# DOWNTOWN ROCHESTER RESIDENTIAL CONSUMER RESEARCH PROJECT



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October 2021

# Table of Contents

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# I. Introduction

Downtown Rochester is growing robustly. The Mayo Clinic anchored business ecosystem is expanding, and downtown residents have multiplied as new apartment developments are being built at a rapid pace.

Rochester benefits from the downtown population growth in numerous ways. Research shows that a downtown residential population has a powerful impact in supporting downtown businesses, and creating activity and vibrancy. The growing downtown population is also a welcome customer base for downtown businesses, particularly at a time when office-based daytime traffic has diminished during the COVID-19 pandemic.

## Purpose and Goals

The purpose of this Consumer Research Project is to characterize the new and evolving population of downtown Rochester for the benefit of the downtown business community and other downtown stakeholders. Four goals were articulated for the project at the outset.

1. Help existing downtown businesses understand the residential consumer base around them, so they may tailor products and marketing to them.
2. Assemble useful demographic and consumer preference data to help prospective commercial tenants understand downtown Rochester, MN as a potential location for their business.
3. Use collected information to guide future RDA offerings, including event creation, program development, and marketing campaigns/strategies.
4. Use this opportunity to build or reinforce RDA's relationship with downtown residents and residential properties.

The Project was commissioned and funded by Rochester Downtown Alliance and Destination Medical Center. It was initiated in April 2021. Research findings will be utilized to the benefit of these organizations and the downtown business community.

## Research Methods

Research into the residential consumer base, and communication and vibrancy strategies, was conducted utilizing five different research methods.

**1. Demographic analysis and household profile research.** Demographic analysis provided an initial characterization of the downtown residential community. Data sources included the US Census, ESRI's Business Analyst, and Costar. Population and household characteristics of downtown residents were analyzed using attributes such as age, income, education, race, employment, household types and sizes, and housing tenure. Household psychographic characteristics were also investigated using ESRI's Tapestry consumer segmentation categories.

The analysis was illuminating, but it also became evident that there were important limitations to what could be understood about the downtown residential population through these data because of the following factors.

- **The demographic data blends the characteristics of very different populations.** Downtown Rochester has high numbers of Section 8 (affordable) apartments, as well as high numbers of upscale apartments and condominiums. Averages for demographic characteristics such as income, education, household types, etc. may not be reflective of either of those populations.

- **The data is not absolutely current.** The American Community Survey (ACS) is an annual survey of a randomly selected set of American households, and is directly or indirectly the source of the demographic data utilized in this study. The ACS offers fine-grained demographic data by blending survey results from five years in a row. The most recent release of ACS data is from the five year period from 2015 to 2019. In a rapidly growing environment like downtown Rochester, that is not as current as one would want, since it doesn't capture the residents of many of the newer apartment buildings.

The data limitations elevated the importance of other research methods that are more qualitative and less statistically reliable, but nonetheless are absolutely current, and moreover can add nuance to our understanding of the downtown residential community. The building manager interviews and downtown resident focus groups, described below, supplemented the demographic analysis in this way, and supported the creation of customized household profiles for downtown Rochester residents.

**2. Building manager interviews.** Building owners and managers were interviewed from:

- Charter House, a Mayo Clinic owned senior housing development in the heart of downtown Rochester

- The Maven, a new upscale apartment building on South Broadway Avenue

- The Parker and The Beacon, older generation apartment buildings rehabilitated for a new generation of tenants

Building manager interviews contributed to the understanding of downtown resident demographics and household types, and contributed thoughts on how to connect with downtown residents.

**3. Downtown resident focus groups.** Three focus group meetings were held with three different sets of downtown residents.

- Residents of The Maven

- Residents from various older apartment buildings in the downtown core and nearby neighborhoods
- Residents who live in the single family neighborhoods in greater downtown Rochester

The focus groups contributed to the understanding of downtown resident demographics and household types. Focus group participants shared their communication preferences. They also provided input on the strengths and weaknesses of the downtown business environment.

**4. Downtown resident survey.** A downtown resident survey was developed and administered to solicit feedback about downtown from respondents. 390 full or partial responses were received.

The survey responses shed light on what people see as the strengths and weaknesses of downtown Rochester. It also solicited input on whether people utilize downtown Rochester's businesses for different categories of goods and services, and why.

**5. Peer Research.** Peer research interviews were conducted with people in leadership roles in two successful and active business districts.

- The Fenway District in Boston, Massachusetts
- Downtown Lincoln, Nebraska

The peer research contributed insights relative to communication strategies, and more broadly the range of programmatic actions taken to activate and create vibrancy in these business districts.

## Report Content

The analysis and summary findings from the research methods above are presented in the following pages. The content is organized topically, noting how the different research methods contributed to the analysis and findings. The major topics are as follows.

- Population and Household Growth
- Demographics
- Household Profiles
- Downtown Business District Assessment
- Communication Approaches
- Downtown Vibrancy Strategies

## Acknowledgements

This analysis benefited greatly from the guidance and support of leadership from the Rochester Downtown Alliance and Destination Medical Center. It received thoughtful feedback from City of Rochester staff and other downtown stakeholders. And it was shaped importantly by the interviewees and focus group participants who took time to offer their perspectives and insights.

These collaborators have our deep appreciation.

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**Destination Medical Center EDA**

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**Interviewees and Focus Group Participants**

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Participants from three focus groups

# II. Population and Housing Growth

Downtown Rochester is growing rapidly through the development of new multifamily apartment buildings. That growth is changing the demographic profile of the downtown population.

Regional growth often occurs predominantly at the periphery of the region, because the center of the region is already fully developed. In Rochester, redevelopment in and near downtown is occurring rapidly, with a rate of growth that is quicker than the growth of the region as a whole.

[Note: this study defines two downtown areas. Utilizing the 1st Avenue SW and 2nd Street SW intersection as a center point, the **Downtown Core** area is defined by the area within a 0.5 mile radius of the center, and a **Greater Downtown** area, which encompasses many near-downtown neighborhoods, is defined as the area within a 1.5 mile radius of the center.]

## Population Growth

The Rochester region's rate of population growth over the decade from 2010 to 2020 was 12.9%. That growth rate was nearly matched in the greater downtown area (1.5 mile radius), which had an estimated 11.7% growth rate over the decade. And it was greatly surpassed in the core downtown area (0.5 mile radius), which had an estimated 28.6% growth rate.

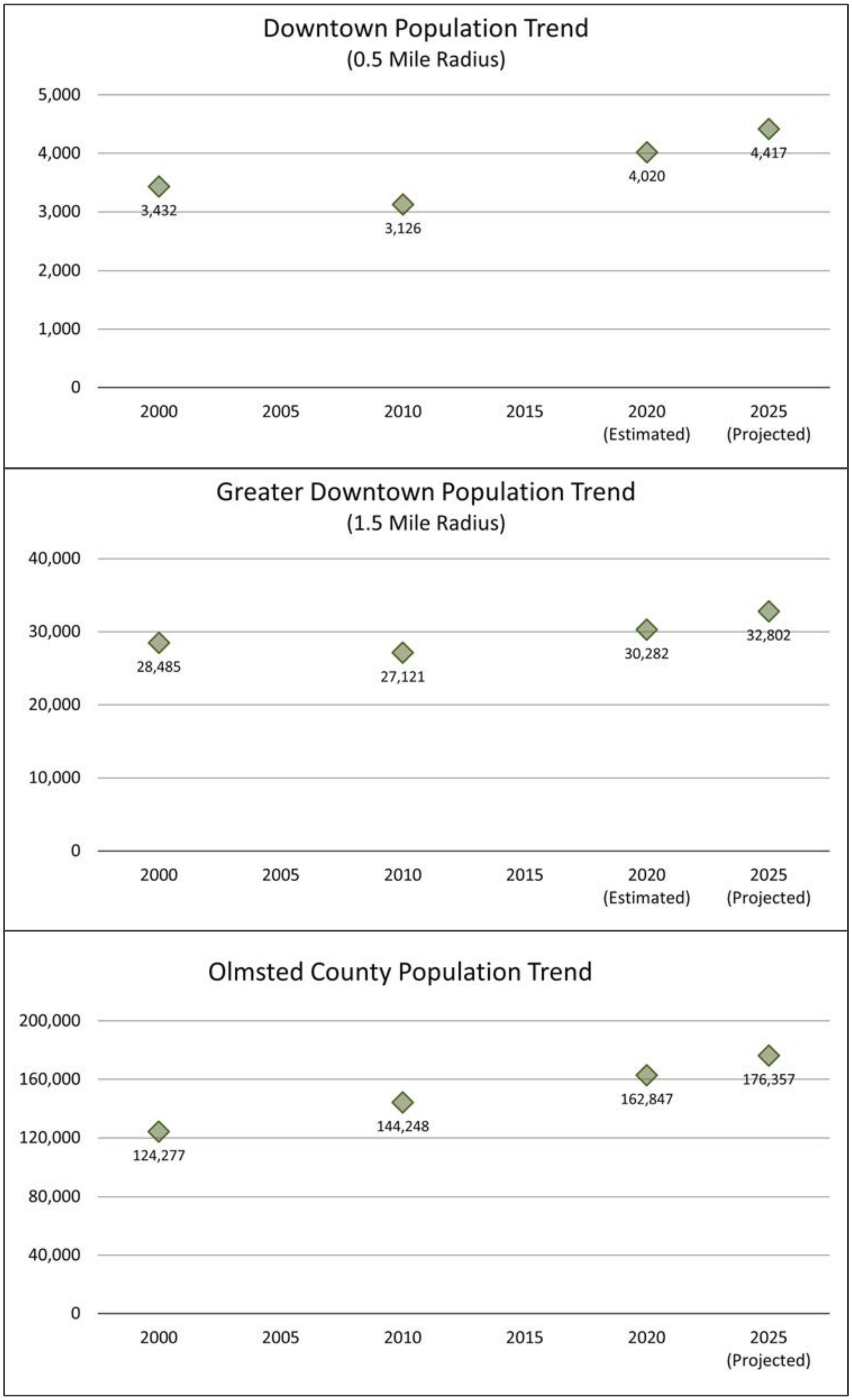
These data are provided and illustrated in Figures 1 through 4.

**Figure 1. Population Trends, 2000 to 2025**

| | 0.5 Mile Radius | 1.5 Mile Radius | Olmsted County |
|---|---|---|---|
| 2000 Population | 3,432 | 28,485 | 124,277 |
| 2010 Population | 3,126 | 27,121 | 144,248 |
| 2020 Population Estimate | 4,020 | 30,282 | 162,847 |
| 2025 Population Projection | 4,417 | 32,802 | 176,357 |
| Population Growth Rate - 2010 to 2020 | 28.6% | 11.7% | 12.9% |

Source: US Census, ESRI Business Analyst

**Figure 2, 3, 4. Population Trends, 2000 to 2025, Three Geographies**

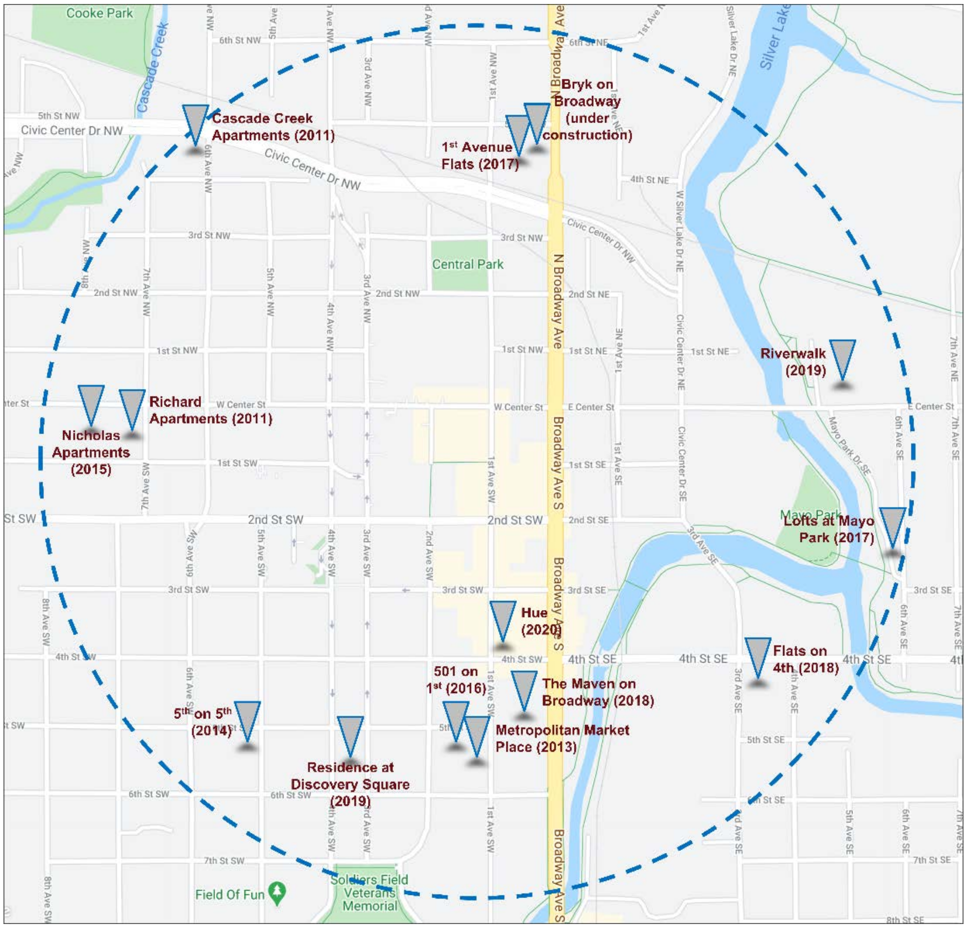



Source: US Census, ESRI Business Analyst

## Housing Growth

Housing growth trends follow the same pattern as population growth. Figure 5 illustrates the multifamily housing developments that have been built in the past ten years in the core downtown area. Figure 6 provides more detailed information about these developments in tabular format.

