

Superior Business Improvement District Market Analysis

2008

Created in partnership with the Superior Business improvement District,
The University of Wisconsin-Extension Douglas County, and
University of Wisconsin-Extension Center for Community and Economic Development

An EEO/Affirmative Action Employer, University of Wisconsin-Extension provides equal opportunities in employment and programming, including Title IX and ADA requirements

Contents

	<u>Section</u>
Executive Summary	-
Introduction and Historical Background on the Superior BID	1
Size and Shape of the Superior BID Trade Areas	2
Demographic, Lifestyle, and Spending Analysis	3
Superior BID's Relationship to the Regional Economy	4
Needs and Perspectives of Business Operators	5
Needs and Perspectives of Consumers	6
Comparable City Downtowns	7
Analysis of Business and Real Estate Opportunities	8
Conclusions to Enhance the Superior BID's Economic Vitality (in progress)	9

Data Disclaimer

This market analysis of the Superior BID relies on data purchased from private sources, secondary sources, and public data sets. The University of Wisconsin-Extension cannot be held responsible for the accuracy of this data or for decisions made resulting from the use of the data in this report.

Introduction and Historical Background on the Superior BID

This section provides background information for the market analysis including the purpose of the study, a description of the Superior Business Improvement District (BID), a history of downtown Superior, and current physical characteristics and issues facing the district. The study's components are also summarized.

The Superior Business Improvement District (BID) is the business, government and educational center of Douglas County and Northwest Wisconsin. It is the geographic center and historic downtown of Superior and an important commercial center in the combined “Twin Ports” area that includes Duluth, MN. Map 1.1 illustrates the central location and size of the BID relative to the City of Superior

The BID is comprised of over 80 square blocks in Downtown Superior, primarily along Tower Avenue (North-South corridor) and Belknap Street (East-West corridor).

The Superior BID faces a number of key economic restructuring challenges. Strong retail competition south of downtown, a limited business mix downtown, a less affluent population base, physical deterioration of buildings, and negative public perceptions about downtown Superior are several on-going issues that need to be addressed.

Map 1.1 – Superior BID Study Area



The Superior BID as an organization has developed a strong partnership with business operators, property owners, downtown organizations, government entities and other downtown stakeholders. Recognizing the need to serve the economic development interests of these groups, the BID initiated this market analysis with the intent of providing a market-based plan for the BID and a foundation to support business retention, expansion and recruitment efforts.

The City of Superior's vision statement addresses the City's shopping areas and downtown with a theme and connectivity to the community. The portion of the vision statement most relevant to the BID and downtown reads:

“...What we mean by this is a redeveloped downtown, which captures a unique market niche such as professional offices, service businesses, entertainment and recreation with upscale restaurants and bars, and specialty shops. We see convenient parking and enclosed walkways or connections between shops. We see a downtown, which utilizes its historic features, green spaces, parks and central points of interest to create a unique shopping area.”

Source: City of Superior, Comprehensive Plan, October 1998

While parts of this vision may have changed since 1998, it provides a portrait of economic vitality upon which market opportunities can be examined more fully.

Study Purpose

Business retention, expansion and recruitment efforts require addressing the needs of business operators, property owners and customers. However, downtown revitalization also involves educating and building the capacity of these stakeholders, as well as policy makers and economic development organizations.

Given these objectives, the Superior BID Market Analysis was designed to provide market information needed for economic development efforts, while also developing the capacity and knowledge of individuals and organizations engaged in downtown revitalization. Accordingly, this market analysis may differ from other studies as it has an educational focus. Specific goals included:

- Determine the size and shape of the Superior BID's trade areas;
- Examine the trade area's resident demographic and lifestyle characteristics;
- Understand the regional economic position of the Superior BID;
- Explore the needs and perspectives of business operators;
- Explore the needs and perspectives of trade area consumers;
- Analyze success factors of comparable city downtowns;
- Use the above and additional information to study business and real estate opportunities; and
- Engage the BID board in developing recommendations for the analysis to enhance and guide the BID's economic future.

This study involved a BID market analysis study group, which provided essential local insight. They were involved in drawing conclusions and making recommendations from the data presented in this analysis.

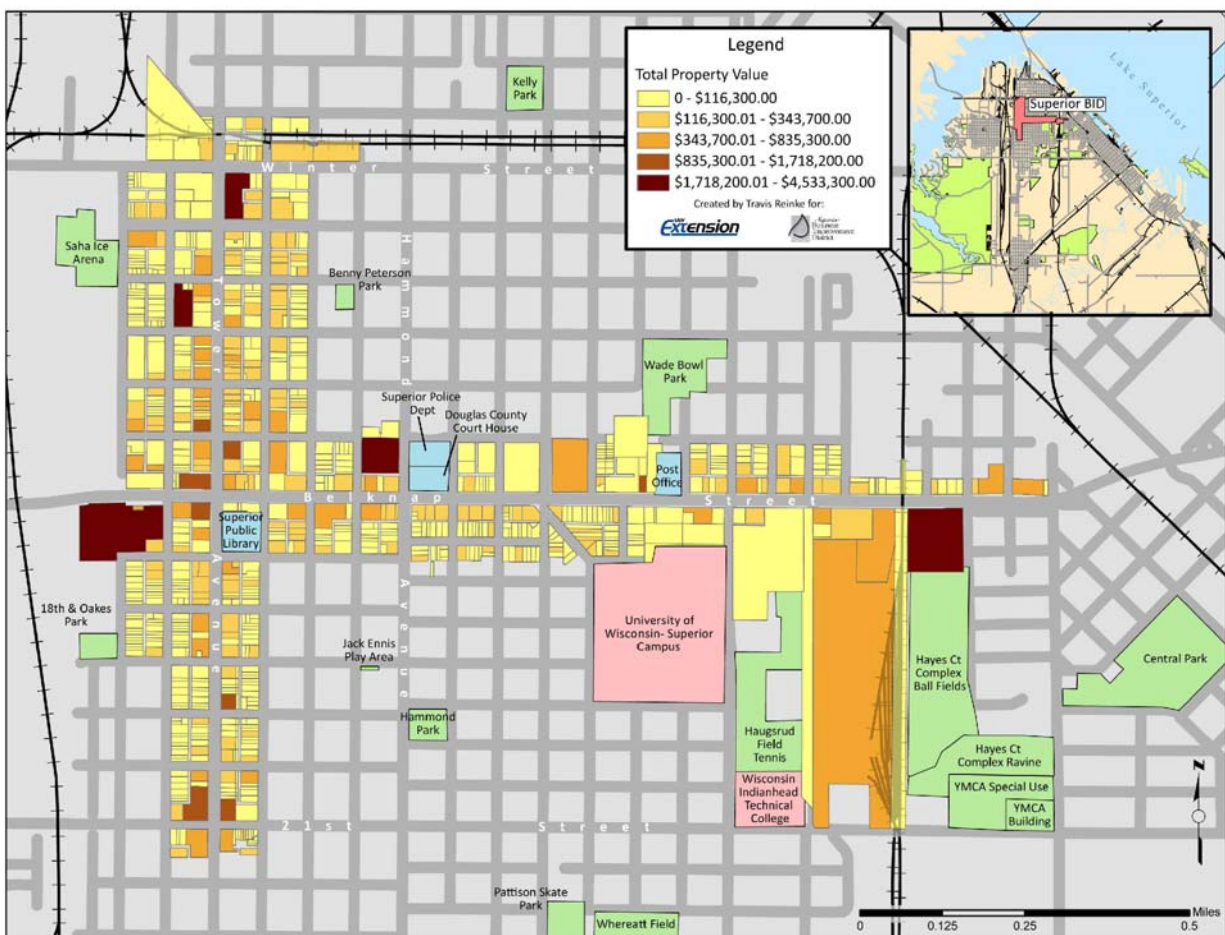
Characteristics of the Superior BID Study Area

Geographic Information Systems (GIS) analysis was used to explore several measures of economic and business health in the Superior BID including property/land value, building assessments, business sectors, land class, and vacancies. This information was provided by the City of Superior and reflects 2007 data.

Total Property Value

Total property value was categorized based on 2007 city property assessment data at the parcel level and presented in Map 1.2.

Map 1.2 – Total Property Value - 2007

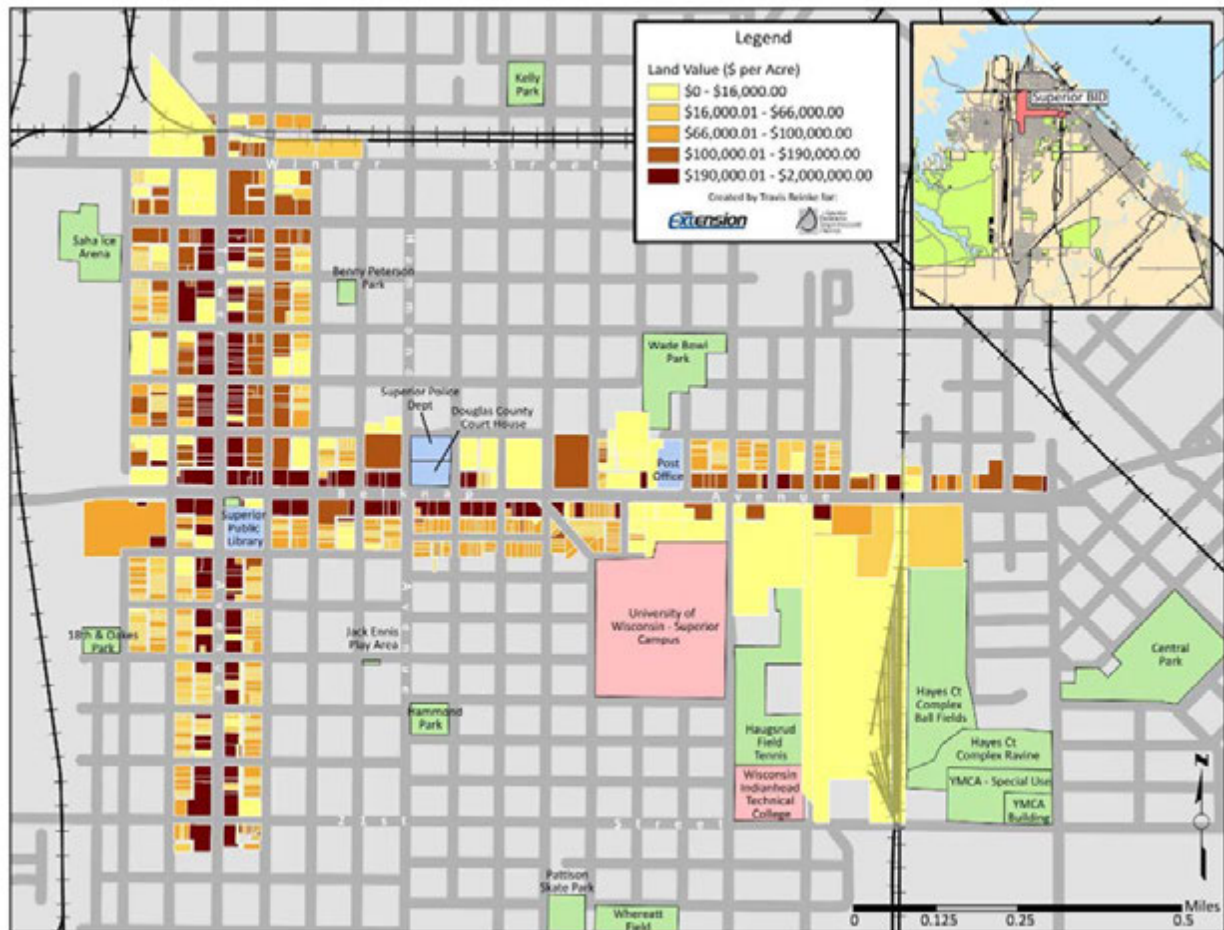


The map illustrates that those properties in the highest property value classes were generally larger parcels and included industrial businesses, banks, a private apartment building and the Superior City Center.

Land Value

Land value as illustrated in Map 1.3 was calculated from 2007 city property assessment data and categorized by dollars per acre at the parcel level.

Map 1.3 – Land Value - 2007



Land values are highest along Tower Avenue and Belknap Street, the primary commercial corridors in the Superior BID that receive the most traffic. Nearly all parcels fit in the highest value classes. Land values appear to decrease fairly uniformly with each half block away from Tower and Belknap as traffic and desirability also decreases.

Land Class

Land Class as illustrated in Map 1.4 refers to a valuation class assigned by Douglas County to all parcels for taxation purposes.

Map 1.4 – Land Class – 2007

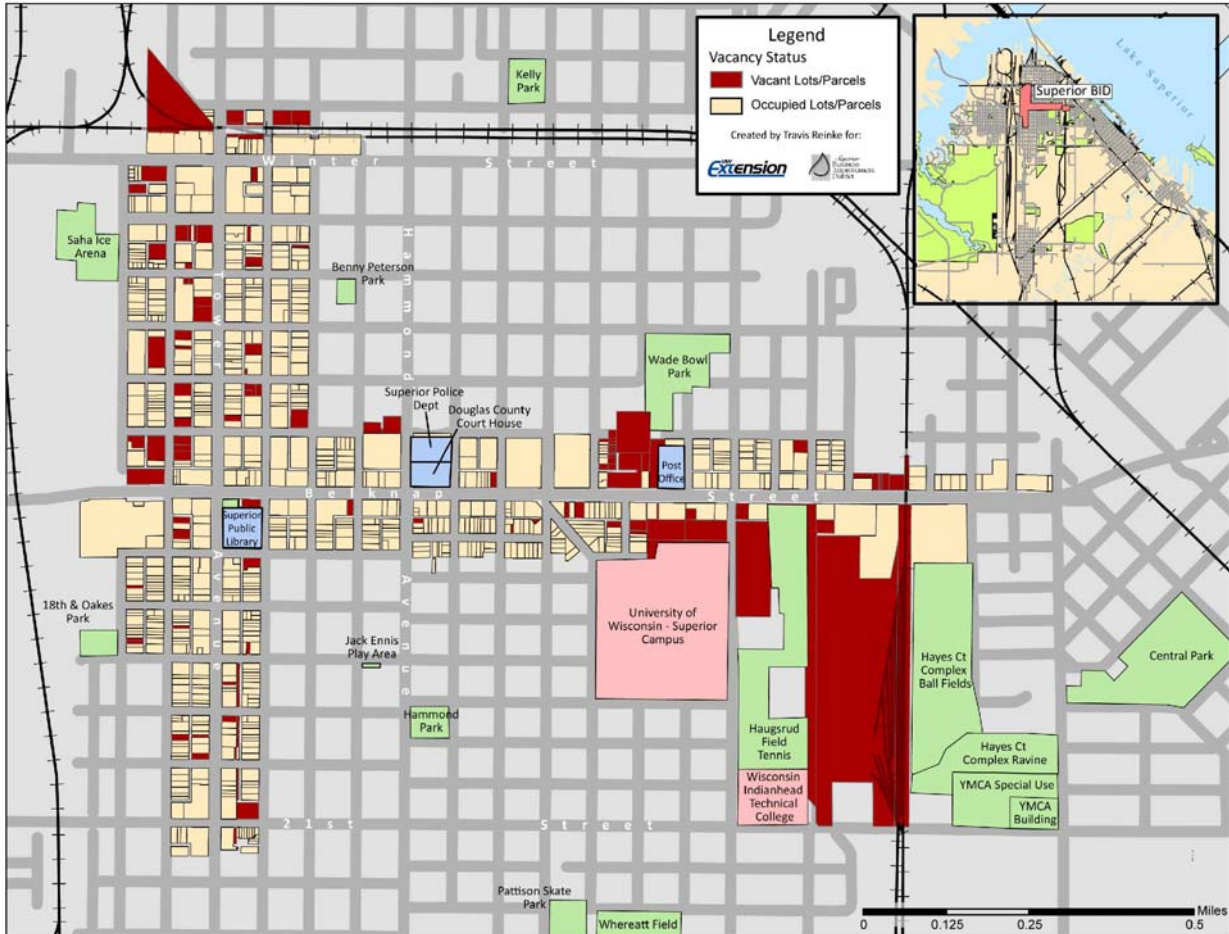


The majority of parcels on Tower Avenue and Belknap Street fall into the commercial land class. The remainder of the BID largely falls into the residential and manufacturing classes. Residential is more prevalent on the south side of Belknap Street.

Vacant Parcels and Parking Lots

Of the 810 parcels in the Superior BID, 122 were categorized as vacant or used for parking in 2007 according to data provided by the City of Superior. This results in a vacancy rate of 15.1% for the BID.

Map 1.5 – Vacant Parcels Status - 2007



The majority of these parcels do not face Tower Avenue or Belknap Street, but rather the adjacent Banks and Ogden Avenues which are comprised of mostly industrial and automotive business sectors and private residences.

History of Downtown Superior and the BID

Superior, Wisconsin is located on one of the most popular tourist routes into the mid-west and the largest of the Great Lakes, Lake Superior. Early inhabitants were drawn to the area for the same reason as today's inhabitants – its natural attributes. Commercial development was tied to the region's lakes, rivers, woodlands and other natural resources, and that tie still exists.

Downtown

Superior's downtown moved as the community grew. In the 1850s, the Bay of Superior was increasingly recognized as a natural harbor at the mouth of the Nemadji River. Investors and land speculators visualized the establishment of a substantial community on Lake Superior. East End (E. 2nd Street) became the downtown for the fledgling community with its borders expanding from 19th Avenue to 25th Avenue and up to 5th Street. The East End District remains a neighborhood commercial district today.

The Land and River Improvement Company purchased 137 acres of what would become the next downtown. Commercial buildings were built from the harbor on Tower to East 16th Street during the 1890s. Large commercial buildings with great architectural features were built containing luxury apartments above. Financial crisis brought a halt to the large building construction but in the 1920s smaller commercial structures were built to create a fuller downtown. While many of the structures closer to the waterfront are gone, most of the buildings in the core downtown still stand and house businesses today. This area became the hub of Superior's retail, service and social activities for the next sixty years. However, the advent of the mall and big box retailers began to draw business away from downtown as it has in other cities.

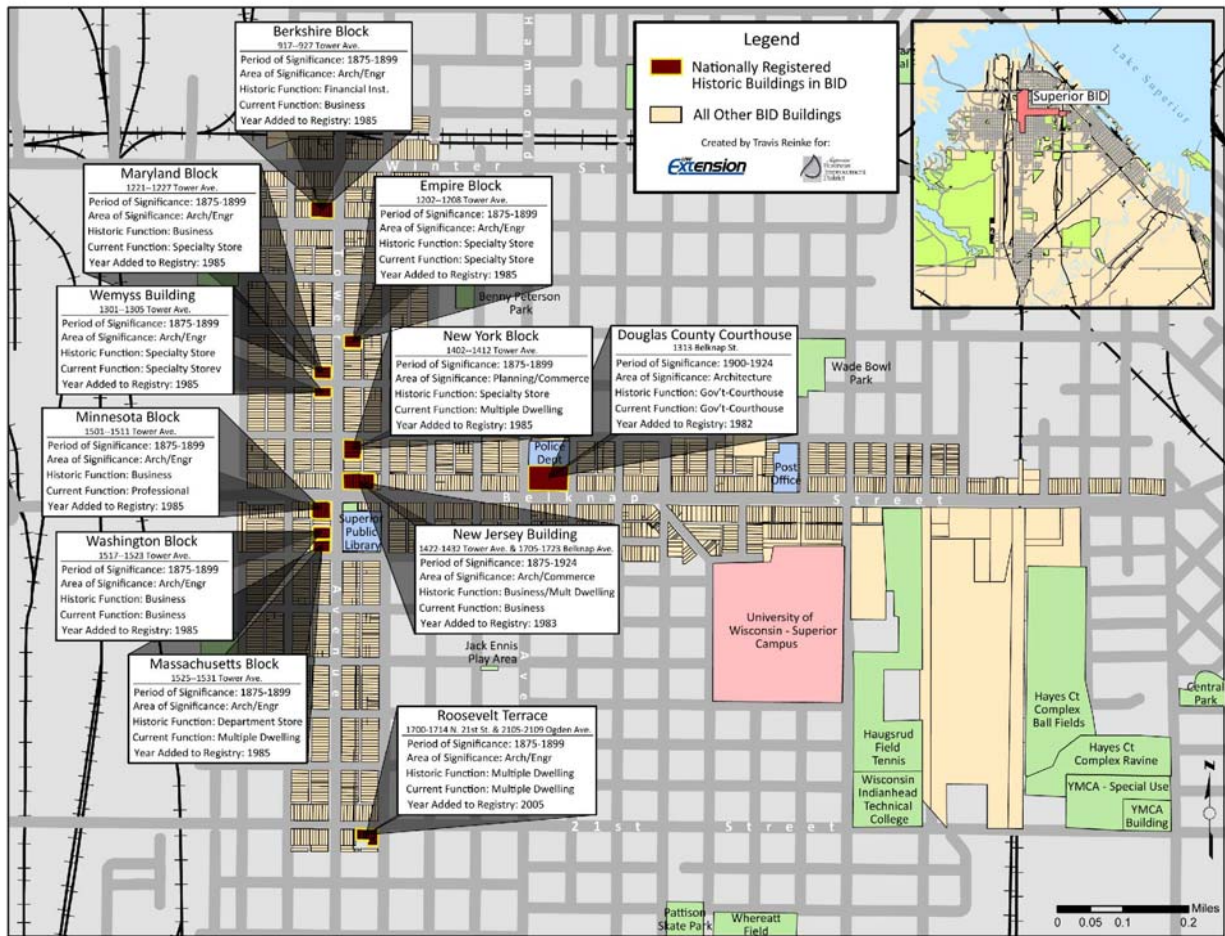
The current Superior BID is home to eleven buildings on the National Register of Historic Places. Ten of the eleven are in the Tower Avenue corridor. The other is the Douglas County Courthouse on Belknap Street. The Tower Avenue buildings were all historically businesses, predominantly retail specialty stores. Most remain active businesses while three have been converted to multiple residence dwellings. Superior has five other registered historic buildings outside of the BID. Map 1.6 illustrates the locations of these eleven Buildings in the BID that are on the Register

Superior BID

In mid 1987, the Downtown Revitalization Council was formed. This group of concerned business and property owners were committed to defining a path for the redevelopment of Superior's downtown. They reached out to the community and over 100 participants gathered to identify the strengths, weaknesses and challenges facing the downtown. In 1988, the property owners and the City of Superior agreed to establish a Business Improvement District (BID).

The BID was formed in 1989 with the original boundaries encompassing the downtown area. The BID has undergone three boundary expansions and now encompasses the Central Business District containing 89 blocks and over 400 businesses. Services, retail, restaurants, entertainment and the public sector are housed within the area.

Map 1.6 – Superior BID Buildings on the National Register of Historic Places



The BID has been able to expand its grant programs for building and property owners from a single small grant program to five programs. Currently the organization provides grants for Commercial Building Renovation, Architectural Assistance, Signs, New Construction and Landscaping. The local financial institutions, as they have from the BID's formation, provide a BID Reinvestment Loan program to assist with property improvements. The financial assistance continues to generate investment in the BID.

There have been challenges with bridge and road construction and the expansion of retail around the big boxes, but there is a change in the air. Investment through new construction, a major remodeling of a strip mall, the conversion of a school building and a vacated city/county complex into state of the art office and retail spaces, the restoration of a historic building into apartments with commercial below, and the expansion and remodeling of many buildings within the district are bringing people back to the area.

The mission of the BID has remained the same: to promote, enhance, recruit and advocate for the property and business owners within its boundaries.

Physical Characteristics and Issues of the BID Today

During the course of this study, Chuck Law, Ph.D., a Community and Design Specialist with the University of Wisconsin – Extension, visited Superior to offer some general observations about the layout and appearance of the downtown business district and the broader BID area. In an open letter to the Douglas County community development educator, he presented his findings. These findings are summarized here.

Explanatory Note from Chuck Law, Ph.D., Community and Design Specialist

During my visit to Superior in January of 2007, I had an opportunity to form some initial impressions about the physical layout and appearance of the downtown that may be worth sharing as a means of initiating some type of community response. As an Extension educator, I would not normally share such views since I can cite numerous examples of where an "expert" or "outsiders" approach to strategy development and issue identification resulted in little action or community buy-in. My commentary (which follows) will also reference other ways in which the community can invite similar feedback from a broader group of experts and community members. CL

Chuck Law, Ph.D. commentary:

It appears that downtown Superior is not perceived as a particularly attractive or welcoming part of the community. A quick visit to related websites (i.e., Chamber of Commerce, BID, etc.) resulted in few photographs of the spaces, buildings, or aerial views of the downtown. This appears to be supported by the comments recorded during a "community input" exercise completed on July 17, 2001 in which community residents offered their own reactions to the planning and design of Tower Avenue. This is somewhat unusual when compared to many Wisconsin communities where images and perceptions of their downtown are often used in marketing and promotion materials. With this in mind, opportunities for improvement are significant.

Automobile Orientation

Unfortunately, the design and layout of many Wisconsin downtowns has shifted to accommodate the smooth movement of automobile traffic though and around its traditional core. Superior's downtown is not unique in this regard. The photograph below shows a somewhat typical view of the downtown and clearly illustrates the emphasis on car traffic.



Despite this emphasis, the downtown streets appear unending. There are few physical elements signifying a sense of arrival for the motorist. This makes it difficult for the newcomer to know whether he/she is in the early stages, the middle, or nearing the end of the downtown area. Absent are strong visual cues suggesting the location of business entryways or off street parking. Few commercial signs are positioned to be read by a pedestrian. The "street" appears to function more like a suburban commercial strip rather than a

mixed use of commercial, industrial, retail and hospitality businesses.

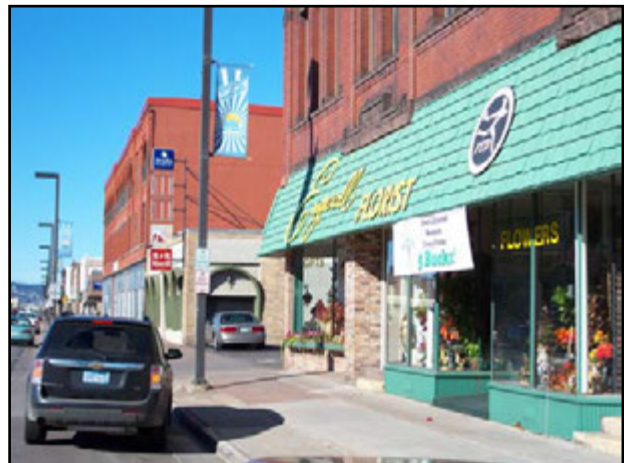
Lack of Pedestrian Friendliness

This orientation toward the automobile inhibits pedestrian "friendliness." Wide streets make them difficult to cross and likely force visitors back into their cars to move from one stop to another. This is underscored by the geographic size of the downtown (once you figure out how large it is), as well as the scale of its buildings and the associated design elements. The multi-story buildings give the downtown a "canyon like" appearance and make it difficult to orient oneself. Few of the design features are pedestrian-scale. Overhead light fixtures are designed for highway standards and lack consistency in color, style and material. The overall lack of vegetation and green spaces gives the downtown area a cold appearance even on the warmest of days.

Lack of Strong Architectural Identity (in both buildings and the associated streetscape)

The building blocks which make up the downtown miss a strong sense of architectural identity. Many downtown buildings have undergone typical façade changes, significantly changing their original architectural design. These range from the application of aluminum siding or awnings, to the covering of window areas, the addition of plastic signs, and the addition of artificial cedar shake mansard roofs (see photo below).

There is little complementary in building materials from building to building, but also within buildings as well. The use of stone in one building and brick in another gives a disjointed appearance to the setting. Side-by-side you see almost every material being incorporated into a business as a means of attracting a slice of the visual "pie." Within a single building, first floor commercial operations are divorced from the upper floors because of the colors and materials employed.



While this is a common challenge in most downtowns because of the difficulty in directing personal choices, whenever possible, property owners should be encouraged to incorporate only those façade changes that respect the original historic character of their building.



Another strategy to address this challenge is to rely on a strong streetscape design to provide the needed visual consistency. Looking at the streetscape elements used in downtown Superior, they appear dated and out of character with their surroundings. The accompanying photographs not only show the rather barren treatments but also the deteriorating quality of the paving and walking surfaces. Combined, these characteristics do not communicate an environment conducive to foot traffic.

Summary

The preceding comments from Chuck Law provide important background information to begin the examination of market opportunities in the BID. While the remaining sections of this study focus on the economics of the BID, the physical and design issues must also be addressed as part of a balanced and comprehensive revitalization approach.

Additional Tools and Opportunities for Gathering Input

For many years, UW-Extension has utilized the First Impressions program as one of the more typical ways for a community to gather input on its physical appearance. Superior undertook such an exercise over a decade ago in October of 1996. Several comments made by the visiting panel members from Ashland likely relate to the appearance of the downtown. It might be appropriate to revisit the elements of that report or even initiate another exchange visit with a nearby community to reaffirm or discover some new findings about the downtown.

A less used, but often effective technique used by UW-Extension for soliciting public perceptions about a physical setting is known as "Participatory Photography." This tool invites volunteers from the community to walk through an area (in this case the downtown) and use disposable cameras to photograph both attractive, unattractive and valued places and spaces. The camera becomes a convenient pointing device and volunteers are asked to record their reasons for their photographs on a survey form.

These findings can be useful in not only highlighting the areas of the community warranting attention, but supporting protection and preservation of previously under-valued community elements. Participatory Photography focuses on how community residents themselves perceive and feel about their community, which compliments a First Impressions exercise that emphasizes an "outsider's" perception of the community. It also serves as an effective way to get young people involved in thinking about and planning for the future of their community.

Acknowledgements

The Superior BID Market Analysis was developed as a grassroots educational effort with the assistance and support of the following organizations and individuals:

- The Superior BID market analysis committee;
- Kaye Tenerelli and Jodi Rochon of the Superior BID;
- Bill Ryan, UW-Extension, Center for Community and Economic Development (Madison) in collaboration with colleagues Chuck Law, Matt Kures, and Jerry Hembd;
- Fariba Pendleton, UW-Extension Douglas County;
- City of Superior;
- Superior BID business operators who provided customer origin data, provided professional insight through interviews, and/or completed the business operators survey;
- Superior residents who completed the consumer survey;
- Graduate students at the University of Wisconsin-Madison including Carissa DeCramer, Josh Ghena, Jamie Krug, Tim Prior, Travis Reinke, and Amy Seeboth;

Size and Shape of the Superior BID Trade Areas

Section

2

This section analyzes the extent and shape of the Superior Business Improvement District's (BID) various trade areas. The trade area boundaries defined here will serve as the basis for additional analyses throughout this report.

A trade area is the geographic region that generates the majority of customers for a given establishment or commercial district. A downtown commercial district typically has several trade areas of varying size that are influenced by its critical mass of establishments, the mix of existing businesses, downtown employee commuting patterns, convenience and accessibility, and its proximity to competition. Examining these factors relative to Superior provides insight into the size and shape of potential trade areas for the BID.

Each individual business in Superior BID has a unique trade area. The distinct trade area for an establishment will depend on factors ranging from the type of business to the variety of products and services sold. Certain business types will only attract local customers, while other categories have the potential to draw customers from throughout a broader region. For purposes of this analysis, two types of trade areas are examined for the Superior BID

- *Superior Primary Trade Area* – This reflects the area that local businesses draw customers from for day-to-day purchases. These purchases include goods and services that consumers purchase with minimal effort and often at the most accessible store (often referred to as convenience purchases). Convenience goods are characterized by relatively low costs and frequent purchases. Gasoline and groceries are examples.
- *Superior-Duluth Combined Trade Area* – This covers a broader area that recognizes the cross-shopping between the Twin Ports cities. It includes destination-shopping for goods and services that consumers typically purchase after comparing price, quality, and brands. Automobiles, furniture, and appliances are examples of destination goods. Other retailers offering a unique consumer draw are also considered destination-type businesses.

In this section, two factors are considered when defining the Superior Primary Trade Area and the Superior-Duluth Combined Trade Area:

- *Drawing power of existing businesses* – The customer origin of existing BID businesses provide insight into the distance that local and regional residents will travel.
- *Location of the BID relative to other competing commercial centers* – Other shopping destinations compete with the Superior BID and impact the shopping habits of local and regional residents.

Drawing Power of Existing Businesses

The drawing power of individual businesses provides insight into the potential size and shape of trade areas for Superior BID. For most businesses, the region that generates 50 to 75 percent of its customers often constitutes its primary trade area. Depending on the products or services sold, the trade areas of these businesses can be used to approximate an overall Superior Primary Trade Area and a Superior-Duluth Combined Trade Area.

To evaluate the drawing power of individual establishments, customer locations (zip codes) were provided by three BID businesses. While the individual business names are not identified, they represent a mix of convenience and destination-type goods and services.

Information from each business was mapped and analyzed using Geographic Information Systems (GIS). Map 2.1 shows a map of one of the business' customers and its subsequent drawing power. While each of the three BID businesses analyzed has a unique trade area, several general patterns emerge as a result of the customer origin analysis:

- The three BID businesses analyzed attract 50 to 75 percent of their customers from within a 10-mile radius. Two Wisconsin zip codes (54880-Superior and 54874-South Range) and three Minnesota zip code areas (55804-Duluth northeast shoreline, 55803-Duluth far north and 55811-Duluth northwest) generated the highest percentage of customers.
- Of the three businesses, the business selling the most convenience-oriented products generated 83 percent of its customer from the Superior zip code area (54880).
- The two other more destination oriented businesses generated many more customers from Minnesota (45 and 59 percent of their customers).

In summary, the BID's convenience oriented business drew heavily from nearby zip codes. These zip codes provide one indicator of the geographic size of the Superior Primary Trade Area. The BID's destination oriented businesses drew significantly from Minnesota zip codes. These out-of-state zip codes provide one indicator of the geographic size of the Superior-Duluth Combined Trade Area. Residents of these zip codes are probably drawn to shopping destinations closer to their homes such as the Miller Hill Mall or downtown Duluth. Accordingly, it would be unrealistic to classify these distant zip code areas as part of the Superior Primary Trade Area (for day-to-day convenience oriented purchases) as it would overstate the population and spending potential of the market. Nevertheless, for certain destination oriented businesses, it is important to recognize the size of the broader market in the metropolitan area.



