



SOUTHLAKE
ECONOMIC DEVELOPMENT

2019 BUSINESS CLIMATE SURVEY



CITY OF SOUTHLAKE
ECONOMIC DEVELOPMENT & TOURISM
1400 Main Street, Suite 460
Southlake, Texas 76092
(817) 748-8039
EconDev@ci.southlake.tx.us

WWW.SELECTSOUTHLAKE.COM

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INTRODUCTION

2019 BUSINESS CLIMATE SURVEY

BACKGROUND

The City of Southlake strives to maintain a strong and healthy economy and has dedicated time and resources to economic development, identified as a vital city function, in order to maintain a strong and healthy economy. There are various economic indicators that can give the City a better sense on the economic conditions in the community, however, these indicators can be limited in their ability to give local leaders insight as to what the City does effectively to stimulate and support business activity in the community.

To address this need, the Economic Development Master Plan, adopted in 2016, identified evaluating the City's economic programs by conducting an annual business climate & satisfaction survey as a policy recommendation for its business retention efforts. In order to fulfill this requirement, the master plan recommended conducting a business climate survey that collects information from Southlake employers about their outlook and needs and to determine if the City's programs are meeting those needs.

As such, the City of Southlake Economic Development & Tourism Department conducted this survey in February and March of 2019.

WHY A BUSINESS CLIMATE SURVEY?

Business climate indicates how state, regional and local policies, relationships and local communities support business development. Ultimately, a good business climate allows businesses to conduct their affairs with minimal interference while accessing quality high inputs and customers at low costs. While no business climate is perfect for every kind of company, certain attributes of the regional or local economy allow investors to find fewer risks and higher returns when compared to other places.



Business opinion/satisfaction surveys enable businesses to share their perceptions and suggestions about local government, specific public issues, and the various services provided to them with their governing body including the mayor, city council, other elected & appointed officials, city staff. These local decision-makers often have to make important decisions with limited information and input from residents and businesses. Business surveys can assist in bridging this gap and ensure decision-makers have the most accurate information.

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By conducting a business climate survey, the City will obtain the most current information about local businesses and have a better understanding of local challenges and perceptions of the business community. This type of survey also demonstrates the City's support for the local business community, uncovers opportunities to improve the local business climate, finds benefits for existing businesses and provides a means for the City to evaluate its current and future programs to provide more effective decisions and programs businesses.

Ultimately, the survey results and analyses presented in this report will provide the City Council and staff with information that can be used to make sound, strategic decisions in a variety of areas, including service improvements and enhancements, measuring and tracking internal performance, budgeting, policy, and planning not just through Economic Development initiatives but through City-wide decision making.

GOALS & OBJECTIVES

Quality of Life is the economic well being, life style, and environment that an area offers. Improving the quality of life is the ultimate aim of economic development programs and initiatives. A balance has to be maintained between encouraging the growth of the local economy, while limiting impacts upon the quality of life.

In order to achieve the best quality of life possible, tools such as this Business Climate Survey are used to obtain a better understanding of local economic conditions. Understanding labor challenges, labor demographics, struggling local industries, business trends, upcoming challenges and how to effectively use technology all contribute to the local business climate and pro-actively obtaining this information keeps the City "on-the-pulse" of the local environment.

Working with the Community Enhancement & Development Corporation (CEDC), City staff developed goals for the survey understanding that upon getting results and conducting future surveys, goals will be adjusted accordingly.

Business Climate Survey Goals

- Acquire current local business data
- Obtain a better understanding of the local business environment
- Improve organizational processes to better serve the business community
- Enhance current and future programs targeted towards assisting businesses
- Develop better communication and relationships between the City and business community

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SURVEY STRUCTURE

City of Southlake Economic Development staff worked closely with the CEDC to develop a questionnaire that covered the topic areas that would be of most value to the City. Upon evaluation, it was determined that obtaining core business data, perceptions/sentiment about the business environment and evaluating the City's service performance should be the focus.

Additionally, the CEDC discussed strategies to encourage participation since time is extremely valuable for businesses. For this reason the survey was divided in two, a short-form survey consisting of approximately 9-questions and a long-form survey that includes an additional 29-questions for those businesses that chose to contribute more of their time.

The development of the questions for the survey consisted of three focus areas: 1) Business Data, focused on obtaining data associated with the specific business such as sales trends, number of employees and years in operation; 2) Business Environment focused on getting the business perspective and opinions on labor availability, taxes and local to national economy; and 3) Community Environment which focused on level/quality of service that the City provides to the local business community.

