

June 2017



STRATEGIC ECONOMIC DEVELOPMENT PLAN

DANVILLE-BOYLE COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP

TECHNICAL APPENDIX



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**Danville-Boyle County
Economic Development Partnership
Strategic Economic Development Plan
Technical Appendix**

June 2017

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1 INTRODUCTION

A. INTRODUCTION

The Danville-Boyle County Economic Development Partnership (EDP) began the Strategic Economic Development Planning (SEDP) process approximately two years ago when discussing how to define economic development for the future. Those discussions led to a partner-funded SEDP process led by consulting firm, RKG Associates, Inc. from Alexandria, Virginia. The SEDP process lasted approximately eight months, and included several community engagement and EDP Working Group input sessions

The intent of the SEDP process is three-fold. First, the process intends to confirm the Danville-Boyle County community's vision for economic development. Second, it provides a series of recommended actions items for the EDP to augment its current efforts related to accomplishing the community's stated goals based on the resources committed to implementation. Finally, it identifies the roles and responsibilities for each public and private implementation partner. There is a companion document to this narrative that details the SEDP Implementation Strategy.

The strategic goals and resulting recommendations in the Implementation Strategy document are the culmination of the analytical and community engagement efforts performed over the past eight months. RKG Associates worked closely with an appointed Working Group (the list of Working Group members is provided in the Implementation Strategy document) to review all analyses, distill feedback from community stakeholder and elected official meetings, and create strategic actions to position the EDP to achieve success. The Working Group included representatives from each of the nine partner organizations that constitute the Economic Development Partnership including the City of Danville and the Boyle County Fiscal Court.

This Technical Appendix document provides detail and context of the empirical and qualitative analysis performed by RKG Associates that led to the results in the Implementation Strategy. In addition to this introduction section, the Technical Appendix is comprised of four primary analyses. These include:

- A Demographic Analysis (Chapter 2)
- An Economic Base Analysis (Chapter 3)
- A Real Estate Market Analysis (Chapter 4)
- A Target Industry Analysis (Chapter 5)

It is RKG Associates and the Working Group's intent for the Technical Appendix to serve as a resource for the EDP to use as it pursues future implementation efforts.

2 DEMOGRAPHIC ANALYSIS

A. INTRODUCTION

The socioeconomic analysis provides the foundation for understanding a community, its economy, and its locally-derived economic development potential. The Consultant analyzed recent demographic trends for Danville-Boyle County’s local and regional markets to understand the past and current market context. The analysis in this Chapter also allows the Consultant better understand the current workforce, the regional customer base, and how the local market climate has changed over time.

B. MAJOR FINDINGS

- **The stagnation of population and household growth is likely to continue as people are increasingly drawn to the urban core of the region.** Both Danville and Boyle County experienced slower population and household growth than the region during the 2000s; the accelerated population growth in recent years was mainly attributed to the influx of young adults and seniors, and didn’t lead to a similar level of household formation. Such a growth is unlikely to continue as mid-career persons with families are increasingly being attracted to the regional economic center (Lexington) by better job opportunities, higher-quality housing, higher achieving schools, and other family-oriented amenities.
- **The decreases of major workforce population and the increases of retirees and early career individuals post both challenges and opportunities to local economy.** The population of persons 20-34 years of age and above 55 years of age has increased substantially while the population of persons 35-54 years of age has declined in both Danville and Boyle County. While the steady growth of Centre College is a primary factor for the increase in younger persons, the transition of population from mid-career households to ‘golden earners’ and retirees likely will impact future economic development efforts. On one hand, local businesses may be impacted by the transition of spending preferences and the reduction of an experienced workforce. On the other hand, businesses that cater to the needs of seniors and young adults may expect greater market potential in Boyle County, while employers needing entry-level and/or lower-skilled individuals could benefit from the influx of younger households.
- **The comparative advantages over the Surrounding Market on certain socioeconomic metrics indicate unique opportunities.** Socioeconomic data indicate that Danville-Boyle County is a local hub for population. The community has higher education attainment levels, higher median household incomes, and more racially and ethnically diverse population than the counties immediately surrounding Boyle County. Recent and projected population and household growth rates are also more significant. This suggests that Danville and Boyle County have the potential to play a bigger central role in the region’s economic development than it already does, attracting businesses and workforce from the immediate surrounding area and growing businesses that serve the adjacent communities.

- **Despite the local advantages, Boyle County remains a comparatively small market compared to Kentucky’s more urbanized areas.** It is important to note that the socioeconomic local advantage for Boyle County is relative, as the Lexington Region has similar competitive advantages over this community. Most notably, Lexington and its vicinity has a much larger supply of highly-skilled labor. This finding suggests Boyle County’s market niche is in smaller (under 100 employee) companies, particularly for professional services and research & development companies.

C. METHODOLOGY

1. Study Areas

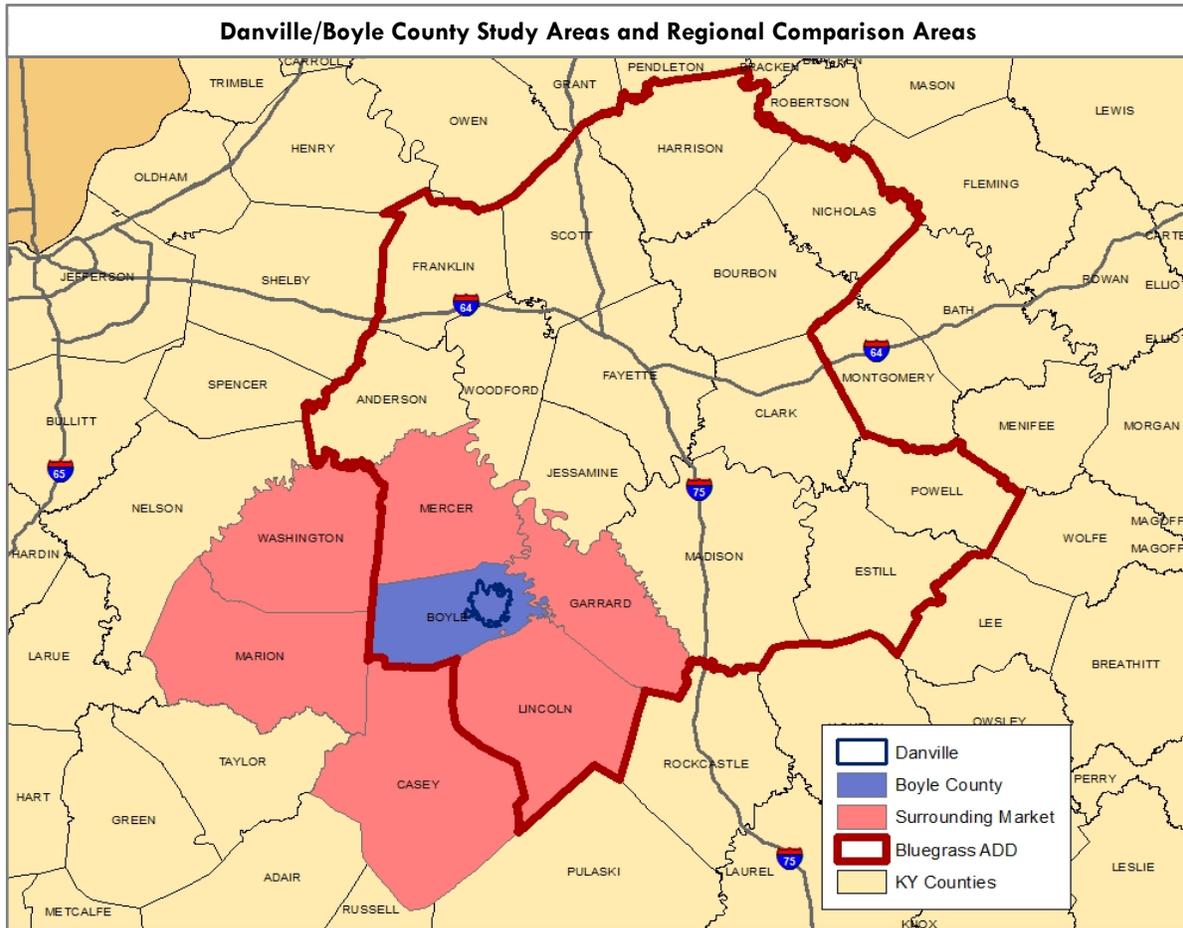
To complete the demographic analysis, the Consultant and the Working Group had to define the local and regional markets that effect, and are effected by, the Danville-Boyle County market. For the purposes of this analysis, the local market is defined as the boundaries of the City of Danville and Boyle County. It was determined through assessment and discussion that the county provides the primary source of market demand and labor (Map 2-1). To better understand how the primary market functions within the greater region, the Consultant used three additional market boundaries:

- **The “Surrounding Market” area** – This area consists of the six counties surrounding Boyle County – Mercer, Garrard, Lincoln, Casey, Marion, and Washington
- **The Bluegrass Area Development District (BGADD)** – As regional development organizations, the Area Development Districts (ADDs) provide a regional voice for local governments and partner with local, state, and federal governments on a variety of economic development related issues. BGADD is one of Kentucky’s fifteen Area Development Districts and consists of seventeen counties in central Kentucky – Anderson, Bourbon, Boyle, Clark, Estill, Fayette, Franklin, Garrard, Harrison, Jessamine, Lincoln, Madison, Mercer, Nicholas, Powell, Scott and Woodford, and
- **The Commonwealth of Kentucky** – Using the state as a benchmark allows the EDP to see how its trends compare with its primary competitors

2. Data Sources

Primary data sources used for this analysis include demographic information from the U.S. Census Bureau’s American Community Survey (ACS) data as well as current estimates and projections from ESRI. ESRI is a nationally recognized third party data provider that uses a proprietary analytics engine to generate estimates and projections for several socioeconomic variables at multiple geographic levels. Any additional data sources used were specific to a given analysis, and are noted in that portion of the Chapter.

Map 2-1

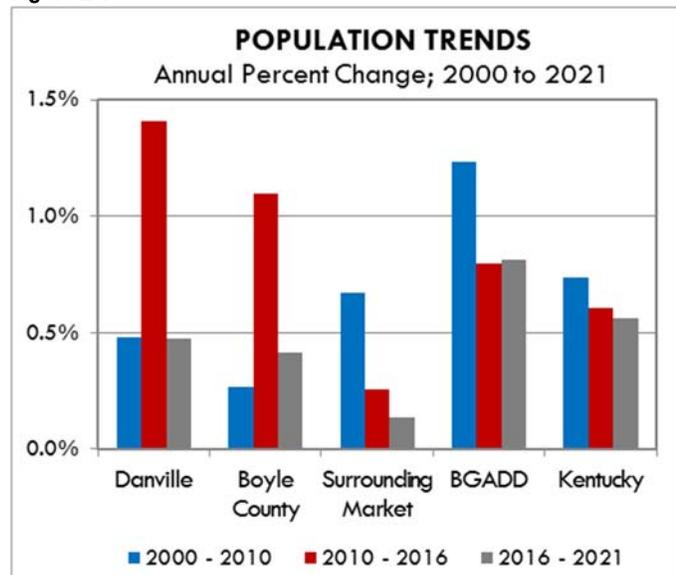


Source: ESRI and RKG Associates, Inc.

D. POPULATION

The population growth of Danville and Boyle County have been positive but moderate since 2000. Between 2000 and 2010, Danville’s population increased only by 741 persons (0.48% annually on average), Boyle County 735 persons (0.27% annually on average), substantially slower than in the Surrounding Market, the BGADD, and the State (Figure 2-1). After 2010, both areas experienced an accelerated population growth (1.40% and 1.10% annually on average respectively), outpacing the region, bring the population to 17,585 in Danville and 30,306 in Boyle County in 2016. This was mainly attributed to the increases of young adults (20-24-year-olds) and seniors (55+ year-olds). However,

Figure 2-1



Source: U.S. Census Bureau, ESRI, 2016

the population projections from ESRI and the Kentucky State Data Center at the University of Louisville suggest that such growth pace is unlikely to continue, as the annual population growth annual rates in both areas are expected to drop below 1% over the next 6-10 years, and Boyle County's population growth is projected to further drop to below 0.5% after 2020. Such a stagnation of population growth prevails the Surrounding Market, whose annual population growth was even slower since 2010 (0.26% on average) and is expected to continue drop to 0.13% through 2021. In contrast, the BGADD has maintained a moderate but steady population growth, and the growth rate has been consistently above the state level. This indicates that despite the overall slow population growth across the state, people are increasingly drawn to the regional economic center created by Lexington and suburban Cincinnati in the northeast portion of the BGADD.

From a positive perspective, Danville-Boyle County has the potential to capture some of this economic activity/growth with targeted economic development strategies. However, inaction or retracting economic efforts could enable neighboring communities to capture Boyle County's fair share, weakening the community's consumer and population base.

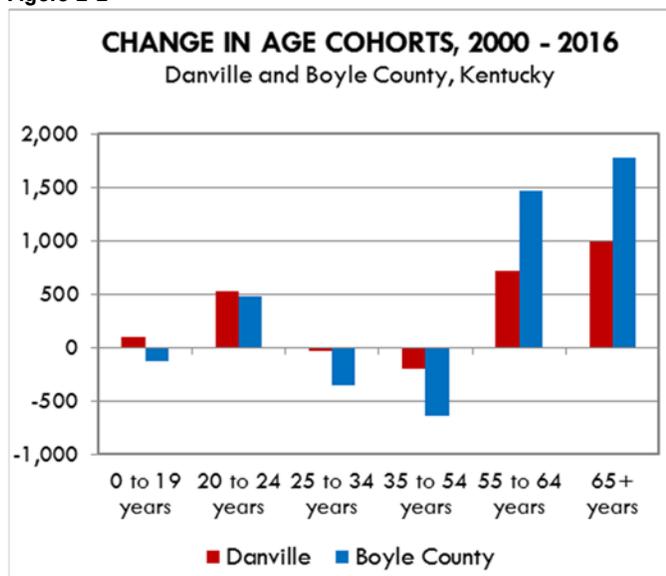
E. POPULATION BY AGE

The population by age data indicate that both Danville and Boyle County have been losing major workforce population while gaining seniors and early career individuals (Figure 2-2). Since 2000, the population of persons between 35 and 54 years old decreased by 199 people in Danville and 635 people in Boyle County, more significantly than of any other age cohort. This is also the only age cohort that experienced declines in both areas and during the 2000-2010 and 2010-2016 periods.

People in this age cohort are typically senior-level workers in their respective industry entering their peak earning period. They also tend to have families, thus demanding higher-quality housing, schools, and other family-oriented neighborhood amenities. These declines primarily are due to the Economic Recession, where the entire BGADD region experienced net job loss. However, the continued decline in this population is also due to the continued decline in manufacturing employment (discussed in the Economic Base chapter). Simply put, Boyle County has not recovered manufacturing employment at the same pace as its neighboring communities. Data collected by RKG Associates through its more established production workers tend to seek similar employment elsewhere rather than trying to develop the skill sets needed to thrive in a more white-collar employment environment.

Whether the population loss for this age cohort is due to people moving away in pursuit of senior-level and higher-paid jobs (particularly in the manufacturing sector) or for more family-oriented amenities, the economic impact on the service-based industries is likely. Most notably, these losses will impact household spending potential and real estate market prospects for larger, more expensive housing.

Figure 2-2

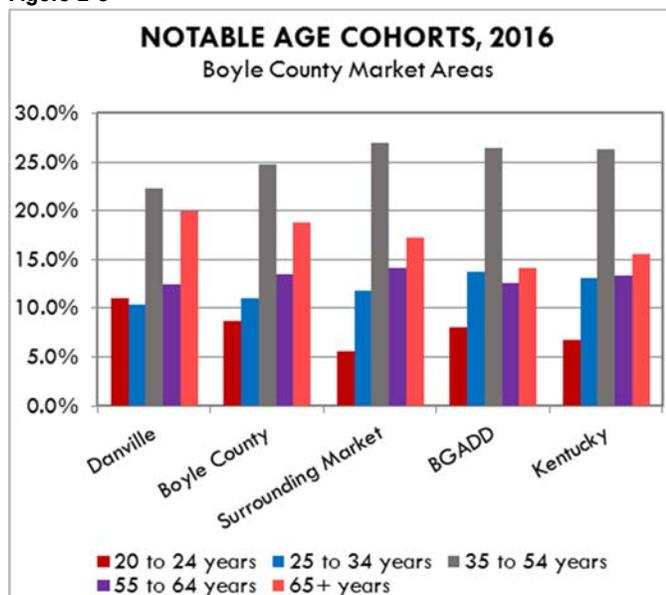


Source: U.S. Census Bureau, ESRI, 2016

The number of mid-career individuals (25-35 years-old) also decreased between 2000 and 2016. However, the market loss was not consistent throughout the entire study period. Both Danville and Boyle County experience net increases of persons aged 25-35 years- old since 2010. Unfortunately, those increases were not sufficient to compensate the dramatic decline between 2000 and 2010. Like the 35-54-year-old cohort, the data indicate that the Economic Downturn has had lasting impacts on the community. Unlike the older cohort, the job growth Danville-Boyle County has experienced (particularly white-collar, service sector jobs) has brought some of this cohort back to the community.

In contrast, both Danville (532 persons) and Boyle County (485 persons) experienced a net increase in early-career individuals between 20 and 24-years old) since 2000. This has been attributed to two stimuli, increased enrollment at Centre College and the growth of service-based jobs. Increased enrollment is predominantly from 18-24-year old individuals. The growth of young adults combined with the decline in mid-career and established workers has resulted in Danville and Boyle County having greater concentrations of 20 to 24-year old residents (Figure 2-3). This can provide an opportunity for the community, particularly for attracting companies that require the skills of Centre College graduates as well as through the development of a more robust entrepreneurial program. Creating a more dynamic Downtown entertainment district in Danville will benefit these approaches.

Figure 2-3



Source: U.S. Census Bureau, ESRI, 2016

The most substantial and consistent growth occurred in the above-55 age cohorts, particularly people over 65 years of age. Since 2000, Danville gained 988 persons above 65 years old and 718 persons between 55 and 64 years old; while Boyle County gained 1,773 persons above 65 years old and 1,465 persons between 55 and 64 years old. This resulted in an overall higher percentage of retirees in both areas when compared with the region. In addition to the rural setting and more affordable living situations, Danville-Boyle County offers more quality of life amenities than most other communities of similar size. Most notably, having the collective benefits of Centre College (cultural amenities), Ephraim McDowell Hospital (health service amenities), the Route 125 bypass (shopping amenities) and Downtown Danville (dining amenities) are uncommon for a 30,000-person community.

On the positive side, having a growing senior base enables greater market potential in certain market categories (i.e. specialized healthcare, dining...), particularly if this growth is of seniors with financial means. It also provides a potential base of business mentors to build an entrepreneur program. However, it does not benefit more other economic development efforts, as these age cohorts typically do not grow the potential labor force.

F. RACE & ETHNICITY

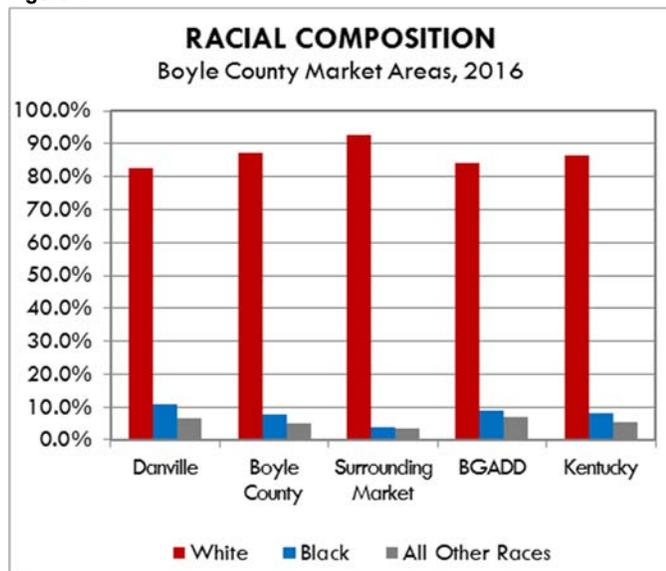
Both the Danville and Boyle County populations are predominantly Caucasian, but are comparatively more diverse than the immediate Surrounding Market area. In 2016, Boyle County's population is 87.1% white and 7.7% black, slightly more homogeneous than in Danville (82.5% white and 10.7% black), but still more diverse than in the Surrounding Market (Figure 2-4). Danville also has higher percentage of Hispanic population than in Boyle County and the Surrounding Market, though still below the BGADD level (Figure 2-5).

The expansion of Hispanic population since 2000 indicates an increased diversity of the population. Between 2000 and 2016, both Danville and Boyle County experienced a noticeable expansion of Hispanic population despite the overall slow population growth. The percentage of persons with Hispanic origin rose from 1.5% to 4.3% in Danville and from 1.4% to 3.3% in Boyle County (Figure 2-5). This trend prevails the region, though at different scales. From an economic development perspective, an increasing concentration of diverse residents and businesses present an opportunity to highlight these community assets and reinforce existing and potential entrepreneurial efforts within these communities.

G. HOUSEHOLDS

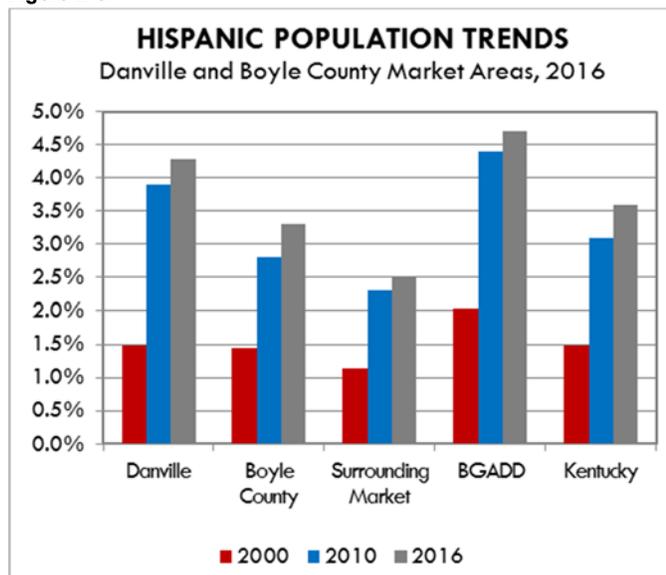
Like population trends discussed earlier in this Chapter, both Danville and Boyle County experienced slower household formation growth rates as compared to the regional study areas between 2000 and 2010 (0.3% and 0.5% annually respectively). Since then, household formations have increased slightly to 0.7% and 0.6% through 2016, but still below the corresponding population growth rate. This suggests Danville and Boyle County are experiencing an increase in average household size. A comparatively slow formation of households may suggest that fewer young adults and seniors chose to live independently due to financial reasons or limited housing options. From an economic perspective, the slower household formation rates are indicative of comparatively slower job growth (discussed in the Economic Base Chapter). Finally, it also indicates that the population growth during this period didn't generate similar level of demand for housing.

