

Market Analysis

For Mars Hill

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Introduction

The Mars Hill Economic Development Committee has been working with HandMade in America and their Small Towns program. From this partnership, the North Carolina Division of Community Assistance was requested to produce a Market Analysis for Mars Hill. A number of components were incorporated into this analysis. A Retail Market Place Profile was purchased from ESRI for the Mars Hill area. A Retail Merchants' Survey was distributed to businesses in Mars Hill. In addition, a Consumer Survey was tailored for Mars Hill by the Economic Development Committee. They also distributed the Consumer Survey and collected 1329 responses, both online and hard copy in April and May 2009. This very large number of responses is due to the hard work of the Economic Development Committee and the active, engaged citizenry in the Mars Hill area. Overall, the people who responded to the Consumer Survey were genuinely concerned about the future of Mars Hill and provided a great deal of worthwhile information. The typical respondent was an employed female, over 50 years of age, living in a household of 2 and a full-time resident. The Consumer Survey results are referred to throughout this analysis and are summarized in the Appendix A.

THE SIX ECONOMIC FACTORS IN DOWNTOWN DEVELOPMENT

The Definition of Economic Development/Restructuring

The most basic definition of the word *economic* is *profitable*. Very little will be accomplished unless economic (profitable) activity occurs; for the ultimate goal of revitalization is the creation of economic value (profit) for the downtown and its public and private investors.

And even though *profit* can come from improvements to the physical environment and quality of life, economic development is essentially *adding value*, (creating profit) in the form of jobs, sales, taxes, and property value.

Economic restructuring is simply adapting economic activity to the current realities of the market place.

The Six Economic Factors

There are six basic factors that should be considered when undertaking economic activities based on the Main Street approach. Without an understanding of these factors, it will be impossible to determine the direction that economic activity must take in order to bring about a successful effort. These factors are as follows:

FACTOR 1. MARKET CONDITIONS AND BUSINESS CLIMATE

Assessing this factor helps determine the status of the retail, residential and office markets and their potential in your downtown. Information gathered related to retail sales, occupancies and rents is used to develop recruitment materials for attracting new businesses to downtown.

FACTOR 2. RETAIL MIX

A market assessment and merchants' survey can provide information related to the number and types of businesses currently in the downtown area. From this information, the potential for success of additional or different retail businesses can be determined. Additionally, survey should be conducted to determine the physical location of retail businesses by type, in order to determine the best locations to site additional businesses.

FACTOR 3. REAL ESTATE AVAILABILITY AND CONDITION

This factor addresses the ability to recruit development and business. When there are no available buildings or buildings are overpriced or in poor condition, then it will be difficult to carry out the revitalization effort.

FACTOR 4. PHYSICAL ENVIRONMENT AND AMENITIES

The physical environment in which a business must function is critical to its success. Even the best businesses will not be successful if the surrounding environment is run down, with few amenities and is difficult to access.

FACTOR 5. AVAILABILITY OF CAPITAL/FINANCING

It is critical that adequate investment capital and attractive financing be available for downtown projects. In addition to public financing tools, local financial institutions must be actively involved and supportive of development and business downtown.

FACTOR 6. BUSINESS AND DEVELOPMENT ASSISTANCE

Business and investment decisions must be made based on complete and factual information. One of the most important services that can be offered to potential investors is the provision of professional business and development assistance, along with a coordinated promotional effort.

1. MARKET CONDITIONS/BUSINESS CLIMATE

1.1 RETAIL

1.1.1 Observations

Mars Hill, NC is an incorporated town in Madison County with a July 1, 2008 estimated population of 1,772 within the city limits, 11,237 within a 5 mile radius and 20,432 within the county (<http://www.census.gov>). Mars Hill's population grew by 0.5% between 2000 and 2008. Mars Hill is situated approximately 15 miles north of Asheville, NC. This is the closest metropolitan area. The closest incorporated towns to Mars Hill are Madison county seat Marshall and Weaverville in Buncombe County, both approximately 8 miles away. Per capita income within a 5 mile radius of downtown Mars Hill is \$21,977 annually, according to the Retail Market Place Profile produced by ESRI.

Based on the results of the consumer survey, most Mars Hill residents do most of their shopping along the NC 213 corridor/Carl Eller Road. The newly upgraded Ingles serves as the primary store for groceries

for local residents. The downtown Mars Hill/North Main Street area is currently somewhat limited in terms of variety and number of retail stores. This report will identify potential opportunities in this downtown area. Weaverville is the closest significant retail market to Mars Hill. The new big box complex next to I-26 in Weaverville, which includes Wal-Mart and Lowes poses a direct challenge to certain parts of the Mars Hill marketplace. Asheville, the largest municipality in western North Carolina, provides considerable shopping opportunities and also needs to be figured into a market analysis of Mars Hill. Although the fiscal impact of tourism at the municipal level is difficult to quantify, it is nevertheless important as a potential source of income for local businesses. In 2007, Madison County ranked 68 in statewide tourism dollars and expenditures were \$30.32 million with local tax receipts of \$1.46 million (<http://edis.commerce.state.nc.us/Portal>).