**Figure 5. Housing Developments Built Since 2010**




Source: US Census, ESRI Business Analyst

In aggregate the developments contributed 966 housing units through 2020, with more in the pipeline. That bodes well for continued downtown population growth. And it means there will be continued demographic changes in the downtown population. Widening the lens to the 1.5 mile radius, nine additional multifamily housing developments occurred over the decade, providing a total of 876 additional apartment units. Over half of those apartments are near the 2nd Street/US Highway 52 interchange.

## Summary Observations

Downtown Rochester is on a clear growth trajectory in terms of housing development and population growth. Based on recent trends, projections of future growth over the next five years seem likely to be realized. A growing downtown population will strengthen the consumer base for downtown businesses, and add to the vibrancy of downtown.

**Figure 6. Multifamily Housing Developments Built Since 2010**

| | Year Built | Stories | Studios | 1-BR Units | 2-BR Units | 3-BR Units | Total Units | Affordability |
|---|---|---|---|---|---|---|---|---|
| **Richard Apartments**<br>11 7th Ave SW | 2011 | 3 | | 24 | | | 24 | |
| **Metropolitan Market Place**<br>515 1st Ave SW | 2013 | 4 | 15 | 15 | 22 | 10 | 62 | |
| **5th on 5th**<br>510 5th St SW | 2014 | 3 | | 39 | | | 39 | |
| **Nicholas Apartments**<br>722 W Center St | 2015 | 4 | 10 | 50 | 23 | | 83 | |
| **501 on First**<br>501 1st Ave SW | 2016 | 5 | 4 | 70 | 10 | | 84 | |
| **Lofts at Mayo Park**<br>123 6th Ave SE | 2017 | 4 | | 19 | 10 | | 29 | |
| **1st Avenue Flats**<br>400 1st Ave NW | 2017 | 4 | | 16 | 52 | | 68 | Rent Restricted |
| **Flats on 4th**<br>412 SE 3rd Ave | 2018 | 6 | 28 | 47 | 12 | 5 | 92 | |
| **Residence at Discovery Square**<br>511 3rd Ave | 2019 | 6 | 40 | 45 | 44 | | 129 | |
| **The Maven on Broadway**<br>425 S Broadway | 2019 | 6 | 10 | 96 | 48 | | 154 | |
| **Riverwalk**<br>449 E Center St | 2019 | 6 | | 97 | 40 | 15 | 152 | |
| **Hue**<br>33 4th St SW | 2020 | 6 | 21 | 22 | 7 | | 50 | |
| **Bryk on Broadway**<br>Civic Center Dr (under construction) | 2022 | | | 180 | | | 180 | Affordable Units |

Source: Costar

# III. Demographics

This section describes population characteristics of the downtown residential population. For each population characteristic, information about the downtown population in the 0.5 mile and 1.5 mile radii are compared with the same information for Olmsted County as a whole. Some population characteristics are also symbologized on a map of downtown Rochester, which breaks down those population characteristics by census block group. The maps show distinctions in the population characteristics in subareas within downtown Rochester.

The information in this section starts to build a demographic understanding of the downtown population in terms of household mix, age, income, etc. Note, however, that there are some challenges to interpreting the information. These challenges arise for a couple of reasons.

- **Disparate incomes.** Downtown is home to some distinctly different populations in terms of their household economics. Because downtown is the location for many of the City's original Section 8 housing developments, there is a concentration of low income households residing in those buildings. At the other end of the spectrum, there is an increasing number of individuals and households with extremely high income or wealth. Average or median income information blurs these distinctions.

- **Disparate ages.** Downtown has a concentration of age-restricted senior housing. It is also home to a great number of young adults that are in a range of college degree programs, research programs, residencies, etc, or are early in their professional careers. Average or median age information blurs these distinctions.

- **Temporary residents.** Rochester has an unusually high number of people who are in the city for a time-limited purpose. They are pursuing a degree program, or in another kind of time-limited professional program. They may choose to stay in Rochester after the conclusion of their program, but most will not. There is a high turnover in these groups. Some may even report another home address when they respond to census surveys.

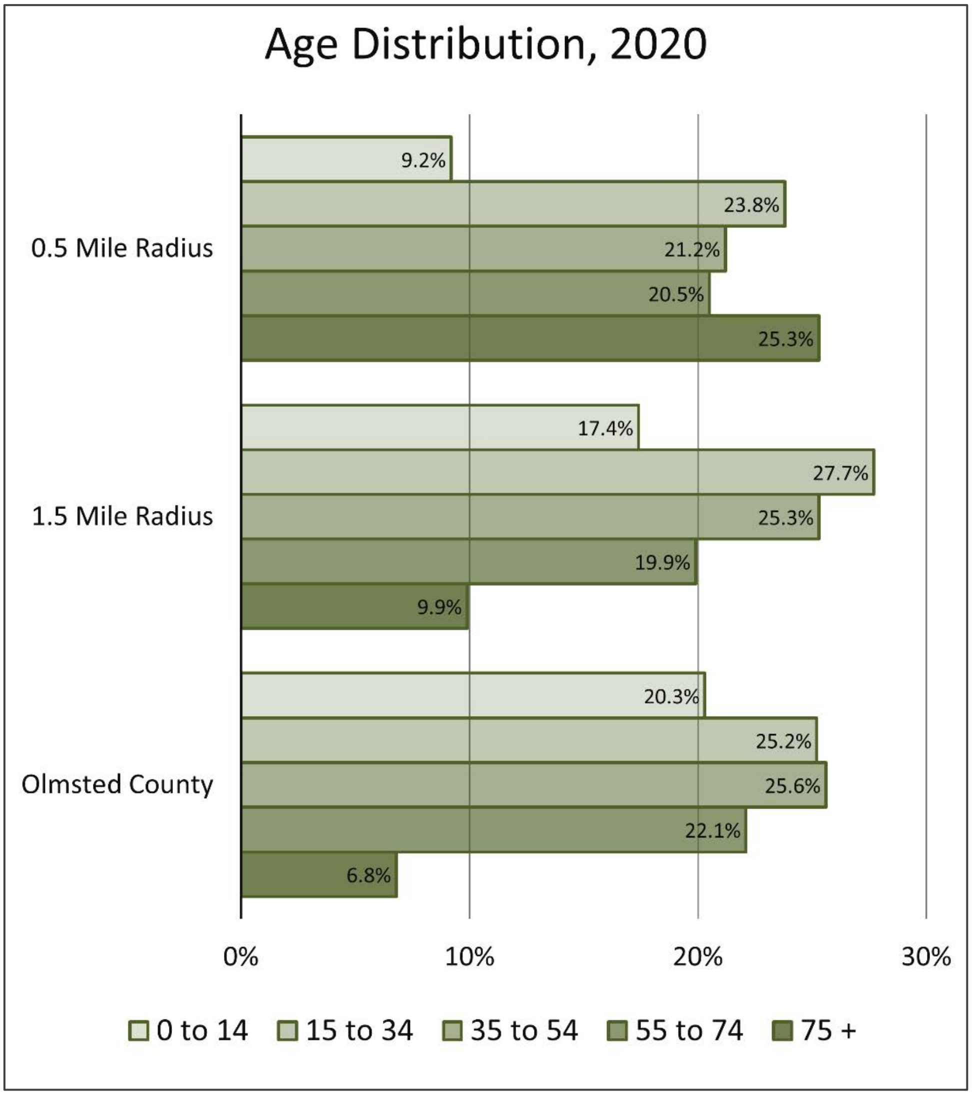
- **Outdated information.** Like most places, the best demographic detail on downtown Rochester comes from the US Census Bureau's American Community Survey, and the most current version of those demographics are drawn from five years of individual surveys which were conducted by Census Bureau staff from 2015 through 2019. Consequently, on the average, the demographic data is four years old. That can make a difference in locations like downtown Rochester where a lot of new housing has been built, and households have moved in, over the past four years.

The purpose of noting these data limitations is to equip the reader to more carefully interpret the demographic information presented here, and more clearly understand the report's analytical findings.

## Age

The largest age cohort in the downtown core (0.5 mile radius) is the population of adults aged 75 and over. The second larges age cohort is a young adult demographic ages 15 to 34, comprised of a range of students, and early career professionals. It's also notable that the presence of children age 0 to 14 is very low in comparison with the average across the Rochester region.

**Figure 7. Age of Residents**




Source: ESRI Business Analyst, American Community Survey

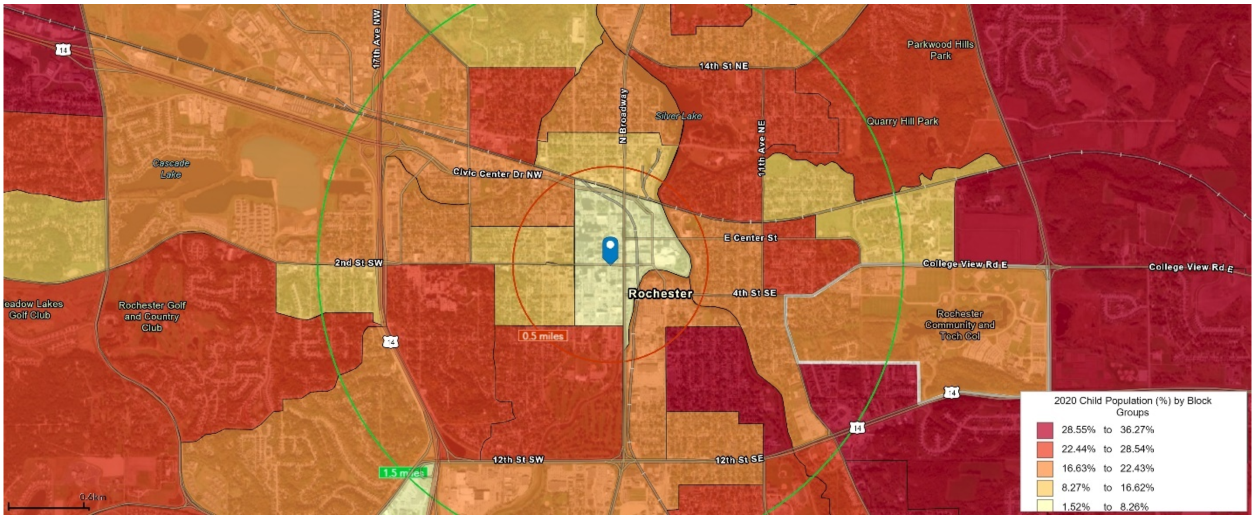
The greater downtown area (1.5 mile radius) also has a high concentration of the young adult (age 15 to 34) age cohort. Children are present at a much higher rate in this area.

Olmsted County as a whole has a higher presence of middle age and empty nester age adults (age 35 to 74) than either of the downtown geographies.

Figure 8 provides geographic detail concerning the presence of children in downtown and near-downtown locations. Darker colored areas have higher concentrations of children. The red circle is a 0.5 mile radius. The green circle is a 1.5 mile radius. For this map, children are defined as ages 0 to 17.

