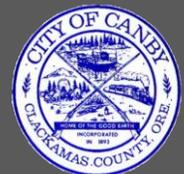


City of Canby Retail Market Analysis Update

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Introduction

The Canby Retail Market Analysis update is designed to focus business development efforts to enhance Canby's position as a shopping destination. This research looks at support for retail within the near term (1-5 years), recognizing that no one is able to forecast the timing and nature of national and local economic expansion.

The goals of this multifaceted analysis are to:

- Create an accurate and realistic picture of Canby's retail potential, including the characterization of the existing supply of businesses; consumer preferences, needs and buying patterns; and opportunities and challenges for growth and development;
- Identify a desired business mixed based on existing gaps, future development potential and shopper survey results;
- Provide Canby with key business retention and recruitment strategies and a specific action plan to strengthen and diversify the local retail/service industry; and
- Help the City and business community respond to changes in customer traffic during 1st Avenue construction project.

Methodology

As Canby's retail expansion efforts will be implemented over time, the market analysis considers a five-year time period from 2012 to 2017, which is a realistic projection period for retail development. Research (both primary and secondary) included:

- Demographic analysis of the Canby market area;
- Statistical estimates of potential supportable retail space;
- Business inventory of key shopping centers;
- Interviews with local business owners and real estate brokers;
- Opinion surveys of Canby shoppers and business owners; and
- Site visits to downtown Canby and Canby's main shopping areas.

Canby Overview

In terms of population, the Canby retail market area is three times as big as the City of Canby overall. Yet, Canby is still viewed as a relatively small market by many brokers and the national chain stores that they represent. Canby's relatively small comparison shopping retail base is a function of its location. It is close enough to regional malls for shoppers to do comparison goods

shopping there and yet far enough away from other retail centers that most shoppers will do all their convenience good shopping close to home. However, Canby has strong opportunities for retail growth in many categories including general merchandise, restaurants and apparel, though it is “oversupplied” in home improvement and gardening and miscellaneous specialty retail based upon current market area household demand.

Canby is viewed as a successful, stable suburban community as considerable recent investment demonstrates. From 2007 to 2011, building permit values totaled over \$109 million. Commercial permits made up the majority (\$77.1 million or 70 percent) and residential permits were valued at \$32.4 million, or 30 percent of the total. The City of Canby is a strong partner with the business community, offering a range of programs and incentives to help strengthen the business base and continuing its significant infrastructure improvements in the downtown area, on Highway 99E and in the industrial park.

Survey Research Highlights

The Canby community completed two surveys (one for shoppers and one for downtown employees) during the months of April and May 2012. Nine hundred and nineteen (919) residents participated in the Shopper Survey and 221 workers took the Employee Survey. Findings are summarized below and complete results appear in Appendices A and B.

The City of Canby also conducted a survey of the business community at the end of 2011. The results augment the surveys completed by the community in the spring. Thirty-six (36) downtown businesses responded to the survey and their input is summarized following the shopper and employee surveys results.

Shopper Survey

Shopping Habits

- Many respondents perform most of their non-grocery shopping in Canby (47 percent) and in Clackamas (43 percent). Just over 20 percent do their shopping in Portland.
- Respondents make their decisions on where to shop based primarily on available selection (50 percent) and convenience (50 percent). Price was also noted as important for 36 percent of respondents. Only a quarter (24 percent) feel that familiarity drives their decision making process.
- While 37 percent of respondents shop in downtown Canby a few times a week, about 31 percent shop in downtown only once a month or less.

Shopping and Service Needs in Canby

- More than half of respondents (60 percent) think that apparel stores are missing in Canby, followed by a bookstore (32 percent). Many respondents also suggested that Canby is missing a kitchen/bath store and an arts and crafts supply store.
- Thirty-eight percent of respondents believe that a tailoring and alterations business is missing from Canby, which is more than any other type of service.
- Restaurants most frequently identified as missing in Canby are family dining places (44 percent), a bakery (39 percent) and a steakhouse/grill restaurant (37 percent).
- Other suggestions include enlarging the farmer's market and bringing a water feature to downtown to help create a community hub.

Shopping/Personal Business Preferences

- When asked why shoppers may not be purchasing goods or services that are available locally, the common themes were: not enough variety, too expensive, lacking quality restaurants, limited business hours and need for more marketing to create awareness.
- Most respondents (56 percent) reported that the best time for them to shop is from 8:30 am to 5:00 pm during the week. Thirty-nine percent said that after 5:00 pm on weekdays is the best time. Saturday afternoon is the best time to shop on the weekend.

Thoughts about Shopping in Canby

- Most respondents (84 percent) say that the biggest advantage to shopping in Canby is the convenient location. Two-thirds (67 percent) think that supporting local businesses is also a major advantage.
- Poor selection is the most common deterrent to shopping in Canby, selected by 67 percent of respondents. An improved business mix is strongly desired. Respondents also noted frustration with high prices (49 percent) and limited store hours (41 percent). There is a strong perception that small, un-franchised or non-chain businesses are more expensive.
- Respondents were very vocal about their frustrations over the removal of downtown trees, as well as the poor road conditions in Canby. The need for more trees and greenery was frequently noted.
- Respondents would like to see downtown Canby become more of a walkable community. They want restaurant options near the movie theater. They also prefer outdoor dining and stores and restaurants with extended hours to draw more people downtown.
- Over one-third (or 295 people) noted the advantage of "easy to find parking" in Canby.
- Regarding appearance, many survey respondents commented on the unattractive appearance of Highway 99 as well as the need for downtown storefronts, particularly along First Avenue, to improve their look.

General Information

- Most respondents were between the ages of 45 and 74. Only 11 percent of respondents were age 35 to 44. Respondents age 25 to 34 made up less than 10 percent of the total.
- Nearly everybody who responded to the survey calls Canby home.

Shopper's Comments

- "Selection is poor and price is excessive compared to what can be purchased 10 miles from here."

- “Canby is too expensive. Quality of dining is average at best. Canby is unappealing, nothing to look at when walking about.”
- “Buildings are old and musty smelling. Maybe a facelift on storefronts would help.”
- “If a shop isn't open convenient hours it doesn't matter how pretty you make the streetscape.”
- “It's not a generational observation that many clerks don't say thank you or even look at you – very annoying to a paying customer.”

Employee Survey

Shopping Habits

- Forty-six percent of respondents describe their occupation as “professional services.” The next largest category was clerical/secretarial employment at almost twenty percent.
- Most respondents (59 percent) shop during their lunch breaks about 1 to 2 times a week. Just over a third of respondents go out to eat during their lunch breaks 1 to 2 times a week. The most common thing respondents do during their lunch break is take a walk.
- While 42 percent of respondents have between 30 minutes and one hour for lunch, more than a third (37 percent) have less than 30 minutes.
- Most respondents (66 percent) shop, dine or conduct business at Fred Meyer Center. The next most popular location is downtown Canby (55 percent).
- A strong majority of respondents (76 percent) spend between \$5 and \$10 on lunch when they go out to eat. Nearly 15 percent spend less than \$5 on lunch.

Shopping and Service Needs in Canby

- The top three dining options respondents would like to see in Canby are a brewpub (40 percent), family dining (38 percent) and a steakhouse/grill (36 percent).
- Respondents are interested in bringing a sporting goods store (42 percent) to Canby. Other popular choices are an apparel store (41 percent) and a bookstore (32 percent). Many respondents noted that they would like to see more women's clothing options.
- The most desired service in Canby is a day care (noted by 43 percent of participants). Respondents would also like to see a copy/pack & mail center, a computer repair store and a tailor/alterations shop.
- Respondents are adamant about bringing façade improvements, more trees and longer business hours to downtown Canby.

Business Owner Survey

Doing Business in Canby

- Fourteen downtown businesses responded that Canby is an “excellent” place to do business. Ten businesses described Canby as a “good” place to do business and ten described it as “fair.” Only one business responded that Canby’s business climate is “poor.”
- Most downtown business respondents (21 or 58 percent) think that the City of Canby is going in the right direction. Only six (or 17 percent) percent do not believe the City is going in the right direction and the remainder chose not to answer the question.
- Thirteen respondents said that downtown Canby is going in the right direction, while only three said that it is not. Fifteen business owners did not respond to that question.
- The peak business period for 18 downtown respondents is morning and for 13 respondents, afternoon.
- About half of downtown businesses (51 percent) describe their target market as male and half (49 percent) as female. A fifth (21 percent) of businesses identify their target market as persons age 55 to 64. Age groups 25 to 44, 45 to 54 and 64 and over were each identified as target markets for a 20 percent of businesses. Only 11 percent of businesses describe their target market as persons age 18 to 24.

Advantages and Challenges in Canby

- When asked to describe the major advantages in Canby, the top five responses were (in order): quality of life, close to customers, amenities/services, local vendors and available land/buildings.
- In response to the economic downturn, 14 downtown businesses responded that they had a decrease in sales and had to decrease staff. Interestingly, nine said they had expanded sales and four said they expanded staff. Five reported no change.
- Business owners listed the major challenges of doing business in Canby. The top responses were (in order): current economic conditions, general operation costs, insufficient customer base/sales, cash flow/working capital/access to financing, competition and insurance costs.

Needs in Downtown Canby

- Eight respondents are interested in networking groups and/or business clusters. Five business owners said they would be interested in façade/building/signage improvements, another four would be interested in financing and another five in business planning/marketing.
- When asked to name businesses they would like to see locate in Canby, the top responses were: restaurants, a grocery store and sporting goods. Three business owners specifically

mentioned a discount clothing store such as Ross and another three would like to see a Bi-Mart.

Commercial Assessment

Successful business districts of any size have a healthy retail climate and a proactive marketing program with key amenities and characteristics that attract both customers and business prospects. Marketek assessed downtown Canby and Highway 99 to identify assets, challenges and opportunities for growing their commercial bases, beginning with general observations regarding the retail environment throughout Canby.

Canby's Top Selling Points for Retail:

- A diversified and growing employment base with the top 20 businesses employing 1,657 people, the majority engaged in industrial activity.
- Public and private investment. In the last five years, almost ten million (\$9.6 million) in urban renewal investment stimulated approximately \$87 million in private development. Another \$22.5 million in public/commercial/industrial investment is planned or underway through 2013.
- Residential construction. Nine hundred sixty-six (966) new residential units permitted over the last decade.
- Very good population and job growth.
- Strong incomes in the City and market area on par or above the State of Oregon and Portland metropolitan statistical area (MSA).
- Strong year-round visitor market largely due to events at the fairgrounds.
- Highway 99 traffic, access and visibility.
- Business-friendly, supportive local government with incentives including a Revolving Loan Fund and Façade Improvement/Storefront Signage Grants. First Avenue streetscape and Highway 99E gateway improvement projects. (See Appendix H).

Canby's Top Challenges for Retail:

- Perceived as a small suburban market that cannot support national soft good (apparel, home accessories) chains.
- With the exception of newer retail centers, Highway 99 is perceived as rundown and unattractive.
- Canby's key market assets are not well known in the Portland commercial brokerage and development community and additional public relations is needed.
- Newer retail centers with quality space came online just before the economic downturn. Several centers – of all vintages – have multiple spaces that have been idle for two or more years.

Downtown Canby

Within a one-mile radius of downtown Canby there are 578 businesses with 4,686 employees. Downtown Canby's commercial core is home to 103 establishments (11 of which are home-based businesses), the majority being personal, professional or health services (63 percent), followed by restaurants (11 percent) and retailers (8 percent).

Recent downtown improvements, including construction of the Canby Cinema, redevelopment on 1st Avenue, plans for a new library and several other urban renewal projects, have increased its competitiveness with other retail centers in Canby. Second Avenue features summer flower baskets and planters and a new artistic banner program to make the downtown shopping district more appealing.

In 2011, the Canby community worked with the Oregon Main Street program to draft a Vision Statement for downtown. This statement emphasized downtown's role as the heart of Canby, offering a variety of businesses, activities and events that create a fun, convenient and safe place for residents to shop, dine and recreate. The Visioning Committee also developed the following set of goals to direct future downtown development:

- *Organization:* Develop the leadership and appropriate organizational structure to support a well-funded downtown revitalization effort involving all community stakeholders.
- *Design:* Enhance the visual appeal of downtown through façade beautification and well-maintained public areas that build on the sense of history and community character.
- *Economic Restructuring:* Strengthen and enhance downtown's economic base.
- *Promotion:* Promote and market downtown's unique character as a lively and inviting destination for residents and visitors.

Table 1. Downtown Canby Commercial Assessment

<p>Geography/Description Downtown core is north of Highway 99 between NW 1st Avenue and NW 4th Avenue and N Elm and N Knott</p>
<p>Significant Establishments/Anchors Civic: City Hall, Wait Park, public library (2,500+ patrons/week) Private: Cutsforth's, Parson's Pharmacy/Gifts, banks, Canby Cinema (2,500 patrons/week) Tourist Destinations: 0.6 miles to Clackamas County Fairgrounds (150,000 annual Fair attendance)</p>
<p>Market Position Entertainment district/civic center</p>
<p>Issues/Challenges Downtown businesses are spread out and a critical mass of retail is needed to encourage shopping and pedestrian circulation. Downtown has an older building stock with a number of properties conveying a tired appearance. Professional and personal services as well as second hand stores have edged out high quality diverse retail options that draw more customer traffic.</p>

Opportunities/Assets

Approximately 104 businesses located between NW 1st Avenue and NW 4th Avenue and N Elm and N Knott, including several home-based. According to City research, there are approximately 440 employees who work in downtown businesses, including part-time and full-time employees. City sponsored façade improvement program can assist businesses and property owners in upgrading their appearance. A Main Street program is focused on helping businesses revitalize downtown. First Avenue redevelopment will provide a much improved visible face of downtown to the well-traveled Highway 99E.

Long-Term Strategic Considerations

Increase density and customer counts through addition of attached housing and mixed-use development. Create higher quality buildings through investment in new development and reinvestment in existing properties.

Strengths



Canby's destination
Historic district



New public and private
investment



Cottage commercial on
3rd Avenue

Opportunities



1st Avenue beautification



Business expansion



Future mixed-use site

Challenges



Large vacancies



Poor pedestrian environment



Large parking lots disrupt pedestrian flow

Highway 99

Highway 99E is the two-mile commercial spine that bisects the City of Canby diagonally from the northeast to the southwest. In terms of population and businesses, the highway divides the community almost equally. An estimated 7,700 residents and 280 businesses exist on the north side of the highway with 8,070 residents and 342 businesses on the south side.

Like many linear corridors that developed over the span of decades, Highway 99 has many conflicting uses and a wide range of building conditions, formats and property values. It is often considered the most visible part of Canby and, despite new and attractive gateway signage at each end of town, banners and the new Vietnam Memorial Plaza, somewhat unattractive. With trucks, transit, vehicles, and to some extent bikes and pedestrians sharing the right of way, travel offers many chances for conflict.

Highway 99's pattern of retail development is as an auto-oriented commercial corridor with many vehicle trips generated by a single business destination or anchor. These businesses range from large box stores such as Canby Builders Supply to drugstores and restaurants – over a dozen national restaurant/fast food chains and several locally-owned sit down. Over 20 vehicle-oriented businesses are located along the road including numerous gas stations, auto repair shops, parts and tire shops and other services.

Some retail concentrations have occurred at cross roads or in segments along the highway that encourage pedestrian movement within a center such as at Fred Meyer/Canby Market Center (at Sequoia Parkway) and Canby Place/Canby Square where Safeway is located at S. Berg Parkway. The most favorable locations for retail on Highway 99E are in these clustered developments. These centers represent the highest value, most desirable retail locations in the corridor. In recent years, national chains such as Rite Aid and Walgreen's have followed the trend of locating at key intersections enabling the drive-up, auto-oriented shopping experience.

Parts of Highway 99E are experiencing disinvestment with stagnant rents. This is particularly true with older freestanding buildings that may have outlived their useful life or have industrial/heavy commercial occupants that reflect an earlier period in time. Landscaping and visual appearance of buildings varies with about 30 percent of the older buildings creating a cohesive and run-down first impression to potential shoppers traveling through Canby on Highway 99E.

Like other highway strips, Canby's Highway 99E will increasingly be challenged to serve shifting market preferences for concentrated development that encourages a mix of co-located uses and attractive walkable environments.

Table 2. Highway 99E Commercial Assessment

Geography/Description

2-mile commercial spine bisecting Canby diagonally from northeast to southwest

Market Position

Community retail and commercial services with retail centers anchoring the north end (Fred Meyer, a significant community center) and the southern end (Safeway, a neighborhood center)

Issues/Challenges

- Conflicting land uses and transportation patterns
- Disinvestment at some nodes as older buildings outlive their useful life
- Lacking visual appeal in some areas
- Inconsistent or poorly maintained landscaping along the highway frontage detracts from the image of “Canby the Garden Spot”

Opportunities/Assets

- Canby’s largest retail anchors are on Highway 99E, helping to encourage retail spending by local consumers
- Location of most national chains and brands that shoppers desire
- Relatively high traffic volume flows well through town with few bottlenecks
- City sign codes and design standards limit visual clutter and increase attractiveness of new development
- Highway provides good visibility, easy access and business opportunities along the corridor

Long-Term Strategic Considerations

Redevelopment focused on nodes, beautification and physical improvement, business infill and business clustering; possible residential neighborhood infill near retail.

Strengths



Destination businesses



New investment



National chains

Opportunities



Heavily trafficked corridor



Visitor traffic at Fairgrounds



Commercial expansion

Challenges



Large vacancy



Strip commercial development is ubiquitous



Outdated commercial spaces

Market Supply

Metro Portland Retail Trends

Key Trends

- The metropolitan Portland market features a retail inventory of 114.4 million square feet of space, with 45.3 million square feet in large developments (see Table 3). For the past three years, the amount of retail has remained virtually unchanged. While there has been a significant amount of new construction, it has been offset by the demolition of older properties.
- Overall retail vacancy rose less than half a percentage point to an estimated 4.9 percent in Q1 2012, with negative absorption of 31,705 square feet. Unanchored retail strip centers currently show the highest vacancy rates, followed by anchored neighborhood centers and single-tenant retail properties, which are largely owner-occupied.
- Demand is higher in more desirable locations such as Tanasbourne, Orenco Station, Cedar Hills, Portland's inner eastside retail districts and the central business district, with significant bifurcation between these properties and suburban unanchored strip centers.
- Highest competition is for A+ pad sites and end-cap spaces.

