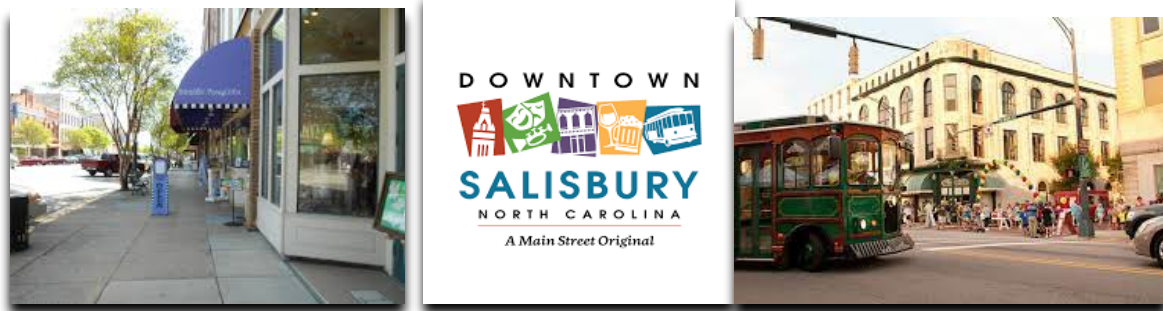




Downtown Salisbury Retail Marketplace Snapshot



Prepared by the NC Main Street & Rural Planning Center—August of 2022

The purpose of this report is to give Downtown Salisbury the baseline information for a better understanding of its current market. The NC Main Street & Rural Planning Center Staff studied the retail marketplace date within a 5- mile radius of and 20- minute drive time to the downtown area. The retail leakage analysis examines the quantitative aspects of the retail opportunities.

By reviewing the retail gap, we can:

- Understand how well the retail needs of residents are being met
- Uncover unmet demand and possible opportunities
- Understand the strengths and weaknesses of the local retail sector

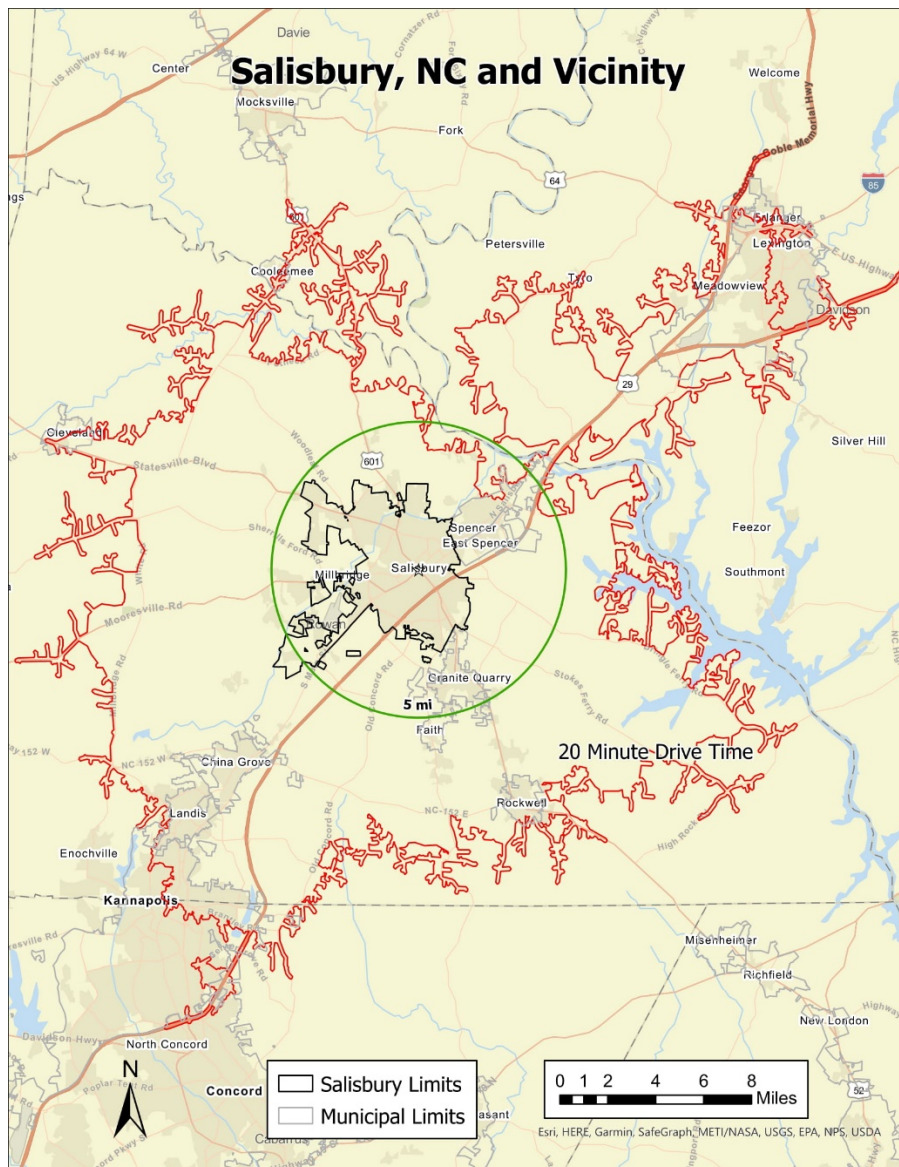
When consumers spend their dollars outside the specific radii of Downtown Salisbury this is known as “Retail Gap” throughout this report. Retail Gap or leakage indicates an unmet demand in the trade area. This suggests the possibility the community can support additional retail for those business categories. Residents within the specified primary trade areas are purchasing products outside that area indicating opportunity to capture those dollars within the downtown district.

