



Argo House

Market Analysis
529 25th Street • Ogden
Prepared for Margo Properties



The Argo House, located at 529 25th street, is a creative and collaborative office building designed for creative professionals. Within the Argo House, two spaces have been set aside for commercial uses. This market analysis is a look into a diversity of options for these spaces and includes our recommendations for the best uses. Additionally, this analysis includes an overview of upcoming initiatives and developments within this neighborhood. The overview and recommendations are based on interviews, a survey, demographics, and a collaboration with Ogden City's department of Community and Business Development.

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Suite 5

A key feature for the Argo House is the northwest space on the main floor, also referred to as Suite 5. As the Argo House fills with creative entrepreneurs and begins to mature as an identifiable creative space in the Ogden community, we believe it is important for the community to have an opportunity to interact and participate with the space. This is why we have suggested Suite 5 to function as a commercial, consumer-focused space. The objective of this market analysis is to provide data-driven support for potential business models that will benefit the community, while being profitable and supportive of the aesthetic and ethos the Argo House seeks. This report will focus on 5 key examples of models that we feel meet the standards of the Argo House, while building a bridge into the community.



Bakery/Delicatessen

A high-quality bakery and/or delicatessen. This concept is similar to the proposed beverage business on the following page, but the focus is on food while serving drink compared to the opposite. Ideally, this would also include a delivery service to boost revenue potential.

The viability and revenue sources look strong. Competition for this business would be very low, but market demand may need to be proven. From our initial survey and interviews, this is one of the most desired uses for Suite 5. The proximity to established neighborhoods, high-density apartment buildings, and businesses will give a great boost to viability. The addition of a delivery service would amplify revenue and would be a great way to bring awareness to the shop.

Advantages

Currently no competition exists on this block or in the neighborhood. In fact, very little competition exists in Ogden.

- High traffic location with growing population of both residential and commercial
- A dense and underserved population exists that has expressed interest in this type of business

Disadvantages

- Start up costs and available space for equipment



Cafe/Cocktail Lounge/Juice Bar

A high quality drink venue serving coffee, alcoholic beverages and or cold press juice. This could include a small food component such as tapas, small breakfast items, and other small plates. An idea of combining all three (coffee, alcohol and juice) has been high on the list of solutions. Based on input from our survey and interviews, this is the top desired use, especially if it includes a food component.

Imagine a place that serves amazing coffee and organic juice all day long so you can get your fix on your way to work or meet a client for a meeting. After work swing by for a drink with coworkers or friends to unwind from the day before heading home. And lastly, headed out for dinner or need a friendly and homey place to meet up before or after your evening out? This space could solve all those problems. The idea here is not a “Bar” as much as a meeting spot for conversation and interaction.

The viability and revenue sources appear to be strong. At this point competition is low. There are a variety of successful coffee shops in town but none are serving this immediate area and most lack a design sense and neighborhood vibe. The same can be said about a location serving alcohol. No competition currently exists for a cold press juice bar. A hybrid business model that serves coffee, alcohol, and food would be an excellent use for Suite 5 and could easily be combined with the recommended Bakery/Delicatessen model on the previous page.



Advantages

- Currently no competition exists on this block or in the neighborhood.
- High traffic location with growing population of both residential and commercial
- A dense and under-served population exists