Table 3. Metro Portland Retail Market Summary, First Quarter, 2012

Submarket	Inventory (SF)	Available Space (SF)	Vacancy Rate	Net Quarterly Absorption (SF)	Under Construction (SF)
122 nd /Gresham	5,797,368	667,937	11.5%	-109,220	0
Central City	2,245,149	140,438	6.3%	117,850	0
Southeast/E. Clackamas	5,199,964	312,037	6.0%	-26,635	0
Eastside	5,701,820	108,557	1.9%	20,067	138,000
Sunset Corridor	5,243,769	389,395	7.4%	66,133	0
Southwest	11,548,845	594,712	5.2%	47,385	0
Vancouver	9,579,894	815,432	8.5%	-15,019	107,831
Total	45,316,809	3,028,508	4.9%	-31,705	245,831

Source: NAI Norris Beggs and Simpson, 2012

Recent and Planned Development

- Significant retail projects completed in 2011 include Beaverton's Progress Ridge shopping center and Town Square in Wilsonville.
- Downtown Portland's retail scene, particularly in the Pioneer District, is experiencing investment and development activity. Target will open a 90,000 square foot "City Target" store in the Galleria at SW 10th and Morrison in spring 2013. T.J. Maxx is taking over the below-ground space formerly occupied by Office Depot at Sixth Avenue Center (6th and Washington) and an expanded Apple store is rumored in the former Saks Fifth Avenue space at Pioneer Place.
- Grocery store expansions continue to make headlines. New Seasons will open a store in North Portland in 2013; Safeway replaced a smaller store on Hawthorne Boulevard with a 55,000 square foot store that opened in March and recently opened a new store in Oregon City. Zupan's opened at Lake Grove Village in Lake Oswego this spring and Fred Meyer opened in Wilsonville in 2011. Wal-Mart has been active in developing smaller "neighborhood markets" of approximately 40,000 square feet. The first Wal-Mart neighborhood markets on the West Coast recently opened on Beaverton's Cornell Road and on West Linn's Willamette Drive. Another market is planned in the former G.I. Joe's on SE McLoughlin. Wal-Mart is also opening a 138,000 supercenter at SW 72nd and Dartmouth in the Tigard Triangle area in fall 2013.

Rental Rate Trends & Forecast

- Rental rates are not expected to decline but the expectation is that rates will stay near current levels with concessions decreasing before rental rates rise.
- A positive sign is that many new and under construction developments have experienced significant pre-leasing.¹

Canby Retail Supply

Table 4 and Map 1 identify Canby's major retail centers, and Table 5 provides the mix of downtown non-residential uses. In total an estimated 720,826 square feet of retail space was surveyed – 219,927 square feet in downtown and 500,899 square feet in five shopping centers. Downtown's vacancy rate is 6.9 percent, compared to 10.1 percent in the shopping centers, where rates vary considerably: Market Center and Hi-Way Marketplace are 2 percent vacant while Canby Square is 31 percent unoccupied. The combined vacancy rate for downtown Canby and the surveyed retail centers is 9.1 percent.

Asking rents for the surveyed centers along First Avenue and Highway 99 range from an estimated \$15/SF triple net for space in Hi-Way Marketplace to as high as \$19/SF triple net for space in Canby Place and Canby Market Center.

¹ NAI Norris, Beggs & Simpson Q1 2012 Portland Metro Area Retail Report; GVA Kidder Matthews Q1 2012 Portland Metro Market Report.

Asking rents in downtown Canby range from \$14 to \$20/SF triple net. A mix of personal, professional and health services makes up nearly two-thirds of downtown businesses (63 percent) with professional services being a third of those. Restaurants constitute the second largest share of businesses (11 percent) with 11 establishments in the downtown core.

Table 4. Selected Canby Area Retail Centers, 2012

Center	Type	Gross Leasing Area (SF)	Rate	Space (SF)	Year Built	Lease Rate (\$/SF)	Selected Anchors/ Key Tenants
Canby Market Center	Community	215,000	2%	4,429	1999	\$19 (est.)	Fred Meyer, Starbucks, West Coast Bank, Radio Shack
Downtown Canby	Community	>219,927 (est.)	7%	15,093	NA	\$14 to \$20	Thriftway, Canby Cinemas, Parson's, Grand Central Station, Canby Pub & Grill
Canby Square	Community	115,701	31%	35,500	1993	\$18	Safeway, Ace Hardware, Dollar Tree
Hi-Way Marketplace Canby	Neighborhood	100,000 (est.)	2%	1,870	NA	\$15	O'Reilly's Auto Parts, Curves, Golden Dragon, Cricket
Canby Place	Neighborhood	17,657	10%	1,822	2007	\$19	Snap Fitness, UPS Store, Hot Chicks Grill, Burger King
Sequoia Commerce Center	Neighborhood	52,541	14%	7,200	2010	NA	Wilco Farm Store, Vet Center
Total/Average		720,826	9%	65,914		\$16	

Source: Marketek, Inc., June 2012

Map 1. Selected Canby Area Retail Centers, 2012



Table 5. Downtown Canby Business Mix, Spring 2012

Business Type	Number of Businesses	Percent of Businesses
Apparel	2	1.9%
Home Improvement/Furnishings	2	1.9%
Miscellaneous/Consignment	4	3.9%
Shoppers Goods	8	7.8%
Grocery & Pharmacy	7	6.8%
Restaurants	11	10.7%
Entertainment	1	1.0%
Personal Services	20	19.4%
Professional Office/Service	30	29.1%
Health Office/Service	15	14.6%
Services	65	63.1%
Civic	1	1.0%
Other (office, auto, etc.)	10	9.7%
Total	103	100.0%

Source: City of Canby

Market Demand

The market demand analysis estimates the level of potential new retail space that can be supported in Canby over the next five years by merchandise type. Key target markets for new retail and restaurant development include local residents, employees working nearby and visitors to the area. This section provides an overview of these markets and a statistical demand analysis based on anticipated growth and spending patterns within them.

Target Markets

Canby's primary target consumer markets for retail, services, restaurants and entertainment include residents, employees 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 greatest opportunity for year-round sales.

National Retail Trends

We begin with a brief overview of national demographic and spending trends affecting overall demand for retail space:

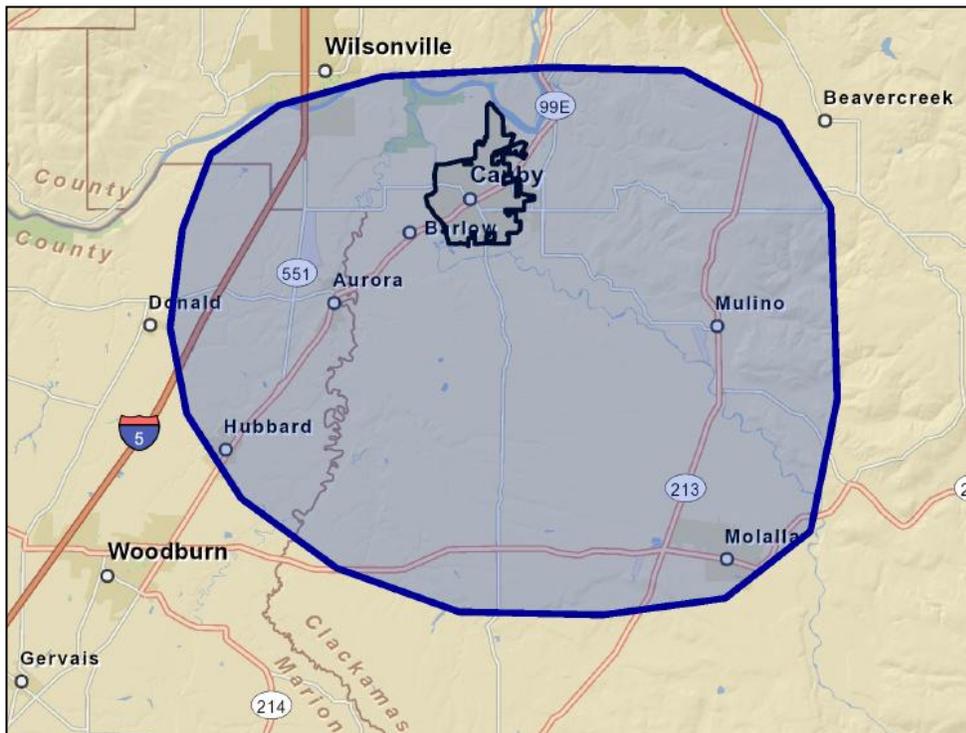
- Between 2010 and 2020, the fastest growing age cohorts in the U.S. will be the over 65 and 55-64 age groups. Millennials (persons born from the 1980s to early 2000s) will make up the largest share of the population and, despite lower incomes, already spend more than older Americans.
- As baby boomers age, seeking a continued high quality of life, the market for health and wellness products/services will continue to grow.
- There is continued downward pressure on birth rates and declining household sizes. Women continue to participate in the workforce at increasing higher rates, putting pressure on retailers to serve time-pressured, convenience-oriented lifestyles.
- Social networking is becoming a key gateway to product content and commerce. Eighty percent of online consumers use some form of social networking; about a fifth of these consumers look to their social networks to get deals/coupons and learn about new products and services.
- With about half of U.S. consumers owning a smart phone, there is a growing opportunity to reach potential customers through mobile applications.
- The recent recession has brought a renewed focus on value.
- Whether dining out or buying prepared, carry-out meals, Americans are consuming more and more of their calories from full-service and fast-food restaurant fare.

- The desire for organic food options both in restaurants and grocery stores continues. Consumers with higher education levels are more likely to purchase organic products than less-educated consumers, regardless of age, race or ethnicity.
- As the Hispanic population is increasing, so is the buying power of Hispanic consumers. In 2009, Hispanics accounted for 9 percent of total income in the U.S.; by 2020, they are anticipated to account for 30 percent of total income. An increasingly affluent market, they spend generously on basic items and are more likely to be bulk shoppers in search of value.²

Local Resident Shoppers

Based on the patronage of existing businesses, natural and man-made boundaries, Canby's location within the region, the location of its major retail competition and its competitive assets and ongoing redevelopment activity, Marketek delineated a custom-drawn retail trade area from which the majority of local shoppers are likely to emanate (Map 2).

Map 2. Canby Retail Market Area



The Retail Market Area consisted of 48,490 persons in 17,945 households as of 2011. Since 2000, its population grew moderately, at an average annual rate of 1.47 percent. This rate is slightly below the City of Canby and metropolitan Portland rates (1.64 percent and 1.52 percent, respectively). Market area growth is projected to slow over the next five years, to an average annual rate of 0.83 percent, adding 2,022 persons in 840 households through 2016.

² Sources: Consumer and Shopper Insights, McKinsey Research, "Marketing U.S. Organic Foods: Recent Trends from Farms to Consumers" by Carolyn Dimitri and Lydia Oberholtzer, and "Let's Eat Out: Americans Weight Taste, Convenience and Nutrition" by Hayden Stewart, Noel Blisard and Dean Jolliffe.

As Table 6 shows, the Retail Market Area is made up of middle-income households with education levels below those of metro Portland. Median income in the market area is \$55,670, compared to the national median of \$50,227. Nearly one-third (31 percent) of persons age 25 or older hold associate degrees or higher versus 40 percent in metro Portland. At 39.5 years, the market area median age is slightly above that of the MSA. In terms of race, the large majority of the market area population is white (86 percent). The ethnic composition is 84 percent non-Hispanic and 16 percent Hispanic.

Appendix C, "Target Market Demographic Profile," offers a more detailed socioeconomic characterization of the Canby Retail Market Area

Table 6. Demographic Snapshot: City of Canby, Retail Market Area & Portland MSA, 2011

Demographic Indicator	City of Canby	Retail Market Area	Portland MSA*
Population			
2011 (estimate)	15,769	48,490	2,250,337
2016 (forecast)	16,131	50,512	2,374,493
Avg. Ann. % Change ('00 to '11)	1.64%	1.47%	1.52%
Avg. Ann. % Change ('11 to '16)	0.46%	0.83%	1.10%
Households			
2011 (estimate)	5,625	17,945	877,549
2016 (forecast)	5,764	18,785	929,170
Avg. Ann. % Change ('00 to '11)	1.87%	1.67%	1.61%
Avg. Ann. % Change ('11 to '16)	0.49%	0.94%	1.18%
Average Household Size	2.79	2.69	2.52
Median Household Income	\$54,310	\$55,670	\$54,672
Median Age (Years)	36.7	39.5	36.8
Race and Ethnicity			
Percent White Alone	81.1%	86.0%	80.9%
Percent Other Race/2+ Races	18.9%	14.0%	19.1%
Percent Hispanic	21.4%	15.5%	11.1%
Homeownership	66.7%	73.1%	61.7%
Educational Attainment			
High School/Some College	56.5%	56.0%	49.0%
Associate Degree	9.7%	9.5%	8.3%
Four Year Degree or More	20.0%	21.8%	32.8%

* The Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area (MSA) includes Clackamas County, OR; Columbia County, OR; Multnomah County, OR; Washington County, OR; Yamhill County, OR; Clark County, WA; and Skamania County, WA.

Source: ESRI BIS

Local Employees

Employees working in or near Canby are an important captive market for retail, restaurant, service and entertainment businesses. Research conducted by the Building Owners and Managers Association of America estimates that office workers spend between 10 and 15 percent of their expendable income in and near their places of work. Top spending categories include restaurants, entertainment, cards and gifts, personal care items and books and magazines. Findings from the Canby employee survey support national research. A third of Canby survey participants dine out for lunch one to two times a week, typically spending between \$5 and \$10. Sixty percent shop during lunch one to two times a week. Business types employees would like to see in downtown Canby include a brewpub, family dining, steakhouse/grill, sporting goods store, apparel store, bookstore, daycare, copy/pack & mail center, computer repair and alterations/tailoring.

The number of jobs within a close proximity of Canby is significant – there are 728 businesses and 5,878 employees within a two-mile radius of the city center. The largest share work in the services industry (30 percent), followed by manufacturing (20 percent) and retail trade (17 percent).

Table 7. Businesses and Jobs within a 2-Mile Radius of Canby, 2011

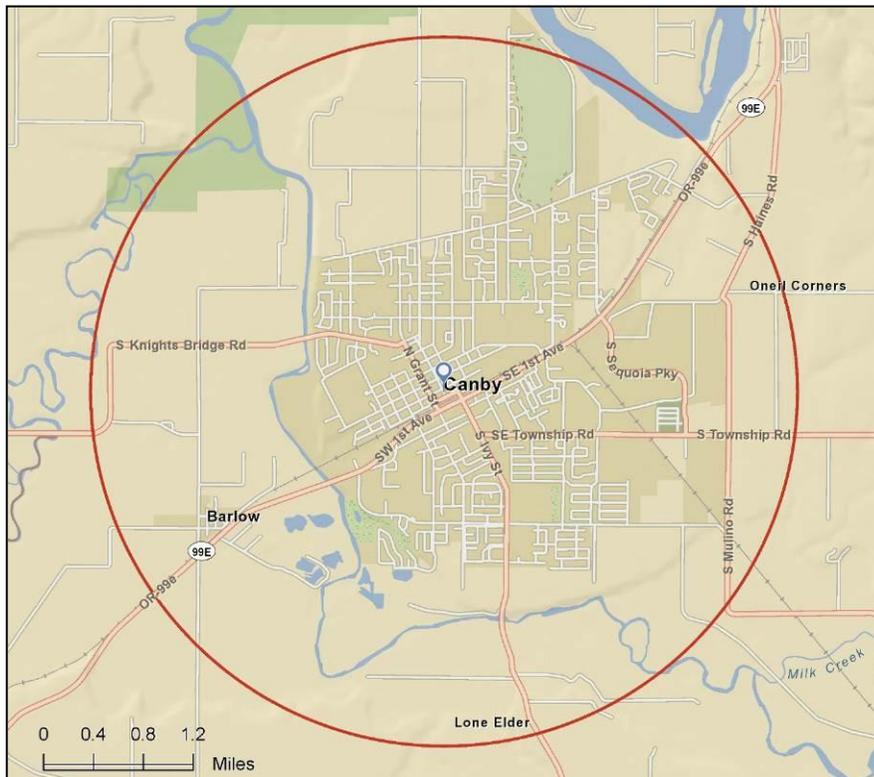
Industry	Businesses		Employees	
	#	%	#	%
Services	266	36.5%	1,755	29.9%
Manufacturing	41	5.6%	1,199	20.4%
Retail Trade	142	19.5%	999	17.0%
Construction	88	12.1%	621	10.6%
Wholesale Trade	43	5.9%	463	7.9%
Finance/Ins/Real Estate	72	9.9%	323	5.5%
Transportation	25	3.4%	197	3.4%
Government	14	1.9%	138	2.3%
Agriculture & Mining	18	2.5%	77	1.3%
Other	13	1.8%	62	1.1%
Utilities	3	0.4%	44	0.7%
Communication	3	0.4%	0	0.0%
Total	728	100.0%	5,878	100.0%

Note: Distance is from the intersection of NW 1st Avenue and N Grant Street.

Source: ESRI BIS

Canby's twenty largest employers are provided in Table 8. The largest is Johnson Controls, a battery manufacturer with 240 workers, followed by Kendal Floral, a wholesale flower distributor with 170 workers.

Map 3. Two-Mile Radius from Canby City Center



Note: From the intersection of NW 1st Avenue and N Grant Street.

Table 8. Top 20 Major Employers in the Canby Region

Business	Jobs	Business Description	Business	Jobs	Business Description
Johnson Controls	240	Manufacturing	Canby TelCom	68	Utilities
Kendal Floral	170	Wholesale Trade	Package Containers	52	Manufacturing
Fred Meyer	167	Retail Trade	Hot Off the Press	45	Communication
JV Northwest	120	Manufacturing	Pioneer Pump	43	Manufacturing
MEC NW	120	Manufacturing	American Steel	41	Manufacturing
Marquis Care	100	Services	OBC Northwest	40	Wholesale Trade
Shimadzu USA	103	Manufacturing	BBC Steel	25	Manufacturing
SR Smith	89	Manufacturing	Pump Tech	22	Manufacturing
Wilson Construction	82	Utilities	Spectrum Woodworking	34	Manufacturing
Cutsforth's Thriftway	75	Retail Trade	Potter's Industries	21	Manufacturing

Source: City of Canby Business License Database, Canby Chamber of Commerce

Visitor Market

Canby's visitor market is large and growing, as attendance at nearby community anchors and attractions increases. The Clackamas County Fairgrounds is the city's most significant draw, with several large annual events including the Clackamas County Fair, PRSA Rodeo, 4-H Tack Sale, Spring Garden Fair and Clackamas Kennel Club Dog Show. In total, the facility hosted 471 public events, including horse shows each weekend, and had 285,000 visitors in 2011. Private rental of the facility is also available for weddings and other gatherings; rentals are up 15 percent over last year. The Fairgrounds encompasses 55 acres and includes a main building (7,000 square feet), three halls (2,600 to 5,000 square feet), an indoor arena, livestock farm, horse stalls and an outdoor arena.

