Village of New Albany Economic Development Strategic Plan

camoin associates
ECONOMIC DEVELOPMENT

Appendices

I—Economic and Industry Analysis

II—Analysis of Demographic Trends

III—Retail Market Analysis

IV—Office Market Analysis

V—Industrial Market Analysis

VI—Business Survey & SWOT Analysis

VII—Fiscal Assessment

VIII—Miscellaneous

Introduction

In the last ten years, the Village of New Albany has experienced tremendous growth in population and commercial activity. This reflects the marked population growth in the central Ohio region, which has outpaced other regions in the state and the Midwest in general, and will continue to do so for the foreseeable future.

At the same time, the Village has transitioned to a reliance on income tax revenues provided to it by its business parks, allowing it to increase community services without an additional burden to its residents. The Village has used creative financing arrangements to anticipate, prepare for and foster business investment and job creation. Because of this foresight and planning, the Village has adapted very successfully and is in a strong financial position.

New Albany is at an important point in its growth cycle and has many options available for future land use planning and economic development. As its available stock of land is gradually being developed into higher uses, the Village is looking for direction in terms of promoting sustainable and "smart" development in line with the character of the Village and the development pattern it has established, maintaining its solid financial situation and balancing competing land use opportunities.

The Village called upon Camoin Associates to analyze demographic trends, changes in industry and employment, trends in retail demand and sales, changes in office and industrial market conditions and fiscal trends. The resulting Economic Development Plan contains recommendations based on those analyses and can be used to guide land use planning and economic development decisions. Detailed findings of the studies and analyses can be found in the relevant appendices listed to the left.

Fostering Commercial & Industrial Growth

The Village should promote the development of office condominiums to accommodate demand for smaller, professional office space. Office demand is expected to continue to rebound in the Columbus metropolitan and suburban submarkets. Office condominium development will be a growing segment of this market and may be appropriate for both the downtown and office parks within the Village. It may also fit well with the Village's proposed initiative to create an incubator facility.

Promote office condominium development.

The Village should aggressively communicate and promote its vision to developers and commercial realtors. For example, the low office vacancy rates should be advertised because this rate impacts investment return outcomes and project feasibility determinations. (See "Marketing & Promotion Efforts" on page 11.)

Communicate vision to developers.

Village of New Albany Office Space Occupancy					
Use	Total	% of Total	Occupied Sq. Ft	Vacant Sq. Ft.	Vacancy Rate
Office Space	1,373,644	100.0%	1,226,274	147,370	10.7%
Class A	1,343,366	97.8%	1,198,319	145,047	10.8%
Class B	30,278	2.2%	27,955	2,323	7.7%
Class C	-	0.0%	0	0	0.0%

One of the only deficiencies noted for New Albany's business parks is the lack of certain amenities. Additional restaurants, entertainment, gas stations, hotels and other retail amenities are needed to make New Albany a more competitive location for office development. Some of this is already underway in the Trust Corp project and this type of development should be further encouraged by the Village. One method would be to create a limited rent-subsidy program through the Village's CIC to these targeted businesses for the first year or two of operations.

Address lack of amenities in business parks.

If the Village would like to attract additional warehouse/distribution facilities (partnered with office facilities or corporate headquarters), it should consider setting aside one or more 40-60-acre block of land. Currently, market demand is very strong for large (500,000+ sq ft) warehousing/distribution facilities with expansion capabilities. The Village should explore the siting possibilities, advantages and disadvantages of warehousing/distribution development. A typical

Set aside land for future development.

site would require 15-40 acres for the initial building(s) plus additional acreage for expansion.

Encourage a critical mass of small retail.

The Village needs to encourage a "critical mass" of small retail to make current and future retail operation profitable. The New Albany Exchange should help foster the development of a retail cluster. The Village can also consider incentive programs (rent subsidy or other) to target small retail operators.

Improve the cohesiveness of downtown.

Better and clearer connections should be built within the downtown core, with particular attention to bridging the Performing Arts Center and School with Market Square and New Albany Exchange retail/services center. Tying these disparate pieces of downtown together would improve the cohesiveness of the Village, and create a "strolling Village" identity for the downtown.

Camoin Associates does not recommend any large-scale ("big box") retail development. This type of development does not fit with the Village's character and there is a significant stock of existing development in nearby Easton. Furthermore, there has been a clear trend towards early obsolescence of such facilities that would detract from the character of the Village.

Consider a "home goods" themed shopping center in Licking County.

However, there soon may be the possibility for a small "themed shopping center" in Licking County focused on home furnishings and accessories. While the demand for this type of shopping center is currently not sufficient, the development of the 161 expressway and the general growth of the Columbus MSA will ultimately improve the prospects for this type of development.

Upscale specialty stores such as Crate & Barrel, Pottery Barn, Restoration Hardware, and Smith & Hawken are already located in the Easton Town Center, but the strong interest in home improvement and consumer spending on household furnishings suggests that such a retail development would work well in New Albany. The tenant mix at such a facility would include sellers of household furnishings, furniture, high-end kitchen appliances, housewares, etc., as well as electronic stores (this is a very technology-savvy market), nurseries and garden supply stores.

There is an opportunity to promote certain types of retail that blend well with the Village's character and should thrive in the context of the trade area:

- Upscale specialty foods stores – for example, Whole Foods, Dean & Deluca, possibly Trader Joe's (which straddles the gourmet and discount niches).
- Restaurants – to serve several different markets: (1) Family restaurants, (2) Upscale/ fine dining – perhaps a wine bar, and (3) Fast-casual type restaurants for office workers as well as families and singles.
- Specialty hobby store – several market segments have high levels of participation in hobbies such as woodworking; a retailer offering scrapbooking supplies or a bird-watching/nature shop might also address certain "niche" hobbies.
- Book store – the area has a very well-educated population and there is high spending potential for books and periodicals.
- Luggage and travel accessories – trade area households are frequent travelers.
- "Home and garden" stores – based on the high rate of homeownership and strong demand for furniture, household furnishings, textiles, electronics, and similar items in the trade area.

To initiate the recruitment of additional retail stores and restaurants, the Village should produce

Promote retail that blends with the Village's character.

Sales Leakage Analysis - Village of New Albany Trade Area

Store Type	Estimated Surplus (millions)	Estimated Leakage (millions)	Distribution of Sales Leakage
Convenience Retail			
Automotive Dealers and Parts Dealers		($211.2)	23.7%
Grocery Stores		($9.1)	1.0%
Gasoline Service Stations	$13.8		
Health & Personal Care Stores	$47.9		
Building Material & Garden Supply Stores		($56.8)	6.4%
Specialty Food Stores		($3.6)	0.4%
Shoppers' Goods Retail			
General Merchandise Stores		($278.9)	31.3%
Clothing Stores	$24.7		
Electronic & Appliance Stores		($24.6)	2.8%
Furniture & Home Furnishings Stores		($42.8)	4.8%
Sporting Goods, Hobby, & Music Stores		($10.8)	1.2%
Office Supplies, Stationery, and Gift Stores		($11.8)	1.3%
Beer, Wine, & Liquor Stores		($7.9)	0.9%
Jewelry, Luggage, and Leather Goods Stores		($5.2)	0.6%
Shoe Stores		($0.9)	0.1%
Books, Periodical, & Music Stores		($23.6)	2.7%
Florists	$1.4		
Used Merchandise Stores		($8.0)	0.9%
Other Miscellaneous Store Retailers		($4.6)	0.5%
Eating & Drinking Places			
Full-Service Restaurants		($72.3)	8.1%
Limited-Service Eating Places		($46.4)	5.2%
Special Food Services		($23.5)	2.6%
Drinking Places - Alcoholic Beverages		($48.8)	5.5%
Total Surplus and Leakage	**$87.8**	**($890.8)**	**100.0%**

Source: ESRI and Camoin Associates.

Highlight opportunities available in the trade area.

Selected Business Opportunities in New Albany Trade Area			
Type of Business	**Sales Gap**	**Capture Rate**	**Potential # of New Stores**
Drinking Places - Alcoholic Beverages	$48,800,000	21.1%	87
Books, Periodical, & Music Stores	$23,628,000	23.3%	6
Used Merchandise & Antique Stores	$8,015,000	28.5%	27
General Merchandise Stores	$278,936,000	37.9%	9
Furniture & Home Furnishings Stores	$42,826,000	54.0%	11
Limited-Service Eating Places	$46,368,000	56.2%	26
Office Supplies, Stationery, and Gift Stores	$11,783,000	58.1%	3
Beer, Wine, & Liquor Stores	$7,885,000	59.9%	8
Jewelry, Luggage, and Leather Goods Stores	$5,199,000	64.3%	6
Specialty Food Stores	$3,560,000	64.9%	1
Building Material & Garden Supply Stores	$56,817,000	65.7%	3
Sporting Goods, Hobby, & Music Stores	$10,826,000	73.1%	1
Electronic & Appliance Stores	$24,624,000	73.9%	20
Full-Service Restaurants	$72,304,000	75.4%	64
Other Miscellaneous Store Retailers	$4,637,000	88.5%	6
Total Retail	**$646,208,000**	**-**	**278**

Source: Camoin Associates, based on ESRI data.

Sales per square foot and average square feet per store adapted from data on national retailers at Bizstats.com.

Locally-owned retail stores may be smaller and have lower sales per store.

and distribute materials that highlight the opportunities available in the trade area market. The recruitment package should include:

- Demographic, socioeconomic, and lifestyle data indicating the area's market potential. Information regarding space available for lease or for sale, as well as existing shopping centers nearby.
- A summary of applicable financial incentives; maps of zoning, transportation networks, and other features.
- The names and telephone numbers of commercial realtors, developers, economic development officials, utility companies.

The main objective is to provide potential investors/developers with both statistical and anecdotal information about the area and establish New Albany as a possible location for "top shelf" projects.

Economic Development Initiatives & Incentives

Continue monitoring future plans of businesses.

The Village, with the aid of the Chamber of Commerce, should strengthen its business retention and expansion strategy. As a key part of this effort, the Village should continue to regularly monitor business plans to contract, expand, move or change.

Attract and retain businesses in industries not susceptible to outsourcing.

The Village should focus its attraction and retention efforts on industries not susceptible to outsourcing, such as healthcare, management, and sales & marketing.

Seek a diversity of industry clusters.

In addition, the Village should seek to diversify the types of industry clusters in the Village in order to mitigate the risk of being too heavily populated by businesses in one industry (i.e., apparel) or one type of development (i.e., corporate park).

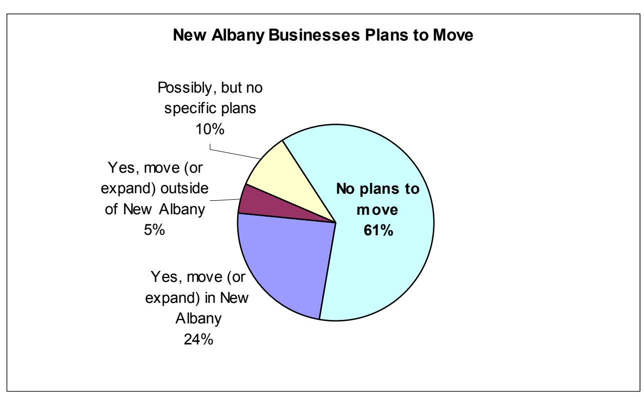
Create an income tax rebate program for certain types of development.

For certain types of developments (in particular the reuse of existing facilities), the CRA and EZ programs will no longer be effective. In these instances, the Village should create an income tax rebate program with the stipulation that it cannot be used in conjunction with the CRA or EZ. This program will allow for a reduction in the income tax burden of a new company where a property tax abatement is not possible.

Create additional incentives for businesses.

There are a number of actions the Village can take to be creative with incentives to attract and retain businesses, particularly those not served by the CRA (such as small and medium sized businesses) including:

- Establish a loan program through the CIC for new or existing businesses. The loan program could be set up to forgive outstanding principal based on job creation and would be



funded through new associated income tax receipts.

- Issue Industrial Revenue Bonds (IRBs) through the CIC to finance the purchase of assets such as land, buildings and equipment.
- Make existing New Albany-based businesses eligible for the CRA program as long as their expansion plans include new construction and the creation of additional jobs.
- Establish a "Linked Deposit" program with private lenders for major economic development projects to help businesses finance projects at a lower cost.

Streamline permitting process for commercial development.

The Village should continue to develop a more streamlined permitting process to "fast track" commercial development projects. This would reduce costs for developers, thereby creating a competitive advantage relative to other municipalities. Additionally, it could be used as a marketing tool to help correct the perceptions of developers in the region regarding New Albany's commitment to commercial growth.

Use the CIC to reduce the cost of land acquisition.

In certain circumstances, the CIC could be utilized to purchase, lease and sell space and land. In particular, the CIC can be used as an intermediary in new development projects to reduce the cost of land acquisition, as this is seen as a barrier to development and a competitive disadvantage. For example, the CIC could issue bonds to purchase land for resale to a new business at a discount, while simultaneously entering into a revenue sharing agreement with the Village for a percentage of the future income tax revenues. These revenues would allow for debt repayment.

The Village should establish a relationship with the state-run Ohio Investment in Training Program, which provides financial assistance and technical resources for customized training for employees of new and expanding Ohio businesses and identify New Albany businesses that may be eligible for the program.

Assist businesses in securing help with employee training costs.

Workforce Training Needs of New Albany Businesses		
Type of Training Needed	**# responses**	**%**
No training needed	8	42
Computer skills	5	26
Professional skills (sales, marketing, accounting)	4	21
Managerial skills (finance, HR, employee management)	3	16
Customer service skills	3	16
Specialized skills (equipment operation, medical skills)	1	5
Other*	1	5
Basic skills (math, reading, and writing)	0	0

* *Writing skills*

Investing in Infrastructure

Use TIFs to accelerate infrastructure investment.

Commercial TIFs should be utilized as much as possible to accelerate infrastructure investment, especially in those portions of the Village within Licking County. For this purpose, the Community Improvement Corporation (CIC) may be able to serve as the "NACA" of Licking County or the Village can decide to create a new authority.

Develop fiber-optics.

The Village's current interest in developing fiber-optics is well founded and should be aggressively pursued, as this will neutralize the advantage of some of New Albany's development competitors. Additionally, fiber-optics may provide an important advantage in attracting specific types of industrial development.

Develop wireless infrastructure.

The Village should continue to pursue the development of Village-wide wireless infrastructure. To facilitate this effort, a portion of this funding could be procured through TIF agreements.

Plan for increased parking capacity.

The Village will need to plan for and ultimately provide increased parking capacity near and around the New Albany Exchange and Market Square. Land should be set aside for this usage. In addition, the Village should work with the state regarding signage on 161 to raise awareness of the proximity of New Albany Exchange/Market Square to through-commuters and business park occupants.

Assess infrastructure needs.

A preliminary infrastructure assessment for the Licking County portions of the Village would be helpful to give the Village an understanding of the costs associated with new development.

Fiscal Recommendations

The largest driver in determining future Village expenditure levels is population growth. Unless offset by commercial development, new residential growth would require higher property tax rates for all Village residents. Because of this, the Village should carefully consider the permitting of new residential development to keep pace with anticipated new revenues streams from commercial development.

Control residential growth to coincide with new commercial development.

Est. Fiscal Impact per New HH		
Marginal Cost per HH	$	5,126
Res Prop Tax per HH	$	301
Fees and Charges per HH	$	23
Income Tax per HH	$	834
Net per HH Impact	**$**	**(3,968)**

The Village should consider charging a residential impact fee to offset infrastructure improvements and the subsequent increases in community service costs. Additionally, the Village can encourage mixed-use commercial/residential development and focus on residential growth that attracts empty-nesters.

Take steps to moderate the net fiscal impact of residential development.

Shortly after the 2010 US Census, the Village will become a City as per Ohio State Law. This will add somewhat to New Albany's cost of providing community services, including the expense of providing maintenance for all state roads and additional health services-related costs. New Albany may also be subject to collective bargaining arrangements, which could significantly impact its costs. Furthermore, it will assume responsibility for maintaining various parks and leisure trails that are now managed by the homeowners association.

Plan for new expenditures in the near future.

In addition to the new expenses described above, the replacement of the general network of roads and other infrastructure will be necessary as the assets reach the end of their normal lifespan. At the same time, various revenue sharing agreements for properties in the office parks will terminate and the Village will realize substantial new revenues. The Village should consider formalizing an arrangement to direct these new revenues into a special fund, perhaps held by the CIC, to oversee and finance infrastructure replacement. Alternatively, the Village could

Reserve new income tax revenues for infrastructure replacement and economic development.

create a special infrastructure fund, separate from the Village's General Fund, into which the new revenues could be deposited. This fund could also be used for the various other economic development incentive programs discussed above (see *Economic Development Initiatives and Incentives*).

Maintain a sufficient rainy day carryover fund balance.

The Village is now heavily reliant on income tax revenues from its business parks, allowing the Village to pay for services and reducing the tax burden on its residents. At the same time, this makes the Village's situation more volatile and susceptible to the departure of a major employer. For this reason, the Village should continue to maintain a substantial cash reserve (at least 3x the annual income tax contribution of its largest employer) and continue to devote staff time and resources to business retention efforts.

General Fund Carryover

	Carryover From Previous Year	Total GF Expenditures	Ratio
2004	$ 3,909,096	$ 8,349,603	47%
2005	$ 3,547,423	$ 9,398,936	38%
2006	$ 2,593,008	$ 8,158,071	32%

Source: 2004 Financial Report

Focus new growth in the Franklin County portions of the Village first.

There are multiple reasons why New Albany should prioritize the Franklin County portions of the Village for both residential and commercial development projects: (a) Licking County will require significant new investments infrastructure that is already available in Franklin County, (b) development in Licking County will be subject to a 15% income tax revenue sharing agreement with the City of Columbus, (c) Franklin County developments will assist the New Albany-Plain Local School District and help lower the property tax burden on Village residents and (d) infill of Franklin County vacant lands (which are more limited and segmented) will allow more flexibility in the future for larger projects in Licking County.

Business Attraction Strategies

An analysis of the regional economy identified several industries that present especially good targets for a business attraction strategy:

- Transportation and warehousing, especially air transportation, warehousing and storage, and transportation support activities.
- Health care, including ambulatory health care services, hospitals, and nursing and residential care facilities.
- Professional, scientific, and technical services.
- Management of companies and enterprises.
- Membership organizations and associations.
- Financial and investment services.
- Amusement and recreation industries.
- Supply-chain industries to support existing businesses, especially health care-related businesses.

Focus attraction strategies on specific targeted industries.

One clear boost to office and industrial attraction would come from a concerted marketing effort. The Village's offerings are not well understood and there are certain perceptions in the development community that need to be addressed. For instance, there is a perception that development can be a lengthy and more costly proposition in New Albany due to higher standards and permitting process requirements, impacting the profitability of development.

Address misperceptions regarding the Village.

The Village should address these issues directly as part of its marketing strategy. For example, listing the average lease rates per square foot in New Albany, Easton and Dublin side by side in the Village's marketing materials would show that it is actually less expensive to locate in New Albany. The Village should also market any new incentive programs created to attract retail, restaurants and other amenities to the business parks to address the perception that New Albany is not as competitive a location as Easton and Dublin.

List average lease rates and describe incentive programs in marketing materials.

Continue significant investment in marketing.

This marketing effort would involve participation of Development staff at regional conferences, hosting site selector tours, developing a formalized marketing process with respect to local realtors, creating and maintaining lines of communication with developers, "rolling out the red carpet" for investors and major development corporations, using print media to promote the Village, etc. We recognize that this effort is already underway, and we encourage further significant investment in marketing.

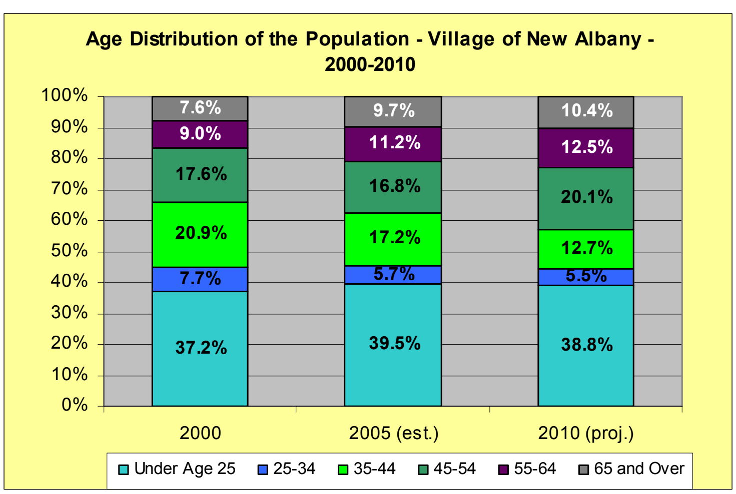
Create a "medical hub" image for the Village.

The Village's current focus on medical facilities is consistent with market data and the findings of the business survey. This focus should be continued and accelerated to create a "medical hub" image for New Albany. This image can be used as a "branding" tool in the Village's marketing efforts.

Miscellaneous

Address demographic changes in comprehensive plan.

When redrafting the comprehensive plan, the Village will need to evaluate the effect of its aging population. This would include planning for assisted living facilities, handicap accessible housing, smaller (i.e. more manageable) senior condo facilities. The idea would be to proactively address its aging population so that residents can continue to live in the Village during and through their transition into retirement and old age.



Appendix I
Economic and Industry Analysis

Economic and Industry Analysis

Summary

This analysis compares recent industry and employment trends in the Columbus Metropolitan Statistical Area (MSA) with the State of Ohio and the United States and identifies potential target industries for business expansion and attraction efforts in the Village of New Albany. The major findings of this analysis are as follows:

- Employment across all industry sectors in the Columbus MSA increased at a faster rate than the state or the nation from 1997 through 2004. Further, the Columbus MSA is projected to lead other metropolitan areas of the state in job creation over the 2000-2010 period.

- Relative to the state as a whole, the Columbus area has a significantly higher proportion of its employment in the transportation and warehousing, finance and insurance, and professional, scientific, and technical services sectors. All of these sectors experienced regional employment growth from 2000 to 2004.

- Based on the location quotients calculated for the Columbus region and a shift-share analysis evaluating employment change in the region, the study identifies several industries that present opportunities for the Village of New Albany. These industries include the following:

    - *Transportation and warehousing*, especially *air transportation* (NAICS 481), *warehousing and storage* (NAICS 493), and *transportation support activities* (NAICS 488);
    - *Health care*, including *ambulatory health care services* (NAICS 621), *hospitals* (NAICS 622), and *nursing and residential care facilities* (NAICS 623);
    - *Professional, scientific, and technical services* (NAICS 541);
    - *Management of companies and enterprises* (NAICS 551);
    - *Membership organizations and associations* (NAICS 813);
    - *Financial investment* (NAICS 523); and
    - *Amusement, gambling, and recreation industries* (NAICS 713).

It is important to note that the targeted industries identified in the Village's economic development strategic plan will need to match the facilities, infrastructure, and labor resources available and will need to match New Albany's vision for the future. Such additional analysis will be conducted in the context of subsequent sections of this report.

Introduction

This section of the report has been prepared as a preliminary analysis of economic, industry, and employment trends in the Columbus metropolitan area. It is intended to be a part of the strategic economic development plan for the Village of New Albany. The report uses a variety of analytical tools to compare the Columbus area with the state and the nation and to identify potential target industries for business expansion and attraction efforts in the Village.

Located 15 miles northeast of downtown Columbus, the Village of New Albany is a rapidly growing community in the Columbus Metropolitan Statistical Area (MSA).[1] The Office of Management and Budget currently defines the Columbus MSA as Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union Counties.

With a 2000 population of 1,540,157, the Columbus MSA accounts for approximately 14% of the state's population. The largest municipality in the MSA is the City of Columbus, with 711,470 residents. According to commercial real estate firm CB Richard Ellis, Columbus is "the nation's fastest growing city east of the Mississippi River and north of the Sunbelt region, and… the only northeastern city with continuous population growth since the mid 1940's."

In addition to serving as the capital of the State of Ohio, Columbus is home to Ohio State University, one of the largest public universities in the U.S.; government, research, and education are central to the area's economy. Major private sector employers in the Columbus region include JP Morgan Chase & Company, Nationwide Insurance, OhioHealth, Honda of America Manufacturing, the Mount Carmel Health System, and Huntington Bancshares Inc. The region also serves as the headquarters of such companies as Limited Brands, Wendy's International, Battelle, and American Electric Power.

Data Sources & Methodology

To examine employment characteristics and industry trends in the Columbus region, data was obtained from the U.S. Department of Labor, Bureau of Labor Statistics. The principal source of information on employment by industry is the Quarterly Census of Employment and Wages (QCEW) Program. QCEW is a federal-state cooperative program: state employment security agencies compile the data from reports filed by employers each quarter; the Bureau of Labor Statistics then aggregates the data by industry and ownership. These aggregations are available at the county, Metropolitan Statistical Area (MSA), state, and national levels. The data includes all employment covered by the unemployment insurance program in Ohio; only the self-employed, student workers, unpaid family workers, and some agricultural workers are excluded. Finally, unlike the

[1] The general concept of an MSA is that of an area containing a recognized population "core" (typically a central city or county), together with adjacent communities that have strong social and economic ties to that "core." MSA definitions come from the federal Office of Management and Budget and are regularly updated based on published standards.

decennial Census and other sources of employment data available from the state and federal Departments of Labor, QCEW measures jobs by place of *work*, not place of *residence*.

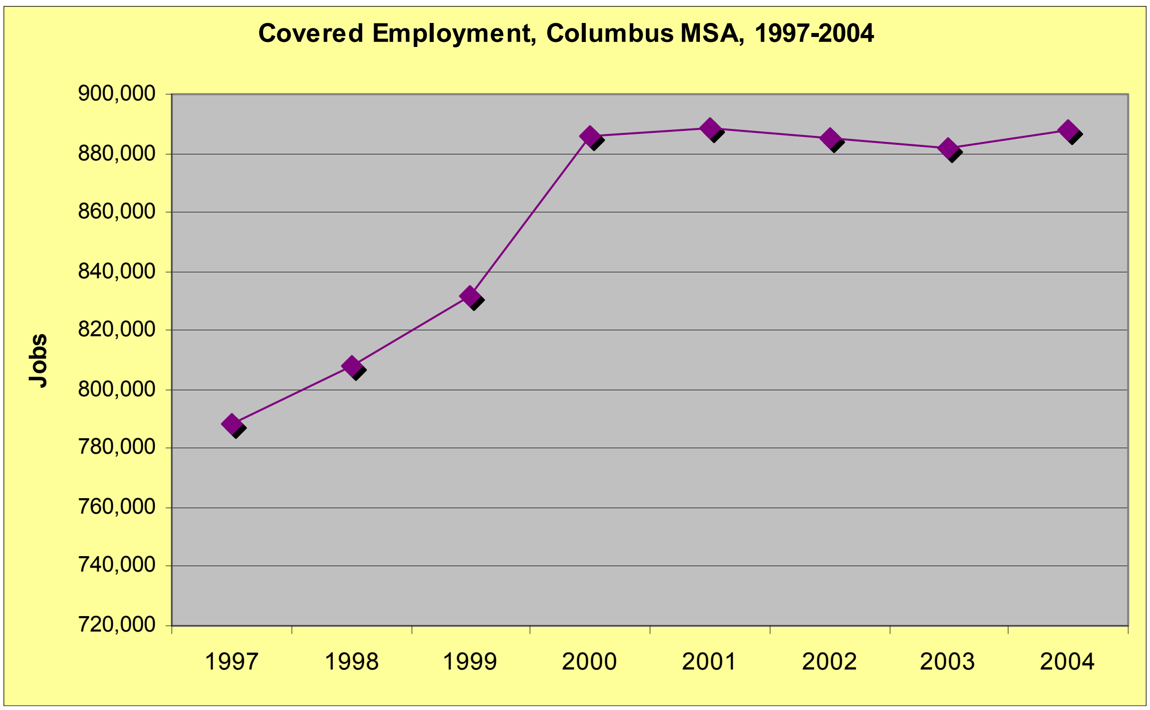
Among the main advantages of using QCEW data for regional economic analysis are the fact that it represents a complete universe of employment (it is not estimated from a sample), and the fine level of geographic and industry detail available. Like many sources of data, however, there are disclosure restrictions. The publication of employment and wage data is withheld for any industry level that consists of fewer than three reporting units or in which a single establishment accounts for 80 percent or more of the industry's employment. In general, data that might identify a single employer cannot be publicly disclosed.

Annual averages are used in this report to avoid the impact of any seasonal variances in employment. To the extent possible, data are presented to the two- and three-digit level of the North American Industrial Classification System, or NAICS, which replaced the old Standard Industrial Classification (SIC) system.[2] The more disaggregated the data, the more likely it is that the data for that industry has been withheld to protect the identity of cooperating employers. Given the objectives of the current analysis, however, this level of industry aggregation should be sufficient.

[2] NAICS represents a fundamental shift in the way industries are classified and reported: where the SIC system focused on what is produced, NAICS focuses on *how* products and services are created. It also offers many advantages over the old system, including stronger industry precision and increased relevance, with the addition of over 150 new and emerging industries. The downside is that – because of considerable differences between the two systems – data classified according to NAICS is not comparable with data based on the SIC. This report therefore presents industry data for 2000, the earliest available under NAICS, and 2004, the most current at this time.

Overall Employment Trends

The chart below shows average annual employment from the U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Employment across all industry sectors in the Columbus MSA was at 788,000 in 1997, reaching nearly 888,000 in 2004, the most recent year for which data are available. The growth rate of 13% easily exceeded the marginal 2% increase in employment statewide, as well as national employment growth of 7%. Most of the job growth that occurred in the region took place prior to the 2001 recession; the Columbus metropolitan area weathered the recession relatively well, however, and appears to be returning to peak levels of employment.

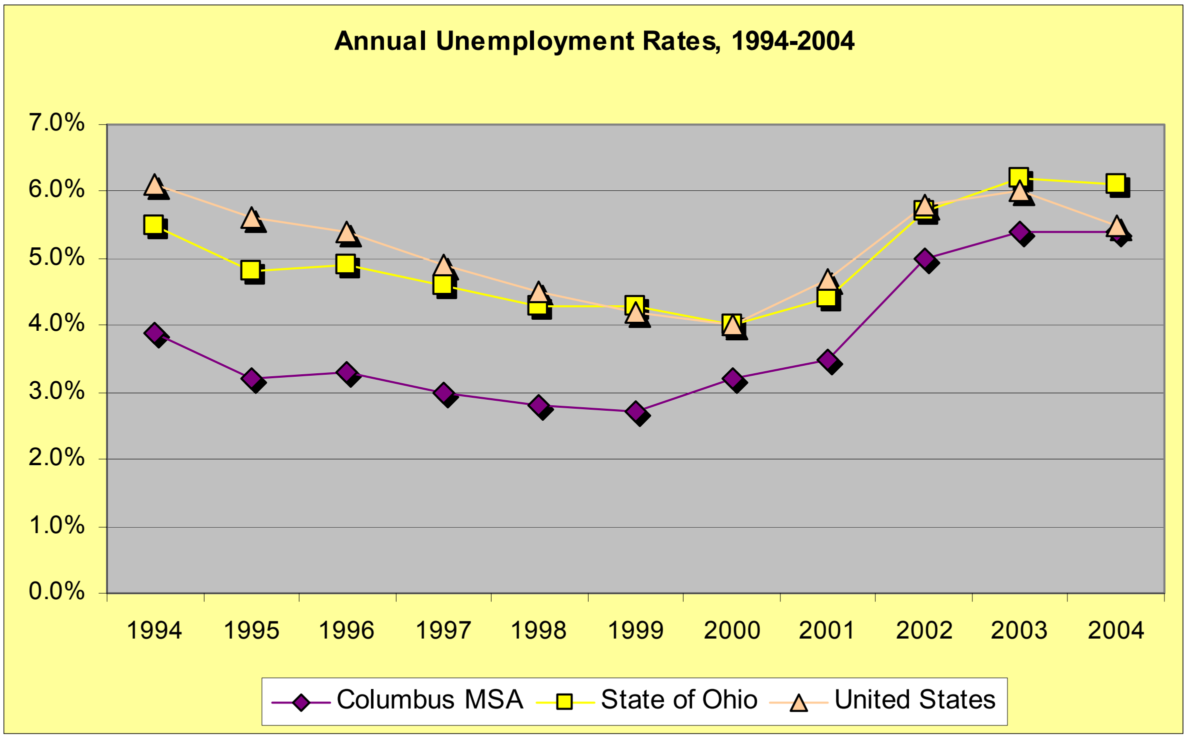


The Ohio Department of Job Family and Services, Bureau of Labor Market Information projects that the Columbus MSA will lead other metropolitan areas of the state in employment creation over the 2000-2010 period, adding nearly 150,000 new jobs. Virtually all of the growth is expected to come from service-producing industries, particularly health and business services. Large numbers of jobs are also projected in construction, retail trade, and local government, mainly in education. In contrast, manufacturing employment is projected to decline slightly.[3]

[3] Ohio Department of Job and Family Services, Bureau of Labor Market Information. "Job Outlook to 2010: Columbus MSA." October 2003.

Unemployment Trends

As shown in the chart below, unemployment rates in the Columbus metropolitan area have been consistently lower overall than the State of Ohio and the United States.[4] Like the state and the nation, economic conditions in the Columbus metro area improved throughout the 1990s, with the average annual unemployment rate falling to 2.7% in 1999. The margin between the national unemployment rate and the MSA rate over this period has been as great as 2.4% (1995) and as small as 0.1% (2004).



The federal Bureau of Labor Statistics reports that the average annual unemployment rate for the U.S. as a whole in 2005 was 5.1%. State and regional unemployment rates for the year are not yet available; however, preliminary data indicates unemployment rates of 4.6% for the U.S., 5.6% for Ohio, and 4.8% for the Columbus MSA in December 2005.

[4] The unemployment data provided in this section of the report are *not* seasonally adjusted.

Employment by Major Industry Division

The table below presents the total employment by major industry division in the Columbus MSA in 2000 and 2004.[5] As the table illustrates, the retail trade "industry" was the largest employer in the region in both years, with 108,866 jobs accounting for 12.3% of the total employment count in 2004. Manufacturing was the second largest industry with a 9.1% share of total employment. Other leading private industry sectors included health care (an estimated 77,344 jobs, or 8.7%) and accommodation and food services (75,618 jobs, or 8.5%).

Average Annual Employment Covered by Unemployment Insurance, Columbus MSA

Industry Division	2000	Percent of Total	2004	Percent of Total	Change, 2000-2004	% Chg, 2000-2004
Total Employment, All Industries	**885,806**	**100.0%**	**887,728**	**100.0%**	**1,922**	**0.2%**
Total Employment, All Private Sector	**749,285**	**84.6%**	**743,233**	**83.7%**	**-6,052**	**-0.8%**
Agriculture, Forestry, Fishing and Hunting	1,996	0.2%	1,936	0.2%	-60	-3.0%
Mining	660	0.1%	562	0.1%	-98	-14.8%
Utilities	3,427	0.4%	2,862	0.3%	-565	-16.5%
Construction	41,403	4.7%	39,573	4.5%	-1,830	-4.4%
Manufacturing	100,366	11.3%	81,223	9.1%	-19,143	-19.1%
Wholesale Trade	35,237	4.0%	34,671	3.9%	-566	-1.6%
Retail Trade	120,226	13.6%	108,866	12.3%	-11,360	-9.4%
Transportation and Warehousing	31,806	3.6%	35,138	4.0%	3,332	10.5%
Information	NA	NA	19,367	2.2%	NA	NA
Finance and Insurance	56,194	6.3%	57,215	6.4%	1,021	1.8%
Real Estate and Rental and Leasing	14,921	1.7%	14,861	1.7%	-60	-0.4%
Professional, Scientific, and Technical Services	50,581	5.7%	51,501	5.8%	920	1.8%
Management of Companies and Enterprises	NA	NA	17,600	2.0%	NA	NA
Administrative and Waste Services	NA	NA	61,610	6.9%	NA	NA
Educational Services	9,461	1.1%	NA	NA	NA	NA
Health Care and Social Assistance	75,953	8.6%	NA <1>	NA	NA	NA
Arts, Entertainment, and Recreation	11,202	1.3%	11,242	1.3%	40	0.4%
Accommodation and Food Services	67,744	7.6%	75,618	8.5%	7,874	11.6%
Other Services	NA	NA	29,076	3.3%	NA	NA

Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.

The Columbus MSA includes the Counties of Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union.

<1> Industry data not disclosed; however, the combined employment for ambulatory health care services (NAICS 621), hospitals (NAICS 622), and nursing and residential care facilities (NAICS 623) is 77,344. Only social assistance (NAICS 624) is not included in this estimate.

Relative to the state as a whole (see table on the following page), the Columbus MSA has a significantly *lower* share of its employment in manufacturing and wholesale trade, and a much *higher* proportion of its employment in transportation and warehousing, finance and insurance, and professional, scientific, and technical services. The latter may provide a competitive advantage in that these industries are expected to have strong labor growth in the region, at least in the short term.

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[5] Industry data for prior years cannot be used for the comparison due to the shift from the Standard Industrial Classification (SIC) system to the new North American Industrial Classification (NAICS) System, which represents a dramatic change in the way industries are classified and reported.

Between 2000 to 2004, the Columbus MSA experienced a net increase of 1,922 jobs. Significant losses occurred in the private sector, however: employment in the region's manufacturing sector, for example, declined by more than 19,000, while retailers cut employment by 11,360.[6] This was consistent with both state and national trends. Losses also occurred in such industries as utilities and construction. On the plus side, regional employment increased in accommodation and food services, transportation and warehousing, financial services, and professional, technical, and scientific services. In some cases, the industry trends in the Columbus MSA were far more positive than those occurring at the state or national level.

Average Annual Employment Covered by Unemployment Insurance, State of Ohio						
Industry Division	2000	Percent of Total	2004	Percent of Total	Change, 2000-2004	% Chg, 2000-2004
Total Employment, All Industries	**5,516,683**	**100.0%**	**5,292,088**	**100.0%**	**-224,595**	**-4.1%**
Total Employment, All Private Sector	**4,778,653**	**86.6%**	**4,533,380**	**85.7%**	**-245,273**	**-5.1%**
Agriculture, Forestry, Fishing and Hunting	15,307	0.3%	14,457	0.3%	-850	-5.6%
Mining	12,286	0.2%	11,018	0.2%	-1,268	-10.3%
Utilities	24,354	0.4%	20,430	0.4%	-3,924	-16.1%
Construction	246,711	4.5%	234,580	4.4%	-12,131	-4.9%
Manufacturing	1,023,444	18.6%	823,048	15.6%	-200,396	-19.6%
Wholesale Trade	248,073	4.5%	231,720	4.4%	-16,353	-6.6%
Retail Trade	673,006	12.2%	621,595	11.7%	-51,411	-7.6%
Transportation and Warehousing	161,887	2.9%	157,987	3.0%	-3,900	-2.4%
Information	107,473	1.9%	92,733	1.8%	-14,740	-13.7%
Finance and Insurance	223,462	4.1%	231,760	4.4%	8,298	3.7%
Real Estate and Rental and Leasing	72,969	1.3%	69,801	1.3%	-3,168	-4.3%
Professional, Scientific, and Technical Services	237,100	4.3%	224,860	4.2%	-12,240	-5.2%
Management of Companies and Enterprises	82,433	1.5%	93,843	1.8%	11,410	13.8%
Administrative and Waste Services	326,841	5.9%	306,145	5.8%	-20,696	-6.3%
Educational Services	70,492	1.3%	82,574	1.6%	12,082	17.1%
Health Care and Social Assistance	587,846	10.7%	650,100	12.3%	62,254	10.6%
Arts, Entertainment, and Recreation	70,264	1.3%	68,786	1.3%	-1,478	-2.1%
Accommodation and Food Services	414,191	7.5%	426,608	8.1%	12,417	3.0%
Other Services	176,470	3.2%	169,310	3.2%	-7,160	-4.1%

Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.

Largest Industries by 3-Digit NAICS Code

The table below lists the largest industries in the Columbus MSA by 3-digit NAICS code, as defined by employment of 10,000 or more, ranked by the number of jobs in 2004. Three of the sixteen industries listed were in the health care category (NAICS 62); three were in retail (NAICS 44-45); and two were in transportation and warehousing (NAICS 48-49). Only one of the largest employers was in the manufacturing sector; however, several of the top industries with respect to total *wages* were in manufacturing, including producers of chemicals, food, machinery, and fabricated metals. Taken together, the 16 industries

[6] Some of the retail jobs lost may have been part-time; the QCEW does not make a distinction between full-time and part-time positions.

listed in the table had approximately 370,000 jobs (accounting for half of all private sector employment) and contributed more than $14 billion in annual payroll.

