Downtown Sherwood Market Study
Sherwood, Oregon

June 2008

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CONTENTS

Executive Summary 1

Introduction 2

1.0 Retail Market Analysis 3

2.0 Community Input & Competitive Assessment 18

3.0 Business Development Plan 22

Conclusion 27

Appendix A – Shopper Survey Results 28

Appendix B – Business Survey Results 37

EXECUTIVE SUMMARY

The findings of this retail market analysis indicate downtown Sherwood has a good foundation for promoting its significant business opportunities and implementing customized marketing strategies.

Key findings of this market study include:

- Median household incomes within the City of Sherwood are very high at $86,160, with the larger Sherwood Market Area at $67,466. These figures are higher than Washington County and the Portland MSA areas.
- The City of Sherwood and the larger Sherwood Market Area have grown faster, and will continue to grow faster, than Washington County and the Portland MSA as a whole.
- Within the Sherwood Market Area, 26% of the population can be described as 'Up and Coming Families'. Their psychographic profile includes: Gen Xers growing up, young affluent families with young children, fast-growing markets. Their preferences include purchases for family and home, including home furnishings, gardening supplies, etc.
- Over 2,500 employees in more than 500 businesses operate within two miles of City Hall. Employees working in and close to downtown are an important captive market for retail and service businesses. On average, office workers spend between 10-15% of their expendable income in and near their places of work.
- Currently, there is unmet demand for 221,282 square feet of retail within the Sherwood Market Area. By 2013, an additional 226,488 square feet of retail can be supported based on population and income growth. Existing unmet demand for shoppers goods includes apparel, miscellaneous specialty retail and restaurants.
- Data show that residents within the Sherwood Market Area consistently spend at a rate higher than the national average - - speaking well for new retail development.
- The Shopper Survey revealed that people who shop in downtown Sherwood do so to support locally owned businesses and because of its convenient location.
- Almost 40% of the businesses who responded to the Business Owner Survey said that they are planning to expand within the next two years. Over 75% said their businesses were enjoying moderate growth or were holding their own.

Whether targeting local or visiting shoppers for increased spending, promoting business opportunities or improving the image of downtown Sherwood, a clear marketing goal, well organized action plan and commitment to implementation are imperative.

In order for community and commercial revitalization to be truly successful in downtown Sherwood, it is critical that partnerships and collaborations be strengthened to tap market opportunities and move the 'economic' vision forward. While the City should lead revitalization activities, Sherwood's business and community leaders as well as other stakeholders must be at the table, including Friends of Old Town, the Chamber of Commerce, the schools and others. A sustainable revitalization effort requires that a wide variety of groups 'take on' appropriate pieces of marketing and development efforts. The more groups and people involved in the process, the more pride and *local ownership* will be evident in the results. Downtown Sherwood's success is truly a community project.

INTRODUCTION

This retail market analysis report was prepared as part of the Next Steps Strategy for downtown developed in partnership with the Oregon Downtown Development Association for the City of Sherwood.

PURPOSE

The purpose of this analysis is to:

- Provide a comprehensive assessment of potential market support for retail uses in the downtown Sherwood commercial district.

- Create an accurate picture of Sherwood's retail industry including the characterization of the existing supply of businesses; consumer preferences, needs and buying patterns; and opportunities and challenges for growth and development in the downtown.

- Provide the City with a factual base for developing strategies to strengthen and diversify the downtown retail base and capture more consumer dollars in downtown Sherwood.

- Recommend business development and marketing strategies to strengthen the downtown retail base.

METHODOLOGY

As part of this assignment, Marketek presented two workshops for downtown and Sherwood area business and property owners:

- Understanding Sherwood's Retail Market and Reaching That Target Market
- Image Development and Promotion for Downtown Sherwood

In addition, Marketek conducted a community-wide resident survey of shopping preferences, a survey of the Sherwood business community, in-store visits, a community tour and numerous personal and telephone interviews with downtown businesses.

The statistical retail market analysis includes an estimate of potential retail sales and supportable space within a ten-year time period from 2008-2018, which is a realistic projection period for retail development.

This report is organized into three principal sections:

1. Retail Market Analysis
2. Community Input And Competitive Assessment
3. Business Development and Promotion Strategies

1.0 RETAIL MARKET ANALYSIS

Based upon the patronage of existing businesses, downtown Sherwood's location within the region, its competitive assets and proposed redevelopment activity, the Sherwood Market Area is defined as a 9-minute drive from Sherwood City Hall (22560 SW Pine Street), illustrated on the map below. For comparative purposes, demographic data are presented for the City of Sherwood, Sherwood Market Area, Washington County and the Portland-Vancouver MSA.

Sherwood Market Area

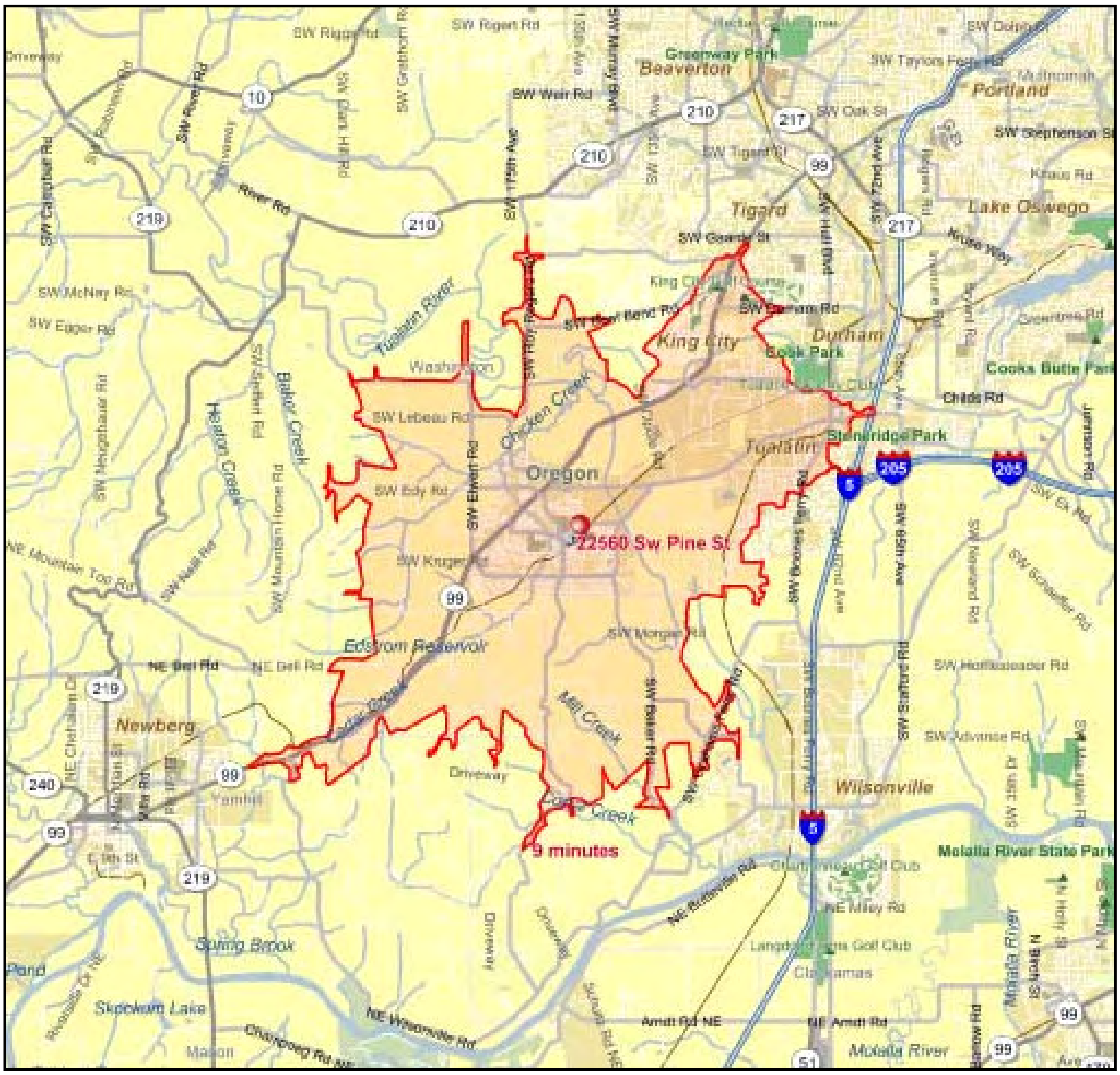
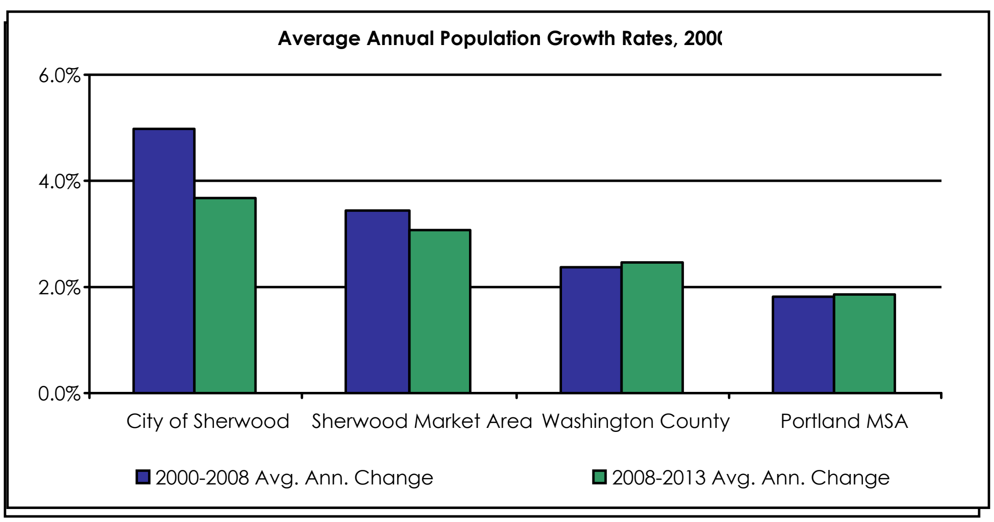


EXHIBIT 1.01
Population

Population within the Sherwood Market Area, at 36.7 years, is estimated at just over 40,000. Since 2000, the average annual rate of population and household growth within the Market Area has exceeded MSA and State levels, a trend that is expected to continue over the next five years.

POPULATION & HOUSEHOLD GROWTH
City of Sherwood, Sherwood Market Area, Washington County and Portland MSA
1990-2013

Geographic Area		Avg. Ann. Change 1990-2008			Avg. Ann. Change 2008-2013		
	2000	2008 (Estimate)	Number	Percent	2008-2013 (Forecast)	Number	Percent
City of Sherwood							
Population	11,791	16,504	589	5.00%	19,540	607	3.68%
Households	4,253	5,875	203	4.77%	6,940	213	3.63%
Avg. Household Size	2.77	2.81	0.005		2.81	0.000	
Sherwood Market Area							
Population	31,559	40,195	1,080	3.42%	46,332	1,227	3.05%
Households	13,328	16,429	388	2.91%	18,802	475	2.89%
Avg. Household Size	2.35	2.43	0.010		2.45	0.004	
Washington County							
Population	445,342	530,596	10,657	2.39%	596,328	13,146	2.48%
Households	169,162	198,246	3,636	2.15%	222,559	4,863	2.45%
Avg. Household Size	2.61	2.65	0.005		2.66	0.002	
Portland MSA							
Population	1,927,881	2,206,934	34,882	1.81%	2,410,156	40,644	1.84%
Households	745,531	847,003	12,684	1.70%	923,232	15,246	1.80%
Avg. Household Size	2.54	2.57	0.004		2.58	0.002	

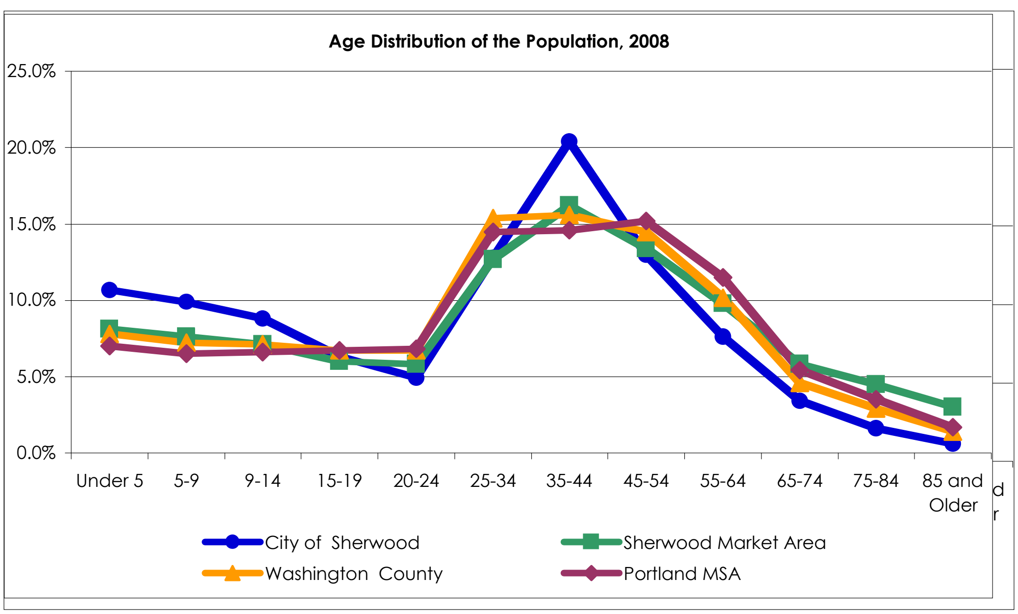


Source: ESRI BIS

EXHIBIT 1.02
Age

The median age of Market Area residents is comparable to the MSA population but above that of City and County residents.

