



REPORT 1 OF 3:
COMPETITIVE EVALUATION

PROVO CITY
CITYWIDE ECONOMIC DEVELOPMENT STRATEGIC PLAN



October 25, 2012

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Introduction

Introduction

As the county seat and the largest city in Utah County, Provo has enjoyed many national rankings for job growth, best place to start a business, cost of doing business, most livable and best place to raise a family. There are many factors that contribute to these recognitions, such as Provo's highly educated population, large young professional population (ages 25-44), strong universities, outstanding quality of life, and an undeniable entrepreneurial spirit.

Historically, Provo has enjoyed a robust growth rate in population and commercial investment. However, in the past 10 years, Provo's population growth has slowed to 0.6% per year, a rate slower than the state and US averages. While population growth has been slowing, the commercial investment in Provo is at an all-time high. Between 2002 and 2012, employment grew at 2.6%, outpacing the state and the nation.

Although the number of businesses seeking building permits (an indicator of expansion and relocation activity) has been down in recent years, the size and value of project activity has been quite substantial. As an example, Provo has permitted close to three hundred million dollars in the last 18 months alone. Most of this has been in the downtown area and on or near the Brigham Young University campus. Much of this investment has been corporate, governmental and institutional.

Provo has been actively planning ahead to make sure the City continues to serve its residents and understand what continued job growth means to the dynamics of the community. Provo recently completed the Vision 2030 Strategic Visioning process. This was a board-based community effort to establish what Provo will look like in 20 years. A steering committee formed in January 2010, to study the important issues facing the city and define a visioning process. The steering committee created 13 subcommittees focused on various key aspects of Provo's future. Subcommittees studied specific issue areas and recommended vision statements defining how Provo should tackle the issues over the coming years. Economic development was one of those issue areas.

This is a *Citywide Economic Development Strategic Plan*, and the foundation for planning Provo's future begins in this Report, the *Competitive Evaluation*. Here, we understand the city's current competitive position. In this report, we analyze population demographics, industry growth trends, infrastructure assets, talent availability, education resources, and quality of life factors. We layer on top of those statistics input from more than 350 Provo residents to get a full snapshot of today's Provo. This base of understanding will help determine which industry clusters Provo should target in future economic development. It will also inform the recommended course of action contained in the *Target Industry Strategies*, whose goal is to ensure Provo's long-term economic prosperity by creating target industry jobs, encouraging quality business investment, and ultimately enhancing the city's quality of life for all residents.

About the Economic Development Strategic Plan

Three reports will comprise Provo City's Citywide Economic Development Strategic Plan:

REPORT 1: Competitive Evaluation

In this phase of the project, the consulting team begins a thorough evaluation of the City of Provo, conducting stakeholder input sessions, examining past reports, conducting a mock site selection tour, and preparing the first report, *Competitive Evaluation*. This report includes a detailed economic and demographic analysis of the city and region; a retail market analysis and leakage study; and an executive summary assessing overall competitiveness in a SWOT format. See below for a more detailed description of this report.

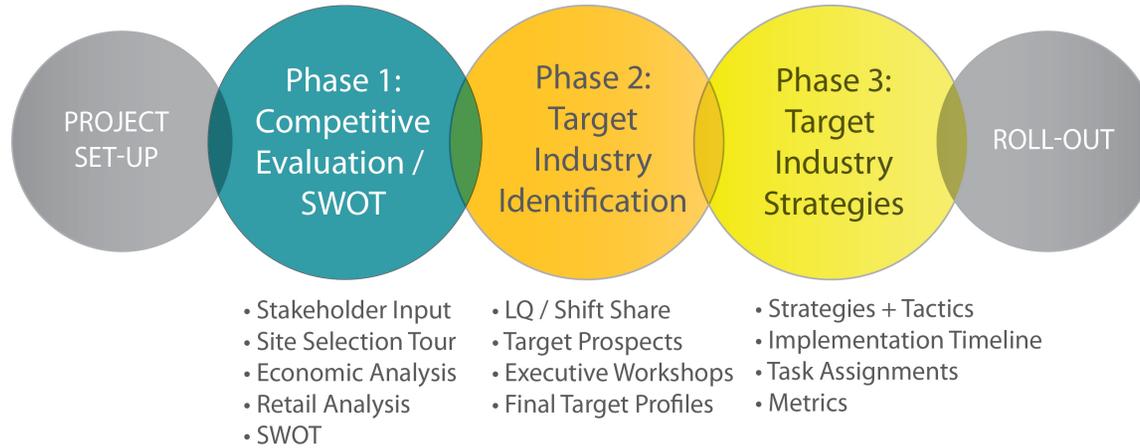
REPORT 2: Target Industry Identification

During Phase 2, the consulting team will identify target industries for future economic development activities in Provo. This phase will include a study of state, national, and global industry trends and how they relate to Provo and regional economic assets. A series of analytical tools, such as cluster and shift-share analyses, will be utilized to understand opportunities within Provo's industry base as well as emerging sectors that could expand in the future. The consulting team will also engage area businesses in candid discussions about opportunities in their respective clusters. The consulting team will provide a clear list of industry audiences targeted for growth, including detailed profiles of these industry sectors, highlighting location requirements and local assets that will support their growth.

REPORT 3: Target Industry Strategies

The final phase includes the creation of a *Target Industry Strategies* report detailing recommendations for Provo. Recommendations will address three critical elements of Provo's future economic development initiatives: improving the city's assets for expanding and attracting the target industry; engaging in internal and external marketing to unify local voices and communicate Provo's value to target industry executives and site selections; and a tactical implementation plan that contains an implementation schedule, metrics, budget, and recommendations for coordinating with local, regional, and statewide stakeholders.

Provo City: Citywide Economic Development Strategic Planning Process



About this Report

This report, *Competitive Evaluation*, brings together data, interviews, and assessments to evaluate Provo's overall economic competitiveness, setting the stage for identification of target industries based on regional strengths and aspirations in Phase 2:

- **Section One: Competitive Summary.** The first section summarizes the findings of this assessment in a SWOT-style inventory of strengths and weaknesses and overall competitiveness. The summary specifically focuses on the aspects of Provo that are most important to economic development objectives.
- **Section Two: Stakeholder Input.** This section summarizes the results of the community survey and stakeholder input sessions. Stakeholder input helps the project team better understand perspectives of the community and develop a vision for future economic development efforts.
- **Section Two: Economic and Demographic Assessment.** The third section of this report examines trends in Provo and the surrounding region in employment, population, income, and industry. The consulting team focuses on long-term performance trends (e.g. how well the region is doing compared to previous years) and comparisons to Orem, Salt Lake City, and the US (e.g. whether the city is advancing or falling behind the state). Examination of Provo's place within the overall metro helps distinguish unique assets within the city and position relative to surrounding communities, particularly with regards to retail.
- **Section Three: Retail Market Analysis and Leakage Study.** The Retail Market Analysis examines Provo's retail sector, contrasting purchasing habits by local residents with the actual sales of products in Provo. This analysis also describes how local assets relate to broader national and industry trends and new opportunities within the region. The final result will be an estimate of the loss/leakage of sales from Provo. This analysis helps understand both Provo's overall competitiveness and avenues for developing the retail sector.

This report is the culmination of multiple sources of input and research, including focus group interviews, input from the Steering Committee and Board, the consulting team's review of recent studies, and extensive analysis of data.

SECTION ONE:

Competitive Summary

The first section summarizes the findings of this assessment in a SWOT-style inventory of strengths and weaknesses and overall competitiveness. The summary specifically focuses on the aspects of Provo that are most important to economic development objectives.

Competitive Evaluation

Strengths, Challenges, Opportunities, and Threats

A SWOT assessment is a simple method of examining a community's competitive position. The SWOT assessment examines Provo's overall competitiveness through five distinct lenses that are considered when businesses consider Provo as a location for expansion or relocation:

Business & Industry

Does Provo have a healthy business climate, solid supply chain, and growing industry cluster suitable for growing my business?

Entrepreneurship & Innovation

Is Provo a place that encourages entrepreneurship and innovation?

Infrastructure

Does Provo provide the utility infrastructure, telecommunications, real estate, and transportation connections that my business needs to operate?

Quality of Life

Does Provo have a lifestyle that is good for my family and will help me attract talented employees to my business?

Workforce & Education

Does Provo offer a pool of talent and educational assets that will benefit my business and my family?

The following pages summarize Provo's competitive advantages and challenges within each of those topics. The findings represent the culmination of quantitative research, public input, and the consulting team's expertise. The following sections of this report share the background research that formed this SWOT – the public input, resident survey results, and economic analysis.

Later in this strategic planning process, this SWOT will serve as a foundation for selecting Provo's target industries (Report 2), identifying community investments that will improve Provo's competitiveness for those industries (Report 3), and crafting marketing messages that clearly state why Provo is a strong destination for business (Report 3).

Business & Industry

Provo, Utah

Strengths

- Rapid job growth outpacing Salt Lake City and the US
- Significant growth in Professional and Business Services
- Low cost of doing business
- Numerous home-grown business success stories
- Presence of international corporations
- Business friendly city leadership and positive impressions of city government by residents and businesses
- Smart city programs, such as one-stop business registration that make it easier to do business
- Effective city incentives policies

Challenges

- No history of strategic economic development
- Limited integration of regional economic development strategies and partnerships
- Loss of retail to neighboring Orem
- Shortage of available Class A office space
- Perception that market is too small to support speculative industrial development
- Access to capital for start-ups and second-tier businesses
- Ensuring future economic development balances recruitment, expansion, and entrepreneurship/startups

Opportunities

- Adopting this economic development strategy and aligning community investments, educational programming, and marketing activities around Provo's target industries
- Cooperating with neighboring cities to form a regional economic development initiative
- Raising awareness of Provo's assets and business friendly environment
- Continuing collaboration between BYU and local businesses on internships, tech transfer, startups
- Developing a state of the art R&D park
- Aligning City incentives with target industry needs

Threats

- Shortage of available office and industrial real estate forces prospects to bypass Provo
- Non-regional approach to economic development strains resources and limits potential
- Lack of capital and startup space pushes entrepreneurs out of Provo

Entrepreneurship & Innovation

Provo, Utah

Strengths

- Optimistic, can-do attitude
- Brigham Young University's academic programming and technology licensing encourages entrepreneurship
- Utah Valley University's increasing focus on technology and entrepreneurship education
- SBDC at UVU
- Highly educated, young population
- History of high tech industry startup success
- Scenic setting, outdoor amenities, family friendly culture and other quality of life assets appeal to talent

Challenges

- Access to capital for startups and second tier businesses
- Shortage of space for startup businesses, including offices and laboratories
- Limited retention of spinoffs from BYU
- Incubator is in neighboring Orem
- Frugal culture makes it difficult for home-grown businesses serving the local market to succeed
- Wealth generated through acquisitions of local companies by major international corporations is not recirculating back to Provo entrepreneurs

Opportunities

- Embracing entrepreneurship as an economic development priority
- Harvesting spin off technologies from BYU
- Establishing a state of the art R&D park
- Better promoting Mountain Vista business park and ex-Novell buildings
- Investing in office and laboratory space suitable for startup businesses next to BYU or in downtown Provo
- Improving access to capital, including VC firms, angel investment groups, and crowd funding campaigns
- Coordinating BYU and UVU tech transfer processes
- Increasing youth entrepreneurship experiences
- Engaging successful entrepreneurs in mentoring startups

Threats

- Not prioritizing entrepreneurship in economic development results in significant missed opportunities to create jobs
- Lack of startup space and resources forces new companies to move elsewhere
- Labor shortage in fields critical to entrepreneurship - such as high tech, design, engineering, bio, and business management - pushes out local startups as they expand operations
- Perception that software corridor extends north from SLC to Ogden, not toward Provo

Infrastructure

Provo, Utah

Strengths

- Geographic proximity to Salt Lake City
- Access to SLC International Airport and direct connections to major US and foreign markets
- Interstate frontage
- Provo Airport
- FrontRunner South
- Main Street improvements in downtown Provo
- Draper Lane expansion will enable more retail growth near the interstate
- Mountain Vista business park

Opportunities

- Developing properties on the west side of Provo
- Creating a Transportation Oriented Development around the FrontRunner South station
- Developing a state of the art research park
- Enhancing the Center Street entrance to downtown as well as other major gateways
- Ensuring all residents have access to technology infrastructure and safe and secure Internet access
- Promoting Provo Airport as a convenient alternative to SLC and expanding flights
- Emerging trend to open small offices in downtown

Challenges

- Shortage of available Class A office space
- Perception that market is too small to support speculative industrial development
- Need for some façade improvements in downtown Provo
- Increasing traffic
- Traffic congestion and long-term construction projects on the I-15 corridor
- Cost of electricity prohibitive for certain uses
- Roadways into the center of the city are limited

Threats

- Lack of master plans for key areas of the City leads to disjointed development and underutilization of sites
- Not investing in pedestrian-friendly infrastructure and public transit will result in worsening traffic congestion
- Shortage of office and industrial real estate forces prospects to bypass Provo
- Unsecured long-term water supply and waste risks the City's economic development potential

Quality of Life

Provo, Utah

Strengths

- Scenic natural environment, outdoor recreation, parks, and proximity to ski resorts
- Visible emphasis on fitness and wellness
- Strong focus on family, church, and community service
- Presence of a world-class university in downtown Provo
- Presence of large national retailers, restaurants, and hotels within the Provo-Orem area
- Large number of events for local and tourists, such as Rooftop Concert Series and FreedomFest
- New convention center downtown and UVU culinary branch to serve growing tourism

Challenges

- Appearance of downtown Provo needs improvement
- Relatively low concentrations of retail employment in most sectors and leakage in areas such as clothing, furniture, office supplies, and general merchandise
- Lack of daytime foot traffic in downtown Provo despite presence of large employers and student population

Opportunities

- Re-energizing downtown Provo around the restored historic temple
- Continuing to implement Vision 2030
- Involving developers in the creation of retail / mixed use properties in downtown Provo and the 4800 North & University Avenue market
- Encouraging neighborhood interconnectivity and pedestrian friendly environments
- Creating master plans for targeted areas of the City
- Encouraging environmentally sustainable development
- Ensuring healthcare and wellness services are accessible to all residents

Threats

- Lower household incomes and large college student population deters some retailers from locating in Provo
- Perception that non-traditional newcomers relocating to Provo won't fit in
- Continued trend toward big box retail and online shopping will further hinder Provo's ability to boost retail downtown

Workforce & Education

Provo, Utah

Strengths

- Highly educated overall population
- Large and well-educated young professional population
- Brigham Young University
- Utah Valley University
- Relatively low unemployment rate (In June 2012, 5.9% in Provo vs. 8.1% US)
- 38-46% of Utah Co residents are multilingual
- Culturally experienced residents - 62% have spent 1+ years living outside of the US
- Optimistic, self reliant attitude
- 60,000 college students

Opportunities

- Increasing retention of students graduating from BYU
- Recruiting BYU alumni back to Provo
- Continuing to align college degree programs with target industry and local employer needs
- Widely promoting the presence and success of science and technology degree programs, such as digital media
- Strengthening Provo public schools
- Expanding trade skills education opportunities
- Strengthening collaboration between employers / educators to build world-class internship programs
- Selecting target industries that offer positions at all stages of the career ladder

Challenges

- Low wages relative to the US and Salt Lake City
- Perception that non-LDS individuals moving to Provo will have difficulty fitting in
- Relatively low unemployment rate signals a tight labor market to employers
- Shortage of downtown amenities for young professionals

Threats

- Locally lower wages threatens the ability to retain and attract college graduates
- A labor shortage intensifies, especially in technology and engineering fields, without increased supply, affecting companies' ability to expand and locate in Provo

SECTION TWO:

Stakeholder Input

This section summarizes the results of the community survey and stakeholder input sessions. Stakeholder input helps the project team better understand perspectives of the community and develop a vision for future economic development efforts.