Largest Total Employment by 3-Digit NAICS Code Industry, Columbus MSA, 2004					
NAICS Code	Description	Employment		Wages	
		Total	Rank	Total	Rank
722	Food Services and Drinking Places	68,321	1	$898,502,000	8
541	Professional, Scientific, and Technical Services	51,501	2	$2,976,322,000	1
621	Ambulatory Health Care Services	33,694	3	$1,630,717,000	2
238	Specialty Trade Contractors	26,315	4	$991,601,000	5
622	Hospitals	24,454	5	$957,448,000	7
452	General Merchandise Stores	22,192	6	$453,827,000	11
423	Merchant Wholesalers, Durable Goods	21,033	7	$1,075,891,000	4
623	Nursing and Residential Care Facilities	19,196	8	$467,876,000	10
551	Management of Companies and Enterprises	17,600	9	$1,389,629,000	3
336	Transportation Equipment Manufacturing	16,966	10	$966,445,000	6
445	Food and Beverage Stores	14,016	11	$274,740,000	16
441	Motor Vehicle and Parts Dealers	11,992	12	$468,109,000	9
484	Truck Transportation	11,064	13	$445,050,000	12
531	Real Estate	10,843	14	$391,229,000	13
493	Warehousing and Storage	10,338	15	$358,939,000	14
813	Membership Organizations and Associations	10,041	16	$321,986,000	15

Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.
Industries with employment of 10,000 or more. Excludes industries for which data was not disclosed.

Changes in Employment by 3-Digit NAICS Code

Although total private sector employment in the Columbus MSA declined between 2000 and 2004, significant net increases of 200 jobs or more occurred in several 3-digit NAICS code industries. As shown in the table below, virtually all of the growth occurred in service-producing industries. Health care, for example, accounted for a total of 11,566 new jobs in hospitals, physicians' offices, and nursing and residential care facilities.

Employment Growth by 3-Digit NAICS Code, Columbus MSA, 2000-2004					
NAICS Code	Description	Employment		Change	
		2000	2004	Net Chg	% Chg
621	Ambulatory Health Care Services	28,368	33,694	5,326	18.8%
622	Hospitals	20,917	24,454	3,537	16.9%
493	Warehousing and Storage	7,614	10,338	2,724	35.8%
623	Nursing and Residential Care Facilities	16,493	19,196	2,703	16.4%
445	Food and Beverage Stores	12,527	14,016	1,489	11.9%
481	Air Transportation	2,565	3,839	1,274	49.7%
541	Professional, Scientific, and Technical Services	50,581	51,501	920	1.8%
813	Membership Organizations and Associations	9,529	10,041	512	5.4%
713	Amusement, Gambling, and Recreation Industries	7,415	7,803	388	5.2%
236	Construction of Buildings	8,492	8,830	338	4.0%
711	Performing Arts and Spectator Sports	2,213	2,510	297	13.4%
488	Support Activities for Transportation	3,720	4,001	281	7.6%

Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.
Restricted to industries with a net increase of 200 or more jobs.

The professional services category – which includes office-generating industries such as legal services, accounting, architectural and design services, management consulting and advertising – added 920 jobs in the region even as industry employment at the state and national levels declined during this period. The number of establishments with paid employees in the professional services sector also increased, from 4,675 in 2000 to 4,919 in 2004.

Outside of services, nearly 4,300 jobs were created in the region's transportation and warehousing sector, led by growth in warehousing and storage (NAICS 493), air transportation (NAICS 481), and support activities for transportation (NAICS 488), a subsector that includes a wide array of establishments, such as air traffic control services, marine cargo handling, motor vehicle towing, and crating goods for shipping. Of these, air transportation and warehousing and storage were the only 3-digit industries to add establishments as well as jobs between 2000 and 2004, but the numbers are very small, suggesting that the employment growth is due to expansion of existing businesses.

Location Quotients

A *location quotient* (LQ) is a quantitative tool that uses employment data to determine which industries have a larger or smaller presence in the local economy relative to a larger reference area, such as the state or the nation. It identifies how local industries compare with national averages, providing insight into understanding local economic strengths and competitive advantages. The location quotient method has been used to analyze industry clusters and potential development prospects.

A caveat: Although the location quotient method is a simple way to compare local and national employment, it does make some assumptions that can slightly skew the results. This includes the assumption that "all conditions are equal," that worker productivity, consumption patterns, etc. are more or less the same everywhere. Of course, this may not be the case. A "high" location quotient can be interpreted as a relatively strong industry locally, but the LQ may be high because the local industry or workforce is inefficient.

An LQ is calculated as a ratio of an industry's local share of total employment to that same industry's share of national employment. A value of 1.00 demonstrates that the share of employment in a particular industry is roughly the same both locally and nationally. An LQ *greater* than 1.00 indicates an industry with high degree of concentration relative to the reference area, potentially an industry that produces goods sold outside of the region. An LQ *less* than 1.00 indicates that the industry's share of local employment is less than that industry's share of national employment. As a rule of thumb, location quotients of between 0.80 and 1.20 are not considered significantly different from 1.00.

Location Quotients by 2-Digit Industry Sector, Columbus MSA, 2004

NAICS Code	Description	Relative to state	Relative to nation
22	Utilities	0.84	0.74
23	Construction	1.01	0.83
31	Manufacturing	0.59	0.83
42	Wholesale Trade	0.89	0.89
44-45	Retail Trade	1.04	1.05
48-49	Transportation & Warehousing	**1.33**	**1.28**
51	Information	**1.25**	0.91
52	Finance and Insurance	**1.47**	**1.43**
53	Real Estate, Rental & Leasing	**1.27**	1.04
54	Professional, Scientific, & Technical Services	**1.37**	1.11
55	Management of Companies & Enterprises	1.12	**1.51**
56	Administrative & Waste Services	1.20	1.15
61	Educational Services	NA	NA
62	Health Care and Social Assistance	NA	NA
71	Arts, Entertainment, & Recreation	0.97	0.88
72	Accommodation & Food Services	1.06	1.04
81	Other Services	1.02	0.99

Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.
Location quotients above 1.20 are shown in ***bold.***

Location quotients for all 2- and 3-digit NAICS codes for which regional data was available are provided in the Appendix. LQs calculated for the Columbus region's major industry sectors (i.e., at the 2-digit level) indicate that in 2004, employment in the MSA was *more* heavily concentrated than the nation with respect to management of companies and enterprises (1.51), finance and insurance (1.43), and transportation and warehousing (1.28); but it was *less* concentrated in manufacturing (.83), construction (.83), and utilities (.74).

Compared to the State of Ohio, on the other hand, LQs indicate that employment in the Columbus MSA was *more* concentrated in finance and insurance (1.47), professional, technical, and scientific services (1.37), transportation and warehousing (1.33), and information (1.25); it was significantly *less* concentrated in manufacturing (.59). LQs vary significantly depending on the level of industry aggregation, however.

The table on the following page presents 3-digit industries with location quotients of 1.20 or greater, relative to the state and/or nation, in 2004. As the table illustrates, three industries had a strong presence in the Columbus MSA relative to *both* the State of Ohio and the U.S.

- warehousing and storage (NAICS 493);
- beverage and tobacco product manufacturing (NAICS 312); and
- Internet service providers (NAICS 518).

Industries with a strong presence in the Columbus MSA relative to the *nation* but not the *state* included:

- nonmetallic mineral product manufacturing (NAICS 327);
- management of companies and enterprises (NAICS 551);
- transportation equipment manufacturing (NAICS 336); and
- couriers and messengers (NAICS 492).

The list of industries with a strong presence in the Columbus MSA relative to the *state* but not the *nation* is somewhat longer and includes the following:

- real estate (NAICS 531);
- professional, scientific, and technical services (NAICS 541);
- support activities for transportation (NAICS 488);
- telecommunications (NAICS 517);
- financial investment and related activity (NAICS 523); and
- accommodations (NAICS 721).

Location Quotients of 1.20 or Greater by 3-Digit Industry, Columbus MSA, 2004			
NAICS Code	Description	Relative to state	Relative to nation
493	Warehousing and Storage	2.37	2.71
327	Nonmetallic Mineral Product Manufacturing	1.11	1.84
312	Beverage and Tobacco Product Manufacturing	1.92	1.78
551	Management of Companies and Enterprises	1.12	1.51
336	Transportation Equipment Manufacturing	0.67	1.40
518	Internet Service Providers, Search Portals, & Data Processing	2.09	1.31
492	Couriers and Messengers	1.06	1.31
531	Real Estate	1.41	1.12
541	Professional, Scientific, and Technical Services	1.37	1.11
488	Support Activities for Transportation	1.38	1.10
481	Air Transportation	1.85	1.09
517	Telecommunications	1.37	1.00
523	Financial Investment and Related Activity	1.28	0.68
721	Accommodation	1.27	0.60

Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.

Of the 14 industries in which the Columbus MSA is more specialized than the state and/or nation, five employed more than 10,000 people locally in 2004 (one, professional services, was responsible for over 50,000 jobs). Four had between 5,000 and 9,999 jobs in the region, while the remaining five industries each had less than 5,000 jobs, with the smallest, beverage and tobacco product manufacturing, at 2,361.

Another way to use location quotients is to examine how they have changed over time. By comparing the LQs, it is possible to determine whether an industry is increasing or decreasing in importance, and measure the relative health of the local industry against its national counterpart. Calculations of LQ change allow industries to be organized into categories:

- A *high* LQ that is *increasing* suggests an industry that is important to the local economy, with a growing concentration of employment relative to the national economy. Industries in this category may require additional analysis to understand what is driving their growth and how it can be sustained. Economic development strategies targeting these industries should focus on policies and programs conducive to their continued strong performance.

- A *high* LQ that is *declining* is indicative of an industry that is important to the local economy, but that may be "at risk" of layoffs, relocation, or other economic disruptions, requiring some level of intervention. A declining LQ does not necessarily mean that an industry is losing jobs in absolute terms; it may be worth digging deeper to understand what is going on. Economic development strategies targeting these industries should focus on retention efforts and identifying types of financial and/or technical assistance necessary to strengthen their performance.

- Finally, a *small* LQ that is *increasing* over time indicates an industry that may not be important now, but could be a source of future growth. Economic development strategies targeting these industries may focus on nurturing their development locally; otherwise, they should be watched carefully for signs of gaining economic strength.

We recognize that the 2000-2004 period is an extremely limited period of time for analysis; four years' worth of data is generally not enough to draw definitive conclusions about regional industry trends. In addition, the U.S. was in a recession during much of this time.

Nevertheless, to obtain a more complete picture of the Columbus metro area economy from a quantitative perspective, the changes in location quotients and employment for industries with a 2004 LQ of 1.20 or greater (high) and 0.80 or less (low) are summarized in the table below.[7]

Change in Location Quotient and Employment by 3-Digit NAICS Code, Columbus MSA, 2000-2004

NAICS Code	Description	Location Quotient (MSA: US)			MSA Employment		
		2000	2004	% Change	2000	2004	% Change
	Location Quotient High & Increasing						
493	Warehousing and Storage	2.17	2.71	25.1%	7,614	10,338	35.8%
312	Beverage and Tobacco Product Manufacturing	1.72	1.78	3.0%	2,440	2,361	-3.2%
336	Transportation Equipment Manufacturing	1.25	1.40	12.5%	17,468	16,966	-2.9%
	Location Quotient High & Declining						
327	Nonmetallic Mineral Product Manufacturing	2.40	1.84	-23.2%	9,112	6,294	-30.9%
518	ISPs, Search Portals, & Data Processing	1.37	1.31	-3.9%	4,766	3,445	-27.7%
492	Couriers and Messengers	1.36	1.31	-3.8%	5,692	5,005	-12.1%
443	Electronics and Appliance Stores	1.45	1.16	-19.8%	5,597	4,157	-25.7%
712	Museums, Historical Sites, & Similar Institutions	2.08	1.16	-44.3%	1,574	929	-41.0%
452	General Merchandise Stores	1.61	1.13	-29.8%	31,019	22,192	-28.5%
	Location Quotient Low & Increasing						
481	Air Transportation	0.62	1.09	76.5%	2,565	3,839	49.7%
622	Hospitals	0.78	0.84	7.0%	20,917	24,454	16.9%
713	Amusement, Gambling, and Recreation Industries	0.80	0.84	4.2%	7,415	7,803	5.2%
311	Food Manufacturing	0.78	0.79	1.5%	8,286	8,104	-2.2%
339	Miscellaneous Manufacturing	0.71	0.76	7.7%	3,582	3,429	-4.3%
445	Food and Beverage Stores	0.62	0.72	17.1%	12,527	14,016	11.9%
335	Electrical Equipment & Appliance Manufacturing	0.68	0.69	1.9%	2,752	2,117	-23.1%
322	Paper Manufacturing	0.51	0.53	4.2%	2,102	1,799	-14.4%
337	Furniture and Related Product Manufacturing	0.40	0.45	13.4%	1,853	1,754	-5.3%

Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.
Includes industries with MSA employment of 500 or more.
"High LQ" defined as 1.20 or greater; "low LQ" as .80 or lower.

In three industries with high LQs relative to the U.S., the Columbus MSA's location quotient *increased* over the four-year period. Only one of these, warehousing and storage, added employment during this time, consistent with its national counterpart but at a considerably higher rate of growth (35.8% versus 7.8%). The others, beverage and tobacco product manufacturing and transportation equipment manufacturing, experienced employment

[7] This analysis examines industry concentrations in the Columbus MSA relative to the U.S. only.

losses, but seem to have weathered economic conditions much better than the U.S. overall; the number of jobs in transportation equipment, for example, declined by about 3% locally but more than 14% nationally. This suggests that the industry, one of the region's largest, continues to be a strong segment of the economy.

Location quotients decreased, on the other hand, in six industries. Most of these lost employment both locally and nationally; the exceptions are general merchandise stores, where U.S employment increased marginally, and museums and historic sites, in which the number of jobs grew by more than 5% nationally. It is not clear what accounts for these discrepancies. The number of general merchandise stores and museums in the Columbus MSA actually *increased* between 2000 and 2004, so that does not explain the employment losses.

Of the nine industries with low but increasing location quotients, five were from the manufacturing sector, but the industry concentrations changed very little, and *none* of them experienced growth in employment. With the exception of hospitals, a subsector that is growing in many metropolitan areas, air transportation (NAICS 481) may be the only industry in this category with long-term growth potential in the Columbus area.

Shift-Share Analysis

Shift-share analysis is another tool in regional economic analysis. It is primarily used to decompose changes in local employment over a given time period into three contributing factors: (1) the national growth share; (2) the industrial mix component; and (3) the local or competitive share.

Like the location quotient method, shift-share analysis is largely descriptive; it does not explain *why* an industry has slower or faster growth locally. However, it does allow economic development professionals to separate local growth factors from national ones, determine industries in which a region is particularly competitive, and identify areas where further analysis or qualitative research (e.g., surveys, interviews) may be necessary.

The three contributing factors examined through shift-share analysis are as follows:

- The *national growth component* tells you how many jobs in an industry can be attributed to the overall growth (or contraction) of the national economy. It is based on the percentage change in employment for all industries nationwide over a given time period. It answers the question, "What if regional employment in an industry had changed at the same rate as total employment nationally?"

- The *industry mix component* measures how well that industry has grown, net of the effects of the national business cycle. It is based on the percentage change in employment for a specific industry nationwide over a given time period, minus the national growth component. It responds to the question, "What if regional employment in an industry had changed at the same rate as that industry nationally?"

- The third and final component is the *competitive share* (also referred to as the *local share*). It assumes that once you account for the national growth and industry mix components, any additional change in employment must be due to local factors. A *positive* competitive share suggests a local comparative advantage in that industry: higher productivity, superior technology, market access, and so on. A *negative* competitive share, on the other hand, may reflect a local comparative disadvantage, such as local wage rates, inefficient production processes, differences in management, etc.

The results of the shift-share analysis comparing employment change in the Columbus MSA with employment change in the United States from 2000 to 2004 can be found in the Appendix.

During this time period, employment in the U.S. declined by 0.5%. The national growth component shows that if the Columbus metro area economy had been identical to the national economy, then the region would have lost 4,100 jobs between 2000 and 2004. However, the data indicate that the Columbus MSA *gained* a total of 1,992 jobs. While this is a marginal increase, it does suggest that the regional economy performed better than the national average.

The "industry mix" percentage column in the Appendix shows the change in employment in each industry after subtracting out the national growth component. The overall industry mix component of -6,977 means that the Columbus MSA had nearly 7,000 fewer jobs in the private sector than it would have if its industry structure was identical to the nation. Accommodation and food services was the only major industry category in the Columbus MSA growing *faster* than the national average; employment in finance and insurance increased, but not as rapidly as the nation. The utilities, manufacturing, and retail sectors all declined at a *faster* rate than the U.S. Two industry categories, construction and real estate, declined in the MSA but gained employment nationally.

According to the competitive share component, 6,024 of the net new jobs created in the Columbus MSA from 2000 to 2004 are attributable to its relative competitive position. In other words, local factors – rather than the overall national economy, or the industry mix – were responsible for the largest share of the employment growth. In particular, the transportation and warehousing (NAICS 48-49) and professional, scientific, and technical services (NAICS 54) categories were areas of strength for the region; both experienced growth in the MSA even as their national counterparts declined.

The table below uses the results of the shift-share analysis to identify industries based on the following criteria:

- Industry with regional (Columbus MSA) employment of 500 or more;
- Regional growth rate exceeding the national growth rate – the industry added employment at a rate that was faster than its national counterpart;
- Declining nationally but growing regionally – the industry experienced job growth in the MSA, but lost employment nationally;
- Declining nationally and regionally, but a positive competitive share – local factors had a positive influence on that industry's performance, indicating a possible competitive advantage.

Change in Employment by 3-Digit NAICS Code, Columbus MSA Compared to Nation, 2000-2004							
NAICS Code	Description	MSA Employment		Change		National % Chg	# Jobs - Competitive Share*
		2000	2004	Net Chg	% Chg		
Regional Growth Rate > National Growth Rate							
621	Ambulatory Health Care Services	28,368	33,694	5,326	18.8%	14.5%	1,218
622	Hospitals	20,917	24,454	3,537	16.9%	8.5%	1,765
493	Warehousing and Storage	7,614	10,338	2,724	35.8%	7.8%	2,129
623	Nursing and Residential Care Facilities	16,493	19,196	2,703	16.4%	9.0%	1,212
813	Membership Organizations and Associations	9,529	10,041	512	5.4%	4.5%	81
713	Amusement, Gambling, and Recreation Industries	7,415	7,803	388	5.2%	0.3%	362
711	Performing Arts and Spectator Sports	2,213	2,510	297	13.4%	1.8%	257
Declining Nationally But Growing Regionally							
445	Food and Beverage Stores	12,527	14,016	1,489	11.9%	-5.1%	2,132
481	Air Transportation	2,565	3,839	1,274	49.7%	-15.8%	1,679
541	Professional, Scientific, and Technical Services	50,581	51,501	920	1.8%	-0.6%	1,200
488	Support Activities for Transportation	3,720	4,001	281	7.6%	-0.6%	305
811	Repair and Maintenance	8,032	8,156	124	1.5%	-2.0%	288
Declining Regionally and Nationally, But Positive Local Share							
336	Transportation Equipment Manufacturing	17,468	16,966	-502	-2.9%	-14.2%	1,984
511	Publishing Industries	6,094	6,071	-23	-0.4%	-11.8%	694
484	Truck Transportation	11,198	11,064	-134	-1.2%	-4.4%	355
447	Gasoline Stations	5,220	5,218	-2	0.0%	-6.8%	355
323	Printing and Related Support Activities	5,194	4,572	-622	-12.0%	-18.5%	339
339	Miscellaneous Manufacturing	3,582	3,429	-153	-4.3%	-11.8%	268
337	Furniture and Related Product Manufacturing	1,853	1,754	-99	-5.3%	-17.1%	218
517	Telecommunications	8,521	7,087	-1,434	-16.8%	-19.0%	187
325	Chemical Manufacturing	6,519	5,999	-520	-8.0%	-10.1%	139

Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.
Includes industries with MSA employment of 500 or more.
** - Indicates the extent to which local factors (as opposed to national economic and industry conditions) affected to employment growth or decline*

Combined with the employment data and location quotients, the analysis suggests several industries that present opportunities for the Columbus metropolitan area and the Village of New Albany, as follows:

- *Transportation and warehousing*, especially *air transportation* (NAICS 481), *warehousing and storage* (NAICS 493), and *transportation support activities* (NAICS 488);
- *Health care*, including *ambulatory health care services* (NAICS 621), *hospitals* (NAICS 622), and *nursing and residential care facilities* (NAICS 623);
- *Professional, scientific, and technical services* (NAICS 541);
- *Management of companies and enterprises* (NAICS 551);
- *Membership organizations and associations* (NAICS 813);
- *Financial investment* (NAICS 523); and
- *Amusement, gambling, and recreation industries* (NAICS 713).

Appendix: Employment and Location Quotients by 2- and 3-Digit NAICS Code Industry, Columbus MSA 2000-2004										
		Columbus MSA Employment			Location Quotient (MSA: US)			Location Quotient (MSA: Ohio)		
NAICS Code	Description	2000	2004	% Change	2000	2004	% Change	2000	2004	% Change
-	**Total, All Private Sector**	**749,285**	**743,233**	**-0.8%**	**1.00**	**1.00**	**0.0%**	**0.98**	**0.98**	**0.1%**
11	**Agriculture, Forestry, Fishing and Hunting**	**1,996**	**1,936**	**-3.0%**	**0.24**	**0.24**	**0.0%**	**0.81**	**0.80**	**-1.7%**
22	**Utilities**	**3,427**	**2,862**	**-16.5%**	**0.84**	**0.74**	**-11.9%**	**0.88**	**0.84**	**-4.1%**
23	**Construction**	**41,403**	**39,573**	**-4.4%**	**0.91**	**0.83**	**-8.8%**	**1.05**	**1.01**	**-3.8%**
236	Construction of Buildings	8,492	8,830	4.0%	0.80	0.79	-1.1%	0.92	0.93	1.2%
237	Heavy and Civil Engineering Construction	5,410	4,428	-18.2%	0.85	0.72	-15.1%	1.21	1.12	-8.1%
238	Specialty Trade Contractors	27,501	26,315	-4.3%	0.97	0.87	-10.0%	1.06	1.02	-4.2%
31	**Manufacturing**	**100,366**	**81,223**	**-19.1%**	**0.85**	**0.83**	**-2.4%**	**0.61**	**0.59**	**-3.7%**
311	Food Manufacturing	8,286	8,104	-2.2%	0.78	0.79	1.5%	0.90	0.89	-1.2%
312	Beverage and Tobacco Product Manufacturing	2,440	2,361	-3.2%	1.72	1.78	3.0%	2.22	1.92	-13.6%
314	Textile Product Mills	352	201	-42.9%	0.24	0.17	-29.7%	0.39	0.25	-35.7%
315	Apparel Manufacturing	325	235	-27.7%	0.09	0.12	26.9%	0.66	0.47	-27.9%
321	Wood Product Manufacturing	1,423	1,154	-18.9%	0.34	0.31	-9.7%	0.39	0.38	-3.3%
322	Paper Manufacturing	2,102	1,799	-14.4%	0.51	0.53	4.2%	0.41	0.41	1.8%
323	Printing and Related Support Activities	5,194	4,572	-12.0%	0.94	1.01	7.3%	0.79	0.83	4.5%
324	Petroleum and Coal Product Manufacturing	270	176	-34.8%	0.32	0.23	-28.8%	0.31	0.22	-26.8%
325	Chemical Manufacturing	6,519	5,999	-8.0%	0.97	0.99	1.7%	0.77	0.74	-3.3%
326	Plastics and Rubber Products Manufacturing	5,761	4,644	-19.4%	0.88	0.84	-4.7%	0.39	0.38	-2.5%
327	Nonmetallic Mineral Product Manufacturing	9,112	6,294	-30.9%	2.40	1.84	-23.2%	1.33	1.11	-16.3%
331	Primary Metal Manufacturing	3,383	1,344	-60.3%	0.80	0.42	-47.3%	0.27	0.15	-44.4%
332	Fabricated Metal Product Manufacturing	9,873	8,131	-17.6%	0.82	0.80	-2.6%	0.44	0.42	-4.9%
333	Machinery Manufacturing	9,182	7,134	-22.3%	0.92	0.91	-1.1%	0.52	0.51	-1.8%
334	Computer and Electronic Product Manufacturing	9,794	4,678	-52.2%	0.80	0.52	-34.8%	1.51	1.17	-22.3%
335	Electrical Equipment, Appliance, and Component Manufacturing	2,752	2,117	-23.1%	0.68	0.69	1.9%	0.40	0.37	-6.7%
336	Transportation Equipment Manufacturing	17,468	16,966	-2.9%	1.25	1.40	12.5%	0.59	0.67	12.9%
337	Furniture and Related Product Manufacturing	1,853	1,754	-5.3%	0.40	0.45	13.4%	0.44	0.47	7.3%
339	Miscellaneous Manufacturing	3,582	3,429	-4.3%	0.71	0.76	7.7%	0.69	0.76	9.2%
42	**Wholesale Trade**	**35,237**	**34,671**	**-1.6%**	**0.90**	**0.89**	**-0.6%**	**0.88**	**0.89**	**0.8%**
424	Merchant Wholesalers, Nondurable Goods	10,537	9,282	-11.9%	0.77	0.68	-12.2%	0.83	0.73	-12.6%
44-45	**Retail Trade**	**120,226**	**108,866**	**-9.4%**	**1.15**	**1.05**	**-8.8%**	**1.11**	**1.04**	**-6.2%**
442	Furniture and Home Furnishings Stores	3,976	3,945	-0.8%	1.06	1.02	-4.3%	1.16	1.17	0.7%
443	Electronics and Appliance Stores	5,597	4,157	-25.7%	1.45	1.16	-19.8%	1.38	1.19	-13.3%
445	Food and Beverage Stores	12,527	14,016	11.9%	0.62	0.72	17.1%	0.73	0.78	6.3%
447	Gasoline Stations	5,220	5,218	0.0%	0.82	0.87	6.6%	0.86	0.87	0.5%
452	General Merchandise Stores	31,019	22,192	-28.5%	1.61	1.13	-29.8%	1.29	1.07	-17.1%
453	Miscellaneous Store Retailers	7,531	6,858	-8.9%	1.08	1.09	0.2%	1.02	1.04	1.3%
48-49	**Transportation and Warehousing**	**31,806**	**35,138**	**10.5%**	**1.11**	**1.28**	**14.6%**	**1.22**	**1.33**	**8.4%**
481	Air Transportation	2,565	3,839	49.7%	0.62	1.09	76.5%	1.48	1.85	24.5%
484	Truck Transportation	11,198	11,064	-1.2%	1.16	1.19	2.6%	1.07	1.02	-4.4%
485	Transit and Ground Passenger Transportation	868	785	-9.6%	0.34	0.30	-12.5%	0.77	0.62	-18.9%
488	Support Activities for Transportation	3,720	4,001	7.6%	1.02	1.10	7.5%	1.11	1.38	25.1%
492	Couriers and Messengers	5,692	5,005	-12.1%	1.36	1.31	-3.8%	1.15	1.06	-7.9%
493	Warehousing and Storage	7,614	10,338	35.8%	2.17	2.71	25.1%	1.96	2.37	20.7%
51	**Information**	**NA**	**19,367**	**NA**	**NA**	**0.91**	**NA**	**NA**	**1.25**	**NA**
511	Publishing Industries	6,094	6,071	-0.4%	0.87	0.97	12.1%	1.03	1.13	9.2%
512	Motion Picture and Sound Recording Industries	1,706	1,088	-36.2%	0.65	0.42	-36.2%	1.37	1.02	-25.9%
515	Broadcasting (except Internet)	1,569	1,391	-11.3%	0.68	0.63	-7.9%	1.01	0.95	-6.3%
517	Telecommunications	8,521	7,087	-16.8%	0.99	1.00	2.0%	1.42	1.37	-3.2%

Appendix: Employment and Location Quotients by 2- and 3-Digit NAICS Code Industry, Columbus MSA 2000-2004										
		Columbus MSA Employment			Location Quotient (MSA: US)			Location Quotient (MSA: Ohio)		
NAICS Code	Description	2000	2004	% Change	2000	2004	% Change	2000	2004	% Change
518	ISPs, Search Portals, & Data Processing	4,766	3,445	-27.7%	1.37	1.31	-3.9%	2.44	2.09	-14.4%
519	Other Information Services	167	203	21.6%	0.54	0.60	10.5%	NA	0.97	NA
52	**Finance and Insurance**	**56,194**	**57,215**	**1.8%**	**1.48**	**1.43**	**-3.4%**	**1.57**	**1.47**	**-6.4%**
523	Financial Investment and Related Activity	3,785	3,557	-6.0%	0.69	0.68	-1.2%	1.36	1.28	-5.9%
524	Insurance Carriers and Related Activities	27,239	NA	NA	1.91	NA	NA	1.83	NA	NA
53	**Real Estate and Rental and Leasing**	**14,921**	**14,861**	**-0.4%**	**1.08**	**1.04**	**-3.6%**	**1.27**	**1.27**	**-0.3%**
531	Real Estate	10,662	10,843	1.7%	1.19	1.12	-5.5%	1.45	1.41	-3.4%
532	Rental and Leasing Services	4,132	3,910	-5.4%	0.90	0.89	-0.8%	0.97	1.01	4.4%
533	Lessors of Nonfinancial Intangible Assets	127	108	-15.0%	0.65	0.60	-6.4%	1.17	0.97	-17.4%
54	**Professional, Scientific, and Technical Services**	**50,581**	**51,501**	**1.8%**	**1.09**	**1.11**	**1.7%**	**1.33**	**1.37**	**2.8%**
541	Professional, Scientific, and Technical Services	50,581	51,501	1.8%	1.09	1.11	1.7%	1.33	1.37	2.8%
55	**Management of Companies and Enterprises**	**NA**	**17,600**	**NA**	**NA**	**1.51**	**NA**	**NA**	**1.12**	**NA**
56	**Administrative and Waste Services**	**NA**	**61,610**	**NA**	**NA**	**1.15**	**NA**	**NA**	**1.20**	**NA**
61	**Educational Services**	**9,461**	**NA**	**NA**	**0.77**	**NA**	**NA**	**0.84**	**NA**	**NA**
62	**Health Care and Social Assistance**	**75,953**	**NA**	**NA**	**0.89**	**NA**	**NA**	**0.80**	**NA**	**NA**
621	Ambulatory Health Care Services	28,368	33,694	18.8%	0.96	0.99	3.0%	0.94	0.96	1.9%
622	Hospitals	20,917	24,454	16.9%	0.78	0.84	7.0%	0.66	0.68	2.4%
623	Nursing and Residential Care Facilities	16,493	19,196	16.4%	0.94	0.99	6.0%	0.71	0.72	1.4%
71	**Arts, Entertainment, and Recreation**	**11,202**	**11,242**	**0.4%**	**0.89**	**0.88**	**-1.3%**	**0.99**	**0.97**	**-1.9%**
711	Performing Arts and Spectator Sports	2,213	2,510	13.4%	0.87	0.96	10.6%	1.00	1.08	7.8%
712	Museums, Historical Sites, and Similar Institutions	1,574	929	-41.0%	2.08	1.16	-44.3%	1.54	0.97	-37.1%
713	Amusement, Gambling, and Recreation Industries	7,415	7,803	5.2%	0.80	0.84	4.2%	0.92	0.94	2.6%
72	**Accommodation and Food Services**	**67,744**	**75,618**	**11.6%**	**0.99**	**1.04**	**4.8%**	**1.02**	**1.06**	**3.7%**
721	Accommodation	NA	7,296	NA	NA	0.60	NA	NA	1.27	NA
722	Food Services and Drinking Places	NA	68,321	NA	NA	1.13	NA	NA	1.04	NA
81	**Other Services (except Public Administration)**	**NA**	**29,076**	**NA**	**NA**	**0.99**	**NA**	**NA**	**1.02**	**NA**
811	Repair and Maintenance	8,032	8,156	1.5%	0.94	0.97	3.0%	0.97	1.00	3.4%
812	Personal and Laundry Services	NA	9,859	NA	NA	1.13	NA	NA	0.98	NA
813	Membership Organizations and Associations	9,529	10,041	5.4%	1.13	1.13	0.1%	1.01	1.08	6.9%
814	Private Households	998	1,020	2.2%	0.35	0.30	-15.4%	0.92	1.06	15.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.

Appendix: Shift Share Analysis of Employment Change in the Columbus MSA, 2000-2004

										Components of Metro Employment Change					
		MSA Employment				U.S. Employment				National Growth Component		Industry Mix Component		Competitive Share Component	
NAICS Code	Description	2000	2004	Change	% Chg	2000	2004	Change	% Chg	Percent	# Jobs	Percent	# Jobs	Percent	# Jobs
-	**Total, All Industries**	**885,806**	**887,728**	**1,922**	**0.2%**	**129,879,584**	**129,278,176**	**-601,408**	**-0.5%**	**-0.5%**	**-4,102**	**0.0%**	**0**	**0.7%**	**6,024**
-	**Total, All Private**	**749,285**	**743,233**	**-6,052**	**-0.8%**	**110,023,983**	**108,490,066**	**-1,533,917**	**-1.4%**	**-0.5%**	**-3,470**	**-0.9%**	**-6,977**	**0.6%**	**4,394**
11	**Agriculture, Forestry, Fishing and Hunting**	**1,996**	**1,936**	**-60**	**-3.0%**	**1,194,744**	**1,155,106**	**-39,638**	**-3.3%**	**-0.5%**	**-9**	**-2.9%**	**-57**	**0.3%**	**6**
21	**Mining**	**660**	**562**	**-98**	**-14.8%**	**511,403**	**519,931**	**8,528**	**1.7%**	**-0.5%**	**-3**	**2.1%**	**14**	**-16.5%**	**-109**
22	**Utilities**	**3,427**	**2,862**	**-565**	**-16.5%**	**601,369**	**563,931**	**-37,438**	**-6.2%**	**-0.5%**	**-16**	**-5.8%**	**-197**	**-10.3%**	**-352**
221	Utilities	3,427	2,862	-565	-16.5%	601,369	563,931	-37,438	-6.2%	-0.5%	-16	-5.8%	-197	-10.3%	-352
23	**Construction**	**41,403**	**39,573**	**-1,830**	**-4.4%**	**6,653,366**	**6,916,398**	**263,032**	**4.0%**	**-0.5%**	**-192**	**4.4%**	**1,829**	**-8.4%**	**-3,467**
236	Construction of Buildings	8,492	8,830	338	4.0%	1,549,297	1,618,549	69,252	4.5%	-0.5%	-39	4.9%	419	-0.5%	-42
237	Heavy and Civil Engineering Construction	5,410	4,428	-982	-18.2%	934,218	894,976	-39,242	-4.2%	-0.5%	-25	-3.7%	-202	-14.0%	-755
238	Specialty Trade Contractors	27,501	26,315	-1,186	-4.3%	4,169,851	4,402,873	233,022	5.6%	-0.5%	-127	6.1%	1,664	-9.9%	-2,723
31	**Manufacturing**	**100,366**	**81,223**	**-19,143**	**-19.1%**	**17,314,423**	**14,257,380**	**-3,057,043**	**-17.7%**	**-0.5%**	**-465**	**-17.2%**	**-17,256**	**-1.4%**	**-1,422**
311	Food Manufacturing	8,286	8,104	-182	-2.2%	1,557,891	1,490,443	-67,448	-4.3%	-0.5%	-38	-3.9%	-320	2.1%	177
312	Beverage and Tobacco Product Manufacturing	2,440	2,361	-79	-3.2%	207,566	193,682	-13,884	-6.7%	-0.5%	-11	-6.2%	-152	3.5%	84
314	Textile Product Mills	352	201	-151	-42.9%	218,444	176,243	-42,201	-19.3%	-0.5%	-2	-18.9%	-66	-23.6%	-83
315	Apparel Manufacturing	325	235	-90	-27.7%	503,118	284,733	-218,385	-43.4%	-0.5%	-2	-42.9%	-140	15.7%	51
321	Wood Product Manufacturing	1,423	1,154	-269	-18.9%	614,106	547,973	-66,133	-10.8%	-0.5%	-7	-10.3%	-147	-8.1%	-116
322	Paper Manufacturing	2,102	1,799	-303	-14.4%	604,776	493,341	-111,435	-18.4%	-0.5%	-10	-18.0%	-378	4.0%	84
323	Printing and Related Support Activities	5,194	4,572	-622	-12.0%	808,065	658,480	-149,585	-18.5%	-0.5%	-24	-18.0%	-937	6.5%	339
324	Petroleum and Coal Product Manufacturing	270	176	-94	-34.8%	123,485	112,302	-11,183	-9.1%	-0.5%	-1	-8.6%	-23	-25.8%	-70
325	Chemical Manufacturing	6,519	5,999	-520	-8.0%	981,005	881,799	-99,206	-10.1%	-0.5%	-30	-9.6%	-629	2.1%	139
326	Plastics and Rubber Products Manufacturing	5,761	4,644	-1,117	-19.4%	957,016	803,718	-153,298	-16.0%	-0.5%	-27	-15.6%	-896	-3.4%	-194
327	Nonmetallic Mineral Product Manufacturing	9,112	6,294	-2,818	-30.9%	557,828	498,486	-59,342	-10.6%	-0.5%	-42	-10.2%	-927	-20.3%	-1,849
331	Primary Metal Manufacturing	3,383	1,344	-2,039	-60.3%	622,791	465,993	-156,798	-25.2%	-0.5%	-16	-24.7%	-836	-35.1%	-1,187
332	Fabricated Metal Product Manufacturing	9,873	8,131	-1,742	-17.6%	1,773,470	1,488,713	-284,757	-16.1%	-0.5%	-46	-15.6%	-1,540	-1.6%	-157
333	Machinery Manufacturing	9,182	7,134	-2,048	-22.3%	1,456,980	1,136,771	-320,209	-22.0%	-0.5%	-43	-21.5%	-1,975	-0.3%	-30
334	Computer and Electronic Product Manufacturing	9,794	4,678	-5,116	-52.2%	1,806,140	1,314,936	-491,204	-27.2%	-0.5%	-45	-26.7%	-2,618	-25.0%	-2,452
335	Electrical Equipment, Appliance, and Component Manufacturing	2,752	2,117	-635	-23.1%	592,137	443,840	-148,297	-25.0%	-0.5%	-13	-24.6%	-676	2.0%	54
336	Transportation Equipment Manufacturing	17,468	16,966	-502	-2.9%	2,055,985	1,763,438	-292,547	-14.2%	-0.5%	-81	-13.8%	-2,405	11.4%	1,984
337	Furniture and Related Product Manufacturing	1,853	1,754	-99	-5.3%	685,665	568,548	-117,117	-17.1%	-0.5%	-9	-16.6%	-308	11.7%	218
339	Miscellaneous Manufacturing	3,582	3,429	-153	-4.3%	740,674	653,623	-87,051	-11.8%	-0.5%	-17	-11.3%	-404	7.5%	268
42	**Wholesale Trade**	**35,237**	**34,671**	**-566**	**-1.6%**	**5,740,969**	**5,642,537**	**-98,432**	**-1.7%**	**-0.5%**	**-163**	**-1.3%**	**-441**	**0.1%**	**38**
424	Merchant Wholesalers, Nondurable Goods	10,537	9,282	-1,255	-11.9%	2,006,512	1,999,979	-6,533	-0.3%	-0.5%	-49	0.1%	14	-11.6%	-1,221
44-45	**Retail Trade**	**120,226**	**108,866**	**-11,360**	**-9.4%**	**15,278,064**	**15,060,686**	**-217,378**	**-1.4%**	**-0.5%**	**-557**	**-1.0%**	**-1,154**	**-8.0%**	**-9,649**
442	Furniture and Home Furnishings Stores	3,976	3,945	-31	-0.8%	547,809	563,822	16,013	2.9%	-0.5%	-18	3.4%	135	-3.7%	-147
443	Electronics and Appliance Stores	5,597	4,157	-1,440	-25.7%	567,277	521,839	-45,438	-8.0%	-0.5%	-26	-7.5%	-422	-17.7%	-992
445	Food and Beverage Stores	12,527	14,016	1,489	11.9%	2,970,658	2,818,261	-152,397	-5.1%	-0.5%	-58	-4.7%	-585	17.0%	2,132
447	Gasoline Stations	5,220	5,218	-2	0.0%	936,854	872,863	-63,991	-6.8%	-0.5%	-24	-6.4%	-332	6.8%	355
452	General Merchandise Stores	31,019	22,192	-8,827	-28.5%	2,816,374	2,851,259	34,885	1.2%	-0.5%	-144	1.7%	528	-29.7%	-9,211
453	Miscellaneous Store Retailers	7,531	6,858	-673	-8.9%	1,017,954	918,450	-99,504	-9.8%	-0.5%	-35	-9.3%	-701	0.8%	63
48-49	**Transportation and Warehousing**	**31,806**	**35,138**	**3,332**	**10.5%**	**4,188,864**	**4,009,165**	**-179,699**	**-4.3%**	**-0.5%**	**-147**	**-3.8%**	**-1,217**	**14.8%**	**4,696**
481	Air Transportation	2,565	3,839	1,274	49.7%	609,383	513,180	-96,203	-15.8%	-0.5%	-12	-15.3%	-393	65.5%	1,679
484	Truck Transportation	11,198	11,064	-134	-1.2%	1,412,426	1,350,775	-61,651	-4.4%	-0.5%	-52	-3.9%	-437	3.2%	355
485	Transit and Ground Passenger Transportation	868	782	-86	-9.9%	370,168	378,352	8,184	2.2%	-0.5%	-4	2.7%	23	-12.1%	-105
488	Support Activities for Transportation	3,720	4,001	281	7.6%	533,995	530,614	-3,381	-0.6%	-0.5%	-17	-0.2%	-6	8.2%	305
492	Couriers and Messengers	5,692	5,005	-687	-12.1%	614,161	557,491	-56,670	-9.2%	-0.5%	-26	-8.8%	-499	-2.8%	-162
493	Warehousing and Storage	7,614	10,338	2,724	35.8%	515,490	555,771	40,281	7.8%	-0.5%	-35	8.3%	630	28.0%	2,129
51	**Information**	**NA**	**19,367**	**NA**	**NA**	**3,623,400**	**3,099,633**	**-523,767**	**-14.5%**	**-0.5%**	**NA**	**NA**	**NA**	**NA**	**NA**
511	Publishing Industries	6,094	6,071	-23	-0.4%	1,028,514	907,542	-120,972	-11.8%	-0.5%	-28	-11.3%	-689	11.4%	694
512	Motion Picture and Sound Recording Industries	1,706	1,088	-618	-36.2%	382,923	380,300	-2,623	-0.7%	-0.5%	-8	-0.2%	-4	-35.5%	-606
515	Broadcasting (except Internet)	1,569	1,391	-178	-11.3%	338,592	323,639	-14,953	-4.4%	-0.5%	-7	-4.0%	-62	-6.9%	-109
517	Telecommunications	8,521	7,087	-1,434	-16.8%	1,268,221	1,026,957	-241,264	-19.0%	-0.5%	-39	-18.6%	-1,582	2.2%	187
518	ISPs, Search Portals, & Data Processing	4,766	3,445	-1,321	-27.7%	511,918	382,545	-129,373	-25.3%	-0.5%	-22	-24.8%	-1,182	-2.4%	-117
519	Other Information Services	167	203	36	21.6%	45,201	49,398	4,197	9.3%	-0.5%	-1	9.7%	16	12.3%	20
52	**Finance and Insurance**	**56,194**	**57,215**	**1,021**	**1.8%**	**5,550,325**	**5,813,299**	**262,974**	**4.7%**	**-0.5%**	**-260**	**5.2%**	**2,923**	**-2.9%**	**-1,641**
523	Financial Investment and Related Activity	3,785	3,557	-228	-6.0%	810,036	765,202	-44,834	-5.5%	-0.5%	-18	-5.1%	-192	-0.5%	-19
524	Insurance Carriers and Related Activities	27,239	NA	NA	NA	2,090,340	2,127,872	37,532	1.8%	-0.5%	-126	NA	NA	NA	NA
53	**Real Estate and Rental and Leasing**	**14,921**	**14,861**	**-60**	**-0.4%**	**2,024,291**	**2,077,487**	**53,196**	**2.6%**	**-0.5%**	**-69**	**3.1%**	**461**	**-3.0%**	-452