Like many downtown areas, the Mars Hill downtown business district and 213 Corridor/Carl Eller Road function as a community shopping center, providing general and specialty merchandise and services to the local Mars Hill market. Based on the Retail Market Place data, Mars Hill is already capturing a little more than two times the predicted retail demand available (based on population) within a 1 mile radius of the downtown area. Expanding our view to include the predicted demand within a 5 mile radius of downtown one begins to see some opportunity. The **total** Retail Trade and Food & Drink demand is almost twice the current supply according to the Market Place Profile. A closer look at the individual retail categories reveals leakage in some unique categories. This break down of retail categories (*see below*) reveals a total leakage of around **\$38 million local dollars**. If Mars Hill captured 20% of that leakage downtown, Mars Hill's potential share would be approximately \$7.5 million. Capturing 20% of the leakage is not an unreasonable goal and this suggests that the downtown area has the potential to sustain an additional 56,000 square feet of retail. Sales leakage looks at a variety of merchandise categories and determines if a district is capturing its full retail sales potential (<http://www.preservationnation.org/main-street/field-services/services/consulting.html>). (*see Leakage Chart on the following page*)

Table 1: Leakage Chart

Retail Market		Mars Hill, NC	5 Miles		DOWNTOWN POTENTIAL	
NAICS	Business Type	Leakage	Est. Capture	Sales/SF	SF	
			20%	\$135		
4421	Furniture	\$ 1,306,276	\$ 261,255	\$ 135	1935	
4422	Home Furnishings	\$ 738,520	\$ 147,704	\$ 135	1094	
443/4431	Electronics/Appliances	\$ 2,044,796	\$ 408,959	\$ 135	3029	
445	Food and Beverage Stores	\$ 485,515	\$ 97,103	\$ 135	719	
448	Clothing and Clothing Accessories	\$ 1,671,822	\$ 334,364	\$ 135	2477	
451	Sporting Goods/Hobby/Musical	\$ 809,656	\$ 161,931	\$ 135	1199	
452	General Merchandise Stores	\$ 18,122,345	\$ 3,624,469	\$ 135	26848	
453	Misc. Store Retailers	\$ 909,371	\$ 181,874	\$ 135	1347	
454	Non-Store Retailers	\$ 1,731,493	\$ 346,299	\$ 135	2565	
722	Food Service and Drinking Places	\$ 9,939,315	\$ 1,987,863	\$ 135	14725	
4461	Health Care & Personal	\$ 147,924	\$ 29,585	\$ 135	219	
TOTAL		\$ 37,907,033	\$ 7,581,407		56,159	
SOURCES:		NC Department of Commerce NC Division of Community Assistance ESRIBIS© US Census of Retail Trade US Consumer Expenditure Survey				

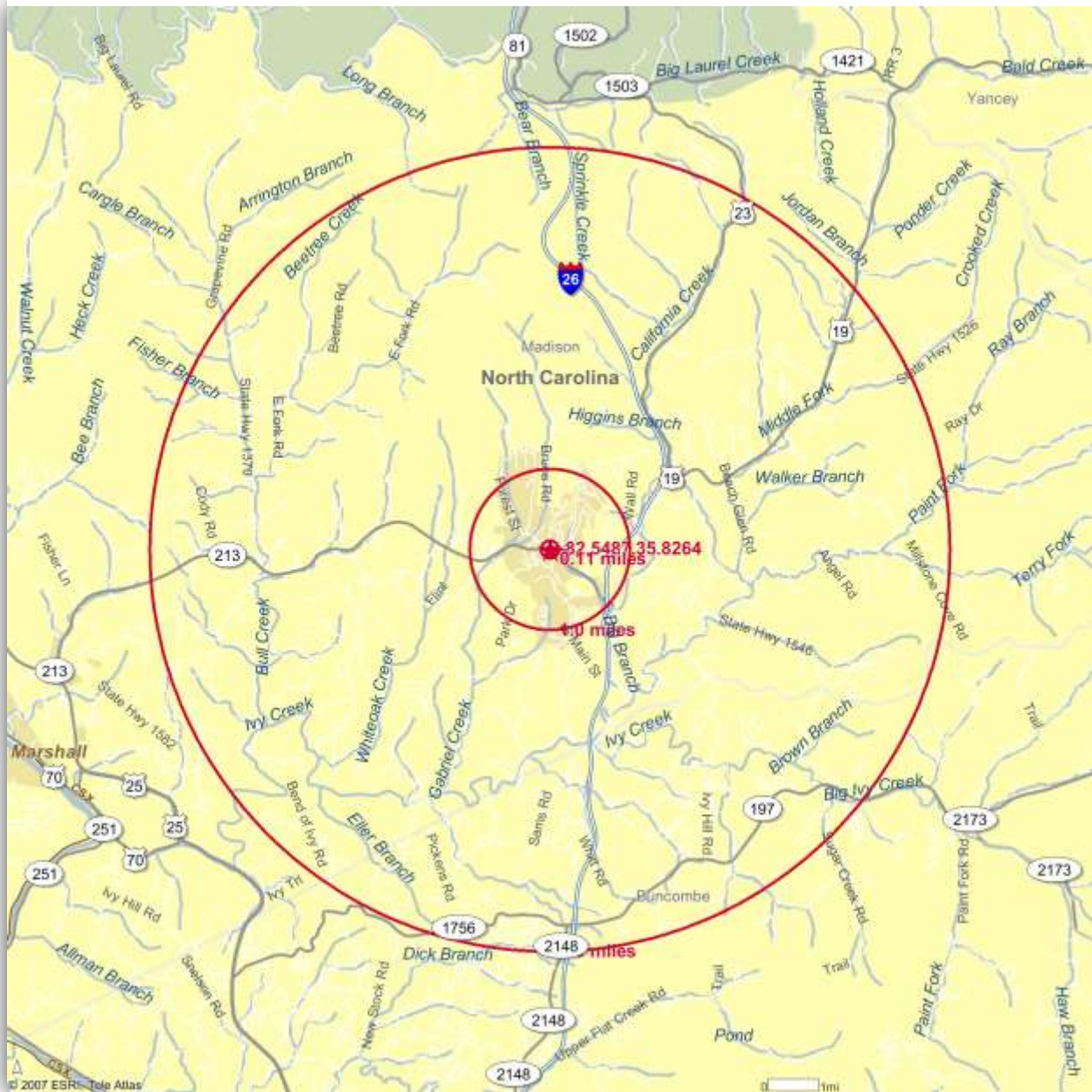
NAICS – North American Industry Classification System

SF – Square feet

Leakage figures are estimates based on population and their expected demand for goods.

