Downtown Waverly

Waverly, Iowa

Market Study Summary

October 2009

Prepared for

Waverly
CHAMBER OF COMMERCE
A Main Street Community

dpn

Prepared by

Downtown Professionals Network
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A Service of Main Street Iowa

MAIN STREET IOWA

IOWA
life | changing

“Times they are a-changing.”

The phrase, echoed throughout the decades, personifies the nature of changes in the economic landscape of traditional downtown and neighborhood commercial districts. Expanding retail competition, evolving technologies, and changing lifestyle trends will continue to affect business opportunities and the ways in which people interact within the traditional downtown environment.

The key to improving the economic performance of the Waverly downtown business district ultimately lies in the development and implementation of market-driven business improvement and marketing strategies that capitalize on local assets and emerging opportunities.

The Waverly Chamber of Commerce spearheaded the downtown market analysis process to promote an in-depth understanding of local and regional market conditions and trends impacting the downtown district’s current economic performance and opportunities for the future. Information and direction gained throughout the market analysis process provides a sound basis for local decision-making processes and strategies aimed at enhancing the economic and social qualities for the Waverly downtown business district.

“Market Analysis for Downtown” was produced by Main Street Iowa (MSI) as a comprehensive “self-help program” that provided extensive training and technical services to participating Iowa communities. Local representatives participated in a series of training sessions via the Iowa Communications Network (ICN) that provided guidance for the implementation of the Downtown Waverly Market Study. Key steps in the process also included:

- An initial site visit by the DPN/MSI consulting team that included a visual assessment, discovery interviews with key stakeholders, and a public workshop to launch the process.
- The collection and review of background information.
- The analysis and summary of trade area demographic and economic data provided by Main Street Iowa.
- The performance of consumer and business surveys.

An extensive amount of information and data was compiled and analyzed throughout the course of the market analysis process. This report has been prepared to highlight key information and findings that could be particularly relevant to the community’s ongoing downtown enhancement efforts.

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Downtown Professionals Network was retained by the Iowa Department of Economic Development to provide market analysis training and technical services to select Main Street Iowa communities.

DPN is a research and planning firm specializing in the revitalization and enhancement of traditional downtown and neighborhood business districts. Since its founding in 2000, DPN has evolved to serve a clientele that includes local, state and national economic development organizations located throughout the country.

The content of this report is based on an independent review of information and the observations, analyses and interpretations of DPN consultants.

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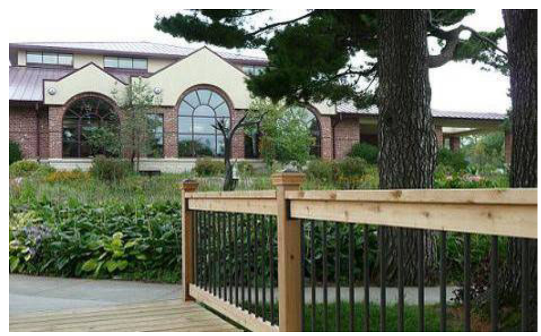
Introduction

Community Overview



Located in northeast Iowa in the heart of the Midwest, Waverly is a beautiful, extraordinary community of nearly 10,000 residents. It is a place for families to live and a place where residents enjoy a high quality of life, friendly and progressive merchants, and the atmosphere of a college town.

Over the years, Waverly has grown with the establishment of Wartburg College and the introduction of rail transportation. Today, Waverly is a vibrant, progressive community with a diverse commercial, agricultural, financial and industrial base. Waverly's central business district spans the beautiful Cedar River, while numerous other businesses and industries are uniquely nestled through the community.

Waverly's quality of life is demonstrated through and through. An impressive inventory of community assets includes a seven-mile recreation trail, two 18-hole golf courses – one public and one private, a new public library, the new city-owned Waverly Health Center, the new 200,000 square-foot Wartburg-Waverly Sports & Wellness complex, and abundant cultural opportunities which accompany a community with a liberal arts college.

As the 17th fastest growing city in Iowa, Waverly maintains a focus on balanced growth and is ideal location for commercial, industrial and corporate headquarters and retail developments. The City of Waverly and the Waverly Chamber of Commerce promote its economic strengths and are aggressive in seeking business developments well suited to the area.

Waverly's largest employer is CUNA Mutual Life Insurance Company, a 10 billion dollar asset company. NESTLE Beverage has found success in Waverly as well as TEREX Cranes, GMT Corporation, Rada Manufacturing, TDS Automation/Doerfer Engineering, Colorfx, Rubber Development, G & R Publishing, Waverly Plastics and others.

Waverly's business and economic climate is positive. Community leaders and financial lenders are responsive to business and industry needs. Waverly has an experienced economic development team ready to assist companies and developers with all aspects of project coordination, from business planning to financial packaging.

Waverly is a hub of activity as the county seat for Bremer County. Waverly city government and economic development leaders have set the course for a prosperous future through their strong commitment to a safe community, investment in parks, trails and services, and through a unique partnership formed to bring economic success through the creation of employment opportunities and a revitalized downtown.

Downtown Waverly Overview

The beautiful Cedar River pinpoints the center of town and is a natural host to the Main Street shopping areas on Bremer Avenue. The scenic setting connects with the river and surrounding natural resources, recreational amenities, civic institutions, and community assets.

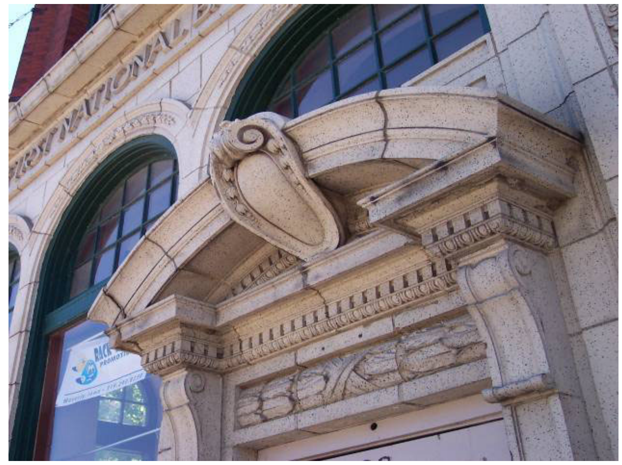
Downtown Waverly features an unusually strong and diverse retail mix, along with a variety of eating & drinking places. Evening activity is anchored by the renovated Palace Theater, located on the banks of the Cedar River. The district, generally spanning 4th Street to 4th Street on Bremer and one block north and south, is compact and highly walkable.

Most buildings and storefronts are generally well maintained and several have been the subject of recent improvement projects. Attractive buildings and interesting retail establishments, when combined with ease of pedestrian use, make for a pleasant and interesting downtown "experience."

The downtown district is home to a quality mix of service businesses, specialty shops, destination stores and restaurants that include core business and offerings including appliances, furniture, groceries, sporting goods, gifts & floral, and clothing accessories. These and other retail uses are part of existing and evolving "life and leisure" business clusters centered around home living; weddings; outdoors & recreation; personal services; and eating, drinking & entertainment. New construction underway for a national brand pharmacy is further evidence of the downtown's retail strength and potential for the future.

The Waverly Civic Center/City Hall, Bremer County Courthouse, United States Post Office and a complementary mix of financial, office and service uses contribute to the downtown area's employment base and help to generate traffic necessary to build and sustain the strong retail mix. Wartburg College, located within easy walking distance to the district, contributes to the downtown's economic and cultural characteristics.

The downtown area appears to provide ample parking to serve the district's many users, including residential uses located in the upper levels of downtown buildings. Parking areas, public spaces and sidewalks are generally in good repair, clean and well-maintained.



Downtown Waverly Market Profile Summary

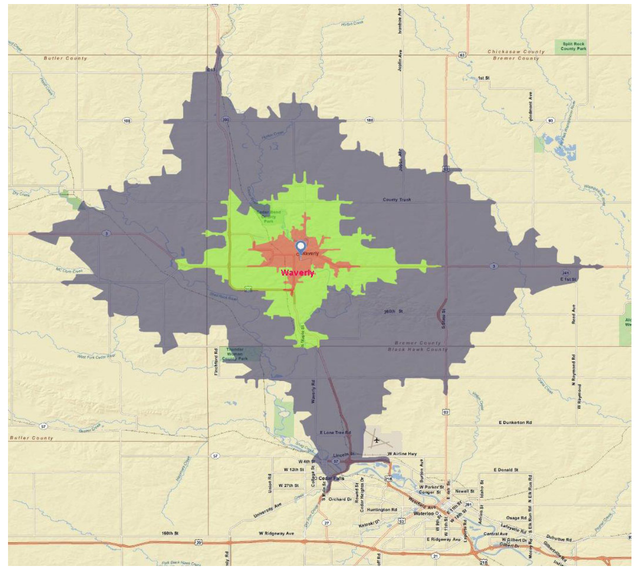
Drive Time Geographies

The profile assembled for the Downtown Waverly Drive Time Market is based upon information contained in a series of ESRI reports generated for a 5, 10 and 20-minute drive time area originating from the center of the downtown Waverly business district.

The **five-minute drive-time market** profiles a "captive" resident and convenience-oriented market for downtown Waverly. The population residing in the five-minute area may also access downtown on foot, bicycle and via other alternative modes of transportation. Demographic and psychographic data could be particularly useful for assessing performance and expansion opportunities for convenience and clientele-oriented businesses and uses, and for analyzing and profiling the composition of the current and potential downtown Waverly area housing market.

The area plotted for the **ten-minute drive time** includes areas that may be said to represent the wider Waverly area. Data and information for the ten-minute drive time area could be helpful for comparing and contrasting the traits and characteristics of the "close to downtown" population with that in the wider community. The consumer profile may also be indicative of the "comparison market" for Waverly area service, retail and eating & drinking uses.

