

In June of 2019, the Carrboro Board of Aldermen requested staff report on the Carrboro business environment in light of several restaurant closings. The business environment is defined as a combination of internal and external factors that influence a company's operating situation. The business environment can include factors such as: clients and suppliers; competition; changes in technology; laws and government activities; and market, social and economic trends. Staff began to collect data on business owners' attitude toward the local business environment with a survey and several one-on-one conversations with business and property owners.

### Survey Results

The attached survey was emailed to the Economic and Community Development department's business email contacts, it was also shared out by the Carrboro Business Alliance and hand-delivered to Carrboro businesses in Carrboro Plaza, Carr Mill Mall, East Main Square and Willow Creek Shopping Center.

- There were 77 respondents to the survey
- 75% were owners of the business
- 50% were minority or women owned businesses.
- 58% have been in Carrboro for 15 years or more
- 94% were locally owned businesses.
- 60% rented space
- 40% owned their location

The top three industries reporting included retail trade, other services (not public admin), and professional, scientific, and technical services. When asked how their business was performing, 64% reported their business was experiencing moderate growth, with 17% reporting strong growth, with the remaining 19% reporting flat or declining growth.

Respondents were asked to rate Carrboro (5 being best and 1 being worst) in terms of the labor market, availability of commercial space, and parking. For the labor market and availability of

space more respondents rated Carrboro average (or a 3). Availability of parking received the least favorable rating with a 2.

Question 4 of the survey was an open-ended question where the respondents were asked what one thing they would change locally if they could, to help their organization thrive. All the responses are included in the attached survey. A review of the comments revealed that not enough parking was the most frequently cited concern. Respondents particular concerns about parking varied and included, not enough public parking, not enough easily accessible parking, and businesses being overly protective of parking having negative impacts on business. The second most frequently mentioned concerns were a tie between restrictive zoning measures and the desire for more bike and pedestrian friendly facilities. The lack of affordable commercial space was a concern along with affordability in general, i.e. expenses like permit fees and utility cost. Other concerns mentioned were the desire for a focus on local businesses, more street events, the arts, more economic development incentives to attract industry and support the business community, a need for planned growth, advertising and marketing the community, the labor market, equity for communities of color, traffic, and WIFI.

### Additional Observations

Staff also had conversations with several business and property owners about their thoughts on the Carrboro business environment. Restaurants have been particularly affected in recent months due to the numerous factors including parking, labor market, and competition from a growing “foodie” economy. The three restaurants that recently left the East Main Square location were all owned by the same group, and consequently that restaurant group had numerous other restaurants around the Triangle, which all closed due to financial management reasons. Since the rash of closings in May, two new restaurants have opened, 401 Main and Coronato. Staff has been contacted by a possible new owner for the Milltown space and there is a Thai restaurant planned for East Main Square.

The need for affordable commercial space is a constant request by new or growing businesses in Carrboro. One property owner stated that the net absorption rate of commercial real estate is not as strong they initially thought. However, landlords continue to hold out for higher rental rates

and therefore, some spaces have not leased up as quickly as might be expected given the demand. Another property manager in the community stated the concerns around burdensome and an unpredictable regulatory environment as deterrents to investment from Carrboro.

### Recommendations

The following are recommendations from staff to help assist, stabilize and even improve the perception of Carrboro as a business friendly Town.

- Continue with the comprehensive planning process and provide a long-term vision for the downtown. A vision for what build-out looks like will greatly inform what the actual parking need is and will facilitate the consolidation of parking.
- Be clear on the Town's commitment for providing public parking and parking management. This would give downtown businesses and customers' confidence to invest, shop, dine, and work in the downtown.
- The comprehensive planning process also provides the framework to update the Town's Land Use Ordinance to be more streamline and user-friendly, based on a clear development vision, and minimize perceived risk by potential investors.

Survey respondents indicated a desire for economic incentives to boost business. Staff is looking very closely at the Revolving Loan Fund and beginning conversations with the Department of Commerce to possibly amend the requirements for loaning funds. Staff is frequently asked if grants are available, therefore, we are looking at ways to provide "forgiven loans" based on specific performance measures for the business. This idea is still in an early concept stage.

The labor market is a concern around the country in terms of attracting talent and small business being able to offer competitive wages. The Town can support the business community by marketing the high quality of life we have to offer. With the recent hire of the Communications Manager the Town has greatly improved our communication with the community. The ECD Director and Communications Manager will work closely together with the Tourism Development Authority to effectively market the Town as a great place to live, work, shop, and dine.