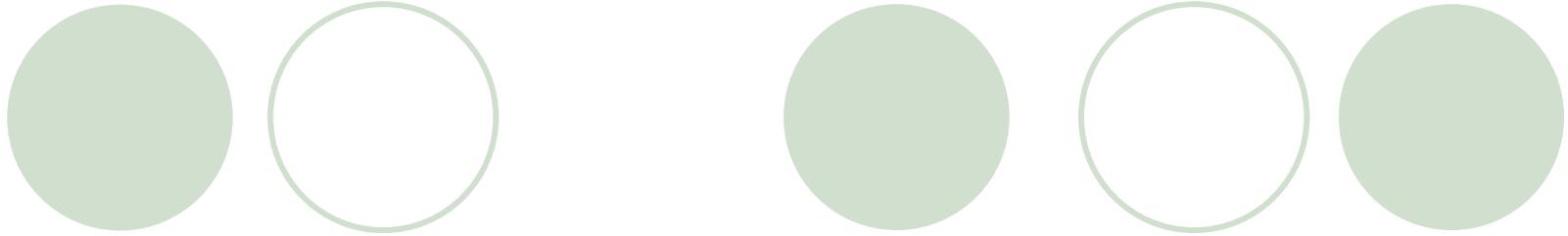


HERITAGE OHIO
MAIN STREET MANAGERS CONFERENCE
ECONOMIC RESTRUCTURING SESSION

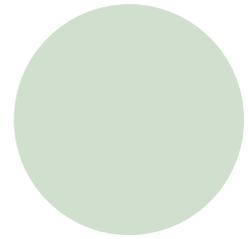
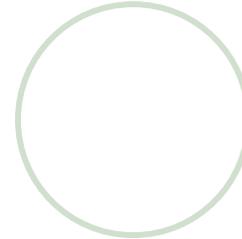
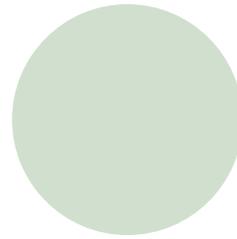
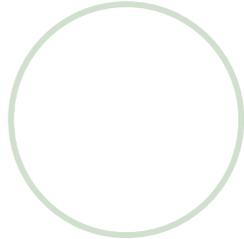
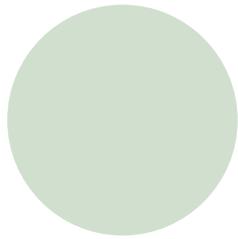
**TOP DOWNTOWN DEVELOPMENT
TRENDS TO WATCH FOR IN 2008**

Prepared By:
Boulevard Strategies
Columbus, Ohio
February 22, 2008



TOP 10 RETAIL DEVELOPMENT TRENDS IMPACTING OHIO'S DOWNTOWNS IN 2008

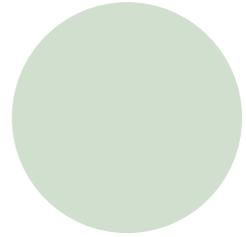
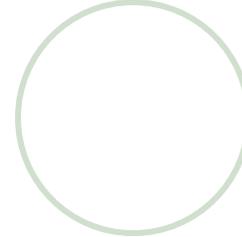
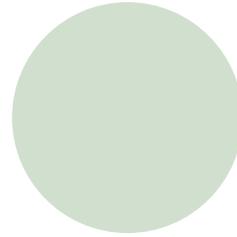
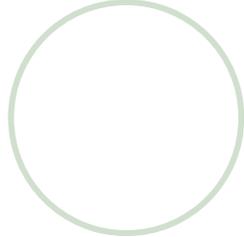
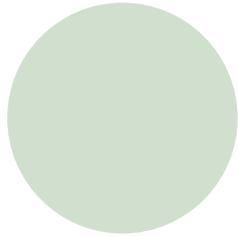
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10. WIDE OPEN SPACES:

Retail Vacancies in Ohio Remain Above National Average

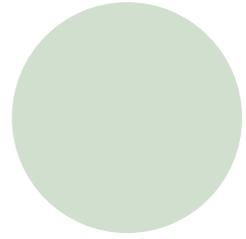
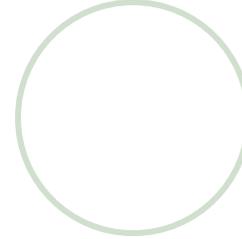
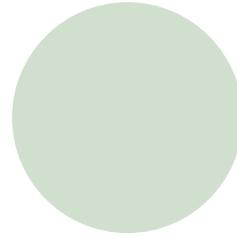
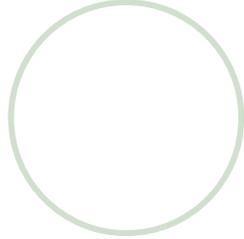
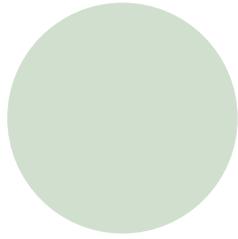
- Vacancy Rates Run 11-12% in 3 C's, Even Higher Elsewhere (vs. USA = 8.5%)
- Chains Engaged in Games of Chicken That Result in Ghost Boxes
- Big Ten Network Drives 90% of Suburban Shopping Center Development