There are also categories for which Downtown Salisbury is exceeding the local market demand. Those are measured as red numbers on the below report. For the 5-mile radius information, this means that Downtown Salisbury is exceeding its market potential in these categories. Similarly, for the red numbers in the 20-minute drive time area, the consumer demand exceeds what the market should sustain. This retail surplus means the community’s trade area is capturing local

market plus attracting non-local shoppers. Surplus means the community has possibly developed strong clusters of retail that have broad geographical appeal.

You can also seek additional retail market data that the Rowan County Economic Development Commission or the Centralina Council of Governments can provide. This report is based on the data collected and should serve as a starting point for your economic vitality efforts.

We highly encourage you to couple this report with consumer surveys to get a complete understanding of the Downtown Salisbury potential. The NC Main Street and Rural Planning Center can share examples of consumer surveys and assist with this process as needed.



The above Rowan County map outlines the two trade areas within a 5-mile radius of and within a 20-mile drive time to downtown. Defining the downtown trade area is critical in determining retail opportunities for the downtown market. The NC Main Street & Rural Center staff only reviewed the data within these two segments. Downtown Rowan should be targeting residents within these two areas. The goal is to capture the retail sales volume leaking to neighboring communities, such as Concord, Lexington, or Charlotte. The chart below shows total industry summaries for the 5-mile and 20-minute drive time to downtown. It details the total retail sales gap, potential 10% capture and retail square footage needed to attract this sales volume.

The sales per square foot column in the second table is the average number based on recent research across the state. Typically, restaurant annual retail sales are higher than \$300 per square foot. There are variables that impact this number such as building owned versus rented, rental rates either higher or lower as well as overall expenses, such as employee wages, insurance, utilities, etc. Surplus is shown as a red number and retail gap is shown as a black number.

Distance	Total Retail Gap	10% Capture	Sales/SF	SF Needed
5-mile radius	\$26,757,221	\$2,675,7221	\$300	8,919
20-Minute Drive Time	\$80,577,650	\$8,057,765	\$300	26,859

The above chart shows the aggregate number of potential sales within the 5-mile radius and 20-minute drive-time from Downtown Salisbury. Below you will see these number broken down by retail category.

