

TECHNICAL ASSISTANCE REPORT
SIoux CITY

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INTERNATIONAL
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COUNCIL

The Power of Knowledge and Leadership

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IEDC greatly appreciates input and assistance received from stakeholders who participated in the project's site visit, and would like to also thank the IEDC Advisory Team for its time and contributions.

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ABOUT IEDC

Based in Washington, DC, the International Economic Development Council (IEDC) is the premier economic development membership association in the United States. IEDC helps its members create high-quality jobs, develop vibrant communities, and improve the quality of life in their regions. IEDC's over 4,500 members represent the entire range of economic development experience — from public to private, rural to urban and local to international. IEDC relies significantly on the expertise of its members to educate on industry trends, introduce best practices, and set high standards of practice in the economic development field.

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OVERVIEW

The purpose of IEDC's strategic assessment is to assist Sioux City's downtown revitalization efforts — emphasizing downtown's unique real estate offerings. As downtown's inventory of vacant space has increased, this project was conducted to (a) help improve the chances for successfully revitalizing downtown, and (b) to assist the effort to maintain downtown's status as the cultural center of the region.

This strategic assessment for downtown builds upon an earlier site visit by an IEDC Advisory Team of four IEDC members who are active economic development practitioners with significant downtown revitalization experience. This team consisted of Jane Jenkins of Downtown Oklahoma City, Eduardo Santana of RCLCO, Michael Stumpf of Place Dynamics, and Nancy Whitworth of the City of Greenville, South Carolina. This assessment builds on the team's presentation of preliminary findings and recommendations on the site visit's final day, and focuses on the following items.

- Establishment of objectives for downtown's revitalization (based on a market rate real estate analysis)
- Encouragement of private sector investment, and attraction of quality jobs downtown
- Re-purposing downtown's inventory of underutilized or vacant real estate
- Development of additional downtown market-rate housing to attract new residents to downtown's core
- Identifying steps to create further economic activity based on developing existing cultural and event facilities
- Coordination of efforts to brand, market and further develop downtown's identity, and strengthen commitment of downtown's stakeholders and business / property owners
- Comparison of downtown Sioux City to comparable communities with successfully revitalized downtown areas, including discussions on relevant economic development issues facing downtown, such as: (a) sustainability, (b) tax base growth, and (c) organizational leadership and stakeholder engagement

IEDC, in partnership with RCLCO, prepared this report to offer additional information, observations and recommendations for Sioux City's downtown. It is an attempt to provide guidance on ways Sioux City might augment its downtown revitalization to help set the stage for future growth and job creation.

This report is divided into two parts. Part A reviews observations from the site visit and details downtown's strengths and assets, and possible challenges. It outlines possible recommendations to build upon downtown's current revitalization successes, and supplements these recommendations by highlighting case examples that help illustrate how other communities have approached downtown revitalization efforts and initiatives.

Part B is a real estate economic and market analysis prepared by RCLCO. It builds upon Part A by estimating the impact of existing and potential economic forces on downtown's built environment. Part B's objectives are:

1. Quantify short and long term market demand for Sioux City's real estate product types including:
 - a. Residential
 - b. Office and Retail (Regional, Urban Entertainment and Local)
 - c. Educational / Institutional
 - d. Arts / Cultural / Civic
 - e. Hospitality / Resort

2. Craft capture analysis that reflects the supportable quantities of aforementioned land uses within the downtown study area
3. Synchronize the market demand referenced above with Part A of the report (conducted by IEDC) to develop a clear understanding of probable market outcomes
4. Translate market demand forecasts into estimates of product types and absorption that reasonably reflect the probable market outcome possibilities
5. Test the analysis referenced above to adjust for anticipated changes, which may be influenced by catalytic development projects, infusions of resources, targeted economic development activities, public or private investment intentions, or other market interventions
6. Model the scenarios mentioned above to develop a series of three development forecasts that quantify (by amount and type of development) what can be reasonably anticipated within a five to ten year timeframe in downtown under both current and catalytic scenarios

PART A | STRATEGIC ASSESSMENT

OBSERVATIONS

STRENGTHS AND ASSETS¹

Downtown Sioux City contains a wonderful assortment of historical buildings with notable and largely intact architectural detail. The unique architectural gems in downtown should be considered an asset that distinguishes it from other parts of the region. Sioux City's collection of rich, historic commercial architecture includes the Historic Fourth Street District, Badgerow Building, the United Center, Warrior Hotel, Orpheum Theatre, et al., most of which are on the National Register of Historic Places.

Overall, rental rates for commercial space in downtown Sioux City are quite affordable. Some site visit participants commented that downtown has available space from \$6 per square foot gross to \$12 per square foot triple net² (about \$15 per square foot gross).

There is new, demonstrated demand for downtown housing in the form of condominiums and residential rental units. These new residential developments (e.g., the United Center, Fourth and Jackson Building) are market rate and have begun attracting a mix of smaller (one- and two-person) households. These higher-end residential rental properties will most likely be critical for attracting talented workers that may want to rent (as opposed to buying) high-end residential space when moving to or working downtown.

There are some residential areas in or near downtown that hold the potential to help transform Sioux City. Two of these examples are the neighborhoods of Prospect Hill and Rose Hill. According to site visit participants, Rose Hill is approximately seventy percent rental homes and thirty percent owner-occupied housing.

ATTRACTIONS, AMENITIES AND SUCCESSES

Downtown has many positive attributes (both for residents and businesses) that other cities of similar size, population and character would likely find enviable. In addition to downtown's distinctive architecture and unique historic districts, other positive attributes include on-going renovations to key downtown offerings and recent business attraction successes.

Sioux City has done a remarkable job of locating important attractions, entertainment venues and downtown anchors that continue to help generate visitor traffic downtown. These attractions and investments include (a) the Sioux City Public Museum, (b) Tyson Events Center / Gateway Arena and Long Lines Recreation Center, (c) Sioux City Convention Center, (d) Sioux City Art Center, (e) the planned Children's Museum of Siouxland, (f) Sioux City Public Library, (g) Siouxland Regional Cancer Center, (h) Mercy Health Center, (i) Martin Luther King, Jr. Transportation Center, (j) Sioux City City Hall, (k) Orpheum Theatre, (l) Stoney Creek Inn, (m) Promenade Theater, (n) Riviera Theater, and (o) Historic Fourth Street.

Sioux City has seen a number of recent successful business expansions and attraction efforts, such as Sabre Industries' ongoing expansion, which includes 532 jobs. Sioux City continues to grow in commercial areas, healthcare, and new business park development.

¹ This section contains information intended to highlight a few of the most important real estate-related observations for downtown. A more complete analysis of downtown's real estate market is detailed in Part B of this report.

² A "triple net" lease is a property lease agreement wherein a tenant agrees to pay all (1) real estate taxes, (2) building insurance, and (3) maintenance costs. These three items are referred to as the "three nets". In a "triple net" lease, the lessee agrees to pay the "three nets" plus any usual fees associated with a lease agreement (e.g., utilities, rent, etc.). Under this type of lease, the tenant is therefore responsible for all costs associated with repair or maintenance of common areas. This type of lease typically used for freestanding commercial buildings.

IMPORTANT LEADERS, PARTNERS AND RESOURCES

The commitment of myriad Sioux City residents, business owners, government officials, etc., and the desire of so many stakeholders to improve downtown is an asset that should be further encouraged in future endeavors. Downtown Partners Sioux City is a particularly important asset. Downtown-centric non-profit organizations working in conjunction with local government and private sector allies are at the core of successful downtown revitalization in many communities. The importance of having an entity whose sole purpose is to champion the cause of downtown revitalization is critical.

The City of Sioux City and its many key public sector and non-profit partners (e.g., Economic Development Department, Convention Center, City Manager, City Council, Downtown Partners, et al.) should be lauded for their role as strong, committed partners in the redevelopment of downtown. The city and these partners have used a number of important tools to support downtown development.

Self-Supported Municipal Improvement District (SMID)

The purpose of downtown's SMID is to provide improvements or services exclusive to this district. The result is an additional measure of taxation added to properties within this district. As an indication of the SMID's popularity, slightly more than of seventy-two percent of downtown's taxable property owners supported the SMID's renewal (December 31st 2007), representing just over sixty-seven percent of the district's taxable value. Downtown Partners Sioux City manages and oversees the funds' use and represents businesses and property owners in the district.

Downtown Partners Sioux City Targeted Revitalization Fund

The Targeted Revitalization Fund is intended to improve the overall quality and appearance of downtown's streetscapes. The fund supports downtown's service area by targeting specific problematic properties and new development demands that positively impact downtown. For properties within the district's service area that plan and implement permanent improvements to building exteriors and storefronts, some funding can be made available.

Tax Increment Financing (TIF)

Sioux City has successfully used Tax Increment Financing (TIF) to promote new growth of both commercial and industrial development. TIF has been used for infrastructure investment and to increase the competitiveness of the region. TIF has specifically been used for recent downtown revitalization efforts such as the Badgerow Building, the United Center, the Fourth and Jackson Building, and Pearl Street.

Façade Program

Sioux City recently initiated a façade improvement grant program that has been used in the Pearl Street District for the successful renovation of a number of storefronts. The façade program augments TIF funds and infrastructure investments for street improvements in downtown's west end.

Targeted Jobs Withholding Tax Credits

The Targeted Jobs Withholding Tax Credit Pilot Program is a state level incentive program enacted in 2006 to allow for the "diversion of withholding funds paid by an employer to be matched by Sioux City (a designated "pilot" city) to create economic incentives that can be directed toward the growth and expansion of targeted businesses located within Urban Renewal areas."³ Sioux City may enter into a withholding agreement with (a) a business locating to a community from another state that creates targeted jobs in an urban renewal area, or (b) an

³ Iowa Economic Development Webpage, "Targeted Jobs Withholding Tax Credit Pilot Program". Accessed at: www.iowaeconomicdevelopment.com/business/targeted_jobs.aspx

existing Iowa business creating ten new targeted jobs or making a qualifying \$500,000 investment in an urban renewal area.

CURRENT AND FUTURE OPPORTUNITIES

Relocation of Land-Based Casino Downtown

As noted in the real estate and economic market analysis completed by RCLCO (the full content of which is included in Part B of this report), the potential addition of land-based casino to an already compelling downtown entertainment program — including many of the aforementioned attractions — would very likely strengthen the appeal of downtown as a destination for entertainment. Relocating the casino to a downtown location would potentially drive more traffic in and around other downtown attractions.

Increasing downtown's entertainment offerings could ultimately broaden Sioux City's appeal outside of the immediate region, drawing consumers from various areas across the Midwest. In the near term, the result of this scenario would be improved demand for downtown retail. It would also hold the potential to stimulate additional demand for residential housing by (a) households that are attracted by this type of urban, entertainment development and (b) casino employees who may prefer to live downtown. As described in the real estate and economic market analysis, almost one million households with annual income greater than \$75,000 currently live within a three hour drive of downtown. If ten percent of these households visited the casino just once per year, an additional 100,000 square feet of retail in downtown could be justified.

Several options for the downtown casino relocation were presented during the IEDC Advisory Team's site visit including a site on Pearl Street, the former Warrior Hotel building, and the former Bomgaars building. As negotiations with the casino have continued, no site has yet been agreed upon, though some potential sites have been crossed off the list including a site at or near the Sioux City Convention Center.

Negotiations between the various parties involved in the potential casino relocation deal are still ongoing. The position that City of Sioux City staff have taken is that the casino entertainment facility is inappropriate anywhere other than in downtown.

Relocation of Large Employer Downtown

Sioux City has made extensive efforts to attract a large employer downtown. The broader Siouxland region offers a workforce and economic infrastructure that are seen as attractive benefits to employers in the computer technology industry (who could potentially employ remaining Gateway Computers' employees who still reside in Sioux City and the region), the insurance industry, and agri-business and technology industries. The successful attraction of one or more of these types of companies to downtown would likely further stimulate demand for office, residential and retail uses by signaling that downtown continues to be a vital investment location.

Farmers Market

During the site visit the IEDC Advisory Team heard several comments on the current success of Sioux City's Farmers Market as well as support and interest in expanding the presence of the farmer's market in downtown. The farmers market is supported and strengthened by local area growers and farmers and local and organic farming initiatives from Woodbury County.

Young Entrepreneurial Citizens

The IEDC Advisory Team met with a variety of entrepreneurs, both in the form of new downtown business owners and novel organizations like the Sioux City Growth Organization (GO). The energy and sense of Sioux City pride among these various groups is an asset and an opportunity that should continue to be nurtured.

INFRASTRUCTURE ASSETS

The Interstate 29 (I-29) corridor is considered by Iowa's transportation leaders to be of paramount importance to northwest Iowa, northeast Nebraska and southeast South Dakota's economic prosperity — especially greater Sioux City. A report on the economic benefits of I-29 to the Sioux City region noted that 57 percent of the regional workforce (i.e., 54,000 workers per day) commutes to jobs in Sioux City via I-29. The reconstruction and redevelopment of I-29 will alter traffic patterns in downtown and may create opportunities for new development or redevelopment projects. According to the Iowa Department of Transportation recent and future developments to I-29 are expected to offer benefits in the form of:⁴

- Transportation facilitation to improve the competitiveness of office and manufacturing facilities accessed by I-29 and help reverse the trend of recent job losses associated with the Terra Chemicals buyout and John Morrell & Company closing
- Improved intermodal transportation connections and possibilities (including regional trail systems and public transportation)
- Revitalized brownfield sites in downtown's urban core
- Improved access to US Highway 77
- Better access for daily commuting trips, special event trips, and interstate traffic through a more efficient transportation corridor along the Missouri River and through Sioux City
- Improved regional economic development opportunities, including growth in Sioux City's industrial sector
- Reduced traffic congestion on road networks on and around the I-29 corridor

Electrical and Telecommunications Infrastructure

The relatively low cost of electrical power and the Internet POP located in downtown are assets in recruiting potential back office and small data center tenants. Despite the recent loss of the Delta Airlines Call Reservation Center, this availability of electronic and telecommunications infrastructure should still be considered a strategic advantage for luring businesses downtown.

OTHER IMPORTANT STRENGTHS

Sioux City has garnered positive praise and accolades from major national publications, including:

- *Money Magazine* deemed Sioux City a "Contender" in an August 2010 ranking of "Best Places To Live"⁵
- *Site Selection Magazine* has ranked the Sioux City metropolitan region as the number one US metropolitan area for economic development (of communities with populations under 200,000) in 2008⁶ and 2007⁷
- In *Business Facilities* magazine's August 2010 issue Sioux City's metropolitan region ranked number one in the nation for "Food Processing Industry Growth"⁸

⁴ Iowa Department of Transportation. Transportation Investment Generating Economic Recovery II (TIGER II) – Grant Application. Interstate Highway 29 – Segment 2. Accessed at: www.iowadot.gov/tiger2/pdfs/iadothwy-0801%20I29Narrative.pdf

⁵ CNN Money Best Places To Live. Accessed at: <http://money.cnn.com/magazines/moneymag/bplive/2010/snapshots/PL1973335.html>

⁶ Site Selection Magazine. Top Metros of 2008. March 2009 Issue. Accessed at: www.siteselection.com/issues/2009/mar/top-metros/

⁷ Site Selection Magazine. Top Metros of 2007. March 2008 Issue. Accessed at: www.siteselection.com/issues/2008/mar/topMetros/

⁸ Business Facilities. 2009 Metro Rankings. Accessed at: <http://businessfacilities.com/articles/cover-story/2009-metro-rankings-2/>

- The Sioux City metropolitan region also earned the accolade of third best U.S. metropolitan region for “Metro Economic Growth Potential” (for communities of less than 200,000 people) in 2009⁹
- The Siouxland Initiative (TSI) was named one of the ten best economic development organizations in the country in 2008 by *Site Selection Magazine*¹⁰

Low Unemployment

The unemployment rate for the Sioux City region dropped below five percent in May 2012. This is the first sub-five-percent unemployment rate in the region since 2008 and is well below (–3.3%) the US unemployment rate (8.2% in 2012)¹¹. It results from an additional six hundred non-farm jobs from local employers.

CHALLENGES

REAL ESTATE

The interesting collection of unique commercial architecture is a potential attraction for additional residents and visitors, yet there appears to be an abundance of large scale commercial vacancies downtown, with a few buildings that seem to lack consistent maintenance. This may be because some building owners intend to redevelop these facilities with modern amenities that newer, younger businesses may find attractive.

Class A office space was until recently relatively full in downtown. Yet, with the Terra Centre mostly vacant this trend appears to have reversed. Along with increasing Class A office space vacancy rates, there appear to be some Class B and Class C office buildings that are largely empty. Some downtown stakeholders have noted the concern that this commercial space vacancy may be creating a negative perception for downtown.

There may also be some type of mismatch in terms of the value that downtown commercial building owners expect to be compensated for and what the market believes downtown’s commercial real estate value is. There may also be a similar mismatch of the expected quality of downtown’s commercial real estate and what the market perceives as high-quality Class A and Class B commercial real estate. It may be that some downtown building owners view their space as higher quality than some market experts — and potential tenants — view them.

Long-term ownership of some downtown buildings potentially presents a challenge to redevelopment. Some building owners may not have the resources — and may be penalized by capital gains taxes — if they sell their property. Some of these buildings may be providing a revenue stream to owners with little cost, leaving little incentive to change, modify or sell these buildings and create new opportunities.

Some site visit participants noted that some potential businesses have indicated downtown rents may be too high, which may be a reflection of higher-end rental rates for some of the most desirable space downtown. While downtown’s commercial space is generally affordable, there are some exceptions. Retail space in the Promenade Theater might be above market price at \$21 per square foot. The Promenade’s movie theaters have been financially successful — accounting for approximately 60% of the local theater market share — but currently there is only one successful retail store, while the remaining retail space has not to date seen long-term financial success.

Downtown is surrounded by mostly low- to moderate-income neighborhoods (some of which are occupied by a substantial senior population) that, for the most part, lack strong architectural or historic interest to help spur further

⁹ Business Facilities. 2009 Metro Rankings. Accessed at: <http://businessfacilities.com/articles/cover-story/2009-metro-rankings-2/>

¹⁰ Conway Data, Inc. Press Release. May 4th 2009. Accessed at: www.conway.com/press/pdf/TopDealsGroups2008.pdf

¹¹ Department of Numbers. Accessed at: www.deptofnumbers.com/unemployment/iowa

downtown revitalization. Over one-quarter of downtown residents (within a one mile radius) earn a relatively low income¹², suggesting room to improve and diversify downtown's economic base.

SUPPORT FOR SMALL BUSINESSES AND ENTREPRENEURS

There is some indication that companies in some higher-skilled industries feel a need to look outside downtown to attract and recruit higher-skilled workers. This concern is part of the broader "brain drain" challenge across the state of Iowa.¹³ It will be an important factor to address for downtown's future economic development success.

In a memorandum titled "Challenges and Opportunities for the Siouxland Region," eight issue areas were identified that could help improve the competitiveness of the region's workforce¹⁴. The study focused on the region as a whole, but the points raised (below) may also be relevant for downtown's workforce.

- Adapt to a dwindling, but more diverse workforce
- Transform the regional economy from one traditionally dominated by giant, low-wage industries
- Demand higher, more specialized skills of workers
- Address a need for substantially more entrepreneurial skills
- Maximize early (K-12) educational resources in support of industry demands
- Better leverage post-secondary education
- Increase the growth of talent for the region's economic base
- Make the region's workforce system more capable of meeting the needs of individuals and businesses

Western Iowa Technical Community College's (WITCC) Small Business Development Center (SBDC) has done an admirable job providing small business support services in the area. However, much more needs to be done to harness their full potential and further build on their existing successes as part of a broader regional effort to support and enhance downtown's small business development delivery system. The WITCC could be a key player in the next local business success story like Terra Chemicals.

DOWNTOWN CONNECTIVITY

Sioux City has done a tremendous job in developing and redeveloping important, strategic downtown areas and could potentially benefit from a more comprehensive plan. Some newer buildings, particularly between Pierce Street and Jones Street (see map), break up the traditional street-level storefront pattern, creating a sense of fragmentation among downtown retail and service uses. The reopening of Fourth Street and newer developments that have accompanied it has helped connect parts of downtown. However, overall connectivity could be enhanced in large areas of downtown. Overall, these downtown areas appear to lack the critical mass to draw in shoppers or retailers.



The vision for the downtown area between Third Street and the Missouri River that encompasses a mix of commercial, industrial, residential and civic uses could also be enhanced. Newer development in this area appears to have a suburban character that could potentially detract from downtown's viability. Part of the land area in this

¹² Less than \$15,000 income annually

¹³ From 1995 to 2000, Iowa lost more young people than any other state in the country, besides North Dakota. Accessed at: www.kmeg.com/story/12080334/home-again-fights-iowa-brain-drain?clienttype=mobile&redirected=true

¹⁴ Challenges and Opportunities for the Siouxland Region Memorandum. Center for Regional Economic Competitiveness. University of Northern Iowa Institute for Decision Making. October 2009.

portion of downtown is underutilized, and its connectivity to downtown attractions (e.g., the Tyson Event Center, the Missouri River and Riverfront Park, etc.) could be augmented.

Infrastructure

There are opportunities associated with the redevelopment of I-29, yet there is also a risk that the redevelopment process itself could displace downtown businesses. Once completed, the newly redeveloped interstate could alter traffic patterns in a way that might decrease demand and access to successful downtown companies.¹⁵

CONNECTIONS TO NATURAL AMENITIES

Connections to traditional natural amenities (e.g. green space and parks) for downtown residents could be enhanced. The City of Sioux City has been in the planning process for the proposed Cone Park and improvements to the riverfront connection as part of the I-29 project but, where possible, these efforts should be augmented. Establishing convenient connectivity to the riverfront is a goal that should probably continue to be at the forefront of downtown's redevelopment. This connectivity could potentially be enhanced if approached from the perspective of pedestrians, recreational cyclists, and automobile drivers, which may require bike access enhancements and improved trail system connections.

PARKING

Parking costs — and associated fines for violations thereof — is viewed by some building owners and businesses as an impediment to attracting downtown visitors. Some site visit participants commented on the aggressiveness of downtown's parking enforcement methods. While parking enforcement data were not available for the current year, a 2010 parking assessment for downtown revealed a sixteen percent increase in the number of parking citations issued from 2009 to 2010. The parking assessment also noted the current parking violation fine (\$9.00) does not seem to deter chronic parking meter violation / abuse, despite expressed fears that fines will drive people away from downtown.

There are several city and privately-owned parking facilities located throughout downtown. The real estate and economic market analysis notes that several Sioux City area professionals mentioned concerns that parking may become inadequate based on the opinion that most parking structures are seeing larger numbers of parkers — despite several downtown office buildings remaining mostly vacant. Although there are a number of vacant spaces available in several parking ramps, long term improvements in Sioux City's real estate market unaccompanied by additional parking holds the potential to adversely impact downtown and hinder real estate market growth.

Case Example: Davenport Riverfront Re-Connectivity

Davenport, Iowa is a noteworthy example of coupling downtown and riverfront revitalization efforts, and building on a framework of walkable urban areas visually tied to the Mississippi River. In a relatively short period of time downtown Davenport successfully transformed by using its riverfront as a central focus of its downtown revitalization strategy. A concerted, comprehensive redevelopment effort in 2001 known as the *River Renaissance* was initiated by the city, the community and the local private sector resulting in investments of over one hundred million dollars of public and private funding. A second planning process known as the *River Vision* included roughly 1,000 residents from both sides of the Mississippi River (Davenport, Iowa and Rock Island). From this process a *River Vision Plan* was born, out of which came further reinvention and revitalization projects in both Davenport and Rock Island's riverfront areas — including the conversion of a former city landfill into a 50 acre multimillion-dollar public recreation area (Centennial Park) with the Midwest's largest skate park. Economic development officials in Davenport have credited their success to "maximizing the river".

¹⁵ Dave Dreeszen. Sioux City Journal. I-29 Work to Force Exodus of Some Businesses. June 10, 2012. Accessed at: http://siouxcityjournal.com/business/local/article_56e1aa08-e17f-5ea2-a1c1-da86d0e6e963.html.

CONCLUSION

The challenges confronting downtown are significant but manageable if Sioux City leaders are able to maintain strong, open lines of communication with partners that were evident during the IEDC Advisory Team's site visit. The ability to maintain dialogue and leverage input from partners and the public will serve Sioux City well going forward. The next section will discuss recommendations for downtown's continuing revitalization efforts.

RECOMMENDATIONS

CONTINUE LEVERAGING STRENGTHS AND ASSETS

Downtown competes for residents and businesses on both costs (e.g., taxes, fees, parking, etc.) and benefits (e.g., unique cultural offerings, etc). Sioux City may want to consider concentrating on leveraging the benefits of its existing collection of interesting commercial architecture that other areas may not offer. The strategy should be to minimize costs where possible, but also to educate and sell the unique benefits that downtown offers that help justify potentially higher costs of living compared to other neighboring areas. In economic terms, product differentiation and added value tend to command higher monetary premiums. A community like Sioux City that strives to be a "valuable place" should continue identifying and developing unique attributes that add to downtown's differentiation from any other place.¹⁶

Sioux City should continue its current strategy of ensuring that efforts are made to concentrate development opportunities and funding to the revitalization and rehabilitation of its architecturally significant historic buildings. Efforts should also be made to upgrade the current office inventory to Class A and reduce the overall office space inventory through residential conversions. Each decision about changes to the physical form of downtown's existing architecture should be evaluated by how it will effect downtown's "competitive position — its realistic ability to compete nationally for residents and businesses."¹⁷

Despite vacancies in some of downtown's buildings, it should not necessarily be considered a failure if no immediate uses or tenants can be found for these facilities, as "an empty building is a much better neighbor than an empty lot."¹⁸

BUILD ON RENEWED RESIDENTIAL HOUSING DEMAND

RCLCO's residential real estate analysis estimates that 1,300+ eligible households (1-2 person) annually will be in the market for a residential unit, based on relevant competitive supply and units vacated through turnover in the downtown submarket. Of these (assuming no changes in downtown), RCLCO's analysis estimates an annual demand ranging from 40 to 100 units in downtown. Furthermore, of these 40 to 100 units, RCLCO estimates 25 to 65 will demand for-sale housing and 14 to 35 will demand a market rate rental apartment in downtown.

