Fremont County Brownfields

Economic Analysis

December 2020

FINAL

City of Florence

CAÑON CITY COLORADO

LELAND CONSULTING GROUP

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Introduction

Located in south-central Colorado, the 1,500-square-mile Fremont County has a diverse and rich history linked to a legacy industry of mining and natural resources, as well as access to incredible outdoor recreation. Resource extraction operations continue today in Fremont County but have significantly declined during the past few decades. The boom-and-bust cycles of these industries have left a legacy of land and water impacted by petroleum and other hazardous substances. These properties are known as brownfield sites.

The decline of mining activity, among other factors, has shifted the economy and created potential brownfield sites in the community ready for redevelopment. To pursue brownfield revitalization, Fremont County must pivot toward current and future trends, while still retaining roots to the foundation of the community.

Fremont County and its communities, including Cañon City and Florence, would now like to better understand the opportunities and barriers to economic development and growth in three target investment areas: the Arkansas River Corridor and Downtown Main Street in Cañon City and Historic Downtown Florence.

This report serves to highlight opportunities and barriers with information based on data analysis and evaluation of the national and regional trends impacting the community. The recommendations that follow this report will allow Fremont County stakeholders to capitalize on these opportunities by enhancing and celebrating several unique assets to foster private investment that will continue to make Fremont County a distinct place for a variety of residents, employers, and visitors.

Background

A coalition of Fremont County and the cities of Cañon City and Florence was awarded a Brownfield Community-Wide Assessment (CWA) grant by the U.S. Environmental Protection Agency (EPA) in 2018.

The overall focus of the grant is to identify and provide environmental assessments of brownfield properties throughout Fremont County. A brownfield is defined by EPA as "a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant". Former industrial sites and historical buildings fall within this definition of brownfields. An environmental assessment (ESA) can be a critical first step in redeveloping a brownfield – an ESA identifies the past property use and areas of the Property that have potentially hazardous substances.

Brownfields are frequently identified in downtown areas of a community as these areas were developed for commercial and industrial uses prior to environmental regulations and the development of best management practices for handling hazardous substances and petroleum products.

As part of the grant-funded project, the coalition defined a series of brownfield target areas, including the Arkansas River Corridor and Downtown Main Street in Cañon City and Historic Downtown Florence. These target areas warrant a detailed study of redevelopment opportunities due to their density of brownfields and a high level of visibility.

Leland Consulting Group (LCG) was hired by Stantec Consulting Services Inc. (Stantec), the coalition's managing consultant for the EPA grant project, to prepare this market analysis that includes an evaluation of current economic development trends, demographics, and market research that will help focus brownfield redevelopment efforts. The analysis will address the following questions and serve to guide the determination of implementation strategies for brownfield redevelopment.

LCG is assisting Fremont County with this work by completing area-wide planning (AWP) activities under Fremont County's EPA Brownfields Community-Wide Assessment (CWA) Grant Project. The Grant allows recipients to use the funding for AWP initiatives to conduct studies and establish a strategy to improve brownfield areas.

Key Questions

This report provides key market information for Fremont County, including economic, demographic, market, and real estate conditions, as well as pertinent trends and their impact on the local community.

This report seeks to answer the following questions.

- What are the best opportunities for redevelopment within downtown Cañon City and Florence?
- What are the market, economic, and employment factors that affect development opportunities in downtown Cañon City and Florence?
- What are the current demographics and employment trends that affect opportunities in Fremont County?
- Which land uses, character, and scale are most appropriate for the downtown areas and are supported by economic conditions?

Methodology

Several data sources are utilized for this economic analysis, including:

- Quarterly Census of Employment and Wages (QCEW) from the Colorado Department of Labor and Employment
- Real estate and development data from Costar, a nationally-renowned real estate database that carries property-specific information like rent, vacancy, age, etc.
- US Census, including LEHD OnTheMap and American Community Survey (ACS) data
- Demographic, economic, market potential data from ESRI. ESRI uses a proprietary algorithm to project US Census and ACS data to 2020 levels for custom areas.
- City and County GIS data, including taxlots, transportation, permits, etc.

In addition to the quantitative data listed above, Leland Consulting Group conducted several interviews with key stakeholders determined to be knowledgeable about local development trends, barriers to economic growth, and future opportunities. Stakeholders included economic development partners, educational and workforce groups, developers and brokers, and property owners. LCG conducted outreach to these stakeholders on two separate occasions during the course of the project via email and phone calls.

Study Area(s)

Fremont County is part of the **Southern Colorado Economic Development District** (SCEDD), along with 12 other counties. The last Comprehensive Economic Development Strategy (CEDS), which is required to be updated every five years, was completed in 2017. The 2017 CEDS provides a road map for coordinating economic activities, monitoring, and evaluating economic goals, and encouraging growth. The overall goal is to diversify the regional economy, stabilize the population in communities suffering out-migration, and create a foundation for future growth and prosperity across the region.

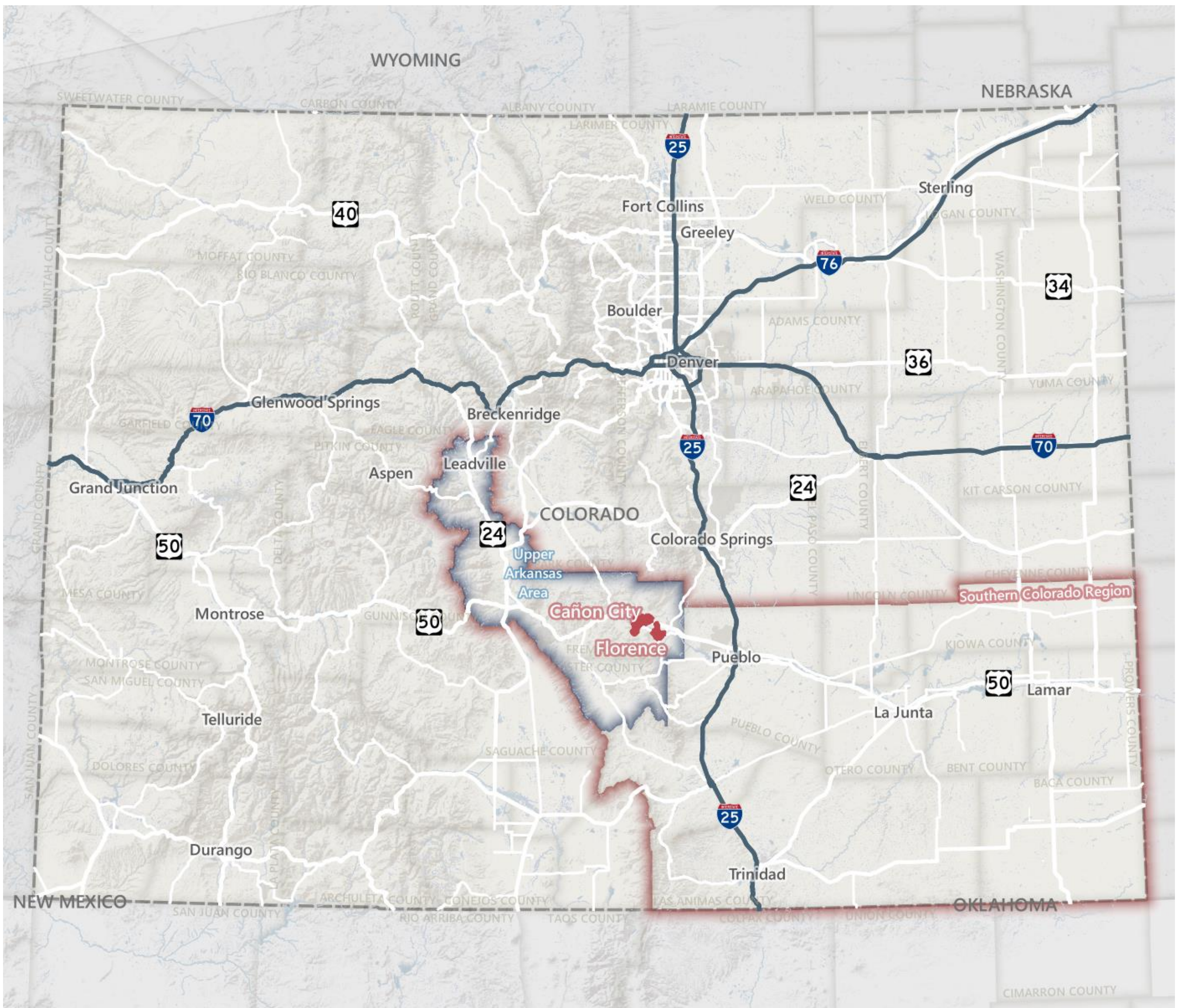
Fremont County is considered part of the **Upper Arkansas area**, along with Chafee, Custer, and Lake counties. According to the Comprehensive Economic Development Strategy (CEDS) conducted for the area I 2017 CEDS, "the

Upper Arkansas sub-region is having some success in strengthening the local economies, which are dependent on tourism/outdoor recreation, corrections, and mining. The sub-region continues to explore strategies to expand and diversify the local economies. State Planning Region 13, which is west of Pueblo, is serviced by the Upper Arkansas Area Council of Governments (UAACOG), and also includes Fremont, Custer, Chaffee, and Lake Counties."

Fremont County and the cities of Canon City and Florence boast numerous outdoor recreational opportunities, high quality of life, and a relatively low cost of living, attracting visitors, tourists, and new residents to the subregion. Skiing, mountain biking, whitewater rafting, and fishing are among the major tourism and recreational activities. In the cities, the long history of mining and historical main streets provide a charm and unique character to the subregion's downtowns.

These geographies are shown below in Figure 1.

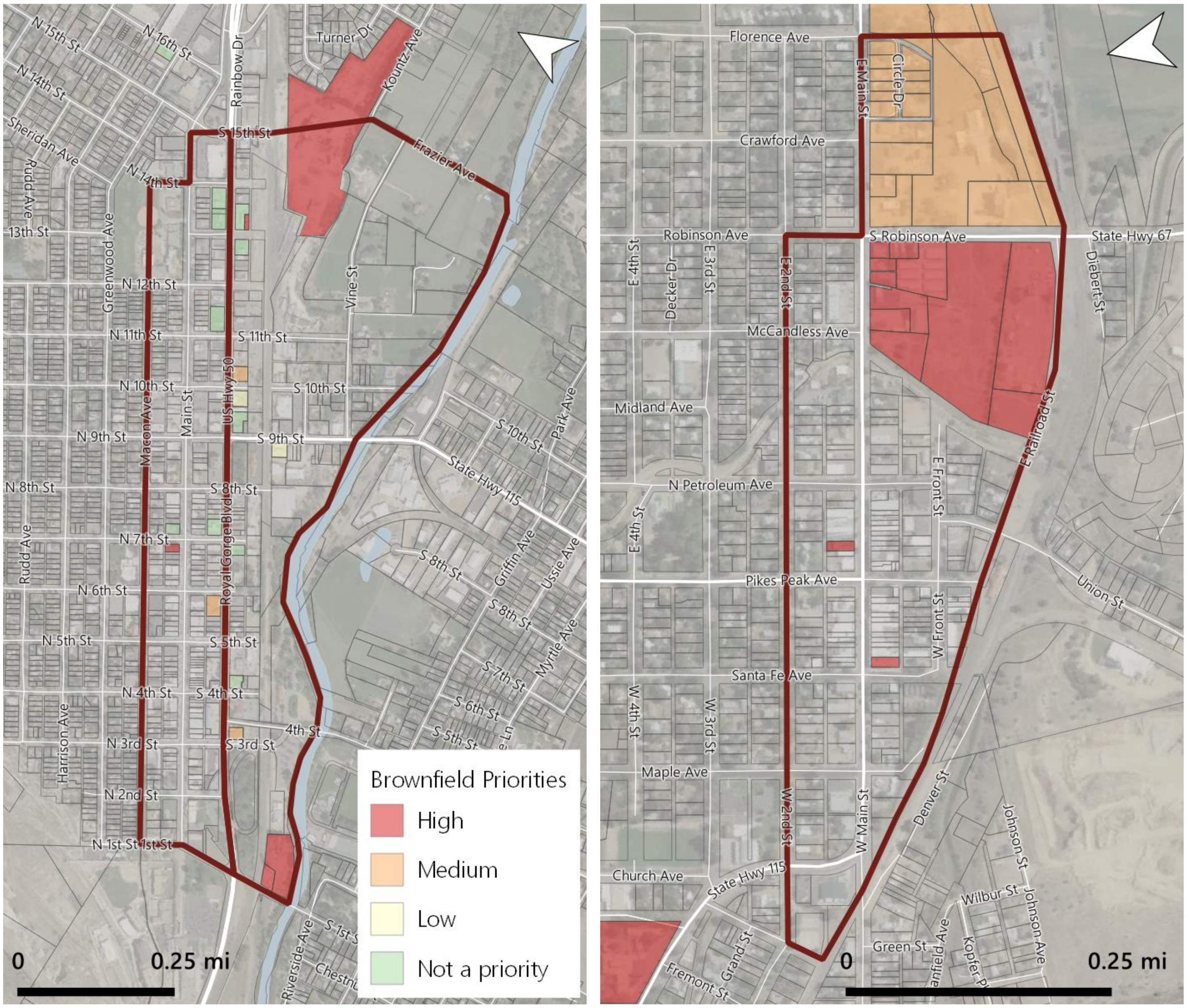
Figure 1. Regional Context



Source: Leland Consulting Group, TIGER, Google Imagery

The three focus areas are shown in Figure 2. This market analysis identifies the opportunities for new development within or near these areas.

Figure 2. Project Study Areas: Downtown Canon City & Riverfront (left), Downtown Florence (right)



Source: Stantec, LCG, TIGER, Google Imagery

Socio-Economic Analysis

This section provides an analysis of demographic and economic trends in Fremont County and the surrounding region to better understand the makeup of, and factors that affect residential, commercial, and industrial development prospects in Cañon City and Florence. The demographic and economic trends described in this section refer only to *residents* rather than *employees*.

Demographic Trends

This section analyzes recent demographic data to profile the residents living in Fremont County, providing information that impacts economic growth and real estate prospects, includes population, income, and household composition.

To illustrate local trends, data is presented for Cañon City and Florence. To demonstrate Fremont County's relevance within the larger region, data is also presented for the Upper Arkansas Region (Lake, Chaffee, Fremont and Custer counties), and the Southern Colorado counties of (otherwise known as the Southern Colorado Economic Development District).

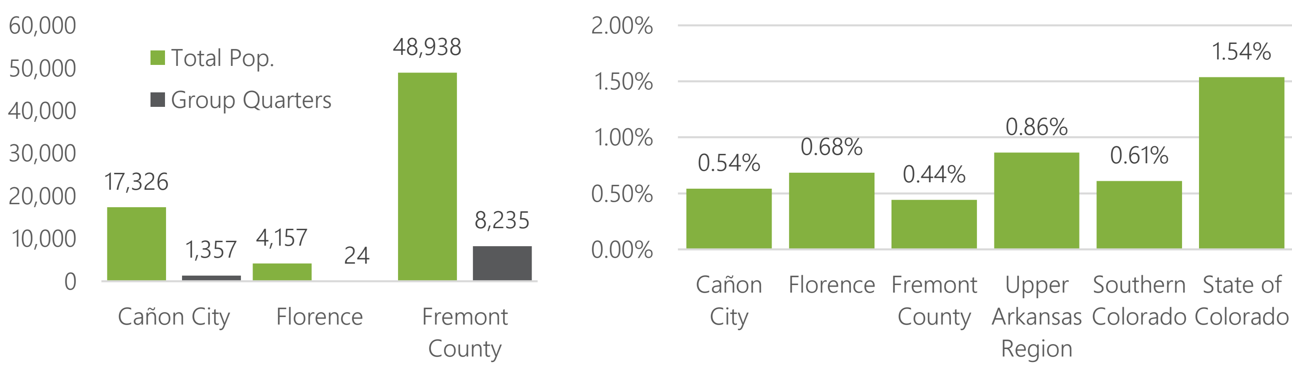
Population and Household Growth

In 2020, Fremont County contained almost 49,000 residents—less than one percent of Colorado's total population but 59 percent of the total population in the Upper Arkansas Subregion. Of those 49,000, approximately 35 percent (35.4%) live in Cañon City and nine percent (8.5%) live in Florence.

Between 2010 and 2020, the population in Fremont County grew at a slower rate than the surrounding region and significantly less rapidly than the state. Florence experienced a faster growth rate than Cañon City.

Fremont County residents living in group quarters comprise about 17 percent of the total Fremont County population. Group quarters include institutional uses, such as correctional facilities, nursing homes, or mental hospitals, and non-institutional uses, such as college dorms, military barracks, group homes, or shelters. In Fremont County, this is largely those persons living in prisons. This population group has been decreasing as a share of the total county population. Because those living in group quarters are not in housing units and thus do not directly affect housing demand, only the non-group quarters population is considered for this analysis.

Figure 3. Total Population 2020 and Population Growth Rate 2010-2020

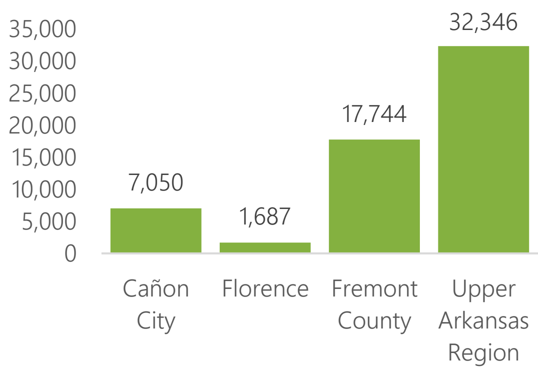


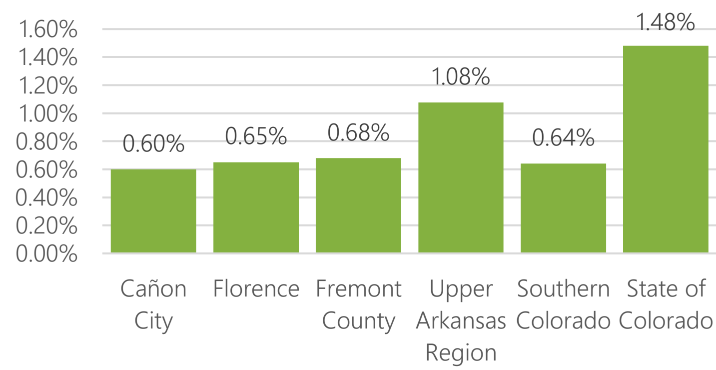
Source: ESRI

For household data, which excludes population living in group quarters, the trends between 2010 and 2020 show a higher growth rate, comparable with the Southern Colorado region. The Upper Arkansas subregion generally experienced a high annual growth rate but still slower than the state as a whole.

While all areas of the county are growing relatively slowly—at less than 1 percent annual population growth—Cañon City and Florence have experienced slower growth than the unincorporated county since 2010. This slow growth rate is impacted by housing development—or lack thereof—with the increase in population stymied by the lack of available housing. The housing market and development trends are described in more detail later in this report. As household growth is also related to the availability of employment opportunities, this lower household growth rate might also suggest limited employment growth opportunities.