Blatnik Bridge connecting Duluth to Superior. Source: city-data.com

Map 2.1 – Sample Customer Origin



Location of BID Relative to Other Commercial Centers

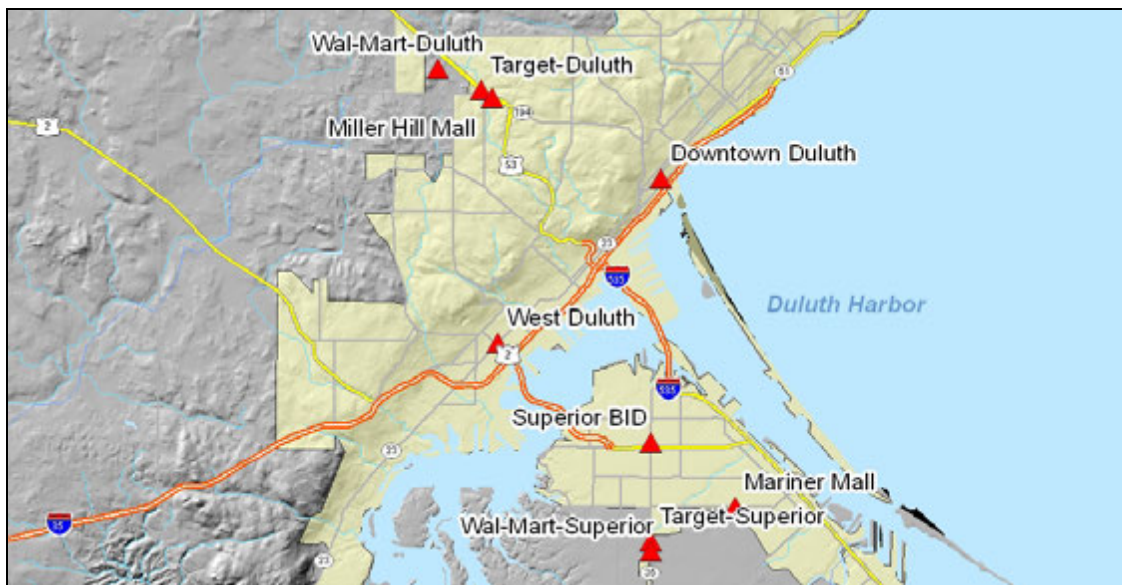
Competitive commercial centers in the Superior-Duluth area and the broader region provide a second basis for determining trade areas. The relative location of each center should be considered for determining the Superior Primary Trade Area. All these commercial centers are located within the Superior-Duluth Combined Trade Area.

Superior-Duluth Major Commercial Centers

For retail, restaurants and other service businesses, the Superior BID's primary competition includes commercial centers in both Superior and Duluth. They are listed and illustrated below.

- Superior's South Tower Ave. area (Wal-Mart and Target) is two miles south of the BID
- Superior's Mariner Mall (285,000 SF) on 28th Street is two miles southeast of the BID
- The West Duluth area along Route 23, three-miles across the Duluth Harbor via U.S. 2
- Downtown Duluth, approximately five-miles north of the BID via I-535
- Miller Hill Mall (760,000 SF) and nearby businesses including Target and Wal-Mart, all approximately eight-miles north of the BID in Duluth.

Map 2.2 – Commercial Centers in the Superior-Duluth Area



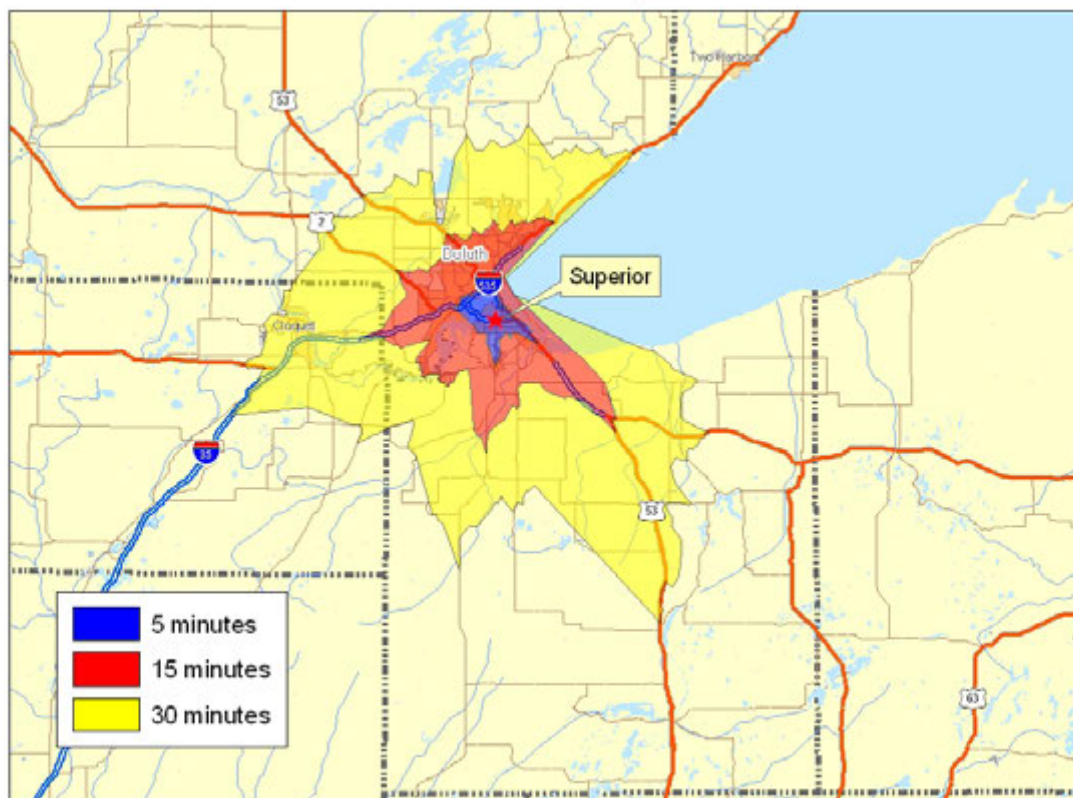
The BID's convenience trade area is determined in part by other commercial centers in the metro area.

Because of the compact nature of Superior-Duluth urban area, travel times (absent of unusual traffic issues) are shorter than that of major metro areas. This allows consumers to travel freely among commercial centers. Urban resident here are able to select from various shopping destinations based on selection, amenities, price, and other factors. This supports the notion that certain destination businesses in Superior compete for customers from throughout a Superior-Duluth Combined Trade Area.

However, drive-time analysis can be used as another method to help determine the trade areas based on proximity. A 5-, 15-, and 30-minute travel time around the Superior BID is presented on Map 2.3. The shape of these drive-time areas is influenced by the street and highway network as well as the travel speeds on those thoroughfares. The map indicates that from a

convenience shopping perspective, the Superior BID is easily accessible from throughout the City of Superior and from West Duluth.

Map 2.3 – Drive Time to the Superior BID



Other Northwestern Wisconsin Commercial Centers

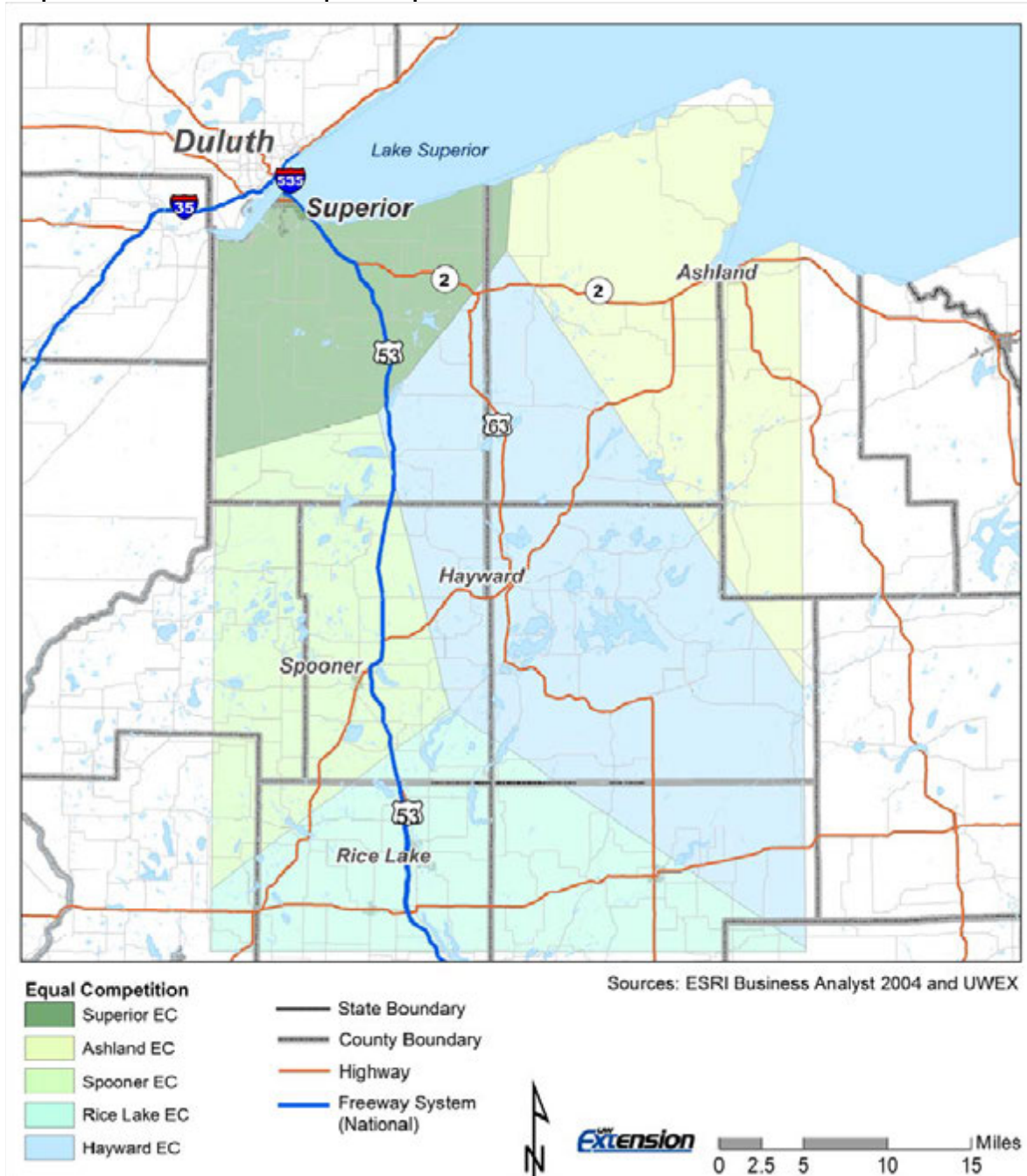
In addition to commercial centers in the immediate Superior-Duluth area, other smaller commercial centers exist in northwestern Wisconsin. These include the Wisconsin communities of Spooner, Hayward, Ashland, and Rice Lake.¹

These regional centers have their own trade areas (and day-to-day retail centers) and need to be considered when determining the Superior BID's reach to the south and east. The Superior trade areas should not encroach upon these other areas (base on the assumptions that residents are pulled to the nearest commercial center as measured by drive-time).

A geographic analysis of the Superior BID relative to four other commercial centers to the south and east in Wisconsin are illustrated in Map 2.4. Here the northwest Wisconsin region is divided into separate geographic areas based on "equal competition trade areas. These areas are based on the midway point between each of the four regional commercial centers. Much of Douglas County provides a reasonable Primary Trade Area (separate and distinct from other commercial centers in the region).

¹ Rural Minnesota communities should not be included here as they are more closely aligned with Duluth due to their proximity to I-35. Accordingly, with the exception of a portion of West Duluth, rural Minnesota communities should not be included in either of the Superior trade areas.

Map 2.4 – Destination-Based Equal Competition Areas



Conclusions

The Superior BID trade areas as proposed below reflect the potential convenience and destination drawing power of the overall BID (not the exact trade areas of individual businesses). The trade areas proposed reflect future potential, not necessarily what is captured today. Furthermore, the boundaries of these trade areas are considered to be fluid in nature. Specifically, customers within these trade areas will travel to other shopping destinations, while customers from outside the trade areas may shop at Superior BID businesses.

A determination of the size and shape of the BID's trade areas considered the following:

- While many customers originate from Duluth, it is believed that most of these customers are first drawn to other commercial centers closer to home for day-to-day purchases. To avoid exaggerating the size of the geographic market for the Superior BID, a Superior Primary Trade Area was developed that describes the area in which consumers making day-to-day purchases are pulled first to Superior.
- The Superior-Duluth Combined Trade Area recognizes that customers for many destination oriented businesses come from Duluth. It closely reflects the 30-minute drive-time area (around the BID) as presented earlier in this section. Destination oriented businesses have an opportunity to penetrate this larger metropolitan market.

Based on the above, the follow zip codes provide a reasonable geographic definition for defining the BID's trade areas. These trade areas are depicted on Maps 2.5 and 2.6, and will be used later in this study.

Superior Primary Trade Area
54820 – Brule, WI
54836 – Foxboro, WI
54838 – Gordon, WI
54849 – Lake Nebagamon, WI
54854 – Maple, WI
54864 – Poplar, WI
54873 – Solon Springs, WI
54874 – South Range, WI
54880 – Superior, WI
55807 – Duluth (West Duluth, MN)
55808 – Duluth (Morgan Park, MN)

Superior-Duluth Combined Trade Area
54820 – Brule, WI
54836 – Foxboro, WI
54838 – Gordon, WI
54849 – Lake Nebagamon, WI
54854 – Maple, WI
54864 – Poplar, WI
54873 – Solon Springs, WI
54874 – South Range, WI
54880 – Superior, WI
55718 – Carlton
55720 – Cloquet
55733 – Esko
55779 – Saginaw
55797 – Wrenshall
55802 – Duluth
55803 – Duluth
55804 – Duluth
55806 – Duluth
55807 – Duluth (West Duluth, MN)
55808 – Duluth (Morgan Park, MN)
55810 – Duluth
55811 – Duluth
55812 – Duluth

Map 2.5 – Superior Primary Trade Area



Map 2.6 – Superior-Duluth Combined Trade Area



Demographic, Lifestyle, and Spending Analysis

Section

3

The demographic and lifestyle characteristics of trade area residents provide valuable information for analyzing local spending potential, purchasing preferences and marketing strategies.

Demographic Analysis

To assist in understanding the characteristics of residents, the following tables compare demographic traits for the Superior Primary Trade Area and Superior-Duluth Combined Trade Area, with the combined states of Wisconsin and Minnesota (Wisconsin-Minnesota combined). Comparing demographics of each of these geographic areas helps to differentiate local consumers and may identify potential customer niches.

Demographic characteristics are derived from public and private datasets, including ESRI Business Information Solutions (ESRI BIS) and the 2000 Decennial Census. The demographics for each geographic area are not mutually exclusive. The Superior-Duluth Combined Trade Area includes the figures from the Superior Primary Trade Area.

Population Trends

Population is the basis for quantifying market size and growth trends, both of which are used to measure consumer demand. In examining the population change over the past eight years (2000-2008), the Superior Primary and Superior-Duluth Combined Trade Areas experienced only small growth. The Wisconsin-Minnesota combined population growth outpaced the growth rate of the trade areas.

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin-Minnesota Combined
2000 Total Population	59,777	174,234	10,283,154
2000 Group Quarters	1,568	8,505	291,841
2008 Total Population	60,455	178,204	11,059,320
2013 Total Population	60,854	178,551	11,533,639
2008 - 2013 Annual Rate	0.13%	0.04%	0.84%

Source: ESRI Business Information Solutions

With almost 60,000 local residents, the Superior Primary Trade Area represents a large potential consumer base. Unlike other communities in the Upper Midwest, Superior also has a large concentration of residents within the broader Superior-Duluth Trade Area. Accordingly, Superior has a unique opportunity to serve a much larger market than other cities of its size.

Housing Units - 2008

Occupancy rate reveals the percentage of housing units that were occupied during a given year, while housing tenure characterizes the differences between owner-occupied and renter-occupied housing units. Housing tenure and occupancy rate figures are useful in analyzing the potential for a variety of different home-related products and services.

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin-Minnesota Combined
Owner Occupied Housing Units	61%	68%	64%
Renter Occupied Housing Units	25%	23%	26%
Vacant Housing Units	14%	9%	11%

Source: ESRI Business Information Solutions. Note: Vacant housing units include 2nd-home inventory in the trade area.

The Superior trade areas have similar concentrations of rental units compared to the Wisconsin-Minnesota combined region. The number of rental units should be considered in determining the need for products and services for the nearby resident market. The high percentage of vacant units in the Superior Primary Trade Area is likely due to the number of seasonal recreational homes in these outlying areas. These seasonal nonresidents and other visitors to the area should also be recognized when assessing the true size of the market.

Housing Values - 2000

In 2000, a majority of housing values in the Superior Primary and Superior-Duluth Combined Trade Areas were below \$100,000 (79-percent and 65-percent respectively). Housing values were significantly lower than those in the Wisconsin-Minnesota combined region. Business development opportunities related to serving the needs of these homeowners in the trade areas should be considered.

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin-Minnesota Combined
< \$50,000	30%	18%	11%
\$50,000 - \$99,999	49%	47%	31%
\$100,000 - \$149,999	14%	21%	30%
\$150,000 - \$199,999	4%	8%	15%
\$200,000 - \$299,999	2%	5%	9%
\$300,000 - \$499,999	1%	1%	4%
\$500,000 - \$999,999	0%	<0%	1%
\$1,000,000+	0%	<0%	<0%

Source: ESRI Business Information Solutions. Note: Vacant housing units include 2nd-home inventory in the trade area

Per Capita Income Trends

The Superior Primary Trade Area significantly trails the Wisconsin-Minnesota combined region in per capita income by almost 30-percent. Using 2000 census data as a baseline, the Superior Primary Trade Area experienced a 32-percent increase in per capita incomes over the past eight years, slightly less than Wisconsin-Minnesota combined. Although skewed lower, Superior Primary Trade Area is seeing growth in income levels similar to the Wisconsin-Minnesota combined region (expected to grow by 16-percent from 2008 to 2013).

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin-Minnesota Combined
2000	\$17,363	\$19,173	\$22,193
2008	\$23,004	\$25,394	\$29,901
2013	\$26,795	\$29,452	\$36,095

Source: ESRI Business Information Solutions

Business development efforts should recognize the lower incomes in the Superior Trade Area and consider value retailing and services that would serve the income limitations of the market.

Household Income - 2008

The lower household incomes in the Superior Primary Trade Area are driven by a significant number of households with incomes less than \$50,000 (56-percent of households compared to only 41-percent in the Wisconsin-Minnesota combined region). It is important to point out many of the higher incomes in the Wisconsin-Minnesota combined region are located in larger metropolitan areas such as Minneapolis/St. Paul.

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin-Minnesota Combined
< \$15,000	13%	12%	8%
\$15,000 - \$24,999	13%	11%	9%
\$25,000 - \$34,999	12%	11%	9%
\$35,000 - \$49,999	18%	16%	15%
\$50,000 - \$74,999	21%	22%	22%
\$75,000 - \$99,999	14%	16%	16%
\$100,000 - \$149,999	7%	10%	14%
\$150,000 - \$199,999	1%	3%	3%
\$200,000 +	1%	2%	4%
Average Household Income	\$52,812	\$60,911	\$74,581

Source: ESRI Business Information Solutions

Age - 2008

Expenditures and consumer preferences change with age. Accordingly, retail, service and restaurants often target certain age segments. The following table presents age data.

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin-Minnesota Combined
Total	60,455	178,204	11,059,320
0 – 4	6%	6%	7%
5 – 9	6%	5%	6%
10 – 14	6%	6%	7%
15 – 19	7%	8%	7%
20 – 24	7%	8%	7%
25 – 34	13%	12%	13%
35 – 44	13%	13%	14%
45 – 54	16%	16%	15%
55 – 64	12%	12%	11%
65 – 74	7%	7%	6%
75 – 84	5%	5%	4%

Source: ESRI Business Information Solutions

The projected data for 2013 points to an aging population (55+ ranges) in the Superior Primary Trade Area. The growth in 55+ residents outpaces Wisconsin-Minnesota combined averages and points to Superior's increasing role as a community for retirees. Retailers and service providers should focus their attention on needs of an older population.

Gender - 2008

The Superior Primary Trade Area is similar to the Wisconsin-Minnesota combined region in the ratio of males to females as presented below.

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin-Minnesota Combined
Male	49%	49%	49%
Female	51%	51%	51%

Source: ESRI Business Information Solutions

Race/Ethnicity – 2008

Both Trade Areas are racially homogenous as they are primarily white. The following table presents data on the ethnic diversity of the community.

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin-Minnesota Combined
Total	60,455	178,204	11,059,320
White Alone	94%	94%	87%
Black Alone	1%	1%	5%
American Indian Alone	2%	3%	1%
Asian/Pacific Islander Alone	1%	1%	3%
Some Other Race Alone	<0%	<0%	2%
Two or More Races	2%	2%	2%
Hispanic Origin	1%	1%	4%
Diversity Index	13	15	30

Source: ESRI Business Information Solutions

Educational Attainment (Population 25+) – 2008

Compared to the Wisconsin-Minnesota combined region, the Superior Primary Trade Area has a lower percentage of the population with a college degree. These trends underscore the importance of Superior's educational institutions as part of the community's overall labor market and economic development efforts.

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin-Minnesota Combined
Total	41,395	119,971	7,316,423
Less than 9th Grade	3%	3%	4%
9th-12th Grade, No Diploma	9%	8%	7%
High School Graduate	37%	33%	32%
Some College, No Degree	22%	23%	22%
Associate Degree	10%	9%	9%
Bachelor's Degree	13%	17%	18%
Master's/Prof/Doctorate	6%	8%	9%

Source: ESRI Business Information Solutions

Employment Occupations (Population 16+) – 2008

Employment in the Superior Primary Trade Area is divided into three main areas. White collar employment accounts for over half of all the local jobs, but represents a smaller percentage of total employment compared to the Wisconsin-Minnesota combined region. Conversely, employment in services is higher than the Wisconsin-Minnesota combined region.

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin- Minnesota Combined
TOTAL	28,978	87,833	5,622,006
White Collar	55%	58%	60%
Management/Business/Financial	9%	11%	14%
Professional	19%	22%	21%
Sales	13%	12%	11%
Administrative Support	14%	13%	13%
Services	21%	21%	16%
Blue Collar	24%	21%	24%
Farming/Forestry/Fishing	1%	<0%	1%
Construction/Extraction	6%	5%	5%
Installation/Maintenance/Repair	4%	4%	4%
Production	6%	5%	9%
Transportation/Material Moving	8%	7%	6%

Source: ESRI Business Information Solutions

Employment Occupations - NAICS Business Summary - 2008

Compared to the Wisconsin-Minnesota combined region, the Primary Trade Area has a high concentration of transportation employment and services occupations.

	Superior Primary Trade Area	Superior-Duluth Combined Trade Area	Wisconsin- Minnesota Combined
Retail Trade	13%	12%	12%
Construction	6%	6%	6%
Manufacturing	7%	7%	16%
Transportation	8%	7%	5%
Agriculture/Mining	2%	1%	2%
Wholesale Trade	3%	3%	3%
Information	2%	2%	2%
Finance/Insurance/Real Estate	6%	6%	7%
Services	49%	51%	44%
Public Administration	4%	4%	3%

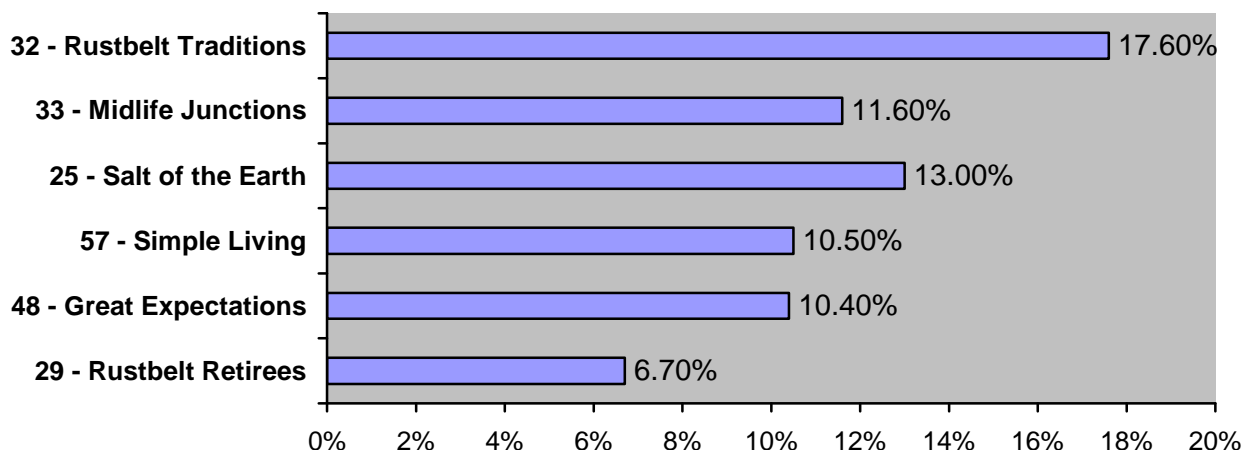
Source: NAICS Business Summary

Lifestyle Analysis

The Superior Primary Trade Area resident lifestyles can also be studied using lifestyle segmentation information. Lifestyle segmentation systems examine the buying habits and preferences of consumers in a geographic area. One lifestyle segmentation system is Tapestry™, by ESRI Business Information Solutions. Consumers are classified into 65 demographic and behaviorally distinct segments. The segments are based on type of

neighborhood (urban, suburban, rural); the residents' socioeconomic status (age, income, occupation, type and value of residence); and their buying behaviors. A summary for the Superior Primary Trade Area is shown in the following graph.

Major Tapestry Segments in the Superior Primary Trade Area



Source: ESRI Business Information Solutions

A brief snapshot of the lifestyle characteristics and preferences for these national segments as described by ESRI is presented below. Note the income and home values data in these descriptions are from a 2006 ESRI staff paper (Community Tapestry – The Fabric of America's Neighborhoods) and have likely changed.

Rustbelt Traditions (segment 32): Rustbelt Traditions neighborhoods are the backbone of older, industrial cities in states bordering the Great Lakes. Most employed residents work in the service, manufacturing, and retail trade industries. Most residents own and live in modest single-family homes and have a median value of \$97,000. Households are primarily a mix of married-couple families, single-parent families, and singles that live alone. The median age is 35.9 years; the median household income is \$45,300. Residents prefer to use a credit union and invest in certificates of deposit. They use coupons regularly, especially at Sam's Club, work on home remodeling or improvement projects, and buy domestic.

Midlife Junction (segment 33): Midlife Junction communities are found in suburbs across the country. Residents are phasing out of their child-rearing years. Approximately half of the households are composed of married-couple families; 31 percent are singles who live alone. The median age is 40.5 years; the median household income is \$43,600. One-third of the households receive Social Security benefits. Nearly two-thirds of the households are single-family structures; most of the remaining dwellings are apartments in multiunit buildings. These residents live quiet, settled lives. They spend their money prudently and do not succumb to fads. They prefer to shop by mail or phone from catalogs such as J.C. Penney, L.L. Bean, and Lands' End. They enjoy yoga, attending country music concerts and auto races, refinishing furniture, and reading romance novels.

Salt of the Earth (segment 25): A rural or small-town lifestyle best describes the *Salt of the Earth* market. The median age is 40.4 years. Labor force participation is higher than the U.S. level, and unemployment is lower. Above-average numbers of employed residents work in the manufacturing, construction, mining, and agricultural industries. The median household income is \$48,800. Households are dominated by married-couple families who live in single-family dwellings, with homeownership at 86 percent. Twenty-eight percent of the households own three or more vehicles. Most homes own a truck; many own a motorcycle. Residents are settled, hardworking, and self-reliant, taking on small home projects as well as vehicle maintenance. Families often own two or more pets, usually dogs or cats. Residents enjoy fishing, hunting, target shooting, attending country music concerts and auto races, and flying kites.

Simple Living (segment 57): Simple Living neighborhoods are found in urban outskirts or suburban areas throughout the United States. Half of the households are singles who live alone or share housing, and 32 percent consist of married-couple families. The median age is 40.1 years. Approximately one-third of householders are aged 65 years or older; 19 percent are aged 75 years or older. Housing is a mix of single-family dwellings and multiunit buildings of varying stories. Some seniors live in congregate housing (assisted living). Fifty-five percent of households are occupied by renters. Approximately 40 percent of households receive Social Security benefits. Younger residents enjoy going out dancing, whereas seniors prefer going to bingo night. To stay fit, residents play softball and volleyball. Many households do not own a computer, cell phone, or DVD player. Residents watch hours of TV per day, especially sitcoms and science fiction shows.

Great Expectations (segment 48): Neighborhoods are located throughout the country, with higher proportions found in the Midwest and South. Young singles and married-couple families dominate. The median age is 33.0 years. Labor force participation is high. Manufacturing, retail, and service industries are the primary employers. Approximately half of the households are owners living in single-family dwellings with a median value of \$100,600; the other half are renters, mainly living in apartments in low-rise or mid-rise buildings. Most of the housing units in these older, suburban neighborhoods were built before 1960. Residents enjoy a young and active lifestyle. They go out to dinner, to the movies, to bars, and to nightclubs. They enjoy roller skating; roller blading; playing Frisbee, chess, and pool; and attending auto races. They read music magazines and listen to rock music on the radio.

Rustbelt Retirees (segment 29): Most Rustbelt Retirees neighborhoods can be found in older, industrial cities in the Northeast and Midwest, especially in Pennsylvania and other states surrounding the Great Lakes. Households are mainly occupied by married couples with no children and singles who live alone. The median age is 43.8 years. Although many residents are still working, labor force participation is below average. More than 40 percent of the households receive Social Security benefits. Most residents live in owned, single-family homes, with a median value of \$118,500. Unlike many retirees, these residents are not inclined to move. They are proud of their homes and gardens and participate in community activities. Some are members of veterans' clubs. Leisure activities include playing bingo, gambling in Atlantic City, going to the horse races, working crossword puzzles, and playing golf.

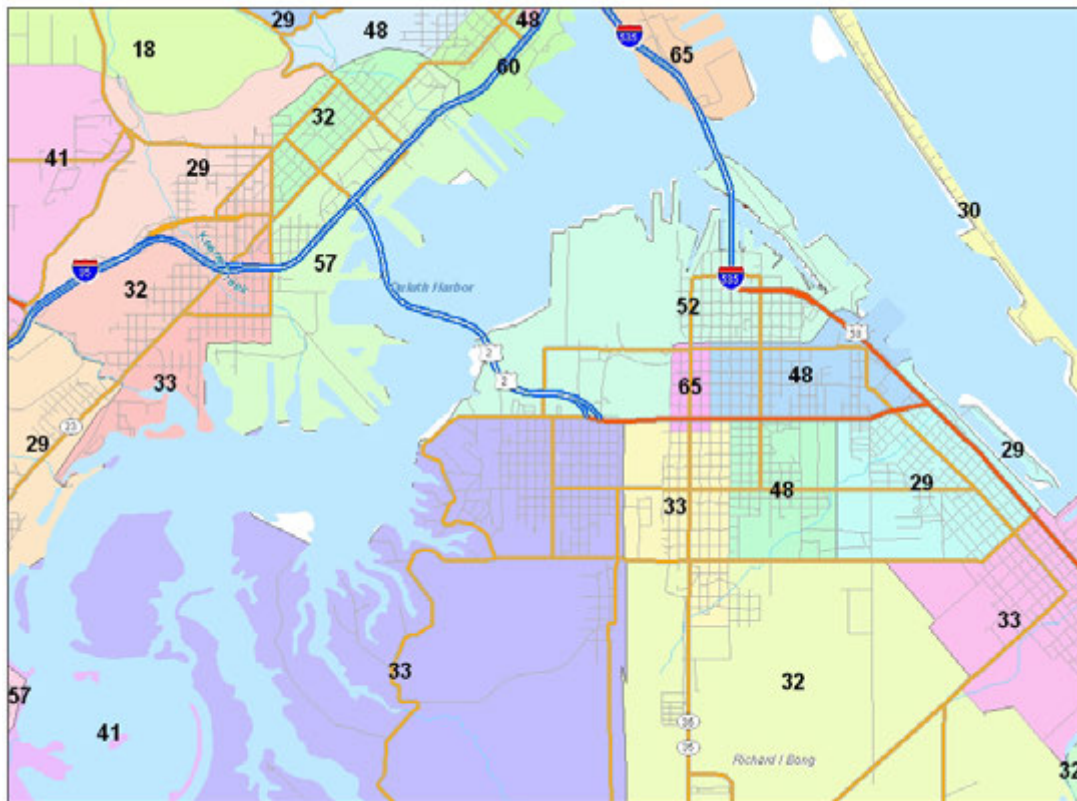
In addition to the major tapestry segments within the Superior Primary Trade Area, two additional segments help describe residents who live in or near the Superior BID. These are presented below.

Inner City Tenants (segment 52): These neighborhoods are a microcosm of urban diversity, located primarily in the South and West. This multicultural market is young, with a median age of 27.8 years. Households are a mix of singles and families. Most residents rent economical apartments in mid- or high-rise buildings. Recent household purchases by this market include video game systems, baby food, baby products, and furniture. Internet access at home is not typical; those who have no access at home surf the Internet at school or at the library. Playing games and visiting chat rooms are typical online activities. Residents frequently eat at fast-food restaurants. They enjoy going to the movies; attending football and basketball games; water skiing; and playing football, basketball, and soccer. Some enjoy the nightlife, visiting bars and nightclubs to go dancing.

Social Security Set (segment 65): Four in ten residents in the Social Security Set segment are aged 65 years or older; the median age is 44.6 years. Most of these residents live alone. Located in large cities scattered across the United States, these communities are dispersed among business districts and around city parks. The service industry provides more than half of the jobs held by residents who work. Households subsist on very low, fixed incomes. Most residents rent apartments in low-rent, high-rise buildings. Many rely on public transportation, because more than half of these households do not own a vehicle. Limited resources somewhat restrict the purchases and activities of these residents, although many have invested their savings in stock. They enjoy going to movies and soccer games and reading science fiction. Many households subscribe to cable TV; residents particularly enjoy watching game shows, sports, and entertainment news shows.

A map displaying the dominant Tapestry categories within each of the Superior Primary Trade Area's census tracts is presented on the following page. This map illustrates the diversity of the area and can be used in target marketing efforts to specific neighborhoods of the community.

Map 3.1 – Dominant Tapestry Categories within the Superior Primary Trade Area



Source: ESRI Business Information Solutions

- 32 – Rustbelt Traditions**
- 33 – Midlife Junctions**
- 25 – Salt of the Earth**
- 57 – Simple Living**
- 48 – Great Expectations**
- 29 – Rustbelt Retirees**
- 52 – Inner City Tenants**
- 65 – Social Security Set**

For more information on these lifestyle categories, a database describing detailed consumer purchasing patterns for each segment is available on the Community Tapestry CD accompanying this report (available through the Superior BID office). These patterns are expressed using a purchase potential index (PPI). The PPI examines a wide range of retail, service, entertainment and psychographic categories to determine a household's propensity for purchasing products or participating in activities. Given the value of this information, it is suggested this PPI information be made readily available to existing and prospective businesses in Superior.

An alternative analysis of how trade area residents spend their money is presented next. Here, a Market Potential Index (MPI) will be used in place of the Community Tapestry PPI data.