RCLCO further estimates that a potential 4,500+ households annually would be in the market for a residential unit if downtown were positioned as a more family-friendly, neighborhood-oriented environment. In this scenario, RCLCO's analysis estimates an annual demand range of 115 to 220 for a residential unit in downtown. Of these, RCLCO estimates 85 to 140 will demand for-sale housing and 30 to 80 will demand a market rate rental apartment in downtown.

¹⁷ Jeff Speck. *The City Livable: Modest Proposals for Reviving Downtown*. Report to the Citizens of Davenport, Iowa. September, 2008.

¹⁷ Ibid.

¹⁸ Ibid.

Sioux City may want to carefully consider the overall impact of proposals to add more low-income housing downtown. It may be preferable for downtown to focus more on adding market rate rental and ownership units, which will help raise the profile of downtown as a residential area. RCLCO’s consumer research supports this notion. Their analysis indicates that younger generations (e.g., Generation Y — those born from roughly 1980 to 2000) are typically willing to pay more for the conveniences and lifestyle amenities associated with urban living. More than one half of Generation Y respondents to RCLCO’s consumer survey research indicated a willingness to substitute lot sizes for an ability to walk to shopping or jobs. Even for families with children, one-third of all respondents to RCLCO’s consumer research indicated they would be willing to trade lot size and “ideal” homes for walkable, diverse communities.

In order to position downtown as an attractive, competitive destination for potential residents and businesses, Sioux City should focus on enhancing the availability of higher-end housing that is attractive to younger populations with comparatively higher disposable income. In other words, from a residential standpoint, Sioux City should consider prioritizing the unique benefits of premium downtown living over other factors in which it may have less of a competitive advantage compared to other areas (e.g., cost of living, which tend to be higher in premium downtown areas).

CONTINUE ENCOURAGING CONVERSION OF SOME OFFICE SPACE TO RESIDENTIAL

RCLCO’s analysis of downtown’s real estate market found anecdotal evidence of a modest recovery in Sioux City’s local real estate markets, which should be viewed as an opportunity for the city to strengthen downtown’s appeal with improvements to livability and walkability. The two recent notable adaptive use projects have proven that there’s interest in rental and condominium housing in the downtown. This newly redeveloped residential space has been absorbed quickly and achieved rents and sales figures at the top of their markets. This should be taken as a signal of growing appeal for interesting, higher-end residential space in downtown.

This approach to residential redevelopment in downtown is seemingly replicable. There are plenty of other existing underperforming office buildings that may be similarly ideal — in terms of location, historic significance, and architectural charm — for similar redevelopment. Such redevelopment efforts will result in additional downtown residents. Sites around Historic 4th Street, south of 3rd Street, and in the West End are primed for redevelopment into new residential or mixed-use buildings.

MAKE IT A PLACE

A key guiding principle Sioux City should consider for its downtown revitalization efforts is investing in enhancing the “sense of place” in downtown. Enhancements to downtown’s walkability, urban design, connectivity, green space and unique amenities, could help set the stage for future development and encourage private investment. The unique physical environment and architecture that serve as attractions for downtown have been noted, and Sioux City should build on these assets and further develop downtown as a place that fosters dense activity and a vibrant atmosphere. It will further solidify downtown’s position as a unique cultural center unlike any other within hundreds of miles, and continue making downtown a place that people and businesses want to be.

CONTINUE WALKABILITY ENHANCEMENTS

According to the 2010 Census, there were 814 people living in the area bounded by Wesley Parkway on the west, Floyd Boulevard on the east, 9th Street on the north, and the Missouri River on the south¹⁹. This might be

¹⁹ Source: US Census Bureau.

considered the “walkable” area of downtown. Sioux City should make it a goal to increase residential density in this walkable zone.

RCLCO’s analysis notes that local efforts to invest in downtown, including improvements to walkability, could result in a transformation that could position Sioux City to emerge as one of the Midwest’s premier urban districts by offering an attractive quality of life for those that choose to live, work and find entertainment in downtown districts. Though there are enhancements that could be made, downtown offers amenities and infrastructure that constitute a strong foundation for a walkable urban core.

AUGMENTING PARKING AWARENESS AND CONNECTIVITY

Sioux City should develop a public education and promotion campaign regarding downtown parking. Some residents and business owners have expressed concern that parking costs and associated parking enforcement fines in downtown may be driving customers away.

Yet, parking turnover is the lifeblood of downtown economic activity. As mentioned during the site visit, where free parking is allowed (with resulting lack of turnover in downtown parking areas), this almost certainly means employees, residents, and visitors will occupy available parking in front or near key shopping and consumer areas in downtown. A likely result will be *less* business traffic to downtown businesses and retailers. Instead Sioux City should develop a campaign to continue to encourage and drive downtown visitors to parking ramps. The campaign should start by focusing on the business owners who will need to be convinced of the benefits of parking turnover, and how these benefits are generally preferable to other alternatives.

CONTINUE TO OPTIMIZE GREEN SPACE

As additional residents migrate downtown, Sioux City should consider augmenting the volume and character of downtown’s green space. Improving downtown’s green space could potentially improve downtown’s ability to successfully encourage more residents and housing. The future addition of Cone Park could prove to be catalytic, and has the potential to attract increased foot traffic downtown. Cone Park’s development could also help leverage additional development and activity generation downtown.

There seems to be a need for small, one- to three-acre parks at both the east and west ends of downtown. Future residential development in Sioux City’s West End district would be well served by green space around the Battery Building. The eastern end of the Post Office block, a portion of which is currently listed for sale, might be an ideal location for a park serving downtown’s east end. If a portion of the Post Office parking lot could also be acquired, park development might be accompanied by new housing fronting on the park.

Case Example:

La Crosse, Wisconsin Streetscaping

Downtown La Crosse’s successful revitalization involved several streetscaping projects. This venture involved everything from changing existing street lamps to 1930s and 1940s style street lamp designs, to recreating streets with brick in lieu of pavement, to bike rack installations, to strategically located visitor kiosks, to trash receptacles. Effectively La Crosse’s overall streetscaping program “covered everything from the building facades out to the streets.” All of which resulted in an improved presence of downtown residents, employees and visitors and improved property values for downtown residents and business owners. Funding sources for these projects varied, with funds for bike rack projects coming from a local YMCA via a federal government grant for Pioneering Healthy Communities, and funds for visitor kiosks and way finding improvement projects coming from the City of La Crosse. Since these projects began in the mid-1990a the City of La Crosse has now developed a maintenance program to ensure the quality of these improvements is maintained and the hard-earned downtown improvements are not diminished.

Case Example: Davenport, Iowa

New Business Parking Incentive Program

Davenport, Iowa has developed and implemented a structured, tiered parking incentive program for new downtown businesses. The approach is to offer a defined number of parking spaces at a free or discounted rate that gradually increases on an annual basis, such that at the end of a predetermined time frame (e.g., five or ten years) the downtown business then pays the full parking rate for its business and employees.

Sioux City should consider a coordinated campaign to plant more trees across downtown. There are many benefits to planting trees downtown. They generally create more comfortable year-round “microclimates”. On the business side, trees routinely improve property value and generate higher income streams for businesses. On the environmental side, they reduce storm-water run-off. On the infrastructure side, trees lengthen the life of pavement. In a study performed for Davenport, Iowa, the report referenced a statistic noting that for the \$250-\$600 planting costs of a single tree, it returns over \$90,000 of direct benefits throughout its lifetime.²⁰

CONTINUE FOCUSING ON KEY DOWNTOWN SITES

Drive Decision for Land-Based Downtown Casino Location

One of the most important immediate opportunities for Sioux City is the likely development of a land-based casino and relocation of the current casino site on the Missouri River to a downtown location. The IEDC Advisory Team believes that Sioux City leaders should ultimately drive the choice of location for the casino’s relocation, as opposed to waiting for others to propose or select potential sites for the casino.

During the site visit, the IEDC Advisory Team heard about several different options that have been presented to date (e.g., Pearl Street site, former Warrior Hotel, Sioux City Convention Center, the former Bomgaars store site, etc.). While the IEDC Advisory Team is not in an appropriate position to recommend an exact location for the relocation of the casino, the team believes that the decision should ultimately be driven by Sioux City leaders who, in conjunction with the casino owners, need to carefully consider the pros and cons of each location.

Additionally, the IEDC Advisory team recommends that the new land-based casino should be viewed as an anchor to support other existing and future businesses. As part of this, Sioux City should encourage the land-based casino to develop and engage other street-level activity as much as possible to help drive foot traffic around other proximate areas of downtown. Similarly parking for the casino could be dispersed in downtown such that increased foot traffic is driven to strategic areas around downtown. Sioux City should also encourage the casino to develop multiple entries to disperse foot traffic to and from the casino to different areas in downtown. In sum, Sioux City should consider how to best integrate the casino into the fabric of downtown in order to make it a destination and to ensure that the casino works for Sioux City by maximizing the benefits it offers.

Retail Strategy

While there may be some retail chain stores that will consider a downtown location, many chain stores are likely to continue to be drawn to Lakeport Commons or other major shopping districts in the region. A business attraction strategy focusing mainly on chain businesses may be unlikely to generate substantial overall economic impact for downtown. Sioux City should consider an approach that targets retail and restaurant entrepreneurs and existing independent or regional chain businesses within roughly a one hundred mile radius of downtown.

Sioux City should identify priority retail sectors for attracting businesses. This could extend as far as Omaha, Sioux Falls, Des Moines, and Mason City, as well as some distance west. Businesses will need to be screened to determine if they are a good fit for one of the downtown retail districts, which may require a blind visit to observe business practices and merchandise selection.

Targeted businesses should then be approached to open a downtown location. Sioux City may need to offer some incentives to attract the business. These can include the potential to open a kiosk or booth space in the proposed Sioux City Marketplace, the ability to test the market with a pop-up store in vacant space at free or discounted lease rates; rent abatements; sign and façade grants; and marketing assistance to improve cash flow and customer awareness during the first six to twelve months in which a store or restaurant is open. These programs should only be available to businesses locating downtown and remaining there for some number of years after opening. Sioux

²⁰ Jeff Speck. The City Livable: Modest Proposals for Reviving Downtown. Report to the Citizens of Davenport, Iowa. September, 2008.

City should also consider modifications to its existing façade improvement program and offer forgivable loans for façade improvements in which, over the course of 5-7 years, a certain percentage of the loan is forgiven every year. If the business moves out of the targeted area where incentives are offered, they should pay at least the remaining portion of the outstanding loan and potentially some small fees or fines.

CONTINUE EFFORTS TO DEVELOP CRITICAL MASS

There are three areas of downtown (Historic Fourth Street District, West Fourth Street Area, and the Historic Pearl District) that Sioux City should target with the intent of generating a critical mass of businesses to draw in customer traffic in each area.

Historic 4th Street District

Historic 4th Street was once Sioux City's "red light" district and has more recently emerged as the city's chief entertainment district with several quality restaurants (e.g., Rebo's, Luciano's, etc.) and a small number of retailers. The dearth of remaining available space in this district (with the notable exception of the Promenade shops) likely means that only a few additional businesses can locate in the Historic 4th Street District.

Central Core Area

The central core area is the remnant of what was once downtown's retail core. While the former Younkers has been repurposed as HOM Furniture retail store, the former Bomgaars store is empty and listed for lease. This vacant retail space could be subdivided to create storefront openings onto both Pearl Street and 4th Street. It is also a more likely prospect that these types of smaller, subdivided spaces would lease more quickly — and for better uses — than would the entire space as currently configured.

The former Bomgaars store could be divided to open up storefronts onto Pearl Street, addressing the long blank wall created by this building, the MidAmerican building, and the parking garage. Downtown should consider developing a "Sioux City Market", perhaps in the former Bomgaars store or other potential sites such as the Battery Building. This type of market could include kiosks or booth space for several vendors selling specialty and prepared foods, and other products. It would provide an opportunity to recruit local manufacturers to open an "outlet" for their goods. Sue Bee Honey, Jolly Time Popcorn, and Wells Blue Bunny are examples of such manufacturers.

Case Example: DavenportOne NewVentures Center, Saint Ambrose University and Eastern Iowa Community College (EICC)

The DavenportOne NewVentures Center in downtown Davenport, Iowa is a good example of how a small but growing university presence in downtown can help revitalize downtown areas. The NewVentures Center began a decade ago (2002) and offers technical services to colleges, universities and businesses. The business incubator facility was initially intended to have an agricultural theme, but the facility eventually evolved to become a more general business incubator. The center also houses Eastern Iowa Community College's Small Business Development Center.

The presence of the NewVentures Center eventually attracted the interest (and ultimately presence) of higher education institutions in downtown Davenport. This process began with the location of Saint Ambrose University which moved its Master of Organizational Leadership degree program (and several MBA courses) into the center's office space and "smart classrooms". Saint Ambrose University offers evening courses to its largely adult student population.

This initial university presence then attracted the attention and eventual expansion of the region's community college (Eastern Iowa Community College), which opened up literally just across the street from the NewVentures Center. In addition to evening classes, the community college offers daytime courses as well. This university presence, in turn, led to a genuine cluster of students whose presence in downtown began to increase demand for goods and services therein (retail, restaurants, bars, etc.). Economic development officials in Davenport noted that this was incredibly helpful to enticing other businesses to locate downtown and helping "fill in the blanks" of downtown. As a consequence, downtown Davenport has now begun to see the return of more professional firms (e.g., engineering, insurance, financial, and legal) that had moved to the suburbs decades ago.

Historic Pearl Street District

Pearl Street was Sioux City's first "Main Street" before it declined and became a secondary commercial corridor. Pearl Street's opportunities for retail are challenged by long blank walls along the east side of the street from 3rd Street north to 5th Street. Opening the Bomgaars frontage with new storefronts will help to overcome this hurdle.

There are small buildings in this area that have ideal floor areas for the kind of independent retail and other uses that Sioux City can expect to attract to this area.

West End Development

Some of the smaller buildings in the West End district provide opportunities for ownership for small to mid-sized businesses, which may not be available within the downtown core of Sioux City. Sioux City should leverage this benefit as a recruitment strategy for this area.

This West End district could be considered a good location for a kitchen incubator. A kitchen incubator would provide shared commercial kitchen equipment for potential businesses that may not have the capital to invest in a commercial kitchen during the early stages of the business. It also allows potential businesses to test local market demand for their services before making additional investments. This type of venture could be located in an existing building, or perhaps along with a "Sioux City Market" in the former Bomgaars building, or the Battery Building where it might be used by other food preparers, or incubator tenants may sell their goods.

CONSIDER DEVELOPING A DOWNTOWN UNIVERSITY CENTER

The West End district would also be a good location for a potential "university center" shared by area colleges and state universities (e.g., Briar Cliff College, Western Iowa Technical Community College, Morningside College, Iowa State University, University of Iowa, University of South Dakota, et al.). Day and evening classes offered at this kind of downtown university center would attract students into the West End district (or downtown generally) and help to anchor the area as a live-work-play destination for younger adults. There may also be other locations in the downtown that may be well suited to a University Center. More details on increasing downtown university presence are discussed later in the report.

CONSIDER A NON-PROFIT LAND BANK

Land banking is the process of buying land (typically undeveloped) with the goal of holding the land until it's considered profitable to sell to others (for a higher price than the initial investment). The desired value or price increase of the land can be the result of inflation or conversion for different uses (e.g., residential, commercial or industrial — depending on zoning requirements), among other reasons.

Land parcels that lie in the direct path of development or growth in developing cities are generally considered desirable for a land bank. Typically, the objective is to ascertain such parcels well ahead of developers and to then await their value to come to full fruition. Sioux City may consider establishing a non-profit land bank to acquire, prepare, and make sites and buildings available for redevelopment. Advantages of a land bank include:

- The ability to acquire and hold property until the desired kind of development can be achieved.
- The ability to assemble multiple parcels to enable larger-scale redevelopment.
- The ability to move quickly to acquire properties that come on the market, faster than government can usually act.
- The ability to tap grants and other sources of funding available to a non-profit, in addition to funds provided through local and state government programs.

- The potential to provide tax benefits to sellers, as well as the opportunity to receive donated property.
- The ability to enact covenants or deed restrictions as a means of securing positive benefits for the district (such as historic façade easements or public access easements).

GROW ORGANICALLY AND THINK SMALL

Sioux City should further augment its downtown job growth strategy by building on previous successes and continuing with the development of a multi-faceted small business and entrepreneurship development strategy aimed at growing additional jobs from within downtown. In short, downtown should “think smaller” and focus on organic small business-driven job growth.

During the past decade, newly self-employed persons accounted for a third²¹ of all net job growth in Iowa. The remaining two-thirds of new jobs were in establishments of two to nine employees. By comparison the net change in jobs at larger establishments was negative, and, at the same time, nearly all of the net job losses in Iowa were accounted for by companies based in other states.

Put differently, Iowa’s small home-grown businesses have been responsible for a majority of the job growth in Iowa. This does not imply that some larger operations do not grow or locate in Iowa, but given this information, it appears the odds of filling space with several smaller companies may be greater than landing one large company. For example, the real estate and economic market analysis points to local evidence that a Sioux City-based small business could grow and expand into a large regional employer, just as Terra Industries did.

Therefore, Sioux City should enhance efforts to target local small business growth. This could include efforts to support self-employment and micro-businesses (five or fewer employees), as well as establishments with up to 20 employees. However, growth patterns nationwide (and in Iowa) show that a majority of net new employment occurs in much smaller establishments.

Sioux City will need to modify downtown development and real estate tenancing strategies to reflect this focus on fostering small business development. This should include exploring whether downtown could enhance its offerings for smaller office uses. It may be that some downtown building owners will reconsider strategies for providing additional office suites in the range of 5,000 to 10,000 square feet — and potentially even smaller.

Downtown leaders may find it beneficial to further identify specific industries suited to downtown. Sioux City should also consider offering additional financial incentives from its economic development arsenal (e.g., TIF funds, façade grants, loans) for downtown-specific or downtown-only projects and prospects, in order to steer potential employers towards a downtown location.

Economic Gardening

Economic gardening is an approach to economic development that stresses growing local businesses over recruitment. Key elements of an economic gardening initiative include connecting businesses to resources, providing access to information, and developing the local capacity/environment in which local businesses can grow. Sioux City should examine the merits of this approach, given the importance of local businesses to its economy.

IEDC offers a publication titled *Unlocking Entrepreneurship: A Handbook for Economic Developers* that contains rich information on economic gardening strategies. The Edward Lowe Foundation is also an excellent resource for information on economic gardening and strategies therein. Additionally, a popular statewide economic gardening program in the state of Florida known as GrowFL (administered by the University of Central Florida), is an

²¹ National Employment Time Series Database. Edward Lowe Foundation. Accessed at www.youreconomy.org

excellent resource for economic gardening resources. Finally, the Iowa Economic Gardening Network is a resource that Sioux City, if not already involved in, should strongly consider joining or enhancing (if a relationship with this group already exists) in order to access information on technical assistance related to economic gardening in Iowa.

Coworking

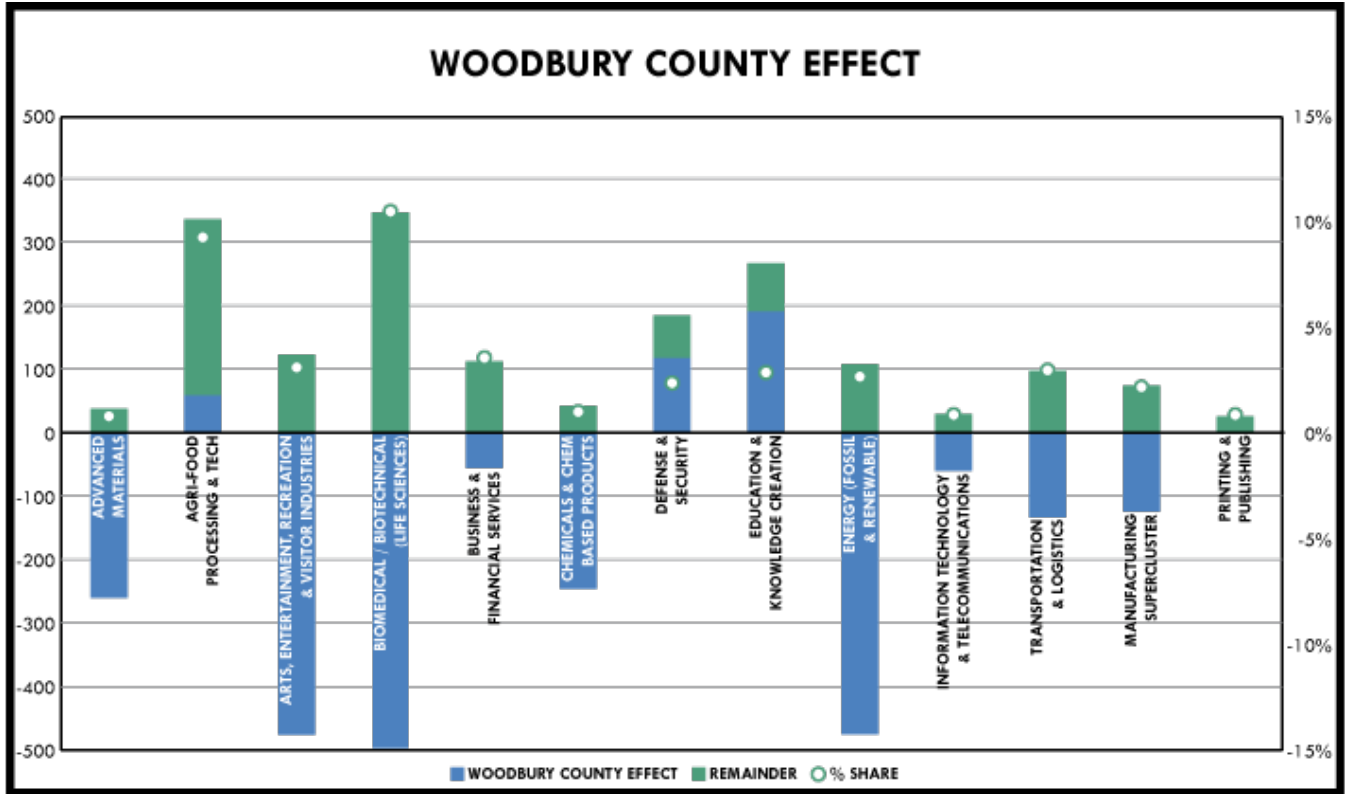
Coworking is increasingly being seen as a strategy for supporting business creation and growth. Coworking is an environment for solo workers and small businesses, creating a supportive community within shared workspace. Coworking can be part of an economic gardening strategy as well. There are a number of coworking spaces in Iowa with varied levels of success. A successful example is in Des Moines, Iowa called Foundry Coworking that offers “a creative, open workspace for entrepreneurs, startups, and mobile professionals”²² Several other examples of coworking spaces exist in Iowa City as well.

Shift-Share Analysis

The real estate and economic market analysis employed a shift-share methodology to look at (a) historical employment growth by industry in both Woodbury and Polk Counties in comparison to (b) the total employment growth in Iowa during from 2003 and 2008 — a period of sustained economic growth. A shift-share analysis identifies a jurisdiction’s competitive advantage (or disadvantage) in industry employment by comparing a particular industry’s growth in the specific jurisdiction to general employment growth in the region and to regional employment growth in that particular industry. RCLCO deems this competitive advantage the “Woodbury County Effect”.

The real estate and market analysis identifies economic sectors that are especially attracted to (or repelled by) these counties. RCLCO results illustrate three industry clusters show growth resulting from a local effect: Agri-Business and Food Processing, Defense and Security, and Education and Knowledge Creation. RCLCO’s analysis indicates that growth in all other industry clusters can be attributed to industry and statewide factors.

²² Foundry Coworking. Accessed at: <http://foundrycoworking.com/about>



BUILD ON AND STRENGTHEN DOWNTOWN SMALL BUSINESS PARTNERSHIPS

Sioux City should begin to strengthen partnerships with its Small Business Development Centers (e.g. WITCC), colleges and universities (e.g., Morningside College, Briar Cliff University), and other sources of technical assistance. Most SBDCs offer assistance to small businesses in the form of free one-on-one business counseling, market research services, business education classes, et al. and these services will need to be strengthened to increase the odds of downtown’s ability to successfully create small, homegrown businesses.

Sioux City should consider carefully screening potential downtown start-up businesses to determine their viability because a number of new businesses that open and then quickly fold could create a negative image for downtown as a place to open a business (which may ultimately hinder new growth downtown). Local leadership should carefully weigh the pros and cons of such an approach and its potential impact on Sioux City’s growth and branding.

MAXIMIZE PARTNERSHIPS AND COLLABORATION

On the economic development webpage of the Siouxland Initiative’s website, the following text appears:

“The key advantage of the Sioux City metro’s business environment is diversity. Because of its unique location at the confluence of Iowa, Nebraska and South Dakota, business prospects have a choice of three economic development programs, three tax structures and regulatory environments of three states.”

It is the belief of the IEDC Advisory Team that, where possible, direct reference or encouragement of competition between the three states of Iowa, Nebraska and South Dakota (such as the way the previous statement is framed) should be avoided. The above statement paints a limited picture of what the region as a whole has to offer in

terms of workforce supply and quality, educational institutions, access to major markets, quality of life indicators, etc. Every community within the region is different and offers some unique benefits to prospective businesses. Sioux City should work with its regional economic development partners to encourage them to avoid mention or inferences of competition between communities in the Tri-State region that are based solely on tax structures and regulatory environments while encouraging them to instead focus on other positive business benefits (such as those referenced above) in describing the advantages of different communities and the region to potential business clients.

The IEDC Advisory Team recommends the Siouxland Chamber/Initiative partner with the City of Sioux City and Downtown Partners Sioux City to help implement the recommendations of this study and actively promote and market downtown as a key element of regional economic growth.

FURTHER ENHANCE LOCAL ARTS-RELATED DEVELOPMENTS

Sioux City may want to consider encouraging Siouxland Artists, Inc. (whose primary goal is helping develop deeper understanding of art within the Siouxland community) to find gallery space in a prominent downtown location in which to offer its programs, exhibitions and art sales. A downtown Siouxland Artists, Inc. gallery could be a way to grow a community of artists who want to connect with this organization’s annual arts shows and downtown art walks.

During the IEDC Advisory Team’s site visit, the team learned about a previous assessment of downtown by ArtSpace that identified demand for up to 25 live/work artist units in downtown. There are several buildings in the Historic West End District that can be adapted or redeveloped in order to meet this potential demand. This effort should try to find ways to involve other organizations in the Sioux City arts community, such as Sculpt Siouxland and ISU Design West.