9. A LONG HARD SLOG:

Drug Stores Battle for Market Share Block by Block

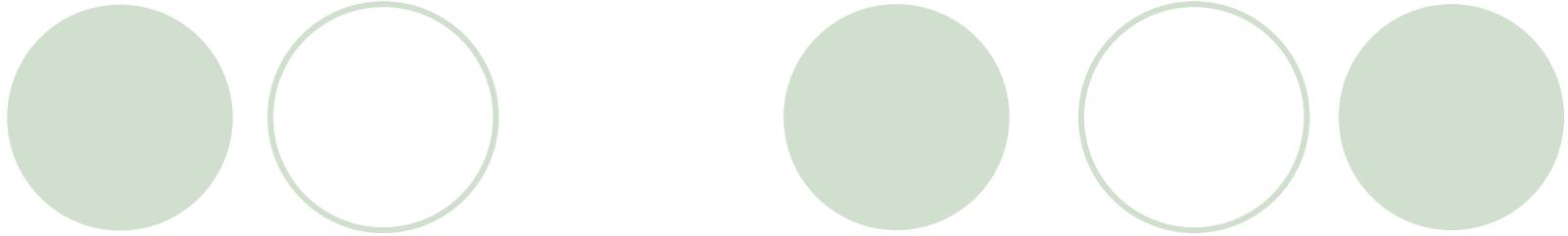
- **Move to High Traffic Corners Staves Off Competition From Grocers, Discounters, and the Internet**
- **Buoyed by Aging Population, Rise in RXs, and Medical Advances**
- **Walk-In Health Clinics are Latest Wrinkle**



8. A GALLON OF MILK OR A GALLON OF GAS?

Gas Perks and Buy Local Programs Fuel Food Concepts

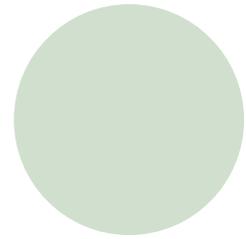
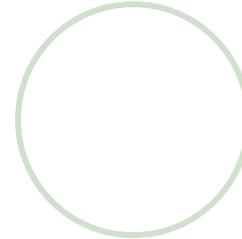
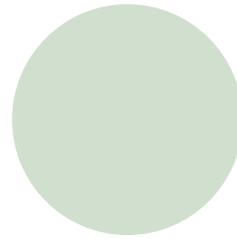
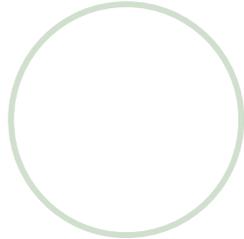
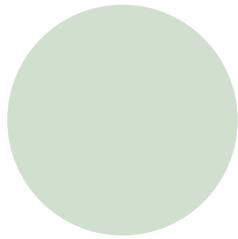
- Gasoline is Loss Leader for Grocers**
- Organics Go Mainstream While Farmers Markets Proliferate Throughout Ohio**
- New C-Store Concepts on Horizon Address Desires for Cheap Gas but Good Food**



7. ABLE TO LEAP TALL LANDFILLS IN A SINGLE BOUND!!!:

Wal-Mart Uses Super-Powers to Combat Waste!!!

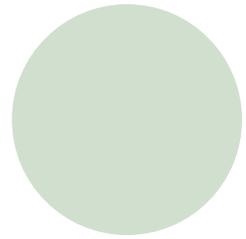
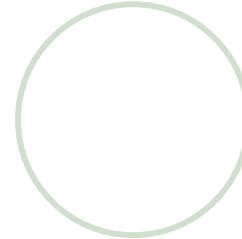
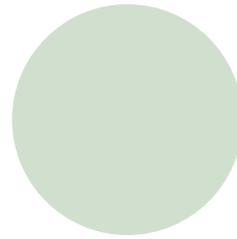
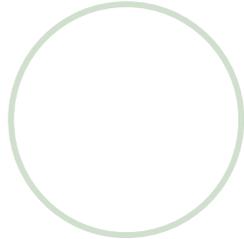
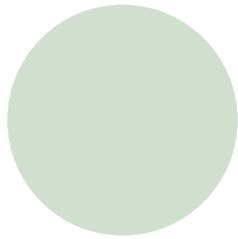
- **Much-Maligned Corporate Giant Committed to Conserving Energy and Reducing Costs**
- **Home Improvement/Grocery Retailers Follow Wal-Mart's Lead**
- **Retail Developers Still Lag Behind Office/Housing Developers on Green Front**



6. I'VE BEEN THINKIN' ABOUT MY DOORBELL:

E-tailers Still Clicking Along in Decade 2.0

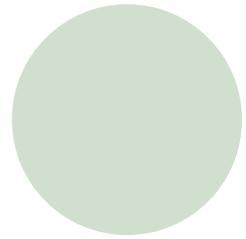
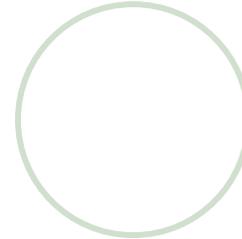
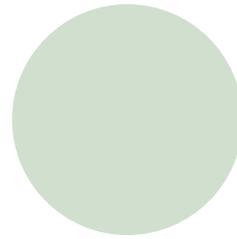
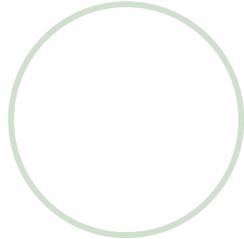
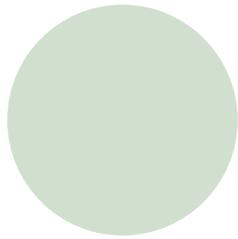
- **Consistent Sales Growth of 20-25% Per Year Throughout This Decade (Vs 4% for All Retail)**
- **Falling Technology Prices, Wider Broadband Access, Greater Consumer Acceptance, Better Sites/Search Engines, Friendlier Shipping and Return Policies, and Alternative Payment Methods Lure More Customers**
- **Is the Internet the Great Equalizer? Small Companies Benefit From “Long Tail” Business Model**