Stakeholder Input

Economic development requires the participation of an entire community. To be effective, an economic development strategy must align vision, policies, and efforts between government, educators, employers, and the citizens of a community. Part of developing this alignment includes soliciting stakeholder input across a community. This input reveals a side of a community's economic development story that is often not outwardly visible from analyzing data.

Stakeholder input for this analysis has included in-person interviews, focus groups, and community tours. More than 50 people have shared their ideas with the consulting team in person or during phone interviews. A 23-member Steering Committee has been assembled to help guide the process and meet with the consulting team during their visits to Provo to provide feedback and offer strategic advice. In addition, a survey of 301 Provo residents was conducted from July 2012 through August 2012. The survey results are shared in this report and lend strong insight into the community's desires and challenges.

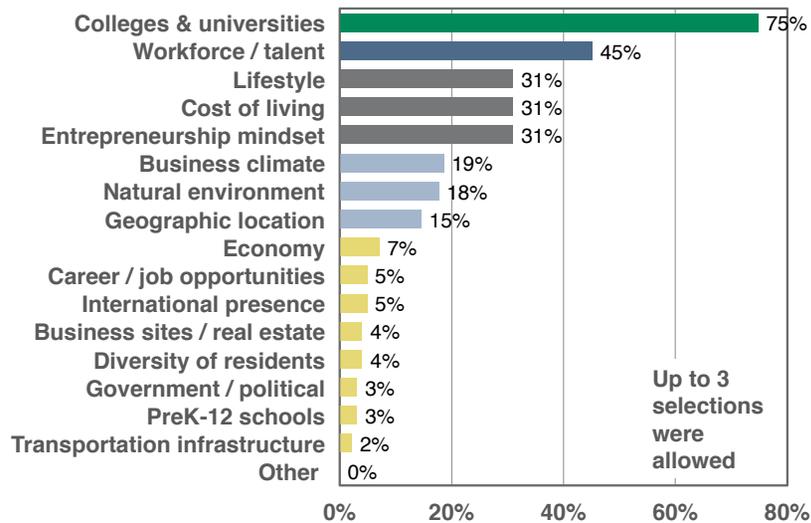
The Competitive Analysis presented in the previous section of this report includes input from stakeholder focus groups and interviews. In the following pages, we present a summary of the resident survey results. Stakeholder input will continue to be received as the process progresses.

Survey Highlights

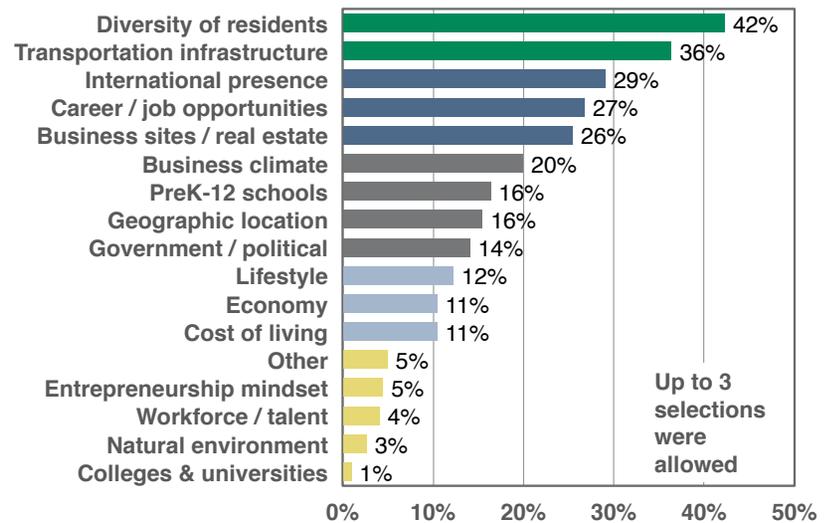
The following pages contain highlights from the survey findings. The complete set of survey results is available in the Appendix of this report.

- Respondents cited Provo’s top competitive strengths as (1) colleges & universities, (2) workforce/talent, (3) lifestyle, (4) cost of living, and (5) entrepreneurship mindset.
- Respondents cited Provo’s top competitive weaknesses as (1) diversity of residents, (2) transportation infrastructure, (3) international presence, (4) career/job opportunities, and (5) business sites/real estate.

Rate Provo’s top three competitive strengths

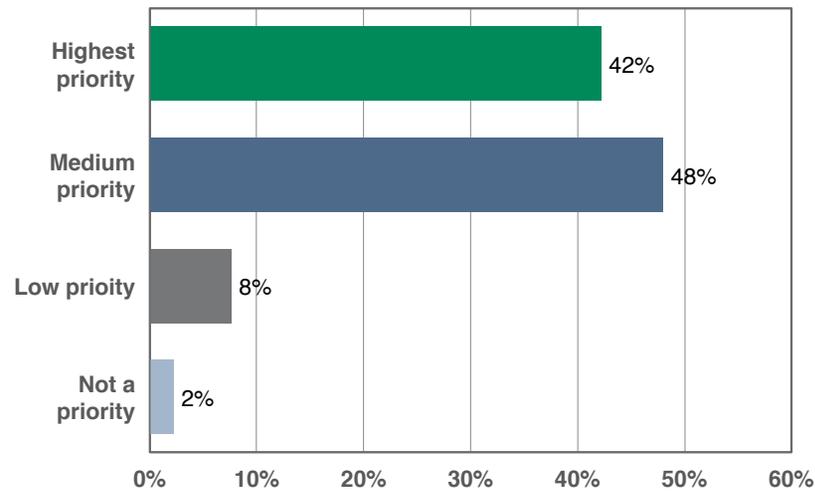


Rate Provo’s top three competitive weaknesses.

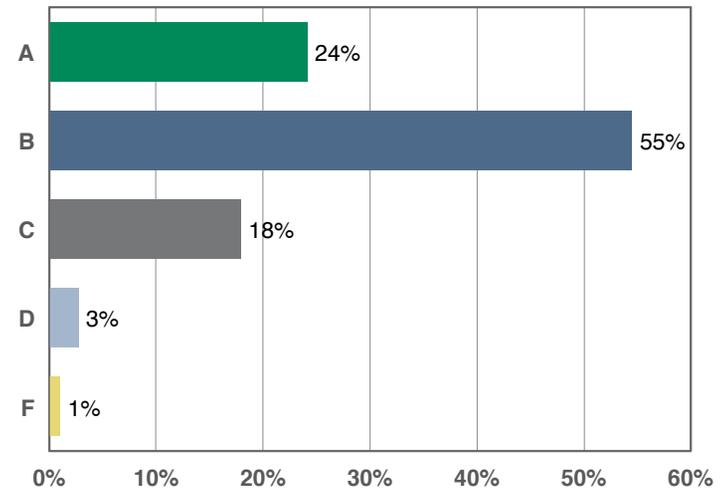


- 90% of survey respondents rated economic development and job creation as a medium or high priority for Provo.
- The average score survey respondents gave Provo’s economic performance over the past five years relative to the nation was a “B.” Nearly 80% of respondents graded Provo’s performance as either an “A” or “B.”

How do you rate economic development and job creation as a priority for Provo?

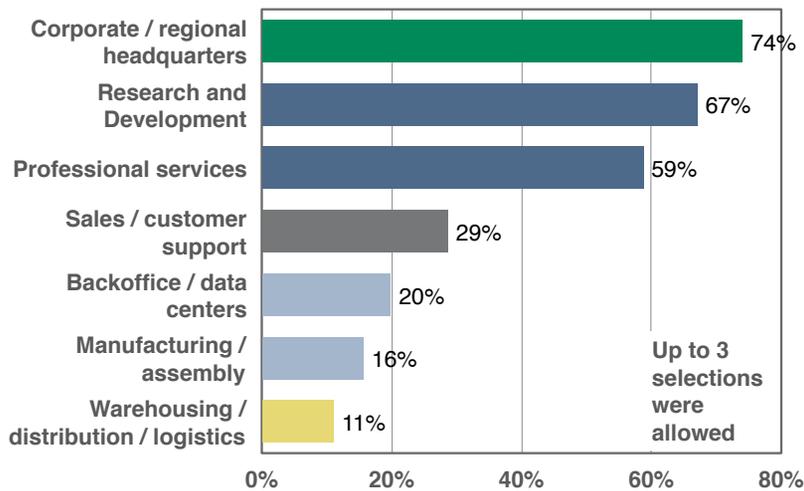


Compared to the nation, how would you grade Provo’s economic performance over the past five years?

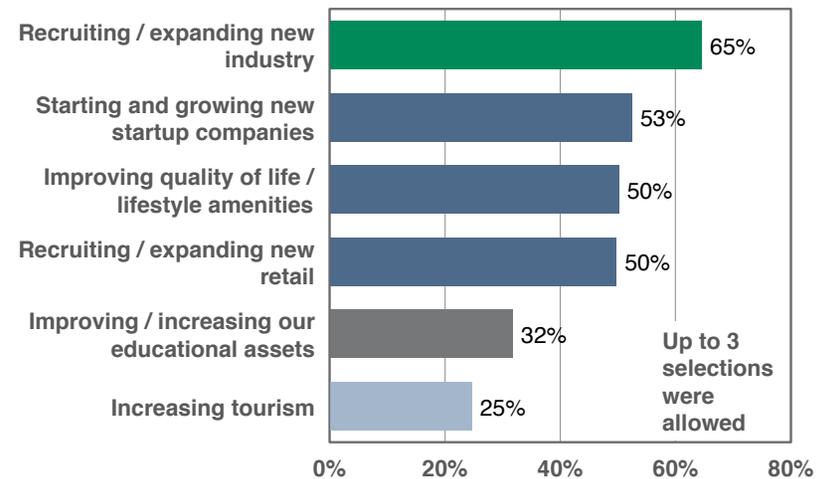


- On the whole, Provo residents are most interested in clean, high wage businesses that typically operate in Class A office and/or high tech space. The overwhelming majority of respondents cited corporate/regional headquarters, research and development, and professional services as the most desirable types of business operations for Provo.
- A majority of survey respondents indicated that successful economic development in Provo means recruiting and expanding new industry. Entrepreneurship (starting and growing new companies) ranked second.

What types of business operations are the most desirable for Provo?

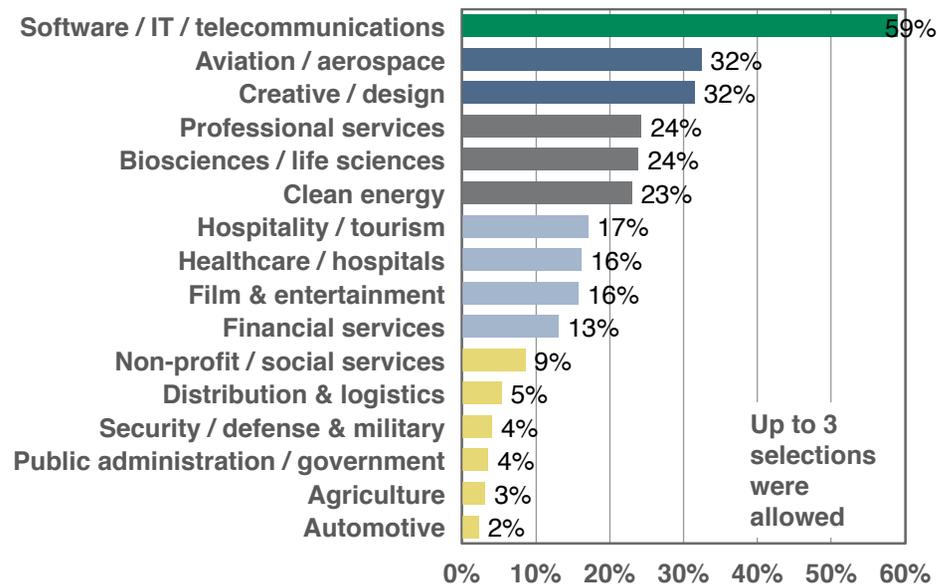


Successful economic development in Provo means:



- A majority of survey respondents indicated that software/IT/telecommunications is the most desirable industry cluster for future Provo economic development, followed by aviation/aerospace and creative/design.
- These findings will be taken into consideration in Report 2, the second phase of this strategic planning process, which will identify and profile Provo’s economic development target industries.

What industry clusters are the most desirable targets for future Provo economic development?



SECTION THREE:

Economic and Demographic Assessment

The third section of this report examines trends in Provo and the surrounding region in employment, population, income, and industry. The consulting team focuses on long-term performance trends (e.g. how well the region is doing compared to previous years) and comparisons to Orem, Salt Lake City, and the US (e.g. whether the city is advancing or falling behind the state). Examination of Provo's place within the overall metro helps distinguish unique assets within the city and position relative to surrounding communities, particularly with regards to retail.

Population Trends

PROVO, UTAH

Population Statistics

Provo, Utah

Population, 2012:	118,000
Net New Residents, '02-'12:	7,200
Pop. Growth, '02-'12:	0.6%
New Residents, '11-'12:	700
Pop. Growth, '11-'12:	0.6%

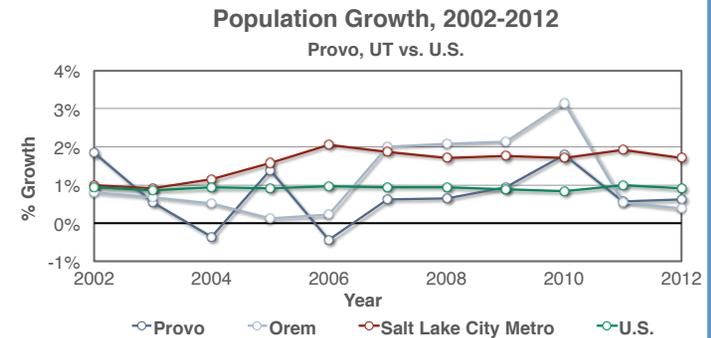
Orem, Utah

Population, 2012:	94,800
Net New Residents, '02-'12:	10,500
Pop. Growth, '02-'12:	1.2%
New Residents, '11-'12:	360
Pop. Growth, '11-'12:	0.4%

Salt Lake City Metro

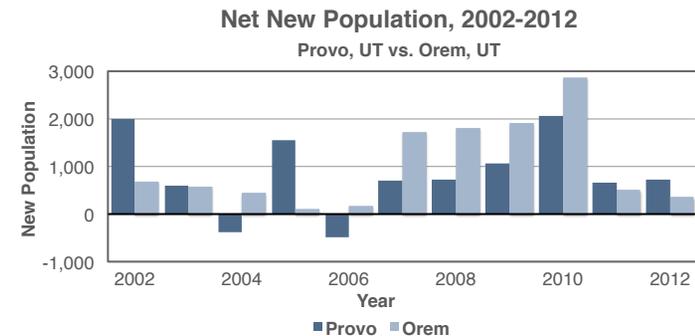
Population, 2012:	1,170,000
Net New Residents, '02-'12:	176,000
Pop. Growth, '02-'12:	1.6%
New Residents, '11-'12:	19,700
Pop. Growth, '11-'12:	1.7%

% Growth Rate: Over the past 10 years, Provo's population has grown at an average annual rate of 0.6%, slower than the US (0.9%), Orem (1.2%), and Salt Lake City Metro (1.6%). Provo's population outpaced the US only two of the last 10 years.