Appendix: Shift Share Analysis of Employment Change in the Columbus MSA, 2000-2004

										Components of Metro Employment Change					
		MSA Employment				U.S. Employment				National Growth Component		Industry Mix Component		Competitive Share Component	
NAICS Code	Description	2000	2004	Change	% Chg	2000	2004	Change	% Chg	Percent	# Jobs	Percent	# Jobs	Percent	# Jobs
531	Real Estate	10,662	10,843	181	1.7%	1,319,177	1,410,422	91,245	6.9%	-0.5%	-49	7.4%	787	-5.2%	-556
532	Rental and Leasing Services	4,132	3,910	-222	-5.4%	676,252	641,022	-35,230	-5.2%	-0.5%	-19	-4.7%	-196	-0.2%	-7
533	Lessors of Nonfinancial Intangible Assets	127	108	-19	-15.0%	28,862	26,043	-2,819	-9.8%	-0.5%	-1	-9.3%	-12	-5.2%	-7
54	**Professional, Scientific, and Technical Services**	**50,581**	**51,501**	**920**	**1.8%**	**6,806,552**	**6,768,868**	**-37,684**	**-0.6%**	**-0.5%**	**-234**	**-0.1%**	**-46**	**2.4%**	**1,200**
541	Professional, Scientific, and Technical Services	50,581	51,501	920	1.8%	6,806,552	6,768,868	-37,684	-0.6%	-0.5%	-234	-0.1%	-46	2.4%	1,200
55	**Management of Companies and Enterprises**	**NA**	**17,600**	**NA**	**NA**	**1,783,807**	**1,696,537**	**-87,270**	**-4.9%**	**-0.5%**	**NA**	**NA**	**NA**	**NA**	**NA**
56	**Administrative and Waste Services**	**NA**	**61,610**	**NA**	**NA**	**8,046,188**	**7,829,371**	**-216,817**	**-2.7%**	**-0.5%**	**NA**	**NA**	**NA**	**NA**	**NA**
61	**Educational Services**	**9,461**	**NA**	**NA**	**NA**	**1,806,564**	**2,079,232**	**272,668**	**15.1%**	**-0.5%**	**NA**	**NA**	**NA**	**NA**	**NA**
62	**Health Care and Social Assistance**	**75,953**	**NA**	**NA**	**NA**	**12,565,032**	**14,005,731**	**1,440,699**	**11.5%**	**-0.5%**	**-352**	**NA**	**NA**	**NA**	**NA**
621	Ambulatory Health Care Services	28,368	33,694	5,326	18.8%	4,313,020	4,937,542	624,522	14.5%	-0.5%	-131	14.9%	4,239	4.3%	1,218
622	Hospitals	20,917	24,454	3,537	16.9%	3,915,032	4,246,724	331,692	8.5%	-0.5%	-97	8.9%	1,869	8.4%	1,765
623	Nursing and Residential Care Facilities	16,493	19,196	2,703	16.4%	2,577,174	2,810,169	232,995	9.0%	-0.5%	-76	9.5%	1,567	7.3%	1,212
71	**Arts, Entertainment, and Recreation**	**11,202**	**11,242**	**40**	**0.4%**	**1,835,540**	**1,852,920**	**17,380**	**0.9%**	**-0.5%**	**-52**	**1.4%**	**158**	**-0.6%**	**-66**
711	Performing Arts and Spectator Sports	2,213	2,510	297	13.4%	373,717	380,542	6,825	1.8%	-0.5%	-10	2.3%	51	11.6%	257
712	Museums, Historical Sites, and Similar Institutions	1,574	929	-645	-41.0%	111,060	116,933	5,873	5.3%	-0.5%	-7	5.8%	91	-46.3%	-728
713	Amusement, Gambling, and Recreation Industries	7,415	7,803	388	5.2%	1,350,763	1,355,446	4,683	0.3%	-0.5%	-34	0.8%	60	4.9%	362
72	**Accommodation and Food Services**	**67,744**	**75,618**	**7,874**	**11.6%**	**10,032,436**	**10,614,677**	**582,241**	**5.8%**	**-0.5%**	**-314**	**6.3%**	**4,245**	**5.8%**	**3,942**
721	Accommodation	NA	7,296	NA	NA	1,867,678	1,785,041	-82,637	-4.4%	-0.5%	NA	NA	NA	NA	NA
722	Food Services and Drinking Places	NA	68,321	NA	NA	8,164,758	8,829,636	664,878	8.1%	-0.5%	NA	NA	NA	NA	NA
81	**Other Services (except Public Administration)**	**NA**	**29,076**	**NA**	**NA**	**4,147,075**	**4,287,999**	**140,924**	**3.4%**	**-0.5%**	**NA**	**NA**	**NA**	**NA**	**NA**
811	Repair and Maintenance	8,032	8,156	124	1.5%	1,247,458	1,221,991	-25,467	-2.0%	-0.5%	-37	-1.6%	-127	3.6%	288
812	Personal and Laundry Services	NA	9,859	NA	NA	1,239,599	1,266,102	26,503	2.1%	-0.5%	NA	NA	NA	NA	NA
813	Membership Organizations and Associations	9,529	10,041	512	5.4%	1,240,966	1,297,153	56,187	4.5%	-0.5%	-44	5.0%	476	0.8%	81
814	Private Households	998	1,020	22	2.2%	419,052	502,754	83,702	20.0%	-0.5%	-5	20.4%	204	-17.8%	-177

Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.

With limited exceptions, 3-digit industries for which 2000 or 2004 MSA data is "NA" have been deleted

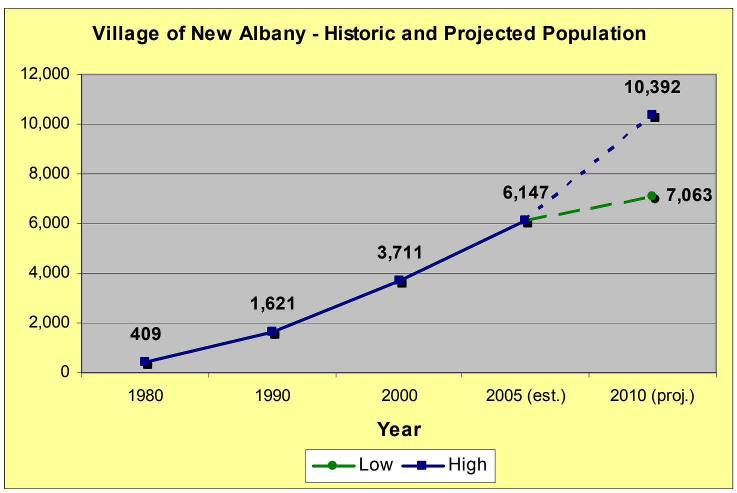
Appendix II
Analysis of Demographic Trends

Analysis of Demographic Trends

Summary

This analysis looks at historic, existing, and projected demographic trends in the Village of New Albany, including population, age, and educational attainment levels. The major findings of this analysis are as follows:

- The Village population in 2010 will probably fall somewhere between 7,063 and 10,392 (as shown in the chart below.) The low figure assumes that no residential growth will occur in the Village beyond the housing units permitted through 2006; the high figure assumes that the rate of residential growth between 2005 and 2010 will be consistent with the growth rate of the previous five-year period.



- The higher population forecast represents a continuation of the status quo. Because it is based on the patterns of residential growth in the last five years, the "high" figure represents the likely direction of population growth in New Albany absent changes in policy (such as land use regulations) that impact patterns of development.

- Although the number of working-age adults – those between 25 and 64 years of age – is projected to increase with overall population growth in the Village of New Albany, the *proportion* is expected to decline from 55.2% of the population in 2000 to 50.8% in 2010. This is a natural consequence of a "maturing" community such as the Village.

- Residents of the Village of New Albany are generally well-educated and white-collar. More than half of Village residents aged 25 and over have a bachelor's degree or higher, and nearly 22% have a graduate or professional degree. Fully 61% are in management, professional, and related occupations.

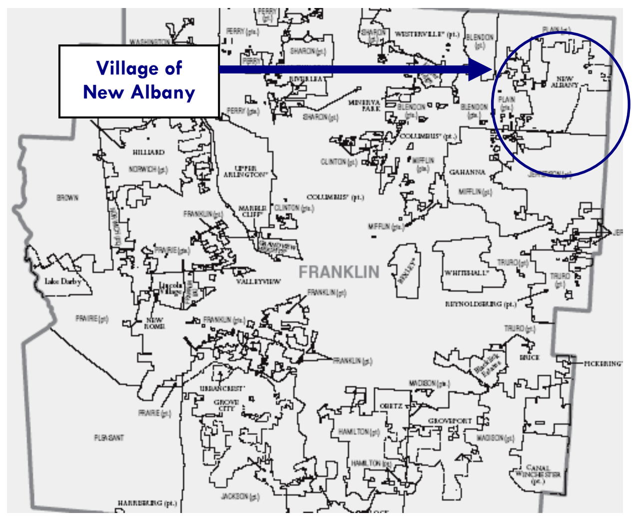
- According to the 2000 Census, 77.5% of New Albany residents participating in the labor force work outside the Village but in Franklin County. Only 14.8% work in the Village itself. The remainder (7.7%) work outside of Franklin County.

Introduction

As part of the economic development profile, Camoin Associates analyzed Village demographic characteristics, including population, age, and educational attainment levels that impact the quantity and quality of the labor supply. The analysis considered historic, existing, and projected demographic trends and their potential impact on employment patterns and business growth in the Village. Demographic characteristics of the larger trade area are addressed in the retail market analysis section.

Regional Context

The Village of New Albany is located in northeastern Franklin County in the Columbus MSA. Covering approximately 8.5 square miles, the Village is bordered by the Cities of Columbus and Gahanna and Plain Township.



The Village of New Albany has grown rapidly over the past two decades, from a small agrarian community of 409 residents in 1980. According to the 2000 Census, New Albany had a population of 3,711, more than double its 1990 population of 1,621. As noted in the Village's 2001 Strategic Plan, the growth trend is due in large part to the completion of the New Albany Expressway, which "opened the Village to large-scale campus-style business development and helped spur the development of the Country Club Community that is currently the focus of residential living in the Village."[1] During the 1990s, the Village experienced a dramatic increase in its housing stock, resulting in the net growth of nearly 800 additional housing units.

According to the Mid-Ohio Regional Planning Commission, the central Ohio region has experienced marked population growth, outpacing other regions in the state, and will continue to do so for the foreseeable future. Franklin County will continue to absorb the largest share of population growth in the region; however, its share is projected to decline in the coming years as the surrounding counties attract more people.[2]

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1 Village of New Albany Strategic Plan, 2001, page 4.

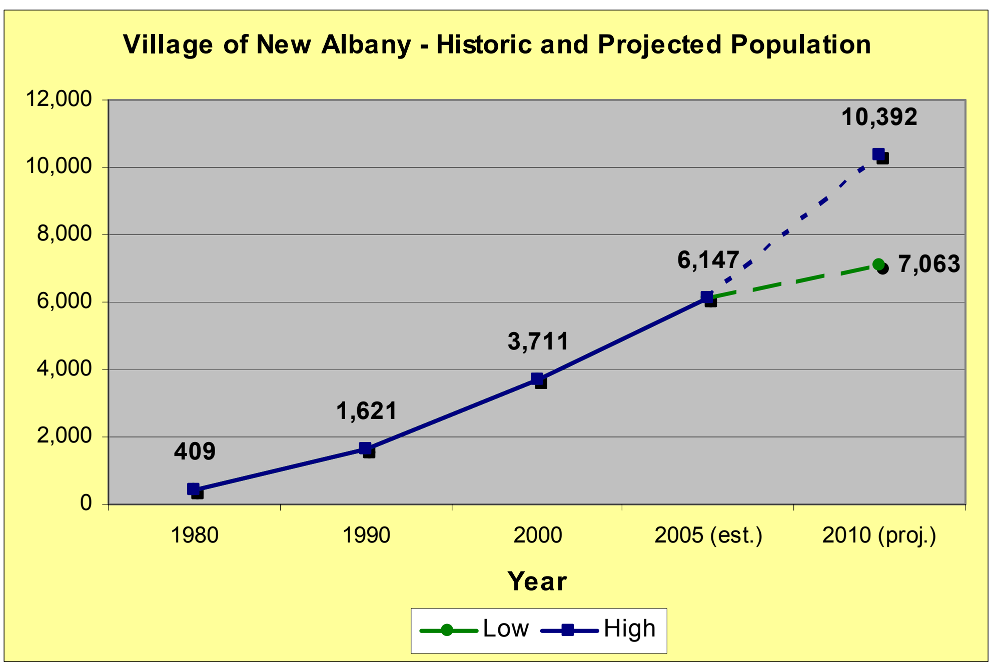
2 Mid-Ohio Regional Planning Commission, *Regional Fact Book* (resource document prepared for the Regional Connections visioning project), August 2004, page 2.1.

Population & Households

The table below shows the historical population trends in the Village of New Albany based on the decennial Census (1980, 1990, and 2000) with population estimates for 2005 and projections for 2010. The 2005 figure was generated by the Village of New Albany Development Department and is based on residential building permits issued from 2000 through 2004. Two assumptions were used to generate population projections to 2010:

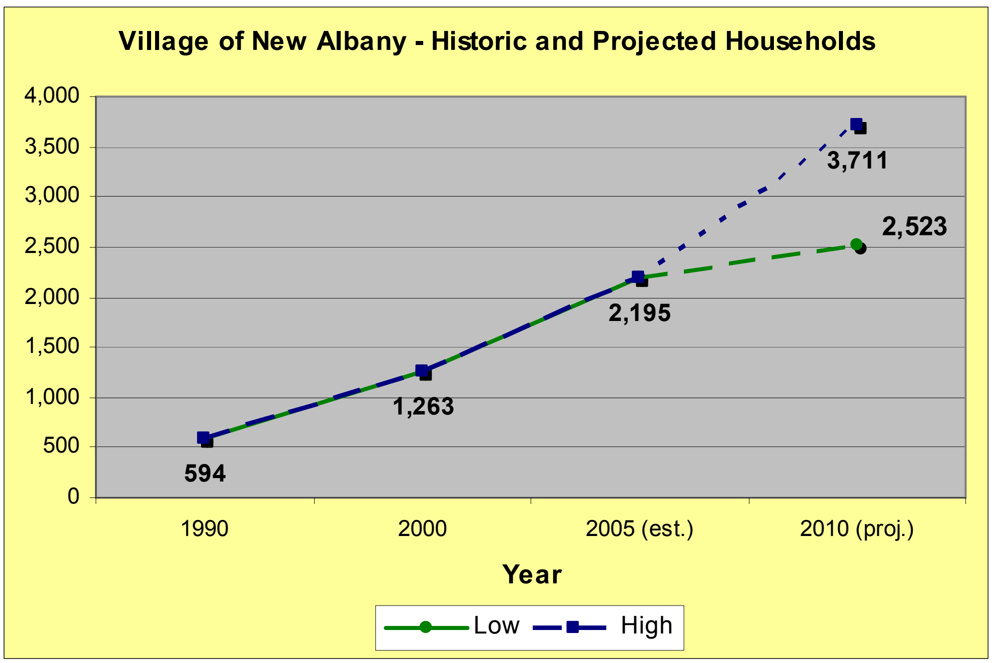
- the "low" figure assumes *no* residential growth will occur in the Village beyond the housing units permitted through 2006;
- the "high" figure assumes that the rate of residential growth between 2005 and 2010 will be consistent with the growth rate during the previous five-year period, or about 13% per annum.

In both cases, the estimates of population assume an average household size of 2.8 persons. In all likelihood, the 2010 population in the Village of New Albany will fall somewhere between the "low" and "high" projections.



Using the same assumptions, 2005 household estimates and 2010 projections can be generated. As shown below, the number of households in the Village of New Albany was 594 in 1990 and 1,263 in 2000, according to the Census. By 2010, the Village is projected to have somewhere between 2,523 and 3,711 households.

It is important to note that the higher population and household forecasts essentially represent a continuation of the status quo. Because they are based on the patterns of residential growth in the past five years, the "high" figures represent the likely direction of population growth with no changes in policy (such as zoning ordinances that impact the density of development). The "low" figures, on the other hand, are based on a scenario in which no additional residential growth occurs. Of course, no population model can predict unusual events and circumstances. A major increase in residential development – that is, exceeding the 2000 to 2005 rate of growth – could stimulate more rapid growth in population and households than what is projected under either the "low" or "high" scenarios.



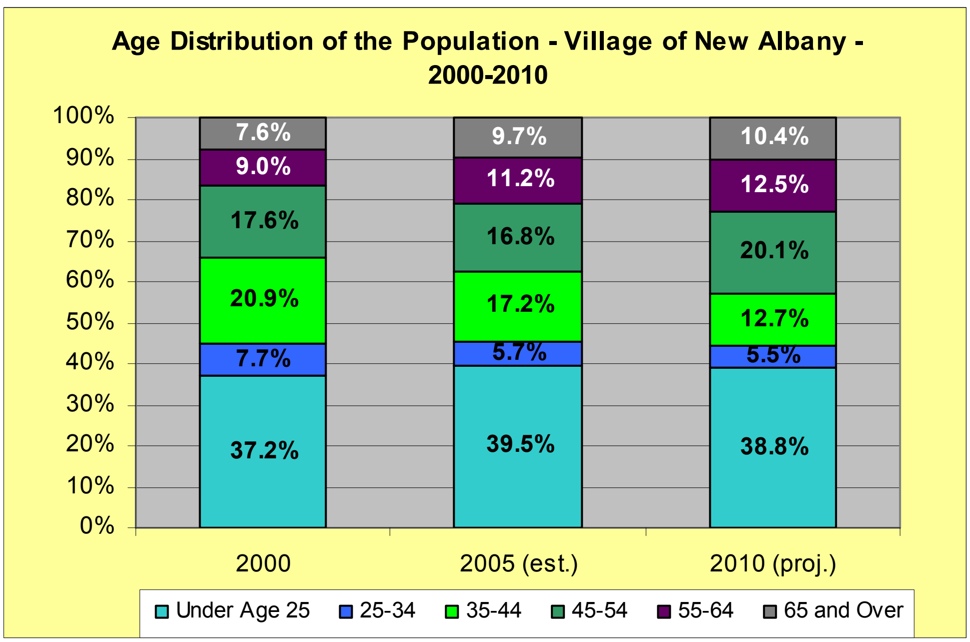
Age

The table and chart on the following page compare the age distribution of the Village of New Albany population now and in the future. This information is useful in understanding the availability of labor in the Village.

The data reveal that the Village of New Albany will have an increasingly high proportion of residents under the age of 25 in the coming years. Between 2000 and 2010, the under age 25 category is projected to grow by more than 2,000 persons, comprising nearly 39% of the total population by the end of the decade.

Population by Age - Village of New Albany					
	2000	2005 (est.)	2010 (proj.)*	Est. Change, 2000-2005	Proj. Change, 2005-2010
Total Population	3,711	6,147	8,728	65.6%	42.0%
Under Age 25	1,380	2,428	3,386	75.9%	39.5%
25-34	286	350	480	22.6%	37.0%
35-44	776	1,057	1,108	36.3%	4.8%
45-54	653	1,033	1,754	58.1%	69.9%
55-64	334	688	1,091	106.1%	58.5%
65 and Over	282	596	908	111.4%	52.2%
Median Age	37.4	38.6	40.8	3.2%	5.7%

Source: U.S. Census Bureau, ESRI, and Camoin Associates. Note that the figures for population have been adjusted to Village population estimates for 2005 and projections for 2010. ' Based on midrange between high and low projections.*



Working-age adults – those between 25 and 64 years of age – are projected to decline as a proportion of the Village of New Albany population, from 55.2% of the population in 2000 to 50.8% in 2005 and 2010. However, the *number* of working-age adults will continue to increase with the overall growth in population.

In particular, the 45-54 age group in the Village of New Albany is increasing rapidly. The number of persons aged 45 to 54 increased by 380 from 2000 and 2005, and is projected to increase by another 722 persons from 2005 to 2010. With respect to the labor force, this category typically represents individuals at the apex of their careers and/or earnings potential. By 2010, this category will represent one-fifth of New Albany's population.

Another population shift is the increase in residents age 65 and over. From 7.6% in 2000, the number of persons age 65 and over in New Albany is projected to increase to 10.4% by 2010. Making effective use of older workers who are not yet ready for retirement represents a potential opportunity for local businesses to draw from a highly experienced pool of labor.

Educational Attainment

Residents of the Village of New Albany are well-educated relative to the Columbus MSA as a whole. According to the 2000 Census, 55.2% of Village residents aged 25 and over have a bachelor's degree or higher; nearly 22% have a graduate or professional degree. In comparison, 29.1% of persons aged 25 and over in the Columbus metro area have at least a bachelor's degree and 9.6% have a graduate or professional degree.

Resident Labor Force

The resident labor force is defined as the number of residents aged 16 and over participating in the workforce, as opposed to the number of jobs in the community. It includes residents who are employed as well as those actively looking for work (i.e., receiving unemployment benefits).

According to the 2000 Census, of the Village residents who are employed, 14.8% worked in the Village of New Albany; 77.5% worked elsewhere in Franklin County; and 6.2%

Resident Civilian Labor Force by Industry - Village of New Albany - 2000

Industry	Male		Female	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing, hunting	0	0.0%	0	0.0%
Construction	67	6.9%	8	1.3%
Manufacturing	134	13.8%	36	5.7%
Wholesale trade	45	4.6%	22	3.5%
Retail trade	147	15.1%	79	12.4%
Transportation and warehousing, and utilities	50	5.1%	8	1.3%
Information	37	3.8%	32	5.0%
Finance, insurance, real estate and rental and leasing	133	13.7%	89	14.0%
Professional, scientific, management, administrative and waste management services	175	18.0%	109	17.1%
Educational, health, and social services	93	9.5%	144	22.6%
Arts, entertainment and recreation	21	2.2%	13	2.0%
Accommodation and food services	25	2.6%	33	5.2%
Other services	28	2.9%	48	7.5%
Public administration	19	2.0%	16	2.5%
Total	**974**	**100.0%**	**637**	**100.0%**

Source: U.S. Census Bureau.

worked in another county in Ohio. Less than 2% of workers were employed in another state.

Within the employed civilian male population aged 16 and over, the top five industries for resident employment are professional, scientific, management, and waste management services; retail trade; manufacturing; finance, insurance, real estate, and rental and leasing; and educational, health and social services. For the female population, the profile is slightly different, with educational, health and social services; professional and scientific services; finance, insurance, real estate, and rental and leasing; other services; and manufacturing at the top.

With respect to occupation, New Albany's resident labor force is predominantly white-collar, with 61.4% in management, professional, and related occupations and 21.6% in sales and office occupations. Slightly more than 7% are in production, transportation, and material moving occupations, while 5.5% are employed in service occupations, such as cooks and waiters, groundskeepers, and health aides.

It is clear from the resident labor force profile that New Albany's working-age population is generally well-educated and white-collar. The Village does not have a strong base of blue-collar workers living in the community; consequently, companies that require skills in production, repair and maintenance, operating a forklift, and so on will need to import labor from nearby communities.

Appendix III
Retail Market Analysis

Retail Market Analysis

Summary

This analysis provides a brief overview of the regional retail market and information on the characteristics of retail demand and sales in a defined trade area for the Village of New Albany. Based on the analysis, we identified a number of potential opportunities for retail development in the Village. The major findings of this analysis are as follows:

- Although overall retail vacancy rates in the Columbus region appear to be stable, the area has been affected by changes at the national level and there has been an increase in the amount of older or "second generation" retail space as national retailers have opened brand new stores with large, customized footprints.

- There are nearly 90,000 households residing in the Village of New Albany Trade Area, and ESRI projects an increase of nearly 15%, to 103,000 households, by 2010. Both the population and the number of households in the trade area are increasing much more rapidly than in the Columbus MSA, the state, or the U.S. as a whole.

- The trade area market is characterized by significant affluence, with an estimated median household income of $72,497 in 2005, and is projected to become even more wealthy over the next few years.

- Due to the aging of the vast baby-boom generation, trade area householders are becoming more concentrated in the 45-54 age range. This age category represents peak earning years for Americans: the typical household headed by a person aged 45-54 spends more, on average, than other households.

- Current estimates of consumer spending patterns indicate that trade area residents spend upwards of 30% more than the average U.S. household on items such as apparel services (e.g., dry cleaning, repair), pets, floor coverings, furniture, watches and jewelry, luggage, computer hardware and software, photo equipment, and household textiles and linens. They also spend more than average on children's apparel. Trade area residents travel frequently in the U.S. and overseas for both business and pleasure.

- The New Albany Trade Area evidences substantial net outflow of sales dollars. An estimated $8,900 per household, or one of every four consumer dollars spent by trade area households, is captured by retailers located outside the trade area.

- There is significant sales leakage from the trade area with respect to full-service restaurants, building material and garden supply stores, and furniture and home furnishings stores. Recapturing a portion of the sales leakage represents a potential opportunity for retail development in New Albany.

- Bars and taverns, general merchandise stores, and book and music stores also have relatively high levels of unmet consumer demand within the trade area.

- The total amount of new retail development that could theoretically be supported in the trade area if *all* of the sales leakage was captured locally exceeds 2.6 million square feet. The existence of competing retail centers in neighboring communities and issues of capacity make it unlikely, however, that the Village of New Albany would be recapture all of the leakage. Based on a conservative 10% recapture rate, the Village could support approximately 255,000 square feet of additional retail development – more if customers could be "imported" from outside the trade area.

- Based on the retail market analysis, potential recruitment opportunities for the Village of New Albany include (in no particular order):

    - *Upscale specialty foods stores* – for example, Whole Foods, Dean & Deluca, possibly Trader Joe's (which straddles the gourmet and discount niches)
    - *Restaurants* – to serve several different markets: (1) Family restaurants, (2) Upscale/fine dining – perhaps a wine bar, and (3) Fast-casual type restaurants for office workers as well as families and singles
    - *Specialty hobby store* – several market segments have high levels of participation in hobbies such as woodworking; a retailer offering scrapbooking supplies or a birdwatching/nature shop might also address certain "niche" hobbies
    - *Book store* – the area has a very well-educated population and there is high spending potential for books and periodicals
    - *Luggage and travel accessories* – trade area households are frequent travelers
    - *"Home and garden" stores* – based on the high rate of homeownership and strong demand for furniture, household furnishings, textiles, electronics, and similar items in the trade area

- To initiate the recruitment of additional retail stores and restaurants, the Village should produce and distribute materials that highlight the opportunities available in the trade area market. The recruitment package should include demographic, socioeconomic, and lifestyle data indicating the area's market potential; information regarding space available for lease or for sale, as well as existing shopping centers nearby; a summary of applicable financial incentives; maps of zoning, transportation networks, and other features; and the names and telephone numbers of commercial realtors, developers, economic development officials, utility companies, etc. The main objective is to provide potential investors/developers with both statistical and anecdotal information about the area and encourage them to consider New Albany as a possible location.

- Although sales leakage is high for general merchandise and department stores, these types of stores may not be well-suited to the Village of New Albany. Most of these stores are located in "big box" facilities and community power centers. Given the rate of building obsolescence in this segment of the industry and the Village's desire to maintain property values over the long-term, these stores may be better located in other suburban communities in the region.

- Consideration should be given to the development of a small themed shopping center oriented to products for the home. Upscale specialty stores such as Crate & Barrel, Pottery Barn, Restoration Hardware, and Smith & Hawken, are already located in the Easton Town Center, but the strong interest in home improvement and consumer spending on household furnishings suggests that such a retail development would work well in New Albany. The tenant mix at such a facility would include sellers of household furnishings, furniture, high-end kitchen appliances, housewares, etc., as well as electronic stores (this is a very technology-savvy market), nurseries and garden supply stores.

Specific recommendations for Market Square, the New Albany Exchange, and the TrustCorp sites will be covered in the recommendations of the Economic Development Plan.

Introduction

To assess the current and future state of the retail market, both nationally and regionally, Camoin Associates compiled and reviewed recent publications, articles and reports from a variety of sources. The materials also provided information on the industry trends that impact the potential for retail development and define the environment in which retailers currently operate. The following summarizes the relevant findings of these materials.

Contents

Market Overview....................5
Trade Area Definition....................8
Market Demographics....................8
Market Segmentation Analysis....................13
Consumer Spending Patterns....................19
Retail Sales Profile....................21
Sales Leakage Analysis....................22

Market Overview

From the national perspective, the retail market remains very strong, driven by a combination of factors. According to a report by Colliers International, a leader in the compilation and dissemination of real estate market research: "The favorable conditions witnessed over the past several years have continued… with the economy on the upswing, steady job creation, disposable income on the rise and most importantly, consumers who continue to spend. This has led retailers to increase sales and open new stores in a wide variety of centers."[1] Buoyed by the housing market, sales in building materials and garden equipment have showed considerable growth, while sales in food services and drinking places have also increased, as consumers continue to seek the convenience of dining out. More consumers are making purchases over the Internet, however, and there has been a decided loss of interest among consumers in department stores, based on year-end sales figures.[2]

Nevertheless, "[c]onsumer demand and the dizzying expansion of retailers chasing market share have fueled robust shopping center construction," reports Grubb & Ellis in its annual newsletter on retail market trends.[3] From a facilities perspective, big box retailing is still driving most of the new construction, but the mixed-use concept appears to be expanding. As described by Colliers International, this trend "harkens back to a more nostalgic time, when smaller retailers cohabited alongside other businesses and venues… [whether urban, suburban, or exurban] the common thread is the integration of shopping with offices, housing, and entertainment, as well as venues such as libraries, transit stations and government buildings. The idea is to give people a sense of community while providing a more efficient shopping experience…" Mixed-use is also being used by developers to confront such challenges as the limited availability of land in major markets and skyrocketing construction costs.

Regional Retail Market

As noted in a September 2005 article in *Business First*, the Columbus area's weekly business publication, upscale lifestyle centers with a mix of retail stores, restaurants, and entertainment, are gaining momentum in the region. Most successful in affluent markets, lifestyle centers provide an appealing, pedestrian-friendly environment, with wide sidewalks, inviting architecture, and attractive landscaping – ironically recreating the ambiance of the traditional Main Street. The idea of the lifestyle center concept is to provide a shopping "experience" that encourages customer lingering. In fact, average sales are often higher than those at a traditional mall, even though the base rent for retailers may be the same.

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[1] Colliers International, *U.S. Retail Real Estate Highlights 2005*. www.colliers.com
[2] Colliers International, *U.S. Retail Real Estate Highlights 2006*. www.colliers.com
[3] Grubb & Ellis, *Retail Market Trends Summer 2005*. www.grubb-ellis.com

Easton Town Center, the initial phase of which opened in 1999, is the region's only true example of a lifestyle center; however, the recently-renovated Shops at Lane Avenue in Upper Arlington is often cited as a lifestyle center because of its open-air upscale shopping and dining mix, and there are plans to bring a 105,000 square foot lifestyle center to Dublin in 2006.[4]

In an overview of the Columbus metropolitan area market, NAI Ohio Equities identifies Easton Town Center and the Polaris Fashion Place Mall as the dominant properties in the "Super Regional" retail category. Since opening their doors less than a decade ago, Easton and Polaris have become the region's premier shopping centers. The region is continuing to experience significant big box and power center development, however, adding an estimated 25-30 big box stores every year. In particular, "[b]ig boxes in the grocery and home improvement categories continue to be bullish in the central Ohio market."[5] According to NAI, rents for existing retail space in the Columbus market average $16.00 per square foot (with a range of $12.00 to $35.00) in neighborhood shopping centers[6] and $17.00 per square foot (ranging from $13.00 to $19.00) in community power centers.[7]

A summer 2005 report on U.S. retail market trends by Grubb & Ellis places rental rates in the Columbus region at $19.00 per square foot. The report further notes that "Polaris, New Albany, Grove City and Gahanna are the development hotspots [in the region]. Vacant big boxes challenge the market as Wal-Mart, Kroger and others move to new buildings."

The Columbus metropolitan area is also examined by CB Richard Ellis in its *Market Outlook 2005 - Columbus*: "Columbus, Ohio is continuing to make its mark as a retail destination in the Midwest. New development (Easton, Polaris Fashion Place, and numerous new neighborhood shopping centers) and redevelopment of older retail corridors… continue to bring a variety of new opportunities to the ever-evolving retail environment… Big box retailers such as Home Depot, Target, Kaufman's, Wal-Mart, Lowe's, Kroger, and Kohl's continue to expand aggressively, creating new opportunities for cluster retail following the fast growing residential corridors… New neighborhood centers are continuing to be constructed in Columbus' Northern Arc from Dublin to Westerville. Other hot areas for new construction are suburban markets such as Grove City, Hilliard, Gahanna, New Albany,

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[4] The Dublin project was reported in "Drop in at a New Town Urban Lifestyle Center," *Business First*, September 2, 2005.

[5] NAI Ohio Equities, *Columbus Market Outlook 2005*.

[6] A neighborhood shopping center is designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood. Anchors are likely to be supermarkets or drugstores. Other tenants might include stores providing sundries, snacks and personal services. Generally, neighborhood centers are 30,000-150,000 SF in size.

[7] A community power center is designed to provide tremendous selection in a particular merchandise category at low prices. Anchors are likely to be "category killers," home improvement stores, discount department stores, warehouse clubs or off-price stores. Generally, regional power centers are 250,000-600,000 SF in size.

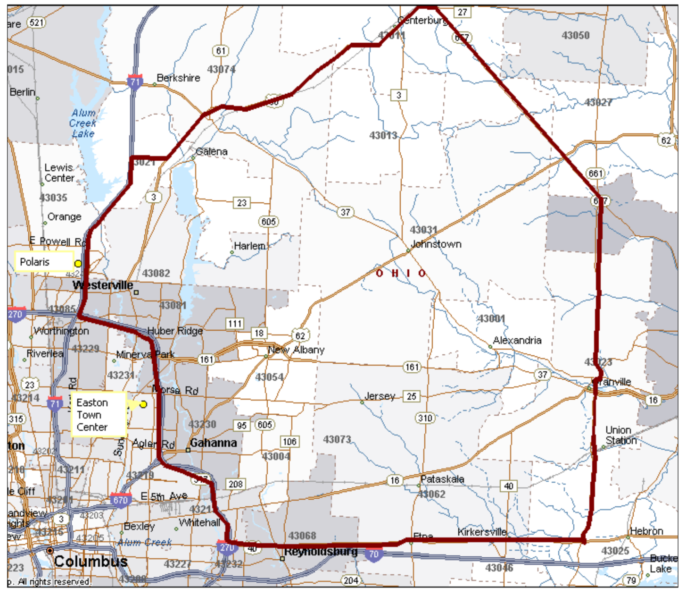
and Pickerington." According to CBRE, shoppers in the region now have more than 25 square feet of retail per capita.[8]

According to CBRE, retail vacancy rates were stable in 2004 at 10-11%. In *new* markets (A-B class centers), asking rates were $8.00-$12.00 per square foot triple net for 30,000-150,000 square feet and $18.00-$22.00 per square foot for 1,500-3,000 square feet.

There is concern that the lifecycle of the typical suburban power center is much shorter than in years past, making retail facilities obsolete in matter of years. This is primarily due to fierce competition at the national level. Once-successful local chain stores have been driven into in bankruptcy, while respectable general merchandisers like Kmart have been forced to close some stores in an attempt to remain solvent. Meanwhile, national retailers are opening brand new stores with large, customized footprints, leaving behind older, smaller locations that are difficult to adapt for reuse. Wal-Mart is a good example of this trend, as it has transitioned from existing stores to the more profitable Supercenter model. Vacancies in shopping centers that are ten or more years old have increased dramatically; for example, according to a commercial market analysis prepared for Upper Arlington a few years ago, the amount of vacant retail space in the Columbus market more than doubled from 1.7 million square feet in 1994 to 4.2 million square feet in 2002. Today's big box stores have indicated a strong preference for "greenfield" sites, rarely occupying empty stores abandoned by other retailers.

[8] C.B. Richard Ellis, *Market Outlook 2005 – Columbus, Ohio*. www.cbre.com

Trade Area Definition



A trade area is generally defined as the geographic area from which local retailers can expect to draw the majority of their sales. In conjunction with the Village's Community Development Director, a trade area was defined for the Village of New Albany. This area, the boundaries of which are shown in the map at right, extends west as far as the I-270 beltway, moving northward along the I-71 corridor. Easton Town Center and the Polaris Fashion Place are just outside these boundaries. US-36 and State Route 57 are used as northern borders separating the area from the region around Mount Vernon to the north; US-40 serves as the southern boundary of the trade area, while state routes form the eastern boundary, distinguishing the New Albany Trade Area from that of neighboring Newark (pop. 47,000). In addition to the Village of New Albany itself, communities located within the defined trade area include portions of the City of Columbus; the Cities of Gahanna and Westerville; Blendon, Jefferson and Plain Townships; and the Villages of Granville, Johnstown and Pataskala.

Market Demographics

This section examines the demographic, socioeconomic, and consumer characteristics of residents in the defined Village of New Albany Trade Area. The purpose of this analysis is to understand local trends, the purchasing patterns of trade area residents, and their potential impact on retail market opportunities in the Village. The statistical data used in the analysis is derived from two reliable sources: the U.S. Census Bureau and ESRI Business Information Solutions, a leading national provider of market information.

The table below summarizes population trends in the Village of New Albany Trade Area (hereinafter referred to as the "trade area") from 2000 projected through 2010. The 2005 population of the trade area is estimated at 234,830, an increase of nearly 32,000 persons (or 15.5%) since 2000. With an estimated 6,147 residents, the Village of New Albany represents a relatively small proportion of the trade area population.

Market Area Population					
Market Area	2000	2005 (est.)	2010 (proj.)	% Change	
				2000-2005	2005-2010
Village of New Albany Trade Area	203,239	234,830	267,300	15.5%	13.8%
Columbus MSA	1,612,694	1,768,016	1,958,896	9.6%	10.8%
State of Ohio	11,353,140	11,573,499	11,858,562	1.9%	2.5%
United States	281,421,906	298,727,898	317,430,845	6.1%	6.3%

Source: U.S. Census Bureau, ESRI, and Camoin Associates

Projections through 2010 indicate that the trade area will continue to grow. The number of residents in the trade area is expected to increase by 13.8%, to 267,300. The Columbus metropolitan area, the State of Ohio, and the U.S. are also projected to increase in population; however, the rate of population growth in the trade area is much higher than in these comparison areas.

The Census Bureau defines a household as all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more persons living together, or any other group of related or unrelated individuals who share living arrangements outside of an institution. While population data allows the total *size* of the market to be quantified, household data provides insight into the *composition* of the market and its characteristics with respect to income and age.

