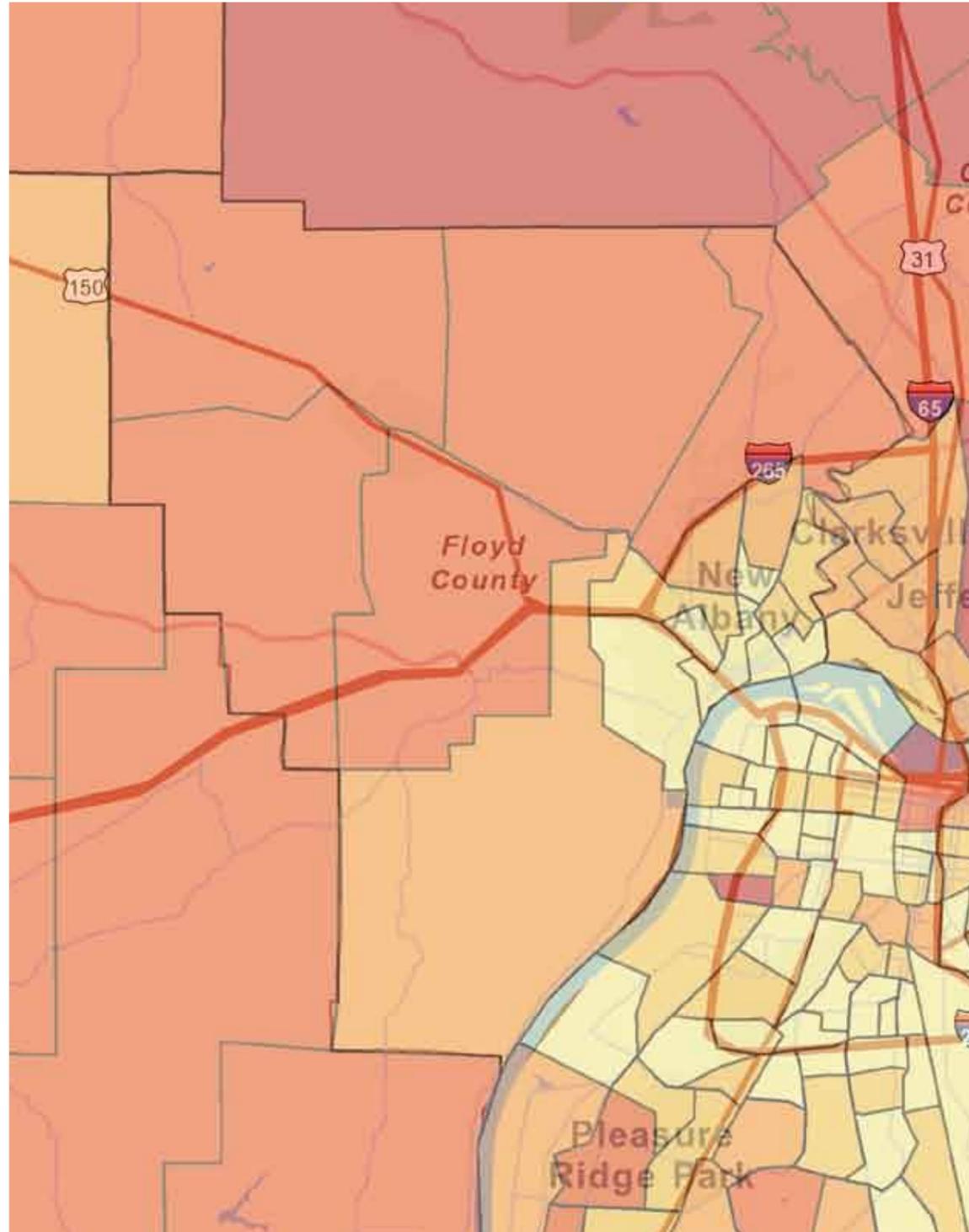


## SECTION TWO MARKET ANALYSIS



### OBJECTIVES

Describe the context of the Edwardsville Gateway relative to market opportunities and regional competitive context.

- General Market Characteristics - Demographic Changes Over Time
- Visitor / Tourism Impacts
- Retail Analysis - Opportunities for Expansion
- Business Analysis - Regional Marketplace and Niche Opportunities Analysis

### KEY OBSERVATIONS

- The population in the area around Edwardsville has grown in the past 20 years and is anticipated to continue to do so.
- Interstate 64 is a primary thoroughfare into New Albany, IN and Louisville, KY. Highway travellers and commuters are an important source of customer traffic for Edwardsville businesses. Future development along the interchange will likely continue to follow this market.
- Residential growth out from the Louisville metropolitan area will continue to influence development patterns in the area.
- Local and other nearby residents - particularly those passing by to access I-65 are the primary market targets for the area retail businesses.
- Regional visitors and other tourists also offer an important source of customer traffic for local merchants.
- Retail Analysis - Opportunities for Expansion to target local residence such as a high quality grocery store or bank.

# MARKET ANALYSIS | MARKET INFLUENCES AND CHARACTERISTICS

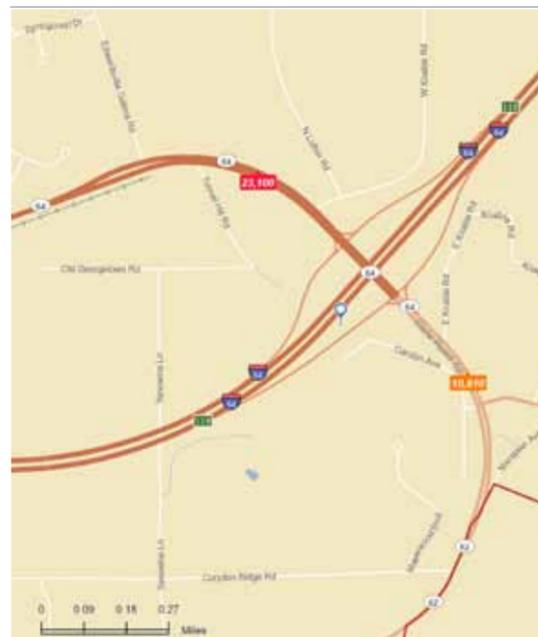
Edwardsville has been impacted drastically by transportation throughout its history. The construction of Interstate 64 effectively bisected the community. Development has centered on the interchange and the traffic exposure that it brings.

Interstate 64 represents a primary entry into New Albany and Louisville. Edwardsville's close proximity to these two entities brings opportunities for growth. The SR 64/State Route 62 has been recognized as potential commercial gateway. Over 30,000 cars pass the intersection daily, potentially impacting highway service businesses such as restaurants and service stations.

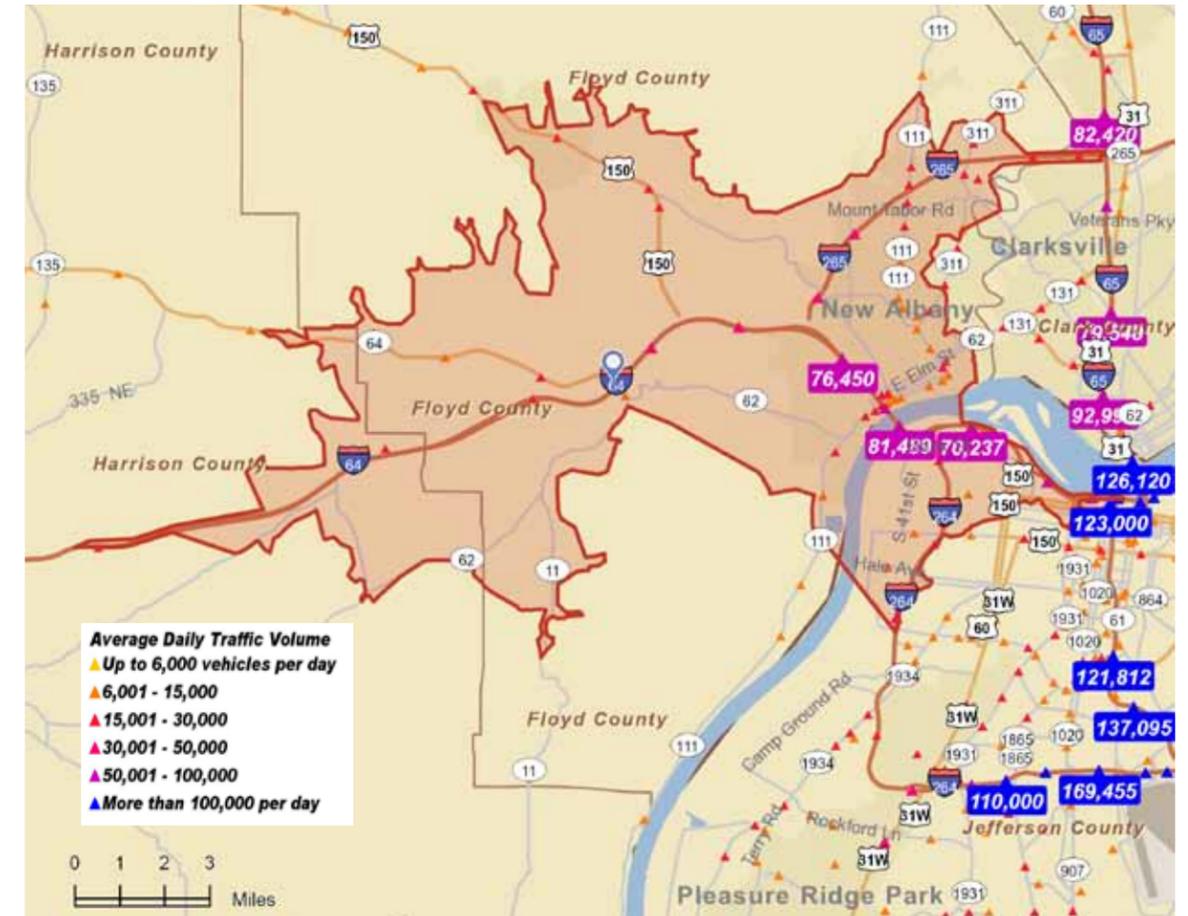
With its close proximity and short drive times to the Louisville Jefferson Metropolitan Area there is also a potential for capturing local income by providing area residents with high quality development such as grocery stores, banks or other service businesses.