5. FASHION VICTIM:

The Fall of the Mall

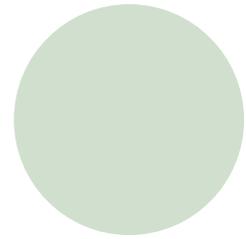
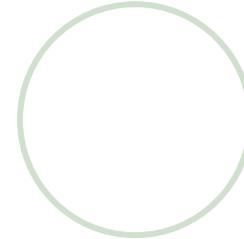
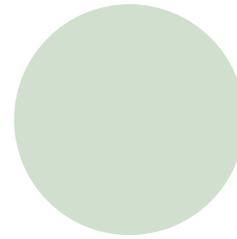
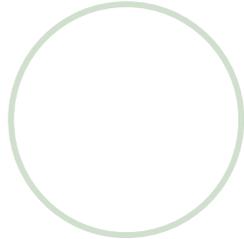
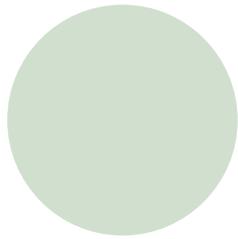
- **Women's Apparel Sales Off by 5% in 2007; Store Closings in Early 2008 Follow**
- **Consolidation of Department Store Industry Reduces Pool of Anchors**
- **Enclosed Environments Can Create More Conflict and Costs Than Comfort and Convenience**



4. ARE WE HAVING FUN YET?:

Developers Look Past Demographics to Tap Into Lifestyles

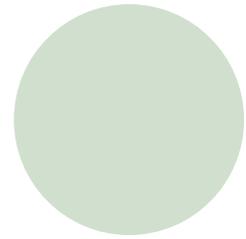
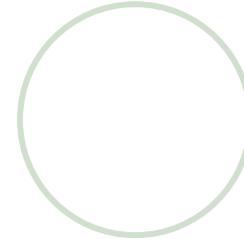
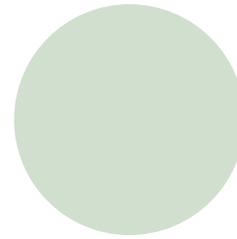
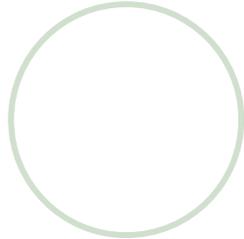
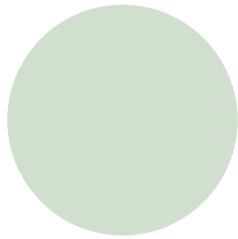
- **First “Lifestyle Centers” Featured Dining & Entertainment in Faux Town Center Settings**
- **Today This Term is Used for Many Glorified Strip Centers as Well**
- **The Most Important Meal of the Day – Breakfast Goes Upscale**



3. ALL SHOOK UP:

Mixed Use is Now First Choice Instead of Fallback Option

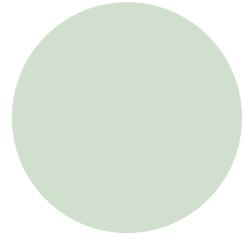
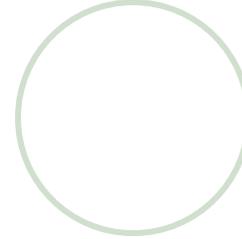
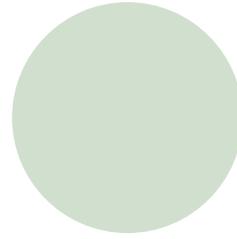
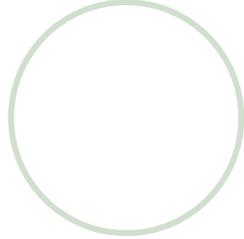
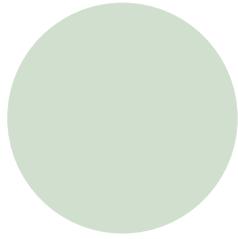
- **The 3 Most Important Variables in Retail Real Estate:
Parking, Parking, Parking**
- **Avoid House of Cards Syndrome – Retail Must Stand
on Its Own**
- **Mixed Uses Add Vitality Around the Clock and
Diversify Long-term Risk in Spite of Challenges**



2. THE DO-IT-FOR-ME SOCIETY:

Retail Economy Shifts Toward Services

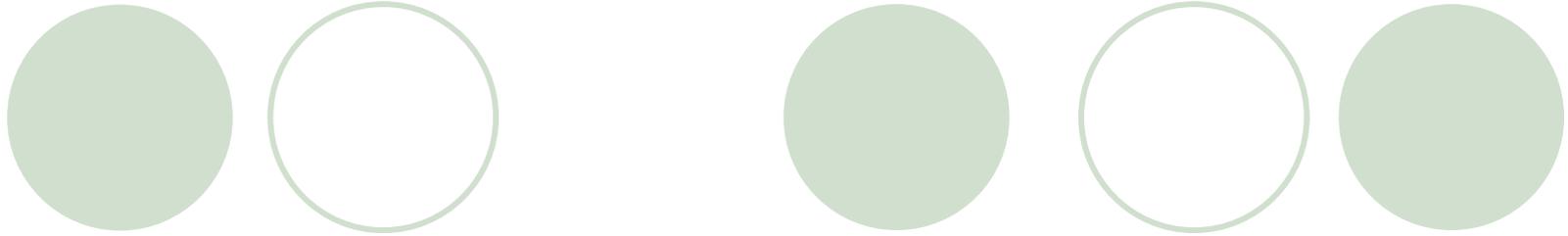
- Almost All USA Job Growth Has Occurred in Service-Producing Industries Over Past 10 Years**
- Mainstream Retailers Add Related Services to “Product” Mix**
- Service Gap Bothers Boomers Who Grew Up on Department Store Service But Millenials Prefer Self-Serve Options**



1. FIGHTING IDENTITY THEFT:

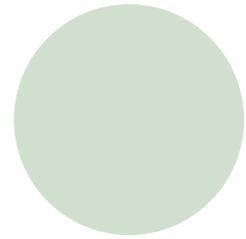
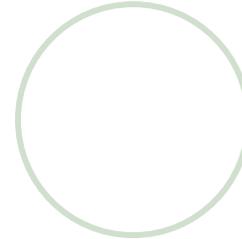
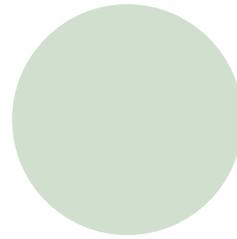
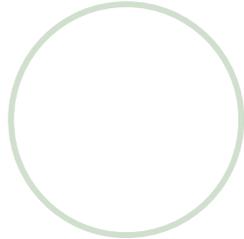
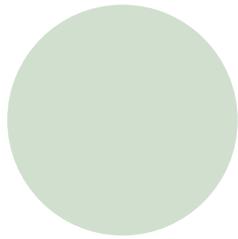
Communities Throughout State Revitalize Downtowns to Preserve Their Unique Heritages and to Promote Their Emerging Assets

