

Downtown Iowa City Market Niche Analysis

Iowa City, Iowa



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EXECUTIVE SUMMARY

The Downtown Iowa City Market Niche Analysis project is a multi-faceted market study and redevelopment strategy led by Marketek, Inc. during the May – October 2007 time frame. The project includes an opportunity analysis of multiple real estate products including retail, residential, office and lodging; a retail target market analysis; community outreach/opinion research; and the creation of a business development/marketing strategy. This executive summary outlines major findings from each of these areas of research and analysis. It highlights the recommended retail strategy and business mix and outlines next steps for organizing for downtown development. Finally, it provides key concepts for encouraging downtown business development and for marketing downtown Iowa City.

Downtown Iowa City Market Analysis Summary of Findings

Local Resident Demographic Characteristics

- The 2007 population of the Iowa City local trade area (7-minute drive time) is estimated at 80,182, growing to 84,179 by 2012; The 2007 greater trade area population is 144,255, increasing to 154,457 by 2012
- Median Age: 27.6 (local area) and 30.3 (greater area)
- Median Household Income: \$43,726 (local area) and \$50,371 (greater area)
- 70.2% (local) and 66.5% (greater) employed in white collar jobs

Other Target Markets

- Day time employee population: 1-mile radius from downtown, 33,000; 2-mile radius, 53,769
- Visitors: >500,000/year
- Students: 30,000

Top Strengths/Opportunities

- Significant public and private investment
- Active, 24-hour downtown district
- All target markets are growing
- Critical mass of arts, culture, restaurants, entertainment
- Unique business anchors and clusters
- Business niches to be filled



Top Issues/Challenges

- Coralville's aggressive commercial development
- Limited property available downtown for retail
- Retail rents are relatively high
- Oversupply of bars

- Downtown branding and destination are needed
- Downtown lacks a strong management team/organization
- Perceived parking limitations

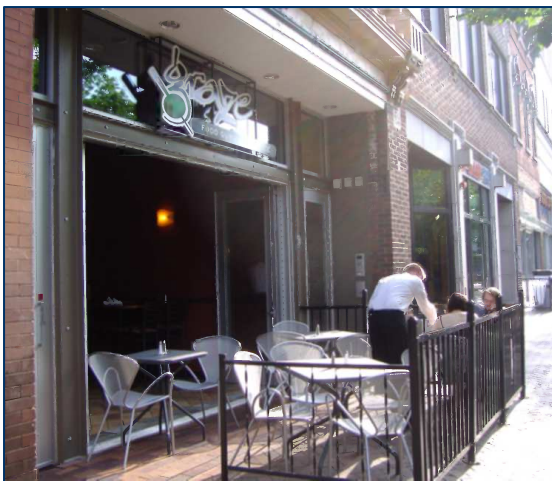
Opinion Research Findings

- Focus groups, town hall meeting, interviews, consumer survey and business survey completed
- Top shopping/other needs: casual apparel, household goods/accessories, furniture, health food restaurant, seafood, movie theater
- Downtown is treasured as cosmopolitan and 'exciting'
- Most downtown businesses are 'stable,' not expanding rapidly



Retail Market Opportunities

- Local market area retail leakage of \$3.4 million and greater market area retail leakage of \$81 million in 2007
- Potential growth in greater retail market of \$93.8 million or 381,190 sq ft of new space by 2012 and \$101.7 million or 413,097 sq ft additional space by 2017
- Growing visitor demand will result in 227,105 sq ft of additional retail and restaurant potential
- Downtown Iowa City can potentially capture 282,644 sq ft of this new demand over the next decade



Housing Market Opportunities

- Limited supply of non-student housing, both rental and for-sale
- Rents increasing at a rate of 2% to 3% annually
- Low rental vacancy rate - 2%
- Median and average home sales prices increasing at an average annual rate of 5% with median values highest in Iowa City
- Rentals dominate downtown housing with an estimated 1,852 units
- Potential demand for 22,043 new units in the market area by 2017

- Downtown Iowa City can potentially capture 16.5% of demand and add 1,383 for-sale and 2,257 rental units by 2017
- Target markets for downtown housing are entry- and higher-level professionals, empty-nesters and students
- Downtown housing should include units affordable to the area workforce and recent graduates beginning careers
- Opening downtown price points from \$150,000 to \$230,000 for condominium units

Office Market Opportunities

- Steady, growing annual demand for office space in the Technology Corridor
- Jobs are anticipated to increase by more than 3,500 annually in the Technology Corridor, 2007-2014
- There is only a six month supply of available Corridor office space
- Downtown has the potential to capture 17.5% of Corridor demand, or approximately 353,199 square feet from 2007-2014
- Downtown has the long term potential for development of speculative office space
- Economic development representatives say that marketing efforts to attract new businesses are hampered by the lack of large spaces for lease (5,000 square feet or more) in downtown Iowa City
- There is a 'waiting' market for small, for-sale office space

Lodging Market Opportunities

- Lodging revenue in Iowa City/Coralville market shows steady increase since 1997
- Overall occupancy rate for the Iowa City/Coralville market is estimated to be 66%, but there have been reports of significant room vacancies in downtown Iowa City during 'off times'
- In the absence of a comprehensive hotel feasibility study for the area, the potential demand for additional hotel rooms located in downtown is unclear at this point in time

Creative Cluster/Young Professionals

- Nearly 1/5th of the local market area is comprised of young professionals age 25-34, well above the state average (12.3%)
- Among the factors that attract the creative class are jobs, livability (e.g., presence of lively downtown core, cost of living, transportation options, etc.) and cultural capital (e.g., vibrant arts & music scene, cultural diversity, etc.)
- Iowa City possesses many of the qualities desired by young professionals and the ability to 'seed' a creative economy
- Future success is dependent on clear goal definition, a well orchestrated promotion plan, leadership for/commitment to the plan



Summary of Recommendations

Retail Strategy & Business Mix

- Focus on unique casual apparel, home furnishings, accessories, local artisans and crafters, specialty goods, convenience goods, restaurant variety and entertainment
- Build on existing retail clusters (home furnishings & accessories, apparel/boutiques and family/community-serving clusters) to take advantage of shared customers and markets
- Mix non-chain, locally-owned shops with regional and/or national retailers by targeting chains expanding in Iowa



Organizing for Downtown Development

- Establish a Downtown Business Development Partnership and hire a qualified manager with real estate, sales and marketing, small business development and/or community and economic development experience as its leader
- Partnership members should include the Chamber of Commerce, the City of Iowa City, the Downtown Association of Iowa City, the Iowa City Area Development Group, the University of Iowa and bankers, developers and key business/property owners in downtown
- Partnership should focus on property development, business retention and expansion, business attraction and marketing and communications

Business Development & Marketing Plan

Property Development

- Identify commercial properties ready for new business occupants and keep an up-to-date inventory of all vacant or underutilized downtown properties
- Develop and publicize tools/incentives for redeveloping downtown properties

Business Retention and Expansion

- Provide education, technical assistance and recognition for existing downtown businesses and assist with relocation to encourage development of retail clusters

Business Attraction

- Establish 3-6 target business priorities for downtown – among top opportunities are apparel, jewelry, home goods, toys, groceries, health food and a day spa
- Develop recruitment campaigns (referral networks, niche marketing campaigns, etc.) and marketing material (maps, info sheets, brochures, etc.) to attract targets
- Promote locations in existing retail clusters and target businesses that will strengthen these clusters by complementing current retailers
- Advertise successful retention and recruitment strategies to the media, professional associations, developers and local businesses and property owners

Marketing and Communications

- Develop a consistent brand or theme and design concept that evokes downtown's vibrant, youthful atmosphere
- Encourage downtown partners to use this design concept in their marketing
- Expand website presence and make all downtown market, property and development news and information available online



INTRODUCTION & METHODOLOGY

This report shares Marketek's findings of the Downtown Iowa City Market Niche Analysis conducted during the May – October 2007 time frame. The goals of the multifaceted market opportunity analysis are to:

- Create an accurate and *realistic* picture of the downtown's retail, residential, office, lodging and entertainment potential within the Iowa City marketplace, including the location and characterization of the existing supply of businesses, consumer preferences, needs and buying patterns and opportunities and challenges for growth and development;
- Understand the gaps in the retail, residential, office and lodging markets and the potential for increased development by product type;
- Clearly understand the needs and preferences of downtown Iowa City's key target markets, including community residents, university students, employees, business owners and visitors;
- Provide the district with key business retention and recruitment strategies and a game plan for strengthening and diversifying the local retail/service industry; and
- Provide user-friendly data for promoting target business opportunities to existing and prospective business and developer prospects.

Methodology

As downtown Iowa City's redevelopment efforts will be phased over time, the market analysis considers a ten-year time period from 2007-2017, which is a realistic projection period for retail development. The research (both primary and secondary) includes:

- Statistical estimates of potential supportable retail, residential and office space in the downtown;
- Community-wide surveys of resident shopping preferences and of the Iowa City business community;
- Seven focus groups and a town hall meeting;
- Interviews with local developers, retailers, planners, government officials and other business and community leaders;
- Case studies of cities with flourishing creative clusters; and
- Two site visits and in-store visits to all downtown businesses.

This report is organized into eight principal sections or chapters:

- 1 Retail Target Markets
- 2 Opinion Research
- 3 Retail Market Analysis
- 4 Housing Market Analysis
- 5 Office Market Analysis
- 6 Lodging Market Analysis
- 7 Creative Cluster Analysis
- 8 Implementation Strategies



CHAPTER 1

RETAIL TARGET MARKETS

Downtown Iowa City's primary target consumer markets for retail, services and entertainment include local residents, area employees, students and visitors. This section characterizes the size and features of each market, with an in-depth look at the local resident market, which provides the downtown with the greatest opportunity for a dependable source of year-round sales and with potential buyers of newly developed housing.

LOCAL RESIDENT SHOPPERS

The socioeconomic characteristics of Iowa City's retail trade area are provided in this section. The retail market area is comprised of a "local" and a "greater" area. Local retail market area residents (defined as those living within a seven minute drive from the intersection of Washington and Dubuque Streets) will look to the downtown for specialty shopping, entertainment and convenience-related goods and services. The greater retail market area is much larger and is the area from which a majority of "destination" shoppers emanate. Its boundaries extend just beyond Johnson County and are based on drive-time estimates, interviews with Iowa City business owners and the location of existing retail competition. The map on the following page illustrates the boundaries of the greater and local retail market areas.

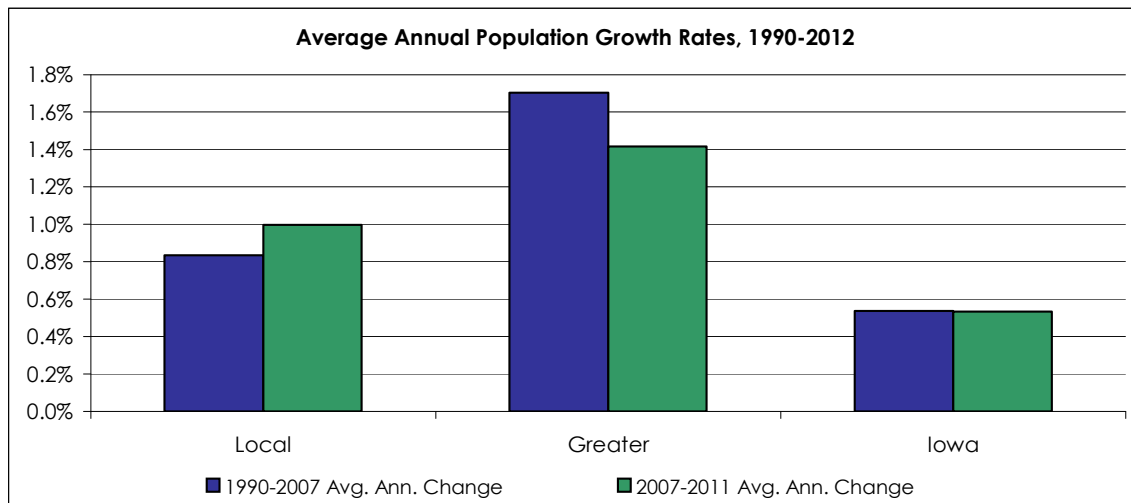
The delineation of market areas is not meant to suggest that prospective local customers of downtown businesses will be drawn solely from these geographic areas. Because of downtown Iowa City's central location, competitive assets and visitor and economic development, prospective retail customers will also be drawn from outside of the market areas.

The map displays the Iowa City area and surrounding regions. The **Local Retail Market Area** is highlighted with a red outline and includes the city of Iowa City, marked with a red star at the intersection of E Washington St and S Dubuque St. The **Greater Retail Market Area** is outlined in black and encompasses a larger region including Tiffin, Kalona, and Wellman. Major highways shown include I-380, I-80, and US-6. County highways are labeled with 'County Hwy' followed by a number. The map also shows various towns and cities such as Tiffin, Kalona, Wellman, and West Liberty, as well as geographical features like the Palisades Kepler State Park and the Kalona Golf Club.

- From 1990 to 2007, the population growth rate in both the local and the greater retail market areas outpaced that of the state (Exhibit IC-1). The average annual population growth rate for the greater trade area was highest at 1.70%, followed by the local area at 0.83% and the state at 0.54%. Household growth rates followed a similar pattern, but were higher: 2.39% for the greater trade area, 1.65% for the local trade area and 0.83% for the state.
- The 2007 population of the Iowa City local retail market area is estimated at 80,182; the greater retail market area is estimated at 144,244. The local area includes 34,485 households with an average household size of 2.12. Households in the greater retail area tend to be larger, averaging 2.31 persons for a total of 58,763 households. Both market areas have average household sizes below that of the State of Iowa (2.41); household size in all areas are expected to decrease slightly by 2012.

- The population growth rate in the greater retail trade area is expected to decrease from 1.70% to 1.42% over the next five years, adding an average of 2,043 persons per year to reach 154,457 by 2012. In the local trade area, the population growth rate is projected to accelerate to 1.00%, with the total population reaching 84,178 in 2012. Forecasts indicate that the growth rate in the State of Iowa will remain stable over the 2007-2012 period.

EXHIBIT IC-1 POPULATION GROWTH Iowa City Retail Market Areas and State of Iowa 1990-2012							
Geographic Area		Avg. Ann. Change 1990-2007		Avg. Ann. Change 2007-2012			
	1990	2007 (Estimate)	Number	Percent	2012 (Forecast)	Number	Percent
Local Retail Market Area							
Population	70,217	80,182	586	0.83%	84,179	799	1.00%
Households	26,948	34,485	443	1.65%	36,697	442	1.28%
Avg. Household Size	2.29	2.12	-0.010		2.10	-0.004	
Greater Retail Market Area							
Population	111,839	144,244	1,906	1.70%	154,457	2,043	1.42%
Households	41,775	58,763	999	2.39%	63,681	984	1.67%
Avg. Household Size	2.45	2.31	-0.008		2.29	-0.004	
State of Iowa							
Population	2,776,755	3,030,140	14,905	0.54%	3,110,913	16,155	0.53%
Households	1,064,325	1,213,728	8,788	0.83%	1,253,509	7,956	0.66%
Avg. Household Size	2.52	2.41	-0.006		2.40	-0.002	



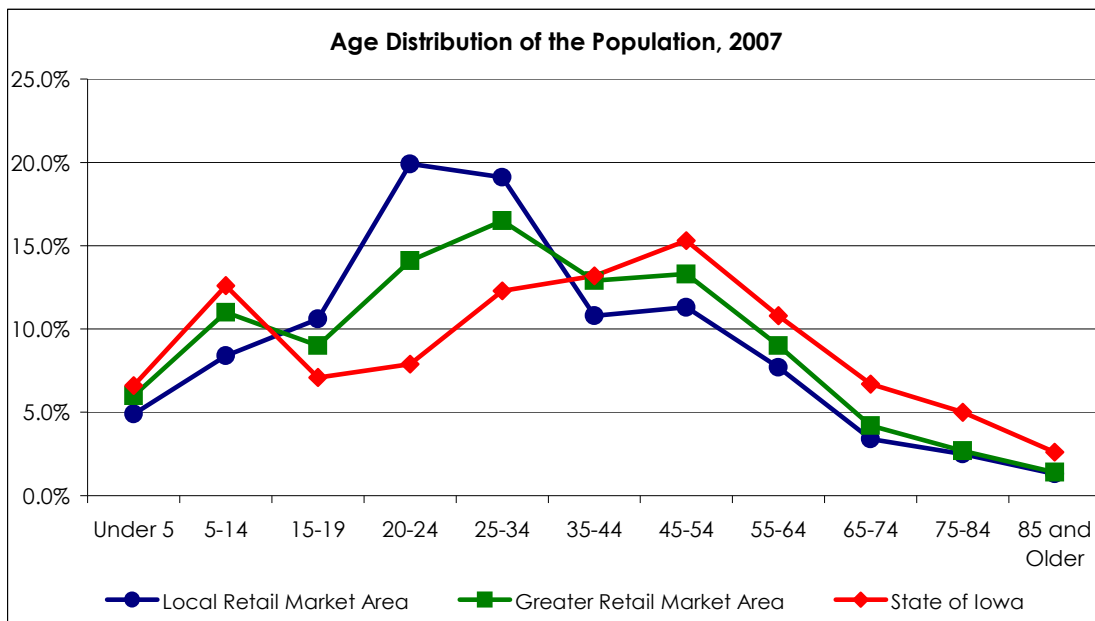
Source: ESRI BIS; Marketek, Inc.

B. Age Distribution

- The population within the Iowa City local retail market area is somewhat younger than the greater retail trade area, with the population of both considerably younger than that of the State of Iowa (Exhibit IC-2). The 2007 median age within the local retail market area is estimated at 27.6 years, compared to a median age of 30.3 years in the greater retail trade area and 37.9 years in the state.
- In 2007, the estimated proportion of the population under the age of 15 in the local retail trade area is 13.3%, in the greater retail trade area, 17.0% and in the state, 19.2%.
- An estimated 30.5% of the local retail market area population is age 15 to 24 in 2007, higher than the greater retail market area at 23.1% and the state at 15.0%, reflecting the impact of University of Iowa students.
- The prime consumer age category, ages 25 to 64, comprises similar proportions of the population in all areas, ranging from 40.8% for the state to 42.7% for the greater retail trade area.
- In 2007, the share of residents age 65 years and older in the local and greater retail market areas are 7.2% and 8.3%, respectively, both considerably below the state proportion of 14.3%.

**EXHIBIT IC-2
POPULATION BY AGE
Iowa City Retail Market Areas and State of Iowa
2007**

Age Category	Local Retail Market Area	Greater Retail Market Area	State of Iowa
Under 5	4.9%	6.0%	6.6%
5-14	8.4%	11.0%	12.6%
15-19	10.6%	9.0%	7.1%
20-24	19.9%	14.1%	7.9%
25-34	19.1%	16.5%	12.3%
35-44	10.8%	12.9%	13.2%
45-54	11.3%	13.3%	15.3%
55-64	7.7%	9.0%	10.8%
65-74	3.4%	4.2%	6.7%
75-84	2.5%	2.7%	5.0%
85 and Older	1.3%	1.4%	2.6%
Total	80,182	144,244	3,030,140
Median Age	27.6	30.3	37.9

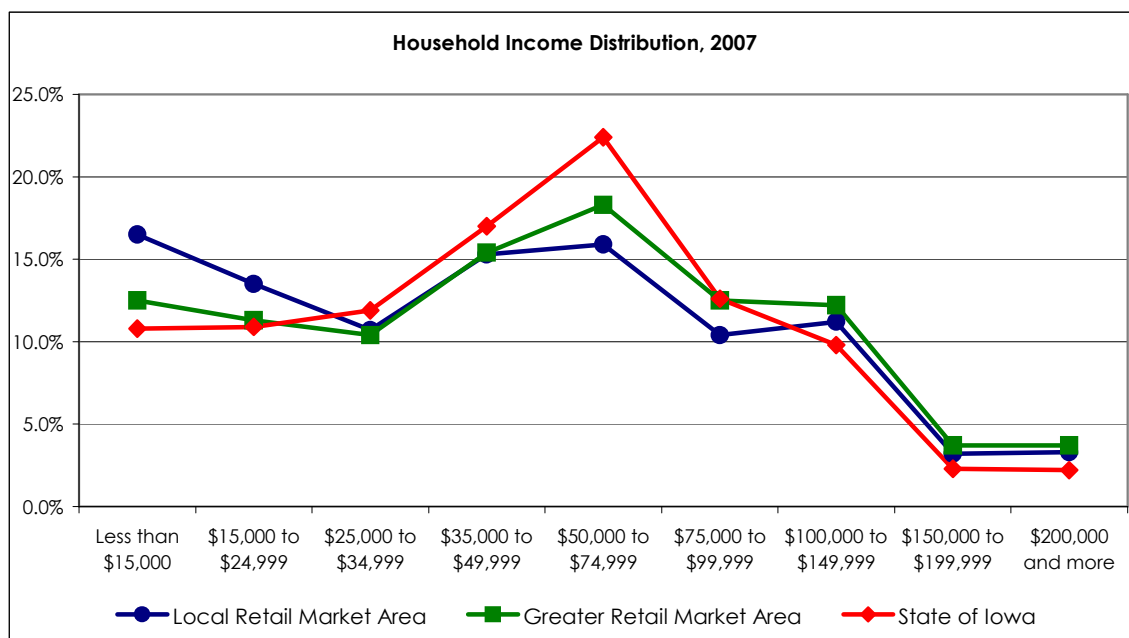


Source: ESRI BIS; Marketek, Inc.

C. Household Income Distribution

- Exhibit IC-3 shows that households in the Iowa City local market area are less affluent than households statewide, likely because of their younger ages and the large portion of students. Those in the greater market area, however, have slightly higher average incomes than the state. Estimated 2007 median household income is \$43,726 in the local retail trade area, \$50,371 in the greater retail trade area and \$49,331 statewide.

EXHIBIT IC-3 HOUSEHOLD INCOME Iowa City Retail Market Areas and State of Iowa 2007			
Income	Local Retail Market Area	Greater Retail Market Area	State of Iowa
Less than \$15,000	16.5%	12.5%	10.8%
\$15,000 to \$24,999	13.5%	11.3%	10.9%
\$25,000 to \$34,999	10.7%	10.4%	11.9%
\$35,000 to \$49,999	15.3%	15.4%	17.0%
\$50,000 to \$74,999	15.9%	18.3%	22.4%
\$75,000 to \$99,999	10.4%	12.5%	12.6%
\$100,000 to \$149,999	11.2%	12.2%	9.8%
\$150,000 to \$199,999	3.2%	3.7%	2.3%
\$200,000 and more	3.3%	3.7%	2.2%
Total	34,485	58,763	1,213,728
Median Household Income	\$43,726	\$50,371	\$49,331

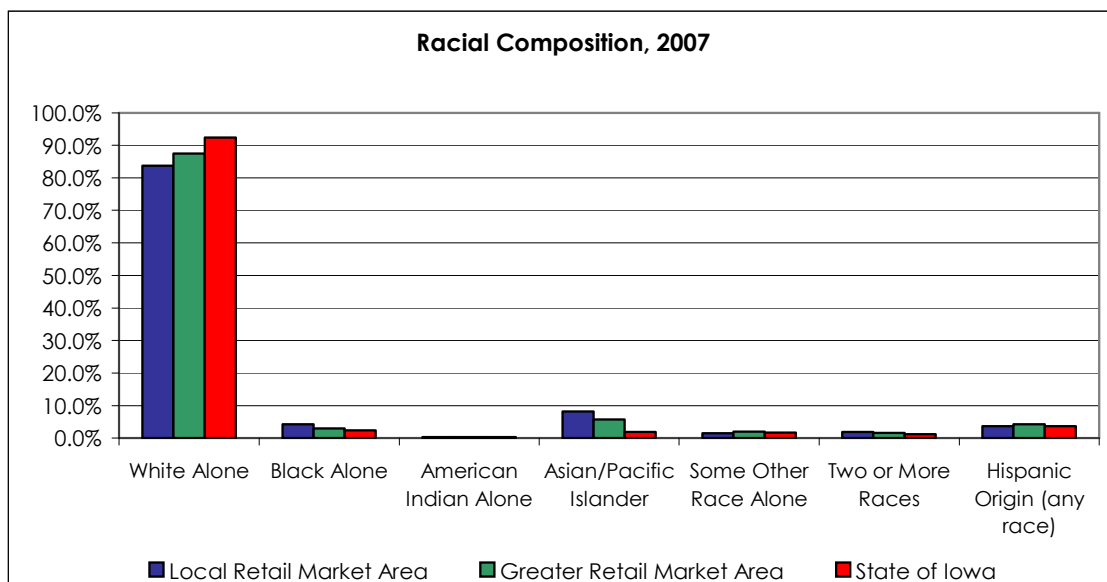


Source: ESRI BIS; Marketek, Inc.

D. Racial Composition

- Racial composition (shown in Exhibit IC-4) in the Iowa City market areas is more diverse than the State of Iowa.
- An estimated 83.8% of local retail market area residents are white, compared to 87.5% of greater retail market area residents and 92.4% of residents statewide. The local Iowa City retail market area has a high proportion of Asian/Pacific Islander residents (8.2% versus 1.9% in the state). The percentage of Hispanic residents in the market areas are similar to that of the state, ranging from 3.7% in the local area and the state to 4.3% in the greater retail market area.

EXHIBIT IC-4 RACIAL COMPOSITION Iowa City Retail Market Areas and State of Iowa 2007			
Race	Local Retail Market Area	Greater Retail Market Area	State of Iowa
White Alone	83.8%	87.5%	92.4%
Black Alone	4.3%	2.9%	2.4%
American Indian Alone	0.3%	0.3%	0.3%
Asian/Pacific Islander	8.2%	5.7%	1.9%
Some Other Race Alone	1.5%	2.0%	1.7%
Two or More Races	1.9%	1.6%	1.2%
Hispanic Origin (any race)	3.7%	4.3%	3.7%
Total	80,182	144,244	3,030,140



Source: ESRI BIS; Marketek, Inc.

E. Community Tapestry Segments

Recognizing that people who share the same demographic characteristics may have widely divergent interests and shopping preferences, Community Tapestry data (developed by ESRI Business Information Solutions) categorizes neighborhoods throughout the nation into 65 consumer groups or market segments. Neighborhoods are geographically defined by census blocks, which are analyzed and sorted by a variety of demographic and socioeconomic characteristics as well as other determinants of consumer behavior.

Market area households have been grouped into Tapestry market segments. The market segments within the Iowa City market areas are identified and summarized in Exhibits IC-5 and IC-6 on the following pages. While the characteristics of each market segment vary, households within the retail market areas tend to be single or shared households or young couples with or without children. There is a mix of homeownership and rental housing, with many households living in multi-unit structures. Although these segments may be highly educated, incomes are moderate as many people are just beginning their careers or finishing college. Members of these segments tend to spend on themselves and enjoy outdoor activities and travel. Top market segments include "Enterprising Professionals," "Dorms to Diplomas," "Aspiring Young Families" and "College Towns." Appendix 1-A provides detailed descriptions of each market segment in the Iowa City market areas. (Note that the residential household figure refers to the residential market area described in the Housing Market Analysis in Chapter 4 beginning on page 100.)

EXHIBIT IC-5 TAPESTRY MARKET SEGMENTS Iowa City Retail Market Areas 2007				
	Local Retail Market Area		Greater Retail Market Area	
	Market Segment	Percent of HHs	Market Segment	Percent of HHs
1	Enterprising Professionals	17.2%	Aspiring Young Families	15.1%
2	Dorms to Diplomas	13.5%	Enterprising Professionals	11.9%
3	College Towns	12.8%	Dorms to Diplomas	7.9%
4	Metropolitans	10.9%	College Towns	7.5%
5	Young and Restless	10.6%	Metropolitans	6.4%
6	Aspiring Young Families	10.1%	Young and Restless	6.3%
7	In Style	7.9%	Exurbanites	6.0%
8	Crossroads	3.9%	Crossroads	5.6%
9	Exurbanites	3.7%	In Style	5.0%
10	Urban Chic	3.3%	Green Acres	4.2%
Total Households		32,381		44,601

Source: ESRI BIS; Marketek, Inc.

EXHIBIT IC-6
SUMMARY OF TOP TAPESTRY SEGMENTS

Market Segment	Socioeconomic	Residential	Preferences
Aspiring Young Families <ul style="list-style-type: none"> Local Retail HH: 10.1% Greater Retail HH: 15.1% Residential HH: 13.8% 	<ul style="list-style-type: none"> Young families, married couples or single parents. Ethnically diverse. Average income. Work mostly in service, sales, administration and government jobs. 	<ul style="list-style-type: none"> Approximately one-half have purchased single family detached and attached townhouses, valued slightly below the national average. If renting, rents are typically slightly below average. 	<ul style="list-style-type: none"> Buy big-ticket home furnishing items and electronics. Purchase baby and children's products and toys. Like dancing, going to the movies, working out at the gym, kickboxing and attending pro basketball games. Dine out at family restaurants.
College Towns <ul style="list-style-type: none"> Local Retail HH: 12.8% Greater Retail HH: 7.5% Residential HH: 6.9% 	<ul style="list-style-type: none"> Young, college students or recent college grads. High levels of education but low incomes. Predominately white. About half work part time, usually in service jobs on and off-campus. 	<ul style="list-style-type: none"> Live on campus or in low-income rental apartments. A quarter of homes are owner-occupied. 	<ul style="list-style-type: none"> Computer-savvy and use the internet to make purchases, do research and visit chat rooms. Drive older cars that they may repair themselves. Participate in outdoor sports and enjoy backpacking and hiking. Attend rock concerts, football games and bars.
Crossroads <ul style="list-style-type: none"> Local Retail HH: 3.9% Greater Retail HH: 5.6% 	<ul style="list-style-type: none"> Married couples with children or single parents. Below average wages. Have manufacturing, construction or retail jobs. 	<ul style="list-style-type: none"> Homeowners living in single family detached homes or mobile homes. Home values below national average. 	<ul style="list-style-type: none"> Own riding lawnmowers, deep fryers and pet birds. Take over-the-counter diet pills and anti-anxiety drugs. Go to movies, gamble in Mississippi and watch daytime TV.
Dorms to Diplomas <ul style="list-style-type: none"> Local Retail HH: 13.5% Greater Retail HH: 7.9% Residential HH: 7.3% 	<ul style="list-style-type: none"> Over 80 percent are attending college. Most residents are white; others are black or Asian. Work part-time in low paying service jobs, often on campus. 	<ul style="list-style-type: none"> Live in campus dormitories or rent off-campus apartments in multi-story buildings. Share housing. 	<ul style="list-style-type: none"> Have student loans. Shop at Banana Republic, The Limited or the Gap. Work out or jog regularly and enjoy backpacking or hiking vacations. Attend concerts, pool halls and dance clubs.
Enterprising Professionals <ul style="list-style-type: none"> Local Retail HH: 17.2% Greater Retail HH: 11.9% Residential HH: 10.9% 	<ul style="list-style-type: none"> Young, highly educated working professionals. Single or recently married. 	<ul style="list-style-type: none"> Live in newer neighborhoods in townhomes or apartments. Mobile but prefer to own rather than rent 	<ul style="list-style-type: none"> Purchases reflect their youth, mobility and growing status. Rely heavily on Internet for shopping, work and communication. Travel, practice yoga, jog and go to the gym.

EXHIBIT IC-6 (continued)

Market Segment	Socioeconomic	Residential	Preferences
Exurbanites <ul style="list-style-type: none"> Local Retail HH: 3.7% Greater Retail HH: 6.0% Residential HH: 5.7% 	<ul style="list-style-type: none"> Married, empty nester couples. Affluent. Professional jobs and work in home offices. Highly educated. Predominately white. 	<ul style="list-style-type: none"> Single family homes valued well above the national average. Commute time is below other affluent market segments. 	<ul style="list-style-type: none"> Work on their gardens and decorate their homes. Enjoy working on their homes themselves. Order from Lands End and LL Bean and listen to public radio. Drink domestic wine, attend theater/dance performances and take photographs. Go kayaking, boating and hiking.
Green Acres <ul style="list-style-type: none"> Greater Retail HH: 4.2% Residential HH: 4.4% 	<ul style="list-style-type: none"> Second largest Tapestry market segment. Predominately white married couples with and without children. About one-sixth are self-employed. Others employed in skilled labor and farming occupations. 	<ul style="list-style-type: none"> Prefer to own new, single family detached homes in developing suburban fringe areas. One-third own more than three vehicles. 	<ul style="list-style-type: none"> Stay fit by using home exercise equipment, mountain biking and taking vitamins. Enjoy hiking, camping, hunting and gardening and make purchases related to these activities. Hold a home equity line of credit and a money market account.
In Style <ul style="list-style-type: none"> Local Retail HH: 7.9% Greater Retail HH: 5.0% Residential HH: 4.6% 	<ul style="list-style-type: none"> Affluent professionals. Small household size – few children. Dual income households. 	<ul style="list-style-type: none"> Favor townhouses over single family detached. Live in prestigious neighborhoods. 	<ul style="list-style-type: none"> More suburban than urban but prefer an urban lifestyle. Technologically savvy. Home repairs and yard work are contracted out. Health conscious – eat healthy and work out.
Metropolitans <ul style="list-style-type: none"> Local Retail HH: 10.9% Greater Retail HH: 6.4% Residential HH: 6.3% 	<ul style="list-style-type: none"> Singles and childless couples. Slightly older with incomes above the national average. 	<ul style="list-style-type: none"> Live in older neighborhoods. Mix of single family and multi-unit structures. Almost equally divided by renters and owners. 	<ul style="list-style-type: none"> Busy, urban lifestyle. Enjoy yoga, listen to jazz, rent foreign videos, attend rock concerts and visit museums. Travel frequently for business and pleasure.
Urban Chic <ul style="list-style-type: none"> Local Retail HH: 3.3% 	<ul style="list-style-type: none"> Professionals with sophisticated, exclusive lifestyles. High median income and net worth. Well-educated and employed in scientific and technical services, educational and health-care sectors. 	<ul style="list-style-type: none"> Ownership predominates. Homes valued well above national average. Concentrated on the California coast and the East coast. 	<ul style="list-style-type: none"> Travel extensively and visit museums, dance performances and concerts. Use PCs to access the Internet, which they use to arrange travel, follow investments and make purchases. Avid readers and listeners of classical music.

EXHIBIT IC-6 (continued)			
Market Segment	Socioeconomic	Residential	Preferences
Young and Restless <ul style="list-style-type: none"> Local Retail HH: 10.6% Greater Retail HH: 6.3% Residential HH: 5.8% 	<ul style="list-style-type: none"> Young and on the go. Single person and shared households. Moderate incomes. Work in service and professional management occupations. 	<ul style="list-style-type: none"> Due to their youth, high turnover. Approximately three-quarters are renters. Rents and home values are in line with the national average. 	<ul style="list-style-type: none"> Purchases center on themselves: sports clothing/gear, designer clothing and computers/software. Enjoy movies, concerts, fast food and bar/grilles. Use storage facilities. Shop at Banana Republic and Express.

F. Employment

The employment and occupation of Iowa City's market area residents offer additional insight and dimension to their demographic characteristics. Exhibit IC-7 depicts the employment distribution by economic sector of residents age 16 and older for the Iowa City market areas and the State of Iowa. A higher proportion of the residents of Iowa City's retail market areas are employed in service jobs and a lower proportion in the manufacturing, construction and agriculture/mining sectors when compared to the state.

The average time to work for residents of the Iowa City greater retail market area is similar to that of the state (18.2 minutes and 18.5 minutes, respectively), while residents of the local retail market area have an average commute time of 16.2 minutes.

EXHIBIT IC-7 EMPLOYED POPULATION 16+ BY INDUSTRY Iowa City Retail Market Areas and State of Iowa 2007			
Economic Sector	Local Retail Market Area	Greater Retail Market Area	State of Iowa
Agriculture/Mining	0.3%	1.6%	3.7%
Construction	3.9%	5.9%	7.6%
Manufacturing	4.7%	7.5%	13.9%
Wholesale Trade	1.6%	2.2%	4.0%
Retail Trade	11.7%	11.3%	12.3%
Transportation/Utilities	2.2%	2.9%	4.9%
Information	3.5%	3.1%	2.0%
Finance/Insurance/Real Estate	4.5%	4.6%	6.9%
Services	65.5%	58.6%	41.4%
Public Administration	2.0%	2.1%	3.2%
Total Number	47,476	83,162	1,575,837
Average Travel Time to Work (min)	16.2	18.2	18.5

Source: ESRI BIS

Exhibit IC-8 shows the occupations of residents of the Iowa City market areas compared to the state. White collar occupations are more highly represented among Iowa City local and greater market area residents than state residents (70.2% and 66.5% compared to 56.5%), no doubt reflecting the University of Iowa's influence. Service jobs are slightly more highly represented in the local retail market area (17.3%) versus the greater retail market area (15.8%) and state (15.6%). Blue collar jobs are represented at lower levels: they make up 12.5% of local retail market area jobs, 17.7% of greater retail market area jobs and 27.9% of statewide jobs.

EXHIBIT IC-8 EMPLOYED POPULATION 16+ BY OCCUPATION Iowa City Retail Market Areas and State of Iowa 2007			
Economic Sector	Local Retail Market Area	Greater Retail Market Area	State of Iowa
White Collar	70.2%	66.5%	56.5%
Management/Business/Fin'l	9.5%	11.3%	13.3%
Professional	35.5%	31.0%	18.5%
Sales	11.2%	10.7%	11.2%
Administrative Support	14.0%	13.5%	13.5%
Services	17.3%	15.8%	15.6%
Blue Collar	12.5%	17.7%	27.9%
Farming/Forestry/Fishing	0.1%	0.4%	1.1%
Construction/Extraction	3.2%	4.8%	6.5%
Install/Maintain/Repair	2.4%	3.5%	4.8%
Production	3.1%	4.4%	8.2%
Transportation/Mat'l Moving	3.7%	4.6%	7.3%
Total Number	47,476	83,162	1,575,837

Source: ESRI BIS

According to the Iowa City Area Development Group, major Iowa City area industries include advanced manufacturing of electronics, food and personal hygiene products, life sciences such as biotechnology and bioprocessing, and information solutions, including software, financial, insurance and educational services. Expanding employers include American College Testing, Inc., CIVCO Medical Instruments, Integrated DNA Technologies, Inc. and Owens-Illinois Plastic Products, among others.

VISITOR MARKET

The visitor market also has a significant influence on downtown Iowa City's business base and is multifaceted. With major events and attractions ranging from sports and arts to University activities and health care facilities, visitors are continually flowing through downtown Iowa City. Visitor counts for selected area attractions appear in Exhibit IC-9.

Johnson County ranked fourth of Iowa's 99 counties for tourism expenditures with over \$244 million in domestic travel in 2005, based upon the Travel Economic Impact report completed by Travel Industry Association. These travel expenditures are associated with

almost \$43 million in wages and salaries and nearly 3,200 jobs. Further analysis of the impact of visitor spending on retail, dining and entertainment sectors is provided in the Retail Market Analysis chapter (Chapter Three).

EXHIBIT IC-9 SELECTED VISITOR ATTRACTIONS, EVENTS & ATTENDANCE Johnson County 2007	
Facility/ Attraction	Visitor/User Count
Iowa Arts Festival	20,000/yr
Iowa City Jazz Festival	30,000/yr
Marriott conference bookings	2,570 room nights
Interstate 80, Exit 242	55,000 average daily traffic
University student orientation	12,000/summer
University athletic events	1.1 million/yr
University hospital/clinic patients from outside Johnson County	537,036/yr

Source: Marketek, Inc.

STUDENT MARKET

The University of Iowa student enrollment has grown slowly but steadily in recent years and today stands at nearly 30,000. The majority of students are counted as part of the resident market since the Census registers a person at the address where they spend most of their time. Within the Iowa City local market area, the 20-24 year old age category (highly representative of college students) comprises one-fifth of the total population.

Exhibit IC-10 estimates the student population not captured in the resident market based on the difference between the local resident population enrolled in a public college or university and the 2007 University of Iowa and Kirkwood Community College enrollment. This analysis indicates an additional 3,653 students who are potential downtown patrons.

EXHIBIT IC-10 IOWA CITY STUDENT MARKET 2007	
2007 Greater Market Area Population	144,244
Percent of Greater Market Area Population in Public College (from 2000 Census)	20.40%
Estimated 2007 Population in Greater Market Area Enrolled in Public College	29,426
Enrollment at Univ of Iowa and Kirkwood Community College	33,079
College Students Not Included in Residential Population	3,653

Source: ESRI BIS; University of Iowa; Kirkwood Community College; Marketek, Inc.

The student market has an enormous impact on downtown retailers, restaurant and entertainment and on the business mix. Once thought of as simply beer-drinking and broke, college students today are regarded as increasingly attractive markets. Compared to previous generations, college students are spending more than ever before and demand a wide range of products and services. All student spending combined (housing, food, and discretionary goods) represents over \$300 billion nationwide.

AREA EMPLOYEES

Employees working in or near downtown Iowa City are an important captive market for retail and service businesses, as they come to Iowa City on a daily basis throughout the year and are in close proximity to retail, restaurant and service establishments. Market research conducted by the Building Owners and Managers Association of America demonstrates that office workers (as one segment of the workforce) spend between 10 and 15 percent of their expendable income in and near their places of work.

A survey conducted by the International Council of Shopping Centers found that downtown workers spent an average of \$130 per week during lunch and after work. This survey further revealed that:

- The majority of workers (76%) prefer to walk to lunch, up to three blocks.

- The most frequent items purchased by workers include cards, stationery, gifts, drugstore items, books and magazines.
- With lesser frequency, workers buy office supplies, jewelry, apparel, accessories, housewares, cosmetics, arts and crafts and items found in galleries.
- Many workers (28%) will stop for "after work" activities (drinks, dinner and shopping) when such opportunities are available. Forty-eight percent (48%) of these workers are inclined to come back to the downtown district to eat and shop on weekends.

Within a one-mile radius of downtown Iowa City, there are over 1,000 businesses with almost 33,000 employees (Exhibit IC-11). At a two-mile radius, the number of businesses almost doubles (1,983) and the number of employees reaches 53,769.

In terms of the types of industry in and immediately surrounding downtown, Services, specifically Education Institutions & Libraries, predominate. In the one-mile area, Education Institutions & Libraries account for 49% of all employees, followed by Health Services which account for 14% of employees. These industries continue to dominate at the two-mile area, making up 33% and 27% of employees, respectively. Retail Trade employees follow Health Services in both areas, making up 11% of the work force within one mile and 12% within two miles.

The ratio of daytime/nighttime population (i.e., workers versus residents) decreases moving away from the downtown, decreasing from 1.39 within a one-mile area to 1.15 within a two-mile area, demonstrating the commercial nature of downtown.

EXHIBIT IC-11
BUSINESSES AND EMPLOYMENT WITHIN A 1-MILE AND 2-MILE RADIUS
2007

Industry	1-Mile Area		2-Mile Area	
	Businesses	Employees	Businesses	Employees
Agriculture & Mining	1.0%	0.2%	1.7%	0.3%
Construction	3.4%	0.8%	5.8%	1.7%
Manufacturing	1.0%	0.5%	1.6%	2.6%
Transportation	1.8%	0.9%	2.4%	1.3%
Communication	0.5%	0.4%	0.5%	0.3%
Electric/Gas/Water/Sanitary Serv.	0.1%	0.0%	0.2%	0.0%
Wholesale Trade	0.9%	0.3%	2.0%	0.9%
Retail Trade	24.0%	10.9%	21.4%	11.7%
<i>Home Improvement</i>	1.1%	0.3%	1.2%	0.4%
<i>General Merchandise</i>	0.2%	0.0%	0.3%	0.5%
<i>Food Stores</i>	2.1%	1.0%	2.0%	2.0%
<i>Auto Dealers, Aftermarkets & Gas Stations</i>	1.1%	0.4%	1.5%	0.7%
<i>Apparel & Accessories</i>	1.8%	0.2%	1.3%	0.2%
<i>Furniture & Home Furnishings</i>	1.7%	0.3%	1.9%	0.3%
<i>Eating & Drinking Establishments</i>	8.8%	6.6%	6.8%	5.7%
<i>Miscellaneous Retail</i>	7.2%	2.1%	6.4%	1.9%
Finance/Insurance/Real Estate	10.5%	2.0%	10.4%	2.1%
<i>Banks and Savings/Lending</i>	1.0%	0.6%	1.3%	0.6%
<i>Securities Brokers</i>	1.0%	0.1%	1.1%	0.1%
<i>Insurance Carriers and Agents</i>	2.1%	0.3%	1.9%	0.4%
<i>Real Estate/Holding/Other Investments</i>	6.4%	1.0%	6.1%	1.0%
Services	49.2%	76.5%	48.2%	74.1%
<i>Hotels & Lodging</i>	0.7%	0.5%	0.8%	0.5%
<i>Auto Repair, Services, Parking</i>	2.3%	0.3%	2.7%	0.4%
<i>Motion Picture & Amusements</i>	2.9%	1.0%	3.4%	1.4%
<i>Health</i>	7.6%	13.8%	9.5%	26.9%
<i>Legal</i>	5.3%	0.9%	3.5%	0.6%
<i>Education Institutions & Libraries</i>	2.9%	49.4%	2.9%	33.0%
<i>Other Services</i>	27.5%	10.6%	25.4%	11.3%
Government	6.9%	3.9%	4.8%	2.8%
Other	0.7%	3.6%	1.0%	2.2%
Total	1,069	32,945	1,983	53,769
Daytime/Nighttime Population Ratio	1.39		1.15	

Note: Distance is from the intersection of Washington St. and Dubuque St.

Source: ESRI BIS

Appendix 1-A: Tapestry Market Segment Descriptions

Aspiring Young Families

Demographic: Most *Aspiring Young Families* residents are young, startup families, a mix of married-couple families with and without children and single parents with children. The average family size is 3.13, near the U.S. average. Approximately two-thirds of the households are families, 27% are single-person households, and 9% are shared. Annual population growth is 1.7%, higher than the U.S. growth. The median age is 30.4 years; nearly one-fifth of residents are in their 20s. This market is ethnically diverse. Although most residents are white, other race groups are also represented. Seventeen percent of residents are black, and 16% are of Hispanic origin.

Socioeconomic: The median household income is \$47,200, and income is derived mainly from wages. The median net worth for this market is \$94,300. Approximately 60% of employed residents have professional, management, sales, or office/administrative support positions. Overall, 85% of residents aged 25 years and older have graduated from high school, 35% have attended college, and 22% hold a bachelor's or graduate degree.

Residential: *Aspiring Young Families* neighborhoods are located in the large, growing metropolitan areas primarily in the South and West, with the highest state concentrations in California, Florida, and Texas. Although almost three-fourths of the households are in the South and West, one-fifth of the housing is located in the Midwest. Half of the households are occupied by renters, half by homeowners. Residents live in moderately priced apartments, single family houses, and startup townhomes. The average gross rent is approximately \$674 per month, just slightly higher than the U.S. average. The median home value is \$142,900. Most of the housing units were built after 1969.

Preferences: *Aspiring Young Families* residents spend much of their discretionary income on their children and their homes. They buy baby and children's products and toys and furniture for the home. Electronic purchases include cameras and video game systems. Residents spend time online visiting chat rooms, searching for employment, playing games, researching real estate, and making travel arrangements. They carry multiple life insurance policies.

Vacations are likely to include visits to theme parks. Leisure time includes dining out, dancing, going to the movies, and attending professional football games. Other activities include fishing, weight lifting, playing basketball, and watching dramas or horror flicks on video or DVD. Residents listen to urban stations and professional basketball games on the radio. When watching TV, they favor sports, news, and entertainment programs and courtroom TV shows. When eating out, *Aspiring Young Families* residents prefer family restaurants such as Tony Roma's and IHOP and fast-food establishments such as Checkers and Jack-in-the-Box.

College Towns

Demographic: With a median age of 24.5 years, *College Towns* is the fourth youngest of all the Tapestry segments. Most residents are aged between 18 and 34 years and live in single-person or shared households. One-fourth of households are occupied by married-couple families. The racial profile of this market is similar to the U.S. profile. Three-fourths of the residents are white.

Socioeconomic: Education is the key focus of *College Towns* residents. Approximately 41% of residents are enrolled in college or graduate school, often at the local college or university. Other residents are on the teaching and research staffs, because many continued to work at the college they attended. Naturally, *College Towns* residents are educated; 40% of residents aged 25 years and older have a bachelor's or graduate degree. Because many students only work part-time, the median household income of \$28,900 ranks near the low end. Fifty-two percent of the employed residents in this market are part-time workers. This segment ranks second to the *Dorms to Diplomas* segment for the highest proportion of part-time employment. Most of the employed residents work in the service industry, holding on- and off-campus jobs in educational services, health care, and food preparation. The median net worth for this market is \$30,700.

Residential: One in eight *College Towns* residents lives in a dorm on campus. Students in off-campus housing live in low-income apartment rentals. Approximately 31% of households are occupied by owners, typically town residents, who live with their families in single family dwellings. The median home value is \$132,900. One-third of the housing is single family structures.

Preferences: *College Towns* residents prefer ready-made or easy-to-prepare meals and buy ready-made pasta sauces, frozen pasta meals, pizza crusts, and peanut butter and jelly, usually at the most convenient grocery store. With their busy lifestyles, they frequently eat out or order in from fast-food restaurants, particularly McDonald's, Taco Bell, and pizza outlets during the week; however, many cook at home over the weekend. They purchase books online and in stores. They hold student loans and bank in person or by phone. These computer-savvy students own laptop computers or expensive desktop personal computers and the peripherals to match. Connection to the Internet is important to this segment; they go online to research school assignments, search for employment, and visit chat rooms. Keeping in touch is also important; they purchase cellular phones and accessories as well as prepaid calling cards.

New to living on their own, many *College Towns* residents purchase bedding, bath, and cooking products. They own few appliances but, at a minimum, have a microwave oven, a toaster, and an upright vacuum cleaner. Their lifestyle is very casual. They rank high for participating in nearly every outdoor sport and athletic activity.

College Towns residents attend rock concerts and college football games, play pool, and go to movies and bars. They also participate in public activities including fund-raising and volunteer work. They listen to contemporary hit radio, rock, and alternative music. They watch MTV and Comedy Central on cable television. They shop at discount stores but prefer to buy branded apparel from Old Navy and Gap.