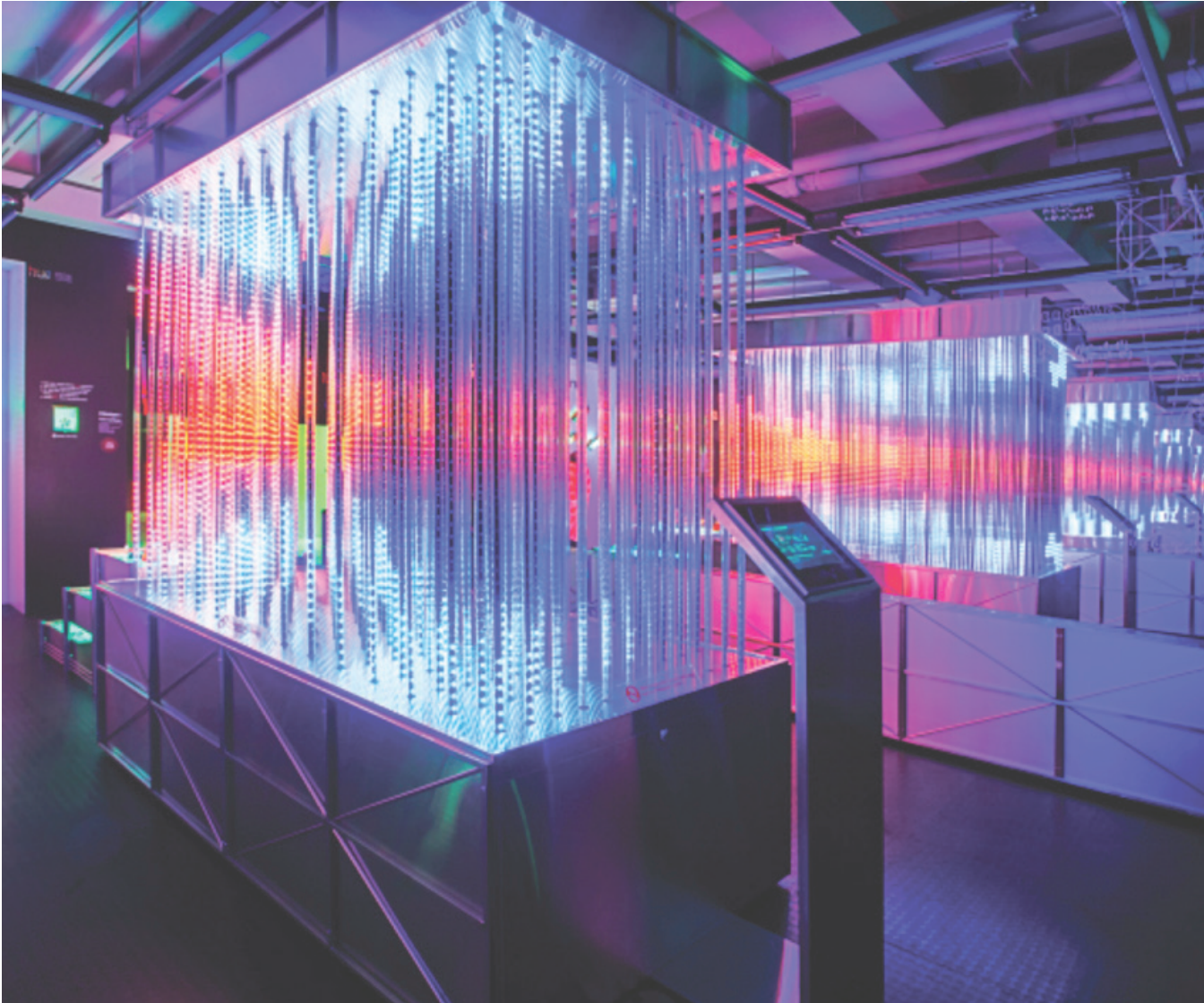
Disadvantages

- Alcohol permits can be difficult to obtain
- Potential for future competition
- Customer education – this could be seen as a new market

There are many successful examples of this model outside of Utah and a few within the state. We believe the logistics of obtaining alcohol permits has been the greatest barrier of entry to this model. Coffee shops are a growing business model in Ogden with a roasting company recently opening up and at least 2 others proposed. We believe Suite 5 could become next to market and the first to serve this neighborhood. With that said, it is our opinion that the market is far from reaching a saturation point.

Potential Partners

- Wasatch Roasting
- Vive Juicery
- Kaffe Mercantile



Innovation Lab

The Futurism Lab would be a research and innovation facility showcasing the future of design and creative economy. Within this space, visitors can get a view into advanced technologies and explore the possibilities of their integration into local industry and daily life. Elements would likely include: virtual reality, disruptive technology, 3D printing etc.