- Public/Private Partnerships Pave Way to Success**
- Walkable Mixed Use Developments and Historic Architecture Create Memorable Town Centers**
- Retail Is Not A Catalyst, However, It Must Have Markets to Serve**



TOP 10 OFFICE DEVELOPMENT TRENDS IMPACTING OHIO'S DOWNTOWNS IN 2008

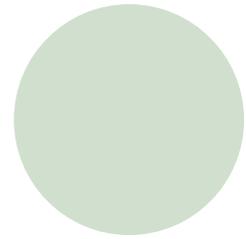
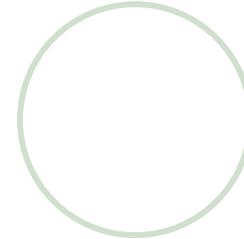
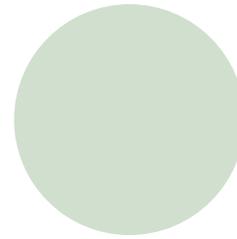
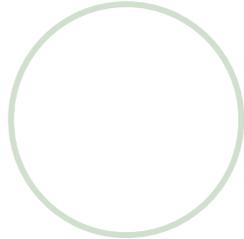
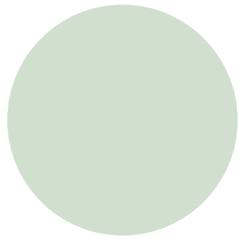
Prepared By:
Boulevard Strategies
Columbus, Ohio
February 22, 2008



10. IT'S THE ECONOMY, STUPID:

Office Vacancies on the Rise Again After Period of Stability

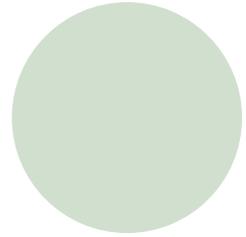
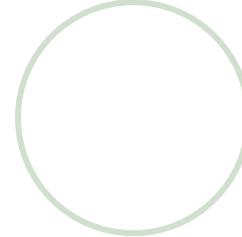
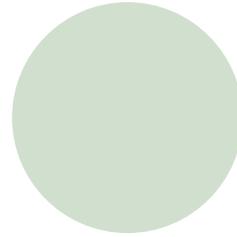
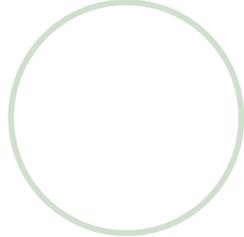
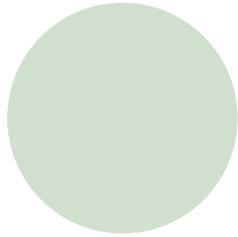
- **Vacancy Rates in Most Ohio Markets Melted Away as Obsolete Office Space Converted to Housing and Spec Building Mostly Avoided**
- **Lack of Job Growth in Ohio Dampens Office Demand**
- **F/I/RE Flickers Out in Wake of Housing Slump**



9. THE RISE OF THE CREATIVE CLASS

The Best and the Brightest Thrive in Lively, Mixed-Use Settings

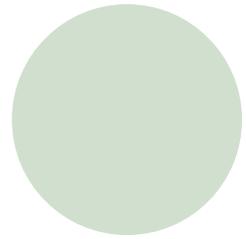
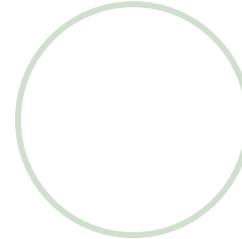
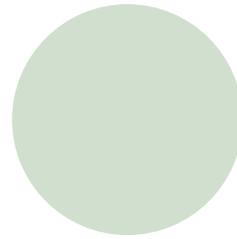
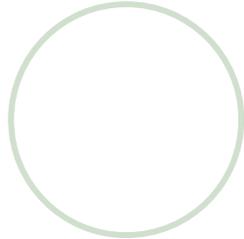
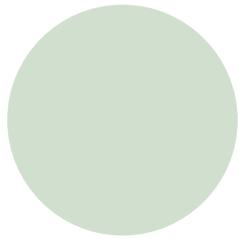
- **Just Shoot Me: Today's Workers Abhor 5-Story Cube Farms in Isolated Office Parks**
- **3 R's – Restaurants, Retail, and Recreation – Constitute Critical Off-Site Amenities**
- **Bed & Breakfasts Spread as Stylish Way to Host Downtown**



8. UPSIDE DOWN:

Latest Technology Trumps Biggest Office In Brave New Corporate World

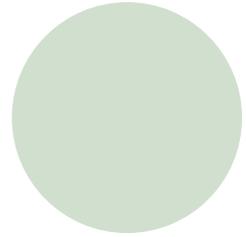
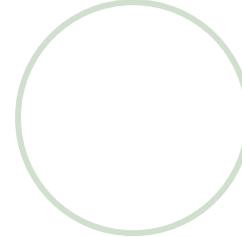
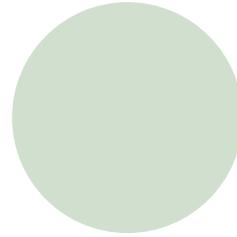
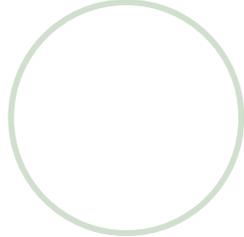
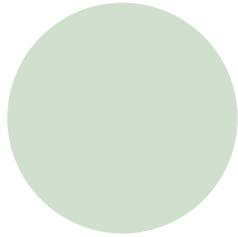
- **Team Spaces, High Tech Conference Rooms, and Open Design Replace the Coveted Corner Office**
- **5 Office Workers Per 1,000 Square Feet Becoming Norm vs. 4 in Past**
- **Developers Seek Greater Efficiency of Land Just as Companies Seek Greater Efficiency of Space**