Retail Opportunities 5-mile radius around downtown

Salisbury				
Primary Trade Area 5-mile around downtown		DOWNTOWN POTENTIAL		
Business Type	Retail Gap	10% of Retail Gap	Sales/SF	SF
		10%	\$300	Needed
Household Appliance Stores	\$ 1,720,318	\$ 172,013	\$ 300	573
Home Centers	\$ 16,590,143	\$ 1,659,143	\$ 300	5530
Speciality Food Stores	\$ 1,687,360	\$ 168,736	\$ 300	562
Men's Clothing Stores	\$ 725,706	\$ 75,570	\$ 300	251
Women's Clothing Stores	\$ 2,406,796	\$ 240,679	\$ 300	802
Clothing Accessories	\$ 1,349,378	\$ 134,937	\$ 300	449
Shoe Stores	\$ 1,508,908	\$ 150,890	\$ 300	502
Musical Instruments	\$ 452,925	\$ 45,292	\$ 300	150
Book Stores and News Dealers	\$ 315,687	\$ 31,568	\$ 300	105
Total Gap	\$ 26,757,221	\$2,675,722	\$ 300	8924

Retail Opportunities 20- Minute Drive-time to downtown

Salisbury				
Primary Trade Area 20-Minute Drive Time		DOWNTOWN POTENTIAL		
Business Type	Retail Gap	10% of Retail Gap	Sales/SF	SF
		10%	\$300	Needed
Furniture Stores	\$ 6,313,664	\$ 631,366	\$ 300	2105
Other Home Furnishing Stores	\$ 3,060,070	\$ 306,007	\$ 300	1020
Household Appliance Stores	\$ 5,334,738	\$ 533,474	\$ 300	1778
Electronics Stores	\$ 2,973,249	\$ 297,324.90	\$ 300	991
Home Centers	\$ 39,037,994	\$ 3,903,799.40	\$ 300	13013
Men's Clothing Stores	\$ 1,678,117	\$ 167,811.70	\$ 300	497
Women's Clothing Stores	\$ 5,608,426	\$ 560,842.60	\$ 300	2168
Clothing Accessories Stores	\$ 1,727,493	\$ 172,749.30	\$ 300	259
Shoe Stores	\$ 6,386,217	\$ 638,621.70	\$ 300	7941
Musical Instruments	\$ 851,512	\$ 85,151.20	\$ 300	828
Book Stores	\$ 1,678,177	\$ 167,817.70	\$ 300	402
Office and stationary stores	\$ 916,212	\$ 91,621.20	\$ 300	676
Used Merchandise Stores	\$ 1,252,519	\$ 125,251.90	\$ 300	523
Pet and Pet Supply Stores	\$ 3,759,262	\$ 375,926.20	\$ 300	403
Total Gap	\$ 80,577,650	\$ 8,057,765	\$ 300	32604

5-Mile Radius Retail Surplus

Category	Retail Surplus
Furniture Stores	\$ 759,366
Home Furnishing Stores	\$ 857,290
Electronics and Appliance Stores	\$ 2,178,483
Paint and Wallpaper Stores	\$ 3,514,128
Hardware Stores	\$ 1,282,144
Lawn and garden equipment stores	\$ 6,699,300
Grocery Stores	\$137,062,412
Pharmacies and Drug Stores	\$ 43,149,421
Cosmetics and Beauty Supply Stores	\$ 3,457,024
Jewelry Stores	\$ 7,479,867
Sporting Goods Stores	\$ 1,984,531
Hobby, Toy and Game Stores	\$ 2,676,873
Department Stores	\$ 34,222,842
Office Supply and Stationary Stores	\$ 878,281
Gift, Novelty and Souvenir Stores	\$ 1,370,455
Full Service Restaurants	\$ 35,071,689
Limited Service Restaurants	\$ 18,952,453
Total	\$301,596,559

