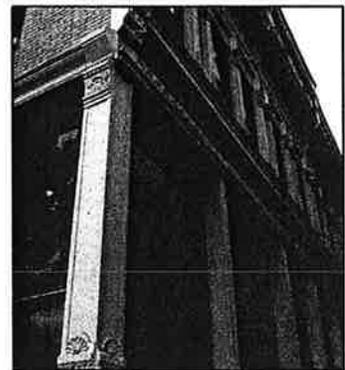
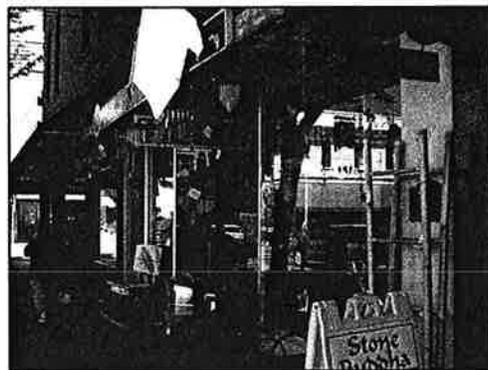




Downtown Retail Market Analysis Silverton, Oregon

September 2006



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With gratitude to the following funding sources: USDA Rural Business Enterprise Grant, the City of Silverton, the Silverton Economic Development Alliance, and the Silverton Area Chamber of Commerce.

INTRODUCTION

This report shares Marketek's findings of the Silverton retail market opportunity analysis and business development strategy initiative being prepared in tandem with the Silverton Downtown Master Plan. The purpose of the market opportunity analysis is to:

- Provide a comprehensive assessment of potential market support for retail/service/restaurant uses in Silverton in general and the downtown Silverton commercial district; and
- Provide the City of Silverton, the Chamber of Commerce and the Silverton Economic Development Association (SEDA) with a factual base for implementing strategies to strengthen and diversify the downtown business base, capture consumer dollars currently flowing out of Silverton and improve the mix of viable economic uses over time.

Silverton is known as a unique community in a pastoral Willamette Valley setting. It is largely a bedroom town with working residents commuting out in all directions but mainly to jobs in the Salem area, just 15 miles away.

Downtown Silverton has an agglomeration of historic commercial and residential properties unmatched by other valley towns. The downtown district is on the National Register of Historic Places which speaks to the charm and ambiance that contributes to downtown Silverton's uniqueness. Highways 213 and 214 intersect downtown and carry visitors and passers-through to two major destinations nearby: Silver Falls State Park and the Oregon Garden. In part because of these attractions and the town's history, the visitor industry is a vital component of the local Silverton economy.

Silverton is well aware of the critical importance of conveying a positive community image to visitors and business prospects. The Chamber of Commerce represents a significant asset in growing the visitor market and in nurturing visitor-friendly practices among local businesses. Key to strengthening downtown's commercial base and capitalizing on the growing residential and tourist markets are physical and economic improvements. The market analysis together with the Downtown Master Plan are important steps toward developing downtown Silverton as a vibrant town center and source of community pride.

Methodology

The retail market analysis considers the 2006-2011 time period, which is a realistic projection period for retail development. The research (both primary and secondary) includes a statistical estimate of potential retail sales and supportable space, the results of a community-wide resident survey of shopping preferences, a survey of the Silverton business community, telephone/personal interviews with local leaders, six community site visits, in-store visits to Silverton businesses and a series of focus groups.

This report is organized into four principal sections:

- I. Target Market Analysis**
- II. Opinion Research**
- III. Retail Market Analysis**
- IV. Next Steps**

I. TARGET MARKET ANALYSIS

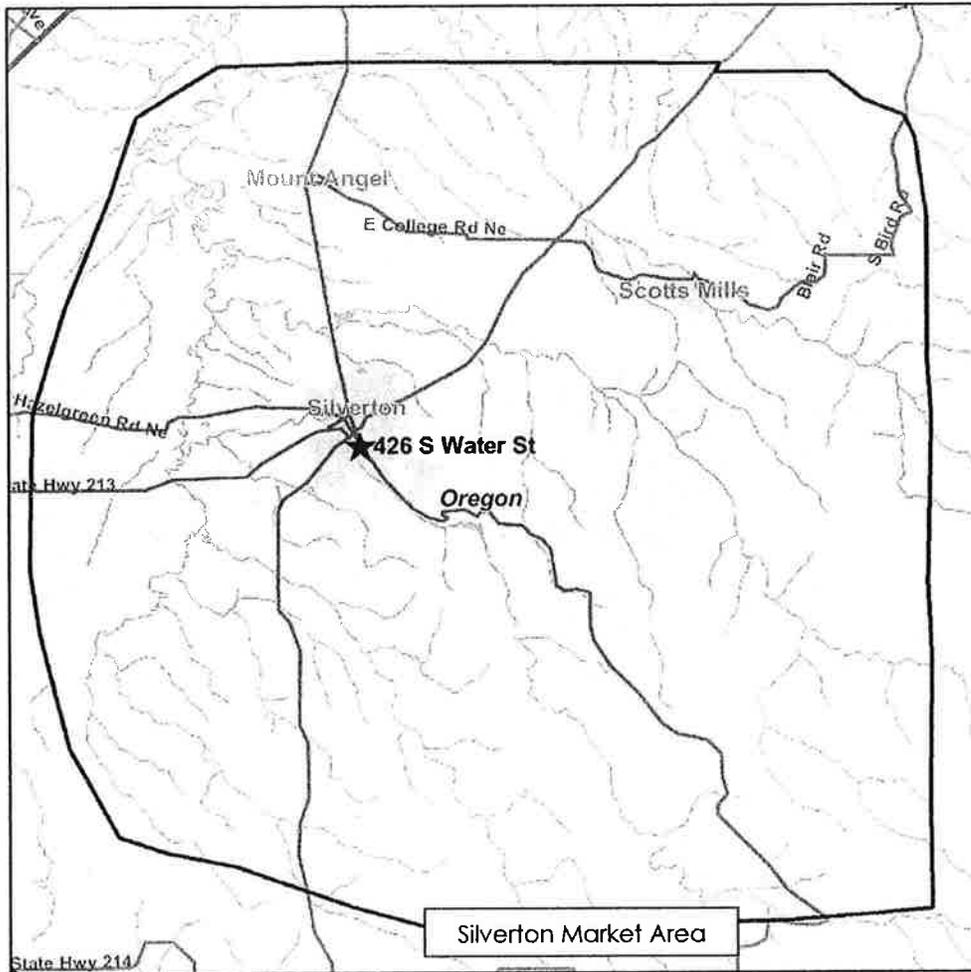
Downtown Silverton's primary target customer markets for retail and services include: local resident shoppers, area employees and visitors. This section characterizes the size and features of each market, with an in-depth look at the local resident market, which provides the shopping district with the greatest opportunity for a dependable source of year-round sales.

LOCAL RESIDENT SHOPPERS

The socioeconomic characteristics of Silverton's retail trade area are provided in this section. The map on the following page illustrates the boundaries of the market area, which is the geographic area from which the majority of Silverton's customers will emanate. It is based on drive-time estimates, the knowledge and experience of Silverton business owners and the location of existing retail competition.

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

Silverton, Oregon Retail Market Area



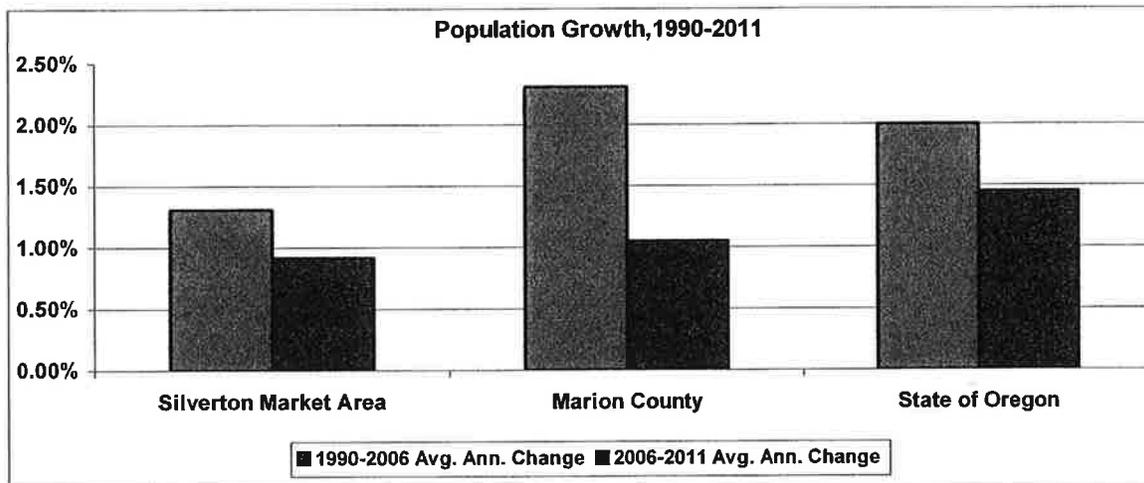
A. Population and Household Growth

- From 1990 to 2006, the population growth rate in the Silverton market area was less (1.31%) than that of the State of Oregon (2.00%) and Marion County (2.31%). Growth rates in all three geographies are expected to slow from 2006 to 2011, with that of the state averaging 1.45% annually, the county averaging 1.05% annually and the market area averaging 0.92% annually.
- The 2006 population of the Silverton market area is estimated at 21,821 representing 7,394 households in the area. The market area population is projected to grow by 200 people, or 64 households, per year over the next five years, resulting in a 2011 population of 22,822 people and 7,714 households. In the market area, there is an average of 2.9 people per household, indicating slightly larger households than in Marion County and the state, which average 2.7 and 2.5 people per household, respectively.

EXHIBIT S-1
Silverton Market Area, Marion County, State of Oregon
POPULATION GROWTH

1990-2011

Geographic Area	Avg. Ann. Change 1990-2006				Avg. Ann. Change 2006-2011		
	1990	2006 (Estimate)	Number	Percent	2011 (Forecast)	Number	Percent
Silverton Market Area							
Population	18,231	21,821	239	1.31%	22,822	200	0.92%
Households	6,133	7,394	84	1.37%	7,714	64	0.87%
Avg. Household Size	2.85	2.87	0.001		2.88	0.002	
Marion County							
Population	228,483	307,781	15,860	2.31%	323,873	3,218	1.05%
Households	83,494	108,343	1,657	1.98%	113,554	1,042	0.96%
Avg. Household Size	2.60	2.73	0.009		2.75	0.004	
State of Oregon							
Population	2,842,321	3,694,335	56,801	2.00%	3,962,320	53,597	1.45%
Households	1,103,313	1,435,563	22,150	2.01%	1,526,162	18,120	1.26%
Avg. Household Size	2.52	2.52	0.000		2.52	0.000	

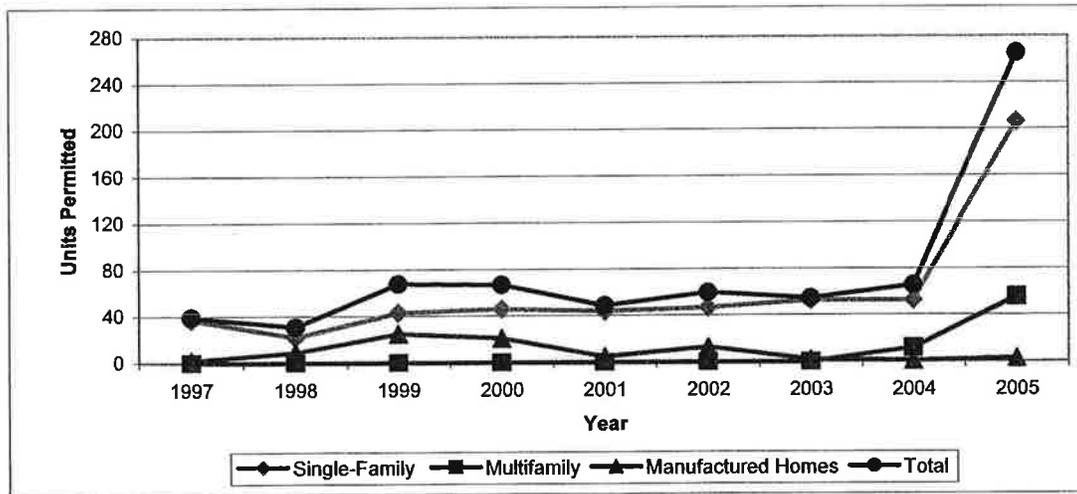


Source: ESRI BIS

- As an indication of the household growth occurring in the Silverton area, Exhibit S-2 displays residential building permits issued since 1997. As shown, single-family homes constitute the majority of housing in Silverton, making up more than 75% of units permitted since 1997.
- The number of residential building permits issued in Silverton increased significantly in 2005. Two hundred and six (206) single-family units were permitted last year, along with 56 multifamily units. Although manufactured homes made up almost a third of residential permits issued from 1998 to 2000, they made up only one percent (1.1%) of units permitted in 2005.

Exhibit S-2

Residential Building Permits City of Silverton, 1997 - 2005



Source: City of Silverton, 2006

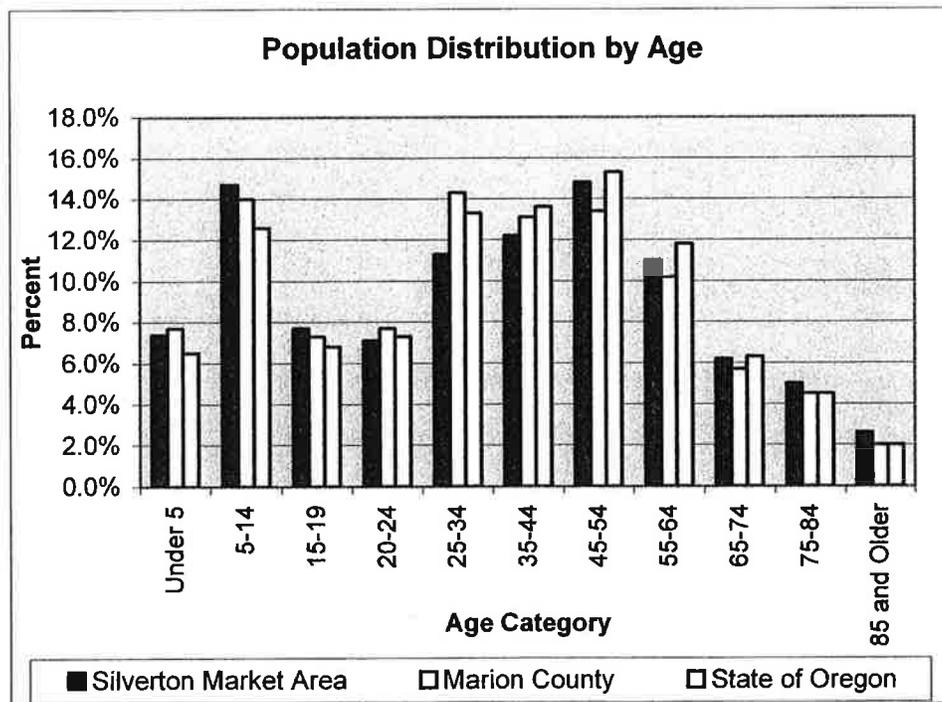
B. Age Distribution

- The population within the Silverton market area is older relative to that of Marion County, but slightly younger than that of the State of Oregon. The 2006 median age within the market area is estimated at 36.5 years, compared to a median age of 34.3 years in the county and 37.6 years in the state.
- In 2006, the estimated proportion of the trade area population under the age of 15 is 22.1%, higher than the county (21.7%) and the state (19.1%) for this age group.
- An estimated 14.8% of the market area population is age 15 to 24 in 2006, roughly between the state and county proportions of 14.1% and 15.0%, respectively.
- Prime consumer age categories, ages 25 to 64, comprise approximately 50% of the population in both the Silverton market area and the county; the proportion in the state is slightly higher at 54%.
- In 2006, the share of residents age 65 years and older in the market area is 13.8%, which is above that of the county (12.2%) and state (12.8%).

EXHIBIT S-3

POPULATION BY AGE
Silverton Market Area, Marion County and State of Oregon
2006

Age Category	Silverton Market Area	Marion County	State of Oregon
Under 5	7.4%	7.7%	6.5%
5-14	14.7%	14.0%	12.6%
15-19	7.7%	7.3%	6.8%
20-24	7.1%	7.7%	7.3%
25-34	11.3%	14.3%	13.3%
35-44	12.2%	13.1%	13.6%
45-54	14.8%	13.4%	15.3%
55-64	11.0%	10.2%	11.8%
65-74	6.2%	5.7%	6.3%
75-84	5.0%	4.5%	4.5%
85 and Older	2.6%	2.0%	2.0%
Total	21,821	307,781	3,694,335
Median Age	36.5	34.3	37.6



Source: ESRI BIS

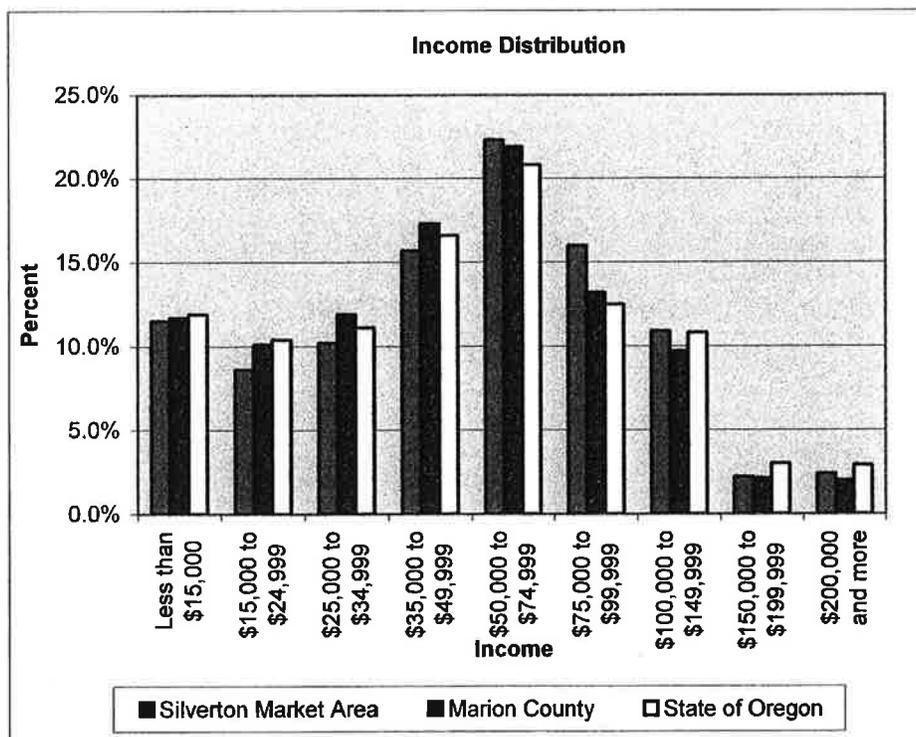
C. Household Income Distribution

- Exhibit S-4 shows that households in the Silverton market area are more affluent than households county and statewide. Estimated 2006 median household income is \$53,526 in the market area, \$49,012 in the county and \$50,051 throughout the state.

EXHIBIT S-4

HOUSEHOLD INCOME Silverton Market Area, Marion County and State of Oregon 2006

Income	Silverton Market Area	Marion County	State of Oregon
Less than \$15,000	11.5%	11.7%	11.9%
\$15,000 to \$24,999	8.6%	10.1%	10.4%
\$25,000 to \$34,999	10.2%	11.9%	11.1%
\$35,000 to \$49,999	15.7%	17.3%	16.6%
\$50,000 to \$74,999	22.3%	21.9%	20.8%
\$75,000 to \$99,999	16.0%	13.2%	12.5%
\$100,000 to \$149,999	10.9%	9.7%	10.8%
\$150,000 to \$199,999	2.2%	2.1%	3.0%
\$200,000 and more	2.4%	2.0%	2.9%
Total Households	7,394	108,343	1,435,563
Median HH Income	\$53,526	\$49,012	\$50,051



Source: ESRI BIS

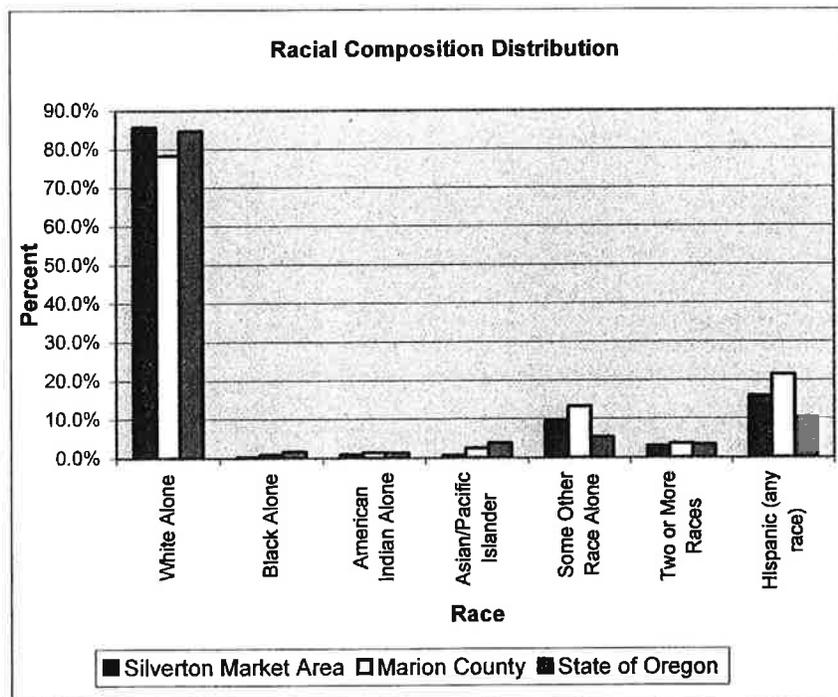
D. Racial Composition

- Racial composition (shown in Exhibit S-5) in the Silverton market area is less diverse than Marion County but similar to the State of Oregon.
- An estimated 85.7% of market area residents are white, compared to 78.3% of county residents and 84.6% of residents statewide. The Silverton market area has a higher proportion of Hispanic residents than the state (15.9% versus 10.2%), although less than the county (21.5%).

Exhibit S-5

RACIAL COMPOSITION
Silverton Market Area, Marion County and State of Oregon
2006

Race	Silverton Market Area	Marion County	State of Oregon
White Alone	85.7%	78.3%	84.6%
Black Alone	0.3%	0.9%	1.7%
American Indian Alone	0.9%	1.4%	1.3%
Asian/Pacific Islander	0.6%	2.5%	3.8%
Some Other Race Alone	9.5%	13.3%	5.3%
Two or More Races	3.0%	3.6%	3.3%
Hispanic (any race)	15.9%	21.5%	10.2%
Total	21,821	307,781	3,694,335



Source: ESRI BIS

E. Community Tapestry Segments

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

Market area households have been grouped into Tapestry market segments. The market segments within the Silverton market area identified and summarized in Exhibit S-6 on the following page. While the characteristics of each market segment vary, households within the market area tend to be married couples with or without children at home. Homeownership dominates and these households spend a significant amount of time and money on home improvement and gardening projects. With incomes at or just below the national average, these households spend their leisure time in outdoor activity such as hunting, fishing or hiking and with their children and pets. When dining out, these families select fast food or family style restaurants. Retirees and empty nesters also constitute a significant portion of households. They tend to enjoy activities such as visiting the theater and make good health a priority. Top market segments include "Main Street, USA" (40%), "Prairie Living" (15%) and "Green Acres" (15%). Appendix A provides detailed descriptions of each Silverton market area Tapestry segment.

