

**MARKET STUDY UPDATE  
AND  
BUSINESS DEVELOPMENT RECOMMENDATIONS**

**Prepared by:  
Greenberg Development Services**



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## **SECTION I. COMMERCIAL ASSESSMENT & MARKET UPDATE**

*In December 2015, Greenberg Development Services (GDS) was hired to prepare a report summarizing changes that have occurred within the trade area since the completion of a 2008 Downtown Market Study (also prepared by GDS) and to provide new recommendations for strengthening the City's on-going effort to attract new businesses and investment to the area. The report is divided into two parts: Section I. Commercial Assessment & Market Update summarizes changes that have occurred within the marketplace in terms of demographic, employment and retail sale trends and provides a brief assessment of existing businesses, recent investment activity, and district strengths and weaknesses that impact commercial revitalization efforts. Section I. also includes a summary of market demand and opportunities for new business activity within the River District. Section II. Business Development Recommendations includes a summary of proposed development strategies and tenant mix recommendations based on findings from Section I. as well as recommendations for attracting new businesses and strengthening existing businesses.*

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## **SECTION 1. COMMERCIAL ASSESSMENT & MARKET UPDATE**

In 2008, Greenberg Development Services (GDS) was hired in to conduct a downtown market study and commercial assessment for the City of Danville. Since the report was completed, the River District has achieved a level of success that was unimaginable to downtown boosters eight years ago. With total investment now exceeding \$100 million, the district is home to new residential, commercial and office uses. In addition to new business activity, public improvements and a new marketing campaign are helping transform the district's image within the region.

### **A. STUDY AREA**

The River District study area is a large geographic area that includes three commercial districts: The Central Business District (CBD), the Tobacco Warehouse District (TWD) and the North Main Street corridor-located across the river (See Map 1. District Boundaries). The "100% Corner" is considered to be the area at the northern end of Main Street that forms an axis between the Dan River, the TWD, the CBD and the North Main Street commercial area. Many of the buildings within the defined study area are on the National Register for Historic Places allowing property owners to take advantage of state and federal tax credits for qualifying renovation.

The CBD is generally bounded by the Dan River, Memorial Drive and High Street to the north and northwest, Craighead and Loyal Streets to the east, Jefferson and S. Ridge Streets to the south and Spring Street to the west. Within this 13-block area are several commercial nodes each with their own opportunities and liabilities relative to redevelopment and business mix. The most significant commercial nodes include:

- Main Street – While no longer Danville’s primary retail corridor, the area is now home to an eclectic mix of professional, service, restaurant and retail uses.
- Union Street- While once anchored by family-owned hardware and apparel stores, the corridor now includes a mix of service and retail uses that primarily cater to minority households including a full-service men’s clothing store.
- Patton Street- Recently converted to two-way traffic, this commercial corridor is home to an array of governmental uses including the library, social services, police and city administration offices.

The Tobacco Warehouse District (TWD) was a once a thriving manufacturing and warehouse district that fell into disrepair with the demise of the region’s tobacco and textile industries. Today, the area is a focal point for new investment as historic warehouse buildings are being redeveloped for urban living and centers for research and education. Anchor tenants include Averett University’s Riverview Campus that houses its Bachelor of Nursing and Graduate and Professional Studies programs and the Crossing at the Dan- a cultural complex that includes the Danville Science Center, Community Market and Carrington Pavilion where concerts are held during the summer. There also is a new medical facility being developed in the former Dan River Inc. Research Building that will house Spectrum Medical, Danville Regional Medical Center and several smaller commercial tenants.

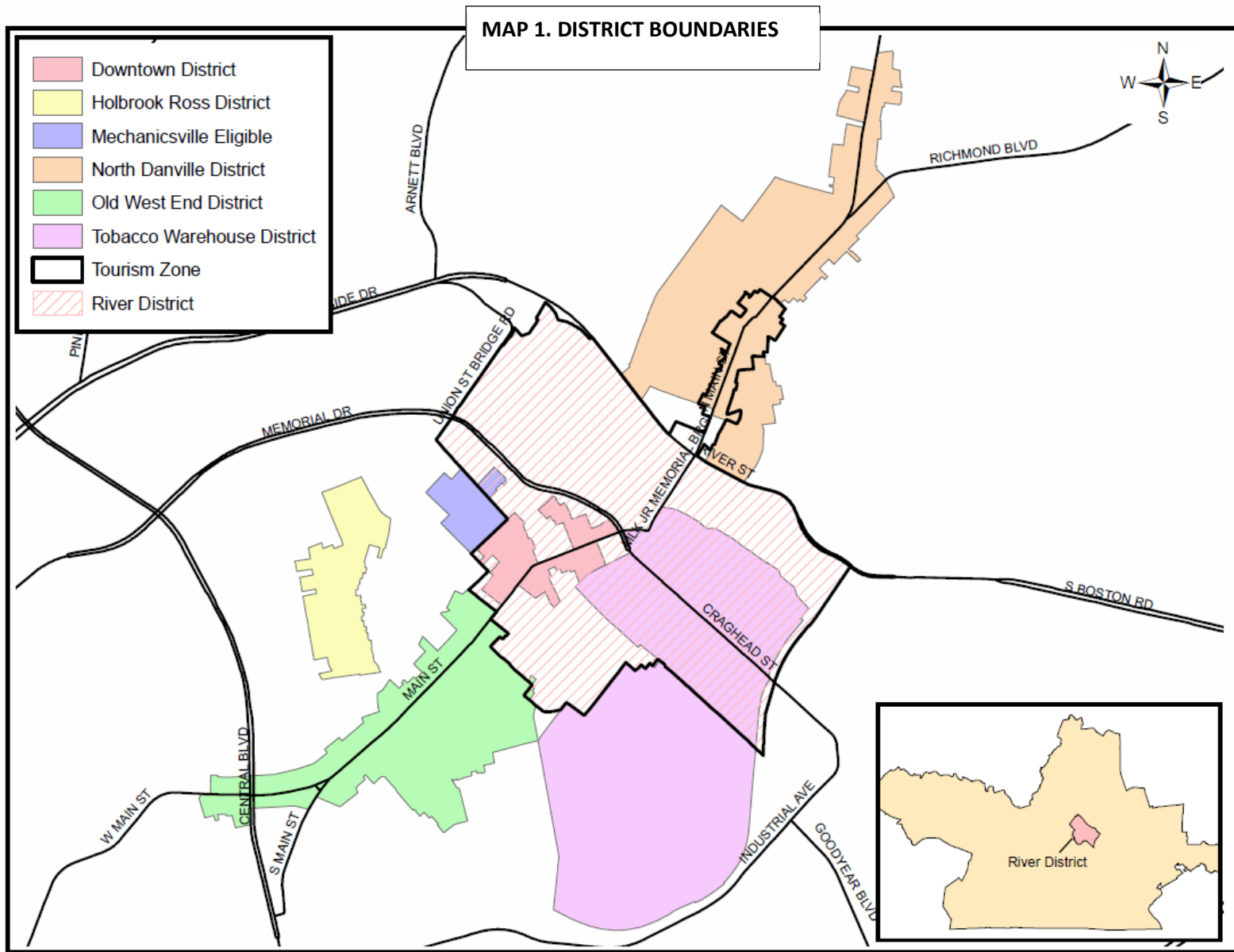
The Historic North Main Street corridor is located across the river, north of downtown. While many of the commercial uses in the area serve adjacent minority neighborhoods, the corridor is home to a performing arts theater and new restaurants. These businesses are helping to change the area’s image from a convenience goods shopping area to a more specialized food and entertainment district.

## **B. COMMERCIAL ACTIVITY**

Reinvestment within the River District has increased dramatically since the 2008 Downtown Market Study with new residential and office space underway or in the planning stages throughout the district. Below is a brief summary of changes that have occurred in terms of new investment, organizational support and business mix.

### **1. INVESTMENT ACTIVITY**

Over the past eight years, the City of Danville along with the Danville Regional Foundation and private investors have made significant investments in buildings and



infrastructure within the River District that is helping to transform the area into a lively live-work center of commerce. Based on a plan prepared by Allison Platt and Associates, the City has begun a massive streetscape project that includes new parking garage, wider sidewalks, new brick pavers, enhanced pedestrian crossings, storm drains, upgraded utilities, new lighting, trees and benches along portions of Main and Union Streets.

The most recent phase includes the creation of a pedestrian lane on the Martin Luther King Jr. Memorial Bridge to connect the walking trail on the north side of the Dan River to the Main Street Plaza and the walking trail on the south side of the river, storm drains and the replacement of curb and gutters.

While many activities are still on-going, completed projects like the new Main Street plaza and wayfinding signs are helping to generate new interest in the district. Other public projects completed since the 2008 Market Study include the adoption of design guidelines to protect and control development, the conversion of Patton Street to two-way traffic, improvements to the Opera House alleyway to make it a more inviting pedestrian connector, the installation of free Wi-Fi throughout the district and the demolition of a vacant motel. The City also has developed a new branding campaign for the district that included a new logo and wayfinding signage to reinforce the district's changing image.

TABLE 1. PUBLIC INVESTMENT SINCE 2007		
MAP #	PROJECT	INVESTMENT
8	Parking Lot	\$1.5
12	Averett University's Riverview Campus (Nursing Programs); Danville Regional Foundation's Headquarters	\$2.7M (IDA); \$2.5M (AU)
14	Development of a parking garage	\$2M
15	Downtown Motor Inn - Demolition	\$1.4M (DRF Grant)
25	New Fire Department and Emergency Services headquarters	\$9.3M
26	New digital dome - large format theatre	\$2M
29	Extension of Riverwalk Trail across MLK Bridge	\$1.4M
19, 23 & 32	Streetscape Improvements - Phase III	\$6.40

Source: City of Danville EDC



In addition to a significant increase in public investment, the River District also has benefitted from stronger partnerships with community foundations and non-profit



organizations that are providing additional funding and professional expertise. Organizations that are working with the City to transform the district include the City's Industrial Development Authority (IDA), the Danville Regional Foundation (DRF), the River District Association (RDA), Averett University and the Danville-Pittsylvania County Chamber of Commerce. For example, the IDA has purchased several large vacant buildings that will be being stabilized and sold to private investors to complete. The Danville Regional Foundation has provided funding to demolish a derelict motel on Main Street as well as helped fund the construction of a new YMCA. The Foundation recently established an investment fund to purchase and redevelop several vacant buildings that will be held as long-term investments for the foundation.

The massive investment in public infrastructure, along with stronger partnerships and new funding sources has helped to attract a growing number of new businesses and investment to the area; translating into new jobs and a growing tax base. In 2008, there were seven major project pending or underway representing over \$20 million in new investment. Between 2008 and December 2015, sixteen projects were completed representing over \$80 million in new investment (projects \$400,000 or greater). These new projects include a mixture of residential and office developments as well as a new YMCA that is located on the site of a former textile mill. The facility is the first building to be built facing the river in over 100 years.



Other projects that are helping to transform the River District include:

- The redevelopment of the historic Ferrell Historic Building into apartments.
- The redevelopment of the former Dimon Tobacco Company headquarters into office and classroom space for Averett University's Riverview Campus that houses the central administrative offices for the School of Nursing and the Graduate and Professional Studies Program.
- The redevelopment of a former hardware building on Craighead Street into the headquarters of a custom packaging and logistics company.
- The redevelopment of a vacant building on Main Street for luxury apartments, retail and office space.

<b>TABLE 2. PRIVATE INVESTMENT SINCE 2007</b>		
<b>MAP #</b>	<b>PROJECTS</b>	<b>INVESTMENT</b>
9	Lynn Street Lofts - 37 apartments	\$6.2M
10	Lindsay Lofts (now Gentry Lofts) - 22 residential units (market rate); 5 commercial spaces	\$5M
11	Corporate Headquarters	\$1.65M
13	Ferrell Historic Lofts - 13 residential units (market rate); 2 commercial spaces	\$2M
16	River District Towers - Danville Orthopedic Clinic, Danville Regional Medical Center, and commercial space	\$15M
17	Smith Seeds Apartments - 20 residential units (market rate); 2 commercial spaces	\$1.2M
18	Pemberton Lofts - 112 residential units (market rate); 3 commercial spaces	\$13M
20	Golden Leaf Bistro	\$0.65M
21	River District Association offices; 6 residential units (market rate)	\$0.4M
22	Meredith Gravely School of Dance; A La Carte	\$0.4M
24	New YMCA	\$13.5M (Large grant from DRF)
27	Corporate headquarters; Class A office space	\$2.53M
28	The Continental - 40 residential units (market rate); 1 commercial space	\$7.5 M
30	Pace on Main - 14 residential units (market rate); 3 commercial spaces	\$1.8M
31	23 residential units	\$2.4M

Source: City EDC 2016

While still under renovation, the River District Tower project, a large medical and professional office building being developed in the former Dan River Inc.'s Research Building, will further strengthen the district's image as an employment center and destination for health and wellness. When completed the project will include Spectrum Medical, Danville Regional Medical Center offices, new commercial businesses and restaurants.

In addition to projects shown on Table 2. the Danville Regional Foundation has partnered with a Durham-based real estate investment firm to purchase several long-standing vacant buildings. While plans have not yet been finalized, the redevelopment of the former Belk's Building, Imperial Warehouse and the RJR Building will accelerate the pace of reinvestment activity and lay the foundation for the redevelopment of much larger projects such as the White Mill Building, the former Masonic Temple Building or the Richmond Cedarworks Building.

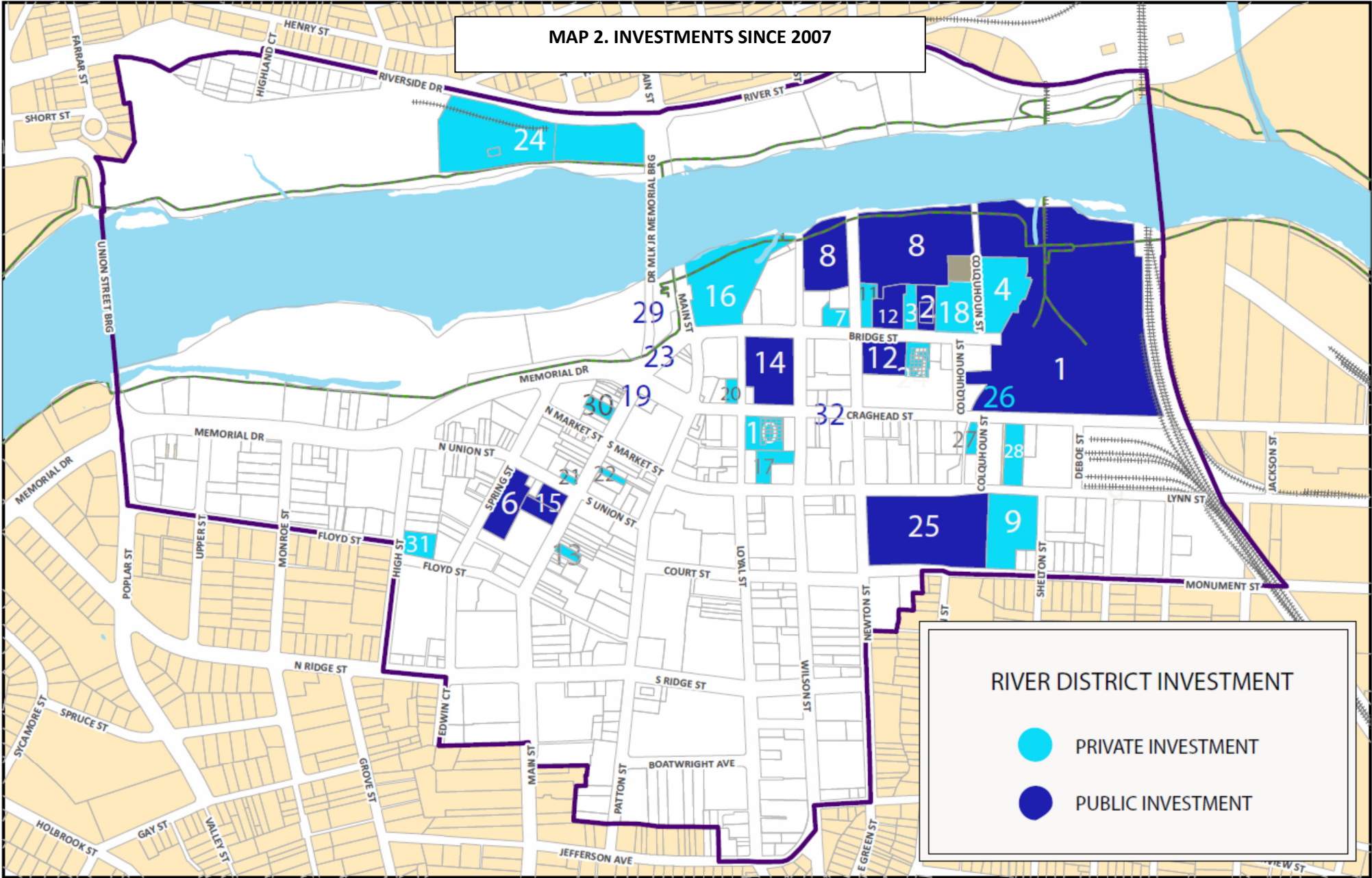
## 2. BUSINESS ACTIVITY

According to the Office of Economic Development, over 65 new businesses have opened or expanded in the district since the 2008 Market Study. The majority of these businesses are research, professional and general business uses that are locating in former warehouse buildings in the Tobacco Warehouse District or in the 300 and 400 blocks on Main Street. Both of these areas have benefitted from recent streetscape and road alignment projects that created greater visibility and accessibility. New businesses also have opened in the Historic North Main Street corridor. New restaurants along with the Historic North Theater are helping to change the area's image to a destination for food and entertainment.

<b>TABLE 3. BUSINESS ACTIVITY</b>	
<b>NEW BUSINESSES SINCE 2007</b>	<b>% BY CATEGORY</b>
TOTAL	65
RETAIL	19.4%
SERVICES	29.9%
PER. SERVICE	22.4%
BUSINESS SERVICE	20.9%
GEN BUSINESS	17.9%
RESTAURANT/ENTERTAINMENT	16.4%

Source: City EDC

MAP 2. INVESTMENTS SINCE 2007



The service sector has experienced the greatest increase in new business activity. First observed in the 2008 Market Study, this trend reflects the River District 's continuing transformation from a comparison shopping retail district to a more specialized retailing center that includes a greater percentage of general use and professional service businesses. While many businesses still capture sales from moderate-income households, new retailers are finding market support from the district's growing employee and resident markets and from more affluent households living in the region that frequent new dining or drinking establishments.

The Restaurant and Drinking sector also has experienced an increase in business activity since 2008, with eleven new businesses opening in the district. New uses include limited-service restaurants and coffee shops that target area employees and residents and full-service restaurants that capture sales from as far away as Greensboro and Smith Mt. Lake.

