

**MARKET ANALYSIS
in Support of
GROVE CITY
TOWN CENTER PLAN**

Prepared For:

**THE CITY OF GROVE CITY
Grove City, Ohio**

Prepared By:

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TABLE OF CONTENTS

	<u>Page</u>
A. DEMOGRAPHIC AND BUSINESS TRENDS	3
1. Introduction	
2. Population and Growth Trends	
3. Household Formation and Composition	
4. Educational Attainment Among Adults	
5. Occupation: Live Here vs. Work Here	
6. Income Distribution	
7. Lifestyle Segmentation	
8. Business Mix	
9. Conclusions	
B. REAL ESTATE MARKET TRENDS	13
1. Introduction	
2. Regional Retail Trends	
3. Local Retail Market Conditions	
4. Regional Office Trends	
5. Local Office Trends	
6. Regional Housing Trends	
7. Local Housing Market Conditions	
8. Conclusions	
C. RESULTS OF MERCHANT INTERVIEWS	31
1. Introduction	
2. Business Stability	
3. Size and Performance	
4. Level of Commitment	
5. Customer Mix	
6. Competitive Advantages	
7. Perceived Town Center Strengths	
8. Perceived Town Center Challenges	
9. Suggestions for Improving the Town Center	
10. Conclusions	
D. RESULTS OF SHOPPER SURVEYS	47
1. Introduction	
2. Frequency of Patronage	
3. Attribute Ratings	
4. Perspectives on Issues and Initiatives	
5. New Businesses Needed	
6. Key Differences Among Sub-Groups	
7. Conclusions	

APPENDICES

- Appendix 1: Maps of 1-Mile and 3-Mile Radii Surrounding Town Center
- Appendix 2: Tapestry Lifestyle Segment Profiles
- Appendix 3: Merchant Interview Guide
- Appendix 4: Shopper Survey Instrument

2008 GROVE CITY TOWN CENTER PLAN

MARKET ANALYSIS/EXECUTIVE SUMMARY

Boulevard Strategies researched and analyzed demographic, lifestyle, employment, retail, office, and housing trends as they relate to the market served by Grove City's Town Center. In addition, we conducted 30 in-person interviews with Town Center merchants and surveyed 169 shoppers at farmer's markets. This information and input form the basis for the conclusions briefly highlighted below.

The 1-mile radius population in Grove City is dense and still growing. Housing developments and new household formation is occurring in steady but piecemeal fashion. Income levels in the 1-mile radius, while relatively low for Grove City, exceed countywide benchmarks.

One of the most surprising results of the retail market analysis is the Town Center's very low market share (3-4%) of retail spending by residents and workers within a 1-mile radius. There are about 1,000 workers and 2,500 residents within easy walking distance (i.e., one-half mile) of the Broadway/Park intersection (not to mention library visitors).

Beyond the 1-mile radius, Grove City is a conservative Midwestern, middle class suburb that has seen a great deal of growth over the past twenty years. The Town Center does not necessarily resonate with newcomers, some of whom are barely aware of it. Households with school age children, of which Grove City has many, are consumed with school and extracurricular activities. This will always be a difficult market for the Town Center to attract in spite of its size and retail spending power (\$358 million in 2008).

In addition to overwhelming competition from Stringtown Road for Town Center merchants, Town Center property owners must compete for tenants in the most difficult submarket, in terms of retail vacancies, in central Ohio. This will continue to place pressure on the Town Center's commercial vacancy rate and achievable rents. While change is inevitable in the Town Center's retail mix, long term growth is unlikely, in our opinion. Its overall sales performance is dismal and a significant portion of its retailers are showing signs of eventual failure.

While the Town Center will inevitably lose existing retail businesses, we generally agree with merchant's observations and shoppers' opinions on how to build certain retail sectors. The two most popular suggestions for new businesses among Town Center merchants and shoppers are more sit-down restaurants, including ethnic cuisine, and a bakery that sells soups and sandwiches. The type of restaurant they believe would be successful would be a step above Plank's but not too upscale. It would focus on the dinner business and would open for Sunday brunch.

Next on the list are more arts and crafts businesses, similar to those operating at the Mill Street Market, and a used bookstore similar to Half Price Books.

Emphasis on town centers and downtowns across America is shifting back to development of home-grown entrepreneurs vs. chasing national and regional chains. Chains tend to travel in flocks, to commercial strips while independents thrive on niche markets overlooked by their larger competitors.

These micro-businesses will require affordable space but will seek high visibility locations in lively mixed-use settings. A significant portion of business will shift toward e-commerce and home delivery. Personalized and knowledgeable service and custom-made products will continue to be keys to success for independents.

Town Center merchants collectively spend about \$250,000 per year to advertise and promote their businesses. A shopping center with \$15 million in annual revenue would spend about \$450,000 year on advertising (through anchor stores and marketing funds). The Town Center's gap must be made up through events and other promotional efforts. Events are especially important in reaching the family market mentioned above.

The need to update, renovate, and, in some cases, redevelop Town Center's properties is ever ongoing. Property owners must be able to envision returns before they invest, however. Demonstration of confidence in the Town Center's future viability by the public sector is important in catalyzing private investment.

At the same time, it is important that the City lead the way in maintaining the standards and improving the unique qualities that make the Town Center a special place. The merchants themselves acknowledge that the quaint, small town atmosphere of the Town Center is its greatest asset as a place for them to do business.

Grove City competes in the Southwest Franklin County office submarket, which has only a handful of multi-tenant office buildings. As of first quarter 2008, all 104,000 square feet of Class B space was occupied and no new construction was underway, according to Grubb & Ellis/Adena Realty. Meanwhile, demand for office space in Grove City is increasing by 15,000 square feet per year, based on its increasingly white collar employment base.

Grove City's Town Center has about 55,000 square feet of occupied office space (not including government/library offices), much of which is located in converted residences. Lack of large contiguous chunks of office space is an issue for Grove City, including the Town Center.

Only 1.7% of Town Center residents that work have a zero commute time, i.e., work out of their homes. The same figure is 2.1% for all Grove City workers. This compares to 4.2% county-wide. If the Town Center met the county-wide average of 4.2%, it could have supported another 100+ persons who work from their homes. This number is likely to have grown since 2000. Work/live spaces have yet to take strong root in Grove City, but may represent a future opportunity.

Although the housing market is currently in a major downturn, Grove City's Town Center should be positioning itself for the inevitable rebound. The Town Center would be the ideal place to create more alternative housing choices to retain older empty nesters and to attract young professionals. More and better residential uses will support other Town Center uses such as the library, and especially, retail.

Many survey respondents seemed to be unaware that the library is in need of more space. Yet 58% of those surveyed support the idea of moving the library to a larger location within the Town Center (presumably to the former lumberyard site). Another 28% remain neutral until they have more information and 15% would prefer that the library be left along. The library is the Town Center's biggest draw but is not well-integrated with other uses.

Nearly half of shoppers surveyed (49%) agreed that they would have some interest in taking a class at a community college branch located in the Town Center. This is a remarkably high percentage given that the median age of respondents was about 48. A community college would need only a small percentage of Grove City adults to enroll in its classes to be successful. It would also be a catalyst for employers to locate in the Town Center near a labor pool.

Generally, shoppers have a more favorable impression of the Town Center than do its merchants. They perceive the town center to be clean and safe. Respondents are very proud of the Town Center's appearance and heritage. Citizens strongly believe that revitalization of the Town Center should be a priority for City officials. They rate the City's support for the Town Center at 6.9 on a 1 to 10 scale (vs. 5.3 by merchants on the same attribute).

Shoppers gave low ratings to store hours. The typical Town Center merchant stays open 52 hours per week. Business owners are present during all open hours in 76% of Town Center businesses. In fact, 27% of Town Center businesses have only one employee, the owner. This is a constraint on how much those businesses can grow.

Merchants identified parking as a major challenge in the Town Center's business environment. This claim is not supported by the shopper survey results. An inadequate mix of businesses and store hours are greater impediments according to shoppers (especially those under age 45). These results do not indicate the need for a parking structure in the Town Center based on current levels of usage.

Residents of Grove City and the surrounding area clearly cherish their Town Center and wish to preserve its heritage and revitalize its businesses. Looking forward, they are an exceptionally aspirational citizenry. They envision Grove City's Town Center as a symbol for lifelong learning with a community college branch and a larger, more modern library. They desire more sophisticated retail options such as better and more diverse restaurants and delicatessens, a used (or any type of) bookstore, and arts and crafts boutiques that reflect Grove City's upward mobility.

A. DEMOGRAPHIC AND BUSINESS TRENDS

GROVE CITY TOWN CENTER PLAN

A. DEMOGRAPHIC AND BUSINESS TRENDS

1. INTRODUCTION

Demographic trends based on U.S. Census data and projections published by SITES USA and ESRI, Inc. two leading geo-demographic forecasting firms, are analyzed below for three levels of geography relative to Grove City's Town Center. The first level is a 1-mile radius around Broadway and Park Streets. This is considered to be the "close-in" residential market that is within a convenient driving, or even, walking distance of the Town Center's merchants. The next level is the City of Grove City, based on its 2000 boundaries, as the Town Center's propose is to serve the entire city. However, since retail dollars do not necessarily respect municipal boundaries, we have also analyzed demographics at the 3-mile radius level which includes portions of neighboring villages and townships. This is the maximum trade area, in our opinion, for most of the Town Center's retailers, except those that are more tourist/visitor-oriented. Demographic data for Franklin County was also collected to provide benchmarks where appropriate.

2. POPULATION DENSITY AND GROWTH TRENDS

There are over 10,000 persons living within 1 mile of Grove City's Town Center. Population in the 1-mile ring has been slowly but steadily growing for the past twenty years. At 3,282 persons per square mile, it represents Grove City's most densely-populated section, as is appropriate for a Town Center. The 1-mile ring has a disproportionately high number of seniors (15.5% vs. 10.5% countywide).

Grove City, even when defined by its 2000 borders, continues to experience a high rate of population growth, though not quite at the torrid pace of the 1990's. It currently has about 32,000 persons, as it adds 400 to 500 persons per year.

Growth is more pronounced outside of Grove City (2000 borders) within 3 miles of the Town Center. (Portions of this territory have been annexed into the City since 2000.) Population in this category represents over 16,000 additional residents that are within 1 to 3 miles (5 minutes drive time) of the Town Center (double the 8,000 residents in this category in 1990).

In 1990, the 1-mile ring population accounted for 41% of Grove City’s population; by 2008, this ratio has shrunk to 32%. The Town Center is fighting an uphill battle to attract and retain residents versus newer suburban subdivisions.