POPULATION BY AGE City of Sherwood, Sherwood Market Area, Washington County and Portland MSA 2008				
Age Category	City of Sherwood	Sherwood Market Area	Washington County	Portland MSA
Under 5	10.7%	8.1%	7.8%	7.0%
5-9	9.9%	7.6%	7.2%	6.5%
9-14	8.8%	7.1%	7.1%	6.6%
15-19	6.3%	6.0%	6.7%	6.7%
20-24	4.9%	5.8%	6.7%	6.8%
25-34	12.8%	12.7%	15.4%	14.5%
35-44	20.4%	16.2%	15.6%	14.6%
45-54	13.0%	13.4%	14.5%	15.2%
55-64	7.6%	9.8%	10.2%	11.5%
65-74	3.4%	5.8%	4.6%	5.4%
75-84	1.6%	4.5%	2.9%	3.5%
85 and Older	0.6%	3.0%	1.4%	1.7%
Total	16,504	40,195	530,596	2,206,934
Median Age	32.5	36.7	34.5	36.3



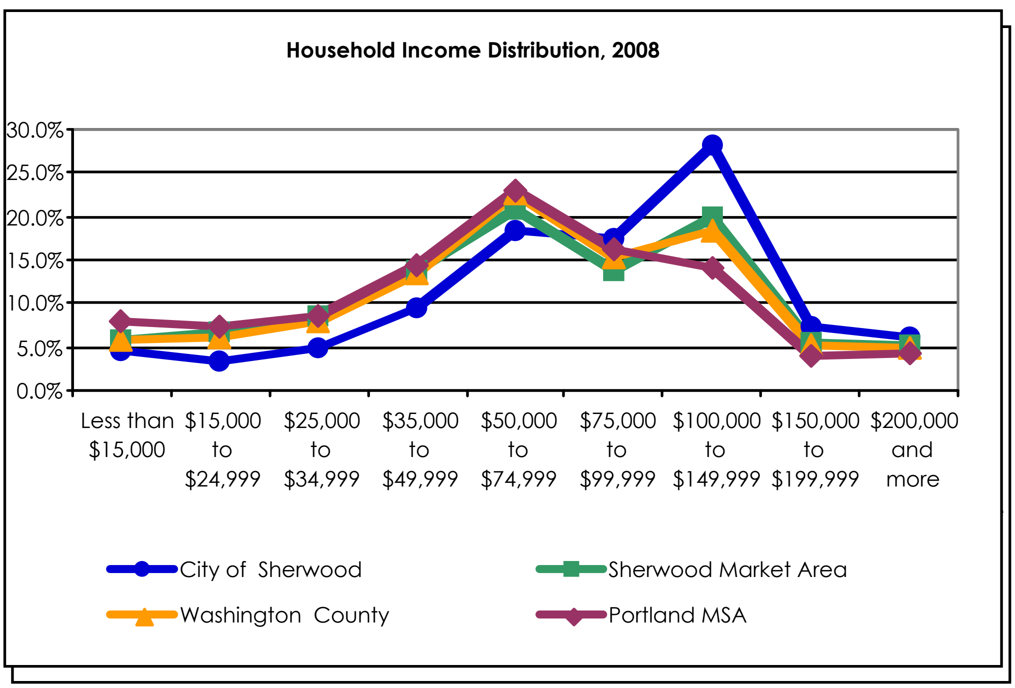
Source: ESRI BIS

EXHIBIT 1.03
Median Household Income

The distribution of household income for the Sherwood Market Area resembles County and MSA figures, with median incomes in all three geographies ranging from $62,191 to $67,466. Within the City of Sherwood, household income is higher with an estimated median of $86,160.

HOUSEHOLD INCOME
City of Sherwood, Sherwood Market Area, Washington County and Portland MSA
2008

Income	City of Sherwood	Sherwood Market Area	Washington County	Portland MSA
Less than $15,000	4.5%	5.7%	5.9%	7.9%
$15,000 to $24,999	3.5%	6.7%	6.1%	7.4%
$25,000 to $34,999	5.0%	8.5%	8.0%	8.5%
$35,000 to $49,999	9.5%	13.9%	13.5%	14.3%
$50,000 to $74,999	18.4%	20.8%	22.6%	23.0%
$75,000 to $99,999	17.5%	13.8%	15.2%	16.3%
$100,000 to $149,999	28.2%	19.8%	18.5%	14.2%
$150,000 to $199,999	7.4%	5.4%	5.2%	4.1%
$200,000 and more	6.1%	5.3%	5.0%	4.2%
Total	5,875	16,429	198,246	847,003
Median Household Income	$86,160	$67,466	$67,214	$62,191

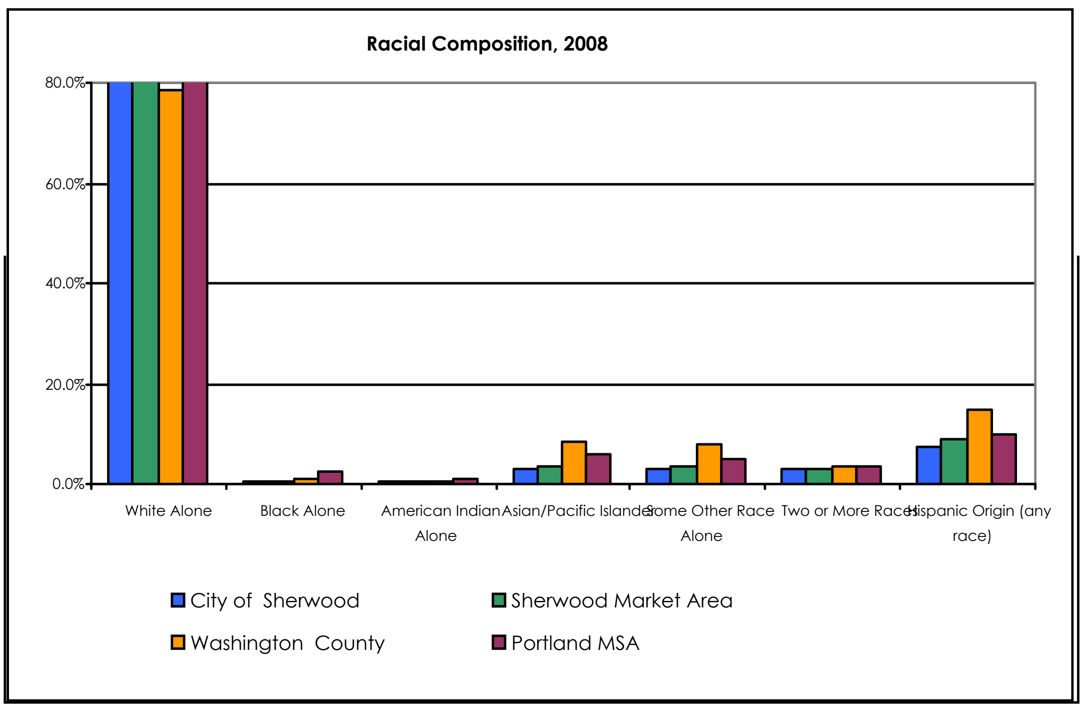


Source: ESRI BIS

EXHIBIT 1.04
Racial Characteristics

The Sherwood Market Area population is predominantly white. Hispanic residents comprise 9% of the Market Area population, which is below County and MSA proportions but above the City's. The Market Area diversity index – the probability that two people from the same area will be from different race/ethnic group – is 33.7.

RACIAL COMPOSITION City of Sherwood, Sherwood Market Area, Washington County and Portland MSA 2008				
Race	City of Sherwood	Sherwood Market Area	Washington County	Portland MSA
White Alone	90.2%	88.7%	78.4%	81.9%
Black Alone	0.5%	0.7%	1.2%	2.7%
American Indian Alone	0.5%	0.5%	0.6%	0.9%
Asian/Pacific Islander	2.9%	3.5%	8.5%	5.9%
Some Other Race Alone	2.9%	3.6%	7.8%	5.0%
Two or More Races	3.1%	3.0%	3.4%	3.6%
Hispanic Origin (any race)	7.4%	8.7%	14.9%	9.9%
Total	16,504	40,195	530,596	2,206,934
Diversity Index	29.8	33.7	53.6	44.6



Source: ESRI BIS

EXHIBIT 1.05
Demographic Snapshot

The following chart summarizes major housing and demographic indicators within each of the four geographic areas.

DEMOGRAPHIC & HOUSING SNAPSHOT City of Sherwood, Sherwood Market Area, Washington County and Portland MSA				
Demographic Indicator	City of Sherwood	Sherwood Market Area	Washington County	Portland MSA
Avg Annual Population Growth				
2000-2008 Estimate	5.00%	3.42%	2.39%	1.81%
2008-2013 Projection	3.68%	3.05%	2.48%	1.84%
Average Household Size	2.81	2.43	2.65	2.57
Median Age (Years)	32.5	36.7	34.5	36.3
Median Household Income	$86,160	$67,466	$67,214	$62,191
Race				
Percent White Alone	90.2%	88.7%	78.4%	81.9%
Percent African-American Alone	0.5%	0.7%	1.2%	2.7%
Percent Other	9.3%	10.6%	20.4%	15.4%
Housing Units				
Owner	78.5%	65.0%	59.7%	60.9%
Renter	17.4%	29.1%	34.4%	32.6%
Vacant	4.1%	5.9%	5.9%	6.5%
Owner-Occupied Unit Value				
Median	$348,166	$335,415	$345,100	$304,693
Average	$364,943	$366,331	$389,356	$362,559
Contract Rent				
Median	$652	$679	$650	$601
Average	$676	$745	$695	$633
Units in Structure				
Single Family Detached	73.1%	54.6%	58.7%	62.6%
Single Family Attached	4.2%	5.4%	4.6%	3.4%
2-4 Units	2.4%	1.3%	2.0%	3.1%
3-4 Units	4.6%	5.9%	5.0%	4.4%
5-9 Units	5.0%	8.6%	7.5%	5.3%
10-19 Units	1.3%	4.9%	7.1%	5.2%
20+ Units	3.5%	11.2%	11.1%	10.6%
Mobile Home	5.8%	7.9%	3.7%	5.2%
Other	0.0%	0.3%	0.2%	0.3%
Median Yr Structure Built	1996	1988	1981	1974

Note:

Household size, age, income and race figures are 2008 estimates.
Housing units and owner-occupied unit value are 2008 estimates.
Contract rent, units in structure and median year built figures are 2000 figures.

Source: ESRI BIS

EXHIBIT 1.06
Lifestyle Characteristics

Market Segment	Socioeconomic	Residential	Preferences
Aspiring Young Families • 10% of Market Area Households	• Young families, married couples or single parents. • Ethnically diverse. • Average income. • Work mostly in service, sales, administration and government jobs.	• Approximately one-half have purchased single family detached and attached townhouses, valued slightly below the national average. • If renting, rents are typically slightly below average.	• Buy big-ticket home furnishing items and electronics. • Purchase baby and children's products and toys. • Like dancing, going to the movies, working out at the gym, kickboxing and attending pro basketball games. • Dine out at family restaurants.
Boomburbs • 9% of Market Area Households	• Fast growing market segment. • Affluent, double income families.	• Newest addition to suburbia. • Median home value far above the national average and increasing. • Almost all own their homes.	• Busy, upscale lifestyle. • Focus on home upgrades, furnishings and landscaping. • Spend on family, leisure and electronics. • Play golf, tennis and swim.
Exurbanites • 4% of Market Area Households	• Married, empty nester couples. • Affluent. • Professional jobs and work in home offices. • Highly educated. • Predominately white.	• Single-family homes valued well above the national average. • Commute time is below other more affluent market segments.	• Work on their gardens and decorate their homes. • Enjoy working on their homes themselves. • Order from Lands End and LL Bean and listen to public radio. • Drink domestic wine, attend theater/dance performances and take photographs. • Go kayaking, boating and hiking.
In Style • 9% of Market Area Households	• Affluent professionals. • Small household size – few children. • Dual income households.	• Favor townhomes over single family detached. • Live in prestigious neighborhoods.	• More suburban than urban but prefer an urban lifestyle. • Technologically savvy. • Home repairs and yard work are contracted out. • Health conscious – eat healthy and work out.
Midland Crowd • 6% of Market Area Households	• Households mirror the nation in terms of age & income. • Most are high school graduates; some have attended college. • Employment opportunities are scattered among farming, service, manufacturing, healthcare, production and government. • Most are white.	• Nearly 95% live in single-family detached homes or mobile homes. • Prefer to live in newer homes; one-third of homes were built after 1990.	• Purchases reflect their employment, lifestyle and leisure activities: work boots, hunting clothes, garden supplies and craft supplies. • When not gardening or hunting, attend country music performances, work out at home on their stair steppers, serve on church boards, fundraise and write to elected officials about public issues. • When they eat out, prefer family style or fast food.

Market Segment	Socioeconomic	Residential	Preferences
Old and Newcomers • 12% of Market Area Households	• Transitional areas made up of renters either starting careers or retiring. • Single person or shared households. • Some attended college or graduate school. • Work in service, retail, sales, administrative and government industries.	• Variety of housing types including single-family detached and attached homes and mid- and high-rise apartment buildings. • Median home value is $139,000.	• Older members consult with financial planners and are health-conscious. • Younger members enjoy movies, college football games and activities such as kickboxing and yoga.
Sophisticated Squires • 4% of Market Area Households	• Primarily families with children. • Commute to maintain a semi-rural lifestyle. • Well educated and professional.	• Enjoy cultured country living in newer home developments. • Preference for low density development. • Ownership predominates.	• Embracing a rural lifestyle. • Golf is a major interest – playing and watching. • Enjoy do-it-you-self home projects and gardening.
The Elders • 12% of Market Area Households	• Oldest Tapestry market segment with median age of 73. • Receive Social Security, retirement and investment income. • High net worth.	• Like communities designed for senior living, especially in warm climates. • Own their homes, which may be single-family homes, condos or mobile homes.	• Health conscious with regular doctors visits, vitamins and dietary supplements and prescription drugs. • Enjoy playing golf, gambling and traveling. • Watch news programs, game shows and bowling and read mystery and adventure books.
Up and Coming Families • 26% of Market Area Households	• Generation Xers growing up. • Young, affluent families with young children. • Growth market.	• Newly developed homes. • Ownership predominates. • Homes valued slightly above the national average.	• Family and home priorities dictate purchases: baby and children's products, gardening supplies, home furnishings, etc. • Take adult education classes, attend ball games.
Young and Restless • 7% of Market Area Households	• Young and on the go. • Single person and shared households. • Moderate incomes. • Work in service and professional management occupations.	• Due to their youth, high turnover. • Approximately three-quarters are renters. • Rents and home values are in line with the national average.	• Purchases center on themselves: sports clothing/gear, designer clothing and computers/software. • Enjoy movies, concerts, fast food and bar/grilles. • Use storage facilities.

The lifestyle characteristics of the Sherwood Market Area residents reveal a population that is generally young, upwardly mobile and often family oriented. Summaries of each primary lifestyle group follow, providing insight into the types of retail goods and activities appealing to the various lifestyle groups.