Sales/SF is the average from all of the Retail Merchants’ Survey returns for Mars Hill

Map 3: Mars Hill Trade Area



1.1.2 Recommendations

As mentioned above, the downtown business district should attempt to capture at least 20% of the approximately \$38 million in retail leakage within the 5 mile radius of downtown. The goal for the downtown businesses should be to increase sales annually as much as possible over the next 5 to 10 years. This can best be accomplished by increasing the availability and/or marketing of the retail opportunities highlighted by the leakage numbers. By adding retailers offering these products, and/or expanding the offerings of existing businesses downtown, the downtown area can begin the process of

recapturing some of the local dollars currently being spent elsewhere.

One example of leakage is in the food service category, with a retail potential (demand) of \$12.5 million and current retail sales (supply) of \$2.5 million. The difference between this demand and supply is in the Leakage Chart as \$9.9 million (NAICS 722). Mars Hill may be able to support a number of additional stores within this category including restaurants, coffee shop/bakery, pub/bar, and fast food. All of these types of establishments were indicated by many people as types of stores/services that they would personally use if they were located in Mars Hill in the Consumer Survey. Five hundred sixty people indicated that they would frequent additional restaurants in Mars Hill, more than any other store or service in the Consumer Survey. New merchants may be able to capture some of this food-related money that is currently going to restaurants in Asheville, Weaverville, Burnsville and Tennessee.

The category of general merchandise stores shows the largest leakage figure, just over \$18 million in the Leakage Chart. This category includes discount, variety and dollar stores which were, in the Consumer Survey, a commonly indicated type of store that people would use if located in Mars Hill. Smaller stores of this type may be appropriate for the North Main Street area of Mars Hill, while larger stores in this category may fit in better along the NC 213 corridor/Carl Eller Road, based on the existing land use in these areas.

The Retail Market Place data suggests leakage in the clothing store category of \$1.6 million per year. Based on the Consumer Survey, 232 people wrote in that they would personally use a clothing store in Mars Hill. Along with restaurants, clothing had the highest percent of respondents (91% and 88% respectively) that spend money outside of Mars Hill in these categories. In the case of clothing, most people spent this money in Asheville. Mars Hill may be able to support clothing retailers, which according to the business data, do not currently exist. The Mars Hill Economic Development Committee might consider a more in-depth study into these possibilities suggested by the leakage in these categories.

In addition, downtown businesses should continue to seek ways to clarify their understanding of their markets by building on the information offered in this report. This will facilitate promotional efforts by focusing them on the potential clients downtown merchants are most likely to attract. Keep in mind that most downtown retail areas function in an *inside-out* manner, with much of the retail trade being attracted to downtown from nearby neighborhoods and employees. The Retail Merchants' surveys support this concept, indicating that the most important customer to downtown businesses is the local resident (insider) with the visitor/tourist (outsider) market being of secondary importance.

Niche Markets/Additional Potential

Additional potential could come from carefully identified *niche* markets. If Mars Hill were to develop an arts and crafts district it could have the potential of becoming a destination for this market. A number of people (82) suggested on the Consumer Survey that they would frequent an art and crafts store and/or gallery in Mars Hill. Additionally, 448 respondents indicated that they would be interested in taking art/craft classes in Mars Hill. HandMade in America is a unique resource in this area with a great

deal of experience and success over a number of years in expanding markets for arts and crafts in small towns in Western North Carolina.

Another area to explore would be the miscellaneous store retailer. There is an estimated leakage of just under \$1 million in the overall category that might allow for an additional office supplier, stationery and gift store. On the Consumer Survey, 54% of respondents (704) indicated that they spend money on small gifts outside of Mars Hill, mainly in Asheville, Weaverville and Tennessee. New retailers may be able to capture some of this leakage. This may also be an opportunity for the expansion of an existing store or the introduction of a complimentary business. Although small, these opportunities can generate additional dollars for existing retailers and help identify and fill market gaps that are not obvious. This is particularly true when framed as a business expansion, which will not incur the expense of a new start-up.

Niche markets can sometimes be counterintuitive, i.e. there may be opportunities where the numbers indicate there are none. As such, seizing these opportunities may not be easy for inexperienced business owners, but can be excellent opportunities for seasoned managers and business owners. Mars Hill is in a unique position as a result of its location near I-26 and proximity to Mars Hill College to take advantage of these more non-traditional opportunities. Therefore we encourage the business community to carefully consider these and other niche opportunities and their potential role in Mars Hill.

Overall, 142 people stated on the Consumer Survey that they would personally patronize a movie theater in Mars Hill and 771 individuals spend money on movies outside of Mars Hill, mainly in Asheville. Restoration of the old movie theater on North Main Street could potentially capture some of this leakage. Mars Hill College students commonly indicated on the Consumer Survey that they travel to Asheville and Tennessee for movies, pubs, bowling and billiards. All of these areas could potentially be turned into successful retail operations, appealing to both college students and locals. One must also keep in mind the seasonality of student business. Mars Hill College is a great asset to the Town of Mars Hill. The historic character of the College adds to the attractiveness of the area, while the students and staff are a source of retail customers for Mars Hill. The Town of Mars Hill and Mars Hill College should work together closely whenever possible.

