

Economic/Market Analysis  
Downtown Fond du Lac, Wisconsin

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## The Vision for Downtown Fond du Lac

*Downtown has great unique stores and restaurants. People of all ages stroll the sidewalks throughout the day and evening. It is a great place to people watch or meet friends. It's easy for downtown employees to find all types of restaurants for lunch or dinner. And employers know that employees like working downtown because there are all kinds of amenities. Residents in the surrounding neighborhoods like the specialty shops, and are able to walk to entertainment and cultural events. New investment in downtown has led to higher property values in the surrounding neighborhoods.*

*Downtown is the cultural center of Fond du Lac. Over at the Windhover Center, there are events and activities of all ages. You can hear the piano bar from the street, and there is jazz and blues down the block. In the winter, kids of all ages can enjoy hot chocolate after skating on the seasonal rink in the heart of downtown. In the summer, you can catch a Friday evening concert in the park, or enjoy a drink or a meal at one of the sidewalk cafes. Arts and crafts galleries offer a multitude of unique goods.*

*Looking for something you can't find at the mall? There are great clothing stores in downtown. Or pick up something new for your house at one of the home furnishings stores or craft galleries. And the bookstores have everything from the latest bestsellers to used and rare books.*

*Want something to do with the kids? Take a class at the Windhover Center or Bravo, make pottery, splash in the fountain, enjoy entertainment at the Farmer's Market, pick out a book or two at the library, skate on the ice rink, watch a puppet show, enjoy a picnic and concert, buy an ice cream cone, take in a play....there's something in every season.*

*People attending meetings and conferences find there is a lot to do downtown. There are lots of restaurants, galleries and shops. The Windhover Center has great show and art exhibits or they can hear music at one of the clubs.*

*And if you are looking for a place to live, downtown has lots of options, from lofts to apartments to condos, in just about every price range. There are plenty of everyday goods and services, so living downtown is really convenient.*

*Downtown is the heart and soul of Fond du Lac.*

## Introduction

Understanding the downtown environment and downtown's role in the 21<sup>st</sup> century is critical to the success of downtown Fond du Lac in the future. The formation of the downtown BID as the primary funding source for the Downtown Fond du Lac Partnership (DFP) was an important initial step. This economic/market analysis has been undertaken to provide a context for focusing future downtown improvement activities.

Successful downtowns are transitioning from the primary employment and shopping location for a community to multifunction districts that serve and attract multiple market niches—daytime workers, entertainment and arts patrons, tourists, shoppers, college students, downtown residents, families, etc. Understanding the role of downtown Fond du Lac within the regional context—its competitive advantages—positions downtown Fond du Lac to be successful in the future.

In the following chapters, the results of one of the research objectives undertaken, stakeholder interviews, are presented. The results of a resident survey and a downtown business survey are then presented. This provides the framework for an assessment of downtown market characteristics and existing conditions. Retail sales and recommended retail niches are described. The final chapters outline overall findings, recommendations, and an action plan for implementation.

There are three appendices providing detailed information on employment, population, and consumer trends. Fond du Lac employment and population trends are examined in Appendix A. Changing consumer demographics and consumer behavior trends are discussed in Appendix B, and trends affecting real estate and development are in Appendix C.

## Chapter 1. Downtown Strengths, Weaknesses, Opportunities and Threats

In the initial stages of the market analysis, approximately 50 downtown stakeholders were interviewed about their perceptions and observations of downtown Fond du Lac, business conditions, issues facing downtown, and desires for the future of downtown. Stakeholders interviewed included retailers, city staff and elected officials, the downtown police officer, convention and visitor bureau staff, major property owners, restaurant owners, major employers, real estate professionals, educational institution leaders and representatives of public and private economic development and business organizations. A focus group of the Downtown Fond du Lac Partnership was also conducted. The results of the focus group and stakeholder interviews are summarized below.

### *Downtown Fond du Lac Partnership Focus Group*

#### **Assets/Strengths**

- |                                    |  |
|------------------------------------|--|
| + Buildings/Architecture           | + Farmer's Market  |
| + History                          | + Library  |
| + Finance Center                   | + Growing Employment Base                                  |
| + New Restaurants                  | + People; increased involvement                            |
| + Professional offices             | + Vibrant atmosphere                                       |
| + Ramada Hotel                     | + Positive police involvement as part of the downtown team |
| + Government Center                | + Interesting Specialty retail                             |
| + Upscale apartments/housing       | + Creative property owners                                 |
| + Cultural Institutions            |  |
| + Downtown Fond du Lac Partnership |  |

#### **Current Weaknesses**

- |   |  |
|---|--|
| ▪ Vacancies   | ▪ Lack of anchors/destinations                         |
| ▪ Parking (perception)  | ▪ "Positive" evening traffic                           |
| ▪ Loitering   | ▪ Funding  |
| ▪ Bar Issues: too many? wrong kind?                                   | ▪ Streetscape  |
| ▪ Lack of interesting specialty retail-- not enough critical mass (1) | ▪ Absentee ownership                                   |
| ▪ Radical alterations to buildings/architecture                       | ▪ Newspaper/publication boxes (not tended, an eyesore) |
| ▪ Not enough quality restaurants                                      | ▪ Not a community priority (1)                         |
| ▪ Lack of awareness about what's downtown                             | ▪ Lack of culture                                      |
| ▪ No direction  | ▪ No "WOW!"  |
|   | ▪ No roadmap to the future                             |
|   | ▪ Lack of Involvement                                  |
|   | ▪ Signage  |

### Opportunities

- + Riverfront development
- + Housing (1)
- + Filling commercial space
- + Investment in downtown (3)
- + Expand cultural area/activities (3)
- + Growing consensus about needs: restaurants and specialty retail (4)
- + Restoring historic flavor
- + Capturing consumer leakage
- + Shaping public opinion (1)
- + Active consumer market
- + Changing demographics: willing to spend dollars here
- + Development near lake (on the downtown fringe)
- + Streetscape
- + Path to downtown from Highway 41
- + Political climate: city council supportive
- + Employment growth
- + Expand funding
- + Maximize transit to benefit downtown
- + Develop a plan (3)
- + Utilize upper stories for housing

### Threats

- That the Ramada would change from hotel use (1)
- Ownership apathy (1)
- Lack of funding for the BID (2)
- Inertia
- Outdated attitudes
- Growth from other retail centers (2)
- Change in political climate
- Old antagonisms
- Highway 151 bypass
- Unplanned building demolitions
- City Hall: what should be the regulatory environment?
- BID "sunset" clause
- Thinking too small (1)
- Closing the Main Street exit to downtown (on Highway 41)
- Deteriorating property
- Community perceptions (1)
- Safety issues (evening primarily)
- Poor planning (1)
- Lack of diversity: types of businesses

### *Stakeholder Interviews*

The following summarizes the key observations of stakeholders about issues facing downtown Fond du Lac.

<b>Strengths</b>
<ul style="list-style-type: none"><li>✓ Arts/cultural institutions in downtown</li><li>✓ Association of Commerce</li><li>✓ the Fond du Lac Economic Development Corporation</li><li>✓ Financial services, government, professional services, and hospitality all located downtown</li><li>✓ Existing restaurant base</li><li>✓ Because of the Partnership, businesses are talking to each other more</li><li>✓ Unique businesses; downtown is “recognizably different” from the mall</li><li>✓ Cleaned up noticeably</li><li>✓ Financial services in downtown</li><li>✓ Significant infrastructure in downtown</li><li>✓ Concentration of economic activity</li><li>✓ Buildings: architecture and diversity</li><li>✓ Library</li><li>✓ Windhover Center bringing people downtown in the evening.</li></ul>

<b>Weaknesses</b>
<ul style="list-style-type: none"><li>▪ Need publicity and organization of activities for conference/meeting attendees and spouses</li><li>▪ Not enough restaurants (casual fast food, micro brewery, ethnic)</li><li>▪ Parking (on street)</li><li>▪ Parking (numerous mentions)</li><li>▪ City doesn’t support downtown; industrial park perceived to be more important to receive city services</li><li>▪ Some new retailers lack retail experience—merchandising, design, store layout</li><li>▪ Buses on Main Street; transit riders are generally not shoppers</li><li>▪ Lack of awareness of downtown businesses</li><li>▪ Upscale consumers shopping in Kohler, Appleton, Milwaukee, Chicago</li><li>▪ Bars too much alike: diversify entertainment with a jazz club, other music venues</li><li>▪ Retail is too dispersed</li></ul>

### Opportunities

- ✓ Incubator in downtown in conjunction with Marian College
- ✓ Joint venture for student housing in downtown with Marian College
- ✓ Publicize why downtown is important to a community
- ✓ Labor force is shifting to white collar; newer higher income households are shopping outside Fond du Lac
- ✓ Developing specialty retail niches
- ✓ Establish revolving loan program for façade and building improvements
- ✓ Loft-type condos/apartments
- ✓ Take advantage of the riverfront; link to Main Street
- ✓ Redevelopment of the Quick Frez Property
- ✓ More public/private partnerships
- ✓ Establish a vision for downtown and implement quickly
- ✓ Need upscale restaurants
- ✓ Adults are looking for a place to shop
- ✓ Additional complementary retail: Books, gifts, women's wear, candy store, convenience goods
- ✓ More events and concerts in downtown
- ✓ Low interest loan program to develop/rehab buildings
- ✓ Community Forum on the value and role of downtown in a community
- ✓ Convention facilities
- ✓ Take advantage of changing demographics: empty nester, white collar workers, more disposable income
- ✓ Upscale "business suitable" restaurant

### Threats

- Economy
- Lack of capital
- Absentee corporate ownership
- Political climate change that doesn't support downtown objectives
- Lack of enforcement re: nuisances associated with bars
- Losing big businesses/tenants
- Aging building structures/lack of reinvestment
- Diversification of ownership
- Absentee ownership
- City fiscal constraints
- Friendly evening policing so everyone feels safe
- Losing businesses/major employers
- Losing diversity in incomes
- Lack of awareness and interest in the value of downtown



## Chapter 2. Fond du Lac Resident Market Survey

Fond du Lac residents were surveyed about their use and perceptions of downtown Fond du Lac. A total of 356 surveys were returned, including 81 from a survey placed in the Fond du Lac Reporter, and 275 completed on the Reporter web site. The results of the survey are discussed below.

### *Summary of Key Findings*

- Downtown continues to be a significant employment center.
- There is strong desire for additional restaurants and retail in downtown by community residents.
- Desirable types of retail include women's apparel, shoes, specialty stores/boutiques, discount stores, and sporting goods/toys/hobby stores.
- Desirable restaurants include ethnic (specifically Italian), fine dining, casual bar and grill, seafood, vegetarian, cafes/bistros and fast food.
- Downtown is still a destination for many Fond du Lac residents.
- There is no local competition for specialty retail, although a competitive area could develop along the west side of Highway 41 unless downtown quickly establishes its niche.
- Very few survey respondents use public transit to get downtown.
- Perceptions of limited parking, the lack of diverse retail and restaurants, and lack of consistency in business hours are the major barriers to downtown's competitive position within the overall Fond du Lac retail and restaurant environment.

### *Detailed Survey Findings*

More than three-quarters (77.8%) of all respondents visit downtown at least once a month, with 45% visiting at least once a week. Nearly 20% visit between once and four times per year. Only 2% never visit downtown.

Table 1.  
Question 1. How often do you visit downtown Fond du Lac?

	Number	Percent
Once a week or more	161	45.2%
Once a month	116	32.6%
Four times a year	45	12.6%
Once a year	26	7.3%
Never	8	2.2%
Total	356	100.0%

Source: Fond du Lac Resident Survey, CommunityFutures

Dining, personal services and shopping were the three most frequently cited reasons for visiting downtown, although nearly nine out of ten also cited "other" reasons for being

downtown. Of those other reasons, work, the library, and the farmer's market were most often mentioned specifically.

Table 2.  
Question 2. If you do visit downtown Fond du Lac, is it for:

	Number	Percent
Shopping	131	36.8%
Personal Services	180	50.6%
Dining	182	51.1%
Government	64	18.0%
Entertainment	51	14.3%
Church	40	11.2%
Special Events	64	18.0%
Other	311	87.4%
Work	25	7.0%
Library	10	2.8%
Farmer's Market	7	2.0%

Source: Fond du Lac Resident Survey, CommunityFutures

Government offices and agencies, church/religious institutions, entertainment and special events were mentioned less often, although these purposes still accounted for between 11% and 18% of respondents.