The viability and revenue sources for this model are not proven and would likely need to be underwritten through a partnership between a university, a for-profit technology company, or a foundation/grant agency. This may not be a strong option for a continued revenue stream for a business; however, it could be underwritten for multiple years and provide a stable tenant for the Argo House.

The primary research needed for this project would be to identify and reach out to key partners to gauge interest and viability from their perspective. The structure and specifics of this endeavor would be dictated greatly by the partners and funders. In respect to potential partners, this would likely be a collaborative partnership between a high-tech company and a university. Weber State University is currently exploring the possibility of creating a design program which bridges engineering, entrepreneurship, and art/design. Connecting into this initiative could be an excellent method of establishing a unique and high-tech innovation lab. Potential private sector companies/individuals are: Mile Cline/Aydika James, Michael Lindenmayer, ENVE, WhiteClouds 3D, Summit Powder Mountain, Zion Bank, and Autodesk.



Advantages

- Would attract national and potentially international attention and set a very high level of quality for the Argo House.
- Attract unique people from all over the community, state, region and nation

Disadvantages

- Could set an intimidating tone and come across as pretentious or overly academic.
- Difficulty in attracting the right partners
- Long lead time required to execute

Precedents

- MIT Media Lab
- Makerversity Classroom of the Future
- Lowe's Innovation Labs



Artisan Maker with Storefront

Description: This business model is specific to an artisan/craftsman making goods for sale ie furniture designer, clothing designer, leather worker etc. Ideally this business would have a small production component where design and or assembly would be required. In addition, the front of the house could function as a retail space or showroom. Ideally the tenant in question would have a proven record of successful online transactions and therefore the showroom would function more as a gallery rather than a brick and mortar retail space.

In respect to viability and revenue, as stated above, the tenant should have a proven online sales model for them to be considered. We do not believe a stand-alone retail store of goods is a strong option. With online shopping on the steady rise and consumers frequenting brick and mortar less, an online component is important. While this business may not see a lot in terms of retail revenue, the public-facing presence and ability to meet with customers face-to-face is something many online businesses need. A showroom and workspace paired with online sales is an excellent balance.



Potential Partners

- Ogden Made
- Oil & Lumber
- Stock and Barrel

Advantages

- Space is still open to the community
- An artistic, design oriented tenant who sells to the general public would bring great energy to the Argo House

Disadvantages

- Brick and mortar retail not a thriving business model

Precedents

- Stock and Barrel
- Oil & Lumber



Pop-up Shop

Pop-up would be a series of short-term solutions over the course of a year. Within this year four different businesses or organizations would take over the space with minimal build-out or adaptations to space. Each of these would be carefully curated and selected based on their creativity, economic viability, connection/benefit to other tenants, ability to draw outside guests, and PR opportunities. As an example, this space could serve as: a showroom for a large national products retailer with local ties like Kuhl, Amersports, or ENVE. A retail storefront for a local products company that needs a jumping off point, like Ogden Made, Stock and Barrel, or Pith. A coffee shop and even a holiday gift market with high quality design goods

Potential Partners:

- Oil + Lumber
- Kuhl
- Amersports
- Ogden Made
- Pith
- Stock and Barrel
- The Stockist
- Mason Jar Coffee
- Wasatch Coffee Roasters
- Stoked



Viability and Revenue Sources

Each of these pop-up opportunities have a great likelihood of pulling in revenue. Each business will have their own business model and own customer draw. Tenants would pay either a flat fee upfront or a fixed monthly fee throughout their time in the space. To simplify, we recommend a flat fee at the onset of each new turnover.

Advantages

This is a low-cost, low-risk way of prototyping what this space could be. Essentially, the first year would be an experimental phase to figure things out and build hype around the space. By having a new tenant come in every few months, we can continually draw new audiences and get audiences coming back. If one of the selected tenants doesn't end up being a good fit, they will be out quickly and build-out will be inexpensive.