Tourism

Based on the Consumer Survey, 84% of respondents felt that improving tourism was somewhat or very important to improving Mars Hill and 90% felt that more special events/festivals were somewhat or very important to improving Mars Hill. Identifying regional attractions, major events, and locally significant places and working with the organizations associated with these tourist attractions to generate marketing opportunities should be a priority moving forward. Consider the possibility of advertisement opportunities to promote Mars Hill as a destination for tourists and/or day trips. Also consider advertising in publications or on websites that visitors/tourists are likely to read (i.e. Our State, AAA Magazine and even in out-of-state publications such as in the bordering Tennessee/Virginia areas where the drive is within a few hours.) Even more effective than paid advertisements are newspaper and

magazine stories about unique or interesting aspects of Mars Hill, for example, an article in Blue Ridge Country magazine about a special production by the Southern Appalachian Repertory Theatre (SART).

Future Growth

Madison County, like all of North Carolina, has been affected by the downturn in the economy. A focus should be to retain the existing commercial enterprises to the extent that is possible; therefore continuing to expand goods and services that will keep jobs, residents and dollars, within the town of Mars Hill and in Madison County.

1.2 RESIDENTIAL

1.2.1 Observations

The population within Madison County grew 4.1% between 2000 and 2008 to 20,432 (<http://quickfacts.census.gov>). The median age in Mars Hill is 23. This figure includes students which brings the median age down considerably. For comparison, Burnsville has a median age of 42. Within Mars Hill, 53% are female; approximately 91% are white, nearly 6% African American, just over 1% Hispanic and 2% other. This is contrasted with the demographic characteristics of the 1,329 Consumer Survey respondents, which were 64% female and 51% over age 50. Unemployment in May 2009 was 9.9% for Madison County and 11.1% for the state (Employment Security Commission of North Carolina). In 2007, individuals with income below the poverty level was 12.9% for Madison County and 14.8% statewide (<http://quickfacts.census.gov>).

The 2007 median home value in Madison County was \$145,700 in 2007. The state average value for single family detached homes was \$217,106 in 2008. The home ownership rate in Madison County is around 75%, according to census data, well above the state average of 69%; median monthly housing costs for mortgaged homes and condominiums is \$1,012 a month. In Madison County 25% of residents rent as opposed to 31% who rent statewide. In 2007, rentals average \$610 a month in Madison County (<http://factfinder.census.gov>). Currently, there are only a few residents living “above the store” and there does appear to be a number of vacant upper floor development opportunities. Mixed-use (commercial-residential) development with street levels reserved for commercial uses is an important component of a successful downtown. These mixed-use developments, with upper floor residential, offer the potential for “full-building” renovation. It is often difficult to find uses for the upper floors in multi-story buildings, therefore downtown “loft” style apartments, which typically demand higher rents, are an excellent win-win solution when redeveloping these spaces.

Successful downtown residential uses are a result of a variety of factors. In our experience with other small towns, one such factor is that *real* residential neighborhoods near downtown have a positive effect on the success of downtown residential, i.e. residences *above the store*. There are a number of *real* or traditional single family detached neighborhoods within walking distance of the downtown district, a beneficial situation for a number of reasons. The additional residents that these

neighborhoods provide create close-in opportunities for downtown retailers.

1.2.2 Recommendations

The residential areas adjacent to downtown should remain residentially zoned. Future residential growth should be encouraged downtown whether in the upper floors of existing downtown buildings or through new mixed-use developments, designed to fit the scale and character of downtown Mars Hill. Developing and maintaining the quality of the residential projects will attract a quality tenant to the target market. Quality, management and maintenance of residential projects are key ingredients to their success. These upper floor residential units have the potential to be second homes, but initially the focus should be to encourage primary residents.

1.3 OFFICE/OTHER

1.3.1 Observations

Office

There are approximately five offices in the downtown district at street level. We were not able to identify the depth of the office market in the Mars Hill area; however, all indicators suggest a reasonable market for professional offices and services if adequate support services (parking, eating places, etc.) are available.

Service

There are approximately 6 service businesses in downtown Mars Hill. The service sector, which includes beauty salons along with other personal services, is an important component in every small downtown. These customer-oriented businesses provide employment for locals with special skills and a variety of necessary services for local citizens. They are also traffic generators for retail businesses in downtown.

1.3.2 Recommendations

Office

The highest priority is to find occupants for the vacant spaces in the downtown area. As additional retail tenants are identified and the retail market improves, offices now located at street level should be encouraged, and assisted as necessary, to move to upper floors and side streets, in order to free up this valuable retail space for its appropriate use. This should in no way be interpreted to mean that offices are not important to downtown. They are very important, since office employees are retail customers.

Service

It will be important to identify available spaces suitable for small service businesses that are also located where they can provide the opportunity for cross shopping with retailers. An example of cross shopping would be if a customer gets a haircut and an adjacent restaurant is recommended by the barber, where the customer subsequently eats lunch.

2. RETAIL MIX

2.1 Observations

The downtown business district contains approximately 8 retail businesses (including 3 restaurants). Existing retail opportunities are fairly limited in the downtown area. Retail stores currently include a drug store, florist, campus bookstore, copy center and antique/arts and crafts store. On the Consumer Survey 50% of respondents rated the variety of goods available as “poor”. The leakage report implies that there is further market potential for more of the general merchandise/small gifts mix, clothing store elements and for food service, as noted earlier.

2.2 Recommendations

New businesses and products of the types identified in this report should be added to the supply. There is still room for some additional businesses of the same types as those that currently exist.