Crossroads

Demographic: Crossroads neighborhoods are primarily home to married-couple families with and without children and single-parent families. These residents are young, with a median age of 31.9 years. Householders tend to be younger than the U.S. average; half of them are younger than 45 years. The population in this segment is growing more than 1.6% annually, a faster rate than the U.S. population. Eighteen percent of residents are Hispanic. Although 73% of residents are white, other racial groups are represented in this market.

Socioeconomic: The median household income for this market is \$39,500, somewhat below the U.S. median; the median net worth is \$46,000, less than half the U.S. value. Educational attainment levels are lower than U.S. levels; only 36% of residents aged 25 years and older hold a bachelor's or graduate degree or have attended college. Most of the employed residents work in the manufacturing, construction, retail trade, and service industry sectors. Labor force participation is comparable to the U.S. level, but unemployment is slightly higher.

Residential: Crossroads communities are growing neighborhoods that are frequently found in small towns throughout the South, Midwest, and West. These small towns provide affordable housing for young families, providing them an opportunity to own their homes. Homeownership is 77%; the median home value is \$60,300, much lower than the U.S. median. More than half of Crossroads households are mobile homes; 36% are single family dwellings. Most of the housing was built after 1969.

Preferences: Mindful of their expenses, Crossroads households budget for what they buy and choose selectively where to spend their money. They shop at discount department stores such as Wal-Mart and Kmart. Many shop for groceries at Wal-Mart Supercenters. Their priorities are their families and their cars. Children are the focus of their lives, and they buy children's products in addition to groceries. They prefer domestic cars or trucks, commonly buy used vehicles, and handle the maintenance themselves. Investing and saving for retirement are a low priority; many households do not own mutual funds, stocks, or retirement savings accounts. Home improvement projects also rank low.

Crossroads residents enjoy watching television, especially cartoon channels for the kids and fishing or NASCAR racing for the adults. They would probably own a satellite dish instead of subscribing to cable. They also like to listen to the radio, preferring country and contemporary hit music to other formats. They read the newspaper less frequently than average U.S. households; however, they read magazines, especially automotive, boating, motorcycle, and fishing publications. They like to fish and go to the movies. Most households have pets such as cats and dogs. Birds are especially popular.

Dorms to Diplomas

Demographic: *Dorms to Diplomas* residents are college students who represent the youngest of all the Community Tapestry segments, with a median age of 21.8 years. Approximately 81% of residents are enrolled in a college or university. The rest of the population are not students and reside off campus. Approximately 42% of the households share housing with one or more roommates; 38% are single-person dwellings. Ethnic diversity is relatively low for this segment. Approximately 73% of the residents are white and 11% are Asian.

Socioeconomic: To support themselves while they attend school, nearly three-fourths of the employed residents work part-time in low-paying service jobs. The median household income for this segment is \$17,600; the median net worth is \$13,100. Approximately 52% of the residents aged 25 and older hold a bachelor's or graduate degree. The educational institutions at the center of these communities employ many residents, especially in the educational services, accommodation/food services, and retail trade industry sectors.

Residential: Approximately 43% of the residents in the *Dorms to Diplomas* communities live on campus in dormitories; the remainder rent apartments in multiunit buildings off campus. Ninety percent of the households rent. Most of these communities are either urban locations or part of a major campus that is the core of an urban cluster. For the few owner-occupied dwellings, the median home value is \$135,100.

Preferences: Spending patterns of *Dorms to Diplomas* residents reflect their carefree lifestyle and their focus on their education. When they do not eat at the dining hall or in one of the nearby fast-food restaurants, they use convenient prepared and frozen foods. Most individuals own or share a refrigerator and microwave. Personal computers are considered a necessity. Internet access is available to all and used frequently to research school assignments, find employment opportunities, make travel plans, and keep in touch with family. Most students also own cellular phones.

Aside from the exercise they get from participating in college sports and walking or jogging around campus, they take advantage of gyms on campus. Among their extensive list of activities are attending rock concerts, dancing, going to movies, visiting theme parks, and playing pool. Typical of dorm life, they enjoy spending time with friends each evening watching a sports game or movie or playing board and card games. Although they shop at discount stores regularly, they prefer branded apparel items from Old Navy, the Gap, and Banana Republic.

Enterprising Professionals

Demographic: This market is home to young, educated, working professionals. Single or married *Enterprising Professionals* residents are singularly young, with a median age of 32.4 years. Forty-three percent of households consist of singles who live alone or with roommates. Similarly, 43% of households consist of married-couple families. The number of households in this market is approximately 2% of U.S. households but is one of the fastest-growing markets with household growth of 2.6% annually. The diversity of the population is similar to that of the United States. The majority of residents are white; however, 11% are Asian (more than two and one-half times the U.S. level).

Socioeconomic: Household income exceeds expectations, with a median of \$66,000. The median net worth of \$150,900 is growing. Ninety percent of *Enterprising Professionals* households derive income from wages and salaries; 39% have some form of investment income. This is an educated group: 46% of the population aged 25 years and older hold a bachelor's or graduate degree and 30% have attended college. Nine percent are enrolled in college or graduate school. Ranked second of all the Community Tapestry markets for labor force participation at 75%, these working professionals are employed in various jobs, especially management, finance, computer, sales, and office/administrative support occupations.

Residential: *Enterprising Professionals* residents change cities or homes frequently as they seek growth opportunities and go where the jobs are located, especially in major cities such as Chicago, Atlanta, and Seattle. The majority of households in this market are located in the South (46%), West (29%), and Midwest (20%). Residents prefer renting to owning (just slightly) in newer neighborhoods with townhomes or apartments. The median value is \$237,900 for owner-occupied homes, and the average gross rent is approximately \$894 per month, both higher than U.S. values.

Preferences: Their lifestyle reflects youth, mobility, and growing consumer clout. Many carry renter's insurance because they are still renting. *Enterprising Professionals* residents are connected but still nomadic. They rely on cell phones and PCs to stay in touch and the Internet for everything from finding the next job or home to tracking their investments and buying consumer goods. Favorite sites are barnesandnoble.com and amazon.com. Their thoughtful nature is reflected in their frequent purchases of flowers online and at the florist. They own laptop personal computers, MP3 players, video game systems (preferring Xbox), digital camcorders, and flat-screen or plasma TVs. This is the top market for subscriptions to digital cable service.

Enterprising Professionals residents love to take foreign and domestic trips as often as they can. Leisure activities include participating in yoga, playing Frisbee and football, jogging, going to the movies, watching videos or DVDs, and attending horse races and professional basketball games. Residents enjoy reading computer magazines; listening to classical music as well as public, all-talk, and sports radio; and watching bicycle racing and tennis on TV. When eating out, they prefer restaurants such as Cheesecake Factory and Outback Steakhouse. They shop for groceries at Harris Teeter.

Exurbanites

Demographic: *Exurbanites* residents live beyond the urban fringe, preferring open space with affluence. Empty nesters (married couples with no children living at home) comprise 40% of these households, yet married couples with children occupy 32%. Half of the householders are between 45 and 64 years old. Their median age of 43.6 years places these residents directly between paying college expenses and caring for elderly parents. Their lifestage is as important to understanding this market as their lifestyle. There is little ethnic diversity; most residents are white.

Socioeconomic: At 66%, labor force participation for the *Exurbanites* market is above average. Residents are educated: more than 40% of the population aged 25 years and older hold a bachelor's or graduate degree, and more than 30% have attended college. They are also well employed. Approximately half of employed persons hold professional or management positions. The median net worth is \$259,000, more than twice that of the national median. The median household income is \$83,200. More than 20% of households draw retirement income, and 57% of households receive additional income from investments.

Residential: Although *Exurbanites* households are growing by almost 1.8% annually, these are not the newest neighborhoods. Recent construction comprises only 22% of the housing stock. However, 70% of the housing units were built after 1969. Most homes are single family structures. The median home value is approximately \$255,900, more than one and one-half times that of the national median. Exurban living is not supported by public transportation. Nearly 80% of households own at least two vehicles. The average travel time to work for this market is comparable to the U.S. average.

Preferences: Because of their lifestage, *Exurbanites* residents focus on financial security. They consult with financial planners; have IRA accounts; own shares in money market funds, mutual funds, and tax-exempt funds; own common stock; and track their investments online. Between long term care insurance and substantial life insurance policies, they are well insured. Many have home equity lines of credit.

Exurbanites residents work on their homes, lawns, and gardens. To enhance their properties, they purchase garden and lawn care products, shrubs, and plants. Many home improvement tasks, such as interior or exterior painting, are accomplished by a household member, although contractors are hired for some work. They own all kinds of tools, such as saws, sanders, and wallpaper strippers, to help them complete their projects. Leisure activities include boating, hiking, kayaking, playing Frisbee, photography, and bird-watching.

Exurbanites residents travel, typically within the United States, and enjoy hiking, playing golf, and visiting national parks on vacation. They listen to public radio and donate to PBS. Participation in civic activities includes addressing public meetings and doing volunteer work. Many are members of fraternal orders and charitable organizations.

Green Acres

Demographic: Married couples, with and without children, comprise 71% of the households in *Green Acres*. Many families are blue-collar baby boomers, many with children aged 6–17 years. With more than 9.3 million people, *Green Acres* represents the third largest population of all the Community Tapestry markets, currently more than 3% of the U.S. population, and growing by 1.6% annually. The median age is 39.9 years. This segment is not ethnically diverse; 94% of the residents are white.

Socioeconomic: *Green Acres* residents are educated and hardworking; more than half who are aged 25 years and older hold a degree or attended college. Labor force participation is approximately 69%, with higher employment concentrations in the manufacturing, construction, health care, and retail trade industry sectors. Seventeen percent of households derive income from self-employment ventures. Occupation distributions are similar to the United States. The median household income is \$62,300, and the median net worth is \$151,500.

Residential: *Green Acres* neighborhoods are located throughout the country but mainly in the Midwest and South. The highest state concentrations are found in Michigan, Ohio, and Pennsylvania. A little bit country, *Green Acres* residents live in pastoral settings of developing suburban fringe areas. Homeownership is at 88%. Eighty-seven percent of the household inventory is dominated by single family dwellings. These newer homes carry a median value of \$179,700. Typical of rural residents, *Green Acres* households own multiple vehicles: 78% own two or more vehicles.

Preferences: Country living describes the lifestyle of *Green Acres* residents. Pet dogs or cats are considered part of the family. These do-it-yourselfers maintain and remodel their homes; projects include painting, installing carpet or insulation, or adding a deck or patio. They own all the necessary power tools, including routers, welders, sanders, and various saws, to finish their projects. Residents maintain their lawns, flower gardens, and vegetable gardens, again with the right tools. They own riding lawn mowers, garden tillers, tractors, and even separate home freezers for the harvest. Fitting in with the do-it-yourself mode, it is not surprising that *Green Acres* is the top market for owning a sewing machine. A favorite pastime is using their ice cream maker to produce homemade ice cream. They prefer motorcycles and full-size pickup trucks.

For exercise, *Green Acres* residents ride their mountain bikes and participate in water sports such as waterskiing, canoeing, and kayaking. Other activities include bird-watching, power boating, target shooting, hunting, and attending auto racing events. They prefer to listen to college football, NASCAR auto racing, and news-talk programs on the radio and read fishing, hunting, and motorcycle magazines. Accommodating the country lifestyle, many households watch TV by satellite dish instead of cable. Events they enjoy watching on TV include alpine skiing, ski jumping, motorcycle racing, equestrian events, and bicycle racing. A favorite station is the Speed Channel.

In Style

Demographic: *In Style* residents live in the suburbs but prefer the city lifestyle. Professional couples predominate. Household distributions by type are similar to those of the United States. Married-couple families represent 54% of households. Households without children (married couples without children, single-person, shared, and other family types), comprise more than two-thirds of all households. This count is increasing. The population is slightly older, with a median age of 39.3 years. There is little racial diversity in this market.

Socioeconomic: *In Style* residents are prosperous, with a median household income of \$67,800 and a median net worth of \$186,600 (more than one and one-half times that of the national median). Wages and salaries provide income for 84% of the households; 47% also receive some form of investment income. *In Style* residents are more educated compared to the U.S. level: nearly 40% of the population aged 25 years and older hold a bachelor's or graduate degree, and 31% have attended college. At 70%, labor force participation is above average, and the unemployment figure of 4% is low. Forty-five percent of employed residents have professional or management positions, with above average concentrations in the finance, insurance, technical services, and education industry sectors.

Residential: *In Style* residents live in affluent neighborhoods of metropolitan areas, scattered all over the country. More suburban than urban, they nevertheless embrace an urbane lifestyle; many prefer townhomes (14% of households) to traditional single family dwellings (56% of households). The median home value is \$231,800. Homeownership is just slightly above average at 72%. More than three-fourths of the housing units were built in the last 30 years.

Preferences: Computer savvy, *In Style* residents use the Internet daily. Online activities include obtaining information about real estate, new or used cars, medical, general news, or sports; tracking investments; trading stocks; making travel arrangements; and buying computer hardware or software, clothes, toys, and concert or sporting events tickets. They use a financial planner and invest in stocks, bonds, money market funds, money market bank accounts, and securities. Looking toward the future, residents have long term care and universal life insurance and contribute to IRA and 401(k) retirement accounts. To maintain their homes, they hire professional household cleaning services and contractors.

To keep fit, residents exercise, follow a healthy diet method for weight control, buy food specifically labeled as low fat, and take vitamins. They enjoy going to the beach, snorkeling, playing golf, and casino gambling. They favor domestic travel and keep golf in mind when choosing a vacation destination. *In Style* residents read boating, business, and finance magazines and listen to news-talk, classical, and alternative radio formats. TV viewing includes bicycle racing, ski jumping, and golf, so it is not surprising that the Golf Channel is a favorite cable station.

Metropolitans

Demographic: *Metropolitans* residents favor city living in older neighborhoods. Approximately half of the households are composed of singles who live alone or with others. However, married-couple families comprise 40% of households. Compared to the United States, there is a higher proportion of residents aged 20–34 in this market. The median age is 37.1 years. Diversity is low; a white population dominates.

Socioeconomic: At 71%, labor force participation is well above average; the unemployment rate of 5% is below average. *Metropolitans* residents are educated: 75% of the population aged 25 years and older have attended college or completed a degree program; 28% hold a bachelor's degree, and 21% have a graduate degree. Half of employed persons hold professional or management positions. The median household income is \$57,600. Nearly half of the households earn income from interest, dividends, and rental properties. The median net worth is \$134,500.

Residential: *Metropolitans* neighborhoods are distributed throughout the country in an eclectic mix of single family homes and multiunit structures. Three-fifths of the housing units were built prior to 1960. These neighborhoods are slow to change; annual household growth is less than 0.8%. The homeownership rate is 63%; the median home value is \$194,100.

Preferences: Owners of older homes have maintenance and remodeling costs; *Metropolitans* residents are no different. They are more likely to hire a contractor for home repair or remodeling work than to do the work themselves. They would also probably use a lawn maintenance service or professional household cleaning service. Owning or leasing a station wagon is common. Residents plan for the future, owning shares in various investment funds, contributing to IRA savings accounts, and holding large life insurance policies.

Metropolitans residents pursue an active, urbane lifestyle. They travel frequently, personally and for business. They listen to classical music and jazz as well as public and newstalk programs on the radio. Leisure activities include going to museums and zoos, watching foreign films on video or DVD, and reading epicurean magazines. Refinishing furniture and playing a musical instrument are favorite hobbies. Exercise includes yoga, roller-blading, and hiking/backpacking.

Metropolitans residents are members of civic clubs and participate in numerous civic activities such as volunteering for environmental causes, addressing public meetings, and working for a political party or candidate. They also belong to business clubs and contribute to PBS. Preferring to own and use a laptop computer, commonly an Apple, they use the Internet daily, especially to order books, airline tickets, CDs, and clothes. They also order many items over the phone or through the mail.

Urban Chic

Demographic: *Urban Chic* residents are professionals who live a sophisticated, exclusive lifestyle. More than half of these households are married-couple families, similar to proportions in the United States. Fewer than half of them have children. Unlike the United States, there is a smaller proportion of single-parent families and a higher proportion of single-person and shared households. The population is slightly older, with a median age of 41.4 years, and the diversity is slightly below average compared to the United States.

Socioeconomic: A median household income higher than \$84,800 and a median net worth of approximately \$262,700 enable the *Urban Chic* segment to live a stylish lifestyle. The population is well educated: more than half of the residents aged 25 years and older hold a bachelor's or graduate degree. They pursue a variety of occupations, especially management, professional, and sales positions, in industry sectors such as scientific and technical services, educational services, and health care. One-fifth of these households earn income from self-employment ventures, and 55% receive additional income from investments.

Residential: *Urban Chic* neighborhoods parallel the United States for housing type and ownership. The setting is urban, and homes range from pre-World War II to post-2000, high-rise to single family. Sixty-three percent of houses are single family dwellings; 27% are apartments in multiunit structures. Homeownership is at 70%. Median home value is \$633,000, more than three and one-half times that of the U.S. median. Major concentrations of *Urban Chic* households are found on the coasts of northern and southern California and along the East Coast.

Preferences: *Urban Chic* residents focus on lifestyle more than ambience. They travel extensively, visit museums, attend dance performances, shop at upscale establishments, and do volunteer work. They are more inclined to buy dress clothes than casual wear, but they purchase apparel for various pursuits such as running, hiking, golf, and skiing. In addition to buying foods specifically labeled as natural or organic, they take a multitude of vitamins and dietary supplements. They prefer imported vehicles, but domestic wine, and truly appreciate a good cup of coffee.

The busy, computer-savvy *Urban Chic* residents are connected. They not only use PCs extensively, but they also read the manuals. They access the Internet to arrange travel; check their investment portfolios; trade stocks; and purchase books, clothes, flowers, and tickets for concerts and sporting events. They own stock worth \$75,000 or more; use stock rating services; and own shares in tax-exempt funds, mutual funds, and money market funds.

Urban Chic residents are one of the Community Tapestry top markets for listening to classical music, all-talk, and public radio. They are avid readers of newspapers and books. When reading magazines, they favor airline, epicurean, travel, and fashion publications. TV viewing is not as prevalent in this market, but they have their favorite shows such as *NOVA*, *Gilmore Girls*, and *Alias*. Favorite cable stations are Bravo and the Independent Film Channel.

Young and Restless

Demographic: Change is the constant for *Young and Restless* households. This young, on-the-go population has a median age of 28.9 years. Slightly more than one-half of them are younger than 35. Fifty-nine percent of these households are either single person or shared. Neighborhoods are diverse. Sixty percent of the residents are white; however, there is an above-average representation of other cultures including 19% who are black, 8% who are Asian, and 18% who are Hispanic.

Socioeconomic: The median household income is \$40,900, and the median net worth is \$87,000. Although the median household income is below the U.S. median, because only 23% of these households include children, discretionary income is higher than for segments with similar income levels. *Young and Restless* is an educated market; one-third of residents aged 25 years and older hold a bachelor's or graduate degree and another one-third have attended college.

Thirteen percent are enrolled in college or graduate school. Career is a common element shared by these ethnically diverse residents. Both men and women participate in the labor force at much higher rates than the U.S. rates. The 75% labor force participation rate is the highest among all the Community Tapestry segments; the female labor force participation of 73% is also the highest. Most employed residents work in professional, sales, service, and office/administrative support positions.

Residential: *Young and Restless* neighborhoods are found in metropolitan areas, almost entirely in the South (56%), West (23%), and Midwest (19%). The state with the highest concentration is Texas. Householders are primarily renters who live in multiunit buildings. Because 85% of the households rent, this segment is ranked fifth for the highest percentage of renters among all the Community Tapestry segments. Most of the housing units were built in the 1970s and 1980s. This market is mobile; 85% of the householders have moved in the last five years. Career pursuit affects their decision of where to live.

Preferences: These young, single professionals are pursuing their careers and living a busy lifestyle. They are technologically savvy and take advantage of the convenience provided by many products and services. *Young and Restless* residents rely on the Internet to communicate with friends and families, shop, bank, and look for new employment opportunities. They enjoy the convenience of cell phones, voice mail, and other phone services. They read magazines to stay current on the latest lifestyle and entertainment trends and are just as likely to read a music magazine as a business publication. They do not read the newspaper as much as the general population. Television viewing is average. Radio is a good way to reach them; favorite formats are contemporary hit and urban.

Seeing movies at theaters and on videos is a major source of entertainment. They also enjoy going to bars or nightclubs. Their busy schedule also includes working out at the gym and playing various sports. Domestic vehicles have a slight edge in this market. These residents are one of the more politically liberal segments. Some are still paying off school loans. Many have not yet begun saving for retirement or contributing to investments.



CHAPTER 2

OPINION RESEARCH

SURVEYS

In June and July 2007, two surveys were conducted to reach target audiences key to strengthening the retail base of the downtown business district: 1. a consumer survey aimed at area residents, university students and employees; and 2. a business owners/operators survey. Area residents, employees and businesses were urged via newspaper feature stories and chamber of commerce publicity to help shape the future of downtown Iowa City by completing an on-line survey. Facebook advertisements targeted University of Iowa students. In addition, hard-copy surveys were made available to those without computer access. The primary objective of this research is to gain an understanding of the perceptions, needs and motivations of local shoppers and businesses.

Surveys were augmented with seven downtown business, property owner and other stakeholder focus groups, over 30 in-store visits/interviews with business owners, and an interactive town hall meeting held during the May 28-31 site visit. Over 100 persons participated in all. Telephone interviews were also conducted with approximately ten business owners. Detailed results of the surveys are provided in Appendices 2-A and 2-B. Survey, interview and focus group findings are summarized below.

A. Consumer Survey

- There were 1,196 respondents to the consumer survey.
- Seventy percent (70.1%) of respondents reported doing most of their non-grocery shopping at the Coral Ridge Mall, while 20.9% do most of their non-grocery shopping in downtown Iowa City.
- The most common reasons cited for shopping choice were convenience and the availability of a wide selection of goods. Price was the third most important factor influencing shopping preference.
- When people chose to shop in Iowa City, their primary reasons were to support local businesses and the convenient location. The major disadvantages of shopping in Iowa City were lack of parking and poor selection of goods/services. Respondents also felt stores downtown have high prices.
- The kinds of merchandise most frequently cited as being needed in Iowa City were women and men's casual apparel, shoes, home goods such as linens, towels and kitchen items, furniture and electronics.
- The kinds of leisure/ entertainments services that topped the list were a movie theater, concerts/live music and a bowling alley.
- Tailoring/alterations and a pack & mail center were the top requested personal/business services.
- The type of restaurants most frequently demanded were a healthy/natural food, baked goods and seafood. Other popular choices were dinner theater, family restaurants and tea rooms.

- When asked if they would consider living in high quality housing if it were available in downtown Iowa City, respondents were evenly split. Forty-two percent (42.1%) answered “no” and 41.5% answered “yes.” Of those who answered yes, the majority preferred to own 2- or 3-bedroom homes.
- The qualities of Iowa City dearest to its residents are its unique shops, restaurants and entertainment offerings and the lively, friendly atmosphere of the pedestrian mall.

B. Business Owner Survey

- The survey generated responses from 32 Iowa City business owners, 68.8% of whom have been in business for more than ten years.
- No uniform business hours can be identified from the survey. Thirty-six percent (35.5%) of the businesses operate from Monday to Friday, while another 35.5% are open Monday-Saturday.
- More than half (51.6%) of the businesses identified Johnson County as their primary market area. Twenty-nine percent (29.1%) selected Iowa City as their primary market area.
- Improvements to businesses during the last two year were made by all but two respondents. Of these, 19 (63.3%) involved financial investment. The amount of investment varied widely, ranging from \$2,000 to \$30 million. The median investment was \$30,000.
- Over a third (38.7%) of the businesses reported moderate growth in their business and 9.7% saw rapid expansion. Twenty-two percent (22.6%) experienced a decline in sales. The remaining businesses had stable business levels over the past two years.
- Twenty-nine percent (29.0%) of businesses expressed the intention to expand their business during the next year and half (54.8%) plan to operate on the same level. One business intends to reduce operations.
- The factors cited by more than 30% of the respondents as most effecting the success and expansion of their businesses were foot traffic, public access and qualified labor. The three greatest obstacles to success were parking, the cost of rent/property and insufficient customer traffic.
- The kind of assistance most desired by business to improve their success was in marketing and advertising. Almost two-thirds of those responding indicated interest in participating in a joint marketing program.
- When asked what qualities downtown Iowa City should maintain in the face of change, the consensus was to maintain the friendly, exciting atmosphere of the pedestrian mall. Also of notable interest were the mix of unique shops, restaurants and entertainment, the Friday night concert series and other events and the physical appearance of downtown and its historic buildings.

- Businesses identified the following improvements for downtown: the convenience and cost of parking for employees and shoppers and the mix of shops, restaurants and bars.
- The future image seen as most desirable was of an exciting downtown where university students mix with local residents to enjoy a unique variety of specialty shops, cafes, fine dining and arts and entertainment offerings.

The following table identifies goods and services for which 30% or more of consumer survey respondents expressed an interest.

EXHIBIT OR-1 SUMMARY OF TOP RANKED SHOPPING NEEDS AND INTERESTS	
Computers & Accessories Electronics Linens & Towels Furniture Appliances Women's Casual Apparel Women's Business Apparel Men's Casual Apparel Shoes Bakery Hardware Groceries Concerts/Live Music	Movie Theater Dinner Theater Bowling Video/ DVD Rental Car Wash/Detailing Tailor/Alterations Dry Cleaner/Laundry Computer Repair Pack & Mail Copy Center Seafood Restaurant Family Restaurant Healthy/Natural Restaurant

FOCUS GROUPS

The seven focus groups were organized into the following categories: Business Owners, Property Owners, Economic Development, University, Creative Economy Cluster, Tourism/Entertainment, and Real Estate/Development. The Commercial Competitive Assessment incorporates many participant comments. However, other significant comments are highlighted below. The groups were asked to identify key opportunities or strengths that downtown Iowa City should build upon toward future success, issues and challenges it must address and a series of questions regarding future vision and interests for downtown.

Downtown opportunities and current strengths

- Community leaders want to strengthen downtown's business mix
- Iowa City and downtown's economy is tied to the University and hospitals and is somewhat insulated from economic fluctuations of the state or nation
- High density, non-student housing
- Boomers are returning or retiring here
- Arts and culture are core strengths
- University draws creatives, youth, vitality

- Cross-marketing and joint promotions needed
- Outdoor seating/cafes a very positive move

Challenges/Issues for downtown

- The rapid expansion of Coralville directly impacts Iowa City
- Downtown boundaries are pushing out north and south
- The plethora of bars downtown is a concern for all
- Perception of parking problem is a repeated concern
- Downtown has been unable to attract office professionals
- City Hall not viewed as 'business-friendly' or responsive; EX: simple but important issues like snow removal need to be addressed
- High rents challenge newcomers and entrepreneurs to find suitable location
- Loitering/panhandling on the rise without a clear policy on how to address
- Façade improvements and ongoing beautification are needed, flowers, etc.

Downtown business mix observations

- Highly eclectic mix serving diverse markets – students, faculty, community
- Healthy supply and mix of restaurants
- Targeted tenant/business location
- Voids-movie theater, middle market

Keys to downtown success

- More retail on ground floor
- Strong leadership and commitment
- Long term vision
- Unified voice about the vision
- Continuous, focused marketing

Downtown's unique market position

- Arts and entertainment destination for the region—significant quantity of quality cultural venues
- More unique development and unique businesses will strongly position downtown
- More upscale one of a kind boutiques than elsewhere
- Specialty goods-- things you can't find in other places
- Locally-owned and operated, not 'anywhere USA'

Geographic market area

- Businesses routinely pull from Cedar Rapids and Quad cities

Market needs

- More food and entertainment
- Music store
- Consider national retailers as anchors
- Athletic/recreation apparel and accessories
- Accommodate both middle and high income targets

TOWN HALL MEETING SUMMARY

The May 29 community meeting attracted over 50 people and generated a lively discussion about Iowa City and downtown. The prime topics and responses are summarized below.

What are the Characteristics and Attributes of Iowa City?

Participants characterize Iowa City as a vibrant, well-educated, diverse, open-minded and tolerant community. They identify their walkable downtown with locally-owned businesses, art and cultural opportunities, downtown neighborhoods and the University of Iowa and Iowa River.

Other attributes identified include:

- Historic yet growing
- Cosmopolitan
- Different than Coralville
- Knowledgeable consumers
- Cares for senior citizens
- Older buildings that ooze character

What Makes Iowa City Unique?

Responses show that Iowa City's relationship with the University of Iowa campus and its "big city" feel are major factors that make it unique. Iowa City is characterized as a place where the community is caring and involved, with excellent medical facilities and special needs services. The downtown, the surrounding neighborhoods and the diverse groups of people living there make Iowa City unique.

Other responses include:

- Utopia
- Easy place to live
- Ties to the literary community
- Opportunity
- A place where anyone can live

What Do Outsiders Say About Iowa City?

Positive perceptions of Iowa City are that it is Iowa's best kept secret, with a safe, friendly atmosphere where there is always something going on. Negative perceptions included that it is too liberal, lacks direction and that the University of Iowa receives too much funding from the state with few results.

Other responses include:

- Great place – not what I thought Iowa was like
- They're jealous
- Liberal, diverse, integrated economically, great architecture, expensive

What are Perceptions of Downtown Iowa City?

Perceptions about downtown Iowa City run along two lines. The first emphasizes the excitement and energy created by downtown's pedestrian mall, independent shops, farmer's market, library, Englert Theater and the variety of artistic and cultural activities. Perceptions of Iowa City at night are less favorable, focusing on the numerous bars crowded with students, panhandlers, litter and safety issues. Other comments are that the downtown living and shopping is expensive and that stores lack merchandise to meet basic needs.

Other responses include:

- Could be safer
- Hang out for many types of people
- Friendly, thoughtful, progressive community – open and accepting

What are Downtown's Best Opportunities?

Respondents most frequently identify medium-priced condos and apartments (i.e., higher-quality than student housing but not luxury) and more specialty retail as opportunities for the downtown. A grocery store and increased pedestrian, biker and mass-transit facilities are also opportunities mentioned by several respondents.

Other specific responses include:

- Art house movie theater
- Indoor play area
- 24-hour restaurant or coffee shop
- Store front renovations
- More hotels
- Entertainment for adults
- Kids and women's clothing, hardware store
- University of Iowa China or Middle East Institute

What's Going Well in Downtown Iowa City?

Downtown dining, shops, arts, entertainment and special events and festivals are popular examples of what is going well in downtown Iowa City. The pedestrian mall and the vibrant, diverse street life it attracts are also identified as pluses for the downtown. Other responses include recent private investment, new developments such as the Vetro and the Vogel House, improvements at Old Capitol Mall and a growing economic vibrancy.

Other responses include:

- Growth of interest in the past 15 years
- University proximity; Parents of students and campus visitors
- Park and shop
- Interstate 80
- Downtown offices and courthouse
- Affluent population

Share Your Big Ideas for Downtown Iowa City

Popular big ideas for downtown Iowa City include more residential options for non-students, more unique art stores and specialty retail stores, a grocery store and an increase in architectural diversity. Several responses deal with improvements in transportation – increased pedestrian safety, free parking and Iowa City as a regional hub for light rail. A small business incubator, literary museum and rooftop gardens were other ideas.

Other responses include:

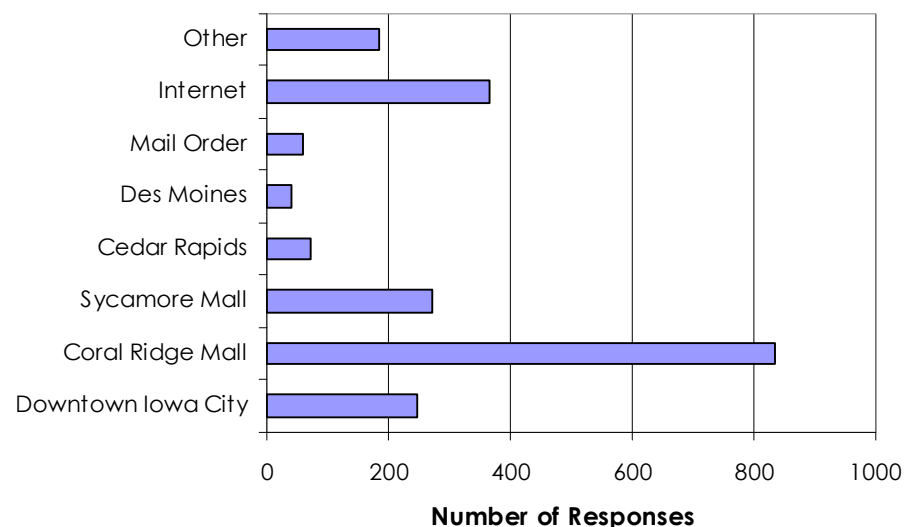
- More green or LEED energy efficient building; More sustainable energy and growth
- Preservation of historic character mixed with redevelopment of some non-historic properties
- Hotel Jefferson renovated for loft apartments
- Make Washington Street two way
- Redevelop US Bank corner parking lot
- Expansion of downtown to Court Street South

Appendix 2-A: Iowa City Consumer Survey Results (1,196 responses)

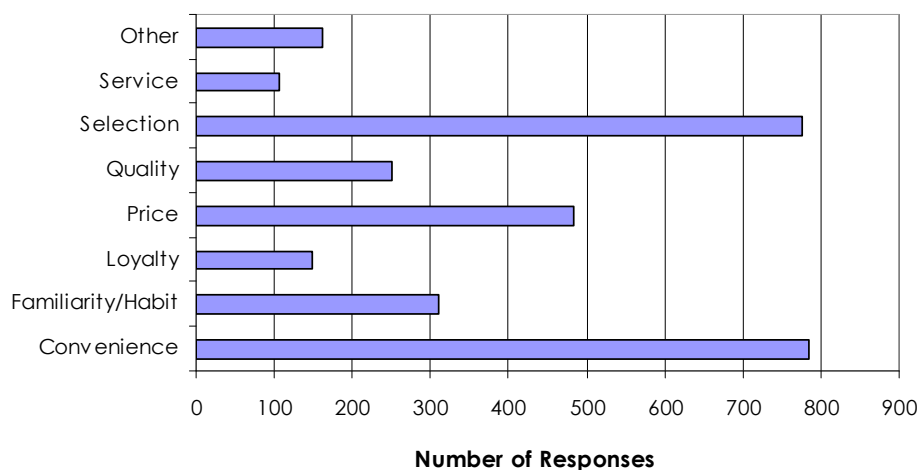
SHOPPING HABITS

1. WHERE DO YOU DO MOST OF YOUR NON-GROCERY SHOPPING (E.G., APPAREL, HOME FURNISHINGS, SPORTING GOODS, ETC.)? CHECK UP TO TWO RESPONSES. (1,189 respondents)

1. Most (70.1%) of respondents do most of their non-grocery shopping at Coral Ridge Mall.
2. Other popular destinations for non-grocery shopping are the Internet (30.9%), Sycamore Mall (22.9%) and Downtown Iowa City (20.9%).
3. Six percent (6.1%) of respondents reported doing most of their non-grocery shopping in Des Moines and 5.0% identified Wal-Mart, Target and Kmart as other frequent destinations.



2. WHAT ARE THE PRIMARY REASONS FOR SHOPPING WHERE YOU DO? PLEASE SELECT YOUR TOP THREE REASONS. (1,190 respondents)

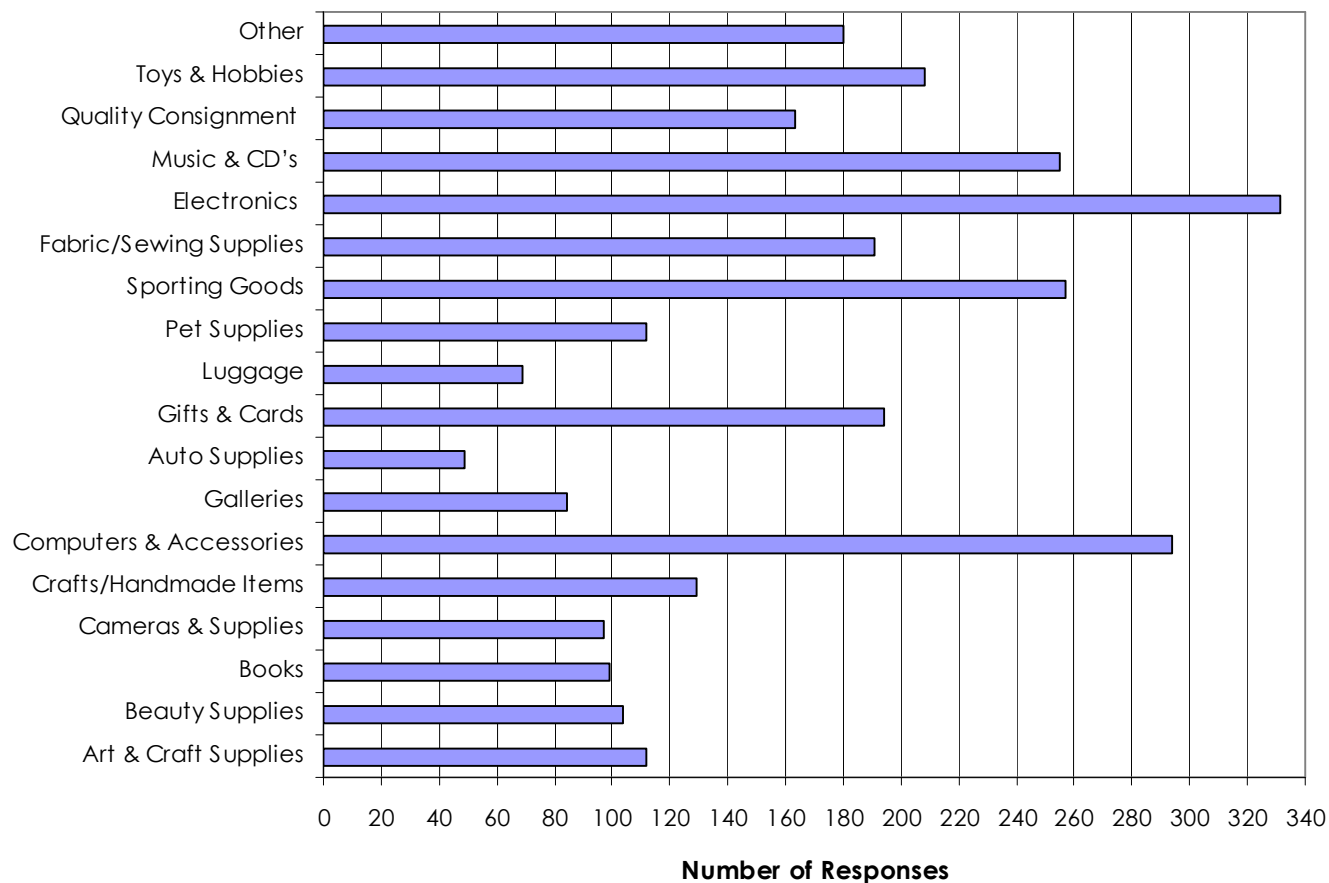


- The most common influences on shopping choice are Convenience (65.9%) and Selection (65.1%).
- A large portion also cited Price, with 40.7% ranking this as a primary reason.
- Many survey respondents commented on the lack of free parking available in downtown and cited a diminished selection of retail goods there.

SHOPPING NEEDS IN IOWA CITY

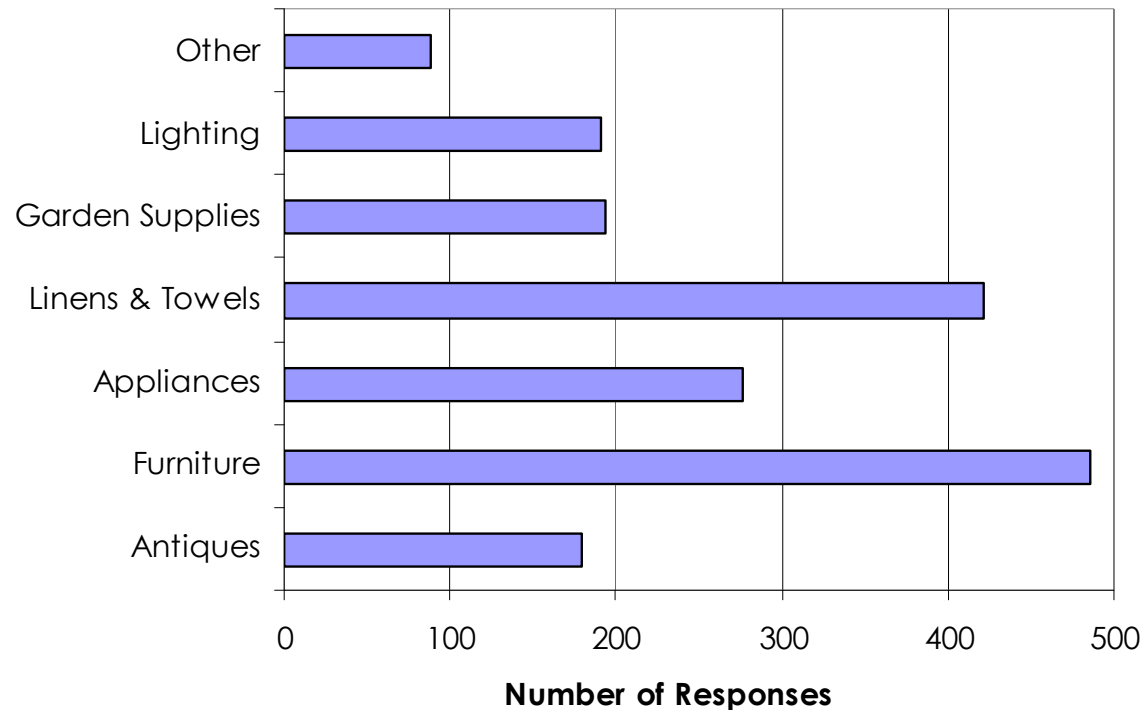
3. WHAT TYPES OF SPECIALTY MERCHANDISE DO YOU THINK ARE LACKING SUCH THAT GREATER SELECTION IS NEEDED AND WOULD BE SUPPORTED IN THE IOWA CITY AREA? CHECK ALL THAT APPLY. (940 respondents)

- Electronics had the highest number of responses (331) with 35.2% of respondents expressing a need for these goods.
- Computers & Accessories were identified as lacking by 31.3% of respondents, followed by Sporting Goods and Music & CDs, both picked by about 27% of respondents.
- Auto supplies was the least popular specialty merchandise category and was picked by only 5.2% of respondents.



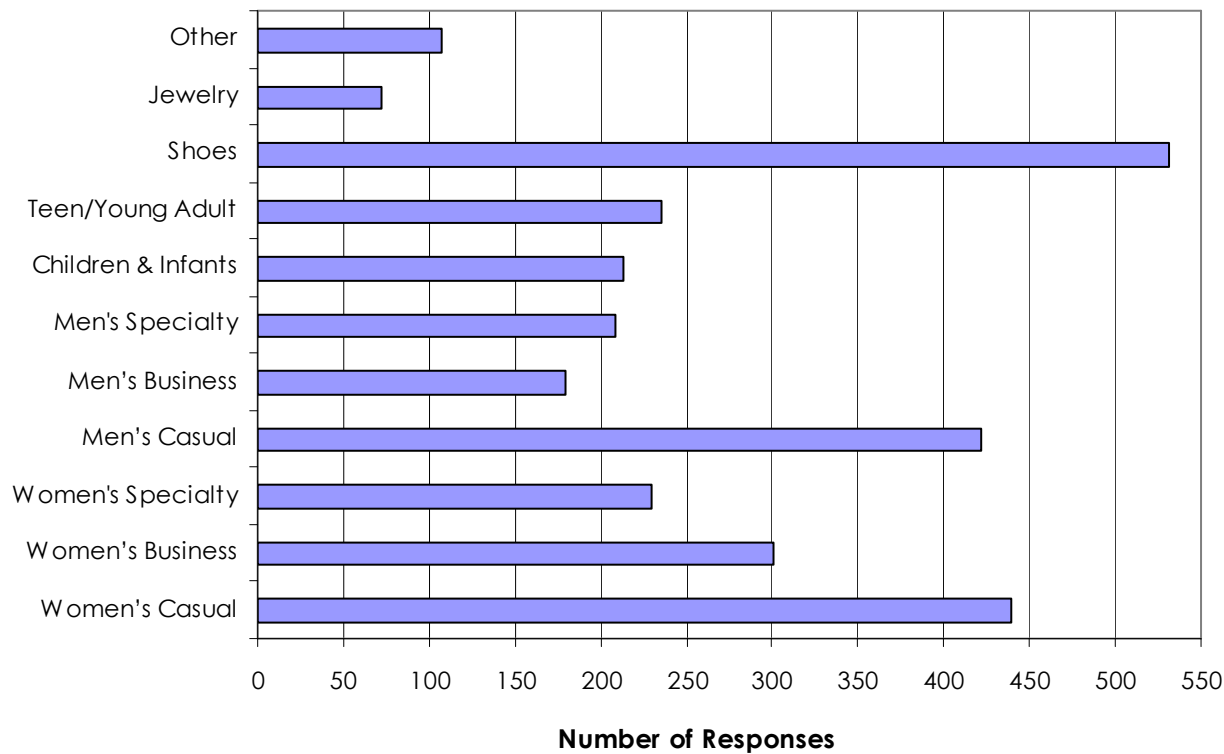
4. WHAT KINDS OF HOUSEHOLD FURNISHINGS ARE LACKING SUCH THAT GREATER SELECTION IS NEEDED AND WOULD BE SUPPORTED IN THE IOWA CITY AREA? CHECK ALL THAT APPLY. (854 respondents)

- Over half of respondents (56.9%) identified Furniture as lacking in selection. Linens & Towels elicited the second largest number of responses at 49.4% of respondents.
- Appliances, Garden Supplies, Lighting and Antiques were noted as lacking by between 32.4% and 21.1% of respondents.
- Respondents noted the need for affordably priced kitchen and home goods and furniture in the Iowa City area.



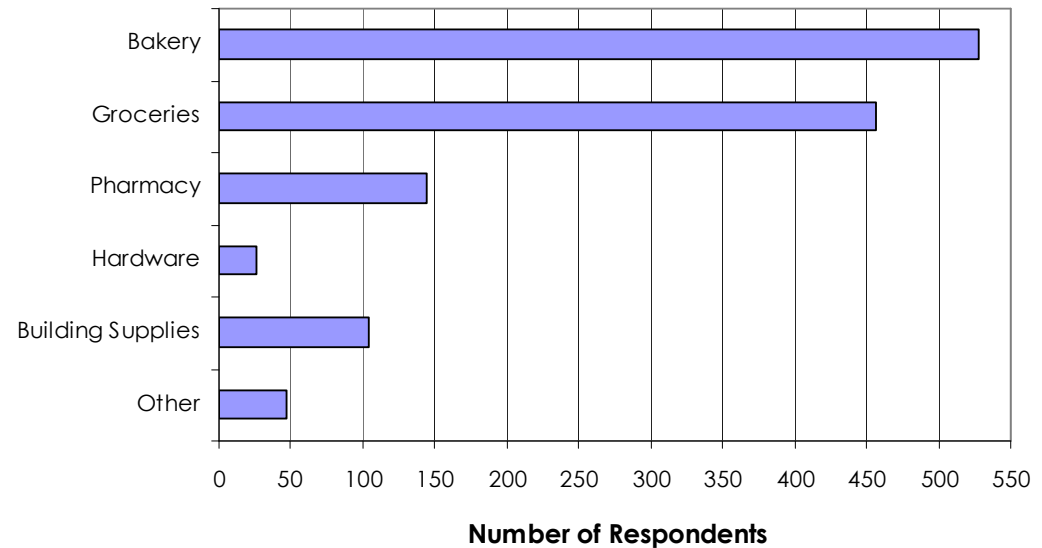
5. WHAT KINDS OF APPAREL STORES ARE LACKING SUCH THAT GREATER SELECTION IS NEEDED AND WOULD BE SUPPORTED IN THE IOWA CITY AREA? CHECK ALL THAT APPLY. (914 respondents)

- Shoes were most common apparel need and were reported by 58.1% of respondents.
- Women's and Men's Casual Clothing and Women's Business were also popular apparel needs, listed by 48.0%, 46.2% and 32.9% of respondents, respectively.
- Teen/Young Adult and Women's Specialty apparel were listed as needs by a quarter of respondents.
- Several respondents noted the need for big and tall menswear and plus size women's clothing.
- Respondents also emphasized the need for affordably-priced apparel as opposed to more expensive boutiques.



6. WHAT KINDS OF CONVENIENCE MERCHANDISE ARE LACKING SUCH THAT GREATER SELECTION IS NEEDED AND WOULD BE SUPPORTED IN THE IOWA CITY AREA? CHECK ALL THAT APPLY. (827 respondents)

- Baked goods were the most needed type of convenience merchandise, with 63.9% of respondents listing them.
- Groceries followed and were needed by over half of respondents (55.1%).
- A Hardware store garnered support from 32.0% of respondents and a pharmacy from 17.4%.
- Several people mentioned the need for a specialty food store such as Trader Joe's.