OVERVIEW OF METHODOLOGY

Data for this study was collected through an on-line survey developed in-house by City staff. The survey was open between February 7 and March 22, 2019, a total of 43 days. The City used its business contact database, consisting of over 1,400 businesses, to communicate with local businesses about the survey. Personal visits were also conducted at larger retail centers in the community to inform store owners and managers about the value of providing feedback through the survey. Lastly, numerous emails, social media posts and an article through My Southlake News were drafted in an effort to get maximum participation from Southlake businesses.

During this time, 144 businesses completed the short-form survey. Responses were distributed throughout the City's commercial centers (see Business Response Distribution Map shown on the next page). Additionally, 75 businesses completed the optional long-form version of the survey.



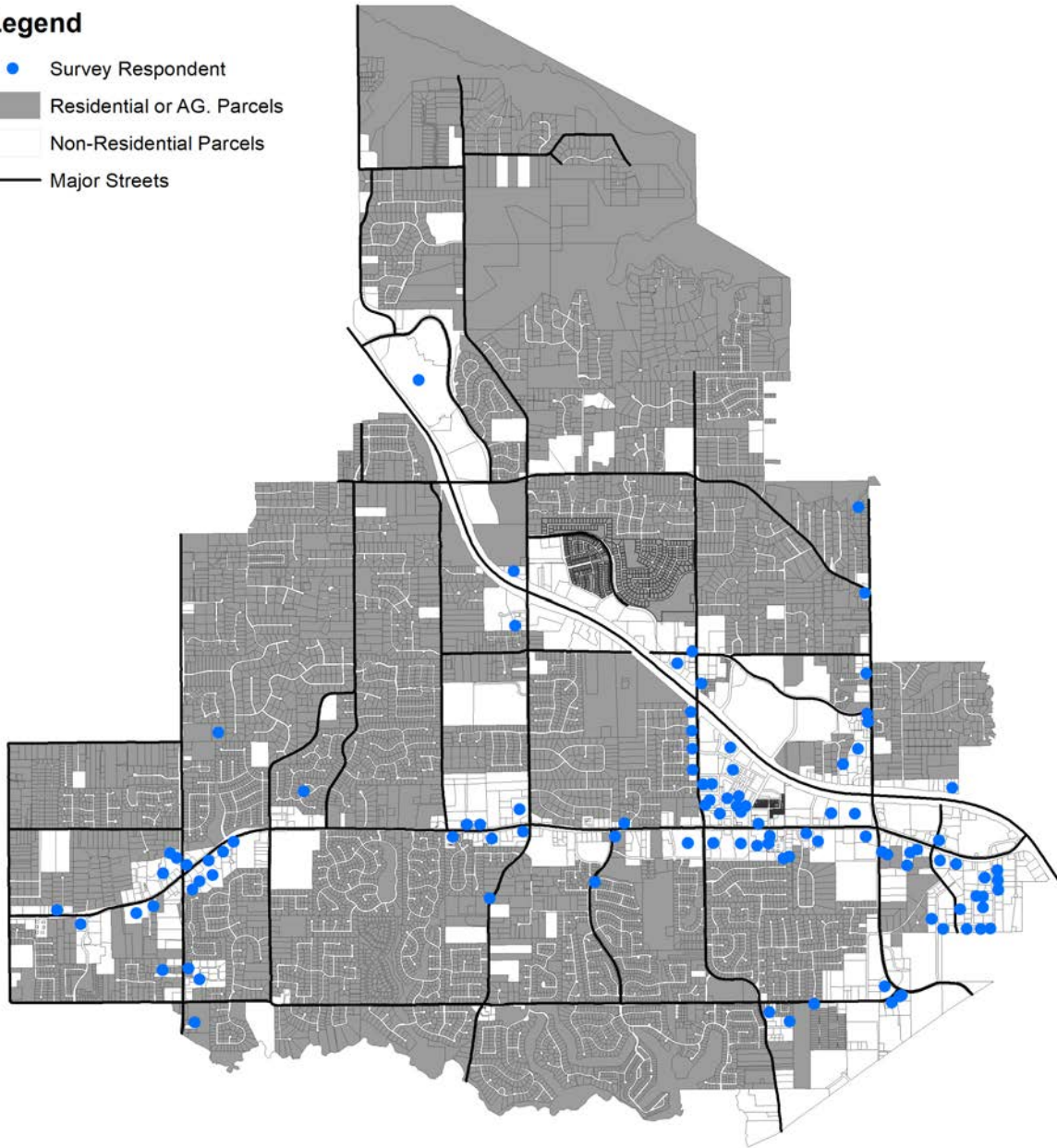
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BUSINESS RESPONSE DISTRIBUTION MAP

Legend

- Survey Respondent
- Residential or AG. Parcels
- Non-Residential Parcels
- Major Streets



QUICK FACTS

There are **1,780** physical “brick & mortar” businesses located in Southlake and a total of **2,178** businesses including home based businesses, non-profits, etc.