The overwhelming majority of respondents visit downtown via autos. Walking was the second most frequently mentioned mode of transportation, at 9.0%. Three percent bike to downtown, while only 1.1% use the public bus system to get downtown.

Table 3.  
Question 3. Which mode of transportation do you usually use to visit downtown?

	Number	Percent
Auto	330	92.7%
Public Transit	4	1.1%
Bike	11	3.1%
Walking	32	9.0%
Total	377	105.9%

Note: Percentage exceeds 100% due to multiple responses.  
Source: Fond du Lac Resident Survey, CommunityFutures

The survey also asked why residents didn't visit downtown more often. Parking availability was most frequently mentioned, with one-third of respondents citing this barrier. The lack of diverse retail was mentioned by 31% of respondents. Twenty percent cited business hours of operation, while 18% said that the lack of restaurants was a disincentive.

On a positive note, safety, lighting and maintenance were not widely seen as major issues in downtown Fond du Lac.

Table 4.  
Question 4. If you don't visit downtown Fond du Lac, is it because of:

Reasons for Not Visiting Downtown		
	Number	Percent
Lacks Restaurants	63	17.7%
Safety	34	9.6%
Lack Diverse Retail	111	31.2%
Poor Lighting	8	2.2%
Limited Parking	119	33.4%
Lacks Maintenance	15	4.2%
Business Hours of Operation	72	20.2%
Other	289	81.2%

Source: Fond du Lac Resident Survey, CommunityFutures

Among the “other” reasons for not visiting downtown, convenience and wider variety of merchandise at the mall and major discounters were mentioned, along with accessibility and disabled parking availability. “Rowdy” bars and cruising Main were also mentioned.

There is strong consumer desire for additional retail and restaurants in downtown. When asked about desirable additions to downtown, 90% suggested additional retail and 87% suggested additional restaurants. The most frequently mentioned type of retail was apparel, with more than 13% of respondents identifying a variety of apparel store types. In particular, women’s apparel, including women’s business attire and apparel for women aged 25-44, were specifically mentioned, along with shoes.

Other types of retail mentioned included more specialty stores and boutiques, a department store, and discount stores, which were each mentioned more than 10 times. Other store types that received multiple mentions included a dime/variety store, art/craft supplies, fabrics/notions, gifts/candles/cards, chain stores, sporting goods, toys, convenience foods and hardware.

A great variety of restaurant types were suggested, with ethnic restaurants capturing the highest number of mentions, by 17% of respondents. By type of cuisine, Italian was mentioned most frequently at 8%, followed by Mexican, Chinese, Thai, Japanese, Indian, Greek, and Middle East.

Table 5.

Question 5. Which improvements would encourage you to visit downtown Fond du Lac more often?

	Number	Percent
Additional Restaurants	308	86.5%
Additional Retail	322	90.4%
Consistency in Hours of Operation	87	24.4%
Better Information	141	39.6%
More Accessible Parking	192	53.9%
Nothing! Leave it Alone!	11	3.1%
More Special Events	283	79.5%

Source: Fond du Lac Resident Survey, CommunityFutures

Outside of ethnic restaurants, additional fine dining establishments was mentioned by more than 5% of respondents. Other specific restaurant types included casual, upscale bar and grill, family/homestyle, fast food, seafood, outdoor cafes/bistros, music clubs, a tearoom, and vegetarian.

In addition to more restaurants and retail establishments, respondents want more special events (80%). Specific types of events mentioned include fairs and festivals of all types (food, art, holiday celebrations, etc.); live music and concerts, and theatre.

Other desirable additions included more accessible parking (54%), better information about what's available downtown (40%); and consistency in business hours.

When asked what other shopping areas in the region they patronized at least once a month, more than three-quarters cited the Forest Mall. More than four out of ten shop at Forest Plaza, across from the Forest Mall, and 27% shop on Scott Street. More than one-quarter shop at the Fox River Mall in Appleton, and 19% shop at the Oshkosh Outlet Mall.

Table 6.

Question 6. Which of the following area business districts do you visit at least once a month?

	Number	Percent
Forest Plaza	155	43.5%
Oshkosh Outlet Mall	68	19.1%
Forest Mall	273	76.7%
Fox River Mall	92	25.8%
Pioneer Plaza	54	15.2%
Kohler	13	3.7%
Scott Street	96	27.0%
Other	300	84.3%

Source: Fond du Lac Resident Survey, CommunityFutures

More than 84% also indicated they shop outside of the identified shopping centers and districts. Of those areas specifically identified, Target and/or Wal-Mart were mentioned by 11% of respondents (with the majority mentioning both). Other locations or stores that received multiple mentions included Menards, Milwaukee, West Bend, Chicago, Oshkosh, Madison and ShopKo.

### *Respondent Demographic Characteristics*

The majority of respondents (71%) have lived in Fond du Lac for more than 10 years. An additional 10% have lived in Fond du Lac for between five and 10 years, while 13% have lived in the community for between one and five years.

Table 7.  
Question 7. Please indicate how long you have lived in Fond du Lac

	Number	Percent
Less than 1 year	12	3.4%
1-5 years	46	12.9%
5-10 years	36	10.1%
More than 10 years	254	71.3%

Source: Fond du Lac Resident Survey, CommunityFutures

A total of 60% of survey respondents were female, while 37% were male.

Table 8.  
Question 8. What is your gender?

Gender	Number	Percent
Male	132	37.1%
Female	214	60.1%
No Answer	10	2.8%

Source: Fond du Lac Resident Survey, CommunityFutures

Respondents were asked to identify the quadrant of the city in which they lived, with Division and Main being the dividing lines. More than 40% of respondents live in the southeast quadrant, while nearly one-quarter (24%) live in the northeast quadrant. Approximately 16% each live in the northeast and northwest quadrants.

Table 9.  
Question 9. What quadrant of Fond du Lac do you live in?

	Number	Percent
Northeast	86	24.2%
Northwest	57	16.0%
Southeast	145	40.7%
Southwest	59	16.6%
No Response	9	2.5%
Total	356	100.0%

Source: Fond du Lac Resident Survey, CommunityFutures

More than half of all respondents reported household incomes of more than \$50,000. Of this segment, half reported incomes in the \$50,000 to \$75,000 range, with the other half in the \$75,000 or more range.

Table 10.  
Question 10. Please indicate your annual household income

Household Income	Number	Percent
Under \$25,000	30	8.4%
\$25,000-34,999	41	11.5%
\$35,000-49,999	68	19.1%
\$50,000-74,999	93	26.1%
\$75,000-99,999	51	14.3%
\$100,000 or more	40	11.2%
No Response	33	9.3%
Total	356	100.0%

Source: Fond du Lac Resident Survey, CommunityFutures

The majority of respondents said their household included two to three persons. More than one-quarter indicated a household size of four to five persons, while 16% were one-person households.

Table 11.  
Question 11. How many people live in your household?

	Number	Percent
1 person	58	16.3%
2-3 persons	182	51.1%
4-5 persons	97	27.2%
6 or more	11	3.1%
No Response	8	2.2%
Total	356	100.0%

Source: Fond du Lac Resident Survey, CommunityFutures

Nearly all respondents were over age 18. The largest share, 37%, was between 35 and 49, while 32% were between 18 and 34. More than one-quarter (26%) were between 50 and 64, while 9% were over 65.

Table 12.  
Question 12. Please indicate your age?

	Number	Percent
Under 13	0	0.0%
13-18	4	1.1%
18-34	113	31.7%
35-49	133	37.4%
50-64	93	26.1%
65 or older	33	9.3%
Total	356	105.6%

Percentage totals more than 100% due to multiple responses  
Source: Fond du Lac Resident Survey, CommunityFutures

## Chapter 3. Downtown Fond du Lac Business Survey

### *Summary of Key Findings*

- Downtown’s central location and rent structure are key location determinants for businesses there.
- The majority of businesses have been in downtown for 10 years or more and intend to stay in downtown.
- Professional services and financial institutions were identified as key downtown anchors.
- Business conditions are generally stable, although there is concern about the economy. (Surveys were returned both before and after September 11.)
- Parking is the most significant negative attribute of being located downtown.
- Additional public parking, diversifying the business mix, and making downtown more inviting (through streetscape, façade improvements, a pedestrian-friendly district and improved public spaces and parks) were the most desired public improvements.
- Recruiting additional retail stores and restaurants were the most desirable private sector improvements.
- There is very little consistency in operating hours.

### *Detailed Survey Findings*

The majority of business owners and operators surveyed cited the price of the retail or office space as a key reason for locating their business in downtown Fond du Lac. Nearly half mentioned the central location as an important factor. One-quarter of survey respondents cited reasons other than those on the survey. Of these responses, 11% noted that downtown was the original location of the business.

Table 13.  
Question #1: Why did you choose to locate your business downtown?

	<u>#</u>	<u>%</u>
price of office/retail space	53	51%
employee base	6	6%
close to suppliers	1	1%
availability of parking	11	11%
to be near related businesses	11	11%
proximity to highway	5	5%
central location	50	48%
access to customer base	11	11%
do not know	5	5%
other	26	25%
Totals:	187	181*

(\* Total percentage exceeds 100% due to multiple responses.)



Summary of "Other":

no comment = 10	available at the time = 1
original location of business = 11	to be downtown = 1
likes area = 1	bus near by = 1
right building = 1	

The majority of businesses surveyed have been in the downtown area for at least 10 years. Nearly 40% of all survey respondents' businesses have been in the downtown area for 20 years or more, while 22% have been in downtown for between 10 and 20 years. However, nearly one-quarter have been in downtown for less than five years.

Table 14.  
Question #2: How long has your business been located downtown?

	#	%
less than 1 year	10	9.6%
1 to 2 years	3	3%
2 to 5 years	12	11.5%
5 to 10 years	15	14%
10 to 20 years	23	22%
<u>20 years or more</u>	<u>41</u>	<u>39%</u>
Totals:	104	100%

The majority of businesses are not planning to relocate their business outside of downtown Fond du Lac. Less than 10% indicated plans to relocate within five years.

Table 15.  
Question #3: Are you planning to relocate your business out of the downtown area?

	#	%
within 1 year	3	3%
within 5 years	6	6%
within 10 years	2	2%
within 20 years	1	1%
not planning to relocate	86	84%
other	4	4%
<u>no answer</u>	<u>2</u>	<u>2%</u>
Totals:	104	100%

Summary of "Other":

unknown at this time = 1  
maybe = 1  
not sure = 1  
no comment = 1

While the majority (58%) of survey respondents are not planning to expand their businesses, more than one-quarter of respondents are planning on business expansion within the next 18 months.

Table 16.  
Question #4: Do you plan to expand your business?

	<u>#</u>	<u>%</u>
within the next 6 months	10	9.6%
within the next 12 months	11	10.6%
within the next 18 months	5	5%
not planning to expand	60	57.6%
other	10	9.6%
decline to answer	7	7%
<u>no answer</u>	<u>1</u>	<u>1%</u>
Totals:	104	100%

Summary of "Other":

- 2 years = 2
- maybe = 2
- now = 1
- growth? = 1
- no comment = 4

Most survey respondents expected no change in their business's employment over the next six to twelve months. However, nearly one-quarter (24%), were expecting to increase employment over that period. Only 2% expected to decrease the number of employees.

Table 17.  
Question #5: Are you planning on increasing or decreasing the number of your employees within the next 6 to 12 months?

	<u>#</u>	<u>%</u>
increase employment	25	24%
decrease employment	2	2%
no change	62	60%
don't know	12	11.5%
<u>decline to answer</u>	<u>3</u>	<u>3%</u>
Totals:	104	100%

Generally, business respondents are doing as well as or better this year compared to previous years. Nearly four of ten (36%) reported that business was better, while 23% said that business was the same. Slightly more than one-quarter said that business was worse than in previous years.

Completion of Main Street construction was the most frequently mentioned reason for improved business, along with a larger customer base and better customer awareness.

For those who said that business was worse, economic conditions were cited by 13% of respondents.

Table 18.  
Question #6: How do you compare the volume of business this year compared to previous years?

