Growing Rural Communities in the Coming Decade

Using changing demographics, new entrepreneurs and innovative strategies to achieve prosperity
Rural communities are struggling to find their place in the economy.
As city and village managers and administrators, public officials seek your advice when developing public policy that will encourage economic growth, and rely on your expertise to implement that policy.
You face new challenges in creating economic growth.

• Shifts in age groups and ethnic backgrounds
• New business owners
• Changes in the regional economy
• On-line competition
Where does my town fit?

Rural communities want to find their place in the future economy by attracting new residents and businesses.
How can you make it happen?

• By understanding the changing age and ethnic groups, their needs, desires and spending patterns

• Updating the infrastructure to meet current needs

• Encouraging the new entrepreneurs

• Pursuing new approaches to economic development

• Reshaping the uses and perceptions of traditional downtowns
Changing Populations
Projected Population Trends
Illinois Non-Metropolitan Counties (2014 to 2025)

Population Changes

• Large growth in older adults (65-84)
• Adults 35-44 also will be significant
• Immigrants and ethnic populations are important economic drivers
• Types of goods and services demanded and provided will change
So who will the new customers be?
Average Consumer Spending by Age and Purpose, Midwest, July 2012–June 2013

**Shelter (mortgage, property tax, rent, repair)**

- Ages 25-34: $8,969
- Ages 35-44: $10,750
- Ages 45-54: $10,089
- Ages 55-64: $9,403
- Ages 65+: $6,823

**Health care (insurance, services, medication, supplies)**

- Ages 25-34: $2,290
- Ages 35-44: $3,753
- Ages 45-54: $4,247
- Ages 55-64: $4,841
- Ages 65+: $5,709

**Food away from home**

- Ages 25-34: $2,486
- Ages 35-44: $2,913
- Ages 45-54: $3,307
- Ages 55-64: $2,445
- Ages 65+: $1,632

**Entertainment, Events, & Hobbies**

- Ages 25-34: $2,502
- Ages 35-44: $3,321
- Ages 45-54: $3,242
- Ages 55-64: $2,580
- Ages 65+: $1,724

Average Consumer Spending by Age and Purpose Cont.
Midwest, July 2012- June 2013

**Food at Home**
- $3,912 (Ages 25-34)
- $4,822 (Ages 35-44)
- $4,855 (Ages 45-54)
- $4,107 (Ages 55-64)
- $3,119 (Ages 65+)

**Vehicle Purchases (Net Outlay)**
- $3,904 (Ages 25-34)
- $3,951 (Ages 35-44)
- $3,869 (Ages 45-54)
- $3,391 (Ages 55-64)
- $2,609 (Ages 65+)

**Apparel and Services**
- $1,826 (Ages 25-34)
- $2,068 (Ages 35-44)
- $1,733 (Ages 45-54)
- $1,443 (Ages 55-64)
- $830 (Ages 65+)

**Household Operations (e.g. personal services)**
- $1,367 (Ages 25-34)
- $1,522 (Ages 35-44)
- $955 (Ages 45-54)
- $907 (Ages 55-64)
- $827 (Ages 65+)


Who will start businesses?

• Early retirees 55-65
• Women age 25-34
• Immigrants
• Farmers with small acreages
• Unemployed
What do you need to know about these owners?

• Older existing owners - Retiring soon
• New retiree owners - Often part-time businesses wanting flexible schedules
• Women 25-34 years old - This group may work from home and/or online
• Immigrants - Possible source of full-time owners of more traditional businesses
The Importance Of Immigrants

Source: Fourpercentgrowth.org, George W. Bush Institute
Immigrants as Business Owners

- Immigrant share of business owners (18%) is higher than immigrant share of the population (13%) and of the labor force (16%)
- Less educated
- In the US 10+ years
- Higher percentage of women owners than among US born women
- Earn less than US born owners
- Equally Latino, Asian, White Immigrants

Source: FPI analysis of 2010 ACS 5-year estimate
Likely Future

• Customers age 35-44, an age group with high expenditures
• Older customers who spend less and on fewer things
• Fewer business owners operating from traditional storefronts
• Part-time store owners with flexible hours
• Immigrants growing in importance as older traditional store owners retire
New Strategies for a New Economy
The public and nonprofit sectors can lead the way.

• Recognize opportunities
• Look for partners
• Welcome new residents, entrepreneurs and customers
• Create a supportive environment
Recognizing Opportunities

Telepharm.com-Bringing a New Business and Needed Service to Rural Towns

Pharmacists provide a critical service to the community, especially the elderly.

A local pharmacy prevents long distance trips, both a convenience and keeping dollars in your community.

Not only does more spending occur locally, a local storefront is occupied, jobs are created and other health care providers benefit.
Looking for Partners
Genoa, IL            Population 5,193
Community Supported Businesses
Effingham, IL  Population 12,328
Welcoming New Residents, Entrepreneurs and Customers

• Encourage participation through elected and appointed positions
• Recognize diversity in streetscapes, events, publications and publicity
• Formally adopt policies and initiate programs that support diversity
• Provide safe places to meet and a means to communicate
Traditional Zoning vs. Form Based Code
Use available financing tools

• TIF
• Special districts
• Low cost loans
So how does your town overcome declining population and businesses?

- Understanding who residents will be
- Encouraging the entrepreneurs who will serve them
- Using available tools to provide a supportive environment
If you understand what the future is likely to hold and prepare for it, you can leverage the coming changes to grow your community.
What to do Next?

• Learn the future demographics in your area.
• Get to know likely future business owners and determine their needs.
• Look for opportunities to renovate a building or help start a business.
• Develop partnerships with other public agencies, nonprofits and interested private businesses.
• Examine government policies/regulations in light of future opportunities.
• Help make downtown the center of the community.
Illinois Success Stories

Morrison

Carthage