Consumer Behavior and Purchasing Patterns of Residents

Consumer behavior and purchasing patterns data for 2008 for the Superior trade areas is presented in the following tables. Displayed are the number of adults or households likely to purchase a variety of goods and services. A market potential index (MPI) is provided to compare household patterns with national averages (U.S. index = 100). Consumer patterns of by visitors and nonresidents are not included in these figures.

Superior Primary Trade Area			
<hr/>			
Demographic Summary	2008	2013	
Population	60,455	60,854	
Total Number of Adults	47,391	48,194	
Households	25,916	26,337	
Median Household Income	\$44,240	\$52,794	
<hr/>			
Product/Consumer Behavior	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
<hr/>			
Apparel (Adults)			
Bought any men's apparel in last 12 months	23,116	48.8%	97
Bought any women's apparel in last 12 months	21,592	45.6%	102
Bought apparel for child <13 in last 6 months	12,377	26.1%	98
Bought any shoes in last 12 months	23,737	50.1%	98
Bought any costume jewelry in last 12 months	9,004	19.0%	92
Bought any fine jewelry in last 12 months	9,740	20.6%	89
Bought a watch in last 12 months	10,535	22.2%	97
Automobiles (Households)			
HH owns/leases any vehicle	22,659	87.4%	100
HH bought new vehicle in last 12 months	2,399	9.3%	86
Automotive Aftermarket (Adults)			
Bought gasoline in last 6 months	41,555	87.7%	101
Bought/changed motor oil	25,945	54.7%	107
Had tune-up	13,903	29.3%	95
Beverages (Adults)			
Drank bottled water/seltzer in last 6 months	26,061	55.0%	89
Drank regular cola in last 6 months	25,513	53.8%	101
Drank beer/ale in last 6 months	18,575	39.2%	92
Cameras & Film (Adults)			
Bought any camera in last 12 months	8,251	17.4%	98
Bought film in last 12 months	13,173	27.8%	102
Bought digital camera in last 12 months	2,818	5.9%	77
Bought memory card for camera in last 12 months	2,775	5.9%	85

Superior Primary Trade Area Continued

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
Computers (Households)			
HH owns a personal computer	16,605	64.1%	92
HH spent <\$500 on home PC	2,407	9.3%	101
HH spent \$500-\$999 on home PC	4,364	16.8%	99
HH spent \$1000-\$1499 on home PC	3,713	14.3%	98
HH spent \$1500-\$1999 on home PC	1,646	6.4%	74
Spent \$2000+ on home PC	1,540	5.9%	74
Convenience Stores (Adults)			
Shopped at convenience store in last 6 months	28,245	59.6%	101
Bought cigarettes at convenience store in last 30 days	8,168	17.2%	125
Bought gas at convenience store in last 30 days	17,306	36.5%	114
Spent at convenience store in last 30 days: <\$20	4,451	9.4%	93
Spent at convenience store in last 30 days: \$20-39	4,678	9.9%	95
Spent at convenience store in last 30 days: \$40+	16,741	35.3%	110
Entertainment (Adults)			
Attended movies in last 6 months	25,065	52.9%	93
Went to live theater in last 12 months	5,089	10.7%	85
Went to a bar/night club in last 12 months	9,038	19.1%	104
Dined out in last 12 months	22,541	47.6%	98
Gambled at a casino in last 12 months	6,800	14.3%	86
Visited a theme park in last 12 months	8,995	19.0%	86
Rented 1 DVD in last 30 days	1,397	2.9%	94
Purchased 1 DVD in last 30 days	2,467	5.2%	97
Spent on toys/games in last 12 months: <\$50	3,164	6.7%	116
Spent on toys/games in last 12 months: \$50-\$99	1,441	3.0%	106
Spent on toys/games in last 12 months: \$100-\$199	3,043	6.4%	97
Spent on toys/games in last 12 months: \$200-\$499	4,754	10.0%	108
Spent on toys/games in last 12 months: \$500+	2,427	5.1%	96
Financial (Adults)			
Have home mortgage (1st)	6,889	14.5%	91
Used ATM/cash machine in last 12 months	20,896	44.1%	92
Own any stock	3,625	7.6%	86
Own shares in mutual fund (stock)	3,646	7.7%	84
Own shares in mutual fund (bonds)	2,086	4.4%	80
Own any credit/debit card (in own name)	32,375	68.3%	97
Used full service brokerage firm in last 12 months	2,526	5.3%	88
Have 401K retirement savings	6,214	13.1%	85
Grocery (Adults)			
Used beef (fresh/frozen) in last 6 months	33,792	71.3%	104
Used bread in last 6 months	45,928	96.9%	101
Used chicken/turkey (fresh or frozen) in last 6 months	35,555	75.0%	102
Used fish/seafood (fresh or frozen) in last 6 months	23,392	49.4%	101
Used fresh fruit/vegetables in last 6 months	40,213	84.9%	100
Used fresh milk in last 6 months	43,548	91.9%	102

Superior Primary Trade Area Continued

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
Health (Adults)			
Exercise at home 2+ times per week	13,066	27.6%	96
Exercise at club 2+ times per week	4,141	8.7%	79
Visited a doctor in last 12 months	37,284	78.7%	101
Home (Households)			
Any home improvement in last 12 months	8,654	33.4%	105
Used housekeeper/maid/professional cleaning service in last 12 months	3,358	13.0%	82
Purchased any HH furnishing in last 12 months	7,388	28.5%	97
Purchased bedding/bath goods in last 12 months	13,200	50.9%	97
Purchased cooking/serving product in last 12 months	6,587	25.4%	98
Bought any kitchen appliance in last 12 months	4,944	19.1%	106
Insurance (Adults)			
Currently carry any life insurance	24,296	51.3%	104
Have medical/hospital/accident insurance	32,542	68.7%	101
Carry homeowner insurance	25,451	53.7%	102
Carry renter insurance	2,551	5.4%	94
Pets (Households)			
HH owns any pet	11,736	45.3%	108
HH owns any cat	6,621	25.5%	118
HH owns any dog	8,476	32.7%	106
Reading Materials (Adults)			
Bought book in last 12 months	22,248	46.9%	97
Read any daily newspaper	23,354	49.3%	110
Heavy magazine reader	8,817	18.6%	93
Restaurants (Adults)			
Went to family restaurant/steak house last mo: <2 times	12,410	26.2%	98
Went to family restaurant/steak house last mo: 2-4 times	12,976	27.4%	103
Went to family restaurant/steak house last mo: 5+ times	8,526	18.0%	95
Went to fast food/drive-in restaurant in last 6 mo	42,377	89.4%	100
Fast food/drive-in last 6 mo: eat in	17,355	36.6%	98
Fast food/drive-in last 6 mo: home delivery	5,089	10.7%	99
Fast food/drive-in last 6 mo: take-out/drive-thru	25,975	54.8%	105
Fast food/drive-in last 6 mo: take-out/walk-in	11,251	23.7%	98
Telephones & Service (Households)			
HH owns in-home cordless telephone	16,640	64.2%	101
HH owns cellular phone	18,352	70.8%	91
HH average monthly long distance phone bill: <\$16	7,972	30.8%	109
HH average monthly long distance phone bill: \$16-25	2,912	11.2%	91
HH average monthly long distance phone bill: \$26-59	2,532	9.8%	96
HH average monthly long distance phone bill: \$60+	1,021	3.9%	85
HH average monthly cell/digital phone bill: <\$25	1,785	6.9%	99
HH average monthly cell/digital phone bill: \$25-\$49	4,920	19.0%	96
HH average monthly cell/digital phone bill: \$50-\$74	4,155	16.0%	87
HH average monthly cell/digital phone bill: \$75-\$99	2,065	8.0%	80
HH average monthly cell/digital phone bill: \$100+	2,020	7.8%	80

Superior Primary Trade Area Continued

	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
Television & Sound Equipment (Households)			
HH owns 1 TV	5,414	20.9%	103
HH owns 2 TVs	6,917	26.7%	102
HH owns 3 TVs	5,372	20.7%	96
HH owns 4+ TVs	5,277	20.4%	98
HH subscribes to cable TV	15,217	58.7%	100
Purchased audio equipment in last 12 months	1,833	7.1%	89
Purchased CD player in last 12 months	1,586	6.1%	96
Purchased MP3 player in last 12 months	1,401	5.4%	72

Data Note: An MPI (Market Potential Index) measures the relative likelihood of the adults/HHs in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. average. An MPI of 100 represents the U.S. average.

Source: ESRI Business Information Solutions. These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by Mediamark Research Inc. in a nationally representative survey of U.S. households. ESRI forecasts for 2008 and 2013.A31

Superior-Duluth Combined Trade Area

Demographic Summary	2008	2013	
Population	178,204	178,551	
Total Number of Adults	140,988	142,461	
Households	72,005	72,810	
Median Household Income	\$50,467	\$59,883	

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
Apparel (Adults)			
Bought any men's apparel in last 12 months	71,423	50.7%	101
Bought any women's apparel in last 12 months	64,155	45.5%	102
Bought apparel for child <13 in last 6 months	35,464	25.2%	94
Bought any shoes in last 12 months	72,891	51.7%	101
Bought any costume jewelry in last 12 months	27,963	19.8%	96
Bought any fine jewelry in last 12 months	29,997	21.3%	92
Bought a watch in last 12 months	30,348	21.5%	94
Automobiles (Households)			
HH owns/leases any vehicle	64,517	89.6%	103
HH bought new vehicle in last 12 months	7,781	10.8%	100
Automotive Aftermarket (Adults)			
Bought gasoline in last 6 months	126,173	89.5%	103
Bought/changed motor oil	76,434	54.2%	106
Had tune-up	43,750	31.0%	100
Beverages (Adults)			
Drank bottled water/seltzer in last 6 months	81,059	57.5%	93
Drank regular cola in last 6 months	73,494	52.1%	98
Drank beer/ale in last 6 months	59,705	42.3%	100
Cameras & Film (Adults)			
Bought any camera in last 12 months	25,146	17.8%	100
Bought film in last 12 months	41,429	29.4%	108
Bought digital camera in last 12 months	9,778	6.9%	89
Bought memory card for camera in last 12 months	9,100	6.5%	94
Computers (Households)			
HH owns a personal computer	50,258	69.8%	100
HH spent <\$500 on home PC	6,852	9.5%	104
HH spent \$500-\$999 on home PC	13,257	18.4%	108
HH spent \$1000-\$1499 on home PC	11,109	15.4%	106
HH spent \$1500-\$1999 on home PC	5,693	7.9%	93
Spent \$2000+ on home PC	5,334	7.4%	92

Superior-Duluth Combined Trade Area continued

	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
Convenience Stores (Adults)			
Shopped at convenience store in last 6 months	85,474	60.6%	103
Bought cigarettes at convenience store in last 30 days	21,379	15.2%	110
Bought gas at convenience store in last 30 days	50,488	35.8%	112
Spent at convenience store in last 30 days: <\$20	13,887	9.8%	98
Spent at convenience store in last 30 days: \$20-39	14,936	10.6%	102
Spent at convenience store in last 30 days: \$40+	49,349	35.0%	109
Entertainment (Adults)			
Attended movies in last 6 months	78,163	55.4%	98
Went to live theater in last 12 months	18,380	13.0%	103
Went to a bar/night club in last 12 months	28,537	20.2%	111
Dined out in last 12 months	71,652	50.8%	105
Gambled at a casino in last 12 months	22,477	15.9%	96
Visited a theme park in last 12 months	29,253	20.7%	95
Rented 1 DVD in last 30 days	4,326	3.1%	98
Purchased 1 DVD in last 30 days	7,895	5.6%	105
Spent on toys/games in last 12 months: <\$50	8,743	6.2%	108
Spent on toys/games in last 12 months: \$50-\$99	4,071	2.9%	101
Spent on toys/games in last 12 months: \$100-\$199	9,537	6.8%	103
Spent on toys/games in last 12 months: \$200-\$499	14,525	10.3%	111
Spent on toys/games in last 12 months: \$500+	7,026	5.0%	94
Financial (Adults)			
Have home mortgage (1st)	24,072	17.1%	107
Used ATM/cash machine in last 12 months	68,600	48.7%	102
Own any stock	12,708	9.0%	102
Own shares in mutual fund (stock)	13,744	9.7%	106
Own shares in mutual fund (bonds)	7,867	5.6%	102
Own any credit/debit card (in own name)	103,487	73.4%	104
Used full service brokerage firm in last 12 months	9,270	6.6%	109
Have 401K retirement savings	21,628	15.3%	99
Grocery (Adults)			
Used beef (fresh/frozen) in last 6 months	100,615	71.4%	104
Used bread in last 6 months	136,529	96.8%	101
Used chicken/turkey (fresh or frozen) in last 6 months	106,348	75.4%	103
Used fish/seafood (fresh or frozen) in last 6 months	70,572	50.1%	102
Used fresh fruit/vegetables in last 6 months	120,739	85.6%	100
Used fresh milk in last 6 months	128,432	91.1%	101
Health (Adults)			
Exercise at home 2+ times per week	42,702	30.3%	105
Exercise at club 2+ times per week	14,309	10.1%	92
Visited a doctor in last 12 months	112,984	80.1%	102

Superior-Duluth Combined Trade Area continued

	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
Home (Households)			
Any home improvement in last 12 months	25,412	35.3%	111
Used housekeeper/maid/professional cleaning service in last 12 months	10,556	14.7%	93
Purchased any HH furnishing in last 12 months	21,691	30.1%	103
Purchased bedding/bath goods in last 12 months	37,320	51.8%	99
Purchased cooking/serving product in last 12 months	18,886	26.2%	101
Bought any kitchen appliance in last 12 months	13,483	18.7%	104
Insurance (Adults)			
Currently carry any life insurance	75,427	53.5%	108
Have medical/hospital/accident insurance	100,316	71.2%	104
Carry homeowner insurance	80,425	57.0%	108
Carry renter insurance	7,748	5.5%	95
Pets (Households)			
HH owns any pet	33,441	46.4%	110
HH owns any cat	18,316	25.4%	117
HH owns any dog	24,696	34.3%	111
Reading Materials (Adults)			
Bought book in last 12 months	69,456	49.3%	102
Read any daily newspaper	72,314	51.3%	114
Heavy magazine reader	27,357	19.4%	97
Restaurants (Adults)			
Went to family restaurant/steak house last mo: <2 times	37,224	26.4%	99
Went to family restaurant/steak house last mo: 2-4 times	40,443	28.7%	108
Went to family restaurant/steak house last mo: 5+ times	27,939	19.8%	104
Went to fast food/drive-in restaurant in last 6 mo	127,373	90.3%	101
Fast food/drive-in last 6 mo: eat in	54,321	38.5%	103
Fast food/drive-in last 6 mo: home delivery	14,905	10.6%	97
Fast food/drive-in last 6 mo: take-out/drive-thru	78,637	55.8%	107
Fast food/drive-in last 6 mo: take-out/walk-in	34,495	24.5%	101
Telephones & Service (Households)			
HH owns in-home cordless telephone	47,675	66.2%	104
HH owns cellular phone	54,529	75.7%	97
HH average monthly long distance phone bill: <\$16	22,550	31.3%	111
HH average monthly long distance phone bill: \$16-25	8,454	11.7%	96
HH average monthly long distance phone bill: \$26-59	7,299	10.1%	99
HH average monthly long distance phone bill: \$60+	2,700	3.7%	81
HH average monthly cell/digital phone bill: <\$25	5,426	7.5%	108
HH average monthly cell/digital phone bill: \$25-\$49	14,473	20.1%	102
HH average monthly cell/digital phone bill: \$50-\$74	12,346	17.1%	93
HH average monthly cell/digital phone bill: \$75-\$99	6,374	8.9%	89
HH average monthly cell/digital phone bill: \$100+	6,204	8.6%	88

Superior-Duluth Combined Trade Area continued

	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
Television & Sound Equipment (Households)			
HH owns 1 TV	13,730	19.1%	94
HH owns 2 TVs	18,820	26.1%	100
HH owns 3 TVs	15,559	21.6%	100
HH owns 4+ TVs	16,431	22.8%	109
HH subscribes to cable TV	43,637	60.6%	103
Purchased audio equipment in last 12 months	5,402	7.5%	94
Purchased CD player in last 12 months	4,494	6.2%	98
Purchased MP3 player in last 12 months	4,834	6.7%	89

Data Note: An MPI (Market Potential Index) measures the relative likelihood of the adults/HHs in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. average. An MPI of 100 represents the U.S. average.

Source: ESRI Business Information Solutions. These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by Mediamark Research Inc. in a nationally representative survey of U.S. households. ESRI forecasts for 2008 and 2013.A31

Conclusions

Based on the demographic, lifestyle, and spending data on the Superior trade areas, a number of conclusions can be drawn:

- Demographic trends in the trade areas (compared to the Wisconsin-Minnesota combined region) indicate Superior has:
 - A stable base of 60,000 in the Superior Primary Trade Area.
 - A population of 178,000 residing in the broader Superior-Duluth combined;
 - Lower home values;
 - Growing elderly population;
 - Lower per capita and household incomes;
 - Limited ethnic diversity;
 - Lower overall educational attainment; and
 - High proportion of service based employees.
- Most of the households in the Superior Primary Trade Area are described by the ESRI Tapestry segmentation system in the following categories:
 - *Rustbelt Traditions (segment 32)* - neighborhoods that are the backbone of older, industrial cities in states bordering the Great Lakes. Households are primarily a mix of married-couple families, single-parent families, and singles that live alone.
 - *Midlife Junction (segment 33)* - neighborhoods are found in suburbs across the country with residents phasing out of their child-rearing years.
 - *Salt of the Earth (segment 25)* - rural or small-town lifestyle, with households dominated by married-couple families who live in single-family dwellings. Twenty-eight percent of the households own three or more vehicles.
 - *Simple Living (segment 57)* - neighborhoods that are found in urban outskirts or suburban areas throughout the United States with many singles who live alone or share housing.
 - *Great Expectations (segment 48)* - neighborhoods with young singles and married-couple families. Residents enjoy a young and active lifestyle.
 - *Rustbelt Retirees (segment 29)* - neighborhoods in older, industrial cities. Households are mainly occupied by married couples with no children and singles that live alone.
- Based on consumer behavior and purchasing patterns of the Superior Primary Trade Areas, residents have lower purchasing potential per household than the U.S. average (as reflected by the many MPI figures that are less than 100). Example products and services that Superior Primary Trade Area residents have higher spending activity include:
 - Smoking products
 - Fast food – drive thru
 - Auto Parts (oil)
 - Bars/Nightclubs
 - Toys/games
 - Home Improvements
 - Kitchen supplies
 - Pets

Superior BID's Relationship to the Regional Economy

Section

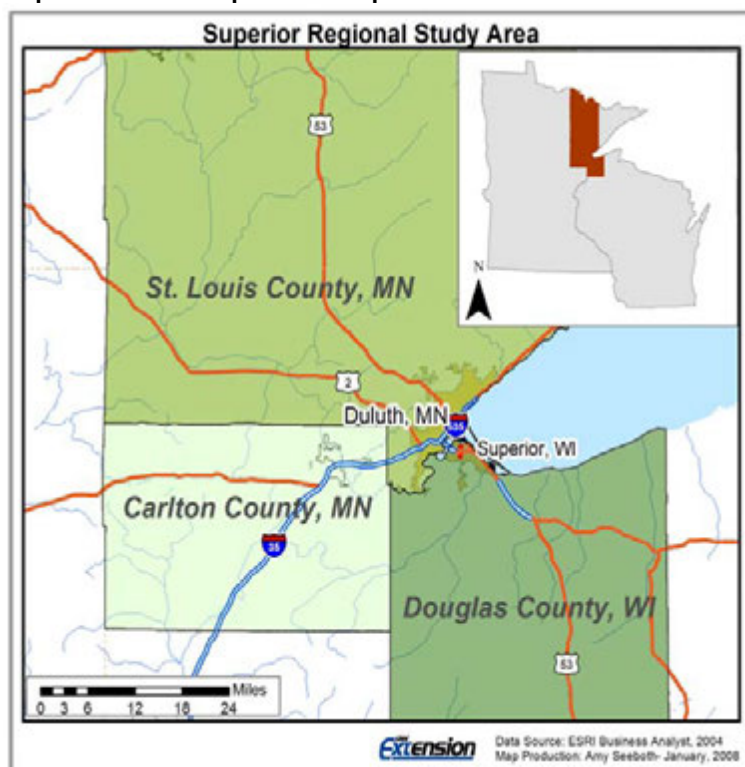
4

Opportunities and challenges facing the Superior BID are influenced by broader regional economic conditions. Understanding regional economic characteristics and trends provides context for the Market Analysis and supplies insight into possible development strategies that could be employed in the Superior BID.

Superior is part of a broader regional economy called the Twin Ports that includes Duluth, MN (population 87,000). The Twin Ports is located at the western edge of Lake Superior (the westernmost of North America's Great Lakes). The cities and seaports are connected to the Atlantic Ocean through the Great Lakes and the St. Lawrence Seaway. The Twin Ports are at the core of the "Duluth-Superior Metropolitan Statistical Area (MSA)," which includes all of Douglas County, Wisconsin and Carlton and St. Louis counties in Minnesota.

While the Twin Ports and the Duluth-Superior MSA economy have an influence on much of Northwest Wisconsin and Northeast Minnesota, the precise geographic boundaries used to define this region vary. Analyses in this section often focus on Douglas County or the three counties that comprise the Duluth-Superior MSA. To provide context, a number of analyses in this section examine conditions in the Duluth-Superior MSA relative to Wisconsin and the Nation. In addition, some analyses are based on a region that includes numerous other counties in Northeast Minnesota and Northwest Wisconsin (as presented by Northland Connections and the Area Partnership for Economic Expansion - APEX).

Map 4.1 – Duluth-Superior Metropolitan Statistical Area



Economic Characteristics Impacting the Superior BID

The characteristics and economic health of the Twin Ports and the broader Duluth-Superior MSA can provide valuable background information for examining new business opportunities in the Superior BID. Economic data can help point to competitive advantages of the BID from a variety of human, social, industrial and geographic factors. Understanding these factors may allow development of a competitive advantage that can help the BID develop its position and

service to the regional economy. Accordingly, this section examines the regional and local economy around the Superior BID from five angles:

1. *Industry Concentrations and Employers* – industry clusters and component businesses that differentiate the area/region's economy from competitors.
2. *Physical Infrastructure* – transportation networks and communication infrastructure that facilitate commerce.
3. *Labor Force* – knowledge and skills of the labor force and the systems, institutions and relationships that support employee and business development.
4. *Educational Institutions and Networks that Support Business Development* – organizations that support a “knowledge economy” and contribute local economic impacts.
5. *Quality of Life and Tourism Activity* – businesses and organizations that help visitors and residents enjoy the natural, industrial and cultural assets of the area while contributing to a more diversified local economy.

Using these categories, this section examines the economy of the Duluth-Superior MSA to explore possible development strategies that could be employed in the Superior BID. The information in this section can be used as background for economic development efforts and to make information available to existing and prospective businesses.

Area Partnership for Economic Expansion (APEX)

The Area Partnership for Economic Expansion (APEX) is a Duluth-based organization that links private sector leadership and resources to encourage business development and job creation in Northeast Minnesota and Northwest Wisconsin. While APEX serves a promotional role for the area's economy, some of their descriptions of regional economic attributes are presented in this section to highlight the competitive advantages of the region and how it is being promoted. The following are APEX's “Top 10” competitive advantages of the region as a place to do business:

1. Productive, competitive, loyal workforce with low turnover (usually less than 5%)
2. One of the nation's lowest cost regions for electric energy
3. Robust telecommunications infrastructure
4. Wide selection of commercial space and tax-free building sites
5. Comprehensive training and support
6. International seaport, airport, all four national railroads and excellent highway transportation
7. Exceptional education—more than a dozen higher educational institutions, including two universities, two private colleges and multiple state and technical college campuses
8. Affordable townhouses, lakefront condos and single-family homes
9. World-class health care with nationally ranked hospitals and clinics
10. Exceptional quality of life

In addition to the APEX competitive advantages, both Superior and Duluth serve as regional economic centers for their respective in-state multi-county regions. See www.thenorthlandworks.org.

Source: APEX, <http://www.apexgetsbusiness.com/>

1. Industry Concentrations and Employers

The economy of Northwest Wisconsin and Northeast Minnesota is well-known for core mining, forest products, and transportation. However, economic development efforts have created regional competitive advantages for heavy equipment manufacturers, precision machinery and fabricating operations, aircraft and aerospace industries, and applied information companies.¹

Economic Sectors

As Advanced by the Area Partnership for Economic Expansion (APEX)

Metal Fabrication and Machinery - This region supports a vibrant base of manufacturing companies, skilled in precision machining, welding, metal fabrication, molding, stamping and die cutting. They make components used in area mining operations, manufacturing processes and other industrial applications.

Forest Products - Rich renewable resources, a well-developed transportation system, and proximity to customers and suppliers make the region ideal for forest product companies. Several international paper mills operate here, as well as oriented strand board, lumber and veneer plants, and secondary wood products manufacturers that specialize in cabinets, windows, doors, flooring and other goods.

Metallurgy/Mining - Taconite mining and processing operations in Northeast Minnesota's Iron Range generate two-thirds of the iron ore used to produce steel in the United States. Capital investments and innovative pilot projects are positioning the region for a competitive future in taconite and iron nugget production. Planning is underway for a proposed steel plant in Northeast Minnesota.

Heavy Equipment Manufacturing - Aerial lift devices, track loaders, and hydraulic shearers are examples of heavy equipment manufactured in this region. There is tremendous potential for producers of durable equipment for the mining, pulp and papermaking, construction, shipping, materials handling and energy industries. Skilled workers, reliable and affordable electricity, properly zoned sites, and multimodal transportation make this region conducive for production.

Aircraft, Aerospace & Allied Technology - The world's best selling personal transportation aircraft is produced by Cirrus Design Corporation, headquartered at the Duluth International Airport. Area suppliers provide FAA-certified components and help keep costs competitive. The region also boasts a state-of-the-art aircraft maintenance facility, a commercial airline reservation center, and software producers that specialize in aircraft maintenance solutions.

Applied Information Technology - Companies that provide data processing, accounting, and call-center customer service and support have been drawn to this region's outstanding telecommunications infrastructure, affordable real estate and available workers.

Transportation - Technology transportation is a driving force in Northeast Minnesota and Northwest Wisconsin. More than 40 trucking companies originate in the region and handle both general and specialized cargo. Four major railroads have terminals in and around the Port of Duluth-Superior and deliver commodities bound for Great Lakes shipping or for distribution across North America.

In addition to the economic sectors as advanced by APEX, others are also important. These include health care, education, tourism, recreation, entertainment, and culture.

Source: APEX Regional Profile. <http://www.apexgetsbusiness.com/>

¹ Area Partnership for Economic Expansion, www.apexgetsbusiness.com

Industry Concentrations – Duluth-Superior MSA

A location quotient (LQ) provides one measure for analyzing industry concentration and specialization in the Duluth-Superior MSA. A location quotient is calculated by comparing a given industry's share of total employment in the region to the same industry's share of overall national employment:

The critical value for a location quotient is 1.0. An LQ of 1.0 means a region has the same proportion of local employment in an industry as the nation. An LQ greater than 1.0 means the region's share of employment in a given industry is greater than its national share. Conversely, an LQ less than 1.0 means the region's employment in an industry is below the national percentage. *Due to accuracy issues with employment data, location quotients between 0.75 and 1.25 are generally considered close enough to 1.0 not to be significantly different.*

A location quotient of 1.0 suggests the local level of demand for the good or service is satisfied by local industries and consumers (supply equals demand). Consequently, location quotients greater than 1.0 are important as they suggest a region has a specialization in a given industry. Given the assumption that local conditions and preferences are the same as those nationally, an LQ greater than 1.0 implies the industry is producing more goods or services than can be consumed locally. Subsequently, these goods and services are exported out of the region and bring outside dollars into the area (i.e. they have an export-orientation). *Industries with a location quotient greater than 1.0 can also suggest an area of regional specialization.*

Table 4.1 ranks the top 20 Duluth-Superior MSA industries in terms of location quotients. While these figures are reported for the aggregate region, employment concentrations may vary by city or county in the region.

Table 4.1 - Top Industries in the Duluth-Superior MSA (with available data), 2006

NAICS Category and Description	Location Quotient	Total Employment
486 Pipeline transportation	4.07	140
113 Forestry and logging	3.85	234
623 Nursing and residential care facilities	3.01	7,709
114 Fishing, hunting and trapping	2.96	23
487 Scenic and sightseeing transportation	2.76	67
447 Gasoline stations	2.20	1,684
622 Hospitals	1.83	7,115
813 Membership associations and organizations	1.52	1,768
485 Transit and ground passenger transportation	1.48	515
721 Accommodation	1.45	2,353
621 Ambulatory health care services	1.32	6,202
316 Leather and allied product manufacturing	1.29	42
444 Building material and garden supply stores	1.28	1,501
511 Publishing industries, except Internet	1.21	963
722 Food services and drinking places	1.20	9,875
484 Truck transportation	1.19	1,502
315 Apparel manufacturing	1.15	244
453 Miscellaneous store retailers	1.15	908
454 Non-store retailers	1.15	437
524 Insurance carriers and related activities	1.13	2,158

Source: US Department of Labor, Bureau of Labor Statistics, 2006

Note: Note that differences in local demand compared to national demand, or the efficiency of an industry within a region have the potential to skew the results of a location quotient analysis. Furthermore, the Duluth-Superior Region should not seek to satisfy all local demand with local industries. Certain industries are best suited for other locations and are not feasible for the region. Nonetheless, location quotients serve as a basis for examining export industries and areas of specialization in the region.

Several observations can be drawn from the location quotients shown in Table 4.1:

- Pipeline transportation and forestry/logging have the largest location quotients in the Duluth-Superior MSA. With few employees, these categories do not contribute greatly to total local employment but are still very important specializations in the region.
- Nursing/residential care facilities, hospitals and ambulatory health care services all have both a high location quotient and high level of employment. The export orientation of these industries combined with their high employment levels highlights the importance of these services on the regional economy.
- Transportation and Warehousing (NAICS 48) accounts for four of the top twenty location quotients in the Duluth-Superior MSA. While these industries collectively employ fewer than other industries in the region, they pay higher wages.
- The hospitality industry (lodging and food service) employs over 12,200 in the MSA.

Table 4.2 indicates the major employers in the Duluth-Superior MSA located minutes from Superior, in Duluth (health, government, and education), while the natural-resource-based industries are located in mid to northern St. Louis County.

Table 4.2 - Top 10 Employers in Duluth-Superior MSA, 2007

Establishment	Product or Service	# of Employees
St. Mary's/Duluth Clinic	Offices of Physicians	3500-3900
US Steel Minnesota Ore	Iron Ore Mining	1500-1999
Duluth Public Schools-ISD#709	Elementary & Secondary Schools	1500-1999
St. Louis, County of	Executive, Legislative, & Other Gen. Govt. Support	1500-1999
USX	Support Activities for Mining	1500-1999
University of Minnesota-Duluth	Colleges, Universities, & Professional Schools	1500-1999
Fond Du Lac Indian Reservation	Executive, Legislative, & Other Gen. Govt. Support	1000-1499
St. Luke's Hospital	General Medical & Surgical Hospitals	1000-1499
Duluth, City of	Executive, Legislative, & Other Gen. Govt. Support	1000-1499
Hibbing Taconite Co	Metal Ore Mining	1000-1499

Source: Minnesota Dept of Employment and Economic Development, 2008

Major Employers – Douglas County

While historically the largest employing industries in Douglas County have been trade, transportation and utilities, in recent years, the school system, government, and medical care industries have increasingly become the county's biggest employers.² Table 4.3 shows education, government and medical services as comprising six of the top ten employers in the County. Also prominent is the shipping and transportation industry.

Table 4.3 - Top 10 Employers in Douglas County, 2007³

Establishment	Product or Service	# of Employees
School District of Superior	Elementary & secondary schools	500-999
UW- Superior	Colleges & universities	250-499
Wal-Mart Associates Inc	Discount department stores	250-499
Halvor Lines Inc	General freight trucking, long-distance TL	250-499
County of Douglas	Executive & legislative offices, combined	250-499
City of Superior	Executive & legislative offices, combined	250-499
School District of Maple	Elementary & secondary schools	100-249
Jeff Foster Trucking Inc	General freight trucking, long-distance TL	100-249
Super-One Foods	Supermarkets & other grocery stores	100-249
Murphy Oil USA Inc	Petroleum refineries	100-249

Source: Douglas County Workforce Profile, 2007

² Douglas County Workforce Data. State of WI, Department of Workforce Development. Dec. 2006.

³ In addition to these employers, it is estimated that Enbridge Energy Partners currently employs 300 people in Superior

Two major business developments are in various planning stages. These projects have the potential for creating significant employment and construction opportunities in the community. They are listed below:

- Enbridge Energy Partners, LP is planning a major pipeline expansion between western Canada and the Midwest. The company has roots in liquid petroleum and natural gas transportation. Shipments of syncrude oil sands from Alberta are planned, offering the potential of more stable and abundant petroleum supplies. The anticipated surge in production in Alberta would result in shipments through Superior in route to Chicago. Enbridge currently employs over 300 in Superior. The planned pipeline expansion could employ over 1,000 construction workers in Minnesota and Superior while the project is in process.⁴ For more information about the expansion projects undertaken by Enbridge Inc., go to the Liquids Pipelines expansion website at www.enbridge-expansion.com.



- Murphy Oil has initiated talks with an environmental design and permitting consultant to help plan a major expansion at the Superior refinery. The expansion would cost \$6 billion, increasing the refinery's capacity from 35,000 to 235,000 barrels per day. The project would be the most significant economic development in the region with a projected 400 additional direct jobs and 1,200 secondary jobs.⁵



⁴ Business North, May 2008

⁵ Business North, 2008 Directory of Business and Industry

2. Physical Infrastructure

The Duluth-Superior MSA physical infrastructure helps connect the region to major trade hubs. Home to the largest international port on the Great Lakes, the area contains four Class 1 rail-lines and several major road networks. This infrastructure facilitates business development throughout the MSA including the Superior BID.

Local Infrastructure As Advanced by the Area Partnership for Economic Expansion (APEX)

Industrial Property - Many readily available commercial and industrial sites that are properly zoned and fully served by utilities. Locations are in airports, industrial parks, near ports, downtown districts and are searchable online in a real estate database at www.NorthlandConnection.com.

Water - Lake Superior and thousands of smaller inland lakes, streams and natural springs guarantee fresh, clean water for residential, commercial and industrial uses, now and in the future.

Energy - A powerful supply of reliable and affordable energy is available throughout the region, including electricity, natural gas and steam. Electricity prices are among the lowest in the country. Public and private investments in new generation technologies, renewable energy sources, and expanding distribution systems ensure a bright future for energy-intensive companies.

