

DOWNTOWN FOUNTAIN INN:

RETAIL MARKET ASSESSMENT



PREPARED FOR:
City of Fountain Inn

PREPARED BY:
Market + Main, Inc.

MAY 2010

TABLE OF CONTENTS

OVERVIEW.....	1
RETAIL SUPPLY OVERVIEW.....	2
NATIONAL RETAIL OVERVIEW	2
METRO RETAIL OVERVIEW	3
SUBMARKET RETAIL OVERVIEW	3
LOCAL RETAIL OVERVIEW	4
RETAIL DEMAND ANALYSIS.....	5
RETAIL TRADE AREAS	5
CONSUMER EXPENDITURES	10
COMPARABLE DOWNTOWNS.....	13
HISTORIC CORE DEFINITION	13
SELECTED COMPARABLE DOWNTOWNS	13
BUSINESS TYPES	14
COMPARABLE DOWNTOWN PROFILES	15
COMPARATIVE ADVANTAGES & DISADVANTAGES	20
RECOMMENDATIONS.....	22
LOCATION AT EDGE OF METRO AREA	22
PROXIMITY TO COMPETING RETAIL	23
INCOME LEVELS	23
TARGETING FAMILIES	24
INDUSTRIAL EMPLOYMENT	24
DOWNTOWN AWARENESS	25
LARGE PROPORTION OF OFFICE USES	26
BUILDING MAINTENANCE	26
HISTORIC CORE-SPECIFIC ZONING	27
FUTURE DEVELOPMENT ON HIGHWAY 418	28
FARMERS MARKET & FESTIVALS	28
CIVIC CENTER	29
RETAIL RECRUITMENT	30
SUPPORTABLE BUSINESS TYPES	31

Overview

Market + Main was hired by the City of Fountain Inn, South Carolina to perform a retail market assessment for the City's downtown. Components of this work include an analysis of the current supply of retail space, determining potential trade areas, identifying the current and potential demand for retail space, comparing competing downtowns, making recommendations for increasing the retail trade area, and identifying business types likely to succeed in a revitalized downtown.

In constructing this market assessment, Market + Main utilized both national and local data sources and performed primary research in the field, including the following tasks.

- Local merchants, building owners, and government officials were interviewed.
- Two downtown stakeholder meetings were held to receive local input and feedback.
- Merchants participated in surveys to ascertain their current customer base geography by zip code, along with current sales trends.
- Civic Center ticket sales data was examined to provide information on potential retail customers.
- Interviews were conducted with business prospects that have or are considering locating in downtown Fountain Inn.
- Metro area brokers and commercial real estate agents were also interviewed.
- Space characteristics and business attributes of downtown Fountain Inn, along with six other competing downtowns in the surrounding area, were measured and documented.

Retail Supply Overview

NATIONAL RETAIL OVERVIEW

The United States officially entered into a recession at the end of 2007, and the resulting downturn has been the worst since the Great Depression. Since much of the performance of the retail market is heavily dependent on consumer confidence and the strength of the economy as a whole, it is not surprising that the retail market has suffered greatly during the current economic downturn.

Obviously, the retail market's success is directly dependent on the ability and willingness of the consumer to spend. During a recession, the reduction in wages through job losses has a direct negative impact on the consumer's ability to make purchases. Also, the loss of wealth caused by decreasing home and retirement portfolio values will often cause those who still have expendable income to cut back on unnecessary purchases out of fear of future losses.

The most recent recession also had negative elements that were somewhat unique when compared to earlier downturns. The most damaging of these to the retail market was the dramatic tightening of credit. This affected sales directly, because many consumers had their personal credit lines decreased by their financial institutions. Also, many retailers found it difficult to operate because they typically rely on the credit markets for short-term loans to pay for merchandise and long-term loans to open new stores. In fact, several national and regional chains have declared bankruptcy, closed stores, or have gone out of business.

While there are signs that the worst of the economic downturn may be over, recovery will be slow. The National Retail Federation (NRF) is projecting an increase of 2.5% in retail sales for 2010, which is stronger than the previous two years, but still weak by historic standards. However, retail sales data has arrived for April, and is showing evidence of increased consumer confidence in comparison to this time last year. According to NRF, "The slow road to recovery is turning into a sprint as retailers experienced a nice bounce in April. But maintaining this sales momentum will be challenging. Until our economy begins to create jobs and reduce unemployment, the breadth and sustainability of this recovery remains uncertain."¹ Current projections do not call for a quick recovery after the incredibly steep downturn in the retail market.

While the retail market may be showing the beginning signs of a slow recovery, many experts are referring to this recession as a "reset," meaning a recalibration of personal, corporate, and civic values. Part of this "reset" includes an increase in the personal savings rate, along with a rethinking of the meaning of the value in the goods and services we consume. This "reset" will likely have long-term consequences for retailers, developers, investors, and consumers that will remain long after the recession has come to an end, according to Grubb & Ellis.

¹ National Retail Federation. "April Retail Sales Show Continued Momentum," May 2010.

METRO RETAIL OVERVIEW

The Greenville/Spartanburg retail market includes six counties: Anderson, Cherokee, Greenville, Spartanburg, Laurens, and Pickens. Because of its large geography, the retail market is decentralized and most of the major chain retailers in the area have multiple locations. The market includes several historic downtowns along with a wide range of suburban shopping centers.

This extended metro area has three major indoor malls: Haywood Mall (1.2 million square feet) in Greenville, Westgate Mall (950,000 square feet) in Spartanburg, and Anderson Mall (670,000 square feet) in Anderson. In addition, downtown Greenville, which was once largely abandoned in favor of suburban shopping centers, has now become a major destination for shopping and dining.

The Greenville/Spartanburg retail market currently consists of 8,170 properties with almost 77 million square feet of space. There is a total of 6.1 million square feet vacant in the market, with the vacancy rate currently sitting at 7.9%. Rental rates are being quoted at \$10.23 per square foot. Approximately 216,000 square feet of retail space was built and completed in the market recently, with 570,000 square feet still under construction. The total space can be divided into five categories: Shopping Center (37.5%); General Retail (54.9%); Power Center (3.1%); Specialty Center (0.6%); and Malls (3.9%).²

SUBMARKET RETAIL OVERVIEW

The City of Fountain Inn is located in two submarkets: the Greenville County I-385 East retail submarket and the Greenville County I-385 West retail submarket. The I-385 West submarket covers Greenville County south of I-85 and west of I-385, excluding the area between I-385 and Mauldin Road, Neely Ferry Road, and State Highway S-23-453. The I-385 East submarket covers the section of Greenville County from the Spartanburg County and Laurens County lines on the east and south and the following roads on the west and north: State Highway 14, Holland Road, Harts Lane, League Road, State Highway S-23-160, Bryson Drive, and I-385 south of Highway 453. These two submarkets wrap around, but largely exclude, the cities of Simpsonville and Mauldin. The major retail centers on the Fairview Road corridor are thus excluded; these are a part of the Fairview Road retail submarket.

The City of Fountain Inn is part of the combined Greenville County I-385 retail submarket.³ This submarket has a total of 263 retail buildings, representing approximately 1.5 million square feet of space. The vacancy rate is 10.4%, which is higher than the metro average. The average rent per square foot for the submarket, \$8.76, is lower than the metro average. Approximately 2,000 square feet of new space was delivered in this submarket, and there is currently no space under construction.⁴

² Source: *The Retail Report: Greenville/Spartanburg Retail Market*, CoStar Group.

³ CoStar divides the Greenville County I-385 retail area into two submarkets east and west of the interstate. Because Fountain Inn has properties included in both, these two submarkets have been combined into one submarket for the purposes of this study.

⁴ Source: *The Retail Report: Greenville/Spartanburg Retail Market*, CoStar Group.

While the City of Fountain Inn is not part of the Fairview Road submarket, this area has a notable impact on the City because of its deep selection of retail options and its proximity to Fountain Inn, so it is worth reviewing as well. The Fairview Road submarket has a total of 247 retail buildings, representing almost 2.5 million square feet of space; this much smaller geographic submarket has basically one million more square feet than the combined Greenville County I-385 retail submarket. Its vacancy rate is 6.2%, which is lower than the metro and combined Greenville County I-385 retail submarket vacancy figures. The average rental rate is \$11.26 per square foot, which is higher than the metro rate and significantly higher than average rent for the combined Greenville County I-385 retail submarket.⁵

LOCAL RETAIL OVERVIEW⁶

City-wide Retail Statistics

The City of Fountain Inn has a total of 110 retail buildings, representing almost 570,000 square feet of space. The vacancy rate is 16.0%, which is significantly higher than the metro and submarket averages. Rents per square foot in the City vary widely based on the location, age, and condition of the available space. Reported rents range from as low as \$2.50 per square foot up to \$16.00 per square foot. According to CoStar, no retail space was recently delivered, and there is currently no space under construction.