	#	%
better	37	35.6%
no change	24	23%
don't know	9	9%
worse	27	26%
<u>decline to answer</u>	<u>7</u>	<u>7%</u>
Totals:	104	100%

Summary of "If better why?":

no street construction = 5  
more customers = 3  
reputation/word of mouth = 2  
new location = 1  
up 10% = 1  
new competitor is no longer new = 1

marketing/advertising = 4  
customer awareness = 2  
improved products = 1  
last year was just plain bad = 1  
don't know = 1  
no comment = 15

Summary of "If worse why?":

down economy = 14  
street closed/construction = 2  
don't know = 1  
higher overhead = 1

fewer customers downtown = 3  
fewer businesses downtown = 1  
down 10% = 1  
no comment = 4

Nearly one-third of respondents said that location was the most important attribute of being located in downtown Fond du Lac. One in five said it was downtown's "sense of place."

Table 19.  
Question #7: what single attribute of the downtown area do you feel has the most positive effect on your business?

	#	%
location	33	32%
parking	3	3%
access to customer base	9	9%
proximity to highway	2	2%
existing business base	11	10.6%
downtown "sense of place"	21	20%
no opinion	18	17%
other	6	6%
<u>no answers</u>	<u>1</u>	<u>1%</u>
Totals:	104	100%

Summary of “Other”:

none of the above = 2  
 charm of old buildings = 1  
 we don't fit a high traffic locale = 1  
 downtown gives credibility = 1  
 no comment = 1

Business owners and operators cited lack of parking as the attribute that had the most negative effect on their business. Loitering was identified as another serious negative attribute, followed by lack of parking for employees.

Table 20.

Question #8: In rank order, what attributes of the downtown area do you feel have the most negative effect on your business? (1 = most negative, 8 = least negative)

<u>rank</u>	<u>attribute</u>	<u>rating</u>
1	lack of parking	2.55
2	other	3.04
3	loitering	3.7
4	lack of parking for employees	4.01
5	crime/lack of safety	4.33
6	attractiveness of businesses	4.40
7	cleanliness	4.46
8	no sense of community	5.15

Summary of “Other”:

no retail variety = 4  
 charm of old buildings = 1  
 parking abuse by employees = 2  
 parking cost too high = 1  
 no large retailer = 1  
 lack of business diversity = 1  
 bad traffic patterns/traffic lights = 1  
 smelly dumpsters = 1  
 noise = 2  
 no alley lights = 2  
 policing of parking = 1  
 parking meters = 1  
 not enough retail space = 1  
 no signage = 1  
 messy trees = 1  
 no comment = 3

The most important public expenditure identified by survey respondents was additional public parking. A variety of “other” suggested expenditures was collectively ranked second. An improved “sense of place” was also desirable: the third most important priority was an improved pedestrian environment, and a public plaza or other public place was ranked fourth. Improved cleanliness of streets and sidewalks was ranked fifth.

Table 21.

Question #9: In rank order, what public expenditures do you feel would most improve the economic health of the downtown? (1 = highest, 13 = lowest)

<u>rank</u>	<u>attribute</u>	<u>rating</u>
1	additional public parking	3.46
2	other	3.84
3	improve pedestrian environment	5.26
4	a plaza/public "place"	5.46
5	additional street cleaning/sidewalk sweeping	5.65
6	façade loan program	5.85
7	cultural and recreational facilities	5.87
8	landscaping	6.0
9	additional parks/green spaces	6.19
10	location and directional signs	7.51
11	code enforcement	7.63
12	historic district program	7.67
13	infrastructure improvements	9.1

Summary of "Other":

need handicap facilities/parking = 1	more parking = 2
advertise/promote downtown = 1	attract new businesses = 1
don't know = 1	fill empty buildings = 1
first class housing = 1	less codes = 1
fix misconceptions about parking problems = 1	replace trash bins = 1
recruit a variety of businesses = 1	fewer bars = 1
tax cuts for business owners = 1	more diverse retail = 1
police public parking = 1	no comment = 2

When asked to identify private projects that would be of greatest benefit to downtown, respondents said that additional independent stores would be of the greatest benefit. Additional restaurants was ranked second, followed closely by additional entertainment activities and venues. "Other" improvements ranked fourth, with parking issues predominating. Additional market rate and affordable housing were ranked fifth and sixth, respectively.

Table 22.

Question #10: In rank order, what private project (s) do you feel would have the greatest benefit to the downtown area? (1 = greatest benefit, 6 = least benefit)

<u>rank</u>	<u>Attribute</u>	<u>rating</u>
1	additional independent stores	1.59
2	additional restaurants	2.72
3	movie theater/entertainment	2.82
4	Other	3.33
5	additional market rate housing	3.88
6	additional affordable housing	4.99

Summary of "Other":

more parking = 3  
add chain stores = 2  
parking ease = 1

free parking = 2  
grocery/day care = 1

Respondents identified professional services as the single attribute that brings customers downtown, with 31% of respondents. More than 20% said that financial institutions were the single most important customer draw in downtown Fond du Lac, while nearly the same number identified the variety of retail stores. Transit/bus service was identified as one of the least important attributes to bring customers downtown.

Table 23.

Question #11: What single attribute do you feel draws customers downtown?

	#	%
variety of retail stores	20	19%
restaurants/bars	15	14%
transit/bus service	1	1%
professional services	32	31%
financial institutions	23	22%
other	6	6%
<u>no answer</u>	<u>7</u>	<u>7%</u>
Totals:	104	100%

Summary of "Other":

location, middle of FdL = 2  
all of the above = 1

anchor and/or retail = 2  
employment = 1

## Chapter 4. Downtown Fond du Lac Market Characteristics

### *Summary of Key Findings*

- ◆ Of the two million square feet of building space in the BID district, 44% is ground level, and 23% is on the second floor.
- ◆ The median property sales price in 1999 and 2000 was \$22 per square foot.
- ◆ The overall vacancy rate (excluding basement space) is estimated at 8% at mid-year 2001.
- ◆ Retail asking rates range from \$4.50 to \$7.20 per square foot.
- ◆ Office asking rates range from \$7.50 to \$18.50 per square foot.
- ◆ Major anchors in downtown are services, retail, finance/insurance/real estate, restaurants/bars and government.
- ◆ There are nearly 5000 parking spaces in downtown, of which one-quarter are public metered spaces.

### *Downtown Space Inventory*

There is a total of two million square feet of building space within the BID district; 1.52 million square feet is ground level or upper level (not basement) space. There is nearly 875,000 square feet of ground level space within the district, accounting for more than half of all non-basement space. An additional 472,000 square feet is on second floors. Only 14 of the 218 structures have more than two floors, comprising a total of 175,500 square feet.

Table 24.  
Downtown Fond du Lac Partnership  
Space Inventory

Space by Floor Level	Square Feet
Basement	489,500
First Floor	874,800
Second Floor	471,900
Third Floor	90,300
Fourth Floor	32,400
Fifth Floor and Higher	52,800
Total	2,011,700
Total without Basements	1,522,200

Source: Downtown Fond du Lac Partnership and CommunityFutures

### *Property Sales*

Property sales within the BID district have been tracked since the formation of the BID in 1999. In 1999, 14 properties totaling nearly 67,000 square feet were sold in "arm's length"

transactions. On a per square foot basis, the average price was \$22.03. However, the price per square foot per building ranged from a low of \$6.61 to \$55.02, with a median price of \$25.56.

In 2000, 10 properties were sold, encompassing near 50,000 square feet. The average price per square foot was \$16.38. On a building-by-building basis, the price per square foot ranged from \$7.30 to \$47.20, while the median price was \$17.30.

Table 11.  
Downtown Fond du Lac Partnership  
Property Sales, 1999-2000

	Square Feet	Total Sales	Price/SF	High	Low	Median
Total '99	66,959	\$ 1,474,850	\$ 22.03	\$ 55.02	\$ 6.61	\$ 25.56
Total '00	49,884	\$ 817,200	\$ 16.38	\$ 47.20	\$ 7.30	\$ 17.30
Total 99-00	116,843	0 \$ 2,292,050	\$ 19.62	\$ 55.02	\$ 6.61	\$ 21.92

Source: City of Fond du Lac and CommunityFutures

Combining all sales in 1999 and 2000, nearly 117,000 square feet of property was sold, with an average price per square foot of \$19.62. The median price per square foot during this period was \$21.92.

### *Downtown Vacancies*

Downtown vacancies were analyzed using the Fond du Lac Partnership's 2001 Vacancy Guide. These represent properties that are actively being marketed for sale or lease. Approximately 83,000 square feet of space was for sale at mid-year 2001. More than half the total square footage, however, was accounted for by only two properties. Retail space accounted for nearly 21% of total space for sale, while restaurants accounted for 17%. Office space comprised the largest percentage, at 58%.

The asking price on a per square foot basis ranged from \$12.25 (for a property needing repairs after being vandalized) to a high of \$49.16. The average asking price per square foot for all properties combined was \$25.31, while the median asking price per square foot was \$22.40.



Table 25.  
Property Vacancies  
Downtown Fond du Lac, 2001

Summary: For Sale (11 properties)		
Retail	17,231	20.8%
Office	47,847	57.8%
Restaurant	14,170	17.1%
Other	3,600	4.3%
Total	82,848	100.0%
Summary: For Lease (19 properties)		
Retail	5,114	9.8%
Office	23,331	44.8%
Off/Retail/Services	17,050	32.7%
Storage	6,600	12.7%
Total	52,095	100.0%
Overall Total	134,943	

Source: Downtown Fond du Lac Partnership and CommunityFutures

A total of 52,000 square feet of space was offered for lease in 19 separate properties. Less than 10% of the square footage was strictly retail, although an additional 33% could be used for either retail or office. Nearly 45% of the space for lease was office space, while 13% was storage space.

Excluding the storage space, asking lease rates for retail or retail-suitable space ranged from \$4.50 to 7.20. Asking rates for office space ranged from \$7.50 to \$18.50, with higher quality office space in the \$12-\$18 range.

### *Business Inventory*

There were slightly more than 300 establishments operating within the BID district boundaries at mid-year 2001. The largest share of businesses was identified as miscellaneous service establishments, at 20%. Retail businesses comprised the second largest share, at 16%. The next largest business sector in terms of total establishments was the finance, insurance and real estate sector, accounting for 15% of all businesses. Restaurants and bars accounted for 12% of all establishments.

Table 26.  
Fond du Lac Partnership  
Business Inventory, 2001

Business Type	Number of Establishments	Percent of Total Establishments
Accounting	7	2%
Automotive Sales/Service	4	1%
Associations/Service Organizations	7	2%
Construction/Contractors	7	2%
Education/Government	10	3%
Entertainment	2	.5%
Finance, Insurance and Real Estate	46	15%
Fitness	5	2%
Legal	20	6%
Manufacturing	3	1%
Media	2	.5%
Medical/Dental	15	5%
Printers	5	2%
Restaurant/Bars	36	12%
Retail	50	16%
Miscellaneous Services	63	20%
Information/Computer Services	12	4%
Salons/Barbershops	16	5%
Hospitality/Travel	3	1%
Total	313	100%

Source: Downtown Fond du Lac Partnership and CommunityFutures

### *Existing Conditions and Niches*

There are a variety of business niches with critical mass in the downtown area. For example, service businesses, including financial, legal, information/computer, and professional services comprise approximately half of all businesses in downtown Fond du Lac. It is important to retain this business base in downtown, as it is a vital daytime market for the downtown area.

Government is also a key anchor for downtown, including the city, the county, the police and courts, and a variety of social services.

There are a variety of retail establishments. Several, including Brauer's, Edith's, Leath's Furniture and Wood's Floral, are long-established businesses with a trade area that encompasses up to 10 surrounding counties.

There is a "bridal/wedding" niche that exists and should be promoted. Existing businesses in this niche include wedding and formal wear, floral, photography, invitations, catering, reception facilities and jewelers. Developing marketing materials and events such as a

bridal fair and fashion show, a downtown bridal registry and a Bride's Guide to Downtown would publicize this existing but unmarketed niche.

Downtown also has a music/hobby/sporting goods niche that can be expanded. Quilting and fabric arts are developing a critical mass of their own. Additions could include pottery, recorded music, general sporting goods, etc.

Evening entertainment is well represented by bars and taverns. With the recent addition of Bravo and the Windhover Center for the Arts, fine arts and cultural activities are becoming better represented. Expanding this cultural/entertainment niche through the addition of alternative venues such as a coffeehouse with live music, a jazz/blues club, a piano bar, and/or a comedy club would be strategic additions to this niche, and would diversify the evening market in downtown.

Apparel, especially women's apparel, is underrepresented in downtown Fond du Lac. Other specialty retail categories such as gifts, home furnishings (soft goods, housewares and accessories), arts and crafts (both supplies and finished products), consumer electronics, specialty foods, leather goods, educational supplies and toys, would enhance the retail offerings in the downtown area. (Additional store types are discussed in Chapter 9.)