INDOT Map of I-69 Planned Route



State Route 62 traffic, north and south of interchange.



Regional Traffic Map - 5-Minute Drive Radius



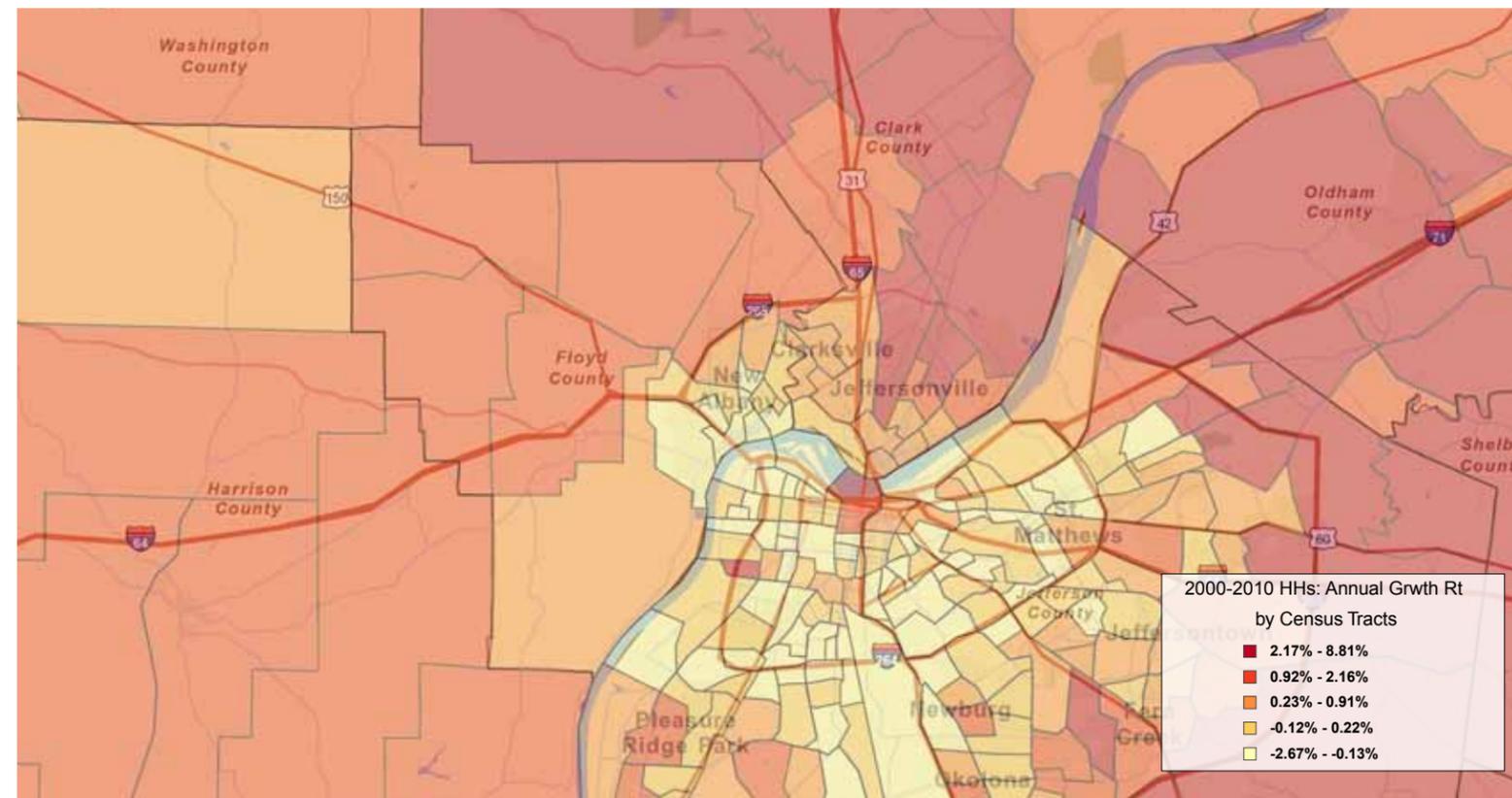
## MARKET ANALYSIS | DEMOGRAPHICS

The Edwardsville gateway area has experienced population growth since 1990 and is anticipated to continue to expand with residential growth out of the Louisville metropolitan area.

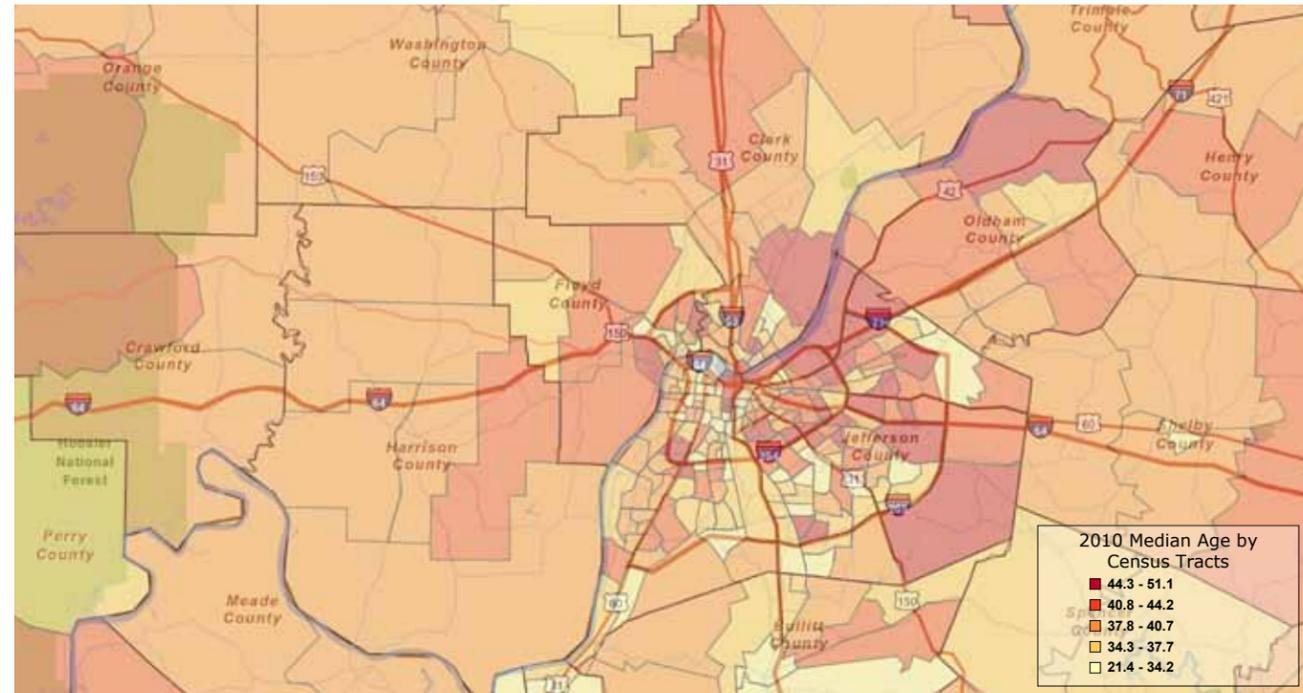
|                 | Floyd County, IN |            | 10-Minute Drive |            | Louisville Jefferson MSA |            |
|-----------------|------------------|------------|-----------------|------------|--------------------------|------------|
|                 | Population       | Households | Population      | Households | Population               | Households |
| 1990 Census     | 64,404           | 24,085     | 86,799          | 31,954     | 1,055,973                | 404,573    |
| 2000 Census     | 70,823           | 27,511     | 86,331          | 33,233     | 1,161,975                | 462,241    |
| 2010 Census     | 73,031           | 28,672     | 82,478          | 32,598     | 1,235,476                | 494,752    |
| 2015 Projection | 77,010           | 30,494     | 87,538          | 34,519     | 1,323,841                | 536,904    |
| <b>Change</b>   |                  |            |                 |            |                          |            |
| 1990-2000       | 10.0%            | 14.2%      | -0.5%           | 4.0%       | 10.0%                    | 14.3%      |
| 2000-2010       | 3.1%             | 4.2%       | -4.5%           | -1.9%      | 6.3%                     | 7.0%       |
| 2010-2015       | 5.4%             | 6.4%       | 6.1%            | 5.9%       | 7.2%                     | 8.5%       |

Source: US Census Bureau, ESRI Projection

Regionally, Louisville has experienced its greatest population growth in the areas outside the Interstate 265 beltway. The north western section of Floyd County - including the Edwardsville area - is a region of such growth.