Figure 4. Total Households 2020 and Household Growth Rate 2010-2020

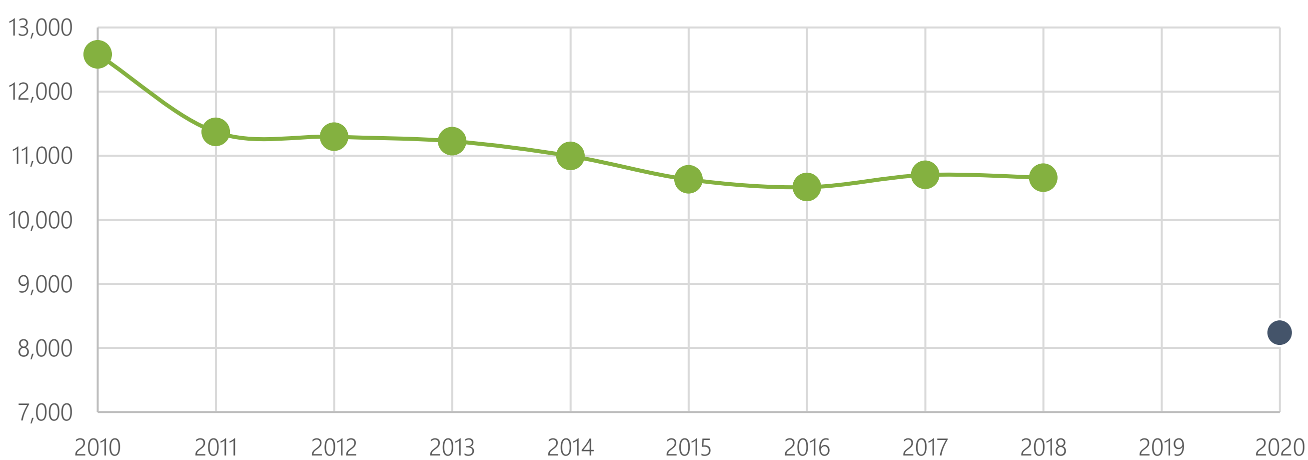




Source: ESRI

The faster rate of household growth compared to population growth was driven by the rising senior population coupled with declining household sizes, which fell from 2.43 to 2.29 between 2000 and 2020. The declining group quarters population also has a significant impact on the difference. As shown in the following chart, there was a gradual decline in household size between 2010 and 2018. Due to data limitations, information for 2020 should be considered preliminary given the different data sources. All geographies experienced a decline in the average household size.

Figure 5. Fremont County Group Quarters Population, 2010-2020



Source: American Community Survey (years 2010 through 2018), ESRI (year 2020)

Population and Age Trends

Fremont County has a significantly older median age than Colorado as a whole, and the county has an aging population. The most significant population growth since 2010 has been in residents aged 65 and over. This group now accounts for 23 percent of the population compared to 18 percent in 2010.

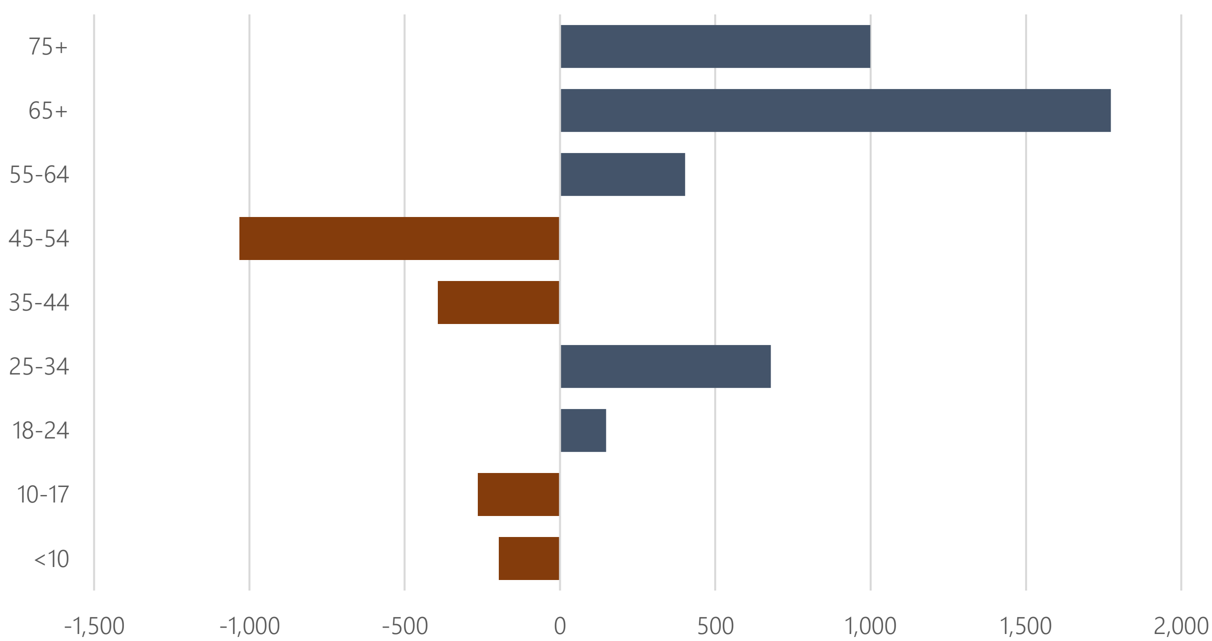
Alongside the increase in the senior population, there has been a decrease in the population aged between 35 to 54—often the core workforce. Over the same time, the under 18 population has also declined and the population aged 25 to 34 has increased.

Population by Age, 2020

	Cañon City	Florence	Fremont County	Upper Arkansas Subregion	Southern Colorado Region	State of Colorado
Median Age	46.0	44.3	45.3	46.3	42.2	37.6
<18	19%	21%	16%	16%	20%	23%
18-34	20%	20%	21%	20%	22%	24%
35-44	11%	11%	12%	12%	12%	13%
45-54	12%	12%	13%	13%	12%	13%
55-64	14%	15%	15%	16%	14%	13%
65+	25%	22%	23%	23%	21%	15%

Source: ESRI

Figure 6. Population Change, Fremont County, 2010-2020



Source: ESRI

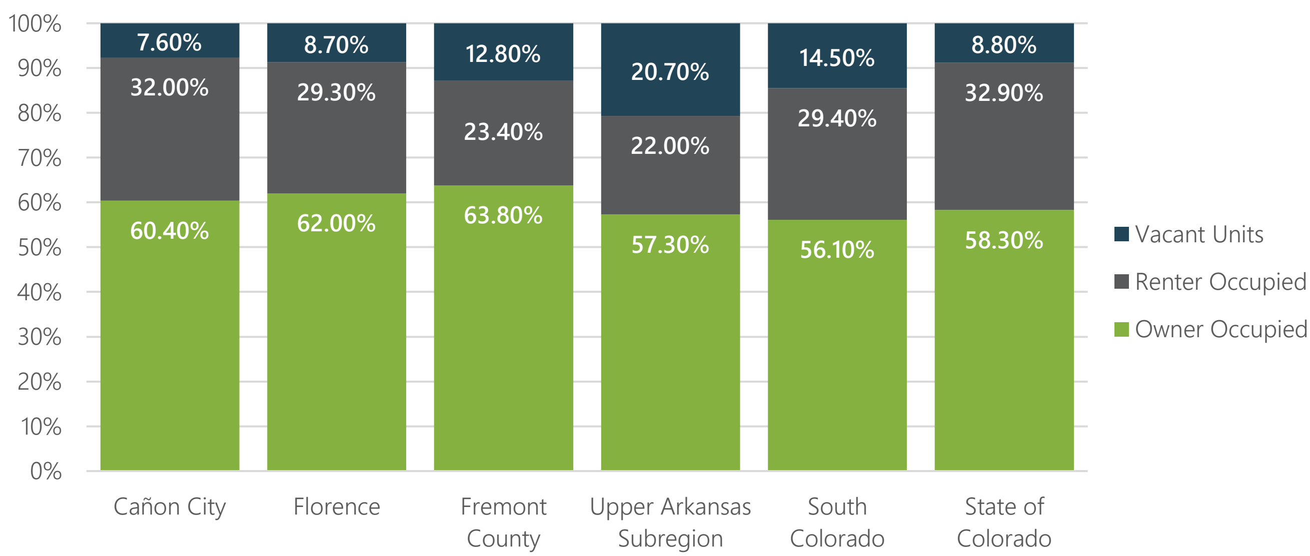
Household Composition and Tenure

All areas of the county have seen an increase in renters and a decrease in homeowners since 2000. In 2020, unincorporated Fremont County has the highest rate of homeownership versus the other comparison areas, while 35 percent of households in Cañon City are rented—a metric consistent with the state.

As the following chart shows, 13 percent of housing units are "vacant" countywide. A housing unit is classified as vacant if it is for rent, for sale, rented or sold but not yet occupied, is used for occasional use, or temporarily occupied by persons with a usual residence elsewhere. In the case of Fremont County, vacation rentals and second homes are likely to contribute to this high vacancy rate. Cañon City and Florence have a low vacancy rate that the State averages.

According to the 2015 Fremont County Master Plan, "there continue to be a number of vacation or second homes located throughout the County, creating a situation where the homes are vacant much of the year. Stewardship of the land and improvements can become a concern with second-home developments. However, due to change of ownership, retirement, internet commerce, the expansion of utility services, and a vibrant economy throughout the 1990s, many second homes have become full-time residences." This is a trend that may continue in the future, particularly on the back of pandemic-induced migration, increasing worker capabilities, and shifting consumer preferences.

Figure 7. Household Tenure, 2020

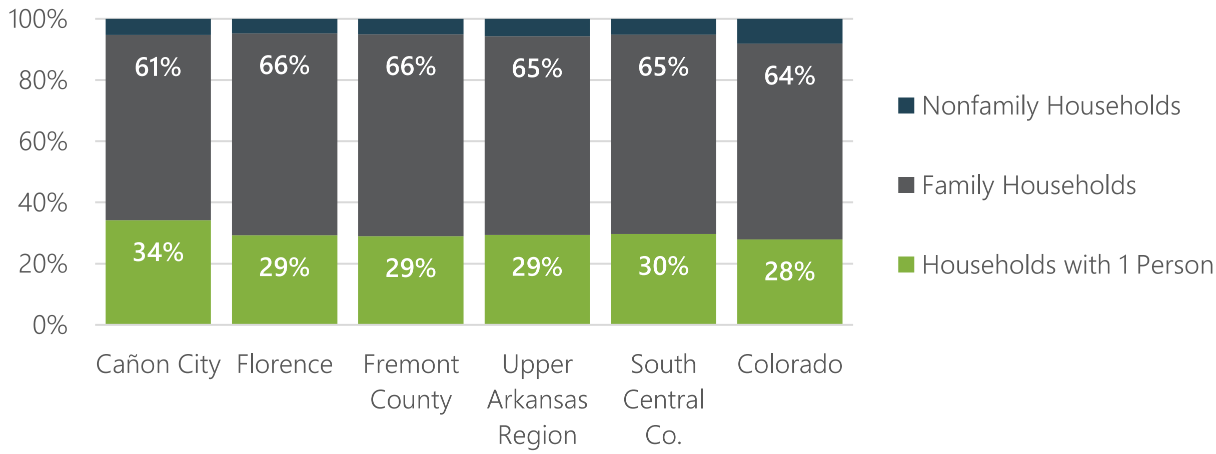


Source: ESRI

Household composition is an important metric to consider for both housing and commercial prospects. Family households and households with children have different consumer habits than nonfamily or single-person households, and often display greater potential to patronize local retailers and professional and medical office space. Fremont County has smaller non-family households than the State averages.

As shown in Figure 8, Cañon City has the highest percentage of one-person households compared with the other comparison geographies, and very few non-family households. Florence is more consistent with the County and region at large. This reflects the higher number of renter-occupied housing units in Cañon City, which tends to mean fewer people living in small-format housing units, such as apartments, but also may reflect fewer available rental options for single-person households.

Figure 8. Households by Type, 2010



Source: ESRI

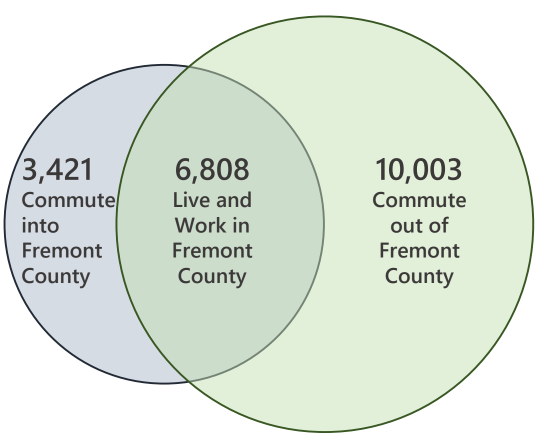
Economic Trends

Fremont County exists largely as an independent economy, driven primarily by the urbanized areas of Cañon City and Florence. However, it also exists as part of an interconnected economy in the Upper Arkansas subregion and larger Southern Colorado region. While historically the economy was tied to natural resources, the largest industries in Fremont County today are healthcare, public administration, and retail. Commuting both in and out of Fremont County is prevalent, reflecting an imbalance in housing and job availability. Fremont County's residents tend to earn lower wages than nearby cities—such as Pueblo and Colorado Springs—and tend to have lower levels of education.

Commute Patterns

Employment commuting data is derived from the Longitudinal Employer-Household Dynamics (LEHD) program, which is provided by the US Census Bureau. Local Origin-Destination Employment Statistics (LODES) count flows of workers from residence area to workplace area. According to this data, there is a mismatch between the available jobs in Fremont County and its residents.

Figure 9. Commute Patterns, Fremont County, 2017



Source: LEHD OnTheMap (from U.S. Census Bureau)

Countywide, 59 percent of Fremont County residents commute out of the county for work. This is up from 55 percent in 2010. Approximately 15 percent work in El Paso County and 10 percent in Pueblo County. More than 22 percent work in one of the counties that make up the Denver metropolitan region.

Comparatively, one-third of those employed in Fremont County commute in from other locations. This is up from 29 percent in 2007. Approximately 10 percent live in Pueblo County and six percent live in El Paso County (home to Colorado Springs). The remainder (18%) live elsewhere in Colorado. Just three percent live in neighboring Chaffee County to the northwest.

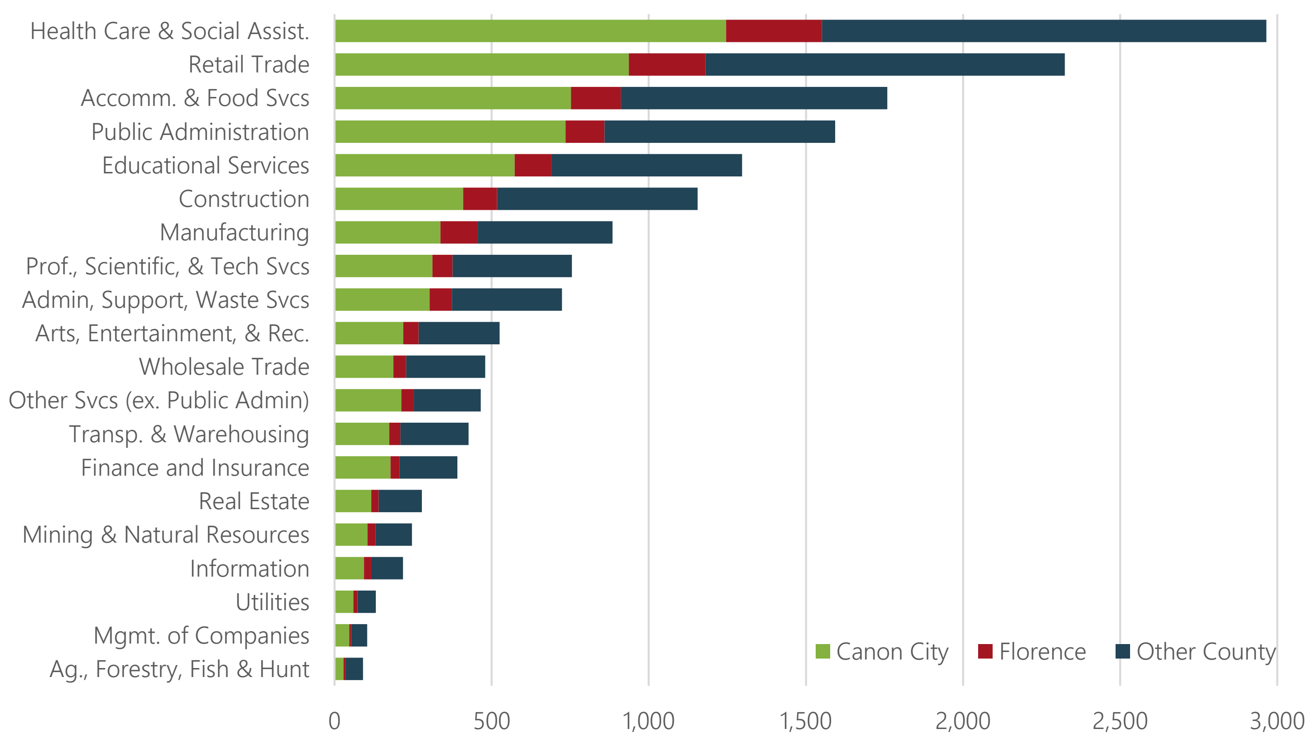
Resident Employment by Industry

As shown in the commuter data, there is a significant amount of inter-county travel for work. As a result, there is a clear difference between the employment profiles of Fremont County's *residents* versus its *workers*.

In 2017, Cañon City accounted for approximately 42 percent of employed residents in Fremont County, while Florence accounted for 20 percent.

Figure 10 shows the jobs held by Fremont County residents for each industry. Most residents are employed in health care and social assistance, followed by retail, accommodation and food service, public administration, and educational services. For the most part, these industries are more local-serving and pay lower wages than industries like manufacturing, professional services, and finance and insurance. A lower income threshold among residents increases the importance of affordable housing and access to other goods and services.