Exhibit S-6
TAPESTRY/LIFESTYLE CHARACTERISTICS
HOUSEHOLDS BY PRIMARY MARKET SEGMENT
Silverton Market Area
2006

Market Segment		Percent of Households	Household Type	Median Age	Median Income	Consumer Purchases/Preferences
1	Main Street, USA	37.8%	Family Mix	36	\$48,200	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.
2	Prairie Living	15.3%	Married Couples	40	\$39,200	Big country music fans who enjoy hunting, fishing and horseback riding. Typically residents of agricultural areas, these households often own a satellite dish and multiple pets. They serve as members of church boards and civic clubs.
3	Green Acres	15.1%	Married couples	39	\$61,200	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	Rural Resort Dwellers	8.4%	Married couples	48	\$43,000	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.
5	Exurbanites	7.7%	Married couples	43	\$78,800	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.
6	Retirement Communities	6.1%	Singles and Married couples	50	\$44,900	Live in multifunit 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.
7	Industrious Urban Fringe	4.9%	Married couples	29	\$38,200	Families who frequently have children and grandparents living at home. Own single-family detached homes and purchase toys and video games for their children. Enjoy movies, syndicated TV and Hispanic radio.
8	Salt of the Earth	4.7%	Married Couples	40	\$46,300	Enjoy a rural, small town lifestyle and work in manufacturing, construction and agricultural jobs. Residents work hard, doing home improvement projects and vehicle maintenance. They enjoy fishing, hunting, country music and pets.
Total		100.0%				

Source: ESRI BIS

F. Employment

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

The average time to work is slightly higher for residents of the Silverton market area than for Marion County and the State of Oregon. Silverton market area residents spend an average of 25.0 minutes driving to work, compared to an average commute of 23.5 minutes countywide and 22.2 minutes statewide. Silverton residents are commuting long distances to jobs in Salem, the Portland metro area and elsewhere on the I-5 corridor. The commuter nature of the population is an important tip to retailers wanting to better serve residents in terms of store hours, convenience products/services and marketing tactics.

EXHIBIT S-7

2006 EMPLOYED POPULATION 16+ BY INDUSTRY Silverton Market Area, Marion County and State of Oregon

Economic Sector	Silverton Market Area	Marion County	State of Oregon
Agriculture/Mining	8.2%	4.6%	3.1%
Construction	9.8%	7.8%	7.4%
Manufacturing	10.0%	10.7%	11.8%
Wholesale Trade	3.9%	3.7%	3.7%
Retail Trade	10.4%	11.9%	12.9%
Transportation/Utilities	3.5%	3.4%	4.3%
Information	1.5%	1.4%	1.9%
Finance/Insurance/Real Estate	6.0%	6.1%	6.2%
Services	41.0%	40.6%	44.1%
Public Administration	5.7%	9.8%	4.6%
Total Number	9,747	139,168	1,719,211
Travel Time to Work (in minutes)	25.0	23.5	22.2

Source: ESRI

Exhibit S-8 on the next page shows the occupations of Silverton market area residents compared to the county and the state. Blue collar occupations are more highly represented among Silverton market area residents than county or state residents (30.3% compared to 27.9% and 24.8%). Service jobs are also slightly more highly represented in the Silverton market area (18.7%) than the county and state (17.9% and 16.8%). White collar jobs are represented at lower levels; they represent 50.9% of Silverton market area jobs compared to 54.2% at the county level and 58.5% at the state level.

EXHIBIT S-8

2006 EMPLOYED POPULATION 16+ BY INDUSTRY
Silverton Market Area, Marion County and State of Oregon

Economic Sector	Silverton Market Area	Marion County	State of Oregon
White Collar	50.9%	54.2%	58.5%
Management/Business/Fin'l	13.1%	12.7%	13.6%
Professional	16.4%	17.1%	20.3%
Sales	9.4%	10.0%	11.2%
Administrative Support	11.9%	14.4%	13.4%
Services	18.7%	17.9%	16.8%
Blue Collar	30.3%	27.9%	24.8%
Farming/Forestry/Fishing	5.1%	4.1%	1.9%
Construction/Extraction	8.8%	7.4%	6.6%
Install/Maintain/Repair	4.6%	4.1%	4.3%
Production	5.9%	6.4%	5.9%
Transportation/Mat'l Moving	5.9%	6.0%	6.0%
Total Number	9,747	139,168	1,719,211

Source: ESRI

AREA EMPLOYEES

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

Information on workday shopping behavior of downtown employees provided in a survey conducted by the International Council of Shopping Centers reveals that:

- The majority of workers (76%) prefer to walk to lunch, up to three blocks.
- The most frequent items purchased by workers include cards, stationery, gifts, drugstore items, books and magazines.
- With lesser frequency, workers buy office supplies, jewelry, apparel, accessories, housewares, cosmetics, arts and crafts and items found in galleries.
- Many workers (28%) will stop for "after work" activities (drinks, dinner and shopping) when such opportunities are available. Forty-eight percent (48%) of these workers are inclined to come back to the downtown district to eat and shop on weekends.

The remainder of this section highlights local employment trends and information on the employment base in close proximity to downtown Silverton.

Exhibit S-9 depicts the total number of employees working at a job located in the 97381 Zip Code. It includes only employees covered by unemployment insurance (i.e., not those that are self-employed). In both 2002 and 2004, the largest employer was the service industry with over 1,500 employees in the area in 2004. Agriculture and forestry and manufacturing employment constitute the second and third largest employers in 2004, with 814 and 534 employees, respectively. In total, there are just over 4,300 employees in the 97381 Zip Code, making up an important market for downtown Silverton retailers and restaurants.

Exhibit S-9

**Employees Working in Zip Code 97381
2002 and 2004**

Industry Sector	Year	
	2002	2004
Agriculture and Forestry	783	814
Construction	315	330
Manufacturing	505	534
Transportation, Communications and Public Utilities	57	50
Wholesale	101	66
Retail	355	360
Finance, Insurance and Real Estate	109	117
Services	1,363	1,536
Government	591	492
Other	29	34
Total	4,208	4,333

Source: Oregon Employment Department

VISITOR MARKET

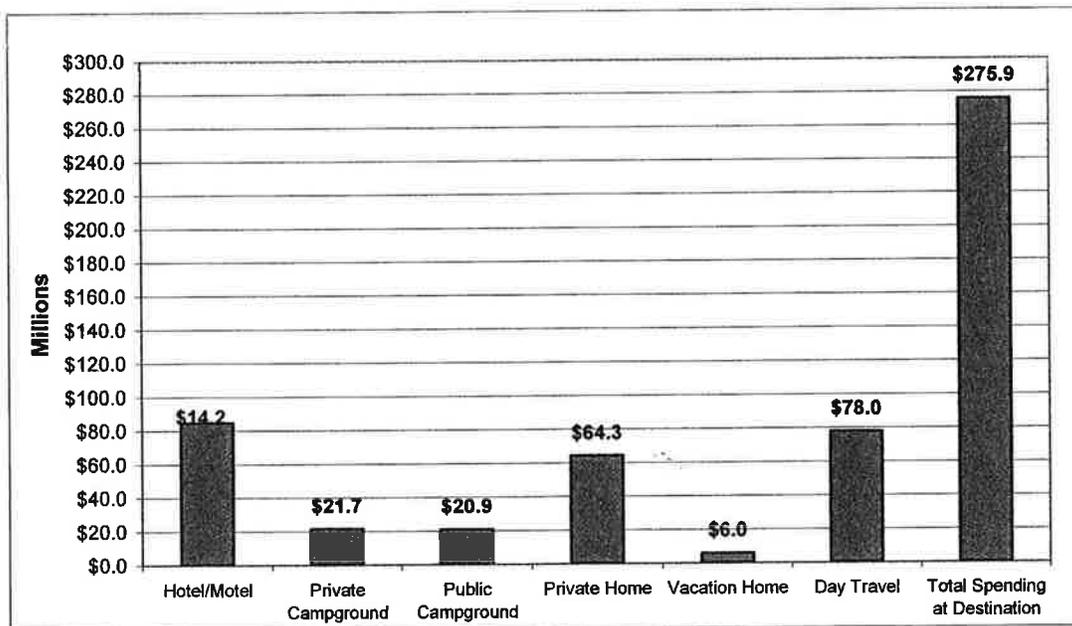
Tourists appreciate Oregon for its great natural beauty, and pleasure translates into the state's total travel spending which is estimated to reach \$7.4 billion in 2005, according to Dean Runyan Associates. Visitors to public and private campgrounds in Oregon are responsible for 8.2% of all traveler spending. This number is comparatively higher than averages in states across the nation. As could be expected, rural areas are the highest contributors to this figure.

Day visitors within Oregon spent \$1.6 million in 2004, the benefits received by both urban and rural areas alike, according to analysis by Dean Runyan Associates. Urban day-travelers come to shop, dine and experience the culture and entertainment the city has to offer. Rural day travelers are often looking for an escape, seeking outdoor activities and natural scenery.

The Marion County Visitor Market – which includes Silverton – has witnessed a strong rise in travel spending over the past thirteen years, from \$138.8 million in 1991 to \$275.9 million in 2004. In 2004, tourism in Marion County directly created 3,510 jobs. Overnight travelers staying in hotels/motels were the largest contributor, representing almost a third (31%) of total expenditure. Day travelers also contributed significantly to travel spending, accounting for 28% of expenditures. Visitors staying in private homes made up 23% of spending in Marion County in 2004.

Exhibit S-10

Marion County 2004 Travel Impacts, Accommodations

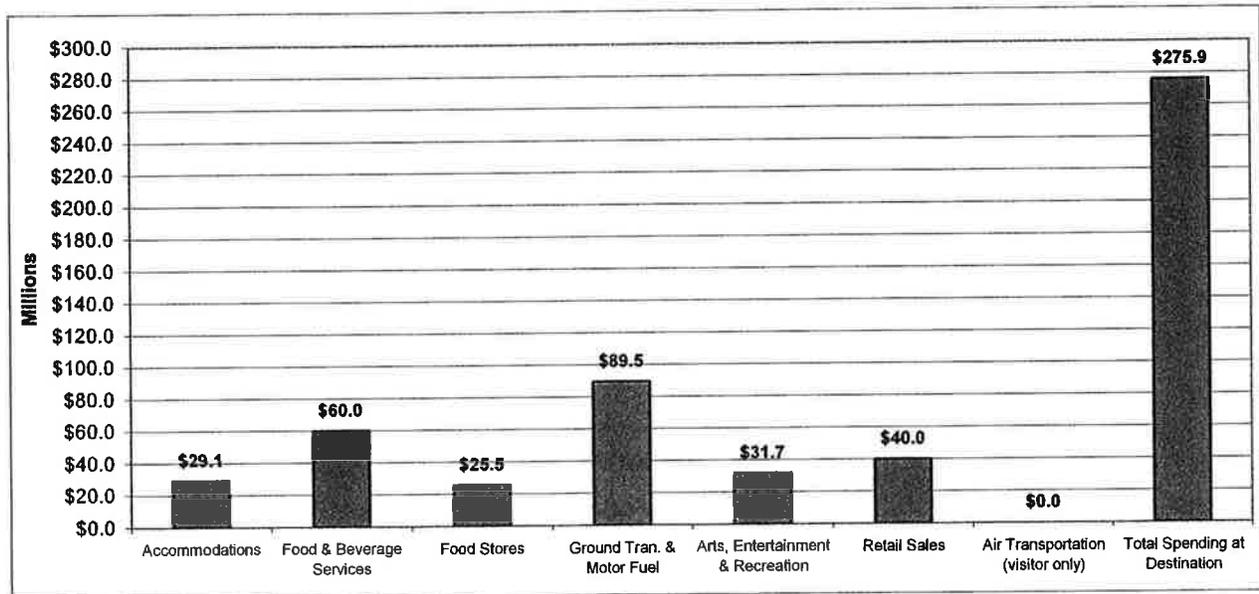


Source: Dean Runyan Associates

Visitor expenditures are best segmented by purchase category. The primary expense ground transportation/motor fuel (32%), followed by food and beverage services (22%), which range from expensive restaurants to mini-marts. The majority of travelers, regardless of the nature of their visit, will spend money on eating.

Ground transportation and motor fuel generated \$89.5 million in spending in 2004, followed by food and beverage services at \$60.0 million. Retail sales were also strong contributors, bringing in a total of \$40.0 million.

Exhibit S-11
Marion County
2004 Travel Impacts: Commodities



Source: Dean Runyan Associates

In the immediate Silverton area are several significant visitor attractions which provide the opportunity for capturing additional retail, restaurant and entertainment spending by this market. Visitor counts for area facilities and attractions appear in Exhibit S-12 on the following page.

Silverton's visitor market is highly diverse, challenging business owners to meet a range of needs. With Silverton's location in the heart of the Willamette Valley's rich and scenic farm land and close to Silver Falls, the outdoor, recreation marketplace is strong. This includes bicyclists, hikers, fishermen and others. The Oregon Garden attracts garden/nursery enthusiasts. Arts and antique shoppers are drawn to the existing businesses in the downtown.

Exhibit S-12

Silverton Area Visitors, 2005/2006
Selected

<u>Facility/Attraction</u>	<u>Visitor/User Counts</u>	<u>Market Characteristics</u>
	<i>Annual</i>	
Oregon Garden	43,000	Regional, State, NW Garden lovers, clubs
Visitor Center	9,708	Local & Regional
Silver Falls State Park	977,080	Local & Regional recreation-based, groups
Blooms & Brew	6,000 (06)	Regional beer lovers, in particular
Homer Davenport Days	10,000 (06)	Local, 10 mi radius Family-oriented
Silverton Fine Arts Festival	15,000-18,000 (06)	Regional
Cooley's Peak Bloom Festival	5,000	Regional & State Garden/Iris lovers, garden clubs
Havenhill Lavender Festival	2,000	Regional Garden/other groups

Source: Marketek, Inc.

II. OPINION RESEARCH

FOCUS GROUPS

Marketek conducted three focus groups with business owners, property owners and other downtown stakeholders during June and July 2006. In a meeting with the Merchant's Group, with over 30 business owners, participants were asked to rate the current status/health of downtown Silverton on a scale of 1 to 5 with 5 being, 'the picture of success,' and 1 being, 'in serious trouble.' The average rating was approximately 3.8, with aspirations expressed for many more positive changes ahead. All focus groups were asked to identify key opportunities or strengths that downtown Silverton should build upon toward future success, issues and challenges it must address and a series of questions regarding future vision and interests for downtown. Marketek also reviewed and incorporated the relevant comments of 47 commercial businesses who replied to a recent survey by the SEDDA.

Opportunities and Current Strengths

- Low vacancies, but space for expansion
- Urban renewal district/program to fund needed downtown improvements
- Positive, participatory investment community
- Promote downtown Silverton as a destination
- Silverton is becoming a 'buzz' up in Portland/Hawthorne
- Entertain the home town crowd
- National Register Historic District can be better promoted
- Artist cluster
- Antique stores market jointly
- Development of destination hotel/resort at the Oregon Garden
- The stream is a hidden downtown asset

Challenges/Issues

- Ongoing concern about empty buildings and disconnected property owners
- Awkward traffic patterns
- 'Hobby' business owners
- Business hours/open days that do not accommodate a commuting population base and/or growing visitor base
- Many residents are unaware of what is available in town
- Employees parking in customer spots
- 'Unbridled' growth
- Parking tickets/meters
- Foot traffic
- Few businesses are open Sundays—an important visitor market day

Downtown Business Mix Observations

- Eclectic mix of stores serving a wide range of customers
- Restaurant cluster is a plus; still need more high quality
- Too many non-retailers in the retail space

- More quality, higher-end businesses are desired to solidify the market position
- Need more clothing boutiques, art and gallery businesses

Keys to Downtown Success

- Improved signage to downtown and the Oregon Garden
- Parking management
- Consistent store hours are needed
- Businesses must actively market both the visitor and local markets
- Retain the quality businesses that exist
- More cross-marketing between the bed & breakfasts, the Garden, the businesses and other assets
- Sidewalks/street beautification

SHOPPER SURVEY HIGHLIGHTS

In a survey of 106 Silverton area shoppers:

- Seventy-five (70.8%) reported doing most of their non-grocery shopping in Salem.
- By far the most common reason influencing shopping choice was the availability of a wide selection of goods, cited by 71.2% of respondents.
- When people chose to shop in Silverton, their primary reasons were the convenient location and the ability to support local businesses, expressed by 75.0% and 78.3% of participants, respectively. The major deterrent to shopping in Silverton was the poor selection of goods/services, mentioned by 72.3% of respondents. High prices and inconvenient hours of operation were also key influences.
- The kinds of merchandise most frequently cited as being needed in Silverton were women and men's casual apparel, shoes, linens and towels, books and bakery items.
- Lodging and appliance repair were the primary general service concerns.
- Regarding leisure/entertainments services, about 75% cited the need for more restaurants. The predominant restaurant cited was Italian fine dining, something nicer than a "pizza joint"
- When respondents were asked if they would consider living in high quality housing if it were available in downtown Silverton, about half of the 89 people who responded to the question said "yes." The vast majority of those answering yes preferred to own their homes.
- Silverton residents love the quaintness and charm of the town, but they would like to see a cleaner, safer downtown area that offers more variety in terms of shopping.

BUSINESS SURVEY HIGHLIGHTS

In a survey completed by 27 Silverton business owners/managers:

- Retail and services were equally the most common business types. Over 40% of businesses surveyed had been operating for at least ten years.
- Sixty percent (60.0%) of businesses operate either Monday - Friday or Monday - Saturday; however, no common range of hours was determinable.
- The Silverton and/or Marion County areas are the markets from which the majority of businesses draw sales.
- Over half of the businesses reported moderate growth in their business. About 15% of businesses were experiencing a decline in sales. The remaining businesses described their situation as stable or rapidly expanding.
- More than half of all businesses expect their business to remain unchanged during the next one to two years, with 40% planning on expanding. No businesses plan to relocate or reduce operations, and one business plans on selling.
- In the past two years 62.5% of businesses have expanded marketing and promotional activities and 54.2% increased their product offering or made physical improvements to the store. Systems improvements and workforce expansions were also common. Investment size ranged from \$500-\$75,000.
- More than half of businesses plan to both expand products/inventory and marketing/promotional activities within the next one-to-two years.
- The factors cited by more than 30% of the respondents as most affecting the success and expansion of their businesses were public access, up-to-date technology, and foot traffic. The greatest obstacles to success were increasing general operating costs and the current economic condition.
- The kind of assistance most desired by business to improve their success was in marketing and advertising, cited by 56.5%.
- When asked what qualities of downtown Silverton should be maintained in the face of change, the overall consensus was to keep a friendly, small-town atmosphere. Also of notable interest was the desire to maintain Silverton's penny parking meters and historic feel.
- Businesses identified the lack of cleanliness as what they most would like to change in downtown. Also, many want to get rid of the one way streets and create more parking availability.
- The most desirable image for Silverton was that of a downtown with restored buildings and signage, unique retail offerings unavailable at big box stores and shops that make it a destination for arts and crafts enthusiasts.

When asked about shopping needs and interests, business owners expressed an interest in a bookstore, a vegan/vegetarian restaurant and an upscale Italian restaurant.

III. RETAIL MARKET ANALYSIS

RETAIL SUPPLY

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

A. Existing and Planned Retail Development

To gain insight into the retail sector of Silverton, Marketek reviewed summary statistics from the Census of Retail Trade. In 2002, the census showed a total of 44 retail establishments in the City of Silverton proper with annual sales of \$78.8 million and over 590 paid employees. While the business count may appear relatively low, keep in mind it is based solely on firms reporting payroll which often does not include sole proprietorship businesses.

Within the immediate Silverton area are four principal retail nodes: Downtown Silverton, Silverton Plaza, Silver Creek Shopping Center and the Roth-anchored center. A synopsis of each follows:

Downtown Silverton extends approximately from South 2nd to South Water Streets and from Park to Jersey Streets. Water Street (Highway 214) is the main artery through downtown Silverton. Downtown is relatively compact in size with short, walkable blocks. The business mix includes approximately 24 office/professional service occupants, 17 retailers, 12 service-commercial businesses (EX: salons.), 10 restaurants, 5 auto-related businesses, 2 fraternal organizations and several institutional occupants including banks, city hall and a school. The movie theatre and live music in one or more restaurants are the main sources of entertainment. As of August 2006, 8 ground floor vacancies were identified, including one business space used primarily for storage.

Silverton Plaza at Westfield and Highway 213, (88,000 square feet including 2005 expansion) is anchored by Safeway and Rite Aid and is currently for sale. Also in the center are: four restaurant/food services, a video store, hair salon, car parts, coffee/tanning and check cashing service. In the recently completed strip six vacant spaces remain comprising a 17.7% vacancy rate (sq. ft.) Asking rents are \$18.50/sq. ft. NNN.

Silver Creek Shopping Center on Highway 213/McCaine St is a neighborhood strip center with an estimated 55,000 square feet. Anchored by Silver Creek Bowling Lanes, Ace Hardware, Hi-School Pharmacy and Napa Auto Parts, the center also includes several other small businesses. Taco Bell and KFC are freestanding nearby.

Roth Center, on Highway 214 on the north edge of Silverton, includes Roth's grocery, liquor, cigars, gas station, oil changing service and coffee drive-through. In the vicinity is a pizza parlor, health club, McDonald's and Les Schwab.

Many other freestanding businesses dot Highway 213 and 214 in town. Among the largest businesses are Wilco Farm Supply and Gas.

In the year ahead, Silverton anticipates the development of the Oregon Garden Resort expected to break ground in May 2007. The development plan calls for 120 hotel rooms,

a restaurant and lounge, meeting space, wedding garden and other amenities. Eventually, additional retail may be added on-site.

B. Downtown Silverton's Competitive Position

Successful downtown districts of any size have a healthy business climate and a proactive marketing program. Key amenities and characteristics to draw customers and business prospects to a neighborhood or community shopping center are presented in Exhibit R-1. These are particularly critical for older commercial districts seeking to (or having to) compete with new shopping malls, lifestyle centers and big box retailers. Although some of these challenges have already been identified, they are listed here to portray a composite picture and to evaluate the downtown Silverton district and the Silverton community overall from two important perspectives:

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

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

Exhibit R-1		
Downtown Silverton Analysis – Strengths & Weaknesses		
Critical Success Factors	Rating	What Silverton Offers
Retail Marketplace		
Growing population base	S	Large, moderately growing market area with population forecast at 22,822 by 2011.
Average or above average incomes	S	Household incomes are higher than county and state levels.
Strong visitor market	S	Excellent visitor assets, venues & marketing program, including a base of overnight lodging with more on the way at the Oregon Garden.
Community business growth/expansion	N	Covered employment grew modestly from 4,208 (02) to 4,333 (04). Industrial expansion limited by land availability. Commercial permitting was flat from '97 – '04. Silverton Plaza expansion in '05 most significant recent growth.
Available shopping – a selection of quality shopping for a range of incomes available	N	Convenience shopping needs are well met in town, but there is a very small base of comparison goods which correlates to high retail sales leakage.
Business anchors/attractors bringing repeat shoppers to town	S	Downtown Silverton's anchors include multiple civic uses, financial services, restaurants, numerous specialty businesses and the visitor center which all generate regular foot traffic. The large business anchors are on the edges of town.

Exhibit R-1

Downtown Silverton Analysis – Strengths & Weaknesses

Critical Success Factors	Rating	What Silverton Offers
Real Estate		
High occupancy rate	N	Downtown Silverton's ground floor occupancy has improved steadily in recent years and is estimated at 90-95%.
Quality commercial space available with good signage, parking, accessibility and small flexible space options	S	Several small retail spaces available in the downtown core for specialty, boutique tenants.
Small spaces for business incubation or an incubator (reduces cost through shared expenses and access to expertise)	W	No existing business incubator.
Real estate investment is occurring	S	Over \$2.5 million (est'd) in private sector investment in the downtown over the last two years including the Wolf Bldg, Hartman Bldg, Silverton Inn & Suites and other property improvements.
An up-to-date inventory of available commercial building/sites for sale/lease	N	Initial data base prepared by SEDA; needs regular updating and ongoing promotion.
Attractive Shopping Environment		
Inviting, landscaped, well signed and appealing shopping environment that entices auto travelers to stop and shop	S	Although there is room for improvement, downtown Silverton has good 'windshield' appeal due to a combination of quality historic buildings, murals, individual window displays, flower baskets.
Quality built environment creating interest and appeal	S	Downtown Silverton was named a Commercial Historic District in 1987 and is recognized for its unique historic architecture and ambiance.
Attractive city entrances with good signage in downtown	N	Entryway signage is appealing; clutter of signs and lack of consistent signage in downtown needs to be addressed.
Storefronts reflect pride and ownership	S	In the core area, the majority of business storefronts project a positive image.
Concentrated nodes or linkages of development creating a critical mass or dense shopping environment, attracting more shoppers	N	Downtown Silverton is inherently a tight node of commercial development. Two issues challenge its ability to capitalize on its physical layout: 1. non-retail uses in retail space; and 2. traffic patterns that make it hard for visitors to pause and park.
Accessibility		
Parking to support stores and services	S	Parking capacity was not raised as an issue though 'management' can be improved. Public parking lots in downtown, a plus; ample parking just off main streets.
Walkable shopping district to encourage browsing and impulse shopping	S	Small, walkable downtown with short blocks. Water Street (b/w Park & Main), Oak St and Main St. are home to browsable businesses; more are needed.