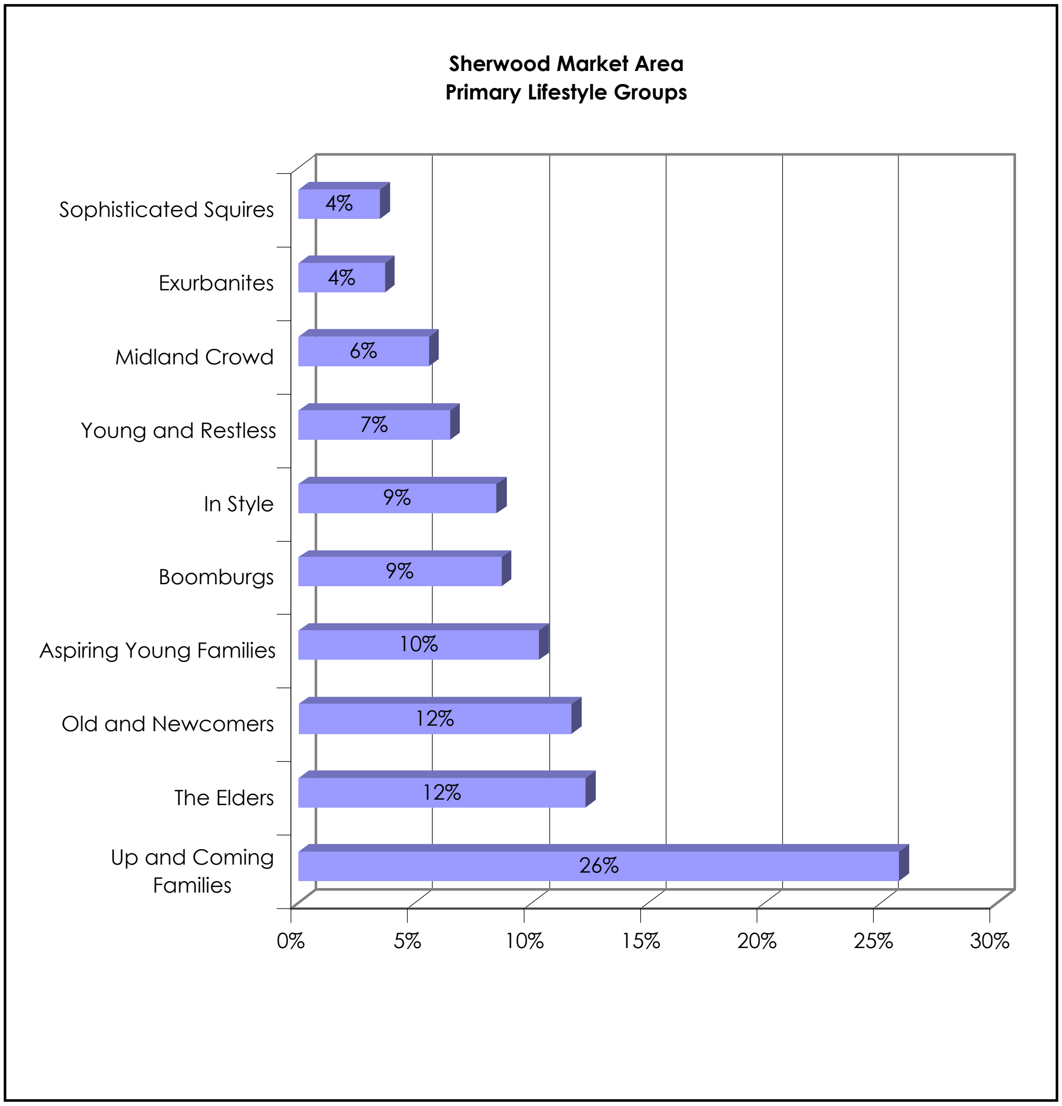


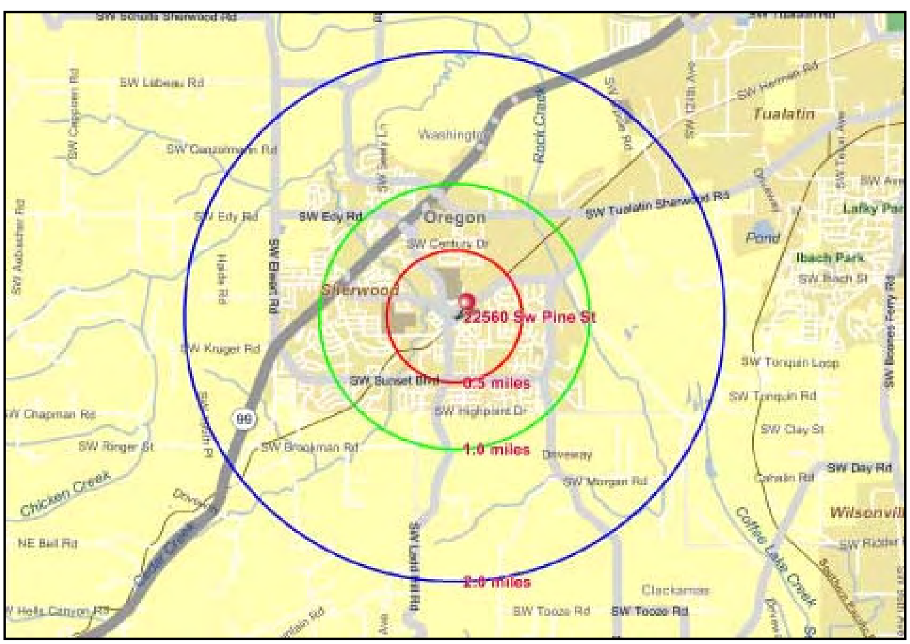
EXHIBIT 1.07

Business and Employee Market

An estimated 535 businesses operate within two-miles of Sherwood City Hall employing 2,553 persons. The retail sector employs the majority of the two-mile workforce, followed by the service sector. Employees working in and close to downtown are an important captive market for retail and service businesses, as they are in the area on a daily basis throughout the year and are in close proximity to retail, restaurant and service establishments. Market research conducted by the Building Owners and Managers Association of America demonstrates that office workers (as one segment of the workforce) spend between 10 and 15 percent of their expendable income in and near to their places of work.

Industry	0.5-Mile Area		1-Mile Area		2-Mile Area	
	Businesses %	Employees %	Businesses %	Employees %	Businesses %	Employees %
Agriculture & Mining	3.1%	1.8%	3.9%	2.7%	3.9%	2.7%
Construction	15.6%	9.4%	11.7%	9.6%	12.0%	9.5%
Manufacturing	6.3%	25.0%	4.6%	12.7%	4.9%	16.6%
Transportation	3.1%	0.6%	1.4%	0.5%	1.7%	0.7%
Communication	3.1%	1.2%	1.4%	1.3%	1.5%	1.1%
Electric/Gas/Water/Sanitary Services	0.0%	2.6%	0.4%	1.0%	0.4%	1.4%
Wholesale Trade	9.4%	8.5%	6.4%	9.4%	7.3%	9.7%
Retail Trade	15.6%	32.1%	20.6%	32.9%	19.8%	30.6%
Finance/Insurance/Real Estate	3.1%	1.5%	9.2%	3.8%	8.8%	3.7%
Services	37.5%	16.8%	36.5%	25.1%	36.4%	23.0%
Government	0.0%	0.6%	1.8%	1.2%	1.5%	1.1%
Other	3.1%	0.0%	2.1%	0.0%	1.9%	0.0%
Total Employment	**32**	**340**	**282**	**2,553**	**535**	**5,037**
Daytime/Nighttime Population Ratio	0.10		0.21		0.30	

Note: Distance is measured from City Hall



Source: ESRI BIS

EXHIBIT 1.08
Future Retail Potential

Future population growth in the Sherwood Market Area will generate increased demand for retail. Potential sales and supportable square feet for the 2008 – 2018 time frame are calculated below for key retail and service categories. By 2013, the net gain among all retail categories is 226,488 square feet and by 2018, an additional 259,226 square feet can potentially be supported by population increases within the Market Area.

RETAIL EXPENDITURE POTENTIAL
Sherwood Market Area
2008-2018

Merchandise or Service Category	Per Household Expenditure	Target Sales ($/SF)*	2008 Retail Potential Sales	2008 Retail Potential Space (SF)	2013 Retail Potential Sales	2013 Retail Potential Space (SF)	2018 Retail Potential Sales	2018 Retail Potential Space (SF)
Apparel	$2,705	$209	$44,443,238	212,647	$50,862,606	243,362	$58,209,848	278,516
Home Furnishings	$1,878	$199	$30,846,433	155,007	$35,301,883	177,396	$40,401,336	203,022
Home Improvement	$1,411	$140	$23,182,962	165,593	$26,531,502	189,511	$30,364,050	216,886
Misc. Specialty Retail	$2,578	$216	$42,352,648	196,077	$48,470,052	224,398	$55,471,683	256,813
Shoppers Goods			**$140,825,281**	**729,324**	**$161,166,044**	**834,667**	**$184,446,917**	**955,237**
Grocery	$6,732	$390	$110,600,685	283,592	$126,575,816	324,553	$144,860,037	371,436
Health/Personal Care	$1,088	$365	$17,876,066	48,976	$20,458,080	56,050	$23,413,305	64,146
Convenience Goods			**$128,476,751**	**332,567**	**$147,033,896**	**380,603**	**$168,273,342**	**435,582**
Restaurants	$4,307	$263	**$70,766,603**	**269,075**	**$80,988,111**	**307,940**	**$92,687,064**	**352,422**
Entertainment	$554	$90	**$9,097,394**	**101,082**	**$10,411,419**	**115,682**	**$11,915,377**	**132,393**
Personal Services	$1,250	$151	**$20,535,921**	**135,999**	**$23,502,124**	**155,643**	**$26,897,070**	**178,126**
Total			**$369,701,951**	**1,568,047**	**$423,101,594**	**1,794,535**	**$484,219,769**	**2,053,761**
Five Year Net Gain					$53,399,643	226,488	$61,118,175	259,226

* Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.

EXHIBIT 1.09
Retail Supply/Demand Balance 2007

A comparison of retail supply (estimated from actual retail sales) and potential demand based solely on the expected amount spent by residents of the Market Area indicates a surplus of sales in a majority of retail categories, particularly in the Food & Beverage category. A surplus indicates that businesses are 'importing' sales from shoppers who live beyond the Market Area, including visitors, employees and other metro area residents. However, an estimated 221,282 square feet of potentially supportable retail space is currently leaking out of the Market Area. The strongest leakage of sales is occurring in the Clothing/Clothing Accessories category, followed by Electronics & Appliances, General Merchandise and Food Services & Drinking. Business opportunities may exist in these categories within the Market Area. Again, bear in mind this data only reflects potential spending from local resident shoppers.

EXISTING RETAIL BALANCE Sherwood Market Area 2007			
NAICS	Demand (Potential)	Supply (Sales)	Difference Leakage (Surplus)
Sherwood Market Area			
442: Furniture & Home Furnishings Stores	$15,456,179	$18,528,982	($3,072,803)
443: Electronics & Appliance Stores	$17,578,579	$7,062,226	$10,516,353
444: Building Materials, Garden Equip. & Supply Stores	$17,519,609	$41,230,739	($23,711,130)
445: Food & Beverage Stores	$94,388,684	$146,454,652	($52,065,968)
446: Health & Personal Care Stores	$12,771,870	$19,146,339	($6,374,469)
448: Clothing & Clothing Accessories Stores	$21,826,821	$2,972,319	$18,854,502
451: Sporting Goods, Hobby, Book & Music Stores	$5,297,632	$9,300,847	($4,003,215)
452: General Merchandise Stores	$84,515,625	$75,009,109	$9,506,516
453: Miscellaneous Store Retailers (florist, office supplies, gift stores, etc.)	$6,550,213	$11,213,742	($4,663,529)
722: Food Services & Drinking Places	$70,516,344	$61,518,608	$8,997,736
Total Leakage			**$47,875,107**
Estimated Supportable Square Footage			**221,282**

Source: ESRI BIS; Marketek, Inc.

EXHIBIT 1.10
Existing and Future Retail Opportunities

Within the Sherwood Market Area there is potentially an estimated 706,996 square feet of demand for new retail space over the next 10 years: 221,282 square feet is immediate demand for space based on existing leakage of sales and 485,714 square feet is based on projected population growth. Downtown Sherwood's ability to capture a portion of this potential demand is dependent on numerous factors including developable land, active marketing and changes in retail supply in other locations within the Market Area.

RETAIL EXPENDITURE POTENTIAL
Sherwood Market Area
2008-2018

Merchandise/Service Category	2008 Existing Unmet Demand Sq Ft	2013 Market Area Demand Sq Ft	2018 Market Area Demand Sq Ft	2008-2018 Total Potential Supportable Space Sq Ft
Shoppers Goods				
Apparel	*90,213*	*30,715*	*35,154*	*156,082*
Home Furnishings	*0*	*22,389*	*25,625*	*48,015*
Home Improvement	*0*	*23,918*	*27,375*	*51,293*
Misc. Specialty Retail	*96,858*	*28,321*	*32,415*	*157,594*
Subtotal	187,071	105,343	120,570	412,984
Convenience Goods				
Grocery	*0*	*40,962*	*46,883*	*87,844*
Health/Personal Care	*0*	*7,074*	*8,097*	*15,171*
Subtotal	0	48,036	54,979	103,015
Restaurants	34,212	38,865	44,483	117,560
Entertainment	0	14,600	16,711	31,311
Personal Services	0	19,644	22,483	42,127
Total	**221,282**	**226,488**	**259,226**	**706,996**

Source: ESRI; Urban Land Institute; Marketek, Inc.

EXHIBIT 1.11
Selected Business Store Size

In an effort to put the demand estimates into context, the following chart shows the average size of several types of businesses. In addition to the median size of all businesses within a particular business category, the median size of national chains, local chains and independent retailers also appears.

TYPICAL SIZE OF SELECTED BUSINESSES				
Merchandise or Service Category/Business	Median	National	Local Chain	Independent
Specialty Retail				
Appliances	5,956	6,292	5,911	~
Art Gallery	1,802	~	1,802	1,907
Arts/Crafts Supplies	8,928	20,957	~	3,070
Beauty Supplies	1,807	1,634	2,450	1,829
Bike Shop	3,440	~	~	2,596
Bookstore	10,093	23,000	9,990	2,740
Cameras	2,000	2,000	~	~
Children's Wear	3,913	4,879	3,054	2,105
Family Shoe Store	4,000	4,113	5,100	2,460
Family Wear	8,000	8,500	3,474	5,132
Gift/Cards	4,200	4,900	3,780	1,653
Hardware	13,200	13,900	~	~
Home Accessories	7,595	10,215	5,365	2,462
Jewelry	1,500	1,610	1,968	1,200
Luggage	2,500	2,499	~	~
Men's Clothing Store	3,500	4,319	3,065	2,750
Pet Supplies	7,995	17,600	3,201	3,200
Record/Tapes	4,464	6,178	~	2,017
Sporting Goods	8,465	22,000	4,980	2,995
Toys	7,855	12,000	~	3,344
Women's Ready to Wear	4,400	4,503	3,960	2,145
Convenience				
Drugstore/Pharmacy	10,920	10,860	16,668	4,977
Supermarket	50,420	49,071	51,495	23,300
Bakery	1,990	4,000	~	1,700
Gourmet Grocery	18,000	~	~	~
Wine/Liquor	3,440	~	6,237	2,920
Personal Services				
Day Spa	2,875	~	2,563	3,060
Women's Hair Salon	1,400	1,450	1,250	1,361
Nail Salon	1,200	~	1,200	1,200
Picture Framing	1,600	1,703	~	1,588
Health Club	10,249	9,548	5,508	10,249
Mail/Packaging/Photocopying	1,278	1,240	~	1,236
Tailor/Alteration	950	~	900	1,035
Video Rental	6,000	6,333	4,240	4,733
Shoe Repair	855	~	~	795
Drycleaners	1,800	~	1,800	1,649
Film Processing	1,252	1,600	1,304	1,150
Day Care	4,000	~	~	3,901
Laundry	2,114	~	2,150	1,955
Restaurants				
Restaurant with Liquor	5,204	6,669	5,600	3,362
Restaurant without Liquor	3,581	6,500	3,025	2,625
Bar/Cocktail Lounge	3,821	~	~	3,821
Ice Cream Parlor	1,137	1,144	1,137	1,116
Coffee/Tea	1,578	1,650	1,624	1,400
Entertainment				
Cinema	35,022	37,161	35,022	21,250

Source: Urban Land Institute, "Dollars and Cents of Shopping Centers"

EXHIBIT 1.12
Spending Potential

Expenditure data is helpful in revealing what prices area residents will pay and/or the level of their discretionary income they are willing to devote to various goods or services. Excluding footwear, Market Area households consistently spend at a rate above the national average (i.e., above than 100). This speaks well for new retail development.