Cross shopping between stores should be encouraged by businesses simply referring customers to other downtown businesses, whether a competitor or not. Businesses should know their neighbors and what they have to offer. A downtown sale, even to a competitor, is better than a sale lost to another shopping area and especially to another county (Yancey, Buncombe). When a sale stays local so does the tax revenue.

Based on the Consumer Survey, 64% of respondents (811) felt that regular/convenient business hours were “very important”. At the same time, 68% rated business hours “fair” or “poor”. It would also be advantageous for businesses to note when the most traffic (pedestrian and vehicular) is downtown and possibly adjust business hours accordingly. By being aware of the social factors, not just the retail factors, that bring people downtown, merchants are able to make more informed decisions in terms of operating hours.

A successful business mix will contain businesses that are:

Market driven

- Provide products and services that meet local needs

Financially feasible

- Have sufficient investment and financing
- Have a business plan based on local market data

Located appropriately

- In or near a *comparable cluster* of businesses
 - Same customer base-different products
Example: High income; low income; retirees
- In or near a *complementary cluster* of businesses

- Goods and services used in conjunction with each other
Example: Women’s clothing/accessories; Convenience items/groceries/drugs; Furniture/appliances
- In or near a *comparative cluster* of businesses
 - Same or similar products
Example: furniture stores; jewelry stores; antique stores
- Part of a *critical mass* of businesses
 - Sufficient number of businesses and business types to provide a destination for shopping

Successful business recruitment, retention and expansion:

- A successful plan keeps the existing quality businesses in the community.
 - Success of existing businesses helps in recruiting new businesses.
 - Visits with owners of existing businesses may identify problems and weaknesses that may need to be addressed.
 - Identify business opportunities that can be met by existing business expansions.
 - Identify new businesses that are complementary and will attract customers for existing businesses as well.

3. REAL ESTATE AVAILABILITY AND CONDITION

3.1 Observations

The downtown business district has approximately 4 ground floor vacancies, which total 7,176 square feet. There is a mix of occupancies with approximately 11 office and service businesses or firms and 10 retail/restaurant businesses. It appears that there are a couple of second floor residential apartments downtown.

Buildings in the downtown are generally in fair to good condition. On the Consumer Survey 38% of people rated attractiveness of buildings “good”, 46% rated it “fair” and 16% rated it “poor”. Downtown buildings have an average assessed value of \$46-\$111 per square foot based on the Madison County tax records. Based on the Retail Merchants’ Survey, rents are at quite reasonable rates and may be below average rents in small towns in western North Carolina which average between \$3 and \$7 per square foot. Most buildings can be up-fitted at a reasonable cost (\$75-\$95 per square foot for a retail building). A contractor based in Asheville quoted a price of \$72 per square foot for retail renovation (Hands of Sean Perry Inc.) Development projects based on the above building and renovation costs, market rents and other known local conditions indicate reasonable feasibility, particularly if utilizing historic tax credits (*see pro forma below*). It should be realized that many variables affect the outcome of a successful development: market strength, site location, renovation costs, and property management.

Table 2: Example Building Renovation Project

Example Building Renovation Project (10 Years) Using Current Market Data for Mars Hill

**Note; Mars Hill currently does not have a National Register District and this example assumes an NRD*

EXAMPLE TAX CREDIT PROJECT	(Assumes full occupancy/ no debt)	
Acquisition	\$	45.00
Renovation	\$	85.00
Investment	\$	130.00
Gross income (rent)	\$	5.00
Less operating Expenses	\$	1.50
Net Income	\$	3.50
Return on Investment		2.7%
Historic Tax Credits	\$	3.40 10 years
Adjusted Net income	\$	6.90
Adjusted return on Investment		5.3% 10 years

Explanation

All of the dollar figures in the above example are per square foot and are approximate. The project would need to be a building that is listed on the National Historic Register or part of a National Historic Register District. Investment is the sum of acquisition and renovation. Net income is the rent less operating expenses. Return on investment is equal to net income divided by investment. Historic tax credits are 40% of renovation (20% federal plus 20% state) paid over ten years. Adjusted net income is the sum of net income and historic tax credits. Finally, adjusted return on investment is equal to adjusted net income divided by investment.

3.2 Recommendations

The economic development committee or appropriate interests should actively work to identify qualified potential tenants and/or buyers and match them with suitable available properties. It will be important to educate property owners and businesses regarding the relationship between retail sales and rent, and that if rents become too high in relation to retail sales, businesses will struggle to remain viable. Potential investors should evaluate potential rehabilitation projects by examining three basic elements: 1) the cost of acquisition; 2) the cost of rehabilitation; and 3) the income & expense analysis of the property on its rehabilitated basis.

Zoning options may be explored to control and manage the desired mix of uses downtown. The NC Rehab Code should be utilized to assist with renovation of properties (<http://www.ncrehabcode.com/>).

In Mars Hill, since properties are available it becomes more relevant to be prepared with information in order to attract the desired business mix. Infill on vacant parcels in the larger downtown area should be explored. Any new development should be assessed in relation to its economic impact on the core business district, and any new construction should be carefully designed for compatibility with the character of the downtown community. In terms of zoning, a special use district or overlay district could serve this purpose.

Every other year downtown Mars Hill may want to assess their gross sales to square feet ratio as was done through the Retail Survey and reflected in the Leakage Chart. This will determine if the \$135 per square foot in sales is still relevant or show if it's changed significantly therefore affecting the pro formas in business development plans.