Exhibit R-1

Downtown Silverton Analysis – Strengths & Weaknesses

Critical Success Factors	Rating	What Silverton Offers
Incentives		
Financial assistance (revolving or low-interest loans, etc.)	S	\$50,000 low-interest revolving loan fund loan (through SEDA & urban renewal) for façade improvements, design, physical improvements, signage. Silverton's urban renewal district is a good vehicle for ongoing incentives related to property development.
Façade improvement/sign assistance	S	Additional funds recently secured from State Historic Preservation Office (SHPO) for historic building improvements.
Business Environment		
Local entrepreneurship	N	A number of new businesses have recently opened or expanded downtown; turnover is a concern.
A streamlined, one-stop regulatory process that is clearly articulated in planning documents and that is consistently administered	N	City has numerous permit/regulatory forms on website. Sign code identified as needing to be addressed. As business development activities ramp up, a clear process/guide is needed re: opening a New Business; identified business ombudsman may become important.
Growing, diversified economic base	W	Limited employment growth. Most residents commute out to work.
A coordinated network of organizations or resource providers that provide a comprehensive array of technical assistance and financing for business	N	SEDA, Chamber, City together with SCORE and Chemeketa Small Business Development Center (SBDC) offer a valuable network of resources and assistance for Silverton's business/economic development goals. Formal coordination/collaboration is needed.
Networking Opportunities	S	Chamber is very strong for a community of Silverton's size. Growth has quadrupled in 4+ years to 286 members today. Two all-member networking events/mo. The Merchant's Group meets weekly attracting 30+ on regular basis.
Ongoing Business Recognition Program	N	Annual banquet recognizes Business of the Year; Ambassador Group is forming to provide quarterly recognition of business success.
Business District Marketing		
Special Events: <i>frequency, mix</i>	S	Over 50 annual community events, with more than half drawing from beyond the local market area. Silverton Together has a quarterly calendar of all organizational events—several hundred.
Business Promotions	S	Downtown Silverton encourages retail browsing and shopping through First Friday Art Walk each month and 4 other holiday/event-related sales. Over time, additional retail promotions can be added to create a calendar of year-round events.
Public Relations	S	Business licenses help fund visitor center— Regional travel advertising generating growing # of

Exhibit R-1

Downtown Silverton Analysis – Strengths & Weaknesses

Critical Success Factors	Rating	What Silverton Offers
		inquiries.
Positive Community Outlook & Salesmanship	N	Overall, Silverton projects a positive, upbeat outlook, in large part tied to Chamber activities. Individual retailers would benefit from image enhancement, marketing and promotion guidance.
Web site/other promotional materials	S	Chamber advertising has generated high response rate/return. The Chamber and City websites are easy to navigate with good information; Silverton visitor guide and map offer very good marketing collateral; brochures on restaurants, antiques, etc provide good information.
Community Newsletter/Newspaper	S	Silverton Appeal Tribute and Our Town Monthly help promote Silverton, Mt. Angel, Scotts Mills and surrounding area.
Design, logo, slogans, identity	S	Silverton is branded as Oregon's Garden City & historic town; downtown can further capitalize on its recognition as a unique historic district.
Business Attraction/Lead Generation Activities		
Specific types of businesses &/or merchandise identified to target	N	Retail market analysis will provide needed focus on downtown/ community business targets.
Business recruitment campaign/lead-generating activities	N	Community is poised and ready to implement market study; organized strategy is important.

RETAIL MARKET DEMAND

This section provides estimates of existing retail leakage and future potential market demand for retail uses in the Silverton market area.

A. Existing Retail Balance

Retail market activity can be measured by the supply of existing retail and potential demand from the consumer marketplace. Exhibit RD-1 provides a general snapshot of current retail activity in the Silverton market area using the industry sectors defined by the North American Industry Classification System (NAICS), comparing supply and demand estimates and the resulting leakage or surplus of sales.

Retail 'supply' is based on estimates of actual retail sales for Silverton trade area businesses from ESRI Business Information Solutions, using the Census of Retail Trade and a variety of other business and government data bases. ESRI also estimates consumer demand or retail potential. Retail 'demand' represents the expected amount spent by residents of the defined trade area for various retail goods and services, based upon consumer expenditure patterns derived from the U.S. Consumer Expenditure Survey. Bear in mind this data only reflects potential spending from local shoppers and does not include spending from visitors, second home owners and employees working in the greater Silverton market area but living elsewhere.

Retail leakage or conversely, surplus, is estimated by measuring the difference between supply and demand. The difference is either a leakage of sales out of the trade area, where retailers outside the trade area are filling demand for retail product, or a surplus of sales, meaning that certain business categories are 'importing' sales from shoppers who live outside the trade area.

In reality, the consumer marketplace is quite fluid. Even if goods are locally available, priced appropriately and of good value, local shoppers will always do a certain amount of shopping away from home. Certain businesses such as restaurants are often dependent on drawing customers from beyond the local residential population. However, the estimate of sales leakage and surplus provides a reasonable indication of the availability of goods in the local market.

Exhibit RD-1 depicts a leakage of sales occurring in seven out of ten of the retail categories included, with the largest leakage or gap occurring with Food & Drinking Places at \$21.3 million, followed closely by General Merchandise Stores (\$19.0 million). Silverton's close proximity to large and varied retail offerings in Salem and Woodburn make it susceptible to significant outshopping. Seventy-one percent of respondents to the Silverton Shopper Survey report doing most of their non-grocery shopping in Salem. A corresponding interpretation of the sales data is that there are insufficient retail offerings in the Silverton area in the categories where leakage is occurring to capture local shopper spending. Since this data only includes potential spending by market area residents and does not incorporate spending by visitors and the workforce, leakage in certain categories may actually be higher.

Exhibit RD-1

Existing Retail Supply/Demand Balance: Selected Categories
Silverton Market Area, 2006

NAICS	Supply (Retail Sales)	Demand (Spending Potential)	Difference Leakage (Surplus)
442: Furniture & Home Furnishings Stores	\$750,124	\$4,007,097	\$3,256,973
443: Electronics & Appliance Stores	\$1,118,849	\$2,498,566	\$1,379,717
444: Building Materials, Garden Equipment & Supply Stores	\$11,795,191	\$9,210,602	-\$2,584,589
445: Food & Beverage Stores	\$28,072,095	\$29,457,144	\$1,385,049
446: Health & Personal Care Stores	\$11,453,197	\$4,046,749	-\$7,406,448
448: Clothing & Clothing Accessories Stores	\$426,892	\$5,186,393	\$4,759,501
451: Sporting Goods, Hobby, Book & Music Stores	\$1,441,984	\$2,999,402	\$1,557,418
452: General Merchandise Stores	\$11,091,332	\$30,089,565	\$18,998,233
453: Miscellaneous Store Retailers (florist, office supplies, gift stores, etc.)	\$13,949,343	\$7,449,978	-\$6,499,365
722: Food Services & Drinking Places	\$6,555,824	\$27,866,940	\$21,311,116
Total Leakage			\$52,648,007

Source: ESRI BIS; Marketek

Three categories appear to have a surplus of sales: Health & Personal Care (-\$7.4 million), Miscellaneous Store Retailers (-\$6.5 million) and Building Materials, Garden Equipment & Supply Stores (-\$2.6 million.) In the case of Health & Personal Care, the Silverton market area has five operating pharmacies making the community well-served in this retail category. Wilco provides a significant selection of garden and farm supplies with some hardware/building materials as well. Ace Hardware also fills the gap, together with a couple smaller hardware stores, for the area's building supply needs. Miscellaneous Store Retailers includes stores with unique characteristics such as florists, used merchandise store and pet and pet supply stores. Again, these figures only reflect the difference in actual and potential sales for the greater Silverton *resident* market area. In selected segments of these retail categories, it is possible that additional retail sales may be supported.

Using the data presented in Exhibit RD-1, a very approximate summary of the existing retail supply and demand balance indicates that there is net unmet spending potential of \$52.6 million in the greater trade area. Using an average target sales per square foot figure of \$225, this translates to 233,991 square feet of supportable retail space.

B. Retail Sales Potential and Supportable Space

The methodology for estimating statistical market support for retail space in the Silverton trade area is displayed in Exhibits RD-2 through RD-5. This methodology applies expenditure potential¹ by type of merchandise to market area population figures in order to obtain potential sales volume for trade area residents. Potential sales are divided among five merchandise and service categories: *shopper's goods, convenience goods, food & beverages, personal services and other retail expenditures.*

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

Note that gas and auto-related sales and service are not included as these are not retail sales typically desired in the downtown business district. Exhibit RD-2 defines the types of goods and services within several of these categories. For instance, "apparel" includes women's apparel, men's apparel, children's apparel, footwear, watches and jewelry.

Exhibit RD-2

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

Source: ESRI BIS

Exhibits RD-3 depicts potential retail sales for the Silverton market area (see map on page 4) for the 2006-2016 time frame. Estimates of sales per square foot of store space derived from the Urban Land Institute's *Dollars and Cents of Shopping Centers* are used to convert adjusted potential sales to supportable space estimates. In Exhibit RD-3, for example, in the case of apparel, potential sales of \$11,923,564 in the trade area at sales per square foot of \$209 will support 57,051 square feet devoted to this type of merchandise.

Exhibit RD-3 shows that in 2006, there is the potential for approximately 535,066 square feet of retail space based on potential expenditures of residents who reside full-time in the Silverton market area. That is, trade area residents have the potential to generate sales demand that will support 535,066 square feet of retail space. However, these potential expenditures by residents may occur outside of the trade area if desirable goods and services are not available locally.

Exhibit RD-3 also conveys the same analysis for the 2011 and 2016 time periods. By 2011, potential trade area sales of \$135.0 million will support 558,223 square feet of retail space, growing to \$140.9 million by 2016 with 582,321 square feet in retail space potential.

The net gain in both potential sales and square feet from 2006-2016 for the trade area

appears in five year increments in the last row of Exhibit RD-3. By 2011, growth in the residential population could support an increase of 23,157 square feet in retail space demand. By 2016 an *additional* 24,098 square feet of retail space potentially can be supported.

Exhibit RD-3
RETAIL EXPENDITURE POTENTIAL
Silverton Market Area
2006-2016

Merchandise or Service Category	Per Household Expenditure	*Target Sales (\$/SF)	2006 Retail Potential		2011 Retail Potential		2016 Retail Potential	
			Sales	Space (SF)	Sales	Space (SF)	Sales	Space (SF)
Apparel	\$1,613	\$209	\$11,923,564	57,051	\$12,439,596	59,520	\$12,976,592	62,089
Home Furnishings	\$1,406	\$199	\$10,393,006	52,226	\$10,842,798	54,486	\$11,310,863	56,839
Home Improvement	\$1,174	\$140	\$8,678,929	61,992	\$9,054,539	64,675	\$9,445,408	67,467
Misc. Specialty Retail	\$2,020	\$216	\$14,937,950	69,157	\$15,584,440	72,150	\$16,257,193	75,265
Shoppers Goods			\$45,933,450	240,426	\$47,921,374	250,831	\$49,990,056	261,659
Grocery	\$5,730	\$390	\$42,365,032	108,628	\$44,198,520	113,330	\$46,106,494	118,222
Health & Personal Care	\$1,083	\$365	\$8,009,846	21,945	\$8,356,499	22,895	\$8,717,235	23,883
Convenience Goods			\$50,374,878	130,573	\$52,555,019	136,224	\$54,823,728	142,105
Restaurants	\$3,279	\$263	\$24,244,482	92,184	\$25,293,743	96,174	\$26,385,630	100,326
Entertainment	\$393	\$90	\$2,909,021	32,322	\$3,034,919	33,721	\$3,165,931	35,177
Personal Services	\$808	\$151	\$5,973,613	39,560	\$6,232,141	41,272	\$6,501,171	43,054
Total			\$129,435,445	535,066	\$135,037,196	558,223	\$140,866,517	582,321
Five Year Net Gain					\$5,601,750	23,157	\$5,829,322	24,098

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

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

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How much of the existing and new retail demand that downtown Silverton can realistically capture or absorb is dependent on numerous factors including improvements to downtown's physical environment, the availability of quality commercial space, aggressive marketing and changes in retail supply in other locations within the market area.

If downtown Silverton sought to capture 50% of the growth in retail, restaurant and service demand over the next ten years, this would be the equivalent of 23,627 square feet. This is a realistic expectation assuming that a redevelopment program is underway. In other words, a passive approach to economic revitalization would likely result in downtown achieving only a fraction of its estimated potential.

In an effort to put the demand estimates into context, Exhibit RD-4 shows the average size of several types of businesses that may be appropriate for downtown Silverton. In addition to the median size of all businesses within a particular business category, the median size of national, local chain and independent retailers is also shown.

Exhibit RD-4

TYPICAL SIZE OF SELECTED BUSINESSES

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

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

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

Exhibit RD-5 shows that households in Silverton's trade area spend at a rate relatively equal to, or just below, the national average in most categories. Spending is highest for miscellaneous apparel, lawn care and home improvement-related items, pets and pet supplies and recreation vehicles and related fees and insurance costs. The message for retailers focusing on the local market is to emphasize value and worth for their cost-conscious shoppers, but not at the risk of reduced quality.

Exhibit RD-5

SPENDING POTENTIAL INDEX OF SELECTED GOODS AND SERVICES
Silverton Market Area

Merchandise/ Service Category	Spending Potential Index	Merchandise/ Service Category	Spending Potential Index
Apparel	65	Financial Services	
Men's	70	Investments	86
Women's	61	Auto Loans	96
Children's	78	Health	
Footwear	36	Nonprescription Drugs	95
Watches & Jewelry	87	Prescription Drugs	99
Apparel Products and Services	113	Eyeglasses and Contact Lenses	97
Computer		Home	
Computer/Hardware for Home	90	Home Improvement	
Software/Accessories for Home	89	Maintenance/Remodeling Serv	96
Entertainment & Recreation	95	Maintenance/Remodeling Supp	106
Entertainment Fees & Admissions	90	Household Furnishings	
Membership Fees	91	Household Textiles	92
Sports Participation	91	Furniture	91
Theater/Movies/Ballet/Opera	88	Floor Coverings	92
Sporting Events	89	Major Appliances	97
Recreational Lessons	91	Housewares	77
Television & Sound Equipment	90	Small Appliances	96
Cable Television	92	Luggage	88
Color Television	88	Telephone & Accessories	36
VCR/Video Camera/DVD Player	92	Child Care	86
Video Cassettes and DVDs	91	Lawn & Garden	103
Video Game Hardware/Software	89	Moving/Storage	83
Satellite Dishes	97	Housekeeping Supplies	95
Video/DVD Rental	87	Insurance	
Audio Equipment	86	Homeowners/Renters	97
Rental & Repair of TV/Sound	87	Vehicle	94
Pets & Supplies	111	Life	98
Toys & Games	94	Health	98
Recreational Vehicles & Fees	109	Personal Care Products	91
Sports/Exercise Equipment & Supplies	74	School Books & Supplies	83
Photo Equipment & Supplies	93	Smoking Products	97
Books/Magazines/Subscriptions	94	Transportation	
Food & Beverages	92	Vehicle Purchases	97
Groceries	93	Gas & Oil	96
Bakery & Cereal Products	94	Vehicle Maintenance & Repair	93
Meats, Poultry, Fish & Eggs	93	Travel	
Dairy Products	94	Air Fare	90
Fruits & Vegetables	92	Hotels/Motels	95
Other Foods at Home	94	Rental Cars	92
Meals at Restaurants	91	Food/Drink	94
Alcoholic Beverages	89		
Nonalcoholic Beverages at Home	95		

Source: ESRI BIS

IV. NEXT STEPS FOR COMMERCIAL/RETAIL DEVELOPMENT

Based upon the findings of the commercial assessment, the statistical market analysis, the business and shopper survey/focus group research and Marketek's experience in working with over a hundred downtown business districts, recommendations for next steps are provided related to:

- Redevelopment Guidelines
- Product Readiness
- Business Mix
- Business Retention and Recruitment
- Marketing and Promotion

Successful implementation of downtown Silverton's business development program requires strong coordination, consistent communication and commitment to a vision for a more cohesive downtown. The recommendations below assume that a collaborative team including the Chamber of Commerce, the Silverton Economic Development Association and the City of Silverton will spearhead the downtown business development process. However, the team should include a range of individuals from realtors and property owners to business owners and marketing professionals.

REDEVELOPMENT GUIDELINES

At the heart of downtown Silverton's long term success is its ability to offer businesses, residents and visitors a unique and welcoming environment unlike any they can find elsewhere. The following guiding principles should be considered throughout the redevelopment process. These principles can be adapted to reflect the vision, values and philosophy of the Silverton business development leadership team. These or similar guidelines should be adopted and promoted as a framework for downtown Silverton's success.

- 1. Aggressively Promote Yourself.** Downtown Silverton must perceive itself as a 'product' and market itself to compete with other nearby shopping centers and business districts. As noted, the City's branding as Oregon's Garden City is a valuable 'hook' for the community as a whole. Downtown Silverton should promote itself as the heart of the garden city and promote a unique market position for shoppers and businesses. Developing a common message and identity will provide guidance for downtown's marketing, urban design elements, signage, advertising, marketing collateral, website, etc. Comments from the shopper surveys indicated a desire for downtown to offer unique merchandise and locally-owned businesses. A sample market position statement follows:

Downtown Silverton is an historic mixed-use business district with one-of-a-kind specialty shopping, entertainment, restaurants and housing options serving area residents and visitors.

Just as Silverton Plaza is aggressively marketing itself to attract new business, downtown Silverton needs aggressive marketing to quality retailers promoting downtown as a *prime* choice for business location.

- 2. Looks Count.** Although downtown Silverton and the Silverton community are widely recognized in the Willamette Valley for their quaint and charming historic homes and

commercial properties, numerous downtown properties are in need of retrofit and redevelopment. The Downtown Silverton Master Plan for design and streetscape improvements will provide valuable recommendations for physical enhancements. Physical and economic redevelopment go hand-in-hand. Continuing to improve and maintain downtown's appearance is critically important to make a favorable first impression on both business/developer prospects and shoppers. Implementing consistent design standards/signage and promoting infill development are critical revitalization strategies. However, according to survey respondents, addressing the confusing, one-way traffic flow is the single most important change that downtown Silverton should make.

Comments one respondent shared in the survey summed up the feelings of many:

"We offer a quaint small, historic downtown; to capitalize on this, we must improve the traffic pattern!"

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

Downtown Silverton is fortunate to have a number of clusters that already provide synergies and cross-shopping opportunities. The downtown restaurant cluster is a plus for bringing people to town and offering a wide choice. The arts and antique cluster includes at least eight unique businesses dispersed throughout the core.

Successful clustering is dependent on having the appropriate mix of businesses that generate market synergies and an uninterrupted grouping of retail businesses that draw customers to and *through* the entire business district. Clustering businesses that share customers or that have complementary goods will strengthen downtown's market position. Presently, downtown Silverton is challenged by the presence of numerous office-oriented businesses in prime retail space. These businesses are destinations in and of themselves, but do not contribute to making downtown a destination district. One survey respondent commented:

"We are turning into a cluster of realtors and mortgage brokers. This isn't the way to build a successful shopping district."

- 4. Walkable Core Area.** Downtown Silverton must continue to work at creating a safe, pleasant and convenient atmosphere for pedestrians. Pedestrian activity should be encouraged/enhanced in the core area which includes Water and First Streets and Oak and Main Streets. Over time, this area will spread out to include more blocks. This guideline is directly linked to marketing and clustering and speaks to the need to *call out* in all possible ways what the retail focus is in downtown Silverton through good design, signage, landscaping and traffic calming endeavors.

5. **Strive to be Different.** Downtown Silverton's unique ambiance and historic character already sets it apart from many other Willamette Valley towns. Its physical distinctiveness calls for a unique identity in terms of business mix. Combining local merchants and unique merchandise will set it apart from nearby shopping centers and malls that focus on chains and franchises. A new streetscape with appropriate signage will help create a unique first impression. One-of-a-kind specialty stores and restaurants initially should remain the focus of business recruitment efforts.
6. **Know What You Have to Offer.** One of the best strategies for recruiting business prospects and developers is to be able to provide an inventory of available real estate, and better yet, be in the position to bring key properties to the table. The Product Readiness Initiative described more fully in the next section is an important part of the business development action plan.
7. **Get the Word Out.** Working with the Salem and Portland metro papers and community and business organizations, highlight the positive developments occurring throughout Silverton as well as in downtown. Regular press releases to the media promoting the positive activities and initiatives will contribute to Silverton's image development in the marketplace. Maintaining strong communication with area residents and businesses will also be important to convincing your local marketplace that downtown Silverton is on the path to create an attractive and unique place to do business.
8. **Housing Link.** A critical strategy in support of retail vitality in downtown Silverton is to encourage the addition of housing units. Residential development can serve as an important catalyst for retail expansion. Presently, over 20 upper story housing units are estimated to exist in downtown. Housing is an important component of the development mix and will contribute to demand for additional shops, services and home-oriented products and food facilities.

PRODUCT READINESS

To be competitive for commercial business attraction and expansion, downtown Silverton must have adequate physical locations or 'product' (buildings and land) to capture retail/commercial market opportunities. That means that buildings are in 'ready-to-go' shape for immediate occupancy or tenant improvements customized to the needs of the business operations.

An overall game plan is needed to target key properties and/or development sites, to clarify the interests and intentions of downtown property owners to sell, improve or lease to retail or service businesses and to move ahead targeting one property at a time. The product readiness process for Silverton involves marketing existing properties to key business prospects, targeting commercial buildings occupying strategically important street-level retail space and redeveloping other key properties. One property conversion or redevelopment will often serve as the catalyst for the next. For example, the very successful Wolf Building redevelopment is stimulating other reinvestment downtown.

In the near term, Silverton's high priority retail zone is S. Water from Park Street to Jersey Street and the blocks between Water and N. 1st Street on Oak and Main. After these high traffic, high visibility blocks are solidified as the retail core, the area can expand to

High St. and N. 1st. It is of the utmost importance to strengthen the main retail spine first before moving to other areas. Next steps for this strategy follow:

1. Review and complete an inventory/database of vacant and underutilized downtown buildings. Be sure to include vacant properties. Don't tackle the whole downtown at once. Focus on key properties and ones that can be most readily influenced or improved.
2. Systematically contact property owners to discern motives and interests in making improvements, selling the property, etc. Work to ensure an individual with influence makes the contact.
3. Evaluate each property based on needs, issues and readiness for occupancy or a new tenant. Also consider opportunity sites that will be identified in the Downtown Master Plan. Appendix E includes a Vacant Property Assessment Form to begin to target key properties and property owners.
4. Establish priorities. Identify the top three properties for fast track development-readiness. Ideally, each target property will be matched with appropriate target business types/prospects well-suited to each identified location.
5. For any properties that are available and in good condition for showing, work with the property owner and/or a local realtor to begin to market these to business prospects. Prepare a one-page marketing fact sheet with key features, price information, a photograph, contact person and target businesses for the location.
6. Brainstorm approaches for 'taking charge' of problem and/or priority properties without waiting for the market to respond. Consider property purchase, swap or redevelopment through urban renewal. In addition to the potential use of urban renewal redevelopment capabilities, explore using a community-initiated development process (local investor groups, nonprofit development corporations or other means) to creatively move key properties out of dormancy and into functional space.
7. Take control of or influence building space without purchasing the property to encourage ground floor retail uses in the core area. Methods may include:
 - a. Centralized Retail Management working with property and business owners as though downtown were an organized shopping mall. Among the functions would be: marketing, maintenance, parking management and leasing. This may be set up through an economic improvement district (EID).
 - b. Right of First Refusal—obtain the right of first refusal for the leasing of building space when a lease expires. This enables the downtown team to identify appropriate tenants prior to leases being signed and to encourage business clustering. This method often works in conjunction with the purchase of a lease option (3 months for example) which gives the downtown organization (or management group) a three month period to attract and locate the best tenant.
 - c. Voluntary Cooperation—through education about the value of business clustering, real estate professionals and business and property owners may be shown that a viable mix of businesses will benefit all and, in the long term, result in greater rental returns due to a healthy business district. Property owners may be

more willing to voluntarily pursue appropriate retail/restaurant tenants if the downtown team can assist in recruiting when vacancies occur.