TABLE 1: POPULATION TRENDS

	1-Mile Radius	Grove City	3-Mile Radius	Franklin County
2008 Est. Population	10,207	32,118	48,351	1,110,125
2008 Population Density	3,282	2,302	1,687	2,050
2013 Est. Population	10,627	34,287	51,816	1,160,525
Avg. Annual Change, 2008-2013 (Forecast)	+64 (0.6%)	+434 (1.3%)	+693 (1.4%)	+10,080 (0.9%)
1990 Census	8,694	21,138	29,586	959,789
Avg. Annual Change, 1990-2008 (Historic)	+90 (1.0%)	+610 (2.9%)	+1,043 (3.5%)	+8,352 (0.9%)
2008 % Age 65+	15.5	11.0	11.0	10.5

SOURCES: U.S. Census Bureau, ESRI, Inc., SITES USA, and Boulevard Strategies

3. HOUSEHOLD FORMATION AND COMPOSITION

There are slightly over 4,000 households within a 1-mile radius of the Town Center, as it adds 35 net new households per year, on average. Note that this steady growth trend has been “organic,” i.e., without a push from the city or anyone else to develop more Town Center housing options. Still, Town Center is capturing only 14% of the new household growth occurring within Grove City’s 2000 borders.

Households located within 1 mile of the Town Center tend to be smaller and have fewer children than other Grove City area households. Over one-fourth (27%) of the 1-mile ring households are occupied by just one person.

A majority of residents (62%) in the 1 mile ring own their properties, but this is a lower rate than Grove City in general (75%). This results in a relatively transient group of householders, changing residences every 3.9 years, on average, with a turnover rate 47% higher than for the rest of Grove City. By coincidence, the housing stock (median year built = 1970) is twice as old as the housing available in the rest of Grove City.

Interestingly, households at all three levels of geography (1-mile radius) Grove City, and 3-mile radius) have relatively high proportions of both full nest families (households with at least one child) and empty nest couples (both young and older). Households within 1 mile of the town center are 10% more likely to have child(ren) present and 14% more likely to house an empty nest couple compared to countywide benchmarks.

TABLE 2: HOUSEHOLD TRENDS

	1-Mile Radius	Grove City	3-Mile Radius	Franklin County
2008 Est. Households	4,059	12,300	17,581	471,320
Avg. Annual HH Formation, 1990-2008	+35	+245	+386	+5,176
2008 Avg. HH size	2.51	2.59	2.70	2.30
% Family Households	68.8	73.1	71.8	59.8
% Households w/Child(ren)	37.1	39.8	40.0	33.7
% Empty Nest Couples	28.0	29.4	28.0	24.6
% 1-Person Households	27.1	22.4	22.2	31.3
% Households w/ Non-Related Roommates	4.1	4.5	6.0	8.9
% Owners/Renters	62/38	76/24	75/25	57/43
Median Years at Same Residence	3.8	5.0	3.3	4.1
Median Age of Home	38.2	25.5	23.4	40.4

SOURCES: U.S. Census Bureau, ESRI, Inc., SITES USA, and Boulevard Strategies

4. EDUCATIONAL ATTAINMENT AMONG ADULTS (25+)

Education attainment among adults aged 25 and over who live within 1 mile of the Town Center is relatively low compared to countywide benchmarks. Though most adults have high school diplomas (86% vs. 89% county-wide), relatively few have college degrees (15% vs. 35% county-wide).

Grove City adults who live outside of the 1-mile radius are better educated, on average, with about 28% earning college degrees. Education levels in the villages and townships beyond Grove City but within a 3-mile radius of the Town Center are very low as only 82% of adults graduated from high school and 11% graduated from college.

**TABLE 3: EDUCATIONAL ATTAINMENT, 2008
(ADULTS AGE 25 AND OVER)**

	1-Mile Radius	Grove City	3-Mile Radius	Franklin County
Less Than High School	14.4%	9.1%	13.7%	10.6%
High School Grad Only	43.1%	38.7%	40.3%	26.9%
Some College/ Associates Degree	27.6%	28.6%	27.7%	27.0%
Bachelor's Degree or Higher	14.9%	23.6%	18.3%	35.5%
TOTAL	100.0%	100.0%	100.0%	100.0%

SOURCES: U.S. Census Bureau, ESRI, Inc., SITES USA, and Boulevard Strategies

5. OCCUPATION/LIVE HERE VS. WORK HERE

Those who live within a 1-mile radius of Grove City's Town Center primarily work in white collar occupations (59%) but also are more likely than the typical Franklin County resident to have a blue collar occupation (41% vs. 37.5%). The remainder of Grove City's residents are heavily white collar (about 70%) while those who live in the outlying areas are more blue collar (47%).

There were 4,331 employed adults living within a 1-mile radius of the Town Center, according to the 2000 Census. There were 4,184 jobs within a 1-mile radius of the Town Center, 61% of which require white collar skills. The Town Center exports about 150 blue collar workers (net) and imports about 10 white collar workers (net) each day, which is a fairly reasonable balance.

At the Grove City level (based on 2000) boundaries), there were 9,301 white collar workers among its residents in 2000. This contrasts with only 6,795 white collar positions available by its employers resulting in a net outflow of 2,506 white collar workers each day in 2000.

Conversely, Grove City has 4,770 blue collar workers, not enough to fill the 5,043 blue collar jobs offers by its employers. Therefore, Grove City's economy would shift towards more white collar, office-based employment so that more of its residents could shorten their commutes by switching to local employment centers, including the Town Center.

Only 1.7% of Town Center residents that work have a zero commute time, i.e., work out of their homes. The same figure is 2.1% for all Grove City workers. This compares to a 4.2% county-wide. If the Town Center met the county-wide average of 4.2%, it could have supported another 100+ persons who work from their homes. This number is likely to have grown since 2000. Work/live spaces have yet to take strong root in Grove City but may represent a future opportunity.

TABLE 4: OCCUPATION/LIVE HERE VS. WORK HERE, 2000

	1-Mile Radius	Grove City	3-Mile Radius	Franklin County
Employed Adults	4,331	14,071	20,087	480,918
White Collar Workers	2,559 (59%)	9,301 (66%)	12,394 (62%)	301,053 (63%)
Blue Collar Workers	1,772 (41%)	4,770 (34%)	7,693 (38%)	179,865 (38%)
Jobs	4,148	11,838	17,685	794,557
White Collar Jobs	2,569	6,795	10,009	479,912
Blue Collar Jobs	1,615	5,043	7,876	314,645
Import(+) vs. Export(-), White Collar Labor	+10	-2,506	-2,385	+178,859
Import(+) vs. Export(-), Blue Collar Labor	-157	+273	-17	+134,780
Import(+) vs. Export(-), All Labor	-147	-2,233	-2,402	+313,639
% Work at Home	1.7	2.1	1.9	4.2

SOURCES: U.S. Census Bureau, SITES USA, and Boulevard Strategies

6. INCOME DISTRIBUTION

The demographic variables that have the most impact on retail spending patterns are median household income and per capita income. As income increases, spending shifts away from Convenience Goods and Services categories toward more discretionary purchases in the Fashion Goods, Leisure Goods, and Dining and Entertainment categories.

Households within a 1-mile radius of the Town Center earn incomes slightly above Franklin County's households, in general. Median household income in excess of \$50,000 per year (\$50,850) and per capita income over \$25,000 (\$25,728) each exceed countywide statistics by 5 to 6%.

However, households in the Town Center vicinity have much lower income levels than the rest of Grove City, in general. Not including the 1-mile radius around the Town Center, Grove City has a median household income of about \$72,500. The City also has a large contingent of households that earn \$100,000 a year or more. Even more impressive, Grove City's per capita income has been growing at a rate of 3.9% per year, according to ESRI, Inc., while the Census Bureau estimates that per capita income for all Franklin County residents has grown at a rate of 1.5% per year since 2000.

Income levels drop off beyond Grove City’s borders but are still above-average for Franklin County.

TABLE 5: HOUSEHOLD INCOME DISTRIBUTION, 2008

	1-Mile Radius	Grove City	3-Mile Radius	Franklin County
Less Than \$25,000	19%	12%	13%	23%
\$25,000-\$49,999	30%	22%	25%	29%
\$50,000-\$74,999	28%	23%	25%	21%
\$75,000-\$99,999	13%	20%	17%	12%
\$100,000 or More	10%	23%	20%	15%
TOTAL	100%	100%	100%	100%
Median HH Income	\$50,850	\$67,206	\$62,383	\$47,749
Per Capita Income	\$23,728	\$30,356	\$28,277	\$23,453

SOURCES: U.S. Census Bureau, ESRI, Inc., SITES USA, and Boulevard Strategies

7. LIFESTYLE SEGMENTATION

ESRI, Inc. has developed an algorithm based on demographic, socioeconomic, and residential characteristics that assigns neighborhoods to the Tapestry lifestyle segment it best fits. The top 5 Tapestry lifestyle segments for Grove City are shown and described below.

TABLE 6: TOP TAPESTRY LIFESTYLE SEGMENTS, GROVE CITY

Name	% of HHs	Description
Up and Coming Families	18%	<ul style="list-style-type: none"> - Young, middle class suburban families with grade school children - Consumer choices/activities resolve around home, kids and school events - Carrying high levels of debt, still paying student loans
Rustbelt Retirees	17%	<ul style="list-style-type: none"> - Empty nesters and widow/ers settled in place, not inclined to move - Active in community, patriotic - Bargain hunters who enjoy gambling
Exurbanites	13%	<ul style="list-style-type: none"> - Affluent but sandwiched between paying for college/caring for parents - Drive SUVs on long daily commutes, own large homes on fringes - Enjoy outdoor activities at home and on the road, do volunteer work
Sophisticated Squires	9%	<ul style="list-style-type: none"> - White collar baby boomers with children, “soccer Moms” - Enjoy backyard living with barbeques on decks overlooking trimmed lawns - Heavy consumers of electronics/technology and gasoline
Old and Newcomers	9%	<ul style="list-style-type: none"> - Neighborhoods in transition, high % of renters, both young and elderly - Above-average educations, below-average incomes - Voracious appetites for media and entertainment
Subtotal	66%	

SOURCES: ESRI, Inc. and Boulevard Strategies

These five segments collectively comprise about 2/3 of Grove City’s 12,300 households. (This also means that about 4,000 households fall into less common lifestyle segments.) The return of Graeter’s Ice Cream, the library, and the ongoing success of City and Chamber sponsored events have been key to attracting new, young “Up and Coming” families to the Town Center. Rustbelt Retirees may be the Town Center’s strongest constituency, at the moment. Many of its establishments cater to an older clientele, including longtime regulars.

8. BUSINESS MIX

Boulevard Strategies estimates that there are about 400 business and nonprofit establishments currently operating within a 1-mile radius of Broadway and Park Streets. They collectively employ over 4,000 persons in addition to about 350 persons who work in public sector positions. Town Center businesses employ 10.1 persons each on average vs. 15.9 countywide. Employment is above-average in the Wholesale Trade and Services sectors but low in Retail Trade and Finance/Insurance/Real Estate jobs – two sectors that usually thrive in Town Center environments.