Canby's largest festival is General Canby Days over the 4th of July holiday. Of the 20,000 attendees, about one-quarter are from outside the Canby area.

Hispanic Market

According to the 2010 U.S. Census, between 2000 and 2010, the Hispanic population increased by 15.2 million, accounting for over half of the 27.3 million increase in total U.S. population. During that decade, the Hispanic population grew by 43 percent – four times the growth in the total population (10 percent). As of 2010, one in six Americans identified themselves as Hispanic. In Oregon in 2010, 450,000 Hispanic residents made up 12 percent of population statewide, the fourteenth highest share in the country.

In 2010, the University of Georgia's Terry School of Business Selig Center for Economic Growth published *The Multicultural Economy 2010*, a report that estimates national and state-level buying power by race and ethnicity. This report identified the following Hispanic consumer and demographic trends:

- The Hispanic population is growing more rapidly than the overall U.S. population, a trend that is projected to continue through 2015 and beyond. While a verity of factors have influenced the growth of the Latino demographic, growth is largely attributed to factors – higher natural birth rates and strong immigration.
- In 2010, Hispanics accounted for an estimated 9.3 percent of all U.S. buying power, up from just 6.8 percent in 2000 and 5.0 percent in 1990. Between 1990 and 2000, Hispanic buying power rose from \$210 billion to \$499 billion. By 2010, it was projected to reach \$1 trillion, and by 2015 Hispanic buying power is expected to exceed \$1.5 trillion.

The Hispanic population is much younger than the population as a whole. The 2008 American Community Survey reported a median age of 27.7 years for the nationwide Hispanic population compared with 36.8 for the total U.S. population. Further, in 2008, 34 percent of the Hispanic population was under 18 and 6 percent age 65 or older. The corresponding percentages for the total U.S. population were 24 percent and 13 percent. As Hispanic youth and young adults enter the workforce and for the first time or begin advancing in their careers, their buying power is projected to increase. Thus, the success or failure of many youth-oriented products and services will be significantly impacted by the spending patterns of young Latinos.

Because of differences in per capita income, wealth, demographics and culture, the spending habits of Hispanics as a group are not the same as those of the average U.S. consumer. According to the Consumer Expenditure Survey published by the U.S. Bureau of Labor Statistics, in 2010, the average Hispanic household earned \$49,805, or 22 percent less than the average non-Hispanic income of \$64,234. Not surprisingly, the average Hispanic household spent only 85 percent as much as the average non-Hispanic household on consumer goods and services.

Despite markedly lower average income levels, Hispanic consumers spend between 50 percent and 100 percent more of their budget (compared to the average American household) on the following items:

- Eggs
- Apparel, children under two years of age
- Apparel, boys, age two to fifteen years
- Footwear
- Rental housing

Hispanic shoppers spend between 15 percent and 49 percent more of their budget (than the average American household) on the following items:

- Pork, beef, poultry, fish & seafood
- Dairy products
- Fresh fruits & vegetables
- Laundry and cleaning supplies
- Apparel, girls age two to fifteen years

Categories of consumer goods and services that Hispanic households spend substantially less on than the average American household include:

- Health care
- Entertainment
- Education
- Cash contribution
- Household operations
- Personal insurance and pensions
- Alcoholic beverages

A 2009 study on website globalization and e-business by Global Partners International identified five cultural values that have the greatest impact on Hispanic spending patterns:

1. *Family*. Hispanics are very close to their families and keep them in mind when they are choosing products. They are more likely to choose a product that will benefit the whole family instead of just one individual.
2. *Empowerment*. Hispanics go online to find information. In addition, they hold the belief that their children's lives will be improved by the Internet.
3. *Value*. Hispanics prefer to buy products that are high in quality and will last for a long time.

4. *Loyalty.* Hispanics are very loyal to products they have chosen to use, but only if they are products they feel are designed to last.
5. *Information.* Hispanics do a lot of research before they decide to purchase a product, therefore having information available on products and services is important.

According to Gloria Rodrigues, President and CEO of Communicad Hispanic marketing communications agency: “The biggest mistake a company can make is to view the Hispanic market as homogenous. It’s all about peeling away the different layers to find the right audience. Companies should consider whether they need to reach English- or Spanish-dominant consumers, as well as the audience’s acculturation levels, geographic location and country of origin.”

Retail Demand

Marketek estimated potential demand for additional retail, restaurant and entertainment space in Canby based on existing and projected future spending by Retail Market Area residents. In each case, spending potential by merchandise type is converted to square feet of store space based on sales per square foot standards derived from the Urban Land Institute’s *Dollars and Cents of Shopping Centers*.

Existing Retail Demand

Demand is derived from two sources. The first, “existing demand,” is demand for retail goods by current market area households that is currently being met outside of the market area. Existing demand is found by comparing retail supply (i.e., actual retail sales) with retail demand (i.e., the expected amount spent by market area residents based on consumer expenditure patterns). When demand outweighs supply, a leakage occurs, indicating that consumers are spending outside of the market area for retail goods or services. While consumers will always do a certain amount of shopping away from home, this comparison provides a reasonable indication of the availability of goods in the local market.

Table 9 shows the existing retail supply and demand balance for the Canby Retail Market Area by store type. Sales leakage is occurring in eight of ten store categories and totals \$103.6 million. The largest leakages are in general merchandise (\$46.8 million), restaurants (\$20.0 million) and apparel (\$15.4 million). Surpluses occur in home improvement and gardening (\$6.6 million) and miscellaneous specialty retail (\$3.7 million). Converting sales leakage to square footage equates to potential support for 448,956 square feet of store space. This amount of sales leakage indicates potential support for a general merchandise department store such as Target.

Table 9. Canby Market Area Existing Retail Balance, 2011

Merchandise Category	Demand/ Spending Potential	Supply/ Retail Sales	Difference (Leakage or Surplus)
Opportunity Categories (Local Demand Exceeds Supply)			
Apparel	\$16,763,556	\$1,323,268	\$15,440,288
Home Furnishings	\$11,248,160	\$8,602,534	\$2,645,626
Electronics & Appliances	\$13,106,978	\$6,766,157	\$6,340,821
Sporting Goods, Hobbies, Books, Music	\$5,759,133	\$3,360,548	\$2,398,585
General Merchandise	\$68,201,380	\$21,439,929	\$46,761,451
Grocery	\$88,055,846	\$81,111,559	\$6,944,287
Health & Personal Care	\$10,342,166	\$7,358,587	\$2,983,579
Restaurants	\$67,931,066	\$47,851,513	\$20,079,553
Oversupplied Categories (Supply Exceeds Local Demand)			
Home Improvement & Gardening	\$19,321,494	\$25,903,124	(\$6,581,630)
Miscellaneous Specialty Retail (florist, office supplies, gift stores, etc.)	\$6,275,932	\$9,930,442	(\$3,654,510)
Total Leakage			\$103,594,190

Source: ESRI BIS; Marketek, Inc.

Future Retail Demand

The second source of demand is “future demand” or demand based on projected household growth and spending patterns in the market area through 2021. Within the Retail Market Area, there is potential demand for 62,332 square feet of new store space over the next five years. For detailed retail demand estimate calculations, please refer to Appendix D.

Retail Demand Summary

Table 10 summarizes potential new supportable retail space in the Canby Market Area based on existing and future demand. Potential demand is divided among five merchandise categories: shoppers' goods, convenience goods, restaurants, entertainment and personal services. The types of goods and services within these categories are provided in Appendix D.

Existing demand has the potential to support 448,956 square feet of new or rehabbed retail space; future demand has the potential to support 62,332 square feet through 2017. Taken together, there is potential demand for 511,288 square feet of new or rehabbed retail space in the Canby Market Area over the next five years.

The share of space that Canby can capture will depend on numerous factors, including retail outreach efforts, the availability of quality retail-ready space, the performance of competitive

shopping areas and the success of downtown's revitalization efforts to develop a variety of retail, service and entertainment uses.

Canby's success at transforming demand potential to new retail space will depend on providing quality retail space and on marketing and business development efforts. A passive or segmented approach would likely result in Canby falling short of its estimated potential. To get a sense of demand estimates in terms of typical store sizes, Appendix D provides the median sizes of several types of businesses that may be appropriate in Canby.

Table 10. Summary of Potential New Retail Space in the Canby Retail Market Area

Merchandise/ Service Category	2011	2012-2017	Total Potential New Retail Space (SF)
	Existing Unmet Demand (SF)	Future Market Area Demand (SF)	
Shoppers Goods			
Apparel	73,877	5,948	79,825
Home Furnishings	29,226	6,247	35,473
Home Improvement	15,932	7,546	23,478
Specialty Retail	11,105	7,148	18,253
General Retail	216,488		216,488
Subtotal	346,628	26,890	373,517
Convenience Goods			
Grocery	17,806	12,177	29,982
Health/Personal Care	8,174	2,307	10,481
Subtotal	25,980	14,484	40,464
Restaurants	76,348	10,964	87,312
Entertainment		4,266	4,266
Personal Services		5,729	5,729
Total	448,956	62,332	511,288

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

Spending Potential Index

Market area expenditure data can be used 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 the 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; an SPI greater or less than 100 indicates that consumers are buying/spending above or below the national average, respectively.

Table 11 shows spending patterns for residents of the Canby Retail Market Area. Market Area residents spend at or slightly above the national average for most retail goods and services.

Table 11. Canby Retail Market Area Spending Patterns

Above Average

- | | |
|--|--|
| <ul style="list-style-type: none"> • Apparel products and services • Pets • Satellite dishes • Recreational vehicles and fees • Luggage • Mortgage payments • Maintenance and remodeling services | <ul style="list-style-type: none"> • Maintenance and remodeling materials • Fees for participant sports • Admission to sporting events • Major appliances • Lawn and garden • Owners and renters insurance • Life insurance |
|--|--|

About Average

- | | |
|--|---|
| <ul style="list-style-type: none"> • Watches and jewelry • Computer hardware and software • Admission to movies, theater, opera, ballet • Fees for recreational lessons • Televisions, video cameras, DVD players, DVDs • Video/computer game hardware & software • Rental/repair of TV/radio/sound equipment • Toys and games | <ul style="list-style-type: none"> • Reading • Food (at home, at restaurants) • Beverages (alcoholic and non-alcoholic) • Prescription and non-prescription drugs • Household textiles and furnishings • Small appliances • Personal care products • Car and health insurance |
|--|---|

Below Average

- | | |
|---|--|
| <ul style="list-style-type: none"> • Men's, women's and children's apparel • Footwear • Sports/recreation/exercise equipment | <ul style="list-style-type: none"> • Housewares • Telephones and accessories • Smoking products |
|---|--|

Source: ESRI BIS

Business Mix & Clustering

Key Downtown Retail Themes

Nationwide, historic downtowns and neighborhoods are recognized and celebrated as the center of unique, specialty, one-of-a-kind merchandise and entrepreneurs. While sometimes anchored with large national retailers, the most successful downtown streets are lined with a preponderance of independent, creative retailers. Marketek has worked to stay abreast of successful business districts in the Portland area and in selected Oregon downtowns. Appendix F includes two charts highlighting the business mix of key commercial areas to provide insight for Canby. Restaurants/bars/cafes clearly are the anchors for successful business districts and outnumber almost all other business types. Professional and other services and apparel are also high on the list in terms of total number of businesses.

The key retail themes noted by many downtown professionals across the U.S. are highlighted below. Examples of downtown Canby businesses that fit these niches are noted as well.

Table 12. Downtown Retail Themes

Theme	Examples in Downtown Canby
Community gathering places Central places suited for social or community purposes	Library, The Place to Be
Gifts and indulgences Chocolates, flowers, artwork, etc.	Ladybug Chocolates, Puddin' River Chocolates
Lifestyle and wellness retail Respond to wellness, special interests & quality of life	Bikes 'N More, Canby Massage Therapy, Molalla River Massage
Retailers that celebrate heritage Connect to community's past	Annie's Hidden Treasures
Stores that celebrate local arts Locally-made arts, gifts and other products	Miss Adeline's, Parson's, Wallflowers Framing
Stores that educate	Vitamin Plaza
Stores that entertain "Shoppertainment" concepts	Bricks and Minifigs, Canby Cinema, Farmer's Market, The Place to Be
Stores with a global perspective Businesses that contribute to a better world	ADT Environmental Solutions

Target Business Mix

A successful business district in virtually any size community requires a balance and mix of uses that includes retail shopping, professional, financial and government services, entertainment, restaurants and personal services. The results of the statistical market analysis indicate that Canby has ample opportunity to grow its retail base and fill niches and voids in the local marketplace.

The emphasis needs to be on businesses that serve the year round local market but also can accommodate visitor needs as earlier identified. While grocery-anchored shopping centers will meet the convenience needs of the marketplace, historic downtowns have the opportunity to be a destination for dining,

The most frequently identified businesses desired by local residents, employees and businesses are: unique apparel, family dining, Italian restaurant, sporting goods, bookstore, craft store, entertainment/brewpub, bakery and pet supply. Quick healthy lunch options were also identified.

entertainment and specialty shopping. Canby is fortunate to have Cutsforth's located in the center of town enabling downtown to serve multiple customer groups well. Successful downtowns often are anchored by multiple restaurants, which attract all consumer groups. Based on Marketek's downtown economic development experience and ongoing research about successful business districts over the last 25 years and results of the retail market analysis, the following list of business and merchandise opportunities (Table 13) can potentially be supported in downtown Canby, as well as in other locations throughout the community. Some of these businesses already exist in Canby but may need improved marketing.

Shopper survey comments summarized the big picture of what Canby needs to attract and retail customers:

Offer goods and service that are for the middle class working families. Canby is great for the retired group. However, if you want to grow and keep your shoppers in Canby, you must improve hours, appearance and bring some quality stores in Canby. There are a lot more working groups of folks in Canby! Offer something to them.

Canby needs more upscale, unique retailers and outdoor eating/cafe areas. Live music at night - downtown could be a hip/fun place to hang out for adults.

Canby has a sizeable and growing Hispanic population (21 percent in City limits and 16 percent in market area) whose needs should also be considered in a retail business development program. In 2011-2012, working with Portland-based Hacienda Community Development Corporation, Marketek researched successful Latino-themed business districts and mercados throughout the U.S. Most often, these destinations include a mix of small Latino restaurants; food providers such as a butcher, baker and tortilleria; clothing, jewelry and artisan stalls; and several key services such as beauty salons and computer repair. Table 14 includes the business mix most often found in neighborhoods or shopping centers catering to the Hispanic marketplace.

Table 13. Target Business/Merchandise Mix for Small Towns

Food	Goods	Services	Entertainment
Bakery	Bicycle shop	Acupuncture/massage	Arts/cultural center
Breakfast/lunch	Bookstore	Bank	Civic uses (ex: library)
Brewpub	Casual women's apparel	Chiropractic services	Live music
Deli	Cell phone store	Computer repair	Movie theater
Family dining	Florist	Doctors & dentists	Senior center
Healthy/natural	Furniture store (niche)	Exercise facility	Youth center
Ice cream/self-serve yogurt shop	Garden supplies	Hair salon/barber	
Pizza	Grocery store (small)	Health clinic	
	Home décor/accessories	Insurance broker	
	Nutritional store	Lodging (ex: B&B)	
	Pet store	Photography	
	Quality consignment apparel	Shoe repair	
	Shoe store	Tax preparation	
	Sporting goods	Tutoring	
	Unique cards & gifts	Yoga/pilates	

Source: Marketek, Inc.

Table 14. Target Business/Merchandise Mix to Serve Hispanic Population

Food	Goods	Services	Entertainment
Bakery	Artisans	Acupuncture/massage	Cultural center
Butcher	Bookstore	Alterations/tailor	Event space
Cake/pastry shop	Bridal store	Auto repair/detailing	Farmer's market
Candy store	Cell phone store	Bank	Food carts
Fruits and vegetables	Clothing store	Chiropractic services	Live music
Ice cream	Electronics store	Clinic	
Restaurants	Florist	Computer repair/store	
	Furniture store	Dentist	
	Grocery store	Employment center	
	Jewelry store	Hair salon/barber	
	Leather goods	Herbalist/traditional medicine	
	Music store	Insurance broker	
	Nutritional store	Pharmacy	
	Party goods store	Photography	
	Quinceañera store	Tax preparation	
	Religious store	Translation services	
	Shoe store		

Source: Marketek, Inc.

Market Position

For a business development program to be successful, a clear market position statement must be articulated for the main shopping districts. A market position encompasses the type of retail mix, the target customer market, key messages and what sets the shopping center apart. These elements are summarized in the exhibits that follow.

Table 15. Downtown Canby Market Position

<p>Business Mix 220,000 square feet (est'd) of ground floor building space with 7 percent vacant (est'd) 15 retail, 11 food/dining, 65 service/office businesses</p>
<p>Target Markets</p> <ul style="list-style-type: none"> • Primary: Canby residents and surrounding areas • Secondary: Canby employees and visitors • Demographic: middle and upper income women and families
<p>Market Position Statement Downtown Canby is a unique small town business district with one-of-a-kind specialty shopping and restaurants serving local residents and visitors.</p>
<p>Marketing Messages</p> <ul style="list-style-type: none"> • <i>A quaint charming small town experience</i> • <i>A specialty shopping, dining and entertainment district</i> • <i>Sleepy suburb continuing its metamorphosis to high quality lifestyle center</i> • <i>A place to bring the whole family with beautiful Wait Park and many dining choices</i>
<p>Storyline/Vision A vibrant retail and entertainment district with something for everyone. A variety of practical goods and services provide a complete shopping experience for local residents, while specialty stores and dining attract out-of-town shoppers and visitors to the area. Exceptional customer service, convenient hours and appealing storefronts keep customers coming back.</p>

Business Clustering Guidelines

A critical goal for downtown Canby and any shopping center destination is to increase the number of retail businesses in the area and maintain ground floor space in the core for retail businesses. Clustering, a management tool used extensively by shopping centers, involves strategically locating businesses within a downtown business district or sub-districts to take advantage of relationships between nearby businesses. *Intuitively, Canby shoppers expressed their desire for a stronger business cluster downtown:*

“Would like to see 1st, 2nd and part of 3rd St. have a feel of wanting to walk the streets to shop, have a glass of wine, have a nice dinner. It should look inviting not a hodge podge of store fronts and that doesn't flow.”

“If I go shopping I like lots of options in one area (that's why malls are popular!) Even if I want a card or art there are just really limited options in downtown Canby. Go check out McMinnville's downtown, they got it right.”