### **C. DISTRICT STRENGTHS AND WEAKNESSES**

Unlike many communities faced with long-term disinvestment within their downtown, Danville has made steady progress in reversing years of neglect. Recent streetscape improvements and a growing residential and employment base has strengthened overall investment climate and is laying a foundation for stronger business attraction. Overall, there is a much stronger sense of optimism about the district and Danville's future.

While there has been a steady increase in office and residential activity, retail activity has not kept pace. While new retailers have opened, the retail sector remains weak with significant gaps in product within the apparel, jewelry and gift store categories. Existing retailers are scattered and pedestrian traffic is disrupted by the presence of vacant and non-retail uses that weaken sales performance. There are very few blocks on Main Street that still have opportunities for retail activity on both sides of the street. Efforts to recruit new retailers also will need to take into account strong competition for consumer dollars from big box retailers and changes in consumer shopping that now favor e-commerce retailers over brick and mortar.

As new ground-floor rental space comes on the market, it may be useful to consider guidelines regarding the location and massing of key uses to better facilitate pedestrian activity at key intersections. It also may be helpful to consider how the location of anchor projects can be used to encourage pedestrian activity in areas that now are devoid of retail businesses. As vacant storefronts are renovated, it will be important to monitor rents to ensure that rents are in line with what tenants can afford. Typically, retailers should pay no more than 7% of their sales or 25% of gross margins in rent. If the cost to renovate is too high, it may be necessary to develop new financial tools to help defray the cost to provide "move-in ready" rental space.

Below is a summary of key strengths and weaknesses for the three geographic sub-areas within the River District based on interviews, in-store observations and on-site evaluations.

## 1. CENTRAL BUSINESS DISTRICT

<b><u>OPPORTUNITIES/STRENGTHS</u></b>	<b><u>ISSUES/WEAKNESSES</u></b>
<ul style="list-style-type: none"> <li>● The City’s streetscape project which includes a new gateway entrance has created a more pedestrian-friendly downtown that is supports retail activity.</li> <li>● Proximity to the Dan River, topography and a collection of architecturally significant buildings contribute to a “strong sense of place”.</li> <li>● There is strong investment momentum with new businesses opening and on-going renovations fueled by historic tax credits and innovative public financing.</li> <li>● Many buildings have upper-floors suitable for housing that would generate new revenue for property owners.</li> <li>● The area is attracting new employers and residents that provide additional sales support for local businesses.</li> <li>● Several large vacant buildings have been purchased by private investors, the Danville Regional Foundation or by the City’s Industrial Development Authority with plans for redevelopment. The demolition of the former Downtowner Motel has created opportunities for new investment.</li> <li>● Patton Street’s conversion to two-way traffic has improved connectivity to parking lots and Main Street businesses.</li> </ul>	<ul style="list-style-type: none"> <li>● Several buildings located near the new plaza are in poor condition undermining the overall image of this new gateway to downtown.</li> <li>● Vacancy rates for ground-floor space is high, with several buildings in need of considerable repairs before they could be leased.</li> <li>● Retailers are fragmented with retail activity disrupted by the presence of non-retail and vacant storefronts. Many blocks have retail only on one-side of the street, limiting opportunities for cross- merchandising.</li> <li>● Employees parking on the street is an issue in several blocks. The Parking lots on Patton and Ridge Streets could use signage and landscaping improvements.</li> <li>● Topography and the distance to parking lots makes it difficult for older residents to shop.</li> <li>● Several long-time businesses are approaching retirement age and may not have succession plans.</li> <li>● Several buildings near Main and North Union Streets could use façade improvements as well as business assistance activities to help businesses increase sales.</li> </ul>

## 2. TOBACCO WAREHOUSE DISTRICT

<u>OPPORTUNITIES/STRENGTHS</u>	<u>ISSUES/WEAKNESSES</u>
<ul style="list-style-type: none"> <li>• There has been significant building redevelopment over past ten years with over \$80 million* in private investment.</li> <li>• The district’s historic buildings, unique residential projects and riverfront location is attracting new businesses and entrepreneurs that otherwise would not locate in Danville.</li> <li>• Many of the buildings in this 9-block district are eligible for state and federal historic tax credits.</li> <li>• The growing residential population is generating demand for restaurants and services.</li> <li>• The Crossing at the Dan complex is an important cultural anchor that brings visitors into the area.</li> <li>• When completed, the River district’s Tower project will increase the district’s employment base and generate additional support for new retail.</li> <li>• Recent business openings in the area include a restaurant, yoga studio and coffee house.</li> </ul>	<ul style="list-style-type: none"> <li>• While the area is undergoing rapid change, projects are complex and often take years to complete.</li> <li>• The scale and size of the buildings make it difficult for smaller developers to secure financing.</li> <li>• There are limited opportunities for small businesses to own their space. Opportunities for a condo office project should be explored.</li> <li>• The location of the Museum/entertainment complex at the edge of the district limits its ability to draw customers into the area.</li> <li>• While the growing residential population is creating demand for residential amenities such as a grocery, pharmacy, more restaurants and service uses, market support is not enough to support these uses without local government support.</li> <li>• The sale of property to the City and other institutional investors may be inflating sales prices.</li> <li>• As the CBD develops new housing projects, it could impact future growth in the TWD.</li> </ul>

\*Investment between 2008 and 2015; projects over \$400,000.

### 3. NORTH MAIN STREET CORRIDOR

<b>STRENGTHS</b>	<b>ISSUES/WEAKNESSES</b>
<ul style="list-style-type: none"><li>• Intact 2 block historic commercial buildings of good scale and size with retail opportunities on both sides of the street.</li><li>• The district is near the new YMCA and Riverwalk trails.</li><li>• There is convenient parking located nearby.</li><li>• There has been significant investment in buildings and businesses in the area with several new businesses opening including a farm-to-table restaurant, a Thai restaurant and a Theater that has live performances.</li><li>• These uses are helping to attract young professionals, students and regional customers to the area.</li><li>• The City has made several streetscape improvements that have improved pedestrian accessibility.</li><li>• The City and property owners are working together to identify other improvements that would help strengthen the area's changing mix of uses including façade improvements or property acquisition.</li></ul>	<ul style="list-style-type: none"><li>• There is a disconnect between long-time businesses that target minority households and new business owners that are targeting a more affluent regional customer.</li><li>• While the district's image is changing, there are both real and perceived concerns regarding safety that could slow reinvestment activity.</li><li>• Several business owners said that they felt left out of River district events and activities.</li><li>• While the City has made significant improvements in the area, more public improvements are needed to support on-going private investment.</li></ul>



## **D. RESIDENTIAL MARKET PROFILE**

Below is a summary of changes that have occurred within a defined trade area in terms of demographic, socioeconomic and lifestyle trends that impact the City's ability to attract new investment to the River District and strengthen existing businesses. Comparing demographics of for different geographic areas can help the City clarify market opportunities and underserved customer niches.

### **1. TRADE AREA BOUNDARIES**

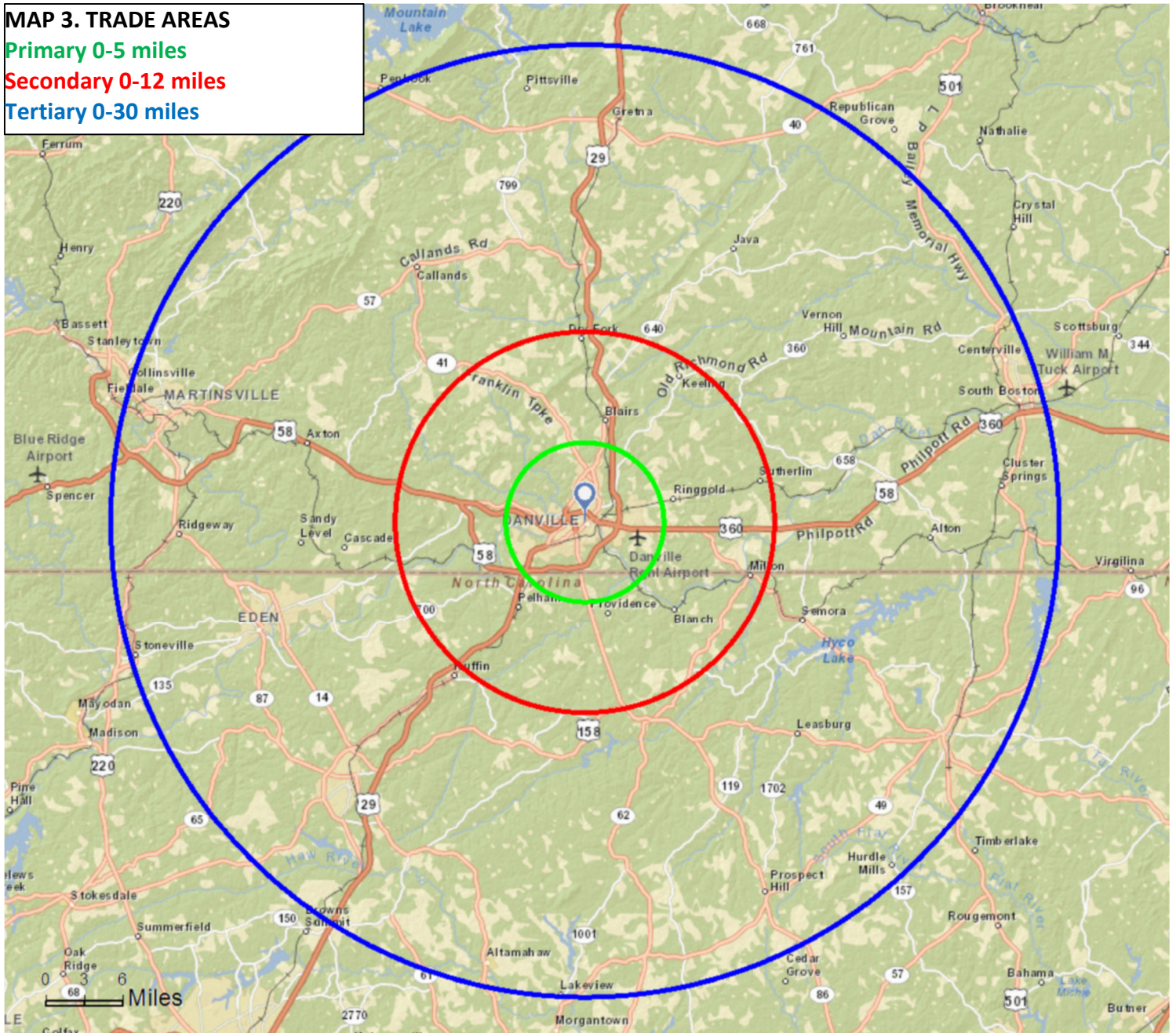
To assist in understanding the characteristics of residents, data was assembled for three defined trade areas (See Map 3. Trade Area Boundaries). A trade area is the geographic area from which the preponderance of a retail establishment's customers originates. Trade areas differ based on the type of products offered at the retail establishment with customers typically willing to travel 3-5 miles for convenience goods but greater distances for more expensive or unique items. Trade areas are also impacted by competitive retail destinations. A shopping district with little nearby competition will have a much larger trade area than a shopping district with significant regional shoppers' goods competition.

For purposes of this Study, GDS used the same trade area boundaries that were used in the 2008 Downtown Market Study. This study defined 3 trade areas: a Primary Trade Area for convenience goods, limited service restaurants and personal services, a Secondary Trade Area for shoppers' goods and full-service restaurants and a Tertiary Trade Area for destination shopping, dining and entertainment.

The Primary Trade Area (PTA) includes households living within a 5-mile radius of downtown Danville. This area includes residents living in or near the City of Danville as well as households living in adjacent communities in North Carolina. The Secondary Trade Area (STA) includes households living within a 12-mile radius around downtown (including all households in the defined PTA) including portions of Caswell and Rockingham County in NC and Pittsylvania, Henry and Halifax Counties in VA. The Tertiary Trade Area (TTA) includes households living within 30-miles of downtown including households living in portions of Pittsylvania, Halifax and Henry Counties in Virginia and Rockingham, Person, and Caswell Counties in North Carolina. This large regional trade area includes the communities of South Boston, Reidsville, Gretna, Chatham, Eden, Yanceyville, Martinsville and Roxboro and represents the greatest source of sales for future specialty retail businesses, full-service restaurants, bars and new entertainment uses.

**MAP 3. TRADE AREAS**

- Primary 0-5 miles
- Secondary 0-12 miles
- Tertiary 0-30 miles



## 2. DEMOGRAPHIC TRENDS

To assist in understanding the characteristics of residents, data was assembled for three defined trade areas (See Map 3. Trade Areas). Comparing demographics for each of these geographic areas can help businesses clarify sales demand and underserved customer niches. Information shown below is derived from public and private datasets, including reports purchased from *Environmental Systems Research Institute Business Information Solutions (ESRI)* for this report. Additional demographic tables can be found in the Appendix.

### a. Population Trends

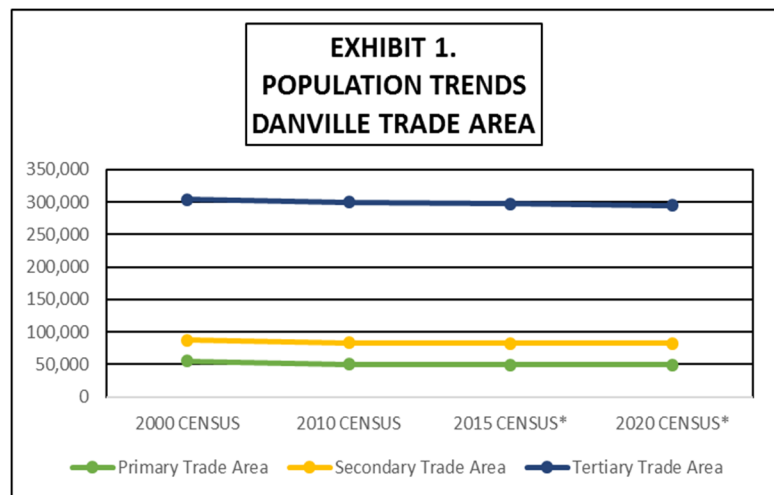
Population data helps quantify both current market size and future market growth, both of which are used to measure consumer demand. Population is defined as all persons living in a geographic area. For 2015, there were approximately 50,000 persons living in the PTA, 83,000 in the STA and almost 300,000 in the TTA.

TABLE 4. 2015 POPULATION		
PRIMARY TRADE AREA	SECONDARY TRADE AREA	TERTIARY TRADE AREA
49,681	82,826	297,101

Source: U.S. Census, ESRI forecasts

As shown in Exhibit 1, all trade areas experienced a loss in population between 2000-2015, a trend that mirrors similar population losses in surrounding Virginia towns and counties. Only adjacent counties in North Carolina experienced a slight increase in population. While this downward trend in population is expected to continue for the next ten years, the rate of decline is expected to slow.

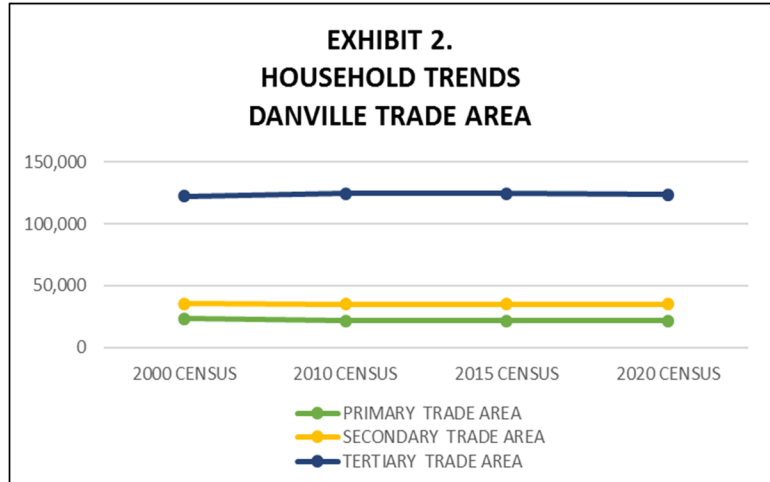
While the PTA had the greatest percentage decline between 2000-2010, its rate of decline was the lowest among the three areas between 2010 and 2015, due to an improving employment market.



**b. Household Trends**

Households consist of one or more persons who live together, regardless of relationship, in the same housing unit. Households can be characterized by size, composition, or stage in family life cycle. Typically, individuals or household as a group influences household purchases and can be used to identify future retail opportunities. In 2015, there were 21,675 households living in the PTA, 34,792 in the STA and 124,263 in the TTA.

As shown in Exhibit 2. all trade areas experienced a loss in households between 2000-2010, with the PTA experiencing the greatest percentage loss. While household declines within the STA and TTA are expected to continue, the rate of decline within the PTA has stabilized and is expected to increase slightly over the next five years.

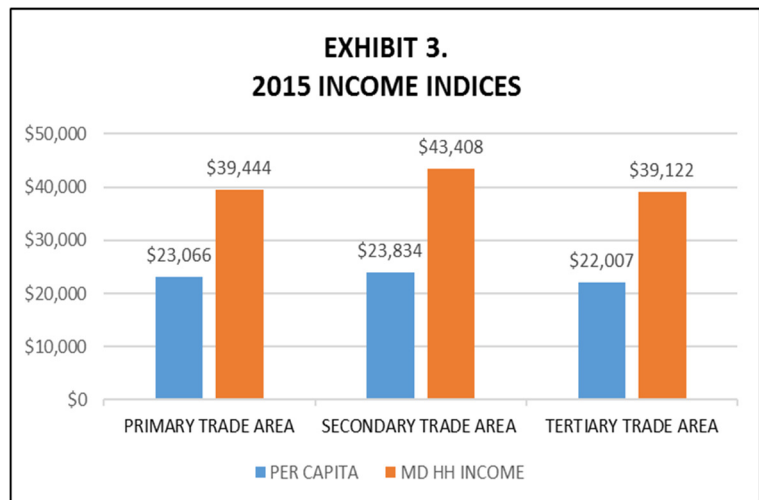


Average household size for the three trade areas also has declined over the past ten years, with the PTA having the lowest average household size. All trade areas had an average household size that was below Virginia’s or U.S. averages.