Most retail in the City is located in fairly small buildings. There are, however, two larger neighborhood shopping centers. The largest is the former Bi-Lo Shopping Center near I-385. This center contains almost 70,000 square feet, but currently lacks major retail tenants. The second largest retail center is Armstrong Plaza on North Main Street. It has almost 58,000 square feet and is the current location of the local Bi-Lo grocery store. However, as already noted, most retail space in Fountain Inn has a very small footprint, with an average building size of just over 5,000 square feet.

Downtown Study Area Retail Statistics

The Downtown Study Area encompasses all of the commercial buildings on both sides of Main Street, from its intersection with Fairview Street (including the CVS/pharmacy and adjacent shops) down to Highway 418, along with the buildings on the southwest side of Weston Street, from Fairview Street to Gulliver Street. The Downtown Study Area has a total of 83 buildings with approximately 257,000 square feet of commercial space. This represents approximately 45% of the total retail space in the City. The vacancy rate is 25.7%, which is significantly higher than the City, submarkets, and metro area. The retail buildings in the Study Area are very diverse, including both historic retail buildings located close to the sidewalk and car-oriented shopping centers with large parking lots. The physical condition of these buildings also varies greatly. Because of this diversity, reported rental rates range between \$2.50 and \$16.00 per square foot.

⁵ Source: *The Retail Report: Greenville/Spartanburg Retail Market*, CoStar Group.

⁶ Sources: CoStar, Market + Main, City of Fountain Inn, and Greenville County Planning Commission, "Building Survey: Fountain Inn Central Business District."

Retail Demand Analysis

RETAIL TRADE AREAS

A trade area is the geographic area from which a store or group of stores draws the majority of its customers. Determining the trade area for a grocery store, strip mall, or regional mall is fairly straightforward. One looks at the distance to the nearest competing stores or shopping centers, along with transportation patterns, and then geographically sections off the consumers most likely to shop at that store or center. For a downtown, determining a trade area is significantly more complicated. Generally speaking, the downtowns that are most successful in today's society are those that cater to discretionary spending. A consumer may drive several miles past other stores for the unique goods and services or the character and charm of a historic downtown. Unfortunately, the opposite is also true. Residents living near a downtown where there are no unique offerings or where buildings are rundown will travel to the larger chain stores to make their purchases, even if these chain stores are further away. Simply put, there is very little customer loyalty to local businesses. All retailers, big or small, must give potential customers a compelling reason to come into their store.

The retail trade area for a downtown can grow or shrink dramatically based on the area's improved or diminished aesthetics, including streetscapes, facades, and building maintenance. The mix of retailers will also have a great effect on the size of the trade area. Consumers will travel much further to visit stores with unique offerings. Programming, such as concerts and festivals, can also bring potential customers to the downtown that would typically shop elsewhere. The effectiveness of marketing and branding efforts will also impact the size of the trade area.

The size of the future trade area for downtown Fountain Inn will depend on several factors: the success of efforts to improve the aesthetics of the area, the ultimate mix of retailers in the downtown, the continuation and growth of programming, and the effectiveness of marketing campaigns. For this reason, Market + Main has constructed three possible trade areas for downtown Fountain Inn. These three trade areas were determined by reviewing ticket sales at the Fountain Inn Civic Center, merchant interviews, customer surveys by zip code, and published data on spending patterns.

Civic Center Ticket Sales

Market + Main examined ticket sales for the Civic Center between July 2009 to February 2010.⁷ During this time period, over 7,000 tickets were sold, with these purchases coming from 57 zip codes in eight states. However, the bulk of ticket sales are local (even when accounting for walk-up sales). Approximately 66% of these ticket sales came from the 29644 and 29681 zip codes of Fountain Inn and Simpsonville. An additional 25% of sales came from zip codes in Greenville, Simpsonville, Mauldin, and Greer.

⁷ Note: Fountain Inn Civic Center implemented a computerized ticketing system in July 2009 that enabled full tracking of sales. Information on ticket sales was not available prior to this date.

Merchant Interviews

Market + Main interviewed over twenty individuals who represent current or former business owners in downtown Fountain Inn. These business owners consistently stated that, while their customers come primarily from the Fountain Inn and Simpsonville area, only a small percentage of local residents actually shop in downtown Fountain Inn. Further, over a dozen business owners who have looked at expanding into Fountain Inn were also interviewed to get their impressions of the local retail market. Most expressed concern that downtown Fountain Inn does not currently have a strong enough critical mass or appropriate mix of shops and restaurants to attract potential customers to the area.

Customer Surveys

Local merchants surveyed their customers during March 2010 by requesting zip code data. While customers came from approximately 30 zip codes, 55% came from the Fountain Inn 29644 zip code. An additional 14% came from the 29645 zip code, centered just south of Fountain Inn in Gray Court. Other notable zip codes include 29680 and 29681; both of these are Simpsonville zip codes, and combined they provided about 13% of customers for downtown Fountain Inn.

The trends and patterns found in the above data, along with published data on retail sales, were used to construct the three possible trade areas. The Primary Trade Area is the most likely source of customers if few improvements are made to the downtown. The Secondary Trade Area represents the larger draw area with the successful revitalization of the downtown. The Regional Trade Area is the best case scenario for a ten- to twenty- year horizon, assuming intense redevelopment.

Primary Trade Area

The Primary Trade Area is defined as zip code 29644, which is the area immediately surrounding downtown Fountain Inn. There are 18,310 residents living in this trade area and 9,100 employees.

Secondary Trade Area

The Secondary Trade Area includes the Primary Trade Area (zip code 29644) along with the 29680 and 29681 zip codes, located largely in neighboring Simpsonville. The population of this trade area is 86,955, and there are 45,815 employees.

Regional Trade Area

The Regional Trade Area includes the Primary and Secondary Trade Areas, along with the rest of the Greenville MSA. The population for this area is 628,090, and there are 312,910 employees.

Comparative details about each of the trade areas are shown in the following table.

	PRIMARY TRADE AREA	SECONDARY TRADE AREA	REGIONAL TRADE AREA
Trade Area Definition	Fountain Inn (29644)	Fountain Inn & Simpsonville (29644, 29680, 29681)	Greenville MSA
Population	18,310	86,955	628,090
Change 2000-2009	15.8%	31.5%	12.2%
Projected Change 2009-2014	7.2%	13.0%	6.8%
Daytime Population (Employment)	9,100	45,185	312,910
Change 2000-2009	18.8%	34.4%	14.6%
Total Customer Base (Daytime/Nighttime)	27,410	132,140	941,000
Per Capita Income	\$21,710	\$29,160	\$23,920
Average Household Income	\$56,220	\$79,490	\$59,935
Household Income			
Under \$25,000	24.1%	14.2%	26.2%
\$25,000 - \$49,999	31.1%	24.0%	29.1%
\$50,000 - \$99,999	34.1%	37.1%	30.3%
Over \$100,000	10.7%	24.7%	14.4%
Average Age	36.4	35.6	37.9
Population Under 18	26.3%	28.2%	23.5%
Population 25 - 35	11.8%	10.8%	12.9%
Population Over 65	10.8%	9.1%	12.9%

Sources: Claritas and Market + Main.

Population

Population figures capture the people who actually reside in the trade area. These residents provide the local consumer base for the purchase of goods and services. Since the trade areas are cumulative, population necessarily grows with each larger trade area.

Current Population. It is important to note the very large jump in population between the Primary Trade Area and the Secondary Trade Area. The Secondary Trade Area has almost five times the number of residents found in the Primary Trade Area. The Regional Trade Area also has a population many times larger than the Secondary Trade

Area, but this is not as surprising because it covers a much larger geography and encompasses the entire metro area.

Population Changes. All three trade areas have had impressive gains in population since 2000. The Secondary Trade Area had the fastest growth rate at 31.5%. The Primary Trade Area had a much slower, but still solid growth rate of 15.8%. Both of these areas grew faster than the Regional Trade Area, which had a population increase of 12.2%.

Over the next five years, all three trade areas are projected to have population increases. The Secondary Trade Area is projected to have the strongest growth at 13.0%. The Primary Trade Area has an expected growth rate of 7.2%; this is slightly higher than the growth rate projected for the Regional Trade Area (6.8%).

Employment

While those working in a particular trade area may not necessarily live in that area, they still provide an important component of potential consumer spending. Often employees will frequent restaurants near their place of employment and may purchase other goods and services on their way to or from work.