To implement a clustering strategy, it is important to understand existing assets or clusters, to know where building vacancies exist and to identify and actively target businesses to suitable locations. Clustering strategies include locating businesses near compatible businesses, complementary businesses, competitive businesses or traffic generators.

General clustering guidelines follow:

- Professional service/office uses ideally should be located in upper stories and on secondary streets out of the retail core.
- Beauty and personal cares 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 serve a different market segment.
- Convenience businesses like grocery and drugstores are ideally located close to concentrations of housing. They typically need large parking lots and so are best situated on the edge of downtown, as Cutsforth's is in Canby.

Taking these guidelines a step further, the downtown Canby business development team needs to focus its work on smaller sub-districts rather than downtown as a whole.

Canby is challenged by having very few blocks that have adjoining buildings providing the potential for a continuous grouping of compatible businesses and the opportunities for shoppers to walk throughout the district pulled down the street by one shop after another. With the existing business mix and built environment only two streets offer the chance for this experience: 1st Avenue and N. Grant Street with retailers. In fact, N. Grant between 1st and 3rd Avenues comes closest to an ideal downtown retail block because it comes closest to having two important characteristics for maximum pedestrian/shopper circulation: 1. continuous building frontage and double-loaded or two-sided building frontage. Grant is also planned to be the gateway street into the downtown district.

Based upon existing uses and pedestrian and traffic patterns, Marketek identified several sub-districts in downtown Canby which appear on the map that follows. This provides a short term framework for organizing downtown business development and property redevelopment efforts recognizing that over time key development projects will influence the business vision and mix through new/changing anchors, urban form and pedestrian/auto orientations. This organizing concept ultimately may be useful in marketing and promotions, recognizing that district names would need considerably more pizzazz.

Map 4. Downtown Canby Commercial Clusters



For the foreseeable future, the energy and potential for new retail businesses is along 1st Avenue and N. Grant St. In an effort to create a critical mass of interesting shopping, dining and activities to attract a larger group of consumers, business expansion and attraction should build upon Canby's existing business anchors in these blocks and fill vacancies with retail/restaurant tenants (sub-districts 1 and 2). Holly Street and 2nd Avenue and surrounding area in sub-district 3 will remain civic, institutional and office oriented, particularly as there are several parking lots which are not conducive to creating pedestrian-oriented shopping activity. Sub-district 4 is anchored by Cutsforth's, the cinema and restaurants. Future mixed-use development could offer opportunities to introduce additional convenience retail on the ground floor and/or additional entertainment anchors.

Business Development & Marketing

Creating a successful business mix goes beyond identifiable market opportunity and niches to be filled to include proactive and creative leasing and merchandising and creating an inviting unique sense of place, with active streets morning to night. The City of Canby's investment in downtown/community infrastructure and encouragement of more housing and employment are essential components of a successful downtown revitalization program. The City is poised for significant change over the next decade with numerous projects proposed and underway in the commercial core.

Successful implementation of Canby's commercial business development program requires strong coordination, consistent communication and commitment to a unified vision for a more cohesive downtown. The steps outlined below assume that a collaborative team will work together on the led by the City of Canby, the Main Street program and other key stakeholders such as the Canby Chamber of Commerce. The team should also include a range of individuals from real estate agents and property owners to business owners and marketing professionals.

The Business Development Action Plan addresses all the key components of success – from a strong vision and quality real estate product to specific business targets and organized campaigns to generate results. This section provides an overview of key business development strategies and action steps for successfully promoting downtown Canby's business opportunities.

Table 16. Business Development Goals & Program Elements

Primary Program Goals	<ul style="list-style-type: none"> • Retain, strengthen and expand the existing business base in Canby • Recruit and encourage businesses that will complement and improve the existing commercial mix and will enhance the attractiveness of Canby • Increase local spending by trade area shopper and visitor target markets
Program Elements	<ul style="list-style-type: none"> • Image Development and Marketing • Real Estate Product Development • Business Retention and Expansion • Business Attraction

The actions outlined below are organized around the four program elements and divided into short-term priority actions (2012) and other actions (2013-2014), the specific timing of which will continue to be refined as resources and volunteers are available. Many actions may be initiated in the short term and be carried out on an ongoing basis.

1. Image Development and Marketing

The most inviting, well-maintained and smartly tenanted shopping districts must continuously work hard to promote the image and promise that they offer to the shoppers they seek to serve. Downtown Canby and other shopping districts need to market their unique characteristics to local shoppers and visitors, and create an effective unified promotion strategy to forge a positive image and engaging atmosphere. Initial steps include:

2012 Priority Actions

- 1. Business Promotion during 1st Avenue Construction.** Revisit the presentation, handouts and ideas discussed at the March 2012 workshop and identify 1-3 additional actions that businesses can work on *together* to encourage foot traffic.
- 2. Clear Downtown Message.** Newcomers to downtown Canby — business prospects and developers need to be reassured that there is a clear plan and vision for its future. Revisit the Main Street vision created in 2011 for key themes and messages to incorporate into marketing and business development as well as the preliminary market position statement outlined in this report. The message should convey to businesses downtown's unique identity or position in the Canby market and why and how customers feel a strong connection to this business district.
- 3. First Fridays.** Continue to support and enhance the Downtown First Fridays promotion, a very important and successful promotion for engaging the Canby community in downtown.
- 4. Broker Outreach.** Create a broker key contacts data base for this important target market that is helping promote Canby as a business location. Share market study findings. Hold semi-annual breakfast round tables to update them on local investments/activities/resources and hear their issues and opportunities. Ensure they receive any factsheets or news blurbs on downtown. Provide a clear point of contact.
- 5. Downtown Merchant Guide.** Create an easy to read tri-fold merchant guide for downtown Canby that includes a walking map identifying business locations. Create in easy to edit software program so updates can readily be made and printed.
- 6. Fairgrounds Cross Marketing.** With nearly 500 events a year, the Fairgrounds offers countless opportunities to promote downtown and Canby's retail base to thousands of visitors each week. Look for specific event promotion opportunities, offer discounts and keep local restaurant and business names in front of visitors.

2013-2014 Actions

- 7. Employee Marketing Campaign.** Take a close look at the Employee Survey results and identify ways to capture more spending from this large but time sensitive consumer market. Can lunch time specials, deliveries or discounts be provided? Can First Friday include

monthly business specials? Are there special events to recognize and reward Canby's workforce? Target the Top 20 employers list that appears in the Target Markets section.

8. **Restaurant Rack Card. Create a simple promotion handout** to distribute at downtown events, at the Fairgrounds, at Chamber/City Hall, to nearby employers, at the library and other strategic locations. Restaurants appeal to all markets and will bring people into the downtown providing exposure to other businesses there. See sample in Appendix G.
9. **Highway 99E – Image Makeover.** Widely publicize the City's Highway 99 gateway project and any other improvements planned for the highway. Correlate the community's strong interest (noted in the Shopper Survey) with the beautification efforts.
10. **Wayfinding Signage.** A natural follow on or complement to First Avenue streetscape improvements and Highway 99E gateways is creating a wayfinding signage program for visitors to the area. Directional signage for visitors is especially needed on Highway 99E, from the Fairgrounds and the Canby Ferry. This is a long term but critical endeavor to keeping visitor spending in town.

2. Real Estate Product Development

Quality business tenants need attractive, appropriately sized commercial properties in the right location for attracting customers. Specialty shops generally seek small square footages – usually 500 SF to 2,000 SF – whereas national retailers may need several thousand square feet. It is important to become thoroughly knowledgeable about and actively promote the commercial real estate Canby has to offer.

2012 Priority Actions

1. **Available Property Database.** Keep the recently updated database of vacant property up to date for active marketing. Put the information on the City/Main Street website as a one-stop location for available commercial properties.
2. **Property/Business Improvement Toolbox.** The City has several property improvement incentives as earlier noted and appearing in Appendix H. To help local property and business owners readily understand these programs package them in a one page handout for easy readability and also for quick viewing on the website.
3. **Property – Business Link / Business Clustering.** Cross match vacant properties to specific store types and tenants, creating site-specific business location targets for the Main Street Canby retail core (1st Avenue and Grant Street). This effort will support business clustering efforts and should be shared with brokers, property owners and all those promoting downtown's vision. It should take into account the oversupply of certain business types downtown, such as dental offices, and uses that are not ideally situated for prime retail space—offices, service clubs, churches, etc. This should be carefully managed and if necessary, zoning stipulations made to prevent noncommercial uses in the retail core.

2013-2014 Actions

- 4. Property Assessment and Gameplan.** Within the downtown core and on Highway 99E, several properties are in need of updating and several others are simply large, challenging properties that may need to be broken up or redeveloped. Take a handful of properties at a time and reach out to property owners to understand their plans for the future. Based on property owner willingness and interest, identify a select number of properties and strategize building improvements, resources available and next steps. See Appendix I for a handout on property assessment.

3. Business Retention and Expansion

Helping Canby's existing business base succeed will be the underpinning of successful economic development. Most often, businesses want and need help with marketing and merchandising, finance, systems improvements, tenant and façade improvements, business location/expansion and staying on top of marketplace trends and opportunities. Access to capital was a key need identified by business owners who responded to the recent Canby Business Survey.

A key weakness of small independent businesses, including many observed in Canby, is their inattention to overall image and visual appeal. Store image and identity includes signage, storefront appearance, window displays, store merchandising, lighting and other elements that collectively send customers a strong impression about business quality and offerings.

2012 Priority Actions

- 1. Promote Business/Merchandise Niche Opportunities.** Distribute the highlights of the retail market analysis and the top three initiatives that Main Street/Economic Restructuring Committee will be working on in 2012 to business/property owners and all those with a vested interest in downtown Canby's economic vitality. This is a chance to educate about market opportunities, to let stakeholders know that Main Street is working on their behalf and to encourage additional volunteers to get involved with making change downtown.
- 2. Business Recognition/Kudos Program – show them the love!** Promote and celebrate new downtown businesses and business/property expansions or enhancements with ribbon cuttings, press releases, personal visits and thanks and praise in all possible ways. Continue to organize Cash Mobs as one way to recognize and support businesses. Consider establishing a quarterly Kudos Award recognizing business progress, makeovers, anniversaries, reinvestment, etc.
- 3. BEAT Program (Business Expansion and Assistance Team).** A BEAT Program is one of the best ways to stay on top of business changes, issues, opportunities and to share info face-to-face. With one staff member, Canby Main Street will need to develop volunteers to do a lot of the heavy lifting when it comes to business development. Regarding business assistance, staff

should be the centralized point of contact and coordination for business assistance information and resources, but volunteers can participate in block teams to seek out opportunities to provide business assistance. See Appendix J for an outline of workable approaches used by other downtown programs.

- 4. Home-Based Business Assistance.** Canby has a significant number of home businesses which may be open to moving to a bricks and mortar location, such as a pop-up space, a business incubator, storefront or one of the kiosks that will be placed on 1st Avenue as part of the streetscape improvements. Significant research was conducted during this study to identify community case studies of towns that have helped home-based businesses launch storefronts. Few specific success stories were identified with the highlights provided in Appendix K. Main Street Canby, however, should take test the interest of local home businesses in an incubator or other physical location (downtown) with a lunch time seminar that also provides information on City resources and properties available to small business.

2013-2014 Actions

- 5. Technical Assistance.** Using the recommended actions from the Business Survey as a guide, create and implement a business technical assistance/education plan. Sample topics include:
 - a. *Help make social media easy to use*
 - b. *Top sources of capital in a tight economy*
 - c. *Marketing, marketing, marketing*
 - d. *Using store windows to sell your merchandise*
- 6. Develop an Entrepreneur Connections Program.** Potentially with the Canby Chamber of Commerce and one or more local business sponsors (banks, utilities), organize a bi-weekly breakfast/lunch program for local businesses focused on best practices and innovation in business success. Keep it focused on a specific list of business-generated topics. Consider a Business Bootcamp (fast paced training) or Nxlevel Program. See Appendix L for an example program offered by the Ellensburg Downtown Association.

4. Business Attraction

Canby will need to work strategically to encourage quality businesses to locate in the most appropriate and desirable retail locations. Downtown business development efforts should emphasize both unique, locally-owned businesses, but also carefully selected regional 'chain-lets' that offer credibility and/or the ability to draw a broad middle and upper income market. Business recruitment involves two strategic efforts, Marketing and Sales. Important to both efforts is a clear understanding of:

- Vision – where are we headed?
- Product – what do we have to offer?
- Audience – whom are we targeting?
- Benefit –why should a business be located here?

Preliminary steps are identified below.

2012 Priority Actions

- 1. Sales Package/Tools.** Create a simple package to share with business prospects and marketing contacts that includes at the following: downtown vision statement, map of opportunity sites and/or vacancies, downtown business brochure, one-page market opportunity factsheet (Marketek will create), top 10 reasons to locate in downtown (Marketek will draft) and contact information. Put as much as possible in electronic form with links to City, Main Street and possibly Chamber websites.
- 2. Business Development / Sales Team.** Marketek will present a workshop on *Putting Canby's Market Analysis to Work* for business development. This workshop will highlight the market study results and discuss models and next steps for Business Expansion, Retention and Attraction. The session will identify ways that community/business leaders and volunteers can be engaged in the process and be the platform to organize an ongoing business development or economic restructuring team.
- 3. Create Active Pop-Up Space Program.** Identify and promote opportunities for short term leases or 'pop up' uses. Examples are listed in the chart below.

Table 17. Sample Pop-Up Uses

Seasonal	Winter arts & craft market prior to Christmas Halloween costume market Back to school supplies
Retail	Online retailers – tabletop.com, ebay.com, bluefly.com, etsy.com Apparel and accessory pop-ups featuring local designers Local businesses National retailers promoting new lines (EX: Nike Runner's Lounge, where athletes could get free massages, drinks and snacks while trying new products)
Non-Retail	Art galleries Supper club featuring nationally known chefs (EX: basupperclubandcafe.com) Classes/workshops (EX: cooking classes, arts & crafts workshops) Job fairs

- 4. Referral Network.** Actively cultivate and promote opportunities to a wide network of Canby business and community contacts. Create a referral database that includes realtors and brokers, community and area leaders, business resource providers and others that you want to 'stay in front of' and share info on the market study, business opportunities, downtown events, etc. In addition to electronic communications consider conducting short presentations to business groups (e.g., Chamber, Rotary, realtor offices) and other key stakeholders.

2013-2014 Actions

5. **Recruitment Campaigns.** Develop and implement a targeted business recruitment campaign to promote the business opportunities outlined in the market analysis. Marketek will develop a sample for Canby. The campaign may include social media, e-blasts, phone calls, one-on-one contact, third party outreach, hosted site visits, targeted marketing materials and related activities. Targets may include: sporting goods, brewpub, restaurants, apparel and books.
6. **Actively Manage the Business Development Process.** Like all good sales efforts, the devil is in the details of managing the prospect pipeline and following through on the needs and interests of serious business people in a timely fashion. Create a simple electronic database/file to track leads. Marketek can provide a sample.
7. **Measure Progress.** Publish a simple annual report of key indicators that promotes downtown Canby's vitality and progress. Data may include jobs, employment, new investment, businesses recruited/retained, events/promotions and retail impacts. Demonstrating success is critical to encouraging investment in downtown and to the Main Street program and to lay the foundation for future funding mechanisms like a Business Improvement District. The table below provides sample measures.

Table 18. Downtown Canby Economic Benchmarks

Public Investment	<ul style="list-style-type: none"> • Funding for capital improvement, property acquisition, new building, other downtown improvements
Private Investment	<ul style="list-style-type: none"> • Funding for business and property investment
Business Mix	<ul style="list-style-type: none"> • Number and distribution • Target niches filled
Real Estate	<ul style="list-style-type: none"> • Retail square footage • Occupancies
Economic Vitality	<ul style="list-style-type: none"> • Full and part time jobs (net) • Customer counts • Sales growth • Parking spaces • Business inquiries
Promotion/Marketing	<ul style="list-style-type: none"> • Event counts • Sales impacts

Summary

Canby is fortunate to have both City and community leaders who are committed to downtown's success and understand that its economic health, attractiveness and well-being are integral to Canby's overall ability to attract industrial development and high quality

employers. Going forward in implementing this action plan several keys to business development should be kept in mind:

- A unified strategy and common vision will allow public and private partnerships to share goals, responsibilities, commitment and funding.
- A clear and consistent delivery system is needed to communicate downtown's vision and message to stakeholders.
- Economic restructuring takes time and there are no silver bullets. Even the most creative marketing and sales efforts will not succeed without continuous follow-through and systematic adjustment to the market and business targets, which are in constant motion.
- Measuring and communicating downtown's progress and sharing optimism and confidence in downtown with other stakeholders is a key step in dissuading detractors and broadening the base of program support.

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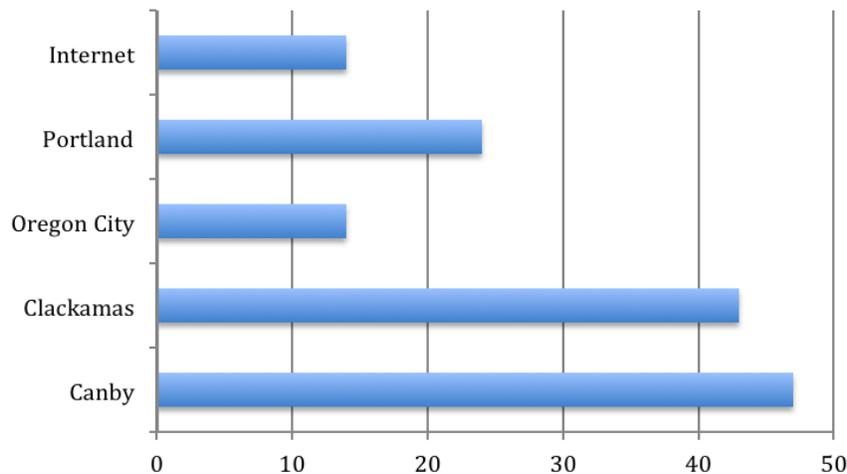
Appendix A. Shopper Survey Results

There were a total of 919 respondents to the Shopper Survey.

