

# Pikeville Comprehensive Plan Update



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## APPENDICES

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**F. TOURISM & HOTEL OPPORTUNITIES ASSESSMENT**

**G. TARGET INDUSTRY ASSESSMENT**

# Pikeville Comprehensive Plan Update

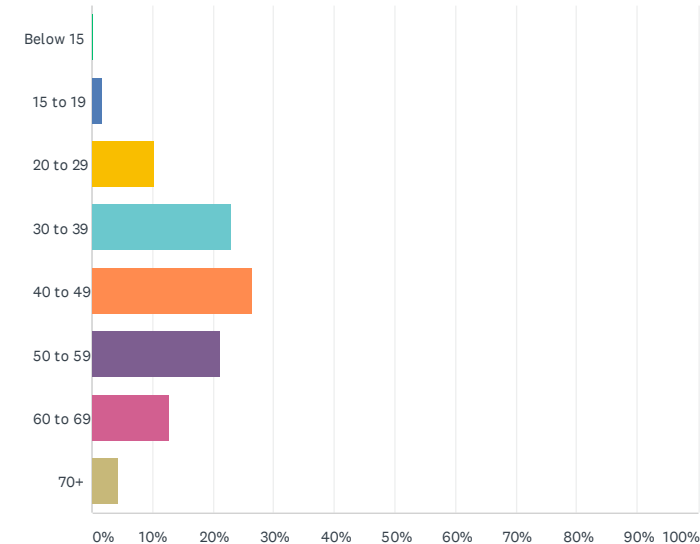
## APPENDIX A.

### PUBLIC OPINION SURVEY RESULTS

**NOTE: THE RESULTS FOLLOWING QUESTION #15 HAVE NOT BEEN INCLUDED BECAUSE THEY ARE NARRATIVES THAT REQUIRE TOO MANY PAGES, BUT THEY CAN BE OBTAINED THROUGH THE CITY.**

Q1 What is your age range?

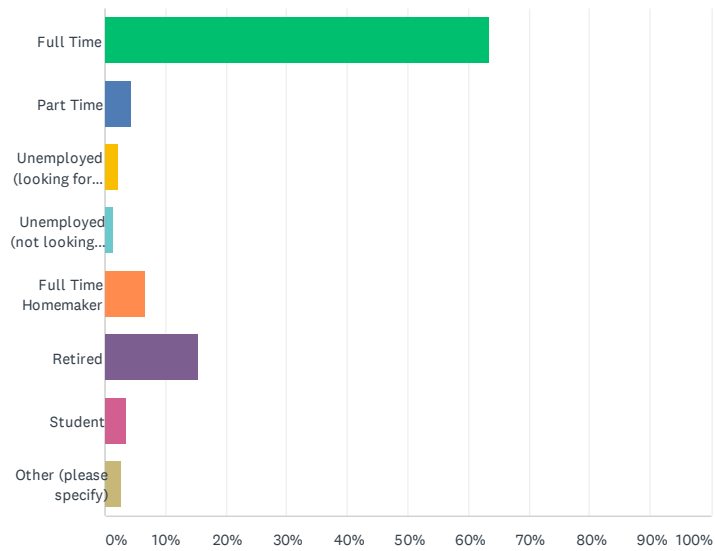
Answered: 896 Skipped: 4



ANSWER CHOICES	RESPONSES	
Below 15	0.22%	2
15 to 19	1.67%	15
20 to 29	10.16%	91
30 to 39	23.10%	207
40 to 49	26.56%	238
50 to 59	21.21%	190
60 to 69	12.72%	114
70+	4.35%	39
TOTAL		896

## Q2 What is your employment status?

Answered: 897 Skipped: 3



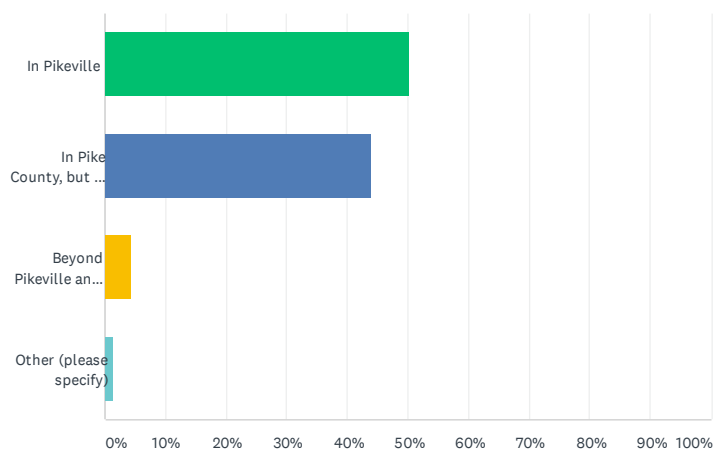
ANSWER CHOICES	RESPONSES	
Full Time	63.43%	569
Part Time	4.46%	40
Unemployed (looking for work)	2.23%	20
Unemployed (not looking for work)	1.56%	14
Full Time Homemaker	6.69%	60
Retired	15.38%	138
Student	3.57%	32
Other (please specify)	2.68%	24
<b>TOTAL</b>		<b>897</b>

# Public Opinion Survey for the City of Pikeville Comprehensive Plan

#	OTHER (PLEASE SPECIFY)	DATE
1	Medically disabled	6/4/2020 10:43 PM
2	Self employed	5/27/2020 3:29 PM
3	Furloughed	5/27/2020 4:53 AM
4	Disabled	5/26/2020 9:58 PM
5	Work part time and own a business	5/26/2020 6:41 PM
6	Disabled	5/26/2020 11:03 AM
7	Disabled	5/26/2020 8:49 AM
8	Self employed	5/26/2020 12:59 AM
9	Disabled	5/25/2020 5:11 AM
10	Self Employed	5/24/2020 9:38 AM
11	Volunteer, hoping for employment	5/24/2020 7:48 AM
12	Business owner	5/23/2020 9:59 PM
13	SSI	5/22/2020 5:37 PM
14	Disabled	5/22/2020 11:58 AM
15	Disabled	5/22/2020 12:08 AM
16	Disabled	5/21/2020 10:10 PM
17	Unemployed coronavirus	5/21/2020 9:07 PM
18	Retired teacher looking for work	5/21/2020 8:36 PM
19	Other	5/19/2020 6:17 PM
20	Self	5/19/2020 10:08 AM
21	Business closed	5/19/2020 12:42 AM
22	Disabled	5/18/2020 11:29 PM
23	Disabled	5/18/2020 11:23 PM
24	Disabled	5/18/2020 2:27 PM

## Q3 Where do you reside more than 6 months per year?

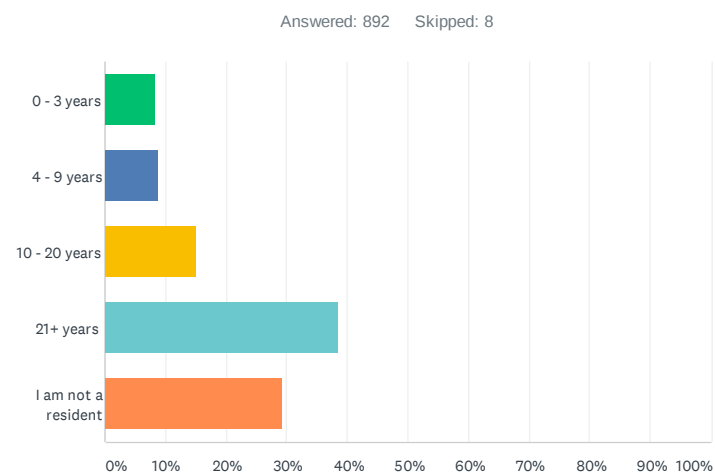
Answered: 898 Skipped: 2



ANSWER CHOICES	RESPONSES	
In Pikeville	50.22%	451
In Pike County, but not within Pikeville	43.88%	394
Beyond Pikeville and Pike County, but within the region	4.34%	39
Other (please specify)	1.56%	14
<b>TOTAL</b>		<b>898</b>

#	OTHER (PLEASE SPECIFY)	DATE
1	Out state Delaware but moving back to area	5/31/2020 3:09 PM
2	Florida	5/28/2020 12:18 PM
3	Ma	5/27/2020 9:20 PM
4	Lexington but return to Pikeville to visit friends and family	5/25/2020 11:28 AM
5	Coal run	5/22/2020 4:21 PM
6	Lexington but am from Pike and visit often	5/22/2020 6:50 AM
7	Coal Run Village	5/20/2020 8:42 PM
8	Southwest virginia	5/20/2020 7:27 PM
9	Coal Run	5/20/2020 10:20 AM
10	Libya	5/19/2020 11:07 PM
11	From Pikeville proud of Pikeville work in Pikeville often	5/19/2020 10:08 AM
12	Louisville	5/18/2020 5:35 PM
13	Lexington, KY	5/18/2020 3:02 PM
14	Nashville	2/25/2020 6:03 PM

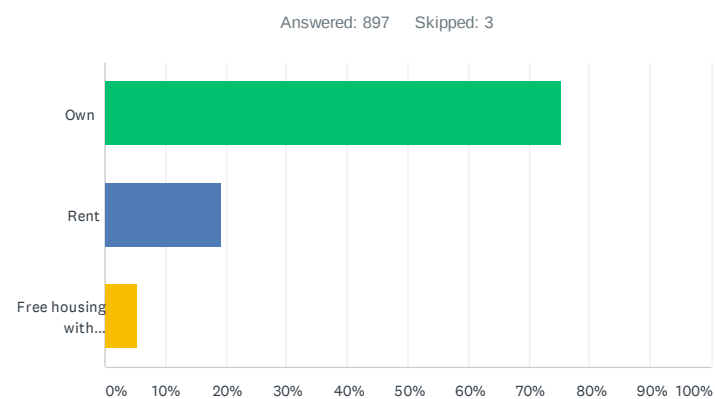
Q4 If you live in Pikeville most of the year, how many years have you lived here?



ANSWER CHOICES	RESPONSES	
0 - 3 years	8.41%	75
4 - 9 years	8.74%	78
10 - 20 years	15.02%	134
21+ years	38.45%	343
I am not a resident	29.37%	262
TOTAL		892



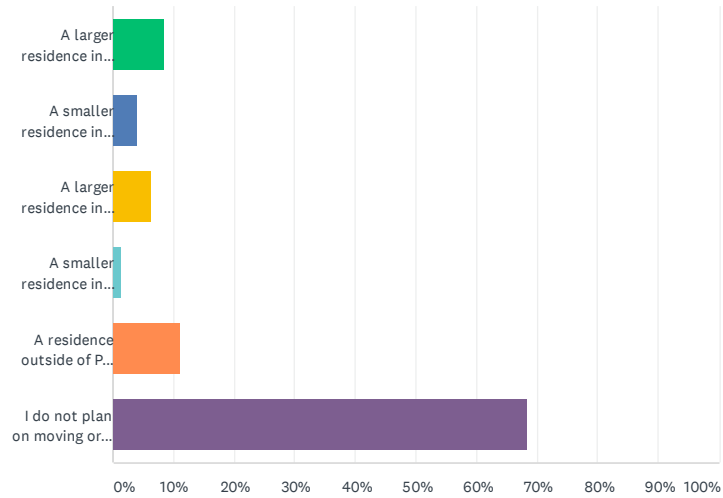
Q5 What is your housing tenure situation (where you live more than 6 months per year)?



ANSWER CHOICES	RESPONSES	
Own	75.25%	675
Rent	19.29%	173
Free housing with relative(s)/friend(s)	5.46%	49
TOTAL		897

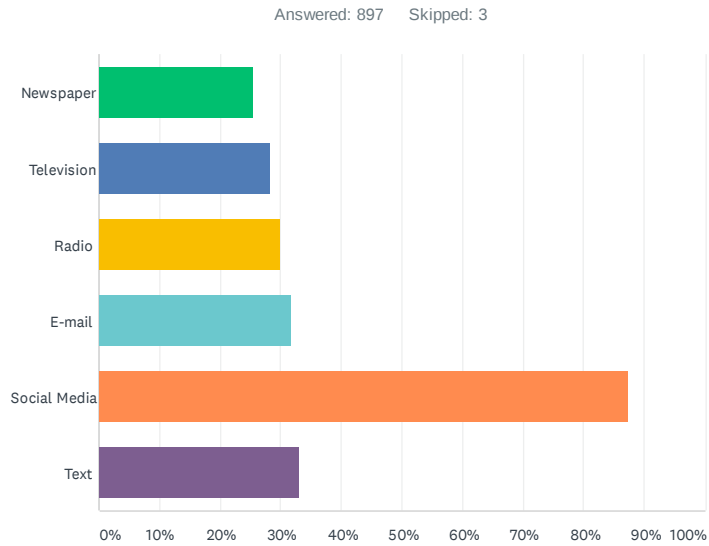
Q6 Within the next 5 years, do you anticipate or plan to move to any of the following? (please select one)

Answered: 897 Skipped: 3



ANSWER CHOICES	RESPONSES	
A larger residence in Pikeville	8.58%	77
A smaller residence in Pikeville	3.90%	35
A larger residence in Pike County, but outside of Pikeville	6.35%	57
A smaller residence in Pike County, but outside of Pikeville	1.56%	14
A residence outside of Pike County	11.15%	100
I do not plan on moving or this question is not applicable (non-resident)	68.45%	614
<b>TOTAL</b>		<b>897</b>

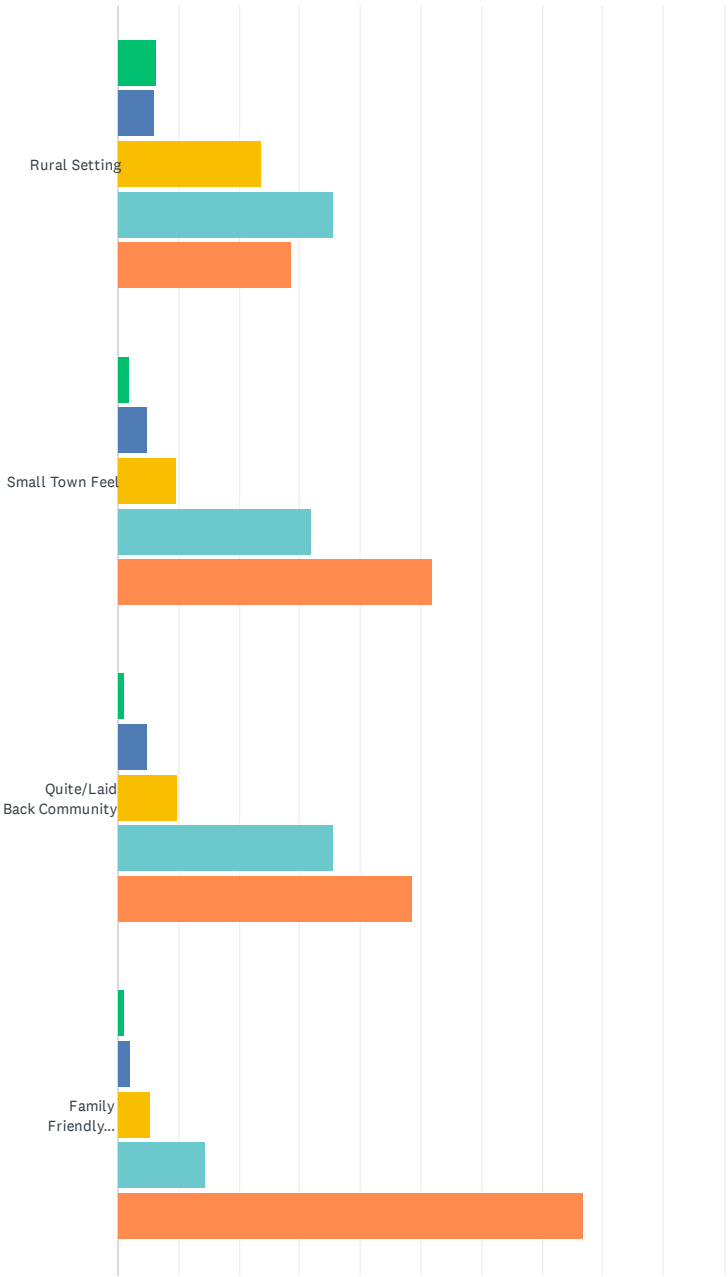
Q7 Which of the following methods would you prefer for communicating City of Pikeville events?  
(please mark all that apply)



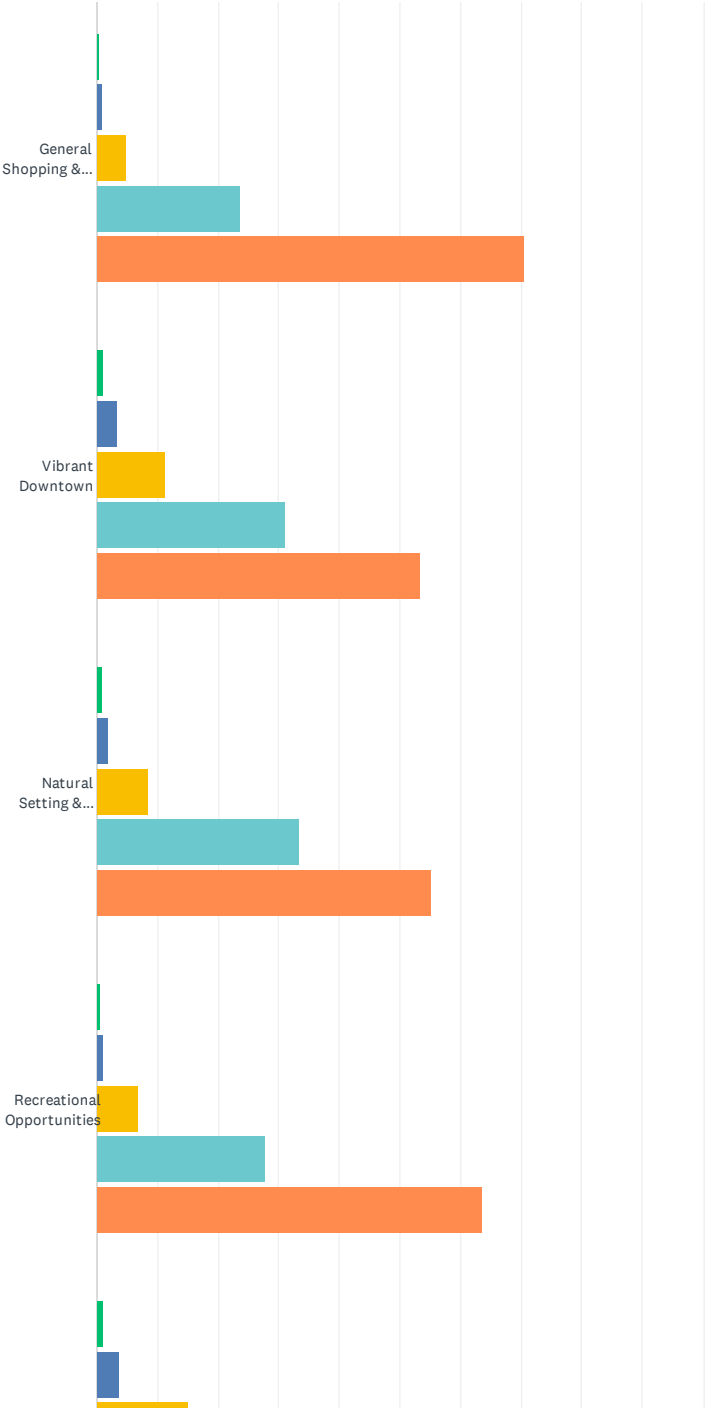
ANSWER CHOICES	RESPONSES	
Newspaper	25.53%	229
Television	28.32%	254
Radio	29.88%	268
E-mail	31.88%	286
Social Media	87.40%	784
Text	33.00%	296
Total Respondents: 897		

Q8 How important to you are the following aspects of Pikeville?

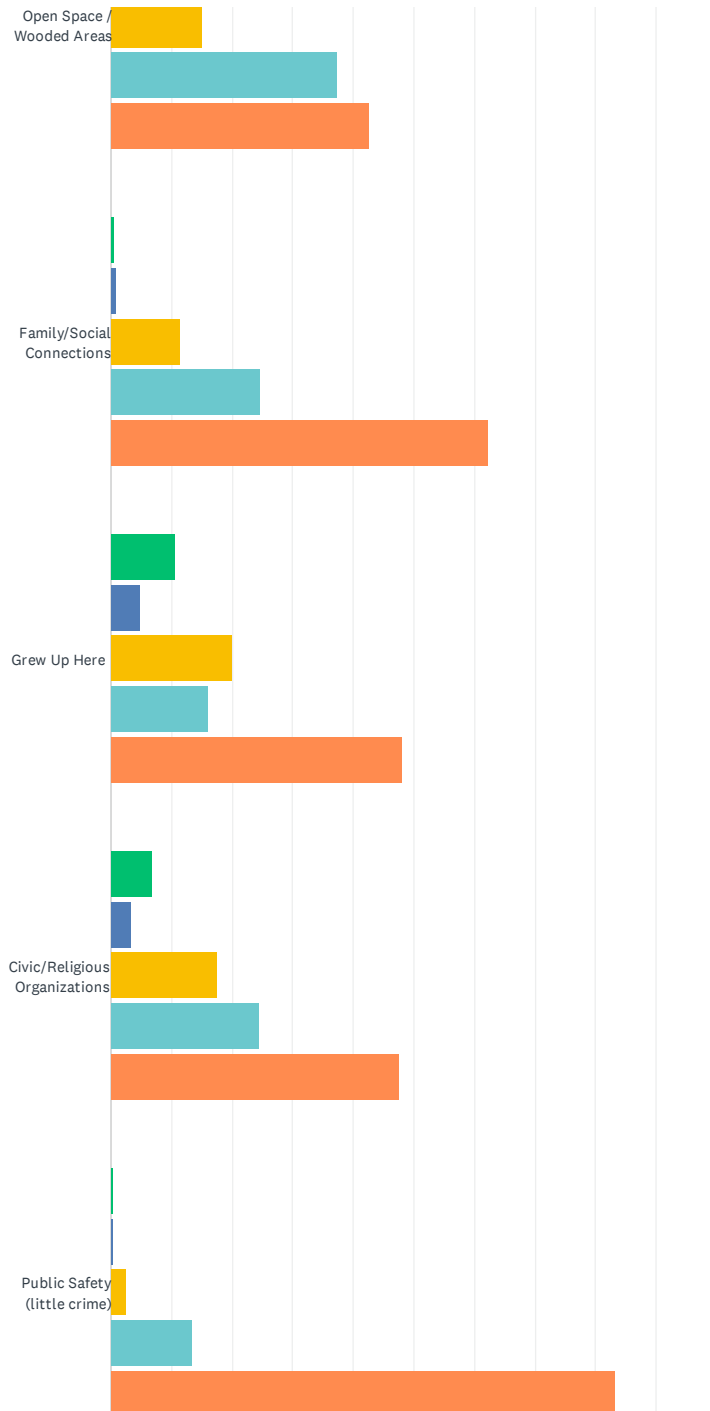
Answered: 617    Skipped: 283



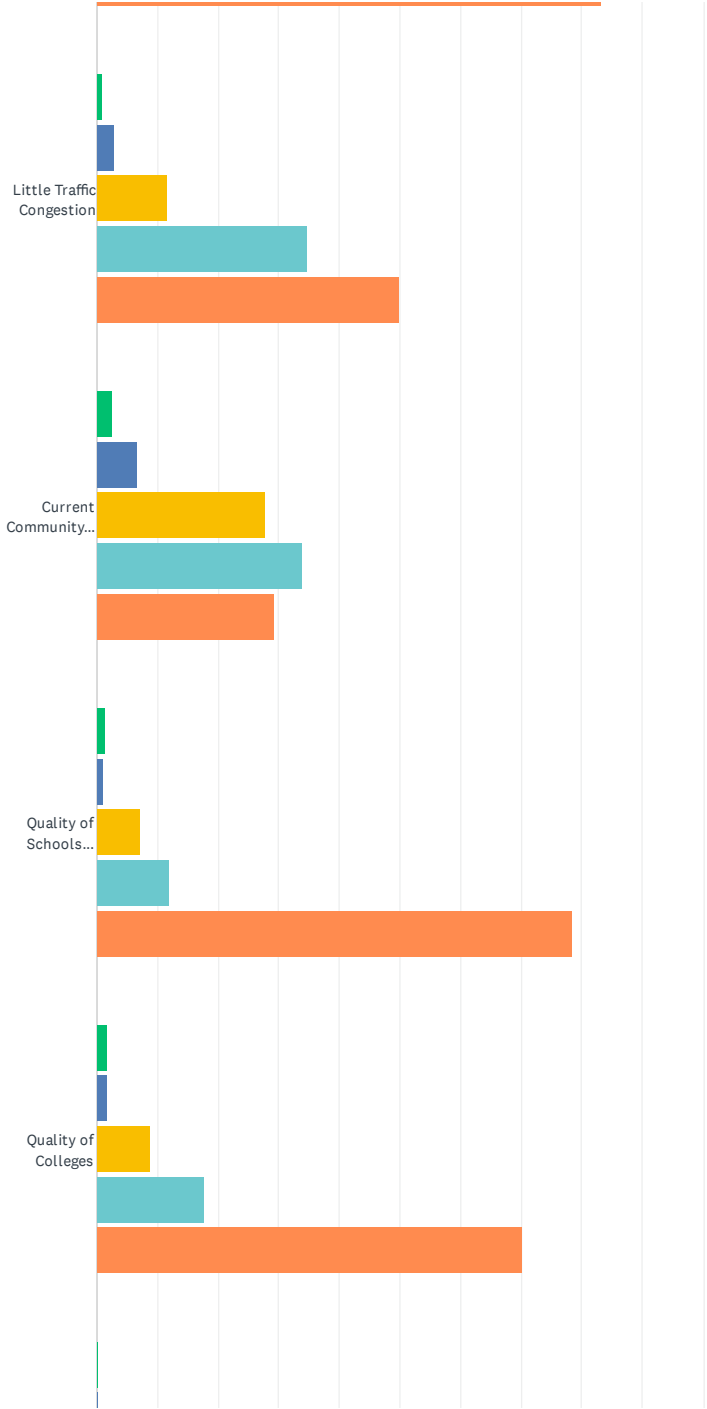
Public Opinion Survey for the City of Pikeville Comprehensive Plan



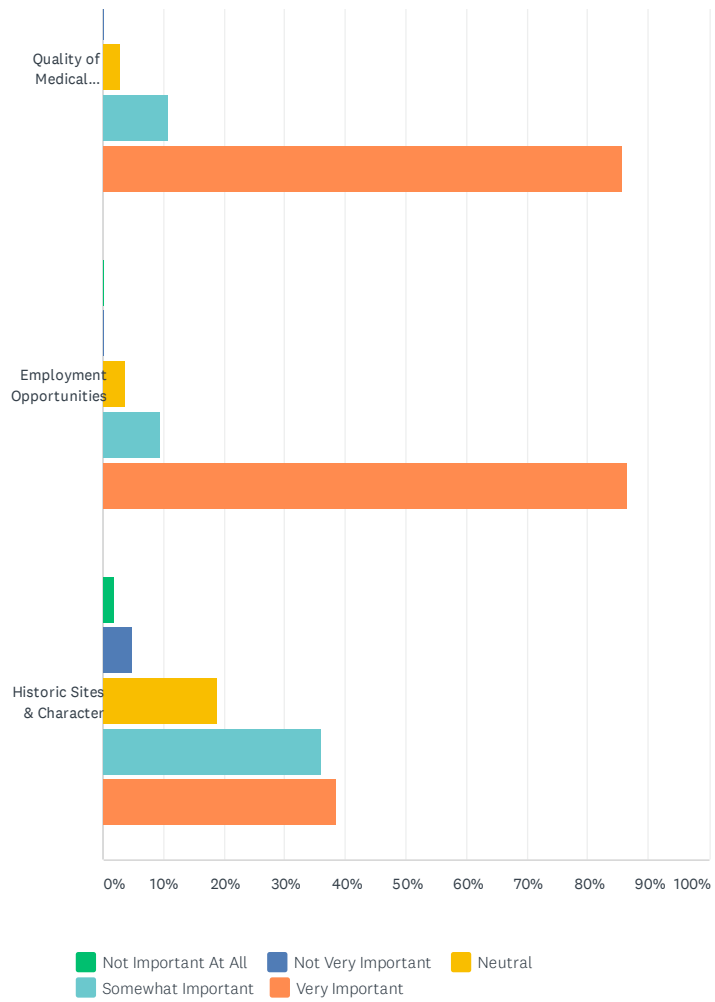
## Public Opinion Survey for the City of Pikeville Comprehensive Plan



Public Opinion Survey for the City of Pikeville Comprehensive Plan



## Public Opinion Survey for the City of Pikeville Comprehensive Plan





## Public Opinion Survey for the City of Pikeville Comprehensive Plan

	NOT IMPORTANT AT ALL	NOT VERY IMPORTANT	NEUTRAL	SOMEWHAT IMPORTANT	VERY IMPORTANT	TOTAL
Rural Setting	6.22% 38	6.06% 37	23.57% 144	35.52% 217	28.64% 175	611
Small Town Feel	1.79% 11	4.87% 30	9.58% 59	31.98% 197	51.79% 319	616
Quite/Laid Back Community	1.14% 7	4.88% 30	9.76% 60	35.61% 219	48.62% 299	615
Family Friendly Community	1.14% 7	2.11% 13	5.52% 34	14.45% 89	76.79% 473	616
General Shopping & Dining Options	0.49% 3	0.81% 5	4.72% 29	23.58% 145	70.41% 433	615
Vibrant Downtown	0.97% 6	3.25% 20	11.36% 70	31.17% 192	53.25% 328	616
Natural Setting & Outdoor Recreation	0.81% 5	1.95% 12	8.60% 53	33.44% 206	55.19% 340	616
Recreational Opportunities	0.65% 4	0.97% 6	6.81% 42	27.88% 172	63.70% 393	617
Open Space / Wooded Areas	0.97% 6	3.73% 23	15.10% 93	37.50% 231	42.69% 263	616
Family/Social Connections	0.65% 4	0.81% 5	11.51% 71	24.64% 152	62.40% 385	617
Grew Up Here	10.62% 65	4.90% 30	20.10% 123	16.18% 99	48.20% 295	612
Civic/Religious Organizations	6.97% 43	3.40% 21	17.50% 108	24.47% 151	47.65% 294	617
Public Safety (little crime)	0.49% 3	0.49% 3	2.44% 15	13.33% 82	83.25% 512	615
Little Traffic Congestion	0.81% 5	2.92% 18	11.67% 72	34.68% 214	49.92% 308	617
Current Community Size/Population	2.44% 15	6.67% 41	27.80% 171	33.82% 208	29.27% 180	615
Quality of Schools (grade/high schools)	1.46% 9	0.98% 6	7.15% 44	11.87% 73	78.54% 483	615
Quality of Colleges	1.62% 10	1.62% 10	8.77% 54	17.69% 109	70.29% 433	616
Quality of Medical Facilities/Services	0.16% 1	0.16% 1	2.92% 18	10.88% 67	85.88% 529	616
Employment Opportunities	0.16% 1	0.16% 1	3.73% 23	9.40% 58	86.55% 534	617
Historic Sites & Character	1.95% 12	4.89% 30	18.73% 115	35.99% 221	38.44% 236	614

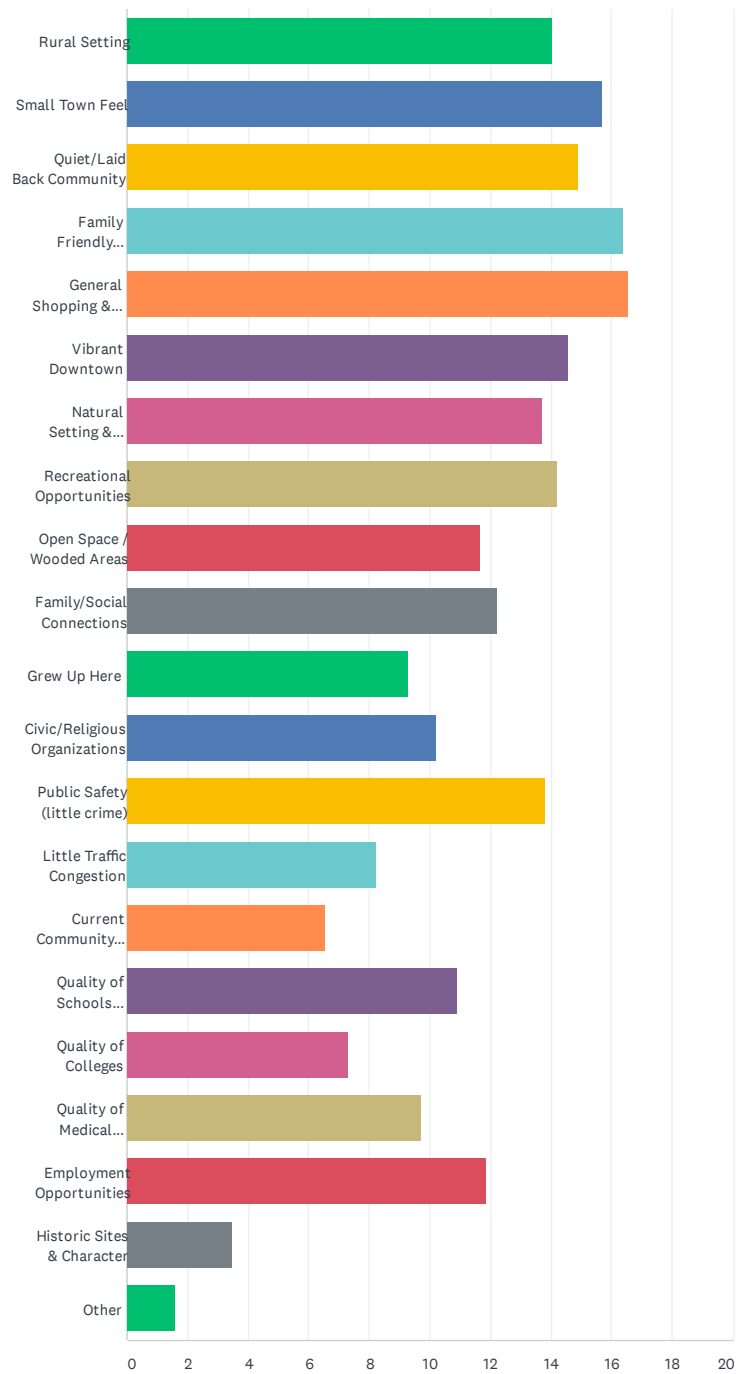
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#	OTHER (PLEASE SPECIFY)	DATE
1	Affordable and good housing opportunities; transportation resources for. those who don't drive	6/2/2020 3:58 PM
2	LGBTQ affirming resources are needed.	5/28/2020 9:42 PM
3	High speed reliable and affordable internet and TV connection.	5/28/2020 8:11 AM
4	More varied retail needed downtown to truly rejuvenate the town. Unless there is an event in town, it turns into a ghost town. Fewer law offices and more shops if all kinds, please.	5/28/2020 12:56 AM
5	Policies that negatively effect the poor less than the rich	5/27/2020 8:03 AM
6	Therapy for children with developmental disabilities (OT, PT, ST). Also Opportunities for children to exercise.	5/27/2020 6:39 AM
7	Please don't try to turn into something unrealistic for geographical size. I want to keep us a small vibrant town.	5/25/2020 10:35 PM
8	LGBT friendly spaces and events. Very important	5/25/2020 2:36 PM
9	LGBTQ+ affirming culture and community	5/25/2020 11:49 AM
10	More job opportunities. Something other than fast food and retain for people without degrees.	5/24/2020 11:05 PM
11	More nice community housing for the older people-not nursing home status- more economically independent living community, apartments.	5/24/2020 9:31 PM
12	Bring in some nice places like Belk or Kohl's so we can shop local.	5/24/2020 4:33 PM
13	Having a local college marching band	5/22/2020 5:27 AM
14	Military Veterans recognition is very important. We served to preserve this freedom and way of life.	5/21/2020 9:52 PM
15	Recreational opportunities needed for adults, not just for children	5/21/2020 8:47 PM
16	Pay rates are ridiculous in this area. I work in healthcare and made \$2-\$3 mote an hour as a lower position in TN 12yrs ago. Taxes are also outrageous with what little many make here. The average cost of living is too much for this area. I lived on Douglas Lake and taxes and general living expenses were much lower.	5/21/2020 12:25 PM
17	Connectivity is extremely important (Variety of quality cellular networks (5G mmWave builds) and fiber preferable)	5/19/2020 9:30 PM
18	Its spelled Quiet. Not quite/laid back	5/19/2020 8:32 PM
19	Pikeville needs to stop focusing on Alcohol there is more to life than getting drunk	5/19/2020 6:25 PM
20	Pond is nasty. Clean trash off city owned banks on lower end	5/19/2020 12:58 PM
21	Do not allow UPike to tear down York Mansion.	5/19/2020 6:38 AM
22	Love to see a water park. Modern bowling alley, 18 hole golf course, more shopping and fine dining	5/18/2020 10:47 PM
23	Need high paying job opportunities in our area. That's why people keep leaving. Also our property taxes and utilities are way too high for an area with lower paying jobs. People struggle to survive and have to leave for better opportunities.	5/18/2020 10:37 PM
24	Experience Based Entertainment (Theatre, Haunted Houses, Breakout Games)	5/18/2020 6:36 PM
25	Arts and entertainment options are very important	5/18/2020 4:28 PM
26	Reliable internet service (not suddenlink)	5/18/2020 2:33 PM

Q9 Of the options listed, please rank the top five in order of importance.

Answered: 616 Skipped: 284

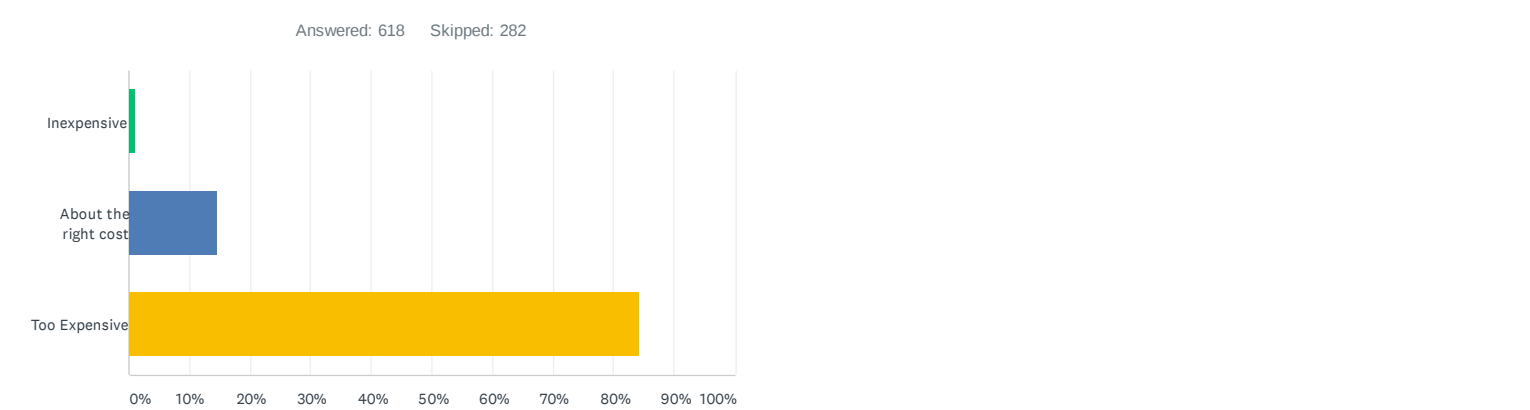
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# Public Opinion Survey for the City of Pikeville Comprehensive Plan

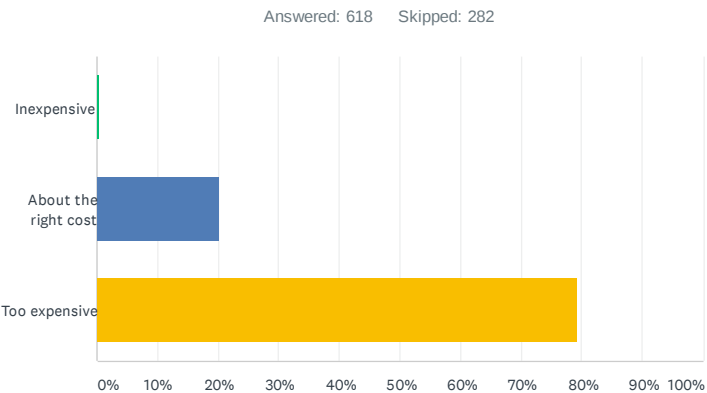
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	TOTAL
Rural Setting	11.83% 62	7.06% 37	7.82% 41	7.44% 39	5.92% 31	7.63% 40	8.21% 43	5.34% 28	3.82% 20	2.86% 15	5.34% 28	3.82% 20	3.82% 20	3.63% 19	2.48% 13	1.72% 9	2.29% 12	3.24% 17	3.82% 20	1.34% 7	0.57% 3	524
Small Town Feel	8.63% 46	15.95% 85	12.95% 69	7.50% 40	6.94% 37	8.26% 44	7.50% 40	6.75% 36	4.69% 25	4.50% 24	2.81% 15	2.25% 12	1.13% 6	1.13% 6	1.50% 8	1.69% 9	1.69% 9	2.25% 12	0.94% 5	0.38% 2	0.56% 3	533
Quiet/Laid Back Community	3.75% 20	5.81% 31	14.98% 80	8.61% 46	8.99% 48	12.92% 69	10.49% 56	8.24% 44	4.68% 25	3.75% 20	2.43% 13	2.43% 13	1.69% 9	0.56% 3	1.69% 9	1.69% 9	1.50% 8	2.81% 15	1.69% 9	1.12% 6	0.19% 1	534
Family Friendly Community	14.29% 79	9.22% 51	12.30% 68	15.01% 83	10.13% 56	7.96% 44	6.33% 35	6.15% 34	5.42% 30	1.99% 11	1.99% 11	1.08% 6	1.08% 6	0.72% 4	1.63% 9	0.72% 4	0.72% 4	0.72% 4	1.63% 9	0.54% 3	0.36% 2	553
General Shopping & Dining Options	8.10% 46	13.38% 76	10.74% 61	11.44% 65	17.43% 99	10.21% 58	7.39% 42	6.16% 35	5.46% 31	2.29% 13	1.23% 7	1.06% 6	1.23% 7	0.53% 3	0.53% 3	0.53% 3	0.53% 3	0.35% 2	1.06% 6	0.35% 2	0.00% 0	568
Vibrant Downtown	5.11% 28	5.66% 31	4.93% 27	6.20% 34	8.76% 48	15.69% 86	11.31% 62	10.04% 55	9.49% 52	5.66% 31	3.65% 20	2.55% 14	2.01% 11	1.28% 7	1.46% 8	1.09% 6	1.09% 6	1.64% 9	0.91% 5	0.91% 5	0.55% 3	548
Natural Setting & Outdoor Recreation	2.75% 15	1.83% 10	3.66% 20	4.76% 26	5.86% 32	9.16% 50	14.65% 80	14.10% 77	12.09% 66	9.34% 51	6.23% 34	4.95% 27	2.56% 14	2.01% 11	1.47% 8	1.47% 8	1.28% 7	0.92% 5	0.73% 4	0.00% 0	0.18% 1	546
Recreational Opportunities	2.71% 15	4.33% 24	5.96% 33	7.22% 40	8.12% 45	6.50% 36	7.94% 44	17.69% 98	10.29% 57	8.84% 49	6.50% 36	4.15% 23	3.07% 17	3.43% 19	1.44% 8	0.72% 4	0.18% 1	0.36% 2	0.54% 3	0.00% 0	0.00% 0	554
Open Space / Wooded Areas	0.00% 0	0.91% 5	1.46% 8	1.10% 6	2.19% 12	2.38% 13	6.22% 34	8.78% 48	21.94% 120	14.63% 80	13.53% 74	5.48% 30	6.95% 38	3.84% 21	3.11% 17	2.01% 11	1.46% 8	0.73% 4	1.83% 10	1.28% 7	0.18% 1	547
Family/Social Connections	2.69% 15	2.33% 13	3.23% 18	4.30% 24	4.30% 24	3.76% 21	3.41% 19	2.87% 16	5.56% 31	21.68% 121	14.52% 81	12.37% 69	7.89% 44	3.76% 21	2.33% 13	1.79% 10	1.25% 7	1.08% 6	0.36% 2	0.54% 3	0.00% 0	558
Grew Up Here	0.73% 4	1.09% 6	0.18% 1	0.91% 5	0.55% 3	0.36% 2	0.73% 4	1.46% 8	2.37% 13	7.10% 39	24.04% 132	16.03% 88	12.20% 67	7.47% 41	5.65% 31	4.55% 25	3.46% 19	2.91% 16	2.73% 15	3.46% 19	2.00% 11	549
Civic/Religious Organizations	4.87% 27	2.17% 12	1.08% 6	2.89% 16	1.99% 11	0.90% 5	2.17% 12	1.08% 6	2.53% 14	3.79% 21	5.42% 30	24.73% 137	13.36% 74	10.83% 60	6.50% 36	6.32% 35	2.17% 12	1.62% 9	2.17% 12	1.99% 11	1.44% 8	554
Public Safety (little crime)	16.07% 95	9.64% 57	6.77% 40	5.08% 30	6.94% 41	1.35% 8	2.37% 14	1.18% 7	1.52% 9	1.86% 11	1.35% 8	6.26% 37	20.81% 123	9.48% 56	5.08% 30	1.86% 11	1.02% 6	1.02% 6	0.17% 1	0.00% 0	0.17% 1	591
Little Traffic Congestion	0.18% 1	0.36% 2	0.18% 1	2.71% 15	2.17% 12	0.72% 4	0.90% 5	1.27% 7	1.45% 8	2.35% 13	2.35% 13	2.71% 15	7.59% 42	34.54% 191	16.46% 91	11.93% 66	5.97% 33	3.44% 19	2.53% 14	0.18% 1	0.00% 0	553
Current Community Size/Population	0.00% 0	0.36% 2	0.36% 2	0.00% 0	0.36% 2	0.36% 2	0.55% 3	0.18% 1	1.46% 8	0.91% 5	1.09% 6	1.82% 10	2.74% 15	8.21% 45	36.68% 201	16.24% 89	12.04% 66	8.03% 44	5.11% 28	2.74% 15	0.73% 4	548
Quality of Schools (grade/high schools)	3.10% 18	10.52% 61	6.72% 39	7.59% 44	5.00% 29	2.24% 13	1.21% 7	1.55% 9	1.90% 11	1.72% 10	1.72% 10	1.21% 7	2.07% 12	1.38% 8	3.45% 20	29.83% 173	10.86% 63	4.83% 28	1.55% 9	0.52% 3	1.03% 6	580
Quality of Colleges	0.36% 2	2.16% 12	3.96% 22	3.24% 18	1.26% 7	2.52% 14	2.16% 12	1.98% 11	0.72% 4	1.26% 7	1.80% 10	1.44% 8	0.90% 5	1.26% 7	2.70% 15	6.85% 38	40.00% 222	15.14% 84	8.47% 47	1.44% 8	0.36% 2	555
Quality of Medical Facilities/Services	4.15% 24	7.94% 46	6.22% 36	6.04% 35	5.70% 33	1.90% 11	2.59% 15	1.73% 10	1.38% 8	1.73% 10	1.55% 9	1.21% 7	1.04% 6	1.73% 10	1.90% 11	1.04% 6	3.97% 23	35.75% 207	10.71% 62	1.73% 10	0.00% 0	579
Employment Opportunities	19.35% 113	8.73% 51	6.51% 38	6.68% 39	5.65% 33	2.57% 15	1.88% 11	0.34% 2	1.54% 9	0.86% 5	0.17% 1	0.68% 4	1.37% 8	0.34% 2	0.17% 1	0.68% 4	1.71% 10	4.11% 24	34.59% 202	1.71% 10	0.34% 2	584
Historic Sites & Character	0.18% 1	0.18% 1	0.54% 3	1.26% 7	1.44% 8	0.90% 5	0.90% 5	0.54% 3	0.36% 2	0.72% 4	0.72% 4	0.54% 3	0.72% 4	1.26% 7	0.72% 4	1.44% 8	1.98% 11	3.06% 17	8.11% 45	71.17% 395	3.24% 18	555
Other	0.73% 4	0.37% 2	0.37% 2	0.18% 1	0.18% 1	0.18% 1	0.00% 0	0.00% 0	0.00% 0	0.37% 2	0.00% 0	0.18% 1	0.00% 0	0.00% 0	0.00% 0	0.73% 4	0.18% 1	0.55% 3	1.83% 10	6.42% 35	87.71% 478	545

Q10 Do you feel housing prices in Pikeville to purchase are?



ANSWER CHOICES	RESPONSES	
Inexpensive	1.13%	7
About the right cost	14.56%	90
Too Expensive	84.30%	521
TOTAL		618

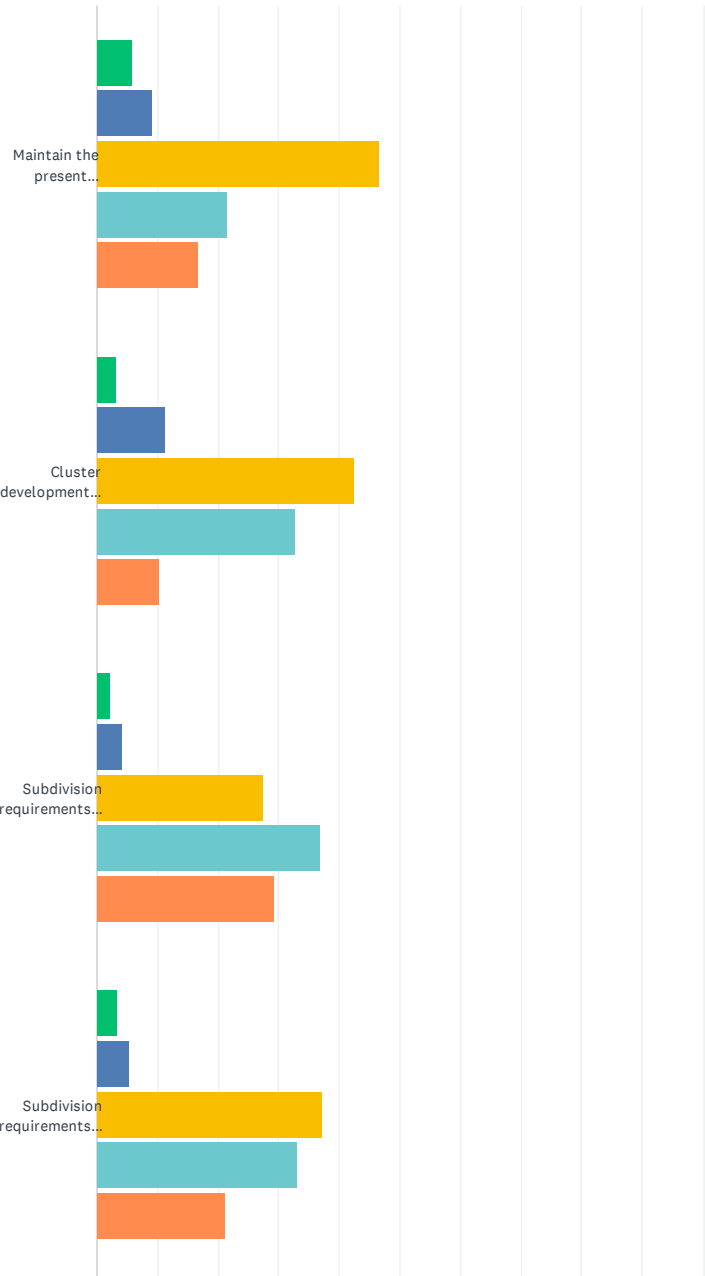
Q11 Do you feel housing prices in Pikeville to rent are?