Current Employment. Just as with the residential population, the number of employees (daytime population) grows significantly when moving from the Primary Trade Area to the Secondary Trade Area. In fact, the employees in the Primary Trade Area make up only 20% of the total employees in the Secondary Trade Area. Because the Regional Trade Area includes all of the employment in the metro area, it is necessarily several times larger than the Secondary Trade Area.

Employment Changes. By far, the strongest growth in employment has taken place in the Secondary Trade Area. Since 2000, employment in this area has increased by 34.4%. The Primary Trade Area had employment growth of 18.8%, while the Regional Trade Area grew by a slightly smaller 14.6%.

Income

Any effective trade area analysis must take income statistics into account. An area with a lesser population but significantly higher income levels may actually be able to support more retail businesses than a more populated area with lower income levels. The level of income will also determine the types of retail that are supportable. At lower incomes, a higher percentage of take-home pay is spent on necessities. Conversely, those with higher incomes have more money available for discretionary purchases.

Average Household Income. The income levels in the Secondary Trade Area are dramatically higher than those of the Primary Trade Area and the Regional Trade Area. The average household income for the Secondary Trade Area is \$79,490, which is 33% greater than the average household income of the Regional Trade Area of \$59,935.

The Primary Trade Area has the lowest average household income at \$56,220, which is 41% lower than the Secondary Trade Area.

Per Capita Income. The story is similar when looking at income per person (per capita income). By far, the highest per capita income is found in the Secondary Trade Area at \$29,160. The Regional Trade Area has a per capita income of \$23,920 (22% lower), and the Primary Trade Area trails at \$21,710 (34% lower).

Household Income Categories. Looking at various income brackets also gives a great deal of information about potential retail sales. Households with an income of less than \$25,000 per year will most likely have very little money available for discretionary purchases. A much greater percentage of their income will be spent on necessities like food and housing, with little left over for items such as gifts, jewelry, and home furnishings. This income bracket makes up a significant portion (24.1%) of the households in the Primary Trade Area. This is slightly less than the 26.2% of households in the Regional Trade Area, but it is significantly higher than the 14.2% rate for the Secondary Trade Area.

Households with incomes over \$100,000 are another important indicator of an area's retail potential. These households have enough discretionary income to purchase goods and services based on subjective values, like aesthetics and unusual experiences instead of strictly looking at cost or necessity. These are the customers most likely to shop in boutiques, visit spas, and dine frequently in restaurants. At 24.7%, the Secondary Trade Area has a significant percentage of its households earning more than \$100,000 per year. This is much higher than the Regional Trade Area at 14.4%. The Primary Trade Area has only 10.7% of its households with an income over \$100,000, the lowest proportion by far, with less than half the proportion of the Secondary Trade Area.

Age

Because different retailers are geared to different age groups, it is important to look at the population breakdown by age. The Regional Trade Area has the oldest average age at 37.9 years. The Secondary Trade Area is the youngest with an average age of 35.6 years, and the Primary Trade Area is in the middle at 36.4 years.

Under 18 years of age. The percentage of residents under age 18 is greatest in the Secondary Trade Area at 28.2%. The Primary Trade Area has 26.3% of its population under 18, while the figure is only 23.5% for the Regional Trade Area. The fact that the under 18 population is notably higher for the Primary and Secondary Trade Areas indicates that Fountain Inn and Simpsonville are communities that are attractive to families. The under 18 market typically represents a great deal of demand for consumer goods, such as clothing, toys, and sporting equipment, by both the adolescents themselves as well as their parents.

25-35 years of age. The percentage of residents between the ages of 25 and 35 is highest in the Regional Trade Area at 12.9%. The Primary Trade Area has 11.8% of its population in this age range, while only 10.8% of the residents in the Secondary Trade

Area fall into this range. Residents in the 25 to 35 age bracket represent a large proportion of those in the early stages of their career and those beginning to start a family. People in this age range are the ones most likely to form new households, and are, therefore, more likely to purchase both durable and soft goods for the home. They also create a strong market for career-oriented clothing and accessories.

Over 65 years of age. Those over age 65 make up 12.9% of the Regional Trade Area, but only 10.8% of the Primary Trade Area, and just 9.1% of the Secondary Trade Area. Because Fountain Inn and Simpsonville households are weighted towards young families, it is not surprising that the senior population is somewhat smaller in the Primary and Secondary Trade Areas than in the region as a whole. Because income growth in retirement is typically restrained, this population generally tends to spend a greater proportion of their income on necessities, and less on discretionary purchases.

CONSUMER EXPENDITURES

Retail Leakage

Consumers will often travel out of their local community to make retail purchases when they feel that they can find better selection or lower prices elsewhere. Retail leakage occurs when local residents spend more of their income in neighboring communities than outsiders spend in their community. An example of this would be the large number of Fountain Inn residents who shop in Simpsonville, compared to the small number of Simpsonville residents who regularly shop in Fountain Inn.

	PRIMARY TRADE AREA	SECONDARY TRADE AREA	REGIONAL TRADE AREA
Trade Area Definition	Fountain Inn (29644)	Fountain Inn & Simpsonville (29644, 29680, 29681)	Greenville MSA
Consumer Expenditures	\$261,654,800	\$1,403,329,300	\$9,332,955,400
Retail Sales	\$84,160,900	\$708,986,300	\$9,304,735,100
Retail Leakage	67.8%	49.5%	0.3%

Sources: Claritas and Market + Main.

In 2009, Fountain Inn residents spent over \$260 million in retail establishments and restaurants, but only \$84 million was spent with Fountain Inn retailers. In effect, only 32% of local retail dollars that are spent by Fountain Inn residents stay in the community. This means while almost 68% of sales, approximately \$177.5 million, are lost (or “leak”) into surrounding areas. When citizens spend the majority of their disposable income in neighboring towns, new revenue brought into their home community quickly disappears into surrounding areas instead of staying and supporting new jobs and investment.

The enormous rate of retail leakage from Fountain Inn shows that there are significant problems with the current retail mix; however, it also provides an opportunity for new retailers who could capture those dollars. It also demonstrates the very strong draw of established retail in neighboring communities. Fountain Inn will never be able to capture all of this leakage, because consumers are willing to drive for selection and price, and competition is located so close-by. Fountain Inn can, however, lower the leakage rate considerably by growing its trade area and even drawing consumers from adjacent communities.

The retail leakage rate for the Secondary Trade Area is 50%. This is significantly lower than the rate for the Primary Trade Area, but it is still high. This rate does, however, show that consumers in this trade area are willing to travel to purchase goods and services. With improved aesthetics and a stronger tenant mix, downtown Fountain Inn should be able to attract a portion of these customers.

There is almost no leakage from the Regional Trade Area. This is to be expected because the Regional Trade Area includes the entire Greenville MSA (Metropolitan Statistical Area), and the definition of an MSA is based on economically dependent areas, usually regions. Consumers should be able to find almost all of their goods and services somewhere within the metro region. One would most likely only see dramatic leakage or surplus on the MSA level when it is very close to another large MSA.

Selected Retail Categories Spending

Leakage rates for any given particular trade area can vary significantly across different retail categories, especially when looking at small geographies. The following table breaks out some of the major categories to provide a better understanding of specific opportunities for retail growth in the Primary and Secondary Trade Areas. Retail categories for the Regional Trade Area were not broken out, because, as discussed above, there is relatively little leakage on the regional level.

	PRIMARY TRADE AREA			SECONDARY TRADE AREA		
Trade Area Definition	Fountain Inn (29644)			Fountain Inn & Simpsonville (29644, 29680, 29681)		
	Consumer Expenditures	Retail Sales	Leakage	Consumer Expenditures	Retail Sales	Leakage
Furniture & Home Furnishings	\$5,225,500	\$2,389,700	54.3%	\$31,333,500	\$10,140,100	67.6%
Electronics & Appliances	\$5,978,800	\$633,900	89.4%	\$34,457,700	\$7,549,800	78.1%
Garden Ctr. & Bldg. Materials	\$29,165,300	\$8,149,500	72.1%	\$165,275,800	\$160,859,000	2.7%
Grocery & Beverages	\$35,970,000	\$18,391,000	48.9%	\$179,722,000	\$118,168,200	34.2%
Health & Personal Care	\$15,265,700	\$3,714,900	75.7%	\$76,350,600	\$37,244,000	51.2%

**DOWNTOWN FOUNTAIN INN
RETAIL MARKET ASSESSMENT**

	PRIMARY TRADE AREA			SECONDARY TRADE AREA		
Trade Area Definition	Fountain Inn (29644)			Fountain Inn & Simpsonville (29644, 29680, 29681)		
	Consumer Expenditures	Retail Sales	Leakage	Consumer Expenditures	Retail Sales	Leakage
Clothing & Accessories	\$11,376,500	\$705,300	93.8%	\$65,229,200	\$16,269,000	75.1%
Hobby, Books, & Music	\$2,984,000	\$824,400	72.4%	\$17,610,300	\$13,698,100	22.2%
General Merchandise	\$35,039,300	\$11,399,700	67.5%	\$188,878,000	\$87,109,000	53.9%
Miscellaneous	\$6,162,300	\$1,043,400	83.1%	\$33,019,400	\$20,132,600	39.0%
Restaurants	\$24,957,700	\$6,902,000	72.3%	\$135,771,800	\$81,915,700	39.7%

NOTE: The retail categories listed above represent only a selection of the total retail categories. Categories with little relation to downtown retail were omitted.