Net New Residents: Since 2002, Provo has added 7,200 new residents, only losing residents in 2004 and 2006.

During this same period, Orem, which has a smaller total population, added 10,500 new residents.



Demographics

PROVO, UTAH

Demographic Statistics, 2002-2012

Provo, Utah

Young Professional Pop.:	28,900
% Young Professionals:	25%
% Growth Young Prof.:	19%
Under 24 Population:	68,600
% of Pop. Under 24:	58%
% Growth Under 24:	-3%

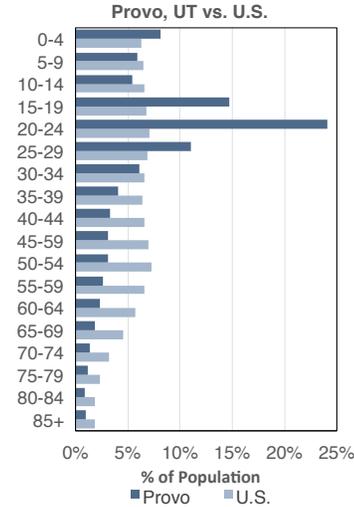
The map on the following page shows median age for the Greater Provo Region.

Age Distribution and Growth:

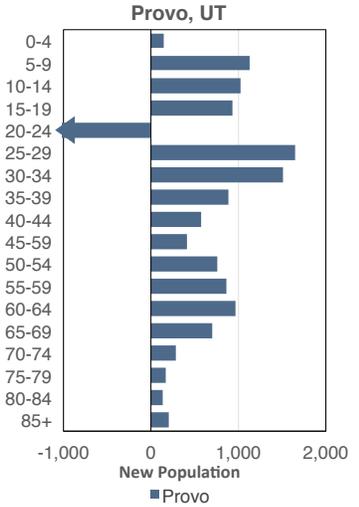
Provo has a younger population than Orem, Salt Lake City, and the US, due to the presence of BYU. 58% of residents are under 25 years old, compared to 47% in Orem and 33% in the US.

College-age students (20-24 years old), the largest age group, declined the past decade, losing 5,100 residents.

Age Distribution, 2012

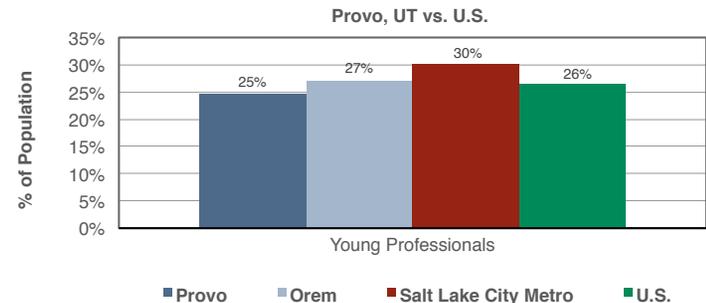


New Population, 2002-2012



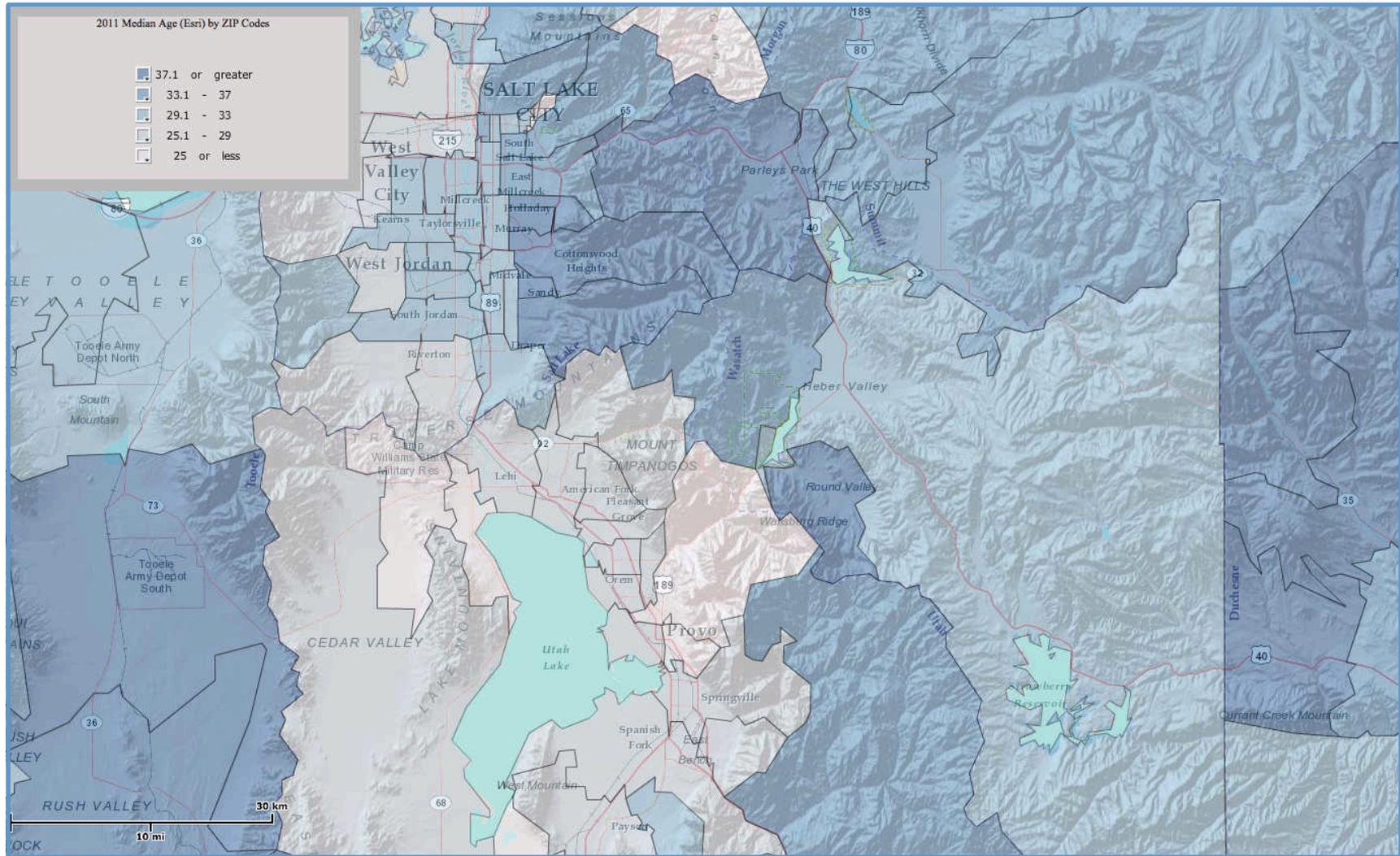
Young Professionals: Young Professionals, residents aged 25 to 45 years, are considered an important demographic indicator of growing economies. Young Professionals are the fastest growing age group in Provo, growing 19% over the same period, as the rest of the population grew only 2%.

Young Professional Population (Aged 25-45), 2012



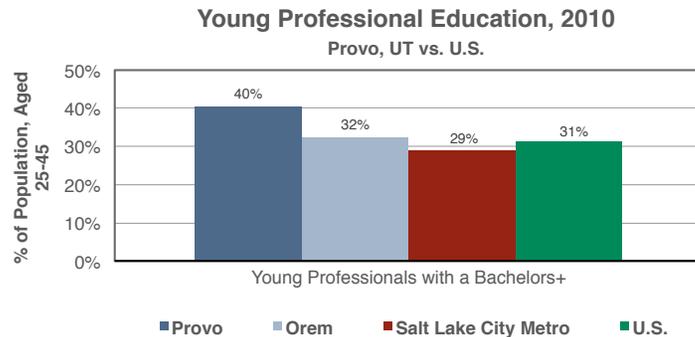
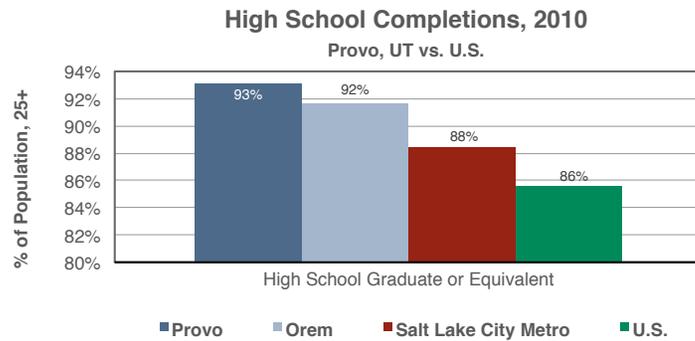
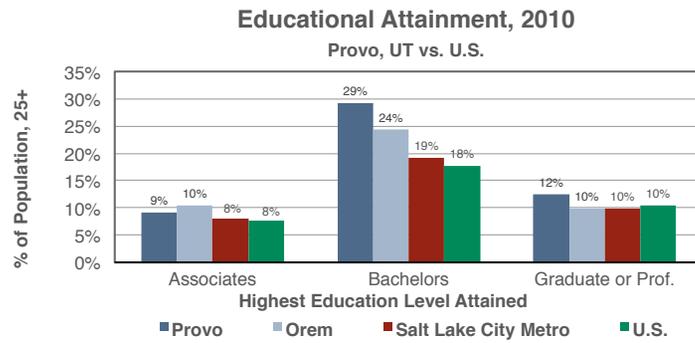
Median Age, 2011 Map – Greater Provo Region

PROVO, UTAH



Educational Attainment

PROVO, UTAH



Educational Attainment Statistics, 2010

Provo, Utah

% of Adults with a High School Degree:	93%
% of Adults with a Bachelors Degree or Higher:	42%
% Young Professionals with a Bachelors or Higher:	40%

Educational Attainment: Provo is a well-educated community. 42% of adults (25 years and older) have a bachelors degree or higher, well above the US average of 28%. Provo adults also have high levels of secondary education, with 93% having completed high school and 9% holding Associate’s degrees, compared to 86% and 8% respectively in the US.

Young Profession Education: Provo’s Young Professionals (residents aged 25-45 years) are as well educated as the overall population. 40% of Young Professionals have a bachelors degree or higher, compared to only 32% in Orem and 31% in the US.

Educational Institutions

PROVO, UTAH

Educational Institutions: Provo and Orem are home to a diverse collection of post-secondary educational institutions, offering a range of degrees by level and major. Brigham Young University is the most significant educational asset in Provo, awarding over 8,000 degrees in 2010, roughly one-third of all degrees awarded the county. Utah Valley University is the second largest institution in the region, offering a diversity of Associates and Bachelors degrees.

Other smaller institutions include Provo College, Stevens-Henager College of Business-Provo, Utah Career College-Orem Campus, and Careers Unlimited. Additionally, Rocky Mountain University of Health Professions offers post-professional graduate degrees in healthcare fields.

The largest major degree areas awarded in the region were Liberal / Multicultural Studies (2,100 degrees); Business, Finance, Economics (2,000 degrees); and Engineering (1,500 degrees).

Provo, Utah Major Degrees Awarded by Institution, 2010

Cluster	Brigham Young University		Provo College	Utah Valley University			Total
	Bachelors	Masters	Associates	Associates	Bachelors	Masters	
AG Agriculture	107	12	-	-	-	-	119
BZ Business, Finance, Economics	998	376	23	88	541	-	2,026
CD Creative Arts and Design	367	36	25	43	84	-	555
CO Construction	103	2	-	81	1	-	187
ED Education	604	108	-	32	247	11	1,002
EN Engineering	1,217	145	-	76	77	-	1,515
FC Family Development	762	43	-	5	70	-	880
GO Government, Social Work, Criminology	392	142	10	80	113	-	737
HE Health Care	673	85	75	164	287	-	1,284
LE Legal	-	149	-	10	16	-	175
MA Mathematics	50	22	-	6	6	-	84
MC Media and Communications	495	46	-	20	136	-	697
ME Mechanics and Machine Repair	-	-	-	30	-	-	30
MM Liberal / Multicultural Studies	924	47	-	986	97	-	2,054
PS Personal Services / Hospitality	-	-	-	19	21	-	40
SF Software and Computer Sciences	206	72	-	19	100	-	397
TR Transportation Professionals	32	-	-	30	184	-	246
Total	6,930	1,285	133	1,689	1,980	11	12,028

Source: Avalanche Consulting, IPEDS

Degrees Conferred

PROVO, UTAH

Degree Concentrations: Total degrees conferred measures the direct output of workers, but the relative concentration of degrees gives indicates the specialization of programs at an institution and in a region. The concentration quotients below measure the number of major degrees awarded out of the total relative to the national ratio of major degrees awarded. A concentration quotient of 1 indicates a concentration on par with the national average, with values less than 1 indicating lower concentrations and above 1 indicating higher.

Provo has the highest degree concentrations in Transportation Professionals (CQ of 5.8); Family Development (CQ of 2.9); and Construction (CQ of 5.2).

Major degrees that are also higher than the national average include: Creative Arts & Design (CQ of 1.2); Engineering (CQ of 1.3); Media & Communications (CQ of 1.1); Liberal / Multicultural Studies (CQ of 1.1); and Software & Computer Sciences (CQ of 1.1).