Figure 10. Resident Employment Profile, Jobs by Industry and City, 2017



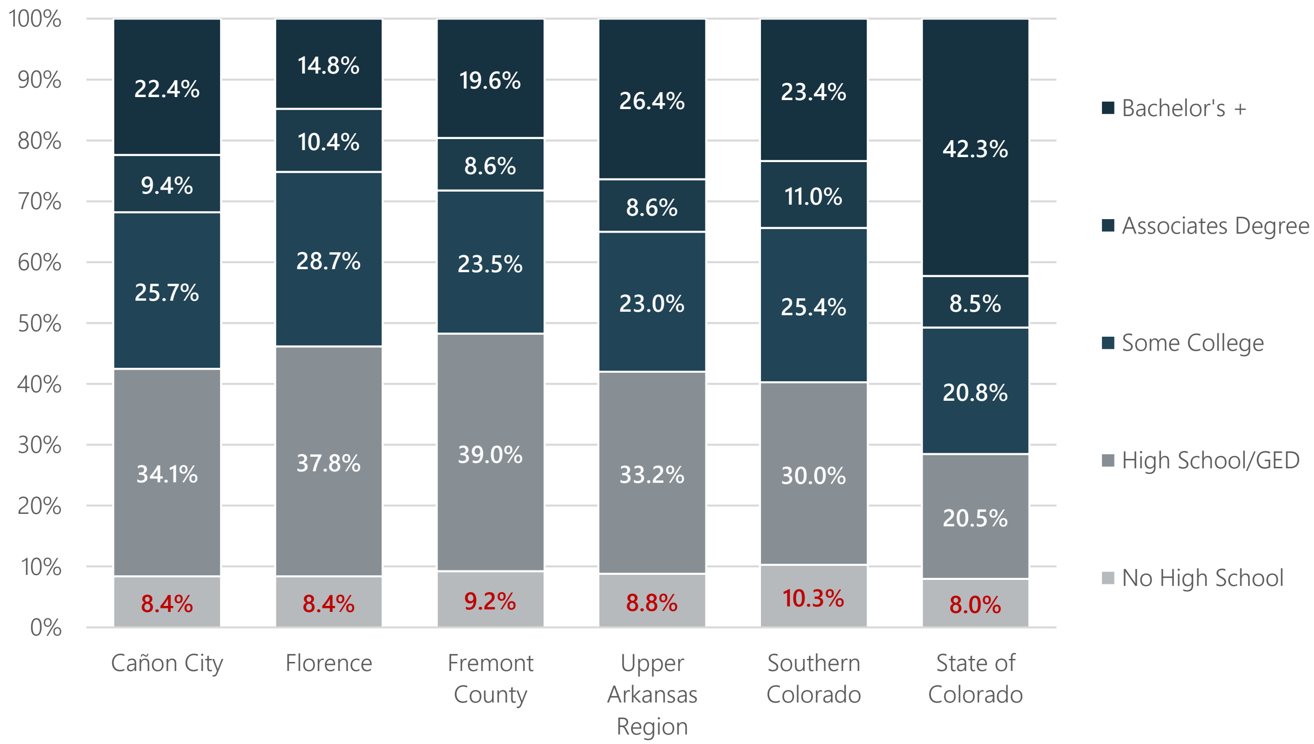
Source: LEHD OnTheMap (from U.S. Census Bureau)

Educational Attainment

Higher levels of educational attainment are an important factor in retaining existing businesses and attracting employers to an area. A greater proportion of highly-educated residents tends to translate to a broader pool of skilled workers from which existing local businesses and prospective employers can pull.

That being said, the overall educational attainment of Fremont County and its cities are significantly lower than the state. As shown below in Figure 11. Cañon City's educational attainment is higher than Florence and Fremont County more generally, but still below the average for the subregion and region. Fremont County has one of the highest percentages of residents without a college degree and the highest percentage of residents with a high school degree, GED (or alternative). This typically translates into higher rates of the population living in poverty and more residents with occupations associated with lower wages.

Figure 11. 2020 Population (25+) with a Bachelor's Degree or Higher



Source: ESRI

Fremont County's K-12 education system and higher education institutions play a pivotal role in equipping the area's residents with the education, skills, and expertise to grow the local economy.

Three school districts provide K-12 education in Fremont County. Higher education is available locally at Pueblo Community College (Junior College) and Colorado State University, Pueblo. These institutions serve as important talent generators.

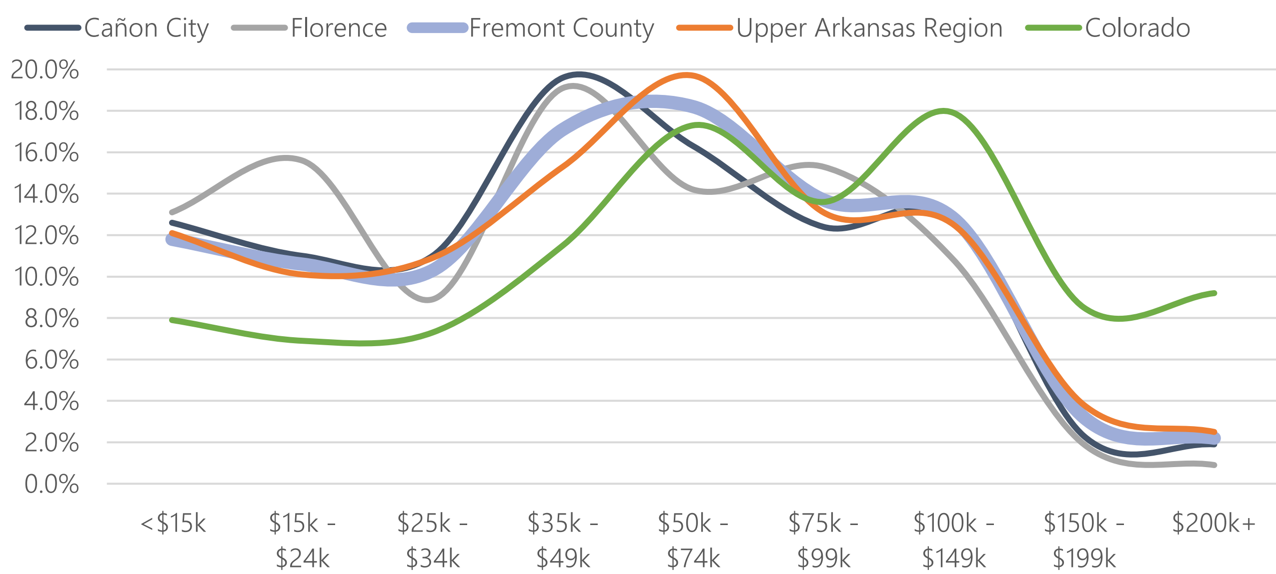
Household Income

Along with household density and composition, prospective commercial developers and commercial tenants (due to the potential for access to households with more disposable income) seek areas with higher income characteristics due to the perception of higher household spending potential. A location with a higher median household income, therefore, has a better chance of attracting commercial developers, especially concerning retail.

Household incomes are generally correlated with educational attainment levels. Fremont County's median household income was consistent with the Upper Arkansas Subregion but substantially lower than the state average. Cañon City and Florence's median incomes are both lower than the county average.

As shown below in Figure 12, a high proportion (35%) of Fremont County households earned between $35,000 and $75,000. Cañon City and Florence have a higher proportion of households earning less than $35,000 but a similar proportion earning above $75,0000.

Figure 12. Households by Income (2020)



Source: ESRI

The Importance of Talent

The national economy is becoming increasingly more talent/knowledge-based than resource-based, meaning that people, rather than raw materials, are the most important asset to a company's value and prospects for growth. This applies to all industries, including manufacturing, professional services, and technology.

This is not to suggest that Fremont County needs to focus its industrial base entirely on technology companies, but rather to understand that the modern economy depends upon highly skilled people to thrive. For this reason, a company's number one priority today is attracting talent. Verifying this is the Duke Fuqua School of Business CFO Global Business Outlook Survey[1]. The school has conducted the survey for 91 consecutive quarters since July 1996. The years 2017 and 2018 are the first time that CFO's cited attracting and retaining qualified employees as their number one concern over other factors such as input costs or regulations.

A significant cohort of the talent in demand consists of the "Millennial" generation (generally ages 21 to 37 in 2018), made up of approximately 76 million people – the largest demographic group our country has seen. As this generation shapes our talent-based economy, it is important to understand what motivates them and the communities they choose in such a highly mobile environment. This group has been slower to marry and move out on their own and have shown different attitudes to ownership that have helped spawn what is being called a "sharing economy" which suggests these trends are likely to continue[2]. Furthermore, today's high school generation will likely adopt many of the same values that are driven by an affinity for technology. This desired talent is attracted to a great place with jobs.

Such an environment includes the following elements.

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[1] https://www.cfosurvey.org/wp-content/uploads/2018/12/Q4-2018-US-KeyNumbers.pdf

[2] Millennials Coming of Age, Goldman Sachs, 2017

Key Talent Attractors:

- **Job Base** Talent moving to a new community wants to know that there are other opportunities if the job that brought them there does not fulfill expectations.
- **Simple Commute** Many Millennials are not defined by the automobile and do not want to drive if they don't have to. As reported in Urban Land Institute (ULI) Emerging Trends 2016, miles traveled by car for those people 34 years old or younger are down 23 percent nationally. The American Automobile Association reports that the percentage of high school seniors with driver's licenses declined from 85 percent to 73 percent between 1996 and 2010, with federal data suggesting that the decline has continued since 2010. Locally, the average miles traveled by any mode – walking, driving, biking, or taking transit – is the lowest for Millennials.
- **Housing Options** All talent, including Millennials, desire affordable housing near employment. In order to maximize opportunities for talent attraction and retention, it is important for communities to provide a variety of options to meet a diversity of population needs.
- **Urban Lifestyle** Millennials tend to prefer density with alternative transportation modes and retail nearby, which provides alternatives to owning a car. This urban lifestyle does not mean that an entire community must conform to urban densities. What is important is that some element of an urban lifestyle through either a healthy Main Street in a traditional downtown or denser town centers in suburbs is provided.
- **Amenities** Millennials are looking for ample amenities, especially restaurants and access to outdoor recreation.
- **Open Culture** Millennials embrace social or ethical causes[3] and communities that are more diverse, accepting, and open to change.

Employment Analysis

This section describes the employment and business environment in Fremont County within the context of broader regional and statewide economic trends.

Fremont County Employment Profile

There are two categories of employment—"wage and salary" and "proprietor." Wage and salary employment is someone that works for an employer who provides them a paycheck. Proprietor employment means the person works for themselves. In Fremont County, 28 percent of total employment is proprietors, a slightly higher proportion than the statewide average of 26 percent, suggesting a potentially strong entrepreneurial ecosystem.

Long-term job growth had been flat between 2010 and 2014 but added 900 jobs between 2014 and 2017. Job growth has once again leveled out in the years since.

As shown in Table 1, the following chart shows, of the county's wage and salary employment, the largest industry sectors—in terms of total jobs—are public administration, health care and social assistance, and retail trade. With such a large segment of employment in government jobs, where most jobs are through state employers (e.g. the

[3] Brookings Institution, 11 Facts about the Millennial Generation, June 2014

Department of Corrections), a significant portion of employment in the county is largely stable, related more to statewide than local conditions.

In fact, while public administration accounts for more than one-quarter of all Fremont County jobs, there have been very small fluctuations in total employment. Other industries that account for significantly fewer jobs have experienced more dramatic fluctuations, especially for health care and social assistance and accommodation and food services.

Most of the countywide job losses are in industries that account for less than two percent of jobs in the county. This reflects the challenges for certain industries to gain traction in Fremont County and demonstrates the importance of cultivating industry clusters, which are defined and described in the following sections.

Table 1. Employment by Industry Sector, Fremont County, 2016-2019

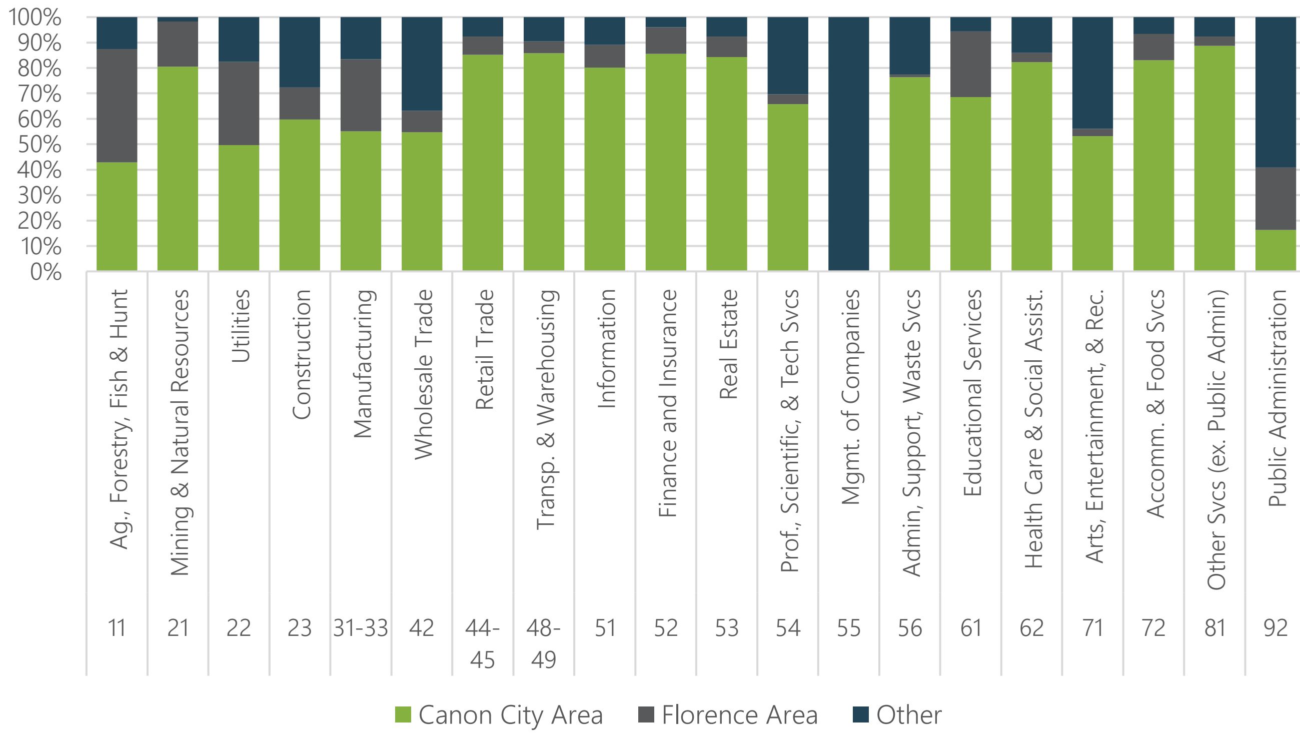
Industry	2016	2017	2018	2019	2019 % of Total	Change in Employment 2016 - 2019
Public Administration	3,527	3,555	3,525	3,496	25.8%	-31
Health Care & Social Assist.	2,502	2,693	2,698	2,638	19.5%	136
Retail Trade	1,586	1,623	1,607	1,619	12.0%	34
Accomm. & Food Svcs	1,048	1,093	1,115	1,187	8.8%	140
Educational Services	992	992	1,002	1,008	7.5%	16
Construction	640	655	636	638	4.7%	-2
Manufacturing	565	539	542	602	4.5%	38
Arts, Entertainment, & Rec.	371	394	376	378	2.8%	7
Transp. & Warehousing	347	350	370	370	2.7%	23
Prof., Scientific, & Tech Svcs	251	242	264	308	2.3%	57
Admin, Support, Waste Svcs	215	264	271	298	2.2%	83
Other Svcs (ex. Public Admin)	238	235	255	249	1.8%	11
Finance and Insurance	200	194	198	175	1.3%	-26
Wholesale Trade	136	145	146	145	1.1%	9
Real Estate	161	151	139	131	1.0%	-30
Utilities	103	99	99	103	0.8%	-1
Information	94	97	88	83	0.6%	-11
Mining & Natural Resources	80	80	69	59	0.4%	-21
Ag., Forestry, Fish & Hunt	60	47	35	37	0.3%	-22
Mgmt. of Companies	Withheld	Withheld	Withheld	Withheld	0.0%	Withheld
Total	**13,120**	**13,454**	**13,436**	**13,528**		**+408**

Source: QCEW

One of the most prominent public sector employers is the United States Federal Prison ADX—located just outside the city limits of Florence—that employs approximately 1,100 workers, many of whom come from Pueblo and Colorado Springs. The prison is one of 13 in Fremont County.

The distribution of jobs by industry and by area is shown below in Figure 13.

Figure 13. Distribution of Jobs by Industry, 2019



Source: QCEW

Traded Sector vs. Local Sector Jobs

Traded sector (also referred to as an export sector) businesses include industries and employers which produce goods and services that are consumed outside the region where they are produced and therefore bring new income to the area. Workers in the traded sector tend to have higher educational attainment, work more hours, and earn higher average wages than local sector businesses.

- As the **traded sector** increases employment and wages, it also enables entrepreneurs to develop skills and resources to foster innovation and start new businesses and increase employment opportunities. Furthermore, certain traded sector companies foster a supply chain effect that creates the need for additional companies to supply components of a product that is manufactured.
- **Local sector** business consists of industries and firms that are in every region. They produce goods and services that are consumed locally in the region where they were made and therefore circulate existing income in the area (e.g. breweries, physician offices, banks). These businesses are important as they make a community distinct and provide amenities to attract young professionals and families that drive the new economy.

Table 2 below highlights the average wage difference between traded sector jobs and local sector jobs in Fremont County, Colorado, and the United States. Some industries can have businesses that are both traded and local sectors. As the job base expands, a community is more attractive to employees because they have more options for career growth. In turn, once the employment base grows, competition will occur and ultimately increase wages.

The average annual wage in 2019 across all sectors was $42,306, including proprietors. All industry sectors experienced wage growth from 2016 to 2019 except Health Care and Social Assistance and Information.

Table 2. Annual Average Wage Comparison for Fremont County, Colorado, and USA, 2019

NAICS	Industry Sector	Fremont County	Colorado	United States
Traded Sector				
55	Mgmt. of Companies	Withheld	$148,584	$126,310
21	Mining & Natural Resources	$74,450	$124,765	$107,986
51	Information	$43,942	$109,380	$119,605
54	Prof., Scientific, & Tech Svcs	$60,777	$103,229	$100,699
52	Finance and Insurance	$64,216	$101,800	$112,656
42	Wholesale Trade	$39,809	$90,367	$80,193
31-33	Manufacturing	$61,356	$73,935	$69,920
11	Ag., Forestry, Fish & Hunt	$27,302	$40,414	$37,212
Traded/Local Sector				
23	Construction	$47,345	$64,603	$64,826
53	Real Estate	$31,698	$61,344	$61,336
48-49	Transp. & Warehousing	$34,742	$58,802	$54,365
62	Health Care & Social Assist.	$29,991	$52,728	$51,792
56	Admin, Support, Waste Svcs	$36,588	$45,868	$43,026
61	Educational Services	$34,355	$42,500	$52,658
Local Sector				
22	Utilities	$60,770	$110,324	$113,354
44-45	Retail Trade	$27,152	$33,798	$33,611
72	Accommodation & Food Svcs	$17,159	$24,817	$22,491

Source: Bureau of Labor Statistics, QCEW data

Traded Sector Growth Opportunities

In 2018, the Upper Arkansas corridor was designated a Technology Sector Partnership by the State of Colorado, one of three in the state and the only rural partnership. Several recent initiatives have driven growth in the tech sector in the Upper Arkansas corridor. Fremont County has encouraged Fremont County to establish TechSTART and the Emergent Campus as it emerges as a strong technology community. Lake and Chaffee Counties have both seen the establishment of budding co-working and maker spaces in order to support this budding industry.

While transportation remains a key challenge, the ability of individuals to work from home and the lifestyle within the area, are attracting entrepreneurs and businesses not totally dependent on remaining in or near large metropolitan areas. Post-pandemic consumer preferences are expected to continue driving businesses to areas that can accommodate spatial, infrastructure, and workforce needs while offering a high quality of life and a lower cost of operations. With growing workforce development programs (such as programs at Pueblo Community College and local high schools, some of which are funded by the PTECH grant), a rapidly emerging entrepreneurial ecosystem, and high-capacity broadband capabilities, Fremont County is poised to capitalize on these trends.

Additionally, there several state and federal economic development programs in place in Fremont County, including the HUBZone program, enterprise zones, new market tax credits (NMTC), and opportunity zones.