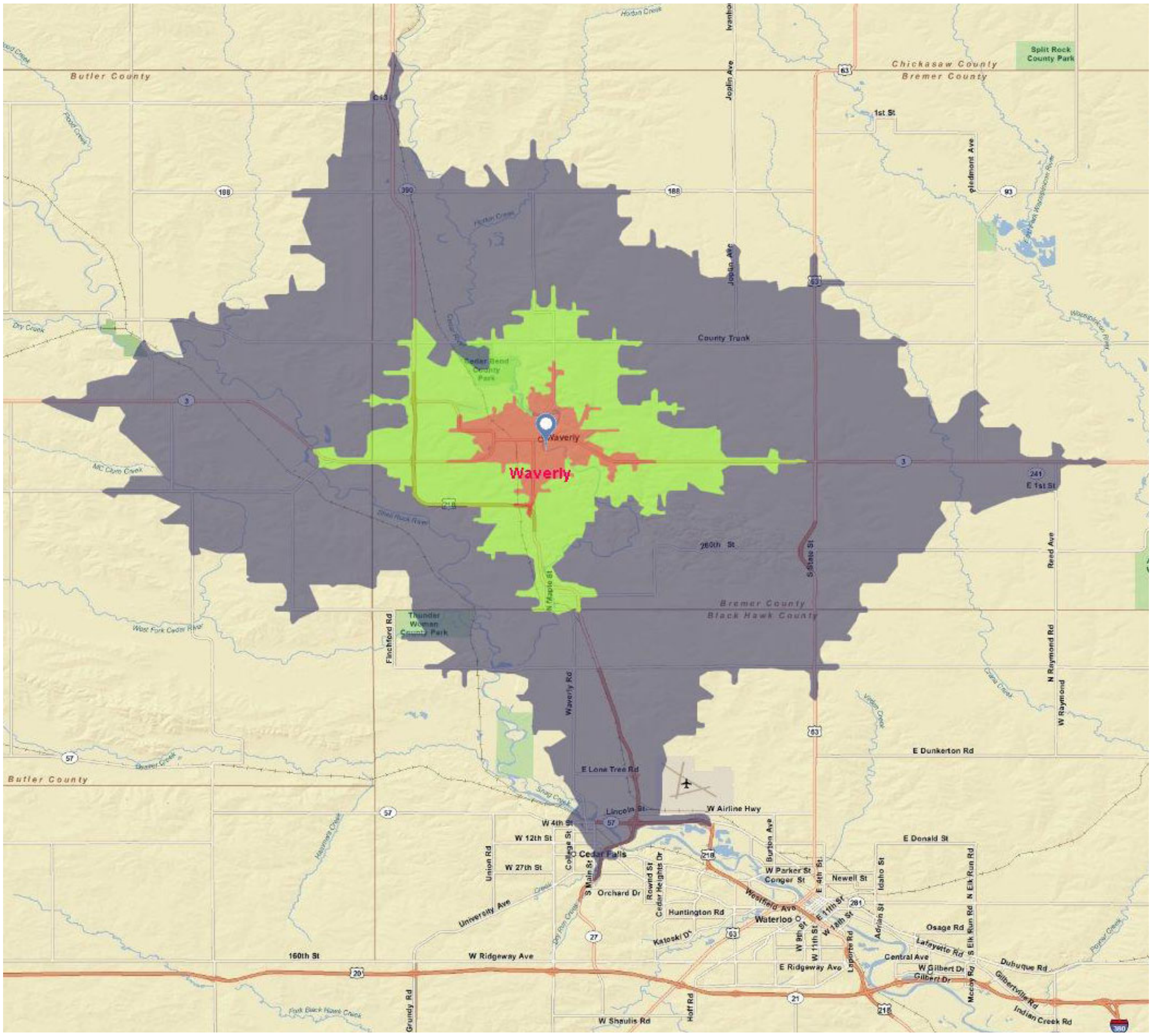
The **twenty-minute drive time** area is generally more expansive - reaching as far as Waverly to the south. Consumers in this regional market, all things being equal, may be more naturally inclined to frequent commercial areas in other communities, based on convenience. Opportunities for downtown Waverly to capture regional market consumers from the broader region, and to increase its retail market share, will most likely revolve around specialty retail and destination-oriented eating & drinking places, venues and events.



Downtown Waverly Drive Time Markets

Fast Facts

Population	**5 Min**	**10 Min**	**20 Min**
2000 Estimate	7,550	10,613	22,706
2009 Estimate	7,820	10,990	23,330
2014 Projection	7,849	11,066	23,508
Growth 2009-2014	0.4%	0.7%	0.8%
Households	**5 Min**	**10 Min**	**20 Min**
2000 Estimate	2,677	3,893	8,597
2009 Estimate	2,828	4,130	9,070
2014 Projection	2,858	4,189	9,199
Growth 2009-2014	1.1%	1.4%	1.4%
2009 Est. Income	**5 Min**	**10 Min**	**20 Min**
Average Household	$63,647	$63,812	$62,214
Median Household	$53,007	$53,554	$52,493
Per Capita	$25,277	$25,635	$25,159
Source: ESRI Market Profile, 2009.			



Reports generated and data used to examine the Waverly Drive Time Markets include:

ESRI Market Profile

The Market Profile report provides current-year and five-year projections for U.S. demographics. The annual updates include information about population, households, housing, occupancy, income, age, race, Hispanic origin, and more.

ESRI Tapestry Segmentation Area Profile

Beyond basic demographic data, the analysis of geodemographic and lifestyle characteristics of trade area households provides for an enhanced view of the market and its "personality." The examination of prevalent market segments as defined in the ESRI Community Tapestry segmentation system can reveal consumer lifestyle characteristics and traits that are important to the consideration of downtown business development strategies, including targeted consumer segments, business types, product lines, price points and marketing strategies.

ESRI Retail MarketPlace Report

The ESRI Retail MarketPlace Report provides a means of gauging the trade area's retail performance. Estimates of potential sales are compared to estimates of actual sales, and the variance is expressed in terms of a "sales surplus" or "sales leakage." Deviations from potential sales may reveal areas of opportunity in the trade area's retail sectors, keeping in mind any extenuating circumstances that may be driving the results.

Demographic Snapshot

The ESRI Market Profile report generated for the Waverly Drive Time Market provides extensive data to profile, benchmark and track the market. Analysis and comparison of data for the three drive time areas reveals some interesting characteristics and trends including.

- Trends and projections for the population and households within the drive time geographies point to modest population gain through 2014. The number of households is increasing at a slightly quicker pace that of the population, which is consistent with national trends toward an increasing number of 1- ands 2-person households.
- Approximately 28% of the housing units in the 5 minute drive time area are denoted as renter occupied, as compared to 26% and 23% in the 10 and 20 minute drive time areas respectively. Average rent is fairly consistent across drive time areas as well, estimated in 2000 at $350 in the five minute area, as compared to $341 and $357 in the ten and twenty-minute drive time areas respectively.
- The percentage of vacant housing units is largely consistent, estimated in 2009 at 6.0% in the 5 minute drive time, as compared to 5.2% and 6.0% in the 10 and 20 minute drive time areas, respectively.
- Comparatively higher median household and per capita income estimates are shown for residents and households within the five and ten minute drive time areas.
- The breakdown of the 2009 population age 25 years or older by educational attainment shows that, comparatively speaking, the populations within the 5 and 10 minute drive time areas have attained higher levels of education, with approximately 43% of those in the 5 minute, and 42% of those in the ten minute drive time area having attained an Associate, Bachelor's or Graduate/Professional Degree, compared to 37% in the 20 minute drive time area.
- Between 60% and 65% of residents in the three drive time areas are reportedly employed in White Collar occupations, with the highest concentration occurring within the five minute drive time area.

Downtown Waverly	5 Minutes	10 Minutes	20 Minutes
Population			
2000 Estimate	7,550	10,613	22,706
2009 Estimate	7,820	10,990	23,330
2014 Projection	7,849	11,066	23,508
2009 – 2014 Growth	0.4%	0.7%	0.8%
Households			
2000 Census	2,677	3,893	8,597
2009 Estimate	2,828	4,130	9,070
2014 Projection	2,858	4,189	9,199
2009 – 2014 Growth	1.1%	1.4%	1.4%
Median Age			
2009 Estimate	34.6	37.7	39.2
2014 Projection	35.3	38.4	39.7
Housing Units – 2009			
2009 Housing Units	3,008	4,357	9,644
Owner Occupied Units	66.3%	69.2%	70.8%
Renter Occupied Units	27.7%	25.6%	23.2%
Vacant Units	6.0%	5.2%	6.0%
Est. Median HH Income			
2000	$39,079	$40,614	$41,365
2009	$53,007	$53,554	$52,493
2014	$55,018	$55,368	$54,267
Est. Per Capita Income			
2000	$17,799	$18,713	$19,523
2009	$25,277	$25,635	$25,159
2014	$26,078	$26,436	$25,852
Educational Attainment			
Less than 9th Grade	4.8%	4.4%	4.2%
9-12 Grade, No Diploma	4.0%	4.3%	4.9%
High School Graduate	28.5%	30.4%	33.6%
College, No Degree	19.5%	19.3%	20.0%
Associate Degree	9.9%	10.5%	10.1%
Bachelor's Degree	22.1%	20.9%	17.6%
Graduate/Pro Degree	11.3%	10.3%	9.7%

Source: ESRI Market Profile, 2009.
Percentages may not equal 100% due to rounding.

Psychographic Profile

The ESRI Community Tapestry segmentation system classifies U.S. neighborhoods by 65 market segments using proven methodology introduced more than 30 years ago by the ACORN segmentation system. Segmentation and geodemographic systems are stable and reliable because the characteristics that define a neighborhood change slowly. The stability of a neighborhood comes from its fixed features: location, housing, transportation, schools, places of worship, and employment. Self-organization and self-perpetuation also figure into the stability of a neighborhood, patterns which we refer to as "keeping up with the Joneses."