**Provo, Utah
Major Degree Concentrations, 2010**

Cluster	Brigham Young University		Provo College	Utah Valley University			Total
	Bachelors	Masters	Associates	Associates	Bachelors	Masters	
AG Agriculture	0.9	1.1	-	-	-	-	0.8
BZ Business, Finance, Economics	0.7	1.4	1.4	0.4	1.2	-	0.9
CD Creative Arts and Design	1.0	1.4	8.3	1.1	0.8	-	1.2
CO Construction	10.7	6.4	-	5.4	0.4	-	5.2
ED Education	1.4	0.4	-	0.9	2.0	4.3	0.9
EN Engineering	1.5	1.3	-	0.7	0.3	-	1.3
FC Family Development	3.1	2.7	-	0.2	1.0	-	2.9
GO Government, Social Work, Criminology	0.6	1.8	1.5	0.9	0.6	-	0.8
HE Health Care	0.7	0.4	2.6	0.4	1.1	-	0.6
LE Legal	-	2.0	-	0.5	3.5	-	0.8
MA Mathematics	0.7	2.1	-	3.0	0.3	-	0.9
MC Media and Communications	0.9	1.2	-	1.0	0.8	-	1.1
ME Mechanics and Machine Repair	-	-	-	0.7	-	-	0.4
MM Liberal / Multicultural Studies	1.1	0.7	-	1.7	0.4	-	1.1
PS Personal Services / Hospitality	-	-	-	0.5	1.5	-	0.3
SF Software and Computer Sciences	1.1	2.0	-	0.3	1.8	-	1.1
TR Transportation Professionals	1.1	-	-	4.2	23.0	-	5.8

Source: Avalanche Consulting, IPEDS

Wealth

PROVO, UTAH

Wealth Statistics, 2005-2010

Provo, Utah

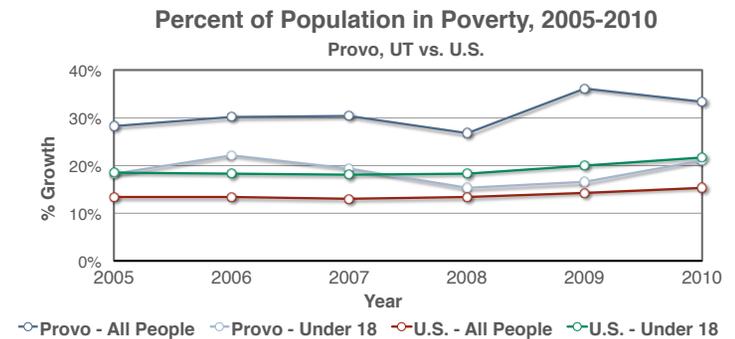
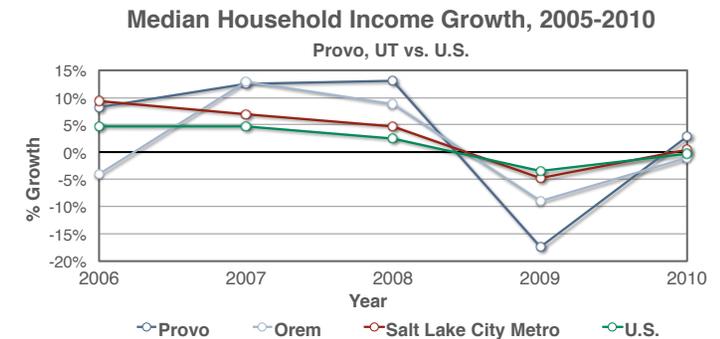
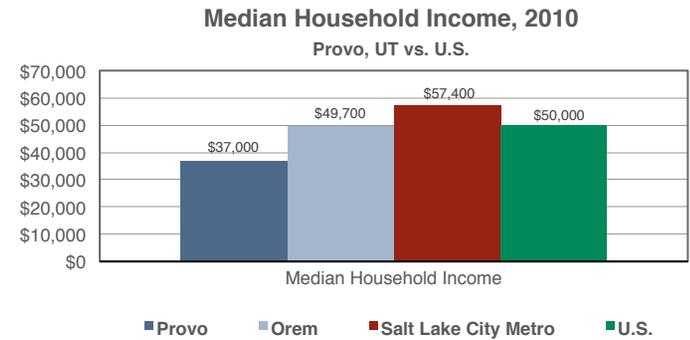
Median Household Income:	\$37,000
Median Household Income Growth Rate:	3.2%
Per Capita Income:	\$16,700
Per Capita Income Growth Rate:	1.9%
% of Total Population in Poverty:	33%
Change in Total Population in Poverty:	+5%
% of Children in Poverty:	21%
Change in Children in Poverty:	+3%

Income and Poverty: Provo has lower income levels and higher poverty than the US and neighboring Orem. Median household income in Provo was \$37,000 in 2010, compared to \$50,000 in the US and \$49,700 in Orem.

Incomes are growing more quickly in Provo than the US. Median household income grew 3.2% from 2005 to 2010, double the US growth of 1.6%. Per capita income in Provo grew 2%, also double the US rate of 1%.

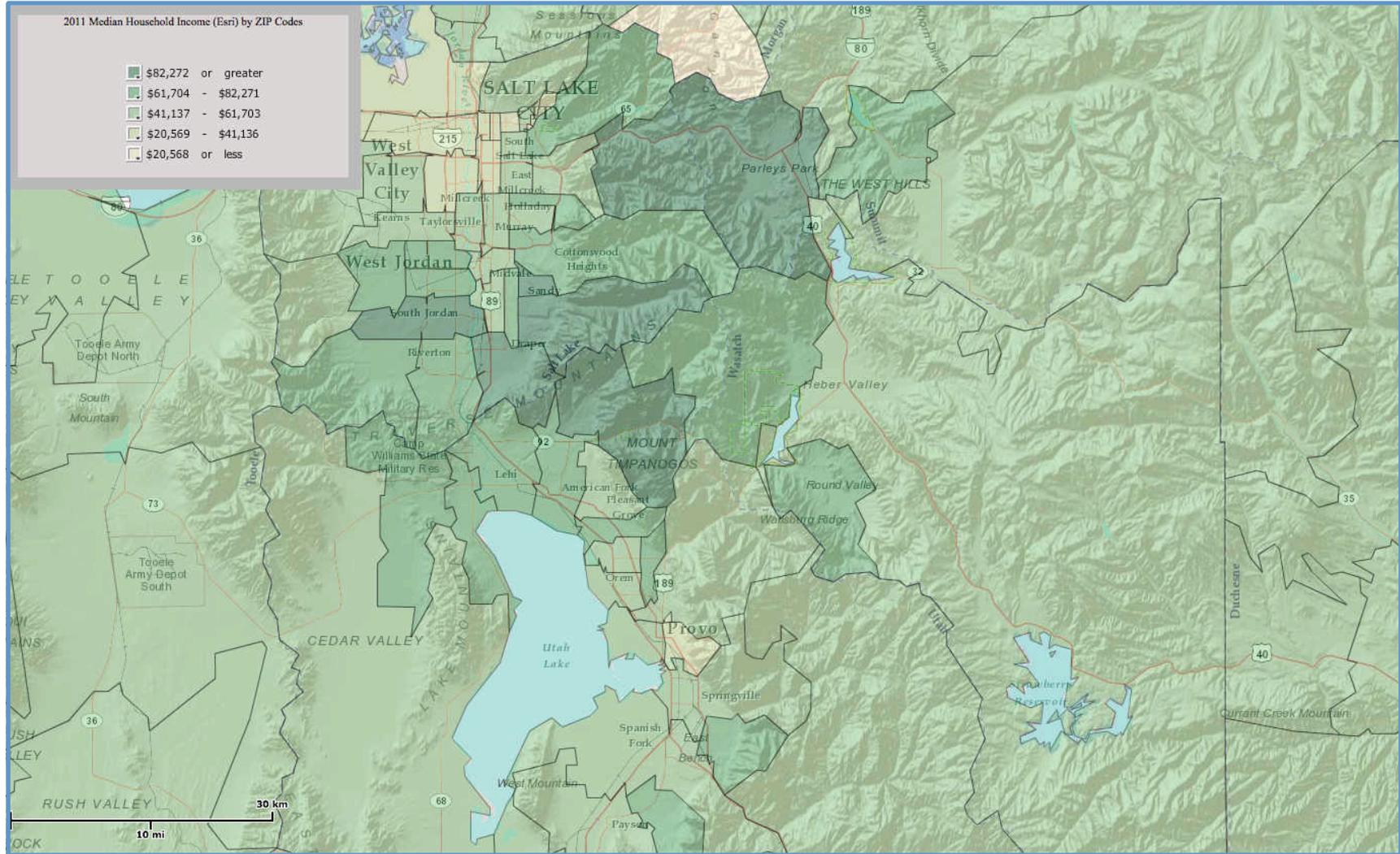
Poverty remains higher in Provo but is largely a result of the student population. Childhood poverty in Provo is comparable to US levels, but adult poverty is nearly double. In most communities, childhood poverty levels are higher than adult. The reverse in Provo is due to the large student body lacking incomes.

The map on the following page shows median household incomes for the Greater Provo Region.



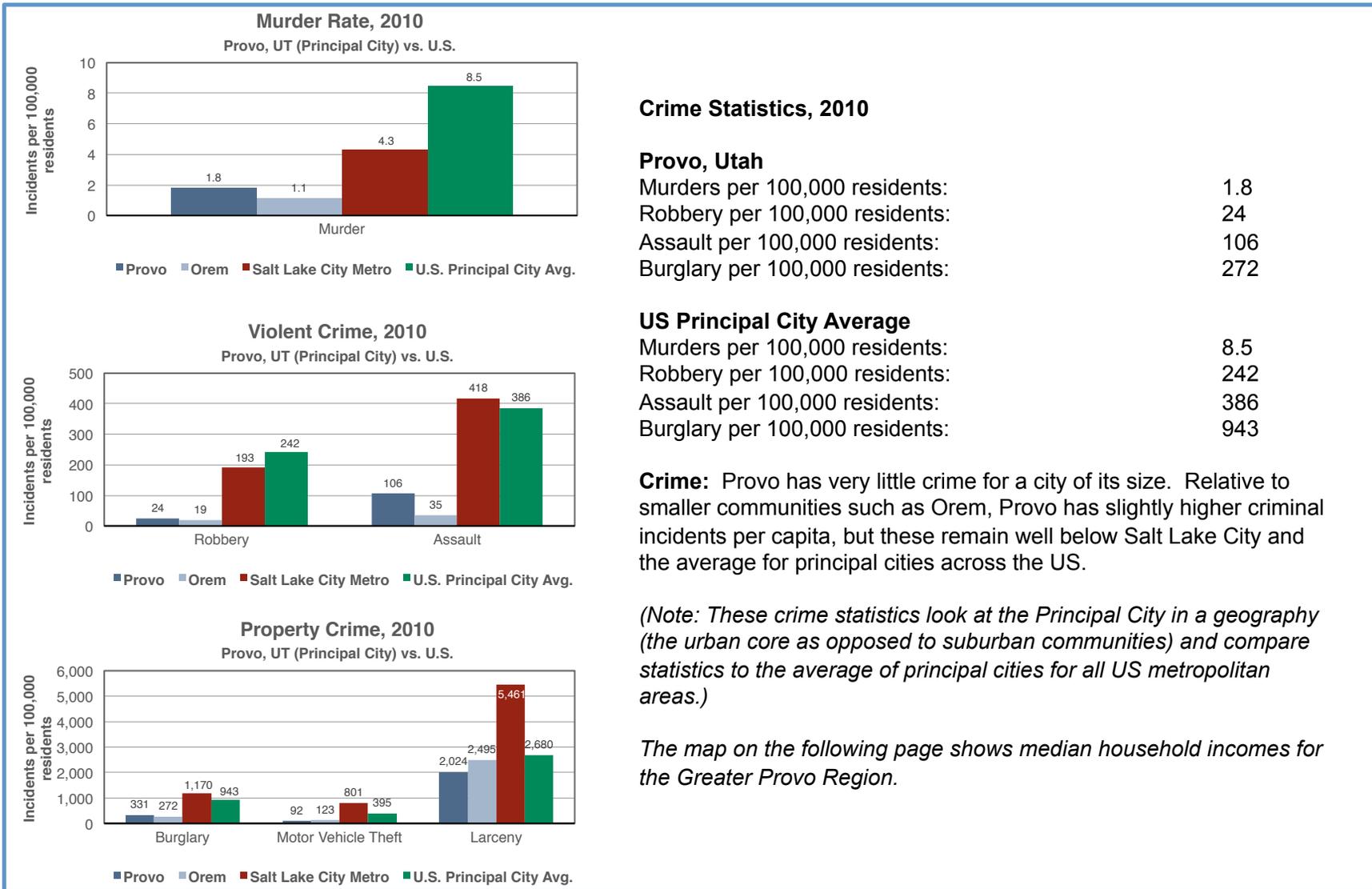
Median Household Income, 2011 Map – Greater Provo Region

PROVO, UTAH



Crime

PROVO, UTAH



Crime Statistics, 2010

Provo, Utah

Murders per 100,000 residents:	1.8
Robbery per 100,000 residents:	24
Assault per 100,000 residents:	106
Burglary per 100,000 residents:	272

US Principal City Average

Murders per 100,000 residents:	8.5
Robbery per 100,000 residents:	242
Assault per 100,000 residents:	386
Burglary per 100,000 residents:	943

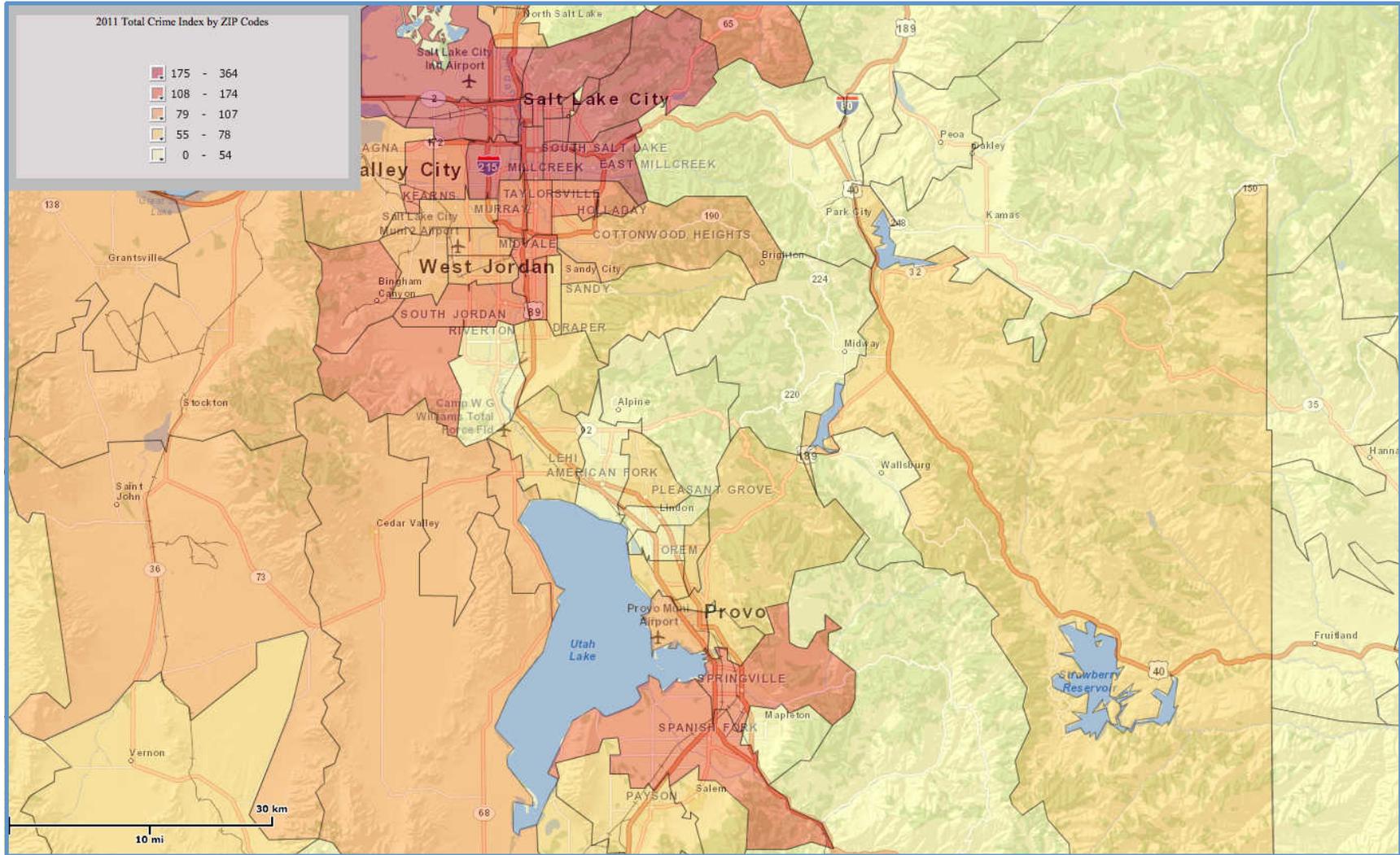
Crime: Provo has very little crime for a city of its size. Relative to smaller communities such as Orem, Provo has slightly higher criminal incidents per capita, but these remain well below Salt Lake City and the average for principal cities across the US.

