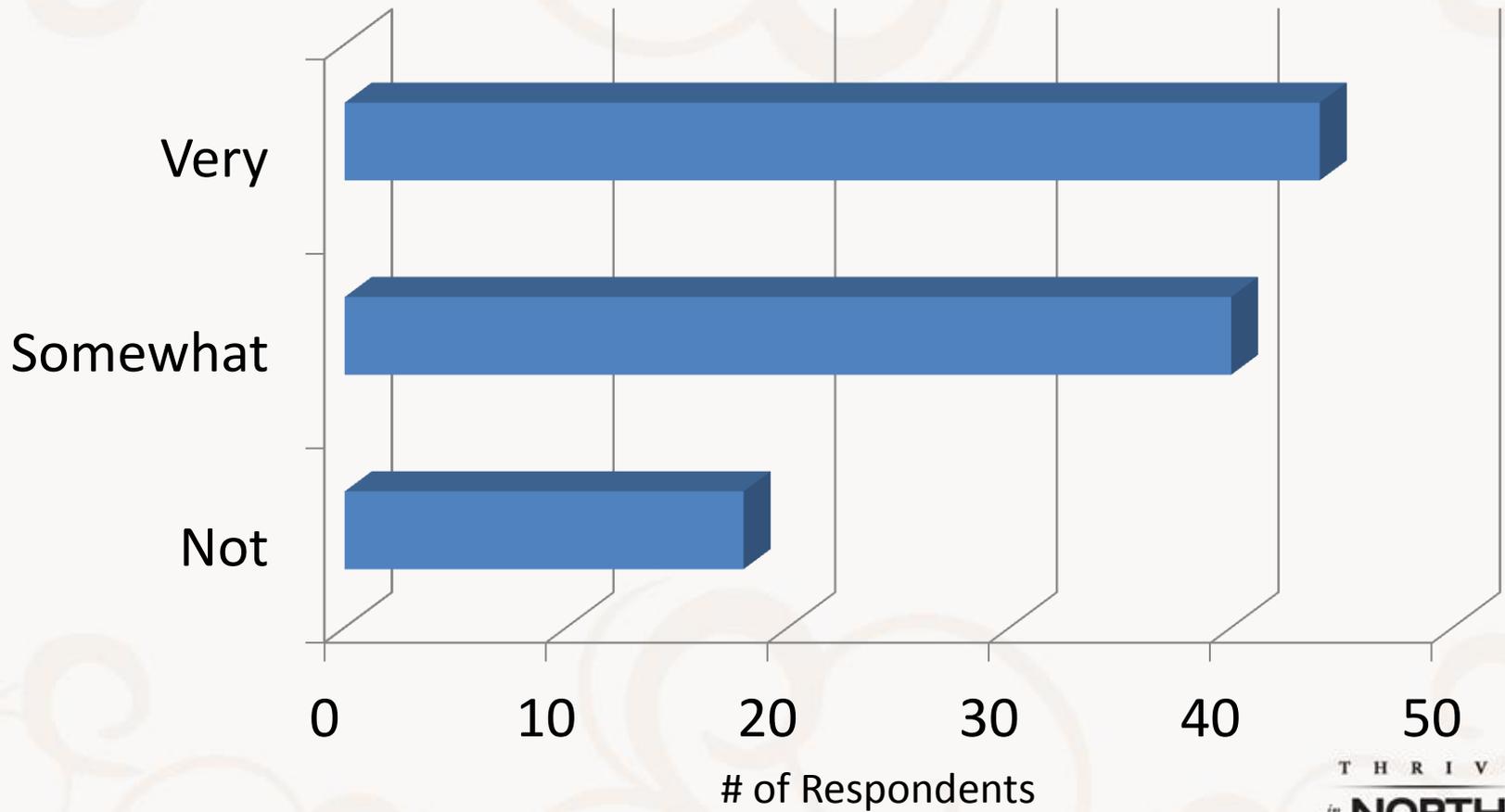


Attractiveness of Buildings

■ Excellent ■ Good ■ Poor ■ NA



Parking



How much parking do you need?

- Ratio 3 to 1 for parking spaces
- 50,000 s/ft of retail recommendation that 150,000 s/ft. of parking is needed
- 3.3 cars can be parked for each 1,000 s/ft. of parking space or 10 spaces p/1,000 s/ft. of retail floor space
- According to this Troutman would need 495 spaces ????
- Troutman currently has 74 public spaces (4 handicap)