Sources: *Claritas and Market + Main.*

For the Primary Trade Area, there are no categories that have a surplus of local retail sales as compared to retail expenditures by local consumers. In fact, all of the categories have a leakage rate of almost 50% or greater. While these high leakage rates represent a retail market that is not very strong, each category with a great deal of leakage also represents a possible market segment for new retailers. Overall, leakage in the Primary Trade Area ranges from a low of 49% for Grocery and Beverages to a high of 94% for Clothing and Accessories. Other categories with leakage rates higher than 70% include: Garden Centers and Building Materials (72%); Hobby, Books, and Music (72%); Restaurants (72%); Health and Personal Care (76%); Electronics and Appliances (89%); and the Miscellaneous category (83%). Miscellaneous Retail includes the subcategories of florists, stationery, office supply, gift, thrift, and consignment stores.

Leakage rates in the Secondary Trade Area vary widely. While there are no categories with a sales surplus, the Garden Centers and Building Materials category has a leakage rate of only three percent, which essentially represents a balanced market. The greatest leakage is found in Electronics and Appliances at 78%, Clothing and Accessories at 75% and Furniture and Home Furnishings at 68%. These relatively high leakage rates in the Secondary Trade Area indicate that residents are already driving out of the area to purchase these goods. It seems possible that, under the right circumstances, they might be enticed to travel to Fountain Inn to make these purchases.

For every category, the leakage rate is higher in the Primary Trade Area than in the Secondary Trade Area, with the exception of the Furniture and Home Furnishings category. The leakage rate for Furniture and Home Furnishings is 54% in the Primary Trade Area, but it is an even higher 68% in the Secondary Trade Area. The largest difference in leakage between the two trade areas can be found in the Garden Centers and Building Materials category, with a spread of 69 points between the two values. The difference in the leakage rates for Hobby, Books, and Music is also large enough to be noteworthy (50 points).

Comparable Downtowns

Metro Greenville has a large number of historic downtowns located fairly close to one another. This is a unique situation in comparison to most metro areas. Typically, small or historic downtowns are more of a novelty, and can draw customers from a large trade area. The other downtowns in metro Greenville will provide a great deal of competition as downtown Fountain Inn seeks to attract new businesses and customers. However, these competing downtowns also provide insight on the types of retail that could possibly succeed in Fountain Inn. For this reason it is important to examine these downtowns and evaluate Fountain Inn's relative strengths and weaknesses.

HISTORIC CORE DEFINITION

In order to create a valid comparison, only the historic cores of the downtowns were used in this analysis. The boundaries of these historic cores were determined by including the buildings that were constructed in a pedestrian-oriented fashion, with entrances directly on the public sidewalk, and with very few breaks in the continuous street frontage. Buildings were also grouped by block, and only contiguous areas were included. This means that a historic commercial building would have been left out of this study if there was a significant break in the development pattern between it and the rest of the downtown.

It is important to note that, for Fountain Inn, the "Downtown Historic Core" is significantly smaller than the "Downtown Study Area" as defined earlier in this document and used in all other sections of this study. The Fountain Inn Downtown Historic Core is defined as: all buildings on both sides of Main Street from Fairview Street to Jones Street along with the buildings on the southwest side of Weston Street from Fairview Street to Jones Street. Using this somewhat smaller area was necessary to provide consistency in evaluation with the other comparable/competing downtowns.

SELECTED COMPARABLE DOWNTOWNS

No two downtowns are exactly alike. Each has its own character, retail trade area, and economic base. There are, however, things that can be learned from looking at comparable downtowns, especially those that are of a similar size and that are located in the same general area. To better understand the challenges and opportunities for downtown Fountain Inn, Market + Main performed primary research on it and six comparable downtowns: Easley, Greer, Laurens, Newberry, Simpsonville, and the West End (Greenville). Several downtowns were selected so that patterns and trends would become more obvious.

All seven downtowns are located in the same general area of South Carolina. Easley, Greer, and Simpsonville were also chosen because, like Fountain Inn, they are located in suburbs of Greenville. Laurens was chosen because its trade area includes several of the same rural communities that would also be natural markets for Fountain Inn. Newberry was included because the historic Newberry Opera House provides programming similar to the Fountain Inn

**DOWNTOWN FOUNTAIN INN
RETAIL MARKET ASSESSMENT**

Civic Center. The West End section of downtown Greenville is not a traditional small-town downtown, but it was also included in the comparison because of the client's stated desire to target similar business types for Fountain Inn.⁸

	Easley	Fountain Inn	Greer	Laurens	Newberry	Simpsonville	West End (G'ville)
Total Square Feet	179,000	118,000	175,000	148,000	226,000	122,000	173,000
Retail Sq. Ft. Per Capita	4.8	7.2	2.6	8.6	13.5	1.7	1.2
Retail Space							
Total # of Commercial Spaces	60	51	55	52	90	56	57
# of Vacant Spaces	13	13	22	14	30	7	13
Vacancy Rate	21.7%	25.5%	40.0%	26.9%	33.3%	12.5%	22.8%
Businesses by Type							
<i>Retail</i>	46.8%	23.7%	33.3%	50.0%	41.7%	30.6%	40.9%
<i>Restaurants</i>	10.6%	10.5%	24.2%	10.5%	15.0%	12.2%	29.5%
<i>Office</i>	19.1%	39.5%	30.3%	28.9%	26.7%	16.3%	25.0%
<i>Services</i>	23.4%	26.3%	12.1%	10.5%	16.7%	40.8%	4.5%
Demographics (5-mile radius)							
Population	37,570	16,560	67,890	17,260	16,770	72,630	144,895
Pop. Change 2000-2009	20.8%	15.4%	27.3%	-5.1%	2.1%	29.6%	2.5%
Pop. Change 2009-2014	9.8%	8.3%	12.1%	-1.3%	2.2%	12.8%	3.1%
Employees	19,700	9,170	34,360	7,820	6,840	38,660	69,870
Average Household Income	\$65,120	\$63,170	\$61,080	\$39,820	\$44,475	\$74,230	\$51,055
Per Capita Income	\$24,860	\$24,340	\$23,960	\$16,120	\$17,495	\$28,090	\$22,150

NOTES: Total square feet comprised of first floors only. Compared only core historic areas in selected downtowns for consistency

Sources: Market + Main and Claritas

BUSINESS TYPES

In order to compare the economic underpinnings of each downtown, businesses were broadly categorized as retail, service, restaurant, or office. The definitions for each category are as follows:

⁸ Note: The larger area of downtown Greenville was not included in the comparison for West End. Its buildings are much larger, and, more importantly, it has an economic base that is very different from Fountain Inn, including a strong office and hospitality focus.

- **Retail** – an establishment where consumer goods are purchased and taken from the site by the customer. (*examples: clothing stores, gift stores, furniture stores*)
- **Service** – an enterprise that caters to a retail consumer who visits the business for the provision of a service, but does not leave with an actual consumer good. (*examples: hair salons, tanning salons, exercise studios*)
- **Restaurant** – an establishment where food is prepared for consumption and sold directly to consumers.
- **Office** – a business whose employees perform work for clients who are typically not present, visit by appointment only, or rarely visit the establishment. Because they do not rely on consumer traffic, these uses can be located in office developments, but often choose retail space when lease rates are less expensive. (*examples: attorneys, accountants, management services*)

COMPARABLE DOWNTOWN PROFILES

The following profiles provide a brief characterization of the comparable downtowns that were examined. While there are many similarities, each downtown is unique and has its own set of characteristics. It is through understanding the strengths and weaknesses of the comparison downtowns that one can begin to see both the challenges and opportunities for downtown Fountain Inn.

Easley

Downtown Easley has a linear layout, with the commercial area divided by railroad tracks. The area has parallel parking along the major streets, and there are public parking lots located behind the buildings. Most of the structures are one- or two-story buildings. Downtown Easley has approximately 179,000 square feet of first-floor commercial space, making it the second largest of the downtowns studied. There are 60 commercial spaces, and 22% of these are vacant. This is the second-lowest vacancy rate of the seven downtowns considered.