# MARKET ANALYSIS | DEMOGRAPHICS

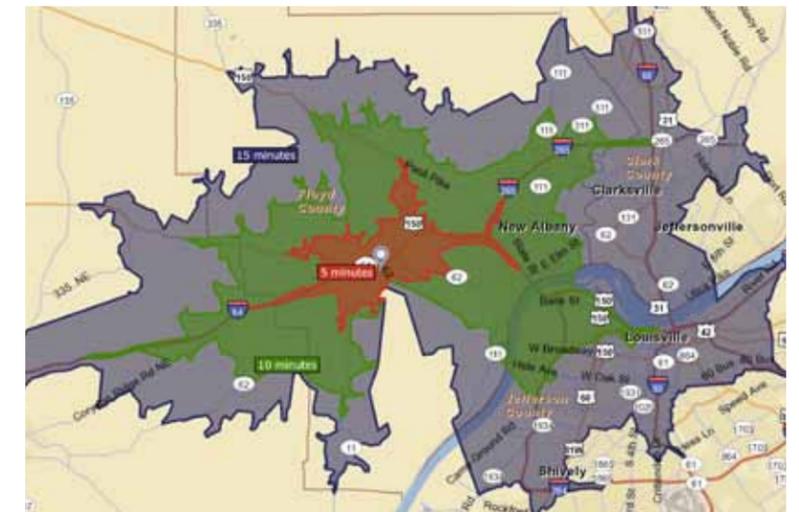


The median age found in the Edwardsville area is similar to the surrounding suburbs. The median age of the Louisville Metropolitan Statistical Area (MSA)<sup>1</sup> is 38.6 years. Locally, within 5-minutes of the Edwardsville interchange, the median age is slightly older - 41.9 years. Floyd County overall has a median age of 39.1 years.

<sup>1</sup>The Louisville MSA includes Indiana Counties Clark, Floyd, Harrison, Scott and Washington as well as Kentucky Counties Bullitt, Henry, Jefferson, Meade, Nelson, Oldham, Shelby, Spencer and Trimble.

| <b>Population by Age - 2010 Estimates</b> |              |                |                 |                 |                |
|---|--------------|----------------|-----------------|-----------------|----------------|
|   | Floyd County | 5-Minute Drive | 10-Minute Drive | 15-Minute Drive | Louisville MSA |
| Median Age                                | 39.1         | 41.9           | 38.0            | 37.6            | 38.6           |
| <b>2010 Population by Age</b>             |              |                |                 |                 |                |
| Total                                     | 74,746       | 4,134          | 86,546          | 259,517         | 1,273,611      |
| Age 0 - 4                                 | 7%           | 5%             | 7%              | 7%              | 7%             |
| Age 5 - 9                                 | 6%           | 6%             | 7%              | 7%              | 7%             |
| Age 10 - 14                               | 6%           | 7%             | 7%              | 6%              | 7%             |
| Age 15 - 19                               | 7%           | 8%             | 7%              | 7%              | 7%             |
| Age 20 - 24                               | 6%           | 5%             | 6%              | 7%              | 6%             |
| Age 25 - 34                               | 13%          | 10%            | 12%             | 13%             | 13%            |
| Age 35 - 44                               | 13%          | 13%            | 13%             | 13%             | 14%            |
| Age 45 - 54                               | 16%          | 20%            | 16%             | 15%             | 16%            |
| Age 55 - 64                               | 13%          | 15%            | 12%             | 12%             | 13%            |
| Age 65 - 74                               | 7%           | 7%             | 7%              | 7%              | 7%             |
| Age 75 - 84                               | 4%           | 3%             | 4%              | 5%              | 4%             |

Source: U.S. Census 2000, ESRI Current Year Estimates and 5-year Projections.



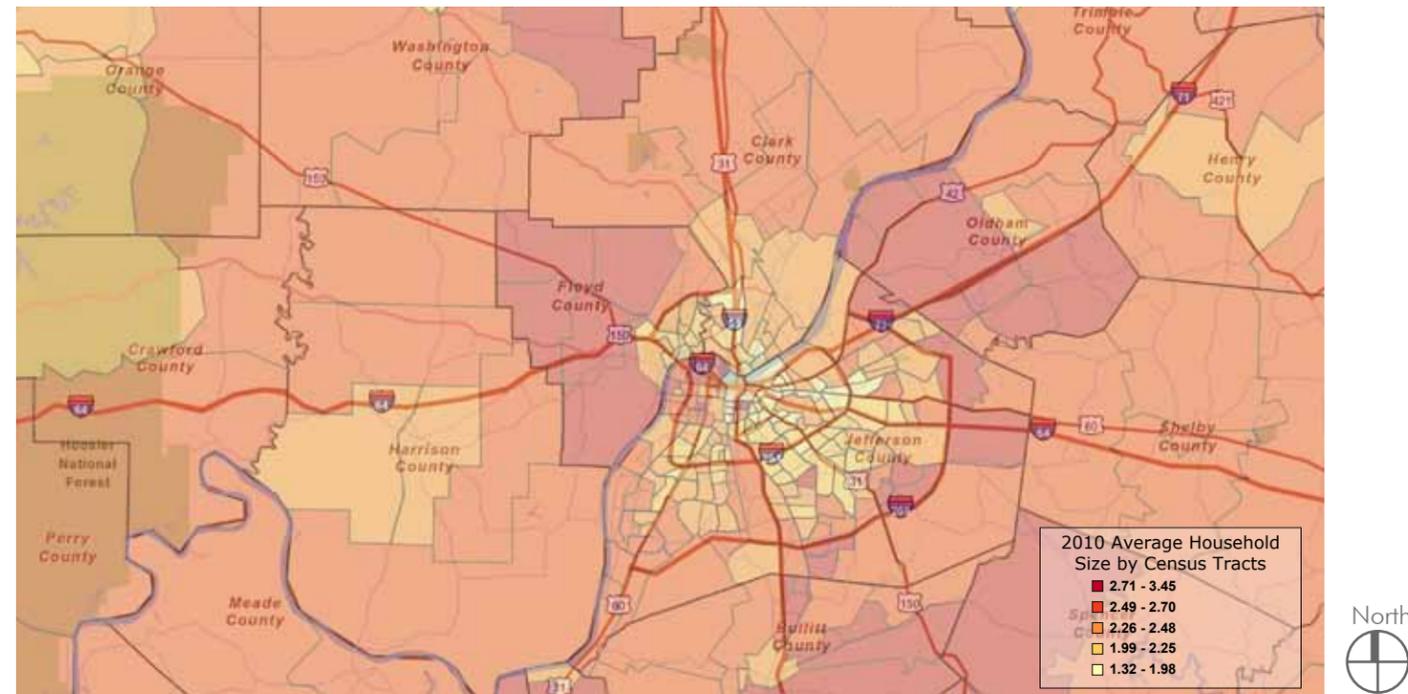
Drive time market capture area around the Edwardsville Interchange on Interstate 64. Approximate areas within 5, 10 and 15-minutes.

## MARKET ANALYSIS | DEMOGRAPHICS

Household sizes in the area reflect those of surrounding suburbs.

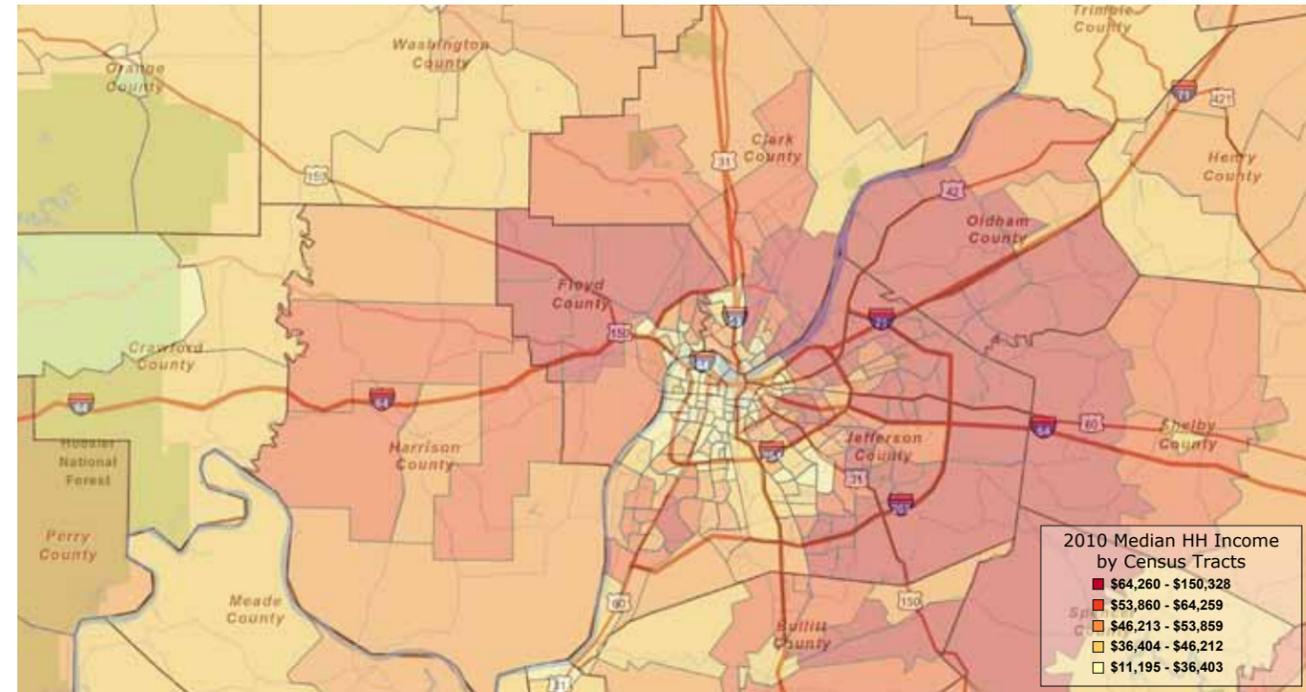
Locally (within 5-minutes of Edwardsville), over four in five households (84%) are classified as families. Over 40% of all households contain children.