ANSWER CHOICES	RESPONSES	
Inexpensive	0.49%	3
About the right cost	20.23%	125
Too expensive	79.29%	490
TOTAL		618

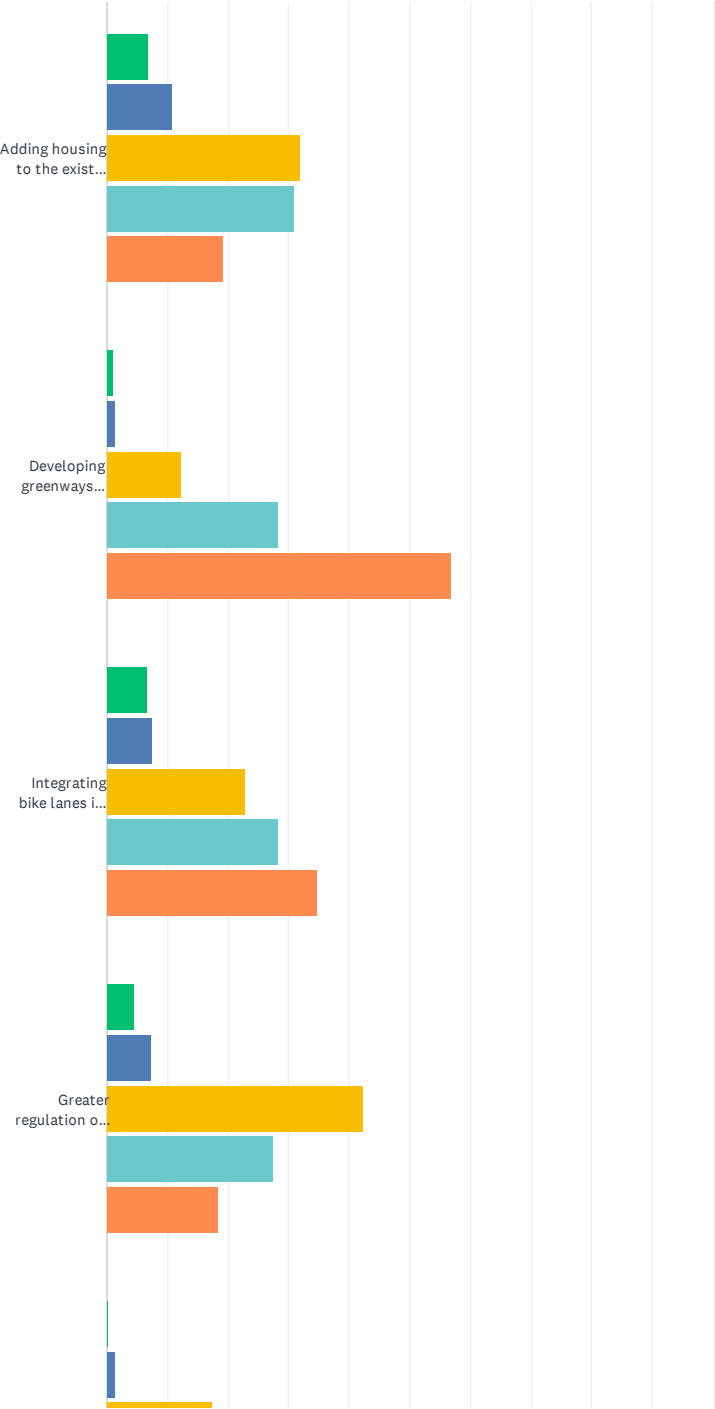
Q12 Please indicate your level of support for the following in Pikeville

Answered: 617    Skipped: 283

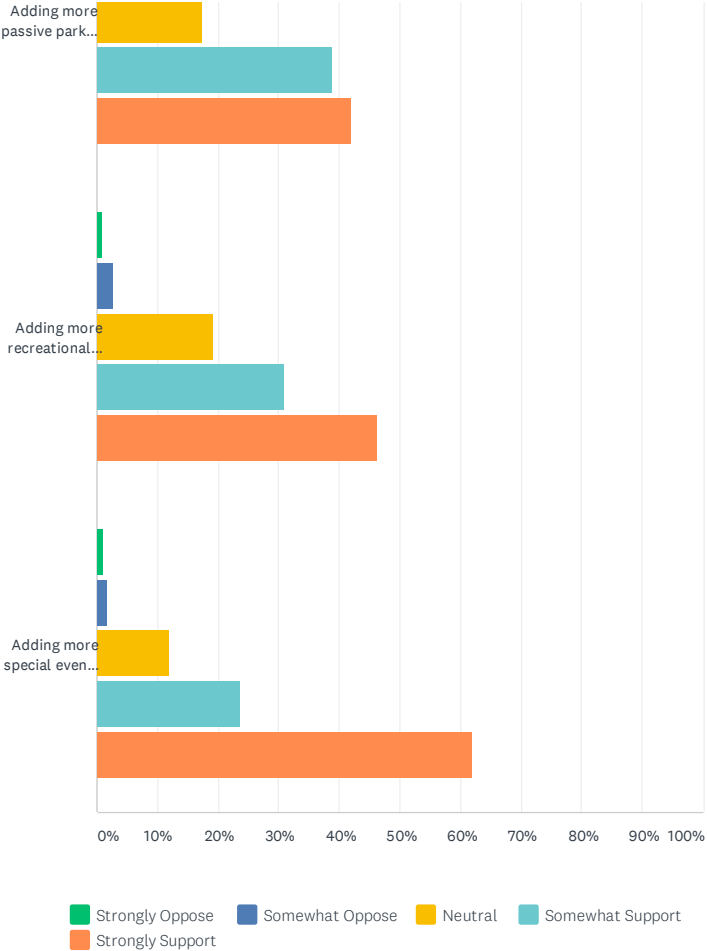




Public Opinion Survey for the City of Pikeville Comprehensive Plan



Public Opinion Survey for the City of Pikeville Comprehensive Plan

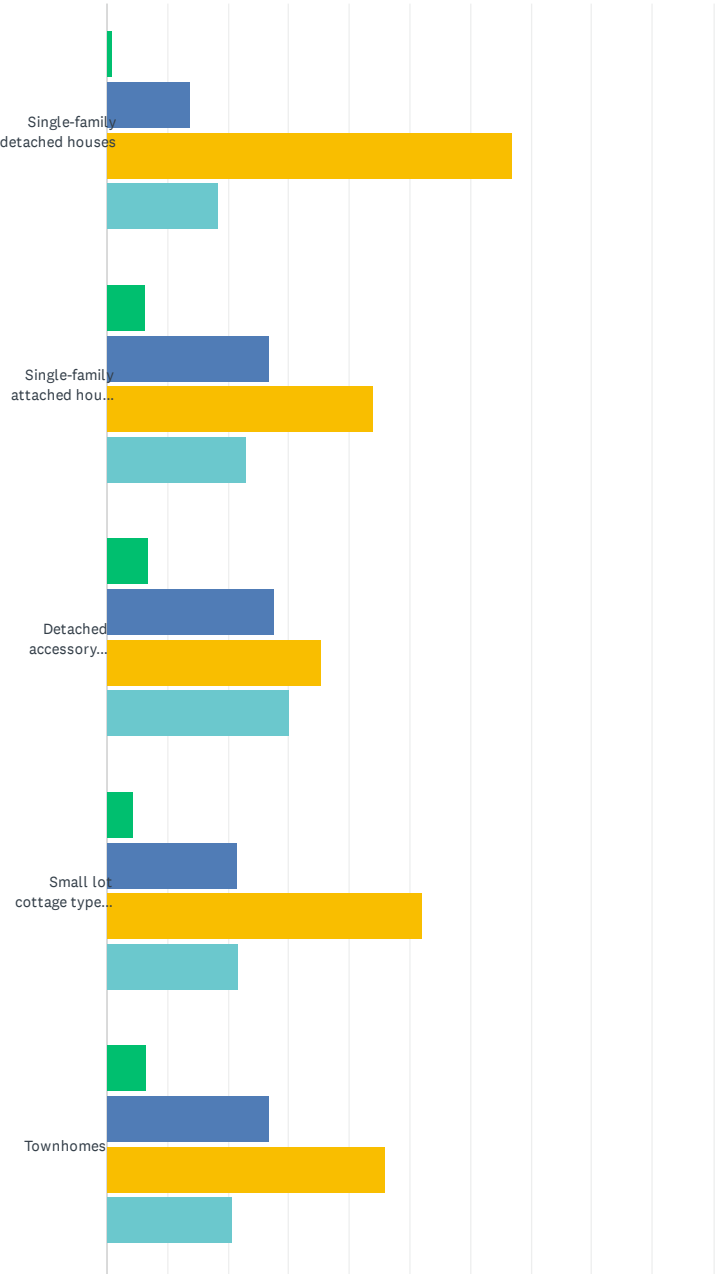


# Public Opinion Survey for the City of Pikeville Comprehensive Plan

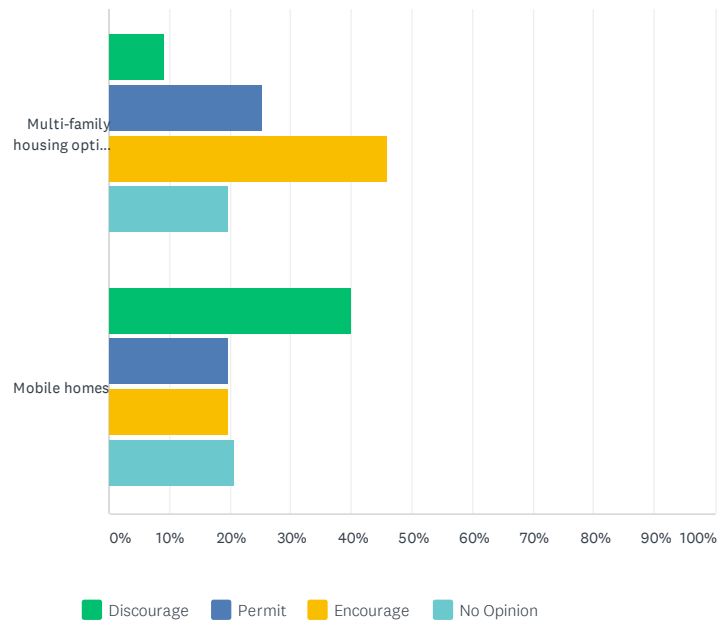
	STRONGLY OPPOSE	SOMEWHAT OPPOSE	NEUTRAL	SOMEWHAT SUPPORT	STRONGLY SUPPORT	TOTAL
Maintain the present population (6,500+/-)	5.88% 36	9.15% 56	46.57% 285	21.57% 132	16.83% 103	612
Cluster development with relatively small lots (5,000+/- sq. ft.) and larger common open space.	3.09% 19	11.24% 69	42.51% 261	32.90% 202	10.26% 63	614
Subdivision requirements for sidewalks in all new residential subdivisions.	2.28% 14	4.23% 26	27.48% 169	36.75% 226	29.27% 180	615
Subdivision requirements for street trees in all new residential subdivisions.	3.25% 20	5.36% 33	37.18% 229	33.12% 204	21.10% 130	616
Adding housing to the existing commercial areas on the north end of town (Cassidy Blvd. area).	6.83% 42	10.89% 67	32.03% 197	31.06% 191	19.19% 118	615
Developing greenways (paved trails) along the various streams for walkers, joggers, cyclists, etc.	0.97% 6	1.46% 9	12.34% 76	28.25% 174	56.98% 351	616
Integrating bike lanes into existing streets where right-of-way widths allow.	6.66% 41	7.63% 47	22.73% 140	28.25% 174	34.74% 214	616
Greater regulation of business signs to more stringently control the number and size of signs.	4.56% 28	7.33% 45	42.35% 260	27.36% 168	18.40% 113	614
Adding more passive park space for activities such as picnicking, hiking, etc.	0.16% 1	1.46% 9	17.37% 107	38.96% 240	42.05% 259	616
Adding more recreational facilities for sports, such as courts, fields, etc.	0.81% 5	2.76% 17	19.35% 119	30.89% 190	46.18% 284	615
Adding more special events for Downtown, such as festivals and concerts.	0.97% 6	1.62% 10	11.85% 73	23.70% 146	61.85% 381	616

Q13 What should the City’s policy be toward the following types of housing?

Answered: 618    Skipped: 282

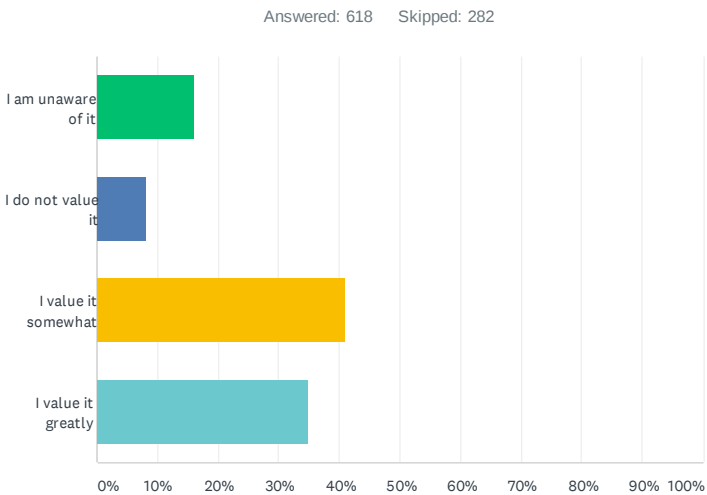


## Public Opinion Survey for the City of Pikeville Comprehensive Plan



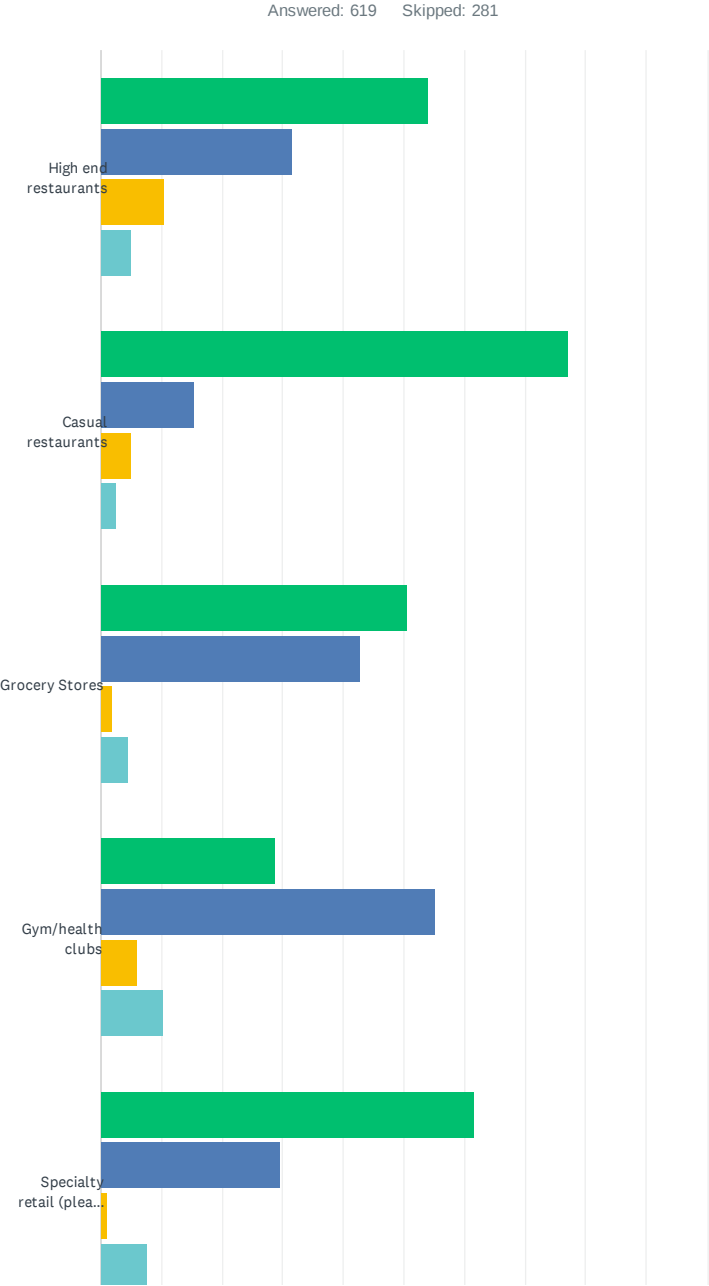
	DISCOURAGE	PERMIT	ENCOURAGE	NO OPINION	TOTAL
Single-family detached houses	0.81% 5	13.78% 85	66.94% 413	18.48% 114	617
Single-family attached houses (duplexes, triplexes, quads, etc.)	6.19% 38	26.87% 165	43.97% 270	22.96% 141	614
Detached accessory dwelling units (garages w/apts., etc.)	6.83% 42	27.64% 170	35.45% 218	30.08% 185	615
Small lot cottage type development	4.39% 27	21.63% 133	52.20% 321	21.79% 134	615
Townhomes	6.57% 40	26.77% 163	45.98% 280	20.69% 126	609
Multi-family housing options (condos and apartments)	9.12% 56	25.24% 155	45.93% 282	19.71% 121	614
Mobile homes	39.97% 245	19.74% 121	19.58% 120	20.72% 127	613

Q14 What is your familiarity with and/or opinion of the Appalachian Center for the Arts (The App)

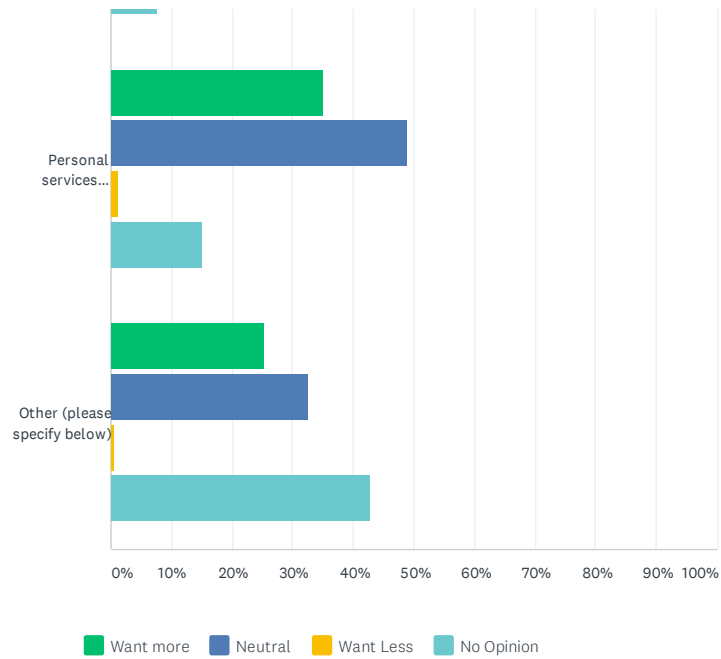


ANSWER CHOICES	RESPONSES	
I am unaware of it	16.02%	99
I do not value it	8.09%	50
I value it somewhat	40.94%	253
I value it greatly	34.95%	216
TOTAL		618

Q15 Which of the following business types would you like to see more of in Pikeville? (please mark all that apply)



## Public Opinion Survey for the City of Pikeville Comprehensive Plan



	WANT MORE	NEUTRAL	WANT LESS	NO OPINION	TOTAL RESPONDENTS
High end restaurants	54.05% 334	31.55% 195	10.52% 65	5.02% 31	618
Casual restaurants	77.15% 476	15.56% 96	5.02% 31	2.43% 15	617
Grocery Stores	50.57% 312	42.95% 265	1.94% 12	4.70% 29	617
Gym/health clubs	28.81% 176	55.16% 337	6.06% 37	10.31% 63	611
Specialty retail (please specify below)	61.66% 378	29.69% 182	1.14% 7	7.83% 48	613
Personal services (please specify below)	35.11% 211	48.92% 294	1.33% 8	14.98% 90	601
Other (please specify below)	25.23% 84	32.73% 109	0.60% 2	42.94% 143	333

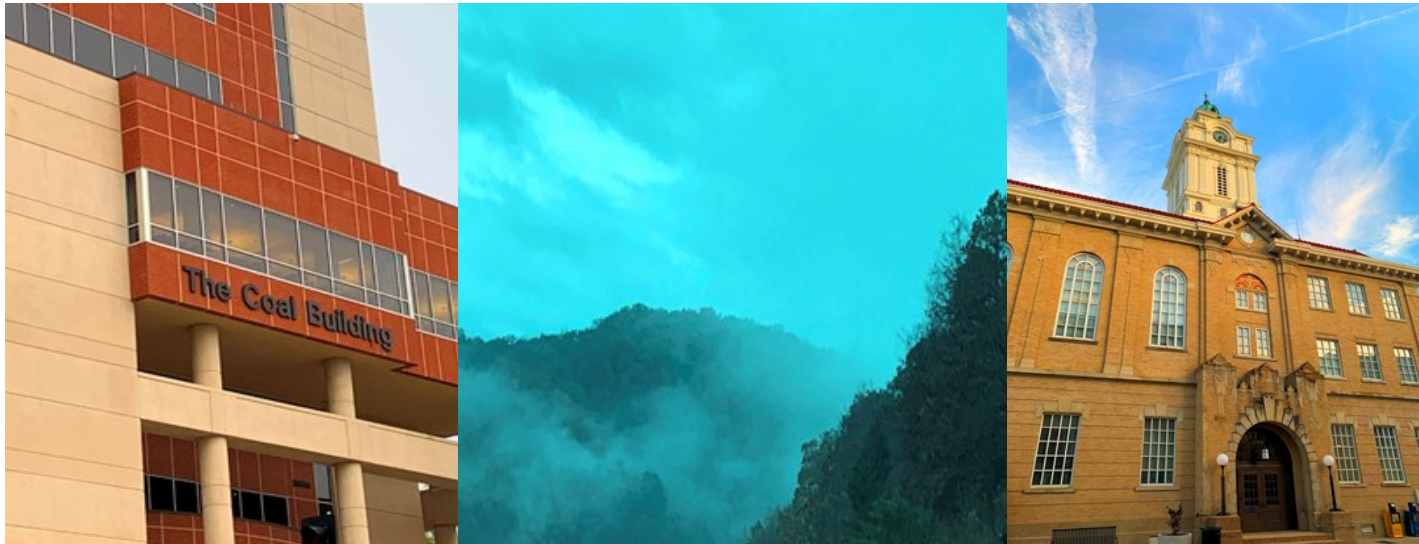


# Pikeville Comprehensive Plan Update

## **APPENDIX B.**

### **ECONOMIC BASELINE ASSESSMENT**

# *Pikeville* **ECONOMIC BASELINE ASSESSMENT**



Submitted to Integrated Engineering  
On behalf of the City of Pikeville  
April 13, 2020

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## **INTRODUCTION**

This Economic Baseline Assessment provides background context for the Comprehensive Plan and key elements include the market analyses, target industry study, and strategic economic development components. In Section 1, Pikeville's location and overall accessibility are discussed and several important assets in the community are identified as they relate to the city's economic and tourism development. Section 2 provides a socio-economic profile, examining Pikeville's and Pike County's population and household trends, as well as household income and poverty levels. Basic health and education factors are also examined, again in the context of the city's overall economic development. Economic trends are summarized in Section 3, in terms of employment and labor force, major employers and economic drivers, industry sector trends, and commutation patterns. Finally, Section 4 reviews several factors relating to the city's economic development including utilities and infrastructure, downtown, industrial parks and development sites, commercial corridors, and economic & tourism development organizational structure. These discussions are only meant to summarize the overall context. More detailed analysis is provided on many of these topics within other sections of the Comprehensive Plan, such as within the market analyses, downtown strategy, or infrastructure assessments.

## **Section 1. LOCATION & ASSET BASE**

This section of the report provides an overview of Pikeville's location and overall asset base, as context for assessing its competitive position and opportunities for business recruitment, retention and development. Several factors are assessed, including the city's location, transportation accessibility, government and anchor institutions. Several of the city's key assets are identified, although there are no doubt more beyond this brief summary. The assets include natural and recreational sites, historical assets and context, major companies and economic drivers, among others. More detail is provided on the area's economic drivers in subsequent sections of this report and elsewhere in the comprehensive plan document.

### **Location**

Pikeville is located in Pike County, at the eastern-most "point" of the state of Kentucky. Pike County forms part of the southern Appalachian region that includes much of eastern Kentucky, West Virginia, southwestern Virginia, western North Carolina, east Tennessee, and parts of Georgia, Alabama and neighboring states. Pikeville is about 142 miles (2h30m) from Lexington, Kentucky and 214 miles (3h20m travel time) from Louisville. The city is relatively isolated geographically from most major cities, although it's location is "central" to the surrounding Appalachian region including Kentucky, Virginia, West Virginia, and Tennessee. The city's distance to selected metropolitan areas is summarized here, in order of driving distance:

• Huntington, WV	99 miles	Greenville, SC	240 miles
• Charleston, WV	108	Greensboro, NC	259
• Tri-Cities Airport, TN	114	Charlotte, NC	279
• Lexington, KY	142	Chattanooga, TN	306
• Asheville, NC	179	Raleigh-D Airport, NC	322
• Knoxville, TN	196	Nashville, TN	329
• Louisville, KY	214	Richmond, VA	395
• Cincinnati, OH	218	Atlanta, GA	407
• Columbus, OH	218	Washington, DC	446
• Roanoke, VA	219		

Both of Pikeville's closest metropolitan areas are located in West Virginia. The closest metropolitan area, Huntington, is nearly 100 miles away from Pikeville. Charleston is 108 miles away. The Tri-Cities Airport (serving Kingsport, Johnson City, and Bristol, Tennessee-Virginia) is located about 114 miles away. Interestingly, Cincinnati and Columbus, Ohio are located closer than most southern metros including Greenville, Charlotte, Raleigh-Durham and Nashville.

## Transportation Access & Exposure

Pikeville is surrounded by mountain ranges, and the city and its commercial fingers cling to the developable banks of the Levisa Fork of the Big Sandy River. An oxbow lake created by the Pikeville Cut-Through nearly surrounds downtown Pikeville. As a result, transportation access and exposure, especially for downtown Pikeville, is fairly limited. The city is relatively far from any interstate highways. For example, both I-64 and I-81 are located nearly 100 miles away at their closest points; I-77 is 124 miles away, and I-75 is nearly 200 miles away. **U.S. Highway 23**, one of the three non-interstate federal highways through Pikeville, provides the primary access to the city from distant metropolitan areas. The highway follows alongside the path of the Levisa Fork, affording commercial and residential development opportunities in its narrow path.

US23 links north to Mackinaw City (MI) and south to Jacksonville (FL). From 1929 through 1930, Pikeville was the southern terminus of Route 23, but the highway was soon extended to Atlanta. U.S. 23 passes through several large metropolitan areas including Jacksonville, Atlanta, Columbus, Toledo, and Detroit (Ann Arbor). Within the immediate region, U.S. 23 links Pikeville north to Betsy Layne, Prestonsburg, Paintsville (where the U.S. 23 Museum is located, honoring country music musicians who lived along the highway), and on to the Ashland-Huntington area. Route 23 links Pikeville south to Dorton, Wise, Big Stone Gap, and on into Kingsport and the Tri-Cities metro area of Tennessee/Virginia. Route 23 runs concurrently with I-26 through the Tri-Cities south to the North Carolina state line.





The “Pikeville Cut-Through,” which engineered a divided path for U.S. Route 23 and associated highways and rail lines, is one of the largest civil engineering marvels of the Western Hemisphere, resulting from the relocation of nearly 18.0 million cubic yards of rock and soil (according to Pikeville-Pike County Tourism). The “Cut-Through” has been marketed as a tourism attraction.



**US Highway 119** (a spur of Highway 19) is the other federal highway that connects Pikeville north to Charleston, through rural West Virginia and south to Pineville, KY (near Middlesboro). **US Highway 460** connects Pikeville east to Norfolk, VA and west to Frankfort. US460 passes east through Bluefield and Princeton to Blacksburg, VA and I-81. To the west, US460 passes north of Lexington through Paris and Georgetown en route to Frankfort.



None of these federal roads operates as divided highways with 100% limited access level, and major portions of each road has only two-lane access. Thus, traffic movements are slow, especially through mountainous areas with dangerous poor weather driving conditions. Travel times are lengthened, even doubled, over what they would have been along divided, limited access highways. The 99-mile trip to Huntington, the closest metro area, would not take more than about 1.5 hours on interstate highways, but is closer to two hours on average along U.S.23. And Highway 23 may have the best conditions of highways in the area.

There are also several state highways that provide similar access to Pikeville. **Kentucky Route 80** is a nearly 500-mile long highway connecting the eastern to western parts of the state. Route 80, from its intersection with U.S. 23, provides the best connection west into southern and western Kentucky and to areas nearby like Nashville, Tennessee. Due to topographical challenges, Route 80 does not connect directly east from Garrett to Pikeville, but wanders north to Watertown, where it intersects with U.S. Route 23. This diversion adds about 20 miles to the trip east from western Kentucky.

Pikeville does offer the opportunity for commercial air service through Pike County Airport (Hatcher Field – PVL (IATA) or PBX (FAA)), located about six miles northwest of downtown Pikeville. The general aviation airport is owned and operated by the Pike County Regional Airport Board and it hosted commercial air service through Appalachian Air to Nashville International Airport, from 2014 to 2015. However, the service failed to meet minimum standards for profitability and was subsequently cancelled. The airport offers to asphalt runways, at 5,350 feet and 3,600 feet, respectively. According to AIRNAV, there are 30 aircraft based at the airport (1 jet), with an average 25 aircraft operations per day (7/10/18-7/09/19). About 60% is in transient general aviation use, 27% local general aviation, 10% air taxi, and 2% military. Other airports in the region include Big Sandy (12 miles), Appalachian Regional (22 miles), Lonesome Pine (35), Wendell H Ford (35), and Logan County (36).



### **Pike County Seat**

Pikeville is a relatively small city, with less than 7,000 residents, but is the seat of government for a county of more than 60,000, one of the largest counties geographically in the state. Courts housed at the new Judicial Center and other county government functions help spin off significant demand for professional services, retail, and various contractors who are mainly based within Pikeville. County functions help attract Pike County residents into Pikeville as jurors, to pay taxes, to receive various services and for other reasons. Revenue and income flow through Pikeville, enhancing its role as the financial hub for the county and the region.

*Pike County Judicial Center and Courthouse*

## **Anchor Institutions**

In addition to being the County Seat, Pikeville is also home to several large and significant institutions that help anchor the local economy, bring in a constant flow of new people and income, and result in significant spin-off to local businesses. Several of these institutions are growing and adding even more value to the local economic base.

### **Pikeville Medical Center**

Clearly the largest of these institutions is non-profit Pikeville Medical Center (PMC), a 340-bed Level II Trauma Center and medical facility based near downtown Pikeville with a total of 43 clinics, specialty centers and smaller primary care facilities located throughout Pike County and surrounding areas. With about 3,000 employees and 1.6 million square feet of health care space, PMC is the largest medical center in southeastern Kentucky. PMC provides the full complement of medical services, including cancer, neurology, cardiac, rehabilitative, pediatric, and other specialties offered. The medical center works increasingly with University of Pikeville and Big Sandy Community & Technical College to support programs that graduate medical and technical professionals for employment at PMC.



*Pictured Left to Right: Pikeville Medical Center, University of Pikeville, and Big Sandy Community & Technical College*



## **University of Pikeville**

Another local anchor institution is the University of Pikeville (UPike), and its 25-acre campus (about 565,000 square feet) is also located in downtown Pikeville. A private university founded in 1889 by the Presbyterian Church, UPike has 2,258 students enrolled from 32 states and 13 countries, according to the 2020 *University of Pikeville Fact Book*. About 53% of undergraduate students live on-campus and 47% off-campus. The university offers general undergraduate and graduate studies but has specializations in clinical care and the vision sciences. The school includes the College of Arts & Sciences (including the Patton College of Education), Coleman College of Business, Kentucky College of Optometry (KYCO), Elliott School of Nursing, and Kentucky College of Osteopathic Medicine (KYCOM). KYCO is one of only 23 optometry programs nationwide offering accredited degrees. The university states that KYCOM's osteopathic medical education "emphasizes primary care, encourages research, and promotes lifelong scholarly activity." The university operates within NAIA Division 1 (Region XI, Mid-South Conference) athletics. The university's motto is "Prospiciam ad Montes" – "Look to the Mountains."

## **Big Sandy Community and Technical College (BSCTC)**

BSCTC has four campuses, including the growing Pikeville Campus located at 120 South Riverfill Drive, which is also in the downtown Pikeville area. The college offers 25 academic and technical training programs for its 4,700 students (among all four campuses), of which about 1,200 are Pike County residents. Key majors pursued at the two-year institution are Liberal Arts & Sciences, Health Science Technology, Business Administration, Criminal Justice, Electrical Technology, Human Services, and Medical Information Technology. About 41% study full time and 59% are part-time students. In addition, National College, a private institution, has also established a campus in Pikeville.

## **Natural & Recreational Assets**

As noted previously, Pikeville is surrounded by mountains and its scenic setting suggests that the city has ample opportunities to capture natural and recreation-based adventure tourism. The city itself has several parks, including Pikeville City Park (downtown) and Bob Amos Park (along the Levisa Fork across US23). Bob Amos Park offers a view of the Pikeville Cut-Through, access to the Pikeville Area Family YMCA and Pikeville RV Park, and a new meeting venue (currently under construction), along with a zipline and extensive walking & biking trails. The Levisa Fork itself offers significant opportunities as a blue way for outdoor recreation, including canoeing, camping, fishing, and kayaking.

Unfortunately, access to Levisa Fork is somewhat limited from downtown Pikeville, but there are opportunities for expanding such access. The Hatfield and McCoy River Trails alongside the Levisa Fork opened in 2014.



*Pictured (L-R): Levisa Fork (YouTube), Breaks Interstate Park (REI), Pike County scenery (Pike County Tourism), & Pine Mountain Scenic Trail (KY State Parks)*

Breaks Interstate Park is located in the Jefferson National Forest off of Route 80 near Elkhorn City, just about 20 miles (29 minutes) from downtown Pikeville by car. This 4,500-acre park, which is situated partly in Kentucky and mostly in Virginia, attracts about 250,000 visitors per year, making it one of the most-visited attractions in the region. This beautiful park offers trails for hiking, mountain biking, and horseback riding; plus fishing, paddle boating, canoeing, hydro biking, and white water rafting; along with rock climbing, camping, and children's play areas. Breaks Canyon is the park's major geological feature.

Pine Mountain State Scenic Trail is under development nearby in Whitesburg, KY, about 43 miles away. When completed, the trail will link Cumberland Gap with Breaks Interstate Park, creating a linear trail system for camping, backpacking and hiking. The trail passes through natural areas including Bad Branch State Nature Preserve, Kingdom Come State Park, and Blanton Forest along Pine Mountain ridge. The Dawkins Line Rail Trail is another hiking/biking trail located nearby in Swamp Branch, 42 miles away. The 36-mile trail follows the old Dawkins Line railroad and so far includes 24 trestles and the 662 foot-long Gun Creek Tunnel along the 18 miles of completed trail bed. Jenny Wiley State Resort Park is located near Prestonsburg about 26 miles away. The park offers 121 campground sites, trails and a 49-room lodge.

## Historical & Cultural Assets



Pikeville also offers a number of historical and cultural assets. The 7,000-seat Appalachian Wireless Arena located in Downtown Pikeville hosts concerts, meetings, and sporting events and is an important anchor for the downtown area. Nearby are the Refill 10 Cinemas, one of the few examples of a multiplex cinema complex located in a small city's downtown area. The Appalachian Center for the Arts ("The App") has become the primary live theatre hub for the region, with several major productions each season in addition to The Academy, offering classes in theatre arts.

Pikeville's historic York House (ca 1864) served as home to Randall McCoy, patriarch of the clan engaged in the infamous Hatfield-McCoy Feud. The Pikeville Cut Through is considered historic due to its

massive scale and has become a visitor attraction. Hillbilly Days attracts thousands to Pikeville for mountain music, traditional craft, and other activities in support of Shriner's Children's Hospital. The Historic Mansion B&B offers an overnight experience in an historic home in downtown Pikeville.

*Historic Mansion B&B in Downtown Pikeville*



According to *Living New Deal*, Historic Pauley Bridge in Pikeville is a 380-foot suspension bridge constructed by the Works Progress Administration (WPA) in 1936 through 1940. The bridge features unique, rough-hewn sandstone towers. Downtown features a number of historic buildings including the Pikeville United Methodist Church (ca 1912), the Fried Building (1878), Judicial Annex (formerly the Courthouse Building, ca. 1889), the International Order of Odd Fellows Building (IOOF, 1915), Greg P.



Justice Building (1920), University of Pikeville College of Business (1889), and various commercial buildings and residences. Individual and clusters of buildings listed on the National Register of Historic Places include the following:

- |   |   |
|---|---|
| • Chesapeake & Ohio Railroad Passenger Depot      | 1923  |
| • College Street Historic District (9 residences) | Early 20 <sup>th</sup> Century                |
| • Main Street Commercial Historic District        | Early 20 <sup>th</sup> Century                |
| • R.T. Greer & Company                            | Early 29 <sup>th</sup> Century                |
| • Hatfield-McCoy Feud Historic District           | 19 <sup>th</sup> & 20 <sup>th</sup> Centuries |
| • Huffman Avenue Historic District                | 19 <sup>th</sup> & 20 <sup>th</sup> Centuries |
| • IOOF Building (333 2 <sup>nd</sup> Street)      | 1915  |
| • Pauley Bridge                                   | 1936-1940                                     |
| • Pikeville College Academy Building              | 1889  |
| • Scott Avenue Historic District                  | Early 20 <sup>th</sup> Century                |
| • Third Street Historic District                  | Early 20 <sup>th</sup> Century                |
| • York House (223 Main Street)                    | 1864  |
| • York Mansion (209 Elm Street)                   | Early 20 <sup>th</sup> Century                |

The most recent addition to Pikeville's cultural base is Dueling Barrels, a brewery and distillery that is already attracting thousands for tours of the facility located at 745 Hambley Boulevard. The tour includes a short film about the history of Pikeville and the region's cultural heritage including the Hatfield-McCoy Feud. There are also Hatfield-McCoy Tours offered through various organizations including Pike County Tourism. The Big Sandy Heritage Museum is housed in the Pike County Judicial Annex and retains collections of Hatfield & McCoy and Big Sandy Valley Civil War artifacts. Middle Creek National Battlefield is located not far away in Prestonsburg.

## **Section 2. SOCIO-DEMOGRAPHIC OVERVIEW**

This section provides a brief overview of socio-economic factors impacting on Pikeville's economic health and its growth opportunities. Trends in key demographic factors such as population, households and household income are examined along with poverty levels within the regional context. Health and education levels are also analyzed within the local and regional context, again due their impact on the labor market and on the city's economic prospects and marketing. More detailed demographic analysis is conducted elsewhere in the comprehensive plan, as input to the market analyses and as input to land use planning.

### **Population and Households**

Pikeville had an estimated total population of 6,967 in 2018, or 64 more (0.9%) than it had in 2010. Meanwhile, Pike County had 60,483, representing a decrease of more than 4,500 or 7.0% since 2010. As such, the city of Pikeville, while still relatively small, accounts for a growing share of the county's population base.

<b>Table 1. DEMOGRAPHIC TRENDS, PIKEVILLE AND PIKE COUNTY, KENTUCKY, 2010-2018</b>				
<b>Factor</b>	<b>2010</b>	<b>2018</b>	<b>2010-2018 Change</b>	
			<b>Number</b>	<b>Percent</b>
<b>Population</b>				
Pikeville	6,903	6,967	64	0.9%
Pike County	65,024	60,483	(4,541)	-7.0%
<b>Households</b>				
Pikeville	3,184	2,840	(344)	-10.8%
Pike County	26,820	25,768	(1,052)	-3.9%
<b>Med HH Income</b>				
Pikeville	\$ 29,557	\$ 34,718	\$ 5,161	17.5%
Pike County	\$ 31,008	\$ 34,081	\$ 3,073	9.9%
<b>Note:</b> Income expressed in constant 2018 dollars.				
<b>Sources:</b> U.S. Bureau of the Census and Randall Gross / Development Economics.				

The opposite is true of the household base, where Pikeville's share has decreased from 11.9% to 11.0% even though the county had 1,052 fewer households in 2018 than it had in 2010. Pikeville lost 10.8% of its household base during that period and average household size has increased. Household base is important as the basic building block of retail and services expenditures.

### **Household Income & Poverty Levels**

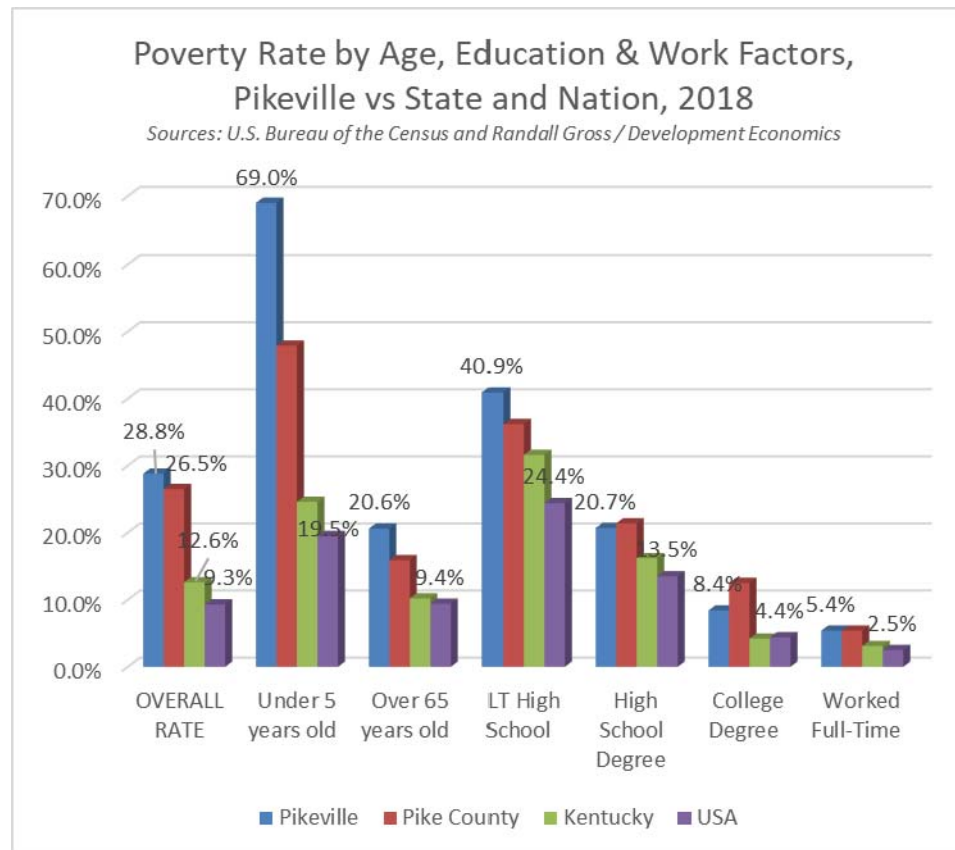
Pikeville had an estimated median household income of just \$34,718 in 2018, but this represents a 17.5% increase in real dollars (adjusted for inflation) over 2010. Pike County's median income is very similar, at \$34,081, but is growing at a slower pace. While the household base has shrunk in both the city and the county, growth in disposable income helps counter the impacts of declining "rooftops" and helps support retail sales. The fact that households and income are moving in opposite directions may help explain why retail sales have remained relatively flat despite the demographic declines.

In terms of average household income, Pikeville's far exceeds that of Pike County, perhaps due to a small number of wealthy households that have skewed the average upward in the city. In 2010, Pikeville's average household income was about \$67,900 (after adjusting for inflation), while the county average was \$45,500. By 2018, the city's average was \$71,900 versus \$50,500 countywide.

**Poverty.** Poverty levels in Pikeville and Pike County, like much of southern Appalachia, are notoriously high compared with other parts of the country. The estimated poverty rate in 2018 was 28.8% in Pikeville and 26.5% in Pike County, compared with 12.6% statewide in Kentucky and 9.3% nationwide. Thus, Pikeville has more than three times the national poverty rate. This issue carries through regardless of the variable for comparison. The child poverty rate is extremely high in Pikeville, at 69.0% (versus 19.5% nationwide). Senior (over 65) poverty is also high, at 20.8% (9.4% nationally). In terms of education, the higher the level of education achieved, the lower the poverty rate. But even the poverty rate for those with a college degree is twice as high in Pikeville (8.4%) as the national average (4.4%). And among those with full-time employment, 5.4% are living under the poverty level in Pikeville (versus only 2.5% nationwide).

On education factors, Pikeville does perform better than Pike County as a whole, with a lower poverty rate among those with high school and college degrees. Importantly, the city of Pikeville and Pike County have retained high poverty levels even during one of the longest economic expansions in recent history. But, the rapid decline of the coal industry

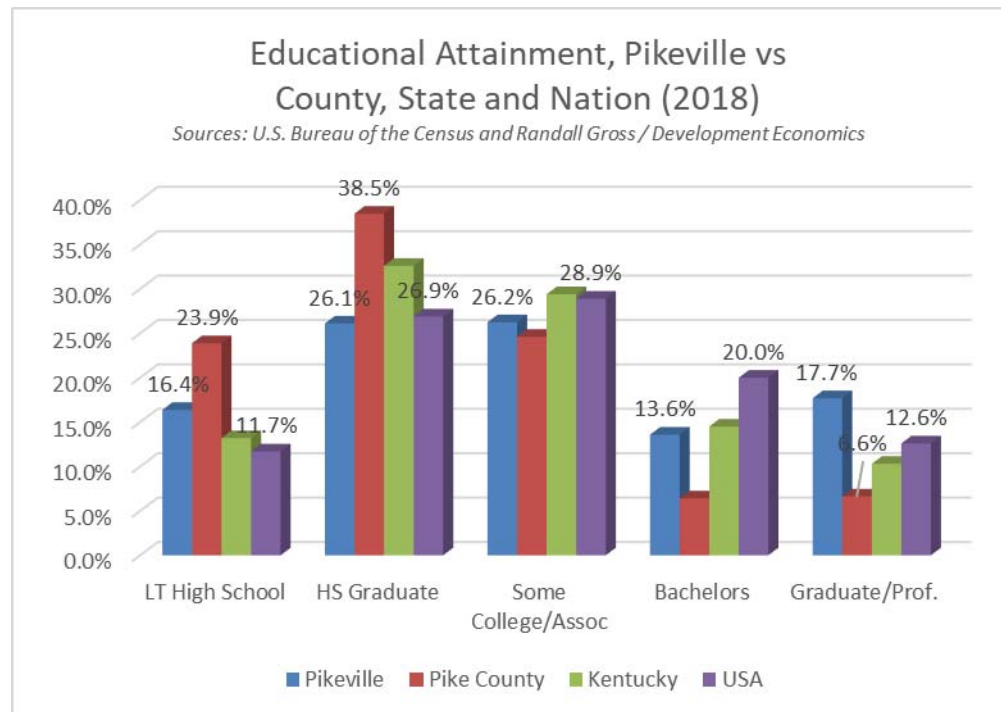
and other factors have pushed the region in the opposite direction from much of the country since 2010. These economic shifts are discussed in greater detail later in this report.



## Health & Education

Pikeville's adult residents generally have higher educational achievement than residents in the rest of Pike County, but still lag state or national averages. On the other hand, Pikeville residents have a relatively large share of residents with

graduate and professional degrees, compared not only with the county but also state and national averages. With nearly 18% of city residents having post-graduate degrees, Pikeville has a marketing advantage for recruitment purposes. This factor may also explain why the city's average household income is much higher than its median incomes, since income is correlated with education level. Over 16% of Pikeville's residents have less than a high school education, but nearly 18% have post-graduate degrees and the associated incomes may be skewing the city's average income higher.



Having several colleges and a major medical institution as anchors in the city clearly impacts on the number of residents with higher degrees. But Pikeville also provides housing and services to an impoverished rural population with more limited educational background. In terms of public school performance, the Pikeville Independent School District is typically ranked high. The Kentucky Department of Education School Report Card gives Pikeville Middle School a rating of 4 out of 5 stars; and Pikeville High School receives 5 out of 5 stars, an excellent rating. The high school has a graduation



rate of 99.3%, with 26.2% in the Gifted and Talented programs. More 22% are enrolled in advanced placement courses and, of those, 98% complete those courses. By comparison, Pike County Central High School has been given a rating of 2 out of 5 stars by the State's Report Card. Not surprisingly, there is significant competition among Pike County residents for their children to attend Pikeville Independent schools. This competition helps buoy Pikeville's housing market.

**Health.** Pike County has relatively high rates of cancer, heart disease, and diabetes, compared with national averages, although the county fares on par or better than many other counties in southern Appalachia. Ironically, Pike County has also had a low rate of infection for COVID-19, the disease that is otherwise ravaging urban hospitals and wreaking economic havoc worldwide.

Disease (measure)	Rate (Rank in KY)	US Rate	Share of US Rate
• Diabetes (Incidence)	15.6% (15)	8.5%	184%
• Cardiovascular Disease (deaths per 100,000)	603.0 (32)	198.8	303%
• COPD (admissions per 10,000)	117.9 (18)	21.2	556%
• Cancer (new cases per 100,000)	544.4 (36)	436.0	125%

Pike County has a relatively high incidence of diabetes, at 184% of the national average. The county is ranked 15<sup>th</sup> in Kentucky. Pike County has extremely high rates of cardiovascular disease and COPD, both of which may be related to smoking and/or exposure. The county's COPD rate is 556% of the national average and is among the highest in the country. The county's cancer rate is lower but is still 125% of the national average. Meanwhile, 18.2% or nearly one in five in the population claims disability (a combination of 9.9% ambulatory, 9.3% independent living constraints, 8.9% cognitive, 6.3% vision, 4.9% hearing, and 4.3% self-care impairment). These issues can impact on the city's and county's economic development and on its ability to recruit talent. Ultimately, companies are looking for a healthy, stable or growing workforce without serious mental and physical health constraints.

## **Section 3. EMPLOYMENT & LABOR FORCE**

This section provides a detailed review of Pikeville's resident labor market and at-place employment base. Employment is the primary economic indicator of local economic health, in terms of income and expenditure potential as well as business development and local domestic product. An overview of the labor market is provided here along with a discussion of in-bound and out-bound commutation patterns. The economic base is summarized in terms of employment, and at-place employment trends are analyzed by major industry sector. This information helps inform various components of the comprehensive plan including economic development, housing and transportation.