Figure 2-4



Source: U.S. Census Bureau, ESRI, 2016

Figure 2-5



Source: U.S. Census Bureau, ESRI, 2016

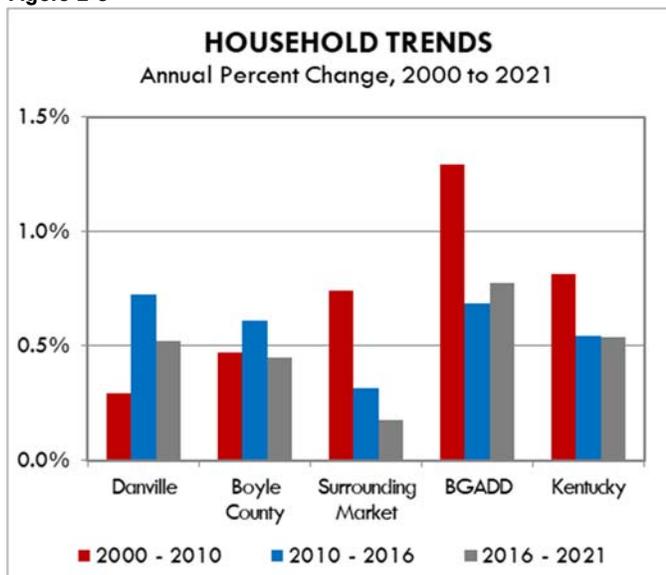
Over the next 5 years, ESRI projects household formation rates that mirror the projected population growth in both areas (0.5% annually). In comparison, the BGADD and the state are projected to grow at a faster rate. As noted earlier, the trends for overall growth in the BGADD is a positive sign for Danville-Boyle County. These projected growth rates partially rely upon recent and current employment growth trends and changes in retirement populations. Effectively, Danville-Boyle County can increase its share of population and household growth with a more proactive and aggressive economic development effort.

H. HOUSEHOLD INCOME

Despite its comparatively higher education attainment level (discussed in the Economic Base Chapter), Danville has slightly lower median household income than Boyle County (Figure 2-8). This is mainly due to the higher concentration of younger working-age persons in Danville, who generally are at the beginning of their careers and earning less. Both areas' median household incomes surpass the Surrounding Market, which has a noticeably lower education attainment level. However, when compared with the larger regions, the combination of higher percentages of persons without a Bachelor's degree and higher concentrations of early-career individuals in Danville and Boyle County led to significantly low median household income levels (Figure 2-8). This is consistent with the comparative per capita income levels in the regional study areas (Figure 2-9).

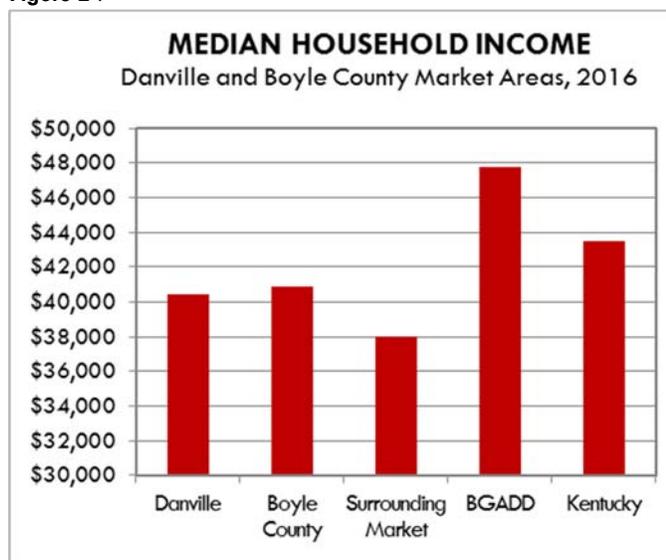
Regardless of the reasons, the lower income levels indicate both a challenge and an opportunity. On one hand, lower incomes mean cheaper labor for potential employers. On the other, it often means lower skill levels, which can be challenging to attract high-skill jobs. Given the relatively small labor force available within the County and the Surrounding Market, the EDP will need to increase its focus on workforce development, particularly if target industries require skill sets not well represented locally.

Figure 2-6



Source: U.S. Census Bureau, ESRI, 2016

Figure 2-7



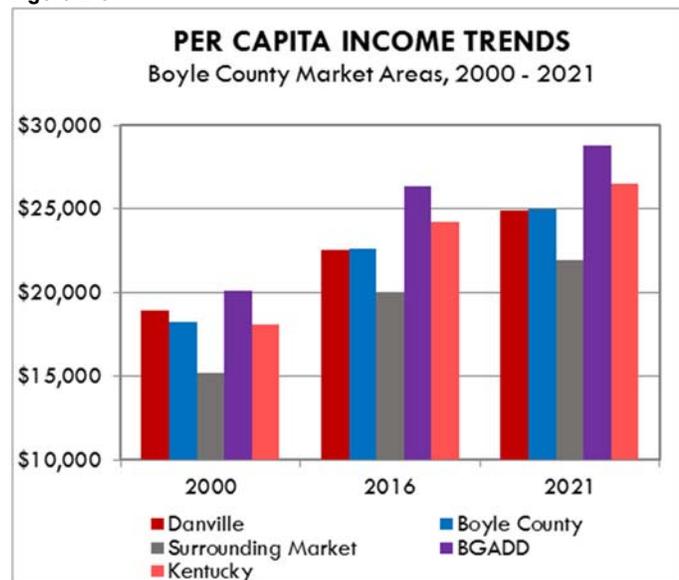
Source: U.S. Census Bureau, ESRI, 2016

Between 2000 and 2016, Danville’s median household income grew by \$7,488 (1.4% annually), exceeding the growth in Boyle County (\$5,631, 1.0% annually), but below the state average (\$9,808, 1.8% annually). This is consistent with the more dramatic shifts of the local population from senior-level professionals to young adults and retirees. On the other hand, the slow formations of households in Danville and Boyle County during this period contributed to the household income growth.

Over the next 5 years, both areas are expected to experience faster household income growth than the comparison areas. Increases in median household income don’t necessarily mean improvements of consumer base and household purchase power, especially if the increases are driven by slow household

formations. However, the projected growth of per capita income suggests that despite the continued population aging, both Danville and Boyle County could potentially support more local businesses if household formation levels increase (Figure 2-9). Since household growth typically is tied to either job growth or increases in retirees, both an increase in industry recruitment and a focus on maintaining and increasing the amenities desired by retirees should be a priority for the EDP and its partner organizations.

Figure 2-8



Source: U.S. Census Bureau, ESRI, 2016

3 *ECONOMIC BASE ANALYSIS*

A. INTRODUCTION

Like in the Demographic Chapter, the Consultant analyzed the current and recent economic base trends for Boyle County's local and regional market to understand the County's and Danville's current and potential economic opportunities and challenges moving forward. This data also helps to identify the characteristics of the current workforce. Additionally, economic data helps to identify recent trends in both the local and regional economy and existing strengths and potential opportunities for future economic development.

B. MAJOR FINDINGS

- **Both Boyle County and the Surrounding Market suffered from the Recession, but have recovered at different levels.** Between 2005 and 2010, most of the industry sectors experienced employment decline. The decline in the Manufacturing, Retail Trade, and Administration/ Support/ Waste Management/ Remediation sectors were the most significant. Since 2000, the Surrounding Market has steadily recovered and exceed to pre-recession employment level. However, Boyle County employment continued to decrease. RKG Associates research indicates that the Surrounding Market communities' proximity to Boyle County's amenities and more competitive pricing/incentive programs are drawing investment that historically would locate in Boyle County.
- **Health Care and Social Assistance experienced substantial growth over the past 10 years and became the largest private employment sector in Boyle County.** The consistent growth of Health Care & Social Assistance section since 2000 not only helped stabilize the employment levels during the Recession, but also drove the economic development in recent years. Major employers in this sector such as the Ephraim McDowell Regional Medical Center in Danville will continue to play an important role in absorbing labors at different skill levels and supporting businesses that serve the hospital, doctors, and patients. From the economic development perspective, this sector has the potential to enhance the fiscal conditions and quality of life in Boyle County through the growth of the primary and specialty healthcare markets. There also is opportunity for crossover with advanced manufacturing through the research and development of medical equipment and diagnostic laboratories.
- **Other top employment sectors such as Manufacturing are faced with challenges.** Manufacturing sectors represent a significant portion of total employment in both Boyle County and the Surrounding Market. The Recession led to dramatic employment decline in these two industries, suggesting that they are more susceptible to economic downturn. In the Surrounding Market, manufacturing employment has made a strong recovery since 2000, exceeding pre-recession employment levels by 2014. In contrast, Boyle County has experienced a net increase in manufacturing jobs since 2010, but has not returned to pre-recession levels. The data indicate that local manufacturing laborers are finding work within the region, but outside Boyle County. That said, the demographic data indicate this employment base has not grown substantially during this

period. Thus, continued investment in workforce development will be vital to maintaining and growing manufacturing employment levels in Boyle County.

- **The Professional, Scientific, and Technical Services sector showed potential.** Since 2000, the Professional, Scientific & Technical Services sector has experienced a consistent growth in both the scale of employment and the number of propriety businesses. Although this sector still presents a comparatively small portion of the economy, its growth mirrors national trends of concentration of jobs towards higher-skilled white collar industries. However, currently this sector is primarily concentrated in the major cities in the region, such as Lexington and Louisville; its potential in Boyle County is restricted by the size of the highly-educated labor force and the availability of work. From an economic development perspective, a more pragmatic approach could be to focus on supporting the growth of small companies and startups, which fit the nature of these industries and take advantage of the quality of life amenities in Danville-Boyle County. Such strategies may include legal, marketing, networking, and other types of business development assistance as well as remote employment/non-location dependent jobs.

C. METHODOLOGY

1. Data Sources

A variety of data sources were used to analyze the economic base for the local and regional market areas. Like the Demographic Analysis, population characteristics were provided by ESRI and the U.S. Census Bureau's American Community Survey (ACS). Information about employment trends was gathered from the U.S. Census Bureau's County Business Patterns data. Worker characteristics, labor force data and occupational skill level was provided by the U.S. Bureau of Labor Statistics and U.S. Census Bureau's Occupational Employment Statistics (OES). Commuting pattern data was generated and presented by the *OnTheMap* service provided by the U.S. Census Bureau's Center for Economic Studies. Major employer data was obtained from the Kentucky Cabinet for Economic Development. Any additional data sources not included above will be noted when appropriate throughout the Chapter.

D. LABOR FORCE CHARACTERISTICS

The labor force in and around Boyle County provides existing and new businesses with a source of potential workers. Labor force trends also provide additional depth to understanding local economy and its position within the larger region and how the labor force is evolving over time.

1. Total Labor Force

Danville-Boyle County's labor force is a small portion of the overall BGADD market. Per the Bureau of Labor Statistics, Boyle County had a total labor force of 11,870 persons in 2015 (Figure 3-1). This total represents just 3% of the BGADDs total labor force (393,728 persons). In addition, Boyle County has the largest labor force compared to each of the counties in the Surrounding Market study area. The six county Surrounding Market region has a total of 47,721 workers in the labor force, or 12% of the BGADD total. Effectively, the immediate region around Boyle County has approximately 60,000 workers. At face value, this is an important finding as the EDP focuses its marketing and recruitment efforts. While the county can attract workers from a greater distance than the Surrounding Market, competition for businesses that would require a labor force will be intense (particularly from the Lexington/Cincinnati markets). Thus, the Consultant believes the EDP will have much greater success focusing on attraction of smaller businesses

(under 250 workers) or those businesses that will grow their local employment totals over a longer period. Simply put, ‘right sizing’ the EDP efforts likely will yield better success.

2. Labor Force Participation

As noted, Boyle County has maintained a larger labor force than any counties in the Surrounding Market (Figure 3-2). Recent trends for Boyle and the counties in the Surrounding Market show that most of them were not substantially impacted by the Economic Recession from 2007. The data indicate only Marion County experienced a decline in labor participation between 2008 and 2010, while Washington, Boyle, Garrard, and Lincoln counties all gained labor force.

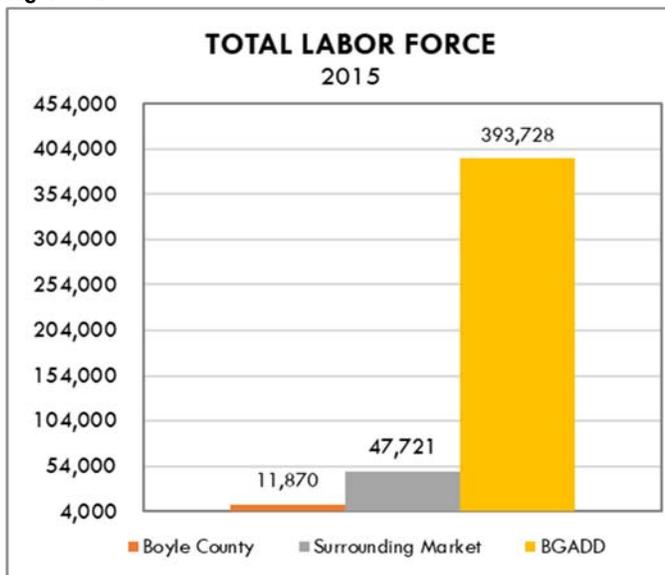
However, Boyle County and the Surrounding Market have experienced a decline in labor force participation since 2010. There are two primary reasons that have contributed to this phenomenon. First, the aging of the population (discussed in the Demographic Chapter) has shrunk the overall working-age population (16-65-years old). Second, the increases in household income may have encouraged some second-earners in certain households to leave the workforce. The counties that lost the largest numbers of labor force are Lincoln (1,678 persons, or 16% of the 2010 level), Boyle (1,472 persons, or 11%), and Mercer (859 persons, or 8%). This has the potential to impact economic development in Boyle County, as the existing and potential employers may have to recruit from outside the area. Thus, job creation in Boyle County needs to focus on positions that are competitive in pay and consistent with local skill sets (or provide access to the appropriate workforce training), and at a scale that is compatible with the size of the local labor force.

That said, growth in employment opportunities should attract more working-age households to the county. This will have a benefit for both increasing the labor force and consumer base, as well as helping keep the housing market healthy by maintaining and expanding the level of demand.

3. Unemployment

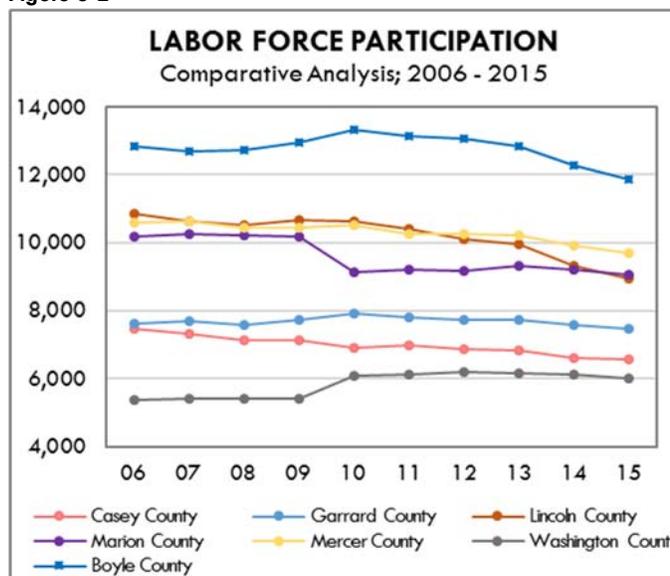
Despite the stable labor force participation during the Recession, the unemployment rates in all the comparing counties increased dramatically between 2007 and 2009, from 5.1%-6.5% to 10.6%-13.2%. Since then, all communities have experienced a decline in unemployment rate, gradually returning to the level that is similar to or lower than before the Recession (Figure 3-3). Although Boyle County’s

Figure 3-1



Source: U.S. Bureau of Labor Statistics, 2016

Figure 3-2



Source: U.S. Bureau of Labor Statistics, 2016

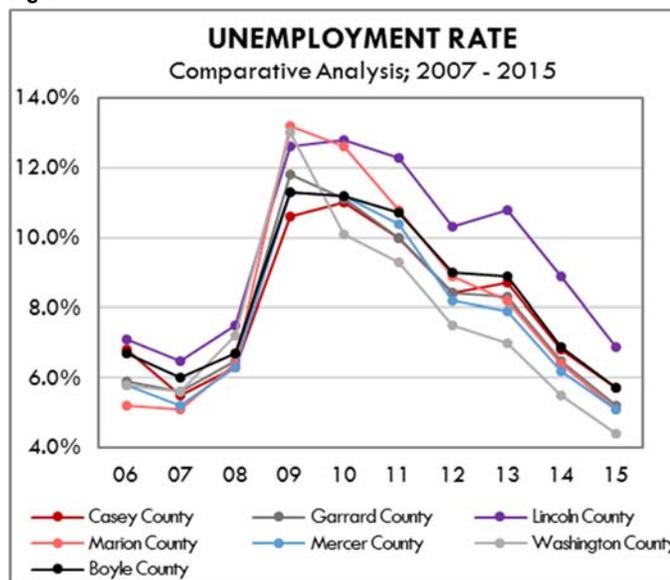
unemployment rate didn't rise as much as some of the other counties, it was only second to Lincoln County before the Recession and has recovered less than most of the other counties. Among the surrounding communities, Lincoln has been slower to recover, resulting in a consistently high unemployment rate since 2010; in contrast, Marion and Washington had the most dramatic unemployment increases during the Recession, but quickly returned to the lowest among all comparing counties afterwards.

The overall decline in the unemployment rate for Boyle and the adjacent counties indicates that workers in these counties are finding employment. However, the decline in labor force participation suggests that the aging of the population has encumbered the economic development efforts locally and regionally. It also suggests that the region is not adding enough jobs that are compatible with the skill level of local labors. As noted in the next section, Boyle County and the Surrounding Market have a higher concentration of adults without a bachelor's degree, and have experience an increase in early-career population. Thus, it is likely that many who remain outside the workforce will require workforce training programs, particularly for semi-skilled and high-skilled positions.

4. Education Attainment

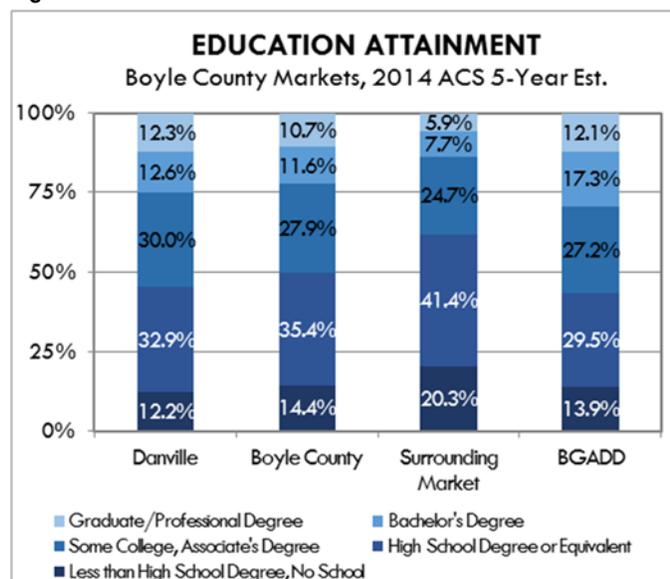
Boyle County's population education attainment reflects a mix of skill levels. Approximately 22.3% of persons 25 years of age or older in Boyle County have a Bachelor's Degree or Graduate/Professional Degree, substantially higher than in the Surrounding Market (13.7%) but lower than in the BGADD (29.4%) (Figure 3-4). On the other end, approximately 14.4% of the adults in Boyle County have less than a high school degree or no schooling, lower than in the Surrounding Market (20.3%) but higher than in the BGADD (13.9%). Danville's population education attainment level is slightly better than the overall Boyle County, but still below the BGADD level. On face value, the data indicate that employers in need of large number of high-skilled labors are more likely to locate in the urban economic center in the northeast section of the BGADD rather than in Boyle County.

Figure 3-3



Source: U.S. Bureau of Labor Statistics, 2016

Figure 3-4



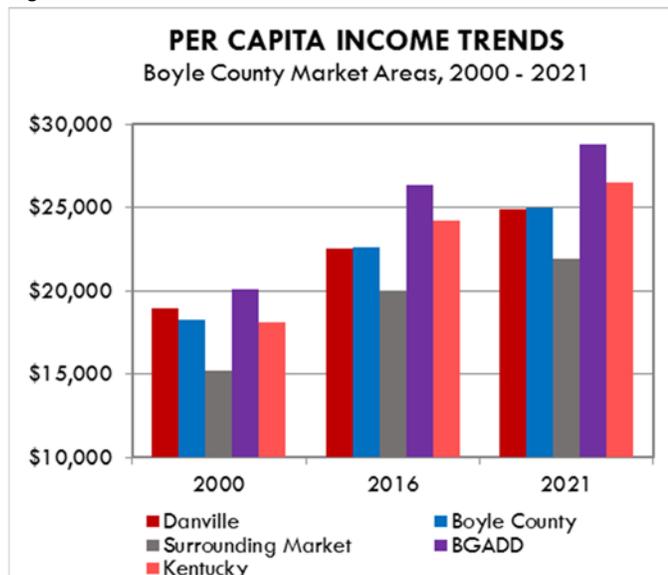
Source: U.S. Census Bureau, 2014

However, Boyle County and the Surrounding Market provide opportunity for businesses that had large needs for people with some college/high school training or unskilled labors (i.e. retail). This makes Boyle County competitive with the surrounding area. New job creation at low-to-mid skill level is likely to directly benefit Boyle County. Nevertheless, workforce training on job-related skills and soft skills for persons who have yet to attain a College degree could help Boyle County residents maintain sustained income employment and income growth while making business attraction and retention easier for the EDP. Thus, being more proactive in education and workforce development would benefit the EDP and its efforts.

5. Per Capita Income

Per capita income is the distribution of all earnings for a population divided by the total population. This metric provides a relative sense of standard of living when comparing more than one area. While the per capita income for Boyle County has consistently increased since 2000 to \$22,591 in 2016 (Figure 3-5), it is notably lower than the per capita income for the BGADD (\$26,324), and its annual growth rate (1.5%) has been below that in the Surrounding Market and BGADD (both 1.9%). On the positive side, lower income level means the cost for labor is relatively cheaper. When combined with workforce training efforts, Boyle County can offer well trained, lower cost workers for new businesses. Boyle County can also draw cheaper labors from the surrounding communities. On the negative side, the expense of training could be substantial, particularly for employers who need large labor forces. Additionally, lower wages mean less disposable income, which can adversely affect retail/dining/service potential in Boyle County. The even lower per capita income level in the Surrounding Market further enlarged this challenge.