- The **HUBZone program** fuels small business growth in historically underutilized business zones with a goal of awarding at least three percent of federal contract dollars to HUBZone-certified companies each year.
- The Colorado legislature created the **Enterprise Zone (EZ) Program** to encourage development in economically distressed areas of the state. In designated areas, businesses are eligible for tax credits and exemptions from specific investments.
- The **Opportunity Zone program** provides preferential tax treatment to new investors, under certain conditions, in economically distressed communities.
- The **NMTC Program** incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities.

Industry Clusters

Industry clusters are geographic concentrations of similar and related traded sector businesses, specialized suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standards agreements, and trade associations) in particular fields that compete but also cooperate. These businesses typically share common markets, technologies, worker skill needs, and are linked by buyer-seller relationships.

Industry clusters represent distinct qualities of a community and help define what makes one community different from another. As they convey distinct qualities, it is important to be specific in the definition of a cluster. For example, rather than promoting “high-tech,” a community should focus on “software or computer and electronics” to convey the type of product being manufactured and its unique workforce and supply chain needs. The promotion of clusters helps reinforce unique community assets and communicate why it is a good place to stay and grow existing businesses and attract outside talent.

State of Colorado Clusters

The State of Colorado Department of Economic Development has developed 13 key industry sectors or clusters. These 13 industry sectors are split into advanced, lifestyle, and access-to-capital-market categories.

- **Advanced industries** (AIs) are key drivers of the economy, comprising engineering and R&D-intensive companies, they deliver products and services in a wide range of markets, from aerospace to medical devices. These are primarily made up of traded sector industries.
- **Lifestyle industries** have a greater proportion of local sector industries but serve as a foundation for traded sector growth.
- **Access-to-market industries** are those that sell goods and services across borders, mostly comprising of traded sector industries.

Table 3. Current State of Colorado Key Industries

Advanced	Lifestyle	Access-to-Market
Advanced Manufacturing	Health and Wellness	Financial Services
Aerospace	Outdoor Recreation	Food & Agriculture
Bioscience	Tourism	Transportation & Logistics
Electronics	Creative Industries	
Energy and Natural Resources		
Infrastructure Engineering		
Technology & Information		

Source: Colorado Department of Economic Development

Further, the State has targeted five of these 13 cluster industries with a competitive advantage that share common markets, technologies, and worker skill needs in the Upper Arkansas Subregion.

- Advanced Manufacturing
- Energy and Natural Resources
- Infrastructure Engineering
- Health and Wellness
- Outdoor Recreation

The remaining pages in this section show business, job, and wage trends for Fremont County to assess whether any of these five industries—or others—should be pursued in any of the three target areas.

Fremont County Industry Cluster Analysis

Using the State of Colorado's 6-digit NAICS code definitions for each of the key industries, Table 4 shows four-year employment and wage trends in Fremont County. While the majority of businesses in the County do not fall into one of these industries, key industry growth potential serves as the foundation for economic growth in the future.

Table 4. Industry Cluster Snapshot, Fremont County

	2016 Jobs	2019 Jobs	Change in Jobs 2016-2019	2016 Avg. Wage	2019 Avg. Wage	Change in Avg. Wage 2016-2019
Advanced Industries						
Infrastructure Engineering	549	634	85	$56,032	$63,789	$7,756
Energy & Natural Resources	150	123	-27	$62,546	$70,750	$8,203
Technology & Information	58	80	23	$78,611	$122,317	$43,705
Aerospace	15	16	1	$168,431	$96,033	($72,397)
Electronics	16	7	-9	$37,845	$48,368	$10,522
Access-to-Market Industries						
Financial Services	200	175	-26	$48,684	$64,216	$15,532
Food & Agriculture	194	172	-22	$32,017	$35,545	$3,527
Transportation & Logistics	176	161	-16	$39,658	$43,005	$3,348
Lifestyle Industries						
Health & Wellness	2,193	2,188	-5	$35,671	$29,225	($6,446)
Tourism & Recreation	697	845	148	$17,041	$19,456	$2,415
Creative Industries	160	176	15	$34,866	$39,354	$4,488
Other Industries						
All Other	8,712	8,953	240	$39,534	$42,867	$3,333
Total Employment	**13,120**	**13,528**	**408**	**$38,932**	**$41,106**	**$2,174**

Source: QCEW

According to the data for the past four years, there are several positive trends on which the County may capitalize going forward.

- **Infrastructure engineering**, which includes companies that provide a full spectrum of planning, design, development, operations, and maintenance of critical structures, machinery, equipment, and other systems, saw significant gains in both average wages and total employment between 2016 and 2019. The number of businesses has grown from 29 in 2016 to 35 in 2019. In 2019, the average infrastructure engineering business employed 18 employees.
- **Technology and Information**, which includes telecommunications, computer and information services, and specialized manufacturing, grew modestly in terms of employment but saw major gains in average wages. The number of businesses increased from 16 to 22 in four years in Fremont County, with Canon City attracting four of the six new technology and information businesses. Compared to infrastructure engineering, the average technology and information business employed just four people, reflecting the smaller scale enterprises associated with these industries.
- **Health and Wellness** is by far the largest key industry in terms of total employment, yet employment and wage growth has been stagnant in recent years. However, projected growth in the number of senior residents may drive demand for the future growth of health and wellness sector businesses. There are currently 108 health and wellness businesses in Fremont County, up from 100 in 2016. Canon City is home to 80 businesses and an additional 13 are in Florence. The average business employed 17 people in 2019.
- **Tourism and Recreation**, which many local and state agencies have identified as a target industry cluster for the region, experienced strong employment growth between 2016 and 2019. The number of businesses countywide grew from 44 in 2016 to 52 in 2019. Of these 52 businesses in Fremont County, 37 are located in Canon City.
- **Creative Industries**, which includes a diverse range of businesses from graphic design and photography to radio stations and museums, is similar to the tech sector in that it employs, on average in 2019, just eight people per business. There is just one new business in Fremont County since 2016 only 15 new jobs were created. That being said, the average wage is close to the countywide average across all industry sectors and wage growth was strong between 2016 and 2019. There is potential to foster the growth of these industries, many of which can align with tourism, technology, and information.

Real Estate Market Context

National Prospects

Nationally, one of the longest periods of economic growth following the Great Recession of 2007-2009 has come to an end, somewhat induced by the global pandemic in 2020. In Colorado, economic growth has materialized in significant construction across all real estate sectors, especially in the Front Range region. Housing construction has boomed, and retail development has followed—albeit at a lesser rate due to retail sector constriction and other forces such as e-commerce—but the construction of office and industrial space has been more concentrated.

Market cycles play a major role in attracting development and investment interest in certain areas. Hospitality and regional malls have been hit the hardest by both the current economic downturn and economic impacts of the pandemic on consumer behavior, which has only exacerbated the looming challenges that were already facing many industries.

Industrial prospects have been growing rapidly due to the rise in eCommerce and the need for "last mile" logistics and distribution. All other commercial sectors appear to be nearing the "bottom" of their respective market cycles and may start to exhibit signs of recovery in the coming years, depending on the length of the downtown and the extent of the impact of the pandemic.

Figure 14 from Robert Charles Lesser & Co., LLC (RCLCo) shows the current and anticipated future market cycle stage for various land uses. Understanding these market cycle stages helps plan for particular land uses.

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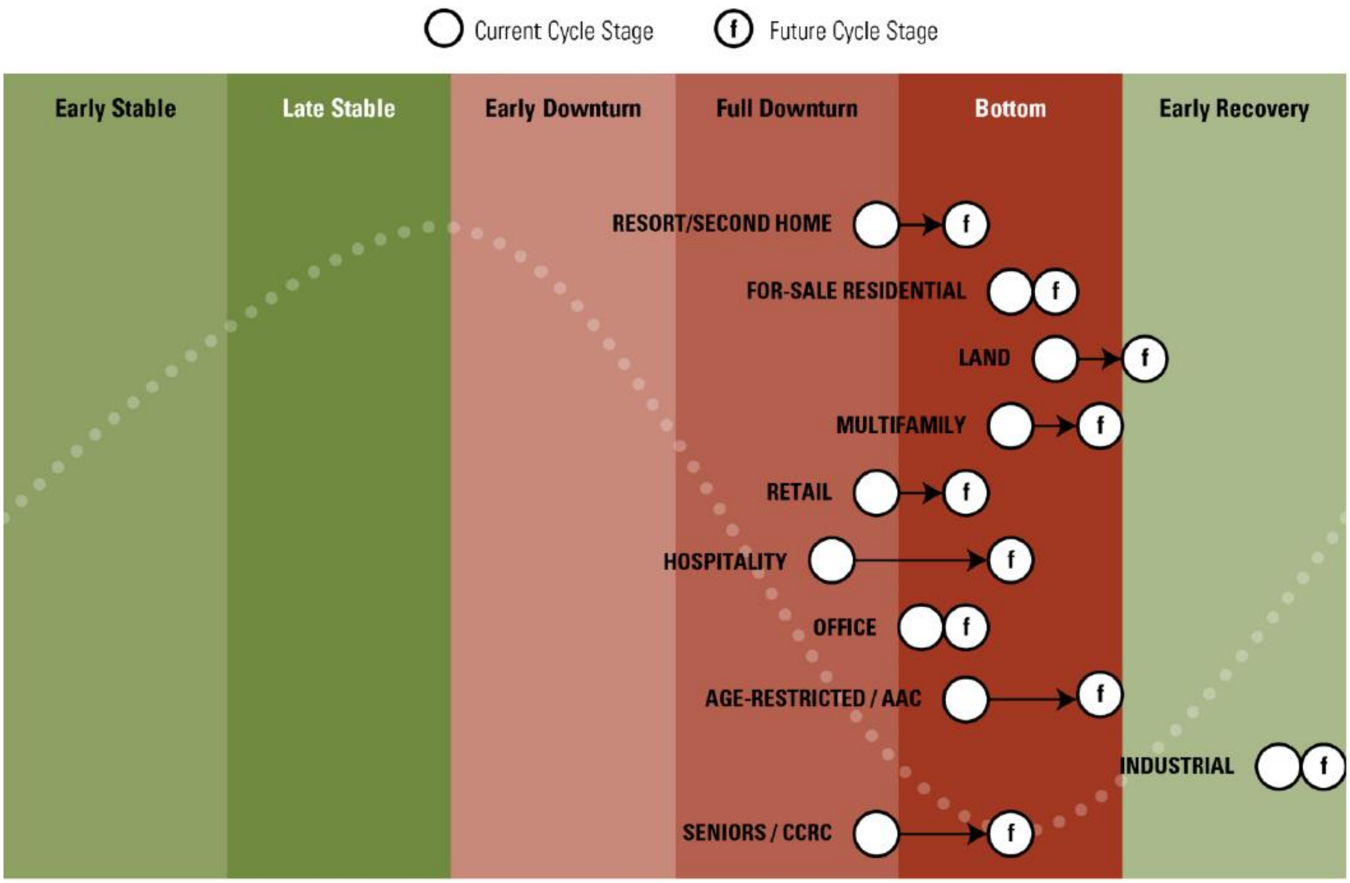
Figure 14. Real Estate Market Cycles, 2020



Source: RCLCo

This is a sentiment backed up by the Urban Land Institute in its annual Emerging Trends in Real Estate publication. Emerging Trends similarly summarizes the prospects of various real estate sectors. According to ULI,

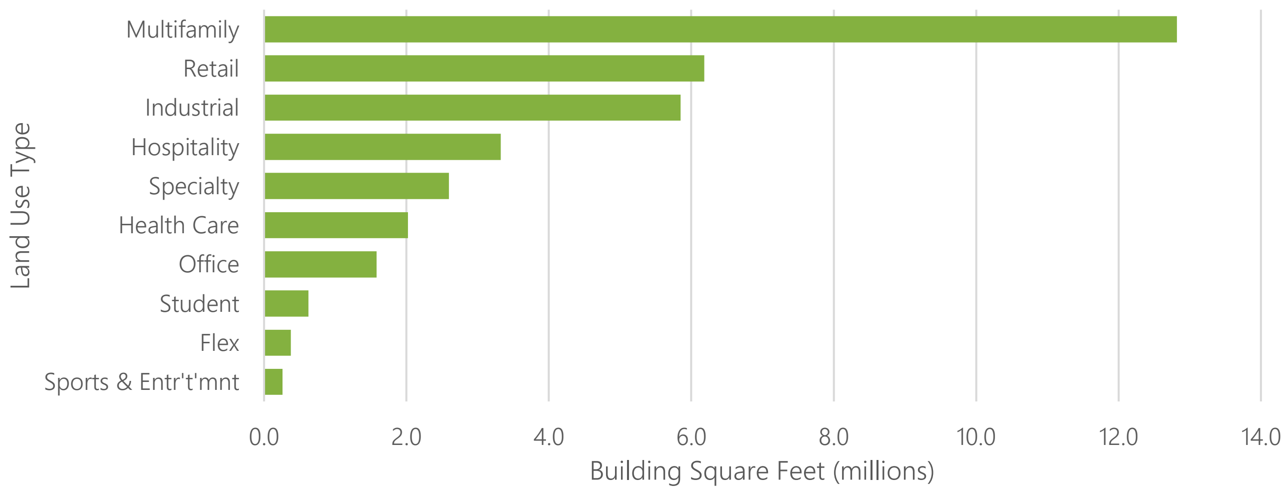
- Industrial and housing top the list for national investment and development prospects.
- There are significantly weaker development prospects for office, lodging, and retail.
- Industrial and distribution uses have become increasingly popular investments in recent years, largely due to the rapid rise of e-commerce.

With this being said, there is still room for optimism. While national research and publications help to contextualize development prospects, there are still significant opportunities for differentiation and "hyper-local" retail orientation that capitalizes on consumer preferences and trending behaviors. While certain sectors will struggle to gain the traction that they have had historically over the past decade, previous market cycles have shown an ebb and flow and a continued need for commercial uses in fast-growing residential areas, regardless of national prospects.

Regional Development Trends

The development trends in the broader Fremont County, Colorado Springs, and Pueblo region closely image the national trends described above. Figure 15 below shows that—in terms of total square feet developed—multifamily housing has exceeded any other land use by a factor of two.

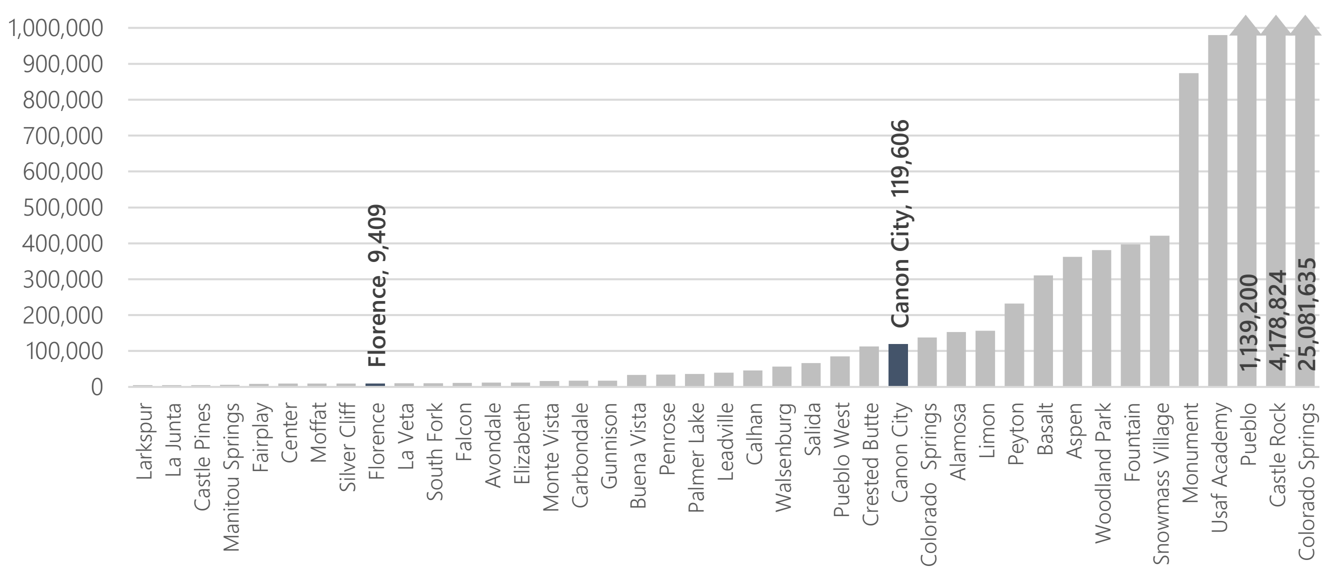
Figure 15. New Development in the Region Since 2010 by Land Use, Fremont County, Colorado Springs, Pueblo



Source: Costar

Within this region—determined as the area that Fremont County is competing for development and investment attention—Cañon City and Florence have experienced very little of this new development in comparison to larger cities in the central and south Colorado region, shown below in Figure 16.

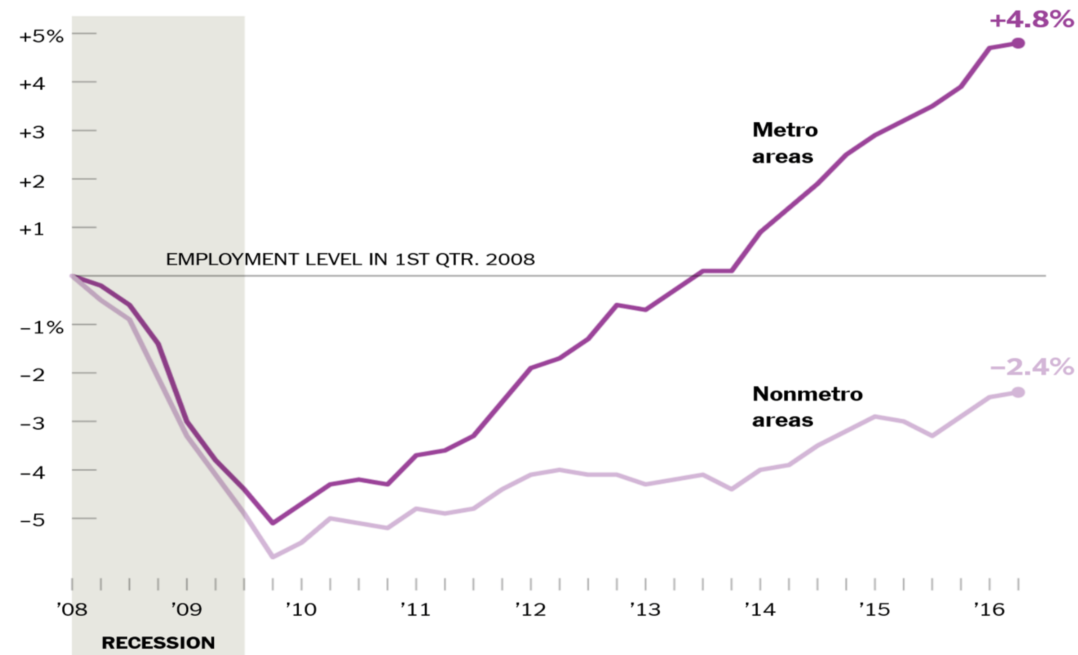
Figure 16. Total New Development in the Region Since 2010 by City, Fremont County, Colorado Springs, Pueblo



Source: Costar

This is a consistent trend in rural communities throughout the country. As Figure 17 shows, large metropolitan areas recovered from the 2008-2009 Great Recession much faster than their rural counterparts.