4. PHYSICAL ENVIRONMENT AND AMENITIES

4.1 Observations

Buildings, Streets, Sidewalks and Public Spaces

The physical environment in which a business must function is critical to its success. Mars Hill has some very unique features in this area, including its adjacency to historic Mars Hill College and a very nice pavilion on Main Street at the entrance to downtown. In general, downtown has an attractive collection of buildings and has potential for inclusion in a National Register Historic District, this should be pursued to the degree practicable. The North Carolina Division of Community Assistance Small Towns Main Street Program may be able to provide more information about this process. In anticipation of this it is essential to recognize the irreplaceable importance of original facades; they contribute significantly to a multitude of the characteristics of an attractive downtown.

Downtown Mars Hill is a very walkable district, in terms of distance, but will benefit from a continued interest in and attention to pedestrian orientation and walkability. Most storefronts are accessible and

the challenges of topography in the immediate downtown area are not particularly difficult.

Parking

Recent parking related work has been completed by Land of Sky Regional Council involving GIS mapping of parking spaces. Also, Ramey Kemp & Associates, Inc. produced a report titled 'Parking Assessment for the Town of Mars Hill', March 2009.

As in any downtown, it is critical that employees of downtown businesses park in off-street locations, freeing up valuable on-street spaces for customers and visitors to downtown. Information related to off-street parking availability for downtown employees should be made available to each employer, and each employer should see that his employees are aware of this availability and that employees do not park in on-street spaces which are critical to the success of downtown businesses. Signage is a very important part of directing motorists to appropriate parking.

Traffic and Circulation

The 2007 traffic count numbers collected by the North Carolina Department of Transportation indicate an average daily load of 13,000 vehicle trips a day heading west towards downtown on the NC 213 corridor/Carl Eller Road just west of I-26. In downtown Mars Hill there are 6,200 vehicle trips a day heading north on South Main Street just before it turns into North Main Street. A traffic count map has been attached in Appendix B.

4.2 General Design Recommendations

Many worthwhile suggestions are provided in 'The Town of Mars Hill Charrette Vision Plan', 2009 by Allison Ramsey Architects, Inc. and Civitech.

Downtown Mars Hill has a variety of unique and attractive buildings which contribute to the overall aesthetic value and quality of downtown. Recognizing the importance of these buildings and the importance of preserving, rehabilitating, and maintaining these buildings is paramount to the long-term success of downtown as a destination. Maintenance is the single most cost effective investment that can be made by either the public or private sector. Replacement of boarded second floor windows with original windows or similar wood replacement windows will do a great deal to improve the attractiveness of buildings.

In terms of design, it is important to recognize the value of older structures and historic landmarks, as they contribute significantly to the unique character of place that Mars Hill possesses. Furthermore, recognize that there are no quick fixes to a downtown streetscape, so proceeding carefully, always with an eye on the bigger picture (i.e. if you are installing a sign, how will it fit with the other design elements of downtown that already exists, what about those that the town plans to add, what exactly are the elements that we think are most important to add) is essential. Finally, a good maintenance plan is your best friend and a poorly conceived plan is your worst enemy. Keep Mars Hill looking good, clean,

updated, etc. and consider exactly how anything new will fit with what Mars Hill already has before adding it to the mix.

5. AVAILABILITY OF CAPITAL/FINANCING

5.1 Observations

In order for Mars Hill to realize the historic tax credits shown in section 3.1, a building or district would need to be listed on the National Register of Historic Places. The process from the time of study (if accepted) to the time of actually getting listed on the National Register of Historic Places could take anywhere from two to four years.

Another observation is that some owners may have little or no existing debt on their properties, and can realize a benefit from providing owner financing to buyers over a term of years, possibly deferring some capital gains taxes. This is an excellent benefit for both buyers and sellers, and should be aggressively pursued as an option.

As for traditional financing, local banks may have money for building purchases and rehabilitation projects, but the purchaser will need to qualify.

Depending on the project, Self-Help Credit Union may be another available resource for Mars Hill. Self-Help Credit Union has a location in downtown Asheville and may be a resource worth looking into for development projects.

5.2 Recommendations

Mars Hill should consider implementing a Façade Incentive Grant Program to assist with exterior improvements, particularly where they might provide an incentive to carry out a more extensive renovation than might otherwise be planned. The Town of Mars Hill would need to start with a few thousand dollars to match a business owner's investment in façade work/improvement. Guidelines should be reviewed and adopted for the appropriate design of these improvements, following the local design guidelines and the Secretary of Interior's Standards. Façade Incentive Grants of as little as \$500 per façade and as much as \$2,500-\$3,000 per façade have often been the catalysts for downtown revitalization design projects. Nearly every downtown that has a Façade Improvement Program can demonstrate how that program stimulated economic development.

Continue exploring the possibility of National Register District designation.

Work to develop a relationship with local lending institutions to facilitate and promote the creation of a downtown loan program. Although this program does not necessarily need to represent better terms than those being offered by other commercial borrowers, it is an opportunity for the banks and downtown to show a shared interest in the community's success.

6. BUSINESS AND DEVELOPMENT ASSISTANCE

6.1 Observations

Business decisions must be based on complete and factual information, which changes over time. Mars Hill has an active Economic Development Committee that can help with downtown revitalization. This is a volunteer organization with a range of business, community and city representatives. However, no one source offers a *one-stop* approach to the needs of either the business or development sector.

6.2 Recommendations

The Mars Hill Economic Development Committee should thoroughly understand and appreciate the economic conditions of the area at large; however the focus should be within the town and specifically the heart of this area which is the downtown. The NC Division of Community Assistance has helped provide information and serve as a resource in a wide variety of areas for Mars Hill for many years and will continue to assist where appropriate.