Figure 3-5



Source: U.S. Census Bureau, ESRI, RKG Associates, Inc., 2016

6. Occupational Skill Level

The consultant analyzed the occupational skill level of the regional labor force based upon the data collected for U.S. Census Occupational Employment Statistics (OES) and categorized by job type and skill level. The type and skill level groupings were derived from the consultant's knowledge regarding the skill and educational requirements of general occupational categories. Although it is difficult to group occupational categories in this manner with great precision, the results provide some indication of the distribution and diversity of skills available within the labor force. The occupational categories and their descriptions are as follows:

- Highly-Skilled White Collar (HSWC) – a professional position requiring a college degree, with supervisory/ management responsibility or specialized training while working within a white-collar work environment.

- Highly-Skilled Blue Collar (HSBC) – a trade or non-professional position requiring less than an advanced degree, but some post-secondary education, a certificate, or specialized training or skill while working within a blue-collar work environment.
- Semi-Skilled White Collar (SSWC) – a professional position requiring less than an advanced degree, but some post-secondary education, a certificate, or specialized training or skill while working within a white-collar work environment.
- Semi-Skilled Blue Collar (SSBC) – a trade position requiring less than an advanced or trade school degree but requiring some specialized training or skill, while working within a blue-collar environment.
- Low-Skilled White Collar (LSWC) – a position within a white-collar work environment requiring no degree or formal schooling beyond high school, but requiring some on-the-job training.
- Low-Skilled Blue Collar (LSBC) – a position within a trade profession requiring no advanced degree or formal schooling, but requiring some on-the-job training.

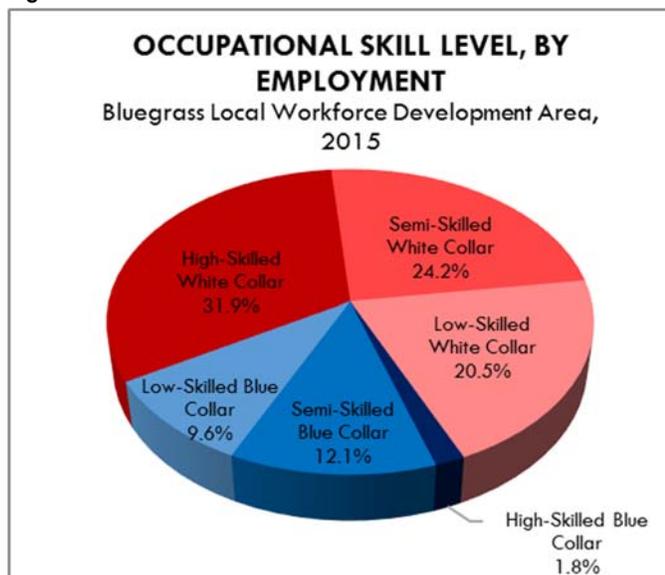
Most workers in the BGADD region are in white-collar jobs. Close to 77% of workers living in the region are in white-collar professions (Figure 3-6). This finding is consistent with national trends, where the U.S. economy continues to transition from production-based employment to service-based employment. It is likely that the BGADD, which includes Lexington, the 2nd-largest city in Kentucky and the 61st largest in the county, is heavily concentrated in service-based work.

Of the while-collar jobs, the majority are high-skilled or semi-skilled jobs requiring specific education and training. High-skilled white collar jobs include physicians, lawyers and teachers among others. Examples of semi-skilled white collar jobs include physician assistants, firefighters, and office secretaries. This finding is consistent with current

employment data, where education services and health services are two of the largest employment sectors in Boyle County. Collectively these two types of jobs represent 56.1% of the total occupations. An additional 20.5% of occupations are low-skilled white collar positions such as retail service and restaurant workers. This finding indicate the EDP has the potential to expand its expansion and recruitment efforts to focus on service-based opportunities. As discussed in the Target Industry Chapter, one opportunity identified is to target smaller companies that are not location-dependent and telecommuters that would find Danville-Boyle County’s quality of life (i.e. amenities, cost of living schools...) appealing

Conversely, fewer than one in four jobs (23.4%) are blue collar positions particularly low-skilled and semi-skilled such as construction workers, electricians and machine operators. The data also indicate that blue-collar workers are steadily declining in overall share. While some of this loss is attributable to the decline

Figure 3-6



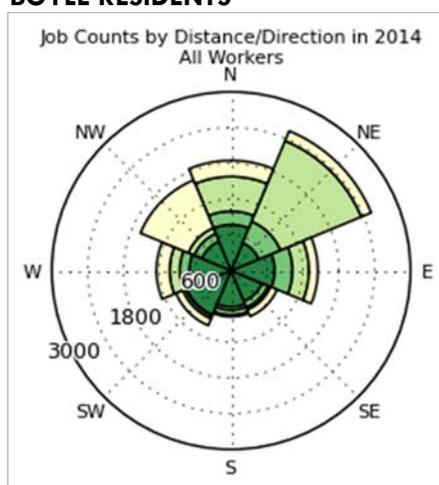
Source: Kentucky Labor Market Information, Occupational Employment and Wage Statistics (OES), 2016

in production based employment locally (discussed later in this Chapter), it also reflects the transition towards service-based businesses. In the short term, this finding reinforces the earlier point that Danville-Boyle County will find greater success in targeting smaller companies—particularly production based companies. That said, Boyle County can create a competitive advantage in the market longer term by investing in production-based employment and workforce training. Simply put, creating strength in a niche has as shown success regionally could position Boyle County to better attract production-based employment. However, investments in training programs should be focused on skill sets consistent with the needs of the type of production industries being targeted (discussed in the Target Industry Chapter). Substantial research and outreach within these sectors is recommended.

7. Commuting Patterns

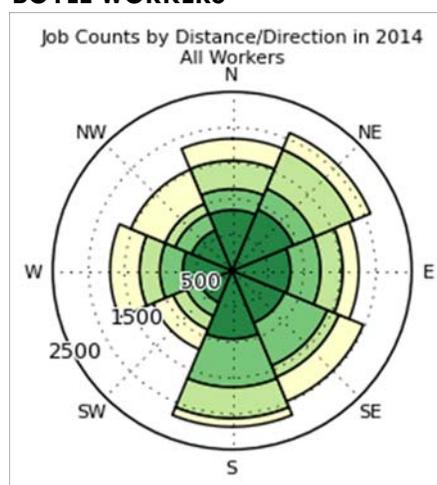
The U.S. Census Bureau’s *OnTheMap* system provides information on the distance and direction that both residents and workers travel in and out of the current county boundaries. Boyle County residents primarily travel towards Lexington to the northeast (Figure 3-7). A smaller number also travel north and northwest likely to jobs in and around Louisville and Frankfort. For workers commuting into Boyle, most commute into the County from the south, southeast or northeast from adjacent counties (Figure 3-8).

**Figure 3-7
BOYLE RESIDENTS**



Source: U.S. Census Bureau, Center for Economic Studies (OnTheMap), 2016

**Figure 3-8
BOYLE WORKERS**



Source: U.S. Census Bureau, Center for Economic Studies (OnTheMap), 2016

In terms of distance commuted, a majority (58.3%) of Boyle County residents work less than 25 Miles from their home, most likely in the manufacturing, retail, service industries and the public sector. An additional 24.4% work between 25 and 50 Miles from their homes (Table 3-1). This longer distance is consistent with the directional information presented above because Lexington is approximately 35 miles from Danville taking Route 127. For Boyle County workers, approximately 42.9% travel less than 10 miles to work in the area while an additional 21.8% travel between 10 and 24 miles and commute into Danville from surrounding communities (Table 3-2).

This data identifies an opportunity to target the companies that employ existing resident-commuters. Given the proximity to Lexington, Danville-Boyle County offers a value alternative (discussed in the Real Estate Chapter) to companies while not isolating them from their primary market in the Lexington/Cincinnati region. As discussed in the Implementation Strategy document, there also is potential to promote the local resident-commuters’ entrepreneurial spirit with a more robust entrepreneur and small business development program.

Table 3-1
Resident Work Destinations by Distance
Boyle County, Kentucky, 2005-2014

	2005	2010	2014
Less than 10 miles	52.4%	48.3%	46.0%
10 to 24 miles	13.9%	13.2%	12.3%
25 to 50 miles	18.8%	20.9%	24.4%
Greater than 50 miles	14.9%	17.7%	17.2%
Total Jobs	100.0%	100.0%	100.0%

Source: U.S. Census Bureau, Center for Economic Studies (OnTheMap), 2016

Table 3-2
Workforce Home Destinations by Distance
Boyle County, Kentucky, 2005-2014

	2005	2010	2014
Less than 10 miles	48.6%	44.4%	42.9%
10 to 24 miles	20.9%	23.0%	21.8%
25 to 50 miles	15.9%	16.4%	17.8%
Greater than 50 miles	14.7%	16.2%	17.4%
Total Jobs	100.0%	100.0%	100.0%

Source: U.S. Census Bureau, Center for Economic Studies (OnTheMap), 2016

E. EMPLOYMENT TRENDS

Employment trends provide greater insight into the top industries and employers within the region and how they have changed in recent years. It also identifies the industries that have the greatest potential for growth which will be further discussed in the target industry analysis.

1. Employment Trends

a.) *Boyle County*

Exploring the employment trends in Boyle County over the last 10 years (Table 3-3), the impact of the Economic Recession and the aging of the population that is visible in the changing unemployment and labor force participation rates is also evident in the change in employment. Between 2005 and 2009, both the local and Surrounding Market areas lost jobs in most of the industry sectors. Particularly, three industries including Manufacturing, Retail Trade, and Administration/Support/Waste Management/Remediation (“Administration” for short) collectively lost 1,461 jobs in Boyle County, which accounted for 24% of the 2005 employment level. This suggests that mid- and low-skill blue-collar and white-collar workers are more likely to be laid off at large scales during the Recession. After 2010, Retail and Administration regained employment growth and became a driver of the recovery, likely to be attributed to the recovery of market demand and the availability of labors with matching skills.

However, Manufacturing employment continued to decline. This is due to several reasons, including the more aggressive recruitment and retention efforts being employed regionally and nationally that have attracted businesses that historically would locate in Boyle County. Furthermore, the continued application of technology—particularly automatic equipment—to replace certain types of labor combined with the stagnation of new manufacturing facility development has adversely impacted Boyle County. As this trend is likely to continue, investment in speculative buildings and more proactive workforce training will help reverse this employment loss.

In contrast, Health Care & Social Assistance and Accommodation & Food Services sectors have experienced substantial employment growth since 2005, which contributed to the overall employment stability during the Recession and to the recovery afterwards. The Ephraim McDowell Regional Medical Center in Danville is a major employer in this area. Although its direct contribution to local tax real property base is limited due to its non-profit status, the hospital plays an important role in maintaining and creating jobs at different skill levels and supporting private

businesses in upstream and downstream industries. From the economic development perspective, attracting more specialty physicians to work in the hospital could potentially help draw more visitors from the surrounding communities and create more opportunities for hospital related private-sector businesses. High-quality housing, neighborhood amenities and public services, as well as dedicated talent recruiting policies are essential to attract such professions. The Accommodation & Food Services sector benefited from the concentration of labors with mid-to-low-education attainment levels in the county.

Table 3-3
Employment Trends, 2005-2014
Boyle County, Kentucky

NAICS Industry Sector	Boyle County			Boyle County Trends			
	2005	2010	2014	Change '05 - '10		Change '10 - '14	
	Count	Count	Count	Jobs	Percent	Jobs	Percent
Total	14,411	14,416	14,269	5	0%	(147)	-1%
Agriculture, Forestry, Fishing and Hunting	14	13	20	(1)	-7.1%	7	53.8%
Mining, Quarrying, and Oil and Gas Extraction	21	34	19	13	61.9%	(15)	-44.1%
Utilities	133	146	139	13	9.8%	(7)	-4.8%
Construction	332	276	269	(56)	-16.9%	(7)	-2.5%
Manufacturing	3,016	2,459	2,285	(557)	-18.5%	(174)	-7.1%
Wholesale Trade	1,196	1,111	819	(85)	-7.1%	(292)	-26.3%
Retail Trade	2,026	1,709	1,782	(317)	-15.6%	73	4.3%
Transportation and Warehousing	217	149	83	(68)	-31.3%	(66)	-44.3%
Information	187	150	160	(37)	-19.8%	10	6.7%
Finance and Insurance	379	372	382	(7)	-1.8%	10	2.7%
Real Estate and Rental and Leasing	134	76	81	(58)	-43.3%	5	6.6%
Professional, Scientific, and Technical Services	340	399	406	59	17.4%	7	1.8%
Management of Companies and Enterprises	23	10	3	(13)	-56.5%	(7)	-70.0%
Administration & Support, Waste Management & Remediation	1,022	435	689	(587)	-57.4%	254	58.4%
Educational Services	1,929	1,921	1,748	(8)	-0.4%	(173)	-9.0%
Health Care and Social Assistance	1,188	2,749	2,916	1,561	131.4%	167	6.1%
Arts, Entertainment, and Recreation	147	113	114	(34)	-23.1%	1	0.9%
Accommodation and Food Services	1,033	1,253	1,337	220	21.3%	84	6.7%
Other Services (excluding Public Administration)	308	284	301	(24)	-7.8%	17	6.0%
Public Administration	766	757	716	(9)	-1.2%	(41)	-5.4%

Source: U.S. Census Bureau, Center for Economic Studies, LEHD, RKG Associates, Inc., 2016

The Professional, Scientific, and Technical Services sector also gained employment in both periods, though the growth after the recession was moderate. This indicates that while white-collar jobs are more resilient during the recession, their growth is restricted by the size of the highly-educated labor force and the presence of major employers in Boyle County. It also suggests greater investment in service-based sectors will help stimulate additional job growth.

Overall, the employment changes within Boyle County over the past 10 years reflected the strengths and challenges faced with the local economy. Health Care and Social Assistance (2,916) became the largest employment sector, representing 20.4% of the total employment. Population trends and projections indicate the healthcare industry will continue to grow in Danville-Boyle County. In comparison, the Manufacturing (2,285) and Retail Trade (1,782) sectors remained among the top employers the County, representing 16.0% and 12.5% of the total employment respectively, but both sectors have declined in recent years. While national industry trends in both sectors partially explain the loss in jobs (i.e. automation in manufacturing and online retailing for retail), increasing local and regional competitiveness also is attributable to these losses.

b.) Surrounding Market

Like Boyle County, the Manufacturing, Education, Health Care & Social Services, and Retail Trade sectors are the top employment sectors in the Surrounding Market (Table 3-4). Manufacturing alone accounts for 31% of the total employment, which is consistent with the character of its labor force. This relative concentration (compared to Boyle County) led to a more dramatic employment decline during the Recession when Manufacturing jobs decreased by 1,105. Unlike Boyle County, the Manufacturing sector regained growth and exceeded the pre-recession employment level by 2014, primarily due to recovery in Marion County. This is also evidenced in the improvement of Marion County's unemployment rate. The differential in Manufacturing employment trends suggests that the Central Kentucky region remains viable for manufacturing growth, but Boyle County's neighbors have become more competitive in the recruitment market.

Table 3-4
Employment Trends, 2005-2014
Surrounding Market, Kentucky

NAICS Industry Sector	Surrounding Market						Surrounding Market Trends			
	2005		2010		2014		Change '05 - '10		Change '10 - '14	
	Count	Share	Count	Share	Count	Share	Jobs	Percent	Jobs	Percent
Total	26,445	100%	25,914	100%	28,012	100%	(531)	-2%	2,098	8%
Agriculture, Forestry, Fishing and Hunting	112	0.4%	114	0.4%	205	0.7%	2	1.8%	91	79.8%
Mining, Quarrying, and Oil and Gas Extraction	46	0.2%	33	0.1%	13	0.0%	(13)	-28.3%	(20)	-60.6%
Utilities	292	1.1%	288	1.1%	330	1.2%	(4)	-1.4%	42	14.6%
Construction	1,275	4.8%	1,305	5.0%	1,057	3.8%	30	2.4%	(248)	-19.0%
Manufacturing	8,535	32.3%	7,430	28.7%	8,674	31.0%	(1,105)	-12.9%	1,244	16.7%
Wholesale Trade	668	2.5%	633	2.4%	917	3.3%	(35)	-5.2%	284	44.9%
Retail Trade	2,839	10.7%	2,932	11.3%	2,920	10.4%	93	3.3%	(12)	-0.4%
Transportation and Warehousing	411	1.6%	302	1.2%	363	1.3%	(109)	-26.5%	61	20.2%
Information	476	1.8%	188	0.7%	193	0.7%	(288)	-60.5%	5	2.7%
Finance and Insurance	590	2.2%	613	2.4%	579	2.1%	23	3.9%	(34)	-5.5%
Real Estate and Rental and Leasing	120	0.5%	136	0.5%	100	0.4%	16	13.3%	(36)	-26.5%
Professional, Scientific, and Technical Services	370	1.4%	740	2.9%	861	3.1%	370	100.0%	121	16.4%
Management of Companies and Enterprises	52	0.2%	36	0.1%	111	0.4%	(16)	-30.8%	75	208.3%
Administration & Support, Waste Management & Remediation	861	3.3%	660	2.5%	1,014	3.6%	(201)	-23.3%	354	53.6%
Educational Services	4,243	16.0%	4,081	15.7%	3,727	13.3%	(162)	-3.8%	(354)	-8.7%
Health Care and Social Assistance	2,428	9.2%	2,977	11.5%	3,135	11.2%	549	22.6%	158	5.3%
Arts, Entertainment, and Recreation	353	1.3%	291	1.1%	284	1.0%	(62)	-17.6%	(7)	-2.4%
Accommodation and Food Services	1,570	5.9%	1,672	6.5%	1,737	6.2%	102	6.5%	65	3.9%
Other Services (excluding Public Administration)	405	1.5%	492	1.9%	694	2.5%	87	21.5%	202	41.1%
Public Administration	799	3.0%	991	3.8%	1,098	3.9%	192	24.0%	107	10.8%

Source: U.S. Census Bureau, Center for Economic Studies, LEHD, RKG Associates, Inc., 2016

The Health Care & Social Services and Accommodation & Food Services sectors have also experienced substantial employment growth in the Surrounding Market since 2005, The success that both Boyle County and the Surrounding Market have had in these areas reflect the shared labor force and similarity of their respective market bases. However, the growth of the Professional, Scientific & Technical Services in the Surrounding Market has been exceptional, more than doubling in ten years. Though this sector only represents 3.1% of the total employment in 2014, its growth indicates competition for business retention and expansion reaches across multiple sectors. greater opportunities for people with advanced education and skills. In addition to improving the skill level of local workforce, expanding the proactive recruitment efforts within the EDP are essential to keeping these employers.

Compared with Boyle County, the Surrounding Market experienced a more substantial employment decline in the Education sector. This occurred when the population was aging and families with school-age children left the area and have not returned as readily as employment has. In the long term, it poses a challenge to workforce development. While some of these jobs likely are attracting workers from surrounding communities, it indicates the challenges the EDP will have at attracting larger companies with substantial labor needs.

2. Nonemployment Trends

The U.S. Census Bureau’s Nonemployment Statistics focus on self-employed individuals and their business activities. The non-employment trends in Boyle County indicate that this part of the economy also suffered from the Recession, but has recovered since 2010 and achieved moderate growth by 2014 (Table 3-5). Construction, Retail, Information, and Real Estate sectors had the largest establishment decline between 2006 and 2010, and none of them has recovered since. The stagnation of local real estate market, the expansion of internet retail and chain-brand retail, and the technological transition within the Information sector in recent years have made it increasingly difficult for propriety businesses to survive nationally, not just in Boyle County. That said, Boyle County has experienced success in growing other micro business enterprises.

Table 3-5
Nonemployer Trends, 2006 - 2014
Boyle County, Kentucky

Description	2006	2010	2014	Change '06 - '10		Change '10 - '14	
				Establish-ments	Percent	Establish-ments	Percent
Total for all sectors	1942	1928	1980	(14)	-0.7%	52	2.7%
Agriculture, Forestry, Fishing and Hunting	18	25	19	7	38.9%	(6)	-24.0%
Mining, Quarrying, and Oil and Gas Extraction	1	0	0	(1)	-100.0%	0	0.0%
Construction	291	270	270	(21)	-7.2%	0	0.0%
Manufacturing	23	20	29	(3)	-13.0%	9	45.0%
Wholesale Trade	30	29	26	(1)	-3.3%	(3)	-10.3%
Retail Trade	241	221	219	(20)	-8.3%	(2)	-0.9%
Transportation and Warehousing	51	51	40	0	0.0%	(11)	-21.6%
Information	31	12	9	(19)	-61.3%	(3)	-25.0%
Finance and Insurance	61	52	48	(9)	-14.8%	(4)	-7.7%
Real Estate and Rental and Leasing	221	203	204	(18)	-8.1%	1	0.5%
Professional, Scientific, and Technical Services	184	202	224	18	9.8%	22	10.9%
Administrative and Support and Waste Management and Remediation Services	160	201	219	41	25.6%	18	9.0%
Educational Services	59	60	69	1	1.7%	9	15.0%
Health Care and Social Assistance	145	131	148	(14)	-9.7%	17	13.0%
Arts, Entertainment, and Recreation	61	94	91	33	54.1%	(3)	-3.2%
Accommodation and Food Services	30	19	23	(11)	-36.7%	4	21.1%
Other Services (except Public Administration)	335	338	342	3	0.9%	4	1.2%

Source: U.S. Census Bureau, Nonemployer Statistics, RKG Associates, Inc., 2016

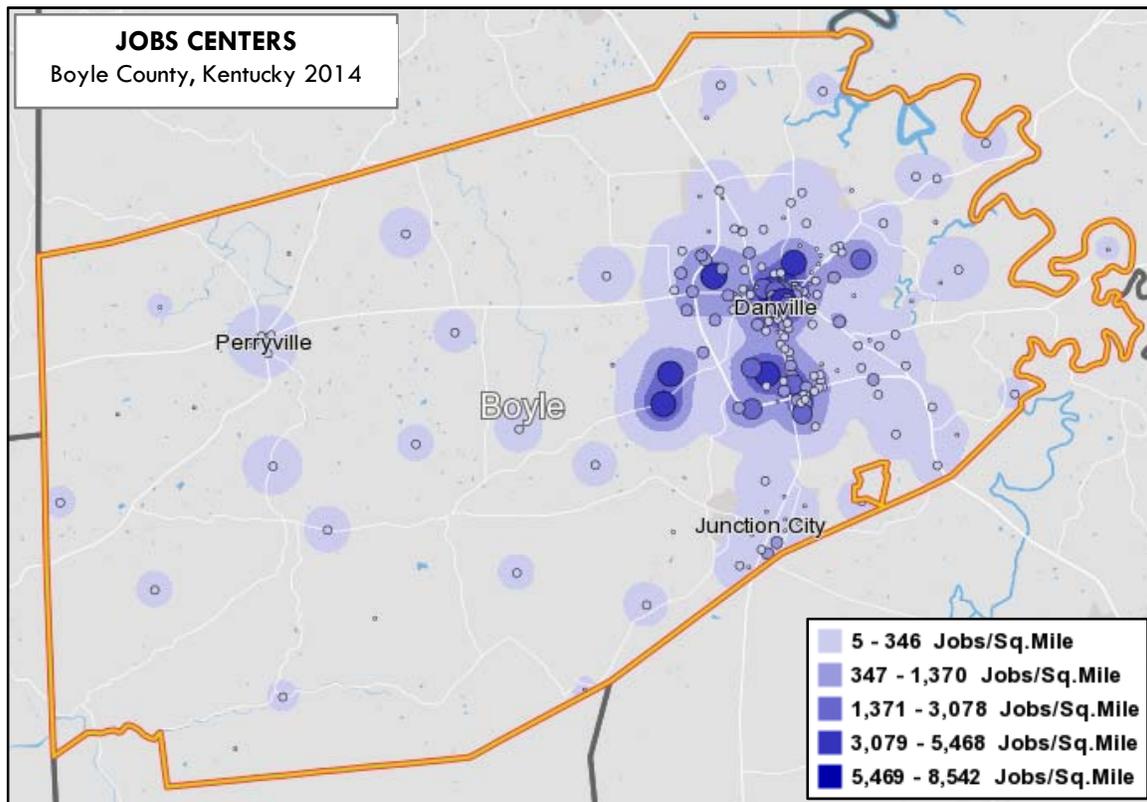
The Health Care & Social Assistance sector gained 17 new businesses over the 2010-2014 period, which compensated for the loss of 14 businesses during the Recession. However, a closer look at the sector indicates that most the decline during the Recession was of social assistance businesses, which continued to decline afterwards, while the recovery was driven by the growth of ambulatory health care services businesses. Such growth benefited from the health care facilities in the area. Moving forward, strategies aimed to help Ephraim McDowell expand its local footprint and size up their operation would also potentially support more entrepreneurship in this sector.