Looking at a five-mile radius from downtown Easley, there are approximately 37,570 residents. This equates to 4.8 square feet of downtown commercial space per resident. The population has grown 21% since 2000 and is projected to increase by an additional 10% over the next five years. The average household income for this area is \$65,120, and the per capita income is \$24,860. In addition, there are 19,700 employees who work within five miles of downtown Easley.

Approximately 47% of the businesses located in downtown Easley can be classified as retailers. Restaurants account for 11% of downtown establishments. Businesses providing a service are 23%, and office uses are 19%.

Fountain Inn

The historic core of downtown Fountain Inn has a linear layout, with parallel parking along both sides of Main Street. The structures are one- or two-story buildings. There is approximately 118,000 square feet of first-floor commercial space in the historic core, making it the smallest of the downtowns studied. There are 51 commercial spaces, and 26% of these spaces are vacant.



Looking at a five-mile radius from downtown Fountain Inn, there are approximately 16,560 residents. This equates to 7.2 square feet of downtown commercial space per resident. The population has grown 15% since 2000, and is projected to increase by an additional eight percent over the next five years. The average household income for this area is \$63,170 and the per capita income is \$24,340. In addition, there are 9,170 employees who work within five miles. This employment figure represents a dramatic decrease of 42% since 2000. While the surrounding areas of two other downtowns (Easley 4% and Laurens 3%) also had decreases in employment, no other area came close to the magnitude of job decline found in the five-mile radius around downtown Fountain Inn.

Approximately 24% of the businesses located in the historic core of downtown Fountain Inn can be classified as retailers. This percentage is much lower than all of the competing downtowns. Restaurants account for 11% of downtown establishments. Businesses providing a service are 26%. Office uses make up 40% of downtown businesses, which is much higher than any of the other downtowns reviewed.

Greer

Downtown Greer has a linear layout, with parallel parking along the major streets. Most of the structures are one- or two-story buildings. Downtown Greer has approximately 175,000 square feet of first-floor commercial space. There are 55 commercial spaces, and 40% of these are vacant. This is, by far, the highest vacancy rate of the seven downtowns studied.



Looking at a five-mile radius from downtown Greer, there are approximately 67,890 residents. This equates to 2.6 square feet of downtown commercial space per resident. The population has grown 27% since 2000, and is projected to increase by an additional 12% over the next five years. The average household income for this area is \$61,080, and the per capita income is \$23,960. In addition, there are 34,360 employees who work within five miles of downtown Greer.

Approximately 33% of the businesses located in downtown Greer can be classified as retailers. Restaurants account for 24% of downtown establishments. Businesses providing a service are 12%, and office uses are 30%.

Laurens

Downtown Laurens is centered on a historic courthouse square. The area has angled parking along the major streets, and most of the structures are two- or three-story buildings. Downtown Laurens has approximately 148,000 square feet of first-floor commercial space. There are 52 commercial spaces, and 27% of these are vacant.



Looking at a five-mile radius from downtown Laurens, there are approximately 17,260 residents. This equates to 8.6 square feet of downtown commercial space per resident. The population has decreased by five percent since 2000, and is projected to decrease by an additional one percent over the next five years. The average household income for this area is

\$39,820, and the per capita income is \$16,120. Both of these income figures are the lowest of the seven downtowns reviewed. There are 7,820 employees who work within five miles of the downtown.

Approximately 50% of the businesses located in downtown Laurens can be classified as retailers. This is the highest percentage among the downtowns studied. Restaurants account for 11% of downtown establishments. Businesses providing a service are 11%, and office uses are 29%.

Newberry

Downtown Newberry is largely developed in a linear layout, but it also has a public square in front of the historic Newberry Opera House. It includes both parallel and angled parking along the major streets. Most of the structures are two-story buildings with a few that are taller. Downtown Newberry has approximately 226,000 square feet of first-floor commercial space, making it the largest of the downtowns in this comparison. There are 90 commercial spaces, and 33% of these are vacant.



Looking at a five-mile radius from the downtown, there are approximately 16,770 residents. This equates to 13.5 square feet of downtown commercial space per resident, which is a great deal higher than the other downtowns in this study. The population has grown two percent since 2000, and is projected to increase by an additional two percent over the next five years. The average household income for this area is \$44,475, and the per capita income is \$17,495. In addition, there are 6,840 employees who work within five miles.

Approximately 42% of the businesses located in downtown Newberry can be classified as retailers. Restaurants account for 15% of downtown establishments. Businesses providing a service are 17%, and office uses are 27%.

Simpsonville

Downtown Simpsonville has a linear layout, with the commercial area divided by railroad tracks. The area has a combination of parallel and angled parking along the major streets. Most of the structures are one- or two-story buildings. Downtown Simpsonville has approximately 122,000 square feet of first-floor commercial space. There are 56 commercial spaces, and 13% of these are vacant.



Looking at a five-mile radius from downtown Simpsonville, there are approximately 72,630 residents. This equates to 1.7 square feet of downtown commercial space per resident. The population has grown 30% since 2000, and is projected to increase by an additional 13% over the next five years. Both of these population growth figures are the highest of the downtowns in this comparison. The area around downtown Simpsonville also has the highest income figures of all the downtowns, with an average household income of \$74,230 and a per capita income of \$28,090. In addition, there are 38,660 employees who work within five miles.

Approximately 31% of the businesses located in downtown Simpsonville can be classified as retailers. Restaurants account for 12% of downtown establishments. At 41%, businesses providing services make up a much larger percentage in Simpsonville than in the other downtowns. Office uses account for 16% of downtown businesses.

West End

The West End is located at the end of Greenville's traditional downtown. It has a linear layout with angled parking along the major streets. Most of the structures are one- or two-story buildings. The West End has approximately 173,000 square feet of first-floor commercial space. There are 57 commercial spaces, and 23% of these are vacant.



Looking at a five-mile radius from the West End, there are approximately 144,895 residents, which is much higher than the other downtowns. This is not surprising when one considers that the West End is located in the heart of the City of Greenville. Because of its high population, there is only 1.2 square feet of commercial space per resident of the surrounding area. The population has grown three percent since 2000, and is projected to increase by an additional three percent over the next five years. The average household income for this area is \$51,055, and the per capita income is \$22,150. In addition, there are 69,870 employees who work within five miles of the West End. Not surprisingly, this daytime population is much higher than the other downtowns.

Approximately 41% of the businesses located in the West End can be classified as retailers. Restaurants account for 30% of downtown establishments. Businesses providing a service are 5%, and office uses are 25%.

COMPARATIVE ADVANTAGES & DISADVANTAGES

The downtowns examined in this section are in close enough proximity to Fountain Inn that they should be viewed as essentially competitors. If Fountain Inn is going to craft a revitalization strategy that can successfully compete for new businesses and customers, then it is essential to understand how Fountain Inn stacks up in comparison to these other downtowns. This includes both the advantages that Fountain Inn has over its neighbors, as well as the disadvantages that must be overcome.

Comparative Advantages

- When compared to Laurens and Newberry, Fountain Inn is closer to a major metro market and a growth corridor. Since 2000, the population within five miles of downtown Fountain Inn has grown 15.4%. For Newberry, population growth was only 2.1%, and for Laurens the population actually decreased by 5.1%. Over the next five years, the population in the area surrounding downtown Fountain Inn is projected to increase by 8.3%. The area around downtown Newberry is projected to grow by 2.2%, while the population around downtown Laurens is projected to continue to decrease by 1.3%.
- Simpsonville's downtown is fairly close to downtown Fountain Inn, but its economic profile is very different. It has a high percentage of service-based businesses (40.8%) and a very low vacancy rate (12.5%). The Simpsonville and Fountain Inn communities are located in very close proximity each other, and they actually act as one retail market. Because Simpsonville's downtown is already heavily weighted towards services and has little vacant space available for retailers, Fountain Inn has the opportunity to create a "retail downtown" to serve both communities.
- Downtown Fountain Inn has several potential anchor projects that have not been fully realized. The Civic Center continues to grow and provides a largely untapped customer base for downtown retail. The new Heritage Center and Visitor's Center also have the potential to draw additional customers into the downtown as they are completed and become anchors for downtown. Also, the additional foot traffic that is

likely to be attracted by the planned streetscape improvements being designed now has yet to be realized. None of the other downtowns have as many untapped opportunities for enhancement and growth.