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REPORT ORGANIZATION

This report has been drafted to separate the short-form and long-form portion of the survey. Both forms of the survey have questions related to the focus areas of the survey consisting of Business Data, Business Environment and Community Environment.

The sections below lists the questions that were asked in the short form and long form of the business climate survey:

Short Form Survey Questions

1. How many employees work at your business location in Southlake?
2. How long has your business been located in Southlake?
3. What is your primary source of customers / sales for your business?
4. How would you best describe your sales / revenue of your business over the last year?
5. How would you best describe the local business climate in Southlake?
6. What would you say is the greatest benefit of being located in Southlake?
7. What would you say is the greatest challenge to being located in Southlake?
8. Overall, how would you best describe the level of service provided by the City of Southlake?
9. Would you like to let the City know anything else?

Long Form Survey Questions

- **Business Data**

1. What industry best describes the services/work your business does?
2. What best describes your business?
3. What is your forecast for sales/revenue trend in the next 12 months?
4. Where is most of your customer/client base coming from?
5. What is the highest level of education your employees need to begin working at your place of business?
6. What best describes most of your employees status?
7. Over the last 12-months, how would you best describe your employment needs?
8. In the next 12-months, what do you anticipate your employment needs to be?
9. Does your business sell goods/services online through a website or app?

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10. What area would you say most of your employees/workforce are commuting from?
11. Is your business a member of the Southlake Chamber of Commerce or other Chamber of Commerce?

- **Business Environment**

1. Do you feel your business is set to grow/expand in the next year?
2. To what extent do state and local taxes prevent your business from growing?
3. How would you best describe the regional economy in North Texas (DFW)?
4. How would you best describe the state economy in Texas?
5. How would you best describe the national economy?
6. How would you rate Southlake as a place to do business?
7. How would you describe Southlake as a place to do business versus other communities?
8. How would you define your business ability to hire employees/labor?
9. What is one thing you would change about the location your business is at?
10. What do you feel is greatest challenge facing the Southlake business environment?

- **Community Environment**

1. Has your business had any interaction with a City employee over the last year?
2. How would you rate your most recent interaction with a City employee?
3. Do you believe Southlake is as attractive a place to work as it was 5 years ago?
4. How would you rate the appearance of where you do business in Southlake?
5. How would you rate the quality of trash and recycling services in Southlake?
6. How would you rate the quality of streets/roads in Southlake?
7. How would you rate the quality of water service in Southlake?
8. What do you feel is the greatest benefit to being a business in Southlake?