20-Minute Drive Time Retail Surplus

Category	Retail Surplus
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Paint and Wallpaper Stores	\$ 2,522,104
Hardware Stores	\$ 1,710,953
Lawn and Garden Equipment Stores	\$ 9,412,764
Grocery Stores	\$180,949,338
Pharmacies and Drug Stores	\$ 29,796,749
Jewelry, Luggage and Leather Goods Stores	\$ 5,574,091
Sporting Goods Stores	\$ 1,349,978
Hobby, Toy and Game Stores	\$ 2,536,221
Department Stores	\$ 33,778,149
Full Service Restaurants	\$ 13,356,179
Limited Service Restaurants	\$ 26,440,870
Total	\$307,427,396

The retail surpluses confirm that Downtown Salisbury is attracting a disproportionate amount of retail sales in these categories and potential exists to attract additional retail and restaurant establishments to take advantage of the additional business potential.

Below are two tables showing the projected sales growth in different commercial categories. This information can help your recruitment process.

Salisbury Demand Growth by Retail Store Types				
Primary Trade Area: 5 Mile Radius				
Business Type	2022	2027	Growth	Compound
	Demand	Demand	\$	Rate (%)
Furniture Stores	\$ 7,485,743	\$ 7,795,648	\$ 309,905	1
Household Appliance Stores	\$ 2,605,709	\$ 2,925,432	\$ 309,723	2
Electronics Stores	\$ 7,165,171	\$ 7,665,370	\$ 510,199	1
Home Centers	\$ 26,102,578	\$ 30,849,847	\$ 2,837,269	2
Hardware Stores	\$ 4,348,092	\$ 4,776,641	\$ 428,549	2
Lawn and Garden Equipment and Supplies	\$ 7,178,611	\$ 7,978,110	\$ 799,498	2
Grocery Stores	\$ 94,635,714	\$ 102,691,880	\$ 8,056,166	2
Beer, Wine and Liquor Stores	\$ 7,703,338	\$ 8,612,534	\$ 909,196	2
Pharmacies and Drug Stores	\$ 42,864,850	\$ 48,478,542	\$ 5,613,692	2
Cosmetics, beauty supply stores	\$ 2,877,150	\$ 3,266,694	\$ 389,543	3
Sporting Goods Stores	\$ 5,303,288	\$ 5,852,714	\$ 549,425	2
Department Stores	\$ 11,243,803	\$ 11,758,594	\$ 514,791	1
Full Service Restaurants	\$ 35,749,580	\$ 40,702,034	\$ 4,952,455	3
Limited Service Restaurants	\$ 31,487,821	\$ 35,780,769	\$ 4,292,948	3
Total Sales	\$ 286,751,448	\$ 319,134,809	\$ 30,473,359	

Salisbury Demand Growth by Retail Store Types				
Primary Trade Area 20-Minute Drive Time		DOWNTOWN POTENTIAL		Compound
Business Type	2020	2027	Growth	Growth
	Demand	Demand	\$	Rate (%)
Furniture Stores	\$ 17,811,945	\$ 18,593,484	\$ 781,539	1
Household Appliance Stores	\$ 6,221,133	\$ 6,980,412	\$ 759,279	2
Electronics Stores	\$ 17,104,064	\$ 18,263,678	\$ 1,249,614	1
Home Centers	\$ 66,195,013	\$ 73,387,487	\$ 7,192,474	2
Hardware Stores	\$ 10,286,455	\$ 11,366,333	\$ 1,079,879	2
Lawn & Garden Equipment and Supplies	\$ 17,077,726	\$ 19,063,122	\$ 1,985,396	2
Grocery Stores	\$ 224,552,321	\$ 244,199,129	\$ 19,646,809	2
Pharmacies and Drug Stores	\$ 101,275,375	\$ 115,021,682	\$ 13,746,307	3
Cosmetics and beauty supplies	\$ 6,796,435	\$ 7,752,028	\$ 956,493	3
Sporting Goods Stores	\$ 12,686,066	\$ 14,017,549	\$ 1,331,483	2
Department Stores	\$ 26,735,144	\$ 28,037,265	\$ 1,302,151	1
Pet & Pet Supply Stores	\$ 6,800,697	\$ 7,312,329	\$ 511,632	1
Full Service Restaurants	\$ 84,709,265	\$ 96,547,210	\$ 11,837,945	3
Pet and Pet Supply Stores	\$ 74,723,585	\$ 84,998,707	\$ 10,275,123	3
Total Sales	\$ 672,975,224	\$ 745,540,415	\$ 72,656,124	

Note: The compound annual growth rate (CAGR) is the annualized average rate of revenue growth between two given years, assuming growth takes place at an exponentially compounded rate. The most important factor in both charts is the amount of projected growth per category.