Railways - Four Class 1 railroads serve the Port of Duluth-Superior and other regional communities, offering a cost-effective transportation option for shippers of heavy materials or large volume products.

Airports - Three airports in Northeast Minnesota and Northwest Wisconsin offer daily commercial round-trip passenger service.

Communications - High-speed telecommunications infrastructure with robust fiber optics, digital switching and built-in redundancy provide fast, dependable connections to data and world markets.

Ports – The Port of Duluth-Superior is among the world's largest inland seaports, welcoming 1,100 vessels and handling more than 40 million metric tons of cargo each year. This western terminus of the Great Lakes and St. Lawrence Seaway connects businesses to a world of trade. Its industrial waterfront is lined with iron ore and coal docks, grain elevators, and general/specialty/heavylift cargo facilities. Four Class 1 railways and a highway system that includes Interstate 35 and U. S. Highways 2 and 53 serve the port.

Highways - Interstate 35 connects northern Minnesota to southern Texas, providing a virtual border-to border freeway route between Canada and Mexico and major communities throughout the Heartland. This key artery provides fast, efficient transportation in and out of the region. Combined with U.S. Highways 2, 53, 169, and 71, as well as numerous state and county highways, it forms an advanced highway system to accommodate transportation dependent companies.

Source: APEX Regional Profile. <http://www.apexgetsbusiness.com/>

Port of Duluth-Superior

The Port of Duluth-Superior is the westernmost terminus of the Great Lakes-St. Lawrence Seaway navigation system. Duluth-Superior is the largest tonnage port on the Great Lakes, moving 40 million metric tons of bulk and cargo. It receives more than 1,100 visits by lake carriers and oceangoing ships annually. The Port has 22 major bulk and general cargo docks

along 49 miles of waterfront. Major commodities include ore (40%), coal (40%), and grain (10%).

The Port of Duluth-Superior is recognized worldwide as the designated route for shippers of heavylift and oversized cargo to and from North America. Four Class I railroads and an extensive highway system serve the Port, making Duluth-Superior one of the major intermodal centers in North America.

The Port rates as follows:

- Ore - No. 1 nationally,
- Coal - No. 5 nationally,
- Grain - No. 1,
- U.S. Great Lakes, total cargo volume - No. 1,
- Great Lakes, total cargo volume (2002) - No. 18 nationally.

It is estimated to have a \$200 million economic impact, with 2,000 jobs dependent upon the port and \$1.9 billion worth of cargo handled (2001).⁶

Duluth-Superior Port



Protected by a natural sandbar, the Duluth-Superior Harbor holds the largest port on the Great Lakes. This is a view of the CHS (formerly Cenex Harvest States) Elevator that has been located next to Superior's side of the Blatnik Bridge since 1941. It is the Twin-Port's largest grain terminal.

Source: Minnesota Sea Grant

The transportation and warehousing industry is clearly important to the local economy. Its linkages to the Superior BID should be explored to identify potential business and real estate opportunities.

Highway Linkage Between Superior and Duluth

The major highway connections between Superior and Duluth are the John A. Blatnik Bridge and the Richard I. Bong Memorial Bridge. These bridges provide residents a 15-minute drive to most locations within both cities. According to the Wisconsin Department of Transportation, traffic volume between the two cities is high as demonstrated by the following average daily traffic statistics:

- Interstate-535/U.S. 53 - 35,000 vehicles per day (2005). This highway is important to commerce in Superior as it provides the most direct route to Duluth's downtown and waterfront.
- U.S. 2 - 17,100 vehicles per day (2005). This highway is important to commerce in Superior as it becomes Belknap Street, running for 20 blocks through the middle of the Superior BID.

⁶ Minnesota Sea Grant

Richard I. Bong Memorial Bridge



The Bong Bridge connects West Duluth, Minnesota with Superior, Wisconsin via U.S. Highway 2. Opened in 1985, it is roughly 11,800 feet long. It crosses over the Saint Louis River that drains into Lake Superior.

Source: Wikipedia. Photo Source: Minnesota Public Radio.

John A. Blatnik Bridge



The John A. Blatnik Bridge carries Interstate-535 and U.S. Highway 53 over the Saint Louis River, a tributary of Lake Superior, between Duluth, Minnesota and Superior, Wisconsin. The bridge is 8,000 feet long and rises up to accommodate the seaway shipping channel.

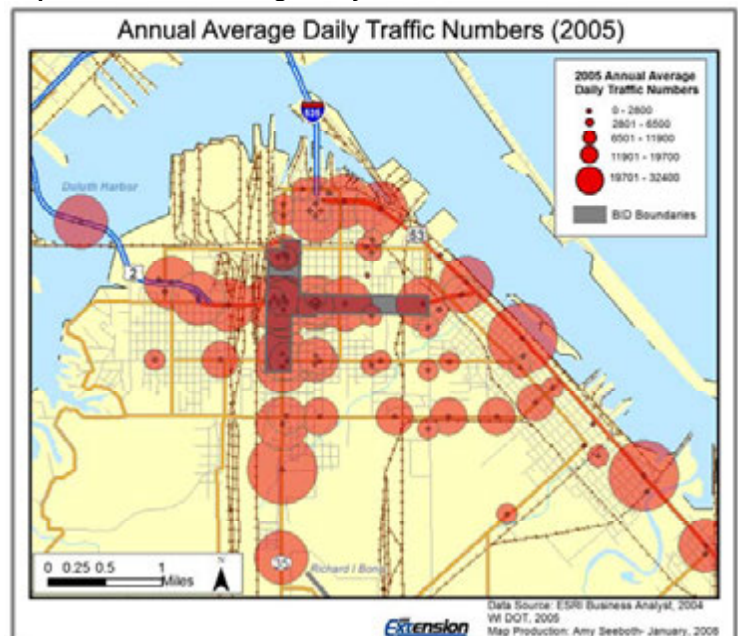
Source: Wikipedia. Photo Source: City of Duluth.

Local Traffic Patterns in Superior

Street and highway traffic volume provides an important indicator of travel to the BID. Retailers typically seek locations on major arteries and often require minimum average daily traffic counts to survive. More specifically, businesses such as gasoline stations, convenience stores and fast food restaurants are located based on traffic volume and the access to and visibility from high traffic streets and highways. Subsequently, examining the traffic counts aids in determining the feasibility of these types of businesses.

Highway's 53 and 35 (Tower Avenue) provide the main conduits that funnel traffic through the City of Superior and to the bridge. The traffic counts on Map 4.2 show that these two roads receive the greatest concentration of local traffic within the City of Superior.

Map 4.2 – Annual Average Daily Traffic, 2005



3. Labor Force

Assessing the size of the population, changes in population, and the stability of the labor market can assist existing and potential employers to better understand the strengths, weaknesses, and predictability of the area economy.

Population trends

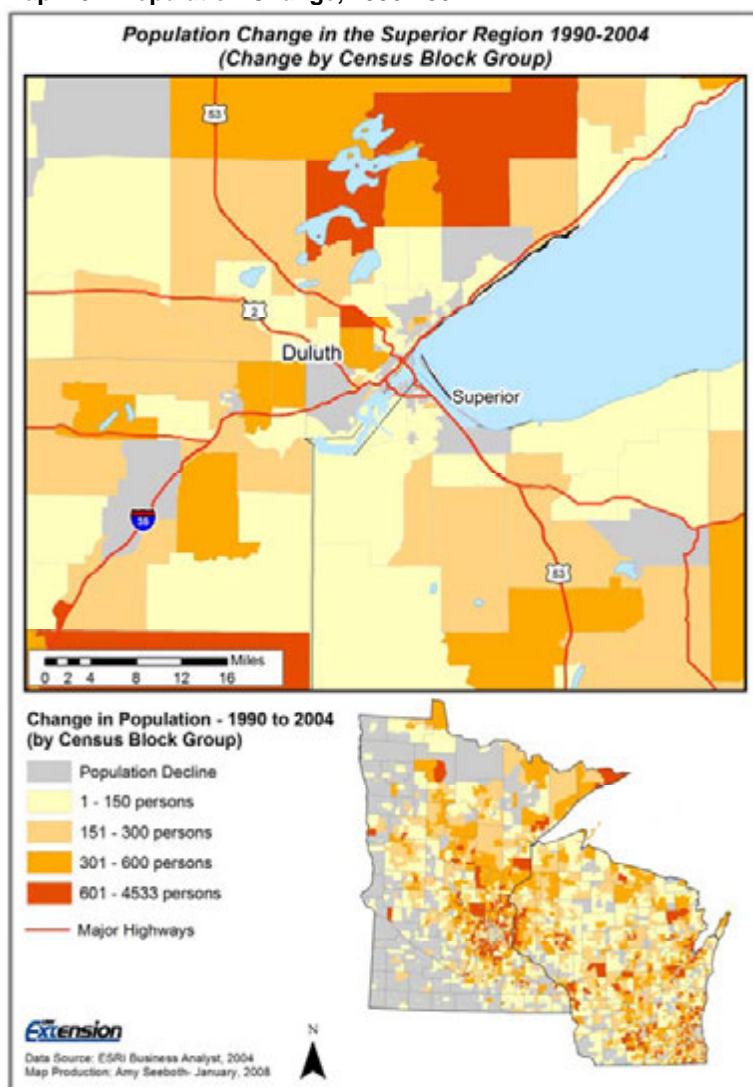
With a 2000 census population of 275,000, the Duluth-Superior MSA ranked as the 163rd largest metro area in the U.S. The Duluth-Superior MSA has experienced a small, but steady increase in population over the last several years due both to natural birth rate and in-migration. The greatest increase among those moving to Douglas County has been among people aged 20-24, an increase likely related to the educational opportunities available in the County.⁷

Map 4.3 depicts detailed population change between 1990 and 2004 in the Duluth-Superior area. The greatest concentration of population increase are located north of Duluth and away from the downtown area and lakefront. Much of Superior has experienced small population growth.

Employment trends

Labor force and unemployment data provide important information on the size and stability of a local economy. As indicated in Table 4.4, Douglas County and the Duluth-Superior MSA had unemployment rates slightly higher than that of Wisconsin and United States averages over the past decade. Rates have fallen during the past several years (and at a greater pace in Douglas County than in the MSA), mirroring state and national trends of increased levels of employment. The data in Table 4.4, while showing annual rates, does not disclose the fact that employment in Douglas County is tied to seasonal shifts. Employment levels tend to drop during the winter

Map 4.3 – Population Change, 1990-2004



⁷ Douglas County Workforce Data. State of WI, Department of Workforce Development. Dec. 2007.

months which likely contributes to an overall increase in the annual unemployment rate in the region.⁸

Table 4.4 - Douglas County Civilian Labor Force Estimates, 1997-2006

Year	Douglas County			Unemployment Rate (%)			
	Civilian labor force	Employment	Unemployment	Douglas County	Dul/Sup MSA*	Wisc	U.S.
1997	22,988	21,835	1,153	5.0	n/a	3.5	5.3
1998	23,163	22,090	1,073	4.6	n/a	3.3	4.6
1999	22,820	21,873	947	4.1	n/a	3.1	4.3
2000	22,838	21,862	976	4.3	4.4	3.4	4.0
2001	22,734	21,617	1,117	4.9	5.7	4.4	4.2
2002	22,790	21,443	1,347	5.9	5.8	5.3	5.7
2003	22,790	21,443	1,347	5.9	6.2	5.3	5.8
2004	22,809	21,473	1,336	5.9	5.8	5.0	5.7
2005	22,776	21,558	1,218	5.3	5.2	4.8	5.2
2006	23,053	21,898	1,155	5.0	5.0	4.7	4.7

Source: Wisconsin Department of Workforce Development, Labor Force Estimate

* - US Dept of Labor, Bureau of Labor Statistics, Unemployment Rates for Metropolitan Areas

Income and Wage Trends

Personal income consists of the income received by persons from participation in production, from government and business transfer payments, and from government interest. When compared to state and national trends, it provides an indication of how well the local area's economy is performing. Table 4.5 provides a 10-year tracking of personal income trends for Douglas County and Duluth-Superior MSA. An index of growth was added to show how those areas have grown since 1996 (i.e. an index of 144% indicates that personal income has grown 44% since 1996). In this case, Douglas County and the MSA have lagged slightly behind state and national growth in personal income since 1996.

Table 4.5 - Personal Income Trends Douglas County, Wisconsin, 1996 - 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Douglas (millions)	790	832	881	918	981	1,005	1,016	1,045	1,103	1,140
Index	100%	105%	112%	116%	124%	127%	129%	132%	140%	144%
Duluth MSA (millions)	5,785	5,982	6,354	6,611	7,000	7,149	7,449	7,664	8,034	8,275
Index	100%	103%	110%	114%	121%	124%	129%	132%	139%	143%
Wisconsin (millions)	121,718	129,099	138,667	144,702	153,548	158,888	163,309	168,120	176,482	183,948
Index	100%	106%	114%	119%	126%	131%	134%	138%	145%	151%
US (billions)	6,512	6,907	7,416	7,796	8,422	8,717	8,873	9,150	9,716	10,221
Index	100%	106%	114%	120%	129%	134%	136%	141%	149%	157%

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, Regional Accounts Data, Local Area Personal Income, 2005

⁸ Douglas County Workforce Data. State of WI, Department of Workforce Development. Dec. 2007.

While personal income trends relate a community's relative economic health as a whole, the earnings in various sectors provide a snapshot of how each industry is individually contributing to the local economy. Earnings include wage and salary disbursements, other labor income and proprietor's income (both farm and non-farm). Comparing the earnings mix for a local area to that of a larger region, such as the state or nation, can point to industries that play a particularly important role (and conversely underplay a potential role) in the local economy.

Table 4.6 - Earnings Mix Comparison – 2006⁹

Industry Sector	Douglas County	Duluth MSA*	Wisconsin	U.S.
Farm	0.0%	0.4%	0.5%	0.3%
Mining, Forestry, Fishing	0.2%	4.9*%	0.3%	1.0%
Construction	6.3%	5.7%	5.4%	5.7%
Manufacturing	10.3%	8.8%	23.1%	12.9%
Wholesale Trade	6.6%	3.6%	5.5%	5.5%
Retail	8.3%	7.2%	6.3%	6.4%
Transportation and Warehousing	20.5%	5.8%	3.6%	3.3%
Information	0.6%	1.9%	2.1%	3.3%
F.I.R.E. ¹⁰	2.7%	6.4%	7.3%	9.4%
Services	22.0%	31.7%	26.4%	29.6%
Government	21.1%	23.7%	15.6%	18.7%

Source: Bureau of Economic Analysis, Compensation of employees by NAICS industry, 2006

The largest portion of earnings in Douglas County comes from the services sector (22.0%), government (21.1%), and transportation and warehousing (20.5%). Compared to the broader MSA, State, and Country, a significant percentage of the earnings in Douglas County are from the Transportation and Warehousing sector. Additionally, Douglas County's earning mix exhibits a specialization in construction and wholesale trade. The County has a much lower percentage of earnings in F.I.R.E. and Information.

Douglas County Commuting Patterns

Identifying and tracking commuting patterns can help describe worker flow between municipalities and/or counties. Commuting patterns highlight the counties with a strong economic base and are able to attract workers from surrounding communities and counties. Conversely, they also demonstrate which areas might lack local employment opportunities for their residents, or serve as "bedroom" communities that offer a greater number of housing options in comparison to other locations. See Table 4.7 for county-based worker flows for Douglas County.

- In 2000, approximately 65 percent (13,175) of the 20,341 employed Douglas County residents worked within Douglas County.
- In the same year, 7,166 working residents of Douglas County commuted out of the County for work, whereas 4,407 workers from other counties traveled into Douglas County to work. The result is a net loss of 2,759 working age residents who go to other counties for employment.

⁹ Educational services, Health care and social assistance, Forestry, fishing, related activities, and other, and Mining were not available, "Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals."

¹⁰ F.I.R.E. is NAICS categories: Finance and Insurance and Real Estate and Rental and Leasing

- Residents of Douglas County traveled primarily to the neighboring counties of St. Louis (MN), Carlton (MN), and Washburn (WI) for work. These counties collectively claimed over 90 percent of commuting workers from Douglas County (6,464 out of 7,166). Meanwhile, 3,439 workers from these three counties commuted into Douglas County and accounted for the majority of the incoming workers.

Table 4.7 - County-to-County Worker* Flow, Douglas County, 2000

County	County Residents Commute to	County Workers Commute from	Net Commute
St. Louis, MN	5,991	2,948	-3,043
Carlton, MN	246	363	117
Washburn, WI	227	128	-99
Bayfield, WI	120	365	245
Sawyer, WI	106	17	-89
Ashland, WI	46	46	0
Hennepin, MN	42	-	-42
Lake, MN	33	83	50
Elsewhere	355	457	102
<i>Total</i>	<i>7,166</i>	<i>4,407</i>	<i>-2,759</i>
<i>Work within Douglas County</i>	<i>13,175</i>		

*Workers 16 years old and older

Source: U.S. Census Bureau, 2000; WDOA; BLRPC, 2006

4. Educational Institutions and Networks that Support Business Development

The Duluth-Superior MSA has numerous educational institutions and networks that support business and economic development. They help create a skilled and knowledge-rich labor force while also providing direct economic benefits to the area.

Colleges and Universities

Both the University of Wisconsin-Superior (UW-Superior) and Wisconsin Indianhead Technical College (WITC) are located in the City of Superior and together they offer a number of medical, education, and other technical/service based degrees and certificate programs. Additionally, there are four other institutions of higher learning in Duluth. See Table 4.8

Table 4.8 – Institutions of higher learning within 25 miles of Superior, WI

Name	Enrollment, 2007
University of Minnesota Duluth, MN	11,184 (total enrollment)
University of Wisconsin Superior, WI	2,800 (total enrollment)
College of St. Scholastica, Duluth, MN	1,963 (full time undergrads)
Fond du Lac Tribal and Community College, Cloquet, MN	1,199 (full-year equivalent)
Lake Superior College, Duluth, MN	4,800 (total enrollment)
Wisconsin Indianhead Technical College (WITC), Four Campuses and Two Branch Locations, WI	7,382 (total enrollment at all locations), 800 enrolled in Superior

The University of Wisconsin-Superior offers a liberal arts education and professional programs. UW-Superior has 2,800 undergraduate and graduate students. Some of the key program offerings at UW-Superior include: business and accounting, education and education administration, pre-professional programs in medicine, forestry, and transportation logistics, among others. UW-Superior also has a number of distance-learning and continuing education options. Students are prepared for a wide range of careers, including business, law, teaching, computer technology, science, music and art. Many graduates also gain entry to graduate, medical and law schools. In April 2008, officials broke ground for a new “green” student center. It is the first phase of \$64 million in building projects that will also include a new academic building, library renovation, and demolishing three existing campus buildings.¹¹

University of Wisconsin-Superior



Photo source: University of Wisconsin-Superior

Wisconsin Indianhead Technical College at Superior offers 29 programs and 25 certificates. The campus offers associate degrees and one- and two-year technical diplomas in business, health and service, personal and community service and trade and technical. The campus also

¹¹ Business North, May 2008

offers related instruction for apprenticeship programs, as well as short-term certificates in a variety of specialties.

While WITC is a commuter campus, UW-Superior tends to draw students from around Wisconsin and Minnesota. Many students live on campus, but more live off-campus, independently renting local housing.

Economic Impact Study – UW-Superior and the Local Economy

An Economic Impact Study of UW-Superior and the local Economy was completed in May 2008 to describe the important role the campus plays in Northwestern Wisconsin's economic development. The study found that on-going expenditures for local goods and services by its faculty, staff, students, and visitors create income and employment opportunities for area households and businesses. Furthermore, "the intellectual, professional, and personal growth experiences it provides to students and to the community at large have a lasting impact on the quality of the area's cultural climate and the skills of its workforce." Key impact estimates for the 2006 – 2007 fiscal year include the following:

- UW-Superior's institutional and employee spending adds approximately \$31.7 million in total personal income to the Superior/Douglas County economy, sustaining about 574 local jobs.
- Spending by UW-Superior students adds approximately \$8.1 million in personal income to the local economy, which sustains 179 additional jobs.
- Spending by non-local visitors to UW-Superior adds approximately \$1.5 million of income to the local economy, which sustains about 32 additional jobs.
- Overall, UW-Superior's presence in the Superior/Douglas County economy adds approximately \$41.2 million per year to total personal incomes of local households, and sustains about 785 full-time and part-time local jobs. This is the amount of income and employment that would be lost to area households and businesses if UW-Superior did not exist.
- Sectors of the Superior/Douglas County economy where UW-Superior has the greatest income and employment impacts include retail trade, information, finance and insurance, health and social services, arts/entertainment/ recreation, and government.
- UW-Superior's business relationships with the local business community received the highest ratings from the professional, governmental, finance/insurance/real estate, and energy/utilities sectors of the local Superior/Douglas County economy. Areas where the University's business relationships are good, but could be improved, include the retail, wholesale/distribution and manufacturing sectors.
- The study points out that UW-Superior means much more to the Superior/Douglas County community than just money and jobs. Theatrical performances, music recitals, orchestral performances, academic/professional conferences, athletic contests, and banquet facilities all contribute to life in Superior.

Source: Economic Impact Study: UW-Superior and the Local Economy by Dr. Robert D. Beam, May 2008

Networks that Support Knowledge-Sharing in the Business Community

The networks through which business and community leaders interact and share knowledge is particularly important to the success of small business owners and entrepreneurial efforts in general. The region has a number of local networks and organizations that contribute directly to the success of the local economy. Examples include:

- *APEX - Area Partnerships for Economic Expansion* is a private, nonprofit economic development organization serving all of Northeast Minnesota and Northwest Wisconsin.
- *Business Improvement District* - the Superior BID, a government endorsed business organization, provides grants, loans and business advice. It has over 360 business members.
- *Chamber of Commerce* - Superior shares a Chamber of Commerce with Douglas County. The Duluth Area also has a Chamber of Commerce.
- *The Development Association* - economic development non-profit in Superior that administers a revolving loan fund and manages The Superior Business Center, Inc., a local incubator facility.
- *Duluth Superior Area Community Foundation (DSACF)* – An organization playing an increasing role in regional networking and research efforts. The foundation has supported projects on social capital, young professionals and eco-industrial and sustainability.
- *Northeast Entrepreneurial Fund* - provides consulting services and access to capital for start up and emerging entrepreneurs.
- *The Northland Connection* - online portal of economic development information covering Northeast Minnesota and Douglas County, WI.
- *Northland Works* - a collaborative project of several workforce and training organizations in the Northeast Minnesota and Northwest Wisconsin region. It serves to educate potential employees on job opportunities in the region and promote access to training.
- *Northwest Regional Planning* - provides services to counties within Northwest Wisconsin which includes Douglas County. Services include planning, research and access to their loan fund.

In addition to economic development efforts, social organizations such as the Jaycee's, two Rotary Clubs, The Optimist, Kiwanis and Lions also improve networking and skill development opportunities in region, and thus ultimately contribute to the strength of the local business community. Another example is Art Works, a collection of local initiatives that showcase local artists in an effort to harness the economic potential of the Duluth-Superior arts community.

5. Quality of Life and Tourism

Residents of Superior enjoy an unsurpassed quality of life. From Lake Superior and the hundreds of rivers, streams and smaller lakes to the spectacular scenery and outdoor adventures for every season, there are outside activities to be enjoyed all year. The Superior National Forest, hiking trails, fishing, Superior's wonderful park system within its city limits, a marina and spectacular falls within easy driving distance are just a few of the area's natural treasures.

Events such as the Lake Superior Dragon Boat Races draw several thousand people annually to the area. There are championship golf courses, world-class skiing, and nationally recognized hockey teams in and around Superior. The increasingly active arts community, growing cultural events, art galleries and museums, and a full slate of entertainment including access to a leading symphony orchestra, Lucius Woods Performing Arts Center, a nationally acclaimed ballet troupe, and music festivals, such as the Blues Fest are enjoyed by the local community and the many visitors that travel to the area not only for the event but the breath taking freshness of the area.

Safe neighborhoods, quality public and private schools, affordable housing, progressive healthcare, an active citizenry, and minimal traffic congestion enhance the experience. Residents of Superior value living in a location in which others come to vacation.



Quality of Life in Northeast Minnesota and Northwest Wisconsin *As Advanced by the Area Partnership for Economic Expansion (APEX)*

Health Care - World-class medical treatments and health care services are available. SMDC Health Care System, based in Duluth, provides high quality inpatient and outpatient care through its integrated network of more than 20 community clinics, hospitals and specialty care facilities, including three acute care hospitals in the Twin Ports. St. Luke's, also in Duluth, is a comprehensive health care system that provides hospital care and services as well as primary and specialty care at sites throughout the region.

Affordable Housing – Communities in the region offer affordable workforce housing, prestigious executive homes, and lakefront properties for weekend retreats. Median selling prices for new and existing homes are very competitive compared to most major metropolitan areas in the Upper Midwest, falling in about the midrange for houses of all styles and sizes.

Excellent Schools – Students who attend the region's excellent public, private and charter school systems consistently perform above national norms in standardized testing, as well as other methods of measuring success.

Recreational Opportunities - Four distinct seasons offer year-round opportunities for fun and relaxation. Outdoor enthusiasts enjoy the area's clear lakes, forests and rugged shorelines. The region also offers other natural attractions, rich culture, premier facilities and world-class events.

Source: APEX Regional Profile. <http://www.apexgetsbusiness.com/>

Visitor Attractions

According to the Superior-Douglas County Chamber of Commerce, a number of natural, industrial and cultural assets help further distinguish Superior. The enormity of Lake Superior, area scenery, rich history and unique attractions provide the backdrop for local events and recreational opportunities. Shipping on Lake Superior is a unique and distinctive visitor attraction. Superior is a leading shipping center where visitors can watch International “salties,” “lakers,” tugs, sailboats, powerboats and charter fishing boats. Superior’s rich history is showcased in local museums, parks and historic districts. Unique attractions in Superior tell the story of American Indian heritage, the prosperity of the early boomtown days, World War II and American history. Visitors also enjoy other clear blue lakes, tens of thousands of acres of forested land and distinctive rivers.

Northwestern Wisconsin and Northeast Minnesota are popular areas for tourists due to their unique assets. Some of these assets as promoted by the Area Partnership for Economic Expansion (APEX) are presented below:

- Natural Attractions - Apostle Islands National Lakeshore, Boundary Waters Wilderness, Isle Royale National Park, Lake Superior, Superior Scenic Byways, Voyageurs National Park.
- Cultural Resources - American National Ballet, Duluth Superior Symphony Orchestra, Ironworld Discovery Center, Great Lakes Aquarium, Lake Superior Big Top Chautauqua, Lake Superior Zoo, Minnesota Ballet, Museums and Art Galleries.
- Regional Events - American Birkebeiner Cross Country Ski Race, Bayfront Blues Festival, Duluth Air Show, Duluth National Snocross Racing, Grandma’s Marathon, John Beargrease Sled Dog Marathon, Lake Superior and North Shore Dragon Boat Festivals, NorthShore Inline Skating, Marathon.

Source: APEX Regional Profile. <http://www.apexgetsbusiness.com/>



Tourists enjoy a view of the harbor on a guided tour.

Tourism Activities in Superior and Douglas County

Superior participates fully in regional tourism activity. Table 4.9 list the types of information requests received in recent years by the Superior-Douglas County Chamber of Commerce.

Table 4.9 - Visitor Requests, Superior-Douglas County Chamber of Commerce, 2004-2007*

Attraction	Percent	Attraction	Percent
State Parks	14.7%	LSRRM Museum	1.3%
Snowmobile and Winter ATV	13.1%	Biking Trails	1.3%
ATV Trails	9.9%	Shopping	1.2%
Superior Public Museums	7.8%	Golf	1.2%
Harbor Cruise	7.7%	History	1.1%
Bong WWII Heritage Museum	6.9%	Events	1.0%
Resorts	3.7%	Inland Fishing	0.9%
Hotels	3.6%	Recreational Boating/Sailing	0.8%
Camping	3.5%	Casino	0.6%
County Parks	3.3%	Lighthouses	0.6%
Canoe/Kayak	3.0%	Children's Activities	0.5%
City Parks	2.9%	Ice Fishing	0.5%
Charter Fishing	2.1%	Lucius Woods Perf Arts Ctr	0.4%
Motels	2.1%	Downhill Skiing	0.3%
Hiking Trails	1.8%	X-Country Skiing	0.3%
Train Rides	1.7%	B&Bs	0.1%

Source: Superior-Douglas County Chamber of Commerce, 2008

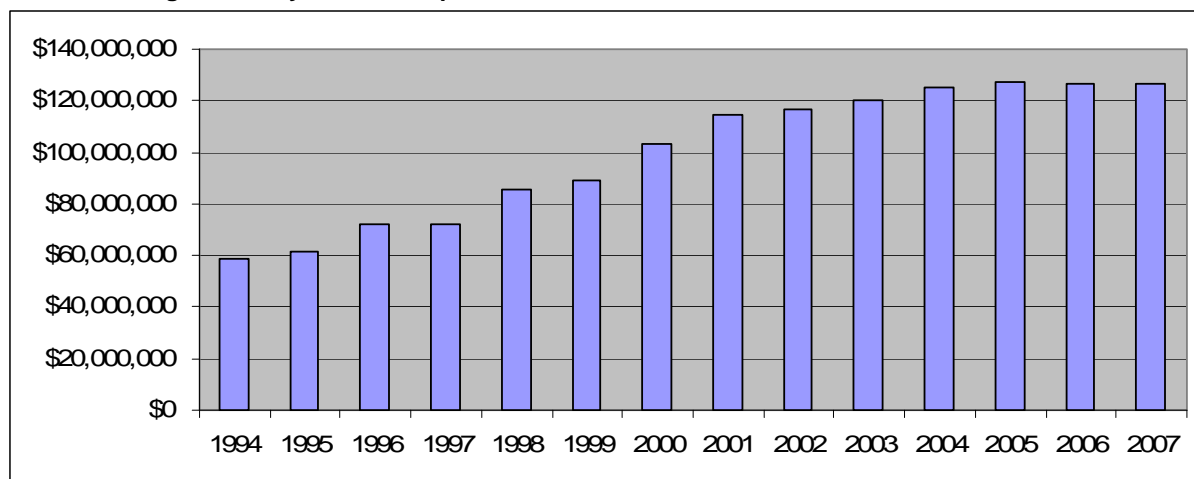
* Numbers do not include 2005 data

The table indicates that many visitors come to Superior because of the area's outdoor recreation amenities including Lake Superior. Others are attracted to area museums. While retail is typically a major activity for tourists, only 1.2-percent of inquiries during this period were seeking information on shopping.

Tourism Impact on Douglas County

The economic impact of tourism has wide-reaching effects on Superior and surrounding Douglas County. Tourism generates direct and indirect sales for a variety of local businesses, creates jobs, and increases governmental tax receipts.

Chart 4.1- Douglas County Tourism Expenditures, 1994-2007



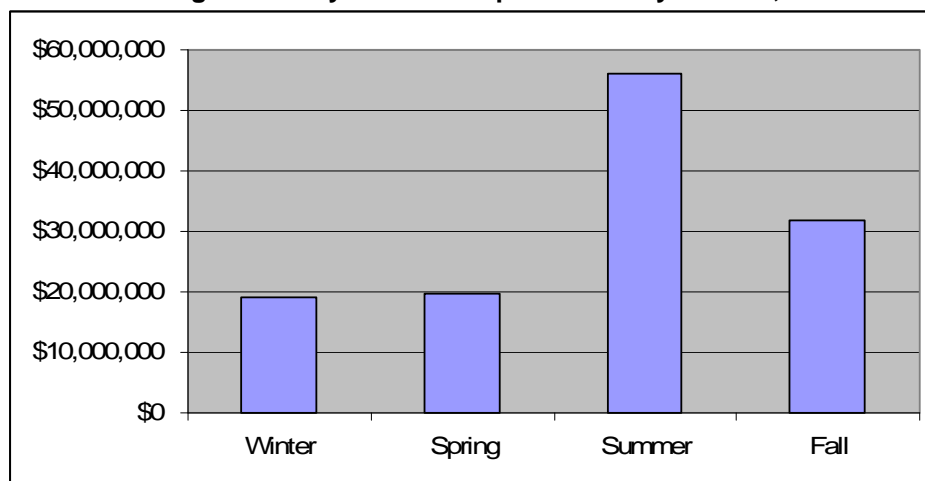
Source: Wisconsin Department of Tourism and Davidson-Peterson Associates

Specific tourism impacts are reported by county annually by the Wisconsin Department of Tourism. Data for 2007 indicates that Douglas County ranks 28th in the State for traveler spending (travelers spent an estimated \$127 million in the County).¹² Traveler spending in 2007 supported 2,732 full-time equivalent jobs.

Traveler spending in Douglas County has increased by 116-percent since 1994 as illustrated in Chart 4.1. This is similar to Wisconsin's 122-percent increase over the same time period. The leveling-off of tourism spending since 2001 is also consistent with state and national trends.

Expenditure data on Superior and Douglas County also indicate significant seasonal tourism trends as illustrated by Chart 4.2.

Chart 4.2 - Douglas County Tourism Expenditures by Season, 2007



Source: Wisconsin Department of Tourism and Davidson-Peterson Associates

The summer is clearly the busiest season with approximately 44-percent of all expenditures followed by the fall (25 percent), spring (16 percent), and winter (15 percent). Douglas County is more dependent on the summer months than Wisconsin (the state captures only 38 percent of its visitor expenditures in the summer).

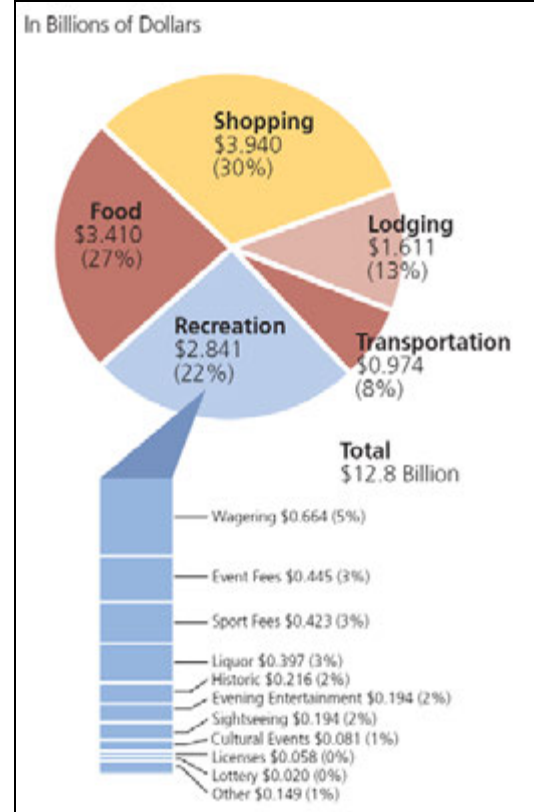
According to the Wisconsin Department of Tourism, most people traveling in Wisconsin during 2007 were on leisure time (70 percent). This broad category includes those attending sporting events, casino gaming, group tours, attending festivals or attractions, visiting friends or family and other recreational pastimes. This was followed by business travel (19 percent) and meetings and conventions (11 percent). While comparison data is not available for Douglas County, expected travel purposes to the Superior area may be similar.