The Professional, Scientific & Technical Services sector achieved substantially growth both in nonemployment and employment, reinforcing that the county’s economy is following national trends in shifting toward service sectors that not only are more human-capital-intensive but also offer more flexible work arrangements. This finding corroborates earlier observations about the benefits of the EDP pursuing both the telecommuting marketplace as well as expanding entrepreneurial support efforts.

3. Employment Centers

Using information from *OnTheMap*, the consultant reviewed trends in jobs per square mile for the current boundaries of the Boyle County. This analysis indicates that there are concentrations of jobs (5,469 – 8,542 jobs per square mile) in downtown Danville at the location of Ephraim McDowell Regional Medical Center and government agencies, and to the northwest of downtown at the location of Boyle County High School, Boyle County Middle School, and Woodlawn Elementary School (Map 3-1). Additionally, slightly smaller concentrations of jobs (3,079 – 5,468 of jobs per square mile) exist along Route 34 to the southwest of Danville where the industrial park and Bluegrass Community & Technical College are located, and in the industrial area along Route 127 to the south of the city. Jobs outside the Danville city boundary are scarce. Overall, these concentrations are generally consistent with the location of the area’s larger employers.

Map 3-1



Source: U.S. Census Bureau, Center for Economic Studies (OnTheMap), 2016

The top employers are primarily public-sector agencies including Ephraim McDowell Regional Medical Center, government agencies, Bluegrass Community & Technical College, and multiple K-12 schools. From an economic development perspective, there is an opportunity for economic expansion by attracting health care specials and associated patient/doctor services, and collaborating with the schools on workforce training. Major private-sector employers include RR Donnelley (640 employees), American Greetings (552 employees), Dana Corporation (328 employees), National Office Furniture (204 employees), Berry Plastics Corporation (200 employees), Meggitt Aircraft Braking Systems (184 employees), Denyo Manufacturing Corp (150 employees), Intelligrated Inc. (138 employees)¹, and Walmart. From these top employers alone, the education attainment and skill level necessary is varied and dovetails with the existing

¹ "Danville Boyle County Community Profile: Business and Industry". Kentucky Cabinet for Economic Development. Retrieved 5/24/17.

range of education attainment of Boyle County’s population. To continue to meet the employment needs of these major employers within the community, workforce development and training efforts can be effective at tooling existing, currently underqualified residents with the skills needed for these businesses or other similar firms.

4 REAL ESTATE MARKET ANALYSIS

A. INTRODUCTION

Attracting new businesses and encouraging the expansion of existing businesses is an important part of economic development. To do so, a community must have a sufficient supply of appropriate space for these companies. Understanding the dynamics of the real estate market in Boyle County and City of Danville and the surrounding area is essential to evaluating economic development potential within the County and the City and developing a strategy for growth in the future. To evaluate the non-residential market, the consultant analyzed the recent trends at both regional and local levels for specific property types including office, industrial, retail and accommodation.

B. MAJOR FINDINGS

- **Recent development trends indicate a recovering, but relatively slow-growth market.** Danville-Boyle County has experienced comparatively little new construction activity, particularly in the speculative development market. Most new construction has occurred in expansion of existing businesses. While activity interest has increased in the past few years (reflecting a recovering market), the pace and type of activity indicates Boyle County can support business growth, but few businesses outside the community are aware of this. The financial risk for speculative development exacerbates the community's challenge, as many businesses prefer move-in-ready space over having to build from scratch. Greater investment in physical assets could initiate greater activity.
- **The Danville-Boyle County office market offers a value alternative to Lexington and Louisville.** Asking rent and purchase levels in Danville are comparatively lower than in the Lexington market. Given the community's proximity to downtown Lexington and Frankfort, Danville is a reasonable alternative for businesses that do not require an 'in-town' presence. That said, the supply within Danville is limited. Much of the space is small and in sub-prime condition. Downtown Danville offers a unique opportunity due to its scale and charm, but pricing is more variable due to over-speculation by existing owners. There is an opportunity for the EDP to formalize an inventory list, work with existing owners on price appropriateness, market the community's quality of life, and proactively fill office space.
- **Like the office market, the county's industrial market offers a value alternative to Lexington, but has strong competition locally.** Pricing in Boyle County is 33% to 50% below the Lexington market. However, it is comparable and slightly higher than the surrounding communities. Furthermore, most of Boyle County's available supply is in larger (over 100,000 SF) buildings. Given the ease of access to and from Boyle County to these areas, Boyle has become the 'premium market' of the Kentucky Crossroads. While this is not a negative for the community, it does create challenges for business retention and recruitment particularly for mid-size and small-scale users (under 50,000 SF). The EDP has been effective at backfilling buildings, but has not has the same success as the surrounding markets in job growth due to lack of supply. Boyle County will need

to become more proactive in asset development to realize growth levels consistent with its neighbors.

- **Boyle County is well-served in retail offerings, serving a much larger market area than the county boundaries.** Boyle County benefits from being centrally located among smaller, rural communities. This situation has enabled the community to attract retailers that typically would not serve this size market who benefit from the regional market area. However, the analysis reveals that current vacant space is sufficient to serve the community's retail growth potential (without substantial population increases). If retail investment continues, the community will likely need to strategize on how to repurpose vacated retail centers. From an economic development perspective, this could open opportunities along the Bypass. It is important to note that local brokers indicated that the Downtown Danville retail market operates somewhat independently from the regional retail draw along the Bypass. Feedback indicates that there is demand for owner-occupant live-work space in the Downtown. This suggests the potential for infill development and/or upper-story rehabilitation efforts.
- **The hotel market is healthy, and is prime for additional expansion.** The market analysis indicated that the hotel market has potential for expansion. This fact did not go unnoticed, as the new Holiday Inn Express opened during this analysis. However, the data also indicate that the Danville-Boyle County market is not very diverse. Most notably, all commercial lodging facilities are along the Bypass. Given the activity created by Centre College, Ephraim McDowell Hospital, and the Downtown Danville events/activity; there is potential to attract a small-scale lodging facility into Downtown. Preliminary conversations with potential end users suggest a 30-50 room boutique-style hotel could succeed there. Regardless, the community will need additional lodging opportunities if the tourism economic initiatives (i.e. a competition athletic complex) are realized.

C. METHODOLOGY

1. Data Sources

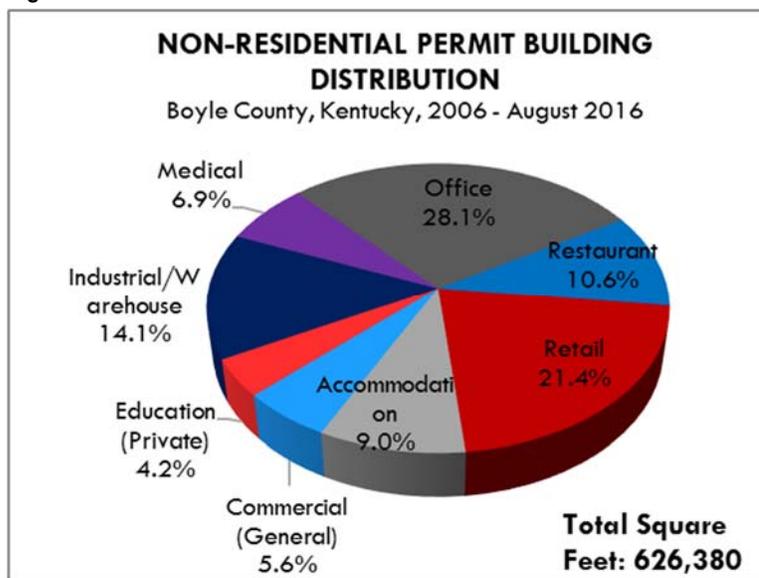
The data used for the non-residential market analysis was gathered from a few key sources. Data on annual non-residential building permits came from Boyle County Planning and Zoning Commission; information on recent completely, planned, and proposed non-residential development was from Boyle County PVA real property assessment dataset and Danville-Boyle County Economic Development Partnership. For the larger market analysis, information on a variety of market metrics (vacancy, absorption, rental rates) and current market inventory data was provided by REIS, an industry recognized third party commercial real estate property data provider. Retail property of the Danville and Perryville submarkets within Boyle County was also evaluated based on supportable square footage determined by an analysis of retail supply and demand data provided by ESRI. The existing hotel/accommodation market was evaluated using data from Smith Travel Research, an industry recognized third party data provider that surveys hotels throughout the country on market metrics such as occupancy and revenue per room. Any additional sources used for this analysis not mentioned above will be noted within this chapter.

D. NON-RESIDENTIAL DEVELOPMENT TRENDS

1. Recent Development

Boyle County Planning and Zoning Commission's building permit data provides an understanding of the development trends of non-residential buildings over the last 10 years. Approximately 626,380 square feet of non-residential property permit has been issued since 2006 (Figure 4-1), most which was for Office (175,723 SF, or 28.1%) development. Retail (134,199 SF, or 21.4%), and Industrial/Warehouse (88,622 SF, or 14.1%) constituted smaller, but significant shares of the development activity. Consistent with national level trends, the Recession led to a stagnation of development interest, as the annual non-residential development permit dropped dramatically from the peak of 172,252 square feet in 2008 to the bottom of 8,350 square feet in 2012. As the market recovered, the square footage of permitted non-residential property started to rise since 2013, but still yet to reach the pre-recession level by 2016.

Figure 4-1



Source: Boyle County Planning and Zoning Commission, 2016

The year built information in the property tax assessment data confirms that new non-residential has been limited in Boyle County since 2006, especially after the Recession (Table 4-1). Only 2.3% (338,727 square feet) of Boyle County's non-residential inventory was added during 2006-2016, primarily before 2011. Information from multiple sources also indicates a recovering market, evidenced by an expansion of investment and development activities in recent year. In 2015 alone, 177,850 SF of non-residential projects were completed, including 11 new construction and 3 expansions. Most the development was Retail space (90,550 SF, 51%) and Industrial/Warehouse space (56,118 SF, 32%), mainly due to three large-scale projects – the Ridgefield Shopping Center, the Pitman Creek Wholesale's warehouse, and the Wilderness Trace Solar's solar panel assembly and installation facility. Other development was mostly at small scale (less than 5,000 SF), which is typical during market recovery.

The relatively slow recovery of Office development has led to a lack of new space that meets the contemporary market needs, in terms of dimension and functionality. Anecdotal information from brokers suggests that as the market increasingly demands modern space, the stagnation of office development has resulted in limited opportunities for business attraction and expansion. However, local real estate professionals have indicated that there is very little interest/willingness for speculative development. Similarly, most of the industrial activity has been the expansion of existing businesses and not new construction. Almost all activity has been 'build-to-suit,' leading to comparatively slower growth rates. In short, the Danville-Boyle County non-residential market is too unpredictable for the private sector to assume the risk of speculative development. This situation has limited the community's economic development potential, as many prospects want move-in ready buildings.

2. Planned and Proposed Developments

In addition to the recently completed projects, another 314,220 SF of non-residential space is in the project pipeline (Table 4-2), of which 256,220 SF (82%) is Industrial/Warehouse space for aircraft and automotive component manufacturing, furniture manufacturing, liquor distillation, and various warehousing/distribution. However, almost all this new development is expansion of existing businesses, and not new construction. From a base level, this indicates Danville-Boyle County remains a viable location for manufacturing and warehouse/ distribution industries. However, it has not resulted in the marketplace being willing to engage in speculative investment.

Another noticeable proposed project is a recently completed 54,000 SF Holiday Inn Express, which indicates new low-level and mid-level service jobs. As illustrated in earlier chapters, the region has abundant supply of mid- to low- skill blue-collar and white-collar workers. From an economic development perspective, integrating the existing and proposed land uses associated with these projects into a cohesive economic vision is important. This includes marketing and recruiting targeted businesses to fill existing and new space and encouraging existing businesses to stay and expand in Boyle County as new space comes online. Complementary land use and development decisions around workforce housing and community services are also critical to extend these industrial projects to a broader and cohesive economic development strategy.

On the other hand, the lack of office development may further impede the office market’s adapting to the increasing need for modern space and amenities. Coupled with a lack of high-skill professionals in the local workforce, this suggests a continued challenge to attract certain service industries. In response, marketing and business recruitment in such industries should focus on encouraging existing businesses to stay and expand while targeting new businesses whose needs align with what the market has to offer. Furthermore, the EDP partners should consider a public-private partnership to develop new speculative office and/or industrial space. ‘Priming’ the market with a showcase investment through a joint development would mitigate the risk for the private sector on an initial investment, while proving the viability of such investment locally so that more development interest can occur.

E. OFFICE MARKET

Of the office submarkets identified by REIS in the State of Kentucky, Lexington Metro is closest to Boyle County and most likely to be competing with the local office market. As mentioned in the economic base chapter, Lexington, north of Boyle County by approximately 40 miles, is the region’s main economic center. Lexington is heavily concentrated in service-based industries, which are major office users. Since 2011, the office inventory of the Lexington Metro submarket has only grown slightly from 4.6 million SF to 4.7 million SF, indicating an overall weak regional office market. Boyle County has a much smaller

**Table 4-2
Proposed Non-Residential Projects, 2015
Boyle County, Kentucky**

	Projects	Bldg. SF
New Development/Redevelopment		
Accommodation	1	54,000
Automotive	0	0
Commercial (General)	0	0
Industrial/Warehouse	1	88,200
Medical	0	0
Office	0	0
Retail	0	0
Restaurant	0	0
Total	2	142,200
Expansion Project		
Accommodation	0	0
Automotive	0	0
Commercial (General)	0	0
Industrial/Warehouse[1]	5	168,000
Medical	1	4,020
Office	0	0
Retail	0	0
Restaurant	0	0
Total	6	172,020

Source: Danville-Boyle County Economic Development Partnership, 2016

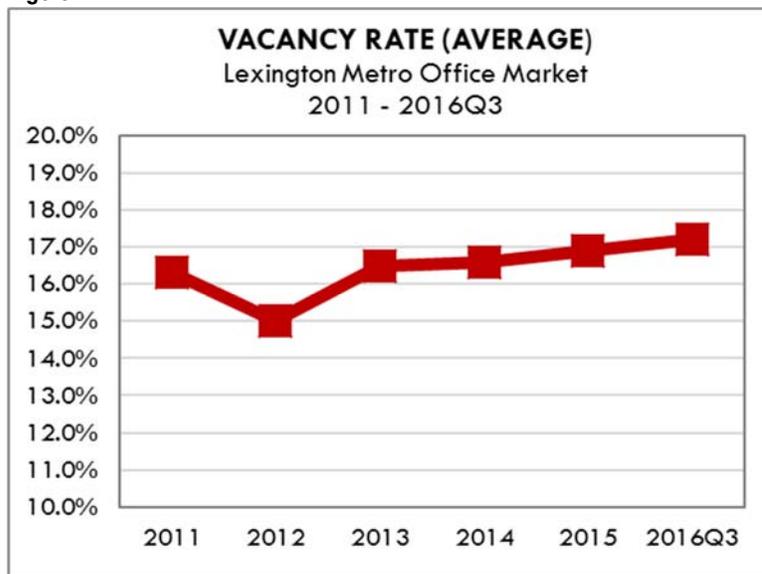
[1] Square footage information was unavailable for some projects.

office market, with most of the office space concentrated in downtown Danville, primarily medical offices and government offices.

1. Vacancy

Since 2011, the vacancy rate for Lexington Metro has experienced an overall increase from 16.3% to 17.2%, with the only exception in 2012 when the vacancy rate briefly dropped to 15.0% (Figure 4-2). This indicates a comparatively weak office demand in the area, particularly over the past two years considering vacancy rate improved in the South Atlantic region (of which Kentucky is a part). The continued increase of the vacancy rate is consistent with the lack of development interest and activities in the region. Given Danville-Boyle County’s market size, much of the available local space is small (below 5,000 square feet). Interviews with local development professionals indicate better quality space located near the hospital and along the Bypass tends to have the most consistent occupancy levels.

Figure 4-2

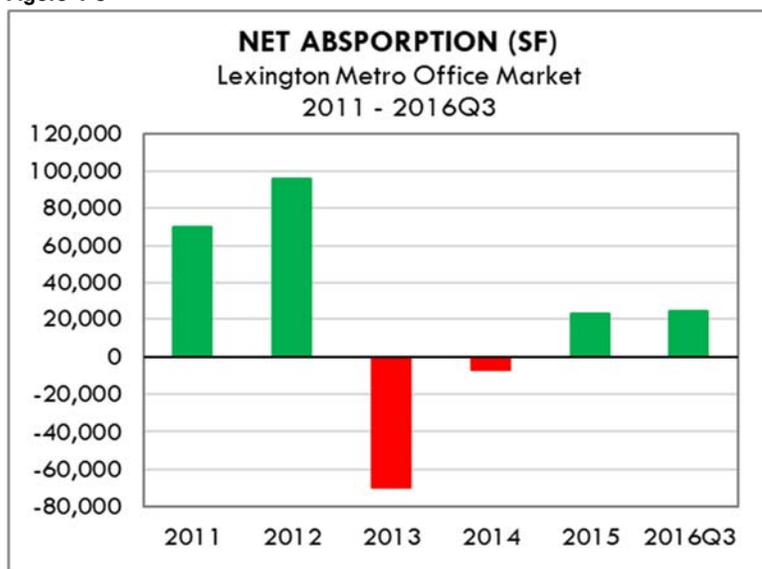


Source: REIS, 2016

2. Net Absorption

As described by REIS, net absorption is the net change in occupied space within the identified market over a given period. For Lexington Metro, the net absorption trend of office space indicates a moderate recovery after the Recession followed by a weak demand (Figure 4-3). Despite an inventory growth in 2012, the positive net absorption of 96,000 SF contributed to the improvement of vacancy rate, however, this improvement was largely cancelled by a negative net absorption of 77,000 SF over the next two years, leading to rising vacancy rates. The market regained positive net absorption after 2014, but only marginally and unable to absorb the newly added space. This suggests that the current market demand is not sufficient to support major new office development. That said, the Danville-Boyle County market is strongest for smaller-scale (under 10,000 square foot) space, particularly in medical office space.

Figure 4-3



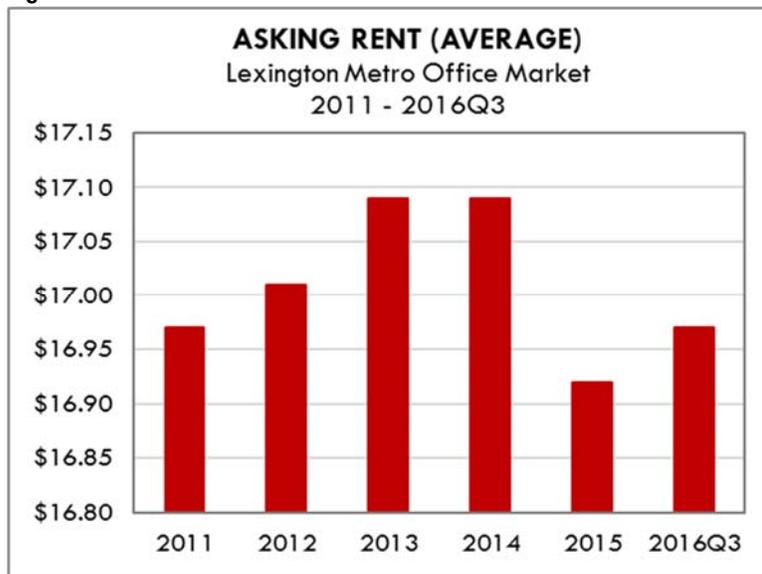
Source: REIS, 2016

This data corroborates earlier recommendations for the EDP to focus recruitment and growth efforts on smaller-scale businesses.

3. Lease Rates

During the same period, 2011 to 2016Q3, lease rates in Lexington Metro experienced an increase during the recovery followed by a decline over the past two years. The slight increase in lease rates from \$16.97 per square foot to \$17.01 per square foot in 2012 was accompanied by inventory growth and vacancy rate decrease, indicating a moderate recovery from the Recession. Discussions with real estate professionals in the Lexington region indicate the large rate drop between 2014 and 2015 is a result of leasing activity for the most competitive office space, leaving the least attractive (and therefore lower cost) on the market. In effect, the analysis indicates that office users are willing

Figure 4-4



Source: REIS, 2016

to pay more for better quality/located space. This is consistent with local real estate professional discussions about quality of space and relative demand. From an economic development perspective, there is opportunity for the EDP and its partners to initiate a rehabilitation program to improve the condition of existing office space, particularly for upper-story space in Downtown Danville, to attract greater office market activity.

The Consultant also conducted an internet survey on real estate listing website to identify office leasing patterns in Boyle County in comparison with Lexington Metro. The office space in Boyle County is generally priced in the \$10/SF-\$22/SF range, though relatively lower than at the Lexington Metro level, still higher than in the surrounding communities (\$10/SF-\$15/SF), indicating certain competitiveness. The pricing is highly contingent on property location and quality. The medical office in downtown Danville is typically priced higher than other space. When compared with Lexington, Boyle County offers a value option with its price advantage that is most attractive to smaller, non-location dependent businesses; the quality of life also appeals to people who appreciate suburban lifestyle.