Comparative Disadvantages

- At 7.2 square feet of retail for each person within five miles, downtown Fountain Inn has a relatively high ratio of downtown commercial space per capita. It is higher than the other metro Greenville downtowns, which likely indicates that it will be difficult to support a high percentage of retail space in the downtown based on the current population. While Laurens and Newberry have higher per capita figures, these two cities are more rural, and thus, will draw from a larger geographic trade area, and have less competition from big box retailers.
- Fountain Inn has the lowest population within five miles of downtown. This figure is substantially lower than the other metro Greenville downtowns. It is only slightly lower than the two rural downtowns (Laurens and Newberry), but both of these cities are much further from competing retail and can most likely draw customers from a larger area.
- While Fountain Inn has a great deal of programming with the Farmer's Market and Civic Center, it lacks a major draw located directly in the "heart" of downtown. When a downtown is lacking a critical mass of retailers, it is extremely difficult to persuade consumers to walk even a block from an activity or program. The county courthouse in Laurens, the Opera House in Newberry, and the stadium in the West End are more fully integrated with the surrounding retail areas and have a stronger impact on sales.
- When compared to the competing downtowns, Fountain Inn's downtown is, on the whole, less attractive as it stands now. The competing downtowns have had streetscape improvements, and the majority of their buildings are better maintained. Downtown Fountain Inn's appearance is also influenced by the presence of litter and the poor maintenance of plantings. Because most downtown purchases represent discretionary spending, the other downtowns that are more attractive have a significant advantage in drawing potential and returning customers.
- Consumers typically want variety and choice when shopping. This means that complementary retailers located close to one another actually strengthen each other. Unfortunately, the retail base in downtown Fountain Inn has been seriously eroded over time. Fountain Inn has the lowest percentage of retail as compared to the competing downtowns. The other downtowns already have the critical mass of retailers necessary to create a vibrant and healthy market. Because of this, the City will likely find it difficult to entice retailers to choose Fountain Inn over the other more advanced downtowns in metro Greenville.

Recommendations

Creating a vibrant and successful downtown takes a great deal of planning and several years of implementation. One of the first steps in revitalizing a downtown is the introduction of significant programming, including festivals, concerts, and performances. Fountain Inn has already made a great deal of progress in regards to programming. The Civic Center, Farmers Market, downtown concerts, and annual festivals have all proven successful and have begun to reintroduce the downtown area as a desirable place for local residents to go. Taken together, Fountain Inn has created a slate of programming that rivals that found in much larger cities. The upcoming addition of the Heritage Center and Visitor's Center, along with the expanded Farmers Market, will continue the momentum that has already been created.

While these important first steps have been undertaken, in order for these efforts to continue to grow into a full-scale revitalization, downtown Fountain Inn will have to dramatically increase its trade area. Currently, Fountain Inn does not draw a significant number of customers from outside the local area. While there are certain businesses that can survive based on customers in the Primary Trade Area, the revenue that the customer base generates will not allow merchants to pay rents high enough to warrant reinvestment in buildings by downtown landlords. These businesses will also not create a critical mass of retailers that complement and strengthen each other and create a dynamic retail environment. Therefore, if its trade area does not grow, downtown Fountain Inn will not be economically viable over the long-term.

Fortunately, Fountain Inn is positioned close to one of the wealthier areas of metro Greenville, and has in its Secondary Trade Area a large base of potential customers with a great deal of discretionary income. This Secondary Trade Area offers the opportunity for dramatic growth in both the quantity and quality of retail in downtown Fountain Inn. There are, however, several challenges that Fountain Inn will face in trying to capture these customers from the Secondary Trade Area, and ultimately, from the Regional Trade Area. Overcoming these challenges will require the same level of effort that has already been directed towards downtown programming.

The following section of this study outlines the challenges faced as the City attempts to grow the downtown trade area and provides possible solutions for each of these challenges.

LOCATION AT EDGE OF METRO AREA

Challenge: Concentrated residential development stops just south of Fountain Inn as the area transitions into a more rural development pattern. In general, retailers want to position their stores to draw from all directions, and in Fountain Inn there are relatively few customers to draw from the south or east.

Possible Solutions:

- *Utilize the enormous retail leakage figures to demonstrate to potential merchants and lenders the retail sales currently lost from the local area. As stated earlier in this study, 68% of*

potential retail sales to local residents are lost to neighboring communities. This represents \$177.5 million dollars in potential sales.

- *Concentrate on unique uses and businesses to create a destination for the larger customer base to the north.* The market reality is that most large chain retailers will continue to locate in Simpsonville. However, smaller local businesses could utilize the historic charm of downtown Fountain Inn to create a trade area that extends further north into Simpsonville and beyond.

PROXIMITY TO COMPETING RETAIL

Challenge: In our modern society, consumers have very little loyalty to specific merchants. Today's shopper has no problem driving several miles for greater selection or lower prices. Simpsonville already has a critical mass of shopping choices, and this serves as a magnet that draws customers away from Fountain Inn.

Possible Solutions:

- *Create a unique product mix in Fountain Inn that does not compete with chain retailers.* A small business in downtown Fountain Inn will not be able to successfully compete on price or selection with national chain stores, such as Target, Wal-Mart, or Belk. The key to success will be to offer products and/or experiences not offered by the larger chains.
- *Work with retailers to create unique interior spaces that showcase the historic buildings and differentiate them from "white box" shopping center space.* Retail shops and restaurants in Fountain Inn should always make use of the high ceilings, interior plaster or brick walls, and other historic features that cannot be replicated in a new strip center. Consumers view these historic features as an attribute that creates a more interesting experience, and those with discretionary income are willing to pay for this enhanced experience.
- *Use joint marketing to increase local customer traffic.* Joint advertising should be used to counteract some of the drawing power of the larger chain retailers. A joint marketing campaign among downtown merchants would convey the full depth of goods and services available in downtown Fountain Inn much more effectively than the advertising of any individual merchant.

INCOME LEVELS

Challenge: Typically, downtown retail uses cater to discretionary spending, or "wants" as opposed to "needs." Because discretionary spending is based on the amount of money still available after necessities have been purchased, the average income of the potential trade area has a very large impact on the ultimate success of a downtown and on the ability to recruit new businesses to that downtown. Fountain Inn has income levels that are lower than adjacent Simpsonville, which means that, on average, Fountain Inn consumers must spend a greater portion of their income on

necessities. This makes Fountain Inn less attractive than Simpsonville as a location for upscale retailers and restaurants.

Possible Solutions:

- *Market the Fountain Inn/Simpsonville area to potential merchants as one trade area.* If downtown Fountain Inn makes the improvements necessary to draw customers from the Secondary Trade Area, a great deal of the Simpsonville market will become accessible to Fountain Inn merchants.
- *Let Simpsonville's downtown continue to focus on services while creating a retail node in Fountain Inn to serve the larger area.* The combined Simpsonville/Fountain Inn area can support unique retail and restaurants in a downtown setting since the two cities are relatively close together. Because Simpsonville's downtown is currently comprised of over 40% service businesses and has very little vacant space for additional retailers, Fountain Inn has the opportunity to become the retail and restaurant downtown for both cities.
- *Continue to work on diversifying housing stock and price points across the City.* Once the housing market rebounds, Fountain Inn has the opportunity to increase the number of residents with discretionary income by continuing to encourage a more balanced housing stock with more middle- and upper middle-class housing options.

TARGETING FAMILIES

Challenge: Families are a large proportion of both the Primary and Secondary Trade Areas. In the Primary Trade Area, 26% of the population is under age 18, while the figure is 28% for the Secondary Trade Area. These statistics signify an area with a large number of families with just over a quarter of residents. Unfortunately, there is currently very little to draw these families to downtown Fountain Inn.

Possible Solutions:

- *Create an affordable indoor play area for children in the heart of downtown.* This would draw families and differentiate downtown Fountain Inn from strip shopping centers. To successfully attract families, from surrounding communities, this play area would have to be very unique, possibly including two floors of interconnected play areas.
- *Recruit retailers that will appeal to the family market.* Some examples might include an ice cream parlor and an upscale children's consignment store.
- *Continue family-friendly programming.* Fountain Inn already has a great deal of programming directed towards families, and these efforts should be continued, and possibly even expanded. In everything from Civic Center productions to festivals and events, the City should look for opportunities to appeal to the family market.

INDUSTRIAL EMPLOYMENT

Challenge: Many retail shops and restaurants count on a combination of daytime, nighttime, and weekend customers to make their business successful. There is not a

concentration of industrial employees utilizing Fountain Inn for needed goods and services currently. The vitality of downtown depends upon increasing its trade area, and employees are a large part of that.