**c. Income Trends**

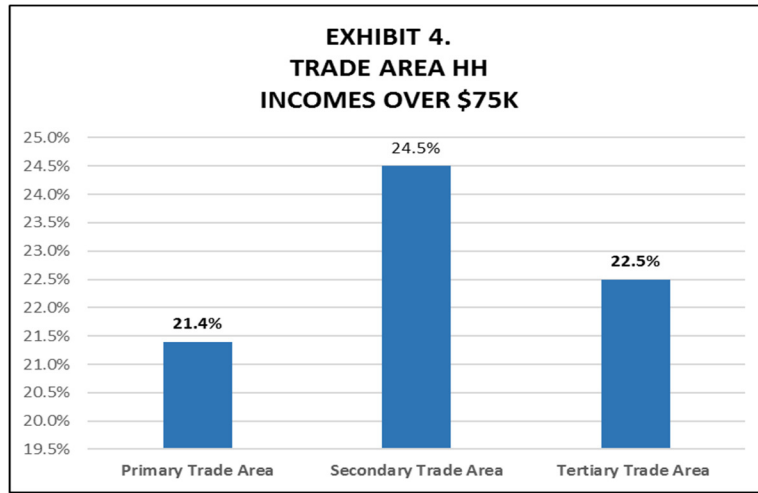
Household income can be an indicator of the spending power of residents. It positively correlates with retail expenditures in many product categories. Some retailers may also target specific income ranges based on their target market segment.

While median household incomes for the three trade areas were below Virginia’s (\$78,000) or U.S. (\$51,000) medians, median incomes for the three trade areas is rising.



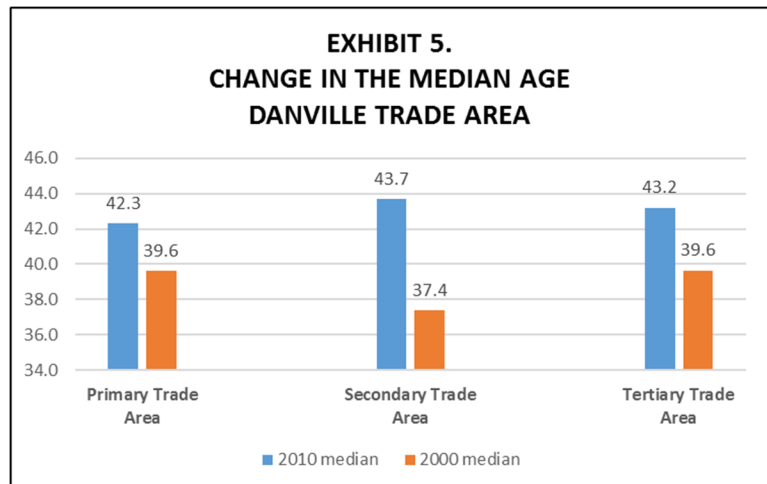
The STA had a slightly higher median and per capita income than the PTA or TTA. While the PTA and TTA median household income figures were similar, the PTA had a slightly higher per capita income figure.

As shown on Exhibit 4, the STA had a greater percentage of households with incomes over \$75K. Over 24% of STA households had incomes over \$75K compared to 21.4% for the PTA and 22.4% for the TTA.



**d. Age Cohort**

A consumer’s age can influence their taste and preferences and impact sales expenditures in key categories such as health and personal care, services, foods and furniture. As shown on Exhibit 5, the median age indices for all trade areas increased over the past ten years. The greatest change occurred within the STA where the median age increased from 37.4 to 43.7 between 2000 and 2010. In terms of overall age distribution, the PTA has a slightly greater percentage of persons over 65, under 18 and between 20-24 than the other two trade areas.

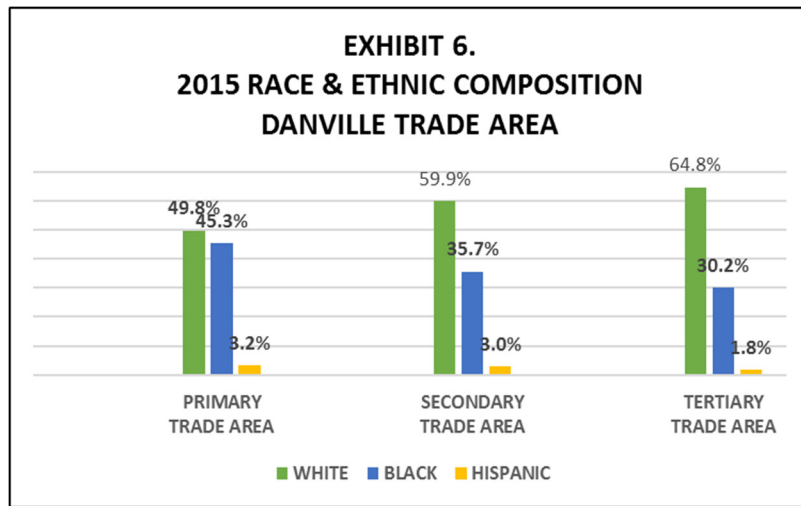


**e. Housing Ownership**

Housing ownership is an important factor for retailers to consider as this directly correlates with expenditures for home furnishings, yard and home improvement expenditures. Of the three areas, the PTA had the lowest owner-occupied percentage (56%) and highest renter-occupied percentage (44%). However, the growing concentration of more upscale apartments occupied by professionals and retirees could generate demand for smaller home furnishing and home décor suitable for urban living.

**f. Race/Ethnicity**

Spending patterns often differ by race or ethnicity. Understanding the racial and ethnic distribution of a population is the first step to meeting the needs of different ethnic groups. As shown on Exhibit 6. the three trade area are growing more diverse; the percentage of Black and Hispanic persons increasing at a faster rate than for White residents. In 2000, the racial composition for the PTA was 61% White and 37% Black. The 2015 ESRI estimates show the percentage of White residents at 52% while the percentage of Black residents was 44 percent. The percentage of Hispanics living in the PTA increased from 1.4% to 3.2% between 2010 and 2015.

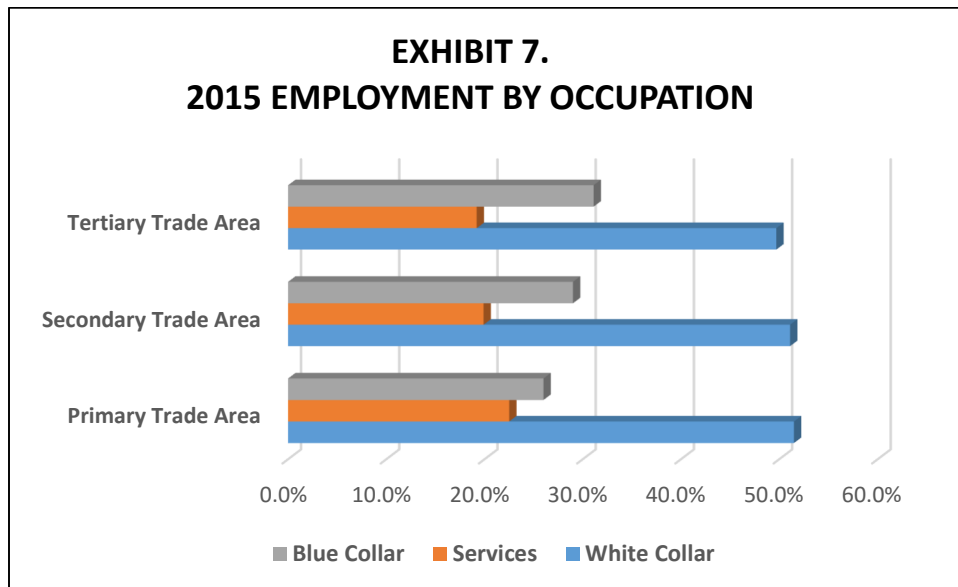


**g. Workforce**

Workforce occupation is an important indicator of future expenditures. Within the three trade areas, white-collar employment continues to be the largest occupational sector, with residents employed in the Administrative Support, Professional and Management categories. The PTA had a greater percentage of persons employed in the White-Collar occupations of Professional and Sales as well as in the Service Sector category. Of the three trade areas, the TTA had a greater percentage of residents employed in the Blue-Collar categories of Farming,

Construction, Installation, Production or Transportation and a greater percentage employed in Management/Business/Financial and Administrative Support.

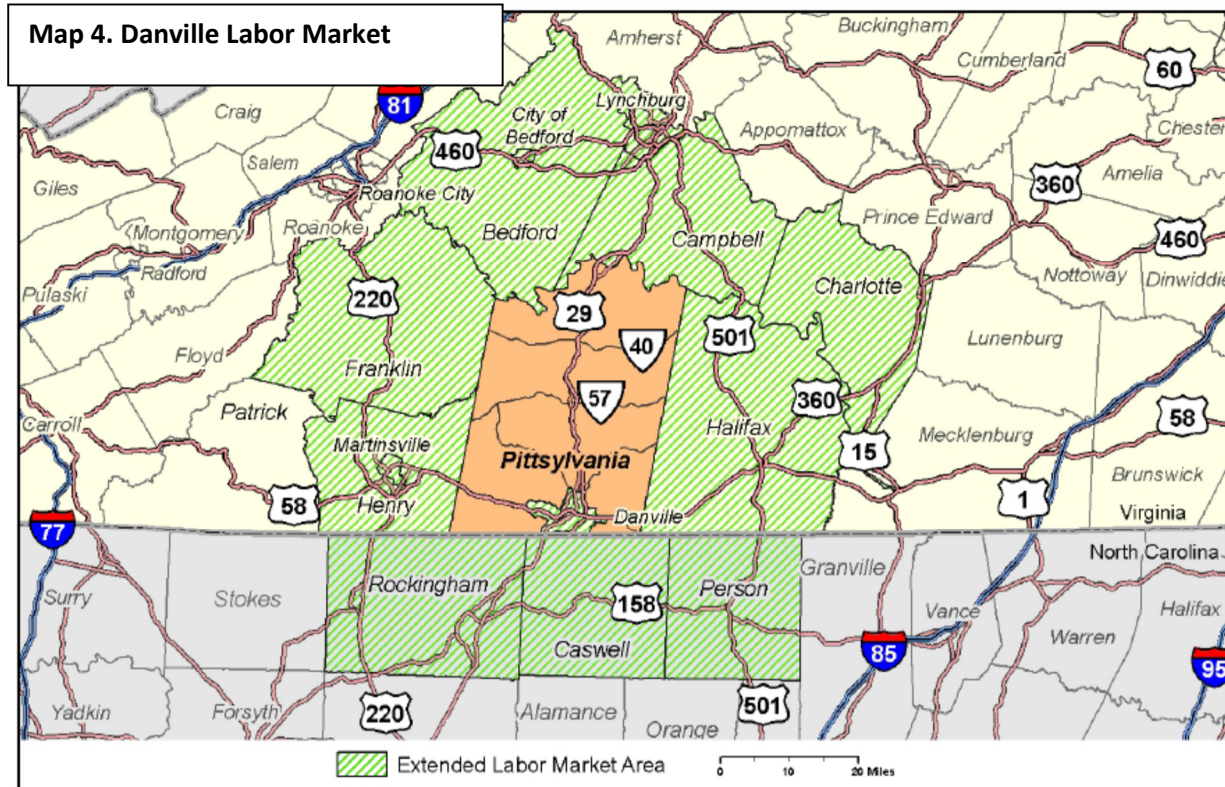
While the City's largest employers are in the government, medical and service sectors, manufacturing industries within the Danville area produce an array of products from furniture to plastic and rubber products. Among the occupational classifications, the greatest employment gain within the PTA has been within the Retail Sector due to the concentration of large retailers that have opened near the Mall. Coleman MarketPlace, a large open air shopping center that opened in 2008, employs approximately 1,600 persons.



While the region continues to experience some population and employment adjustments due to contraction within legacy industries of tobacco, furniture and textile, the City has made notable strides at diversifying its employment base. Infrastructure improvements such as an improved broadband network, new training programs and strategic financial incentives are helping the City to attract innovative companies in the plastics, aeronautics, pharmaceutical, technology and health fields. Several of these companies have located their offices in the Tobacco Warehouse District. These companies are creating higher paying jobs and changing the community's image within the region.

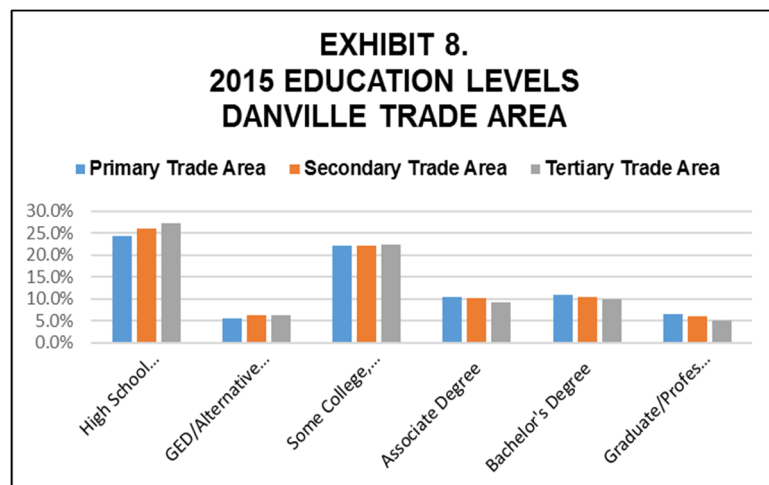
Other resources that are helping transform the community include educational resources such as the Gene Haas Center for Integrated Machining that opened at the Institute for Advanced Learning and Research that trains employees in higher skill jobs and The Launch Place, an entrepreneurial support center funded by the Danville Regional Foundation that provides technical and financial support for new research companies. Danville Community College and Averett University also are heavily involved in a variety of innovative workforce training

programs. Averett University's also has expanded its on-line adult learning programs to better meet the needs of area residents.



#### h. Educational Attainment

Education also can be an indicator of the socio-economic status of an area. Not only do education levels affect income, they also impact consumer tastes and preferences. While increasing educational attainment levels will take time, the percentage of residents with college degrees is growing. Of the three areas, the PTA had slightly greater percentage of persons with associate, bachelor or graduate degrees. The TTA had the greatest percentage of persons with only a high school degree.





### 3. LIFESTYLES SEGMENTATION ANALYSIS

In addition to reviewing key demographic or socio-economic characteristics, trade area residents also can be evaluated in terms of lifestyles. Using a lifestyle segmentation system developed by ESRI Business Information Solutions, that classified residents into 65 demographic and behaviorally distinct segments based on residents’ socioeconomic status (age, income, occupation, type and value of residence); and their buying behaviors, GDS has identified the following key lifestyle segments within the three trade areas.

<b>TABLE 5. TOP 5 LIFESTYLES: 2015</b>		
<b>PRIMARY TRADE AREA</b>	<b>SECONDARY TRADE AREA</b>	<b>TERTIARY TRADE AREA</b>
<b>Small Town Simplicity</b>	<b>Southern Satellites</b>	<b>Southern Satellites</b>
<b>Modest Income Homes</b>	<b>Small Town Simplicity</b>	<b>Rooted Rural</b>
<b>Midlife Constant</b>	<b>Modest Income Homes</b>	<b>Small Town Simplicity</b>
<b>Heartland Community</b>	<b>Salt of the Earth</b>	<b>Rural Bypass</b>
<b>In Style</b>	<b>Midlife Constant</b>	<b>Midlife Constant</b>

Source: ESRI 2015

Trade Area households are primarily found within five lifestyle segments. For the most part, these categories include a moderate-income householder that prefers outdoor activities and family entertainment. Households tend to be religious, conservative and generally older. Major lifestyle purchases include pets, garden, lawn and yard, scrapbooking, religious educational material, hunting, fishing, health and personal care. The size and homogeneity of these household lifestyle groups help to make Danville an ideal location for budget or discount stores, casual and fast food outlets.

While Danville’s three trade areas are fairly homogeneous with over 90% of all households found in twelve lifestyle categories compared to 20% for the U.S. as a whole, there are difference between the trade areas and within key market segments that could provide opportunities for future businesses. Among the three trade areas, the PTA has the greatest diversity in terms of lifestyles with households also found in categories that describe inner-city urban dwellers (*Modest Income Homes*) as well as more affluent suburban households (*InStyle*) that prefer a more urban experience that includes restaurants, theater and cultural events.

TABLE 6. TOP 5 LIFESTYLES by % and RANK							
LIFESTYLE SEGMENTS	PTA	Rank	STA	Rank	TTA	Rank	U.S. HH.
<b>Southern Satellites</b>	2.6%		17.5%	1	19.6%	1	3.2%
<b>Small Town Simplicity</b>	20.6%	1	12.8%	2	12.5%	2	1.9%
<b>Modest Income Homes</b>	17.2%	2	10.7%	3	5.5%		1.4%
<b>Midlife Constant</b>	9.7%	3	7.7%	5	6.8%	5	2.5%
<b>Heartland Community</b>	9.4%	4	6.1%		6.4%		2.4%
<b>In Style</b>	9.0%	5	5.6%		1.6%		2.3%
<b>Rooted Rural</b>	3.6%		7.2%		13.5%	3	2.0%
<b>Salt of the Earth</b>	3.1%		8.7%	4	7.3%		2.9%
<b>Rural Bypass</b>	2.3%		3.6%		11.3%	4	1.4%

Source: 2015 ESRI

Below is a summary of the nine lifestyle categories:

**a. Small Town Simplicity**

Households are generally older residents who enjoy a semirural lifestyle with focus on outdoor recreation, gardening, own a truck and prefer fast food and convenience foods.

**b. Southern Satellites**

Households are typically older, married couples who own newer homes and are employed in blue-collar occupations. These households are dominated by a single manufacturing or construction industry. Residents enjoy country living and listen to country and gospel music. They are active participants in outdoor recreational opportunities such as fishing, hunting and ATV riding. Many have satellite TV. Residents own older cars and trucks. They own riding lawn mowers, garden tractors and like to garden.

**c. Modest Home Households**

Households have the lowest median incomes and housing values among the five categories and are often single-headed minority households. Earning modest incomes, these householders have a median age of 34.2 years. Majority of households are employed in service and blue-collar jobs. Unemployment is high among this group. Television is central to their lives. They are content to wait for movies to be shown on TV instead of going to the theater, and they prefer to watch BET, Lifetime network or sports channels. They are frugal households and shop at discount stores and drive domestic sedans. They do not have Internet.

**d. Salt of the Earth**

A rural or small-town lifestyle best describes the *Salt of the Earth* market. Labor force participation is higher than the U.S. level, and unemployment is lower. Above-average numbers of employed residents work in the manufacturing, construction, mining, and agricultural industries. Households are dominated by married-couple families who live in single-family dwellings, with homeownership at 86 percent. Twenty-eight percent of the households own three or more vehicles. Most homes own a truck; many own a motorcycle. Residents are settled, hardworking, and self-reliant, taking on small home projects as well as vehicle maintenance. Families often own two or more pets, usually dogs or cats. Residents enjoy fishing, hunting, and target shooting, attending country music concerts and auto races, and flying kites.

**e. Heartland Communities**

*Heartland Community* households are single-family older households living in small rural towns. Most own older homes, built before 1960. The country lifestyle of these residents is reflected in their hobbies and music. They enjoy fishing, hunting, playing cards, and woodworking. They do home improvement projects and are avid gardeners. They participate in civic activities and take an interest in local politics. Residents purchase items from stores and catalogues and home shopping channels.