In Floyd County, one in four households are singles living alone.



| <b>Households by Type</b>        |              |                |                 |                 |                |
|----------------------------------|--------------|----------------|-----------------|-----------------|----------------|
|                                  | Floyd County | 5-Minute Drive | 10-Minute Drive | 15-Minute Drive | Louisville MSA |
| Family Households                | 72%          | 84%            | 69%             | 59%             | 68%            |
| Married-couple Family            | 55%          | 74%            | 43%             | 36%             | 51%            |
| With Related Children            | 26%          | 36%            | 20%             | 16%             | 23%            |
| Other Family (No Spouse)         | 16%          | 11%            | 26%             | 24%             | 17%            |
| With Related Children            | 11%          | 7%             | 18%             | 16%             | 11%            |
| Nonfamily Households             | 28%          | 16%            | 31%             | 41%             | 32%            |
| Householder Living Alone         | 24%          | 13%            | 26%             | 34%             | 27%            |
| Householder Not Living Alone     | 5%           | 3%             | 5%              | 6%              | 5%             |
| Households with Related Children | 37%          | 43%            | 38%             | 32%             | 35%            |
| Households with Persons 65+      | 22%          | 16%            | 24%             | 23%             | 22%            |

Source: U.S. Census 2000, ESRI Current Year Estimates and 5-year Projections.



Like surrounding areas of the Louisville metropolitan area, the Edwardsville area has relatively high median household income.

Households within 5-minutes drive of the Edwardsville interchange have a median household income that is 50% higher than the surrounding MSA.

| <b>Median Household Income - 2010 Estimates</b> |              |                |                 |                 |                |
|---|--------------|----------------|-----------------|-----------------|----------------|
|   | Floyd County | 5-Minute Drive | 10-Minute Drive | 15-Minute Drive | Louisville MSA |
| Household Income Base                           | 29,478       | 1,497          | 33,946          | 110,304         | 514,378        |
| < \$15,000                                      | 10%          | 4%             | 18%             | 20%             | 11%            |
| \$15,000 - \$24,999                             | 9%           | 5%             | 12%             | 12%             | 9%             |
| \$25,000 - \$34,999                             | 9%           | 5%             | 11%             | 12%             | 11%            |
| \$35,000 - \$49,999                             | 17%          | 14%            | 15%             | 15%             | 15%            |
| \$50,000 - \$74,999                             | 22%          | 24%            | 20%             | 19%             | 22%            |
| \$75,000 - \$99,999                             | 17%          | 21%            | 13%             | 12%             | 15%            |
| \$100,000 - \$149,999                           | 12%          | 19%            | 8%              | 7%              | 12%            |
| \$150,000 - \$199,999                           | 3%           | 4%             | 2%              | 1%              | 2%             |
| \$200,000 +                                     | 2%           | 4%             | 2%              | 2%              | 3%             |
| Average Household Income                        | 67,470       | 83,886         | 53,942          | 51,757          | 66,505         |
| <b>Median Household Income</b>                  |              |                |                 |                 |                |
| 2000 Census                                     | 44,080       | 62,110         | 32,593          | 30,297          | 40,850         |
| 2010 Estimate                                   | 56,471       | 73,087         | 43,227          | 40,417          | 53,666         |
| Growth 2000-2010                                | 28%          | 18%            | 33%             | 33%             | 31%            |
| 2015 Projection                                 | 64,245       | 82,262         | 51,236          | 46,501          | 60,476         |
| Growth 2010-2015                                | 14%          | 13%            | 19%             | 15%             | 13%            |

Source: U.S. Census 2000, ESRI Current Year Estimates and 5-year Projections.

Residents in the nearby area almost exclusively own their homes - there are fewer than one-in-ten renters and very low vacancy relative to surrounding areas.

The local median home value of \$157,009 is higher than Floyd County and the Louisville MSA.

| <b>U.S. Census Housing Statistics</b>  |              |                |                 |                 |                |
|--|--------------|----------------|-----------------|-----------------|----------------|
|  | Floyd County | 5-Minute Drive | 10-Minute Drive | 15-Minute Drive | Louisville MSA |
| <b>2010 Housing Units</b>              | 32,380       | 1,583          | 38,815          | 125,657         | 563,553        |
| Owner Occupied Housing Units           | 66%          | 85%            | 55%             | 48%             | 63%            |
| Renter Occupied Housing Units          | 25%          | 9%             | 32%             | 40%             | 28%            |
| Vacant Housing Units                   | 9%           | 6%             | 13%             | 12%             | 9%             |
| <b>Median Home Value</b>               |              |                |                 |                 |                |
| 2000                                   | 104,368      | 138,252        | 78,887          | 80,436          | 98,875         |
| 2010                                   | 124,388      | 157,009        | 96,240          | 99,430          | 129,685        |
| 2015                                   | 137,433      | 168,304        | 108,576         | 113,206         | 149,363        |
| Growth 2000-2010                       | 32%          | 22%            | 38%             | 41%             | 51%            |
| <b>Occupied Housing Units by Value</b> |              |                |                 |                 |                |
| Total                                  | 19,949       | 1,155          | 21,245          | 58,640          | 321,347        |
| < \$50,000                             | 8%           | 4%             | 21%             | 20%             | 11%            |
| \$50,000 - \$99,999                    | 40%          | 23%            | 47%             | 49%             | 40%            |
| \$100,000 - \$149,999                  | 28%          | 32%            | 19%             | 18%             | 25%            |
| \$150,000 - \$199,999                  | 15%          | 23%            | 8%              | 7%              | 12%            |
| \$200,000 - \$299,999                  | 8%           | 16%            | 4%              | 4%              | 8%             |
| \$300,000 - \$499,999                  | 2%           | 2%             | 1%              | 1%              | 3%             |
| \$500,000 - \$999,999                  | 0%           | 0%             | 0%              | 0%              | 1%             |
| \$1,000,000+                           | 0%           | 0%             | 0%              | 0%              | 0%             |
| Average Home Value                     | 124,711      | 146,510        | 95,076          | 95,832          | 125,753        |
| <b>Rent Rates</b>                      |              |                |                 |                 |                |
| Median Rent                            | \$425        | \$453          | \$372           | \$377           | \$417          |
| Average Rent                           | \$406        | \$487          | \$358           | \$373           | \$428          |

Source: U.S. Census 2000, ESRI Current Year Estimates and 5-year Projections.

The local population has a higher propensity for higher education. Approximately two-thirds of the population within 5-minutes of the study area has at least some college.

| <b>Educational Attainment - 2010 Estimates</b> |              |                |                 |                 |                |
|--|--------------|----------------|-----------------|-----------------|----------------|
|  | Floyd County | 5-Minute Drive | 10-Minute Drive | 15-Minute Drive | Louisville MSA |
| Total  | 51,221       | 2,852          | 57,159          | 173,236         | 862,552        |
| Less than 9th Grade                            | 4%           | 2%             | 6%              | 5%              | 4%             |
| 9th - 12th Grade, No Diploma                   | 9%           | 5%             | 14%             | 13%             | 9%             |
| High School Graduate                           | 32%          | 30%            | 34%             | 33%             | 33%            |
| Some College, No Degree                        | 23%          | 24%            | 22%             | 22%             | 22%            |
| Associate Degree                               | 9%           | 10%            | 8%              | 7%              | 8%             |
| Bachelor's Degree                              | 16%          | 19%            | 11%             | 12%             | 15%            |
| Graduate/Professional Degree                   | 8%           | 11%            | 6%              | 7%              | 9%             |
| High School or Less                            | 44%          | 36%            | 54%             | 51%             | 46%            |
| More than High School                          | 56%          | 64%            | 47%             | 49%             | 54%            |

Source: U.S. Census 2000, ESRI Current Year Estimates and 5-year Projections.

The local population is less ethnically diverse - nearly all persons report race and ethnicity of "White Alone" within 5-minutes of Edwardsville. Within 10-minutes, one-in-three persons reports some other ethnicity.

| <b>Race and Ethnicity - 2010 Estimates</b> |              |                |                 |                 |                |
|--|--------------|----------------|-----------------|-----------------|----------------|
|  | Floyd County | 5-Minute Drive | 10-Minute Drive | 15-Minute Drive | Louisville MSA |
| Total                                      | 74,746       | 4,138          | 86,551          | 259,517         | 1,273,611      |
| White Alone                                | 91%          | 97%            | 64%             | 62%             | 82%            |
| Black Alone                                | 5%           | 1%             | 33%             | 34%             | 13%            |
| American Indian Alone                      | 0%           | 0%             | 0%              | 0%              | 0%             |
| Asian or Pacific Islander Alone            | 1%           | 1%             | 1%              | 1%              | 1%             |
| Some Other Race Alone                      | 1%           | 1%             | 1%              | 1%              | 1%             |
| Two or More Races                          | 2%           | 1%             | 2%              | 2%              | 2%             |
| Hispanic Origin                            | 2%           | 2%             | 2%              | 3%              | 3%             |

Source: U.S. Census 2000, ESRI Current Year Estimates and 5-year Projections.

# MARKET ANALYSIS | EXISTING DEVELOPMENT SUMMARY

The current commercial businesses within a mile of the Interstate 64 and State Route 62 in Edwardsville is diverse and represents a broad range in sector and number of individuals employed.

Major employers include McDonalds, Clayton Homes, various government entities, Floyd Central Thriftway and Roberts Heating and Cooling (indicated in the following chart).