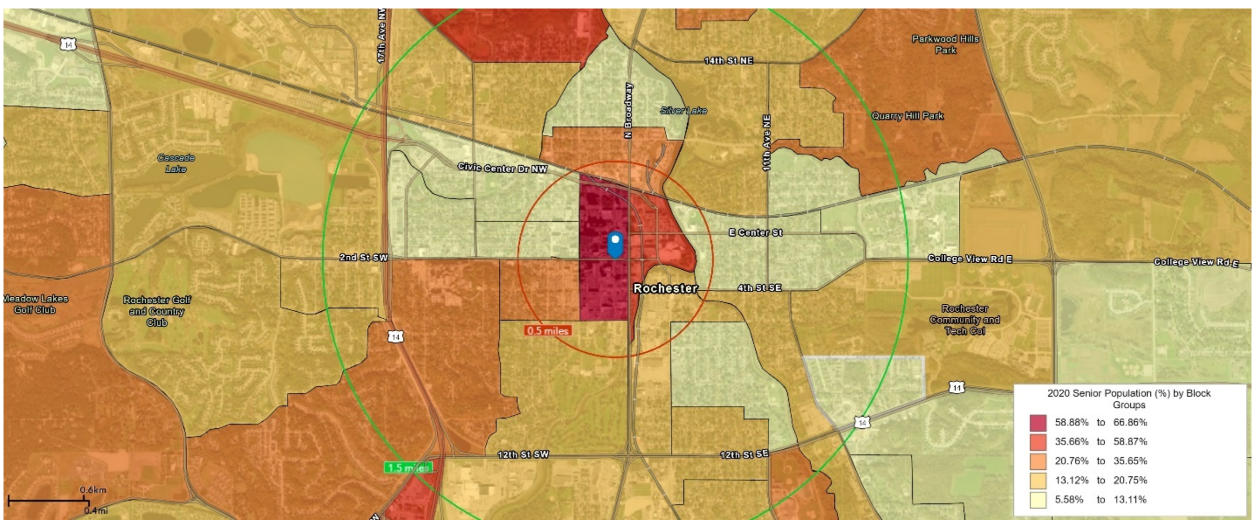
Figure 9 provides geographic detail relative to the location of seniors in downtown and near-downtown locations. Darker colored areas have higher concentrations of seniors. For this map, seniors are defined as ages 65 and older. Areas with high concentrations of seniors are evident within the downtown core.

**Figure 8. Child Population as Share of Total Population, by Census Block Group**




Source: ESRI Business Analyst, American Community Survey

**Figure 9. Population of Seniors as Share of Total Population, by Census Block Group**

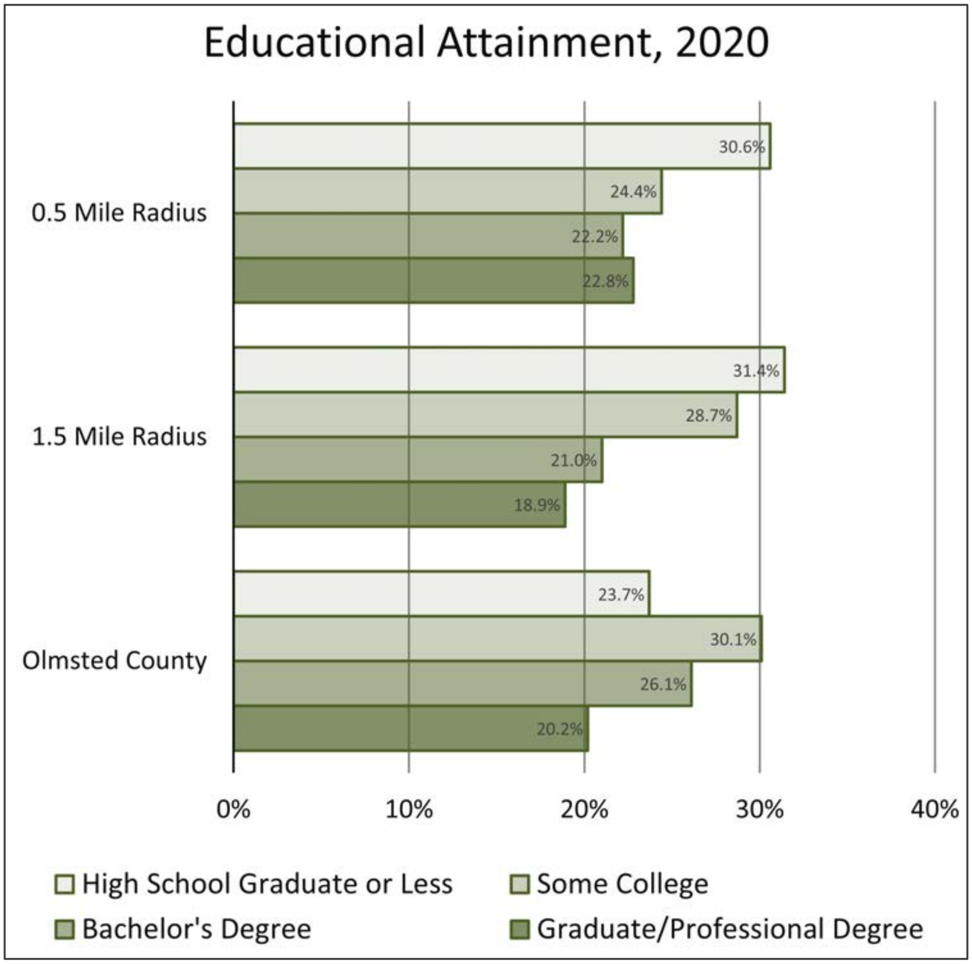



Source: ESRI Business Analyst, American Community Survey

## Educational Attainment

The presence of a sizable low income population shows itself in the relatively high share of the downtown population that has a high school diploma or less. In spite of that, the downtown core (0.5 mile radius) also has the highest percentage of population that has earned graduate or professional degrees.

**Figure 10. Educational Attainment of Residents**




Source: ESRI Business Analyst, American Community Survey

Other distinctions between the geographies can be observed, but there's a larger context that's important to note. Rochester is a highly educated city and region, and all of these geographies have more highly educated population than the state of Minnesota as a whole. 12.7% of Minnesotans have earned a graduate or professional degree. And an additional 24.6% have earned bachelors degrees. That compares with 20.2% of Olmsted County residents with graduate or professional degrees, and another 26.1% of residents with bachelors degrees.

## Race and Hispanic Origin

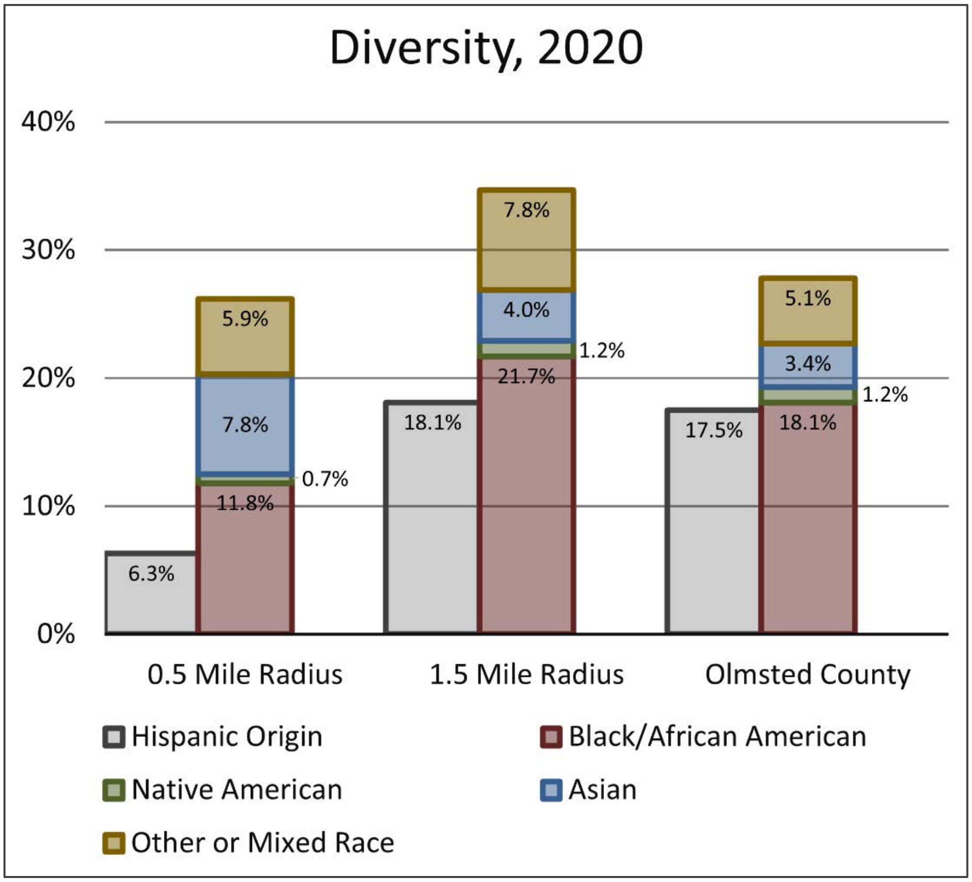
Rochester is a diverse place, by Minnesota standards. All three geographies charted in Figure 11 show non-White populations representing around 26% to 34% of the total population. That compares to around 19% of Minnesotans who identify as a non-White race.

Similarly, people of Hispanic origin represent around 5.7% of the total population of Minnesota, but they are represented in higher proportions in Rochester.

The downtown core is diverse by state standards, but it is less diverse than the greater downtown area or Olmsted County as a whole.

One cause of the diversity is the international appeal of Mayo Clinic as an employer, as well as of the college and research programs in Rochester that draw large numbers of international students.

**Figure 11. Race and Hispanic Origin of Residents**




Source: ESRI Business Analyst, American Community Survey

## Household Types

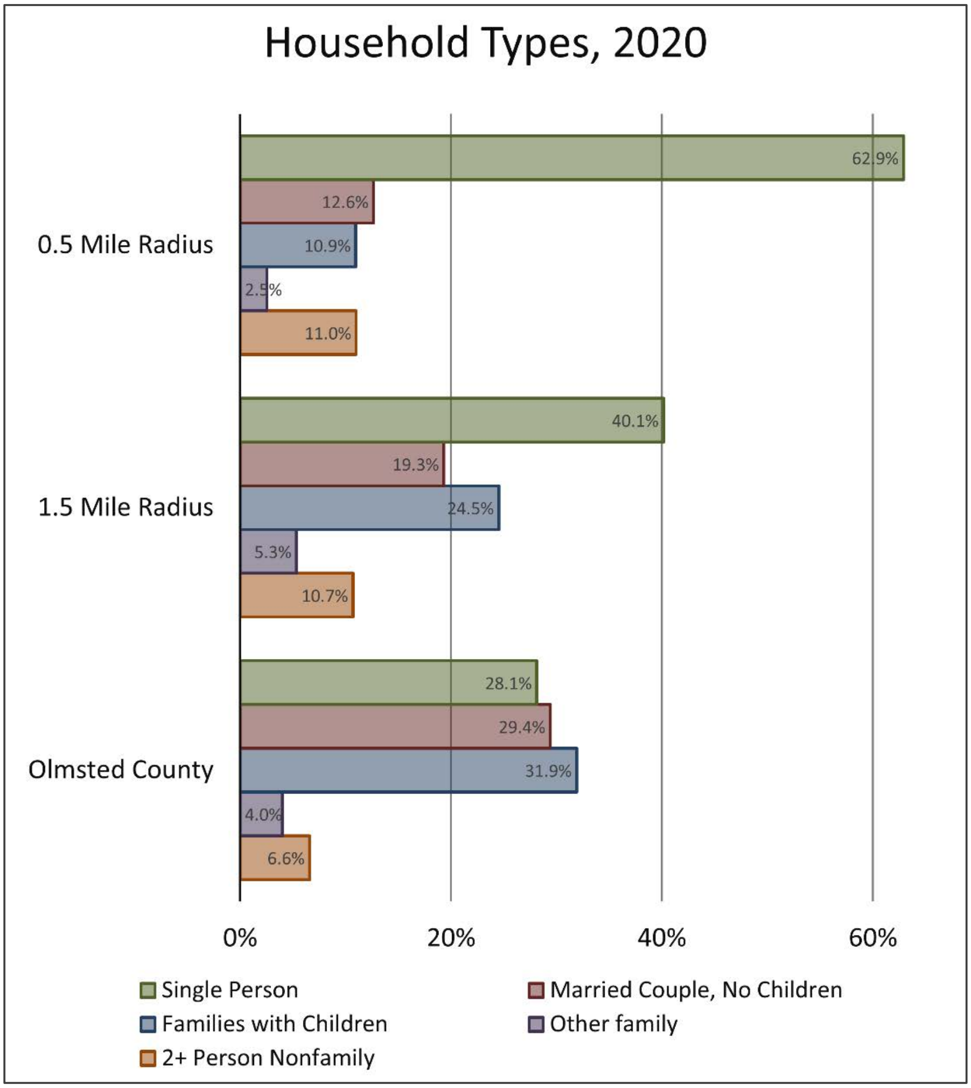
A great share of households in the downtown core are single person households. That reflects the convergence of high numbers of senior households, student households, and young professionals. The downtown core also has a relatively high share of "2+ Person Nonfamily" households—which tend to be either roommate households, or unmarried couples.

In Olmsted County as a whole, families with children are the most prevalent category, representing almost a third of households (31.9%). Another roughly 29% are married couples without children.

The greater downtown area (1.5 mile radius), has a fairly high proportion of both single person households and families with children.