Grove City and its environs, including Rickenbacker Industrial Park, are relatively strong in blue collar industries such as Manufacturing and Wholesale Trade. However, Grove City's strongest sector is Retail Trade with 3,268 jobs, 500 more than would be expected based on countywide averages. Stringtown Road has become a dominant retail corridor.

TABLE 7: BUSINESS MIX

2008 Employment	1-Mile Radius	Grove City	3-Mile Radius	Franklin County
Construction	80	577	845	29,469
% to Total	1.8	4.4	4.5	3.6
Manufacturing	93	1,076	1,689	56,335
% to Total	2.1	8.2	8.9	7.0
Transportation/Utilities	160	834	1,698	68,847
% to Total	3.6	6.3	8.9	8.5
Wholesale Trade	1,117	1,617	1,998	41,373
% to Total	25.4	12.3	10.5	5.1
Retail Trade	467	3,268	4,523	166,068
% to Total	10.6	24.9	23.8	20.6
Finance/Insurance/Real Estate	199	538	660	58,860
% to Total	4.5	4.1	3.5	7.3
Services	1,821	4,548	6,659	315,534
% to Total	41.1	34.6	35.1	39.1
Government	342	504	655	66,588
% to Total	7.8	3.8	3.5	8.2
Other	121	212	249	4,378
% to Total	2.8	1.4	1.3	0.5
TOTAL	4,400	13,174	18,976	807,452

SOURCES: U.S. Census Bureau, SITES USA, Columbus Chamber of Commerce, and Boulevard Strategies

9. CONCLUSIONS

The 1-mile radius population in Grove City is dense and still growing, in spite of the maturity of its neighborhoods. Housing development and new household formation is occurring in steady but piecemeal fashion. Income levels, while relatively low for Grove City, exceed countywide benchmarks in the Town Center.

The relatively low proportion of adults with college degrees in the Grove City area may indicate an opportunity for a branch campus of a local university or college to provide continuing education opportunities as workforce needs constantly evolve.

The Town Center's work here/live here ratio shows good balance. However, it could support another 100 or so work/live units. Note that "work/live" spaces often consist of a home office in a spare bedroom or basement. On the other hand, there are architects working on some simple but interesting designs for spaces intended for work/live from their conception instead of converting an existing single-use property.

Grove City is a conservative Midwestern, middle class suburb that has seen a great deal of growth over the past twenty years. The Town Center does not necessarily resonate with newcomers, some of whom are barely aware of it. Households with school age children, of which Grove City has many, are consumed with school and extracurricular activities. This will always be a difficult market for the Town Center to attract in spite of its size and spending power.

On the other hand, not all Grove City residents fit one lifestyle profile. The Town Center should be a place that welcomes and interacts with persons from all walks of life.

B. REAL ESTATE MARKET TRENDS

GROVE CITY TOWN CENTER PLAN

B. REAL ESTATE MARKET TRENDS

1. INTRODUCTION

This section of the report analyzes regional trends and local conditions that impact demand and supply factors for existing and potential retail, office, and housing uses in Grove City’s town center. This analysis builds on the demographic and business trends presented in the first chapter of this report.

Information on regional real estate trends affecting Ohio’s town center is adapted from a February 2008 Heritage Ohio workshop PowerPoint report presented by Boulevard Strategies.

2. REGIONAL RETAIL TRENDS

Boulevard Strategies monitors the popular and trade on a daily basis. We comment frequently in the media and at conferences on emerging trends, particularly as they impact urban land uses.

Here is a countdown of the Top 10 retail development trends that we believe will have the most impact on Ohio’s town centers over the coming years.

TABLE 8: TOP 10 RETAIL DEVELOPMENT TRENDS 2008

10. <u>WIDE OPEN SPACES:</u> 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. <u>A LONG, HARD SLOG:</u> 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. <u>A GALLON OF MILK OR A GALLON OF GAS?:</u> Gas Perks and Buy Local Programs Fuel Food Concepts	
-	Gasoline is Loss Leader for Grocers
-	Organics Go Mainstream While Farmers Markets Proliferate
-	New C-Store Concepts on Horizon Address Desires for Cheap Gas but Good Food
7. <u>ABLE TO LEAP TALL LANDFILLS IN A SINGLE BOUND:</u> Wal-Mart Uses Super Powers to Combat Waste	
-	Much-Maligned Corporate Giant Committed to Conserving Energy and Reducing Costs
-	Home Improvement/Hardware Retailers Follow Wal-Mart’s Lead
-	Retail Developers Still Lag Behind Office/Housing Developers on Green

	Front
6. I'VE BEEN THINKIN' ABOUT BY DOORBELL:	E-tailers Still Clicking Along in Decade 2.0
-	Consistent Sales Growth of 20-25% Per Year Throughout This Decade
-	Falling Technology Prices, Wider Broadband Access, Greater Consumer Acceptance, Better Sites, Friendlier Shipping and Return Policies, and Alternative Payment Methods Lure More Customers
-	Is the Internet the Great Equalizer? Both Big and Small Companies Find Success
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 Create More Conflict and Costs Than Comfort and Convenience
4. ARE WE HAVING FUN YET?:	The Rise of the Lifestyle Center
-	Lifestyle Centers Feature Dining & Entertainment in Faux Town Center Settings
-	Fast Casual, Gourmet-to-Go, Home Entertainment Options Allow Consumers to Take Away Experiences
-	The Most Important Meal of the Day – Breakfast Goes Upscale
3. ALL SHOOK UP:	Mixed Use is First Choice Instead of Fallback Option
-	The 3 Most Important Variable 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
1. FIGHTING IDENTITY THEFT:	Communities Throughout State Revitalized 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 Where Community Gathers
-	Retail Is Not A Catalyst, It Must Have Markets to Serve

3. LOCAL RETAIL MARKET CONDITIONS

Boulevard Strategies has developed a proprietary model that estimates a given population's retail spending on 34 categories that are split into 5 major merchandise groups as follows:

- Convenience Goods and Services, Grocery, Pharmacy/Health & Beauty Aids, Retail Services (such as dry cleaners and hair salons), Cards/Gifts/Flowers, and Fast Food
- Home Goods: Home Furnishings/Décor (including art), Household Items, Appliances, Hardware/Home Improvement, Lawn and Garden, Office Supplies, and Automotives Supplies
- Fashion Goods: Women's, Men's, Children's Apparel Footwear, Jewelry, and numerous Specialty Fashion niches
- Leisure Foods: Consumer Electronics, Computers, Sporting Goods, Books/Magazines, Music/Media/Software, Toys/Games, Hobby/Crafts, Pet Supplies, and Other Miscellaneous categories
- Dining and Entertainment: Sit-Down Restaurants, Taverns/Bars/Clubs, Cinemas, Bowling Alleys, Game Arcades, and Specialty Foods/Beverages/Desserts

The retail spending model is based on data from the U. S. Department of Labor's Annual Consumer Expenditure Survey which generates correlations between demographic subgroups and their relative amounts of expenditures on specific categories of products and services. For instance, a community with a large senior cohort would be expected to a greater proportion of its retail dollars on Health and Beauty Aids categories. Independent variables used in the model include region of the country, race, and education of householder, housing value distribution, and household income distribution. The model does not include automotive-related retail such as motor vehicle sales and gasoline.

According to the model, residents who live within 1 mile of the Town Center will spend about \$105 million on retail purchases in 2008. The 1-mile ring's collective demographic profile suggest that this group spends particularly high proportions of their income on everyday Convenience Goods & Services as well as Home Goods categories in comparison to Franklin County benchmarks.

Residents in Grove City (2000) boundaries overall will spend about \$358 million on the purchase of retail goods and services in 2008. Due to having higher incomes, Grove City outspent the typical Franklin County household on all major merchandise groups. It is a relatively strong market for retailers that offer comparison shopping goods in the Home, Fashion, and Leisure Goods categories.

TABLE 9: RETAIL SPENDING PATTERNS, 2008

Retail Merchandise Group	1-Mile Radius	Grove City	3-Mile Radius	Franklin County
Convenience Goods & Services	\$50M	\$154M	\$240M	\$5,250M
Per Household	\$12,325	\$12,533	\$12,017	\$11,267
% to Total	47.5	43.0	46.1	47.6
Home Goods	\$24M	\$83M	\$119M	\$2,250M
Per Household	\$5,916	\$6,754	\$5,967	\$4,977
% to Total	22.9	23.2	22.8	20.5
Fashion Goods	\$11M	\$44M	\$61M	\$1,250M
Per Household	\$2,711	\$3,580	\$3,068	\$2,752
% to Total	10.5	12.3	11.7	11.4
Leisure Goods	\$9M	\$34M	\$43M	\$1,000M
Per Household	\$2,218	\$2,752	\$2,151	\$2,078
% to Total	8.6	9.5	8.3	9.1
Dining & Entertainment	\$11M	\$43M	\$58M	\$1,250M
Per Household	\$2,711	\$3,499	\$2,919	\$2,752
% to Total	10.5	12.0	11.1	11.4
TOTAL	\$105M	\$358M	\$521M	\$11,000M
Per Household	\$25,881	\$29,118	\$26,122	\$23,826
% to Total	100.0	100.0	100.0	100.0

SOURCES: Department of Labor Consumer Expenditures Survey, ESRI, Inc., and Boulevard Strategies

In addition to local residents, Grove City's Town Center merchants serve a daytime workplace of about 4,400 workers with a 1-mile radius. A recent study sponsored by the International Council of Shopping Centers indicates that the typical household makes about 12% of its annual retail and restaurant expenditures near the workplace, before and after shifts as well as during breaks including lunch. The typical white collar workers will spend about \$3,200 per year on workplace retail purchases. About half of that amount will be spent on Dining and Entertainment venues. Blue collar workers spend \$2,150 a year on workplace retail purchases. About half of their spending occurs in Convenience Goods and Services, which includes fast food.

These statistics applied to the 1-mile ring results in estimated add-on retail demand of about \$12 million, about 70% of which is accounted for by white collar workers.

The close-in daytime marketplace adds about \$4 million in spending for Convenience Goods & services, \$5 million for Dining & Entertainment, and \$1 million for each Home, Fashion, and Leisure Goods for Town Center merchants to potentially capture.

Outside of the 1-mile radius but within 3 miles of the Town Center are another 13,500 workers who may patronize the Town Center, on occasion, if not daily. This represents about a \$27 million per year daytime marketplace, including \$15 million spent at Dining and Entertainment venues.