Section 1: Respondent Habits

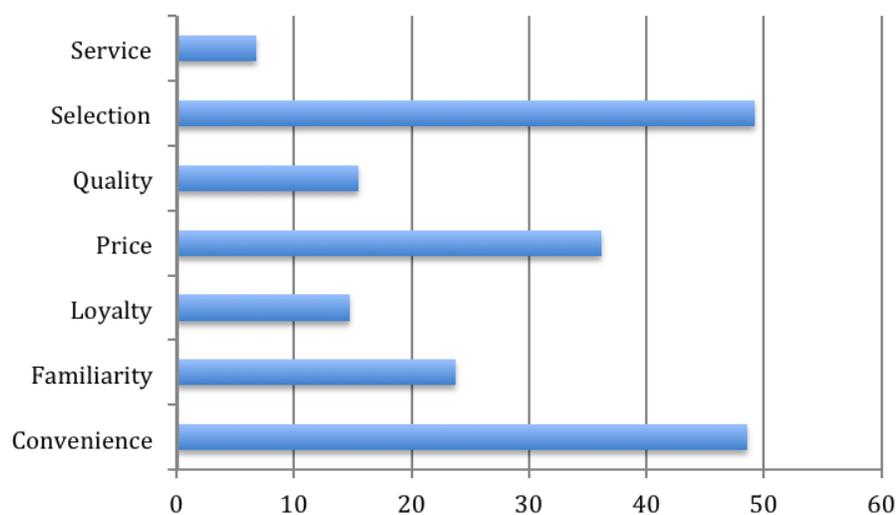
1. Where do you do most of your non-grocery shopping? (838 respondents)

- Respondents do most of their shopping in Canby (47 percent), closely followed by Clackamas at 43 percent.



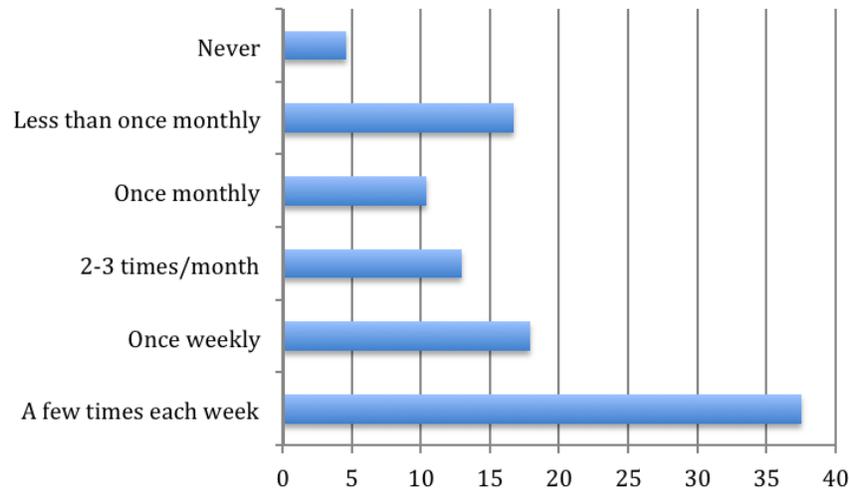
2. What are your primary reasons for shopping where you do? (895 respondents)

- Almost half of respondents shop for selection and convenience. Price was the next most important factor at 36 percent.



3. About how often do you come to downtown Canby to shop? (898 respondents)

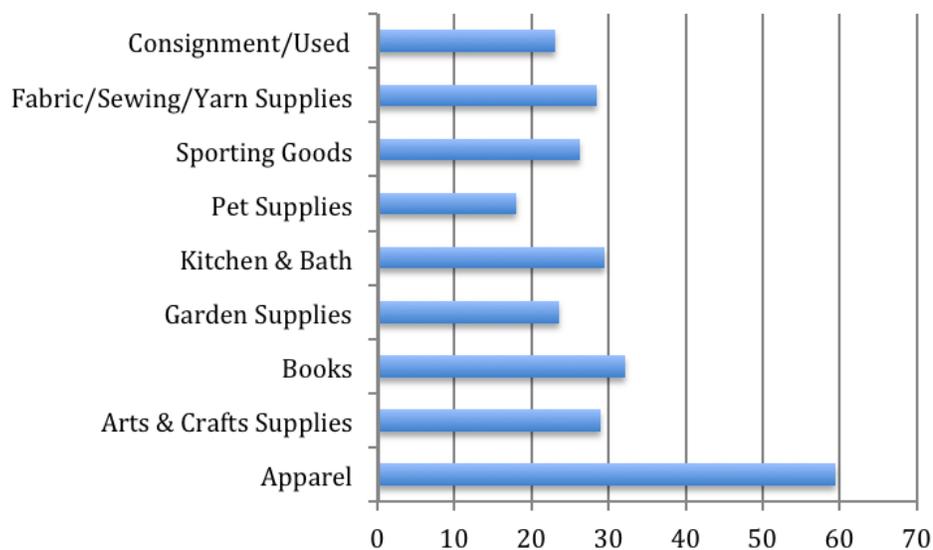
- Thirty-seven percent answered that they shop downtown Canby a few times a week.
- About 31 percent of respondents shop downtown Canby once a month or less.



Section 2: Shopping and Service Needs in Canby

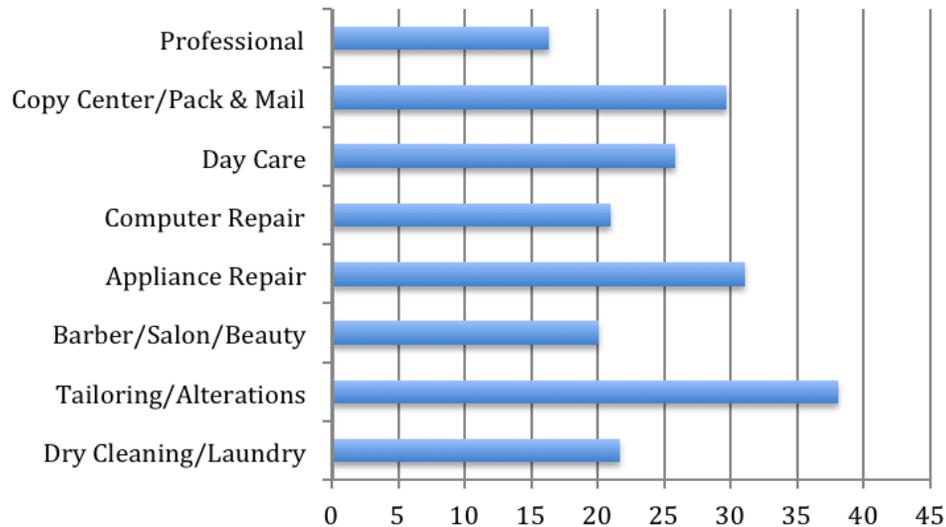
4. What types of specialty/merchandise do you think are needed in Canby and would be supported if they existed? Only responses that generated 15% of responses or greater are shown. (756 respondents)

- Nearly 60 percent of Canby shoppers would like to see more apparel businesses in Canby.
- The next most popular response was a book store at 32 percent.



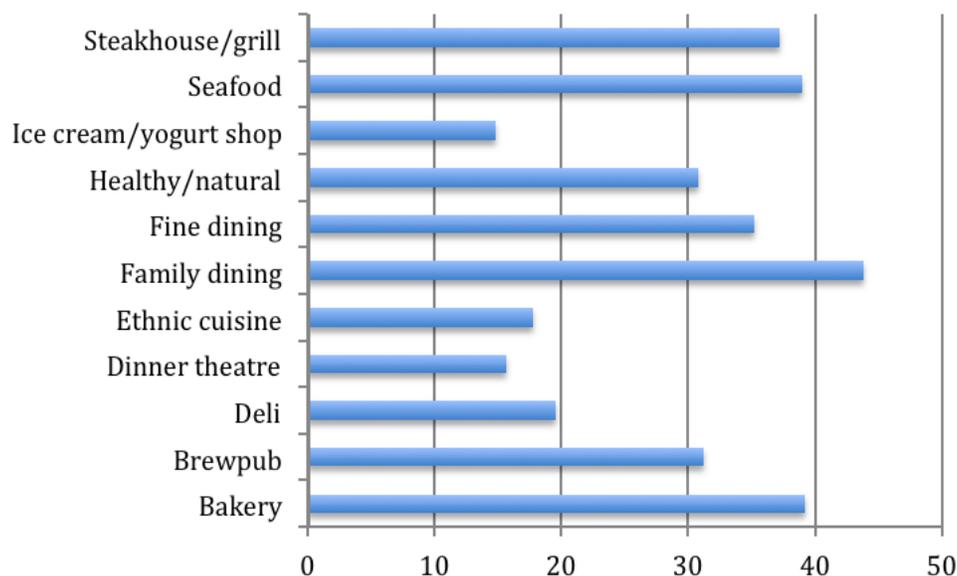
5. What kinds of services do you think are needed in Canby and would be supported if they existed? (428 respondents)

- The top three responses were 38 percent for tailoring/alterations, 31 percent for appliance repair and 30 percent for a copy center/pack & mail.



6. What types of restaurants do you think are needed in Canby and would be supported if they existed? (785 respondents)

- The most popular response was family dining at 44 percent. Next popular choices include bakery (39 percent) and steakhouse/grill (37 percent).

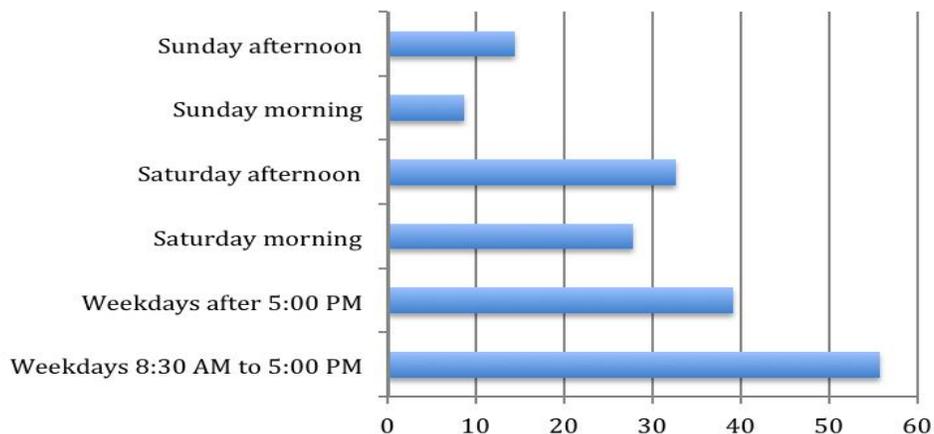


7. Some of the services/businesses listed above do exist in Canby. Why are you not currently using them? (342 respondents)

- Sixty-three (63) respondents cited that prices in Canby are too high. Forty-four (44) respondents answered that Canby generally has a poor selection of shops and restaurants.

8. What are the best times for you to shop? (846 respondents)

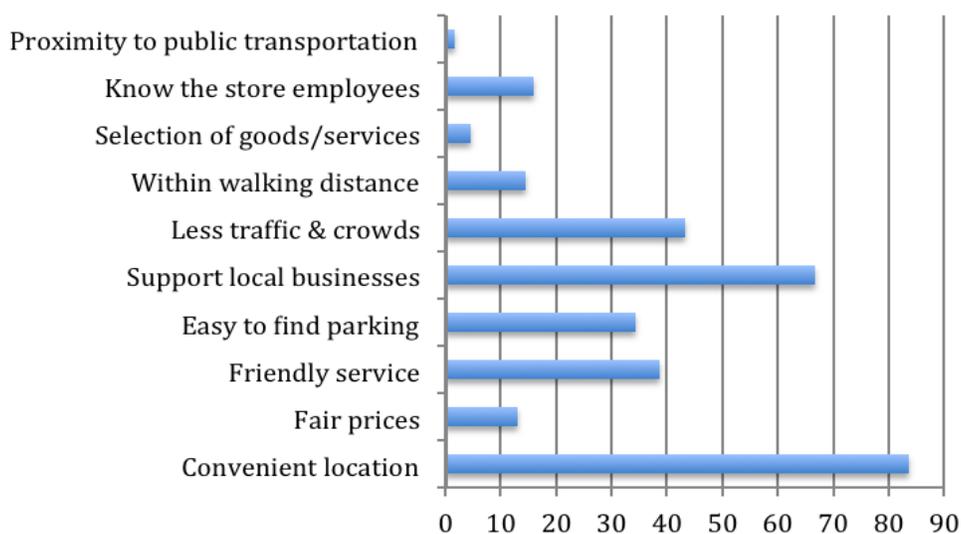
- Over half of respondents consider weekdays 8:30-5:00 the best time for them to shop (56 percent).
- Over one-third (39 percent) said that weekday evenings were the best times for them to shop.



Section 3: Respondent Views about Canby

9. Currently, what are the major advantages of shopping in Canby? (862 respondents)

- An overwhelming majority (84 percent) responded that convenient location was the major advantage to shopping in Canby. Two-thirds (67 percent) answered that supporting local businesses was also a major advantage.



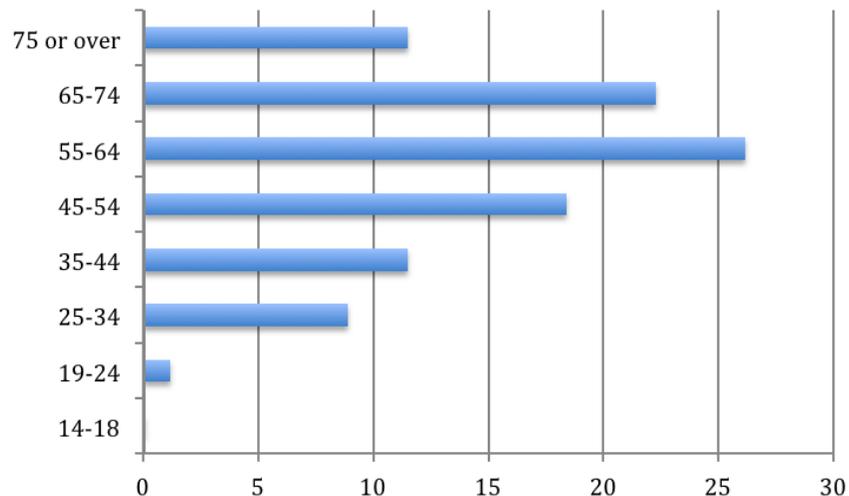
10. Currently, what are the major disadvantages of shopping in Canby? (683 respondents)

- Two-thirds (67 percent) of respondents said that poor selection was the greatest disadvantage of shopping in Canby.
- Half (49 percent) reported high prices and 41 percent reported limited hours of operation.

Section 4: Respondent Demographics

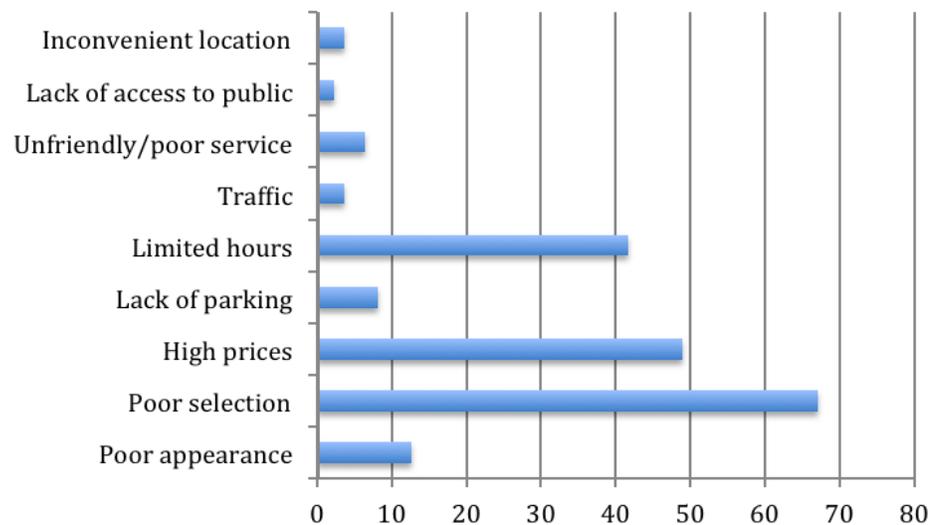
11. What is your age? (847 respondents)

- Most respondents were between the ages of 45 and 74.
- Only 11 percent of respondents were ages 35-44.



12. What is your home zip code?

- Nearly all respondents (99 percent) call Canby home.



Selected Comments

- *"Replace the trees!"*
- *"Bring back the trees, parking along railroad tracks unattractive. Need a bakery on front street, reasonable fashion store."*

- *"Canby has so much to offer it's a great town and we love living here but when friends from out of town come to visit I am aware that Canby's downtown and surrounding residential areas look pretty shabby. The park is a real asset. I know we have much to offer like Slice of Summer the people here are wonderful and so are the local business owners. I know we can't do things like Wilsonville does but we could do a scaled down version maybe. We need to decide what we want to look like, offer the community etc. and go from there. A direct truck route form Barlow Rd to Canby's industrial area on Baker would be a huge improvement! Maybe from 99 to Baker also spruce it up with trees cohesive unified appearance, have a class act at Sat. Market."*
- *"Extended hours - since most Canbyites heave town for work it is extremely hard for us to shop locally - at small business. Fred Meyer, Safeway, and Thriftway are open, but everything else closes at 5:00pm."*
- *"I am sorry to see the big trees gone on 1st. I wish they could have kept them; they need something done with most of the store fronts along there. Even with the improvements planned, it looks old and tired, even a little creepy."*
- *"I live and work in Canby. Hwy 99 has extremely poor/hazardous road conditions. All who drive must dodge the pot holes. So sad to see the trees sacrificed on 1st Ave. I hope the local businesses don't suffer during construction."*
- *"I tend to forget about downtown, but always enjoy shopping there when I do. Maybe a little awareness campaign-"shop local" just a doorknob flyer occasionally or something. Free coffee and donut always gets me."*
- *"I would like to see more variety of stores along first and second. More deli, cafe style there too. They need to stay open later in the day and at weekends. We go to the movies (which is great to have a theater in town) the only place to get a bite that is close is the Thai Dish. It has good food, but would like more variety in the choice."*
- *"I'd like to see the trees re-planted, they added such charm to 1st St."*
- *"Large water feature? Give shoppers something to do other than just shop. Give them a reason to shop downtown. Most of my shopping is done over the net, but I like going to the mall because all of the people and different foods to try and the large selection of different stores."*
- *"Longer hours. At least until 6:30pm. Giving all those who work outside of Canby the ability to shop and do business in Canby."*
- *"More bicycle parking and connectivity with sidewalks. Inviting atmosphere with trees, landscaping along shopping corridor/downtown area. Outdoor seating for restaurants and shops."*
- *"More parking, green plants and trees."*

- *“Pot holes a big issue. Main road through Canby is terrible. Will do anything to avoid the tracks and 99E downtown, Major congestion after 4:00 pm.”*
- *“Renovate storefronts on 1st Ave.”*
- *“There have been some nice aesthetic improvements to downtown, would be nice to have good eateries with bars to make Fri. and Sat. evenings in downtown attractive and draw people in. Could also draw in before and after theatre goers etc. We enjoy the current wine bar, but would like a larger venue and more food choices. Looking forward to new library building appreciate the expanded programming.”*
- *“Updated decor on buildings.”*
- *“Would like to see 1st, 2nd and part of 3rd St. have a feel of wanting to walk the streets to shop, have a glass of wine, have a nice dinner. It should look inviting not a hodge podge of store fronts that doesn't flow.”*