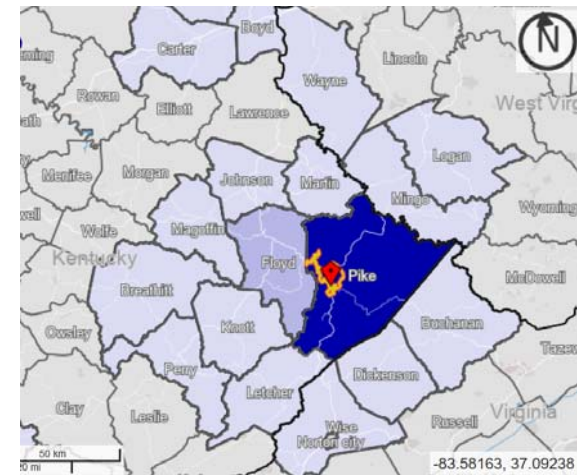
### **Commutation Patterns**

Commutation patterns help provide an indication of the definition of the Labor Market Area supplying Pikeville's employers as well as its residents' dependency on jobs outside of the city and Pike County. Commutation patterns are also an important input to the transportation component of the comprehensive plan. An assessment of commutation patterns (based on 2017 Census data) is provided below.

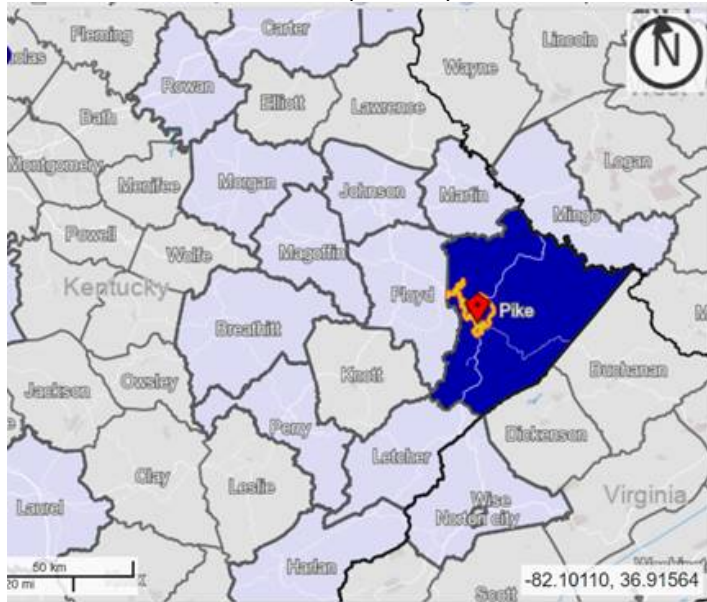
#### **In-Bound: Pikeville's Workforce**

About 60% of Pikeville's 12,140 workers live within Pike County, while 40% live in other counties, primarily in eastern Kentucky. Floyd County is home to about 10% of Pikeville's workers. Other primary sources of the Pikeville work force include Letcher County (2.6%), Johnson County (1.8%), Mingo County WV (1.6%), Perry County (1.4%), and Lexington-Fayette County (1.3%). As shown on the map at left, Pikeville's commuter shed extends beyond Pike County to mainly include the surrounding counties in eastern Kentucky and southwestern Virginia, plus several counties to the north around Ashland.

*Map generated through U.S. Bureau of the Census LEHD*

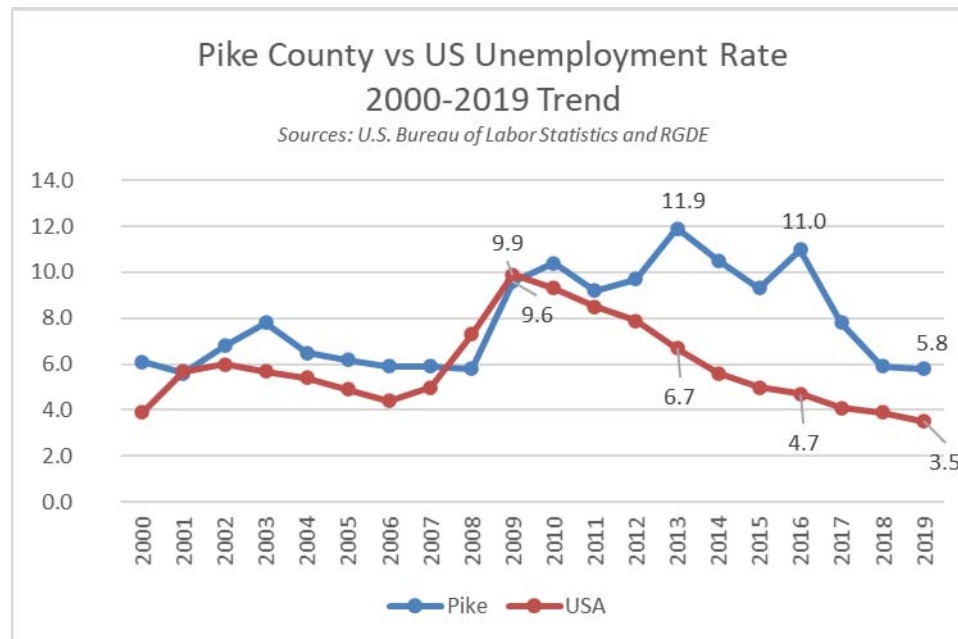


relatively high percentage of Pikeville's residents work within the



100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%

among non-whites was 9.2% that same year, and only 3.2% among non-white males. The non-white labor force in Pike County was so small (392 out of the total or 1.9%) that the statistic is almost meaningless but unusual, nevertheless. In 2018, the U.S. Bureau of Labor Statistics recorded a Pike County labor force of 19,933, just slightly smaller than it had been two years earlier. But the unemployment rate had fallen to just 5.2% (1,182 unemployed workers), a significant drop in a very short period.



Historically, Pike County and the region have seen higher rates of unemployment and lower rates of labor participation than the country as a whole. Between 2000 and 2019, the national unemployment rate exceeded that of Pike County only once – at the height of the last recession in 2009 – and by only a small margin of 0.3 points. The nation has seen long-term growth trends with a consistent fall in unemployment every year since 2009, while Pike County has seen significant fluctuations in both labor force and unemployment rates. There were broad differences in economic performance between the county and the country as a whole during the last ten years, dramatized by the county's unemployment spikes in 2013 (11.9%, versus 6.7% nationwide) and 2016 (11.0% versus 4.7% nationally). Even in 2019,

as the country's unemployment rate reached historic lows (3.5%), Pike County's progress seemed to stall, with unemployment more than two percentage points higher (5.8%) than the national average.

It is fair to say that both Pike County and the nation are seeing a temporary but dramatic spike in unemployment and economic distress as a result of closures due to the Covid-19 outbreak. More than 22.0 million had filed for unemployment nationally by April 15, 2020, a new record, yielding an estimated national unemployment rate of 18.0%. Pike County unemployment had already begun to spike by February, with a preliminary unemployment rate of 7.0% (versus 4.3% statewide and 3.8% nationally), according to the Kentucky Center for Statistics. A more detailed analysis of the Pike County labor force as well as the Pikeville Labor Market Area is being prepared as part of the Labor & Workforce Analysis section of the Comprehensive Plan.

## **Employment Base**

The Pikeville and Pike County economic base was analyzed in terms of employment and economic sectors, major employers, and key drivers. There is a focus on economic trends, which provide context for the Target Industry Analysis (being prepared as an input to the Comprehensive Plan) and other portions of the plan.

### **Largest Employers**

Pikeville Medical Center clearly dominates local area employment, with approximately 3,000 employees in Pikeville and surrounding areas. Educational institutions are also major employers, with more than 800 working for public school systems and nearly 550 employed by institutions of higher education like the University of Pikeville. Other than schools and government agencies, key local employers include retailers like Walmart, JCPenney and Belk; as well as the Kellogg Plant in Kimper and Community Trust Bancorp (which is headquartered in Pikeville). AEP and Coca Cola also have a strong presence in the Pikeville area.

There are also a number of regional businesses that have an impact on Pikeville, such as Appalachian Regional Health System, Wright Concrete & Construction, EQT Corporation (natural resources), and Kentucky Oil & Refining Company. Dajcor Aluminum has a large manufacturing facility in Hazard. Big Sandy Community & Technical College has four campuses with about 214 employees, 43 of which are located at the downtown Pikeville Campus. There are also other national and regional franchises and chain businesses like Ross Dress for Less, Rite Aid, Dollar General, Food City,



Tractor Supply Company, Applebee's, Rural King, Save-A-Lot, Marshall's, McDonald's, Cracker Barrel, and others that collectively employ hundreds in Pikeville. A number of smaller, local companies or branch offices also collectively employ hundreds in Pikeville, like Jigsaw (32 employees plus 20 sub-contractors), Eastern Telephone & Technology (about 20 at the Coal Run office), Mountain Top Media (25), Walters Auto Group (24), Bit Source (16), Hilton (+/-30 estimated), SilverLiner (30), Dueling Barrels/Alltech (14), and others.

Selected Large Local Employers

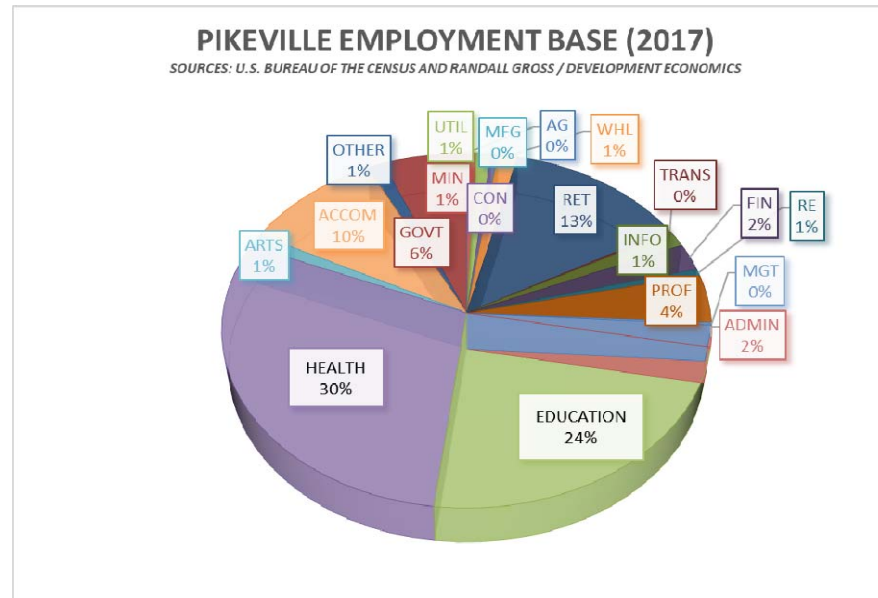
• Pikeville Medical Center	3,000 (3,100-3,200 Total)
• Local, State and Federal Govt	743
• Pike County Schools	696
• Walmart (Pikeville & S. Williamson)	600
• Kellogg Pikeville Plant (Kimper)	350
• University of Pikeville	313 (341 FTE)
• Community Trust Bancorp HQ	142 (356 Total)
• Pikeville Independent Schools	131
• JCPenney	90 (estimated based on standard store)
• AEP	88 (Coal Run Office)
• Coca Cola Bottling	87
• Belk	81 (estimated based on standard store)

Sample Regional Employers with Significant Local Impact

• Appalachian Regional Health	5,000 (Regionwide)
• Dajcor Aluminum (Hazard)	265
• Big Sandy C & Tech College	214 (43 at Pikeville Campus)
• Kentucky Oil & Refining Co.	198 (Floyd County)
• EQT Corporation Regional Office	170
• Wright Concrete & Construction	106 (12 in Pikeville)
• Appalachian Wireless	102
• Diversified Oil & Gas, etc.	

## Pikeville

As noted above, the Pikeville employment base is heavily weighted to health care and education, which together account for 54% of all jobs within the city. As the County Seat and a hub for state and federal agencies, government accounts for another 6% of jobs in the city. These three relatively stable dominant sectors have helped insulate Pikeville somewhat from disruptions that would have otherwise caused severe economic distress. Institutions like Pikeville Medical Center (PMC), Pike County Judicial Center, and University of Pikeville draw in people from the region and beyond as major destinations and help create “churn” in the local labor market through recruitment of young professionals and other workers. Other than these three sectors, Pikeville’s local economy is otherwise oriented to retail, accommodation & foodservice, again as a commercial hub serving a fairly large region in eastern Kentucky.



By comparison, Pikeville has relatively few jobs in manufacturing, wholesale trade, transportation, management services, administrative services, construction, mining, agriculture, real estate, arts & recreation, information services, or

real estate. About 4.3% of the city's jobs are in professional, technical and business services, which is relatively strong but still lower than the national average of 6.3%.

Table 2. AT-PLACE EMPLOYMENT TRENDS BY SECTOR, PIKEVILLE, 2002-2017					
Industry Sector	2002	2010	2017	2002-10 Change	2010-17 Change
Agriculture	2	2	-	0.0%	-100.0%
Mining	557	722	80	29.6%	-88.9%
Utilities	50	142	133	184.0%	-6.3%
Construction	300	152	54	-49.3%	-64.5%
Manufacturing	24	51	9	112.5%	-82.4%
Wholesale Trade	248	222	172	-10.5%	-22.5%
Retail Trade	1,966	1,533	1,594	-22.0%	4.0%
Transport & Whse	102	133	24	30.4%	-82.0%
Information	228	262	176	14.9%	-32.8%
Finance	502	403	296	-19.7%	-26.6%
Real Estate	118	72	76	-39.0%	5.6%
Professional/Sci/Tech	477	601	527	26.0%	-12.3%
Management	12	8	25	-33.3%	212.5%
Administrative Services	295	376	246	27.5%	-34.6%
Education & Social	2,862	2,911	2,891	1.7%	-0.7%
Health Care	1,751	2,468	3,583	40.9%	45.2%
Arts, Entertain	48	202	143	320.8%	-29.2%
Accommodation	856	954	1,220	11.4%	27.9%
Other Services	122	143	144	17.2%	0.7%
Public Administration	683	777	743	13.8%	-4.4%
<b>TOTAL</b>	<b>11,203</b>	<b>12,134</b>	<b>12,136</b>	<b>8.3%</b>	<b>0.0%</b>
Sources:	U.S. Bureau of the Census and Randall Gross / Development Economics.				



**Pikeville Employment Trends.** Pikeville had about 12,130 jobs in 2017, representing an increase of about 8.3% since 2002. But growth has been stagnant since the recession in 2009/10. This trend appears to flow opposite of the national and statewide economies, which saw a decrease in employment during the recession but a strong, consistent uptick in employment since 2010. While Pikeville's total has remained nearly unchanged since 2010, individual sectors have seen dramatic employment shifts. There are likely to be further dramatic shifts underway presently, due to the onset of the COVID-19 crisis and its impact on all economic sectors.

Health Care. Health care has continued to strengthen its position as the top employer in Pikeville, with employment increasing by 45.2% since 2010 (to 3,583) after increasing 40.9% between 2002 and 2010. Pikeville Medical Center has been expanding consistently since 2009, when PMC invested \$10 million in the emergency department. In 2013, PMC expanded trauma care to 24 hours, seven days per week. The hospital expanded its laboratory in 2017. Creation of a new Heart and Vascular Institute was initiated in 2018, including a new Cardiac Rehab Department, labs and examination rooms in the Miners Building. PMC expanded its bed count to 340 with the recent addition of acute beds. Continuing its growth trajectory, PMC is adding a Children's Hospital and Pediatric Clinic along with a \$7 million expansion to the hospital's Pathology Lab. A new Information Technology Center has also been added along with new or renovated facilities in South Williamson, Martin County, Whitesburg and elsewhere. PMC's emergency department alone sees more than 50,000 patients per year, illustrating the importance of the hospital to the local and regional economy.

Accommodation & Foodservice has also seen consistent growth in Pikeville, expanding by 27.9% since 2010 and by 11.4 percent from 2002 to 2010. By 2017, there were 1,220 people employed in the accommodation sector, a proxy for tourism and business growth based on employment in hotels and restaurants.

Finance. The financial services sector has seen a consistent decrease in employment, despite Pikeville's role as a hub for such activity in the region. In reality, much of the financial activity in the area is found just outside of Pikeville in bank offices and branches along the US23 corridor. Financial services employment fell by nearly 20% between 2002 and 2010, and then by another 27% by 2017. Overall, Pikeville has lost about 210 financial services jobs since 2002, declining from 502 to 296.

Several sectors that had been growing prior to 2010 have seen a decrease in employment since then. Among these are production sectors like mining, utilities, and manufacturing, along with transportation and information services. But growth in professional & scientific services and administrative services has also been reversed since 2010. A similar

pattern is recognized in arts & recreation and public sector employment. Even the relatively stable education sector has seen a very slight decrease in local employment since 2010.

Mining. The mining sector has been buffeted by shifts in federal policy coupled with competition from alternative fuels and oversupply issues. The mining sector that as recently as the early 2000s dominated the Appalachian economy in eastern Kentucky, southwestern Virginia, east Tennessee, and West Virginia has since been decimated. As a commercial and services node within the region, Pikeville is not as directly impacted by the loss of mining employment. But, the secondary effects of a decrease in regional mining and extraction industries have also hit Pikeville in terms of declining population and household base, engineering services, management and administrative services, retail sales and other indicators. Between 2000 and 2010, mining employment within the city of Pikeville increased by nearly 30% to over 720 jobs. By 2017, only 80 people were employed in the mining sector within Pikeville, a **90% decrease** in just seven years.

Manufacturing. The manufacturing sector has been relatively small within the city of Pikeville, accounting for less than 1.0% of citywide employment. Because the numbers are so small, even a slight change at one company can cause a major swing in total sector employment. (The local Transportation sector has similar dynamics). Between 2000 and 2010, Pikeville saw a 112% increase in manufacturing employment, but even at the height the numbers were miniscule at just 51. By 2017, the numbers had fallen again to only 9 workers (according to Census survey data). Those numbers have shifted back up again more recently, since the Pikeville Industrial Park now accommodates SilverLiner, with its 30 employees and growing. The totals may not also account for a growing number of “makers” and other small-batch producers.

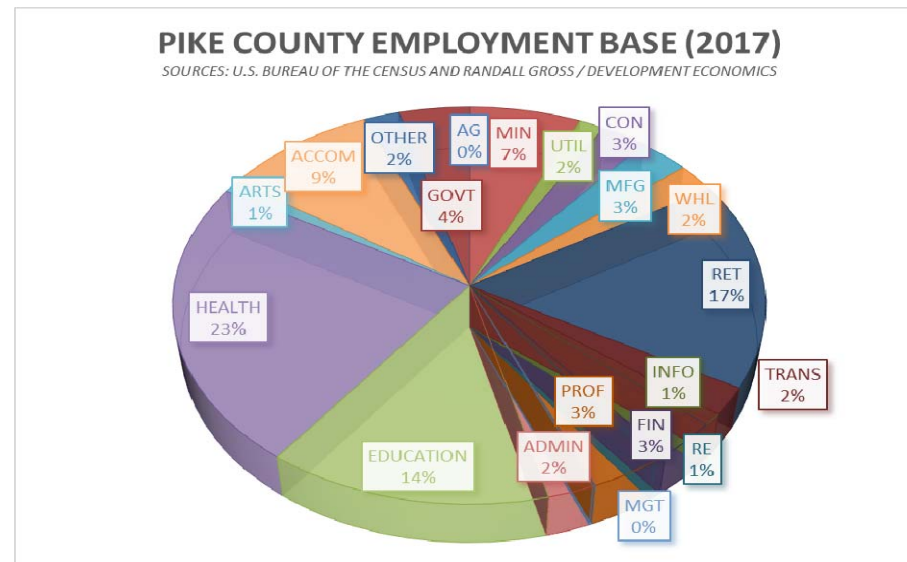
Information Services. Nationally, information services employment has been declining as online media services displace jobs in print media (like newspaper printing & publishing) and other communication industries. This trend reached Pikeville a little later but local companies like Appalachian News-Express are now seeing the impacts as information service employment has declined by one-third (from 262 to 176) between 2010 and 2017 after seeing an increase of almost 15% between 2002 and 2010.

Professional & Administrative Services. The professional, scientific and technical services sector employed about 530 people in Pikeville in 2017. This sector includes attorneys, engineers, laboratory technicians and others. Given Pikeville's role as the County Seat, it will likely continue to serve as a hub for the Law. However, overall professional

services employment fell by 12% since 2010, no doubt a reflection of overall population and economic decline. Still, professional employment is higher than it was in 2002, even after this recent decrease. Pikeville still has a relatively small but growing technology employment base, with companies like BitSource capturing venture capital and opening up opportunities for entrepreneurship. Big Sandy C&TC has opened the Hal Rogers Advanced Technology Center, accommodating a new associate degree program in broadband technology (only the 3<sup>rd</sup> such program in the US). These opportunities have expanded since the 2017 employment data was captured by the Census. Administrative service workers including back-office employment, fell by about one-third since 2010, after increasing by 27% during 2002-2010.

### Pike County

Since nearly 60% of Pike County employment is concentrated within the city of Pikeville, it is no surprise that the county's economic base fairly mirrors that of Pikeville itself.



As in the city of Pikeville, Pike County employment is dominated by health and education, with about 37% of total county employment in those sectors. However, a much higher share of employment countywide is in retail trade (17%),

which is oriented to the US23 highway corridors emanating from Pikeville and passing through Coal Run Village and other areas. Another 9% of countywide employment is in accommodation and foodservice, followed by 7% in mining, 4% in government, and 3% each in construction, manufacturing, financial services, and professional services.

<b>Table 3. AT-PLACE EMPLOYMENT TRENDS BY SECTOR, PIKE COUNTY, 2002-2017</b>					
<b>Industry Sector</b>	<b>2002</b>	<b>2010</b>	<b>2017</b>	<b>2002-10 Change</b>	<b>2010-17 Change</b>
Agriculture	17	17	6	0.0%	-64.7%
Mining	4,694	4,096	1,378	-12.7%	-66.4%
Utilities	188	152	316	-19.1%	107.9%
Construction	753	645	564	-14.3%	-12.6%
Manufacturing	715	637	630	-10.9%	-1.1%
Wholesale Trade	526	718	492	36.5%	-31.5%
Retail Trade	4,076	4,034	3,482	-1.0%	-13.7%
Transport & Whsg	743	548	463	-26.2%	-15.5%
Information	293	373	203	27.3%	-45.6%
Finance	773	848	637	9.7%	-24.9%
Real Estate	181	176	132	-2.8%	-25.0%
Professional/Sci/Tech	695	831	720	19.6%	-13.4%
Management	16	49	28	206.3%	-42.9%
Administrative Services	1,064	1,129	476	6.1%	-57.8%
Education & Social	2,923	3,005	2,925	2.8%	-2.7%
Health Care	2,447	3,286	4,790	34.3%	45.8%
Arts, Entertainment	83	296	206	256.6%	-30.4%
Accommodation	1,471	1,670	1,902	13.5%	13.9%
Other Services	490	515	453	5.1%	-12.0%
Public Administration	1,029	1,367	872	32.8%	-36.2%
<b>TOTAL</b>	<b>23,177</b>	<b>24,392</b>	<b>20,675</b>	<b>5.2%</b>	<b>-15.2%</b>
Sources:	U.S. Bureau of the Census and Randall Gross / Development Economics.				

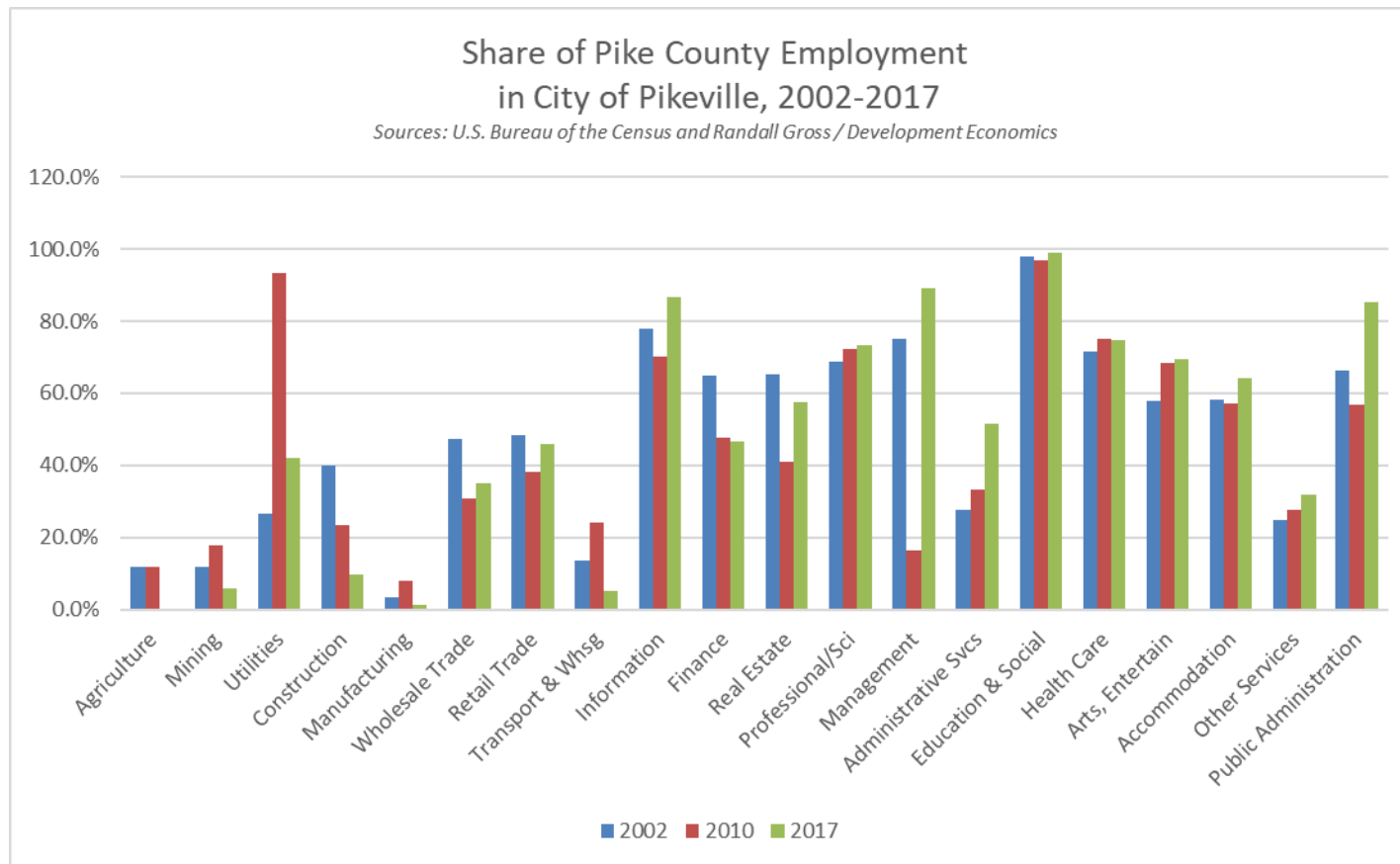
**Pike County Employment Trends.** Pikeville's employment trends since 2010 are even more pronounced in the county as a whole, with employment falling by more than 15% (after increasing by more than 5% from 2002 to 2010). It appears that Pikeville has been able to retain (but not grow) employment since 2010 even as the county and region as a whole have seen significant declines. As a whole, the county has seen declining employment in nearly every sector since 2010, with the exception of health care and accommodation services, no doubt buoyed by the robust growth in those sectors within Pikeville. The utility sector also saw some growth since 2010 in the county. And the county has been able to retain most of its manufacturing base, bucking national and regional trends. But, mining (which remains a major employer in the county) fell by two-thirds between 2010 and 2017, from 4,100 to just about 1,400. Administrative services fell by 58%, information services by 46%, management services by 43%, public services by 36%, wholesale trade by 32%, and arts & recreation by 30%.

Retail Trade. Retail, which plays a larger role in the county's economy outside of Pikeville, has seen declining employment since 2002. However, that trend has accelerated since 2010. Retail employment fell by 1.0% between 2002 and 2010, but by nearly 14% between 2010 and 2017. The fall in retail employment is indicative of overall demographic and economic decline in the region. However, retail sales have increased, which has provided a cushion to governments partly dependent on retail sales tax revenues. Pike County retail sales totaled \$934,224,000 in 2012, and according to Census data, increased by about \$66.9 million (7.2%) to \$1,001,128,000 by 2017. That being said, inflation has increased at about that same rate, so sales have remained relatively stagnant in real dollar terms. Pikeville accounts for 51.2% of Pike County's total retail sales, at a total of \$512,703,000.

Manufacturing. Pike County has retained much of its relatively small manufacturing base. While manufacturing employment fell by 11% between 2002 and 2010, the county has only seen a 1% decrease in manufacturing since then. Meanwhile the nation as a whole has seen a consistent decrease in manufacturing employment due to a combination of foreign competition (and increased trade mobility), automation and the introduction of information technologies, and increasing productivity levels. In this context, Pike County has retained but not grown its manufacturing base relative to other places.

**Pikeville's Share of Pike County Employment Base.** As noted above, Pikeville accounts for nearly 60% of the county's employment base. The city's share of the county's economy has grown dramatically in recent years. In 2002, Pikeville accounted for 48.3% of the county's employment, increasing moderately to 49.7% by 2010. But between 2010

and 2017, Pikeville's share increased by nearly ten percent, to 58.7%, of county employment. This shift is not consistent among all sectors, with the detailed trends shown below.



In 2017, Pikeville had a very high share (over 80%) of the county's education, management services, information services, and government jobs. The city also had over 60% of the county's professional & technical, health care, arts & entertainment, and accommodation service jobs. But, the city held a relatively small share (less than 20%) of the county's

agriculture, mining, construction, manufacturing, and transport & warehousing jobs. Pikeville's share of the county's employment has fluctuated over time among many industries, mainly because one company's actions can impact on an entire sector in a rural economy. In construction and finance, the city's share has declined consistently over time. The city's share of professional & technical, arts & entertainment, administrative services, and other service jobs has gradually increased over time. Pikeville's share of health care jobs has remained relatively consistent, as PMC has increasing employment at its downtown Pikeville and other locations.



## **Section 4. ECONOMIC & TOURISM DEVELOPMENT**

This section summarizes some of the local and area assets and programs for economic and tourism development. Summarized below are key aspects of local utilities and infrastructure, downtown, industrial parks and development sites, commercial corridors, tourism attractions and services, and local economic and tourism development organizations and programs. This information forms part of the baseline assessment that informs broader economic development and tourism analysis and strategic planning, addressed in other sections of the comprehensive plan.

### **Utilities & Infrastructure**

Pikeville is served by AEP (Kentucky Power Company) for electric; Lindsey & Elliott Gas Company for gas; and the City of Pikeville supplies water and sewer services through its Utility Department. The city has excess water (2.6m GPD) and sewer capacity (872,000 GPD). Broadband service is provided to the area through Suddenlink, AT&T, Earthlink, Intermountain Cable, and about 14 others. Pikeville is considered the 118<sup>th</sup> “most-connected” city in Kentucky, in terms of the number of providers available for each address, with only about 19% of the users in the area having access to one or fewer choices for internet service (according to Broadband Now). Phase 1 of a Broadband Project will upgrade broadband infrastructure capacity, providing Gigabyte speed by March 2021. CSX serves the Pikeville market with Class I rail service, north along the Ohio River, south into Letcher County, and east into Virginia. CSZ also operates the Shelby Rail Yard south of town. Norfolk Southern also has some limited Class I service along four lines in the eastern parts of Pike County. As noted earlier, Pikeville has access to three federal highways (U.S. 23, U.S. 119, and U.S. 460), but not to any limited access, divided interstate highways. Most of the area’s commercial development is concentrated in a narrow corridor along U.S. 23, which follows alongside the Levisa Fork of the Big Sandy River. The Levisa Fork is not navigable for shipping but is accessible for recreational boating including canoes and kayaks. More extensive analysis of the city’s existing utilities and infrastructure is included elsewhere in this comprehensive plan.

### **Downtown**

Downtowns are important assets for marketing cities for economic development, since amenity value is important to the prospective owners as well as employees of businesses entering the market. Downtown Pikeville is relatively successful as the government, financial services, cultural, educational, and medical hub for Pike County and the region.



Downtown has a substantial office component, with nearly 500,000 square feet of commercial office space, plus retail, entertainment, restaurants and other commercial uses. Concentrated in Downtown Pikeville are the region's largest medical center (Pikeville Medical Center), two colleges (University of Pikeville and Big Sandy Community & Technical College), Appalachian Wireless Arena, and City and County government offices (plus the Pike County Judicial Center). Downtown has parks, live theatre, restaurants, cinemas, library, single- and multi-family housing, heritage museum, distilleries, historic sites, two large hotels, and even a drag racing strip. The annual Hillbilly Days festival draws thousands for live music, arts and craft to Downtown Pikeville. More detailed analysis of Downtown and its potential is conducted as part of the Office, Hotel and Retail market assessments as well as in the Downtown component of the plan.

### **Industrial Parks and Development Sites**

Pikeville has been developing the Kentucky Enterprise (Marions Branch) Industrial Park at a reclaimed surface mine located off of South Mayo Trail. About 300 to 400 acres are developable at the 1,000+-acre site, and 116 acres are currently marketed by the Kentucky Cabinet for Economic Development. Water, sewer, and a rail spur are available. The site has excess sewer capacity and expandable 1.0 MGD water capacity. The park offers 18 sites, ranging in size from



4.23 up to 60 acres. Development of a \$300 million major battery manufacturing facility operated by Enerblu with 800 jobs had been promised for the park. But that development never materialized.

*Image Courtesy SilverLiner*

which it employs 42 people (growing to at least 75 within a few years, with plans to employ up to 500 in the future). There are also plans for about 30,000 square feet of commercial uses at the entrance to the park, including the announced development of a Fasoli's Restaurant.

Tank equipment manufacturer and up-fitter SilverLiner is the current tenant in the park, occupying a 60,000 square-foot building in

There are also several older industrial areas around the city and in neighboring areas. For example, Coal Run Village is home to the local Pepsi Bottling Plant and AEP facilities. Mossy Bottom Industrial Park (Industrial Boulevard, off of North Mayo Trail near Broad Bottom) is the location of industrial and industrial service businesses including The Elliott Company, Martin's Peterbilt, Leslie Equipment, Premium Tool Rental, Coca Cola Bottling, and Stiltner Woodworking, among others. Portions of South Mayo Trail have industrial uses interspersed with commercial businesses. However, there are few industrial development sites or available buildings in any of these areas. There are several vacant lots available for infill development. For example, 1.17 acres located at 587 Hambley Boulevard are offered for sale at \$875,000. In the Keyser Heights area at 519 North Mayo Trail, 1.5 acres are available at a former gas station for \$1.2 million. Nearby at 533 North Mayo, three houses are being offered together as a site for redevelopment. But in general, Pikeville is relatively land-locked and offers very few sites for new development.

### **Commercial Corridors**

As noted earlier, U.S. Route 23 is the major commercial corridor extending through Pikeville (as North and South Mayo Trail), along the valley created by the Levisa Fork. Much of the area's commercial activity is highly concentrated within this corridor and serves the Pike County market and beyond. Around the downtown area, the corridor splits to include Bypass Road. But for the most part, U.S. 23 is the primary commercial spine throughout the area. This and other commercial locations are discussed in greater detail in the office and retail market assessments that form part of this comprehensive plan.

### **Economic & Tourism Development Organizations**

There are a number of organizations oriented to providing economic and tourism development services for Pikeville, Pike County and the region. Among these are the City of Pikeville, which has a staffed Economic Development Department as well as a Pikeville Tourism officer. Pike County operates the Pike County Tourism CVB. Pike County Industrial Development & Economic Authority (IDEA) has used coal severance funds to finance development in the Mossy Bottom Industrial Park with assistance from the Big Sandy Regional Industrial Development Authority (IDA). The Kentucky Cabinet for Economic Development works with local officials to direct economic opportunities to specific sites within the county and into Pikeville. Shaping Our Appalachian Region (SOAR) is a regional policy-driven effort to expand and capture economic development opportunities in the coal-impacted region. The federal Appalachian Regional Commission

(ARC) also works on economic development throughout Appalachia. Kentucky Power Economic Growth (KPEG) works as part of the AEP network to encourage economic development. The University of Pikeville, the Big Sandy Community & Technical College, and Pikeville Medical Center are also involved in the local economic development efforts. Finally, One East Kentucky, based in Paintsville, is a hands-on organization oriented to recruiting industry and investment to a nine-county region of southeastern Kentucky including Pike County. This plethora of organizations often but not always work together for the economic development of the area. More detail is provided in the strategic planning context of this comprehensive plan on the existing and potential role of these organizations in economic development specifically for Pikeville.

# Pikeville Comprehensive Plan Update

## **APPENDIX C.**

### **HOUSING MARKET ANALYSIS**

# *Pikeville*

## **HOUSING MARKET ANALYSIS**



Submitted to Integrated Engineering  
On behalf of the City of Pikeville  
May 20, 2020

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## **INTRODUCTION**

The following report summarizes findings from a Housing Market Analysis for Pikeville, prepared as an input to the city's Comprehensive Plan. An Economic Baseline Assessment, completed separately, provides an overview of economic conditions impacting on the market for housing in Pikeville and surrounding areas. The recent downturn in mining and related industries has had a devastating effect on the local and regional housing market, resulting in higher vacancy and reduced demand. At the same time, economic development efforts are helping to stabilize local economic conditions, and growing local institutions also help ameliorate the impacts. The COVID-19 health crisis has, in the meantime, further exacerbated economic conditions and delayed a recovery in Pikeville's housing market. The purpose of the Housing Market Analysis, beyond assessing demand for existing and future housing development, is to focus on key issues impacting on the condition of housing stock and the delivery of housing for workforce and middle-income cohorts, and for other key niche market segments. Ultimately, these findings help inform the city's Comprehensive Plan, in terms of the scale and type of housing product that could be accommodated and how best to leverage investment and development of housing to meet specific needs.

Section 1 of this report provides an assessment of existing housing conditions, including a review of existing housing market conditions, physical conditions, and housing development trends. Section 2 summarizes findings from a housing demand analysis for Pikeville's Primary Housing Market Area (PMA), with forecasts of demand for housing generated by key drivers in the market. Housing development and rehabilitation potentials, including the need for workforce housing within Pikeville, are determined and forecasted within Section 3, based on the city's capture of PMA demand within the competitive marketplace. Finally, Section 4 provides a summary of preliminary market findings and several conceptual strategies for leveraging housing potentials in the city. Those strategies and others will be explored and detailed further as part of the Housing & Community Development Strategy that forms part of the Housing element of the comprehensive plan.



## **Section 1. EXISTING HOUSING CONDITIONS**

This section summarizes findings on an assessment of existing housing conditions in Pikeville. Included here is an overview of existing neighborhoods and residential communities, and a brief review of general housing conditions. A formal Housing Conditions Assessment was not conducted of physical conditions as part of this plan, but general housing conditions were assessed in light of basic issues and general marketability. In addition, overall existing housing supply and market conditions are also analyzed as a baseline for determining housing development and rehabilitation opportunities.

### **Overall Housing Supply**

Pikeville had a total of about 3,340 housing units in 2018, according to the U.S. Bureau of the Census. This number is down by 6.0% or roughly 215 units since 2010. Despite Pikeville's building constraints and relatively high density, the city's housing stock is dominated by single-family detached housing, which accounts for nearly half of all housing within the city limits. There are relatively few single-family attached (e.g., townhouse) units, although there are several newer townhouse units that have been completed since the Census estimates were made. Duplex, triplex and quad buildings account for the second-largest number of housing units in the city, with about 660 or 20%. These small 2-4 buildings constitute the only growing segment of the city's housing supply, with about 170 units (33%) added since 2010. There are fewer small multi-family buildings with 5 to 9 units (about 260), and fewer still units in buildings with 10 to 19 units. There are about 400 units in large buildings (20+ units) and about 200 mobile homes in the city.

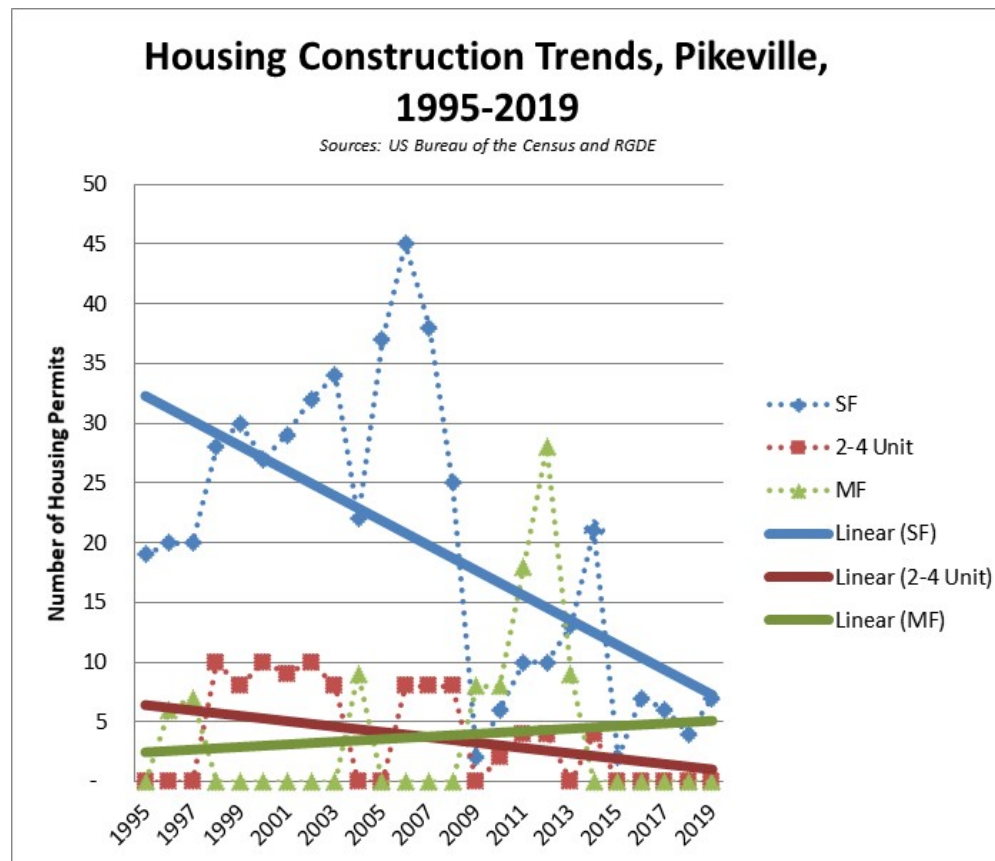
While mobile homes account for just about 6% of all housing in the city, they constitute nearly **36%** of all housing in Pike County as a whole, indicating the presence of a highly unstable housing market outside of Pikeville and the urbanized areas of the county. Pike County has more than 11,000 mobile homes out of a total of 30,900 housing units overall. Many areas in the county do not have infrastructure to support the construction of permanent housing. Even then, mobile homes are indicative of the pervasive poverty that characterizes rural areas in the county, where incomes and equity are not sufficient to support the purchase of market-rate housing in Pikeville or elsewhere in the area. Pikeville housing supply trends are summarized in the table that follows.

Table 1. HOUSING SUPPLY TRENDS, PIKEVILLE, 2010-2018				
Units in Building	2010	2018	2010-2018 Change	
			Number	Percent
1-Detach	1,749	1,643	(106)	-6.1%
1-Attach	85	42	(43)	-50.6%
2-4	495	659	164	33.1%
5-9	354	257	(97)	-27.4%
10-19	193	147	(46)	-23.8%
20+	474	405	(69)	-14.6%
Mobile Home	205	188	(17)	-8.3%
Other	-	-	-	N/A
<b>TOTAL</b>	<b>3,555</b>	<b>3,341</b>	<b>(214)</b>	<b>-6.0%</b>
Sources:	U.S. Bureau of the Census and Randall Gross / Development Economics.			

## Construction Trends

The City of Pikeville has permitted about 700 housing units since 1995, for an average of about 30 per year. This number includes 20 single family and up to 5 each for 2- to 4-unit buildings and multi-family buildings having 5 or more units. Construction peaked in 2006 with 53 units permitted in the city. While construction fell during the Recession years of 2009-10 (as it did nationwide), residential building recovered and the city again saw construction at fairly typical levels through 2014. However, a sharp fall in the mining industry led to a collapse in the local residential market, with just two residential units permitted for construction in 2015.





Between 1995 and 2003, the city permitted an average of 36 units per year. This number increased to 40 per year during the period from 2004 through 2008 but fell to just 19 per year during the Recession and to 14 per year since 2012. In recent years, a much higher share of new construction has been in multi-family housing, with only 3.9% of all units permitted from 1995 through 2008 were in multi-family buildings. But since 2009, nearly 50% of all residential permits were for multi-family units. Much of the demand for new housing has been generated by the hospital and the university. A year-

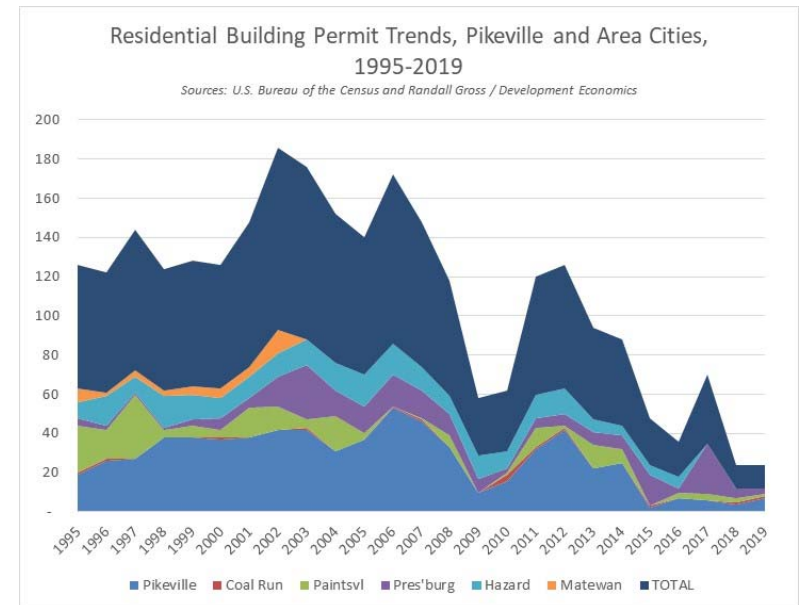
by-year review of permit data is found in the Appendix of this report, with annual averages over key periods summarized below.

Period	SF	2-3-4	MF	TOTAL/YR
'95-2003	27	6	1	36
'04-2008	33	5	2	40
'09-2011	6	2	11	19
'12-2019	9	1	5	14

*Sources: U.S. Bureau of the Census and Randall Gross / Dev. Econ.*

These data mirror overall trends in residential construction activity across the area. The chart below summarizes residential permit trends in Pikeville and five other cities in the region: Coal Run Village, Paintsville, Prestonsburg, Hazard, and Matewan. As shown here, residential construction peaked regionwide in 2002-03 and has been slipping ever since (despite a second small peak in 2012). Pikeville accounted for the largest share of permitted residential construction since 1995, at nearly 50%. Hazard accounted for 18%, Prestonsburg 16%, and Paintsville 13%. Coal Run and Matewan had 2% and 3%, respectively. Only 14 units were permitted over the 25-year period in Coal Run Village, the closest permitting agency to Pikeville.

**New Construction.** There have been several new residential projects developed in the area in recent years or are underway now. For example, the 26-unit Branch Apartments has recently been developed at 285 Harolds Branch Road. A nine-unit townhouse development was constructed nearby at 367 Harolds Branch Road in 2016. The Cedar Creek area has seen some new construction activity over the past five years. The Cedar Creek townhome development includes 12 units in two buildings of six, built starting in 2015. Recently built Cedar Creek Assisted Living (156



Winston Drive) accommodates up to 50 in a new facility, also located in the Cedar Creek area. New homes are under construction in several neighborhoods in the Cedar Creek area. Other new residential developments in and around Pikeville are located in areas like Zebulon Heights, Boulders East, Fields Way, Janice Ford Way, Mountain View, and Walters Road.



*New multi-family and single-family construction in the Pikeville area*

## **Pikeville Area Residential Communities**

Pikeville is a small town but is stretched geographically along the Levisa Fork and U.S. Highway 23. There are several historic districts but there are few distinct neighborhoods within the city per se. Real estate sites list neighborhood names in or near Pikeville that include Esco (Robinson Creek area), Titan Siding, Pigeon, McCombs, Gulnare, Mossy Bottom, Owsley, Blair Town, Pleasant Valley, Little Dixie, Pauley, Boldman, Broad Bottom, Yeager, Blackburn Bottom, Penny, Fords Branch, Kewanee, Douglas, Meta, Garden Village, and Zebulon. In reality, most of the city's housing is found in central city neighborhoods surrounding downtown and the University of Pikeville, or in suburban areas like Cedar Creek. Surrounding communities like Coal Run Village and Shalbiana also have somewhat distinct residential sub-markets.

### **Downtown / U-Pike**

There are various downtown neighborhoods within or near the Oxbow in the Levisa Fork that offer a diverse mix of housing types, styles, tenure, and price ranges. **Bowles Park** (on Bowles Park Drive, off North Mayo Trail) is a 16-unit townhouse development built in 1995 and fully-occupied. Many of the 2-bedroom units are occupied as rentals at \$950 per month (2-bedrooms) and \$1,000-\$1,200 per month (3 bedrooms). The units offer 1,500 to 2,800 square feet, with a recent

sale at \$177,500 (\$118 per square foot). The **Julius Avenue** area, while located near downtown, has a number of housing units in fair or poor condition and in need of rehabilitation (see further discussion in this section). An analysis of 25 units on this street found an extremely broad range in housing values/prices from \$8,600 to \$180,000, and from \$5.08 to \$81.52 per square foot (with a weighted average of \$30.75 per square foot). The houses range in size from about 670 to 2,500 square feet, and while some houses are 100 years old (with many built in the 1950s), several are fairly new homes or homes under renovation, and at least two small apartment buildings are under construction. At least seven homes in this area (28%) have sold or changed hands in the last five years. **Peach Orchard Drive**, which connects to Julius Avenue, has some similar characteristics. Nearby **Kentucky Avenue** offers 60 townhome style units opened in 2003 that are eligible for Section 8 Housing Choice vouchers. Scholar House was another rental complex that accepts Housing Choice vouchers for a combined housing and affiliated education program. There are also public housing facilities operated by the Housing Authority of Pikeville. Among these facilities is **Myers Towers**, a 240-unit high-rise located on North Hambley Boulevard downtown. A homeless shelter in the area sleeps up to 80.