Figure 17. Change in Employment since the Great Recession, Rural Versus Urban Areas



Source: USDA Economic Research Services, Charts by Bill Marsh/The New York Times

With this being said, there are unique market differentiators in rural areas like Fremont County. Tourism, the historic downtown, and high quality of life are core to realizing economic growth in Cañon City and Florence. The following sections describe the market and opportunities for residential and commercial real estate development.

Residential Market Analysis

This section describes the market conditions and demand for residential uses in Fremont County, including single-family and multifamily housing.

Residential Trends Analysis

Fremont County has experienced slow growth in both population and housing, with an extended period of slow/no new housing development. More recently, Fremont County has been attracting a large share of retirees due to the value presented by the local housing market, yet construction activity has remained low.

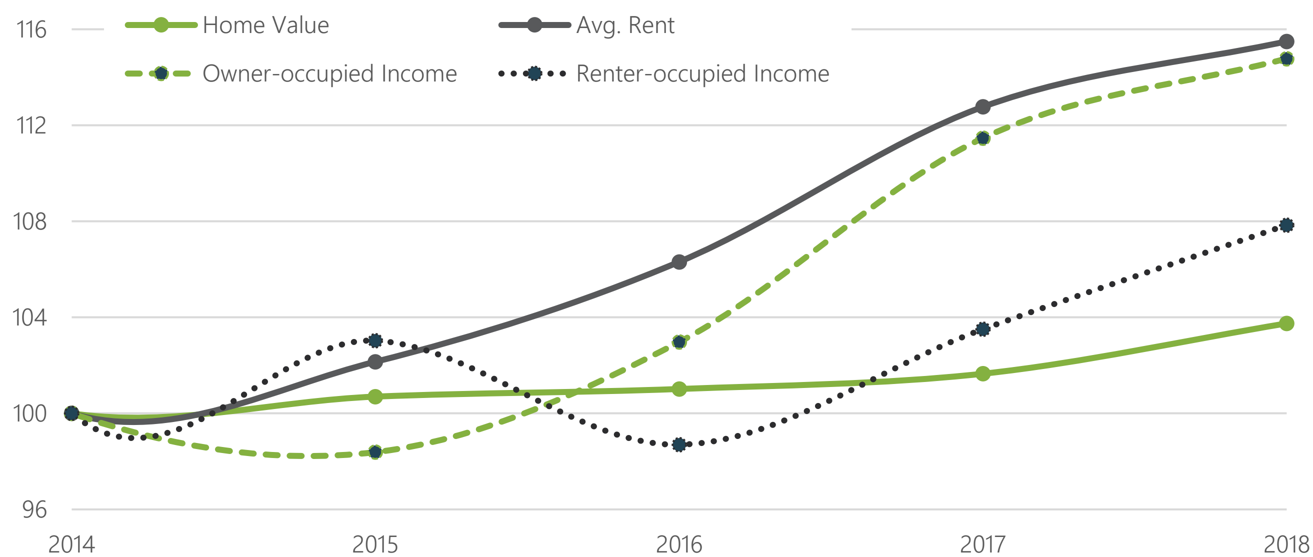
As a result of this pressure, housing costs in the area have risen in the recent past. Stakeholders[4] contacted by Leland Consulting Group via email and over the phone now indicate that households relying on local wage levels are finding

[4] Stakeholders contacted include local developers, economic development partners, workforce development and educational institutions, and City and County staff.

fewer and fewer options (particularly renters) and that decreased quality of housing has become a more frequently cited problem.

These trends are shown in Figure 18. Average rent growth in the area has far exceeded income growth for renter-occupied households over the past five years. Conversely, the growth in the median income of owner-occupied households has far exceeded the average owner-occupied home value. Together, these trends indicate potential challenges for both prospective renters and buyers.

Figure 18. Income and Housing Costs, Indexed to 2010, Fremont County



Source: American Community Survey

As shown below in Table 5, the vast majority (75%) of Fremont County's housing units are one-unit detached houses, as shown below. Multiplexes (2-4 units) and apartments (5+ units) are most prevalent in Cañon City. Mobile homes comprise 14 percent of the county's housing stock and feature most in areas outside of Cañon City and Florence.

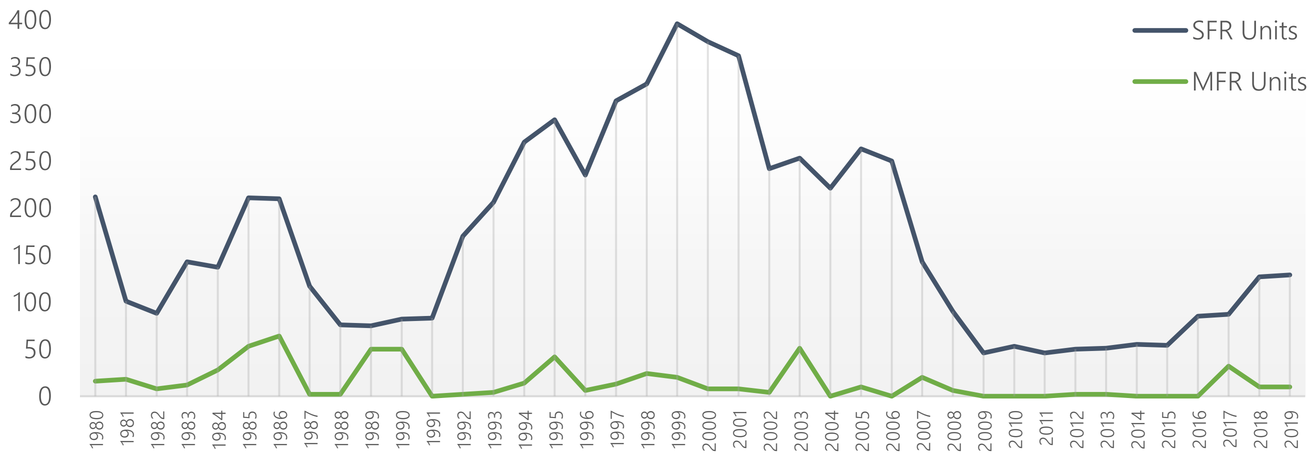
Table 5. Housing Units by Type, 2018, Fremont County

	Cañon City	Florence	Other County	Total County
1-unit Detached	5,625	1,345	7,823	14,793
	69%	75%	80%	75%
Townhome	220	88	60	368
	3%	5%	1%	2%
2-4 units	635	106	74	815
	8%	6%	1%	4%
5+ units	767	64	105	936
	9%	4%	1%	5%
Mobile Home	865	200	1,658	2,723
	11%	11%	17%	14%

Source: U.S. Census Bureau

Per Figure 19, a slowdown in construction activity occurred through the 2000s and tailed off significantly as the 2008-2009 Great Recession took hold. Permit activity has not yet rebounded to pre-recession levels, although there have been significant increases throughout the last several years. Over this time most of the permits were for single-family units.

Figure 19. Residential Permit Activity, Fremont County, 1980-2019



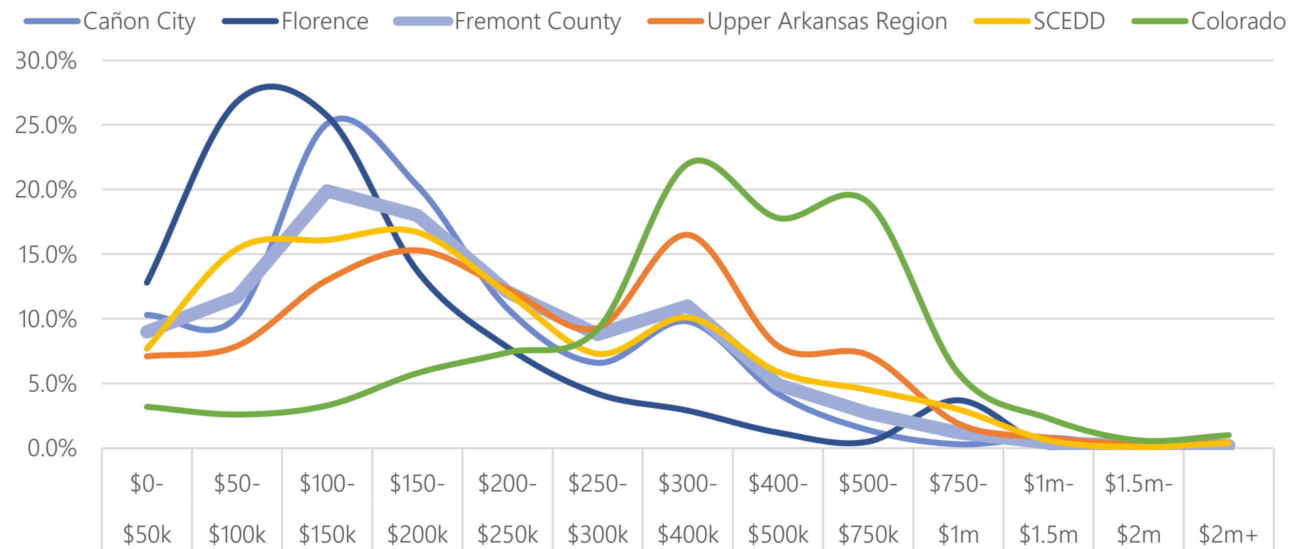
Source: SOCDS (from US Census Bureau)

Owner Occupied Housing Market

This section describes the market trends for owner-occupied housing, which is typically in the form of single-family detached, townhomes, or condominiums. Based on tenure data, approximately two-thirds of housing in Fremont County is owner-occupied.

As shown in Figure 20, in terms of value, owner-occupied housing in the region is vastly different from the state as a whole, which has been largely driven by the housing market boom in the Denver region. While this data underlines the affordability of Fremont County, it fails to address questions of housing supply, quality, and availability.

Figure 20. Owner Occupied Units by Value, 2020



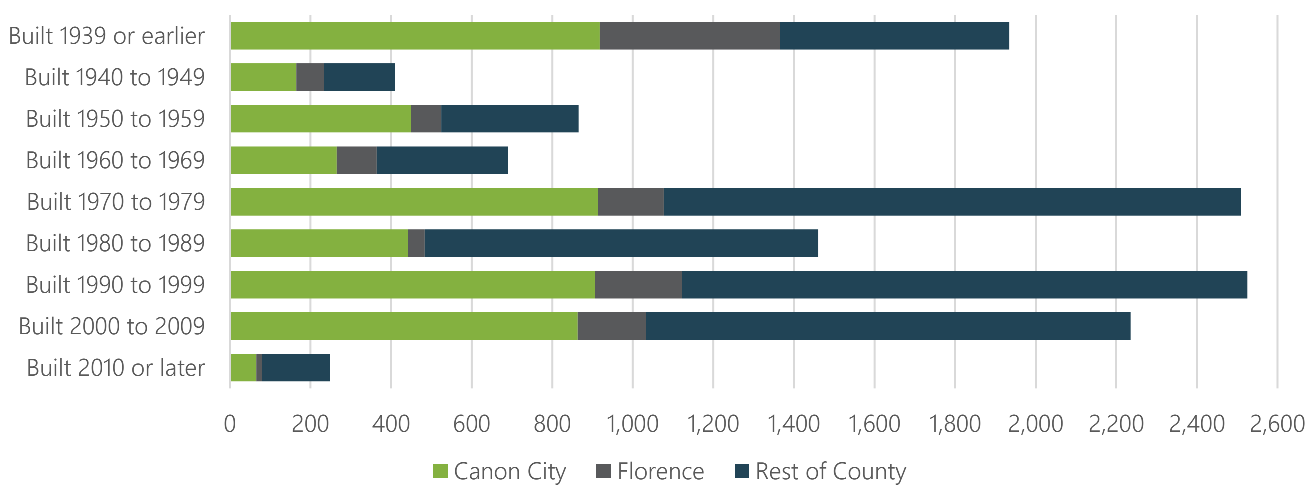
Source: ESRI

While a further assessment is required, analyzing the age of homes can highlight potential issues of quality or supply. As Figure 21 shows, many homes in Fremont County were built prior to 1940 and about two-thirds (approximately 8,700 units) of all owner-occupied housing units were built between 1970 and 2010, based on data from the U.S. Census Bureau for 2018.

In Cañon City and Florence, the housing stock is slightly older than the county overall, with half of Florence's housing build before 1972 and half of Cañon City's housing built before 1975. In contrast, most of the housing construction in unincorporated Fremont County began in the 1970s.

Comparatively, the past decade has seen very little development, suggesting a potentially constrained market.

Figure 21. Owner Occupied Units by Year Structure Built



Source: American Community Survey, 2018, Table B25036

Recent home sales data also indicate a tightening housing market, and most data points reflect significant demand for new housing.

- Since 2012, prices have increased an average of 9.8 percent per year, up to $215,700 in 2018, significantly higher than the previous decade.
- The average price per square foot has followed a similar trend, decreasing from $86 per square foot in 2008 to $74 in 2012, and then increasing to $127 per square foot in 2018.
- The average age of homes at sale has increased from 42 years in 2008 to 48 years in 2018.
- New homes accounted for 12 percent of sales in 2008 but only three percent of sales in 2018, reflecting the lack of new construction countywide.
- This sales data also indicates the market's current affordability.
    - 37 percent of single-family homes sold in Fremont County in 2017 and 2018 were affordable to a household earning up to the median income.
    - 21 percent of homes were affordable to households with incomes between 100 percent and 120 percent of area median income (AMI).
    - 42 percent were only affordable to households earning greater than 120 percent of AMI.

Rental Housing Market

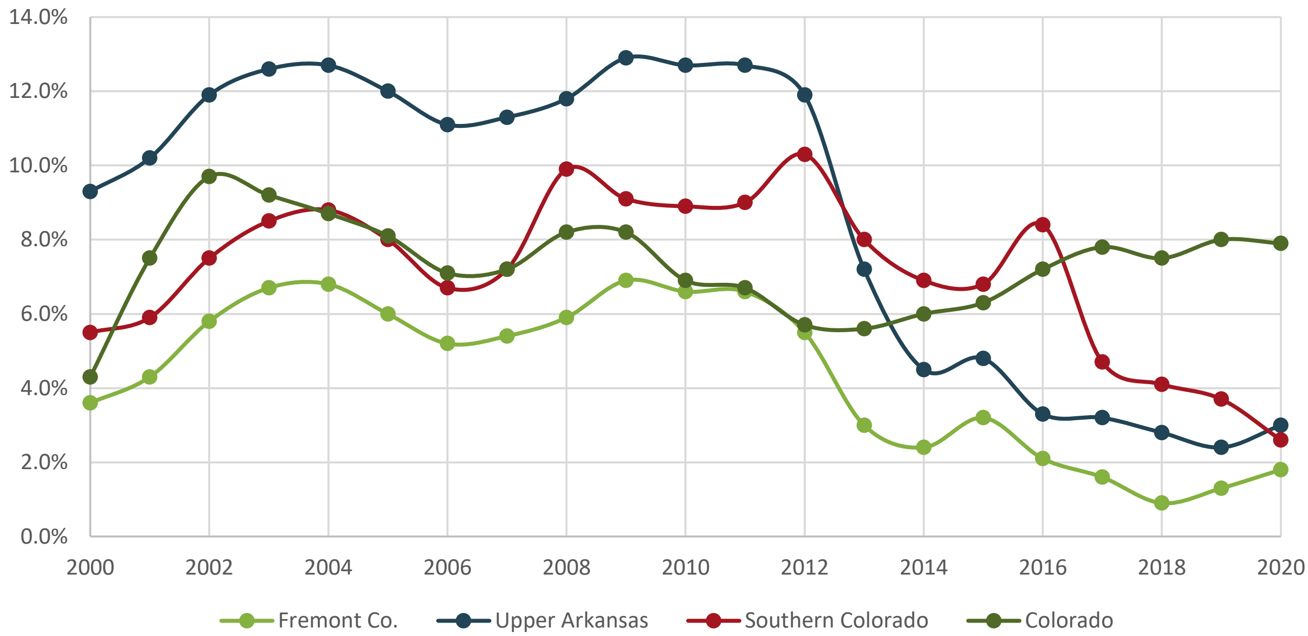
This section describes vacancy, rent, and construction trends for rental housing (primarily apartments).

The vacancy rate is a useful metric for identifying market demand. A low vacancy rate (below five percent) suggests an undersupply of multifamily housing and demand for new housing. Conversely, a higher vacancy rate suggests oversupply, with absorption lacking or yet to catch up to new construction. Driven by a construction boom in the Denver metropolitan region and the Front Range, Colorado's average vacancy is hovering around 8.0 percent. However, this has remained fairly consistent as absorption has kept up with the steady supply of new units delivered to the market.

As shown in Figure 22, Fremont County's average vacancy across its multifamily housing sector has been very low for several years, reflecting a highly constrained housing supply.

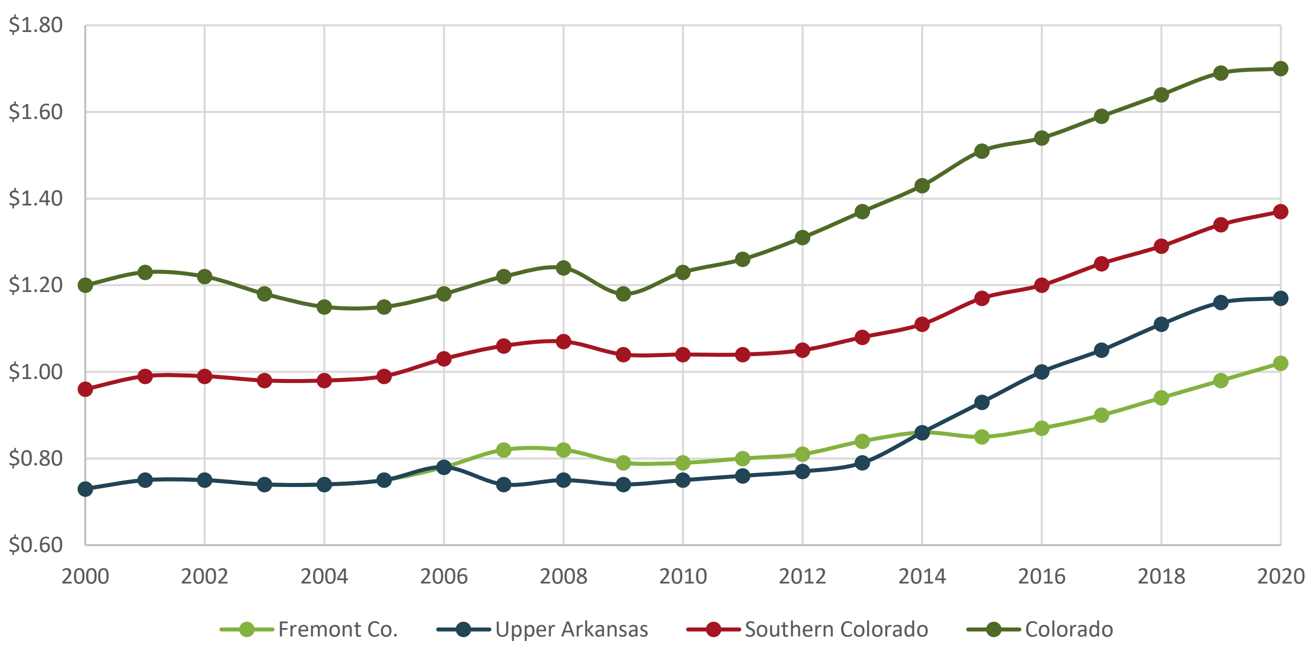
However, this is less to do with the strength of the local market sector and more to do with the lack of available housing in the County combined with continued population growth. The pressure on the demand side is growing to such an extent that landlords (as well as individual homeowners looking to sell their homes) are finding themselves able to find tenants and buyers without needing to improve the quality of the housing or address deferred maintenance. In markets with a healthier balance between supply and demand, landlords and sellers face more pressure to improve the quality of their housing units in order to stay competitive in the broader market.