TABLE 10: DAYTIME MARKETPLACE, 2008

	1-Mile Radius	Grove City	3-Mile Radius
Est. No. of White Collar Workers X \$3,200	2,800 \$9.0M	7,400 \$23.7M	10,200 \$32.7M
Est. No. of Blue Collar Workers X \$2,150	1,600 \$3.4M	6,100 \$13.1M	7,700 \$16.5M
Total No. of Workers Total Spending	4,400 \$12.4M	13,500 \$36.8M	17,900 \$49.2M
By Category:			
Convenience Goods & Services	\$4.1M	\$12.5M	\$16.6M
Home/Fashion/Leisure Goods	\$3.0M	\$9.2M	\$12.2M
Dining & Entertainment	\$5.2M	\$15.1M	\$20.4M

SOURCES: International Council of Shopping Centers, SITES USA, and Boulevard Strategies

Based on employment estimates, retail sales estimates, and field audits, Boulevard Strategies estimates that Grove City is currently served by about 1.5 million square feet of occupied retail space. There is about 31 square feet of retail space per capita within a 3-mile radius of the Town Center, compared to 38 square feet capita for all of Franklin County. This most likely reflects the fact that Grove City does not have a regional mall or lifestyle center, so many of its residents make long treks, especially during the holidays, to Easton, Tuttle, Polaris, and even the Jeffersonville outlet malls. On the other hand, nearly every retail and restaurant chain active in central Ohio has a location on Stringtown Road.

Grove City is part of the southwestern Franklin County submarkets, as defined by Grubb & Ellis/Adena Realty. The southwestern Franklin County submarket has a retail vacancy rate of 17.3% as of first quarter of 2008. This compares to 12.3% countywide. Available properties in Grove City are competing against about 1.2 million square feet of vacant retail space in southwestern Franklin County. Rents generally run between \$9 and \$18 per square foot for shopping center space in southwestern Franklin County, according to Grubb & Ellis/Adena Realty.

According to ESRI, Inc., the following retail categories are underserved in the Grove City area.

TABLE 11: UNDERSTORED RETAIL CATEGORIES IN GROVE CITY

Category	Estimated Annual Spending Leakage
Books/Media	\$2.1 Million
Specialty Fashion/Jewelry	\$1.3 Million
Wine/Liquor	\$1.1 Million
Auto Parts	\$0.9 Million
Specialty Foods	\$0.6 Million
SUBTOTAL	\$6.0 Million

SOURCES: ESRI, Inc. and Boulevard Strategies

The Town Center itself has a total of about 90,000 square feet of occupied retail space, about 6% of the area’s total retail square footage. Collectively, the Town Center’s retail space could fit inside of most superstore retailers, including Wal-Mart, Target, Meijer, Home Depot, Lowe’s, and others.

The Town Center retail mix, not including professional services is shown in the table below:

TABLE 12: TOWN CENTER RETAIL MIX

Major Retail Group	# of Businesses	Est. Sq. Ft.	Annual Sales
Convenience Goods & Services	20	47,000	\$8.0M
Home Goods	4	7,000	\$1.0M
Fashion Goods	3	4,000	\$0.5M
Leisure Goods	5	11,000	\$2.0M
Dining & Entertainment	7	20,000	\$3.5M
TOTAL	39	89,000	\$15.0M

Boulevard Strategies estimates that approximately 70% of Town Center retail purchases are made by Grove City residents, or \$10.5 million per year. This is only 3% of the \$368 million Grove City annual retail market.

4. REGIONAL OFFICE TRENDS

Table 13 presents an overview of what is happening in the office market across Ohio’s town centers.

TABLE 13: TOP 10 OFFICE DEVELOPMENT TRENDS 2008

10. <u>IT’S THE ECONOMY, STUPID:</u> Office Vacancies on the Rise Again After Period of Stability	
-	Vacancy Rates in Most Ohio Markets Melted Away as Obsolete Office Space Converted and Spec Space Avoided Over Past Several Years
-	Lack of Job Growth in Ohio Dampens Office Demand
-	Finance/Insurance Retail Estate Flickers Out in Wake of Housing Slump
9. <u>THE RISE OF THE CREATIVE CLASS:</u> The Best and 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 – Provide Key Off-Site Amenities
-	Hotel and Conference Facilities and Public Green Spaces Attract Headquarters Operations
8. <u>CYBER SPACE TURNS HIERARCHY VITURALLY UPSIDE DOWN:</u> Latest Technology Trumps Biggest Office	
-	Team Spaces, High Tech Conference Rooms, and Open Designs Replace the Coveted Corner Offices
-	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. <u>JUST DO IT:</u> 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? Easy Choice in Most Situations
6. <u>ZERO COMMUTE TIME:</u> Work/Live Spaces Gain Popularity Beyond Creative Community	
-	Home Offices/Studios Suit Freelancers, Consultants, Semi-Retirees in White Collar Occupations
-	Support Services and Third Places Key to Nurturing Home-Based Sole Proprietors
-	Traffic Sucks, If Not Work and Live in Same Place, More Business Owners Seek Office Locations Closer to Residence
5. <u>WITH A LITTLE HELP FROM MY FRIENDS:</u> Entrepreneurs Share Space, Ideas, and Dreams	
-	Office Suites Deliver Ala Carte Support Services for Sales Reps and Corporate Expatriates
-	Business Incubators and Micro Loan Programs Provide Start-Ups with Necessities
-	Some Communities Sponsor Business Idea Contests Where Winner Receives Money as Prize
4. <u>HOW DOES IT FEEL?:</u> Medical Office Segment Shines as Boomers Age	
-	Site Selection Driven by Patient Demographics, Relationships with Local Hospitals, Complimentary Practices
-	Medical/Healing/Fitness Uses Increasingly Co-Locating with Traditional Retailers
-	Office Condos are Particularly Well-Suited to Medical/Dental Practitioners
3. <u>BEST FOOT FORWARD:</u> Communities Use Limited Resources to Target Selected Industry Clusters	
-	Avoid the Noah’s Ark Approach and Focus on Assets
-	Think Vertical (i.e., Supply Chains), Not Just Horizontal/Complimentary
-	Find Out Why Companies Decided on Your Town and Promote Those Benefits to Prospects
2. <u>NEW MORNING:</u> Top Priorities Shift in New Millennium for Office Users	
-	Dude, Where’s My Parking Space? – Cheap Dedicated Parking is Coveted
-	Is it Safe? – Post 9/11 Ear Heightens Security Fears
-	Green is Good – LEED Designation Counts as Seal of Approval
1. <u>OPEN ARMS:</u> Cities Chase Economic Development Ever More Vigorously	
-	Downtown Development Groups Better Staffed/Organized Than Ever
-	Shift From Property Tax Abatements to Income Tax Relief Packages
-	TIFs are increasingly Popular Way to Finance Infrastructure Improvements

5. LOCAL OFFICE MARKET CONDITIONS

The Columbus office market consists of over 39 million square feet of rentable office space and includes over 500 Class A, B, and C buildings of 20,000 square feet and larger, according to Grubb & Ellis/Adena Realty. The overall vacancy rate is 15%, as of 1st quarter 2008. Absorption continues to be positive (400,000 square feet absorbed in the first quarter). New construction has been slow, which is allowing existing vacancies to be filled.

Grove City is adding about 125 white collar workers per year, according to SITES USA employment estimates. This should result in net absorption of about 15,000 square feet of office space per year.

Grove City competes in the Southwest Franklin County submarket, which has only a handful of multi-tenant office buildings with at least 20,000 square feet. As of first quarter 2008, all 104,000 square feet of Class B space was occupied and no new construction was underway, according to Grubb & Ellis/Adena Realty. Asking rents are not available, as there is no space available to market. Rents average \$15 per square feet for Class B office space and \$19 per square foot for Class A space in Hilliard, the suburban submarket in closest proximity to Grove City.

TABLE 14: OFFICE MARKET SNAPSHOT, FIRST QUARTER 2008

	Total Sq. Ft.	Vacant	Class A Avg. Rent	Class B Avg. Rent
Central Business District	12,357,908	11.7%	\$22.21	\$16.99
Suburbs	26,912,704	16.5%	\$18.95	\$16.08
TOTAL	39,270,812	15.0%	\$20.30	\$16.40
Southwest	103,935	0.0%	-	-
Hilliard	982,295	20.9%	\$18.91	\$14.91

SOURCES: Grubb & Ellis/Adena Realty and Boulevard Strategies

Grove City's Town Center has about 55,000 square feet of occupied office space (not including government/library offices), much of which is located in converted residences.

Lack of large contiguous chunks of office space is an issue for Grove City, including the Town Center. One successful Town Center business has outgrown its 5,000 square foot building and is looking for more space. They would prefer to stay in Grove City and the Town Center but may end up leaving due to a lack of alternatives.

Grove City's Town Center has only a handful of medical practitioners. Although some medical offices find it advantageous to locate near hospitals, many do not find it necessary. More general practices such as family doctors, dentists, optometrists, and others seek visible locations with favorable demographics (which Grove City has). Office condominiums are popular with medical professionals as investments with tax advantages.

6. REGIONAL HOUSING TRENDS

Regardless of overall housing market conditions, condominiums have been the hottest segment in residential real estate over the past ten years. Condominium sales currently account for about 13% of all home sales in the United States (vs. 9% in 1995). Desired amenities including dedicated parking (attached garages are a plus), washer/dryer hookups, upscale finishes, one bathroom per bedroom, storage space, outdoor sitting space/green space, and nearby shopping and dining establishments. Not important are skylights, swimming pools, exercise rooms, and fireplaces, according to the National Association of Home Builders. Also, the resale market is active for condos, which turn over about the same rate as do single-family homes in today's market.

The condominium market serves three primary segments: empty nesters, echo boomers, and single women without children, each with different needs that condominium products can often fill.

- Empty nesters are generally age 55 or over, that recently saw their youngest child leave home or recently retired, or both. They are on the leading edge of the baby boomers. Empty nesters generally prefer garden units or mid-rises in relatively upscale locations (golf communities are popular with this segment but not everybody plays golf).
- Echo boomers are young singles and couples in their 20's and 30's, i.e., the sons and daughters of the baby boom generation. Condos represent starter home opportunities for this segment. They prefer townhouses and rehabbed buildings near entertainment uses.
- An often overlooked condo-buying segment is single and divorced women in their 30's or 40's without children. Over 57% of single female heads of households own their homes and the number of single female adults is growing as women put off marriage longer than ever before. Women are amenity-conscious buyers with a variety of needs but most value low maintenance, security, and locations close to work.

A recent survey by the National Association of Home Builders (NAHB) indicates that a segment known as "lifestyle" renters is emerging in urban markets. A "lifestyle" renter is someone with the financial means to purchase a home but prefers to rent. Such renters account for about 15% of the rental market according to the NAHB versus 5% ten years ago. Meanwhile, the size of the average apartment has grown to over 1,200 square feet.

“Live/work” spaces comprise a small but growing slice of the housing market, as there are 20 million home-based businesses in the United States, according to the National Association of Home-Based Businesses.