7. JUST DO IT:

Savvy Employers Offer Flexibility to Boost Work Productivity

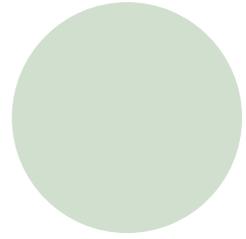
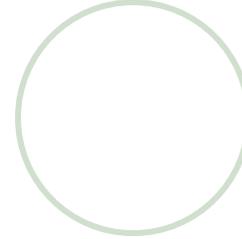
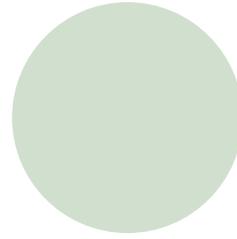
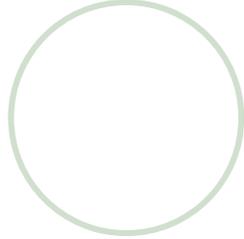
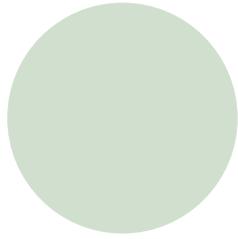
- **Flex-Time, Job-Sharing, Telecommuting, and Hoteling Reduce Demand for Dedicated Offices**
- **Going Mobile – To-Go Technology Frees Desk Slaves**
- **Outsource or Add Overhead? Choice is Usually Clear If not a Core Competency**



6. ZERO COMMUTE TIME:

Work/Live Spaces Gain Popularity Beyond Creative Community

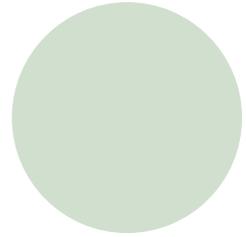
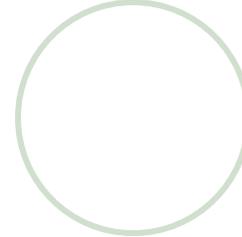
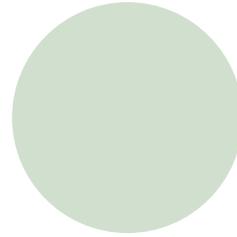
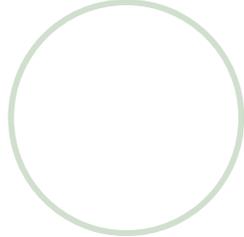
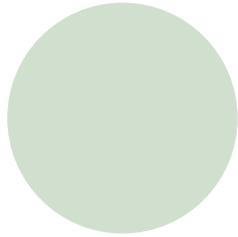
- Home Offices/Studios Suit Freelancers, Consultants, Stay-at-Home Moms, Semi-Retirees in White Collar Occupations**
- Support Services and Third Places Key to Lassoing Lone Rangers Working Out Of Flex Homes**
- Traffic Sucks: If Not Work and Live in Same Place, Owners Still Seek Office Locations Closer to Homes**



5. WITH A LITTLE HELP FROM MY FRIENDS:

Entrepreneurs Share Space, Ideas, and Dreams

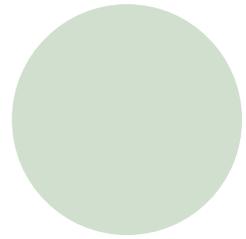
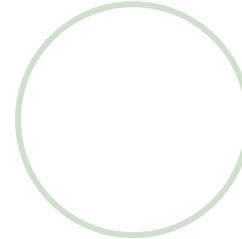
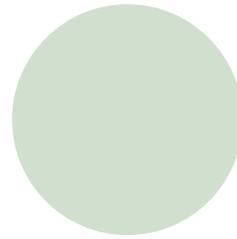
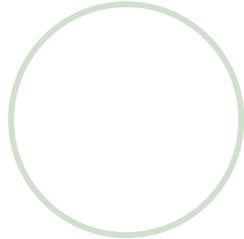
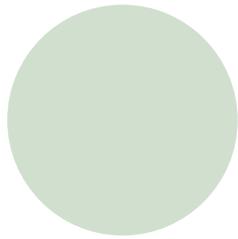
- **Office Suites Deliver Just-In-Time Support for Sales Reps and Corporate Expatriates**
- **Business Incubators and Micro Loan Programs Provide Start-Ups with a Boost**
- **Innovation Not Mass Production Drives New Economy**



4. HOW DOES IT FEEL?:

Medical Office Segment Shines as Boomers Age

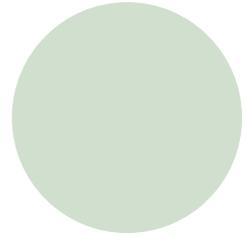
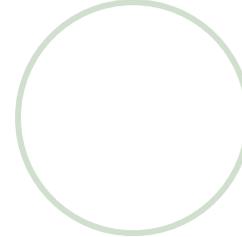
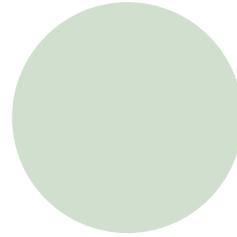
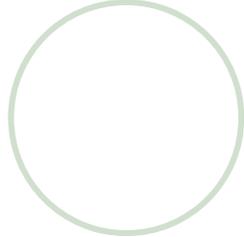
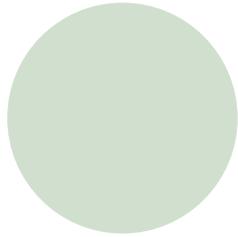
- **Site Selection Driven by Patient Demographics, Relationships with Local Hospitals, Complimentary Practices**
- **Medical/Healing/Wellness Centers Increasingly Co-Locating with Traditional Retailers**
- **Office Condos are Particularly Well-Suited to Medical/Dental Practitioners**