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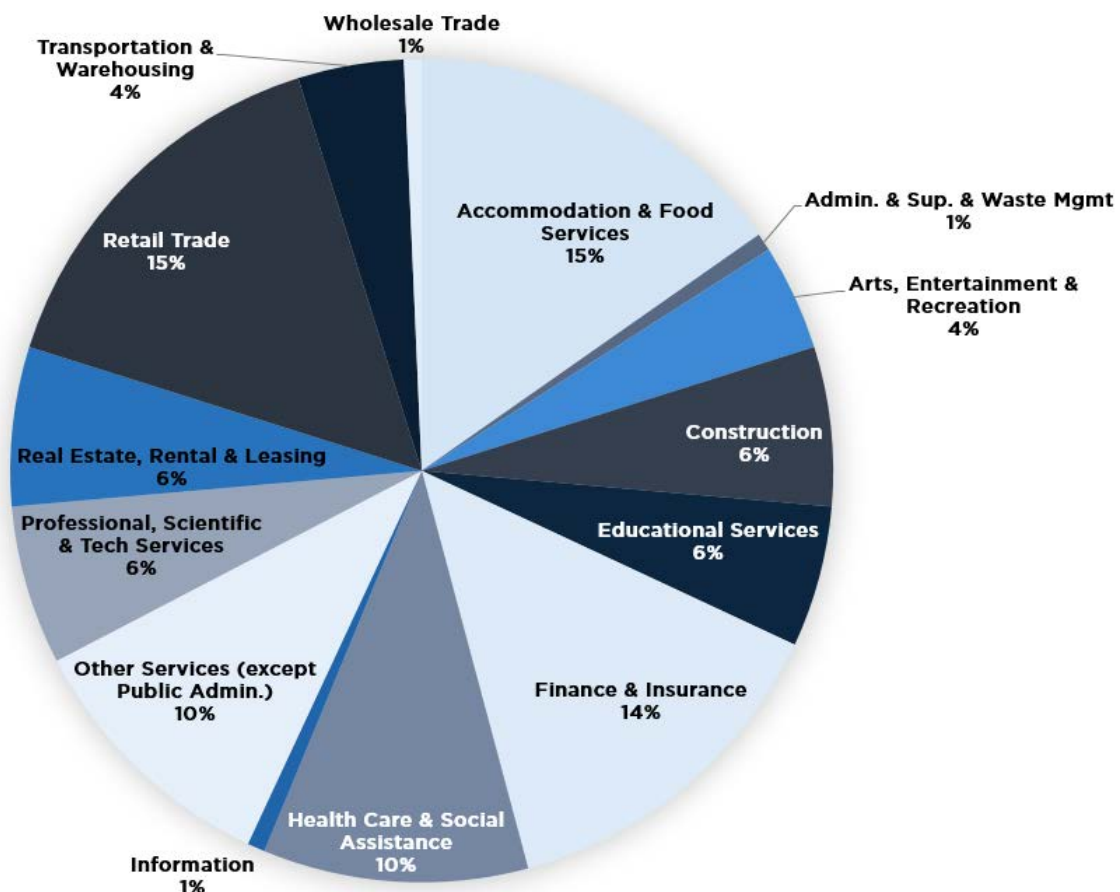
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SHORT FORM SURVEY

The Short Form portion of the Business Climate Survey experienced the greatest amount of participation with 144 business respondents. This number represents approximately 8.1% of all physical “brick and mortar” businesses in Southlake. There are a total of 2,178 businesses in Southlake, however, many of these represent web-based, home-based, P.O. Box registered businesses in Southlake which in most cases the City does not get an opportunity to interact or obtain the necessary information from such businesses.

The City of Southlake follows the North American Industry Classification System (NAICS) for classifying businesses. The NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. In Southlake, of the 19 classifications in the NAICS, approximately 65% of all businesses in Southlake fall in 7 categories; Retail Trade Finance & Insurance, Professional, Scientific & Tech Services, Health Care & Social Assistance, Accommodation & Food Services, Other Services (except Public Administration) and Construction. Below is the number of survey respondents based on NAICS category.

Business Climate Survey NAICS Industry Representation Chart



SHORT FORM SURVEY

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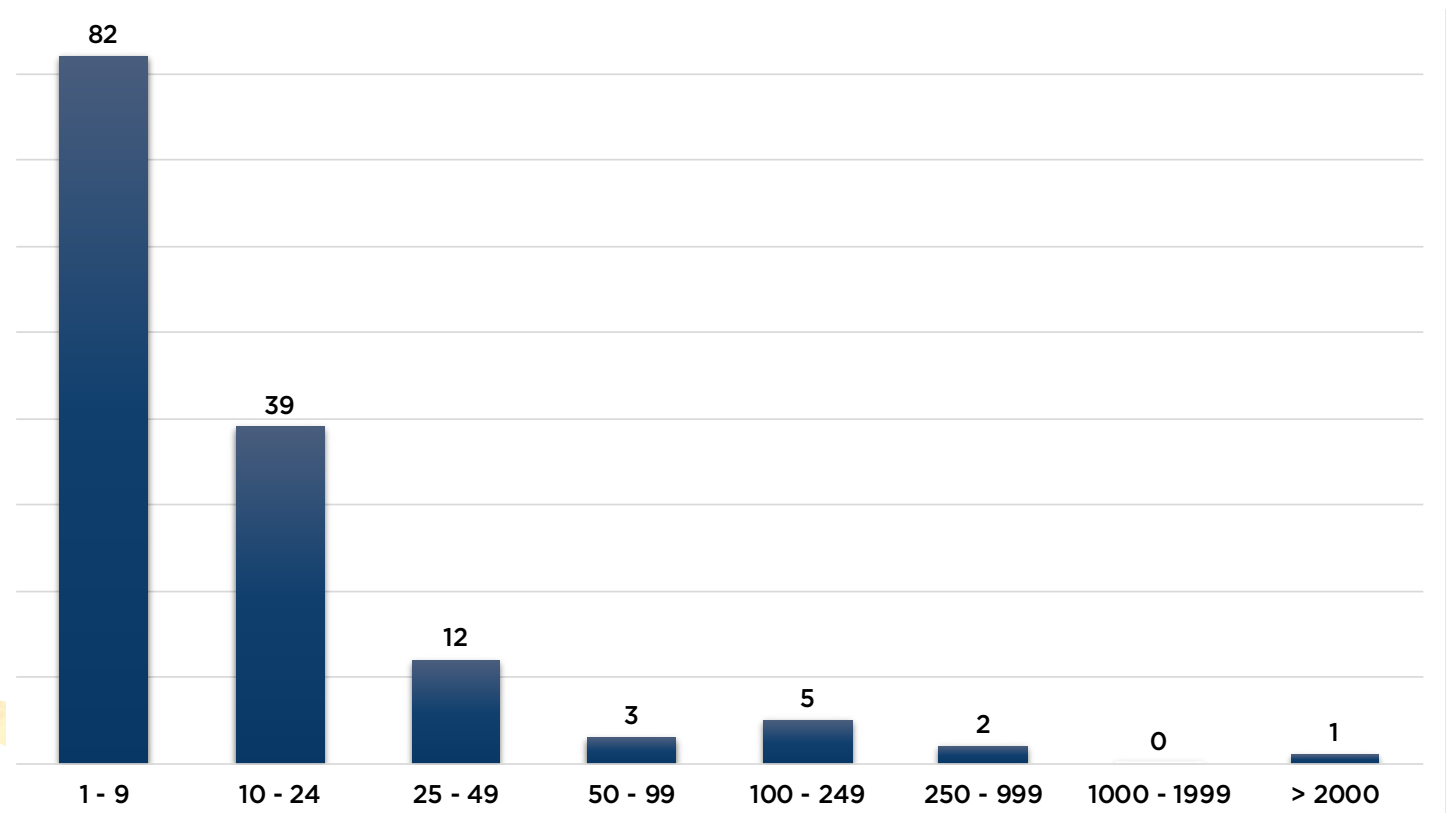
NUMBER OF EMPLOYEES