Sioux City should also augment their existing relationship with ISU Design West to encourage greater downtown involvement. One possibility is to work with Iowa State University officials to further develop the ISU Design West program, starting with informal dialogues with the program’s administrators to review the needs and desires of the program and explore additional ways downtown could partner on potential program expansion. Another possibility is to enhance existing connections to ISU Design West by developing a program that helps display works of ISU Design West students at downtown galleries, buildings, skywalks and other open areas for public art. Examples of Sioux City art created by ISU Design West students can be seen at: www.flickr.com/photos/drawia/sets/72157620594421913 (Title: Sioux City IA Buildings).

Case Example:

Incenting Local Arts in Chattanooga, Tennessee (ArtsMove)

As part of Chattanooga Tennessee’s downtown revitalization effort, a financially-incented housing program was developed to help attract artists to downtown Chattanooga. The Allied Arts of Greater Chattanooga (AAGC) — a 43 year old private, non-profit arts council — created an artist relocation program known as ArtsMove that provides homebuyer incentives of up to fifteen thousand dollars in the form of a five year forgivable mortgage. The ArtsMove program was intended to encourage artists to live and work in one of five Chattanooga neighborhoods identified for redevelopment.

CREATE OPPORTUNITIES TO PARTNER WITH SIOUX CITY GROWTH ORGANIZATION (GO)

The Sioux City Growth Organization (GO) spawned from the ambition and initiative of young entrepreneurs in Sioux City. Although the real estate and economic market analysis didn’t evaluate the viability of member businesses or business concepts presented at this year’s Innovation Market, Sioux City appears to have the infrastructure, talent, support network and historical precedence to nurture the growth of successful local companies. The City of Sioux City has supported these efforts, including sponsoring the Innovation Market. These efforts should be continued and further built upon.

ENCOURAGE DEVELOPMENT OF LOCAL ENTREPRENEURSHIP EDUCATION

Entrepreneurship should be a part of the K-16 educational system. Educating students about entrepreneurship benefits and processes helps them become aware of their potential as entrepreneurs and of the tools needed to successfully start their own businesses — which can effectively lower the unemployment rate, increase job creation, diversify the economy, and reduce the number of small business failures.²³ There are numerous ways that economic development organizations can and do support entrepreneurship education in their communities, including advocating for entrepreneurship education in local schools, engaging business communities in entrepreneurship education processes, and supporting entrepreneurship education programs through grant development. Sioux City should consider developing an entrepreneurship education initiative in conjunction with area high schools and universities. This could begin as a pilot program at a handful of area schools and universities then broadened throughout the region. Success in this realm would go a long way to rebranding downtown as a place that caters to and develops entrepreneurship.

DEVELOP A DOWNTOWN UNIVERSITY PRESENCE

Sioux City should develop a small but significant downtown university presence. While expectations for an immediate downtown transformation should be tempered, a significant downtown university presence would ultimately go a long way to benefitting the development of the city's workforce by helping to attract young, educated students downtown. The Iowa State University Design West facility in downtown is a significant start, and expansion of this program or the addition of other complementary university facilities in downtown should likely be a priority for downtown.

Sioux City should consider developing a downtown university center in partnership with area or state universities. This type of university center could be tailored to particular industries Sioux City and its downtown have identified as targets for future economic development efforts. Moreover, a university center needn't involve just one university. It could be a joint program of different universities.

There are several important benefits that this type of university center development could bring to downtown. First, it could send a signal (to targeted industries and businesses) that Sioux City is developing expertise in a particular industry, which helps begin to brand the region. Second, it might begin to lay the groundwork for modest, but important future workforce development and may even help begin to reverse the trend of brain drain. Third, a built-in core of students and university employees (whether faculty or administrators) could increase daytime (and potentially evening) demand for downtown goods and services (particularly if students resided downtown).

BUILD UPON DOWNTOWN MARKETING CAMPAIGN

Sioux City has worked with Downtown Partners to develop marketing and branding concepts that emphasize the advantages of doing business and living downtown. Sioux City and Downtown Partners should consider enhancing this campaign. One approach is to profile residents or business owners who have made the decision to live or work downtown. "I live downtown" or "I work downtown" can profile individuals with a photograph and a few written lines of information about the person and why they made the choice to live downtown. Additionally, advertising in local magazines could be coupled with low-cost techniques such as printing "I work downtown" posters to hang in public places, such as throughout the skywalk system. Other activities that could be explored as part of a broader marketing campaign include:

- Conducting additional tours of rehabilitated buildings during cultural festivals and events of local and regional significance

²³ International Economic Development Council (IEDC). Economic Development Research Partners. Unlocking Entrepreneurship: A Handbook for Economic Developers. 2011.

- Partnering with area colleges so that downtown is included in university tours to potential students, parents, investors, etc. and discussing downtown development plans
- Showcasing plans for future developments in and around downtown at local events
- Wine tasting(s) at newly rebuilt housing and retail spaces to attract potential tenants and buyers

Sioux City should continue efforts to design and promote additional events (e.g., Fridays on the Promenade, Art Walk, etc.) that drive traffic to retail shops and restaurants downtown. A marketing assistance program (which could encompass both technical and financial assistance) for downtown retail and restaurant businesses can be offered to provide additional support. Marketing assistance is a core component of economic gardening discussed earlier in the report.

Sioux City should consider developing a marketing program for downtown that pairs local students with marketing and graphic design skills and interest with downtown areas and businesses that can utilize these services. In this scenario, under the supervision of university faculty or capable volunteers, the marketing program could have students work to identify markets, put together marketing strategies, initiate web and social media strategies (including training for business owner's to maintain in the future), and design promotional materials such as advertising, logos, menus, etc.

Sioux City should further develop and provide new downtown businesses with a collection or package of marketing materials to raise awareness of new business openings. This effort would build upon current branding and marketing efforts underway and would include working with local media to provide coverage, other forms of notification through organizations such as the Siouxland Chamber of Commerce and civic organizations, and grants for promotion and advertising efforts.

Sioux City may also want to consider providing funds (if possible) for cooperative advertising based around special events or holidays. It would be preferable if this type of cooperative promotion and advertising ensured that downtown shopping and dining opportunities were featured in tourism promotion efforts.

PROMOTIONAL RECOMMENDATIONS

The City of Sioux City has many partners working to attract new industry downtown, including the Iowa Economic Development Authority (IEDA), MidAmerican Energy, the Siouxland Initiative, local realtors and local developers. The Sioux City Economic Development team works closely with Badgerow Building developer Bruce DeBolt who travels the globe working to recruit companies to locate data centers in the beautifully restored historic downtown building. The City also attends industry specific tradeshow around the country with IEDA and met with companies with an Iowa presence on annual "Sell Iowa" trips. Utilization of strategically placed online promotion of the City's assets with web banners and highlighted listings targeting site selectors in search optimization engines has yielded an increase in web traffic to the city's economic development website.

These efforts should be continued, particularly with respect to partnering with local developers and regional economic development organizations to build relationships with potential prospects. Moreover, there are associations and related trade shows that may be worth considering, such as the International Downtown Association, the International Council of Shopping Centers, and the National Trust for Historic Preservation's annual National Main Streets Conference.

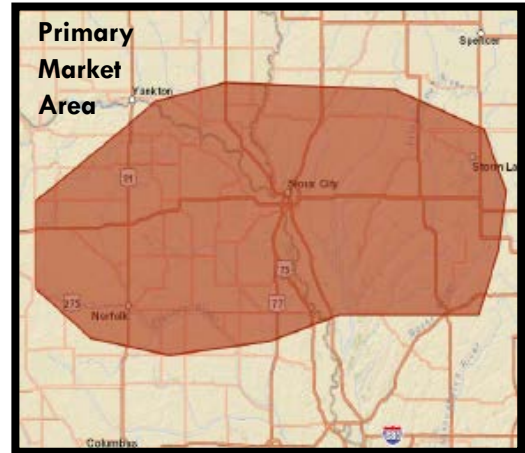
Regarding site selectors, the IEDC Advisory Team recommends a strategy of continuing to further develop the downtown "product" and enhancing downtown's compelling story while establishing relationships with site selectors through its network of partnerships, such that, when the downtown is "ripe" for engaging site selectors, the city is prepared. Engaging site selectors prematurely during the redevelopment process may mean that site selectors

aren't able to see the fully finished "downtown" product and the strategic advantages that the fully redeveloped downtown may offer.

AUGMENT DOWNTOWN MARKETING OPPORTUNITIES

The real estate and economic market analysis estimates current demand for an additional 150,000 ft.² of downtown retail space. This is believed to be achievable if Sioux City can strengthen its competitive position with respect to its neighboring metropolitan areas in Sioux Falls, South Dakota and Omaha, Nebraska. RCLCO's analysis notes that a majority of this retail space demand derives from an existing under-supply of retail space within the primary market area (see map to the right) — as opposed to expected growth — causing expenditure leakage to retail stores outside the primary market area. This anticipated retail demand includes several different retailer types, including furniture stores, restaurants, office supplies and clothing and accessories retailers.

Sioux City could consider initiating efforts to promote its downtown as a place to begin a retail or dining business venture. Downtown holds a comparative advantage in terms of its lease rates which already favorably compare to those in larger retail concentrations in the region, such as Lakeport Commons. As a critical mass of similar businesses materializes, downtown should be able to attract customers who value the "local" experience — as opposed to the more homogenous area strip malls and power centers at the edge of town.



SUMMARY

In conclusion, downtown is strongly positioned to build upon its successes and address current challenges to maintain its position as the cultural and entertainment center for the region. It also has the potential to enhance its position as a main contributor and driver of economic activity in Sioux City. Collaborative working with all downtown stakeholders will be the key to success in revitalizing downtown Sioux City.

Below is a summary of the recommendations organized by priority. The chart below highlights the "low-hanging fruit" — these are the recommendations that the city can embark upon in the short term (low resources) but will potentially impact the downtown revitalization effort in a significant way (high priority). In order to maintain the continued success of downtown in the long term, the city should not begin working on other high priority recommendations that will likely need more preparation and resources for implementation.

RESOURCE AXIS

HIGH RESOURCES, LOW PRIORITY

- Encourage downtown relocations for arts communities
- Consider establishing non-profit land bank
- Develop entrepreneurship education initiative
- Coordinated downtown tree planting campaign
- Modify downtown development /real estate tenanting strategies to foster small business development

HIGH RESOURCES, HIGH PRIORITY

- Replicate downtown residential / mixed use conversions and redevelopment approach
- Focus on adding market rate rental and ownership units / raise downtown's residential profile
- Prioritize unique benefits of premium downtown living
- Encourage casino to engage street-level activities, disperse, and parking develop multiple entries
- Increase volume of downtown green space / parks
- Streetscaping and walkability enhancements to downtown urban core
- Develop University Center in downtown

PRIORITY AXIS

- Encourage Siouxland Artists, Inc. to locate downtown
- Strengthen small business partnerships (e.g. SBDC, universities, et al.)
- Explore downtown economic gardening strategy
- Develop opportunities to partner with Sioux City GO

- Downtown parking public education /promotion campaign
- Join / deepen relationship with Iowa Economic Gardening Network
- Encourage more ISU Design West involvement downtown
- Work with regional partners to promote unique downtown business advantages
- Partner with Siouxland Chamber/Initiative and Downtown Partners to implement study recommendations
- Build on downtown marketing campaign
- Identify specific businesses and industries suited to downtown

LOW RESOURCES, LOW PRIORITY

LOW RESOURCES, HIGH PRIORITY

CASE EXAMPLES

DAVENPORT, IOWA

“THE RIVER IS OUR QUALITY OF LIFE”

Davenport, Iowa declares that “The (Mississippi) River is our quality of life.” Following years of planning and investment, downtown and riverfront revitalization efforts have helped return the riverfront and Davenport’s quality of life to its former glory. The Mississippi River has played a significant role in the economic and cultural history of Davenport and the greater Quad Cities region (Davenport and Bettendorf in Iowa, Rock Island and Moline in Illinois). After decades of economic decline in the 1970’s and 1980’s, the river has become a central, strategic component to Davenport’s redevelopment efforts.

The city began revitalization efforts to restore its downtown and riverfront through the *River Renaissance* program that involved aggressive investments in projects that would anchor development. Subsequent efforts known as the *River Vision* master plan embarked on a novel bi-coastal (Iowa and Illinois) riverfront plan to reinvigorate both Davenport and its Illinois neighbor, Rock Island.

Davenport’s extensive and multifaceted approach to downtown and riverfront revitalization owes its success to years of inclusive planning, pride and commitment from the community and local businesses, unique partnerships, and the use of public funding to attract private investment. These various core components of Davenport’s revitalization have helped ensure the future economic, cultural and environmental vitality of the city and the region as a whole.

ECONOMIC HISTORY

The economy of Davenport is directly and intimately connected with that of the broader Quad Cities region. Following the farm crisis of the 1980’s, major agricultural manufacturers began to close and scale down facilities in the region, and a subsequent, seemingly inevitable, economic decline ensued²⁴. The loss of core manufacturing jobs, coupled with the effects of suburbanization and exodus of retail from the heart of the city, left downtown Davenport with few resources with which to recover. Recognizing the need for economic growth, stability and downtown revitalization, the city partnered with private sector business and investors, and with the help of state funding (primarily in the form of a \$20 million Vision Iowa grant), the *River Renaissance* plan was formed and initiated in 2001.

RIVER RENAISSANCE

River Renaissance was a revitalization effort to catalyze redevelopment and private investment in downtown Davenport and its riverfront. The program leveraged the \$20 million of funding from the *Vision Iowa* grant to subsequently raise more than \$90 million in public and private funds that were used to develop myriad projects aimed at enhancing the city’s economic and cultural offerings. Each new project was implemented as part of the overall *River Renaissance* vision that furthered the city and community’s commitment to reinvent itself. These projects included:

²⁴ www.quadcities.com/about/history

NEWVENTURES CENTER²⁵

Constructed in 2002, the *DavenportOne NewVentures Center* is a regional business incubation center housing (among others) the *NewVentures Initiative (NVI)*. *NVI* is a non-profit organization chiefly devoted to the growth and development of small businesses and entrepreneurs in Davenport and the region.

FIGGE ART MUSEUM²⁶

Opened in 2005 in the heart of downtown Davenport, the *Figge Art Museum* provides residents and tourists with a rich cultural experience through the museum's various visual art exhibits. An architectural glass gem of British architect David Chipperfield, the museum has become a unique, modern fixture anchoring downtown Davenport.

SKYBRIDGE

The *SkyBridge* is a multifunctional structure that provides both exceptional views of the Mississippi River and a safe manner in which to bypass a major downtown thoroughfare (River Drive). The *SkyBridge* has become a regional attraction and key connection between downtown Davenport and its riverfront, LeClaire Park and the city's bike paths.

RIVER MUSIC EXPERIENCE²⁷

An excellent example of adaptive reuse, the *River Music Experience (RME)* is a non-profit organization, located in the historic *Redstone Building*. *RME* provides the community with opportunities to "listen, learn and play music." The *RME* also seeks to educate and entertain the community through its focus on the music of the Mississippi River.

PUBLIC PARKING GARAGES²⁸

Anchor projects are used to attract development, business and people downtown. Two public parking structures were constructed to support new development and these structures have been credited with helping to attract construction of Davenport's first Class A office building in over twenty years. Moreover, Davenport has developed and implemented a tiered parking incentive program for new downtown businesses. The approach is to offer a defined number of parking spaces at a free or discounted rate that gradually increases on an annual basis, such that at the end of a predetermined time frame (e.g., five or ten years) the new downtown business then pays the full parking rate for its business and employees.

River Renaissance projects were the fuel the city required to garner public support and attract private investment for further redevelopment, and 'represented the economic, cultural, educational, and recreational facets of the community.'²⁹ Moreover, *River Renaissance* projects seemingly 'transformed Davenport nearly over night,' and significantly strengthened the Davenport community's sense of civic pride. For continued economic growth and diversification of the city, however, businesses and residents recognized the need for a long term plan to continue downtown revitalization efforts and to enhance the riverfront experience. Davenport embarked on a unique bi-coastal plan known as *River Vision* to further enhance the downtown and riverfront connection of both Davenport and Rock Island, Illinois.

²⁵ www.newventuresinc.com/index.php?option=com_content&task=section&id=7&Itemid=35

²⁶ www.figgeartmuseum.org/About/Museum.aspx

²⁷ www.rivermusicexperience.org/Home.aspx

²⁸ Pam Miner. Sustainable Redevelopment in Downtown Davenport. *Public Management (PM) Magazine*. June 2012. Volume 94. Number 5.

²⁹ www.iowagreatplaces.gov/profiles/assets/davenport-gp.pdf

CROSS-RIVER ECONOMIC DEVELOPMENT (RIVER VISION)^{30,31}

The planning process from which the *River Vision* plan was ultimately born is a unique example of intergovernmental coordination that resulted in a 20-year bi-coastal, comprehensive plan for the cities of Davenport, Iowa and Rock Island, Illinois. Through an extensive and highly inclusive visioning process, these two neighboring river communities produced a plan that furthers regional goals while identifying specific projects to enhance the economic and social vitality of each individual city.

The *River Vision* plan focused on the reinvigoration and reclamation of the riverfront in both communities. As noted in Davenport's *Iowa Great Places* grant proposal — which serves as a continuation of Davenport's *Vision Iowa* projects — “More than bricks and mortar and economics, our community had to pull together. Together, we have achieved a level of consensus we have not always had. Together, we have communicated more effectively. Together, we have learned to listen to one another more attentively. Together, we have learned to trust and ultimately agree. Joint programming, planning and implementation, as stipulated in the *River Vision* Coordinating Committee's Intergovernmental Cooperation Agreement, is what will make *River Vision* succeed.”³²

Fortunately, *River Vision* was not a master plan that was intended to sit on a shelf. The involvement of the broader involvement along and the leadership of Downtown Davenport Partnership, Inc. (DDP)³³ kept the plan in the forefront of discussion and successfully guided development.

RIVER VISION PLANNING AND PROCESS

The *River Vision* process took a full eighteen to twenty months, and initial engagement was high. Davenport economic development officials note that the greater challenge than generating initial interest was sustaining this engagement throughout the full process. The key to the *River Vision*'s planning success was to ensure that any credible input that was offered and received was actually incorporated in the plan and implementation of downtown Davenport's revitalization. By including the input that was received as a result of the *River Vision* planning process, this led to a much greater buy-in and commitment from the broader community in support of Davenport's downtown and riverfront revitalization goals. It also had the tertiary effect of creating credibility for the plan and its vision in the eyes of the broader community.

ANTI-POACHING AGREEMENT

The Quad Cities region has always maintained an informal agreement to resist any temptation to pillage other communities' businesses, but it also developed a formal agreement to, in effect, codify this sentiment.

Davenport and the three other communities of the Quad Cities that straddle both Iowa and Illinois across the Mississippi River have addressed issues of regional competitiveness by developing a novel anti-poaching agreement related to businesses in the region.

This document — signed by all four Quad Cities' communities — effectively spells out that, in the event that a business in one community begins to explore alternative location options in any of the other three communities, the communities involved will notify one another of this interest.

For example, if business currently located in Rock Island, Illinois expresses interest finding a location in Davenport, Iowa, Davenport's economic development officials will first contact Rock Island economic development officials to allow them to a chance to work with the business to keep them in Rock Island.

³⁰ Davenport — Iowa's Front Porch. Accessed at: www.iowagreatplaces.gov/profiles/assets/davenport-gp.pdf

³¹ Pam Miner. Sustainable Redevelopment in Downtown Davenport. *Public Management (PM) Magazine*. June 2012. Volume 94. Number 5.

³² Davenport — Iowa's Front Porch. Accessed at: www.iowagreatplaces.gov/profiles/assets/davenport-gp.pdf

³³ <http://downtowndavenport.com/work/plans-statistics-demographics/>

DOWNTOWN DAVENPORT PARTNERSHIP, INC.

Downtown Davenport Partnership, Inc. was the primary lead organization involved in planning, coordinating, and implementing Davenport's downtown revitalization vision. The organization effectively began as a downtown-oriented division of the local chamber of commerce and now administers the city's Self-Supported Municipal Improvement Districts (SMIDs). Downtown Davenport Partnership, Inc., in effect, took ownership of the city's downtown and riverfront revitalization and redevelopment plans, and pushed to make certain that the ideas embodied in the revitalization planning were kept front and center in the public mind.

In addition to this, the group actively, consciously and conspicuously ensured that each redevelopment and revitalization project for Davenport's downtown and riverfront was tied directly back to the *River Vision* plan, even if this meant occasionally forgoing other potential projects outside the scope of the plan. The importance of this was stressed because the organization viewed the *River Vision* plan as a sort of binding contract with all the community members that participated in the planning process, and thus the plan was treated as a largely finalized list of commitments to implement, rather than a living, breathing editable document.

Moreover, the relative political freedom of Downtown Davenport Partnership, Inc. meant that, even with changes in the political landscape of the community, the organization could continue with its efforts without having to necessarily report to new administrations directly. In effect, the most important role that Downtown Davenport Partnership, Inc. played in the city's riverfront and downtown revitalization was to keep all invested parties focused solely on carrying out and completing the actions embodied in the *River Vision* plan.

CIVIC ENGAGEMENT AND PRIDE

Davenport's economic development leaders deliberately set out to leverage the city's sense of local civic pride — both from businesses and citizens — in order to further the city's economic development goals expressed in its various development plans. By initiating and leading redevelopment efforts from the public sector side of the equation, Davenport was able to attain buy-in from local private sector businesses and residents its downtown revitalization efforts. The level of civic pride that was generated by the construction and success of River Renaissance, in addition to the level of commitment shown by the City created a favorable environment with which to attract private partnerships and investment. This private sector confidence to invest in downtown Davenport has been seen through the presence and commitment of companies outside the region, such as Ryan Companies, Inc. and Restoration St. Louis. The commitment to help redevelop downtown Davenport by outside businesses like Ryan Companies, for example, eventually led to the commitment of local companies that also felt a sense of Davenport-centric pride and connection and wanted to become part of efforts to improve downtown Davenport.

INVESTMENT ATTRACTS INVESTMENT

Davenport economic development officials note that the announcement of Davenport's twenty million dollar Vision Iowa grant, caught the attention (and eventual partnership) with a Wisconsin-based design and engineering firm. The key point, they stress, is that a sizeable public investment almost immediately generated interest from private sector resources, even beyond regional and state boundaries.

After initial successes on various redevelopment projects in downtown Davenport, the Wisconsin-based firm began exploring, and ultimately completing, other redevelopment projects throughout the region, including a current project in Moline, Illinois — just over the Mississippi River.

RYAN COMPANIES³⁴

Ryan Companies US, Inc. is a Minnesota based development and construction company that has had an official presence in Cedar Rapids, Iowa since 1990. Ryan Companies was chosen to be the developer of the first multi-tenant office building, Mississippi Plaza building, in Davenport since 1983. Completed in 2004, Mississippi Plaza was the only office building in downtown Davenport to have the amenities and environment to be classified as a Class A office space, attracting a large publishing company and accounting firms as anchor tenants. Ryan Companies' development of Mississippi Plaza provided more to the community than just Class A office space: it signaled to Davenport's own private sector business community that a company outside the region had taken notice, to the point that it saw enough profitability in downtown Davenport to move forward and encourage others to commit to Davenport's downtown and riverfront revitalization.

RESTORATION ST. LOUIS

Another example of attracting outside investment and furthering the vision outlined by *River Vision* plan can be found in the redevelopment of the Blackhawk Hotel by a company known as Restoration St. Louis. The company has, in effect, made Davenport, Iowa its "second home".³⁵ Participants in the *River Vision* planning process had identified the refurbishment and reopening of the emblematic Blackhawk Hotel a top priority for the city's downtown revitalization.

The city of Davenport initially took ownership of the building after a series of previous ownership changes. Through a Request for Proposal (RFP) process, Restoration St. Louis was selected to redevelop the historic structure. The ninety-plus year old, four hundred room hotel required a blend of funding sources in the form of "historic tax credits, traditional financing, tax increment financing from the city, gap loan financing from the city, and other private sources". After thirty-five million dollars the Hotel Blackhawk was finally completed as the only four-star hotel in downtown Davenport and all of Iowa, capped by a visit from US President Barack Obama who asked to have the hotel's restaurant pork chop dish added to the White House menu.

HIGHER EDUCATION INSTITUTIONS

The location of the DavenportOne NewVentures Center in downtown Davenport proved to be an incredibly valuable investment and anchor to other revitalization projects — namely in the form of developing a downtown university presence. The NewVentures Center opened circa 2002 and offers technical services to colleges, universities and businesses. The downtown presence of the NewVentures Center eventually attracted the interest (and ultimately presence) of two different higher education institutions to downtown Davenport.

This began with Saint Ambrose University's decision to move its Master of Organizational Leadership degree program (and several MBA courses) into the center's downtown location. This initial university presence then eventually garnered the attention and eventual downtown of Eastern Iowa Community College, which opened up literally across the street from the NewVentures Center. Moreover, the community college's small business development center (SBDC) is also located in the NewVentures Center.

NewVentures Center

- St. Ambrose University began leasing space in early 2009
- 60 to 70 students are enrolled in Davenport program
- Program shares space for MBA courses and adult education
- 100 – 110 student capacity
- Since developing NVC presence, St. Ambrose University has collaborated on several exhibits with the Figge Art Museum

³⁴ www.ryancompanies.com/ryan/national-locations/locations-ia-cr/locations-ia-cr-more/

³⁵ Pam Miner. Sustainable Redevelopment in Downtown Davenport. *Public Management (PM) Magazine*. June 2012. Volume 94. Number 5.

By attracting students of various ages and offering different academic programs through both daytime and evening classes, the presence of these two higher education institutions in downtown Davenport, has led to a genuine cluster of students whose growing presence in downtown Davenport has increased demand for goods and services therein (retail, restaurants, bars, etc.). Economic development officials in Davenport note that this was incredibly useful to enticing other businesses to locate downtown and helping “fill in the blanks” of downtown. As a consequence, downtown Davenport has now begun to see the return of more professional firms (e.g., engineering, insurance, financial, and legal) that had moved to the suburbs decades ago.