**f. Rooted Rural**

*Rooted rural* households are single-family households often living in mobile homes where primary occupations are farming, manufacturing, construction, retail, and health care. Households are dominated by married-couple families, approximately one-third of who already receive Social Security benefits. A majority of households are retired. Stable and settled, residents tend to move infrequently. They are do-it-yourselfers, constantly working on their homes, gardens, and vehicles. Many families have pets. Residents enjoy hunting, fishing, and target shooting, boating, attending country music concerts, and listening to country music on the radio.

**g. InStyle**

*In Style* residents are described as prosperous, professional couples that enjoy an urban lifestyle, yet reside in the suburbs. Married-couple families represent over half of all households; median age is 40 years. The majority (70 percent) reside in single-family detached dwellings or town homes. Residents enjoy active lifestyles, with leisure time pursuits ranging from traveling, playing golf, and engaging in fitness activities.

#### **h. Midlife Constant**

*Midlife Constants* residents are seniors, at or approaching retirement, with below average labor force participation and above average net worth. Their lifestyle is more country than urban. They are generous, but not spendthrifts. Traditional, not trendy; opt for convenience and comfort, not cutting-edge. Technology- has its uses, but the bells and whistles are a bother. Attentive to price, but not at the expense of quality, they prefer to buy American and natural products. Radio and newspapers are the media of choice (after television).

#### **i. Rural Bypass**

Open space, undeveloped land, and farmland are found in *Rural Bypass* neighborhoods located almost entirely in the South. This market is home to families who live in small towns along country back roads. The median age is 37.1 years. Higher-than-average proportions of employed residents work in the agricultural, mining, manufacturing, and construction industries. Labor force participation is low, and unemployment is high. Although most households are single-family dwellings, 32 percent are mobile homes. Homeownership is at 78 percent, and the median home value is \$58,500. Residents save money by maintaining their homes, gardens, and vehicles themselves. They enjoy hunting, reading fishing and hunting magazines, and listening to gospel radio. They prefer to watch courtroom TV and talk shows as well as cartoons. Recent purchases include baby products, clothes, and toys.

### **4. Other Market Segments**

While still relatively small, the following market segments have increased significantly since the 2008 Market Study. While additional survey work is needed to clarify key lifestyle characteristics and buying behaviors, these market segments provide new sales support for River District businesses.

#### **a. Students**

Danville is the home to Averett University a private 4- year coeducational institution with approximately 1,900 students; 900 undergraduates and approximately 1,000 adult learners enrolled in non-traditional programs. While the 19-acre main campus is located outside the district, the University's new Riverview Campus which houses the central administrative offices for the School of Nursing and the Graduate and Professional Studies Program is located in the Tobacco Warehouse District. The complex contains multiple classrooms, a computer lab, a nursing simulation lab, student lounge and faculty offices.

Danville also is the home of Danville Community College, a two-year degree program that serves over 5,000 students from Danville, Pittsylvania and Halifax Counties. The 86-acre main campus is located near the downtown on South Main Street.

While small, the student market should provide additional support for businesses within the amusement, recreation, restaurants and personal care. Future recruitment efforts to attract new educational uses will further strengthen this market segment. Stores in the entertainment and recreation category include exercise, book stores, music stores and youth oriented apparel stores. Personal care establishments include beauty salons, wellness, cosmetic stores. District restaurants should be able to increase sales from this market segment by offering affordable entrees and take-out service.

**b. District Employees**

Employees working in and close to downtown are small but important captive market for retail and service businesses. District employees are familiar with area businesses and tend to make purchases during lunchtime or on the way home. Market research conducted by *The Building Owners and Managers Association of America* found that office workers (as one segment of the workforce) spend between 10 and 15 percent of their expendable income at and near their places of work. While many employees working in or near the district are local residents, some may be commuting from communities outside the defined trade area and therefore represent a sources of sales that is not reflected in the residential-based market analysis.

ESRI business reports estimated there was 3,700 employees working within 1/2 mile of the River District; over 25,000 persons working within 3 miles. Of the 3,700 persons employed within .5 mile of downtown, 47% were employed in the Service sector, 13% in Retail Trade and 22% in Government or Financial sectors. Further analysis is needed to verify total employment figures and determine lifestyle or shopping patterns that could influence the type of new businesses attracted to the district.

**TABLE 7. DOWNTOWN EMPLOYMENT  
DOWNTOWN DANVILLE MARKET  
STUDY**

	1/4 MILE	1/2 MILE	3 MILES
<b>TOTAL BUSINESSES</b>	183	327	1,924
<b>TOTAL EMPLOYEES</b>	2,019	3,701	25,635

Source: 2015 ESRI

**c. District Residents**

Not just a collection of office buildings and retail tenants, River District is also emerging as a neighborhood in its own right, with residents who have their own needs, desires and preferences. While additional research is needed to determine the actual number of persons living in the Study area, a 2007 ESRI report estimated that there were 1,423 persons living within 1/2 mile of downtown. In 2015, this number had grown to 2,100 residents. Many of these residents live in renovated historic warehouse buildings in the historic Tobacco Warehouse District. Several buildings have been converted into loft, condo and apartments for residents that prefer unique living spaces and proximity to recreation and employment. The

City of Danville reports that there are approximately 550 residential units in the River District with several additional projects underway or in the planning stages.

To better understand this emerging market, GDS and the Office of Economic Development conducted a survey of residents living in ten residential projects. While the number of respondents was too small to provide statistical accuracy, the survey does provide a snapshot of resident’s shopping behavior and their suggestions for downtown improvements. Of the 95 residents that completed the survey, 60% were female and over 50% were 50 years or older. Twenty percent had graduate degrees compared to 6% for the PTA as a whole and 25% had moved to downtown from outside Virginia or North Carolina. Some of the improvements that residents would like to see made in the district included attracting new stores and restaurants and improving feeling of safety. While it is unlikely that the district residents can support all of the goods that residents desire, this market segment will provide a new source of sales for convenience, food and specialty retail uses. (See the City’s Office of Economic Development for a copy of the residential survey).

**TABLE 8. Top improvements desired by district residents**

Attract new retail stores	1
Attract new restaurants	2
Improve feeling of safety	3
Attract new entertainment venues	4
Improve sidewalks, lighting	5
Improve downtown buildings	6
Hold more special events	6

**d. Visitor Market**

Visitors are an important and growing source of sales for River District businesses. Many of these visitors are tourists that are looking for authentic experiences and places with unique architecture, cultural attractions and festivals. As marketing and promotional activities increase, this market segment will provide new sales support for local businesses. Visitors are defined as nonresidents who come to a community for business or leisure. They either make day trips, or stay overnight at local lodging or with friends and relatives. Danville’s sales from business travelers has increased steadily over the past ten years due to its concentration of overnight accommodations and a growing medical, educational and manufacturing sector. Many of these business travelers stay for longer than one day and patronize area restaurants.

Danville’s sales from leisure-time visitors also is increasing. These visitors include both recreational and cultural tourists. Recreational tourists include patrons to area racetracks, hiking and bicycle trails and families attending amateur sporting events. Danville’s location and concentration of lodging and restaurants make it an attractive location for race car fans attending Virginia International Raceway (Alton), South Boston Speedway (South Boston), the Martinsville Speedway (Martinsville) or visitors attending Danville Brave’s baseball games or

youth sports tournaments at area recreational fields. While the City’s Riverwalk Trail that connects the Crossing at the Dan (train depot, Danville Science Center, Community Market and Carrington Outdoor Pavilion) to Dan Daniel Memorial and Angler’s Parks is heavily used by local residents, it also attracts day visitors from surrounding communities. Cultural attractions include the Danville Science Center which has undergone extensive renovation since the 2008 Market Study and now includes a digital dome planetarium and 40 ft. screen.

The data shown on Table 9. confirms the importance impact travel related spending has on the Danville economy in general and its tax base in particular. According to the US Travel Association, 849 persons were employed in visitor related businesses with a payroll of over \$15 million in 2014.

<b>TABLE 9. 2014 TOURISM RELATED IMPACT</b>					
<b>Locality</b>	<b>Expenditures</b>	<b>Payroll</b>	<b>Employment</b>	<b>State Tax Receipts</b>	<b>Local Tax Receipts</b>
<b>DANVILLE CITY</b>	\$ 83,209,021	\$15,889,204	849	\$3,415,036	\$1,923,710
<b>PITTSYLVANIA</b>	\$ 70,011,925	\$12,826,862	629	\$3,608,695	\$1,940,485
<b>HENRY</b>	\$ 46,317,800	\$9,653,013	524	\$1,901,335	\$883,431
<b>HALIFAX</b>	\$ 45,441,092	\$9,638,936	541	\$1,670,144	\$821,405
<b>SOUTHERN VA</b>	\$ 489,407,818	\$95,113,265	5,039	\$21,792,319	\$12,256,113

Source: VA Tourism Corp 2013-14

Since 2006, visitor related expenditures that include expenditures in transportation, lodging, food service, entertainment, recreation and general retail from visitors increased by 51 percent.

<b>TABLE 10. CHANGE IN VISITOR EXPENDITURES</b>			
<b>Locality</b>	<b>2006</b>	<b>2014</b>	<b>% Change</b>
Danville (µSA)	\$101,200,000	\$153,220,947	51.4%
Henry	\$39,200,000	\$46,317,800	18.2%
Halifax	\$32,700,000	\$45,441,092	39.0%

Source: VA Tourism Corp 2013-14

## E. RETAIL SALES DEMAND

Potential demand for new commercial development is largely determined by trade area demographics, social economic characteristics, existing competition and retail sale patterns. Below is a summary of relevant retail sale trends that impact commercial activity.

### 1. TAXABLE SALES

Despite a loss of population over the past ten years, Danville remains a regional retail destination. With 40% of the Danville Micropolitan Statistical Area's total population, the City has over 60% of the area's retail businesses and captured approximately 82% of the 2015 total retail sales reported by VA Dept. of Revenue. Martinsville with 20% of the MSA's population has 32% of the area's retail base and captured only 30% of 2015 retail sales.

	<b>2007</b>	<b>2015</b>	<b>% Change</b>
<i>CITY</i>	<i>\$706,644,200</i>	<i>\$770,375,645</i>	<i>9.02%</i>
<i>COUNTY</i>	<i>\$191,330,100</i>	<i>\$169,037,178</i>	<i>-11.65%</i>
<i>DANVILLE μSA</i>	<i>\$888,076,000</i>	<i>\$939,412,823</i>	<i>5.78%</i>

*VA Dept of Revenue*

Retail trade also is an important component to Danville's labor market, employing approximately 14% of City residents and 12% of County residents in 2010. After several years of flat sales, retail sale activity in the region has increased. Between 2007 and 2015, retail sales increased by 9% for the City and 6% for the MSA. Only the County saw a decrease in sales during this time period; declining by 12%. While County's sales increased last year by 2%, they have yet to reach their 2007 levels. Total retail sales for the MSA was \$939 million in 2015.

### 2. COMPETITION WITHIN THE REGION

For many years, the Danville marketplace was under-stored, with residents traveling to Greensboro's Four Seasons Town Center or the Friendly Center for name brand retailers and big box stores. This situation changed dramatically with the opening of Coleman MarketPlace, a 460,000 sq. ft. center with several large anchors including Target, Petco, Dicks Sporting Goods, Home Depot and Old Navy



TABLE 12. 2015 TAXABLE RETAIL SALES				
	Pittsylvania County		City of Danville	
Industry	# businesses	sales	# businesses	sales
Gas station	25	\$5,296,852	30	\$16,298,881
Motor Vehicles	25	\$6,108,893	41	\$32,907,942
Bld. Material	13	\$3,684,317	10	\$51,550,434
Food and Bev	56	\$60,011,663	71	\$51,550,434
Furniture	5	\$446,303	22	\$15,173,659
Electronics	10	\$624,773	19	\$3,711,339
Sporting Good	32	\$2,070,230	38	\$14,108,593
GM	22	\$14,080,268	34	\$230,449,769
Clothing	16	\$593,782	56	\$41,798,360
Misc. Retail	42	\$2,538,673	86	\$28,994,530
Food service	52	\$21,301,215	120	\$107,334,254
Health & Per. Care	6	\$1,504,425	19	\$12,525,841
Total	682	\$169,037,178	1021	\$770,375,645

VA Dept of Revenue

Fueling Danville’s growth in commercial space has been a lack of same store competition and the closings or downsizing of several malls in surrounding communities that has increased to boost Danville’s capture rates. While discount stores like Wal-Mart and Family Dollar have continued to locate in these smaller communities, these stores do not generate the same level of out-shopping behavior as an enclosed regional mall or power center.

The 2008 recession, along with changing consumer shopping habits has had a significant impact on commercial shopping centers within the region. Several small enclosed malls in the adjacent communities of Eden, Martinsville and Reidsville have closed or have lost key anchor tenants and overall vacancy rates have increased in both community and neighborhood shopping centers throughout the region. Although Danville’s mall also lost a key anchor (Boscov Dept. Store) as well as several smaller tenants due to the recession, the mall



was able to recruit a new anchor tenant and has recently completed a major renovation that will help the facility capture new sales from smaller communities in the region.

<b>TABLE 13.</b>				
<b>MAJOR SHOPPING CENTERS</b>				
	<b>SQ FT.</b>	<b># STORE</b>	<b>CITY</b>	<b>CHANGES SINCE 2007</b>
Danville Mall	730,000	87	Danville	Dunham Sporting replaced Boscov. New ownership. Major renovation
Coleman MarketPlace	460,000	30	Danville	Big Box Retailers (Target, Home Depot, Dicks Sporting Goods)
Nordan	167,113	14	Danville	New Walmart Grocery anchor opening soon
Ballou Park	260,000	16	Danville	CIT, Roses downsized. High vacancy.
Riverside	170,000	10	Danville	Planet Fitness, Shoe Carnival, Citi Fashion
Sherwood Plaza	50,000	7	Danville	Lost drugstore anchor
Market Square	64,000	3	Danville	For Sale. Non-retail anchor
Patrick Henry	227,000	10	Martinsville	Mixed Bag, Marshals. Over 40% vacant
Liberty Fair Mall	225,000	5	Martinsville	Belk's, Marshalls, Dunham Sporting. Being redeveloped
Penrose Mall	188,000	6	Reidsville	Belk's and Rose's. Over 40% vacant
Eden Mall	297,000	10	Eden	Belk and Peebles closed. Under new management as a flea market

Danville's role as a center for employment, health care and education and critical mass of existing big box retailers should allow it to continue to dominate the region's retail marketplace. While continued population loss and lower than average household incomes limit the type of tenants that are willing to locate in Danville, retail development is likely to continue with property owners focusing on out-parcel development and increasing occupancy rates at existing centers to improve cash flow and property values.

### **3. SPENDING POTENTIAL INDEX**

As shown on Table 14. Spending Potential Index (SPI) is a measure of market activity developed by ESRI to measures the likelihood of adults/households in the trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. average. An SPI of 100 represents the U.S. average. While SPI index has increased slightly since 2007, Danville's three trade areas continue to exhibit a slightly lower than average propensity to spend than for U.S. average. Categories with index rating above 75 in the PTA were in categories of Health Care, Pets, Cable. Categories with index rating above 75 for the STA included the categories of Footwear, Entertainment, Cable or Dish Service, Pets, Sporting Equipment, Groceries, Restaurant, Eyewear, Furniture, Housewares, Telephone, Lawn and garden, School supplies and Smoking. The greatest market opportunity for both the Primary and Secondary Trade Areas was in the categories of Smoking Products, Pets and Health Care.

<b>TABLE 14. SPENDING POWER INDEX DANVILLE MARKET STUDY</b>			
<b>CATEGORY</b>	<b>PTA</b>	<b>STA</b>	<b>TTA</b>
<b>APPAREL</b>	70	74	69
Men's	69	73	68
Women's	71	75	69
Children's	70	74	70
Footwear	71	76	72
Services*	71	73	63
Jewelry	66	70	67
<b>COMPUTER</b>			
Hardware for home	68	73	67
Software	60	63	56
Accessories	69	74	69
<b>ENTERTAINMENT</b>	71	77	72
Fee and Admission	62	65	57
TV/Video	76	81	76
Cable Service	79	85	80
Dishes	72	76	70
Toys and Games	72	76	71
Pets	76	84	82
Sport Equip.	69	77	75
Reading	70	75	69
<b>FOOD</b>	72	77	73
Grocery	74	79	75
bakery items	75	80	75
Meat, poultry, fish	75	80	76
Dairy	74	79	75
Fruit/Vege	72	76	71
<b>RESTAURANT</b>	69	75	69
<b>ALCOHOL BEV</b>	66	70	77
<b>HEALTH</b>			
Non-presc drug	78	85	83
Prescrip drug	82	89	86
Eyeware	73	79	75
<b>HOUSEHOLD FURNISHING</b>			
Textile	71	75	69
Furniture	71	76	70
Rugs	68	72	65
Major Appliance	73	80	76
Houseware	70	76	70
Small Appliance	74	79	74
Luggage	61	65	56
Telephone	74	80	78
<b>LAWN AND GARDEN</b>	73	81	78
<b>PERSONAL CARE</b>	72	77	73
<b>SCHOOL SUPPLIES</b>	71	75	69
<b>SMOKING</b>	90	96	94

#### 4. GAP ANALYSIS

Gap analysis is a useful tool to measure how well a community is meeting its retail potential. Reviewing sales leakage/surplus trends also can help existing and prospective businesses determine whether their sales projections reflect a realistic capture rate given the market's size and strength of the competition. A retail gap analysis compares the difference between what residents could spend (***potential sales***) on retail goods to what residents are spending (***actual sales***) from stores located in the area. Potential sales are based on average household sales calculated by the Bureau of Labor's Consumer Expenditure Survey. Actual sales are based on information reported by the VA Department of Revenue for counties and from ESRI, a retail sale and demographic company that estimates actual sales for non-governmental jurisdictions.

Sales leakage can occur if the desired products are not available in the trade area or from customers purchasing goods on the internet. Sales leakage also can occur due to changes in employment that depress income. A sales surplus occurs when there are more sales generated than expected for an area. Areas with a significant concentration of retail space typically have sales surpluses as they capture sales from residents living outside the trade area. A sales surplus also can occur when a community captures sales from visitors or employees that work but do not live in the defined trade area.

It is important to realize that the consumer marketplace is quite fluid. Even if goods are locally available, priced appropriately and of good quality, local shoppers often shop outside the trade area or utilize catalogues and Internet for some purchases. It also is true that individual stores located in the defined trade areas can often capture sales from well beyond this geography due to their product offering or service.