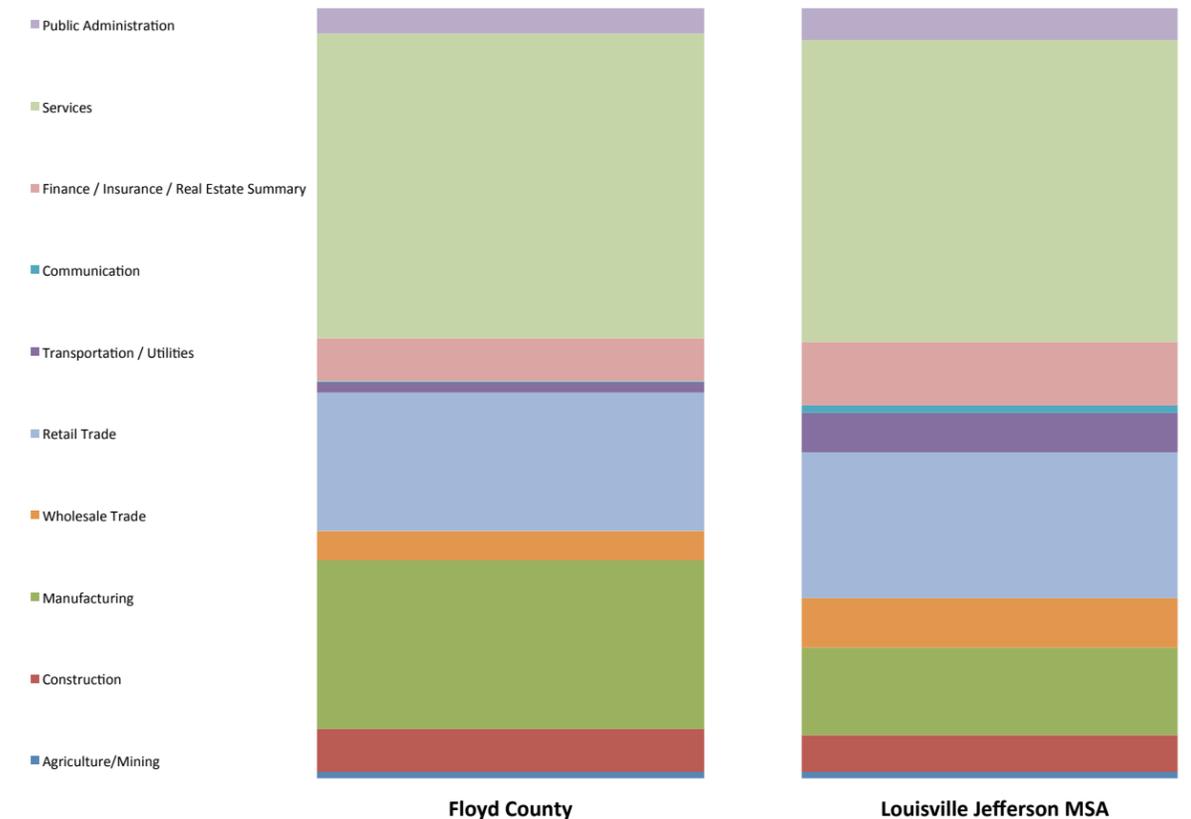
| Business Name                    | Address                                       | Use Type                         | Employees  | Sales (\$000)   |
|----------------------------------|---|----------------------------------|------------|-----------------|
| Rush & Co. Aerial Advertising    | 1524 Lakeland Dr. Georgetown, IN 47122        | Advertising                      | 1          | \$296           |
| Highland Auto Svc. Inc           | 5073 State Rd. 62 Georgetown, IN 47122        | Auto Service                     | 4          | \$460           |
| Jecker's Body Shop               | 6109 State Rd. 62 Georgetown, IN 47122        | Auto Service                     | 2          | \$226           |
| Wallace Race Car Lettering       | 5484 W Willis Rd. Georgetown, IN 47122        | Auto Service                     | 1          | \$173           |
| B & D Auto Sales                 | 522 Maplewood Blvd. Georgetown, IN 47122      | Car Sales                        | 2          | \$1,342         |
| Shepard Of the Hills Church      | 5231 State Rd. 62 Georgetown, IN 47122        | Church                           | 10         | \$0             |
| Heartstrings                     | 548 Stoneview Dr. New Albany, IN 47150        | Clothing Design / Sales          | 1          | \$49            |
| Bob Owings Patterns Inc.         | 505 Maplewood Blvd. Georgetown, IN 47122      | Engineering Services             | 12         | \$2,748         |
| Bill Gibson Engineer & Surveyor  | 5421 State Rd. 62 Georgetown, IN 47122        | Engineering Services / Surveying | 1          | \$110           |
| Gregory Martin Conveyor          | 1549 Pirtle Dr. Georgetown, IN 47122          | Engineering Services / Surveying | 3          | \$1,632         |
| First Harrison Bank              | 5100 State Rd. 64 Georgetown, IN 47122        | Financial Services               | 4          | \$0             |
| Harritt Group Inc.               | 4704 CorydonPike New Albany, IN 47150         | Financial Services               | 5          | \$1,095         |
| Roberts Heating Air Conditioning | 535 Maplewood Blvd. Georgetown, IN 47122      | Heating / Cooling Service        | 28         | \$5,600         |
| Womens Healthcare Of Southern IN | 5300 State Rd. 64 # 103 Georgetown, IN 47122  | Healthcare                       | 15         | \$2,985         |
| Clayton's Homes Inc.             | 1151 W. Knable Rd. Georgetown, IN 47122       | Home Manufacturing & Sales       | 45         | \$23,760        |
| T Square Homes                   | 1006 Canyon Rd. New Albany, IN 47150          | Home Manufacturing & Sales       | 2          | \$688           |
| Bronze N Bearings                | 5224 State Rd. 62 Georgetown, IN 47122        | Manufacturing                    | 1          | \$570           |
| Edwardsville Water Corp          | 545 Maplewood Blvd. Georgetown, IN 47122      | Municipal Service                | 11         | \$2,838         |
| Floyd County Road Dept           | 6412 Old Georgetown Rd. Georgetown, IN 47122  | Municipal Service                | 33         | \$9,933         |
| Georgetown Twp Fire Dept         | 5610 Corydon Ridge Rd. Georgetown, IN 47122   | Municipal Service                | 30         | \$0             |
| D R Jones Plumbing Co.           | 4946 W Willis Rd. Georgetown, IN 47122        | Plumbing Service                 | 4          | \$752           |
| Indiana Land Co.                 | 1046 W Knable Rd. Georgetown, IN 47122        | Real Estate Office               | 5          | \$670           |
| Korner Kitchen & Pub             | 1027 N. Luther Rd. Georgetown, IN 47122       | Restaurant                       | 12         | \$480           |
| Mc Donalds                       | 1051 N. Luther Rd. Georgetown, IN 47122       | Restaurant / Fast Food           | 51         | \$2,040         |
| A Pizza King                     | 1027 N. Luther Rd. Georgetown, IN 47122       | Resturant / Food Service         | 10         | \$560           |
| Mister Hardware Store            | 1035 N. Luther Rd. Georgetown, IN 47122       | Retail                           | 6          | \$1,062         |
| Quilting Bee Quilt Shop          | 4904 Old Georgetown Rd. Georgetown, IN 47122  | Retail                           | 4          | \$596           |
| Drug Store                       | 1044 N LutherR Rd. Georgetown, IN 47122       | Retail / Pharmacy                | 8          | \$1,464         |
| Floyd Memorial Family Medicine   | 5300 State Rd. 64 # 101. Georgetown, IN 47122 | Retail / Pharmacy                | 5          | \$995           |
| Collins Classic Creations        | 1031 N Luther Rd. Georgetown, IN 47122        | Salon                            | 2          | \$110           |
| Nudu's                           | 1041 N. Luther Rd. Georgetown, IN 47122       | Salon                            | 1          | \$58            |
| Indiana Fire Instructors         | 1048 N. Luther Rd. Georgetown, IN 47122       | School / Instruction             | 2          | \$0             |
| Shepard Of the Hills Preschool   | 5231 State Rd. 62 Georgetown, IN 47122        | School / Instruction             | 6          | \$252           |
| Gas & Stuff                      | 1046 N. Luther Rd. Georgetown, IN 47122       | Service Station                  | 13         | \$6,032         |
| Jeff Smith Marathon              | 917 E. Knable Rd. Georgetown, IN 47122        | Service Station                  | 11         | \$5,104         |
| B & D Storage                    | 522 Maplewood Blvd. Georgetown, IN 47122      | Storage                          | 2          | \$412           |
| Circle K                         | 1038 W Knable Rd. Georgetown, IN 47122        | Supermarket                      | 6          | \$1,344         |
| Floyd Central Thriftway          | 1042 N. Luther Rd. Georgetown, IN 47122       | Supermarket                      | 40         | \$9,880         |
| Edwardsville Animal Clinic       | 1254 W Knable Rd. Georgetown, IN 47122        | Veterinarian                     | 5          | \$530           |
| <b>Totals</b>                    |   |                                  | <b>404</b> | <b>\$86,846</b> |

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An analysis of Employment by Industry for Floyd County and the Louisville Jefferson Metro Area is presented below.

The employment base is predominately service oriented providing more than a third of the jobs in the region. The retail and manufacturing industry are also highly represented in the employment base. Floyd County has a strong manufacturing employment base and relatively fewer jobs in transportation / utilities compared to the larger MSA.

Employment By Industry



## MARKET ANALYSIS | EXISTING DEVELOPMENT SUMMARY

A more specific analysis of the Employment by Industry for Edwardsville is presented below.

The high number of employees working in and around the study area are a source for potential development.