Disadvantages

Management of multiple tenants will be more work than just finding a solid tenant from the beginning. Precedents:

Competition

Ogden hasn't seen the pop-up scene yet. Retail-type places in Ogden are generally lacking and underwhelming. Within the neighborhood, there is no retail competition. Depending on the individual business, there may be cross-over, but the types of people we curate for the space will be unique and be cool enough to draw their own crowd.

Basement

Another key space of the Argo House is the basement. The basement doesn't have the same large windows and beautiful character of the rest of the building, but it is a unique space with a lot of potential for important use. Features like full height ceilings, dual entrances, proximity to Suite 5, opportunity for storage, and its size make the basement a unique and desirable space. This section of the Market Analysis will outline several potential options that we feel are suitable for the space and make good use of its positive characteristics.



Add on space for Suite 5

Perhaps the simplest business idea for the basement, is to treat it as an extension of Suite 5. This could manifest itself in a variety of ways depending on the use of Suite 5, but in general, the concept is the same. Suite 5 is a phenomenal space, but it is on the small side for many of the uses we see being appropriate for it. This is not to say that these ideas wouldn't work without the basement, but the basement might serve as an additional amenity for someone considering Suite 5. As an example, a cafe or coffee shop might want to use the basement as additional food prep space, storage, overflow seating, etc. Or a maker with storefront might want to use Suite 5 as a showroom and light production work with additional production happening in the basement. There are a lot of possible solutions here, all of which depend on the use of Suite 5, but we feel that this is one of the most reliable uses of the basement.

Advantages

- Dealing with few tenants and payments
- The proximity within the building is logical and flows smoothly
- Could make Suite 5 more attractive to potential tenants

Disadvantages

- Having only one group take both of these spaces decreases the diversity of our offerings and talent
- Tenant may want a discount for taking both spaces
- Depending on use, the staircase from the break room to the basement could be strange



Special Event / Gathering / Flex space

As we have talked with potential tenants about office space in the Argo House and conceptualized how we might want to use the space, we've realized there is a desire to have larger meetings, events, gatherings, lectures, etc. At current, there isn't a space set up to do something like this, so many events hosted by tenants will have to be held off-site. These types of events and gatherings could become very important to the ethos of the space, and the ability to host/attend them will be a huge amenity for tenants. There are a number of ways this business model could be developed, but one potential option is to have the space available for free use by tenants a specified number of times per year with a discounted rate above and beyond the allotted number of uses. Non-tenants would be able to rent the space for a larger rate. The space could serve as a flexible use space when not reserved. This model would likely not generate the same amount of revenue as other models, but would be one of the most attractive uses for tenants.

Advantages

- Fantastic amenity for tenants
- Brings community members in for events and activities
- Build-out would be simple

Disadvantages

- May not generate as much revenue as other models.
- Would require someone to keep track of reservations and providing basic support for events.



Yoga / Fitness

Having showed the basement space to several people, the idea of a yoga or fitness studio has come up on a number of occasions. Yoga and various forms of fitness training are very popular throughout Ogden and this type of business would likely find an audience quickly. The popularity of this business model also means there is a high number of competition, but none in the immediate neighborhood. Depending on the use of Suite 5, this could be a conceptual extension. As an example, Grounds for Coffee on Historic 25th Street has a yoga studio upstairs, and the two businesses support each-other well. Additionally, people working in the creative sectors are often active supporters of these types of businesses and view health and wellness as an important part of their creative practice. The ability to take a break for yoga in the day, or starting your day off with yoga at the office would be very attractive for tenants.

Advantages

- Build-out could be inexpensive and simple
- Space could still be used for other uses when classes are not in session
- Would be a good amenity for tenants

Disadvantages

- A lot of local competition, but gaps certainly exist
- If not done purposefully, it could seem like a random addition to the Argo House community
- Would bring frequent traffic through the front door, which may feel distracting for tenants.