As shown in the table below, there are nearly 90,000 households living in the trade area, and ESRI projects an increase of 14.4%, to 102,958 households, by 2010. Again, the number of households is increasing much more rapidly in the trade area than in the comparison areas. From 2000 to 2005, for example, the rate of growth was 15.9% in the trade area and 10.5% in the Columbus region.

Market Area Households					
Market Area	2000	2005 (est.)	2010 (proj.)	% Change	
				2000-2005	2005-2010
Village of New Albany Trade Area	77,675	89,988	102,958	15.9%	14.4%
Columbus MSA	636,602	703,592	784,090	10.5%	11.4%
State of Ohio	4,445,773	4,599,361	4,749,161	3.5%	3.3%
United States	105,480,101	112,448,901	119,777,029	6.6%	6.5%

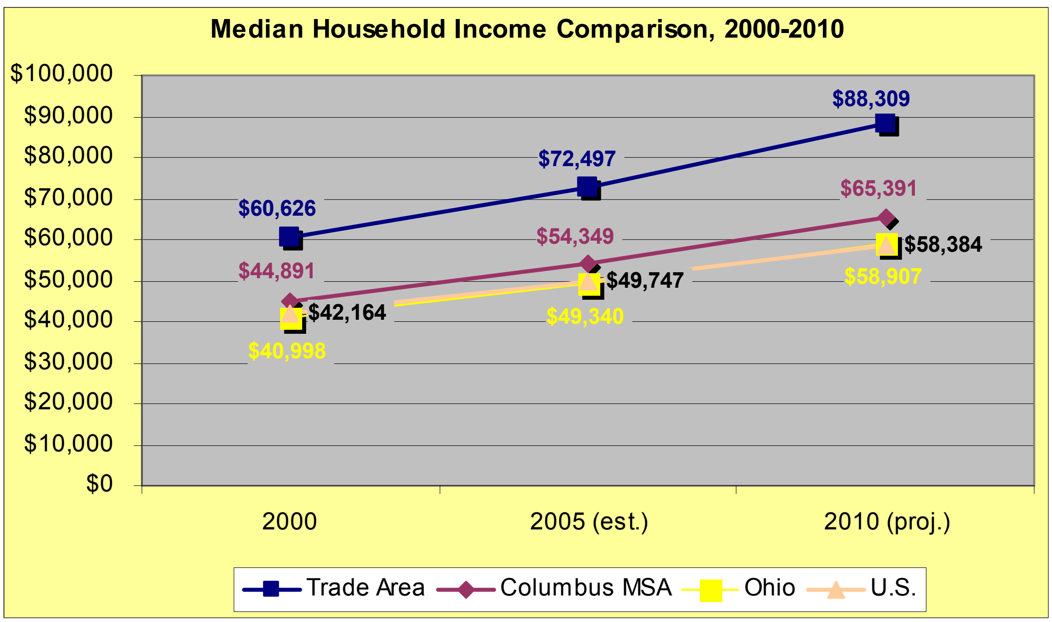
Source: U.S. Census Bureau, ESRI, and Camoin Associates

Although 2005 and 2010 data on households by type are not available for the trade area, 2000 Census figures show that 60.8% of the households were married-couple families, 12.0% were other family households, and 27.2% were nonfamily households, most of which were householders living alone. Approximately 39% of trade area households had related children under age 18 present. Overall, household sizes in the New Albany trade area are about the same as the national average, as the following table indicates. Over the last several decades, household sizes in the U.S. have decreased due to lower birth rates, an increase in single parent families, and a greater number of people living alone; the rate of decline, however, appears to have leveled off.

Market Area Average Household Size					
Market Area	2000	2005 (est.)	2010 (proj.)	% Change	
				2000-2005	*2005-2010*
Village of New Albany Trade Area	2.59	2.57	2.56	-0.8%	-0.4%
Columbus MSA	2.46	2.45	2.44	-0.4%	-0.4%
State of Ohio	2.49	2.45	2.43	-1.6%	-0.8%
United States	2.59	2.59	2.58	0.0%	-0.4%

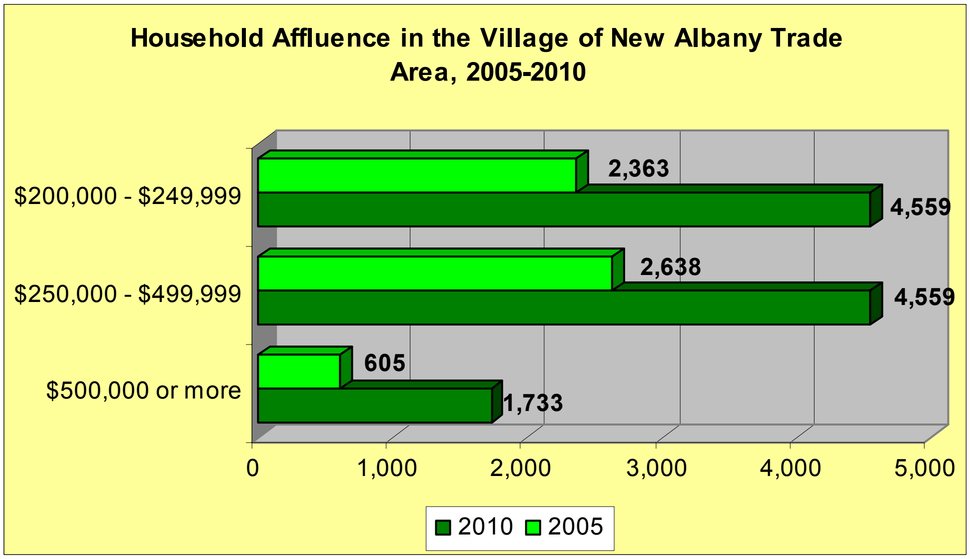
Source: U.S. Census Bureau, ESRI, and Camoin Associates

Householder income is a good indicator of the spending potential of the trade area, since it often correlates with retail expenditures. As shown in the chart below, median income levels have been consistently higher in the trade area relative to the comparison areas, with the exception of the Village of New Albany itself.[9] In 2005, the trade area had an estimated median household income (MHI) of $72,497; in comparison, the MHI was $113,802 in the Village. Moreover, the income levels are increasing more rapidly in the trade area than in the region, state, or nation.



The trade area market is not only affluent relative to the MSA overall, it is also becoming even more wealthy. As shown below, the number of households in the highest income brackets has increased, and is expected to *continue* to increase. While the total number of households in the trade area is projected to increase by about 14% between 2005 and 2010, those earning at least $200,000 per year will nearly double, with an increase of 5,245 households. The rate of growth in the $200,000 and over category is expected to be highest among householders aged 65 and over and those under age 35.

[9] Figures are *not* adjusted for inflation.



One of the most important factors impacting consumer spending is age. During the 1990s, the aging of the vast baby-boom generation resulted in a significant increase in the number of households headed by individuals between the ages of 45 and 54, peak earning years for Americans. According to the annual Consumer Expenditure Survey conducted by the Bureau of Labor Statistics, the typical household headed by a person aged 45-54 spends more, on average, than other households. Nationally, growth in the 45-54 age cohort is expected to continue at least through the next 10-15 years, as the last of the Baby Boomers reach their mid-40s.

Consistent with this trend, households in the trade area are becoming more concentrated in the 45-54 age range. Householders (heads of household) aged 45-54 accounted for 22.9% of trade area households in 2000 and are projected to increase to 24.5% by 2010. Even more dramatic growth is projected in the number of householders aged 55-64; they represented 13.4% of all trade area households in 2000, and are expected to comprise 18.4% by 2010.

Households by Age - Village of New Albany Trade Area

	2000		2005 (est.)		2010 (proj.)		% Change, 2000-2005	% Change, 2005-2010
	Number	Percent	Number	Percent	Number	Percent		
Under 25	3,379	4.4%	3,880	4.3%	4,468	4.3%	14.8%	15.2%
25 - 34	14,601	18.8%	14,957	16.6%	15,918	15.5%	2.4%	6.4%
35 - 44	20,315	26.2%	21,523	23.9%	22,207	21.6%	5.9%	3.2%
45 - 54	17,790	22.9%	21,322	23.7%	25,225	24.5%	19.9%	18.3%
55 - 64	10,374	13.4%	14,854	16.5%	18,901	18.4%	43.2%	27.2%
65 - 74	6,487	8.4%	7,642	8.5%	9,411	9.1%	17.8%	23.1%
75 and over	4,718	6.1%	5,811	6.5%	6,827	6.6%	23.2%	17.5%
All Households	**77,664**	**100.0%**	**89,989**	**100.0%**	**102,958**	**100.0%**	**15.9%**	**14.4%**

Source: U.S. Census Bureau, ESRI, and Camoin Associates.

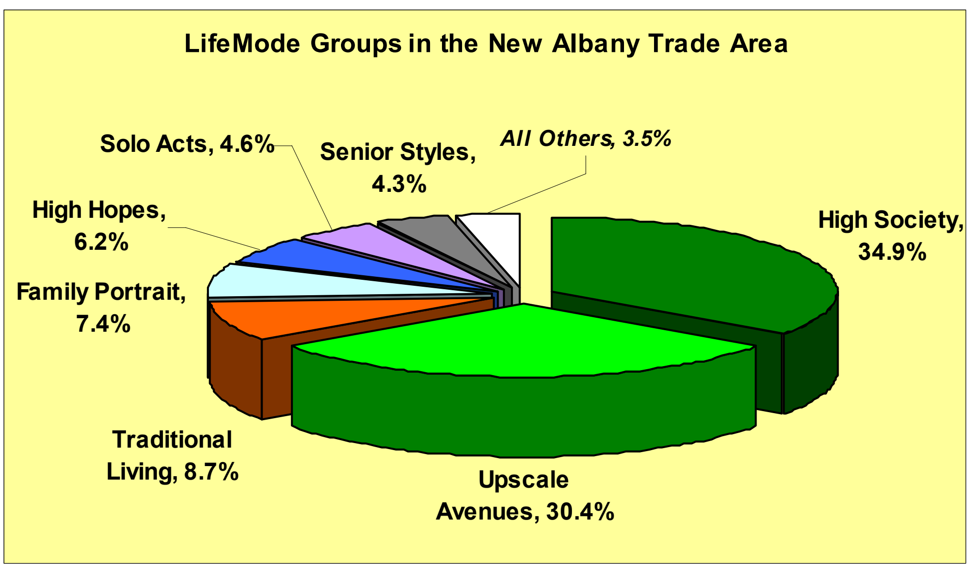
Interestingly, the number of householders aged 35-44 is also increasing in the trade area – in absolute numbers if not proportion. This age category is perhaps the next most important category with respect to consumer spending potential. ESRI projects that trade area households 35-44 will increase from 20,315 in 2000 to 22,207 by 2010.

Market Segmentation Analysis

Market segmentation is defined as the classification of consumers according to demographic, socioeconomic, housing, and lifestyle characteristics. It is based on the concept that "birds of a feather flock together": that is, people with similar demographic characteristics, purchasing habits, and media preferences naturally gravitate toward each other and into the communities in which they live. Businesses utilize market segmentation analysis to identify their best markets, measure the potential demand for new products or services, and reach their markets more effectively.

Examples of market segmentation systems include Community Tapestry, from ESRI Business Information Solutions, and PRIZM NE, from Claritas Data Services. The 65 market segments of Community Tapestry classify U.S. neighborhoods based on their socioeconomic and demographic composition; segments are then combined to identify 12 "LifeMode" summary groups with similar consumption and demographic patterns. Each segment reflects a range of opportunities and influences.

It is important to understand that the classifications and labels for defined market segments are *generalizations*. The descriptions of each segment are based on comparisons with the U.S. as a whole, and reflect the *propensity* of households within that segment to exhibit certain demographic, lifestyle, and consumer characteristics relative to the overall population. Nevertheless, market segmentation analysis can provide another perspective on understanding existing and potential customers residing within the defined trade area.



As shown in the chart on the previous page, 96.5% of households in the trade area are classified in seven "LifeMode" summary groups: *High Society*, *Upscale Avenues*, *Traditional Living*, *Family Portrait*, *High Hopes*, *Solo Acts*, and *Senior Styles*. The majority of these households are in market segments characterized by upper-middle to high income levels, married-couple families with or without children under age 18, and employment in professional and management positions; they have high rates of homeownership, primarily residing in single-family homes. The leading market segments in the trade area have median ages ranging from 28.6 to 46.3 (see charts on pages 17 and 18).

Below is a brief description of each of the top ten Tapestry segments in the New Albany Trade Area. Each segment is presented with key demographic variables and sample consumer behaviors for which the market potential index is significantly greater than the U.S. average, according to ESRI.

Top 10 Tapestry Segments in the New Albany Trade Area

Segment	Rank	Households	
		Number	Percent
Green Acres	17	9,274	10.3%
Exurbanites	7	9,216	10.2%
Enterprising Professionals	16	9,152	10.2%
Boomburbs	4	9,033	10.0%
Suburban Splendor	2	6,073	6.7%
Up and Coming Families	12	5,872	6.5%
Aspiring Young Families	28	5,617	6.2%
Sophisticated Squires	6	5,585	6.2%
In Style	13	4,768	5.3%
Main Street, USA	24	4,682	5.2%

Cumulative total of segments listed = 76.8% of households in the trade area.
Source: ESRI.

<u>Green Acres</u> – Nearly 9,300 of the approximately 90,000 households in the trade area fall into the Green Acres segment. These households live in bucolic settings in developing suburban fringe areas, and can be characterized as upper-middle class married couples with and without children. Approximately 88% own their home. These do-it-yourselfers maintain and improve their properties, taking care of the house, lawn and garden with all the tools necessary to accomplish these tasks. Green Acres residents also have a high index for woodworking. Motorcycles and full-size pick-up trucks are their vehicles of choice. Other activities include mountain biking, power boating, and birdwatching. They tend to dine out once a week, often at a family restaurant such as Cracker Barrel, Perkins, or Bob Evans.

<u>Exurbanites</u> – The 9,216 households in the Exurbanites segment are predominantly upper-middle class married couple families with and without children: 40% are empty-nesters, while 32% have children still at home. Most of these residents are between the ages of 45 and 64 and work in professional or managerial occupations. Financial health is a priority for Exurbanites; they own a diverse investment portfolio, consult with financial planners, and track their investments online. More than 90% are homeowners. In addition to working on their homes and properties, Exurbanites enjoy birdwatching, boating, photography, and travel, and often participate in civic activities.

Enterprising Professionals – Characterized as young, educated, upwardly-mobile professionals, the 9,152 households in this segment live in newer neighborhoods with townhomes or apartments. They are technology-savvy, relying on cell phones and e-mail for communications and handheld PDAs to shop, find their next job, and track their investments. They purchase the latest electronic gadgets and have digital cable TV. The Enterprising Professionals segment is ranked second of all the Tapestry markets for labor market participation. Leisure activities include yoga, jogging, and going to the movies. These residents also travel frequently, both for business and pleasure.

Boomburbs – Approximately 9,000 households in the trade area are in the Boomburbs segment, located on the outskirts of urban areas. Characterized as young, upper-middle class married couples with children, Boomburbs residents live busy, upscale lifestyles; most households have two wage earners and two vehicles. This market is one of the fastest growing in the nation with respect to population as well as the top market for ownership of projection TVs, MP3 players, scanners, laser printers, and full-sized SUVs. It is the second-ranked market for owning flat-screen or plasma TVs, video game systems, and digital camcorders. Boomburbs households have a high index for business travel by plane. Family vacations are also a top priority, with Disney World a popular destination.

Suburban Splendor – The 6,000 households in the Suburban Splendor segment represent the second-most affluent market in the nation and have one of the highest rates of homeownership. Households in this segment can be characterized as dual-income married couple families with or without children. The epitome of upward mobility, they reside in growing suburban neighborhoods in stylish residences featuring the very latest amenities; they often contract for home improvement and remodeling. Suburban Splendor residents travel extensively in the United States and overseas for business and pleasure. Like the Exurbanites market, the Suburban Splendor market is proactive in financial planning and investing.

Up and Coming Families – Representing 5,872 households in the trade area, Up and Coming Families is characterized as affluent families with young children living in suburban communities on the outskirts of mid-sized metropolitan areas. This segment represents the second highest household growth market in the nation and, with a median age of 31.6 years, is the youngest of Tapestry's affluent family markets. Family and home priorities tend to dictate their consumer purchases; they frequently shop for baby and children's products and household furniture, and save money by having their vehicles serviced at an auto repair chain. A high index for mortgage insurance suggests that the net worth of Up and Coming Families is considerably less than is typical for a segment ranked in the top 20. Leisure activities include visiting theme parks, going to the zoo, and watching videos or DVDs at home.

Aspiring Young Families – The least affluent of the ten leading Tapestry segments in the New Albany trade area, Aspiring Young Families is comprised of young, middle class married couple families or single parents with children. Like Up and Coming Families, the 5,617 trade area households in this segment spend much of their discretionary income on baby and children's products and home furnishings; the similarities end, however, due to the discrepancies in household income levels. Approximately half of Aspiring Young Families are renters living in newer apartments or townhomes. Leisure activities include dining out at family restaurants or steakhouses, dancing, going to the movies, attending football games, fishing, and playing basketball.

Sophisticated Squires – Primarily upper middle class married-couple families, Sophisticated Squires account for 5,585 households in the trade area. They reside in new housing developments in exurban communities, preferring to commute daily to jobs in the city in order to maintain a semi-rural lifestyle. They enjoy maintaining their lawns and yards, remodeling their homes, and making bread with their bread-making machines. According to ESRI, this is the top market for owning three or more vehicles; often one of these vehicles is a minivan or SUV. Leisure activities tend to be family-oriented and include bicycling and attending soccer and baseball games.

In Style – The In Style segment accounts for approximately 4,800 households in the trade area. These residents live in affluent suburban neighborhoods, but embrace more of an urban lifestyle; townhome ownership is more than double the national average. In Style residents are computer savvy; they use the Internet daily to research information, track investments, or shop. They own a diverse investment portfolio and contribute to retirement savings plans. Household types are mixed; nearly one-third include children. Leisure activities include playing golf, going to the beach, watching bicycle racing on TV, and domestic travel.

Main Street USA – In many respects, the Main Street USA market is similar to the United States in terms of its demographic makeup and household income distribution. The 4,682 trade area households in this segment reside in a mix of single-family homes and multi-unit structures in the suburbs. Active members of the community, residents participate in local civic issues and work as volunteers. They take care of their lawns and gardens, and work on small home projects. They enjoy going to the beach and visiting theme parks as well as renting videos, going bowling or ice skating, watching baseball on TV, and participating in aerobic exercise.

Increasingly, retail chains large and small are using customer information to locate their stores, allocate their products, conduct target marketing, and ultimately sell their goods and services. The demographics, interests, activities, and lifestyles of households in the defined trade area affect their behavior as consumers. The more one knows about potential customers, the easier it is for retailers to understand how to attract and retain them.

Leading Market Segments by LifeMode Group in the Village of New Albany Trade Area (#1)							
LifeMode Group & Market Segment	Households		Rank	Income Level	U.S. Median Household Income	Education	Employment
	Number	Percent					
L1. High Society	**31,433**	**34.9%**					
Suburban Splendor	6,073	6.7%	2	high	$113,790	bach/grad	prof/mgmt
Boomburbs	9,033	10.0%	4	high	$100,529	some college; bach/grad	prof/mgmt
Sophisticated Squires	5,585	6.2%	6	upper mid	$79,374	some college; bach/grad	prof/mgmt
Exurbanites	9,216	10.2%	7	upper mid	$80,747	some college; bach/grad	prof/mgmt
L2. Upscale Avenues	**27,328**	**30.4%**					
In Style	4,768	5.3%	13	upper mid	$65,837	some college; bach/grad	prof/mgmt
Enterprising Professionals	9,152	10.2%	16	upper mid	$64,718	some college; bach/grad	prof/mgmt
Green Acres	9,274	10.3%	17	upper mid	$61,201	some college	prof/mgmt/skilled
Cozy and Comfortable	4,039	4.5%	18	upper mid	$61,202	some college	prof/mgmt
L10. Traditional Living	**7,808**	**8.7%**					
Main Street, USA	4,682	5.2%	24	middle	$50,438	some college	prof/mgmt/skilled/svc
Rustbelt Traditions	2,172	2.4%	32	middle	$43,856	hs grad; some college	skilled/prof/mgmt/svc
L9. Family Portrait	**6,620**	**7.4%**					
Up and Coming Families	5,872	6.5%	12	upper mid	$67,116	some college; bach	prof/mgmt
L7. High Hopes	**5,617**	**6.2%**					
Aspiring Young Families	5,617	6.2%	28	middle	$46,355	some college; bach	prof/mgmt/svc
L4. Solo Acts	**4,183**	**4.6%**					
Young and Restless	3,561	4.0%	39	middle	$39,887	some college; bach/grad	prof/mgmt
L5. Senior Styles	**3,896**	**4.3%**					
Prosperous Empty Nesters	1,254	1.4%	14	upper mid	$64,202	some college; bach/grad	prof/mgmt

Cumulative total of LifeMode groups listed: 96.5% of households in the trade area.

Source: ESRI.

Leading Market Segments by LifeMode Group in the Village of New Albany Trade Area (#2)					
LifeMode Group & Market Segment	**Median Age**	**Average Household Size**	**Household Type**	**Housing Type**	**Degree of Urbanization**
L1. High Society					
Suburban Splendor	40.1	3.05	married couple families	single family	suburban periphery
Boomburbs	33.6	3.08	married couples w/kids	single family	urban outskirts
Sophisticated Squires	37.1	3.01	married couple families	single family	suburban periphery
Exurbanites	43.1	2.70	married couple families	single family	suburban periphery
L2. Upscale Avenues					
In Style	37.8	2.46	mixed	single family; townhome	suburban periphery
Enterprising Professionals	32.2	2.26	mixed	multi-unit; townhome	metro cities
Green Acres	39.3	2.74	married couple families	single family	rural
Cozy and Comfortable	40.4	2.63	married couple families	single family	suburban periphery
L10. Traditional Living					
Main Street, USA	35.8	2.51	mixed	single family; multi-unit	urban outskirts
Rustbelt Traditions	36.0	2.49	mixed	single family	urban outskirts
L9. Family Portrait					
Up and Coming Families	31.6	2.94	married couples w/kids	single family	suburban periphery
L7. High Hopes					
Aspiring Young Families	30.1	2.56	family mix	multi-unit; townhome	metro cities
L4. Solo Acts					
Young and Restless	28.6	1.99	singles; shared	multi-unit	metro cities
L5. Senior Styles					
Prosperous Empty Nesters	46.3	2.38	married couples w/o kids	single family	suburban periphery

Cumulative total of LifeMode groups listed: 96.5% of households in the trade area.

Source: ESRI.

Consumer Spending Patterns

To evaluate the potential retail demand in and around the Village of New Albany, current estimates of trade area resident consumer expenditures were obtained for selected goods and services. It should be noted that the categories listed represent purchases by merchandise line or product type rather than store type and may be sold by several types of establishments. Furthermore, it is important to understand that the analysis examines the spending behaviors of trade area residents – whether the purchases are made within or outside the trade area – and should not be confused with actual retail sales at area establishments. The information presented indicates the extent of the purchasing power available within the Village of New Albany Trade Area.

Based on the ESRI data, the estimated consumer demand for apparel, computers, entertainment and recreation, food and beverage, health and personal items, and household furnishings and equipment by residents of the trade area totals more than $2 billion per annum (see table on following page). Not included in this figure are expenditures for goods and services that are not typically found at a retail establishment: financial investments, home mortgages, insurance, child care, moving and storage, etc. Transportation costs, including vehicle purchases, gasoline and oil, airfare, car rentals, and so on are also excluded.

The aggregate demand for food and beverage represents 55% of the consumer demand. This includes $445 million for food consumed away from home (including while on trips), and translates to roughly $5,000 per household every year.

The entertainment and recreation category includes spending on televisions and sound equipment, sporting goods, pets, toys and games, photographic equipment, and books. The demand for entertainment and recreation in the trade area is estimated at more than $267 million a year, or about $3,000 per household.

In part due to high household income levels, trade area residents spend significantly more than the average U.S. household on many goods and services. The Spending Potential Index is considerably higher, however, for such items as apparel services (e.g., dry cleaning, repair), pets, floor coverings, watches and jewelry, luggage, furniture, computer hardware and software, photo equipment, and household textiles.

Selected Retail Goods and Services Expenditures, Village of New Albany Trade Area				
	Total	**% Share**	**Average Spending Per Household**	**Spending Potential Index**
Apparel & Services	**$235,932,051**	**11.7%**	**$2,621.82**	**100**
Women's Apparel	$73,438,843	3.6%	$816.10	91
Men's Apparel	$47,442,063	2.3%	$527.20	106
Children's Apparel	$45,036,412	2.2%	$500.47	116
Watches and Jewelry	$23,498,410	1.2%	$261.13	145
Footwear	$23,265,776	1.2%	$258.54	54
Apparel Products and Services <1>	$23,250,547	1.2%	$258.37	182
Computers	**$31,293,294**	**1.5%**	**$347.75**	**140**
Computers and Hardware for Home Use	$27,438,648	1.4%	$304.91	140
Software and Accessories for Home Use	$3,854,646	0.2%	$42.84	141
Entertainment & Recreation <2>	**$266,699,695**	**13.2%**	**$2,963.73**	**-**
TV, Video, & Sound Equipment	$125,656,624	6.2%	$1,396.37	132
Pets	$53,901,741	2.7%	$598.99	149
Toys & Games	$23,358,056	1.2%	$259.57	137
Sports, Recreation, & Exercise Equipment	$20,815,437	1.0%	$231.31	106
Photo Equipment & Supplies	$17,170,678	0.8%	$190.81	140
Reading	$25,797,159	1.3%	$286.67	136
Food & Beverage	**$1,110,961,732**	**55.0%**	**$12,345.67**	**-**
Food At Home	$551,838,017	27.3%	$6,132.35	129
Food Away from Home	$390,211,499	19.3%	$4,336.26	134
Food and Drink on Trips	$55,043,249	2.7%	$611.67	138
Nonalcoholic Beverages at Home	$47,024,813	2.3%	$522.57	128
Alcoholic Beverages	$66,844,154	3.3%	$742.81	134
Health, Household & Personal Items	**$219,959,448**	**10.9%**	**$2,444.32**	**-**
Nonprescription Drugs	$12,548,730	0.6%	$139.45	127
Prescription Drugs	$59,239,875	2.9%	$658.31	120
Eyeglasses and Contact Lenses	$10,046,275	0.5%	$111.64	135
Housekeeping & Cleaning Supplies	$86,256,019	4.3%	$958.53	132
Personal Care Products <3>	$51,868,549	2.6%	$576.39	132
Household Furnishings & Equipment	**$155,434,462**	**7.7%**	**$1,727.28**	**-**
Household Textiles & Linens	$16,228,390	0.8%	$180.34	140
Furniture	$76,298,283	3.8%	$847.87	142
Floor Coverings	$10,931,711	0.5%	$121.48	149
Housewares	$9,956,399	0.5%	$110.64	111
Small Appliances	$4,289,069	0.2%	$47.66	132
Major Appliances	$33,694,194	1.7%	$374.43	136
Luggage	$1,293,193	0.1%	$14.37	145
Telephones & Accessories	$2,743,223	0.1%	$30.48	56
Total, Selected Consumer Expenditures	**$2,020,280,682**	**100.0%**	**$22,450.56**	**-**

Source: ESRI and Camoin Associates, Inc.

The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

Notes:

<1> Includes services such as shoe repair, apparel laundry and dry cleaning, apparel repair and tailoring, etc.

<2> Excludes fees and admissions (e.g., for membership clubs, movies, sporting events, etc.)

<3> Includes hair and skin care products, cosmetics, shaving needs, etc.

Retail Sales Profile

The table below profiles the retail sector in the New Albany Trade Area. It includes the total number of establishments, estimated sales, and the distribution of sales for each store type. Based on data from ESRI, the 1,273 retail establishments in the trade area generate an estimated $2.4 billion in sales annually.

Retail Sales Profile - Village of New Albany Trade Area			
Store Type	Store Count	Estimated Total Sales (millions)	Sales Distribution
Convenience Retail	**343**	**$1,583.0**	**65.8%**
Automotive Dealers and Parts Dealers	76	$606.9	25.2%
Grocery Stores	47	$342.3	14.2%
Gasoline Service Stations	45	$340.5	14.2%
Health & Personal Care Stores	61	$177.9	7.4%
Building Material & Garden Supply Stores	92	$108.8	4.5%
Specialty Food Stores	22	$6.6	0.3%
Shoppers' Goods Retail	**558**	**$513.5**	**21.4%**
General Merchandise Stores	22	$170.0	7.1%
Clothing Stores	58	$94.4	3.9%
Electronic & Appliance Stores	121	$69.9	2.9%
Furniture & Home Furnishings Stores	55	$50.3	2.1%
Sporting Goods, Hobby, & Music Stores	68	$29.4	1.2%
Office Supplies, Stationery, and Gift Stores	64	$16.4	0.7%
Beer, Wine, & Liquor Stores	17	$11.8	0.5%
Jewelry, Luggage, and Leather Goods Stores	16	$9.4	0.4%
Shoe Stores	12	$9.2	0.4%
Books, Periodical, & Music Stores	17	$7.2	0.3%
Florists	24	$6.6	0.3%
Used Merchandise Stores	26	$3.2	0.1%
Other Miscellaneous Store Retailers	58	$35.7	1.5%
Eating & Drinking Places	**372**	**$307.9**	**12.8%**
Full-Service Restaurants	25	$222.0	9.2%
Limited-Service Eating Places	295	$59.4	2.5%
Special Food Services	18	$13.4	0.6%
Drinking Places - Alcoholic Beverages	34	$13.0	0.5%
Total Retail Store Sales*	**1,273**	**$2,404.3**	**100.0%**

Source: ESRI and Camoin Associates.

** Nonstore retailers (e.g., mail order, vending machine operators) excluded from this total.*

Overall, retail activity in the trade area is dominated by the "convenience retail" category, which represents about 27% of the retail businesses and nearly two-thirds of the sales. Businesses in this category tend to draw customers based on convenience rather than on quality, price, and selection. Within the trade area, sales are highest among automotive and parts dealers ($606.9 million); grocery stores ($342.3 million); and gasoline service stations ($340.5 million).

The automotive category is typically a sales leader because motor vehicles are a "big ticket" item. The relatively high level of grocery store sales is also fairly typical, since groceries are a basic commodity that must be purchased on a regular basis regardless of income. However, less than 1% of trade area sales, compared with 3% of retail sales statewide, are attributable to specialty food stores, such as bakeries, butcher shops, produce markets, confectionaries, and health food stores. In addition, sales in building material and garden equipment and supply stores ($108.8 million, or 4.5% of total sales) are surprisingly limited given the potential demand suggested by the trade area market.

Of the estimated $513.5 million in sales in the shoppers' goods retail category, the largest share is in general merchandise and department stores ($170.0 million), followed by apparel stores ($94.4 million), electronics and appliance stores ($69.9 million), and furniture and home furnishings stores ($50.3 million).

Eating and drinking places are a very important category in the trade area, generating a total of $307.9 million in sales annually. Although limited-service eating places comprise the majority of establishments, overall sales are higher in full-service restaurants, accounting for $222.0 million or 9.2% of total retail sales in the trade area. Full-service restaurants are defined as establishments that provide food services to patrons who order and are served while seated (i.e., waiter/waitress service) and pay after eating.

Sales Leakage Analysis

The demand for goods and services that is not being met locally is referred to as *sales leakage*. The leakage occurs because consumers make purchases at establishments outside the area or even outside the state via mail order and Internet sales. Purchasing decisions are typically influenced by one or more factors: convenience, opportunity, quality, price, service, selection, and marketing.

Sales leakage is calculated as the difference between the total retail spending of area residents, regarding of where the money is spent, and the total retail purchases made within the trade area. For instance, if trade area households are spending a total of ten million dollars on groceries, but total trade area grocery sales are only six million dollars, it is assumed that four dollars of grocery sales are "leaking" out of the trade area – meaning some households are leaving the trade area to purchase their groceries elsewhere. This leakage represents an opportunity for local businesses to "recapture" the business leaving the area. If the total sales are more than the resident purchases, there is a sales *surplus*, which suggests that non-residents (i.e.., visitors and seasonal residents) are coming into the trade area to make purchases.

The table below shows the sales leakage and surplus for retail categories in the Village of New Albany Trade Area. This area evidences substantial net outflow of sales dollars. The sales leakages in the trade area total $890.8 million, offset in part by sales surpluses in several categories totaling $87.8 million, for a net outflow of $803.0 million. In other words, approximately $8,900 per household is being spent *outside* the defined trade area each year. Since this figure is about 25% of the annual average household demand, it suggests that *one of every four consumer dollars* spent by trade area households is captured by establishments located elsewhere, whether those companies are located just outside the trade area or in another state.

Sales Leakage Analysis - Village of New Albany Trade Area			
Store Type	**Estimated Surplus (millions)**	**Estimated Leakage (millions)**	**Distribution of Sales Leakage**
Convenience Retail			
Automotive Dealers and Parts Dealers		($211.2)	23.7%
Grocery Stores		($9.1)	1.0%
Gasoline Service Stations	$13.8		
Health & Personal Care Stores	$47.9		
Building Material & Garden Supply Stores		($56.8)	6.4%
Specialty Food Stores		($3.6)	0.4%
Shoppers' Goods Retail			
General Merchandise Stores		($278.9)	31.3%
Clothing Stores	$24.7		
Electronic & Appliance Stores		($24.6)	2.8%
Furniture & Home Furnishings Stores		($42.8)	4.8%
Sporting Goods, Hobby, & Music Stores		($10.8)	1.2%
Office Supplies, Stationery, and Gift Stores		($11.8)	1.3%
Beer, Wine, & Liquor Stores		($7.9)	0.9%
Jewelry, Luggage, and Leather Goods Stores		($5.2)	0.6%
Shoe Stores		($0.9)	0.1%
Books, Periodical, & Music Stores		($23.6)	2.7%
Florists	$1.4		
Used Merchandise Stores		($8.0)	0.9%
Other Miscellaneous Store Retailers		($4.6)	0.5%
Eating & Drinking Places			
Full-Service Restaurants		($72.3)	8.1%
Limited-Service Eating Places		($46.4)	5.2%
Special Food Services		($23.5)	2.6%
Drinking Places - Alcoholic Beverages		($48.8)	5.5%
Total Surplus and Leakage	**$87.8**	**($890.8)**	**100.0%**

Source: ESRI and Camoin Associates.

Sales leakage is highest for general merchandise and department stores ($278.9 million) and automotive dealerships ($211.2 million); in fact, fully 55% of the leakage involves these types of establishments. There is also significant sales leakage with respect to full-service restaurants ($72.3 million), building material and garden supply stores ($56.8 million), and furniture and home furnishings stores ($42.8 million). Recapturing a portion of the sales leakage represents a potential opportunity for additional establishments as well as associated tax revenues in the trade area communities.

Capture rates indicate the extent to which the trade area retail market is "capturing" consumer demand. Capture rates of less than 100% suggest that residents are shopping in communities outside the trade area or online, causing sales leakage to occur. Capture rates over 100%, on the other hand, indicate that the retail market is capturing a large proportion of consumer demand within the trade area, and may even be drawing from non-resident markets (e.g., commuters, travelers). It should be noted that unusually high or low average expenditures by trade area households may also be reflected in capture rates.

Estimated Retail Capture - Village of New Albany Trade Area	
Store Type	**Estimated Capture Rate**
Convenience Retail	
Automotive Dealers and Parts Dealers	74.2%
Grocery Stores	97.4%
Gasoline Service Stations	104.2%
Health & Personal Care Stores	136.8%
Building Material & Garden Supply Stores	65.7%
Specialty Food Stores	64.9%
Shoppers' Goods Retail	
General Merchandise Stores	37.9%
Clothing Stores	135.4%
Electronic & Appliance Stores	73.9%
Furniture & Home Furnishings Stores	54.0%
Sporting Goods, Hobby, & Music Stores	73.1%
Office Supplies, Stationery, and Gift Stores	58.1%
Beer, Wine, & Liquor Stores	59.9%
Jewelry, Luggage, and Leather Goods Stores	64.3%
Shoe Stores	91.5%
Books, Periodical, & Music Stores	23.3%
Florists	126.4%
Used Merchandise Stores	28.5%
Other Miscellaneous Store Retailers	88.5%
Eating & Drinking Places	
Full-Service Restaurants	75.4%
Limited-Service Eating Places	56.2%
Special Food Services	36.4%
Drinking Places - Alcoholic Beverages	21.1%
Total Retail Sales*	**75.0%**

Source: ESRI and Camoin Associates.

** Nonstore retailers (e.g., mail order) excluded from this total.*

The estimated retail capture rates by store type for the New Albany Trade Area are shown in the table at right. The overall capture rate of 75.0% indicates that approximately one-quarter of the retail expenditures are made *outside* the trade area. In particular, bars and taverns[10], general merchandise stores, and book and music store categories evidence relatively high levels of unmet demand. Furniture and home furnishings stores, limited-service eating places, office supply stores, and beer, wine, and liquor stores also have substantial unmet demand, with capture rates of less than 60%.

A limited number of retail categories evidence significant "draw." Florists, clothing stores, and health and personal care stores (including drug stores and pharmacies) all have capture rates of over 100%. One possible explanation is that the trade area simply has a larger quantity and/or better quality of these types of establishments, resulting in

[10] The "drinking places – alcoholic beverages" category (NAICS 7224) comprises establishments primarily engaged in preparing and serving alcoholic beverages for immediate consumption. These establishments may also provide limited food services.

higher than average sales. Another explanation is that trade area households have greater than average demand for the products and services these stores offer.

A review of the table on trade area consumer spending patterns on page 17 shows that overall, the average spending per household for apparel is about the same as the national average. However, the spending potential in the trade area is significantly higher than average for certain products within this category, including watches, jewelry, and children's apparel.[11] Similarly, spending on health and personal items, such as prescription and non-prescription drugs, contact lenses, and housekeeping supplies is higher than the national average, perhaps accounting for the high capture rate for drug stores and pharmacies.

Selected Business Opportunities in New Albany Trade Area and Projected Impact						
Selected Business Types	Total Sales Gap in Trade Area	Estimated Capture Rate	Potential Impact on New Albany Trade Area			
			Estimated Sales Per SF	Supportable Square Footage	Average Square Feet Per Store	Projected Store Count
Drinking Places - Alcoholic Beverages	$48,800,000	21.1%	$225	216,889	2,500	87
Books, Periodical, & Music Stores	$23,628,000	23.3%	$200	118,140	20,000	6
Used Merchandise & Antique Stores	$8,015,000	28.5%	$150	53,433	2,000	27
General Merchandise Stores	$278,936,000	37.9%	$300	929,787	100,000	9
Furniture & Home Furnishings Stores	$42,826,000	54.0%	$225	190,338	17,000	11
Limited-Service Eating Places	$46,368,000	56.2%	$300	154,560	6,000	26
Office Supplies, Stationery, and Gift Stores	$11,783,000	58.1%	$200	58,915	20,000	3
Beer, Wine, & Liquor Stores	$7,885,000	59.9%	$200	39,425	5,000	8
Jewelry, Luggage, and Leather Goods Stores	$5,199,000	64.3%	$200	25,995	4,000	6
Specialty Food Stores	$3,560,000	64.9%	$200	17,800	30,000	1
Building Material & Garden Supply Stores	$56,817,000	65.7%	$200	284,085	100,000	3
Sporting Goods, Hobby, & Music Stores	$10,826,000	73.1%	$200	54,130	40,000	1
Electronic & Appliance Stores	$24,624,000	73.9%	$250	98,496	5,000	20
Full-Service Restaurants	$72,304,000	75.4%	$250	289,216	4,500	64
Other Miscellaneous Store Retailers	$4,637,000	88.5%	$200	23,185	4,000	6
Total Retail	**$646,208,000**	-	-	**2,554,394**	-	**278**

Source: Camoin Associates, based on ESRI data.
Sales per square foot and average square feet per store adapted from data on national retailers at Bizstats.com.
Locally-owned retail stores may be smaller and have lower sales per store.

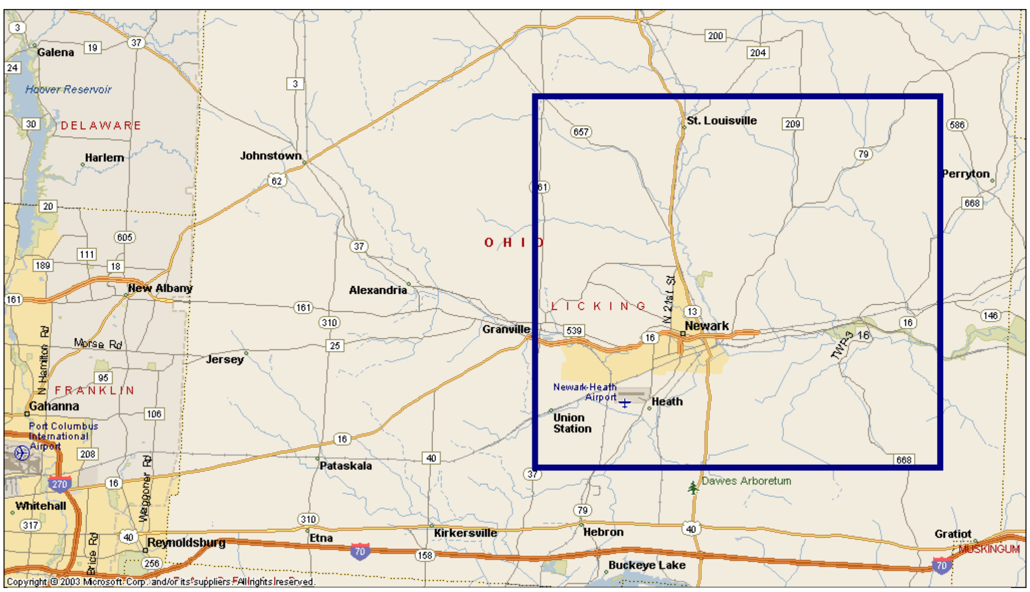
The table above estimates the amount of additional retail development that could theoretically be supported in the trade area if *all* of the sales leakage could be captured locally. The total amount of new retail development that could be supported by this unserved demand exceeds 2.6 million square feet. This is the equivalent of roughly 278 establishments; however, because sales per square foot and square footage per store figures vary widely, the number of stores that could be supported within the trade area are estimates.