Possible Solutions:

- *Conduct a direct marketing campaign to employees.* A representative of downtown Fountain Inn should visit each industrial business to make those businesses and their employees aware of downtown Fountain Inn as an option for lunch and related errands.
- *Work with downtown merchants to provide coupons to industrial businesses and employees as incentives to “try out” downtown Fountain Inn.* Once local employees have actually patronized a local business, they are likely to return if the initial experience was a good one.
- *Organize downtown businesses to collaboratively run specials and to stay open extended hours one day a month.* This will allow downtown Fountain Inn to gradually become a viable after work option for industrial employees. This would then create a critical mass of nighttime activity, which would draw local residents as well. Ideally, the frequency of these specials and extended hours will eventually increase to once a week.

DOWNTOWN AWARENESS

Challenge: Downtown Fountain Inn is not the heart of the community as it once was. Residents have become accustomed to traveling to neighboring cities for shopping, dining, and entertainment. They no longer have a connection to their downtown. This is a problem, because revitalizing a downtown is a major undertaking that requires buy-in from local citizens, local businesses, and local government. To be successful, the City must carefully track the progress of efforts and plans. Local residents must believe that the downtown has a viable future and that real progress is taking place.

Possible Solutions:

- *Create an advisory group of downtown stakeholders, including merchants, building owners, and local citizens.* This group should work with the City to conceive ideas for downtown improvements and assist with the implementation of these ideas. The downtown advisory group should have a structure, a set of goals, and an expectation that members will work to further these goals. Once involved, these local stakeholders can become the beginning of a “buy local” campaign as they seek to reintroduce downtown Fountain Inn to the local community. Merchants should be encouraged to take part in this advisory board and utilize joint marketing efforts to grow their business.
- *Track the progress of downtown revitalization and make sure that local citizens are aware of this progress.* At the beginning of each year, the City and the downtown advisory group should create a set of objectives to move towards achieving long-term goals, and then at the end of the year create a report on the progress made. As part

of these efforts, the City should also begin to track visitors to the area. This could be accomplished through registries at the Heritage Center and Visitor's Center, information collected from raffles, and Civic Center ticket sales.

LARGE PROPORTION OF OFFICE USES

Challenge: Almost 40% of the businesses in downtown Fountain Inn are offices. This is a much higher percentage than competing downtowns in metro Greenville. While office uses are an important component of the City's economic base and a desired use, they do not enliven the street in the way that retail shops and restaurants typically do. Downtown Fountain Inn's high percentage of office space creates the impression that there is little vitality and activity in the area; this lack of activity makes vacancies appear or "feel" higher than they actually are.

Possible Solutions:

- *Encourage attractive and interesting signage for office tenants.* While signage may not be particularly important for many office users, it does give the casual consumer the impression that there is business activity in the area.
- *Create a planter program where the City provides the planter and flowers and the tenant agrees to water them.* This type of program has been successfully implemented in other cities to not only improve aesthetics, but to signify activity in a downtown that lacks significant retail uses. Plantings in front of a building give an immediate visual cue that the space is occupied. Typically, the best approach is for each business to have a different number, size, and shape of planters, so that the plantings look like a spontaneous expression of civic pride rather than an orchestrated City program.
- *Attempt to concentrate retail uses in certain areas to encourage cross-shopping.* While office users make up an important component of the downtown economic base and should be preserved, consumers typically will not walk long distances between retailers. For this reason, retailers should be encouraged to locate in clusters that provide complementary products or services.

BUILDING MAINTENANCE

Challenge: Historic downtown buildings are the heart of any community. Unfortunately, these structures are also expensive to maintain. While the current market in downtown Fountain Inn does not provide rents that are high enough to justify or encourage the renovation of these buildings, even small items are not always taken care of by landlords. The overall result is to make the downtown less attractive to potential businesses and consumers, and to further depress rental rates and the overall value of the buildings. Preserving and restoring the historic structures in downtown Fountain Inn will take a partnership between the City and building owners. Building owners will likely not be able to afford major rehabilitations without assistance from the City; but landlords must be held accountable by the City for performing basic maintenance on their buildings.

Possible Solutions:

- *Consider raising the match on the façade grant program.* A quality façade renovation is expensive, and additional grant funds may be necessary to make the improvements economically viable, especially for currently vacant buildings. Building owners cannot reasonably be expected to make major building improvements for which they have little or no chance of receiving an economic return.
- *Undertake stricter enforcement of building codes.* There are many smaller, less expensive building repairs that seem to be ignored in downtown Fountain Inn. Taken together, all of these small items give an overall impression of a downtown that is in decline. Because these smaller repairs add up to create an overall negative impression, it is imperative that building owners not be allowed to ignore these seemingly small issues.
- *Commission City-funded murals on the sides of downtown buildings.* The introduction of the arts to a community provides an additional reason for outsiders to visit and patronize local businesses. In addition to adding an arts feature, murals can also be used to improve the aesthetics of downtown buildings.
- *Adopt a vibrant color palette for downtown buildings.* Picking paint colors can be exceptionally difficult. Colors can look dramatically different when painted on a large area or under different lighting conditions. For this reason, many individuals choose neutral colors to avoid making a costly mistake. This can often lead to a drab and uninteresting downtown. The City should investigate having a professional designer create a potential color palette for downtown buildings that will be vibrant and interesting, but also create a somewhat unified appearance.

HISTORIC CORE-SPECIFIC ZONING

Challenge: Historic character and a vibrant tenant mix are two of the most important attributes of any successful downtown. Effective zoning ordinances can go a long way towards protecting the area's character and excluding inappropriate uses. Currently, the historic core of Fountain Inn is part of a larger zoning district. This could be problematic, because uses such as convenience stores and churches may be desirable in the area surrounding downtown, but might not be appropriate for the historic core of the downtown.

Possible Solutions:

- *Create a specific zoning category for the historic core.* This new district should include criteria for both uses and design. It should also clearly outline what is and is not appropriate in the historic core, and what is and is not allowed.
- *Create a clearly defined review process for downtown zoning issues that can be easily understood by building owners and potential businesses.* Potential businesses need to know exactly what will be allowed and what will not be allowed, both for their own business as well as for their potential neighbors.

FUTURE DEVELOPMENT ON HIGHWAY 418

Challenge: There is potential that additional retail and/or restaurant space will be constructed in the Highway 418 corridor. Because retail demand is limited in the trade areas, it is likely that new retail and/or restaurant development along Highway 418 could hamper the prospects for retail viability in downtown Fountain Inn.

Possible Solutions:

- *Create an overall plan for Fountain Inn retail recruitment.* Follow recommended downtown tenant mix. Identify specific targets and prospects to pursue. Re-zone Highway 418 so that uses are complementary, but not directly competitive with downtown.
- *Prioritize downtown redevelopment.* Ultimately, future development along Highway 418 could be negatively impacted by a nearby dying and decaying downtown. The City should focus resources on making improvements to Main Street in downtown, along with targeted business recruitment and incentives, before allocating resources to improvements along Highway 418.

FARMERS MARKET & FESTIVALS

Fountain Inn has created a number of successful events and attractions: Aunt Het Day, the Spirit of Christmas Past Festival, the Farmers Market, and Concerts at the Fountain. In addition, the soon to be completed Heritage Center and Visitor's Center will create another attraction in the downtown that will draw additional traffic. This type of programming is important for any successful downtown. These events bring potential new customers to the area that will hopefully return for other goods and services. In a thriving downtown, customers will walk from store to store and often end up several blocks from their starting point. Programming in this type of downtown creates a ripple effect over a fairly large area.

Challenge: In a downtown like Fountain Inn that lacks a significant number of shops and restaurants to keep someone interested and moving, potential customers will not walk even a block without a very compelling reason. Because of this, few people visiting the Farmers Market venture into downtown businesses and make purchases, according to local merchants. The Farmers Market's location a block off Main Street at the end of Depot Street is not seen as in the "heart" of downtown, which tends to blunt a great deal of its potential spillover effect.

Possible Solutions:

- *Combine new musical programming on Main Street with the existing Farmers Market on Depot Street.* Additional programming could serve to encourage patrons to stay longer and walk throughout the downtown.
- *Give preference to existing downtown merchants and allow retailers to market themselves at the Farmers Market.* The large number of customers drawn by the Farmers Market

provides an ideal opportunity for other downtown businesses to distribute joint marketing materials, such as flyers and coupon books.

Challenge: According to local merchants, vendors at the various festivals often directly compete with downtown retailers and restaurants. However, downtown merchants have not always taken the steps necessary to capitalize on the large number of potential customers drawn by the festivals. Ensuring the success of local businesses during these festivals is a “two-way street,” and is the responsibility of both the merchants and the City.