F. INDUSTRIAL MARKET

Similarly, the industrial submarket that is closest to Boyle County as identified by REIS is Lexington Metro. Between 2011 and 2016Q3, its industrial inventory has fluctuated between 10,205,891 SF and 11,164,084 SF (Figure 4-5). It experienced a moderate growth followed by a minor decline, indicating a flat market supply. Among different types of industrial space, distribution space had an overall increase while all the others had decreases, mostly significant for manufacturing space. This may indicate an expansion of distribution related industries in the region hence opportunities for Boyle County to catch a share of the market. On the other hand, the manufacturing industries may be declining or moving away from the metro

area for cheaper land and labor. Boyle County might be able to recapture some of the manufacturers with targeted businesses recruitment and workforce strategies.

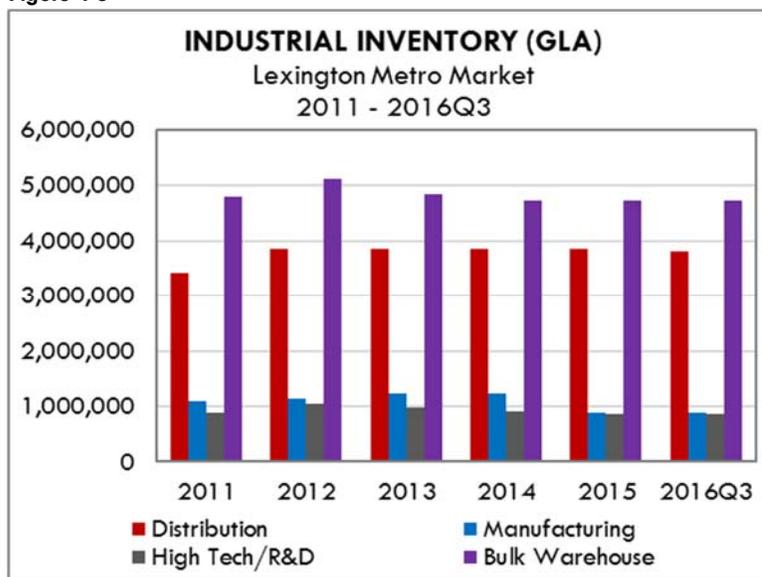
1. Vacancy

Between 2011 and 2015, the overall industrial vacancy in Lexington Metro declined steadily from 13.9% to 5.7% with the exception in 2012 due to an inventory growth, though different types of space demonstrated contrasting trends (Figure 4-6). Distribution and Bulk Warehouse space had the most significantly improvements, which confirmed the rising of these industries. In contrast, Manufacturing space saw a sharp increase in vacancy rate after 2014 despite the inventory drop, likely due to the leaving of major employers (i.e. Lexmark).

2. Lease Rates and For-sale Prices

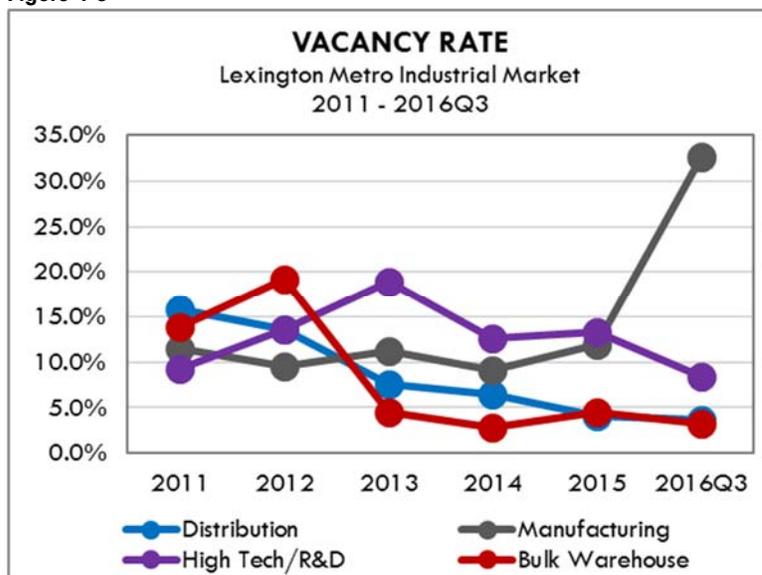
Conversations with local brokers indicates that Boyle County has limited industrial space available for lease or sale. The current listings are generally for larger space with more than 140,000 SF; the lease rates range from \$1/SF to \$3/SF, lower than in Lexington Metro (\$4/SF-\$8/SF); the sales prices for recently developed ‘Built-to-Suit’ space are typically \$20/SF-\$25/SF, also below the Lexington Metro level (\$35/SF-\$50/SF). Compared with the surrounding communities, Boyle County’s industrial space is priced lower in general and less diverse. Like the office market, this suggests that Danville-Boyle County provides a value alternative for industrial users seeking space in the Central Kentucky market. However, the lack of new construction activity (excluding plant expansions) has severely limited options and diversity available on the market. As noted earlier, the data indicate an initial public-private investment in new supply could increase industrial activity while increasing market confidence in speculative industrial investment.

Figure 4-5



Source: REIS, 2016

Figure 4-6



Source: REIS, 2016

G. RETAIL MARKET

Given Boyle County’s rural setting and limited local retail market, the Consultant analyzed the inventory of retail space in the Lexington Metro submarket to understand the retail market dynamics in the region. Since 2011, the retail inventory has remained relatively static at 9.1 Million SF, indicating a lack of investment interest and activities (Figure 4-7). Existing retail businesses are mainly located in downtown Lexington and shopping centers around major transportation corridors such as Interstate 75, US 27, and US 68.

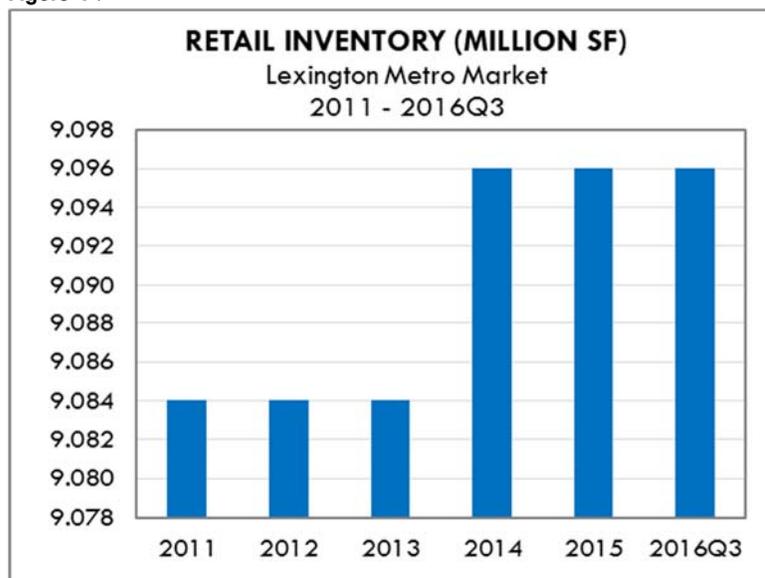
Information from local brokers indicates that Boyle County has limited but diverse offerings of retail space. This is confirmed by the current listings on LoopNet, which include both shopping center retail/commercial space and retail/multi-use space in downtown Danville.

1. Vacancy

Since 2011, retail vacancy within the Lexington Metro market has ranged between 8.1% and 8.7% with moderate rises and falls (Figure 4-8). The improvement in 2014 coincided with the growth of inventory, likely a result of the opening of one or a few major retail businesses. However, the vacancy rate has been increasing over the past two years despite the static inventory, indicating overall market demand has weakened. This is consistent with national trends, as non-traditional retailing (i.e. online shopping) has increased its market share.

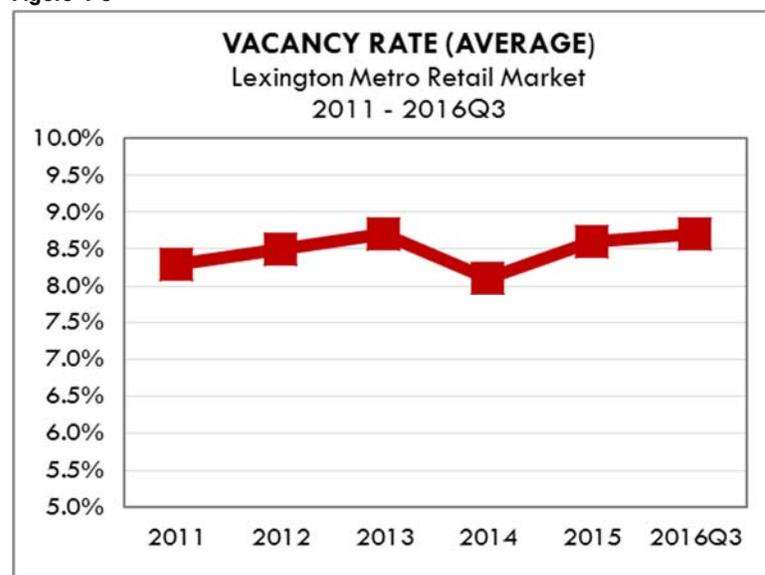
Vacancy in Boyle County is variable based the location of the property and its condition. The Walmart store near the intersection of Hustonville Road and the Route 127 Bypass was identified as the strongest retail market area within the county. This location hosts almost all the larger retail stores within Danville-Boyle County. Downtown Danville has a mixture of retail and services businesses, and maintains a stable occupancy level along Main Street. However, several secondary commercial corridors (i.e. Hustonville Road between

Figure 4-7



Source: REIS, 2016

Figure 4-8



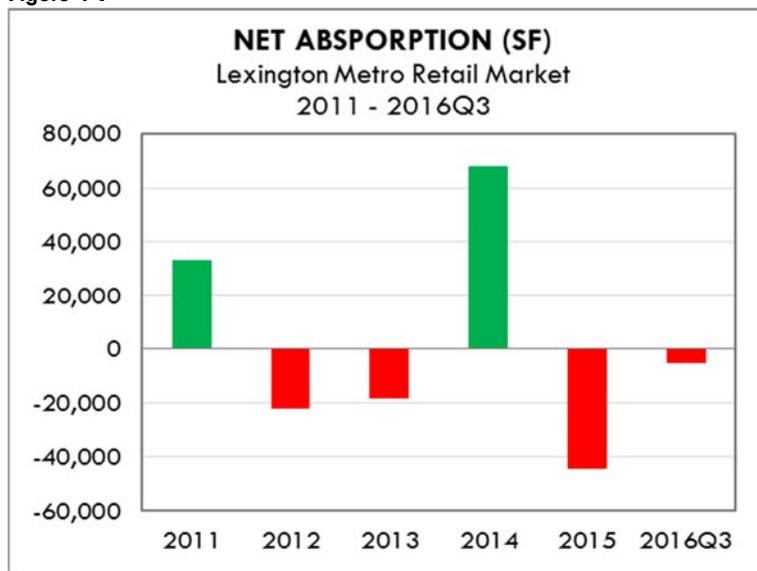
Source: REIS, 2016

Downtown and the Bypass) has intermittent vacancies in a few strip centers. Secondary locations (i.e. the Bypass east of Hustonville Road) also have some lingering standalone vacancies.

2. Net Absorption

Like the market performance for vacancy rate in the Lexington Metro market, net absorption has also experienced in both positive and negative shifts. The data indicate net absorption has been effectively flat since 2011. The market's relatively small inventory which accentuates these changes. While negative net absorption never reached below -44,000 SF, positive absorption was at its height at 68,000 SF in 2014 (Figure 4-9). More recently, net absorption since 2015 has been negative which resulted in the rise of vacancy rate and indicates overall limited opportunities for new development in the region.

Figure 4-9



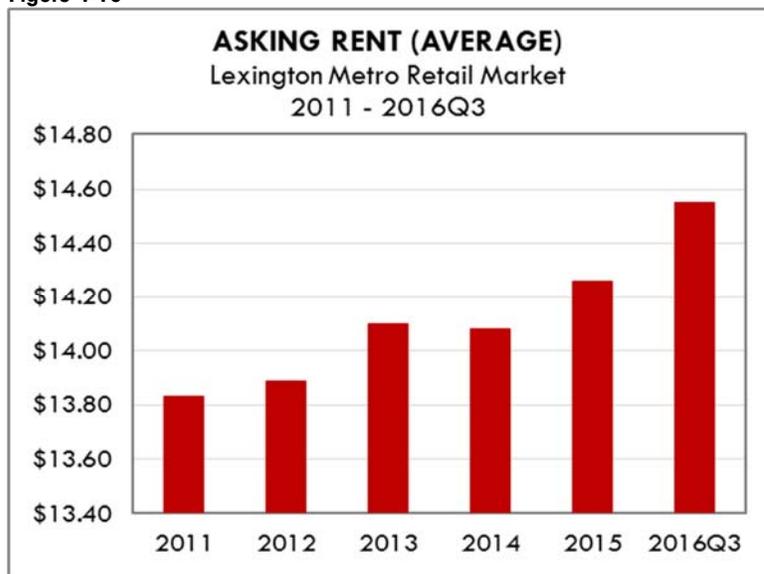
Source: REIS, 2016

Danville-Boyle County has experienced similar changes. Data provided by local real estate professionals and the EDP indicate that some new retailers entering the market are choosing to build new facilities rather than occupy existing vacant space. As noted, feedback indicates that location and condition are primary drivers for new retailers. The desire to build new rather than reuse reflects some of the challenges that the market faces in terms of new growth. In other words, the need to rehabilitate and/or redevelop less competitive properties while encouraging more efficient use of high exposure locations will be critical for the community's continued retail success.

3. Lease Rates

Over the same period, the average asking rent for retail space in the Lexington Metro submarket has been growing steadily from \$13.83/SF to \$14.55/SF (Figure 4-10). As vacancy rates have remained between 8% and 9% during this period, the steady increase in average asking rate reveals the impacts that no new development has on the supply/demand balance. In effect, property owners are able to raise rents because retailers have few comparable options in desirable locations.

Figure 4-10



Source: REIS, 2016

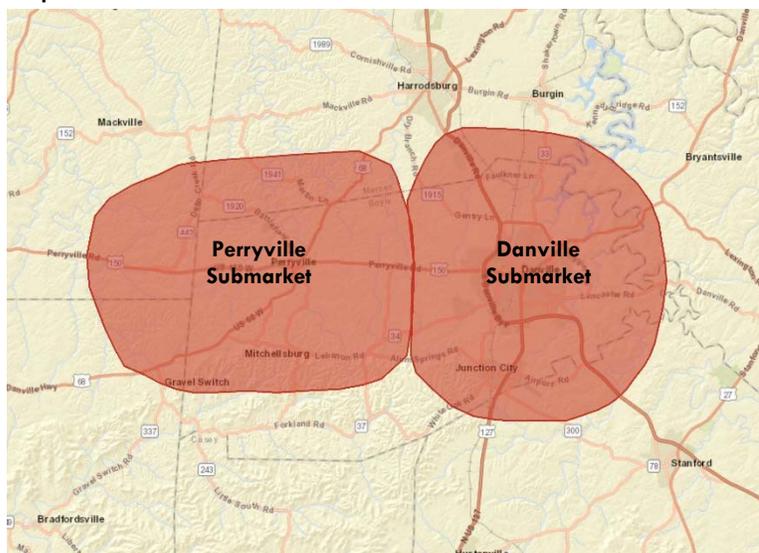
Information from local brokers and property listings website indicates

that the lease rates and sales prices of retail properties in Boyle County vary greatly based on property location and condition. The current for-rent space is listed between \$8.50/SF and \$24/SF while for-sale properties are priced between \$53/SF and \$466/SF. The rents are highest for properties on Bypass between Perryville Road and Hustonville Road, consistent with the feedback from local brokers about the strength of the Danville-Boyle County market. This wide range of pricing prevails the region, though the retail space in surrounding communities is priced lower in general (\$29/SF- \$281/SF). Looking at the retail gap/surplus analysis (discussed in the following section), it is evident that Boyle County is a regional retail market, drawing shoppers from the Surrounding Market and beyond. Having this critical mass of activity makes Danville-Boyle County a sought-after market for retailers, keeping prices higher than surrounding communities, but below the Lexington area. In addition, brokers are seeing more interest in owning over renting space, particularly in Downtown Danville. Thus, zoning and development incentives targeted at renovation, rehabilitation, and infill development may help attract retail property buyers and business operators.

4. Supportable Retail Space

Vacancy rates, net absorption and rental rates within the Lexington Metro submarket indicate that there is modest potential for additional retail in the region in general. However, the consultant analyzed the existing retail supply and demand in Danville-Boyle County to determine if there is unmet demand that could be recaptured locally. Using data from ESRI, the retail supply for this analysis is defined as the sales (dollars) for local retailers and the demand is based on household spending of county residents. Recognizing that there are differences between Danville and Perryville in terms of spending power and commercial centers, the consultant conducted this analysis based on these two geographies (Map 4-1).

Map 4-1



Source: ESRI, 2016

The result of the comparison of retail supply and demand is the amount of household spending not captured by local retailers. Using industry-based sales per square foot data (from the Urban Land Institute), the consultant estimated the extent to which these sales could be recaptured by additional retail in each submarket on a square foot basis.

The analysis of local retail supply and demand indicates that the Danville-Boyle County market is well served in retail offerings. Retail stores in Boyle County capture more sales than residents within the county spend on retail goods. In other words, the local retail market imports consumers from outside the county. Almost all of Boyle County's retail sales are captured within the City of Danville, particularly along the Route 127 Bypass. Of the 24 retail business categories studied, only four had retail capture ratios below 70% of the county's total expenditure (Table 4-3).¹

¹ 70% capture rate is considered a balanced market.

**Table 4-4
Retail Spending/Sales Capture
Boyle County, 2016**

Retail Stores	2016 Demand (Local Spending)	2016 Supply (Retail Sales)	Opportunity (Gap)/Surplus	Capture Rate
Total	\$255,353,939	\$424,069,523	\$168,715,584	166.1%
Furniture Stores	\$5,044,777	\$5,329,417	\$284,640	105.6%
Home Furnishings Stores	\$3,189,087	\$19,814,574	\$16,625,487	621.3%
Electronics & Appliance Stores	\$12,722,174	\$26,084,237	\$13,362,063	205.0%
Bldg Material & Supplies Dealers	\$13,399,465	\$43,133,360	\$29,733,895	321.9%
Lawn & Garden Equip & Supply Stores	\$2,288,309	\$2,068,684	(\$219,625)	90.4%
Grocery Stores	\$53,897,027	\$44,886,504	(\$9,010,523)	83.3%
Specialty Food Stores	\$1,586,028	\$2,922,090	\$1,336,062	184.2%
Beer, Wine & Liquor Stores	\$3,920,584	\$6,330,816	\$2,410,232	161.5%
Health & Personal Care Stores	\$21,397,751	\$22,125,432	\$727,681	103.4%
Clothing Stores	\$7,991,682	\$5,653,634	(\$2,338,048)	70.7%
Shoe Stores	\$1,965,994	\$32,977,950	\$31,011,956	1677.4%
Jewelry, Luggage & Leather Goods Stores	\$2,471,272	\$855,112	(\$1,616,160)	34.6%
Sporting Goods/Hobby/Musical Instr Stores	\$6,024,135	\$4,157,057	(\$1,867,078)	69.0%
Book, Periodical & Music Stores	\$2,334,632	\$446,079	(\$1,888,553)	19.1%
Department Stores Excluding Leased Depts.	\$55,305,284	\$103,427,324	\$48,122,040	187.0%
Other General Merchandise Stores	\$15,050,349	\$9,117,847	(\$5,932,502)	60.6%
Florists	\$604,358	\$552,388	(\$51,970)	91.4%
Office Supplies, Stationery & Gift Stores	\$3,523,900	\$38,311,236	\$34,787,336	1087.2%
Used Merchandise Stores	\$1,058,342	\$1,824,535	\$766,193	172.4%
Other Miscellaneous Store Retailers	\$9,742,140	\$8,322,552	(\$1,419,588)	85.4%
Full-Service Restaurants	\$15,685,643	\$21,085,265	\$5,399,622	134.4%
Limited-Service Eating Places	\$14,845,629	\$23,002,063	\$8,156,434	154.9%
Special Food Services	\$646,834	\$1,641,367	\$994,533	253.8%
Drinking Places - Alcoholic Beverages	\$658,543	\$0	(\$658,543)	0.0%

Source: Esri, and RKG Associates, Inc., 2016

That said, there are some retail categories where the analysis indicates a business (whether new to the market or an existing business that expands) could support additional retail space. In the Danville Submarket, potential exists for both businesses serving local customers and those serving regional customers; Book, Periodical & Music Stores (8,269 SF), Clothing Stores (1,256 SF), Sporting Goods/Hobby/Musical Instrument Stores (1,188 SF) and Drinking Places (1,186 SF) had the largest supportable square footage at a moderate recapture rate (Table 4-4). Perryville Submarket’s retail potential primarily concentrates on locally-focused retails, including Health & Personal Care Stores (6,204 SF), Grocery Stores (4,886 SF), Full-Service Eating Places (3,642 SF), and Limited-Service Eating Places (2,102 SF).

In some cases, such as eating and drinking places, the supportable square footage is sufficient to support an additional store. In other cases, such as grocery stores, the excess demand is not sufficient to support a new store and is best recaptured through expanded services and product lines at existing businesses. The Consultant’s analysis illustrated different real estate strategies to recapture the additional demand in different submarkets. In the Danville Submarket, the currently vacant retail space is sufficient to accommodate the additional retail offerings. However, much of this space is not located in highly visible areas or in good condition. To this point, efforts to capture this unmet demand likely will require property rehabilitation and/or expansion of shopping venues in competitive locations (i.e. Hustonville Road and the Bypass). For Perryville, the strategy would be to encourage new development or create a rehabilitation program to help mitigate the costs of rehabbing some of the older, and potentially historic, properties that

exist. The Perryville retail market also may benefit from more proactive efforts to tie to tourism growth (i.e. extend length of stay) with recent investments in bed and breakfast facilities

Table 4-4
Supportable Square Footage
Boyle County Trade Area, 2016

Category	Danville Submarket			Perryville Submarket		
	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
Total	8,367	13,394	18,421	12,490	18,234	23,978
Furniture Stores	0	0	0	78	155	233
Home Furnishings Stores	0	0	0	0	0	0
Electronics & Appliance Stores	0	0	0	122	244	366
Bldg Material & Supplies Dealers	0	0	0	0	0	0
Lawn & Garden Equip & Supply Stores	0	0	0	0	0	0
Grocery Stores	115	230	345	2,509	4,886	7,263
Specialty Food Stores	0	0	0	0	0	0
Beer, Wine & Liquor Stores	0	0	0	630	720	809
Health & Personal Care Stores	0	0	0	4,136	6,204	8,272
Clothing Stores	628	1,256	1,885	0	0	0
Shoe Stores	0	0	0	0	0	0
Jewelry, Luggage & Leather Goods Stores	572	996	1,421	0	0	0
Sporting Goods/Hobby/Musical Instr Stores	594	1,188	1,781	0	0	0
Book, Periodical & Music Stores	5,287	8,269	11,252	0	0	0
Department Stores Excluding Leased Depts.	0	0	0	0	0	0
Other General Merchandise Stores	0	0	0	0	0	0
Florists	22	44	67	0	0	0
Office Supplies, Stationery & Gift Stores	0	0	0	0	0	0
Used Merchandise Stores	0	0	0	0	0	0
Other Miscellaneous Store Retailers	112	224	336	0	0	0
Full-Service Restaurants	0	0	0	3,035	3,642	4,249
Limited-Service Eating Places	0	0	0	1,752	2,102	2,453
Special Food Services	0	0	0	80	106	133
Drinking Places - Alcoholic Beverages	1,038	1,186	1,334	150	175	200

Source: Esri, and RKG Associates, Inc., 2016

H. HOTEL MARKET

The Consultant used Smith Travel Research to analyze the hotels within the Danville market (Table 4-5). Located in Downtown or along the Bypass near its intersection with Hustonville Road, these hotels are easily accessible via highways and major local roads. They represent the primary competition for any future accommodation options in and around the Danville-Boyle County.