- Loft spaces have long been popular with creative types and business proprietors have lived in apartments above their storefronts for decades.
- “Live/work” is going white collar (or “no collar” since they’re at home). Many new live/work arrangements have been made feasible by the advent of the Internet. Most computer-based jobs can be effectively performed just about anywhere, especially with wireless networks.
- Working from a home office is becoming more popular for sole practitioners and consultants, traveling salespeople, parents with small children, cost-conscious start-up entrepreneurs, and semi-retired executives. It is eco-friendly (no commute), cost-effective (with tax breaks, in some cases), and laid-back (no office politics).
- It can be lonely though so “third places” like coffee shops and lunch counters and support services such as copy centers and office/computer supply stores are needed nearby for “live/work” spaces to thrive.

According to the ARP, the first wave of the baby boomers, 3 million nationwide hit age 60 in 2006. Another 20 million will reach 60 in the next five years, 50 million total by 2020. And, baby boomers are expected to live longer than today’s seniors as medical advances, healthier diets, more exercise, fewer wars, and less hazardous occupations allow for advancing the average age. (However, obesity and diabetes are on the rise, and may cancel out these gains.) The typical person who is 65 today will live until age 83, according to actuarial tables. About 25% of those aged 65 to 74 still work, up from 20% in 2000, according to the U.S. Census Bureau. According to a recent survey, 75% of all baby boomers currently working expect to continue to work past age 65.

Baby boomers will ease more gradually into retirement than today’s seniors. Boomers, especially those with college degrees, will work longer in the job market, for their identities are wrapped up in their careers. More boomers will gradually phase into retirement by lightening workloads but not officially retiring (i.e., many will never retire by choice). They will prefer to “age in place” rather than move to Florida or Arizona upon retirement. They will continue to “play hard” even after retirement in traveling, and seeking outdoor activities such as golf, aerobics, and shopping. They will seek out social experiences with all ages, not just their peers. Regardless of official retirement plans, boomers will seek lifelong learning experiences and second careers.

Retired baby boomers will (still) be in age denial. They are already spending record amounts on health club memberships, home exercise machines, cosmetic surgery, health foods, vitamins, organic foods, bottled water, hair color, Botox, and Viagra. Baby boomers will have a toxic reaction to any product or service (including housing) that is labeled: “senior” or “mature,” or other similar terms. This is a sensitive issue. Active downtown and urban environments can provide robust opportunities for senior boomers to say active and connected to their communities after retirement. There is a growing movement toward the formation of nonprofit corporations that collect membership dues in exchange for provision of transportation, home cleaning and repair, companionship, security, and other services. Such self-help co-operatives will help seniors stay in their homes longer.

The best candidates to move into market-rate urban housing are singles and couples (both young and older) currently without children. However, a growing number of these childless households have pets. Furthermore, pets are gaining status as full-fledged family members (even as surrogate children in some households). Places that are pet-friendly have a distinct emotional edge in attracting young singles and couples, as well as empty nesters and retirees. More Town Center housing trends are outlined in Table 15.

TABLE 15: TOP TEN HOUSING DEVELOPMENT TRENDS 2008

10. <u>SUBPRIME SPILLOVER:</u> 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. <u>MY CITY WAS GONE:</u> Suburban Sprawl Threatens Ohio’s Way of Life	
-	Back to the Future: Traditional Neighborhood Design Guidelines Spark New Urbanism Movement
-	See Change Occurring as Even Suburbs Embrace Urban Options
-	Walkable + Bikable = Likable
8. <u>THE NEW STARTER HOMES:</u> Condo Craze Sweeps Urban Areas, Including Downtown	
-	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. <u>WHEN I’M 64:</u> 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. <u>LIKE A FISH NEEDS A BICYCLE:</u> What Women Really Want (In a Condo)	
-	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. <u>UPWARD BOUND:</u> Today's Renters are Tomorrow's Owners	
-	Apartment Market Runs Counter to For-Sale Market
-	Millenials Seek Affordability, Green Space, and Coolness Factor
-	"Lifestyle" Renters Now Comprise 15% of Market as Apartment Sizes Grow
4. <u>BOOMTOWN USA:</u> Housing Follows Jobs in Exurbia	
-	Gods 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. <u>GRAY POWER:</u> "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. <u>DOWNTOWN BELONGS TO EVERYONE:</u> 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. <u>THIS IS YOUR HOMETOWN:</u> Public Policy Leverage Private Investments in Housing Stock	
-	Historic Tax Credits Preserve Past While Building for the Future
-	Improving Image of Downtowns in General May Be Main Street Program's Greatest Achievement So Far
-	Sustainability is Next Frontier for Success

7. LOCAL HOUSING MARKET CONDITIONS

As noted in the previous chapter, Grove City is a growing suburban community that appeals to a wide range of families with its relatively affordable housing, good schools and city services, and amenities such as its quaint Town Center. Housing growth has slowed in recent years as the statewide foreclosure crisis has not spared Grove City. According to YahooRealEstate.com, there are currently 339 homes for sale in Grove City for an average asking price of about \$170,000. However, 62% of those homes are in foreclosure with an average price of only \$80,000 vs. sale of new homes which average \$223,000.

Condominiums represent only 10% of all home sales in Grove City (versus 13% nationally). While housing prices for single family homes in Grove City has stagnated at about \$155,000 since 2005, condominium prices have increased by 3.7% in a difficult housing market.

Apartment rents generally ran between \$625 and \$675 per month for two bedroom units and between \$450 and \$600 for one bedroom units. Renters currently comprise about one of four occupied households in Grove City, according to ESRI, Inc. However, only 20 units a year have been absorbed since 2000 versus 234 owner-occupied households each year, on average. Note that the rental market generally runs counter to cycles in the single family market.

Grove City's Town Center offers the most diverse mix of housing options in the community with a number of older homes along its side streets surrounded by apartment complexes. It is the most densely populated section of Grove City as a town center should be.

TABLE 16: CONDOMINIUM VS. SINGLE FAMILY SALES IN GROVE CITY, 2005-2007

	2005	% to Total	2007	% to Total
Number of Condos Sold	78	10.0	73	9.9
Number of Single Family Units Sold	704	90.0	663	90.1
TOTAL	782	100.0	736	100.0
Average Price, Condo	\$138,992		\$145,031	
Average Price, Single Family Units	\$156,035		\$153,726	

SOURCE: Columbus, Ohio MLS Real Estate Listings

8. CONCLUSIONS

Grove City's Town Center lacks critical mass to be a major retail shopping destination for the southwestern Franklin County region in spite of favorable demand side demographics and spending patterns. However, it can be competitive in selected niche categories such as restaurants and other specialty food concepts and crafts/hobbies (see Chapter III for more details).

One of the most surprising results of the retail market analysis is the Town Center's very low market share (3-4%) of retail spending by residents and workers within a 1-mile radius of Broadway and Park Streets. While more Town Center housing would be a great boost for Town Center merchants, there needs to be a focus on capturing a greater share of existing close-in market. Soaring gasoline prices could be a benefit in capturing more of this spending. There are about 1,000 workers and 2,500 residents within easy walking distance (i.e., one-half mile) of the Broadway/Park intersection (not to mention library visitors).

In addition to overwhelming competition from Stringtown Road for Town Center merchants, Town Center property owners must compete for tenants in the most difficult submarket, in terms of retail vacancies, in central Ohio. This will continue to place pressure on the Town Center's commercial vacancy rate and achievable rents. While change is inevitable in the Town Center's retail mix, long term growth is unlikely, in our opinion. Rather, emerging retail uses will coalesce around finely-focused niches.

While it is questionable whether there is a market for net additional retail space in the Town Center, more office space will almost certainly be needed in Grove City and southwestern Franklin County, which are known for their manufacturing and distribution facilities. The Town Center offers an engaging environment for today's breed of creative office worker. Larger and better product is needed to attract and retain successful businesses, though. Residential buildings are being re-used as offices and retail storefronts may soon follow suit.

More medical offices could be supported in the Town Center, based on its demographics, including a high percentage of seniors. Professional services firms are very positive uses in Town Centers. They draw traffic and provide high paying employment opportunities to local citizens. A community college branch would be a catalyst for employers to locate in the Town Center near a labor pool in training.

The Town Center has spawned a successful retail incubator with Mill Street Market. A similar project is needed to encourage office-based creative ventures.

Grove City, with its growing white collar residential base, seems poised to become central Ohio's next hot office submarket in a pattern similar to the evolution of other I-270 outerbelt suburbs such as Hilliard and Gahanna. Over time, more of its residents are going to either move into key decision-making roles in local corporations or start their own companies. For several reasons suggested throughout this report, they will seek to open or relocate their businesses closer to home (or, even, at home, in the case of work/live spaces).

Although the housing market is currently in a major downturn, Grove City's Town Center should be positioning itself for the inevitable rebound. Grove City has no shortage of traditional suburban subdivisions but is somewhat lacking in condominiums and modern apartment units. The Town Center would be the ideal place to create more alternative housing choices to retain older empty nesters and to attract young professionals. More and better residential uses support other Town Center uses such as the library, and especially, retail.

C. RESULTS OF MERCHANT INTERVIEWS

C. RESULTS OF MERCHANT INTERVIEWS

1. INTRODUCTION

Thirty (30) in-person interviews were completed with Town Center merchants in March and April 2008. The following merchants were interviewed:

- Evans Florist
- Grandstand Pizza
- Kenstar Pharmacy
- Lilly's Kitchen
- Sommer House Gallery
- Broadway Cleaners
- Red Letter Journals
- HER Realtors
- Always in Stitches
- Village Merchant
- 5th 3rd Bank
- Massinelli Cardinal Foods
- Home Country Moods
- Act II Style Consignments
- Plank's Tavern
- Red Maple Curio
- Grove City Computer
- Mary Jane's Deli
- Action Special Tecs
- White's Barber Shop
- Grove City Jewelers
- What a Find
- Coulter Photography
- Sharp Image Styling
- Grove City Lanes
- Little Theatre Off Broadway
- Nora's Café
- Zamarelli's Pizza
- Josiah's
- The Red Hat Box

This represents about half of the Town Center's retail merchants, including its largest draws. From a square footage perspective, it includes about two-thirds of the Town Center's retail space.

2. BUSINESS STABILITY

The typical merchant interviewed has been in business for 15 years, 10 at its current location. Twenty-seven percent (27%) have been open for less than two years while 30% have been in business in the Town Center for more than twenty years. (This is partly intentional as we wanted to be sure to include key longstanding businesses in our survey.)

TABLE 17: MERCHANT LONGEVITY

	Years at Current Location	Years in Operation
Median	10	15
% Less Than 2 Years	27	23
% More Than 2 Years	30	30

SOURCE: Merchant Interviews

Common reasons for opening a retail business in the Town Center fall into three categories:

- Grew up/live in Grove City
- Business or property was for sale in Town Center
- Strategic location – high traffic/visibility, good demographics/growth

Seventy percent of merchants interviewed (70%) live in Grove City. A slightly higher percentage of their employees (73%) also live in Grove City.

Nearly 77% of the merchants interviewed are still “very satisfied” or “satisfied” with their locations in the Town Center.