### *Parking*

While there is an abundance of parking in downtown Fond du Lac (with nearly 5,000 spaces), there are also significant perceived supply issues and real management and availability issues. For example, the bus staging/transfer station on Main removes a whole block of free parking where it is most needed. Second, the fact that public lots include a mix of metered and permitted parking (with some lots so dominated by permit spaces that they might as well not be identified as public lots), there is significant real confusion about where to park. Third, outlying lots in many communities are either free (to encourage employees to park there) or entirely permit (for the same reason—employees will walk further because they have to). In Fond du Lac, even outlying lots include both metered and permitted spaces—none of which are free. This encourages employees to park wherever it's most convenient, often taking valuable customer parking. Finally, a large percentage of the total parking spaces in downtown are in fact, private spaces for individual businesses and their customers and employees. An analysis of the parking supply in downtown shows that more than 3,200 spaces are private. Of the 1,450 public spaces in public lots, only about 350 are metered, and about 50 are for handicapped persons. Therefore, only 24% of the spaces in public lots are available to the general public during the day.

## Chapter 5. Retail Sales and Retail Niches

### *Summary of Key Findings*

- ◆ Auto and auto supply, general merchandise and food and beverage stores account for 60% of citywide retail sales.
- ◆ Downtown Fond du Lac has the following existing retail niches: bridal/wedding (although not promoted); music/hobby/books/sporting goods; and entertainment.
- ◆ The three niche opportunities with the most initial potential are restaurants, apparel, and home furnishings.
- ◆ Restaurant niche opportunities include:
  - ◆ casual fine dining
  - ◆ ethnic (particularly Italian)
  - ◆ deli-bakery
  - ◆ brewpub
  - ◆ coffeehouse/bakery
  - ◆ vegetarian
  - ◆ ice cream/candy
- ◆ Retail niche opportunities include:
  - ◆ apparel and accessories (women's, children's, accessories and specialty goods)
  - ◆ "hearth and home" (housewares, garden, bed & bath, accessories)
  - ◆ Bridal/Wedding
  - ◆ miscellaneous/specialty retail
- ◆ Family-Oriented Activities
  - ◆ instructional studios
  - ◆ hobbies/music/sporting goods/books
  - ◆ events
  - ◆ eating establishments
- ◆ Entertainment Niches
  - ◆ arcade
  - ◆ arts and crafts
  - ◆ events
  - ◆ entertainment targeted to the 30-55+ age group

### *Trade Area*

The primary trade area for downtown Fond du Lac is Fond du Lac County, although several specialized downtown merchants have trade areas that include adjacent counties.

### *Retail Sales*

Since Fond du Lac County does not have a county or city sales tax, sales tax data is not available for either the county or the city. Therefore, the Bureau of the Census 1997

Census of Retail Trade is the most reliable source of data about retail sales at the local level in Fond du Lac County.

Table 27.  
Fond du Lac Retail Sales

	1997 Retail Sales (\$000s)					
	State		Fond du Lac County		Fond du Lac City	
	Establish- ments	Sales	Establish- ments	Sales	Establish- ments	Sales
Motor Vehicle & Parts Dealers	2,616	\$ 13,443,679	58	\$ 241,296	39	\$ 162,938
Furniture & Home Furnishings	1,222	\$ 1,276,590	21	\$ 16,346	15	\$ 12,108
Electronics/Appliance Stores	870	\$ 1,337,075	18	\$ 19,000	10	\$ 10,555
Building Materials/Garden Equip.	2,367	\$ 5,770,115	43	\$ 102,962	20	\$ 67,641
Food & Beverage Stores	2,372	\$ 7,830,155	38	\$ 145,657	17	\$ 99,770
Health & Personal Care Stores	1,348	\$ 1,904,229	26	\$ 35,208	20	\$ 26,148
Gasoline Stations	2,684	\$ 4,451,852	54	\$ 88,001	27	\$ 47,409
Clothing & Accessories	2,560	\$ 1,697,318	47	\$ 24,166	41	\$ 20,857
Sporting Goods/hobby/book/music	1,478	\$ 1,062,660	31	\$ 18,650	27	\$ 17,760
General Merchandise Stores	620	\$ 6,792,282	14	\$ 149,697	10	\$ 112,000
Misc. Store Retailers	2,522	\$ 1,144,502	50	\$ 28,891	34	\$ 20,400
Non-store Retailers	1,060	\$ 3,810,008	13	\$ 21,335	10	\$ 17,487
<b>Total</b>	<b>21,717</b>	<b>\$ 50,520,465</b>	<b>413</b>	<b>\$ 891,209</b>	<b>270</b>	<b>\$ 635,930</b>

Source: 1997 Census of Retail Trade

The City of Fond du Lac includes 65% of all retail establishments in Fond du Lac County, and accounts for 71% of all retail sales. The largest retail categories are motor vehicle and auto parts stores (\$163 million in sales), general merchandise (\$112 million) and food and beverage stores (\$100 million). These three categories account for nearly 60% of all retail sales in the city.

It is illustrative to examine local retail sales' distribution in comparison with statewide distribution patterns. Areas where the share of retail sales exceeds the statewide share can indicate areas of sales importation, or where retail dollars are being brought into the local area. Categories where the share is significantly lower than the statewide share can indicate areas of retail leakage, or where sales are leaving the local area.

Store types that are bringing in retail dollars include general merchandise, which accounts for nearly 18% of citywide sales, compared with 13% for the state. Other categories that are somewhat higher than the statewide share include miscellaneous store retailers; sporting goods, hobbies, books and music; and health and personal care stores.

Store categories that are less than the statewide share include furniture and home furnishings; electronics and appliances, and non-store retailers.

Table 28.  
Distribution of Retail Sales,  
Fond du Lac City and County

	Distribution of Sales		
	State Percentage	FdL County Percentage	FdL City Percentage
Motor Vehicle & Parts Dealers	26.6%	27.1%	25.6%
Furniture & Home Furnishings	2.5%	1.8%	1.9%
Electronics/Appliance Stores	2.6%	2.1%	1.7%
Building Materials/Garden Equip.	11.4%	11.6%	10.6%
Food & Beverage Stores	15.5%	16.3%	15.7%
Health & Personal Care Stores	3.8%	4.0%	4.1%
Gasoline Stations	8.8%	9.9%	7.5%
Clothing & Accessories	3.4%	2.7%	3.3%
Sporting Goods/hobby/book/music	2.1%	2.1%	2.8%
General Merchandise Stores	13.4%	16.8%	17.6%
Misc. Store Retailers	2.3%	3.2%	3.2%
Non-store Retailers	7.5%	2.4%	2.7%
Total	100.0%	100.0%	100.0%

The Census of Retail Trade does not include eating and drinking establishments. A more recent estimate of current retail sales is the 2001 Survey of Buying Power, which groups retail into five broader retail categories that includes eating and drinking establishments. The estimated sales are for Fond du Lac County.

According to the Survey of Buying Power, total retail sales total \$1.1 billion in the county. Auto sales accounted for 25% of all sales in Fond du Lac County. Food and beverage store sales account for 15% of all retail sales. General merchandise sales (which includes apparel and accessories) account for 17% of estimated retail sales, while eating and drinking establishments account for 9% of sales.

Table 29.  
Regional Retail Sales Trends  
(in thousands of dollars)

Store Group	Fond du Lac County
Food and Beverage Sales	176,058
Food Service and Drinking Establishments	99,298
General Merchandise	196,783
Furniture/Home Furnishings/Electronics/Appliances	50,552
Motor Vehicle and Parts Dealers	286,267
Total Retail Sales	1,152,656

Source: 2001 Survey of Buying Power

### *Downtown Fond du Lac Retail Niches*

Existing and emerging niches were described in the previous chapter. This section focuses on niches that can be expanded or created to develop a variety of destination businesses and activities in downtown Fond du Lac. Several store and restaurant types are mentioned in multiple niches. These are very significant opportunities for downtown business development and recruitment.

### **Restaurants**

Eating and drinking places are an enormous opportunity for downtown Fond du Lac, and would act as a destination and anchor for the downtown area. Given the lack of restaurants in downtown, and the demand identified by both the resident and business surveys, almost any type of restaurant would be desirable, including:

- ◆ Casual/fine dining (either locally owned and operated, or such chain establishments as Chili's, Applebee's, Outback Steakhouse, Macaroni Grill, etc.)
- ◆ Ethnic restaurants, (Italian, Greek, Thai, Mexican, Spanish, German, Indian, etc.)
- ◆ Ice cream/candy shop
- ◆ Deli
- ◆ Coffee/espresso shop
- ◆ Bakery
- ◆ Brewpub
- ◆ Regional cuisine
- ◆ Vegetarian
- ◆ Catering/prepared/specialty foods.

A desirable mix should include both chains and independents, as these two types complement each other and provide both options and the security of known brands for customers.

### **Apparel and Accessories**

This niche should capture apparel dollars that are leaving the community. The objective is to target niches that are not directly competitive with typical mall retailers and discounters.

Apparel and accessories niches include:

- ◆ Women's apparel and accessories (especially women's business attire and women's clothing for the 25-44 age group)
- ◆ Off price apparel chains
- ◆ Children's clothing (new and/or used)
- ◆ Sports apparel
- ◆ Jewelry/accessories
- ◆ Vintage clothing
- ◆ Specialty shoes
- ◆ Leather goods and accessories
- ◆ Consignment apparel.

### **Hearth and Home**

This niche is focused on capturing home furnishings dollars. There are both “high end” and “low end” niche opportunities presented by new upscale housing and the college market.

The focus should be on "soft" goods, such as:

- ◆ Home furnishings and accessories
- ◆ Imports
- ◆ Unpainted furnishings
- ◆ Kitchenware/housewares
- ◆ Futons/casual furniture
- ◆ Floral and garden
- ◆ Antiques and collectibles
- ◆ Architectural elements and replacement fixtures
- ◆ Home electronics
- ◆ Bed and bath furnishings
- ◆ Children's furnishings
- ◆ Window coverings
- ◆ Rugs
- ◆ Arts/crafts.

### **Family-Oriented Activities**

This niche includes both goods and services. The objective is to provide establishments that capitalize on multigenerational activities and the instructional activities that exist with Bravo, the dance studio, and judo instruction. Family-oriented activities and businesses could include:

- ◆ Additional instructional studios (music, martial arts, gymnastics, etc.)
- ◆ Ice cream shop/soda fountain
- ◆ Experiential establishments (paint-your-own ceramics, jewelry making, crafts, video arcade, culinary school, etc.)



- ◆ Seasonal ice skating rink
- ◆ Sporting goods and apparel
- ◆ Hobbies (video/computer games, arts/crafts, sports, collectibles, woodworking, etc.)
- ◆ Music
- ◆ Books
- ◆ Educational toys/supplies
- ◆ Family oriented events (school district art shows, popular music, street performers, etc.)
- ◆ Casual restaurants and cafes.

### **Bridal/Wedding Goods and Services**

As noted in Chapter 6, a critical mass of these businesses exists and should be marketed. Additions to this niche could include:

- Catering/bakery
- Gifts
- Wedding/events planning
- Party supplies.

### **Entertainment**

Entertainment opportunities can be both occasional and recurring in nature. For example, an entertainment venue could schedule different types of music on different nights. A restaurant could add live entertainment in the evening. A bookstore could schedule readings and “meet the author” events throughout the week. All of these are creative ways to diversify entertainment and add evening activities in downtown. The following entertainment opportunities have been identified:

- ◆ Video/game arcade
- ◆ Small entertainment venues (jazz, blues, comedy, theatre, country, etc.)
- ◆ Piano bar
- ◆ Festivals, concerts and events
- ◆ Art/craft galleries
- ◆ Bookstores
- ◆ Music stores
- ◆ Seasonal street performers and artists.

### **Miscellaneous Retail**

These store types complement the identified niches. They could also be captured by existing businesses to expand and diversify.

- ◆ Gifts
- ◆ Toys
- ◆ “Made in Wisconsin” retail store
- ◆ Candles
- ◆ Gift baskets
- ◆ Arts studios/galleries (pottery, photography, crafts, etc.)

- ◆ Convenience goods (small food market, Big Lots, Dollar General)
- ◆ Party supplies.