(Note: These crime statistics look at the Principal City in a geography (the urban core as opposed to suburban communities) and compare statistics to the average of principal cities for all US metropolitan areas.)

The map on the following page shows median household incomes for the Greater Provo Region.

Total Crime Index, 2011 Map

PROVO, UTAH



Demographic Summary

The overall population of Provo has grown more slowly than Orem and Salt Lake City, but Provo has seen more rapid growth in the city's already sizeable young professional population. This key demographic group is both large and, like the rest of Provo's population, very well educated. This is a key competitive advantage for Provo.

In addition to having a large young professional population, every year Provo produces a large number of college graduates in diverse and highly demanded fields, including Engineering, Business, Health, and Software. These graduates and the educational institutions they emerge from are significant assets to the community, offering a wealth of entry-level talent, entrepreneurially minded individuals, and world class R&D activities.

Provo is home to one of the country's most multilingual populations. An April 2012 survey of 523 Utah County residents showed that between 38% and 46% of residents speak a second language, and Level 1 proficiency or higher was claimed in 53 different languages. 62% of respondents have lived for one year or longer outside of the US. Employers will be drawn to Provo to access this multilingual, culturally experienced talent pool. *(Source: Wilson Ashton, Jerry Hale, David Packard.)*

Provo has relatively low income and high poverty levels, but these measures are skewed by the large student body population in the city. The thousands of college students at BYU have lower incomes (if they have incomes at all) and therefore bring the median household and per capita income levels in the city down. Average salaries, a better measure of incomes for working individuals, are relatively much higher as can be seen in the next section of this report.

Additionally, despite lower income levels and a large student population, crime is low in Provo, making the community very attractive to potential employers and relocating workers.

Employment Trends

PROVO, UTAH

Employment Statistics

Provo, Utah

Employment Base, 2012: 50,700
 Job Growth Rate, '02-'12: 2.6%
 Total Unemployed, 2011: 3,100
 Unemployment Rate, 2011: 5.9%
 Average Salary, 2011: \$39,700

Orem, Utah

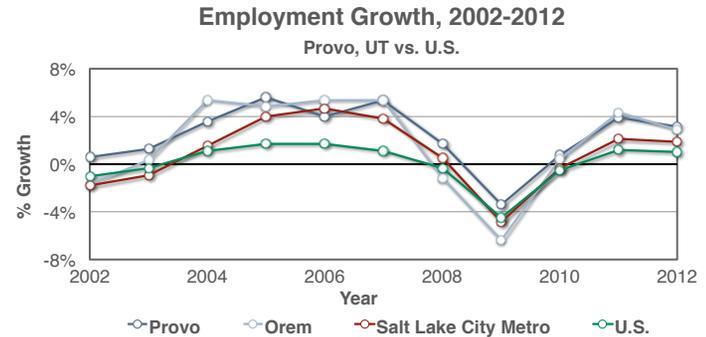
Employment Base, 2012: 43,200
 Job Growth Rate, '02-'12: 2.1%
 Total Unemployed, 2012: 2,600
 Unemployment Rate, 2012: 6.8%
 Average Salary, 2011: \$35,400

Salt Lake City Metro

Employment Base, 2012: 630,000
 Job Growth Rate, '02-'12: 1.2%
 Total Unemployed, 2012: 39,000
 Unemployment Rate, 2012: 6.5%
 Average Salary, 2011: \$43,900

% Growth Rate:

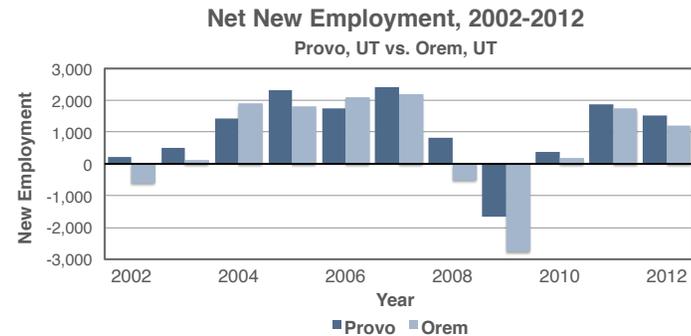
Provo's job growth outperformed the US over the past decade, growing at an average annual rate of 2.6% compared to 0.2% in the US and 2.1% in Orem.



Net New Employment:

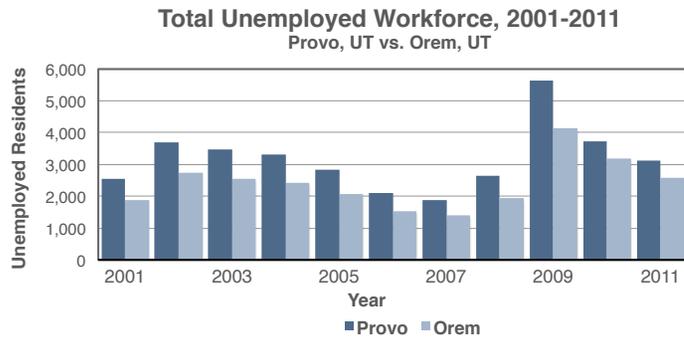
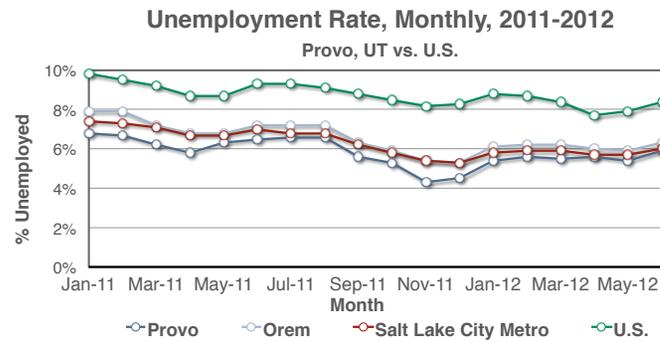
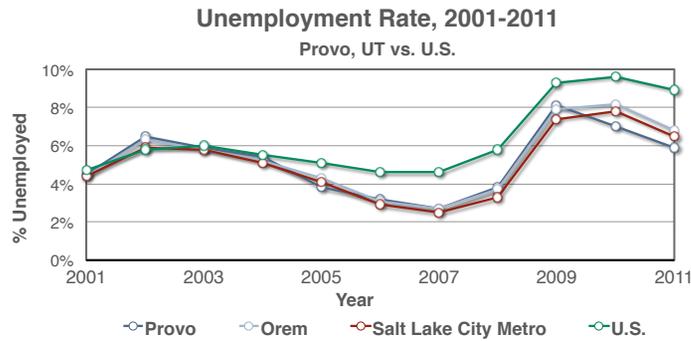
Provo only had net job losses one year during the recession, with 1,700 lost in 2009.

In contrast, Orem lost 500 jobs in 2008 and 2,700 in 2009.



Workforce Conditions

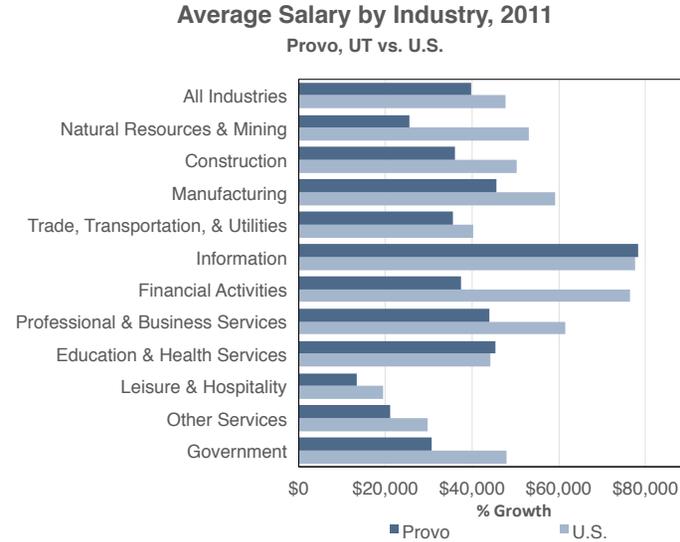
PROVO, UTAH



Unemployment: The unemployment rate in Provo, now 5.9%, has remained below the US for much of the last decade and below Orem and Salt Lake City Metro for the past year. The number of unemployed workers living in Provo dropped from a peak of 5,700 in 2009 to 3,100 in 2011.

Average Salary by Industry: Provo's average salary is \$39,700, below the US average of \$47,700. The industry with the highest salary in Provo is Information at \$78,200, which includes publishing, software, datacenters and telecom. The industries with the next highest salaries in Provo are Education & Health Services and Manufacturing.

Greater detail on occupations and workforce trends will be provided in Report 2: Target Industry Identification.



Industry Composition

PROVO, UTAH

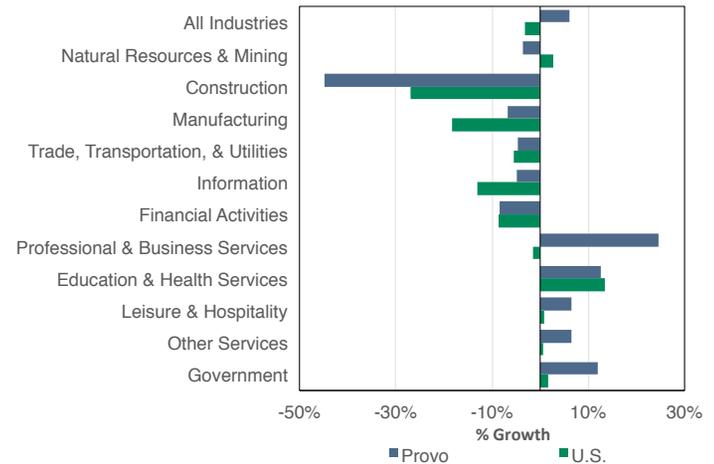
Top Industries: Provo's largest industries are Education & Health Services (15,000 jobs); Government (8,100 jobs); and Professional & Business Services (7,000 jobs).

% Growth by Industry: Education & Health Services has been the leading growth industry in the US at 13%, followed by Natural Resources & Mining; Government; and Leisure & Hospitality. In Provo, Professional & Business Services grew the fastest at 25%, followed by Education & Health Services (13%) and Government (12%).

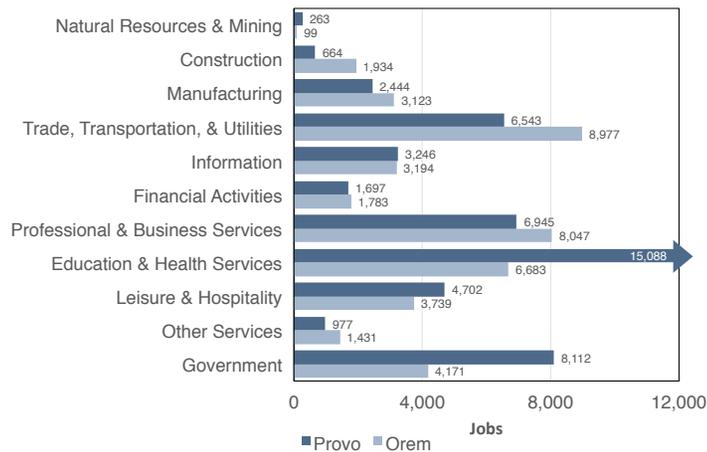
New Jobs by Industry: While Professional & Business Services had the highest growth rate, they created the second most new jobs, 1,400 in Provo, compared to only 8 in Orem. Education & Health Services created the 1,700 jobs, the most locally.

Greater detail on industry clusters will be provided in Report 2: Target Industry Identification.

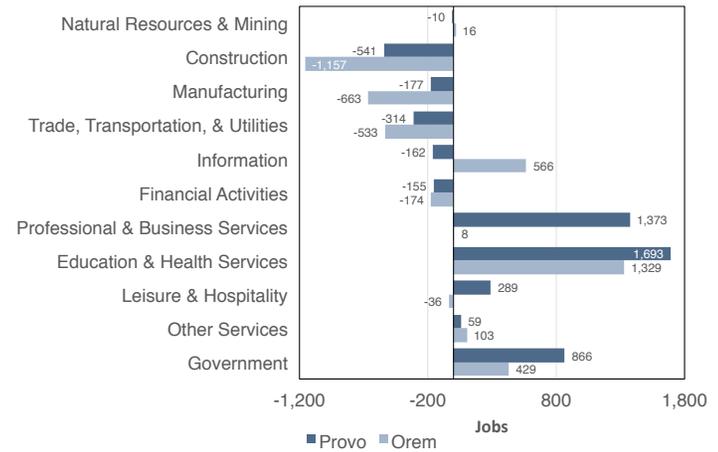
% Growth, Employment, 2007-2012
Provo Region vs. U.S.



Employment by Industry, 2012
Provo, UT vs. Orem, UT



Net New Employment by Industry, 2007-2012
Provo, UT



Major Employers

PROVO, UTAH

Major Employers:

- | | |
|---|-------------------------|
| • Brigham Young University | Education |
| • Intermountain Health Care | Health Care |
| • Vivint, Inc. (HQ) | Home Security |
| • Central Utah Medical Clinic | Health Care |
| • Ancestry.com, Inc.. (HQ) | Internet |
| • Novell, Inc. (HQ) | Software |
| • State of Utah | Government |
| • Bluehost, Inc. (HQ) | Internet |
| • Goldstar Financial | Financial |
| • Morinda, Inc. (HQ) | Nutritional Supplements |
| • Nu Skin (HQ) | Personal Care Products |
| • City of Provo | Government |
| • Sii Megadiamond (HQ) | Manufacturing |
| • Action Target, Inc. (HQ) | Manufacturing |
| • Adaptive Computing Enterprises (HQ) | IT |
| • DHI-PROVO (HQ) | Software |
| • Intelliserv, Inc. | IT |
| • McWane, Inc. | Manufacturing |
| • Novatek (HQ) | Manufacturing |
| • Property Solutions International (HQ) | Software |
| • Sirsi Corporation | Software |
| • Flagship Financial, LLC | Financial |
| • Insidesales.com, Inc. (HQ) | Software |



Novatek



Economic Summary

Provo has a large and diverse economy with many corporate headquarters and a rapidly growing job base that stands in contrast to its college town image. Provo has created jobs at an average annual rate of 2.6% over the past decade as the population has grown only 0.6%, demonstrating a robust economy through two recessions. Provo lost only lost jobs in 2009, with the recovery beginning earlier in Provo than most US communities. Job growth has slowed slightly the past year, and unemployment rates are up slightly to 5.9% from a low of 4.3% in November of 2011. Unemployment rates still remain below Orem and Salt Lake City and are significantly lower than national levels.