Table 4-5
Danville Market Hotels Analyzed
Danville, Kentucky

Name of Establishment	Number of Rooms
Red Roof Inn Danville	50
Closed Economy Inn	0
Holiday Inn Express & Suites Danville	76
Closed - Independent Gwinn Island Resort	0
Hampton Inn Danville	72
Super 8 Danville	49
Closed - Country Hearth Inn Danville	0
Comfort Suites Danville	54
Quality Inn Danville	63

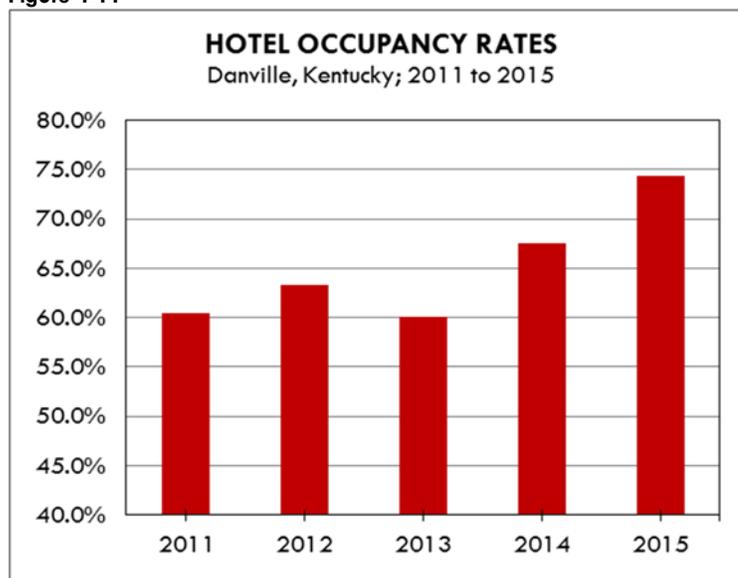
Source: Smith Travel Research, 2016

1. Occupancy

Since 2011, the average annual occupancy for Danville hotels has been consistently above 60% with noticeable increases in most recent years to the peak of 74.3% in 2015 (Figure 4-11). This indicates an increasingly strong demand. The high occupancy rates above 65% during 2014-2015 suggests that there is potential for additional hotel development. This finding is consistent with the recent opening of the Holiday Inn Express just east of the Hustonville Road/Bypass intersection. It is important to note that data from the impact of that new hotel opening is not available.

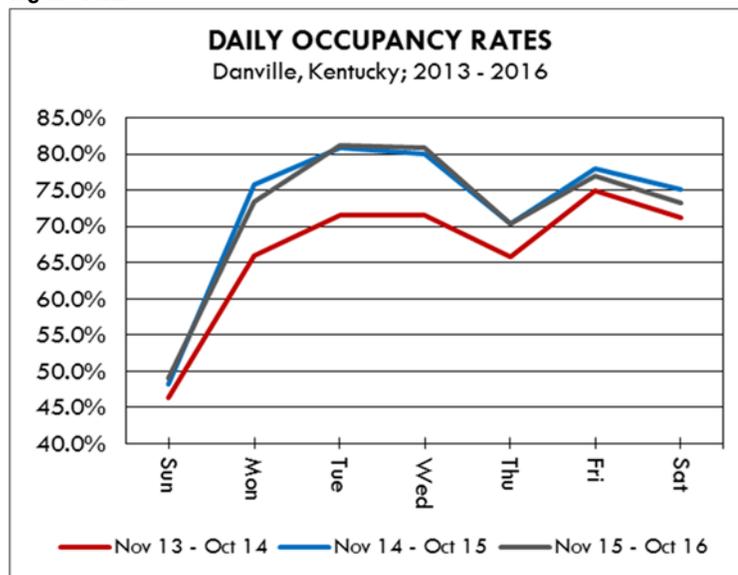
To further understand the type of traveler to which the Danville hotel market most often caters, occupancy was analyzed on a monthly and daily basis. Throughout the week, the greatest occupancy is on Tuesday and Wednesday. From November 2015 to October 2016, the average occupancy in the local market on Tuesday was 81.2% and on Wednesday was 80.8% (Figure 4-12). This pattern of occupancy indicates that a large portion of the guests staying at the hotels in this area are business travelers. This is consistent with the presence of large industrial, medical, and governmental employers. Anecdotal data from these employers reveal several have blocks of rooms rented out for long periods of time to accommodate temporary workers and specialists/executives who come to their facilities on a ‘regular’ basis.

Figure 4-11



Source: Smith Travel Research, RKG Associates, Inc., 2016

Figure 4-12



Source: Smith Travel Research, RKG Associates, Inc., 2016

Monthly average occupancy trends further support the conclusion that area hotels are most in demand from business travelers. Although occupancy rates fluctuate somewhat throughout the year, there has been consistently high occupancy generally between 63% and 84% in recent years from March through November (Figure 4-13). This trend is consistent with business travelers who do not follow a school-based summer vacation schedule. The decline in occupancy during December and January is also indicative of business travel, as this is a time of year when holidays keep business travel to a minimum.

2. Room Rates & Revenue Per Room

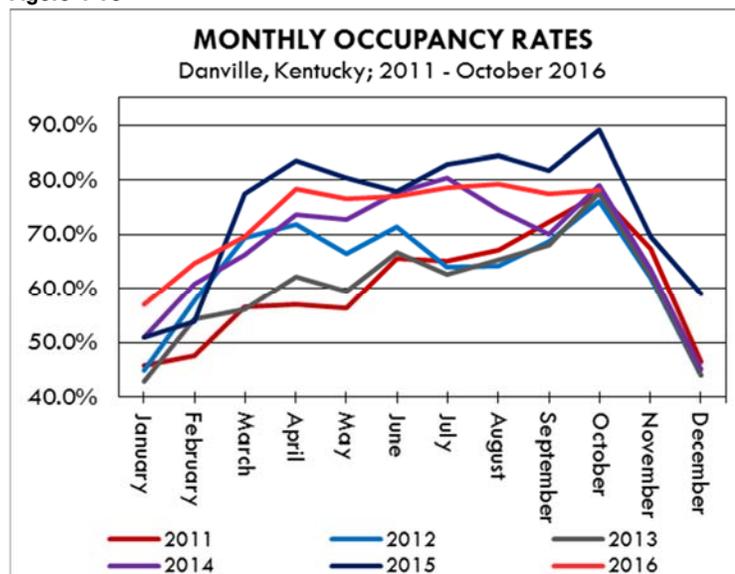
The growth in demand without a subsequent growth in supply has put upward pressure on room rates. The selected hotels analyzed in this effort experienced an average annual room rate increase from approximately \$65 per night in 2011 to \$81 per night in 2015 (Figure 4-14).

While room rate increases reflect a market with sufficient demand to support these increases, it is the revenue per room rate metric that better reveals the market dynamics. Revenue per available room (RevPAR) is the distribution of revenue across all hotel rooms regardless of occupancy. It is a measure of efficiency as it relates to room rates, and is directly impacted by the occupancy of hotels within the market. As discussed above, the market started with relatively lower occupancy in 2011, resulting in a lower RevPAR (approximately \$40). In most recent years, RevPAR and hotel efficiency increased substantially to approximately \$60 per room in 2015 due to the combination of rising room rates and rising occupancy. This finding corroborates there is a strong market for additional new hotel rooms in the Danville-Boyle County area.

The new Holiday Inn Express is evidence of this unmet demand. While this new facility likely will bring down the area-wide occupancy in the short-term, the data indicate Danville-Boyle County will continue to experience an increase in hotel demand, maintaining occupancy, room rate, and RevPAR levels to sustain the existing hotels. While further study should be done, preliminary analysis suggest additional hotel options are viable in the local market.

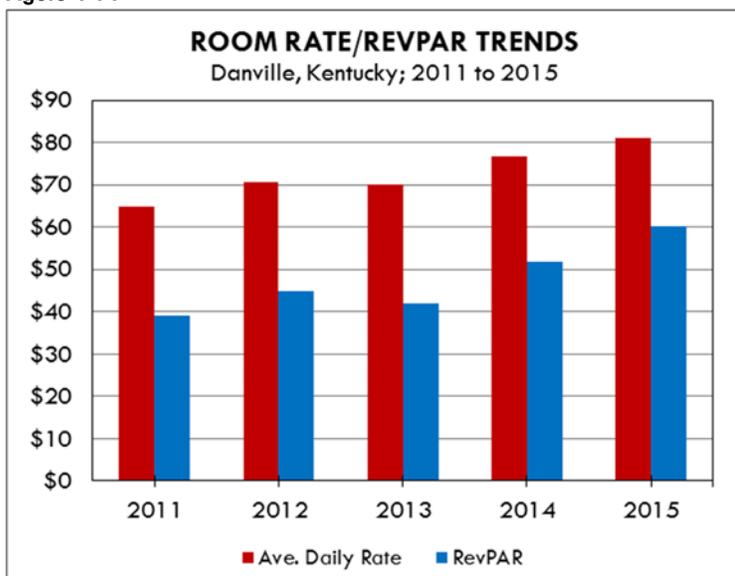
More specifically, almost all hotel options in the local market are efficiency or limited-service, business class hotels. There is no representation of boutique or luxury units in the market. The existing demand from Centre College and Ephraim McDowell should be sufficient to support higher-end hotel activity, particularly in Downtown Danville.

Figure 4-13



Source: Smith Travel Research, RKG Associates, Inc., 2016

Figure 4-14



Source: Smith Travel Research, RKG Associates, Inc., 2016

5 TARGET INDUSTRY ANALYSIS

A. INTRODUCTION

The primary purpose of the target industry analysis is to identify industry areas to focus recruitment and expansion efforts for the Danville-Boyle County. This analysis can also be helpful in further defining appropriate land uses for redevelopment projects and the type of building best suited for these industries. While the target industry analysis itself combines metrics such as employment change, location quotient and local preference, the first step in this process is understanding what the county currently offers existing and new businesses by assessing quality of life and site selection metrics.

B. MAJOR FINDINGS

- **Kentucky is well positioned regionally, but does not lead its primary competition.** Current efforts from the state relative to economic development (i.e. programs, incentives...) are good, but not great. Many other Midwest and Southeast states are more competitive and aggressive with their economic development efforts. While the recent political shifts within the state may result in more aggressive economic development initiatives, most of the state programs are targeted to large employers. The gap for smaller companies—which Boyle County is better suited towards—means local action will be required to enhance the community’s recruitment efforts.
- **The economic development fundamentals are good for Boyle County.** The County (and Kentucky Crossroads region) is competitive in many valued site selection attributes, particularly quality of life and labor costs. However, those local assets are also assets for our neighbors. As noted, Boyle County remains the economic center for the immediate area, but neighboring communities are closing the gap and being more aggressive with their investments. Simply put, Boyle’s neighbors are selling the amenities of Boyle County while offering a more cost competitive option.
- **Boyle County needs to distinguish itself from the pack.** Given the business recruitment game has become more crowded and competitive, Boyle County needs to focus its economic development recruitment to specific target markets while expanding into less traditional recruitment efforts. Moreover, the analysis indicates the potential to create a more proactive entrepreneurial development program, coordinating funding and strategic planning opportunities for small business/entrepreneurial development. Furthermore, the EDP can explore marketing to remote workers and non-location dependent professional service businesses. Finally, the EDP, through the CVB, can explore specific asset development opportunities for tourism/agribusiness development (detailed later in this document).
- **One immediate area of effort should be marketing and outreach.** The branding study performed concurrently with this effort revealed one of the most notable challenges is external awareness. People and businesses not from Boyle County generally are unaware of the opportunities in Boyle County. The EDP can take advantage of County assets (i.e. the hospital,

college, sizable/sustainable downtown, housing market...) to expand the economic development 'story.' The EDP can make better use of enhanced virtual and print materials to refine recruitment/retention efforts.

- **That said, more strategic/aggressive investments will be necessary to address this new economic development paradigm.** Regardless of the new and expanded focus of the community's economic development efforts, Danville-Boyle County will need to engage in retention and recruitment as a partner than a client. This implementation strategy identifies many opportunities for the EDP and its partners to provide a better 'value-add' for existing and potential new businesses, including a unified and consistent building/property inventory, speculative building and site development, a more streamlined/'friendly' regulatory environment, and broader local business incentives.

Danville-Boyle County's recommended target industry clusters are:

Health Care & Medical Related Activity

- Health Care & Social Assistance
 - General Medical and Surgical Hospitals
 - Specialty Hospital Services
 - Outpatient Care Centers
 - Offices of Physicians
 - Offices of Dentists
 - Offices of Other Health Practitioners
- Social Assistance
 - Home Health Care Services
 - Child Day Care Services
 - Community Care Facilities for the Elderly
- Research and Support Facilities
 - Medical and Diagnostic Laboratories
 - Diagnostic Imaging Centers

Local and Regional Distribution

- Logistics
 - General Freight Trucking
 - Specialized Freight Trucking
 - Freight Transportation Arrangement
- Physical Distribution
 - Warehousing
 - Wholesaling
- Order Processing, Data Processing and Back Office
 - Process, Physical Distribution and Logistics Consulting Services
 - Internet Service Provides
 - Telecommunications Carriers
 - Data Processing, Hosting and Related Services

Production

- Advanced Manufacturing
- Transportation Equipment Manufacturing
- Printing and Related Support Activities
- Plastics and Rubber Products Manufacturing

- Machinery Manufacturing
- Precision Instruments and Equipment Manufacturing
- Wood Product Manufacturing

Technical, Research, Consulting and Corporate Operations

- Professional Services
 - Professional, Scientific and Technical Services
 - Architectural, Engineering, and Related Services
- Information Services
 - Information
 - Publishing Industries (except internet)
 - Other Information Services (Online Publishing)
 - Software Publishers
- Technical Research and Modeling
 - Computer Systems Design and Related Services
 - Scientific Research and Development Services
 - Other Professional, Scientific, and Technical Services
- Market-Based Relationships
 - Management of Companies and Enterprises
- Support Industries
 - Office Administrative Services
 - Accounting, Tax Preparation, Bookkeeping, and Payroll Services
 - Facilities Support Services
 - Business Support Services
 - Other Financial Investment Activities
 - Activities Related to Credit Intermediation

Entertainment & Recreation

- Dining Facilities
 - Food Service and Drinking Places
 - Special Food Services
 - Restaurants
- Downtown Amenities
 - Amusement and Recreation Industries
 - Events and festivals
- Accommodation
 - Bed and Breakfasts
 - Limited Service Hotels
- Tourism
 - Museums, theaters, and arts
 - Agri-tourism (i.e. Bourbon Trail)
 - Motion picture filming and development
 - Nature tourism

C. METHODOLOGY

This Chapter includes several elements such as the quality of life analysis, SWOT analysis, and target industry analysis. While the data sources for all three are included below, the methodology discussion for each analysis is detailed at the beginning of each section when necessary.

1. Data Sources

The quality of life analysis used several data sources. Crime statistics came from the FBI Uniform Crime Reports, housing data came from the local Realtors, Boyle County PVA, and ESRI, public school ratings were provided by the Kentucky Department of Education School Report Card. Business climate metrics were provided by the Corporation for Enterprise Development (CFED) and site selection preferences from a survey conducted by Area Development Magazine. The source primarily relied upon for the target industry analysis was employment data from County Business Patterns (U.S. Census Bureau). Any additional sources not noted above will be referenced within this chapter when appropriate.

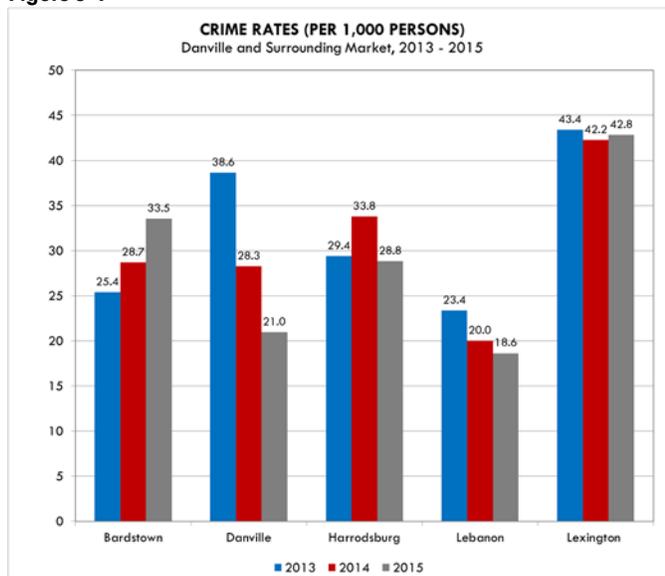
D. QUALITY OF LIFE AND BUSINESS DEVELOPMENT ANALYSIS

Most communities focus their target industry assessment on issues such as asset availability, existing/past business trends, and regional/statewide targeting. However, business relocation and expansion decisions are not made solely on market-based issues. Quality of life metrics and business climate at a local, regional, and state level also play a role in site selection decision-making. This is particularly true for smaller (under 250 companies, where the corporate leadership oftentimes relocate with the business. The following section assesses the quality of life assets and constraints for Danville-Boyle County.

1. Crime

Crime data collected by the Federal Bureau of Investigation is reported at the municipal level. For the purposes of this assessment, RKG Associates compared crime rates and types of crime within the City of Danville against other communities in Kentucky that could be considered competitors with Danville-Boyle County to attract new businesses. The data indicate that Danville has become safer despite the growth of population and activity in the City. The local crime rate (per 1,000 people) declined from 38.6 in 2013 to 21.0 in 2015 (Figure 5-1). This ranks it the second lowest in 2015 of the selected competitors compared to being the second highest two years previous. The change in crime rate is a testament to the City's continued efforts to improve public safety. Interestingly, only Lebanon experienced consistent decline in crime activity during the study period. The other communities remained flat or experienced a net increase (Bardstown). From an economic development perspective, having low crime rates is a selling point to company executives that will be moving their families with their businesses.

Figure 5-1

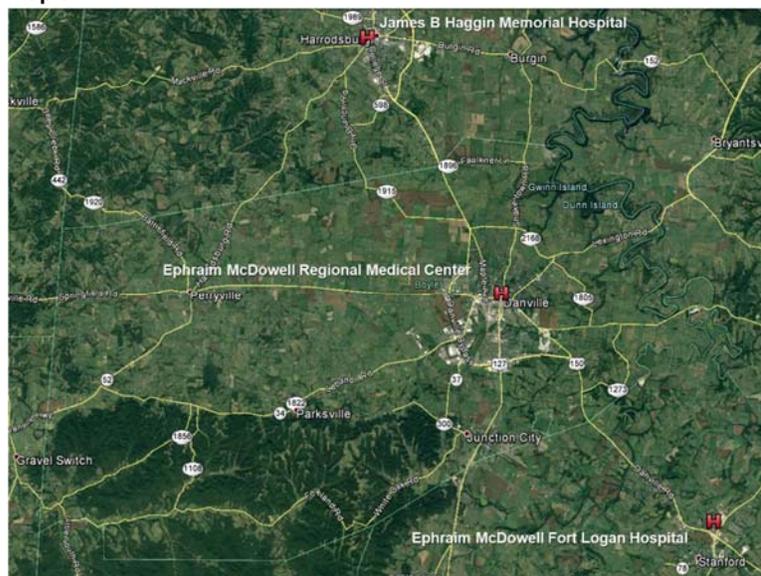


Source: Federal Bureau of Investigation, 2016

2. Health Care Facilities

Danville-Boyle County is served by the Ephraim McDowell Regional Medical Center, which is in Downtown Danville. Ephraim McDowell Health (EMH) operates 49 individual sites within the system, most of which are in Boyle County. Among the services provided locally include a wellness center, an oncology facility, assisted living quarters, MedSource (equipment and supplies), urology and cardiology facilities. Conversations with the hospital leadership indicated there are opportunities to expand services at the medical center and within the EMH system locally. Beyond the potential growth opportunity, the presence of these services in a community of approximately 30,000 people is a tremendous advantage from an economic development perspective. The community can offer services typically reserved for larger urban areas within a more exurban/rural setting. EMH also runs the Fort Logan Hospital in Stanford (Map 5-1). The closest competitive (to EMH) facility is in Harrodsburg (James B. Haggin Memorial Hospital).

Map 5-1

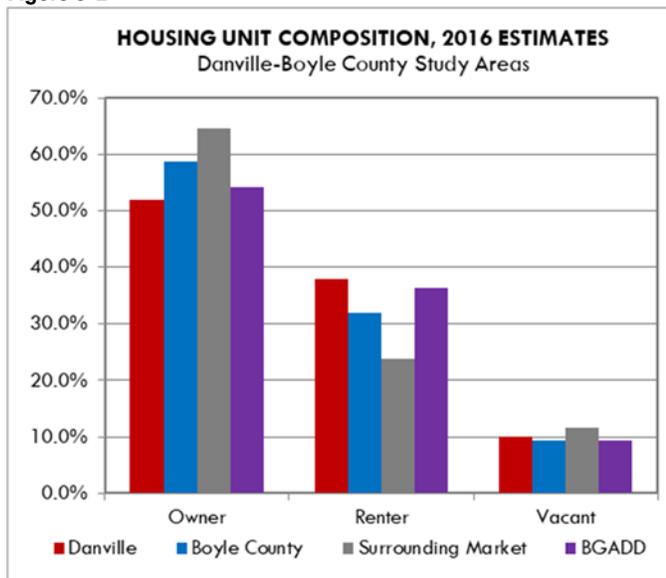


3. Housing

The housing market in Danville-Boyle County is consistent with the regional market. The City of Danville has a higher concentration of rental housing than Boyle County (Figure 5-2). This finding is not surprising, as Danville has almost all of the county's traditional rental housing stock (apartments). Housing diversity outside Danville is minimal. This finding indicates that Boyle County outside Danville as a comparably higher incidence of traditional ownership units being used as rental properties.

Regardless, the housing conditions in Danville-Boyle County are consistent with regional conditions where cities and economic centers for more rural counties tend to have a more diverse mix of housing. To this point, the Surrounding Market (with no city similar to Danville) has a much higher concentration of homeownership. In contrast, the BGADD area

Figure 5-2



Source: Esri, RKG Associates, Inc., 2016

has a housing split similar to Danville due to the influence of larger urban communities such as Lexington. Vacancy is fairly similar throughout the BGADD at approximately 10%.