U.S. consumer markets are different and diverse. Capturing the essence of each market to characterize those differences requires sorting the most accurate and powerful data available using a wide array of attributes. Each neighborhood is analyzed and sorted by more than 60 attributes including income, source of income, employment, home value, housing type, occupation, education, household composition, age, and other key determinants of consumer behavior. To capture the subtlety and vibrancy of the U.S. marketplace, data sources include Census 2000, proprietary ESRI BIS demographic updates, the Acxiom InfoBase consumer database, the Mediamark Research Inc. national consumer survey, and other sources.

Comparative View of Predominant Tapestry Household Segments

The following table shows concentrations of predominant Tapestry segments in the five-minute drive time area comparative to their distribution in the ten and twenty-minute drive time areas.

	5 Minute Drive Time			10 Minute Drive Time			20 Minute Drive Time		
Cluster	Count	Pct.	Rank	Count	Pct.	Rank	Count	Pct.	Rank
33. Midlife Junction	1,632	57.7%	1	2,135	51.7%	1	2,141	23.6%	2
14. Prosperous Empty Nesters	518	18.3%	2	681	16.5%	2	689	7.6%	5
32. Rustbelt Traditions	354	12.5%	3	351	8.5%	4	689	7.6%	4
30. Retirement Communities	325	11.5%	4	343	8.3%	5	157	3.8%	7
25. Salt of the Earth	0	0.0%	NA	545	13.2%	3	2,712	29.9%	1
17. Green Acres	0	0.0%	NA	54	1.3%	6	998	11.0%	3

Snapshot descriptions for the five minute drive time areas' top three Tapestry segments follow. Complete descriptions for ESRI Tapestry segments are contained in the Community Tapestry Handbook published by ESRI, available for download at http://www.esri.com/library/brochures/pdfs/community-tapestry-handbook.pdf.

Snapshot Descriptions of Predominant Tapestry Segments

Segment 33 – Midlife Junction

	5 Minutes	10 Minutes	20 Minutes
Drive Time Households : Count – Pct. (Rank)	1,632 – 57.7% (1)	2,135 – 51.7% (1)	2,141 – 23.6% (2)

Summary: *Midlife Junction* communities are found in suburbs across the country. Residents are phasing out of their child-rearing years. Approximately half of the households are composed of married-couple families; 31 percent are singles who live alone. The median age is 40.5 years; the median household income is $43,600. One-third of the households receive Social Security benefits. Nearly two-thirds of the households are single-family structures; most of the remaining dwellings are apartments in multiunit buildings. These residents live quiet, settled lives. They spend their money prudently and do not succumb to fads. They prefer to shop by mail or phone from catalogs such as J.C. Penney, L.L. Bean, and Lands' End. They enjoy yoga, attending country music concerts and auto races, refinishing furniture, and reading romance novels.

Demographic Traits

Household Income:	Middle
Median Household Income:	$43,600
Median Age:	40.5
Family/Household Type:	Singles; Married
Housing Style:	Homeowners; Renters

Lifestyle Traits

1. Do not follow fads
2. Phone and Internet Shoppers
3. Watch Classic films
4. Read romance novels
5. Dine out at full-service restaurants

Segment 14 – Prosperous Empty Nesters

	5 Minutes	10 Minutes	20 Minutes
Drive Time Households : Count – Pct. (Rank)	518 – 18.3% (2)	681 – 16.5% (2)	689 – 7.6% (5)

Summary: *Prosperous Empty Nesters* neighborhoods are well established, located throughout the United States; approximately one-third are on the eastern seaboard. The median age is 48.7 years. More than half of the householders are aged 55 or older. Forty percent of household types are married couples with no children living at home. Educated and experienced, residents are enjoying the life stage transition from child rearing to retirement. The median household income is $69,834. Residents place a high value on their physical and financial well-being and take an active interest in their homes and communities. They travel extensively, both at home and abroad. Leisure activities include refinishing furniture, playing golf, attending sports events, and reading mysteries. Civic participation includes joining civic clubs, engaging in fund-raising, and working as volunteers.

Demographic Traits

Household Income:	Upper Middle
Median Household Income:	$69,834
Median Age:	48.7
Family/Household Type:	Married couples, no kids
Housing Style:	Single Family; Townhome

Lifestyle Traits

1. Attend Golf Tournament
2. Own CD longer than 6 months
3. Refinish Furniture
4. Avid Newspaper Readers
5. Own/lease Buick

Segment 32 – Rustbelt Traditions

	5 Minutes	10 Minutes	20 Minutes
Drive Time Households : Count – Pct. (Rank)	354 – 12.5% (3)	381 – 8.5% (4)	689 – 7.6% (4)

Summary: *Rustbelt Traditions* neighborhoods are the backbone of older, industrial cities in states bordering the Great Lakes. Most employed residents work in the service, manufacturing, and retail trade industries. Most residents own and live in modest single-family homes that have a median value of $107,222. Households are primarily a mix of married-couple families, single-parent families, and singles who live alone. The median age is 36.1 years; the median household income is $49,579. Residents prefer to use a credit union and invest in certificates of deposit. They use coupons regularly, especially at Sam's Club, work on home remodeling or improvement projects, and buy domestic vehicles. Favorite leisure activities include hunting, bowling, fishing, and attending auto races, country music shows, and ice hockey games (in addition to listening to games on the radio).

Demographic Traits

Household Income:	Middle
Median Household Income:	$49,579
Median Age:	36.1
Family/Household Type:	Mixed
Housing Style:	Single Family

Lifestyle Traits

1. Buy Children's & Baby Products
2. Use Credit Union
3. Do Painting, Drawing
4. Watch Cable TV
5. Own/lease domestic vehicle

Market Performance

ESRI's Retail MarketPlace data provides a direct comparison between retail sales and consumer spending by industry. To capture a snapshot of an area's retail market place, the leakage and surplus factor summarizes the relationship between supply (retail sales by businesses) and demand (consumer spending by household). Deviations from potential sales may reveal areas of opportunity in the trade area's retail sectors, keeping in mind any extenuating circumstances that may be driving the results.

ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups within Retail Trade sector, and four industry groups within the Food Services & Drinking Establishments subsector. To estimate sales, the Retail MarketPlace database combines a number of data sources, including

- Census Bureau's 2002 Census of Retail Trade (CRT)
- Census Bureau's Nonemployer Statistics (NES)
- ESRI's demographic data
- *info*USA's business database
- Bureau of Labor Statistics

All estimates of actual sales (supply) reflect current dollars derived from receipts of businesses primarily engaged in selling merchandise. Potential sales (demand) is estimated by using ESRI's consumer spending data which provides estimated expenditures for more than 700 products and services that are consumed by U.S. households. The estimate of a trade area's demand is based upon estimated expenditures by households within the trade area.

Leakage within a specified trade area represents a condition where supply is less than demand. Retailers outside of the trade area are fulfilling demand for retail products. Surplus within a specified trade area represents a condition where supply exceeds the area's demand. Thus retailers are attracting customers that reside outside the trade area.

Sales Surplus and Leakage Estimates

Figures show an overall sales surplus of more than $30 million in the five-minute drive time area – an indication of regional retail sector strength and "pull" from surrounding communities. The "regional pull" phenomenon is further demonstrated in estimates that show an overall surplus of more than $14 million in the ten-minute drive time area (less than half that estimated for the five-minute drive time area); and leakage in excess of $12 million occurring in the twenty-minute drive time area.

Sales Surplus & Leakage Analysis	**5 Minutes**	**10 Minutes**	**20 Minutes**
NAICS Code: Business Description	Surplus/(Leakage)	Surplus/(Leakage)	Surplus/(Leakage)
Total Retail Trade and Food & Drink (NAICS 44 – 45, 722)	$ 30,986,841	$ 14,792,187	$ (12,157,463)
Total Retail Trade (NAICS 44 – 45)	$ 29,906,469	$ 15,719,867	$ (9,202,077)
Total Food & Drink (NAICS 722)	$ 1,080,372	$ (927,680)	$ (2,955,386)

Five-minute drive time estimated figures show surplus in Total Retail Trade of nearly $30 million. Estimates for Food & Drink category sales are slightly ahead of expected demand and show a sales surplus of just more than $1 million in the five- minute drive time area, while sales leakage of about $900,000 and nearly $3 million is reported at the ten and twenty-minute drive time intervals.

The relatively sound sales performance reported for the Food & Drink category in the five-minute drive time area, coupled with the strong overall performance in the retail category, could point to opportunities for the expansion and recruitment of downtown Waverly specialty retail and eating & drinking establishments that build upon the retail strengths or the district and wider community, area recreational assets, and activity revolving around Wartburg College.

The following table presents a detail of sales surplus and leakage estimates for 27 industry groups in the Retail Trade sector and for the four industry groups within the Food Services & Drinking Places subsector for the Waverly drive time markets.