Not all of these store types will be attracted initially. Therefore, it is important to focus initial business development and recruitment efforts in selected areas. The three areas with the most significant initial potential are restaurants, apparel, and home furnishings. These three areas will provide strong anchor niches for downtown Fond du Lac, and will help attract future complementary niche establishments.

## Chapter 6. Findings and Recommendations

### *Downtown Business Inventory*

- ◆ There is a strong professional services (legal, accounting, medical, information) business base in downtown Fond du Lac. This complements the government and financial services employment in downtown.
- ◆ The retail and restaurant inventory includes a mix of both long-term and newer establishments. Both retail and restaurant sectors can support additional establishments, particularly if they add diversity to the existing base.
- ◆ There are more than 300 businesses located within the Downtown Fond du Lac Partnership (DFP) boundaries. This is a significant employment base, with an estimated employment of approximately 2,000-2,500 workers, or 10% to 15% of total city employment. Over the past year, several services firms have left downtown. In the future, it is important to understand why businesses are leaving. The DFP should conduct "exit interviews," if at all possible, to be able to monitor and identify issues as they emerge.

### *Retail*

Two retailing principles are important to keep in mind:

- ◆ Whenever possible, new uses should complement existing businesses. Virtually any store manager in any downtown can list other businesses that, because of their presence, bring additional customers to their store. When possible, seek new businesses that have a complementary relationship with the downtown market.
- ◆ Successful downtowns seek to be successful in niche markets, rather than attempting to be all things to all people. The traditional downtown, which served all of the shopping needs of the residents of its trade area, is no longer a reality. Existing downtown Fond du Lac niches include: restaurants; sporting goods, crafts and hobbies; home furnishings; bridal goods and services; and specialty apparel.
- ◆ As documented in both the downtown business survey and the Fond du Lac resident survey, there is strong demand for additional retail establishments. While the downtown area is not going to compete "head to head" with area discounters and the Forest Mall, there are retail opportunities to be captured, as identified in the retail niche opportunities section of the Market/Economic Analysis. To summarize, these opportunities are:
  - ◆ *Apparel and Accessories (especially women's apparel and accessories)*
  - ◆ *Hearth and Home*
  - ◆ *Family-Oriented Activities*
  - ◆ *Bridal/Wedding Goods and Services*
  - ◆ *Miscellaneous /Specialty Retail*

- ◆ Fond du Lac consumers are thought to be thrifty and value-conscious. However, the demographics of the community are changing, as the region shifts to more white-collar occupations, as the baby boom moves into its peak earning years, and as residents seek the same level and type of urban amenities they have experienced while traveling. Therefore, there is a window of opportunity to create a unique shopping and entertainment district that is slightly more upscale than has existed in Fond du Lac in the past. If downtown doesn't capture this opportunity relatively quickly, market forces are likely to push it to the rapidly developing area around West Johnson Street.

### *Restaurants/Eating Establishments*

- ◆ The restaurant base is an important anchor for downtown, with more than half of all residents saying that restaurants and dining brought them downtown. As documented in both the downtown business survey and the Fond du Lac resident survey, there is also strong demand for additional restaurant establishments.
- ◆ The restaurant sector can continue to expand. The percentage of the total food dollar spent in restaurants will increase past the 50 percent point during the next decade. Further diversification of the restaurant base, particularly with ethnic cuisines and diversity in menu and market appeal, will further establish downtown as a destination dining location.
- ◆ Expansions to the restaurant sector should be developed with the understanding that the population is aging. Diners will be attracted by convenience (easy parking), easy to read menus, comfortable furnishings, eclectic food choices, and an atmosphere that invites casual clothes.
- ◆ The most desirable types of restaurants are ethnic (with Italian being the most frequently mentioned); fine dining; casual white tablecloth; upscale bar and grille; and seafood receiving multiple mentions. Again, the emphasis must be on quality food and surroundings at a reasonable price point.
- ◆ A mix of independent restaurants and known chains should be recruited into the downtown area. This combination provides both familiarity and novelty, and is attractive to diners.

### *Entertainment*

- ◆ The entertainment niche has become stronger in downtown recently, with the addition of the Windhover Center and Bravo.
- ◆ The Farmer's Market is a significant customer generator for downtown Fond du Lac businesses. Unfortunately, many of these potential customers lack information about existing businesses downtown. Establishing a weekly downtown event in the summer (such as a concert, with a variety of musical styles throughout the season) in conjunction with retail remaining open later on that evening would further expand awareness of downtown businesses in area residents' minds.

- ◆ There is a significant opportunity to continue to expand the entertainment niche in downtown with additional music and entertainment venues, galleries and arts and crafts studios, and festivals and seasonal events. In particular, activities and events targeting the 35-54 age group would be highly desirable.
- ◆ Establishing a seasonal ice rink (for recreational skating) would be a winter people generator.
- ◆ Additional entertainment opportunities complement and support the restaurant base in downtown.

### *Marketing*

- ◆ While many people say they support downtown, most shoppers still spend their money elsewhere. There have to be good reasons to shop downtown.
- ◆ Downtown must differentiate itself from shopping centers, malls and big box stores. Downtown stores must emphasize two areas--service and unique products. Personalized service and product knowledge are ways in which downtown retailers can win customers back from big box stores.
- ◆ Operating hours of downtown businesses are confusing to potential customers. Weekday hours vary widely; more than half of all business survey respondents are not open on Saturday, and 90% of all downtown businesses are not open on Sunday. Yet 70% of all retail purchases are made after 4 p.m. and on weekends.
- ◆ Downtown merchants and restaurants can get better distribution for their advertising dollar using cooperative advertising. In particular, periodic cooperative advertising in *The Reporter* and in the *Travel Host Guide* placed in area hotel rooms would be an effective initial effort. The Wisconsin Travel Guide should also be considered.

### *Business Development and Recruiting*

- ◆ The Downtown Fond du Lac Partnership and the Association of Commerce should work as a team to provide an active business recruitment program specific to the downtown area. A downtown recruitment program is similar to regional industrial development programs in some respects, but is far more attuned to the needs of a small retailer or service business.
  - ◆ *Marketing Materials:* Have materials ready to present to a potential downtown retailer or service business. These materials should provide background on the community; background demographics and market information; improvement plans for the downtown as they evolve; and listing data on space which could be suited to the prospect (already developed by the DFP).
  - ◆ *Web Site:* A downtown web site is an important component of this marketing program. In addition to keeping the web page up to date and as informative as

possible, it will be important to ensure that persons using search engines can easily find the page. It can also be used to communicate with DFP ratepayers and update them on DFP accomplishments.

- ◆ *"Team Downtown Fond du Lac"*: put in place a multidisciplinary team charged with identifying, contacting and following up with prospects. This team will actively seek out prospects, meet with them and present appropriate materials, work locally to find a suitable location that accommodates individual needs, and follow up with the prospect until they decide to locate in downtown.
- ◆ *Inform the Real Estate Sector*: Make sure that commercial real estate brokers are fully informed about the project team's activities. Brokers play an important role here--both in terms of bringing potential retailers and restaurant operators to Fond du Lac, and for generating ideas regarding the use of buildings.
- ◆ *Target Prospects*: Team Downtown Fond du Lac will identify types of retailers/businesses that they will seek out for downtown Fond du Lac. Once these priorities are set, the team should complete field visits to other communities throughout the region to identify specific businesses who meet their needs and can be targeted for the recruitment process. Experience shows that retailers and restaurateurs who have already gone through the process of starting up a new venture and reacting to markets over time have the best prospects for success in a new venture. While any start-up effort should be encouraged, the best payoff will come from working with experienced retailers.

### *Downtown Fond du Lac Partnership*

- ◆ DFP is currently expanding communication among downtown stakeholders. Many stakeholders said that there is more information about downtown events and activities, and that the various interest groups in downtown are communicating better than before the BID was established.
- ◆ The Partnership's Director has done a lot of groundwork over the past nearly two years. Funds should be continue to be budgeted to allow her to attend professional development conferences and workshops to enhance her continuing education. In particular, the National Main Street annual conference and/or the International Downtown Association annual conference would be appropriate.
- ◆ Respondents to the business survey conducted as part of this analysis identified three programs they would be interested in seeing the DFP offer: cooperative advertising (29%); façade improvement (29%); and marketing/business development (28%).
- ◆ The Partnership should continue to seek public/private partnership opportunities to leverage its investment in downtown. Two incentive programs would be appropriate for downtown Fond du Lac. A smaller, matching grant program (\$500-\$1000, matched by the business or property owner, or both) for signage or minor façade improvements will continue to provide "gap financing" for minor projects. The second level of investment is described below.

- ◆ For more extensive projects, establishing a low-interest revolving loan fund (RLF), with participation from the downtown area's financial institutions, to foster significant reinvestment in downtown buildings and properties would be an excellent start. The RLF could be targeted to various goals, such as the development of housing, structural rehabilitation, or acquiring properties with significant historical, cultural, or architectural merit.
- ◆ The DFP should establish a relationship with UW-FdL and/or Marian College to develop a small business development program. The program curriculum should be developed by the educational institution, and be focused on half- to one-day workshops in marketing, business development, retail merchandising, business operations, and financing methods and issues.

### *Public Infrastructure*

- ◆ Experience in downtowns throughout the Midwest and Rocky Mountain regions has shown that public investment in infrastructure is crucial to achieving higher levels of investment and development in downtowns. Within the region, Appleton, Oshkosh, and Green Bay have or are in the process of significant downtown infrastructure improvements. Communities that proactively provide required infrastructure and fully maintain that infrastructure effectively create a positive development environment and find that they can successfully leverage substantial private investment.
- ◆ A comfortable walking environment is one of the keys to a successful downtown. Spacious, well-maintained sidewalks, benches, well maintained paving, lighting, public gathering spaces and landscaping all contribute to a commercial core in which pedestrians are comfortable and will to spend more time patronizing downtown businesses. An on-going, multi-year streetscape improvement program is essential.
- ◆ While downtown Fond du Lac is not perceived to have a serious problem with being "clean and safe", there are areas for improvement. An enhanced streetscape, with emphasis on sidewalk and pedestrian system beautification, should be implemented over the next several years. Low maintenance, yet attractive plantings; seasonal banners; sidewalk seating; and other aesthetic elements of the pedestrian system should be included.
- ◆ Pedestrian/bicycle connections throughout downtown are critical. The pedestrian system should also include improvements and access to the river. Pedestrian and bicycle connections from downtown to Lakeside Park, St. Agnes Hospital, Marian College, the industrial park area and the County Fairgrounds Complex should also be developed.

### *Parking/Transit/Circulation*

- ◆ While the total supply of parking has been documented as being adequate, the location and availability of public parking is both a perceived and real issue. Downtown is at a competitive disadvantage compared with other retail and entertainment locations in the city, where there is ample free and convenient parking. More than one-third of residents

surveyed said they didn't visit downtown more often because of limited parking, and more than half said that more accessible parking would encourage them to visit downtown more often.

- ◆ Parking issues identified include: the mix of short and longer-term meters, and their locations; providing short-term metered parking in close proximity to Main Street; lack of information about the location of daytime short-term public parking; (mostly) perceived issues of safety in the parking structures; employees using short-term meters and "meter feeding"; and encouraging employees (perhaps through incentives) to park in remote lots to open up more spaces for shoppers and restaurant patrons.
- ◆ Several "public" lots have so few metered parking spaces available, that they might as well not be marketed as public except in the evening. Two or three lots close to Main Street should, over time, be converted to all meters, and should be prominently marketed and signed as short-term, public parking.
- ◆ Downtown businesses with complementary parking requirements (such as an office building and a restaurant) should be encouraged to develop joint use agreements for private parking facilities in locations adjacent to Main Street.
- ◆ The Downtown Fond du Lac Partnership's Parking, Safety and Attractiveness Committee's work plan should include evaluating and suggesting modifications to the parking management system in downtown Fond du Lac.
- ◆ The DFP should advocate for relocating the bus transfer/bus staging location to either Macy or Marr streets.

### *Travel/Tourism*

- ◆ While Fond du Lac has not been a major destination in and of itself, its location at the crossroads of two major highways, proximity to surrounding attractions, the available bed base, and the recent opening of the Stayer Center enhance its attraction for both meeting and leisure tourism.
- ◆ Downtown presents a significant opportunity to develop a series of support events and activities that provide a range of experiences for both conference attendees and their spouses or affiliated attendees. Creating full-day and half-day tour opportunities around a number of themes and marketing them to conference and event planners would expand the downtown market niche base.
- ◆ Leisure and business travelers can be reached through cooperative advertising in the Wisconsin Travel Guide and the TravelHost magazine distributed through lodging establishments.
- ◆ Supporting the creation and expansion of Bed and Breakfasts (B&Bs) in the neighborhoods surrounding downtown would add to the downtown bed base in a way that adds to the downtown environment. This may require amending and revising the City's zoning code.