SPENDING POTENTIAL INDEX OF SELECTED GOODS AND SERVICES
Sherwood Market Area

Merchandise/ Service Category	Spending Potential Index	Merchandise/ Service Category	Spending Potential Index
Apparel	106	Financial Services	
Men's	109	Investments	125
Women's	101	Auto Loans	119
Children's	110	Health	
Footwear	93	Nonprescription Drugs	117
Watches & Jewelry	123	Prescription Drugs	116
Other Apparel	134	Eyeglasses and Contact Lenses	115
Computer		Home	
Computer/Hardware for Home	120	Home Improvement	
Software/Accessories for Home	125	Maintenance/Remodeling Serv	119
Entertainment & Recreation	118	Maintenance/Remodeling Supp	115
Entertainment Fees & Admissions	122	Household Furnishings	
Membership Fees	121	Household Textiles	121
Sports Participation	127	Furniture	124
Theater/Movies/Ballet/Opera	121	Floor Coverings	122
Sporting Events	125	Major Appliances	116
Recreational Lessons	119	Housewares	112
Television & Sound Equipment	117	Small Appliances	113
Cable Television	115	Luggage	123
Color Television	123	Telephone & Accessories	98
VCR/Video Camera/DVD Player	116	Child Care	127
Video Cassettes and DVDs	118	Lawn & Garden	114
Video Game Hardware/Software	118	Moving/Storage	125
Satellite Dishes	118	Housekeeping Supplies	115
Video/DVD Rental	120	Insurance	
Audio Equipment	117	Homeowners/Renters	122
Rental & Repair of TV/Sound	118	Vehicle	117
Pets & Supplies	116	Life	116
Toys & Games	116	Health	115
Recreational Vehicles & Fees	123	Personal Care Products	118
Sports/Exercise Equipment & Supplies	108	School Books & Supplies	115
Photo Equipment & Supplies	118	Smoking Products	105
Books/Magazines/Subscriptions	117	Transportation	
Food & Beverages	116	Vehicle Purchases	117
Groceries	115	Gas & Oil	115
Bakery & Cereal Products	114	Vehicle Maintenance & Repair	120
Meats, Poultry, Fish & Eggs	114	Travel	
Dairy Products	114	Air Fare	123
Fruits & Vegetables	116	Hotels/Motels	119
Other Foods at Home	116	Rental Cars	126
Meals at Restaurants	117	Food/Drink	119
Alcoholic Beverages	116		
Nonalcoholic Beverages at Home	114		

Source: ESRI BIS

2.0 COMMUNITY INPUT AND COMPETITIVE ASSESSMENT

OPINION RESEARCH

Two electronic surveys (one for shoppers and one for businesses) were completed by the community during the months of May and June, 2008. Surveys were posted on the City website and publicized through the local newspaper, Friends of Old Town Sherwood and flyers to businesses. The survey results are fully detailed in the Appendix with highlights below.

A. Sherwood Shopper Survey Highlights

- One-hundred and eighty-eight (188) people participated in the survey. Five respondents were age 19 to 24; 76 were 25-44 years old; 67 were between the ages of 45 and 64 years; and 23 were age 65 and older.
- Ninety-six (96) respondents (52%) reported doing most of their non-grocery shopping at Washington Square.
- By far the most common reason influencing shopping choice was the availability of a wide selection of goods, with 64% of respondents identifying selection as the principal factor in their shopping choice. The second most important factor, convenience, was cited by 53%.
- When people chose to shop in Sherwood their primary reasons were supporting local business (75%) and convenient location (57%). The major deterrents to shopping in Sherwood were the poor selection of goods/services (78%) and limited hours (42%).
- The kinds of merchandise most frequently cited as being needed in Sherwood were (by category):
- Apparel — shoes, followed by women's casual and men's casual.
- Household furnishings — furniture, followed by linens and towels.
- Specialty merchandise –- books followed by computers and accessories and art supplies.
- Convenience merchandise – bakery by far the most in demand.
- Regarding leisure/entertainments services, restaurants dominated the needs cited, followed by concerts/live music
- Computer repair, followed by computer training, were most frequently cited as a personal service that would be attractive.
- In the area of professional services, tailoring/alterations and dry cleaning/laundry topped the list.
- Five types of restaurants were most cited as being in demand: seafood, healthy/natural, bakery, steakhouse/grille and family.
- By far the most cited health care service identified was homeopathic/ naturopathic.
- The most desirable shopping time on weekdays, cited by 57%, is after 5:00 p.m. Saturday morning and afternoon are equally popular week-end times and far more preferable than Sundays.
- Representative comments from the shopper survey include:

  "Old Town is Sherwood's living room, it is where we have festivals and events and that means family. Have businesses that serve families."

  "I would like the old town core of Sherwood look something like Bridgeport village - new, clean, hip, family friendly."

"I think that the "Old Town" Identity could be enhanced. Line streets with trees, better upkeep of road side drives, old style lamps flowers etc."

B. Business Owner Survey Highlights

- The survey generated responses from 53 Sherwood business owners, 27% of which are located downtown.
- The business type designations of the respondents were closely divided among finance/real estate, services, professional, and retail.
- The biggest advantage or strength to doing business in Sherwood identified by respondents is its strong community, its people and its small town feel.
- Traffic and street patterns are the primary disadvantage to doing business in Sherwood, along with a lack of retailers, quality restaurants and services.
- Seventy-seven percent (77%) said their businesses were enjoying moderate growth or were holding their own.
- Almost 40% of the business responding said they had plans to expand their business in the next one to two years.
- Of respondent businesses, 56% have expanded marketing/ promotional activities in the last two years.
- Fifty-seven percent (57%) invested in improvements to their business during the last year, with investments ranging from below $10,000 to $1 million.
- Over half of respondents (51%/26 businesses) plan to expand marketing and promotional activities over the next one to two years.
- The factors cited by 48% of the respondents as most affecting business success are the weakening economy and high gas prices.
- The kind of assistance most desired by businesses to improve their success was in marketing and advertising, cited by 80%. Forty-one percent (41%) of respondents are interested in participating in a cooperative marketing effort.
- When asked what types of businesses would enable downtown Sherwood to improve its business mix, top responses included a wine bar/ microbrewery, quality but reasonably-priced restaurants and specialty retailers
- When asked what identity downtown Sherwood should pursue, respondents expressed a desire for maintaining the simple character of downtown while adapting to modern expectations—with better dining and shopping choices topping the list.
- Half of the respondents (20 businesses) reported that there are products or services they would purchase in town if they were available and half (20 businesses) reported that there are not. Office supplies and services (i.e., copying, packing, shipping) was the most commonly reported service that would benefit downtown Sherwood.
- To attract more local residents who are currently shopping in other areas, the most commonly identified tactic was to improve marketing/promotions to target consumer markets.
- Ideas to attract more visitors and other shoppers who live out of the area centered around improved advertising and promotion of the downtown, with emphasis on what makes downtown Sherwood unique.
- Selected comments by business owners that reflect the overall survey themes are shared below:

"Please keep Sherwood's small town feel even though we are growing so large - it is one of our greatest assets."

"I love Old Town and nothing would make me happier than to see it bustling with people every weekend. We have this 'crown jewel' in the middle of our town that has more potential than any other urban downtown streetscape, with so many different directions that we can go! Let's make it happen!"

"As Sherwood and especially Old Town get promoted in the future, the City needs to...bring assets to town that create activity. We need to re brand Sherwood as a destination of activities that offer something for everyone. Get the visitors from out of town who come to spend dollars in Sherwood."

COMPETITIVE ASSESSMENT

Through the two Sherwood business workshops and surveys of shoppers and business owners as well as site visits and interviews with business owners, Marketek gathered public input about downtown Sherwood's key strengths, challenges and opportunities, which are summarized below.

Downtown Sherwood Competitive Assessment
Strengths
➢ Strong population growth and high incomes ➢ Young, upwardly mobile family market ➢ Growing visitor, employment and pass through customer markets; 4809 visitors to the Visitor Center with double projected for 2008 ➢ $13 million of public investment over last five years: library, city hall, streetscape, property purchases, etc.; over $5 million in additional investment on drawing board ➢ Significant private investment in recent years including McCormick Building Condominiums and Old Town Lofts, just opening ➢ Significant civic and business anchors in downtown drawing strong foot traffic, EX: Let's Make Music draws 500 clients/daily, U.S. Bank attracts over 200/day ➢ Emphasis on locally-owned businesses; generally high quality ➢ Clean, safe positive public image ➢ Greenways/walk ways add to positive impression ➢ Quality engaging built environment, including wayfinding signage for shoppers once in downtown ➢ Several well attended downtown events: *Music on the Green*, *Cruisin' – up to 18,000 spectators*, *Great Onion Festival, 4,500 attendees*, *Farmer's Market*, *Art Walk, Robin Hood Festival,* ➢ Engaged business community ready to get involved in downtown's next steps; Chamber of Commerce has nearly 500 members, up 30% from 2007

Challenges
➢ Several 'blank walls' and underutilized spaces/empty lots ➢ Limited available properties in ready condition for occupancy ➢ Signage to Downtown / Old Town Sherwood gets lost on the highways ➢ Downtown's identity is unclear with a variety of terms used in promotion including: Old Town, Historic and Smockville ➢ Existing promotional materials for Sherwood and Downtown are lacking ➢ Downtown is 'under promoted.' "People don't know what's here" ➢ Downtown's small size at present limits the amount and variety of retail ➢ Sherwood Town Center Shopping Plaza anticipated to bring another 450,000 SF of retail to the Tualatin Sherwood Highway, including one or more big box stores
Opportunities
➢ Promote & build upon Family Cluster--15 family/youth attractions downtown—public and private ➢ 6.5 acre mixed-use Cannery project will break ground soon with at least 24,000 SF of retail planned in phases ➢ Other mixed-use developments are planned adjacent to the civic center, including a nearly 48,000 SF project ➢ Capture more spending from teens/young people who visit downtown daily to and from school ➢ Downtown offers a fresh, unique alternative to homogenous retail on highway ➢ Cross promote with new, upcoming visitor venues including Comfort Inn/Suites and Tualatin National Wildlife Refuge, which anticipates over 200,000 visitors annually. ➢ Cross-market with existing downtown events ➢ 2008 Trade area leakage of $47.8 million or 221,300 SF ➢ Many business niches to be filled ➢ Long term, a commuter rail stop is planned in downtown connecting Sherwood to metro town centers, bring more daily traffic into downtown.

3.0 BUSINESS DEVELOPMENT PLAN

Downtown Sherwood has the capability to serve local residents, visitors and area workers with a wide range of goods and services. To successfully compete as a unique district, downtown will need to adopt a game plan for helping existing businesses succeed and attracting new ones. This section provides guidance focusing on downtown's opportunities.

Market Position

To better focus its business development efforts a clear market position statement must be articulated for the district. Downtown's market position statement describes the type of retail mix, the shopping environment, and the target customer market. The statement distinguishes downtown Sherwood from surrounding shopping districts. Workshops, surveys and business interviews emphasized several core values to form the basis for downtown's market position:

- Serve multiple markets—not just upscale shoppers—friendly *hometown appeal*
- Locally owned and operated businesses—*unique, not 'Highway 99'*
- Emphasis on specialty retail, restaurants and entertainment
- Retain the easy-to-walk, village feel

> *"Downtown Sherwood is the civic heart of town….a historic mixed-use business district with one-of-a-kind specialty shopping, entertainment, restaurants and housing options serving local families and visitors."*

Business Mix

A successful business district in virtually any size community will have a balance and mix of uses that includes retail shopping, professional, financial and government services, entertainment, housing and personal services. Downtown Sherwood already exists as a mixed-use center bringing residents, businesses and employees together for many purposes. At present, downtown Sherwood's business base includes all of the uses noted above but with limited and highly dispersed retail selection. A critical goal over the next five years and longer will be to increase the number of retail businesses in the core downtown area and maintain ground floor space for retail businesses.

The results of the statistical market analysis as well as the opinion research indicate that Sherwood has ample opportunity to grow its retail base and fill niches and voids in the local marketplace. Identifying the most appropriate business mix for Sherwood, as earlier noted, is a function of demographics and lifestyle characteristics, spending potential, survey research, the existing business base and retail trends.

Success will be achieved in downtown Sherwood with business owners dedicated to:

- Providing a good quality product at a fair price
- Providing *exceptional* customer service
- Responding to the changing needs of both trade area customers and visitors
- *Aggressively* marketing to these target customer groups
- Offering multiple, complementary product lines
- Filling specific, unique niches
- Having focus, imagination and a deep desire to meet the needs of the customer

Downtown Sherwood's best business opportunities are for specialty retail, restaurants and entertainment-type businesses. Attraction of additional anchors—particularly restaurants and entertainment—that will animate downtown in the late day and evening hours is critically important. The following list of business and merchandise opportunities (Exhibit S-1) can be supported based upon the market analysis. They support the goal of concentrating on specialty goods and entertainment, and were identified as priorities by shoppers and business owners. The significant expansion of the Sherwood area housing market calls attention to the need for more home furnishings products and services of all kinds. Combinations of the goods and services as well as many others that have unique appeal to area markets should be considered for business development efforts.

Exhibit S-1
TARGET BUSINESS OPPORTUNITIES
Downtown Sherwood

Merchandise	Toy store/children's books Unique, casual apparel & accessories for all ages Shoes Books/cards/music Bed & bath linens/accessories Kitchen accessories shop Furniture-locally made & other Garden & outdoor accessories Specialty/green grocery: wines, fresh meats/cheese, baked goods	Art & craft supplies Art—locally produced Jewelry Lighting Home accessories Decorating center/interior design Unique gifts Photography studio Pet supplies Drapery/home décor
Restaurants/Food	Wine bar/shop Breakfast/lunch Steakhouse/seafood Health food store/natural food	Bakery/chocolate shop Ethnic—Italian, Thai Family dining
Entertainment	Live entertainment/music @ restaurant, pub, coffee house Brewpub Community Art/Performance Center	
Personal care	Vision care Naturopathic/homeopathic/alternative health Tailoring/alterations Dry cleaner Computer repair	
Other needs	Lodging—Bed & Breakfast Boutique Hotel	

The City and the downtown Sherwood business development team should keep in mind that even as downtown works to attract specialty, lifestyle-type retail goods, it is competing with other existing and planned retail centers throughout the market area. The competition includes Highway 99 and Tualatin-Sherwood Highway strip centers and even other downtowns that may attract businesses that would be suitable to downtown Sherwood, as well.

The absorption and distribution of retail demand into the marketplace is a highly dynamic and fluid process, influenced by factors ranging from the timing and availability of quality space and existing business anchors to district marketing and incentives. All 'smart' shopping districts or centers strive to offer the marketplace a diversity of quality businesses, including specialty goods which are so prevalent in today's consumer market. Downtown Sherwood should adopt this goal as well.

Business Development Strategy

This section provides an overview of key business development strategies and next steps for successfully promoting and capitalizing on the market opportunities identified in the market analysis.

Exhibit S-2 BUSINESS DEVELOPMENT PROGRAM Downtown Sherwood	
Primary Program Goals	• Increase local spending by trade area shopper and visitor target markets • Retain, strengthen and expand the existing business base in downtown Sherwood • Recruit or encourage businesses that will complement and improve the existing commercial mix and will enhance downtown's attractiveness to its target markets.
Program Elements	• Customer Attraction and Expansion • Business Retention and Expansion • Business Attraction
Core Strategies	• Develop positive downtown image through continuous and marketing • Encourage residents, businesses, visitors, and area employees to shop in downtown Sherwood • Encourage, support, and assist existing businesses • Incubate, support, and grow new businesses • Target new businesses to add to the business mix and strengthen the overall economic base

Next Steps

Selected "next steps" in successfully promoting and capitalizing on the market opportunities identified in the market analysis are outlined in the chart that follows. Should downtown Sherwood pursue adoption of the Main Street approach, these steps will provide the basis for two components: Economic Restructuring and Promotion. With or without Main Street, ideally two downtown Committees should be formed to implement the tasks outlined on the following pages.