¹² Wisconsin Department of Tourism estimates are based on expenditures made by all travelers who are visiting an area of the state, traveling outside of their normal routine, and spending money. Travelers include Wisconsin residents and out-of state visitors traveling for pleasure, business or a combination of reasons.

According to the Wisconsin Department of Tourism, many Wisconsin businesses benefited from travel spending in 2007. As indicated in Chart 4.3, retail shopping represented the largest single expenditure category (30 percent), followed by food (27 percent), recreation (22 percent), and lodging (13 percent).

While this spending distribution may not be directly transferable to Douglas County, it does point to sectors (such as retail) that offer a potential for increased capture of visitor spending.

Chart 4.3 - Distribution of Tourism Expenditures in Wisconsin



Source: Wisconsin Department of Tourism and Davidson-Peterson Associates

Conclusions

The preceding overview of the Duluth-Superior Region highlights a variety of economic characteristics that may be sources of opportunity for the Superior BID. These characteristics are summarized below:

- Superior is part of a broader regional economy called the Twin Ports that includes Duluth, MN (population 87,000). The Twin Ports are within the larger Duluth-Superior MSA (population 275,000). The Twin Ports are located at the western edge of Lake Superior (the westernmost of North America's Great Lakes). The cities and seaports are connected to the Atlantic Ocean through the Great Lakes and the St. Lawrence Seaway.
- The economy of Northwest Wisconsin and Northeast Minnesota is well known for core mining, forest products, and transportation. However, economic development efforts have created regional competitive advantages for heavy equipment manufacturers, precision machinery and fabricating operations, aircraft and aerospace industries, and applied information companies.
- Historically the largest employing industries in Douglas County have been trade, transportation and utilities. In recent years, the school system, government, and medical care industries have increasingly become the County's biggest employers. Education, government and medical services comprise six of the top ten employers in the County. Also prominent is the shipping and transportation industry.
- Two major business developments are in various planning stages. These projects have the potential for creating significant employment and construction opportunities in the community. Enbridge Energy Partners, L P is planning a major pipeline expansion between western Canada and the Midwest. Murphy Oil has initiated talks with an environmental design and permitting consultant to help plan a major expansion at the Superior refinery.
- Duluth-Superior is the largest tonnage port on the Great Lakes, moving 40 million metric tons of bulk and cargo. It receives more than 1,100 visits by lake carriers and oceangoing ships annually. Four Class I railroads and an extensive highway system serve the port.
- The major highway connections between Superior and Duluth are the John A. Blatnik Bridge (Interstate-535/U.S. 53) and the Richard I Bong Memorial Bridge (U.S. 2). These bridges carry high traffic volumes to/from Superior (35,000 and 17,000 vehicles per day respectively).
- Douglas County and the Duluth-Superior MSA both had unemployment rates slightly higher than that of Wisconsin and United States averages over the past decade. Douglas County and the MSA have slightly lagged behind and national growth in personal income since 1996. The largest portion of earnings in Douglas County comes from the services sector (22.0%), government (21.1%), and transportation and warehousing (20.5%). Compared to the broader MSA, State, and Country, a significant percentage of the earnings in Douglas County are from the Transportation and Warehousing sector.

- In 2000, approximately 7,166 working residents of Douglas County commuted out of the County for work, whereas 4,407 workers from other counties traveled into Douglas County to work. The result is a net loss of 2,759 working age residents who go to other counties for employment.
- Both the University of Wisconsin-Superior (UW-Superior) and Wisconsin Indianhead Technical College (WITC) are located in the City of Superior and together they offer a number of medical, education, business and other technical/service based degrees and certificate programs. Additionally, there are four other institutions of higher learning in Duluth.
- Overall, UW-Superior's presence in the Superior/Douglas County economy adds approximately \$41.2 million per year to total personal incomes of local households, and sustains about 785 full-time and part-time local jobs. Sectors of the Superior/Douglas County economy where UW-Superior has the greatest income and employment impacts include retail trade, information, finance and insurance, health and social services, arts/entertainment/recreation, and government. The campus also provides the communities with academic, cultural, and sporting events.
- Residents of Superior value living in a location in which others come to vacation. Many visitors come to Superior because of the area's outdoor recreation amenities including Lake Superior. Others are attracted to area museums. Data for 2007 indicates that Douglas County ranks 28th in the State for traveler spending (travelers spent an estimated \$127 million in the County). Traveler spending in 2007 supported 2,732 full-time equivalent jobs. The summer is the busiest season with approximately 44 percent of all expenditures followed by the fall (25 percent), spring (16 percent), and winter (15 percent).

Needs and Perspectives of Business Operators

Section

5

A survey of Superior Business Improvement District (BID) business operators was conducted to gather insights, perspectives and input from the downtown Superior business community. The study analyzed opportunities to improve downtown Superior as a place to operate a business, and generated data to support business retention, expansion and recruitment efforts.

Survey Overview

The Superior BID business operators survey collected data from enterprises that operate in the downtown Superior area, specifically along the Belknap Street and Tower Avenue corridors. The comprehensive survey was conducted during the period of September 2007 through January 2008.

Types of Questions

The overall goal of the survey was to learn how to make the Superior BID a more profitable and attractive place to do business. Questions were grouped in the following categories:

- Background Information on each business;
- Satisfaction with Their Downtown Location and Future Plans;
- Business Sales Patterns, Seasonality and Events;
- Challenges of Running a Business in the Superior BID; and
- Ways to Improve Downtown as a Place to Do Business.

The survey was based in part on the standardized business operator's survey developed by the Wisconsin Main Street program. This survey was modified extensively by the study committee to reflect research questions specific to Superior.

Survey Distribution and Response

A total of 194 surveys were mailed to local businesses in September 2007. Recipients of the survey were invited to respond using either a hardcopy survey (see Appendix 5A) or a web-based survey accessible through <http://www.superiorbid.com/Business%20Survey.htm>. At the end of January 2008 a total of 109 responses had been received. The final return rate was 56 percent.

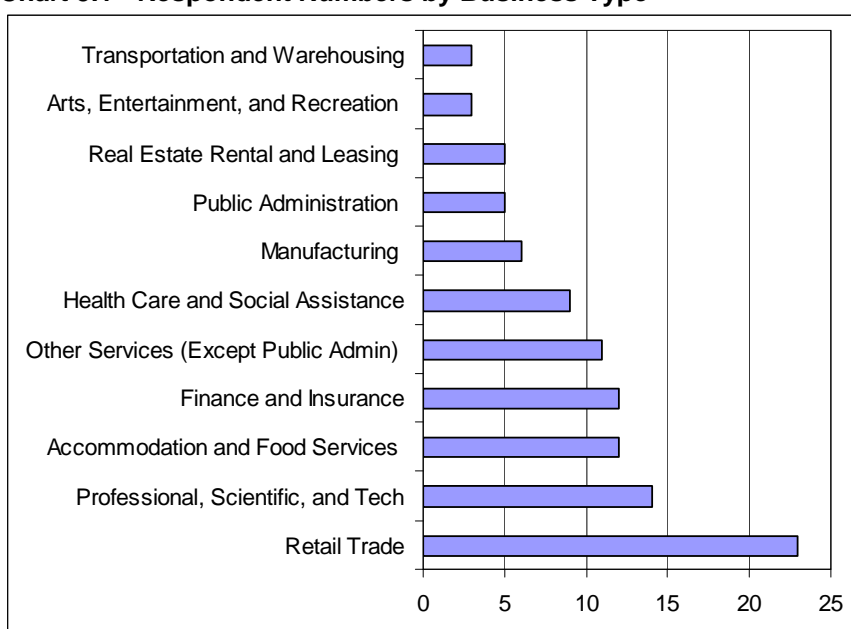
The following is a summary of the findings. Unless otherwise noted, the following responses reflect the needs and perspectives of business operators. In some cases, the responses of the property owner subset is reported and noted accordingly.

Background Information on Respondents

Various questions were asked to better understand the general characteristics of the business operators responding to the survey. These questions are used to understand who responded to the survey. These questions and responses are as follows:

What is the type/nature of your business? (Q2)

Chart 5.1 - Respondent Numbers by Business Type



The survey respondent mix was a good representation of the diversity of BID businesses. Retail trade represented the largest group as illustrated in Chart 5.1.

How many jobs did this business provide in 2006, including owners of the business? (Q23)

The responding businesses reported the following average employment levels:

Full time employees: 11.9 during busiest time of year (11.5 during slowest time of year). *Part time employees:* 4.3 during busiest time of year (3.9 during slowest time of year).

How many years has this business been in operation? (Q4)

On average, businesses have been in operation for 34 years, 18 of which were at their current location. Twelve businesses (or 11% of respondents) report having been in operation for over 80 years.

What initially attracted you to this BID District? (Q6)

Of those responding to this question, over 70 percent cited geographic location as one of their reasons for originally locating in the BID. The price of land or rent was cited by 18 percent of the respondents.

Does your business own, lease, or contract for deed the space in which it is located? (Q1)

Only slightly more respondents leased their property (53.2%) than owned it (45.0%). The average responding business had a total size of 5,369 square feet, with sizes ranging from 200 square feet to 200,000 square feet.

Describe the average customer of this business. (Q16)

A majority of respondents described their typical customer as:

- Male (62% of respondents)
- 45-54 year olds (35% of respondents) and 25-44 year olds (34% of respondents)
- Annual household income \$30,000-50,000 (54% of respondents)

What is the main competitive edge of your business? (Q18)

The competitive edges that respondents felt they have, include:

- Service (41.7%)
- Quality (15.5%)
- Location (14.3%)
- Uniqueness (14.3%)

Of note, Price, Hours, and Brand offerings generally were not considered competitive advantages.

Which businesses are your strongest competitors? (Q17)

Respondents did not have a strong mutual competitor. Out of all competitors reported, the following businesses were reported by more than one respondent:

- Wal-Mart (4)
- Mellin (2)
- Menards (2)
- NBC (bank) (2)
- Northwest Outlet (2)

What three downtown businesses complement this business the most? (Q19)

Existing BID businesses that respondents thought complemented their own business varied widely, but the most common business types included:

- Banks (24)
- Health services (12)
- Business improvement organizations (8)

Satisfaction with Their Downtown Location and Future Plans

As location is a key factor in business success, specific questions were asked to gauge the business operator's satisfaction with their location and plans to move or expand elsewhere.

Where do your customers typically park? (Q21)

Overall, there was a high level of satisfaction among respondents regarding parking in the Superior BID. Customers typically park:

- In a parking lot businesses own or rent (56.9%)
- On the street right in front of the business (49.5%)
- Rarely do customers park more than 1 block from the business (1.8%)

Where do you and your employees typically park? (Q22)

Employees typically park:

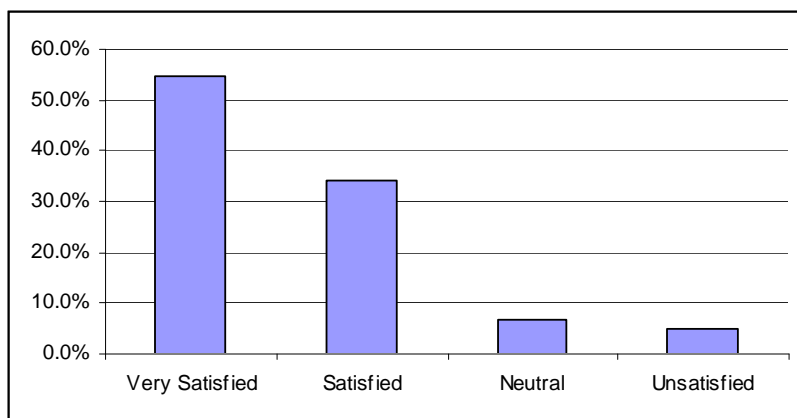
- In a parking lot businesses own or rent (64.2%)
- Rarely do employees park more than 1 block from the business (9.2%)

Is the access to your facility and parking sufficient? (Q2-8)

According to property owners, access to their facility and parking is sufficient for 88 percent of the property owner respondents.

How satisfied are you with the present location of this business? (Q7)

Chart 5.2 – Satisfaction with Business Location



Overall, respondents have a high level of satisfaction with the BID, its services and facilities. BID satisfaction was most strongly related to location and price of rental/leasing in the BID. Nearly 55 percent of those responding to this question were very satisfied with their present location and 34 percent were satisfied.

Do you have plans to relocate or move this business? (Q8)

The vast majority of those responding to this question had no plans to relocate or move their business (80.6%), as compared to those considering it (14.3%), and those planning to relocate (2.9%).

Do you have plans to expand, reduce operations or relocate in the foreseeable future? (Q26)

Of those responding to this question, 67.0 percent report they have no plans to expand, reduce operations or relocate their business in the foreseeable future. However, a significant 22.7

percent report that they have plans to expand products, service or square footage. It is important to note six respondents indicated plans to sell their business.

Are you considering any improvements to your business space? (Q27, Q2-10)

Of those responding to this question, 31.4 percent of business operators are considering improvements to their space. Of the subset of building operators, almost half are considering improvements to their properties.

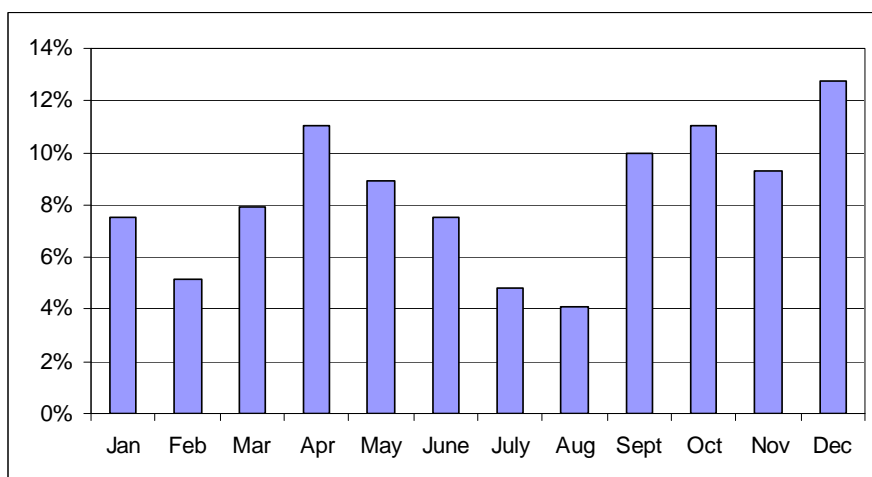


Business Sales Patterns, Seasonality and Events

Monthly, daily and hourly sales patterns help describe the variability of sales in the study area. Further, special events impact downtown business activity. Responses to questions that describe current sales patterns were asked in part to determine how adjustments in operating hours might better serve the targeted market segments. These questions and responses follow.

What are the three busiest months of the year for your business? (Q13)

Chart 5.3 – Busiest Months



Note: as this question asks for the three busiest months, it does not accurately reflect the exact distribution of sales from month to month.

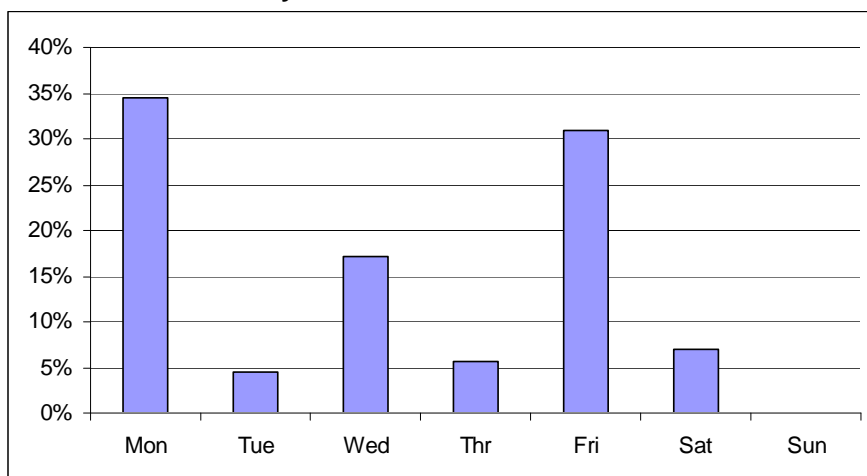
The busiest months of the year for BID businesses are September through December and April. Chart 5.3 illustrates the busiest months for businesses responding to this question.

When do you typically plan major sales/specials for this business? (Q14)

For those responding, major sales/specials for BID Businesses are typically planned for December, March, November, and September (in this order).

What is the busiest day of the week for this business? (Q11)

Chart 5.4 – Busiest Days



Respondents reported Monday is the busiest day of the week with Friday following close behind. Chart 5.4 illustrates the busiest days for businesses responding to this question.

During a typical week, what are the three busiest times for your business? (Q12)

Specifically, the busiest times during a typical week are:

- Monday morning (54.1%)
- Friday afternoon (before 5pm) (33.9%)
- Monday afternoon (before 5pm) (29.4%)

Approximately how many customers/clients visit this business per week? (Q10)

Based on those responding to this question, the most frequent range of customers/clients visiting each business per week is as follows:

- 25-50 customers/clients per week (36.9%)
- 100-500 customers/clients per week (25.2%)
- 50-100 customers/clients per week (23.3%)

What are the hours of operation for this business? (Q9)

Chart 5.5 – Business Opening Times

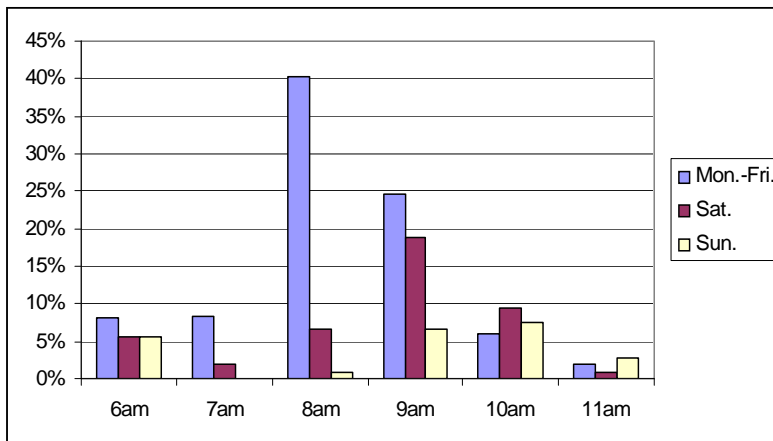
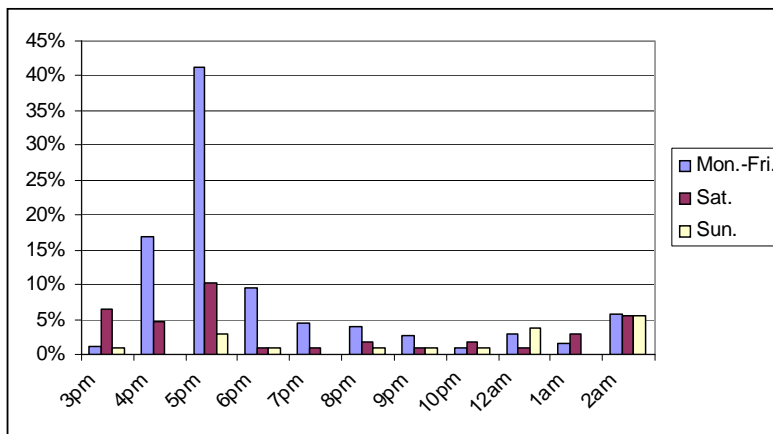


Chart 5.6 – Business Closing Times



Mondays through Fridays, the most frequent hours of operation are 8 a.m.- 5 p.m. Saturday, the most frequent hours are 9 a.m. – 5 p.m. See Charts 5.5 and 5.6 to illustrate the distribution and variability of opening and closing times.

Approximately 4 percent of the businesses are open 24-hours per day. Saturdays almost half of the responding businesses are closed. Sunday, over two-thirds of these businesses are closed.

In the last two years, which of the following events increased foot traffic or sales volume for this business? (Q15)

Respondents benefited nearly equally from the following events:

- Bluesfest (13)
- July 4th Parade (12)
- Grandma's Marathon (11)
- Head of the Lakes Fair (11)
- Rodeo (11)
- Dragon Boat Races (10)

Challenges of Running a Business in the Superior BID

To recognize potential “red flags” that might impact the success of businesses, questions were asked to help understand some of the challenges facing business operators. These questions and responses are as follows:

Are you currently dealing with any business challenges? (Q28)

Respondents were asked to indicate the degree to which they are experiencing a number of business challenges. Of those responding, business operators reported their primary business challenges are as follows:

- Utility costs (31.6%)
- Health insurance costs (26.5%)
- Out of town competition (20.4%)
- Financing (16.3%)
- Product costs/availability (16.3%)

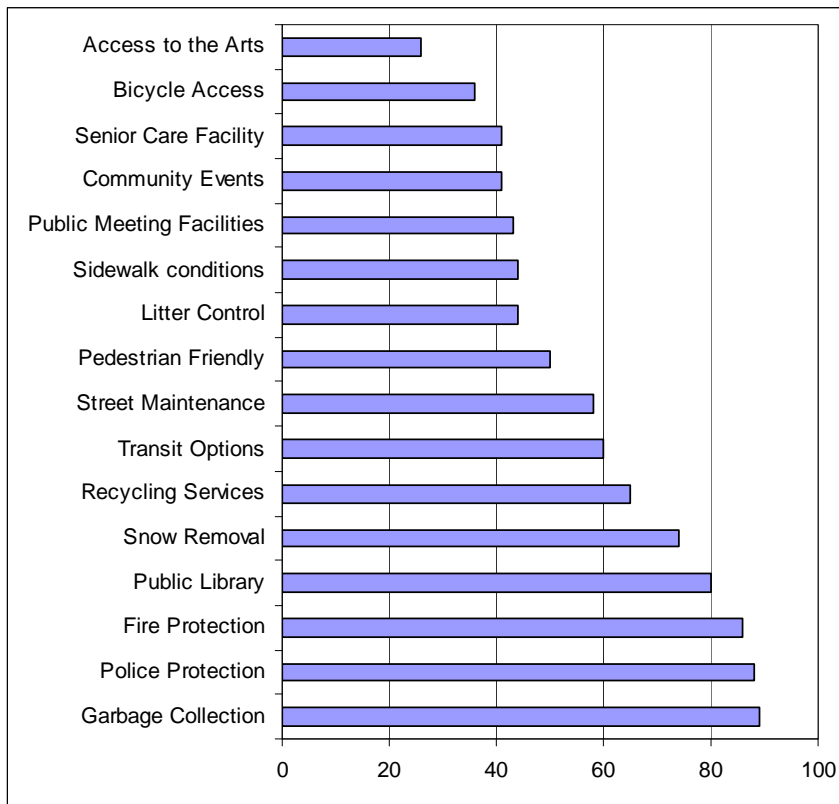
What, if any, are challenges you experience with your property? (Q2-20)

Based on the responses of approximately 30 property owners, major and minor challenges are as follows:

- Cost of taxes (27)
- Property upkeep and maintenance (23)
- Building upkeep and maintenance (23)
- Building appearance (19)

How would you rate the following facilities and services in the Superior BID? (Q32)

Chart 5.7 – Rating of Facilities or Services as Excellent or Good

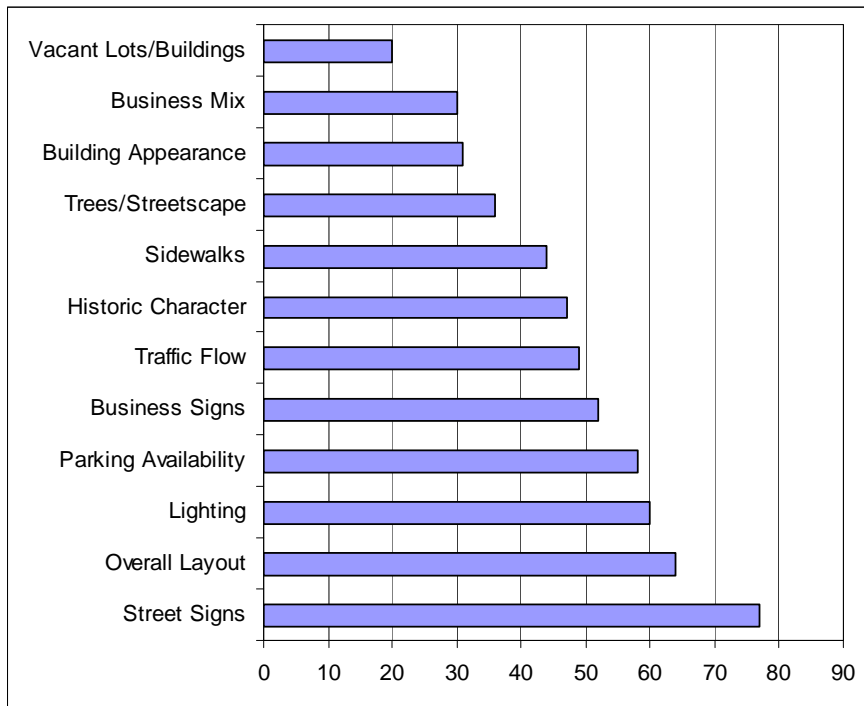


Over 80 respondents rated garbage collection, police protection, fire protection and public library as good or excellent. Chart 5.7 illustrates those services receiving ratings of excellent or good by businesses responding to this question.

Those BID facilities and services a number of respondents thought were “poor” included litter control, pedestrian friendliness, access to the arts, and bicycle access and sidewalk conditions.

How would you rate the following features in the Superior Business Improvement District? (Q33)

Chart 5.8 – Rating of BID Features as Excellent or Good



Over 60 respondents rated street signs, overall layout and lighting as excellent or good. Chart 5.8 illustrates those features receiving ratings of excellent or good by businesses responding to this question.

A number of respondents reported the following features of the BID area were “poor”: vacant lots/buildings, business mix, trees/streetscapes, parking availability, and building appearance.

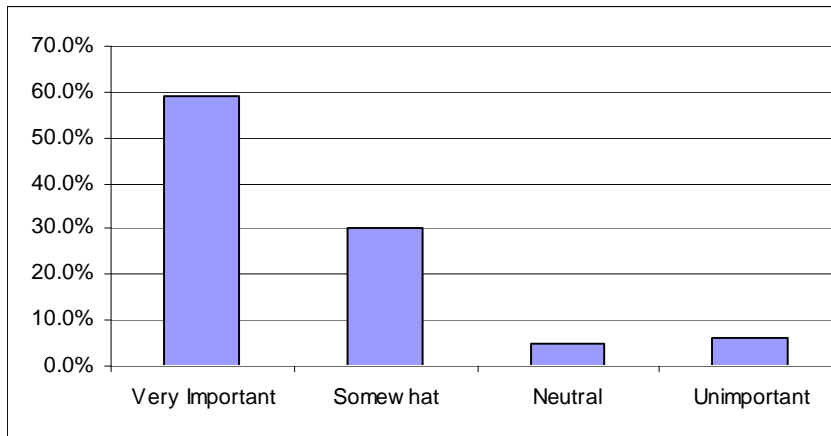
Challenges of Specific Importance to Property Owners (Q2-11 through 16)

- 5 of 20 who responded indicate difficulties filling vacancies
- 4 of 17 who responded indicate expectations of tenants are not being met
- 5 of 29 who responded indicate expectations of laws/ordinances have not been met
- 6 of 34 who responded indicate utility needs have not been met at present
- 11 of 33 who responded indicate having a problem with crime such as vandalism or burglary within the last 12 months

Ways to Improve Downtown as a Place to Do Business

How important is the revitalization of the core downtown? (Q30, Q2-17)

Chart 5.9 – Importance of Revitalization in Superior's Core



Revitalization of the core downtown (N. 16th to Broadway and Oaks to Ogden Ave.) is important to respondents. Almost 90 percent say it is very or somewhat important (see Chart 5.9). Of the sub-set of property owners, responses were similar, although slightly fewer rated revitalization very important.

What new businesses would you like to see in your district? (Q20)

Business types respondents would like to see move into the Superior BID, that would complement their business, include, in order of preference:

- Restaurant/food service (25)
- Retail - general (15)
- Professional services (12)
- Clothing/apparel (11)
- Coffee shop (6)
- Entertainment attraction (6)
- Hobby business (4)

How strongly do you agree or disagree with these statements (Q34)

Table 5.10 – How Business Operators Feel About the BID Area

Statement Describing Downtown	Number Strongly or Somewhat Agreeing
I always try to buy products and services locally	90
I always direct customers to other area businesses	89
Employees of my business show great customer service	86
Superior BID is an excellent place to have a business	74
I would support a new retail promotions event	68
I feel the BID is pedestrian friendly	61
My business is open when customers want to shop	58
I feel safe downtown at all time	58
Traffic flow has a positive impact on my business	54
I am happy with the level of local business regulations	44
The look and feel of downtown helps my business	37
My window and store displays help my business	27
I feel the BID attracts sufficient pedestrian traffic	26

Respondents strongly or somewhat agreed with statements that reflect a bond among businesses in the community. A large number of respondents report they try to buy local and support local businesses. Similarly, a large number report their employees show great customer service. Table 5.10 summarizes the number of responding businesses.

Areas of concern are related to the physical attributes of the BID including downtown's "look and feel," window/store displays, and lack of pedestrian traffic.

Which incentives or assistance programs have you used or plan to use for this business? (Q29, Q2-18)

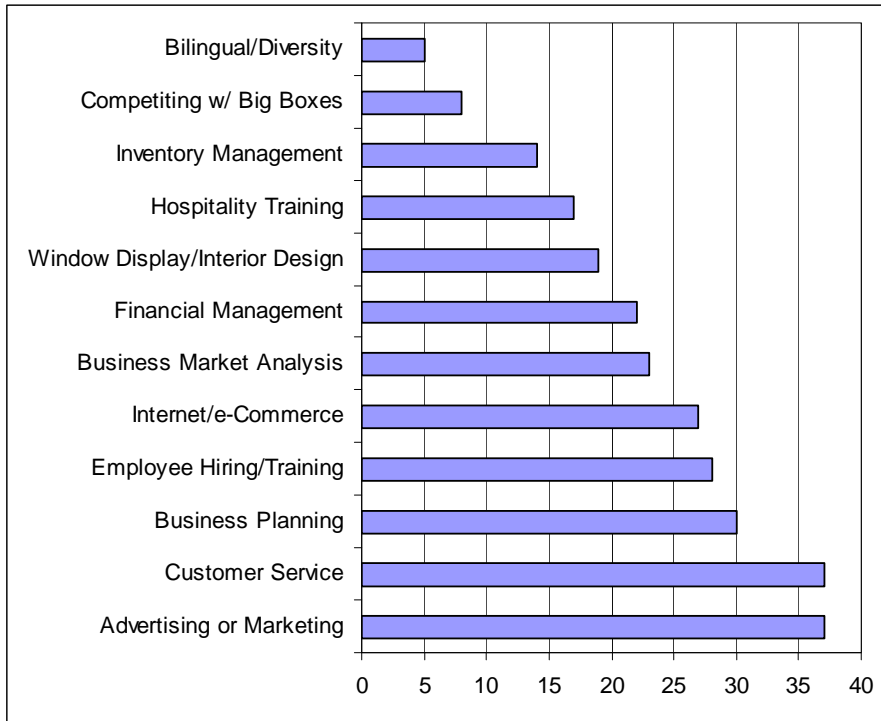
The following assistance programs were used (or planned to use) by a number of respondents:

- BID Sign Grant (37 respondents)
- BID Commercial Restoration Grants (12 respondents)
- BID New Construction Grant (11 respondents)
- BID Architectural Grant (6 respondents)
- BID Reinvestment Loan Program (4 respondents)
- SBA Loan Guarantee (3 respondents)
- Douglas County Revolving Loan (1 respondent)
- Northeast Entrepreneur Fund (1 respondent)
- WHEDA Tax Credits (1 respondent)
- National or State Historic Tax Credits (1 respondent)

Similarly, the subset of property owners used (or plan to use) the BID Sign Grants and BID Commercial Restoration Grants most frequently.

Would you or an employee of your business have interest in attending the following business training workshops if held locally? (Q31)

Chart 5.11 – Respondents Who Would or Might Attend Business Training



Informational needs of respondents were quite varied. However, the data suggest the information on advertising, marketing and customer service may be in high demand.

Conclusions

Based on responses to the business operator's survey, a number of conclusions can be drawn.

- On average, businesses have been in operation for 34 years, 18 of which were at their current location. Twelve businesses report having been in operation for over 80 years. The longevity of these businesses may be important in communicating the merits of doing business in the BID.
- The competitive edges that many respondents felt they have include service (41.7%) followed by quality (15.5%), location (14.3%), uniqueness (14.3%). Respondents did not have a strong mutual competitor, although Wal-Mart was identified a few times.
- Existing BID businesses that respondents thought complemented their own business varied widely, but often included banks, health services and business services.
- Overall, there was a high level of satisfaction among respondents regarding parking in the Superior BID. Customers typically park in a lot businesses own or rent or on the street right in front of the business.
- Overall, respondents had a high level of satisfaction with the BID, its services and facilities. BID satisfaction was most strongly related to the BID location and price of rental/leasing in the BID. These attributes may be important to communicate to prospective businesses.
- The vast majority of those responding have no plans to relocate or move their business (80.6%), as compared to those considering it (14.3%), and those planning to relocate (2.9%).
- A significant percentage (22.7%) report they have plans to expand products, service or square footage. It is important to note that six respondents indicated plans to sell their business in the foreseeable future. Almost one-third of business operators are considering improvements to their space. Of the subset of building operators, almost half are considering improvements.
- The busiest months of the year for BID businesses are September through December and April. Respondents reported Monday as the busiest day of the week with Friday following close behind. Specifically, the busiest times during a typical week are: Monday morning (54.1%), Friday afternoon (before 5 p.m.) (33.9%), and Monday afternoon (before 5 p.m.) (29.4%).
- Respondents benefited nearly equally from the following events: Bluesfest (13), July 4th Parade (12), Grandma's Marathon (11), Head of the Lakes Fair (11), Rodeo (11), and Dragon Boat Races (10).
- Business operators reported their primary business challenges include utility costs (31.6%), health insurance costs (26.5%), out of town competition (20.4%), financing (16.3%), and product costs/availability (16.3%).