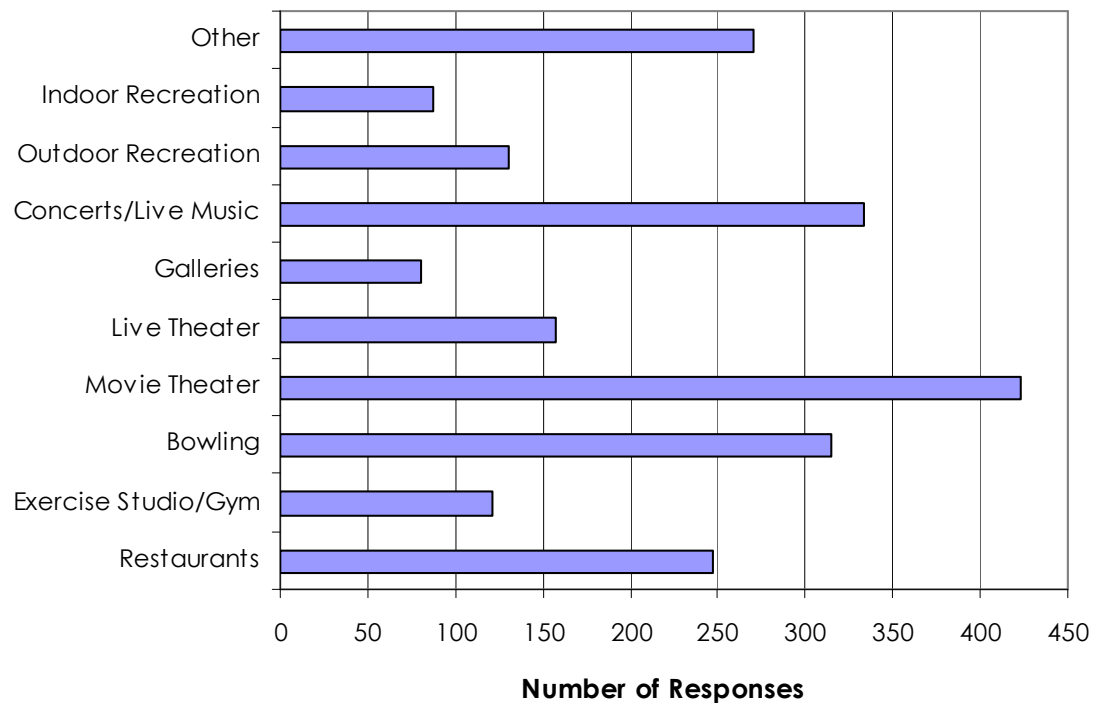
7. IF YOU WERE ABLE TO BUY THE ITEMS LISTED IN QUESTIONS 3 THROUGH 6 IN DOWNTOWN IOWA CITY, WOULD YOU? WHY OR WHY NOT? (820 respondents)

- Of respondents answering this question, 57.4% said they would buy items listed in Questions 3 through 6 if they were available in downtown Iowa City.
- Reasons cited for shopping downtown include convenience because it is within walking distance of home or work and a desire for an alternative to shopping at the mall or big boxes.
- Those who were unsure or not in favor of shopping downtown cited the lack of free parking, lack of selection and high prices as deterrents.

SERVICE NEEDS IN IOWA CITY

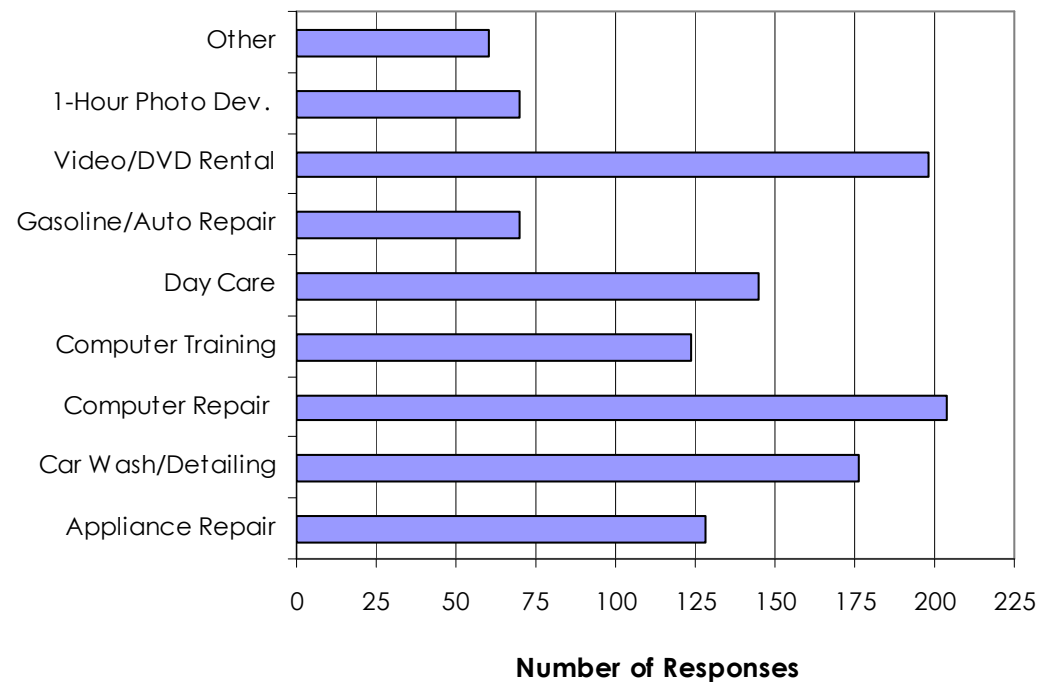
8. WHAT KINDS OF LEISURE/ENTERTAINMENT SERVICES ARE LACKING SUCH THAT GREATER SELECTION IS NEEDED AND WOULD BE SUPPORTED IN THE IOWA CITY AREA? CHECK ALL THAT APPLY. (835 respondents)

- Half of respondents (50.7%) reported a Movie Theater as the most needed leisure/entertainment service in the Iowa City area. Respondents frequently specified an interest in an independent movie theater in the downtown.
- Concerts/Live Music and Bowling were second and third, identified by 39.9% and 37.7% of respondents, respectively.
- The fourth most popular entertainment service needed was more restaurants.
- Other needs listed by respondents included children's activities such as a children's museum or indoor play areas and outdoor activities such as a mini golf course or an ice skating rink.



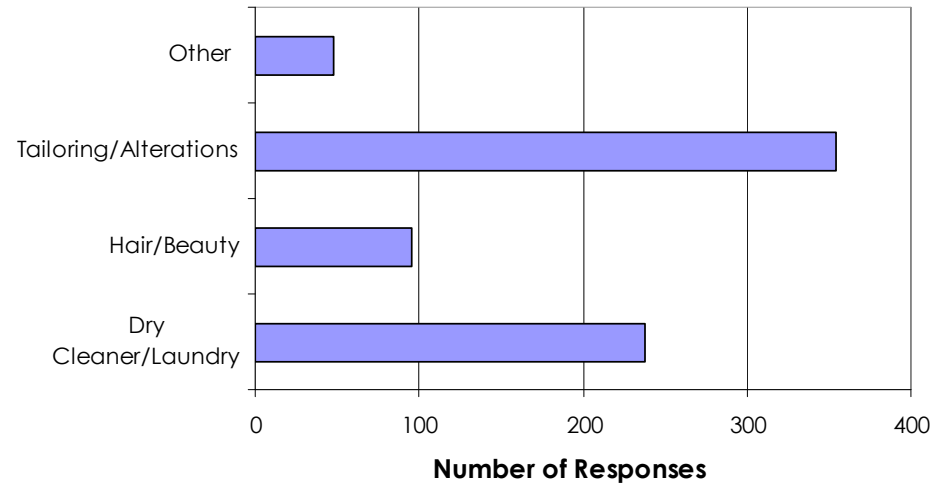
9. WHAT KINDS OF GENERAL SERVICES ARE LACKING SUCH THAT GREATER SELECTION IS NEEDED AND WOULD BE SUPPORTED IN THE IOWA CITY AREA? CHECK ALL THAT APPLY. (581 responses)

- Computer Repair was the most frequently listed service need in the Iowa City area, with 35.1% of respondents listing it.
- Video/DVD Rental and Car Wash/Detailing were the second and third most needed services, identified by 34.1% and 30.3% of respondents, respectively.
- Day Care, Appliance Repair and Computer Training were other popular service needs.

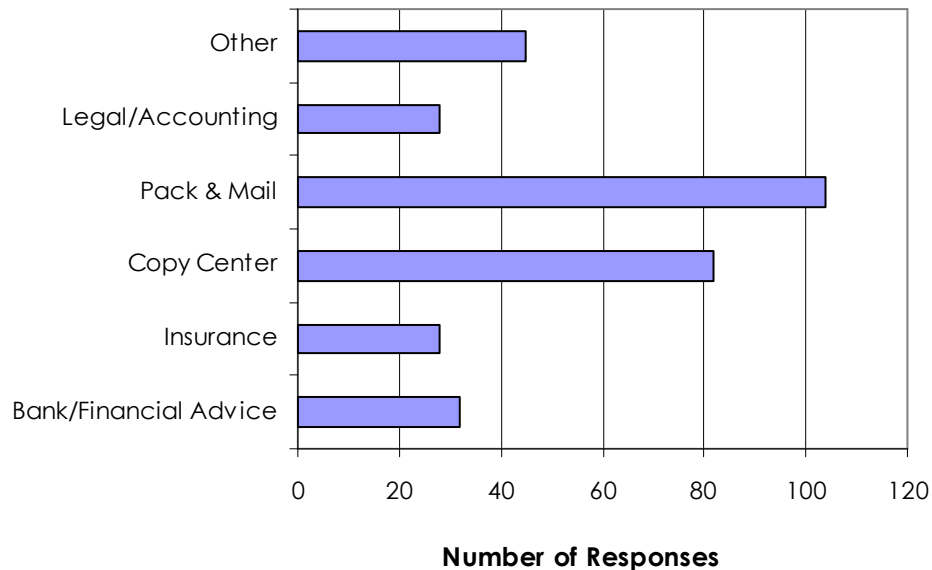


10. WHAT KINDS OF PERSONAL SERVICES ARE LACKING SUCH THAT GREATER SELECTION IS NEEDED AND WOULD BE SUPPORTED IN THE IOWA CITY AREA? CHECK ALL THAT APPLY. (519 respondents)

- Tailoring/Alterations services were seen as needs by 68.2% of respondents.
- Dry Cleaning/Laundry services were the second most popular, garnering support from almost half of respondents (45.9%).
- Shoe Repair was an additional service need listed by several respondents.



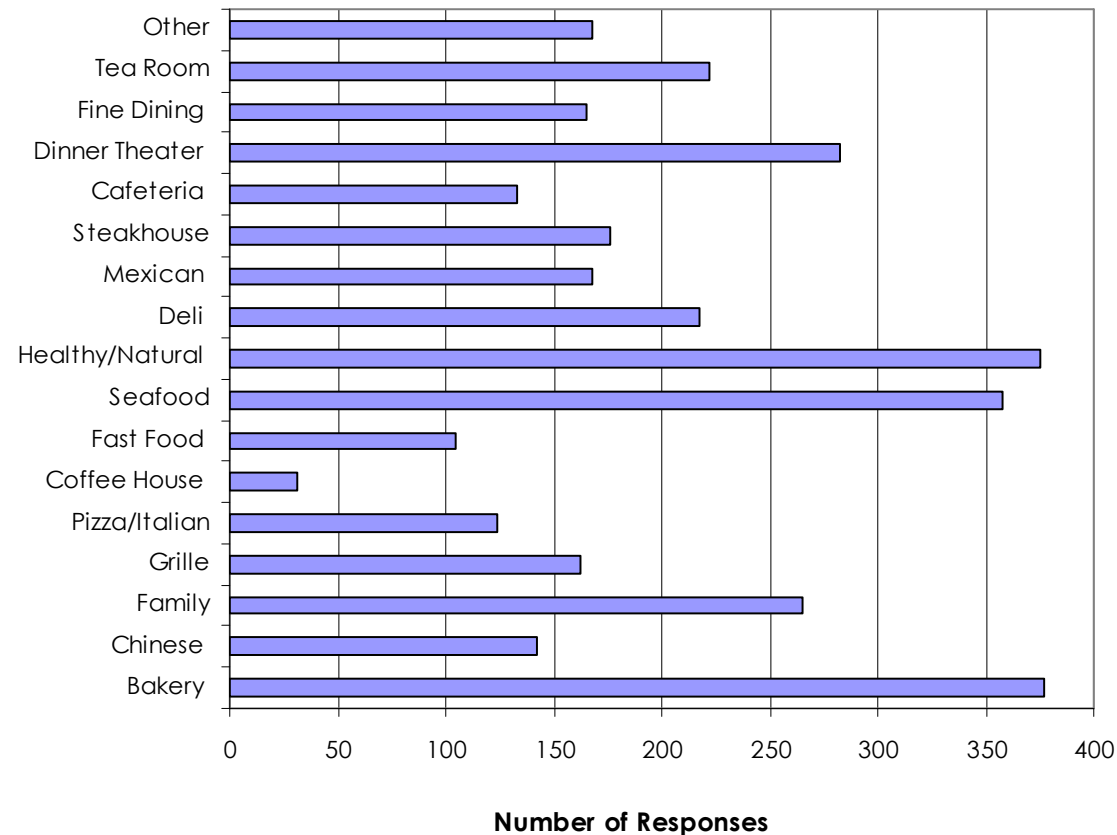
11. WHAT BUSINESS/PROFESSIONAL SERVICES DO YOU THINK ARE LACKING SUCH THAT GREATER SELECTION IS NEEDED AND WOULD BE SUPPORTED IN THE IOWA CITY AREA? CHECK ALL THAT APPLY. (236 respondents)



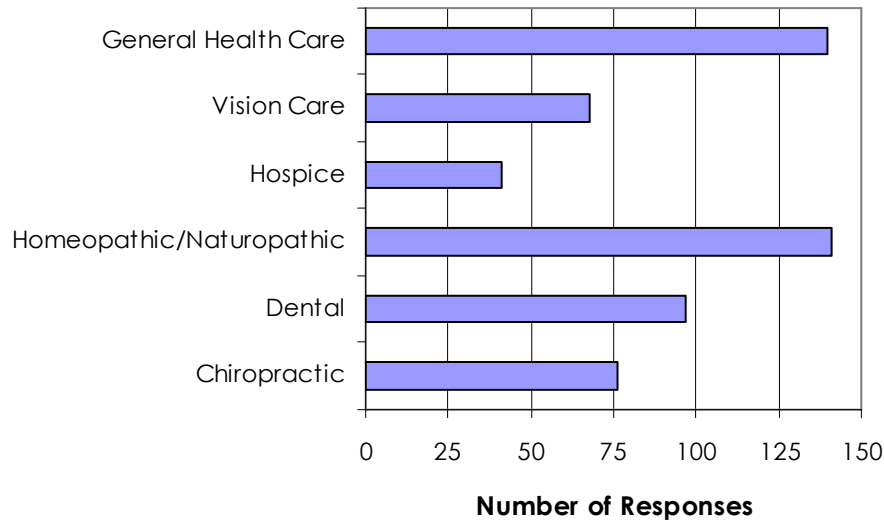
- A Pack & Mail store and a Copy Center were the two most popular responses, selected by 44.1% and 34.8% of respondents, respectively.
- Remaining categories were each selected by 12-13% of respondents.

12. IN YOUR OPINION, WHAT TYPES OF RESTAURANTS AND EATING PLACES ARE LACKING SUCH THAT GREATER SELECTION IS NEEDED AND WOULD BE SUPPORTED IN THE IOWA CITY AREA? CHECK ALL THAT APPLY. (884 respondents)

- A Bakery was the most needed restaurant and was selected by 42.7% of respondents.
- Healthy/Natural food and Seafood were the second and third most popular restaurant choices, picked by 41-42% of respondents.
- Additional frequent choices were Family Dining, Tea Rooms, Delis, Steakhouses, Mexican restaurants, Fine Dining and Grilles.
- Other needs listed by respondents included authentic ethnic food such as Greek, Thai or Vietnamese restaurants, Italian food other than pizza and breakfast food.
- Respondents noted a desire for more affordable dining options.



13. WHAT HEALTH SERVICES DO YOU THINK ARE LACKING SUCH THAT GREATER SELECTION IS NEEDED AND WOULD BE SUPPORTED IN THE IOWA CITY AREA? (350 respondents)



- Forty percent (40.3%) of respondents thought Homeopathic/Naturopathic health services are lacking in the Iowa City area.
- General Health Care was second, picked by 40.0% of respondents.
- Dental and Chiropractic services were thought to be lacking by 27.7% and 21.75% of respondents, respectively.

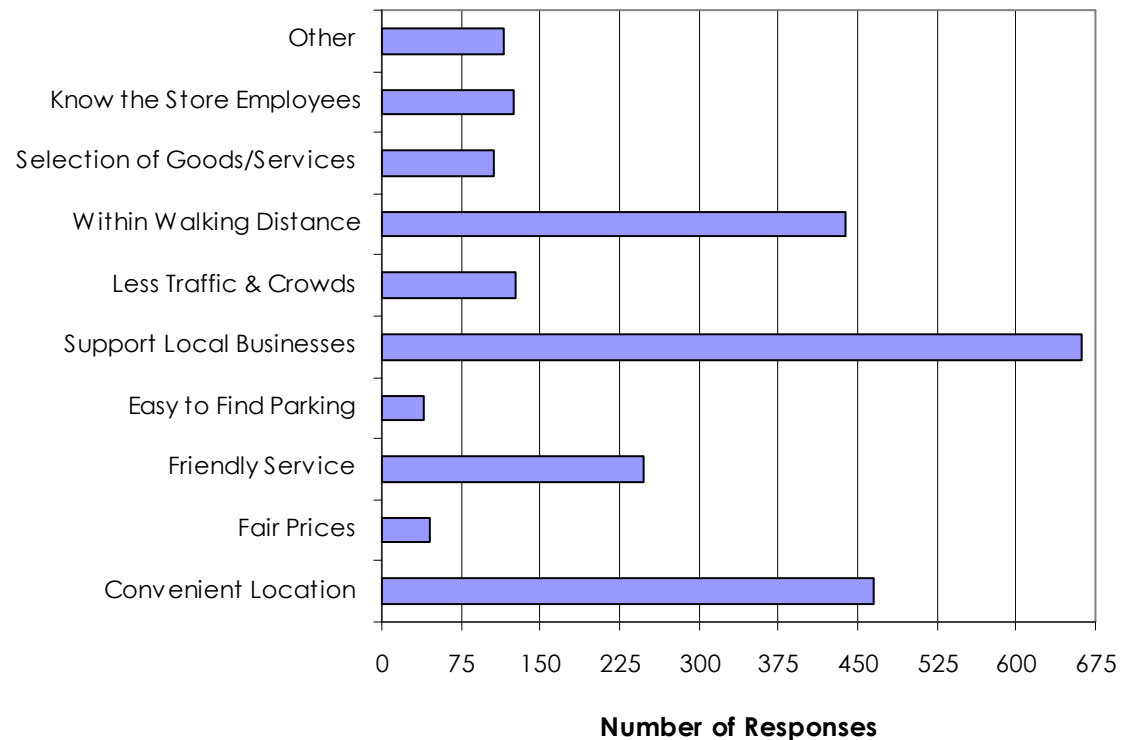
14. IF YOU HAD THE OPTION OF USING THE SERVICES IN QUESTIONS 8 THROUGH 13 IN DOWNTOWN IOWA CITY, WOULD YOU? WHY OR WHY NOT? (644 respondents)

- Of the 644 respondents to Question 14, 70.3% answered that they would use the services listed in Questions 8 through 13 in downtown Iowa City if they were available.
- Common reasons for using downtown services included proximity to home or work, convenience, a desire to support the downtown and an enjoyment of the downtown ambiance.
- Respondents who were unsure about or against using services in the downtown cited difficulty finding parking, parking costs, the high number of students and the numerous bars as deterrents.

SHOPPING AND PERSONAL BUSINESS PREFERENCES

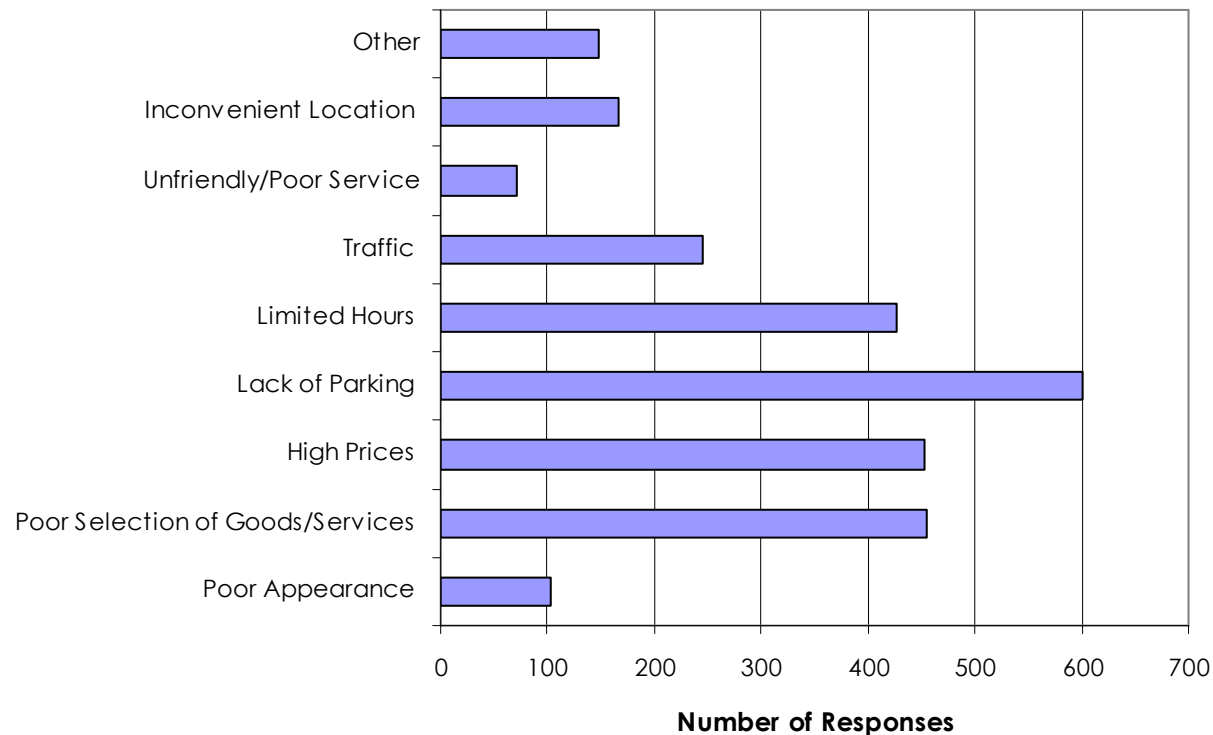
15. CURRENTLY, WHAT ARE THE MAJOR ADVANTAGES OF SHOPPING OR DOING PERSONAL BUSINESS (E.G., BANKING) IN DOWNTOWN IOWA CITY? PLEASE CHECK THE TOP THREE. (889 respondents)

- Supporting local businesses is the greatest advantage of shopping and doing personal business in downtown Iowa City, according to 74.5% of respondents.
- About half of respondents noted that downtown stores have convenient locations and are within walking distance.
- Friendly service is a draw to downtown for 27.9% of respondents.
- Other responses included the downtown atmosphere and public transit access.



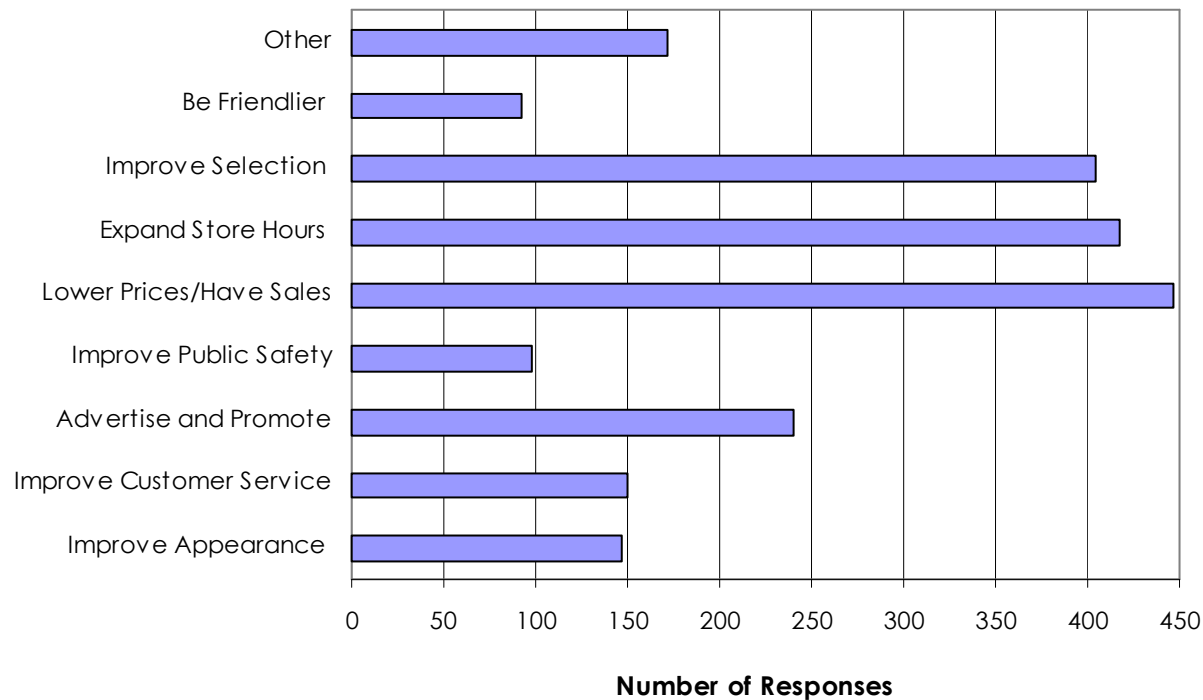
16. CURRENTLY, WHAT ARE THE MAJOR DISADVANTAGES OF SHOPPING OR DOING PERSONAL BUSINESS (E.G., BANKING) IN DOWNTOWN IOWA CITY? PLEASE CHECK THE TOP THREE. (919 respondents)

- A lack of parking is the number one disadvantage to doing business or shopping in downtown and was cited by 65.4% of respondents.
- A poor selection of goods/services and high prices are the second and third most frequently listed disadvantages to doing business in downtown, followed closely by limited business hours, all listed by just under half of survey respondents.
- Other disadvantages to going downtown listed by respondents included the many bars catering to college students, dirty sidewalks, poor selection of goods and parking costs.



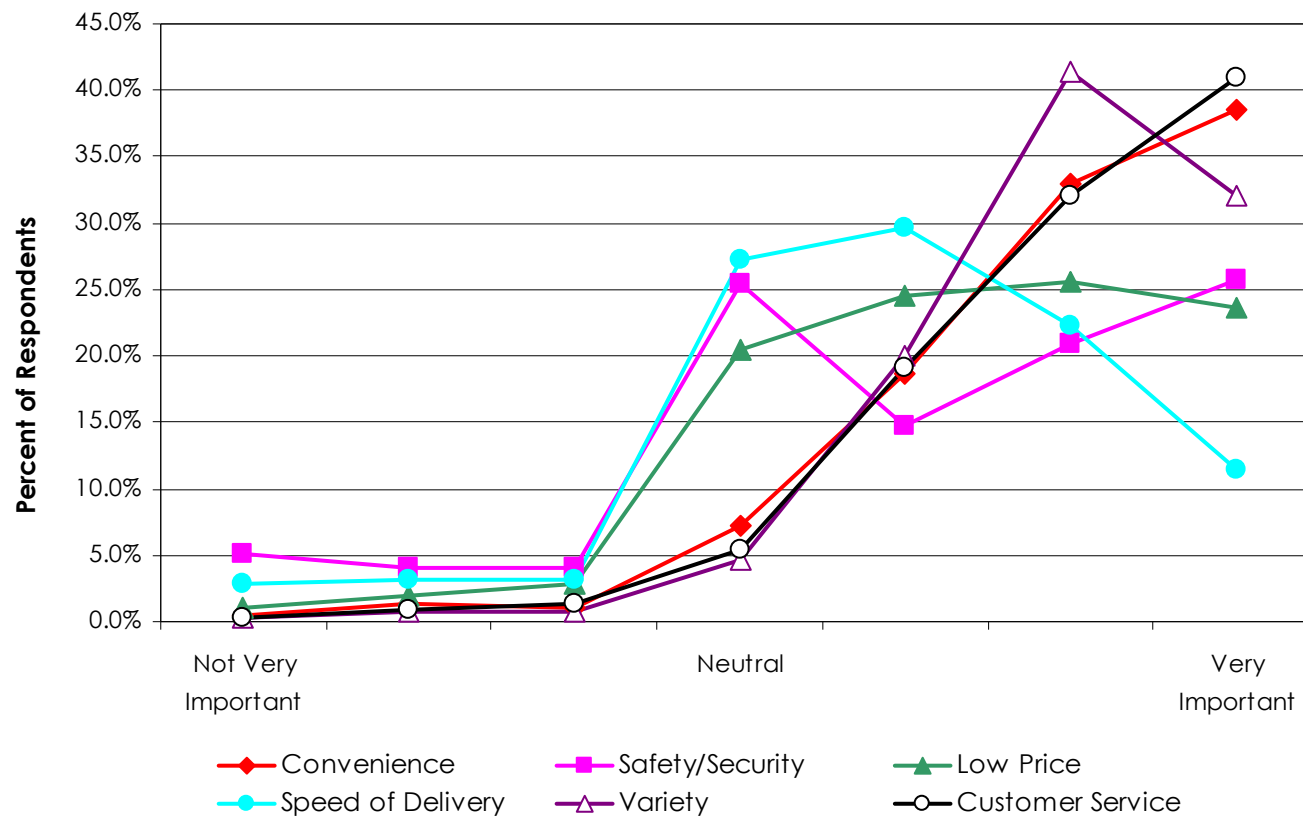
17. WHAT CAN DOWNTOWN MERCHANTS DO TO IMPROVE THEIR STORES? (847 respondents)

- About half of respondents said that merchants could improve their stores by lowering prices or having sales, expanding stores hours and improving selection.
- Improved advertising and promotion was the fourth most frequent suggestion, selected by 28.3% of respondents, followed by improving appearance and customer service, each selected by 17% of respondents.
- Other responses included validating parking, staying open later in the evenings and increasing the number of stores in the downtown while decreasing the number of bars.



**18. INDICATE HOW IMPORTANT EACH OF THE FOLLOWING IS TO YOU IN MAKING PURCHASES BY CHECKING THE APPROPRIATE NUMBER.
(919 respondents)**

- Customer Service (40.9%) and Convenience (38.6%) were most frequently listed as Very Important in respondents' purchasing decisions.
- Variety appears to be the third most important factor affecting respondents' purchasing decisions, with 32.1% of respondents listing it as Very Important.
- Most respondents ranked Speed of Delivery and Low Prices between Neutral and Very Important.



19. WHAT IS THE BEST TIME FOR YOU TO SHOP DURING THE WEEK (MONDAY-FRIDAY)? (922 respondents)

- The majority of respondents (75.9%) said the best time to shop was after 5:00 p.m.

20. WHAT IS THE BEST TIME FOR YOU TO SHOP ON THE WEEKEND? (918 respondents)

- The most popular weekend shopping time was Saturday afternoon (47.2%). Sunday afternoon and Saturday morning followed and were picked as the best time to shop by 24.3% and 22.8% of respondents, respectively.

21. WOULD YOU CONSIDER LIVING IN DOWNTOWN IOWA CITY IF HIGH QUALITY NEW OR RENOVATED UNITS WERE AVAILABLE? (928 respondents)

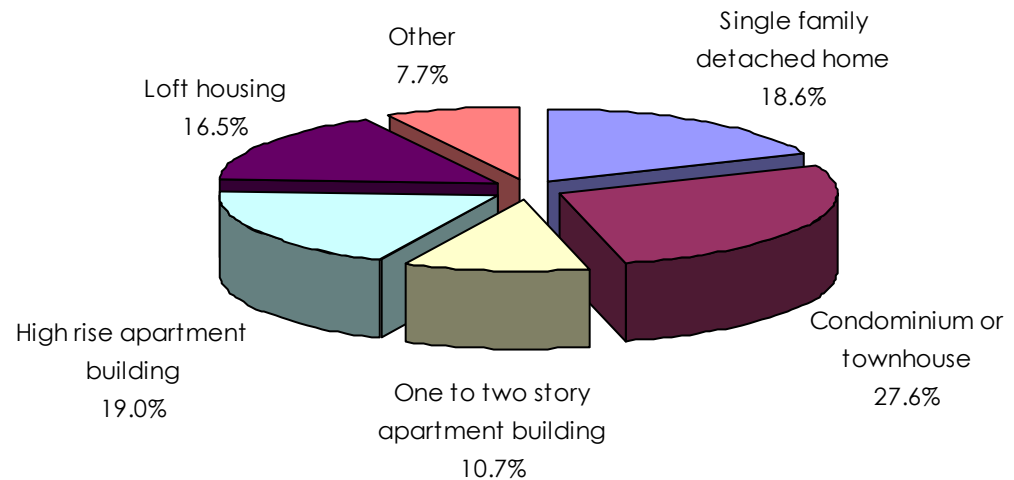
- Respondents were almost evenly split regarding living downtown: Forty-two percent (42.1%) answered no and 41.5% answered yes.
- Sixteen (16.4%) were not sure of whether they would consider living downtown.

22. IF YOU CHECKED YES TO QUESTION 21, WOULD YOU BE INTERESTED IN RENTING OR OWNING? (420 respondents)

- Sixty-five percent (64.8%) of respondents would be interested in owning their house, while 35.2% would be interested in renting.

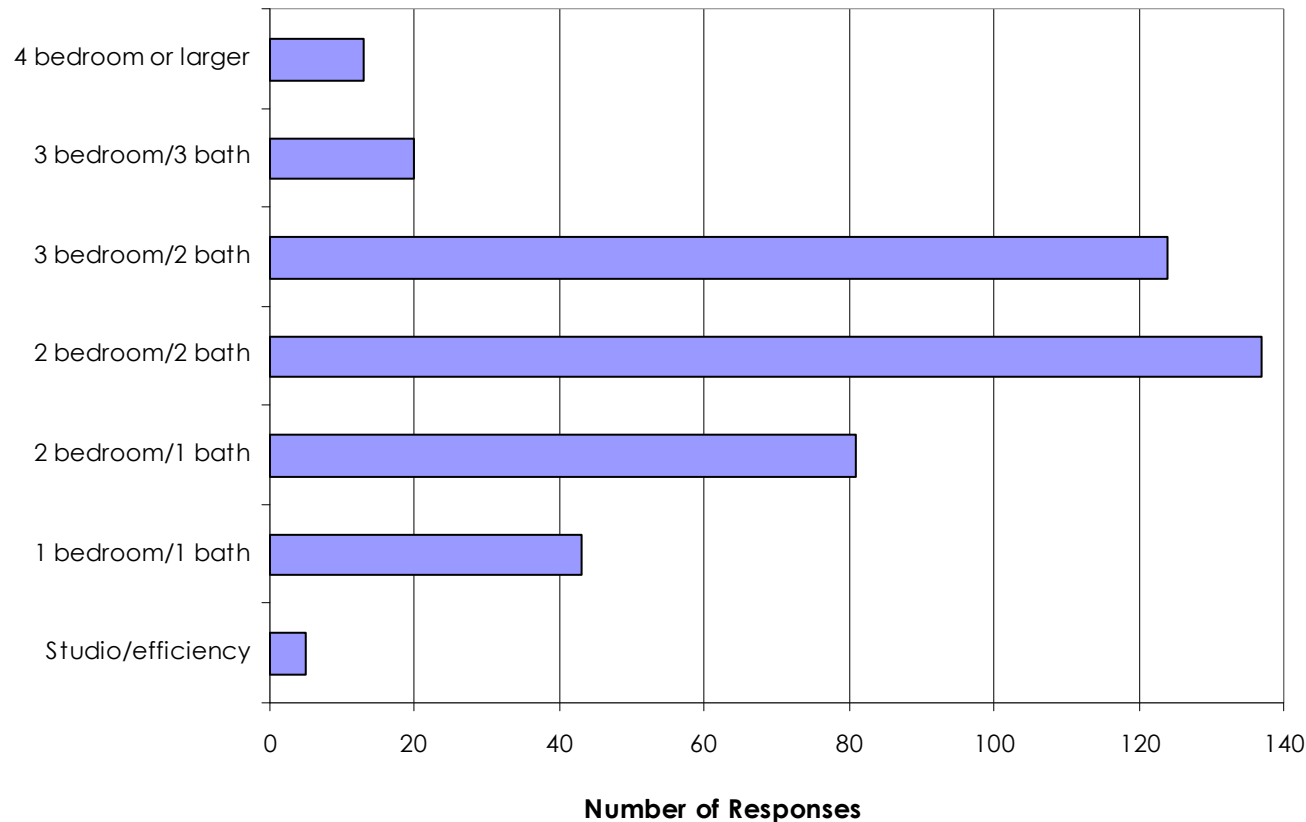
23. IF YOU CHECKED YES TO QUESTION 21, WHAT TYPE OF HOUSING WOULD YOU LIKE TO LIVE IN IF YOU LIVED IN DOWNTOWN IOWA CITY?

- A condominium or townhouse was the most popular type of downtown housing, picked by 27.6% of respondents.
- High rise apartment buildings (19.0%), single family detached homes (18.6%) and loft housing (16.5%) followed.



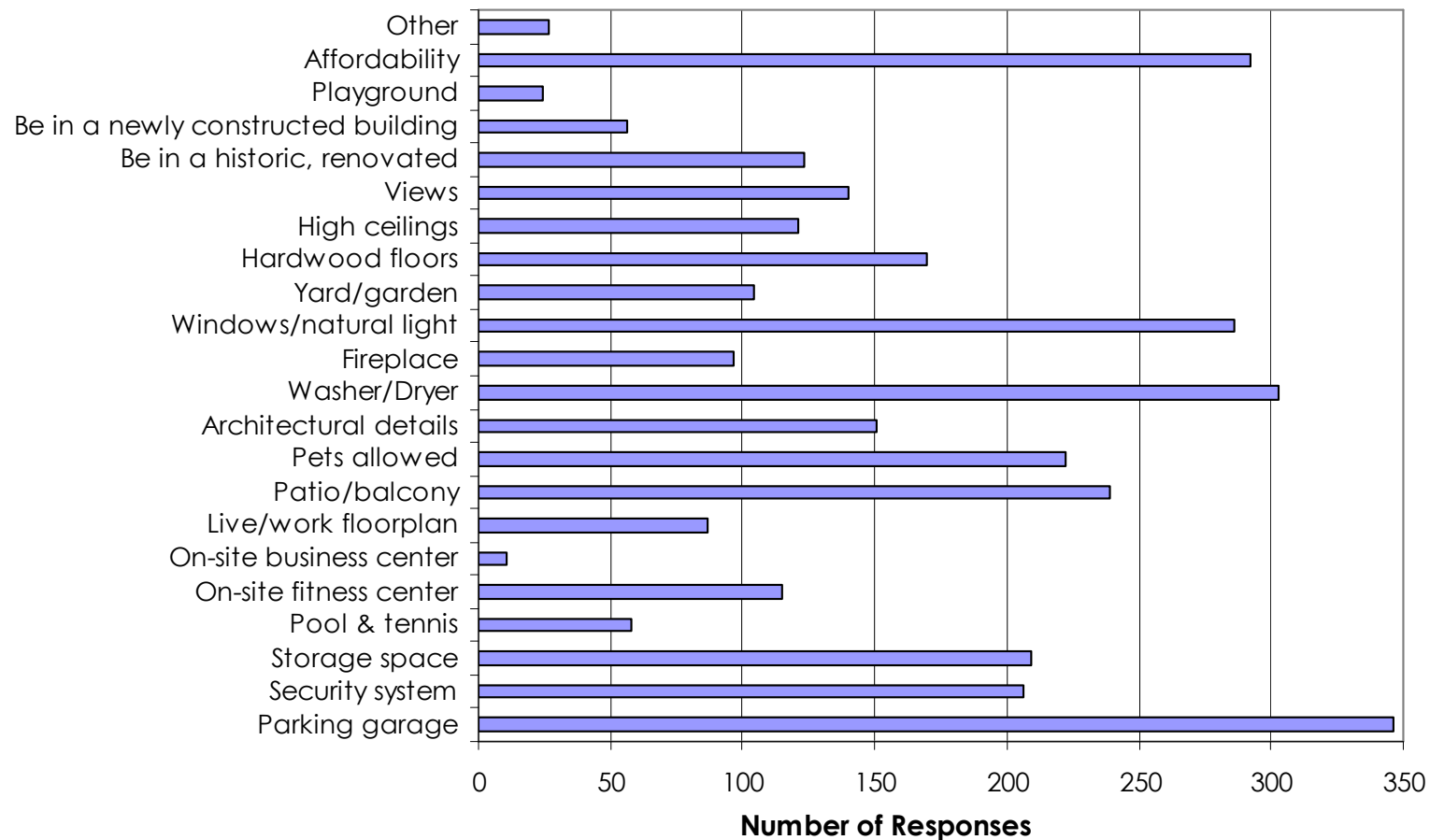
24. IF YOU CHECKED YES TO QUESTION 21, WHAT SIZE HOUSING WOULD YOU LIKE TO LIVE IN? (423 respondents)

- Two bedroom/2 bath units were the most popular, chosen by 32.4% of respondents.
- Three bedroom/2 bath units and 2 bedroom/1 bath units followed and were picked by 29.3% and 19.2% of respondents, respectively.
- Studio/efficiency units, 3 bedroom/3 bath units and 4 bedroom units were the least popular, all selected by less than 5% of respondents.



25. IF YOU CHECKED YES TO QUESTION 21, WHAT FEATURES AND AMENITIES WOULD BE IMPORTANT TO YOU IF YOU WERE CONSIDERING DOWNTOWN HOUSING? PLEASE CHECK THE TOP FIVE. (434 Respondents)

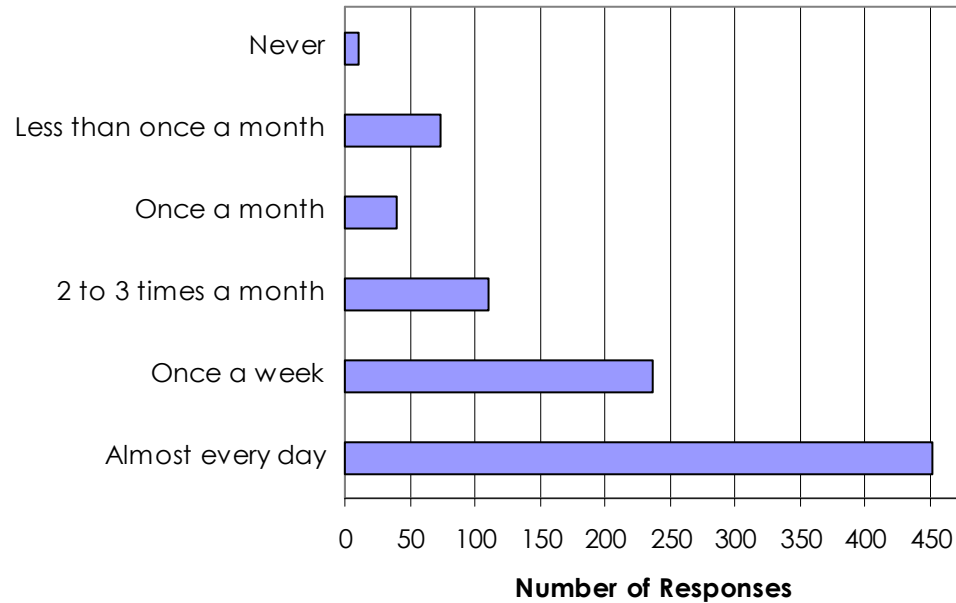
- The most popular amenities were a parking garage (79.7%), a washer and dryer (69.8%), affordability (67.3%) and windows/natural light (65.9%).
- Other popular choices included: A patio/balcony (55.1%), pets allowed (51.2%), a storage space (48.2%), a security system (47.5%), hardwood floors (39.2%) and architectural details (34.8%).
- Amenities and features that received the least votes included an on-site business center (2.5%) and a playground (5.5%).



YOUR THOUGHTS ABOUT DOWNTOWN IOWA CITY

26. ABOUT HOW OFTEN DO YOU COME TO DOWNTOWN IOWA CITY? (922 respondents)

- Forty-nine percent (49.0%) of respondents come downtown almost every day.
- A quarter come downtown once a week and 12.0% come two to three times a month.
- One percent of respondents never come downtown.



27. IF YOU COME TO DOWNTOWN IOWA CITY REGULARLY, WHAT ATTRACTS YOU TO THE DOWNTOWN? (745 respondents)

- Unique restaurants, shops and bars were some of the top downtown attractions listed by respondents. Many specifically mentioned Prairie Lights bookstore, the Java House, the New Pioneer Coop and the public library.
- Summer festivals, the Friday night concert series, the farmers market and other special events were also popular attractions. Children's activities were listed frequently, as was the University of Iowa.
- Numerous respondents mentioned the lively atmosphere of the pedmall and noted that they enjoy the diverse local flavor offered by the walkable downtown.
- Personal services such as the post office and doctors offices drew many people, while others frequented downtown because they work or attend church services there.

28. IF YOU DON'T COME TO DOWNTOWN IOWA CITY REGULARLY, WHAT COULD BE IMPROVED TO ATTRACT YOU TO THE DOWNTOWN? (361 respondents)

- Improving the selection of stores was one of the top improvements for downtown. Shoppers are looking for stores selling affordable apparel and home goods rather than expensive boutiques. A wider variety of restaurants was also a popular needed improvement.
- Parking was also a top improvement. Respondents frequently mentioned that parking tends to be expensive, inconvenient and hard to find. Also, parking time limits are often too short to allow visitors to complete their shopping or appointments.
- Improving downtown's physical appearance could attract many respondents. Suggestions included fixing building facades, providing additional park space and cleaning sidewalks.
- People frequently listed the numerous student-filled bars as deterrents to downtown visits. They also noted that panhandlers often make them feel unsafe.

29. AS DOWNTOWN IOWA CITY CONTINUES TO REDEVELOP AND CHANGE, IF YOU COULD KEEP ONE THING THE SAME WHAT WOULD IT BE? (727 respondents)

- The pedestrian mall topped the list of responses regarding what to keep in downtown as redevelopment continues. The public library, New Pioneer Coop and the wide variety of downtown restaurants were also popular responses.
- Many respondents picked the summer festivals and concert series as the one thing to keep in downtown, while others described the area's charming atmosphere and old buildings.
- The eclectic variety of locally-owned businesses was also mentioned by several respondents.

30. IF YOU COULD CHANGE ONE THING ABOUT DOWNTOWN IOWA CITY WHAT WOULD IT BE? (754 respondents)

- Increased parking options and fewer bars were the two changes listed most frequently.
- In terms of shopping, respondents would like additional clothing stores, including chain stores offering moderately priced casual attire, and longer business hours.
- Several respondents desired a cleaner and safer downtown, with fewer panhandlers, drunk students and smoke-filled restaurants.
- Additional downtown housing and office space were mentioned frequently, as was increased stores, restaurants and bars aimed at the adult population rather than students.

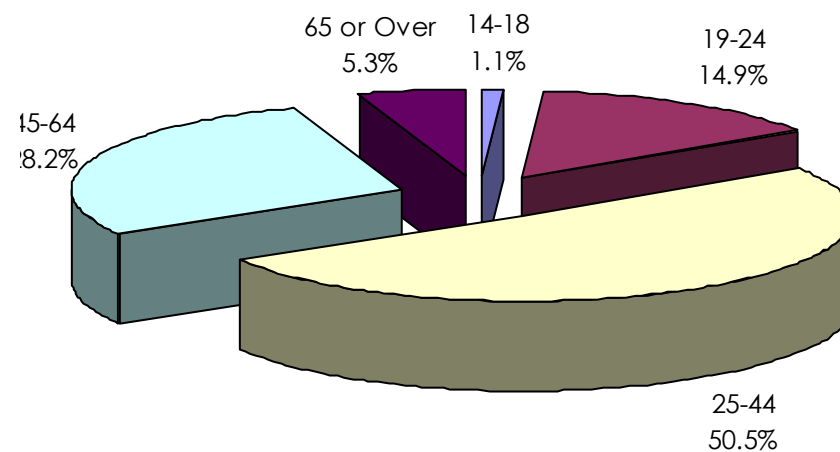
31. WHAT IDENTITY OR IMAGE WOULD YOU LIKE TO SEE DOWNTOWN IOWA CITY DEVELOP FOR ITSELF AS A UNIQUE SHOPPING/BUSINESS DISTRICT? (623 respondents)

- Respondents described downtown as a unique area that is cultured and creative with locally-owned shops, restaurants and entertainment destinations.
- Downtown's community-oriented, family-friendly atmosphere was highlighted, along with its fun, casual nature where there is "something for everyone."
- Along with its atmosphere, respondents also noted downtown's usefulness. In the words of one person, Iowa City should be a "functional downtown," that is funky and "eclectic but affordable."
- Overall, respondents felt that downtown should be seen as "alive and thriving."

GENERAL INFORMATION

32. PLEASE CHECK YOUR AGE. (920 respondents)

- Half of respondents were between the ages of 25 and 44 and 28.3% were between 45 and 64. Fifteen percent (14.9%) were 19 to 24.



GENERAL COMMENTS

Many long-time Iowa City residents expressed their love for the downtown, describing it as “the best downtown in Iowa,” and saying “I love Iowa City and hope it continues to take such pride in being a welcoming, fun, artistic community.”

They also commented on improvements that would enhance its current assets: “I love the unique locally-owned businesses and restaurants but I see no harm in offering some chain retailers.” “Demark the downtown area with banners and flags, street markings and planters.” “Let’s have more alternatives to drinking...theaters, concert venues, comedy clubs, bowling alleys and miniature golf.” “I want it all – lots of stuff at reasonable prices without driving miles to get it.”

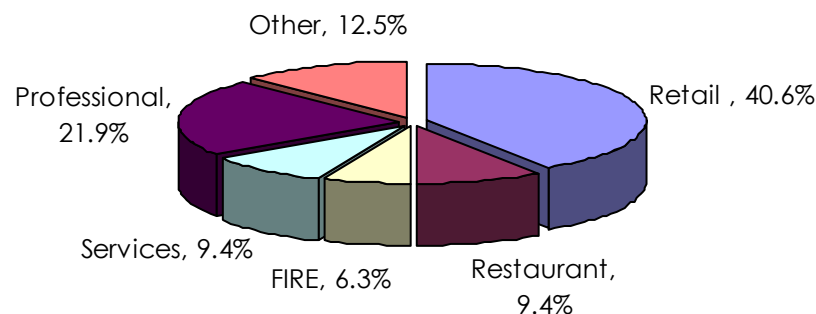
Citizens had positive feedback and a genuine desire to contribute to the downtown: “This is a community with a heart, let’s keep it that way, always.”

Appendix 2-B: Iowa City Business Owner Survey Results (32 responses)

BUSINESS INFORMATION AND OPERATIONS

1. WHAT IS THE NATURE OF YOUR BUSINESS? (32 respondents)

- Forty (40.6%) were retail business owners and 21.9% were Professional.
- Restaurants and Services each made up 9.4% of survey respondents, followed by Finance/Insurance/Real Estate at 6.3%.
- Other businesses that participated included two nonprofit organizations, a downtown landlord and a technology firm.