Within 10-minutes of the Interstate 64 / State Route 62 there are over 35,000 employees working at nearly 2,750 businesses. These individuals add to the over 613,000 residential population to create demand for transportation, retail goods and services.

| Daytime Population Summary  | Floyd County, IN |             |               |             | 10-Minute Drive Time |             |               |             | Louisville Jefferson MSA |             |                |             |
|---|------------------|-------------|---------------|-------------|----------------------|-------------|---------------|-------------|--------------------------|-------------|----------------|-------------|
| Total Businesses:   | 2,416            |             |               |             | 2,730                |             |               |             | 44,947                   |             |                |             |
| Total Employees:  | 30,333           |             |               |             | 35,263               |             |               |             | 613,596                  |             |                |             |
|   | BUSINESSES       |             | EMPLOYEES     |             | BUSINESSES           |             | EMPLOYEES     |             | BUSINESSES               |             | EMPLOYEES      |             |
|   | Number           | Percent     | Number        | Percent     | Number               | Percent     | Number        | Percent     | Number                   | Percent     | Number         | Percent     |
| Agriculture, Forestry, Fishing and Hunting  | 9                | 0%          | 28            | 0%          | 7                    | 0%          | 13            | 0%          | 362                      | 1%          | 1,132          | 0%          |
| Mining  | 1                | 0%          | 0             | 0%          | 2                    | 0%          | 2             | 0%          | 50                       | 0%          | 650            | 0%          |
| Utilities   | 5                | 0%          | 25            | 0%          | 4                    | 0%          | 73            | 0%          | 89                       | 0%          | 3,518          | 1%          |
| Construction  | 231              | 10%         | 1,875         | 6%          | 224                  | 8%          | 2,149         | 6%          | 4,103                    | 9%          | 31,419         | 5%          |
| Manufacturing   | 126              | 5%          | 6,574         | 22%         | 134                  | 5%          | 4,929         | 14%         | 1,692                    | 4%          | 68,102         | 11%         |
| Wholesale Trade   | 85               | 4%          | 1,144         | 4%          | 104                  | 4%          | 2,498         | 7%          | 2,178                    | 5%          | 38,232         | 6%          |
| Retail Trade  | 315              | 13%         | 3,050         | 10%         | 363                  | 13%         | 3,552         | 10%         | 6,358                    | 14%         | 66,739         | 11%         |
| Motor Vehicle and Parts Dealers   | 43               | 2%          | 180           | 1%          | 41                   | 2%          | 165           | 1%          | 825                      | 2%          | 10,386         | 2%          |
| Furniture and Home Furnishings Stores   | 21               | 1%          | 126           | 0%          | 25                   | 1%          | 254           | 1%          | 395                      | 1%          | 2,859          | 1%          |
| Electronics and Appliance Stores  | 16               | 1%          | 34            | 0%          | 17                   | 1%          | 33            | 0%          | 332                      | 1%          | 2,059          | 0%          |
| Building Material and Garden Equipment and Supplies Dealers                             | 33               | 1%          | 372           | 1%          | 36                   | 1%          | 420           | 1%          | 621                      | 1%          | 6,216          | 1%          |
| Food and Beverage Stores  | 57               | 2%          | 809           | 3%          | 78                   | 3%          | 961           | 3%          | 870                      | 2%          | 13,064         | 2%          |
| Health and Personal Care Stores   | 27               | 1%          | 225           | 1%          | 30                   | 1%          | 291           | 1%          | 463                      | 1%          | 5,467          | 1%          |
| Gasoline Stations   | 13               | 1%          | 81            | 0%          | 15                   | 1%          | 86            | 0%          | 308                      | 1%          | 2,352          | 0%          |
| Clothing and Clothing Accessories Stores  | 22               | 1%          | 86            | 0%          | 26                   | 1%          | 86            | 0%          | 679                      | 2%          | 5,929          | 1%          |
| Sporting Goods, Hobby, Book, and Music Stores   | 23               | 1%          | 65            | 0%          | 21                   | 1%          | 65            | 0%          | 439                      | 1%          | 3,145          | 1%          |
| General Merchandise Stores  | 12               | 1%          | 826           | 3%          | 16                   | 1%          | 818           | 2%          | 283                      | 1%          | 8,820          | 1%          |
| Miscellaneous Store Retailers   | 46               | 2%          | 232           | 1%          | 55                   | 2%          | 343           | 1%          | 1,038                    | 2%          | 5,641          | 1%          |
| Nonstore Retailers  | 2                | 0%          | 14            | 0%          | 4                    | 0%          | 29            | 0%          | 105                      | 0%          | 801            | 0%          |
| Transportation and Warehousing  | 46               | 2%          | 327           | 1%          | 61                   | 2%          | 824           | 2%          | 1,003                    | 2%          | 25,586         | 4%          |
| Information   | 31               | 1%          | 211           | 1%          | 36                   | 1%          | 237           | 1%          | 874                      | 2%          | 13,474         | 2%          |
| Finance and Insurance   | 153              | 6%          | 942           | 3%          | 148                  | 5%          | 2,254         | 6%          | 2,594                    | 6%          | 36,850         | 6%          |
| Central Bank; Credit Intermediation and Related Activities                              | 67               | 3%          | 548           | 2%          | 73                   | 3%          | 937           | 3%          | 1,113                    | 3%          | 13,683         | 2%          |
| Securities, Commodity Contracts, and Other Financial Investments and Related Activities | 31               | 1%          | 133           | 0%          | 30                   | 1%          | 173           | 1%          | 428                      | 1%          | 2,993          | 1%          |
| Insurance Carriers and Related Activities; Funds, Trusts, and Other Financial Vehicles  | 55               | 2%          | 261           | 1%          | 45                   | 2%          | 1,143         | 3%          | 1,053                    | 2%          | 20,174         | 3%          |
| Real Estate and Rental and Leasing  | 136              | 6%          | 731           | 2%          | 132                  | 5%          | 740           | 2%          | 2,371                    | 5%          | 13,674         | 2%          |
| Professional, Scientific, and Technical Services  | 200              | 8%          | 1,102         | 4%          | 225                  | 8%          | 1,759         | 5%          | 3,654                    | 8%          | 35,079         | 6%          |
| Legal Services  | 60               | 3%          | 299           | 1%          | 74                   | 3%          | 609           | 2%          | 787                      | 2%          | 7,886          | 1%          |
| Management of Companies and Enterprises   | 1                | 0%          | 75            | 0%          | 1                    | 0%          | 77            | 0%          | 35                       | 0%          | 1,554          | 0%          |
| Administrative and Support and Waste Management and Remediation Services                | 101              | 4%          | 450           | 2%          | 96                   | 4%          | 495           | 1%          | 2,083                    | 5%          | 17,811         | 3%          |
| Educational Services  | 58               | 2%          | 2,713         | 9%          | 69                   | 3%          | 2,823         | 8%          | 1,010                    | 2%          | 38,910         | 6%          |
| Health Care and Social Assistance   | 242              | 10%         | 5,050         | 17%         | 282                  | 10%         | 5,240         | 15%         | 3,662                    | 8%          | 92,291         | 15%         |
| Arts, Entertainment, and Recreation   | 50               | 2%          | 218           | 1%          | 58                   | 2%          | 302           | 1%          | 814                      | 2%          | 12,156         | 2%          |
| Accommodation and Food Services   | 143              | 6%          | 2,391         | 8%          | 160                  | 6%          | 2,545         | 7%          | 2,768                    | 6%          | 53,738         | 9%          |
| Accommodation   | 6                | 0%          | 73            | 0%          | 7                    | 0%          | 195           | 1%          | 266                      | 1%          | 5,982          | 1%          |
| Food Services and Drinking Places   | 137              | 6%          | 2,318         | 8%          | 153                  | 6%          | 2,351         | 7%          | 2,502                    | 6%          | 47,756         | 8%          |
| Other Services (except Public Administration)   | 378              | 16%         | 2,241         | 7%          | 468                  | 17%         | 1,871         | 5%          | 6,460                    | 14%         | 33,910         | 6%          |
| Automotive Repair and Maintenance   | 63               | 3%          | 277           | 1%          | 68                   | 3%          | 267           | 1%          | 1,072                    | 2%          | 5,034          | 1%          |
| Public Administration   | 90               | 4%          | 1,009         | 3%          | 110                  | 4%          | 2,698         | 8%          | 1,577                    | 4%          | 25,705         | 4%          |
| Unclassified Establishments   | 15               | 1%          | 177           | 1%          | 48                   | 2%          | 183           | 1%          | 1,210                    | 3%          | 3,066          | 1%          |
| <b>Totals</b>   | <b>2,416</b>     | <b>100%</b> | <b>30,333</b> | <b>100%</b> | <b>2,732</b>         | <b>100%</b> | <b>35,264</b> | <b>100%</b> | <b>44,947</b>            | <b>100%</b> | <b>613,596</b> | <b>100%</b> |

Source: ESRI forecasts for 2010. Business data provided by Infogroup, Omaha NE Copyright 2010, all rights reserved.