3. BEST FOOT FORWARD:

Communities Strategically Deploy Resources to Attract Targeted Industry Clusters

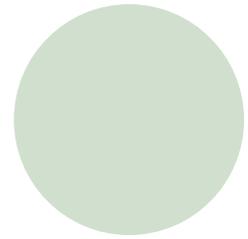
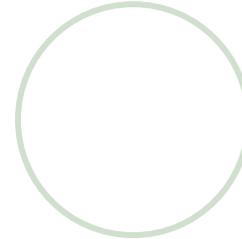
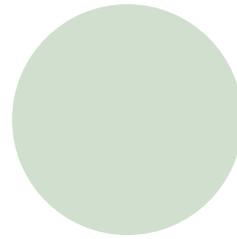
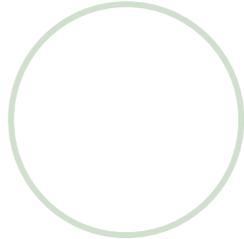
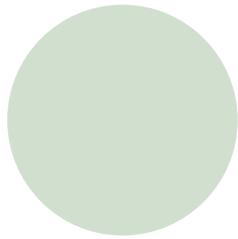
- **Avoid the Noah's Ark Approach and Focus on Asset-Based Planning**
- **Think Vertical (i.e., Supply Chains), Not Just Horizontal/Complimentary Uses In Developing Clusters**
- **Regionalism Approach Recognizes Interdependency of Downtown and Outlying Job Centers**



2. NEW MORNING:

Top Priorities Shift in New Millennium for Office Users

- Dude, Where's My Parking Space? – Cheap Dedicated Parking is Coveted by Office Workers**
- Is It Safe? – Post 9/11 Era Heightens Security Fears**
- Green is Good – LEED Designation Carries Weight as Seal of Approval**



1. OPEN ARMS:

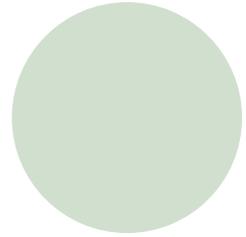
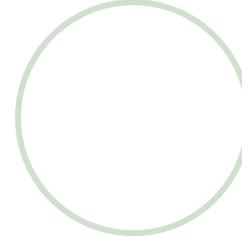
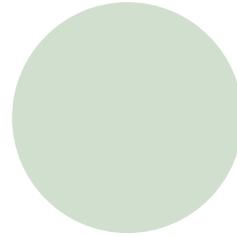
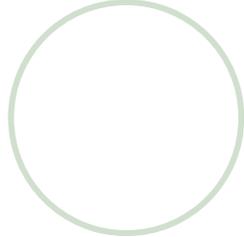
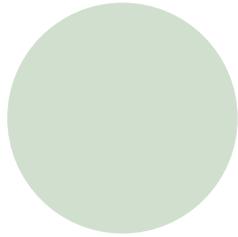
Cities Chase Economic Development Ever More Vigorously

- Downtown Development Groups Better Staffed/Organized Than Ever**
- Shift Under Way From Property Tax Abatements to Income Tax Relief Packages**
- Arts & Culture Add to Downtowns' Appeal to Employers**



TOP 10 HOUSING DEVELOPMENT TRENDS IMPACTING OHIO'S DOWNTOWNS IN 2008

Prepared By:
Boulevard Strategies
Columbus, Ohio
February 22, 2008

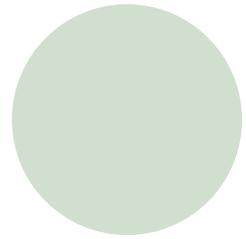
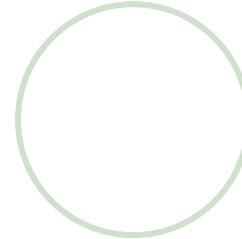
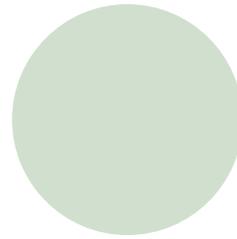
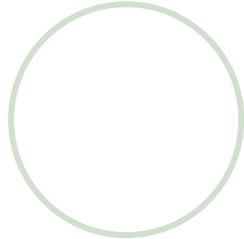
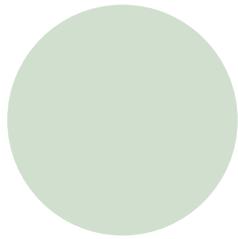


10. SUBPRIME SPILLOVER:

Problems in Suburban Single Family Sector Impact Overall Housing

Industry in Ohio

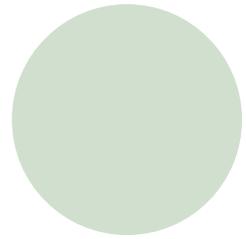
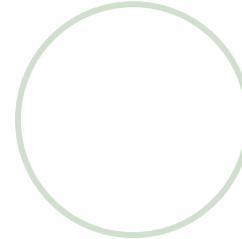
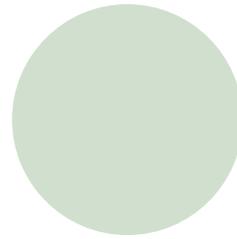
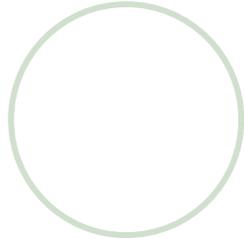
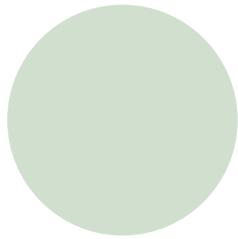
- **Empty Nesters Stuck in the Suburbs But Will Leave in Doves Once Market Corrects Itself**
- **Rent-to-Own: Land Contracts May Be Solution for Sellers Who Want to Move and Buyers With Damaged Credit**
- **Stable Markets Are Positioned to Benefit From Lower Interest Rates**