BUSINESS MIX

A successful business district in virtually any size community will have a balance and mix of uses that includes retail shopping, professional, financial and government services, entertainment, restaurants, housing and personal services. Downtown Silverton already exists as a mixed-use center bringing residents, businesses, customers and employees to the business district for many purposes. At present, downtown Silverton's business base includes all of the uses noted above with a range of quality retail offerings and numerous office and service uses. A critical goal over the next five years and longer will be to increase the number of retail businesses in the core downtown area and maintain ground floor space for retail businesses.

Downtown Silverton has the capability to serve local residents, visitors, area workers and passers-through with a wide range of goods and services. The keys to downtown's business development success are to:

- Offer unique, quality merchandise, restaurant and entertainment outlets.
- Target high dollar volumes per square foot for a business to succeed (i.e., smaller spaces, in-depth merchandise and high turnover inventory).
- Focus on the 'middle-to-upper income market' with an emphasis on moderately priced goods.
- Work with downtown's existing business anchors to provide complementary product lines and encourage cross-over sales.

The results of the statistical market analysis as well as the opinion research indicate that Silverton has ample opportunity to grow its retail base and fill niches and voids in the local marketplace. Identifying the most appropriate business mix for Silverton, as earlier noted, is a function of demographics and lifestyle characteristics, spending potential, survey research, visitor traffic, the existing business base and retail trends.

Downtown Silverton is urged to seek business owners who will contribute to the business district's success with dedication to:

- Providing a good quality product at a fair price
- Providing *exceptional* customer service
- Responding to the changing needs of both trade area customers and visitors
- *Aggressively* marketing to these target customer groups
- Offering multiple, complementary product lines and/or services
- Filling specific, unique niches
- Having focus, imagination and a deep desire to meet the needs of the customer

To diversify its business base and attract and retain more shoppers, downtown Silverton should focus on the following opportunities: specialty retail, restaurants and entertainment-type businesses. Convenience goods are also important particularly as the downtown residential base grows, and are not currently well-represented in the downtown business mix. However, in the short term it is recommended that Silverton's other shopping centers be allowed to fill those niches.

The growing Silverton housing market calls attention to the need for more home furnishings products and services. Sample businesses include: furniture, accessories, lighting/lamps, art, framing, bed & bath, garden shop, kitchen shop, upholstery, etc. Antiques and art businesses, such as Lunaria, support this retail theme well. Combinations of these goods and services as well as many others that have unique appeal to area markets should be considered for business development efforts.

Another consideration for downtown business development is to create or expand a cluster that supports the wedding industry in the Silverton area. Several wedding venues exist locally with the Oregon Garden Resort seeking to further develop that niche for the community. Tenants that fit this cluster range from photography and formal wear to florists, stationary, salons, jewelers and more.

The following list of business and merchandise opportunities are suggested based upon the market analysis and the priorities identified by shoppers and business owners. Also note that in small communities like Silverton, it is not uncommon for successful businesses to combine complementary product/merchandise types to fill identified consumer needs.

Exhibit C-1 TARGET BUSINESS/MERCHANDISE OPPORTUNITIES Downtown Silverton		
Merchandise	Bookshop Music/CDs Casual men's & women's apparel (natural fabric, 'hip') Children's and infant's apparel Athletic apparel Paper/stationary/cards Arts & crafts supplies Pet supplies (unique, specialty) Copy center/Pack and mail shop "Grandparent's shop" (upscale apparel & gifts for grandkids)	Jewelry/leather/accessories Bed & bath linens/accessory Kitchen/gourmet Garden & outdoor accessories Drapery/home design Home decor Furniture – locally made & other Appliance store & repair Cosmetics, skin care
Restaurants/Food	Fine Italian dining Bakery/chocolate shop Vegan/vegetarian restaurant Gourmet wine/take-out	Seafood restaurant Steakhouse Bagels/deli/sandwich shop
Entertainment	Performances (downtown) Live music/concerts Skatepark (near downtown)	
Personal care	Vision and dental care Tailoring/alterations Dry cleaner/laundry Hair/beauty salon/spa	

BUSINESS RETENTION AND RECRUITMENT

On average in all communities, 70-80 percent of job and economic growth can be attributed to established, local companies. Although there is clearly demand for new commercial businesses to locate in Silverton, providing support to already existing businesses is recommended to contribute to a positive business climate and enhance business recruitment efforts. Many business owners base their impressions of a community on how existing businesses are treated and the attitude they convey. If local companies are satisfied with and optimistic about Silverton (as the majority indicated from the survey research) they will be advocates for the City and a source of leads for new business. Some simple steps for strengthening the bonds and support of the established business community include:

1. Implement marketing and promotional efforts (described in the following section) that encourage more people to visit businesses located in downtown Silverton. One business survey respondent noted his/her marketing experience and offered to be of assistance to the chamber/other businesses.
2. Expand Silverton's financial assistance program to include retail/service expansion—new inventory, employees, system upgrades, marketing implementation and other basic elements of growing a business. Establish criteria to qualify, such as: tenure in business, use to expand inventory, fill a market gap identified in the market analysis, etc.
3. Follow-up with the two business owners interested in technical assistance who identified themselves in the business survey.
4. Create a business-to-business marketing program that encourages Silverton businesses to become well acquainted with local products/services and to support each other through cross marketing and selling and 'buying locally' from each other. Provide incentives to do so and publicize the results. (EX: \$200,000 in business-to-business purchases, July '06). Businesses can be as guilty as local residents in not knowing what is available next door.
5. Expand the role of the new Ambassador group to include serving as a 'beat team.' Assign each member a block of downtown to connect to, communicate with and monitor. Learn about their needs and opportunities, property concerns, and other factors that influence business retention.
6. Actively share the findings of the market study with established and emerging Silverton area businesses helping them see ways to capitalize on identified opportunities.

Regarding business attraction and recruitment, downtown Silverton should consider the following:

7. Organize a downtown business development team and provide business recruitment training to get everyone on the same page with clear roles and responsibilities.
8. Identify downtown's top three-to-five retail/business priorities. The recruitment program will include a variety of techniques ranging from packaging your market data as collateral 'sales' material to making personal visits to established businesses

in the region that they are good candidates for a downtown Silverton location. See the Marketing Campaign for Specialty Businesses that appears in Appendix D as an example of targeted business development efforts.

9. Actively promote downtown's opportunities to the realtor/broker community in Silverton, Salem, Woodburn and surrounding areas. Utilize the sample market opportunity information sheets provided in Appendix D.
10. Develop a strategic prospecting/sales plan focused on quality, business targets. EX: establish a local prospect referral network with groups ranging from the Small Business Development Center to newspaper ad sales staff. Keep the 'key contacts' list informed regarding the activities and progress of prospecting efforts/goals. Work to stay 'on the top of their mind.'
11. Match potential prospects to available or soon-to-be-available properties.
12. Take monthly field trips to other nearby communities to identify successful businesses that may be candidates for expansion or relocation. Salem would be ideal place to pound the pavement for leads.
13. Develop and maintain a simple database to track prospects. A 'tickler' file indicating dates to recontact and key issues will be helpful.
14. Contact state trade associations relevant to target businesses (such as the Oregon Restaurant Association) to place an ad, attend a trade show or determine other means to promote downtown Silverton's opportunities.
15. Begin to track and promote downtown Silverton's key success indicators such as jobs, private and public investment, business expansion/retention, etc. to help attract funders and supporters to sustain your management program.

Downtown Silverton's established base of quality specialty businesses will help attract and sell the district to other high quality tenants. Success breeds success. If the downtown marketing team can develop a workable business development plan, stay focused, have the management assistance of Chamber/SEDA or other staff and follow-through on its plan, it will be assured of positive results.

MARKETING AND PROMOTION

Marketing, promotion and image enhancement activities to grow the customer base and increase sales encompass a range of tactics from signage and façade improvements to public relations and brochures. They go hand-in-hand with business development activities aimed at expanding the business base.

A comprehensive marketing plan is beyond the scope of this assignment. However, the suggestions below are ones that represent opportunities for important impact and should be considered as resources permit.

1. Retail marketing messages should speak to downtown's strength as a dining destination and its unique specialty retail products. Ad campaigns in Salem and Portland newspapers should promote downtown Silverton as an escape from the ordinary with unique offerings and an 'experience.' Through repetition, the ad

campaign will educate the regional market about Silverton. One business owner commented that 'We're the buzz up on Hawthorne.'

2. Marketing was a top need identified by business owners in the survey. Store windows are the best form of 'free' advertising a business has. Provide window display and design assistance for merchants. This service could be a passive form of assistance such as a series of after-work seminars or active assistance, such as an in-store service paid for by the merchants. Assistance on in-store displays, window dressing, lighting and merchandising techniques would be valuable to most Silverton merchants.
3. Develop a downtown Silverton website that communicates its identity and messages, available properties, existing and target businesses and other vital information to prospective businesses, residents and visitors. The website will be linked to city and chamber sites.
4. Expand store hours. Downtown businesses operate with highly varied store hours and days of the week. Directly tied to increasing sales from local residents is the need for businesses to capture commuter spending. To increase sales from visitors, days of operation must coincide with peak visitor activity, usually Friday through Sunday. The business survey found that few businesses in town share the same operating hours. Without a common set of core operating hours, it is particularly difficult to promote downtown as a unified shopping district. The shopper survey revealed that 69% do most of their shopping after 5 PM. Retailers and service businesses should work to adjust their hours to better serve the local population. A commitment to change must be wholehearted and consistently implemented for an entire year to test the results. Be creative with service as well. Offer commuter appreciation specials or programs to encourage residents to bring their money home. Organize a periodic 'Alive after 5' shopper discount program.
5. Promote local shopping through Frequent Shopper Programs, specials, discount days, etc. aimed at residents and area employees. Target the hundreds of new Silverton households with a traditional Welcome Wagon basket of samples and discounts from Silverton businesses. The majority of business owners who responded to the business survey said "yes" they would be interested in participating in a cooperative business marketing effort to attract customers to Silverton or to encourage residents to shop locally. Initiatives should include businesses throughout the community. Through the business survey, Silverton business owners shared several ideas about what local businesses could do to attract more visitors and other shoppers who live out of the area:
 - Advertise outside of the immediate area, possibly in neighboring communities' local newspapers. Many businesses noted this desire.
 - Create a unique shopping experience with entertainment and restaurants that make Silverton a whole-day destination.
 - Develop group advertising programs that raise awareness of the unique products and services Silverton offers.
6. Develop newsletter items, media releases and other forms of 'storytelling' that profile individual business and property owner efforts toward downtown revitalization. The weekly Merchant's Group meetings provide ample stories to share. Bi-weekly press releases on positive happenings will keep downtown in the news.

7. Increased spending by visitors is a goal for all. Downtown Silverton businesses could work together to provide a coupon book for special events such as the Art Festival and overnight guests at B&Bs or the Silver Spur RV Park.
8. With the retail leakage that Silverton experiences, the entire business community will benefit from implementing a 'shop local' campaign to educate the public about the economic impact of shopping out of town and positive benefits of keeping dollars local. Appendix D has a sample one page ad to run in the local paper. This promotional activity together with incentives or rewards for shoppers to spend their paychecks in Silverton can go a long way to increase community awareness and pride as well as to ring cash registers.

Appendix A

Tapestry Market Segment Descriptions

Exurbanites

Demographic: *Exurbanites* are married empty nester couples with a median age of 42.9 years. Most householders are between the ages of 45 and 64 years. This segment makes up more than two percent of all U.S. households. Most of these residents are white.

Socioeconomic: Open areas with affluence define exurban and the resident households. The median net worth is \$180,700, almost twice that of the national median. Their median household income of more than \$78,800 ranks high. Almost 20 percent of these households obtain income from self-employment, while many work from home offices and hold professional and managerial positions. They are highly educated; more than 40 percent hold a Bachelor's or a graduate degree.

Residential: *Exurbanites* reside in more urban areas than their affluent counterparts from LifeMode's *High Society* summary group. They own and live in single-family houses with a median home value of \$223,600, more than one and a half times that of the national median. Nearly 79 percent of households own at least two vehicles. Their commute times to work are shorter than other segments in the *High Society* summary group.

Preferences: To make sure that their properties are adequately insured, *Exurbanites* hold personal property insurance policies valued above \$300,000. They consult with financial planners, tend to own shares in tax-exempt funds and track their investments on the Internet.

Exurbanites work on their gardens and have purchased lawn care products, shrubs and outdoor plants to enhance their properties. Interior improvements also rank high with this segment; they contract for carpet and ceramic tile floor installation, remodeling and exterior painting. They frequently use the Yellow Pages to find general contractors. To perform their own home improvement projects, *Exurbanites* own equipment such as electric sanders, chain saws and glue guns.

They order from the Land's End and L.L. Bean catalogs instead of shopping at Bloomingdale's. They shop at Pier 1 and buy from QVC. They listen to public and classical format radio, and read history and self-help books. *Exurbanites* join business clubs and the AAA Auto Club and donate to charitable organizations. They drink domestic wines, play board games, take photographs and attend theater and dance performances. When not working on their properties, *Exurbanites* go power boating, kayaking, sailing and hiking.

Green Acres

Demographic: Representing more than three percent of the U.S. population, *Green Acres* ranks second to Tapestry's *Midland Crowd* segment based on total population. The median age for *Green Acres* residents is 39.1 years. Married couples with and without children make up 70 percent of the households in *Green Acres* neighborhoods. This segment is not ethnically diverse; more than 94 percent of these residents are white.

Socioeconomic: Median household income is \$60,000; their median net worth is \$114,200. Wages and salaries make up 83 percent of household income. *Green Acres* ranks in Tapestry's top ten segments; 17 percent of households earn income from self-employment ventures. They have above average concentrations of workers in skilled labor and farming occupations; many hold positions in the agriculture, manufacturing, and construction industries.

Residential: A little bit country, these *Green Acres* residents live in pastoral settings of developing suburban fringe areas. *Green Acres* residents are ninth in Tapestry's segments for home ownership. Their homes are usually new, and carry a median value of \$162,900; 87 percent live in single-family detached houses. These neighborhoods are found mostly in the Midwest. Vehicles are important to *Green Acres* residents; more than 30 percent of these households own more than three. They are second of Tapestry's segments to own three or more vehicles and third of Tapestry's segments for households with five or more vehicles.

Preferences: *Green Acres* residents might buy hiking, backpacking, and hunting apparel. They own motorcycles, kerosene heaters, coal and woodstoves. They buy caffeinated coffee beans and purchase baking supplies. They own education software, allow their children to use their home PCs, and probably bought their home PC by catalog. *Green Acres* residents hold a home equity credit line, own a bank-sponsored money market account, and have boat owner's insurance.

Treadmills and stationary bikes are exercise equipment favorites with *Green Acres* residents; they also take vitamins, and go mountain biking. Landscaping and home improvements are important to *Green Acres* residents; they have contracted for concrete and masonry work and added a deck, porch or patio.

As befitting the segment's name, *Green Acres* residents own chainsaws, drill presses, garden tillers, lawn or garden tractors and will buy vegetable plants. They search the Yellow Pages for sporting goods and building materials. They listen to news/talk radio and read fishing, hunting and motorcycle magazines and own satellite dishes. They eat at Bob Evans, Steak 'n Shake and Big Boy family restaurants. They shop at ShopKo, SuperAmerica and True Value Hardware stores and purchase sports equipment and garden supplies by mail, phone or online.

Industrious Urban Fringe

Demographic: Family is important to *Industrious Urban Fringe* residents. The median age of these residents is 28.6 years. Many live in multi-generational households; more than half of these households have children. These neighborhoods are very racially diverse; about 55 percent of the residents are Hispanic.

Socioeconomic: The median household income of \$38,200 is derived from wages, dividends; ten percent work at self-employment ventures; one fifth receive Social Security benefits. Their median net worth is \$67,300. Settled on the fringe of metropolitan cities, this market takes advantage of its proximity to metropolitan cities for employment opportunities. These diverse families rely on being skilled workers in the service industry for their livelihood.

Residential: Two-thirds of *Industrious Urban Fringe* residents own their homes that are mostly older, single-family detached houses with a median value of \$90,300.

Preferences: *Industrious Urban Fringe* residents spend carefully for their families; most of their purchases are for baby and children's products. They also buy dress boots. They rent U-Haul trucks, buy books at convenience stores or supermarkets, own pets and search the Yellow Pages for music stores and TV/video equipment. Keeping in touch is very important to *Industrious Urban Fringe* residents. They own pagers and beepers and sign up for call return, three-way calling phone services. They also add a second phone line in their homes. They spend some time on the 'Net visiting chat rooms.

Financial activities don't rate high with *Industrious Urban Fringe* residents. They're not investors, use banking services or hold insurance policies other than mortgage insurance. Health is also not a major concern for *Industrious Urban Fringe* residents; some join a diet organization for weight control. They shop for groceries at Vons, H.E. Butt and Pathmark. Other shopping destinations include Arco and Circle K.

Restaurant favorites include Whataburger, Del Taco and Denny's. Leisure time is spent visiting Disneyland and going to the movies. They play soccer, football and basketball, attend pro basketball games and go fishing. They listen to Hispanic radio, watch MTV2 and Toon Disney on cable and rent movie classics and horror videos. *Industrious Urban Fringe* residents probably wouldn't own stocks, buy books online, listen to public radio or read epicurean magazines.

Main Street, USA

Demographic: *Main Street, USA* slices America's population down the middle. Married couples with and without children counterbalance a growing mix of single households (household size of 2.53 people) and a median age of 35.9 years. Most of these residents are white; some black and Hispanic populations are also represented.

Socioeconomic: They earn a comfortable household median income of \$48,000 derived from wages and dividends. One fourth of *Main Street USA* residents receive Social Security benefits. Ten percent earn income from self-employment ventures. Their net worth is \$98,000. *Main Street USA* residents are fairly well educated; more than ten percent hold a bachelor's degree; nearly 30 percent have some college credits. *Main Street USA* residents primarily work in the services and manufacturing industry sectors; more than 29 percent hold professional and management positions.

Residential: They own older, single-family houses with a median home value of \$148,500. These neighborhoods are found in the suburbs of smaller metropolitan cities across the United States.

Preferences: As the segment name implies, *Main Street USA* residents are average consumers; no real product or service preferences emerge. *Main Street USA* residents frequently use Windows NT and own home networking software. They spend moderate amounts for software. They use the Internet to play games and search for employment; many access the Internet at school or the public library. They use the Yellow Pages to search for computers and furnaces.

As prudent investors, they purchase savings certificates and hold stocks valued above \$75,000. They hold conservative homeowners' or personal property insurance policies.

Big-ticket home improvement purchases include a mattress and box springs and the installation of vinyl replacement windows. They also own snowblowers and saws. Although not avid gardeners, they like to beautify their yards by purchasing lawn fertilizer with weed control, flower seeds and vegetable plants.

Main Street USA residents take vitamins, join diet control organizations, work out on their home stair steppers, and participate in outdoor sports such as baseball, soccer, and bicycling. They take prescription medications for strained muscles. Civic-minded *Main Street USA* residents address public meetings for a cause, work as non-political volunteers and fund-raisers. Others attend adult education classes. Alternative, variety and classic hits are favorite radio formats with *Main Street USA* residents.

Prairie Living

Demographic: Small, family-owned farms in the Midwest predominate in this stable market. At a median age of 39.9 years, these married couples with and without children are somewhat older than the United States median age of 36 years. This segment has little ethnic diversity; most *Prairie Living* residents are white.

Socioeconomic: Wages, rental properties, dividends and Social Security benefits provide *Prairie Living* residents their median income of \$39,200. Their median net worth is \$85,700. Some have attended college; a little more than ten percent hold Bachelor's degrees. One fifth of these residents are farmers; others work in the service and government industries. About one-third of these residents are self-employed.

Residential: Single-family detached homes, many built before 1940, are characteristic of these farm communities. Mobile homes and seasonal housing are also common. The median home value in *Prairie Living* neighborhoods is \$88,100.

Preferences: Their purchases reflect their lives; *Prairie Living* residents buy men's gloves, work boots and hunting clothes. They own separate freezers, coal and wood stoves and pressure cookers. To fill those freezers, *Prairie Living* residents plant vegetables and go hunting. To take care of their possessions, *Prairie Living* residents own gardening equipment, vehicle and home repair tools. They service their own vehicles and tackle moderately difficult home improvement projects such as remodeling their kitchens. They search the Yellow Pages for plumbers, own pet dogs and drink Folgers Classic Roast coffee. *Prairie Living* residents are fiscally conservative; they bank by mail, hold loans for new cars, own shares in tax-exempt funds and money market funds. To watch television, they own satellite dishes.

Prairie Living residents shop for bargains in stores, at home, by mail and online. They buy vitamins by mail or phone, shop the J.C. Penney catalog and buy cosmetics and personal care products at home from their Avon representative. Local stops include IGA and Aldi stores to buy shortening, pet foods, pizza mixes and baking coconut. Other shopping destinations include Shopko, Belk, True Value and the Wal-Mart Pharmacy.

When they eat out, family restaurant favorites include Shoney's, Captain D's, Hardees and Ponderosa. Health-conscious *Prairie Living* residents take prescription medications for high blood pressure; they also take garlic and calcium supplements and visit the chiropractor. Civic-minded *Prairie Living* residents serve on church boards, address public meetings, volunteer for charitable organizations, help with fundraising and visit elected officials. They join veterans' and civic clubs. *Prairie Living* residents listen to country music radio, watch the Hallmark Channel on television and read hunting/fishing magazines. They probably wouldn't listen to all-news radio, join an auto club, drink imported beer or use a stock rating service.

Retirement Communities

Demographic: Over 40 percent of the heads of these households are aged 65 or older. The median age of this segment is 49.5 years. Almost half of the *Retirement Communities* households are made up of single persons. Most of these residents are white.

Socioeconomic: Their median household income is \$44,900, but their net worth exceeds \$178,000. Income sources include wages, dividends and rental properties; nearly one-fourth receives retirement income and 45 percent receive Social Security benefits. Those who are still working hold positions in the service, retail, manufacturing, healthcare, administrative and government industries. *Retirement Communities* neighborhoods are found mostly in cities scattered across the United States.

Residential: Congregate housing, which commonly includes meals and other services in the rent, characterize *Retirement Communities* neighborhoods. Other *Retirement Communities* residents live in single-family detached houses with a median home value of \$174,000. Although retirement communities can also offer owner-occupied housing and nursing care facilities, assisted living and congregate housing predominate.

Preferences: These residents like household gadgets; they own pasta machines, hand-held vacuum cleaners and dehumidifiers. They've furnished a home office and have bought table and floor lamps and kitchen furniture. They've spent money for vinyl replacement windows, installed hardwood floors and yard fencing and contracted for exterior painting.

They drink Maxell House decaffeinated ground coffee, sparkling wines and frozen orange juice. *Retirement Communities* residents read biographies, novels, history and mystery books. They're learning to use computers and have bought computer "how-to" books. They subscribe to AOL so they can surf the Internet to buy jewelry, watches and home furnishings online. Fiscally responsible *Retirement Communities* residents own savings certificates, shares in mutual funds and common stocks and tax-exempt funds. Their life and homeowners' insurance policies have low values.

Good health is uppermost in their minds, so *Retirement Communities* residents visit their internists regularly, take prescription medications for osteoporosis, subscribe to Weight Watchers for diet control and take Centrum Silver vitamins. Leisure time is spent gambling in Atlantic City, playing musical instruments, visiting museums and attending music performances. They join civic clubs and attend ice hockey games.

Retirement Communities residents watch syndicated television programs, NOVA, Bravo, and weekend news information programs such as *Meet The Press*. They rent movie musical videos and listen to all-news radio. Family restaurant and steak house favorites include Checkers, Ponderosa and Big Boy. Shopping destinations are Bloomingdale's and Lord & Taylor. They fill their prescriptions at CVS pharmacies. *Retirement Communities* residents probably wouldn't own a motorcycle, go to movies more than once per week, listen to Hispanic radio or install a satellite dish.