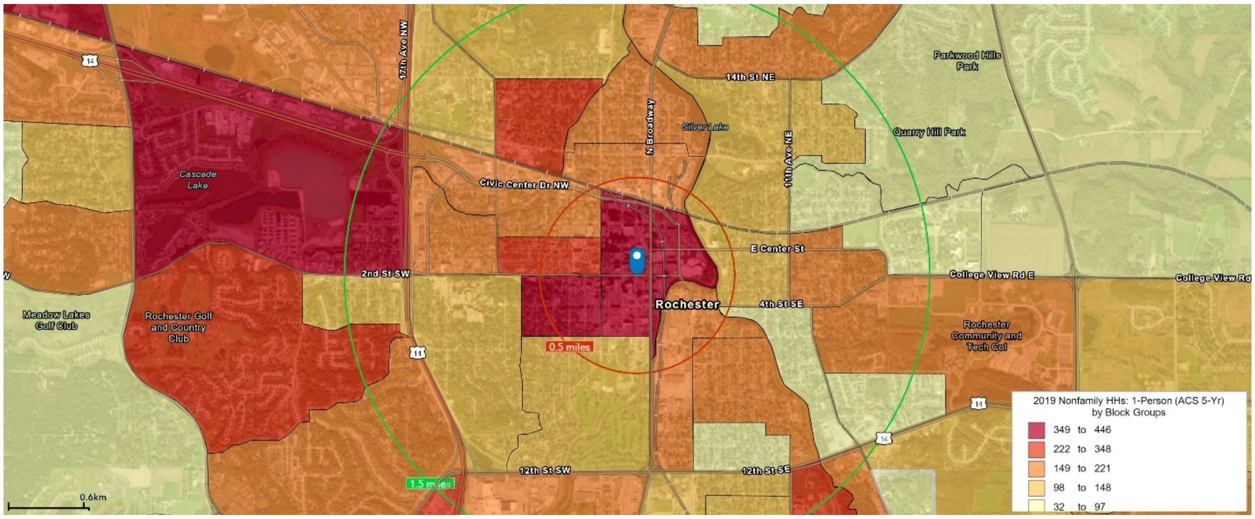
Census block groups with high percentages of single person households can be viewed in Figure 13.

**Figure 12. Household Types**




Source: ESRI Business Analyst, American Community Survey

**Figure 13. Single Person Households as a Share of All Households, by Census Block Group**

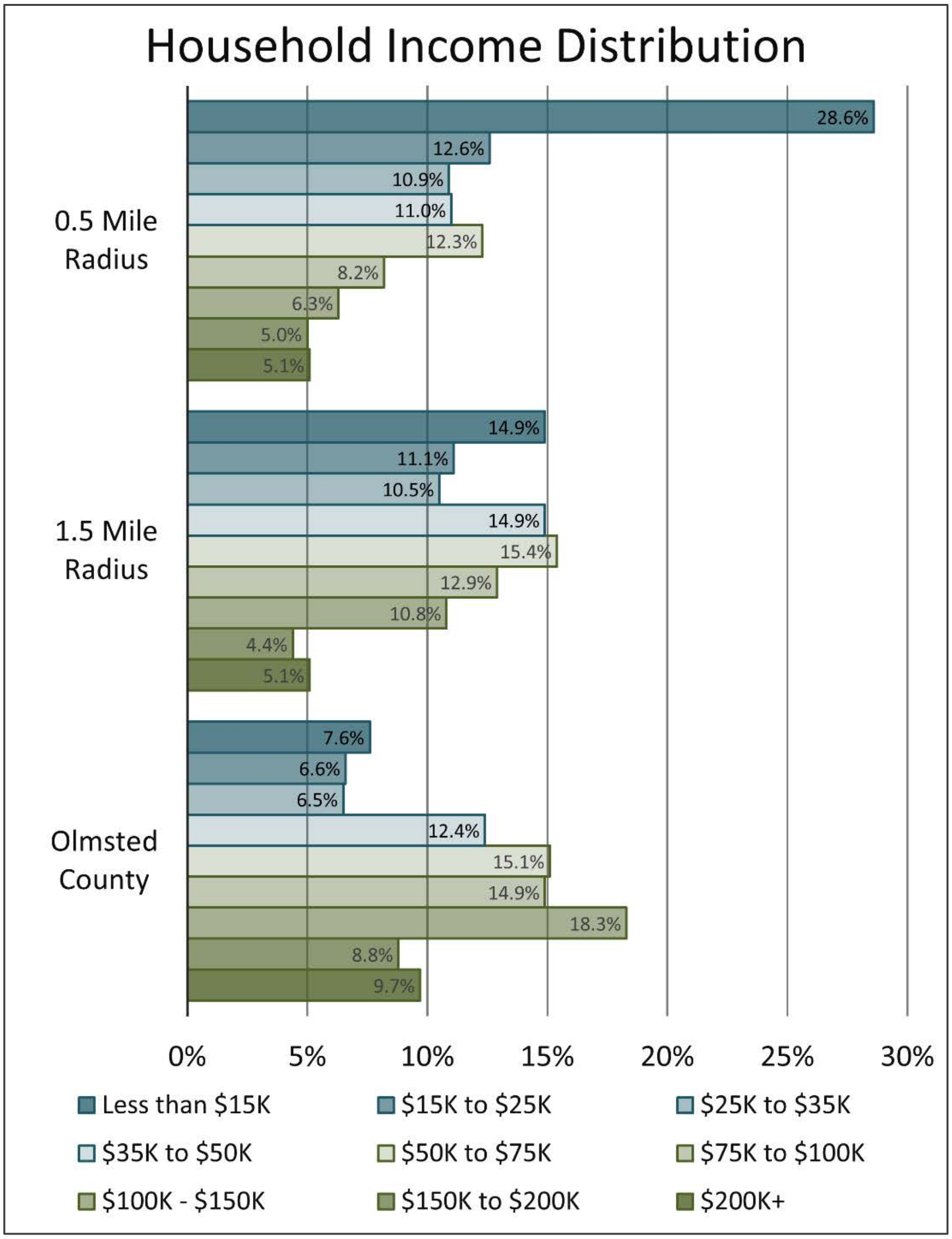



Source: ESRI Business Analyst, American Community Survey

## Income

Over a quarter of the households in Rochester's downtown core (0.5 mile radius) earn less than $15,000 in annual income, and over 40% of households earn less than $25,000 annually. This reflects the presence of low income households living in the affordable housing developments downtown, in combination with the student population. The next largest income segment is households earning $50,000 to $75,000.

**Figure 14. Household Income Distribution**




Source: ESRI Business Analyst, American Community Survey

The prevalence of single person households in the downtown core also shows itself in these metrics, since single income households tend to earn less than double income households.

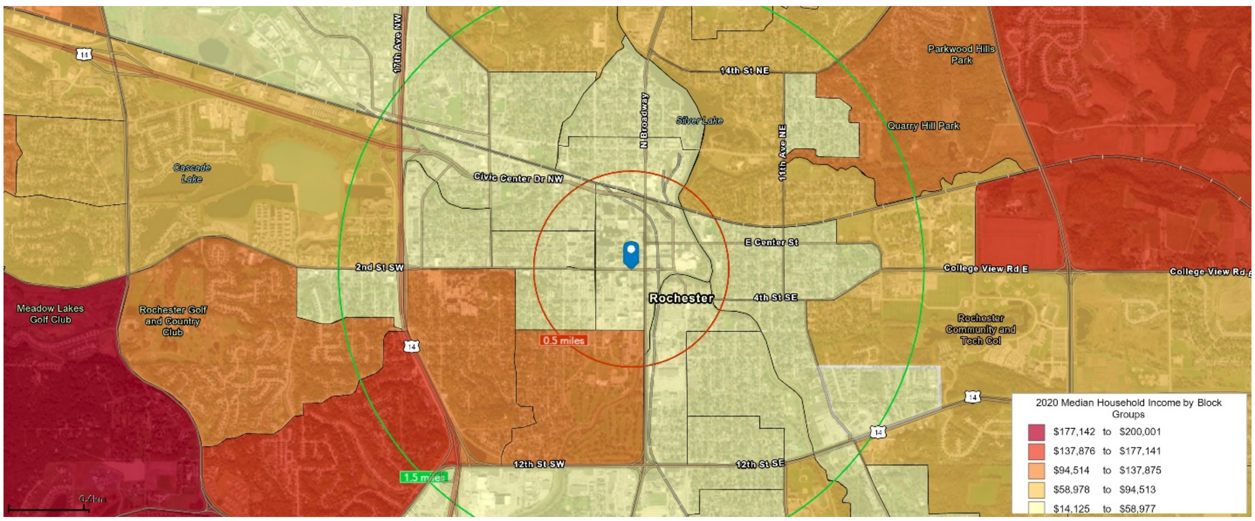
Both downtown neighborhood geographies have meaningful numbers of high income households.

In Olmsted County as a whole, higher income households are more prevalent, and low income households are less prevalent. Olmsted County has a greater share of households in the two highest income brackets than the State of Minnesota as a whole. For Minnesota as a whole, 8.0% of household earn $150K to $200K, and 8.0% of households earn $200K and more.

The geographic pattern of household income can be seen in Figure 15, which shows median household incomes by census block groups. Darker colored block groups denote higher median incomes.

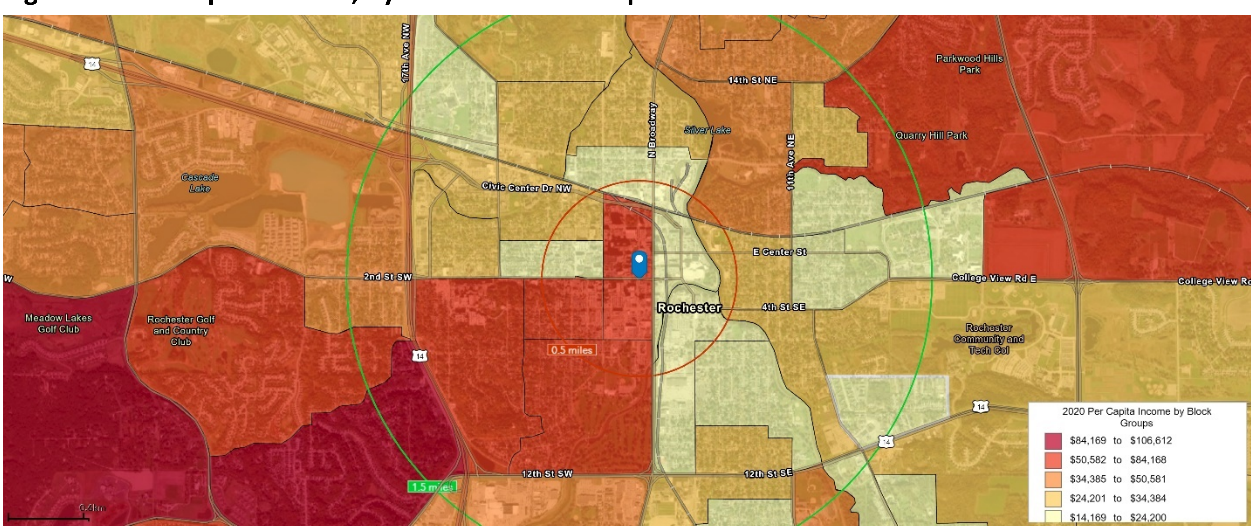
Per capita income is mapped in Figure 16. Per capita income represents the total income earned by people living in a geography, divided by the total number of people in that geography. Note that the income disparities between the downtown population and those who live in outlying census tracts are reduced in this map. Per capita income puts single person households with one income earner on par with two person households that have two income earners.

**Figure 15. Median Household Income, by Census Block Group**




Source: ESRI Business Analyst, American Community Survey

**Figure 16. Per Capita Income, by Census Block Group**




Source: ESRI Business Analyst, American Community Survey

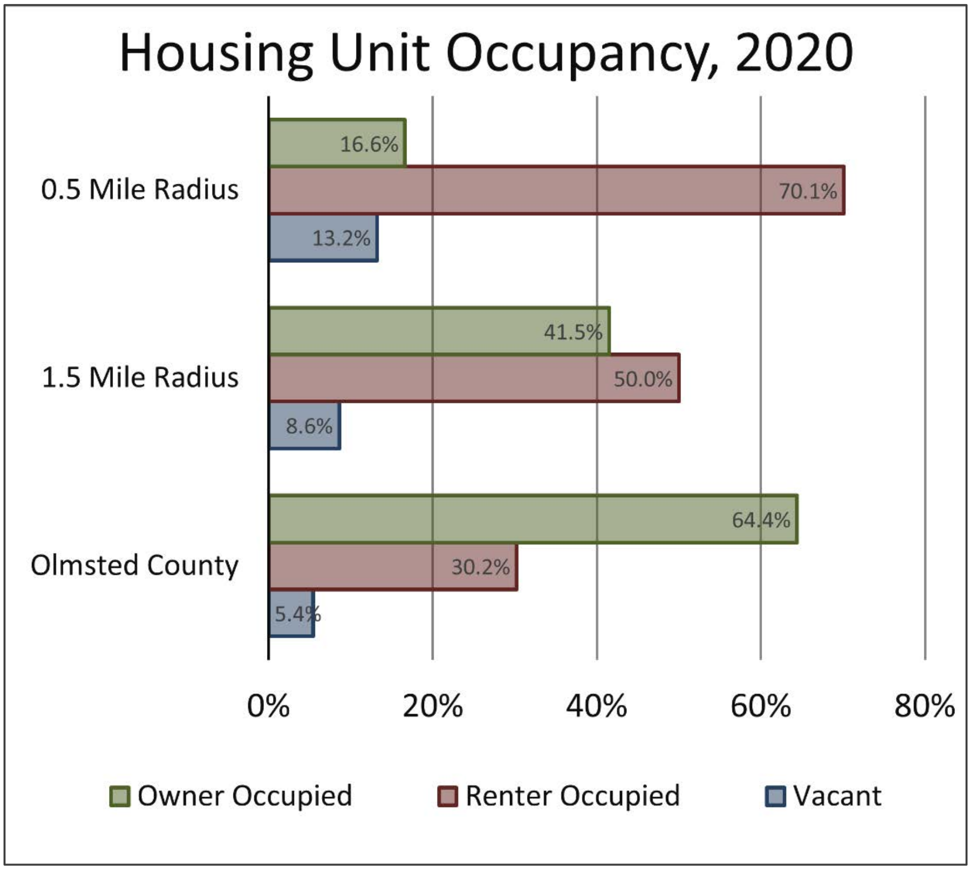
## Housing Unit Occupancy

Downtown Rochester is a rental environment. Although the downtown core (0.5 mile radius) includes some areas of single family homes, multifamily developments are more prevalent. The owner occupied housing units in the downtown core are both single family homes and condominiums. (The high percentage of vacancies in Figure 17 might indicate new apartment buildings that are in the process of becoming fully occupied.)