Next Steps: Business Retention and Expansion
1. Promote the findings of the Retail Market Analysis through the media and in business networking meetings. Encourage existing businesses to expand and diversify their merchandise mix based upon the opportunities identified.
2. Through a committee of downtown constituents including Friends of Old Town, institute a quarterly Business Recognition or Kudos Program to celebrate downtown businesses for their exceptional service, business improvements, community service, new initiatives and other positive endeavors.
3. Respond to the top needs identified by businesses in the business owner survey--*marketing*—with an ongoing series of workshops and one-on-one technical assistance visits ranging from merchandising and window displays to target marketing and retail promotions.
4. Organize an inventory and evaluate all downtown vacant buildings and infill properties to identify those that are 'most ready' or developable for retail/mixed-use in the short term and to be able to match business opportunities to sites.
5. Organize a business assistance/advisory program where a local Business Assistance Team is in regular contact with downtown businesses and helps identify and respond to critical issues in timely manner. Tap the business development services of Portland State University.
Next Steps: Customer Attraction & Expansion (Promotion)
1. Gain consensus from a committee of downtown constituents including Friends of Old Town regarding downtown Sherwood's name and identity for marketing purposes: is it Old Town? Historic Downtown? Smockville? Choose one and incorporate in all marketing and development initiatives (key messages, district name, logos, brochures, website, etc.).
2. Develop a rack card of downtown Sherwood businesses that can be placed at the Chamber, visitor center, in downtown businesses, at the Tualatin Wildlife Refuge, at hotels, etc. Be sure to include a simple map of where downtown is.
3. Invest in a website specific to the downtown Sherwood district that communicates its identity and offerings to existing and prospective businesses, residents and customers.
4. Choose two existing downtown events to develop retail promotions for—include special discounts, drawings, in-store activities, etc. Track the number of customers and impact of events through short post-event survey.
5. Organize two additional events annually that draw Sherwood families downtown. EX: Trick-or-Treat, Student Art Show in downtown businesses, 4^{th} of July pet parade, Back to School Chalk Art Contest, or other.
6. Prepare a rack card focused on Downtown Sherwood as a Family and Children district. Highlight the 15+ businesses/attractions that appeal to families.
7. Organize a highway signage task force to investigate alternatives to developing one or more highly visible, tasteful signs promoting downtown Sherwood on Hwy 99 and Tualatin-Sherwood Hwy. Get examples from other communities advertising on a highway. Contract for a design, obtain a budget, fundraise and implement.
8. Implement a short Visitor Survey during the peak visitor months (July and August) asking 'How did you find us?' 'What are your shopping and other interests on your visit?' Put at visitor center, chamber and coffee shop.
9. Organize a full-page cooperative ad in the Sherwood Gazette focused on downtown Sherwood businesses. Ensure it prints multiple times for highest impact.
10. Develop a one-page annual promotion calendar to get all downtown Sherwood businesses on the same page.

Next Steps: Business Attraction
1. Focus first on filling the few existing vacancies within the core retail area using the target business list.
2. Develop target recruitment campaigns for up to three key business opportunities, to include business and local networking, mailings, one-on-one contact, third-party outreach, targeted collateral material and related activities.
3. Distribute the business development marketing brochure to local and regional developers; make available on the web. Keep stocked at the City's planning counter, the Chamber office, possibly the library.
4. Create a list of and maintain referral networks with leading realtors/brokers, economic development agencies, developers and business leaders and educate them regarding the types of businesses most appropriate for the downtown Sherwood. Develop a schedule of communications and events to keep the group informed about downtown initiatives and opportunities.
5. Enable developers and prospective businesses to access downloadable marketplace data, maps, downtown business brochure, current and future planning projects and other pertinent recruitment material and applications online.
6. Create a comprehensive database of key economic indicators to track and promote downtown Sherwood's vitality and overall progress. Data should include: vacancy rate, jobs gained, private/public investment, businesses recruited/retained, special event/promotion traffic counts and retail impact, etc.

CONCLUSION

With the retail market analysis completed, downtown Sherwood has a valuable and factual foundation for promoting its significant business opportunities and implementing customized district strategies. Whether targeting local or visiting shoppers for increased spending, promoting business opportunities or improving the image of downtown Sherwood, a clear marketing goal, well organized action plan and commitment to implementation are imperative.

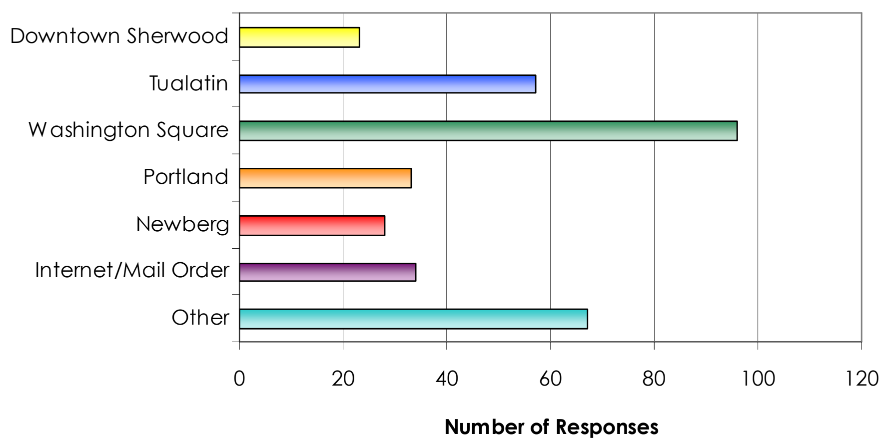
In order for community and commercial revitalization to be truly successful in downtown Sherwood, it is critical that partnerships and collaborations be strengthened in order to tap market opportunities and move the 'economic' vision forward. While the City should lead revitalization activities, Sherwood's business and community leaders as well as other stakeholders must be at the table, including Friends of Old Town, the Chamber of Commerce, the schools and others. A sustainable revitalization effort requires that a wide variety of groups 'take on' appropriate pieces of marketing and development efforts. The more groups and people involved in the process, the more pride and *local ownership* will be evident in the results. Downtown Sherwood's success is truly a community project.

APPENDIX A. SHOPPER SURVEY RESULTS

Section 1: Shopping Habits

1. Where do you do most of your non-grocery shopping (e.g., apparel, home furnishings, sporting goods, etc.)? (186 respondents)

- Over half of respondents (52%) do most of their shopping at Washington Square, followed by Tualatin (31%) and over the internet/through mail order catalogs (18%/34 respondents).
- Twelve percent (12%) do most of their shopping in downtown Sherwood.
- Of the 67 respondents who checked "other," popular responses include big box stores such as Target and Costco (25), Tigard (8), Wilsonville (5), Beaverton (5) and Bridgeport (5).



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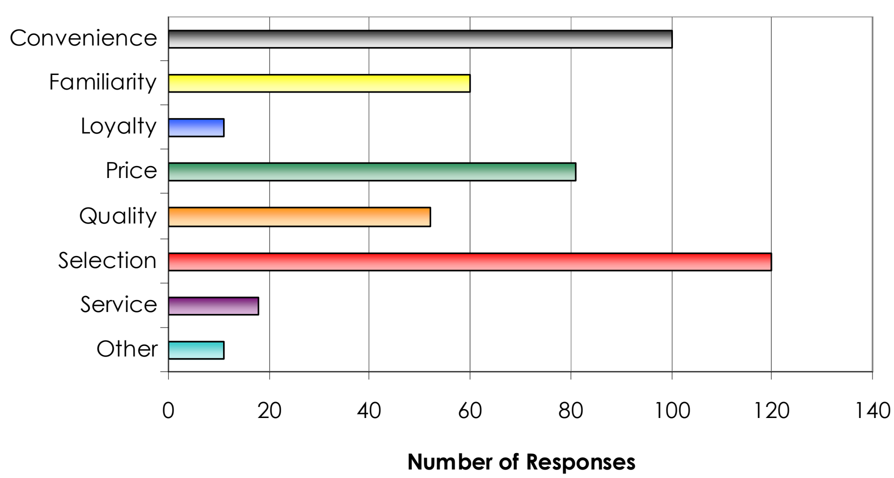
2. What are the primary reasons for shopping where you do? (Please select your top 3 reasons). (188 respondents)

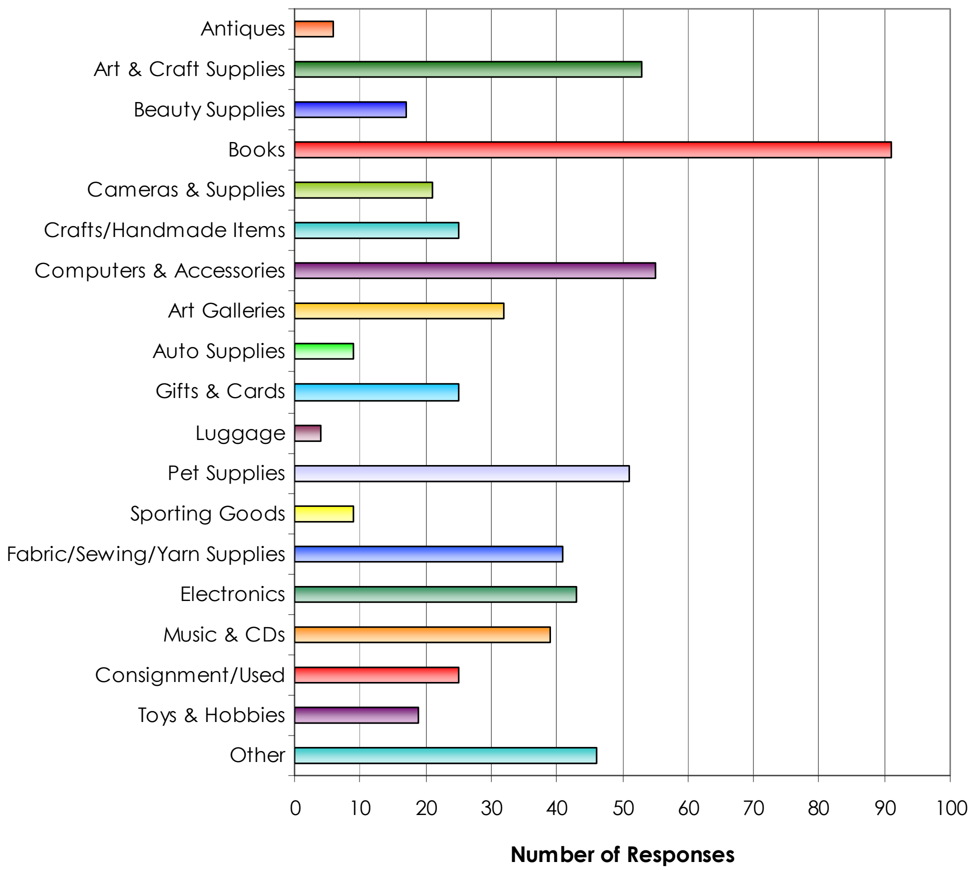
- The most common reasons motivating shopping location are selection, selected by 64% of respondents, and convenience, selected by 53% of respondents.
- Other popular factors behind shopping location include price (43%), familiarity (32%) and quality (28%).



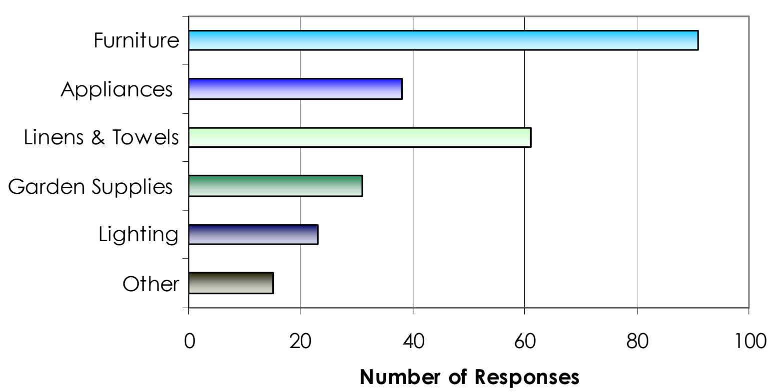
Section 2: Shopping Needs in Sherwood

3. What types of SPECIALTY MERCHANDISE do you think we are missing or need more of in Sherwood? (Check all that apply.) (170 respondents)

- Books the number one type of specialty merchandise selected by respondents as missing or lacking in Sherwood (54% of respondents).
- Other top specialty merchandise shopping needs in Sherwood include computers & accessories (32%), arts & crafts supplies (31%), pet supplies (30%), electronics (25%), fabric/sewing/yarn supplies (24%) and music & CDs (23%).



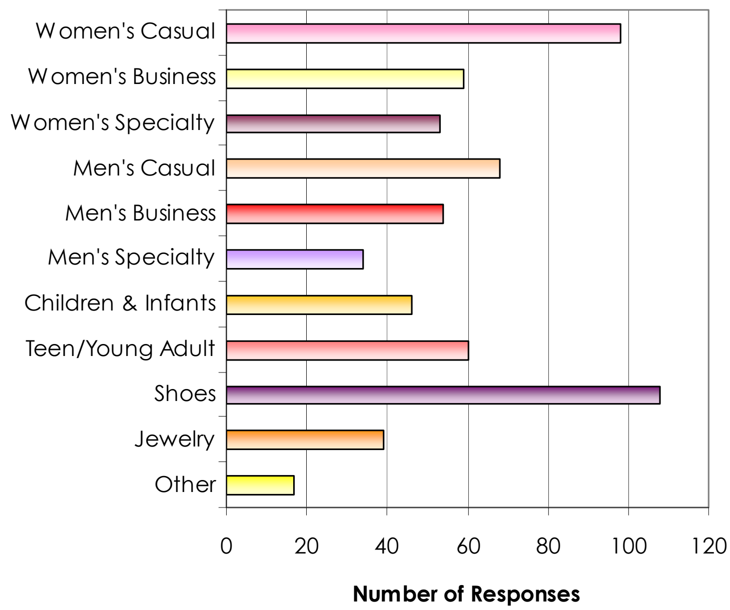
4. What kinds of HOUSEHOLD FURNISHINGS do you think we are missing or need more of in Sherwood? (Check all that apply.) (133 respondents)



- Sixty-eight percent (68%) of respondents checked furniture as missing or lacking in Sherwood, followed by linens & towels (46%), appliances (29%) and lighting (17%).

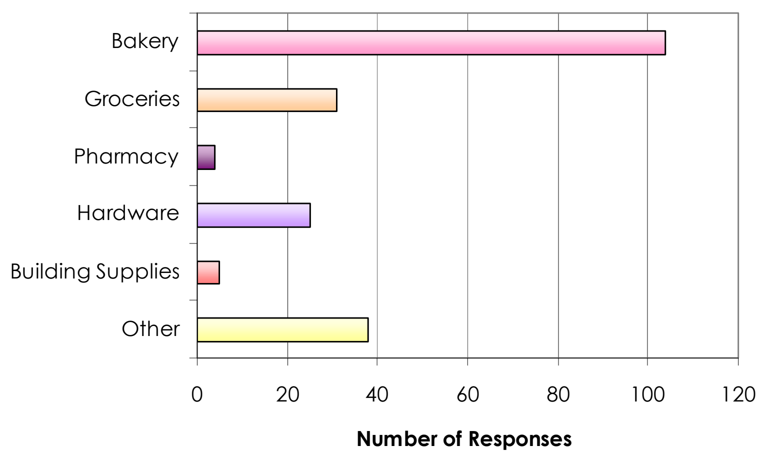
5. **What kind of APPAREL do you think we are missing or need more of in Sherwood? (Check all that apply.) (155 respondents)**

- Shoes are the number one apparel item listed by respondents as missing or lacking in Sherwood (70%).
- Other top responses include women's casual (63%), men's casual (44%), women's business (38%) and apparel for teens/young adults (39%).
- Additionally, 35% of respondents selected men's business, 34% selected women's specialty and 30% selected children & infants apparel.