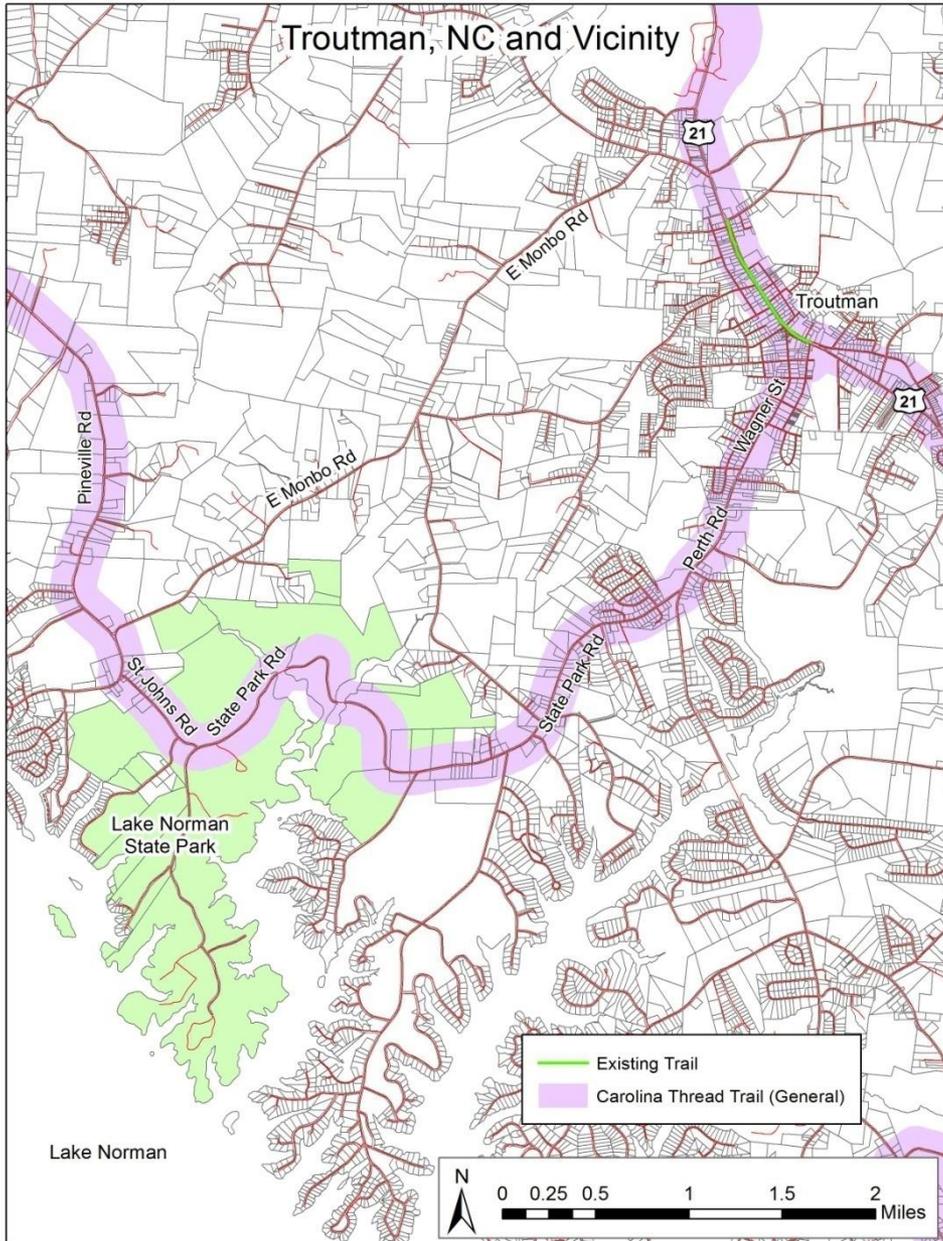
Recommendations:

1. Put into place specific strategies for improving store fronts (F.I.G. program);
2. Strengthen relationship between the Town of Troutman and DOT re: pedestrian friendly/better/safer access
3. Town of Troutman work with STMS committee to identify, prioritize sidewalk repairs/maintenance

Recommendations

4. I.D. and prioritize where Gateway Signage should go, budget for; possibly coordinate with DOT for signage from 1-40 off Old Mtn. Rd.
5. Discuss w/DOT traffic calming methods





6. Explore promotional opportunities to connect more with recreational activities

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3. Downtown Boundaries



Proposed Lytton Street/Downtown Streetscape Plan

Troutman, NC

Factor 5: Availability of Capital/Financing

- **Recommendations:**

- Consider offering a Façade Incentive Grant program
- Consider a building maintenance loan program (funded either privately or through town)
- Create a relationship with local lending institutions to facilitate & create a downtown loan program (town funded or combination town/bank)
- Research resources (slowmoneync.org; ncifund.org)
- Look into whether the Historic Downtown District could be put on a National Historic Register Study List include surrounding neighborhoods where appropriate

Factor 6: Business & Development Assistance

- Recommendations:
 - Understand & appreciate the economic conditions of the area at large
 - FOCUS on the downtown district & needs for downtown
 - Inform community about downtown STMS and downtown in general
 - Develop strategies to meet identified goals
 - STMS committee needs to take ownership of program and work &
 - Encourage participation



Questions?

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