Downtown Waverly • ESRI Retail MarketPlace Report Summary

Sales Surplus & Leakage Analysis	**5 Minutes**	**10 Minutes**	**20 Minutes**
NAICS Code: Business Description	Surplus/(Leakage) Estimate	Surplus/(Leakage) Estimate	Surplus/(Leakage) Estimate
Total Retail Trade and Food & Drink (NAICS 44 – 45, 722)	$ 30,986,841	$ 14,792,187	$ (12,157,463)
Total Retail Trade (NAICS 44 – 45)	$ 29,906,469	$ 15,719,867	$ (9,202,077)
Total Food & Drink (NAICS 722)	$ 1,080,372	$ (927,680)	$ (2,955,386)
441: Motor Vehicle & Parts Dealers	$ (937,016)	$ (3,488,873)	$ (22,888,286)
4411: Automobile Dealers	$ (560,082)	$ (2,754,025)	$ (21,738,162)
4412: Other Motor Vehicle Dealers	$ (1,090,413)	$ (1,324,813)	$ (916,883)
4413: Auto Parts, Accessories, and Tire Stores	$ 713,479	$ 589,965	$ (233,241)
442: Furniture & Home Furnishings Stores	$ (645,671)	$ (1,260,693)	$ 128,512
4421: Furniture Stores	$ (468,722)	$ (930,936)	$ 1,039,667
4422: Home Furnishings Stores	$ (176,949)	$ (329,757)	$ (911,155)
443/4431: Electronics & Appliance Stores	$ (748,472)	$ (1,359,354)	$ (3,109,136)
444: Bldg Materials, Garden Equip. & Supply Stores	$ 268,302	$ 273,612	$ 1,535,733
4441: Building Material and Supplies Dealers	$ (362,466)	$ (701,161)	$ (734,612)
4442: Lawn and Garden Equipment and Supplies Stores	$ 630,768	$ 974,773	$ 2,270,345
445: Food & Beverage Stores	$ 13,292,986	$ 11,298,384	$ (4,874,479)
4451: Grocery Stores	$ 13,470,413	$ 11,556,611	$ (4,226,996)
4452: Specialty Food Stores	$ (89,884)	$ (130,188)	$ (315,594)
4453: Beer, Wine, and Liquor Stores	$ (87,543)	$ (128,039)	$ (331,889)
446/4461: Health & Personal Care Stores	$ (5,673)	$ (944,741)	$ (2,081,701)
4474471: Gasoline Stations	$ (2,858,451)	$ (7,717,366)	$ 10,726,320
448: Clothing and Clothing Accessories Stores	$ (59,148)	$ (539,285)	$ (2,346,317)
4481: Clothing Stores	$ (14,700)	$ (377,958)	$ (1,747,606)
4482: Shoe Stores	$ (30,916)	$ (77,881)	$ (371,543)
4483: Jewelry, Luggage, and Leather Goods Stores	$ (13,532)	$ (83,446)	$ (227,168)

Data Source: ESRI Retail MarketPlace Profile, 2009.

Data Note: The polarity of surplus/leakage estimates shown in this report (as compared to those shown in the original ESRI reports) have been reversed to show a surplus as a positive amount, and to show a leakage as a negative amount.

Sales Surplus & Leakage Analysis	5 Minutes	10 Minutes	20 Minutes
NAICS Code: Business Description	Surplus/(Leakage) Estimate	Surplus/(Leakage) Estimate	Surplus/(Leakage) Estimate
451: Sporting Goods, Hobby, Book, and Music Stores	$ (4,842)	$ (58,718)	$ 1,655,408
4511: Sporting Goods/Hobby/Musical Instrument Stores	$ (4,842)	$ (56,675)	$ 922,237
4512: Book, Periodical, and Music Stores	$ -	$ (2,043)	$ 733,171
452: General Merchandise Stores	$ 21,861,280	$ 20,195,311	$ 14,356,532
4521: Department Stores (Excluding Leased Depts.)	$ 23,084,210	$ 23,571,765	$ 14,189,984
4529: Other General Merchandise Stores	$ (1,222,930)	$ (3,376,454)	$ 166,548
453: Miscellaneous Store Retailers	$ (256,826)	$ (658,720)	$ (459,909)
4531: Florists	$ (82,670)	$ (131,708)	$ 25,233
4532: Office Supplies, Stationery, and Gift Stores	$ (245,904)	$ (480,533)	$ (202,237)
4533: Used Merchandise Stores	$ (78,155)	$ (141,791)	$ (277,359)
4539: Other Miscellaneous Store Retailers	$ 149,903	$ 95,312	$ (5,546)
454: Nonstore Retailers	$ -	$ (19,690)	$ (1,844,754)
4541: Electronic Shopping and Mail-Order Houses	$ -	$ (15,077)	$ (1,451,411)
4542: Vending Machine Operators	$ -	$ (1,402)	$ (133,342)
4543: Direct Selling Establishments	$ -	$ (3,211)	$ (260,001)
722: Food Services & Drinking Places	$ 1,080,372	$ (927,680)	$ (2,955,386)
7221: Full-Service Restaurants	$ 915,394	$ (393,513)	$ (2,885,706)
7222: Limited-Service Eating Places	$ 549,967	$ 13,718	$ (2,965,139)
7223: Special Food Services	$ (174,921)	$ (150,202)	$ 628,492
7224: Drinking Places (Alcoholic Beverages)	$ (210,068)	$ (397,683)	$ 2,266,967

Data Source: ESRI Retail MarketPlace Profile, 2009.

Data Note: The polarity of surplus/leakage estimates shown in this report (as compared to those shown in the original ESRI reports) have been reversed to show a surplus as a positive amount, and to show a leakage as a negative amount.

Community Participation

The process behind the completion of this study was orchestrated to provide opportunities for Waverly area residents and business persons to provide ideas and input that form the basis for this study's findings and directions for downtown economic development and enhancement strategies. Public participation opportunities included:

- The performance of a consumer intercept survey, conducted at various locations in the Waverly downtown area; and an online survey. A total sample of 547 consumer survey questionnaires was compiled in the administration of the consumer surveys.
- The performance of a business survey completed by 36 Waverly businesses.

Following is a categorized, capsule summary of key results and findings relevant to downtown redevelopment and revitalization topics and initiatives explored throughout the course of this study.

Market Region

The wider market is viewed as an important part of the downtown Waverly economy and efforts geared toward enhancing visitor and tourist-related attractions in the downtown stand to benefit area businesses. What should not be overlooked is the important role that local, year-round residents have on the sustainability of the downtown economy. This fact appears to be recognized by businesses responding to the business survey, with 64% indicating Waverly residents were most important to their business.

Downtown Waverly Business Survey

Q.5: Rank in order (with 1 being most important, 2 being next most important, etc.) the following customer segments based on their importance to your business.

Response	Rank = 1		Rank = 2		Rank = 3		Rank = 4		Rank = 5	
A. Waverly residents	21	63.6%	9	27.3%	3	9.1%	0	0.0%	0	0.0%
B. Downtown employees	0	0.0%	4	14.8%	14	51.9%	6	22.2%	3	11.1%
C. Cedar Valley residents	10	29.4%	17	50.0%	5	14.7%	2	5.9%	0	0.0%
D. Visitors and tourists	1	4.3%	2	8.7%	5	21.7%	13	56.5%	2	8.7%
E. Other	3	27.3%	1	9.1%	0	0.0%	2	18.2%	5	45.5%

Consumer intercept survey results appear to coincide, with more than 61% of those respondents identifying their permanent residence with the Waverly Zip Code of 50677. The next highest result, at 6%, was from intercept survey respondents who provided a Cedar Falls, IA Zip Code (50613). In all, 40 different Zip Codes were provided by intercept and online survey respondents.

Approximately 12% of intercept survey respondents indicated they live in the downtown district, while 51% indicated they live less than five miles from the district. Twenty-one percent of intercept survey respondents indicated they work in the downtown district, and 57% indicated their workplace is located less than five miles from the downtown district.

Business development strategies should recognize the local population as a dominant market force, while public improvements and enhancements might be designed with local residents, college students and visitors in mind.

Attraction

When asked to identify the main purpose of their trips to downtown Waverly, 33% of consumer survey respondents selected "eating/drinking," 28% chose "shopping," and 13% indicated "work." The results suggest that downtown Waverly has established and/or is gaining a reputation as a destination for eating, drinking and shopping. The findings, when considered along with responses measuring the frequency of survey participants' trips to the downtown for various purposes, reveal patterns that could be conducive to effective cooperative advertising, cross-marketing, and retail expansion & recruitment initiatives.

Downtown Waverly Consumer Survey **Q4. What is the main purpose of your trips to downtown Waverly?**						
Main purpose of trips to downtown	**Intercept Sample**		**Online Sample**		**Total Sample**	
A. Shopping	127	26.7%	75	29.8%	202	27.7%
B. Eating/Drinking	151	31.7%	92	36.5%	243	33.4%
C. Office Visit	29	6.1%	8	3.2%	37	5.1%
D. Leisure/Recreation	30	6.3%	13	5.2%	43	5.9%
E. Work	55	11.6%	40	15.9%	95	13.0%
F. Financial Services	45	9.5%	10	4.0%	55	7.6%
G. I do not visit downtown Waverly	23	4.8%	4	1.6%	27	3.7%
H. Other	16	3.4%	10	4.0%	26	3.6%
Total	**476**	**100.0%**	**252**	**100.0%**	**728**	**100.0%**
Data Note: Multiple responses allowed on Intercept Survey; One response allowed on Online Survey. Percentages based upon total responses.						

Other survey results show that the downtown area is visited most frequently for the purpose of doing errands and business at a bank, office or other service-related business, with more than 47% of respondents indicating they visit the downtown for those purposes on a daily or weekly basis. About 22% of respondents indicated they visit the downtown for eating, drinking & entertainment on a daily or weekly basis, and 25% shop in the downtown on a daily or weekly basis. The figures are particularly strong for service establishments, suggesting that these downtown businesses have effectively nurtured the existing downtown consumer base to become regular, repeat clients.

The findings could be directly related to business survey results that showed business owners and managers cited “Reputation” and “Customer Service” as the top reason for customers to do business with them. This is reflective of qualities and benefits, as opposed to commodities, that are nurtured through time, experience and interaction.

The results suggest that the downtown’s strength in generating consistent traffic currently lies in the service sector and in its demonstrated ability to attract repeat customers on an ongoing basis. Still, the retail and food & drink sectors show strength and appear to be establishing and/or building a destination-oriented niche for the downtown – a positive feature that is likely to be enhanced with the opening of the new Walgreen’s store. This is further evidenced in survey results that show 8.2% of total consumer survey respondents indicated they do ***most*** of their non-grocery shopping in downtown Waverly and helps to demonstrate the downtown district’s ability to fulfill the primary shopping needs for a certain segment of the population.