6. **What kinds of CONVENIENCE MERCHANDISE do you think we are missing or need more of in Sherwood? (Check all that apply.) (131 respondents)**

- A bakery tops this list, with 79% of respondents selecting it bakeries as missing or lacking in Sherwood.
- Almost a quarter of respondents identified groceries as missing/lacking and 14 respondents (11%) specified the need for a natural/organic food store in the "other" category.
- Nineteen percent (19%) of respondents reported a need for hardware in Sherwood.



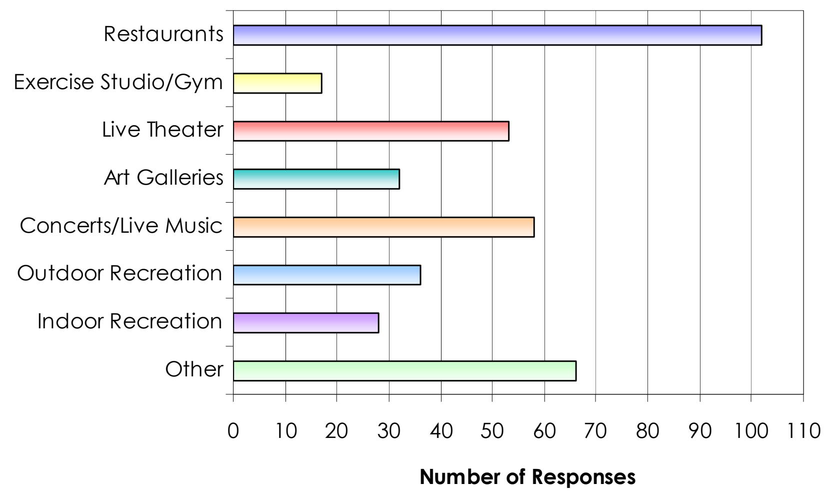
7. **Some of the above merchandise may be available locally. Please explain why you may not be buying these products in Sherwood if you are aware of them. (77 respondents)**

- The reason most frequently cited for not shopping in Sherwood is a lack of selection (32 respondents) and the availability of quality items (16 respondents). Many respondents mentioned a desire for higher-quality items and greater selection than is available at Target.
- High prices/lack of competitive pricing are the reason 12 respondents do not shop locally; 5 listed lack of service as reasons for not shopping in Sherwood.

* Other responses included a lack of a critical mass of shops making it possible to get multiple types of items in one trip (3), a lack of knowledge of what is available (30 and inconvenient store hours (2).

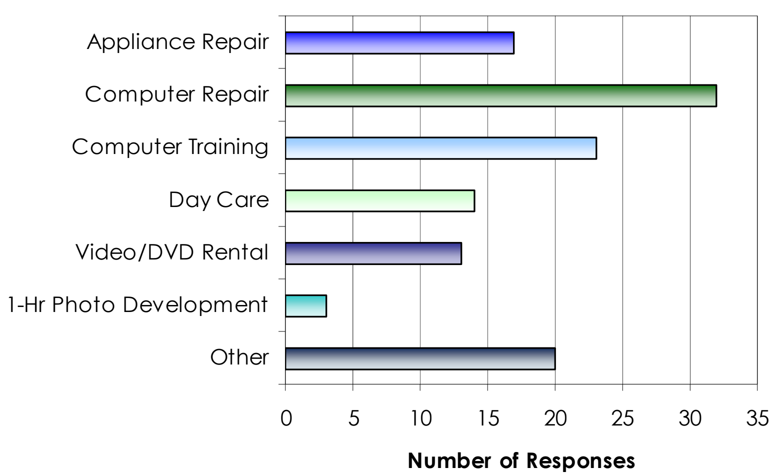
Section 3: Services in Sherwood

8. What kinds of LEISURE/ENTERTAINMENT services do you think we are missing or need more of in Sherwood? (Check all that apply.) (156 respondents)



* The most popular type of leisure/entertainment service need in Sherwood is restaurants (65% of respondents). Concerts/live music followed and was selected by 37% of respondents.
* Twenty-one percent (21%) of respondents selected art galleries.
* Forty-two percent (42%) of respondents selected "other." Top responses in this category were bowling alleys (11 respondents), racquetball/tennis courts (10), outdoor trails for bikes and ATVs (8), an outdoor pool (5), softball fields and volleyball and basketball courts (6) and classes such as dance, cooking and art (4).

9. What kinds of GENERAL SERVICES do you think we are missing or need more of in Sherwood? (Check all that apply.) (74 respondents)



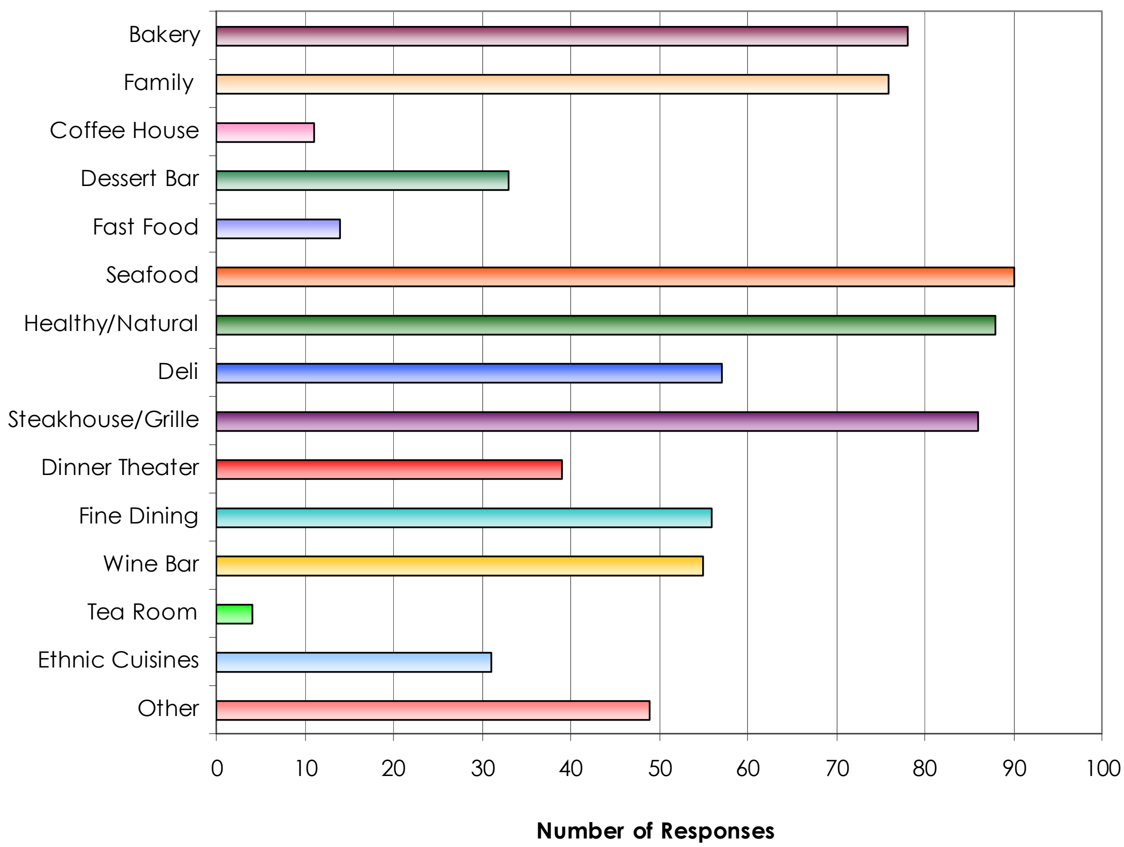
* The most frequently selected type of general service is computer training (43%), followed by computer training (31%) and appliance repair (23%).
* Only three respondents selected photo development and none selected pack & mail services.

10. What kinds of PERSONAL SERVICES do you think we are missing or need more of in Sherwood? (Check all that apply.) (66 respondents)

- Of the 66 respondents that answered this question, 21% (14 respondents) selected dry cleaning/laundry services and 20% (13 respondents) selected a day spa.
- Five percent (4%/3 respondents) selected tailoring/alteration services.
- Thirty percent of respondents (20) listed "other" services, including professional services such as CPAs, attorneys and physicians (3), a yoga/ballet studio (1), shoe repair (4), housekeeping services (1) and dog walking/sitting services (1).

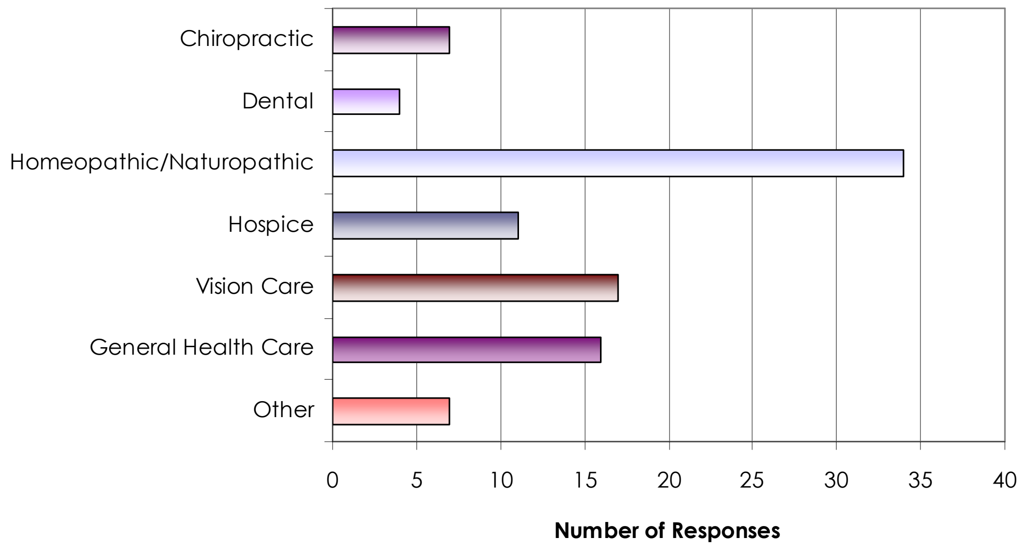
11. In your opinion, what types of RESTAURANTS AND CUISINES do you think we are missing or need more of in Sherwood? (Check all that apply.) (165 respondents)

- The most popular restaurants and cuisines identified as lacking in Sherwood are seafood (55%), a steakhouse/grille (52%), a bakery (47%) and family restaurants (46%).
- Other popular choices are a deli (35%), fine dining (34%) and a wine bar (33%).
- Nineteen percent (19%) of respondents selected ethnic cuisines and specified a quality Italian restaurant (11 respondents), Thai (7), Indian (5) and Greek/Lebanese (5).



12. **What HEALTH SERVICES do you think we are missing or need more of in Sherwood? (Check all that apply.) (71 respondents)**

- ✶ The top health service selected by respondents was homeopathic/naturopathic care (48% of respondents).
- ✶ Other top choices include vision care (24%) and general health care (23%).



13. **Some of these services may be available locally. Please explain why you may or may not choose Sherwood providers, if you are aware of their services. (32 respondents)**

- ✶ The number one reason for not using local service providers is a lack of quality and selection, especially in terms of dining options (7 respondents).
- ✶ Five respondents explained not using local medical services due to health care plan/insurance restrictions and another three cited the poor reputations for local providers.

14. **What are the best times for you to shop during the week (Monday to Friday)? (168 respondents)**

- ✶ Fifty-seven percent (57%) of respondents said after 5:00 p.m. is the best time for them to shop during the week.
- ✶ Forty-three percent (43%) of respondents said 8:30 a.m. to 5:00 p.m. is the best time for them to shop during the week.

15. **What are the best times for you to shop on the weekend? (164 respondents)**

- ✶ The most popular shopping time was Saturday morning, selected by 37% of respondents (61 respondents).
- ✶ Another 36% (59 respondents) selected Saturday afternoon as the best time to shop on the weekend.
- ✶ Nineteen percent (19%/31 respondents) selected Sunday afternoon.
- ✶ Eight percent (8%/13 respondents) selected "other," of which 6 listed Sunday morning.

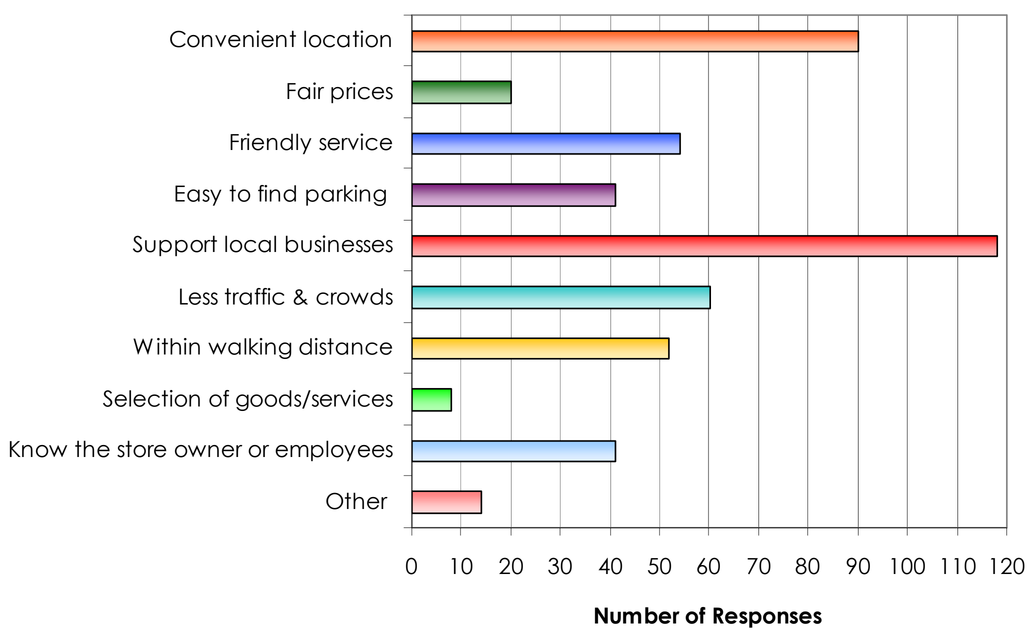
Section 4: Shopping & Doing Business in Downtown Sherwood

16. What types of merchandise or services do you currently purchase downtown? (114 respondents)

- The most popular item purchased in downtown Sherwood is coffee, listed by 44 respondents. Other popular types of merchandise include restaurants (31 respondents) groceries (22).
- Other top responses include the library (14 respondents), donuts (14), flowers (13), the farmer's market (12), personal services such as hair salons and day spas (11) and general household goods (8).