2. HOW LONG HAVE YOU BEEN OPERATING THIS BUSINESS IN IOWA CITY? (32 respondents)

- The majority (68.8%) of businesses have been in operation for over ten years.
- Nineteen percent (18.8%) have been in operation for 5 to 9 years.
- Six percent (6.3%) have been in business for 1 to 4 years and another 6.3% have been in business for less than one year.

3. IS YOUR BUSINESS LOCATED IN DOWNTOWN IOWA CITY? (32 respondents)

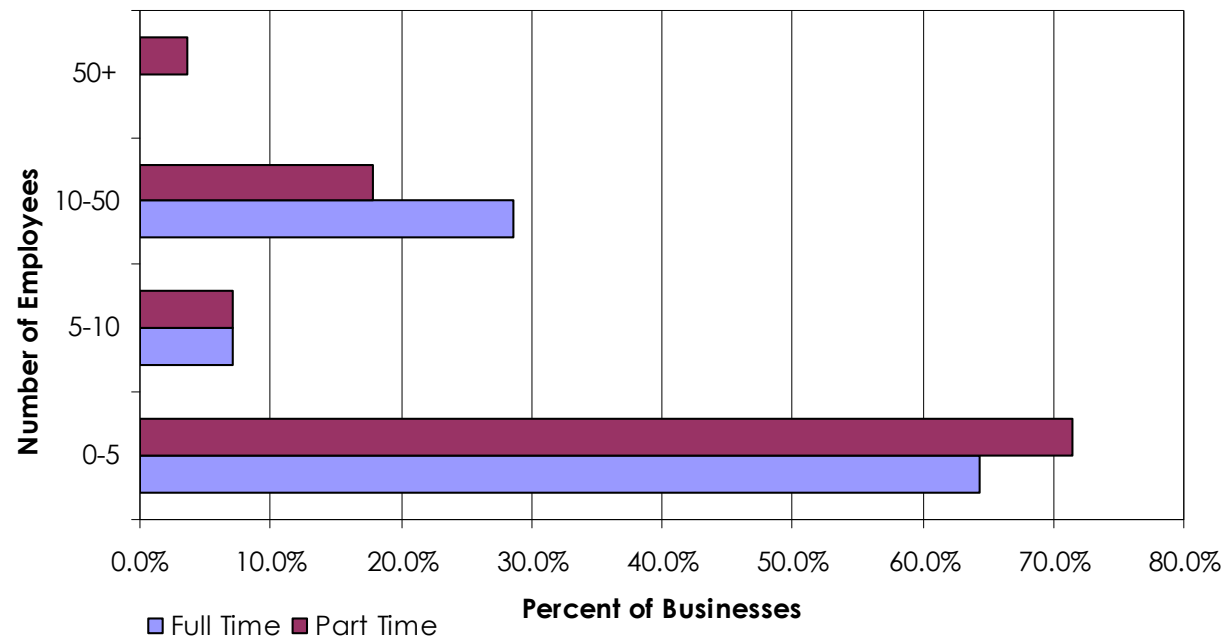
- Most businesses (93.8%) are located in downtown Iowa City; only two respondents are located outside of downtown.

4. NAME UP TO THREE ADVANTAGES OR STRENGTHS YOU ASSOCIATE WITH DOING BUSINESS IN THE IOWA CITY AREA. (28 respondents)

- Stable economy
- Central location
- Community
- University of Iowa
- Restaurants and local businesses
- Libraries
- Vibrant surroundings
- Foot traffic
- Liberal environment
- Educated customers & employees
- Pedestrian mall
- Visitor traffic

5. HOW MANY EMPLOYEES DOES YOUR BUSINESS HAVE INCLUDING YOURSELF? PLEASE SHARE THE NUMBER. (31 respondents)

- Most businesses have between 0 and 5 full time (64.3%) and 0 and 5 part time employees 71.4%.
- Between 10 and 50 employees is the next most popular category. Twenty-nine (28.6%) of businesses have between 10 and 50 full time employees and 17.9% have between 10 and 50 part time employees.



6. WHAT ARE YOUR BUSINESS HOURS? (31 respondents)

- Thirty-six percent (35.5%) of businesses are open Monday through Friday and another 35.5% are open seven days a week.
- Twenty-three percent (22.6%) are open Monday through Saturday.
- Business hours varied considerably - eight businesses were open from 8:00 a.m. to 5:00 p.m., four from 10:00 a.m. to 6:00 p.m. and half had other business hours.

7. IF YOU ANSWERED OTHER ABOVE, PLEASE TELL US YOUR BUSINESS OPERATION HOURS. (16 respondents)

- One business has hours that vary daily; two are open from 8:00 until 11:00 and two are open from mid-morning until 2:00 a.m.

8. DO YOU OWN OR LEASE YOUR SPACE? (31 respondents)

- Most businesses (67.7%) lease their space, while 32.3% own.

9. IF YOU LEASE, WHAT IS THE RATE YOU ARE PAYING? PLEASE SHARE THE \$/SQUARE FOOT OR SHARE YOUR MONTHLY RENT AND THE ESTIMATED SIZE (IN SQUARE FEET) OF THE SPACE YOU RENT? (17 respondents)

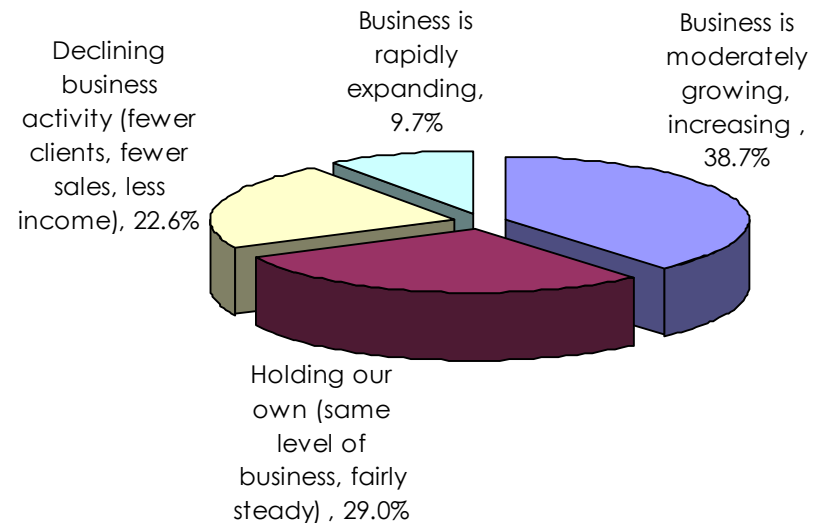
- Rental rates ranged from \$10 per square foot to \$75 per square foot, with an average of \$19.50 per square foot and a median of \$14.80 per square foot.

10. IF YOUR BUSINESS IS LOCATED IN DOWNTOWN IOWA CITY, HOW SATISFIED ARE YOU WITH THE FOLLOWING ASPECTS OF YOUR SPACE? (29 respondents)

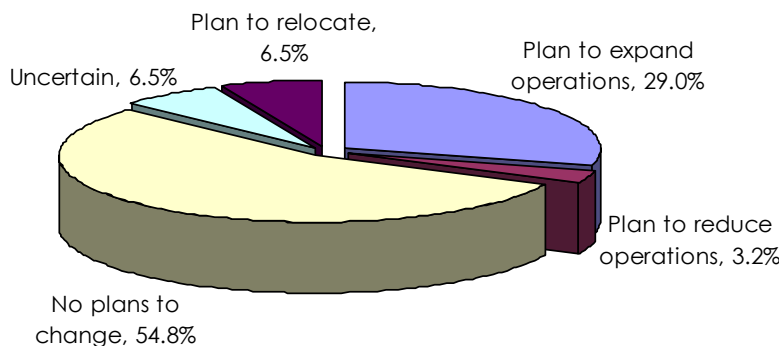
- Respondents tended to be satisfied with their internet connectivity, stability of electric service and fire safety/protection. Satisfaction rates were 65.5%, 78.4% and 75.9%, respectively, for these factors.
- Business owners were frequently dissatisfied with parking availability and cost. Fifty-five (55.1%) were dissatisfied with parking availability and 53.5% were dissatisfied with cost.
- Accessibility was considered satisfactory by about half of respondents, while over a third (37.9%) were neutral or slightly dissatisfied regarding this aspect of their space.

11. HOW WOULD YOU CHARACTERIZE YOUR CURRENT BUSINESS ACTIVITY LEVEL (I.E., LAST 12 MONTHS OF OPERATION)? (31 respondents)

- Over a third (38.7%) of businesses have seen business grow moderately over the past year.
- Twenty-nine percent (29.0%) have had stable business levels in the past twelve months and 22.6% have seen declines.



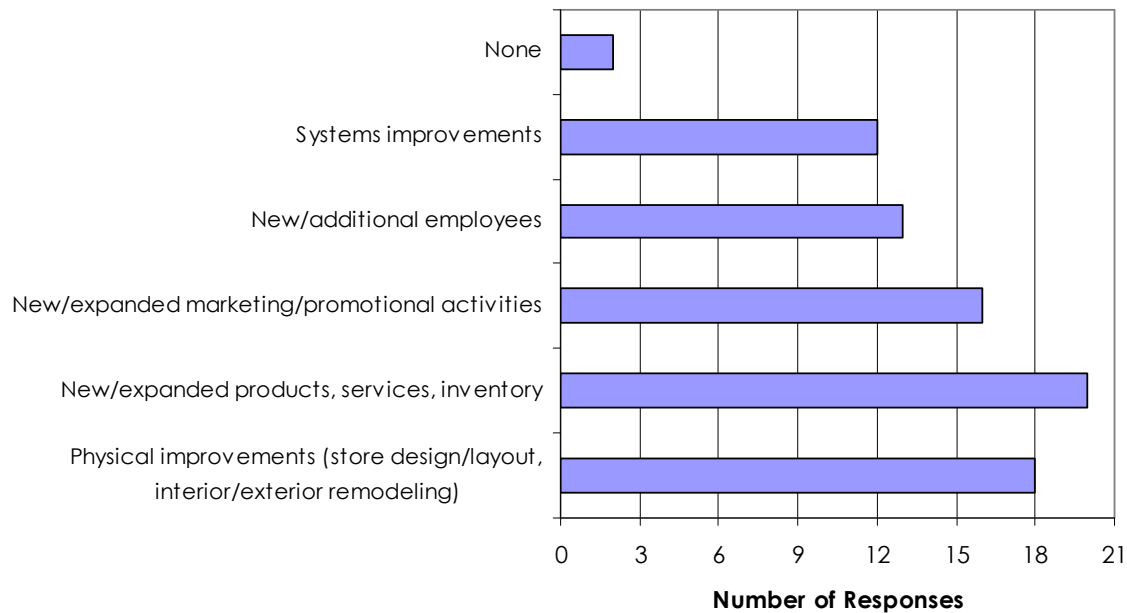
12. WHAT DESCRIPTION BELOW BEST DESCRIBES YOUR PLANS TO EXPAND OR REDUCE YOUR OPERATIONIS IN THE NEXT ONE TO TWO YEARS? (31 respondents)



- Half of businesses (54.8%) have no plans to change within the next two years.
- Slightly less than a third (29.0%) plan to expand operations.
- Seven percent (6.5%) plan to relocate and another 6.5% are uncertain of their plans.

13. PLEASE CHECK ANY TYPE OF INVESTMENT OR IMPROVEMENT YOU HAVE MADE IN YOUR BUSINESS IN THE LAST TWO YEARS. (31 respondents)

- Sixty-five percent (64.5%) of businesses have expanded or added new products, services or inventory in the past two years.
- Fifty-eight percent (58.1%) have made physical improvements and half (51.6%) have expanded their marketing and promotional activities.
- Adding new or additional employees and making systems improvements were other popular improvements/investments made by Iowa City businesses in the last two years.

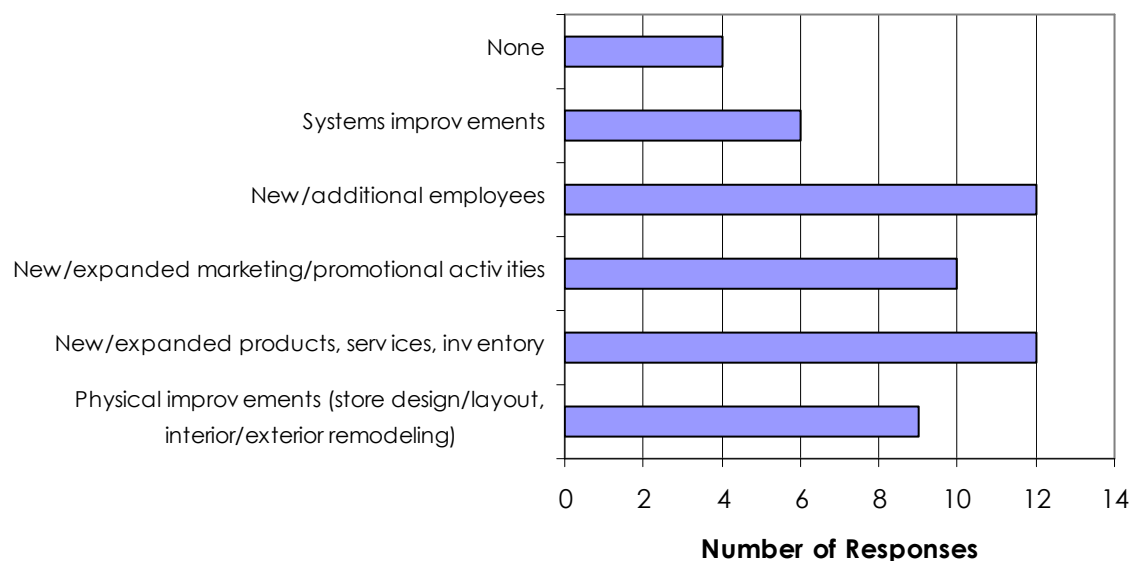


14. PLEASE PROVIDE THE TOTAL ESTIMATED DOLLAR VALUE FOR THE INVESTMENTS/IMPROVEMENTS CHECKED IN QUESTION 11. (19 respondents)

- The value of recent investments/improvements ranged from \$2,000 to \$30 million. Most (42.1%) were below in the \$10,000 to \$49,999 range, although 21.0% were between \$200,000 and \$599,999.
- The average value was \$1.68 million and the median was \$30,000.

15. PLEASE CHECK ANY TYPE OF INVESTMENT OR IMPROVEMENT YOU PLAN ON MAKING IN THE NEXT ONE TO TWO YEARS. (30 respondents)

- Forty percent (40.0%) of businesses are planning on expanding or adding products, services or inventory and adding new employees within the next two years.
- Thirty percent are planning to expand marketing (33.3%) or make physical improvements (30.0%), including changes to store layout or interior or exterior remodeling, in the next two years.



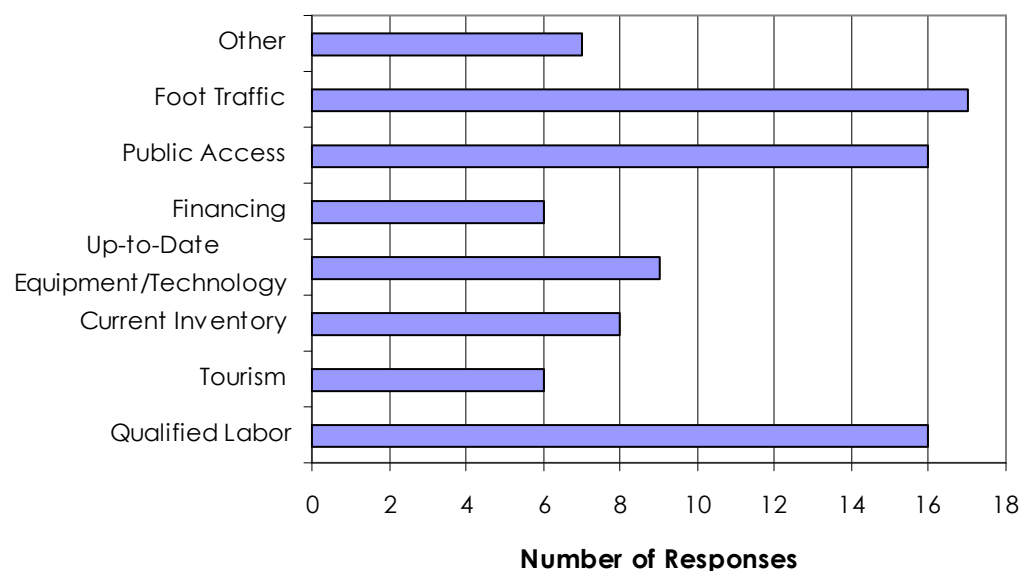
16. WHAT IS THE PRIMARY MARKET AREA FROM WHICH THE MAJORITY OF YOUR SALES ARE DERIVED? PLEASE CHOOSE JUST ONE. (31 respondents)

- Half (51.6%) of businesses responding to this question list Johnson County as their primary market area.
- Twenty-nine percent (29.0%) selected Iowa City as their primary market area and 6.5% said most of their business is University-related.
- No business owner selected travelers/tourists as a primary market.

17. IF YOU CHECKED TRAVELERS/TOURISTS, PLEASE PROVIDE MORE DETAIL ON THIS MARKET. (0 respondents)

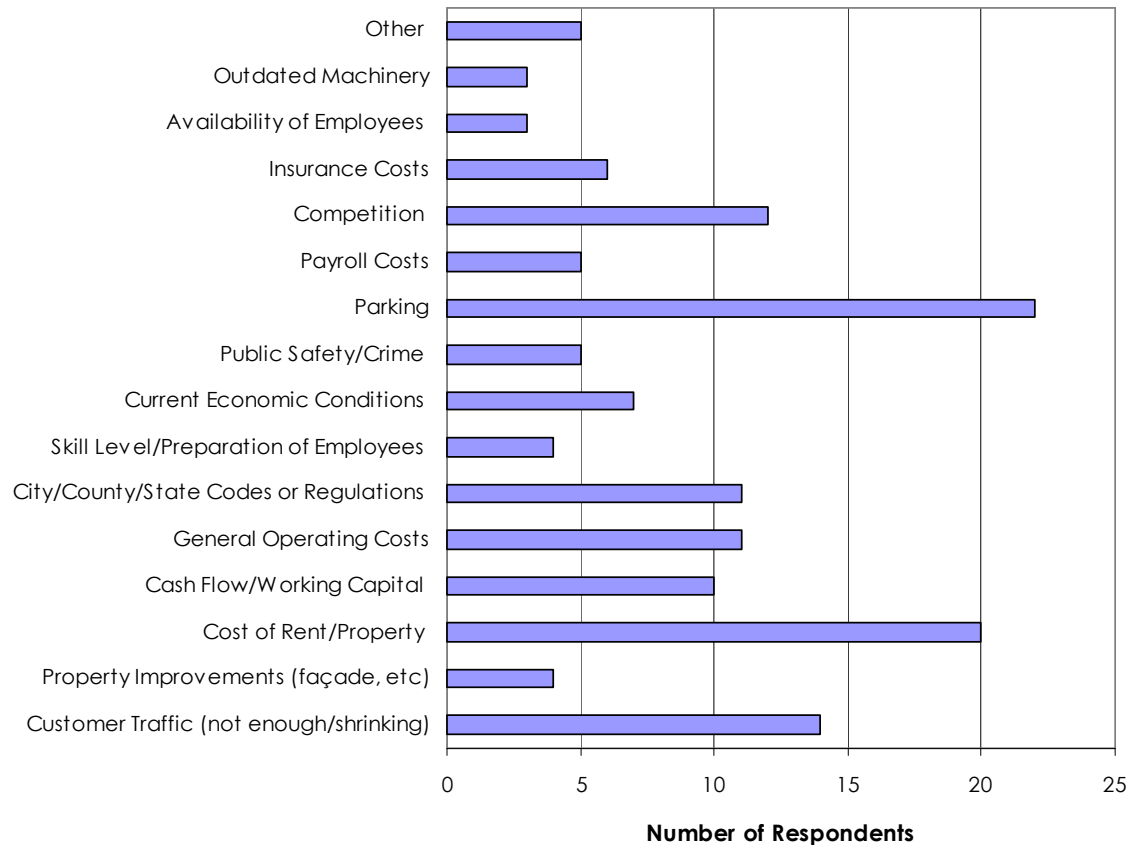
**18. IN ADDITION TO A STRONG ECONOMY, WHAT ARE THE CRITICAL FACTORS FOR THE SUCCESS AND EXPANSION OF YOUR BUSINESS?
CHECK ALL THAT APPLY. (30 respondents)**

- Over half of respondents identified Foot Traffic (56.7%), Public Access (53.3%) and Qualified Labor (53.3%) as critical success factors for their businesses.
- Up-to-date Equipment/Technology and Current Inventory were other top choices.
- Other factors listed by respondents include Marketing and Reputation.



19. WHAT ARE SOME OF THE MAJOR ISSUES OR OBSTACLES FACING YOUR BUSINESS TODAY? PLEASE CHECK THE TOP FIVE PRIORITY ISSUES. (31 respondents)

- Parking and Cost of Rent/Property were the two issues identified by the most respondents (71.0% and 64.5%, respectively).
- More than a third of business owners selected Insufficient Customer Traffic (45.2%), Competition (38.7%), General Operating Costs (35.5%) and City/County/State Codes (35.5%) as obstacles.
- No business owner found Telecom or Computer/Technology problems to be issues and few identified problems finding skilled employees.
- Other responses included property taxes, attitudes toward downtown and the downtown retail mix.

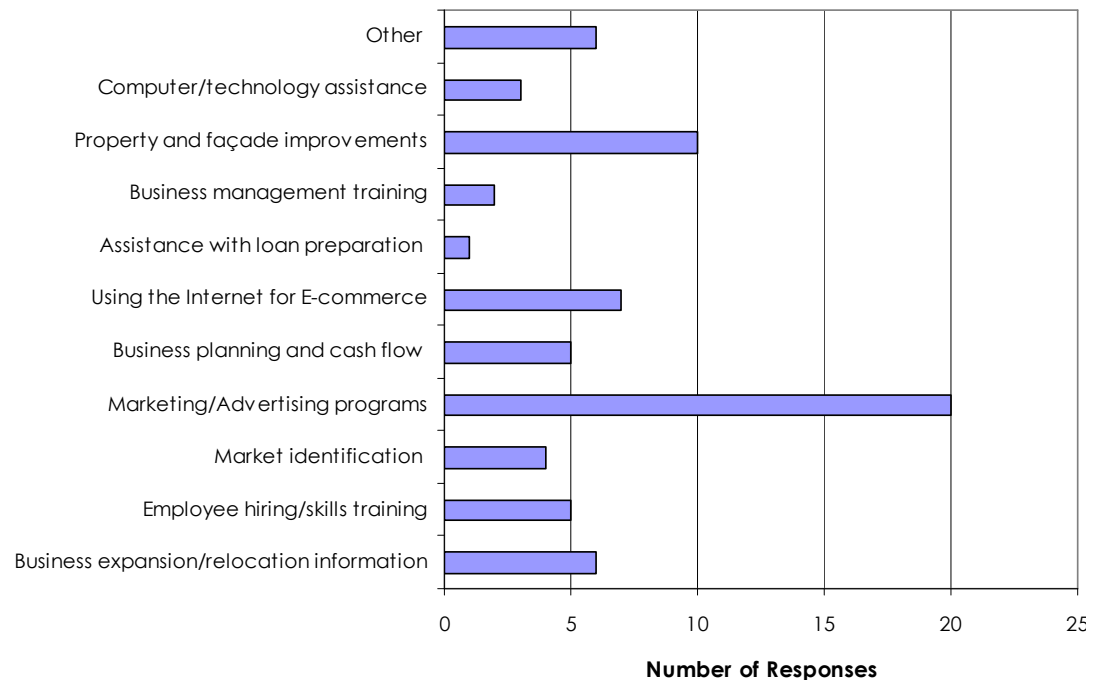


20. PLEASE EXPAND ON ANY OF YOUR ANSWERS TO THE QUESTION ABOVE. IF YOU CHECKED “CITY/COUNTY/STATE CODES OR REGULATIONS,” PLEASE EXPLAIN WHAT CODE(S) ARE AN ISSUE OR OBSTACLE. (16 respondents)

- Several respondents noted that parking spaces in front of their businesses become taxi stands at 5 p.m., a time when customers are still looking for parking spaces and people are unlikely to be using cabs.
- Two respondents listed high downtown property taxes as a difficulty.
- Other concerns included too many bars in the downtown, a lack of police presence at the pedmall during the day and an overly large city administration.
- In terms of local codes, one respondent explained that the varying interpretations of building and zoning codes can impede business and another said that sign design restrictions are too stringent.

21. TO KEEP YOUR BUSINESS HEALTHY AND COMPETITIVE, WHICH OF THE FOLLOWING TYPES OF INFORMATION OR ASSISTANCE ARE IMPORTANT TO YOUR COMPANY’S GROWTH? PLEASE CHECK ALL THAT APPLY. (29 respondents)

- Marketing and advertising programs were the number one type of assistance selected by business owners (picked by 69.0% of respondents) as crucial to keeping their businesses healthy and competitive.
- A third of respondents (34.5%) identified property and façade improvements and a quarter (24.1%) said that information/assistance regarding using the internet for e-commerce is important.
- Other popular responses included expansion/relocation information, employee hiring/skills training and business planning and cash flow assistance.



22. ARE YOU INTERESTED IN PARTICIPATING IN A COOPERATIVE BUSINESS MARKETING EFFORT TO ATTRACT CUSTOMERS TO DOWNTOWN IOWA CITY OR TO ENCOURAGE RESIDENTS TO SHOP LOCALLY? (26 respondents)

- Sixty-five percent (65.4%) of respondents were interested in a cooperative marketing approach, while 34.6% were not.

23. IF YOU ANSWERED YES, PLEASE TELL US YOUR NAME AND PHONE NUMBER. ALL NAME AND NUMBERS PROVIDED WILL BE SEPARATE FROM OTHER SURVEY RESPONSES.

- Sixteen survey participants provided names and numbers in response to participating in a cooperative business marketing effort.

THE FUTURE OF DOWNTOWN IOWA CITY

24. AS DOWNTOWN IOWA CITY CONTINUES TO GROW AND CHANGE, IF YOU COULD KEEP ONE THING THE SAME ABOUT THE SHOPPING/BUSINESS DISTRICT WHAT WOULD IT BE? (24 respondents)

- Pedestrian mall
- Mix of unique shops, restaurants & entertainment
- Physical appearance & historic buildings
- Friendly, family atmosphere
- Out-of-town visitors/traffic
- Friday night concert series
- General ambiance of downtown

25. IF YOU COULD CHANGE ONE THING ABOUT DOWNTOWN IOWA CITY, WHAT WOULD IT BE? (26 respondents)

- Improve parking cost & convenience for employees & shoppers
- Limit the number of bars & improve downtown retail mix
- Ban smoking in downtown restaurants
- Stop panhandling in the pedmall
- Improve city government's responsiveness to needs of downtown businesses
- Develop additional downtown hotels
- Improve plantings in the pedmall

26. WHAT IDENTITY OR IMAGE WOULD YOU LIKE TO SEE DOWNTOWN IOWA CITY DEVELOP FOR ITSELF AS A UNIQUE SHOPPING DISTRICT ATTRACTIVE TO RESIDENTS AND VISITORS ALIKE? (22 respondents)

- Variety – specialty shops, small cafes, fine dining, antiques & coffeehouses
- Clean & charming
- Exciting place to visit, shop and live
- Arts & entertainment district
- Unique and upscale
- Destination culinary district
- A place for residents & students alike

27. HOW WOULD YOU RATE YOUR OVERALL CONFIDENCE IN THE ECONOMIC FUTURE OR VITALITY OF IOWA CITY AS A WHOLE? (27 respondents)

- Half of respondents (51.9%) were moderately confident in the economic future of Iowa City.
- A third of respondents (33.3%) were highly confident and 14.8% had a low level of confidence regarding Iowa City's economic outlook.

28. ARE THERE PRODUCTS OR SERVICES THAT YOUR BUSINESS CURRENTLY PURCHASES OUT OF TOWN THAT YOU WOULD PURCHASE IN TOWN IF THEY WERE AVAILABLE? (26 respondents)

- Seventy-three percent (73.1%) of respondents do not have products or services that they are currently purchasing out of town that could be purchased in town if available.
- Seven businesses (26.9% of respondents) would be interested in purchasing products or services in town if available.

29. IF YOU ANSWERED YES, PLEASE NAME THEM AND EXPLAIN YOUR RESPONSE. (5 respondents)

- Environmentally-friendly "green" products
- Local commercial liability insurance agent
- Medical supplies
- Groceries
- Sporting goods

30. IN YOUR OPINION, WHAT COULD LOCAL BUSINESSES DO TO ATTRACT MORE LOCAL RESIDENTS WHO ARE CURRENTLY SHOPPING IN OTHER AREAS? (19 respondents)

- Store hours that are longer, more convenient and uniform throughout the downtown
- Joint marketing – promote downtown as a destination for high quality goods and personal service
- Offer 2 or 3 large, destination stores and improve overall retail mix while limiting bars
- Better determine what consumers want from downtown
- Improve parking options and combat the image of difficulty parking downtown
- Reward customers with free bus passes
- Improve selection of environmentally-friendly “green” products
- Partner with the University of Iowa and other organizations to improve downtown

31. WHAT COULD LOCAL BUSINESSES DO TO ATTRACT MORE VISITORS AND OTHER SHOPPERS WHO LIVE OUT OF THE AREA? (16 respondents)

- Joint marketing – ads in newspapers and television promoting the unique offerings of downtown
- Continue and enhance artistic and cultural events
- Promote new and existing culinary choices
- Improve prices and variety
- Focus on visitors to the University and convention-goers
- Improve support from city government

32. PLEASE PROVIDE US WITH THE FOLLOWING INFORMATION. NAMES, NUMBERS AND EMAIL ADDRESSES WILL BE SEPARATE FROM OTHER SURVEY RESPONSES, WHICH WILL BE USED ONLY IN THE AGGREGATE. (19 respondents)

Businesses participating in the survey who shared their identity with us included:

- DOMBY
- Plaza Centre One
- Sondra B. Kaska Law Office
- US Bank
- Roominations
- Iowa Book LLC
- Velvet Coat
- Northwestern Mutual Financial Network
- Technigraphics
- Fired Up Iowa City Inc.
- Moengroup
- Turning Point Counseling and Psychotherapy
- Eastwind Healing Center
- Joe's Place, Donnelly's Pub and BlackStone Bar & Grill
- Discerning Eye
- Herteen and Stocker Jewelers
- X-Wires Communications

GENERAL COMMENTS

Businesses in Iowa City represent a variety of interests and opinions; they have a vested interest in their community and a desire to see improvements succeed. "Visitors from large cities and from around the world immediately recognize downtown Iowa City as a unique and wonderful place. Those of us who live here need to recognize this and promote it."

While business owners expressed a desire to improve the downtown retail mix in order to take the focus off the high number of bars, they also embraced the student population. "Encourage student involvement, opinions and development. The city should partner with the University to encourage use of local businesses."

Finally, business owners recognized the need to reconnect many residents to downtown Iowa City by "encouraging a clean atmosphere downtown," and creating "special offers to targeted audiences to entice them to try downtown again" to see that it is "vital with lots of diverse products and services."



CHAPTER 3

RETAIL MARKET ANALYSIS

RETAIL SUPPLY

The retail supply section examines the type and characteristics of the existing retail base in the Iowa City market area and evaluates downtown Iowa City as a retail shopping district.

A. Existing Retail Development

In the Iowa City and Coralville area, Highways 1 and 6 are home to the majority of retail centers other than the shops and restaurants of downtown Iowa City. Exhibit R-1 on the following pages catalogs major shopping centers in the Iowa City/Coralville area. Together they provide 2.6 million square feet of retail, restaurant and service space.

The Coral Ridge Mall at the intersection of I-80 and Coral Ridge Avenue (just off Hwy 6) is the largest center in the area, providing about 1,200,000 square feet of retail space and spurring the growth of additional surrounding retail and restaurant space. Since the mall's opening in 1998, several "big box" retailers including Wal-Mart and Lowe's opened at the I-80/Coral Ridge Ave intersection and additional retail development is underway on the intersection's northeast corner.

Emanating from the Coral Ridge area, retail growth continues north on Hwy 965 to North Liberty with the development of several shopping plazas including Grand Rail, Oakdale Plaza and Jordan Village. While these tend to be smaller commercial strips with predominately convenience-oriented retail and service rather than destination centers, they evidence the push northward toward North Liberty from I-80.

Small shopping plazas and free-standing retail stores and restaurants extend southeast from the Coral Ridge Mall area along Hwy 6 to Hwy 1. Typical offerings include full-service and fast food restaurants, gift shops, hair/nail salons and cellular phone providers, along with neighborhood-serving office space including insurance, banking and realty services. In Coralville's recently developed City Center, civic spaces are combined with office space and specialty retail, including the New Pioneer Co-op grocery, women's and children's apparel, a pet boutique and bead and yarn shops. Centers along the Hwy 6 to Hwy 1 corridor tend to be fully occupied with only a few vacancies overall, as noted during Marketek's May 2007 field survey.

Moving east along Hwy 6 from its intersection with Hwy 1, the pattern of strip centers and free-standing retail continues. While many centers near the Coral Ridge Mall were developed within the last ten years, this stretch of Hwy 6 features older plazas, most built in the 1970s and 1980s. Eastdale Plaza, Pepperwood Place and the redeveloped Sycamore Mall provide a combined 375,138 square feet of retail space with minimal vacancies. Sycamore Mall features 33 stores including a Talbots and a 12 screen cinema. Pepperwood Place is home to a variety of discount retailers and second hand shops, but will have a large vacancy when Hancock Fabrics closes. Lease rates for most centers in this area are in the \$6 – \$12 NNN per square foot range.

Along Hwy 1 between Hwy 218 and Hwy 6, the largest retail center is the Wal-Mart located by the Iowa City municipal airport. Adjacent to Wal-Mart is a Staples, a vacant restaurant space and a vacant former Cub Foods.

EXHIBIT R-1
SUMMARY OF SELECTED SHOPPING CENTERS
Iowa City & Coralville
2007

Center	Distance from Downtown*	GLA (sq ft)	Description/Stores
Boyrum's Plaza 1720 Waterfront Drive Iowa City	1.5 miles	130,336	Older retail center that includes Hy-Vee, Office Depot, Advance Auto Parts, Blockbuster and H&R Block.
Clear Creek Plaza 208 1st Avenue Coralville	2.5 miles	8,176	Small neighborhood commercial strip with tenants including two salons/barbershops, two restaurants and an H&R Block office. No vacancy.
Clock Tower Plaza 1800 Fifth Street Coralville	4.1 miles	30,000	Opened in 1998. Tenants include apparel and shoe stores, gift shops, a salon and a dance academy.
Coral Ridge Mall 1451 Coral Ridge Avenue Coralville	5.2 miles	1,065,513	Regional mall opened in 1998. Anchors include Dillards, Sears, JCPenney, Scheels, Target, BestBuy and Younkers.
Coralville City Center 2nd Street & 12th Avenue Coralville	3.2 miles	44,408	Recently developed "downtown." Tenants include New Pioneer Co-op, gift shops, a salon and small office spaces.
Eastdale Plaza Muscatine & 1st Avenue Iowa City	1.9 miles	57,450	Tenants include a workforce center, a jeweler, a dentist and a hair salon. No vacancy.
Gateway One Center 1101 Riverside Drive Iowa City	1.7 miles	119,336	Formerly Wardway Plaza. Tenants include Fin & Feather outdoor store, Dollar General, Auto Zone and two restaurants/bars. No vacancy.
Heartland Plaza I-80 and Hwy 965 Coralville	6.0 miles	292,591	Regional center with Wal Mart, Kohl's, Dress Barn and Famous Footwear.
Lantern Park Plaza 2024 8th Street Coralville	4.3 miles	101,202	Opened in 1969. Anchors include Hobby Lobby and Hy-Vee Grocery.
Liberty Square 119 2nd Street Coralville	2.5 miles	19,925	Small commercial strip. Tenants include Tan World, Core Fitness, House of Aromas, a computer shop and two banks. No vacancy.
Menards 1375 Hwy 1 Iowa City	3.0 miles	141,900	Home improvement store. Planning to relocate. University of Iowa may take over space.

*Road miles from the intersection of Washington and Dubuque Streets.

Source: ESRI BIS; Shopping Center Directory; City of Iowa City & Johnson County Tax Assessor; Marketek, Inc.

EXHIBIT R-1 (continued)
SUMMARY OF SELECTED SHOPPING CENTERS
Iowa City & Coralville
2007

Center	Distance from Downtown*	GLA (sq ft)	Description/Stores
Pepperwood Place 1971 Broadway Street Iowa City	2.0 miles	100,000	Well-kept, older center with second-hand and discount stores including Goodwill, Slumberland Furniture and Tuesday Morning. Hancock Fabrics going out of business.
Sycamore Mall 1622-1660 Sycamore Street Iowa City	2.4 miles	232,686	Mall built in 1969 recently redeveloped using TIF funds. Anchors include Von Maur, Talbots, Fashion Bug, Sycamore 12 Theaters and several restaurants.
Wal-Mart Center 1001 Hwy 1 Iowa City	2.4 miles	206,107	Wal-Mart and Staples. Vacant former restaurant and Cub Foods total 67,735 square feet of vacant space (32.9%). Potential Wal-Mart relocation would increase vacancy.
2nd Street & 25th Avenue Coralville	4.7 miles	25,000	Commercial strip near Coral Ridge Mall. Tenants include Outback Steakhouse, UPS Store, Cold Stone Creamery, US Cellular and a salon. No vacancy.
89 2nd Street Coralville	2.4 miles	30,000	Small strip center with tenants including Subway, Papa Johns, nail salon, portrait studio, gourmet cake shop and futon store. No vacancy.
1025-909 S Riverside Drive Iowa City	1.4 miles	36,608	Small strip center/freestanding retailers. Tenants include JoAnn Fabrics, two restaurants, auto supplies and tobacco store. No vacancy.

Total Square Footage in Retail Centers	2,641,238	
Total Downtown Retail Square Footage	435,490	
Total Retail Square Footage	3,076,728	

*Road miles from the intersection of Washington and Dubuque Streets.

Source: ESRI BIS; Shopping Center Directory; City of Iowa City & Johnson County Tax Assessor; Marketek, Inc.

B. Downtown Business Mix

Exhibit R-2 classifies ground floor land uses in downtown Iowa City by business type and retail category as of September 2007. Including retail space at Old Capitol Town Center, downtown space totals 609,502 square feet. Retail/restaurants make up the majority of this space (435,490 square feet), with the remaining 174,012 square feet composed of office space, municipal, civic or religious uses or vacant space. The vacancy rate in downtown is low at 3.8%.

Among retail and restaurant space, restaurants and bars/nightlife make up the largest percentage of businesses (45.0%), followed by shoppers goods (28.1%). Within the

shoppers goods category, the most frequent stores are those selling miscellaneous specialty items (17.5%), followed by apparel (7.2%). Personal services account for 17.0% of ground floor businesses in downtown.

EXHIBIT R-2 SUMMARY OF GROUND FLOOR BUSINESSES Downtown Iowa City 2007			
Business Type/ Retail Category	Number of Businesses	Square Footage	Percent of Total Space
Apparel	14	31,342	5.1%
Home Goods	4	14,588	2.4%
Miscellaneous Specialty Retail	35	76,344	12.5%
Shoppers Goods	53	122,274	20.1%
Grocery	2	8,765	1.4%
Health & Personal Care	4	17,320	2.8%
Convenience Goods	6	26,085	4.3%
Restaurants	55	150,156	24.6%
Bars/Nightlife	13	45,826	7.5%
Entertainment	3	17,001	2.8%
Personal Services	28	74,148	12.2%
Office/Bank	14	92,330	15.1%
Municipal	2	40,483	6.6%
Civic/Church	2	17,734	2.9%
Other	18	150,547	24.7%
Vacant	7	23,465	3.8%
Total Retail/Restaurant Space	158	435,490	71.5%
Total Downtown Ground Floor Space	183	609,502	100.0%

Note: Includes downtown ground floor space, retail space at Old Capitol Town Center and New Pioneer Co-op. Vacant space at Old Capitol Town Center not included. Residential space not included.

Sources: City of Iowa City Tax Assessor; Marketek, Inc.

COMPETITIVE COMMERCIAL ASSESSMENT: DOWNTOWN IOWA CITY'S COMPETITIVE POSITION

Successful downtown districts of any size have a healthy business climate and a proactive marketing program. Key competitive amenities and characteristics from an attractive built environment to extensive marketing are critical to draw customers and business prospects to a neighborhood or community shopping center. These are particularly critical for older commercial districts seeking to (or having to) compete with new shopping malls, lifestyle centers and big box retailers. An overview of downtown Iowa City's competitive posture is presented in the table below. The assets, challenges and opportunities begin to address two important perspectives:

1. What customers want from a shopping experience; and
2. Business climate and marketing factors that affect business decision-makers seeking a profitable location.

EXHIBIT R-3 DOWNTOWN IOWA CITY'S COMPETITIVE POSITION	
Assets	
Iowa City offers a downtown that is active virtually 24 hours a day.	
Target markets are all growing—local population, visitor, employment and student. Johnson County one of 5 out of 99 Iowa counties w/ growth.	
Strong, diverse and growing visitor market. Several regional draws exist in central Iowa City including attractions such as the Old Capitol, Kinnick Stadium (70,585 capacity) and nationally-recognized hospitals and clinics. Arts and cultural venues are significant, such as the Iowa City Jazz Festival (25,000 people) and the Summer of the Arts Festivals (30,000 people) and event centers like Hancher Auditorium, Englert Civic Theater. Two downtown hotels, the Sheraton and Hotel Vetro provide a base for overnight visitors.	
Strong local organizations to help with downtown promotions: Iowa City Area Chamber, Summer of the Arts, Downtown Association of Iowa City.	
The adjacent location of the University of Iowa and very close proximity of Mercy Hospital are significant regional employment traffic generators for downtown. Iowa City promotes itself as Health Center USA. Coupled with the constant flow of students, clients and families the potential economic impact is sizable.	
Downtown Iowa City's physical layout and historic character are a plus for creating a friendly, walkable, pedestrian-oriented business district: active pedestrian mall; relatively compact 9-block core district; short, level blocks; tree-lined streets; close to, but away from busy arterial roads.	
Being surrounded by quality, historic residential neighborhoods (Longfellow, Melrose, Northside) adds to downtown's character and market potential.	
An established urban renewal agency actively spearheading and stimulating downtown improvements. City initiatives and investments downtown have totaled \$40 million since 1997.	
Downtown is already established as the local arts and entertainment district with a critical mass of restaurants/bars, several galleries/jewelers, theaters and a calendar of events that draws from beyond the Cedar Rapids-Iowa City corridor. Iowa City music scene is extensive. The Iowa River Cultural District and Old Capitol Cultural District are actively promoted.	
Numerous unique downtown businesses, boutiques and restaurants are regional draws, including Prairie Lights Bookstore, AKAR, Domy and Iowa Artisans Gallery, to name just a few.	
Downtown Iowa City's anchors include multiple civic uses (city hall, library, post office), which all generate regular foot traffic and signal the importance of downtown to the community.	
Iowa City was ranked #5 in the nation as one of the Best Small Places for Small Business and Careers by Forbes Magazine, 2006.	
Several business clusters exist downtown but could be more highly promoted: 5+ jewelers in Washington Street area, several boutiques, over a dozen arts and gallery businesses.	
Downtown has a quality Farmer's Market; however, it is out of the core area and does not encourage cross-shopping with downtown merchants.	

EXHIBIT R-3 (continued)

Challenges

Entrances to downtown not well marked for visitors; no gateways, or landmarks to indicate when you have 'arrived' in downtown Iowa City.
Significant new retail development in Coralville has impacted the downtown mix and drained some retail sales. Coral Ridge Mall alone is 1 million sq. ft.
Coralville's aggressive growth continues with Iowa River Landing Project, a 100-acre mixed-used project adjacent to the Marriott Hotel and convention center.
A critical mass of clustered retail and boutique businesses are needed to sustain foot traffic.
Old Capital Mall is 62% university-owned; a hybrid office-retail center; no longer functions as prime retail center. However, the offices there employ 700 and generate positive foot traffic downtown.
Up-to-date inventory of available commercial building/sites for sale/lease is needed. Existing retail spaces are quite small; their size may be a challenge for some types of retail.
Downtown's markets are highly diverse from employees and families by day to students by night—making it hard to meet the needs of all.
Retail rents downtown are relatively high as reported by business owners: \$20-\$25/SF NNN. New retailers coming in go to the very edge of downtown for affordability.
The heart of the shopping district (College and Dubuque Streets) lacks auto visibility, forcing customers to get out of their cars and trust they will be interested.
Oversaturated supply of bars; reportedly, 50 liquor licenses are held within a mile radius from the heart of downtown. Much less retail downtown today than 10-15 years ago.
Limited commercial land available in the downtown core is pushing the boundaries of the core north to Market Street and south to Burlington Street and beyond. Available retail space in the core is quite limited making it tough to attract retailers.
Growth of middle market chain restaurants in Coralville reportedly has drained and shifted downtown's restaurant traffic. Local residents are more likely to eat at middle market chains/restaurants.
Local/downtown leadership may be contributing to the concerns expressed about bars, parking, etc. by dwelling on these too much.
Downtown lacks a strong management team/organization; no gameplan in place to address business/economic development issues; no 'coherent, collateral package' exists.
Vote to establish a SMID failed twice and will need a new marketing campaign/makeover before the concept is reintroduced. A 'unified' voice is needed, including the City's. According to some the City is noted as risk-averse.
Relations between downtown business community and city government appear to be strained over issues such as snow removal, street/sidewalk clean-up, new ordinance making loading zones taxi stands after 5 PM. Several local investors noted the 'rigidity' of the City regarding development projects/standards
Downtown positioning, marketing and branding are needed to overcome negative comments, attitudes.
City web site is functional but not enticing or necessarily speedy and easy to navigate for business prospects. The economic development page is uninviting and community resource information is in a file that downloads slowly. The web site overall does not reflect the Iowa City 'experience' and is in need of revamping.
Several prime Downtown storefronts would benefit from cleaning-up, image enhancement, merchandising assistance.

EXHIBIT R-3 (continued)
Challenges (continued)
Downtown business hours were cited as a concern by many. Most businesses are closed by 5 or 6 at the latest.
Many perceive downtown parking as an issue. A definite concern exists about students taking customer parking spaces.
Opportunities (selected)
Physical Improvements
University is working on wayfinding program that the City will dovetail with in adding directional signage.
City is implementing streetscape project on Burlington (2009 completion).
University's Riverfront Master Plan will also contribute significantly to downtown area activity with intensive riverfront programming and events.
Development/Redevelopment
University owns the upper stories of the 8-story Jefferson Bldg. Potential redevelopment opportunities have been considered from upscale housing to upscale inn.
Northside Marketplace neighborhood just north of downtown offers an eclectic neighborhood district with key restaurant anchors.
Hieronymus Square, a 13 story, mixed use development project breaks ground in fall 2007, one of several development projects planned for the Burlington Street corridor.
Other catalytic projects on Burlington Street including university recreation and wellness center (216,000 sq ft) at corner of Burlington and Madison; become a regional draw w/ 1,000 permanent seats and ability to host national events.
Corner of Linn & Court Streets (NW Corner) just purchased by out-of-state developer for \$1.6 mil for a 21,000 SF mixed-used project.
Business Development/Mix of Uses
Entertainment: Movie theater is a top need in the downtown. Large concert/performance venue needed.
Numerous niches to be filled: home furnishings/accessories, audio/electronics, specialty clothing.
Increased emphasis on locally-owned and grown businesses as part of downtown's unique small town appeal.
"Mainstream market" not well covered. Upper end and student markets are well covered.
Timing is good for downtown to explore one or more anchor chain stores, with high density, upper market housing and commercial space on the rise.
More retail variety, especially convenience, is needed—examples frequently noted were: grocery store, small department store, hardware store.
Marketing and Outreach
More cross-marketing with events is needed. Many business owners note that events are key to their success. Isolated instances of joint restaurants and performance marketing. Focus groups noted that aggressive marketing is needed.
Downtown is 'underpromoted.' Downtown is MORE THAN a place for college kids. Mature market is untapped as is young professionals. Target 25-34 year olds.
Downtown Iowa City needs a master event calendar.

EXHIBIT R-3 (continued)
Opportunities (selected) (continued)
Capitalize on Iowa City target markets such as seniors, students and the daytime marketplace (2500+ employees) with special discount or other campaigns to attract more shoppers.
Downtown needs a parking map. Downtown can work to overcome the parking concerns by promoting FREE parking during key events like the Jazz Festival.
Cluster marketing needed: ex, a map of boutiques. Lucky Magazine (8/07) features 9 downtown Iowa City businesses and includes such a map.
Need a map of specialty businesses—apparel, gift and others.
Downtown Iowa City needs branding and promotion campaign emphasizing its identity as <i>the</i> eclectic and vibrant center of activity for the region.

RETAIL DEMAND

This section provides estimates of existing retail leakage and potential future market demand for retail uses in the Iowa City market area. Retail demand generated by local and greater market area residents, visitors and students is considered here.

A. Existing Retail Balance

Retail MarketPlace data prepared by ESRI Business Information Solutions weighs estimated retail sales against estimated demand to help gauge how well a defined market area is currently meeting its retail potential. Retail 'supply' is based on estimates of actual retail sales using the Census of Retail Trade and a variety of other business and government databases. Retail 'demand' represents the expected amount spent by market area residents for various retail goods and services, based upon consumer expenditure patterns derived from the U.S. Consumer Expenditure Survey.

When estimated retail demand exceeds supply, a leakage presumably occurs, causing consumers to look outside of the market area for retail goods and services. A surplus, conversely, suggests that supply exceeds demand and that certain business categories are importing sales from shoppers who live outside the market area. It is important to note that the data only reflects potential spending from resident shoppers and does not include spending from visitors and employees working but not living in the market area.

In reality, the consumer marketplace is quite fluid. Even if goods are locally available, priced appropriately and of good quality, local shoppers will always do a certain amount of shopping away from home, including catalogue and Internet purchases. However, the leakage/surplus factor provides a reasonable indication of the availability of goods in the local market.