As shown on Tables 15-17, all three trade areas had a strong sales surplus in 2015, with sales surplus factors for total retail and food and beverage ranging from a factor of 3% to 34%. It is important to note that in some cases, the total sales figures mask sales leakage within smaller market segments. Categories of goods that experienced sales leakage in all three trade areas included:

- Home Furnishings (Furniture, Rug, Floor, Interior Design). Electronics & Appliances (Air Conditioning, Electronics, TV, Computer Sales or Repair, Large and Small Appliances etc.)
- Grocery Stores
- Health and Personal Care (Drug store, Cosmetics, Optical, Nutrition, Medical Supplies etc.)

**a. Retail Sales Leakage: Primary Trade Area**

Stores in the PTA sold \$736 million in merchandise in 2015. Consumers in the same geography spent \$444 million in stores of similar type. This means that overall the PTA is capturing an additional \$292 million annually. Although ESRI shows an overall sales surplus for the PTA with a factor of 34%, several smaller sub-categories of goods are losing sales. These categories are Home Furnishings, Electronics/Appliances, Grocery, Specialty Food, Health and Personal Care, Florist, and Other Misc. Merchandise. In 2007, the PTA had a sales surplus in all of these categories.

<b>TABLE 15. 2015 RETAIL SALES LEAKAGE DANVILLE TRADE AREAS</b>				
<b>PRIMARY TRADE AREA</b>	<b>Potential Sales</b>	<b>Retail Supply</b>	<b>Factor</b>	<b>Gap/Surplus</b>
<b>Total Retail Trade and Food &amp; Drink</b>	\$443,826,291	\$735,980,499	24.8	<b>-\$292,154,208</b>
<b>Total Retail Trade</b>	\$402,322,465	\$651,679,341	-22.7	<b>-\$249,356,876</b>
<b>Total Food &amp; Drink</b>	\$41,503,826	\$84,301,158	-34.0	<b>-\$42,797,332</b>

Source: ESRI 2015

**b. Retail Sales Leakage: Secondary Trade Area**

Stores in the STA sold \$828 million in merchandise in 2015. Consumers in the same geography spent \$775 million in stores of similar type. This means that overall the STA is capturing an additional \$52 million annually, with much of this sales capture occurring within the City of Danville. Despite overall sales surplus, the STA did experience sales leakage in several smaller categories including the categories of Home Furnishings, Electronics, Groceries, Health and Personal Care. This is a continuation of a trend that was identified in the 2008 Market study.

<b>TABLE 16. 2015 RETAIL SALES LEAKAGE DANVILLE TRADE AREAS</b>				
<b>SECONDARY TRADE AREA</b>	<b>Potential Sales</b>	<b>Retail Supply</b>	<b>Factor</b>	<b>Gap/Surplus</b>
<b>Total Retail Trade and Food &amp; Drink</b>	\$775,365,256	\$827,641,066	-3.3	<b>-\$52,275,810</b>
<b>Total Retail Trade</b>	\$702,997,781	\$739,185,079	-2.0	<b>-\$36,187,298</b>
<b>Total Food &amp; Drink</b>	\$72,367,475	\$88,455,987	-10.0	<b>-\$16,088,512</b>

**c. Retail Sales Leakage: Tertiary Trade Area**

Stores in the TTA sold \$2.697 billion in total retail and food and beverage in 2015. Consumers in the same geography spent \$2.843 billion in stores of similar type. This means that overall the TTA is capturing an additional \$146 million annually. Despite this overall sales surplus, the TTA did experience sales leakage within several categories including Total Food and Drink that

reported a sales leakage of \$15 million. Smaller categories that also experienced sales leakage included Grocery, Specialty Food, Liquor stores, Health and Personal Care, Apparel, Shoes, Jewelry, Office Supplies and Gifts and Full-Service Restaurants. All of these categories had a sale surplus in 2007.

<b>TABLE 17. 2015 RETAIL SALES LEAKAGE DANVILLE TRADE AREAS</b>				
<b>TERTIARY TRADE AREA</b>	<b>Potential Sales</b>	<b>Retail Supply</b>	<b>Factor</b>	<b>Gap/Surplus</b>
<b>Total Retail Trade and Food &amp; Drink</b>	<b>\$2,697,261,607</b>	<b>\$2,843,212,728</b>	<b>-2.6</b>	<b>-\$145,951,121</b>
<b>Total Retail Trade</b>	<b>\$2,445,016,861</b>	<b>\$2,606,382,052</b>	<b>-3.2</b>	<b>-\$161,365,191</b>
<b>Total Food &amp; Drink</b>	<b>\$252,244,746</b>	<b>\$236,830,676</b>	<b>3.2</b>	<b>\$15,414,070</b>

Source: ESRI 2015

## F. MARKET OPPORTUNITY

Calculating market support for the River District is not an exact science. To determine demand, GDS had to make assumptions regarding the district’s trade area boundaries, capture rate and retailers’ sales per square foot productivity levels. Based on existing sales leakage together with anticipated growth in residential and visitor markets, we believe that there is market support for over 18 million or 100,000 square feet of new retail and restaurant space.

Supportable square footage is a term used to describe the amount of space that can be “supported” in the district. With the exception of personal goods and grocery sales, GDS calculated supportable square footage based on untapped spending potential from the Secondary and Tertiary Trade Areas. Information from future intercept and zipcode surveys can be used to evaluate the River District’s success in

“Untapped spending potential” X  
 “Capture Rate”/\$200 PSF Sales  
 Productivity = Supportable square  
 footage.

Dt. Capture Rate: 10% PTA, 15%  
 STA and 10% TTA.

attracting customers from these markets. To calculate the amount of new space the district could support, GDS made several assumptions about sales volume and sales productivity levels using information from the Consumer Expenditure Surveys, and ESRI retail sales estimates and in-store observations. For this analysis, GDS used an average capture rate of 10% for the Primary and Tertiary Trade Areas and 15% from the STA. As new retail space is developed and leased, Danville’s capture rate should increase, translating into additional support for new business activity. To translate untapped sales into square footage, GDS used a sales productivity factor of \$200/square foot. This is considered to be an average level of sales productivity reflecting the mix of merchants that is likely to be attracted to the district and is lower than industry standards for community malls that typically generate sales productivity of between \$350-\$400 per square foot. While there are significant limitations in using averages (sales vary

widely among businesses in each category), it does provide a starting point for the comparison of demand with actual supply/existing businesses.

<b>TABLE 18. 2015 RETAIL SALES LEAKAGE DANVILLE TRADE AREAS</b>		
<b>Category</b>	<b>STA</b>	<b>TTA</b>
<b>Furniture &amp; Home Furnishings Stores</b>		\$6,141,653
<b>Home Furnishings Stores</b>	\$3,617,863	\$15,655,400
<b>Electronics &amp; Appliance Stores</b>	\$9,646,802	\$30,877,930
<b>Food &amp; Beverage Stores</b>	\$37,642,124	\$34,916,328
<b>Grocery Stores</b>	\$36,070,706	\$28,193,612
<b>Specialty Food Stores</b>	\$1,258,435	\$3,452,127
<b>Beer, Wine &amp; Liquor Stores</b>	\$312,983	\$3,270,589
<b>Health &amp; Personal Care Stores</b>	\$35,328,954	\$78,263,245
<b>Office Supplies, Stationery &amp; Gift Stores</b>	\$3,291,073	\$11,279,699
<b>Clothing &amp; Clothing Accessories Stores</b>	\$0	\$51,803,015
<b>Clothing Stores</b>	\$0	\$39,214,820
<b>Shoe Stores</b>	\$0	\$7,785,446
<b>Jewelry, Luggage &amp; Leather Goods Stores</b>	\$0	\$4,802,750
<b>Sporting Goods/Hobby/Musical Instr Stores</b>	\$0	\$16,000,000
<b>Book, Periodical &amp; Music Stores</b>	\$0	\$2,859,304
<b>Miscellaneous Store Retailers</b>	\$0	\$7,858,843
<b>Food Services &amp; Drinking Places</b>	\$0	\$15,414,070
<b>Full-Service Restaurants</b>	\$0	\$30,713,385
<b>Drinking Places - Alcoholic Beverages</b>	\$0	\$5,854,599

Source: ESRI

The district’s success in capturing estimated supportable space will be strongly influenced by a number of factors, including the commitment to quality projects, new promotions and events to market the district and a coordinated leasing effort by property owners, realtors and volunteers. While there may be market support for new commercial space, the absorption and distribution of retail demand into the marketplace is a highly dynamic and fluid process. Even if suitable space is available, it will take time to absorb new rental space.

In general, the City’s chances for successfully attracting new businesses will increase as it expands the district’s residential and employment base and develops a regionally serving dining and entertainment cluster. These market segments will provide a consumer base that other retailers can build upon.

## 1. SUPPORTABLE SPACE: CONVENIENCE GOODS

Based on the assumptions described above, GDS believes that the River District could support approximately \$2.6 million or approximately 13,000 square feet of additional convenience goods space (food, health or personal care uses). While well below the sales or square footage volumes necessary to support a full-service grocery store, the growing concentration of residents living in the district combined with a growing employment base, should provide support for smaller specialty food uses such as a food cooperative, indoor market or specialty cheese or meat provider. Personal care and health uses that could be supported include hair, nails, health, fitness, cosmetic, optical, limited-service pharmacy, nutrition stores, medical products and other related uses.

<b>TABLE 19. SUPPORTABLE RETAIL SPACE: CONVENIENCE GOODS</b>			
	<b>SALES LEAKAGE</b>	<b>DT. SHARE</b>	<b>SALES/FT</b>
<b>Grocery Stores</b>	\$14,573,515	\$1,457,352	7,287
<b>Health &amp; Personal Care Stores</b>	\$12,271,876	\$1,227,188	6,136

GDS estimates based on ESRI sales leakage and ULI standards.

## 2. SUPPORTABLE SPACE: MISCELLANEOUS

GDS estimates that there is approximately \$3.7 million in market support for miscellaneous retail uses or approximately 19,000 square feet. Included in this category is a range of uses including Used Merchandise, Florist, Office Supplies, Pet Care, Books & Periodicals, Sporting Equipment, Toys & Hobbies, Games, Television, Audio Equipment, Luggage, Art, Pawn Stores, etc.

<b>TABLE 20. SUPPORTABLE RETAIL SPACE: MISCELLANEOUS</b>			
	<b>SALES LEAKAGE</b>	<b>DT. SHARE</b>	<b>SALES/FT</b>
<b>Office Supplies</b>	\$11,279,699	\$1,127,970	5,640
<b>Sporting Goods/hobby/musical</b>	\$16,000,000	\$1,600,000	8,000
Books and Music	\$2,859,304	\$285,000	1,430
Miscellaneous	\$7,858,843	\$785,000	3.929
<b>TOTAL</b>	<b>\$37,997,848</b>	<b>\$3,799,785</b>	<b>18,000</b>



### 3. SUPPORTABLE SPACE: APPAREL

GDS estimates show that the district could support an estimated \$5 million or 25,000 square feet additional clothing goods space. The apparel category includes stores in the clothing, shoe, jewelry and accessory categories. Although the district has one destination apparel retailer, the limited number of stores in this category combined with increasing competition from Target, Wal-Mart and Mall stores will make it difficult to attract new businesses. Initial efforts should focus on smaller specialty clothing (larger sizes, student clothing, uniform etc.) that have ability to reach customers through social media or website.

<b>TABLE 21.</b>			
<b>SUPPORTABLE RETAIL SPACE: APPAREL</b>			
	<b>SALES LEAKAGE</b>	<b>DT. SHARE</b>	<b>SALES/FT</b>
<b>TOTAL SALES</b>	\$51,803,015	\$5,180,302	25,902
<b>Clothing</b>	\$39,214,820	\$3,921,482	19,607
Shoes	\$7,785,446	\$778,546	3,893
Jewelry	\$4,802,750	\$480,275	3.929

### 4. SUPPORTABLE SPACE: FURNITURE

While changes within the furniture sector will make it difficult for Danville to regain its position as a furniture center, there is market support for approximately \$1.5 million in additional sales that could be absorbed by the new businesses within the furniture accessory sector.

<b>TABLE 22.</b>			
<b>SUPPORTABLE RETAIL SPACE: HOME FURNISHING</b>			
	<b>SALES LEAKAGE</b>	<b>DT. SHARE</b>	<b>SALES/FT</b>
<b>Home Furnishings Stores</b>	\$15,655,400	\$1,565,540	7,828

GDS estimates based on ESRI sales leakage and ULI data.

### 5. SUPPORTABLE SPACE: ELECTRONICS AND APPLIANCES

While there is significant sales leakage in this category within all three trade areas, opportunities to attract new uses in this category are limited by changing site criteria that prefers large format stores in suburban locations with strong housing markets and changing consumer behavior that prefers shopping at e-commerce businesses like Amazon. While GDS estimates that there is demand for approximately \$3 million in new sales, we recommend that

the City focus recruitment efforts on attracting repair and service companies in the cell phone and computer sectors.

<b>TABLE 23. SUPPORTABLE RETAIL SPACE ELECTRONICS AND APPLIANCES</b>			
	<b>SALES LEAKAGE</b>	<b>DT. SHARE</b>	<b>SALES/FT</b>
<b>Electronics/Appliances</b>	\$30,877,933	\$3,087,793	15,434

**6. SUPPORTABLE SPACE: DINING AND BEVERAGES**

GDS estimates that there is current market support for approximately \$3.5 million in additional dining and beverage facilities. This additional support is within full-service uses. The recruitment of additional uses within this category would help establish the River District as the regional destination for food and beverages.

<b>TABLE 24. SUPPORTABLE RETAIL SPACE DINING AND BEVERAGES</b>			
	<b>SALES LEAKAGE</b>	<b>DT. SHARE</b>	<b>SALES/FT</b>
<b>Full Service Restaurant</b>	\$30,713,385	\$3,071,339	15,434
<b>Bars</b>	\$5,854,500	\$585,460	2,937

## G. ADDITIONAL SALES SUPPORT

Below is an estimation of additional sales support generated by visitors and students that may not live within the defined trade area. For this analysis, it is assumed sales from district employees and residents are reflected in the residential-based market analysis. Based on assumptions shown on Table 25., GDS estimates that sales from visitors and students generate an additional \$1 million in new sales annually for River District businesses. These sales are

concentrated in the Food, Beverage, Personal Care and Convenience goods categories. New visitor attractions or growth in enrollment will increase sales from these market segments.

MARKET SEGMENT	SEGMENT SIZE	Capture Rate	Avg. Expenditure	Add. Sales
<b>VISITOR</b>	536,550			\$728,175.00
Lodging	306,600	0.2	\$10.00	\$613,200.00
Day visitor	<b>229,950</b>	0.1	\$5.00	\$114,975.00
<b>STUDENTS</b>	78,400	0.4	\$10	\$313,600.00
<b>TOTAL</b>				\$1,041,775.00

### 1. TOURISTS

Visitors are an important market segment for district businesses. This market should continue to grow as new attractions, events, lodging and meeting space is developed in the area. Using an industry-accepted methodology for calculating sales support from visitors, GDS estimates that there is \$750,000 in additional sales from visitors, primarily in the Food, Beverage and Convenience Goods categories. The recruitment of a boutique hotel would attract other visitor-related uses to the River District.

#### Calculating sales support from Visitors

1,000 hotel rooms x 365 = 36,500 room/yr.

36,500 room x .7 annual occupancy = 25,500 rooms

25,500 x 1.2 per/room = **306,600** annual persons staying in overnight lodging

306,600 x .75 = **229,950** non hotel visitors

*(rule of thumb- # of day visitors is usually .75-1.5 time # of hotel guests)*

### 2. STUDENTS

Sales support from Students should generate an additional \$300,000 per year primarily in the Food and Beverage category. To calculate potential demand from this group we used a lower than average industry standard to reflect the fact that community college students may also be counted as part of the residential based analysis.

#### Calculating sales support from Students

8,000 Community College Students X 1 visit per month for 8 months = 64,000 visit/year

900 Averett University Students x 2 visit per month for 8 months = 14,400 visits per year

78,400 students visit per year

## **SECTION II. BUSINESS DEVELOPMENT RECOMMENDATIONS**

*In December 2015, Greenberg Development Services (GDS) was hired to prepare a report summarizing changes that have occurred within the trade area since the completion of a 2008 Downtown Market Study (also prepared by GDS) and to provide new recommendations for strengthening the City's on-going effort to attract new businesses and investment to the area. The report is divided into two parts: Section I. Commercial Assessment & Market Update summarizes relevant demographic, employment, retail sale trends, including changes in key sub-markets. Section I. also includes an assessment of existing businesses and property in terms of overall strengths and weaknesses, recent investment activity, business mix and overall viability. Section II. Business Development Recommendations includes a summary of market opportunities, optimal tenants or key anchors and recommendations for attracting new businesses and investors to the River District and strengthening existing businesses.*

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## **SECTION II. BUSINESS DEVELOPMENT RECOMMENDATIONS**

The City of Danville's political, civic and business leadership deserve considerable praise for their collaborative effort to develop a bold vision for the River District. Working with River District stakeholders, Danville's innovative public-private partnerships that emphasize "quality of place" are helping to rebuild infrastructure and leverage significant private investment in new residential and commercial projects in the River District. This success has translated into a much broader sense of optimism within the community that in turn is attracting higher skilled jobs to the area. Danville's proactive development strategy is at the forefront of a new approach to economic development that recognizes that highly educated employees want to locate in mixed-use settings where they can walk to restaurants and have options for living nearby. This new approach also recognizes that economic strategies that target higher paying jobs need to consider investments in education, art and culture as well as have an ability to think "outside the box" when developing financial and technical incentives and resources.

As Danville moves forward with its business development effort, it will be important that new projects adhere to objectives first identified in the 2008 Market Study:

- Strengthen connections between the River District and the Dan River through new projects, events and public improvements.
- Encourage "place-making" projects that will help differentiate the River District from competing commercial areas within the region.
- Increase employment and residential opportunities within the River District that will build support for additional business uses.
- Continue to think "outside the box" in terms of innovative partnerships and new financial tools that will help resolve remaining obstacles and accelerate the pace or reinvestment.
- Ensure that new projects or events adheres to the very highest standards for excellence.

We also recommend that Danville work with the River District Association (RDA) and other stakeholders to incorporate the recommendations outlined in a recent report prepared by Virginia Main Street Program as part of the services provided to new programs. Representatives from both the National Main Street Center and the Virginia Main Street Program met with district stakeholders and worked with the RDA's Board of Directors to identify economic development objectives that could be achieved over the next few years using the National Main Street's 4-point approach®.