Weber State University Studios

Weber State University's Department of Visual Art and Design has been searching for an opportunity to increase their studio offerings and would like to see this happen in downtown or East Central Ogden. These would be small studios and would be reserved for either senior students or recent alumni. One of Weber State University's focuses is finding ways of integrating into the Ogden community. This would serve as a small example of what that could look like and would provide a jumping off point to get art students working in our community. Additionally, students who utilize these spaces would have the opportunity to work with and alongside other creative tenants. We have floated this by the head of community development of the Department of Visual Arts, and he is looking at ways to make this a reality. In this model, we would likely have the department pay an upfront 6-12 months of the space and would work with their faculty to determine which students receive the studios as part of a scholarship-type program.

Advantages

- Likely could be built out inexpensively
- Brings youthful creative energy and ideas
- Serves as an amazing marketing platform

Disadvantages

- Getting Weber State University to agree and contract with us could be a slow process
- Selecting the correct students could be tricky and time consuming



Sound Design or Recording Studio

Having a sound design or recording studio in the basement could be a fantastic value add to many of the creative entrepreneurs in the Argo House and would bring a unique offering to the Ogden market. As of now, there aren't great facilities available to people in our community who need to record or produce audio. Bringing in a firm or group who could setup and manage the equipment as part of their business, but who would also be open to collaborating with other people in the Argo House would be ideal.

Advantages

- Currently no competition exists in Ogden, but there is a relatively large music/audio community here
- The dark and simple space is suitable for this use
- A great asset for the other tenants

Disadvantages

- Potentially difficult to find someone with the right skill-set and connections to make this successful
- Potential for future competition as other groups work to develop a larger music scene in Ogden



Startup Micro Studios

As a way to get younger businesses into the Argo House, the basement could be developed as startup studios. Quick assessment of the space shows room for approximately 5 small studios. These studios would have room for a small desk, computer, and basic storage. They could be designed as open or closed, and would serve as an affordable jumping off point for small creative businesses. This would add a great level of energy and creative diversity to the Argo House and could serve as a funnel for our full spaces. Each of these studios could likely rent for \$150-\$200 and would be a great options for people wanting to move out of WSU Downtown, but who aren't in need of a full office.

Advantages

- Significant market demand for studios at this price point
- Brings energy and diversity
- Funnel for tenants in upper offices
- Generates good revenue

Disadvantages

- Build-out may be expensive
- Space isn't the most ideal in the area for this use, but could be done well
- Turnover could be high
- More people paying less money could lead to less respect of some of the Argo House amenities



Larger Firm

Although the basement is not as attractive as the beautiful upstairs spaces, it could be an amazing space for the right firm. We could likely rent this space at a similar rate as the premium spaces, because it is so much larger and offers a great degree of privacy. Some firms will be deterred from this space because it is in the basement, but many firms won't care. In some instances, the dimness of the basement space could be more suitable to a business need. As an example, a media firm that does a lot of editing or web development might prefer the basement space. The basement could be great for a firm like this, because it has the space to have a few tenants, some production rooms, hangout space, and storage all within their own space that could be designed and branded to their identity. Another potential within this concept is a customer service firm or extension of one of the upstairs firms.

Advantages

- Many firms will find this to be an excellent space
- Having a single tenant, will simplify logistics
- This could fetch a higher amount of revenue than some models

Disadvantages

- Build-out may be expensive, depending on their design preference
- May take time to find the right firm
- Firms may be able to find better spaces for similar rate elsewhere, so additional amenities will be critical