There are a number of small **downtown neighborhoods**, such as along Scott Avenue, Myra Barnes Avenue & Riverview Drive, Mt. Martha Drive, Mountain Chase Drive, Mildred Street, Poplar Street, Park Street, and adjoining streets. Based on a sample, homes in this area have an average of about 1,800 square feet (670 to 3,790) and an average price or value of about \$95,900 (with a range from \$20,000 to \$335,000). The average price per square foot is \$53.60 among the houses sampled in these central neighborhoods. The average age of the houses in these neighborhoods is 80 years, with much of the housing built from the 1920s through 1940s, although there is housing built in the 1970s and beyond. There are several historic districts that are discussed elsewhere in this plan. The Ferguson Lane area off of North Bypass (near Town Mountain Road) has an unusual mix of houses, trailers, the 118 Bypass Apartment building, parking areas, storage units, and a Baptist Church. Houses have sold for as little as \$28,500 which, at just 400 square feet, is roughly \$70 per square foot.





The University of Pikeville has enrollment of 1,404 undergraduates and 858 graduate students during the 2019-2020 academic year. UPIke provides on-campus housing including units for first years (Condit Hall, Derriana Hall, and Wickham Hall), upper division housing (College Square, Derriana, Kinzer Hall, Page Hall, and Spilman Hall), and honors or graduate housing (Gillespie Hall and UPIKE South). Only a portion of the graduate school population is housed on campus and there has been an expressed need need, especially for graduate-level housing.

### **Cedar Creek & Cedar Hills**

The Bowles Family Partnership has gradually sold off lots to builders for higher-quality housing in the Cedar Creek area, on the west side of Pikeville along Cedar Creek Road (SR1384) and Cedar Hills Drive / Island Creek Road. The area benefits from proximity to Bob Amos Park and other amenities. Development includes the Cedar Creek Townhomes (12 units) and Presbyterian Homes Cedar Creek (assisted living facility). The Cedar Creek Townhomes are mostly rented to medical students and there are few vacancies in the area. Single family homes have been developed in small increments over time, with many built starting in 1985. The units range from modest homes to mid-level and executive housing, accommodating doctors, medical professionals, and management-level employees. While there are \$800,000 homes in the area, many of the homes built in the 1980s and 1990s sell in the mid- to upper range of around \$450,000 for 2,500 square feet, or \$180 per square foot. There are six 3-bedroom luxury townhomes built in 2015 that also sell or rent to medical professionals and managers and are priced in the \$400,000 to \$450,000 range. Rentals (for 3-beddoorm / 2-bath units) range from \$1,200 to \$1,500 per month. The homes feature Italian marble tile, Wolf kitchen appliances, and other high-end

amenities. The mid-priced market is represented along Peachtree Drive, where homes sell in the \$285,000 range, or \$150 per square foot. These homes were built in the Cedar Hills area in the early to mid-1990s.



*Estate homes in Cedar Creek and other areas of Pikeville*

### **Pikeville Commons**

The Pikeville Commons mixed-use development, which opened in 2014, includes 116 apartments and about 30,000 square feet of ground floor retail, aside from the associated 194,227 square-foot retail shopping center also located on the property. The apartments are attractive to medical students and others associated with the medical center and university. One-bedroom units have 542 square feet and are renting for \$797 to \$950, while 884 to 891 square-foot two bedrooms rent for \$950-\$1,097, and 924 to 1,156 square-foot three bedrooms rent for \$1,297 to \$1,447 per month. Rents are averaging \$1.33 to \$1.41 per square foot. Occupancy averages about 90% in the complex but fluctuates with the academic year. Current conditions have resulted in 17% vacancy at present, according to Redd Brown & Williams.

*Image Courtesy of Redd, Brown & Williams Real Estate Services*



Several residential neighborhoods near Pikeville Commons, such as **Keel Addition**, **Polly Addition**, and **Lakeview** have mid-priced homes built in the early 2000s, some of which have sold in the \$225,000 to \$290,000 range or \$120 to \$145 per square foot. There are also several undeveloped lots available in the area.

### **Harolds Branch**

Harolds Branch extends southeast from the medical center and downtown Pikeville. The 24-unit Branch Apartments are being marketed specifically to students from Kentucky College of Osteopathic Medicine (KYCOM) and UPike College of Optometry, with special two-year lease rates. A 585 square-foot one bedroom, one bath apartment is renting for \$875 per month (\$1.50 per square foot). The 880 square-foot two-bedroom, two-bath unit is renting for \$1,150 per month (\$1.30 per foot). The apartment's units are 90% leased. Several new 1,250 square foot townhouse units on Harolds Branch Road are listed at \$159,000, with most recent sales at \$155,000 (about \$125 per square foot).

### **Chloe Ridge**

Not far from Harolds Branch is the Chloe Ridge development, located at a former surface mine off of South Bypass Road and Summit Drive. This gated community so far includes 16 luxury homes. Executive homes in the area sell from \$430,000 to \$1.5 million. There are also 0.83-acre lots for sale in Phase 3 of the development for \$115,000. The housing has attracted lawyers, doctors and other professionals to the development. A small four-unit development on Walters Road was constructed in 2012 to 2013 with 1,600 square-foot two-bedroom homes sold in the \$250,000 to \$270,000 range.

### **Fields Way**

Just off of Hambley Boulevard near the Cornerstone Church is the Fields Way development, which includes eight patio homes (in duplex buildings) and 26 townhouses. According to brokers, the homes are popular among medical and other professionals looking for low-maintenance housing. The townhouses vary in size from 1,200 to 4,000 square feet and some are rented to medical and professional students. Townhouses have sold in the low \$300,000 range.



## **Nearby Areas**

**Broad Bottom / Blair Town.** Located along North Mayo Trail are homes located between Coal Run and Broadman in the Broad Bottom area. Prices range from \$125,000 to \$420,000, with an average price per square foot of \$100. There are several newer homes mixed with older ranches and mobile homes in a rural setting. The Green Meadow Country Club and Golf Course is located between Broad Bottom / Blair Town and Boldman at 6887 North Mayo Trail. While the club is an amenity for the area, there is little housing that has been developed specifically to take advantage of the club, view sheds, or as a marketing tool for the sale of housing. Not far away in the Cowpen area is a subdivision of modular homes along Janice Ford Way built from 2011 to 2013 and sold in the \$180,000 range. The homes are located a few miles from the Pikeville City limits. The nearby Mountain View subdivision (James Drive) has about 16 homes built in the 2011 to 2013 period, some of which have sold in the \$315,000 range.

**Boldman / Harold.** The Boldman area has homes ranging from \$50,000 to \$350,000 in price, with an average of \$178,000 and a median price of \$170,000, or an average price per square foot of \$96.60.

**Coal Run Village.** Coal Run Village is an incorporated city providing its own services and a significant amount of commercial development. Among houses for sale, the average price is \$289,400 and the average price per square foot is \$112. Prices range from \$109,000 to \$595,000.

**Fords Branch / Shelbiana.** In the Fords Branch and Shelbiana areas south of Pikeville, houses on the market range in price from \$35,000 to \$285,000, with an average of \$129,600 or \$75.80 per square foot.

**U.S. Route 15 Corridor.** Up to 15 homes have been constructed in Zebulon Heights since 2013, located just outside the Pikeville City limits. The homes have proven to be popular among those looking to be close to the City without paying City taxes, according to brokers. Homes sold in the \$230,000 to \$260,000 range after construction. The Boulders East community nearby has about six smaller homes built from 2011 through 2013 and sold from \$239,000 to \$261,000.



## Physical Conditions

Overall housing conditions were analyzed based on Census data and field reconnaissance, however a full architectural or engineering conditions review was not completed as part of the planning process. Today's conditions can be compared with data contained in the previous plan update in order to examine progress on resolving any outstanding issues. According to Census estimates from 2018, about 1.3% of dwellings in the city lacked plumbing. While a small

number, it is a higher share than in the county as a whole. About 2.0% of Pikeville dwellings lack a complete kitchen and 4.1% lack a telephone (which may not be as useful a measure as it would have been several years ago).



*One of the many trailer parks in the area.  
Most of the mobile homes are located outside of the City limits in Pike County.*



*Housing conditions along Julius Avenue*

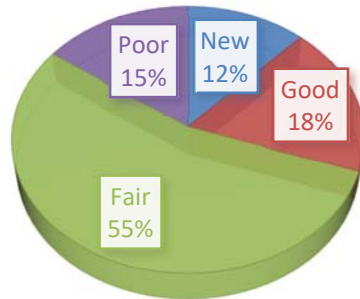
About 6.0% of Pikeville housing is in mobile homes, but more than one-third (or 11,000 units) of housing countywide is either in mobile homes or other temporary housing (like boats, RVs, etc.). The latter represents an exceptionally high share of housing in mobile dwellings compared with most jurisdictions nationwide.

Table 2. HOUSING CONDITIONS SUMMARY, PIKEVILLE, 2018				
Factor	Pikeville City		Pike County	
	Number	Percent	Number	Percent
Lack Plumbing	38	1.3%	133	0.5%
Lack Complete Kitchen	58	2.0%	134	0.5%
No Telephone	116	4.1%	463	1.8%
Mobile/Temp Housing	188	5.6%	11,029	35.8%
Housing Costs > 35%	538	30.4%	3,773	39.9%
Built <1950	674	20.2%	4,872	15.8%
Sources:	U.S. Bureau of the Census (ACP) and Randall Gross / Development Economics.			

While age, in and of itself, is not a measure of housing condition, a large number of older housing units does put a strain on household resources for operations and maintenance. About 20% of the housing units in Pikeville were built at least 70 years ago, compared with 16% countywide. Older housing is more susceptible to maintenance issues and households' need for funds to address such issues. A very high percentage of households in both Pikeville city and Pike County are spending more than 35% of their household income on their rent or mortgage payments (not including maintenance costs). About 30% of Pikeville residents are in this situation, while nearly 40% of Pike County residents pay more than 35% of their income on housing costs. When householders are paying a high share of their income on mortgage or rent payments, there is less disposable income to spend on housing maintenance, upgrading, or upkeep, which leads to declining housing conditions.

## JULIUS AVENUE HOUSING CONDITIONS, 2020

SOURCES: PIKE COUNTY ASSESSOR AND RGDE



In general, Pikeville housing conditions vary significantly, even within the same neighborhood. Newly developed communities like Cedar Creek or Pikeville Commons tend to have consistently good-quality housing. Many of the older neighborhoods have a higher level of diversity, as maintenance requirements and costs increase over time. Julius Avenue, for example has housing in poor condition as well as houses that are qualified by the County Assessor as fair, good, and “new.” Based on weighting, Julius Avenue housing conditions average a score of 1.94 out of 4.0 (based on a scale of 1=poor to 4=new). A majority of housing in that neighborhood is qualified as “fair” by the County Assessor. But, housing with severe problems like foundation settling or needs like roof replacement are interspersed throughout the area. The nearby Peach Orchard Drive area has similar housing conditions. Some of the downtown housing

areas along Scott Avenue, Riverview Drive, Poplar Street, and others nearby generally have housing in moderately good or fair condition.

## Existing Market Conditions Review

Data on existing housing market conditions was collected and analyzed in order to provide context. Sales trends were analyzed based on data from the U.S. Bureau of the Census and the local multiple listing service, provided by Redd Brown & Williams, as well as online sources. Rental market data was analyzed based on Census data and online rental management information.

### Home Sales Trends

Data supplied by Redd Brown & Williams (from the Multiple Listing Service) suggests that there were 258 single-family homes sold in Pikeville between 2015 and 2020, for an annualized average of 43 sales per year. Another 785 homes were sold (131 per year) in other parts of Pike County and 692 sold (115 per year) during the same period in Floyd County, for a total of 1,734 single-family homes (289 on an annual basis) sold throughout the two-county area. There were also 34 townhouses sold throughout the two-county area since 2015, for an annual average of less than six units per year.

Table 3. SF HOUSING SALES TRENDS, PIKEVILLE MARKET AREA, 2015-2020				
Year	Pikeville	Pike County	Floyd County	TOTAL
2015	39	115	91	245
2016	46	142	103	291
2017	42	177	112	331
2018	43	195	119	357
2019	42	62	123	227
2020 1/	46	94	144	283
<b>TOTAL</b>	<b>258</b>	<b>785</b>	<b>692</b>	<b>1,734</b>
<b>Average Change</b>	<b>43 16.9%</b>	<b>131 -18.6%</b>	<b>115 58.2%</b>	<b>289 15.6%</b>
Note	1/ Annualized based on sales through May.			
Sources:	Redd, Brown & Williams (MLS) and RGDE.			

**Price Trends.** The American Community Survey (ACS) estimated a median housing value of \$170,900 for Pikeville homes in 2018. An estimated 53.8% of the city's owner-occupied units carried a mortgage in 2018, with owners paying an average of about \$650 per month in mortgage payments. According to Realtor.com, the median home sales price (for 119 active listings) countywide was \$159,000 (\$80 per square foot) in early 2020, or about \$20,000 over the median list price of \$139,000. By comparison, the median home price for listings in Floyd County was \$128,000 in early 2020, or \$76 per square foot (5% lower than in Pike County). The median sale price was much lower, however, at \$65,000.

Table 4. SF MEDIAN HOUSING SALES PRICE TRENDS, PIKEVILLE MARKET AREA, 2015-2020				
Year	Pikeville	Pike County	Floyd County	Weighted Average
2015	\$ 189,900	\$ 125,000	\$ 90,000	\$ 122,300
2016	\$ 224,000	\$ 145,000	\$ 89,000	\$ 137,700
2017	\$ 168,500	\$ 96,500	\$ 70,000	\$ 96,700
2018	\$ 187,000	\$ 82,000	\$ 80,000	\$ 94,000
2019	\$ 235,200	\$ 116,000	\$ 78,000	\$ 117,500
2020 1/	\$ 175,000	\$ 47,500	\$ 79,800	\$ 84,500
Average	\$ 196,600	\$ 102,000	\$ 81,100	\$108,800
Change	-7.8%	-62.0%	-11.3%	-30.9%
Note:	1/ Median sales prices through May 2020.			
Sources:	Redd, Brown & Williams (MLS) and RGDE.			

Trend data from Redd Brown & Williams (sourced from MLS) finds that the median single-family housing sale price in Pikeville was \$175,000 through May of 2020, or about 7.8% lower than it was in 2015. Overall, the city has had a median sale price of \$196,600 on average over the period from 2015 through 2020. By comparison, Pike County has had a median price of \$102,000 while Floyd County has had a median of \$81,100 over the six-year period. Overall, the two-county area has had a median sale price of \$108,800 during the six-year period, and the median of \$81,500 so far in 2020 is nearly 31%



lower than that of 2015. Since there are so few townhouse sales, it would be difficult to generalize about prices, but in 2019, the median price for three townhouses sold in Pikeville was \$210,000.

Table 5. SF HOUSING SALES / SQ. FT TRENDS, PIKEVILLE MARKET AREA, 2015-2020				
Year	Pikeville	Pike County	Floyd County	Weighted Average
2015	\$ 97.00	\$ 69.00	\$ 54.00	\$ 67.89
2016	\$ 106.00	\$ 74.00	\$ 55.00	\$ 72.33
2017	\$ 49.00	\$ 58.00	\$ 47.00	\$ 53.14
2018	\$ 82.00	\$ 49.00	\$ 44.00	\$ 51.31
2019	\$ 96.00	\$ 71.50	\$ 46.00	\$ 62.22
2020 1/	\$ 81.00	\$ 30.00	\$ 45.00	\$ 45.84
Average	\$ 85.17	\$ 58.58	\$ 48.50	\$ 58.79
Change	-16.5%	-56.5%	-16.7%	-32.5%
Note	1/ Median Sales PSF prices through May 2020.			
Sources:	Redd, Brown & Williams (MLS) and RGDE.			

On a per-square-foot basis, Pikeville single-family housing prices are significantly higher than those in surrounding portions of the market area. The six-year average suggests that Pikeville has had a median sale price of \$85.17 per square foot, compared with \$58.58 in the rest of Pike County and \$48.50 in Floyd County. Overall, the market-area median sale price has been \$58.79 per square foot over the last six years. The price has fallen by one-third in the area, and by 16.5% in Pikeville since 2015. Of course, the number of sales is small so there is significant variation from one year to the next.

**Days on Market.** The single-family Pikeville homes that sold so far this year have remained on the market for an average of 227 days. On average, Pikeville's homes have taken about 203 days to sell over the past six years. This length

of time is slightly faster than in other parts of Pike County but slower than in Floyd County, where the average days on market has been 178. The time spent to sell a home in Pikeville has increased by about 11% since 2015, while it has fallen in the rest of the two-county market area.

Table 6. SF HOUSING DAYS-ON-MARKET TRENDS, PIKEVILLE MARKET AREA, 2015-2020				
Year	Pikeville	Pike County	Floyd County	Weighted Average
2015	205	248	209	227
2016	227	237	186	217
2017	227	217	188	208
2018	82	227	179	194
2019	250	169	152	175
2020 1/	227	185	156	177
Average	203	214	178	200
Change	10.7%	-25.4%	-25.4%	-21.9%
Note:	1/ Days on market data through May 2020.			
Sources:	Redd, Brown & Williams (MLS) and RGDE.			

**Other Indicators.** Area brokers indicate that, while it has been taking time to sell, there has nevertheless existed a gap in the supply of middle-market houses (priced from \$125,000 to \$250-300,000). Houses priced in that range tend to sell more quickly than the average stated above. Still, the volume of houses being sold (less than 300 homes per year in a large, two-county area) is relatively small. It should be noted that builders will often sell build-to-suit homes directly to buyers, so new-build houses are not often included in MLS data.

## Rental Apartments

According to the Census Bureau's American Community Survey (ACS) estimates for 2018, approximately 57.5% of Pikeville's occupied housing units are rentals. The preponderance of rental properties is not surprising, given Pikeville's relatively small size and dense geography, and its position as home to large medical, government, and higher education institutions. Growth and turnover at both the medical center and the university, in particular, help drive the rental market. Overall, ACS estimates that the city has a total of 1,803 rental units.

**Occupancy.** Rental occupancy was estimated at 90.5% in 2018, with about 170 units vacant, yielding a vacancy rate of 9.5%. This rental vacancy rate is not exceptionally high but is higher than the target rate of 5.0%, which allows for normal market turnover.

**Rents.** According to ACS, the estimated median rent in Pikeville in 2018 was \$694 per month. Based on an inventory of 99 rental units on the market, Pikeville market rents range from an average \$596 to \$879. One-bedroom units range in price from approximately \$440 to \$600, with an average of \$540 per month. Two-bed unit rents range from \$480 to \$850, averaging \$620. The market's three-bed unit rents range from \$520 to \$790 and average \$640, while 4+ bedroom units range from \$680 to \$880, averaging \$780 per month. Data supplied by Apartment Home Living is summarized below.

Table 7. APARTMENT RENTS IN PIKEVILLE, SELECTED COMPLEXES, 2020			
Bedrooms	Low	High	Average
1	\$443	\$596	\$540
2	\$483	\$850	\$622
3	\$523	\$789	\$643
4+	\$676	\$879	\$777
Source:	Apartment Home Living.		



**New Construction.** As noted earlier, there have been several new apartment projects developed in recent years. Perhaps the largest and most prominent of these is the Pikeville Commons mixed-use development, which includes 116 apartment units located off North Mayo Trail. Along with Pikeville Commons, the 24-unit Branch Apartments and the 16 Bowles Park units are among the few newer apartment complexes in the area.

### **Market Sources and Niches**

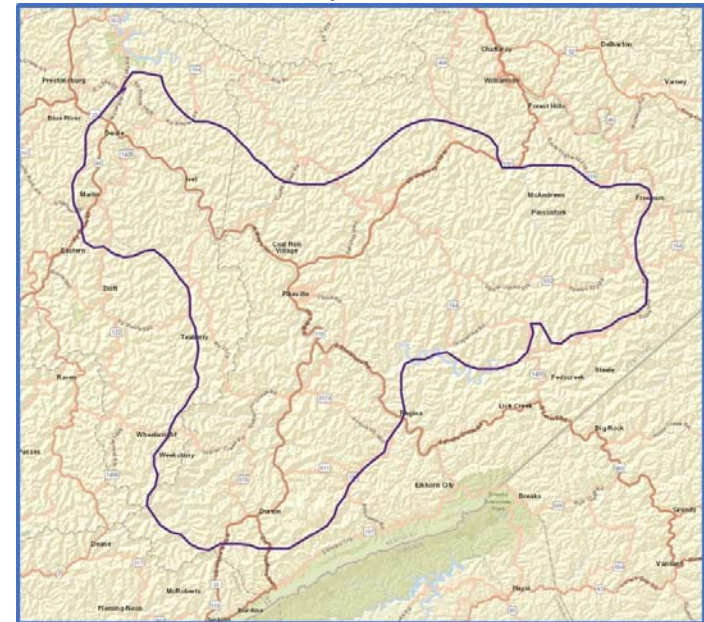
Based on input from brokers, institutions and employers, the key market niches for housing in the city have been university faculty & staff, graduate students and upper classmen, hospital doctors and staff, and the coal company management. As new industries expand in the area, there has been increased demand as well from manufacturing, hospitality, and other workers. Finally, retirees also play an increasingly important role in the local housing market, as demographics shift and the population of empty nesters and seniors increases.

## **Section 2. MARKET AREA DEMAND**

This section summarizes housing demand forecasts for the Pikeville market area. The forecasts were made based on demographic and economic projections for the region and for Pikeville and various sub-markets within the region. The Pikeville Primary Housing Market Area (PMA) is defined, and household demographics within that market area are forecasted at least through 2025. Household demographics will drive much of the housing demand in the market over the short term, unless there is a sudden and dramatic shift upward in employment opportunities that will help to retain and attract younger, more mobile workers. Pikeville's competitiveness within this market area context is determined and the city's capture of housing demand forecasted as a basis for assessing overall opportunities for housing development and rehabilitation in the city.

### **Housing Market Area**

The Pikeville Primary Housing Market Area (PMA) was defined based on commutation patterns and travel routes, travel time, residential aggregates and other factors as shown here (outlined in purple) with input from area brokers and others familiar with how local housing decisions are being made. There is also inflow to this area from throughout Pike County, Floyd County, and some surrounding areas as well as from relocations nationwide (especially those relating to the hospital). Specific targeted niches were also defined in terms of age and income cohorts, tenure, and other factors.



## Overall Demand Forecast Summary

Demand was forecasted for market area housing through 2025 and beyond. Key factors and findings are discussed below.

### Market Area Housing Tenure

While Pikeville's housing occupancy is more heavily weighted to rental tenure, only 27% of householders throughout the broader Pikeville PMA are renters. Rental tenure naturally declines with age, as households become more settled into a specific house and have security of ownership. For example, nearly 80% of market-area householders aged 15 to 24 are renters. This number falls to less than 50% among those aged 25 to 34, 33% for those aged 35 to 44 and so on. In fact, the share of householders renting falls for each age cohort with the exception of those aged 75 to 84, where there is a slight increase in the share renting (no doubt to movement to senior housing facilities among some householders in that age cohort). Among those over age 85, only 5% are renting their home.

<b>Table 8. HOUSING TENURE BY AGE COHORT, HOUSING MARKET AREA, 2020</b>				
<b>Age Cohort</b>	<b>Renters</b>	<b>Owners</b>	<b>TOTAL</b>	<b>Share Rent</b>
15-24	4,993	1,445	6,438	78%
25-34	2,817	3,079	5,896	48%
35-44	2,142	4,303	6,445	33%
45-54	1,611	5,428	7,039	23%
55-64	1,583	6,191	7,774	20%
65-74	939	5,338	6,277	15%
75-84	479	2,256	2,735	18%
85+	49	884	933	5%
<b>TOTAL</b>	<b>14,614</b>	<b>28,923</b>	<b>43,537</b>	<b>27%</b>
Sources:	U.S. Bureau of the Census and Randall Gross / Development Economics.			

### Market Area Household Income Trends & Forecasts

Median Market Area household incomes are low, relative to the nation as a whole, at about \$35,700 per year. However, this number is up by nearly 45% since 2000 or 2.8% per year. Nevertheless, after adjusting for inflation, market area household incomes actually **fell by 3.3%** in real dollar terms since 2000. This trend is more aligned with the overall loss of high-paying jobs in mining and other sectors that has resulted in stagnant or declining real incomes in the area.

Table 9. HOUSEHOLD INCOME TRENDS AND FORECASTS, MARKET AREA, 2000-2025			
Area	2000	2020	2025
Market Area	\$ 24,648	\$ 35,732	\$ 36,909
Pike County	\$ 25,554	\$ 35,893	\$ 36,952
Floyd County	\$ 24,178	\$ 34,670	\$ 35,535
Sources:	U.S. Bureau of the Census; Claritas; and Randall Gross / Development Economics.		

Household incomes are just slightly higher in Pike County than in neighboring Floyd County, the areas that comprise the primary market area for housing in Pikeville. Pike County incomes fell by 6.3% in real terms since 2000, while Floyd County incomes fell by 4.3%. Since the market area largely represents the more urbanized and economically-diverse portions of the two counties, market-area incomes have remained slightly more stable than those in the rural portions of the two counties.

### Household Trends and Forecasts by Age Cohort

The number of households within the market area is estimated at 21,725 in 2020, down by 11.2% (1.12% per year) from 2010 (when the number of households was 24,465, according to the U.S. Census). The loss of nearly 3,000 households has impacted negatively on the local housing market, with a significant decrease in demand for housing in Pikeville and

surrounding areas. The decrease in households in the Pike County portion of the market area has been slightly faster than that of the Floyd County portion, possibly due to higher mobility rates in Pike County.

The number of households in the market area is expected to continue declining, but at a slower rate of 0.79% per year over the next five to ten years. The market area is forecasted to have 20,872 households by 2025 or 2026. The bulk of this decrease will be in wage-earning cohorts of householders aged 25 to 64. By contrast, there will be some modest growth in households led by people aged 65 to 74, with the market area adding over 400 householders within this age cohort. In addition, there will also be growth of about 75 elder householders aged 75 and over, plus a handful of young householders under the age of 25.

<b>Table 10. HOUSEHOLD FORECASTS BY AGE &amp; TENURE, MARKET AREA, 2020-2025</b>			
<b>Age Cohort</b>	<b>Renters</b>	<b>Owners</b>	<b>Total</b>
15-24	1	0	1
25-34	(89)	(97)	(186)
35-44	(130)	(262)	(392)
45-54	(95)	(321)	(416)
55-64	(68)	(268)	(336)
65-74	61	345	406
75-84	6	28	34
85+	2	38	40
<b>TOTAL</b>	<b>(313)</b>	<b>(536)</b>	<b>(849)</b>
Sources:	U.S. Bureau of the Census; Claritas; and Randall Gross / Development Economics.		

The growth in householders over age 65 represents the aging of the Baby Boom, the generation that has for decades (and still today) driven much of the demand in the housing market. The shift down in younger working households and the increase in older, retired householders is not unique to Pikeville. Rather it is symptomatic of the generational demographics nationwide. Aging Baby Boomers are less dependent on employment opportunities, less mobile, and will tend to remain in the area, rather than relocating away for jobs. However, unlike growing areas of the country, Pikeville is not attracting the labor force to replace the loss in working-age householders who age into retirement. Clearly, the generational demographic shifts will impact on housing demand in Pikeville at least in the near to mid-term, with retirement housing becoming a primary demand generator.

### Household Forecasts by Income Cohort

Household changes were also forecasted by income cohort. Partly because the data are not adjusted for inflation, there is an apparent shift from lower to higher-income cohorts.

<b>Table 11. HOUSEHOLD FORECASTS BY INCOME COHORT, MARKET AREA, 2020-2025</b>			
<b>Income Cohort</b>	<b>2020</b>	<b>2025</b>	<b>Change</b>
<\$15,000	5,292	4,936	(356)
\$15-\$25,000	3,047	2,898	(149)
\$25-\$35,000	2,636	2,484	(152)
\$35-\$50,000	3,124	3,035	(89)
\$50-\$75,000	2,929	2,821	(108)
\$75-\$100,000	1,905	1,841	(64)
\$100-\$125,000	1,245	1,228	(17)
\$125-\$150,000	602	637	35
\$150-\$200,000	498	523	25
\$200,000+	443	469	26
<b>TOTAL</b>	<b>21,721</b>	<b>20,872</b>	<b>(849)</b>
Sources:	U.S. Bureau of the Census; Claritas; and Randall Gross / Development Economics.		

**COVID-19 Pandemic Caveat.** Overall, the median income was expected to increase just slightly, to about \$36,900 by 2025. However, these income forecasts were made prior to the onslaught of the COVID-19 crisis and its impact on the local and global economy. Pike County unemployment shot up from an annualized rate of 5.8% in 2019 to an unadjusted rate of 17.6% by April 2020. And Pike County's is certainly not the highest rate in Kentucky. The unemployment rate in Marion County was already approaching 30% in April, and all of Kentucky's counties were likely seeing continued increases in unemployment during May. Even with a gradual "opening" of businesses in the area, there is the continued possibility of a return spike and recurring cycle in viral caseload, leading again to reduced economic activity. At this stage, the best available information suggests an assumption that if a safe, effective and well-distributed vaccine and/or effective treatment is available for COVID-19 by early/mid-2021, then there is a possibility that confidence will be restored to the point where the economy will gradually return to its previous levels. But recovery will take time. For the purposes of this planning effort, five-year forecasts ensure a long enough window to accommodate recovery but there may be a lag of two years, based on the aforementioned assumptions, before previous levels of economic activity are achieved. Thus, a forecast through "2025" may be delayed until at least 2027/8.

## **Housing Mobility**

Mobility is a key indicator for housing demand, and age and tenure are correlated to some extent with mobility. In general, younger populations are more likely to rent and more likely to move more frequently. Mobility generally decreases with age, while homeownership naturally increases. In Pikeville, more than 80% of young (15-to 24-year old) renters moved at least once during the five-year period between 2010 and 2014. By comparison, only 67% of renters aged 25 to 34 moved during this period and only 53% of homeowners 15 to 24 years old moved. Younger Pikeville renters were somewhat more mobile than their counterparts in other parts of Pike County or in Floyd County. However, Pikeville's older renters as well as homeowners were typically more stable than those in rural areas of Pike or Floyd County. Data on housing mobility by tenure and householder age are summarized in the following table, for 2010-2014 (the most recent period for which five years of data are available).



<b>Table 12. HOUSING MOBILITY BY TENURE AND HOUSEHOLDER AGE, MARKET AREA, 2010-2014 FIVE YEAR</b>						
<b>Age Cohort</b>	<b><u>Pikeville</u></b>		<b><u>Pike County</u></b>		<b><u>Floyd County</u></b>	
	<b>Renter</b>	<b>Owner</b>	<b>Renter</b>	<b>Owner</b>	<b>Renter</b>	<b>Owner</b>
15-24	81.3%	52.9%	77.6%	43.7%	64.8%	44.6%
25-34	66.5%	43.3%	63.5%	35.8%	53.0%	36.5%
35-44	51.0%	18.6%	53.3%	11.7%	52.5%	12.4%
45-54	41.8%	15.2%	43.6%	9.6%	42.9%	10.1%
55-64	46.4%	16.9%	48.5%	10.6%	47.7%	11.2%
65-74	30.3%	7.6%	38.4%	5.5%	29.5%	1.9%
75-84	24.8%	6.3%	31.4%	4.5%	24.1%	1.6%
85+	16.5%	4.2%	20.9%	3.0%	16.1%	1.0%
Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.						

## Employment Forecasts

Employment is a critical indicator of housing demand and is associated with growth and relocations in the market. At-place employment was forecasted for the Pike County labor market, including Pikeville, by industry sector. Overall, the county was projected to add about 120 jobs between 2020 and 2025, and another 210 jobs between 2025 and 2030, for a total of 330 jobs. While this growth is still anticipated, it is likely to be delayed until after the effects of COVID-19 on the economy subside. Much of this growth will be concentrated in health care and in four other sectors, including finance, education, arts/entertainment & recreation, and accommodations & foodservice. Clearly, sectors like accommodations (tourism), arts & entertainment, and education have all been drastically impacted by the health crisis. It is anticipated that these sectors will gradually rebound, especially under the assumption that an effective, safe and well-distributed vaccine and/or treatment is delivered in 2021.



<b>Table 13. AT-PLACE EMPLOYMENT FORECASTS, PIKE COUNTY, 2020-2030</b>					
<b>Industry</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2020-2025</b>	<b>2025-2030</b>
Agriculture	54	55	55	1	0
Forestry, Fishing	26	26	27	0	0
Mining	1,515	1,384	1,244	(131)	(139)
Utilities	304	290	280	(14)	(10)
Construction	703	693	669	(10)	(24)
Manufacturing	620	597	584	(23)	(13)
Wholesale Trade	563	583	606	19	24
Retail Trade	4,028	3,993	3,974	(35)	(18)
Transport/Warehouse	864	810	764	(54)	(46)
Information	236	231	226	(5)	(5)
<b>Finance &amp; Insurance</b>	<b>793</b>	<b>819</b>	<b>842</b>	<b>26</b>	<b>23</b>
Real Estate	125	119	115	(6)	(4)
Professional/Tech	800	790	791	(10)	1
Management	48	47	45	(2)	(2)
Administration	638	648	658	10	11
<b>Education</b>	<b>908</b>	<b>940</b>	<b>970</b>	<b>33</b>	<b>30</b>
<b>Health Care</b>	<b>4,944</b>	<b>5,275</b>	<b>5,644</b>	<b>330</b>	<b>369</b>
<b>Arts &amp; Entertain</b>	<b>249</b>	<b>260</b>	<b>272</b>	<b>10</b>	<b>12</b>
<b>Accommodation/FS</b>	<b>1,857</b>	<b>1,875</b>	<b>1,895</b>	<b>19</b>	<b>20</b>
Other Services	876	875	869	(1)	(5)
Non-Profit/Civic	126	115	107	(11)	(8)
Government	3,010	2,984	2,978	(27)	(5)
<b>TOTAL</b>	<b>23,288</b>	<b>23,407</b>	<b>23,617</b>	<b>119</b>	<b>210</b>
Sources:	Woods & Poole Economics, Moody's Analytics, U.S. Bureau of Labor Statistics; and Randall Gross / Development Economics.				

Growth in these industry sectors, despite continued losses in mining, transportation, and other sectors, will help leverage demand for housing throughout the market area and within Pikeville. Demand would most directly impact on the rental housing market.

### **PMA Rental Housing Demand**

Rental housing demand within the PMA was forecasted within key niche markets through 2025/27 and beyond. Demand would be generated by “move-ups” and “move-downs” within the existing housing market, as well as through household growth if it exists. But as noted above, there will also be demand induced by employment growth in certain sectors, particularly health care as well as finance & insurance, education, accommodation & foodservice; and arts, recreation, & entertainment.

#### **Move-Up Demand**

Move-up and move-down demand for 325 units is projected through 2025-27 within the Pikeville Primary Housing Market Area (PMA). This number includes young graduates and others who are already located in the market area and are moving out of their parents’ homes or dorms into their first apartment. It also includes those who may already be renting who are moving “up” into a larger apartment, as well as divorcees, widows/ers, and seniors who are moving from a single-family house into a rental apartment or retirement apartment. Much of this “barbell” demographic demand will be generated by householders in the 15 to 34 age cohort as well as among those over age 65.

#### **Household Growth-Related Demand**

Where there is demographic growth, the addition of new households will generate demand for additional housing unless household size is also expanding. However, demographic forecasts indicate that the PMA will have a declining number of households and demand for 174 *fewer* rental units over the next five to seven years.

### **Job-Induced Demand**

Employment growth in the area will generate demand for an additional 188 rental housing units over a five- to seven-year period. Growth in health care employment, anchored by Pikeville Medical Center, will yield a large majority of this housing demand. Significant housing demand will also be generated by the growth in faculty and staff at University of Pikeville and Big Sandy Community & Technical College.

### **Total PMA Rental Demand**

Based on this analysis, there would be total market area demand for about **340 rental units** over five years (68 per year), not including replacement or vacancy factors, and not including demand generated by graduate students (covered later in this report).

### **PMA For-Sale Housing Demand**

Demand was also forecasted for for-sale housing in the Pikeville Primary Housing Market Area (PMA). Market-area demand forms the basis for determining potential for housing development within the city of Pikeville, as determined in Section 3.

### **Move-Up Demand**

Pikeville will suffer from the “barbell” effect where householders in growing age cohorts are either moving up into rentals or down from ownership into rentals and retirement housing. There will be demand for 103 fewer for-sale move-up units over the next five to seven years as a result of local demographic shifts. The COVID crisis will further depress demand for for-sale housing, at least in the short-term and among more modest income groups.

### **Household Growth-Related Demand**

Limited household growth is expected over the next five to seven years, yielding demand for 136 fewer for-sale housing units overall in the market area. This loss is ameliorated somewhat by the addition of employment-induced housing demand and by replacement requirements as explored further in the section that follows.

### **Job-Induced Demand**

There will be housing demand induced by the projected growth in jobs anticipated over the next five to seven years (likely to be delayed now as the economy recovers from COVID-19). This growth will yield demand for an additional 509 for-sale units throughout the PMA, some of which can be captured within Pikeville as discussed in the following section.

### **Total PMA For-Sale Housing Demand**

The PMA can expect to see net demand for **270 for-sale units** over the next five to seven years (39 to 54 per year) not including replacement or vacancy factors. Again, these forecasts are predicated on the assumption that effective, available medical treatments and/or vaccines will come online sometime in 2021 to combat the COVID-19 pandemic, thereby increasing confidence and leveraging economic activity.

### **3. PIKEVILLE HOUSING DEMAND & NICHE MARKETS**

The following section determines Pikeville's housing development or rehabilitation potential over the next five to seven years, based on the findings of the PMA demand analysis coupled with an assessment of the regional competitive framework. Local graduate student housing demand is also determined as an additional source of housing development potential above and beyond demand generated by existing or future households in the market. Certain niche markets for Pikeville housing are also identified where appropriate.

#### **Competitive Framework**



*Photo of new housing in Hazard, courtesy Zillow.*

Most of the newer housing in the market area is concentrated in or near Pikeville, so there is little competition for new housing in the area. However, there is some new development in Prestonsburg, including newly completed 3-bedroom / 2.5 bath townhouse units along Clubhouse Drive, priced in the \$195,000 range or about \$113 per square foot. There is also some new manufactured housing on the market in Prestonsburg listed in the \$159,000 range (\$83 per square foot). Floyd County has a total of 168 homes currently (May 2020) listed on the market. Hazard has also seen some new housing construction, such as 3- and 4-bedroom homes built in 2016 along Saint Johns Trail and listed for \$225,000 to \$315,000, or \$123 to 131 per square foot. Housing built in 2017 along Laurel Drive has been priced at \$309,000 or \$71 per square foot. There has been very little multi-family housing built recently in the region.

## Local Graduate Student Housing Demand

An assessment was also conducted of the demand for graduate student housing, which is a distinct niche market in Pikeville. The University of Pikeville has a total of approximately 1,400 full-time & part-time undergraduate students, plus 858 graduate students. There are nearly 240 students at Kentucky College of Optometry (KYCO) and 550 students at Kentucky College of Osteopathic Medicine (KYCOM). The university provides housing for about 53% of undergraduates and it is estimated that about 17% of undergraduates (mainly upper classmen) commute from rental apartments or houses other than their parents'. There is an existing supply gap of about 85 beds in terms of the need for undergraduate housing. About 94% of the university's student housing was occupied during the 2019-2020 academic year. However, UPike does not provide housing for graduate students and this, coupled with gradually increasing graduate school enrollment, has lifted demand for off-campus graduate student housing.

Table 14. SELECTED GRADUATE SCHOOL ENROLLMENT TRENDS, UPIKE, 2013-2019				
Year	KYCO	KYCOM	Both	Change/Year
2013	N/A	423	423	
2014	N/A	481	481	13.6%
2015	N/A	532	532	10.6%
2016	65	526	591	11.1%
2017	124	534	658	11.3%
2018	183	540	723	9.9%
2019	239	551	790	9.3%
Sources:	University of Pikeville and Randall Gross / Development Economics			

Based on average enrollment growth trends, it is anticipated that there will be the addition of about 300 to 430 students – undergraduate and graduate – living off campus over the next five to seven years unless additional beds are added to the university's on-campus inventory. *If* enrollment continues to expand and *if* Pikeville were to capture just 50% of this growth in demand for housing, the city could expect to see a need for 150 to 260 student housing units over the next five to seven years or by 2027. Some of this demand would be absorbed by existing vacant rental apartment units and for-

sale houses in the area. Nearly 95% of undergraduates are single and few have children, but a larger share of graduate students (including part-time working students) will have a need for family housing. A possible tenure mix for the graduate school population might see 70% in rental housing and 30% in for-sale housing, although many of the renters might be accommodated in houses instead of apartment buildings.

### **Pikeville Capture and Development or Rehab Potential**

Pikeville will capture a substantial share of market-area demand for housing over the next five to seven years and into the future, because of the city's prominent role in the regional economy and its institutional base that helps guarantee a measure of economic stability. Pikeville's potentials for development or rehabilitation of both retail and for-sale housing are summarized below.

#### **Rental Housing Potentials**

Pikeville has a relatively strong rental market due, in part to the presence of a large a growing medical center and a university that supports a growing graduate student population. Key market drivers are summarized and discussed below.

**Move-ups and Retirement Housing.** The city would capture market-area demand for about 40 units of rental housing over the next five to seven years to accommodate move-ups and move-downs in the existing market. Demand for retirement and senior housing is growing in the market area and beyond, and Pikeville is well-situated in particular to capture demand for senior housing due to the city's amenities as well as the presence of both a respected medical center and university. Over time, demand will continue to grow for graduated care facilities that include independent living, assisted living, and nursing care components. Not only is Pikeville attractive to residents of the market area as a location for senior housing, but it also has some appeal as a regional destination for retirement living.

**Growth-related.** Demographic projections suggest a continued decrease in growth-related demand for housing except (as noted above) in the senior population. The city will see demand for about 20 less units based on overall household growth projections in the market area.

**Job-Induced.** Above and beyond demographic change, projected employment growth would generate potential for about 30 to 40 rental units in Pikeville within five to seven years, accounting for the temporary economic dip relating to



COVID-19. Much of the market area's job growth would be concentrated in Pikeville so the city has a natural advantage in attracting new workers to live within the city limits. The city is also more attractive as a location for young singles and couples who will want access to restaurants, entertainment, and recreation activities.

**Graduate Students.** Graduate students will represent that largest demand driver for rental housing over the next five to seven years, accounting for potential for about 100 to 180 units in Pikeville, based on strategic growth at UPike. Growth at the Big Sandy Community & Technical College will also contribute to the demand for student housing.

**Replacement.** In addition to market demand, there will be a need for housing replacement over the next five to seven years due to fire & water damage, demolition, and condemnation. Based on historic trends, and in recognition of housing conditions issues in some housing in Pikeville, there will be a need to replace an estimated 10 to 40 units over the next five to seven years.

**Vacancy Factor.** A vacancy factor is typically built into housing demand assumptions because of the likelihood of turnover and the need for regular maintenance and upgrading of units. However, given that the current vacancy rate is higher than normal targets, a reduction in vacancy would place about 65 to 75 vacant units back into occupancy.

**Gross Potentials.** Based on these factors, the city would have potential for a range of 40 to 180 additional rental housing units, with an average of about 100 additional units required over the next five to seven years. Some of this additional stock might be accommodated through new construction, while other units can be added through rehabilitation of existing vacant units. Conditions warrant some new construction but also rehabilitation of existing housing stock to accommodate graduate students and itinerant hospital workers. Much of the new demand, outside of replacement and graduate student housing, will be generated in the mid- to upper-rent levels for this market because it will be induced by mid-level and higher-paying jobs. That is not to say that there will not be demand for affordable housing, but the city has a supply of affordable multi-family housing. Overall potentials are summarized below by niche cohort and price range within Pikeville.

Table 15. RENTAL HOUSING DEMAND FORECAST, PIKEVILLE, 2020-2025			
Rent Range	Pikeville Capture		Market Rate
	Moderate	High	
\$ 300	(12)	(6)	-
\$ 500	(3)	(1)	-
\$ 600	(2)	(1)	(2)
\$ 700	(2)	(1)	(2)
\$ 800	(2)	(1)	(2)
\$ 1,100	(2)	(1)	(1)
\$ 1,200	(0)	(0)	(0)
\$ 1,300	1	1	1
\$ 1,700	1	2	2
\$ 2,300	(1)	(0)	(1)
<b>Sub-Total</b>	<b>(23)</b>	<b>(9)</b>	<b>(5)</b>
<i>Workforce</i>	(5)	(2)	
<b>Job Induced</b>	<b>27</b>	<b>41</b>	<b>34</b>
<i>Graduate</i>	100	180	119
<i>Replacement</i>	10	38	24
<i>Vacancy Factor</i>	(73)	(66)	(70)
<b>TOTAL</b>	<b>41</b>	<b>184</b>	<b>102</b>
Sources:	U.S. Bureau of the Census; Claritas; Upike; and Randall Gross / Development Economics.		

## **For-Sale Housing Potentials**

The potential for development or rehabilitation of for-sale housing units by 2027 was also determined for Pikeville. This potential is again disaggregated by demographic niche and economic driver.

**Move-ups.** There would be a need to reduce the number of for-sale units by about 60 over the next few years, in order to bring the market into balance. That being said, there will be continued potential for retirement housing and an opportunity to develop or rehabilitate housing for retirees and seniors, so long as such housing is integrated with urban amenities and/or recreation opportunities.

**Growth-related: Destination Retirement Housing.** Again, there is an “overhang” in the housing market due to stagnant demographic growth that would otherwise propel the demand for housing in the market. Without a shift in demographics, there is likely to be an oversupply of about 65 for-sale units. If, however, Pikeville embarked on a pro-active effort to attract retirees, there would be opportunities to reduce the “overhang” in the for-sale housing market and improve overall market performance for competitive stock. Target markets for retirees might include “bounce-backs” or “half-backs,” those who retired from northern cities to Florida but find that they would prefer a more temperate climate. Nearby Appalachian regions of North Carolina have been highly successful in attracting half-backs to retire to the mountains. Given Pikeville’s medical and university amenities, as well as the opportunities for outdoor recreation and small-town living that it provides, the city has opportunities to leverage this market niche further.

**Job-Induced.** Employment growth at the medical center, university and elsewhere should generate demand for about 70 to 90 units over the next five to seven years, once the economy has recovered from the recessionary impacts of COVID-19.

**Graduate Students.** Continued growth at University of Pikeville, coupled with growth at Big Sandy Technical & Community College will generate demand for another 40 to 75 for-sale residential units captured within or near Pikeville.

**Replacement.** Again, there will be a need for replacement of at least 30 housing units due to fire or water damage, condemnation, poor structural conditions and other reasons over the next five to seven years.

**Vacancy Factor.** There is an oversupply in the market and a need to cull vacancy by about 20 for-sale units. Thus, even if there is growth in demand, it is assumed that some of that growth will be absorbed in existing vacant housing stock until the point where price pressure ensures the profitability of new housing development.

**Gross Potentials:** There would be potential (aside from where existing housing is demolished or rehabilitated) for up to about 53 additional for-sale housing units in Pikeville over the next five to seven years, as shown below.

Table 16. FOR-SALE HOUSING DEMAND FORECAST, PIKEVILLE, 2020-2025			
Price Point	Area Capture Moderate	High	Market Rate
\$ 106,250	(40)	(20)	-
\$ 156,250	(56)	(31)	(43)
\$ 218,750	(13)	(7)	(10)
\$ 247,500	(6)	(4)	(5)
\$ 288,750	(16)	(11)	(13)
\$ 367,500	(66)	(50)	(58)
<b>Sub-Total</b>	<b>(197)</b>	<b>(122)</b>	<b>(129)</b>
<i>Workforce</i>	(40)	(20)	
<b>Job-Induced</b>	<b>73</b>	<b>87</b>	<b>79</b>
<i>Graduate</i>	42	77	60
Replacement Vacancy Factor	7 (19)	28 (17)	18 (18)
<b>TOTAL</b>	<b>(94)</b>	<b>53</b>	<b>8</b>
Sources:	U.S. Bureau of the Census; Claritas; Upike, and Randall Gross / Development Economics.		

## **Section 4. KEY FINDINGS & PRELIMINARY RECOMMENDATIONS**

The Housing Market Analysis forecasted development and rehabilitation potential for 40 to 180 rental apartment units and up to 50 additional for-sale housing units within the city of Pikeville over the next five to seven years, with the caveat that there will be a period of economic recovery from the COVID-19 health crisis that may take at least two to three years. Demand for this housing will be generated by a diverse set of drivers including the aging of the population into retirement, prospective job growth in particular at the medical center and the university, the need for replacement of buildings in poor condition, and enrollment growth at area colleges. Household growth has already stagnated in the area, but there are new emerging opportunities associated with retirement housing for local and relocating seniors. There is the opportunity, for example, to market Pikeville as an asset-rich lifestyle hub for retirees and those interested in continuing education and access to good medical care. Several preliminary strategies for housing rehabilitation and diversification are discussed below. The Housing element of the plan will include a Housing & Community Development Strategy with more specific recommendations and actions for implementation.

### **Retirement Housing & Amenity-Based Marketing**

The market analysis finds that demographic shifts will generate demand in the next five to seven years for housing products that appeal to Baby Boomers including empty nesters aged 60 through 75 or 80, as well as for senior housing for those over the age of 80. Some of this demand will be generated from within the local market, since older, more settled residents are less mobile and less likely to relocate out for jobs and educational opportunities. At the same time, there are opportunities that could be explored further, for pro-actively marketing Pikeville more aggressively as a retirement destination. Pikeville has many of the assets that appeal to retirees who relocate away from their hometown – a respected regional medical center, growing university with post-graduate medical schools, a growing restaurant and hospitality industry, golf & country club, historic downtown with small-town feel, and easily accessible natural & recreational amenities. There are opportunities, based in market demand, for a variety of empty nester, retirement, and senior housing lifestyle products including patio homes, mixed-use villages and condominiums (of which there is only one in Pikeville), graduated care facilities, resort housing, and senior apartments, among others. Many of these senior housing products are tailored to a higher-density environment, which is consistent with Pikeville's physical constraints.

Importantly, in attracting retirement housing development, there is also the concurrent opportunity to expand and diversify the housing mix to include more middle-income housing in the \$160,000 to \$300,000 range. Much of the demographic growth in the Pikeville PMA will be among householders aged 65 and over. The PMA will add nearly 500 of these households within the next five to seven years, and most of these households will originate from within the existing Pikeville market. So, having housing that accommodates these demographic shifts will be critical. These households are also likely to have the incomes to support middle-income housing. About 20% of PMA householders over age 55 have incomes above \$75,000 per year, with 12% having incomes in excess of \$100,000 per year. In developing housing for retirees and empty nesters in this income cohort, there is by default an expansion in the availability of mid-priced housing to help fill a possible gap in the existing Pikeville market and provide products for marketing to prospective employers. A strategy for recruiting retirement and senior housing developers, and for marketing to the destination retirement market, will be explored further in the Housing & Community Development Strategy portion of the Housing element.