# MARKET ANALYSIS | RETAIL DEMAND

| <b>Retail Supply and Demand Analysis</b>       |                     |                     |                      |                      |                        |                        |
|--|---------------------|---------------------|----------------------|----------------------|------------------------|------------------------|
|  | <b>5-Minutes</b>    |                     | <b>10-minutes</b>    |                      | <b>15-minutes</b>      |                        |
|  | <b>Supply</b>       | <b>Demand</b>       | <b>Supply</b>        | <b>Demand</b>        | <b>Supply</b>          | <b>Demand</b>          |
| Automobile Dealers                             | \$1,054,770         | \$7,850,684         | \$34,345,748         | \$117,377,082        | \$430,726,293          | \$367,101,400          |
| Other Motor Vehicle Dealers                    | \$1,130,410         | \$739,614           | \$3,536,195          | \$9,634,426          | \$48,989,878           | \$29,241,118           |
| Auto Parts, Accessories, and Tire Stores       | \$9,011             | \$769,532           | \$8,095,084          | \$10,984,450         | \$66,715,734           | \$32,785,962           |
| Furniture Stores                               | \$116,756           | \$1,054,935         | \$17,494,250         | \$13,934,254         | \$37,329,193           | \$38,667,935           |
| Home Furnishings Stores                        | \$0                 | \$267,604           | \$13,571,434         | \$4,630,268          | \$36,302,177           | \$17,045,404           |
| Electronics & Appliance Stores                 | \$297,742           | \$960,797           | \$7,473,049          | \$15,841,278         | \$48,710,960           | \$55,622,567           |
| Building Material and Supplies Dealers         | \$334,882           | \$1,527,149         | \$31,097,951         | \$20,257,394         | \$100,273,680          | \$61,684,262           |
| Lawn and Garden Equipment and Supplies Stores  | \$571,489           | \$241,115           | \$2,486,622          | \$3,037,828          | \$18,471,677           | \$9,479,348            |
| Grocery Stores                                 | \$14,907,552        | \$7,367,527         | \$174,455,627        | \$106,491,010        | \$342,335,813          | \$291,996,943          |
| Specialty Food Stores                          | \$0                 | \$77,985            | \$938,178            | \$1,410,672          | \$4,465,513            | \$4,819,426            |
| Beer, Wine, and Liquor Stores                  | \$0                 | \$625,079           | \$12,528,981         | \$9,342,548          | \$38,402,145           | \$27,888,922           |
| Health & Personal Care Stores                  | \$1,889,313         | \$1,622,866         | \$29,484,850         | \$24,741,589         | \$109,663,370          | \$73,959,579           |
| Gasoline Stations                              | \$25,270,299        | \$6,824,616         | \$106,136,598        | \$101,455,206        | \$322,526,167          | \$315,436,099          |
| Clothing Stores                                | \$130,411           | \$404,892           | \$3,439,478          | \$10,212,757         | \$36,160,831           | \$46,829,538           |
| Shoe Stores                                    | \$0                 | \$113,678           | \$1,321,488          | \$2,091,320          | \$5,702,102            | \$7,347,318            |
| Jewelry, Luggage, and Leather Goods Stores     | \$0                 | \$194,405           | \$1,520,167          | \$2,853,375          | \$6,145,137            | \$8,648,377            |
| Sporting Goods/Hobby/Musical Instrument Stores | \$268,759           | \$213,096           | \$1,954,326          | \$3,333,894          | \$22,089,679           | \$13,624,157           |
| Book, Periodical, and Music Stores             | \$0                 | \$205,094           | \$1,811,412          | \$3,338,182          | \$15,160,862           | \$11,331,916           |
| General Merchandise Stores                     | \$2,575,902         | \$7,577,780         | \$130,171,298        | \$110,356,507        | \$454,693,942          | \$351,381,240          |
| Department Stores Excluding Leased Depts.      | \$0                 | \$4,958,977         | \$55,305,672         | \$61,810,612         | \$118,819,401          | \$153,832,769          |
| Other General Merchandise Stores               | \$2,575,902         | \$2,618,803         | \$74,865,626         | \$48,545,895         | \$335,874,541          | \$197,548,471          |
| Florists                                       | \$0                 | \$95,639            | \$1,887,458          | \$1,265,338          | \$4,658,437            | \$3,208,422            |
| Office Supplies, Stationery, and Gift Stores   | \$0                 | \$304,360           | \$2,484,654          | \$4,850,828          | \$11,412,227           | \$16,824,370           |
| Used Merchandise Stores                        | \$130,804           | \$139,481           | \$1,970,007          | \$1,778,464          | \$7,779,860            | \$5,188,752            |
| Other Miscellaneous Store Retailers            | \$34,549            | \$387,888           | \$7,251,696          | \$6,771,838          | \$64,300,237           | \$23,772,570           |
| Full-Service Restaurants                       | \$7,341,264         | \$3,046,392         | \$44,762,129         | \$43,138,240         | \$213,878,202          | \$128,630,524          |
| Limited-Service Eating Places                  | \$3,559,158         | \$3,200,484         | \$47,844,673         | \$49,474,591         | \$246,831,096          | \$165,516,681          |
| Special Food Services                          | \$1,095,760         | \$439,152           | \$15,793,582         | \$6,935,853          | \$64,073,989           | \$19,928,332           |
| Drinking Places - Alcoholic Beverages          | \$85,567            | \$105,140           | \$1,973,975          | \$1,887,832          | \$18,967,013           | \$6,202,717            |
| <b>Totals</b>                                  | <b>\$63,380,300</b> | <b>\$53,934,764</b> | <b>\$836,002,208</b> | <b>\$797,783,531</b> | <b>\$3,231,460,156</b> | <b>\$2,485,545,119</b> |

Source: InfoUSA, ESRI, Survey of Consumer Spending, FSA.

**Key - Highlights of Significant Over- and Under-Supply:**

- Over Supply - Supply significantly exceeds demand.
- Equilibrium - Demand and supply relatively equal.
- Under Supply - Demand significantly greater than supply.

**Methodology:** Supply (retail sales) estimates reported as consumer sales by establishments based on InfoUSA business data for retail NAICS (North American Industry Classification System) categories. Sales to businesses are excluded. Demand (retail potential) estimates based on US Census Survey of Consumer Spending for current dollars spent by consumers at retail establishments.

Retail sustainability depends upon a balance between the supply of retail products and services and the demand exhibited by customers within the context of regional competition. Consumers choose to purchase goods and services based on a complex series of choices and trade-offs - quality, price and location are certainly critical but other more subtle criteria effect behaviors as well.

Understanding the role of future retail development begins with an assessment of the overall supply and demand condition in the marketplace. Shoppers travel different distances to acquire certain types of products - therefore one market area is insufficient to assess opportunity. For instance, shopping for a fashion item such as a prom dress might have a very wide geographic area whereas purchases of daily groceries or dry cleaning would generally occur close to home or work or somewhere in between.

The table to the right depicts retail supply and demand estimates within 5-, 10- and 15-minutes of the study area.

Supply is based on an analysis of retail establishments and their estimated sales capacity. Demand is based on consumer purchase habits of residents of the geography.

Products or services highlighted in blue indicated situations where supply exceeds demand. This indicates that customers are travelling from outside the area to purchase these goods. Gasoline, for example, appears to be over supplied but it is serving the interstate traffic as well as location residents.

Categories noted in red indicate that demand is not being serviced locally. This occurs either when consumers are travelling outside the geography to shop or if there is an apparent gap in the market.

It is critical to look beyond the statistics to the larger competitive marketplace. For instance,

Automobile Dealers generally congregate in a central area and draw customer from a very large area. As you can see in the table, demand exceeds supply for both the 5-minute and 10-minute areas but is in equilibrium in the 15-minute area. Simply put, consumers from the local area are simply driving a few minutes further to shop for automobiles.

These data are directional in their strategic implication and this analysis should represent the first stage of a larger qualitative competition assessment.

This analysis does not account for merchandising effectiveness or pricing - all merchants are assumed to compete equally for customer demand.

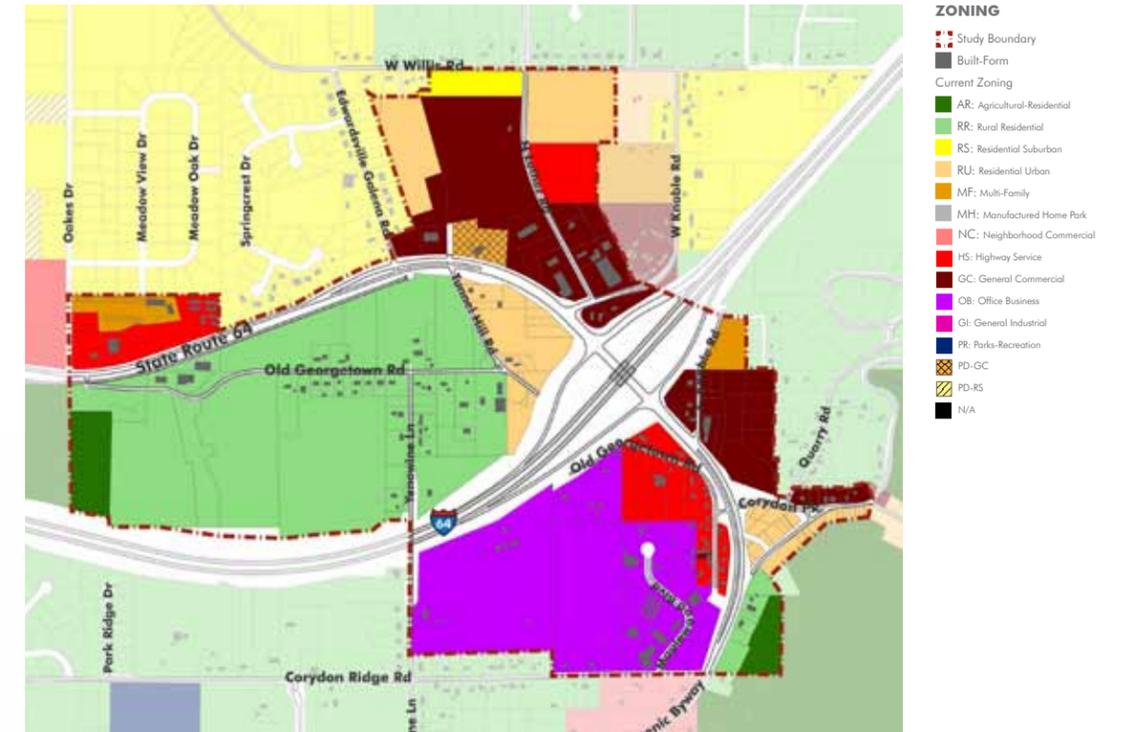
There are some categories which should suggest further assessment and might represent opportunity for future development. Categories that are under supplied across the wider geography could be considered for tenanting of vacant or future retail space.