9. MY CITY WAS GONE:

Suburban Sprawl Threatens Ohio's Way of Life

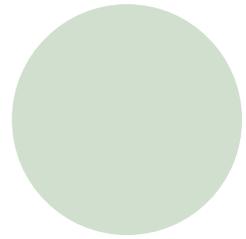
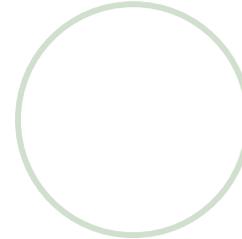
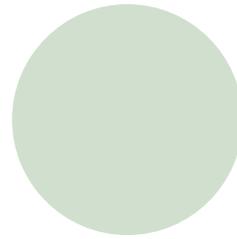
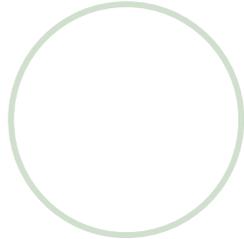
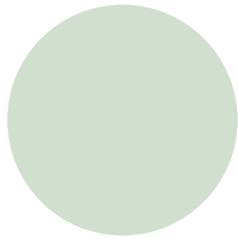
- **Back to the Future: Traditional Neighborhood Design Guidelines Spark New Urbanism Movement**
- **Sea Change Occurring as Even Suburbs Embrace Urban Options**
- **Walkable + Bikable = Likable**



8. THE NEW STARTER HOMES:

Condo Craze Sweeps Urban Areas, Including Downtowns

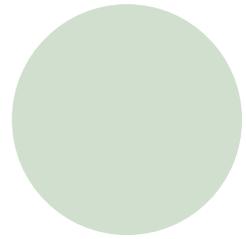
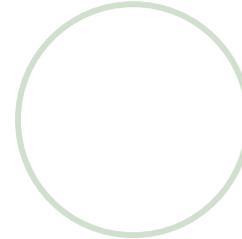
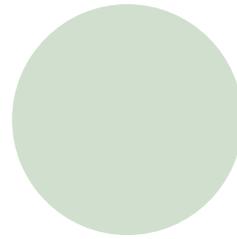
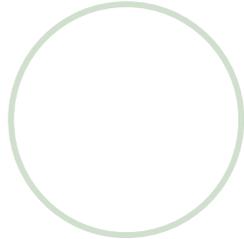
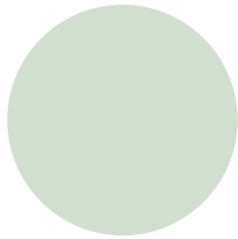
- Condos Double Share of New Housing Market Over Past 10 Years**
- Prices Typically 2/3 of Single Family Homes in Same Neighborhood**
- Resale Market Alive and Well In Spite of Building Boom**



7. WHEN I'M 64:

Boomers Become (Gasp!) Seniors

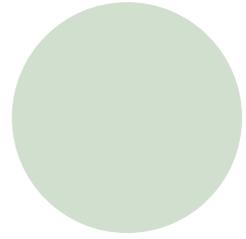
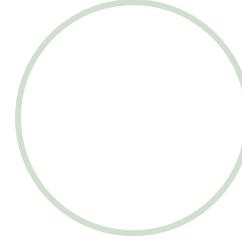
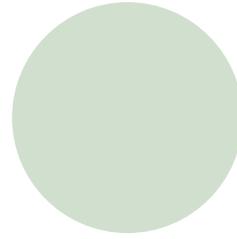
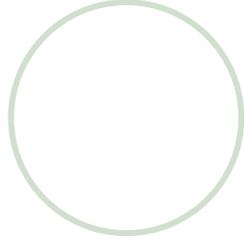
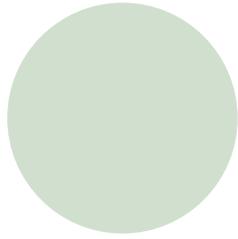
- **In Denial: 850,000 Ohioans Will Reach Retirement Age Over Next 5 Years But Many Won't Really Retire**
- **Record \$\$\$ Spent on Thigh Masters, Plastic Surgery, Vitamins and Supplements, Hair Color, Botox, and Viagra**
- **Pets Gain Status as Full-Fledged Family Members, Especially for Empty Nesters**



6. LIKE A FISH NEEDS A BICYCLE:

What Women Really Want

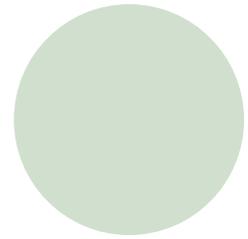
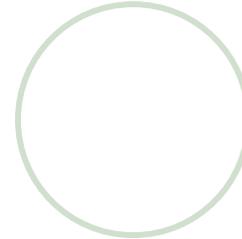
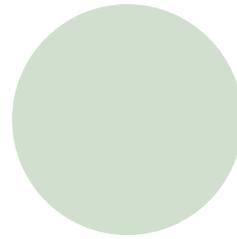
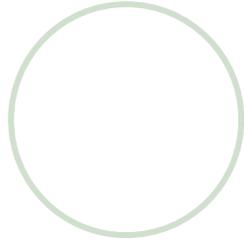
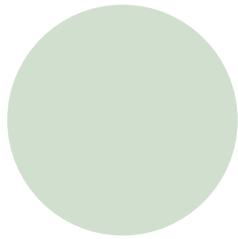
- Singles in 30s/40s Not Waiting to Get Married to Buy First House**
- Money Changes Everything as College-Educated Women Earn More Than Ever**
- Choosy About Amenities But Security and Low Maintenance Are Most Valued**