Rural Resort Dwellers

Demographic: Favoring milder climates and pastoral settings, *Rural Resort Dwellers* live in rural non-farm areas throughout the United States. They are older than most Tapestry segments, with a median age of 46.2 years. About 40 percent of *Rural Resort Dwellers* are married with no children living at home. More than 90 percent of them are white.

Socioeconomic: Although retirement officially looms for many, most *Rural Resort Dwellers* are still employed. Their median household income of \$42,200 is derived from wages, dividends, rental properties and Social Security benefits. Many are self-employed. Their median net worth is \$97,500.

Residential: These low-density communities are small but growing. Most residents live in single-family detached houses with a median value of \$152,200. Other housing types include mobile homes. A significant inventory of seasonal housing is available in these communities.

Preferences: Simple living and consumer tastes describe the *Rural Resort Dwellers*. Coal and wood stoves, kerosene heaters, riding lawnmowers, garden fillers, tractors and chain saws are some of the home improvement and garden equipment they buy and own to maintain their properties. Home improvement projects they have installed include kitchen countertops, carpeting and insulation.

Rural Resort Dwellers residents take their four-wheel-drive vehicles to gas stations for service, buy books at the supermarket and own a motorcycle. They drink Folgers Special Roast ground coffee and low/no alcohol beer. They buy yeast and canned meats for meal preparation. Many *Rural Resort Dwellers* take zinc and prescription medications for arthritis and vitamins. Shopping favorites include True Value for hardware, Wal-Mart Pharmacy for prescriptions and the L.L. Bean, Eddie Bauer and Land's End catalogs for clothing.

Technology isn't front and center to *Rural Resort Dwellers*; they're content to use personal computing hardware that's more than five years old. They search the Yellow Pages for lumber, building materials and hospital care facilities. Fiscally conservative *Rural Resort Dwellers* join special seniors banking clubs, own shares in tax-exempt funds and mutual funds. They hold boat owners', homeowners' and separate whole life insurance policies.

Rural Resort Dwellers actively participate in environmental causes and local civic issues. They visit elected officials and address public meetings. They join business and veterans' clubs and fraternal orders. Many own satellite dishes so they can watch entertainment specials and news programs. They read boating magazines, listen to country music radio, go hunting and zoom around in powerboats. *Rural Resort Dwellers* are unlikely to own contact lenses, exercise regularly at a club, attend rock concerts or visit theme parks.

Salt of the Earth

Demographic: These married couples with and without children have a median age of 39.5 years. One fifth of *Salt of the Earth* residents live in single-person households. Nearly 95 percent of the population is white.

Socioeconomic: *Salt of the Earth* residents live in blue-collar neighborhoods in rural areas or small towns. Hardworking, primarily in agriculture, manufacturing, or mining, these workers are slightly older than the U.S. median age of 36 years with low unemployment rates. They earn a median household income of \$46,300 that parallels that of the United States median. Income sources include wages, dividends, rental income and Social Security benefits. Their net worth is nearly \$90,000.

Residential: Most *Salt of the Earth* residents own single-family detached homes with a median value of \$111,200. Some live in mobile homes.

Preferences: As the segment name implies, *Salt of the Earth* residents are settled, traditional and hard working. Their consumer preferences reflect their background; they concentrate on home, yard and auto maintenance. They're frequent shoppers at True Value hardware stores and order garden supplies, seeds and plants by phone, mail or online. They purchase men's gloves, work boots and hunting clothes. *Salt of the Earth* residents heat their homes with oil, coal or wood stoves and kerosene heaters.

Do-it-yourself lawn and landscaping maintenance requires tools; *Salt of the Earth* residents own riding lawnmowers, garden tractors, garden tillers, and purchase vegetable and flower seeds and plants. They're equally busy inside, installing exterior doors, vinyl flooring and papering walls. Tools owned by *Salt of the Earth* residents for these projects include woodworking equipment such as saws and welders. They own two- or four-door trucks to haul their do-it-yourself materials. *Salt of the Earth* residents are also vehicle tinkerers; if they can't perform the task themselves, they take their vehicles to discount department stores.

No "designer" coffee for this segment; *Salt of the Earth* residents drink Maxwell House Rich French Roast. Television is important to *Salt of the Earth* households; they own satellite dishes and three sets. They watch entertainment and news specials, Country Music Television and QVC. Their magazine preferences reflect their lifestyle; they read hunting, fishing and gardening publications. They listen to country music radio. Leisure time is spent with their pets, hunting, fishing, and playing softball.

Salt of the Earth investments are conservative; residents own U.S. savings bonds, carry personal loans, and hold a personal credit line. They hold low-value homeowners' and life insurance policies.

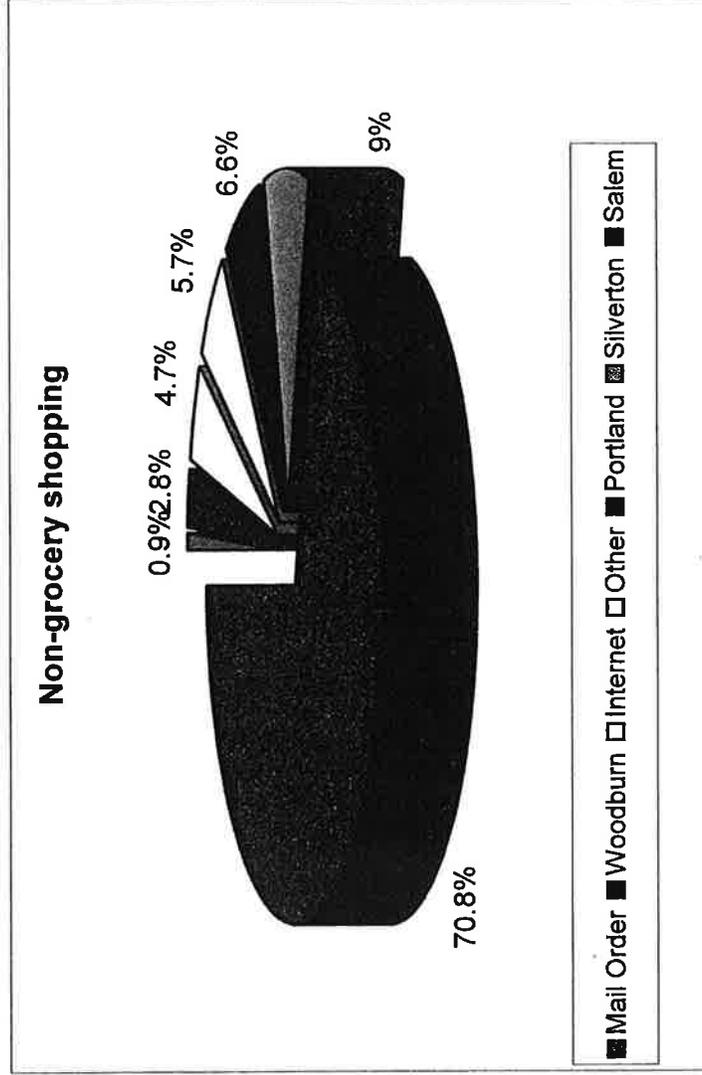
Always searching for bargains, *Salt of the Earth* residents patronize chain grocery and warehouse stores. Health-conscious *Salt of the Earth* residents take One-A-Day vitamins, visit nurse practitioners, and take prescription medications for sinus congestion and headaches. Civic-minded *Salt of the Earth* residents visit elected officials, join veterans' clubs and fraternal organizations, belong to a union, serve on church boards and fund-raise.

Appendix B
Shopper Survey Results

A total number of 106 respondents completed the online shopper survey during July 2006. Detailed responses to question are provided below.

Where do you do most of your non-grocery shopping (e.g., apparel, home furnishings, sporting goods, etc.)? (106 respondents)

- An overwhelming 70.8% do most of their non-grocery shopping in Salem
- 8.5% reported shopping in Silverton, and 6.6% in Portland
- Less than 5% of the people do their non-grocery shopping on the internet

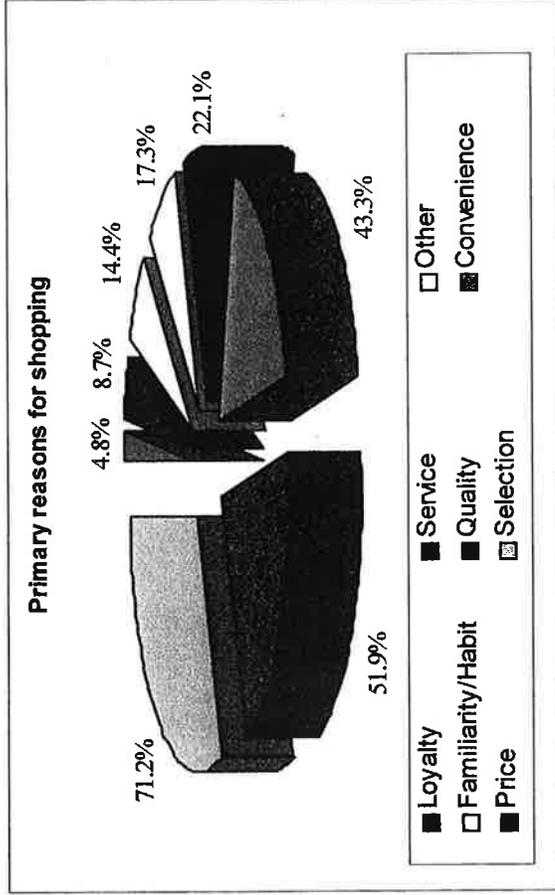


What are the primary reasons for shopping where you do? (104 respondents)

- The most common influence of shopping choice is the selection, 71.2%. Price (51.9%) is the second most important factor affecting shopping preference

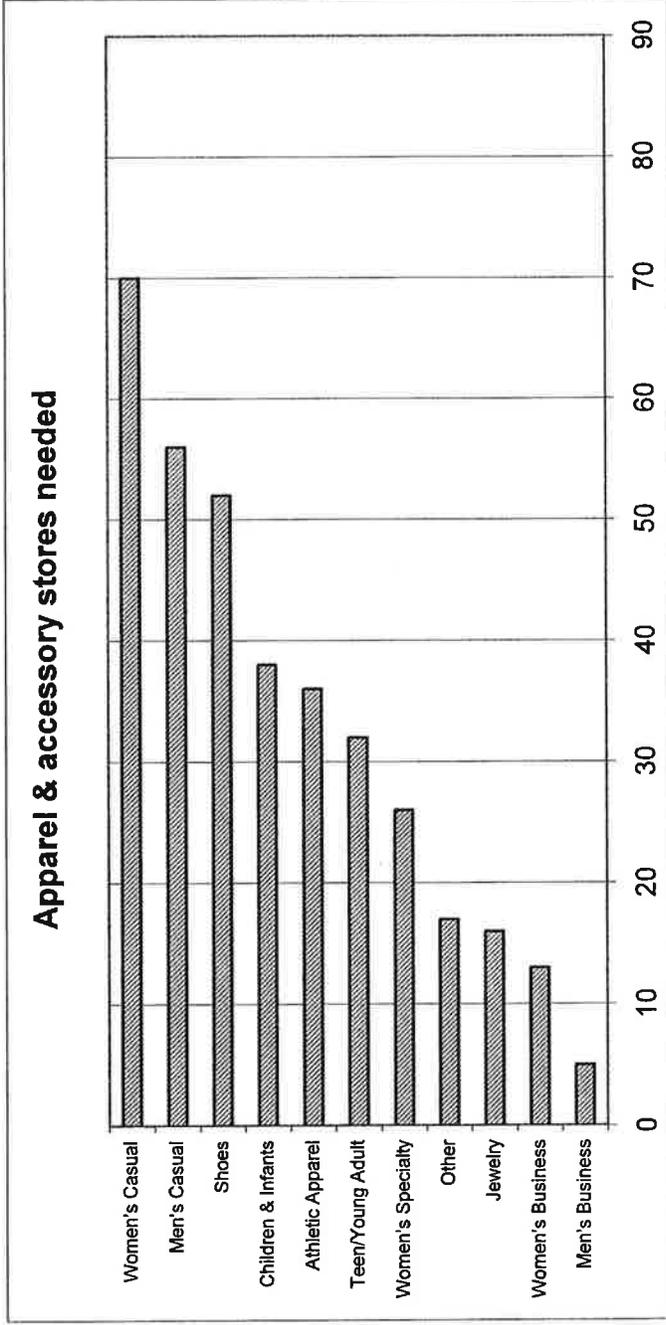


- A large portion also cited convenience, with 43.3% ranking this a primary reason
- Familiarity/habit and quality are also strongly represented at 17.3% and 22.1% respectively



Shopping Needs in Silverton

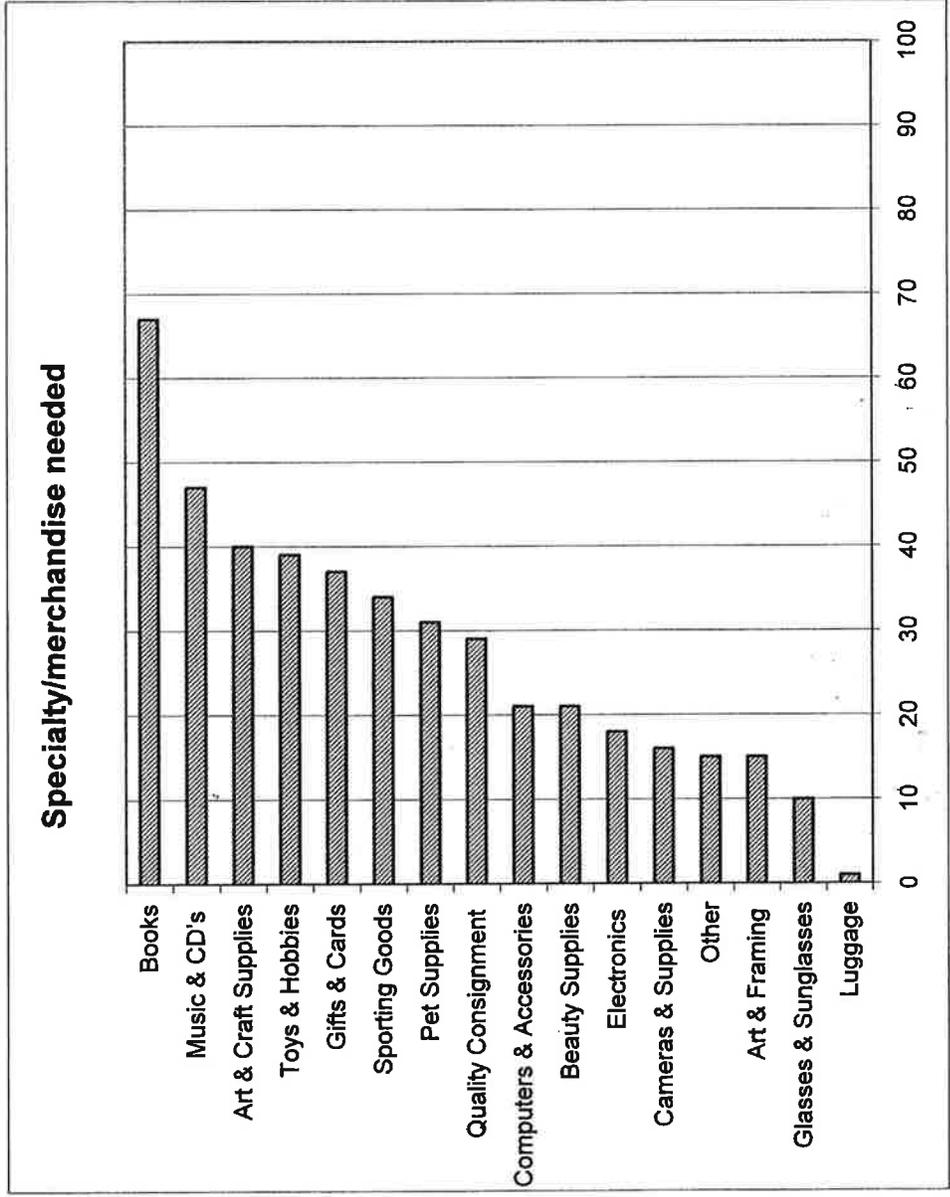
- What kinds of apparel and accessory stores are needed and would be supported in Silverton if they existed? (96 respondents)**
- 72.9% reported that women's casual clothing is needed, with men's casual following behind at 58.3%
 - 54.2% expressed a need for a shoe store, while children and infants and athletic apparel both nearly reached 40% of the vote
 - A need for men's business wear was only voiced by 5.2% of respondents



What types of specialty/merchandise do you think are needed and would be supported in Silverton if they existed? (97 respondents)

- Books were most commonly reported as a specialty shopping need in Silverton (69.1%). Music and CD's were next with 48.5% of respondents
- Luggage was least needed, at 1%
- In the other section an area-specific souvenir shop was frequently mentioned



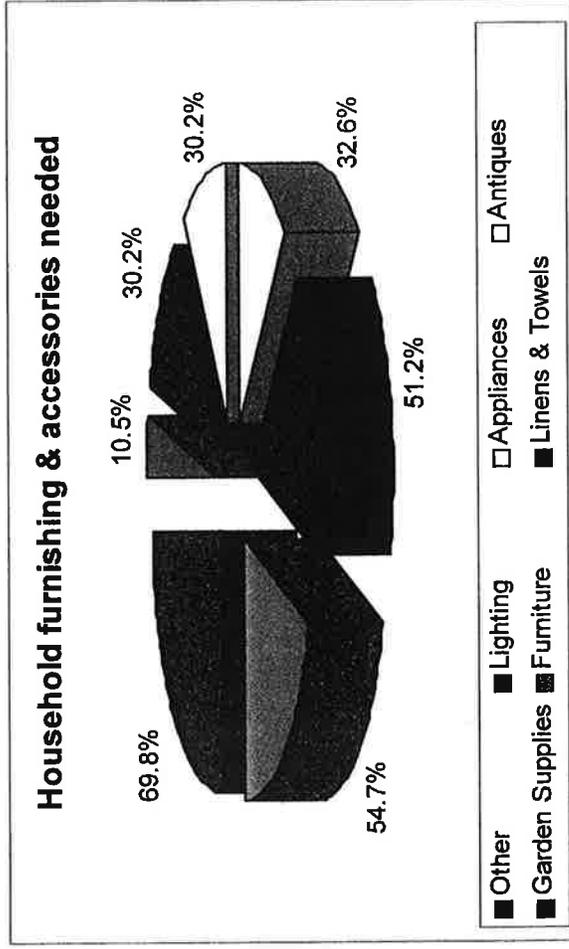


What kinds of household furnishings and accessories are needed and would be supported in Silverton if they existed? (86 respondents)

- 69.8% reported linens and towels as the most needed household accessories in Silverton, followed by furniture and garden supplies ranked at 54.7% and 51.2%, respectively



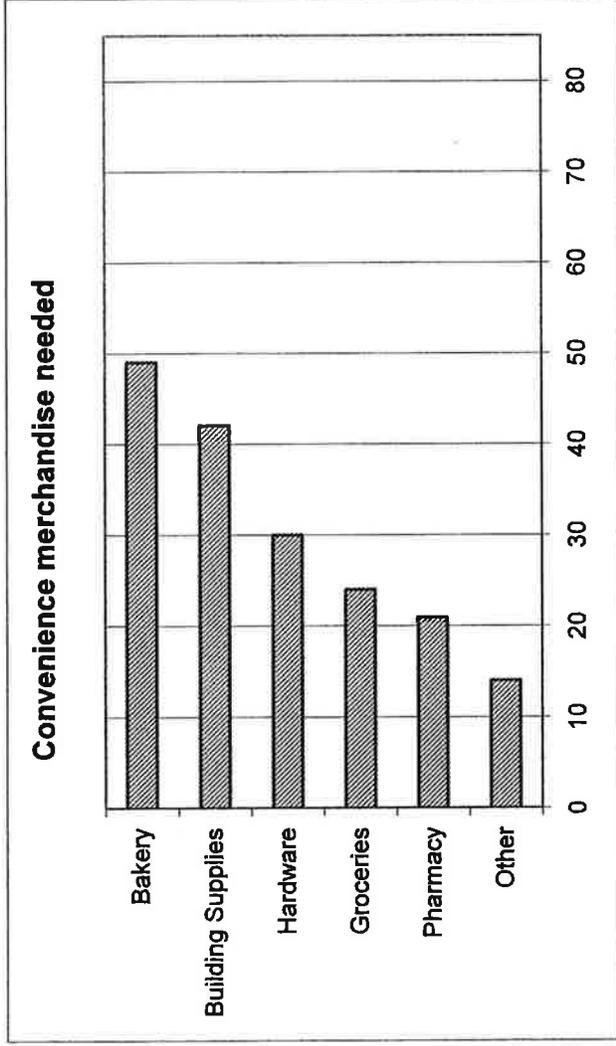
- Garden Supplies, Lighting, and antiques ranked 60.5%, 36.6%, and 22.1%, respectively
- Others commented on a desire for kitchen wares and rugs



What kinds of convenience merchandise are needed and would be supported in Silverton if they existed? (74 respondents)

- A bakery was reported as the most needed convenience good/service in Silverton by 66.2% of people
- The need for building supplies was the second most needed convenience merchandise at 56.8% followed by hardware at 40.5%
- 32.4% of people reported the need for groceries

When asked to explain **why you may not be buying these products locally**, even if the merchandise may be available, high prices, limited hours, and a lack of selection were the most-common responses.