### **Student Housing**

As noted in the market analysis, the local educational institutions are growing and University of Pikeville has expanded enrollment of its professional schools. If such growth continues, there will be added demand for housing graduate students and upper-classmen in the area. At present, a handful of apartment complexes and a number of duplex & triplex units scattered throughout the area house students. That trend is likely to continue, although there may be opportunities for development of more diverse housing choices for students. Some college communities around the country have created living experiences that combine senior housing with housing for students, for example, in a way that encourages inter-generational interaction and opportunities for learning. Having housing product closer to the universities and hospital will be critical to their development in the future. Therefore, mixed-use redevelopment and infill opportunities need to be identified within the downtown area and nearby. A survey of graduate students and upper classmen at all three local institutions of higher education is recommended to help provide input on housing preferences. Opportunities and programs for development will be explored further in the Housing & Community Development Strategy.

## **Rehabilitation and Redevelopment**

The market analysis also identified the need for rehabilitation and redevelopment, given the limited demand for new housing product in certain niche cohorts. Redevelopment is also recommended for existing housing areas where there is opportunity for densification. Given Pikeville's physical constraints on development, namely topography and the expense of running bulk infrastructure services into mountainous areas, every opportunity should be seized to encourage redevelopment and densification of existing developed (or under-developed) areas. Those areas are identified and mapped as part of this comprehensive planning process. Also identified in the Housing & Community Development Strategy are typologies and pattern books of higher-density housing products that would appeal to different sectors in the Pikeville market.

For Pikeville to market itself for economic development and to attract medical and other professionals and managers to work here, it is recommended that poor housing conditions be addressed. To start, a full survey should be completed of physical housing conditions in the city. The survey would be accomplished according to a scale developed for measuring specific physical characteristics including, but not limited to, structural, plumbing, electrical, roof, landscape, and cosmetic factors.



*As an example of how the scale might be applied, the house on the left may only require some cosmetic upgrades, while the house on the right may require substantial structural stabilization and other rehabilitation work that may not be cost effective. Regulatory enforcement and homeowner incentive programs would be designed to address each different category along the scale.*

In a city where renters outnumber homeowners, a homeownership Incentive program is encouraged to help move up more residents from rentals into homeownership. Such programs could be coupled with developer recruitment to supply more workforce housing in the city. Partnerships with the major employers including the hospital and university are also explored as part of the Housing & Community Development Strategy, in terms of housing guarantees and other programs that can leverage private housing development.



## **Mid-Market Housing Incentives**

Efforts to encourage development of housing in the mid-market range (\$150,000 to \$300,000) are discussed above as an integral part of the strategies for retirement housing and redevelopment. While the overall numbers of households moving up into the mid-range housing cohort is expected to decline in the near term, there is still a need for housing that supports economic development efforts and appeals to mid-level professionals and workers relocating for jobs in the area ("job-induced growth"). Again, partnerships with area employers will be key to help leverage production of diverse housing products including traditional suburban housing as well as mixed-use and higher-density products. Ultimately, diverse housing choices will help Pikeville remain competitive for attracting industry. Incentives and partnerships are explored further in the Housing & Community Development Strategy.

## APPENDIX

<b>Table A-1. RESIDENTIAL BUILDING PERMIT TRENDS, PIKEVILLE, 1995-2019</b>				
<b>Year</b>	<b>SF</b>	<b>2-4 Unit</b>	<b>MF</b>	<b>TOTAL</b>
1995	19	-	-	19
1996	20	-	6	26
1997	20	-	7	27
1998	28	10	-	38
1999	30	8	-	38
2000	27	10	-	37
2001	29	9	-	38
2002	32	10	-	42
2003	34	8	-	42
2004	22	-	9	31
2005	37	-	-	37
2006	45	8	-	53
2007	38	8	-	46
2008	25	8	-	33
2009	2	-	8	10
2010	6	2	8	16
2011	10	4	18	32
2012	10	4	28	42
2013	13	-	9	22
2014	21	4	-	25
2015	2	-	-	2
2016	7	-	-	7
2017	6	-	-	6
2018	4	-	-	4
2019	7	-	-	7
<b>Total</b>	<b>494</b>	<b>93</b>	<b>93</b>	<b>680</b>
<b>Average</b>	<b>20</b>	<b>4</b>	<b>4</b>	<b>27</b>
<b>Share</b>	<b>72.6%</b>	<b>13.7%</b>	<b>13.7%</b>	<b>100.0%</b>
Sources:	U.S. Bureau of the Census and Randall Gross / Development Economics.			

# Pikeville Comprehensive Plan Update

## **APPENDIX D.**

### **RETAIL MARKET ANALYSIS**

# *Pikeville*

## **RETAIL MARKET ANALYSIS**



Submitted to Integrated Engineering  
On behalf of the City of Pikeville  
July 29, 2020

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## **INTRODUCTION**

This report summarizes findings from a Retail Market Analysis for Pikeville, to help inform the city's Comprehensive Plan. The purpose of the Retail Market Analysis is to assess the existing and future opportunities for development of retail space but also to assist the City and existing businesses with a better understanding of market dynamics and opportunities to enhance destination marketing. Ultimately, these findings help inform the city's Comprehensive Plan, in terms of the scale and type of retail/commercial use that should be accommodated and how best to meet the demand for retail space in an otherwise physically constrained area. The findings also help define the specific strategies for leveraging retail business recruitment in targeted areas of the city.

A previous "Retail Market Study" was prepared for "Pikveville, TN" (sic) in 2018 by R.E.D. City Planning. This study pulled processed demographic and retail sales gap data from an un-named database source for areas within three "rings" surrounding the city, as the basis for making conclusions regarding Pikeville's retail market demand (expressed in terms of sales). It was felt that this data was insufficient and its use spurious for that purpose. This market analysis was thus completed in order to fill a gap in information on potential demand for retail in the city.

Section 1 of this report provides an overview of existing retail market conditions. Eastern Kentucky's commercial markets are not regularly inventoried and tracked by the large brokerage firms or others. As a result, there is a dearth of existing data and information about the area's retail inventory, absorption, occupancy, and rental structures. As input to this analysis, retail/commercial space in the Pikeville area was inventoried and analyzed as a baseline for further research and future tracking. Without such an understanding of the existing base, it would be nearly impossible to determine net demand for additional or different space within the market.

In Section 2, Pikeville's retail trade areas are defined and demand forecasted based on demographic projections within those respective trade areas. Section 3 provides an indication of Pikeville's retail development potential within specific categories, and the scale and opportunities for tenant recruitment. Finally, Section 4 provides initial preliminary recommendations relating to the provision of retail space in key locations and retail business recruitment within the broader economic development context of the comprehensive plan.

## **Section 1. EXISTING RETAIL MARKET CONDITIONS**

As with office, there is a lack of data and information on the retail market in Pikeville and eastern Kentucky, in part because the large national brokerage firms seldom track commercial space in smaller, rural markets. As a result, some time was spent to inventory and understand the scale and function of the retail market in Pike County and in Pikeville, in particular. This section provides an overview of the existing retail market in terms of the total estimated inventory, with proposed sub-markets (largely consistent with those defined for office space for the purposes of analysis, strategic planning, and marketing). Within those sub-markets, inventory, occupancy, and rent trends are analyzed and discussed.

### **Retail Inventory and Sub-Markets**

Commercial space – including retail, restaurant, entertainment, and personal service uses - was inventoried as best as possible based on field reconnaissance, data and information from brokers and online services, County Assessment records (within data purchasing limits), appraisals, and other sources. This inventory identified approximately 300 retail spaces with a total of nearly 1.8 million square feet of space in the Pikeville-Coal Run Corridor. About 1.2 million square feet of this retail/commercial space is located in Pikeville itself.

<b>Table 1. RETAIL BUSINESS SPACE BY CATEGORY, PIKEVILLE-COAL RUN CORRIDOR, 2020</b>			
<b>Category</b>	<b>Number</b>	<b>Sq. Feet</b>	<b>Percent</b>
Convenience	32	263,460	14.7%
Shoppers Goods	114	1,098,413	61.3%
Eating & Drinking	61	178,255	9.9%
Entertainment	1	43,056	2.4%
Personal Services	24	35,619	2.0%
Vacant	30	174,209	9.7%
<b>TOTAL</b>	<b>262</b>	<b>1,793,011</b>	<b>100.0%</b>
Sources:	Pike County Assessor, businesses, CoStar, and Randall Gross / Development Economics.		

More than 60% of the area's retail space is in shopper's goods (or stores that sell products for which consumers comparison shop), with about 15% in convenience goods (stores that sell products purchased on a convenience basis). About 10% is in restaurants and bars, 2-3% in entertainment, and 2% in personal service establishments (like hair and nail salons). About 10% of the area's retail space was vacant, as of 2020.

Key sub-markets include Downtown Pikeville, the North Mayo Trail (US23) Corridor, Coal Run Village, and the South Mayo Trail Corridor. These sub-markets include some retail / commercial use along adjacent streets. There are also other areas around Pikeville and Pike County that offer retail use. Among these areas are Shelbiana and Elkhorn City, among others. As with office, retail/commercial use in the US23 Corridor extends north into neighboring Floyd County (Betsey Lane, Tram, etc.). Retail use within the city limits of Pikeville is inventoried in the Appendix of this report by specific type of retail establishment.

### **Downtown Pikeville**

Downtown Pikeville has less than 200,000 square feet of retail space housing 55 retail businesses. While not the largest retail node in the area, Downtown nevertheless retains its status as a hub for eating, drinking, entertainment, and tourism-related activity. Appalachian Wireless Center, University of Pikeville, Pike County Justice Center, and Pikeville Medical Center generate spin-off demand to support retail businesses in the downtown area. The largest share of space is in convenience retail use, following by shopper's goods, entertainment, and eating & drinking. Compared to other parts of the market, downtown is perhaps the most balanced in its retail mix, with a relatively equal mix of convenience and shopper's goods stores. Many of the stores in the downtown area operate out of mixed-use buildings, with ground-floor retail and upper floor office, residential, or storage space. Downtown is also anchored by entertainment (e.g., Riverfill 10 Cinemas) and full-service restaurants that are not found in other parts of the market. Destination businesses like Dueling Barrels Distillery offer liquor and gift shops within the broader context of their production operations.

That being said, downtown lacks several types of businesses that are often clustered in central business districts, such as jewelry and clothing accessory stores, shoe stores, department stores, office supply stores, hobby & toy shops, and others. And, despite the present of retail businesses throughout the downtown area, retail only accounts for **4.5%** of the total square footage of downtown space comprising of office, residential, civic, and other uses (not including the university). As such, retail tends to get "lost" in the overall mix, and Downtown Pikeville is not perceived as a destination shopping district. The downtown retail mix is summarized below by major retail category.



<b>Table 2. RETAIL BUSINESS SPACE BY CATEGORY, DOWNTOWN PIKEVILLE, 2020</b>			
<b>Category</b>	<b>Number</b>	<b>Sq. Feet</b>	<b>Percent</b>
Convenience	12	52,550	27.4%
Shoppers Goods	18	48,763	25.4%
Eating & Drinking	13	31,850	16.6%
Entertainment	1	43,056	22.4%
Personal Services	8	6,759	3.5%
Vacant	3	9,100	4.7%
<b>TOTAL</b>	<b>55</b>	<b>192,078</b>	<b>100.0%</b>
Sources:	Pike County Assessor, businesses, CoStar, and Randall Gross / Development Economics.		

Despite the relatively small role of retail businesses in the overall functionality of Downtown Pikeville, there is very little available retail space to accommodate more of these businesses. The downtown retail vacancy rate is calculated at less than 5.0%, which is considered normal for supporting “churn” in the market. While vacancy is relatively low, this is not necessarily an indication that all downtown retail businesses are performing successfully. In reality, some downtown businesses are struggling, especially in light of the added pressures associated with the COVID pandemic.

### **Downtown Survey**

A downtown survey was conducted by Pikeville Main Street, Inc. in 2018 to gauge consumers’ perceptions of Downtown Pikeville. About 28% of respondents lived in the downtown Pikeville area and 57% in Pike County, with 12% from other parts of eastern Kentucky, 2% from other parts of Kentucky, and 1-2% visiting from another state. Thus, visitors from outside of the area were not a significant number of those responding to the survey. The survey respondents were somewhat representative of the age and income cohorts that correspond to the broader community. However, 14% were college students, which means that students received a much higher weight in this sample than in the population as

a whole. Interestingly, 60% of respondents said that they would prefer to live downtown if they could. It is not clear under what conditions they would choose to live downtown. But, if a large number were students, then it would make sense for them to want to live close to the two colleges located downtown.

The survey found that people viewed downtown as an attractive, clean, quiet place. Consumers primarily come downtown for entertainment and special events, followed by the purchase of food & drink and “retail.” Personal services, recreation, and financial services were also among the reasons that people come downtown. There was a desire for more (“casual, dinner-type”) restaurants, more locally-owned shops, more bars and nightlife, more parking, more kids activities and more attractions. Among retail stores, consumers would like to see more children’s apparel stores, restaurants, nightclubs/bars, bookstores, bakeries, food trucks, and ice cream shops. There was also a desire for shops to stay open later. When consumers are not shopping downtown, they are typically shopping in the city’s other commercial corridors, but at least 50% sometimes shop in metro areas like Huntington, Charleston, Lexington, and the Tri-Cities. They rarely shop in other areas of Pike County or eastern Kentucky.

### **North Mayo Sub-Market**

The North Mayo Corridor through Pikeville and neighboring Coal Run Village serves as the largest commercial corridor in the county and one of the most significant in the eastern Kentucky region. The sub-market has more than 169 retail establishments or store spaces and more than 1.4 million square feet of retail/commercial space. About 134,000 square feet of retail space is vacant in this sub-market, accounting for about 9.4% of the total sub-market inventory. Thus, on an occupancy basis, Downtown Pikeville is out-performing this suburban corridor. Rents in the North Mayo Corridor are generally listed in the \$13.00 per square foot range, with some pad sites listed for up to \$17.50 per foot.

The portion of the corridor within Pikeville has nearly 800,000 square feet of retail/commercial space, about the same size as a regional shopping mall. Much of this space is concentrated in several large “big box” stores and shopping centers, including Pikeville Commons Shopping Center (194,000 square feet), Wal-Mart Supercenter (180,000), Food City (140,000), and Lowe’s (109,000). Overall, the retail mix is more heavily weighted to shopper’s goods than is Downtown Pikeville. Some new commercial construction has also occurred recently along Lee Avenue (2,800 square-foot Sleep Outfitters) and other parts of the sub-market. Vacancy within the Pikeville portion of the corridor is lower, at 5.9%, than in other portions of the sub-market.

Table 3. RETAIL BUSINESS SPACE BY CATEGORY, NORTH MAYO- PIKEVILLE PORTION, 2020			
Category	Number	Sq. Feet	Percent
Convenience	5	154,925	19.8%
Shoppers Goods	36	528,529	67.5%
Eating & Drinking	14	49,873	6.4%
Entertainment	-	-	0.0%
Personal Services	2	3,480	0.4%
Vacant	7	45,865	5.9%
			-
<b>TOTAL</b>	<b>64</b>	<b>782,672</b>	<b>100.0%</b>
Sources:	Pike County Assessor, businesses, CoStar, and Randall Gross / Development Economics.		

The portion of the corridor located in Coal Run Village has about 640,000 square feet of retail/commercial space. There is a 35,000 square foot vacant space (former Big Lots) at 58 Power Drive. A 46,000 square foot Big Lots has moved to the former Magic Mart building. Meanwhile, the 94,000 square-foot Big Sandy Village Center is anchored by an 89,000 Rural King department store. With 187,000 square feet, Weddington Plaza Shopping Center is the largest center in the area, anchored by a 48,000 square-foot Gordon's and a 44,000 square-foot J.C. Penney. The former 6,000 square-foot Reno's Roadhouse restaurant is currently vacant. There is also a 12,000 square-foot Sav-A-Lot grocery store. Nearby Weddington Square Shopping Center has 84,000 square feet, anchored by the 39,000 square-foot Big Sandy Superstore. About 9,100 square feet of space in this center is vacant. This area is also home to several large automotive dealerships including Tim Short (35,000 square feet) and Walker's (25,000). The corridor has a lot of fast food restaurants, gas stations, hair salons, dollar stores, pawn shops, and some specialty retail stores.

### South Mayo Sub-Market

The South Mayo Sub-Market has about 180,000 square feet of retail/commercial space, with about 39% in shopper's goods, 32% in eating & drinking, and 12% in convenience goods stores. About 17.3% of the existing retail space is vacant, suggesting some operating deficiencies in the sub-market.

<b>Table 4. RETAIL BUSINESS SPACE BY CATEGORY, SOUTH MAYO CORRIDOR, 2020</b>			
<b>Category</b>	<b>Number</b>	<b>Sq. Feet</b>	<b>Percent</b>
Convenience	4	20,985	11.6%
Shoppers Goods	12	69,709	38.5%
Eating & Drinking	20	57,998	32.0%
Entertainment	-	-	0.0%
Personal Services	1	1,000	0.6%
Vacant	<u>9</u>	<u>31,318</u>	<u>17.3%</u>
<b>TOTAL</b>	<b>46</b>	<b>181,010</b>	<b>100.0%</b>
Sources:	Pike County Assessor, businesses, CoStar, and Randall Gross / Development Economics.		

South Mayo Trail is characterized more by a mix of smaller pad-site stores, with one shopping center (Walter's Plaza, 24,000 square feet) of any significance. There is a 12,000 square-foot Sav-A-Lot and the 27,000 square-foot Bruce Walter's automotive dealership, but few other large anchors. Family Dollar, Valvoline, Advance Auto Parts, and Heavenly Donuts are among the tenants along this stretch. Rents are listed in the \$12.50 per square foot range for out parcel sites. Yorktown Center, a planned retail node at 1302 S. Mayo Trail, will be the site of a new 3,000 square-foot Fazoli restaurant, the first of that franchise to locate in the area. Pikeville Fire Station #2 and another 33,000 square feet of retail space is proposed for the site.

## **Section 2. TRADE AREA RETAIL DEMAND**

This section summarizes an analysis and forecasts of retail demand within the Pikeville Trade Area. Demand was forecasted based on demographic projections for households within the trade area as well as tourism and other inflow. The trade area is defined below, and demographic trends and projections are analyzed for the trade area and sub-areas. Retail expenditure potentials are then forecasted by specific type of retail business establishment through 2025. Tourism demand is also forecasted based on current trends.

### **Pikeville Trade Area Definition**

Pikeville serves as the commercial hub for an expansive region of eastern Kentucky. The primary market consists of households within the city of Pikeville (Trade Area “A”) and other parts of Pike County (Trade Area “B”). Floyd County (Trade Area “C”) is also an important generator of household retail demand for Pikeville. The broader trade area extends into Johnson, Knott, and Letcher counties in Kentucky; Wise and Dickenson counties in Virginia; and Mingo County, West Virginia. This broader area has the potential to generate “inflow” for destination retail.

### **Demographic Trends and Projections**

Households, population, income, and other demographic factors were examined and projected as relevant for the aforementioned trade area(s). Findings from this demographic analysis are summarized below.

#### **Demographic Trends**

The population and household base has generally fallen throughout the trade area since 2010. For example, the population of rural areas outside of Pikeville in Pike County’s fell by more than 8,000 or 13.9% since 2010. Floyd County’s population fell by 12,500 or nearly 12.0% since 2010. The population in other parts of the eight-county region fell by 7,200 or 8.6% since 2010. Much of this demographic decline resulted directly from job losses attributed to the mining industry and economic recession, which impacted disproportionately on rural areas. By contrast, Pikeville saw a slight increase of 0.2% in population since 2010, even as the city’s household base fell by 3.3%. The city’s growth in the face of regional decline can be directly attributed to the presence of major institutions like University of Pikeville and Pikeville Medical

Center, which stabilized the local economic base. The growth of UPike also helps explain how the city could gain population while still losing households. As shown below, when the population in group quarters is disaggregated, it becomes clear that the addition of 340 students in dormitories helped mollify what would have otherwise been a decrease in population in the city. Even so, the city lost less than 100 households during the ten-year period, which still suggests a much more stable economy than the region's as a whole.

<b>Table 5. DEMOGRAPHIC TRENDS, RETAIL TRADE AREA, PIKEVILLE, 2010-2020</b>				
<b>Factor</b>	<b>2010</b>	<b>2020</b>	<b>2010-20 Change Number</b>	<b>Percent</b>
<u>Trade Area A-Primary</u>				
Population	6,903	6,918	15	0.2%
Group Qtrs	595	934	339	57.0%
Households	2,892	2,797	(95)	-3.3%
HH Income	\$ 69,842	\$ 61,387	\$ (8,455)	-12.1%
<u>Trade Area B-Other Pike County</u>				
Population	58,121	50,044	(8,077)	-13.9%
Households	26,728	23,619	(3,109)	-11.6%
HH Income	\$ 46,800	\$ 50,645	\$ 3,845	8.2%
<u>Trade Area C-Floyd County</u>				
Population	104,475	92,019	(12,456)	-11.9%
Households	42,788	38,085	(4,703)	-11.0%
HH Income	\$ 46,532	\$ 48,685	\$ 2,154	4.6%
<u>Trade Area D-Other Region</u>				
Population	83,391	76,233	(7,158)	-8.6%
Households	29,853	27,590	(2,263)	-7.6%
HH Income	N/A	\$ 34,350	N/A	N/A
Note: Income expressed in constant 2020 dollars.				
Sources: Claritas and Randall Gross / Development Economics.				

Pikeville also generally has a more affluent population, with more disposable income, than households in nearby rural areas. Incomes are correlated with a higher level of education associated with the requirements of Pikeville's jobs in education and health care. The average household income in Pikeville was estimated at \$61,400, which is just slightly below the national average of \$61,940. By comparison, other areas of Pike and Floyd counties have average household incomes that are about 20% lower than that of Pikeville. Household incomes in other parts of the region outside of Pike and Floyd counties are 44% lower than those in Pikeville, on average, at \$34,350. The availability of higher-income households in Pikeville helps strengthen the market base for retail and expand expenditure capacity for non-essential goods and services.

That being said, Pikeville's household incomes fell by 12% in real (constant, inflation-adjusted) terms since 2010, while in other parts of the region including rural areas of Pike County, incomes actually increased over the ten-year period. It is possible that some lower-income residents from other parts of the county and the region moved into Pikeville for work (such as at the hospital or university) once the availability of mining jobs disappeared. This movement of lower-wage workers to Pikeville may have contributed to a decrease in average household incomes in the city while helping to increase the average income in other areas. Thus, it is not that Pikeville residents are paid less than before, or that rural residents are paid more. Rather, the mix of incomes may have shifted due to the lack of jobs in rural areas. Those with some income tended to stay behind while those with no source of income moved out to Pikeville or outside of the region altogether. There are also indications that some former mining workers have found jobs outside of the region and are sending money back home to their families in rural areas.

## **Demographic Projections**

The region is expected to continue losing population and household base in the next five to ten years, but at a marginally lower rate than in recent years past. Pikeville's population is expected to decline by 185 residents or 2.7%, along with a loss of about 80 households (2.8%). Other parts of Pike and Floyd counties will also see population loss as well as a high rate of household decline (as fewer young adults stay in the area to form new households). However, the broader region will see some household growth and stabilization, according to Claritas. Pikeville and the region will begin to see some nominal income growth, but only after the region and global economy recover from the impacts of the COVID-19 Pandemic. Based on recent reports, the best possibility for wide distribution of an effective vaccine to protect against the virus will be in mid-2021, when such distribution will create more confidence among consumers and leverage an economic recovery that may extend over several years.



Table 6.		DEMOGRAPHIC FORECASTS, RETAIL TRADE AREA, PIKEVILLE, 2020-2025			
Factor	2020	2025	2020-2025 Change		
			Number	Percent	
<u>Trade Area A-Pikeville</u>					
Population	6,918	6,733	(185)	-2.7%	
Households	2,797	2,718	(79)	-2.8%	
HH Income	\$ 61,387	\$ 61,448	\$ 61	0.1%	
<u>Trade Area B-Pike County</u>					
Population	50,044	47,675	(2,369)	-4.7%	
Households	23,619	19,940	(3,679)	-15.6%	
HH Income	\$ 50,645	\$ 50,067	\$ (578)	-1.1%	
<u>Trade Area C-Floyd County</u>					
Population	92,019	88,065	(3,954)	-4.3%	
Households	38,085	36,606	(1,479)	-3.9%	
HH Income	\$ 48,685	\$ 48,435	\$ (250)	-0.5%	
<u>Trade Area D-Region</u>					
Population	76,233	74,359	(1,874)	-2.5%	
Households	27,590	29,795	2,205	8.0%	
HH Income	\$ 34,350	\$ 34,109	\$ (240)	-0.7%	
Note:		Income expressed in constant 2020 dollars.			
Sources:		Nielsen & Randall Gross / Development Economics.			

## Household-Generated Demand

Retail demand generated by households in the trade area was estimated and projected, as discussed below, based on demographics and shifts in the regional and national economy.

### Total Personal Income (TPI)

TPI was projected for the trade area based on the demographic projections above. Overall, TPI is expected to fall from \$4.2 billion in 2020 to about \$3.95 billion by 2025/26, for a loss of \$215.1 million in personal income. This decrease results from the combination of declining household base and the expected income impacts of COVID-19 over the next several years.

<b>Table 7. TPI FORECASTS, PIKEVILLE, KENTUCKY RETAIL TRADE AREA, 2020-2025</b>				
<b>Trade Area</b>	<b>TPI (000)</b>		<b>2020-2025 Change</b>	
	<b>2020</b>	<b>2025</b>	<b>Amount</b>	<b>Percent</b>
Area A	\$ 171,699	\$ 167,017	\$ (4,683)	-2.7%
Area B	\$ 1,196,184	\$ 998,339	\$ (197,845)	-16.5%
Area C	\$ 1,854,185	\$ 1,773,013	\$ (81,171)	-4.4%
Area D	\$ 947,713	\$ 1,016,291	\$ 68,577	7.2%
<b>Total</b>	<b>\$ 4,169,782</b>	<b>\$ 3,954,660</b>	<b>\$ (215,122)</b>	<b>-5.2%</b>
Notes:	Total personal income (TPI) expressed in thousands of constant 2020 dollars.			
Source:	Randall Gross / Development Economics.			

The loss of income will be less severe in Pikeville, where TPI is expected to fall from about \$171.7 million to \$167.0 million (a loss of \$4.7 million) over the next 5 to 6 years. Rural areas of Pike County, in contrast, will see a loss of \$197.8 million or 16.5% in TPI, due to the combined effects of declining mining employment, COVID-induced income loss, and outflow to Pikeville and other areas.

### **Trade Area Retail Expenditure Potentials (Demand)**

The amount of trade area income spent on retail will also decline in coming years, from an estimated \$2.3 billion to \$2.1 billion, a loss of nearly \$300 million (8.3%) in retail demand generated by trade-area households in the regional economy. Expenditures on shopper's goods will fall by more than \$100 million, and restaurant & entertainment sales will fall by about \$20 million as consumers spend less on luxury goods, eating out, and other non-essential goods and services during difficult times.

### **Tourism-Generated Demand**

Retail businesses will generate sales from households in the trade area, but also from inflow generated in part by tourists and other travelers from outside of the trade area. An initial baseline assessment of tourism was conducted to determine existing and un-leveraged demand. The tourism baseline was established using data supplied on Pike County by the Kentucky Department of Tourism. This data suggest that tourists generates about \$64.0 million in annual expenditures in Pike County in 2018, with about 606,000 visitors spending an average \$106 per person while in the county. A total of about \$16.0 million was spent in restaurants, \$12.8 million in retail stores, and \$7.7 million in entertainment venues in Pike County. A more detailed analysis of tourism flow is provided elsewhere in the plan, as a basis for strategic recommendations for capturing and expanding tourism growth opportunities.

### **Section 3. PIKEVILLE RETAIL POTENTIALS**

Pikeville's potential for retail business and real estate development was determined based on the city's capture of trade area retail demand within the competitive market over the next five to six years. As noted in the previous section, demand is generated by trade area households as well as tourists and other inflow from outside of the trade area. Competitive market conditions are described below, along with the city's forecasted capture and potentials for retail use by specific business category.

#### **Competitive Context**

Downtown Pikeville is a regional employment node, thanks to the presence of several major institutions and the seat of Pike County Government. Downtown is also a growing tourism hub, with new distilleries and other tourism assets being added to the mix of downtown attractions. Suburban Pikeville retail however, forms just a part of commercial corridors along U.S. Highway 23 that extend into Coal Run Village and neighboring counties. Coal Run Village presents the most direct and immediate competition to Pikeville, being part of the North Mayo Trail Sub-Market and offering 640,000 square feet of retail use including major "big box" uses and Weddington Plaza, the largest shopping center in the area. The Coal Run Village node is discussed in more detail in Section 1 of this report.

The commercial corridor along U.S. Highway 23 extends into Floyd County, with retail/commercial nodes in Betsey Layne, Prestonsburg, and other communities along the route. Being the County Seat, Prestonsburg is the primary commercial hub for Floyd County and offers a mix of "big box" retailers (Wal-Mart, Big Lots), restaurants (Billy Ray's, McDonald's, Brickhouse, City Perk Coffee), specialty retail (Jenny Wiley Gifts) and convenience (Food City, Speedway) that shares similarities with Pikeville. Downtown Prestonsburg offers historic character and ambiance, although not to the scale or extent of Pikeville. There are also large commercial nodes in the region that compete with Pikeville as regional destinations. Hazard, Paintsville, Wise, and other cities generate destination traffic from eastern Kentucky, southwestern Virginia, and southern West Virginia as well as extreme northeastern Tennessee.

## Pikeville Retail Potentials

Based on Pikeville's capture of trade area demand, the city can generate warranted demand of about 150,000 square feet of additional retail business use within the next five to six years, assuming the global economy returns to normalcy within two years following the COVID crisis. Given that the city has about 90,000 square feet of vacant retail space, there is net demand for about 66,000 square feet of new retail space in Pikeville. About one-half of that amount could be absorbed by the planned Yorktown Center commercial node in the South Mayo corridor near the industrial park.

<b>Table 8. SUMMARY DESTINATION RETAIL POTENTIAL BY USE PIKEVILLE, 2020-2025</b>				
Type of Good	Gross Demand (SF)		Existing Uses	Warranted Demand
	2020	2025		
Convenience	268,981	250,699	228,460	22,239
Shoppers Goods	812,810	672,803	647,001	25,802
Eating/Drinking	203,453	169,570	139,721	29,849
Limited Service	79,119	69,932	72,975	(3,043)
Full Service	90,059	73,413	57,096	16,317
Entertainment	142,042	98,605	43,056	55,549
Personal Services	40,946	29,793	11,239	18,554
<b>TOTAL</b>	<b>1,468,232</b>	<b>1,221,470</b>	<b>1,069,476</b>	<b>151,994</b>
Existing Vacant			86,283	
<b>Net New Space</b>				<b>65,711</b>
Note:	Assumes economic recovery post-pandemic within 2-3 years.			
Source:	Randall Gross / Development Economics.			

As shown in Appendix Table 2, the city would capture about 63,000 square feet of trade area household-generated retail demand within the next five to six years. However, given that the city has 86,000 square feet of vacant retail space, there would be an over-supply of about 25,000 square feet of retail space into 2025-26. As noted earlier in this report, household-generated retail demand is shrinking in the trade area, largely due to the outflow of households relating to the collapse of the coal mining industry. While the city of Pikeville is capturing a larger share of trade area expenditure potential, it is not sufficient to overcome a regional decrease in retail spending.

It is anticipated that tourism expenditures will help to compensate for lost demand in support of Pikeville's retail, restaurant, entertainment, and personal service establishments. As shown below, tourism is expected to generate demand for about 93,000 square feet of retail, restaurant, and entertainment space. Thus, when the tourism "inflow" is added to the market demand, there is excess demand that drives potential for development of new retail space.

Table 9. TOURISM-GENERATED RETAIL POTENTIAL, PIKEVILLE			
Category	Factor	Total	Forecast
OT Visitors		605,897	
Total Spend	\$ 105.63	\$ 64,000,000	
- Restaurants	\$ 26.41	\$ 16,000,000	
Retail Trade	\$ 21.13	\$ 12,800,000	
Entertainment	\$ 12.68	\$ 7,680,000	
Pikeville Capture			
Restaurants	59%	\$ 9,440,000	\$ 188,800
Retail Trade	48%	\$ 6,144,000	\$ 122,880
Entertainment	73%	\$ 5,606,400	\$ 112,128
Demand (Square Feet)			
Restaurants	\$ 600	15,733	315
Retail Trade	\$ 250	24,576	492
Entertainment	\$ 110	50,967	1,019
<b>TOTAL</b>		<b>91,277</b>	<b>1,826</b>
Source:	Randall Gross / Dev. Economics.		

### **Retail Potential by Type of Business Establishment**

Total warranted and net demand are shown by specific retail business category in Appendix Table 3. There is warranted gross potential for about 22,200 square feet of convenience businesses, 25,800 square feet of shopper's goods stores, 30,000 square feet of eating & drinking space, 55,000 square feet of entertainment uses, and 19,000 square feet for personal service businesses. Demand is not evenly distributed among establishments. For example, there is an apparent over-supply of grocery stores, but excess demand for health and personal care establishments, liquor stores, and other convenience uses. Similarly, there is an oversupply of apparel business space, but excess demand for garden supplies, furniture, sporting goods, and other shopper's goods categories. While limited-service ("fast food") restaurants are over-supplied, there is additional demand that could be met for full-service ("sit-down") restaurants. As noted before, there is also demand for more entertainment and personal services.

### **Recommended Business Mix**

Based on the findings of the Retail Market Analysis, several recommendations are made for enhancing the existing business mix through expansion or recruitment of new businesses. The economic potential exists for these businesses to fill certain niches in the existing business mix. Among the recommendations are the addition of 14,000 square feet in new full-service restaurants and 50,000 square feet in destination entertainment venues. Possible opportunities might include live music venues. The story of the Hatfield and McCoy families seems custom made for outdoor drama or other destination entertainment. There is also the opportunity for outdoor recreation and other shopper's goods destination stores that build on the city's potential as a hub for adventure recreation tourism. Additional medical supply stores and pharmacies could help the city further solidify its position as a regional hub for health care and medicine. Other opportunities include specialty furniture stores, gift shops, specialty / health convenience food stores, jewelry & accessory stores, and coffee or healthy snack & beverage stores. This recommended retail business mix is illustrated below.



Table 10. RETAIL BUSINESS OPPORTUNITIES, PIKEVILLE	
Type of Business	Square Feet
Full-Service Restaurants / Health Theme	14,000
Live Music or Entertainment Venues	50,000
Outdoor Recreation / SG Destination Stores	10,500
Regional Heritage / Gift Book/Music Shop	3,500
Pharmacy / Medical Supply	14,500
Specialty / Furniture Store	10,000
Specialty Health Food/Convenience Store	5,800
Jewelry, Accessory Stores	7,500
Coffee / Specialty Health Snack or Beverage Shop	3,500
<b>Total</b>	<b>119,300</b>
<b>Source:</b> Randall Gross / Development Economics.	

Marketing and business recruitment strategies associated with these businesses are recommended in the next section of this report and also blend into the tourism and economic development strategies that form a part of the comprehensive plan.

## **Section 4. RETAIL DEVELOPMENT STRATEGIES**

This section provides preliminary strategic recommendations for retail development in Pikeville. Strategies for retail development and business recruitment, expansion, and marketing are proposed here. These strategies can be further integrated into the economic and tourism development strategies discussed elsewhere in the comprehensive plan.

### **Marketing Concepts and Themes**

Pikeville's strengths as a retail destination draw in large measure from its positioning as a medical, government, and higher education node for a large portion of eastern Kentucky and surrounding states. Major employers and institutions attract commuters and visitors from a broad region scaled larger than the typical trade area for a relatively small town of 6,600 people. As such, the city's retail marketing should rely in part on appealing to those commuters and visitors from the broader trade area, such as people coming to town for a doctor's appointment or to visit a sick friend in the hospital, or to take a class at UPike or BSCTC, or for jury duty at County courts. There is also the growing opportunity to appeal as a destination for tourism, drawing on the city's and region's cultural and natural heritage. The recommended business mix is oriented to strengthening these markets, such as through health-oriented retail stores or restaurants, recreation-based businesses, and audience support venues. Key marketing themes relate to health, adventure recreation, and Appalachian heritage.

#### **Health**

Pike County and the surrounding region suffer from high rates of cancer, heart disease, and obesity. At the same time, Pikeville is a growing center not only for regional health care but also research and medical education. This situation presents an opportunity to create a cluster of health & personal care retail, healthy restaurants, farm-to-table experiences, and related merchandising that can be interwoven with programs from Pikeville Medical Center, BSCTC, and UPike to create synergies that not only help enhance healthy lifestyles but also strengthen the city's reputation as a center for health care and medical research & education. This theme will be explored further as part of a broader economic development strategy.

## **Adventure Recreation**

Pikeville is well-situated to take advantage of regional and local amenities in active, adventure recreation. Amenities such as Breaks Interstate Park and sites along the Levisa Fork make Pikeville a natural hub for recreation activities. The active recreation theme also integrates well with the concept of healthy living, and the two themes can be cross promoted. Outdoor recreation retail businesses could be recruited along with development of access points, interpretive elements, and trails to create a regional hub for outdoor recreation supply, service, and tourism. This concept will be developed further as part of the tourism assessment component of the plan.

## **Appalachian Heritage**

Pikeville benefits from the universal name recognition associated with Appalachian heritage, including the Hatfield & McCoy (H&M) legacy. While that particular story carries with it negative connotations relating to perceptions of Appalachian people, it is also a strong “hook” for heritage and tourism development. In today’s marketing, something that might have had negative connotations in past years is turned around into something that can express authenticity, sublime humor, and a strong merchandising brand. It is for this reason that Dueling Barrels so closely aligned itself with the H&M story, since it helps to lend authenticity, name recognition, and a sense of place to the distillery’s brand. This heritage in turn is very appealing to a young generation of technology workers and others looking for that sense of authenticity and place, in a world that is otherwise viewed as homogenous. The story can be interpreted with broader, global implications with a wider appeal that creates a positive impression of Pikeville and the region. It is up to the people of Pikeville to tell that story, to change the dynamic of its implications and to broaden its appeal. Music and theatrical venues would help create a hub for re-interpreting and distributing this story to new audiences. Just as health care is a part of Pikeville’s brand for economic development, so is its Appalachian heritage and the ability to tell a meaningful story is the root of a successful marketing effort.

## **Retail Development Concepts**

Much of the city’s vacant commercial space is located in its highway corridors, yet much of the opportunity for retail development is in the downtown core. It is downtown where the opportunity exists to capture more of the destination potential for retail in the city, both from commuters and tourists. The best opportunities for commercial entertainment venues and restaurants are potentially located downtown, where both tourists and residents would want to congregate (in

the post-COVID era). Music and other entertainment venues could be located in existing and infill buildings in the downtown area, preferably clustered in a walk-able environment not far from restaurants and drinking establishments. Eating & drinking establishments should themselves be located within walking distance of downtown hotels, University of Pikeville, and The Appalachian Wireless Arena, Pike County courts, and the Riverfill 10 Cinemas. Health-related businesses would naturally fit into the medical cluster dominated by Pikeville Medical Center. Development concepts for a health and medical-related node are explored further in the economic development portion of the plan.

Outside of the downtown area, there are other opportunities for increasing retail occupancy and for some limited new development. Some demand for furniture, coffee/beverage, and dining options could be captured in the city's commercial corridors. The planned Yorktown Center at 1302 S. Mayo Trail, will be the site of a new 3,000 square-foot Fazoli restaurant as noted previously. Other uses that could be targeted for that node might include a coffee / snack (e.g., donuts, breakfast) establishment, and a furniture/home furnishings store could act as an anchor use. However, the site is not especially competitive on a regional basis for destination retail. Further assessment of the city's target industries may identify other types of businesses that might be appropriate at that site to help create a gateway to the city's industrial park.

### **Retail Business Recruitment**

Pikeville already offers a menu of business incentives to assist a variety of businesses including retailers. Key to attracting and recruiting retailers to Pikeville is to be able to cull and present market information (such as from the retail market analysis) in a way that explains the various components of the potential market. Having a physical space with good exposure and sufficient parking available also help with business recruitment. Existing inventoried vacant commercial spaces having more than 2,500 square feet include the following:

• 130 Justice Way (Pikeville Commons)	37,018 square feet
• 58 Power Drive (former Big Lots in Coal Run)	35,000
• 455 Weddington Branch Road (former Magic Mart)	19,915
• Robinson Creek (Former Furniture Store)	17,300
• 4519 Weddington Branch Road (Weddington Sq SC)	9,140
• 2655 Lakeview (former auto dealership)	7,500 (est)

- 4053 North Mayo Trail (Former Reno's Roadhouse in Coal Run) 6,071
- 519 North Mayo Trail (former gas station) 4,500 (est)
- 3889 North Mayo Trail (Big Sandy Village SC in Coal Run) 4,000 (est)
- 404 South Mayo Trail (Walter's Plaza S.C.) 4,000
- 1472 South Mayo Trail (South Side Center) 3,850
- 2980 South Mayo (Former Car Wash) 3,652
- 137 Pike Street (Former TD Sporting Goods) 3,100
- 627 Hambley Boulevard (Former Precious Memories Frames) 3,000 (est)

It is notable that only two of these spaces, the smallest on the list, are located in the downtown area. Some of these buildings may not be available, marketable, or habitable. The largest amount of available space, located in Pikeville Commons, is marketed by The Shopping Center Group (TSGG), which as a single entity can more effectively market the center's three separate spaces collectively. The former Big Lots and Magic Mart stores are also marketed by larger entities with capacity for bringing in new tenants. Once those larger spaces are removed from the mix of available retail space, there is only a limited supply of small and marketable spaces remaining in this market. Several of these (like the former Reno's Roadhouse) have good exposure in a high traffic area, but not within the City limits of Pikeville. Thus, there is only a limited supply of retail space available for "churn" in the market. Sites for new retail or mixed-use development should be identified, but with a focus on heightening densities within the downtown area and at key nodes.

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## APPENDIX

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## Randall Gross / Development Economics

Table A-1. RETAIL SPACE INVENTORY, PIKEVILLE COMMERCIAL NODES, 2020				
Category	Number	(Percent)	Sq. Ft.	(Percent)
<u>Convenience</u>				
Grocery	3	2%	169,635	15%
Convenience	1	1%	5,000	0%
Specialty Food	1	1%	1,500	0%
Health/Pers Care	6	4%	28,425	2%
Gas/Convenience	3	2%	8,600	1%
Florist	2	1%	4,300	0%
Liquor	4	2%	10,000	1%
Miscellaneous	1	1%	1,000	0%
Sub-Total	<b>21</b>	<b>13%</b>	<b>228,460</b>	<b>20%</b>
<u>Shoppers Goods</u>				
Apparel	11	7%	78,137	7%
Accessory	-	0%	-	0%
Jewelry	2	1%	5,279	0%
Shoes	1	1%	6,016	1%
Furniture	5	3%	14,250	1%
Home Furnishings	4	2%	14,833	1%
Appliances	-	0%	-	0%
Hardware/Paint	2	1%	19,797	2%
Garden Supply	-	0%	-	0%
Home Centers	1	1%	109,144	9%
Department Store	-	0%	-	0%
Non DS GM, Used, Misc.	4	2%	198,500	17%
Used Merchandise	2	1%	4,000	0%
Vehicle Dealer	6	4%	64,137	6%
Auto Supply	7	4%	27,800	2%
Electronics	5	3%	7,384	1%
Books/Music	1	1%	3,000	0%
Musical Instruments	1	1%	800	0%
Gift, Novelty, Souvenir	4	2%	8,029	1%
Hobby/Toy/Game	3	2%	58,003	5%
Luggage/Leather	-	0%	-	0%
Office Supply/Sta	1	1%	4,500	0%
Miscellaneous SG	3	2%	14,400	1%
Sporting Goods	3	2%	8,992	1%
Sub-Total	<b>66</b>	<b>40%</b>	<b>647,001</b>	<b>56%</b>
<u>Dining &amp; Entertainment</u>				
Restaurant-LS	27	16%	72,975	6%
Restaurant-FS	16	10%	57,096	5%
Drinking Establishments	2	1%	4,650	0%
Snack/Beverage	2	1%	5,000	0%
Entertainment	1	1%	43,056	4%
Sub-Total	<b>48</b>	<b>29%</b>	<b>182,776</b>	<b>16%</b>
<u>Personal Svces</u>				
	11	7%	11,239	1%
<b>TOTAL</b>	<b>146</b>	<b>88%</b>	<b>1,069,476</b>	<b>93%</b>
Existing Vacant	19	12%	86,283	7%
<b>GRAND TOTAL</b>	<b>165</b>	<b>100%</b>	<b>1,155,759</b>	<b>100%</b>
Sources:	Pike County Assessor, CoStar, various businesses, and Randall Gross / Development Economics.			



## Randall Gross / Development Economics

Table A-2. WARRANTED HOUSEHOLD-GENERATED RETAIL POTENTIALS BY USE, PIKEVILLE, 2020 & 2025				
Type of Good	Gross Demand (Sq Ft)	2025	Existing Uses	Warranted Demand
<u>Convenience</u>				
- Grocery	142,676	135,397	169,635	(34,238)
Convenience	11,204	10,092	5,000	5,092
Specialty Food	7,021	6,092	1,500	4,592
Health/Pers Care	49,134	45,464	28,425	17,039
Gas/Convenience	20,117	16,849	8,600	8,249
Florist	4,500	3,904	4,300	(396)
Liquor	19,658	17,764	10,000	7,764
Misc	1,400	1,600	1,000	600
<b>Sub-Total</b>	<b>255,710</b>	<b>237,163</b>	<b>228,460</b>	<b>8,703</b>
<u>Shoppers Goods</u>				
Apparel	70,840	61,842	78,137	(16,295)
Accessory	2,954	2,544	-	2,544
Jewelry	10,610	9,148	5,279	3,869
Shoes	16,702	14,994	6,016	8,978
Furniture	34,697	27,740	14,250	13,490
Home Furnishings	13,708	11,253	14,833	(3,581)
Appliances	11,394	9,945	-	9,945
Hardware/Farm	20,978	19,056	19,797	(741)
Garden Supply	12,956	11,920	-	11,920
Home Centers	64,067	52,662	109,144	(56,482)
Department Store	67,400	37,836	-	37,836
Non DS GM	232,046	200,614	198,500	2,114
Used Mdse	12,244	10,348	4,000	6,348
Auto Dealer	66,002	58,875	64,137	(5,262)
Auto Supply	34,054	28,732	27,800	932
Electronics	10,811	9,040	7,384	1,656
Books/Music	9,654	7,803	3,000	4,803
Musical Instruments	4,709	3,715	800	2,915
Gift, Novelty, Svr	16,965	11,801	8,029	3,772
Hobby/Toy/Game	30,178	28,198	58,003	(29,805)
Luggage/Leather	2,238	557	-	557
Office Supply/Sta	5,516	4,685	4,500	185
Misc SG	30,565	25,464	14,400	11,064
Sporting Goods	20,709	16,995	8,992	8,003
<b>Sub-Total</b>	<b>801,997</b>	<b>665,766</b>	<b>647,001</b>	<b>18,765</b>
<u>Dining &amp; Entertainment</u>				
Restaurant-LS	71,253	61,908	72,975	(11,067)
Restaurant-FS	82,192	65,389	57,096	8,293
Drinking Estab.	13,854	9,586	4,650	4,936
Snack/Bev	19,929	16,138	5,000	11,138
Entertainment	91,075	46,618	43,056	3,562
<b>Sub-Total</b>	<b>278,302</b>	<b>199,638</b>	<b>182,776</b>	<b>16,862</b>
<u>Personal Svces</u>				
Personal Svces	40,946	29,793	11,239	18,554
<b>TOTAL</b>	<b>1,376,955</b>	<b>1,132,361</b>	<b>1,069,476</b>	<b>62,884</b>
<u>Existing Vacant</u>			86,283	
<b>Net New Space</b>				<b>(23,399)</b>
<b>Source:</b>	Randall Gross / Development Economics.			

## Randall Gross / Development Economics

Table A-3. TOTAL WARRANTED RETAIL DEMAND BY USE, PIKEVILLE, 2020 AND 2025				
Type of Good	Gross Demand (Sq Ft) 2020	2025	Existing Uses	Warranted Demand
<u>Convenience</u>				
Grocery	145,134	137,903	169,635	(31,732)
Convenience	13,662	12,599	5,000	7,599
Specialty Food	8,250	7,345	1,500	5,845
Health/Pers Care	50,362	46,717	28,425	18,292
Gas/Convenience	25,032	21,863	8,600	13,263
Florist	4,746	4,155	4,300	(145)
Liquor/Smoke	20,149	18,266	10,000	8,266
Misc Convenience	1,646	1,851	1,000	851
<b>Sub-Total</b>	<b>268,981</b>	<b>250,699</b>	<b>228,460</b>	<b>22,239</b>
<u>Shoppers Goods</u>				
Apparel	72,068	63,096	78,137	(15,041)
Accessory	3,200	3,064	-	3,064
Jewelry	11,101	11,010	5,279	5,731
Shoes	16,948	14,994	6,016	8,978
Furniture	34,697	27,740	14,250	13,490
Home Furnishings	13,953	11,253	14,833	(3,581)
Appliances	11,394	9,945	-	9,945
Hardware	20,978	19,056	19,797	(741)
Garden Supply	12,956	11,920	-	11,920
Home Supply	64,067	52,662	109,144	(56,482)
Department Store	68,629	37,836	-	37,836
Non DS GM	232,292	200,614	198,500	2,114
Used Mdse	12,244	10,348	4,000	6,348
Auto Dealer	66,002	58,875	64,137	(5,262)
Auto Supply	34,299	28,732	27,800	932
Electronics	11,056	9,040	7,384	1,656
Books/Music	10,883	7,803	3,000	4,803
Musical Instrument	4,709	3,715	800	2,915
Gift, Novelty, Svr	19,423	11,801	8,029	3,772
Hobby/Toy/Game	31,407	28,198	58,003	(29,805)
Luggage/Leather	2,730	557	-	557
Office Supply/Sta	5,762	4,685	4,500	185
Misc SG	30,810	25,464	14,400	11,064
Sporting Goods	21,201	20,397	8,992	11,405
<b>Sub-Total</b>	<b>812,810</b>	<b>672,803</b>	<b>647,001</b>	<b>25,802</b>
<u>Dining &amp; Entertainment</u>				
Restaurant-LS	79,119	69,932	72,975	(3,043)
Restaurant-FS	90,059	73,413	57,096	16,317
Drinking Est.	14,100	9,837	4,650	5,187
Snack/Bev	20,174	16,388	5,000	11,388
Entertainment	142,042	98,605	43,056	55,549
<b>Sub-Total</b>	<b>345,495</b>	<b>268,174</b>	<b>182,776</b>	<b>85,398</b>
<u>Personal Services</u>				
	<b>40,946</b>	<b>29,793</b>	<b>11,239</b>	<b>18,554</b>
<b>TOTAL</b>	<b>1,468,232</b>	<b>1,221,470</b>	<b>1,069,476</b>	<b>151,994</b>
<b>Existing Vacant</b>			<b>86,283</b>	
<b>Net New Space</b>				<b>65,711</b>
<b>Source:</b>	Randall Gross / Development Economics.			