The employees that work at a local business contribute in significant ways to the local economy beyond the employment itself. People employed in a community contribute by sustaining other businesses within that community and creating demand for services that may or may not exist already.

QUICK FACTS

The businesses that responded to the 2019 Business Climate Survey represent **5,392** employees or **19.5%** of the total workforce in Southlake.

HOW MANY EMPLOYEES WORK AT YOUR BUSINESS LOCATION IN SOUTHLAKE?



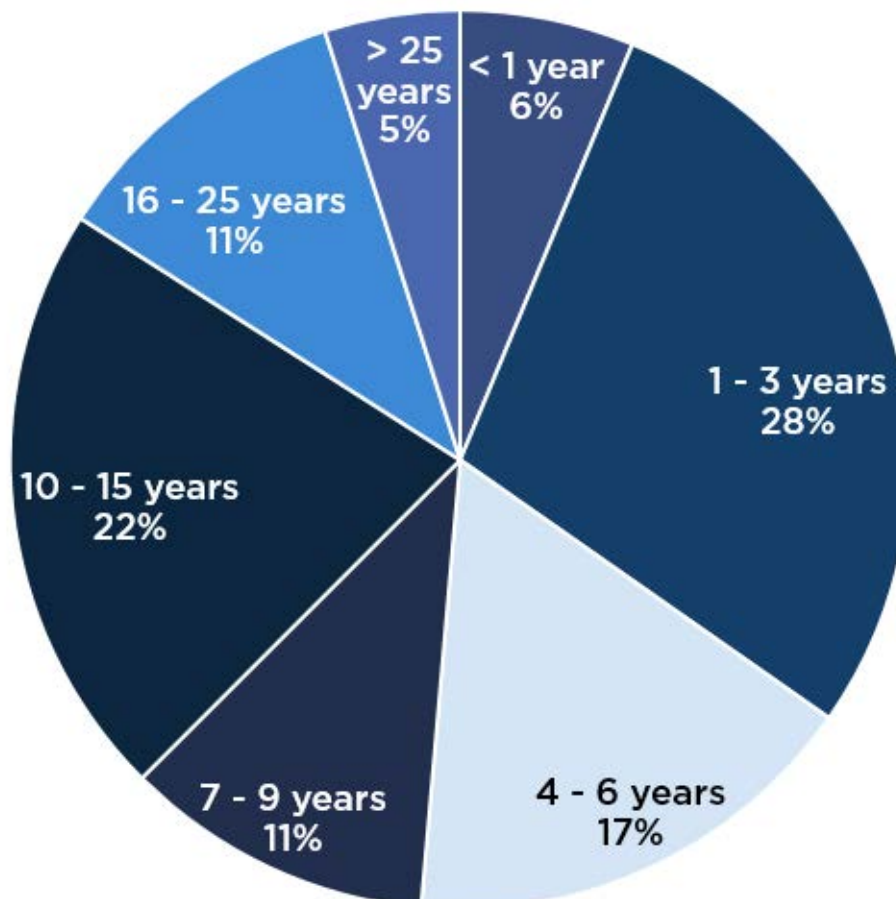
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YEARS IN OPERATION