Downtown Waverly Consumer Survey **Q8. Where do you do most of your non-grocery shopping (i.e. apparel, home furnishings, sporting goods, etc.)?**						
Non-grocery shopping	**Intercept Sample**		**Online Sample**		**Total Sample**	
A. Downtown Waverly	42	8.1%	36	8.2%	78	8.2%
B. College Town Plaza	31	6.0%	19	4.3%	50	5.2%
C. Willow Lawn Mall	3	0.6%	1	0.2%	4	0.4%
D. Village Square Mall (Hy-Vee area)	47	9.1%	19	4.3%	66	6.9%
E. Wal-Mart	158	30.4%	117	26.7%	275	28.7%
F. Elsewhere in Waverly Area	23	4.4%	12	2.7%	35	3.7%
G. Mail Order/Catalogues	21	4.0%	16	3.7%	37	3.9%
H. Out of town	158	30.4%	170	38.8%	328	34.3%
I. Internet	36	6.9%	48	11.0%	84	8.8%
Total	**519**	**100.0%**	**438**	**100.0%**	**957**	**100.0%**
Data Note: Multiple responses allowed. Percentages based upon total responses.						

Business development strategies should consider opportunities for the expansion and recruitment of business types that are compatible with, and could benefit from, traffic generated by service and retail business types that are most likely to attract consumers on an ongoing basis, such as existing and evolving retail clusters, financial institutions and other retail and non-retail uses that generate consistent traffic. Downtown marketing and public relations efforts might seek to expand on the sense of the downtown as a “hometown” business district and nurture an even stronger sense of Waverly brand-loyalty by encouraging cross-marketing efforts and by maintaining frequent communications that keep local residents apprised of positive changes, available goods and services, and new experiences to be enjoyed in the downtown area.

Media Preferences

Survey findings on the media preferences and influences can provide direction for effective business and downtown marketing, promotion and cooperative advertising strategies. The information can also provide direction for communicating news and proposals for changes and improvements in the downtown area.

Downtown Waverly Consumer Survey

Q14. Of the following, which two (2) media or advertising sources have the most influence on your purchasing decisions?

Media and advertising sources	Intercept Sample		Online Sample		Total Sample	
A. Newspapers	155	31.6%	111	25.3%	266	28.6%
B. Internet	62	12.6%	79	18.0%	141	15.2%
C. Email	9	1.8%	48	11.0%	57	6.1%
D. Television	108	22.0%	72	16.4%	180	19.4%
E. Radio	28	5.7%	33	7.5%	61	6.6%
F. Yellow Pages	21	4.3%	14	3.2%	35	3.8%
G. Direct Mail	29	5.9%	47	10.7%	76	8.2%
H. Other	35	7.1%	13	3.0%	48	5.2%
I. None	44	9.0%	21	4.8%	65	7.0%
Total	**491**	**100.0%**	**438**	**100.0%**	**929**	**100.0%**

Data Note: Multiple responses allowed. Percentages shown based upon total responses.

Newspaper, followed by television, was cited as the most influential media source by consumer survey participants responding to the question, “Of the following, which two media sources have the most influence on your purchasing decisions?” Newspaper was cited most frequently (24.2%) by business survey participants as an effective media source, followed by Internet at 15.2%. Internet was consumer’s third choice, cited by 15.2% of respondents.

The comparison of consumer and business rankings shows relative consistency between media sources that consumers rely on as compared to those deemed most effective by downtown business survey respondents. The findings might provide direction for certain downtown businesses and Waverly Chamber of Commerce as they consider possibilities for reaching new audiences within the trade area through individual and cooperative marketing & advertising efforts. The timing for introducing cooperative marketing proposals that employ and experiment with various media types could be opportune given that 32% of business survey respondents indicated that they would consider participating in a downtown Waverly cooperative advertising or marketing program.

Internet Marketing and E-Commerce

The ranking of media preferences demonstrates the growing influence of the Internet as a news resource, for researching products and services, and for communicating with clients. The Internet can be a particularly valuable resource for businesses in rural communities with smaller populations because it provides the potential for businesses to expand their trade area well beyond local or regional geographies. Businesses with collectible, specialty, and custom merchandise lines, in particular, can use the Internet to market to the entire United States or even globally. Even traditional retailers and business carrying "staple" products are reaping benefits as, more and more, consumers use the Internet to "shop and compare" products and services, and then use the Internet – in much the same way previous generations of consumers used the Yellow Pages – as a resource to find a local outlet or vendor where they can make their purchase.

It appears that a relatively small number of Downtown Waverly businesses are capitalizing on the Internet phenomenon, with only 11 businesses (31% of survey respondents) indicating that their business has an Internet website, while 10 businesses (15%) indicate they find it to be an effective marketing tool for their business. Downtown Waverly's marketing and cooperative advertising efforts should consider how the Internet might be optimally used to communicate with consumers and to further downtown promotional goals.

Business development efforts must also consider how the growing influence of the Internet and E-Commerce might impact local business retention, expansion and recruitment strategies – both positively and negatively. Specialty businesses that otherwise might **not** be sustainable if left to rely exclusively on the local trade area, but that have product lines conducive to E-Commerce, may be candidates for expansion and recruitment. Conversely, consideration must be afforded as to how E-Commerce might pose competition for existing and desired businesses, as evidenced by the fact that approximately 9% of consumer survey respondents indicated that they do most of their non-grocery shopping on the Internet, as compared to 8% of who indicated they do most of their non-grocery shopping in downtown Waverly.

Competitive Comparison

Consumer survey participants were asked to compare downtown Waverly to other places they frequently shop and do business. Based on the frequency of "stronger" responses, downtown Waverly's strengths and competitive advantages versus the competition appear to include:

Item/Feature	**Percent Rating as "Stronger"**
▪ Customer Service	43.1%
▪ Convenience	42.5%
▪ Cleanliness	41.5%

Based on the frequency of "weaker" responses, downtown Waverly's liabilities and competitive disadvantages as perceived by area consumers include:

Item/Feature	**Percent Rating as "Weaker"**
▪ Selection & Variety	72.9%
▪ Entertainment	48.2%

Marketing and business development efforts should seek to capitalize on those features already "known" as being strengths and having appeal among trade area consumers, and might also seek to promote and demonstrate downtown features that will help to overcome consumers' negative perceptions.

Downtown Priorities

Consumer and business survey respondents tend to share some similar views in considering priorities for possible downtown revitalization efforts. Both groups place a high value on efforts to expand businesses and recruit new businesses to the downtown area – ranked as a “High Priority” by 61% of consumer survey respondents and by 80% of business survey respondents. Efforts to restore and preserve the downtown’s historic character also received high marks, with 27% of consumer survey respondents and 35% of business survey respondents assigning this item a “High” priority level.

Downtown Waverly Consumer Survey Q9.1 – Q9.8 | Downtown Waverly Business Survey Q17.1 – Q17.8

Would you place a high, moderate or low priority on possible downtown Waverly enhancement efforts to:

	Consumer Survey			Business Survey		
	High	Moderate	Low	High	Moderate	Low
Restore and preserve the downtown’s historic character?	27% (2)	45%	20%	35% (3)	50%	15%
Expand businesses and recruit new businesses to the downtown area?	61% (1)	28%	6%	80% (1)	17%	3%
Beautify the Main Street area with landscaping, flowers, banners, etc.	23% (4)	48%	24%	46% (2)	33%	21%
Stage additional festivals and events in the Main Street area?	22% (5)	46%	24%	31% (4)	37%	29%
Add additional entertainment-oriented businesses and attractions in the downtown area?	24% (3)	44%	24%	29% (5)	35%	32%
Create more housing in the downtown area?	6% (8)	20%	62%	18% (7)	27%	49%
Create or improve pedestrian links and pathways connecting the downtown with the waterfront?	17% (6)	40%	34%	21% (6)	38%	41%
Add public art and other pedestrian amenities to the downtown streetscape?	7% (7)	33%	51%	12% (8)	44%	41%

Notes: Ranking of “High” value frequency among survey group/items shown in parentheses. “No Opinion” responses omitted from table.

Input regarding priorities generally align with suggestions offered by consumer and business survey respondents when asked, "What is the first thing that should be done to improve downtown Waverly?" Business Improvement & Development initiatives, largely revolving around business recruitment efforts, ranked highest, followed closely by various Design-oriented subjects and topics centered around transportation and traffic; beautification and streetscape enhancements; and buildings and appearances.

Downtown Waverly Consumer Survey

Q12. What is the first thing that should be done to improve downtown Waverly?

Category/Subcategory	Consumer Survey	Business Survey	Total Sample
Category: Business Improvement/Development	**61**	**80**	**141**
- Add/Recruit Businesses – General	25	42	67
- Add/Recruit Businesses – Retail	23	26	49
- Add/Recruit Businesses – Eating & Drinking	7	7	14
- Add/Recruit Businesses – Clothing	3	2	5
- Programs and Incentives	1	2	3
- Retention/Retain Businesses	2	1	3
Category: Design	**76**	**48**	**124**
- Transportation and Traffic	24	5	29
- Beautification/Streetscape Enhancements	9	18	27
- Building Appearances/Enhancements	10	12	22
- Flooding Issues/Remediation	14	5	19
- Parking Supply & Management	11	5	16
- Waterfront Enhancements/Development	5	3	8
- Parks & Trails	3	0	3
Category: Marketing and Promotion	**12**	**19**	**31**
- Image & Awareness	7	9	16
- Festivals and Events	3	6	9
- Store Hours	2	4	6
Category: Other/Unclassified	**10**	**2**	**12**
Category: Organization	**2**	**1**	**3**

Data Note: Summary of most frequent responses, categorized by subject/topic and shown based on frequency.

Business Opportunities

Surveys were among a number of tools used to help identify and gauge the potential for possible business expansion and recruitment prospects in downtown Waverly. The information is helpful in assessing business opportunities and in identifying possible gaps in the downtown business mix.

Consumer survey responses to the open ended question, “What specific type of new business would you patronize in downtown Waverly?” could provide additional insight and help to gauge how the trade area might respond to various types of new and expanded businesses. The following table displays a categorized listing of suggestions for most frequently cited business categories and types.