# Pikeville Comprehensive Plan Update

## **APPENDIX E.**

### **DOWNTOWN OFFICE MARKET ANALYSIS**

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# *Downtown Pikeville* **OFFICE MARKET ANALYSIS**

**RGDE**  
RANDALL GROSS / DEVELOPMENT ECONOMICS



Submitted to Integrated Engineering  
On behalf of the City of Pikeville  
April 13, 2020

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## **INTRODUCTION**

This report provides findings from an Office Market Analysis for Pikeville, focused on downtown area, as a component of the city's Comprehensive Plan. An Economic Baseline Assessment, completed separately, provides an overview of economic conditions impacting on the real estate market as well as on the City's economic and tourism development activities. That assessment provides context for the Office Market Analysis, the purpose of which is to assess the existing and future opportunities for development of office space and office-using industries in Downtown Pikeville. Ultimately, these findings help inform the city's Comprehensive Plan, in terms of the scale and type of office use that should be accommodated and how best to meet the demand for office space in an otherwise physically constrained area. The findings also help define the specific strategies for leveraging office development and office-based industries in the downtown area.

Section 1 of this report provides an overview of existing office market conditions. Eastern Kentucky's office and commercial markets are not regularly inventoried and tracked by the large brokerage firms or others. As a result, there is a dearth of existing data and information about the area's office space inventory, absorption, occupancy, and rental structures. As input to this analysis, office space in the Pikeville area was inventoried and analyzed as a baseline for further research and future tracking. Without such an understanding of the existing base, it would be nearly impossible to determine net demand for additional or different space within the market.

In Section 2, market area office demand is forecasted in terms of both industry and employment growth, and in consideration of area office space absorption patterns. Section 3 provides an indication of Downtown Pikeville's office development potential, in terms of the scale as well as tenant mix that should be served in the future. Finally, Section 4 provides initial preliminary recommendations relating to the provision of office space downtown and within the physical context of the comprehensive plan.

## **Section 1. EXISTING OFFICE MARKET CONDITIONS**

There is a dearth of data and information on the office market in Pikeville and eastern Kentucky, in part because the large national brokerage firms seldom track commercial space in smaller, rural markets. As a result, some time was spent to inventory and understand the scale and function of the office market in Pike County and in Downtown Pikeville, in particular. This section provides an overview of the existing office market in terms of the total estimated inventory, with proposed sub-markets defined for the purposes of analysis, strategic planning, and marketing. Within those sub-markets, inventory, occupancy, absorption and rent trends are analyzed and discussed. Key drivers for the office market are summarized and are also discussed in the Baseline Economic Assessment.

### **Key Drivers**

The Pikeville office market is driven by several key anchor institutions and industries, including Pikeville Medical Center, Community Trust Bancorp and other financial institutions, Pike County Government and other public agencies, as well as mining and utility companies. Pikeville's significant influence in these industries belies the community's small size.

#### **Pikeville Medical Center**

Pikeville Medical Center employs approximately 3,000 people in nearly 1.6 million square feet of hospital and medical office space. The center serves as a regional health care hub for eastern Kentucky and, as such, spins off significant demand for office space to house medical practitioners, clinics, and associated services. Ancillary services like insurance agencies and lodging have also clustered within Pikeville and Pike County in support of the medical center.

#### **Community Trust Bancorp Inc.**

Pike County has total bank deposits of nearly \$1.2 billion and has been ranked among Kentucky's largest banking centers. Pikeville-based Community Trust Bancorp Inc. is the state's second-largest bank holding company (after Republic Bank & Trust) in terms of both deposits (\$3.4 billion) and assets (\$4.3 billion) and is the key anchor for Pikeville's financial services industry.

## **Pike County Government**

Pikeville serves as the County Seat for Pike County. While Pikeville itself is small, the county has over 63,000 people and is ranked 14<sup>th</sup> in the state out of 120 counties. As County Seat, there is a significant number of county agencies and offices headquartered in Pikeville, not to mention the County's courts. The courts attract a large number of attorneys and other professional services to serve the needs of constituents and businesses. Further, Pikeville has also become a de facto "capital" for eastern Kentucky, serving as the primary node for several State and federal government agencies serving the region.

## **Mining & Utility Companies**

The region's mining and utility industries have also concentrated their offices in Pikeville and environs. These industries have long brought well-paying management and administrative jobs to the area, although there is a shift away from mining and into more diversified engineering and other services.

## **Other Key Drivers**

**University of Pikeville** itself is not a major commercial office user, but various service functions contracted to the university do occupy office space in the area. **Commercial traffic** along US 23 and the area's highway corridors help funnel regional support for consumer-driven office uses in the Pikeville market.

## **Office Inventory and Sub-Markets**

Office uses and space in the Pikeville area were inventoried as best as possible, based on field reconnaissance, data and information from brokers and online services, County Assessment records (within data purchasing limits), appraisals, and other sources. This inventory identified approximately 300 office buildings and spaces with a total of 1.4 to 1.5 million square feet of space. This number does not include all of the 1.0 million square-foot Pikeville Medical Center, although some of its ancillary corridor offices are included. The average age of the sampled building stock is 51 years, with office building built between 1878 and 2019.



Table 1. OFFICE MARKET CONDITIONS BY SUB-MARKET, PIKEVILLE AREA OFFICE MARKET, 2020						
Sub-Market	Buildings/ Spaces	Total SF	Occupied SF	Vacant Sq. Feet	Percent	Rent PSF
North Mayo Corridor	95	471,303	436,041	35,262	7.5%	\$ 12.98
Coal Run Village	31	239,300	238,300	1,000	0.4%	N/A
South Mayo Corridor	25	106,608	102,608	4,000	3.8%	N/A
Downtown Pikeville	173	854,196	758,823	95,372	11.2%	\$ 9.50
Other	6	9,243	3,500	5,743	62.1%	\$ 9.00
<b>TOTAL / AVERAGE</b>	<b>299</b>	<b>1,441,350</b>	<b>1,300,972</b>	<b>140,377</b>	<b>9.7%</b>	<b>\$ 10.73</b>
Sources	LoopNet, Brokers, Appraisals, and Randall Gross / Development Economics.					

Key sub-markets include Downtown Pikeville, the North Mayo Trail (US23) Corridor (including a significant node in Coal Run Village), and the South Mayo Trail Corridor. These sub-markets include office uses along adjacent streets. There are also other areas around Pikeville and Pike County that offer office space. Among these areas are Shelbiana and Elkhorn City, among others. Office use in the US23 Corridor extends north into neighboring Floyd County (Betsey Lane, Tram, etc.).

## Downtown Pikeville

The largest share of area office space is in Downtown Pikeville, which has an estimated total of about 860,000 square feet in 173 buildings. For the purposes of this analysis, the Downtown Office Sub-Market is defined as extending along the inside of the “Oxbow” of the Levisa Fork of the Big Sandy River, between Hambley Boulevard (US Business 460) and South Bypass Road. One small section of commercial development west of Baird Avenue is included in the South Mayo Trail sub-market because of its suburban character.

Downtown is the center of the region’s government, legal, financial services, university, and medical sectors. Business services, management, technology, media, contracting, and administrative sectors are also present in

downtown-area office space. All of these sectors are well-represented in the very diverse downtown office business mix. Larger downtown office buildings include the following (along with size and year built):

• Pike County Judicial Center*	89,920 SF (2013)
• BB&T Building	67,277 SF (1980)
• Summit Building	37,587 SF (2001)
• US Bank Building	32,800 SF (1983)
• KY Health & Human Services Cabinet	28,000 SF (estimated)
• Anthony Building (Appalachian Wireless)	26,496 SF (2000)
• CAM Mining Offices	25,000 SF (estimated)
• 128-132 Division Street	24,000 SF (estimated)
• KY Transportation Cabinet	24,000 SF (estimated)
• Pikeville Uniplex Center Office Building	23,000 SF (1998)
• US Social Security Administration	22,000 SF (2003)
• IOOF Building	19,744 SF (1915)
• Adams Building	16,000 SF (est., 1987)
• Bitsource (office/warehouse)	13,164 SF (1930)
• Flat Iron Building	12,400 SF (est., 1999)
• Mountain Comprehensive Care Center	12,000 SF (estimated)
• 255 Church Street	11,590 SF (2005)
• KY Labor Cabinet – General Counsel	10,000 SF (estimated)

\* Illustrative only. Not included in office space inventory.

**Downtown Office Tenant Mix.** Overall, the downtown tenant mix is highly diverse but government and legal professions occupy the largest share of space. Law firms are anchored downtown because of historical reasons and their need for proximity to the courts. Together, government and law firms occupy about 30% of all downtown office space (not including the Judicial Center itself).

Table 2. OFFICE BUSINESS SPACE BY CATEGORY, DOWNTOWN PIKEVILLE, 2020			
Category	Number	Sq. Feet	Percent
FIRE	17	90,115	10.5%
Banks & FS	8	50,863	7.6%
Insurance	4	15,977	1.9%
Real Estate	5	23,275	2.7%
Professional	31	135,120	15.8%
Legal	28	106,930	12.5%
Business Service/Sales	3	3,600	0.4%
Management/Corporate	3	31,582	3.7%
Admin Services/IT	1	13,164	1.5%
Non-Profit	7	19,220	2.3%
Medical/Health	26	83,772	9.8%
Contractor/Utility	5	26,590	3.1%
Government	16	145,464	17.0%
Other	5	13,153	1.5%
Vacant	14	95,372	11.2%
<b>TOTAL</b>	<b>173</b>	<b>854,196</b>	<b>100.0%</b>
Sources:	Pike County Assessor, LoopNet, Brokers, Appraisers, and Randall Gross / Dev. Econ.		



FIRE (finance, insurance and real estate) is another important office use in the downtown sub-market, accounting for about 11% of all space. Banks and other financial services lead this sector. Proximity to Pikeville Medical Center and a central location also help explain a cluster of medical and health-related office uses in the downtown area, accounting for about 10% of office tenancy. By comparison, most other uses occupy relatively small amounts of downtown office space. Less than one-half of one percent of downtown office space appears to be occupied by business service and sales offices.

(aside from those associated with banks), for example. Corporate offices, represented by the management services sector, account for less than 4.0% and administrative services & IT for less than 2.0% of downtown office tenancy.

### **North Mayo Corridor**

The North Mayo Corridor Sub-Market extends along US23 to Floyd County and includes about 500,000 square feet of office space in 95 buildings or spaces. About 24% of office use within this suburban corridor is in retail/commercial buildings while the remainder is in purpose-built office buildings. The corridor has a few large corporate uses but the sub-market is otherwise characterized as having a suburban mix of banks, cash lenders, insurance and real estate brokers and others in commercial office space. Key office buildings in this sub-market including the following:

- 50 Weddington Branch Rd (former Walmart)\* 130,000 SF (est.,1990)
- Lowe Professional Building 38,000 SF (estimate)
- Coal Run Plaza Medical Office Building 35,000 SF (2004)
- Community Trust Bank Main Office 30,000 SF (est.,1975)
- 100 Ratliff Creek Rd 19,000 SF (1985)
- US Department of Mines 10,000 SF (est.,2001)

\* Significant share of this space used by CTB for operations center.

Community Trust Bank (CTB) is a major anchor use in this corridor, not only in its headquarters building at 346 North Mayo but also at its 50 Weddington Branch operations center. The operation center occupies a substantial portion of the former Walmart store.



*Community Trust Bank Main Offices  
(Image courtesy CTB)*

**North Mayo Office Tenant Mix.** CTB may occupy 150,000 square feet of office space in this corridor, or nearly 1/3 of the total. However, while CTB is a major anchor in this corridor, its activities are split between banking, corporate services (main office), and administrative services (operations center). Aside from CTB, the corridor's office tenancy is heavily weighted to medical and health care services, which occupy another 140,000 square feet. Remaining uses are split between insurance, real estate, business services, government, and a few others.

<b>Table 3. OFFICE BUSINESS SPACE BY CATEGORY, NORTH MAYO TRAIL CORRIDOR, 2020</b>			
<b>Category</b>	<b>Number</b>	<b>Sq. Feet</b>	<b>Percent</b>
FIRE	28	69,633	14.8%
<i>Banks &amp; FS</i>	18	37,933	8.0%
<i>Insurance</i>	7	19,200	4.1%
<i>Real Estate</i>	3	12,500	2.7%
Professional	3	5,000	1.1%
<i>Legal</i>	3	5,000	1.1%
Business Services/Sales	5	12,450	2.6%
Management/Corporate	1	30,000	6.4%
Admin Services	1	80,000	17.0%
Non-Profit	1	3,000	0.6%
Medical/Health	17	139,125	29.5%
Contractor/Utility	-	-	0.0%
Government	2	16,000	3.4%
Other	2	6,200	1.3%
<i>Vacant</i>	4	35,262	7.5%
<b>TOTAL</b>	<b>95</b>	<b>471,303</b>	<b>100.0%</b>
Sources:	Pike County Assessor, LoopNet, Brokers, appraisals, and Randall Gross / Development Economics.		

Much of the sub-market's office space is found in Coal Run Village. About 240,000 square feet of office use is located in small office buildings in Coal Run. One example is 3780 N. Mayo, which is an 8,000 square-foot office building housing State Farm Insurance, Re/Max Legacy, and a vacant unit. The CTB operations facility is located in this area. Other typical office uses including Enterprise Rental Car, Hackney & Hensley Chiropractic Center, US Bank, and the KY State Police Post 9 Headquarters Building.

### **South Mayo Corridor**

The South Mayo Corridor Office Sub-Market has an estimated 110,000 square feet of office use, the smallest of the local sub-markets. Like North Mayo, the corridor has a distinctly suburban commercial character and there are no specific office nodes or geographic clusters within the corridor. There are only a few large office buildings in the sub-market, including the following:

- Harris & Anderson Buildings 10,208 SF (1995)
- Pike County School District Office 10,000 SF (estimated)

**South Mayo Office Tenant Mix.** The South Mayo office tenant mix is oriented to medical offices, with about 43% of all sub-market office occupancy in medical and health care. About 16% is in finance and 10% in government office uses.

There are a few non-profits, contractors, and other offices in the sub-market, but it is otherwise dominated by health care and banking.

*Image courtesy Rector Hayden*





<b>Table 4. OFFICE BUSINESS SPACE BY CATEGORY, SOUTH MAYO TRAIL CORRIDOR, 2020</b>			
<b>Category</b>	<b>Number</b>	<b>Sq. Feet</b>	<b>Percent</b>
FIRE	5	16,500	15.5%
<i>Banks &amp; FS</i>	5	16,500	15.5%
<i>Insurance</i>	-	-	0.0%
<i>Real Estate</i>	-	-	0.0%
Professional	-	-	0.0%
<i>Legal</i>	-	-	0.0%
Business Services/Sales	-	-	0.0%
Management/Corporate	-	-	0.0%
Admin Services	1	4,900	4.6%
Non-Profit	1	2,000	1.9%
Medical/Health	9	45,708	42.9%
Contractor/Utility	1	5,500	5.2%
Government	1	10,000	9.4%
Other	1	1,500	1.4%
<i>Vacant</i>	1	4,000	3.8%
<b>TOTAL</b>	<b>25</b>	<b>106,608</b>	<b>100.0%</b>
Sources:	Pike County Assessor, LoopNet, Brokers, and Randall Gross / Development Economics.		

### Office Space Occupancy

The market has an estimated 140,000 square feet of vacant office space (or space being marketed for office uses), yielding a vacancy rate of 9.7%. This vacancy rate is relatively high but not surprising, given that there is relatively little new, Class A multi-tenant office space in key nodes and given the economic and demographic decline that the area has



experienced in recent years. Vacancy is lowest in Coal Run Village and within the South Mayo Corridor, although the former is dominated by an operations center and the latter has very little leasable office space. Overall, the North Mayo Corridor Sub-Market has a relatively healthy office vacancy rate of 7.5%. By comparison, the downtown office vacancy rate is 11.2%, which is somewhat high. Again, the age of the building stock may play a role since downtown has a number of older buildings built prior to 2000. The age of the office space can play a role in marketing the space for Class A and move-up tenants, especially if space remains unrenovated. Suburban locations may not have been as adversely affected by the downturn in the regional economy, since the suburban tenants tend to provide medical and consumer-oriented services to the local household base.

### **Pricing and Rents**

Office rents are averaging \$10.73 per square foot, typically in Triple-Net leases, based on the sample of available rental data for inventoried buildings. Rents are higher in the North Mayo Corridor Sub-Market, averaging \$12.98 per square foot. Conversely, downtown rents are much lower at an average \$9.50 per square foot, perhaps reflective of the higher vacancy rate and aging of space in the downtown area, but also of the lack of traffic exposure afforded the major commercial corridors. Regional traffic flow is an important factor impacting on commercial office demand in the market. Average daily traffic (AADT) counts on North Mayo Trail run 33,000 to 35,000, based on Kentucky Transportation Cabinet data. These counts are four times as high as AADT on Hambley Boulevard (8,300 to 8,500) or Bypass Road (3,400 to 10,000). Rents are also low in other areas of the county where traffic exposure is much lower. Town Mountain Road, for example, has space available for \$9.00 per square foot. AADT on Town Mountain Road runs 6,800 to 7,800.

Sale prices reflect the rental income streams that are generated by office space in the market. As a result, office building sale prices are highest in the North Mayo Trail Corridor Sub-Market, at an average \$111.48 per square foot. South Mayo prices are somewhat lower, at \$104.36 per foot. Meanwhile downtown office prices are averaging \$80.51 per square foot and prices in the Town Mountain Road area are listed even lower, at \$64.31 per foot. These prices are based on a relatively small sample but are representative of the office buildings currently for sale or recently sold in the area.

## **Section 2. OFFICE DEMAND FORECASTS**

Pikeville Market Area office demand was forecasted through 2025 and 2030, based on several factors as a basis for assessing the potential for office use and development. The use of office space is directly related to the change in office-based employment. So, office employment growth acts as one proxy for forecasting office space demand and employment-based demand is forecasted herein. Office space absorption, or the change in occupancy from year to year, also provides a direct indicator of the recurring patterns of demand for office space. Since data does not exist on historic absorption patterns in Pikeville, an absorption model was developed based on the construction of office space and information on leasing activity. Other factors, such as traffic volumes, are also considered as indicators and proxies for office demand. Based on these various inputs, an overall range in office demand is forecasted for the market area.

### **Employment-Based Demand Forecasts**

As noted above, employment growth is an important factor impacting on the demand for office space. Baseline employment projections were generated for the major economic sectors in the county and then the office component was disaggregated from these projections. Average space utilization factors by industry were applied to the office employment projections to generate office demand forecasts by sector.

#### **Pike County Employment Projections for Selected Sectors**

Multiple sources were used to calculate employment projections by economic sector within Pike County and the Pikeville Office Market Area, with a focus on those sectors generating significant office-based employment. Sources included the Kentucky Center for Statistics, the U.S. Bureau of the Census and the U.S. Bureau of Economic Analysis for regional data; coupled with private databases purchased through Woods & Poole and Moody's Analytics that provide county-level and small-area projections. An analysis was conducted to model and align the various county projections, and to then align those with historical trends and regional forecasts. Ultimately, the resulting data indicate that Pike County should see a net increase of about 300 jobs in these selected office sectors between 2020 and 2025, and of about 400 office sector jobs between 2025 and 2030.

<b>Table 5. EMPLOYMENT PROJECTIONS FOR SELECTED INDUSTRIES, PIKE COUNTY, 2020-2030</b>					
Industry	Change (Number)				
	2020	2025	2030	2020-25	2025-30
Finance & Insurance	793	819	842	26	23
Transport Services	458	434	409	(24)	(25)
Government (non-mil)	916	864	863	(51)	(2)
Prof/Tech/Bus Services	800	790	791	(10)	1
Mgt of Companies	48	47	45	(2)	(2)
Admin Support	638	648	658	10	11
Information	236	231	226	(5)	(5)
Non-Profits/Civic	126	115	107	(11)	(8)
Health Care/Medical	4,944	5,275	5,644	330	369
Real Estate	125	119	115	(6)	(4)
<b>TOTAL</b>	<b>9,085</b>	<b>9,341</b>	<b>9,701</b>	<b>257</b>	<b>360</b>
Sources:	U.S. Bureau of the Census; Woods & Poole; Moody's Analytics; and Randall Gross / Development Economics.				

Growth will be uneven across office-using economic sectors, with a significant increase in health care and medical employment resulting in part from the continued expansion of Pikeville Medical Center but decreases in employment in other sectors. Finance and insurance, buoyed by the stability of Community Trust Bank, will continue to see slow but steady growth and the net addition of about 50 jobs in the near term. Meanwhile, there is expected to be a decrease in employment in such sectors as transport and information services. The information services sector has been severely impacted globally by Internet-based services that have cut into employment at newspaper and other traditional media. Pike County has been less-impacted than other areas, but such shifts are already underway.

**Caveat.** The projections do not account for the impact of COVID-19 on employment, but several assumptions are made here based on the economic experience from past pandemics and current indicators. First, it is assumed that infection rates will rise and fall in waves, as restrictions on public access are lifted, causing further disruptions to businesses and the labor market. However, it is assumed that these effects will dissipate once an effective vaccine is developed and implemented, within about 12 to 18 months of the genetic sequencing of the virus (January 11, 2020) according to the best scientific estimates. Thus, by June 2021, the world is likely to see some normality return to economic activity. According to *Nature* magazine<sup>1</sup>, an unprecedented 115 vaccine candidates are already under development, confirming the effort and timing to control the pandemic. Secondly, Pike County and eastern Kentucky were among the last places to observe cases of the virus (possibly due to geographic isolation) and, if social distancing rules are adhered to by the local populace, may see less-severe economic impacts over a shorter time period than other areas.

### **Office-Based Employment Projections**

The share of employment in office space (generated through national and regional surveys conducted by the Building Owners and Managers Association, BOMA) was applied to the employment data discussed above to arrive at office employment projections within selected industries. These projections indicate that Pike County will add 80 to 100 net new office-based jobs over the next five to ten years. Again, employment will be increasing more rapidly in some sectors like health care (which will yield more than 100 new jobs), finance (30), and administrative services (10). A turnaround in professional and technical service jobs will have occurred by 2025, with growth expected thereafter. Overall office-based employment projections are summarized in the following table, disaggregated by sector and by time period through 2030.

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<sup>1</sup> Tung Thanh Le, et al. *Nature*, “The COVID-19 Vaccine Development Landscape,” April 9, 2020.

<b>Table 6. OFFICE-BASED EMPLOYMENT PROJECTIONS FOR SELECTED INDUSTRIES, PIKE COUNTY, 2020-2030</b>				
<b>Industry</b>	<b>Share</b>	<b>2020-25</b>	<b>2025-30</b>	<b>TOTAL</b>
Finance & Insurance	59%	15	14	29
Transport Services	30%	(7)	(7)	(15)
Government (non-mil)	28%	(15)	(0)	(15)
Prof/Tech/Bus Services	55%	(5)	1	(5)
Mgt of Companies	80%	(1)	(1)	(3)
Admin Support	33%	3	3	7
Information	20%	(1)	(1)	(2)
Non-Profits/Civic	70%	(8)	(5)	(13)
Health Care/Medical	15%	50	55	105
Real Estate	40%	(3)	(1)	(4)
<b>TOTAL</b>		<b>28</b>	<b>56</b>	<b>84</b>
Sources:	BOMA and Randall Gross / Development Econ.			

### **Net Office Space Demand Forecasts**

Demand for office space was forecasted using the proxy of projected office employment and average square feet per employee (BOMA). Overall, the Pikeville Market Area is expected to generate demand for about 40,000 square feet of net new office space over the next five to ten years. This amount includes demand for about 16,000 to 20,000 square feet by 2025 and another 20,000 to 25,000 square feet by 2030. The greatest demand will be for medical and health care-related office space, perhaps 36,000 to 40,000 square feet. Another 10,000 to 15,000 square feet of demand would be generated by finance and insurance businesses and 2,000 to 5,000 square feet by administrative service businesses. While demand for professional and technical office space has been declining this trend is expected to reverse by 2025, with some increase in demand expected by then. Net demand is forecasted and summarized by industry sector in the following table.

<b>Table 7. NET OFFICE DEMAND FORECASTS FOR SELECTED INDUSTRIES, PIKEVILLE AREA, 2020-2030</b>				
<b>Industry</b>	<b>SF/Emp</b>	<b>2020-2025</b>	<b>2025-2030</b>	<b>TOTAL</b>
Finance & Insurance	354	5,482	4,927	10,409
Transport Services	238	(1,783)	(1,808)	(3,591)
Prof/Tech/Bus Services	382	(2,062)	249	(1,813)
Legal Services	545	(335)	40	(295)
Mgt of Companies	477	(652)	(583)	(1,235)
Admin Support	307	1,005	1,084	2,089
Information	307	(321)	(306)	(627)
Non-Profits/Civic	273	(2,127)	(1,498)	(3,625)
Health Care/Medical	341	17,202	19,220	36,423
Real Estate	296	(769)	(446)	(1,215)
<b>TOTAL</b>		<b>15,639</b>	<b>20,880</b>	<b>36,519</b>
<i>Per Year</i>		<i>3,128</i>	<i>4,176</i>	<i>4,565</i>
Sources:	BOMA; US Bureau of the Census, Woods & Poole, Moody's Analytics; and Randall Gross / Dev. Economics.			

As noted above, annual net demand for office space should approach about 5,000 square feet per year on average. As some space empties of tenants due to falling demand, it would become available for accommodating demand in the growing medical, finance, administrative service, and professional service & tech sectors. However, there will be less “church” in the office market if existing space is functionally obsolete or less attractive or appropriate for the intended use. Medical and dental offices, for example, are often purpose-built or designed to accommodate equipment and functionality unique to that industry.

## Office Absorption-Based Forecasts

Demand was also forecasted using an assessment of office space absorption patterns specific to the Pikeville Market Area. Absorption trends were aggregated from various data (as discussed previously) and analyzed in order to identify patterns and overall trends.

### Absorption Trends

Office absorption was analyzed by decade, as best as possible given the constraints on available data. Here it is apparent that about 1.1 to 1.2 million square feet has been absorbed in the market since 1970. Each decade saw periods of growth in absorption, even as the rate of growth may have fluctuated over time, peaking at nearly 600,000 square feet in 2000 to 2009. However, the most recent decade, 2010 to 2019, saw a net *decrease* in absorption estimated at about 31,000 square feet.

Table 8. ABSORPTION TREND ESTIMATES, PIKEVILLE OFFICE MARKET, 1970-2019				
Decade	Est. Sq. Feet	Per Year	Change	Percent
1970-1979	31,402	3,140		
1980-1989	378,256	37,826	34,685	1104.6%
1990-1999	174,364	17,436	(20,389)	-53.9%
2000-2009	569,113	56,911	39,475	226.4%
2010-2019	(30,723)	(3,072)	(59,984)	-105.4%
<b>TOTAL / AVERAGE</b>	<b>1,122,411</b>	<b>22,448</b>		<b>292.9%</b>
Source:	Randall Gross / Development Economics.			



On average, the market has absorbed about 22,000 to 25,000 square feet of office space per year. Again, peaks were observed in the 1980s (about 38,000 SF per year, which coincided with 32.9% growth in the county's population base) and 2000s (nearly 60,000 SF per year). This last decade saw a net decrease of 3,000 square feet per year.

### **Absorption Forecasts**

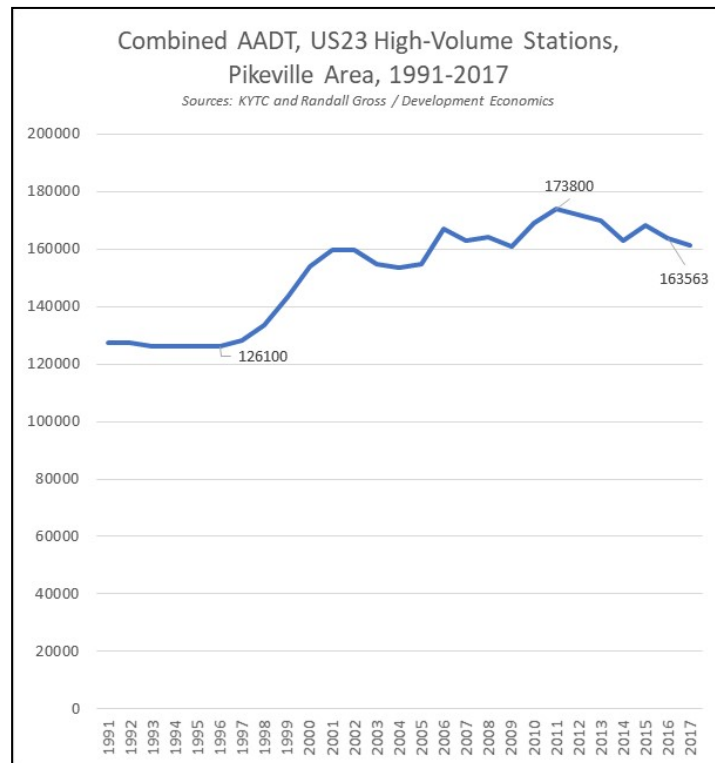
Based on the trends and the office space absorption patterns seen in the Pikeville Market Area, it is expected that the area will see absorption of about 15,000 to 18,000 square feet over the next five years, plus another 20,000 to 45,000 square feet by 2030.

<b>Period</b>	<b>Annual Absorption</b>	<b>Total Absorption</b>
2020-2025	3,000 – 3,600	15,000 – 18,000
2025-2030	5,000 – 10,500	20,000 – 52,500
<b>AVE/TOTAL</b>	<b>4,000 – 14,100</b>	<b>35,000 – 70,500</b>

Overall, the market will experience absorption of 4,000 to 14,100 square feet per year on average or 35,000 to 70,500 square feet total over the ten-year period through 2030. This range is equivalent to one to three large office buildings or a number of smaller purpose-built office buildings and commercial office spaces.

### **Other Demand Indicators**

There are other demand factors considered as input to the office space demand forecasts. Among these key indicators are traffic volumes, regional population and household base (and Pike County's share), and technology drivers like web speed and internet access. Commercial traffic plays an important role in generating inflow to the market for office-based services such as banking & financial services, insurance, real estate, health care, and others. The area's traffic volumes were generally increasing between 1990 and 2010 but fell since that time. The highest-volume station (098A67, US23 at Ratliff Creek Road) had AADT of 23,000 in 1993, gradually increasing to 37,200 by 2010 but falling back to 35,892 in 2013 and 35,096 in 2016 (according to KYTC).



Trends in total combined AADT is shown for the five highest-volume stations along US23 in Pikeville. Total combined AADT peaked at 173,800 in 2011 and has generally fallen consistently to a combined total of 161,208 by 2017.

The decrease in traffic volumes is generally consistent with the decrease in employment and population base during this period. The combined effect of these shifts has been a decrease in demand for office space from most sources outside of regional medical and financial service need.

Pike County population fell by an estimated 10.2% between 2010 and 2018, according to U.S. Bureau of the Census, American Community Survey. At-place employment fell by 15.2% (from 24,392 to 20,675) between 2010 and 2017, according to Census Longitudinal Household Dynamics (LEHD) data. Thus, less traffic is being generated by fewer workers and people living in the area, generating lower demand for services and ultimately, for office space.

### Overall Demand Forecast Summary

The demand indicators are generally pointing in the same direction, with downward trends being ameliorated in the future by economic diversification and modest growth. In particular, Pike County remains an important hub for health, education, government, and financial resources in eastern Kentucky. As such, demand is expected to increase as key institutions continue to grow and economic drivers gradually shift to new sectors. The employment-based forecasts generate demand for about 37,000 square feet of office space by 2030. Absorption trends indicate demand likely for 35,000 and up to 70,000 square feet over the same period. A realistic range of net demand for 35,000 to 65,000 square feet of office space is forecasted based on these and other indicators for future growth in the market area.

### **3. DOWNTOWN PIKEVILLE OFFICE DEVELOPMENT POTENTIALS**

Downtown Pikeville is the primary office node in Pike County and is likely to remain so in the near future. However, as shown previously, suburban office space has attracted a significant share of office demand in part because of exposure to the regional consumer market for medical, insurance, real estate, and other services. With demand projected particularly for health care office space, competition to downtown is likely to intensify as medical practitioners and service providers seek available, high quality medical office space with parking, away from the congestion of downtown.

That being said, downtown offers proximity to the main hospital and medical facilities where many of the area's doctors have established their practices. Downtown Pikeville is and will remain home to the Pike County Judicial Center and the courts that drive demand for office space among lawyers and related services. Downtown also remains the financial hub of the county, although the region's largest bank has its main offices and operations center outside downtown on North Mayo Trail. As the local economy shifts, downtown's walkable historic ambiance, restaurants & distilleries, and small unique office spaces will become attractive to emerging entrepreneurs and technology companies seeking such spaces. As an example, technology entrepreneur Bitsource chose to rehabilitate the historic Coca Cola bottling plant on Hambley Boulevard rather than locate in contemporary office space in a suburban setting.

#### **Downtown Capture and Development Potential**

Downtown would capture a dwindling share of market area office demand if it were to compete for the growing health care and financial services business tenant based solely on its existing supply of office buildings. At present, downtown has about 59% of the local office market, including 96% of professional office use (especially for lawyers), 85% of government uses, 79% of non-profit office use, and 51% of both corporate and financial services use. However, suburban sub-markets dominate all other uses, where downtown has only 30% of medical office space, 22% of business services, 13% of administrative ("back office") office use.

Assuming that downtown retains its current capture for each sector, growth among those sectors would generate demand for about 7,300 to 12,900 square feet of office space in Downtown Pikeville. However, downtown may be less attractive for medical offices in the future, so demand generated for additional medical space may not be captured downtown. Further, downtown already has 70% of the market area's vacant space, with about 95,400 square feet. Assuming that just one-half or 50% of that space is viable and available for modern office uses, then all of the forecasted downtown office demand through 2030 could be easily accommodated in 47,700 square feet of existing downtown office space.

If, however, there is a pro-active effort to recruit businesses outside of the baseline projected growth, then the need for viable and attractive downtown office space would expand beyond the 12,900 square feet of forecasted demand. The opportunities for such business development, and the strategies for leveraging that growth, are explored in the Target Industry Analysis being completed as part of this comprehensive planning process.

## **Section 4. KEY FINDINGS & PRELIMINARY RECOMMENDATIONS**

The Office Market Analysis forecasted demand for about 35,000 to 65,000 square feet of office space in the Pikeville Office Market Area over the next five to ten years. It was determined that Downtown Pikeville should be able to capture about **7,300 to 12,900 square feet** of market area office demand assuming its competitive position would remain stable. However, much of the office demand will be generated in sectors like health care, finance, and administrative services, where service providers have increasingly located in the suburban commercial corridors to access the advantages offered by more on-site surface parking and exposure to regional traffic flow. Further, all of that net new demand could be accommodated in existing downtown office space, assuming that some share of that space is available and is appropriate for tenant uses.

In order for Downtown Pikeville to compete, it must appeal to a different type of tenant and offer the types of amenities and office space that appeal to those target tenants. Specific target tenants will be identified as part of the Target Industry Analysis that is being completed as input to this Comprehensive Plan. However, some initial observations and recommendations are provided below.

### **Building Inventory**

While a baseline inventory has been developed as input to this market analysis, there is a need to create a complete inventory of every building and site in Downtown Pikeville and to populate that database with specific information on the building, its available space, parking, conditions, current uses, ownership and valuation. It is recommended that the City's Economic Development Office target historic and other properties in this database and develop relationships with owners to establish a broad target list for marketing and incentives. Potential tenants and investors should not have to sift through County assessment records (at a substantial cost) when such information should be available and packaged for them. While the City already markets buildings and sites as part of its economic development efforts, there is a need to focus attention on specific buildings in the downtown area that may not be listed

presently but may offer potential for rehabilitation and reuse; and to identify sites for expansion and new construction of office and mixed-use space for longer-term marketing and investment recruitment.

### **Rehabilitation Incentives for Targeted Use**

The City of Pikeville offers an exceptional package of incentives to assist businesses and investors. The City has also had the foresight to invest in structured parking resources and other necessary infrastructure to help leverage business investment. There is, however, a need to target resources to rehabilitation of specific properties for marketing and business recruitment purposes. This effort would mirror the economic development investments oriented to industrial development at the Marions Branch Industrial Park, in that investments are made in infrastructure, sites and buildings to attract and leverage business recruitment. As evidenced by the introduction of Dueling Barrels and Bitsource into the downtown area, investments in historic buildings and those within the historic ambiance help to establish an environment for business expansion and development. More detailed input on incentives and targets for those incentives will be developed as a result of the Target Industry Analysis and as part of the overall economic development component of the plan.

### **Partnerships**

Downtown will benefit from continued and expanded developed of partnerships, between the City and other government agencies, Pikeville Medical Center, University of Pikeville, and downtown businesses including eating & drinking and entertainment venues. Partnerships that, for example, help to enhance opportunities for spin-off office activities in the downtown area should be encouraged. The existing drivers, like the hospital, can help ensure that more economic spin-off is captured downtown by working with the City to target specific properties and encouraging rehabilitation or construction for specific business uses. Again, the City of Pikeville already works closely with institutions and businesses on a variety of programs, but there is a need to target resources to specific projects that can address constraints and expand the business base.

## **Amenities**

The concentration of amenities that can attract tourism and become a destination for the regional market is also important for marketing office space for businesses to locate in the downtown area. As noted previously, Pikeville has achieved a great deal in enhancing the amenity value of downtown and in creating a place where employees (and therefore businesses) want to work. An amenity-rich environment is increasingly important to recruiting the young workers on which businesses rely for growth. Such amenities include not only restaurants and parking, but also bars and clubs, cultural and entertainment venues, coffee shops, places to “hang out,” civic spaces and urban parks, bicycling and walking paths, river/water-related activities, etc. These amenities are being explored further as part of the tourism, recreation, and housing elements in comprehensive planning process.



# Pikeville Comprehensive Plan Update

## **APPENDIX F.**

### **TOURISM & HOTEL OPPORTUNITIES ASSESSMENT**

# *Pikeville*

## **TOURISM & HOTEL OPPORTUNITIES ASSESSMENT**



Submitted to Integrated Engineering  
On behalf of the City of Pikeville  
September 17, 2020

## INTRODUCTION

This report summarizes findings from an assessment of tourism conditions and trends in Pikeville and surrounding areas. Existing hotel market conditions are also analyzed and opportunities identified for new hotel development. It should be noted that a market analysis was *not* completed to forecast hotel development potentials. Therefore, there are no indications or forecasts of the number of hotel rooms that are supportable in the market, or of whether another hotel can be supported by the economics of the Pikeville market. However, the assessment does identify opportunities that may be worthy of further research or discussion. The impacts of COVID-19 on tourism are considered and discussed because of their relevance to the short- and mid-term viability of existing tourism-related businesses and entities.

Section 1 of this report provides an overview of existing tourism anchors, flow, and conditions. Pikeville and the surrounding region are rich with tourism attractions and there is significant diversity to attract different markets and demographic niches. Among the most apparent are nature & adventure-based eco-tourism as well as heritage & cultural tourism. In both cases, Pikeville's success is tied to its linkages to (and "base" for) regional attractions and activities, rather than being a solitary destination. Thus, understanding tourism in the broader region is important to Pikeville's success for tourism-generated economic and fiscal benefits. Several opportunities for tourism development are identified based on the existing supply, regional tourism flow, and global growth trends.

Section 2 examines the opportunities for multi-purpose/sports venues in Pikeville. This Opportunities Assessment provides a review of the existing supply of sports, event, and recreation facilities in the market area. Needs identified by area stakeholders are considered, although this review does not constitute a full "needs assessment" or project future needs or potentials for such a facility. Opportunities are identified for filling "gaps" in the supply of multi-purpose / sports venues. Such opportunities would need to be tested further through more detailed needs assessment and to determine their financial sustainability.

Section 3 provides an overview of Pikeville's hotel industry. Particular focus is given to the existing hotel inventory and performance trends. This information on existing conditions provides a base for identifying possible opportunities for further lodging growth and development. Again, such opportunities are identified not based on a full Market Analysis, but on this review of existing conditions. Where opportunities are identified, more detailed market and financial analysis is recommended to determine their economic potentials and viability.

## **Section 1. PIKEVILLE TOURISM**

This section provides an overview of tourism in Pikeville and surrounding areas of eastern Kentucky. Various parks and recreation facilities, heritage sites, annual events, museums, and anchor attractions are inventoried and described here. The list of tourism attractions provides a sense of the broader themes that are driving tourism to the region and to Pikeville, focused around cultural heritage and scenic beauty. Overall tourism flow is discussed, on terms of the visitor base, trends, origin of visitors, and typical itineraries as a basis for identifying opportunities for tourism development.

### **Tourism Attractions and Anchors**

Relevant or significant tourism attractions and anchors were inventoried within Pikeville, other parts of Pike County, and the broader region of eastern Kentucky and neighboring areas. The inventory is not meant to list every site but does provide an overview of the key anchor sites. It also provides a sense of the overall themes driving tourism and visitation to the area.

#### **Pikeville**

Pikeville has fairly diverse mix of museums, historic sites, recreation facilities, entertainment venues, events, and other attractions. Many of these attractions are concentrated near the larger hotels in the downtown area, which provides a good base for establishing destination draw.

- **Dueling Barrels Brewery & Distillery.** Dueling Barrels is a new 27,792 square-foot distillery and visitor attraction opened by Alltech in 2018 as an anchor in the heart of Downtown Pikeville. The facility produces or distribute Kentucky Bourbon, Moonshine, and Craft Beers. A tap



room, restaurant and visitors center also operate from the location at 745 Hambley Boulevard. The facility offers tours and an original film exploring the heritage of the Hatfield-McCoy Feud, along with the tap room and gift shop.

*Image courtesy Dueling Barrels.*

- **Big Sandy Heritage Center Museum.** A local history museum with a focus on the Hatfield & McCoy story, offering the “largest collection of authentic Hatfield and McCoy artifacts in the world.” Other primary exhibits focus on the stories of local native American settlers, the Civil War, and early coal mining. The museum is located in the County Judicial Annex building at 172 Division Street in downtown Pikeville. Thus, the museum serves as an anchor attraction for the downtown area. The museum is open Wednesday through Saturday and by appointment on Monday and Tuesday. Bigsandyheritage.com 606=766-1025
- **Hatfield & McCoy Historic Feud Sites.** There are several historic sites associated with the Hatfield-McCoy Feud that are located in Pikeville. Among the local sites tied to the historic feud are the Randolph McCoy Well, Dils Cemetery, McCoy House, and the Perry Cline Grave Site. These sites are woven together through tours such as the Hatfield-McCoy Driving Tour (see below), which originates at the Pike County Tourism CVB Visitors Center at 831 Hambley Boulevard in Downtown Pikeville.
- **Civil War Sites.** Pikeville City Park serves as the location where James A. Garfield (later President of the United States) was sworn in as Brigadier General of the Union Army. Other sites are found throughout Pike County.
- **“The Big Cut” - Pikeville Cut-Through Project.** This massive engineering project created a ¾ mile long channel through Peach Orchard Mountain, which helped provide space for infrastructure and river flow while reducing long-standing flooding issues. Ultimately, the project has been hailed as one of the country’s largest engineering achievements which the New York Times called “The eighth wonder of the world.”
- **Hatfield-McCoy River Trail.** The two-hour, Class 1 “blue way” trail extends along the Levisa Fork through the Pikeville City Through Project, accessible for canoes, kayaks, and pontoon boats.
- **Historic Pauley Bridge.** A beautiful historic wooden bridge over the Levisa Fork of the Big Sandy River.

- **Pike County Courthouse and Heritage Hall.** Exhibitions at Heritage Hall, located in the Pike County Fiscal Court, focus on Appalachian culture, prehistory, coal mining, agriculture, local industry, veterans, and other aspects of local Pike County heritage. The historic Pike County Courthouse building itself is of interest, along with its records for those conducting genealogical research.
- **Bob Amos Park & Associated Attractions.** This City park offers walking, hiking, and mountain bike trails in addition to recreation facilities including six tennis courts, two basketball courts, walking track, softball and baseball field, special needs playground, RV park, and soccer complex. The park is anchored by the privately-operated Pikeville Area YMCA. Dreamz Stables Equestrian Park offers a 19-stall barn, 2.5-mile riding track, and ring, with horseback riding rentals offered. White Lightening Zipline offers a 2-hour zipline experience and is also packaged as part of the Zip, Saddles, & Paddle experience (see below). The City's 7,000 square-foot Pikeville Overlook Event Center has opened with three lodging cabins and capacity for 340 people attending meetings and group events. The facility offers stunning views of the Pikeville Cut Through and surrounding mountain scape.
- **Zip, Saddles & Paddle.** This Pikeville outdoor adventure site packages ziplines, horseback riding trails, and kayaking on the Louisa Fork River.
- **Snivley Chapel.** An historic church building constructed in 1853.
- **Appalachian Wireless Arena.** This exposition center located at 126 Main Street offers entertainment ranging from touring circuses and Disney on Ice to rodeos, wrestling, and concerts as well as local and regional sporting events. The center is home to the University of Pikeville Bears basketball team.
- **Appalachian Center for the Arts.** The 225-seat arts center serves as the region's home for art, music, theater and dance, with Broadway touring companies and local semi-professional theater productions.
- **Other Sites:** Elk Run Golf Course (18 holes), Bear O'Fair Project (painted bears throughout the city)
- **Events:** Pikeville Streetcar Challenge (Draft Racing at Riverfill Arena), Main Street Live!, Hillbilly Days, Pikeville Farmers Market, Annual Shelbiana Railroad Reunion, Randy Jones Memorial Ride for Kids, Hatfield & McCoy

Heritage Days, Pond Creek Reunion, Pikeville Christmas Parade, July 4<sup>th</sup> Celebration, Duck Float, Ruff Tough Cuss, Retailgating-Wine & Beer Tasting, Nightmare on Main, Winterfest, and others.

### **Other Pike County**

There are several other significant sites, attractions, and events in other parts of Pike County. Several of these attractions provide direct linkages back into Pikeville and are therefore important for marketing both Pikeville and Pike County.

- **Pine Mountain Scenic Trail.** This 65-mile trail will form a part of the proposed Great Eastern Trail along the Appalachian Mountains. The trail extends near Elkhorn City in Pike County. Spectacular views are offered at High Rock.
- **Pike County Horse Trail System.** The county's horse trail system offers various inter-connected trails with parking at Lick Creek.
- **Red Robin Stone Heritage Museum.** This center offers various mining and other artifacts from Appalachian history including mining memorabilia antiques, photographs, art and others. The museum is located at 1355 Pond Creek Road in Stone.
- **Elkhorn City Railroad Museum.** This transportation museum offers more than 1,000 pieces of transportation equipment and railroad memorabilia including cabooses, velocipedes, antique uniforms, and others.
- **Fishtrap Lake State Park & Wildlife Management Area.** This state park and WMA offers hunting, boating, skiing, hiking, fishing, camping and picnicking centered around 16.5 mile-long Fishtrap Lake.
- **Grants Branch Park.** This 11.3-acre water lake and associated park offers nature trails, fishing, and shelter amenities.
- **Pauley Hollow Distillery.** This distiller of bourbon and moonshine is located in Forest Hills.



- **Russell Fork Whitewater Recreation.** Kentucky Whitewater offers whitewater rafting on Russell Fork, near Breaks Interstate Park. The Elkhorn City-based group offers a 2.5-hour raft adventure on the Upper Russell Fork and 2-hour trip on the Lower Russell Fork.
- **ACT (Artists Collaborative Theatre, Inc.).** ACT is an award-winning community theater based in Elkhorn City.
- **Events:** Apple Blossom Festival, Hatfield McCoy Marathon (South Williamson), Tri-State Gospel Sing, Breaks 40 Miler

### **Eastern Kentucky/Region (beyond Pike County)**

There are a number of parks and recreation facilities, cultural heritage sites, events and other attractions throughout eastern Kentucky and parts of neighboring states that help to drive tourism throughout the region including Pikeville. Some of the relevant attractions and events are summarized below.

- **National or Regional Parks and Forests**
  - **Daniel Boone National Forest** (Morehead). This 2.1 million-acre national forest (with 708,000 acres of federal land) is popular for wildlife and fishing, in addition to other recreation activities. The Redbird district of the forest is located closest to Pikeville and Pike County. The Red River Gorge National Geological Area lies within the larger portion of the forest, further west, offering significant destination visitor potential and a proposed resort complex.

- **Breaks Interstate Park.** Marketed as the “Grand Canyon of the South,” this unique bi-state park lies on both sides of the Kentucky-Virginia border, with headquarters at Breaks, Virginia. The park offers 4,600 acres with scenic drives and 25 miles of trails overlooking the deepest river gorge east of the Mississippi River. Two lakes and the Russell Creek River offer water-borne recreation opportunities, including whitewater rafting on the river’s Class II to Class V rapids. Camping and resort lodging is offered along with a restaurant, swimming pool, visitor center, special events, and visitor services. In December 2019, it was announced that the park would build the nation’s longest pedestrian swinging bridge, which will surely add to the park’s destination visitor potential. *Image Courtesy Breaks Interstate Park*



- **State Parks, Resort Parks, Wildlife Management Areas, and Natural Areas.** Importantly, many cities and counties in eastern Kentucky are promoting themselves for outdoor recreation. Harlan County states “Escape the Ordinary and Make Mountain Memories!,” offering ziplining, kayaking, backpacking & mountain ridges; stargazing, horseback riding, mudslinging, & swinging bridges; and hiking, biking, camping & fishing. Powell County promotes Natural Bridge State Resort Park and the Red River Gorge, with scenic byways, Kentucky Paddle, Red River Adventure, and the Gorge Underground. Morehead promotes the opportunity to “Escape to the Woods and Explore over 100 Miles of Trails. London and Laurel County welcome visitors to the “Crossroads of Adventure.” Listed below are some of the state parks and natural areas within a reasonable drive of Pikeville that help support eco-tourism and recreation within the region.
  - Jenny Wiley State Resort Park & Dewey Lake WMA
  - Grayson Lake State Park & WMA

- Natural Bridge State Resort Park
- Ashland WMA
- Robinson Forest WMA
- Paul Van Booven WMA
- Carter Caves State Resort Park
- Greenbo Lake State Resort Park
- Carter Caves State Resort Park
- Paintsville Lake State Park & WMA
- Yatesville Lake State Park & WMA
- Ed Mabry-Laurel Gorge WMA
- Consol of Kentucky WMA
- Carr Creek State Park & WMA
- Levisa Fork
- Mine Made Adventure Park
- Kentucky Wildlife Center
- Various Sites for Elk Viewing and Hunting

- **Significant Heritage Sites & Museums**

- **“Butcher Holler”** – Loretta Lynn’s Homeplace & General Store (Van Lear). Loretta Lynn is not only an important and well-known country music star, her early life and story are also well known thanks to the Academy Award-winning film “Coal Miner’s Daughter.” Thus, tourists including country music fans and others continue to seek out the famous home of Lynn and her family in eastern Kentucky’s “Butcher Holler,” near Van Lear in nearby Johnson County. Butcher Holler and other music-related sites are often included in bus tours from or through Pikeville.
- **Country Music Highway Museum.** Paintsville is home to the region’s Country Music Highway Museum, which

- **Hatfield & McCoy Sites.** There are a number of sites typically included on tours of the Hatfield-McCoy Feud story, including Aunt Betty's House, Hog Trial Cabin, McCoy Well Site, Dils Cemetery, and Ralldolph McCoy Homeplace (Blackberry). Some of these sites are located in or near Pikeville, as noted before.
- **Middle Creek National Historic Landmark.** Middle Creek was a decisive eastern Kentucky battle during the Civil War. The historic battlefield is located in Prestonsburg and offers reenactments and regular events.
- **Portal 23 Exhibition Mine Tour.** This heritage site was established as "Kentucky's first exhibition coal mine" open to visitors. An Abandoned Mine Lands Pilot Grant is being used in part to upgrade infrastructure and audiovisual equipment for tours in the former mining company town of Lynch (founded 1917 by U.S. Coal & Coke Company). The money is also being used to restore miner bath houses and administrative buildings. Entrepreneurial activities are also being encouraged at the site. Other coal company towns like Benham (founded 1911 by Wisconsin Steel) offers similar opportunities, anchored by the Kentucky Coal Museum (located in the former company store).
- **East Kentucky Science Center & Planetarium.** The region's primary science museum is located in Prestonsburg, not far from Pikeville. The museum is located on the main campus of Big Sandy Community & Technical College and draws attendance primarily from within the surrounding areas of eastern Kentucky.
- **Matewan.** Among the region's other famous historic events were the mine wars centered around Matewan, West Virginia. Matewan today has several museums and tours highlighting this heritage. The West Virginia Mine Wars Museum is relatively new while the Matewan Depot Replica Museum has operated for some time.