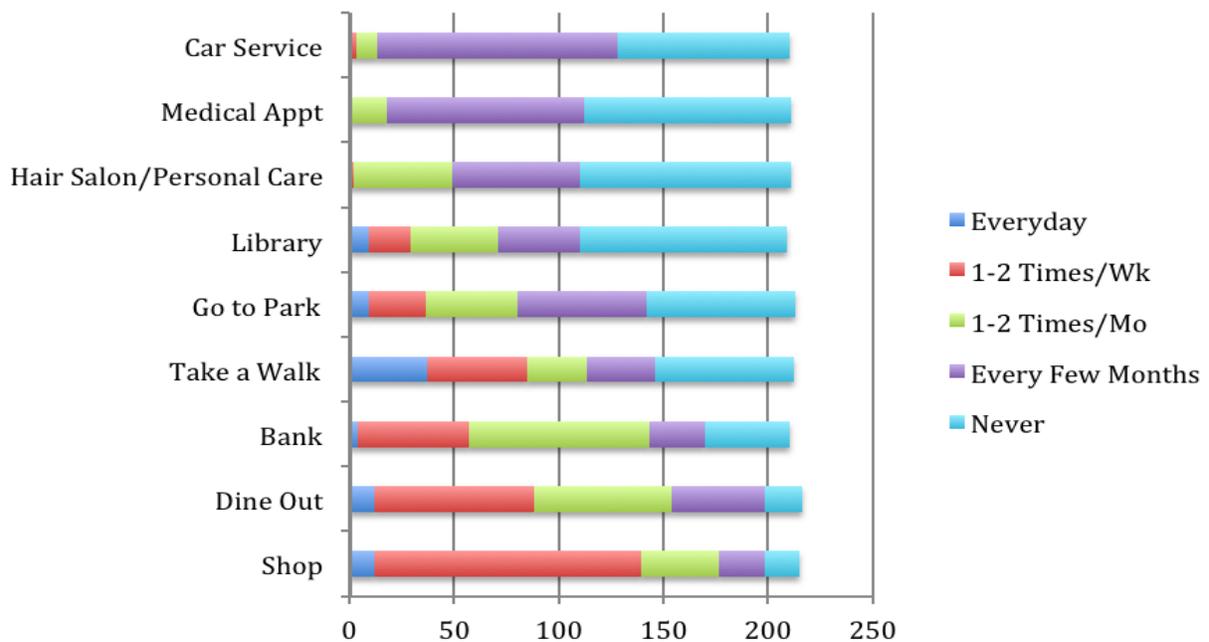
Appendix B. Employee Survey Results

There were a total of 221 respondents to the Employee Survey.

Section 1: Shopping Habits

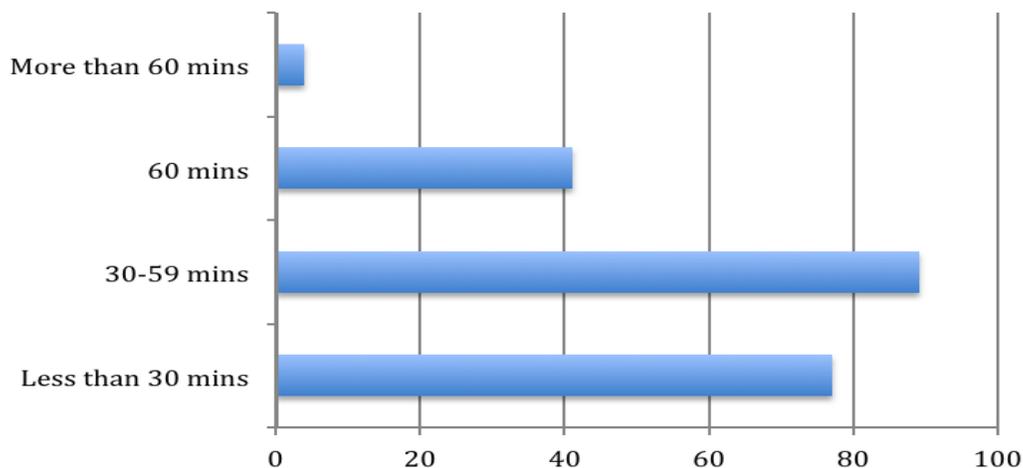
1. During your average workweek, how often do you do the following activities during your lunch hour or after work in Canby? (220 respondents)

- The majority of respondents (59 percent) shop during their lunch breaks 1-2 times a week.
- Thirty-five percent of respondents eat out during their lunch break 1-2 times weekly.



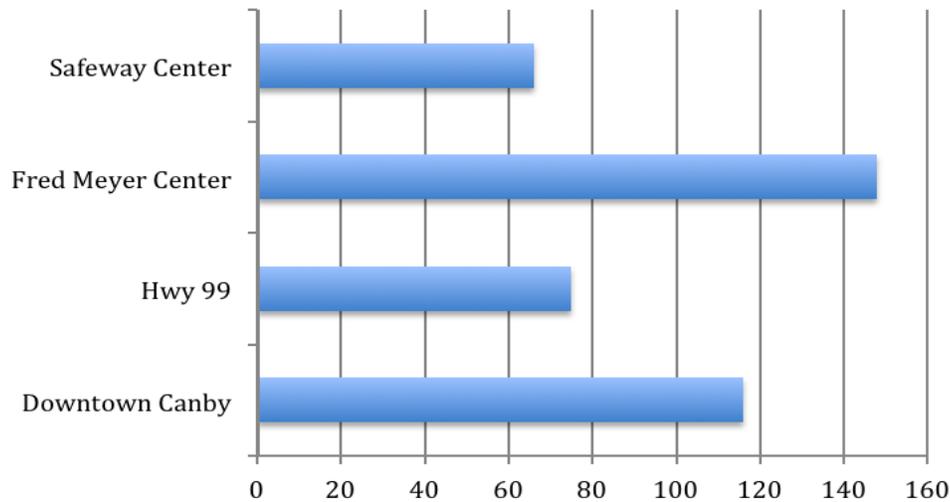
2. About how long do you usually have for lunch? (211 respondents)

- Forty-two percent of respondents have between thirty minutes and one hour for lunch break. 37 percent answered they have less than thirty minutes.



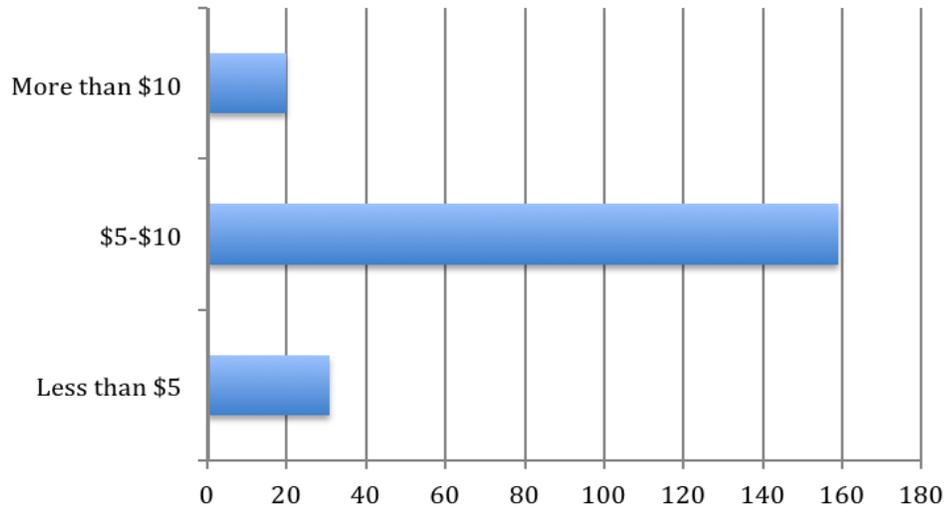
3. When you shop, dine or conduct business in Canby, where do you go most frequently? (211 respondents)

- The most popular choice was Fred Meyer Center at 66 percent.
- The next top choice was Downtown Canby at 55 percent.



4. On average, how much do you spend for a lunch when you go out to eat? (210 respondents)

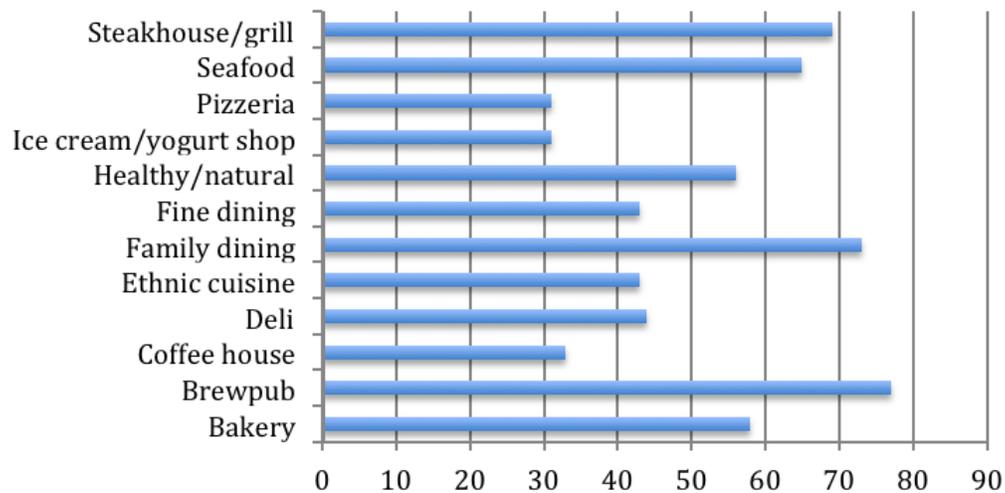
- Nearly 76 percent spend between \$5 and \$10 on lunch.
- Almost 15 percent spend less than \$5 on lunch.



Section 2: Shopping and Service Needs in Canby

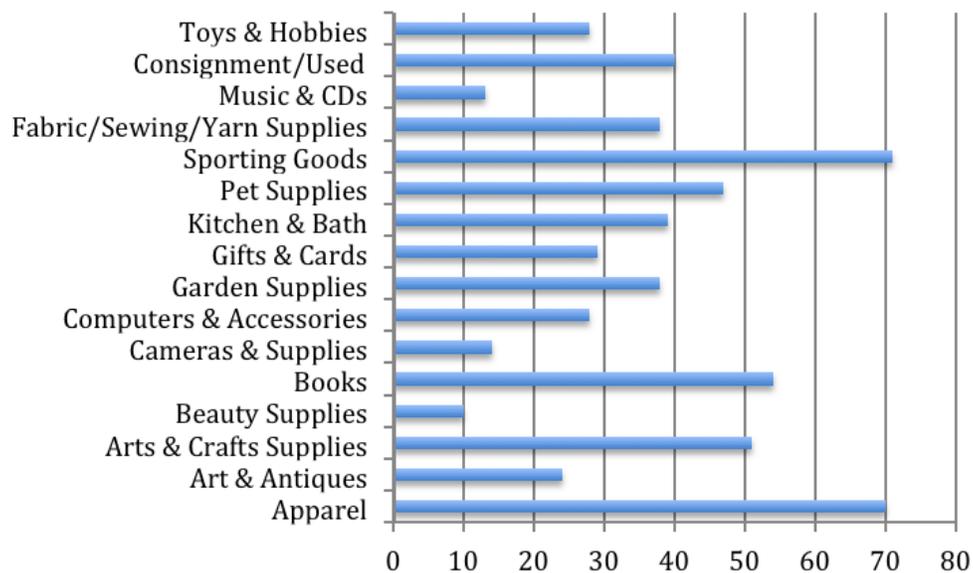
5. What types of restaurants and eating-places do you think are needed in Canby and would be supported if they existed? Only responses that generated a response rate greater than 15% are shown. (192 respondents)

- The top three were 40 percent for a brewpub, 38 percent for family dining and 36 percent for steakhouse/grill.



6. What types of specialty merchandise do you think are needed in Canby and would be supported if they existed? (170 respondents)

- The most popular response was a sporting goods store at 42 percent. Next popular choices include apparel (41 percent) and books (32 percent).



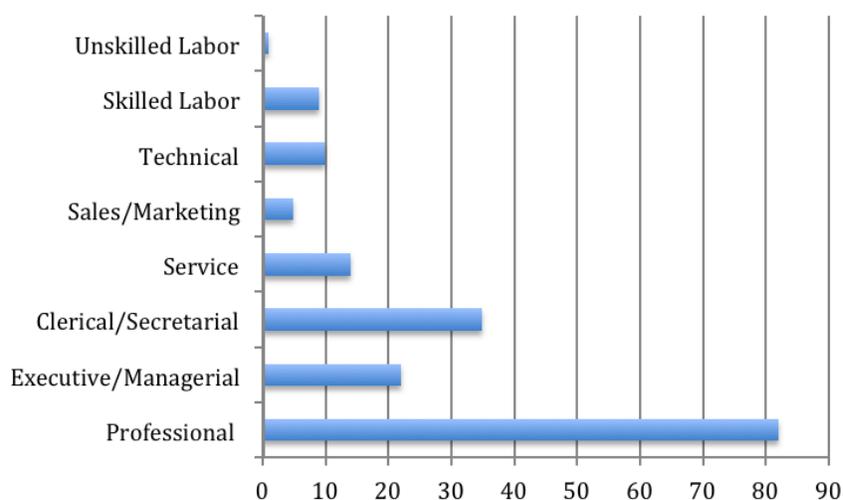
7. What kinds of services do you think are needed in Canby and would be supported? (96 respondents)

- The most popular service desired in Canby was a day care (43 percent).



8. What category best describes your occupation? (178 respondents)

- Forty-six percent answered their occupation was in Professional Services. The next largest category was Clerical/Secretarial at almost twenty percent.



Selected Comments

- "I miss the maple trees, but am eager to see the work on 1st finished. The new awnings unify the businesses nicely, but it looks so open and bare without the trees. I would also like to hear that Canby would start work on the new library soon. It feels a little "tight" in there."*
- "Continuation of facade improvements that give the downtown businesses more ambiance. I miss the trees and hope that the 1st Avenue project isn't relegated to just what's important for businesses but has other inviting amenities that would encourage visiting not just for a particular store but rather inviting enough to explore up and down the streets! Please add back greenspace not just parking. Make it attractive enough to draw people in from the highway."*

- *“Continue to update facades to make the downtown more inviting.”*
- *“Business need to stay open past 6:00 like Parson's and Canby Building Supply, you are forced to shop on the way home from work.”*
- *“For downtown: consistent hours; open weekends; competitive pricing.”*
- *“Update First Avenue's business fronts. There should be some type of ‘theme’ to the store / business fronts. To include all signage, lighting, etc. The lack of cohesiveness is very unattractive and outdated. The same must be addressed on throughout 99e on both sides of the road.”*
- *“Maybe a bakery with coffee shop, some place for community to sit and talk, stores that can stay open during weekends and add foot traffic.”*
- *“I think with the plans for 1st Ave you are on the right track. Work at creating a better farmers market. More events to bring people together and to downtown. I would love to see a fountain somewhere in the downtown area with seating nearby to enjoy it. 1st Ave is looking a little run down. Perking it up would help.”*
- *“Utilize the city park more and other draws that bring out-of-towners in for a particular event (such as the car shows, 3 on 3, fair, 4th of July, Slice of Summer) and coordinate business sales, open houses, etc. Sidewalk sale in conjunction with car show is perfect example - visitors and participants wander around most of downtown and BUY! It's so much fun to see downtown CROWDED!! I also enjoy buying from local artisans.....encourage businesses to stock their merchandise.”*

Appendix C. Retail Market Area Demographic Profile

Population & Household Growth: City of Canby, Retail Market Area & Portland MSA, 2000-2016

Geographic Area	Avg. Ann. Change 2000-2011				Avg. Ann. Change 2011-2016		
	2000	2011	Number	Percent	2016 (Forecast)	Number	Percent
City of Canby							
Population	13,361	15,769	219	1.64%	16,131	72	0.46%
Households	4,667	5,625	87	1.87%	5,764	28	0.49%
Avg. Household Size	2.83	2.79	-0.004		2.78	-0.002	
Retail Market Area							
Population	41,756	48,490	612	1.47%	50,512	404	0.83%
Households	15,165	17,945	253	1.67%	18,785	168	0.94%
Avg. Household Size	2.72	2.69	-0.003		2.68	-0.002	
Portland MSA							
Population	1,927,881	2,250,337	29,314	1.52%	2,374,493	24,831	1.10%
Households	745,531	877,549	12,002	1.61%	929,170	10,324	1.18%
Avg. Household Size	2.54	2.52	-0.002		2.51	-0.002	

Average Annual Population Growth Rates, 2000-2016

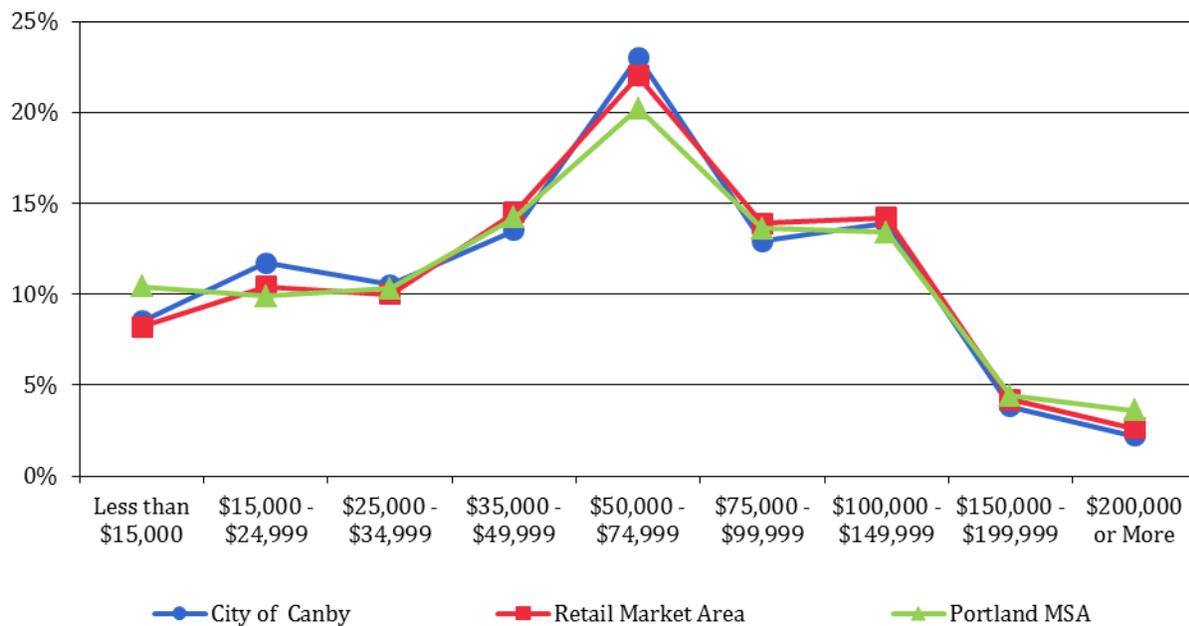


Source: ESRI Business Information Solutions

Household Income: City of Canby, Retail Market Area & Portland MSA, 2011

Income	City of Canby	Retail Market Area	Portland MSA
Less than \$15,000	8.5%	8.2%	10.4%
\$15,000 - \$24,999	11.7%	10.4%	9.9%
\$25,000 - \$34,999	10.5%	10.0%	10.3%
\$35,000 - \$49,999	13.5%	14.5%	14.2%
\$50,000 - \$74,999	23.0%	22.0%	20.2%
\$75,000 - \$99,999	12.9%	13.9%	13.6%
\$100,000 - \$149,999	13.9%	14.2%	13.4%
\$150,000 - \$199,999	3.8%	4.2%	4.4%
\$200,000 or More	2.2%	2.6%	3.6%
Total	5,625	17,945	877,549
Median Household Income	\$54,310	\$55,670	\$54,672