Provo's economy is also spread across diverse sectors, with significant employment in Education & Health Services as a result of BYU's presence, and primary employment bases in Professional & Business Services, Information, Manufacturing, and Financial Activities. The city's significant strengths in these sectors can also be seen in the major employers list, which includes many national headquarters for software, manufacturing, financial and other firms. Additionally, through the recent recession, most industry sectors in Provo continued to create jobs, with those sectors directly related to the recession (Construction and Financial Activities) suffering the largest losses. Over the last five years, Professional & Business Services has seen some of this rapid growth. This sector is particularly tied to Provo's large, growing, and well-educated young professional population and reveals the robustness of the local economy.

SECTION FOUR:

Retail Market Analysis and Leakage Study

The Retail Market Analysis examines Provo's retail sector, contrasting purchasing habits by local residents with the actual sales of products in Provo. This analysis also describes how local assets relate to broader national and industry trends and new opportunities within the region. The final result will be an estimate of the loss/leakage of sales from Provo. This analysis helps understand both Provo's overall competitiveness and avenues for developing the retail sector.

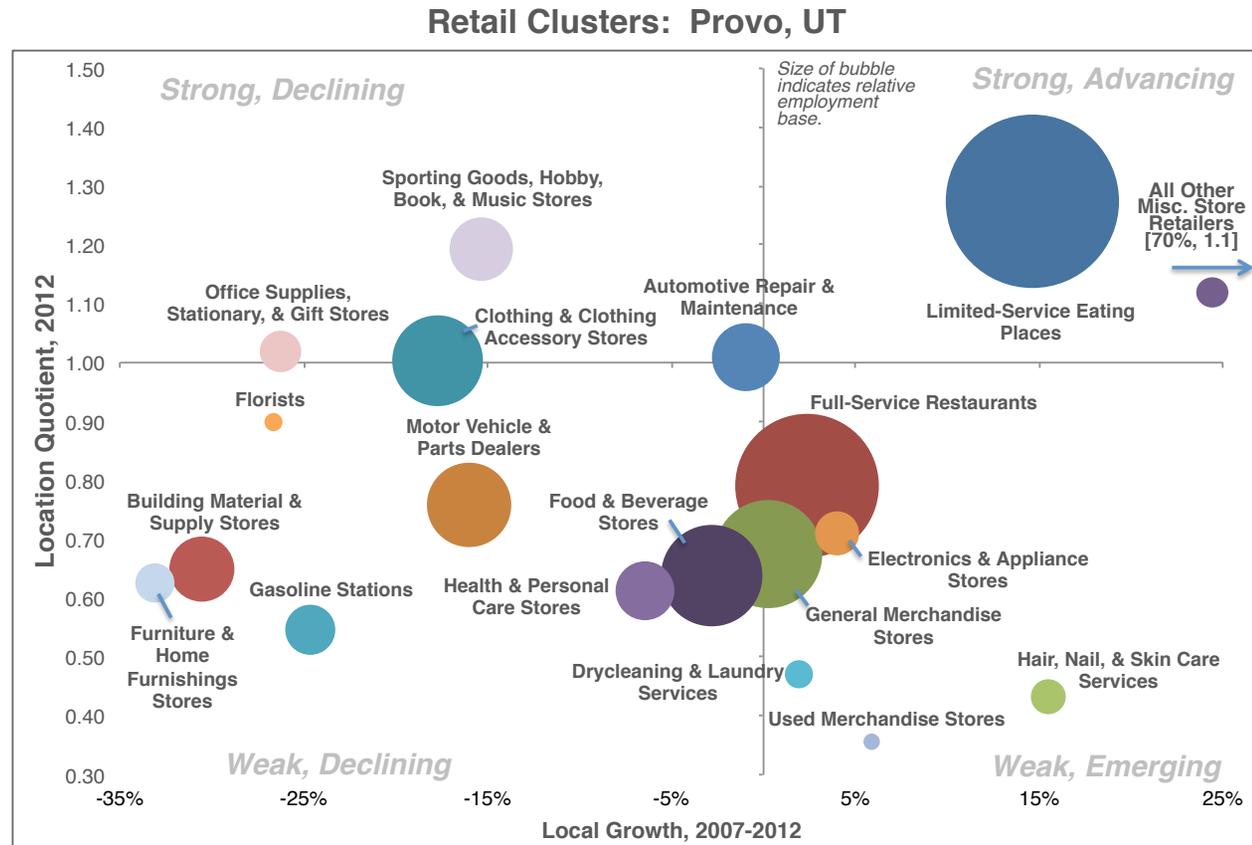
Retail Employment

PROVO, UTAH

The retail bubble chart to the right displays retail sectors by Location Quotient (concentration relative to the national average on the y-axis), employment growth from 2007 to 2012 (x-axis), and total employment (indicated by bubble size).

Employment by Sector: The largest retail sectors by employment in Provo are Limited-Service Eating Places (2,000 jobs); Full-Service Restaurants (1,400 jobs); and General Merchandise Stores (780 jobs). Of these three sectors, only Limited-Service Eating Places has a higher than average concentration.

Growth by Sector: The fastest growing retail sectors in Provo from 2007 to 2012 were All Other Miscellaneous Store Retailers (70% growth); Limited-Service Eating Places (15% growth); and Hair, Nail, & Skin Care Services (15% growth)



Retail Employment

PROVO, UTAH

Most Concentrated Sectors: Provo's most concentrated retail sectors are Limited-Service Eating Places (LQ of 1.3); Sporting Goods, Hobby, Book, & Music Stores (LQ of 1.2); and All Other Miscellaneous Store Retailers (LQ of 1.1).

Relative Concentration: Provo's overall Retail sector has a location quotient of 0.8, compared to an LQ of 1.3 in Orem and an LQ of 1.0 in the rest of Utah County. Orem has a greater concentration of employment in all retail sectors except Drycleaning & Laundry Services.

Retail Employment, 2012

Provo, UT

Retail Subsector	Employment	Growth, 2007-2012	Location Quotient					
			Provo	Orem	Rest of Cty.	Juab Cty.	Salt Lake City	Utah
Limited-Service Eating Places	2,014	15%	1.3	1.5	1.3	1.3	0.9	1.1
Full-Service Restaurants	1,384	2%	0.8	0.8	0.5	0.7	0.8	0.8
General Merchandise Stores	783	0%	0.7	1.6	1.7	0.3	0.9	1.1
Food & Beverage Stores	689	-3%	0.6	0.8	1.0	0.8	0.8	0.9
Clothing & Clothing Accessories Stores	552	-18%	1.0	2.2	0.3	0.0	0.9	0.8
Motor Vehicle & Parts Dealers	477	-16%	0.8	1.3	1.0	1.1	1.0	1.1
Automotive Repair & Maintenance	309	-1%	1.0	1.7	1.4	0.6	1.0	1.2
Bldg. Material & Garden Equip. & Supplies De	284	-31%	0.6	0.8	1.2	0.6	0.9	1.1
Sporting Goods, Hobby, Book, & Music Stores	270	-15%	1.2	3.8	1.4	0.0	1.3	1.4
Health & Personal Care Stores	232	-6%	0.6	0.9	0.8	0.2	0.6	0.6
Gasoline Stations	168	-25%	0.5	0.7	1.2	4.9	0.8	1.1
Electronics & Appliance Stores	130	4%	0.7	2.5	0.8	0.4	1.3	1.1
Office Supplies, Stationery, & Gift Stores	115	-26%	1.0	1.6	0.5	0.0	1.0	0.9
Furniture & Home Furnishings Stores	103	-33%	0.6	2.3	0.9	0.5	1.3	1.2
Hair, Nail, & Skin Care Services	82	15%	0.4	1.5	1.3	0.0	0.9	0.9
All Other Miscellaneous Store Retailers	56	70%	1.1	2.8	1.4	0.0	2.5	1.8
Drycleaning & Laundry Services	53	2%	0.5	0.2	0.5	0.0	1.0	0.9
Florists	22	-27%	0.9	0.8	1.2	3.0	1.1	1.2
Used Merchandise Stores	18	6%	0.4	1.7	0.5	0.0	0.7	0.6
Art Dealers	5	0%	0.9	1.0	7.4	0.0	1.5	1.7
Pet & Pet Supplies Stores	0	0%	0.0	2.1	0.6	0.0	0.9	0.8
Total	7,746	-3%	0.8	1.3	1.0	0.8	0.9	1.0

Source: BLS Note: Red represents a low employment concentration, yellow indicates middle concentration, and green shows higher than average concentration

Provo and Orem Retailers

PROVO, UTAH

Provo – Large Chain Retailers:

- Home Depot
- JCPenney
- Smith’s
- Sam’s Club
- Shopko
- Kmart
- Sears
- Sportsman’s Warehouse
- Walgreens
- Williams Sonoma
- Aeropostale
- Dollar Tree
- Staples
- The Gap
- Hollister
- Radio Shack
- RC Wiley
- Office Max

Orem – Large Chain Retailers:

- Costco
- Target
- Smith’s
- Macy’s
- Wal-Mart
- Nordstrom
- Kmart
- Sears Outlet
- Kohls
- Walgreens
- Toys “R” Us
- Aeropostale
- Dollar Tree
- Staples
- The Gap
- Hobby Lobby
- Jo-Ann Fabrics
- Old Navy
- Petsmart
- Petco
- Office Depot
- Banana Republic
- Barnes and Noble
- Burlington Coat Factory



Retail Leakage

PROVO, UTAH

Retail Sales by Sector: The three largest retail sectors in Provo by sales in 2010 were Motor Vehicle & Parts Dealers (\$245 million); Food & Beverage Stores (\$134 million); and General Merchandise Stores (\$104 million).

Retail Leakage and Surplus: Retail leakage and surplus factors measure the difference between actual sales in a community and potential sales (expected consumption based entirely on the demographics of residents).

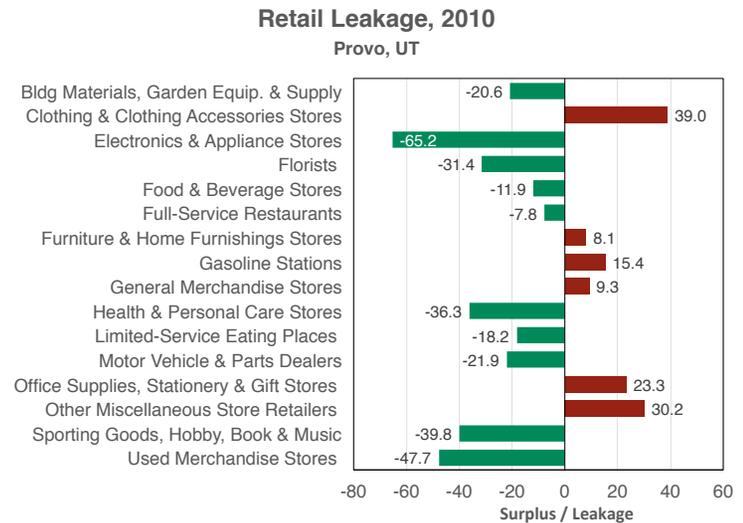
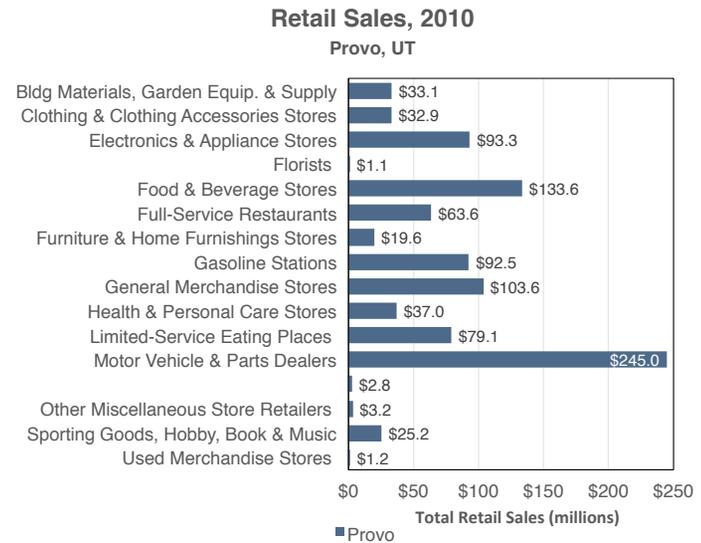
Leakage occurs when actual retail sales are lower than potential sales. This indicates residents are leaving the community for retail needs. (Leakage is positive and in red on the chart).

Surplus occurs when actual retail sales are greater than potential sales. This indicates non-residents are entering the community for retail needs. (Surplus is negative and in green on the chart).

Provo has the greatest retail surpluses in Electronics & Appliance Stores; Used Merchandise Stores; and Health & Personal Care Stores.

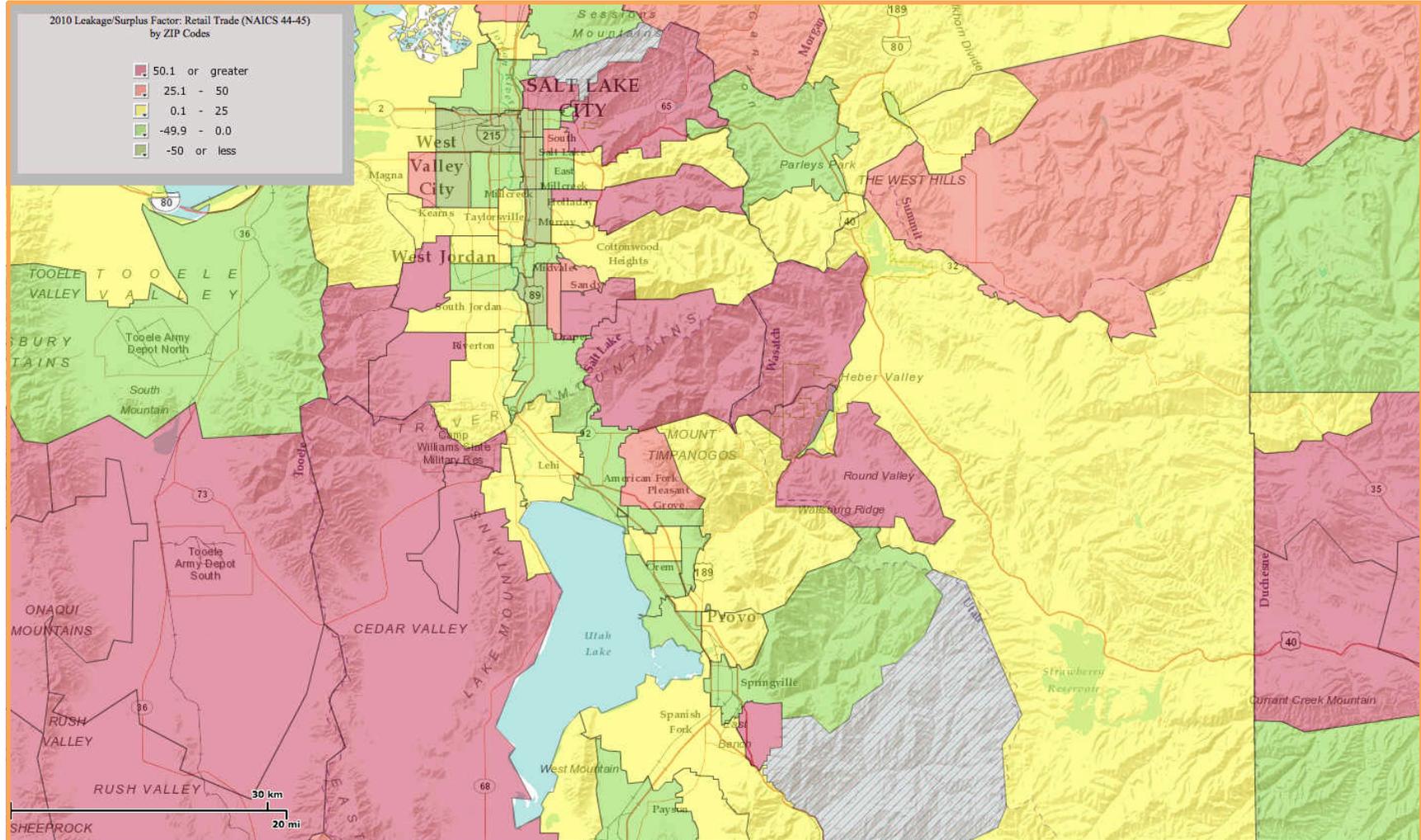
Provo has the largest retail leakages in Clothing & Clothing Accessories Stores; Other Miscellaneous Store Retailers; and Office Supplies, Stationery, & Gift Stores.