Retail merchandising strategy and location characteristics differ for merchants. More thorough analysis is required to accurately create retail tenant outreach programs.

# MARKET ANALYSIS | INDUSTRY

An industrial audit of the area shows little in existing industrial space. However, there is vacant land where potential future industrial development may occur. This property is visible from the highway and easily accessed with existing connections to the Interstate.

A review of Edwardsville zoning map reveals little area designated to true "Industrial" uses. However, with the momentum of light industry and the green movement future development may be a possibility. Medical, educational and small scale technology and light assembly office developments are very popular in other markets. The available land and easy Interstate access suggest that these types of tenants could be attracted to Edwardsville area developments in the future.



**Other Commercial Structures:**

- Marathon Station - South Side Service Station - 2,000 sf
- Highland Medical Center Medical Office - 10,000 sf
- Quilting Bee Building Retail - 5,000 sf
- School Bld / Flea Mkt Vacant - 20,000 sf

**Other Commercial Structures:**

- First Harrison Bank Financial Services - 2,000 sf
- Marathon Gas & Stuff Services Station / Retail - 6,000 sf
- McDonalds Restaurant / Fast Food - 5,000 sf
- Mister Hardware Hardware Store - 9,000 sf
- Dr. McClary DDS Medical Office - 2,000 sf
- Classic Creations Salon - 2,000 sf
- Korner Kitchen Restaurant - 5,000 sf
- Shell Station Services Station / Retail - 2,500 sf
- Indiana Land Real Estate Office - 2,000 sf
- Floyd Central Thriftway Supermarket - 25,000 sf

**Motel 6**  
Hotel - 15,000 sf

**First Federal Bank**  
Financial Services - 7,000 sf

# MARKET ANALYSIS | RETAIL



**Motel 6**  
Hotel - 15,000 sf



**First Federal Bank**  
Financial Services - 7,000 sf



**McDonalds**  
Restaurant / Fast Food - 5,000 sf



**Mister Hardware**  
Hardward Store - 9,000 sf



**Dr. McClary DDS**  
Medical Office - 2,000 sf

**Classic Creations**  
Salon - 2,000 sf

**Korner Kitchen**  
Restaurant - 5,000 sf

**Shell Station**  
Services Station / Retail - 2,500 sf



**Indiana Land**  
Real Estate Office - 2,000 sf



**Floyd Central Thriftway**  
Supermarket - 25,000 sf



**Other Commercial Structures:**  
Marathon Station - South Side  
Service Station - 2,000 sf

**Highland Medical Center**  
Medical Office - 10,000 sf

**Quilting Bee Building**  
Retail - 5,000 sf

**School Bld / Flea Mkt**  
Vacant - 20,000 sf

**First Harrison Bank**  
Financial Services - 2,000 sf

**Marathon Gas & Stuff**  
Services Station / Retail - 6,000 sf



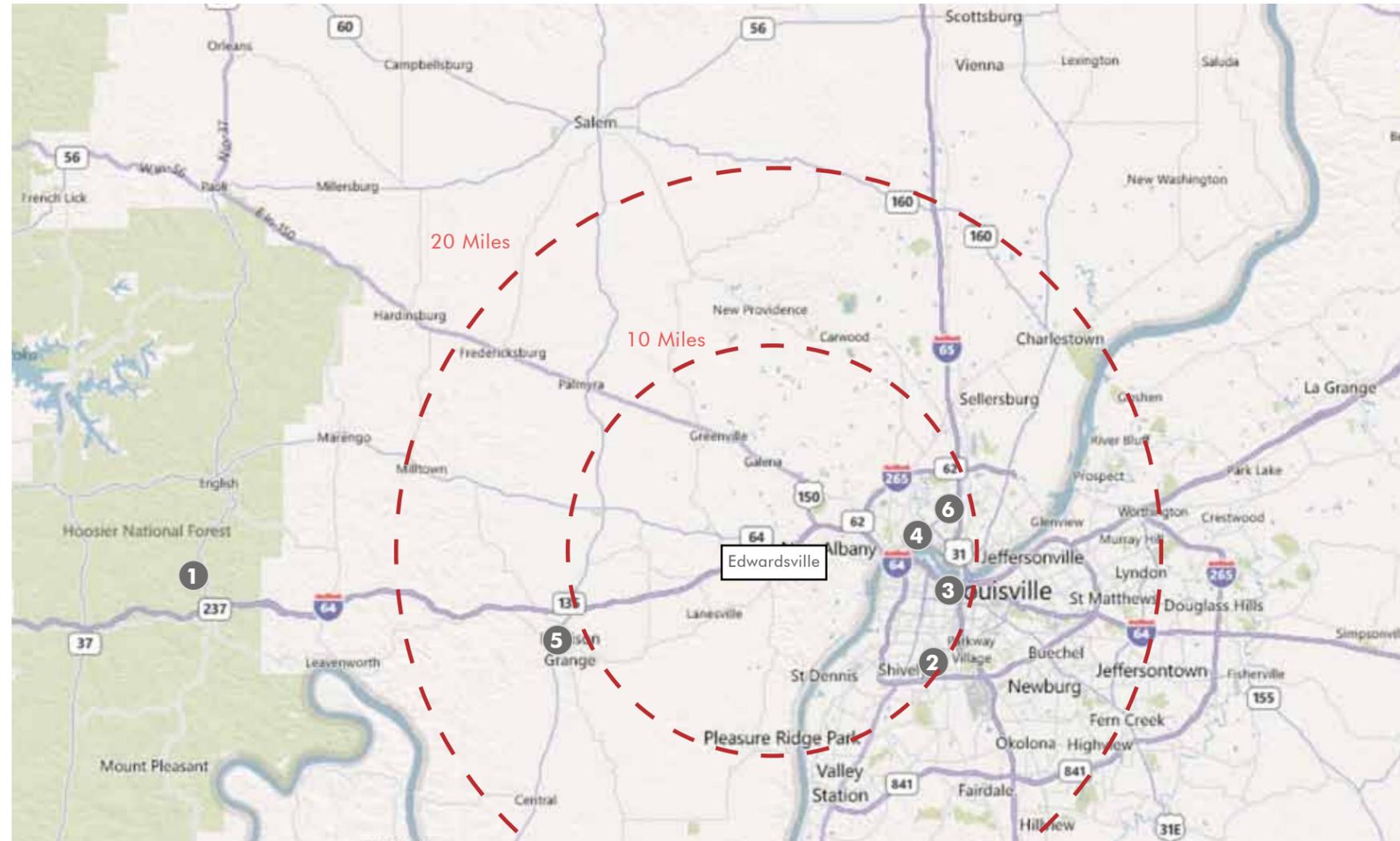
## MARKET ANALYSIS | VISITOR / TOURISM IMPACTS

Edwardsville's location is advantageous in terms of further developing its hospitality sector. Located just outside of a very large central business district and along a major traffic corridor which creates a large amount of transient visitors.

Along with local factors regional tourism should be considered as well. Southern Indiana has a number dedicated organizations promoting and advocating tourism in the region.

Tourism represents an important economic engine for Southern Indiana and the greater Louisville area.

Edwardsville area provides a number of local and regional attractions. Local attractions include Youth Sports Complex, Edwardsville Park, Dance Studio, etc. The region also attracts visitors for the wineries and the Horseshoe Casino (refer page 13). Although the gateway area is not directly impacted by these visitors but as the niche grows, these opportunities can be leveraged towards targeted growth of the hospitality industry.



Source: ESRI / Bing Maps

### NEARBY TOURIST ATTRACTIONS

1. Hoosier National Forest
2. Churchill Downs
3. Downtown Louisville  
Louisville Slugger Museum  
Louisville Science Center
4. Carnegie Center for Art & History
5. Historic Corydon and  
Corydon Battle Park
6. Bass Pro Shops

# MARKET ANALYSIS | EMERGING MARKETS

The Edwardsville commercial district has potential for growth. Aligning future growth strategies with opportunities in the marketplace with a careful analysis of competitive position relative to other areas is critical for long term sustainability.

Various consumer market segments combine to provide demand support for Edwardsville businesses. Local residents, local employee, commuters and other interstate traffic represent the largest populations of customers for area businesses.

The existing business community in and around the Edwardsville interchange serve the needs of these segments to some degree but could be improved to provide a higher level of retail merchandising quality and more choices.

The graphic to the right summarizes the qualitative assessment of retail, restaurant and service offerings existing today, the relative size of the market opportunity and a suggestion of which segments might be given greater focus in future developments.

Local Residents - a primary target - would benefit from greater selections of day-to-day retail, restaurant and service uses. Increased merchandising appeal - creating a more inviting retail environment and carefully managing vehicular and pedestrian access are important/

Local Employees - like residents, these consumers need dine-in and carry out foods (particularly lunch) as well as convenience retail and service businesses.

Commuters traveling through also would benefit from a larger array of retail choices for daily and weekly needs.

Interstate Traffic - the Edwardsville interchange is an important stop into and out of Louisville. The service and food choices

available to travelers should be continually refreshed to maintain competitiveness with other choices along I-64.

Tourists and destination shoppers - while providing some demand are not likely to create significant growth opportunities for large retail or commercial expansion.

## Edwardsville Commercial Market Targeting

Relative market size indicated by length of target leg.