The split between businesses that own their property vs. those who rent is 40%/60%.

Over a third of the merchants interviewed (35%) are seeing a downward trend in sales in recent years. (Two businesses have closed since the interviews took place.) On the other hand, 55% are doing better than ever. Most of these merchants with growing sales attribute their success to increased awareness of their businesses by customers over time. They are the ones that persevered early adversities in their startup companies.

Slightly over half of the merchants interviewed (54%) did not believe that they were making a decent living from their Town Center businesses. Two-thirds rely on spousal or other sources of income to get by.

3. SIZE AND PERFORMANCE

The thirty Town Center merchants interviewed collectively occupy an estimated 68,150 square feet of selling space, or 2,272 square feet per merchant. However, two-thirds of the merchants interviewed occupy 2,000 square feet or less, and one-third occupy less than 1,000 square feet. The typical Town Center merchant has 1,450 square feet of selling space (median).

TABLE 18: SELLING SPACE

2,000 square feet or less	67%
2,001-5,000 square feet	20%
5,001 or more square feet	13%
TOTAL	100%
Average Store Size	2,272
Median Store Size	1,450

SOURCE: Merchant Interviews

The thirty businesses interviewed have 83 full-time employees (2.8 per business) and 121 part-time employees (4.0 per business). In sixteen of the thirty businesses, the owner is the company's only full-time employee, in eight cases; the owner is the company's only employee, period.

Excluding the one person businesses, the typical Town Center retailer employs nine persons (3.5 full-time, 5.5 part-time).

Selling space per employee averages 334 square feet. This is close to national averages.

TABLE 19: TOWN CENTER EMPLOYMENT

	Full-Time	Part-Time
0	1	8
1	16	3
2-4	9	8
5-10	4	6
11 or more	0	5
TOTAL	30	30
Mean No. of Employees	2.8	4.0
Median	1	3

SOURCE: Merchant Interviews

Boulevard Strategies estimated annual sales volume for each merchant based on the merchant's (confidential) responses, industry standards, and the consultant's observations. Retail merchants interviewed (not including the bank or realtor, and not including the two businesses that have closed) had combined sales of \$9.7 million, or \$167 per square foot. This is only two-thirds of the industry standard of \$250 per square foot for all retailers. Extrapolated to all of the Town Center (and including Graeters), Boulevard Strategies estimates that the Town Center's sales will be approximately \$15 million in 2008. If the Town Center was fully-occupied with successful retailers (averaging \$250 per square foot in sales), the Town Center revenues could reach \$25 million.

One-third of merchants interviewed report sales per square foot of less than \$100. This is not a sustainable level of performance in the long run, but several businesses reporting low sales are fairly new and still presumably growing. Businesses with highest sales per square foot tend to be take-out/delivery operations with limited seating for customers.

TABLE 20: SALES PER SQUARE FOOT PERFORMANCE

Less than \$100	35%
\$101-\$200	42%
\$201-\$300	15%
\$301 or higher	8%
TOTAL	100%
Average Sales Per Square Foot	\$167
Median Sales Per Square Foot	\$117

SOURCE: Merchant Interviews

Grove City Town Center businesses average about \$68,000 in sales per full-time equivalent employee. This ratio is well above \$100,000 for all retail businesses in Franklin County. One-third of the businesses have ratios of less than \$50,000 per employee, a red flag.

TABLE 21: SALES PER EMPLOYEE (FTE)

Less than \$50,000	35%
\$50,001-\$100,000	50%
\$100,000 or more	15%
Average Sales Per Employee	\$68,000
Median Sales Per Employee	\$60,000

SOURCE: Merchant Interviews

The thirty businesses interviewed collectively average slightly more than 2,000 transactions on a typical weekday. Based on this information, we estimate that all Town Center merchants collectively deliver on 3,000 transactions with customers each day. The typical merchant completes about 71 transactions per day or about 8 per hour. Town Center businesses are generally in close enough proximity to one another to encourage cross-shopping, i.e., multiple transactions on one trip. This creates greater efficiency for parking. Kenstar Pharmacy, Plank's Tavern, and Lilly's Kitchen are the Town Center's major retail traffic generators. (However, the library draws as many people each day as those three businesses combined.)

TABLE 22: RETAIL TRANSACTIONS

<i>Daily Transactions</i>	
10 or less	31%
11-50	24%
51-100	28%
Over 100	17%
TOTAL	100%
Average Number of Daily Transactions	71
Median Number of Daily Transactions	30

SOURCE: Merchant Interviews

4. LEVEL OF COMMITMENT

The typical Town Center merchant stays open 52 hours per week. Business owners are present during all open hours in 76% of Town Center businesses. In fact, 27% of Town Center businesses have only one employee, the owner. This is a constraint on how much those businesses can grow.

On Sundays, 57% of Town Center businesses are closed. Another 17% are closed on Mondays. Being closed on Monday if a day off is needed is preferable to being closed on Sundays as many families shop and dine together on the weekend.

Nearly 80% of the Town Center's businesses are open at least one night a week past 5pm. About half stay open until 7pm on weekdays. The Town Center has a sizable roster of evening-oriented businesses such as its taverns, ice cream parlor, theatre, bowling alley, hobby/classes, pizzerias, and cafes. About one-fourth of the Town Center's collective open hours occur after 5pm.

TABLE 23: OPEN HOURS

<i>Hours Open Per Week</i>	
40 or less	21%
41-60	55%
61 or more	24%
TOTAL	100%
Average Open Hours/Week	52
Median	48
<i>Hours Open Per Week Past 5pm</i>	
None	21%
1-10	45%
11-20	7%
21 or more	21%
TOTAL	100%
<i>Average Open Hours/Week</i>	
Past 5pm	14
Median	9

SOURCE: Merchant Interviews

Grove City Town Center merchants reinvest 1.6% of their revenues into paid advertising. This is low compared to the industry benchmark of 3%. The most popular forms of advertising media are local newspapers, yellow page ads, and direct mail. A majority of merchants have websites (57%), but only 17% have e-commerce capabilities. Free word-of-mouth is the independent's best form of advertising.

Only one-third of the merchants interviewed rely on their Town Center business as their sole source of household income. Most have spouses with stable salaries.

5. CUSTOMER MIX

Grove City Center merchants draw nearly three-fourths (73%) of their collective business from those who live beyond a 1-mile radius of Broadway and Park Streets. Only 20% of the merchants interviewed primarily serve nearby residents and workers. This places more pressure on parking.

About 36% of the merchants interviewed draw the majority of their customers from beyond the boundaries of Grove City. These include several small gifts and crafts businesses that draw female customers from all other central and southwestern Ohio in spite of limited promotion.

TABLE 24: CUSTOMER ORIGINATION

	Average %	Median %
Residents/Workers within a 1 mile radius	27%	20%
Outside of 1 mile/within Grove City	37%	55%
Outside of Grove City	36%	25%
TOTAL	100%	100%

In a previous section, Town Center sales were estimated to be about \$15 million per year. Based on the figures in Table 8, it can be deduced that the sales break down as follows:

1-Mile Ring Residents/Workers	\$3.5 Million
Other Grove City Residents	\$7.0 Million
Outside of Grove City	\$4.5 Million

Boulevard Strategies has estimated retail spending by 1-Mile residents/workers at \$117 million per year and all other Grove City residents (2000 boundaries) at \$253 million per year. This would suggest that Town Center merchants are capturing only 3% of 1-Mile ring retail spending and 3% of retail spending by all other Grove City residents. An increase (or decrease) of 1% share of either of these market's expenditures would have a profound impact on the futures of the Town Center's merchants. For instance, if it captured 5% of the 1-Mile spending and 4% of the rest of Grove City, overall sales would rise to \$19.5 million, a 30% increase. Vice-versa, a 1% loss in market share would result in a 27% across-the-board decrease in Town Center sales.

Town Center customers, on an overall basis, split between 63% and 37% males based on the merchant's estimates. This is somewhat light for females, who do 70% of America's shopping. Forty percent of the merchants interviewed serve at least 70% females while only one business (a barber shop) serves 70% or more males.

Customers of Grove City Town Center’s merchants skew in the older ranges. Over half of all customers are 46 or older (52%), according to merchants interviewed.

TABLE 25: AGE DISTRIBUTION OF CUSTOMERS

Under age 18	7%
18-24 years	12%
25-44 years	29%
45-64 years	28%
65+ years	24%
TOTAL	100%
Median Age	46.9 years

SOURCE: Merchant Interviews

6. COMPETITIVE ADVANTAGES

Grove City’s Town Center’s merchants primarily compete with other Grove City businesses in the Town Center (21% of competitors named) or on Broadway, Stringtown (39%), or Hoover (3%) Roads. Competitors are split fairly evenly between chain stores (49%) and local independents (51%).

TABLE 26: RETAIL COMPETITORS*

National/Regional Chain	49%
Local/Independent	51%
TOTAL	100%
Town Center Location	21%
Other Grove City Location	3%
Outside of Grove City*	31%
Other Broadway Location	6%
Stringtown Road Location	39%
TOTAL	100%

SOURCE: Merchant Interviews

*Includes several websites

Each merchant interviewed was asked why a customer would patronize their business instead of the competition. Their responses are summarized in the table below.

TABLE 27: COMPETITIVE ADVANTAGES

1. Knowledge/personalized/efficient customer service
2. Superior product/food quality
3. Better value for the money/lower prices
4. Unique/home-made/custom-made products/menu items
5. Convenient/high traffic location within Grove City
6. Community ties/reputation/long tenure in Town Center
7. Casual environment in historic setting
8. Marketing/advertising

SOURCE: Merchant Interviews

Nearly every merchant interviewed mentioned some aspect of customer service as a competitive advantage. In most cases, the business owner is on-site most of the time and handles customers personally. This is a key advantage that big box chains can not match.

While not always the cheapest, Town Center merchants try to deliver value for the money by offering higher quality products, a broad selection within a niche category (such as quilting, for example), larger portion sizes, and home-made ingredients.

Operating in Grove City’s Town Center is considered to be an advantage by several merchants interviewed, either in terms of its high profile location on a busy thoroughfare or in terms of community ties that have been established through the years. Some patrons prefer the laid-back, pedestrian friendly atmosphere of the Town Center to the automotive congestion of Stringtown Road and other recent retail developments.

7. PERCEIVED TOWN CENTER STRENGTHS AS A PLACE TO DO BUSINESS

Each merchant interviewed was asked to list their top three strengths and top three weaknesses of operating a retail business in Grove City’s Town Center. Their responses are grouped and summarized in the table below (in descending order, beginning with type of response most often mentioned).