GREEN SPACE AND OPEN SPACE

As part of the overall downtown and riverfront revitalization effort, the goal of Davenport’s green space improvement efforts centered on maximizing Davenport’s riverfront area. The City of Davenport made the conscious decision to not wall off the city from the river and thereby reduce access to the riverfront. Instead the city has left a large amount of open space between the primary downtown area and the actual river.

The use of such a wide, open space buffer has the effect of providing a large outdoor area in which to host events and festivals in downtown Davenport — which are now held annually every summer, some of which attract thirty to forty thousand people. This demand was summed up as a desire by the broader to broader community who “just want a place to party”. Yet, as simple as this sounds, Davenport economic development officials note that in order for this to be achieved, open space has to be programmed thoughtfully and very well and generally has to be maximally accessible. One example of this cited by Davenport economic development leaders is that of Centennial Park, a development along the west end of Davenport’s Mississippi riverfront that was part of the overall *River Vision* effort to revitalize Davenport. In addition to having the attributes described above (e.g., well-planned, accessible, etc.), Centennial Park is also home to the Davenport Iowa Skatepark — the largest skate park in the Midwest.

In nearby Rock Island, Illinois, success riverfront revitalization projects like that of Schwebert Park (which involved tearing down an old armory) have more than doubled the amount of green space in Rock Island.

RESULTS

The *River Renaissance* program and *River Vision* catalyzed downtown Davenport’s revitalization, garnered community support, and successfully redeveloped downtown Davenport and its riverfront. These efforts have helped transform Davenport and the Quad Cities region. Continued success has been made possible through the commitment of companies, institutions and residents who have remained downtown and invested and reinvested in Davenport’s downtown and riverfront.

LA CROSSE, WISCONSIN

La Crosse is small city located along the banks of the Mississippi River in southwestern Wisconsin. The location of the city and proximity and integration with the river was an asset in the city's early development. Following an onslaught of economic and transportation changes, however, La Crosse's downtown and riverfront became areas of disinvestment and blight. Community business leaders, in partnership with the city, were able to develop a successful comprehensive plan for revitalization and create an organization whose purposes were to implement the plan's goals, foster integral partnerships, and promote investment.

ECONOMIC DECLINE

Multiple factors contributed to the economic decline of La Crosse's downtown and riverfront. The asset the Mississippi River had once been no longer existed, as industrial and manufacturing jobs relocated when river commerce transitioned to slow barge. In addition to the loss of the industrial sector, La Crosse's population and retailers were drawn to the periphery. A new regional mall negated the need to shop downtown and the construction of Interstate 90 rerouted traffic from the city center.

Unwilling to accept further economic distress, local businesses and financial institutions voiced the need for a downtown organization to focus solely on the redevelopment of downtown and riverfront and the recruitment of public and private investment.

REVITALIZATION COMPONENTS

The essential components to La Crosse's revitalization were the creation of an economic development organization and the adoption and implementation of the first comprehensive plan for downtown — *City Vision 2000*. The plan recognized the need to stimulate private investment downtown, while also reestablishing the community's connection's with its riverfront. Strategic steps were taken to ensure the successful redevelopment of downtown La Crosse and the neighboring Mississippi Riverfront. Downtown Mainstreet, Inc. (DMI) would provide the leadership that local businesses preferred and the resources to implement *City Vision 2000* goals and foster private partnerships and investment

DOWNTOWN MAINSTREET, INC.

Local businesses and financial institutions recognized the need to pool resources and create partnerships to complete downtown revitalization goals in the 1980's. Established in 1989, DMI is a non-profit organization that was created to facilitate and coordinate the economic redevelopment and revitalization of downtown La Crosse³⁶. The *City Vision 2000* comprehensive plan and its goals for redevelopment would not have been created or implemented without the formation and encouragement of Downtown Mainstreet, Inc. (DMI) and its partnership with the city and others.

³⁶ Downtown Mainstreet, Inc. (DMI). Accessed at: www.lacrossedowntown.com/about-us.php

CITY VISION 2000³⁷

Adopted in 1992, *City Vision 2000* was the first comprehensive plan for downtown La Crosse. The primary goal of the plan was the revitalization of downtown La Crosse and the redevelopment and integration of the Mississippi Riverfront. Additional goals aimed at enhancing downtown La Crosse were to “link the future with La Crosse’s historic past, maximize downtown as a multi-use activity center, establish a theme for downtown, identify key redevelopment sites and establish a market-driven implementation strategy.”³⁸ *City Vision 2000* was a broad and ambitious plan and with the support of the city, DMI, business leaders, the La Crosse School District and Technical College, the plan’s goals were realized.

The first capital investment project facilitated by DMI was the streetscaping of Pearl Street in 1995. The Pearl Street streetscaping was significant in establishing the city and DMI as legitimate partners in downtown revitalization. A prime example of leveraging funds, Pearl Street streetscaping aided in relieving some of the potential risks for private investors in the area. The block-by-block streetscaping process aided in attracting business and residents downtown and resulted in property value increases of over \$100 million in the last decade. An additional capital investment project came in 1995 in the form of construction of the Riverside Park Riverwalk. Although initially questioned by the broader public, the Riverwalk is now “seen as rekindling the sparkle in the City’s crown jewel of parks”³⁹. Overall, La Crosse’s strategic implementation of capital investment projects has improved, attracted, and retained the economic and social vitality of the city.

Fundamental to downtown revitalization success is the attractions of businesses and creation of jobs. 2001 highlighted a major achievement for the City of La Crosse, DMI and the downtown economy. The city and DMI successfully recruited CenturyTel Midwest Regional Headquarters to La Crosse’s downtown district. CenturyTel’s headquarters is housed in a thirty million dollar building on a former industrial brownfield site, and CenturyTel’s decision to locate in downtown La Crosse has created 550 jobs downtown. Moreover, the CenturyTel development — in addition to creating jobs and expanding the local tax base — is credited with having stimulated additional riverside developments such as the Grandstay Extended Stay Hotel.

CONTINUED EFFORTS – CITY VISION 2020

The efforts undertaken by the City of La Crosse, DMI, and business leaders and residents have socially and economically revitalized downtown La Crosse and its riverfront. Though its successes are evident, La Crosse has not ended its pursuit to better its downtown and riverfront community. *City Vision 2000* had been updated several times throughout the years and in 2004 La Crosse adopted *City Vision 2020* — a thoroughly updated downtown master plan for downtown La Crosse and its riverfront. While the plan still focuses on La Crosse’s downtown and riverfront revitalization, a new focus on mixed-use development is also highlighted in the 2020 plan.

Overall, public private partnerships, a comprehensive master plan, and strategic investments have successfully reinvigorated La Crosse’s downtown and riverfront economy. *City Vision 2000* and *City Vision 2020* have transformed a weakened industrial economy into a thriving mixed-use economy.

³⁷ www.glc.org/wiconference/PDF/Kirch.pdf

³⁸ www.glc.org/wiconference/PDF/Kirch.pdf

³⁹ www.cityoflacrosse.org/index.aspx?NID=295

INTRODUCTION

Downtown Chattanooga's revitalization success is the result of focused, dedicated leadership and partnerships with a variety of community stakeholders. Chattanooga has redeveloped from a once heavy industry-dominated economy in the 1960s to a service industry hub. Since its ignominious designation by Walter Cronkite in 1969 as the "filthiest city in the US" Chattanooga has become a model for downtown revitalization, anchored by a sustained effort to "get back to" the city's riverfront that was a cornerstone of Chattanooga's overall downtown renewal strategy.

IMPORTANT STAKEHOLDERS AND FUNDING

The primary driver of Chattanooga's downtown revitalization efforts was the River City Company, a twenty-five year old, private non-profit organization that has worked in partnership with Chattanooga's local government, its private sector, and its philanthropic sector in support of downtown Chattanooga revitalization efforts. The River City Company, in turn, credits the revitalization of downtown Chattanooga and its riverfront as having been championed by the city's citizens.

The primary initial funding vehicle for both the River City Company and the Chattanooga's revitalization was the Lyndhurst Foundation, a local philanthropic organization that provided a total investment of twelve million dollars for the city's redevelopment efforts through an initial ten million dollar investment, and a subsequent two million dollar investment.

LONG-TERM PLANNING

Regarding Chattanooga's successful revitalization, one of the themes stressed by Chattanooga's economic development leaders focused on the importance of timing and long-term planning. Chattanooga's redevelopment was a twenty-plus year plan that involved an estimated seventeen hundred citizens in the process. Leaders from the River City Company repeatedly stressed the importance to Chattanooga's revitalization success of having had a tangible written document that captured as much of the involvement of the thousands of participating stakeholders as possible. This is credited with having helped to generate "buy in" from the community and stakeholders for whom the plan's outcomes would ultimately have a dramatic effect.

MAJOR DOWNTOWN PROJECTS AND ANCHORS

The Tennessee Aquarium — a forty-five million dollar development and major anchor of downtown Chattanooga's revitalization — would become the number one priority identified in the Tennessee Riverpark Master Plan planning process. In addition to the initial forty-five million dollar investment, the Tennessee Aquarium would also become a catalyst for \$500 million of additional, private investment in Chattanooga's downtown. Numerous other projects were implemented under the auspices of the River City Company over its successful twenty-five year span of helping to revitalize downtown Chattanooga. These projects include Ross Landing (a 26-acre land development along the edge of the river that was transformed into an impressive civic plaza that serves as the city's "front porch"), the Walnut Street bridge renovation, Coolidge Park, 21st Century Waterfront Plan, among others.

STRATEGY: LAND BANKING AND BLOCK-BY-BLOCK DEVELOPMENT

The River City Company made the decision in the early years of Chattanooga’s redevelopment process to set up a land bank. Effectively the city was able to amass a stockpile of land for future development efforts. The River City Company credits its organizational structure as part of the reason it was able to successfully develop its land bank, noting that it was in effect the more “nimble arm of the city” — meaning it was more independent, had more flexibility and generally faced less restraints than an official government agency likely would have had in assembling a land bank.

River City Company officials have noted (along with the Chattanooga Neighborhood Enterprise (CNE), which was also involved in the Chattanooga’s land banking efforts) that they were fortunate that early in the process of developing a land bank, most of the large tracts of land that were eventually added to the land bank had already been assembled by a private developer for a proposed project that never came to fruition.

STRATEGIC PUBLIC INVESTMENTS

The development strategy for Chattanooga’s revitalization efforts was centered on purchasing areas with declining property values and targeting development “one block at a time”. Once initial projects were successfully taken on by non-profit organizations, private developers and investors were solicited to participate in further development through a Request for Proposals (RFP) process. Moreover, the City of Chattanooga’s designation as a Renewal Community Zone, coupled with a federal Renewal Communities Program Community Zone, provided tax incentives for private building owners to renovate and develop commercial buildings.

The River City Company invested in downtown and riverfront areas and developed structures that complemented downtown Chattanooga, which helped to improve property values from \$13 per square foot to current market prices of \$60+ per square foot. With local support from foundations, the Chattanooga Neighborhood Enterprise was able to offer free residential lots to area developers, while its land banking capacity allowed it to amass, rehabilitate and hold properties until market conditions strengthened.

INVOLVEMENT OF UNIVERSITY PARTNERS

STROUD WATSON AND UNIVERSITY OF TENNESSEE STUDENT DESIGNERS

The Lyndhurst Foundation initially prompted the Stroud Watson — a professor of architecture and urban design at the University of Tennessee (Knoxville) from 1990 to 2002 — to play a role as an urban design advisor for downtown Chattanooga its and riverfront areas in 1984. The involvement of Stroud Watson brought with it the involvement of Watson’s urban design studio and his architecture and urban design / planning students from the University of Tennessee. In fact, it is popular lore that the initial design for the Tennessee Aquarium, one of the most important downtown anchor projects in Chattanooga, was created by one of Stroud Watson’s students. Watson’s urban design studio initially identified Ross Landing (a large tract of land along the river’s edge) as a focus area to help spur downtown revitalization, and developers weighed in on the decision to transform Ross Landing into an attractive civic place which would serve as the “front porch” of the city.

This set up was favorable for the City of Chattanooga because it allowed for the city to maintain some control over the design, a sort of de facto veto power, because ultimately the city controlled the properties for which the designs and plans were being created. In other words, the city had the final say in terms of who controlled the designs for each design project.

Economic development officials with the City of Chattanooga commented that this project design process was at its best when the designers were Stroud Watson's students from the University of Tennessee, and the River City Company held veto power over any project designs.

The same economic development officials commented that losing Stroud Watson and his students design capabilities has been a tremendous loss over past decade, noting that during Stroud Watson's tenure, the design process for revitalization projects was largely independent and generally well funded.

To this day, the City of Chattanooga attracts student and professor visits (e.g., University of Auburn, et al.) from across the country to learn about the city's redevelopment projects among others

PUBLIC SUPPORT FOR ARTS

Chattanooga economic development leaders stressed the importance of the city's dedication and commitments to public investment and support for the arts. They noted that during Mayor Corker's tenure, the city committed one percent of its budget to funding and support for public art projects.

INCENTING LOCAL ARTS (ARTSMOVE)

The River City Company also noted the importance of a financially-incented housing program in attracting artists to downtown Chattanooga. The Allied Arts of Greater Chattanooga (AAGC) is a forty-three year old private, non-profit arts council and fund promoting arts across Chattanooga. AAGC's ArtsMove is an artist relocation program that offers homebuyer incentives of up to fifteen thousand dollars in the form of a five year forgivable mortgage. The program is designed to encourage artists to live and work in one of five Chattanooga neighborhoods identified for redevelopment.

THE BUSINESS VALUE OF "QUALITY OF LIFE"

River City Company officials explained that a recent decision by Volkswagen to locate in Chattanooga illustrates the value of its downtown revitalization and redevelopment efforts. Volkswagen chose Chattanooga over other areas of the US (e.g., Huntsville, Alabama, et al.) partly because the city's efforts to provide a higher quality of life through its downtown revitalization efforts. The director of the River City Company summed this idea up by stating that the "quality of the jobs attracted is based on the quality of life created in Chattanooga."

DOWNTOWN AND RIVERFRONT INTERCONNECTIVITY

The River City Company noted that Chattanooga boasts around twenty-two miles of green space and trail connectivity known formally as the RiverWalk system. Officials noted that "connectivity" is the key word for its green space development. Once again, in a recent business's decision to locate in Chattanooga, these improved quality of life feature factored into the equation. Alston, a French company that creates turbines cited Chattanooga's riverfront and the redevelopment thereof as part of the reason it made the decision to locate in region. The company also was impressed with the city's bike-share program which was successfully implemented as part of the city's revitalization efforts, and noted that this feature was also part of the company's decision to locate in Chattanooga.

Moreover, the importance of interconnectedness was not limited to Chattanooga's RiverWalk system of green space, bike paths, and trails. This theme of connectivity also formed the backbone of the city's decision to establish a free shuttle service in that ultimately enhanced downtown Chattanooga's overall interconnectedness.

THE HOLE IN THE CENTER OF CITY REVITALIZATION

One concern for Chattanooga's revitalization efforts is the fact that there is still a seeming hole in the center of Chattanooga's efforts to redevelop downtown and the river front. River City Company officials noted that there is still a need for a more cohesive and strategic plan for developing the city based on the "jump" from the river to the south side of downtown which has created in a hole in the center of downtown Chattanooga that is still struggling to be redeveloped

However, to some degree, this should be seen in a positive light for Sioux City's downtown revitalization efforts, in the sense that Chattanooga has been tremendously rejuvenated via its redevelopment efforts, despite the fact that not all redevelopment projects and efforts have been completely and comprehensively planned and connected.

RESULTS & LESSONS LEARNED

From the initial combined twelve million dollars invested to create RiverCity Company, Chattanooga has been able to attract over two billion dollars in private investment over the course of two decades. Though the city has been unable to develop a definitive, systematic way to measure additional jobs as a result of downtown and riverfront revitalization efforts, by the most recent estimates (2012) Chattanooga has roughly 55,000 jobs downtown — thousands more than at any point prior to revitalization plans and their subsequent revitalization.

Chattanooga and River City Company officials summed up the lessons learned from its downtown revitalization and riverfront redevelopment efforts as such:

INCLUSIVE PLANNING PROCESS

Part of the success of Chattanooga's downtown and riverfront revitalization process is credited to the fact that its planning process was inclusive, involving a wide range of diverse voices and major stakeholders. Without this inclusion, buy-in and support would have been much more difficult to achieve.

INDEPENDENCE OF LEAD ORGANIZATION

River City Company officials continually highlighted the importance of establishing an independent and non-political, non-affiliated non-profit organization to lead efforts to foster downtown development. River City Company credits its organization's relative independence — as compared to the government agencies that generally face much tighter restrictions and regulations related to redevelopment — as one of the ingredients to its success. The other element of this independence that was deemed to be critical for its ability to plan and implement the city's revitalization vision is the fact that the River City Company was effectively seen as a non-political entity. This meant that when mayors and city councils changed, generally speaking, support for River City Company's revitalization efforts did not.

LESSONS OF LAND BANKING

River City Company officials noted that, if given the opportunity to change one thing about their revitalization efforts, one lesson learned is that they would likely be more patient and selective with their land bank assets, in terms of giving these assets to downtown revitalization projects (e.g., land swaps with the electric power board for power generation projects, etc.). The organization's leadership expressed that they would most likely be in a better current financial position had they been more patient in giving away these assets.

CREATE A PLAN AND FOLLOW IT

River City Company leaders drove home the importance of developing a detailed, but implementable (strategic or master) plan based on as much input as possible from stakeholders involved in the process in order to establish a foundation for the type of development desired in the community. They also stressed the critical importance of making sure the plan presents goals that are rational and achievable. Such a plan must then be followed once it has been developed and championed by a specific, lead organization. River City Company noted that during the twenty year plan, there were several additional ideas for redevelopment that were generated, but sticking to the plan as much as possible was seen as vitally important because the plan was in some sense the will of the stakeholders that had been involved and thus needed to implemented as such.

LONG-TERM TIMEFRAMES OFFER OPPORTUNITIES TO DREAM BIGGER

River City Company leaders expressed the notion that having a twenty-five year timeline for planning and executing revitalization projects gave its stakeholders and the broader community the opportunity to dream about how their city could grow in a way that a shorter term timeframe would have otherwise stifled. This long-term timeline provides ample room to consult with the community and select priority projects that residents and stakeholders will most positively support. Leaders of the River City Company noted that in many ways a project is bigger than the group, and that one of the chief challenges for successful downtown revitalization is about getting people to think and dream big enough.

PART B | REAL ESTATE ECONOMIC AND MARKET ANALYSIS

EXECUTIVE SUMMARY

The performance of Sioux City's real estate submarket appears to have mirrored real estate markets throughout the world that experienced decline across every major property type during the recent recession. One measure of global trends is office vacancy rates, which moved from 10% in late 2007 to 14% in mid-2010 at the peak of the office market's distress. While many indicators suggest the economy is still far from fully recovered, the performance of global office markets has improved, with vacancy rates at 12%, according to the most recent CBRE office market report. Similarly, RCLCO has found evidence suggesting that the recovery for Sioux City's real estate markets is very much underway.

For a market like Sioux City, the analysis has required more than statistical analysis, but also a query into the factors and events that have defined market outcomes and will shape the real estate landscape going forward. The loss of 400 corporate jobs from Terra Chemicals and 1,200 jobs from John Morrell Company, for example, marked the worst outcomes of this recession. Losing the Terra Chemical jobs was especially concerning because Terra Chemicals was a local success story that employed corporate executives who served on local boards and commissions and helped support the city's cultural institutions. The scale of these events relative to the size of the local economy has led to a decline in confidence in the local economy — a prevailing sentiment voiced by several local leaders that were interviewed by RCLCO in February of 2012. While concern was the recurring undertone for those interviewed, RCLCO's investigation also discovered anecdotal and statistical evidence of a recovery underway in the local real estate markets and an emerging opportunity for Sioux City to strengthen the appeal of its downtown with improved aspects of livability and walkability that are common among the world's greatest cities.

One signal of this trend is the success of a local developer in converting under-performing buildings into contemporary, Class A office suites and residential units that are offered for sale and for rent. The new office and residential space has been absorbed quickly and achieved rents and sales figures that are at the top of their markets, signaling downtown's growing appeal. This development approach is seemingly replicable as other underperforming office buildings are ideal for similar redevelopment in terms of their historic significance, charming architecture and location.

FINDINGS AND CONCLUSIONS

- #1** The current opportunity before Sioux City is to complete the transformation of its downtown into a premier walkable and livable urban place that effectively mixes commercial and residential land uses to provide a unique lifestyle that is currently available only in a very few Midwestern locations. RCLCO's real estate market analysis details several market observations and outlines specific recommendations that would seek to build on the foundation that Sioux City has established over its 200-year history.
- #2** RCLCO's analysis of downtown's building inventory reveals a latent opportunity to upgrade existing structures into Class A residential units or office space to address pent-up demand for contemporary and well-executed living and work space centrally located near the amenities of Sioux City's downtown.
- #3** Assessment of potential demand for commercial and residential uses within downtown suggests current demand for new residential units and retail space, though little demand for new office space.

a. RETAIL

RCLCO estimates current demand of just over 150,000 square feet of retail space within downtown, which is believed to be achievable if Sioux City were able to strengthen its competitive positioning with respect to the neighboring metropolitan areas of Sioux Falls, South Dakota and Omaha, Nebraska. The vast majority of this demand is from existing under-supply of retail space within the primary market area as opposed to anticipated growth, causing expenditure leakage to retail stores outside of the primary market area. This demand is for several specific retailer types, including restaurants, furniture stores, office supplies and retailers that offer clothing and accessories.

b. RESIDENTIAL

- i. Based on the relevant competitive supply and units vacated through turnover in the downtown submarket, RCLCO estimates over 1,300 eligible households (1-2 person households) will be in the market for a residential unit every year. Of these, RCLCO estimates an annual demand range of 40 to 100 units in downtown, assuming no change to the downtown. Of these, RCLCO estimates 25 to 65 will demand for-sale housing and 14 to 35 will demand a market rate rental apartment in downtown.
- ii. RCLCO further estimates that a potential of 4,500+ households of all sizes would be in the market for a residential unit every year if the downtown were positioned as a more family-friendly environment / neighborhood. Under these circumstances, RCLCO estimates an annual demand range of 115 to 220 for a downtown unit. Of these, RCLCO estimates 85 to 140 will demand for-sale housing and 30 to 80 will demand a market rate rental apartment in downtown.

c. OFFICE

Demand for office space differs among asset classes. First, owners of Class B and C office buildings are reporting high vacancy rates and have witnessed negative absorption for their space. Additionally, several large employers have vacated downtown, leaving several large buildings with unsustainably high vacancy rates. Alternatively, the local market has responded favorably to several office buildings that have been renovated and upgraded into Class A office space. Several local stakeholders have suggested further demand for Class A office, particularly for space sold as office condos within renovated buildings. RCLCO's conclusion is that future demand for office space in downtown is undeterminable. RCLCO does not expect future demand to absorb the current vacant inventory and believes the market would be better served by upgrading some of the existing inventory, while reducing the overall office inventory by adaptively reusing parts or all of select office structures as residential units.

#4 After having lost a number of significant office tenants and large retailers in the past several years and after withstanding the impacts of the global economic recession, downtown's real estate markets are in a state of transition apt to be dramatically impacted by micro- and macro-economic events that could affect the local economy. Below is a summary of some of those events that have reasonable likelihood of transpiring and a brief discussion of their potential impact.

a. RELOCATION OF ARGOSY CASINO INTO DOWNTOWN

Adding the Argosy Casino to an already compelling downtown entertainment program — including the renovated Orpheum Theater, the Tyson Events Center, Promenade Cinema, Riviera Theater and the Historic 4th Street District — would strengthen downtown's appeal as an entertainment destination. A more appealing entertainment district could expand Sioux City's draw among households throughout the Midwest, resulting in increased demand for retail uses in the

short-term and having the potential to create further demand for residential units that could accommodate employees of the casino, as well as households attracted by the urban, entertainment district that could unfold. Demographic data shows that almost 1 million households earning over \$75,000 per year live within a 3-hour drive of Sioux City (Exhibit III-7). Successfully appealing to just 10% of those households for one visit per year could justify an additional 100,000 square feet of retail in or near downtown.

b. RELOCATION OF A LARGE EMPLOYER IN DOWNTOWN

Economic development stakeholders in Sioux City have made extensive efforts to draw a large employer to downtown Sioux City. Siouxland's workforce and economic infrastructure offers attractive benefits to employers in computer technology (who could employ the former employees of Gateway Computers who remain in Sioux City), insurance, and agri-business and technology, etc. Successfully attracting one or more companies in these or other industries could drive further demand for office, residential and retail uses in downtown.

c. HYPERION OIL REFINERY

According to a 2007 report by Stuefen Research⁴⁰, the Hyperion Project would create substantial economic activity for the Siouxland region, making a significant impact on downtown in the short and long terms. Stuefen estimates that 49,000 jobs and roughly \$3.2 billion of value would be created locally during the construction phase. Additionally, 14,000+ direct, indirect and induced permanent jobs and \$26 billion of annual economic activity would be generated from the Hyperion Project. Hyperion would directly impact downtown Sioux City's markets office, residential, hospitality and retail markets, drawing additional households and businesses to the local economy.

d. SUCCESSFUL GROWTH OF LOCALLY-FORMED BUSINESSES

Local evidence suggests a Sioux City-based company could grow and expand into a large regional employer, just as Terra Industries and Midwest Energy have. The Sioux City Growth Organization (GO) has spawned from the ambition and initiative of young entrepreneurs in Sioux City. While RCLCO's analysis didn't evaluate the viability of member businesses or business concepts presented at this year's Innovation Market held in February, Sioux City appears to have the infrastructure, talent, support network and historical precedence to nurture the growth of a local company. The successful growth of a downtown-based company has the potential to impact and strengthen demand for office, residential, hospitality and retail uses.

e. CONTINUED EVOLUTION OF DOWNTOWN AS A "WALKABLE URBAN PLACE"

Local efforts to invest in downtown has resulted in an urban transformation that promotes the potential for Sioux City to emerge as one of the Midwest's premier urban districts by offering an attractive quality of life for those that choose to live, work and find entertainment in downtown districts. Though still a work in progress, downtown boasts amenities and infrastructure that constitute a strong foundation for its urban core. Continuing this evolution by strategically adding features and amenities that would broaden its appeal and further improve quality of life for downtown workers and residents would broaden downtown's capture of future development. The redevelopment of the United Center and 4th and Jackson buildings in recent years and their top of market sales and lease performance suggests a pent-up demand for urban product in proximity to downtown's features and amenities.