In the long run, the Mars Hill Economic Development Committee can be a cost effective community based organizational structure that addresses the needs of downtown constituents by filling the void between services offered by other agencies and those that need to be targeted specifically to downtown. This Committee along with the elected leaders can also help to guide the future of Mars Hill based on the results of the Consumer Survey as they relate to economic development.








The information contained in this report should be provided to current and prospective business and development prospects in order to assist them with decision-making.







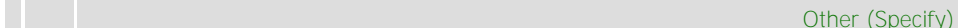
APPENDIX

Mars Hill Consumer Survey Results	24-32
Art/Craft Section Summary	30-32
NCDOT Traffic Counts 2007	33

Appendix A

Mars Hill Consumer Survey Results – Summary

1. How often do you spend money in the Mars Hill area? (CHECK CLOSEST RESPONSE)	% of Respondents	Number of Respondents
5 or more times a week 	27%	356
2-4 times a week 	46%	606
Once a week 	17%	219
Once a month 	4%	56
Every few months 	2%	25
Almost never 	2%	31
Other (Specify) 	2%	21
Number of respondents		1313

2. What are the main reasons you visit the Mars Hill area? (CHECK ALL THAT APPLY)	% of Respondents	Number of Respondents
Shopping 	67%	882
Banking 	46%	608
Work 	24%	243
Eating 	44%	579
Cultural Events/Entertainment 	17%	217
Post Office 	58%	757
Other (Specify) 	34%	446
Number of respondents		1309

Other (top responses): College/School – 11% (148)
 Pharmacy – 3% (41)
 Gas – 3% (35)
 Library – 2% (27)
 Church – 1% (18)
 Doctor/Medical – 1% (17)

3. What types of stores or services would you personally use if they were located in Mars Hill? (List all) (top responses)

1. Restaurant (560)
2. Clothing (232)
3. Coffee Shop/Bakery (203)
4. Fast Food (193)
5. Discount/Variety/Dollar Store (169)
6. Movie Theatre (142)
7. Arts & Crafts Store/Gallery (82)
8. Pub/Bar (69)
9. Bookstore (67)
10. Shoes (40)
11. Bowling (39)

4. Where do you do most of your shopping? (CHECK JUST ONE)

	% of Respondents	Number of Respondents
Main Street-Downtown Mars Hill	9%	108
213 Corridor/Carl Eller Rd.	46%	575
On-line	2%	30
Other (Specify)	43%	537

Number of respondents 1250

Other(top responses): Asheville – 33% (412)

Weaverville – 12% (151)

5. Would you rate the following about Mars Hill

	GOOD	FAIR	POOR	Number of Respondents
Parking	24% (314)	45% (584)	31% (402)	1300
Price of merchandise	24% (306)	64% (820)	12% (148)	1274
Variety of goods	10% (122)	40% (516)	50% (641)	1279
Quality of goods	46% (575)	48% (606)	6% (79)	1260
Attractiveness of area	63% (804)	29% (371)	8% (111)	1286
Attractiveness of buildings	38% (480)	46% (592)	16% (208)	1280
Business hours	32% (407)	48% (607)	20% (256)	1270
Personal safety	81% (1028)	17% (219)	2% (30)	1277

6. How important are the following to improving Mars Hill?

	VERY	SOMEWHAT	NOT	Number of Respondents
Historic character	52% (665)	39% (498)	9% (109)	1272
Cleanliness and maintenance	82% (1063)	15% (199)	2% (28)	1290
Focus on needs of local customers	83% (1066)	16% (212)	1% (9)	1289
Support local businesses	79% (1010)	20% (254)	1% (16)	1280
Improve tourism	39% (496)	45% (573)	16% (198)	1267
More special events/festivals	45% (567)	45% (574)	10% (123)	1264
More local jobs	78% (994)	20% (250)	2% (24)	1268
Customer service before & after sale	65% (818)	31% (387)	4% (48)	1253
Public improvements, streets, sidewalks, landscaping	54% (677)	41% (520)	5% (66)	1263
More advertising	32% (401)	49% (612)	18% (226)	1239
Regular/convenient business hours	64% (811)	32% (400)	4% (47)	1258
Parking	63% (816)	31% (393)	6% (78)	1287

7. When you spend money outside of Mars Hill, which of the following is it spent on?

	% of Respondents	Number of Respondents
Groceries	60%	779
Restaurants	91%	1184
Drinking Establishments	22%	282
Purchase Alcohol	27%	358
Live music	31%	402
Movies	59%	771
Bowling/Pool(Billiards)	25%	325
Other Entertainment	34%	439
Small gifts	54%	704
Arts and crafts	36%	473
Bakery-Coffee Shop	46%	581
Clothing/Apparel	88%	1154
Other (Specify)	20%	256

Number of respondents 1305

8. When you spend money outside of Mars Hill in the below categories where is it spent? What towns/cities? (Please list any that apply from the last question) (top responses)

Groceries	Asheville/Weaverville (less with new Ingles)
Restaurants	Asheville/Weaverville/Johnson City/Burnsville
Drinking Establishments	Asheville
Purchase Alcohol	Asheville/Woodfin
Live music	Asheville
Movies	Asheville
Bowling/Pool(Billiards)	Asheville
Other Entertainment	Asheville
Small gifts	Asheville/Weaverville/TN
Arts and crafts	Asheville/Weaverville/Burnsville
Bakery-Coffee Shop	Asheville/Weaverville/Marshall
Clothing/Apparel	Asheville
Other Categories	Asheville/Weaverville (Gas, Home Improvement, Sporting Goods)