The map on the following page shows retail leakage factors for the Greater Provo Region. Green indicates surplus; red indicates severe leakage; and Yellow indicates mid-level leakage.



Retail Leakage Map

PROVO, UTAH



Retail Sales Per Capita

PROVO, UTAH

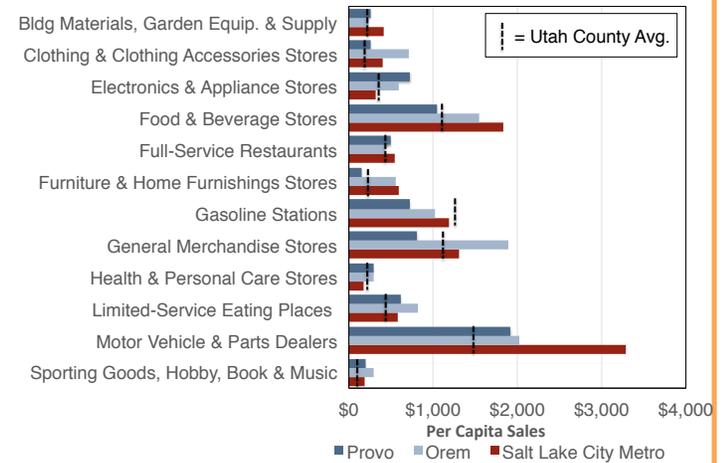
Retail sales per capita offer another measure of retail capacity in a community, allowing relative comparison with other communities. The chart to the right shows retail sales per resident in Provo, Orem, Salt Lake City, and Utah County.

High Sales Concentration: Provo has a relatively high per capita sales concentration of retail sales in Electronics & Appliance Stores; Limited-Service Eating Places; and Sporting Goods, Hobby, Book & Music Stores.

Low Sales Concentration: Provo has a relatively low per capita sales concentration of retail sales in Clothing & Clothing Accessories Stores; Food & Beverage Stores; Furniture & Home Furnishings Stores; Gasoline Stations; and General Merchandise Stores.

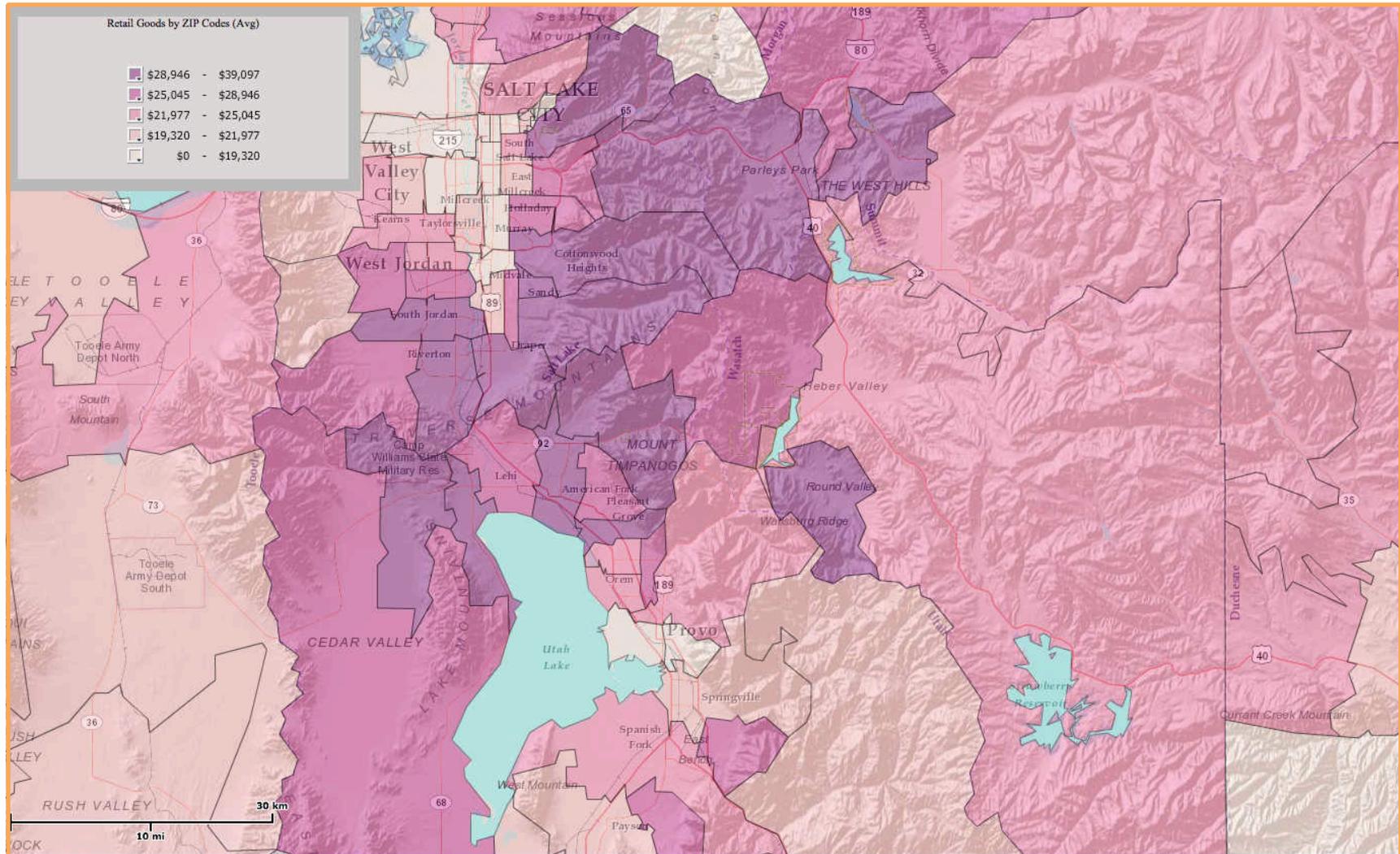
The map on the following page shows average spending on retail goods in the Greater Provo Region.

Retail Sales Per Capita, 2010
Provo, UT vs. Salt Lake City Metro



2011 Average Spending on Retail goods

PROVO, UTAH



Retail Summary

Provo has nearly 8,000 retail employees and a net surplus of retail sales, but the city still has fewer large retail chains than neighboring Orem and has sales leakage in some retail sectors. The national recession has led to reduced consumption of retail goods, and some retailers have left Provo in recent years. Available retail data is two years old and misses some of these recent changes but does offer a snapshot of retail in the region, two years after the recession began.

As a whole, spending on retail goods is lower in Provo than Orem and Salt Lake City, but this is partly the result of the large and low-income student body population in Provo, which tends to spend less than other demographic groups. Nonetheless, as the Retail Leakage Map shows, surplus retail spending (spending greater than that expected based on the resident population) tends to be higher along the interstate-15 corridor, which includes Provo.

In many retail sectors, Provo has a surplus of retail spending, particularly in Electronics, Health Care Products, and Sporting Goods. These sectors all attract shoppers from outside Provo to the city, leading spending to exceed expectations based on local residents. Higher sales in these sectors have occurred despite Provo not having a major sports or electronics store, indicating that sales at Sportsmen's Warehouse, Radio Shack, and other smaller retailers continue to perform better than expectations based on population.

On the other hand, Provo has leakage of retail in a few sectors, including Clothing, General Merchandise Stores (which include Target and Wal-Mart), and Office Supplies. For these goods, more residents appear to be leaving the city to do their retail shopping.

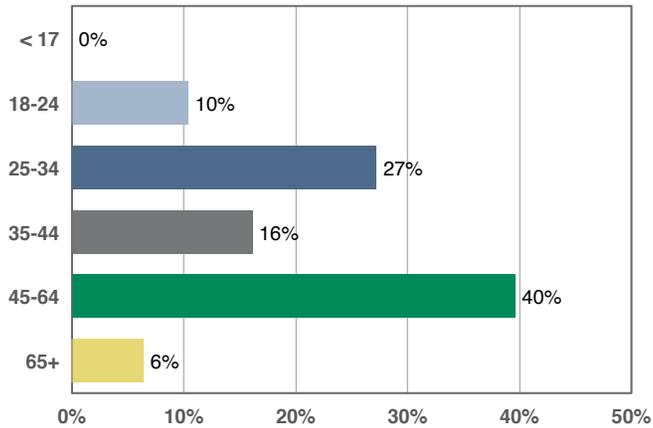
As a whole, retail employment has declined over the past years, partially due to decreased consumer spending during the recession, but Provo has also faced retail setbacks, including the announced closing of Sears and the failure to win a Target location. However, these recent trends can be partially attributed to changing consumer patterns and a shift to online retailing (a potential strength for Provo with its significant internet company presence). Provo still has a large base of chain retailers, many of which the city shares with Orem, and rising employment and income levels in the community indicate a likely rise in local retail spending.

APPENDIX I:

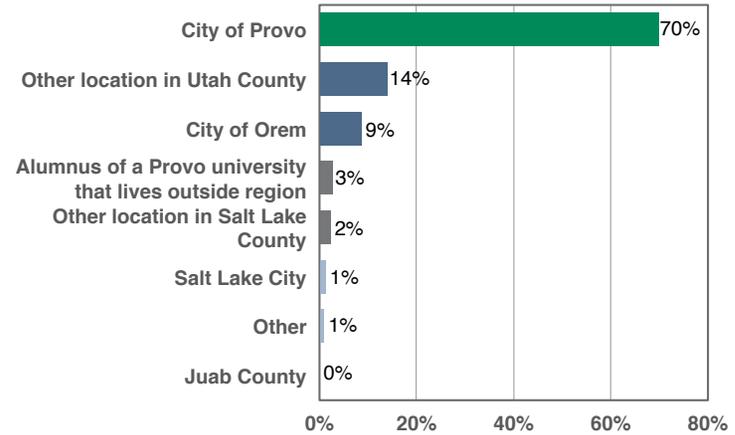
Complete Survey Results

Complete Survey Results

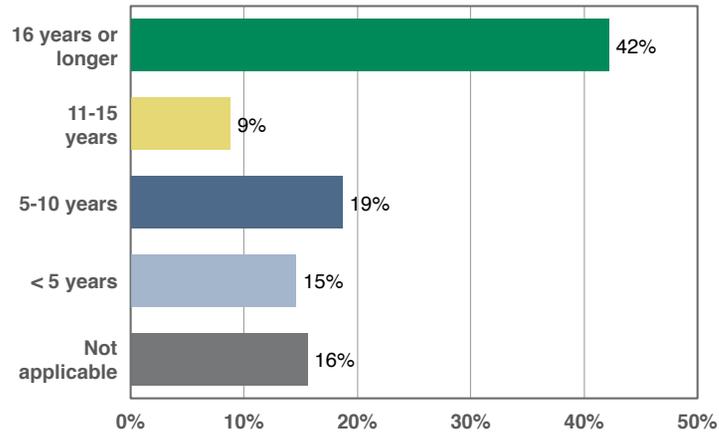
Into which age group do you fall?



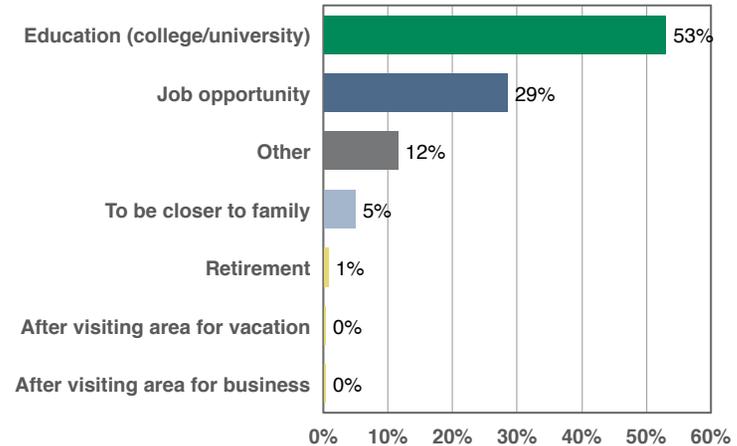
In what area do you currently live?



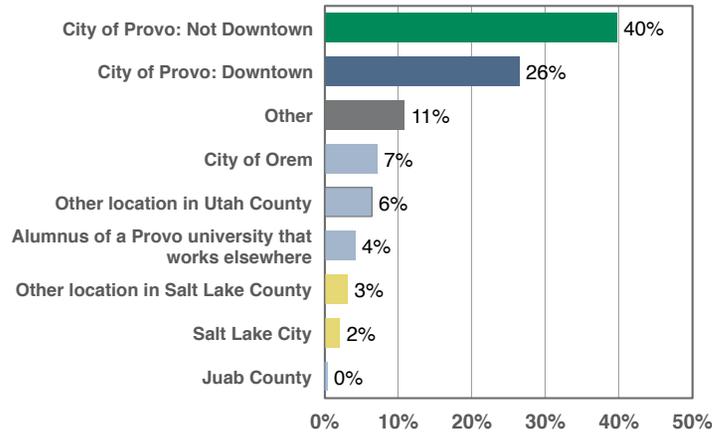
How long have you lived in Provo?