Figure 22. Vacancy Rate Trends, 2000-2020



Despite a historically low vacancy rate, Fremont County has seen steady yet limited average rent growth, as demonstrated in Figure 23. The average market-rate rent for an apartment in Fremont County is below the average for the four-county Upper Arkansas area. Lower rents and a lack of comps mean significant challenges in getting traditional financing for new development.

Figure 23. Rent, 2000-2020



Source: Costar

Despite positive vacancy trends and, to a much lesser but still positive extent, rent trends, the future of Fremont County's housing market depends on its ability to compete with other cities in the region, namely Pueblo and Colorado Springs. Both locations currently boast average market rents well in excess of Fremont County ($1,071 and $1,167 versus $663), demonstrated below in Figure 24. Fremont County's relative affordability is more attractive to renters but not investors, and lower rent is only a positive benefit if there is sufficient supply.

At present, Colorado Springs is attracting the most development interest. Vacancies in Colorado Springs entered 2020 at more than 8 percent but have gradually tightened in 2020 thanks to robust demand pressure outpacing supply.

Nearby in Pueblo, apartment rents were rising at a 3.1% annual rate during the fourth quarter of 2020 and have posted an average annual gain of 3.3% over the past three years. However, as in Fremont County, development remains minimal, with no new construction over the past three years and no projects are currently underway. Vacancies in the metro were below the ten- year average as of 2020 Q4 and trended downwards over the past four quarters.

Data for average unit rent is unreliable given the lack of apartment developments in Fremont County. Costar, the national real estate database, suggests that an average unit in Fremont County rents for just under $700 in 2020, compared to $1,050 and $1,150 in Pueblo and Colorado Springs, respectively. However, anecdotal information provided by city and county staff, developers, and other key stakeholders suggest that average unit rents have increased drastically over the past year to at least $850, with most units renting for around $1,000 per month. Given the lack of apartments—which typically comprise the majority of rental housing—many duplexes and single-family homes are rented in Fremont County. The Country Green Apartments is one of the few apartment developments for which Costar has data, a summary of which is provided below.

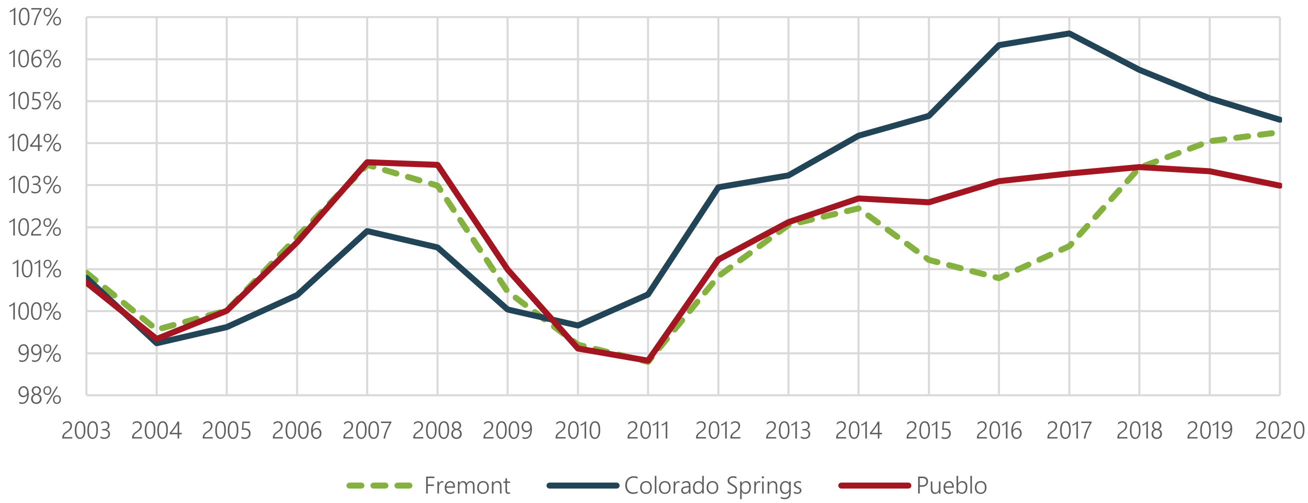
Figure 24. Country Green Apartments, Canon City

- Built 1974
- 137 two-bedroom units
- Avg unit size: 720 square feet
- Avg unit rent: $915 ($1.27 per square foot)
- 18 two-story buildings (107,636 square feet)
- Market-rate rents
- 2.9% vacancy

Source: Costar

Figure 25 shows rent growth in the three comparison areas. While Fremont County rents still trail Colorado Springs and Pueblo, rent growth has increased each year for the past five years and is now on track to outpace both Pueblo and Colorado Springs.

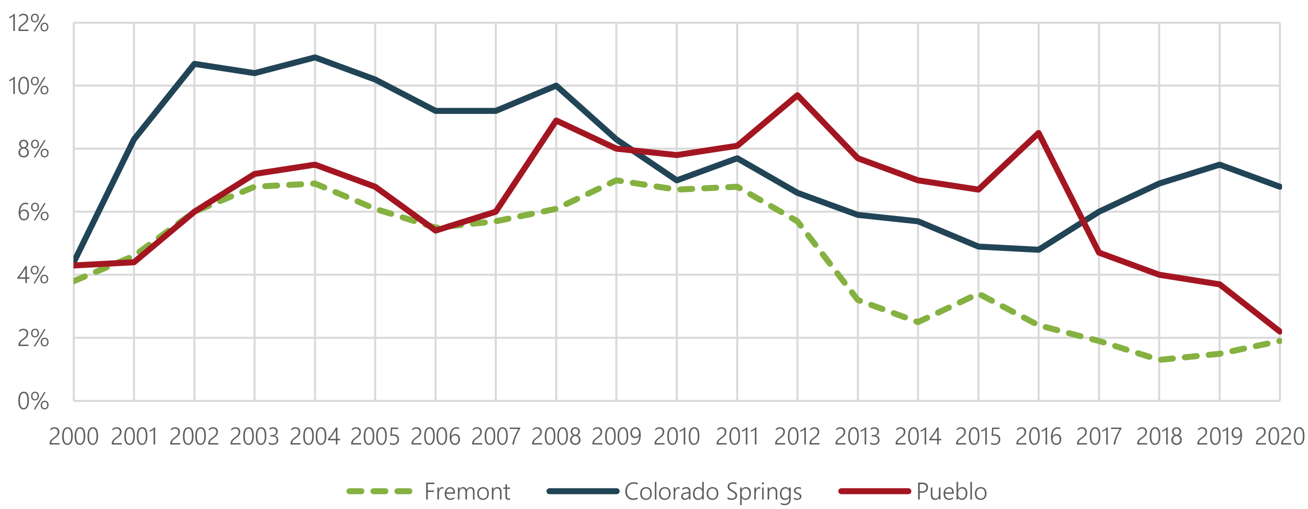
Figure 25. Annual Rent Growth (Three Year Rolling Average); Fremont County, Colorado Springs, Pueblo



Source: Costar

Figure 26 shows multifamily vacancy trends since 2000. The average vacancy rate in Fremont County is very low and has been for many years, especially compared to Colorado Springs—the major apartment housing hub of the region. Pueblo's vacancy has just reached similarly low rates.

Figure 26. Vacancy Trends; Fremont County, Colorado Springs, Pueblo



Source: Costar

Table 6 provides further evidence of Fremont County's tight multifamily housing market, with no new deliveries recorded for two decades despite positive absorption. Meanwhile, Colorado Springs has continued to see significant levels of construction and absorption activity.

Table 6. Deliveries and Absorption Trends

	Fremont County	Colorado Springs	Pueblo
Deliveries			
5-year	0	2,270	144
10-year	0	4,015	328
20-year	0	7,777	993
Absorption			
5-year	13	1,328	380
10-year	38	4,452	642
20-year	69	8,206	1,286
Over/Under			
5-year	(13)	942	(236)
10-year	(38)	(437)	(314)
20-year	(69)	(429)	(293)

Source: ESRI

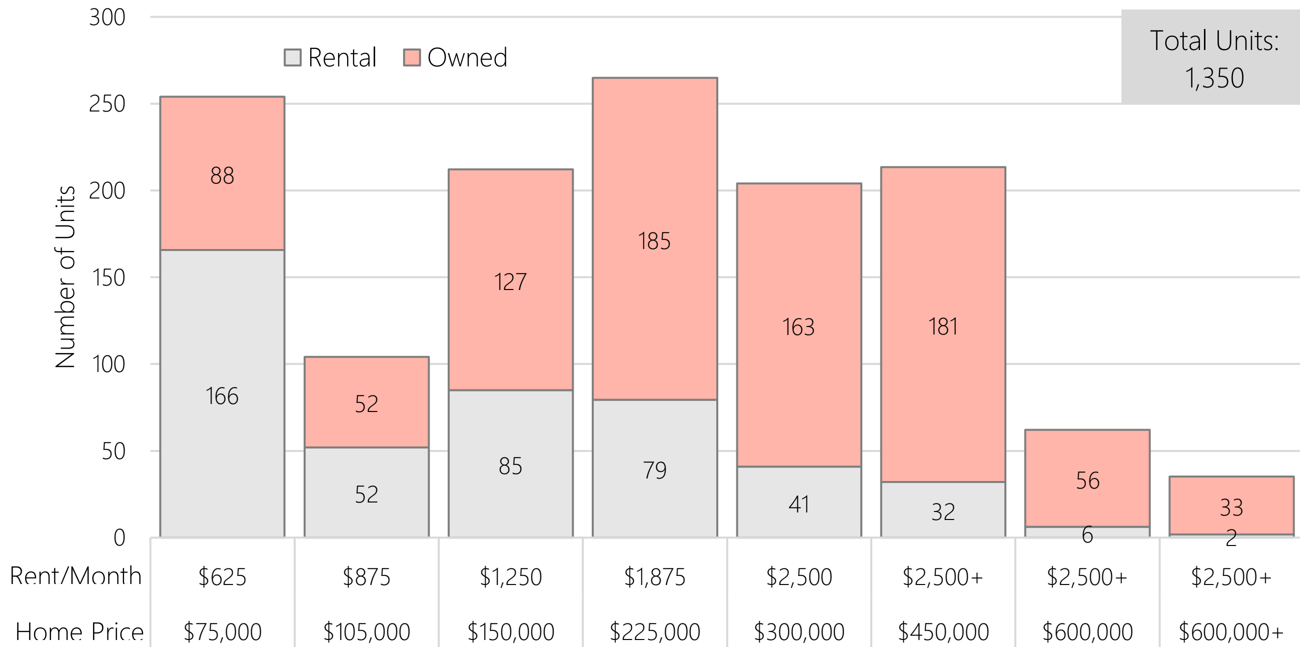
Residential Demand

Housing demand is affected by population and household characteristics and employment and wage trends. Housing supply is affected by market trends for both rental and ownership housing, including existing stock and new construction. Together, supply and demand show the level of need for new or improved housing. Figure 27 shows the approximate extent of this demand.

At current growth rates (0.67%), **there is approximate demand for 1,350 new units of housing over the next 10 years** in Fremont County. We project significant demand for low-income rental properties (regulated affordable) and other rental properties between around $1,250 to $1,875 per month (with two or more bedrooms). Most owner-occupied housing demand is for homes between $150,000 and $450,000.

This is based on anticipated demographic shifts, natural vacancy, demolition and replacement, and vacation properties, and is consistent with the information in the 2019 Fremont County Housing Needs Analysis and other recent documents.

Figure 27. 10-year Market Demand, Fremont County



Source: LCG

Commercial Market Analysis

This section describes the market conditions and demand for commercial uses, including retail, office, and industrial uses.

Primary Trade Area Discussion

In order to understand competitive supply and likely demand forces affecting development potential, we look beyond the borders of the immediate study areas to consider broader geographies likely to directly influence market performance for relevant land use categories.

A primary trade area (PTA) for commercial is defined as the geographic region from which the majority of market support can be expected to originate.

For commercial development, we define a primary trade area (PTA) as the geographic region from which a retail development generates the majority of its customers. As a general rule-of-thumb, 75 percent of market support is derived from the PTA. Many variables factor into the delineation of a PTA, including:

- Proximity and access to household concentrations
- Planned/zoned retail development form
- Size, location, and retail mix of competing locations, presence of pass-through or daytime employment
- Presence of physical or manmade barriers

The primary trade area for Cañon City and Florence can be simply defined as Fremont County given the lack of competing commercial centers elsewhere in the region and the concentration of commercial uses in Cañon City and Florence. Residents and businesses located in this area are the most likely groups to support retail on-site, lease/utilize office space, and live in the greater Cañon City and Florence areas.

Certain retail categories, such as general merchandise, have a much larger trade area because consumers typically travel further distances to patronize such stores. Given the size of the retail sector in both Colorado Springs and Pueblo—both within a one-hour drive—it is likely that residents in Cañon City and Florence travel further to do their in-person shopping in power centers and regional malls that offer a greater diversity of goods and products.

National Retail Trends

While America as a whole is vastly over-retailed, downtowns are under-retailed, providing significant opportunities for both Cañon City and Florence. As the media focuses on e-commerce and the "retail apocalypse"—widespread closures of name-brand stores like Sears and Payless Shoes—the positive news of downtown retail has gotten comparatively little coverage. Downtowns are coming back, and that analysis is backed up by research and observation.

Starting with the "creative class" and the rise of the knowledge economy, downtowns have become more competitive in the last two decades. In the 1990s, downtowns were largely 9-5 p.m. business environments, but now many are offering activity 18 hours a day with unique experiences and formats, such as food halls and pop-up spaces. Downtowns can accommodate more niche, irregular spaces that are created from unusual circumstances that may not work in a suburban retail model.

Table 7. Retail Trends: Growing and Declining Retail

Growing	Declining
• Retail that offers a special experience • Food: "Fast Casual," Food Halls, artisanal markets, Trucks to Bricks • Grocery: Ranging from discount to organic, to small format, and ethnic • Medical users • Apparel: Fast fashion, off-price, active sportswear • Sporting clubs • Fitness/Health Clubs • Marijuana dispensaries • Auto repair, Car dealerships • Convenience stores • Home improvement and home furnishings	• Commodity retail • Food: Casual dining, weaker fast-food chains • Mid-priced apparel and shoes; children's • Dollar Stores • Pet supplies • Electronics • Office Supplies • Bookstores • Toy Stores • Video stores • Bank Branches

Other trends include:

- Downtowns and main streets are mixed-use places, and urban retail will be accompanied by many other kinds of storefront businesses—such as professional offices, salons, and other services, entertainment venues, and even civic and not-for-profit uses. In most healthy downtowns, retail encompasses just 15-20 percent of total square footage.
- In vibrant downtowns, national retail chains are typically only 10 percent of the overall retail composition.
- Walkable urban retail is growing and typically commands rent premiums, according to Foot Traffic Ahead: Ranking Walkable Urbanism in America's Largest Metro Areas, 2019, by George Washington University

School of Business and Smart Growth America. Since 2016, retail in regionally significant "walkable urban places" grew as a percentage of the total market in 21 of the top 30 metro areas, remained the same in 5, and declined in 4.

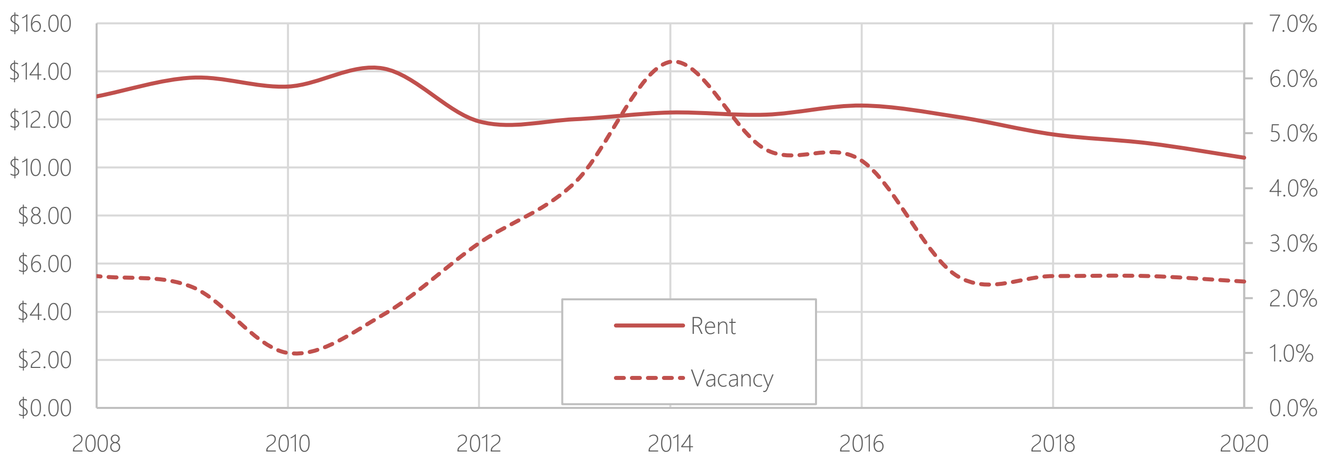
- Successful retail depends on successful residential neighborhoods. Retailing cannot survive in an environment of deteriorating neighborhood housing, declining population and homeownership rates, disinvestment, crime, and neglect.
- Residential development creates a customer base for neighborhood-serving retail, especially grocery stores and pharmacy anchors. It is important for such stores—which commonly are national chains and require the most parking—to conform to the urban character of the community.
- It remains to be seen how the global pandemic will impact various land use sectors in the long-term. Some commentators have hypothesized a decentralization of office space, hyper-local retail goods and services, and a shift to last-mile logistics and distribution as consumers get increasingly comfortable with online ordering, regardless of the product. The County and its cities should track these trends and plan accordingly.

Market Dynamics

Retail Market

As Figure 28 shows, while vacancies are very low across Fremont County's retail inventory, rents (triple-net effective) have stagnated, highlighting potential challenges for attracting larger retail developers. That being said, this environment has the potential to attract start-ups and independent retailers.