⁴⁰ Stuefen Research. The Economic Impact of the Hyperion Energy Center on the South Dakota and Greater Siouxland Economies. December 31st 2007. Accessed at: www.hyperionec.com/files/HECeconomicimpactstudy.pdf

f. LACK OF PARKING

Downtown has several city and privately owned parking structures located throughout downtown districts. Through RCLCO's research, several local professionals mentioned a concern that parking could become inadequate to serve actual needs, since most are at or near full capacity — despite the fact that several office buildings are largely vacant. Improvement in real estate markets without additional parking capacity could adversely impact the entire downtown and stunt the growth of real estate markets.

IMPACT OF WALKABLE URBAN PLACE

“In spite of the U.S. Census data for the past decade showing continued job de-centralization, there is now much anecdotal evidence for just the opposite. The Chicago Crain’s Business Journal reports that companies such as Allstate, Motorola, AT&T, GE Capital, and even Sears are re-considering their fringe suburban locations, generally in standalone campuses, and may head back to downtown Chicago. ...The New York Times has been reporting this week that UBS, the huge Swiss banking firm, is considering moving their U.S. headquarters back into New York City. Even downtown Detroit, the basket case of American downtowns, has seen four major corporate arrivals in recent years ... The reason in nearly every case? The millennial generation is demanding it. Highly-educated young workers, the life’s blood of many industries, have been flocking to center cities in recent years.”

Christopher B. Leinberger, Visiting Fellow, Metropolitan Policy Program, Brookings Institution

Downtown has the opportunity to become one of the few urban, walkable places in the U.S. Midwest. A recent review of the Walkscore.com website — which rates geographic areas throughout the country on their walkability — assigned downtown (defined as the 51101 zip code) an impressive score of 86 and the corner of 3rd Street and Jackson Street as a “Walker’s Paradise,” with a score of 91. The only drawback to this is that there are very few people living in this area to enjoy the benefits.

The Walkscore.com favorable rating is recognition of the vast efforts by public and private stakeholders who have made considerable investments in downtown infrastructure, built environment and employment base that has laid the groundwork for the downtown’s distinction as a successful urban, mixed-use district in which households of all types could live, work and find entertainment. Meanwhile, local and national trends are pointing towards increased demand in mixed-use areas where people can live their lives primarily within a single walkable district.

The success of the United Center and the 4th and Jackson building — both of which offer contemporary, high-end apartments and condominiums located within the urban core — are indicators of the improving appeal of living in downtown Sioux City. In RCLCO dialogues with Bart Connelly, the developer responsible for both projects, Mr. Connelly shared anecdotes of some of the renters and buyers, indicating a preference from households who have at least one member working in downtown Sioux City. The appeal of being able to walk from home to office (in some cases avoiding the sometimes brutal climate by using the city’s skywalk system), is convincing upper middle class households to choose downtown living over traditional suburban locations that offer single-family residences. This trend aligns with national consumer research conducted by RCLCO that considered the housing preferences of households of various ages.

RCLCO consumer research investigated the existing and preferred housing type for households of different sizes. Across the board, RCLCO’s research found that a greater percentage of households preferred living within higher-density structures than the percentage of households actually living in that product type. The gap between the two was highest with 1- and 2-person households.

Preference for urban living is strongest among younger generations. In a 2011 survey conducted by RCLCO, when asked to indicate their preferred community type in choosing their next home, respondents indicated a shift towards mixed-use communities, both in suburban and urban locations. Members of Generation Y (born roughly between 1980 and 2000) showed the strongest preference for living within mixed-use areas. While much of this may be attributed to this generation’s life circumstances at the time of the survey, RCLCO believes there is a concerted shift in housing preference affected by a number of different factors, including advancements in

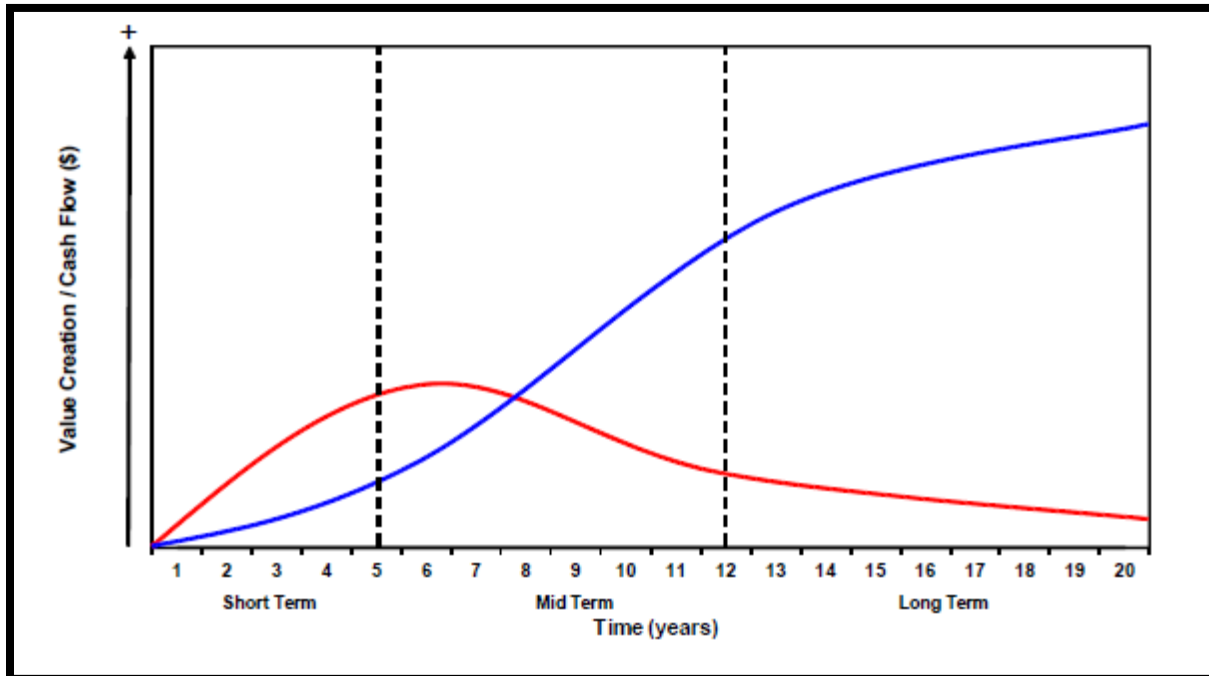
technology that have made social interaction less necessary (and hence less common), and remote working more possible.

Furthermore, RCLCO's research found that members of Generation Y are willing to pay more for the convenience and lifestyle associated with urban living. One-third of respondents indicated they are willing to pay more to walk to shops, work and entertainment. Two-thirds say that living in a walkable community is important. More than half of Generation Y respondents indicated they would trade lot size for the ability to walk to shopping or to work. Interestingly, even among families with children, one-third of all respondents indicated willingness to trade lot sizes and "ideal" homes for walkable, diverse communities.

Among all generations, RCLCO's research suggests that a paradigm shift has occurred for housing and community preferences, especially among households living in traditional suburban communities and within single family homes. While 68% of respondents indicated that they currently live in a traditional suburban community, only 50% thought they would continue to live in this type of community in the future. Similarly, 82% of respondents lived in single family homes, but only 68% indicated they expected to live in that same style of home in the future.

Developers have plenty of incentive to invest in mixed-use, walkable communities. The Brookings Institution has studied the financial characteristics of urban areas and compared them over time to suburban areas. Buildings within mixed-use areas that have achieved a critical mass of development generally perform significantly better over the long term than buildings in suburban areas. These findings, expressed in Figure 1, show that after the eighth year, the trajectory of increased value creation moves in opposite directions, with properties in urban, mixed-use areas experiencing continued growth in value, whereas suburban buildings consistently lose value after six years.

Figure 1. Financial Characteristics of Mixed-Use Areas with Critical Mass (blue) Versus Traditional Suburban Development (red)



RETAIL ANALYSIS

EXISTING INVENTORY

According to NAI LeGrand, downtown Sioux City consists of 46 buildings accounting for almost 500,000 square feet of space. Much of the retail is concentrated in downtown's core area and the Historic 4th Street District (on the eastern edge of downtown) with an emerging district on the western edge of downtown Sioux City (the Peal Street District). The downtown submarket features a 60,000 ft.² HOM Furniture store (which is currently expanding its floor area), several bars and restaurants in the Historic 4th Street District, and numerous service-oriented retail establishments in downtown's core area. Additionally, three large restaurants (Perkins, Chili's and Famous Dave's) are freeway adjacent in the southern sector of downtown Sioux City — near the Stoney Creek Inn and Tyson Events Center — and several new restaurant / bars have opened on Pearl Street, marking the beginning of the area's redevelopment.

Sioux City's primary retail centers are located four miles southeast of downtown. These include Southern Hills Mall and Lakeport Commons. Over time, both of these centers have drawn many of the small shops and anchor tenants from downtown Sioux City. It is unlikely that downtown Sioux City will be able to establish into a major center for retail because of the relative scale of these two centers.

FIGURE 2. KEY CHARACTERISTICS OF DOWNTOWN SIOUX CITY RETAIL MARKET⁴¹

- **Total Retail Inventory** 489,921 Square Feet
- **Number of Buildings** 46
- **Vacant Inventory** 160,000 Square Feet
- **Vacancy Rate** 32%

REGIONAL RETAIL TRENDS

Household shopping patterns in the largely agricultural region revolve around the major cities whose retail offerings are more diverse and expansive than the rural towns in less developed areas. The standard shopping pattern for households in rural areas typically involves long drives to one of retail centers for shopping, dining and entertainment. These types of visitors rarely stay overnight, and instead return home after a long day in the city. The two competing cities around Sioux City are Sioux Falls, South Dakota (located 85 miles north of Sioux City) and Omaha, Nebraska (located 100 miles south of Sioux City). All three cities draw shoppers from well beyond their borders, resulting in what appears to be a surplus in sales respective to the spending power of local households.

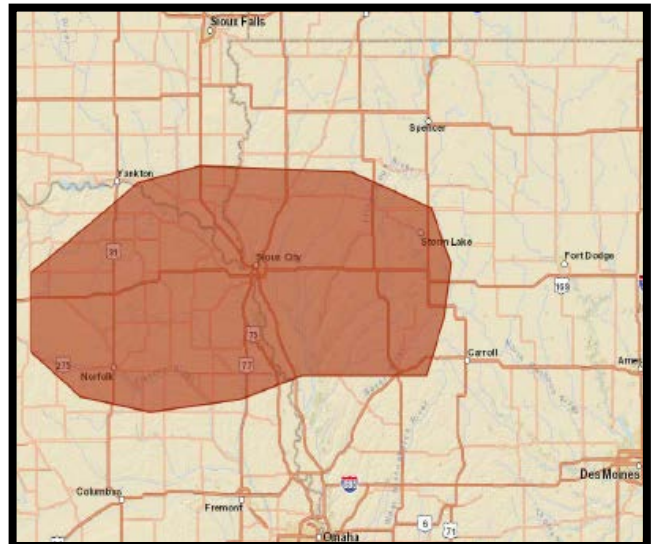
Knowing that each of the three aforementioned cities draw shoppers from outside their official boundaries, RCLCO expects to see the relative draw of each city go well beyond its borders and include surrounding rural communities. RCLCO measured the strength of outside capture for all three and found a stronger relative draw by Sioux Falls over Omaha and Sioux City. In Sioux Falls, an estimated 41% of sales come from people outside its limits, while

⁴¹ NAI LeGrand data.

27% and 28% of sales are generated from outside of Sioux City and Omaha, respectively (Exhibit III-1). In Sioux City the retailer types that have the lightest external draw include furniture and home furnishings, electronics and appliances, and food services and drinking places — which may mean that households from Sioux City’s trade area travel to either Sioux Falls or Omaha for some of these goods.

PRIMARY MARKET AREAS

A primary market area (“PMA”), in the context of a retail center, is defined as the source of the majority of sales for the products and services that are being marketed at the center. RCLCO defined the primary market area for the retail anticipated for downtown. Depending on the characteristics of the site, density of surrounding neighborhoods, competitive environment and community composition, a PMA could be defined in many ways. Based on conversations with local brokers and other real estate professionals, RCLCO defined the trade area as a modified 50-mile ring around the area that is extended further in the east and west directions, because of a lack of competing metro areas in those directions, and brought in closer in the north and south directions, essentially splitting the area between Sioux City and the competing metro areas in those two directions (Sioux Falls to the north and Omaha to the south). The graphic on this page shows the map of the PMA that RCLCO defined for downtown Sioux City’s retail market.



RETAIL DEMAND OVERVIEW

The purpose of RCLCO’s demand analysis is to quantitatively support and describe the demand for various retail uses at the subject site. Retail demand is driven by consumer spending and affected by several distinct factors. RCLCO’s demand model is generally based upon comparisons between demand potential and supply (existing and potential), influenced by the current and proposed locations of other centers. In the case of downtown Sioux City, the primary driver of demand is the consumer spending of existing households within the PMA. The following is a summary of the process and results from RCLCO’s retail demand analysis.

RETAIL LEAKAGE ANALYSIS

Leakage analysis compares the estimated household expenditures within a given market area with the estimated retail sales within the same area — both in aggregate and by category. Any excess expenditures essentially “leak” to retail centers in outlying areas, suggesting an opportunity for new retail centers to capture this sales leakage. RCLCO used a reliable third-party data source (ESRI) to collect data for downtown Sioux City’s defined PMA on the retail demand potential, based on average expenditures per household for each retail category. ESRI also calculates the actual retail sales for each category within the area to estimate the leakage of expenditures and determine in which categories, if any, new retail stores are justified (Exhibits III-2, III-3, and III-4).

For the PMA RCLCO studied, the data shows the highest leakage in the categories of office supplies, full-service and limited-service restaurants and stores that sell clothing, furniture, electronics and appliances.

To convert the leakage data into demand for retail space, RCLCO applied informed assumptions about the competitive environment, sales performance metrics for various retail categories and standard store sizes for different retail types. The description and calculations of each of the assumptions now follows:

- **SUBJECT SITE CAPTURE RATE**

The subject site's capture rate is based upon an assumed "fair share" capture of leakage relative to other parts of Sioux City that could attract additional retail development. For regional serving retail, the capture rate RCLCO used is 35% because there are two viable locations that can capture future retail development: the area south of Lakeport Commons has an additional 20 acres of undeveloped land that will likely be built out as retail; and parts of Hamilton Boulevard remain as residential lots and have a strong likelihood of being converted to retail. See Exhibits III-4 for more specific descriptions of the capture mathematics.

- **SALES PER SQUARE FOOT THRESHOLD**

The sales per square foot threshold translates dollar amounts into supportable retail square feet and employ standard assumptions by retail type, based on broker conversations, national data, and RCLCO's industry knowledge.

- **MINIMUM STORE SIZE**

The analysis screens supportable retail square footage by a minimum store size to ensure that recommendations are sufficiently realistic. In other words, if the demand analysis found supportable demand for 10,000 square feet of grocery space, RCLCO would not recommend it as a use since groceries are typically much larger.

This analysis results in a specific amount of retail space and numbers of stores in each category that could be added at in downtown Sioux City. In short, RCLCO has concluded sufficient demand exists to support an additional 150,000 square feet of retail.

RECOMMENDATIONS

In the short-term, efforts should be focused on retail categories that are currently deficient in the regional PMA, as they all fit within the current and growing retail sectors of downtown Sioux City.

- **OFFICE SUPPLIES STORES** operate effectively within downtown areas like Sioux City. None of the major national office supplies chains (Staples, Office Depot and OfficeMax) are currently operating within the market.
- **FULL AND LIMITED SERVICE RESTAURANTS:** Even with an already diverse selection of full and limited service restaurant offerings in downtown, RCLCO's analysis shows an opportunity to further broaden the selection. With access to the region's largest daytime population and mature entertainment district (with the Orpheum Theater, Tyson Events Center, and the Promenade and Riviera Theaters), restaurants have strong prospects in the area. Restaurant operators should be prepared to have most of their dinner demand occur on Thursdays to Sundays, on those evenings when residents from surrounding rural areas venture into Sioux City for access to shopping and services.
- **FURNITURE STORES:** The reported success and recent expansion of HOM Furniture is perhaps the most encouraging signal of downtown Sioux City's retail sector. Although Omaha offers a much more expansive

furniture district, HOM Furniture is drawing a strong base of business. The opportunity here is to locate smaller furniture and home accessory stores to complement HOM Furniture's offerings.

- Neighborhood retail demand could potentially be justified if the residential base were to continue to broaden in the downtown. A base of 2,000 downtown households is a reasonable target to attract a specialty or standard grocery store into the market. Some in the market believe a specialty grocer – such as Trader Joe's – could experience immediate success in a downtown location and service the entire region. The nearest Trader Joe's and Whole Foods Market are in Omaha, Nebraska and some locals that RCLCO interviewed shared that they often visit one of their stores when they go to Omaha.

RESIDENTIAL ANALYSIS

EXISTING INVENTORY

Residential uses in downtown Sioux City are still very minimal though becoming increasingly more popular. According to NAI LeGrand, all new residential units in the Sioux City market since 1997 have come from adaptive reuse of existing civic, office and warehouse buildings. 260 units have been added to the residential base in that time, making the total downtown inventory approximately 525 units. Of those, over 300 units are only available for low income or senior tenants.

The two most recent development projects by Connelly, Tiehen and Sons, Inc (“CTS”) — the United Center and 4th and Jackson (currently under construction) — offer the first true Class A residential units in Sioux City. These buildings are both mapped and offered as condominiums. Understanding the limited market reach for a new product type, the builders have opted to broaden their market by offering the units as rental units as well, retaining ownership of the units they successfully lease. The units feature contemporary interior design, including bamboo floors, granite counter tops, energy efficient plumbing and lighting fixtures, recessed lighting and open floor plans. CTS shared with RCLCO that their sales per square foot are in the range of \$125 to \$160 per square foot – which exceeds the value ratio of all single family residences that were observed in a recent listing search in the Sioux City market and rivals the pricing for the highest-valued residences in nearby Dakota Dunes, South Dakota⁴². CTS reports that the majority of owners and renters have at least one person in the household who works in downtown Sioux City. At 4th and Jackson, since the building is a part of the City’s skywalk system, some residents are able to avoid undesirable weather by walking directly to their offices without having to step outside. Several units – under construction during the time of RCLCO’s site visit – were pre-leased and pre-sold.

RESIDENTIAL DEMAND OVERVIEW

As mentioned earlier, Walkscore.com has rated downtown Sioux City with a walkability score of 91 out of 100, making it one of the most appealing walkable districts in the country. Despite this, only 1,000 people currently live in the district, and roughly 70% of that population earns less than \$25,000 per year. Going forward, RCLCO expects new demand for residential units in downtown Sioux City to be driven by the access to employment and demand for the increasingly appealing benefits of living in a walkable, urban district. Currently, 11,000 employees work in downtown Sioux City in some of the region’s highest paying jobs, including medical, government, banking and real estate. RCLCO suspects this is the base of buyers and renters CTS has been drawing into their downtown projects and that would demand future housing.

It is difficult to gauge downtown’s capture of future demand, as many factors are still undecided. RCLCO’s study suggests that there will likely be a range of possibilities based on the following factors: Presence of public amenities that make downtown more appealing to larger households, including safe and welcoming public spaces within walking distance of residential buildings and the presence of an appealing grocery store in downtown; the development of potentially competing districts; and the region’s household growth over time, which will be impacted by job growth and the ability for the region to attract and retain a young and skilled workforce.

RCLCO’s demand analysis projects for residential units in downtown Sioux City based on demographic characteristics of the area defined by a 10-minute drive radius around downtown Sioux City, solving for an annual

⁴² Based on a search of real estate listings on Trulia.com on March 11, 2012.

demand for new residential units in the area. RCLCO's demographic demand model breaks down demand by household income, age of householder and household size. RCLCO took several different approaches to RCLCO's demand forecast, first assuming the current appeal to singles and couples, then assuming the district added family-friendly amenities (public parks, convenience retailers, such as a grocery store). The demand analysis, which is displayed in more detail in Exhibits IA- 1B (for sale) and Exhibits 2A-2B (for rent) yields the following results:

DEMAND UNDER EXISTING CONDITIONS

RENTAL APARTMENTS

RCLCO estimates that approximately 3,350 households in the PMA would be in the market for rental housing product on an average annual basis. Of these, over 1,850 are either singles or couples who would embrace downtown Sioux City as it is, without the family-friendly amenities. In total, RCLCO estimates a range of annual demand between 14 and 35 units.

FOR-SALE CONDOMINIUMS

RCLCO estimates that approximately 1,350 households in the PMA would be in the market for for-sale housing product on an annual basis. Of these, 620 are household-size qualified based on the reasons described above. RCLCO estimates an annual demand of 23 to 63 units.

DEMAND UNDER FAMILY-FRIENDLY CONDITIONS

RENTAL APARTMENTS

RCLCO estimates that of the 3,350 households in the PMA that would be in the market for rental housing product on an average annual basis, over 60% will be young households (aged 25-34 years old) and only 300 would earn \$50,000 or more. If downtown were to be more appealing to families with children, the range of demand would expand to 32 to 81 units per year.

FOR-SALE CONDOMINIUMS

Of the 1,350 households in the market to purchase a house or condo every year, a range of 85 to 141 households would seek a unit in downtown Sioux City.

RECOMMENDATIONS

- Encourage adaptive reuse of select office buildings into residential buildings to expand the residential base in downtown. RCLCO's analysis has identified nine existing office buildings that are well suited for redevelopment and partial or full conversion into residential units. Historic tax credits and adaptive reuse incentives, such as have worked in places like Los Angeles.
- Address livability concerns in downtown. Larger households require amenities and services that many singles and couples are willing to live without, including public parks and convenience shopping (grocery and drug stores). Increasing the appeal to larger households more than doubles the pool of potential owners and renters.

- Consider ways to bring further attention and notoriety to CTS' United Center and 4th and Jackson developments to developers and investors in the region. Track performance of the office and residential space in those buildings, paying close attention to the demographics of the buyers and renters of the residential units. Offer this as a celebrated case study through media outlets and outreach efforts to local and regional investors. Consider incentives that encourage adaptive reuse of office to residential, as well as office mapping of buildings to be offered as condominiums.

OFFICE MARKET ANALYSIS

CURRENT INVENTORY

Downtown Sioux City is the predominant office market in the Siouxland region. The market contains roughly 46 office buildings, totaling 1.8 million square feet, of which over 350,000 was vacant in 2009 – the date of their last report. A more recent report by Chris Bogenrief of United Realty describes the Class A market as being over 692,000 square feet, with a current vacancy rate of over 24%. While his report mentions a sizable Class A office market, he and several other real estate and business professionals interviewed by RCLCO suggested that the United Center offers some of the first “true Class A” space in Sioux City. The interior of Terra Centre, for example, described as the queen of the Sioux City skyline, has not been renovated since it was first built in 1983.

The list of buildings in downtown provided by Downtown Partners shows a list of 34 buildings with a total square footage of approximately 1.335 million square feet. Of these, 10 buildings – totaling over 400,000 square feet – are user-owned, including four banks.

Through RCLCO’s review of the market and interviews with local stakeholders, RCLCO has identified nine buildings in downtown Sioux City, which amount to over 700,000 square feet, which are either fully or mostly vacant and can be considered for repositioning or a complete renovation. These buildings represent a major opportunity for downtown Sioux City and can be central in any concerted effort to rethink the downtown.

EMPLOYMENT OVERVIEW

The background report generated by IEDC provides a detailed summary of the Sioux City employment base. RCLCO’s efforts to expand on this work focused on analyzing the industry clusters that are the main employment drivers in Sioux City going forward.

A comparison of the employment base in Woodbury County, where Sioux City is the largest City, and Polk County, where Des Moines is the largest city, allows us to determine Sioux City’s relative competitiveness with a large city that is within the same State. Using Des Moines as a basis for comparison helps us identify industry clusters that have strong representation within Iowa, which is a limited pool given the relative size of the State and the onerous tax system in the State that RCLCO believes drive several industries away.

Polk County’s employment base is over five times the size of Woodbury County’s; similarly, Des Moines’ office inventory is approximately seven times the size of Sioux City’s⁴³. The largest industry cluster in Polk County is Business and Financial Services, which represents over 17% of the County employment base. This cluster includes insurance companies, which is the largest industry operating in Des Moines and is the industry of three of the top five employers in Des Moines⁴⁴. By comparison, the Business and Financial Services cluster represents only 4% of the Woodbury County employment base.

LOCATION QUOTIENT ANALYSIS

A calculation of an industry’s location quotient for a given geography helps us understand the relative strength of a given industry in a sub-geography when compared to the larger geography. For the Business and Financial

⁴³ Reis, Inc. reports an office vacancy rate of 19.6% in Des Moines as of the end of 2011. Their total office inventory is 13,000,000+ square feet.

⁴⁴ Based on information found on the website for the City of Des Moines, Iowa for 2009.

Services industry cluster, the location quotient for Polk County is over 2.5, whereas for Sioux City, only 0.5 (Exhibit V-2B). This means that relative to the State of Iowa, the number of jobs in this industry cluster in Polk County is over two and a half times more than what would be expected. RCLCO believes this dynamic represents a potential opportunity for Sioux City. Given that this industry cluster – composed of companies that are most likely to demand Class A office space – is only half as prevalent as it should be given the State’s current number of jobs in the industries that compose this cluster, RCLCO believes there is the opportunity to attract more of these types of employers. Des Moines is currently capturing the lion’s share of these big office users who are open to doing business in Iowa, despite the State’s unfavorable business climate⁴⁵, but RCLCO does not see any reason why Sioux City could not attract parts or all of the operations for one or more new or established businesses.

The location quotient analysis for Woodbury County reflects the industry clusters that are strongest, which are Agri-Business, Arts, Entertainment and Tourist Industries and Biomedical/Biotechnology – which all represent sizable portions of the employment base. These are the core industries with the highest prospects for growth and expansion within the County. Further, several industry clusters have low location quotients but are growing in size, which means they can emerge as major contributors to the local economy. These include Education and Knowledge Creation, Defense and Security, and Business and Financial Services. These industry clusters should be on the radar for future growth and are of particular interest for downtown, because they all include industries that traditionally have high office space needs and are apt to be within the downtown or planned business park.