The number of years a business has been located in a community can indicate a variety of things. The customer base and relationships the business has established with customers, the geographic location within North Texas, relationship with the City, loyalty and performance of its employees and cost of doing business are all factors that can influence a business to remain in a community. Southlake has just under 50% of businesses that have been here at least 7-years.

HOW LONG HAS YOUR BUSINESS BEEN LOCATED IN SOUTHLAKE?



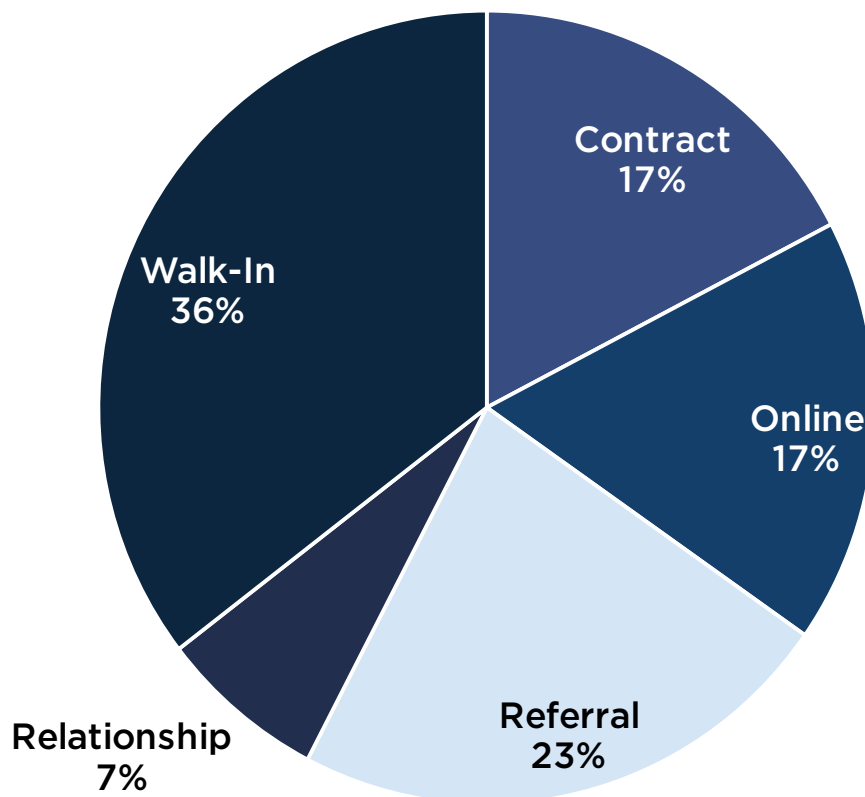
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SOURCE OF BUSINESS

How a business primarily conducts its business can help with City understand and target its efforts on marketing the community. There is a large percentage of businesses in Southlake (30%) that depend on relationships & referrals as their primary source of business. This likely tells us that networking and opportunities to build relationships with other business owners in the community is important.

WHAT IS YOUR PRIMARY SOURCE OF CUSTOMERS / SALES FOR YOUR BUSINESS?