Figure 28. Fremont County Retail Rent and Vacancy Trends

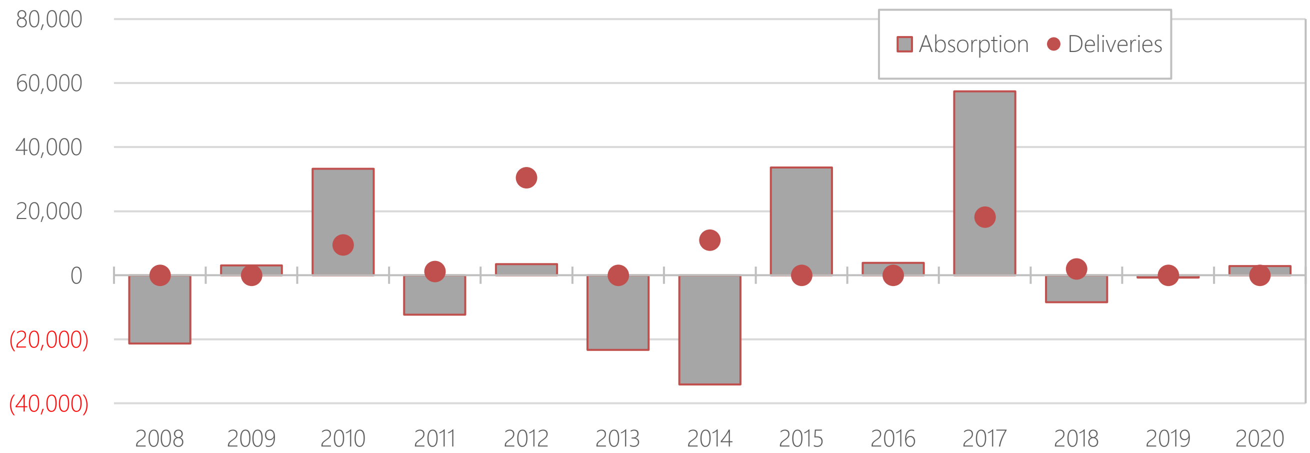


Source: Costar

Generally, as shown in Figure 29, construction and absorption activity has been limited throughout the County, especially over the past few years. Such a small retail inventory can be impacted by a handful of new tenants or store closures. This is the case in both Canon City and Florence, where a few new vacancies can give the impression of retail challenges.

Despite the lack of new construction and stagnant rent growth, Fremont County's retail sector is considered relatively stable. These dynamics are unlikely to support new construction in the near-term, regardless of demand.

Figure 29. Fremont County Retail Construction and Absorption

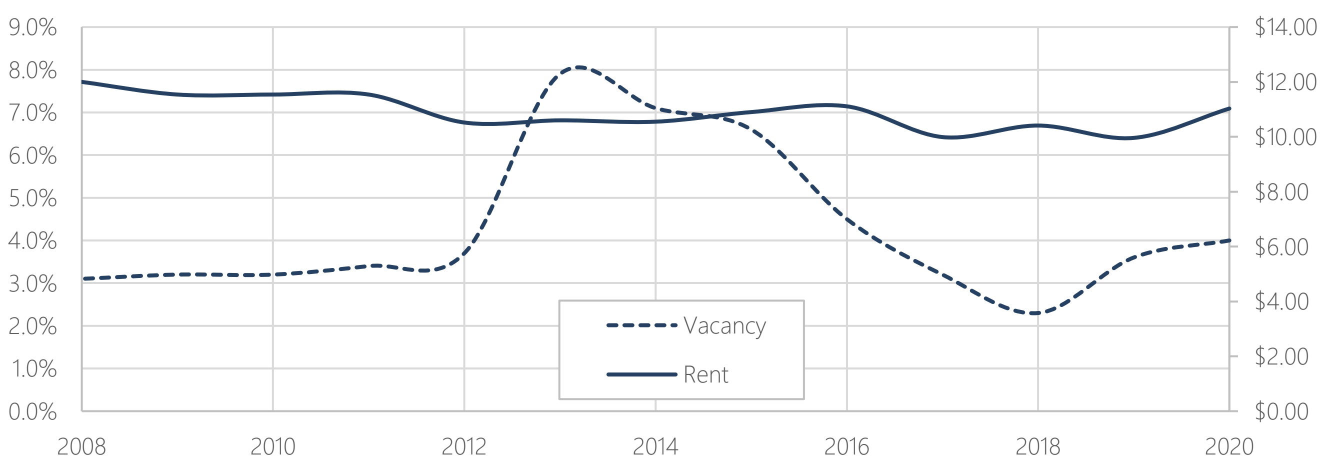


Source: Costar

Office Market

With an office inventory of just 394,000 square feet, Fremont County's office market is very limited. As such, the trends shown in Figure 30 and Figure 31 are unlikely to be significant factors in determining growth opportunities in Fremont County. Office is much more driven by regional employment trends than retail and tends to follow employment growth. As described earlier, employment growth in Fremont County has been limited but there are a few potential growth opportunities for which office space will be needed, such as the tech sector and startup, flex, and coworking/remote working office space—the latter of which is now being accelerated by the pandemic. Given the lack of available office space, however, growing the local office sector is more likely to be borne out of public-private or institutional partnerships (for example, the college) rather than traditional speculative market forces.

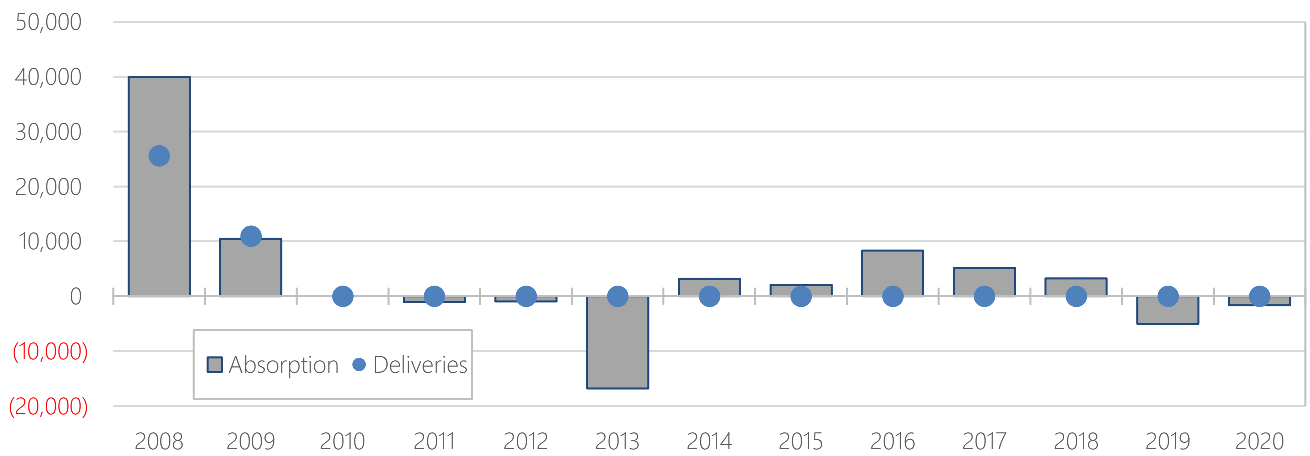
Figure 30. Fremont County Office Rent and Vacancy Trends



Source: Costar

Figure 31 shows construction and absorption trends. No new office buildings have been constructed in Fremont County since 2009. Absorption has been very limited, showing a relatively stable but weak office market. Fremont County is unlikely to be a hub for speculative office development because the jobs that drive demand for these spaces are generally confined to large metropolitan areas, namely Denver.

Figure 31. Fremont County Office Construction and Absorption Trends



Source: Costar

New Development

In keeping with the market dynamics described above, new commercial development has been limited to medical space. Centura Health and Solvista Health recently opened medical facilities and Valley Wide Health Services also expanded in Fremont County.

Market dynamics for retail and office spaces are unlikely to support the financial costs of new construction unless there are major financial programs or partnerships are available in specific locations.

Small-scale rehabilitation projects are more likely than new construction throughout Fremont County, with investors and tenants able to capitalize on the historic buildings of downtown Canon City and Florence. Hotel St. Cloud and TechSTART are both examples of successful rehabilitation projects that should serve as a strong model.

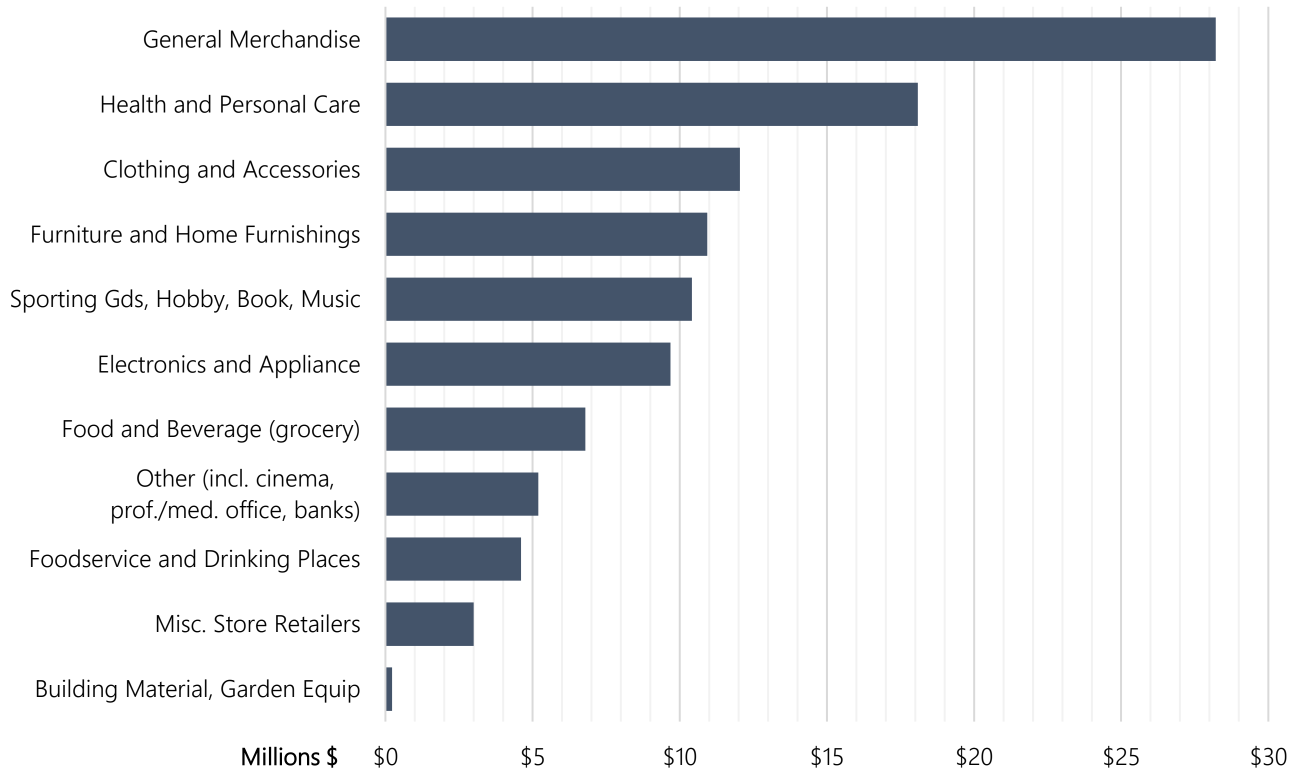
Retail leakage

Retail leakage occurs when locals spend a larger amount of money on goods than the number of sales reported by local businesses. Retail leakage implies that locals are traveling outside of the local market area to buy retail goods – suggesting unsatisfied demand within the primary trade area (PTA).

As Figure 32shows, there is leakage in all retail categories. In theory, the total sum of the leakage across all categories could be met with more than one million square feet of new retail development. In reality, only a small fraction of existing leakage might be recaptured within the PTA in the form of new development. This is because most of the retail "gravity" is to the east, with several power centers and malls that draw customers from a much larger trade area because of the substantial range of goods and services on offer. River Terrace can expect to see low recapture rates in the categories of general merchandisers (such as Target, Walmart), clothing, sporting goods, furniture, and electronics.

The retail categories with the highest recapture potential are those that customers typically travel the *shortest* distance. These categories include convenience-based retail, such as grocery and health and personal care, as well as neighborhood-serving retail, such as food service and drinking places.

Figure 32. Current Spending Leakage by Retail Category, Fremont County Trade Area



Source: ESRI

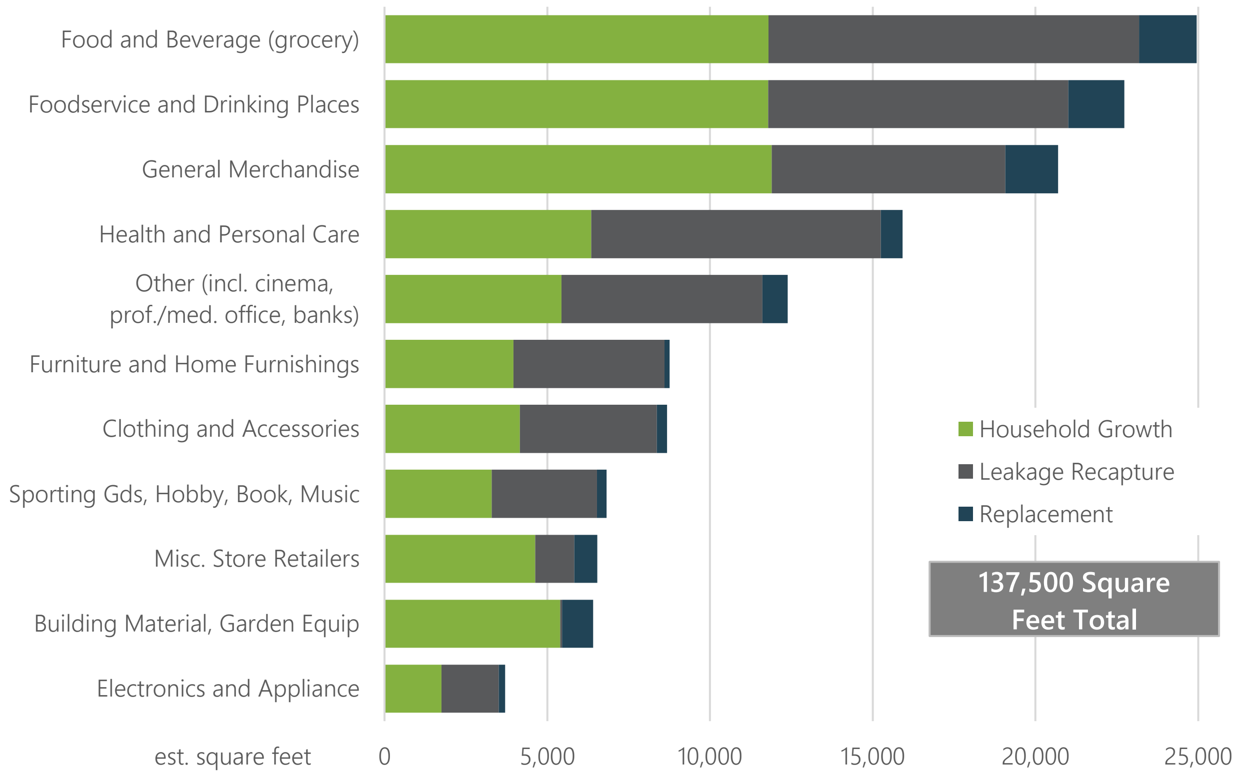
Commercial Demand

Given the trends previously described in this section, commercial demand is likely to be primarily retail-oriented. Medical and other institutional uses tend to follow demographic growth, particularly for an aging population, and industrial demand tends to be more consistent with regional employment opportunities. For this reason, this section primarily addresses the opportunities to capitalize on retail demand in Canon City and Florence.

Figure 33 shows the approximate 10-year demand for new retail space. The numbers are based on the current unmet need for certain products and services, the needs of the future consumer base, the purchasing power of that base, and shifting consumer behavior and preferences.

While these numbers reflect approximate demand, it is unrealistic to assume that Fremont County will be able to compete for and attract development to accommodate total demand. A degree of leakage is likely to continue as Fremont County residents travel to larger cities in the region like Pueblo and Colorado Springs that have regional centers, national tenants, and generally a greater array of goods and services.

Figure 33. Retail Demand, 10-year Net New Demand



Source: LCG

Demand may be captured by new construction or the rehabilitation of existing space. Presently, the commercial hubs of both Cañon City and Florence are authentic downtowns or main street locations with historic structures and pedestrian-scale streetscapes. While opportunities for new construction is limited, there should be a major focus on the rehabilitation and renovation of existing spaces in these locations.

Outside of downtown—primarily along Highway 50—new retail space may be able to serve the unmet needs of residents for convenience-based products and services. With the appropriate support—with incentives, programming, code, and marketing—Cañon City and Florence can catalyze retail growth in these locations. Without these public interventions, near-term new construction is unlikely.

The highest potential capture rate for Cañon City and Florence is for categories for which residents are less inclined to travel greater distances. These include grocery stores, restaurants and bars, and health and personal care. These categories also happen to be the categories in most demand.

It is also important to differentiate retail offerings within these categories. Identifying and leveraging a market niche can be a unique differentiator that attracts consumers from outside of the primary trade area. Additionally, grocery stores are getting smaller, on average, with specialist stores becoming increasingly popular. Specialist stores might capitalize on consumer trends or target a specific audience within the existing resident or tourist base.

Market Potential in the Project Area

Opportunities and Barriers

Understanding the market potential of the three key investment areas first requires an understanding of the respective opportunities and barriers to development. These have been addressed throughout this report and are summarized below.

Strengths and Opportunities

Evidence of Increasing Employment and Wage Growth. Household incomes are lower than State averages, meaning that households have less income for consumer goods and housing. Increasing economic prosperity through industry growth can help improve development prospects for all land-use sectors. A handful of key industry clusters have demonstrated positive indicators that Fremont County stakeholders may cultivate for future economic growth. As local employment accounts for approximately 38 percent of new housing construction, growing these industries—which tend to have higher wages—will improve residential development prospects.

Existing Housing Affordability. Fremont County's home prices and rents are much lower than the competing cities in the region. While Fremont County is still considered an affordable place to live, the constrained supply is causing upward pressure on both the for-sale and rental market.

High Quality of Life. Fremont County benefits from a mild climate, scenic values, high quality of life, and small-town living. Both Canon City and Florence have compact, walkable downtowns that are in high demand by employers, tourists, and residents alike. The historic character of both enhances the authenticity of these areas while opening up opportunities for funding mechanisms like historic preservation tax credits.

Access to Funding Mechanisms. The presence of the Urban Renewal Authority in both Canon City and Florence is a unique tool for economic development. Both Canon City and Florence are host to several state and federal programs that should be researched, marketed, and leveraged to solicit new investment in business and the broader community, including the HUBZone Program, New Market Tax Credits Program, Opportunity Zone Program, and Enterprise Zone Program. These serve as important mechanisms to improve development feasibility. As a rural location, Fremont County and each City has access to other rural-focused grants, such as those offered through USDA.

Stable Employment Base. Public administration and health care and social assistance account for the majority of jobs countywide. These industries are considered stable and provide the economic foundation on which Fremont County stakeholders can foster growth in other industry sectors.

Existing Institutional Partnerships. The County is dependent on its post-secondary institutions for workforce development that represents the potential for innovation assets. The need for career and technical education, while challenging, is being developed and implemented throughout the County. There is a strong, healthy relationship between the businesses, economic development entities, and K-12 and higher education institutions. The TechSTART initiative has capitalized on an emerging entrepreneurial ecosystem, the region is now a designated Technology Sector, and the PTECH grant is critical for workforce development.

Employee Mobility. As jobs become increasingly flexible and remote capabilities increase, many people will seek areas with natural beauty and bountiful recreational opportunities. Fremont County appears set to take advantage of these emerging trends.