## **A. BUSINESS NICHE OPPORTUNITIES**

While Danville has had considerable success attracting new residential development to the River District, the recruitment of new retail uses has been hindered by strong competition from big box retailers and malls in the region and from growing competition from e-commerce retailers. A typical rule of thumb is that to function as a true retailing destination, downtown should follow a 10-10-10 rule: 10 restaurants, 10 specialty retailers and 10 general businesses that are open after 6:00 p.m. within in a three block area. While the River District has several businesses within each these categories, more are needed to fully reestablish a retailing shopping area. While there is not a single roadmap for rebuilding the critical mass of retail uses necessary to support a pedestrian-dependent retail shopping district, commercial revitalization typically starts by first regaining a position of importance in the lives of local residents through community events and on-going cultural/entertainment programming that attract residents to the area on a regular basis. This is followed by the recruitment of new dining and beverage uses capable of attracting regional customers and residential development that creates additional opportunities for new retail and restaurant uses. Once the area is established as a dining destination, it will be easier to recruit new retail and services businesses.

Although, GDS identified demand for new businesses in several categories (See Section I. Commercial Assessment and Market Update), we recommend that the City's recruitment activities focus on enhancing market niches that have the greatest opportunity for growth and will help to position the district as a regional destination. Based on identified market demand, and findings from the commercial assessment conducted by GDS, we recommend that Danville focus recruitment efforts in four areas: 1. Dining and Beverage, 2. Residential and Office Employment, 3. Recreation and Wellness and 4. Lifestyle Retail in the Cultural Arts, Gift and Design categories. Below is a summary of possible uses, anchor projects and promotional activities that would help strengthen each of these categories.

## 1. DESTINATION FOR DINING AND ENTERTAINMENT

Based on available sales data and estimated capture rates, GDS has identified market support for several additional full-service restaurants or bars. New uses should be capable of capturing sales from residents living in the region as well as sales from district residents and employees. In addition to recruiting new uses, the City should work with partner organizations to recruit anchor uses that would complement Food and Beverage businesses. Businesses should be supported with new events and promotions that increase foot traffic or extend the time employees and residents spend in the district either after work or on weekends.

### a. Types of Uses

While the restaurant sector has increased significantly since 2008, more dining and beverage uses are needed to fully establish the district as a destination for dining and drinking. Care should be taken that new businesses do not overlap in terms of product or theme. Examples of restaurant or beverage uses that would complement existing uses in the district include:

- NASCAR Sports Bar
- Ethnic: Asian, Mexican, Greek, Italian
- Barbecue
- Salad and Soup
- Seafood

### b. Anchor Projects

Anchor projects that could help attract regional visitors and support district dining and beverage uses include the following:

- Microbrewery or Distillery
- Boutique hotel with conference space
- Music venues
- New cultural or entertainment uses

### c. Promotions and Events

We recommend that district restaurants and bars meet to discuss common issues and find ways to coordinate a calendar of events that could be promoted by the RDA on their website. Examples of promotions that would promote this niche include:

- *“Danville Dishes It Out”* - restaurant promotion.
- *“District Dollars”* loyalty program to reward frequent purchases.
- Cross promotions between restaurants, hotels, museums and sporting venues.



## 2. DESTINATION FOR RESIDENTIAL LIVING AND EMPLOYMENT

While business recruitment can occur without a growing downtown residential or employment base, growth within these market segments will provide new sales support for existing businesses and generate interest from new uses. Recent residential development in the River District is creating opportunities for greater weekend and evening sales, while projects like Averett University's Riverview Campus that houses the central administrative offices for the School of Nursing and the Graduate and Professional Studies Program have generated new demand for convenience and personal service uses to serve students and faculty. The City of Danville can facilitate the expansion of residential and employment uses in the district by working with developers to overcome barriers that discourage reinvestment and by attracting uses that will complement these growing sectors. We also recommend that Danville work with the River District Association (RDA) to build a stronger sense of community among new district residents and employees.

### a. Types of Uses

Recruitment should focus on expanding personal service, convenience and lifestyle business niches that serve residents and employees. Examples of these types of uses include hair salons, convenience stores, take-out food, wine bars, breakfast restaurants, personal fitness, dog grooming, repair and alternation stores. The City could attract new residents and employers to the district by developing a wider array of housing products in the district in terms of pricing, size and ownership structure and by encouraging developers to expand available office space products. Examples of office projects that could attract new tenants to the district include:

- Co-share office space that could house small tenants that want to share equipment, meeting rooms or receptionist.
- Condominium projects that could house smaller firms that wanted to own rather than lease their space.
- Showroom space for regional distributors.



### b. Anchor Projects

The following uses are examples of projects that would support and strengthen the district's growing residential and employment base.



- “3d-place” projects that help build a sense of community by providing space for employees and residents to socialize and interact with one another (café, wine bar, dog park, music etc.)
- Food store. While there is market demand to support additional grocery store space within the trade area, the district’s current residential and employment base is not big enough to support a full-service tenant. However, the City should be able to recruit a smaller food-service tenant such as an indoor famers’ market, a food co-op or a health food store. (See Dubuque Food Coop-Mill Warehouse District.)
- Drug store. While the recruitment of a pharmacy would be an important amenity for the district’s it growing residential community, recruitment is difficult due to site criteria that places a premium on having a drive-through lane and proximity to subdivisions. We recommend that the City work with area medical companies such as Spectrum Medical, that is relocating to the district, to recruit a smaller facility that would provide services to patients as well as district residents.



**c. Promotions and Events**

We recommend that the City work with the RDA to develop events and promotions that build stronger connections between district residents, employees and businesses. Examples of possible activities include:

- A reward program that encourage repeat customers with discounts or small gifts.
- An “After Work” or weekend block parties for employees and residents.
- An “Employee Appreciation Day” event that would offer discounts or rewards to employees working at key companies or organizations.
- In-store events or classes to increase foot traffic.
- Temporary installations or events (corn hole or miniature golf, competitions or sidewalk chalk art displays) that engage residents and employees as well as attract new customers to area.



**3. DESTINATION FOR RECREATION AND WELLNESS**

While already known for its quality healthcare and varied recreational opportunities, GDS recommends that the City work with the RDA to attract new medical and wellness providers to the River District through a combination of promotions and events, improved connections to surrounding recreational attractions and through a recruitment program that focuses on attracting complementary health and wellness businesses and suppliers. Although many of the

City's medical uses are located near the hospital, the recent relocation of the Danville Orthopedic Clinic to the former Dan River Mills Research Building and the YMCA's partnership with Danville Regional Medical Center should generate interest from other medical and wellness employers. The River District also can take advantage of its proximity to the Dan River and the City's growing greenway trail system. Recent improvements to area parks, natural areas and trails are providing residents with greater opportunities for exercise and recreation. Beyond the obvious benefits to public health and fitness and increased opportunities for leisure past times, these recreational assets are generating demand for new retail and service uses.

**a. Type of Uses**

GDS recommends that Danville work with interested developers to attract back-room laboratories, suppliers, medical support and other wellness related uses. The City also could work with vendors to open a business in the district that would provide bicycle, kayak or fishing pole rentals that both visitors and local residents could use.

**b. Anchor Projects**

The Dan River is one of the city's most important recreational assets and is as pivotal to the future of the River District as it was in creating the city in the first place. Projects that would strengthen the River District connection to the river and establish the area as a destination for recreation and wellness include:

- Remove dams to allow the establishment of a kayak course (Columbus GA).
- Continue projects that enhance and connect recreational uses along the river to the district.
- Develop new park adjacent to the River District (See 2011 River District Redevelopment Plan).



**c. Promotions and Events**

Examples of promotions that would help to strengthen this niche and connect residents with area health and wellness businesses include:

- "Let's Get Fit" event that would showcase financial, health and wellness services and retailers.
- Educational events at the Community Market that promote benefits of good nutrition and healthy lifestyles.
- Expand existing walking tours to include a trail through the district that highlight points of interests that could be accessed through smart phone barcode scanner app.

#### 4. DESTINATION FOR CULTURE, ARTS AND LIFESTYLE RETAIL

Based on identified market demand and site availability, GDS believes that there is an opportunity to position the River District as a destination for lifestyle businesses in the gift, design and cultural arts categories. However, to function as a retailing center, new business will need to be located near existing complementary uses to maximize pedestrian traffic supported by new promotions and special events that increase customer traffic from key market segments.

##### a. Types of Uses

Possible businesses that could be targeted for recruitment:

- Retro home furnishing
- Specialized craft or hobby store
- Hand-made furniture store
- Design related businesses such as tile, lighting, metal fabricators, blinds, flooring
- Vintage or antiques

##### b. Anchor Projects

Examples of possible anchor projects include:

- An auction house that would encourage vendors and customers to visit the district on a regular basis.
- A design cooperative that would house small gift, furniture and design tenants. (See Blacklion, Charlotte NC.)
- An art cooperative with art, jewelry and hand-made gifts (see Art Mundo, Ft. Pierce FL).
- A working studio with space for artists or exhibits. (See Millworks District, Dubuque IA).



##### c. Promotions or Events

New businesses should be supported through promotions and events that strengthen the district's image as a destination for design and gifts and specialty retail. Possible events include:

- "Trash or Treasure" appraisal event that could include jewelry, antique, gift and insurance companies.
- "Home and Hearth" promotion that includes florists, furniture accessory, gift, garden and home improvement stores.

## **B. BUSINESS RECRUITMENT PROGRAM**

GDS believes that the City of Danville can achieve its objective to develop a stronger commercial district by establishing a recruitment program that clearly communicates desired niche opportunities to potential retail tenants and works with developers to create appropriate ground-floor space. While local property owners with input from their brokers have the final say in the sale or leasing of their property, the City can facilitate the sale or leasing of available space by providing property owners greater assistance with data analysis, referrals and lead for new tenants.

While business recruitment programs vary widely, successful programs typically include data collection and analysis that can be used to clarify investment decisions and track changes over time, financial incentives that support property acquisition and redevelopment and an organized marketing campaign that promotes the benefits of locating in the area. Successful business recruitment programs also have an active networking and referral program that connects interested businesses with property owners or realtors and an outreach effort that uses volunteers to help identify, qualify and contact tenants that otherwise might not consider a downtown location.

We believe that the time is right for Danville to move forward with a more organized recruitment program that gives highest priority to helping existing businesses expand or relocate and works with property owners that are willing to make necessary improvements to lease their space. In the early years, Danville's recruitment program should focus on attracting a mixture of start-up, local and regionally-serving businesses within existing business niches. While it also may be possible to attract chain or franchise businesses, these uses tend to have more stringent site criteria and are more difficult to recruit.

GDS recommends that the River District Business Recruitment Program include activities in the following areas: 1. Financial Incentives, 2. Stakeholder Support, 3. Referral Network, 4. Marketing Campaign and 5. Targeted Outreach. Below is a summary of recommended activities within these five areas.

### **1. FINANCIAL INCENTIVES**

Since the 2008 Market Study, Danville has received statewide recognition for its impressive array of financial and technical assistance programs that are leveraging private investment and creating new jobs. Spearheaded by Danville's Office of Economic Development, Danville administers a variety of loan, grant and tax credit programs that are helping to overcome funding gaps that stymied previous revitalization efforts. In addition to administering several federal and state programs (see [www.discoverdanville.com](http://www.discoverdanville.com)), Danville has developed several local programs to encourage property acquisition or renovation. The Office of Economic

Development also is working with the Industrial Development Authority (IDA) to purchase and stabilize properties that are in danger of demolition due to neglect.

While the City has an extensive array of financial programs, there are several small revisions that could improve overall effectiveness as well as resolve issues that have stymied previous revitalization attempts. One of the biggest issues facing the City is the limited number of rental spaces that are in “move-in” condition. While there are many vacant storefronts up and down Main Street, many are owned by property owners that are unwilling or unable to make code improvements without first pre-leasing the space. Even when owners are able to pre-lease, prevailing rents are often not high enough to cover renovation costs and the pool of potential tenants willing to pay a higher rent is quite limited. (As a rule of thumb, retailers should not pay more than 5-7% of their sales or 25% of the store’s gross margin in rent; with restaurants paying a slightly higher percentage due to their greater sales volumes.) To ensure that there is an adequate inventory of “move-in” rental space at a reasonable rate, the City may need to develop new incentives to offset high renovation costs and low rents. Below are several incentives that could be incorporated into the City’s financial assistance program.

**a. Store-front Renovation Loans**

This program would encourage property owners to improve existing rental space by providing lower cost financing, loan guarantees or bridge financing to reduce the gap between the amount the borrower can obtain and amount needed to renovate a building. This program should be used to finance improvements to street-level space that add to the assessed value of the building. Program funding could come from the City, the Danville Regional Foundation or a pool of local lenders. In exchange for a lower interest loan, the lender would be given the right to sublease the property if the property owner was unable to repay the loan. Ideally, loan payments would be structured so that the property owner could repay the loan over an extended period giving the tenant time to become established.

**b. Graduated Rental Leases**

Graduated rental agreements can function as both a financial incentive for attracting desired tenants and a way to support businesses during the early years when survival rates are low. While rents initially might be lower than average, payments could gradually be increased as the tenant’s sales stabilized.

### **c. Retail Catalyst Grants**

While Danville already has a grant program to recruit major tenants, a Retail Catalyst Grant program could generate regional publicity that could attract desired retail anchors such as a small grocery store, microbrewery or pharmacy to the district. The program would require the support of local retailers and a clear understanding of what defines a “catalyst tenant”. Grants could be in the form of a “tenant allowance” that would be used for upfit either as a one-time grant or staggered over several years with payback options if the business failed.

### **d. Entrepreneur Loan**

Using [The Launch Place](#) as a model, the City could develop a program that focuses on attracting and supporting small businesses by providing loans and rental space at a reduced cost. The loan program could be targeted towards new businesses that have limited credit history or access to commercial bank loans. Program funding could come from regional foundations or commercial banks as part of their community reinvestment requirement. Program participants could be housed in a designated “incubator” building or provided with a grant that could be used to defray rent in a qualifying building in the district. Program participants should receive information about other community programs that support small business activity.

### **d. Targeted Technical Assistance**

In addition to financial assistance, the City could expand the type of technical assistance available to local business and property owners. We recommend that the RDA work with VA Main Street to identify organizations that could provide technical assistance in the area of social media, business planning, interior design and merchandising.

### **e. Program Evaluation**

We recommend that the City conduct a review of available incentives and solicit feedback from participants on an annual basis. This information can be used to improve the effectiveness of existing programs and identify funding gaps that can be resolved through new programs.

- Meet with property owners to review financial incentives and discuss issues and ideas for new tools that could better meet local needs.
- Meet with lenders to identify way to promote available programs including of underutilized programs like the 10% Historic Tax Credit program that is available to property owners of non-contributing buildings built before 1936 and SBA’s 504 program that can be used to purchase a building as well as refinance inventory or equipment.

## 2. BUILD STAKEHOLDER SUPPORT

Over the past few years, Danville has implemented a series of activities that is helping to reshape the community's attitude about the River District. Place-making activities such as façade improvements, physical infrastructure upgrades, new landscaping, special event programming and stronger regulatory enforcement have helped to improve image and strengthen investor confidence in the River District. Recent public art installations, wayfinding signage and an exciting new marketing campaign "**Danville River District: Re-Imagine**" are examples of recent initiatives that together are building a solid foundation for attracting new businesses and investment to the area.

An important component of the City's revitalization effort is the strong partnership it has forged with district stakeholders and with the greater Danville community. Across the country, downtown revitalization is increasingly being seen by residents as a good way to reduce homeowner tax burden by increasing commercial property values. As the City moves forward with new public improvement projects (See *River District Redevelopment Plan 2011*), it will be important to have broad support from both the public and private sectors. In addition to strengthening existing partnerships and building community support, it also is also important for Danville and the RDA to have good relationships with district property owners. For the City's revitalization efforts to be successful, property owners must be willing to lease or sell their property at a price that can be supported by prospective tenants. The City also needs property owner buy-in in terms of desired tenant mix, anchor projects and proposed streetscape or parking improvements. Below are recommendations for building property owner and stakeholder support:

### a. Advisory Groups

While the goal of a vibrant River District was shared among all of the district stakeholders that were interviewed during our site visit, there were differences in opinion in terms of what tenants should be given highest priority and what areas should receive additional funding or support. While there will never be consensus when it comes to priorities and funding, it is very important for the City to communicate with key stakeholders on a regular basis. We recommend that the City:

- Establish a developer advisory group that could discuss common issues and advise City staff on new program ideas.
- Establish a resident advisory group to provide insight from those living in the district on needed improvements and issues.
- Establish a restaurant association that could discuss issues and coordinate events and programming.
- Develop a newsletter that could be sent to stakeholders to update them on projects that are of interest to them.

## **b. Property Owner Agreement**

Gaining property owner support is challenging and time-consuming. While some property owners may embrace the city's vision for their building, others may have a different plan for their property. Before the City can develop strategies to help market available property, staff need to understand the owner's plans for their property. We recommend that the City and the RDA work together to interview property owners regarding future plans, desired tenants and the types of assistance they would like to receive from the City. Examples of possible assistance that the City could provide include:

- Assistance preparing background fact sheets.
- Help identifying code issues that need to be addressed.
- Including property information on websites or in brochures
- Inclusion in tours or marketing campaigns.
- An option agreement to provide time to find the "right" tenant.
- Financial incentives to defray cost of repairs necessary to lease or sell space.
- Facilitate the sale of the property to either the City or private investor.

## **3. DEVELOP A REFERRAL NETWORK TO IDENTIFY LEADS**

Referrals or leads for tenants can come from many directions. While the best leads often come from other small businesses, leads can come from area realtors, residents, accountants, lawyers or lenders. To better manage existing leads and ensure that prospects are contacted in a timely fashion, we recommend that the City strengthen the following networks and improve communication among members.

### **a. Realtor/Broker Referral Network**

While not every prospect or property owner with available space has a broker working for them, it is important to ensure that these professionals understand the City's overarching objectives for the River District and the role that volunteers could play in contacting potential prospects. We recommend that the City:

- Meet with local brokers or realtors to discuss ways to build a district network for referring leads that uses professionals and volunteers.
- Conduct regular tours and informational sessions with real estate professionals within Southwest Virginia to update them on available incentives and investment opportunities.
- Discuss whether bonus commissions could accelerate the sale or leasing of key sites. As a typical commission on a rental lease is fairly low, this could help motivate brokers to do more outreach efforts to find quality tenants.





#### **b. Community Referral Network**

In addition to developing a property owner and realtor network, the City should develop a larger network of interested residents, small businesses or major employers that could identify or pass on leads for new business opportunities. This network could include regional business organizations like the Dan River Business Development Center, the Small Business Development Center and the Danville Pittsylvania Chamber of Commerce as well as companies that work with small businesses such as lawyers, accountants or sales representatives. New business leads would be evaluated by staff and then distributed to appropriate realtors or property owners to contact.

- Meet with regional sales representatives to identify business leads in other communities.
- Meet with major employers to identify services or products not available locally that could be contacted regarding a Danville location.
- Ask residents to send in suggestions for independent restaurants, services or businesses that they patronize that are out of town.
- Ask businesses to contact friends and colleagues in other communities to identify businesses that might be interested in expanding or relocating.