Downtown Waverly Consumer Survey

Q10. What specific types of new businesses would you patronize in downtown Waverly?

Category/Subcategory	Intercept Sample	Online Sample	Total Sample
Category: Eating & Drinking Places	**76**	**96**	**172**
- Restaurants	39	49	88
- Coffeehouse/shop	11	27	38
- Limited Service and Fast Food	12	10	22
- Drinking Places	4	4	8
- Other/General/Undefined	10	6	16
Category: Clothing & Clothing Accessories	**69**	**77**	**146**
- General/Undefined	24	21	45
- Men’s Clothing	25	13	38
- Women’s Clothing	14	19	33
- Family/Children	4	18	22
- All Other	2	5	7
Category: Specialty Retail	**46**	**60**	**106**
- Books and Music	17	20	37
- Arts, Crafts and Hobbies	8	8	16
- Gifts, Floral and Stationery	5	11	16
- Antiques	4	8	12
- All Other	12	13	25
Category: Sporting Goods	**22**	**9**	**31**
- Bicycle Sales, Rental & Service	8	7	15
- General/Other/Undefined	10	1	11
- Outdoors; Hunting & Fishing	4	1	5
Category: General Merchandise	**16**	**12**	**28**
- Discount and Variety Stores	12	7	19
- Department Stores	4	1	5
- General/Undefined	0	4	4
Category: Entertainment	**17**	**8**	**25**
Category: Food and Beverage Stores	**10**	**9**	**19**
Category: Furniture and Home Furnishings	**6**	**8**	**14**

Data Note: Multiple responses allowed. Summary of most frequent responses, categorized and shown based on frequency.

Business Climate

Certain business survey results provide a general indication of the existing business climate in the Waverly downtown district and the potential for existing downtown area businesses to expand. Survey findings, along with ESRI data, can provide direction for business retention and expansion efforts, including possibilities for providing business assistance and programs that could catalyze private reinvestment and positive changes in the downtown area. The business survey questionnaire was completed by 36 businesses.

Business Ownership and Tenure

Ownership status and the tenure of businesses in the downtown area provide an indication of the business district's stability, the market's ability to sustain businesses, and the commercial district's appeal as a place for investors and entrepreneurs. Sixty-four percent of business survey participants indicated that they own their business location.

Sixty-seven percent of downtown businesses participating in the survey have been in operation for ten or more years – a figure that could be viewed as an indicator of stability in the downtown business mix, but that could also suggest the need for a certain level of succession planning given that 21 businesses (58%) indicated they have been operating for 20 or more years.

Results are also suggestive of a downtown that attracts new entrepreneurs and investors as evidenced by the fact that 8 respondents (22%) indicated their business has been in operation for 4 years or less.

Potential Business Expansion

The retention and expansion of existing businesses is a key to successful downtown business development and recruitment efforts. Business survey results suggest that downtown Waverly business owners are optimistic about the future and are contemplating opportunities for expansion, with 50% of business survey respondents indicating "High" or "Some" likelihood for their business to expand within the next one or two years.

Business survey participants also provide insight on possible changes that could occur within the downtown area and the business mix based on affirmative responses to a list of possible changes.

Downtown Waverly Business Survey
Q.12: In the next year or two, do you plan to change or modify your business in any of the following ways?

Response	Count	Percentage
A. Expand your business	10	27.8%
B. Down-size your business	0	0.0%
C. Expand hours of operation	5	13.9%
D. Decrease hours of operation	0	0.0%
E. Increase marketing	19	52.8%
F. Decrease marketing	0	0.0%
G. Expand store inventory	7	19.4%
H. Decrease store inventory	0	0.0%
I. Increase number of employees	11	30.6%
J. Decrease number of employees	0	0.0%
K. Start and/or complete building improvements	6	16.7%
L. Relocate your business	0	0.0%
M. Sell your business	1	2.8%
N. Close your business	0	0.0%
O. Other	4	11.1%

Data Note: Multiple responses allowed. Percentages shown based on total survey sample. Percentages will not equal 100%

The frequency of businesses indicating plans to expand their business (28%), increase marketing (53%), expand their inventory (19%), increase their number of employees (31%), and start or complete building improvements within the next year or two (17%) are positive economic indicators for downtown Waverly. Only one business indicated plans to relocate or sell their business within the next year or two and no respondents indicated plans to close their business.

Direction for possible Waverly business assistance and development efforts that could help to promote positive changes and catalyze investment is provided by business survey respondents indicating whether they would be inclined to use various types of programs and incentives. Business marketing consultations and website assistance were selected by 25% of survey participants, and 19% of respondents expressed interest in a low interest loan for startup/expansions.

Downtown Waverly Business Survey
Q.13: Would you be inclined to use any of the following business programs and incentives?

Response	Count	Percentage
A. Business management consultations	4	11.1%
B. Business marketing consultations	9	25.0%
C. Business assistance seminars	6	16.7%
D. Website assistance	9	25.0%
E. Low-interest loan for start up/expansions	7	19.4%
F. Low-interest façade improvement loans	4	11.1%
G. Free/low-cost building improvement design	4	11.1%
H. Assistance to sell your building and/or business	3	8.3%
I. Other	5	13.9%

Data Note: Multiple responses allowed. Percentages shown based on total survey sample. Percentages will not equal 100%

Complementary Business Opportunities

Business survey participants were provided an opportunity to identify complementary business opportunities for downtown Waverly by listing up to three types of new business that, located near them, would help their business generate more revenue. The categorized results are displayed in the following table.

Downtown Waverly Business Survey
Q.10: What type of new businesses, located near you, would help your business generate more revenue?

Category	Count
Clothing and Clothing Accessories	10
Eating & Drinking Places	6
Services	4
Food and Beverage Stores	2
Furniture and Home Furnishings	2
Retail – General (2)	2

Data Note: Summary of most frequent responses, categorized for tabulation purposes and shown based on frequency.

Business Mix and Occupancy Levels

The Waverly downtown district features a well-balanced business mix that includes general merchandise and specialty retailers, eating & drinking establishments, services businesses, professional offices and civic facilities. A breakdown of the area's business inventory by general business type and estimates of ground level square feet occupancy demonstrates the diverse nature of the business mix and the district's multi-use characteristics.

Summary of Ground Level Space Utilization in Waverly Downtown District		
Business Type:	**Est. Sq. Ft**	**Pct. Of Area**
Retail - General, Miscellaneous and Specialty	99,997	32%
Retail - Food Services & Drinking Places	17,377	6%
Subtotal: Retail Uses	**117,374**	**38%**
Entertainment	10,782	3%
Service and Office	107,887	35%
Other Uses	11,170	4%
Exempt	28,503	9%
Residential	2,683	1%
Vacant (11)	29,988	10%
Subtotal: Service, Vacant and Other Uses	**191,013**	**62%**
Estimated Total: Ground Level Sq. Ft	**308,387**	**100%**
Data source: Waverly Chamber of Commerce, 2009. Percentages may not equal 100% due to rounding		

According to the inventory compiled by Waverly Chamber of Commerce and as shown in the table above, eleven ground floor vacancies were reported at the time of this study, totaling an estimated 29,988 square feet – or about 10% of the district's total ground level space. Spaces reported as vacant range in size from 1,452 to 5,720 square feet.

Downtown Leasing and Sales Data

Data on downtown leasing rates and sales volume collected through the business survey provides key economic data that can be shared with potential business prospects and investors considering opportunities in downtown Waverly. The data should also be used as a benchmark to measure changes and progress stemming from Waverly's downtown enhancement and economic development initiatives.

Survey results indicate that annual rent per square foot expenses for ground level commercial spaces in the downtown area tend to be concentrated below $8 per square foot, not including utilities. Based on the limited survey sample, median annual rents are estimated to lie within a range of $4.50 to $7.00 per square foot, and average annual rental rates are estimated to range from about $5.80 to $8.50 per square foot, not including utilities. No survey respondents reported an annual rate of $20 or more per square foot.

Survey results show that annual sales per square foot in ground level commercial spaces are concentrated at both ends of a spectrum, with about 18% reporting sales of more than $200 per square foot, and 18% reporting annual sales of less than $50 per square foot. Based on the limited survey sample, median annual sales per square foot are estimated in a range of $100 to $125 per square foot, and average annual sales per square foot for all business types reporting are estimated at approximately $130 per square foot. The figures appear comparatively low based on industry thresholds and it is possible that a broader survey sample could yield a different result.

Estimating Retail Market Share and Potential

Estimates of retail trade area potential sales and actual sales, along with estimates of square feet for various retail business types, are analyzed to provide an indication of downtown Waverly's current market share. The estimate of market share can be used to assess opportunities for retail growth.

Potential sales is an estimate of the amount of money that could be spent on retail goods and services by residents within a defined trade area based on the area's income and population. Potential and actual sales estimates for the Retail and Food & Drink categories in the 10-minute drive time area, as reported in the ESRI Retail MarketPlace Profile report, are shown in the following table:

ESRI Estimates of Potential and Actual Sales for Retail and Food & Drink – 10 Minute Drive Time Area		
Category/NAICS	Potential Sales Estimate	Actual Sales Estimate
Retail (44-45)	$87,871,362	$103,591,229
Food & Drink (772)	$14,524,855	$13,597,175
Total	$102,396,217	$117,188,404
Estimates based on 2009 data. Actual sales estimate sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) represents the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. Source: ESRI Retail MarketPlace Profile Report.		

Market share estimates are based on the calculation of estimates for sales per square foot and square feet of commercial space in each category. The estimate of market share uses what could be considered a conservative estimated average of $130 per square foot in annual retail sales based on figures reported by business survey participants. The estimated average recognizes the wide range in sales per square foot that will be generated by different retail business types.

An estimate of market share can be calculated by dividing the trade area's potential sales and actual sales by the estimate of sales based on square feet. The calculation of market share uses the estimate of square feet occupied by Retail and Food & Drink establishments based on the building and business inventory compiled by Waverly Chamber of Commerce at the time of this study. The estimates used to calculate estimated sales and market share for the 10-minute Drive Time Area are shown in the following table.