- Based on the responses of property owners, major and minor challenges include cost of taxes (27), property upkeep and maintenance (23), building upkeep and maintenance (23), and building appearance (19).
- Over 80 respondents rated garbage collection, police protection, fire protection and public library as good or excellent. Those BID facilities and services that a number of respondents thought were “poor” included litter control, pedestrian friendliness, access to the arts, and bicycle access and sidewalk conditions.
- Over 60 respondents rated street signs, overall layout and lighting as excellent or good. A number of respondents rated the BID area as “poor” regarding vacant lots/buildings, business mix, trees/streetscapes, parking, and building appearance.
- Challenges of specific importance to property owners included crime such as vandalism and burglary, and to a lesser extent utility needs, filling vacancies, laws and ordinances, and expectations of tenants are not being met.
- Revitalization of the core downtown (N. 16th to Broadway and Oakes to Ogden Ave.) is important to respondents. Almost 90 percent say it is very or somewhat important. Of the sub-set of property owners, responses were similar, although slightly fewer rated revitalization very important.
- Businesses respondents would like to see move into the Superior BID, to complement their business, include, in order of preference: restaurant/food service (25), retail - general (15), professional services (12), clothing/apparel (11), coffee shop (6), entertainment attraction (6), and hobby business (4).
- Respondents strongly or somewhat agreed with statements that reflect a bond among businesses in the community. A large number of respondents report they try to buy local and support local businesses. Similarly, a large number report their employees show great customer service. Areas of concern relate to the physical attributes of the BID including downtown’s “look and feel,” window/store displays, and lack of pedestrian traffic.
- The following assistance programs were used (or planned to use) by a number of respondents: BID Sign Grant (37 respondents), BID Commercial Restoration Grants (12 respondents), BID New Construction Grant (11 respondents). Similarly, the subset of property owners used (or plan to use) the BID Sign Grants and BID Commercial Restoration Grants most frequently.
- Informational needs of respondents were quite varied. However, the data suggest the information on advertising, marketing and customer service may be in high demand.

Appendix 5 – Business Survey Letter and Instrument



Business Operators & Property Owners Survey

This survey is part of a broader market analysis being implemented by the Superior BID. It examines opportunities to continually improve the economic health of Superior's Central Business District. Understanding market conditions and identifying market opportunities by sector are important to this process. The BID will use this information in recruiting, retaining, and promoting the district. The compiled results will be shared with property and business owners, as well as other key stakeholders. Your individual responses will be kept confidential, and under no circumstances will individual names be associated with responses.

This survey is due by Monday, October 15th, 2007 and should be mailed to:

Superior BID
1401 Tower Ave, Suite 302
Superior, WI 54880

Or, it can be completed online at www.superiorbid.com

Thank you for completing the survey. If you have any questions, please contact:
Kaye Tenerelli or Jodi Rochon at (715) 394-3557.

The BID welcomes property owners, business owners, and staff to become involved in our activities. Please mark from the following list of groups / committees you may be interested in helping with and we will contact you with more information. Thank you!

- ☐ Board of Directors
- ☐ Design Committee
- ☐ Promotion Committee
- ☐ Downtown Focus Group Committee
- ☐ Special events (i.e. tree lighting, flower planting, etc.)
- ☐ Other _____

Business Name _____
 Business Owner(s) _____
 Business Address _____
 Business Phone #1 _____ Business Phone #2 _____
 Email _____ Fax _____
 Website _____

PART 1 (For Business Operators Only)

1. Does your business own, lease, or Contract for Deed the space in which it is located? (● mark ONE)

- ☐ Own
☐ Lease
☐ Contract for Deed

2. What is the type/nature of your business?

(be as specific as possible)

3. What is the total size of your business space?

_____ sq. ft.

4. How many years has this business been in operation?

_____ years

5. How many years have you been the owner of this business? _____ years

6. What initially attracted you to this BID District?
 (● mark ALL that apply)

- ☐ Geographic Location
☐ Sales Tax
☐ Workers Compensation Rates
☐ Insurance Rates
☐ Utility Rates
☐ Quality of Life
☐ Market Conditions
☐ Price of Lease / Rent
☐ Responsiveness of Economic Development Agencies
☐ Responsiveness of Government Agencies
☐ Flexibility of Financial Institutions
☐ Topography
☐ Other _____

7. How satisfied are you with the present location of this business? (● mark ONE)

- ☐ Very Satisfied
☐ Satisfied
☐ Unsatisfied
☐ Neutral

Why? _____

8. Do you have plans to relocate or move this business?

- ☐ Yes ☐ No ☐ Maybe

Why? _____

9. What are the hours of operation for this business?
 (please write-in the times)

	Open	Close
Monday	_____	_____
Tuesday	_____	_____
Wednesday	_____	_____
Thursday	_____	_____
Friday	_____	_____
Saturday	_____	_____
Sunday	_____	_____

10. Approximately how many customers/clients visit this business per week? (● mark ONE)

- ☐ 25-50
☐ 50- 100
☐ 100-500
☐ 500-1000
☐ Over 1000

11. What is the busiest day of the week for this business?
 (● mark ONE)

- ☐ Monday ☐ Thursday ☐ Sunday
☐ Tuesday ☐ Friday ☐ None
☐ Wednesday ☐ Saturday

12. During a typical week, what are the three busiest times for your business? (If there is no "typical" week, think back to last week.) (● mark THREE times)

	Morning	Afternoon	After 5 PM
Monday	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tuesday	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wednesday	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Thursday	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friday	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Saturday	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sunday	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. What are the three busiest months of the year for your business? (● mark THREE)

☐ January ☐ February
☐ March ☐ April
☐ May ☐ June
☐ July ☐ August
☐ September ☐ October
☐ November ☐ December

14. When do you typically plan major sales/specials for this business? (● mark THREE)

☐ January ☐ February
☐ March ☐ April
☐ May ☐ June
☐ July ☐ August
☐ September ☐ October
☐ November ☐ December

15. In the last two years, which of the following events increased foot traffic or sales volume for this business? (● mark ALL that apply)

☐ Dragon Boat Races ☐ Grandmas Marathon
☐ Bluesfest ☐ Head of the Lakes Fair
☐ 4th of July Parade ☐ Rodeo
☐ Duluth Superior Pride Parade
☐ Other _____

16. Describe the average customer to this business:

Gender:

☐ Male ☐ Female

Age:

☐ Under 18 ☐ 18-24 ☐ 25-44
☐ 45-54 ☐ 55-64 ☐ 65+

Annual Household Income:

☐ Under \$30,000 ☐ \$30,000 - \$50,000
☐ \$50,000 to \$90,000 ☐ Over \$90,000

17. What businesses are your strongest competitors? (please list by name)

18. What is the main competitive edge of your business? (● mark ONE)

☐ Location ☐ Hours
☐ Price ☐ Uniqueness
☐ Service ☐ Brands
☐ Quality ☐ Other _____

19. What three downtown businesses complement this business the most?

1. _____
 2. _____
 3. _____

20. What new businesses would you like to see in your district?

1. _____
 2. _____
 3. _____

21. Where do your customers typically park? (●mark TWO)

☐ On the street right in front of this business
☐ On the street within 1 block of this business
☐ On the street more than 1 block from this business
☐ In a municipal/public parking lot
☐ In a customer parking lot you own or rent
☐ Other _____

22. Where do you and your employees typically park?
(● mark TWO)

- ☐ On the street right in front of this business
- ☐ On the street within 1 block of this business
- ☐ On the street more than 1 block from this business
- ☐ In a municipal/public parking lot
- ☐ In a customer parking lot you own or rent
- ☐ Other _____

23. How many jobs did this business provide in 2006, including owners who work in the business?

At busiest time of year: _____ At slowest time of year: _____
Full-time: _____ Full-time: _____
Part-time: _____ Part-time: _____

24. What is the main reason for any fluctuation in the number of jobs this business provided in 2006?
(● mark ONE)

- ☐ Seasonal Business ☐ Business Decline
- ☐ Business Growth ☐ Management Change
- ☐ Other _____

25. What percentage of your gross sales do you spend on advertising your business? _____

26. Do you have plans to expand, reduce operations or relocate your business in the foreseeable future?
(● mark ONE)

- ☐ I do not have any plans for change
- ☐ I plan to expand products, services or square footage
- ☐ I plan to expand products, services or square footage at a location outside the BID district
- ☐ I plan to reduce products, services or square footage
- ☐ I plan to sell my business
- ☐ I plan to close my business

27. Are you considering any improvements to your business space?

- ☐ Yes ☐ No

If yes, please specify the types of improvements:

28. Are you currently dealing with any business challenges? (● mark ALL that apply)

- ☐ No problems
- ☐ Financing
- ☐ Shoplifting/Theft
- ☐ Personnel costs
- ☐ Vandalism
- ☐ Utility costs
- ☐ Products Costs/Availability
- ☐ In town competition
- ☐ Out of town competition
- ☐ Shipping transportation costs
- ☐ Difficulty recruiting employees
- ☐ Difficulty retaining employees
- ☐ Health insurance costs
- ☐ Other insurance costs (not health)
- ☐ Parking
- ☐ Rental rates if applicable
- ☐ Other _____

29. Which incentives or assistance programs have you used or plan to use for this business?

(● mark ALL that apply)

- ☐ BID Sign Grant
- ☐ BID New Construction Grant
- ☐ BID Commercial Restoration Grant
- ☐ BID Architectural Grant
- ☐ BID Reinvestment Loan Program
- ☐ Douglas County Revolving Loan
- ☐ Northeast Entrepreneur Fund
- ☐ WHEDA Tax Credits
- ☐ National or State Historic Tax Credits
- ☐ SBA Loan Guarantee
- ☐ Other _____

30. How important is the revitalization of the core downtown (16th St. to Broadway St. on Tower Ave.)? (● mark ONE)

☐ Very Important ☐ Somewhat Important ☐ Unimportant ☐ Neutral

Comments: _____

31. Would you or an employee of your business have interest in attending the following business training workshops if held locally? (● mark ONE for each column)

	Yes	Maybe	Don't Know	No
Business planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inventory management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Advertising or marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee hiring or training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hospitality training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Window displays or interior store design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business market analysis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internet or E-Commerce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bilingual/diversity training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competing with Big Boxes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please list): _____

Comments: _____

32. How would you rate the following facilities and services in the Superior Business Improvement District?

(● mark ONE for each column)

	Excellent	Good	Fair	Poor	Don't Know
Snow Removal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Street Maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Litter Control	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pedestrian Friendly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fire Protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Police Protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Garbage Collection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recycling Services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public Library	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transit Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to the Arts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sidewalk Conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public Meeting Facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community Events	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Senior Care Facility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bicycle Access	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

33. How would you rate the following features in the Superior Business Improvement District? (● mark ONE for each column)

	Excellent	Good	Fair	Poor	Don't Know
Overall layout	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building appearance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Historic character	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business signs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Street signs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sidewalks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Parking availability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Traffic flow/circulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Trees/streetscape	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lighting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vacant lots/buildings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business Mix	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments: _____

34. How strongly do you agree or disagree with these statements? (● mark ONE for each column)

	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree
I feel that the BID is pedestrian friendly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that the BID attracts sufficient pedestrian traffic	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Traffic flow is a positive impact on my business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am happy with the level of local business regulations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I always try to buy products and services locally	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I always direct customers to other area businesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Superior BID is an excellent place to have a business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would support a new retail promotions event	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The look and feel of downtown helps my business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My window and store displays help my business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My business is open when customers want to shop	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees of my business show great customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel safe downtown at all time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments on this question: _____

Below, please share any additional comments or suggestions you may have on Part 1 of this survey:

Thank you for taking the time to complete this survey. Your responses help strengthen our partnership in the BID District. Please remember to mail or drop off the completed survey by Monday, October 15th, 2007 to the Superior BID at 1401 Tower Ave, Suite 302, Superior, WI 54880. The survey may also be completed online at: www.superiorbid.com.

Property Owner(s) _____
Property Address _____
Property Owner Phone #1 _____ Phone #2 _____
Email _____ Fax _____

PART 2 (For Property Owners Only)

1. What is your building space? _____ sq. ft.

2. What is your lot size? _____ sq. ft.

3. How many years have you owned this property?
_____ years

4. Is this your only commercial property?

☐ Yes ☐ No

5. Do you operate a business on this property or rent
or lease to another business? (● mark ALL that apply)

- ☐ Operate
☐ Lease
☐ Contract for Deed

6. Please describe the primary use of your property
(i.e. food preparation/service, office, retail, etc).

7. What initially attracted you to buy property in the BID
District? (● mark ALL that apply)

- ☐ Geographic Location
☐ Tax Rates
☐ Utility Rates
☐ Quality of Life
☐ Market Conditions
☐ Price of Property
☐ Responsiveness of Economic Development Agencies
☐ Responsiveness of Government Agencies
☐ Flexibility of Financial Institutions
☐ Topography
☐ Other _____

8. Is the access to your facility and parking sufficient?

☐ Yes ☐ No

9. How many renters have you had in the last 10 years?

_____ renters

10. Are you considering any improvements to this
property?

☐ Yes ☐ No

If yes, please specify the types of improvements:

11. Have you had any difficulties filling vacancies?

☐ Yes ☐ No

If yes, why? _____

12. Have your expectations of tenants been met?

☐ Yes ☐ No

13. Have your expectations of Laws / Ordinances been
met?

☐ Yes ☐ No

14. Are your utility needs being met at present (electric,
sewer, water, etc.)?

☐ Yes ☐ No

15. Can you foresee future utility needs that must be
addressed?

☐ Yes ☐ No

If yes, please describe:

Have you addressed these needs with the City of Superior?

☐ Yes ☐ No

16. Have you had any problems with crime such as
vandalism or burglary within the last 12 months?

☐ Yes ☐ No

If yes, please explain:

17. How important is the revitalization of the core downtown (16th St. to Broadway St. on Tower Ave.)? (● mark ONE)

☐ Very Important ☐ Somewhat Important ☐ Unimportant ☐ Neutral

Comments: _____

18. How useful are the existing programs and services to you? (● mark ONE answer for each item)

	Very Useful	Somewhat Useful	Not Useful	Not familiar with this program / service
BID Matching Commercial Building Restoration Grant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
BID Matching Sign Grant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Historic preservation grants/loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Landscape Grant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
BID Matching Architectural Assistance Grant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
BID Reinvestment Loan Program	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments on this question: _____

19. What type of products and services would you like to see offered by the BID?

20. What, if any, are challenges you experience with your property?

	Major Challenge	Minor Challenge	No Challenge	N/A
Cost of taxes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finding a quality renter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintaining a quality renter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Filling the property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building upkeep and maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Property upkeep and maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building appearance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments on this question: _____

Below, please share any additional comments or suggestions you may have on Part 2 of this survey:

Thank you for taking the time to complete this survey. Your responses help strengthen our partnership in the BID District. Please remember to mail or drop off the completed survey by Monday, October 15th, 2007 to the Superior BID at 1401 Tower Ave, Suite 302, Superior, WI 54880. The survey may also be completed online at: www.superiorbid.com.

Needs and Perspectives of Consumers

Section

6

A survey of Superior Primary Trade Area residents was conducted to gather insights, perspectives and input on the Superior BID. The study analyzed opportunities to improve downtown Superior as a place to live, work, and play and generated data to help businesses better understand consumer preferences.

Survey Overview

The consumer survey used for the Superior BID was created from several other consumer surveys used in other cities. The BID market analysis committee reviewed and modified the survey to better reflect local needs. This survey was further modified to work jointly with the Business Operators' Survey in an effort to compare the responses of business owners and consumers.

Types of Questions

The overall goals of the survey were to learn existing consumer needs, identify how to improve the BID and discover what type of retail and services were missing within the BID. Questions were grouped in the following categories:

- Where do you shop and why;
- What attracts you to a shopping/business area;
- How often and why do you come to the BID;
- Why do you not shop in the BID;
- Consumer preferences for new business;
- Vision for the future; and
- Communities the BID can learn from.

Survey Distribution and Response

The consumer survey was made available both online as well in hard copy form. To inform the community, the BID worked to advertise the online survey through the local newspaper, a bi-monthly television program, and the *Connection* newspaper which is published quarterly by the Chamber, the BID, and the Superior Development Association. Hardcopies were targeted to both senior citizens and local college students. Surveys were also emailed to key business owners that were in turn passed on to employees. Survey collection took place from the end of March 2008 to the end of May 2008

In total, 479 consumer surveys were collected. It is possible that the selective administration of the survey skewed the results, and that the survey sample is not representative of the entire Superior Primary Trade Area. However, the survey can still help identify important themes, preferences and concerns within the local community.

Survey Response

Where do you currently shop and why? (Q1)

In ranking existing retail centers, the survey gave six local options. When the rankings were averaged out, Miller Hill Mall and South Tower was found at the top of the list, and Downtown Superior was found at the bottom. The following list is in order of highest ranking to the lowest.

1. Miller Hill Mall
2. South Tower
3. Canal Park
4. Mariner Mall
5. Downtown Duluth
6. Downtown Superior

Respondents pointed to large department stores as the draw to Miller Hill Mall and one stop shopping centers such as Wal-Mart Supercenter and Kmart as the draw to shopping on South Tower.

In comparison, Superior's Mariner Mall was the subject of numerous complaints, finding itself not utilized as much as other shopping destinations. Respondents cited a lack of stores and poor selection as the main reasons why they did not shop at Mariner Mall.

Concerning the BID area, downtown Superior was consistently ranked on the lower end of the scale. Respondents said the area had little to offer in the way of pertinent retail. Also, there were numerous complaints about limited hours. Respondents felt that the only options available after 5 p.m. were bars. Several respondents voiced concerns about their perceived safety in the BID after dark due to a variety of drunken behaviors. Respondents also pointed to a lack of cleanliness as a barrier to shopping in the BID. Numerous write-in responses commented on a perceived lack of effort to keep the area clean, citing trash cluttering the sidewalks and vacant lots within the BID.

What attracts you to a shopping/business area? (Q2)

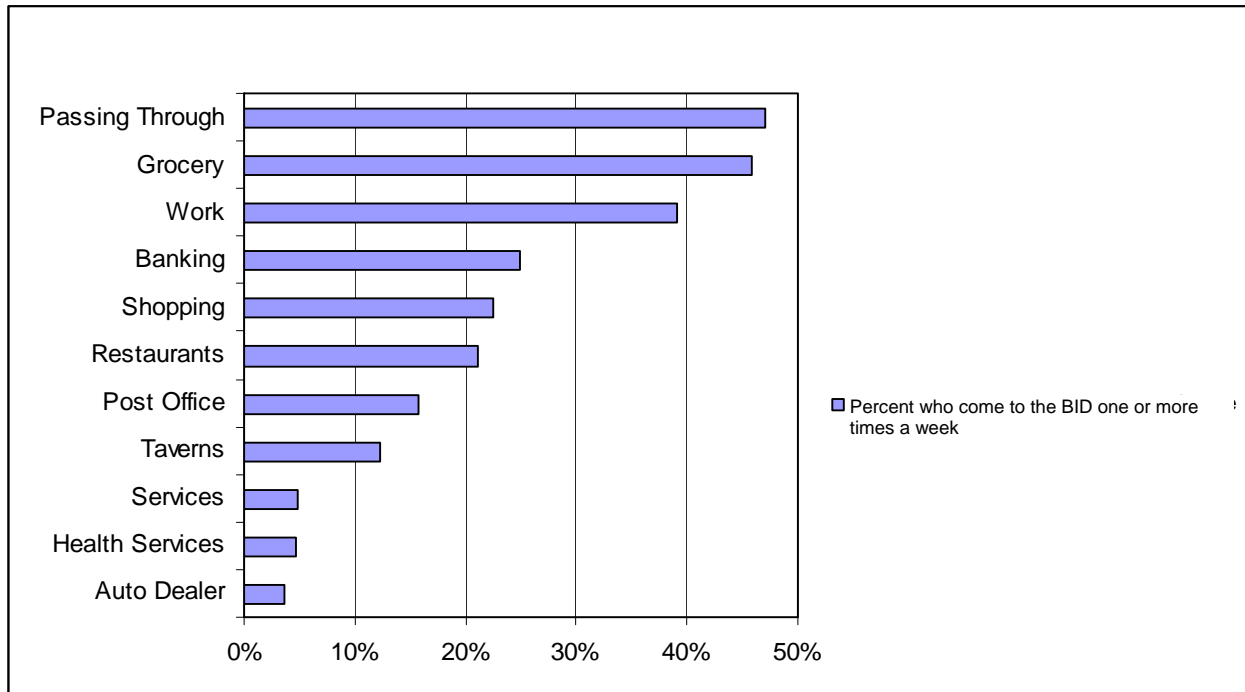
When able to identify characteristics that are important to the consumer, respondents strongly agreed that the following four items influence their decision of where to shop:

- Variety (59%);
- Quality of products (55%);
- Convenient parking (50%); and
- Good weekend hours (48%).

How often and why do you come to the BID? (Q3, Q4)

Respondents were asked to identify how often they came to the BID for specific services. The list consisted of twelve choices. Of the twelve, three items were most frequently identified by consumers as drawing them on a weekly basis: passing through, grocery shopping, and going to work.

Chart 6.1 Do You Come to the BID More Than One Time per Week



Items of opportunity as identified by this question are shopping, restaurants, and banking. All three are key categories that could have a consistent draw, helping to bring consumers to the BID on a regularly basis. This point was also highlighted in the write in portion of the survey, as clothing retail, new restaurants, and banking were frequently identified as much needed additions to the BID.



Why do you not shop in the BID? (Q5)

The survey sought to understand why consumers shop outside the BID. Responses are as follows:

Table 6.1 Why Consumers Shop Outside the Superior BID

	Shop out of the BID	Selection	Service	Quality	Price	Hours
Clothing	71%	45%	3%	8%	13%	2%
Electronics	48%	32%	3%	4%	8%	1%
Crafts	46%	32%	3%	5%	5%	1%
Furniture	44%	24%	3%	8%	9%	1%
Gifts	39%	20%	3%	7%	7%	1%
Grocery	38%	14%	3%	8%	11%	2%
Automotive Dealer	36%	14%	9%	3%	9%	1%
Sporting Goods	34%	20%	2%	5%	7%	1%
Optical	34%	12%	7%	4%	9%	3%
Specialty Food	33%	16%	4%	4%	6%	3%
Pharmacy	30%	9%	7%	4%	8%	3%
Automotive Parts	28%	8%	9%	2%	6%	2%
Personal Care	28%	13%	5%	4%	5%	2%
Spirits/Wine	25%	11%	3%	3%	8%	0%
Musical Instruments	24%	13%	2%	4%	5%	1%
Art Dealer	23%	13%	3%	4%	2%	2%
Building Materials	15%	4%	4%	6%	1%	1%

It is important to note that almost all categories had significant “out-shopping” of respondents (at least 20%). Of the seventeen options, respondents identified six major areas where they shop outside of the BID. These areas are:

- Clothing (71%);
- Electronics (48%);
- Crafts (46%);
- Furniture (44%);
- Gifts (39%); and
- Grocery (38%).

For each of these categories, selection was the driving force in desiring to shop outside of the BID. The next closest indicator was price, but this was not nearly as significant as selection. Selection can also be interpreted as availability of certain types of stores or products.

- | | | |
|---------------|-----------------|--------------|
| • Clothing | Selection (45%) | Price (13%); |
| • Electronics | Selection (32%) | Price (8%); |
| • Crafts | Selection (32%) | Price (5%); |
| • Furniture | Selection (24%) | Price (9%); |
| • Gifts | Selection (20%) | Price (7%); |
| • Grocery | Selection (14%) | Price (11%). |

Consumer Preferences for New Business (Q6, Q7)

When identifying what new businesses should be brought into the BID, respondents overwhelmingly pointed to two categories: restaurants and clothing stores. In identifying what type of restaurants, respondents picked four specific types as listed below and in Chart 6.3.

- Bakery (19%)
- Family restaurant (19%)
- Coffee Shop (18%)
- Seafood (16%)

The idea of a new coffee shop with consistent extended hours was repeatedly mentioned. This idea was often in conjunction with a bakery, lending the idea for a cafe style restaurant with late-night hours. The idea of a family restaurant was also explored in more detail in the write-in section. When identifying family restaurants as a need, respondents often pointed to familiar chain restaurants as examples of what they want to see in the Superior BID. Some reoccurring examples were Applebees, TGI Fridays, and Chili's.

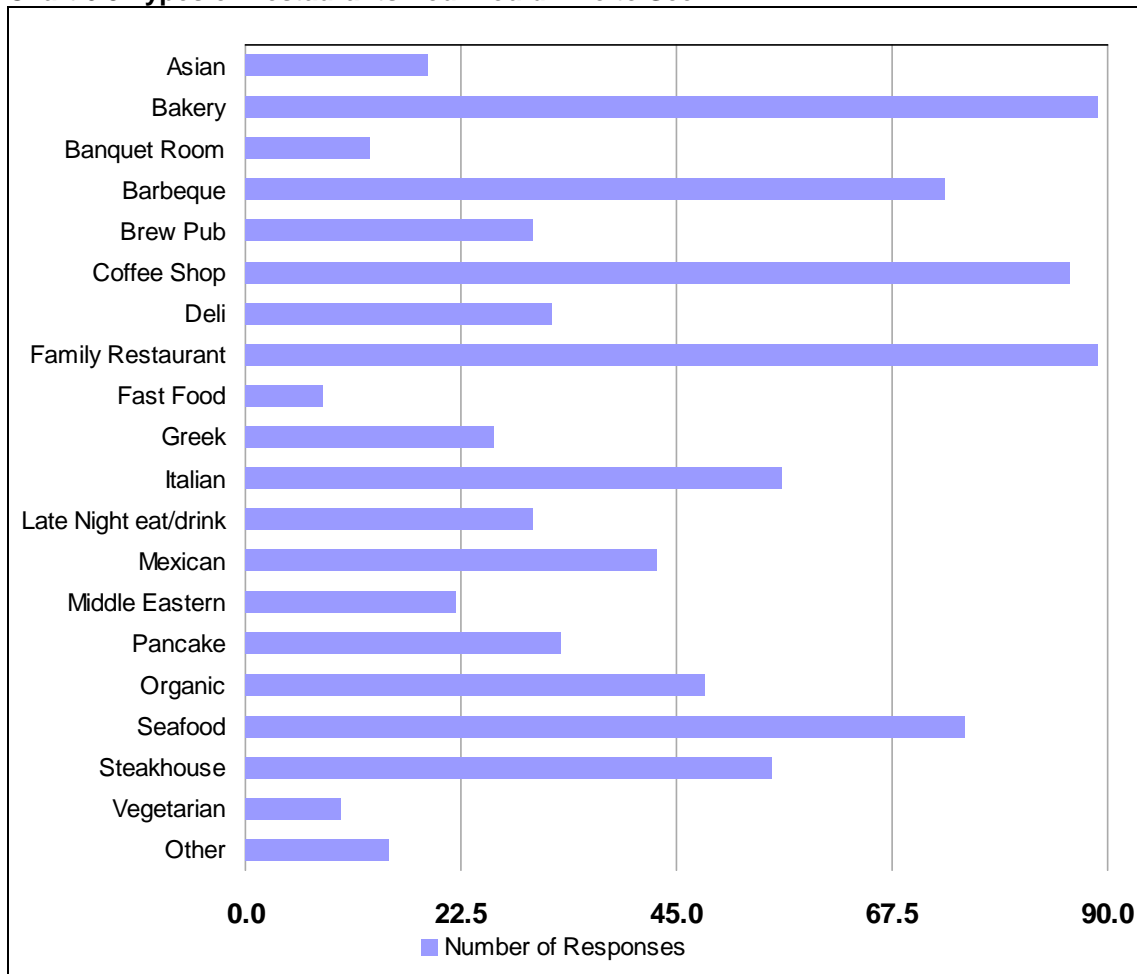
The second new business preference identified was clothing retail. This ranged from specific department stores (JC Penney and Kohl's) to general responses like women's clothing or family clothing. A request for clothing retail was often in conjunction with the comment of wanting to shop downtown, but feeling like they did not have the option to do so.

Several respondents expressed regret over shopping at Wal-Mart, but felt that was their "only option." Respondents appear to have a strong sense of loyalty to downtown Superior, but are currently unable to exercise this feeling.

Sample Community Write-In Comments

- "Superior needs to get rid of the bars in the North End. I have lived here all my life and this has never been a nice area. We should focus on our historical buildings-get rid of the tacky store fronts and colors and awful signage..."
- "Expand the business district to include the far north end of Tower Ave. and the waterfront along 53/35..."
- "This town needs a serious face lift! It is so ugly to even drive through- from houses to businesses. It needs a fresh, clean new look with greenery and landscaping..."
- "Personally, I think that the large number of bars in the BID work against the goals you've outlined here. There are not the kinds of businesses that are likely to create lively street traffic during daylight hours..."

Chart 6.3 Types of Restaurants You Would Like to See



Vision for the Future (Q8)

When asked to evaluate six scenarios for the future of the Superior BID, respondents frequently identified three scenarios as “very appealing”:

- “The BID is an attractive place to call home with new apartments, condos, and townhouses that appeal to a wide variety of residents from students to retirees” (60%);
- “The BID is the center of employment with the addition of new office employers and businesses that serve daytime population” (59%);
- “The BID is a meeting place and the center of community activities with a mix of coffee shops, brew pubs, cultural and recreation shops” (45%)

The vision of the BID as a center for employment was found in numerous write-in responses as well. Many respondents believe a large part of the BID’s revitalization is dependent on creating well paying, sustainable jobs.

A vision for the BID to be a residential center ties into a need for improved housing stock, specifically for senior citizens and college students.

The vision for the BID as a center for community activity speaks directly to the issue of identity. In working towards this vision, the BID would become a destination center. It is important to note that although it received a high level of appeal, it is not as appealing as the idea of the BID being a center for employment.

Through the same set of questions, two scenarios emerged as appearing less appealing to respondents. These were:

- “The BID is a destination retail center attracting people from a distance with a mix of retailers that focus on a specific niche like home furnishings” (25%); and
- “The BID is a niche place where thrift stores, used merchandise, and neighborhood convenience retail stores are within walking distance” (19%).

Communities the BID can learn from (Q9)

To better understand what direction the Superior BID should head, the survey asked respondents to identify comparable communities. These identified communities can be used as case studies for exploring possible growth and development in Superior. When asked to identify similar communities to Superior that the BID might learn from, three communities were repeatedly mentioned:

- Rice Lake, Wisconsin;
- Eau Claire, Wisconsin; and
- Hayward, Wisconsin

Respondent Profile (Q10)

The demographic profile of respondents is presented below.

Table 6.2 Demographic Profile of Respondents- Consumer Survey

Gender	Male	Female		
Count – 345	38%	62%		
Age	Under 25	25-44	45-64	65+
Count – 421	23%	27%	36%	14%
Profession	Professional	Retired	Student	Misc.
Count – 412	29%	13%	24%	34%
Income	Less than \$15,000	\$15,000-\$49,999	\$50,000-\$99,999	\$1000,000+
Count – 383	21%	29%	33%	18%

* Percentages of reporting respondents

There are two important items to note about survey respondents when compared demographic data in the Superior's primary trade area:

- In comparison to the Superior Primary Trade Area, the survey was unable to capture an accurate sampling of male respondents. This suggests that the male perspective may be under represented in the survey results.
- Comparing the respondents' income information to the primary trade area, those responding to the survey were generally from higher earning brackets. As a result, opinions and perspectives may not accurately reflect the views of all income brackets.

The survey was able to capture a comparable age distribution compared to the Superior Primary Trade Area.

Conclusions

- Most respondents indicated that they did most of their shopping at either Miller Hill Mall or South Tower and not in downtown Superior.
- The BID struggles from a poor reputation and image within the community. A constant theme throughout the survey was the need for the area to be cleaned up. Comments on vacant lots, dirty storefronts, and too many bars were made throughout the surveys. The issue of too many bars was also a safety concern, as respondents wrote that they felt unsafe in the BID after dark.
- The variety and quality of products, convenient parking and good weekend hours were identified as the top reasons that a shopping or business area is considered attractive.
- The top three reasons respondents continually came to the BID were passing through, grocery shopping and going to work. Forty-seven percent of respondents who come to the BID weekly are passing through. This offers a large opportunity for the BID to capture new consumers.
- Items of “out-shopping” included clothing, electronics, crafts, furniture, gifts and grocery. The driving force behind “out-shopping” was selection, followed by price.
- Respondents identified restaurants, clothing stores, bookstores and craft stores as potential new businesses in the BID. New restaurants included bakeries, family restaurants, coffee shops and seafood. Desired clothing stores ranged from JC Penney and Kohl’s to women’s and family clothing.
- Many respondents indicated a desire to shop in downtown Superior, but felt that they currently do not have the option to do so.
- Many respondents saw the waterfront as an under utilized resource. The consensus was that capitalizing on the waterfront could be a key component in establishing a new identity for the Superior BID.
- The most appealing vision for the future of the BID was, “the BID as an attractive place to call home with new apartments, condos and townhouses that appeal to a wide variety of residents from students to retirees” (60%). The second most appealing vision for the BID was, “the BID is the center of employment with the addition of new office employers and businesses that serve daytime populations” (59%).
- Respondents felt that Rice Lake, WI, Eau Claire, WI and Hayward, WI stood out as comparable cities that could be case studies for vibrant growth and development.

Appendix 6 – Consumer Survey



Superior Business Improvement District

Dear Neighbor:

The Superior Business Improvement District (BID) is asking for your input in planning a vibrant future not only for the BID but for our Community as a whole.

The enclosed survey allows you to tell us about your shopping behaviors and describe the types of businesses you might support if they were available in the BID. Your participation will be the cornerstone of a marketing plan designed to help expand existing, and attract new, businesses to Superior.

- **Why should I fill out this survey?** To help us determine a plan to revitalize the BID based on your shopping, service and dining needs.
- **Do I have to fill in all the questions?** The more information you provide, the more accurate and useful our analysis will be. All information is confidential.
- **How is "the BID" defined:** The map to the right illustrates the BID boundaries.
- **How do I return my survey?** Please return it electronically, or you may download and print a copy from <http://www.superiorbid.com>, and mail it to:
The Superior BID
1401 Tower Ave. Ste 302
Superior, WI 54880
- **What is the deadline?** Please return the survey by March 31, 2008.

Map: The Superior BID



If you have additional questions, feel free to call Kaye Tenerelli at (715) 394-3557.

This project is a cooperative research effort sponsored by the Superior BID and the UW-Extension. We appreciate your time and look forward to your responses. Key findings will be reported to the public as soon as they are available via local media and the Superior BID website <http://www.superiorbid.com/>

Thank You.



Consumer Survey



1. Please rank these business areas in order of your shopping preference, with 1 as your first choice and 6 as your last choice.

_____ Downtown Superior _____ Miller Hill Mall _____ South Tower
 _____ Mariner Mall _____ Downtown Duluth _____ Canal Park
 _____ Other: _____

2. What of the following attracts you to a shopping/business area? Mark (●) ONE for EACH.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
A variety of products and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of products and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The look and feel of a business area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friendly customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Independent stores over chains	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shopping after 5pm on weekdays	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shopping on weekends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Convenient parking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Safety (personal, pedestrian and transportation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. How often do you come to the Superior BID for the following? Mark (●) ALL that apply.