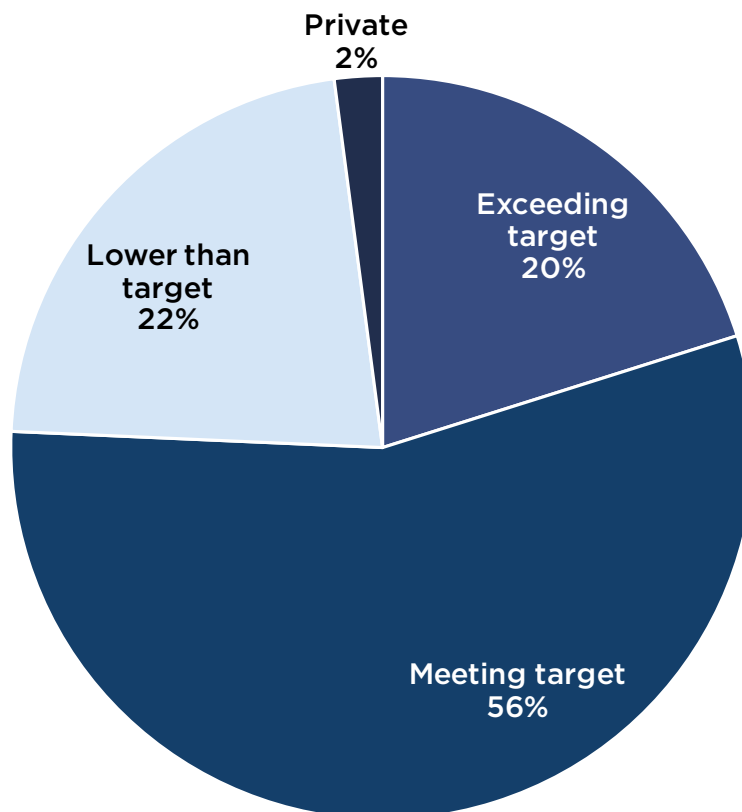
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SALES TARGETS

While the actual sales of a business can ultimately tell us whether or not it's profitable, the sales target can be more indicative of its sales expectations for the future. By learning whether businesses are meeting their sales target or not, can tell the City if Southlake's business climate is conducive for growth. Of all the businesses surveyed, 76% indicated they are either meeting or exceeding their sales target.

HOW WOULD YOU BEST DESCRIBE YOUR SALES / REVENUE OF YOUR BUSINESS OVER THE LAST YEAR?



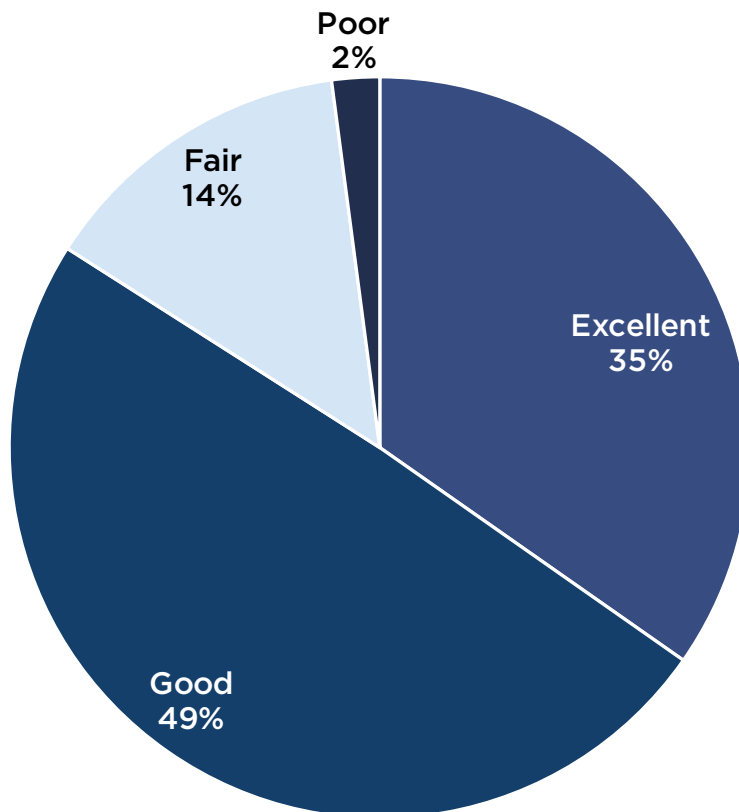
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LOCAL BUSINESS CLIMATE

Having the “pulse” of the business community is at the heart of the goals of this survey. Assessing the local business climate tells us if businesses feel this is a good environment to conduct their business. Of all the businesses surveyed, 84% believe the business climate in Southlake is either excellent or good.

HOW WOULD YOU BEST DESCRIBE THE LOCAL BUSINESS CLIMATE IN SOUTHLAKE?