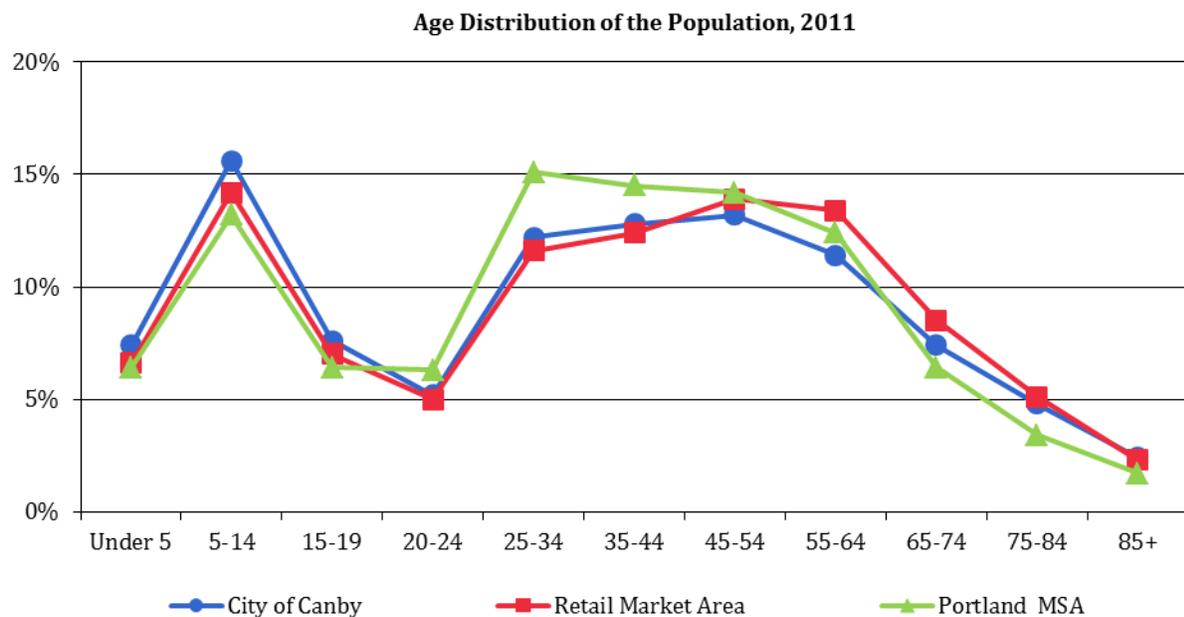
Household Income Distribution, 2011



Source: ESRI Business Information Solutions

Population by Age: City of Canby, Retail Market Area & Portland MSA, 2011

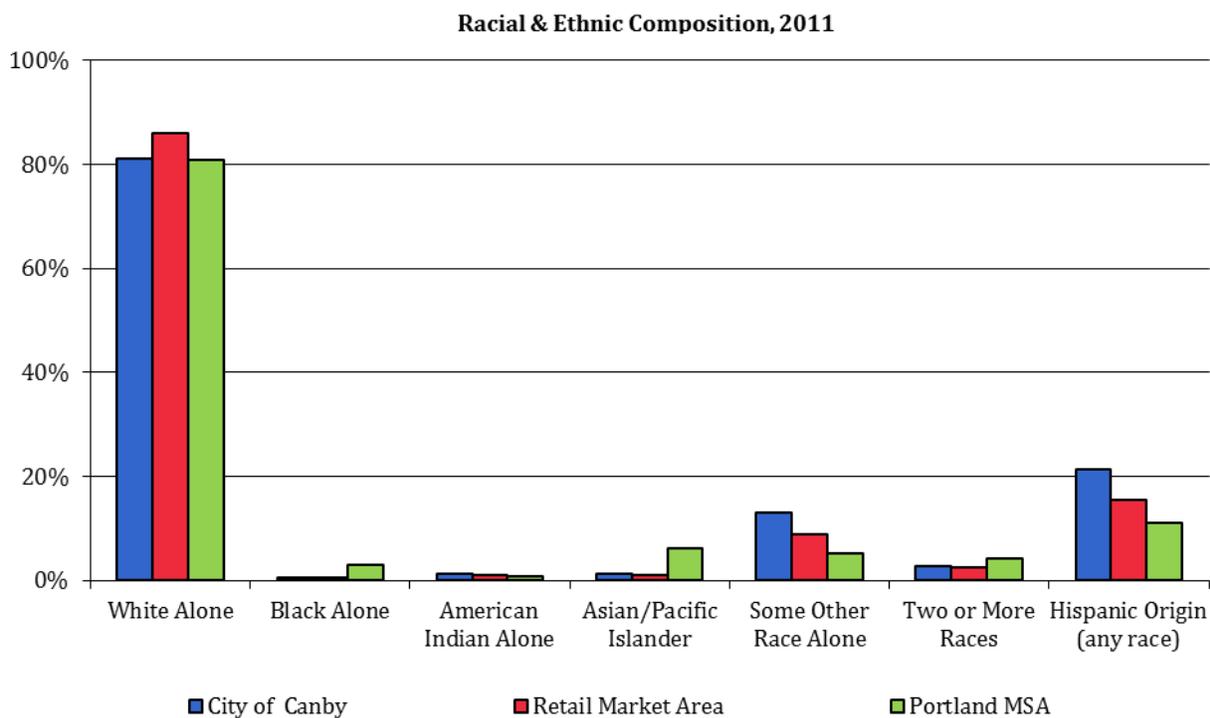
Age Category	City of Canby	Retail Market Area	Portland MSA
Under 5	7.4%	6.6%	6.4%
5-14	15.6%	14.2%	13.2%
15-19	7.6%	7.0%	6.4%
20-24	5.2%	5.0%	6.3%
25-34	12.2%	11.6%	15.1%
35-44	12.8%	12.4%	14.5%
45-54	13.2%	13.9%	14.2%
55-64	11.4%	13.4%	12.4%
65-74	7.4%	8.5%	6.4%
75-84	4.8%	5.1%	3.4%
85+	2.4%	2.3%	1.7%
Total	15,769	48,490	2,250,337
Median Age	36.7	39.5	36.8



Source: ESRI Business Information Solutions

Racial & Ethnic Composition: City of Canby, Retail Market Area & Portland MSA, 2011

Race/Ethnicity	City of Canby	Retail Market Area	Portland MSA
White Alone	81.1%	86.0%	80.9%
Black Alone	0.6%	0.5%	2.9%
American Indian Alone	1.2%	1.1%	0.9%
Asian/Pacific Islander	1.2%	1.1%	6.1%
Some Other Race Alone	13.1%	8.8%	5.1%
Two or More Races	2.8%	2.5%	4.1%
Hispanic Origin	21.4%	15.5%	11.1%
Total	15,769	48,490	2,250,337



Source: ESRI Business Information Solutions

Tapestry Market Segments: Retail Market Area, 2011

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. The top ten Tapestry segments in the Retail Market Area are summarized on the following page.

Market Segment	% of Hholds	Hhold Type	Median Age	Median Income	Consumer Preferences & Purchases
1 Exurbanites	19.5%	Married couples	46	\$84,522	Empty nester couples who spend time working in their garden or decorating their homes. Enjoy domestic wine, attending the theater and outdoor activities such as boating and hiking.
2 Up and Coming Families	18.1%	Married couples	32	\$76,135	These young, affluent families enjoy home improvement projects and dining out at fast food and family style restaurants. Other leisure activities include taking their young children to the zoo or traveling domestically.
3 Green Acres	11.3%	Married couples	41	\$63,430	Blue collar families w/ children 6-17 living in pastoral settings. These do-it-yourselfers are not afraid to tackle home improvement projects and enjoy watching football and NASCAR and going hunting and hiking.
4 Silver and Gold	8.5%	Married couples without children	60	\$67,806	These wealthy, educated seniors have the free time and resources to pursue their interests, which include travel, civic activities and golf. They are avid readers and enjoy watching television news programs.
5 Aspiring Young Families	7.1%	Family Mix	31	\$52,487	Live in start-up homes or town homes, nearly half are renters, spend their discretionary income on their children and homes. Enjoy eating out, movies, and playing sports.
6 Midland Crowd	6.7%	Married couples	37	\$50,096	These families reside in rural locations, with nearly 30% living in mobile homes. They are do-it-yourselfers who may own 3 vehicles and enjoy watching TV, hunting, fishing and pets.
7 Main Street, USA	6.6%	Family Mix	37	\$57,196	These fairly well-educated consumers tend to purchase software, savings certificates, home improvement items and prescription medication. Civic-minded, they often attend public meetings and work as volunteers.
8 Milk and Cookies	5.6%	Married couples	34	\$64,880	These young, affluent families are focused on life, family and the future. They spend their time and money on family activities such as going to the zoo, the movies or theme parks.
9 Rural Resort Dwellers	5.5%	Married couples	48	\$47,120	Enjoy simple life and consumer tastes describe these residents. Own domestic 4-wheel drive trucks. Lifestyle includes baking and home cooked meals, as well as participation in local civic issues. They go hunting, fishing and listen to country music.
10 Retirement Communities	4.2%	Married couples/Singles	53	\$49,174	Live in multiunit dwelling, frequently congregate housing that includes meals and other services in rent. Residents make good health a priority and spend leisure time playing bingo, gambling and spoiling their grandchildren.

Source: ESRI BIS

Appendix D. Retail Demand Charts

Future Potential Retail Demand: Retail Market Area, 2012 to 2017

Merchandise or Service Category	Spending per Hhold ¹	Target Sales (\$/SF) ²	2012 Retail Potential		2017 Retail Potential	
			Sales (in mil) ³	Space (SF)	Sales (in mil)	Space (SF)
Apparel	\$1,480	\$209	\$26.8	128,268	\$28.1	134,216
Home Furnishings	\$1,480	\$199	\$26.8	134,695	\$28.0	140,942
Home Improvement	\$1,258	\$140	\$22.8	162,716	\$23.8	170,262
Specialty Retail	\$1,838	\$216	\$33.3	154,142	\$34.8	161,291
Shoppers Goods			\$109.7	579,821	\$114.8	606,710
Grocery	\$5,653	\$390	\$102.4	262,564	\$107.1	274,740
Health/Personal Care	\$1,003	\$365	\$18.2	49,752	\$19.0	52,059
Convenience Goods			\$120.6	312,315	\$126.2	326,799
Restaurants	\$3,433	\$263	\$62.2	236,426	\$65.1	247,390
Entertainment	\$457	\$90	\$8.3	91,982	\$8.7	96,248
Personal Services	\$1,030	\$151	\$18.7	123,525	\$19.5	129,253
Total			\$319.4	1,344,068	\$334.2	1,406,400
Five Year Net Gain					\$14.8	62,332

1. Household spending estimated from Bureau of Labor Statistics' Consumer Expenditure Survey.
2. Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."
3. Retail sales potential found by multiply spending per household by total Market Area households for that year.

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

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
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

Typical Sizes of Selected Businesses

Merchandise or Service Category	Median	National	Local Chain	Independent
Specialty Retail				
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
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
Music	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 Clothing Store	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/Photocopying	1,278	1,240	~	1,236
Tailor/Alteration	950	~	900	1,035
Movie Rental	6,000	6,333	4,240	4,733
Shoe Repair	855	~	~	795
Drycleaners	1,800	~	1,800	1,649
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

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

Appendix E. List of Interviews (selected)

Fred Beck, Canby Herald
Laurie Bothwell, Clackamas County Fairgrounds
Colleen S. Colleary, Kidder Mathews
Lee Cutbirth, Wilco
Brooks Cutsforth, Cutsforth Thriftway
Lee Cutsforth, Cutsforth Thriftway
Bev Doolittle, Canby Chamber of Commerce
Lila Gottman, General Canby Days
Penny Hummel, Canby Public Library
Michell Jaskoski, Canby Cinema 8
Catherine Lisenbee, Dunn & Associates
Kim McGuire, Kimco Realty
Sandy Nelson, Canby Quilt & Fabrice
Ashley Rhea, Barnard Commercial Real Estate
Stephanie, Store Manager, Fred Meyer
Terry Tolls, Commercial realtor

Appendix F. Business Mix Samples

Business Mix for Selected Portland Neighborhood Commercial Corridors, Spring 2011

Business Categories	Neighborhood Commercial Corridor ¹⁰				
	Beaumont	Alberta St	Sandy Blvd	42nd Ave	Cully
Apparel ¹	6	11	5	2	-
Arts, Entertainment and Recreation ²	1	10	3	-	-
Books and Music Stores	1	4	1	-	-
Business and Professional Services ³	7	2	12	2	-
Financial, Insurance and Real Estate Services	16	7	20	3	1
Fitness, Health and Wellness Centers ⁴	9	4	1	-	-
Food Stores ⁵	3	4	6	4	10
Gifts ⁶	6	4	1	-	-
Other Services ⁷	2	4	6	4	14
Personal Care Services ⁸	9	9	13	2	4
Restaurants, Bars and Cafes	23	40	31	13	14
Specialty Retail ⁹	9	7	13	-	6
Sporting Goods, Hobby and Toy Stores	-	5	5	-	4
Total	92	111	117	30	53

1. Apparel includes clothing, shoes, accessories and jewelry.

2. Arts, Entertainment and Recreation includes theaters, art galleries and other arts and culture venues.

3. Business and Professional Services includes lawyers, architects, engineers and other professional services.

4. Fitness, Health and Wellness Centers includes fitness centers, yoga studios and massage therapy services.

5. Food Stores includes grocery stores, ethnic grocers, specialty grocers and convenience marts.

6. Gifts includes cards/gift shops and florists.

7. Other Services includes appliance/electronics repair, car/truck and home goods rentals, laundry/dry cleaning services and other commercial services.

8. Personal Care Services includes hair and nail salons, barber shops, skin care and cosmetic services, massage therapy and related personal services.

9. Specialty Retail includes home goods and furnishings and other miscellaneous retailers.

10. Note: The size of these corridors are not directly comparable, ranging from 5 core blocks in the 42nd Street district to nearly 40 blocks in the Sandy district. See map and descriptions on following page.

Source: Marketek, Inc. and Beaumont Business Association, Alberta Main Street, Portland International District Business Association, 42nd Avenue Business Association web sites, Reference USA business data compiled on May 18, 2011, and Google Earth.

Business Mix for Selected Oregon Downtowns, Summer 2012

Downtown Gresham Businesses		
Restaurants		
4th Street Brewing Co. Banaka & Browns Bakery Bella Cupcake Best Burger Big Apple Pizzeria Billy Bob's Boccelli's Restaurant Burgerville 29 Coffee's On-Gresham Dickey's Barbeque Pit Dutch Bros Coffee Elmer's	Jazzy Bagel Co. La Carreta M&M Restaurant & Lounge Main Street Ale House Musashi Japanese Rest. Olive Garden Original Roadhouse Grill Outback Steakhouse Pollos A La Brasa El Inka Red Lobster Red Robin Selma's Bagels & Deli Serrano's	Skyway Bar and Grill Sugoy Teriyaki Sunny Han's Wok & Grill Sweet Bett's Bistro Thai Orchard Restaurant The Twisted Carrot Wall Street Pizza Ye Olde Pub The Rock Wood Fired Pizza and Spirits
Salons/Spas		
Alter Ego Salon Body & Soul Day Spa Brilliance Salon & Spa	DuBois Salon/Rainforest Spa Hair by the Fountain The Mob Shop	Nails on 1st & Hair 2 Pazazz Salon & Boutique Salon Ambiance
Specialty Shops/Services		
Accents on Attitude Amiton Furniture Dakota Book Exchange Exclusive Pet Food Free Living Glass Butterfly Gresham Village Florist Healthy Alternatives Lil' Britches Oregon Paint Ball	Allegrì Wine Shop Bricker Brac Elegantly Funky Feathered Nest Gattozzi's Gold Art Gromshop La Estrella Furniture The Mystic Pony Present Tense	Pup Scrub Pet Wash Springwater Jewelers Stillwater's Christian Bookstore The Twisted Vine William & Sons Jewelers Second Options Stamp Connection Super Seams Alterations Toy Bear, Ltd.
Downtown McMinnville Businesses		
Restaurants		
Bistro Maison Cornerstone Coffee Roasters Cuvee Restaurant Dutch Brothers Coffee Gerald's Italian Eating Place Golden Valley Brewery/Rest. Haagenson's Catering & BBQ	Harvest Fresh Grocery/Deli Honest Chocolates K&F at Union Block Coffee La Rambla Restaurant Luigi's Daughter Nick's Italian Café Orchards Bistro	Primrose Tea Room Red Fox Bakery Sage Restaurant Serendipity Ice Cream Thai Country Restaurant Trask Resaurant Wildwood Café

Downtown McMinnville Businesses (continued)		
Wine Cellars/Wineries		
Anthony Dell Cellars Art of the Vine, Inc. Cuerno Cellars The Eyrie Vineyards	NW Wine Bar Panther Creek Cellars R. Stuart & Company	Stoller Vineyards Walnut City Wineworks Youngberg Hill Vineyards & Inn
Salons/Spas		
Escape & Get Away Message Outer Visions Rhapsody...A Salon in the City	Sense of Style Skin Sensations Studio L	Twist Salon Urbanbliss Salon & Spa
Specialty Shops/Services		
Accessory Appeal Boersma's Sewing Center Copy Cats Country Garden Nursery Currents Gallery Dowlen Artworks Dustpan Alley Eye of the Lady, Inc. Found Objects Granderson's Habitat ReStore Hawks World Gallery Hidden Treasures Gallery	Hopscotch Toys & Games Jack of All Beads La Bella Casa Lowe's Mac Prescription Shop Mac Sports McMinnville Antique Gallery The Merri Artist Mes Amies Oregon Stationers Pacific Frame & Gallery Pacific Reflex Signs Poseyland Florist	Ranch Records Red Berry Rice Furniture & Appliances Shutterbug Snap 'N Scrap Solemates Footwear Third Street Books Time Stop Photography Timmreck & McNicol Jewelers TJ's Printing Tommy's Bicycle Shop Tutto Bella Valley Skate Surf Snow
Entertainment/Clubs		
Crichter Studios Evergreen Aviation Museum Gallery Ballet Gallery Theater	Instep Music Masonic Hall McMenamins – Hotel OR McMinnville Grand Ballroom	Mountain Warrior Kung Fu Movietime Video Union Lodge
Hotels		
A'Tuscan Estate B&B Baker Street Inn	Red Lion Inn & Suites	Steiger Haus B&B

Downtown Troutdale Businesses		
Restaurants		
Ma-li Thai	Stromboli's	The Koffee Pot
McMenamins Edgefield	Tad's Chicken 'n Dumplins	Troutdale General Store
Rainbow's End Café	Taste of Village	Vicky's Country Secrets
Antiques		
B. Frank Antiques	Heaven Sent Antiques	Troutdale Antique Mall
Green Door Antiques	Nostalgia Antiques	
Art Galleries		
Caswell Gallery & Studios	Copper Leaf	Yoshida's Fine Art Gallery
Columbia River Gallery	Gallery G	
Gift and Specialty		
Ambience	Gardeners' Holiday	On the Wire Billiards
Art, Ink, Letters	Great Expressions	Sandy River Cellers, Inc.
Celebrate Me Home	Jack's Snack 'n Tackle	Simple Distractions
Columbia River Jeweler	Karate	Straight to the Point II
Columbia Winds Collectibles	Malcom Outfitters	Year Round Holiday Store
Front Porch Originals	Nitting Niche	
Attractions/Lodging		
Glenn Otto Park	Lewis & Clark State Park	Troutdale RR Depot Museum
Harlow House Museum	Brickhaven Bed & Breakfast	McMenamins Edgefield

Source: Marketek, Inc.