If you were not born in Provo, did you relocate here for:

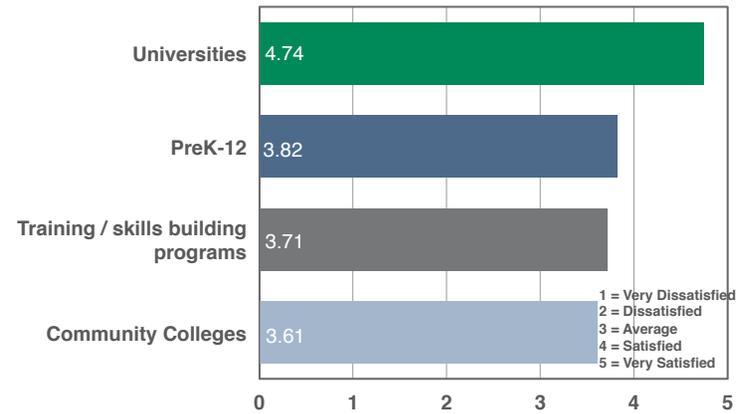


In what area do you currently work?



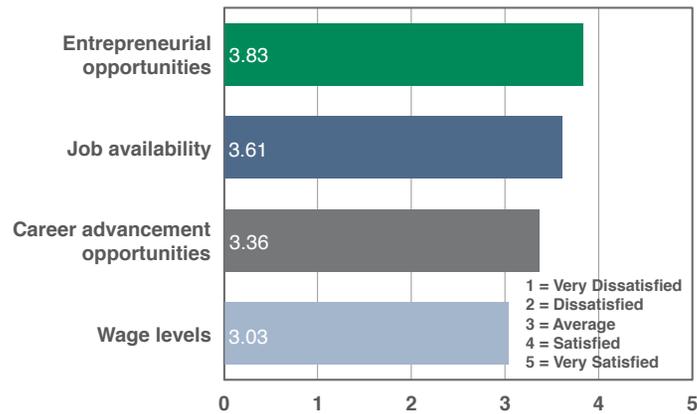
How well does Provo meet your expectations in the following areas:

EDUCATION



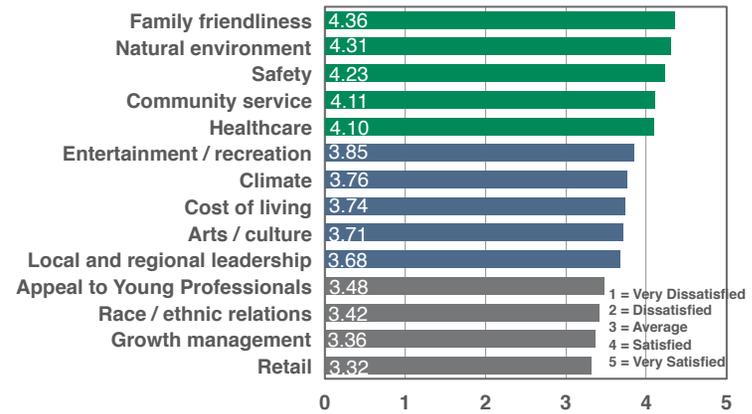
How well does Provo meet your expectations in the following areas:

CAREER

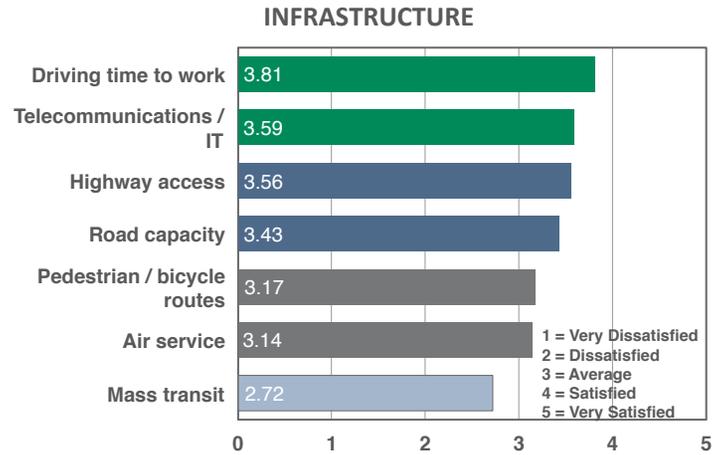


How well does Provo meet your expectations in the following areas:

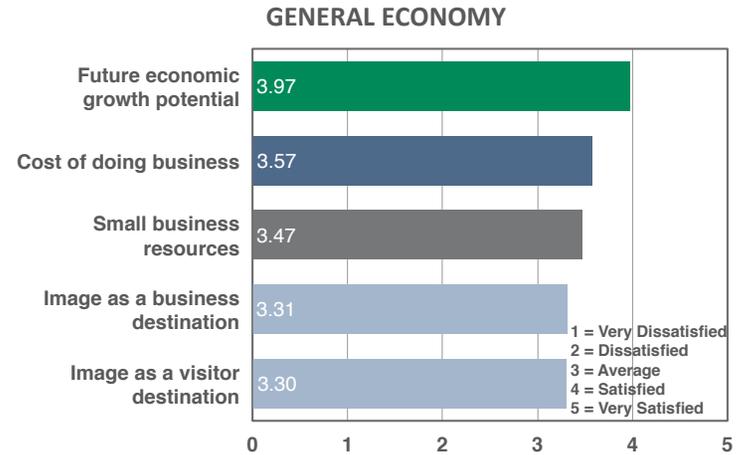
LIVABILITY



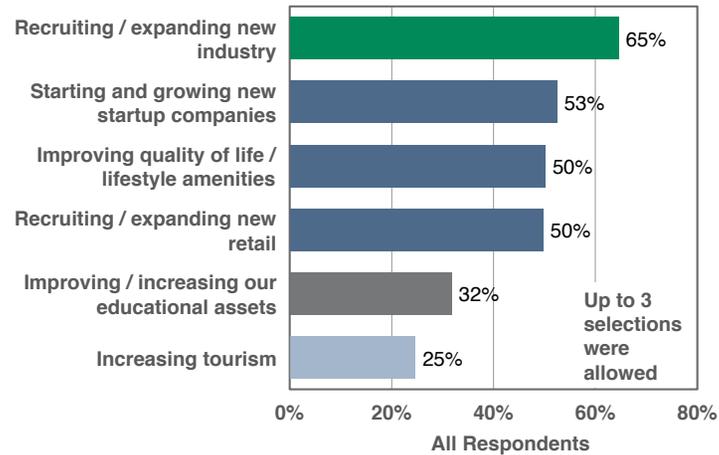
How well does Provo meet your expectations in the following areas:



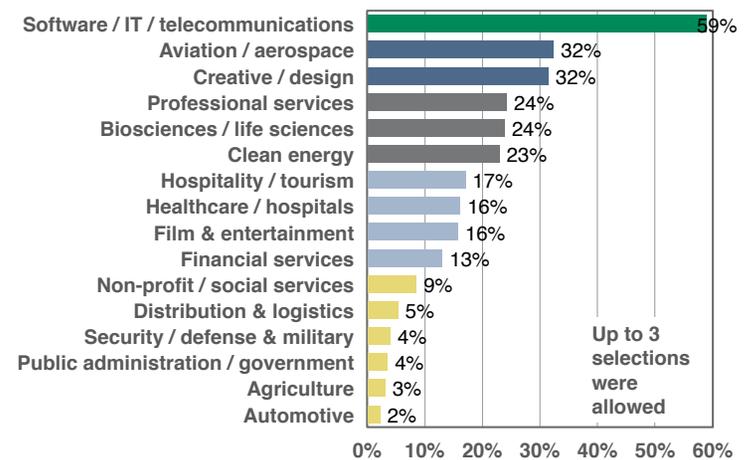
How well does Provo meet your expectations in the following areas:



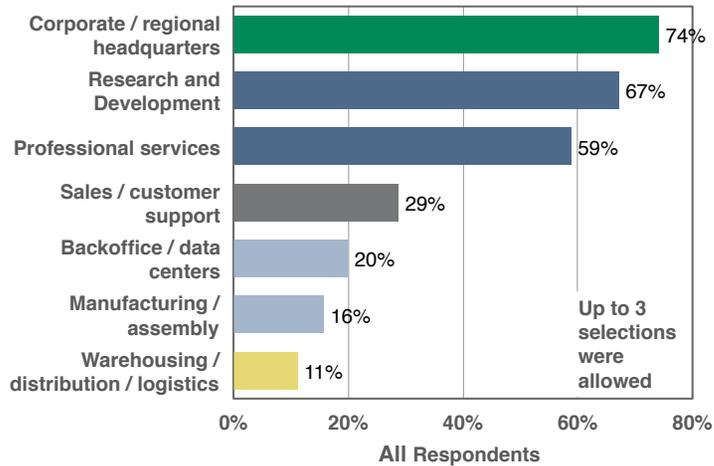
Successful economic development in Provo means:



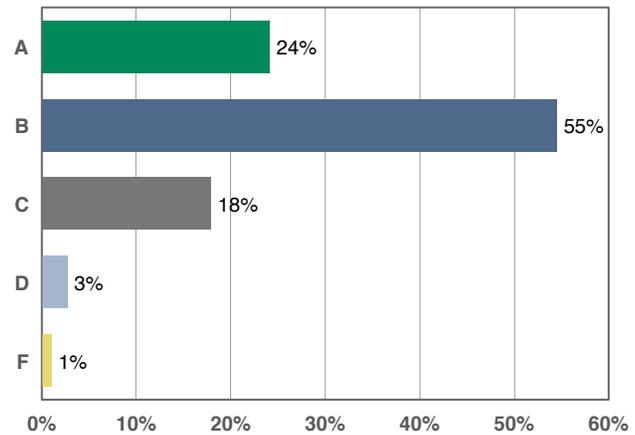
What industry clusters are the most desirable targets for future Provo economic development?



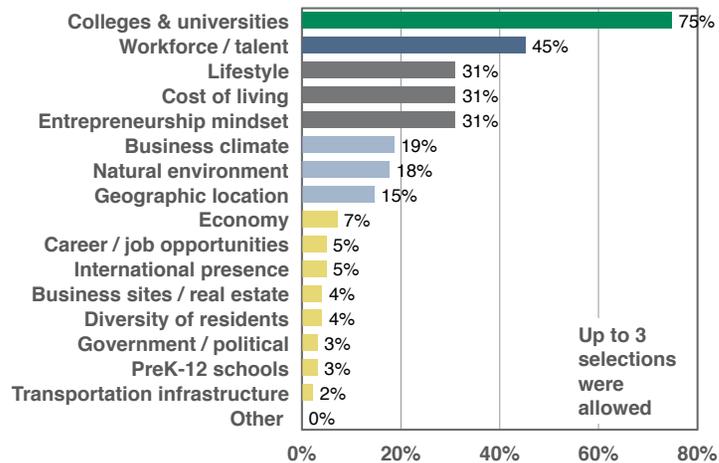
What types of business operations are the most desirable for Provo?



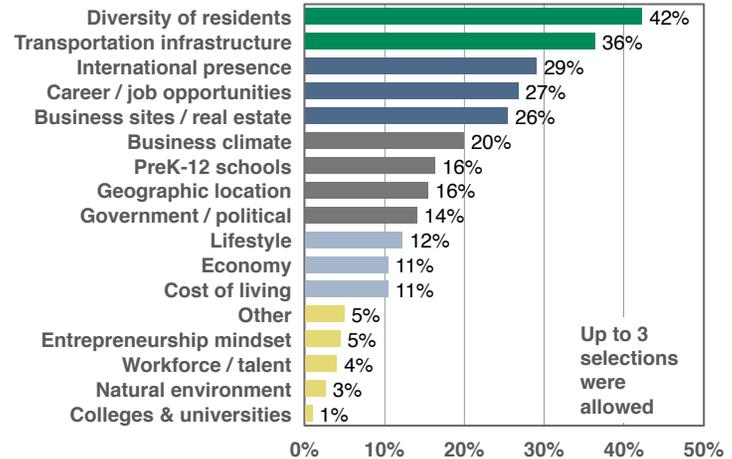
Compared to the nation, how would you grade Provo's economic performance over the past five years?



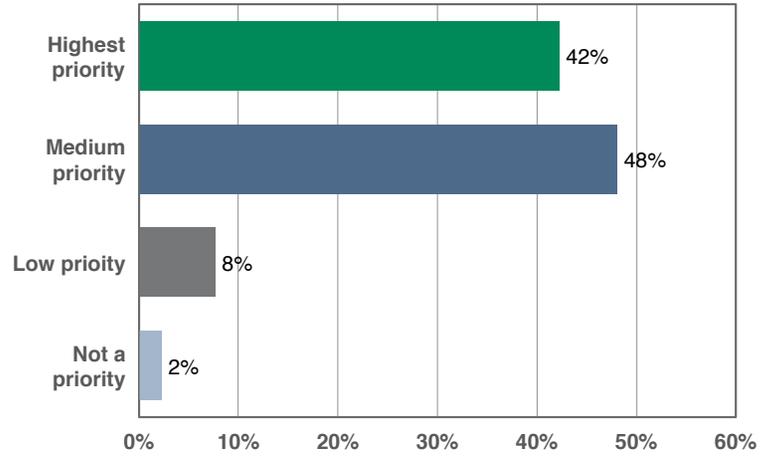
Rate Provo's top three competitive strengths



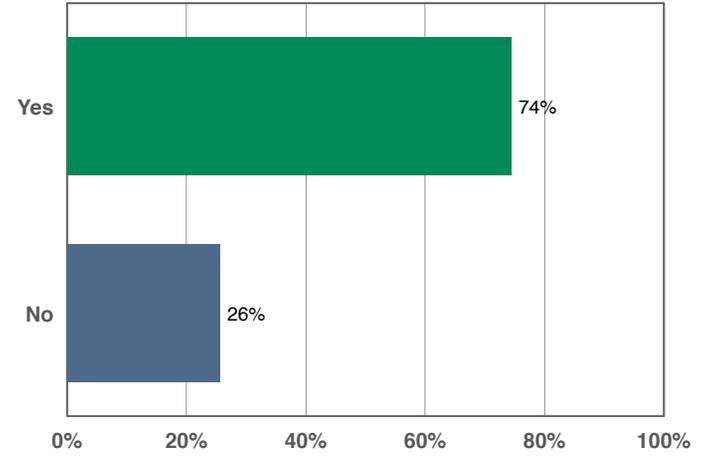
Rate Provo's top three competitive weaknesses.



How do you rate economic development and job creation as a priority for Provo?



Would you support additional funding for economic development initiatives?



Name two specific things Provo leaders can do to make the region a better place for residents.

Clean Closer Community Downtown
Encourage Friendly Green Initiatives Improve Involved
Lifestyle Light Rail Lower Taxes Mass Transit Neighboring Nicer
Parking Pay Pedestrian Provo Public Research
Retail Services Small Town Traffic Transportation
University Ave Zoning

Name two specific things Provo leaders can do to make the region a better place for business.

Downtown Early Stage Easier Improve
Incentives Infrastructure Local Government
New Businesses New Economic Paying Jobs
Place Property Provo Recruit Remove Barriers
Resources Restrictions Rules Set Small Businesses
Tax Think University Ave Utah

If you are an alumnus of a Provo university and live elsewhere, what could the community do to draw alumni back to reside in the area?

Business BYU Downtown Field Graduated Higher
Increase Industry Jobs Larger Lifestyle Live Lower
Neighborhoods Nicer Options Provo Quality of
Life Students Town University UVU