SHIFT-SHARE ANALYSIS

RCLCO used a shift-share methodology to examine historical employment growth by industry in Woodbury and Polk Counties in comparison to the total employment growth in the State of Iowa during a period of economic growth -- 2003 and 2008. This analysis identifies a particular jurisdiction’s competitive advantage or disadvantage in industry employment by comparing the industry’s growth in the specified jurisdiction to general employment growth in the region and to regional employment growth in that particular industry. RCLCO deems this competitive advantage the “Woodbury County Effect” on Exhibit V-5.

RCLCO uses this data to identify economic sectors that are especially attracted to, or even repelled by, these Counties. The results show that only three industry clusters reflect growth as a result of a local effect. These were Agri-Business and Food Processing, Defense and Security, and Education and Knowledge Creation. For all other industry clusters, the growth can be attributed to industry and statewide factors.

OFFICE DEMAND OVERVIEW

Future demand for office space in downtown Sioux City is undeterminable, but is unlikely to be significant going forward. Instead, Sioux City’s economic realities and industry trends are suggesting that Sioux City’s office market is currently overbuilt and should be reduced in terms of total inventory.

A recent article by Commercial Investment Real Estate describes a shift in office needs for corporations in all sectors of the economy⁴⁶. The article suggests that corporations have too much space now and will be either selling, subleasing or scaling back their office requirements upon releasing at the end of their current lease, resulting to growth of the "shadow inventory" of office space in many markets. Space requirements per employee will also likely be shrinking which will affect space demand that is caused by employment growth. Traditionally, the ratio of office space needs per employee was 250 square feet per job. Going forward, some analysts believe this ratio

⁴⁵ Several Sioux City leaders described Iowa’s corporate and individual tax system as onerous, especially when compared to more business-friendly neighbors such as South Dakota.

⁴⁶ The article can be found at www.ccm.com/cire-magazine/articles/139111/2012/01/resizing-or-rightsizing.

will shrink to 100-150 square feet per job. The article suggests that some of this shift will be due to employers insisting on employees sharing space with other employees, so as to minimize the number of offices and workstations that are empty while their occupants are in out of the office or in meetings. This trend is consistent with Teknion's recent Workplace of the Future study that says almost half of those companies that were surveyed use cloud computing and 90 percent plan to invest in productivity-enhancing technologies in the next year.

While RCLCO does not expect demand for new office development, its investigation found evidence that suggests that the market has pent-up demand for upgraded, Class A office space that is built to the standards seen in major markets. A walking tour of any one of many outdated buildings followed by a tour of United Center and 4th and Jackson buildings, offers a dramatic juxtaposition between space with deteriorating interiors with aged finishes and outdated floor plans and contemporary and appealing interior designs equipped with sound- and weather-proof windows and up-to-date technology. The performance of the two well-equipped buildings, as well as the recurring comments from local business leaders who commented on the disappointing condition of most of the office in the market speaks to an unmet need in the market place for Class A office space.

RECOMMENDATIONS

- Encourage adaptive reuse of existing, under-utilized Class B and C office buildings into residential units and/or Class A office space. The current office market is overbuilt and should see a reduction in net square footage.
- Focus employer attraction efforts around industries that are sizable or growing. The industry clusters that are showing the most promising signs include tourist related, agri-business and food processing, biomedical/biotech.
- Efforts to attract large employers should target industries disproportionately represented in Des Moines, Iowa. Businesses within the Business and Financial Services cluster are the best targets. Insurance companies are especially attractive, given State legislation that is beneficial to firms in this industry, which is the driver that has caused so many large insurance companies to locate headquarters in Des Moines. Several other private industries are flourishing in Des Moines and have potential to grow in Sioux City.
- The City should nurture the continued growth and expansion of those industries that are most active in Woodbury County and Sioux City, as they are very much the anchors of the local economy

CRITICAL ASSUMPTIONS

RCLCO's conclusions are based on RCLCO's analysis of the information available from RCLCO's own sources and from the client as of the date of this report. RCLCO assumes that the information is correct, complete, and reliable.

RCLCO made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either RCLCO's control or that of the client. RCLCO analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they stand the test of time.

RCLCO assumes that the economy and real estate markets are close to bottoming out for the current cycle, and that they will grow at a stable and moderate rate starting in 2010, more or less in a straight line on average for the duration of the analysis period (to 2020 and beyond). However, history tells us that stable and moderate growth patterns are not sustainable over extended periods of time, and that the economy is cyclical and that the real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when the current economic and real estate downturns will end, and what will be the shape and pace of growth once they are recovered.

With the above in mind, RCLCO assumes that the long term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

RCLCO's analysis does not take into account the potential impact of future economic shocks on the national and/or local economy, and does not necessarily account for the potential benefits from major "booms," if and when they occur.

Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

For all the reasons outlined, RCLCO recommends the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, RCLCO assumes that once the current cycle is over, the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- The availability and cost of capital and mortgage financing for real estate developers, owners and buyers, at levels present in the market before the most recent run up (i.e., early 2000s levels).

- Competitive projects will be developed as planned (active and future) and a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned.

Should any of the above change, this analysis should probably be updated, with the conclusions reviewed accordingly (and possibly revised).

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to RCLCO's knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

RCLCO's report may contain prospective financial information, estimates, or opinions that represent RCLCO's view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by RCLCO's prospective financial analysis may vary from those described in RCLCO's report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co., LLC" or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

SUPPORTING EXHIBITS

I. SUMMARY OF CONCLUSIONS

EXHIBIT I-1

SUMMARY OF PROJECTED DEMAND DOWNTOWN SIOUX CITY

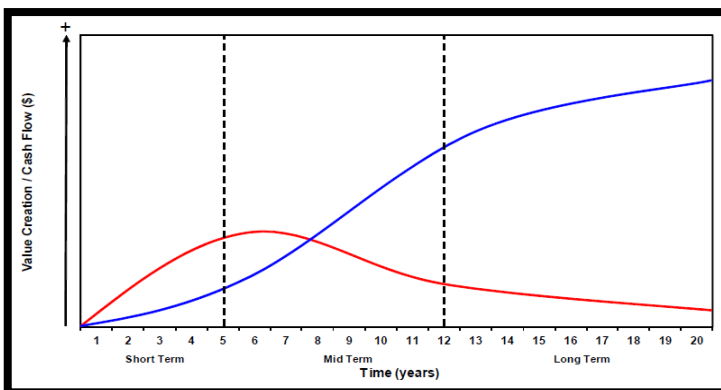
LAND-USE	CONSERVATIVE PROJECTION	AGGRESSIVE PROJECTION	NOTES
RETAIL	149,000 ft. ²		Current demand for restaurants, office supplies and furniture.
RESIDENTIAL – Current Conditions			Based on 1 and 2-person households.
<i>Market Rate Rental Apartments</i>	14	35	
<i>For-Sale Condos</i>	23	63	
RESIDENTIAL – More Family Friendly			Based on all household sizes.
<i>Market Rate Rental Apartments</i>	32	81	
<i>For-Sale Condos</i>	85	141	
OFFICE	UNDETERMINABLE		Future demand not likely to absorb all vacant space. Consider converting more office space to residential.

SOURCE: RCLCO

II. URBAN WALKABLE

EXHIBIT II-1

VALUE CREATION COMPARISON: US MIXED-USE AREAS AND SUBURBAN AREAS⁴⁷



⁴⁷ Brookings Institution

EXHIBIT II-2

EXISTING AND PREFERRED HOUSING TYPE BY US HOUSEHOLD SIZE, 2008⁴⁸

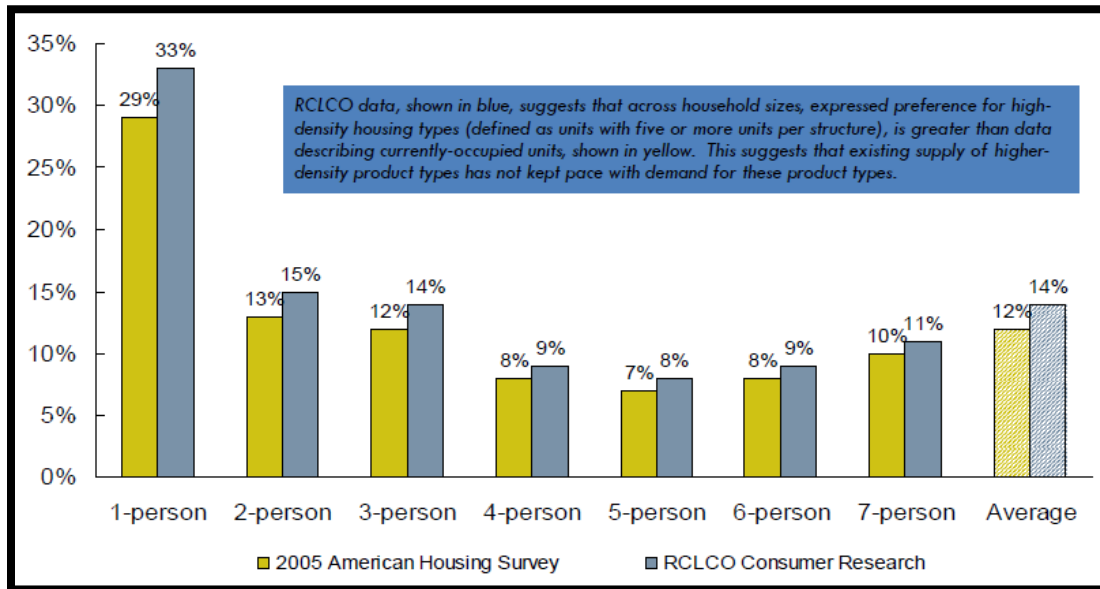
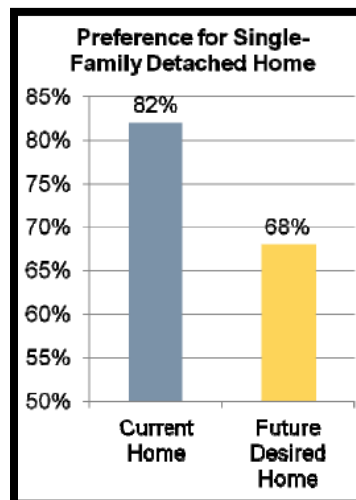
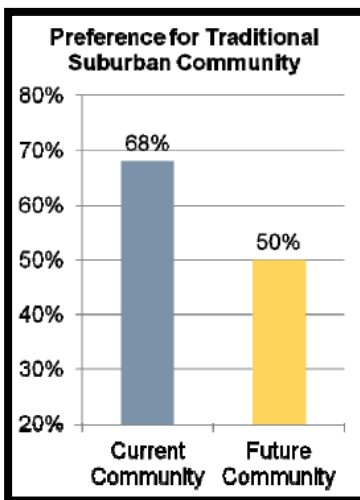


EXHIBIT II-3

US CONSUMER PREFERENCE SURVEY RESULTS, 2008

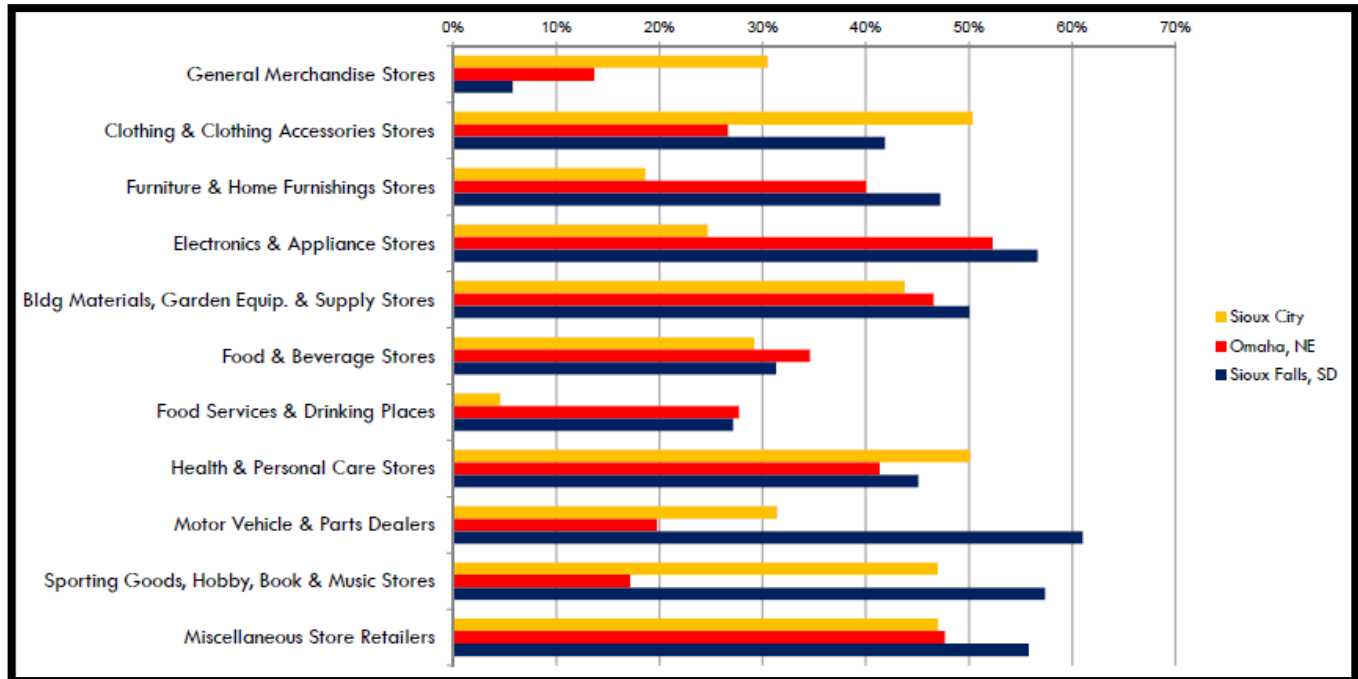


⁴⁸ RCLCO Consumer Research

III. RETAIL ANALYSIS

EXHIBIT III-1

RETAIL SURPLUS COMPARISON — SIOUX CITY, OMAHA AND SIOUX FALLS, 2010



	RETAIL SALES	RETAIL SURPLUS	SURPLUS PERCENT OF ALL SALES
Sioux City, IA	\$1,007,537,042	\$269,564,267	27%
Omaha, NE	\$5,384,051,138	\$1,528,673,667	28%
Sioux Falls, SD	\$2,718,692,736	\$1,119,286,806	41%

NOTE: Retail surplus is the total amount of retail sales in a region that is captured from surrounding areas, as calculated by subtracting the retail potential of that geography's population from reported sales for that area. This graph shows the percentage of total sales represented by the surplus for each City.

SOURCE: ESRI, Inc.; RCLCO

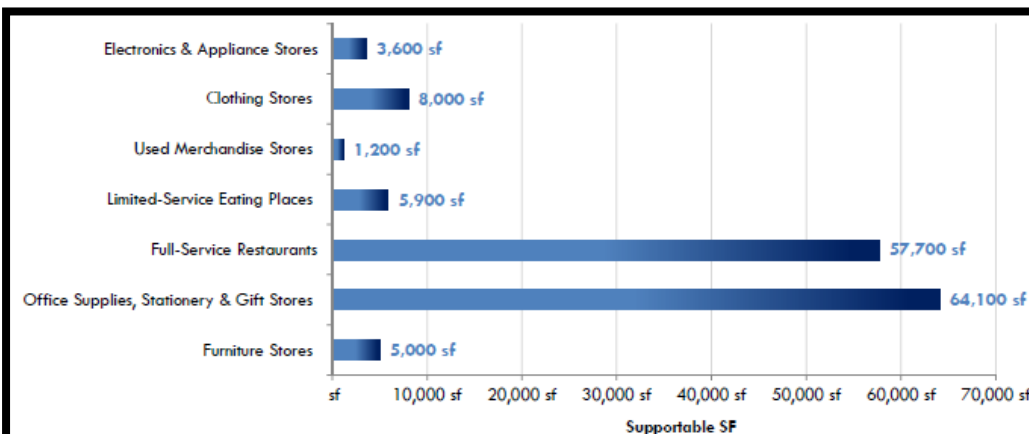
EXHIBIT III-2 RESIDENT RETAIL DEMAND VERSUS REPORTED SALES REGIONAL RETAIL MARKET AREA, 2010

RETAIL TYPE	RETAIL DEMAND POTENTIAL ¹	RETAIL SALES ¹	ESTIMATED SALES FROM VISITORS AND NON-LOCALS	ESTIMATED LEAKAGE OF SALES OUTSIDE CITY LIMITS	ESTIMATED SALES FROM VISITORS AND NON-LOCALS	ESTIMATED LEAKAGE OF SALES OUTSIDE AREA
Grocery	\$327,175,250	\$370,487,335	\$43,312,085	\$0		
Specialty Food	\$14,934,904	\$15,785,194	\$850,290	\$0		
Beer, Wine & Liquor	\$7,891,272	\$11,787,800	\$3,896,528	\$0		
Health and Personal Care	\$74,890,441	\$85,608,406	\$10,717,965	\$0		
Department Stores ²	\$193,839,462	\$236,473,381	\$42,633,919	\$0		
General Merchandise ²	\$214,026,916	\$234,245,413	\$20,218,497	\$0		
Clothing Stores	\$53,975,502	\$47,145,816	\$0	\$6,829,686		
Shoe Stores	\$6,015,837	\$8,389,230	\$2,373,393	\$0		
Jewelry Stores	\$8,903,137	\$15,122,897	\$6,219,760	\$0		
Sporting Goods/Hobbies	\$13,425,556	\$14,551,547	\$1,125,991	\$0		
Books/Music	\$7,759,721	\$6,553,921	\$0	\$1,205,800		
Home Improvement/Garden	\$88,166,796	\$81,602,170	\$0	\$6,564,626		
Electronics/Appliances	\$55,038,506	\$50,940,743	\$0	\$4,097,763		
Furniture	\$38,262,703	\$46,601,281	\$8,338,578	\$0		
Home Furnishings	\$15,510,696	\$13,181,217	\$0	\$2,329,479		
Office Supplies	\$14,515,005	\$11,299,339	\$0	\$3,215,666		
Miscellaneous Retail	\$20,361,610	\$19,344,503	\$0	\$1,017,107		
Restaurants	\$328,514,417	\$285,613,790	\$0	\$42,900,627		
TOTAL	\$1,483,200,000	\$1,554,700,000	\$139,700,000	\$68,200,000		

¹ ESRI | ² Based on ESRI's estimated expenditures by retail category | ³ Including discount department stores | Source: ESRI Business Analyst; RCLCO

EXHIBIT III-3 REGIONAL RETAIL DEMAND POTENTIAL REGIONAL RETAIL MARKET AREA, SIOUX CITY, 2010

RETAIL CATEGORY	SUPPORTABLE FT. ²	NUMBER OF STORES
Furniture Stores	5,000	0
Office Supplies, Stationery & Gift Stores	64,100	3
Full-Service Restaurants	57,700	12
Limited-Service Eating Places	5,900	6
Used Merchandise Stores	1,200	2
Clothing Stores	8,000	8
Electronics & Appliance Stores	3,600	2
TOTAL	145,500	33



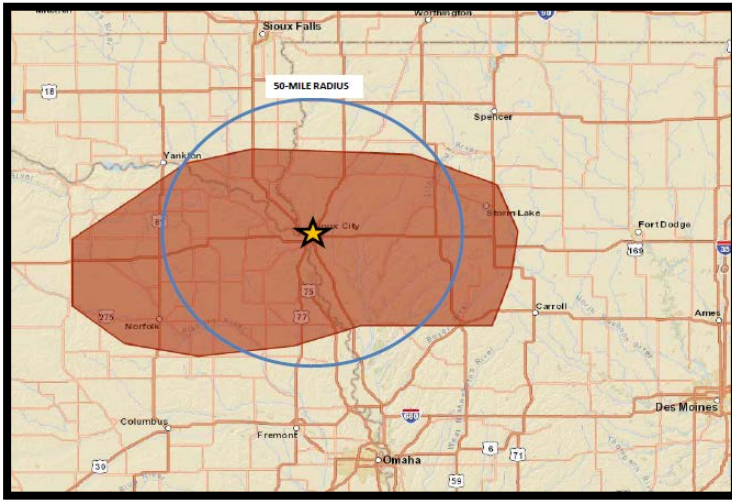
Source: ESRI Business Analyst; RCLCO

EXHIBIT III-4
REGIONAL-SERVING CENTER RETAIL DEMAND ANALYSIS
REGIONAL RETAIL MARKET AREA, SIOUX CITY

	(millions)	(millions)	GROSS RETAIL GAP / (SURPLUS) (millions)	# OF BUS.	POTENTIAL TO BE LOCATED DOWNTOWN	POTENTIAL SPENDING IN DOWNTOWN (millions)	SUBJECT SITE CAPTURE ¹	SALES/SF THRESHOLD	SF (thousands)	MIN STORE SIZE (thousands)	SUPPORTABLE STORES SF (thousands)	STORES
Mtr. Vehic. & Parts Dealers	\$514.2	\$497.1	\$17.1	352		\$8.5			3.3	0.0	0.0	0.0
Automobile Dealers	\$441.4	\$432.3	\$9.1	198	50%	\$4.6	35%	\$750	2.1	10.0	0.0	0.0
Other Motor Vehicle Dealers	\$43.6	\$27.1	\$16.5	48	50%	\$8.2	35%	\$400	7.2	10.0	0.0	0.0
Auto Part, Acc.'s & Tire Stores	\$29.2	\$37.7	(\$8.5)	106	50%	(\$4.3)	35%	\$250	-6.0	10.0	0.0	0.0
Furniture & Home Furnishings Stores	\$53.8	\$59.8	(\$6.0)	91		(\$6.0)		0	-7.0	0.0	2.7	0.0
Furniture Stores	\$38.3	\$46.6	(\$8.3)	38	100%	(\$8.3)	35%	\$300	-9.7	5.0	0.0	0.0
Home Furnishings Stores	\$15.5	\$13.2	\$2.3	53	100%	\$2.3	35%	\$300	2.7	0.6	2.7	4.5
Electronics & Appl. Stores	\$55.0	\$50.9	\$4.1	104	100%	\$4.1	35%	\$400	3.6	1.5	3.6	2.4
Bldg Materials, Garden Equip. & Supply Stores	\$88.2	\$81.6	\$6.6	231		\$3.9			4.6	0.0	0.0	0.0
Bldg Mtr'l & Supplies Dealers	\$72.9	\$63.4	\$9.5	174	60%	\$5.7	35%	\$300	6.7	70.0	0.0	0.0
Lawn & Garden Equip & Supply Stores	\$15.2	\$18.2	(\$3.0)	57	60%	(\$1.8)	35%	\$300	-2.1	3.0	0.0	0.0
Food & Beverage Stores	\$350.0	\$398.1	(\$48.1)	227		(\$48.1)			-42.1	0.0	0.0	0.0
Grocery Stores	\$327.2	\$370.5	(\$43.3)	146	100%	(\$43.3)	35%	\$400	-37.9	40.0	0.0	0.0
Specialty Food Stores	\$14.9	\$15.8	(\$0.9)	45	100%	(\$0.9)	35%	\$400	-0.7	3.0	0.0	0.0
Beer, Wine & Liquor Stores	\$7.9	\$11.8	(\$3.9)	36	100%	(\$3.9)	35%	\$400	-3.4	1.0	0.0	0.0
Health & Pers. Care Stores	\$74.9	\$85.6	(\$10.7)	140	100%	(\$10.7)	35%	\$350	-10.7	15.0	0.0	0.0
Gasoline Stations	\$497.8	\$757.1	(\$259.4)	170	100%	(\$259.4)	35%		-	0.0	0.0	0.0
Clothing & Clothing Accessories Stores	\$68.9	\$70.7	(\$1.8)	185		(\$1.8)			0.0	0.0	8.0	0.0
Clothing Stores	\$54.0	\$47.1	\$6.8	124	100%	\$6.8	35%	\$300	8.0	1.0	8.0	8.0
Shoe Stores	\$6.0	\$8.4	(\$2.4)	27	100%	(\$2.4)	35%	\$300	-2.8	0.0	0.0	0.0
Jewelry, Luggage & Leather Goods Stores	\$8.9	\$15.1	(\$6.2)	34	100%	(\$6.2)	35%	\$450	-4.8	3.0	0.0	0.0
Sporting Goods, Hobby, Book & Music Stores	\$21.2	\$21.1	\$0.1	112		(\$27.5)		\$450	-	1.0	0.0	0.0
Sporting Goods / Hobby / Musical Instr Stores	\$13.4	\$14.6	(\$1.1)	98	100%	(\$1.1)	35%	\$700	-0.6	0.5	0.0	0.0
Book, Periodical & Music Stores	\$7.8	\$6.6	\$1.2	14	100%	(\$26.4)	35%		-8.3	0.0	0.0	0.0
Gen. Merch. Stores	\$407.9	\$470.7	(\$62.9)	73		(\$15.7)		\$450	-	1.0	0.0	0.0
Dept. Stores Excl. Leased Depts.	\$193.8	\$236.5	(\$42.6)	31	25%	(\$10.7)	35%	\$450	-8.3	2.0	0.0	0.0
Oth. Gen. Merch. Stores	\$214.0	\$234.2	(\$20.2)	42	25%	(\$5.1)	35%	\$400	-4.4	10.0	0.0	0.0
Misc. Store Retailers	\$38.3	\$36.7	\$1.6	331		\$75.3			0.0	0.0	65.3	0.0
Florists	\$3.4	\$6.0	(\$2.6)	57	100%	(\$2.6)	35%	\$350	-2.6	30.0	0.0	0.0
Office Supplies, Stationery & Gift Stores	\$14.5	\$11.3	\$3.2	77	100%	\$77.0	25%	\$300	64.1	20.0	64.1	3.2
Used Merchandise Stores	\$4.6	\$3.5	\$1.0	87	100%	\$1.0	35%	\$300	1.2	0.5	1.2	2.3
Oth. Misc. Store Retailers	\$15.8	\$15.8	\$0.0	110	100%	\$0.0	35%	\$450	0.0	2.0	0.0	0.0
Nonstore Retailers	\$81.3	\$71.7	\$9.6	20		\$75.9			0.0	0.0	0.0	0.0
Electronic Shopping & Mail-Order Houses	\$41.7	\$24.7	\$17.0	4	0%	\$0.0	0%	\$200	-	1.0	0.0	0.0
Vending Machine Operators	\$6.3	\$3.4	\$2.8	7	0%	\$75.9	0%	\$100	-	-	0.0	0.0
Direct Selling Establishments	\$33.3	\$43.6	(\$10.2)	9	0%	\$0.0	0%	\$200	-	-	0.0	0.0
Food Svcs. & Drinking Places	\$328.5	\$285.6	\$42.9	767		\$43.0			69.4	0.0	69.6	19.0
Full-Service Restaurants	\$148.9	\$116.0	\$33.0	379	100%	\$33.0	35%	\$200	57.7	5.0	57.7	11.5
Limited-Service Eating Places	\$150.2	\$145.3	\$4.9	193	100%	\$5.0	35%	\$300	5.9	1.0	5.9	5.9
Special Food Services	\$10.8	\$5.6	\$5.2	20	100%	\$5.2	35%	\$300	6.1	3.5	6.1	1.7
Drinking Places - Alcoholic Beverages	\$18.6	\$18.8	(\$0.2)	175	100%	(\$0.2)	35%	\$300	-0.3	2.5	0.0	0.0
TOTAL	\$1,603.7	\$1,653.0	(\$49.2)			\$74.1		\$374	6.0		149.0	58.7

¹ Based on the following hypothetical mathematics to distribute the "leakage": 1 potential regional center at Cottle Station; 2 additional sites within the CMA with a 50-75% probability of development; 1 additional unknown source of competition. Results in 3.25 potential new centers, of which we represent 1, or 30-35%.