Rental Housing: Availability and Cost

The Consultant performed a web-based search to understand the rental housing market within Danville-Boyle County. The local data indicate that the community’s rental housing market is very tight, with an extremely low vacancy rate and very few marketed units. At the writing of this report, less than 10 units listed for rent online are available in the county. That said, local area residential brokers indicate that they can typically find a rental unit for potential renters. However, the available units do not necessarily meet the full needs of the potential tenant.

This was particularly true for renters seeking larger, higher-end units. Brokers indicated there are a few sizable renter markets in the county; young professionals, retirees, transient households (i.e. company executives/upper management), and modest income households that cannot afford the down payment barrier to homeownership. While rents in Boyle are lower than Lexington, they are higher than surrounding communities. Apartment rents range from \$325 to \$550 per month, depending on bedroom count.

Conversion units vary greatly by type, from \$375 per month for a quadraplex to \$1,200 per month for larger single-family homes. From an economic development perspective, the community’s relative affordability is a plus, offering housing options for most working households. However, the lack of supply can be limiting to companies that have large employment needs or expect to have rapid expansion.

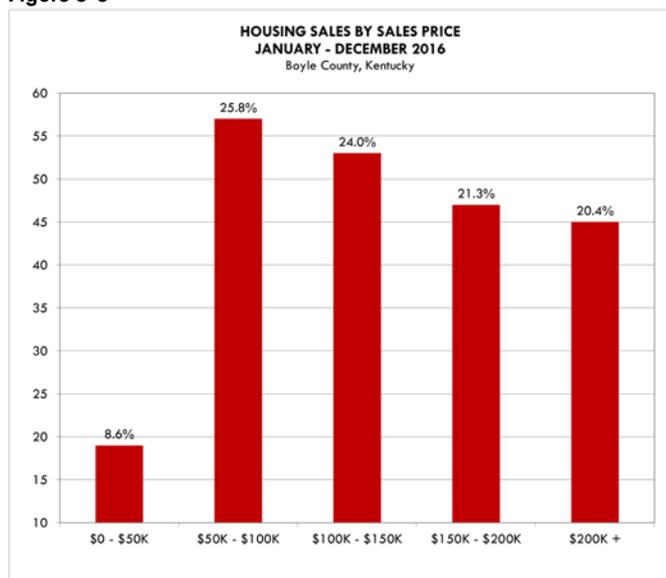
**Table 5-2
Sample of Rental Housing Units
Boyle County, Kentucky**

	Min Rent	Max Rent
SINGLE FAMILY UNITS		
2 Bedroom	\$550	\$600
3 Bedroom	\$595	\$1,100
4 Bedroom	\$1,000	\$1,200
TOWNHOUSE		
2 Bedroom	\$495	\$495
3 Bedroom	\$725	\$825
DUPLEX		
3 Bedroom	\$600	\$600
QUADRAPLEX		
1 Bedroom	\$375	\$375
APARTMENTS		
1 Bedroom	\$325	\$395
2 Bedroom	\$450	\$550

Ownership Housing: Cost and Availability

Like the rental housing analysis, ownership units in Boyle are less expensive than Lexington but more expensive than surrounding communities. The largest share of ownership housing is valued between \$100,000 and \$200,000. Only 20% of units sold during 2016 were priced above \$200,000 (Figure 5-3). However, there is a small, but significant share of units valued above \$400,000 within the community. Local real estate professionals indicated that Danville-Boyle County is a lower cost option for persons employed in Lexington where salaries and the cost of living are perceived to be higher. Socioeconomic data indicate that active adult (55+ years old) and older residents are constituting much of new housing demand.

Figure 5-3



Source: Coldwell Banker, 2016

Unlike the rental market analysis, demand for ownership housing is less robust. Local real estate professionals indicated that most buyers are looking for three-bedroom single family homes. Schools, the hospital and quality of life attract buyers to the area. However, the limited demand has limited

the amount of new construction in the market. Looking at recent sales data, the average house for sale in Boyle County was on the market for approximately 150 days (Table 5-3). While consistent within the region, it corroborates the perception that demand for housing in Boyle County is comparatively modest to the available supply.

Table 5-3
Residential Sales, 2016
Boyle County, Kentucky

Sales Price Range	Sales	Average List Price	Average Sales Price	Ave. Sales Price/ Ave. List Price	Average Square Footage	Average Days on Market
\$0 - \$50,000	19	\$40,205	\$36,711	91.3%	1,240	110
\$50,000 - \$100,000	57	\$87,025	\$81,895	94.1%	1,422	130
\$100,000 - \$150,000	53	\$125,765	\$121,267	96.4%	1,769	161
\$150,000 - \$200,000	47	\$182,147	\$172,669	94.8%	2,310	178
\$200,000 +	45	\$297,076	\$279,311	94.0%	3,020	145
Total	221	\$155,290	\$146,955	94.6%	2,004	149

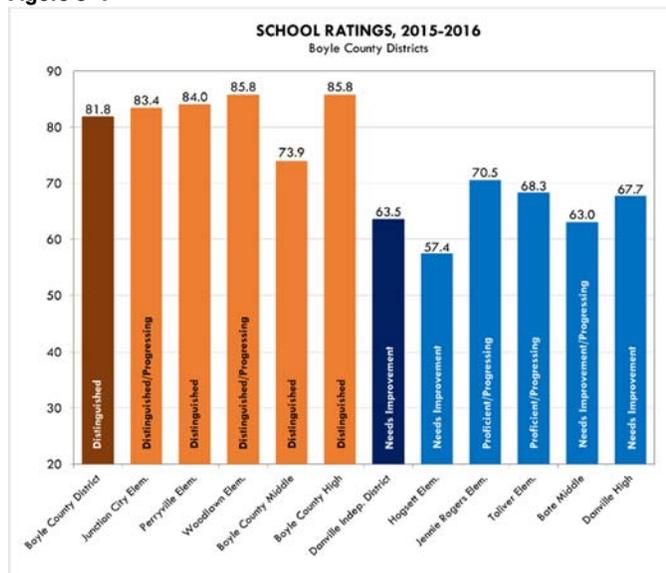
Source: Coldwell Banker VIP, 2016

From an economic development perspective, the limited demand reflects the modest employment growth the community has experienced (discussed in the Economic Base Chapter). That said, having limited housing options in the market could impact the recruitment of larger companies. Furthermore, there is limited variety within the homeownership supply. Anecdotal data from brokers indicate there is unmet demand for Downtown condominium/townhouse living from young professional and active adult households that do not want the traditional large lot single family home.

4. Public Schools

The primary and secondary education system in Boyle County is bifurcated between the Danville Independent District and the Boyle County District schools. The performance of the two school districts is noticeable, with the Boyle County District receiving a ‘Distinguished’ score from the Kentucky Department of Education and the Danville Independent District receiving a ‘Needs Improvement’ score (Figure 5-4). The individual school ratings are consistent throughout each district, with County schools receiving higher ratings. From an economic development perspective, the highly-scoring Boyle County District will appeal to workers and business executives relocating to the community. However, Danville has the highest concentration of housing development in the county. The relatively lower scores could create a mismatch between housing supply and demand.

Figure 5-4



Source: Kentucky Department of Education, 2016

That said, anecdotal information from local business leaders and residents of the community have revealed that both school districts are actively engaged with BCTC and the EDP on providing greater education opportunities for both teachers (i.e. the Teacher’s Academy) and students (i.e. the AMT program). This connection is a good selling point for the EDP in terms of business recruitment and workforce development; and a good foundation to continue to build customized curricula to provide residents the opportunity to benefit from continued business recruitment and expansion efforts.

5. Business Climate

The business climate at a State level can also impact site selection decisions. To better understand how the Commonwealth of Kentucky ranks in terms of business climate and how that might impact Danville-Boyle County, the Consultant analyzed the Assets and Opportunities Scorecard published and maintained by the Corporation for Enterprise Development (CFED). This scorecard ranks each state on a variety of metrics from resident characteristics and quality of life to existing business statistics and microeconomics and provides a relative sense of the extent to which Kentucky is attractive to out-of-state businesses. For the purposes of this analysis, RKG Associates compared Kentucky's performance against the states of Alabama, Mississippi, Ohio, Tennessee, Indiana, and South Carolina. These states were chosen because they are the most common competitors for projects that are interested in Danville-Boyle County.

The general scoring provided by CFED indicates Kentucky is competitive in certain areas, and less competitive in others. While this seems overly general, it reflects the fact that none of these states have a clear competitive advantage in business recruitment. On a national level, Kentucky fares well in healthcare ("B") and housing/homeownership ("C"), but below average in financial assets & income ("D"), education ("D"), and businesses & jobs ("F"). Within these categories, there are several individual metrics on which Kentucky performed well and poorly. Those metrics that are relevant to the EDP's business recruitment efforts are discussed below (Table 5-4).

Competitive State Assets

As noted, Kentucky scores well nationwide and amongst the competitive states for the provision of healthcare. Most notably, Kentucky ranks 14th in the rate of uninsured workers, in line with Ohio, but well above the other competitors. Lower healthcare costs also help keep the employee share of healthcare premiums comparatively lower than each of the competitive states (except for Ohio). Kentucky also ranks 15th in employers offering health insurance. Having healthcare currently is one of the more important issues for workers. While there is uncertainty in the future of healthcare provision and how that will impact individuals and businesses, being able to offer affordable healthcare is a competitive advantage for Kentucky, and therefore Danville-Boyle County.

Kentucky also offers one of the nation's highest high school graduation rates (9th) for the study year (2014), only below Indiana amongst the competitive states. While Kentucky ranks 46th for total number of age qualified persons with a high school diploma, the recent increase in this achievement bodes well for workforce potential in Kentucky. Simply put, having a high school diploma is the minimum requirement for job qualifications. Kentucky's improvement in this area will translate into more workers that meet minimum qualifications. Danville-Boyle County's focus on engaging primary and secondary education students through awareness and workforce programs will provide the community with a competitive advantage within its target industries. This will be particularly valuable within Kentucky, as it ranks 44th for disconnected youth (high school graduates under 25-years old not enrolled in college or employed). Given the noted challenge Danville-Boyle County has with substance abuse, offering children alternatives that can provide livable wages could help address both issues.

Competitive State Constraints

While Kentucky scores well on many quality of life and job preparedness metrics, it is less competitive in business climate and financial conditions. Kentucky ranks in the bottom ten states for income poverty rate (48th), households with savings accounts (48th), access to revolving credit (44th) bankruptcy rate (44th), underbanked households (41st), and income inequality (41st). The comparatively poor performance in these measures reflects some of the financial challenges Kentucky workers face due to lack of marketable skills (i.e. 46th having a high school diploma, 48th in having a college degree).

From a businesses and jobs perspective, Kentucky lags the rest of the nation on microenterprise (38th) and small business ownership (45th) rate. The disparity in small business ownership is comparatively greater for racial minorities (44th) and women (41st). Since small businesses constitute the majority of all U.S. companies, it is not surprising Kentucky ranks 40th in overall business creation rate). Part of the challenge the state faces is access to debt financing (i.e. 46th in private loans to small business. From an economic development perspective, Danville-Boyle County has an opportunity to capture a relatively untapped market by creating specific entrepreneurial development programs for small businesses, particularly minority and women owned businesses.

Appendix 3.4 Opportunities Scorecard, 2016
Kentucky and Comparison Markets

	Kentucky Rank/Grade	Alabama Rank/Grade	Mississippi Rank/Grade	Ohio Rank/Grade	Tennessee Rank/Grade	Indiana Rank/Grade	South Carolina Rank/Grade
FINANCIAL ASSETS & INCOME	D	F	F	C	D	C	D
Income Poverty Rate	48	47	51	33	44	26	41
Asset Poverty Rate	—	—	—	—	—	—	—
Liquid Asset Poverty Rate	35	39	38	23	32	20	27
Extreme Asset Poverty Rate	—	—	—	—	—	—	—
Net Worth	—	—	—	—	—	—	—
Income Inequality	41	43	47	32	35	17	30
Unbanked Households	39	38	51	29	39	29	42
Underbanked Households	41	48	51	31	20	16	46
Households with Savings Accounts	48	45	50	37	43	30	44
Consumers with Prime Credit	38	45	51	28	41	34	46
On-Time Payers	39	47	51	30	43	31	50
Access to Revolving Credit	44	50	51	34	45	39	43
Bankruptcy Rate (per 1,000 people)	44	50	42	39	51	46	10
BUSINESSES & JOBS	F	D	F	D	C	C	F
Microenterprise Ownership Rate	39	26	11	44	16	48	29
Small Business Ownership Rate	45	37	35	36	47	38	41
Business Ownership by Race	44	19	10	9	8	6	37
Business Ownership by Gender	41	19	5	40	21	29	42
Business Value by Race	18	48	51	27	32	16	37
Business Value by Gender	33	48	47	43	32	34	39
Business Creation Rate (per 1,000 workers)	40	49	47	48	51	43	39
Private Loans to Small Business	46	6	24	18	28	14	33
Unemployment Rate	23	38	44	21	36	24	41
Unemployment by Race	9	43	40	35	18	34	24
Underemployment Rate	25	35	44	25	32	18	44
Low-Wage Jobs	41	47	50	34	32	35	45
Average Annual Pay	34	25	47	17	22	37	42
Retirement Plan Participation	35	39	31	25	28	21	31
Employers Offering Health Insurance	15	6	37	10	19	17	34
HOUSING & HOMEOWNERSHIP	C	C	C	D	C	C	B
Homeownership Rate	25	15	16	31	24	11	13
Homeownership by Race	42	24	13	41	36	33	16
Homeownership by Income	32	17	6	44	21	27	5
Homeownership by Gender	—	—	—	—	—	—	—
Homeownership by Family Structure	26	40	12	46	35	30	20
Foreclosure Rate	31	22	27	37	17	35	30
Delinquent Mortgage Loans	31	47	51	34	38	33	29
High-Cost Mortgage Loans	44	34	40	36	42	45	25
Affordability of Homes (value/income)	15	16	9	8	23	2	20
Housing Cost Burden - Homeowners	14	22	33	11	28	4	30
Housing Cost Burden - Renters	20	39	37	15	31	22	40

Assets & Opportunities Scorecard, 2016 (Continued)

Kentucky and Comparison Markets

HEALTH CARE	B	C	D	A	D	C	C
Uninsured Rate	14	37	42	13	36	32	40
Uninsured by Race	21	8	5	6	17	12	10
Uninsured by Income	18	41	14	29	21	35	23
Uninsured by Gender	31	20	17	42	28	11	16
Uninsured Low-Income Children	15	10	19	25	21	39	22
Employer-Provided Insurance Coverage	33	34	49	16	37	19	40
Employee Share of Premium	16	42	46	6	50	22	19
Forgoing Doctor Visit Due to Cost	39	44	51	24	36	35	48
EDUCATION	D	F	F	C	C	C	F
Early Childhood Education Enrollment	43	41	12	29	44	35	24
Math Proficiency - 8th Grade	39	51	46	18	36	10	43
Reading Proficiency - 8th Grade	18	47	50	24	30	15	42
High School Graduation Rate	9	18	40	30	11	7	35
High School Degree	46	45	49	26	38	31	36
Two-Year College Degree	47	45	48	37	43	42	36
Four-Year College Degree	48	45	50	37	41	43	40
Four-Year Degree by Race	4	24	28	10	14	13	40
Four-Year Degree by Income	47	50	49	43	44	38	46
Four-Year Degree by Gender	—	—	—	—	—	—	—
Average College Graduate Debt	18	40	22	38	15	37	36
College Graduates with Debt	32	7	20	37	20	23	17
Student Loan Default Rate	49	29	48	46	31	47	36
Disconnected Youth	44	48	51	22	47	25	39
Minimum Wage:	—	\$7.25	\$7.25	\$7.25/\$8.10	\$7.25	\$7.25	\$7.25

Source: Corporation for Enterprise Development, U.S. Department of Labor, 2016

6. Site Selection

The national publication Area Development Magazine annually surveys site selectors across the country to understand the relative importance of a variety of factors ranging from quality of life to available labor when making site selection decisions for businesses. The magazine also ranked the Top State for Doing Business based on feedback from site selection consultants on a variety of similar factors. Danville-Boyle County is competitive among seven of the top ten site selection factors identified by corporate executives and national site selectors (Table 5-5). These include:

- Highway accessibility (2nd)
- Quality of Life (3rd)
- Occupancy or construction costs (4th)
- Labor costs (6th)
- Corporate tax rate (7th)
- State incentives (9th)
- Energy availability/costs (10th)

As noted earlier, the county boasts a high quality of life including well ranked schools, lower crime than more urban environments, affordable housing options, and access to healthcare facilities. Additionally, Danville-Boyle County is geographically located central to over 75% of the nation’s population base and has comparatively good transportation access via the state’s highway system and an underutilized general aviation airport with the capacity to land jet propulsion aircraft. Conversations with the local utility providers indicate Danville-Boyle County has both the capacity and the price competitiveness for water, sewer, natural gas, and electricity service, with the power utilities offering incentives above the local/state offerings to new users. In short, Danville-Boyle County has many assets that make the community competitive in recruiting businesses.

Table 5-5
Site Selection Factor Ratings
Corporate Survey

	2015	2010	2005	2000
Labor				
Availability of Skilled Labor	92.9	85.9	87.2	87.7
Availability of Unskilled Labor	47.8	45.4	50.6	65.5
Training Programs	68.7	56.7	59.6	57.2
Labor costs	80.8	91.0	87.9	91.6
Low Union Profile	66.3	75.4	77.0	79.7
Right-To-Work State	67.7	67.9	69.7	72.9
Transportation/Telecommunications				
Highway Accessibility	88.0	97.3	91.4	95.9
Railroad Service	32.4	36.0	28.9	29.8
Accessibility to Major Airport	58.6	50.0	50.0	53.2
Waterway or Ocean Port Accessibility	24.0	21.9	20.2	21.0
Inbound/outbound Shipping Costs	64.6	84.0	N/A	N/A
Availability of Telecommunications Services	N/A	N/A	79.8	77.1
Availability of Advanced ICT Services	53.6	72.9	85.7	N/A
Finance				
Availability of Long-Term Financing	67.7	58.5	56.5	58.4
Corporate Tax Rate	78.8	86.3	85.0	84.7
Tax Exemptions	74.7	90.9	83.6	81.6
State and Local Incentives	75.8	89.3	86.0	83.6
Other				
Available Buildings	83.7	81.0	N/A	N/A
Cost of Land	N/A	N/A	79.1	75.8
Available Land	73.9	73.4	75.0	75.5
Occupancy or Construction Costs	85.4	89.8	83.7	83.0
Expedited or Fast-Track Permitting	74.2	68.2	N/A	N/A
Raw Materials Availability	52.6	61.5	62.3	56.1
Energy Availability and Costs	75.3	82.1	82.8	77.7
Environmental Regulations	69.8	74.8	71.1	80.9
Proximity to Major Markets	76.3	66.4	83.2	76.8
Proximity to Suppliers	64.3	63.6	66.7	63.8
Water Availability	54.6	N/A	N/A	N/A
Quality of Life*	87.6	62.1	54.7	58.8

Source: Area Development Magazine Corporate Survey, 2016

*Rating for prior years' surveys reflects the average rating of nine factors.

That said, there are a number of site selection factors that provide opportunities for the community to focus effort and investment to overcome local-statewide challenges. These include:

- Availability of skilled labor (1st)
- Availability of buildings (5th)
- Proximity to major markets (8th)
- Local incentives (9th)

Most notably, Boyle County's labor force is comparatively small, and unemployment is relatively low. Not having a large, readily available labor force can impact recruitment efforts for larger employers (discussed throughout this document). Another challenge is the availability of buildings. Simply put, there are not many commercial and industrial buildings available for new prospects. Many that are available are generally not competitive due to the age, condition and size of the available space.

7. Local/Regional Incentives

Kentucky offers a broad range of incentives for new and existing businesses. The Kentucky Cabinet for Economic Development (KCED) and the Kentucky Economic Development Finance Authority (KEDFA) offer several different performance-based programs available for new and expanding businesses. Incentives include tax credits, direct loans, tax refunds, facility rehabilitation investments and funding sources. These programs generally are available to industries that are within the proposed target industry list (detailed later in this Chapter), including small businesses and entrepreneurs, agri-business, tourism, manufacturing, service & technology, and healthcare. Furthermore, the local communities also offer a broad toolkit for businesses seeking to bring new jobs and/or make sizable capital investments. While the implementation matrix (in the Implementation Strategy document) identifies some additional tools for the community to enact, the EDP's can make a better connection/marketing effort tied to the available programs.

The EDP has a similar opportunity to connect businesses (both existing and prospective) with the programs/tools available for workforce development. Programs are available at the state level for core competency/soft skill achievement, specialized training opportunities, two-year degrees, and retraining/reemployment counseling. The Consultant's research revealed that local, regional, and statewide entities make efforts to provide the skills and training relevant to existing businesses and target industries. Industry-specific workforce development opportunities are available in target industries, including training and licensure preparation and exams (BCTC), technical coursework (BCTC), teacher certification preparation (Centre College), practical experience/vocational coursework, and advanced manufacturing apprenticeship (KY FAME). The EDP's challenge is increasing awareness and building the capacity to provide these programs rather than creating/lobbying for the creation of these programs.

E. TARGET INDUSTRY ANALYSIS

1. Overview

This analysis "casts a wide net" in determining potential target industries. Taking a more aggressive approach to identifying possible industry targets for Danville-Boyle County can help the EDP refine its proactive marketing and recruitment outreach efforts. In this context, aggressive means that the screening process was inclusive rather than exclusive relative to potential opportunities that may appear marginal considering historical economic trends. Being inclusive at this phase ensures any potentially viable options can be tested before being eliminated.

Furthermore, the target industry lists move beyond just static targets. They identify vertical (supply-chain) and horizontal (market) relationships within the primary target markets. By using this methodology, the EDP can apply a comprehensive approach to building upon existing industry clusters and developing new ones. This is particularly important when targeting industries that already have a relationship with an existing regional industry and/or business.

The following section discusses the rationale used to describe how the above findings were incorporated into the industry screening process. Based on the assets and constraints summarized earlier, the Consultant initiated a review of primary and secondary source materials to identify a broad range of potential industries that appear to be either compatible with the county's location/labor assets or marginally affected by known constraints. This process has several purposes when undertaken as part of an economic development strategy including:

- Establishing a framework for matching Danville-Boyle County’s available “product” (land, utilities, intangibles, etc.) to potential markets;
- Identifying a receptive “audience” for a focused marketing campaign;
- Understanding the characteristics, size and long-term growth potential of compatible markets;
- Establishing priorities for the allocation of marketing resources; and
- Identifying prospect industries for further consideration.