5. UPWARD BOUND:

Today's Renters Are Tomorrow's Owners

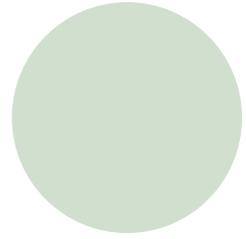
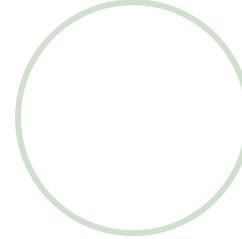
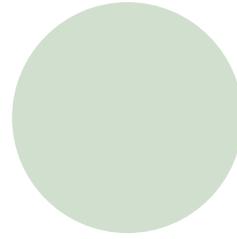
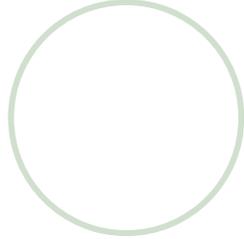
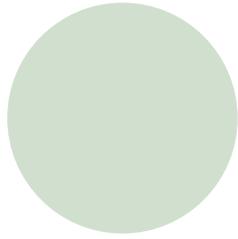
- Apartment Market Runs Counter to For-Sale Market**
- Millennials Seek Affordability, Green Space, and Coolness**
- “Lifestyle” Renters Now Comprise 15% of Market as Apartment Sizes Grow**



4. BOOMTOWN USA:

Housing Follows Jobs in Exurbia

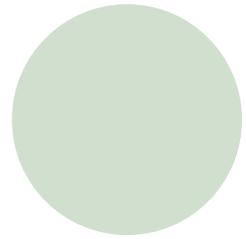
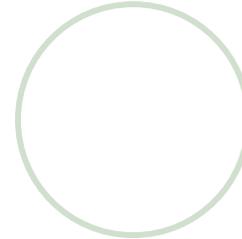
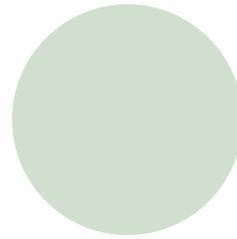
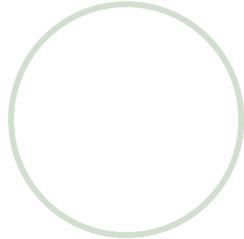
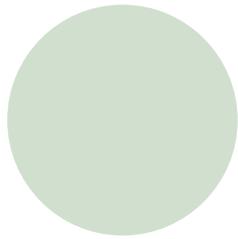
- **God's Country: Executives Escape to Hinterlands**
- **Extended Stay Apartments Appeal to Company Town Executives On the Move**
- **Community Colleges Open New Branches to Facilitate Lifelong Learning**



3. GRAY POWER:

“They’ll Have to Take Me Out Feet First”

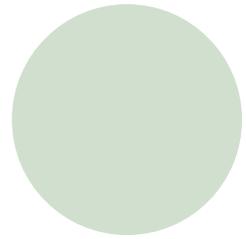
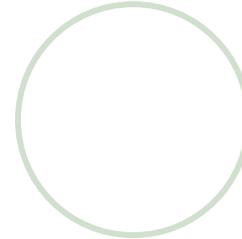
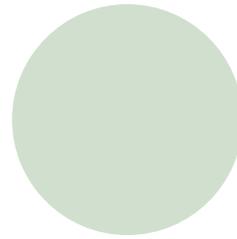
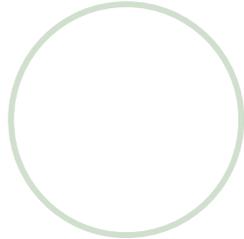
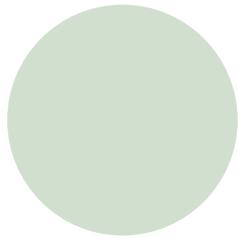
- Most Wish to Age In Place as Community & Family Ties Deepen Over Time**
- Service Co-ops Allow Seniors to Pool Resources Needed to Stay Independent**
- Be All You Can Be: The All-Volunteer Army of Seniors Is Simply Amazing**



2. DOWNTOWN BELONGS TO EVERYONE:

Diversity is Downtown's Middle Name

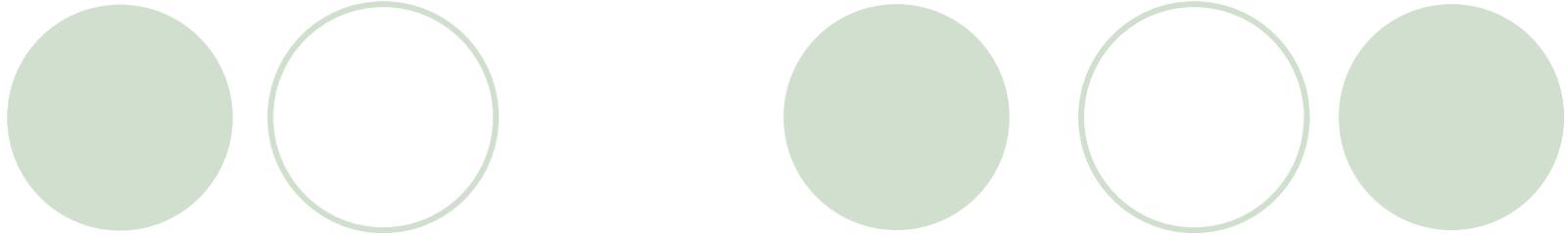
- **All Are Welcome Regardless of Age, Race/Ethnicity, Sexual Orientation, Income, Politics, Religion, Tattoos**
- **A Hand Up: Communities Dilute Pockets of Poverty With Market-Rate/Public Housing Mixes**
- **The Kids Are Alright: New Initiatives Target Families and Children**



1. THIS IS YOUR OWN HOMETOWN:

Public Policy Leverages Private Investments in Housing Stock

- **Historic Tax Credits Preserve Past While Building For the Future**
- **Improving Image of Downtowns May Be This Group's Greatest Achievement So Far**
- **Sustainability Is Next Frontier For Success**



Thank You