**EXHIBIT III-5
MAP OF PRIMARY MARKET AREA (RETAIL)**



**EXHIBIT III-6
COMPARATIVE SOCIOECONOMIC CHARACTERISTICS
10-MINUTE, 60-MINUTE AND 180-MINUTE DRIVE TIMES, 2010 – 2016**

CHARACTERISTIC	10-MINUTE DRIVE RADIUS	60-MINUTE DRIVE RADIUS	180-MINUTE DRIVE RADIUS
2010 Population	131,678	197,564	2,471,213
2011 Population	131,731	197,205	2,489,325
2016 Population	132,128	196,907	2,577,339
Pop. Growth Rate, 2010-2011	0.0%	-0.2%	0.7%
Pop. Growth Rate, 2011-2016	0.1%	0.0%	0.7%
2010 Households	49,325	74,449	972,341
2011 Households	49,343	74,299	979,466
2016 Households	49,589	74,421	1,017,771
Household Growth Rate, 2010-2011	0.0%	0.0%	0.1%
Household Growth Rate, 2011-2016	0.1%	0.0%	0.8%
2011 Household Size	2.67	2.65	2.54
2011 Per Capita Income	\$22,596	\$22,412	\$25,148
2011 Median Household Income	\$45,604	\$45,212	\$48,847
2011 Average Household Income	\$59,477	\$58,428	\$62,736

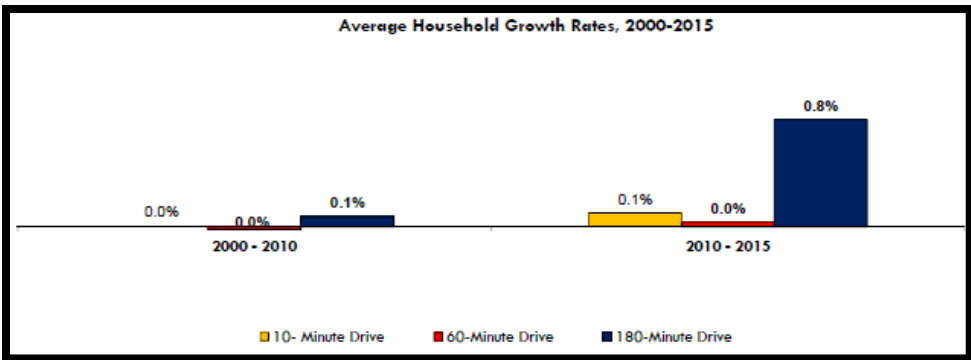
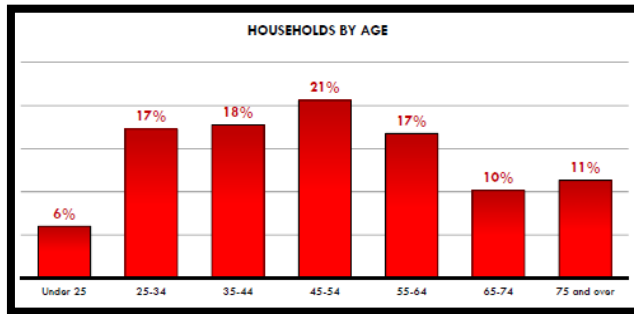
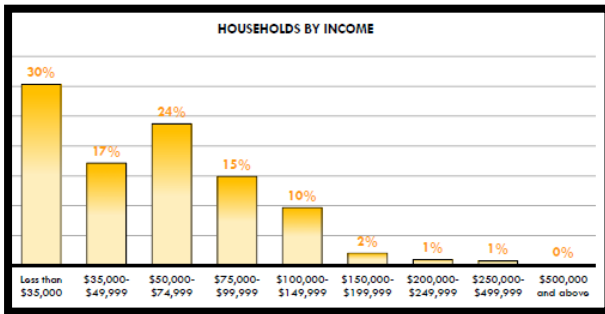


EXHIBIT III-7

HOUSEHOLDS BY AGE AND INCOME, 180-MINUTE DRIVE RADIUS, 2010

INCOME RANGE (thousands)	PROFESSIONALS												EMPTY NESTERS				RETIRES				TOTAL	
	<25		25-34		35-44		45-54		55-64		65-74		75+		TOTAL							
	TOT.	%	TOT.	%	TOT.	%	TOT.	%	TOT.	%	TOT.	%	TOT.	%	TOT.	%						
<\$25	22,968	39	26,806	16	19,433	11	20,075	10	24,083	15	26,731	27	48,363	44	188,459	19						
\$25-35	8,627	15	20,477	12	16,307	9	15,324	8	14,895	9	14,438	15	14,599	13	104,667	11						
\$35-50	10,238	18	35,339	21	29,990	17	29,150	15	27,571	17	18,256	19	15,428	14	165,972	17						
\$50-75	7,968	14	47,542	28	48,260	28	54,024	27	39,623	24	18,686	19	13,403	12	229,506	24						
\$75-100	4,563	8	23,551	14	30,554	18	40,383	20	26,503	16	9,423	10	9,490	9	144,467	15						
\$100-150	2,469	4	10,169	6	19,974	12	28,725	14	19,959	12	6,919	7	5,627	5	93,842	10						
\$150-200	912	2	1,780	1	4,087	2	5,972	3	4,438	3	1,747	2	1,553	1	20,489	2						
\$200-250	409	1	897	1	1,599	1	2,713	1	2,369	1	1,198	1	1,021	1	10,206	1						
\$250-500	116	0	464	0	1,435	1	2,556	1	2,148	1	788	1	328	0	7,835	1						
\$500+	12	0	62	0	228	0	460	0	388	0	138	0	46	0	1,334	0						
TOTAL	58,282	100	167,087	100	171,867	100	199,382	100	161,977	100	98,324	100	109,858	100	966,777	100						
% of Total	6		17		18		21		17		19		11		100							



IV. RESIDENTIAL DEMAND ANALYSIS

EXHIBIT IV-1A

FOR-SALE DEMAND SUMMARY FOR 1- AND 2- PERSON HOUSEHOLDS ONLY, MARKET AREA, MARCH 2012

INCOME RANGE	PRICE RANGE	DEMAND FROM EXISTING HHs	DEMAND FROM NEW HHs	TOTAL FOR-SALE DEMAND
\$35,000 - \$50,000	\$135,000 - \$192,000	177	31	208
\$50,000 - \$75,000	\$192,000 - \$288,000	127	31	158
\$75,000 - \$100,000	\$288,000 - \$384,000	87	18	105
\$100,000 - \$150,000	\$384,000 - \$576,000	115	18	132
\$150,000+	\$576,000+	0	9	9
TOTAL		505	107	613

MULTIFAMILY CONDOMINIUMS

INCOME RANGE	CONSERVATIVE		AGGRESSIVE		BREAKDOWN BY PRICE
	CONDOS AS % OF NEW	TOTAL CONDO DEMAND	CONDOS AS % OF NEW	TOTAL CONDO DEMAND	
\$35,000 - \$50,000	2%	3	5%	10	17%
\$50,000 - \$75,000	5%	5	10%	16	25%
\$75,000 - \$100,000	10%	13	15%	16	25%
\$100,000 - \$150,000	10%	1	15%	20	32%
\$150,000+	0%	0	10%	1	1%
TOTAL		23		63	
TOTAL ANNUAL DEMAND RANGE		23		63	

EXHIBIT IV-1B

FOR-SALE DEMAND SUMMARY – ALL HOUSEHOLDS, MARKET AREA, MARCH 2012

INCOME RANGE	PRICE RANGE	DEMAND FROM EXISTING HHs	DEMAND FROM NEW HHs	TOTAL FOR-SALE DEMAND
\$35,000 - \$50,000	\$135,000 - \$192,000	219	31	250
\$50,000 - \$75,000	\$192,000 - \$288,000	275	31	307
\$75,000 - \$100,000	\$288,000 - \$384,000	372	18	390
\$100,000 - \$150,000	\$384,000 - \$576,000	240	18	258
\$150,000+	\$576,000+	0	9	9
TOTAL		1,107	107	1,215

INCOME RANGE	CONSERVATIVE		AGGRESSIVE	
	CONDOS AS % OF NEW	TOTAL CONDO DEMAND	CONDOS AS % OF NEW	TOTAL CONDO DEMAND
<\$35,000	2%	5	5%	13
\$35,000 - \$50,000	5%	15	10%	31
\$50,000 - \$75,000	10%	39	15%	59
\$75,000 - \$100,000	10%	26	15%	39
\$100,000 - \$150,000	0%	0	10%	1
TOTAL		85		143
TOTAL ANNUAL DEMAND RANGE		85		143

EXHIBIT IV-1C

ANN. FOR-SALE RESIDENTIAL DEMAND FOR 1- AND 2- PERSON HOUSEHOLDS ONLY, MARKET AREA, 2011 – 2016

Age & Income (thousands)	Affordable Home Price ¹	Total HHs ²	%	DEMAND FROM EXISTING HOUSEHOLDS										DEMAND FROM NEW HOUSEHOLDS						
				% Renters ³	% of Renters in Turn-over ³	% HH Size Qualified (1-2 Persons)	% of Renters in Turn-over Remain-ing Renters ⁴	Demand from Existing Renters	% Owners ³	% of Owners in Turn-over	% of Owners in Turn-over Be-coming Renters ⁴	Total De-mand from Own-ers	Total De-mand from Exist-ing HHs	New HHs ⁵	% Rent-ers	Total De-mand from New HHs	Total Rental De-mand			
25 - 34		6,737															-67			
<\$35	<\$525	1,778	26%	76%	56%	46%	95%	328	24%	61%	50%	134	462	-18	76%	-7	454			
\$35-50	\$525-750	1,341	20%	54%	88%	39%	95%	238	46%	30%	50%	92	330	-13	54%	-6	324			
\$50-75	\$750-1,125	1,879	28%	35%	49%	0%	85%	0	65%	15%	30%	54	54	-19	35%	-3	51			
\$75-100	\$1,125-1,500	1,125	17%	16%	0%	100%	65%	0	84%	20%	15%	28	28	-11	16%	0	28			
\$100-150	\$1,500-2,250	470	7%	43%	0%	0%	35%	0	57%	51%	0%	14	14	-5	43%	0	14			
\$150+	\$2,250+	143	2%	0%	0%	0%	20%	0	100%	0%	0%	0	0	-1	0%	0	0			
35 - 54		14,456															-160			
<\$35	<\$525	3,263	23%	55%	37%	70%	95%	450	45%	1%	50%	10	461	-36	55%	-7	454			
\$35-50	\$525-750	2,649	18%	38%	24%	0%	95%	0	62%	3%	50%	25	25	-29	38%	-3	22			
\$50-75	\$750-1,125	3,740	26%	9%	0%	0%	85%	0	91%	1%	30%	14	14	-41	9%	0	14			
\$75-100	\$1,125-1,500	2,540	18%	12%	0%	0%	65%	0	88%	9%	15%	30	30	-28	12%	0	30			
\$100-150	\$1,500-2,250	1,732	12%	7%	0%	0%	35%	0	93%	5%	10%	8	8	-19	7%	0	8			
\$150+	\$2,250+	532	4%	0%	0%	0%	20%	0	100%	0%	0%	0	0	-6	0%	0	0			
55-64		6,270															75			
<\$35	<\$525	1,674	27%	40%	22%	100%	95%	136	60%	0%	50%	0	136	20	40%	8	144			
\$35-50	\$525-750	995	16%	24%	19%	17%	95%	7	76%	0%	50%	0	7	12	24%	3	10			
\$50-75	\$750-1,125	1,453	23%	10%	22%	100%	85%	26	90%	2%	30%	9	35	17	10%	2	37			
\$75-100	\$1,125-1,500	1,083	17%	21%	0%	0%	65%	0	79%	0%	15%	0	0	13	21%	3	3			
\$100-150	\$1,500-2,250	725	12%	0%	0%	0%	35%	0	100%	7%	10%	5	5	9	0%	0	5			
\$150+	\$2,250+	338	5%	0%	0%	0%	20%	0	100%	0%	0%	0	0	4	0%	0	0			
65+		7,905															141			
<\$35	<\$525	3,847	49%	36%	5%	100%	95%	70	64%	2%	50%	20	90	69	36%	24	114			
\$35-50	\$525-750	1,426	18%	10%	39%	100%	95%	50	90%	8%	50%	54	104	25	10%	2	107			
\$50-75	\$750-1,125	993	13%	4%	0%	0%	85%	0	96%	6%	45%	28	28	18	4%	1	29			
\$75-100	\$1,125-1,500	734	9%	10%	0%	0%	65%	0	90%	8%	50%	25	25	13	10%	1	26			
\$100-150	\$1,500-2,250	613	8%	0%	0%	0%	35%	0	100%	0%	75%	0	0	11	0%	0	0			
\$150+	\$2,250+	292	4%	0%	0%	0%	20%	0	100%	0%	0%	0	0	5	0%	0	0			
								1,306					1,855							

SUMMARY OF DEMAND BY AGE GROUP																
25 - 34	6,737	19%	46%	55%		93%	1,601	54%	26%	34%	322	1,923	-67	46%	-16	871
35 - 54	14,456	41%	25%	26%		95%	873	75%	4%	22%	86	960	-160	25%	-10	527
55-64	6,270	18%	20%	17%		94%	205	80%	2%	18%	14	220	75	20%	15	199
65+	7,905	22%	20%	8%		94%	118	80%	4%	49%	127	245	141	20%	29	276
TOTAL	35,367						2,798				549	3,347	-10		19	1,873

SUMMARY OF DEMAND BY AGE GROUP																
<\$35	<\$525	10,561	30%	49%	32%	63%	95%	984	51%	6%	50%	164	1,148	-14	18	1,166
\$35-50	\$525-750	6,411	18%	33%	47%	32%	95%	296	67%	8%	50%	170	467	-10	-3	463
\$50-75	\$750-1,125	8,066	23%	15%	30%	9%	85%	27	85%	5%	33%	105	132	-25	0	131
\$75-100	\$1,125-1,500	5,483	16%	15%	0%	0%	0%	0	85%	9%	19%	83	83	-13	4	87
\$100-150	\$1,500-2,250	3,540	10%	9%	0%	0%	0%	0	91%	8%	10%	27	27	-4	0	27
\$150+	\$2,250+	1,306	4%	0%	0%	0%	0%	0	100%	0%	10%	0	0	2	0	0
TOTAL		35,367						1,307				549	1,856	-64	19	1,875

¹ Assumes a 5% interest rate and 25% of income available for home payment

² ESRI 2010 estimates for the Primary Market Area

³ US Census Bureau; American Community Survey 2008 – 2010 PUMS data

⁴ RCLCO estimates based on experience in other markets and the 2008 American Housing Survey

⁵ RCLCO estimates based on ESRI growth projections for the PMA from 2011 – 2016

EXHIBIT IV-1D

ANNUAL FOR-SALE RESIDENTIAL DEMAND – ALL HOUSEHOLDS, MARKET AREA, 2011 – 2016

Age & Income (thousands)	Affordable Home Price ¹	Total HHs ²	%	DEMAND FROM EXISTING HOUSEHOLDS										DEMAND FROM NEW HOUSEHOLDS					
				% Renters ³	% of Renters in Turn-over ³	% HH Size Qualified (1-2 Persons)	% of Renters in Turn-over Remain-ing Renters ⁴	Demand from Existing Renters	% Owners ³	% of Owners in Turn-over	% of Owners in Turn-over Be-coming Renters ⁴	Total De-mand from Own-ers	Total De-mand from Exist-ing HHs	New HHs ⁵	% Rent-ers	Total De-mand from New HHs	Total Rental De-mand		
25 - 34		6,737																-67	
<\$35	<\$525	1,778	26%	76%	56%	100%	95%	720	24%	61%	50%	134	854	-18	76%	-7	847		
\$35-50	\$525-750	1,341	20%	54%	88%	100%	95%	608	46%	30%	50%	92	700	-13	54%	-6	694		
\$50-75	\$750-1,125	1,879	28%	35%	49%	100%	85%	273	65%	15%	30%	54	327	-19	35%	-3	324		
\$75-100	\$1,125-1,500	1,125	17%	16%	0%	100%	65%	0	84%	20%	15%	28	28	-11	16%	0	28		
\$100-150	\$1,500-2,250	470	7%	43%	0%	100%	35%	0	57%	51%	10%	14	14	-5	43%	0	14		
\$150+	\$2,250+	143	2%	0%	0%	100%	20%	0	100%	0%	0%	0	0	-1	0%	0	0		
35 - 54		14,456																-160	
<\$35	<\$525	3,263	23%	55%	37%	100%	95%	640	45%	1%	50%	10	650	-36	55%	-7	643		
\$35-50	\$525-750	2,649	18%	38%	24%	100%	95%	234	62%	3%	50%	25	258	-29	38%	-3	256		
\$50-75	\$750-1,125	3,740	26%	9%	0%	100%	85%	0	91%	1%	30%	14	14	-41	9%	0	14		
\$75-100	\$1,125-1,500	2,540	18%	12%	0%	100%	65%	0	88%	9%	15%	30	30	-28	12%	0	30		
\$100-150	\$1,500-2,250	1,732	12%	7%	0%	100%	35%	0	93%	5%	10%	8	8	-19	7%	0	8		
\$150+	\$2,250+	532	4%	0%	0%	100%	20%	0	100%	0%	0%	0	0	-6	0%	0	0		
55-64		6,270																75	
<\$35	<\$525	1,674	27%	40%	22%	100%	95%	136	60%	0%	50%	0	136	20	40%	8	144		
\$35-50	\$525-750	995	16%	24%	19%	100%	95%	43	76%	0%	50%	0	43	12	24%	3	46		
\$50-75	\$750-1,125	1,453	23%	10%	22%	100%	85%	26	90%	2%	30%	9	35	17	10%	2	37		
\$75-100	\$1,125-1,500	1,083	17%	21%	0%	100%	65%	0	79%	0%	15%	0	0	13	21%	3	3		
\$100-150	\$1,500-2,250	725	12%	0%	0%	100%	35%	0	100%	7%	10%	5	5	9	0%	0	5		
\$150+	\$2,250+	338	5%	0%	0%	100%	20%	0	100%	0%	0%	0	0	4	0%	0	0		
65+		7,905																141	
<\$35	<\$525	3,847	49%	36%	5%	100%	95%	70	64%	2%	50%	20	90	69	36%	24	114		
\$35-50	\$525-750	1,426	18%	10%	39%	100%	95%	50	90%	8%	50%	54	104	25	10%	2	107		
\$50-75	\$750-1,125	993	13%	4%	0%	100%	85%	0	96%	6%	45%	28	28	18	4%	1	29		
\$75-100	\$1,125-1,500	734	9%	10%	0%	100%	65%	0	90%	8%	50%	25	25	13	10%	1	26		
\$100-150	\$1,500-2,250	613	8%	0%	0%	100%	35%	0	100%	0%	75%	0	0	11	0%	0	0		
\$150+	\$2,250+	292	4%	0%	0%	100%	20%	0	100%	0%	0%	0	0	5	0%	0	0		
								2,800					3,349						

SUMMARY OF DEMAND BY AGE GROUP																
25 - 34	6,737	19%	46%	55%		93%	1,601	54%	26%	34%	322	1,923	-67	46%	-16	1,907
35 - 54	14,456	41%	25%	26%		95%	873	75%	4%	22%	86	960	-160	25%	-10	950
55-64	6,270	18%	20%	17%		94%	205	80%	2%	18%	14	220	75	20%	15	235
65+	7,905	22%	20%	8%		94%	118	80%	4%	49%	127	245	141	20%	29	276
TOTAL	35,367						2,798				549	3,347	-10		19	3,367

SUMMARY OF DEMAND BY AGE GROUP																
<\$35	<\$525	10,561	30%	49%	32%	100%	95%	1,566	51%	6%	50%	164	1,730	-14	18	1,748
\$35-50	\$525-750	6,411	18%	33%	47%	100%	95%	935	67%	8%	50%	170	1,105	-10	-3	1,102
\$50-75	\$750-1,125	8,066	23%	15%	30%	100%	85%	299	85%	5%	33%	105	404	-25	0	403
\$75-100	\$1,125-1,500	5,483	16%	15%	0%	100%	0%	0	85%	9%	19%	83	83	-13	4	87
\$100-150	\$1,500-2,250	3,540	10%	9%	0%	100%	0%	0	91%	8%	10%	27	27	-4	0	27
\$150+	\$2,250+	1,306	4%	0%	0%	100%	0%	0	100%	0%	10%	0	0	2	0	0
TOTAL		35,367						2,800				549	3,349	-64	19	3,367

¹ Assumes a 5% interest rate and 25% of income available for home payment

² ESRI 2010 estimates for the Primary Market Area

³ US Census Bureau; American Community Survey 2008 – 2010 PUMS data

⁴ RCLCO estimates based on experience in other markets and the 2008 American Housing Survey

⁵ RCLCO estimates based on ESRI growth projections for the PMA from 2011 – 2016

EXHIBIT IV-2A
STRUCTURAL APARTMENT DEMAND SUMMARY
(1- AND 2- PERSON HOUSEHOLDS ONLY), MARKET AREA, MARCH 2012

INCOME RANGE	PRICE RANGE	DEMAND FROM EXISTING HHs	DEMAND FROM NEW HHs	TOTAL RENTAL DEMAND
\$35,000 - \$50,000	\$525 - \$750	467	-3	463
\$50,000 - \$75,000	\$750 - \$1,125	132	0	131
\$75,000 - \$100,000	\$1,125 - \$1,500	83	4	87
\$100,000 - \$150,000	\$1,500 - \$2,250	27	0	27
\$150,000+	\$2,250+	0	0	0
TOTAL		708	0	708

RENTAL APARTMENTS

INCOME RANGE	PRICE RANGE	DOWNTOWN CAPTURE	SUBJECT SITE DEMAND	DOWNTOWN CAPTURE	SUBJECT SITE DEMAND
\$35,000 - \$50,000	\$525 - \$750	2%	9	5%	23
\$50,000 - \$75,000	\$750 - \$1,125	2%	3	5%	7
\$75,000 - \$100,000	\$1,125 - \$1,500	2%	2	5%	4
\$100,000 - \$150,000	\$1,500 - \$2,250	2%	1	5%	1
\$150,000+	\$2,250+	2%	0	5%	0
TOTAL ANNUAL DEMAND - MARKET RATE		CONSERVATIVE	14	AGGRESSIVE	35

EXHIBIT IV-2B
STRUCTURAL APARTMENT DEMAND SUMMARY (ALL HOUSEHOLDS), MARKET AREA,
MARCH 2012

INCOME RANGE	PRICE RANGE	DEMAND FROM EXISTING HHs	DEMAND FROM NEW HHs	TOTAL RENTAL DEMAND
<\$35,000	<\$525	1,730	18	1,748
\$35,000 - \$50,000	\$525 - \$750	1,105	-3	1,102
\$50,000 - \$75,000	\$750 - \$1,125	404	0	403
\$75,000 - \$100,000	\$1,125 - \$1,500	83	4	87
\$100,000 - \$150,000	\$1,500 - \$2,250	27	0	27
\$150,000+	\$2,250+	0	0	0
TOTAL		3,349	19	3,367

RENTAL APARTMENTS

INCOME RANGE	PRICE RANGE	DOWNTOWN CAPTURE	SUBJECT SITE DEMAND	DOWNTOWN CAPTURE	SUBJECT SITE DEMAND
<\$35,000	<\$525	0%	0	0%	0
\$35,000 - \$50,000	\$525 - \$750	2%	22	5%	55
\$50,000 - \$75,000	\$750 - \$1,125	2%	8	5%	20
\$75,000 - \$100,000	\$1,125 - \$1,500	2%	2	5%	4
\$100,000 - \$150,000	\$1,500 - \$2,250	2%	1	5%	1
\$150,000+	\$2,250+	2%	0	5%	0
TOTAL ANNUAL DEMAND - MARKET RATE		CONSERVATIVE	32	AGGRESSIVE	81