TABLE 28: PERCEIVED TOWN CENTER STRENGTHS

1. Friendly small town atmosphere/merchant unity
2. Central community-gathering place for Grove City residents/high visibility
3. Convenience of businesses clustered together/smooth traffic flow
4. Warm weather events – farmers market, Arts in Alley, others
5. Historic, quaint architecture/beautiful streetscape
6. Draw of library, City Hall, restaurants
7. Low rents/overhead
8. Clean and safe environment

SOURCE: Merchant Interviews

As a Town Center strength, merchants made the most comments about its friendly, tight-knit small town environment with merchants that know each other and their loyal, longtime customers. Its central location on the City’s primary north-south spine (Broadway) and long tradition make the Town Center a natural gathering place for Grove City citizens, especially for warm weather events. The historic town center is quaint and pleasant to walk from business to business. It is clean and safe (not to be taken for granted).

These are all intangible qualities, several of which would be difficult to establish outside of the Town Center.

Merchants were asked to list the Town Center’s top draws. This list was generally understood to be oriented toward retail businesses; thus, the impact of the library and City Hall are likely understated in the list below.

TABLE 29: TOWN CENTER RETAIL DRAWS

1. Plank’s Tavern
2. Kenstar Pharmacy
(tie) Lilly’s Kitchen
4. Mill Street Market
5. Josiah’s*
6. Graeter’s**
Library
5 th 3 rd Bank

SOURCE: Merchant Interview

*Closed since interviews took place

**Not yet open when interviews took place

The Town Center’s dining and entertainment uses (including Graeter’s), Mill Street Market, and the library are its main draws. These are key retail assets to build upon.

8. PERCEIVED TOWN CENTER CHALLENGES AS A PLACE TO DO BUSINESS

On the other hand, the No. 1 challenge listed by Town Center merchants interviewed is the lack of a retail anchor, or traditional retail uses in general. This weakness and six others are listed in the table below, as identified by merchants.

TABLE 30: TOWN CENTER CHALLENGES

1. Lack of retail businesses/anchor draws
2. Difficult relations with City/signage code issues
3. Perceived lack of parking
4. Low profile, especially to newcomers and outsiders
5. Uncommitted business owners/lack of evening hours
6. Buildings in disrepair/blight
7. Traffic/pedestrian conflicts in certain spots

SOURCE: Merchant Interviews

Over half of the merchants interviewed had negative comments about the local government and its support of Town Center businesses (52%). To be fair, many of these comments were directed toward the previous administration. Overall, Town Center merchants believe that their concerns have taken a backseat to the development of Stringtown Road over the past ten years. They believe that the City has been slow in the planning process, including this effort and for the lumber yard site. However, their perception of Grove City being anti-business seems to be largely manifested in their confusion and frustration over signage codes.

Parking was mentioned as a real or perceived problem by 37% of merchants interviewed. Some merchants qualified their responses by noting that the problem was limited to certain spots or busy time periods, such as during events. Over 43% of the merchants interviewed rated the Town Center's available parking as "poor" and another 40% rated it as only "okay."

When asked if their customers found it difficult to park during busy periods, 59% of merchants believe that they found it somewhat or very difficult to park. On the other hand, merchants interviewed, collectively estimate that only 11% of their customers are forced to park more than one block away from their businesses during busy periods. Over half of the merchants interviewed almost never have parking problems.

Several merchants believe the Town Center should have better marketing, advertising, and promotional support. They believe that the Town Center's businesses lack awareness among those who have recently moved to the growing suburban community as well as those in outlying areas.

Merchants, 40% of whom also own their properties, also recognize shortcomings on their own behalf. They question whether the level of commitment and investment on the part of local business and property owners necessary to achieve success in today's (and tomorrow's) cutthroat retailing environment is there.

9. SUGGESTIONS FOR IMPROVING THE TOWN CENTER

Next, merchants were surveyed for responses on how to address the Town Center's challenges and to build on its strengths. Their top responses are summarized in the chart below.

TABLE 31: SUGGESTIONS FOR IMPROVEMENT

1. Do more to promote the Town Center/add events in colder months
2. Improve relationship with City officials/reduce tension
3. Create more and more convenient parking
4. Upgrade streetscape/add more lighting/renovate blighted buildings
5. Recruit new businesses (see below)
6. Crack down on speeding/traffic/parking violations in Town Center
7. Develop stronger merchants association
8. Move forward with plan for former lumber yard site
9. Create more Town Center housing

SOURCE: Merchant Interviews

Leading the list of suggestions is the need to increase customer traffic in the Town Center given the lack of a retail anchor. This would include more promotion of the Town Center by the City and the Convention and Visitors Bureau as joint advertising by the merchants. More events could be added, particularly during the fall and winter. Even better, more Town Center housing would create year-round shoppers.

Merchants would like to see greater public/private cooperation, including plans for the lumber yard site. The lumber yard site may be a place to create more parking for Town Center businesses if it is truly needed.

Upgrades are needed to several properties as well as the streetscape, including better lighting.

In terms of new businesses needed, Town Center merchants’ collective “wish list” is presented in the table below.

TABLE 32: NEW BUSINESSES NEEDED

1. Midscale restaurant with wine list/outdoor patio
2. Bakery/delicatessen
3. Arts/crafts/hobby/gifts
4. Used bookstore
5. Women’s fashions/jewelry
6. Used children’s clothing/toys
7. Bring back hardware store
8. Wine shop/gourmet foods
9. Antiques/home décor

SOURCE: Merchant Interviews

By far, the two most popular suggestions for new businesses among Town Center merchants are more sit-down restaurants and a bakery that sells soups and sandwiches ala Panera Bread. The type of restaurant they believe would be successful would be a step above Plank’s but not too upscale. It would focus on the dinner business and would open for Sunday brunch.

Next on the list are more arts and crafts businesses, similar to those operating at the Mill Street Market, and then a used bookstore similar to Half Price Books. Several merchants see a market opportunity for more women’s boutiques and affordable, gently-used clothing stores, particularly for children, similar to Once Upon a Child.

There were several votes in favor of bringing back another hardware store (an unlikely scenario, in our opinion). Rounding out the “wish list” are a wine and/or gourmet food shop and antiques and other home décor items.

10. CONCLUSIONS

Based on the results of the merchant interviews discussed in this document, Boulevard Strategies offers the following set of conclusions for the reader’s consideration.

A. Retail Alone Is Not The Answer for the Future of the Town Center

Retailing is generally not a growth industry for Grove City’s Town Center. Its overall sales performance is dismal and a significant portion of its retailers are showing signs of eventual failure. Even for businesses staying open, revenues are not adequate to reward the efforts of owners or their employees in several cases.

While the Town Center will inevitably lose existing retail businesses, we generally agree with merchants observations on how to build certain retail sectors. These include restaurants, a bakery/deli/coffee shop, and more female-oriented specialty-boutiques retail, similar to Mill Street Market, Village Merchant, Red Hat Box, What a Find, and other niche concepts. A restaurant row and a women's creative cluster would replace failing retail businesses with those positioned for success based on the Town Center's market dynamics.

A strong draw may still be needed to feed Town Center retailers. The library outdraws the Town Center's top 3 retail uses combined. Yet its parking and location limit cross-shopping opportunities for Town Center merchants. The closer the library is in relation to the Town Center's retail uses, the more those retailers will thrive.

The same is true of other traffic-generating non-retail uses such as government offices and stations, community college classrooms and other educational uses, conference centers and meeting rooms, medical and other professional services, and entertainment and recreational venues. Development of more Town Center housing would be the ultimate boon to Town Center merchants.

B. New Business Model is Emerging for Successful Town Center Merchants

Emphasis in town centers and downtowns across America is shifting back to development of home grown entrepreneurs vs. chasing national and regional chains. Chains tend to travel in flocks, are risk-averse, and view sites in traditional ways regarding residential (but not daytime) population, dedicated (but not public) parking spaces, and vehicular (not pedestrian) traffic. Independents thrive on niche markets overlooked by their larger competitors.

On the other hand, emerging entrepreneurs are difficult to identify. There is no corporate headquarters to call or deal-making conventions to attend. They need a great deal of assistance in managing the process of writing a business plan and opening a store.

Even after the store is opened, it should receive as much attention as possible in its early years, as it seems from the merchant interviews that nearly all Town Center businesses have faced adversity at one time or another. Those who survive, go on to thrive.

Grove City is fortunate in that it apparently has a high percentage of entrepreneurs (20% of all Town Center business owners). With its large cadre of aging baby boomers, this trend will only grow, based on national surveys. Over 75% of boomers plan to work past age 65, and at the same time, they are burnt-out on the corporate world. Many will start "lifestyle businesses" that mix work and play.

Though the term “lifestyle business” is sometimes used as a derogatory phrase for business owners that are less than committed to “total” success as Adam Smith’s model of capitalism proposes, such initiatives will result in a new wave of retail start-up businesses over the next twenty years. They need to be nurtured, not shunned.

These micro-businesses will require affordable space but will seek high visibility locations in lively mixed use settings. A significant portion of business will shift toward e-commerce and home delivery. Personalized and knowledgeable service and custom-made products with high quality ingredients will continue to be keys to success for independents.

Offer of assistance and links to resources will help the City identify fledging entrepreneurs. Retention efforts should focus on merchants that have been open less than five years to help them “get over the hump.”

C. Public and Private Investments Will Be Necessary to Revitalize Physical Stock and to Promote the Town Center

The need to update, renovate, and, in some cases, redevelop Town Center’s properties is ever ongoing. Property owners must be able to envision returns before they invest, however. Demonstration of confidence in the Town Center’s future viability by the public sector is important in catalyzing private investment.

Town Center merchants collectively spend about \$250,000 per year to advertise and promote their businesses. A shopping center with \$15 million in annual revenue would spend about \$450,000 year on advertising (through anchor stores and marketing funds). The Town Center’s gap must be made up through events and other promotional efforts on behalf of the City, the Chamber of Commerce, and the Conventions and Visitors Bureau.

A small increase in the share of spending by Grove City residents, especially those who live and/or work within 1 mile would result in millions of dollars of additional revenues for Town Center merchants. Increased marketing expenditures, if wisely spent, hold promise for excellent returns on investment.

As the same time, it is important that the City lead the way in maintaining the standards and improving the unique qualities that make the Town Center a special place. The merchants themselves acknowledge that the quaint, small town atmosphere of the Town Center is its greatest asset as a place for them to do business.

D. RESULTS OF SHOPPER SURVEYS

1. INTRODUCTION

Boulevard Strategies completed 169 shopper surveys on two visits to Saturday Farmers Markets (on July 5th and August 9th) plus one visit to Nora’s Café (we mistakenly thought there was a farmers market that day in June but surveyed eight people who were there).

Based on the estimates we compiled from merchant interviews, we believe that the sample is reasonably representative of Grove City Town Center patrons, in general. Groups that were somewhat under sampled include college age adults (between 18 and 25), seniors (over age 65), and visitors (from beyond five miles). Visitors often declined to be surveyed as they did not feel as though they were familiar enough with the Town Center to have strong opinions.