Retail Sales per Capita (Source: U.S. Census QuickFacts)

Total retail sales per capita for Salisbury of \$27,927 in 2017 (the last measured year on this site) is almost three times the Rowan County average (\$9,680), more than twice the NC average (\$13,735) and very close to twice the U.S. per capita average of \$15,224. The report also reveals that Salisbury accounts for almost 70% of Rowan County annual retail sales while only accounting for 24% of the county population. This means that Salisbury can support a disproportionate amount of retail sales relative to its population. Prospective retailers and restaurateurs should be encouraged at these statistics what confirm Salisbury as a coveted business location, not just in Rowan County, but the region.

The above data can be used to help recruit businesses to Downtown Salisbury to meet the unmet potential and reduce the retail gap or leakage. The priorities are to first retain, then expand and finally to recruit new businesses. The categories that show the most potential should be focused on first, especially within the 5-mile radius of downtown. This data can help existing businesses realize there may be potential to expand to capture additional retail sales.

Tapestry Segmentation identified by ESRI On-Line Business Analyst

We find that studying the Tapestry Segments helps to identify a retail mix based on demographics that could enhance the shopping experience. Tapestry Segmentations provide detailed descriptions of America's neighborhoods. U.S. residential areas are divided into 67 distinctive segments based on their socioeconomic and demographic composition, then further classifies the segments into LifeMode and Urbanization Groups. Each radius has numerous LifeMode groups for a total of 100%. The detailed information can give Downtown Salisbury a

sense of who its customer is and insight into how to market to and what types of products to possibly add to existing inventory. By diving deeper into each Tapestry Segment’s LifeMode and Urbanization Group there may be an entirely new business that could emerge and possibly be a good fit for uptown.

The information provided reflects the U.S. characteristics. The table below shows the top three segments for each category with brief descriptions. Detailed descriptions are obtained by going to the raw ESRI data’s Tapestry information and clicking on each segment for the specific drive times. Visit <http://doc.arcgis.com/en/esri-demographics/data/tapestry-segmentation>.

Top 3 Tapestries for each location

5-mile radius	20-minute drive time
Midlife Constants (13.2%)	Southern Satellites (26.5%)
Southern Satellites (11.3%)	Salt of the Earth (9.8%)
Old & Newcomers (11.2%)	Heartland Communities (8.8%)

Midlife Constants is the top category for the 5-mile radius. Southern Satellites is the #2 category and top category for the 5-mile and 20-minute drive time respectively. Old and Newcomers is the #3 category within the 5-mile radius. Each of these categories are presented below:

Midlife Constants	Total Households (U.S.)	3,068,400
	Average Household Size	2.31
	Median Age	47.0
	Average HH Income	\$53,200

WHO ARE WE?

Midlife Constants residents are seniors, at or approaching retirement, with below average labor force participation and above average net worth. Although located in predominantly metropolitan areas, they live outside the central cities, in smaller communities. Their lifestyle is more country than urban. They are generous, but not spendthrifts.

Southern Satellites	Total Households (U.S.)	3,856,800
	Average Household Size	2.67
	Median Age	40.3
	Average HH Income	\$47,800

WHO ARE WE?

Southern Satellites is the second largest market found in rural settlements but within metropolitan areas located primarily in the South. This market is typically slightly older, settled married-couple families, who own their homes. Two-thirds of the homes are single-family structures; almost a third are mobile homes. Median household income and home value are below average. Workers are employed in a variety of industries, such as manufacturing, health

care, retail trade, and construction, with higher proportions in mining and agriculture than the US. Residents enjoy country living, preferring outdoor activities and DIY home projects.