In the greater downtown area (1.5 mile radius), there is a more even mix of owner occupied and rental occupied housing units. That reflects its balance of rental apartment buildings and single family homes, most of which are owner occupied.

Olmsted County as a whole has over twice as many owner occupied housing units as renter occupied housing units.

**Figure 17. Housing Unit Occupancy**




Source: ESRI Business Analyst, American Community Survey

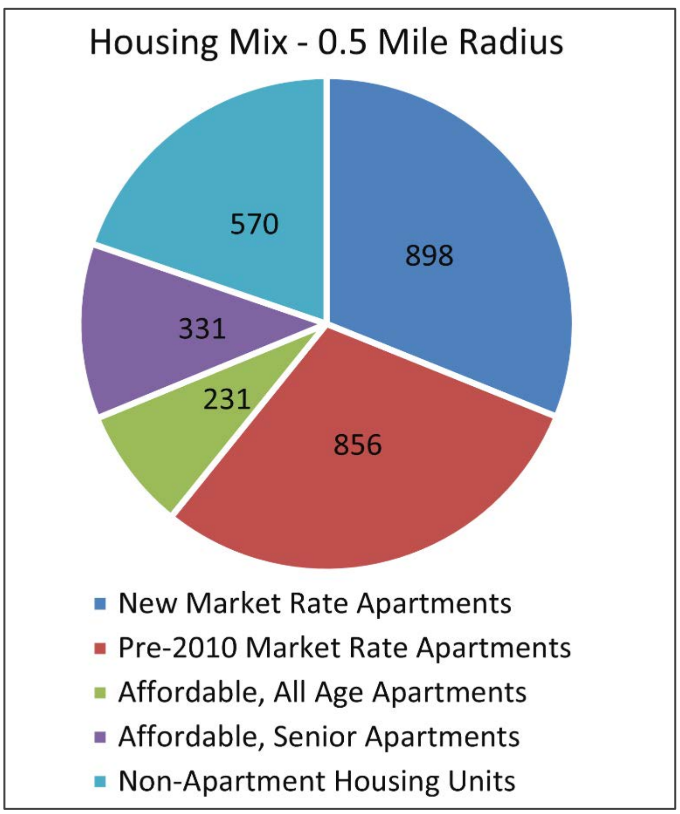
## Housing Mix

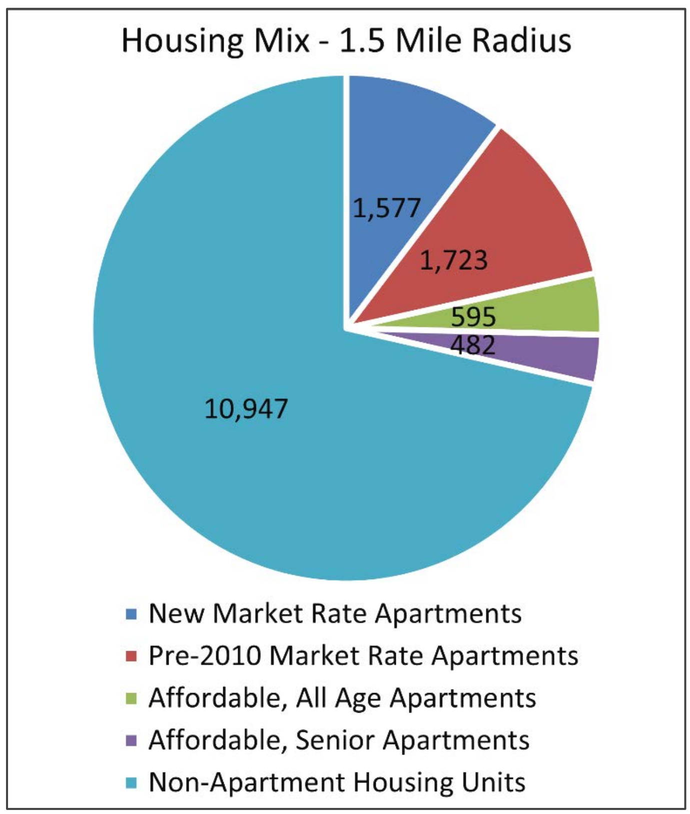
The preceding discussions of demographic characteristics include observations about the mix of household types that live in downtown Rochester. They also allude to the close relationship between those household types and the types of housing that are present. Single family homes tend to house a different population demographic than apartments. Section 8 housing supports a different demographic than downtown condominiums. The brand new apartments are housing a different demographic than the legacy apartment buildings.

Because of the close relationship between housing types and their occupant types, an analysis of the housing mix can yield additional insights about the mix of downtown populations. It can also provide insights into how the downtown population is changing as new housing is coming online.

Figures 18 and 19 show the mix of housing types in the downtown core (0.5 mile radius) and greater downtown (1.5 mile radius) areas. They distinguish income restricted affordable housing from market rate housing. And they put new apartments that have been developed in the past decade in a different category from pre-2010 apartment buildings—most of which were developed in the 1960s and earlier. "Non-Apartment Housing Units" are primarily single family homes, especially in the greater downtown geography—but also include duplexes and triplexes, townhomes and apartment-style condominiums.

**Figure 18, 19. Housing Mix in Downtown Rochester Geographies**

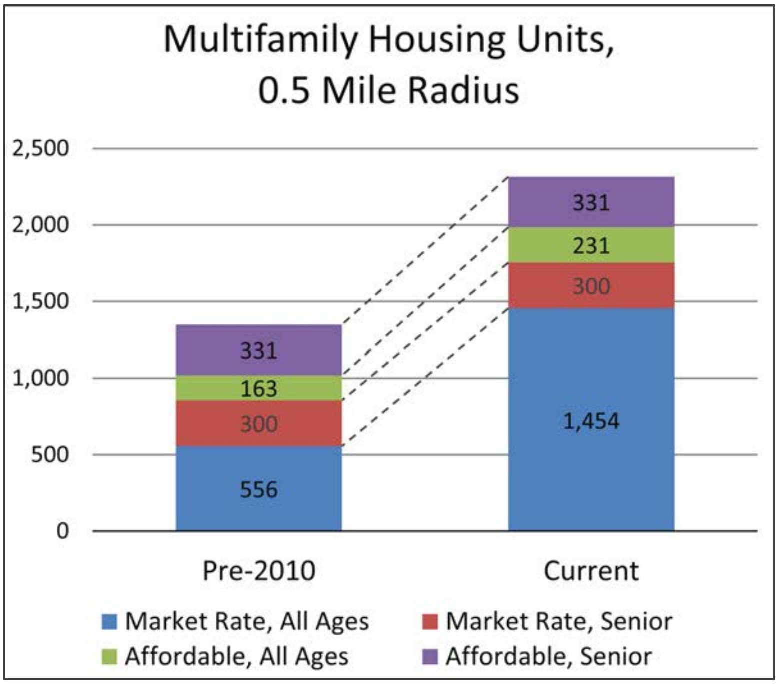



Source: Costar, ESRI Business Analyst, American Community Survey

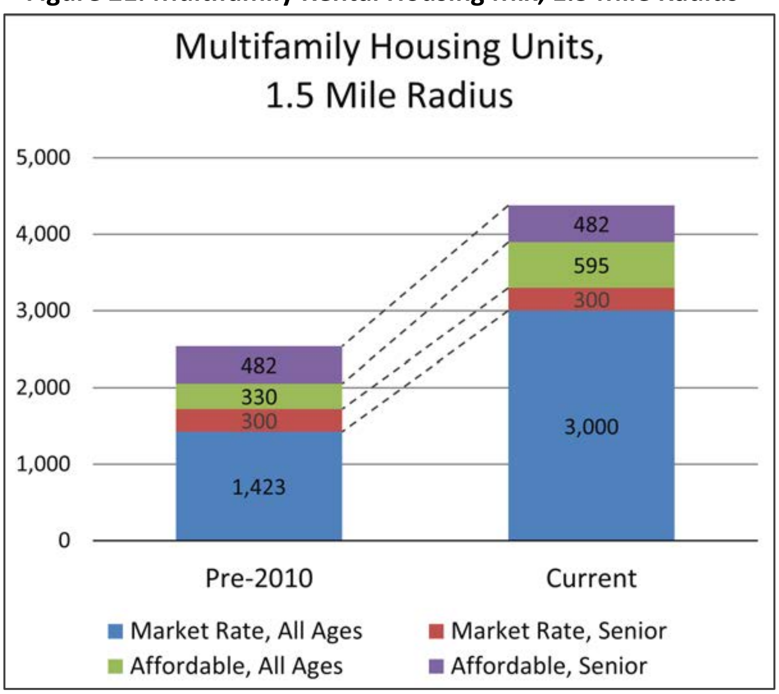
Note in Figure 18 that 898 apartment units were added in the downtown core since 2010. That reflects a more than doubling of market rate apartments in the past decade. Market rate apartments in the greater downtown area (1.5 mile radius) almost doubled as well, adding 1,577 new units to the existing 1,723 apartments. (Those unit counts are inclusive of the units shown in the 0.5 mile radius.)

**Figure 20. Multifamily Rental Housing Mix, 0.5 Mile Radius**




Source: Costar

**Figure 21. Multifamily Rental Housing Mix, 1.5 Mile Radius**




Source: Costar

Figures 20 and 21 focus on the multifamily rental housing segment of housing units, as tracked by Costar. (Costar is a provider of real estate data.) They categorize multifamily housing by age and income restrictions, and emphasize how each category of housing grew over the past decade from that which was present in 2010 to that which is present currently.

In these charts, market rate senior housing apartments are separated from market rate general occupancy apartments. For that reason, the growth in market rate general occupancy apartments over the decade appears even more dramatic.

The charts also show that some affordable housing has been developed over the decade, both in the downtown core and in the greater downtown area.

In broad terms, age and income restricted housing has stayed relatively constant, while new market rate apartments have been developed at a rapid pace. New apartment buildings tend to offer lots of amenities, and rents are high, with an average rent of over $2.00 per square foot for 1-bedroom units.

The implication for household mix is that downtown is increasingly populated by downtown apartment dwellers—and those with the means to move into the newer apartment buildings have an outsized impact on downtown businesses, because of their greater disposable income.

## Summary Observations

The demographics of downtown residents are shifting in important ways. The most direct impacts are occurring as a result of the introduction of a new class of multifamily housing—that is, a set of upscale apartment developments. These have a direct impact on the population mix by attracting a growing community of urban-oriented professionals with the means to pay the relatively high rents of those developments. The growing downtown community has had an activating effect on downtown, which in turn invites additional interest in downtown living. Assumedly the older apartment buildings and single family homes in the downtown core and greater downtown area are also experiencing a level of residential turnover, as people who desire a more urban lifestyle, and want to live closer to their work and the center of activity, incrementally replace those who don't value that.

The following are additional summary findings from the demographic analysis.

- Downtown is bimodal with respect to age. It is home to a sizable group of seniors, some of whom are living in income-restricted senior housing, and many of whom are concentrated in a tight area in the downtown core. Downtown is also home to a large and growing population of young adults.
- Not a lot of children live in the downtown core, but the share of children in the greater downtown area is comparable to the share of children throughout Olmsted County.
- Downtown residents are highly educated.
- A very high proportion of downtown households are singles, couples or roommates, particularly in the downtown core.
- Downtown is bimodal with respect to income. Over 40% of households in the downtown core earn less than $25,000 per year, reflecting the presence of both low income housing and students. But the downtown areas also have a high concentration of middle income households earning between $35,000 and $100,000 per year.
- More downtown households are renters than homeowners.