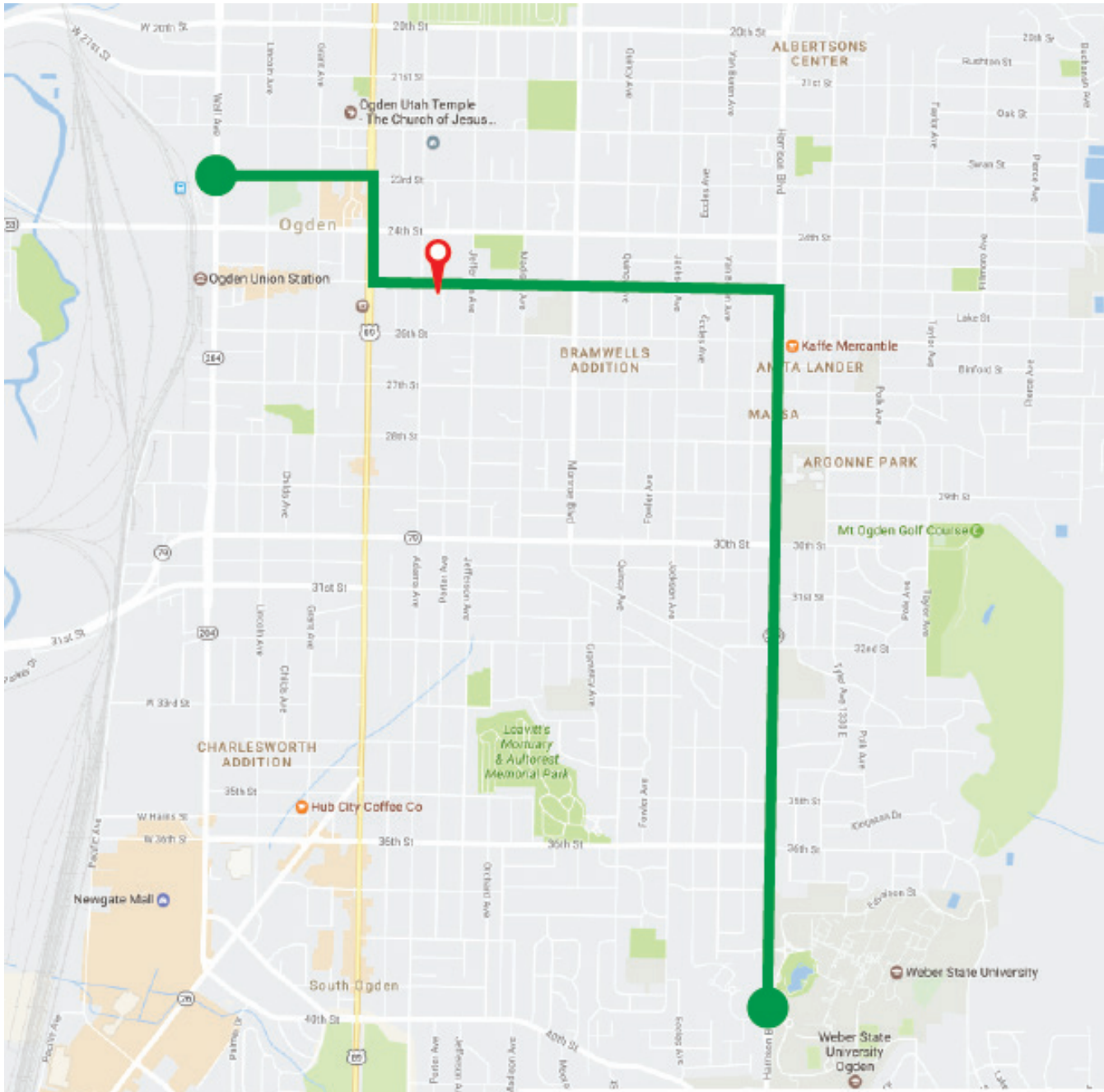
What's Happening in the Neighborhood?

The Argo House is positioned perfectly in one of Ogden's most exciting neighborhoods. This neighborhood is currently getting more public attention and engagement than any other part of our city. The short and long-term future of this neighborhood is exactly what it needs to be to make our recommended business models successful in the Argo House. This section outlines several of the initiatives being taken on throughout the neighborhood, and include everything from arts-based developments and multi-million dollar public space renovations to transportation innovations and residential development. This, undoubtedly, is Ogden's new "it" neighborhood.