Exhibit R-4 shows a leakage of sales in one business category in the local retail market area and four business categories in the greater retail market area. In the local retail market area, there is a leakage of \$3,418,142 in general merchandise stores, which translates into 15,825 square feet of retail space, assuming average sales of \$216 per square foot, the standard provided by the Urban Land Institute.

Apparent surpluses in the other retail categories at the local level are likely due to the numerous retail offerings of downtown Iowa City and Coralville in comparison to the surrounding areas. Residents of Johnson County living outside the local retail market area may travel there to shop and dine, leading to the large surpluses in Food Service & Drinking Places (-\$56.0 million), Clothing & Accessories (-\$49.5 million) and Sporting Goods, Hobby, Book & Music Store (-\$46 million) business categories.

The gap between estimated sales and demand is more pronounced in the greater retail market area. Exhibit R-4 shows that as much as \$81.0 million in potential sales is leaking outside of the greater retail market area. The largest leakages occur in the Food & Beverage Store (\$65.7 million) and Furniture & Home Furnishings Stores (\$10.1 million) business categories. This level of sales leakage would potentially support an estimated 243,822 square foot of retail space.

In terms of businesses that are well supplied in the greater retail market area, Sporting Goods, Hobby, Book & Music Stores and Health & Personal Care Stores lead with an estimated \$79.4 million combined surplus. Note, however, that these figures only reflect the difference in actual and potential sales generated by *residents* of the Iowa City market areas. Because of the heavy influence of visitors to the Iowa City area, it is possible that additional retail sales may be supported in selected segments of these retail categories.

Marketek estimates that downtown Iowa City could capture as much as 30% of sales leakage occurring in the local retail market area and 20% occurring in the greater retail market area. These captures result in an immediate potential demand of 19,807 square feet of supportable retail space downtown. Note that sales leakage from Food & Beverages Stores in the greater retail market area is not included in this immediate potential demand figure as demand for these goods is derived primarily from nearby residents (i.e., residents of the Local Retail Market Area only).

**EXHIBIT R-4
EXISTING RETAIL BALANCE
Iowa City Retail Market Areas
2007**

NAICS	Supply (Retail Sales)	Demand (Potential)	Difference (Leakage/Surplus)
Local Retail Market Area			
442: Furniture & Home Furnishings Stores	\$23,235,842	\$22,088,999	-\$1,146,843
443: Electronics & Appliance Stores	\$28,393,282	\$21,732,171	-\$6,661,111
444: Building Materials, Garden Equip. & Supply Stores	\$46,900,488	\$24,362,575	-\$22,537,913
445: Food & Beverage Stores	\$154,673,556	\$136,146,614	-\$18,526,942
446: Health & Personal Care Stores	\$63,963,199	\$22,136,743	-\$41,826,456
448: Clothing & Clothing Accessories Stores	\$93,643,623	\$44,092,039	-\$49,551,584
451: Sporting Goods, Hobby, Book & Music Stores	\$61,107,352	\$15,090,073	-\$46,017,279
452: General Merchandise Stores	\$141,552,731	\$144,970,873	\$3,418,142
453: Miscellaneous Store Retailers (florist, office supplies, gift stores, etc.)	\$28,945,922	\$9,964,222	-\$18,981,700
722: Food Services & Drinking Places	\$182,265,280	\$126,213,114	-\$56,052,166
Total Leakage			\$3,418,142
Estimated Supportable Square Footage			15,825
Greater Retail Market Area			
442: Furniture & Home Furnishings Stores	\$32,243,071	\$42,319,088	\$10,076,017
443: Electronics & Appliance Stores	\$35,790,754	\$39,928,644	\$4,137,890
444: Building Materials, Garden Equip. & Supply Stores	\$66,706,041	\$50,757,461	-\$15,948,580
445: Food & Beverage Stores	\$186,089,976	\$251,815,151	\$65,725,175
446: Health & Personal Care Stores	\$81,168,234	\$42,241,498	-\$38,926,736
448: Clothing & Clothing Accessories Stores	\$102,246,012	\$78,351,092	-\$23,894,920
451: Sporting Goods, Hobby, Book & Music Stores	\$66,069,758	\$25,608,670	-\$40,461,088
452: General Merchandise Stores	\$274,693,139	\$267,045,818	-\$7,647,321
453: Miscellaneous Store Retailers (florist, office supplies, gift stores, etc.)	\$38,844,584	\$19,131,959	-\$19,712,625
722: Food Services & Drinking Places	\$226,984,721	\$228,002,557	\$1,017,836
Total Leakage			\$80,956,918
Estimated Supportable Square Footage			243,822

Source: ESRI BIS; Marketek

B. Local and Greater Resident Market Demand

The methodology for estimating statistical market support for retail space in the Iowa City resident market areas is displayed in Exhibits R-5 through R-10. This methodology applies expenditure potential¹ by type of merchandise to market area population figures in order to obtain potential sales volume for trade area residents. Potential sales are divided among five merchandise and service categories: shopper's goods, convenience goods, food & beverages, personal services and other retail expenditures. Note that gas and auto-related sales and service are not included as these are not retail sales typically desired in the downtown business district. Exhibit R-5 defines the types of goods and services within several of these categories. For instance, "apparel" includes women's apparel, men's apparel, children's apparel, footwear, watches and jewelry.

EXHIBIT R-5 SUMMARY OF MERCHANDISE AND SERVICE CATEGORIES	
Merchandise/Service Category	Types of Goods/Services
Apparel	Women's Apparel, Men's Apparel, Children's, Footwear, Watches & Jewelry
Home Furnishings	Furniture, Floor Coverings, Major and Small Appliances, Household Textiles, Floor Coverings, PC Software and Hardware, Housewares, Dinnerware, Telephones
Home Improvement	Maintenance and Remodeling Materials, Lawn & Garden, Hardware
Misc. Specialty Retail	Pet Care, Books & Periodicals, Sporting Equipment, Toys & Hobbies, Video Cassettes & Games, TV/VCR/Cameras, Audio Equipment, Luggage, Eyeglasses
Groceries	Food at Home, Nonalcoholic Beverages at Home, Alcoholic Beverages, Smoking Products
Restaurants	Food Away From Home, Alcoholic Beverages
Entertainment	Admission to Movie/Theater/Opera/Ballet, Recreational Lessons, Participation in Clubs
Personal Services	Shoe Repair, Video Rental, Laundry & Dry Cleaning, Alterations, Clothing Rental & Storage, Watch & Jewelry Repair, Photo Processing & Supplies, Child Care

Source: ESRI BIS

¹ Consumer spending is estimated from the Bureau of Labor Statistics' Consumer Expenditure (CEX) Surveys. The CEX surveys have been used for over a century to provide data to study consumer spending and its effect on gross domestic product.

Exhibit R-6 depicts potential retail sales for the Iowa City local retail market area for the 2007-2017 time frame. Estimates of sales per square foot of store space derived from the Urban Land Institute's *Dollars and Cents of Shopping Centers* are used to convert adjusted potential sales to supportable space estimates. In Exhibit R-6, for example, in the case of apparel, potential sales of \$73,368,562 in the local market area at sales per square foot of \$209 will support 351,046 square feet devoted to this type of merchandise. Note that throughout the demand analysis, demand generated by the greater retail market area encompasses that generated by the local retail market area.

Exhibit R-6 shows that in 2007, there is the potential for approximately 2,441,567 square feet of retail space based on potential expenditures of residents who reside full-time in the Iowa City local retail market area. That is, local retail market area residents have the potential to generate sales demand that will support 2,441,567 square feet of retail space. However, these potential expenditures by residents may occur outside of the trade area if desirable goods and services are not available locally.

Exhibit R-6 also conveys the same analysis for 2012 and 2017. By 2012, potential local trade area sales of \$642.6 million will support 2,598,179 square feet of retail space, growing to \$683.8 million by 2017 with 2,764,836 square feet in retail space potential.

EXHIBIT R-6 RETAIL EXPENDITURE POTENTIAL Iowa City Local Retail Market Area 2007-2017								
Merchandise or Service Category	Spending per Hhold	Target Sales* (\$/SF)	2007 Retail Potential		2012 Retail Potential		2017 Retail Potential	
			Sales	Space (SF)	Sales	Space (SF)	Sales	Space (SF)
Apparel	\$2,128	\$209	\$73,368,562	351,046	\$78,074,702	373,563	\$83,082,713	397,525
Home Furnishings	\$1,371	\$199	\$47,283,418	237,605	\$50,316,358	252,846	\$53,543,842	269,065
Home Improvement	\$820	\$140	\$28,277,217	201,980	\$30,091,026	214,936	\$32,021,180	228,723
Misc. Specialty Retail	\$1,946	\$216	\$67,116,201	310,723	\$71,421,292	330,654	\$76,002,527	351,864
Shoppers Goods			\$216,045,398	1,101,354	\$229,903,378	1,171,999	\$244,650,261	1,247,176
Grocery	\$5,509	\$390	\$189,982,693	487,135	\$202,168,911	518,382	\$215,136,799	551,633
Health & Personal Care	\$1,357	\$365	\$46,790,627	128,193	\$49,791,957	136,416	\$52,985,804	145,167
Convenience Goods			\$236,773,320	615,329	\$251,960,868	654,798	\$268,122,603	696,799
Restaurants	\$3,438	\$263	\$118,573,914	450,851	\$126,179,699	479,771	\$134,273,348	510,545
Entertainment	\$383	\$90	\$13,194,651	146,607	\$14,041,006	156,011	\$14,941,650	166,018
Personal Services	\$558	\$151	\$19,241,308	127,426	\$20,475,519	135,599	\$21,788,898	144,297
Total			\$603,828,591	2,441,567	\$642,560,470	2,598,179	\$683,776,760	2,764,836
Five Year Net Gain					\$38,731,879	156,611	\$41,216,290	166,657

* Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.

© 2007 by Marketek, Inc.

Exhibit R-7 displays potential retail sales for the greater market area through 2017. In 2007, there is the potential for approximately 4,554,673 square feet of retail space based on potential expenditures of residents who reside full-time in the greater retail market area. That is, greater trade area residents have the potential to generate sales demand that will support 4,554,673 square feet of retail space. As in the case of the local market area, these potential expenditures may occur outside of the trade area if desirable goods and services are not available.

By 2012, potential greater trade area sales of \$1.2 billion will support 4,935,863 square feet of retail space, growing to \$1.3 billion by 2017 with 5,348,956 square feet in retail space potential.

The net gain in both potential sales and square feet from 2007-2017 for the local and greater trade areas appears in five-year increments in the last rows of Exhibit R-6 and R-7. By 2012, growth in the residential population of the greater retail trade area could support an increase of 381,190 square feet in retail space demand, with 156,611 square feet of space supported by the local market area. By 2017, an additional 413,093 square feet could be supported by population increases in the greater market area, with 166,657 square feet supported by local market area residents.

EXHIBIT R-7 RETAIL EXPENDITURE POTENTIAL Iowa City Greater Retail Area 2007-2017								
Merchandise or Service Category	Spending per Hhold	*Target Sales (\$/SF)	2007 Retail Potential		2012 Retail Potential		2017 Retail Potential	
			Sales	Space (SF)	Sales	Space (SF)	Sales	Space (SF)
Apparel	\$2,271	\$209	\$133,423,742	638,391	\$144,590,258	691,819	\$156,691,323	749,719
Home Furnishings	\$1,511	\$199	\$88,776,202	446,112	\$96,206,071	483,448	\$104,257,761	523,908
Home Improvement	\$1,025	\$140	\$60,249,939	430,357	\$65,292,384	466,374	\$70,756,842	505,406
Misc. Specialty Retail	\$2,118	\$216	\$124,453,178	576,172	\$134,868,929	624,393	\$146,156,395	676,650
Shoppers Goods			\$406,903,062	2,091,032	\$440,957,641	2,266,034	\$477,862,321	2,455,684
Grocery	\$5,998	\$390	\$352,454,892	903,730	\$381,952,588	979,366	\$413,919,010	1,061,331
Health & Personal Care	\$1,503	\$365	\$88,300,810	241,920	\$95,690,891	262,167	\$103,699,465	284,108
Convenience Goods			\$440,755,701	1,145,651	\$477,643,480	1,241,532	\$517,618,475	1,345,439
Restaurants	\$3,651	\$263	\$214,536,368	815,728	\$232,491,371	883,998	\$251,949,066	957,981
Entertainment	\$414	\$90	\$24,312,016	270,134	\$26,346,740	292,742	\$28,551,755	317,242
Personal Services	\$596	\$151	\$35,051,640	232,130	\$37,985,186	251,558	\$41,164,247	272,611
Total			\$1,121,558,786	4,554,673	\$1,215,424,418	4,935,863	\$1,317,145,863	5,348,956
Five Year Net Gain					\$93,865,632	381,190	\$101,721,445	413,093

* Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.

© 2007 by Marketek, Inc.

The share of potential supportable space that downtown Iowa City can ultimately support will depend on the success of implementing a comprehensive development program that includes a wide variety of retail, entertainment, housing and office uses. In other words, a passive or segmented approach to redevelopment would likely result in downtown achieving less than its estimated potential.

Based on the assumption that a comprehensive program is underway, Marketek estimates that over the next ten years downtown can capture between 24% and 27% of the increase in potential local retail market area retail expenditures, translating into 82,878 square feet of retail space (see Exhibit R-8). Marketek also estimates that downtown Iowa City has the potential to capture between 18% and 20% of the increase in greater retail market area expenditures over the next ten years, representing a total of 149,284 square feet of retail space. Capture rates are primarily based on Marketek's experience in similar shopping districts throughout the nation, downtown's current retail/restaurant and entertainment potential relative to the Retail Market Area and downtown's competitive advantages as development continues.

The following summarizes the distribution of demand for new space among shoppers goods, convenience goods, restaurant, entertainment and personal service retail categories.

- **Shoppers goods** account for the largest share of space demanded. Over the next ten years, downtown could capture 82,536 square feet of retail space supported by greater retail market area resident expenditures, with 37,591 square feet (or 46% of that) supported by local retail market area residents. Types of stores that would fall in this category include clothing stores, home furnishings, electronics, pet supplies, hardware and garden supplies.
- Marketek estimates that downtown Iowa City could potentially capture 22,100 square feet of **convenience goods** space supported by local retail market area resident expenditures over the next ten years. This level of potential demand could accommodate a market with prepared foods, small-scale grocery store and/or a drug store/pharmacy. The primary target market for convenience goods in downtown will be nearby residents since consumers are typically willing to travel only a few miles from home for most convenience goods and services. For this reason, additional demand for convenience goods from the greater retail market area is not included.
- Downtown should be able to capture 19% of the increase in **restaurant** sales and 28% of the increase in **entertainment** sales in the greater retail market area by 2017, resulting in additional demand of approximately 27,085 square feet of restaurant space and 13,002 square feet of entertainment space. Estimated demand is based upon the assumption that by the year 2017, downtown Iowa City will have established itself as an expanded mixed-use commercial center with a wide variety of specialty shopping, entertainment, new housing and office uses. Primary target markets for restaurants and entertainment are local and greater retail market area residents, visitors, students and people who work at nearby businesses.
- Over the next ten years, the downtown could capture 27% of **personal service** space supported by local retail market area resident expenditures, resulting in 4,561 square feet of supportable personal service space. Similar to convenience goods, the primary market for personal services will be those living close to or working downtown.

EXHIBIT R-8
SUMMARY OF NEW POTENTIAL SUPPORTABLE RETAIL SPACE
Downtown Iowa City
2007-2017

Merchandise/Service Category	New Supportable Retail Space in Downtown								Total New Supportable Downtown Retail Space	
	2012				2017					
	Supported By Local Area		Supported by Greater Area		Supported By Local Area		Supported by Greater Area		Supported By Local Area	Supported By Greater Area
	Capture	Sq Ft	Capture	Sq Ft	Capture	Sq Ft	Capture	Sq Ft		
Shoppers Goods										
Apparel	29%	6,465	26%	13,980	31%	7,430	29%	16,528	13,895	30,508
Home Furnishings	20%	3,047	18%	6,588	22%	3,501	19%	7,789	6,548	14,377
Home Improvement	22%	2,846	17%	6,154	24%	3,271	19%	7,275	6,116	13,430
Misc. Specialty Retail	26%	5,133	23%	11,099	28%	5,899	25%	13,122	11,031	24,221
Subtotal	25%	17,490	22%	37,822	27%	20,101	24%	44,714	37,591	82,536
Convenience Goods										
Grocery	24%	7,594	10%	7,594	26%	8,702	11%	8,702	16,296	16,296
Health & Personal Care	33%	2,705	13%	2,705	35%	3,100	14%	3,100	5,804	5,804
Subtotal	26%	10,298	11%	10,298	28%	11,802	11%	11,802	22,100	22,100
Restaurants	22%	6,362	18%	12,289	25%	7,694	20%	14,797	14,056	27,085
Entertainment	22%	2,069	25%	5,652	25%	2,502	30%	7,350	4,571	13,002
Personal Services	26%	2,125	11%	2,125	28%	2,435	12%	2,435	4,561	4,561
Total	24%	38,345	18%	68,186	27%	44,534	20%	81,098	82,878	149,284

Note: Due to the fact that demand for Convenience Goods and Personal Service businesses is derived primarily from nearby residents, captures are based on exclusively Local Retail Market Area demand.

Source: ESRI; Urban Land Institute; Marketek, Inc.

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Estimates of potential retail space in downtown should be considered conservative based on the fact that expenditures of two key markets – employees of nearby businesses who do not live in either the local or greater retail market area and visitors – fall outside of this model. As discussed in the Retail Target Markets chapter, more than 32,000 potential customers of downtown businesses work within a mile of the pedestrian mall. The visitor market is addressed in the next section.

Residents of new housing developed in and close to downtown will further boost potential demand for retail space as a major selling point of new housing will be the ability to walk to shopping and entertainment.

In an effort to put the demand estimates into context, Exhibit R-9 shows the average size of several types of businesses that may be appropriate for downtown. In addition to the median size of all businesses within a particular business category, the median size of national, local chain and independent retailers is also shown.

EXHIBIT R-9 TYPICAL SIZE OF SELECTED BUSINESSES				
Merchandise or Service Category	Median	National	Local Chain	Independent
Specialty Retail				
Appliances	5,956	6,292	5,911	~
Art Gallery	1,802	~	1,802	1,907
Arts/Crafts Supplies	8,928	20,957	~	3,070
Beauty Supplies	1,807	1,634	2,450	1,829
Bike Shop	3,440	~	~	2,596
Bookstore	10,093	23,000	9,990	2,740
Cameras	2,000	2,000	~	~
Children's Wear	3,913	4,879	3,054	2,105
Family Shoe Store	4,000	4,113	5,100	2,460
Family Wear	8,000	8,500	3,474	5,132
Gift/Cards	4,200	4,900	3,780	1,653
Hardware	13,200	13,900	~	~
Home Accessories	7,595	10,215	5,365	2,462
Jewelry	1,500	1,610	1,968	1,200
Luggage	2,500	2,499	~	~
Men's Clothing Store	3,500	4,319	3,065	2,750
Pet Supplies	7,995	17,600	3,201	3,200
Record/Tapes	4,464	6,178	~	2,017
Sporting Goods	8,465	22,000	4,980	2,995
Toys	7,855	12,000	~	3,344
Women's Ready to Wear	4,400	4,503	3,960	2,145
Convenience				
Drugstore/Pharmacy	10,920	10,860	16,668	4,977
Supermarket	50,420	49,071	51,495	23,300
Bakery	1,990	4,000	~	1,700
Gourmet Grocery	18,000	~	~	~
Wine/Liquor	3,440	~	6,237	2,920
Personal Services				
Day Spa	2,875	~	2,563	3,060
Women's Hair Salon	1,400	1,450	1,250	1,361
Nail Salon	1,200	~	1,200	1,200
Picture Framing	1,600	1,703	~	1,588
Health Club	10,249	9,548	5,508	10,249
Mail/Packaging/Copying	1,278	1,240	~	1,236
Tailor/Alteration	950	~	900	1,035
Video Rental	6,000	6,333	4,240	4,733
Shoe Repair	855	~	~	795
Drycleaners	1,800	~	1,800	1,649
Film Processing	1,252	1,600	1,304	1,150
Day Care	4,000	~	~	3,901
Laundry	2,114	~	2,150	1,955
Restaurants				
Restaurant with Liquor	5,204	6,669	5,600	3,362
Restaurant without Liquor	3,581	6,500	3,025	2,625
Bar/Cocktail Lounge	3,821	~	~	3,821
Ice Cream Parlor	1,137	1,144	1,137	1,116
Coffee/Tea	1,578	1,650	1,624	1,400
Entertainment				
Cinema	35,022	37,161	35,022	21,250

Source: Urban Land Institute, "Dollars and Cents of Shopping Centers"

Market area expenditure data can also be utilized to reveal what prices residents will pay and/or the level of their discretionary income they are willing to devote to various goods or services. The Spending Potential Index (SPI) is a measure of market activity that denotes actual dollars spent on certain goods and services. An SPI equal to 100 indicates that consumers are buying or spending at a rate equal to the national average; a SPI greater or less than 100 indicates that consumers are buying/spending above or below the national average, respectively.

Exhibit R-10 shows that households in Iowa City's trade areas spend at a rate below the national average in most categories. Spending is highest and above national averages for school books and supplies, videos and DVD purchases and rentals, computer hardware and software and theater, movie, ballet or opera tickets. The message for retailers focusing on the downtown Iowa City market is to emphasize quality services and merchandise that are reasonably priced.

EXHIBIT R-10
SPENDING POTENTIAL INDEX OF SELECTED GOODS AND SERVICES
Iowa City Retail Market Areas
2007

Merchandise/ Service Category	Spending Potential Index		Merchandise/ Service Category	Spending Potential Index	
	Local Area	Greater Area		Local Area	Greater Area
Apparel	83	88	Financial Services		
Men's	84	91	Investments	76	86
Women's	81	86	Auto Loans	88	98
Children's	84	92	Health		
Footwear	75	79	Nonprescription Drugs	87	96
Watches & Jewelry	91	97	Prescription Drugs	73	87
Other Apparel	106	109	Eyeglasses and Contact Lenses	80	91
Computer			Home		
Computer/Hardware for Home	99	103	Home Improvement		
Software/Accessories for Home	101	104	Maint./Remodeling Serv	67	82
Entertainment & Recreation	85	94	Maint./Remodeling Supp	66	85
Entertainment Fees & Admissions	87	94	Household Furnishings		
Membership Fees	84	93	Household Textiles	86	94
Sports Participation	84	93	Furniture	86	95
Theater/Movies/Ballet/Opera	99	101	Floor Coverings	72	85
Sporting Events	92	99	Major Appliances	78	91
Recreational Lessons	78	88	Housewares	83	91
Television & Sound Equipment	91	98	Small Appliances	85	94
Cable Television	86	94	Luggage	90	96
Color Television	93	98	Telephone & Accessories	71	80
VCR/Video Camera/DVD Player	90	98	Child Care	94	99
Video Cassettes and DVDs	105	107	Lawn & Garden	69	86
Video Game Hardware/Software	103	106	Moving/Storage	101	105
Satellite Dishes	84	94	Housekeeping Supplies	84	94
Video/DVD Rental	108	109	Insurance		
Audio Equipment	97	101	Homeowners/Renters	71	87
Rental & Repair of TV/Sound	103	104	Vehicle	87	95
Pets & Supplies	80	93	Life	73	87
Toys & Games	89	98	Health	76	89
Recreational Vehicles & Fees	71	89	Personal Care Products	92	98
Sports/Exercise Equip & Supplies	78	87	School Books & Supplies	153	137
Photo Equipment & Supplies	89	97	Smoking Products	94	101
Books/Magazines/Subscriptions	84	93	Transportation		
Food & Beverages	89	96	Vehicle Purchases	86	97
Groceries	87	95	Gas & Oil	88	98
Bakery & Cereal Products	86	94	Vehicle Maintenance & Repair	89	97
Meats, Poultry, Fish & Eggs	85	94	Travel		
Dairy Products	86	95	Air Fare	88	94
Fruits & Vegetables	87	94	Hotels/Motels	79	90
Other Foods at Home	88	97	Rental Cars	85	93
Meals at Restaurants	92	98	Food/Drink	85	94
Alcoholic Beverages	100	102			
Nonalcoholic Bevs. at Home	88	96			

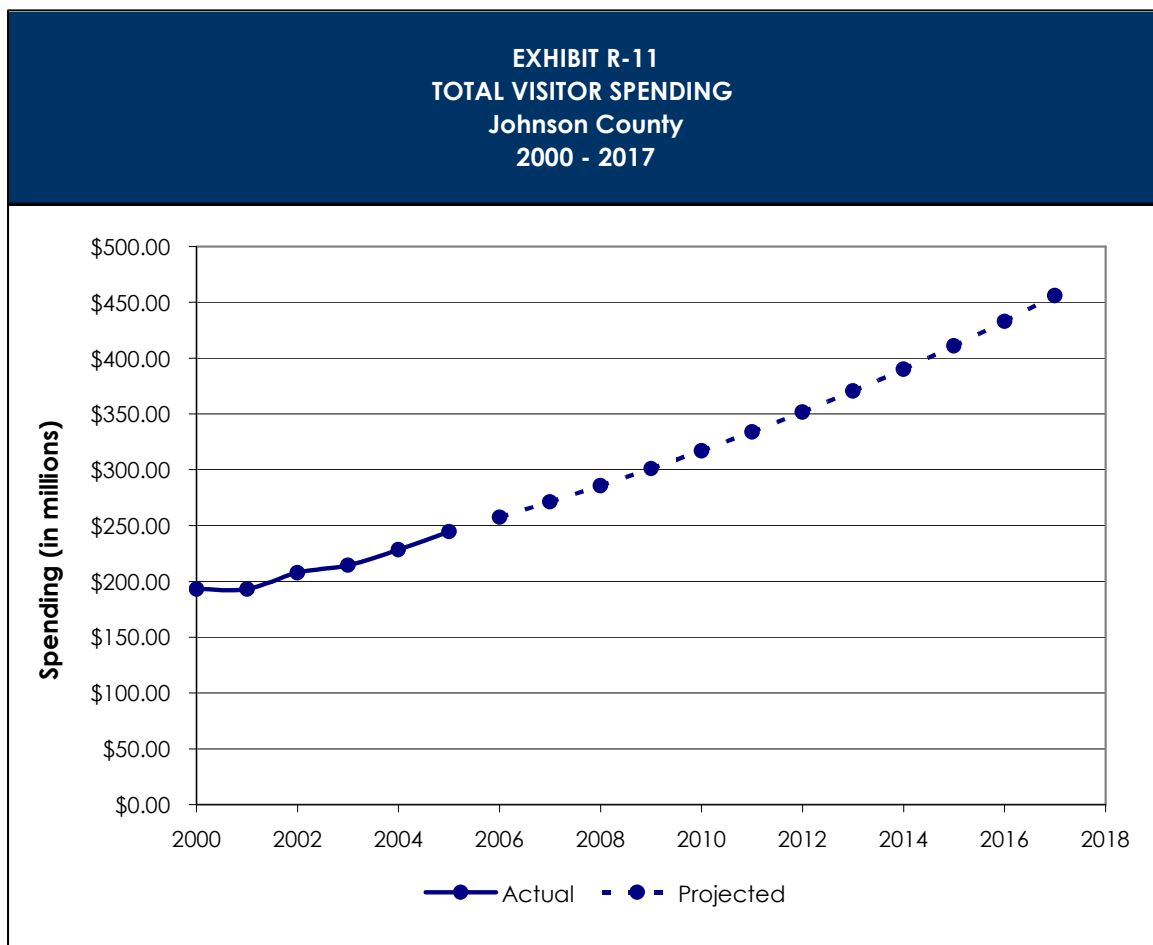
Source: ESRI BIS

C. Visitor Market Demand

According to research conducted by the Travel Industry Association of America (TIA) for the State of Iowa, shopping consistently tops the list of activities for the state's visitors, noted by 23% of visitors surveyed in 2005, followed by dining (21.3%), entertainment (15.2%), touring (10%), and sports events (8.4%). The average household expenditure per leisure trip in 2005 among Iowa visitors surveyed was \$243. Average party size was 2.04 and average length of an overnight trip was 2.31 days.

Domestic travelers directly spent nearly \$5.4 billion in Iowa during 2005, up 7.0 percent from 2004. TIA expenditure estimates are based upon *travel* defined as activities associated with all overnight trips away from home in paid accommodations and day trips to places 50 miles or more, one way, from the traveler's origin.

Within Johnson County, visitor spending has grown steadily from \$193 million in 2000 to over \$244 million in 2005. During this time period visitor spending increased 5.3% on an average annual basis. Exhibit R-11 presents a straight line projection of visitor spending using the 5.3% growth rate. With that assumption, county-wide spending should reach \$271.2 million in 2007, growing to \$351.7 by 2012 and \$456 million by 2017.



Source: Travel Industry Association for Iowa Tourism Division; Marketek, Inc.

The Travel Industry Association's research for the Iowa Tourism Division, national visitor spending patterns and Marketek's understanding of the local visitor market were used to establish the distribution of visitor spending among two key spending categories: Food/Restaurants and Retail. Exhibit R-12 depicts the distribution of projected visitor spending by commodity purchased for 2007, 2012 and 2017. Spending is then converted to space demand using industry standards provided by the Urban Land Institute. The net gain in square footage space demand from growth in visitor spending is calculated for the 2007-2012 and 2012-2017 time frames and appears in the last row. By 2012, an additional 98,888 square feet of demand for the selected categories will be generated countywide; by 2017 an additional 128,217 square feet of demand is projected.

EXHIBIT R-12 RETAIL POTENTIAL BASED ON VISITOR EXPENDITURE Johnson County 2007-2017							
Retail Category	Target Sales (\$/SF)	2007		2012		2017	
		Spending	Space (SF)	Spending	Space (SF)	Spending	Space (SF)
Food, Beverages & Restaurants	\$327	\$51,536,906	157,605	\$66,822,366	204,350	\$86,641,378	264,958
Retail	\$216	\$37,974,562	175,808	\$49,237,533	227,952	\$63,841,016	295,560
Total		\$89,511,468	333,413	\$116,059,898	432,301	\$150,482,394	560,519
Five Year Net Gain				\$26,548,430	98,888	\$34,422,496	128,217

Note: Food, Beverages & Restaurants make up 19% of visitor spending and Retail makes up 14%. The remaining 67% of spending is in Hotels & Lodging (50%) and Arts & Entertainment (17%).

Source: Iowa Tourism Division, Marketek, Inc.

Downtown Iowa City is well positioned to capture a large share of this spending as many visitor attractions are in or near the downtown. Downtown also offers a critical mass of unique shopping and dining experiences that are highly attractive to the visitor market. For these reasons, downtown should be able to capture 50% of anticipated new visitor spending on food, beverages & restaurants and on retail goods, resulting in the potential for 53,677 square feet of new restaurant space and 59,876 square feet of new retail space by 2017. Combined, total new downtown space supported by visitor spending has the potential to reach 113,553 square feet by 2017.

D. Student Market Demand

As described in the Student Market section of the first chapter (Retail Target Markets), Marketek estimates that 3,653 college students not included in the local or greater residential market are potential patrons of shops and restaurants in Iowa City and Coralville.

A Harris research poll conducted in 2002 found that the average college student has about \$287 to spend on discretionary items per month, or about \$3,444 per year. Based on this figure, the non-resident student market has the potential to spend an estimated \$12,580,932 annually on apparel, entertainment, food at restaurants and other miscellaneous retail goods.

The degree to which downtown Iowa City captures this demand, and additional demand created as university enrollment increases, depends on its ability to offer retailers and restaurants attractive and affordable to students. The Harris poll noted that students nationwide spend more than \$11 billion a year on snacks and beverages, \$4 billion on personal care products and \$3 billion on CDs. The final chapter of this report suggests retailers that fit the student market and provides recommendations for increasing their presence in downtown.

POTENTIAL DOWNTOWN RETAIL DEVELOPMENT

Exhibit R-13 provides a snapshot of total potential supportable retail demand in downtown Iowa City over the next 10 years. Growth from the resident market and the visitor market combined results in potential demand for 282,644 square feet of retail, restaurant and entertainment development. Note that both restaurant and grocery demand for visitors is included in the category of Food/Beverage/Restaurants as defined by the Travel Industry Association.

Downtown Iowa City's success in capturing this opportunity will be strongly influenced by a number of factors including the commitment to quality, new development in the urban core (including office and residential), property redevelopment, aggressive marketing, and strong management of the downtown business district. These elements are explained more fully in the final chapter of this report.

EXHIBIT R-13
SUMMARY OF POTENTIAL SUPPORTABLE SPACE
Downtown Iowa City
2007-2017

Retail Category	Existing Demand (SF) ¹ 2007	Resident Demand (SF) ² 2007-2017	Visitor Demand (SF) ³ 2007-2017	Total Demand (SF) 2007-2017
Shoppers Goods	19,033	82,536	53,677	155,246
Convenience Goods	0	22,100	NA	22,100
Restaurants	774	27,085	NA	27,859
Entertainment	0	13,002	NA	13,002
Personal Care	0	4,561	NA	4,561
Food, Bev. & Rest.	NA	NA	59,876	59,876
Total (SF)	19,807	149,284	113,553	282,644

1. From Retail Demand Section A: Existing Retail Balance.
2. From Retail Demand Section B: Local and Greater Resident Market Demand.
3. From Retail Demand Section C: Visitor Demand.

Source: Marketek, Inc.



CHAPTER 4

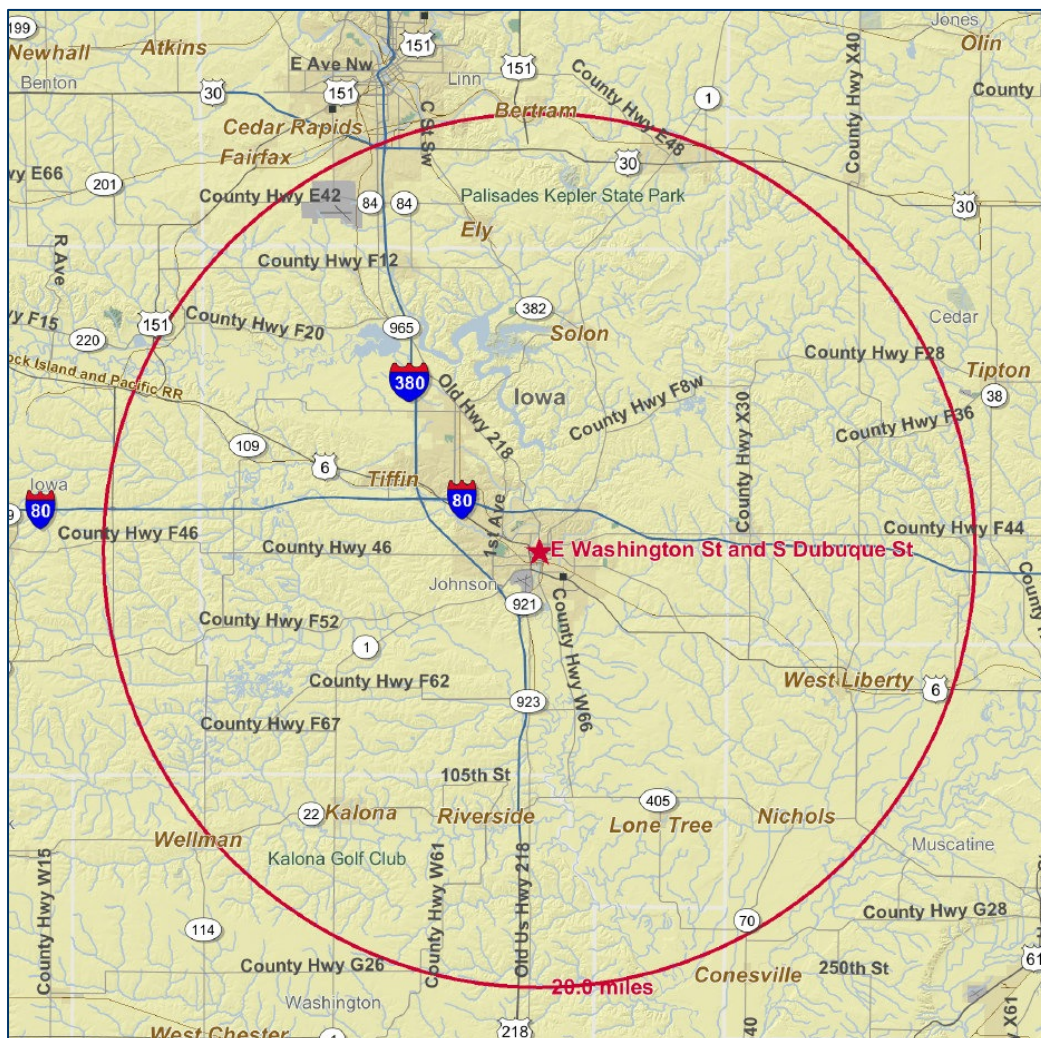
HOUSING MARKET ANALYSIS

PROFILE OF RESIDENTIAL MARKET

This section provides a demographic profile of households making up downtown Iowa City's residential market area, or the geographic area from which the majority of potential residents of new downtown housing will emanate. The residential market area is based on the location of existing competitive supply and geographic or man-made boundaries and is defined as a 20-mile radius from the intersection of Washington and Dubuque Streets (see map below).

The delineation of this market area is not meant to suggest that prospective residents of downtown housing will be drawn solely from this geographic area. Because of Iowa City's national prominence, competitive assets and ongoing and proposed development activity, prospective residents will also be drawn from outside of the local market area.

Iowa City, Iowa Residential Market Area

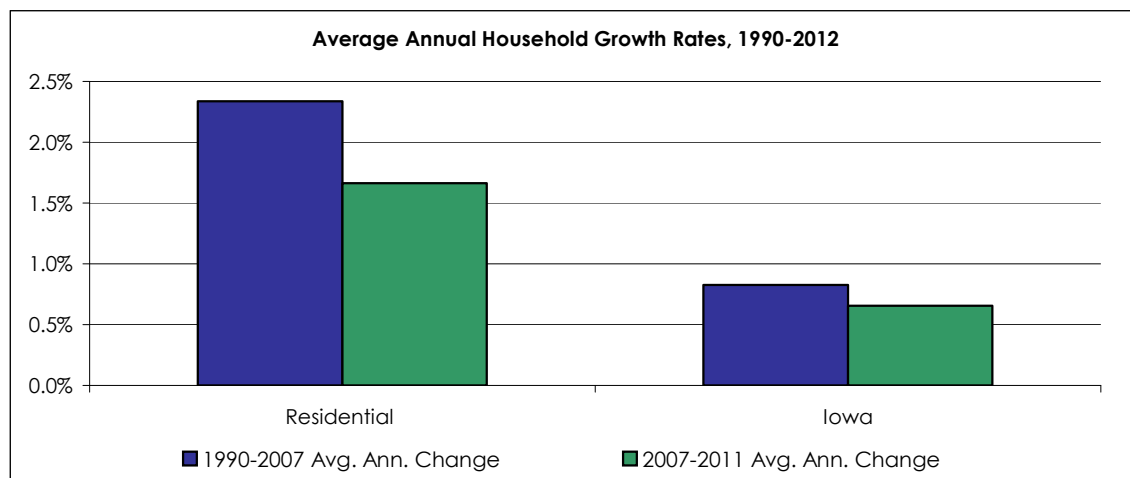


A. Population and Household Growth

As Exhibit H-1 shows, the residential market area contains an estimated 63,982 households and 158,204 residents as of 2007. The household growth rate in the residential market area since 1990 outpaced that of the state with an annual average of 2.34% compared to 0.83% statewide. Population in the residential market area grew by an annual average of 1.63% since 1990, compared to 0.54% statewide.

Although household and population growth rates are expected to slow in both geographies for the 2007-2012 period, projected growth rates for the residential market area remain well above those of the state. Forecasts indicate that an average of 1,064 new households will enter the residential market area annually for the next five years, bringing the number of households to 69,304 by 2012. Market area population is projected to reach 169,243 in 2012 and the average household size should remain steady at 2.3.

EXHIBIT H-1 POPULATION & HOUSEHOLD GROWTH Iowa City Residential Market Area and State of Iowa 1990-2012							
Geographic Area	Avg. Ann. Change 1990-2007				Avg. Ann. Change 2007-2012		
	1990	2007 (Estimate)	Number	Percent	2012 (Forecast)	Number	Percent
Residential Market Area							
Population	123,829	158,204	2,022	1.63%	169,243	2,208	1.40%
Households	45,792	63,982	1,070	2.34%	69,304	1,064	1.66%
Avg. Household Size	2.47	2.33	-0.008		2.31	-0.004	
State of Iowa							
Population	2,776,755	3,030,140	14,905	0.54%	3,110,913	16,155	0.53%
Households	1,064,325	1,213,728	8,788	0.83%	1,253,509	7,956	0.66%
Avg. Household Size	2.52	2.41	-0.006		2.40	-0.002	



Source: ESRI BIS; Marketek, Inc.

B. Age, Income and Employment Trends

Exhibit H-2 provides a snapshot of age, income and employment trends for the residential market area and the State of Iowa. As shown, the residential market area tends to be younger than the state, no doubt due to the presence of University students. Median age in the market area is 30.3 years compared to state's median age of 37.9 years.

In terms of household income, the residential market area has a greater proportion of households with incomes below \$15,000 than the state (12.3% versus 10.8%), but also has a larger percentage of households with incomes in excess of \$100,000 (19.0% versus 14.3%). The increased presence of low income households in the market area is likely influenced by the high concentration of University students it contains. Median household income in the market area is slightly above that of the state at \$50,428.

Employment in the residential market area is heavily concentrated in the service industry and in white collar jobs, with many residents employed in educational and healthcare services. Service industry jobs make up 57.4% of market area employment, compared to 41.4% statewide, and white collar occupations make up 65.8%, compared to 56.5% in Iowa.

EXHIBIT H-2 DEMOGRAPHIC SNAPSHOT Residential Market Area and State of Iowa					
Demographic Charactersitic	Residential Market Area	State of Iowa	Demographic Charactersitic	Residential Market Area	State of Iowa
Age			Household Income		
Under 15	17.0%	19.2%	Under \$15,000	12.3%	10.8%
15 to 24	23.2%	15.0%	\$15,000 to \$34,999	21.8%	22.9%
25 to 34	16.1%	12.3%	\$35,000 to \$49,999	15.5%	17.0%
35 to 44	12.8%	13.2%	\$50,000 to \$74,999	18.9%	22.4%
45 to 64	22.5%	26.0%	\$75,000 to \$99,999	12.5%	12.6%
Above 64	8.4%	14.3%	\$100,000 and Above	19.0%	14.3%
Total Number	158,204	3,030,140	Total Number	63,982	1,213,728
Median Age	30.3	37.9	Median Income	\$50,428	\$49,331
Employment by Industry			Employment by Occupation		
Services	57.4%	41.4%	White Collar	65.8%	56.5%
Retail Trade	11.4%	12.3%	Blue Collar	18.7%	27.9%
Manuf./Const.	14.0%	21.5%	Services	15.6%	15.6%
Information/FIRE	7.7%	8.9%	Total Number	91,127	1,575,837
Other	9.5%	15.8%			
Total Number	91,127	1,575,837			

Source: ESRI BIS

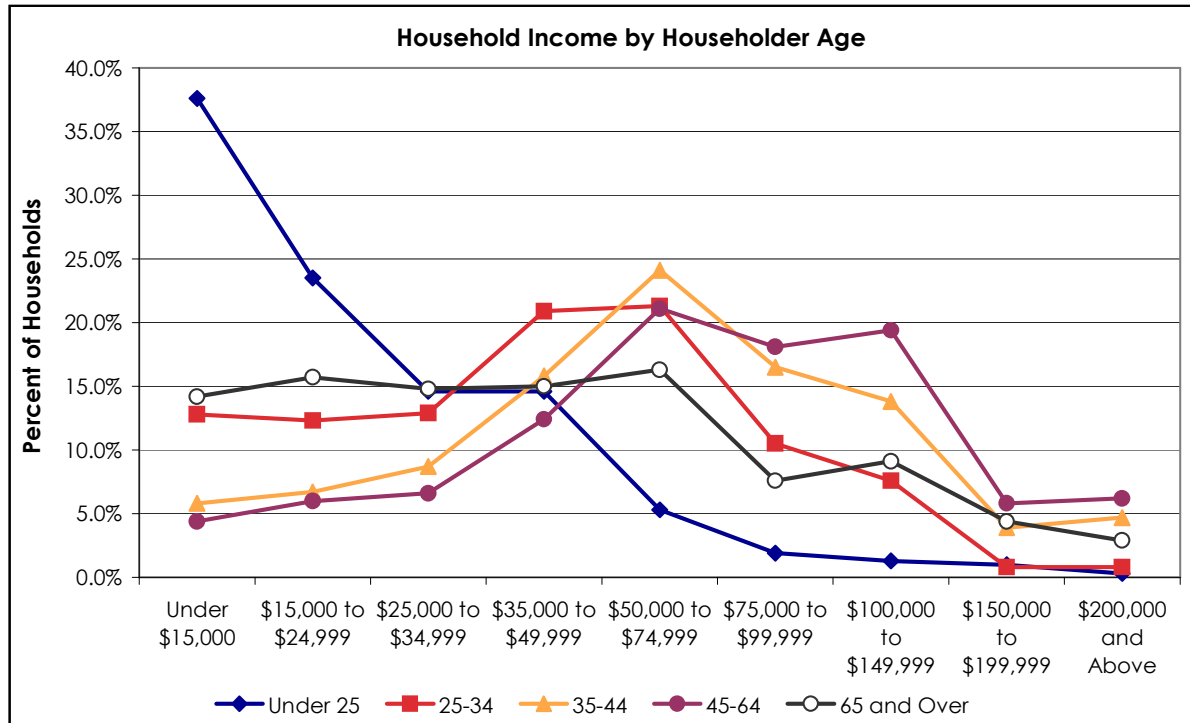
To understand how household income relates to householder age, Exhibit H-3 provides income distributions by age. For householders under age 25, which includes most University of Iowa students, household incomes are concentrated below \$15,000 (37.6% of households) and from \$15,000 to \$24,999 (23.5% of households).

The \$50,000 to \$74,999 income bracket is the most populated for remaining age groups. Twenty-one percent (21.3%) of householders age 25 to 34 have household incomes between \$50,000 and \$74,999 and another 20.9% have incomes from \$35,000 to \$49,999. For householders age 35 to 44, just under a quarter (24.1%) have household incomes between \$50,000 and \$74,999; seventeen percent (16.5%) have incomes from \$75,000 to \$99,999. As the Creative Cluster Analysis (Chapter 7) discusses, these age groups will be important markets for newly developed downtown housing as Iowa City strives to attract members of the creative class.

The highest income age group is householders between 45 and 64 – 21.1% have household incomes between \$50,000 and \$74,999; 18.1% have household incomes between \$75,000 and \$99,999 and 19.4% have household incomes between \$100,000 and \$149,999. Household incomes are most evenly distributed for householders age 65 and over – each of the five lowest brackets contain about 15% of households.

EXHIBIT H-3 AGE BY INCOME PROFILE Residential Market Area 2007					
Household Income	Householder Age				
	Under 25	25-34	35-44	45-64	65 and Over
Under \$15,000	37.6%	12.8%	5.8%	4.4%	14.2%
\$15,000 to \$24,999	23.5%	12.3%	6.7%	6.0%	15.7%
\$25,000 to \$34,999	14.6%	12.9%	8.7%	6.6%	14.8%
\$35,000 to \$49,999	14.6%	20.9%	15.8%	12.4%	15.0%
\$50,000 to \$74,999	5.3%	21.3%	24.1%	21.1%	16.3%
\$75,000 to \$99,999	1.9%	10.5%	16.5%	18.1%	7.6%
\$100,000 to \$149,999	1.3%	7.6%	13.8%	19.4%	9.1%
\$150,000 to \$199,999	1.0%	0.8%	3.9%	5.8%	4.4%
\$200,000 and Above	0.3%	0.8%	4.7%	6.2%	2.9%
Total Households	8,808	13,830	11,450	21,303	8,586

Source: ESRI BIS



Source: ESRI BIS

C. Community Tapestry Segments

As described in the Retail Target Markets chapter, ESRI Business Information Solutions categorizes neighborhoods throughout the nation into 65 market segments sorted by a variety of demographic and socioeconomic characteristics and other determinants of consumer behavior.

The top ten market segments in the Iowa City residential market area appear in Exhibit H-4. As shown, the two largest market segments are Aspiring Young Families and Enterprising Professionals with 13.8% and 10.9% of households, respectively. While the residential preferences of the former segment favor single family detached homes or townhouses, the latter enjoy living in newer, higher density housing and prefer to own rather than rent. Other top market segments whose members tend to live in high density, mixed-use environments are College Towns, Metropolitans, Young and Restless and In Style. For detailed descriptions of Tapestry market segments, refer to Appendix 1-A.

**EXHIBIT H-4
TAPESTRY MARKET SEGMENTS
Residential Market Area
2007**

	Market Segment	Percent of HHs
1	Aspiring Young Families	13.8%
2	Enterprising Professionals	10.9%
3	Crossroads	7.6%
4	Dorms to Diplomas	7.3%
5	College Towns	6.9%
6	Metropolitans	6.3%
7	Young and Restless	5.8%
8	Exurbanites	5.7%
9	In Style	4.6%
10	Green Acres	4.4%
Total Households		46,899

Source: ESRI BIS; Marketek, Inc.

RESIDENTIAL SUPPLY

This section provides an overview of the existing Iowa City area housing market and the residential product currently available in or planned/ proposed for downtown. The summary of local housing characteristics, together with assessments of the local for-sale and rental market, is intended to shed light on where the community's housing market is currently positioned in order to adequately plan for future downtown residential development.

A. Existing Housing Profile

Exhibit H-5 summarizes the characteristics of the existing housing supply in the City of Iowa City, the residential market area, the Iowa City MSA and the State of Iowa. As shown, Iowa City has a greater proportion of renters than owners, while in the State of Iowa nearly three-quarters of households are homeowners. The high percentage of rental housing in Iowa City is due to the prevalence of households composed of University students, who typically rent their apartments or homes, and of young professionals/recent graduates that rent.