[11] It is important to note that the analysis of retail sales leakage and capture rates is by *store type*, while the data on consumer spending patterns is by *product*. Apparel can be sold at several types of retail establishments, including general merchandise stores, conversely, clothing stores may sell items other than apparel. This information is provided simply as a possible explanation for the trends described.

It should be cautioned that while the trade area may theoretically be able to support 2.6 million square feet of additional retail space, the existence of competitive retail centers in neighboring communities obviously precludes the possibility that the Village of New Albany could recapture *all* of the sales leakage. Moreover, the Village may not have the capacity or desire to physically accommodate a large amount of additional retail development.

Assuming a conservative recapture rate of 10%, we estimate that the Village of New Albany could support approximately 255,000 square feet of additional retail development – more if Village retailers are able to "import" customers from outside the trade area.

The extension of State Route 161, for instance, should provide additional opportunities for the New Albany retail market by improving transportation access between the Village and communities east of the defined trade area. To assess the nature of these opportunities, demographic and socioeconomic data was purchased from ESRI for a square-shaped area that includes the Cities of Newark and Heath, St. Louisville, and Union Station. Comprising approximately 165 square miles, this area has a 2005 population estimated at 83,080. While projections through 2010 indicate steady population growth, the *rate* of growth is roughly half that of the New Albany Trade Area.



Extended Trade Area

Census data for the Newark area show that 53% of the 33,600 households are married-couple families, 15% are other family households, and 32% are nonfamily households. The relatively high proportion of single-person households (27%) may be due to the presence of a branch campus of Ohio State University and Central Delaware Technical College in Newark.

Household income levels in the Newark area are well below those in the trade area as well as in the Columbus MSA, the State of Ohio, and the U.S. overall. In 2005, the area had an estimated median household income (MHI) of $45,728; this was 63% of the New Albany Trade Area MHI and 84% of the MHI for the Columbus metropolitan region. Less than 2% of the householders have incomes of $200,000 or more. Clearly, the household affluence that characterizes the New Albany Trade Area is absent here. Where the vast majority of trade area residents are employed in white-collar occupations, 26.5% of Newark area residents work in blue-collar jobs, 18.5% in services, and 55.1% in white-collar jobs.

The implications of this analysis suggest that New Albany will need to focus on capturing a larger share of the existing trade area market, serving specific “niche” markets, and/or define a secondary strategy for retail development in the areas closest to the new SR 161 interchanges.

Appendix IV
Office Market Analysis

Office Market Analysis

Summary

The following bullets summarize the findings and conclusions drawn from research into the office market conditions affecting the Village of New Albany:

- There is a direct correlation between the health of the national economy, job creation and the demand for office space. Indicators suggest that the U.S. economy began experiencing steady growth in 2003 and that "robust" growth can be expected by mid-2006. According to Grubb & Ellis, in 2005, the national office leasing market turned in its best year since 2000.
- According to advisors at Economy.com, the Columbus MSA is expected to experience the creation of 62,198 new office-utilizing jobs in the next ten years. This growth will equate to approximately 15.5 million sq. ft. of office space demand during that period. However, with a 4th quarter 2005 vacancy rate of 20.7%, existing office space in the Columbus MSA has the ability to absorb a significant portion of this demand.
- New Albany's office vacancy rates are far lower than those in Columbus. Since the Village offers a "niche market," it may be able to attract some of the expected growth in office space demand for the next ten years, despite the region's vacancy rates (described above.) One such opportunity would be for the Village to capitalize on the demand for "office condominium" space as its popularity grows throughout the Columbus MSA.
- New Albany will become a recognized location for office development as access via Route 161 is enhanced. However, additional restaurants, entertainment, gas stations, hotels and other retail amenities are needed to make New Albany a more competitive location for office development. Additionally, there needs to be a concerted effort to correct perceptions in the development community about what New Albany has to offer.
- From an incentive perspective, New Albany offers a competitive attraction package relative to other Columbus submarkets. However, there is a perception that development can be a lengthy and more costly proposition in New Albany due to higher standards and permitting process requirements, impacting the profitability of development. As mentioned above, these perceptions need to be corrected because this sensitivity will impact the rate at which future office development occurs.

A. U.S. Office Market Characteristics & Development Trends

Although the economic climate between industries can vary, there is a strong correlation between the health of the national economy and the demand for office space. The stronger the economy, the greater the likelihood office-utilizing businesses will grow and demand additional space. The table below illustrates the 1987 Standard Industrial Classification (SIC) and 1997 North American Industrial Classification System (NAICS) industries that have high office space utilization rates and are thus most likely to follow this trend.

According to Jo Allen Gause et al. in the *Business Park and Industrial Development Handbook-Second Edition*, approximately 20% of all employed Americans now work in office buildings. These buildings are located in downtowns, suburban strip malls, office parks and mixed-use developments.

Standard Industry Classification Office Industries	
SIC Code	**Description**
47	Transportation
48	Communications
50	Wholesale Trade
60-65	Finance, Insurance & Real Estate
73	Business Services
781-782	Motion Picture Production
80	Health Services (excl. Nursing Facilities and Hospitals
81	Legal Services
829	Schools & Education
83	Social Services (excl. Day Care and Residential Care
86	Membership Organizations
87	Engineering & Management
1997 North American Industrial Classification (NAICS)	
NAICS Code	**Description**
51	Information
52	Finance & Insurance
531	Real Estate
5324	Commercial/Industrial Equipment Rental & Leasing
54	Professional, Scientific & Technical Services
55	Management of Companies & Enterprises
561	Administrative & Support Services
6114	Business Schools & Computer Management Training
6116	Other Schools & Instruction
6117	Educational Support Services
621	Ambulatory Health Care Services
6241	Individual & Family Services
6243	Vocational Rehabilitation Services
7113	Promoters of Entertainment Events
7114	Agents/Managers for Artists
813	Religious/Grantmaking/Professional Organizations

Office space is classified according to a quality of space scale of A, B and C. Factors influencing this classification include:

- Location – proximity to other businesses, transportation infrastructure, labor force, etc. determines the quality of that space. Historically, downtown central business districts are high density and high rent locations.
- Size and Flexibility – office buildings are characterized by three size classifications: high rise (16+ stories), mid-rise (4-15 stories) and low-rise (1-3 stories). Floor plate size and the ability to alter the floor plan layout are other measurable factors.
- Features & Amenities – the availability of parking, public transportation, high-speed Internet access, heating and cooling systems and the quality of finishes are other important factors.

According to recent market research studies, internal infrastructure and space flexibility are becoming increasingly important factors in office development trends. Many office users now require high-speed Internet access for bandwidth-intensive applications such as video and teleconferencing. As a result, new and renovated buildings must include sufficient and reliable power and the wiring necessary for high-speed computer networking. In addition, the growth in small device communication via PDA's, cell phones and laptops has created the need for wireless infrastructure.

Four recent trends impacting office development including office condominiums, hoteling, commutation and lifestyle centers are described further below:

Office Condominiums - Dentists and accountants pioneered the concept of office condominiums decades ago by converting residential property. An office condo is defined as an office building with two or more suites that are individually owned. The owners of the individual suites possess the remainder of the property in common. Today, office or commercial condos are proliferating in commercial markets across the country. Office condos work just like their residential counterparts, with buyers paying mortgage, property tax and association fees. The concept is increasing in popularity as business owners seek to take advantage of low interest rates and other financial benefits associated with ownership. A recent study indicated that the concept works best when these properties are located near or are a part of a mixed use development.

Hoteling - the sharing of office space with no individual offices or desks; *free-range*, offering work space on a first-come-first-served basis; and *hot-desking*, easily moveable workspaces, are also becoming highly desirable characteristics of office space environments. These recent trends require that office floor space be open and more flexible than what older buildings tend to offer.

Commutation - Urban and suburban commutation problems have also become a quality of life concern for employers and employees. As a result, larger companies and developers are increasingly siting new developments along public transportation infrastructure such as commuter rail lines, bus routes and highway interstates. As an example, the Bell South Corporation recently consolidated its 23 Atlanta offices into three new sites along the Atlanta Rapid Transit Authority rail line. The combined 3.1 million square feet development will allow 80% of its Atlanta work force to access their workplace by rail.

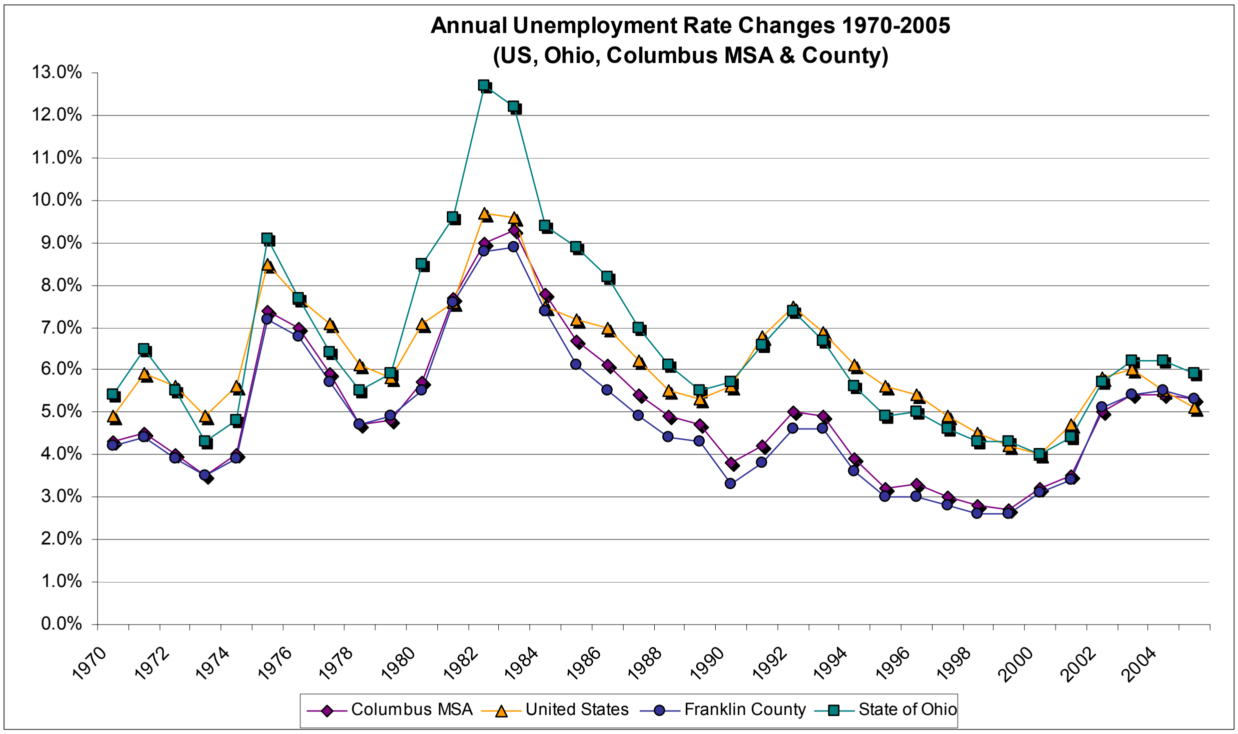
Lifestyle Centers - a mixed-use development trend that combines retail, office, housing and lodging facilities, are also rapidly growing in both urban and suburban communities. In effect, lifestyle centers are emulating older downtowns by creating aesthetically appealing buildings and streetscapes, creating office and residential space above retail and offering a variety of entertainment venues. This type of development allows residents to work, shop, live and entertain themselves and visitors all within walking distance. This concept is rapidly replacing traditional mall developments that began in the 70's. According to American Demographics, while only 60 lifestyle centers were in existence in 2003, the growing consumer spending ability of the Generation X market (ages 27-39), are now driving developers to create new place-like experiences. In fact, this development concept has all but replaced the 1960-1990 retail development trends. Only 5 regional mall developments were built in 2003, compared with 20 additional lifestyle centers.

B. Economic Conditions & Employment Projections

U.S. & State Economic Conditions

Before assessing local office market conditions, it is first necessary to understand how national and state economic conditions are driving or influencing office employment.

The table below charts historical unemployment rates for the U.S., Ohio, Columbus MSA and Franklin County. Overall unemployment rates for the U.S. and Ohio have declined substantially since the 1980's, although they have since increased approximately 200 basis points between 2001 and 2003. More recently, those increases appear to have stabilized for the State while declining 90 basis points for the U.S. (from 6.0% to 5.1%) between 2003 and 2005.



Another notable point is that the State, MSA and now Franklin County unemployment rates have become less volatile from one year to the next when compared to 1970's and 80's. In addition, in more recent years the State, MSA and County unemployment rates have remained within about 100 basis points of the U.S. rate. One explanation is that the State and local economies are becoming comprised of those industries and businesses that reflect the large national economy. This suggests 1.) the national economic outlook will be a good predictor of these smaller economies, and 2.) less volatility means less real estate investment risk. If this relationship continues, the most recent decline (2003) in the national unemployment rate could signal that the State, Columbus MSA and Franklin County economies are likely to experience further increases and declines in unemployment rates.

Employment by Place of Work - All Industries			
Year	United States	State of Ohio	Columbus MSA
2000	129,879,584	5,516,683	885,806
2001	129,635,800	5,434,769	888,365
2002	128,233,919	5,332,891	885,141
2003	127,795,827	5,281,390	881,610
2004	129,278,176	5,292,088	887,728
2000-04	-601,408	-224,595	1,922

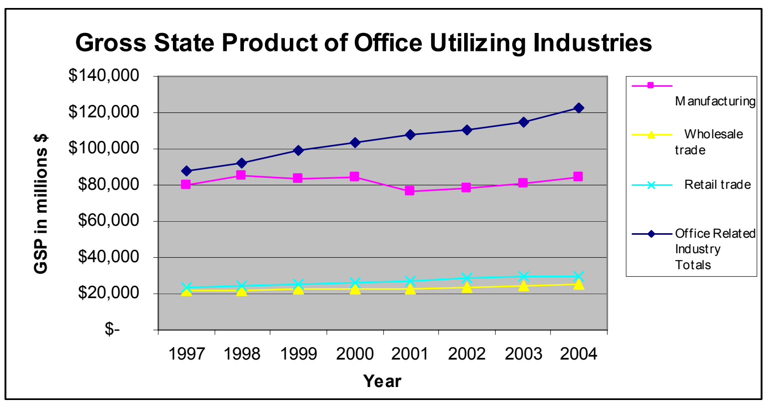
Source: U.S. Dept of Labor, Bureau of Labor Statistics

While national and state employment in 2004 continued to remain below 2000 levels, Columbus MSA employment increased slightly. When office related industry sectors are isolated from Gross Product at the national and state level, the data suggests that significant growth has occurred in the office utilizing industries. Furthermore, according to the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) the U.S. economy, measured by Gross Domestic Product (GDP), has experienced sixteen straight quarters of economic growth since the third quarter of 2001. Likewise, the BEA reports that seasonally adjusted annual corporate profits have increased since 2002.

National & State UI Rates		
Year	U.S.	Ohio
2000	4.0%	4.0%
2001	4.7%	4.4%
2002	5.8%	5.7%
2003	6.0%	6.2%
2004	5.5%	6.1%

Although the U.S. and Ohio have both experienced an increase in unemployment rates of 1.5% and 2.1% percentage points respectively between 2000 and 2004, both have experienced employment growth since 2002. The U.S. and State rising unemployment rates since 2000 have been the result of labor force growth outpacing the national and state economies' ability to create new employment opportunities.

At the state level, Gross State Product (GSP) has remained flat or slightly increased between 1997 and 2004 for manufacturing, retail and wholesale trade, while increasing 40% during the same period in those industries utilizing office space.



All indications appear to suggest that the U.S. economy began experiencing steady and consistent growth in 2003 after a mild, yet prolonged, recession that began in late 2000. In fact, 2.8 million new jobs were created in the U.S. economy between 2002 to 2004. However, the number of persons employed and residing in the State of Ohio in 2004 remained 50,000 below the State's 5.6 million 2000 employment level.

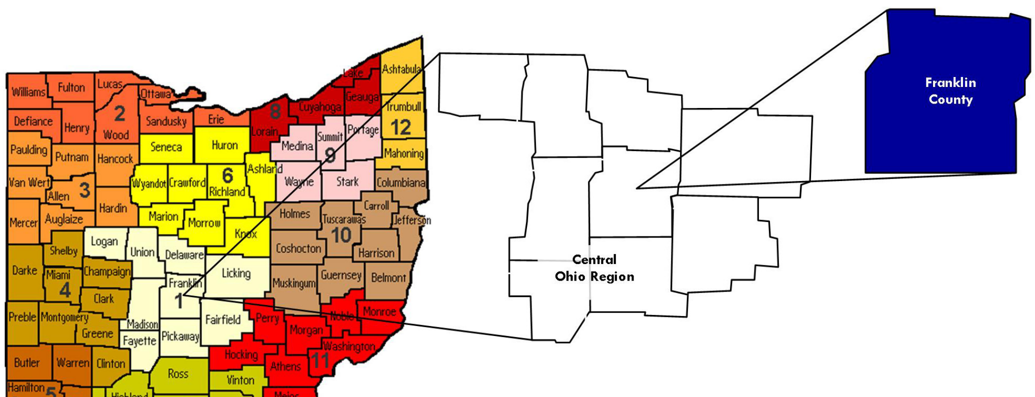
Employment by Place of Residence		
Year	United States	State of Ohio
2000	136,891,000	5,571,000
2001	136,933,000	5,570,000
2002	136,485,000	5,500,000
2003	137,736,000	5,506,000
2004	139,252,000	5,523,000

Source: *U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Program. Figures rounded to nearest thousand*
Note: data refer to place of residence, NOT place of work.

National Outlook - According to the Ohio Department of Job and Family Services, the national composite index of leading indicators increased 1.1% to 140.1 in January. The January result represents the 3rd sharpest rise in the last 4 months and suggests that the nation's economy could see robust growth this spring and early summer.

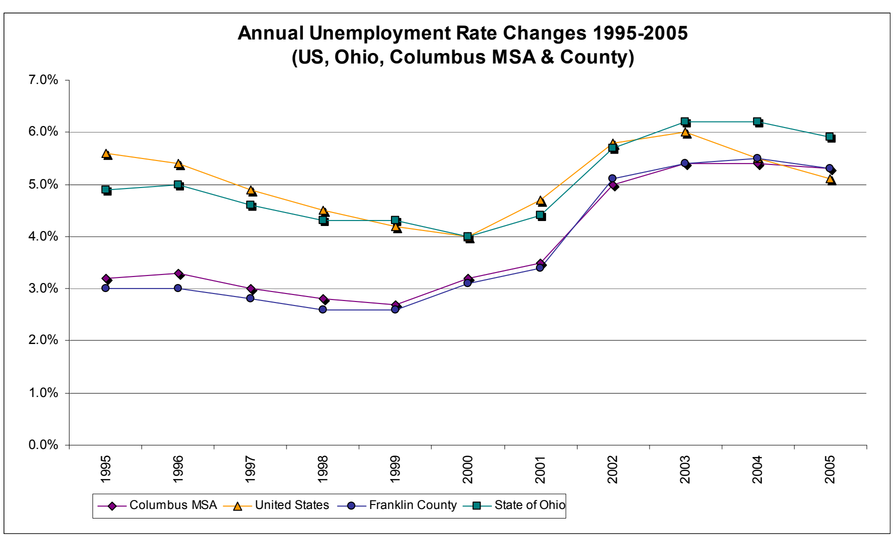
Central Ohio Region #1 (Columbus MSA): Economic & Employment Outlook

The Central Ohio Region is defined as a nine county area that surrounds Ohio's capital city of Columbus. Franklin County is part of Central Ohio Region, otherwise known as Region 1, which also includes Delaware, Fairfield, Fayette, Licking, Logan, Madison and Pickaway, Union Counties. According to the Ohio Department of Development, Region 1 now has over a million relatively well-educated and diverse people in its labor pool. The area has two international airports, ever-improving transportation corridors, a major university and several research centers.

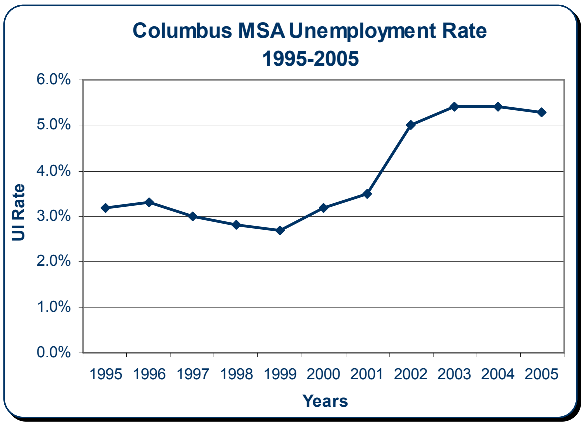


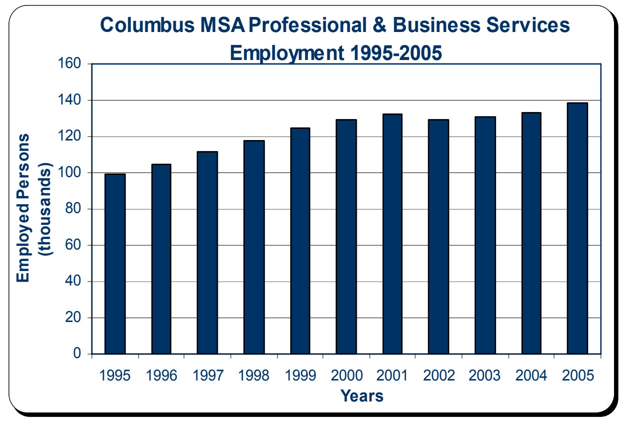
Central Ohio Region / Franklin County

While the Columbus MSA experienced an increase in the unemployment rate from a low of 2.7% in 1999 to 5.4% in 2004, rates declined slightly to 5.3% last year. In addition, the unemployment rate for the MSA declined 100 basis points from February 2005 to February 2006.



In all but three of the last 35 years, the Columbus MSA unemployment rate has consistently remained below the U.S. unemployment rate. For the first time in 21 years, the U.S average unemployment rate dropped below the MSA rate in 2003. The last time this occurred in 1984, the national and MSA unemployment rates began a 6 year 400 basis point decline.





More importantly to the regional office demand is the trend of employment in office utilizing sectors. As illustrated in the tables above, while total unemployment rates were rising between 1999 and 2004, employment in the Professional and Business Services sector remained fairly stable, before growing again in 2005.

Central Ohio - Economic Development Region 1 Office Utilizing Industry				
Industry	2002 Annual Employment	2012 Projected Empoyment	Change in Employment 2002-2012	Percent Change 2002-2012
Total Employment	987,900	1,111,600	123,700	12.5%
Non-Office Employemnt	559,880	624,510	64,630	11.5%
Office Utilizing Industries	370,870	429,260	58,390	15.7%
Goods-Producing	148,240	146,320	-1,920	-1.3%
Service-Providing	782,510	907,450	124,940	16.0%

Based on employment projections published by the Ohio Department of Job & Family Services, total employment within the Central Ohio Region is expected to grow from 987,900 persons in 2002 to 1.1 million by 2012. During this period, Goods Producing occupations are expected to decline 1.3%, or 1,920 jobs, while total Service Providing occupations are expected to increase by 124,940 jobs, or 16%. Office Utilizing occupations are expected to increase 58,390 jobs (15.7%) from 370,870 in 2002 to 429,260 by 2012.

According to economic advisors at Economy.com, the Columbus MSA is expected to experience an employment increase of 97,325 (10.5%) from 2004 to 2014. Office utilizing industries alone are expected to comprise 64%, or 62,198, of those new jobs, equating to a 12.9% increase. This trend indicates a continuing economic transition and growth occurring in the Columbus MSA, from a skilled labor base to service related employment. This transformation will influence commercial space demand as employment and the need for office space grows.

Economy.com - Columbus MSA Office Utilizing Industry Employment Projections (2004-2014)				
Industry	**2004**	**2014**	**2004-2014**	**% Change**
Total Payroll Employment	**929,143**	**1,026,468**	**97,325**	**10.5%**
Total Nonfarm	**912,779**	**1,010,880**	**98,100**	**10.7%**
Information	**19,690**	**21,312**	**1,622**	**8.2%**
Publishing Industries (except Internet)	6,207	6,226	19	0.3%
Motion Picture and Sound Recording Industries	1,069	1,357	288	26.9%
Broadcasting (except Internet)	1,384	1,537	153	11.0%
Internet Publishing and Broadcasting	76	134	58	76.6%
Telecommunications	7,208	7,515	307	4.3%
ISP's, Web Search Portals, & Data Processing Services	3,576	4,360	784	21.9%
Other Information Services	171	183	13	7.5%
Financial Activities	**74,483**	**81,301**	**6,819**	**9.2%**
Finance and Insurance	59,529	65,273	5,743	9.6%
Real Estate and Rental and Leasing	14,953	16,029	1,075	7.2%
Professional & Business Services	**132,820**	**154,387**	**21,567**	**16.2%**
Professional, Scientific, and Technical Services	52,609	61,044	8,435	16.0%
Management of Companies and Enterprises	17,945	17,855	-90	-0.5%
Administrative, Waste Management, & Remediation Services	62,266	75,487	13,221	21.2%
Education & Health Services	**100,713**	**121,800**	**21,086**	**20.9%**
Educational Services	12,201	13,892	1,691	13.9%
Health Care and Social Assistance	88,512	107,908	19,395	21.9%
Government	**152,952**	**164,057**	**11,105**	**7.3%**
Total Federal Government - Civilian	13,134	12,757	-377	-2.9%
Total State Government	61,257	68,102	6,845	11.2%
Total Local Government	78,561	83,198	4,637	5.9%
Office Utilizing Total	**480,658**	**542,856**	**62,198**	**12.9%**

This continued growth in professional and business services and the tremendous job outlook for office utilizing industries within the MSA, combined with the more recent unemployment rate decline indicates healthy economic outlook, job growth and office space demand for the Columbus MSA in the coming months and years.

Regional Economic Outlook - While the composite index of leading indicators for Ohio remained at 97.0, the index for the Columbus metropolitan area increased 0.4 percent to 101.8 in January. According to the Ohio Department of Job & Family Services, this rise is in anticipation of higher spring employment levels.

Village of New Albany Employment Highlights

Village of New Albany employment data is not readily available. However, professional employment projections were estimated by Camoin Associates based on an office inventory conducted in February 2006. According to the inventory, occupied professional office space totals 1.2 million square feet. Based on national averages and the actual inspection of occupied space, office employment is estimated to be 4,905.

New Albany Estimated Office Employment			
Use	**Occupied Sq. Ft.**	**Ave. Sq. Ft. Per Employee**	**Estimated Employment**
Office	1,226,274	250	4,905

C. Office Market Conditions

National

Professional employment is the most significant factor affecting office space markets. On average, one professional worker utilizes between 200 to 280 gross sq. ft. of office space. As employment increases within office-using industries, the demand for office space increases. As a result, rental rates may rise, businesses may move to newer or more affordable space and the equilibrium between supply and demand shifts. However, there is typically a lag between economic growth and demand for office space. Economic expansion must first stimulate employment growth that in turn contributes to demand for additional space.

According to research conducted by CB Richard Ellis (CBRE), the fourth quarter of 2005 continued the trend of strong office absorption and declining vacancies. Most major markets experienced a considerable rise in the demand for space. Downtown and suburban markets posted their seventh straight quarter of positive absorption with a combined total of 24.3 million square feet absorbed during the 4th quarter of 2005. Vacancies remain tighter downtown versus the suburbs. Nationally, downtown vacancy rates declined over 30 basis points to 12.7% as suburban vacancy dropped to 14.6% from 15.1% in the third quarter of 2005. Downtown construction activity remained low at just over 1.1 million square feet delivered in the quarter. This trend of minimal new construction combined with increasing absorption is expected to enhance the rental performance of the downtown office markets in 2006. Although the national market remains strong, it is expected to take a number of years before the market can absorb the inventory of vacant space and return to its long-term equilibrium vacancy rate of 10%.[1]

According to Grubb & Ellis, in 2005 the national office leasing market turned in its best year since 2000. Based on their estimates, the national office vacancy rate dropped to 14.5%, the lowest level in four years. This performance was the result of a net absorption of 91 million square feet with only 19 million constructed. Asking rates for Class A space rose 2% in the nation's central business districts (CBDs) and 4.1% in suburban markets.

Furthermore, about 1/3 of all new jobs in the U.S. created in 2005 were from office using sector businesses and approximately 1/2 of the office sector job growth was within the finance and insurance, and scientific and technology services industries. Based on their data, growth in national office demand is expected to continue at least into the 2nd quarter of 2006. In addition, Grubb & Ellis is predicting that office condos will be the hot new development trend that flows through 2006 and into 2007. However, growing budget deficits, inflationary pressure and continued increases in the federal funds rate could slow or cut short this growth by mid-year.

Regional

In the Columbus MSA, net absorption for the 4th Quarter 2005 was a positive 89,380 square feet with the year ending at a positive 113,948 square feet. The transfer of a large block of space contributed to the positive 4th quarter net absorption including 20,000 square feet at 5150 E. Dublin Granville Road (less than 3 miles from New Albany) and 40,000 square feet at

[1] CBRE 4th Quarter Report 2005

540 Office Center Place acquired by Gahanna 540 LLC. A new 94,000 square foot office building is reported to be under construction in neighboring Westerville and the Polaris West Business Center recently announced the sale of 1,200 to 24,000 square foot office condo suites. Grubb & Ellis expects these trends to continue into 2006.

According to CBRE 4th Quarter 2005 Report, the Columbus metropolitan and suburban office markets had the 2nd highest vacancy rate in the nation. However, the Columbus suburban market also experienced the 2nd greatest vacancy rate decline among national markets, going from 25.4% in the 4Q04 to 20.9% in the 4Q05. Average 2005 Class A Columbus suburban office rental rates were reported to be $18.40. While national suburban market rental rates are expected to increase 4.1% in 2006, the Columbus suburban market is not likely to experience similar increases until further absorption of existing vacant space occurs.

Village of New Albany

Office Space Inventory – Camoin Associates completed a Village of New Albany commercial space inventory in February 2006. The area included properties along High Street and Main Street, as well as the numerous office parks located along Route 161.

An estimated 1.4 million square feet of office space currently exists within the Village, the majority of which is Class A (97.8%). Class B space represents 2.2%, or 30,278 square feet, of the total. While New Albany's overall vacancy of 10.7% is near the national long-term average of 10%, it is considerably below the current Columbus suburban vacancy rate of 20.9%. Most of the Class B space is located along Main and High Streets and serves a variety of small local professional businesses.

Village of New Albany Office Space Occupancy

Use	*Total*	*% of Total*	*Occupied Sq. Ft*	*Vacant Sq. Ft.*	*Vacancy Rate*
Office Space	1,373,644	100.0%	1,226,274	147,370	10.7%
Class A	1,343,366	97.8%	1,198,319	145,047	10.8%
Class B	30,278	2.2%	27,955	2,323	7.7%
Class C	-	0.0%	0	0	0.0%

Realtor & Developer Interview Findings - Phone interviews were conducted with representatives from local real estate and commercial property development professionals in an effort to understand their experiences and insight into the current Village of New Albany office market. Interviews were conducted with Brad Shockey (Shockey & Company), Andy Weeds (Opus Corp), Ed Carey (Carey Realty), Bill Ebbing (NACo), and Ben Struewing (Duke).

The survey instruments developed for each were designed to obtain office market conditions and outlook, strength and weaknesses of New Albany as an office location, amenities demanded by prospective tenants, New Albany's market niche and current market rates.

The following summarizes the findings of these discussions:

Regional Office Market Conditions - Although there were conflicting responses, most agreed the Columbus suburban market was soft, but improving (also supported by data.) These market conditions, combined with a number of large companies coming to the end of their tax abatement schedules,[2] is putting downward pressure on rental rates. Easton and Polaris submarkets appear to be doing well, while other markets are still sluggish. While overall demand appears to be increasing throughout the Columbus suburban markets, current conditions do not support speculative construction.

New Albany Office Market Perceptions - the consensus among developers is that New Albany is becoming a recognized location for office development. One interviewee characterized the area as "hot." While they all agreed there is a real perception that the community is still on the development periphery, they all noted that the completion of Route 161 and interchange access is slowly changing that view. Two developers suggested that the New Albany market was not ready for a large scale speculative office buildings.

Most interviewed also believe that pursuing any type of development can be a lengthy and more costly proposition in New Albany. One interviewee noted that the community is successfully creating something special, but that means tougher land use and building development requirements which in turn impact cost and thus investment return and feasibility.[3] Another felt that the more stringent development requirements make investors feel unwanted, which is not the position they get when proposing a project in a location such as Westerville. As one stated, "what makes New Albany great is also its greatest obstacle. Deliberate, long-term planning to build an exceptional community comes at a cost to competitiveness." It should also be noted that interviewees stated that new Village staff has been very professional and has made progress at changing such perceptions.

Features and Amenities - responses regarding the features and amenities being demanded in the marketplace were not generally consistent. However, there was agreement that competitive tax incentives were a must. In that respect, New Albany's incentives are considered among the most competitive in the Columbus suburban market. Other comments included the need for restaurants, entertainment, gas stations, hotels and other retail. The lack of these amenities relative to other offerings places New Albany at a competitive disadvantage.

Suitable Businesses - businesses most noted as suitable for the New Albany area included high-end professional office, "friends of the Limited," and medical offices.

Market Rental Rates - Two data sources were used to estimate current office market rental rates: real estate and developer interviews and advertised lease rates. According to real estate professional interviews, the gross market rate for Class A space was between $18 and $20 psf, while Class B space ranges between $12.00-$13.50. Cost estimates for Class C space were not available due to the lack of existing space. Triple net rates were $14-16 and $10-$11.50 for Class A and B space respectively

New Albany Office Demand – Based on the economic and office market data, the Village of New Albany can anticipate improved demand within the next 3-6 months and continuing at least until

[2] Because of the weak office market, property owners are being forced to lower triple-net rental rates by the amount of the abatement when it expires, thus forcing general market rates downwards.

[3] As an example, one respondent said that the brick façade building construction requirement takes longer to construct and thus increases the developer's carrying costs.

2014. However, the currently high Columbus MSA vacancy rates will require the absorption of existing office inventory. These conditions will continue to maintain a competitive development and pricing environment the limit opportunities for speculative investment.

Appendix V
Industrial Market Analysis

Industrial Market Analysis

Summary

Overall economic growth is expected to remain fairly strong over the next several years and most real estate market analysts have similar forecasts for the industrial sector. However, vacancy rates are expected to remain relatively stable throughout 2006 in the Columbus MSA because construction has been keeping pace with absorption.

Industrial realtors note that the market is especially strong for larger warehousing/distribution facilities, particularly at the Rickenbacker site which offers both competitive economic incentives and good access to rail, air and ground transportation resources. Over 1,300 acres, located at and adjacent to the Rickenbacker site, are currently available for industrial development. This is the main industrial space competitor for the Village of New Albany, and the Village should concentrate on ways to differentiate itself from this site to maintain a competitive advantage.

Over 2 million SF of new industrial space is expected to come on-line in the Columbus market area in 2006, adding 1% to an industrial base of approximately 200 million SF. In terms of access to highway transportation and basic utilities, there is minimal variability among properties within the Columbus metro area. However, there is a lack of larger industrial properties with comparable economic incentives to the Rickenbacker site.

In light of the above, the following conclusions can be drawn:

- Industrial vacancy rates are expected to remain fairly stable throughout 2006 because construction is expected to match absorption.
- Industrial realtors and developers noted that lease rates will likely increase for new facilities because of the rising cost of construction materials and rising interest rates. This may make new construction less competitive than existing space.
- Demand is strongest for larger, modern buildings with the flexibility for future expansion. Therefore, the Village should consider retaining sufficient contiguous areas(s) to accommodate a 500,000 SF+ industrial building with room for additional growth.
- The economic incentives available in New Albany are competitive with the rest of the Columbus region. In addition, the Village offers good access to highway transportation.

- Relatively high land prices could make the Village a less attractive target for industrial development. The Village may want to address this issue creatively with options to be discussed in the recommendations to this ED plan.

- Realtors interviewed suggested that New Albany would be an attractive location for a decision-maker who is searching for property closer to home or for a firm interested in developing or maintaining an upscale reputation. Additionally, specialized firms that serve high-end, niche markets were also identified as potential targets for New Albany.

- The general perception among industrial realtors is that the Village of New Albany is not interested in industrial development. To counter this perception, the Village should increase advertising and outreach to real estate professionals and developers (i.e. direct marketing, attendance at area trade shows, hosting special events and tours, etc.)

- One interesting opportunity for the Village of New Albany is the attraction of "data centers" (redundant data warehousing) for national and international firms. To be competitive, the Village would need to have, at a minimum, a fiber optic network and redundant/backup power sourcing. While the Village is actively pursuing the installation of fiber optics, it should consider doing an assessment of the reliability of its electric service and transmission network (as well as any necessary accommodations of Village regulations to allow for on-site backup electric generation.)

Overall Trends

Franklin County, including the Village of New Albany, is a submarket of the Greater Columbus market area, as defined by several major industrial real estate brokerages. Current conditions in the Columbus market area are driven not only by local industry factors, including warehousing activity and increased use of Radio Frequency Identification (RFID) tags, but also by macro-level phenomena including consumer demand, interest rate movements, and the global demand for construction materials. Taken together, these variables are exerting a major influence on both the frequency with which industrial real estate projects are undertaken and on the specific type(s) of operating space that is demanded by industrial businesses.

A third-quarter 2005 report by Grubb & Ellis Research indicates that there is significant demand within the greater Columbus region for single-purpose, first-generation warehouse/distribution centers that exceed 500,000 SF and have expansion potential. Interviews with local industrial realtors and developers noted this demand continues to drive the market for industrial space. According to Colliers International, this trend was mirrored throughout much of North America during 2005, as demand for warehousing/distribution space was strong throughout the year.

Conversely, demand for second-generation space in the Columbus region is significantly weaker. As a result, there have been a number of recent re-development projects at well-located sites to meet specific business needs. As such, both new and existing warehouse/distribution space could have development possibilities given their ability to fit with the operating requirements of businesses.

Further substantiating the recent interest in large, first-generation warehouse/distribution centers, during the third quarter of 2005 two major construction projects, exceeding 800,000 SF were completed. During the fourth quarter of 2005, ProLogis Trust completed construction on a 513,000 square foot (SF) distribution facility in Etna.

A number of major new construction projects are underway. The Columbus Regional Airport Authority, in conjunction with the Norfolk Southern Corporation, recently began construction on the intermodal facility near the Rickenbacker Airport. The first speculative building is 572,000 SF of industrial space; the plans for full-build out call for over 20 million SF of speculative and build-to-suit industrial space over a period of 15 years. In addition to the intermodal facility, Opus North Corporation began construction of a 753,000 SF facility at the Opus Business Center in Groveport. The amount of speculative construction clearly signals that demand for industrial space is strong.

Several other significant phenomena are impacting the market for industrial space in the Columbus area such as interest rates, consumer demand, and the price of construction materials, including concrete and steel. Historically, the industrial market is negatively impacted by interest rate increases, which effectively raise the financing costs associated with the construction, sale and lease of industrial space.

Interest rates remain near historical lows. However, interest rate hikes have occurred throughout the past year and the Federal Open Market Committee has indicated that additional increases are likely to occur in the 2nd quarter of 2006. Additionally, the recent steep jumps in steel, concrete, and fuel prices, driven largely by strong market demand in China and Katrina reconstruction efforts, have increased new construction costs. As such, the market has been impacted and developers will need to recover these costs by passing them on to tenants of new facilities.

Vacancy Rates

According to market reports published by CB Richard Ellis, the average vacancy rate for the Columbus industrial market has increased during the past year. The vacancy for the fourth quarter of 2005 was 13.3%, which is relatively high compared to historical averages and nearly a full percentage point increase over the third quarter of 2005. In comparison, Vacancy rates were approximately 12% at the end of 2002 and declined throughout 2003 and 2004 to just below 10%. Since 2004 vacancy rates have risen steadily.