	One or more times / Week	One to Two times / Month	Occasionally or Rarely	Never
Work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Grocery Shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shopping, Non-Grocery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Restaurants	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Taverns	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Post Office/Library/Gov't	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health Services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Services (Hair, insurances, accountant, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Automobile dealers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Passing Through	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. If any, what specific store(s) draw you to the following shopping areas?

Downtown Superior _____
 Mariner Mall _____
 South Tower _____
 Miller Hill Mall _____
 Downtown Duluth _____
 Canal Park _____
 Other _____

Consumer Survey



5. If you do not shop in the Superior BID for the following goods, indicate why you shop elsewhere .
(leave blank if you do not purchase) Mark (●) ONE reason for each store type.

	Selection	Service	Quality	Price	Hours
Automotive Dealer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Automotive Parts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Art dealers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building Materials/Hardware	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clothing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Crafts / Hobbies/Sewing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Electronics /Computer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Furniture / Appliance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gifts (including florists, jeweler, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Grocery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Optical goods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Musical instruments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal Care (Spa Products / Cosmetics)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pharmacy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Specialty food (health, natural, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Spirits & Wine	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sporting goods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Name five types of businesses you would like to see come to the Superior BID. (Name a specific store type, i.e. coffee shop, family clothing store, bakery, etc.):

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____

7. What two types of restaurants you would most like to see in the Superior BID: Mark (●) TWO categories.

- | | | | |
|------------------------------------|---|--|---|
| <input type="radio"/> Asian | <input type="radio"/> Coffee Shop | <input type="radio"/> Italian | <input type="radio"/> Organic / Healthy |
| <input type="radio"/> Bakery | <input type="radio"/> Delicatessen | <input type="radio"/> Late Night Eat/Drink | <input type="radio"/> Seafood |
| <input type="radio"/> Banquet Room | <input type="radio"/> Family Restaurant | <input type="radio"/> Mexican | <input type="radio"/> Steakhouse |
| <input type="radio"/> Barbecue | <input type="radio"/> Fast Food | <input type="radio"/> Middle Eastern | <input type="radio"/> Vegetarian |
| <input type="radio"/> Brew Pub | <input type="radio"/> Greek | <input type="radio"/> Pancake | <input type="radio"/> Other _____ |

8. Name a community similar to Superior that you feel has a vibrant and attractive downtown we can learn from: _____

Consumer Survey



9. Imagine the Superior BID in ten years. How appealing are these future scenarios?

The BID is...	Very Appealing	Okay	Not Appealing	Don't Know
The center of employment with the addition of new office employers and businesses that serve the daytime population.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
An attractive place to call home with new apartments, condos and townhouses that appeal to a wide variety of residents from students to retirees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
An aesthetic blend of green space, natural elements, pedestrian-level amenities with an historic flavor.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A meeting place and the center of community activities with a mix of coffee shops, brew pubs, cultural and recreation spaces.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A niche place where thrift stores, used merchandise, and neighborhood convenience retail stores are within walking distance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A destination retail center attracting people from a distance with a mix of retailers that focus on a specific niche like home furnishings.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please share any alternative scenarios you may have: _____

10. Please provide any additional comments to help us improve the Superior BID:

Please Tell Us a Little About Yourself:

What is your home zip code: _____ Work zip code: _____ Number living in your household: _____

What is your age? 18 or under 18-24 25-44 45-64 65 and over Gender? Male Female
☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

How would you describe your current job? Mark (●) ONE.

<input type="radio"/> Mgmt/Financial	<input type="radio"/> Services	<input type="radio"/> Production	<input type="radio"/> Looking For Work
<input type="radio"/> Professional	<input type="radio"/> Farm/Forestry/Fishing	<input type="radio"/> Transportation	<input type="radio"/> College Student
<input type="radio"/> Sales	<input type="radio"/> Construction	<input type="radio"/> Stay-at-home	Name of college: _____
<input type="radio"/> Admin. Support	<input type="radio"/> Installation/Maint.	<input type="radio"/> Retired	

Comparable City Downtowns

This section compares the downtown business mix of a sample of communities that serve similar market segments as the Superior BID. Communities selected include those with similar population and distance from major metropolitan centers. They were also selected based on having an economically vibrant business district.

In order to effectively consider Superior BID development options and strategies, it is useful to explore ideas and strategies that comparable communities have used. The data and analysis in this section can be combined with the analysis throughout this report to assist in defining opportunities that make market sense for the Superior BID.

Identification of Comparison Communities

A set of comparison communities were identified as places with vibrant downtowns and having somewhat similar market segments as in Superior. Similar to Superior, these communities are also in transition in the development of business district organizations. All are working on developing specific economic goals. The following initial criteria were used to derive the comparable communities:

- Overall city population between 20,000 and 40,000
- Proximity to a larger city (population around 100,000)
- Remoteness from major metropolitan regions (population 300,000 or greater)
- Strong local economy and downtown
- Boarder community with another state

The communities in this section include:

- Winona, Minnesota
- De Pere, Wisconsin
- Moorhead, Minnesota

Other comparable communities that were identified for possible future analysis include:

- LaCrosse, Wisconsin
- Chippewa Falls, Wisconsin
- Hayward, Wisconsin
- Racine, Wisconsin

Winona, Minnesota

Winona, Minnesota is known as the “Island City” due to its location along the Mississippi River about 25 miles from LaCrosse, Wisconsin. The early days of logging and milling in the downtown have given way to government employment and office and retail businesses. Winona also has over one hundred sites on the National Register of Historic Places and is home to Winona State University.



Trade Area Data:

	Downtown	1-Mile	3-Mile
Population	683	13,001	26,929
Median HH Income	\$17,753	\$36,950	\$42,586
Households	405	5,046	10,414
Housing Units	437	5,332	10,961
Units Owned	16.5%	51.4%	60.0%
Units Rented	76.2%	43.2%	35.1%
Units Vacant	7.3%	5.4%	5.0%

All numbers are 2007 forecasts based on 2000 Census data, provided by ESRI.

Major Colleges/Universities:

- Winona State University (8,000 students)
- St. Mary's College (5,500 students)

Types of Consumers Attracted to Downtown:

Downtown Winona businesses rely on other local businesses, niche shoppers and downtown residents. Niche shops provide a destination for visitors attracted to the cultural and historic aspects of the city. With nearly 20 percent of the population of downtown Winona aged 20-24 years old, students provide much of the foot traffic for the district coffee shops and restaurants.

Attractions and Institutions that Draw People Downtown:

Winona is known for its natural beauty and way of life that is tied to the history of the river. Many large festivals and events are held throughout the year, drawing visitors to the downtown area. Some examples of major events are:

- Great River Shakespeare Festival - Repertory Theater event, 7,000 attend
- Sidewalk Sale - organized by the Historical Downtown Business Group
- Steamboat Days
- Warrior Sports (WSU) - attendance brings potential customers
- Historic Buildings - over 100 historic sites in Winona

Downtown Residential Mix

The downtown is characterized by retail and office space with apartment living upstairs. It tends to exclude single family homes. The downtown is affordable and attractive to college age students and seniors.

Economic Development Strategies

- Chamber of Commerce offers business and networking benefits to members
- Historical downtown business group organizes events to attract business
- Recent revision of the Comprehensive Plan includes downtown and riverfront development.
 - Riverfront development includes a mix of open space, recreation, urban living and some industrial with an emphasis on providing public access to the water.
 - Downtown redevelopment strives to open up downtown to river access, preserve historic character and increase culture and arts in downtown. The plan also suggests the need for improved street furniture and façade and sign improvements.

Retail Mix

The natural environment surrounding Winona has benefited the downtown business area. Developable land surrounding Winona is restricted due to the Mississippi River and the high bluffs around the city, leading to a low rate of land intensive chain stores. These conditions have created a steady climate and low competition for locally run retail and office businesses.

Establishments in the downtown area include two grocers, a hardware store and other businesses such as restaurants and bars.

Winona Business Mix Environment: Retail Summary

	Downtown		1-Mile Radius		3-Mile Radius	
Businesses	Number	Percent	Number	Percent	Number	Percent
Home Improvement	3	1.6%	12	1.6%	25	1.8%
General Merchandise	0	0.0%	1	0.1%	8	0.6%
Food Stores	2	1.0%	9	1.2%	25	1.8%
Auto Dealers, Gas, Aftermarket	2	1.0%	14	1.9%	37	2.7%
Apparel & Accessory	4	2.1%	8	1.1%	17	1.3%
Furniture & Home Furnishings	2	1.0%	7	0.9%	17	1.3%
Eating & Drinking Places	12	6.2%	40	5.3%	80	5.9%
Miscellaneous Retail	17	8.8%	47	6.3%	74	5.5%
Total Businesses	192	100.0%	750	100.0%	1,354	100.0%
Total Employees	1,733		7,464		17,883	
Total Residents	683		13,001		26,929	
Daytime/Nighttime Ratio (Employee/Resident)	2.54		0.57		0.66	

All numbers are 2007 predictions based on 2000 Census data, provided by ESRI

De Pere, Wisconsin

De Pere has a strong sense of community identity that is based on its location along the Fox River. While the river divides the city into East and West De Pere, residents of the community feel that the city is culturally closely tied together.

De Pere is adjacent to Green Bay and therefore actually acts as a bedroom community for area commuters. The downtown has been created as a specialty market that caters to niche retail customers. De Pere is home to St. Norbert College and the presence of students seasonally impacts the population of the city.



Trade Area Data

	Downtown	1-Mile	3-Mile
Population	648	9,091	45,171
Households	360	3,326	17,557
Median HH Income	\$45,752	\$57,319	\$63,741
Housing Units	388	3,476	18,264
Units Owned	45.9%	66.1%	64.5%
Units Rented	46.9%	29.6%	31.6%
Units Vacant	7.2%	4.3%	3.9%

All numbers are 2007 projections based on 2000 Census data, provided by ESRI

Major Colleges/Universities:

- St. Norbert College (2,000 students)

Types of Consumers Attracted to Downtown

East De Pere tends to attract shoppers with the establishment of a men's store, children's book store, a flower shop and a popular restaurant. Most of the consumers on the east side are either parents with children or tourists.

West De Pere caters more to the adjacent college population through a business mix of bars, coffee shops, restaurants and sandwich shops. There are a number of professionals in the area, such as an architecture studio and financial service firms.

Attractions and Institutions that Draw People Downtown

- Celebrate De Pere Festival - annual Memorial Day event that draws 20,000.
- Brown County Fair - a 4-5 day event which draws 27,000 attendees.
- Taste of Wine and Beer in De Pere - a weekend event draws about 2,000 annually
- Corn Roast - July festival held by the Chamber, draws 300-800 corn eaters

Downtown Residential Mix

The housing stock consists mainly of single family homes with some apartment living above shops that tend to often be used by shop owners. Student housing is found both in apartments and in single family conversions. There is also a new assisted living home for the elderly situated across the street from a redeveloped block of retail establishments.

Economic Development Strategies

- Member of Wisconsin's Main Street program and benefits from resources made available through the program.
- Two TIF districts, one on each side of the river to help spur investment from contractors and builders and assist in the redevelopment of the historic downtowns.
- While there is no formal downtown business group or organization, some downtown business owners have joined together to create an informal organization called Destination De Pere. This group strives to work together to coordinate downtown events and promotions.
- Revolving loan fund to help small business owners.
- A more appealing looking downtown will be revealed after completion of the Claude Allouez Bridge in fall 2008, creating a vision of the downtown as an inviting place for commerce, living and investment.

Retail Mix

De Pere experienced high vacancy rates (almost as high as 80 percent) during the late 1990s, due to increased regional retail pressure. Since that time, De Pere has seen an increase in business interest in the downtown area and currently has nearly a 95 percent occupancy rate. St. Norbert College employs about 900 people in the downtown district and Humana houses 350 of its 2,300 workers in the downtown area.

De Pere Business Mix Environment: Retail Summary

	Downtown		1-Mile Radius		3-Mile Radius	
Businesses	Number	Percent	Number	Percent	Number	Percent
Home Improvement	1	0.6%	3	0.8%	23	1.0%
General Merchandise	0	0.0%	1	0.3%	15	0.7%
Food Stores	4	2.6%	10	2.7%	47	2.1%
Auto Dealers, Gas, Aftermarket	2	1.3%	6	1.6%	48	2.2%
Apparel & Accessory	4	2.6%	9	2.4%	38	1.7%
Furniture & Home Furnishings	4	2.6%	8	2.1%	61	2.8%
Eating & Drinking Places	19	12.2%	40	10.7%	139	6.3%
Miscellaneous Retail	11	7.1%	23	6.2%	109	4.9%
Total Businesses	156		373		2,216	
Total Employees	1,408		3,910		40,661	
Total Residents	648		9,091		45,171	
Daytime/Nighttime Ratio (Employee/Resident)	2.17		0.43		0.90	

All numbers are 2007 predictions based on 2000 Census data, provided by ESRI

Moorhead, Minnesota

Moorhead, Minnesota is situated across the Red River from Fargo, North Dakota.

Moorhead is a border city due to the river and also the state boundary and is the most closely

matched comparison community to Superior. The community strives to develop the riverfront as a cultural and social focal point for redevelopment while at the same time preserving and strengthening the historic and cultural character of the city.



Trade Area Data:

	Downtown	1-Mile	3-Mile
Population	683	15,359	85,993
Households	405	6,269	36,189
Median HH Income	\$17,753	\$31,778	\$42,155
Housing Units	446	5,332	10,961
Units Owned	40.0%	40.0%	52.5%
Units Rented	54.5%	53.2%	42.6%
Units Vacant	5.5%	6.8%	5.0%

All numbers are 2007 projections based on 2000 Census data, provided by ESRI.

Major Colleges/Universities:

- Minnesota State College Moorhead (7,600)
- Concordia College (2,800)
- Minnesota State Community & Tech College (1,600)

Types of Consumers Attracted to Downtown:

Moorhead contains a high percentage of college age residents which allows businesses to cater to this demographics' particular needs. New retail development in the downtown area has helped to provide student friendly services. A series of specialty shops provide niche shopping for downtown residents and visitors.

Attractions and Institutions that Draw People Downtown:

- Farmers Market - introduction of the market has drawn regular customers to the downtown area.
- River Arts Fest - a growing event which draws people to the riverfront.
- Scandinavian Fest - an annual festival celebrating the social history of the area.

Downtown Residential Mix

The large percentage of rental units shows that much of the downtown housing market is dedicated to the student population. Recently developed portions of downtown provide a mix of new and older residences which offer a variety of rental rates. The surrounding neighborhoods also provide converted housing for student living and single family homes for new and younger families. This recent development has brought in new schools and regional retail establishments as well.

Economic Development Strategies

Recent years have seen an increased effort in revitalizing the downtown district.

- A recently completed comprehensive plan has set goals and established a source for the community vision.
- Downtown Community Partnership (DCP) provides a network for local business owners.
- TIF district helps focus funds to create buy-in from business owners and developers.
- State and local assistance in the form of a rotating loan fund have assisted property owners in improving their buildings and has spurred infill development.
- Recent river improvement projects have improved the downtown district of Moorhead. Viking Park and the Hjemkomst Center, designed around the reproduction of a Viking ship, is the centerpiece of the riverfront improvement.

Retail Mix

A unique feature of downtown Moorhead is an indoor shopping mall located at the heart of the city. The mall provides ample free parking and houses many of the city offices. The mall also contains a diner and pharmacy which cater to the elderly population. Aside from the mall, a series of specialty shops provide niche shopping and retail, and big box shopping can be found just to the east of downtown.

Moorhead Business Mix Environment: Retail Summary

	Downtown		1-Mile Radius		3-Mile Radius	
Businesses	Number	Percent	Number	Percent	Number	Percent
Home Improvement	2	1.5%	14	1.1%	61	1.5%
General Merchandise	1	0.7%	3	0.2%	14	0.3%
Food Stores	3	2.2%	15	1.2%	75	1.8%
Auto Dealers, Gas, Aftermarket	3	2.2%	15	1.2%	86	2.1%
Apparel & Accessory	7	5.1%	24	1.9%	39	0.9%
Furniture & Home Furnishings	2	1.5%	31	2.4%	97	2.3%
Eating & Drinking Places	10	7.4%	57	4.5%	173	4.1%
Miscellaneous Retail	9	6.6%	64	5.0%	212	5.1%
Total Businesses	136		1,276		4,180	
Total Employees	1,559		18,423		66,023	
Total Residents	683		15,359		85,993	
Daytime/Nighttime Ratio (Employee/Resident)	2.28		1.20		0.77	

All numbers are 2007 predictions based on 2000 Census data, provided by ESRI

Conclusions

Some common themes that appear throughout the comparable cities include:

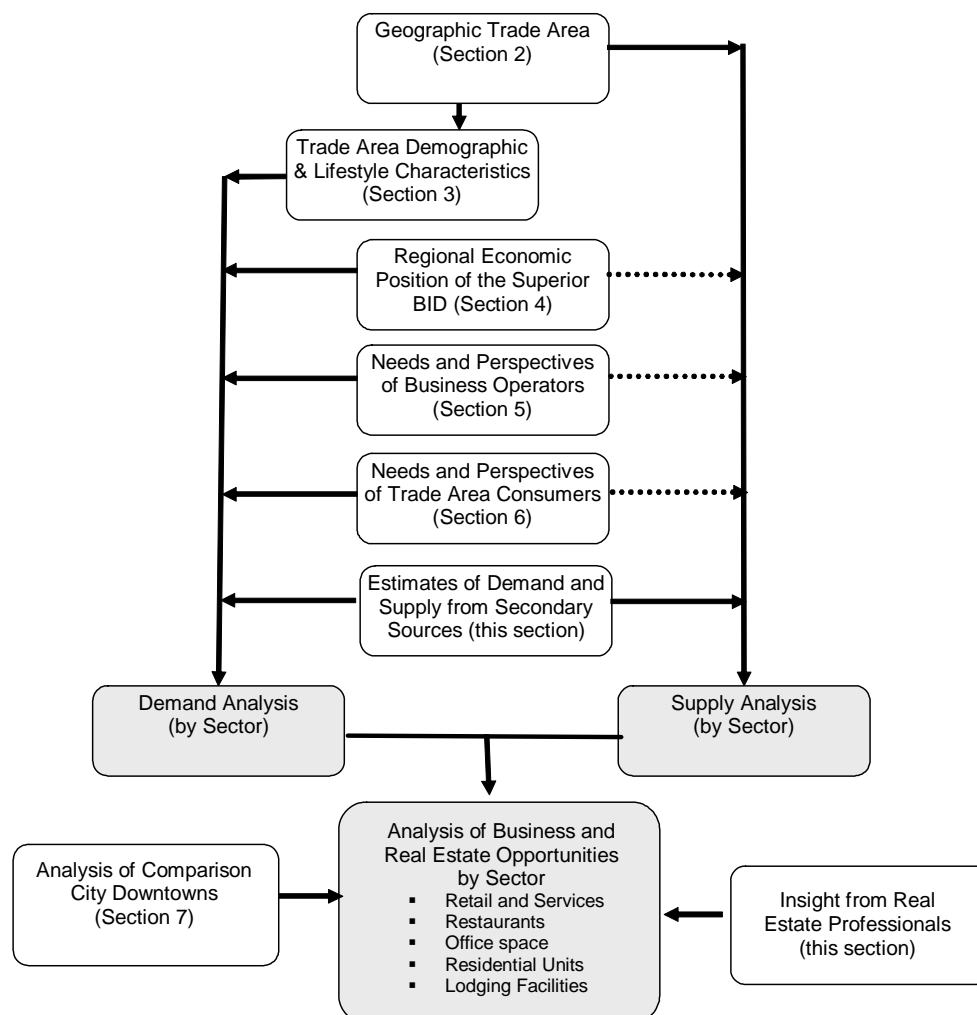
- Businesses, such as coffee shops and restaurants, that cater to the foot traffic of the college age population.
- Niche and specialty shops that are attractive to downtown residents and visitors and focus on the cultural and historical character of the community.
- Are striving to utilize river or water front areas as community focal points.
- Rental units and apartments found in the downtown district provide housing opportunities for the student and elderly populations.
- Informal downtown business organizations, groups and/or networks that work to coordinate downtown events and promotions

Analysis of Business and Real Estate Opportunities

The Superior BID Market Analysis provides a foundation for business retention, expansion, and recruitment efforts. Using this foundation, Section 8 examines a series of business and real estate opportunities for the Superior BID. These opportunities build upon the information and conclusions presented in the preceding sections of this report.

This section examines five business and real estate sectors that are important to downtown economic vitality: retail and services, restaurants, office space, residential units, and lodging facilities. Understanding the market potential of these uses can help identify opportunities for business retention, expansion, entrepreneurship, and recruitment. Demand and supply data, in addition to information from applicable prior sections of this report, are used here to develop an analysis of market opportunities by sector. The process is illustrated in Figure 8.1.

Figure 8.1 – Analysis of Business and Real Estate Opportunities Flowchart



Demand refers to the desire to purchase, coupled with the power to do so, in a particular business or product category. As figure 8.1 indicates, each section of this market analysis contributes to the analysis of demand. Due to the complexity of measuring demand, both quantitative data (such as expenditure potential) and qualitative data (perceptions and behaviors of consumers) are drawn from the market analysis to gauge market support.

The supply analysis requires collection of information to help gauge actual sales captured, or capacity to sell, in the trade area by sector. Due to the difficulty of collecting accurate data, this study relies on the sales estimates provided by secondary data sources. As business and real estate opportunities are explored, it is important that a thorough supply analysis be completed to fully inventory all existing and proposed operations that will compete within that sector.

Insights and perspectives of local real estate professionals were included in this section to supplement quantitative data analysis. Interviews were conducted with Knute Pedersen, Superior Glass Company; Daniel Markham, Reuben Johnson & Son, Inc.; Bobbi Germond and Steve Germond, Weichert Realtors; and Jim Ronding, Re/Max Realty. The valued insights of Tim Sauter of Sauter Fairchild Insurance and Jim Zastrow of M&I Marchall & Ilsley Bank were also incorporated.

Additional considerations related to the BID's future economic vitality should also be included in analyzing future demand and supply conditions. These considerations might include expected physical changes to the BID (such as major streetscape improvements) that will strengthen the appeal of the area. Demand and supply data coupled with future downtown vitality considerations provide an objective basis for encouraging or discouraging expansion or recruitment in a particular business category or real estate sector.

While the data collected in this market analysis may be insufficient to adequately support a detailed feasibility study, it does provide enough information to help initiate business retention, expansion and recruitment efforts. This data is not intended to replace the activities of commercial brokers and site selectors, but to complement the work of these individuals and assist potential entrepreneurs. Accordingly, data in this market analysis can be used to guide objective economic development efforts including:

1. determining if the district is ready to launch an expansion or recruitment effort for a particular type of business or real estate development;
2. assisting prospective entrepreneurs and business developers with objective market data; and
3. supporting economic development marketing efforts that objectively promote the benefits of doing business in the Superior BID.

Retail and Services

The analysis of the retail and services sector focuses on the market potential for specific types of street-level businesses that directly serve the BID's primary consumer segments. The market for commercial space is a function of both chain and independent businesses seeking property that is both visible and easily accessible to trade area residents, daytime employees, students and visitors. Using data from prior sections combined with additional information presented here, market demand and market supply are examined. A resulting overall assessment of market opportunities for the Superior BID is then offered.

Geographic Area for Analyzing Retail/Service Demand and Supply

The analysis of demand and supply that follows assumes use of the most appropriate trade area identified in Section 2. These trade areas include the Superior Primary Trade Area and the Superior-Duluth Combined Trade Area. For each business category analyzed, the trade area should be the smallest geographic area that captures at least 75% of likely customers. For example, a drug store may be able to generate 75% of its customers from the Superior Primary Trade Area, but a furniture store may rely on the larger Superior-Duluth Combined Trade Area to generate 75% of its customers.

Tables 8.1 and 8.2 provide retail business data on the two trade areas defined in Section 2. Within the Superior Primary Trade Area, there are 380 retail businesses with sales of approximately \$639 million. This is 34 percent of the sales generated throughout the larger Superior-Duluth Combined Trade Area (which has 1,188 retail businesses). As a benchmark, the Superior Primary Trade Area also equals 34 percent of the Superior-Duluth Combined Trade Area population. This suggests that based on population alone, there is not a significant leakage of dollars to or from Minnesota.

Demand Analysis

Demographic and Lifestyle Characteristics (Section 3) - Demographic and lifestyle characteristics of the two trade areas help describe the type of consumers residing in these areas and their likely purchasing preferences and behaviors.¹ Compared to the combined states of Wisconsin and Minnesota, the data indicates that residents of both trade areas have lower home values, a growing elderly population, lower incomes, limited ethnic diversity, lower overall educational attainment, and a high proportion of service based employees. The differences are greater in the Superior Primary Trade Area. ESRI Business Information Solutions estimates that local residents have relatively higher frequency of purchasing items such as auto parts, toys/games, home improvements, kitchen supplies, and pet supplies.

Business Operators Survey (Section 5) - Responses to the business operators survey component of this market analysis provide another measure of demand for various types of retail and service businesses. The survey findings indicate that many business respondents would like to see more general retail, clothing, and professional services in the BID.

¹ Note: For businesses categories with trade areas different than those identified in Section 2, demographic and lifestyle data can be assembled with assistance from a private data firm. Online services from providers like ESRI Business Information Solutions and Claritas can help define these trade areas and provide the associated data.

Consumer Survey (Section 6) – Responses to the consumer survey component of this market analysis provide a third measure of demand for various types of retail and service businesses.² The survey findings indicate that most residents do their shopping at either Miller Hill Mall in Duluth or the South Tower Avenue area of Superior. Variety and quality of the products, convenient parking, and good weekend hours were identified as top reasons for shopping in these areas. The survey points to significant out-shopping for clothing, electronics, crafts, furniture, gifts and groceries. Respondents identified clothing stores as potential new businesses for the BID such as JC Penny and Kohl's as well as other women's and family clothing and shoes. Other types of retail frequently mentioned included a bakery, book store and a craft store.

Demand (Expenditure Potential) in the Trade Areas (see Tables 8.1 and 8.2) – Potential resident spending has been estimated by ESRI Business Information Solutions for a selection of retail categories in Table 8.1 and Table 8.2.

Insight from Real Estate Professionals - Based on interviews with the selected business leaders, the following points provide additional information on demand for retail and service businesses in the Superior BID:

- Local retailers draw customers from both Superior and the broader Twin Ports area (as demonstrated in the trade area maps in Section 2).
- Superior's lower sales tax (excluding clothing) does not result in significant draw of Minnesota resident expenditures. See discussion below.
- Retail tenants in Superior prefer not to pay higher retail space rents as those charged in Duluth.

Sales Tax Comparison: Superior, WI vs. Duluth, MN

Wisconsin has a 5.0-percent state sales tax and Douglas County charges an extra 0.5-percent "County Tax" for a total sales tax of 5.5-percent. Prescriptions and most non-prepared foods are exempt. However, over-the-counter medications are not.

Minnesota has a 6.5-percent state sales tax and Duluth charges an additional 1.0-percent for a total of 7.5-percent. Non-prepared foods and clothing are exempt from this tax. In addition, Duluth imposes an additional tax on all food, beverage and alcohol sales at restaurants.

With the exception of clothing, there is typically a 2-percent difference in sales tax making Superior a more attractive shopping destination on the basis of sales tax.

Source: Northland Connection, <http://www.northlandconnection.com/> and other sources.

² For additional study, it may be useful to examine the behaviors and preferences of the various market segments served (or potentially served) by the BID. Three segments (downtown residents, area college students and visitors), represent important consumer groups for the BID. The expected level of demand from these market segments deserves additional study as it relates to individual business categories.

Supply Analysis

Supply (Estimated Sales) in the Trade Areas (see Tables 8.1 and 8.2) – Actual sales within the trade areas have been estimated by ESRI Business Information Solutions for a selection of retail categories in Table 8.1 and Table 8.2. These tables estimate the “Retail Gap” (Demand minus Supply) that may signal business opportunities by category. If the gap is negative (in red), then the area may already have a sufficient number of businesses in that category. These tables indicate that retail demand may exceed supply (what is actually sold) in the following categories: electronics/appliance, specialty food, clothing, shoe, jewelry, books, and office supply stores. Based on this ESRI data, business expansion and recruitment opportunities may exist.

Insight from Real Estate Professionals - Based on interviews with the selected business leaders, the following points provide additional information on the supply of retail and service businesses as it relates to the Superior BID:

- Current retail supply is clustered on Tower Avenue, approximately 1.5 miles south of the center of the BID. Major retail chains such as Wal-Mart, Target and Menards are already located in this area.
- Currently there are many retail vacancies in the BID. Belknap Street appears more vibrant than Tower Avenue, partly due to traffic volume.
- Additional retail space may be added to the BID as part of proposed mixed-use development to the west of the Blaine Business & Technology Center (including the former Central School site). One possible scenario includes a campus of two-story buildings, with first floor retail and second floor office space.
- The renovation of the Belknap Plaza on the east end of Belknap Street demonstrates the market desire for convenient and attractive shopping opportunities close to downtown.
- New retail space in the renovated New York Building on Tower Avenue is leasing slow, indicating some initial hesitation by retailers in accepting a downtown location. Reasons cited include a lack of guaranteed parking in front of the store.

Market Opportunities

Business leaders interviewed offer the following insights related to retail and service business opportunities in the Superior BID:

- There may be potential for Belknap Street to accommodate more “mid-box” stores if land acquisition difficulties are overcome.
- UW-Superior area is currently underserved with neighborhood-serving retail. There is currently no dedicated business district for area students.
- The Superior BID may be able to create multiple retail nodes in response to not having a single (core) business district.
- The eventual street improvements to North Tower Avenue will provide an opportunity to improve the commercial environment for future retail and service businesses in this area.
- The Superior BID has an advantage over downtown Duluth as it offers more readily available parking.
- The potential expansion of Murphy Oil could have a significant impact on BID retailing.

These perspectives, coupled with the demand and supply information presented earlier, provide a basis for identifying targeted categories for business retention, expansion and recruitment

efforts. Based on the information assembled in this analysis, the following street-level retail and service categories (chains and independents) represent some of the potential market opportunities that deserve additional study:

- Auto parts
- Bakery
- Book Store
- Craft/Hobby store
- Electronics/Appliances
- Family clothing
- Gift stores
- Home improvement stores including furnishings
- Kitchen supply store
- Pet supply store
- Professional and business services
- Shoe store
- Toy store

Additional study of these business opportunities requires consideration of the needs and preference of trade area residents as reflected in their demographic characteristics (age, income, home ownership, etc.). Further, a better understanding of the impact of the Minnesota apparel sales tax exemption is needed. In addition, a more thorough study of existing and proposed supply is also needed.

In addition to these business categories, market opportunities may exist for various unique business categories not clearly defined by NAICS code classifications. Based on market analysis findings from other communities coupled with business examples being submitted to the University of Wisconsin-Extension's Innovative Downtown Business online clearinghouse, some broad categories of retail serve as "good fits" for many downtowns:

- Lifestyle and wellness retail and services;
- Stores that celebrate local arts and heritage;
- Stores that entertain or educate;
- Gift and indulgences stores;
- Unique destination retailers; and
- Neighborhood-serving retailers.

See the innovative Downtown Business clearinghouse for examples and case studies of these businesses operating throughout the Midwest and Northeastern United States.³

³ <http://www.uwex.edu/ces/cced/downtowns/innovative/>

Table 8.1 – Retail Demand and Supply, Superior Primary Trade Area

Summary Demographics

2008 Population	60,455
2008 Households	25,916
2008 Median Disposable Income	\$35,216
2008 Per Capita Income	\$23,004

Industry Summary	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand- Supply)	Gap as % of Demand	Number of Businesses
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	\$552,831,133	\$721,572,575	(\$168,741,442)	-31%	604
Total Retail Trade (NAICS 44-45)	\$474,024,996	\$639,474,115	(\$165,449,119)	-35%	380
Total Food & Drink (NAICS 722)	\$78,806,137	\$82,098,460	(\$3,292,323)	-4%	224
Automobile Dealers (NAICS 4411)	\$95,924,760	\$117,083,848	(\$21,159,088)	-22%	20
Other Motor Vehicle Dealers (NAICS 4412)	\$13,232,122	\$19,968,637	(\$6,736,515)	-51%	11
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$6,595,313	\$11,438,338	(\$4,843,025)	-73%	17
Furniture Stores (NAICS 4421)	\$11,935,991	\$21,391,733	(\$9,455,742)	-79%	12
Home Furnishings Stores (NAICS 4422)	\$5,656,988	\$12,792,451	(\$7,135,463)	-126%	15
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$12,100,402	\$5,967,679	\$6,132,723	51%	18
Building Material and Supplies Dealers (NAICS 4441)	\$17,953,278	\$54,218,467	(\$36,265,189)	-202%	44
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$1,366,225	\$2,000,019	(\$633,794)	-46%	9
Grocery Stores (NAICS 4451)	\$72,217,710	\$72,556,079	(\$338,369)	0%	18
Specialty Food Stores (NAICS 4452)	\$849,646	\$667,068	\$182,578	21%	7
Beer, Wine, and Liquor Stores (NAICS 4453)	\$7,686,802	\$10,370,032	(\$2,683,230)	-35%	10
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$16,502,762	\$26,718,665	(\$10,215,903)	-62%	15
Gasoline Stations (NAICS 447/NAICS 4471)	\$101,968,482	\$134,330,897	(\$32,362,415)	-32%	34
Clothing Stores (NAICS 4481)	\$12,411,154	\$3,502,860	\$8,908,294	72%	14
Shoe Stores (NAICS 4482)	\$1,328,089	\$836,128	\$491,961	37%	1
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$2,520,007	\$906,203	\$1,613,804	64%	2

Industry Summary	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand- Supply)	Gap as % of Demand	Number of Businesses
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)	\$4,637,564	\$9,172,374	(\$4,534,810)	-98%	37
Book, Periodical, and Music Stores (NAICS 4512)	\$5,804,910	\$4,052,658	\$1,752,252	30%	7
Department Stores Excluding Leased Depts. (NAICS 4521)	\$56,489,642	\$52,524,449	\$3,965,193	7%	9
Other General Merchandise Stores (NAICS 4529)	\$9,331,399	\$60,501,742	(\$51,170,343)	-548%	6
Florists (NAICS 4531)	\$704,657	\$1,154,076	(\$449,419)	-64%	10
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$4,479,400	\$3,403,978	\$1,075,422	24%	15
Used Merchandise Stores (NAICS 4533)	\$615,816	\$1,207,188	(\$591,372)	-96%	20
Other Miscellaneous Store Retailers (NAICS 4539)	\$2,555,263	\$2,089,972	\$465,291	18%	22
Food Services & Drinking Places (NAICS 722)	\$78,806,137	\$82,098,460	(\$3,292,323)	-4%	224
Full-Service Restaurants (NAICS 7221)	\$27,080,188	\$26,460,611	\$619,577	2%	98
Limited-Service Eating Places (NAICS 7222)	\$37,778,149	\$28,708,509	\$9,069,640	24%	30
Special Food Services (NAICS 7223)	\$3,540,859	\$1,859,622	\$1,681,237	47%	4
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$10,406,941	\$25,069,718	(\$14,662,777)	-141%	92

Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. A positive "gap" value represents "leakage" of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. Explained another way, if the gap is negative (in red), then the area may already have a sufficient number of businesses in that category. The gap represents the difference between Retail Potential and Retail Sales. ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity.