Senior Population Growth. The area is becoming home to numerous retirees. Small lot single-family, cottage clusters, apartments, and specialized senior housing are among the product types that Fremont County and its stakeholders should target. According to local brokers, 50-65 percent of transaction activity is attributed to retirees moving into the area.

Senior Housing Opportunities. Demographic trends suggest an aging population with potential demand for senior-oriented housing. Senior and/or affordable housing developers may have access to additional financial subsidies to build higher density residential structures, potentially catalyzing market growth for other, compatible uses (e.g. retail, healthcare).

Employer Partnerships. Some employers are already participating in housing programs, and further partnerships with local employers may be a viable track for solutions.

Retail Opportunities. Significant retail spending leakage indicates immediate opportunities for additional retail development, although this does not appear to be supported by the market, as demonstrated by low and stagnant rents. New construction has been highly limited with little evidence to suggest that new construction is feasible. The County is now undersupplied for commercial space. Retailers are critical for placemaking efforts and to attract a talented workforce (especially lifestyle commercial, such as boutique/specialty retail and restaurants). Grocery stores are critical.

Specialized Office Opportunities. While speculative office construction is not likely, continued healthcare and build-to-suit opportunities may arise that are compatible with existing facilities, serve new household growth, and leverage Fremont County's unique setting. Tenants may include healthcare clinics, banks, dentist offices, or incubator/coworking space with potential linkages to the local workforce and educational partners.

Adaptive Reuse. Adaptive reuse of vacant/underutilized buildings may be a key opportunity to provide additional housing and commercial space. Adaptive reuse can, but not always, be done at a lower price point than new construction. Adaptive reuse projects could also accommodate educational resources to help create a talented workforce.

Craft Industrial Opportunities: While industrial development is not recommended for downtown Canon City or downtown Florence, there are opportunities for both cities to tap into the growth of creative industries with small-scale maker space. These spaces could provide secondary tourism benefits if new development includes experiential or retail components.

Strong Tourism Opportunities: The Upper Arkansas subregion is starting to experience some of the spillover effects of the population and economic growth in the Colorado Front Range, including increasing tourism. Fremont County is poised to leverage its unique position as the gateway to the Upper Arkansas area. Tourism has benefitted from the County's lodging tax and hotel properties have continued to experience an upward trend in the County's tax collections. Hotels and other commercial development—including food-based and other experiential retailers—would likely provide are two primary sectors that should be able to tap into this market.

Transportation System. Fremont County boasts a rail and road system that can accommodate a range of opportunities. While the existing railroad is used primarily for sightseeing and the transportation of gravel (from the eastern county line to Parkdale), it serves as an important reminder of the area's rich history and its future use may still be determined. US Highway 50 is a major roadway and fundamental route through Fremont County.

Airport Opportunities. While the Fremont County Airport is not available for commercial service, it is and available for high altitude testing as well as testing for other technologies such as drones and accommodates most propeller aircraft and some small jet aircraft that are important for tourism. The airport may also serve as an important facility for traded sector growth in the future.

Weaknesses and Barriers

Low Growth Trends: The lack of employment and residential growth limits the demand for new development.

Housing Availability. The availability of adequate housing in Fremont County is at a critical level. Deteriorating housing is widespread, and within the region, some employers will not hire a new worker that does not already have housing because the likelihood of retaining that employee is diminished. Rental housing options are particularly limited, with no new market-rate apartment construction in the past 20 years, and single-family permit activity greatly diminished post-2010. In fact, in Florence alone, the 2008 recession halted development in at least 4 subdivisions. Some construction activity is returning, such as in the Willow Creek and High Meadows subdivisions and improving values have spurred rehabilitations. However, significantly more homes are needed to address the pent-up demand of the past decade.

Lack of Talent. Industries will locate where there is a talented workforce. The County needs to support its population to obtain the skills employers will want - at the same time, the County needs to create conditions to attract a skilled workforce to the area (e.g., housing, services, and lifestyle amenities). Educational attainment levels for County residents are low relative to competing areas. Programs and investments are necessary to increase high school graduation rates and to allow people to obtain higher educational degrees and training (e.g., the Pueblo Community College could offer more programs at their Canon City campus). Alternative programs, such as PTECH, are highly significant in addressing skills and workforce gaps.

Financing Challenges: Costs and availability of financing are significant challenges to new development locally. Lenders are still feeling the impacts of the recession, and many are hesitant to lend to new housing development. Loans to developers can have requirements of up to 50 percent down payment, making development cost-prohibitive for almost any builder. Costs of construction are also particularly high right now, with the costs of infrastructure climbing to such a level that building roads and utilities have become a sticking point for new development. Additionally, soils and other local factors make construction in Fremont County more expensive. The lack of investment impedes local economic expansion, but the market needs to be proven to make it easier for future development to get financing Housing construction costs are a barrier since the costs may not cover the rents that locals are able to pay. Additionally, since housing is in high demand and supply is low, many landlords do not feel compelled to address deferred maintenance (thus, rental housing is not high quality). Financial or tax incentives should be explored to encourage new development and the rehabilitation of existing housing units while maintaining affordability.

Lack of Skilled Labor. A shortage of skilled labor is a challenge being felt statewide, with contractors more likely to seek work elsewhere in the State where the potential profit is higher. There is also a lack of large-scale, local developers with the resources to secure construction loans for projects.

Housing Quality. Much of the existing housing stock is of poor quality. A lack of new housing development, coupled with strong demand, has resulted in a disincentive for owners to invest in their properties. Because of the supply pressure, rents and sales prices are strong and are not as dependent on the quality of the product as they would be in a market with a strong supply of new or good quality housing

Low Rents. Despite a historically low vacancy rate, Fremont County has seen steady yet limited average rent growth. The average market-rate rent for an apartment in Fremont County is below the average for the four-county Upper

Arkansas area. Lower rents and a lack of comps mean significant challenges in getting traditional financing for new development.

Office Challenges. Minimal growth has occurred in the industries that typically drive new demand for office space, nor is it expected to improve. Indeed, development trends show stagnant construction growth, and the market is unlikely to support significant new ground-up construction. As a result, incremental development and rehabilitation of the existing office inventory—often a costly and difficult process—is necessary to improve market fundamentals and attract development interest. Rehabbing old industrial buildings for creative office space is an emerging trend nationwide that, if successful, can achieve similar rents as new office construction.

Retail Challenges. Fremont County is oversaturated with retail and existing conditions are unlikely to attract significant new retailers. Retailers typically want high traffic counts, strong growth projections, significant daytime population, destination locations, and supportive demographic conditions, most of which are lacking in Fremont County. Retailers are also often looking at locations with less than 20 square feet per capita for the existing inventory; Fremont County is approximately 41 square feet per capita.

Industrial Challenges. The limited industrial inventory and lack of new development activity indicate weak demand for new industrial demand, particularly in each downtown. Historic growth trends—which have largely shown stagnant construction activity—are not indicative of future opportunities for major industrial development and the market may rely heavily on the growth of a handful of key local companies.

While industrial development prospects at the national level are strong, especially warehouse and distribution—largely because of the rise of e-commerce—neither downtown location nor the riverfront is centrally located to large population centers and is therefore unlikely to capture much of this growing market. Light industrial or maker space tied to the growing agriculture and food and beverage production industry would create interesting places and enhance downtown.

Construction Costs: Construction costs are prohibitively high due to labor and material shortages nationwide, and the impacts in Fremont County are exacerbated by weak market fundamentals (e.g. rents). It will therefore be challenging to attract prominent developers to the area unless they have local ties or interest in the area or are prepared to accept lower returns on their investment. The Opportunity Zone is expected to improve prospects, but the impacts are marginal.

Recommended Residential Typologies

Housing is a critical element of economic vitality, with a highly constrained supply and need for more workforce housing.

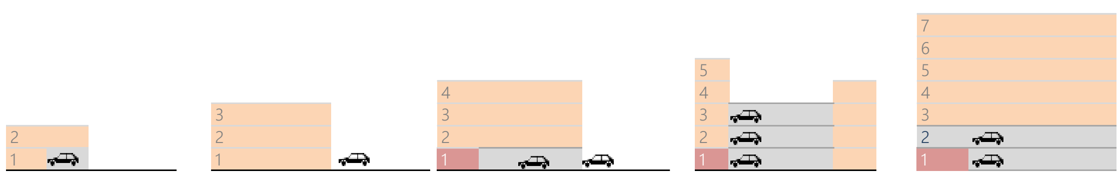
Most housing can be categorized within a set of "prototypes," which are shown below in Figure 34 (single-family residential is not included). The prototypes increase in scale and density moving from left to right. Parking is a key factor that affects housing density and financial feasibility. Typical types of parking are surface, tuck under, structured, and below-grade structured. Surface parking is the least expensive and below-grade structured parking is the most expensive. Structured parking can add tens of thousands of dollars of construction cost per housing unit, which often means that only hot housing markets with high rents can accommodate higher-density housing types with structured parking. Construction materials also change as housing density increases. Townhomes, low-rise (garden) apartments, and low-rise apartments with tuck-under parking (urban garden apartments) are typically entirely wood-frame buildings; while wrap and mid-rise/podium structures require concrete construction for parking areas; in addition, steel is sometimes used instead of wood for the apartment areas. The construction complexity and specialization required for these building types also increases costs.

Single-family homes, multiplexes, townhomes, cottage clusters, and low-rise “garden” apartments are all residential development types that would likely be feasible in the study area in the near-term. Urban garden apartments (which include tuck-under parking and sometimes ground-floor retail) may be feasible now, but Fremont County has not seen any new development for over 20 years and so may only work with public financial assistance. Higher-density developments will require additional incentives or other interventions.

Affordable and/or mixed-income projects can sometimes achieve higher densities than market-rate projects since they have access to additional public funding sources, like low-income tax credits. While the vacancy rate across multifamily apartments is practically zero and net absorption continues to increase, rents remain too low for market-driven high-density developments.

Figure 34. Housing Development Prototypes

	Housing				
Name	Townhomes	Garden Apartments	Urban Garden Apts.	Wrap	Mid-Rise / Podium



Parking	Surface / tuck under	Surface	Surface / tuck under	Structure	Structure
Structure	Wood frame	Wood frame	Wood over concrete	Wood with concrete	Wood over concrete

Given the demand projections and strengths and opportunities described above, downtown is ready for a sustained period of residential growth. While this growth is critical for economic growth, Fremont County and its cities have several major hurdles to overcome that will likely require public intervention to build market momentum in the near-term.

Rental Housing

While there has not been any new apartment construction in Fremont County for many years, nearby Colorado Springs and Pueblo serve as useful indicators for potential residential typologies. The asking rents for the examples below are relatively consistent with near-term trends in Canon City and Florence, suggesting that these typologies are achievable. Common characteristics include:

- Surface parking
- More than 100 units
- Three to four stories
- Wood frame construction

Development assistance through various funding programs is recommended to bridge any feasibility gap, particularly for more challenging locations or more ambitious developments.

Polaris Peak, Colorado Springs

Outlook Ridge, Pueblo

Bonaventure of Pueblo, Pueblo (Senior)

Mesa Ridge Apartments, Fountain

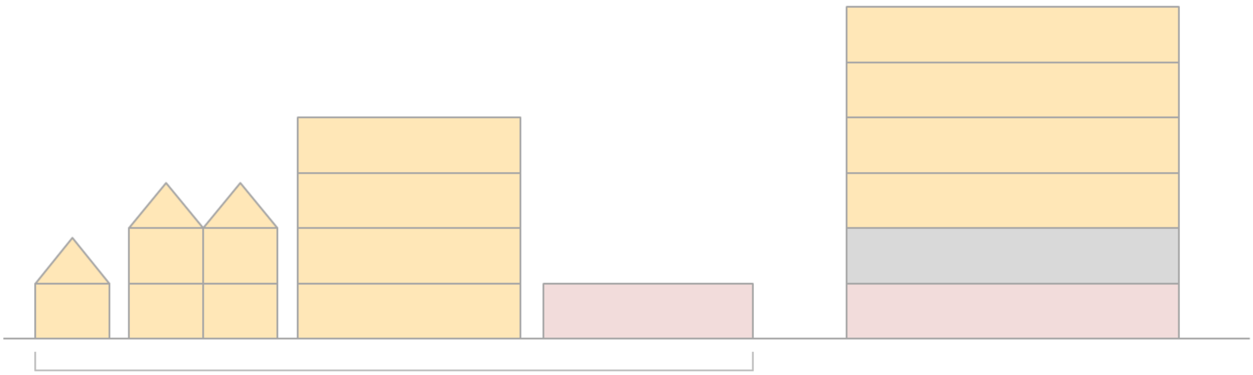
Source: Costar

Many historic downtown properties have upper floors that are underutilized or vacant. These areas can make excellent apartments, increasing downtown activity.

Vertical Versus Horizontal Mixed-Use

While many cities desire mixed-use buildings in their downtowns, they require strong market fundamentals. If a mix of uses is desired, Fremont County should pursue horizontal, rather than vertical mixed-use construction. The major differences include parking (surface versus structured), construction type (wood versus concrete podium), the use of elevators, additional circulation and interior spaces, fire and safety elements, and the level of fees associated with the development.

Vertical mixed-use requires much higher rents, primarily because of the more expensive construction costs. These rents do not exist in the area today. As such, pursuing the latter without allowing for the former may delay new development downtown.



Owner-Occupied Housing

Owner-occupied housing is not typically located in downtowns. In riverfront locations, however, developers are able to leverage existing assets to drive price premiums. Townhomes and cottage cluster developments with densities greater than 10 units per acre are appropriate development types.

Other typologies include live-work units, which can provide market differentiation in commercial and residential uses. These uses are appropriate to allow in downtowns, but few built examples currently exist in the area. Demand for live-work should increase assuming current pandemic-induced preferences continue, although the market for live-work is thinner since the occupant must be both the resident and business owner.

Recommended Commercial Typologies

There are several strategies for which Fremont County and its cities may capitalize on the commercial and employment development opportunities identified throughout this report. These include funding, marketing, and organizational strategies. First, however, it is necessary to develop a fundamental understanding of the *type, scale, and quantity* of new development likely to be feasible in both downtowns and along the waterfront.

Table 8 summarizes the types of likely commercial users in downtown and the riverfront. Demand may be captured by new construction or the rehabilitation of existing space. Presently, the commercial hubs of both Cañon City and Florence are authentic downtowns or main street locations with historic structures and pedestrian-scale streetscapes. While opportunities for new construction is limited, there should be a major focus on the rehabilitation and renovation of existing spaces in these locations.

Table 8. Commercial Typologies

Type	Size (sq. ft.)	Notes
Professional office	500-6,000	This range reflects internal space in existing buildings. While standalone office buildings may be possible in the future, in the near-term new tenants will inhabit existing space. Downtown is the recommended location for finance, professional services, real estate, and other typical office-using tenants given that these tenant's preferences have largely shifted to central, walkable, amenity-rich locations as companies find it tougher to recruit the Millennial and emerging Gen Z workforce to sterile, single-use buildings and in auto-dependent neighborhoods. Maintain an inventory of existing leasable space and engage with local brokers to determine real-time demand and identify matchmaking opportunities.
Restaurants/ Bars	750-3,000	Restaurants require significant tenant improvements and may require financial assistance through loans or grants to bridge any financial gaps. Kitchens typically take up to 30 percent of the total space but, generally, these spaces can be scaled up or down. Explore the development of commercial kitchens and/or accommodate food cart pods to alleviate the initial barrier to entry for food-based start-ups and entrepreneurs.
Medical Office	<6,000	The health care industry is prominent in Fremont County and is set to continue growing as the population ages and healthcare services are increasingly needed. Smaller medical offices, such as clinics, dentists, and other alternative healthcare providers serve as important non-retail tenants in downtown environments.
Grocery	20,000-40,000	Leakage data indicates substantial demand for at least one new grocery store. Grocery stores are also one of the best downtown retailers, increasing regional sales 25 percent for all surrounding businesses, on average. Grocery stores serve as important anchors for other retailers and can transform retail prospects. Downtown may be able to accommodate a small-format grocery.
Coworking/ Incubator Space	All Sizes	Coworking space is flexible space that is divisible and can accommodate rapidly growing enterprises. FEDC incubator serves as a platform on which to develop a solid network of critical space downtown.
Makerspace	<4,000	While large industrial users are not recommended in either the downtown location or the riverfront, there is major potential to foster creative industry growth. Makerspace is typically small-scale production of goods, such as apparel and accessories, furniture making, ceramics, sculpting, woodwork, fabrication, 3D printing, graphic arts, etc. Breweries are other significant users that cross many different categories but are likely to require more space than 4,000 square feet.
Other/Misc. Retail and Services	<5,000	Typically, traditional mercantile retail accounts for only 25% of leasable square feet in downtowns. The remaining space includes healthcare providers/stores, banks, real estate offices, boutiques, and other miscellaneous stores. While these stores are more different to characterize, they are critical for diversifying the real estate landscaping and offering a range of goods and services that makes a place attractive to residents, tourists, and employers.

Conclusions

This report thus far presented the context for catalyst development opportunities that could be tied to brownfield sites. These sites are typically underutilized or have experienced many years of disinvestment. Cleaning up and reinvesting in these sites can help turn blighted properties into community assets, thereby improving environmental conditions and spurring economic growth. These efforts are critically important in leveraging existing funding opportunities for private investment.

The economic roadmap associated with this report provides a step-by-step guide for realizing these development opportunities. Recommendations build on regional goals and objectives and provide early actions to further the economic objectives of Fremont County, FEDC, and the cities of Canon City and Florence.

Recommendations generally fall under one of the following goals. These goals are described in detail in the roadmap.

- Develop housing
- Support key industry growth
- Build community

It is important to note that the recommendations are intended to guide the approach to brownfield redevelopment within the local communities and maybe most effective if implemented over time. Regarding the next steps, it is recommended that elected officials, community stakeholders, and local staff members prioritize actions based on the degree of support. In order for strategies to be effective, there must be community-wide support and tied to existing assets.

Asset-based Economic Development

Rural communities face unique workforce challenges compared to their urban counterparts. Many workers are drawn to large cities where job offerings, networking opportunities, and social activities abound. Furthermore, businesses located in rural settings oftentimes struggle in reaching potential candidates due to their organization size or location in a lesser-known area. As a result, rural towns must take additional measures to appeal to new talent and promote the benefits of why existing talent should stay.

By implementing asset-based economic development initiatives, small towns have been able to increase their marketability, drive business, and strengthen their workforce. Fostering an enhanced quality of life through the investment of revitalization projects, utilization of natural resources, and promotion of low cost of living are just a few success tactics that have been used. Exploring ways to improve the business climate through worker incentives, entrepreneurial support, and more will also be essential.

Asset-based economic development is a bottom-up approach to developing a region or area by building upon existing local resources. Through this it strengthens local and regional economies, yielding more opportunities and helping the area grow.

Asset-based economic development starts with focusing on a community's natural environment, socio-cultural, and economic advantages and how these can be leveraged into sustained economic growth and productivity. Beyond that, it aims to build capacity in communities and strengthen connections within regions.

For asset-based economic development to be successful, it needs:

- Strong leadership at both the local and regional levels
- Innovation, collaboration, and rethinking traditional economic development paradigms
- Sources of financing and program guidance