Creative District

Ogden City and several cross-sector partners are working to develop a Creative District connecting Ogden's downtown and the east central neighborhood. As currently proposed, the boundaries stretch from Grant Avenue to Jefferson Avenue and 24th street to 26th street. The Argo House is located centrally within in this area. Furthermore, the Argo House is in the heart of what has been identified as the initial starting area. The Creative District is currently being planned and will be presented in the coming year for formal designation. Though this formal designation is still a bit out, the partners involved in steering this effort (including Union Creative Agency and IO Design Collaborative), are working hard to bring the vision to life right away. Projects like the Rachel Pohl mural at 25th and Adams and the MOMENTS Art Festival held on May 5, 2017 are examples of first steps toward making this district a reality. This effort was codified by the recently adopted Master Plan for Arts and Culture developed by Union Creative Agency. This Master Plan is a 15 year strategic plan which identifies future opportunities to build a vibrant creative community/economy in Ogden. The Creative District is one of the elements outlined for future development in this plan. Through our efforts working with on both the Creative District and the Master Plan for Arts and Culture, we have heard first-hand the needs and dreams of the community. Creative work and studio spaces has consistently been one of the most in-demand elements. The Argo House will play a major part in fulfilling this request.



Bus Rapid Transit

In 2016, Ogden City was awarded \$250,000 from the Utah Department of Transportation to begin firming up plans to implement a Bus Rapid Transit System connecting Downtown Ogden with Weber State University. After several transportation studies, the route illustrated above was selected as the preferred route. As you can see, the proposed Bus Rapid Transit system will pass directly in front of the Argo House (red marker). Additionally, one of the key proposed stops will be at 25th and Adams, just a half block away from the Argo House. This new Bus Rapid Transit system will provide a direct pipeline between downtown Ogden, the residential neighborhoods around the Argo House, and Weber State University in a way that we have never had before. Once implemented, this transit system will help to bring increased foot traffic near the Argo House, will make getting to this neighborhood much easier, and will soften need for customer parking. Additionally, the development of the Bus Rapid Transit system ensures long-term positive attention from Ogden City along this route as they work to ensure the success of their investment.



Bicycle Master Plan

In February 2016, Ogden City Council adopted a new Bicycle Master Plan Outlining an initial backbone of projects linking various neighborhoods throughout Ogden. Two of the primary thoroughfares identified as part of this plan are within a block of the Argo House and are designed to interface with the Bus Rapid Transit line that will run along 25th Street. As these projects are developed it will become easier for people to commute throughout the city via bicycle and will bring increased populations to the neighborhood around the Argo House. Additionally, the execution of the projects identified in the plan will make the Argo House more accessible by bike, and decrease the need for tenants and visitors to find parking.



The Art Garage

The Art Garage is located just down the street from the Argo House at 455 25th Street. The building is approximately 60,000 square feet and has sat vacant for years. The owners are currently in the process of submitting their construction documents to Ogden City so they can begin work. The owners of this project anticipate construction to be completed in late 2018. The Art Garage will house affordable artist studios (primarily targeting Fine Artists), a 17,000 square foot makerspace, several restaurants, and an event space. While there are definitely overlaps between the space and programming of both the Art Garage and Argo House, we (and the owners of the Art Garage) are confident that they projects will support one another far more than they will compete. The two spaces have quite different target markets in terms of users. There are going to be overlapping elements, but we will be working with the Art Garage owners to ensure that we are able to operate collaboratively. Union Creative Agency is currently in negotiations with the Art Garage team to work with them on designing the makerspace portion of the building. We anticipate the makerspace a block a way being a major amenity for tenants of the Argo House. We may even be able to negotiate a group membership rate for all tenants of the Argo House.



Peery Apartments

The Peery Apartments located at 25th Street and Adams Avenue are soon to be renovated into high-end condos. The apartments are one of Ogden's architectural gems designed by iconic local architect, Leslie Hodgson. The design work for the rehabilitation project are complete, and the owners have submitted their construction documents to Ogden City for approval. Renovations on this project are expected to begin within the coming year. Once completed, this project will bring to new residences to the neighborhood.