## Chapter 7. Action Plan: Downtown Fond du Lac Partnership

The findings and recommendations outlined in the previous chapter have been prioritized into the following action plan.

### *Short Term Implementation Actions (3-12 months)*

- ◆ Distribute Market Report.
- ◆ Recruit marketing "talent" from downtown businesses to layout a marketing program/strategy.
- ◆ Target uses for vacant properties.
- ◆ Recruit a regional restaurant.
- ◆ Create and implement "Team Downtown Fond du Lac."
- ◆ Research and develop policies for a revolving loan fund.
- ◆ Review the regulatory environment.
- ◆ Apply to join the Wisconsin Main Street program.
- ◆ Begin marketing.
- ◆ Work on community buy-in and ownership.
- ◆ Change the perceptions about parking in downtown.
- ◆ Identify properties for expansion.
- ◆ Determine phasing and area for streetscape improvements.
- ◆ Utilize/tap resources from Marian College, UW-Fond du Lac, and Moraine Park.
- ◆ Share action planning with other organizations.
- ◆ Work on relocating the bus staging/transfer area off of Main Street.
- ◆ Educate downtown businesses and merchants about the benefits of consistent operating hours.

### *Medium Term Implementation Actions (12-24 months)*

- ◆ Implement an aggressive recruiting program.
- ◆ Implement a revolving loan fund.
- ◆ Reduce variance in business operating hours.
- ◆ Increase merchant "ownership" of the BID.
- ◆ Secure the extension of the BID.
- ◆ Develop multiple communication channels: website, editorial column, newsletters, etc.
- ◆ Expand and recruit entertainment for targeted age group (30-54).
- ◆ Implement parking, transit and circulation improvements.
- ◆ Develop a small business assistance program, with the goal of developing resources that serve as an "information clearinghouse."
- ◆ Research creating an incentives package.
- ◆ Implement additional streetscape improvements.

### *Long Term Implementation Actions (Two years or more)*

- ◆ Develop a source of funding assistance for upper level conversion/rehab for market rate housing.
- ◆ Determine a location for a seasonal, recreational outdoor skating rink.
- ◆ Work to develop better linkages between downtown and the riverfront.

## Appendix A. Fond du Lac Population and Employment Trends

### *Employment Trends*

The labor force in Fond du Lac County grew from 48,500 in 1990 to nearly 53,800 in 2000, according to State of Wisconsin Workforce Development Department statistics. This is nearly 5,300 more labor force participants, representing growth of nearly 11%. Employment increased by nearly 6,100 over the same period, or 13%. As a result, the unemployment rate in the county decreased from 5.2% in 1990 to 3.2% in 2000.

Favorable economic conditions prevailed in the city of Fond du Lac, as well. The labor force increased from 19,700 in 1990 to more than 22,300 in 2000. Employment increased by more than 3,000 jobs, from 18,400 to nearly 21,500, or nearly 17%. The unemployment rate decreased from 6.7% in 1990 to 3.9% in 2000. The city's share of county jobs increased slightly during the 1990s, from 40% to 41%.

Table 30.  
Labor Force and Employment Trends, Fond du Lac County  
1990-2000

	Fond du Lac City				Fond du Lac County			
	1990	2000	Total Change	Percent Change	1990	2000	Total Change	Percent Change
Labor Force	19,734	22,331	2,597	13.2%	48,520	53,797	5,277	10.9%
Employment	18,403	21,468	3,065	16.7%	45,987	52,062	6,075	13.2%
Unemployment Rate	1,331	863	-468	-35.2%	2,533	1,735	-798	-31.5%
	6.7	3.9	-3	-41.8%	5.2	3.2	-2	-38.5%

Source: State of Wisconsin Department of Workforce Development, Labor Market Information

Non-farm employment in Fond du Lac County grew by more than 9,800 jobs during the 1990s, or 26%. Major industrial sectors experiencing the highest increases in jobs included the services sector, which increased by 3,550 jobs; manufacturing (3,040 jobs); retail trade (1,290 jobs); and construction/mining (1,030 jobs). Sectors with the largest growth rates included construction/mining, which grew by 54%, services, which grew by 43%; and manufacturing, which increased by 32%.

Only two sectors had employment declines during the 1990s: Transportation, Communications and Public Utilities (TCPU) decreased by 390 jobs and state government, which lost 230 jobs.

Table 31.  
Fond du Lac County Non-farm Employment,  
1990-2000

	Fond du Lac County Non-Farm Employment			
	1990	2000	Total Change	Percent Change
Construction/Mining	1,900	2,930	1,030	54.2%
Manufacturing	9,660	12,700	3,040	31.5%
TCPU*	2,270	1,880	-390	-17.2%
Wholesale Trade	1,480	1,820	340	23.0%
Retail Trade	7,860	9,150	1,290	16.4%
FIRE**	1,320	1,640	320	24.2%
Services/Misc.	8,240	11,790	3,550	43.1%
Federal Gov't.	260	310	50	19.2%
State Gov't.	850	620	-230	-27.1%
Local Gov't.	3,950	4,770	820	20.8%
Total Non-Farm	37,790	47,610	9,820	26.0%

\* TCPU = Transportation, Communications and Public Utilities

\*\* FIRE = Finance, Insurance and Real Estate

Source: State of Wisconsin Department of Workforce Development, Labor Market Information

During the 1990s, the distribution of employment by major industrial sector changed somewhat. The two dominant sectors, manufacturing and services, both increased their shares of total employment. Manufacturing increased from 25.6% to 26.7% of total employment in the county. The services sector increased from 21.8% to 24.8% of total employment. Thus, these two sectors now account for more than half of all employment in Fond du Lac County.

Three sectors' share of total employment decreased significantly during the last decade: TCPU, government, and retail trade. The share of employment in the TCPU sector decreased from 6.0% to 3.9%. The share of employment in government (at all levels) decreased from 13.4% to 12%. And retail trade, which grew in employment during the 1990s, still decreased as a percentage of total employment, from 20.8% to 19.2%.

Table 32.  
Fond du Lac County Employment Distribution,  
1990 and 2000

Fond du Lac County Employment Distribution			
	1990	2000	
Construction/Mining	5.0%		6.2%
Manufacturing	25.6%		26.7%
TCPU	6.0%		3.9%
Wholesale Trade	3.9%		3.8%
Retail Trade	20.8%		19.2%
FIRE	3.5%		3.4%
Services/Misc.	21.8%		24.8%
Federal Gov't.	0.7%		0.7%
State Gov't.	2.2%		1.3%
Local Gov't.	10.5%		10.0%
Total Non-Farm	100.0%		100.0%

*Fond du Lac Demographic Characteristics*

During the 1990s, the city of Fond du Lac's population increased by more than 4,400 persons, from 37,800 to 42,200. This represents a 12% growth rate over the decade. The number of households increased by nearly 14%, from 14,600 to 16,600. Growth in non-family households (households comprised of either single persons or non-related individuals) accounted for the majority of household growth. This type of household increased by nearly 32%, while family households only increased by 3.3%, although family households still comprise the majority of all households.

Table 33.  
Population, Household and Housing Characteristics, City of Fond du Lac  
1990 and 2000

City of Fond du Lac				
	1990	2000	Total Change	% Change
Population	37,757	42,203	4,446	11.8%
Households	14,637	16,638	2,001	13.7%
Family	9,956	10,285	329	3.3%
Non-family	4,821	6,353	1,532	31.8%
Avg. HH Size	2.49	2.38	-0.11	-4.4%
Median Age	33.6	35.7	2.1	6.3%
Total Housing Units	15,176	17,519	2,343	15.4%
% Vacant	3.6	5		
% Owner Occupied	62.5	61.7		
% Renter occupied	37.5	38.3		

Source: U.S. Census Bureau

The number of housing units increased by more than 2,300 between 1990 and 2000. This is a 15% increase, according to initial figures from the 2000 Census. The total number of housing units increased from 15,200 to 17,500. The share of housing units occupied by renters increased slightly, from 37.5% to 38.3%.

The population of Fond du Lac County grew from approximately 90,100 to nearly 97,300 during the 1990s, a growth rate of 8%. The number of households increased by nearly 4,300, reaching 36,900 in 2000. Non-family households increased by 30% between 1990 and 2000, compared with a growth rate of 6% for family households.

Table 34.  
Population, Households and Housing Characteristics, Fond du Lac County  
1990 and 2000

Fond du Lac County				
	1990	2000	Total Change	% Change
Population	90,083	97,296	7,213	8.0%
Households	32,644	36,931	4,287	13.1%
Family	23,929	25,467	1,538	6.4%
Non-family	8,815	11,464	2,649	30.1%
Avg. HH Size	2.67	2.52	-0.15	-5.6%
Median Age		36.9		
Total Housing Units	34,548	39,271	4,723	13.7%
% Vacant	5.5	6		
% Owner Occupied	71.8	72.9		
% Renter occupied	28.2	27.1		

Source: U.S. Census Bureau

The housing stock in Fond du Lac County increased by more than 4,700 dwelling units, or nearly 14%. Owner-occupied housing in the county increased slightly, from 71.8% to 72.9%. The following table summarizes the city's share of the county's growth during the 1990s.

Table 35.  
City Share of County Growth,  
1990-2000

City Share of County Growth	
Population	62%
Households	47%
Family	21%
Non-family	58%
Total Housing Units	50%

Source: U.S. Census Bureau and CommunityFutures

As noted in the Chapter 2 of this analysis, age group and lifestyle shape consumer choices and preferences. As in many Midwest communities, the overall population in Fond du Lac is aging. In the city, the median age increased from 33.6 years in 1990 to 35.7 years in 2000. The largest share of the population in the city of Fond du Lac falls into the 35-44 age group, with 15.3% of the population. The population aged 45-54 also increased, from less than 9% in 1990 to 13% in 2000, as the older baby boomers moved into this age bracket. However, the 15-24 age group grew very rapidly, increasing from 9.6% of the population in 1990 to 15% in 2000. This growth is attributable to increasing enrollment at UW-Fond du Lac and Marion College, as well as the leading edge of resident echo boomers moving into this age group.

Table 36.  
Fond du Lac City and County  
Age Distribution, 1990-2000

City of Fond du Lac	Age Distribution			Fond du Lac County		
	2000	2000 % of Total	1990 % of Total	2000	2000 % of Total	1990 % of Total
Under 5	2,753	6.5%	7.2%	5,851	6.0%	7.1%
5-14	5,651	13.4%	19.0%	13,909	14.3%	20.2%
15-24	6,291	14.9%	9.6%	13,861	14.2%	9.7%
25-34	5,948	14.1%	16.5%	12,213	12.6%	15.6%
35-44	6,471	15.3%	14.4%	15,724	16.2%	14.8%
45-54	5,509	13.1%	8.7%	13,518	13.9%	9.8%
55-64	3,110	7.4%	8.3%	8,278	8.5%	8.7%
65-74	2,756	6.5%	8.2%	6,775	7.0%	7.5%
75-84	2,511	5.9%	8.1%	5,048	5.2%	6.5%
85 and older	1,203	2.9%		2,119	2.2%	
Total	42,203	100.0%	100.0%	97,296	100.0%	100.0%

Source: U.S. Bureau of the Census

### *Building Permits*

Nearly 1,300 residential units have been permitted in Fond du Lac since 1996. Of those, 45% were for single family units. An additional 13% were for units in structures with 2-4 units. Nearly 42% were for residential units in structures with five or more units. On average between 1996 and 2000, 223 total permits were issued annually.

Table 37.  
Residential Building Permits  
City of Fond du Lac, 1996-2001

Housing Type	1996	1997	1998	1999	2000	2001 (through 8/01)	Total, 1996-2001
Single Family	111	103	116	93	93	55	571
Duplex	10	30	34	22	20	16	132
3-4 Units	4	8	4	16	0	0	32
Five or More Units	132	156	46	78	40	76	528
Total	257	297	200	209	153	147	1,263

Source: U.S. Bureau of the Census

## Appendix B. Changing Consumer Demographics and Trends

There are a number of significant demographic and consumer trends that will affect retail, housing, entertainment, and office employment over the next decade. These demographic and changing consumer trends provide the context for the economic profile that follows. These are described below.