# IV. Household Profiles

The preceding section underscores the complex mix of people that are residing in downtown Rochester—a complexity that makes it difficult to make generalizations and draw overarching conclusions. The development of household profiles for common household types in Downtown Rochester is an effort to build deeper understanding of the distinct residential communities that live in downtown Rochester.

## Profile Model

This household profile analysis is modeled after the psychographic segmentation models that are available through market research companies. Examples include the PRIZM segmentation model provided by Claritas or Tapestries by ESRI. Because the off-the-shelf models offered poor descriptors of Rochester's household types, we constructed a Rochester-specific set of household profiles. They were primarily explored and developed through our interviews with building managers, and in our focus group sessions with downtown residents, wherein interviewees and focus group participants were asked to paint a descriptive picture of common types of households in their buildings or neighborhoods.

**Figure 22. Multifamily Housing Developments Built Since 2010**

| Age | Profile Name | Single Family Homes | Legacy Apartments | New Apartments | Market Rate Senior Apartments | Affordable Apartments: Senior and General |
|---|---|---|---|---|---|---|
| 20s | **1. Students, Fellows and Researchers** | ○ | ● | ● | | |
| 20s to 30s | **2. Early Career Singles and Couples** | ● | ● | ● | | |
| 30s to 50s | **3. Young Urban Families** | ● | | | | |
| 60s to 80s | **4. Legacy Homeowners** | ● | | | | |
| 60s to 70s | **5. Downsizing Urban-Oriented Empty Nesters** | | ○ | ● | | |
| 70s+ | **6. Senior Living Apartment Residents** | | | | ● | |

The household profile model developed in this project is summarized by the diagram in Figure 22 above. It recognizes that the housholds in downtown Rochester are a mix of people in different stages of life, with different financial means, and different levels of long-term commitment to Rochester. And that mix is different in new apartment buildings in comparison to residents of older apartment buildings, single family homes, or senior housing developments.

The dominant housing types in downtown Rochester are the column headings in the diagram. The row headings are the six different household profiles that have been developed through the focus groups and interviews. They are roughly placed in the order of the life stage that those household profiles are in.

Not all downtown residents and households fit neatly into these profiles. Occupants of the affordable housing developments are not represented in these six profiles. Nor are medical visitors. Moderate income professionals and service workers are not described here. And many other households would not see themselves fitting neatly into these six profiles. Additional profiles could certainly be developed to represent additional segments of the downtown population.

Having said that, these six profiles are deemed to be common household types in downtown Rochester. They are expected to strike a chord of recognition in those who are familiar with the downtown community. And they can serve to sharpen the outreach and marketing of businesses who identify one or more of the household profiles as a target market.

## Six Downtown Household Profiles

The household profiles that have been developed for downtown Rochester are presented in the following pages. Each profile includes general demographic characteristics, as well as suggestive statements that build a more complete picture about who the households are, and what their motivations, interests and consumer preferences might be.

Profile 1

Housing Types: Legacy Apartments, New Apartments, Single Family Homes

## Students, Fellows, Researchers

**Householder Age**

18 40 60 80 100

25 to 35

**Household Income**

$0 $20,000 $100,000 $500,000

$30K to $70K

**Rent vs Own**

Rent Own

Rent their apartment

### Demographic and Professional

- Wide range of professional tracks in this group
- Very diverse, international
- Mostly singles
- May be from affluent backgrounds
- Time-limited commitment to Rochester

### Personality

- Well rounded, well traveled
- Professionally oriented, still proving themselves, busy with work
- Frugal but professional in appearance
- Many are social, but there are some hermits

### Activity and Interests

- First time freedom and income
- If single, ready to mingle
- Time is short because of work
- Take-out, happy hours
- Downtown’s free events
- Activities are as diverse as the population
- Spend money on thrift stores, coffee, H&M, fast fashion, technology, fitness, take-out, cosmetics, nails/hair, athleisure

Profile 2

Housing Types: Legacy Apartments, New Apartments, Single Family Homes

## Early Career Singles and Couples

**Householder Age**

18 | 40 | 60 | 80 | 100

25 to 40

**Household Income**

$0 | $20,000 | $100,000 | $500,000

$30K to $120K

**Rent** vs **Own**

Rent | Own

Both rent and own

Demographic and Professional

- Singles, couples, roommates
- White collar, professional careers
- Often flexible jobs, work from home
- Lots of racial and international diversity
- Some are from affluent backgrounds

Personality

- Social personalities
- Spend lots of time working
- Experience driven - Have urban values
  Want to be able to walk places
- Image conscious but not pretentious

Activity and Interests

- Travel & outdoor activities, active at gym, walking, biking
- Many are new to Rochester and the region, so they are getting to know it
- Willing to spend more for “local”, “authentic”
- Foodies – interested in both takeout and sit-down food options
- Spend money on professional and athleisure clothes, organic foods, nice coffee, technology, houseplants, pet accessories, cocktails, beer.

Profile 3

Housing Types: Mostly Single Family Homes

## Young Urban Families

**Householder Age**

18 40 60 80 100

35 to 50

**Household Income**

$0 $20,000 $100,000 $500,000

$75K to $200K

**Rent** vs **Own**

Rent Own

Own their home

Personality

- Extroverts
- Family oriented
- Liberal
- Like knowing their neighbors
- Have cars, but also have urban values – want to be able to walk places
- Value safety

Activity and Interests

- Activity restricted by bedtimes
- Early dinner parties, happy hours
- Parks, libraries, farmer's market, other kid friendly activities
- Advocates for neighborhood/schools
- Spend money on home décor, kid equipment, athleisure, groceries, dry cleaning, pets

Demographic and Professional

- Mostly couples with children
- Two to four in household
- White collar, professional careers
- Live close to their work

Profile 4

Housing Type: Single Family Homes

# Legacy Homeowners

**Householder Age**

18 | 40 | 60 | 80 | 100

60+

**Household Income**

$0 | $20,000 | $100,000 | $500,000

$50K to $120K

**Rent** vs **Own**

Rent | Own

Own their home

## Demographic and Professional

- Empty nester couples and singles
- Mid to senior level professional & working class
- White, not diverse

## Personality

- Friendly
- Curious
- Super-involved
- Early risers

## Activity and Interests

- Dog owners
- Civically involved - sit on boards, may attend church, active on nextdoor.com
- Enjoy experiences such as festivals, farmers market
- Enjoy educational opportunities/lifelong learners
- Value local/artisan
- Spend money on gifts for grandkids, restaurants, theater, concerts, luggage, outerwear, accessories

Profile 5

Housing Type: New Apartments

# Downsizing Empty Nesters

**Householder Age**

18 40 60 80 100

50 to 75

**Household Income**

$0 $20,000 $100,000 $500,000

$75K to $500K

**Rent** vs **Own**

Rent Own

Most rent (some are in condos)

## Personality

- Highly educated, well read
- Social
- Active, like to walk
- Like being in mixed age settings

## Activity and Interests

- Travel widely
- May have other homes
- Like cultural activities, which may take them outside of Rochester
- Own a car
- Have disposable income and/or wealth
- Spend money on life conveniences such as dining out, services, small luxuries, accessories, clothing, travel gear

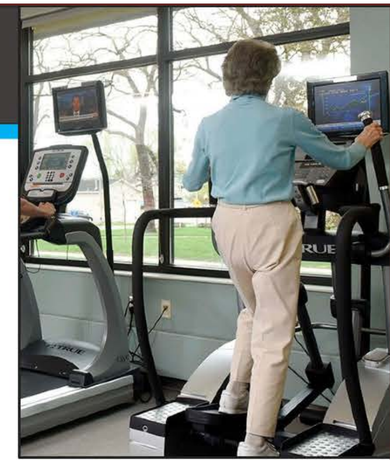
## Demographic and Professional

- Empty nesters, divorced singles
- Mostly white, but some diversity
- In the height of or concluding successful careers

Profile 6

Housing Type: Market Rate Senior Apartments

## Senior Living Apartment Residents



**Householder Age**

18 40 60 80 100

70s to 90s

**Household Income**

$0 $20,000 $100,000 $500,000

From upper middle class backgrounds, with disposable income

**Rent** vs **Own**

Rent Own

Lump sum entrance fee, plus monthly rent

### Demographic and Professional

- Charter House has continuum of care
- Half of households are couples, half are singles
- Most but not all are retired
- Most are white

### Personality

- Highly educated, well read, intellectually curious
- Social
- Range of political perspectives
- Thrifty – they're the millionaires next door because they've saved their money
- Dress well, but are not ostentatious

### Activity and Interests

- Lots of volunteerism, philanthropy
- Dining out, walking in the neighborhood
- May have a lake home
- Fitness is really important
- Arts and culture—symphonies, choruses, visual art

## Summary Observations

The preceding profiles present a set of household types in downtown Rochester that are intended to be recognizable and evocative, providing a resource to a business community that is trying to keep up with an evolving demographic landscape. The profiles can be considered a starting point in characterizing these common household types, and can be refined with further effort and research.

The most prevalent household types are those that dominate the most common housing types—that is, the single family homes of the greater downtown area, and the new apartment buildings in the downtown core.

- Profile 2, Early Career Singles and Couples, may be the most common household type because these young adult professionals are common in both the new apartment communities and in the single family neighborhoods.
- Profile 3, Young Urban Families, may be the next most numerous household type, given that they are a dominant group among those residing in single family homes.
- Profiles 4 and 5 are variations of households in the empty nester era, distinguished in part by whether they are residing in single family homes or have downsized to an apartment community.

In terms of the downtown residential persona, the profile research indicates that residents of downtown Rochester are increasingly:

- Social
- Urbane (appreciate urban living, urban amenities)
- Active—enjoying walking, fitness, recreation and travel
- Participants in Rochester’s events, food and street life
- Technologically savvy
- Diverse
- Busy people, with work and life
- Well traveled

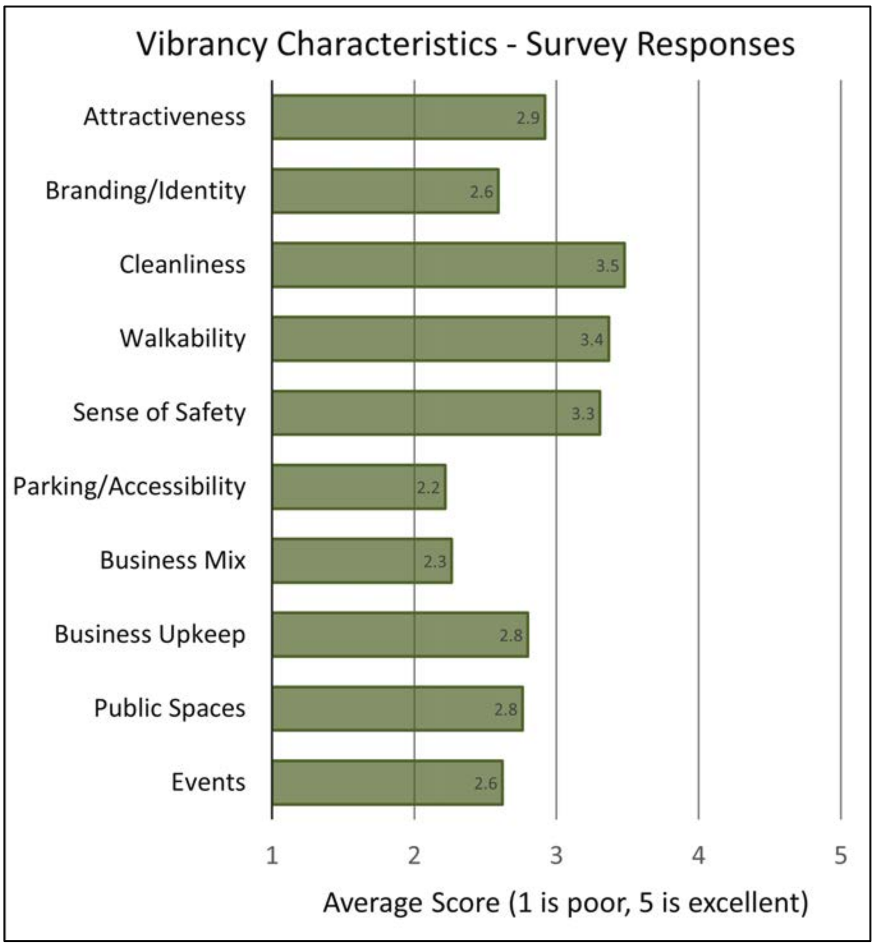
# V. Downtown Business District Assessment

The Downtown Rochester Consumer Survey invited respondents to provide their perspectives on the strengths and weaknesses of the Rochester downtown business district, and how they made decisions about whether to shop, eat or play downtown or elsewhere. The survey received 390 complete or partial responses.

## Downtown Retail Scorecard

The survey asked respondents to rank the downtown district on ten downtown conditions that support district vitality. The average responses for each downtown condition can be seen in Figure 23.