2. Industry Screening

Industry cluster analyses involve examining the economic relationships among commercial and industrial sectors. From the cluster analysis, RKG Associates identified those industries that may enjoy a competitive advantage within the greater Central Kentucky region, but would also benefit from Danville-Boyle County’s strategic assets/location. The underlying assumption of the cluster analysis is that companies concentrate in areas where they enjoy some competitive advantage. These advantages, whether related to location, natural resources, vendor relationships or other factors, allow companies to compete more successfully.

An industry cluster is a group of companies in industries that are related in one of three ways:

- Buyers and Suppliers – the most common relationship
- Competitors – producers of same or similar goods and service, usually firms in the same or similar industries
- Shared Resources – companies that rely on the same location- specific resources such as labor and raw materials

Industry cluster analysis provides a method for determining local competitive advantage – which in turn is crucial in attracting investment, be it through attracting firms or expanding existing firms. The industry cluster analysis will rely on a statistical cluster identification process designed to incorporate and assimilate local (county), and regional (BGADD) economic data. The fundamental criteria analyzed in the process include:

- Industry Growth – Industries with growth over the past four years (2011-2014) and those that are most likely to grow both locally and regionally.
- Industry Size – Component industries of an industry cluster must have sufficient size in terms of total employment, number of establishments and total sales to justify their inclusion in the cluster.
- Industry Concentration – RKG Associates examined current concentrations of each industry in Boyle County. Low concentrations of employment and establishments suggest that a given industry may not be well suited for a given region.
- Local Fit – Local fit includes both quantitative analysis and considerable professional judgment, based on community characteristics, industry preferences, specific industry composition and location-based activity. Local infrastructure was analyzed including the presence of highways, utility costs, telecommunications service level, and the match of the region’s labor force profile with industry needs. Special attention was paid to target industries already identified by the Commonwealth of Kentucky and/or the BGADD.
- Other Criteria – Includes skilled and professional workforce requirements by industry, tendency of given industries to concentrate in Boyle County, job training resources, and other quantitative and qualitative measures identified through this analysis.

Focusing development efforts on space that is suitable to businesses in these industry clusters will likely enhance the EDP’s chances for economic success. However, the industry targeting analysis was not

restricted to only known industry clusters. A broad range of industry categories was analyzed from manufacturing, distribution and transportation, to high-end services. The result is a full range of options for the EDP to consider and will be highlighted in the opportunity sites discussion in the Implementation Strategy when appropriate.

3. Industry Strength

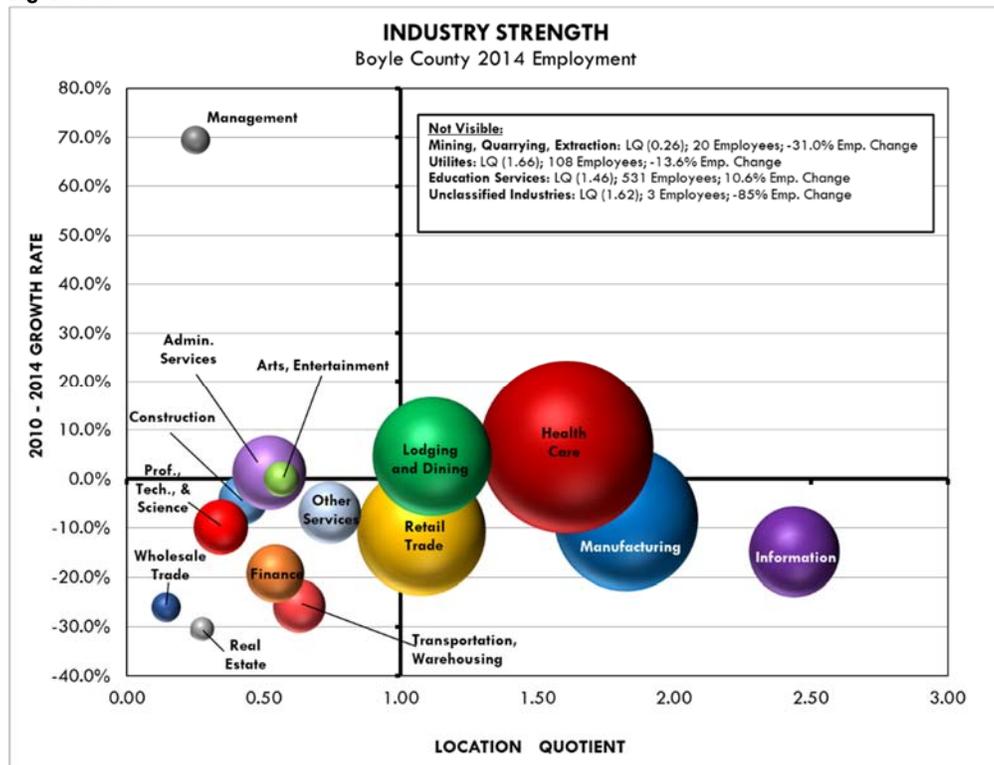
A relative measure of how a local economy is performing can be estimated by comparing employment growth for specific industry sectors to that of a larger economy. This measurement, which is represented as a ratio, is referred to as a Location Quotient (LQ). If the LQ is near 1.0, it indicates that the study area has a comparable proportion of its employment base in each sector to that of the larger area, which in this case, is the United States. If the ratio is less than 1.0, then the study area is under-performing in that industry sector relative to the country. Conversely, an LQ greater than 1.0 indicates a stronger performance by the study area overall. In this analysis, the LQ's and their respective growth rates, were developed based on employment changes between 2011 and 2014, and the analysis was conducted for both Boyle County and the six-county Surrounding Market using information from the U.S. Census Bureau (County Business Patterns).

The Location Quotients for Boyle County (Figure 5-5) and the Surrounding Market (Figure 5-6) are current as of 2014. The size of the bubbles in these figures represents total employment. Their position from left to right indicates their LQ for 2014, and their position from top to bottom indicates growth rate between 2011 and 2014. Not all sectors are visible in each of the figures. Those that represent relatively small components of the economy, those with very low or very high LQs or those that were positioned behind larger sectors within the figure have been included within the inset. Unclassified positions were not included in this analysis.

Notable findings from the analysis of industry strength are as follows:

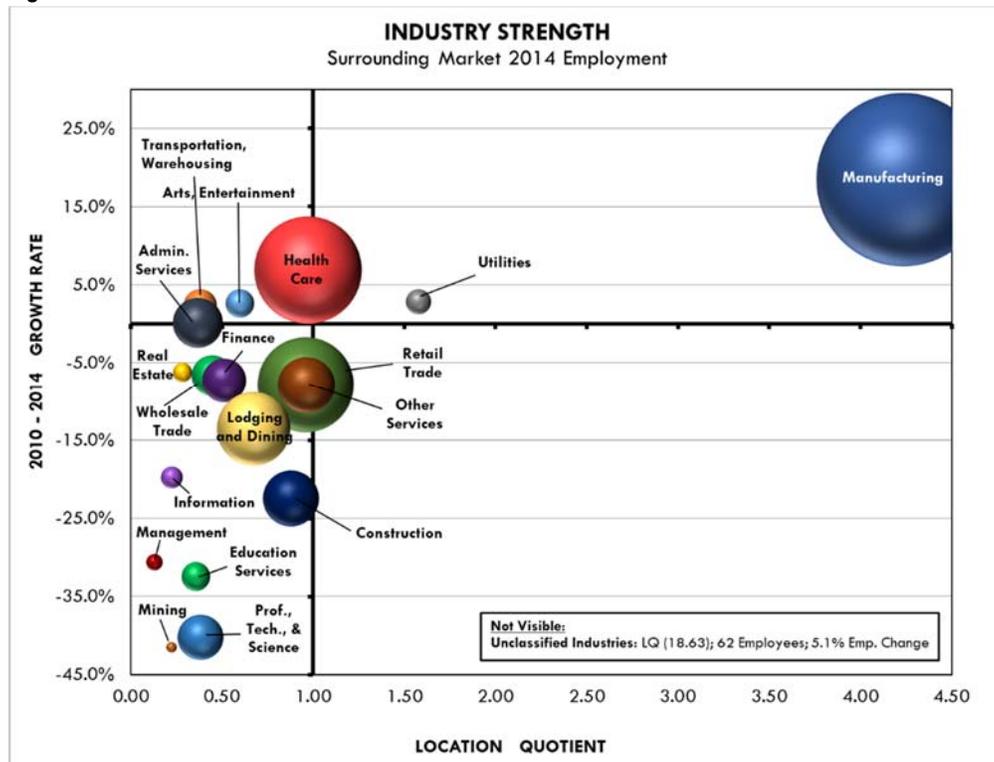
- The healthcare industry has experienced modest, but steady growth in Boyle County and the Surrounding Market. The presence of Ephraim McDowell Regional Medical Center and the other EMH facilities in Boyle County has led to the concentration of health service employment (LQ of 1.61). In comparison, the Surrounding Market has an LQ of 0.97, approximately average compared to the rest of the nation.
- Manufacturing remains a substantial component of the Central Kentucky economy despite the recent employment loss in Boyle County. Overall, both Boyle County (1.82 LQ) and the Surrounding Market (4.23 LQ) have high concentrations of manufacturing employment. Combined, Boyle County and the Surrounding Market experienced a net gain of almost 1,200 manufacturing jobs between 2010 and 2014. Given the recent expansion announcements in Boyle County, manufacturing recruitment and expansion remains a viable target industry.
- The lodging and dining sector also is a substantial part of the Boyle County employment base, having a location quotient over 1.00 and having experienced a net increase of jobs between 2010 and 2014. The recent opening of the Holiday Inn Express and the pending opening of the Cattleman's Ranch restaurant will expand this presence in Boyle County. Empirical and anecdotal research indicate the tourism, entertainment, and leisure market sector still has untapped potential within Boyle County.

Figure 5-5



Source: U.S. Department of Commerce, U.S. Bureau of Labor Statistics, 2016

Figure 5-6



Source: U.S. Department of Commerce, U.S. Bureau of Labor Statistics, 2016

- The retail trade sector is a substantial component of the Boyle County and Central Kentucky economy. However, national retailing trends have impacted the local community as well, with both study areas experiencing a net decline in employment from 2010 to 2014. The retail market analysis (discussed in the Real Estate Chapter) indicates that Boyle County is a regional retail center. However, there is relatively little unmet demand to be recaptured. Thus, future retail growth most likely will be driven by increased visitation (tourism) and population (housing) growth.
- The professional services sectors are not well represented in Boyle County or the Surrounding Market. Both study areas have LQ scores below 0.5 for information, finance & insurance, real estate services, professional, technical & scientific services, and management of companies. Collectively, these five sectors have lost over 700 jobs regionally between 2010 and 2014. However, RKG Associates' outreach to the business community revealed there are several local professional service businesses that have chosen Danville-Boyle County for quality of life amenities. The incidence of Centre College alumni relocating back to Danville also is noticeable. To this point, a targeted recruitment and expansion campaign may reverse some of the market losses the community has incurred.

4. Analysis Findings and Recommended Actions

Table 5-6 at the end of this section provides a synopsis of the recommended target industries for Danville-Boyle County.

Health Care & Medical Related Activity

Preserving and expanding medical-related market activity is one of the most immediate and sustainable industry recruitment efforts available for the EDP. Ephraim McDowell Regional Medical Center and the other Ephraim McDowell Health (EMH) operations constitute the largest non-governmental economies in Boyle County. Conversations with EMH leadership revealed there are natural partnering opportunities for the EDP to help sustain EMH's current operations and encourage growth in this cluster. Working with EMH leadership to define a specific course of action is the logical next step.

In addition to the provision of healthcare, Danville-Boyle County has the potential to attract medical-related research and diagnostic operations. The EDP can work with EMH, Centre College, and the UK medical center to investigate the potential to bring laboratory operations to Boyle County. Efforts should be made to explore both theoretical research (testing centers) as well as applied research (diagnostics).

Recommended Actions –

- **Primary:** Work with Ephraim McDowell to identify growth areas/areas of need and execute an implementation strategy. Further develop relationship between Ephraim McDowell, Centre College and BCTC to forge more direct partnerships for health-related workforce development. Survey private practitioners in ambulatory health care services to identify needs and expansion opportunities.
- **Secondary:** Cluster additional development of medical uses in areas with major transportation access and room for expansion (i.e. Perryville Road and the Route 127 Bypass). Identify partnership opportunities between EMH and Centre College to further invigorate Downtown Danville.

Local and Regional Distribution

This target industry cluster includes employment sectors and subsectors that focus on the movement of products and information. Logistics includes several subsectors where Danville-Boyle County has a competitive advantage. As noted, Boyle County is centrally located to more than 75% of the nation's population. Highway access to the Interstate system, Lexington (and its airport) and Louisville (and its airport) are more than adequate for companies looking to move goods and services. The Norfolk Southern rail hub and the Stuart Powell Field Airport also are competitive advantages for the EDP, allowing it to market Boyle County as a multimodal distribution hub. Truck transportation, air transportation, transit and ground transportation, and support activities for transportation are all subsectors that can take advantage of the ideal location of Boyle County within the transportation network of the region.

In addition to logistics, warehousing and storage businesses as well as merchant wholesalers of nondurable goods and durable goods are other industry subsectors within this cluster for which Danville-Boyle County has experienced success. The warehouse/flex space utilized by businesses in these industries fits within existing land uses along the Bypass and in the industrial parks, and could be further expanded through development efforts in the future. These industries also benefit from the county's transportation access.

This target industry cluster also includes information collection and distribution. More specifically, Danville-Boyle County has the potential to attract order processing, data processing, and back office operations. These businesses can take advantage of the relative cost savings of locating in Boyle County compared to areas like Louisville (which has a high concentration of logistics businesses). Boyle also can accommodate data storage operations as well, although these businesses are not labor intensive. Having a strong telecommunications and data transfer infrastructure will be an important component for these businesses.

Recommended Actions –

- **Primary:** Invest in improvements in the existing building inventory to meet the needs of modern transportation and warehousing firms. Focus additional marketing efforts to potential target businesses identified through market research (i.e. Dun and Bradstreet). Work to finalize the fiber infrastructure investments.
- **Secondary:** Identify needs of firms and develop speculative buildings to attract new business and compete with surrounding communities. Create better defined strategy to market rail/air goods movement. Continue to cultivate relationships with Stuart Powell Field and Norfolk Southern.
- **Long-Term:** Focus future logistic uses along major transportation corridors and regional transportation connectors.

Advanced Manufacturing

Danville-Boyle County has a proven history of supporting production-based industries. In addition to the existing businesses that call the county home, the Central Kentucky region continues to experience substantial success in attracting new manufacturers. Most notably, Central Kentucky continues to be a major hub for transportation equipment manufacturing (i.e. Toyota). While Boyle County would be challenged to target large-scale operations due to labor force availability, the EDP can 'ride-herd' on this success and target businesses within the vertical and horizontal supply chains for these larger operations.

On a more local scale, Boyle County is home to a few smaller medical equipment and device manufacturers. This is an organic cluster that has formed in the community, and can continue to be nurtured and expanded. The more generalized 'machinery manufacturing' sector should be a target sector for the EDP. The

continued success and expansion of BCTC and the AMT program will help accelerate the community's competitive advantage in this sector.

Other manufacturing sectors that are locally and regionally viable include printing and related activities, plastics and rubber products manufacturing, and wood product manufacturing. These sectors may be good matches for the development of the Norfolk Southern industrial land, as intermediate inputs and finished products could be transported via rail.

Recommended Actions –

- **Primary:** Expand marketing/recruitment efforts with one or two target industry areas. Target businesses that can utilize existing vacancy while new development is being planned. Expand the EDP's collaboration with KCED and initiate stronger relationships with the BGADD recruitment efforts. Lobby for the expansion of BCTC to be funded to expand the workforce development capacity of the community.
- **Secondary:** Invest in improvements to the existing inventory or redevelopment efforts to remain competitive with surrounding communities. Most notably, create a public private partnership to develop a speculative building within the county. Work with BCTC and workforce development partners to train existing and new employees in high demand skills.
- **Long-Term:** Expand partnerships with regional and Kentucky-wide industry leaders to keep up-to-date on the changing needs of this industry

Technical, Research, Consulting and Corporate Operations

This target industry includes a wide range of office-based businesses many of which do not require high-end, client-facing space. Instead, Danville-Boyle County offers a cost-effective alternative for businesses that do not need regular face-to-face contact with their client base. RKG Associates envisions specific target industries within this section include professional, technical, and scientific services as well as architectural, engineering, and related services. These businesses range in size and scope, and the EDP likely will find the most success with small (less than 10 workers) businesses, sole proprietors, and telecommuters who can locate based on lifestyle.

Along these lines, the EDP should pursue the potential to focus on technical research and modeling businesses in partnership with local and regional post-secondary institutions. Centre College, Eastern Kentucky University, the University of Kentucky, and the University of Louisville all are potential partners in driving this segment of the cluster. Businesses in this sector include computer systems design, scientific research, and clinical testing.

Information services is another industry sector in this cluster where there is potential for Danville-Boyle County. However, this part of the professional services cluster likely will be less successful until the broadband/fiber connection is finalized. Simply put, the information services (i.e. publishing, Internet-based data storage/transmission...) sector is highly reliant upon high-speed data transfer infrastructure, and prefers areas where service is redundant to minimize potential disruption. That said, many businesses in this sector are not location-based, making the quality of life in Danville-Boyle County an attractive selling point.

Recommended Actions -

- **Primary:** Inventory all available office space within the County, including potential upper story space in Downtown Danville and Perryville. Market existing space to small firms that prioritize

quality of life and do not require extensive on-site access to their respective client base. Target regional urban areas (i.e. Louisville, Cincinnati, Nashville...) for proactive marketing.

- **Secondary:** Work with Centre College on connecting majors to internships/work study opportunities to attract businesses to the community while expanding the college's work-study programs. Engage BCTC and area school districts to provide programming and training to develop the existing and future workforce for back office and technician positions.
- **Long-Term:** Focus on the rehabilitation of existing buildings to facilitate the needs and size of these businesses. Encourage infill/redevelopment focused on office development in strategic locations, particularly in Downtown Danville and along the Route 127 Bypass. Target the acquisition of excess land from the Kentucky School for the Deaf to grow Downtown Danville and expand office space.

Entertainment & Recreation

The tourism, leisure, and recreation industry cluster is a proven—and growing—employment and economic generator within Danville-Boyle County. At a base level, the hotel market assessment (discussed in the Real Estate Chapter) identified that hotel occupancy has steadily increased since the Recession. While much of the county's accommodation activity is from business travel, anecdotal conversations reveal that tourism travel also has increased in Danville-Boyle County. More strategically, there are opportunities to expand the number of destinations, particularly in the fastest growing market segment of experiential tourism. National research indicates that leisure travel is moving away from passive activities to more active venues. The EDP and CVB can work together to expand more active venues within the county.

The three most logical opportunities include agritourism, sports tourism, and culinary tourism. Agritourism includes working with the county's active farmers to incorporate hands-on education and entertaining activities into their working farms. Discussions with existing farmers identified the potential to bring an agriculture exposition facility to Boyle County. Sports tourism is the fastest growing tourism industry, particularly among youth sports tournaments. Given the quality of existing recreation facilities in Danville-Boyle County, the EDP and CVB should explore the potential for a competitive athletic venue. Culinary tourism addresses all forms of eating and drinking destination activities. For Boyle County, continuing to tap into the Bourbon Trail tourism market would benefit existing dining and accommodation businesses while supporting new distilleries (and Wilderness Trace as well).

Recommended Actions –

- **Primary:** Work with existing tourism, leisure, and recreation entrepreneurs to identify ways to facilitate additional investment in addition to the JumpStart program. Recruit locally focused retail for Perryville and local and regional retailers for Danville that are scaled to demand. Implement the marketing recommendations from the Branding Strategy.
- **Primary:** Identify and actively market a downtown boutique hotel concept to reputable hoteliers. Create connections between event venues and destinations to create tourism packages (i.e. stay and play). Work with local venue operators to create new cross-marketing promotions (i.e. hiking and Civil War history).
- **Long-Term:** Assess the feasibility to expand attractions to further develop Boyle County as a major destination in Central Kentucky.

Figure 5-6
Priority Industry Targets by Industry Cluster
Danville-Boyle County

Industry	Local/ Regional Fit Score [1]
HEALTH CARE AND MEDICAL RELATED ACTIVITY	
Health Care	
General Medical and Surgical Hospitals	Very Strong
Specialty Hospital Services	Very Strong
Outpatient Care Centers	Strong
Offices of Physicians	Strong
Offices of Dentists	Moderate
Offices of Other Health Practitioners	Strong
Social Assistance	
Home Health Care Services	Moderate
Child Day Care Services	Strong
Community Care Facilities for the Elderly	Moderate
Research and Support Facilities	
Medical and Diagnostic Laboratories	Moderate
Diagnostic Imaging Centers	Strong
LOCAL AND REGIONAL DISTRIBUTION	
Logistics	
General Freight Trucking	Strong
Specialized Freight Trucking	Moderate
Freight Transportation Arrangement	Strong
Physical Distribution	
Warehousing	Very Strong
Wholesaling	Moderate
Order Processing, Data Processing and Back Office	
Process, Physical Distribution and Logistics Consulting Services	Strong
Internet Service Providers	Moderate
Telecommunications Carriers	Moderate
Data Processing, Hosting and Related Services	Strong
PRODUCTION	
Advanced Manufacturing	
Transportation Equipment Manufacturing	Very Strong
Printing and Related Support Activities	Strong
Plastics and Rubber Products Manufacturing	Moderate
Machinery Manufacturing	Strong
Precision Instruments and Equipment Manufacturing	Very Strong
Wood Product Manufacturing	Moderate

Priority Industry Targets by Industry Cluster (Continued)

Danville-Boyle County

TECHNICAL, RESEARCH, CONSULTING AND CORPORATE OPERATIONS

Professional Services	
Professional, Scientific and Technical Services	Moderate
Architectural, Engineering, and Related Services	Moderate
Information Services	
Information	Strong
Publishing Industries (except internet)	Moderate
Other Information Services (Online Publishing)	Strong
Software Publishers	Moderate
Technical Research and Modeling	
Computer Systems Design and Related Services	Moderate
Scientific Research and Development Services	Strong
Other Professional, Scientific, and Technical Services	Moderate
Market-Based Relationships	
Management of Companies and Enterprises	Moderate
Support Industries	
Office Administrative Services	Strong
Accounting, Tax Preparation, Bookkeeping, and Payroll Services	Moderate
Facilities Support Services	Strong
Business Support Services	Strong
Other Financial Investment Activities	Moderate
Activities Related to Credit Intermediation	Moderate

ENTERTAINMENT AND RECREATION

Dining Facilities	
Food Service and Drinking Places	Strong
Special Food Services	Strong
Restaurants	Very Strong
Downtown Amenities	
Amusement and Recreation Industries	Strong
Events and festivals	Strong
Accommodation	
Bed and Breakfasts	Very Strong
Limited Service Hotels	Strong
Tourism	
Museums, theaters, and arts	Moderate
Agri-tourism (i.e. Bourbon Trail)	Strong
Motion picture filming and development	Moderate
Nature tourism	Strong

Source: RKG Associates, Inc. 2017