Since most of the surveys were completed at Saturday farmers markets in pleasant weather, there may be somewhat of a “halo” effect on some responses. That is, the nice weather and festive atmosphere put people in a good mood. Results may have differed if we had surveyed shoppers in inclement weather, as we did many of the merchants.

TABLE 33: SAMPLE COMPOSITION VS. MERCHANT ESTIMATES

Age Distribution	Sample Profile	Merchant Estimate
Under 25	6%	13%
25-44	37%	31%
45-64	37%	30%
65+	20%	26%
TOTAL	100%	100%
Median Age, Adults	48.5	48.8
% Female	62%	63%
Geographic Dispersion		
Live Within 1 Mile	24%	27%
Live 1-5 Miles Away	56%	37%
Live Beyond 5 Miles	20%	36%
TOTAL	100%	100%

SOURCES: Shopper Surveys and Merchant Interviews

About 75% of shoppers live in Zip Code 43123, which covers Grove City and beyond. Another 14% live in the four Zip Codes to the north of Zip Code 43123 (i.e., 43119, 43228, 43204, and 43223) and 5% live in Zip Code 43146 to the south of Grove City.

Nearly one-half of those surveyed live in “empty nest” households with their spouse only. Average household size for all respondents was 2.52 persons (vs. 2.59 for Grove City, according to ESRI, Inc., projections).

About 45% of all respondents own at least one dog vs. 37% nationally, according to the American Veterinarians Association.

TABLE 34: SAMPLE HOUSEHOLD SIZE/DOGS

Number of Persons in Household	
1	14%
2	48%
3	19%
4+	19%
TOTAL	100%
Average Household Size	
	2.52
Number of Dogs in Household	
0	55%
1	31%
2+	14%
TOTAL	100%
Average Number of Dogs Per Household	
	0.66

SOURCE: Shopper Surveys

2. FREQUENCY OF PATRONAGE

The typical survey respondent patronizes a Town Center restaurant or tavern once every 23 days, or 15.7 times per year. Restaurants and entertainment venues are collectively the Town Center’s biggest draw. Yet, respondents rate their selection as mediocre, halfway between “good” and “okay.” Better restaurants will bring more traffic to the Town Center, based on their responses.

The library is an important draw for the Town Center, generating almost 1 visit per month, or 10.3 per year, for the typical respondent. However, the library is not integrated with the rest of the Town Center, especially merchants on Broadway, so the amount of synergy generated is questionable.

Retail services, including the bank (Fifth Third), outdraw the Town Center’s retail stores, among surveyed shoppers. They visit Town Center service businesses once every 36 days, or 10.1 times per year vs. only once every 51 days, or 7.2 times per year, for retailers.

Those surveyed visit the Saturday farmers markets 6 times per year, on average. They attend other Town Center events, concerts, and art hops 3.7 times per year.

TABLE 35: TOP TOWN CENTER TRAFFIC GENERATORS

Places	Avg. Annual Visits/Respondent	Avg. Days Between Visitors
1. Eating/Drinking Establishments	15.7	23
2. Library	10.3	35
3. Retail Services/Bank	10.1	36
4. Retail Stores	7.2	51
5. Medical/Professional Service	1.4	261
6. City Hall	1.0	365
Events		
1. Farmers Markets	6.0	
2. Festivals/Concerts/Hops	3.7	
3. Public/Civic Meetings	0.5	

SOURCE: Shopper Surveys

3. ATTRIBUTE RATINGS

Boulevard Strategies surveyed shoppers on the same set of attributes relating to the business environment in the Town Center as we did with merchants. This results in interesting contrasts and comparisons.

Generally, shoppers have a more favorable impression of the Town Center than do its merchants. They perceive the town center to be clean and safe. Respondents are very proud of the Town Center’s appearance and heritage. Citizens strongly believe that revitalization of the Town Center should be a priority for City officials. They rate the City’s support for the Town Center at 6.9 on a 1 to 10 scale (vs. 5.3 by merchants on the same attribute).

Shopper gave their lowest ratings to store hours and the selection of businesses (stores, restaurants, entertainment venues, and services included).

Overall, shoppers gave the Town Center’s attributes an average rating of 6.4 vs. 4.9 by the merchants.

TABLE 35: TOWN CENTER ATTRIBUTE RATINGS: SHOPPERS VS. MERCHANTS

Attribute	Shoppers’ Ratings	Merchants’ Ratings	Net Difference
Personal Safety	8.4	7.2	+1.2
Appearance of Town Center	8.2	6.1	+2.1
Attitude of Merchants**	8.0	5.3	+2.7
Store Cleanliness	7.6	6.8	+0.8
Support from City Government	6.9	5.3	+1.6
Available Parking	6.2	3.3	+2.9
Competitive Prices	5.8	5.7	+0.1
Selection of Entertainment Venues	5.4	3.1	+2.3
Selection of Restaurants	5.3	4.2	+1.1
Selection of Service Businesses	5.3	4.4	+0.9
Selection of Stores	5.1	3.4	+1.7
Store Hours	4.9	4.0	+0.9
OVERALL	6.4	4.9	+1.5

*Ratings are on a scale of 1 to 10, where 10 = excellent and 1 = poor

**Shoppers may have been reacting to attitudes of farmer’s market vendors, not necessarily merchants

SOURCE: Shopper Surveys and Merchant Interviews

4. PERSPECTIVES ON ISSUES AND INITIATIVES

The shopper survey includes several statements with which the respondent could strongly agree, agree, be neutral, disagree or strong disagree. Each is discussed below:

“Preservation and re-use of historic buildings should be a priority for the Town Center.”

This statement had the highest level of agreement of all statements polled, with 89% in agreement and only 1% disagreeing. As Grove City grows outward, it is important to keep its heritage alive in the Town Center.

“It is usually easy to find a convenient parking spot when I visit the Town Center.”

Shoppers overwhelmingly agreed with this statement – 83% were in agreement and only 6% disagreed. This was a very surprising finding given the merchants’ belief that there is not enough parking in the Town Center. On the attribute item for “Available Parking,” shoppers rated parking 6.2 while merchants rated it 3.3. This is the largest discrepancy between the perceptions of shoppers versus merchants.

“Revitalization of the Town Center should be a priority for City officials.”

Most shoppers were in agreement with this statement (78%) but a substantial minority (17%) remains neutral until they see the plan and how much it will cost.

“I usually run into someone I know what I visit the Town Center.”

Agreement with the statement was at the 75% level and nearly 100% for those who live in the Zip Code 43123. Grove City citizens recognize the importance of the Town Center as a gathering place, not just a center of commerce.

“I would shop and eat in the Town Center more often on weekday evenings if more businesses stayed open until at least 7pm.”

About 73% of respondents agreed with this statement, while 27% were neutral or disagreed. Shoppers and merchants alike recognize that the store hours of the Town Center’s businesses are not adequate for today’s consumers.

“I would support moving the library to a larger location in the Town Center.”

Many respondents seemed to be unaware that the library is in need of more space. Yet 58% of those surveyed support the idea of moving the library to a larger location within the Town Center (presumably to the former lumberyard site). Another 28% remain neutral until they have more information and 15% would prefer that the library be left alone.

“I would be interested in taking classes if a community college was located in the Town Center.”

This was another surprising finding. Nearly half of those surveyed (49%) agreed that they would have some interest in taking a class at a community college branch located in the Town Center. This is a remarkably high percentage given that the median age of respondents was about 48. Only 28% said they did not have any interest, and 23% were neutral. A community college would need only a small percentage of Grove City adults to enroll in its classes to be successful.

Each respondent was asked to write in suggestions for improving the Town Center. Most left this question blank but 79 responses were generated among the 169 completed surveys. Those receiving at least two mentions were listed below.

TABLE 36: SUGGESTIONS FOR IMPROVING THE TOWN CENTER

No. of Mentions	
37	Add more/greater variety/higher quality of locally-based shops/restaurants/entertainment venues
7	Add more Town Center events, especially during winter
6	Move forward on developing lumber yard site, including housing
5	Add more parking
5	Leave the Town Center alone, don't waste taxpayer money
2	Advertise/promote more
2	Stores need to stay open later
2	Keep City Hall open during farmers market (public restrooms needed)

SOURCE: Shopper Surveys

5. NEW BUSINESSES NEEDED

Respondents were asked to read a list of seven choices for food-related businesses (the list was formulated from merchant interviews and the consultant's ideas), and choose up to 3 types that they believed would be successful in Grove City's Town Center. The same exercise was repeated for non-food businesses. Respondents could also register write-in votes, which a few did.

Here are their top choices for food-related businesses.

TABLE 37: NEW FOOD-RELATED BUSINESSES NEEDED

	% of Respondents
1. Midscale restaurant with moderate wine list	70%
2. Bakery/delicatessen	63%
3. Family diner	45%
4. Ethnic cuisine (Italian, Chinese, Mexican, etc.)	32%
5. Coffee shop	21%
6. Wine shop	20%
7. Fast food	10%

Write-in votes: upscale bistro, doughnut shop

SOURCE: Shopper Surveys

And here are the people’s choices for non-food-related businesses:

TABLE 38: NEW NON-FOOD-RELATED BUSINESSES NEEDED

	% of Respondents
1. Used bookstore	63%
2. Arts/crafts/gifts	48%
3. Antiques/home decor	31%
4. Pet toys/supplies/services	27%
5. Copy/mail/pack center	19%
6. Women’s fashion	18%
7. Used children’s clothing	12%

Write-in Votes: hardware store, “regular” bookstore, comic bookstore, cigar shop, garden shop

SOURCE: Shopper Surveys

6. KEY DIFFERENCES AMONG SUB-GROUPS

Responses of those under age 45 (73 respondents) were compared to those from persons 45 years or older (96 respondents). There were no significant differences on most items but here were some exceptions:

- Those who are under 45 have larger household sizes (3.24 persons vs. 1.98 for over-45’s) and more dogs (57% own at least one dog vs. 36% for over-45’s).
- Those over age 45 visit the Town Center more often in general, and specifically, more often to visit eating and drinking establishments (17.7 times per year vs. 13.1 times per year for under-45’s) and retail stores (8.6 times per year vs. 5.3 times per year for under-45’s).
- Those under age 45 show greater support to moving the library to a larger location in the Town Center (66% are in favor vs. 52% of over-45’s).
- Those over age 45 are much more likely to run into someone they know when visiting the Town Center (91% vs. 54% of under-45’s).
- Those under age 45 show greater support for ethnic cuisine, a wine shop, and used children’s clothing (but not necessarily pet-related merchandise) as new businesses needed in the Town Center.
- Those over age 45 favor a midscale restaurant, a bakery, and women’s fashions.

Next, we separated out respondents that live within 1 mile of the Town Center. It was found that this group has relatively strong preferences or ethnic cuisine) and for a copy/mall/pack center as well as women’s fashions.

We Also zeroed in on the segment of shoppers that live 6 or more miles from the Town Center. Those shoppers expressed a desire for more antiques and other home goods merchandise.