Appendix G. Sample Restaurant Rack Card

RESTAURANT WEEK





Center City
RESTAURANT WEEK

3 COURSES. 80 RESTAURANTS. \$30*
Sunday, September 26 thru Friday, October 1, 2004

Allies American Grill	215.625.6726	Farmicia	215.545.7593	Red Sky Restaurant	215.925.8080
Alma de Cuba	215.988.1799	Fork	215.625.9425	Ristorante Panorama	215.922.7800
Angelina	215.925.6889	Founders at the Bellevue	215.790.2814	Rouge	215.732.6622
Audrey Claire	215.731.1222	Friday Saturday Sunday	215.546.4232	Roy's Restaurant	215.988.1814
Ava	215.922.3AVA	Genji Japanese Cuisine	215.564.1720	Sal's on 12th	215.731.9930
Bellini Grill	215.545.1191	Happy Rooster	215.963.9311	Sansom Street Oyster House	215.567.7683
Bistro Romano	215.925.8880	il Portico Ristorante	215.587.7000	Seafood Unlimited	215.732.3663
Bistro St. Tropez	215.569.9269	Jolly's American Bar	215.563.8200	Shula's Steak House	215.448.2700
Black Sheep Restaurant & Pub	215.545.9473	Joseph Poon Asian Fusion Restaurant	215.928.9333	Smith & Wollensky	215.545.1700
Bleu	215.545.0342	La Bohème Restaurant	215.351.9901	Sole Food Seafood Restaurant	215.231.7300
Bluezette	215.627.3866	La Famiglia	215.922.2803	Sotto Varalli	215.546.6800
Brasserie Perrier	215.568.3000	Le Bar Lyonnais	215.567.1000	Spasso Italian Grill	215.592.7661
Buca di Beppo	215.545.2818	Le Castagne Restaurant	215.751.9913	Susanna Foo Chinese Cuisine	215.545.2666
Café Habana	215.561.2822	Le Champignon de Tokio	215.922.2515	Tangerine	215.627.5116
Caribou Café	215.625.9535	Loie Brasserie & Bar	215.568.0808	The Grill at The Ritz-Carlton Philadelphia	215.523.8221
Chez Colette at Sofitel Philadelphia	215.569.8300	Los Catrines & Tequila's Restaurant	215.546.0181	The Plough & The Stars	215.733.0300
Cibucán Restaurant	215.231.9895	Marathon on the Square	215.731.0800	The Prime Rib	215.772.1701
City Tavern	215.413.1443	Marrakesh	215.925.5929	Tir na nÓg Bar & Grill	267.514.1700
Cuba Libre Restaurant & Rum Bar	215.627.0666	Matyson Restaurant	215.564.2925	Toto	215.546.2000
D'Angelo's Ristorante Italiano	215.546.3935	McCormick & Schmick's Seafood Restaurant	215.568.6888	Trattoria Primadonna	215.790.0171
Davio's	215.563.4810	Mixto	215.592.0363	Twenty Manning	215.731.0900
Devon Seafood Grill	215.546.5940	Monticelli	215.985.4844	Twenty21	215.851.6262
Di Nardo's Famous Seafood	215.925.5115	Paradigm Restaurant	215.238.6900	Upstares at Varalli	215.546.4200
Dolcé Restaurant	215.238.9983	iPasión!	215.875.9895	Valanni Restaurant & Lounge	215.790.9494
Downey's Restaurant	215.629.0526	Patou	215.928.2987	Washington Square	215.592.7787
El Vez	215.928.9800	Peacock on the Parkway	215.569.8888	Zanzibar Blue	215.732.4500
		Philadelphia Fish & Co.	215.625.8605		
		Positano by Aldo Lamberti	215.238.0499		

Appendix H. Property/Business Improvement Toolkit

Canby Resources and Tools for Downtown Business Development

Shop Canby	<ul style="list-style-type: none"> • Online marketplace for local Canby shops
Enhanced Façade Improvement Program	<ul style="list-style-type: none"> • Grants of up to \$1,500 to help develop a design or funding construction documents • 50% in matching grants of up to \$25,000 for façade improvement construction. • No interest 5 year loans for construction projects over \$50,000
Revolving Loan Program	<ul style="list-style-type: none"> • Financing for projects that increase private sector investment and assessed value • Fund 40% of the total projects value ranging between \$10,000 and \$250,000 • The borrower contributes 10% and the remainder would come from banks or other lending institutions
1st Avenue Streetscape	<ul style="list-style-type: none"> • Significantly enhances the streetscape of four blocks of First Avenue, the gateway street to downtown • Pavilions, public art, and new parking areas are a few of the key features • ARRA grant from Clackamas County and a bond sale by the Canby Urban Renewal Agency provided \$2.5 million to finance the project
99E Gateway Projects	<ul style="list-style-type: none"> • Enhance existing entry signage and reinforce the theme of Canby as “Oregon’s Garden Spot” • Create visually attractive street edges and offer a more appealing pedestrian environment
Urban Renewal Downtown Canby Façade Improvement Program (DCFIP)	<ul style="list-style-type: none"> • 2 Types: Design Services Grant aids in the achievement of façade design work and the Façade Construction Grant assists in the construction of approved façade design improvements. • 50/50 matching grant

Appendix I. Property Assessment Sheet

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.

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?

Appendix J. Sample BEAT Program

Growing a Healthy Business Base Begins at Home: 3 Steps to any Business Assistance and Retention Program

1. Clearly Define Your Goals

- Big Goal: Retain, Assist, Expand Downtown Canby's Small Business Base
- What are your other specific goals for:
 - Next 3 months?
 - Next 6 months?

2. Determine the Scope and Nature of the Effort and Organize your Approach

- How many volunteers are available and how much time do they have?
- Options:
 - A. Outreach and information sharing (*least amount of effort*)
 - B. Issue identification and referral to business assistance sources
 - C. One-on-one technical assistance (*intensive effort with highly organized system and trained team*)

3. Implement – get in your businesses and start talking and listening!

- Option selected will lead to answering questions such as:
 - 1. Who are your business targets?
 - Everybody? Retail? Established? New business? Core blocks?
 - 2. Customized Approach
 - Target a select number of key businesses? Talk to all businesses?
 - Do it yourself?
 - Organize local help? Organize business development partners and resources?
 - Barter out of town help?
 - Buy some help?
 - 3. Get in the businesses!!
 - Start with simple goals of establishing a relationship and building rapport and learning about the business.

Suggested Approach

- Organize a 'benefit' you will share – business resource list, downtown marketing flyer, info on façade program, etc.
- Call business owner in advance and ask what a convenient time is to come by and share some information about PFP/Main Street business assistance activities.
- Visit the business prepared to share 'benefit' and to find out three things:
 1. How is their business going?
 2. What are their greatest challenges to growth? Opportunities for success?
 3. Are they interested in further information or assistance from Business Resource/ Assistance Providers? (SBDC, etc.)
- Follow up! Demonstrate interest and organization. Provide information. Take action requested. Schedule a follow up if necessary.
- Make a quarterly visit to the business to share information, check-in, etc.

**Sample: K.E.E.P.
Keep Existing Enterprises Profitable**

What: K.E.E.P. is a local business assistance and expansion team made up businesses and business resource providers focused on serving the *existing* business base. The K.E.E.P. program theme is: *business helping business* become stronger, expand and succeed. The business assistance service is provided at no cost to the business.

Why: Up to 80% of new jobs, sales and income come from the expansion of existing small business. In addition, the Prineville area is on the verge of dramatic population growth. The K.E.E.P. team wants to help local business capture the opportunities that lie ahead. K.E.E.P. will take a pro-active stance to save jobs and enhance businesses for the community.

Target

Audience: The Prineville-Crook County business community. All businesses regardless of size or industry type will be invited to complete the business owner survey. Industrial-related businesses will be referred to existing resource providers for follow-up. Retail and small commercial businesses will be assisted directly by the K.E.E.P. team.

Who: K.E.E.P. Co-Chairs/Captains
Evelyn Wood, 416-9583 and Von Thompson, 447-1354 and
K.E.E.P. Team Members (to be named)

How: The City of Prineville received a grant to jumpstart a community business assistance initiative. The program has the following phases:

1. Outreach, PR, Business Survey;
2. Business Assessment & Diagnosis;
3. Identify Business Assistance Needed and Providers;
4. Strategize an Action Program;
5. Provide Technical Assistance (1-on-1, training, mentoring, etc.); and
6. Follow-up and Tracking.

In addition and key sustaining the K.E.E.P. program will be a Management & Coordination Strategy for ongoing success.

For more information, contact _____, City of Prineville, 541- 447-8326

The K.E.E.P Team

1st String: Lead Players

- A small group (6 or 8) of high integrity individuals who can build trust, maintain confidentiality, and put the best interest of the community and individual businesses ahead of their personal and professional interests.
- Should have strong business management and communication skills; financial and marketing knowledge desirable; most important is know how to ask good questions, ascertain business condition; recommend gameplan; connect with existing resources.
- Should have strong networking skills with access to '2nd String' resource providers: accountants, attorneys, employment department, marketing experts, financial institutions, funding agencies, etc. (People & organizations who have agreed to help KEEP candidates for assistance.)

What does the Team do? Among the possible tasks or roles are:

1. Assess condition of the business, give the owner straight answers, provide connections to business resources.
2. Act as a clearing house for the private and public assistance programs available to business: Small Business Development Center, Employment and Job Training Services, Community College, Chamber of Commerce, Financial Institutions, etc.
3. Help the business owner write a sound action plan or business plan to initiate a 'turn-around' to improve business condition and a strategy for maintenance.
4. Act as a 'sounding board' for business owners who need someone to talk to about business problems.
5. Point out specific areas where the business owner may be lacking (E.g.: accounting, computer technology) and help them gain the skills needed.
6. Promote the availability of the KEEP program and team through business, civic and government organizations.

**Sample Approach to Focus Your Retention Program:
How does your Downtown's Portfolio Measure up?**

<p>1. Expanding Galaxies</p>	<p>2. Rising Stars</p>
<p>3. Falling Stars</p>	<p>4. Black Holes</p>

Key indicators of health

- Quality product/service
- Strong market demand
- Smart, imaginative, hard-working business people willing to adapt to the changing marketplace!
- Favorable business location
- Continuous marketing

Appendix K. Home-Based Business Success Stories

Home-Based Business Quick Facts

- A recent study completed by the U.S. Small Business Administration estimates that home-based businesses represent over 10 percent of the US economy.
- Small home-based businesses are the most likely tenants in an incubator.

Help a Home-Based Business Transition to Retail³

Pop-Up Businesses: Entrepreneurs with a home-based business or new idea can safely test the waters without the usual risks. A temporary business allows entrepreneurs to work out the kinks and decide if a storefront is the best option.

Colorado example: Following up on a recommendation from a DCI technical assistance visit, Cedaredge, a small town of just over 2,000 in Delta County, utilized an empty storefront in the commercial district to bring in local home-based businesses to display and sell their products.

Why Should You Consider a Pop-up?

Now more than ever, when economic resources are at their thinnest, collaboration is key for the survival of any community. By utilizing a pop-up model for empty retail spaces, everyone is a winner!

- **Property owners: A pop-up business “sells” your space for you.** A pop-up store can do for a retail space what home staging does for a house for sale—highlight the potential and encourage a business owner to picture themselves and their customers in the space. Think about it...if you were confronted with two potential retail spaces, one sitting dark, empty, and dusty, and one that was brimming with patrons and life, which one would you choose?
- **Potential business owners: A pop-up business allows you to “test the waters.”** Whether a home-based business is considering a permanent move to a retail space or an entrepreneur wants to test out a new product, a pop-up space allows one to leap into the entrepreneurial pool without the risks of a permanent investment. It can provide the valuable information necessary to decide whether a business model needs to be tweaked or if you need to head into another direction all together.
- **Surrounding business owners: A pop-up business helps to encourage a lively commercial district.** A vacant storefront can drag down the entire commercial district. But, filling this space with a temporary business will add to the vitality and encourage more business for everyone. After all, people attract more people...the more customers that are out and about in your district, the more intriguing the district will appear to others. Plus, encouraging business owners to test the waters and tweak their business model can eliminate a string of failed businesses, which can negatively impact the entire district.

³ From <http://downtowncoloradoinc.wordpress.com/category/downtown-revitalization-downtown-management-local-economic-development-community-development/>

- **Community at large: A busy, attractive commercial district** with no stagnant spaces provides a safe and lively environment, which benefits residents and visitors alike.

Retail Incubator

There are four ingredients necessary for a successful incubator. These include:

- Land and building - the right building at the right price
- Operating Knowledge - the right staff capacity
- Capital - revenue for staffing and to operate the facility
- Tenants - initial and replacement tenants to retain full occupancy

Criteria when considering applicants to incubator:

1. Must be proposing a new product or service not now available in the community
2. Must demonstrate commercial viability within 3-years
3. Must have a plan to exit the incubator within a 2 to 3 year period
4. Must have a written business plan at the time the application is being made (or shortly thereafter) that also addresses topics 2 and 3 above
5. Has potential to create jobs for residents
6. Has sufficient initial capitalization to pay start-up facility and service expenses

The U.S. Small Business Administration (SBA) and other programs may offer assistance to small businesses through a variety of loans (see: <http://www.smallbusiness3.com/pdf/english/national.pdf>). The micro-loan program is one of the most useful for methods for home-based businesses attempting to transition to main street.⁴

⁴ From: <http://planning.blogspot.com/2004/06/retail-business-incubators-downtown.html>

Appendix L. Entrepreneur Connections Program



Overcome Limitations

Learn it today, use it tomorrow.

Insight

Dream, think about, and plan for your next level of success. Develop a plan that is based in reality and implementable.

Solutions

Solutions to limiting factors such as cash flow, employees, competition, and daily problems. Gain skills to grow beyond your current level.

Success

Graduates of the NxLevel Course showed a 200% increase in sales after one year compared to a 6% average growth rate of business in Washington State in 2005.

CLASS SCHEDULE

Introduction, Overview and Entrepreneurship Planning & Research:
Entrepreneurial Essentials

Organizational Matters:
Management and Legal Structure

Marketing – “Behind The Scenes”:
Analysis & Underwriting

Marketing – “On Stage”:
Strategies, Tactics and Implementation

Financial Overview:
Books, Records & Controls

Managing Your Money: Financial Planning, Budgets and Assumptions

Managing Your Money: Developing and Using Cash Flow Projections

Understanding Your Financial Statement

Financing Your Business

The Deal Making Process:
Negotiation in the Real World

Your Business Future:
Managing Growth and Plan Completion

Graduation



Enroll Today!

Call:

Ellensburg Downtown Association

509- 962- 6246

Registration is limited.
Register before Dec. 31st



Do you have what it takes to advance your business to the NxLevel?



NxLevel Entrepreneur Course
Ellensburg, WA
January 5th - March 9th
2010



10- Week NxLevel Entrepreneur Course

Be Better Prepared To Run Your Business!

ABOUT THE NxLevel COURSE

LOCATION:

WorkSource; 309 E Mountain View; Ellensburg, WA

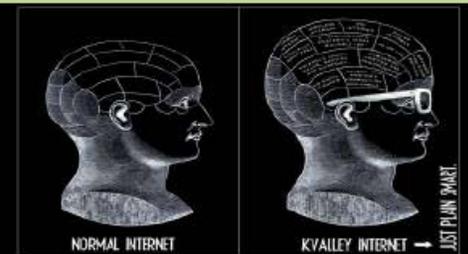
DATE/TIME:

Tuesdays starting January 5, 2010
6:30p.m. - 9:30p.m.
Ten week series ends March 9th, 2010.

FORMAT:

Class Instruction, Guest Speakers, Text & Workbook, Group Discussion

COST: \$350 Per Person



Registration Profile

Name: _____

Address: _____

(Street, City, State, Zip)

Phone: _____

Email: _____

Please pay by check or cash, make checks payable to the Ellensburg Downtown Association
PO Box 966
Ellensburg WA 98926

- _____ Business Owner
- _____ Manager
- _____ Existing Business
- _____ Start Up Business
- _____ Future Entrepreneur

Business Name if Existing Business: _____

Business Type if Start Up: _____

Reason for Attending NxLevel: _____