Old & Newcomers	Total Households (U.S.)	2,859,200
	Average Household Size	2.12
	Median Age	39.4
	Average HH Income	\$44,900

WHO ARE WE?

This market features singles' lifestyles, on a budget. The focus is more on convenience than consumerism, economy over acquisition. Old and Newcomers is composed of neighborhoods in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes. They support charity causes and are environmentally conscious. Age is not always obvious from their choices.

AARP Livability Index

The AARP Livability Index for Downtown Salisbury is 57 on a scale ranging from 0 to 90+. The higher the score the more livable the community. Salisbury ranks above average on this scale. It is important to consider the different index categories, such as health, environment, neighborhood, and opportunity to help you determine what needs to be done to improve this score. Some areas of particular interest include:

The positive.....

<u>Category</u>	<u>2015</u>	Salisbury <u>2022</u>	2022 Median U.S. <u>Neighborhood</u>
Housing (64 out of 100)			
Availability of subsidized housing (Units per 10,000)		1079	0
Neighborhoods (63 out of 100)			
Access to parks		9 parks	1
<u>Category</u>	2015	Salisbury 2022	2022 Median U.S. Neighborhood
Neighborhoods (63 out of 100)			
Access to libraries		1 library	0
Transportation (59 out of 100)			
ADA Accessible stations & vehicles		85.3%	82.9%
Walk Trips (Trips per household per day)		1.26	0.73

Congestion (Hours per person per day)		14.3	25.5
Household Transportation Costs (Cost per year)		\$14,183	\$15,331
Environment (66 out of 100)			
Regional air quality (Unhealthy air quality days/year)	10	0	4.37
Local Industrial Pollution (ORSE score from 0 to 9,070)		0	0.00
Health (33 out of 100)			
Patient Satisfaction (% satisfied)	59%	65.0% (shows improvement)	71.8%
Engagement (62 out of 100)			
Broadband cost and speed (% of residents who have high speed and competitively priced internet)		100%	93.7%
Opportunity for Civic Involvement (Number of organizations per 10,000 people)		13.2	1.18
Voting Rate (Percent of people voting)		63.9%	61.9%
Social Involvement Index (From 0 to 2.5)		1.15	0.96

<u>Category</u>	Salisbury		2022 Median U.S. <u>Neighborhood</u>
	<u>2015</u>	<u>2022</u>	
Opportunity (51 out of 100) (Jobs per worker per person)	0.78	0.83	.80

The negative.....

Housing (64 out of 100)			
Housing Costs/month	\$686	\$858	\$1,057

Housing Cost Burden (Percentage of income spent on housing)	14.7%	16.0%	16.3%
Availability of multi-family units	79.8%	49.7%	18.7%
Neighborhood (63 out of 100)			
Access to jobs by auto		24,896	44,198
Crime Rate (Crimes per 10,000 people)		281	217.4
Transportation (59 out of 100)			
Frequency of local transit service (# of buses or trains per hour)		0 buses	0

Note: This measurement does not register Salisbury Transit and is incorrect.

Crash Rate (Fatal crashes per 100,000/year)	15.5	18.7	7.7
Health (31 out of 100)			
Healthy Behaviors			
Smoking prevalence (% of population who smoke)		21.7%	18%
Obesity (Percent of obese population)		37.7%	32.2%
Healthcare professionals shortage (Index 0 to 25)	14	18	0
Opportunity (51 out of 100)			
High School Graduation Rate (Note: U.S. Census shows an 87.7% graduation rate)		78.0%	88.5%
Income Inequality (Index 0 to 1)	0.44	0.45	.046

You can learn more about how Salisbury scores on various categories by visiting <https://livabilityindex.aarp.org/>

Walkscore

Walkscore.com provides a measurement of how walkable and bikeable is a community. Using the 101 S. Main Street address, Downtown Salisbury scored a 76 Walkscore meaning that it is very walkable and that most errands can be accomplished by foot.

Downtown Salisbury Bikescore is 61 meaning it is considered bikeable with some bike infrastructure is in place.