### **Tour Routes, Branding and Themes**

There are a number of existing tour routes and branding associated with the area, often centered around key themes relating to heritage or outdoor adventure. The heritage tours seem focused on Appalachian heritage, particularly on the story of the **Hatfield-McCoy Feud** but also on the region's rich heritage as a **Birthplace for Country Music**. As noted earlier, there are few tours that focus specifically on the region's **Coal Mining** heritage, although there are several specific sites that are being upgraded to help tell this story. There are fewer packages or tours relating specifically to

**Outdoor Adventure**, although that is a consistent theme driving marketing and tourism to many of the region's counties and cities.

### **Heritage Tours**

As noted above, the region's Appalachian heritage is packaged primarily in the stories of the Hatfield-McCoy Feud and through country music. While the feud figures prominently in heritage tourism to Pikeville, the city has not yet taken full advantage of the region's music heritage and music-related tourism. Also absent seems to be the important story of the region's coal mining industry and heritage associated with mining and engineering. Certainly, if there is any region in the United States that is most associated with this industry it is central Appalachia, including eastern Kentucky and southern West Virginia.

- **Hatfield-McCoy Driving Tour** features sites including the McCoy Home & Well, Hog Trial Cabin, Courthouse where "Cotton Top" was tried, Gravesites of the Hatfields and McCoys, museums, and others. The tours originate at the Pike County Tourism CVB Visitors Center at 831 Hambley Boulevard in Downtown Pikeville. The Pike County CVB promotes bus and other tours of the region's Hatfield-McCoy heritage, primarily as a "hook" to get tourists to the area for a broader range of activities and services. The CVB recognizes that the Hatfield-McCoy story is well-known and is a recognizable draw, but the intent is to tell a much richer and positive story of Appalachian culture and progress to visitors once they are drawn to the area.
- **Hatfield-McCoy Trails** features trails for ATVs, UTVs, and dirtbikes. The 600 miles of trails are designated by the Hatfield-McCoy Regional Recreation Authority and include the Bearwallow (trailhead: Ethel, WV), Buffalo Mountain (Williamson WV), Indian Ridge (Ashland WV), Devil Anse (Matewan, WV), Pinnacle Creek (Pineville WV), Rock House (Man, WV), and Pocahontas (Bramwell, WV). A welcome center is located in Julian, WV. Although none of these trails is located in Kentucky, the theme obviously carries over to Kentucky sites and there are opportunities for accessing this market from Pikeville.
- **Hatfield-McCoy Geotrail**, which encompasses downtown as well as wilderness areas throughout Pike County and the region.
- **Historic Downtown Pikeville Walking Tour**. Includes portions of the city's five National Register Historic Districts.

- **US 23 Country Music Highway:** Mountains, Lakes and Music. U.S. Highway 23 is a national road that extends from Florida to Michigan and through eastern Kentucky, including Pikeville. Within Kentucky, Route 23 has been branded the “Country Music Highway,” because of the large number of famous country musicians who trace their early years to areas in seven counties along this road. Among these musicians are Loretta Lynn, Chris Stapleton, Crystal Gayle, The Judds, Billy Ray Cyrus, Tom T. Hall, Ricky Skaggs, Dwight Yoakum, Patty Loveless, Hylo Brown, and others. Loretta Lynn’s world-famous home at “Butcher Holler” is located near Van Lear along this route. And U.S. 23 is important in southwestern Virginia for similar reasons, passing through Big Stone Gap, Bristol, and other areas famous as the “birthplace” of country music. While Pikeville lacks music-related sites, the city is an important service node along the highway and there are opportunities to establish or expand music-associated activities anchored in Pikeville.
- **Tri-Cities Trail.** Efforts are underway to create a bicycle and hiking trail along a former rail line linking Cumberland, Lynch, and Benham – three coal mining towns that could leverage the trail for mining-related heritage tourism.

### **Outdoor Activity & Adventure Tours**

- **“Wild Mountain Rides,”** motorbike tours of the central Appalachian region. The “Dueling Barrels Loop” focuses on sites around Pike County although the tour route does not enter downtown Pikeville, for some reason. The route follows US460 and SR194, SR1428, and SR122 in a loop that includes commercial advertisers Mineshaft Harley Davidson, Powerhouse Cycles, Texas Roadhouse, El Azul Grande, and the One Stop Hillbilly Gift Shop.
- **“Healthy Walking Paths of Pikeville,”** a self-guided walking tour, is encouraged by the Pike County Diabetes Partnership. The tour paths include a Downtown Walk, Bypass Walk, Historical Walk, and Residential Walk.

### **Tourism Flow**

For the purposes of marketing and branding, tourism agencies consider Pikeville a part of the Kentucky Appalachians tourism region (which extends from Ashland in the north to Mt. Sterling in the west to Pikeville/Pike County in the southeast). Based on data supplied by the Pike County Convention and Tourism Bureau, coupled with information gleaned from attendance and other data associated with sites and hotels, it is estimated that Pike County generates at



least 606,000 visitors per year. The broader Kentucky Appalachians (KA) region may generate more than 1.0 million visitors per year. Much of that visitation is driven by major parks including Breaks Interstate Park (which generates an estimated 280,000 to 330,000 visitors per year) and Daniel Boone National Forest (1.2 million visitors per year, although the eastern Redbird District portion near Pike County is a smaller part of the total). More detailed discussion of this visitor base is provided below, based on regional tourism studies as well as interviews and data collected for this study from individual sites.

Several studies have examined the existing tourism market base in eastern Kentucky. A 2013 study by AECOM collected survey data to examine tourism flow.<sup>1</sup> The eastern Kentucky region is disaggregated into two sub-regions. Pikeville and Pike County is considered a part of the Kentucky Appalachians (KA) sub-region, for the purposes of tourism marketing. Within this sub-region, surveys identified the following characteristics of the existing tourism market base. This data is supplemented by data collected more specifically for Pikeville, as input to this comprehensive plan

### **Visitor Demographics & Origin**

The average size of a visitor party to the Kentucky Appalachians (KA) was 3.1 persons, and about 34% were traveling with their children. However, it should be noted that the age of the children was oriented more to teenagers (12-17) versus small children. The typical visitor to the region had a household income of about \$69,000, which was \$6,000 lower than the average for the state as a whole. The average age of a visitor to the region was 51, and 70% of adult visitors were married. More than 90% of visitors were white non-Hispanics, which was fairly representative of the region's population base. About 61% of visitors originated from somewhere in the South. The largest single metro markets were Lexington (24%) and Cincinnati (16%) and other than traveling by person car, a larger-than-average number traveled to the region on a tour bus.

Data collected on Pikeville and the region as part of this comprehensive planning effort found that about two-thirds of visitors to the region's parks and natural areas are from within the region, and one-third from the Midwest or other parts of the country. However, for destination historic sites, distilleries, and tourist-oriented retail, the market base is reversed, with about one-third from the region and two-thirds comprising visitors from other parts of the country and the world. For these non-park visitors, about one-third originate somewhere in the Midwest (Ohio, Michigan, Wisconsin, etc.) or Canada,

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<sup>1</sup> *Potential for Tourism Development in Eastern Kentucky, AECOM, 2013*



and many of those are “snowbirds” traveling en route to Florida for warm winter weather. International travelers (other than Canadians) comprise 5 to 10% of the attendance at some attractions in the region.

### **Purpose and Length of Trip**

Surveys found that 63% of tourists visited the region for vacation or short pleasure trips. About 27% were in the region to visit family or friends, 12% for personal reasons, 10% for business or work, 10% to attend a specific festival or event, and 4% for conventions or conferences. These findings were fairly consistent with statewide statistics except that a slightly smaller share was visiting the Kentucky Appalachians (KA) for vacations or events, and more for family, personal, conference and especially, for work reasons. The average stay for visitors to the sub-region was 5.3 days, which is slightly longer than the statewide figure. About 86% of visitors stayed in paid accommodation, and were more likely to stay in RV parks, campgrounds, resort inns, and tents.

### **Reason for Visiting**

Tourists visited the KA area for a peaceful, relaxing experience (78%) and because it's relatively safe (74%). A large share agreed that there was plenty to do (69%), great value for money (66%), and that the unspoiled environment was an important draw (66%). The region also offers a convenient location (64%), family atmosphere (64%), and reasonably priced lodging (63%). A slight majority agreed that the area's historic sites and variety of accommodation were reasons for visiting (52% each) or that the area offered affordable dining options (51%).

### **Most Popular Activities**

Once visitors arrived in the KA region, the most popular general activities were dining out, sightseeing, and driving along scenic byways. Few participated in city sites or nightlife in the region. About 56% had visited a state or national park during their visit to the Kentucky Appalachians region. About 28% had visited family and 26% visited historic sites. Only 11% visited other museums. Very few visited distilleries, amusement parks, water parks, horse tracks, or art museums as there were relatively few of these options available to visitors in 2013. Since then, of course, Pikeville has added the Double Barrel Distillery and others.

In terms of activities in which tourists participated, hiking (39%), wildlife viewing (28%), and fishing (28%) led the list. Of those who went swimming, about half swam in pools while half swam in a lake or river in the area. About 15% of tourists participated in bird watching, which was a much higher percentage than in other parts of the state. In fact, more tourist went birding (15%) and bicycling (9%) than participated in boating, golf, caving, and equestrian activities, all of which were more popular in other parts of the state. A fair number participated in canoeing (6%), offroad/ATV (5%), and hunting (4%) activities.

About 15% of visitors attended a festival in the region and 9% attended theater. The number attending theater performances was much higher than in other parts of Kentucky, no doubt due to the availability of performances such as through the Jenny Wiley Theatre, which was still operating out of Prestonsburg at that time. Smaller numbers of visitors attended pop music or bluegrass concerts, horse races, amateur sports (4%), professional sports (3%), classical music or equestrian events (2%). Tourists shopped for gifts/souvenirs (32%), art & craft (27%) and general retail (13%). The share of visitors purchasing arts & craft goods was highest in KA of all the state's tourism regions. The region was also highest for business travelers who were participating in retreats, versus regular business meetings.

### **Key Tourism Growth Trends**

Tourism has been a rapidly-growing industry that has expanded in tandem with affluence and technological advances that have greatly increased household leisure time worldwide. Tourism, despite a dramatic but presumably temporary slowdown in 2020 due to the COVID-19 Pandemic, is expected to continue growing apace in future years. Several trends are emerging that impact on the tourism market, such as a growing interest among Millennials and upcoming generations in more “authentic” and hands-on experiences that are less transferable to Internet access. For example, attendance on traditional historic home tours is declining, since anyone interested in such homes can find at least some information about them on the Internet. Meanwhile, more “experiential” sites are gaining interest, where a story is related through multi-media and experiential methods. Self-motivated travelers are increasingly finding the information they need about sites through web-based applications.

That said, nearly all sectors of the tourism industry have been growing, some faster than others. Key sectors, their corresponding annual participation growth rates, and the various secondary sources for growth data and information are listed below.

<b>Tourism Niche</b>	<b>Annual Growth Rate (Source)</b>
• Cruise Tourism	6.7% (Cruise Line Industry Association)
• Wellness Tourism	6.5% (Global Wellness Institute)
• Ecotourism / Responsible Travel	4.1% (Responsible Travel Alliance)
• International Arrivals to USA	3.3% (OECD)
• <i>TOURISM AVERAGE</i>	3.2% ( <i>Euromonitor</i> )
• Heritage Tourism	2.5% (Mandala Research)
• Culinary Tourism	2.4% (Cision Communications)
• Adventure Tourism	2.2% (Allied Market Research)

Tourism participation has been growing at an annual rate of about 3.2 to 3.6%, depending on what is included as “tourism.” Faster growth has been seen in the cruise industry, wellness tourism, ecotourism and international travel to the United States, according to various sources. Meanwhile, heritage tourism, culinary tourism and adventure tourism have been growing rapidly, but at a somewhat slower pace than average for mass tourism. Perhaps the niches most relevant to Pikeville and Pike County are ecotourism, heritage tourism, and adventure tourism. However, opportunities are also provided to the region from international tourism, wellness tourism, and other niches. Kentucky tourism growth has lagged behind national and international growth rates, averaging about 2.6% per year (compared to 3.2% globally), according to the state’s Tourism Department. Still, tourism is growing faster than most other major sectors of Kentucky’s economy. The state focuses on themes including horses, bourbon, music, arts, outdoors, and culinary niches to market its tourism strengths. Within those specific niches, eastern Kentucky is perhaps best suited for marketing to the “outdoors” tourist (e.g., parks & outdoor recreation).

### **Tourism Opportunities**

A baseline opportunities assessment identified several opportunities for growing the tourism industry in Pikeville. While these opportunities were identified at a “high level” without undertaking detailed market analysis, they nevertheless provide an indication of the types of activities and facilities that deserve further attention. Some of these opportunities have also been identified in previous reports or through discussions with tourism officials, and so are consistent with concepts already under consideration.

## **Outdoor Recreation Hub**

Certainly, in terms of the sheer numbers of overnight visitors to the region, outdoor tourism (oriented to parks and outdoor recreation) remains a key target niche. As noted earlier, roughly two-thirds of the region's park visitors originate from within the region and utilize the parks as amenities located within a short drive of their homes. But even if one considers that one-third of Kentucky Appalachian regional park visitors accounts for perhaps 150,000 to 200,000 people, these outdoor recreation visitors remain the largest target market. Sub-sectors within this market include the adventure tourist and ecotourist but also the traditional outdoor visitor engaged in hunting & fishing, birding, and other activities. While not the site of a major park or natural area, Pikeville nevertheless has the opportunity to become an important hub for outdoor recreation supply & service, trailheads, education, and events for the KA and eastern Kentucky region.

**Trails and Trailheads.** There is the opportunity to expand the biking, hiking, pedestrian, and blueway trail system through Pikeville in such a way as to leverage use of trailheads and anchors for attracting hikers, bikers, walkers, kayakers, canoers, and other outdoor recreation participants. Portions of the Levisa Fork of the Big Sandy River are navigable and provide opportunities for downstream linkages through kayaking, canoeing and portage to Breaks Interstate Park and other scenic areas to the south/east. Linking Pikeville into the larger existing and proposed hiking/biking trail system in the region will help establish visitor routes through downtown that can help create spin-off for local businesses. Trailheads can be established that create hubs for competitive training and racing, as well as for pleasure recreation.

**Supply & Services.** Outdoor recreation travelers and ecotourists in the region will supplement their outdoor activities with services provided in-town. There are opportunities for recruiting retail and service businesses like bicycle repair, health food convenience or dining, tour operators, boat and accessory suppliers, outdoor apparel, and others that could be directly marketed and co-branded with trails and trailheads, competitions, and general outdoor activities. Whether the market could support these retail and service businesses will depend on how popular such trails become if and when they are established.

The Retail Market Analysis completed as an input to this Comprehensive Plan forecasted retail inflow generated in part by tourists and other travelers from outside of the city's Retail Trade Area. An initial baseline assessment of tourism was conducted to determine existing and un-leveraged demand. The tourism baseline was established using data supplied on Pike County by the Kentucky Department of Tourism. This data suggest that tourists generates about \$64.0 million in annual expenditures in Pike County in 2018, with about 606,000 visitors spending an average \$106 per person

while in the county. A total of about \$16.0 million was spent in restaurants, \$12.8 million in retail stores, and \$7.7 million in entertainment venues in Pike County. These expenditures represent opportunities for capturing tourism-oriented retail, restaurant, and entertainment activity in Pikeville.

**Events.** There are clearly opportunities to fill some gaps in the supply of regional outdoor recreation competitions and events, such as Iron Man, mountain biking, and other competitions. Festivals and cultural events could be co-branded and marketed alongside these competitions to draw people to Pikeville as a hub. The university community could play an important role in establishing and operating some of these events, particularly if university students compete. There is also the opportunity for annual conferences that establish Pikeville as home for research and activities associated with Appalachian ecology (see below).

**Education & Interpretation Facilities and Programming.** There are also opportunities to enhance and strengthen the city's reputation as a hub for these outdoor recreation activities through development of facilities and programming oriented to interpretation of and education on the region's natural resources, wildlife, topography, and cultural heritage. Engaging with the university to help create interpretive exhibits at trailheads, establish natural resource programming for schools and conferences, and conduct research on the area's ecology can all help drive investment and attention to the city's strengths as a hub for outdoor recreation activities including hunting, fishing, birding, kayaking, climbing, bicycling, walking/running, canoeing, mountain biking/ATV, and others.

## **Mining Heritage**

The city's mining heritage seems under-developed and under-marketed given the importance of coal mining both to the region's economy and its culture. While the city of Pikeville itself was not the site of major coal mining activity, the city has served as a major center for mining company administrative functions and engineering services. There are ways to fill the gap in mining and engineering heritage that builds on company town tours as well as Pikeville's own Big Cut to attract niche heritage tourists and flesh out the itinerary for bus tours.

- **Geology Tours.** UPike could serve as a base for and develop tour programming in concert with the City and County tourism agencies. Tours could be led by university geologists to explore the region's geological heritage and natural resources including coal.

- **Engineering.** Similar programming could be developed around the city's and area's engineering capabilities and heritage, with an "insiders" interpretation of the history and technical experience associated with the Big Cut, and background of aviator John Paul Riddle.
- **Scenic Railroad.** If there are ways for Pikeville to link into scenic railways that already ply the region, it would provide the city with a regular visitor base. Destinations could be established around the railway in much the same way that a trailhead provides outdoor recreation visitors a hub for their activities.
- **Conferences.** There may be opportunities for meetings and conferences associated with mining and related topics including mining site reuse, geology, engineering, etc.

### **Resort & Wellness Tourism**

Given that Pikeville is home to a growing medical center and is located in a beautiful mountain region, there are opportunities to expand the city's reach into the resort and wellness niches of the tourism market. At the same, these and other destination niches face challenges related to the area's limited accessibility from interstate highways and commercial airports. Even though a theme of these niches is for visitors to "get away from it all" and enjoy the peace and serenity of the area, Pikeville still needs to be relatively accessible. Given the dependence on private air service for some of these target niches, there would need to be an emphasis on providing "concierge services" and other amenities geared to an affluent and/or well-educated clientele.

- **Retirement Community / Golf Resort.** The area is attractive for retirement living because of the natural scenic beauty of the area and the medical, cultural, retail, and other services that are available in Pikeville. The universities provide resources that could be applied for cultural enrichment and continuing education as part of a broader marketing package. The lack of direct commercial air service presents a challenge, but Pike County Airport (Hatcher Field) provides excellent facilities for private aircraft.
- **Corporate Retreats.** For some of the same reasons that Pikeville is an attractive location for retirement communities, it also holds potential for corporate, religious, and other types of retreats. At the same time, the challenges in reaching Pikeville quickly can also constrain this market except for the availability of Pike County Airport for private aircraft.

- **Wellness Programming.** Pikeville Medical Center and the University of Pikeville provide resources for medical services and health & wellness programming that can also serve as the basis for broader wellness tourism. Whether recuperating from surgery in the crisp mountain air of eastern Kentucky or gaining insights on personal health as part of workshops and retreat programming, there are multiple facets of wellness that can appeal to rapidly-growing niche markets. Marketing to these niches face the same challenges, relating to accessibility, that constrain other resort and destination-based tourism but for the private air services that are available.

### **Arts & Cultural Tourism**

The region has several centers for Appalachian art, music and culture. Pikeville has a significant amount of art activity but it has not been fully marketed for tourists beyond the intent to open Jenny Wiley Theater. As such, there are gaps in the existing tourism mix that could be filled with additional visual and performance-based art programming.

- **Theatre Festival.** Pike County has long been known as a destination for theatre, thanks to the longstanding tradition established by the Jenny Wiley Theatre. Today's Appalachian Center for the Arts provides a new hub for performing arts in the region. The theatre season succeeds in engaging local and regional audiences, both adult and children, throughout the year (excepting the impacts of COVID). The App also provides educational opportunities in both the performing and visual arts. There may be opportunities to expand the reach and audiences of the local theater community through a regional or national theater competition and festival based at The App.
- **Art Gallery Space.** The City has recently taken initiatives with new public art installations and there are opportunities to build on the accessibility of art in a way that has made other Appalachian cities like Asheville bloom as centers for creativity. Sponsoring art gallery spaces, pop-up art spaces, art walks, artist studio space, and art festivals can help place Pikeville "on the map" for artists and in doing so, enhance the city's destination potential for tourists.
- **Music Venue** associated with Patty Loveless and Dwight Yoakum. Pikeville is a small city but has given rise to several of the nation's most respect and well-known musicians, including Patty Loveless and Dwight Yoakum. A



live music venue or dining establishment associated with either or both of these individuals can help establish a place for live music to thrive in town and support tourism and growth of the university community.

- **Arts Education & Resources.** There are opportunities to establish a strong art curriculum at area high schools and colleges, which in turn help attract and retain young or aspiring artists. With a community of artists, Pikeville is able to enhance its tourism, and also to appeal to its university and business base.

## **Section 2. MULTI-PURPOSE / SPORTS VENUE “OPPORTUNITIES”**

An “Opportunities Assessment” for multi-purpose and sports venues was conducted to identify opportunities for development of such facilities. The assessment comprised primarily of a review of existing supply conditions, coupled with input from area stakeholders as to the purported “need” for multi-purpose & sports venues. This assessment does not constitute a full “Needs Assessment,” which would forecast the need or potential demand for construction and operation of such facilities. Rather, it provides a general “first-cut” review and identifies possible opportunities to close gaps that may exist in the existing supply.

### **Existing Supply**

As noted above, the existing supply of multi-purpose and sports venues was inventoried and examined in order to provide a base for identifying possible gaps and opportunities. Since such facilities are possibly envisioned as “destination” venues that would drive tourism to Pikeville, the broader eastern Kentucky area was examined to understand the venue base for such destination activity. However, just because another multi-purpose venue or sports facility exists in other communities in eastern Kentucky, it does not preclude Pikeville from the opportunity of developing one. Where a healthy tournament culture exists, having more than one facility in a region can help spur further growth.

- **Appalachian Wireless Arena** (formerly Eastern Kentucky Exposition Center). The local arena, opened in 2005, is a 126,000 square-foot multi-purpose venue with a 24,000 square-foot floor and 7,000 seats. The center also offers a 5,000 square-foot ballroom for meetings, events, and banquets. The 3-level facility has boardrooms for smaller breakout meetings, concession stands, and an in-house F&B department. The facility is billed as “Eastern Kentucky’s center for culture, education, and entertainment” and has hosted various pop, rock, and country music concerts; as well as motor sport events, children’s entertainment, conference and conventions, local school events, and regional sports & athletic competitions. UPike’s men’s and women’s basketball teams play their home games at Appalachian Wireless Arena. This facility serves as Pikeville’s current venue for accommodating sporting and live entertainment events.

- **University of Pikeville.** UPike has over 20 active sports and athletics programs including baseball, basketball, bowling, cross country, football, golf, soccer, tennis, track & field, cheerleading, softball, tennis, and volleyball. Hambley Athletic Complex hosts the university's football games. Men's and women's basketball games are played at the Appalachian Wireless Arena. The UPike Gym hosts the women's volleyball games and other sports activities. The university's teams compete primarily within the Mid-South Conference.
- **Pikeville City Parks and Recreation.** The City of Pikeville offers several outdoor sports and recreation facilities that can accommodate some competitive play. Key facilities include Bob Amos Park, which offers lighted ball fields (with bleachers, dugouts and press box) as well as tennis courts. Other City parks include Randy Jones Memorial Park, Pikeville City Park, Veterans Memorial Park, Pikeville Mini Park and the Pikeville Dog Park. These parks offer outdoor playgrounds but few other recreation facilities.
- **Pikeville Independent and Pike County Schools.** Area high schools offer sports and recreation facilities for competitive play. For example, Pike County Central High School offers a large gymnasium as well as an athletic complex that includes a field house, football field, baseball/softball field, and running track. Pike Central Stadium accommodates 5,000 in its stands. Pikeville Junior High/High School also offers a full range of athletic programming at its facilities.
- **Other Pike County Area Facilities.** The Dorton Community Center is a small space located on Dorton Hill Road that can accommodate small events such as business meetings, parties, and receptions. Joes Creek Community Center also accommodates small events.
- **Eastern Kentucky University Alumni Coliseum** (Richmond, KY). This multi-use venue built in 1963 offers the following facilities for sports, recreation and education, primarily for university students and conference activity.
  - Paul S. McBrayer Arena (located inside the Coliseum). This multi-use facility built in 1963 has capacity for 6,500 seated or 8,000 for concerts. The arena's construction is somewhat unique, having a ceiling made entirely from wood beams, one of the largest of its kind. The arena is home to the Eastern Kentucky Colonels basketball teams as well as the university's women's volleyball team.
  - Donald Combs Natatorium has a 6-lane, 25-yard pool with one and three-meter diving boards. The pool is used primarily for EKU recreation.

- Auxiliary Gymnasium houses four basketball courts
  - Outdoor swimming pool
  - Eight classrooms
  - Chad Bratzke Student Academic Athletic Success Center and Office space
- **Corbin Arena** (Corbin, KY). The Corbin Arena is a City-owned, 100,000 square-foot multi-purpose facility with seating capacity for 4,966 in Corbin, Kentucky. The arena forms part of the Southeastern Kentucky Agricultural and Expo Complex. The facility offers a 30x60-foot meeting room in addition to full arena rentals. A curtain system allows the facility to be disaggregated into smaller spaces. Like the Appalachian Wireless Arena in Pikeville, Corbin Arena promotes all forms of entertainment and sporting events. The facility serves a primary market of 500,000 within a 50-mile radius (Pikeville is 136 miles away) but is about 80 miles from both Lexington and Knoxville on I-75. The Corbin market has over 800 hotel rooms to support the operation of the facility.
- **Mountain Health Arena** (Huntington, WV). A 9,000-seat multi-purpose arena with attached convention center, largest in the tri-state region. The arena hosts concerts, family shows, trade shows, and regional & state athletic competitions. The convention center has 15,000 square feet of meeting space including the Grand Ballroom (8,500sf), Junior Ballroom (4,224sf), and Executive Suite (2,560sf). The facilities are managed by ASM Global.
- **Morehead State University Elias T. Johnson Arena** (Morehead, KY). The Johnson Arena, opened in 1981, accommodates 6,500 in a multi-purpose venue on the campus of Morehead State. It hosts Morehead State men's and women's basketball games as well as the Elliott County High School boys basketball team.
- **Cassell Coliseum** (Blacksburg, VA). Cassell is a 9,275-seat multi-purpose venue in Blacksburg that is home to the Virginia Tech Hokies (men's and women's basketball teams, volleyball team, and wrestling team).
- **Harlan Center** (Harlan, KY). The Harlan Center provides 7,000 square feet of convention and meeting floor space for meetings, receptions, shows, graduations, and events. Total capacity is accommodated for seating 400 banquet style and 700 theater style. The facility provides parking for 250 vehicles.

- **Mountain Arts Center.** Prestonsburg is home to the Mountain Arts Center, a performing arts venue located at 50 Hal Rogers Drive. Opened in 1996, the facility has capacity for 1,054 and was originally home to the Kentucky Opry. The facility also offers large meeting rooms, a recording studio, instruction rooms, an arts education facility, and an art gallery featuring local artists. The center hosts Dance Etc, performances, which draw a regional audience.
- **Roy F. Collier Community Center** (Inez, KY). The small community of Inez has supported a performance and event center for some time, but the center is struggling to survive during COVID. The center accommodates audiences for live concerts, community theatre, movies, and other entertainment.
- **London Community Center** (London, KY). The London Community Center provides meeting and event space for up to 300 people in single space or smaller meeting rooms accommodating 15 to 20 people. The facility hosts Chamber of Commerce events along with family events, conferences, meetings, performances, and other events.
- **Other Small Community Centers.** There are a number of other small community centers in the region that accommodate small events, business meetings, and other activities on a rental basis. Such facilities include McRoberts Community Center, Hemphill Community Center (Neon), Cowan Community Center (Whitesburg), Carcassonne Community Center, Campbell's Branch Line Fork Community Center, Ross & Ruth Baker Community Center (Culshin), Stinnett Area Community Center, Carrie Community Center, Homeplace Community Center (Hazard), Floyd County Community Center (Langley), Pigeon Roost Community Center (Lovely), Lawrence County Community Center (Louisa), Elliott County Community Center (Sandy Hook), Warfield Community Center, and Fallsburg Community Center (Richardson) in Kentucky. In Virginia, there are small facilities like the Appalachia Civic Center (Appalachia) and the Norton Recreation Center.

There are few other sports and multi-purpose venues in eastern Kentucky and surrounding areas, other than high school gymnasias, arenas, and stadia like Clark Field in Somerset, Putnam Stadium in Ashland, Bradford Field in Middlesboro, Davis Memorial Stadium in Rosspoint, Lions Stadium in Cannosburg, or Evans/McGlone Stadium in Flatwoods, which seat 7,000, 5,500, 5,000, 5,000, 5,000, and 5,000 respectively, for high school football games. The Boyd County Middle School Gym in Summit, Pulaski County High School Gym in Somerset, and Morton Combs Athletic Complex in Hindman each seat 5,000 for basketball games.

## **Events Base**

A review was conducted to assess the existing base of sporting and other events that might be accommodated at multi-purpose venues. This base includes both past and recent events that tour or rotate such as athletic tournaments, exhibition games, concerts, and other entertainment and large meeting events. Thus, the list excludes festivals, tournaments, or events that are held in the same place every year. It also excludes regular play such as college basketball games that are played regularly at the local on- or off-campus venue. The list is not exhaustive or inclusive, it is meant only as a sample of the types of events that tend to tour or rotate through the region and are accommodated at area arenas, convention centers, and multi-purpose facilities.

### **Sporting Events**

- ECU McBrayer
  - All “A” Classic High School Basketball Tournament
  - KHSAA Region 5 Swimming & Diving Championships
  - KHSAA Girls’ Sweet Sixteen State Championships, 1975-1984, 1992, 1998, 2000
  - Special Olympics Kentucky Summer Games – ongoing
  - Ohio Valley Conference Men’s Basketball Tournament (1979)
- Elias Johnson Arena
  - Ohio Valley Conference Men’s Basketball Tournament (1984)
- Appalachian Wireless Arena:
  - Mid-South Conference Basketball Tournaments (2006, 2008, 2018, 2019)
  - East Kentucky Miners/Energy (American Basketball Association, 2007-2012)
  - East Kentucky / Kentucky Drillers (UIFL / CIFL Indoor Arena Football (2011-2013)
  - Motorsports

### **Music Concerts**

- ECU McBrayer
  - 3 Doors Down, O.A.R., Diamond Rio, They Might Be Giants, Nappy Roots, The Black Eyed Peas

- Corbin
  - Travis Tritt, .38 Special, Winger and Fire House, Charlie Daniels Band, For King & Country, Aaron Lewis
- Huntington
  - Gary Allen
- Johnson
  - Alabama, M.C. Hammer, Goo Goo Dolls, Alan Jackson, Dashboard Confessional, Tim McGraw, Travis Tritt, Sawyer Brown
- Mountain Arts
  - Loretta Lynn, George Jones, Dwight Yoakum, Montgomery Gentry, Ricky Skaggs, Patty Loveless, Merle Haggard, The Temptations, Percy Sledge, The Platters, The Drifters, The Kingsmen, Government Mule, Ralph Stanley, Illrd Time Out, Dottie Rambo, Railroad Earth
- Appalachian Wireless Arena:
  - Lynyrd Skynyrd, 38 Special, 3 Doors Down, Godsmack, Staind, Martina McBride, Chris Stapleton, Larry the Cable Guy, Alice Cooper, Trace Adkins, Casting Crowns, Montgomery Gentry, Kid Rock, Hank Williams, Jr, Blake Shelton, Miranda Lambert, Alan Jackson, Kansas, Marshall Tucker Band, Eric Church, Tim McGraw, Avenged Sevenfold, Shinedown, Chevelle, and many more.

### **Other Entertainment Events**

- Corbin
  - Price is Right Live, Chevy Chase Comedy, Ryan Upchurch Comedy
- Huntington
  - Huntington Comic and Toy Convention
- Johnson
  - Jeff Foxworthy Comedy, David Letterman
- Appalachian Wireless Arena
  - Monster Trucks, Disney Live, Sesame Street Live, World Wrestling Entertainment, Circus, Lipizzaner Stallions, etc.



## **Gaps and Opportunities**

Appalachian Wireless Arena can accommodate many regional indoor sporting events as well as conferences and meetings, musical concerts, and other forms of entertainment. Given Pikeville's relative geographic isolation, the city is unlikely to attract national or large regional events even if a larger or updated arena facility was available in the city. That being said, there may be opportunities for enhancing the market base for the existing arena facility and also for attracting other types of destination athletic tournaments.

### **Professional Exhibition Games and Matches**

There may be opportunities for attracting more exhibition games and matches to Appalachian Wireless Arena and to Pikeville. Exhibition games tend to attract large audiences because they draw from a broader geographic region and generate interest among those who would not otherwise attend local or regional amateur sporting events. Several types of exhibition games or matches might include professional boxing matches, professional basketball exhibition games, and others held for charitable causes or to promote the sport in the region.

### **Mountain Region High School & College Tournaments**

There are opportunities to establish Pikeville as a site for sub-regional tournaments for specific sports, games, and athletic competitions such as wrestling, cheerleading, archery, volleyball, Futsol, gymnastics, and others. Given Pikeville's accessibility constraints, such tournaments are likely to be limited to teams and audiences within central Appalachia, including eastern or central Kentucky, southern West Virginia, southwestern Virginia and northeast Tennessee. It would even be difficult for Pikeville to attract more than a handful of statewide athletic events, given that travel to eastern Kentucky can be perceived as a hardship for students in western areas of the state. As one example of the concentration of athletic events in Kentucky, here are the locations of several recent volleyball tournaments in the state:

- |   |                                      |
|---|--------------------------------------|
| • Junior Volleyball Association (JVA) Tournament: | Louisville – KY Expo Center          |
| • NCAA Volleyball Tournament                      | Lexington – Memorial Coliseum        |
| • Adidas Bluegrass Tournament (AES):              | Louisville – KY Expo Center          |
| • KHSAA State Volleyball Tournament:              | Louisville – JC Cantrell Gymnasium   |
| • KDF Volleyball Classic                          | Louisville – Kentucky Derby Festival |

A similar concentration of events is seen in other sports and athletic events in the state of Kentucky (for example, the state KHSAA wrestling championships are held at Alltech Arena in Lexington). But within the mountain region of KY-WV-VA-TN, there are opportunities to explore regional sports and athletic competition centered in Pikeville.

### **Ice Rink**

Ice hockey has continued to grow in popularity in the South, even as overall participation in the sport has leveled off in recent years. There are few, if any, high-caliber ice rinks to support hockey, figure skating, and other ice-based sports and recreation activities in eastern Kentucky or nearby areas. Within Kentucky, the closest rinks are located in Lexington (Lexington Ice Center), Louisville (Iceland, Alpine Ice Arena), and Bowling Green (SoKY Ice Rink). In West Virginia, there is Skate Shack in Bluefield, Sk8Gr8 in White Sulphur Springs, and the South Charleston Memorial Ice Arena. Roanoke, Virginia has several ice rinks including Lancelot Sports Complex, Skate Center of Roanoke Valley, and the Taliaferro Complex. Bristol, Virginia is home to the Bristol Skateway. Not far away from Bristol in Johnson City, Tennessee is the Johnson City Family Skate Center and the ETSU Athletic Center (which has ice for students and the general public).

**Market Base.** Thus, there is a gap in the supply of ice rinks within a fairly large ring located 120 miles from Pikeville and bounded by I-64 on the north, I-75 and further to the west, I-81 on the east, and US421 on the south. This ring has a total estimated population of 1,075,000 in 45 counties in eastern Kentucky and western Virginia. This substantial population can provide a base for destination ice-based recreation, training, performance, and competition. Based on basic participation rate data for ice hockey and recreational ice skating within the South, it is estimated that this population base can generate 12,700 participants in ice hockey and 31,600 participants in ice skating, for a total 44,300 participants in ice-based sports and recreation activities.

Even if only a small share (3-5%) of this participant base is attracted on a semi-regular, seasonal basis to Pikeville, there is clearly an opportunity to attract several thousand visitors to Pikeville (participants, supporters, and audience) on an annual basis. An ice rink could be integrated into a multi-purpose facility. Further analysis would determine and forecast a realistic potential for supporting ice-based recreation and would translate that participation into facility requirements. Of course, for an ice rink to be viable, there will need to be ice hockey and skating leagues to support regular competitive use. EKV is among the few schools in the region with an ice hockey team, which plays regularly at the Lexington Ice Center & Sports Complex. Central Kentucky has a youth hockey league that does not extend into eastern

Kentucky. There is the Thoroughbred Figure Skating Club and the Lexington Amateur Ice Hockey Association, both of which are also housed at the Lexington Ice Center.

### **Regular Theatre Festival**

As noted previously, Pikeville may have the opportunity to host an annual or otherwise regular theatre festival. Multiple venues would be required to accommodate simultaneous performances. Thus, a multi-purpose venue in coordination with the Appalachian Center for the Arts could provide several sites for staging multiple performances.

### **Summary**

Pikeville is the center of a geographically large sports & entertainment market which extends throughout eastern Kentucky, southwestern Virginia, and southern West Virginia. This market of over 1.075 million people presents opportunities for audience support uses like sporting events. However, the greatest challenge to Pikeville's capture of this or more distant regional and national markets is the relatively poor accessibility via mountain roads and the lack of commercial air service. Pikeville already has a substantial multi-purpose venue in the form of the Appalachian Wireless Arena. That being said, there may be opportunities for the AWC or another venue to accommodate a broader range of sporting and other events, including professional exhibition games and matches, mountain region college and high school tournaments, ice hockey, figure skating, and theatre festivals. These are just a sample of the types of opportunities that may exist for Pikeville to increase its visitor base through sports and other event-based attendance.

### **Section 3. HOTEL CONDITIONS AND OPPORTUNITIES**

An analysis was completed of existing hotel market conditions in Pikeville and surrounding areas in order to identify any possible opportunities to expand or diversify the accommodations base in the city. Pikeville is fortunate for having had several large recent investments in upper range downtown hotels which supply accommodations in support of meetings, conventions, university-related activities, and leisure travel. Nevertheless, there is a need to examine additional opportunities to serve more diverse or growing markets. While this analysis does NOT comprise a hotel market analysis, which would forecast demand and potential for development of hotels in Pikeville, it does provide an overview of existing conditions and identifies possible gaps in the existing market. The COVID-19 pandemic is currently impacting on the hotel market both in Pikeville and globally, so broader trends are examined outside of the current, presumably temporary, crisis.

#### **Existing Lodging Inventory and Supply**

The existing lodging supply was inventoried within Pikeville and the surrounding region, extending into nearby counties in eastern Kentucky, West Virginia, and Virginia. There are more than 2,600 hotel rooms inventoried within this market, with 637 or nearly 25% located within the Pikeville area (not including sites at RV parks).

##### **Pikeville Area**

- **Brookshire Inn & Suites.** 123 Alexandra Drive. This 1-star hotel has 72 guest rooms, meeting room, and basic amenities.
- **Hilton Garden Inn,** 849 Hambley Boulevard. The Hilton is the only 4-star hotel facility in the region. The hotel offers 113 guest rooms in a downtown location with 4,000 square feet of meeting space in four rooms, a business center, health club, and outdoor pool. The F.A. Bailey meeting room has 2,145 square feet and can accommodate up to 132. The Grand Ballroom has 2,052 square feet and can accommodate up to 160.

- **Hampton Inn**, 831 Hambley Boulevard. The 2-star Hampton Inn located in downtown Pikeville, with 123 guest rooms, is the second-largest lodging facility in the market. It has 2,000 square feet of meeting space in six rooms, a business center, health club, and outdoor pool. Meeting rooms include the Mountain View, with 1,056 square feet of meeting space accommodating up to 100 people. The guest rooms include 83 doubles and 11 suites.
- **Landmark Inn**, 190 South Mayo Trail. The 2-star, independent Landmark has 103 guest rooms. In-house amenities including a restaurant and outdoor swimming pool.
- **Hatfield-McCoy Lodge**, 1066 South Mayo Trail. Formerly known as Riverside Inn, this 55-room motel offers varying degrees of service quality, according to online reviews. A continental breakfast is provided.
- **Daniel Boone Motor Inn**, 150 Weddington Branch Road. The independent Daniel Boone Inn has 80 guest rooms and basic accommodation. The inn offers some conference room space for meetings.
- **Historic Mansion Inn**, 179 College Street. The Mansion Inn is a seven-room bed and breakfast establishment housed in an historic Victorian-era house in downtown Pikeville. The house offers a parlor and wrap-around porch for gatherings. Breakfast is accessed at the Hampton Inn, which has responsibility for booking and operations.
- **Holiday Inn Express**, 476 South Mayo Trail. This 2-star hotel, renovated in 2006, offers 63 lodging rooms and one meeting room with 1,000 square feet of space available to accommodate up to 35.
- **Pikeville RV Park**, Bob Amos Park. The City's RV park has received excellent reviews from all visitors, who are impressed with its amenities and level of service. The City has quickly responded to enquiries. The park has 21 concrete pad sites for \$25 each with an average 35% occupancy.

### **Prestonsburg**

- **Brookshire Inn & Suites**, 85 Hal Rogers Drive. This 73-room property has a business center but no other amenities.

- **Comfort Suites**, 51 Hal Rogers Drive. This 2-star facility has 70 guest rooms plus amenities including a health club, indoor pool, outdoor pool, and onsite catering. The hotel offers one meeting room.
- **Quality Inn & Suites**, 1887 U.S. 23, North. This Choice Hotels property has 67 guest rooms and 198 square feet of meeting space. Amenities include a business center and health club.
- **Super 8**, 80 Shoppers Path (550 U.S. 23, South). The 1-star Super 8 offers 80 guest rooms
- **Jenny Wiley State Resort Park**, 419 Jenny Wiley Drive. JWSRP, renovated in 1998, is a 3-star meeting and lodging facility offering 18,943 square feet of meeting space in 11 rooms with capacity of up to 800. The largest meeting room has 7,315 square feet. The facility also has 49 lodging rooms in support of the meeting space. Site amenities include a golf course, outdoor swimming pool and onsite catering.

## **Hazard**

- **Holiday Inn Express**, 192 Corporate Drive, Hazard. The Hazard Holiday Inn Express was renovated in 2013 and offers 68 guest rooms and 672 square feet of meeting space. There is also an indoor pool, health club, spa, and business center.
- **Hampton Inn & Suites**, 70 Morton Boulevard, Hazard. This Hilton property built in 2003 has a 2-star rating with 66 guest rooms and 1,000 square feet of meeting space in two rooms. Amenities include a business center, health club, outdoor pool, and whirlpool.
- **Quality Inn**, 200 Dawahare Drive, Hazard. This 2-star rated Choice Hotels property has 76 guest rooms and 2,736 square feet of meeting space in 3 meeting rooms. The property offers a health club and outdoor pool.
- **American Elite Inn**, 125 Village Lane, Hazard. This 68-room independent facility offers a health club and business center. There is also a meeting room available.

**Norton**

- **Super 8 by Wyndham**, 425 Wharton Lane, Norton, VA. This 1-star property has 56 guest rooms not far from Bristol Motor Speedway and UV-Wise.
- **Econo Lodge & Suites**, 551 Highway 58-East, Norton, VA. This Choice Hotels property has 109 guest rooms and 1,530 square feet of meeting space. The facility offers a business center, health club, and outdoor pool.
- **Days Inn by Wyndham**, 375 Wharton Lane, Norton, VA. This 55-room hotel has 690 square feet of meeting space. The hotel has a 2-star rating.

**Logan**

- **Holiday Inn Express & Suites**, 101 George Costas Drive, Logan, WV. This 2-star IHG hotel offers 69 guest rooms (including 19 suites) and 504 square feet of meeting space.
- **Best Western Logan Inn**, 2 Central Avenue, Chapmanville, WV. This Best Western built in 2002, has a 3-star rating and 60 guest rooms. Amenities include a health club and indoor pool. There is also a meeting room.
- **Chief Logan Lodge, Hotel, and Conference Center**, Logan, WV. This independent facility built in 2006 has 75 guest rooms and 8,800 square feet in seven meeting rooms. Amenities include a gift shop, onsite catering and restaurant, business center, golf course, health club, indoor pool tennis courts, whirlpool, dance floor and airport shuttle. The hotel has a 94% occupancy rate.
- **Candlewood Suites**, 743 Stratton Street, Logan, WV. This 2-star facility has 71 guest rooms, business center, and health club.



**Other**

- **Breaks Interstate Park.** This resort park offers a 138-site campground, plus cabins, cottages and a lodge located at 627 Commission Circle. The lodge offers 82 rooms with on-site catering. The Rhododendron Restaurant and Conference Center has five meeting rooms with a total of 6,000 square feet with maximum capacity for up to 525.
- **Sycamore Inn,** 201 West 2<sup>nd</sup> Avenue, Williamson, WV. The Sycamore Inn, an independent facility built in 1986, offers 64 guest rooms and 2,000 square feet of meeting space. Amenities include a health club and on-site restaurant.
- **Sweet Dream Suites,** 28668 US Highway 119, South Williamson. This one-star independent facility offers 58 guest rooms along with a health club.
- **Sleep Inn & Suites,** 5625 Dickerson Highway, Clintwood, VA. This 2-star Choice Hotels property offers 53 guest rooms and 240 square feet of meeting space, business center, and health club.
- **Brookshire Inn,** 2965 Route 40 (Blacklog Road), Inez. This independent facility is located in Inez and accommodates bus tours.
- **Comfort Inn,** 22006 Riverside Drive, Grundy, VA. This 2-star Choice Hotels facility has 70 guest rooms and 525 square feet of meeting space. Amenities include a business center and health club along with valet parking.
- **Days Inn by Wyndham,** 512 South Mayo Drive, Paintsville. The Days Inn in Paintsville has 72 rooms and a 2-star rating. The facility has an outdoor pool and one meeting room. Of the 72 rooms, 43 are doubles and 29 singles.
- **Ramada Inn,** Highway 231 & James Trimble Boulevard, Paintsville. The three-star Ramada has 133 guest rooms and 7,778 square feet of meeting space in 8 meeting rooms. Amenities include health club, indoor and outdoor pool, spa, tennis courts, business center, airport shuttle, and gift shop, among others.

- **The Inn at Wise**, 110 East Main Street, Wise, VA. The independent Inn at Wise offers 47 guest rooms in an historic building.
- **Best Western of Wise**, 124 Woodland Drive, Southwest, Wise, VA. The Best Western in Wise was built in 1999 and offers 60 guest rooms with a 3-star rating. Amenities include indoor pool and health club.
- **Quality Inn & Suites**, 4609 Aerial Way, Big Stone Gap, VA. This 62-room Choice Hotels property offers a health club, indoor pool, whirlpool, onsite catering and restaurant as well as a meeting room.
- **Super 8 by Wyndham**, 191 Falls Creek Drive, Louisa. This 1-star facility has 45 guest rooms and 484 square feet of meeting space.
- **Best Western Plus**, 18199 Highway 23, Louisa. The Best Western in Louisa has 48 rooms and a 3-star rating. Amenities include a business center, health club, and indoor pool. There is 675 square feet of meeting space.
- **Western Front Hotel**, 3026 Fourth Avenue, St. Paul, VA. This independent hotel has 33 guest rooms and 1,950 square feet of meeting space. Amenities include onsite catering and restaurant along with four meeting rooms. Music Hall, the largest meeting room, can accommodate up to 100 people.

## Market Trends

The Pike County Convention & Visitors Bureau supplied information gathered by Smith Travel Research on the county's hotel market trends. These data were analyzed to provide some indicators on local market trends in terms of hotel occupancy, rack rates, REVPAR (revenue per room), inventory, and other factors. Key trends are summarized below.

### Hotel Occupancy

(TBD based on STR data)



**Rates and REVPAR Trends**

(TBD based on STR data)

**Inventory Trends**

(TBD based on STR data)

**Hotel Opportunities**

As noted previously, no hotel market analysis was completed as input to this comprehensive plan. However, possible “opportunities” were identified based just on existing market conditions and the supply of existing facilities in the Pikeville market area. In general, it was determined that Pikeville is well-served for hotels but that there may be opportunities for niche products and flags that are not otherwise represented in the region. More detailed market analysis would need to be conducted to test the viability of these concepts.

**Niche Products**

(TBD based on remaining inputs)

**Possible Flags and Rating Gaps**

There are opportunities to fill gaps in the region’s corporate hotel structure and rated product by recruiting certain brands to Pikeville. At present, there are 27 properties representing 16 corporate brand flags in the Pikeville regional market. Brands with higher representation include Best Western, Super 8, Quality Inn, and Brookshire, with 3 properties each. Ironically, only one of these (Brookshire) has a property in Pikeville. Brands with two properties each include Hampton Inn & Suites, Holiday Inn Express, and Days Inn. Nine other chains each has only one property flying their flag in the region, as shown below.