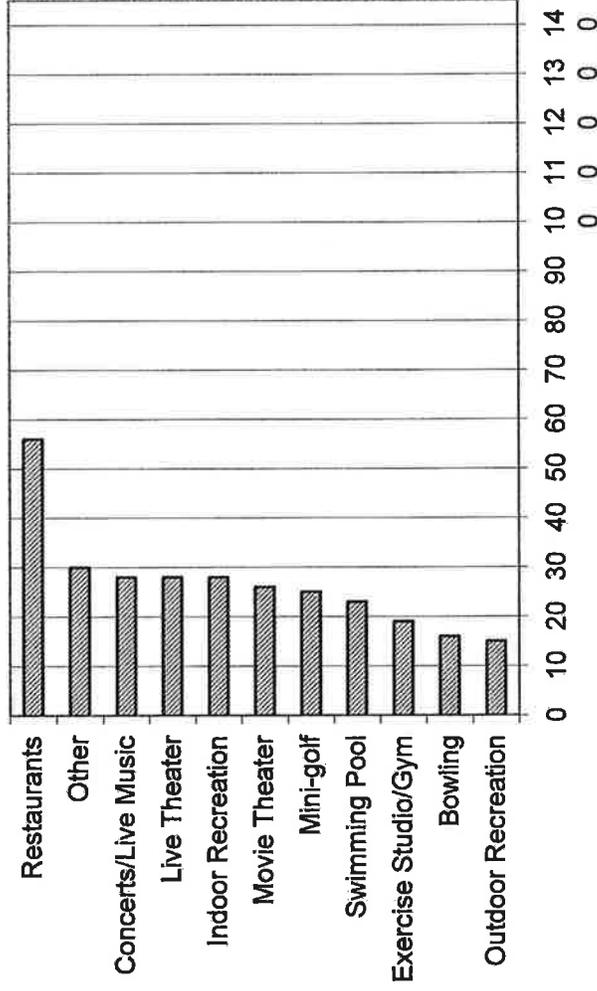


Service needs in Silverton

What kinds of leisure/entertainment services are needed and would be supported in Silverton if they existed? (78 respondents)

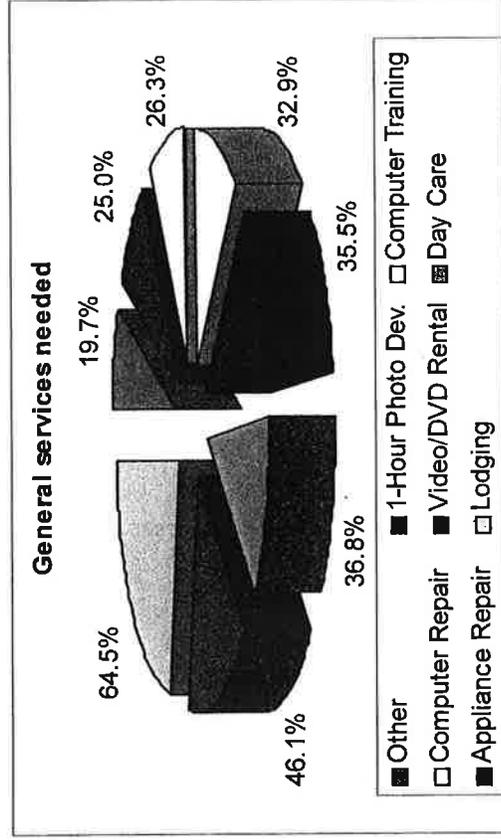
- 71.8% of people reported restaurants as the most needed leisure/entertainment service in Silverton
- Live theater and Concerts/Live music each garnered 35.9% of responses
- For indoor recreation, respondents mentioned and indoor walking track, a roller rink, and an ice rink
- For outdoor recreation, a skate park, a dog park, and nature walks were suggested

Leisure/entertainment needed



What kinds of general services are needed and would be supported in Silverton if they existed? (76 respondents)

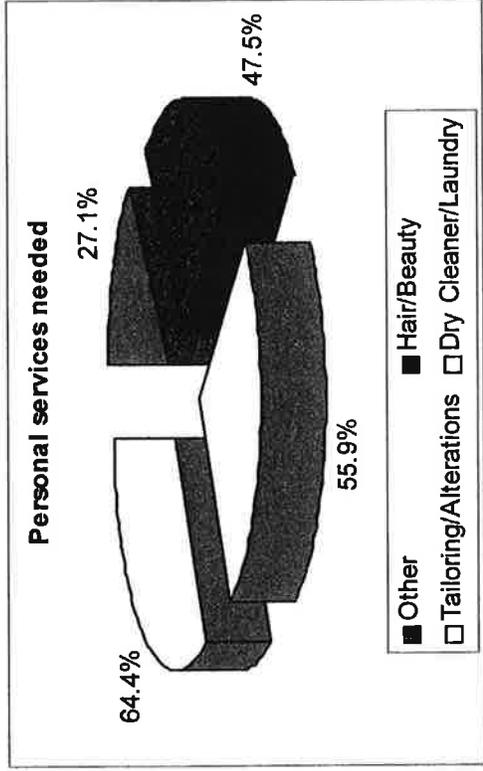
- Lodging (64.5%) was cited as a service that is needed
- Appliance repair (46.1%) and day care (36.8%) were reported
- A strong amount of support was given in the other section for a kennel/pet boarding service, also some were in support of a house cleaning service



What kinds of personal services are needed and would be supported in Silverton if they existed? (59 respondents)

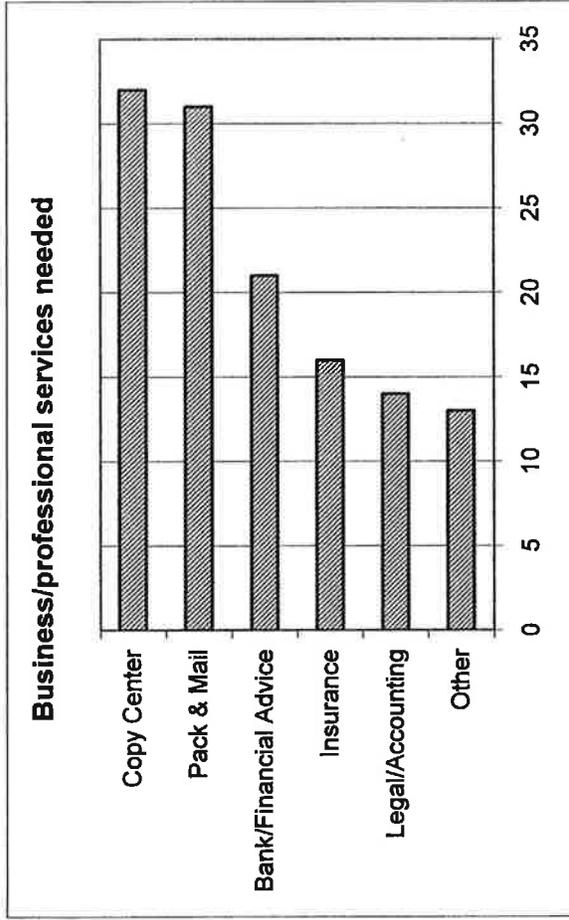
- 64.4% reported dry cleaner/laundry as the most needed personal service, followed by tailoring/alterations (55.9%)
- Hair/beauty (47.5%) also received strong support

- Noteworthy comments included the need for a day spa/salon, car detailing service, and most commonly a better dry cleaners than the existing one



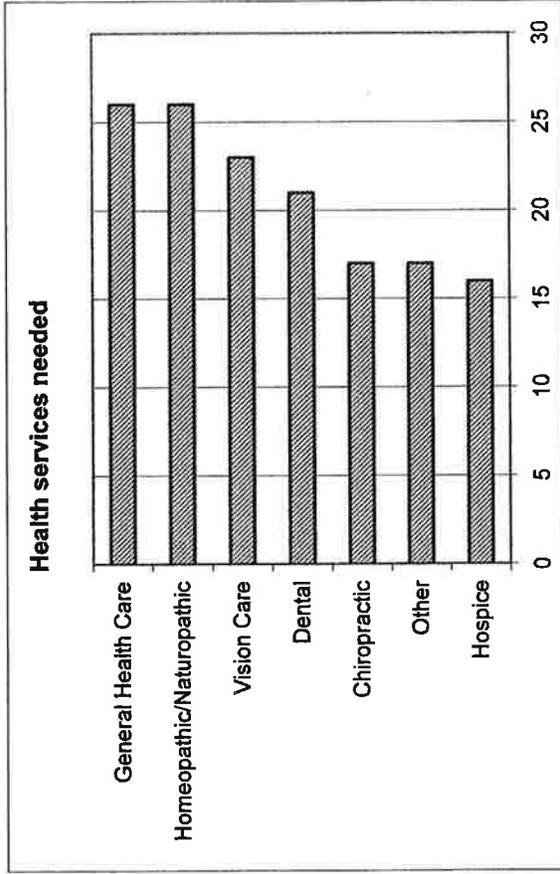
What business/professional services do you think are needed and would be supported in Silverton if they existed? (54 respondents)

- 59.3% reported that a copy center is most needed
- Pack & Mail (57.4%) was next to follow
- Others commented on a marketing consulting service, a Bank of America, or a Kinkos



What health services do you think are needed and would be supported in Silverton if they existed? (51 respondents)

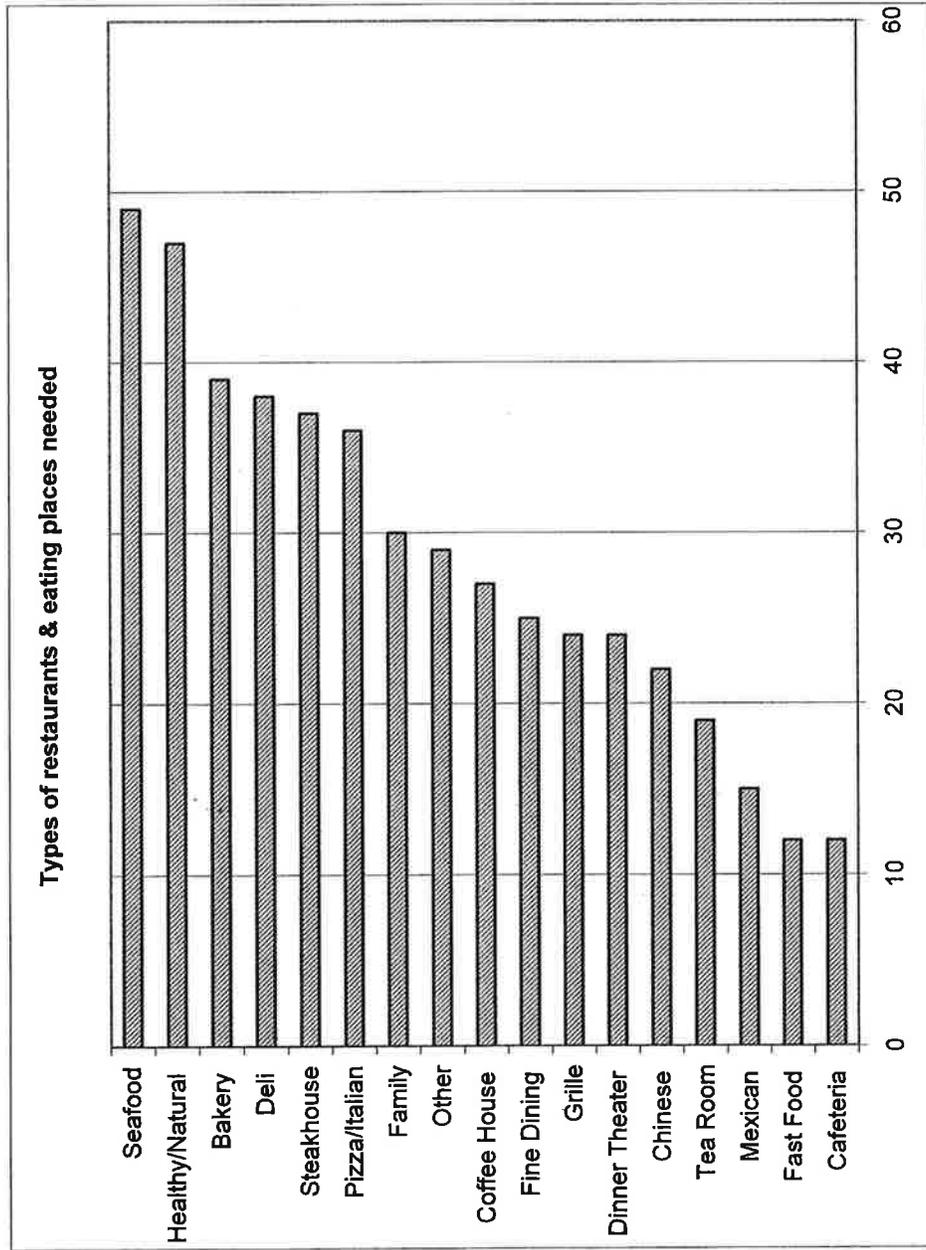
- 51% responded for both general health care and homeopathic/naturopathic health care in Silverton. The need for vision care (45.1%) and dental (41.2%) were also reported
- 33.3% expressed the need for chiropractic care
- Others commented on needing a pediatrics clinic, urgent care, and internal medicine services



In your opinion, what types of restaurant and eating places are needed in Silverton and would be supported if they existed? (86 respondents)

- Seafood restaurants are the most needed type in Silverton, with 49 (57%) people reporting
- Healthy/Natural restaurants (54.7%) are the second most desired type
- Between 43% and 45.3% of people said they wanted a steakhouse, deli, or bakery
- Fast food and cafeteria are among the least wanted dining options.
- Italian fine dining (not pizza) was overwhelmingly requested; Starbucks was also suggested
- Please explain why you may not choose local service providers, if you are aware of their services: one respondent said, "There's not many restaurants to choose from in Silverton, and the ones that are here aren't exactly "fine dining", except for the grille

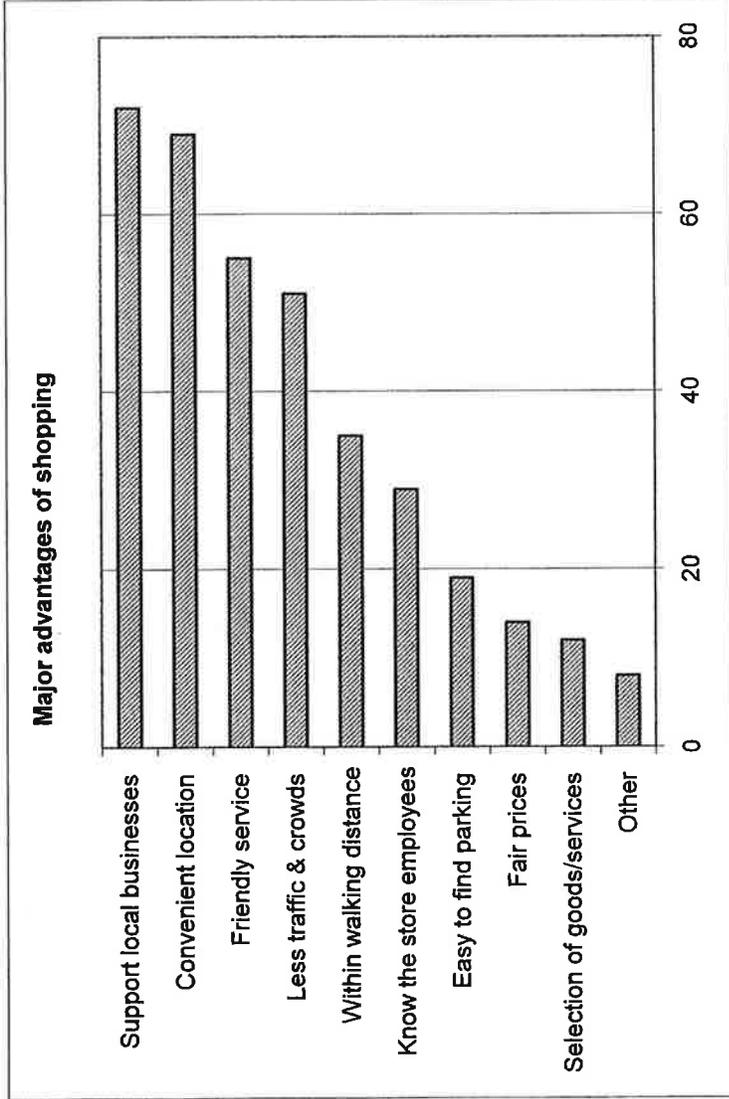
downtown. No offense to the taverns & pizza joints, but it would be nice not to have to leave Silverton to have a nice dinner out once in awhile."



Shopping/Personal Business Preferences

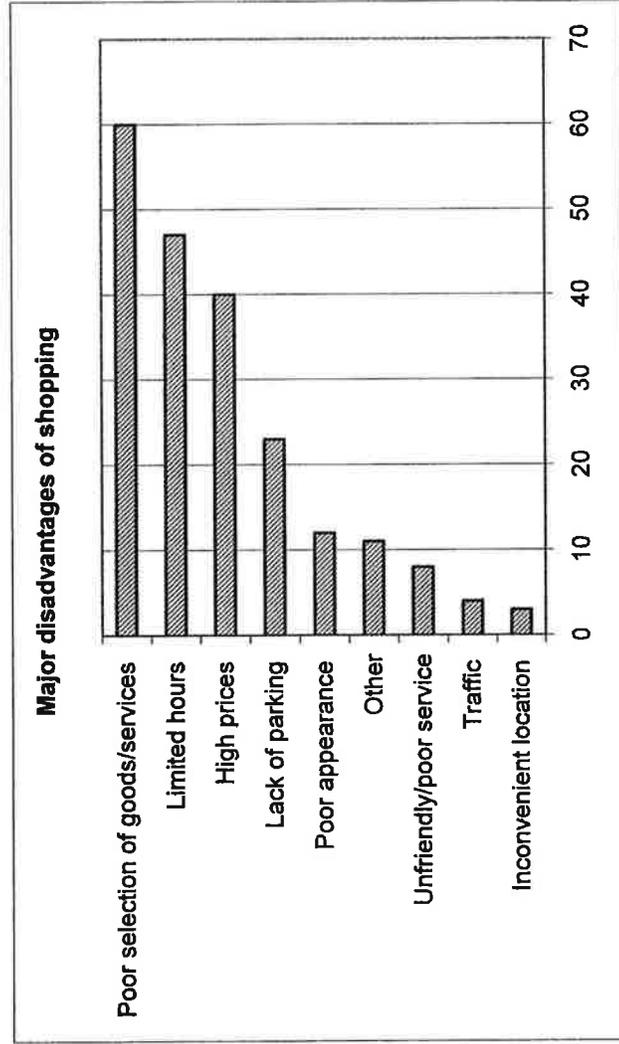
Currently, what are the major advantages of shopping or doing personal business (e.g. banking) in Silverton? (92 respondents)

- The greatest advantage of shopping in Silverton is to support local businesses, according to 72 (78.3%) of the people
- 75% of the people reported that a major advantage of shopping in Silverton is its convenient location
- The lack of traffic and crowds attracted 55.4%, while 59.8% appreciate the friendly service



Currently, what are the major disadvantages of shopping or doing personal business (e.g. banking) in Silverton? (83 respondents)

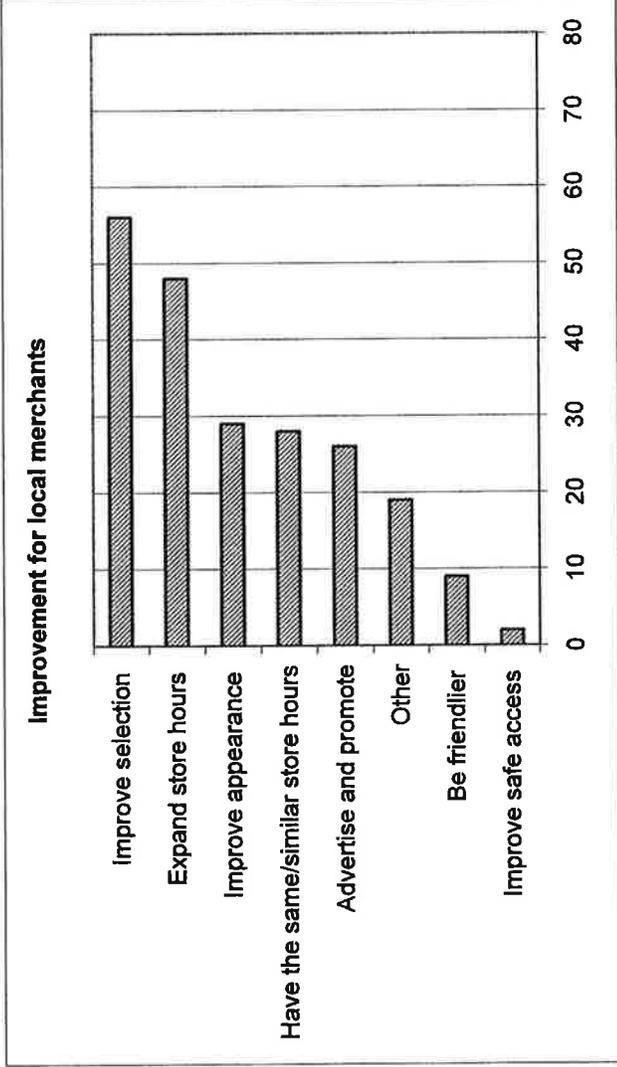
- The greatest disadvantage of shopping in Silverton is poor selection according to 72.3% of people.
- 56.6% reported a major disadvantage of shopping in Silverton was limited hours.
- High prices (48.2%) were also a represented disadvantage



What can local merchants do to improve their stores? (87 respondents)

- 64.4% reported greater selection in local stores would be a strong improvement

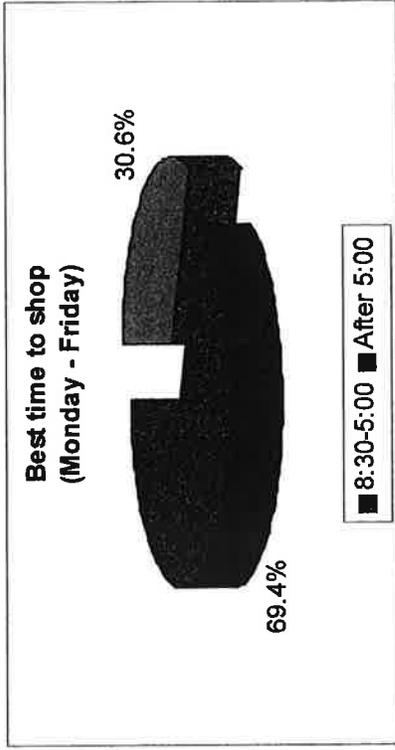
- 55.2% felt that expanding store hours would be a worthy upgrade
- Having local businesses work together was also noted in the other section



What are the best times for you to shop during the week (Monday-Friday)? (85 respondents)

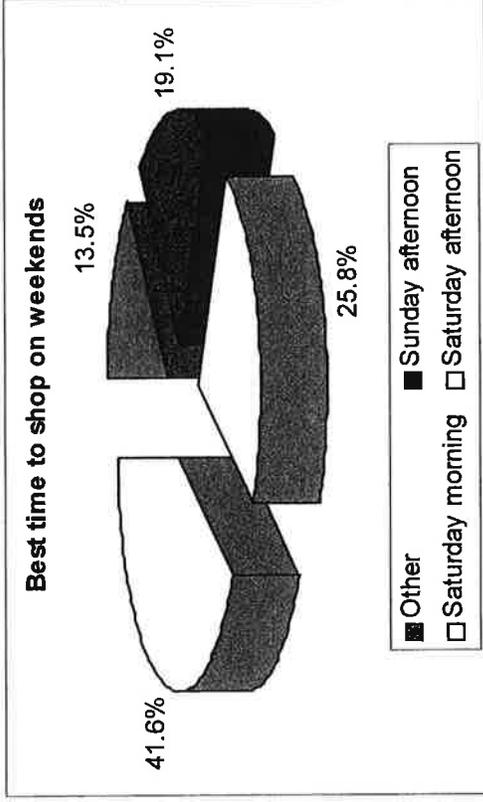
- 69.4% reported that the best time for them to shop is after 5:00 pm on the weekdays
- 30.6% reported that the best time for them to shop is between 8:30 am – 5:00 pm on the weekdays





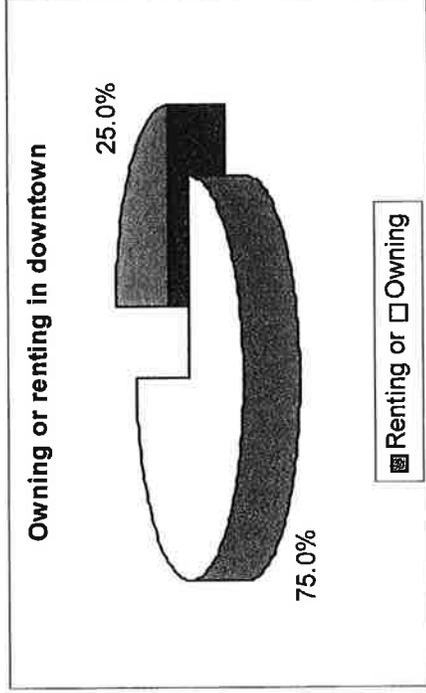
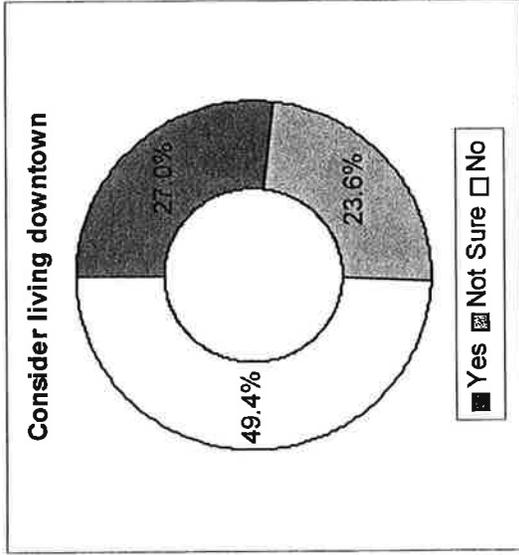
What are the best times for you to shop on the weekend? (89 respondents)

- The best time to shop on the weekends is on Saturday afternoons
- Many don't have a special time to shop on the weekend



Would you consider living in downtown Silverton if high quality new or renovated units were available? (89 respondents)

- 49.4% reported they would not want to live in downtown Silverton if high quality and renovated units were available
- Among those who would consider downtown living, 75% would prefer home ownership



Your Thoughts about Downtown Silverton

As downtown Silverton continues to redevelop and change, if you could keep one thing the same what would it be?

"The size of the downtown commercial district is just right as it is, it's not too spread out to walk from one place to the other, and there are some really cute kinds of Norman Rockwell residential areas that kind of cradle the downtown commercial center, which is very nice & charming..."