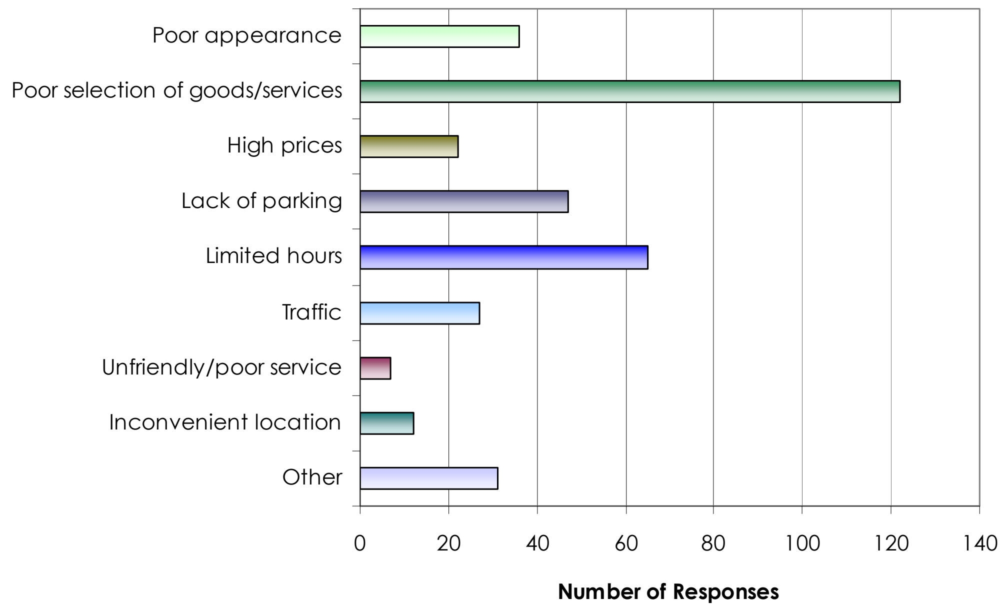
17. Currently, what are the major ADVANTAGES of shopping or doing personal errands in downtown? (Please check the top 3.) (158 respondents)

- The biggest advantage to shopping or doing personal errands in downtown is supporting local businesses, which was selected by 75% of respondents.
- Other top reasons include its convenient location (57% of respondents), less traffic & crowds (38%), friendly service (34%) and that is in within walking distance (33%).



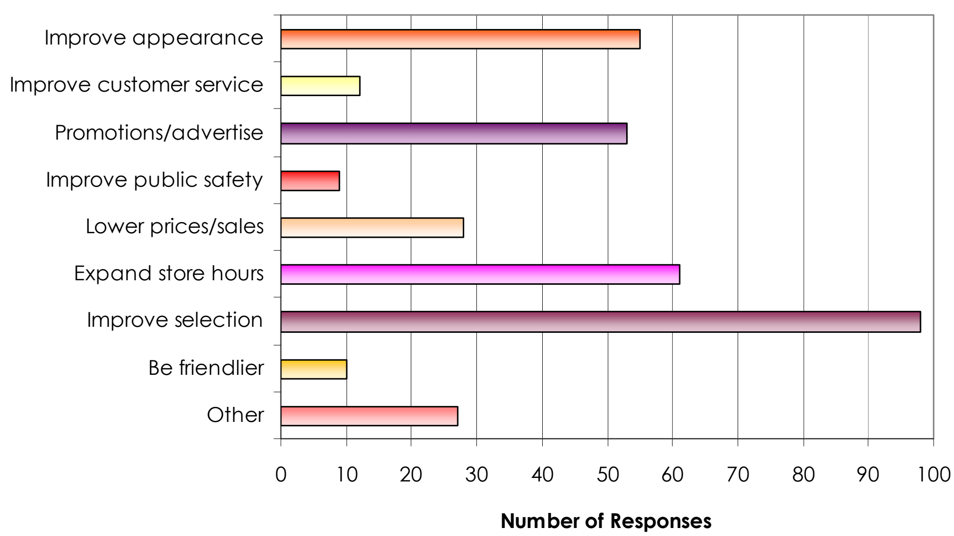
18. Currently, what are the major DISADVANTAGES of shopping or doing personal errands in downtown? (Please check the top 3.) (156 respondents)

- Seventy-eight percent (78%) of respondents selected "poor selection of goods/services" as a major disadvantage to shopping or doing errands in downtown.
- Other major disadvantages were limited hours (42%), lack of parking (30%), poor appearance (23%) and traffic (17%).



19. What can downtown merchants do to improve their stores? (147 respondents)

- The number one way downtown merchants can improve their stores is by improving selection, which was checked by 67% of respondents.
- Expanded store hours (42%), improved appearances (37%) and improved promotions and advertising (36%) were other top ways for downtown merchants to improve their stores.



Section 5: General Information

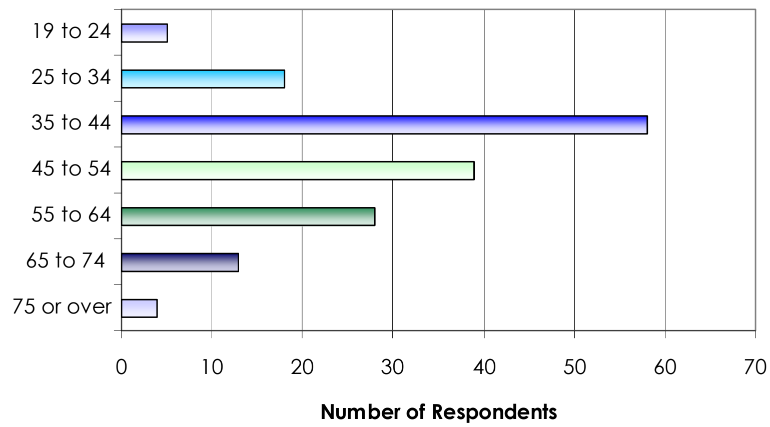
20. What identity or image would you like to see downtown Sherwood develop for itself as a unique business, shopping and entertainment district? (110 respondents)

- "Strong community, family friendly for all ages, indoor and outdoor activities"

- “Friendly, interactive neighborhood of assorted shops, interspersed with places to stop and have a glass of wine or get a bite to eat”
- “A fun place to come hang out, walk around, see and be seen, lots to see and do – restaurants, ice cream, book shop, restaurants, interesting and practical shops”
- “Keep the character of Old Town and enhance it will street trees and streetscaping”
- “It should be terrific to look at, with a much higher standard of design and landscaping than Sherwood currently has”
- “Art galleries, unique clothing and accessories, boutique shops. Place for local musical talent to be showcased. Wine bar/tasting room. Coffee house for community to gather”

21. Please check your age. (165 respondents)

- The highest share of respondents (35%) are in the 35 to 44 year age category.
- Twenty-four percent (24%) of respondents are in the 45 to 54 age category and 17% are in the 55 to 64 age category.



22. Please tell us your home zip code? (161 respondents)

- Eighty-three percent (83%) of respondents live in the 97140 zip code.
- Six respondents (4%) live in the 97062 zip code and anther 4% live in the 97132 zip code.
- Four respondents (3%) live in the 97224 zip code and 11 (7%) live in other zip codes.

Please share any other comments below.

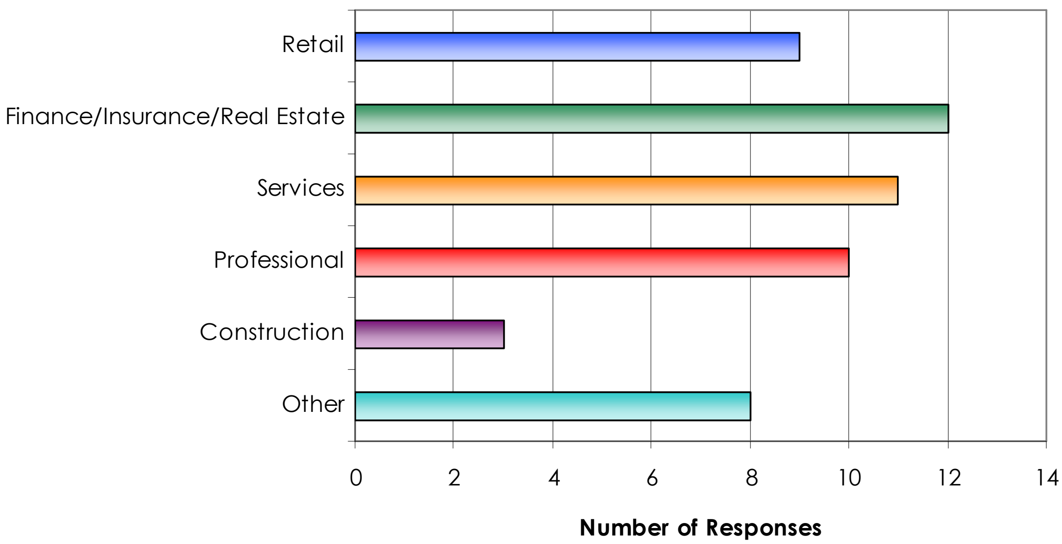
- “I would like to see Sherwood leaders remember the seniors in our community”
- “We love Sherwood and especially Old Town. We were excited to hear that it was being restored and pictured a ‘quaint’ town center like McMinnville or Willamette”
- “Old Town needs to grow in a way that is both contemporary and traditional but it needs to be done in a ‘smart’ way with planning and realistic goals”
- “Please support more restaurants in Sherwood. We would eat way more in Sherwood if there were more choices!”
- “Downtown Sherwood has great events, however, it needs more variety of shops and restaurants”

APPENDIX B. BUSINESS SURVEY RESULTS

Section 1: Background Information and Operations

1. What is the nature of your business? (53 respondents)

- The greatest number of business respondents are finance/insurance/real estate businesses (23%) followed by service establishments (21%).
- Professional businesses (19%) and retail establishments (17%) followed.



2. Is your business located in downtown Sherwood? (52 respondents)

- Twenty-seven percent (27%/14 businesses) of respondents are located downtown Sherwood and 73% (38 businesses) are not located in downtown.

3. Name up to 3 advantages or strengths you associate with doing business in Sherwood. (49 respondents)

- The biggest advantage or strength to doing business in Sherwood identified by respondents is its strong community, its people and its small town feel (listed by 34 respondents).
- Other advantages are Sherwood's customer base and demographics (17 respondents), its proximity to their home (17 respondents) and the Chamber of Commerce and sense of support for local businesses (16 respondents).
- A desire to support the local economy (9 respondents), parking availability and lack of traffic congestion (8 respondents) and general convenience (6 respondents) were also identified.

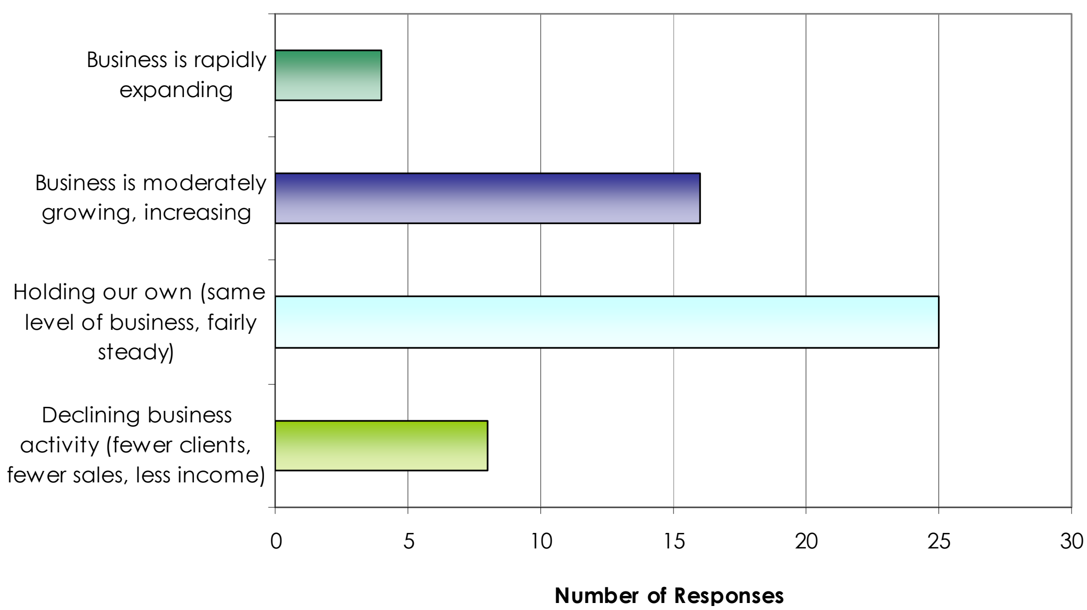
4. Please share any disadvantages (if any) to doing business in Sherwood? (39 respondents)

- Of the 39 respondents, 12 identified traffic and street patterns as a disadvantage to doing business in Sherwood.

- Eleven (11) respondents listed a lack of retailers, quality restaurants and services as a disadvantage.
- Other disadvantages reported were a difficulty attracting both Sherwood residents and out of town shoppers (9 respondents), high development and business start-up costs (8 respondents) and parking (6 respondents).

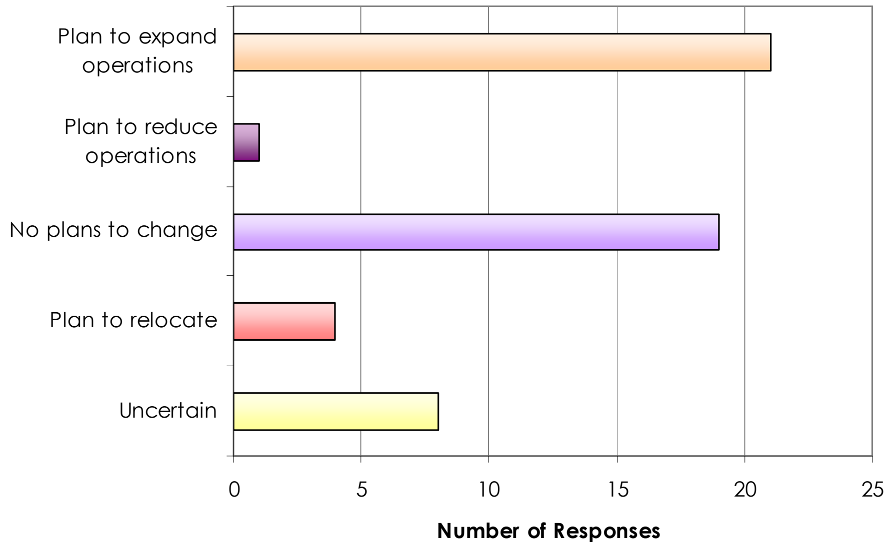
5. How would you characterize your current business activity level (i.e., last 12 months of operation)? (53 respondents)

- Almost half of respondent businesses identified their business activity level as "fairly steady/holding our own" (47%/25 respondents).
- Thirty percent (30%/16 respondents) grew moderately over the last year and 15% (8 respondents) saw a decline in business activity.