#### **4. DEVELOP MARKETING CAMPAIGN TO HIGHLIGHT AVAILABLE SPACE**

Below are several activities that could strengthen the City's effort promote and market the River District.

##### **a. Identify "Tenant Ready" Sites**

Before a property owner posts a "for rent" sign in the window, there often are a variety of issues that need to be resolved that can range from code violations to determining a realistic sales price. We recommend that the City meet with property owners and then prepare a non-binding agreement that outlines types of assistance the property owner would like the City or RDA to provide as well as the steps the property owner or their realtor will take to take to improve and market their property. (See Appendix for Property Owner Agreement).

##### **b. Revise Website**

While both Danville's Office of Economic Development and the River District Association have good websites ([www.gosouthside.com/dda](http://www.gosouthside.com/dda) and [www.discoverdanville.com](http://www.discoverdanville.com)), the sites could be revised to include additional information that would help market the district to prospective businesses.

- An updated list of available rental space (see [www.riverdistrict.com/development-opportunities](http://www.riverdistrict.com/development-opportunities) for example of list).
- An interactive map showing location of available sites that would link to realtor’s website.
- Summary of annual business, employee, visitor or residential surveys that highlight new sales demand.
- Summary of recent investment activity including new business openings, rents and number of employees.
- Testimonials from recent businesses who have located in the River District.
- Before and After photos of recent projects.



### c. Marketing Campaign

Working with local realtors and property owners, the City or the RDA could implement a marketing campaign that highlights recent projects and available sites. The campaign could include:

- New signage that more effectively highlights available space are using vinyl cling signs to highlight opportunities. (See “Wish I Was” Storefront Campaign, Anderson, SC).
- Fact sheets about the district’s strengths and available financial incentives that could be distributed to interested realtors and posted to the website.
- District tours for local and out of town realtors or visitors attending special events that included a tour of apartments.
- Presentations to local civic clubs and neighborhood associations about district activities and opportunities for new tenants.
- Articles about the River District to regional and statewide publications, blog sites, business journals and newspapers.
- On-line brochure or pitch deck presentation that could be posted on the website or printed for distribution. (See Anderson SC brochure [www.andersonconnections.org](http://www.andersonconnections.org))



## 5. TARGETED RECRUITMENT PROGRAM

While general marketing and better networking are two reliable ways to increase interest and generate leads for property owners or realtors, many communities also engage in a targeted recruitment campaign in order to proactively identify and contact businesses that otherwise might not have considered a downtown location. To attract specific uses, the City will need to implement a targeted outreach effort that utilizes volunteers to supplement property owners or realtors’ efforts to identify and contact prospects. New business prospects will include a mixture of local, regional and chain stores as well as entrepreneurs interested in starting a new

business venture. Below is a summary of possible activities that the City and the RDA could take to develop and contact prospective tenants that meet market demand and site criteria.

**a. Identify Leads: Local or Regional Businesses**

The City could develop a list of possible businesses to contact through the following activities:

- Conduct field trips to Martinsville, Greensboro, Roanoke, Burlington and Lynchburg to identify businesses that might be a good fit for Danville based on market data and available spaces.
- Use yellow pages to identify businesses in other communities that meet identified criteria.
- Ask local residents to provide the names of their favorite out-of-town businesses.
- Ask employers to develop a list of out-of-town vendors or suppliers.
- Ask VA Main Street to identify businesses that have locations in several Main Street communities.
- Attend regional trade shows to talk to sales reps and suppliers about stores that have shown an interest in expanding to other communities.
- Use Craig’s List to publicize type of businesses you are looking for.

**b. Identify Leads: Chain Stores**

The City could develop a list of possible businesses to contact through the following activities:

- Purchase Retail LeaseTrac ([www.retailleasetrac.com](http://www.retailleasetrac.com)) to get contact information for chain stores that operate in Virginia.
- Attend ICSC regional deal making sessions in Richmond, Washington DC, Greensboro or Charlotte to talk to site selectors from chain store industry.

**c. Identify Leads: Start-Ups**

The City could develop a list of possible businesses to contact through the following activities:

- Hold a “Shark Tank” business contest with the winning business receiving a cash prize that could be used for rent or utilities and other prizes donated by local businesses such as flooring, web design, chamber membership, or free advertisement in paper.
- Contact vendors at the Community Market about their interest in opening a business in the district.



#### **d. Qualify Leads**

Once the City has compiled a list of possible prospects, volunteers or staff should visit businesses to evaluate whether they are a good fit for the district. Businesses should be evaluated in terms of business practices, quality of inventory and possible conflict with other businesses. Businesses that are considered to be good operators and complement existing businesses should be scheduled for a site visit.

#### **e. Make the Sales Pitch**

Once a business has been identified as a good prospect, volunteers should contact the business to determine their level of interest. While personal contact is usually the most effective way to contact a business, volunteers can work with a local realtor or contact the business through an email postcard ([www.verticalresponse.com](http://www.verticalresponse.com)).

- Encourage volunteers to practice their “pitch” on local businesses.
- Prepare a brochure or power point “pitch deck” that can help summarize benefits of locating in district.

#### **f. Follow-up**

Based on the initial site visit, staff can provide additional information on specific issues that the business might have. Other tips for maintaining on-going communication with prospects include:

- Make sure to ask for the name of other businesses that might be interested in relocating to the district.
- Maintain regular communication with the prospect as it can take several years of discussion before a business is ready to expand or relocate.
- Encourage the prospect to visit the district when other events planned to create a strong impression.
- Arrange for the prospect to meet with property owners or their realtors as well as other business owners that can answer questions about the district.
- Encourage the business to test the market by opening up a temporary store during the holidays through a “pop-up storefront” program.

#### **g. Expand Pool of Developers**

Danville is fortunate to have attracted a number of experienced developers willing to invest in the River District. Given the number of buildings still available for sale, we recommend that the City continue to expand its pool of qualified developers.

- Ask local developers for the names of colleagues working in other communities.
- Contact City staff in Greensboro, Durham, Richmond and Roanoke for recommendations of qualified developers.

- Participate in a regional ICSC program to raise visibility within the real estate community about the River District and investment opportunities.

## **C. ESTABLISH A BUSINESS DEVELOPMENT PROGRAM**

Once buildings have been renovated and made available to prospective retailers, landlords will need to address the challenge that comes with leasing storefronts to primarily independent merchants and start-up entrepreneurs. These businesses typically have a higher risk of failure due to issues with financing and often lack a solid understanding of retailing fundamentals that can make them poor credit risks. Given the number of new business owners locating the River District, it is important that Danville's Business Development Program provide businesses with the information and technical support they need to help them succeed.

While Danville has several organizations that provide a range of services that support small business activity, we believe that River District businesses would benefit from a stronger program of work that included activities in the areas of data analysis and benchmarking, small business assistance and promotions and special events. Below are recommendations for implementing activities in each of these areas.

### **1. DATA ANALYSIS AND BENCHMARKING**

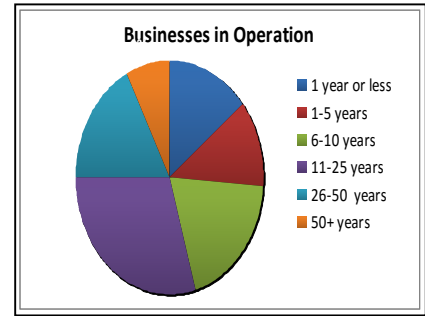
While data collection is time consuming, it is an important component of a successful business retention or assistance program. In addition to compiling information about business practices, can be used to develop new workshops or training programs, data analysis can help track business owners' or employees' attitudes over time. Collected information also can be used to identify new issues as well as establish benchmarks to evaluate program success. Information can be gathered through on-line surveys and interviews. In addition to compiling information about current business activity, businesses should be asked about expansion plans.

Below is summary of data that the City or the RDA could assemble on an annual basis.

#### **a. Business Information**

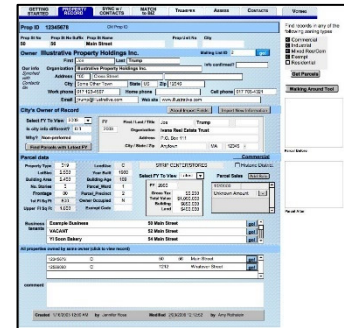
The City should establish a taskforce to help conduct surveys and interview businesses and property owners on an annual basis. This information can be used to develop benchmarks for evaluating future projects or changing attitudes and provide information that can be used to develop new business assistance activities.

- Business surveys should include questions about employee parking, peak sales times and hours.
- Use block meetings to solicit input on issues, concerns, topics for future training and desired improvements or events.
- Conduct an employee survey to determine number of persons working in district, average salary, shopping or dining preferences and concerns.



**b. Property Data**

Given the pace of real estate activity, it is critical that the City maintain its list of vacant and underutilized property as well as compile information on sale activity and pending projects. This information can be used to produce reports or maps that delineate ownership or sites for future development.



**c. Parking Inventory**

Parking is a complex subject that includes issues relating to supply and management, enforcement and perception. As property is redeveloped, there will be increasing pressure to maximize efficiency of existing spaces and identify locations for new facilities. Long-term, the City may want to consider eliminating free on-street parking or establishing a Parking Authority that could generate funds for River District improvements. On an annual basis, the City should conduct the following inventory:

- Condition of parking lots.
- Usage and turnover.
- Enforcement of parking regulations and requirements.
- Signage.
- Demand for new parking based on new developments.



**2. SMALL BUSINESS ASSISTANCE**

While there are several organizations in Danville that offer small business training or workshops River District businesses might benefit from more customized retail training in the areas of store layout, social media and cash management. During our site visit, several businesses identified the need for financing support for new business ventures, better communication between businesses and the City, and help reducing expenses. While the RDA should take a lead role in clarifying business assistance needs and identifying possible business assistance activities, they will need to coordinate with other small business service providers to avoid duplication of services.

### **a. Financial Assistance**

Finding funding for expansion has become increasingly difficult for small businesses. With familiar sources of funding from friends, families or home equity loans no longer readily available, small businesses turning to on-line lenders, crowdfunding, or “angel investors” to finance inventory or equipment. While SBA continues to be the largest source of small business funding, it can be difficult to find lenders willing to participate and businesses often are reluctant to apply for loans due to misperceptions regarding cost or paperwork. Below are several ways that the City could help small businesses connect with existing funding sources or secure new funding through city-sponsored programs:

- Establish an energy loan program to help businesses save money by making energy related improvements. (see Woodbine, IA).
- Establish an ombudsman program to connect businesses with lenders willing to participate in SBA’s 7a, 504 and micro-enterprise loan programs.
- Work with a local Federal Home Loan bank to apply for an EDplus grant on behalf of a local business. ([FHLB EDPlus grant](#)).
- Encourage new restaurants to use “pre-pay” cards to increase cash flow. Pre-pay cards allow customers to pay in advance for products that they later redeem at a reduced price.
- Explore opportunities to use a crowdfunding platform to raise money for business expansions or new business start-up.
- Establish a Community Investment Fund that could make loans to small businesses (Staunton VA’s Community Investment Program).

### **b. Support Entrepreneurs**

New businesses often need greater support in the early years than more mature businesses. In addition to requiring greater technical assistance, new businesses also need small affordable rental space. Too often, new businesses lease space that is larger than they need resulting in higher heating and cooling costs. The City and the RDA could support new business owners through a more entrepreneurial- support program that includes:

- A “boot camp” educational program to provide new business owners with information on starting a business. This program could be done in partnership with Danville-Pittsylvania Community College.
- A Business Plan Competition that would reward the best business plan with a cash prize and donated services. (See Marion, VA Business Competition).
- Increase the supply of affordable rental space either through new co-share or retail projects.
- Establish a pop-up rental program that would provide temporary space at a nominal fee to a new businesses or businesses interested in “testing” the market.



- Develop a mentor program that would pair new business with more established businesses that could provide practical advice and contacts.

**c. Workshops and Training**

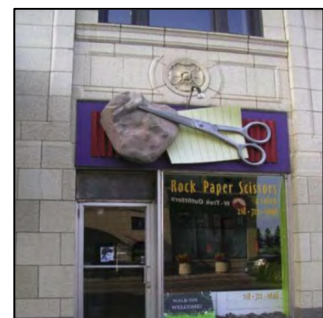
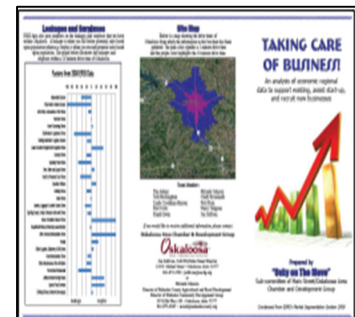
The City and the RDA should use information generated from annual interviews and surveys to identify specific training and individual counseling services needs for River District businesses. While on-site speakers can be very helpful, some businesses may prefer to utilize pre-recorded educational videos, webinars or on-line training if they knew that these options were available. Workshop topics identified during our interviews with local businesses included:

- How to better use social media: Twitter, Pinterest, Instagram and Facebook.
- Marketing to smaller markets like students or downtown residents.
- In-store merchandising or window display tips.
- How to use of mobile payment systems.

**d. District Management**

The RDA is the primary organization responsible for managing the River District and for advocating on behalf of business and property owners. The RDA also is responsible for publicizing on-going activities that will help build stronger investor and customer confidence in the district. Examples of activities that the organization could facilitate include:

- Prepare a manual that clarifies standard operating procedures or City regulations for new businesses that can be posted on the website.
- Identify products or services (i.e. window washing, snow removal etc.) that businesses could purchase together to reduce costs.
- Act as a liaison between businesses and City to resolve issues relating to parking regulations, building codes, fees or concerns with crime or grime.
- Improve the public’s perception of safety by improving nighttime lighting in the district.
- Improve the appearance of vacant storefronts by filling windows with merchandise from other stores, or by using temporary displays of local art to fill the space. Windows also can be covered with vinyl window coverings to hide interior.
- Promote the district through regular press releases to area media, bloggers and twitter feeds.
- Establish a grant program that could focus on improvements to window displays, signage or doorway entrances.





- Establish a special service district to fund maintenance or marketing projects. Under VA law, cities can establish a district and assess property owners a special assessment that can be used to fund marketing, promotions and maintenance activities. Roanoke’s downtown district tax rate is \$0.10 for every \$100 of assessed property value. This tax is assessed in addition to the 1.22% general real estate tax.

**e. Networking and Communication**

While the RDA has a website and facebook page, it could improve communication with stakeholders by adding the following activities:

- Use group text alerts in addition to emails inform businesses about meetings and events.
- Organize regular networking opportunities for businesses to improve communication between businesses that are located in different parts of the district.
- Encourage businesses to meet to discuss ideas and issues based on their type of business or their location in the district.
- Establish a private Facebook page that district businesses can use to communicate with one another.
- Revise the RDA’s website to include a map showing the program’s boundaries and businesses. Other improvements that could be made to the site include adding YouTube videos or RSS feeds featuring special events.
- The RDA’s facebook page could be improved by adding events or information provided by individual businesses to increase “Likes” and “Shares” (See Grand Central Business District’s facebook site).

**3. DEVELOP ANNUAL PROMOTIONS AND EVENTS**

Many businesses interviewed during our site visit, identified a need for more coordinated events that would help to increase pedestrian foot traffic as well as targeted promotions that could attract specific market segments to the River District. While the RDA is the primary organization responsible for coordinating events and promotional activities that increase pedestrian traffic or change community attitude, the organization will need both financial and volunteer support from other organizations to be successful. We recommend that the organization coordinate activities within the following four areas:

**a. Special Events**

The RDA could develop a stronger special event calendar that includes a mixture of fundraising events, image events and smaller events that target specific market segments. Event should be self-supporting with funding from sponsorships, crowdfunding, sale of food or beverages and tickets. Event locations should be rotated

to improve participation. Examples of special events that could be included in the RDA program of work include:

- Develop a signature event at the river that promotes the community’s heritage, local talent or showcases new projects and businesses. Over time, the event could be expanded to include other areas in the district.
- Develop a crowdfunding festival that would promote Danville’s growing reputation as a center for new business innovation. (See Jacksonville’s One Spark festival)
- In addition to larger events, the RDA should organize a series of small events that could be held in the three sub-areas in the district. Events could include an evening craft market, an outdoor movie or music (See Project for Public Spaces for ideas).



### b. Targeted Promotions

The RDA should work with local businesses to develop promotions that target customers in terms of demographics, lifestyles or attitudes. Examples of targeted promotions include:

- Women: “Wine and Diva Night” with businesses offering wine while women shop.
- Retirees: “Get Fit” event with vendors from local wellness, health and exercise organizations offering information and discounts.
- Local residents: “Passport to Fun” that would include free family activities such as closing a street to allow children to ride their bicycles.
- Downtown residents: “Neighborhood block party” that could include music and food.
- Employees: “District Dollars” a reward card that would offer discounts to employees.
- Visitors: The RDA could partner with regional sporting events or tournament sponsors to offer discounts at area stores or restaurants to out of town visitors.
- “Eco-Friendly” customers: Start a recycling program for local businesses, offering customers discounts for using their own shopping bags or conducting energy audits to reduce energy consumption.
- “Support Local” customers: Coordinate a “Shop Local” campaign that educate the community on the value of local businesses and their contributions to the community.



### c. Niche Promotions

The RDA should work with businesses to develop promotions that strengthens existing business clusters. Examples of niche promotions include:

- Food and beverage cluster - “Taste of the River District”



- Gift and collectible businesses - “Discover our treasures”
- Service businesses - Business Directory

**d. In-store Promotions**

The River District is a large area with retail businesses scattered across several blocks making it difficult for retailers to develop a strong pedestrian retailing experience. The RDA could help businesses increase customer traffic by working with similar businesses on small events or promotions or by holding in-store events, classes or sharing their space with another business. Examples of activities that would strengthen individual businesses include:

- Highlight district residents through the use of similar landscaping or lighting to make it easier for visitors to find.
- Encourage businesses to develop window displays that use merchandise from a complementary business thereby promoting both businesses.
- Encourage retailers to hold in-store classes or share space with another business to increase traffic and reduce overhead. For example, a running store could hold yoga classes or a bicycle store could share space with a coffee shop.