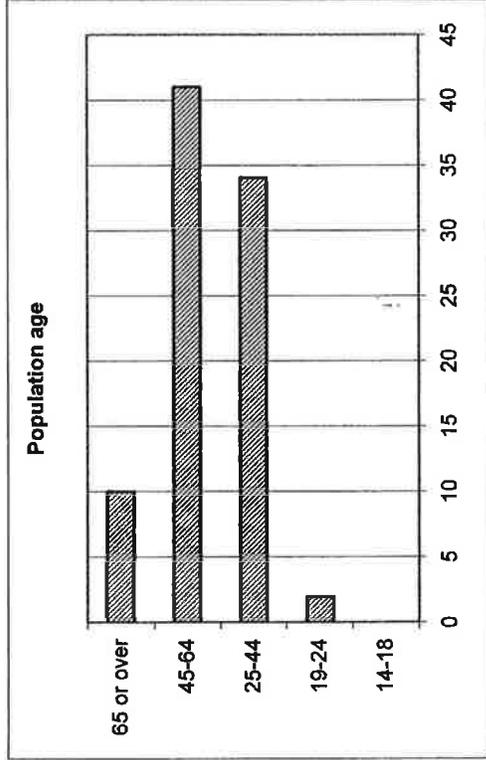
When asked, if you could change one thing about the downtown Silverton what would it be? Most people asked for a cleaner, safer downtown, with a more easily navigated traffic pattern. One respondent's feelings were: "I don't understand why there are one way streets. Folks who don't live here have a hard time getting around and learning the streets. It's just too confusing. What's the point?"

When asked **what identity or image would you like to see downtown Silverton develop for itself as a unique shopping/business district?** many people were in support of broadening the product selection. "A destination shopping area for a broader region of shoppers." The Statesman Journal put it very well last week. Silverton is to Salem as Bel Air is to Los Angeles. We must deal with a long range solution to growing traffic congestion now." Others wanted to maintain Silverton as a historic, artsy town with an "old-time" feel.

General Information

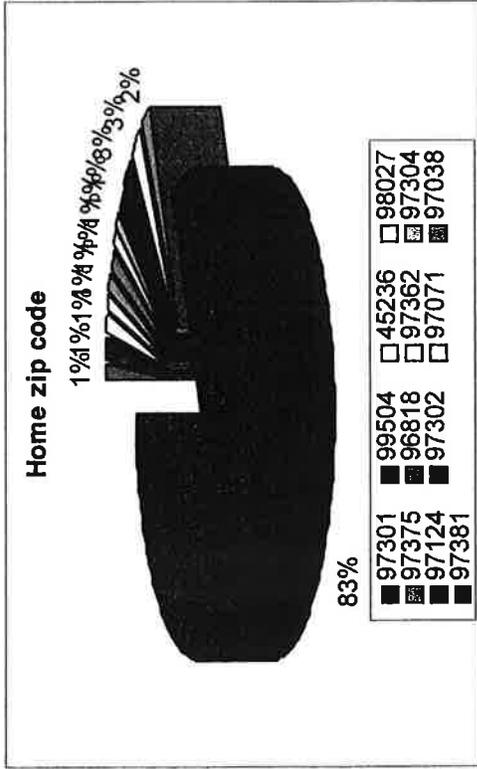
(85 respondents)

- 47.1% were between the ages of 45-64 years
- The second highest age group, representing 39.1% of respondents was between 25-44 years of age



Zip codes reported (85 respondents)

- Sixty-nine people reported they live in the 97381 zip code
- Two people each reported living in the 97038 and 97071 zip codes



General comments

"I visited a friend in Silverton recently. He showed us downtown, we ate on a little balcony over the creek, did a little shopping downtown and drove us through the neighborhoods and showed us the beautiful city park. Not much I would change. Resist the temptation that you MUST amplify some aspect of your town for the sake of keeping your economy healthy. Don't you realize that you don't have to change anything?? The economy will come to you. If anything, emphasize the history of your town - make it your goal to have visitors know how old your town is, who settled it, how it got its name, why did they settle there on the creek? it's relationship to other towns/cities and emphasize, when you devise 'visitor information', that you are on Route 514 or whatever it is. Good luck."



One respondent expressed, "I am delighted with our community and feel badly when I cannot find a locale for items I need that force me to Salem or Portland."

Many respondents are pleased with the quaintness of the town, and were happy to have the chance to participate in the survey; "Thanks for this opportunity..." was a resounding statement.

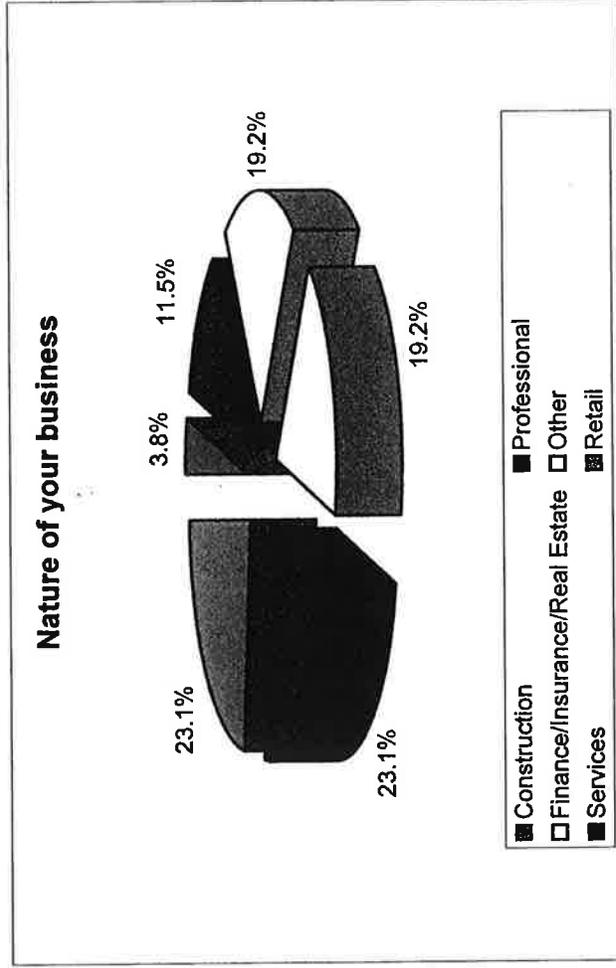
Appendix C

Business Owner Survey Results

Twenty-six business owners responded to the online survey. Detailed responses are provided below.

What is the nature of your business? (26 respondents)

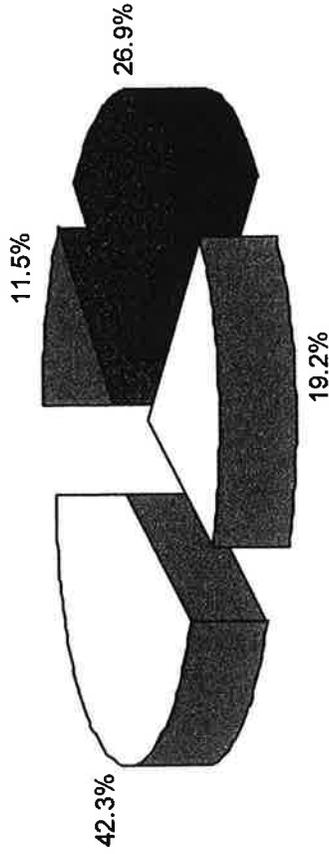
- 23.1% of business in Silverton is retail, 23.1% is Services
- Finance/Insurance/Real Estate and Professional make up an additional 19.2% each
- "Other" included Bed & Breakfast, and Lodging



How long have you been operating this business in Silverton? (26 respondents)

- 42.3% of the people operating business in Silverton have been operating it for 10 years or more
- 11.5% of the people operating business in Silverton have been operating it for less than one year
- 46.1% of the people operating business in Silverton have been operating it for about 1-9 years

Years operating the business



< 1 year
 1-4 years
 5-9 years
 10 years or more

Name up to 3 advantages or strengths you associate with doing business in Silverton.

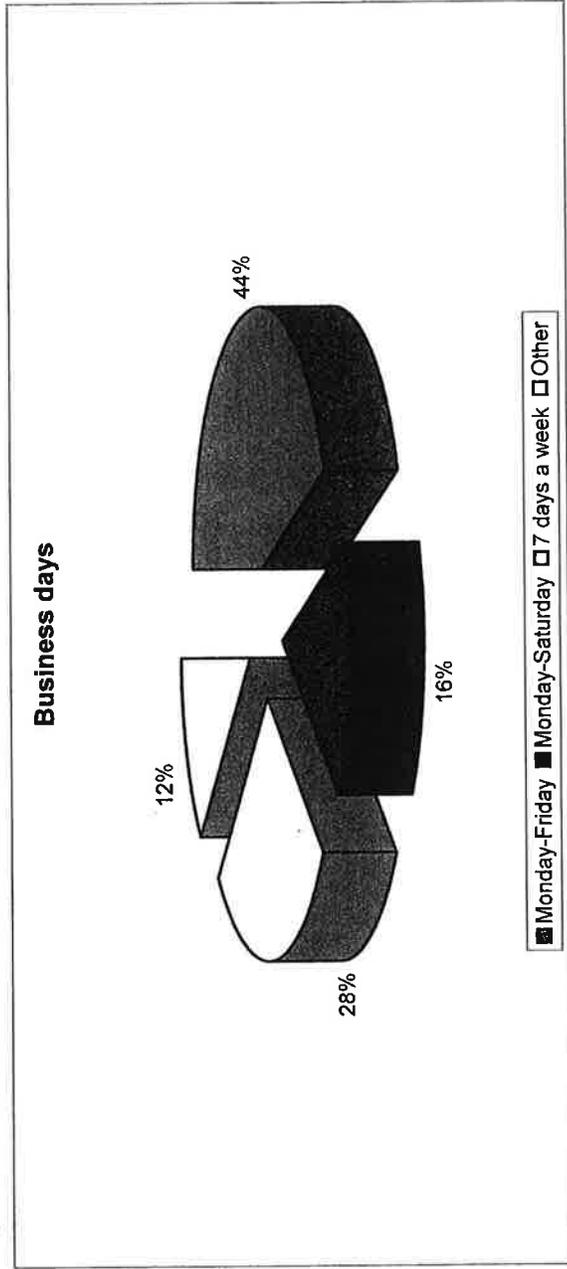
- Small town atmosphere
- Friendly
- Supportive
- Easy Networking
- Good Parking
- Educated Community
- Wonderful People
- Silver Falls State Park
- Local Area Expertise
- Aggressive Growth
- Civic Pride
- Close-knit Community

How many employees does your company have including yourself? (26 respondents)

- 80.8% of those responded said that they have part time employees at their company, with an average number of 2.69 employees.
- 92.3% of those responded said that they have full time employees at their company including themselves with a median of 2 employees.

What are your business days? (25 respondents)

- 44% operate their business from Monday through Friday
- 16% operate their business from Monday through Saturday
- 12% responded other
- 28% operate their business seven days a week
- Others said that it varies week to week



What are your business hours? (25 respondents)

- 16% operate their business from 9:00 – 5:00
- 8% operate their business from 8:00 - 5:00, none from 8:30 - 5:30
- 4% operate their business from 10:00 – 6:00
- 16% operate their business 24 hours
- The remaining 56% operate on other hours

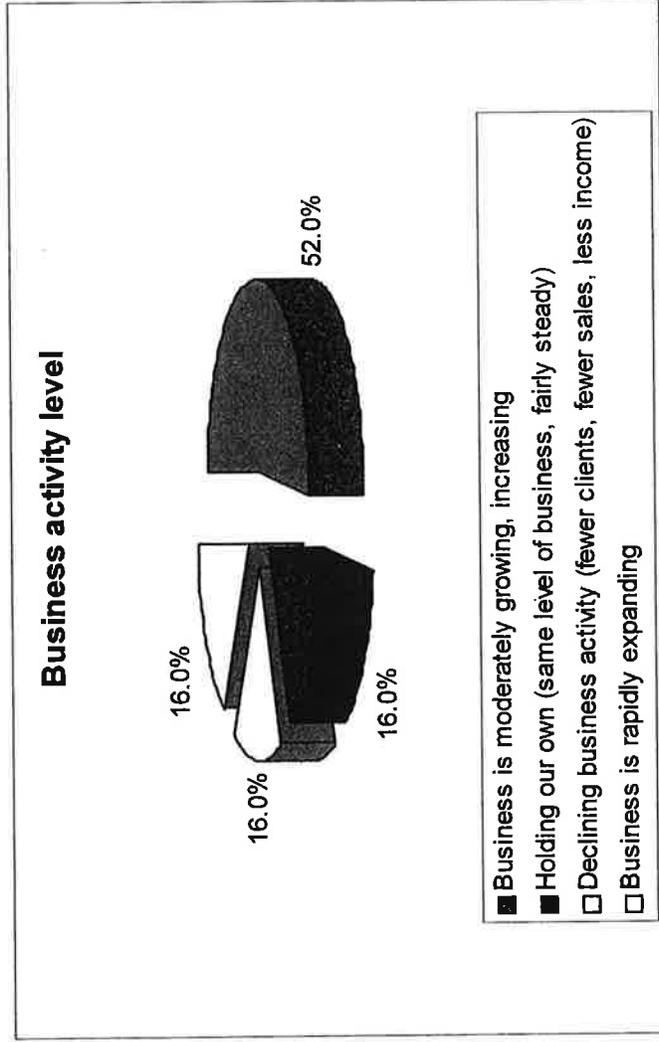
Do you own or lease your space? (26 respondents)

- 65.4% own their own space
- 34.6% lease or rent their space



How would you characterize your current business' activity level (i.e. last 24 months of operation)? (25 respondents)

- 52% characterize their current business activity level as moderately growing and increasing
- 16% of businesses characterize themselves as "holding our own", 16% as rapidly expanding, and 16% as declining in activity



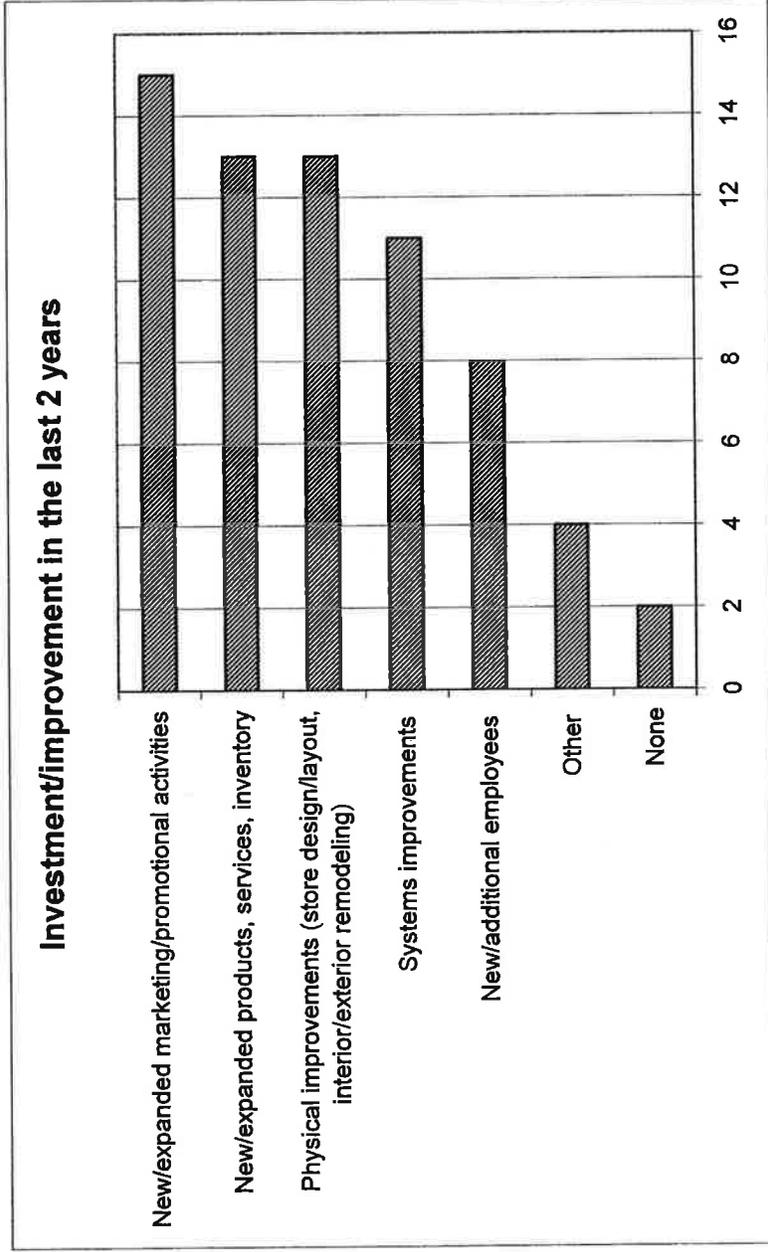
Which description below best characterizes your plans to expand or reduce your operations in the next one-two years? (25 respondents)

- 40% plan to expand operations within the next one to two years
- 56% have no plans to make changes
- 4% plan to sell the business

Please check any type of investment or improvement you have made in your business in the last two years. (24 respondents)

- 54.2% added new or expanded current products, services, and/or inventory
- 54.2% have made physical improvements to the store
- 62.5% of businesses have increased marketing and promotional activities
- 45.8% of businesses have made systems improvements
- 8.3% have made no improvements

- 33.3% of businesses have increased their workforce



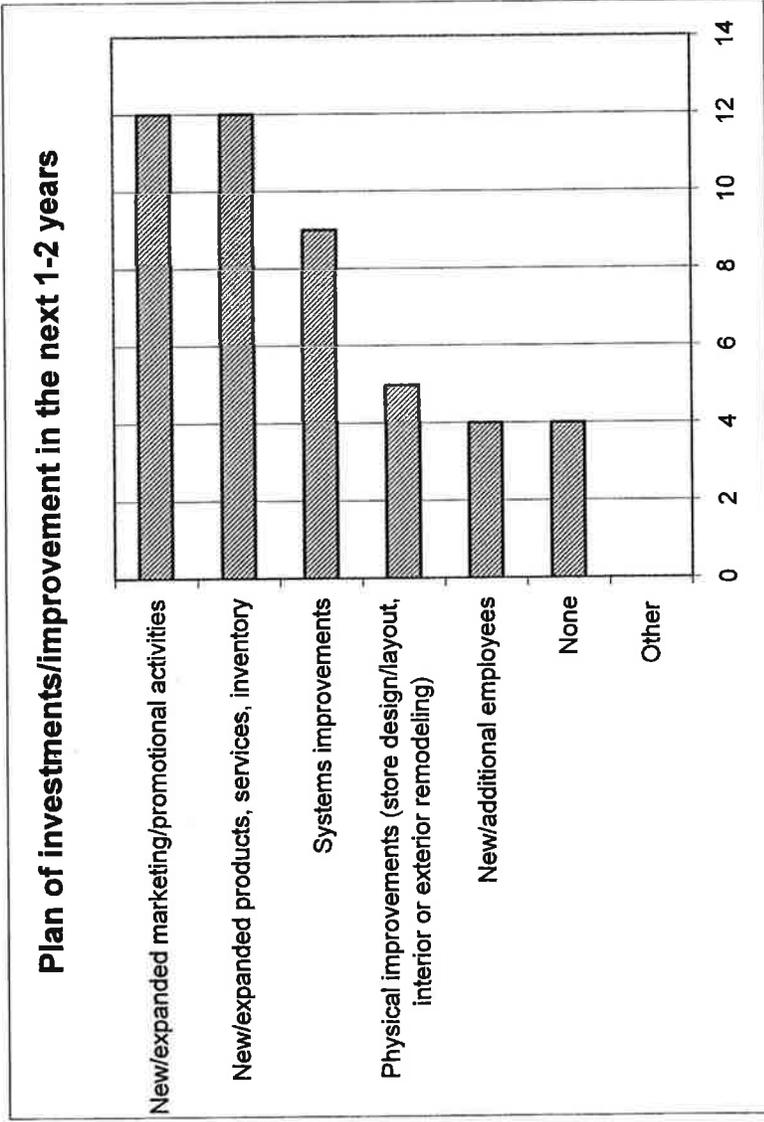
The estimated dollar value for each investment/improvement checked in previous question: (20 respondents)

- There was a range of \$500-\$75,000

Please check any type of investment or improvement you plan on making in the next one-to-two years. (22 respondents)

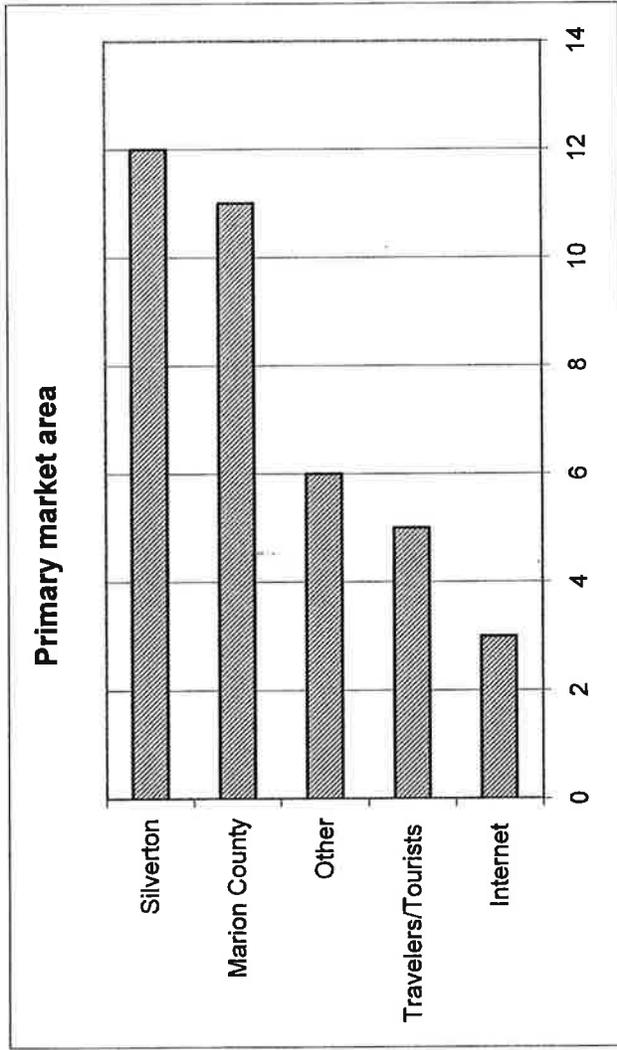
- 54.5% of businesses expect to expand their products and services over the next two years
- 22.7% of businesses will be making physical improvements to their store or office
- 54.5% will be spending more on marketing and promotional activities
- 40.9% reported they would be making systems improvements





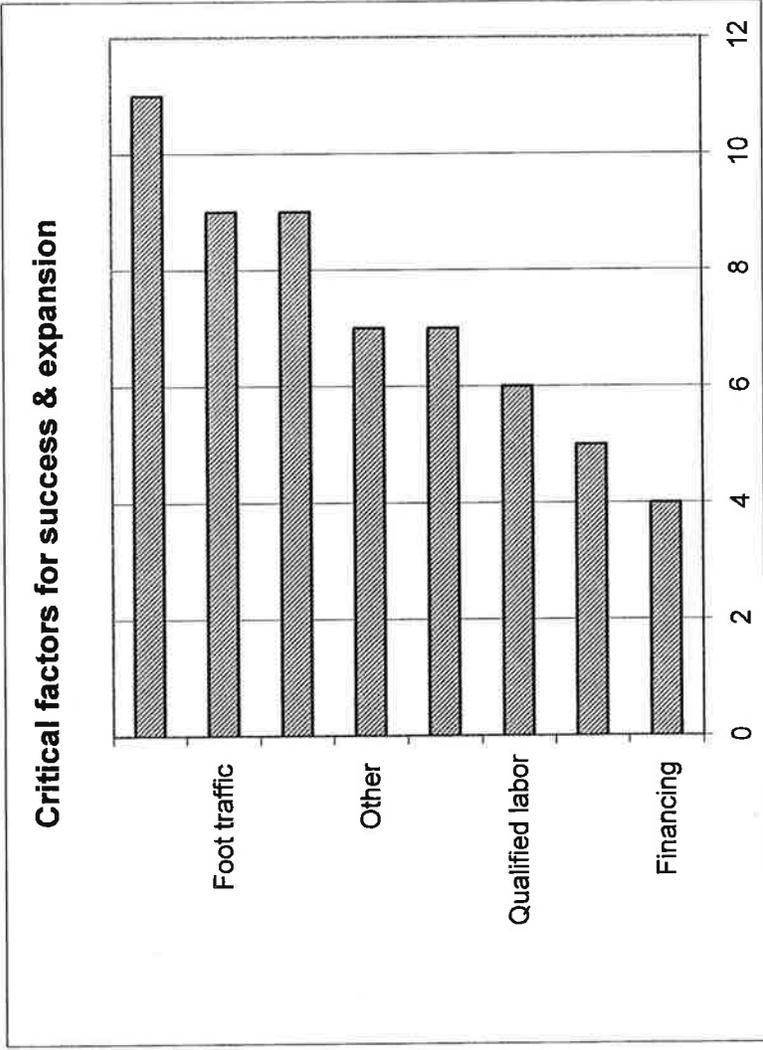
What is the primary market area from which the majority of your sales are derived? (25 respondents)