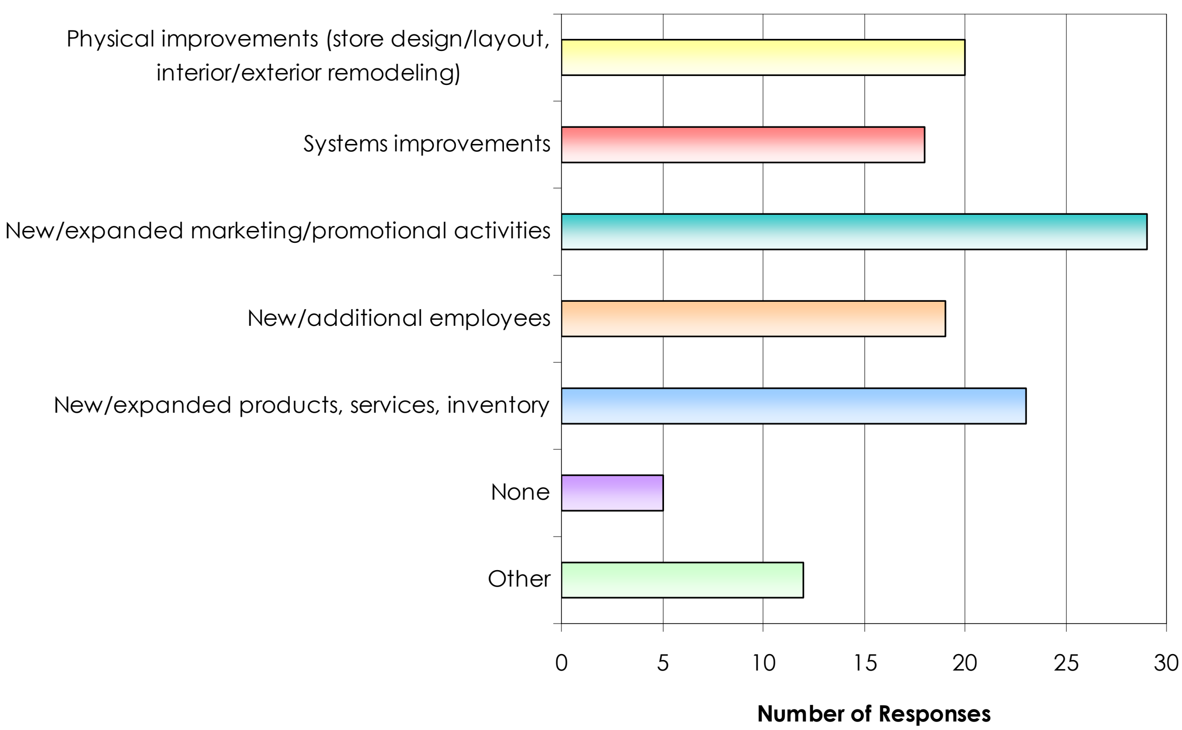
6. Which description below best characterizes your plans to expand or reduce your operations in the next one to two years? (53 respondents)

- The largest share of respondents plan to expand operations over the next one to two years (40%/21 respondents).
- Thirty-six percent (36%/19 respondents) have no plans for expansion or reduction and 15% (8) are uncertain about future plans.
- Four respondents (8%) have plans to relocate their businesses.



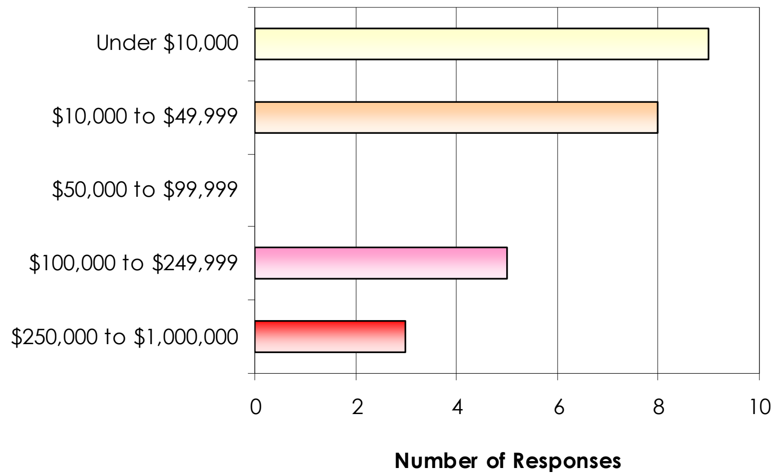
7. **Please check any type of investment or improvement you have made in your business in the last two years. (52 respondents)**

- Over half of respondent businesses (56%/29 respondents) have expanded marketing/promotional activities in the last two years.
- Other popular investments/improvements made in the last two years include: new/expanded products, services or inventory (44%), physical improvements (39%), new/additional employees (37%) and systems improvements (35%).



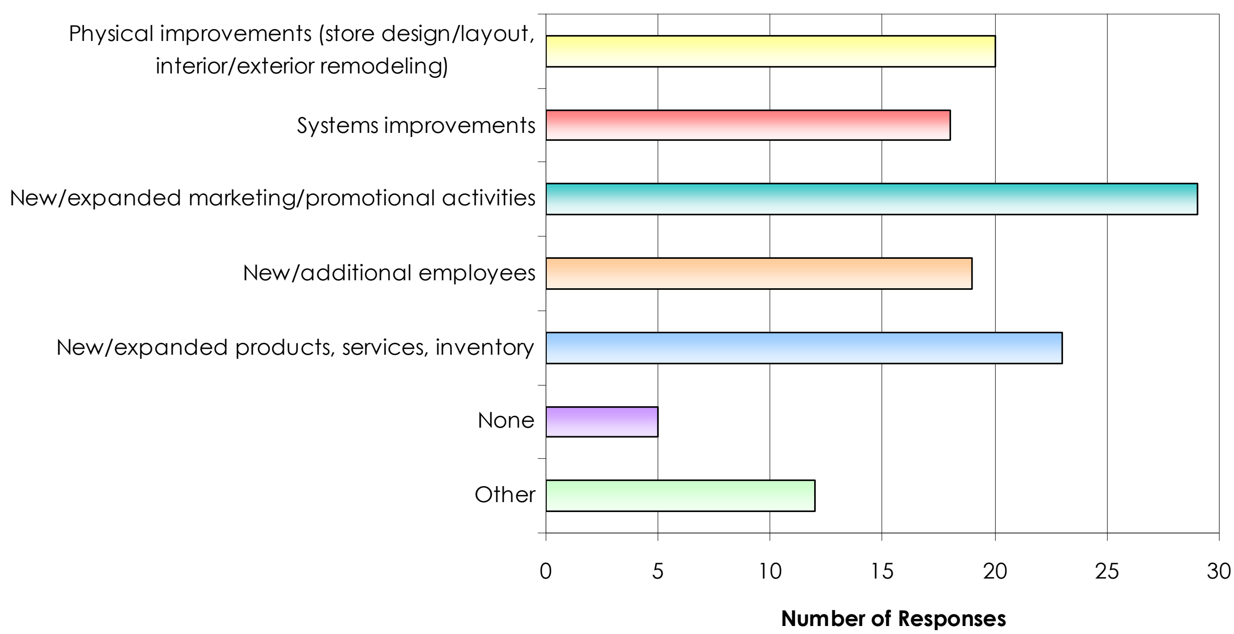
8. **Please provide the total estimated dollar value for the investments/improvements checked in Question 7. (25 respondents)**

- Of the 25 respondents, 9 made improvements valued under $10,000 and 8 made improvements valued from $10,000 to $49,999.
- Five respondents made improvements valued from $100,000 to $249,999 and 3 made improvements valued from $250,000 to $1,000,000.



9. **Please check any type of investment or improvement you plan on making in the next one to two years. (51 respondents)**

- Over half of respondents (51%/26 businesses) plan to expand marketing and promotional activities.
- Fifteen respondents (29%) plan to expand products, services or inventory and 29% plan to add employees.
- Twenty-eight percent (28%) plan systems improvements and physical improvements.

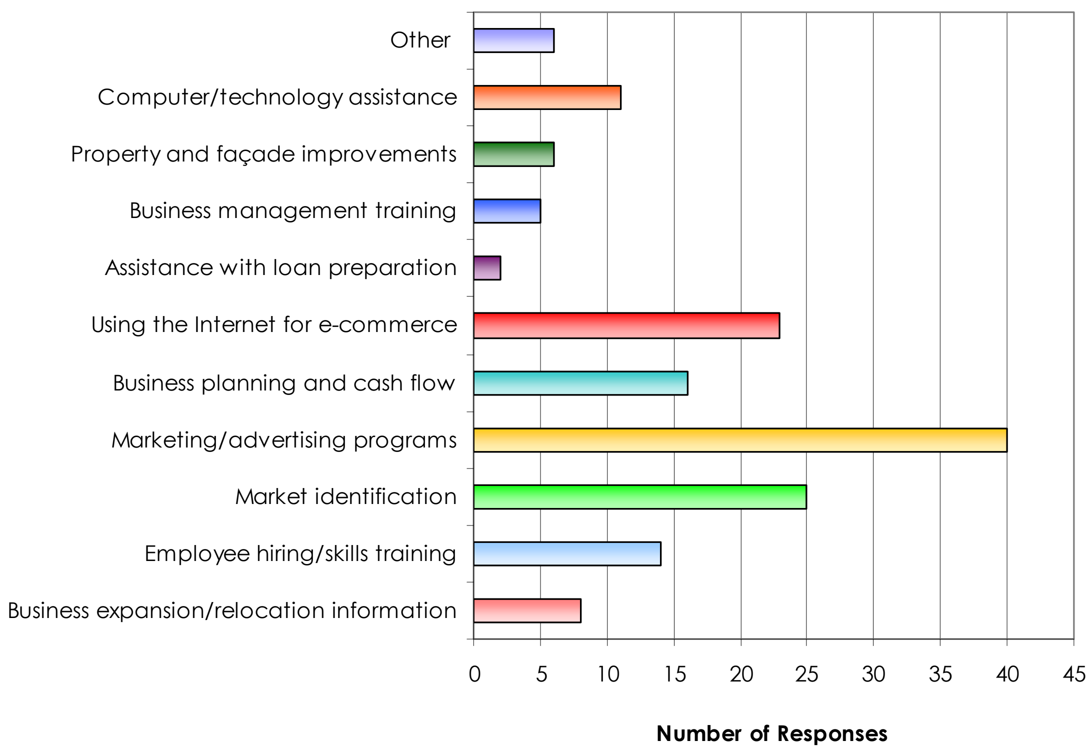


10. **What are the top issues or obstacles facing your business today? (List up to 3.) (46 respondents)**

- The top issue facing businesses is the weakening economy and high gas prices, listed by 23 of the 46 respondents.
- Other obstacles listed were difficulty reaching target markets and high advertising costs (10 respondents), high rents or land costs (7 respondents) and difficulty finding employees (4 respondents).

11. **To keep your business healthy and competitive, which of the following types of information or assistance are important to your company's growth? (Please check all that apply.) (50 respondents)**

- The most popular response was information/assistance with marketing/advertising programs, identified by 80% of respondents (40).
- Other popular responses included market identification (50%/25 respondents), using the Internet for e-commerce (46%/23 respondents), business planning and cash flow (32%/16 respondents) and employees hiring/skills training (28%/14 respondents).



12. **Are you interested in participating in a cooperative business marketing effort to attract customers to downtown Sherwood or to encourage residents to shop locally? (51 respondents)**

- Forty-one percent (41%) of respondents are interested in participating in a cooperative marketing effort to attract customers and 59% are not.

13. If you answered yes, please tell us your name and phone number. All names and numbers provided will be separate from other survey responses. (21 responses)

- Jennifer Bridges
- Bruce Maplethorpe
- Darci Vandenhoek
- Serena Orwick
- Robert Brown
- Patty Howe
- Michelle Fach
- Nancy Jo Meyers
- Deb McNab
- Tonie Tollen
- Rod Siefken
- Dave Gilmore
- Dave Howard
- Lisa Middleton
- YMCA
- Chapman Smiles Orthodontics
- Sherwood Tax and Auditing
- Billie Baker
- Holli Robinson
- Patrick Lucas

Section 2: The Future of Downtown Sherwood & Business in Sherwood

14. What identity or image would you like to see downtown Sherwood develop for itself as a unique shopping district attractive to residents and visitors alike? (33 responses)

- "A classy, cool small town"
- "Fun atmosphere –restaurants and shopping available to walkers and bikers"
- "Keep the small town charm of Old Town but bring in modern conveniences"
- "Better variety of shops, goods and services"
- "A place for families to spend an afternoon – take a music lesson, get an ice cream cone, paint pottery, visit the library. Take advantage of the park space near the museum for weekly summer functions. We need an increase in 'fun' specialty shops. If we could get more retail businesses and fewer offices, more people would come to town and spend some time."

15. What types of businesses would you like to see downtown Sherwood attract or grow to improve its business mix? (36 respondents)

- Top responses included a wine bar/microbrewery, quality but reasonably-priced restaurants and specialty retailers (each selected by 8 respondents).
- Respondents emphasized the importance of keeping businesses independent and locally owned and limiting the number of antique stores in downtown.
- Other suggestions included an office supply store (3), professional offices (5), apparel (4), a theater/cultural center (3) and a music/bookstore (3).

16. Are there products or services that your business currently purchases out of town that you would purchase in town if they were available? (40 respondents)

- Half of the respondents (20 businesses) reported that there are products or services they would purchase in town if they were available and half (20 businesses) reported that there are not.

17. If you answered yes, please name them and explain your responses. (20 responses)

- The top response was office supplies and services (i.e., copying, packing, shipping) (13 respondents).
- Other responses included restaurants (4), gourmet food (4), apparel (3), photo printing, film developing and camera supplies (1), furniture (1) and craft supplies (1).

18. In your opinion, what could local businesses do to attract more local residents who are currently shopping in other areas? (33 responses)

- Improving marketing/promotions to target consumer markets was the tactic most frequently listed by respondents to attract more local resident shoppers (9 respondents). Respondents suggested cooperative marketing tactics (8) and community/cultural events (5) as strategies for reaching local residents and informing them of downtown's offerings.
- Respondents also identified the need to provide a wider variety of retailers and restaurants which are both high quality and affordable (10).
- Other suggestions included parking improvements (4), façade/physical improvements (3) and longer business hours (3).

19. What could local businesses do to attract more visitors and other shoppers who live out of the area? (33 responses)

- Responses most frequently centered around improved advertising and promotion of the downtown (13). Respondents emphasized the need to identify what is unique about Sherwood and then to develop a marketing plan to get the word out to nearby communities. Regular and special events were suggested, including cultural activities and an indoor Saturday market.
- Other responses included improved design for buildings façades (3 respondents) and improved signage and navigation downtown (2).

20. Please provide us with the following information. Names, numbers and email addresses will be separate from other survey responses, which will be used only in the aggregate. (36 respondents)

- Sherwood Orchards
- Ac'cent Signs, LLC
- Bridges Financial and Realty Group
- Strategic Financial Solutions
- Pacific Family Dental
- Keller Williams Realty
- Farmers Insurance Group
- Tualatin Auto Body
- Kazuri Images/Kazuri Studios
- Natalie Gunn Vocal Studio
- Oregon Community Credit Union
- Superior Community Management, Inc.
- Ken Flynn Painting, Inc.
- Artisan Gift Baskets, LLC
- Al's Garden Centers
- Synergy Artistic Salon
- Del Clark
- Best Western Northwind Inn & Suites
- Steel Tek Industries, Inc.
- Amazing Maids & Cleaning Services
- Sherwood Saturday Market
- Neighborhood Blinds and More
- Old Town Arts & More
- Ladd Hill Orchards
- Amazing Cleaning Services
- NW Lending Solutions
- You're First
- Middleton Massage Therapy, LLC
- Chef Bernie Catering
- Allegro Accounting, Inc.
- Accounting Made Easy
- Sherwood Tax and Accounting
- RE/MAX Equity Group, Inc.
- Les Schwab Tire Center
- Sherwood Chamber of Commerce
- Lucas Properties, LLC

Please share any other comments below.

- "Please keep Sherwood's small town feel even though we are growing so large – it is one of our greatest assets."

- "I love Old Town and nothing would make me happier than to see it bustling with people every weekend. We have this 'crown jewel' in the middle of our town that has more potential than any other urban downtown streetscape, with so many different directions that we can go! Let's make it happen!"

- "As Sherwood and especially Old Town get promoted in the future, they City needs to…bring assets to town that create activity. We need to re-brand Sherwood as a destination of activities that offer something for everyone. Get the visitors from out of town who come to spend dollars in Sherwood."