Estimated Market Share of 10 Minute Drive Time Area Potential and Actual Sales				
Category	Square Feet (From Inventory)	Estimated Sales (SF x $130)	Est. Share of 10M Potential Sales	Est. Share of 10M Actual Sales
Retail	99,997	$12,999,610	14.8%	12.5%
Food & Drink	17,377	$2,259,010	15.6%	16.6%
Total: Retail, Food & Drink	**117,374**	**$15,258,620**	**14.9%**	**13.0%**
Data Sources: ESRI and Waverly Chamber of Commerce.				

A comparison of estimates for potential and actual sales in the 10-minute Drive Time Area indicates that downtown Waverly retail establishments are capturing an estimated 14.8% of potential and 12.5% of actual 10-minute Drive Time Area retail sales. Sales and capture estimates indicate that downtown Waverly Eating & Drinking establishments are currently capturing an estimated 15.6% of potential sales and 16.6% of actual sales in the 10-minute Drive Time Area.

Estimates of Potential Expansion

The existing strengths of the downtown business mix and its relatively strong performance in the market are assets that must be capitalized upon as part of a retail growth strategy. The comprehensive downtown enhancement effort being spearheaded by Waverly Chamber of Commerce will also play a key role in attracting consumers and, ultimately, increasing the downtown's market share. However, because it will take time to implement some of the key strategies and projects that will make downtown Waverly an even more appealing place for consumers and investors, and given the state of the current economy, difficulties in accessing capital and trends in consumer spending patterns, a conservative estimate of potential retail expansion may be appropriate.

A conservative 5-year estimate for Retail and Food & Drink sectors expansion could be based on a goal of increasing the downtown's market share of trade area potential sales by 5% to 10%, or by about 0.7% to 1.5% as a proportion of the existing 10-minute Drive Time Area market share. If the goal of a 5% to 10% five-year rate of increase in 10-minute potential sales market share were to be achieved, the current overall market share estimate of 14.9% would increase to approximately 15.6% to 16.4%. Using this 5-year market share increase-based scenario, and based on constant dollars, downtown Waverly could potentially support about 5,500 to 11,800 square feet of new and expanded Retail and Food & Drink uses.

Calculation of Potential Sales Growth and Additional Floor Space at 15.6% Market Share		
Estimate of Potential Sales (Demand) – 10-Minute Drive Time Area	$	102,396,217
Times: Proposed Market Share		15.6%
Equals: Total Sales Generated	$	15,973,810
Less: Current Sales Estimate	$	15,258,620
Equals: Increase in Sales Generated	$	715,190
Divided by: Estimated Average of Sales per Square Foot	$	130
Equals: 5-Year Estimate of Additional Floor Space Supported		5,501

Calculation of Potential Sales Growth and Additional Floor Space at 30.2% Market Share		
Estimate of Potential Sales (Demand) – 10-Minute Drive Time Area	$	102,396,217
Times: Proposed Market Share		16.4%
Equals: Total Sales Generated	$	16,792,980
Less: Current Sales Estimate	$	15,258,620
Equals: Increase in Sales Generated	$	1,534,360
Divided by: Estimated Average of Sales per Square Foot	$	130
Equals: 5-Year Estimate of Additional Floor Space Supported		11,803

While the calculations shown above use actual data and numbers made available to DPN at the time of the study they may, in some instances, serve more appropriately as examples for calculating potential expansion. More conservative or aggressive estimates for growth might be calculated and be considered reasonable and attainable based on more innate, local knowledge of current trends and actual development occurring within the downtown district, the community, and the surrounding area.

Opportunities

Retail Uses

Market research findings provide general direction for various retail business types and merchandise lines that could be prime candidates and appropriate for expansion and recruitment within the Waverly downtown district. Business types and merchandise lines that might be candidates for expansion and recruitment, based on the downtown area's existing business mix, trends in the marketplace and related findings from public input, consumer and business surveys, and the sales surplus & leakage analysis performed as part of this study include:

1. Food Services & Drinking Places (NAICS 722)

- Price Points: All
- Subcategories & Merchandise Lines:
  - NAICS 7221 – Full – Service Restaurants – Casual to Upscale
  - NAICS 7222 –Limited Service Restaurants
  - NAICS 7224 – Drinking Places (Alcoholic Beverages)
- Target Markets: Local and Regional Residents; Downtown Employees; Students; Visitors
- Notes: Analysis of Sales Surplus & Leakage estimates suggest real strength in these categories in the five minute drive time area with estimated surpluses at $1 million. When combined with leakages in the ten minute drive time area and an estimated leakage of almost $3 million in the 20 minute drive time area, as well as survey responses indicating consumers desire more eating and drinking establishments in downtown Waverly, this suggests opportunities for expansion of existing establishments, or that prospects for the success of new full-service restaurants, limited-service eating places, and/or drinking places are excellent. The findings are also consistent with input provided by workshop participants that cited demand for additional menu options, with an emphasis on limited-service eating establishments that would serve the local resident, downtown employee and student markets.

2. Clothing and Clothing Accessories Stores (NAICS 448)

- Price Points: Middle to Upper
- Subcategories & Merchandise Lines:
  - NAICS 4481 – Clothing Stores
  - NAICS 4483 – Jewelry, Luggage & Leather Goods Stores
- Target Markets: Local and Regional Residents; Visitors; Students
- Notes: Consumer survey results show strong demand for clothing stores, with men's and women's clothing ranking high among those types specified. These business types and merchandise lines are typically difficult to recruit and locate within a traditional, small town downtown business district. However, strong local demand in combination with leakages across all categories and drive-time areas may indicate there is an opportunity for expansion into these product lines, or for the addition of clothing stores. ESRI 2009 surplus & leakage estimates show sales leakage of about $59,000 to $539,000 in the ten and five-minute drive time areas, respectively, and sales leakage of approximately $2.3 million is reported for the 20-minute drive time area. Still, recruitment of clothing retailers could prove difficult and the best prospects may be realized in opportunities for existing businesses to expand into new merchandise lines and price points, with particular emphasis on clothing accessories. Other opportunities may revolve around the expansion of the existing "life & leisure" business clusters and the introduction or expansion of specific clothing and clothing accessories lines related to the bridal & wedding cluster, the outdoors & recreation cluster, and/or Wartburg College student-targeted and branded apparel.

3. **Sporting Goods, Hobby, Book and Music Stores (NAICS 451)**
   - Price Points: Middle to Upper
   - Subcategories & Merchandise Lines:
     - NAICS 4511 – Sporting Goods/Hobby/Musical Instrument Stores
     - NAICS 4512 – Book, Periodical and Music Stores
   - Target Markets: Local and Regional Residents; Visitors; Students
   - Notes: Downtown Waverly is establishing a strong niche in certain sporting goods categories and results from consumer surveys and public workshop exercises point to opportunities to further expand and solidify this niche. 2009 ESRI Retail MarketPlace figures estimate relatively small amounts of sales leakage in the overall category at the five minute and ten minute drive time geographies, and show a relatively healthy surplus of more than $1.6 million for the twenty minute drive time area. The figures suggest that new and expanded entries in theses categories must recognize the regional nature of the market and position themselves accordingly when considering specific merchandise and product lines. Concepts might incorporate cross-over product and merchandise lines (i.e., a coffee house with new & used books and select lines of specialty foods or limited-service menu items). Examples of related business categories and subcategories frequently cited in consumer surveys include books and music; arts, crafts & hobbies; and bicycle sales, rentals & repair.

4. **Miscellaneous Store Retailers (NAICS 453)**
   - Price Points: Middle to Upper
   - Subcategories & Merchandise Lines:
     - NAICS 4532 – Office Supplies, Stationery & Gift Stores
     - NAICS 4533 – Used Merchandise Stores
   - Target Markets: Local and Regional Residents; Visitors
   - Notes: Various miscellaneous and specialty retail business categories ranked high among consumer responses. Gift shops, in particular, are highly compatible and complementary to existing and evolving clusters and offerings. Used quality clothing stores or consignment boutiques, specializing in lines such as maternity wear, children's wear, vintage clothing, etc, might also offer opportunities to more fully develop a clothing and clothing accessories cluster in downtown Waverly. Sales leakage in Miscellaneous Store Retailers is reported at all drive time geographies, ranging from approximately $256,000 and $658,000 in the five and ten minute drive time, respectively, to approximately $459,000 in the 20 minute drive time area.

Office and Service Uses

The office and service sector plays an important role in generating consistent traffic for the downtown area, as evidenced by the fact that 47% of consumer survey respondents indicated that they visit the downtown area on a daily or weekly basis to do business at an office or service-related business.

Trends and projections pointing to a moderate increase in the drive time area's population and number of households through 2014 might ordinarily suggest little demand for new services and office uses in the downtown business district. However, certain trends could serve to essentially change the behavior of the market and generate demand for additional office and service uses including:

- Continued transition to a service-oriented society.
- Increasing demand for personal care and medical services related to the "Graying of America" phenomenon.
- An increase in the downtown population that could result in the long-term from the adaptive re-use of downtown commercial building's upper levels and surrounding properties that might be candidates for redevelopment as residential and office uses.
- The downtown's appeal to office and service businesses that will continue to grow as success is realized through Waverly downtown enhancement efforts – and the possibility that existing office and service businesses currently located in other parts of the trade area will seek to relocate in the Waverly downtown district.

Office and services uses in the downtown business district already play an important role in the district's economy and sense of vitality and, predictably, will continue to do so in the future. These uses should continue to be encouraged to locate within the downtown business district and, where appropriate and applicable, Waverly Chamber of Commerce should work to locate these uses in buildings and spaces that are conducive to maintaining a strong sense of retail vibrancy throughout the district.