- 48% said that Silverton represents their primary market area and the majority of sales
- Marion County comprised 44% of sales
- Out of Area consumers were also mentioned as a major market



In addition to a strong economy, what are the critical factors for the success and expansion of your business? (24 respondents)

- 45.8% cited up-to-date equipment/technology as a critical success factor
- 37.5% considered equally public access and foot traffic as factors critical to success
- 29.2% felt current inventory was critical to success

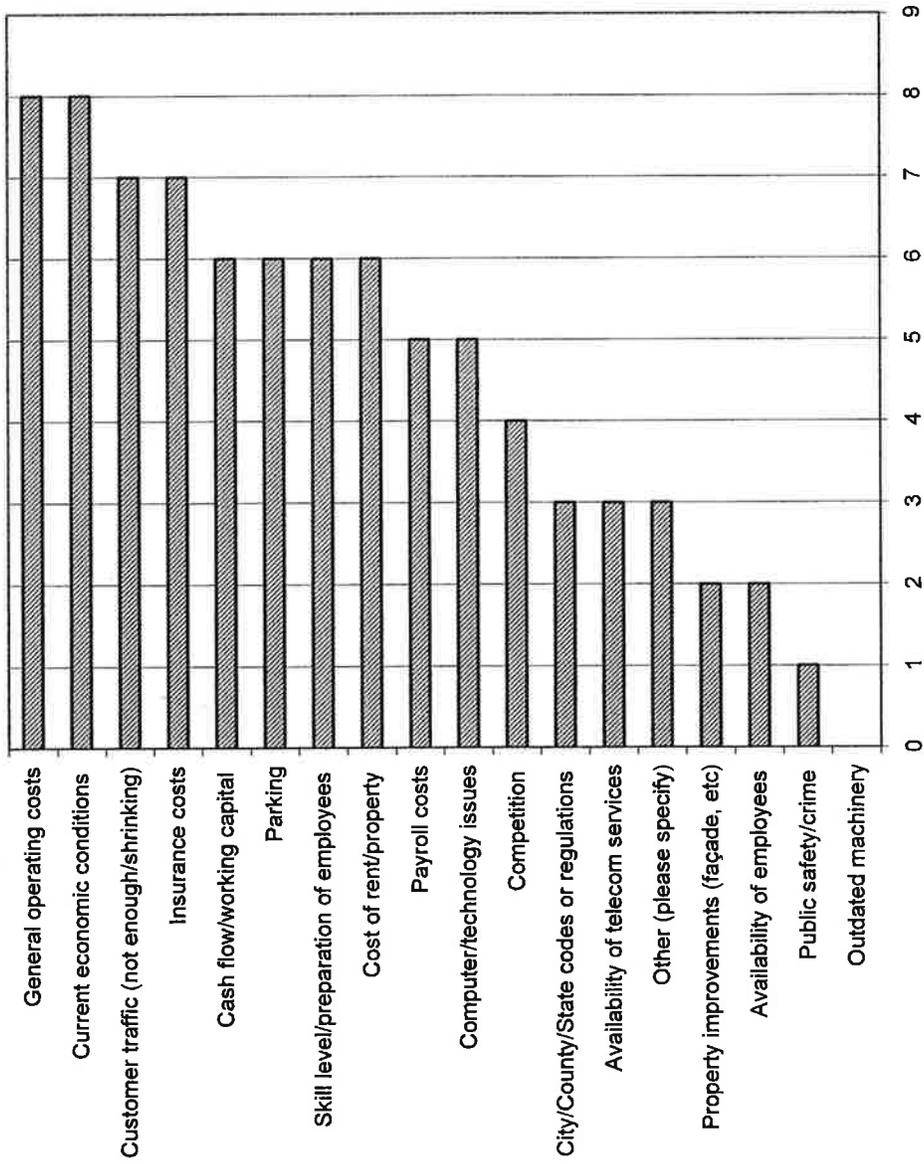


What are some of the major issues or obstacles facing your business today? (24 respondents)

- 33.3% listed general operating cost as the greatest obstacle facing their business
- 33.3% reported that current economic condition is a major issue
- 29.2% cited shrinking customer traffic as an obstacle they face
- 25% also cited cash flow as an obstacle

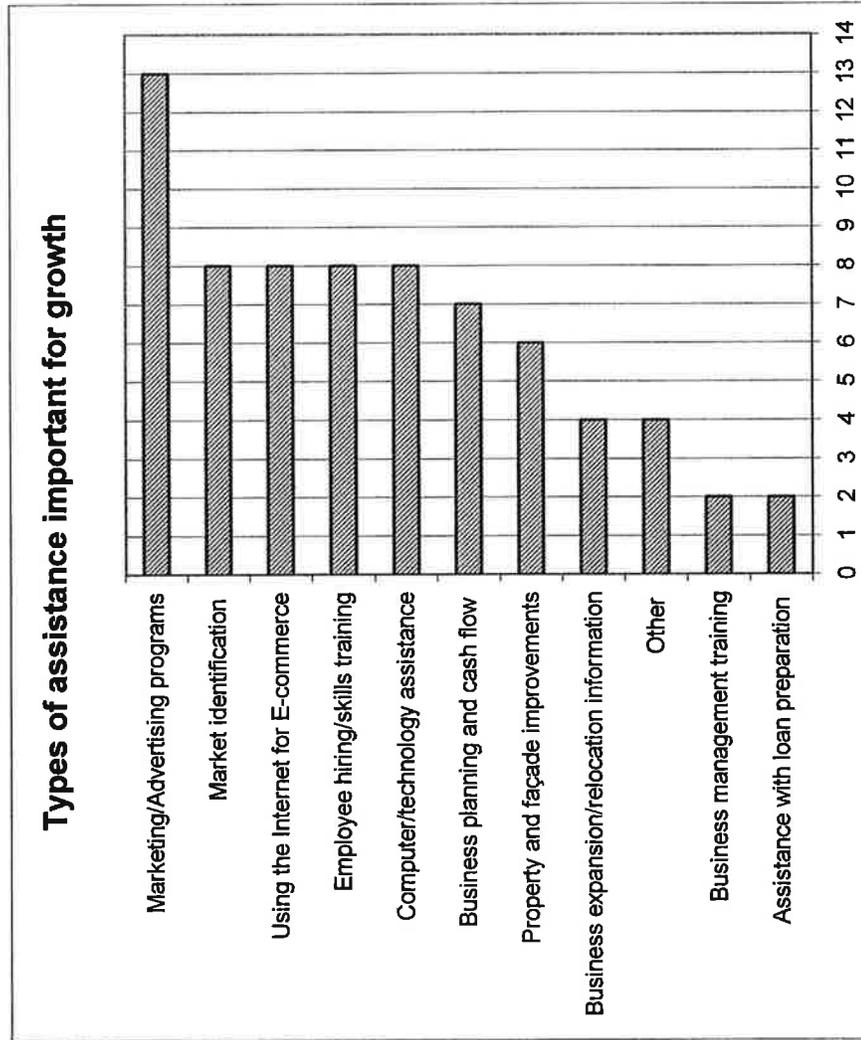


Major issues/obstacles facing your business



To keep your business healthy and competitive, which of the following types of assistance are important to your company's growth? (23 respondents)

- An overwhelming majority (56.5%) reported that to keep their business healthy and competitive, marketing/advertising programs are necessary assistors.
- Property and façade improvements or appearance was considered important by 26.1% of respondents.
- Others (17.4%) cited telecommunication services as activities needing support.



Are you interested in participating in a cooperative business marketing effort to attract customers to Silverton or to encourage residents to shop locally? (20 respondents)

- 50% reported "yes" they would be interested in participating in a cooperative business marketing effort to attract customers to Silverton or to encourage residents to shop locally
- 50% reported "no" they would not be interested in participating in a cooperative business marketing effort to attract customers to Silverton or to encourage residents to shop locally

The Future of Silverton and Doing Business in Downtown Silverton

As downtown Silverton continues to grow and change, if you could keep one thing the same about the shopping/business district what would it be? (21 respondents)

- Small town atmosphere
- One-way streets
- Penny parking meters
- Main street ambiance
- Historic feel
- Hometown quality

If you could change one thing about downtown Silverton, what would it be? (23 respondents)

- No empty buildings
- Increase parking
- Cleaner and better maintained
- Advertise market
- One-way streets
- Cleaner streets
- Overall improve appearance
- More restaurants

What Identity or image would you like to see downtown Silverton develop for itself as a unique shopping district attractive to residents and visitors alike? (20 respondents)

- Historic buildings and signage
- Village atmosphere
- Outstanding customer service
- Cater to arts & crafts
- Friendly, cozy, and quaint
- Arts and antiques
- Unique retail
- Funky town

How would you rate your overall confidence in the economic future or vitality of downtown Silverton? (24 respondents)

- 62.5% rated moderate overall confidence in the economic future or vitality of downtown Silverton
- 33.3% rated high overall confidence in the economic future or vitality of downtown Silverton

In your opinion, what types of retail, restaurant and/or service businesses are needed in the downtown Silverton area and would be supported? (24 respondents)

- Vegan/vegetarian restaurant
- Italian Restaurant
- More arts & crafts
- Dollar store
- Health Store
- Bath and Spa
- Cosmetics store
- Bookstore

Are there products or services that your business currently purchases out of town that you would purchase in town if they were available? (23 respondents)

- 52.2% reported "yes" there are no products or services that their business currently purchases out of town that they would purchase in town if they were available
- 47.8% reported "no" there are not products or services that their business currently purchases out of town that they would purchase in town if they were available

Those who reported yes commented:

- We need an office supplies store
- Computer store – not retail
- Casual Clothes

In your opinion, what could local businesses do to attract more local residents who are currently shopping in other areas? (17 respondents)

- Longer hours
- Raise awareness of what is here
- Increase parking
- Group advertising
- More advertising
- Competitive prices

What could local businesses do to attract more visitors and other shoppers who live out of the area? (16 respondents)

- Advertise out of area
- Advertise in other community newspapers
- Create unique shopping atmosphere
- Offer the best service around
- Make Silverton a whole-day destination

Businesses that participated in the survey who shared their identities are: (14 respondents)

- Silverton Realty
- Cicily's Guest House
- Ticor Tile
- Silverton Family Clinic
- Stone Buddha, Baby Cakes, The Purl District
- Heron Graphics LLC
- Washington Mutual Bank
- Imagine Homes
- Beads N More
- Capitol Accounting Services
- Silver Falls Alpacas
- Family Fabrics
- GVM Architect

Appendix D

Sample Marketing Materials

Top 10 Reasons to Locate in Silverton



1. **A real commitment to progress!** Since the year 2003, over \$2.5 million has been devoted to private improvements throughout the community.
2. **Unique location**, close to the interstate, but away from the congestion and with historic ambience.
3. **Convenience, selection and plenty of FREE parking!**
4. **Large untapped markets**—local residents, area workers and a growing number of visitors.
5. **Downtown Silverton is a community destination** with nearby attractions, special events and festivals that bringing over 850,000 visitors annually.
6. **Safe, friendly, service-oriented business district**, where you enjoy doing business with your neighbor.
7. **Available space ready for tenants!**
8. **Compact, pedestrian-friendly environment.**
9. **Marketing edge**—active committed business development team and staff focused on making Silverton a regional destination.
10. **A strong sense of community** among business and property owners.

Market Profile...

Silverton's Target Markets



Silverton Trade Area Residents, 2006

Population: 21,821

Median Age: 36.5 years

Median Income: \$53,526

Silverton Daytime Workforce, 2004: 4,333 (*covered employees*)

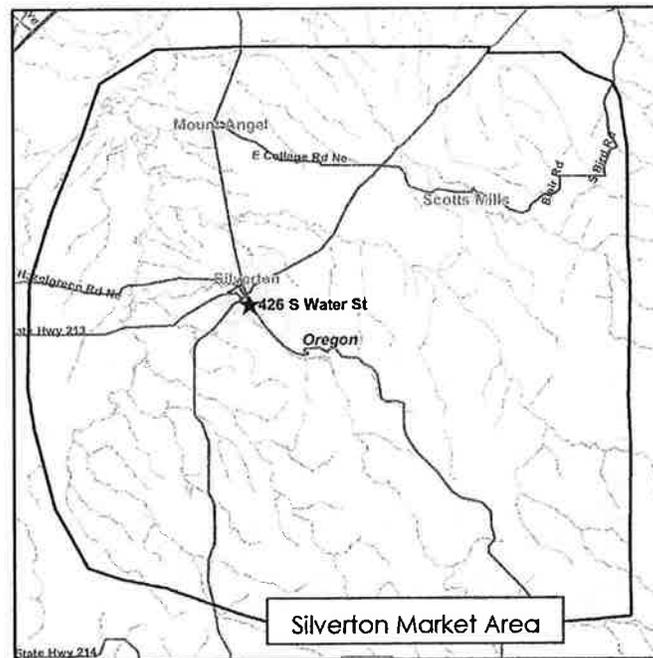
Visitors:

*Marion County visitors spend over \$375 million annually (2004)

* Oregon Garden, 43,000 ('05)

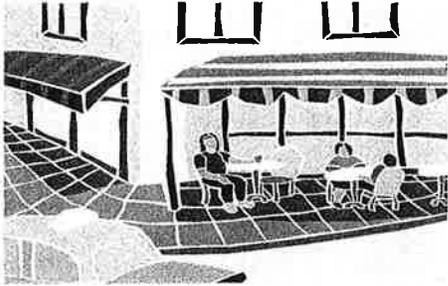
* Silverton Fine Arts Festival, 18,000 ('06)

*Silver Falls State Park, 850,000



Sources: U.S. Census, ESRI BIS, Marketek

Opportunities Abound in Silverton...



Retail Opportunities...

Retail spending potential is based on an analysis of trade area population along with income and retail expenditure potential data.

\$129 million in potential retail sales, 2006
the equivalent of 535,066 square feet

Based on this retail potential and current supply in Silverton, there is significant demand unmet by Silverton retailers:

Unmet Retail Demand (2006) (selected categories)

<u>Category of Merchandise</u>	<u>Unmet Demand</u>
Apparel	\$4,759,448
Home Furnishings	\$3,256,973
Grocery	\$1,385,049
Food & Drink	\$21,311,116
Sporting Goods, Book & Music	\$1,557,418
General Merchandise	\$18,998,233
TOTAL	\$52,648,007

Trade area population growth will add over \$5,600,000 in potential retail sales or 23,000 square feet of demand for retail by the year 2011.



Business Targets

Surveys of business owners and residents, together with the findings of the market analysis reveal the following types of goods and services as being highly desirable for Silverton. The emphasis should be on unique, one of a kind merchandise.

Merchandise

- Casual men's, women's, children's and infant's apparel
- Home décor and furnishings
- Books, music and CDs
- Arts & crafts supplies
- Paper, stationery, cards
- Garden & outdoor accessories
- Unique and specialty pet supplies
- Cosmetics and skin care products

Restaurants & Entertainment

- Fine Italian dining
- Seafood restaurant
- Deli/sandwich shop
- Vegan/vegetarian restaurant
- Live downtown performances

Services

- Vision and dental care
- Tailoring and alterations
- Dry cleaner and laundromat
- Hair/beauty salon/spa

Downtown Silverton Businesses Are On the Go!

2006 Business Survey Results indicate:

- 68% of businesses have grown rapidly or moderately over last 2 years
- 40% plan to expand in 2006-07

Here's What Business Owners Have to Say:

"If you can dream it, you can do it in Silverton!"

"This is a very friendly, hard-working, tight-knit community."

"Silverton is a growing community and business is on the uptick."

"What a pleasant customer base to serve!"

Sample Specialty Retail Marketing Campaign

Critical to the promotion and development of market opportunities in downtown Silverton is a clear depiction of the marketplace within which it exists and communicating the information and vision to the industry.

Goal — Identify and pursue specialty and independent retail compatible with the existing retail in Silverton and in keeping with business targets.

Audience — Locally owned-operated shops not currently represented downtown, regional and other retailers that may be ready to expand into a new market, businesses with current downtown locations in model cities

Task 1. Marketing Preparation

- Identify local specialty shops and/or home-based businesses that do not currently have a location in downtown.
- Match available buildings that would best-fit businesses.
- Personally meet with them to present the vision for downtown Silverton.
- Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- Add them to the database to receive newsletter and updates on downtown and community activities.

Task 2. Contact manufacturers of specialty goods located in Silverton

- Identify area/regional companies manufacturing specialty or unique products.
- Personally meet with them to present the vision for downtown Silverton.
- Invite them to put a local outlet downtown.
- Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- Add them to the database to receive newsletter and updates on downtown activities.

Task 3. Contact specialty retailers currently located in model cities.

- Identify specialty retailers located in other cities such as Salem, Woodburn, Stayton and Portland.
- Send a letter introducing the opportunities in downtown Silverton; offer to personally meet with them to present the vision for downtown Silverton; invite them to expand into the Silverton market.
- Place follow-up calls.
- Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- Add them to the database to receive newsletter and updates on downtown activities.

Appendix E

Downtown Silverton Vacant Property Assessment

Ready for Company?

So you've got the beautiful streetscape, the fantastic 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!

Location of Property _____

Size of Space _____

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)

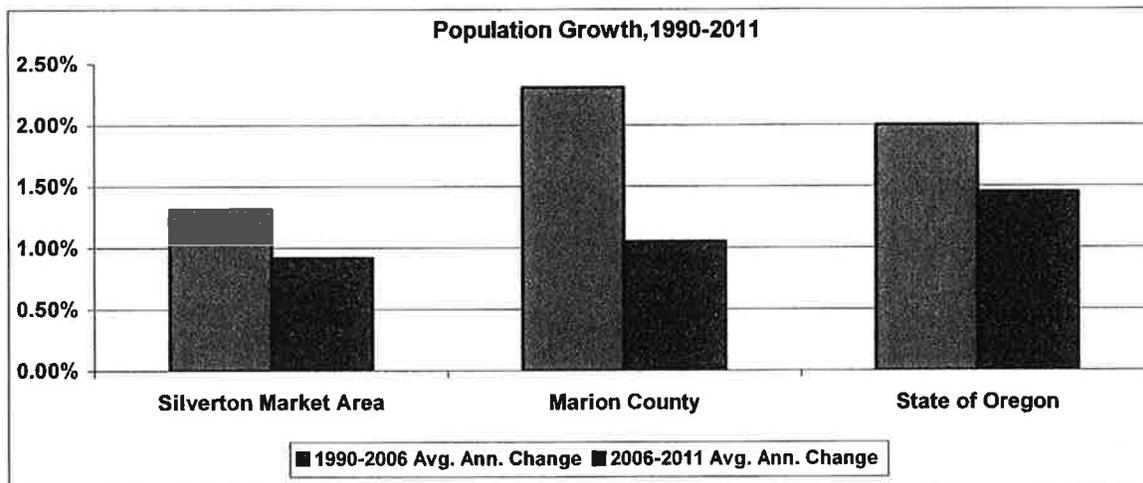
Draw Your Conclusions:

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 the priorities for leasing? What is the game plan for working with the property owner to get properties ready to show?

EXHIBIT S-1
Silverton Market Area, Marion County, State of Oregon
POPULATION GROWTH

1990-2011

Geographic Area	Avg. Ann. Change 1990-2006				Avg. Ann. Change 2006-2011		
	1990	2006 (Estimate)	Number	Percent	2011 (Forecast)	Number	Percent
Silverton Market Area							
Population	18,231	21,821	239	1.31%	22,822	200	0.92%
Households	6,133	7,394	84	1.37%	7,714	64	0.87%
Avg. Household Size	2.85	2.87	0.001		2.88	0.002	
Marion County							
Population	228,483	307,781	15,860	2.31%	323,873	3,218	1.05%
Households	83,494	108,343	1,657	1.98%	113,554	1,042	0.96%
Avg. Household Size	2.60	2.73	0.009		2.75	0.004	
State of Oregon							
Population	2,842,321	3,694,335	56,801	2.00%	3,962,320	53,597	1.45%
Households	1,103,313	1,435,563	22,150	2.01%	1,526,162	18,120	1.26%
Avg. Household Size	2.52	2.52	0.000		2.52	0.000	

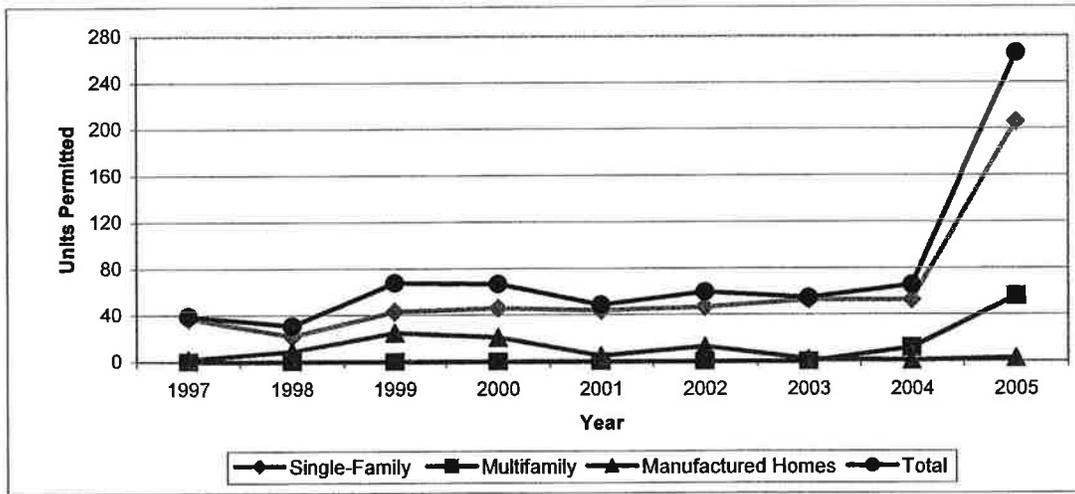


Source: ESRI BIS

- As an indication of the household growth occurring in the Silverton area, Exhibit S-2 displays residential building permits issued since 1997. As shown, single-family homes constitute the majority of housing in Silverton, making up more than 75% of units permitted since 1997.
- The number of residential building permits issued in Silverton increased significantly in 2005. Two hundred and six (206) single-family units were permitted last year, along with 56 multifamily units. Although manufactured homes made up almost a third of residential permits issued from 1998 to 2000, they made up only one percent (1.1%) of units permitted in 2005.

Exhibit S-2

Residential Building Permits City of Silverton, 1997 - 2005



Source: City of Silverton, 2006

B. Age Distribution

- The population within the Silverton market area is older relative to that of Marion County, but slightly younger than that of the State of Oregon. The 2006 median age within the market area is estimated at 36.5 years, compared to a median age of 34.3 years in the county and 37.6 years in the state.
- In 2006, the estimated proportion of the trade area population under the age of 15 is 22.1%, higher than the county (21.7%) and the state (19.1%) for this age group.
- An estimated 14.8% of the market area population is age 15 to 24 in 2006, roughly between the state and county proportions of 14.1% and 15.0%, respectively.
- Prime consumer age categories, ages 25 to 64, comprise approximately 50% of the population in both the Silverton market area and the county; the proportion in the state is slightly higher at 54%.
- In 2006, the share of residents age 65 years and older in the market area is 13.8%, which is above that of the county (12.2%) and state (12.8%).