Source: ESRI and infoUSA®.

Table 8.2 – Retail Demand and Supply, Superior-Duluth Combined Trade Area

Summary Demographics

2008 Population	178,204
2008 Households	72,005
2008 Median Disposable Income	\$39,260
2008 Per Capita Income	\$25,394

Industry Summary	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand- Supply)	Gap as % of Demand	Number of Businesses
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	\$1,744,699,551	\$2,164,692,516	(\$419,992,965)	-24%	1,661
Total Retail Trade (NAICS 44-45)	\$1,490,615,959	\$1,892,778,281	(\$402,162,322)	-27%	1,188
Total Food & Drink (NAICS 722)	\$254,083,592	\$271,914,235	(\$17,830,643)	-7%	473
Automobile Dealers (NAICS 4411)	\$302,656,668	\$434,675,628	(\$132,018,960)	-44%	61
Other Motor Vehicle Dealers (NAICS 4412)	\$39,771,004	\$56,143,958	(\$16,372,954)	-41%	38
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$20,650,245	\$30,358,379	(\$9,708,134)	-47%	49
Furniture Stores (NAICS 4421)	\$35,679,663	\$58,486,279	(\$22,806,616)	-64%	31
Home Furnishings Stores (NAICS 4422)	\$21,015,993	\$31,180,993	(\$10,165,000)	-48%	36
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$36,854,966	\$41,403,346	(\$4,548,380)	-12%	59
Building Material and Supplies Dealers (NAICS 4441)	\$55,956,669	\$113,628,347	(\$57,671,678)	-103%	115
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$3,860,192	\$4,226,550	(\$366,358)	-9%	19
Grocery Stores (NAICS 4451)	\$241,975,275	\$208,336,124	\$33,639,151	14%	45
Specialty Food Stores (NAICS 4452)	\$5,031,270	\$3,865,935	\$1,165,335	23%	31
Beer, Wine, and Liquor Stores (NAICS 4453)	\$25,403,672	\$26,837,196	(\$1,433,524)	-6%	33
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$49,263,830	\$75,226,130	(\$25,962,300)	-53%	69
Gasoline Stations (NAICS 447/NAICS 4471)	\$274,787,896	\$339,374,810	(\$64,586,914)	-24%	95
Clothing Stores (NAICS 4481)	\$46,909,498	\$56,948,777	(\$10,039,279)	-21%	77
Shoe Stores (NAICS 4482)	\$5,905,901	\$9,582,017	(\$3,676,116)	-62%	16
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$7,733,569	\$10,204,167	(\$2,470,598)	-32%	17

Industry Summary	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand- Supply)	Gap as % of Demand	Number of Businesses
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)	\$11,800,870	\$27,767,853	(\$15,966,983)	-135%	100
Book, Periodical, and Music Stores (NAICS 4512)	\$12,168,109	\$10,816,087	\$1,352,022	11%	20
Department Stores Excluding Leased Depts. (NAICS 4521)	\$186,205,069	\$171,571,466	\$14,633,603	8%	23
Other General Merchandise Stores (NAICS 4529)	\$45,362,166	\$121,430,651	(\$76,068,485)	-168%	17
Florists (NAICS 4531)	\$3,702,771	\$4,194,342	(\$491,571)	-13%	29
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$11,710,103	\$12,752,614	(\$1,042,511)	-9%	57
Used Merchandise Stores (NAICS 4533)	\$1,940,356	\$3,173,842	(\$1,233,486)	-64%	52
Other Miscellaneous Store Retailers (NAICS 4539)	\$11,548,350	\$16,684,010	(\$5,135,660)	-44%	82
Food Services & Drinking Places (NAICS 722)	\$254,083,592	\$271,914,235	(\$17,830,643)	-7%	473
Full-Service Restaurants (NAICS 7221)	\$117,674,533	\$116,552,051	\$1,122,482	1%	226
Limited-Service Eating Places (NAICS 7222)	\$99,377,623	\$102,687,717	(\$3,310,094)	-3%	94
Special Food Services (NAICS 7223)	\$12,322,344	\$12,997,218	(\$674,874)	-5%	20
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$24,709,092	\$39,677,249	(\$14,968,157)	-61%	133

Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. A positive "gap" value represents "leakage" of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. Explained another way, if the gap is negative (in red), then the area may already have a sufficient number of businesses in that category. The gap represents the difference between Retail Potential and Retail Sales. ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity.

Source: ESRI and infoUSA®.

Restaurants

The analysis of the restaurant sector focuses on the market potential for specific types of dining concepts that might serve the BID's consumer segments. The market for restaurants is a function of both chain and independent establishments seeking sites that are both visible and easily accessible to trade area residents, daytime employees, students and visitors. Using data from prior sections combined with additional information presented here, market demand and market supply are examined. A resulting overall assessment of market opportunities for the Superior BID is then offered.

Geographic Area for Analyzing Restaurant Demand and Supply

The analysis of demand and supply that follows focuses on the Superior Primary Trade Area as defined in Section 2. While some in-commuters, visitors and other nonresidents will be patrons of Superior's eating and drinking places, the analysis that follows focuses on residents, students and others residing in the Superior Primary Trade Area.

Tables 8.1 and 8.2 provide restaurant business data on the two trade areas defined in Section 2. Within the Superior Primary Trade Area, there are 224 food and drink businesses with sales of approximately \$82 million. This is 30 percent of the sales generated throughout the larger Superior-Duluth Combined Trade Area (which has 473 food and drink businesses). As a benchmark, the Superior Primary Trade Area represents and equal 34 percent of the Superior-Duluth Combined Trade Area population. This suggests that based on population alone there is some leakage of food and drink dollars to Minnesota despite the higher taxation placed on food, beverage and alcohol sales in Duluth.

Demand Analysis

Demographic and Lifestyle Characteristics (Section 3) - Demographic and lifestyle characteristics of the Superior Primary Trade Area help describe the type of local consumers and their dining preferences and behaviors.⁴ Compared to the combined states of Wisconsin and Minnesota, the data indicates that this trade area has a growing elderly population, lower incomes, and limited ethnic diversity. ESRI Business Information Solutions estimates that the dining out frequency of Superior Primary Trade Area residents is similar to the national average. According to ESRI, restaurant brands that may match demand in this trade area include Big Boy, Bob Evans Farm, Golden Coral, Perkins, Ryan's, Arby's, Dairy Queen, Hardee's, Long John Silvers, Pizza Hut, and Steak and Shake (all have a Market Potential Index greater than 110). See Table 8.3.

Business Operators Survey (Section 5) - Responses to the business operators survey component of this market analysis also provide a measure of demand for additional eating and drinking places. The survey findings indicate that business respondents would prefer to see, more than any other type of business, more restaurants and coffee shops in the BID.

Consumer Survey (Section 6) - Responses to the consumer survey component of this market analysis provide a third measure of demand for various restaurant concepts. Over 20 percent of

⁴ Note: For businesses categories with trade areas different than those identified in Section 1, demographic and lifestyle data can be assembled with assistance from a private data firm. Online services from providers like ESRI Business Information Solutions and Claritas can help define these trade areas and provide the associated data.

respondents visit the BID one or more times per week for its food service places. Respondents identified preferences for more family restaurants, coffee shops and a seafood restaurant. A bakery was mentioned most frequently, possibly in conjunction with a coffee shop. Other concepts that were frequently mentioned include: barbeque, brew pub, deli, Greek, Italian, late-night, Mexican, pancake, organic and steakhouse restaurants.

Demand (Expenditure Potential) in the Superior Primary Trade Area (see Tables 8.1 and 8.2) – Potential resident spending has been estimated by ESRI Business Information Solutions for a selection of retail categories, including “food and drink,” in Table 8.1 and Table 8.2.

Insight from Real Estate Professionals - Based on interviews with the selected business leaders, the following points provide additional information on restaurant demand as it relates to the Superior BID.

- Eating and drinking places in Superior draw customers from throughout the Twin Ports area.
- Restaurants serve various segments: residents, daytime employees, students and visitors to the community.

Supply Analysis

Supply (Estimated Sales) in the Superior Primary Trade Area (see Tables 8.1) – The tables indicate that “food and drink” establishments in the Superior Primary Trade Area are actually capturing sales in excess of local demand. Supply (actual sales) is 4-percent greater than demand, which suggests that establishments are capturing sales from nonresidents. However, a closer look indicates that sales from local drinking places is much larger than local demand, but the sales from local eating places is smaller than local demand (a gap or opportunity to potentially fill).

Insight from Real Estate Professionals - Based on interviews with the selected business leaders, the following points provide additional information on the supply of restaurants as it relates to the Superior BID:

- Most of Superior’s chain restaurants are located on Tower Avenue south of the BID. There are few chain restaurants in the BID at this time (mostly sandwich shops).
- Additional restaurant space may be added to the BID as part of proposed mixed-use development to the north and west of the Blaine Business & Technology Center (including the former Central School site). This would be well located relative to UW-Superior’s students, faculty and staff.

Market Opportunities

Business leaders interviewed offer the following insights related to restaurant opportunities in the Superior BID:

- The UW-Superior area is currently underserved by neighborhood-serving restaurants. Market opportunities exist for developing a dedicated business district with dining opportunities for area students.
- Certain restaurant types are missing in the BID. For example, there may be a shortage of breakfast places downtown.

- The potential expansion of Murphy Oil could have a significant impact on BID restaurants.

These perspectives, coupled with the demand and supply information presented earlier, provide a basis for identifying targeted restaurant concepts for business retention, expansion and recruitment efforts. Based on the information assembled in this analysis, the following concepts deserve additional study:

- Family restaurants
- Coffee shops
- Seafood restaurant
- Bakery possibly in conjunction with a coffee shop
- Barbeque
- Brew pub
- Deli, Greek
- Italian restaurant
- Late-night restaurant
- Mexican restaurant
- Pancake restaurant
- Organic restaurant
- Steakhouse

Further study of these restaurant opportunities requires examination of the needs and preference of trade area residents as reflected in their demographic characteristics (age, and income) and survey responses. In addition, a more thorough study of existing and proposed supply is also needed.

Table 8.3 – Restaurant Demand, Superior Primary Trade Area

Demographic Summary	2008	2013
Population	60,455	60,854
Population 18+	47,391	48,194
Households	25,916	26,337
Median Household Income	\$44,240	\$52,794

Product/Consumer Behavior	Expected Number of Adults	Percent	MPI
Went to family restaurant/steak house in last 6 months	33,907	71.5%	99
Family restaurant/steak house last month: <2 times	12,410	26.2%	98
Family restaurant/steak house last mo: 2-4 times	12,976	27.4%	103
Family restaurant/steak house last mo: 5+ times	8,526	18.0%	95
Family restaurant/steak house last 6 months: breakfast	6,187	13.1%	102
Family restaurant/steak house last 6 months: lunch	11,972	25.3%	101
Family restaurant/steak house last 6 months: snack	1,126	2.4%	80
Family restaurant/steak house last 6 months: dinner	24,570	51.8%	99
Family restaurant/steak house last 6 months: weekday	18,390	38.8%	100
Family restaurant/steak house last 6 months: weekend	19,871	41.9%	97
Family restaurant/steak house last 6 months: Applebee's	12,958	27.3%	104
Family restaurant/steak house last 6 months: Bennigan's	1,373	2.9%	86
Family restaurant/steak house last 6 months: Big Boy	1,264	2.7%	114
Family restaurant/steak house last 6 months: Bob Evans Farm	2,994	6.3%	138
Family restaurant/steak house last 6 months: Cheesecake Factory	1,509	3.2%	53
Family restaurant/steak house last 6 months: Chili's Grill & Bar	3,561	7.5%	69
Family restaurant/steak house last 6 months: Cracker Barrel	5,845	12.3%	107
Family restaurant/steak house last 6 months: Denny's	4,485	9.5%	94
Family restaurant/steak house last 6 months: Friendly's	1,757	3.7%	105
Family restaurant/steak house last 6 months: Golden Corral	4,021	8.5%	111
Family restaurant/steak house last 6 months: Intl Hse of Pancakes	3,834	8.1%	75
Family restaurant/steak house last 6 months: Lone Star Steakhouse	1,843	3.9%	106
Family restaurant/steak house last 6 months: Old Country Buffet	2,043	4.3%	103
Family restaurant/steak house last 6 months: Olive Garden	7,451	15.7%	95
Family restaurant/steak house last 6 months: Outback Steakhouse	4,359	9.2%	79
Family restaurant/steak house last 6 months: Perkins	2,666	5.6%	132
Family restaurant/steak house last 6 months: Red Lobster	6,553	13.8%	96
Family restaurant/steak house last 6 months: Red Robin	1,518	3.2%	76
Family restaurant/steak house last 6 months: Ruby Tuesday	3,574	7.5%	89
Family restaurant/steak house last 6 months: Ryan's	2,769	5.8%	124
Family restaurant/steak house last 6 months: Sizzler	1,257	2.7%	82
Family restaurant/steak house last 6 months: T.G.I. Friday's	3,825	8.1%	75
Went to fast food/drive-in restaurant in last 6 months	42,377	89.4%	100
Went to fast food/drive-in restaurant <5 times/mo	15,543	32.8%	101
Went to fast food/drive-in 5-12 times/mo	14,667	30.9%	102
Went to fast food/drive-in restaurant 13+ times/mo	12,171	25.7%	98
Fast food/drive-in last 6 months: breakfast	12,493	26.4%	100
Fast food/drive-in last 6 months: lunch	27,789	58.6%	100
Fast food/drive-in last 6 months: snack	6,769	14.3%	86
Fast food/drive-in last 6 months: dinner	23,357	49.3%	103
Fast food/drive-in last 6 months: weekday	32,284	68.1	103
Fast food/drive-in last 6 months: weekend	22,661	47.8	100
Fast food/drive-in last 6 months: A & W	2,945	6.2	117
Fast food/drive-in last 6 months: Arby's	11,815	24.9	125
Fast food/drive-in last 6 months: Boston Market	1,757	3.7	66
Fast food/drive-in last 6 months: Burger King	18,550	39.1	105
Fast food/drive-in last 6 months: Captain D's	2,502	5.3	103
Fast food/drive-in last 6 months: Carl's Jr.	1,374	2.9	52
Fast food/drive-in last 6 months: Checkers	1,244	2.6	80
Fast food/drive-in last 6 months: Chick-fil-A	4,185	8.8	76

Product/Consumer Behavior	Expected Number of		MPI
	Adults	Percent	
Fast food/drive-in last 6 months: Chuck E. Cheese`s	1,930	4.1	93
Fast food/drive-in last 6 months: Church`s Fr. Chicken	1,791	3.8	80
Fast food/drive-in last 6 months: Dairy Queen	9,873	20.8	124
Fast food/drive-in last 6 months: Del Taco	854	1.8	55
Fast food/drive-in last 6 months: Domino`s Pizza	6,306	13.3	93
Fast food/drive-in last 6 months: Dunkin` Donuts	4,005	8.5	74
Fast food/drive-in last 6 months: Fuddruckers	1,153	2.4	75
Fast food/drive-in last 6 months: Hardee`s	4,106	8.7	122
Fast food/drive-in last 6 months: Jack in the Box	3,160	6.7	67
Fast food/drive-in last 6 months: KFC	14,064	29.7	104
Fast food/drive-in last 6 months: Little Caesars	2,679	5.7	98
Fast food/drive-in last 6 months: Long John Silver`s	4,350	9.2	125
Fast food/drive-in last 6 months: McDonald`s	27,762	58.6	106
Fast food/drive-in last 6 months: Panera Bread	3,286	6.9	82
Fast food/drive-in last 6 months: Papa John`s	4,288	9.0	89
Fast food/drive-in last 6 months: Pizza Hut	12,434	26.2	111
Fast food/drive-in last 6 months: Popeyes	2,474	5.2	73
Fast food/drive-in last 6 months: Quiznos	4,396	9.3	89
Fast food/drive-in last 6 months: Sonic Drive-In	4,855	10.2	91
Fast food/drive-in last 6 months: Starbucks	3,730	7.9	60
Fast food/drive-in last 6 months: Steak n Shake	2,725	5.8	110
Fast food/drive-in last 6 months: Subway	14,432	30.5	101
Fast food/drive-in last 6 months: Taco Bell	16,165	34.1	103
Fast food/drive-in last 6 months: Wendy`s	16,118	34.0	104
Fast food/drive-in last 6 months: Whataburger	1,523	3.2	68
Fast food/drive-in last 6 months: White Castle	1,750	3.7	81
Fast food/drive-in last 6 months: eat in	17,355	36.6	98
Fast food/drive-in last 6 months: home delivery	5,089	10.7	99
Fast food/drive-in last 6 months: take-out/drive-thru	25,975	54.8	105
Fast food/drive-in last 6 months: take-out/walk-in	11,251	23.7	98

Data Note: An MPI (Market Potential Index) measures the relative likelihood of the adults in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. average. An MPI of 100 represents the U.S. average.

Source: These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by Mediamark Research Inc. in a nationally representative survey of U.S. households. ESRI forecasts for 2008 and 2013.

Office Space

The analysis of the office sector focuses on the market potential for front office, back office, light industrial and other uses that could accommodate existing, new and relocating employers in the BID. The market for office space is a function of service businesses in a wide variety of business categories. Using data from prior sections combined with additional information presented here, market demand and market supply are examined. A resulting overall assessment of market opportunities for the Superior BID is then offered.

Geographic Area for Analyzing Office Space Demand and Supply

The analysis of demand and supply that follows focuses on the City of Superior. While the office market is impacted by economic conditions in the broader Duluth-Superior MSA, an analysis of market dynamics specific to Superior provides more focus for this analysis.

Demand Analysis

Business Operators Survey (Section 5) - Responses to the business operators survey component of this market analysis provide a measure of the attractiveness of the BID as a place to do business. The survey findings indicate that respondents have a high level of satisfaction with the BID, its services and facilities. Approximately 74 percent strongly or somewhat agree that the BID is an “excellent place to have a business.” A few are considering expanding products, service, or square footage.

Consumer Survey (Section 6) – Responses to the consumer survey component of this market analysis provide another measure of demand for quality office space. While office space may not be of direct interest to most residents, the employment such space provides is of importance. Of six scenarios presented to the survey respondent on the future of the BID, the scenario focusing on the BID as “the center of employment with new office employers...” was one of the two most preferred. Approximately 59 percent of respondents selected this among their top three scenarios.

Insight from Real Estate Professionals - Based on interviews with the selected business leaders, the following points provide additional information on office space demand as it relates to the Superior BID:

- Demand is hard to quantify as there are few office tenants with large employment levels and space needs in the BID.
- Superior businesses typically prefer newer facilities with parking and easy accessibility.
- The development of the Blaine Business & Technology Center in the BID has demonstrated the benefits of locating in a higher quality facility. Tenants including a glass company, dentist, beauty salon and others have reported increased sales.
- Of the 45,000 square feet of space in the Blaine facility (renovated in 2004), there is only 3,500 square feet vacant. Higher quality space like this appears to lease up quickly.
- Enbridge Energy will occupy a 12,000 square foot building in the new Grand Central Village (see below).

Supply Analysis

Insight from Real Estate Professionals - Based on interviews with the selected business leaders, the following points provide additional information on the supply of office space as it relates to the Superior BID:

- Currently, there are three higher quality office buildings in the Superior BID. These include: the Blaine Business & Technology Center, City Center, and the former Post Office.
- The current office supply offers a wide range of rates and bonuses for new tenants.
- Grand Central Village is a proposed mixed-use development to the west of the Blaine Business & Technology Center (including the former Central School site). Proposed is a campus of two-story buildings (57,000 square feet), with frontage buildings on Belknap Street that have retail on the first floor and office space on the second floor. The development will help build a more proximate connection to the UW-Superior campus.
- There is a proposal for additional office space at Town Square (2911 Tower Avenue).
- Nearby Duluth has an excess of office space. The class A Wells Fargo Center commands \$15-\$20 per square foot rent plus other charges. Additional space including the 50,000 S.F. A&L Building on East Superior Street is in development.

Market Opportunities

Business leaders interviewed offer the following additional insights related to office space development in the Superior BID:

- Some indicate an opportunity for slow and cautious growth of higher quality office space in the BID. Others suggest the market is fully served at present.
- It is likely that new tenants will come from within the community (excluding the economic stimulus that would be provided by a Murphy Oil Expansion).
- There may be opportunity to recruit new office space users to Superior such as engineering or accounting firms and energy or transportation related industries.
- There remains reluctance among some office users to relocated to higher quality space as the market is price sensitive. Redevelopment of older, historic buildings may be too costly given the rents that could be achieved.
- Future office developments are likely along Belknap Street, especially near the UW-Superior campus. Again, Superior may not develop as one single business district.
- Superior has a better business climate for development compared to Duluth. Duluth's permitting process has caused difficulties for local developers. Superior also has more convenient parking than downtown Duluth. Regarding taxation, higher property taxes (in Superior compared to Duluth) may be offset by lower income tax and sales tax rates.

Current conditions do not indicate opportunities for large-scale office development in the BID at this time. However, the development or reuse of buildings as quality office space may make market sense on an incremental basis as prospective tenants are identified. The business success of tenants who have recently moved to newer or rehabilitated space will continue to convey a new commercial image for the BID as a convenient, central, and profitable place to do business.

Residential Units

The market for both rental and home ownership in the BID is a function of market demographics, income and employment, and location amenities. Using data from prior sections combined with additional information presented here, market demand and market supply are examined. A resulting overall assessment of market opportunities for the Superior BID is then offered.

Geographic Area for Analyzing Residential Demand and Supply

The analysis of demand and supply that follows focuses on the City of Superior in general and the Superior BID in particular. While the housing market is impacted by economic conditions in the broader Duluth-Superior MSA, an analysis of market dynamics specific to Superior provides more focus for this analysis.

Demand Analysis

Demographic and Lifestyle Characteristics (Section 3) - Demographic and lifestyle characteristics of the Superior Primary Trade Area help describe local residents and their current housing. Compared to the combined states of Wisconsin and Minnesota, the data indicates that residents of this trade area have a growing elderly population, lower incomes, and lower housing values. ESRI Business Information Solutions estimates 79 percent of housing units were valued below \$100,000 in 2000. This compares to only 42 percent in the combined Wisconsin-Minnesota region. The relationship of renters to owners in the Superior Primary Trade Area is similar to that in the combined states.

Consumer Survey (Section 6) – Responses to the consumer survey component of this market analysis provide another measure of demand for housing development in the BID. Of six scenarios presented to the survey respondent on the future of the BID, the scenario focusing on the BID as a place with “new apartments, condos, and townhouses that appeal to a wide variety of residents from students to retirees” was most preferred. Approximately 60 percent of respondents selected this as one of their top three scenarios.

Insight from Real Estate Professionals - Based on interviews with the selected business leaders, the following points provide additional information on housing demand as it relates to the Superior BID:

- The housing market in Superior and the broader region is fairly stable. In Superior, there has been a slight shift from sales to rentals.
- For rentals, single family units are preferred over multi-family units.
- Some believe that many landlords rent at “below-market” rates to fill space. This contributes to demand for and expectations of low rent.
- The quick leasing of 29 residential units (targeted to seniors) in the New York Building demonstrates the market demand for affordable senior housing downtown.
- The BID office has received numerous inquiries from various residents interested in residential units downtown. The New York Building has a waitlist.
- New, near-campus housing for UW-Superior students may be in demand. However, crossing Belknap may be perceived as a safety issue. Additional student housing demand may also exist from WITC and Lake Superior College students.

- Residents of the MSA typically choose whether to look for housing in either Superior or Duluth (then focus on one or the other city).

Supply Analysis

Insight from Real Estate Professionals - Based on interviews with the selected business leaders, the following points provide additional information on the supply of residential units as it relates to the Superior BID:

- The Superior BID has a limited number of residential units at this time. Housing units sell for approximately 30-percent less in Superior than in neighboring Duluth.
- Potential developments include a mix-use project, possibly including student and senior (assisted living) housing, to the north of the Blane Business & Technology Center (including the former Central School site).
- The upcoming renovation of the Washington Building (Metro Plains) is expected to add additional senior housing units to the BID's residential inventory.
- The development of condos in downtown Duluth may have resulted in overbuilding. Some projects have been terminated.
- Housing in West Duluth is less expensive than Duluth, and more aligned with Superior.

Market Opportunities

Business leaders interviewed offer the following additional insights related to residential opportunities in the Superior BID:

- Downtown on Tower Avenue may be an attractive location for additional senior housing due to its proximity to the library and grocery store. Single floor units would be necessary for many of these residents.
- There is strong demand for affordable housing to serve lower-income residents.
- The expansion of Murphy Oil could have a significant impact on BID housing for construction workers and permanent employees.
- The BID can be positioned as a place to purchase entry-level housing.
- If certain unsightly land uses in the BID were cleaned up, areas of the BID would be more attractive for residential (and commercial) use.
- For downtown housing to grow, neighborhood-serving businesses must also be developed (such as a hair salon and convenience store as desired by tenants of the New York building).
- Opportunities for the development of condos or townhouses in the BID at this time are unknown as demand has not been fully documented.

Current conditions do not indicate opportunities for large-scale, higher-end residential units in the BID at this time. However, the development or reuse of buildings as quality and affordable rentals may make market sense on an incremental basis. Seniors and students, two market segments that are rent-sensitive, appear to provide a reasonable market for new rental units. The strengthening of neighborhood-serving retail and services will be essential in ensuring that subsections of the BID are suitable for residential use.

Lodging Facilities

The analysis of the lodging sector focuses on the market potential for chain and independent hotels that could serve business, group, and leisure visitors to the community. Using data from prior sections combined with additional information presented here, market demand and market supply are examined. A resulting overall assessment of market opportunities for the Superior BID is then offered.

Geographic Area for Analyzing Lodging Demand and Supply

The analysis of demand and supply that follows focuses on hotels in the City of Superior. While the lodging market is impacted by economic conditions in the broader Duluth-Superior MSA, an analysis of market dynamics specific to Superior provides more focus for this analysis. However, a more complete lodging market analysis would consider properties in both Superior and Duluth.

Demand Analysis

Consumer Survey (Section 6) – Responses to the consumer survey component of this market analysis offer potential issues and opportunities facing the BID and its ability to capture future room night demand. Respondents noted that the BID struggles from a poor reputation and image and a need to be cleaned up. Vacant lots, dirty storefronts, too many bars, and safety were comments found throughout the survey. These are all issues that may impact the capture of room night demand in the BID. However, many respondents saw the waterfront as an under utilized resource. The consensus was that capitalizing on the waterfront could be a key component in establishing a new identity for Superior and the BID. This new identity could contribute to attracting more overnight demand to the community.

Demand as Measured by Hotel Operating Performance (Smith Travel Research data) – Actual operating data for four representative, chain-affiliated hotels in Superior was analyzed to estimate lodging demand in Superior.⁵ For the purpose of the study it is assumed that the data collected from the four hotels represent market conditions city-wide.

Occupancy is the number of rooms sold divided by the number of rooms available. The average daily rate (ADR) is room revenue divided by the number of rooms sold. Revenue per available room (RevPar) is the room revenue divided by rooms available. Operating data, for the combined sample of four Superior hotels, from 2003 through 2007 is presented in Table 8.4.

Table 8.4 – Hotel Operating Performance Data for Four Hotels in Superior, WI

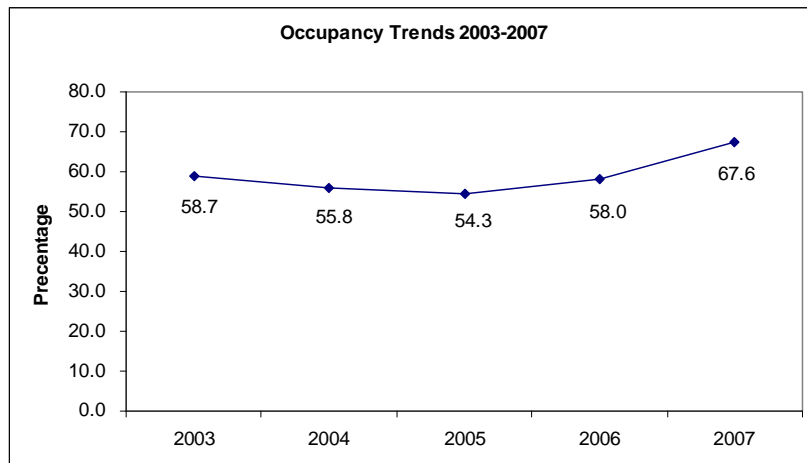
Year	Occupancy	% Change	ADR	% Change	RevPar	% Change
2003	58.7%		\$61.58		\$36.16	
2004	55.8%	-4.9%	\$65.89	7.0%	\$36.79	1.7%
2005	54.3%	-2.7%	\$67.95	3.1%	\$36.92	0.4%
2006	58.0%	6.8%	\$67.54	-0.6%	\$39.19	6.1%
2007	67.6%	16.5%	\$67.10	-0.7%	\$45.34	15.7%

Source: Smith Travel Research, Inc, 2008.

⁵ Sample hotels included the Super 8 Superior, Holiday Inn Express and Suites Superior, Days Inn Superior and Best Western Bridgeview Motor Inn

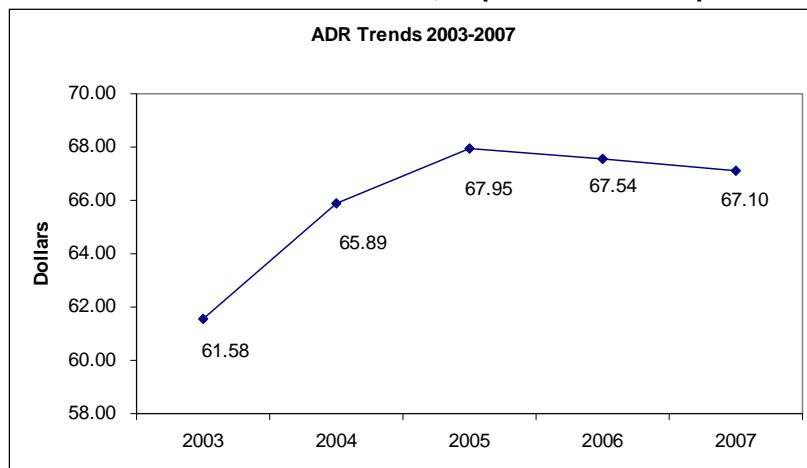
As illustrated in Chart 8.1, the sample Superior hotels experienced a healthy growth in occupancy rate to almost 68 percent in 2007. The occupancy rate represents an unusually strong 8 point increase over the previous year. For comparison, the U.S. lodging industry achieved an overall 63 percent occupancy in both 2005 and 2006.⁶

Chart 8.1 – Smith Travel Research, Superior Hotel Sample - Occupancy



As illustrated in Chart 8.2, the average daily rate was \$67 in 2007. Average daily room rates saw a sharp increase from 2003 to 2004 and again in 2005. Since that time, rates have decreased slightly each year. For comparison, the US lodging industry achieved an overall \$97 average room rate in 2006. The U.S. average room rate is higher due to the inclusion of larger, full-service properties located in major urban areas (commanding higher room rates).

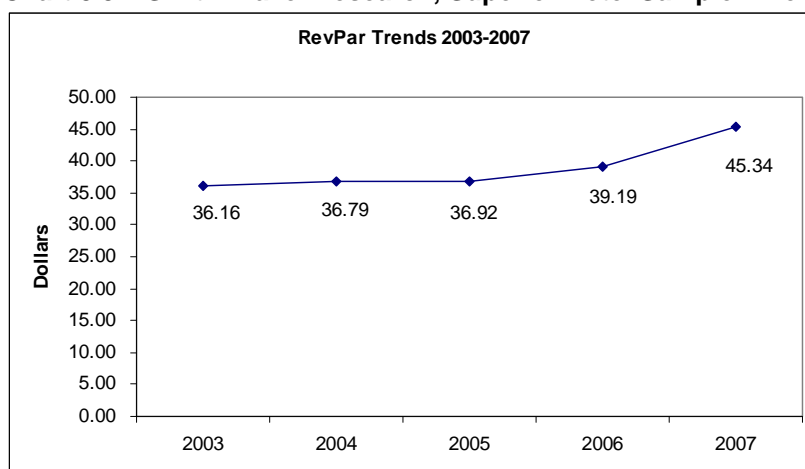
Chart 8.2 – Smith Travel Research, Superior Hotel Sample – Average Daily Rate



Revenue per available room (RevPar) is an indicator of the total revenue divided by the number of available rooms. It is the single best indicator of hotel demand and it combines both occupancy and average room rate. As illustrated in Chart 8.3, the RevPar for the sample Superior hotels has been increasing since 2003 and was \$45 in 2007. Larger increases in RevPar occurred in both 2006 and 2007. For comparison, the U.S. RevPar was \$62 in 2006.

⁶ Choice Hotels 10K Report

Chart 8.3 – Smith Travel Research, Superior Hotel Sample – RevPar



Supply Analysis

All of the current properties in Superior operate in the mid to lower prices “economy” segments of the lodging industry. The operating data in the previous demand analysis was purchased from Smith Travel Research for four chain-affiliated properties as noted in Table 8.5. Four other hotels that operate in Superior, but not in the operating data, are also listed.

Table 8.5 – Hotel Supply in Superior, WI

Superior Hotels (included in STR data)	Date Opened	Rooms
Super 8 Superior	Feb 1983	40
Holiday Inn Express & Suites Superior	Aug 2000	84
Days Inn Superior	Jan 2002	111
Best Western Bridgeview Motor Inn	June 1964	96
Total		331

Superior Hotels (not in STR Data)	Date Opened	Rooms
Barker Island Inn	June 1982	112
Androy Hotel	June 1925	80
Superior Inn		69
Manning Motel		21
Total		282
Source: Smith Travel Research, Inc, 2008.		

Future changes to the supply of hotels may include the following:

- Renovation and expansion of the Barker Island Inn
- Possible renovation of the Days Inn
- Possible development of a waterpark hotel

Market Opportunities

Based on the Smith Travel Research data, there appears to be strong recent growth in room night demand in the market. The nature of this demand (business, group, leisure/other) deserves further study. If it is found that demand is being generated by UW-Superior or businesses in or near the BID, there may be opportunity to develop a limited-service (rooms only) lodging facility in the BID.