Downtown Housing

Consumer survey results, along with recent residential trends observed and reported in downtown Waverly, point to relatively strong interest and potential for new owner and renter-occupied housing of various styles in the downtown area. In all, 102 consumer survey respondents (19%) indicated "Yes" or Maybe" when asked if they would consider living in downtown Waverly.

Those indicating that they would consider living in the downtown area expressed interest in a variety of housing styles and in both rental and owned units. Of those who expressed interest in living in downtown Waverly, approximately 41% indicated they would be interested in a rental unit, while approximately 74% indicated interest in purchasing a housing unit in the downtown.

Population and household projections anticipate that the number of housing units in the five minute drive time area will increase by 49 from 2009 to 2014. Rental units are anticipated to increase by 19 units by 2014, while owner-occupied units are projected to increase by 17.

Based on strong interest expressed by respondents to the consumer survey, along with identified housing trends and projections, opportunities could exist for the development of a limited number of housing units within the next five years. The best prospects for new downtown housing might continue to be directed toward the development of units that are quite different from the current inventory of housing options available in the broader community – including styles that take advantage of the unordinary dimensions, layouts and materials found in the upper levels of many downtown commercial buildings to create distinguishable, and even "funky," living spaces that are highly desirable to certain segments of the market.

First Steps Implementation Strategy

The Downtown Waverly Market Study provides a snapshot of the downtown area today and explores opportunities for the future. The time frame for planning and implementing projects based on findings and opportunities identified as part of this study could extend up to ten years – or even more.

Because downtown revitalization and redevelopment occurs within a dynamic environment, no set of specific implementation steps can remain valid for such a long time. Even in the short term, changing economic, social, political and cultural conditions may dictate a different sequence of events. Some projects might be implemented earlier if the right set of opportunities present themselves, or the community may determine that a project should be tabled as new opportunities emerge and others take priority. Because of these limitations, an implementation strategy can only be a general guide for implementing key aspects of the study.

The First Steps Implementation Strategy summarizes and prioritizes projects and activities that, undertaken as part of a comprehensive and incremental approach, will advance long-term redevelopment and enhancement goals for downtown Waverly.

Key market study findings and implications are summarized and potential "Action Steps" are organized in the areas of Business Improvement, Promotion, Design and Organization – a format consistent with the Main Street organizational structure and its 4-point approach to downtown enhancement. By the very nature of the market study, implementation strategy actions are primarily focused in the areas of business improvement and promotion.

The list of potential projects and actions contained in this summary report is neither exhaustive nor exclusive. In fact, potential projects and actions compiled in the following grids might quite simply resemble "the obvious." Realistically, the notion of compiling a comprehensive Implementation Strategy based on the mere analysis of market data and a single site visit is impractical. The suggestions and recommendations for action appearing here, then, should be viewed in that context and considered as a "starting point" for the development of a more comprehensive and meaningful strategy that is the product of market analysis findings, local knowledge, and the continued participation of Waverly Chamber of Commerce representatives, local business persons, community leaders and residents working together.

Priority Action Steps – Organization

Action	Description	Priority Level
1	Work with Waverly Chamber of Commerce committees to identify appropriate funding requirements to implement projects adopted as a result of this study and pursue funding sources	0
2	Work with committees to review volunteer requirements, identify potential sources for volunteers, and assist the committees in the recruitment and training of volunteers necessary to implement projects adopted as a result of this study	0
3	Work to involve residents, downtown business people, elected officials, community leaders and representatives from other community organizations in all phases of downtown planning, implementation and management	0
4	Continue to work to strengthen and maintain partnerships with the City of Waverly, Wartburg College, and other community & economic development partners that have been, and must continue to be, active in downtown Waverly enhancement initiatives.	0
5	Maintain an aggressive, ongoing public relations program to publicize plans, projects and results	0

Priority Level Key:

0 = Immediate and/or Ongoing	1 = Within 1 Year	2 = Within 2 Years	3 = Within 3 Years

Business Improvement Action Steps

Action	Description	Priority Level
1	Distribute a summary version of the market study to existing downtown business and property owners, and to potential business prospects and investors	0
2	Update and maintain the downtown property and business inventory; maintain a current list of available properties and businesses and distribute the list to area realtors and brokers as changes occur	0
3	Continue work to profile the potential downtown housing market and to promote new downtown housing opportunities; promote technical assistance and incentives (loan programs, tax credits, etc.) that could help to catalyze downtown housing activity	0
4	Devise fact sheets or similar written materials that can be readily updated to describe and promote available business programs and incentives, such as façade design assistance, façade improvement loans and grants, management and marketing consultations, and property and client referrals	1
5	Organize a Business Visitation Program as the first step toward a business assistance program that engages downtown businesses, promotes available resources, and facilitates the delivery of business assistance resources, as well as to identify and engage prospective businesses for expansion	1
6	Identify and assist businesses in succession planning by using resources and facilitating access to assistance available through Main Street Iowa and other local, regional and state resources	1
7	Assess existing e-commerce capabilities among downtown businesses; work to establish technical assistance program to promote e-commerce; tie e-commerce enabled businesses together in a special directory accessible through the Downtown Waverly Website, as well as through links from all participating business websites and other community – and global – websites as appropriate	2
8	Develop business promotional materials and an enhanced Downtown Waverly website as a tool for passive and active recruitment of targeted business prospects	2
9	Identify and assist businesses that may be candidates for expansion based on existing and evolving clusters (i.e., life & leisure clusters), product lines identified in the market study as "top candidates" for expansion, and interest discovered through the Business Visitation Program	2
10	Identify and actively recruit specific business types and prospects based on business types identified in the market study and the availability of appropriate spaces	2
11	Facilitate cooperative advertising and marketing efforts that involve property owners and agents to market available space and potential infill and redevelopment opportunities	3

Priority Level Key:			
0 = Immediate and/or Ongoing	1 = Within 1 Year	2 = Within 2 Years	3 = Within 3 Years

Promotion Action Steps

Action	Description	Priority Level
1	Study ESRI Tapestry segments and perform necessary consumer survey cross-tabulations in order to target specific market segments; Introduce new events and activities – or new event components – that have appeal for targeted market segments	0
2	Work closely with local, regional and state tourism organizations to promote downtown Waverly as a visitor attraction	0
3	Review the existing events calendar. Work and support efforts to enhance and maintain existing downtown festivals and events and to introduce new events and activities – or new event component – that are consistent with downtown Waverly marketing strategies and that appeal to targeted market segments	0
4	Continue to work to better understand and make better connections with the “Wartburg market” through marketing, cooperative events, etc.	0
5	Use information and direction from the market study to develop a distinct branding and marketing strategy for downtown Waverly that capitalizes on assets and distinct features, connects with targeted audiences, and reinforces a strong position in the regional market	1
6	Work to enhance communications and coordination among downtown retailers; support, promote and facilitate downtown business community cooperative advertising, events, cross-marketing, and Internet marketing efforts	1
7	Create a Downtown Waverly Product and Service Guide; Shopping, Dining & Entertainment Guide; and/or “Life & Leisure” Guide to enhance awareness of available products, services and specialty clusters	1
8	Create and maintain feature content for the Downtown Waverly Internet website and to share with other community and visitor-oriented websites	1

Priority Level Key:

0 = Immediate and/or Ongoing | 1 = Within 1 Year | 2 = Within 2 Years | 3 = Within 3 Years

Design Action Steps

Action	Description	Priority Level
1	Work with the City to ensure adequate and proper maintenance of the downtown streetscape, furnishings and public spaces; schedule regular walk-around inspection tours to identify maintenance needs	0
2	Monitor parking to determine the need for a parking study and/or to establish or revise parking policies to address the needs of downtown patrons, employees and residents	0
3	Maintain ongoing historic preservation education efforts designed to enhance the community’s awareness of, and appreciation for, the preservation of downtown historic architecture and resources	0
4	Assemble, package and promote available incentives and downtown building improvement assistance programs	0
5	Using direction from the market study (i.e., “First things” to improve downtown Waverly), consider opportunities to incorporate special features and interpretive elements in the downtown streetscape that connect with the community’s heritage and surrounding assets, and that help to enhance the downtown visitor’s experience (i.e., wayfinding signage, gateway enhancements, streetscape furnishings and décor, connections to the riverfront and trails, etc.)	0

Priority Level Key:

0 = Immediate and/or Ongoing | 1 = Within 1 Year | 2 = Within 2 Years | 3 = Within 3 Years

Conclusion

For Waverly, the completion of this market study is not an end but rather the beginning of a new phase in the community's downtown enhancement initiative.

This summary report serves to highlight only a small sample of the knowledge and direction that can be synthesized from analysis of data collected during the market analysis process. Similarly, the implementation strategy outlined in the document is only a starting point for a more comprehensive slate of projects that is likely to emerge as local leaders continue to study the market.

As Waverly Chamber of Commerce moves forward it must continue to involve local community leaders, business persons and residents in efforts to analyze and interpret the information collected through the market analysis process in order to develop a complete understanding of the findings and results – and the implications for the downtown district. The ensuing process should seek to "dig deep" into the results and their meanings and to incorporate local knowledge into the analysis and interpretation of the market study's findings. Such a process will serve to aid in the development and implementation of strategies that are both market-driven and intrinsic to the community's goals and aspirations for the downtown district.

Indeed, the highly public and detailed market analysis process orchestrated to date may be, in and of itself, one of the most important "results" to emerge. While the process has served to help identify present-day priorities, existing and looming challenges, and immediate and emerging opportunities, it can not, and does not pretend to, anticipate tomorrow's priorities, next year's unexpected challenges, or exciting and unanticipated opportunities still over the horizon.

The diligent efforts undertaken by Waverly Chamber of Commerce leaders and volunteers to gather the input, to study the data, and to initiate the development of a market-driven implementation strategy have prepared the organization and the community well by providing a public framework and a strong basis upon which the community can plan and act for the future. It is within this framework that the community will continue to marshal the resources and knowledge necessary to meet new challenges and to capitalize upon fresh opportunities that are an ever-present component of a perpetually evolving and dynamic downtown district.