9. Do you live

	% of Respondents	Number of Respondents
in Mars Hill	32%	427
Between 1 and 3 miles	20%	260
Between 3 and 5 miles	18%	238
Between 5 and 10 miles	21%	272
Other (Specify)	9%	123

Number of respondents 1320

Other includes 17 respondents from Wolf Laurel

10. How do you find out about local businesses, shopping, specials, promotions?

	% of Respondents	Number of Respondents
Local Newspaper	53%	674
Other Newspaper	12%	148
TV	13%	173
Radio	11%	144
Direct Mail, Flyers, etc.	27%	347
Word of mouth	78%	1007
Internet	13%	171
Other (Specify)	27%	349

Number of respondents 1283

11. Are you

	% of Respondents	Number of Respondents
Male	36%	453
Female	64%	818

Number of respondents 1271

12. Check approximate age

	% of Respondents	Number of Respondents
Between 15 and 19 years of age	3%	36
Between 19 and 25 years of age	14%	178
Between 25-35 years of age	11%	148
Between 35-50 years of age	22%	287
Over 50	51%	669

Number of respondents 1318

13. Are you

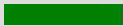



	% of Respondents	Number of Respondents
Full-time Resident	87%	1115
Part-time Resident	13%	165

Number of respondents 1280

14. Number of people in household

- 1 – 19% (241)
- 2 – 47% (597)
- 3 – 13% (159)
- 4 – 13% (160)
- 5+ - 8% (107)

15. Are you

	% of Respondents	Number of Respondents
Student 	19%	246
Employed 	51%	650
Unemployed 	6%	78
Retired 	31%	395
Number of respondents		1286

Selected Comments

These are a few handpicked notes from survey forms:

Some want stores with local products.

“If I can purchase what I need in Mars Hill I do. Only go elsewhere if I have to.”

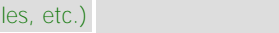
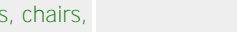














A number of people want a playground/park near downtown, bicycle lanes on N. Main St., and more sidewalks on Carl Eller Rd./NC 213 corridor.



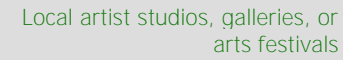



Many want more variety of stores and more places to spend money in Mars Hill.

People like the smallness and peaceful living in Mars Hill.


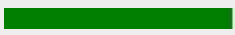
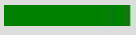


One respondent mentioned a slogan from the coast, “Keep the money on our side of the bridge” and suggested “Keep the money on this side of the ridge” for Mars Hill.

Art/Craft Section Summary

17. What types of art and craft do you currently have in your home (CHECK ALL THAT APPLY)		%	Number of Respondents
<input type="checkbox"/> Ceramics (handcrafted pottery, tiles, etc.)		68%	620
<input type="checkbox"/> Handcrafted Furniture (tables, chairs, chests, etc.)		47%	429
<input type="checkbox"/> Metalwork (handcrafted lighting fixtures, railings, hardware, jewelry)		37%	335
<input type="checkbox"/> Glass (stained glass windows, vases, bowls, etc.)		45%	412
<input type="checkbox"/> Fiber (wall hangings, baskets, etc.)		37%	336
<input type="checkbox"/> Paintings		60%	556
<input type="checkbox"/> Sculpture		17%	153
<input type="checkbox"/> Other (Specify) <input type="checkbox"/>		12%	112
		Number of respondents	913
Quilts – 1%, Photography – 1%			
18. Please estimate the amount you spent on art and craft in the past two years		% of Respondents	Number of Respondents
<input type="checkbox"/> Under \$100		45%	437
<input type="checkbox"/> \$100--\$500		33%	327
<input type="checkbox"/> \$500--\$1,000		9%	90
<input type="checkbox"/> Over \$1,000		7%	67
		Number of respondents	981
19. In the past two years have you (CHECK ALL THAT APPLY)		% of Respondents	Number of Respondents
<input type="checkbox"/> Remodeled/redecorated your home		80%	477
<input type="checkbox"/> Bought an existing home		13%	77
<input type="checkbox"/> Built a new home		14%	84
<input type="checkbox"/> Bought/built a vacation/second home		4%	26
		Number of respondents	598



20. Where do you currently shop for home furnishings (CHECK ALL THAT APPLY)		% of Respondents	Number of Respondents
Mars Hill		17%	177
Nearby town(s)		81%	828
Local artist studios, galleries, or arts festivals		20%	207
On-line		19%	194
Other (Specify) 		79%	799
		Number of respondents	1019

Nearby town – Asheville 58% (590), Weaverville 8% (80)

21. Please estimate the amount you spent on home furnishings in the past two years		% of Respondents	Number of Respondents
Under \$100		20%	209
\$100---\$1,000		38%	386
\$1,000---\$2,500		22%	231
\$2,500--\$5,000		12%	119
Over \$5,000		8%	84
		Number of respondents	1029

22. How important would the following be in your decision to purchase local handcrafted furniture and accessories?

	VERY	SOMEWHAT	NOT	Number of Respondents
Craftsmanship/quality/durability	82% (828)	13% (128)	5% (54)	1010
Opportunity to see many examples in one place	53% (520)	38% (379)	9% (87)	986
Cost compared to manufactured furniture	58% (576)	33% (329)	8% (81)	986
Meeting the artists	17% (159)	46% (427)	37% (339)	925
Custom design	30% (273)	48% (440)	22% (208)	921
Support local artists	53% (510)	37% (354)	10% (102)	966
				Number of Respondents
				1034

23. Would you be interested in taking art/craft classes in Mars Hill?		% of Respondents	Number of Respondents
YES		42%	448
NO		58%	616

Number of respondents 1064

Appendix B