Flag	Number
Best Western	3
Super 8	3
Quality Inn	3
Brookshire	3
Hampton	2
Holiday Inn Express	2
Days Inn	2
Hilton Garden Inn	1
Landmark	1
Holiday Inn & Suites	1
Comfort Suites	1
Comfort Inn	1
American Elite	1
Econo Lodge	1
Candlewood	1
Ramada	1
<b>Total</b>	<b>27</b>

There may be opportunities for the higher-represented flags such as Best Western to consider Pikeville, since they already have a somewhat strong presence in the region and have a track record in the market. However, there are also brands that are not well-represented or not represented at all in the region that might consider adding their flag. Choice Hotels have located some of their economy (Econo Lodge) and midscale (Comfort Suites, Comfort Inn, Sleep Inn, Quality Inn) properties in the region, but they have other flags in both economy and midscale as well as premium brands that could be added in the region. These flags include Roadway, Woodspring Suites, Clarion Inn / Clarion Hotel, and Cambria Suites. Drury Hotels has not yet entered this market but is otherwise active throughout the South. Extended Stay America operates budget hotels that could have a foothold in the Pikeville market. Hilton has several flags in the region (Hilton Garden Inn, Hampton by Hilton) but has a number of other flags that are not yet vested in the area, such as Homewood Suites, Home2Suites, Tru by Hilton, Hilton Hotels, Doubletree, Embassy Suites, Curio, and others. Intercontinental has the Holiday Inn Express, Holiday Inn & Suites, and Candlewood Suites flags represented in the region, all of which represent the chain's budget division. The company has not entered any of its premium products here, such as Staybridge Suites, Holiday Inn Select, Hotel Indigo, or others. InTowne Suites is a smaller one-flag chain that has not yet entered this market. Another large chain that is under-represented in this market is Marriott International, which has such flags as

Fairfield Inn, Courtyard by Marriott, SpringHill Suites, Residence Inn, and others that are otherwise located in Kentucky and neighboring states. Radisson has the Country Inn & Suites and Park Inn midscale flags plus premium flags like Radisson and Radisson Blu, none of which is located in this region. The Red Lion chain operates highway-oriented hotels like the America's Best Value Inn, which is not yet represented in this area. Neither are Red Roof Inns. Wyndham Hotels has several Super 8 and Days Inn properties in the area, but no sites for TraveLodge, Wingate, or Baymont.

The aforementioned list includes a mix of budget/economy and midscale or "premium" brands that are largely under-represented in the region. In many cases, the site requirements preclude a Pikeville location because of the lack of an interstate highway as well as a commercial airport. The flags that have located in Pikeville take advantage of destination visits generated by the Pikeville Medical Center, University of Pikeville, County Courts, and Appalachian bus tours. Thus, the city primarily captures destination hotel markets rather than transient highway traffic. As the medical center and university continue to expand, there will continue to be increasing demand for hotels but much of that growth may, at this stage, be accommodated by the existing room supply. So, it may be difficult in the absence of a major new industry or tourism draw to build the case for additional properties.

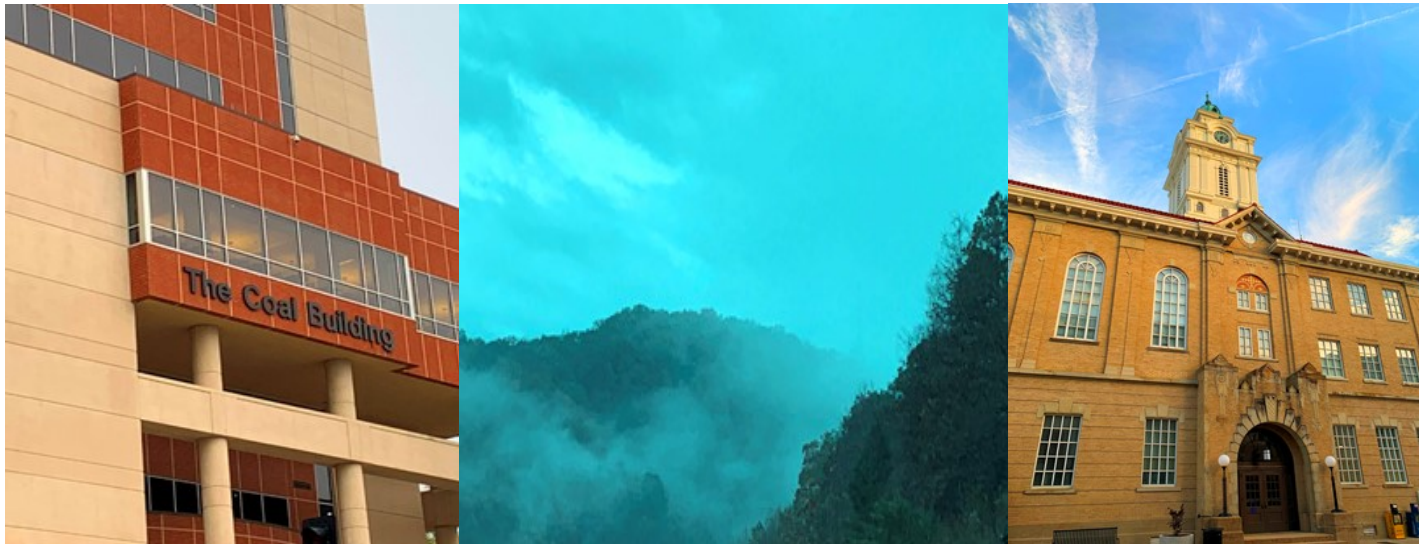
# Pikeville Comprehensive Plan Update

## **APPENDIX G.**

### **TARGET INDUSTRY ASSESSMENT**

# *Pikeville*

## **TARGET INDUSTRY ASSESSMENT**



Submitted to Integrated Engineering  
On behalf of the City of Pikeville  
November 16, 2020

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## **INTRODUCTION**

This Target Industry Assessment provides recommendations on key industries and business categories for target marketing, expansion, and recruitment to Pikeville. The assessment draws on a review of competitive strengths and challenges, SOAR regional targets, labor market analysis, industry clusters and concentrations (location quotient analysis) & spin-off opportunities, industry growth projections, tourism opportunities (generated through the tourism analysis), and retail and office market potentials (generated through the market analyses). Section 1 of this report summarizes some of Pikeville's competitive advantages, as identified through stakeholder engagement, research, field reconnaissance, economic baseline assessment, and other inputs. Section 2 provides a labor market review that summarizes key skills and educational achievement among the Pikeville region's labor force. Additional information on the labor market was also provided in the Economic Baseline Assessment. Section 3 discusses Pikeville's existing industry clusters and concentrations, based in part on a Location Quotient (LQ) Analysis and other inputs. Section 4 summarizes the city's projected growth industries while Section 5 provides recommended targets for business development and recruitment based on all of the aforementioned inputs. This Target Industry Analysis will inform the broader Economic Development Strategy that forms a key Element of this plan.

## **Section 1. COMPETITIVE ADVANTAGES**

Pikeville has several challenges that reduce its competitiveness for growing and attracting certain industries. The city's mountainous topography and its relative isolation from the interstate highway system restrict development of large-scale "big box" distribution facilities, for example. Even so, Pikeville also has a number of competitive advantages that help it leverage economic development. Based on the various analyses conducted for this plan, coupled with stakeholder input, the city's competitive advantages were identified as a basis for recommending targeted industries and businesses for attraction, expansion and recruitment. Several of the city's competitive advantages are discussed below as an input to the target industry analysis.

### **Anchor Institutions**

Perhaps its most important competitive advantage is Pikeville's base of large and significant institutions that help anchor the local economy, bring in a constant flow of new people and income, and result in significant spin-off to local businesses. Several of these institutions are growing and adding even more value to the local economic base.

#### **Pikeville Medical Center**

As noted in the Economic Baseline Analysis, Pikeville Medical Center (PMC) is the largest medical center in southeastern Kentucky, providing the full complement of medical services. PMC works increasingly with University of Pikeville and Big Sandy Community & Technical College to support programs that graduate medical and technical professionals for employment at PMC.

**Economic Spin-Off.** The hospital has a significant and growing impact on the local economy, generating income and spinning off business sales and contracts including PPE printing (Bit Source), construction, industrial/janitorial supplies, chemicals & disinfectants (Kentucky Chemical & Serv Pro), window cleaning (Eagle), maintenance services (UMG), teleconference systems (Eastern Telephone), security (Eastern KY Secure), sitters (Eastern KY Sitters, Village Caregivers), promotional materials (Fully Promoted), printing & delivery services (UPS, Jaded Rain), signs (Gray's Custom Signs), and others.

**Research/Grants.** Pikeville Medical Center is also home to a growing platform of grants and grant-based research activity with potential for spin-off through commercialization and product development in the local economy. Among the grants and research currently yielding activity are the following:

- Low-Dose CT Scans (Lexington Foundation, \$15,000)
- Telehealth Tele-psych (HRSA Telehealth Network Grant Program, \$1,153,087)
- Rural HIV/AIDS Health Service Network (HRSA Planning Program Grant, \$83,165)
- Cancer Research & Clinical Services (AML (\$2.27 million) & Pharmaceutical Companies)
- Healthcare Education / Project Heart (ARC, \$500,000)
- Pediatrics/Children's Hospital (AML, ARC-\$1,500,000)
  - Applied Behavioral Analysis / Therapy
    - ADOS: Autistic Diagnostic Observation Schedule Testing & Treatment
    - PCIT: Patient-Child Interactive Therapy (Addition/birth defect relationships)
  - Hypothermia Treatment (Kosair Charities, \$59,000)

The hospital has a unique and growing specialization in pediatric behavioral sciences, including basic research and therapy for autism. Some of the aforementioned research is being conducted collaboratively or in tandem with the University of Pikeville and can lead into commercial services and educational product development opportunities.

## **University of Pikeville**

The University of Pikeville (UPike) is another important economic anchor and major asset for downtown Pikeville, offering general undergraduate and graduate studies as well as specializations in clinical care and the vision sciences. UPike has 2,258 students enrolled from 32 states and 13 countries, according to the 2020 *University of Pikeville Fact Book*. The school includes the College of Arts & Sciences (including the Patton College of Education), Coleman College of Business, Kentucky College of Optometry (KYCO), Elliott School of Nursing, and Kentucky College of Osteopathic Medicine (KYCOM). KYCO is one of only 23 optometry programs nationwide offering accredited degrees. UPike may be adding a Public Health degree program, attracting additional expertise to the community and strengthening the university's niche in clinical medicine and health care.

Since UPike is not affiliated with State Government or major institutions, it has more flexibility in terms of growing and diversifying its local academic and research base. The collaborative and synergistic relationship with PMC further enhances efforts to establish Pikeville as a hub for medicine and clinical health research, technology, and innovation.

### **Big Sandy Community and Technical College (BSCTC)**

BSCTC and its growing Pikeville Campus support development of the local labor force and create a partner for business and industry to ensure that skills gaps are closed and training needs are met. The college offers 25 academic and technical training programs for its 4,700 students (among all four campuses), of which about 1,200 are Pike County residents. Key majors pursued at the two-year institution are Liberal Arts & Sciences, Health Science Technology, Business Administration, Criminal Justice, Electrical Technology, Human Services, and Medical Information Technology. In addition, National College, a private institution, has also established a campus in Pikeville.

### **Center of Government & Finance**

As noted in the Economic Baseline report, Pikeville is a relatively small city, with less than 7,000 residents, but is the seat of government for a county of more than 60,000, one of the largest counties geographically in the state. Courts housed at the new Judicial Center and other county government functions help spin off significant demand for professional services, retail, and various contractors who are mainly based within Pikeville. County functions help attract Pike County residents into Pikeville as jurors, to pay taxes, to receive various services and for other reasons. Pikeville is home to one of the state's largest banking institutions. Revenue and income flow through Pikeville, enhancing its role as a financial and commercial hub for the county and a three-state region.

### **Access to Natural & Recreational Assets**

As noted previously, Pikeville is surrounded by mountains and its scenic setting suggests that the city has a high quality of life and ample opportunities to capture natural and recreation-based adventure tourism. Pikeville City parks and the Levisa Fork offer ample opportunities for outdoor recreation, including team sports, running, biking, canoeing, camping, fishing, and kayaking. Breaks Interstate Park is located just about 20 miles from downtown Pikeville. This 4,500-acre park, which is situated partly in Kentucky and mostly in Virginia, attracts about 250,000 visitors per year,

making it one of the most-visited attractions in the region. Pine Mountain State Scenic Trail is under development nearby in Whitesburg. When completed, the trail will link Cumberland Gap with Breaks Interstate Park, creating a linear trail system for camping, backpacking and hiking. The Dawkins Line Rail Trail is another hiking/biking trail located nearby in Swamp Branch. Jenny Wiley State Resort Park is located near Prestonsburg.

### **Pike County Airport**

Pikeville is located in a relatively isolated region and lacks direct interstate highway access, but it does offer private air access and the opportunity for commercial air service through Pike County Airport. The general aviation airport is owned and operated by the Pike County Regional Airport Board and has hosted commercial air service in the recent past. The airport offers two asphalt runways, at 5,350 feet and 3,600 feet, respectively.

### **Significant Historical & Cultural Assets**

Pikeville also offers a number of historical and cultural assets. The 7,000-seat Appalachian Wireless Arena located in Downtown Pikeville hosts concerts, meetings, and sporting events and is an important anchor for the downtown area. Nearby are the Refill 10 Cinemas and the Appalachian Center for the Arts (“The App”), which has become the primary live theatre hub for the region. Pikeville’s historic York House served as home to Randall McCoy, patriarch of the clan engaged in the infamous Hatfield-McCoy Feud. The Pikeville Cut Through is an engineering marvel and visitor attraction. Hillbilly Days attracts thousands to Pikeville for mountain music, traditional craft, and other activities in support of Shriner’s Children’s Hospital. Downtown Pikeville and area hotels help support tourism. The most recent addition to Pikeville’s cultural base is Dueling Barrels, a brewery and distillery that is already attracting thousands for tours. The Big Sandy Heritage Museum retains collections of Hatfield & McCoy and Big Sandy Valley Civil War artifacts. Middle Creek National Battlefield is located not far away in Prestonsburg.

### **Excellent Local Public Education**

Pikeville Independent School District is typically ranked high in terms of performance standards. The Kentucky Department of Education School Report Card gives Pikeville Middle School a rating of 4 out of 5 stars; and Pikeville High School receives 5 out of 5 stars, an excellent rating. The high school has a graduation rate of 99.3%, with 26.2% in the

Gifted and Talented programs. More 22% are enrolled in advanced placement courses and, of those, 98% complete those courses. By comparison, Pike County Central High School has been given a rating of 2 out of 5 stars by the State's Report Card. Not surprisingly, there is significant competition among Pike County residents for their children to attend Pikeville Independent schools. This competition helps buoy Pikeville's housing market.

### **Visionary Leadership and a Culture of Entrepreneurship**

There is a culture of entrepreneurship in Pikeville that is somewhat unique in central Appalachia, with people willing to take risks and start up new businesses. UPIke now offers a minor in Entrepreneurship, targeting development of this local strength. It has also been said that Pikeville has a "progressive, can-do spirit" and a legacy of visionary leadership that have helped leverage growth and enhance opportunities for local residents.

### **Mineworker Skills**

Pikeville and Pike County are home to a large population of skilled workers excessed as a result of downsizing in mining and related industries. These workers offer an array of skills including engineering, logistics, thermodynamics, fabrication, and others that are applicable to a wide variety of industries. Prior to the COVID Pandemic, such skills were in high demand nationally but they were especially concentrated in Pike County. As the pandemic fades, there will be opportunities to attract businesses to the region that will again need such skills in a tightening labor market.

## **Section 2. LABOR MARKET REVIEW**

This section provides an overview of Pikeville's resident labor market and at-place employment base. A baseline assessment of existing employment and commutation patterns was conducted as an input to the Economic Baseline Assessment included in this plan. This section summarizes some of that information while providing additional input on the labor market, based in part on analyses conducted by SOAR and others.

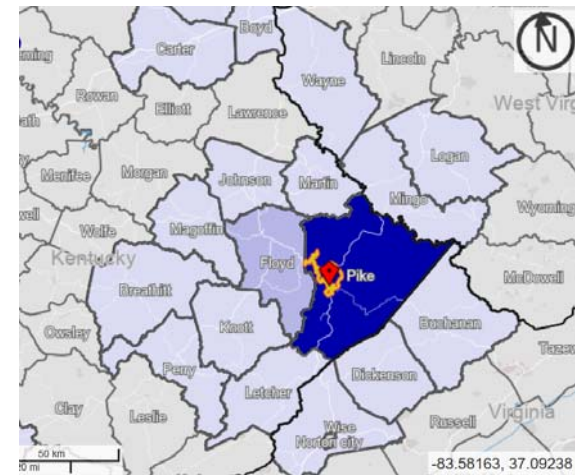
### **Labor Market Area**

Based on an analysis of commutation patterns, as explained in the Economic Baseline Assessment, it was determined that the Pikeville Labor Market Area (LMA) comprises an 18-county region that extends into three states, from Greenup County south to Wise County and from Breathitt County east to Buchanan County. Major sources of labor to Pikeville include Pike County (60%), plus Floyd County, Letcher County, Johnson County, Mingo County (WV), and Perry County. Pike and Floyd counties form the primary LMA. Only about 10% of Pikeville's workforce lives in the city of Pikeville, according to the Economic Census.

*Map generated through U.S. Bureau of the Census LEHD*

### **Labor Force**

According to the U.S. Bureau of Labor Statistics, Pike County had a total civilian labor force of 20,235 (2016), of which 54.9% were male and 45.1% female. About 2,216 were recorded as unemployed at that time, yielding an unemployment rate of 11.0% (13.2% among males and 7.8% among females). In 2018, the U.S. Bureau of Labor Statistics recorded a Pike County labor force of 19,933, just slightly smaller than it had been two years earlier. But the unemployment rate had fallen to just 5.2% (1,182 unemployed workers), a significant drop in a very short period.





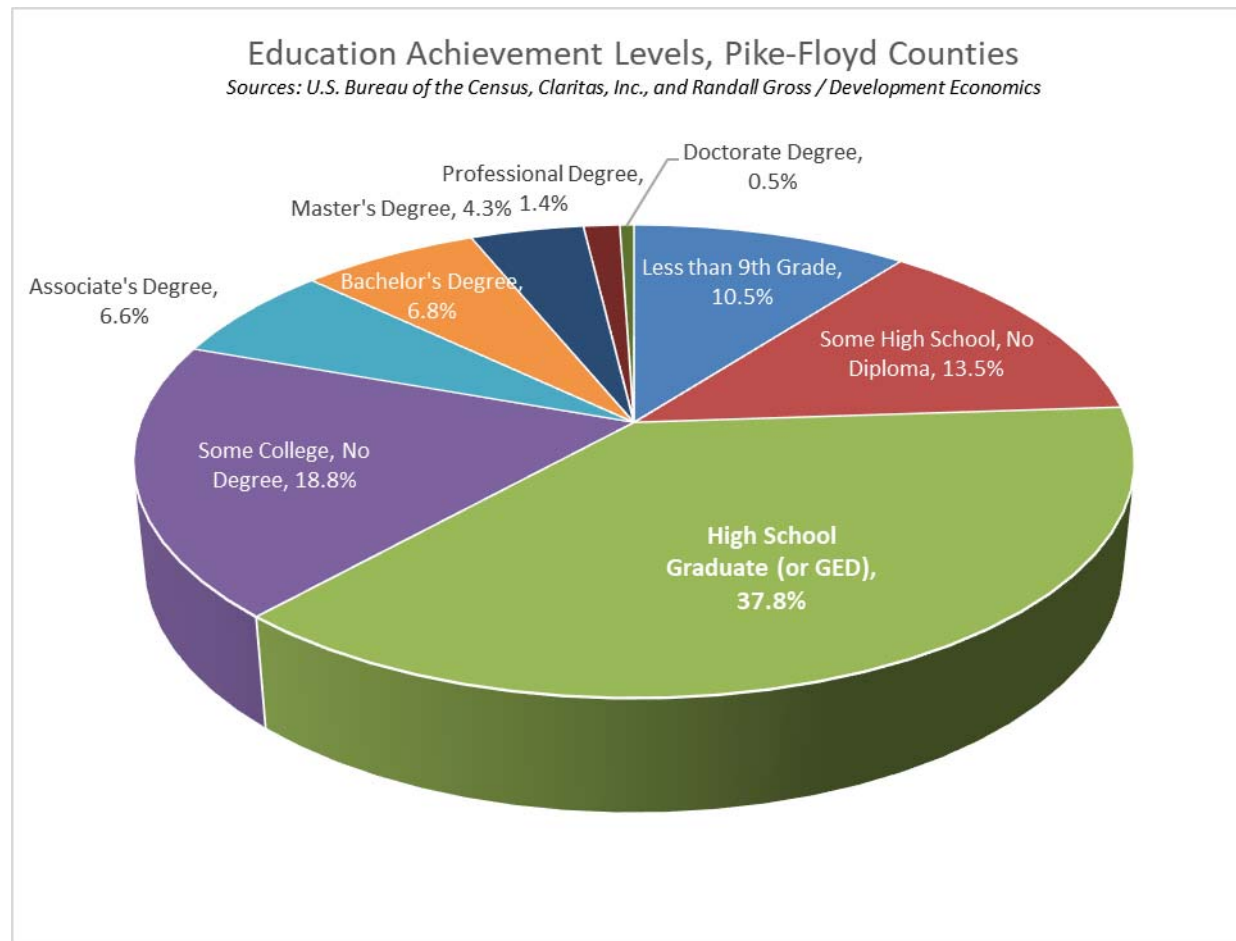
Historically, Pike County and the region have seen higher rates of unemployment and lower rates of labor participation than the country as a whole. Between 2000 and 2019, the national unemployment rate exceeded that of Pike County only once.

## **Pikeville**

As noted above, the Pikeville employment base is heavily weighted to health care and education, which together account for 54% of all jobs within the city. As the County Seat and a hub for state and federal agencies, government accounts for another 6% of jobs in the city. These three relatively stable dominant sectors have helped insulate Pikeville somewhat from disruptions that would have otherwise caused severe economic distress. Institutions like Pikeville Medical Center (PMC), Pike County Judicial Center, and University of Pikeville draw in people from the region and beyond as major destinations and help create “churn” in the local labor market through recruitment of young professionals and other workers. Other than these three sectors, Pikeville’s local economy is otherwise oriented to retail, accommodation & foodservice, again as a commercial hub serving a fairly large region in eastern Kentucky. By comparison, Pikeville has relatively few jobs in manufacturing, wholesale trade, transportation, management services, administrative services, construction, mining, agriculture, real estate, arts & recreation, information services, or real estate. About 4.3% of the city’s jobs are in professional, technical and business services, which is relatively strong but still lower than the national average of 6.3%.

## **Education Levels and Skills Base**

Pikeville’s Primary Labor Market Area (LMA) comprises of Pike and Floyd counties. Within these two counties, more than 10% of adults have less than a 9<sup>th</sup> grade education. About 38% of adults have a high school diploma or GED and another 19% have attended college but have not graduated. In an American labor market where most jobs beyond minimum wage require a college degree, more than **80%** of LMA adults have not yet achieved at least this basic requirement. There are targets for training and certainly among this group should be the 18.8% who have attended college but have not been awarded a degree. The largest group, 37.8%, have achieved a high school diploma or GED but have not attended college. Certainly there are jobs that can be targeted to this group, although additional on-the-job training is often required.



**Mine Workers.** A large percentage of unemployed or under-employed workers in the LMA are former mine workers and others employed in the mining industry. According to economic development agencies, the mine workers have an average 15 years of experience, are mechanically inclined and willing to commute, are highly skilled in multiple

trades, excellent problem-solvers, exhibit a strong work ethic and are dependable, and are competitive at a \$17 hourly wage. The skills that mine workers have developed can be easily applied to the following industries in particular:

- Wood Product Manufacturing
- Aerospace Equipment Manufacturing
- Automotive Parts & Equipment Manufacturing
- Fabricated Metals Manufacturing
- Plastic Products Manufacturing
- Logistics: Transportation & Warehousing
- Rail Transportation

**Health Care.** About 1,600 Pike County residents were employed as health care workers in 2018. This group brings particular skills in clinical health care fields including nurses, laboratory technicians, diagnostic specialists, treatment practitioners, and others that are in high demand. The urgent need for more nursing staff has propelled UPike and Big Sandy to work closely with PMC to ensure a steady supply of nurses to support growth of the medical center. UPike graduates about 40 to 50 nursing students each year. UPike also graduates about 60 from its optometry program and 120 in osteopathic medicine each year. BSTCC graduates a number of students with 2-year degrees in health science technology and medical information technology. The community college also has a large number of graduates with other types of electrical technology specializations.

**Education.** Another 2,300 residents of Pike County were employed as education workers, providing a skills base in teaching, research, library science, healthcare support, and related fields. As noted above, the interface between the area's educational institutions and the health care providers provides opportunities for research and specialized skills that can help in recruiting patent-seeking innovative companies and entrepreneurs.

**Transportation & Material Moving.** About 1,700 Pike County residents work in transportation and material handling occupations, generating skills in support of logistics activities. As noted previously, the region's unemployed miners also bring specialty skills in logistics that can be applied to a variety of industries.

**Management.** Over 1,100 local Pike County residents work in management, supplying leadership skills that are transferable to a variety of businesses. UPike graduates about 25 management students per year (aside from other business degrees). An increasing number of the university's business school graduates have a concentration in health administration. BSTCC also graduates students with 2-year business administration degrees.

### **Occupational Demand**

The State of Kentucky has projected workforce demand through 2028 by occupation and local workforce area. Within the Eastern Kentucky ECP, The highest demand is projected for sales personnel (1,920 region-wide), followed by food preparation workers (1,897), office/administrative staff (1,853), transportation & material handling workers (966), education & training personnel (883), healthcare practitioners & technical staff (790), personal care workers (699), production workers (571), healthcare support staff (530), and building & grounds workers (530). Significant demand will also be generated in the region for construction workers, management personnel, installation & repair workers, and others. Many of these jobs require or prefer a college education, but others do not.

### **Section 3. INDUSTRY CONCENTRATIONS & CLUSTERS**

This section examines industry concentrations and clusters within Pikeville and surrounding areas as indicators of competitive strengths and opportunities for growth within the local economy. To some extent, Pikeville has concentrations that relate to its role within the broader county and regional economy. But the city has also developed unique clusters and concentrations of business and institutions that have or can generate opportunities for vertical and lateral economic growth and development. Pikeville is a small city, but its economy is highly developed and relatively diverse, given its size. The following provides analysis of industry concentrations (via an assessment of Pikeville's Locations Quotients), and clusters with respect to the relationships between interrelated industries.

#### **Local Industry Concentrations: LQ Ratios**

An analysis of the Pikeville economy was completed using Location Quotients (LQ), which measure the concentration of a particular industry in Pikeville compared with county, regional, statewide and national averages. An LQ of 1.0 means that the local concentration of employment in that industry is equal to that of the comparative geography. If the LQ is higher than 1.20, then there is an unusually high concentration of employment within that industry sector, perhaps indicating that the local economy has a particular advantage as a location which has attracted more than its "fair share" of business or employment within that industry. Of course, a concentration may just also indicate a particular history of people or institutions who have made pro-active efforts to grow a particular industry or institution in town. Either way, a concentration within a particular industry suggests that there may be opportunities relating to business spin-off, clustering, labor force skills, and lateral diversification within that industry.

The LQ analysis for Pikeville not surprisingly indicates a high local concentration in **Education, Mining, Health Care, and Utilities**. Pikeville's education concentration is particularly high, with an LQ of 4.50 (or about 5 times the county average), 22.82 (23 times the average for Eastern Kentucky), 20.65 (21 times the statewide average), and 28.99 (29 times the national average). Education dominates the local economy, led by institutions like University of Pikeville, Big Sandy Technical & Community College, and National College plus 35 local public and private elementary, middle, and high schools. Pikeville is also the home to the offices for both Pikeville Independent School District and Pike County School District. The fact that Pikeville has nearly 30 times the national rate for education employment (coupled with high

performance ratings for the City's local schools) is clearly a competitive advantage that should be used in marketing and promoting the city for business development.

Table. PIKEVILLE LOCATION QUOTIENTS BY INDUSTRY SECTOR, 2017				
Industry Sector	Pike	E KY	KY	USA
Accommodations/Foodservice	0.9794	1.1134	0.9852	0.9731
Administrative Support	0.8720	0.9357	0.3514	0.2868
Agriculture, Forestry, Fishing	0.9855	1.5286	0.0678	0.0476
Government	0.2718	0.1642	0.2588	0.2765
Arts, Entertainment, Recreation	0.7519	3.3968	0.9056	0.6174
Construction	1.0878	1.0608	0.6551	0.6079
<b>Education</b>	<b>4.4972</b>	<b>22.8232</b>	<b>20.6535</b>	<b>28.9897</b>
Finance & Insurance	0.9902	1.2008	0.7861	0.7021
Health Care	1.0433	1.1008	1.7654	1.6734
Information Services	0.9618	0.9243	0.8478	0.4079
Management	1.0613	0.4971	0.1310	0.0562
Manufacturing	1.0280	0.8401	0.2304	0.3917
<b>Mining, Oil &amp; Gas</b>	<b>1.0158</b>	<b>1.6052</b>	<b>18.2648</b>	<b>16.4910</b>
Other Services	0.9988	0.9597	0.8929	0.8780
Professional, Scientific, Tech	0.8622	1.0708	0.8876	0.5721
Real Estate	1.0407	1.0038	0.6350	0.4308
Retail Trade	0.8770	0.9849	1.4296	1.5650
Transportation & Warehousing	0.7827	1.0261	0.4225	0.6694
<b>Utilities</b>	<b>1.3540</b>	<b>3.6427</b>	<b>7.5946</b>	<b>3.4384</b>
Wholesale Trade	0.9236	1.1369	0.6063	0.5646
Sources:	U.S. Economic Census and Randall Gross / Development Economics.			

The city also has a very high concentration of mining and other extraction industry-related employment as compared with the region (1.61), state (18.27), and national (16.49) economy. Obviously, a dependency on coal mining has proven a detriment to the community and the region during the past decade, when the industry was hard hit by a combination of factors including increased regulation, greatly expanded competition from natural gas, and declining prices. Still, by 2017, the city had an unusually high concentration in this industry which can form the basis for future diversification and growth as the industry evolves. As noted earlier in this report, the industry also provides a strong base of local skills that are available to a variety of industries for business expansion and economic development.

Pikeville has a relatively high concentration of employment in the utilities sector in the county (1.35), region (3.64), state (7.60), and nation as a whole (3.44). Much of this concentration is likely due to several regional service providers and contractors having offices or a significant presence in the city, including Appalachian Wireless, American Electric Power, Mountain Water District, Utility Management Group LLC, and others.

Pikeville also has a relatively high concentration in health care, at least at the state (1.77) and national (1.67) level. Health care is among the largest employers at all levels, so having a higher concentration in this sector than the state or nation is indicative of a comparatively high level of health care employment in Pikeville, given the size of the local economy. This is not particularly surprising, given the major impact of Pikeville Medical Center on the local economy, not just as a primary care facility but also in terms of spin-off health resources and relationships with other industries and institutions (as discussed later in this section).

In several other industry sectors, Pikeville has a comparative geographic concentration. For example, Pikeville has a relatively high concentration of arts & recreation-related activity for eastern Kentucky (with a LQ of 3.40) but its arts & recreation activity is otherwise lower than average for the state or the nation. Pikeville also has a concentration in retail trade when compared with the state (1.43) and the nation (1.57), not surprising given Pikeville's role as the trading center for Pike County and the broader surrounding region.

## **Industry Clusters**

The anchor institutions in Pikeville have become the nexus of diversified industry clusters, which include contractors, suppliers, downstream producers, and others having an economic impact on Pikeville and surrounding areas. Several of these clusters are described below.

### **Health Care & Medical Cluster**

Clearly the health care cluster is energized by the Pikeville Medical Center and its primary care services. But PMC has also developed a working relationship with the University of Pikeville and Big Sandy Technical Community College (BSTCC) to deliver medical professional and health care workers to supply the needs of PMC and other service providers in the region. The synergistic relationship between the hospital and UPike is particularly important to building Pikeville's brand and creating spin-off opportunities and downstream impacts in the local economy. The fact that UPike is starting a



health policy program can only help to enlarge Pikeville's future role as a hub for rural medical services, research, and health care. As noted earlier, PMC generates contracts, sales, and other spin-off throughout the local economy, touching on industries as diverse as building maintenance, advertising, and chemicals. Other industries within the PMC ambit include construction, printing, industrial supply, window cleaning, telecommunications services, personal care services, delivery services, sign making, and others.

Other segments of the local healthcare cluster include health care provider offices, medical laboratories, home and residential care services, medical distribution & rental companies, drug stores, optical goods retailers, and others. Among the businesses that form part of this cluster, beyond the ones mentioned earlier as contractors and suppliers earlier in this section, include LabCorp (medical laboratory), South Mayo Diagnostic Center, Pikeville Medical Diagnostic Center, McCoy & McCoy Labs, Pikeville ARH Home Health, Home Care Health, Signature HealthCare of Pikeville, Presbyterian Homes Cedar Creek, Pikeville Nursing & Rehab Center, Mountain Comprehensive Care, Parkview Nursing & Rehab, Brookside Residential Treatment, AeroCare Home Medical Supply, Cooley Medical, Pikeville Medical Equipment & Supply, CVS, Walgreens, Pikeville Discount Drugs, Economy Drug, Family Drug Center, Faith Pharmacy, Professional Pharmacy, Food City Pharmacy, Total Pharmacy Care, Walmart Pharmacy & Vision, Eyesite, Home Oxygen Therapy, Lincare, Respiratory Plus, Oxygen Plus, and others.

There are also other types of businesses that often form part of this cluster that are not found in significant numbers in or around Pikeville, such as medical instruments and apparatus manufacturers, medical devices (optical instruments, ophthalmic goods, medical technology research & development, pharmaceutical manufacturing (biopharmaceuticals, biological products, diagnostic substances), surgical and dental instruments and supplies, and others. The gaps in supply of these products and services may indicate an opportunity for Pikeville, in terms of strengthening the health care and medical services base.

### **Mining & Extraction Industries Cluster**

The coal mining industry has, over many years, given rise to a cluster of economic activities that are centered around the industry's administrative functions in Pikeville. While the industry has been decimated due to external forces in recent years, some of this network cluster of businesses remains. The business infrastructure also provides a base for diversification and support of business development in other industries. Among the businesses within this cluster other than the mining companies themselves are those engaged in wholesale construction and mining machinery & equipment,

banking and financial services, administrative services (payroll, human resource companies, etc.), rail transportation and cargo services, warehousing and logistics, engineering services, title search and real estate companies, land surveyors, environmental remediation services, utility services, labor unions, and others.

Examples of local businesses or businesses with a local presence in this cluster include Synergy Engineering Services, Tractor Supply Company, Leslie Equipment Company, Summit Engineering, J&M Monitoring, Carbon Mine Supply, Pike Technical Services, Hatfield Surveying, Meade Gunnell Engineering, Johnson Engineering, Elkhorn Engineering, Banks Miller Supply, United Mine Workers of America, CSX Transportation, Norfolk Southern Railway, Community Trust Bank, First National Bank, M&M Mine Supply, Boyd CAT, ECSI, Volkert, Carroll Engineering, Appalachian Title Research, Kentucky Mines & Minerals Department, Environmental Design Consultants, Alpine Construction & Engineering, Peoples Bank, Citizens National Bank, and others.

## **Section 4. GROWTH INDUSTRIES**

Projected growth among Pike County's various industries was examined to identify sectors and industries where growth may generate opportunities for business retention, expansion, and recruitment. Growth over the ten-year period through 2030 was examined as a basis for this analysis. Economic and employment projections were generated by Moody's Analytics, Woods & Poole, and the State of Kentucky. Retail-based employment is treated separately here because of the more detailed Retail Market Analysis that was completed for Downtown Pikeville. Similarly, office-based employment is also explored in greater detail because of the Office Market Analysis completed for this plan.

### **Fastest-Growing Industries**

Unfortunately, many of Pike County's industries are projected to stagnate or decline over the next ten years. However, rapid growth is projected among several key industries, including information services, administrative support, internet service providers & data processing, and web-based retailers. Projected growth rates for the county's fastest-growing industries are summarized below.

- Other Information Services (93.9%)
- Administrative Support, Waste Management and Remediation Services (17.2%)
- Private Household Workers (16.7%)
- Internet Service Providers, Web Search Portals, and Data Processing Services (16.5%)
- Web-Based Retailers (11.3%)
- Motion Picture & Sound Recording Industries (8.0%)
- Finance & Insurance (4.4%)
- Accommodation & Foodservices (3.7%)
- Transportation Services & Warehousing (2.2%)

### **Industries Expected to Generate Jobs**

Rapid growth does not always guarantee the creation of a significant number of new jobs and, where growth rates appear low there may nevertheless be a sizeable gain in employment, as it depends on the base from which growth is

projected. There is a handful of industries where a significant number of jobs will be created in Pikeville and Pike County over the next ten years, according to the projections. These include administrative support, accommodation & foodservice, finance & insurance, transportation & warehousing and internet service providers & data processing services. Several other industries will generate small numbers of jobs.

- Administrative Support, Waste Management and Remediation Services (90-100 jobs)
- Accommodation & Foodservices (65-75 jobs)
- Finance & Insurance (25-30 jobs)
- Transportation Services & Warehousing (22-25 jobs)
- Internet Service Providers, Web Search Portals, and Data Processing Services (10 jobs)
- Other Information Services (10 jobs)
- Private Household Workers (10 jobs)

### **Other Retail & Office-Based Employment**

The retail and office market analyses identified potentials for growth and development within Downtown Pikeville and surrounding areas, assuming that the City embarks on pro-active marketing and business recruitment that targets certain growth opportunities. Based on the Retail Market Analysis, Downtown Pikeville could expect to gain about 250 jobs, although not all of these would be “net new” jobs, since some might shift from closed or competing businesses in Pikeville or elsewhere in the market area. About one-quarter to one-half of those jobs would be in foodservice establishments, which is also captured in the discussion above. Another 50 jobs could be created in entertainment, depending on the specific type of entertainment use generated. Based on the findings of the Office Market Analysis, the Pikeville market could expect to add about 130 to 240 office-based jobs over the next ten years, including some identified above in finance, administrative support, internet service providers and data processing services as noted above.

## **Section 5. RECOMMENDED PIKEVILLE BUSINESS TARGETS**

Based on the various inputs, including an assessment of Pikeville's competitive advantages, input from stakeholders, review of labor skills and market considerations, existing clusters and concentrations, projected growth industries, tourism opportunities assessments, and the findings from retail and office market analyses, key targets for business development and recruitment are recommended herein. The targets are organized below into those relating to general economic development versus tourism.

### **Economic Development**

As noted above, there are several recommendations for Pikeville to target business retention, recruitment, and expansion outside of the tourism arena. Some of these recommendations conform to the existing pattern of business development in the region while others are meant to identify new opportunities based on the various factors identified above, that may not have been considered otherwise. The key opportunities include **institutional "spin-off," web-based businesses & IT, niche/specialty manufacturing, administrative office services, and logistics.**

#### **Medical Center & University Institutional Spin-Off**

As noted previously in this report, the city's institutions already anchor and generate significant spin-off in the local economy. However, there are additional opportunities both in terms of additional services and activities needed to supply these institutions as well as gaps in the broader medical cluster that have been identified below.

- **Temporary Employment Services.** (NAICS 561320). There is a need for local temporary help or labor services to supply local needs, according to local institutions. Temp service agencies could be based in Pikeville but serve a broader county-wide or regional labor market.
- **Pediatric Dentistry.** (NAICS 621210). There is an apparent gap in the supply of pediatric dentists in the Pikeville area market. Attracting or recruiting a pediatric dental practice to the area could help strengthen and expand the broader medical cluster for which Pikeville serves as a hub.

- **Outpatient Behavioral Health Services.** (NAICS 621420). Pikeville Medical Center has identified an opportunity for outpatient behavioral health services, which would help fill a gap in local service delivery while also strengthening Pikeville's emerging institutional focus in behavioral health research and clinical support. There may also be demand for other outpatient services that will grow over time.
- **Analytical Testing, Research & Development.** (NAICS 541380 and 541712). Because of Pikeville's concentration of both medical and engineering skills, coupled with initial grant-generating success, there are opportunities to expand the city's base of analytical testing services, research, and development activities. Pikeville has existing or growing strengths in engineering, environmental analysis, clinical testing, telehealth, rural health services & education, cancer research, and applied behavioral analysis. Some of these strengths relate back to the institutional base, while others stem from the region's mining technology base. In some cases, such as automobile testing, there are opportunities to recruit activities that can utilize the area's natural and topographical features. Particular areas that present opportunities for testing laboratories, research & product development, and services that build on existing research activity, include the following:
  - **Medical**
    - Clinical research and testing - pharmaceuticals
    - Medical equipment design and engineering, (e.g., oxygen concentrators)
    - Clinical research - cardiovascular disease
    - Clinical research – medical equipment
    - Medical technology applications, “wearable” apps, and diagnostic technologies
    - Remote medical technologies
  - **Environmental**
    - Environmental testing and research laboratories
    - Clean coal technologies
    - Water & air pollution testing and research
    - Radon testing
    - Waste disposal modeling, research, and planning
    - Land Reclamation services
  - **Engineering**
    - Mining and geological engineering

- Geotechnical testing laboratories or services
- Metallurgical testing
- Acoustics and vibration testing
- Calibration and certification testing
- Planning software, modeling, & technical database design
- Search & rescue technologies and equipment design
- **Transportation**
  - Automobile testing (i.e., brakes and tires in topographical and weather conditions)
  - Mechanical testing
  - Metallurgical testing
  - Acoustics and vibration testing
  - Calibration and certification testing
  - Thermal testing
  - Safety research and testing

### **Information Technologies & Entrepreneurship**

Once a base of research & development, testing and emerging technologies is established, there will be opportunities for commercialization and production. UPike, PMC, and Bit Source are critical stakeholders within the IT and entrepreneurship arena, leveraging resources and supporting entrepreneurial development. In addition to the R&D and testing opportunities identified above, there are also Internet service provider (NAICS 518111), software development and other computer-related services (541511 & 541519), and web-based business (454110) opportunities that relate to Pikeville's location, such as administrative support, telehealth, and lifestyle-driven web-based retail and recreation tourism businesses, as discussed later in this section. In the Internet age, remote locations can become major hubs for communication activities.

### **Manufacturing**

Pikeville suffers from several challenges that hinder large-scale manufacturing and distribution development, not the least of which are its relatively isolated location without direct interstate highway access and its mountainous topography that limits the number of sites for production and distribution. Many manufacturing industries are stagnant



throughout the United States, and growth opportunities are limited to several key industries for which many locations are competing nationwide.

That being said, Pikeville's unique characteristics help define its competitive niches for manufacturing. For example, due to the lack of mass distribution channels, the city is most likely to attract industries focused on niche ("specialized") markets that generate low-volume, high-value goods or that produce to specifications that are highly individualized and client driven. While the city lacks an extensive highway system with immediate access to a large distribution network or supply chain, it does offer a small but competitive airport facility with capacity to support the shipment of precision instruments, perishables, and high-value goods – in line with the city's aforementioned niche opportunities. Pikeville also presents opportunities for import replacement, providing goods and services (if it is efficient to do so) that are otherwise shipped at higher cost from outside of the region. Finally, the city and region offer the skills base that support logistics in the supply and distribution of goods through its mining labor base skilled in truck driving and mechanics, engineering, and the movement of goods. To sum, the city's manufacturing opportunities are likely to conform to the following characteristics:

- Niche Markets ("Specialized"): Low-volume / High-value; Client-driven
- Airport: Precision Instruments, Perishables, High-Value Goods
- Import Substitution
- Logistics (using local skills: truck driving, engineering, logistics)

Several industries that mirror these characteristics while also building on Pikeville's existing strengths include the following:

- **Medical Instruments and Apparatus** (NAICS 339112). Pikeville has a growing medical industries cluster with a small but emerging institutional base. UPike has graduate-level programs in osteopathy and optometry that can generate relationships with companies producing specialized medical devices. Recruiting businesses that produce small-scale specialized medical instruments and apparatus can help strengthen and diversify the city's medical cluster while also supplying local institutions and spinning off business opportunities. The distribution of highly-sensitive, low-volume, high-value medical instruments also utilizes a higher share of small air shipments that can be based at Pike County Airport, rather than depending on high-volume mass shipment by interstate highway, air cargo, or sea freight.

- **Motor Vehicle Parts, Fabricated Metal, & Transportation Equipment.** (NAICS 336/336390, 332313). Pikeville is not located directly within the automotive manufacturing corridor (which extends from Michigan south through central Kentucky), although Pikeville is located almost equidistant from the Georgetown, Kentucky Toyota plant and the Dublin, Virginia Volvo production facility. Buffalo, West Virginia has a Toyota facility. There may be some synergies associated with Pikeville's location vis-à-vis these three plants, and Pikeville is located in a relatively large "hole" in the automotive production "donut," suggesting that there is little competition for transportation manufacturing labor. However, the city's isolation from the interstate highway network and its position just outside of the automotive corridor reduces its competitiveness for OEMs (automotive industry contract suppliers). Nevertheless, there are opportunities to supply specialized, client-driven and low-volume markets as has been accomplished by companies like Silverliner. Where such specialized companies have found a niche, there are likely to be other opportunities to build on the region's labor force skills to establish a small auto parts, metal fabrication, and transportation equipment node. Targeted equipment manufacturers could produce trailers, vehicle parts, and other components.

*Map 1: Location of Pikeville vis-à-vis Automotive Plants*



Sources: Marklines and RGDE

- **Optical Instruments and Ophthalmic Goods.** (NAICS 333314, 339115). UPike has specialized graduate-level programs through its College of Optometry that can generate relationships and partnerships with producers of optical instruments and ophthalmic goods. Optical products might include binoculars, microscopes, telescopes, prisms, and lenses; or might include the processes of polishing or mounting lenses. Ophthalmic goods might include contact lenses, eyes/glass, safety goggles, lens coating/grinding/mounting/polishing, corrective magnifiers, sunglasses, temples & fronts (eyeglass frames) and other manufacturing or processing. Pikeville is located close to major glass and plastic producing regions that are historically located in western West Virginia and eastern Ohio, so glass and plastic supply inputs are readily available. As above, these specialized instruments and ophthalmic products are more likely to be distributed in small batches through air freight, which means that Pikeville is a more competitive location that it otherwise might be for manufacturing and distribution purposes.
- **Cleaning Products** (NAICS 325612). Specialty polishes and cleaning chemicals provide an example of import substitution, producing the type of non-durable goods for the local and regional market that are otherwise imported to the area. Pikeville has access to water supply and potential for local distribution, and the city lies at the southern tip of the chemical belt extending down through western Pennsylvania, eastern Ohio and western West Virginia.
- **Specialized Pharmaceuticals** (NAICS 3254). While Pikeville is unlikely to become a major pharmaceuticals production hub, there are opportunities for small-scale production of specialized products, particularly biological products (NAICS 325414) such as toxoids, blood fractions, and culture media of plant or animal origin. There may also be opportunities for production of certain diagnostic substances (325412) for internal and external consumption such as ampoules, tablets, capsules, vials, ointments, and powders, among others. Having a growing medical institution and clinical population base with a research component can help to support pharmaceutical clinical research trials and product development, although Pikeville is not a biomedical research hub.
- **Fresh Fish Processing & Beneficiation** (NAICS 311710). The rivers in eastern Kentucky remain a relatively undiscovered source of fresh fish associated with the temperate bass, sunfish, carp, catfish, drum, perch, pike and trout families, representing exceptional diversity within a relatively small area. While the main attraction will be sport fishing and leisure fishing in this region, there are opportunities for some fish farming and downstream processing for commercial distribution. Again, air freight is a preferred mode of distribution for fresh fish products and other perishables, so Pike County Airport can become an important anchor for perishable distribution if cold storage is made available.

There are other manufacturing opportunities relating, for example, to wood products, furniture, and other production. While the city may have some competitive features in support of these opportunities, the industries as a whole are either experiencing a decline or stagnation in overall employment. Thus, the returns to Pikeville in terms of job creation may not match some of the other opportunities. Nevertheless, such businesses can help enhance entrepreneurship at the local level.

### **Administrative Office Services**

There are opportunities to expand Pikeville's administrative services sector (NAICS 561110), which can include a variety of processing and business support functions, such as the following:

- Financial & medical administrative services
  - Planning
  - Billing
  - Transcription
  - Human Resources
  - Database Management
  - Recordkeeping, etc.
- Other personnel and human resources, including temporary employment services
- Logistics operations and coordination
- Other office management and administrative services

Many of these services could be located downtown, as discussed later in the Downtown element of this plan.

### **Logistics**

Pikeville is unlikely to become a major distribution hub or to support the development of large “cubed” warehouse spaces. However, the regional skills base and the presence of an airport with some small freight development potential, coupled with a growing base of suppliers, could leverage development of a small logistics hub to include air freight, truck drivers and terminals, maintenance garages, transportation arrangement companies, and logistics consultants. The key industries that could comprise this hub include the following:

- Physical Distribution Consulting (NAICS 541614)
- Freight transportation arrangement (488510)
- Scheduled (481112) and Non-Scheduled (481212) Freight Air Transportation
- General Freight Trucking- Short and Long-Haul (484110, 484121)

### **Retail & Tourism Development**

In addition to the economic development target opportunities identified above, there are several retail and tourism recruitment and business development targets that are identified based respectively on the Retail Market Analysis and the Tourism Assessment. These targeted opportunities are detailed in the respective analyses and summarized again below.

#### **Recreation-Based Tourism “Hub”**

There are several types of recreation-based tourism themed businesses and attractions that are recommended for targeted business development, entrepreneurship, and recruitment. Several of these concepts involve partnerships with institutions and others in the city or region to create an effective business model.

- **Wellness Tourism Operators.** Businesses engaged in the marketing and operation of “wellness” or health tourism packages are recommended. Such packages would be developed in concert with PMC and UPike, to include lodging, recreation activities (e.g., fishing, hiking, bicycling), spa & fitness, continuing education opportunities, and medical care and/or rehabilitation.
- **Eco- and Sustainable Tourism Operators.** Businesses engaged in the marketing and operation of environmental and sustainable tourism packages including restoration activities, recreation, continuing education, and interpretation.
- **Low-Impact Fishing Tour Operators.** The presence of excellent fishing conditions in the area remains an open secret. There are opportunities to package high-value, low-volume and low-impact fishing packages perhaps in coordination with eco- and sustainable tourism as described above.

- **Recreation Resort/Lodge.** An opportunity has been identified for a recreation resort/spa or lodge, although this concept would need to be tested further through market analysis and financial feasibility assessment. While the local hotel market is relatively saturated, there are niche opportunities for a recreation-based resort that builds on the area's natural scenery and recreational opportunities. This facility could be a component of the packages described above for tour operators.

### **Downtown Restaurants and Live Music Venues**

Pikeville and the surrounding region are home to several well-known musical performers and artists. There are opportunities to draw on this heritage to recruit or establish live music venues that will help strengthen the visitor draw and revitalize the downtown area. Full-service restaurants and drinking establishments are also an important part of the tourism package that are supported by the Retail Market Analysis.

### **Downtown Retail Stores**

The Retail Market Analysis also forecasted potentials for tourist-oriented retail including outdoor recreation & sporting goods store, healthy snack/beverage businesses, regional heritage/gift stores, specialty home furnishings stores, and jewelry & accessories stores. There is also some potential for a pharmacy and/or medical supply business oriented to the local market.