Attached is a copy of the Walkscore.com information.

Summary and Recommendations

1. Overall

Salisbury has been the benchmark to which other NC Main Street communities compare their downtown revitalization efforts. The revitalization success has continued with the \$10 million Bell Tower Green Park, the Empire Hotel renovation, and the recent social district approval. Salisbury's interstate access and geographic position between Charlotte and Greensboro make it a favorable location for new residents.

2. Retail Opportunities

Within the 5-mile radius, opportunities were seen in appliances, women's clothing, clothing, and shoe business categories. At the 20-minute drive time measurement, furniture, appliances, electronics, women's clothing, show and musical instrument opportunities were seen.

Many categories saw retail surpluses. As was noted above, Salisbury generates almost 70% of the Rowan County annual sales tax revenue. It being the largest community in the county as well as its county seat provides a significant number of people entering the downtown daily.

Welcome to Downtown Salisbury

3. To capitalize on the downtown residential growth in Salisbury, it is recommended a "welcome wagon" packet be created to invite new residents to visit downtown. This tactic has been considered in other downtown areas that are experiencing rapid population growth.

Walkability and Bikeability

4. The Downtown Salisbury Walkscore of 76 is well-above average. This score should be well-publicized so both existing and prospective downtown residents understand the walkability of the area. Concerning bikeability, Downtown Salisbury also scores above average. You will want to work with the local NCDOT division to incorporate bike lanes into their streets in downtown as well as those controlled by the City of Salisbury.

According to a study by real estate advising company Robert Charles Lesser & Co., homebuyers are increasingly looking for green space and trail systems for walking, running and biking. In fact, green space and trail systems were the No. 1 and No. 2 desirable community features in this referenced article---Source: New Home Source: <https://www.newhomesource.com/learn/top-community-amenities/>

The list is below:

1. Parks and green spaces
2. Paved trail systems for walking, jogging, biking, etc.

Note that in addition to the walking and biking trail amenities, the #3 amenity that new homeowners want is:

Main street village centers with retail services and cafes for gathering and socializing

Downtown Salisbury fits the #3 desired community amenity. Downtown Salisbury will want to see ways to increase walkability and biking options to meet consumer demands.

Downtown Salisbury Main Street Manager is the Downtown Economic Development Director

5. While the 4-Point Approach to Main Street involves organization, design, promotion, and economic vitality, it is very easy for promotion (and special events) to consume a significant amount of the Main Street Director's time and effort. Downtown Salisbury is a vital community amenity to attract more residents and industry to Salisbury and Rowan County. Recommendation #5 confirms the importance of a vibrant downtown to new and existing residents. Downtown Salisbury is also critical to attracting talented workers to populate Rowan and surrounding county industries. Quality of life used to be far down the list of industrial site consultant desires for their clients; it is now at the top. Industry can only attract young workers to a community that has a successful and enticing downtown. (The fact that the Rowan County Economic Development Director participated in the interviewing process for the Salisbury Main Street Manager shows interest in this position and, it is assumed, recognition of the downtown's importance to health of the Rowan County economy.)

The Downtown Salisbury Director will also be dealing with developers and business owners. It is strongly recommended for the director to become familiar with historic tax credits and the important elements of building rehabilitation so your community will be

able to support those investors in the downtown. One of the 2022 NC Main Street Conference presentations recommended that Main Street Managers take a commercial real estate course, so they are familiar with commercial real estate terms and procedures.

Finally, Diane Young created the Downtown Directors' Guide to Working with Development Projects--<https://www.ncmainstreetandplanning.com/economic-vitality>-- an invaluable resource for the Downtown Salisbury Manager.

If you have any questions concerning the above information, do not hesitate to contact me at mike.dougherty@nccommerce.com or 919-817-7086.

Sources: ARGIS Retail Data

<http://doc.arcgis.com/en/esri-demographics/data/tapestry-segmentation>

Livabilityindex.aarp.org

Rowan County map—Glen Locascio, NC Department of Commerce