Median rents in the city, the residential market area and the MSA are higher than in the state. Similarly, median home values are significantly higher in the city, the market area and the MSA than statewide. Regardless of geography, detached single-family units compose the largest share of housing, followed by structures with ten or more units. Mobile homes make up 4.4% of housing units in Iowa City, 7.9% of those in the market area, 6.8% of those in the MSA and 4.9% of units statewide. In all geographies except the city the share of mobile homes is higher than the share of single family attached units.

EXHIBIT H-5 SUMMARY CHARACTERISTICS OF EXISTING HOUSING UNITS City of Iowa City, Residential Market Area, Iowa City MSA and State of Iowa				
Housing Characteristic	City of Iowa City	Residential Market Area	Iowa City MSA	State of Iowa
Occupied Units (2007)	27,570	63,983	59,863	1,213,728
Owner-Occupied	48%	62%	61%	74%
Renter-Occupied	52%	38%	39%	26%
Owner-Occupied Unit Value (2007)				
Median	\$170,076	\$161,265	\$161,797	\$113,209
Average	\$194,229	\$193,241	\$194,627	\$139,871
Contract Rent (2000)				
Median	\$507	\$514	\$487	\$383
Average	\$549	\$597	\$516	\$397
Units in Structure for Occupied Units(2000)				
Single Family Detached	42.3%	54.3%	54.1%	75.3%
Single Family Attached	5.6%	5.6%	5.8%	2.2%
2-4 Units	10.7%	8.5%	8.7%	6.7%
5-9 Units	11.0%	7.6%	7.8%	3.5%
10+ Units	26.0%	16.1%	16.8%	7.4%
Mobile Home	4.4%	7.9%	6.8%	4.9%
Other	0.0%	0.0%	0.0%	0.0%
Median Year Occupied Units Built (2000)	1973	1974	1973	1959

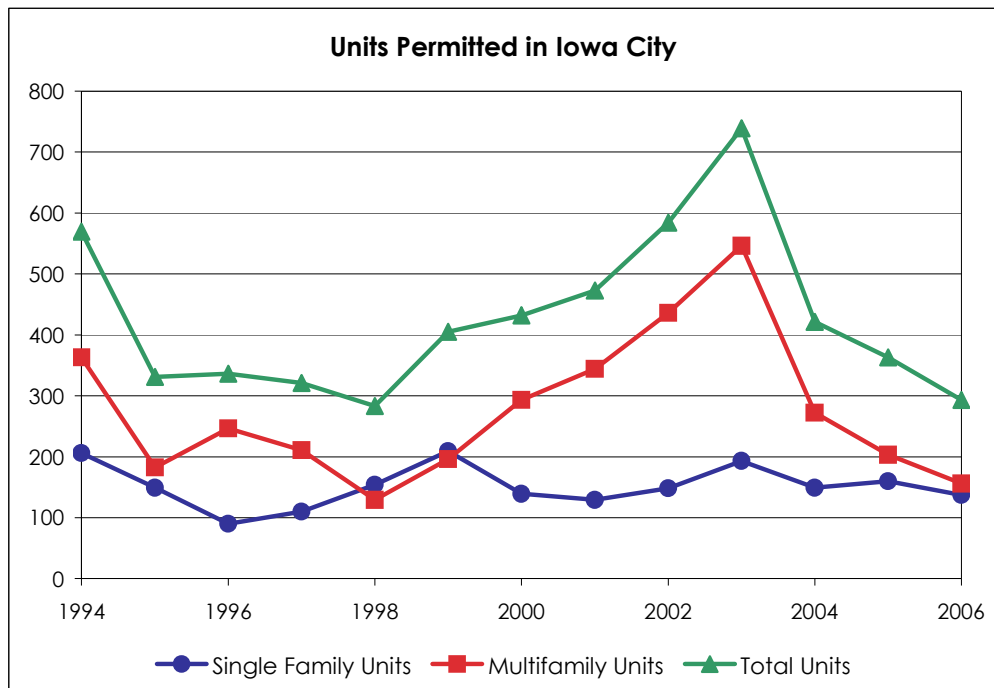
Source: ESRI BIS

Exhibit H-6 reveals that the number of building permits issued for residential units statewide increased on average less than 1% annually between 1994 and 2006. While permits for single family units increased at an average annual rate of 2.5%, multifamily permits declined an average of 123 units annually.

In Iowa City, the number of permits issued declined regardless of unit type, going from 569 in 1994 to 293 in 2006. As the graph in H-6 shows, the number of single family units permitted peaked at 209 in 1999 and the number of multifamily permits peaked at 546 in 2003. Trends are similar in the MSA, with both single and multifamily permit numbers peaking in 2003.

**EXHIBIT H-6
RESIDENTIAL BUILDING PERMITS ISSUED
City of Iowa City, Iowa City MSA and State of Iowa
1994-2006**

Unit Type	1994	2006	Avg. Annual Change 1994-2006	
			Number	Percent
City of Iowa City				
Single Family Units	206	137	-6	-2.8%
Multifamily Units	363	156	-17	-4.8%
Total Units Permitted	569	293	-23	-4.0%
Iowa City MSA				
Single Family Units	644	722	7	1.0%
Multifamily Units	538	368	-14	-2.6%
Total Units Permitted	1,182	1,090	-8	-0.6%
State of Iowa				
Single Family Units	7,893	10,250	196	2.5%
Multifamily Units	4,577	3,107	-123	-2.7%
Total Units Permitted	12,470	13,357	74	0.6%



Source: Iowa City Building Department; U.S. Census Bureau

B. Trends in Residential Sales

National Trends

The most recent housing cycle, which began an upward trend in the early 2000s, has endured longer than most cycles. The cycle has been sustained by record-low interest rates (rates declined to 45-year lows) and the prevalence of “creative” mortgage financing.

“Exotic” mortgage loans, such as adjustable rate mortgages with low initial interest rates, interest-only mortgages and mortgages with reduced down payments or extended terms of 40 or 50 years, have helped drive homeownership rates in the US from around 64% two decades ago to a peak of almost 70% in recent years. Also called “affordability loans,” these new mortgage products have gone mostly to first-time homebuyers and borrowers with tarnished credit or spotty employment histories. Lower rates allow homebuyers to obtain larger loans without higher monthly payments.

In the case of adjustable rate mortgages, however, some homebuyers have faced difficulties keeping up with monthly mortgage payments as they adjust beyond their initial rates. In some cases troubled loans have gone into foreclosure, while in others homeowners have opted to refinance in favor of fixed-rate mortgages. The recent Mortgage Bankers Association National Delinquency Survey reveals that while 0.50% of prime loans were in foreclosure in the 4th quarter of 2006, 4.53% of subprime loans were in foreclosure. As the lower end of the mortgage market weakens, for-sale residential development proceeds with an increased sense of caution.

During 2004 and 2005 condominium sales soared nationwide, due not only to low interest rates but also to rising single family home costs and increasing investor interest. In response to these market conditions, an increasing number of multifamily builders have shifted their focus from the rental to the for-sale sector.

Despite strong sales nationwide, condominium developers were not immune to elevating residential construction costs in 2005 and 2006. To combat rising costs, developers scaled back proposed projects or opted to build higher-end product targeted at affluent young singles and couples and empty nesters. There is less sensitivity to prices as well as price-per-square-foot in these markets than in the entry-level market.

Local Trends

As always real estate markets remain intensely local. In Iowa City, adverse effects on the condominium market such as rising interest rates and increasing construction costs are being mitigated somewhat as demand is bolstered by a healthy job market and a limited supply of condominium product. Also, the adverse effects of subprime lending have been limited in the Iowa City market where banks rather than mortgage bankers have historically been the primary source of home loans.

As condominiums become more popular in the Iowa City area, the investor market will expand. Investors may buy or sell a property to capture appreciation increases (sometimes before construction is complete) or they may hold the property to rent it out for a long term return on their investment. The most obvious reason to limit investor activity is that in markets with high investor activity, such purchases obscure underlying demand and can lead to overbuilding. Also, in a correction in housing

prices, heavy investing in a market will make the correction more severe because investors will walk away faster than homeowners. If they walk away in droves, it will drive down prices even faster. Further, builders do not want a lot of turnover; they want stable communities with residents who want to make a long term commitment.

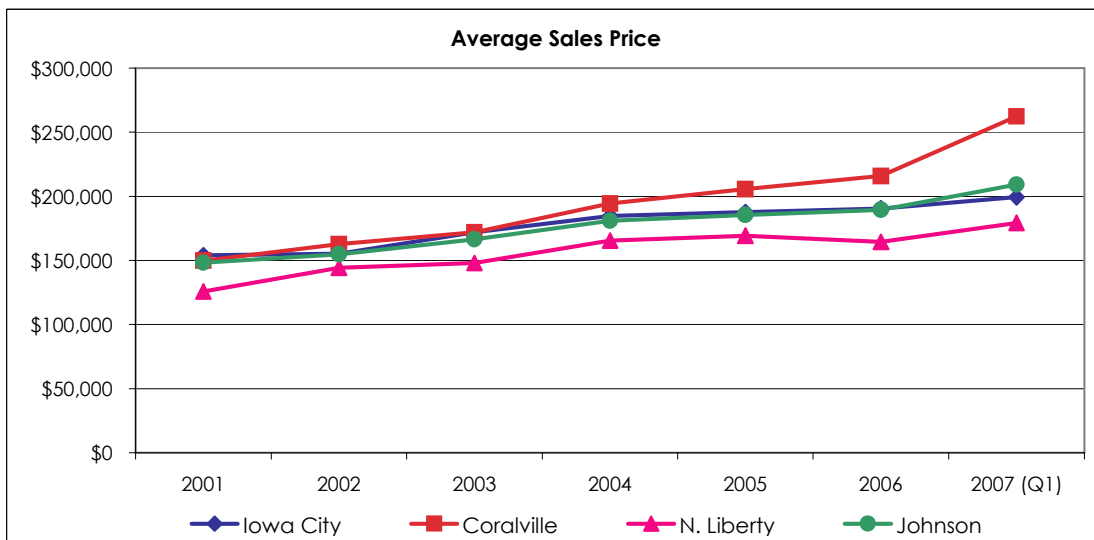
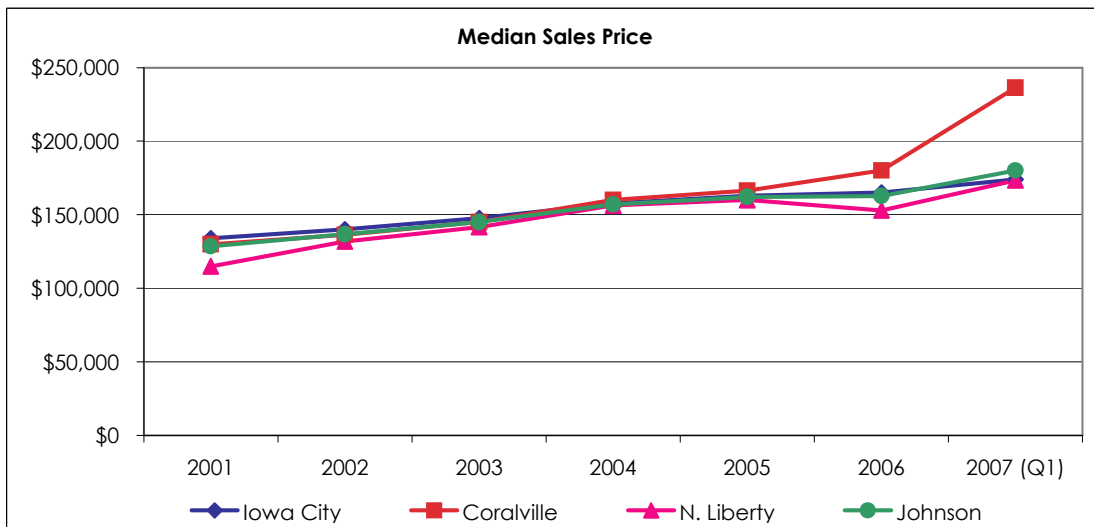
As shown in Exhibit H-7, home prices in the Iowa City area have increased significantly from 2001 to the first quarter 2007. In Iowa City, the average annual change in prices, median and average, was 5%. By 2007, median and average prices of homes in Iowa City were \$174,000 and \$199,249, respectively.

Within the area, the largest average annual increases in median and average prices of homes between 2001 and 2007 were in Coralville at 14% (\$236,450) and 13% (\$262,216), respectively. North Liberty also saw significant average annual increases in median and average home prices during this period, 9% (\$173,400) and 7% (\$179,346), respectively.

Johnson County registered an average annual increase of 7% in median and average prices during the years 2001-2007.

EXHIBIT H-7
MEDIAN AND AVERAGE HOME SALES PRICES
Iowa City, Coralville, North Liberty and Johnson County
2001-2007

Year	Sales Price							
	Iowa City		Coralville		North Liberty		Johnson County	
	Median	Average	Median	Average	Median	Average	Median	Average
2001	\$134,000	\$153,974	\$129,950	\$149,796	\$114,900	\$125,757	\$128,500	\$148,167
2002	\$140,000	\$155,249	\$136,450	\$162,584	\$131,888	\$144,276	\$136,705	\$154,800
2003	\$147,500	\$171,857	\$145,000	\$171,864	\$141,650	\$148,034	\$145,000	\$166,370
2004	\$157,608	\$184,738	\$159,900	\$194,394	\$156,247	\$165,405	\$157,000	\$180,790
2005	\$162,900	\$187,660	\$166,250	\$205,535	\$159,900	\$169,219	\$162,000	\$185,573
2006	\$165,000	\$190,468	\$180,000	\$215,773	\$152,900	\$164,523	\$162,700	\$189,604
2007 (1st Qtr)	\$174,000	\$199,249	\$236,450	\$262,216	\$173,400	\$179,346	\$180,000	\$209,157
Avg. Ann. Chg.	5.0%	4.9%	13.7%	12.5%	8.5%	7.1%	6.7%	6.9%



Source: Iowa City Area Association of Realtors

Exhibit H-8 displays sales of single family units in Iowa City and in the area defined as "Iowa City, Coralville, North Liberty" for 2006. The purpose of this exhibit is to provide a picture of where housing sales are positioned in regard to price in the Iowa City area.

Residential sales in the Iowa City area in 2006 were concentrated in the less than \$150,000 categories. The largest proportion of sales, almost one-third, was in the \$100,000 to \$150,000 range. More than a quarter of sales were in the \$150,000 to \$199,999 range. Sales fall off to 14% of total sales in the \$200,000 to \$249,999 range and to only 8% in the \$250,000 to \$299,999 range. Sales over \$300,000 comprise only 10% of total sales.

EXHIBIT H-8 SINGLE FAMILY HOME SALES Cities of Iowa City, Coralville and North Liberty 2006				
Sales Price	Iowa City		Iowa City, Coralville, North Liberty	
	Number	Percent	Number	Percent
Under \$100,000	93	9%	236	12%
\$100,000 - \$149,999	328	32%	619	31%
\$150,000 - \$199,999	263	26%	502	25%
\$200,000 - \$249,999	145	14%	260	13%
\$250,000 - \$299,999	85	8%	165	8%
\$300,000 - \$349,999	42	4%	88	4%
\$350,000 - \$399,999	29	3%	51	3%
\$400,000 - \$499,999	26	3%	44	2%
\$500,000 - \$749,999	11	1%	23	1%
\$750,000 - \$999,999	2	0%	3	0%
\$1,000,000 and above	0	0%	1	0%
Total	1,024	100%	1,992	100%

Source: Data prepared by Kevin Hanick, Broker/Realtor, Lepic-Kroeger, Inc.

Competitive Attached For-Sale Housing Market

This section provides a summary of new condominium development (i.e., non-student attached for-sale units) in the Iowa City area.

As of September 2007, there were approximately 90 condominium units for-sale in the Iowa City, Coralville and North Liberty areas. With a few exceptions, condominium units in these areas have historically been characterized as "apartment style" or "suburban style" units – i.e., two-bedroom/two-bath units with prices that generally top out at around \$125,000. In 2006, more than one-half of condominium sales in Coralville and North Liberty were less than \$120,000. Sales of this type of housing product have been strong during the past two years in the Iowa City area.

“Suburban style” condominium projects currently underway include:

Elk Run Condominiums

Location:	Foster Road off North Dubuque Street 5-8 minute drive from downtown
Number of Units:	2 buildings, 12 units each
Number of Floors:	3 stories
Status:	1 building completed
Date Sales Began:	Late 2006
Number of Units Sold:	7 units
Preconstruction Absorption:	1.17 units per month
Prices/Sizes:	2-bedroom: \$204,200-\$215,500/1,286 SF 3-bedroom: \$245,000-\$252,500/1,524 SF
Amenities:	Located in wooded greenspace area across from a golf course

Three Bull 4-Plex Development

Location:	Brown Deer Subdivision Coralville
Number of Units:	1 building, 4 units
Number of Floors:	2 stories
Status:	Christmas 2007 occupancy
Date Sales Began:	2007
Number of Units Sold:	0 units
Prices/Sizes:	1-level units: \$399,000/2,300 SF 2-level units: \$440,000/2,900 SF
Amenities:	Ten year old, 100-acre golf course community with 18 existing units; Resales listed at \$489,000 and \$449,000

In contrast to the prevailing suburban style attached for-sale product, several recent projects in the Iowa City/Coralville area are harbingers of an emerging higher density housing market. They include:

Plaza Towers

One of the most prominent recent additions to downtown Iowa City is the Moen Group's Plaza Towers, a 14-story, mixed-use high-rise on the pedmall that opened in 2005. The residential component of the building initially consisted of 28 condominium units on five stories and 27 apartments on three stories.

Initial condominium pricing was about \$210/SF plus \$13,000 for parking. Prices rose quickly after the first few units sold and continued to increase as the building sold out. In five cases, buyers purchased two units and combined them. Additionally, 6 of the 27 original rental units were sold as condominiums, bringing the total number of for-sale units in the building to 29.

Units are currently valued at about \$350/SF (\$450/SF for penthouses) plus \$18,000 for parking. A 1,000 square foot resale was listed for \$425,000 but was recently reduced to \$375,000. Additional uses in Plaza Towers include a boutique hotel, office and meeting space, a restaurant, a gym, a healing center and retail space (currently vacant).

Riverbend

Location:	Iowa River Landing Site in Coralville Master Developer, DESCO Group
Number of Units:	1 building, 42 units
Number of Floors:	4 floors
Status:	Occupancy underway
Date Sales Began:	Late 2006
Number of Units Sold:	16 units
Absorption:	2.6 units per month
Prices/Sizes:	6 1-bedroom units, 466 SF – 922 SF 36 2-bedroom units, 888 SF – 2,055 SF Price Range: \$88,000 - \$524,000
Amenities:	Located in the Iowa River Landing Master Plan Community which will include retail, office, hotel, convention and a mid-size arena

Additional higher density condominium projects planned and proposed for the Iowa City/Coralville area include:

Iowa River Landing

Location:	Coralville
Status:	In addition to Riverbend, two residential towers planned

Hieronymus Square

Location:	Downtown Iowa City
Description:	Mixed-use development including a residential tower with a maximum of 200 condominium units priced at up to \$400 per square foot; Hotel component with possibility of conversion to condominiums; \$40-\$50 million project
Status:	Preliminary site preparation; 2010 completion

Three Bulls High Rise/The View

Location:	Downtown Iowa City
Description:	Mixed-Use
Status:	Not announced

C. Local Rental Housing Market

The downtown Iowa City rental market is characterized by a mix of units marketed toward students attending the University of Iowa and apartments targeted at professionals working in or near downtown.

According to Cook Appraisal, there are an estimated 1,852 rental units in the downtown.² With its ideal location for students and downtown employees, rental properties in downtown command rents above those of other nearby submarkets (non-

² Cook Appraisal defines downtown Iowa City as the Pentacrest Zone, which is bordered on the North by the Iowa River, the South by Highway 6, the West by Sunset Street and the East by Governor and Summit Streets.

downtown Iowa City, Coralville and North Liberty). Average rent for the downtown in 2005 was \$747, which Cook estimates has increased by 3% to 4% over the past two years. This estimate puts average downtown rents at \$769 to \$777. Rents in other markets have been more stable, increasing by about 2% in that time period. According to Cook Appraisal estimates, they now range from \$537 in Coralville to \$698 in non-downtown Iowa City.

The vacancy rate in downtown is estimated at about 2%, relatively unchanged since 2003, and is below the vacancy rates of non-downtown Iowa City (4.5%), Coralville (6.4%) and North Liberty (3.8%). The low vacancy rate indicates the tight apartment market in downtown, likely due to the student and young professional markets seeking housing near school or work.

Competitive Rental Product

Apartments marketed toward undergraduate students are typically three- to four-bedroom units in mid-rise buildings with fewer than 100 units and ground-floor retail.

In non-downtown Iowa City, The Lodge, an apartment complex on Highway 1, offers student housing on a per room basis. A bedroom in a one-bedroom unit starts at \$770, in a two-bedroom/two-bath unit at \$600 and in a four-bedroom/two-bath unit at \$474 per month. Rents cover all utilities, including electricity, water, cable and internet services. Community amenities include a spa/sauna, fitness center, basketball court, game room and tanning room and unit amenities include equipped kitchens, furnished living and bedrooms and walk-in closets.

Although student-oriented apartments tend to dominate the downtown Iowa City rental market, there are several higher-end rentals in downtown that enjoy considerable success. Owned and managed by the Moen Group, these buildings include Plaza Towers, Whiteway 2000, Vogel House, Woodlawn Apartments and the Blackstone Building, offering an estimated total of 116 units. Rents for these units run from \$660 for efficiencies/one-bedrooms to \$2,925 for penthouse suites at Plaza Towers. Unit sizes range from 364 to 1,675 square feet, with prices per square foot from \$1.44 to \$1.90. Details about each building are listed below.

Plaza Towers

Location:	201 South Linn Street
Number of Units:	21 units – all 1-bedroom units
Unit Rents/Sizes:	\$990 for 550 SF \$1,960 for 1,100 SF \$2,925 for 1,675 SF
Rent/Square Foot:	\$1.75/SF – \$1.80/SF
Amenities:	Balconies, rooftop garden, secure underground parking, staffed lobby

Whiteway 2000

Location:	210 South Clinton Street
Number of Units:	46 units – efficiencies and 1-bedroom units
Unit Rents/Sizes:	\$690 for 364 SF \$800 for 470 SF \$1,020 for 635 SF
Rent/Square Foot:	\$1.61/SF – \$1.90/SF
Amenities:	Concrete floors, track lighting, high speed DSL, security system, laundry facility

Vogel House

Location:	Linn Street and Iowa Ave
Number of Units:	28 units – loft style 1-bedroom units
Unit Rents/Sizes:	\$1,020 for 600 SF \$1,300-\$1,350 for 900 SF
Rent/Square Foot:	\$1.44/SF – \$1.70/SF
Amenities:	High speed DSL, security system, parking, laundry facility, fully furnished

Woodlawn Apartments

Location:	20 Evans Street
Number of Units:	17 efficiency units, 1- and 2-bedroom units
Unit Rents:	\$490 for efficiencies \$660 to \$715 for 1-bedroom units \$830 to \$850 for 2-bedroom units
Amenities:	Heat and water included in rent, laundry facility, on-site parking, hardwood floors

Blackstone Building

Location:	118 ½ South Dubuque Street
Number of Units:	11 1-bedroom units
Unit Rents:	\$680 to \$850
Amenities:	Hardwood floors, ceiling fans, parking at additional charge

According to the Moen Group, there are no vacancies in any of their buildings, and leasing typically begins in December for occupancy the following fall. Residents of these units typically include graduate students, professionals and couples. With most of these apartments being one-bedroom units, there is little opportunity for shared living in these apartments, making them less attractive to undergraduates than the three- and four-bedroom units developed by Clark.

Planned and proposed downtown apartment development includes one building on Linn and Market which has recently begun leasing and three developments underway on Gilbert and Burlington. The latter consists of one building with larger, multi-floor units and two buildings of three- and four-bedroom apartments positioned toward the student market. Approximately a hundred rental units are planned for the recently-sold St. Patrick's Church site.

RESIDENTIAL DEMAND

A statistical demand analysis was performed for the residential market area to estimate the potential market depth for for-sale and rental housing (Exhibits H-9 and H-10). Even though the analysis uses finite numbers, the end result (i.e., potential market support) should be interpreted as an approximation of market depth that is balanced with the characteristics of the competitive supply.

The two main sources of annual potential demand for housing are new household growth and turnover. New household growth is traditionally used to project market growth and is based on population and household growth projections for the residential market area. The owner and renter analyses use the average annual increase in households beginning with the estimated household base in 2007 and the projected 2007-2017 annual increase in new households.

In both the owner and the renter demand analysis, the more quantitatively significant source of potential demand, turnover, has as a base the estimated number of owner or renter occupied units existing within the residential market area. Projected owner and renter occupied households are qualified or segmented by owner or renter turnover rates (derived from the 2000 Census), as well as income and household size. For both renters and owners, it is assumed that a majority of prospective homebuyers will live in one- to three-person households. In terms of income, the bulk of potential homebuyers will likely have annual incomes of \$45,000 and higher, while prospective renters will have annual incomes between \$25,000 and \$60,000.

Households that will potentially be owners or renters are qualified by income, household size and Tapestry data. Recognizing that estimated potential demand will depend on the housing preferences of new and existing market area households, Tapestry data is used to narrow demand estimates to include households that would be most attracted to new housing developed in the downtown (e.g., young professionals, empty nesters, couples with few or no children, etc.). In other words, the appeal of residential development in and immediately surrounding downtown will vary depending on a household's characteristics or preference/lifestyle choice. For instance, a large family may prefer a house with a big yard as opposed to a loft-style condominium in a mixed-use setting.

Over the next ten years, 906 residential market area households will be potential buyers of newly developed higher density market rate housing annually. An estimated 1,298 households in the residential market area are potential new renters at market rate projects in settings annually.

EXHIBIT H-9
POTENTIAL ANNUAL DEMAND ANALYSIS FOR FOR-SALE UNITS
Residential Market Area
2007-2017

New Household Demand		Turnover	
Annual New Households (1)	1,109	Total Households (1)	63,982
Owner Propensity	62%	Owner Propensity	62%
Number	688	Number	39,669
Target Market Adjustment (2)	40%	Turnover Rate (5)	10%
Number	272	Number	3,832
Income Qualified (3)	56%	Target Market Adjustment (6)	40%
Number	151	Number	1,514
Household Size Qualified (4)	80%	Income Qualified (7)	56%
Sub-Total	120	Number	840
		Household Size Qualified (8)	80%
		Sub-Total	668
Adjustment Factor		15%	
Total Potential Annual Market Demand		906	

1. ESRI BIS
2. Based on Tapestry data, estimated proportion of new households to whom the proposed type of housing would appeal.
3. Estimated proportion of new households with annual incomes of \$45,000 and greater.
4. Estimated proportion of new households with 1, 2 and 3 persons.
5. U.S. Bureau of the Census estimate of the number of owner households that turnover within a 12 month period.
6. Based on Tapestry data, estimated proportion of existing market area households to whom the proposed type of housing would appeal.
7. Estimated proportion of existing households with annual incomes of \$45,000 and greater.
8. Estimated proportion of existing households with 1, 2 and 3 persons.
9. Adjustment for households that fall outside this model.

Sources: Marketek, Inc.; Census 2000; ESRI BIS

EXHIBIT H-10
POTENTIAL ANNUAL DEMAND ANALYSIS FOR RENTAL UNITS
Residential Market Area
2007-2017

New Household Demand		Turnover	
Annual New Households (1)	1,109	Total Households (1)	63,982
Renter Propensity	38%	Renter Propensity	38%
Number	421	Number	24,313
Target Market Adjustment(2)	40%	Turnover Rate (5)	42%
Number	166	Number	10,260
Income Qualified (3)	34%	Target Market Adjustment(6)	40%
Number	56	Number	4,053
Household Size Qualified (4)	80%	Income Qualified (7)	34%
Subtotal	45	Number	1,364
		Household Size Qualified (8)	80%
		Sub-Total	1,085
Adjustment Factor		15%	
Total Potential Annual Market Demand		1,298	

1. ESRI BIS
2. Based on Tapestry data, estimated proportion of new households to whom the proposed type of housing would appeal.
3. Estimated proportion of new households with annual incomes between \$25,000 and \$60,000.
4. Estimated proportion of new households with 1, 2 and 3 persons.
5. U.S. Bureau of the Census estimate of the number of owner households that turnover within a 12 month period.
6. Based on Tapestry data, estimated proportion of existing market area households to whom the proposed type of housing would appeal.
7. Estimated proportion of existing households with annual incomes between \$25,000 and \$60,000.
8. Estimated proportion of existing households with 1, 2 and 3 persons.
9. Adjustment for households that fall outside this model.

Sources: Marketek, Inc.; Census 2000; ESRI BIS

POTENTIAL DOWNTOWN RESIDENTIAL DEVELOPMENT

Based on an evaluation of the competitive housing market, Iowa City's national prominence and our experience in facilitating residential development in comparable areas, Marketek estimates that during the first ten years of development, downtown has the potential to absorb approximately 2,257 units of market rate for-sale and rental housing (Exhibit H-11).

Within the estimated demand for 2,257 residential units, 39% (or 874 units) is for-sale product and 62% (or 1,383 units) is rental product. Marketek estimates that downtown Iowa City has the potential to capture 9.7% of residential market area demand for higher density, for-sale product and 10.7% of residential market area demand for higher density, rental product over the next ten years, the vast majority of which will be new construction with some adaptive reuse. The projection for the potential demand for housing assumes that there will exist marketable for-sale and rental product and that a marketing program for new housing will be underway.

EXHIBIT H-11 POTENTIAL SUPPORTABLE FOR-SALE AND RENTAL PRODUCT Downtown Iowa City Capture 2007-2017									
Year	For-Sale Units			Renter Units			Total Supportable Space		
	Potential Demand	Downtown Capture		Potential Demand	Downtown Capture		For-Sale & Rental Units	Percent For-Sale Units	Percent Rental Units
	Units (1)	Rate	Units	Units (2)	Rate	Units			
Year 1	906	9.0%	82	1,298	10.0%	130	211	38.6%	61.4%
Year 2	906	9.0%	82	1,298	10.0%	130	211	38.6%	61.4%
Year 3	906	9.0%	82	1,298	10.0%	130	211	38.6%	61.4%
Year 4	906	9.5%	86	1,298	10.5%	136	222	38.7%	61.3%
Year 5	906	9.5%	86	1,298	10.5%	136	222	38.7%	61.3%
Year 6	906	9.5%	86	1,298	10.5%	136	222	38.7%	61.3%
Year 7	906	10.0%	91	1,298	11.0%	143	233	38.8%	61.2%
Year 8	906	10.0%	91	1,298	11.0%	143	233	38.8%	61.2%
Year 9	906	10.5%	95	1,298	11.5%	149	244	38.9%	61.1%
Year 10	906	10.5%	95	1,298	11.5%	149	244	38.9%	61.1%
Total	9,058	9.7%	874	12,984	10.7%	1,383	2,257	38.7%	61.3%

1. As shown in Exhibit H-9.

2. As shown in Exhibit H-10.

Source: Marketek, Inc.

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Based on recent home sales in the Iowa City area and the residential market area's age by income profile (Exhibit H-3), opening price points of downtown housing should range from \$150,000 to \$230,000. Smaller, more affordable units will appeal to first time homebuyers and retirees looking to downsize, while larger, more expensive units will appeal to move-up or move-over buyers. Although there is clearly demand for units priced above \$350,000, it is our opinion that in this market when unit prices rise above this level demand will begin to thin out.

Current monthly rents and occupancy rates in downtown suggest a strong rental market that could support market rate rents in the range of \$800 to \$1,200 for one-bedroom units. These rents assume that the apartment building would offer a unique architectural style and have amenities offered at competitive projects, including ample parking and laundry facilities. Balconies, dishwashers/disposals, cable-readiness and high-speed internet access should also be standard unit features. Many successful rental projects throughout the country incorporate features that were once reserved for owner-occupied homes to reduce the distinction between owners and renters. Private street level entrances, assigned street addresses to individual units, garages and storage with direct access to the unit are some examples.

While much of the housing developed in the downtown over the next ten years will target upwardly mobile households, affordably priced workforce housing should also be incorporated into the housing program. Providing a variety of housing options that meet the needs of varying income groups helps to create vibrant, authentic and sustainable communities. Higher density housing and government-sponsored programs work together to create successful mixed-income communities in which lower and higher priced homes blend seamlessly.

Target Markets

This section characterizes target markets for new/rehabbed for-sale and rental housing in downtown Iowa City in terms of incomes, suggested price points and amenities desired. Please refer to Exhibit H-12 for a summary of these target markets.

Entry-level Professionals

This market segment consists of recent college graduates age 25 to 35 employed in professional careers. Most households consist of a single person or couple, with few having children. Household income ranges from \$30,000 to \$75,000. Higher income households (\$45,000 to \$75,000) are potential buyers of housing priced from \$150,000 to \$250,000, while lower income households (\$30,000 to \$45,000) are potential renters of units priced from \$750 up. Consumer survey results indicate that most members of this age bracket interested in living in downtown Iowa City would prefer to own condominiums or lofts with two to three bedrooms and two baths. Parking garages, windows/natural light and affordability were the top ranked housing features by this group.

Higher-level Professionals

Households within this market segment are composed of 1 or 2 persons, some with children, age 30 to 50 employed in professional occupations. Having advanced in their careers, householders are earning more (\$45,000+) and spending more on housing (\$230,000 for owners and \$1,100-\$1,400 for renters). Survey results indicate that members of this market favor condominiums or high-rise apartments with two to three bedrooms and two baths. They look for affordability, parking garages, windows/natural light and balconies/patios when choosing housing.

Creative Professionals

Young adults employed in creative occupations (i.e., artists, designers, architects, media workers) and knowledge workers (i.e., doctors, lawyers, scientists) form a subset of the entry-/higher-level professional markets. Drawn to lively, vital urban environments offering a variety of entertainment options, members of this market are potential buyers/renters of both traditional housing and larger adaptable live/work space in downtown Iowa City. Chapter 7 (Creative Cluster Analysis) further characterizes this market and provides next steps for building its presence in downtown Iowa City.

Empty Nesters/Retirees

Looking to downsize from the single family homes where they raised their children, empty nester and retiree households typically consist of 1 to 2 persons and have incomes of \$40,000 or more. Incomes are often augmented by equity, allowing households to purchase homes for \$200,000 and up or rent for \$950 to \$1,200 a month. Survey results indicate that persons age 65 and up interested in living in downtown Iowa City largely favor owning two-bedroom, two-bath condominiums or townhouses. Like other age groups, the desired parking and windows/natural light but also listed storage space, security and views as important housing features. While affordability was still cited as important, it did not top the list of desired housing features as it did for younger age groups.

Students

University of Iowa students currently occupy the majority of rental housing in downtown Iowa City and will remain an important market as development continues. Young (age 18-25) with incomes typically below \$25,000, these households will rent units priced between \$700 and \$1,200, depending on household size (i.e., presence/number of roommates). Survey respondents age 19-24 showed the greatest interest in living in downtown Iowa City when compared to other age groups. The vast majority (approximately 80%) preferred to rent and 2-bedroom, 2-bath high-rise apartments or condominiums were the most desired housing types. Affordability, parking, security systems and washer and dryers were selected by respondents as key features when looking for housing.

EXHIBIT H-12
PRIMARY TARGET MARKETS FOR NEWLY DEVELOPED HOUSING
Downtown Iowa City

	For-Sale Product	Rental Product	Live/Work Units
Occupation Age Household Size Income Approximate Price Point Motivations/Preferences	Entry-Level Professionals 25 to 35 1 to 2 persons, few with children \$45,000-\$75,000 \$150,000-\$250,000 Access to work/downtown/ public transit/pedestrian trails Tired of rentals/first time buyer Investment and resale important Seek vibrant, mixed-use setting Intown lifestyle w/o intown price Relatively mobile	Entry-Level Professionals 25 to 35 1 to 2 persons, few with children \$30,000-\$45,000 \$750+ Alone/\$1,200+ Roommate Access to work/downtown/ public transit/pedestrian trails Seek vibrant, mixed-use setting Highly Mobile	Creatives/Professionals 25+ 1 to 2 persons, few children \$40,000+ \$160,000+ Buy/\$900+ Rent Seek urban lifestyle Seek large adaptable spaces Access to suppliers, customers Creative community Relatively mobile Creatives Advertising, marketing, film & music, software developers, inventors, photographers, designers, culinary, clothing design, furniture designers, hat makers, jewelry design, welders Professionals More traditional fields of accounting/finance, education, law, various types of consulting
Occupation Age Household Size Income Approximate Price Point Motivations/Preferences	Higher-Level Professionals 30 to 50 1 to 2 persons, some with children \$65,000+ \$230,000+ Access to work/downtown/ public transit/pedestrian trails Move-up or move-over buyer Seek vibrant, mixed-use setting Value authenticity/community Investment and resale important Relatively mobile	Higher-Level Professionals 30 to 50 1 to 2 persons, few with children \$45,000+ \$1,100-\$1,400 Access to work/downtown/ public transit/pedestrian trails Seek vibrant, mixed-use setting Relatively mobile	
Occupation Age Household Size Income Approximate Price Point Motivations/Preferences	Empty Nesters/Retirees 55+ 1 to 2 persons \$50,000 and/or available equity \$200,000+ Possibly close to children Access to work/downtown/ public transit/pedestrian trails Proximity to cultural activities Less maintenance, more security Move-over, move-down buyer Highly settled Value over investment	Empty Nesters/Retirees 55+ 1 to 2 persons \$40,000 and/or available equity \$950-\$1,200 Possibly close to children Access to work/downtown/ public transit/pedestrian trails Proximity to cultural activities Less maintenance, more security Seeking intown lifestyle Relatively settled	
Occupation Age Household Size Income Approximate Price Point Motivations/Preferences		Students 18 to 25 Single with/without roommate Below \$25,000 \$700 Alone/\$1,200 Roommate/s Close to school, friends Seek vibrant, mixed-use setting Highly mobile Security conscience	

Source: Marketek, Inc.



CHAPTER 5

OFFICE MARKET ANALYSIS

Office space potential for downtown Iowa City is analyzed within the context of the greater office market area generally defined as the Cedar Rapids-Iowa City Technology Corridor ("the Corridor"), a geographic area encompassing the I-380 corridor linking and including Iowa City and Cedar Rapids.

Iowa City is the southern anchor of the Corridor and from an office market-dynamics standpoint is self-contained. According to all persons interviewed regarding the Corridor office market, there is little if any movement of office space users back-and-forth between Iowa City and Cedar Rapids.³

Major users of real estate in the Corridor typically own their real estate or lease facilities in their entirety. The major single private user is Aegon, whose six-division presence in Cedar Rapids encompasses nearly 700,000 square feet. In Iowa City, American College Testing (ACT) owns its corporate headquarters office and warehouse/distribution facilities, totaling nearly 200,000 square feet. Information services provider, NCS Pearson, another major Iowa City-area user, fully leases two office buildings plus a call center facility, all three built to the company's specification, in Corridor Technology Center in adjacent Coralville.

Overall, the market in Iowa City and immediate vicinity for speculative (i.e., built without a leasing precommitment) office space is very limited. "There is more demand for the service/retail kind of commercial space," according to one interviewee.

"Commercial space is commercial space – office and retail space are considered largely interchangeable," added another person interviewed. In the leasing market, space designated as "office" or "commercial" commands the same rental rates, which typically range from \$12 to \$30 per square foot.

OFFICE SUPPLY

Reliable, consistent current and historical statistical data on office occupancy, vacancy and absorption in the Corridor is unavailable largely due to the small market size. Exhibit O-1 presents a list of available area office space gleaned from the websites of Iowa Commercial Source and Iowa City Area Development Group. While not a complete inventory of available space in the area, the list is highly representative of publicized available office product. It should be noted that the inventory does not take into account interchangeable, multi-use office/retail facilities but rather focuses on exclusive office space. Including flexible office/retail space in the inventory would increase the tally of current supply, though not significantly.

As shown, there is at least 151,147 square feet of available office space in the Corridor as of July 2007. Almost half of available space is located in Coralville (75,380 square feet); a third is in Iowa City (52,655 square feet); and 12.1% in Cedar Rapids (18,372 square feet).

³ Interviewees included local bankers, real estate appraisers and commercial real estate brokers and developers.

EXHIBIT O-1
AVAILABLE OFFICE SPACE
Cedar Rapids-Iowa City Technology Corridor
July 2007

Building	City	Available Space (sq. ft.)	Annual Lease Rate (\$\$/sq. ft.)
3800 River Ridge Drive	Cedar Rapids	6,109	\$10.25
3425 First Avenue	Cedar Rapids	3,295	\$11.95
420 Colton Circle NE	Cedar Rapids	2,868	\$12.95-\$14.75
139 40th Street	Cedar Rapids	2,736	\$8.95
4080 First Avenue	Cedar Rapids	2,221	\$8.95
3525 Center Point Road NE	Cedar Rapids	1,143	\$7.00
Wells Fargo Building, 327 Second Street	Coralville	14,600	\$14.00
Coral Ridge Park Office, 2461 Tenth Street	Coralville	8,312	\$12.50-\$14.50
910 23rd Avenue	Coralville	6,000	\$6.50
Corridor State Bank Building, 2530 Corridor Way	Coralville	5,000	\$28.00
625 First Avenue	Coralville	1,986	\$10.00
806 Fifth Street	Coralville	1,633	\$10-\$16
Ploof Office Suites, 806 5th Street	Coralville	1,101	\$11.52 - 16.20
2651 Crosspark Road	Coralville	20,748	\$12.75
Town Square Building, 520 Tenth Avenue	Coralville	16,000	\$13.65
1195 Boyson Road	Hiawatha	5,340	\$11.00
673 Westbury Drive	Iowa City	8,000	\$13.56
3030 Northgate Drive	Iowa City	7,000	\$11.50
2415 Heinz Road	Iowa City	5,000	\$6.50-\$7.00
Grandview Terrace Exec. Suites, 332 S. Linn Street	Iowa City	2,498	NA
1700 S. First Avenue	Iowa City	1,897	\$8.50
1901 Broadway	Iowa City	1,700	\$11.00
220 Lafayette Street Executive Suites	Iowa City	1,360	\$15.84 - 21.36
1700 S. First Avenue	Iowa City	1,200	\$5.00
2101 ACT Circle	Iowa City	13,000	\$10.50
2650 Mormon Trek Boulevard	Iowa City	11,000	\$13.50
Total Available Space		151,747 square feet	

NA = Not Available

Source: Iowa City Commercial Source; Iowa City Area Development Group

OFFICE DEMAND

To estimate potential future demand for new office space in the Corridor, projected employment increases are converted to square footage of office space needed. Corridor employment projections are based on 2004 employment estimates for the Iowa City and Cedar Rapids MSAs and 2004-2014 employment estimates for the seven-county Iowa Workforce Development Region 10 area. Because employment fluctuates in response to changing economic conditions over time, estimates of potential demand for office space are general indicators of future demand rather than precise projections.

Exhibit O-2 displays anticipated employment increases for the Iowa City and Cedar Rapids MSAs through 2014. As shown, total employment for the two MSAs (i.e., the Corridor) is expected to increase by an average of 3,538 employees per year for a total increase of 24,766 by 2014.

EXHIBIT O-2
PROJECTED EMPLOYMENT GROWTH
Cedar Rapids-Iowa City Technology Corridor
2007-2014

Employment Category	Average Annual Employment Growth			Total Employment Growth
	Iowa City MSA	Cedar Rapids MSA	Technology Corridor	Technology Corridor
Construction	38	104	142	994
Manufacturing	29	79	108	756
TCU	134	235	369	2,583
Wholesale Trade	17	37	54	378
Retail Trade	145	235	380	2,660
Finance, Insurance and Real Estate	140	177	317	2,219
Services	667	842	1,509	10,563
Government, Education, Healthcare	291	368	659	4,613
Total	1,461	2,077	3,538	24,766

Source: U.S. Bureau of Labor Statistics; Iowa Workforce Development Agency

Exhibit O-3 provides an analysis of the demand potential for office space derived from projected employment growth in the Corridor for the 2007-2014 period. Average annual change in employment for each employment category is multiplied first by the proportion of employees in each category that are normally expected to utilize office space. The resulting figure (office space user per specific category) is then multiplied by the industry standard average square footage of office space utilized per employee, 245, to yield the potential annual square footage of office demand for that employment category. Potential demand for office space in the Corridor is estimated at 288,328 square feet per year, for a total of 2.0 million square feet through 2014.

While it is difficult to project with specificity the amount of square footage that a new office development in downtown Iowa City could expect to lease within a given time period, comparing the supply of available space with potential future demand makes it possible to estimate how long the current supply is likely to last. This knowledge, in turn, provides a basis for assessing the need for new office space in downtown Iowa City.

EXHIBIT O-3
POTENTIAL ANNUAL DEMAND FOR OFFICE SPACE FROM EMPLOYMENT GROWTH
Cedar Rapids-Iowa City Technology Corridor
2007-2014

Employment Category	2007-2014			
	Average Annual Employ Change (1)	Office Space User Ratio (2)	Sq. Ft. per Employee (2)	Average Annual Demand (Sq. Ft.) (2)
Construction	142	10%	245	3,479
Manufacturing	108	10%	245	2,646
TCU	369	20%	245	18,081
Wholesale Trade	54	10%	245	1,323
Retail Trade	380	5%	245	4,655
FIRE	317	90%	245	69,899
Services	1,509	40%	245	147,882
Government, Education and Healthcare	659	25%	245	40,364
TOTAL	3,538		245	288,328

(1) 2007-2014 annual net change in employment.

(2) Based on standards developed by the Urban Land Institute.

Sources: Marketek, Inc.; Iowa Workforce Development; Bureau of Labor Statistics; Urban Land Institute

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DOWNTOWN OFFICE MARKET

Within Iowa City's downtown/central business district, an area generally bounded by Iowa, Burlington, Clinton and Gilbert Streets, office space ranges from first-floor use for multi-story apartment structures to upper-story space in buildings with ground floor retail.

Several interviewees observed that retail or office uses are mandated for the first floor of commercial with residential the norm for upper story floors. As one interviewee noted, "Developers use office to get their buildings tall enough to create views [and presumably generate premium rents] for upper-floor residential units."

"If you are developing a project with any kind of strong commercial component, you have to put condominiums or apartments above it, because that is what is going to pay

the freight.” As far as the development of new office product, “No one builds spec[ulative] office space,” said a person interviewed, “There is no need for the space, because there are no users.” There is, according to one interviewee, currently somewhat of a “temporary surge” of activity in leasing downtown Iowa City office space, the result of demand from the campaign staffs of candidates in upcoming presidential primaries/caucuses.

Over time, the University of Iowa has reportedly been the single most prolific user of office space in Iowa City. According to several interviewees, the University buys instead of leases and as commented by one, “has been pretty effective in sopping up any excess supply of [office] space. If you are doing a building with office space downtown, it would definitely be smart to have some [space available] for the University to lease.”

In 2006, for example, the University acquired a major portion of Old Capitol Town Center mall, a 288,000-square-foot retail center for \$33 million. Approximately 200,000 square feet of former mall space is now utilized as office space for university-related operations.

Existing downtown Iowa City office product includes that found in Plaza Towers, a development of Moen Group. Located on the pedestrian plaza adjacent to the Iowa City Public Library at 123 Linn St., this 14-story/233,410-square-foot mixed-use multifamily/lodging/office/retail project was completed in late 2005/early 2006.

According to the Moen Group, approximately 8,000 square feet of Plaza Towers office space is owned and occupied by an architectural firm. Another 5,000 square feet of office space is owned/occupied by a “holistic healing center.”

Moen's other downtown office buildings include the 15,000-square-foot Savings and Loan building at Clinton and College Streets, leased by several law firms, brokerage firms, a dentist, a corporate headquarters for a restaurant concern, an investment banker, and a psychiatrist. Moen also owns Brewery Square at Linn and Market Streets. This building is comprised of 15,000 square feet of office leased to a law firm, a group of psychologists, a mechanical engineering firm and a cosmetology school. The developer describes this project as “always occupied, with not much tenant turnover.”

Currently, there is one new building with office space planned for downtown Iowa City, Hieronymus Square. To be located on a site at the southeast corner of Clinton and Burlington Streets, the building, reportedly is planned to incorporate 66 hotel units, 80 condo and/or rental units, 12,000 square feet of retail, and 35,000 square feet of office space.

POTENTIAL DOWNTOWN OFFICE DEVELOPMENT

A review of selected office product during the May site visit combined with anecdotal data developed through interviews, suggests that the development of multi-tenant leaseable office space in downtown Iowa City should be approached with caution.

By all accounts, tenant demand for small multi-tenant office space in this particular area is limited. Some of it sits vacant; some is converted to retail use; and the single major user (the University of Iowa) of office space downtown apparently prefers to buy space when needed.

That said, this “case for caution” is not so strong as to preclude the successful development of any kind of office space in downtown Iowa City. Based on the share of office market area employees (i.e., in the Technology Corridor) working within downtown Iowa City, the downtown has the potential to capture 17.5% of the demand for office space throughout the Corridor. This capture rate translates to approximately 50,457 square feet of new office space demand per year, for a total of 353,199 square feet from 2004 through 2014.

The share of potential office space that downtown Iowa City will ultimately support depends largely on the extent to which the nascent market for downtown speculative office space develops. As more office users lease space downtown, the speculative market may pick up, better enabling Iowa City to meet potential demand estimates. A passive approach to downtown office development, however, would likely result in the achievement of only a fraction of its estimated potential.

Along with leaseable office space, there is likely a market for small, for-sale space in downtown Iowa City, according to interviewees. In addition to being a part of mixed-use projects, this type of for-sale product might also be successfully introduced to this market in the form of rows of two- or three-story “live/work” condominium units, incorporating ground-floor office (or “office-retail”) space with second-and-third floor residential lofts. In the words of one interviewee, “this concept would be a big seller in a small-business-oriented marketplace like Iowa City.”

Some local business leaders have suggested that because large blocks or amounts of quality office space are not available, there are no ‘large deals.’ This is a ‘chicken-egg’ situation. Having large vacant blocks available is a strategy used in a larger market or major business center with a high velocity of leasing, with companies moving in and out on a regular basis. The Iowa City/Corridor market is generally not a market that has a large volume of leasing, though this does not preclude a large new business or expansion announcement at any given time.

Based on a projection by the Iowa City Area Development Group, an increase of 1,500 new private sector non-retail jobs is expected in the next two years. Marketing efforts by economic development agencies are ongoing to attract new businesses to Iowa City. However, efforts to locate new office space uses in downtown are hampered by the lack of large office spaces (5,000 square feet or more) for lease in downtown Iowa City.