Recent Vacancy Rates			
Sub-Market	**3Q 2005**	**4Q 2005**	**Change**
Downtown	7.3%	7.7%	0.4%
East	15.7%	16.0%	0.3%
Northeast	9.0%	9.0%	0.0%
Northwest	8.3%	9.8%	1.5%
Outlying	8.7%	8.7%	0.0%
Southeast	20.1%	22.1%	2.0%
Southwest	9.8%	10.1%	0.3%
West	15.4%	17.1%	1.7%
Market Total	**12.5%**	**13.3%**	**0.8%**

Source: CB Richard Ellis

As noted by both CB Richard Ellis and industrial realtors and developers interviewed by CA, this trend of rising vacancy rates is largely the result of the construction projects that were completed during this time period. Further, due to the amount of construction both planned and in-progress, the vacancy rate is unlikely to improve until this construction is absorbed.

Concerning the greater Northeast Columbus market in particular, including the Village of New Albany, CB Richard Ellis reports a vacancy rate of 9.0% for both the third and fourth quarter of 2005. However, the Northeast market only represents 7.0% of the total industrial market in the Columbus region and most of the new construction has occurred in the Downtown and Southeast sub-markets.

Industrial realtors and developers noted that industrial land within Village of New Albany has not been aggressively marketed. In particular, these individuals noted that Village officials have little contract with Columbus realty boards and associations, and there is the perception that the Village is not interested in further industrial development.

Total Rentable Area (SF)			
Sub-Market	**4Q 2005**	**% of Total Rentable Area**	**Increase from 3Q 2005**
Downtown	40,483,806	20.2%	1,402,696
East	22,340,053	11.2%	30,000
Northeast	13,907,559	7.0%	39,712
Northwest	1,749,081	0.9%	13,137
Outlying	39,853,760	19.9%	87,800
Southeast	35,537,306	17.8%	707,696
Southwest	11,289,100	5.6%	0
West	34,937,531	17.5%	55,910
Market Total	**200,098,196**	**100.0%**	**2,336,951**

Source: CB Richard Ellis

Lease Rates

According to data published by CB Richard Ellis[1], which is based on a large database on industrial real estate listings, average lease rates in the third quarter of 2005 were $3.15 for the Columbus industrial market. This figure increased to $3.26 for the fourth quarter of 2005[2].

Recent Average Published Lease Rates			
Sub-Market	**3Q 2005**	**4Q 2005**	**Change**
Downtown	$2.86	$2.77	-$0.09
East	$3.18	$3.24	$0.06
Northeast	$5.67	$5.70	$0.03
Northwest	$6.07	$6.23	$0.16
Outlying	$2.96	$2.99	$0.03
Southeast	$3.00	$3.08	$0.08
Southwest	$2.80	$3.35	$0.55
West	$2.80	$3.19	$0.39
Market Total	**$3.15**	**$3.26**	**$0.11**
Source: CB Richard Ellis			

Although the published data shows lease rates increased to $3.26 from the third to the fourth quarter of 2005, real estate professionals claim that actual rental rates are much closer to $3.00. Also, market forecasts released by Grubb & Ellis and CB Richard Ellis indicate that lease rates in the Columbus market will remain stable throughout 2006, hovering near $3.00 on average. As detailed previously, the amount of construction activity is roughly equivalent to absorption which has had an impact on lease rates.

A number of industrial realtors and developers suggested that average lease rates would increase because of rising interest rates and construction costs. This phenomenon may be limited to new construction projects over the near term. Over the long term, lease rates are expected to rise slightly for all properties due to anticipated increases in interest rates and net absorption of slack industrial space.

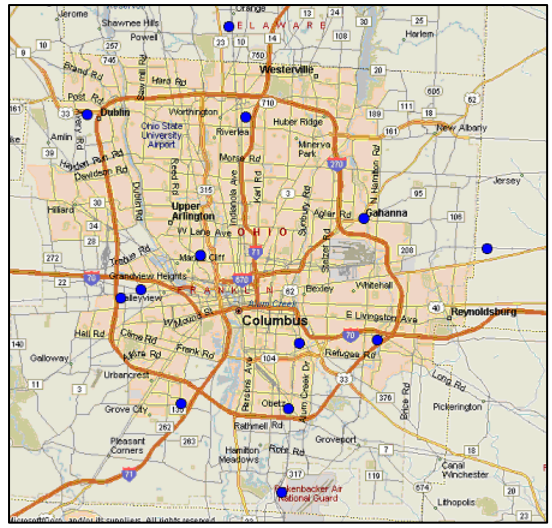
To supplement the above data, CA completed an analysis of available industrial properties in the Columbus region. This analysis was conducted to better enable the Village of New Albany to understand lease rate trends based on building size, and was not intended to be a complete, statistically accurate sample of available properties[3].

According to the market data analyzed by CA, the highest lease rates for the Columbus Industrial market were for buildings less than 25,000 SF in size. Lease rates for larger buildings diminish; buildings >100,000 SF had average lease rates of $2.58 per SF.

Columbus Area Lease Rates By Building Size (Q1 2006)			
Building Size	**# of Available Properties**	**Total Space Available**	**Average Lease Rates**
<25,000	67	695,601	$5.32
25,000 - 50,000	25	870,457	$3.91
50,000 - 100,000	18	1,185,128	$3.28
>100,000	9	1,754,793	$2.58
Total	119	4,505,979	$3.43

[1] Average lease rates are calculated based on gross rentable area.
[2] "Triple Net" is the base lease amount before adding the proportional share of insurance, property taxes and maintenance costs.
[3] For overall market statistics, CA believes CB Richard Ellis is a reliable source of information.

Comparative Analysis



In order to gauge the overall characteristics and amenities offered by industrial properties within the greater Columbus region, a sampling of 25 properties was collected. This sampling allowed CA to compare properties in terms of available space, building amenities, proximity to transportation connections and the availability and strength of incentive packages. Lease rates and sale prices were also collected for these properties. The image to the right shows the location of the majority of the properties sampled.[4] The sample included a wide variety of building and property types because industrial realtors interviewed by CA suggested New Albany could accommodate a broad range of industrial users given the amount of industrial zoned land within the Village.

Industrial Properties Sampled	
Total Space	4,377,404 SF
Available Space	1,568,477 SF
# of Properties	21
Average Size of Available Space	74,689 SF

The total industrial space at the properties examined was approximately 4.4 million SF. Of this total, these properties offered 1,568,477 SF of *available* developed industrial space and 81.5 acres of undeveloped land zoned industrial.

There were a limited number of properties featuring available land, and these properties could be compared to industrial-zoned land in the Village of New Albany. The price of this land averaged approximately $60,000 per acre – far below typical land costs in New Albany. Because of this disparity in land prices, industrial realtors suggested speculative construction in New Albany was unlikely, although build-to-suit construction remained a possibility.

Virtually all of the industrial properties reviewed for the comparative analysis offer convenient access to transportation resources. The properties are located close to interstates and generally within 15 miles of either the Columbus International Airport or the Rickenbacker International Airport. Industrial realtors noted the

Industrial Properties Sampled		
Building Size	# of Available Properties	Total Space Available
<25,000	7	117,980
25,000 - 50,000	5	225,158
50,000 - 100,000	3	175,396
>100,000	6	1,052,378
Total	21	1,570,912

[4] Please note that several properties sampled were located in the same industrial parks or were otherwise closely situated. Additionally, several properties included in the sample were slightly outside the immediate area shown in the map above.

Village is a relatively good location in terms of ground transportation, and its competitiveness will improve upon completion of the Route 161 project.

Only 20% of the properties sampled offered access to rail siding or rail spurs, although rail access will be available at the Rickenbacker Intermodal facility. All of the properties had either on-site access or nearby access to all electric, gas, and telephone infrastructure. Generally speaking, access to transportation resources and utilities was excellent for all properties.

In terms of economic development incentives, the Village of New Albany offers incentives that are competitive with any site in the Columbus market region. Specifically, the availability of real property tax abatement (15 years @ 100%) was noted as the "gold standard" by industrial realtors interviewed[5].

In terms of other properties analyzed, several industrial parks are located in foreign trade zone (FTZ) No. 138 (which encompassed roughly 5,000 acres throughout the Columbus region.) Goods in an FTZ are generally exempt from federal excise taxes, and parts imported can be assembled into a product duty-free. The benefits of a FTZ location can be substantial for companies that import and/or export a significant amount of goods. As such, those industrial properties located in FTZ No. 138 (which does not include property in the Village of New Albany) have a potential competitive advantage relative to the Village.

Few properties offer high speed internet services. Modern fiber optics can serve to differentiate industrial properties that have otherwise similar offerings, and represent a competitive advantage that can serve to attract select, higher-end users for the Village of New Albany. High speed internet services are likely to impact the competitiveness of industrial property in New Albany, whereas this offering would not be as important in industrial parks in other regions.

For example, the investment of the City of Dublin to extend its fiber optic system was an important consideration for the Ohio State University Health and Innovation Park. This development will be the site of a medical research facility and various health care businesses, which will heavily utilize the City's broadband network.

[5] The personal property tax is currently being phased out and is not a major factor. As such, it is not considered in this analysis.

Data Centers

CA conducted research with respect to data centers/server warehouses, the needs of these facilities, and the underlying trends in industry space for data centers[6]. A summary of this research is presented below.

Data centers are typically nondescript single-story concrete masonry buildings with high levels of both electronic and physical security. Unlike most industrial property, data centers typically do not have highway frontage due to security concerns. According to IDA analyst Vernon Turner, businesses will require an estimated 12 million SF of space for data centers by 2009. Currently, data centers are largely concentrated in Seattle, Chicago, the San Francisco Bay Area, and in several metro areas in Texas. A typical data center has construction costs of approximately $500/SF.

These facilities require constant cooling and typically have energy needs *10-15 times greater* than typical similarly sized office space. As such, data centers place an unusually high demand on local electric transmission networks not designed for this intensity of usage. Most utilities must complete substantial local upgrades to the distribution system to service these facilities.

In addition to high power usage, data centers require highly reliable dual sourced power, and are typically equipped with both a battery backup and dual diesel generators. Operation of diesel generators is limited by State environmental policy to a set number of hours (during emergency periods), so the local environmental impact is generally not a major consideration.

Data centers must be equipped with modern fiber optic capabilities to meet their high bandwidth capacity needs. To offer a competitive package for a company intending to construct a data center, the Village of New Albany must have this infrastructure in place.

[6] Data centers are classified as industrial but represent a highly specialized real estate category.

Appendix VI
Business Survey & SWOT Analysis

Business Survey & SWOT Analysis

Summary

Business survey respondents and economic development organizations perceive New Albany as a prestigious business location offering an abundance of good quality land for development and a high quality of life for residents. At the same time, some perceive New Albany as an expensive place to do business that lacks the amenities and diverse business mix that make other area locations attractive.

Despite these perceptions, the survey revealed that most respondents plan to stay in the Village and expand their business over the next one to two years by hiring additional employees. Additionally, 61% rated the Village as a "very good" or "excellent" place to do business. Although most respondents indicated they are content with the quality of their workforce, a significant portion said their employees need training in computer and professional skills (sales, marketing, accounting, etc.)

In addition to the need for training, a significant number of respondents said that reliability and availability of high-speed telecommunications services and availability of wireless services are "very important" to their business.

Representatives of economic development organizations interviewed for this project agreed that as New Albany grows, its biggest challenge will be to find the right balance of residential and commercial development so that the cost of providing community services for development does not create a burden on taxpayers.

Based on the results of the business survey and interviews with economic development organizations, the following conclusions can be drawn:

- The Village should focus part of its marketing strategy on addressing misperceptions on the cost of doing business. For instance, listing the lease rates per square foot in New Albany, Easton and Dublin side by side in the Village's marketing materials would show that it is actually less expensive to locate in New Albany.

- The Village should consider providing incentives to restaurants, hotels, and certain retail stores to encourage them to locate in the business parks, as well as in other parts of the Village. The Village should market those incentive programs and their results as part of its attraction strategy to address the concern that New Albany lacks the amenities to make it a competitive location.

- The Village should establish a relationship with the state-run Ohio Investment in Training Program, which provides financial assistance and technical resources for customized training for employees of new and expanding Ohio businesses and identify New Albany businesses that may be eligible for the program.

- The Village should continue its efforts to establish a wireless network that can provide high-speed, wireless Internet connectivity to all points in the Village. This type of project could also enhance New Albany's image as an attractive business location.

- The Village should continue its focus on medical facilities, which is consistent with market data and these survey findings. Marketing the concentration of health care-related businesses in New Albany can enhance its image as a "medical hub" and draw new health care businesses to the Village.

- A summary of the SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) conducted using data from the business survey in conjunction with information gleaned from interviews with regional economic development organizations is shown below.

STRENGTHS	WEAKNESSES
• Reputation as a prestigious location • High quality of life for residents • Good location with access to highway and metro area • Abundant land suitable for building • Good infrastructure • Significant "organic" growth in existing businesses • CRA and Enterprise Zone • Good housing stock for regional headquarters employees	• Negative perceptions in the development community (e.g., cost of building is high, financial incentives are inadequate, and the Village is not interested in industrial development) • Lack of amenities • Workforce skill level • Lack of affordable housing for workforce • Lack of diversity in businesses mix
OPPORTUNITIES	**THREATS**
• Demand exists for fiber optic/wireless infrastructure • Demand exists for a medical hub • Demand exists for new retail in the business parks • Ohio Investment in Training Program • Visitors interested in the New Albany "experience" – potential for tourism	• Competition with Dublin and Easton • Instability due to lack of diversity • Potential for Columbus to absorb the office market • Exhaustion of regional labor force • Potential to allow the wrong mix of residential and commercial growth

Introduction

Camoin Associates conducted a survey of Village businesses between March and May of 2006 via Zoomerang, a company that provides advanced web-hosted technology for customized survey research. The Development Office sent postcard invitations to 180 businesses, announced the survey in the Chamber of Commerce newsletter, made follow-up calls and awarded prizes to encourage businesses to respond. To the extent possible, surveys were directed to business owners, chief executive officers, managers, and other individuals in key leadership positions. Twenty-four organizations responded to the survey, for a 13% response rate[1]. Three of those responses were partial.

The primary objectives of the business survey were to solicit input on the issues, needs, and concerns of local businesses; evaluate the Village's strengths, weaknesses, opportunities, and constraints with respect to business operations and economic development; and identify actions that should be considered in the context of the economic development strategic plan. A copy of the survey is included at the end of this section. Survey topics included the following:

- Current business information (e.g., type of business by industry, length of time in New Albany, and levels of employment).
- The reasons why the company is located in the Village.
- The importance of various site selection factors.
- Workforce training and education needs.
- Perceptions of New Albany as a place to do business.
- Future plans for business expansion.
- The importance of addressing various factors in the Village's economic development plan.

In addition to the business survey, four interviews with regional economic development organizations were conducted to gain an external perspective on New Albany's business climate and economic development efforts.[2] A SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) was conducted using the data from the business survey in conjunction with the information gleaned from the interviews. The SWOT analysis is summarized in chart format at the end of this section.

Despite the relatively small sample size, the survey results and interviews provide valuable insight into how members of the local business and economic development community perceive the business climate in New Albany and what they feel the Village's economic development efforts should focus on.

[1] In Camoin Associates' experience, this is a typical response rate.
[2] Findings from the eight interviews conducted as part of the Office and Industrial Market Analyses were also taken into consideration for this section of the report.

Profile of Survey Respondents

One of the objectives of the survey was to gather information on the businesses that responded. Key characteristics reported by the respondents include what kind of business presence they have in New Albany, how long they have been in New Albany, how many employees they have, what stage of growth they are at, whether they lease or own their facilities in New Albany, the type of industry each business is in, and if the business is a member of the New Albany Chamber of Commerce.

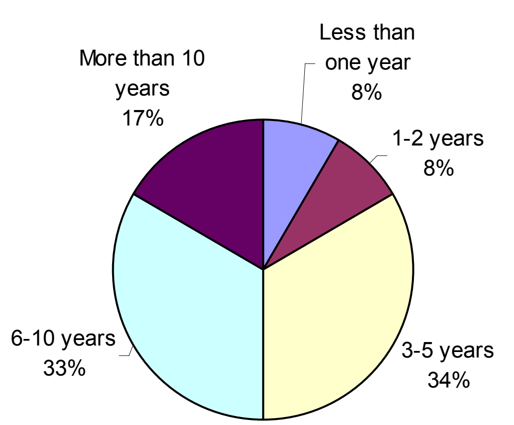
- *Business Presence* - Table 1 shows that the majority (65%) of respondents were single facility/office, New Albany-based businesses. 26% were businesses with multiple facilities/offices in the Columbus region. Only one business was the headquarters of a firm with other offices/facilities outside of the Columbus area and none of the respondents were a branch office of a firm headquartered outside of the Columbus area.

Table 1. Business Presence

Type	Number	%
A single facility/office, New Albany-based business	15	65%
A business with multiple offices/facilities in the Columbus region	6	26%
The headquarters of a firm with other offices/facilities outside of the Columbus region	1	4%
A branch office or facility of a firm headquartered outside of the Columbus region	0	0%
Other (warehouse)	1	4%

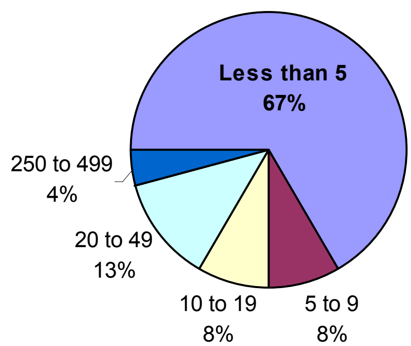
- *Length of Time in New Albany* - As Figure 1 shows, only 17% of respondents have been in New Albany for more than ten years, whereas 33% have been there for 3-5 years and 34% for 6-10 years.

Figure 1. Length of Time in New Albany



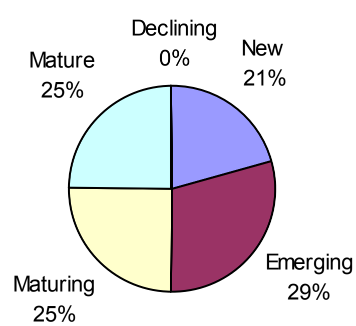
- *Number of Employees* - As seen in Figure 2 below, almost 70% of the businesses responding had less than five employees. Just over 8% had 5-9 employees; another 8% had 10-19 persons employed; and 13% had 20-49 employees.

Figure 2. Number of Full-Time Equivalent Employees

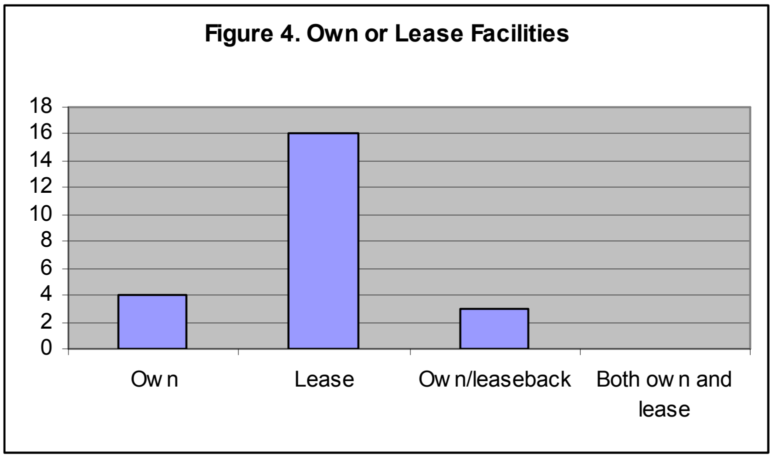


- *Current Stage of Growth* - As shown in Figure 3 below, relatively equal amounts of respondents characterized their business as "new", "emerging", "maturing" or "mature." None characterized their business as "declining."

Figure 3. Stage of Growth



- *Own or Lease Facilities* - As shown in Figure 4, the overwhelming majority of respondents (67%) indicated that they lease their facilities in New Albany, while 17% own the facilities that they occupy. Three businesses use a sale/leaseback arrangement with another entity.



- *Type of Business by Industry* – Table 2 shows that, of the businesses who responded, 6 are classified as health care and social assistance; 5 are in finance, insurance or real estate; and 4 are classified as professional/scientific/technical services. The rest are considered manufacturing; wholesale trade; educational services; arts, entertainment or recreation; accommodation and food services, or "other."

Table 2. New Albany Businesses by Industry

Health care and social assistance	6	25%
Finance, insurance, or real estate	5	21%
Professional/scientific/technical services	4	17%
Retail trade	3	13%
Accommodation and food services	1	4%
Arts, entertainment or recreation	1	4%
Educational services	1	4%
Manufacturing	1	4%
Wholesale trade	1	4%
Agriculture, forestry, fishing, or hunting	0	0%
Construction	0	0%
Transportation and warehousing	0	0%
Utilities	0	0%
Other, please specify:	1	4%

- *Chamber of Commerce Members* - Nearly 80% of the respondents are a member of the New Albany Chamber of Commerce.

Site Selection Factors

Another objective of the survey was to collect information from local businesses regarding their reasons for locating in New Albany and to assess how they rate various site selection factors.

- As shown in Table 3, the two highest ranking factors in the decision to locate a business in New Albany were that New Albany is close to the business owner's personal residence and close to the business' major markets/customers.

Table 3. Reasons for Locating in New Albany		
Reason	**# Responses**	**%**
Close to personal residence	12	50%
Proximity to major markets/customers	11	46%
Location in Columbus MSA	7	29%
Available property or building	6	25%
Quality of life	6	25%
Other	5	21%
Interstate highway access	4	17%
Proximity to major suppliers/partners	1	4%
Incentives offered	1	4%

- Survey participants were also asked to rank various site selection factors by level of importance. Table 4 below shows that the characteristics ranked "very important" by 10 or more respondents are: reliability of telecommunications services; availability of high-speed telecommunications services; highway accessibility; energy availability and cost; cost of land; availability of public water and sewer; availability of wireless services; and proximity to major markets.

Table 4. Site Selection Factors			
	Very important	*%*	*Total responses*
Reliability of telecommunications services	19	86%	22
Availability of high-speed telecommunications	17	77%	22
Highway accessibility	12	55%	22
Cost of land	11	50%	22
Energy availability and costs	11	52%	21
Availability of public water and sewer	11	50%	22
Availability of wireless services	10	45%	22
Proximity to major markets	10	45%	22
Proximity to central Ohio	6	27%	22
Accessibility to major airport	3	14%	22
Proximity to suppliers/partners	2	9%	22
Proximity to Midwestern US	0	0%	21

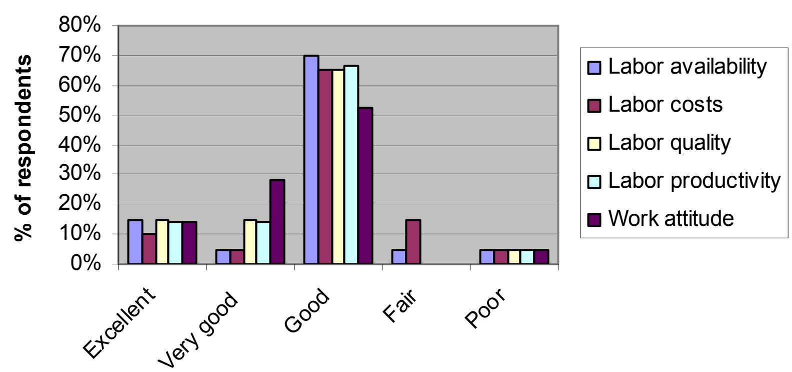
Workforce Training & Education Needs

Another focus of the survey was to learn about workforce training and education needs of New Albany businesses.

- Over 95% of survey respondents said they were not experiencing problems recruiting people with particular skills, or recruiting people for specific positions.

- However, when asked to rate various workforce characteristics, survey participants do not appear to be fully satisfied with the quality of the labor force available. None of the characteristics asked about in the survey (labor availability, labor costs, labor quality, labor productivity, and work attitude) were rated "excellent" or "very good" by more than half of the respondents. All of the labor characteristics were rated "good" by more than 50% of respondents. Figure 5 below illustrates how the workforce characteristics were rated.

Figure 5. Workforce Characteristics Rated



- As shown below in Table 5, among the respondents who do feel their employees need training (58%), computer skills training and professional skills training, such as sales, marketing or accounting, ranked as the top two kinds of training needed.

Table 5. Workforce Training Needs		
Type of Training Needed	**# responses**	**%**
No training needed	8	42%
Computer skills	5	26%
Professional skills (sales, marketing, accounting)	4	21%
Managerial skills (finance, HR, employee management)	3	16%
Customer service skills	3	16%
Specialized skills (equipment operation, medical skills)	1	5%
Other*	1	5%
Basic skills (math, reading, and writing)	0	0%

** Writing skills*

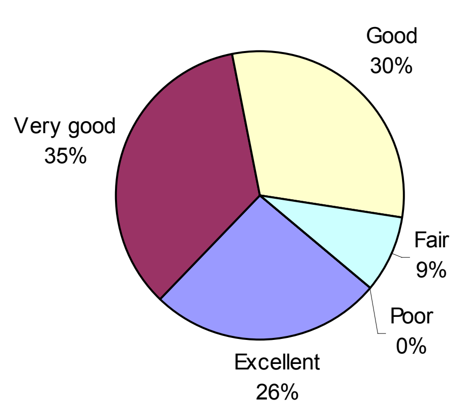
- Thirteen of the 24 businesses responding to the survey said that less than 10% of their full-time equivalent (FTE) employees are residents of the Village. Only five said that more than 75% of their employees live in the Village. These findings are consistent with commutation patterns as reported in the Demographics section of this report.

Perceptions of Overall Business Climate

A key objective of the business survey was to gauge the overall level of satisfaction with the business climate in New Albany.

- As shown in Figure 7, 61% of survey respondents rated New Albany as a "very good" or "excellent" place to do business.

Figure 7. Perception of Overall Business Climate



- Table 7 shows how survey respondents rank select characteristics related to New Albany's business climate. Survey participants were asked to indicate their level of satisfaction with each characteristic – the choices were "very satisfied," "satisfied," or "not satisfied." Responses were tallied and weighted ("very satisfied" = 3, "satisfied" = 2 and "not satisfied" = 1) and the mean score of each characteristic was calculated. The two most highly ranked characteristics are community attitudes toward business and permitting and development review. The availability of financial incentives for business and the overall cost of doing business tied for the lowest ranking.

Table 7. Satisfaction with Select Characteristics		
	Score	*Rank*
Community attitudes toward business	2.26	1
Permitting and development review	2.23	2
Local economic development efforts	2.14	3
Regulatory enforcement (e.g. business licensing, codes)	2.13	4
Availability of financial incentives for business	1.95	5 (tie)
Overall cost of doing business	1.95	5 (tie)

Future Plans

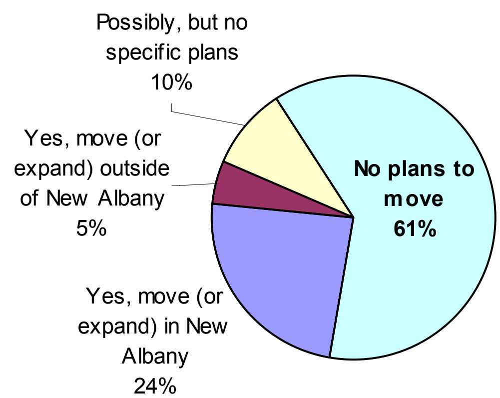
The survey also included questions about short-term plans in order to get a sense of the strength of business growth overall and whether businesses have plans to expand their facilities in New Albany or move outside the Village.

- Table 8 shows that 14 respondents indicated they plan to hire additional employees for their New Albany facility within the next 12-24 months. In addition, 4 indicated they will renovate or expand their New Albany facility in the next one to two years and 4 indicated they intend to purchase machinery and equipment. Three said they will purchase or lease an additional facility in New Albany within the next 12-24 months.

Table 8. Future Plans		
Type of Plans	**# Respondents**	**%**
Hiring additional employees at our current office, plant or facility in New Albany	14	64%
Purchasing machinery and equipment for our current office, plant or facility in New Albany	4	18%
Renovating or expanding our current office, plant or facility in New Albany	4	18%
Purchasing or leasing an additional office, plant or facility in New Albany	3	14%

- Another question asked if survey participants have any plans to move all or part of their company's operations from their present location in New Albany within the next 12-24 months. As Figure 8 below shows, 61% of respondents have no plans to move and 24% plan to move or expand to a new location in New Albany. Only one respondent indicated that they plan leave New Albany and listed the quality and price of their New Albany location as reasons why they plan to leave.

Figure 8. Plans to Move



Economic Development Vision of Business Community

Another goal of the survey was to gather input from the local business community on the direction of future economic development efforts.

- The survey included a list of initiatives that could potentially be included in the Village's economic development plan. Survey participants were asked to rate each potential initiative as "very important," "important," or "not important." Table 8 shows how the initiatives were ranked by survey respondents according to the number of "very important" rankings that each initiative received. As seen in Table 8, seven of the 13 possible initiatives received "very important" rankings by more than half of the respondents, indicating a very strong desire to see such initiatives included in the economic development plan.

Table 9. What to Address in the Economic Development Plan		
Issue	**# "Very Important" rankings**	**%**
Attracting additional companies to the business campuses	15	71%
Providing local incentives to attract/retain businesses	15	71%
Attracting retail/restaurant businesses to serve residents	14	67%
Enhancing opportunities for entrepreneurial growth	13	62%
Allowing limited commercial uses in business campuses	12	57%
Reaching out to existing businesses to improve retention	12	57%
Expanding commercial uses in the Village Center	11	52%
Improving the existing road network	10	48%
Enhancing telecommunications infrastructure	8	38%
Increasing job opportunities for New Albany residents	8	38%
Attracting high-technology businesses	7	33%
Land banking properties for future use	5	24%
Establishing additional higher education facilities	4	19%

- The survey also asked that respondents describe their "vision" for the New Albany economy in the next 10-20 years. Many of the respondents emphasized their desire to see a more diverse mix of businesses in the Village, including more small businesses, and also more retail stores and restaurants.

SWOT Analysis

In order to gather external perspectives on economic development in New Albany, representatives of various regional economic development organizations were interviewed, including the Mid-Ohio Regional Planning Commission (MORPC), the Greater Columbus Chamber of Commerce, the Franklin County Economic Development and Planning Department, and the Licking County Planning Commission.

A SWOT analysis was conducted using the information gathered from the interviews in combination with the data collected through the business survey to identify New Albany's internal strengths and weaknesses with regard to economic development, as well as opportunities the Village can capitalize on and threats it needs to protect itself against. The results of the SWOT analysis are summarized in a chart at the beginning of this section.

<u>Strengths</u>

This section of the SWOT analysis identifies the internal assets that the Village of New Albany possesses, which contribute to its economic development efforts.

- *Reputation:* Clearly, one of the Village's biggest strengths is its reputation as a prestigious place to locate a business. Economic development professionals interviewed said that New Albany is a "coveted address" for many companies. This strength is tightly intertwined with the high quality of life that New Albany offers its residents, which is attractive to many business owners. (Most of the survey respondents said that they located their business in New Albany because it is close to their personal residence.)

- *Location:* New Albany's location is another strength identified by survey respondents and economic development organizations. Its proximity to major markets/customers, its location in the growing Columbus region, and its easy access to the highway make it an ideal location for many businesses.

- *Land:* The amount and quality of land available is another strength of the Village. One economic development official interviewed said, "The land is perfect for development. It's so open and flat that you can literally drive to a spot you like and hold your architect's rendering up and immediately see what your building would look like there."

- *Infrastructure:* Economic development professionals cited New Albany's high quality infrastructure as an attractive characteristic to business prospects and a majority of survey respondents ranked it as a very important characteristic.

- *Growth:* New Albany's businesses appear to be thriving, which adds to its image as a good place to do business. Most survey respondents indicated they plan to stay in New Albany and many of them plan to expand and hire more employees in the next one to two years.

- *CRA and Enterprise Zone:* Although many survey respondents feel that financial incentives for businesses could be better in New Albany (a response fairly typical of these type of surveys), the economic development organizations identified New Albany's Community Reinvestment Area and its Enterprise Zone as major strengths in attracting new businesses.

- *Housing Stock:* Economic development organizations described New Albany as the perfect place for a corporation to locate its regional headquarters because there is plenty of suitable housing stock available for high level executive employees.

Weaknesses

The "weaknesses" portion of the SWOT analysis illustrates the things that New Albany should address to improve its economic development efforts.

- *Marketing:* Three perceptions about New Albany revealed by the business survey and the interviews are: it is a very expensive place to do business, its financial incentives for business are not strong enough, and it is not interested in industrial development. A concerted marketing effort that clearly describes the Village's offerings, as well as the process and costs involved in building there could correct these and other misperceptions.

- *Lack of amenities:* New Albany lacks amenities in and around its business parks, such as hotels, restaurants and retail shops.

- *Workforce training:* Although most survey respondents did not feel their employees need additional training, some respondents indicated their employees need computer or professional skills training.

- *Lack of affordable housing:* Respondents reported that most of their employees live outside the Village. One of the economic development professionals interviewed listed the lack of affordable housing in New Albany as one of its weaknesses. As the region grows and the labor force becomes stretched more thinly, the lack of affordable housing in the Village could make it difficult for New Albany businesses to recruit workers.

- *Lack of diverse business mix:* The business survey revealed that a majority of respondents would like to see more retail establishments and restaurants in the Village and more commercial uses in the business parks. Interviewees also stressed the importance of creating a more diverse mix of businesses in New Albany.

Opportunities

The opportunities described here are things which are not necessarily controlled by the Village, but which the Village can take advantage of in its economic development planning.

- *High-speed wireless:* According to the business survey, enough demand for high-speed wireless Internet connectivity exists to justify the Village exploring the feasibility of making New Albany a "Wireless Village."

- *Medical hub:* As the Village focuses on branding New Albany as a "medical hub" more and more health care related businesses may be attracted to the Village.

- *Ohio Investment in Training Program:* A state-run program exists which provides financial assistance and technical resources to help new or expanding businesses customize training for its employees.

- *Commercial Activity Tax (CAT):* Ohio's new CAT will make Ohio an attractive place to do business for companies with a majority of customers outside the state. The Village can include this in its marketing materials for out-of-state prospects.

- *Tourism Potential:* New Albany's reputation as a prestigious place to work and live has spread and is creating some demand for tourism, according to one of the economic development professionals interviewed. The Village can capture revenues from day trip visitors by encouraging more retail shops and restaurants to open their doors in New Albany.

Threats

External threats to the success of the Village's economic development initiatives were also identified through the SWOT analysis.

- *Competition with Dublin and Easton:* In the Columbus region, New Albany's biggest competitors for business attraction are Dublin and Easton. Business prospects may choose Dublin or Easton over New Albany even though they are slightly more expensive because they have more amenities.

- *Instability due to lack of diversity:* The lack of diversity in New Albany's business mix makes it vulnerable to the departure of a large employer or if a single sector is significantly impacted on the global market.

- *Potential for Columbus to absorb the office market:* The City of Columbus has enough office space available to absorb most of the demand in the region. If the City were to become more successful at marketing its offerings, it could detract from New Albany's ability to draw businesses looking for office space.

- *Exhaustion of regional labor force:* As the Columbus economy continues growing, its labor force will become stretched and competition for workers among the various employment centers will increase. This is especially important for New Albany due to its location and the price of housing.

- *Wrong mix of residential and commercial growth:* According to most of the economic development professionals interviewed, one of the biggest challenges the Village will face in the future is achieving the proper balance of residential and commercial development to ensure that the fiscal benefits resulting from new commercial development compensate for the negative net fiscal impact associated with residential development.

Appendix VII
Fiscal Assessment

Fiscal Assessment

Summary

In the last ten years, the Village of New Albany has experienced tremendous growth in population and commercial activity. At the same time, the Village has transitioned to a reliance on income tax revenues provided to it by its business parks, allowing it to increase community services without an additional burden to its residents. The Village has used creative financing arrangements to anticipate, prepare for and foster business investment and job creation. Because of this foresight and planning, the Village has adapted very successfully and is in a strong financial position.

New Albany is at an important point in its growth cycle and has many options available for future land use planning and economic development. As its available stock of land is gradually being developed into higher uses, the Village is looking for direction in terms of promoting sustainable and "smart" development, maintaining its solid financial situation and balancing competing land use opportunities.

After a careful consideration of the many factors at play, Camoin Associates proposes the following findings of its fiscal analysis for consideration in the Village's Economic Development Strategic Plan:

- The Village is now heavily reliant on income tax revenues from its business parks, allowing the Village to pay for services and reducing the tax burden on residents. At the same time, this makes the Village's situation more volatile and susceptible to the departure of a major employer. For this reason, the Village should continue to maintain a substantial cash reserve (at least 3x the annual income tax contribution of its largest employer) and continue to devote staff time and resources to business retention efforts.

- The use of creative infrastructure financing arrangements and business attraction incentive programs means that the Village has thus far foregone significant tax revenues. This includes tax abatements through the Community Reinvestment Area and Enterprise Zone programs and revenue sharing agreements with the New Albany-Plain Local School District and the New Albany Community Authority. As these programs expire in the next 5-15 years, the Village can look forward to over $4.4 million in additional General Fund revenue. Because of the Village's future need to upgrade and/or replace significant portions of its infrastructure, these revenues would best be reserved to help finance future capital investments.

- Shortly after the 2010 US Census, the Village will become a City as per Ohio State Law. This will add somewhat to New Albany's cost of providing community services, including the expense of providing maintenance for all state roads and additional health services-related costs. New Albany may also be subject to collective bargaining arrangements, which could significantly impact its costs. Furthermore, it will assume responsibility for maintaining various parks and leisure trails that are now managed by the homeowners association. Finally, the replacement of the general network of roads and other infrastructure will be necessary as the assets reach their normal lifespan. The sum of all these effects is an estimated 33% rise in expenses for New Albany within the next five years before taking into consideration the costs of additional households.

General Fund Requirements in 2011		
Current GF Expenses	$	9,398,936
Increase in Costs (33%)	$	3,101,649
2011 GF Expenses	**$**	**12,500,585**

- However, the largest driver in determining future expenses is population growth. The estimated cost of community services in 2011 is shown below and differentiates between three possible levels of new household growth. There is a 43% difference in estimated costs between a low level of residential growth and a high level. Also shown is the cost of community services if the Village allowed all current residential zoning entitlements to be fully built out.[1]

Estimated Cost of Community Services in 2011	Low Case	Mid Case	High Case	Hypothetical Max Buildout
Number of New HH	328	922	1,516	3,446
Marginal Cost per New HH	$ 5,126	$ 5,126	$ 5,126	$ 5,126
GF Expenses before New HH	$ 12,500,585	$ 12,500,585	$ 12,500,585	$ 12,500,585
Total Number of HH	2,523	3,117	3,711	5,641
COCS	$ 14,181,757	$ 17,226,319	$ 20,270,880	$ 30,163,142
Change from 2005	**$ 4,782,821**	**$ 7,827,383**	**$ 10,871,944**	**$ 20,764,206**
		Difference between High and Low Cases	$ 6,089,123	
		% Difference	43%	

- Taking into account the revenues that new households provide (including property tax, fees and income tax), the varying levels of growth would have different fiscal impacts on the Village[2]. Those impacts range from a negative $1.3 million to a negative $6 million. In the hypothetical maximum build-out scenario, the fiscal impact would be a negative $13.6 million. This means that the Village will have to

[1] The maximum buildout of all residential units possible in the Village is unlikely to occur within the next five years, but is shown here as a hypothetical example of the long-term impacts.
[2] For ease of reading, we will continue to refer to New Albany as "the Village" even though it will be a City in 2011.

secure other revenue streams to make up for this fiscal impact or raise taxes on residents.

Est. Net Residential Growth Impact on the GF by 2011	Low Case	Mid Case	High Case	Hypothetical Max Buildout
Net per HH Impact	$ (3,968)	$ (3,968)	$ (3,968)	$ (3,968)
Number of New HH	328	922	1,516	3,446
Total Net Gain (Loss)	**$ (1,301,363)**	**$ (3,658,100)**	**$ (6,014,837)**	**$ (13,672,248)**

Note: Totals may not match due to rounding.

- To meet the increase in expenses and the net fiscal impact of new households, the Village can try to raise revenues through the addition of new commercial activity to the economy and thus new income tax receipts. On average, the Village would have to see an additional 1,381 square feet of commercial space per new household to reach the "breakeven" point. Depending on the residential growth scenario, commercial development of between 1.4 and 3 million square feet will be needed. For maximum residential build-out, approximately 5.7 million square feet of commercial space would be required.

Offsetting Negative Residential Fiscal Impact with New Commercial Development	Low Case	Mid Case	High Case	Hypothetical Max Buildout
SF Needed to Meet Baseline Increase	971,827	971,827	971,827	971,827
Number of New HH	328	922	1,516	3,446
SF Needed Per HH	1,381	1,381	1,381	1,381
Commercial SF Needed	**1,424,884**	**2,245,358**	**3,065,832**	**5,731,683**

Note: Totals may not match due to rounding.

- Because of this, the Village should carefully consider the approval of new residential development until it is reasonably assured to have new commercial growth. Furthermore, it is likely that the Village will need to continue to engage in infrastructure financing, abatements and revenue sharing agreements to attract additional business investment. For this reason, it would be beneficial for the Village to phase in any new residential development to keep pace with the new revenues being generated under the revenue sharing agreements.

- Given the best available information, there appears to be up to 1,314 acres of vacant land in the Village that could be used for commercial development. This could translate into an additional 6.5 to 13 million square feet of new commercial space, depending on the Village's buildout ratio of square-feet-per-acre.