Possible Solutions:

- *Give preference to existing downtown merchants.* The City should consider giving downtown retailers the opportunity to have a free booth at festivals to both make immediate sales and to potentially draw new customers into their stores. Festival organizers should solicit input from local merchants when deciding on the layout and logistics for the festivals. Efforts should be made to maximize street frontage and use of sidewalks so businesses are easily seen and accessed. Conversely, retailers must confirm their commitment to remain open for possibly extended hours and have exciting and enticing window displays during the festivals. While the festivals can, and should be, directed towards increasing traffic to local businesses, those local businesses must take the responsibility for marketing themselves and for providing the goods and services that the customer wants.
- *Continue to provide and enhance marketing opportunities during the festival for all downtown merchants.* Downtown merchants should be promoted through public announcements, drawings for gift certificates, etc.

CIVIC CENTER

Challenge: While the Civic Center is a tremendous asset for the City, most people attending events there do not patronize local businesses. The Civic Center does not currently create a natural spillover effect into the rest of downtown due to perceptible distance, uninviting walking conditions, the timing of performances, and a lack of downtown destinations.

Possible Solutions:

- *Create lodging options downtown so that Civic Center patrons will stay in the area longer and spend more money.* A bed and breakfast inn is the most likely first step in creating downtown lodging. The success of one or two smaller inns could prove the market for a larger-scale hotel to serve downtown visitors and Civic Center patrons.
- *Create “package deals” with local restaurants to include event tickets and meals.* These packages will provide awareness of downtown restaurants before patrons even arrive in Fountain Inn.

- *Allow downtown retailers to create marketing displays in the Civic Center lobby.* Before and after shows and during intermissions, the Civic Center has a unique opportunity to increase awareness of downtown businesses.
- *Incorporate advertising for downtown businesses in Civic Center programs and literature.* One of the best ways to educate Civic Center patrons about the goods and services available in downtown Fountain Inn is to include advertisements and inserts in the programs distributed to theater attendees. To have the greatest impact, these advertisements should be coupled with special hours before and after the show, along with promotions, such as coupons or specials, for those who bring in their theater program.

RETAIL RECRUITMENT

Challenge: Recruiting new retailers to a struggling downtown is a difficult task even in the best of economic times. During an economic downturn, retail recruitment is even more of a challenge and will require a plan of action. It is critical that the City takes a proactive position to recruitment and that it is conducted in a strategic and synergistic manner.

Possible Solutions:

- *Any plan for retail recruitment should set realistic priorities.* For example, Fountain Inn is more likely to be able to support “fast casual” restaurants in the near-term (if successful leveraging of the Secondary Trade Area occurs), so the recruitment of those businesses should be the priority over “white tablecloth” establishments. As the downtown has more dining options and appears livelier, it will then be easier to draw more upscale restaurants.
- *Fountain Inn should attempt to draw complementary businesses to open at the same time.* This kind of synergy can increase the potential for the success of each business. An example would be opening two or three restaurants simultaneously to create a “restaurant row.”
- *The City should create a revolving loan fund to assist with business start-up costs.* Because bank funding is very difficult to procure in the current economic environment, a revolving loan fund could provide the competitive advantage necessary to convince a small business to choose downtown Fountain Inn over any number of shopping centers in metro Greenville.

SUPPORTABLE BUSINESS TYPES

Retail business types most likely to succeed in the downtown area of Fountain Inn are highlighted below. These business types were selected based on a customized study of Fountain Inn and its trade areas' retail gaps by percentage, retail gaps by total dollars, and the susceptibility of each retail category to sales leakage.

There are three lists, one for each potential trade area outlined earlier in this study. Because these trade areas are cumulative, a business type that works in a smaller trade area will also work in the larger trade area. The following lists take into account the current supply of retail space, including space and area characteristics, in the local market. If significant retail development takes place elsewhere in the City, many of these business types may no longer be viable in the downtown area as well.

Tier One (Primary Trade Area)

Grocery Store
Children's Consignment Store
Rent-to-Own Furniture and Appliances
Fast Food
Nursery/Garden Center

Tier Two (Secondary Trade Area)

Grocery Store
Children's Consignment Store
Rent-to-Own Furniture and Appliances
Fast Food
Nursery/Garden Center

Consignment Clothing Store
Limited Service (Fast Casual) Restaurant(s)
Ice Cream Parlor/Sandwich Shop
Full-Service Restaurant
Ladies Clothing Boutique
Children's Clothing Boutique
Floral/Gifts

Tier Three (Regional Trade Area)

Grocery Store
Children's Consignment Store
Rent-to-Own Furniture and Appliances
Fast Food
Nursery/Garden Center

Consignment Clothing Store
Limited Service (Fast Casual) Restaurant
Ice Cream Parlor/Sandwich Shop
Full-Service Restaurant
Ladies Clothing Boutique
Children's Clothing Boutique
Floral/Gifts

Men's Clothing Store
Coffee Shop
Bakery
Specialty Foods Store
Wine Store
Art Gallery
Cosmetics
Book Store
Hotel

APPENDIX

SUMMARY OF SELECTED RETAIL BUILDINGS
DOWNTOWN STUDY AREA – FOUNTAIN INN, SOUTH CAROLINA
FIRST QUARTER 2010

**Summary of Selected Retail Buildings
Downtown Study Area - Fountain Inn, South Carolina
First Quarter 2010**

Address	% Leased	Gross Leasable Area
325 S. Main Street	100%	7,500
321 S. Main Street	100%	8,000
319 S. Main Street	100%	4,000
317 S. Main Street	100%	2,900
313 S. Main Street	0%	15,500
319 S. Main Street	0%	2,700
309 S. Main Street	100%	850
307 S. Main Street	100%	3,000
303 S. Main Street	100%	1,800
301 S. Main Street	100%	1,800
213 S. Main Street	100%	4,850
211 S. Main Street	100%	1,150
209 S. Main Street	100%	6,700
207 S. Main Street	100%	4,900
203 S. Main Street	100%	12,000
203 S. Main Street	100%	1,500
117 S. Main Street	100%	2,100
115 S. Main Street	0%	1,500
113 A/B/C S. Main Street	75%	2,000
111 S. Main Street	0%	5,000
107 S. Main Street	100%	4,250
100 S. Main Street	100%	2,800
100 Trade Street	0%	1,000
102 Trade Street	100%	1,200
104 Trade Street	100%	600
100 N. Main Street	100%	400
101 E. Trade Street	100%	300
103 Trade Street	0%	1,500
105 Trade Street	100%	1,600
107 Trade Street	100%	2,200
102 N. Main Street	0%	800
104 N. Main Street	100%	3,500
110 N. Main Street	100%	800
112 N. Main Street	0%	1,500
114 N. Main Street	100%	1,500
114 N. Main Street	0%	1,500
124 N. Main Street	100%	7,100
203 N. Main Street	100%	13,000
129 N. Main Street	100%	7,400
127 N. Main Street	100%	3,400
125 N. Main Street	0%	1,900
123 N. Main Street	100%	3,100
121 N. Main Street	100%	800

**DOWNTOWN FOUNTAIN INN
RETAIL MARKET ASSESSMENT**

Address	% Leased	Gross Leasable Area
119 N. Main Street	100%	1,300
117 N. Main Street	100%	4,700
115 N. Main Street	100%	3,300
113 N. Main Street	100%	2,400
111 N. Main Street	0%	6,400
107 N. Main Street	0%	6,800
105 N. Main Street	100%	500
103 S. Main Street	100%	1,200
101 N. Main Street	0%	2,000
100 S. Main Street	0%	4,400
104 S. Main Street	100%	1,850
106 S. Main Street	100%	2,100
113 N. Weston Street	100%	2,200
107 N. Weston Street	100%	3,900
201 Trade Street	100%	4,450
103 Fairview Street	100%	2,048
100 S. Weston Street	100%	4,550
106 S. Weston Street	0%	1,900
200 S. Weston Street	0%	1,900
200 E. Jones Street	0%	4,400
202 S. Weston Street	100%	6,050
304 S. Main Street	100%	3,900
300 S. Main Street	100%	2,100
220 S. Main Street	100%	1,300
220A S. Main Street	100%	1,500
218 S. Main Street	0%	600
218 S. Main Street	100%	800
216 S. Main Street	0%	1,400
214 S. Main Street	100%	1,700
212 S. Main Street	100%	2,100
210 S. Main Street	100%	1,700
S. Main Street	100%	2,400
204 S. Main Street	0%	2,600
200 S. Main Street	100%	5,000
116 S. Main Street	100%	900
113 S. Main Street	100%	1,900
113 S. Main Street	100%	1,500
110 S. Main Street	100%	1,600
108 S. Main Street	100%	2,600
10 Depot Street	100%	1,000

NOTE: Downtown Study Area encompasses Main Street between Fairview Street and Highway 418, and Weston Street between Fairview Street and Gulliver Street.

Sources: CoStar, Market + Main, City of Fountain Inn, and Greenville County Planning Commission, "Building Survey: Fountain Inn Central Business District."