### *The Maturing Baby Boom*

The first U.S. baby boomers turned 50 in 1996. This group, the 77 million born between 1946 and 1964 in the U.S., will continue to have an enormous impact on society and the economy as it ages. Between 1997 and 2002, the number of households aged 25-44 will decline by 1.7 million, to 43 million. At the same time, the number of household's aged 45 to 64 will increase by 5.5 million, to 37 million. By 2008, the older cohort will be larger than the younger group, at 43 million to 40 million.

Because of the wide age span of the baby boom generation—currently between 37 and 55—there is no single lifestyle that describes them. While the oldest of the boomers may be moving into the empty nester niche, many younger boomers have children under 18 still at home. They may be looking forward to retirement, or beginning a second or third career. Baby boomers account for 28% of the Fond du Lac population, according to the 2000 census.

This generation is moving into its peak earning years. This creates both more disposable income combined with less time to dispose of it, presenting both niche opportunities and challenges.

For many boomers, shopping has become a chore rather than a pastime. WSL Strategic Retail's *How America Shops* survey shows that boomers are shopping less often in department stores, malls and specialty and discount clothing stores, and more frequently in supermarkets, drug stores, and non-clothing specialty stores.

Baby boomers are looking for solutions. Increased supermarket shopping may be because supermarkets have started offering broader varieties of food and selling solutions such as home meal replacement and prepared foods. Drug stores and vitamin shops are also selling solutions, helping boomers look and feel better. To make baby boomer customers happy, retailers must provide superior customer service. In addition, the retail experience should be entertaining as well.

Marketing and merchandizing strategies that worked with baby boomers' parents are likely to be ineffective and potentially alienating. They do not perceive themselves as "old." They will respond to marketing that does not have a negative connotation of "mature" or "graying" customers.

Areas where baby boomers are expected to spend significantly include vitamins, travel, home improvement products, new experiences and nostalgia.



For residential development, new niche markets such as downtown housing are supported by the changing demographics.

### *Active Seniors*

Another growing demographic is the active senior niche. This group is generally semi- or fully retired, aged 55 to 75. They have lots of money and lots of time. This age group comprises 14% of the Fond du Lac population.

This age group is increasingly likely to be college educated. They have significant financial resources in the form of savings accounts, pensions, home equity and investments.

They are likely to be a growing segment of the urban residential market, as they begin to seek housing that is lower maintenance than the traditional single-family home, with access to shopping, entertainment and restaurants, health care and cultural institutions. As baby boomers continue to move into the empty nester years, they also are a prime market niche for urban style housing.

### *"Echo Boom"*

The baby boomlet or echo boom is also a generation to be reckoned with. The children of the baby boomers, they are currently between the ages of 7 and 24. This generation totals 72 million people. In Fond du Lac, the echo boom age group accounts for 28% of the population. Dubbed "Gen Y", this generation is media savvy, and is growing up computer literate. The Internet is the medium of choice for this age group. This generation is nearly as large as the baby boom generation. In increasingly time-pressed households, this generation is also influencing (and in some cases, making) purchase decisions. It is estimated that children influence 17% of family spending in product categories ranging from cars to vacation packages, and they control as much as 80% of the decisions for some food purchases.

The oldest of the echo boomers are currently forming their first households. The number of households headed by someone under 25 is projected to increase by 600,000 between 1997 and 2002.

Retail choice is a key issue for echo boomers. High educational attainment levels means that this group will embrace the trend toward e-commerce. Growing up with malls and cable television has given them sophisticated tastes. Yet relatively low incomes make them bargain hunters.

### *Changing Households*

There are more two-income family households, as well as more single parent households. In addition, the number of households without children is growing rapidly.

The percentage of married women with children working outside the home increased by nearly 70 percent between 1970 and 1995 in the U.S. Women account for nearly half the labor force in the U.S. By early in the 21<sup>st</sup> century, it is expected that nearly 80% of all women aged 25-54 will be in the labor force.

The 2000 Census provides further evidence of the changing household composition. Households composed of married couples with children account for just 24% of all households in the U.S. down from 45% in the early 1970s. Households made up of

unmarried people with no children accounted for 36% of all households in 1998, more than double the percentage in 1972. Further, the percentage of children living with just one parent increased nearly fourfold, from 4.7% in 1972 to 18.2% in 1998. According to Census estimates, the number of households without children is expected to reach 72% by 2010, up from 66% in 1990.

The size of households has changed as well. The size of the average American household has decreased by 26% over the last 50 years, and is projected to fall by another 4% over the next decade. Large households (5 or more people) have dropped by half since 1970. The number of single person households has doubled during the same period, and now accounts for 26% of all U.S. households.

These household composition shifts are also occurring in Fond du Lac. Non-family households increased by 32% between 1990 and 2000, while the total number of households in Fond du Lac only increased by 13%. Consequently, the percentage of non-family households increased from 33% in 1990 to 38% in 2000. The percentage of single-person households increased as well between 1990 and 2000, from 28% to 31%.

### *Consumer Trends*

According to Roger Blackwell, author of *From Mind to Market: Reinventing the Retail Supply Chain*, "the 21<sup>st</sup> century will be the century of the consumer. Marketers will have to push their understanding beyond knowing *what* people buy to knowing *why* they buy."

Four of the key motivational forces shaping the consumer mind-set were recently identified in an *American Demographics* article. Each is briefly described below.

- **The shrinking day:** Time-crunched lifestyles—trying to squeeze “25/8” into “24/7”—will lead people to decrease the amount of time they spend on unpleasant tasks, according to Blackwell. This means less housework and home maintenance and more dining out. Brand name shopping may increase to make shopping decisions quicker and easier. In the 21<sup>st</sup> century, value will become a matter of freedom, not price. Consumers will value time, service and convenience. Those pressed for time are likely to favor small shops over large ones, spend less time comparing prices, use technology to reduce transaction time, and patronize businesses that make life easier.
- **The connectedness craze:** According to U.S. Bureau of Labor Statistics projections, Americans will spend \$666 billion on computers in 2006, up from \$2.1 billion in 1986. Computer and Internet use is growing at a phenomenal rate. While it took the telephone 38 years to reach 10 million users, and the VCR nine years to reach that level of use, it took the World Wide Web only three years to achieve the same customer base. Increasingly, consumers will turn to the Web for a sense of community—between buyers and sellers, information suppliers and consumers, friends and family. However, the Web is going to be a niche medium, not a mass medium. The goal will be to find a unique niche and use the interactive features to cater to a very specific and loyal group of individuals.

- **The body vs. soul conundrum:** Paradoxes will abound: junk food consumption along with exercise; low fat foods and high fat indulgences such as superpremium ice cream; staying home to work and going out for entertainment. Retailers will increasingly stage events, show videos and use CDs as premiums to add an entertainment overlay to everyday shopping. Shoppers will also want to turn the ordinary into the extraordinary.
- **The triumph of individualism:** Fashion will be impacted by aging baby boomers, who want comfortable, classic styles. They know what they want, and are likely to spend more when they find it. On the other hand, if it isn't right, they won't buy at all. Ethnic groups will also drive fashion trends. The biggest impact, however, will be in the workplace. Consumers will be more likely to be free agents, coming together in teams to work on specific projects. The workplace will be far more portable and more intertwined with personal life. According to one futurist, "if you're taking a vacation in Montana, you'll probably be taking your children and your laptop, as well."

### Shifting Personal Values

Over the past several years, there has been a movement to look at personal values and restructure life choices in support of personal values. In the aftermath of September 11, this trend is likely to accelerate, as people look more closely at the match between their values and their actual behavior. Experts in crisis sociology have found that deeply traumatic events such as the events of September 11 do not disrupt trends that are occurring; they actually make the trend more prevalent.

- **Back to basics:** more consumers are looking to simplify their lifestyle. Surveys indicate that more than half of American adults prefer more time, even if it means less income. Again, products and services that make life easier are most likely to succeed. This supports the notion that providing superior customer service is critical.
- **Personal control and entrepreneurship:** Many business executives are reevaluating the focus on careers versus family. Some are making career shifts that allow more time with their friends and family. Others are choosing to leave the corporate environment and become entrepreneurs. A new home-based business is started every 11 seconds in the U.S. Home-based businesses are bringing in more than \$400 billion in revenues annually. The small office/home office (SOHO) market is an important opportunity for downtown to incubate growing businesses.

### Rethinking the Mass Marketplace

Over the last decade, there has been a profound shift away from generic goods and services toward a consumer landscape where there is widespread interest in highly differentiated consumer goods. Traditionally, consumer marketing held that only the wealthy, and those wishing to emulate the wealthy, could be counted on to pursue highly differentiated goods. Now, such powerhouse retailers as Starbucks, Pottery Barn, REI and

the newly reengineered Target are proving that a strongly defined image and niche are appealing to consumers.

What was once perceived to be a singular "market space" with room for a limited number of competing brands in each product category or channel has now evolved into a collection of distinct product segments that allows for a wide degree of variation and niche specialization. Downtown districts, with their unique "sense of place", are ripe to capitalize on highly specialized niches, creating destinations that no mall can duplicate.

### **The Experience Economy**

Much has been written about the shift to an information and service economy. In fact, services have now become commodities. Within the financial services industry, for example, most products are viewed as identical services, and consumers select a service or institution based solely in price or interest rates.

In order to differentiate, many companies are moving beyond services into experiences. For example, instead of just selling teddy bears, Build A Bear Workshop lets each customer create and clothe a bear specifically to the specifications of that customer. According to *The Experience Economy*, there are four types of experiences: entertainment, educational, esthetic, and escapist. Successful "experiential" companies are providing all four. Specialty clothing stores hold fashion shows (charging a fee for attendance) with proceeds going to charity. At REI in Denver, customers can try out a climbing wall or test a kayak on the river outside the store. Pier 1 offers a quarterly "magazine" answering decorating and design questions using merchandise from the store, themed to the season. In order to compete, individual retailers will need to figure out how to create experiences that will draw and retain customers.

## Appendix C. Trends Affecting Real Estate and Development

### *Office Market Trends*

Technology has major implications for office development. In the U.S. corporations are changing the traditional office with alternative strategies, including telecommuting, office hoteling, and flexible office spaces. In 1993, telecommuters numbered less than 2 million. A year later, the number had risen to 7.8 million. By 1997, the number had doubled to 14 million. It's now estimated that more than 30 million will work from home at least part of the time.

In general, these trends have decreased the effective amount of office space per employee: the standard was 180 to 200 square feet per employee and is now effectively 75 to 100 square feet per employee. Therefore, overall demand for office space is less than previously, as companies try to do more with less space.

In addition to the "traditional" infrastructure, firms are placing an increased value on the information infrastructure--fiber optics, Internet access, cellular service, etc. As the place where "work" occurs diversifies--no longer just the office or the factory, but in homes, cars, airplanes, hotels and customers' offices, among other locations--the ability to support that work function will become even more important as a location factor and a competitive advantage.

Another issue is that, as large firms downsize, more people are starting new businesses, becoming contract workers, or being hired on a project by project basis. This is changing space requirements. These new companies may begin at home, and may eventually outgrow that space. Therefore, executive suites and smaller space configurations are proliferating. These firms are a key market for downtown districts, as these firms are often looking for the ambience of a downtown area, and can adapt to the sometimes-irregular space configurations of older downtown buildings.

Also, office-based businesses must keep employees happy. Therefore, nearby amenities—restaurants, daycare, services and retail—are important. Firms are seeking locations that offer more than a “sterile” business park setting. Mixed-use districts offer a different, more unique location.

### *Retail Trends*

In many U.S. communities, the downtown retail structure has changed significantly over the last 20 years. Gone are the major department stores, which have moved to suburban mall locations. Other department store type merchandise stores have also left, either following the department stores to malls, or driven out of business by the rise in discounters and big-box/"category killer" retailers who have invaded the suburban fringe where land prices and land availability are better for this format.

Many downtowns—both central city and suburban, large cities and small towns--are reinventing themselves and are emerging as destinations for entertainment, specialty retail, restaurants, and special events. In addition to nearby employment, additional niches that

support the new downtown include convention and meeting visitors, leisure tourists, nearby neighborhood residents, and in college towns, the student population.

### *Developing Niches*

Niches allow business districts to compete in a competitive retail environment. A niche is a specialization that allows a business district to gain dominance in certain areas of the retail market. Niches may be based on attracting a specific type of consumer or on developing critical mass in various goods and services. A district may in fact develop several niches, which allows it to capture a variety of consumer segments. Examples of consumer segments include:

- College students;
- Tourists and travelers;
- Office workers;
- Retirees;
- Ethnic groups;
- Medical facility users;
- Artists and crafters.