Estimated Potential New SF		
Vacant Incorporated Acres		
Franklin County	514	
Licking County	800	
Total	**1,314**	
Ratios of Sq Ft to Acre		
	Possible Future Range	
	Low	High
Ratio SF/Acre	5,000	10,000
Total Possible SF	**6,570,000**	**13,140,000**

- Finally, the Village should consider using the model described on pages 31-32 to control the pace of residential development to assure that the burdens of new residential growth are compensated by the revenues from business attraction and expansion. The model compares anticipated net new revenues (taking into account infrastructure financing, revenue sharing agreements and abatements) to the per-household fiscal impacts.

Introduction

The purpose of this section of the report is to describe the current fiscal situation of the Village of New Albany, provide an understanding of the general trends that are affecting the Village's tax base and growth, provide a breakeven analysis to understand how new development will impact the Village and discuss any issues that the Village will likely have to address to maintain its service level.

Table of Contents

TRENDS **6**

- Residential Growth 6
- Increasing Property Tax Base 7
- Property Tax Rates 8
- Other Trends Related to the Real Property Tax 10
- CRA and EZ Abatements 12
- Increasing Income Tax Receipts 13
- Village Expenditures 14
- Village Debt Burden 14
- Annual General Fund Carryover 15

CHANGES TO TRENDS **17**

- Income Tax Formula 17
- Phase Out of Abatements 17
- Changes to Community Development Charge 18
- Changes to Tax Increment Financing Arrangements 19
- Annexation of Land 19
- Use of Newly Formed Community Improvement Corporation 19
- Business Tax Structure at State Level 20
- Designation as a City in 2010 21
- Commercial/Industrial Acreage Absorption 21

FISCAL ANALYSIS **22**

- Population Demands and the Cost of Community Services 22
- Net Residential Growth Impact 24
- Necessary per-Household Commercial Growth for Breakeven Point 26
- Commercial Growth Necessary to Meet Higher COCS 28
- Commercial Development Constraints 30
- Phasing in Residential Development 31
- Planning for the Financial Future of the Village 33

Trends

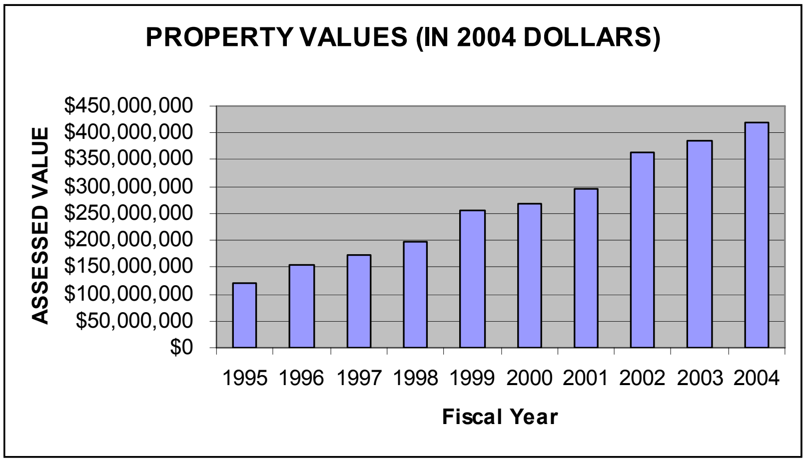
- *Residential Growth*

As described in other sections of this report, the Village of New Albany has experienced tremendous population growth in recent years. Much of that growth is the result of the completion and occupancy of new housing built in the Village. This trend is expected to continue into the near future, as shown below in the table describing residential projects in construction or under review (as of Dec 2005):

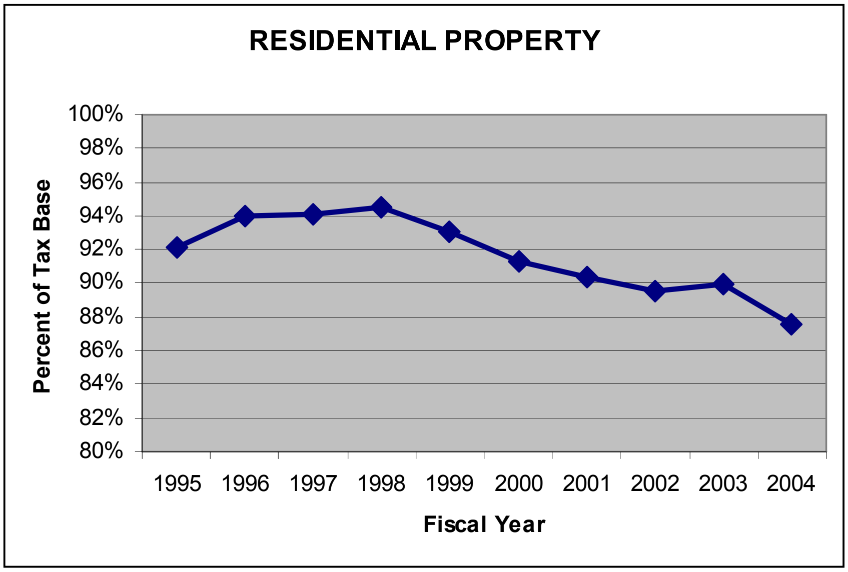
SUBDIVISION	PHASE	# OF UNITS (zoning entitlements)	ACRES*	STATUS	PROCESS
Windsor	Section 1	141	28	Active	Under Construction
	Section 2 *	115	22	Active	Under Construction
	Section 3 *	116	23	Active	Engineering
Tidewater		61	61	Active	Under Construction
Wentworth Crossing	Yerke East Res.	77	29.99	Active	Engineering
Souder East	Subareas B	155	31.05	Inactive	Zoning approved / Inactive
Souder East	Subareas C	0	26.6	Inactive	rezoning at PC
Centex component of Souder East	& addtion to subarea C	52	5	Active	rezoning at PC
Traditions	Souder East - subarea D	132	26.52	Active	Engineering
Traditions	Souder East - subarea E	131	26.33	Active	Engineering
Wolcott Manor	Souder East - subarea F	94	22.4	Active	Engineering
Saunton	Lamb rezoning	33	29.16	Active	Under Construction
The Enclave at New Albany		46	23.28	Active	Engineering
Upper Clarenton		103	45.9	Active	Under Construction
Hawksmoor	NACC	18	22.5	Active	Under Construction
Keswick	NACC 19	52	21.2	Active	Under Construction
Richmond Square (Keswick Subarea 2b,c)	NACC 21	39	10.5	Active	Under Construction
Ealy Crossing (Hilbert parcel)	NACC 22	46	17.8	Active	Engineering
Lansdowne - West Nine zoning Subarea 2	NACC 20 (part 1)	37	18	Active	Under Construction
	NACC 20 (part 2)	37	17	Active	Under Construction
	NACC 20 (part 3)	21	10	Inactive	Engineering
West Nine - Subarea 3	NACC	40	31.4	Inactive	Zoning approved / Inactive
West Nine - Subarea 4	NACC	12	17.8	Inactive	Zoning approved / Inactive
West Nine - Subarea 5	NACC	191	71.8	Inactive	Zoning approved / Inactive
Balfour Green	NACC	5	14.86	Inactive	Engineering
Crescent Pond		3	12.7	Inactive	Zoning approved / Inactive
New Albany Exchange		23	2	Active	Commence Const. Spring 2006
Waterston	NACC 17	39	34	Active	
Picket Place		46	16.94	Active	
"Straight Zonings"	*(total built or available entitlements undetermined at this time)*				
AG		89	445	Inactive	
NACo 1998 C-PUD					
The Farms	North Farms	541	706.63	Inactive	
The Farms	North Farms Cluster	50	13.86	Inactive	
Village Center	Ganton	294	117.94		
Village Center	Noretheast Market Street	302	18.27	Inactive	
Country Club Communities	Harlem Triangle	12	3.96	Inactive	
Country Club Communities	Upper Fenway Extn	99	20.13	Inactive	
Country Club Communities	Edgemont (1B)	50	17	Inactive	
Country Club Communities	Lambton Park Central Cluster	25.93	88	Inactive	
Country Club Communities	Adler Grove	3	13.68	Inactive	
New Albany Links					
northern NA Links Dr	unplatted	63		Inactive	zng entitlements only - unplatted
New Albany Links 11	NALINKS Sect 11	29	11.94		Under Construction
New Albany Links 12	NALINKS Sect 12	23	10.75		Under Construction
TOTAL		**3445.93**	**2185.89**		

- *Increasing Property Tax Base*

This residential growth and substantial commercial development has added significantly to the real property tax base of the Village, as shown in the graph below.



At the same time, the tax base itself has been changing as major new commercial/industrial projects have come online. This is a very positive trend in the Village for many reasons, one of which is that the property tax burden on Village residents has been shifting away from residential property and towards commercial/industrial property. As shown below, the proportion of the tax base composed of residential property fell from a high of just over 94% in 1998 to just below 88% in 2004.



- *Property Tax Rates*

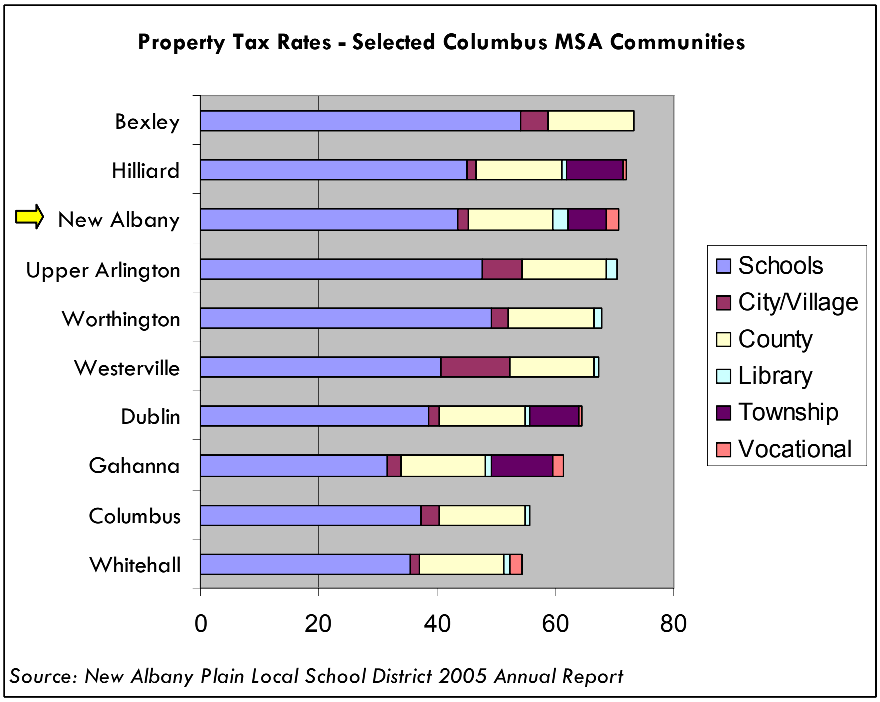
The property tax rate imposed by the Village of New Albany has remained fairly uniform for the last ten years at about $1.95 of tax per thousand dollars of taxable value. However, the larger context of the overall tax rate imposed on Village property owners is quite a different story, as shown in the table below. The total rate increased from $68.87 to $95.97[3] in the space of ten years, which amounts to a 40% increase. The majority of this increase is due to rising school district, township and county tax rates.

Property Tax Millage Rates							
Fiscal Year	Basic Rate	School District	Plain Township	Eastland-Fairfield Center	Parks & Library	County	**Total**
2004	$1.94	$58.10	$11.42	$2.00	$4.07	$18.44	**$95.97**
1995	$1.95	$39.54	$9.16	$1.20	$2.20	$14.82	**$68.87**
Change	($0.01)	$18.56	$2.26	$0.80	$1.87	$3.62	**$27.10**

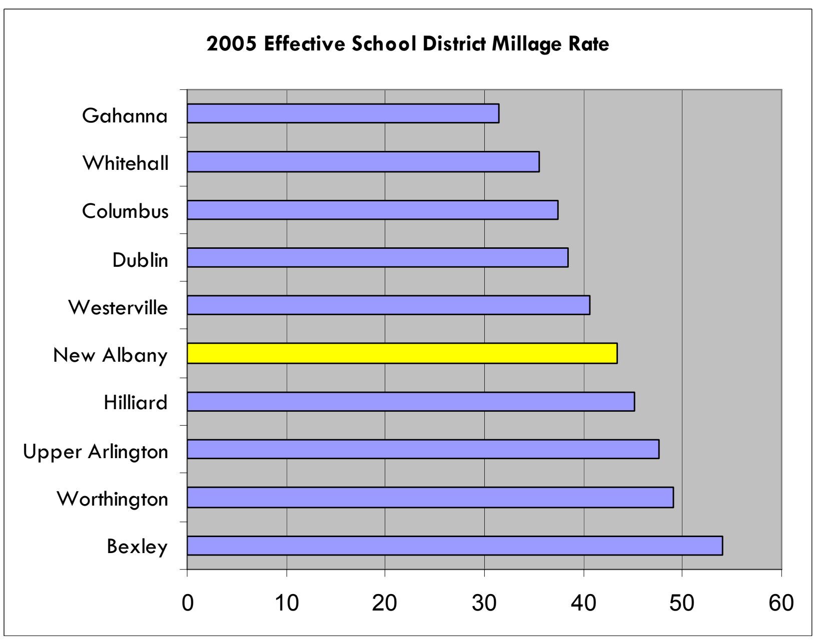
The following table shows how the Village of New Albany compares to other communities in the Columbus MSA in terms of total tax rate, with individual taxing jurisdictions (and tax rate) by type.[4]

[3] Source: Comprehensive Audit, Village of New Albany, 2004. There appears to be some discrepancy between the school tax rates as reported in the Comprehensive Audit (which describes its own source as the Franklin County Auditor's Office) and those reported by the School District itself. However, this is because of the different definitions of "Voted" tax rates (as reported by the Auditor's office) versus "Effective" tax rates (as reported by the School District.) See H.B. 920 and page 22 of the School District's 2005 annual report for further explanation. Because all figures used in the table above are "Voted" tax rates, we have chosen to keep them for ease of comparison even though "Effective" tax rates are more representative of the burden felt by taxpayers.

[4] See footnote, above, about the discrepancy between the total tax rates as reported in the table "Property Tax Millage Rates" and the chart "Property Tax Rates - Selected Columbus MSA Communities."



For a comparison of the school district rates in isolation, please see the table below.[5]



[5] See footnote above on "effective" versus "voted" tax rate. Note that these are average rates for the communities shown.

- *Other Trends Related to the Real Property Tax*

Three other important trends related to property taxes have been affecting the Village recently. Firstly, both **Tax Increment Financing** (TIF) and a **Community Development Charge**[6] (CDC) arrangement through the New Albany Community Authority (NACA) have been used to finance infrastructure improvements. The CDC functions by imposing an additional millage rate (dollars of tax per thousands of dollars of taxable value) and dedicating this revenue to NACA for the repayment of bonds issued to fund the improvements.[7] The TIFs function by dedicating the tax revenue generated from an increase in the taxable value of specific parcels to a special fund to repay debt or cover certain operating expenses.[8] (Changes and implications of the CDC and TIFs will be discussed below.)

The second important trend is an overall **appreciation in residential real property values** in the Village. Both trends imply that, while the Village's tax rate has remained stable, Village residents have seen a rise in their property tax payments to varying degrees. This, combined with substantial increases in the School District and County tax rates, is a concern to some residents of the Village and has implications for future economic development.

A third trend is that the Village has successfully used the **Community Reinvestment Area (CRA)** and **Enterprise Zones (EZ)** programs (property tax abatement mechanisms) to attract substantial commercial investment and job creation. The CRA abates the value of any improvements to real property under certain conditions in three areas of the Village: Central College; Oak Grove; and Blacklick. The abatement lasts 15 years for buildings equal to or greater than 150,000 sf and 10 years for those less than 150,000 sf. To qualify, an applicant generally must meet certain employment and target revenue benchmarks.[9] For example, both Discover Financial Services and A & F participate in this program. The EZ (shown on the following page) abates personal and real property taxes and is being used by Discover, Too Brands and A&F.

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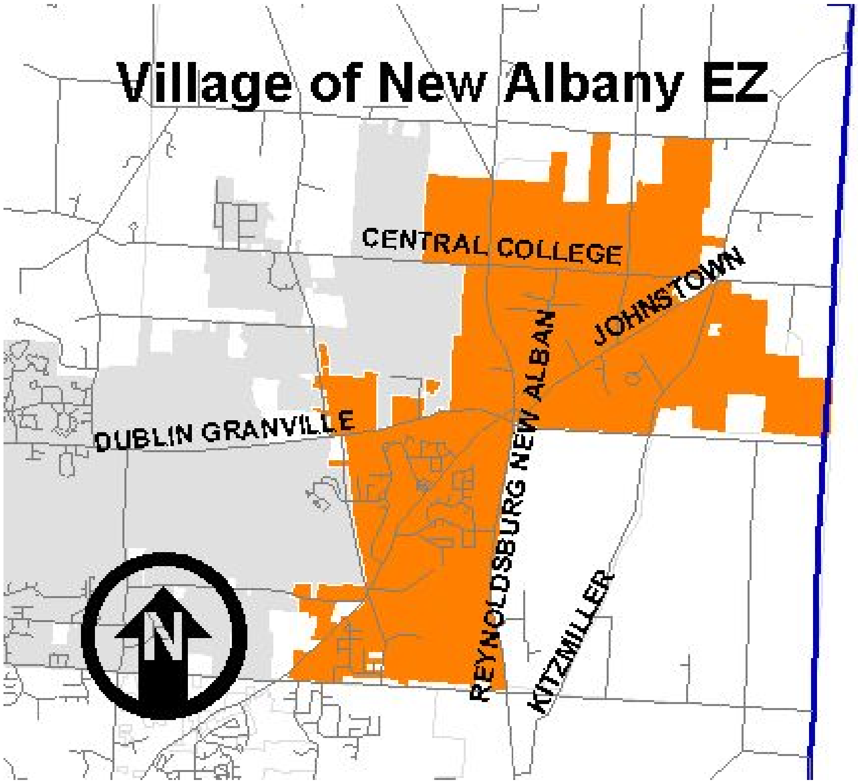
[6] The CDC applies to properties in the New Albany Plain Local School District, with the exception of the Discover Card facility.
[7] Including the construction cost of the New Albany Plain Local High School, Fodor Road, partial funding of the Plain Township Fire Station and the purchase of a Ladder Truck for the Plain Township Fire Department.
[8] Examples of TIFs are the Blacklick TIF, Village Center TIF, and multiple residential TIFs (Windsor and other developments).
[9] "Anchor Buildings" must generate at least $1.35 of income tax withholding per useable square foot (USF, based on 1% of collections.) Non anchor buildings must generate $0.75 per USF. Both figures are as of 1999, and are adjusted upwards proportionately based on half of the increase in the consumer price index. The Village, however, has at its discretion the ability to negotiate different terms with applicants on a case-by-case basis and has done so in the past with several of the major employers in the Village.


Village of New Albany EZ
CENTRAL COLLEGE
JOHNSTOWN
NEW ALBAN
DUBLIN GRANVILLE
REYNOLDSBURG NEW ALBAN
KITZMILLER
N

- *CRA and EZ Abatements*

In general, companies that use the CRA or EZ have drastically reduced property tax obligations. For the Village, this is a win-win situation, because the Village gets far more of its revenue from the income tax than from property taxes and stands to earn substantial tax revenues from the employment at the site.

However, the school district relies heavily on the property tax, and would be hurt by such an arrangement except that Ohio State law requires an income tax revenue sharing agreement in such cases. During the life of the abatement, any income tax due to the Village must be shared in equal amounts between the Village and the school district until such time that the school district is made whole. For example, in 2005, the school district's portion of the income tax revenue was as much as it would have received in property taxes had the abatements not been in place. It was "made whole" because the net effect of the abatements (i.e. property tax revenues foregone) and the revenue sharing agreement (i.e. income tax revenue) was zero.

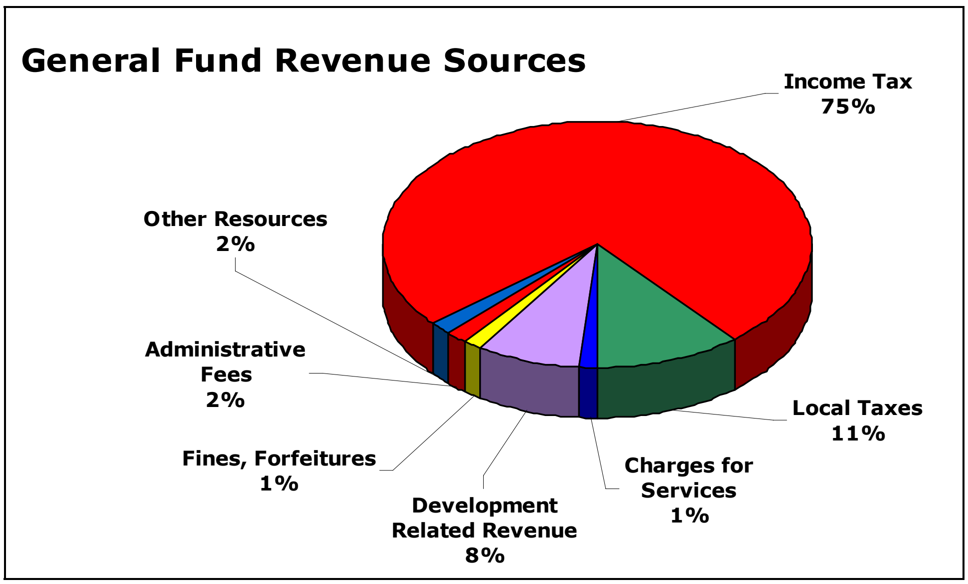
The actual sharing arrangement is somewhat more complicated than described due to payments made to the New Albany Community Authority to pay down certain bond issuance (debt that was issued to make capital improvements in the business parks.) However, for simplicity's sake, after accounting for payments to NACA, the Village and School District spilt revenue equally until the school district is made whole.

- *Increasing Income Tax Receipts*

Another benefit of commercial/industrial development has been the growth in income tax receipts of the Village both in absolute terms and in terms of the percentage of the Village's total revenues.

% Of GF Revenue from Income Tax			
FY	Income Tax	Total GF Rev	%
2000	$ 2,275,046	$ 3,691,119	61.6%
2001	$ 2,787,901	$ 4,337,495	64.3%
2002	$ 3,814,853	$ 5,931,609	64.3%
2003	$ 4,677,962	$ 7,269,368	64.4%
2004	$ 5,562,023	$ 7,987,930	69.6%
2005	$ 6,232,208	$ 8,444,521	73.8%
2006	$ 6,414,897	$ 8,613,559	74.5%

As shown to the left, income tax receipts for the Village's General Fund grew from $2.3 million in 2000 to an estimated $6.4 million in 2006. Today, the income tax provides almost 75% of the Village's total General Fund revenues compared to less than 62% in 2000. Other sources of revenue are shown below.



Income tax receipts have also grown for funds other than the General Fund. For instance, 2004 Special Revenue and Capital Fund income tax receipts totaled over $6.4 million. These funds are then transferred to (a) the New Albany Plain Local School District to compensate for lost property tax revenues because of certain tax abatements and (b) the New Albany Community Authority for repayment of debt used to finance infrastructure improvements.

- *Village Expenditures*

Expenses for the General Fund of the Village of New Albany totaled just over $9,000,000 and are shown in the table below by function and account.

2005 Expenses by Function and Account			
By Function		**By Account**	
Police	$ 2,001,404	Personnel	$ 3,969,935
Building & Zoning	$ 718,863	Operating Expenses	$ 1,454,382
Administration	$ 495,269	Contracted Services	$ 967,750
Council	$ 288,156	Capital Outlay	$ 151,594
Mayor's Court	$ 207,456	Transfers	$ 1,700,000
Public Service	$ 1,275,696	Debt Service	$ 1,155,275
Finance	$ 278,886	TOTAL	**$ 9,398,936**
Lands & Bldgs.	$ 303,718		
Other Charges	$ 376,214		
Attorney	$ 188,000		
Engineering	$ 305,000		
Planning	$ 105,000		
Debt Service	$ 1,155,275		
Transfers	$ 1,700,000		
TOTAL	**$ 9,398,936**		

- *Village Debt Burden*

As of the end of fiscal year 2004, the Village's primary government debt totaled approximately $19 million. This includes $13.2 million in general obligation bonds, $3.2 million in Capital Improvement Bonds, $100,000 in capital leases and $2.7 million in OWDA loans.

Outstanding Debt by Type FY 2004	
General Obligation Bonds	$ 13,215,000
Capital Improvement Bonds	$ 3,190,000
Capital Leases	$ 106,004
OWDA Loans	$ 2,693,207
Total	**$ 19,204,211**
As % of personal income	5.76%

Source: 2004 Financial Report

The total debt equates to 5.76% of personal income in 2004. As a general rule of thumb, debt to personal income should not exceed 15%,[10] so the Village is well within the norm of debt burden.

[10] Source: Evaluating Financial Condition, a Handbook for Local Government, p. 80. This index is used by Standard & Poor's bond rating firm to evaluate financial condition.

Of the $19 million of total debt, only the General Obligation and Capital Improvement bonds are subject to the Village's 2004 debt limit of $44,136,336. Therefore, as of 2004, the Village has only issued debt up to 37.2% of its total statutory debt limit.

Debt Limit for FY 2004	
Debt Subject to Limit	$ 16,405,000
Debt Limit	$ 44,136,336
% of debt limit	37.2%

Source: 2004 Financial Report

However, the New Albany Community Authority (NACA) holds certain debt related to infrastructure improvements that might otherwise be held by the Village. At the same time, the Village is forgoing some of its income tax revenue to pay for debt service on those NACA infrastructure bonds. The net effect of this arrangement is that total debt, annual debt service and total income tax revenue for the Village appear artificially low. In other words, if that debt was actually held by the Village, its debt limit ratio would be higher and its corresponding ability to carry debt would also be higher, since its reported revenues would be greater.

- *Annual General Fund Carryover*

In planning for contingencies, the Village needs to assure that it maintains adequate fund balances in its General Fund to weather a major negative event. This type of fund balance is often referred to as a "rainy day" fund. Historically, the Village has maintained a carryover fund balance of between $2.5 and $3.9 million. The ratio of carryover to total General Fund expenditures has ranged from 32% to 47%.

General Fund Carryover	Carryover From Previous Year	Total GF Expenditures	Ratio
2004	$ 3,909,096	$ 8,349,603	47%
2005	$ 3,547,423	$ 9,398,936	38%
2006	$ 2,593,008	$ 8,158,071	32%

Source: 2004 Financial Report

The single greatest source of Village revenues in 2005 was from income tax receipts from its largest employer, Abercrombie and Fitch. In 2005, A&F's contribution to General Fund revenues totaled approximately $940,000.[11] This is the amount of revenue the General Fund would lose annually if A&F ceased operations in the Village. To allow for a contingency "rainy day" fund, the Village should maintain a fund balance equal to or greater than three year's worth of lost revenue from this single revenue source.

[11] For a discussion about changes to the income tax trend, see page 15. Source: Village of New Albany Department of Development, "CRA Abatement Summary" and Camoin Associates.

However, when all revenue sharing agreements terminate, A&F will be contributing $3.8 million in General Fund income tax revenue to the Village.[12] When this occurs, the Village should raise its carryover balance accordingly to maintain a contingency fund equal to two years worth of payments by the facility. This is to account for a potential two-year cessation of economic activity at this site (i.e. the minimum likely time necessary to attract a similarly-sized operation to this site) and corresponding loss of revenue for the Village.

[12] Assuming all other factors remain equal (i.e. employment and payroll at the site.) Currently, A&F pays $3.8 million, of which $940,000 goes into the General Fund with the balance going to NACA and the School District under the current revenue sharing agreements.

Changes to Trends

There are a number of important changes that are occurring in New Albany that have implications for the fiscal condition of the Village. These changes include: how and the extent to which revenues are generated by the Village, the potential for expansion and future economic development and certain events that will occur that will impact Village expenses.

- *Income Tax Formula*

Prior to 2003, New Albany operated under a "partial credit" system where residents could claim a credit against their Village income taxes for any taxes paid to other local jurisdictions (i.e. the municipality in which they worked, if other than the Village) of up to half of their Village tax burden. Since the Village had a 1% tax rate, this meant that most residents paid 0.5% of their income to the Village.

In 2003, the Village moved to a "full credit" system and raised its tax rate to 2%. Now, residents can claim a credit (without limitation) for any local incomes taxes paid elsewhere. We know from the Demographic Analysis section of this report that only 14% of the employed residents of New Albany work in the Village, so most residents are paying incomes taxes elsewhere. The net effect is that most residents pay little or no income tax to New Albany.

The implication of the change to a full credit system is that the **majority of income tax revenues for the Village comes from non-residents** who work in the Village. In many respects, this is a highly positive trend which effectively captures revenue from non-residents. One possible issue, however, is that this makes the Village income tax somewhat more volatile than before. For instance, the **relocation of a major employer could substantially change the income tax revenue for the Village** in a given year if many jobs were moved out of the community.

Another implication of the changes is that the Village is now collecting far more in income taxes than it ever has historically. This is one factor that has provided the Village with the opportunity to expand its service capacity.

- *Phase Out of Abatements*

As described above, there are certain formal arrangements that affect property taxes and income taxes for the Village. These arrangements have specific terms associated with them and will terminate or be substantially altered over the next decade.

The CRA and EZ abatements terminate after a given number of years at which point two new revenue streams become available to the Village. First, it will get property taxes from the full value of the property in question. Since the Village's property tax rate is relatively minimal, it will have little effect on the Village's finances directly (in today's dollars, less than $100,000). Much more importantly, the Village will no longer be obligated to share the associated income tax revenues with the school district. If the current abatements terminated today, all other things being equal, the Village would receive an additional $1.8 million in income tax revenue annually for its General Fund.

Furthermore, the Village has another revenue-sharing agreement with NACA such that 30% of income tax receipts at the business parks (and 50% at the A&F facility in particular) is redirected to NACA for the repayment of Authority Bonds used to pay for infrastructure investment. This allotment of income tax receipts continues until such time that the infrastructure-related bonds have been paid off. These bonds could be paid off as early as 2009, after which the Village would receive an additional $2.6 million in income tax revenue annually for its General Fund.

Taken together, **the termination of both abatements and the revenue sharing would bring in over $4.4 million of additional General Fund revenue annually** for the Village. The exact schedule of when additional revenues would be received by the Village depends on when and in what order the abatements/revenue sharing agreements terminate.

Furthermore, as the commercial property values are added back onto the tax rolls, the overall tax burden (i.e. the combined levies of the taxing jurisdictions) is spread out across a larger tax base. If the currently-abated properties were fully taxable today, they would generate an additional $3.1 million dollars for all taxing jurisdictions. Those properties would also be contributing towards the parks, library and township tax burdens, which would provide some property tax relief to residents of New Albany.

- *Changes to Community Development Charge*

The "Community Development Charge" (CDC) has been and will continue to be used to repay current debt through October 2024.[13] Due to fortunate circumstances, the original 9.75 mills (set in 1992) has been reduced on several occasions and now rests at 5.5 mills. The reductions were possible because income received has been more than sufficient to cover debt service.

[13] Source: New Albany Community Authority website. "In 2001, the NACA refunded the $38.1 million in bonds by issuing new bonds totaling $52.9 million. The $52.9 million in bonds included $38.1 million to repay the original bonds, interest on the original bonds through 2005 and $4 million in notes issued to The New Albany Company."

- *Changes to Tax Increment Financing Arrangements*

The Tax Increment Financing arrangements that the Village has used successfully to promote and pay for new development will also be undergoing changes in the years to come. The Village has a number of TIFs in operation currently (see above, page 10) that set aside the tax revenue[14] generated by the increase in assessed value after the enabling legislation is adopted. This set-aside funds the repayment of debt issued for infrastructure improvements or to cover certain operating expenditures.

The State of Ohio has recently changed some of the statutes that govern how TIFs can be set up. The effect of the change is that **the Village will likely no longer be able to set up a TIF arrangement for residential development**. However, it will continue to be able to use TIFs on commercial property.

- *Annexation of Land*

On September 3, 2002, the Village completed the annexation of approximately 800 acres from Jersey Township in Licking County. This added significant new lands that can be used for future development. Currently, this land is zoned Agricultural and will need to be rezoned for maximum effectiveness.

Unfortunately, there are a number of limitations that the Village faces for any future annexations. Firstly, the City of Columbus and the Village of New Albany have a long-term contract for the provision of water and wastewater services. Columbus provides these services (and related infrastructure) under the condition that New Albany does not develop its own capacities or contract with other entities. Violation of this agreement would be prohibitively costly for the Village. Therefore, any future annexation requires the approval of the City of Columbus, which may be unwilling to agree to the change due to its own fiscal self-interest. As in the case of many inner-ring suburbs, the Village may soon be entirely surrounded by the City of Columbus and thus "land-locked." Secondly, a 2003 state law stipulates that any municipality annexing lands out of one township and into another must rebate the original township the real property and utility taxes that it would otherwise have realized had the annexation not occurred. This rebate starts at 100% in year one and graduates downward to 50% at year fifteen and afterwards. It is important to note that this rebate must occur even if the lands in question are subject to a tax abatement. This altered the economics of annexation somewhat, which may make it less feasible in some cases for the Village.

- *Use of Newly Formed Community Improvement Corporation*

The Village of New Albany recently created an additional mechanism with which it can pursue economic development initiatives – its newly formed Community Improvement

[14] This arrangement excludes tax revenue generated for the school district.

Corporation (CIC).[15] The purpose of the CIC is to promote "industrial, economic, commercial and civic development of a community or area." New Albany can use the CIC to borrow and lend money; purchase, lease, hold and dispose of real property; acquire businesses and other assets; and buy and sell ownership shares of corporations.

Currently, the Village is considering using its CIC to open and manage a venture capital fund and promote the development of a business incubator facility[16]. In addition, the Village can consider using the CIC to issue Industrial Revenue Bonds (IRB) for the purpose of promoting large-scale economic development projects. IRBs are a tax-free financing vehicle that the CIC can issue on behalf of a business, for instance, that is making a large new investment in the community. This lowers the cost of borrowing and can increase the feasibility of a project. IRBs are limited to manufacturing, distribution, commercial and research facilities.[17] Because of this, the CIC should establish policies and application procedures that a potential business can use to request an IRB. Once set up, the Village can market its CIC as another business-friendly quality to attract new businesses.

Until now, the Village has used the New Albany Community Authority to finance infrastructure improvements for commercial developments. However, NACA's jurisdiction does not extend into Licking County and the Village may be able to use the CIC to fund the necessary infrastructure improvements to this portion of the Village.

- *Business Tax Structure at State Level*

The State of Ohio is in the process of moving to a broad-based Commercial Activity Tax. At the same time, they are phasing out the Corporate Franchise Tax and the Personal Property Tax. Both changes will occur over a 5 year period.[18]

While neither change will have profound effects on the Village itself, they represent a major restructuring of the system of taxation for businesses in Ohio. One of the interesting implications is that industries that export their goods and services will potentially see a substantial drop in their State tax burden. This may make Ohio more competitive in attracting business investment and expansion in the state. Because of this, the Village should consider strategies that would allow them to market to out-of-state businesses. A second implication is that it will lower the state tax burden for several major New Albany employers, which may make retention less problematic.

[15] Governed by ORC 1702 and 1724.
[16] In partnership with the Ohio State University's Business Technical Assistance and Tech Columbus.
[17] It appears that use of IRBs may require the payment of "prevailing wage rates" to individuals involved in the construction or renovation of property. This may offset some of the savings of using the IRBs tax-free status. This would not apply to IRBs issued for the purchase of land or equipment.
[18] For more information, see http://www.odod.state.oh.us/cms/uploadedfiles/Root/DetailedExplanationTaxcat_brochure.pdf

- *Designation as a City in 2010*

Following the 2010 census results, the Village will almost certainly be designated a City, since its current population exceeds the City threshold of 5,000 people. This transition will have financial repercussions for the Village/City.[19]

Cities have more health services-related responsibilities than Villages. Because it is already providing health department services through a contractual arrangement with the County (for $71,340 in 2004) the impact should be incremental only.

New Albany will also become responsible for the maintenance of all state roads, including routes 161, 62 and 605. New Albany will be allocated a larger share of state Gas Tax revenues as a City, which should offset some of the additional costs. In interviews with other newly-formed cities, this increase in gas tax revenues appears to be insufficient to cover the entire burden of the maintenance of state roads, so the Village should be aware of the budgetary effects on its public works operations.

Cities must also be open to collective bargaining agreements with their civil service staff. While there is no obligation for the civil service employees to unionize, they will have that option. Some recent cities have undergone this transition and have incurred significant costs associated with the unionization of its staff.[20] While the likelihood of this occurring is minimal, it could have a substantial impact on the cost of community services.

On a less formal note, one city official remarked that access to state grant funds can be affected. The transition from a "large" village (i.e. a strong voice) to a very small city (small voice in a large group) can make it more difficult to get attention at the state level.

- *Commercial/Industrial Acreage Absorption*

Absorption of vacant commercial/industrial acreage in the Village has averaged 18 acres per year (excluding the A&F facility)[21]. This trend implies that there is enough acreage to accommodate another 30 years of commercial/industrial expansion. However, the pace of absorption is accelerating and a significant portion of the "vacant" land has already been acquired by existing New Albany businesses for the purposes of expansion. While this is an extremely positive trend, it implies that the stock of vacant and available land is diminishing. The estimates of available acreage for commercial development are enumerated below (page 30), as well as the implications of such for community planning.

[19] For ease of reading, we will refer to the Village/newly designated City as "New Albany."
[20] During an interview with individuals at the City of Monroe, which transitioned to a City following the last census, a senior staff member spoke of financial difficulties that were compounded by a successful unionization attempt by its staff.
[21] Source: "Disposition of Land for Office Development within New Albany Business Park." New Albany Company.

Fiscal Analysis

- *Population Demands and the Cost of Community Services*

The 2005 population of New Albany is estimated to be 6,147 with 2005 General Fund expenditures of nearly $9.4 million (see page 14) or $1,530 per resident. The total number of 2005 households is estimated at 2,195 for a general fund expenditure rate of approximately $4,282 per household.[22]

As described in the Analysis of Demographic Trends section of this report, the Village's land use regulations can have a tremendous impact on the number of new households created over the next five years. The estimates range from 2,523 (if the Village did not allow any future residential permitting to occur) to 3,711 if residential growth continued along the five-year trend.

On a long-term perspective, if the Village allowed a maximum buildout of all possible residential units (i.e. all zoning entitlements as shown on page 6), the number of households in the Village would rise to 5,641. Given current growth rates, this is extremely unlikely to occur in the next five years, but it serves as an interesting point of reference for future planning. This situation will be referred to as "hypothetical" and/or "maximum buildout" in the text, charts and tables below.

To estimate the Cost of Community Services (COCS) to accommodate these new residents, Camoin Associates had to make several assumptions:

1. <u>Changes in service levels</u> – We estimate that the base cost of providing community services in 2011 will rise by 33%, net of inflation. This is a "best guess" of the change in service levels that will result from the following three items:
    - As described on page 21 of this report, the designation as a City will have certain financial implications for New Albany. Some additional costs are offset by new revenues, but there will be a net new burden on New Albany as a City.[23]
    - In the near future, the responsibility for various parks and leisure trails across the Village will be transferred from homeowners associations to the Village. This will cause a significant increase in the public works budget for maintenance and a long-term increase in debt service for replacement of paved trails and park structures.

[22] Estimated household size is 2.8 individuals.

[23] We are assuming that New Albany will not be subject to the additional costs of collective bargaining arrangements. We further assumed a doubling of the costs of providing contractual services through the county for health services and a substantial increase in road maintenance costs.

   - Most importantly, the costs of replacing general Village-wide infrastructure (network of roads, utilities, etc.) will have to be assumed by the Village.[24]
2. No stepped costs – upon examination of the Village's expenditures, we do not anticipate any "stepped" costs (other than those described in #1, above) in the delivery of its services.[25] We further assume that all major infrastructure projects in Licking County will be paid for by Tax Increment Financing, through a revenue sharing agreement (for commercial development) or by a developer (for residential development).
3. Economies of scale – the Village will realize certain economies-of-scale in its service delivery as its population expands. For example, the cost of running Village council meetings will be virtually unchanged.
4. Proportional increase in costs – there are some costs, however, that will vary with population levels, such as the cost of police, court and administrative services. For the purpose of this analysis, we have assumed that 90% of current general fund costs are variable with population.[26]

With current General Fund expenditures of approximately $9.4 million, a 33% increase in the cost of service provision would result in 2011 expenses of $12.5 million.

General Fund Requirements in 2011		
Current GF Expenses	$	9,398,936
Increase in Costs (33%)	$	3,101,649
2011 GF Expenses	**$**	**12,500,585**

As shown in the table below, the marginal cost of the addition of one new household is estimated to be $5,126 based on the above assumptions. Because of this, the rate of growth of residential development will have a significant impact on the Village's expenditures. **The difference between the "low case" (minimal household creation) and the "high case" (unfettered growth) is an annual cost difference of over $6 million (43%) difference in the total cost of community services.** An increase in General Fund expenditures of between $4.7 and $10.9 million could be expected, depending on the level of population growth (this includes the estimated $3 million increase in baseline costs.)