CHAPTER 6

LODGING MARKET ANALYSIS

This analysis begins with an overview of lodging trends within the industry as a whole and key industry drivers and success factors. Available secondary information on area supply is summarized and followed by a competitive assessment for potential additional lodging space in downtown Iowa City. Finally, key conclusions and next steps are provided. While the lodging industry includes bed and breakfasts and RV parks as well as hotels and motels, this analysis focuses on the latter as they are the type of lodging most suitable for downtown.

INDUSTRY OVERVIEW

The hotel/motel sector of the lodging industry serves the needs of several different markets, including business travelers, leisure travelers and large groups. Exhibit L-1 outlines characteristics of each of these market segments:

EXHIBIT L-1 LODGING MARKET SEGMENTS	
Business Travelers	Represent a large portion of lodging demand Peak demand is Monday – Thursday nights Represent commercial, industrial, government sectors Purpose in area: conducting business, training, vendor/supplier sales
Leisure Travelers	Vacationers, visiting attractions, attending events, visiting friends/relatives, traveling to other destinations Seasonal in nature; peak on weekends Interested in recreational amenities at or near lodging properties
Group Meeting Travelers	Includes both business and leisure travelers Bus tours, athletic events Business group meetings, trade shows, training events
Other Travelers	Construction workers, utility crews, pass through travelers

To meet the diverse needs of travelers, the lodging industry offers a variety of hotel/motel products as summarized in Exhibit L-2 on the following page.

EXHIBIT L-2 TYPES OF HOTELS/MOTELS	
Boutique Hotel	An intimate, usually luxurious or quirky hotel environment that differentiates itself from large chain hotels. May be furnished in a themed and/or distinctive manor with between fewer rooms than national chains (usually less than 100). Often feature 24-hour guest services, on-site dining facilities and bars and lounges.
Condo Hotel	Building with units that are used as both condominiums and hotel rooms. Owners purchase condo units that are rented as hotel rooms when the owner is not living in them. Often have a restaurant and guest services that owners can use when living in their units.
Extended Stay	Offer guestrooms or suites with kitchens that have sinks, refrigerators, microwaves and a stovetop. Usually have onsite self-serve laundry facilities and discounts for extended stays of at least 5 to 7 days. Popular with business travelers and families or other travelers who desire more space.
Full Service	Usually high-rise establishments that offer a full range of on-site food and beverage service, a cocktail lounge, entertainment and conference facilities, shops and recreation activities. They also provide a wide range of guest services on a 24-hour basis.
Limited Service	Have no on-site restaurant or beverage services and provide only limited guest services. Designed to be clean, comfortable and functional but without guest services typical of full service hotels.
Luxury Hotel	Feature well-integrated, high quality décor, full range of first-class amenities and customized guest services. High staff-to-guest ratio. May have several upscale restaurants, beachfront location and beautifully landscaped grounds.
Resort Hotel	Located in popular vacation spots such as beaches, lakes or on golf courses. Offer fine dining, exceptional services and amenities such as landscaped grounds, luxury indoor and outdoor pools, spas and transit to nearby attractions.

Source: AAA

Recent activity in hotel/motel lodging reveals the following trends:

- Increased chain affiliation and consolidation: To take advantage of economies of scale, independent hotels/motels are being sold and converted to national chains and large chains are consolidating.
- Increased third-party reservation: Online booking services such as Travelocity, Priceline and Hotels.com are becoming increasingly popular methods for booking reservations; One in five reservations are now through such third parties.
- Popularity of alternative-style hotels: Where full-service hotels once dominated the lodging industry, limited service hotel/motels, extended stay hotels and boutique hotels are gaining in popularity.
- Emphasis on refinancing, consolidation and renovation over new construction: As the number of available rooms outpaced demand, financing for new construction slowed, requiring stronger project characteristics such as excellent locations, national

branding and solid management plans. Construction is expected to pick up in 2007 to 2008.

Two common measures used to gauge activity in lodging industry are the average daily occupancy rate and the average daily room rate. The first, occupancy, is defined as the average number of rooms sold divided by the number of available rooms. Average daily room rate is the average total room revenue for a given day divided by the number of rooms sold on that day.

As of 2005, lodging profit margins were down nationwide to 18.4% compared to 20.1% in 2000 according to industry analysts. Occupancy rates were up to 63% versus 59% in 2002, indicating that the industry is rebounding. Further indication of this rebound is the fact that the average daily room rate is up to \$90, on the rise after a deep drop after September 11th, 2001.

Critical success factors to the hotel and motel industry and facility operations include:

- Consumer confidence and overall economic conditions. Business travel fluctuates directly with economic conditions and leisure travelers tend to postpone travel until the economy improves.
- Visible, accessible and convenient location. Commercial locations should be accessible from major highways and/or convenient to business districts, colleges or convention centers. Resort locations should be near attractions and provide greater amenities and services.
- Continuous renovation of furniture, fixtures and equipment and maintenance of building and property.
- Friendly and convenient booking experience for guests.
- Competitive prices.
- Excellent guest services and clean rooms.
- Continuous advertisement.
- Understanding of competitors' prices, features and services and amenities offered.

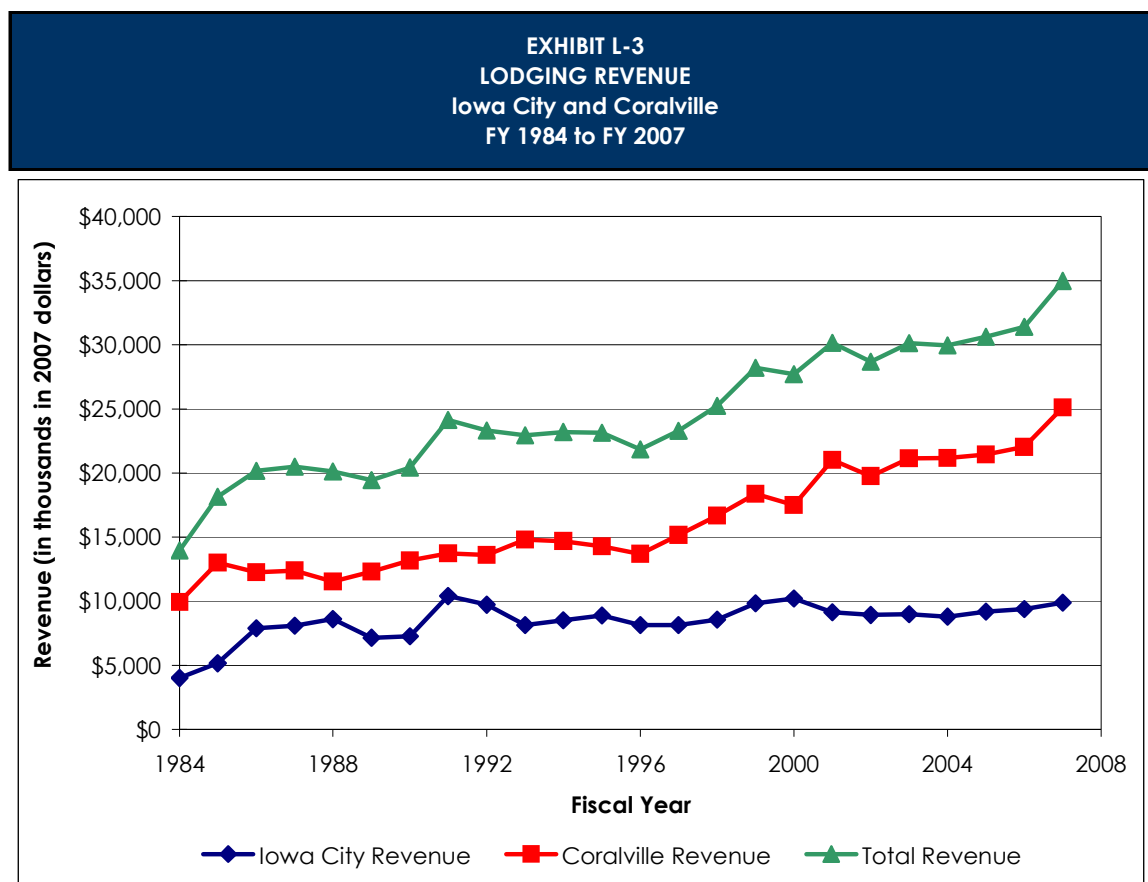
LOCAL SUPPLY

Hotels and other lodging businesses are among the most complex of real estate investments. Understanding the underlying dynamics of supply and demand is critical to making an informed decision and thus affects the success of an investor, lender, operator, or hotel company. A detailed market analysis estimating lodging demand and supply by sub-sector, number of rooms, pricing, market penetration, target markets, required amenities and related factors is beyond the scope of this research endeavor. However, if at any given time a particular lodging project is proposed, its potential viability should be tested through an in-depth analysis.

Exploring the opportunity for lodging in downtown Iowa City must necessarily take into account lodging product currently available in the Iowa City/Coralville area. This section summarizes hotels, motels and convention space available in the area and summarizes the local market as described by interviews with local hotel developers and managers and representatives of the Iowa City-Coralville Convention and Visitors Bureau.

To estimate the growth in the Iowa City/Coralville lodging industry, Exhibit L-3 charts lodging revenues by fiscal year since 1984. Note that revenues have been converted to 2007 dollars using the Consumer Price Index so increases or decreases are actual changes in lodging revenue.

As shown, lodging revenue for the combined Iowa City/Coralville market has increased substantially over the last twenty years. From FY 1987 to FY 1997 lodging revenue increased by 13.7%; from FY 1997 to FY 2007 revenue increased by 50.2%. The majority of recent growth has been in Coralville – over the last ten years it saw an increase of 65.6% versus 21.5% in Iowa City. As of FY 2007, 71.8% of revenue for the combined market was generated in Coralville and 28.2% in Iowa City. This revenue breakdown is roughly equivalent to the supply available in each city. As of October 2007, Coralville is home to 75.6% of hotel/motel rooms in the Iowa City/Coralville market while Iowa City is home to 24.4%.



Source: Iowa City-Coralville Convention and Visitors Bureau

Exhibits L-4 and L-5 summarize the inventory of hotels, motels and meeting/convention space available in Iowa City, Coralville and North Liberty. As of October 2007, there were 25 hotel/motels with 2,400 rooms in the combined market area. Coralville provided the bulk of the rooms (1,739 rooms in 18 properties), Iowa City provided just under a quarter (589 rooms in 6 properties) and North Liberty had one property with 72 rooms.

EXHIBIT L-4
SUMMARY OF LODGING WITH CONVENTION/MEETING SPACE
Iowa City and Coralville
2007

Facility & Location	Total Rooms	Room Rate ¹	Meeting Space			Dist. from Down-town ³	Amenities							
			# of Rooms	Total Sq. Ft.	Capa-city ²		P	R	B	FC	I	S	L	
Downtown Iowa City														
hotelVetro Studio Suites & Conf. Center 201 South Linn Street	56	\$159	8	9,114	600	0.2 mi.		X		X	X	X	X	
Iowa House Hotel Madison & Jefferson Streets	96	\$74-\$84	22	43,919	1,630	0.6 mi.		X	X	X	X	X	X	
Sheraton Iowa City Hotel 210 South Dubuque Street	234	\$139	4	9,070	600	0.3 mi.	X	X		X	X	X	X	
Iowa City														
Quality Inn & Suites Highlander Conf. Ctr 2525 North Dodge Street	95	\$90	6	12,627	750	3.3 mi.	X	X	X	X	X	X	X	
Travelodge 2216 North Dodge Street	80	\$59	2	1,380	75	2.7 mi.	X		X		X			
Coralville														
AmericInn & Suites 2597 Holiday Road	77	\$79	1	609	50	6.1 mi.	X		X	X	X	X		
Baymont Inn & Suites 200 6th Street	103	\$80	5	3,852	100	3.0 mi.	X		X	X	X	X	X	
Best Western Canterbury Inn 704 1st Avenue	101	\$79	1	850	70	3.1 mi.	X		X	X	X	X	X	
Country Inn & Suites 2571 Heartland Place	76	\$89-\$99	1	1,600	100	6.2 mi.	X		X	X	X	X	X	
Heartland Inn 87 2nd Street	169	\$85	3	1,385	80	2.4 mi.	X		X		X	X	X	
Holiday Inn Express 970 25th Avenue	80	\$100	2	650	60	4.8 mi.	X		X	X	X	X	X	
Holiday Inn & Conference Center 1220 1st Avenue	97	\$84-\$99	10	7,060	400	3.5 mi.	X	X		X	X	X		
Marriott Coralville Hotel & Conf. Center 300 East 9th Street	286	\$149	14	58,347	4,800	4.0 mi.	X	X	X	X	X	X	X	

P: Pool

R: Full-Service Restaurant

B: Continental Breakfast

FC: Fitness Center/Gym

I: High-speed Internet Access

S: Suites Available

L: Laundry Facility/Service

1. Weekday rate for standard double room with one occupant.

2. Maximum capacity of largest meeting room.

3. Road miles as measured from the intersection of Washington and Dubuque Streets.

Source: Iowa City-Coralville Convention and Visitors Bureau; 2007 Corridor Business Journal Book of Lists

EXHIBIT L-5
SUMMARY OF LODGING WITHOUT CONVENTION/MEETING SPACE
Iowa City and Coralville
2007

Facility & Location	Total Rooms	Room Rate ¹	Dist. from Down-town ²	Amenities						
				P	R	B	FC	I	S	L
Iowa City	28	\$60-\$200	1.6 mi.	X		X	X	X	X	
Alexis Park Inn & Suites 1165 South Riverside Drive										
Coralville										
Big Ten Inn 707 1st Avenue	40	\$30-\$35	3.1 mi.					X		
Comfort Inn 209 West 9th Street	56	\$70	3.8 mi.	X		X		X		
Comfort Suites 2431 James Street	81	\$94	4.5 mi.	X		X	X	X	X	
Days Inn 205 2nd Street	51	\$59	2.5 mi.	X		X		X		X
Fairfield Inn by Marriott 214 9th Street	63	\$80	3.7 mi.	X		X		X		
Hampton Inn 1200 1st Avenue	115	\$79-\$109	3.5 mi.	X		X	X	X		
Iowa City Super 8 Motel 611 1st Avenue	86	\$60	3.0 mi.			X		X		
Iowa Lodge Highway 6 West	81	\$31	1.3 mi.							X
Motel 6 810 1st Avenue	103	\$36	3.8 mi.	X						X
Suburban Extended Stay (Nov 2007) 265 Holiday Road	74	\$64-\$94	4.0 mi.				X	X	X	X
North Liberty	72	\$85	11.4 mi.	X		X	X	X	X	X
Sleep Inn I-380 & Penn Avenue										

P: Pool
R: Full-Service Restaurant
B: Continental Breakfast

FC: Fitness Center/Gym
I: High-speed Internet Access

S: Suites Available
L: Laundry

1. Weekday rate for standard double room with one occupant.
2. Road miles as measured from the intersection of Washington and Dubuque Streets.

Source: Iowa City-Coralville Convention and Visitors Bureau; 2007 Corridor Business Journal Book of Lists

Properties that command the highest room rates are the hotelVetro and Sheraton (\$159/night and \$139/night, respectively), both located in downtown Iowa City, and the Marriott in Coralville (\$149/night). Nightly rates in other properties to range from \$30 at the Big Ten Inn to \$109 at the Hampton Inn, with most clustered in the \$80 to \$100 range.

In terms of meeting/convention space, the Marriott Hotel and Conference Center in Coralville provides the greatest amount of space with 14 rooms totaling 58,347 square feet. The largest meeting space can accommodate up to 4,800 conference-goers, a capacity unmatched by other properties in the area. In downtown Iowa City, the University of Iowa's Iowa House Hotel offers the largest conference space with 22 rooms and 43,919 square feet. The largest room has a maximum capacity of 1,630. While the Sheraton and hotelVetro include meeting facilities, they offer less space (about 9,000 square feet each) and lower capacities (600 person maximum).

According to interviews with local hotel/motel developers and managers and Convention and Visitors Bureau (CVB) staff, occupancy rates in the Iowa City/Coralville market have increased an average of 4% to 5% per year over the last six years, reaching 66% by the end of 2006. Supply has expanded by 6.2% from 2006 to 2007 and two new properties – the Sleep Inn in North Liberty and Suburban Extended Stay in Coralville – have opened or will open this year.

Major market drivers include healthcare visitors (estimated to comprise up to 35% of hotel visitors), University-related visitors and sporting event attendees, and festival-goers in town for annual events such as the Iowa Arts Festival and the Iowa City Jazz Fest. While the hotelVetro reports nightly room rates up to \$400 during Hawkeye football season, room rates and occupancies in downtown hotels drop during off times.

The CVB reports that, in terms of large conventions, the opening of Coralville's Marriott Hotel and Conference Center has boosted the market's conference and meeting business tremendously, drawing primarily state and regional conferences with a few national education or healthcare conferences. Iowa City's biggest competitor for conventions is Des Moines, which is popular because many companies are headquartered there.

POTENTIAL DOWNTOWN LODGING DEVELOPMENT

The potential demand for additional hotel rooms located in downtown Iowa City is unclear at this point in time. While expanding supply combined with increasing room rates, lodging revenue and occupancy rates is a positive indicator for the Iowa City/Coralville market area, downtown hotels still report significant room vacancies during non-peak times. Further, interviews did not reveal any gaps in the Iowa City/Coralville lodging market currently.

According to the CVB, visitors to the Iowa City/Coralville area want to stay in downtown for the dining and entertainment options it offers and additional downtown rooms, perhaps at a limited service property, have the potential to draw visitors who would otherwise stay in Coralville or non-downtown Iowa City.

Although downtown currently lacks the exhibit and breakout space needed to accommodate large conferences, the depth of this market in the Iowa City/Coralville area needs a detailed analysis. As the market's ability to attract regional or national conferences grows, the demand for large convention space in downtown is a distinct possibility, especially considering its attractiveness in terms of local restaurants, shops and entertainment.

A representative of the Suburban Extended Stay Hotel opening in Coralville in November 2007 stated that while assessing the market for extended stay hotel rooms, they were not

aware of any credible feasibility studies for additional hotel rooms in the Iowa City/Coralville market. Clearly, prior to any future hotel/convention space development in downtown Iowa City, an in-depth market analysis estimating lodging demand and supply by sub-sector and recommending number of rooms, pricing, target markets, amenities and related factors should be conducted.



CHAPTER 7

CREATIVE CLUSTER ANALYSIS

The release of "The Rise of the Creative Class" by Richard Florida in 2002 prompted many cities and states to consider how they could retain and encourage the creative class and young professionals. One of the first cities to capture this demographic was Austin, Texas. Austin still remains a poster child in its efforts. Portland, Oregon is also frequently cited regarding its successes in making the city friendly for the creative class and young professionals. Memphis is a recent example of a city that undertook a coordinated effort to enhance its profile among young and creative professionals. Each city brings its strengths and weaknesses to the desire to improve conditions for the creative class. Research indicates that recognizing the issue, capitalizing on the city's existing assets, and having a well designed media effort to inform interested persons of opportunities in the city are keys to reaching this demographic. Characteristics of the creative class, city trends for attraction and retention, keys to success and three case study examples are explored in the following discussion.

CHARACTERISTICS OF THE CREATIVE CLASS

The 'creative class' and young professionals as a group are considered college graduates between 24 and 35, sometime extending to 40 years of age. Men and women are equally represented and marital status is not considered a factor in their choices. Although some in the demographic have children, they are seldom mentioned in the research. There are roughly two professional classes:

- Knowledge workers include financial planners, doctors, lawyers, scientists, and researchers, and
- The creative core, including architects, educators, computer programmers, artists, designers, and media workers. Collectively, they account for approximately 12% of all U.S. jobs.

The 2006 research report, "Attracting the Young, College Educated to Cities – CEO's for Cities National Meeting," noted the following about the behavior patterns of recent college graduates:

- At least one of three will move to a new city they like and then look for work rather than find a job in the city first. This behavior is more typical of women than men and of people under age 25.
- "College-educated young people like to live in places similar to their current living situation. ... and stay within the geographic region where they grew up."
- Large metropolitan areas will attract those from an urban setting, and a small city will attract those from small cities. Young people who have recently graduated from colleges and universities located in "college towns" will be inclined to select a town with similar characteristics.

An analysis of Portland, Oregon's 'Young and Restless' talent group (2004) noted the value of the 24-35 year old population as a major contributor to the economic growth of their community. Statistically they are the hardest working segment of the population. "These young adults not only start careers, but find mates, start families, and put down roots. Once rooted in place, the likelihood of their moving to another state or metropolitan area will decline precipitously."

CREATIVE CLASS PRIORITIES AND INTERESTS

How well a city will be able to capture the creative audience can be understood by considering three critical elements important to attracting young professionals: jobs, livability and cultural capital.

Jobs are the most significant factor in how well the city is staged to capture the target demographic. This includes the availability of jobs, the cross section of opportunities that exist in the community and the potential for professional growth.

Livability of the city and a strong sense of place are critical characteristics. Significant features the demographic considers are:

- Vitality of the downtown core city – walkability, availability of housing and entertainment options;
- Alternative transportation modes, such as bike infrastructure, bus and light rail and the pedestrian friendliness of the city;
- Availability of outdoor recreational opportunities in the region;
- The cost of living in the area;
- Quality of schools and universities; and
- Diverse and tolerant population.

Cultural Capital – Arts and culture features are integral to a community's success in attracting the 24 to 35 age group. This includes:

- Availability of quality art and music venues;
- Arts and music festivals;
- Cultural diversity; and
- Thriving food scene with farmers markets and diverse and quality restaurant choices.

The Portland “The Young and The Restless” report identifies two other important factors:

- Opportunities to participate: “This group wants to participate; the city needs to be open to their participation. This encourages them to stay in the city. Newcomers often feel their ideas are discounted.”
- Government that works and makes sense.

Experiences of cities seeking to cultivate the young, creative class indicate that the primary information sources for this market to learn about potential places to relocate are:

1. Word of mouth from friends and family who live in the region is the most widely mentioned resource;
2. Weekend visits;
3. House/apartment searches; and
4. Local websites.

TRENDS

Cities everywhere recognize the importance of attracting and retaining the young 24 to 35 year old age group and working to build the creative sector that is often fueled by

young people. States, such as Wisconsin (Grow Wisconsin Creatively) and Montana, are also seeking to brand themselves as creative centers. The wave of interest and activity in part stimulated by Richard Florida's book and national acclaim has resulted in a plethora of activity:

- Cities have seminars, conferences and strategies to improve the amenities and lifestyle opportunities this age group seeks. In many cases the amenities exist but the city needs to "get the word out" about them.
- The focus tends to be more on "young professionals" than the "creative class" although the two groups overlap.
- There are real estate websites, blogs and city ratings that focus on the best cities for both the creative class and young professionals.
- Online maps are available with hot spots that show the best locations for young creatives with children. Custom maps can be created focused on criteria that range from crime statistics to housing prices and the presence of golf courses or marinas.

Cities in the U.S. and Canada from Salisbury, North Carolina to Vancouver, BC have held summits and organized task forces to determine the role of young creative people. Each city seeks to develop an appropriate strategy that highlights the region's strengths. The results of these efforts, many of them quite recent, have not been documented. Fresno, California held a summit on the topic in 2004. Its focus was to "build on their assets to attract and retain great people," viewed as a successful approach for many cities.

In Harrisburg, Pennsylvania city improvement efforts come from The Young Harrisburg Professionals (YHP), with a mission to improve physical and social qualities of Harrisburg. YHP has exploded with members, a multitude of committees and numerous noteworthy projects – planting trees for a beautification program, planning downtown social and networking events, creating a downtown business development plan and starting a program to encourage more owner-occupied housing in the city.

The drive to attract the creative class is not limited to urban areas. The April 2007 edition of *Amber Waves* has a feature article titled, "The Creative Class: a Key to Rural Growth." The research found that the creative class was present in rural areas, particularly in high-amenity areas, and that its presence was associated with measures of creativity, such as patent awards and technology adoption, and with growth in jobs from 1990 to 2004. Many rural analysts have declared that the era of smokestack chasing is over; the creative class analysis suggests that chasing talent is a viable alternative for sparking local growth.

But not all are convinced the creative class is the key to success for every city. A November 2006 article from the Manhattan Institute indicates some of the shine may be wearing off of the attraction to the young creatives.

"Nor does it appear that these centers of hipness have done all that well in attracting and retaining young people, particularly since the collapse of the dot com bubble in 2000. Instead, people in their 20s and 30s, according to the census' American Community Survey, appear to be heading to the places that have been creating jobs, such as Orlando, Houston, Dallas and, to a surprising extent, Southern California, including

Orange, Riverside and San Bernardino counties. This is the dirty little secret about 'talent:' it revolves mostly around the economy."

CASE STUDIES

A. Austin, Texas

Austin was one of the first cities to successfully combine and promote the inherent qualities that make the city noteworthy for the creative class and young professionals. It continues to be at the forefront of this awareness, to the extent that Austin has become a household term in the movement. Florida calls cities that are successful in their bid for the creative class "Austins." The City of Austin has played a significant role in attracting young professionals together with the chamber, arts groups and the professional group Young Execs of Austin. The projects they have undertaken are consistent with the types of amenities desired by young professionals.

In addition they continue to improve their city. The development of the downtown has been significant. The new retail district is almost one hundred percent leased and the downtown also hosts numerous restaurants and entertainment venues. New condos and residential development address the desire of many people to "live central." Commuting continues to be an issue, but a new light rail linking north Austin to the eastside will go on line in 2008.

Assets

Austin boasts a larger percentage of its workers in creative jobs than Boston, New York, Portland and San Diego. More than sixteen percent of Austin's workers are part of Richard Florida's Super Creative Class, which includes architects, scientific researchers, computer programmers, musicians and writers. Austin is keenly aware that creativity equals economic growth, since pay for this category of workers is forty percent more than that of other occupations. In Austin, which is the self-proclaimed "Cities of Ideas," creative jobs are anticipated to grow to over a third of the work force.

One of the keys to success in Austin has been the continued development of the technology industry:

- Tracor (Texas Research Associates Corp.) was established in 1955.
- IBM and Texas Instruments arrived in the mid-1960s.
- Motorola built a plant for the manufacture of transistors and semiconductors in 1974.
- Microelectronics and Computer Technology Corp., AMD, Dell and Vignette followed in the 80's and 90's.

In addition to the tech industry, Austin is home to other Fortune 500 companies such as Whole Foods. A few prominent financial and publishing companies have also relocated from Phoenix and California.

Austin is popular for the choices it provides residents in their personal and professional lives and notes the following key elements:

- An atmosphere of openness and tolerance;
- A lively city life with lakes and green spaces; and
- The University of Texas with a student body of over 50,000.

Participating Groups

The City of Austin and established groups within the city have taken an active role in making Austin the type of city that is attractive to the “creative class.” Organizations abound to help young creatives find their place in the community:

- The City of Austin, with participation by the Cultural Arts Division, the Greater Austin Chamber, and the City of Austin’s Economic and Redevelopment Services Office.
- Members of Young Execs of Austin, comprised of young professionals under 40 with a mission to help members increase their personal and professional network while giving back to the community, personally contribute time to organizations like Big Brothers/Big Sisters, Austin Heart House and Austin Children’s Shelter.
- Young Active Professionals organization with over 1,500 members.
- Young Nonprofit Professionals Network, a networking and professional support for future nonprofit and community leadership.

Strategies

Austin attributes its success with young creative professionals to a multifaceted approach to encourage the arts and entertainment, quality job growth and center city development. Current strategies are summarized below.

- The Cultural Arts Division (CAD) of the Economic Growth and Redevelopment Services Office has the lead role in promoting the cultural opportunities in Austin on a local and national level. Arts and culture is viewed as an important growth industry and is central to the City’s economic development strategy. The Cultural Arts Division is also responsible for the Art In Public Places Program, community based arts development, and programs to assist the development of music, film and creative industries in Austin, as well as initiatives designed to support and encourage the community’s unique cultural identity and vitality.
- The Greater Austin Chamber has developed www.AustinHumanCapital.com to recruit technology talent to Austin. The current talent initiative is focused on recruiting at the executive level.
- The city is conducting a five-year plan to determine the cultural and creative assets that characterize Austin and how to continue to promote them.

Successes

The Economic Growth and Redevelopment Services Office undertook a variety of substantial projects to promote sustainable growth and enhance livability in Austin. Projects include:

- A new city hall;
- 2nd Street Retail District – an emerging, urban neighborhood with 225,000 square feet of retail, restaurants, entertainment venues, and living spaces;
- Pfluger Bridge extension, a bike and pedestrian bridge providing better connection to downtown and areas north;
- Downtown Great Streets Program; and
- A new light rail line opening in 2008.

The development community has responded to opportunities to meet the housing demand of “young creatives” with the addition of several hundred housing units in recent years. As one news article reports: “Austin’s educated, creative class of workers is looking for ownership opportunities beyond the suburban master-plan community options.”

The citizens of Austin continue to demonstrate their support for city improvements. In November 2006 voters approved over \$560 million in bonds. Projects include:

- Street and sidewalk reconstruction and repair
- A watershed protection plan and open space preservation
- Park facility improvements, acquisition, renovations and development
- Community and cultural facilities
- Affordable housing programs and public safety facility projects
- A new central library

Austin is dedicated to music and film, evidenced by the moniker the “Live Music Capital of the World.” Beverly Kerr at the Greater Austin Chamber said this is an authentic characterization of Austin, noting that:

- Downtown offers numerous music venues;
- The City Council has bands play Friday afternoons at City Hall; and
- The City Council names a “Musician of the Week.”

Austin also reports one of the highest levels of volunteerism in the country, over 38 percent of citizens of Austin volunteered between 2004-2006. Young professionals are a cornerstone of volunteer projects.

B. Portland, Oregon

Portland is also known as a popular relocation destination for the creative class. Many attribute this to Portland’s reputation as being at the forefront of progressive urban design. The qualities that embody Portland are generally those the creative class and young professionals are looking for in a city. By American standards Portland is a compact city; it has a large downtown with a variety of retail and cultural venues. However, the areas that tend to attract the young creative set are in the revitalized traditional neighborhoods. The food scene in Portland is also very developed. The temperate climate is ideal for the numerous farmers markets. Also unique to Portland and of interest to young professionals is the variety of transportation options it provides. The city has a well-used bus service, an extensive, expanding light rail system, street car lines and an aerial tram. In addition, Portland is one of the top three cities in the nation for biking. Bike trips account for over five percent of trips taken in the city.

Assets

The City of Portland has many of the assets desired by young professionals:

- The design of the city fosters human activity.
- Portland feels safe – demonstrated by its popularity with young, single, well-educated women.
- The City of Portland has a well established downtown core.
- Portland Metro is home to several companies known for their need for creative talent, such as Nike, Adidas, Intel and Columbia Sportswear.
- Portland has an abundance of transportation alternatives.
- Outdoor recreation opportunities abound, from the sea to the mountains to the rivers.
- The citizens and the city government are environmentally conscious.

Portland is at the forefront of the so-called new urbanism. The city's number of college grads aged 25 to 34 swelled by 50% from 1990 to 2000. Despite layoffs by Intel and others, its economy has averaged 5.5% growth for four years, thanks largely to the growing population and services like design. Once-seedy areas like the Pearl District boast dozens of art galleries and some of Portland's fanciest restaurants. Old warehouses now house companies like Ziba Design, whose clients include Apple Computer and a national ad agency Wieden + Kennedy.

Ziba founder Sohrab Vossoughi says a stimulating city center is key to his ability to hire 20 designers a year. "The values of this generation are in line with the DNA of this city," he says. One recruit is Vermont native Meral Middleton, 26. She likes that she can snowboard at Mt. Hood and hang out at chic restaurants. Her boyfriend, an Adidas designer, is one of 10,000 locals who bike to work. "Design is as much a lifestyle as it is a job," she says. "The time away from the desk may be when you find that epiphany."

Aside from strong quality of life attributes, Portland has documented its assets in creative services industry sectors as follows:

- 1,500 firms and a total of 14,000 employees;
- Revenues of \$2 billion and a payroll of \$976.8 billion;
- Average creative services wage \$66,663/yr. compared to regional average wage of \$40,639;
- Art directors, producers and directors, fashion designers, and multimedia artists and animators lead the high-wage, arts-related occupations in the state. Employment in these high-wage creative occupations is expected to add around 855 jobs by 2014;
- Greater percent of freelancers or self-employed professionals than other industry clusters; and
- More than half of the state's graphic design firms are concentrated in the Portland metro area.

Participating Groups

- In 2004 the Portland Development Commission (PDC), the City's economic development agency, conducted a study on the "The Young and the Restless: How Portland Competes for Talent," to document trends and identify preliminary strategies.

- The Young Professionals of Portland is an informal group that meets monthly for drinks at popular “hot spots.”
- Numerous groups in the city focus around interests such as bicycles, sustainable living and neighborhoods.

Strategies

Portland emphasizes growing the creative services industry and in some ways assumes the young professionals will follow. “The Young and The Restless” study commissioned by the PDC in 2004 and Anne Mangel, creative cluster coordinator at PDC, provides some very concrete strategies for attracting young professionals.

1. Focus on a sector, do not try to do it all.
2. Be sure groups and industry representatives know the city is paying attention:
 - Have a clear contact point for groups and industry reps.
 - Connect with professional associations.
 - Collaborate with conferences.
 - Recognize that each sub group or sector has different needs and some segments connect well to each other.
3. Promote the unique characteristics of the city:
 - Keep the image of the city up-to-date.
 - Put city values on display.
 - Promote young adult life style.
 - Provide quick reference pamphlets to regional attractions with photos of people enjoying unique places.
 - Use communications that resonate and reflect the style and ideals of the 25 to 35 age group.
4. Stay connected with young residents:
 - Use internships to connect with young adults.
 - Survey young adults regularly.
 - Celebrate their contributions.
 - Communicate development plans with this segment of the population.
5. Develop ways to target high schoolers, college graduates and others who have left the region:
 - Maintain a system to inform them of current developments in the city.
 - Disseminate information through the networks that are used by the expatriate young.
6. Don't lose sight of issues that affect all sectors of the population such as job creation, congestion, schools and infrastructure.

Successes

Much of Portland's attraction to younger people and its perceived success as a creative center stem from a long history of environmentalism, central city focus, public involvement and alternative lifestyles. Examples of how these values are conveyed follow:

- The younger age demographic is a prime mover in the greening of Portland. An article in The Christian Science Monitor in April 2006 called Portland the “new capital of the ecohouse movement.” The article also states the young population of Portland believes they can live their environmental values in this city, evidenced by the high levels of recycling, and transit and bicycle use. However many old timers in Portland raised their children with a view toward ecology and sustainability. Portland set the stage over twenty years ago as the first city to successfully apply federal traffic funding to mass transit. As a result, residents on Portland’s east side have access to light rail service in place of a freeway that would have disrupted established neighborhoods.
- Portland has a strong bike lobby. The non-profit Bicycle Transportation Alliance, has over 4,000 members and strong support from city government and business interests. The city invests in infrastructure for bikes and is in the process of developing a master plan that will make it one of the top cities for biking in the U.S.
- The Coalition for a Livable Future (CLF) is an organization that garners support from over 90 businesses and organizations and hundreds of individuals. Their motto is “By connecting issues, people and organizations, CLF empowers communities to take action together to shape the big decisions affecting the Portland region’s future.”
- The City of Portland relies heavily on civic participation; this is particularly evident in the neighborhood coalitions. With almost 100 associations throughout the city, residents new and old, young and old are encouraged to participate in the decisions that affect their neighborhoods and the city as a whole.
- Like Austin, Portland has a very high rate of citizen involvement – about 36% of citizens participate in some form of volunteer community activity, ranking it sixth in the nation.

C. Memphis, Tennessee

Memphis also joined the drive to entice and retain young professionals. A 2005 report of the Memphis Talent Project, “Technology, Talent, and Tolerance: Attracting the Best and Brightest to Memphis,” presents a comprehensive blueprint for the city to update its image and capitalize on its strengths. Memphis is a model of how a coordinated effort by different organizations can create a vibrant city image. A quick look on-line of Memphis attractions indicates that the City of Memphis has implemented numerous recommendations made by the study and is seeing positive results. They have also worked to ensure the message they project to newcomers is consistent with the experience the community offers.

Assets

Memphis has many assets that it promotes in its campaign to attract and retain the younger generation and creative professionals, including:

- A downtown Renaissance;
- A visible and engaged creative community;
- Cultural diversity and authenticity; and
- The potential for multifaceted labor markets.

Memphis also works at tuning in to employer needs. A recent article in the Memphis Business Journal notes that:

"Growing that pool of educated young workers, mostly between the ages of 24-35, is key to Memphis' future as a host to a growing flock of biotechnology and technology companies. The feedback that we got from the companies was that losing talent wasn't about salary, it was about getting a connection to the city." ~Michael Paulk

Participating Groups

Spearheading the effort to encourage young creatives to relocate and stay in Memphis is an organization called MPACT Memphis. This non-profit group with over 1,200 members is dedicated to attracting young professionals to Memphis and ensuring they stay.

MPACT's core value statement is that the city should encourage active engagement, connectivity, creativity, diversity, inclusivity and opportunity for professionals under 40. MPACT's mission is accomplished by:

- Utilizing intern networks;
- Sponsoring luncheons;
- Encouraging political engagement; and
- Offering training and opportunities to participate in the financial, political and community service aspects of the city.

"In a city whose people have a track record of not always seeing and promoting the good things found in Memphis, having a mix of native Memphians and transplants gives MPACT a good perspective on how to better promote the city." ~Michael Paulk, Memphis Business Journal

Other groups that are actively involved in the effort to engage and encourage young professions include:

- City of Memphis;
- Memphis Tomorrow;
- The Memphis Regional Chamber;
- The Memphis Tourism Foundation with a focus on three areas: (1) Improving the city's self- image; (2) Workforce development; and (3) Research and advocacy; and
- Young Active Professionals – has a social emphasis, but works to create strong bonds within this demographic.

Strategies

Memphis' efforts to attract young professionals focus on the new economy and image enhancement. "The Technology, Talent, and Tolerance" report analyzed the "old" versus the "new" Memphis economy as a prelude to strategy development. The "new" emphasis is on partnerships and attracting a talent base versus the "old" model where economic development is about business recruitment. MPACT and the Tourism Foundation have set an ambitious agenda with a special priority on improving the city's self-image as integral to attracting talent elaborated on below.

In 2003, MPACT and Memphis Tomorrow together with Richard Florida hosted a gathering called the “Memphis Manifesto” focused on building a community of creative ideas. This innovative summit brought together 100 individuals from across the county (including several from Iowa City) known for innovative, creative thinking. The outcome was a Manifesto or call to action to take home to their communities a series of ten guiding principles. They range from: Cultivate/Reward Creativity and Embrace Diversity to Nurture the Creatives and Remove Barriers to Creativity.

In addition, other principles and strategies guiding Memphis’ work include the following:

- Memphis organized its image development work in 2005 and is keenly aware that making changes requires a commitment from the whole community, the chamber, the city, higher education and public private partnerships.
- Creation of a cohesive vision of the city involving local government, civic and business organizations is highly valued.
- Downtown development and growth in neighborhoods that have the potential for vibrant community gathering places are emphasized.
- Efforts to improve perceptions of the city (from the inside out) and create pictures of “peak experiences” are ongoing in four categories:
 - * Arts and culture
 - * Active outdoor recreation
 - * Culinary excellence and diversity
 - * Intellectual life
- Memphis is actively updating its image and brand seeking to be smart and compelling and attractive to “young knowledge workers.” In the new image, special attention is being given to images of young, ethnically, diverse people engaging in “peak experiences.” This theme applies to both print and web images.

Successes

Though still in the early stages of promoting itself as a vibrant active community for young professionals, Memphis has implemented many of the suggestions presented in the “Technology, Talent, and Tolerance” report. Local leaders noted that many people had the perception Memphis was a place with “nothing going on.” After they experience the city their perceptions begin change. The old perceptions came from websites focused on historical perceptions of the city, the slow South, Elvis and river boats. There were very few photos of average people engaged in contemporary lifestyles or of a vibrant city. New marketing information on Memphis begins “*Memphis shakes you. Memphis wakes you. Memphis moves you.*”

- The image make over effort involves several organizations, including MPACT. In the summer of 2007, MPACT Memphis launched a website where bloggers were recruited to write about events that would be of interest to young professionals. One MPACT leader noted, “We’ve decided that rather than try to tell our citizens what we think they should feel about Memphis, we want them to tell each other and hopefully create a buzz about the cool, funky aspect of our nature.” See Smartcitymemphis.blogspot.com.

- Another image development initiative is the Memphis Tourism Foundation program that encourages citizens of Memphis to submit short videos completing a sentence that begins, “This is my Memphis because ...”
- MPACT Memphis, the chamber and the Memphis Biotechnology Foundation organized a recruitment fair to provide students graduating from Owen Graduate School of Management at Vanderbilt University the opportunity to talk with local companies. One organizer commented that “just getting them here to see what the city has to offer is a step in the right direction.”
- Local television personality Christopher Reyes from “Live from Memphis” and “My Memphis TV,” conducted peer to peer interviews of dozens of young professionals about what they like most about the city. The DVD will be used with Memphis recruiters.

CRITICAL SUCCESS FACTORS

The following factors summarize the most important findings related to the efforts and successes of numerous cities, including those highlighted in the case studies, seeking to attract young professionals and the creative class:

- City government needs to take an active role in encouraging young professionals to remain and relocate;
- Additional interests such as the Chamber of Commerce, or appropriate non-profits complement the city's efforts;
- The city needs an established job pool to draw on and active, visible support of creative sector industries;
- The city must have a unique and authentic quality, a true sense of place;
- The city must have a vibrant downtown core and be committed to investing in and improving amenities in the downtown;
- The city and its citizens actively support cultural and arts institutions and events;
- The people who live in the city love the city and provide positive feedback about the city and its direction; and
- The city has a comprehensive and consistent message about what the city is/its identity and is committed to marketing the message on a regional and national level.

IOWA CITY'S COMPETITIVE POSITION

Cities successful in attracting and retaining young professionals and creative sector jobs offer a variety of desirable amenities and characteristics to draw this target market. Anecdotal information gathered from the Creative Services Focus Group (May 2007) and during follow-up interviews revealed that Iowa City has many assets appealing to young professionals and others in the creative sector. Several quotations from local leaders summarize this perspective:

“We are a town of very big ideas.”

“The University draws artists and creative writers from around the world.”

“University gives us youth, vitality and intellectual capital.”

“Once people get to know us, they want to stay. It’s easy to feel at home here.”

In addition, Iowa City already has a significant population base of post-college young professionals, with 19.1% of the local market comprised of 25-34 year olds. This compares with 12.3% in this age range for the State of Iowa overall. (See Retail Target Markets.) The key attractors for young professionals/creative types as identified from the case study and literature research are listed in Exhibit C-1 with a general assessment of how Iowa City stacks up.

Key for Rating**S = Strength****W= Weakness****N = Neutral**

Exhibit C-1
Iowa City's Ability To Capture the Creative Class
Strengths and Weaknesses

Critical Success Factors	Rating	What Iowa City Offers
Jobs		
Employment growth	S	Iowa City/Johnson County have above average employment and population growth. Corridor employment projections estimate 3,538 new jobs/year through 2014.
Diverse base of creative sector opportunities	S	In Johnson County, an estimated 8,000 persons work for 365 enterprises in key creative services sector jobs tied to Information, Science, R&D, Educational Services and Arts and Entertainment. (County Business Patterns, 2005). This is a higher proportion (14.6% of all jobs) than for the U.S. as a whole (12%).
Potential for professional growth	S	For its size, Iowa City is perceived to offer greater than average opportunity, especially tied to university and medical community. Fifth in U.S. among Best Small Places for Business and Careers. As a small city, a wide range of choices will be limited compared to a metro area.
Livability		
Vitality of downtown core	S	The overall health of downtown is strong and reflects the community's value of the central city.
Center city housing options	W	Choices are limited; a definite market void.
Quality schools and universities	S	University of Iowa and I.C. schools overall are recognized as first rate.
Availability of outdoor recreation opportunities	N	Quality parks; sailing and biking clubs, among others; river activities—all somewhat ordinary. Hawkeye sports offers spectator recreation opportunities.
Cost of living	S	Various indices rate Iowa City living as very affordable.
Diverse and tolerant population	S	Population is ethnically diverse by small town Midwest standards. Several University-related social justice groups exist. Viewed by many as the most liberal place in Iowa.
Value on sustainable, green living. EX: alternative transportation modes	N	University attracts and promotes some green endeavors; no critical mass in this category.

Exhibit C-1 (continued)

Critical Success Factors	Rating	What Iowa City Offers
Cultural Capital		
Availability of quality art and music venues	S	From the Center for New Music and multiple live music venues to UI's International Writing Program and Hancher Auditorium performances, Iowa City has an abundance of offerings. The Cultural Corridor Alliance also projects the area's strength with arts and culture.
Art and music festivals	S	Arts Festival, Jazz Festival and Summer of the Arts programs are a few of the many year-round events related to arts and music.
Cultural diversity	S	Local market area is relatively diverse with over 16% of population, nonwhite, compared to 7.6% statewide. UI hosted a Cultural Diversity Festival (07).
Thriving food scene	S	Farmer's markets, quality bar/restaurant choices, CSAs abound, Edible Iowa River Valley promotes local connections.
Opportunities to Participate		
Variety of groups	S	Several unique groups exist: BASE 'Play with a Purpose' young people's group; Creative Economy Group, Jamestown Housing Group
Social capital	N	Universities have a somewhat transient population by nature. Deep and lasting relations may be harder to create.
Other		
Positive Community Outlook & Salesmanship	S	Very strong sense of pride and positivism; strong Chamber and visitor organization.
Government that works	N	The City is actively pursuing plans to strengthen the downtown core, yet many business owners feel the City could be more supportive.

SUGGESTED ACTIONS

Iowa City offers a very positive enticing environment for young people and creative sector professionals. If there are any concerns identified through this brief assessment of the city's potential to attract and grow these markets it is that more effort needs to be made to publicize the unique vibrant liberal community that Iowa City is. It also needs to clarify what the priority goal is: to grow creative industry sectors (from film and arts to computer software and design) or to promote the community to young professionals, knowing they will bring some level of creative enterprise with them. The vision will help drive the strategy.

Preliminary suggestions for next steps are provided below:

1. Host a Creative Enterprise Cluster Event with the goal being to identify and communicate industry issues and opportunities and recommend local government/other actions to support the creative enterprise cluster and link clusters to resources.
2. Develop a marketing plan specifically to promote all the unique aspects of Iowa City living, particularly those of interest to young adults. In creating a marketing plan, Iowa City should consider the following questions: (1) What are the key messages? (2) Can the effort build upon existing community marketing initiatives? (3) How can people outside Iowa learn about Iowa City opportunities and what a special, creative environment it offers? (4) How can the work and contributions of young professionals be better promoted (entrepreneurship activities, civic involvement, etc.)? (5) How can these values be better conveyed in all marketing efforts and particularly on the web?
3. Work more closely with the University of Iowa to help discern the interests of both undergraduate and graduate students as far as career development and to learn how the local business community can better support and retain the enormous university talent base nurtured during college years in Iowa City.

Appendix 7-A: Creative Cluster Analysis References

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<http://www.geocommons.com/workspace/show/1463>

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Young Professional Drive Eco-house movement in Portland

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Bicycle Transportation Alliance, Portland

<http://www.bta4bikes.org/>

Coalition for a Sustainable Future

<http://www.clfuture.org/>

Portland Neighborhood Associations

<http://www.portlandonline.com/oni/search/>

Citizen Involvement Principles in Portland

<http://www.portlandonline.com/oni/index.cfm?a=ceeef&c=cjbci>

Portland volunteer rates

http://www.oregonlive.com/portland/oregonian/index.ssf?/base/portland_news/1184448311168070.xml&coll=7

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<http://www.yapclub.com/memphis/>

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<http://smartcitymemphis.blogspot.com/2007/07/week-in-memphis-branding-city-from.html>

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Austin

The Austin City Council today took the necessary budgetary steps to move forward this year on \$85.5 million in voter-approved projects.

http://www.ci.austin.tx.us/news/2007/bond_allocation.htm

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<http://www.matr.net/article-3963.html>

Austin: The Cultural Arts Division (CAD) of the Economic Growth and Redevelopment Services

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Austin Chamber Corporate Partners

<http://www.austin-chamber.org/DoBusiness/AboutOpportunityAustin/Partners.html>

Significant list on Austin Advantage

<http://www.austin-chamber.org/DoBusiness/TheAustinAdvantage/index.html>

Austin Chamber

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Austin's Economic Growth and Redevelopment Service Office, the Small Business Development Program is

<http://www.ci.austin.tx.us/sbdp/programobj.htm>

Austin Young Execs

<http://www.youngexecs.net/>

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<http://www.yapclub.com/austin/>

Young Nonprofit Professionals Network

<http://www.ynpn.org/Austin/>

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http://www.nationalservice.gov/pdf/VIA_CITIES/VIA_cities_fullreport.pdf

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CHAPTER 8

FROM MARKET ANALYSIS TO MARKET RESULTS

RETAIL STRATEGY

Based on the findings of the target market analysis, the retail market analysis, extensive public outreach, the market assessment and Marketek's experience in working with over a hundred downtown business districts, recommendations for downtown Iowa City's retail development strategy are provided related to:

- Guiding principles
- Influencing the business mix
- Business targets

Successful implementation of downtown Iowa City's business development program requires strong coordination, consistent communication and commitment to a vision for a more cohesive downtown. The strategy outlined below assumes that a collaborative team will work together spearheading the business development process, including the City of Iowa City, Downtown Association, Chamber of Commerce, and key downtown leaders. The Organizing for Implementation section details the recommended approach.

A. Guiding Principles

At the heart of downtown Iowa City's long term success is its ability to offer residents, visitors and businesses a unique and welcoming environment unlike any they can find elsewhere. Downtown Iowa City historically has a reputation as a vibrant, successful district. With increased competition, a changing business mix, and a growing marketplace, downtown leaders recognize the need to focus retail development and proactively strengthen the retail base downtown.

The following guiding principles should be considered throughout the redevelopment process. These principles can be adapted to reflect the vision, values and philosophy of the Iowa City Business Development leadership team. These or similar guidelines should be adopted and promoted as a framework for downtown Iowa City's success.