Imagine Jefferson

The Imagine Jefferson development is an innovative project being completed by Giv Group, and non-profit property developer. Imagine Jefferson makes up all of the buildings on the North Side of 25th Street between Adams Avenue and Jefferson Avenue as well as one building around the corner onto Adams Avenue. Imagine Jefferson, at current, is primarily a residential project with approximately 344 residents. In addition to residential units, the project currently houses a small restaurant, community yoga studio, and pop-up art gallery. Plans are currently under development to bring a variety of food-based uses into the project, including a startup food incubator, food production areas, an urban farm, a tea house, and several farm-to-table restaurants. Additionally, the project includes the 66,000 square foot Weber Commons building for which a use has not been determined. Giv Group is working to determine the use of the Weber Commons building, but ideas include: all ages music venue, recording studios, museum, artist spaces, community art gallery, and a satellite location for Weber State University (the original owner of the building).



Library/Lester Park Redevelopment

Over the course of several years Ogden City, Weber County, and several community groups have been working to get the Ogden Library and surrounding Park redeveloped. In 2016, The Ogden Library renovation began and is currently underway. As the library renovation was just about to begin, Ogden City ran an international design competition to redesign Lester Park. Our local team of Jake McIntire, James Argo, and Shalae Larsen ended up winning this design competition and is trying to work with the city to determine next steps towards further design development. The rehabilitation of this library and park will be absolutely revolutionary and a catalytic jump start for positive growth in the area. With the Argo House only a block away we will certainly see amazing benefits, and any commercial space will be primely located within a short walk from the park and library.



Adams Avenue Community Investment Framework

Ogden City Community and Economic Development department is currently developing a Redevelopment Area and Community Investment Framework for a large stretch of Adams and Jefferson Avenues. The proposed area will place the Argo House at the center of the initiative. The program looks to catalyze public and private development, rehabilitation, and ownership in this very important neighborhood. Improving the neighborhood identified in this framework is critical to connecting disparate bright pockets and bridging East Central Ogden with downtown. The Argo House will play a strong role in the success of this plan and will benefit greatly from the increase in public and private investment into the area. This initiative will bring a large increase in population to the neighborhood. This increased population will be natural supporters of the commercial spaces in the Argo House.

Demographics

Population

City (Census) - 82,825

Neighborhood (ESRI Data report)- 16,106

Median Age

City (Census) - 30.4

Neighborhood (ESRI Data report) - 29

Household Income

City (Census) - \$41,036

Neighborhood (ESRI Data report) - \$31,998

Education

City (Census) - 82.3% High School Graduation 17.1% Bachelors Degree or Higher - Ages 25-64 year olds (2000)

Neighborhood (ESRI Data report)- 12.4% Bachelors Degree or Higher - Ages 25-64 year olds (2016)

Survey

As part of this market analysis, we performed an intercept survey in the neighborhood immediately surrounding the Argo House. We stopped people on the sidewalks, and engaged them about the Argo House and asked them what they'd like to see happen with Suite 5. The survey was also sent digitally, but most responses came via our in-person paper surveys. In our review of the survey results and discussions with people who took the survey, we found that the biggest demand for Suite 5 was something food-centric. People felt that the most lacking amenity in the neighborhood was places to eat. At current, Thai Curry Kitchen is the only convenient place for people living and working in this area to eat. Many of the restaurants further East or West are far enough away that they aren't suitable for a quick meal before, during, or after work. The idea of a coffee shop wasn't particularly excited to the people we talked with, but they did like the idea of somewhere they could eat and get a good cup of coffee or evening beverage. Of the business ideas we asked them to vote on, cafe was the only one 100% of people selected as desirable. The next closest was bakery at 50% of respondents.

We also learned that there is pretty strong demand for meeting and gathering space. 78.6% of respondents said they require somewhere to meet with coworkers, clients, or friends Daily, Weekly, or Monthly.

Based on survey results and discussion with respondents, we feel that Suite 5 should be a food-centric business that also serves as a place for people to meet and work. In addition to food, this business should serve high quality coffee and alcoholic beverages. If done correctly, this business would meet several significant needs for the local community and would be likely to see high levels of success. Recruiting the right person for this business will be critical, because it will require excellent execution to work effectively. Additionally, this business model would bring an ideal amount of traffic and attention to the Argo House, giving community members and tenants an easy place to engage.

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