[24] Some of the financing for that network was originally borne by NACA (i.e. Fodor Road, funded through the Community Development Charge) and by the various residential developers that originally built the roads through their developments.
[25] "Stepped costs" are capacity-related major changes in the cost of delivering services. For example, if a community has a single wastewater facility with a fixed capacity, residential or commercial growth beyond that capacity will require a large new investment in a second treatment facility. Since New Albany does not provide utilities, this is not applicable.
[26] This generally consistent with cost-of-services studies performed on local governments.

Estimated Cost of Community Services in 2011	Low Case	Mid Case	High Case	Hypothetical Max Buildout
Number of New HH	328	922	1,516	3,446
Marginal Cost per New HH	$ 5,126	$ 5,126	$ 5,126	$ 5,126
GF Expenses before New HH	$ 12,500,585	$ 12,500,585	$ 12,500,585	$ 12,500,585
Total Number of HH	2,523	3,117	3,711	5,641
COCS	$ 14,181,757	$ 17,226,319	$ 20,270,880	$ 30,163,142
Change from 2005	**$ 4,782,821**	**$ 7,827,383**	**$ 10,871,944**	**$ 20,764,206**
		Difference between High and Low Cases	$ 6,089,123	
		% Difference	43%	

In the hypothetical situation of a maximum residential buildout, the new demands on the general fund would be approximately $20.8 million dollars.

- *Net Residential Growth Impact*

However, these new residents will provide some revenues to the Village in the form of real property taxes (imposed on their residences), some fee revenue and income tax revenue. As discussed on page 7, approximately 88% of real property tax revenue for the Village comes from residential property. Since the Village collects about $750,000 per year in property taxes, it is estimated that the general fund receives about $301 per year per household in property taxes.

The Village also collects fee revenue in the form of licenses, permits, fines, forfeitures and charges for services, the vast majority of which comes from developers and businesses. Based on discussions with Village staff from the Finance Department, only about 5% of these miscellaneous revenues come directly from existing residents. This equates to about $23 per household.

Finally, some income tax is generated by residents of New Albany who work in a taxing jurisdiction with a local tax rate of less than 2% and thus receive less than a full credit against their Village taxes.[27] In discussions with the Village Finance Department staff, this source provided $1,831,709 in income tax revenue in 2005. With 2,195 households, this totals about $834 per household.

Est. Fiscal Impact per New HH	
Marginal Cost per HH	$ 5,126
Res Prop Tax per HH	$ 301
Fees and Charges per HH	$ 23
Income Tax per HH	$ 834
Net per HH Impact	**$ (3,968)**

[27] Those working in areas with a 2% tax rate would be eligible for a 100% credit against income taxes in the Village. See page 15 for more information.

Taking into account the marginal Cost of Community Services, and the per-household revenue sources described above, we estimate that each additional household created in the Village in the next five years will have a net negative fiscal impact of $3,968.

Est. Net Residential Growth Impact on the GF by 2011	Low Case	Mid Case	High Case	Hypothetical Max Buildout
Net per HH Impact	$ (3,968)	$ (3,968)	$ (3,968)	$ (3,968)
Number of New HH	328	922	1,516	3,446
Total Net Gain (Loss)	**$ (1,301,363)**	**$ (3,658,100)**	**$ (6,014,837)**	**$ (13,672,248)**

Note: Totals may not match due to rounding.

Using the range of the number of households that may be created in the Village by 2011, we can see that the net fiscal impact of residential growth will be a deficit of between $1.3 and $6 million. In the hypothetical situation of a maximum residential buildout, the projected deficit would be just over $13.6 million dollars.

This is the amount of revenue that the Village will need to generate from other sources in order to maintain its level of services. This implies either a property tax levy increase, a reduction in services or an increase in income tax received from new commercial development. The last option is described below.

- *Necessary per-Household Commercial Growth for Breakeven Point*

The most desirable method of compensating for the net loss due to new residential growth is through the successful promotion of new commercial development. New commercial ventures in the Village translate into new jobs and new taxable payroll. Although there is some variation between industries, we can estimate how much income tax revenue may be generated by commercial development on a square-footage basis. This calculation will allow us to estimate the amount of new square footage necessary to sustain the addition of households to the Village.

Two complications arise in this analysis. First, payroll per square foot varies significantly across industry sectors and facility types. Second, the future income tax revenues retained by the General Fund are dependent on the types of tax abatements and other revenue sharing agreements that the Village enters into with the new business (see page 17 for more details.) For simplicity sake, we have used an average per-square-foot revenue generation figure and will assume that future projects will include abatements and agreements similar to those the Village has already employed for previous economic development projects.[28]

As shown in the table below, the total income tax revenues for major employers in the Village of New Albany averages $3.19 per useable square foot and ranges from $0.88 to $4.61.

Income Tax from Major Employers			
Employer	**Taxes Paid**	**Sq Ft.**	**$ per SF**
DiscoverCard/NOVUS	$ 1,149,611	293,400	$ 3.92
AETNA	$ 829,575	180,000	$ 4.61
ExpressMed/Amerilink	$ 133,808	152,100	$ 0.88
Abercrombie & Fitch	$ 3,755,210	1,125,000	$ 3.34
Too Brands, Inc.	$ 293,018	135,000	$ 2.17
New Albany Surgical Hospital	$ 114,988	81,000	$ 1.42
Total	**$ 6,276,211**	**1,966,500**	**$ 3.19**

Using these current figures and assuming a "standard" revenue sharing agreement (i.e. similar to one New Albany has entered into previously), we estimate that the Village would receive an average of $1.12 per square foot of new commercial development, ranging from $0.31 to $1.61, until such sharing agreements terminate.

[28] This includes a 30% share of receipts dedicated to infrastructure bond repayment and the remainder split 50/50 with the school district. This implies a 35% share of total income tax receipts for the Village's General Fund.

Revenue with Tax Sharing Agreements				
		Per SF		
Entity	**Percent**	**Avr.**	**Min.**	**Max.**
Infrastructure Fund	30%	$ 0.96	$ 0.26	$ 1.38
School District	35%	$ 1.12	$ 0.31	$ 1.61
Village	**35%**	**$ 1.12**	**$ 0.31**	**$ 1.61**
Total	100%	$ 3.19	$ 0.88	$ 4.61

Recall from above (see page 24) that the fiscal impact of a new household on the Village is a negative $3,968. To understand how much new commercial development is necessary for the Village to reach the breakeven point (where new revenues from commercial properties offset the negative residential growth impact), we calculated a per-new-household amount of necessary commercial square footage, shown below.

Commercial SF Breakeven Point per New Household			
Village Revenue per SF	**Avr.**	**Min**	**Max**
With Abatements and Revenue Sharing	$ 1.12	$ 0.31	$ 1.61
Without Abatements and Revenue Sharing	$ 3.19	$ 0.88	$ 4.61
SF Needed per New HH	**Avr.**	**Min**	**Max**
With Abatements and Revenue Sharing	3,552	12,886	2,460
Without Abatements and Revenue Sharing	1,381	5,011	957

**Assumes a long run average occupancy of 90%*

To reach a breakeven point in the short term[29], the Village would need to see commercial development of approximately 3,552 square feet per new household. In the best of cases, typically a high density Class A office situation, the necessary square footage would be only 2,460 SF per new household. If, on the other hand, the development was a low payroll-per-square-foot facility, it could take as much as 12,886 SF to reach breakeven.

In the long term, when revenue sharing agreements will have terminated, **the SF per-household requirement is much lower, averaging 1,381** and ranging from 957 to 5,011. This estimate takes into account a long-run average occupancy rate of 90% to account for vacancy and turnover.

[29] The time in which the "standard" revenue sharing agreements are in force, splitting income tax revenue between the infrastructure fund, the school district and the Village.

- *Commercial Growth Necessary to Meet Higher COCS*

On page 30, we estimated that the baseline cost of community services would rise by approximately $3.1 million due to numerous factors before taking into account the demands of a growing residential population. Factors included the costs of transitioning to a City, assuming increased maintenance and reinvestment in parks and leisure trails and the cost of financing the replacement of basic infrastructure.

Commercial Growth Necessary to Meet 2011 Baseline Expenditure Increase	
Increase in Costs (33%)	$ 3,101,649
With Abatements	
Avr. Revenue per SF	$ 1.12
New SF needed by 2011	**2,776,649**
Without Abatements	
Avr. Revenue per SF	$ 3.19
New SF needed by 2011	**971,827**

Using the calculated average revenue per commercial square foot of $1.12 (with abatements) and $3.19 (without abatements), we estimate that the Village will need to see an increase of between a million and 2.7 million square feet of commercial space to accommodate these new expenditures without having to raise taxes and absent other new revenues.

- *Total Commercial Growth Necessary for Breakeven*

In addition to the increase in baseline expenditures by 2011, the costs associated with new residential development will also have to be addressed by the Village for its long-term financial health. **To meet the increase in baseline expenditures plus the cost of servicing the new residential buildout cases described on page 24 would require between 1.4 million and 3.1 million square feet of new commercial development in the Village,** as shown below. In the hypothetical situation of a maximum residential buildout, the Village would need to see approximately 5.7 million new square feet of commercial development.

Offsetting Negative Residential Fiscal Impact with New Commercial Development				Hypothetical
	Low Case	Mid Case	High Case	Max Buildout
SF Needed to Meet Baseline Increase	971,827	971,827	971,827	971,827
Number of New HH	328	922	1,516	3,446
SF Needed Per HH	1,381	1,381	1,381	1,381
Commercial SF Needed	**1,424,884**	**2,245,358**	**3,065,832**	**5,731,683**

Note: Totals may not match due to rounding.

Because of this situation, **it is essential that the Village allow residential growth only to the extent that the requisite commercial development occurs.**

For this model to remain valid, it is important that the Village attract commercial development that is as productive as or more productive than its current mix of commercial properties in terms of income-tax-per-square-foot. **Therefore, we recommend that the Village maintain an average of $3.19 per square foot of income tax revenue for new commercial development.** This will require mixing any lower revenue-per-square-foot properties (warehousing) with higher ones (class A office).

- *Commercial Development Constraints*

Having established the commercial development required for the Village to break even, the next logical question is whether or not there is enough vacant land zoned commercial/industrial available to allow such development. The amount of building square footage that can be accommodated on an acre of land is highly dependent on both the type of development and characteristics of the land itself. For example, multi-story office buildings allow for more square footage per acre than a single-story industrial building. The siting of required parking spaces for employees can also affect how much land is needed for a given square footage. Finally, roads, rights-of-way, conservation easements, wetlands, streams, hills and other elements can determine the ratio between acreage and square footage.

There are approximately 514 vacant acres of land zoned commercial/industrial in the Franklin County portions of the Village and 800 acres of land in the Licking County portions[30], for a total of 1,314 acres of vacant land that could be used for commercial/industrial development.[31] In all likelihood, future development in the Village will average between 5,000 to 10,000 sq ft per developable acre. This range of ratios and its effect on Village buildout is shown below.

Estimated Potential New SF		
Vacant Incorporated Acres		
Franklin County	514	
Licking County	800	
Total	**1,314**	
Ratios of Sq Ft to Acre		
	Possible Future Range	
	Low	High
Ratio SF/Acre	5,000	10,000
Total Possible SF	**6,570,000**	**13,140,000**

At a likely range of 5,000-10,000 sq ft per acre, the Village could accommodate between 6.5 and 13.2 million square feet. This appears to be sufficient to meet residential growth demands. However, as described below, it is necessary to phase this household growth over time and in conjunction with commercial development.

[30] Temporarily zoned agricultural pending a re-zoning effort of the Village.
[31] Source: "Disposition of Land for Office Development within New Albany Business Park." New Albany Company. Includes information provided in attachments.

- *Phasing in Residential Development*

To assist the Village in understanding how it can judiciously phase in residential growth, we propose using the following model to tie the authorization of new residential construction to anticipated commercial revenues. The following example is for illustration purposes only.

Example Breakeven Calculation - #1	
Description	Example
Estimate annual payroll for new commercial project.	$30,000,000
Multiply by Village tax rate of 2%	$600,000
Factor in the revenue sharing allocation for the Village (assumed to be 35% in this example.)	$210,000
Divide by the per-household net fiscal impact of $3,968. This is the number of households that can be built immediately.	53 (rounded)
Calculate the new revenues received after termination of the revenue share.	$390,000
Divide by $3,968. This is the number of households that can be added after termination of the revenue sharing agreement(s).	98 (rounded)

Please note that this is a highly simplified model and will need to be adapted somewhat on a case-by-case basis. For instance:

- Most new commercial projects will have a phased development period of investment and job creation as operations commence and expand. The Village will have to adjust the calculations accordingly.
- New development in Licking County will be subject to an additional revenue sharing agreement with the City of Columbus of 15% of all income tax receipts.[32] The infrastructure costs may perhaps require a larger portion of the new revenues to be diverted to debt repayment. In such a case, the short-term revenue allocation would likely be smaller, perhaps as low as 20%.
- The individual revenue sharing agreements will likely terminate on different years, which would allow for multiple steps of authorizing new residential development instead of a single lump number.

[32] New development in Licking County will be subject to this revenue sharing agreement only after total "Licking County" Village payroll has reached $1 million. This sharing will completely cease 15 years after that point.

Again, for illustrative purposes only, the following is a more complicated example of how this might work for New Albany:

Example Breakeven Calculation - #2 Description	Example
Estimated initial annual payroll for new commercial project.	$10,000,000
Multiply by Village tax rate of 2%	$200,000
Factor in the revenue sharing allocation for the Village (assumed to be 30% to infrastructure, 15% to Columbus, 27.5% to the school district and 27.5% to the Village.)	$55,000
Divide by the per-household net fiscal impact of $3,968. This is the number of households that can be built immediately.	14 (rounded)
In year 3, the payroll increases by $20 million. New Village tax revenues of $110,000 are received.	$110,000
New households added in year 3.	28 (rounded)
In year 15, the infrastructure bonds are repaid. Now the Village receives an additional $90,000	$90,000
Divide by $3,968. This is the number of households that can be added after year 15.	23 (rounded)
And so on and so forth until final termination of all revenue agreements.	87 (rounded)

- *Planning for the Financial Future of the Village*

Currently, the Village has a relatively modest level of debt, its income has grown considerably over the last few years and it has been prudent in taking on new expenditures. If residential growth is properly managed, the Village can continue to enjoy its relative prosperity. However, there are three financial events that should be understood and addressed to help guarantee the Village's financial future: (a) the addition of new infrastructure, (b) financing the replacement of existing infrastructure and (c) making provisions to weather unfavorable economic events. Each is explained briefly below and served to form several recommendations in the Economic Development Strategic Plan:

New Infrastructure – in the Village's recent past, new infrastructure improvements have been financed largely through the New Albany Community Authority (see page 18). As the Village matures (and especially as the Village grows beyond the borders of NACA) it will have to self-fund additional infrastructure. Currently, 10% of income tax receipts received by New Albany are held in a capital account for these types of improvements. While this currently may be sufficient, the Village will want to consider using its CIC or forming a new authority to finance additional infrastructure development.

Replacement of Infrastructure – the Village's current network of roads, utilities and other infrastructure will have to be replaced when its reaches the end of its useful life. One possible option, and a recommendation of the Economic Development Plan, is to devote a portion of future income tax receipts automatically into a replacement fund held by the CIC. Specifically, we recommend that the Village enter into a revenue-sharing agreement with the CIC upon termination of the existing agreements in the office parks. This new agreement would funnel a portion of the tax revenues into a CIC fund to be used exclusively to fund or finance infrastructure replacement. Alternatively, the Village could deposit the money into an infrastructure account managed by the Village and separate from the General Fund.

Weathering Unfavorable Economic Events – as described on page 15, the Village currently has a carryover fund balance that is sufficient to cover two years worth of general fund revenues lost resulting from departure of its largest revenue source (i.e. income tax received from the A & F facility). However, the Village will receive a larger and larger amount of income from this facility as tax abatements and revenue sharing agreements terminate, and as the facility expands employment. Therefore, the Village should monitor this growth in dependence and adjust its target carryover balance accordingly.

Appendix VIII
Miscellaneous

Miscellaneous

Throughout the course of this study, a number of particular questions arose that were important to the discussion but did not seem to fit into any of the other sections. This information was used to assist in the development of the draft Economic Development Plan:

RETAIL INFRASTRUCTURE TO SUPPORT THE OFFICE PARK 2
FISCAL IMPACT OF RETAIL DEVELOPMENT 3
BUILDING PERMITTING PROCESS 4
INCOME TAX BY INDUSTRY TYPE 5
INCOME TAX GENERATION FOR RETAIL SPACE 6
STRATEGIES TO FILL VACANT COMMERCIAL SPACE 7
BUSINESS ATTRACTION AND RETENTION STRATEGIES 8
STATE AND FEDERAL FUNDING SOURCES 10

Retail Infrastructure to Support the Office Park

In the course of the Office Market study, it became clear that the office parks in the Village of New Albany are underserved by retail and associated amenities. The question was asked, *"How much retail is necessary to adequately support our office parks?"*

Based on a number of sources, the typical office worker spends between $2,700 and $3,300 on retail and restaurant purchases per year.[1] One report found that while 85 percent of employees purchased lunch outside the office at least once during the week, the diminishing "lunch hour" has resulted in delis, grocery stores, sandwich shops and takeout establishments surpassing sit-down restaurants and fast-food in terms of total market share of employee, lunch-related expenditures. The study also found that 60 percent of employees shopped for non-food retail items at least once during the workweek, with the majority (approximately 58 percent) of non-food-related expenditure going to general merchandise items, such as apparel and household furnishings. The remaining 42 percent of non-food expenditure was spent on convenience items, such as groceries and personal care products.

Based on an average figure of $3,000 per office worker and the industry-average $226 of sales per square foot for retail establishments,[2] Camoin Associates estimates that the typical office worker's spending propensities would support approximately 13 square feet of retail space. Industry average square feet per employee for office workers is 250, therefore **we would expect that for every 19 square feet of office space, you would need 1 square foot of retail space**. Said another way, the typical buildout of 2 million square feet of commercial space would include 100,000 square feet of retail supporting 1.9 million square feet of office space.

[1] Based on data derived from a 2004 survey published by the International Council of Shopping Centers (ICSC) *Research Quarterly*, the average office worker is likely to spend approximately $3,000 annually in his or her immediate market area. This includes $1,583 on general retail, apparel, and other comparison goods and $1,371 on eating and drinking ($1,219 for lunch and $152 for dinner/drinks). The estimates assume, however, that an approximate mix, depth, and range of products are available nearby.
A retail market study conducted for the Town of Chapel Hill, NC by Economics Research Associates (ERA) estimated annual retail spending per employee of $2,890 with 70% of employee spending on food and beverage, and 25% on convenience goods, and approximately 5% on comparison goods items.
A downtown fiscal analysis completed for the City of Woodland, CA estimated total annual expenditures of $3,145 per office worker or about $12.60 per day for 250 workdays a year. The typical office worker would be expected to spend an average of $1,393 annually on lunches during the workday and on dinner and/or drinks after dinner. In addition, in an area with ample retail opportunities, the office worker might spend an average of $1,438 on retail merchandise, including apparel, during the workday and $314 on food, groceries, and other items after work.
[2] Source: Urban Land Institute "Dollars and Cents of Shopping Centers" 2002.

Fiscal Impact of Retail Development

Given the above finding, *what would be the impact of such retail development on the Village?*

While retail is typically considered to have a net-negative fiscal impact on municipal-level government in the State of Ohio[3], this may not hold true in the case of New Albany. Additionally, for the purposes of this study, the retail establishments are treated more as "office park infrastructure" and not as a separate revenue/expenditure stream.

For example, retail typically has a net negative fiscal impact because of the significant transportation infrastructure that is necessary to accommodate large volumes of traffic resulting from destination-retail operations. However, in New Albany, this road infrastructure already exists for the office parks and the retail discussed would only be serving existing office-park occupants. Therefore, the expenditures involved in accommodating the retail businesses would be minimal.

Furthermore, we have established that retail would occupy roughly 5% of the commercial space available in the office parks (one square foot of retail for 20 square feet of commercial space.) So, while retail space may not produce as much revenue as office space, it will have little effect on the average square-foot revenue generation figures as calculated in the fiscal assessment section of this report.

[3] "Understanding the Fiscal Impacts of Land Use in Ohio". Randall Gross. August 2, 2004.

Building Permitting Process

As shown in the table below, if the "letter-of-the-law" were followed through all the current steps of the building permitting process, it would take up to eleven months to complete the permitting process in the Village, not including any time necessary to change zoning, if applicable.

Building Permitting - Worst Case Scenario

Village of New Albany - Office Facility ACTIVITY/TASKS	Date	Status	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	January	February
Task #1: Preliminary Submittal Meetings													
First pre-submittal meeting	4/5/2006												
Second pre-submittal meeting	4/19/2006												
Task #2: Planning Commission													
Submit preliminary development plan for Planning Commission action	5/12/2006												
Planning Commission public hearing for preliminary development plan	6/12/2006												
Submit final development plan for Planning Commission action	7/14/2006												
Planning Commission public hearing for final development plan	8/14/2006												
Assuming Approval of FDP-Submit clean FDP for review and signatures	8/21/2006												
Review of FDP complete, signatures, submitted for recordation	9/11/2006												
Task #3: Engineering													
Submit engineering plans for review and approval	9/12/2006												
First round of engineering review comments due	10/23/2006												
Submit engineering plan revisions	10/30/2006												
Second round of engineering comments	12/14/2006												
Engineering pre-construction meeting	12/19/2006												
Task #4: Building Plan Review													
Submit building plans/permit for review	12/20/2006												
Deadline for first building plan review	2/5/2007												
BREAK GROUND FOR CONSTRUCTION	2/7/2007												

However, the Department of Development is working on streamlining the process so that it can be completed in four months. This would present significant cost savings to developers and give the perception that New Albany is business and development-friendly.

Building Permitting - Streamlined Case Scenario

Village of New Albany - Office Facility ACTIVITY/TASKS	Date	Status	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Zoning: NACo 1998 PUD - Oak Grove - Sugar Run Subarea xxxx													
Task #1: Preliminary Submittal Meetings													
First pre-submittal meeting	5/1/2006												
Second pre-submittal meeting	4/19/2006												
Task #2: Planning Commission													
Submit PDP & FDP for Planning Commission action	5/12/2006												
Pre-Planning Commission meeting to review staff report	6/5-9/2006												
Planning Commission public hearing for PDP & FDP	6/12/2006												
Submit final development plan (FDP) for Planning Commission action	6/13/2006												
Planning Commission public hearing for final development plan	7/10/2006												
Assuming Approval of FDP-Submit clean FDP for staff signoff	6/19/2006												
Review of FDP complete, signatures, submitted for recordation	7/1?												
Task #3: Site Engineering													
Submit engineering plans to village	5/15/2006												
First engineering review issued	6/26/2006												
Submit engineering plan revisions (assuming revisions necessary)	7/31/2006												
Second engineering review issued	8/15/2006												
Engineering pre-construction meeting	8/22/2006												
w/14 bus. day-													
rev1 issued 6/2; resubmit 6/12; rev2 issued 6/30; pre-con 7/11													
Task #4: Building Plan Review													
Submit building plans/permit for review	8/16/2006												
Building plan review issued	9/15/2006												
BREAK GROUND FOR CONSTRUCTION	9/15-18/06												

Source: Village of New Albany Department of Development

Income Tax by Industry Type

What is the range of income tax generated per employee across industry sectors?

Income Tax by Industry Type, Columbus MSA, 2000		
Description	Average Wages / Employee	Associated Income Tax / Employee
Utilities	$68,943	$1,379
Professional, Scientific, and Technical Services	$49,577	$992
Wholesale Trade	$44,425	$888
Finance and Insurance	$44,334	$887
Manufacturing	$44,328	$887
Mining	$38,362	$767
Construction	$37,972	$759
Transportation and Warehousing	$33,375	$667
Health Care and Social Assistance	$32,830	$657
Real Estate and Rental and Leasing	$29,254	$585
Educational Services	$27,137	$543
Agriculture, Forestry, Fishing and Hunting	$23,473	$469
Retail Trade	$23,361	$467
Arts, Entertainment, and Recreation	$16,762	$335
Accommodation and Food Services	$12,634	$253
Total, All Private	$33,696	$674
Source: U.S. Department of Labor, Bureau of Labor Statistics and Camoin Associates.		
The Columbus MSA includes the Counties of Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union.		

Based on data presented in the Economic and Industry Analysis, which contained total employment and wages for major industry types, CA was able to calculate both average wages per employee, and the subsequent income taxes associated with these wages. Please note that the data presented is for the Columbus MSA, and is not specific to the Village of New Albany.

As shown in the table above, utilities workers have the highest wage rates of all major industry types in the Columbus MSA. As a result, the average utility worker generates approximately 40% more income tax revenue than any other category. A number of other industry types are also associated with relatively high levels of income taxes per employee, particularly professional, scientific, and technical services. Retailers and accommodation and food services, which employ approximately 25% of all individuals within the MSA, generate relatively low levels of income taxes due.

Income Tax Generation for Retail Space

How do different types of retail compare in terms of income tax revenue generation?

Income Tax Per SF, Retail Establishments			
Type of Establishment	**Average Wages Per Employee**	**Income Tax Per Employee**	**Income Tax Per SF of Retail Space**
Electronics and Appliance Stores	$35,068	$701	$2.00
Furniture and Home Furnishings Stores	$27,022	$540	$1.54
Clothing and Clothing Accessories Stores	$26,801	$536	$1.53
Nonstore Retailers	$22,937	$459	$1.31
Miscellaneous Store Retailers	$18,700	$374	$1.07
General Merchandise Stores	$18,089	$362	$1.03
Food and Beverage Stores	$16,801	$336	$0.96
Gasoline Stations	$16,746	$335	$0.96
Sporting Goods, Hobby, Book, and Music Stores	$14,604	$292	$0.83
Average of All Retail Categories	**$23,361**	**$467**	**$1.33**

Industry average figures for retail establishments typically cite one employee per every 350 SF of retail space. As shown in the table on the previous page, the average retail employee earns $23,361 per year, generating $467 in annual income taxes.

Based on this information, the average retail establishment generates $1.33 in income taxes per SF. To put these figures in a more familiar context, a 10,000 SF retail establishment would generate $13,349 in income taxes per annum.

Strategies to Fill Vacant Commercial Space

How can the Village address the risk of future commercial vacancies?

A number of municipalities have local financing programs to encourage businesses to locate in vacant commercial properties. However, these programs are generally geared towards areas suffering from economic distress, or towards facilities that are outdated. Nevertheless, **rent subsidies** are commonly used to encourage businesses to locate in existing commercial buildings. Rent subsidies are typically tied to employment, rather than the size of the building or business type.

Another tool for municipalities is to **employ design standards** and guidelines in the planning process, so properties that are vacated are more easily utilized by potential prospects. The most common standards utilized are those related to (1) designing structures for multi-purpose use, and (2) designing structures so they are easily adapted for varying uses. This technique can sometimes impose an additional cost in the construction of a building and should be used judiciously.

Additional tools for retention/attraction of businesses are discussed below.

Business Attraction and Retention Strategies

In the Village of New Albany, several mechanisms can be utilized to retain and attract businesses. In general, these mechanisms are related to lowering the tax burden on businesses, supplementing their borrowing power or providing direct financial assistance. To the extent possible, the following programs are meant to serve retention and expansion goals that would otherwise not be possible under the Village's CRA program.

- **Direct Loan/Grant Program** – Using the CIC, the Village can establish a loan program that would be used to support existing Village businesses and/or to attract new ones, especially for those businesses that may not qualify for the Village's CRA program. To qualify, the applicant would have to project the creation of a minimum number of jobs (over and above its current employment level in the Village, if applicable). Below are examples of how the Village could use such a program:[4]
    - The CIC would loan up to $100,000 per applicant for a period of five years at market rates with no principal or interest payments due during the term of the loan.
    - Simultaneously, the CIC and the Village would enter into a revenue sharing agreement that would allow for 50% of the income tax generated by the applicant to flow to the CIC (capped at $20,000 per year).
    - For each dollar of income tax revenue created by the applicant over the term of the loan, the CIC would forgive (i.e. convert into a grant) $0.50 of debt (also capped at $20,000 per year).
    - Any remaining debt at the end of the term of the loan would become immediately payable to the CIC.
    - Note: such a program would require a credit analysis of the applicant to show proof of financial ability to repay the loan and sufficient collateral to secure the loan funds.

- **Industrial Revenue Bonds** – As described in the Fiscal Assessment section, the CIC can issue Industrial Revenue Bonds (IRBs) on behalf of companies for certain purposes. Due to restrictions on the use of IRBs for construction and renovation projects, we suggest that the IRBs be used exclusively to finance purchase of assets such as land, buildings and equipment.[5] Because of the CIC's non-profit status, the bonds issued would be tax-exempt and would thus allow for interest rates lower than those usually obtained through other financing arrangements. The CIC would charge a fee to the applicant to defray any financing costs (based on a sliding scale of the total amount of bond issuance) and include this fee in the amount

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[4] The example used is a modified form of the program as instituted by the City of Westerville.
[5] The enabling legislation requires that construction/renovation projects financed by IRBs be restricted to firms paying prevailing-wage labor rates. This could possibly offset any incentive that the IRB would offer a prospective company.

financed with the IRB. The financing fee becomes payable to the CIC upon issuance of the bonds.[6]

- **CRA Program Modifications –** As current New Albany businesses grow, they may need to relocate to accommodate their expansion needs. Such a relocation could mean the loss of an employer in the Village, especially in the case of a business that is currently leasing space. New Albany should consider expressly stating in its CRA terms that existing New Albany-based businesses are eligible for the program, provided that their expansion plans include (a) the construction of a new facility, (b) the creation of additional jobs in the Village and (c) that the applicant will be the owner of the new facility (or perhaps a stipulation about a long-term lease with punitive damages for breaking the lease.)

- **Linked Deposit Program –** Another option that the Village (through its CIC) can consider would be to establish a "Linked Deposit" program for major economic development projects. In this case, the Village or CIC would deposit funds with a private lender that would help secure a private loan for an applicant business. The security of the "linked" deposit would allow for a significant reduction in the interest rate required by the lender and thus lower the financing costs of a large project.

The Linked Deposit program and the Direct Loan/Grant program would require a cash outlay by the CIC initially to seed the program. As loans are paid off (or repaid through income tax revenue generation) that cash can be used on a revolving basis to fund new projects. However, the question remains as to how the original outlay will be funded. As described in the Fiscal Assessment and the Economic Development Strategic Plan, we suggest that the Village set aside current revenue streams in a special fund that will be used to finance infrastructure replacement at a future date. It is likely that this fund would carry a significant cash surplus for a number of years as replacement projects slowly materialize. This cash surplus can be devoted to additional economic development initiatives, as described above.

[6] Additional information and examples of how IRBs are used can be found on numerous CIC websites across the state of Ohio.

Federal & State Funding Sources

There are a number of State and Federal funding sources available to promote economic development. The Village's Department of Development is already activity engaged in some of the programs listed below, and can continue to do so to implement components of its Economic Development Plan. In particular, there may be opportunities to help the Village address an anticipated increase in demand for transportation infrastructure.

<u>State Programs</u>

Workforce Training

- The Ohio Investment in Training Program (OITP) helps new and expanding Ohio businesses, with an emphasis on manufacturing and other selected industries that require significant training and capital investment in order to create and retain jobs. OITP helps eligible businesses obtain customized training for their employees by providing financial and technical assistance. OITP offers a 50% reimbursement matching grant program to fund instruction costs, training materials and other training-related activities. Regional OITP coordinators walk companies through all phases of the application and approval process free of charge. Assistance is provided on a rolling basis.

Transportation

- The State Infrastructure Bank (SIB) is a revolving loan program that aims to enhance the number of transportation projects completed within the state by assisting those that would not normally be considered for grant financing. There is no set limit to loans and no matching requirement. Any highway or transit project that is eligible under the Code of Federal Regulations Title 23 is eligible. Toll proceeds, TIF, property assessment, license plate and registration fees or any other secure revenue stream may be used as collateral. Financing terms range from 2 to 10 years. The interest rate is determined at the time of application and is typically lower than the prime rate. Loans are approved on a rolling basis.

- The Ohio Department of Transportation (ODOT) runs a Small City program, which provides up to 80% of eligible construction costs for road, safety or signal projects on the Federal Aid Highway System. Cities with populations of 5,000 to 24,999 that are not located within Metropolitan Planning Organization are eligible. Project solicitation process begins in January with applications due March 1.

- ODOT also administers the "Specialized Transportation" program, which is a federally funded program that subsidizes up to 80% of the cost of purchasing equipment to support transportation services for the elderly and people with disabilities where existing transportation is unavailable, inappropriate or insufficient. Funding is allocated to state departments of transportation annually and awards are made through a competitive application process administered by ODOT. Applications are typically due to ODOT in April.

- The Ohio Department of Development (ODOD) gives grants each year from its "Business Development (412) Account" to help companies primarily engaged in manufacturing, research and development, high technology, corporate headquarters, and distribution to pay for on and off-site infrastructure improvements, including water and sewer, road improvements and rail. Each project funded by this program must create or retain jobs.

- Another grant program run by ODOD is the "Roadwork Development (629) Account," which assists companies or communities with the costs of improving project site infrastructure and can also be used to reduce the costs incurred to construct or improve on-site public access roads. Again, each project funded must create or retain jobs.

- ODOD also administers the "Rural Industrial Park Loan Program" which provides direct loans and loan guarantees to rural, distressed local communities and other eligible applicants committed to building well-planned industrial parks. Loans can be used for off-site public infrastructure improvements such as water, sewer, roads, etc. The maximum loan available is $1 million at 0% interest for up to five years.

- The Ohio Public Works Commission runs the "State Capital Improvements Program," which provides low-interest loans and grants for infrastructure projects, including roads, bridges, culverts, water supply and wastewater systems, storm water systems, and solid waste disposal facilities. The funding comes from the issuance of $120 million in annual bond sales, from which allocations are made to the various District Public Works Integrating Committees. These Committees evaluate and recommend projects for funding according to the criteria set forth in law. A maximum of $12 million is set aside for the Small Government Program, which gives smaller subdivisions who were passed over in the regular round a second chance to get funding.

- Ohio Public Works also administers the "Local Transportation Improvements Program," which provides grants for local road and bridge projects. These grants are funded from $0.01 of the motor fuel tax, which provides $60 million in grant funds each year. This funding is distributed on a per capita basis. Eligible projects are those that have useful lives of at least 7 years.

Technology

The Third Frontier Project was launched in 2002 to expand high-tech research capabilities and promote innovation and company formation in order to create high-paying jobs in Ohio. The 10-year, $1.6 billion initiative provides grants each year from a number of programs, including the following:

- Wright Projects: grants to support specifically defined near term commercialization projects requiring major capital acquisitions and improvements at Ohio higher education institutions and non-profit research organizations. Projects must involve one or more Ohio companies and be in the areas of advanced materials, power and propulsion, information technology and instruments, controls and electronics.

- Biomedical Research and Commercialization (formerly Biomedical Research and Technology Transfer Partnership) Program: grants to support biomedical and biotechnology research leading to Ohio commercialization and long-term improvements to the health of Ohioans. Projects are to be collaborations among Ohio higher education institutions, non-profit research organizations, and Ohio companies in the areas of human genetics and genomics, structural biology, biomedical engineering, computational biology, plant biology and environmental biology.

- The Engineering and Physical Science Research and Commercialization Program: grants to support technology-based economic development through research, development, and commercialization activities in Ohio. Projects are to be collaborations among Ohio for-profit firms, Ohio higher education institutions, and Ohio non-profit research organizations. Proposals must focus on technologies in the fields of advanced materials, power and propulsion, information technology, and instruments-controls-electronics.

- Pre-seed (formerly Validation Fund & Seed) Fund Initiative: grants to pre-seed funds to increase the availability of professionally managed capital and associated services to accelerate the growth of early stage Ohio technology companies.

- The Ohio Research Commercialization Grant Program (ORCGP): grants to improve the commercial viability of Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR) and Advanced Technology Program (ATP) research and development projects. The intent is to improve the ability of small technology companies to assess and realize the commercial potential of research projects and to promote the competitiveness of these companies through the augmentation of federal research and development funding.

- Product Development Pilot Program: grants to support delivery of product development assistance, including design, engineering, financing, marketing and management, to small and medium-sized Ohio manufactures. Projects must be led by Ohio higher education institutions or non-profits but may involve for-profit collaborators, and are to focus on product development in the areas of advanced materials and instruments, controls, and electronics. This is a pilot program to support a limited number of projects that can demonstrate the feasibility of providing the services described above in an effective and cost-efficient manner.

- The Innovation Ohio Loan Fund (IOF): created to assist existing Ohio companies develop next generation products and services within certain Targeted Industry Sectors by financing the acquisition, construction, and related costs of technology, facilities, and equipment. Ohio's manufacturing sector will be a key target of this program. The IOF provides competitive financing terms on loans to finance projects that will positively impact Ohio by creating high-value jobs, increased tax revenues, and improve the economic welfare of the State. The IOF will address an identified need in the capital-funding continuum. The IOF is intended to supply capital to Ohio enterprises having difficulty securing funds from conventional sources due to technical and commercial risk factors associated with the development of the new product or service. The IOF can finance up to 75 percent of a project's allowable costs to a maximum of $5 million and a minimum of $250,000.

- Ohio's Third Frontier Network (TFN): an initiative of the Ohio Board of Regents that has established over 1,600 miles of dedicated high-speed fiber-optic network to link Ohio educational institutions, including K-12 and institutions of higher education, state and local governments, medical research centers and hospitals, and federal research centers located in Ohio, such as NASA-Glenn in Cleveland and Wright Patterson Air Force Base in Dayton.

Federal Programs

Transportation

Discretionary funding from the Federal Highway Administration (FHWA) is available directly to local governments through three funding streams:

- The Transportation and Community and System Preservation (TCSP) Program provides funding for comprehensive initiatives including planning, implementation, and research of transportation, community and highway system preservation practices. Local governments are eligible for TCSP Program discretionary grants to plan and implement strategies which improve the efficiency of the transportation system, reduce environmental impacts of transportation, reduce the need for costly future public infrastructure investments, ensure efficient access to jobs, services and centers of trade, and examine development patterns and identify strategies to encourage private sector development patterns which achieve these goals. The Federal share of any TCSP project is 100%.

- The Value Pricing Program funds 15 pilot programs per year that include a variable pricing component to encourage shifts in time, route or mode of travel. This program also funds pre-implementation studies for such initiatives. The Federal share of any Value Pricing project is 80%. The Value Pricing Program works by entering into cooperative agreements with up to fifteen

State or local governments or other public authorities, to establish, maintain, and monitor local value pricing pilot programs. Examples of Value Pricing projects include new tolls on existing toll-free facilities; tolls on new lanes added to existing highways; variable tolls on existing and new toll roads, bridges and tunnels; other pricing strategies including usage-based vehicle charges.

- The Transportation Infrastructure Finance and Innovation Act Program (TIFIA) provides loans, lines of credit and loan guarantees to certain surface transportation projects of national or regional significance. The Federal share is limited to one-third of total project costs.

Technology & Small Business

- The Small Business Innovation Research Program (SBIR): SBIR is a competitive grant program coordinated by the US Small Business Administration (SBA), which requires 11 federal agencies to reserve part of their R&D funding each year for grants to small businesses. Small businesses must be American-owned and independently operated, for-profit, must employ the principal researcher for the project and must not be bigger than 500 employees in order to be eligible.

  Following submission of proposals, agencies make SBIR awards based on small business qualification, degree of innovation, technical merit, and future market potential. Small businesses that receive awards then begin a three-phase program.

  - Phase I is the startup phase. Awards of up to $100,000 for approximately 6 months support exploration of the technical merit or feasibility of an idea or technology.
  - Phase II awards of up to $750,000, for as many as 2 years, expand Phase I results. During this time, the R&D work is performed and the developer evaluates commercialization potential. Only Phase I award winners are considered for Phase II.
  - Phase III is the period during which Phase II innovation moves from the laboratory into the marketplace. No SBIR funds support this phase. The small business must find funding in the private sector or other non-SBIR federal agency funding.

- The Small Business Technology Transfer Program (STTR): STTR is another program coordinated by the SBA, which requires five federal agencies to set aside a portion of their R&D funds to give grants to small business/nonprofit research institution partnerships. In addition to the same eligibility requirements of the SBIR program described above, the non-profit research institution partner must be located in the US and be either a nonprofit college or university; a domestic nonprofit research organization; or a federally funded R&D center.

Similar to the SBIR program, the agencies make STTR awards based on small business/nonprofit research institution qualification, degree of innovation, and future market potential. Small businesses that receive awards then begin a three-phase program.

- Phase I is the startup phase. Awards of up to $100,000 for approximately one year fund the exploration of the scientific, technical, and commercial feasibility of an idea or technology.
- Phase II awards of up to $750,000, for as long as two years, expand Phase I results. During this period, the R&D work is performed and the developer begins to consider commercial potential. Only Phase I award winners are considered for Phase II.
- Phase III is the period during which Phase II innovation moves from the laboratory into the marketplace. No STTR funds support this phase. The small business must find funding in the private sector or other non-STTR federal agency funding.