1. Strive to be Different. The marketing process begins with a clear statement of downtown Iowa City's identity and competitive position in the marketplace. Downtown Iowa City must view itself as a 'product' and market itself to compete with other nearby shopping centers and business districts. Developing a common message and identity will provide guidance for downtown's marketing, urban design elements, signage, advertising, marketing materials, website, etc.

Downtown Iowa City's unique ambiance, historic character, depth of entertainment venues and active pedestrian mall already set it apart from all other places. In general, downtown Iowa City should promote itself as the true heart of the community—a unique, exciting and vibrant destination for shoppers and businesses. With the significant retail expansion occurring throughout the market area, it is very important that downtown promote its market advantages and position to business prospects and customers alike. Downtown Iowa City cannot be 'all things to all people' as many would like. It has evolved from being *the* principal shopping center for the Iowa City/Coralville area and has and will continue to become a truly one-of-a-kind regional destination. This uniqueness is reflected in the draft market position statement below:

Downtown Iowa City is Iowa's premier arts and entertainment district with creative, locally-owned shops, distinctive restaurants, and hometown service.

2. Looks Count. Although downtown Iowa City has a façade improvement program and the community has general design guidelines, it is important to be reminded that physical and economic development go hand-in-hand. Continuing to improve and maintain downtown's appearance is critically important to make a favorable first impression on both business/developer prospects and shoppers. Many shoppers responding to the customer survey noted the need for continued façade improvements and ongoing clean up.

3. Cluster and Focus. Downtown Iowa City's success in capturing new and expanding retail development and its long term viability as a shopping and entertainment district will be strongly influenced by a number of factors, including the ability to locate retail and related businesses in the downtown core and to limit sprawl on the city edges. While retail demand is growing with the population base and visitor market, it is not so abundant that expansion can continue to occur equally throughout the market area. It will need to be guided. A related success factor for downtown development is the creation of a critical mass of complementary businesses that benefit from each other's sales, customers and markets. The primary vehicle for developing unified groups of stores and businesses is clustering – creating mutual advantages in terms of pedestrian flow and shared markets between businesses.

Successful clustering is dependent on having the appropriate mix of businesses that generate market synergies and an uninterrupted grouping of retail businesses that draw customers to and *through* the entire business district. Clustering businesses which share customers or that have complementary goods will strengthen downtown's market position. Professional service/office uses should be located on secondary streets out of the retail core and in upper stories. Beauty and Personal Care Services can be scattered throughout the district. Restaurants can be located as entertainment anchors throughout the district with sensitivity to avoiding conflicts with neighboring businesses that may be seeking to serve a different market segment. At present, restaurants and bars completely dominate the downtown business mix with 55 and 13 establishments, respectively.

Existing downtown clusters include:

- Restaurants and Bars, College Street Pedestrian Mall
- Jewelry and Arts, Washington Street

Other merchandise categories such as Apparel (14 stores) are scattered throughout the downtown with small sub-clusters such as Austin Burke and Ewers on Clinton and Catherine's and Dulcinea on Dubuque.

Downtown Iowa City has several blocks that are underutilized with disconnected business uses. One example is the Dubuque Street pedestrian mall between College and Washington Streets where there is a hodge podge of uses. This block in particular was noted by shoppers as being 'uncomfortable.' The block feels darker and less open than others possibly due to mature landscaping, large planters and limited active uses.

Another block that is disjointed in terms of business clustering and flow is Dubuque Street between Washington and Iowa Streets. Prairie Lights Bookstore is a significant anchor for the block and all of downtown, yet the advantage is lost due to the very limited number of browsable stores in the immediate vicinity. Restaurants and bars dominate.

The Linn Street blocks between the library and Washington Street also have strong potential for business clustering with small, 'right size' retail spaces on both sides of the street. Several quality businesses exist there but are generally destinations unto themselves. These include the Art Mission shop, Fired Up pottery making, a liquor store and music store, among others.

Examples of clusters are suggested below and supported by the specific business targets identified in Part B of this section.

Home Furnishings and Accessories

Downtown has a few quality retailers in the home furnishings category including Meta, Prairie Table, Futon Shop and Gilda Imports. Unfortunately, they are not in close proximity to each other. Many niches are unfilled in the home furnishings category (from additional furniture and home accessories to interior design) and should be sought to continue to build downtown as a community destination in this merchandise group. A perfect opportunity to build on Meta as an anchor is to fill the adjacent vacancy with a complementary business. It should be noted that the Northside/Market Street District has a small home furnishings cluster as well with three such businesses in close proximity: Artifacts, Decorum and Roominations.

Apparel/Accessories/Boutiques

With short, walkable blocks downtown, three adjoining blocks with existing strong apparel tenants should be the focal point for filling out the apparel niches downtown. These are the Clinton Street, Washington Street and Dubuque Street blocks that connect on the north side of Washington.

Family/Community-Serving Cluster

With the new public library as a community magnet, some of the nearby retail space on Linn Street could be refocused to family uses. The pottery shop is such an existing use. Other examples include specialty toy/gift shop, pet supplies/store, and a top quality children's consignment clothing store.

Northside District

Although not a 'business cluster,' it is recommended that the small two-block Northside area promote itself as a unique neighborhood district. For marketing economies, it should be marketed jointly with downtown Iowa City. Words such as cozy, relaxed, comfortable, alternative and quiet all help describe this sub-district. One sample marketing theme follows:

*Discover the Northside Neighborhood of casual specialty shops
and quality local eateries.*

4. Walkable Core Area. Downtown Iowa City must continue to work at creating a safe, pleasant and convenient atmosphere for pedestrians. This begins with good signage to the downtown core, easy and accessible parking and clear designation

of the core shopping area. Pedestrian activity should be encouraged and enhanced throughout the core area. This guideline is directly linked to marketing and clustering and speaks to the need to *call out* in all possible ways what the retail focus is in downtown Iowa City through good design, signage, landscaping/flowers and clean-up endeavors. Shoppers and businesses expressed concern with the following related issues: parking needs/costs, timely snow removal, extensive loitering in some blocks, sidewalk cleanliness and the need to continually freshen downtown's appearance. It is recommended that the City of Iowa City with appropriate partners respond to these issues.

5. Know What You Have to Offer. A necessary strategy for recruiting business prospects and developers is to be able to provide an inventory of available real estate, or better yet, be in the position to bring key properties to the table. The City of Iowa maintains a map of existing ground floor uses, but no organization is responsible for maintaining a downtown property inventory. Now it is time to take the next step of identifying specific business types and owners for vacant (and soon to be vacant) properties. Identifying and packaging infill sites will be equally important to downtown. Examples of potential infill properties are the U.S. Bank parking lot at Washington and Linn Streets and the Wells Fargo/I.C. Reproduction site on the pedestrian mall. This activity will be further discussed in the Marketing Plan section.

6. Aggressively Promote Yourself. Just as Coral Ridge Mall, Old Capitol Town Center Mall and other established shopping centers are actively marketing themselves to attract new business, downtown Iowa City needs *aggressive* marketing to quality retailers, service businesses and office tenants promoting downtown as a *prime* choice for business location.

Working with local and regional media and community and business organizations, highlight the positive developments occurring throughout downtown Iowa City. Regular press releases to the media promoting the positive activities and initiatives will contribute to downtown Iowa City's image development in the marketplace. Maintaining strong communication with area residents and businesses will also be important to convincing your local marketplace that downtown Iowa City is a positive and unique place to do business.

7. Housing Link. A critical strategy in support of retail vitality in downtown Iowa City is to encourage the addition of housing units. Residential development can serve as an important catalyst for retail expansion. The residential market analysis identifies significant market opportunity for downtown Iowa City and specific target markets. The City of Iowa City together with the downtown business development team should encourage and promote downtown housing in every possible project. Housing is an important component of the development mix and will contribute to demand for additional shops, services, convenience goods, restaurants and home-oriented products.

B. Influencing the Business Mix

Diversifying and strengthening the mix of on-street businesses in downtown Iowa City is a challenge with a very low vacancy rate, relatively high rents and no new retail space coming on line in the core downtown area. A combination of strategies is needed including reducing the concentration of bars, managing/capitalizing on real estate

opportunities and targeting 'best bets' for new business. Downtown's ability to capture business opportunities is integrally linked to the available supply of competitive, leasable space. This section and the marketing plan that follows begin address these issues.

1. Bar and Alcohol Concerns. Marketek contacted several college communities regarding how they addressed concerns with student drinking and an abundance of bar establishments in the downtown. Among these were: Bloomington, IL, Athens, GA, Newark, NJ, LaCrosse, WI, Chico, CA, Bellingham, WA and Corvallis, OR. Aspects of the campus and community environment that influence student drinking were noted as an over concentration of alcohol outlets in neighborhoods adjacent to the campus, aggressive marketing of alcohol to the student population, and lax or spotty enforcement of laws governing sale and consumption of alcohol and driving under the influence. In addition, advertising messages originating off campus may feed a perception that high-risk drinking is a normal part of college life. Communities also noted that frequently there may be too few social and recreational opportunities that do not depend on alcohol availability for their appeal.

Among the strategies utilized by these communities to curtail alcohol abuse and indirectly work to create a healthy business mix are:

1. Aggressively enforce public drinking laws;
2. Limit the number of liquor licenses;
3. Campus-Community Alcohol Coalition;
4. Work hard to multiply the number of recreation venues;
5. Regulate the number of liquor licenses; zoning ordinance amended "no net gain for bars" limits licenses; restaurants, food sales are excluded from the law;
6. Urban renewal for redevelopment of nuisance properties; and
7. Downtown district marketing to focus identity on arts & culture.

More than one community created a coalition of community stakeholders to implement various proposals. The common thinking was that one solution does not address the problem. Downtown Bloomington Association Director Peggy Flynn summarized the complexity of the issues: "It's not just working with the bar owners, the police, business owners or residents. We need a holistic solution that includes everyone working together."

At various times in recent years, the City of Iowa City has researched and assessed options for influencing the number of bars and the sale of alcohol downtown. Considerations have ranged from increased enforcement of bar capacity to zoning regulation of bars. One strategy being pursued is limiting access to bars for those under age 21, a proposal on the November 2007 ballot. This proposal may impact liquor sales and long term, decrease the number of bars downtown, but this is not the intended purpose. Regardless of the initiative outcome, one thing is clear. Commitment to a comprehensive strategy of multiple tactics is critical to freeing up bar space to make way for additional retail.

2. Business Mix. Each of Iowa City/Coralville's shopping centers will capture business and consumer expenditures from a variety of target markets, though grocery-anchored centers will draw more heavily from area residents. Downtown Iowa City will need to work hard and smart to encourage quality businesses to locate there over other established or newly built shopping centers. As earlier noted,

downtown Iowa City has a large number of unique, quality independently-owned businesses with a few chain stores mixed in, mainly at the Old Capitol Town Center Mall. Business development efforts should emphasize unique locally-owned businesses but also carefully target selected chain stores that offer some caché and/or the ability to draw a broad middle to middle-upper income market.

Student Spending

Based on surveys of student spending patterns and reports by American Demographics, student consumers most frequently buy the following types of merchandise and services:

- Shoppers goods: books, CDs, computers, cameras, phones, cards/gifts, apparel, athletics goods/shoes, other sporting goods including bicycles.
- Convenience goods: groceries, drugstore items including cosmetics, snacks and video rentals.
- Food and beverages: deli/sandwiches, bagels, ice-cream/yogurt, health foods, juice, coffee, pizza, fast foods, ethnic foods, bar/pub food and drink.
- Personal services: laundry, bicycle repair, hair styling/cuts, exercise/gym services.

For perspective and to help create a vision for what the downtown business mix could include, Marketek researched the downtown businesses of several college towns focusing on apparel and specialty goods. The communities included: Madison, WI, Champaign, IL, Austin, TX, Bloomington, IN and Boulder, CO. A snapshot of businesses is presented in Exhibit MR-1. Of note is the fact that the overwhelming majority of businesses are non-chain, locally-owned boutiques and specialty shops. However, chains are definitely in the mix. For example, Boulder has a few chains targeting teen and college populations: Urban Outfitters, American Apparel, Buffalo Exchange and Billabong. Austin's downtown chains include Urban Outfitters, REI, Chico's, Diesel, and Anthropologie. Also of note is the concentration of apparel stores in these downtowns: Austin-70, Boulder-67, and Madison-37.

EXHIBIT MR-1
SNAPSHOT OF DOWNTOWN RETAIL MIXES
Number of Stores by Retail Category
2007

Retail Categories	Downtown				
	Austin, TX	Bloomington, IN	Boulder, CO	Champaign, IL	Madison, WI
Apparel ¹	70	10	67	9	37
Books	10	2	14	2	9
Gifts ²	37	4	15	2	9
Entertainment ³	61	12	28	1	21
Electronics	10	3	4	5	9
Specialty ⁴	57	6	36	18	21
Total	245	37	164	37	106
Downtown Chains	Anthropologie Chico's Diesel REI Sunglass Hut Urban Outfitters		American Apparel Billabong Buffalo Exchange Chico's Urban Outfitters		Birkenstock EB Games Ragstock Reebok Urban Outfitters

1. Apparel includes clothing, shoes, accessory and jewelry stores.
2. Gifts includes cards/gift shops and toy and sporting good stores.
3. Entertainment includes museums, theaters, art galleries, etc.
4. Specialty goods include home goods, furnishings and other miscellaneous retailers.

Source: Marketek, Inc.

Visitor Spending

Leisure and business visitors are noted for spending discretionary income during travel. The most desired types of goods by the visitor market include:

- Restaurant, bar and eating choices representing a variety of cuisine and prices
- Unique, one of a kind, locally created arts and crafts and gallery items
- Apparel and accessories
- Gifts
- Convenience goods—grocery and drugstore
- Recreational/sporting goods and services
- Home accessories

As noted earlier, restaurants and bars dominate downtown Iowa City's existing business base with gaps and niches to be filled in apparel/accessories, home furnishings/décor, grocery, services and other selected categories. The following list of business and merchandise opportunities (Exhibit MR-2) are suggested for downtown based upon the retail market analysis, shopper and business owner research, visitor market insights, lifestyle analysis and the types of businesses that are succeeding in other college towns. The large supply and quality choices offered by existing downtown Iowa City restaurants appear to be more than adequate.

However, several specific food niches were identified as desirable by local consumers and are included on the list. Some merchandise categories are already represented by downtown businesses, but are presented here as it is believed that additional options can be supported.

EXHIBIT MR-2 TARGET BUSINESS/MERCHANDISE OPPORTUNITIES Downtown Iowa City		
Merchandise	Apparel (all kinds) Shoes Sporting goods and outdoor gear Books/music/CDs Cards/paper/gifts Florist/garden accessories Unique children's toys and gifts Children's boutique Antiques/reproductions Lamps/shades/lighting Computers/accessories Furniture	Jewelry Bed/bath/linen Home accessories/decor Drapery/rugs Consignment furniture Gallery/gifts (more) Bicycle sales and repair Audio/electronics Camera Container-type store Frames/art
Restaurants/Food	Health food/juice bar Bakery (full service) Chocolate shop	Grocery Wine shop & tasting room
Entertainment	Movie theater	
Personal care/ Services	Day spa Photography Health club/recreation Interior design Dry cleaning	DVD rental Yoga/pilates Vision care Computer repair/service Tailoring/alterations

C. Business Targets

Expanding Retailers

Using the proprietary Retail Tenant Directory database of over 5,400 retail companies (national and regional chains), Marketek conducted a search of retailers expanding in Iowa. The search criteria included: (1) Planned 2007 expansion in Iowa; (2) Desirable gross leasable space of 500 to 10,000 square feet; (3) Selected retail categories suitable for downtown, approximately 55; and (4) Downtown/lifestyle center location preferred. The search excluded restaurants and food service. The results identified 235 retailers expanding in Iowa. The complete list appears in Appendix 8-A.

Marketek conducted an initial screening of the list to identify those appearing to be the best fit for Iowa City's demographics, market gaps and business clusters. Exhibit MR-3 lists selected top targets. As a supplemental task, Marketek can assist in providing company location preferences and contact information. The list can be used as the beginning of a target 'suspect' list as well as to help identify existing independent retailers locally, in the region or beyond who would fill a similar niche and may consider a downtown Iowa City location.

**EXHIBIT MR-3
SELECTED TOP CHAIN PROSPECTS**

Name	Retail Category
American Eagle	Apparel
Apple, Inc	Computer/electronics
Bagel Boys	Eatery
Bakers Footwear Group	Shoes
Brown's Shoe Fit	Shoes
Caché	Apparel
CD TradePost	Specialty/music retail
Chicos	Apparel
Coldwater Creek	Apparel
Famous Footwear	Shoes
Foot Locker	Shoes
Fossil	Watches/accessories
Gap	Apparel
Hollywood Entertainment	DVD rental
Hot Topic	Apparel/accessories ('pop')
J. Crew	Apparel
KaBloom Flowers	Florist
L.A. Weight Loss	Personal service
Landmark Luggage	Specialty retail
LUSH Handmade Cosmetics	Cosmetics/skin care
MAC Cosmetics	Cosmetics/skin care
Origins	Bath & body products
Papyrus Franchise	Paper goods/specialty
Radio Shack	Electronics
Rent-a-Center	Home furnishings
S&K Famous Brands	Menswear
The Children's Place	Apparel
Under Armour	Athletic wear
Urban Outfitters	Apparel/home accessories
Z Gallerie	Homefurnishings
Zumiez	Skateboard/snowboard gear

Source: Plain Vanilla Shell; Marketek, Inc.

ORGANIZING FOR DOWNTOWN BUSINESS DEVELOPMENT

A. Background

Successful implementation of the downtown market study is dependent upon a commitment to downtown as a priority economic development area, an organized, proactive local business development team and management by a qualified staff position that is at least one-half time.

Existing organizations can and should be part of a steering committee to guide and lead the business development process, but do not appear to have the ability to manage this function at the present time. None has the staffing or organizational capacity. Nor are organizational purpose and activities directly aligned with downtown business development. The current situation for key groups is delineated below.

The Iowa City Area Chamber of Commerce works to foster a better business environment and must necessarily serve the entire Iowa City business community. The Chamber is a convener for its membership and a link to resources, working to build regional partnerships and encourage entrepreneurship.

City of Iowa City Economic Development staff focuses citywide on commercial, industrial and workforce development as well as urban renewal activities. While the city strongly advocates for downtown development, the public sector is not the appropriate place for business recruitment/outreach. The city can be helpful through its financial assistance programs, in getting projects off the ground and in creating effective public policies and efficient regulatory systems to allow speedy and appropriate development downtown. The Economic Development staff is constrained in brokering deals. They have limited time to devote to commercial business development.

The Downtown Association of Iowa City (DTA) is a nonprofit association focusing its resources to promote downtown. The organization provides leadership and undertakes marketing initiatives and special events to promote downtown Iowa City. At present, DTA is in an organizational/membership rebuilding mode and lacks a sustainable funding base.

The Iowa City Area Development Group (ICAD Group), a 501c6 serves the business development needs of primary sector companies in the greater Iowa City area. As Iowa City's lead economic development organization, ICAD Group works to connect industry with federal, state and local resources for business retention, expansion and attraction efforts. Downtown development is integrally linked to projecting a positive quality of life and the ICAD Group's business development skills and experience can be very helpful for downtown's economic success.

B. Recommendation and Budget

Form a public-private partnership of key downtown stakeholders and leaders with an exclusive focus on improving the downtown Iowa City business mix. Avoid forming a new nonprofit, but rather try to organize under or affiliate with an existing well respected nonprofit which will serve as the fiscal and administrative agent. Ideally, the group will have a complementary mission. However, it is important that the Partnership remain autonomous. The Community Foundation of Johnson County may be an appropriate

entity as one of its functions is to help establish and manage targeted giving funds for various community interests.

Partnership investors might include the above organizations, as well as bankers, downtown developers, the University of Iowa and key business/property owners. Investors should be asked for \$5,000/year for two years to provide stability to business development efforts. Target a minimum of 20 individuals or organizations for a minimum budget of \$100,000. All investors with a \$5,000 investment or greater should have a seat at the decision-making table. During the two year start-up time frame, a sustainable funding program will need to be organized. These efforts may well be linked to a downtown self-supporting municipal improvement district (SSMID).

Below is a draft budget outline for the full time function, which is recommended in order to recruit a top quality, experienced candidate for the job. One budget assumption is that office space will be donated by a partner or investor.

EXHIBIT MR-4 BUSINESS DEVELOPMENT BUDGET SAMPLE Downtown Iowa City	
Personnel	
Full time manager	\$60,000
Benefits	\$18,000
Office	
Rent-in-kind	\$0
Telephone	\$600
Equipment	\$1,000
Other	
Printing	\$1,400
Workshops/Travel	\$2,500
Website	\$3,000
PR/Advertising	\$7,000
Miscellaneous	\$1,500
TOTAL	\$95,000

C. Job Description and Partnership Steering Committee Tasks

What follows is a draft job description for the proposed Downtown Business Development Manager, Partnership/Steering Committee member responsibilities and an overview of key focus areas for the Partnership. Detailed strategies and action steps appear in the Marketing Plan section of this report chapter.

The Partnership will provide a centralized point of contact for downtown market information, space inventory and retail prospecting and coordinate with the City and other entities to address policy and priority projects affecting downtown Iowa City. The three key elements of the downtown economic/business development process are

exhibited below: Property Development, New Business Development and Business Expansion. Together with these functions, the Partnership will need to focus on developing a funding strategy for long term program support. Following the job description and committee responsibilities is a synopsis of goals and activities for each of these three activities.

Downtown Iowa City Business Development Manager – Draft Position Description

Desirable experience in one or more of the following:

- Real estate, sales and marketing, small business development/finance, community and economic development.
- Minimum of three years experience in working/consulting with independent businesses.

Desirable characteristics:

- Manager must understand issues confronting downtown business people, property owners, public agencies and community organizations.
- Manager must be entrepreneurial, energetic, imaginative, well organized, and driven in an independent situation.

Skills required:

- Ability to work with start-up, existing and retiring business owners.
- Ability to work with very diverse personalities and levels of business sophistication.
- Ability to market, sell and negotiate downtown opportunities.
- Ability to diagnose business problems and recommend practical solutions.
- Ability to manage multiple projects at any given time.
- Ability to work with volunteers.
- Ability to identify and package assistance programs and financial incentives.
- Ability to be a team player and support the work of all Partnership organizations.
- Ability to use Microsoft Word, Microsoft Excel and Microsoft PowerPoint.
- Excellent public speaking and writing skills.

General Duties:

- Responsible for the development, conduct, execution and documentation of business development activities including business retention, expansion and recruitment and property development.
- Develop and follow through downtown business development campaigns targeting specific business opportunities for downtown.
- Maintain and enhance the relationship with the entire downtown Iowa City commercial community.

Specific Duties:

- Become familiar with all persons and groups directly and indirectly involved in the downtown commercial district.

- Build strong and productive working relationships with downtown business and property owners.
- Draft a work plan to establish monthly and long term goals coordinating with the Partnership and any working committees.
- Conduct an ongoing public awareness/education program about the opportunities in downtown Iowa City and the commercial community.
- Network, attend functions and make presentations to groups relevant to the downtown Iowa City business community, including the Chamber, City Council, Rotary and the University.
- Work with individual downtown tenants and/or property owners on positioning their properties to redevelop or sell. This may include assisting with physical improvement projects through personal consultation or by obtaining and supervising professional design assistance and providing guidance on financing the improvements.
- Maintain a current inventory of ready and available downtown space, condition, lease rate and terms, special features, listing agent and telephone number and other pertinent factors.
- Utilizing the downtown market study, target and identify business prospects through a wide variety of direct marketing tactics: direct mail, visitations, contact with referral sources and open communication with local businesses and local leaders.
- Develop and update a professional recruitment packet, website and other materials to promote downtown business opportunities and properties.
- Identify and coordinate structural or regulatory changes to remove barriers to business attraction (e.g., modifying zoning ordinances and parking guidelines).
- Develop and maintain systems to track and report the progress of the business development program.
- Organize regular Partnership meetings and maintain strong communication with partners.

Key Benchmarks/Indicators of Success:

- Number of qualified prospects contacted.
- Number of businesses recruited or assisted/retained downtown.
- Properties readied for redevelopment as a result of Partnership efforts.
- Amount of dollars reinvested in downtown as a result of Partnership efforts.
- Jobs generated in downtown as a result of Partnership efforts.

Business Development Partnership Steering Committee Responsibilities

General responsibilities of the committee involve collecting necessary information, gaining complete knowledge of the downtown market study, helping generate leads, contacting and assisting prospects and communicating key issues and needs for technical assistance.

Partners should commit to:

- Actively develop and promote the vision for downtown Iowa City's economic vitality;
- Identify and stay focused on the downtown priorities related to Business Development over the next 6 to 18 months;
- Establish and monitor roles and responsibilities for staff person and the organization as a whole;
- Put a link to downtown Iowa City URL on their websites;

- Network and promote downtown business opportunities to fill target business niches;
- Help create and monitor a work plan for priority activities; and
- Identify and pursue sustainable funding strategies.

The Partnership will also need to develop operating guidelines for meetings, management structure, and overall expectations regarding individual participation. It is recommended that an executive committee be organized to work directly with staff and keep the group on task.

Partnership Focus Areas

The Partnership may develop sub-groups or committees for each of the focus areas below.

Property Development

The purpose of a Property Development Program is to stimulate interest and action toward property improvements and to enhance the appearance and condition of downtown properties to attract quality tenants.

Business Retention and Expansion

Helping existing businesses to remain or become healthy and to apply the results of the market analysis will contribute to a positive business environment and enhance business recruitment efforts.

Business Attraction

The purpose of Downtown Iowa City's targeted business attraction plan is: 1) to create "top of the mind" awareness; 2) to inform the target audience about opportunities in downtown Iowa City; and 3) to generate leads.

Marketing and Communications

A comprehensive and well coordinated marketing program to promote downtown opportunities, development projects and results achieved will support the success of all other business/property development endeavors.

D. Conclusion and Next Steps

Completion of the downtown market study is the culmination of a nearly two year discussion among downtown Iowa City civic and business leaders. Momentum and energy are strong for the targeted downtown development process key to successful implementation. The crucial next step is organizing to proactively respond to identified market opportunities.

Experiences of dozens of successful downtowns demonstrate that economic revitalization and 'restructuring' is a long term process that must be well focused, with strong leadership and excellent management. The issues and opportunities facing downtown Iowa City are far too complex to be volunteer managed or added to the workload of an existing organization. For this reason, a separate group or partnership should be formed with a staff function exclusively focused on business and property development.

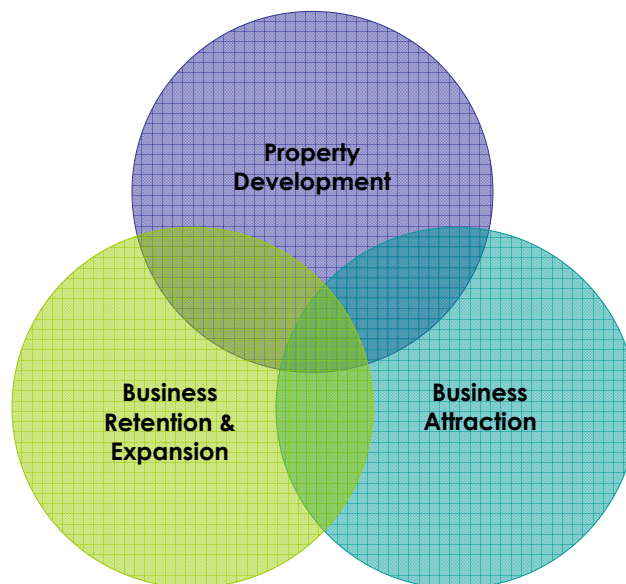
It is crucial that the Partnership build support from the greater downtown Iowa City community and show measurable progress toward established goals in order to develop

the confidence of funders and the community and to capture sustainable funding. A sample timeline for organizing for implementation follows:

November 2007	Downtown market study presented. Implementation recommendations presented and accepted by City and key downtown stakeholders.
December 2007	Economic Development Commission members contact prospective investors to form partnership.
January 2008	Downtown business development partnership organized, operating guidelines developed, staff position publicized.
February 2008	Strategic priorities identified; commitment.
March 2008	Staff hired, work plan developed, committees formed.

BUSINESS DEVELOPMENT AND MARKETING PLAN

To successfully promote and capitalize on the market opportunities identified in the Market Analysis, an aggressive and well-coordinated marketing program should be carried out that includes three key initiatives exhibited below: Property Development, Business Retention/Expansion and Business Attraction. Recommended 'next steps' are detailed in this report section. In addition, a Marketing and Communications action plan details important marketing tactics for overall success. The underlying purpose is to convince existing and prospective business owners, property owners and investors that downtown Iowa City is the best business/investment opportunity and to demonstrate tangible results.



A. Property Development

Goal – The purpose of a Property Development Program is to stimulate interest and action toward property improvements and to enhance the appearance and condition of downtown properties to attract quality tenants.

Audience – Business prospects (renters), property owners, real estate agents, lenders and the general public.

Implementation Activities

Identify Target Commercial Properties Ready for Business Occupants

1. Make an inventory of all vacant, underutilized or uncared for downtown properties.
2. Identify established bar tenant properties that may be making a change in the near future.
3. Organize a property owner contact team to meet one-on-one with property owners to discuss the overall revitalization process and the desire to increase commercial activity. The contact team should also assess the property owner's interest in and ability to make property improvements and to lease or sell the property.
4. Building on the information gained through property owner interviews, use the Property Assessment Worksheet (see Appendix 8-B) to clearly evaluate the condition, property owner interests and near term potential for key downtown buildings. Assess the ability of the owner to sell and/or lease the space.
5. Based on the property inventory, rank the sites/buildings according to their potential for development or locational importance, categorizing them as short term or long term potential initiatives.
6. Explore using a community-initiated development process (local investor groups, nonprofit development corporations or other means) to creatively move key properties out of dormancy and into functional space.
7. For properties/buildings that are available and in good condition for showing, work with the property owner and/or a local realtor to market these to business prospects. Marketek identified seven vacancies in September 2007, though at least one was preparing for a new tenant. Put together a one page marketing fact sheet or profile with key features, price information, a photograph, contact person and target businesses for the location. A property profile would include the following information:
 - a. total and useable square footage
 - b. lease/sale terms
 - c. amount of store frontage and parking
 - d. photographs, aerials, building footprints and/or floor plans
 - e. target business types for the site/property

Develop Incentives and Assistance Programs to Reduce the Economic Risk to the Property Owner & Encourage Downtown Redevelopment

1. Identify all existing property and business development incentives offered through city programs and/or other resources.
2. Contact by telephone and/or arrange field trips to other comparable communities with a track record of downtown revitalization to identify other successful incentives. Contact Iowa Downtown Resource Center (Thom Guzman) for best examples.
3. Identify workable incentives for downtown Iowa City, funding and other forms of assistance that can encourage property redevelopment and business development.
4. Package a Property Redevelopment Toolkit, combining existing urban renewal benefits and any other incentives identified through the steps above.
5. Develop a downloadable file with information on what the incentives are and how to apply them to various property development projects, with examples, if available.
6. Organize a property improvement recognition program. Any property owner caught in the act of reinvesting and making positive property improvements should be recognized for his efforts and contribution to downtown improvement.

B. Business Retention and Expansion

Goal – The purpose of downtown Iowa City's business retention initiative is: 1) to encourage existing businesses to capitalize on market opportunities; and 2) to support and enhance established businesses contributing to downtown vitality.

Audience – Existing businesses in the core downtown and Northside neighborhood areas; Iowa City business and economic development organizations and service providers.

Implementation Activities

Assist Existing Businesses through Education, Technical Assistance and Recognition

1. Promote the findings of the Retail Market Analysis through business networking, distributing the executive summary, presentations and other outlets.
2. Working with the University of Iowa's Pappajohn Entrepreneurial Center, identify tactics and approaches for assisting existing businesses to expand and diversify their merchandise mix based upon the opportunities identified. This is a key to capturing opportunities identified in the analysis.
3. Respond to issues identified in the Business Owner Survey. Conduct a series of workshops and/or provide one-on-one technical assistance to address the top needs identified in the Business Owner Survey, including: target customer marketing, joint promotions and property enhancements.

4. Institute a Downtown Business Recognition Program for downtown business' exceptional service, business improvement, community services, new initiatives or other positive endeavors. Build upon and work in conjunction with the Chamber of Commerce's efforts to help local businesses celebrate milestones and successes.

Provide Relocation Assistance and Start-Up Encouragement

1. With consideration for the business clustering concepts shared in the retail strategy and business expansion plans, work with any existing businesses seeking to relocate within the downtown. Publicize this assistance.
2. Investigate incentives and technical assistance to encourage 'home grown' businesses and entrepreneurs to locate in downtown.
3. Explore the potential for a retail incubator space to provide retail entrepreneurs a jump-start in a small, below-market cost space.

C. Business Attraction

Goal – The purpose of downtown Iowa City's targeted business attraction plan is: 1) to create "top of the mind" awareness; 2) to inform the target audience about opportunities in downtown Iowa City; and 3) to generate leads.

Audience – Business prospects, businesses being targeted, leads generated through other marketing activities, local and regional realtors/brokers, media and business associations.

Implementation Activities

Develop Target Business Recruitment Campaign(s)

1. Establish 3-6 target business priorities for attraction and/or expansion.
2. Formulate a written marketing and prospecting game plan for priority business targets. Sample steps include:
 - 'Suspect' and prospect list
 - Direct mail campaign to businesses and developers
 - Advertising campaign
3. Develop a call program to leads generated from ad/direct mail campaigns.
4. Prepare sales program to court prospects.
5. Cultivate referral networks: brokers, commercial/residential developers, other economic development agencies, leasing offices, etc. Attend events of and/or join key retail/related business professional associations such as the International Council of Shopping Centers (ICSC), Commercial Association of Realtors, trade association groups, etc.

- Develop niche marketing campaigns for target businesses to create awareness of the opportunities and engage them in considering downtown Iowa City as a location for their business. See sample that follows.

EXHIBIT MR-5 TARGET MARKETS / NICHE BUSINESSES Downtown Iowa City		
Target Markets	Rationale	Campaigns
Specialty Retail <ul style="list-style-type: none"> Small apparel shops Home accessories/art Home furnishing Children's toys/gifts Wineshop/winebar 	<ul style="list-style-type: none"> Existing demand from all markets Future demand from population growth and downtown residential development Future demand generated from increased promotions of downtown opportunities and entertainment 	<ul style="list-style-type: none"> Build awareness Marketing and outreach to locally-owned shops in 150-mile radius Iowa City (opportunity to expand) Marketing to businesses with current locations in model cities Use Retail Tenant Directory/brokers to identify businesses seeking new locations Contact area manufacturers of specialty goods for retail outlet Website, marketing packet Consistent messaging—electronic newsletter Feature articles
Developers / Brokers <ul style="list-style-type: none"> Local Regional National 	<ul style="list-style-type: none"> Best opportunity for near-term new investment Have the resources and expertise to create commercial, residential, and mixed-use downtown Have established networks 	<ul style="list-style-type: none"> Engage them to invest in properties/opportunities Development opportunity meetings-residential, retail, office Keep them advised of changes and assistance for downtown improvements Newsletter FAM Tour (if needed) Continue to promote programs, opportunities, business locations, new developments and events

Create Marketing Collateral

Marketing collateral must do two things: (1) show the vision of what downtown Iowa City is striving to be; and (2) provide compelling information that shows a market exists for the targeted businesses.

- Use a folder or document file to package collateral materials (listed below).

Quality map, 8 x 11. The inside should depict the vision and future of the downtown, highlight major anchors (City Hall, library, etc), residential areas, and unique businesses. The reverse, outside panels should be a continuous image, aerial photograph highlighting specific sites and buildings (this allows the map to be used in bound proposals or packets).

“Info-sales” collateral sheets should be created and stored digitally enabling quick updates and the ability to print them on the brand templates and include in marketing packet. Much of the content will be found in the Retail Market Analysis. Info sales sheets should contain:

- Market demographics and customer profile
 - Market trade area map
 - Daytime population
 - Visitor market
 - Property profiles (site and building information including site map, aerials, building photographs, etc)
 - Program assistance (façade improvement program, financing, incentives)
 - Resource guide (Entrepreneurial Center, Chamber of Commerce and other organizations providing technical assistance)
 - Development flow chart (outlining steps required and/or recommended to develop downtown properties or open a business) and list of permits needed with links to forms and applications already online (unless this process is very transparent)
 - Press releases
2. Prepare one or more simple marketing collateral pieces (e.g. sales brochure, direct mail post card campaign, etc).

Actively Manage the Business Development Process

1. Create/obtain a database system (Contact Management System-CMS) to maintain records of targets – developers, businesses, property owners and key contacts. The key in marketing downtown Iowa City is in exposing the opportunities to a wide audience, which means consistent and frequent messaging to a large database of contacts. Using a CMS system simplifies the marketing process by automating the messaging. For example, letters and/or electronic messages can be sent to any or all leads in the database, directly from the CMS system, and record the activity. The system will save staff time in implementing the different niche campaigns.
2. To effectively market and promote downtown Iowa City to different target niches, the Contact Management System should contain contact information on the following:
 - Local, regional and select national media
 - Key business journals and professional associations
 - Local and regional developers and realtors (retail, commercial, and residential)
 - Local/metro target retailers
 - Local businesses (including those not currently located downtown)
 - Downtown property owners
3. Subscribe to or use the limited free version of Retail Tenant Directory. Keep the database current by continually updating information and purchasing annual database updates.

4. Details for implementing each initiative should be recapped in a matrix, which has been designed as a tool to assist staff in organizing, budgeting, scheduling, and reporting on all the details involved in successfully implementing the action items. A sample table appears below.

EXHIBIT MR-6 SAMPLE IMPLEMENTATION AND REPORTING GUIDE					
Action	Budget	Lead Person	Target Start Date	Target Completion Date	Status
Property Development	\$				
Inventory vacancies					
Contact property owners					
Property profiles					
Match property to business target					
Redevelopment site plans					
Business Attraction	\$				
Develop collateral					
Conduct direct mail					
Prospect sales plans					
Press and media outreach					

Actively Promote the Results

1. As an adjunct tool to the reporting guide, prepare on a semi-annual basis, a simple one page benchmarks and outcomes snapshot. The following categories may be included:
 - Sales and Marketing:
 - * Direct mail pieces sent
 - * Number of calls made and response
 - * Number of hot, warm, cool leads
 - Public Relations:
 - * Press releases sent
 - * Articles published
 - Business Attraction:
 - * Number of businesses recruited
 - * Number of jobs created
 - * Dollar amount of private investment
 - * Dollar amount of public investment
2. Establish a schedule for internal reporting to members of the Partnership and external reporting to the community.

D. Marketing and Communication

Goal – Business development marketing and communication initiatives should be carefully linked to those of the Downtown Association, the Chamber of Commerce and the City of Iowa City to avoid any duplication and ensure complementary presentation of the downtown message, identify and vision.

Implementation Activities

Create a Consistent Brand Identity for Downtown

It is not clear if downtown is routinely identified as the Old Capitol Cultural District. Nor is it clear if the tagline *Where the Unique is the Usual* (which appears on the DTA website) is used in other places. If there is a unified logo and color scheme, they are not evident. This recommendation may best be implemented by the Downtown Association with its focus on promotions. The task should not sidetrack or impede the business development activities of the Partnership. It should be kept as simple and short a process as possible. Ideas about next steps are shared below.

1. Create or agree upon an existing "brand" or identity that reflects the image and vision desired of the downtown, i.e., arts and entertainment, live/work/play, Old Capitol Cultural District, etc. Use any established color scheme of the city and DTA within the design if possible. Seek to obtain any necessary graphic services on a pro bono basis.
2. Once the design concept is completed, establish a brand style guideline to control the proper use of colors, fonts, look, etc. of the downtown brand. The brand should be made available to those partners wanting to leverage their marketing which would continue and expand the branding of the downtown. Anyone wishing to market downtown Iowa City using the brand should follow the guidelines.
3. Once the design concept and style guideline is approved, create blank brand templates and electronic templates for use in marketing campaigns. For example, marketing packet, newsletters, press releases, post cards, and brochures (two sizes).

Expand Website Presence

1. Create a unique URL for marketing purposes, i.e., www.DowntownIowaCity.com. Users should be able to get directly to the information from this URL and also from within the city's, the DTA's and chamber's websites in as few clicks as possible.
2. Put all downtown market and development information at this location. Post an electronic version of a "Market Opportunities" brochure. Review quality downtown websites for ideas. Information that should be in this area of the site would include:
 - Market Potential – market area demographics (as provided in market study), downtown activities and visitor draws, streetscape and other improvement plans
 - Map of Downtown

- Property Profiles – name and description of sites, location maps showing access to site, site/parcel maps, property description, overview of availability, key features and advantages of the sites
 - Assistance – financing, incentives, and other assistance programs available
 - Stories and testimonials – successful businesses, downtown developments, project plans
 - Contact – name, phone, fax, and email of the primary contact person
3. Revise and update content at least quarterly.
 4. Create links with these pages to other resource sites and offer reciprocal links.
 5. Move the "Sites Available for Development" to the City's homepage. Currently users access this area via the following path: Home Page > Business> Buildings and Sites> Locality>Buildings>Sites. A direct link on the home page to "Development Opportunities" is much more effective and user-friendly.

Create a Press Kit and a Schedule of Media Releases

1. Include press release template, FAQs about downtown and Iowa City, area demographics, photographs, website URL announcement, and media contacts. Have hard copies available for face-to-face meetings and PDF format for electronic transfer.
2. Develop story ideas for monthly media releases on downtown Iowa City's business development (and other) progress and success.

Appendix 8-A: Complete List of Expanding Retailers

EXPANDING RETAILERS FROM RETAIL TENANT DIRECTORY

Abbey Carpet Company, Inc.	Abercrombie & Fitch Co.
Aldo Group Inc.	After Hours Formalwear
ALLTEL Corporation	Allegra Network, LLC
American Eagle Outfitters, Inc.	Amailcenter Franchise Corporation
Anne Fontaine	American Greetings Corporation
Apple, Inc.	AnnTaylor Stores Corporation
Ashley Furniture Industries Inc.	Archiver's, Inc.
Auntie Anne's, Inc.	Association of Logos Bookstores, Inc.
BAB, Inc.	B.E. Mick's Inc.
Bakers Footwear Group, Inc.	Bagel Boys, Incorporated
Barja Inc.	Bang & Olufsen America, Inc.
Bath & Body Works	Barnes & Noble, Inc.
beauty brands, Inc.	BCBG Max Azria Group, Inc.
Benetton Services Corp.	Bed Bath & Beyond Inc.
Borders Group, Inc.	Big Dog Holdings Inc.
Brodkey Bros. Inc.	Brighton Collectibles Inc.
Brown's Shoe Fit Co., Inc.	Brookstone, Inc.
Build-A-Bear Workshop	Brueggers Enterprises, Inc.
Caboodle Licensing Corp.	Business Partner Franchise Corp.
Card\$mart Retail Corporation	Cache, Inc.
CD TradePost	Carver Enterprise Group
Charming Shoppes, Inc.	Charlotte Russe Holding, Inc.
Christopher & Banks Corp.	Chico's FAS, Inc.
Claire's Stores	Cingular Wireless
Coach Inc.	Club Libby Lu, LLC
Color Me Mine Enterprises, Inc.	Coldwater Creek Inc.
Consolidated Vision Group, Inc.	ColorTyme, Inc.
Creative Kidstuff Inc.	Crabtree & Evelyn, Ltd.
Daylight Corporation	Cuts Fitness For Men
Del Sol	Deb Shops, Inc.
Dick Blick Holdings Inc.	Deseret Book Co.
Dooney & Bourke	Do It Best Corp.
Draper's & Damon's Inc.	Dots, Inc.
Eddie Bauer Holdings, Inc.	Dunkin' Brands, Inc.
Emerging Vision, Inc.	Edible Arrangements LLC
	Ermenegildo Zegna Corp.

EXPANDING RETAILERS FROM RETAIL TENANT DIRECTORY (continued)

Ethan Allen Interiors Inc.	FamilyMeds Group, Inc.
Famous Footwear	FedEx Kinko's Office and Print Services, Inc.
Fleet Feet, Inc.	FOCUS Brands, Inc.
Foot Locker, Inc.	Fossil
Franchise Concepts, Inc.	Frederick's of Hollywood Stores, Inc.
Freshens Quality Brands	Gap Inc.
Genesco Inc.	Gilworth Furniture
GNC Corporation	Goddard Systems, Inc.
Great Harvest Franchising, Inc.	GWK Enterprises
Gymboree Corporation	H.F.I. Corporation
Hallmark Gold Crown Stores	Hat World, Inc.
Heel Quik!, Inc./Foot Solutions, Inc.	Helzberg's Diamond Shops, Inc.
Hermes Of Paris Inc.	Hibbett Sporting Goods, Inc.
Hollywood Entertainment Corp.	Hot Topic, Inc.
Hub Distributing Inc.	Hugo Boss Fashions Inc.
ICED (Intl Center for Entrepreneurial Dev)	J. Crew Group, Inc.
Jimmy Choo	Jockey International, Inc.
Jones Apparel Group, Inc.	Jos. A Bank Clothiers
KaBloom Flowers, LLC	Kahala-Cold Stone Corp.
Kellwood Retail Group	Kessler's Sports Shops, Inc.
KinderCare Learning Centers, Inc.	Kirkland's, Inc.
Krispy Kreme Doughnut Corp.	Kuhlman Company
L.A. Weight Loss Centers	Lady of America Franchise Corp.
LaMar's Donuts	Landmark Luggage & Gifts, Inc.
Le Creuset Factory Outlet	Leap Wireless International, Inc.
Lemstone, LLC	Lenox Group, Inc.
Lenox Retail	Liberty Fitness Holdings, LLC
Liz Claiborne Inc.	Loro Piana
LUSH Fresh Handmade Cosmetics	Luxottica Retail North America
MAC Cosmetics	Mail Boxes Etc. U.S.A., Inc.
Maynard's Food Centers, Inc.	Merle Norman Cosmetics
Mikasa, Inc.	Mikimoto America
Minuteman Press International	Morton's Restaurant Group, Inc.
Mothers Work, Inc.	Movado Group, Inc.
Mrs. Fields Famous Brands, LLC	Naturalizer Retail
Nebraska Book Co.	Nestle Toll House Cafe by Chip
New Balance Athletic Shoe, Inc.	New Horizon Kids Quest Inc.
Nexcen Brands	Nickels & Dimes, Inc.
Nike, Inc. (Retail Division)	OfficeMax (Retail Headquarters)

EXPANDING RETAILERS FROM RETAIL TENANT DIRECTORY (continued)

Original Penguin	Origins
OshKosh B'Gosh, Inc.	Overland Sheepskin Co.
PA Acquisition Corp.	Pacific Sunwear of California, Inc.
Panera Bread Company	Papyrus Franchise Corporation
Payless ShoeSource, Inc.	Penzeys Spices
Perfect Line, Inc.	PostNet
Powerhouse Gyms International	Putt Putt Golf Courses of America
Qwest Communications International, Inc.	R & K Birkestrand Inc.
RadioShack Corp.	Rainbow Apparel Companies
Red Wing Shoe Co.	Rent-A-Center, Inc.
Restoration Hardware	Retail Brand Alliance, Inc.
Rhino Video Games	Ritz Camera Centers, Inc.
Rogers Ltd., Inc.	Roots Canada Ltd.
S & K Famous Brands, Inc.	Sally Beauty Holdings, Inc.
Savvi Formalwear	Schoeneman Brothers Co.
Schwenker & Mougin, Inc.	Schweser's Stores, Inc.
Sears Holdings Corporation	Select Comfort Corp.
Sephora USA Inc.	Sir Speedy, Inc.
Sony Electronics E-Solutions Company LLC	Sprint Nextel Corporation
Staples, Inc.	Sterling Jewelers, Inc.
Steven Madden Ltd.	Street Corner
T-Mobile USA, Inc.	The Body Shop
The Buckle, Inc.	The Cheesecake Factory Incorporated
The Children's Place Retail Stores, Inc.	The Dress Barn, Inc.
The Home Depot, Inc.	The J. Jill Group, Inc.
The Limited Stores	The Little Gym International, Inc.
The Men's Wearhouse	The Running Room
The Sharper Image Corp.	The Stride Rite Corporation
The Swatch Group Ltd.	The Talbots, Inc.
The Thomas Kinkade Company	The Wet Seal, Inc.
Things Remembered, Inc.	Thom Brown of Boston Inc.
Tiffany & Co.	Tom James Co.
totes Isotoner Corporation	Tween Brands, Inc.
U.S. Cellular Corporation	ULTA Salon, Cosmetics & Fragrance, Inc.
Ultra Diamonds	Under Armour, Inc.
Urban Outfitters, Inc.	Vanity Shops of Grand Forks
Verizon Wireless	Versace USA

EXPANDING RETAILERS FROM RETAIL TENANT DIRECTORY (continued)

Wicks 'N Sticks	Victoria's Secret Stores
Wilson's The Leather Experts	Westcroft Beadworks, Inc.
Z Gallerie	Williams-Sonoma, Inc.
Zumiez Inc.	Winmark Corporation
Zale Corp.	Yves DeLorme

Appendix 8-B: Property Assessment Worksheet

Downtown Properties: Ready for Company?

So your downtown has a beautiful new streetscape. You've got strong market opportunity, the great location, directional signage and the marketing package. Now, *where are you going to locate all those great business prospects?* The worksheet below is designed to help you think through what properties are *really* ready for business tenants and which need some minor or major work.

IOWA CITY VACANT PROPERTY ASSESSMENT

Location of Property _____

Size of Space _____

Other Features _____

Rate the following features of the property on a scale of 1 to 5, with 5 being Excellent and 1 being Poor.

Physical Condition	_____
Physical Appearance	_____
Location	_____
Accessibility (pedestrian)	_____
Availability of Parking	_____
Visibility	_____
Relationship with & influence by neighbor businesses	_____
Owner attitude and involvement	_____
TOTAL SCORE (40 possible points)	_____

Draw Your Conclusions:

- Which vacant properties are most marketable?
- Are there inappropriate uses?
- Are there properties needing extensive remodeling or that should be subdivided for tenants?
- Are there properties that should be condemned?
- What are your top properties for leasing?
- What is the plan for working with the property owner to get properties ready to show?

Source: Marketek, Inc.