EXHIBIT IV-2C

ANN. FOR-RENT RESIDENTIAL DEMAND FOR 1- AND 2- PERSON HOUSEHOLDS ONLY, MARKET AREA, 2011 – 2016

AGE AND INCOME	AFFORDABLE HOME PRICE ¹	TOTAL HHs ²	%	% RENTERS ³	% OF RENTERS IN TURNOVER ⁴	% HH SIZE QUALIFIED (1-2 PERSONS)	DEMAND FROM EXISTING HOUSEHOLDS						DEMAND FROM NEW HOUSEHOLDS						
							% OF RENTERS IN TURNOVER REAMAINING RENTERS ⁴	DEMAND FROM EXISTING RENTERS	% OWNERS ¹	% of Owners in Turnover	% OF OWNERS IN TURNOVER BECOMING RENTERS ⁴	TOTAL DEMAND FROM OWNERS	TOTAL DEMAND FROM EXISTING HHs	NEW HHs ⁵	% RENTERS	TOTAL DEMAND FROM NEW HHs	TOTAL RENTAL DEMAND		
25 - 34		6,737																	
UNDER \$35,000	UNDER \$525	1,778	26%	76%	56%	46%	95%	328	24%	61%	50%	134	462	-67	-18	76%	-7	454	
\$35,000 - \$50,000	\$525 - \$750	1,341	20%	54%	88%	39%	95%	238	46%	30%	50%	92	330	-13	54%	-6	324		
\$50,000 - \$75,000	\$750 - \$1,125	1,879	28%	35%	49%	0%	85%	0	65%	15%	30%	54	54	-19	35%	-3	51		
\$75,000 - \$100,000	\$1,125 - \$1,500	1,125	17%	16%	0%	100%	65%	0	84%	20%	15%	28	28	-11	16%	0	28		
\$100,000 - \$150,000	\$1,500 - \$2,250	470	7%	43%	0%	0%	35%	0	57%	51%	10%	14	14	-5	43%	0	14		
\$150,000 - AND OVER	\$2,250 - AND OVER	143	2%	0%	0%	0%	20%	0	100%	0%	0%	0	0	-1	0%	0	0		
35 - 54		14,456																	
UNDER \$35,000	UNDER \$525	3,263	23%	55%	37%	70%	95%	450	45%	1%	50%	10	461	-36	55%	-7	454		
\$35,000 - \$50,000	\$525 - \$750	2,649	18%	38%	24%	0%	95%	0	62%	3%	50%	25	25	-29	38%	-3	22		
\$50,000 - \$75,000	\$750 - \$1,125	3,740	26%	9%	0%	0%	85%	0	91%	1%	30%	14	14	-41	9%	0	14		
\$75,000 - \$100,000	\$1,125 - \$1,500	2,540	18%	12%	0%	0%	65%	0	88%	9%	15%	30	30	-28	12%	0	30		
\$100,000 - \$150,000	\$1,500 - \$2,250	1,732	12%	7%	0%	0%	35%	0	93%	5%	10%	8	8	-19	7%	0	8		
\$150,000 - AND OVER	\$2,250 - AND OVER	532	4%	0%	0%	0%	20%	0	100%	0%	0%	0	0	-6	0%	0	0		
55 - 64		6,270																	
UNDER \$35,000	UNDER \$525	1,674	27%	40%	22%	100%	95%	136	60%	0%	50%	0	136	20	40%	8	144		
\$35,000 - \$50,000	\$525 - \$750	995	16%	24%	19%	17%	95%	7	76%	0%	50%	0	7	12	24%	3	10		
\$50,000 - \$75,000	\$750 - \$1,125	1,453	23%	10%	22%	100%	85%	26	90%	2%	30%	9	35	17	10%	2	37		
\$75,000 - \$100,000	\$1,125 - \$1,500	1,083	17%	21%	0%	0%	65%	0	79%	0%	15%	0	0	13	21%	3	3		
\$100,000 - \$150,000	\$1,500 - \$2,250	725	12%	0%	0%	0%	35%	0	100%	7%	10%	5	5	9	0%	0	5		
\$150,000 - AND OVER	\$2,250 - AND OVER	338	5%	0%	0%	0%	20%	0	100%	0%	0%	0	0	4	0%	0	0		
65+		7,905																	
UNDER \$35,000	UNDER \$525	3,847	49%	36%	5%	100%	95%	70	64%	2%	50%	20	90	69	36%	24	114		
\$35,000 - \$50,000	\$525 - \$750	1,426	18%	10%	39%	100%	95%	50	90%	8%	50%	54	104	25	10%	2	107		
\$50,000 - \$75,000	\$750 - \$1,125	993	13%	4%	0%	0%	85%	0	96%	6%	45%	28	28	18	4%	1	29		
\$75,000 - \$100,000	\$1,125 - \$1,500	734	9%	10%	0%	0%	65%	0	90%	8%	50%	25	25	13	10%	1	26		
\$100,000 - \$150,000	\$1,500 - \$2,250	613	8%	0%	0%	0%	35%	0	100%	0%	75%	0	0	11	0%	0	0		
\$150,000 - AND OVER	\$2,250 - AND OVER	292	4%	0%	0%	0%	20%	0	100%	0%	0%	0	0	5	0%	0	0		
								1,306					1,855						
SUMMARY OF DEMAND BY AGE GROUP																			
25 - 34		6,737	19%	46%	55%	93%	1,601	54%	26%	34%	322	1,923	-67	46%	-16	871			
35 - 54		14,456	41%	25%	26%	95%	873	75%	4%	22%	86	960	-160	25%	-10	527			
55 - 64		6,270	18%	20%	17%	94%	205	80%	2%	18%	14	220	75	20%	15	199			
65 - AND OVER		7,905	22%	20%	8%	94%	118	80%	4%	49%	127	245	141	20%	29	276			
TOTAL		35,367					2,798				549	3,347	-10		19	1,875			
SUMMARY OF DEMAND BY INCOME AND PRICE BAND																			
UNDER \$35,000	UNDER \$525	10,561	30%	49%	32%	63%	95%	984	51%	6%	50%	164	1,148	-14	18	1,166			
\$35,000 - \$50,000	\$525 - \$750	6,411	18%	33%	47%	32%	95%	296	67%	8%	50%	170	467	-10	-3	463			
\$50,000 - \$75,000	\$750 - \$1,125	8,066	23%	15%	30%	9%	85%	27	85%	5%	33%	105	132	-25	0	131			
\$75,000 - \$100,000	\$1,125 - \$1,500	5,483	16%	15%	0%	0%	0%	0	85%	9%	19%	83	83	-13	4	87			
\$100,000 - \$150,000	\$1,500 - \$2,250	3,540	10%	9%	0%	0%	0%	0	91%	8%	10%	27	27	-4	0	27			
\$150,000 - AND OVER	\$2,250 - AND OVER	1,306	4%	0%	0%	0%	0%	0	100%	0%	10%	0	0	2	0	0			
TOTAL		35,367					1,307				549	1,856	-64		19	1,875			

V. OFFICE ANALYSIS

EXHIBIT V-1

EMPLOYMENT BY INDUSTRY CLUSTER, WOODBURY & POLK COUNTY, 2000 – 2010

WOODBURY COUNTY (SIOUX CITY IS LARGEST CITY IN COUNTY)

INDUSTRY CLUSTER	YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Advanced Materials	391	292	624	752	521	541	538	400	475	491
Agribusiness, Food Processing & Tech.	4,781	4,467	4,521	4,394	4,771	4,687	4,557	4,857	4,782	4,092
Arts, Entertainment, Rec. & Visitor Ind.'s	2,405	2,593	1,984	1,900	1,732	1,648	1,745	1,628	1,678	1,761
Biomedical/Biotech. (Life Sciences)	6,662	7,065	5,655	5,588	5,804	5,751	5,790	5,494	5,635	5,608
Business & Financial Services	1,812	1,644	1,799	1,718	1,666	1,860	1,948	1,851	1,880	1,823
Chemicals & Chem.-Based Products	872	795	695	663	502	455	469	489	471	467
Defense & Security	1,033	962	1,043	1,042	1,161	1,208	1,251	1,227	1,257	1,145
Education & Knowledge Creation	1,529	1,455	1,240	1,207	1,354	1,242	1,411	1,506	1,418	1,401
Energy (Fossil & Renewable)	1,229	1,116	1,737	1,652	1,403	1,236	1,473	1,380	1,295	1,266
IT & Telecommunications	653	314	476	378	299	446	617	446	495	494
Transportation & Logistics	1,680	1,246	1,578	1,512	1,468	1,652	1,503	1,543	1,530	1,621
Manufacturing Supercluster	1,416	1,093	1,185	1,133	1,265	1,248	1,168	1,135	1,039	964
Printing & Publishing	537	474	390	425	440	346	327	413	358	352

WOODBURY COUNTY (SIOUX CITY IS LARGEST CITY IN COUNTY)

INDUSTRY CLUSTER	YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Advanced Materials	3,345	3,326	2,749	3,024	3,024	2,828	2,814	2,629	2,486	2,622
Agribusiness, Food Processing & Technology	1,047	1,064	1,036	1,028	1,036	1,215	1,172	1,086	1,048	1,001
Arts, Entertainment, Rec. & Visitor Industries	9,158	8,935	8,586	8,601	9,096	9,548	9,574	9,908	9,507	9,054
Biomedical/Biotechnical (Life Sciences)	21,629	19,925	20,508	19,791	19,547	20,419	21,079	21,476	21,377	22,512
Business & Financial Services	48,033	48,267	48,833	47,286	47,669	48,852	50,472	50,429	47,187	46,295
Chemicals & Chemical -Based Products	4,236	4,501	4,212	4,492	4,291	4,221	3,962	3,927	3,707	3,577
Defense & Security	8,563	8,331	8,926	9,348	9,657	9,809	10,594	10,863	10,783	10,220
Education & Knowledge Creation	6,645	6,853	6,382	6,961	7,984	8,368	9,525	9,261	8,573	8,793
Energy (Fossil & Renewable)	167	138	105	99	177	131	114	76	63	64
IT & Telecommunications	8,751	8,296	8,658	8,380	8,228	8,337	8,165	8,015	8,033	7,601
Transportation & Logistics	8,148	7,952	7,937	7,995	8,007	8,315	8,368	8,278	7,366	7,348
Manufacturing Supercluster	241	267	221	245	258	112	132	106	124	97
Printing & Publishing	7,290	6,218	6,208	6,328	6,318	6,649	6,905	6,900	5,983	5,597

EXHIBIT V-2A

INDUSTRY CLUSTER SHARE OF ECONOMY, WOODBURY AND POLK COUNTY, 2010

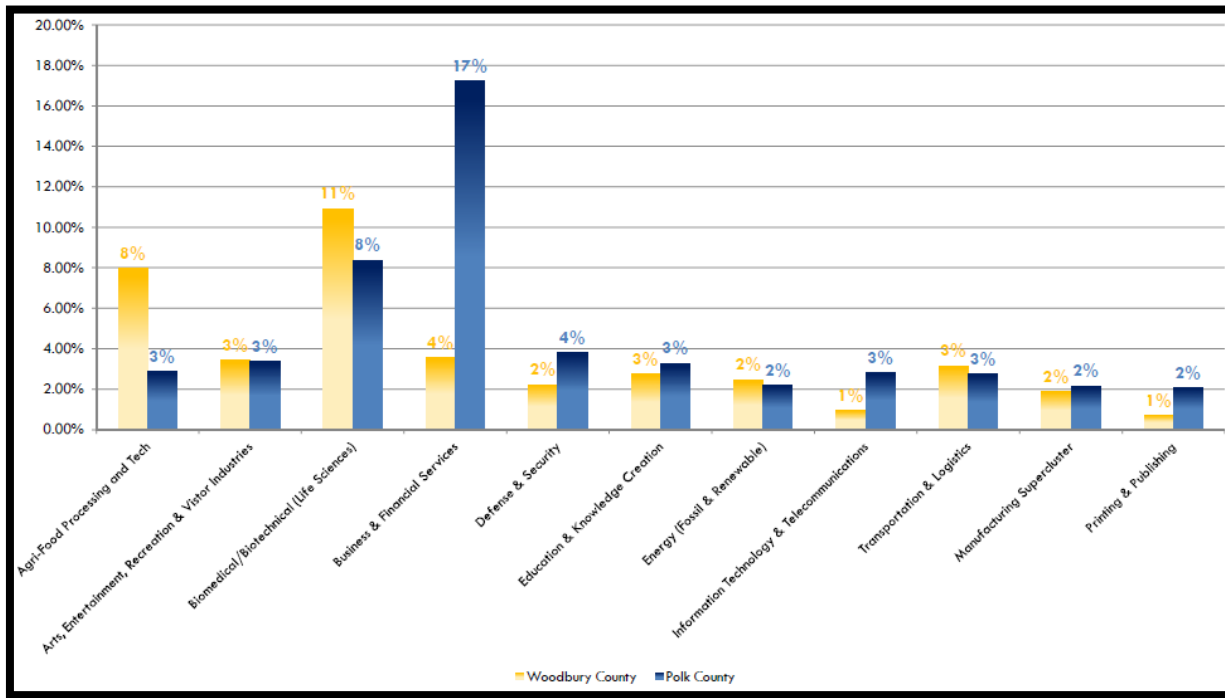


EXHIBIT V-2B

SELECT INDUSTRY CLUSTER LOCATION QUOTIENTS, WOODBURY & POLK CO., 2010

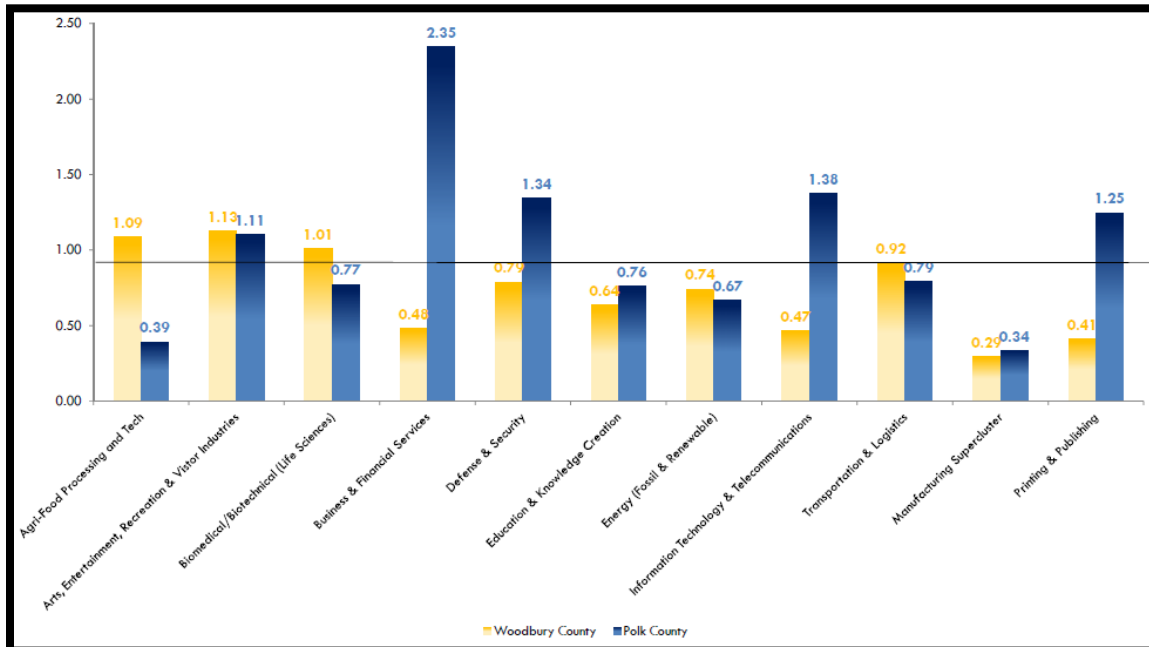


EXHIBIT V-3A

LOCATION QUOTIENT VS PERCENTAGE GROWTH, WOODBURY CO., 2003 – 2008

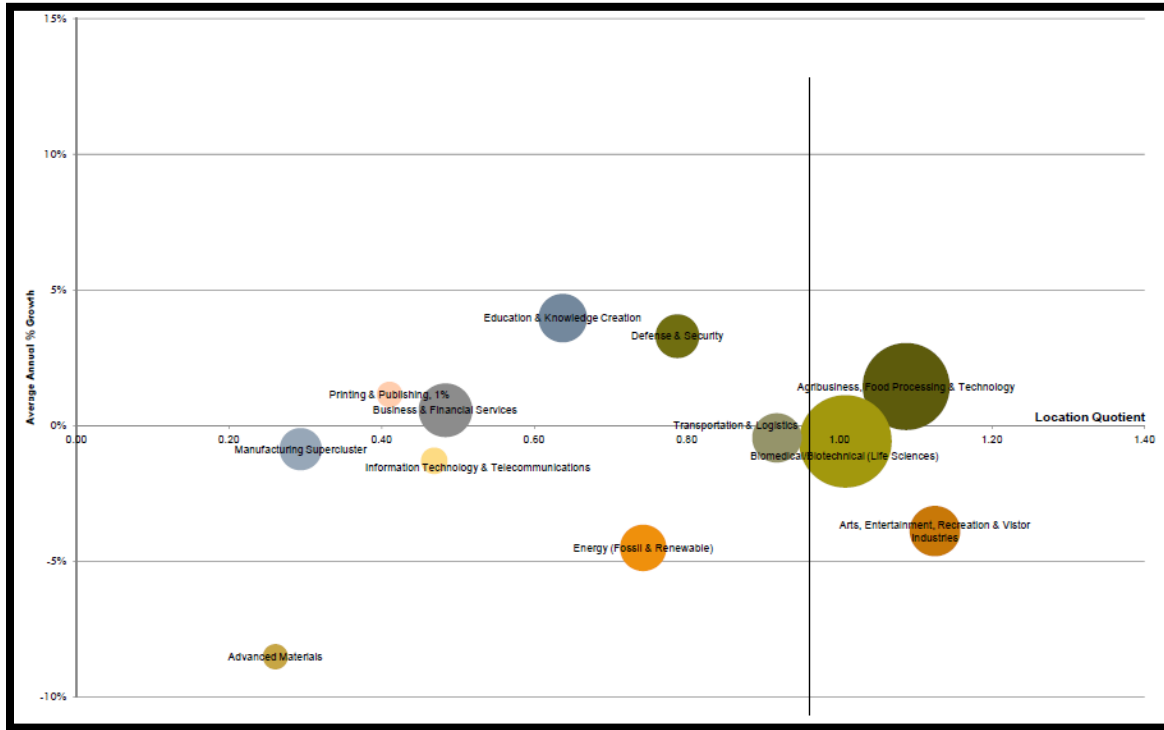


EXHIBIT V-3B

LOCATION QUOTIENT VS PERCENTAGE GROWTH, POLK CO., 2003 – 2008

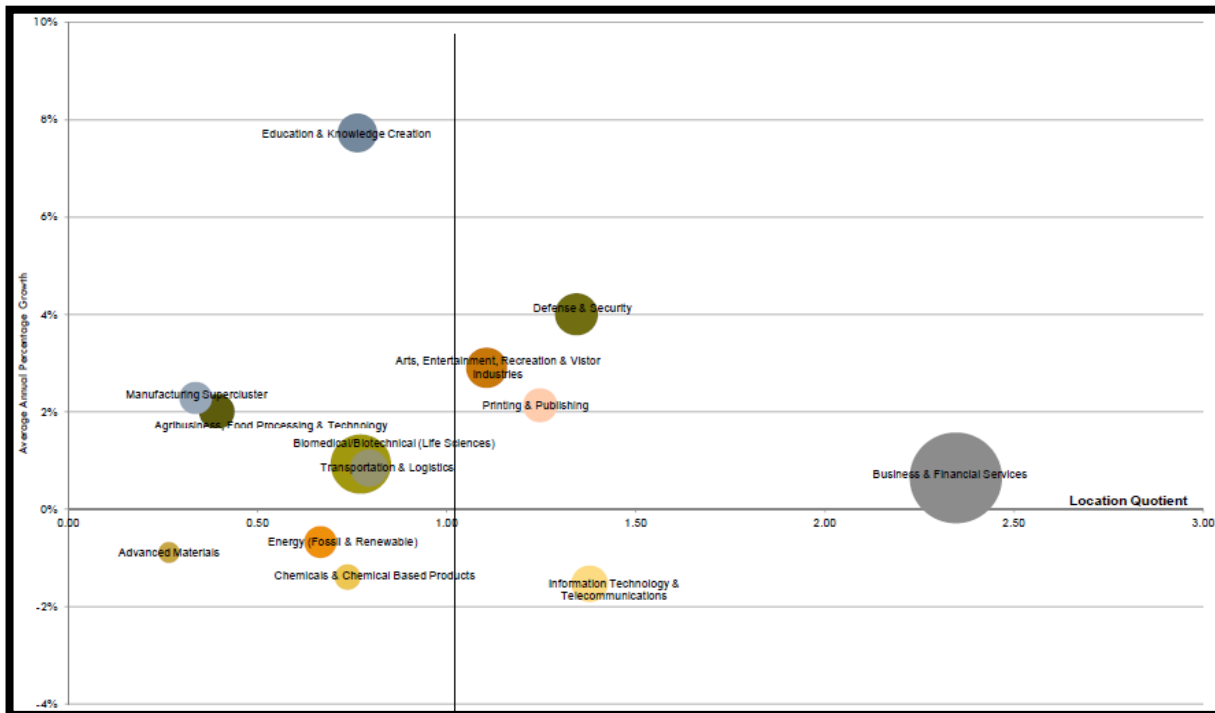


EXHIBIT V-4A
COMPARISON OF INDUSTRY SHARE TO CONTRIBUTION TO EMPLOYMENT GROWTH,
WOODBURY CO., 2003 – 2008

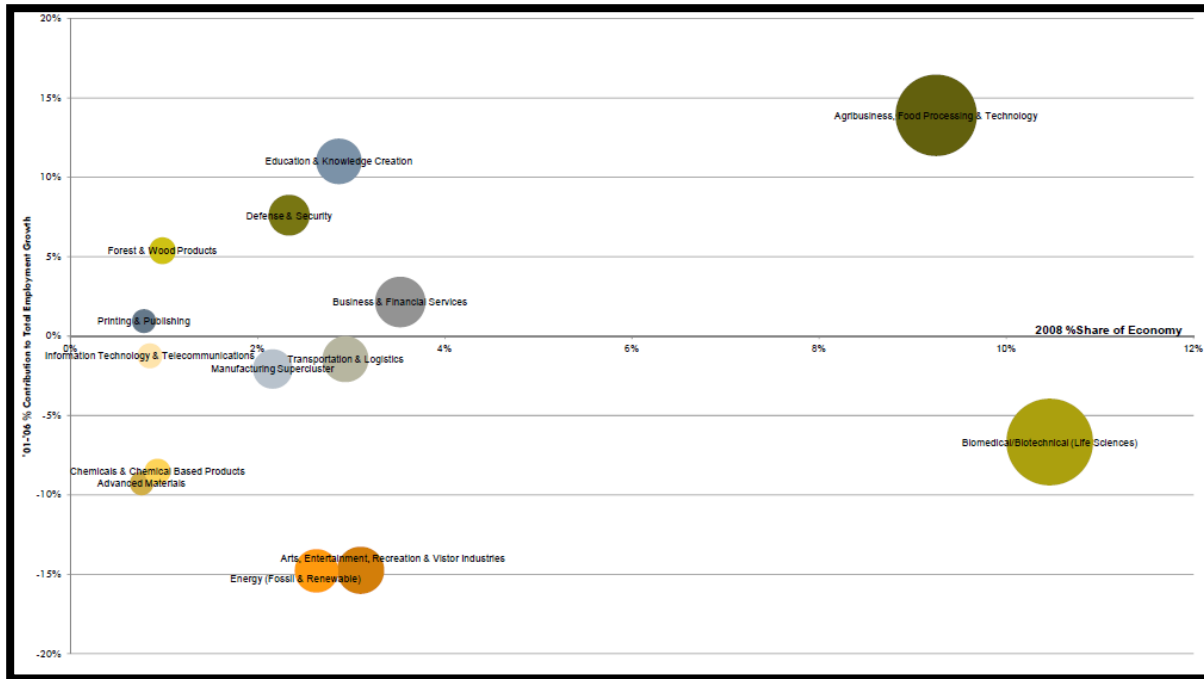


EXHIBIT V-4B
COMPARISON OF INDUSTRY SHARE TO CONTRIBUTION TO EMPLOYMENT GROWTH,
POLK CO., 2003 – 2008

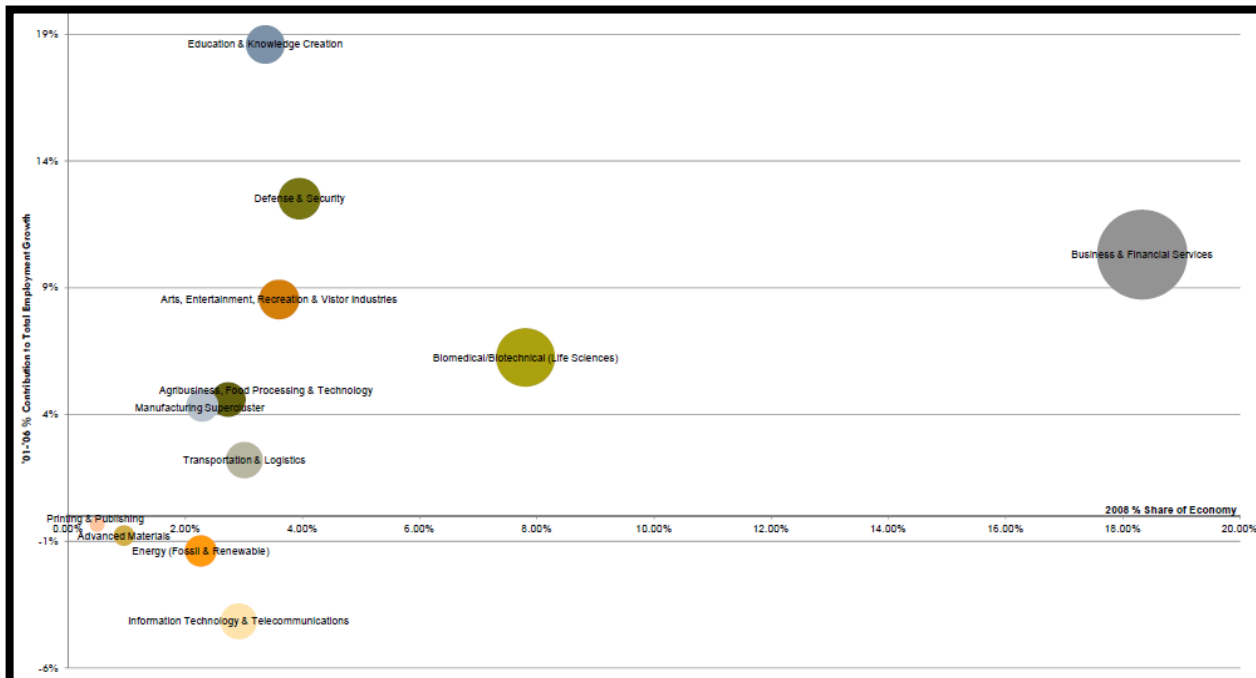


EXHIBIT V-5

SHIFT SHARE ANALYSIS: SELECT INDUSTRY CLUSTERS, WOODBURY CO., 2003 – 2008