## **APPENDIX**

**TYPES OF BUSINESSES TO BE RECRUITED OR EXPANDED**

<b>CATEGORY</b>	<b>STORES/FT.</b>	<b>TYPES OF USES</b>	<b>COMMENTS</b>
Restaurants	3-4 15,000 ft.	Full Service	Capture sales from region and District's residents. <b>Priority:</b> microbrewery, NASCAR theme
Bars	1 2,500 ft.		
Home Furnishing	3-4 7,000 ft.	home décor, showroom, hand-made craft and design, tile and fabric	Limited opportunity for traditional stores <b>Priority:</b> Design emporium
Personal care and health	2-4 6,000 ft.	Hair, Nails, Health, Fitness, Cosmetic, optical, Pharmacy, Nutrition stores, Medical products and other related uses.	Survey residents and employee's. <b>Priority:</b> Pharmacy drop off, Take-out food, Spin Class
Miscellaneous	6-7 19,000 ft.	Gift, Crafts, Pet, Lifestyle retailers, Antique or collectibles, Used Merchandise, Florist, Office supplies, Books & Periodicals, Sporting Equipment,	Must capture regional sales. <b>Priority:</b> hobbies and lifestyle stores and artisan cooperative with studio space.
Apparel	10 25,000 ft.	Clothing, accessories, jewelry.	Limited opportunity due to competition from discount and mall <b>Priority:</b> Specialty Clothing with internet following.
Electronics	4-5 15,000 ft.	Appliances, electronics, TV, stereo, Computer, Telephone	Limited opportunity to recruit due to site and competition. <b>Priority:</b> Cell phone, computer sales and software.
Convenience	2-5 small stores 7,000 ft.	Grocery, Pharmacy, Convenience, doughnut	Site constraints limit opportunity to recruit grocer. <b>Priority:</b> smaller food uses such as cooperative, health or indoor farmers market, specialty food.

# PROPERTY OWNER AGREEMENT

## PROPERTY INFORMATION

Property address: \_\_\_\_\_

Name of owner: \_\_\_\_\_

Square footage: \_\_\_\_\_

Current tenants: \_\_\_\_\_

Assessed Value: \_\_\_\_\_

Sale price or rent: \_\_\_\_\_

Rental rates and terms: \_\_\_\_\_

Desired tenants: \_\_\_\_\_

Long-term plans: \_\_\_\_\_

### Property owner responsibilities:

1. Prepare building to be leased or sold
  - Remove trash or unused display cases removed
  - Turn on electricity
  - Wash windows
  
2. Make minor repairs to exterior
  - Remove old signs from building
  - Wash exterior windows and facade
  - Sweep and wash doorway inset
  - Repair broken windows or leaks
  
3. Provide leasing information
  - Prepared sheet with information on condition of mechanicals (heat, air, electric)
  - Prepare leasing sheet with rent, estimated utilities, taxes or other expenses (garbage, SMDD etc.). Include possible tenant upfit allowance or incentives (free rent in exchange for repairs etc).
  
4. Determine best way to market services
  - Local realtor or Broker
  - List property yourself
  - Signage in window
  - Window cling sign
  - Ad/Marketing budget

### Main Street assistance:

- Include property in Downtown marketing brochure
- Include property in Downtown website
- Include property in Downtown referral network campaign
- Display Main Street "opportunity sign" in window
- Provide façade or design assistance (drawings, grants, tax application)
- Provide assistance with renovation, acquisition loan or grant
- Contact possible tenants on owner/realtors behalf
- Show space to interested tenants/buyers

**TABLE 1: POPULATION  
RESIDENTIAL TRADE AREAS  
DOWNTOWN DANVILLE MARKET STUDY**

<b>POPULATION</b>	<b>PRIMARY TRADE AREA</b>	<b>SECONDARY TRADE AREA</b>	<b>TERTIARY TRADE AREA</b>
<b>2000 CENSUS</b>	54,887	87,145	303,723
<b>2010 CENSUS</b>	49,877	83,278	299,721
<b>2015 CENSUS*</b>	49,681	82,826	297,101
<b>2020 CENSUS*</b>	49,500	82,566	294,908
<b>GROWTH 2010-2020</b>	-0.76%	-0.85%	-1.61%
<b>GROWTH 2010-2015</b>	-0.39%	-0.54%	-0.87%
<b>GROWTH 2000-2010</b>	-9.13%	-4.44%	-1.32%

Source: U.S. Census, ESRI forecasts

\* Estimates

**TABLE 2: HOUSEHOLDS  
RESIDENTIAL TRADE AREAS  
DOWNTOWN DANVILLE MARKET STUDY**

<b>HOUSEHOLDS</b>	<b>PRIMARY TRADE AREA</b>	<b>SECONDARY TRADE AREA</b>	<b>TERTIARY TRADE AREA</b>
<b>2000 CENSUS</b>	23,207	35,483	122,454
<b>2010 CENSUS</b>	21,649	34,805	124,471
<b>2015 CENSUS</b>	21,675	34,792	124,263
<b>2020 CENSUS</b>	21,671	34,820	123,799
<b>GROWTH 2010-2020</b>	0.10%	0.04%	-0.54%
<b>GROWTH 2010-2015</b>	0.12%	-0.04%	-0.17%
<b>GROWTH 2000-2010</b>	-6.71%	-1.91%	1.65%
<b>2015 AVE HH SIZE</b>	2.22	2.32	2.36

Source: U.S. Census, ESRI forecasts

**TABLE 3: FAMILIES  
RESIDENTIAL TRADE AREAS  
DOWNTOWN DANVILLE MARKET STUDY**

**2010 FAMILY HOUSEHOLDS**

PERSONS PER HH	PRIMARY TRADE AREA		SECONDARY TRADE AREA		TERTIARY TRADE AREA	
<b>2-PERSON HH</b>	49.1%		48.8%		48.1%	
<b>3-PERSON HH</b>	24.8%		24.4%		24.5%	
<b>4-PERSON HH</b>	15.0%		16.1%		16.6%	
<b>5-PERSON HH</b>	6.9%		6.9%		7.0%	
<b>6-PERSON HH</b>	2.7%		2.5%		2.5%	
<b>7 OR MORE PERSON HH</b>	1.5%		1.4%		1.3%	
<b>Average size</b>	2.87		2.89		2.89	

Source: U.S. Census

**TABLE 4: RACE AND ETHNICITY  
RESIDENTIAL TRADE AREAS  
DOWNTOWN DANVILLE MARKET STUDY**

RACIAL GROUP	PRIMARY TRADE AREA		SECONDARY TRADE AREA		TERTIARY TRADE AREA	
	2000	2015	2000	2015	2000	2015
<b>WHITE</b>	61.2%	49.8%	65.0%	59.9%	64.0%	64.8%
<b>BLACK</b>	36.9%	45%	32.6%	35.7%	34.0%	30.2%
<b>HISPANIC</b>	1.4%	3.2%	1.2%	3.0%	0.2%	1.8%

Source: U.S. Census



**TABLE 5: POPULATION BY AGE  
RESIDENTIAL TRADE AREAS  
DOWNTOWN DANVILLE MARKET STUDY**

<b>2010 AGE GROUP</b>	<b>PRIMARY TRADE AREA</b>	<b>SECONDARY TRADE AREA</b>	<b>TERTIARY TRADE AREA</b>
<b>under 9</b>	12.1%	11.8%	11.4%
<b>10 TO 19</b>	11.8%	12.5%	12.5%
<b>20 TO 24</b>	6.5%	5.8%	5.4%
<b>25 TO 34</b>	10.9%	10.7%	10.3%
<b>35 TO 44</b>	11.2%	12.1%	12.8%
<b>45 TO 54</b>	14.5%	15.4%	15.9%
<b>55 TO 64</b>	13.9%	14.4%	14.3%
<b>65 TO 74</b>	8.9%	9.3%	9.5%
<b>75 TO 84</b>	6.6%	5.8%	5.6%
<b>85+</b>	2.9%	2.4%	2.3%
<b>Under 18</b>	23.9%	24.3%	23.9%
<b>over 65</b>	18.4%	17.3%	17.4%

Source: U.S.  
Census

<b>2015 AGE GROUP</b>	<b>PRIMARY TRADE AREA</b>	<b>SECONDARY TRADE AREA</b>	<b>TERTIARY TRADE AREA</b>
<b>under 9</b>	11.6%	10.9%	10.9%
<b>10 TO 19</b>	11.5%	11.9%	11.4%
<b>20 TO 24</b>	6.3%	5.8%	5.7%
<b>25 TO 34</b>	11.9%	22.7%	11.1%
<b>35 TO 44</b>	23.4%	11.2%	11.5%
<b>45 TO 54</b>	27.8%	13.7%	14.4%
<b>55 TO 64</b>	14.8%	15.4%	15.5%
<b>65 TO 74</b>	11.0%	11.2%	11.4%
<b>75 TO 84</b>	6.3%	5.7%	5.7%
<b>85+</b>	3.3%	2.6%	2.5%
<b>Under 18</b>	23.1%	22.8%	22.3%
<b>over 65</b>	20.6%	19.5%	19.6%

Source: ESRI forecasts

<b>2020 AGE GROUP</b>	<b>PRIMARY TRADE AREA</b>	<b>SECONDARY TRADE AREA</b>	<b>TERTIARY TRADE AREA</b>
under 9	11.1%	10.5%	10.3%
10 TO 19	11.7%	11.8%	11.4%
20 TO 24	5.5%	5.1%	4.9%
25 TO 34	11.8%	11.3%	11.0%
35 TO 44	10.7%	11.3%	11.0%
45 TO 54	11.7%	12.5%	13.1%
55 TO 64	14.5%	15.2%	15.7%
65 TO 74	12.5%	13.0%	13.2%
75 TO 84	7.1%	6.7%	6.8%
85+	3.3%	2.7%	2.5%
Under 18	22.8%	22.3%	21.7%
over 65	22.9%	22.4%	22.5%

Source: ESRI forecasts

**TABLE 6: HOUSEHOLD INCOME  
RESIDENTIAL TRADE AREAS  
DOWNTOWN DANVILLE MARKET STUDY**

<b>% of HH by Income</b>	<b>PRIMARY TRADE AREA</b>		<b>SECONDARY TRADE AREA</b>		<b>TERTIARY TRADE AREA</b>	
	<b>2015</b>	<b>2020</b>	<b>2015</b>	<b>2020</b>	<b>2015</b>	<b>2020</b>
<b>Less than \$15,000</b>	18.9%	17.6%	15.7%	14.4%	17.1%	16.1%
<b>\$15,000-\$24,999</b>	14.8%	11.6%	13.8%	10.6%	14.9%	11.5%
<b>\$25,000-\$34,999</b>	10.5%	9.4%	10.2%	9.0%	12.5%	11.0%
<b>\$35,000-\$49,999</b>	15.4%	15.0%	16.1%	15.5%	15.7%	15.3%
<b>\$50,000-\$74,999</b>	18.8%	22.0%	19.7%	22.6%	17.3%	19.7%
<b>\$75,000-\$99,999</b>	12.5%	12.9%	14.1%	15.0%	12.3%	14.5%
<b>\$100,000-\$149,999</b>	4.8%	6.5%	5.7%	7.1%	6.6%	7.5%
<b>\$150,000 +</b>	2.0%	2.5%	2.5%	3.3%	2.0%	2.5%
<b>200,000+</b>	2.1%	2.5%	2.2%	2.5%	1.6%	1.8%
<b>75,000 and higher</b>	21.4%	24.4%	24.5%	27.9%	22.5%	26.3%

**TABLE 7: EDUCATION LEVEL  
RESIDENTIAL TRADE AREAS  
DOWNTOWN DANVILLE MARKET STUDY**

<b>2015 EDUCATION LEVEL</b>	<b>PRIMARY TRADE AREA</b>	<b>SECONDARY TRADE AREA</b>	<b>TERTIARY TRADE AREA</b>
High School Graduate	24.4%	26.0%	27.2%
GED/Alternative Credential	5.5%	6.2%	6.4%
Some College, No Degree	22.2%	22.2%	22.5%
Associate Degree	10.4%	10.2%	9.3%
Bachelor's Degree	11.0%	10.4%	10.0%
Graduate/Professional Degree	6.5%	6.0%	5.1%

Source: ESRI estimates

**TABLE 8: EMPLOYMENT BY OCCUPATION  
RESIDENTIAL TRADE AREAS  
DOWNTOWN DANVILLE MARKET STUDY**

<b>2015 EMPLOYMENT OCCUPATION</b>	<b>PRIMARY TRADE AREA</b>	<b>SECONDARY TRADE AREA</b>	<b>TERTIARY TRADE AREA</b>
White Collar	51.5%	51.1%	49.7%
Management/Business/Financial Professional	7.9%	8.2%	9.0%
Sales	19.0%	18.6%	16.7%
Administrative Support	10.1%	9.7%	9.2%
Services	14.5%	14.5%	14.8%
Blue Collar	22.5%	19.9%	19.2%
Farming/Forestry/Fishing	26.0%	29.0%	31.1%
Construction/Extraction	0.3%	0.5%	1.0%
Installation/Maintenance/Repair	5.3%	5.7%	5.1%
Production	2.7%	3.8%	4.6%
Transportation/Material Moving	9.5%	10.6%	11.8%
Total Employees	8.2%	8.3%	8.6%
	<b>18,346</b>	<b>31,828</b>	<b>119,141</b>

Source: ESRI

**TABLE 9: EMPLOYMENT BY INDUSTRY  
RESIDENTIAL TRADE AREAS  
DOWNTOWN DANVILLE MARKET STUDY**

<b>2015 EMPLOYMENT INDUSTRY</b>	<b>PRIMARY TRADE AREA</b>	<b>SECONDARY TRADE AREA</b>	<b>TERTIARY TRADE AREA</b>
<b>Total Employees &gt;18</b>	<b>18,345</b>	<b>31,828</b>	<b>119,141</b>
<b>Agriculture/Mining</b>	0.5%	1.0%	1.8%
<b>Construction</b>	5.7%	6.6%	6.4%
<b>Manufacturing</b>	16.2%	17.3%	19.7%
<b>Wholesale Trade</b>	1.8%	2.0%	2.1%
<b>Retail Trade</b>	14.1%	13.5%	12.3%
<b>Transportation/Utilities</b>	3.6%	4.5%	5.0%
<b>Information</b>	1.2%	1.1%	1.1%
<b>Finance/Insurance/Real Estate</b>	3.4%	3.6%	3.6%
<b>Services</b>	48.6%	45.3%	43.4%
<b>Public Administration</b>	4.9%	5.1%	4.7%

Source: ESRI forecasts

**TABLE 10:  
2010 HOUSEHOLD BY TENURE  
RESIDENTIAL TRADE AREAS  
DOWNTOWN DANVILLE MARKET STUDY**

	<b>PRIMARY TRADE AREA</b>	<b>SECONDARY TRADE AREA</b>	<b>TERTIARY TRADE AREA</b>
<b>Owner occ.</b>	55.90%	64.50%	69%
<b>Renter occ.</b>	44.10%	35.5%	31.0%

ESRI 2015

**TABLE 11. POPULATION  
MSA AND SURROUNDING COUNTIES  
DOWNTOWN DANVILLE MARKET STUDY**

COUNTY	POPULATION			HOUSEHOLDS		
	2000	2010	% change	2000	2010	% change
MSA	110,156	106,561	-3.26%	45,291	45,014	-0.61%
PITTSV	61,745	63,506	2.85%	24,684	26,183	6.07%
HENRY	57,930	54,151	-6.52%	23,910	23,151	-3.17%
HALIFAX	37,355	36,241	-2.98%	15,018	15,085	0.45%
CASWELL	23,501	23,719	0.93%	8,670	9,190	6.00%
ROCKINGHAM	91,928	93,643	1.87%	36,968	38,695	4.67%
VIRGINIA	7,078,515	8,001,024	13.0%	2,699,173	3,056,058	13.22%

Source: U.S Census

**TABLE 12: POPULATION  
CITIES AND TOWNS  
DOWNTOWN DANVILLE MARKET STUDY**

CITY/TOWN	POPULATION			HOUSEHOLDS		
	2000	2010	% CHANGE	2000	2010	% CHANGE
DANVILLE	48,411	43,055	-11.06%	20,607	18,831	-8.62%
SOUTH BOSTON	8,491	8,142	-4.11%	3,503	3,351	-4.34%
MARTINSVILLE	15,416	13,821	-10.35%	6,498	6,084	-6.37%
EDEN (NC)	15,908	15,527	-2.40%	6,751	6,645	-1.57%
YANCEYVILLE (NC)	2,091	2,039	-2.49%	621	650	4.67%
REIDSVILLE (NC)	14,485	14,520	0.24%	6,025	6,262	3.93%

Source: U.S Census

**TABLE 13: RACIAL COMPOSITION  
MSA AND SURROUNDING COUNTIES  
DOWNTOWN DANVILLE MARKET STUDY**

COUNTIES	2000 Census			2010 Census		
	White	Black	Other	White	Black	Other
<b>MSA</b>	65.7%	32.6%	1.7%	64.0%	33.0%	3.0%
<b>PITTSV</b>	75.0%	23.7%	1.3%	75.0%	22.0%	2.4%
<b>HENRY</b>	74.4%	22.7%	3.9%	73.0%	22.0%	5.2%
<b>HALIFAX</b>	60.3%	38.0%	1.7%	60.7%	36.7%	2.6%
<b>CASWELL</b>	61.1%	36.5%	2.4%	62.0%	33.0%	3.7%
<b>ROCKINGHAM</b>	75.4%	22.2%	2.4%	75.0%	19.0%	5.5%
<b>VIRGINIA</b>	68.8%	28.2%	3.0%	69.0%	19.0%	12.0%

Source: U.S Census

**TABLE 14: AGE COHORT  
MSA AND SURROUNDING COUNTIES  
DOWNTOWN DANVILLE MARKET STUDY**

	2000 Census			2010 Census		
	Under 18	Over 65	Median	Under 18	Over 65	Median
<b>MSA</b>	35.5%	14.3%	40	23.8%	18.0%	43.60
<b>PITTSV</b>	25.5%	15.0%	40	23.4%	17.2%	44.00
<b>HENRY</b>	24.6%	17.0%	41	22.6%	19.7%	44.70
<b>HALIFAX</b>	25.5%	13.0%	39	24.3%	19.4%	44.60
<b>CASWELL</b>	25.5%	14.8%	38	22.8%	15.8%	43.60
<b>ROCKINGHAM</b>	25.6%	11.2%	39	24.5%	16.2%	42.00
<b>VIRGINIA</b>	27.3%	11.2%	36	26.0%	12.2%	37.40

Source: U.S. Census

**TABLE 15: AGE COHORT  
CITIES AND TOWNS  
DOWNTOWN DANVILLE MARKET STUDY**

CITY/TOWN	2000 Census			2010 Census		
	Under 18	Over 65	Median	Under 18	Over 65	Median
DANVILLE	25.7%	19.6%	41	24.3%	19.1%	
SOUTH BOSTON	25.8%	20.5%	41	26.3%	20.2%	41.80
MARTINSVILLE	24.6%	20.7%	41	23.6%	19.2%	43.50
EDEN (NC)	25.4%	19.1%	39	25.3%	18.1%	41.20
YANCEYVILLE (NC)	21.3%	18.2%	37	19.8%	11.6%	39.80
REIDSVILLE (NC)	25.2%	18.9%	40	24.8%	17.8%	41.70

Source: U.S. Census