As noted, goods and services can also offer a niche. Examples that communities have developed include:

- Home furnishings: businesses that are related include home remodeling, furnishings, decorative design and home accessories, hardware, floor coverings, furniture, lighting and paint stores.
- Antiques: An antique store niche can create a destination for visitors and residents alike.
- Crafts: High quality crafts can also be a successful niche, including furniture, rugs, textiles, ceramics and glassware.
- Children's products: this niche could include stores focusing on children's clothing, furniture, toys and family entertainment centers.
- Entertainment and the arts: cinemas, theatre, concerts, ballet, museums, art galleries, craft shops and clubs all bring local and visitor spending to a district.
- Restaurants/food: eating places attract downtown workers, residents, and visitors. Restaurants unique to the trade area can be extremely successful. This niche may also be combined with specialty food shops such as bakeries, wine shops, cheese shops, prepared food takeout, and cookware stores.
- Factory outlets: with the right location requirements, factory outlets can be clustered into a value-retailing niche.

### *Special Events*

Special events draw residents to a business district and can also attract visitors. Farmer's markets are an excellent example. In Fond du Lac, the weekly Farmer's Market attracts nearly 25,000 people annually.

- In San Luis Obispo, CA, the Thursday night farmer's market, started in 1983, now attracts more than 15,000 people weekly. It now features more than 150 vendors; an additional 300 downtown merchants and restaurants remain open on Thursday evenings as well.

Arts events and festivals are another way to bring people into an area as well.

- The Cherry Creek Arts Festival in Denver is a three-day event held over the July 4<sup>th</sup> weekend. With more than 100 visual and performance artists, it attracts several hundred thousands of visitors.
- The Des Moines Arts Festival attendance doubled when it moved from the outlying county fairgrounds to downtown.

### *E-Commerce: Impact on Store-based Retail*

One of the largest innovations in retailing is e-commerce, or Internet retailing. The Internet will reshape retailing just as regional malls, chain stores and other novel retailing concepts changed consumer shopping habits in the 1960s and 1970s. According to projections by Forrester Research, Inc., more than 40 million U.S. households will be shopping online by 2003, at which time Web sales to consumers will top \$108 billion. (Internet sales to consumers in 1998 were estimated at approximately \$8 billion.)

"Overall, consumers continue to be very satisfied with the online channel...they continue to buy online in increasing numbers and they are spending more on a greater range of merchandise categories" according to *Ernst & Young's 2000 Global Online Retailing Report*.

Highlights from the study include:

- ◆ 74% of U.S. consumers made online purchases in 2000;
- ◆ In 1998, the typical online shopper is male (although female buyers are increasing at a more rapid rate), better educated, over 40, and wealthier than the average U.S. household. Last year, the demographic profile revealed that the online shopper is beginning to look more like that of a "typical" on land shopper. Women now represent almost 60% of online shoppers in the U.S. Average income has dropped, and education level is more in line with that of a middle class consumer;
- ◆ The average spent online in 2000 was nearly \$900 in the U.S., and 74% spent somewhat or significantly more than in the previous year;
- ◆ Online shopping is affecting traffic and sales at retail stores: more than half of all shoppers say the visit the store less often because they shop online;
- ◆ Nearly all (98%) of consumers who have purchased online say they plan to continue buying online, and 63% of those who have not yet purchased online expect to do so within the next 12 months;

- ◆ Major reasons cited for online purchasing included saving money/lower prices; more convenience/less travel; more choice/variety; and more fun than traditional shopping.

The top five categories in online purchases in the U.S. are books, computers, CDs, apparel, and tickets/reservations.

The most popular categories share several attributes. They are usually not impulse purchases, and require some information to make good decisions. None of them needs to be touched and felt to buy. And each product category requires sorting through a large inventory to find the right product.

Several years ago, the Internet was primarily used for purchasing "high-tech" merchandise, but "high-touch" merchandise was still purchased in stores. Now, growth in online apparel and other "high touch" products is increasing rapidly. Survey respondents indicated that the top eight products online shoppers expect to purchase are CDs/recorded music, books, computers, clothing, toys, tickets/reservations, videos, and cosmetics/health and beauty aids.

### *Emerging Trends*

What are some of the emerging trends in retail that impact future development? Several are discussed below.

- Entertainment--both entertainment activities and making shopping more entertaining--is a key way to both create a destination and to differentiate business district retailers from auto-oriented competitors.
- As many retail chains have penetrated primary, secondary and tertiary market malls across the U.S., the novelty of mall shopping is wearing off. Most malls look strikingly alike, with similar store mixes. Mall visits in the U.S. fell from 2.62 to 1.97 per person per month between 1994 and 1997, according to Maritz Marketing Research.
- A recent study by PriceWaterhouseCoopers identified approximately 7% of all regional malls in the U.S. as "greyfields malls", or malls in serious decline in 1999. An additional 12% of regional malls in the U.S. could potentially be classified as "greyfields" over the next five years. As these malls become functionally obsolete, a few will be redeveloped into mixed-use projects. Others may languish for years, unless public intervention of some sort occurs.
- Developing a specialty niche orientation--unique shops, one-of-a-kind restaurants, locally made arts and crafts, entertainment, street activity, nightlife--all combine to set a downtown district apart from suburban malls. Local flavor attracts both residents and visitors.
- Successful retail areas are increasingly gathering places, locations for social interaction. Downtown districts must recapture this opportunity.
- Non-store-based shopping--catalogues, television, and now, the Internet--will continue to grow. The comfort level for purchasing without being able to touch



and see merchandise is strongest for commodity items. Therefore, apparel, specialty goods and other "high touch" products will continue to see a strong store-based presence.

- To compete with large retailers, a customer service orientation is critical. Retailers must make shopping fun and memorable. Operating hours must serve the consumer. For example, 70% of all retail purchases are made after 4 p.m. and on weekends—just the times when many downtown stores aren't open. Providing extra customer service--gift wrapping, frequent purchase programs, validated parking, special orders, special events for VIP customers, newsletters, etc.--is one way to differentiate from discounters and other large retailers and to establish relationships with customers.

### *Restaurant Trends*

The restaurant industry in the U.S. is projected to total nearly \$400 billion in total sales in 2001, a 5.2% increase over the 2000 sales figure, according to the National Restaurant Association. U.S. consumers spend about 46% of their food budget on food prepared away from home. That percentage has grown substantially over the last several decades: in 1955, only one-quarter of all food expenditures were for food prepared outside the home.

Restaurant segments experiencing growth are full service, casual-dining establishments. Fast food operators, by contrast, are experiencing deteriorating same store sales. Despite reports of declining consumer confidence, the mid-priced casual dining segment is expected to fare relatively well, possibly at the expense of more upscale and expensive establishments.

In downtown areas, a mix of chains and independent (usually locally owned) establishments provides a mix of familiarity and uniqueness. The brand awareness associated with chains is attractive to all age groups, and generates demand and traffic for the entire area. Increased traffic then provides "pass by" marketing opportunities for independents. A critical mass of complementary eating establishments increases business for the entire restaurant segment.

### *Housing Market Trends*

Residential development in the downtown area creates and expands the market for downtown businesses. It also adds vitality to the downtown.

A recent study by the Brookings Institution and the Fannie Mae Foundation found that many downtowns across the U.S. are seeing a resurgence of downtown residential development. The study looked at 24 cities; all expect the number of downtown residents to grow by 2010. Expected growth in a number of mid-size markets surveyed is shown in the following table.

Table 38.  
Projected Growth in Downtown Residents, Selected U.S. Cities

City	Current Downtown Population	2010 Projected Downtown Population*	Absolute Change	Percent Change
Austin	9,555	14,805	5,250	54.9
Columbus	3,800	5,800	2,000	52.6
Denver	3,480 (1997)	9,250	5,770	165.8
Memphis	6,210	14,000	7,790	125.4
Minneapolis	19,000 (1995)	22,750	3,750	19.7
Milwaukee	9,900	13,500	3,600	36.4
Portland	10,315	14,654	4,339	42.5
Phoenix	7,114 (1995)	10,924	3,810	53.6
San Antonio	20,910	23,600	2,690	12.9
St. Louis	7,860	10,360	2,500	31.8

- Cities determined projections based on developments underway, building permits and anticipated real estate projects.

Source: Brookings Institution Center on Urban and Metropolitan Policy  
and the Fannie Mae Foundation, November 1998

The study noted that new downtown residents could provide significant and lasting benefits for a city's business center. Having residents in the business district eases rush-hour traffic jams by eliminating commutes or enabling reverse commutes. Downtown residents create demand for a 24-hour city, with restaurants and stores open after 5 p.m., contributing to an active nightlife and supporting downtown entertainment and cultural institutions. Downtown residents also demand better services and a diverse mix of retail, which benefits everyone who works, lives and visits downtown.

Who's living and moving downtown? Anecdotal evidence, now validated by the 2000 Census, suggests that young single professionals, young working couples, empty-nesters, retirees and seniors, those seeking alternative lifestyles, and students are all part of the mix. As the baby-boomers move into the empty nester lifestyle niche over the next 10 to 15 years, the appeal of downtown living is expected to grow significantly.

- ◆ In Valencia, California, in suburban Los Angeles, a new town center has become a downtown focal point for the community. The area includes a mix of national stores and local shops, restaurants, a movie theater, a hotel, and several hundred apartments.
- ◆ In Deerfield, north of Chicago, a downtown redevelopment project will include 55,000 square feet of retail, 58 luxury rental apartments, 20,000 square feet of office space and parking.
- ◆ In Federal Way, a suburb of Seattle, the city is revitalizing its downtown using an incremental approach. Pedestrian access, a transit center, a new park, neighborhood strengthening and street-level retail with residential units above are all part of the mix.

- ◆ In downtown Milwaukee, turn of the century office and industrial buildings are being converted into housing. As a result, some of the city's architecturally significant but functionally obsolete buildings are being saved. Ten downtown buildings of this vintage have been converted into more than 500 apartment or condo units.
- ◆ In downtown Cincinnati, the Riverfront East Condominiums include 21 town houses along the Ohio River. Eleven units sold for \$300,000 to \$375,000 and 10 rent for \$2,500 to \$3,000 per month. The \$4 million complex was built in 1995 and was fully occupied in less than one year. The next phase of 15 single family detached houses is under construction across from Riverfront East.

A recent discussion paper prepared for the Brookings Institution Center on Urban and Metropolitan Policy, *Ten Steps to a Living Downtown* (October 1999) offers some lessons from the experience of revitalizing downtown Denver. In the late 1980s, Denver was suffering from some of the highest building vacancy rates in the country. By the late 1990s, downtown had emerged as an exciting, vital place to live, work and play. The following key factors have been identified:

- ◆ **Downtown must be legible:** there should be delineated and distinguishable boundaries. It is also important not to underestimate the significance of an area's nickname. An invented name, if one does not exist, can add legibility.
- ◆ **Downtown must be accessible:** the physical infrastructure must be in good shape to attract residents. This includes access points, streetscape, "walkability", signage, and landmarks.
- ◆ **Downtown must have new and improved regional amenities:** these include attractions such as arts and cultural facilities, sports venues, special events and functions, convention and conference facilities and the like.
- ◆ **Downtown must be clean and safe:** for downtown to become a neighborhood in which to live, it must feel safe and clean.
- ◆ **Downtown must preserve and reuse old buildings:** older buildings are often functionally obsolete, which reduces market value. However, these buildings have great potential for adaptive reuse, often as residential or unique small retail, restaurant or office space.
- ◆ **Housing must be a political and business priority:** key downtown interests should all agree that housing is a priority and a key strategy for revitalizing downtown.
- ◆ **Downtown regulations must be streamlined and support residential growth:** support for residential uses must be evident in city land use regulations and code provisions.
- ◆ **City resources should be devoted to housing:** leadership, good information for the private sector and financial resources must be leveraged in order to boost the production of downtown housing.
- ◆ **The edge of downtown should be surrounded by viable neighborhoods:** disinvestment in neighborhoods surrounding downtown can isolate downtown through a ring of surface parking lots and run down or vacant buildings. Revitalizing these areas is an asset for the downtown as well.
- ◆ **Downtown is never "done":** Real estate market dynamics and technology are constantly changing, creating new and different challenges for downtowns.