**Figure 23. Average of Survey Responses for District Vibrancy Characteristics**




Source: Downtown Rochester Consumer Survey

Downtown Rochester received midrange scores for most characteristics. For most of these characteristics, however, the average score masked widely divergent opinions. Some respondents were much more favorable about the attractiveness of the downtown business district than others.

The characteristics that scored highest were the important baseline conditions related to cleanliness, walkability, and sense of safety.

Lower scoring items were parking/accessibility, and the business mix.

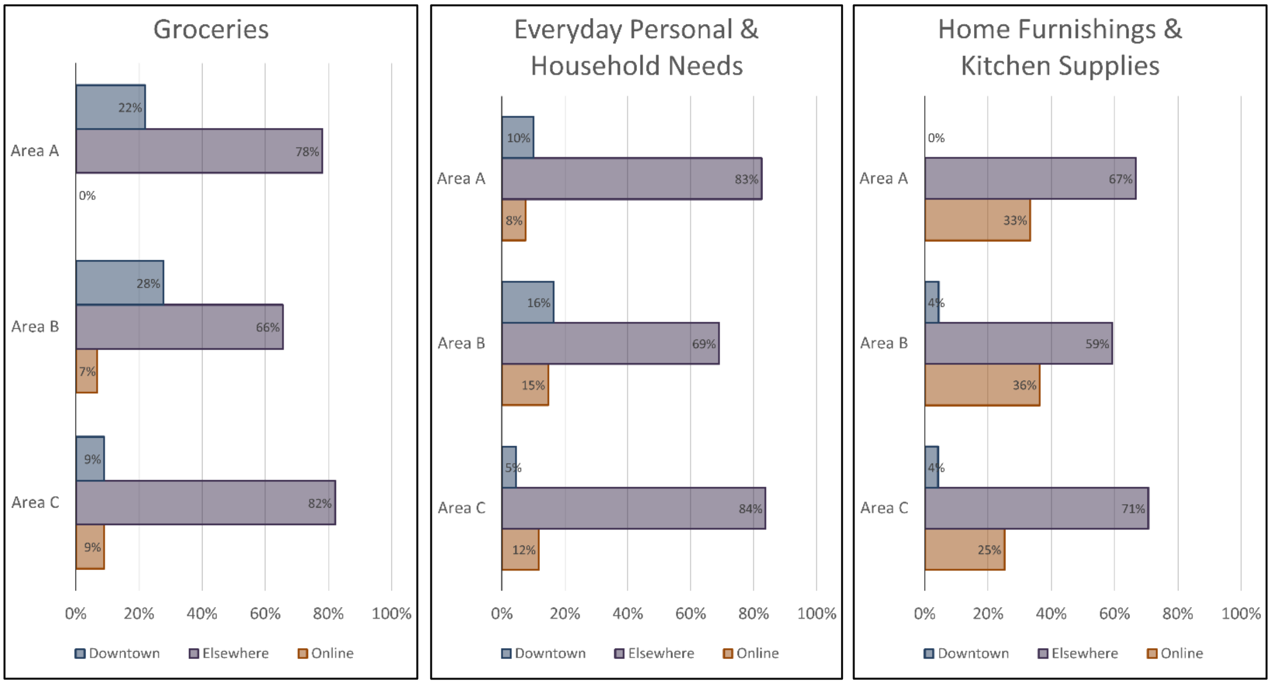
Many of these indicators relate to Downtown Rochester's identity and sense of place. Active steps are being taken through both physical investments and programming to build and strengthen downtown Rochester's sense of place. These responses suggest the importance of continued intentional efforts.

## Retail Categories

A series of questions in the survey provided more detailed information about a set of retail categories. For each category of retail goods, services or activity, respondents were asked whether they generally chose downtown or another location for that shopping or activity—and to explain why they made that choice.

Charts that represent top-level findings are presented in Figures 24 through 35, and survey responses are summarized below the charts for selected retail categories. Note that the survey responses are disaggregated by where the survey respondent lives. The responses from Area A are from survey respondents who live in the downtown core (0.5 mile radius from the center of downtown). Responses from Area B are from survey respondents who live outside the core but within the greater downtown area (1.5 mile radius). The responses from Area C are from respondents who live outside of the greater downtown area.

**Figures 24, 25, 26. Shopper Preferred Locations for Purchase of Selected Goods**




Source: Downtown Rochester Consumer Survey

## Groceries

Those who said “Downtown” buy groceries downtown because:

- Love the co-op!
- Fresh Thyme, Hy-Vee also noted – considered downtown by some
- Convenient/close, quality, helpful staff
- Convenient but expensive

Those who said “Elsewhere”, buy groceries elsewhere because:

- Proximity to home, parking, price, larger selection, favorite brands, inconvenience of downtown

Favorite stores or brands:

- People’s Food Co-op for downtown shoppers
- A range of favorites for those who shop elsewhere

## Everyday Personal and Household Needs

Those who said “Downtown” buy their everyday personal and household needs downtown because:

- Get pharmacy items at Mayo Clinic
- Get personal, household items at People’s Food Co-op

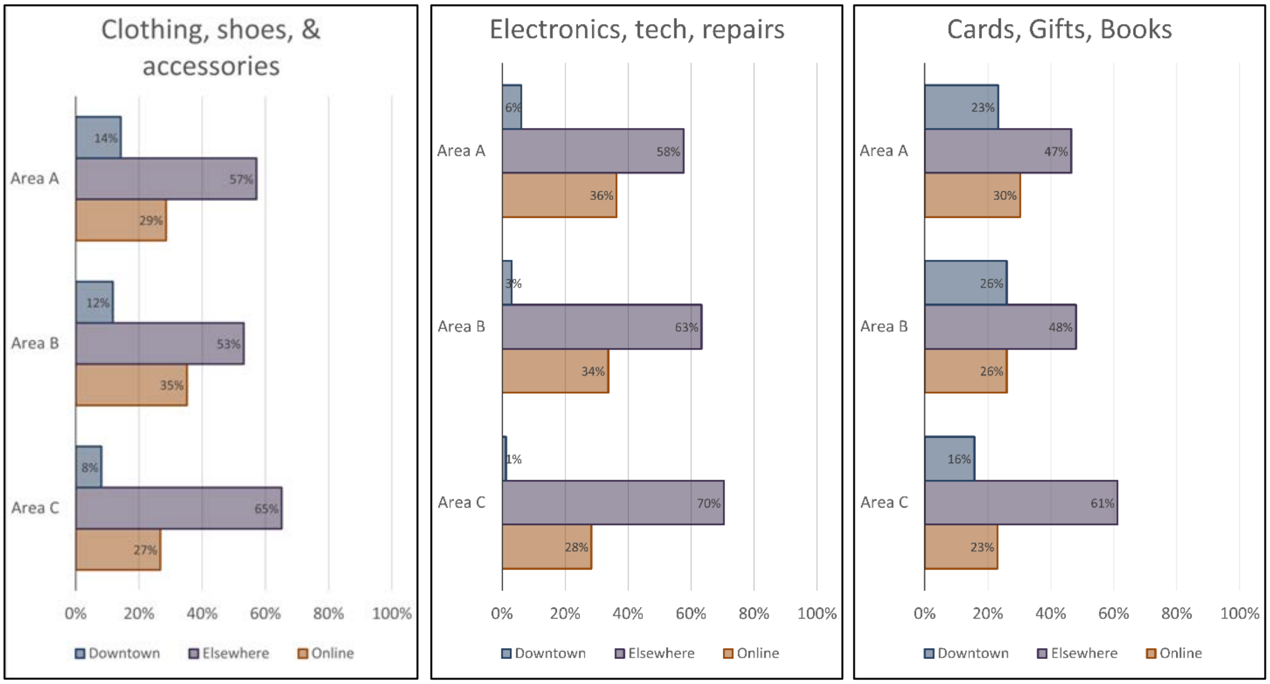
Those who said “Elsewhere” buy their everyday personal and household needs elsewhere because:

- Lower prices, greater options
- Near home
- Easy to park
- Lack of options downtown

Favorite stores or brands:

- Target, Walmart, Hyvee, Walgreens

**Figures 27, 28, 29. Shopper Preferred Locations for Purchase of Selected Goods**




Source: Downtown Rochester Consumer Survey

**Clothing, Shoes and Accessories**

Those who said "Downtown" buy clothing, shoes and accessories downtown because:

- Quality and customer service
- Prefer smaller stores
- The few options downtown are still good ones

Those who said "Elsewhere", buy clothing, shoes and accessories elsewhere because:

- Better prices, selection
- Stores are open later
- Downtown options are lacking

Favorite stores or brands:

- Apache Mall stores
- Target, Walmart, Kohls, etc
- A wide variety of others

**Cards, Gifts, Books**

Those who said "Downtown" buy their cards, gifts and books downtown because:

- Near where I work
- Unique gift ideas
- Prefer walkable environments

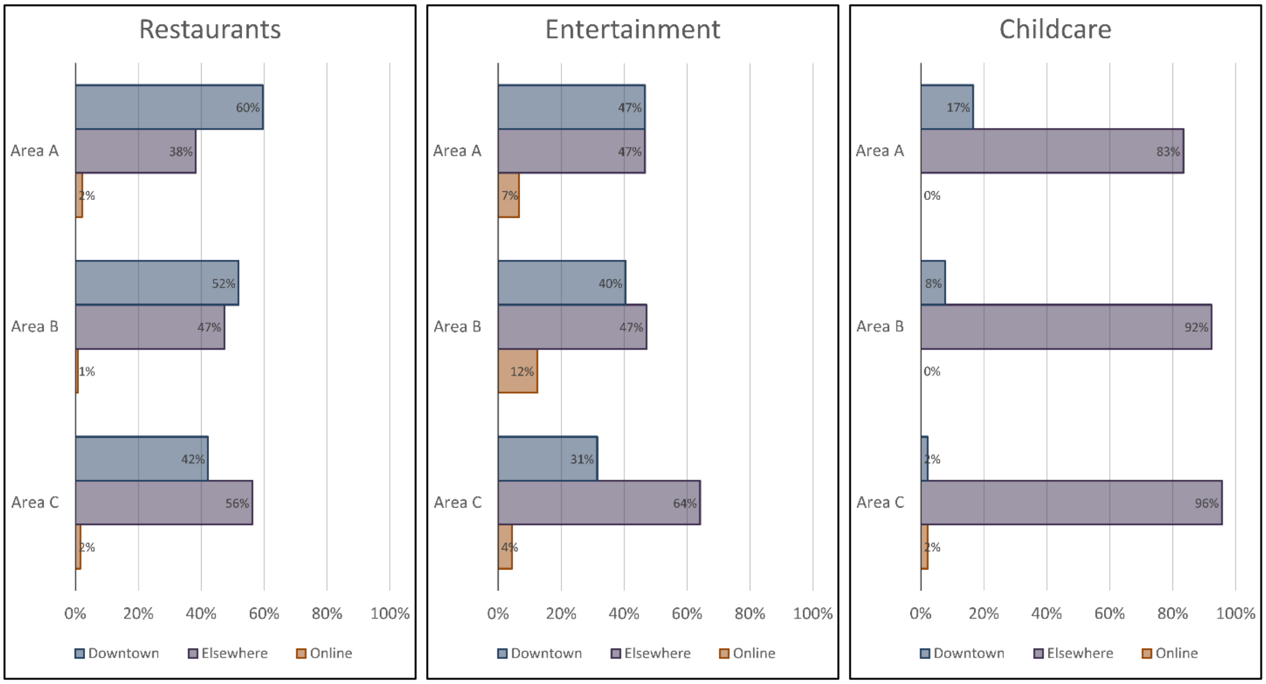
Those who said "Elsewhere" buy their cards, gifts and books elsewhere because:

- Better prices, more choices
- No bookstore downtown
- Parking

Favorite stores or brands:

- 99 Giggles, Tangerine
- Barnes and Noble
- Target, Mall, Hallmark Store

**Figures 30, 31, 32. Respondent Preferred Locations for Restaurants, Entertainment and Childcare**




Source: Downtown Rochester Consumer Survey

**Restaurants**

Those who said “Downtown” eat at downtown restaurants because:

- Love the variety
- Can walk to them
- Vegan options, ethnic cuisines
- Like to support local businesses
- The best restaurants are downtown

Those who said “Elsewhere”, eat at restaurants elsewhere because:

- Downtown is inconvenient
- Safety concerns
- Too expensive

Favorite stores or brands:

- Lots of downtown restaurants called out
- No recurring non-downtown restaurants

- **Entertainment**

Those who said “Downtown” find their entertainment downtown because:

- Range of choices
- Inexpensive or free
- Great atmosphere

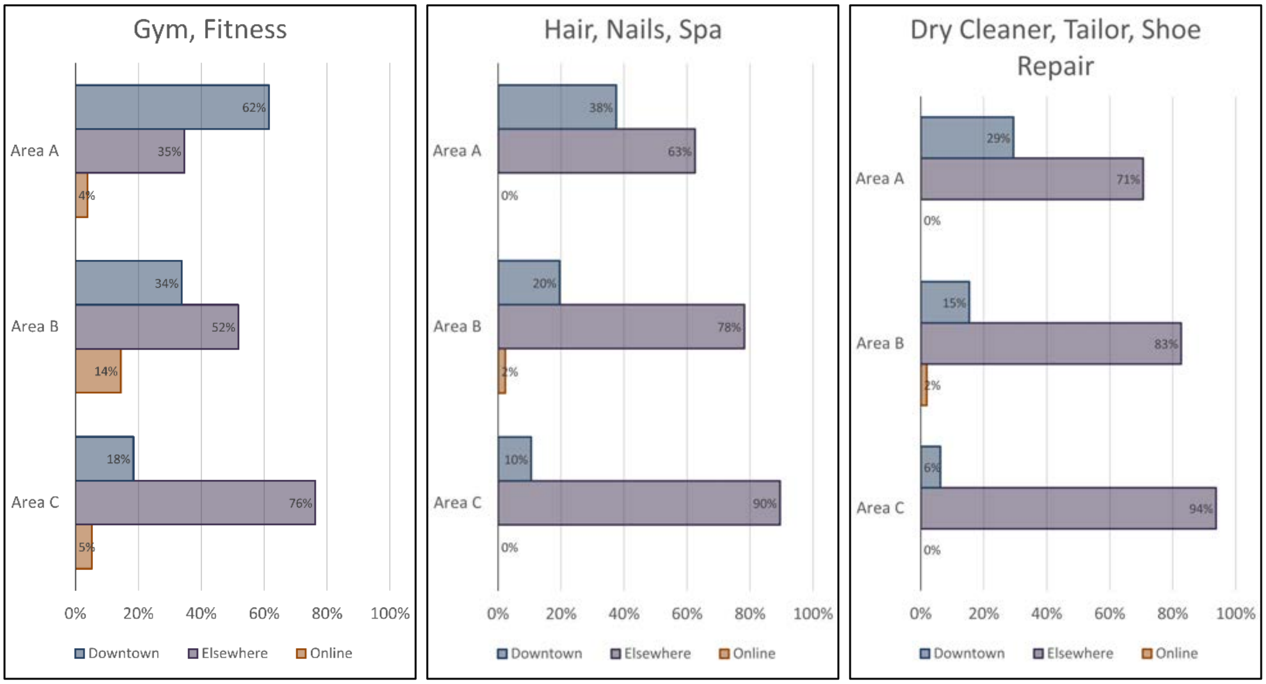
Those who said “Elsewhere” find their entertainment elsewhere because:

- There’s no entertainment downtown

Favorite stores or brands:

- Outside events
- Civic Theater
- Live music
- Minneapolis
- Movie Theaters
- [crickets… Most who chose “Elsewhere” didn’t offer a favorite.]

**Figures 33, 34, 35. Respondent Preferred Locations for Selected Services**




Source: Downtown Rochester Consumer Survey

**Gym, Fitness**

Those who said "Downtown" go to gyms and fitness locations downtown because:

- Options are convenient
- I'm a Mayo employee, so it makes sense

Those who said "Elsewhere" go to gyms and fitness locations elsewhere because:

- Lower price, more convenient/parking

Favorite stores or brands:

- DAHLC (Mayo facility)
- Rochester YMCA
- Pure Barre
- Planet Fitness
- 125 Live
- Rochester Athletic Club

- **Hair, Nails, Spa**

Those who said "Downtown" utilize hair, nails and spa services downtown because:

- Near where I live/work
- Downtown options feel more luxurious

Those who said "Elsewhere" utilize hair, nails and spa services elsewhere because:

- Convenience, near where I live

Favorite stores or brands:

- Nail Envy
- Kahler Barbershop
- Healing Touch

## Summary Observations

The greatest existing strength of downtown Rochester is its experience-oriented offerings. Over 50% of all survey respondents choose downtown restaurants over restaurants located elsewhere. Downtown entertainment gets similarly high scores from respondents. For many of them, the definition of entertainment goes beyond paid entertainment to encompass free outdoor downtown events.

The retail store categories that got the best reviews were cards, books and gifts, followed by groceries. In terms of services, a lot of survey respondents have found and enjoy fitness locations downtown, and a good number enjoy downtown hair, nails and spa services.

These strong business categories serve an important role in that they contribute to downtown Rochester's identity as a place to have experiences, and where one can find locally owned, unique businesses.

The most evident missing piece downtown is the relative absence of stores that provide goods that meet everyday personal and household needs for nearby residents. Stores such as CVS, Walgreens or small format Target would be embraced by and serve important needs for downtown residents. To have additional grocery options beyond the existing much-appreciated co-op would also expand the functionality of the downtown business district. Adding these businesses would move downtown in the direction of a "fifteen minute neighborhood," where most daily needs can be met in a fifteen minute walk.

# VI. Communication Approaches

One of the persistent areas of inquiry in interviews and focus groups was about how to reach downtown residents. Effective targeted communications is important for Rochester Downtown Alliance to promote its events, and for the downtown business community to attract customers to stores, service establishments, restaurants, and nightclubs.

## Reaching Downtown Residents

Downtown residents are multi-channel. Focus group participants noted over a dozen traditional and social media sources that they rely on for getting information about events, store openings, retail opportunities, etc. Many also emphasized that they are busy people, and don't have time or energy to seek out information beyond their few favorite channels. The following are themes that emerged from the focus group conversations.

- For happenings, the most comprehensive sources of information are Post Bulletin, and the RDA website. The RDA also offers a weekly e-newsletter.
- People look at the bulletin boards in their apartment buildings.
- Apartment building welcome packets, and Mayo Clinic new employee orientations are opportunities to provide people with downtown Rochester context information, and to link them with information outlets that will help them stay on top of downtown events and opportunities. A focus group participant said that if you don't catch people in their initial months in town, they get into their routines and it's harder to plug them into that information flow.
- Although many downtown residents work for Mayo, Mayo doesn't have a regular email bulletin about downtown Rochester events and opportunities. Given how important it is to Mayo to be able to recruit employees to Rochester, and for its existing staff to love Rochester, it might be to Mayo's advantage to become active partners in getting the word out about downtown events.
- Fostering liaison networks with apartment building managers could lead to more downtown-oriented material in welcome packets, more apartment building bulletin board postings, and more downtown information emails to downtown residents.

# VII. Downtown Vibrancy Strategies

Research interviews with downtown district managers in Lincoln, Nebraska, and the Fenway District in Boston, Massachusetts, allowed the exploration of a wide-ranging set of strategic topics for building the vibrancy of a downtown business district. They provided a window into how two other vibrant business districts are approaching the goal of building identity, activity, and business success.

## Boston's Fenway District

The Fenway District is in a dense urban area and activity center adjacent to Longwood Medical Center. Like in downtown Rochester, the real estate development mix has sizable elements of both office and multifamily residential—with a good supply of street level retail businesses.

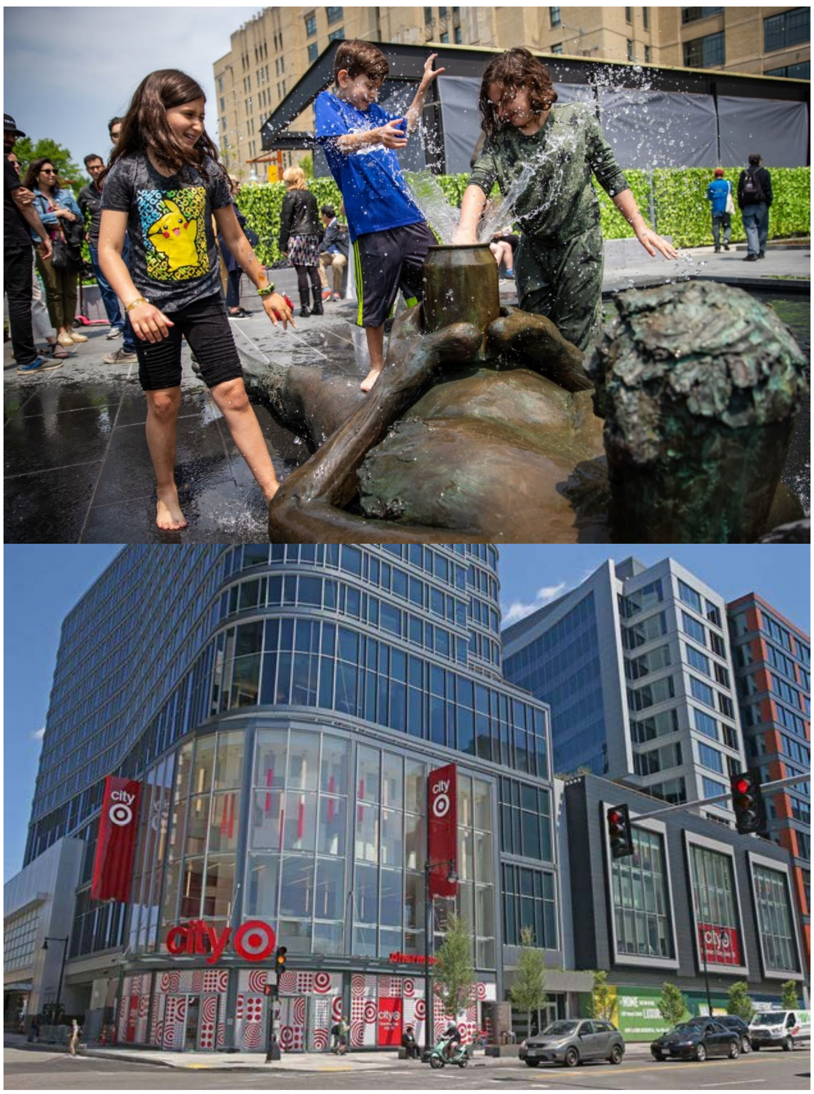



Photo Credit: Lane Turner, Boston Globe (top), David L. Ryan, Boston Globe (bottom)

Our interviewee was Sabrina Sandberg, who worked for Samuels and Associates (Samuels), a major property owner in the Fenway District. Samuels has major holdings in the Fenway district in office and apartment buildings. As an enlightened, self-interested property owner, they pursued a broad range of programmatic and development strategies to foster district vibrancy. Beyond its benefits to Fenway district residents, these improvements increased the desirability of Samuels-owned residential and office properties, and improved the bottom line of their business tenants. Ms. Sandberg was the creative and energetic manager of those district vibrancy efforts. She said in the interview, "We see our roles as community builders."

Sandberg talked about how active her firm has been in building out the business mix in their properties. She said Fenway should be a "fifteen minute neighborhood," where one can get all of one's daily living needs met, as well as participate in experiences and events. Samuels has prioritized attracting businesses that fill holes in the business mix through offering favorable lease terms and concessions. They've taken on the risk of fronting tenant improvements and buildouts. They've filled empty retail spaces with business popups and creative venues.

Samuels has developed not only rent-paying offices and housing, but public space as well. They developed a privately owned public park (401 Park) on a former surface parking lot with features that include a beer garden and skating rink. Samuels has an ongoing program for activating the park with yoga, music, and events.

Samuels also provides programming and tenant events in the offices and apartment buildings they own, for the benefit of their tenants. Music is played in office lobbies, for example. In all of its events and programming, Samuels works to give its business tenants priority in providing goods and services where possible.

Samuels puts significant effort into tenant communications, in order to get the word out about events, and increase attachment to the Fenway District. The tenant lease for its residential apartments includes a release that allows Samuels to send residents email bulletins advertising upcoming events. They advertise events on multiple social media channels. They survey their residential and business tenants regularly to learn what's working, what's not, and what they would like to see or take part in at Fenway.

## Downtown Lincoln

Lincoln's downtown business district is 80 blocks in area. It encompasses different character districts, such as Haymarket and the central business district. Major downtown employers are the State of Nebraska, and nearby University of Nebraska. Downtown Lincoln is currently experiencing a lot of new residential development.

Photo Credit: Downtown Lincoln Association

Katey Hulewicz, Economic Development Director of Downtown Lincoln Association (DLA), interviewed with us about Lincoln's downtown, and the activities of DLA.

DLA has 9 management staff, and 14 maintenance staff. It benefits from both commercial and residential properties paying into the Business Improvement District.

DLA provides welcome boxes for its new residents and its new businesses. Resident welcome boxes are stuffed with items from local businesses. Welcome packets for businesses provide them an introduction to the DLA and the downtown activities the DLA sponsors, and note opportunities for business owners to plug in and get engaged with district organizing and events.

DLA activates the district with a wide assortment of events, such as the downtown farmer's market and Right Up Your Alley. It puts on a Downtown 101 event for new students in the Fall, with downtown gift cards as an incentive to visit event booths.

Communications about events are multichannel, going out on social media, posters, event calendar, and monthly newsletters.

When asked what residential building managers appreciate the most about DLA, Hulewicz says the building managers appreciate the basic district maintenance activities that keep the district clean and safe.