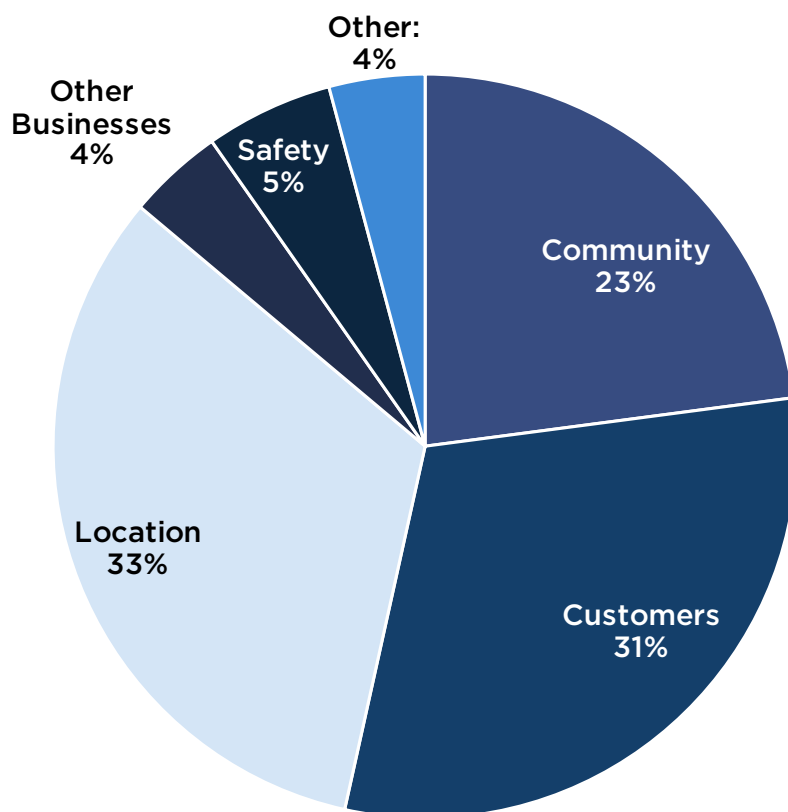
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LOCAL BENEFITS

Understanding the local benefits of the community to businesses can help the City focus its efforts on maintaining and improving those benefits. Survey respondents said they felt the location and customer base accounted for 64% were the greatest benefits of being located in Southlake.

WHAT WOULD YOU SAY IS THE GREATEST BENEFIT OF BEING LOCATED IN SOUTHLAKE?



Other Comments

- A little bit of all of the above
- Close to home
- Convenient for employees
- Networking
- The city name
- They truly understand what we are doing and why

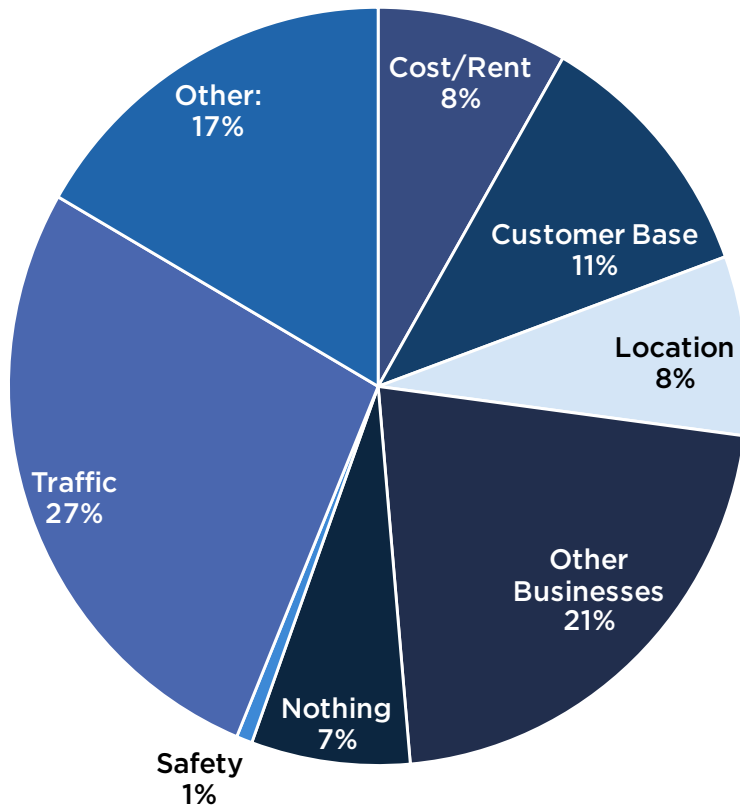
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LOCAL CHALLENGES

Understanding the community's challenges can help the City understand where its efforts should be spent to support the business environment. Most businesses (27%) indicated that traffic was the main challenge in Southlake but another large portion of respondents (21%) indicated other businesses, or competition, was the greatest challenge.

WHAT WOULD YOU SAY IS THE GREATEST CHALLENGE TO BEING LOCATED IN SOUTHLAKE?



Other Comments

- Too many illegitimate/fly-by-night businesses operating in our marketplace, commercial disposal costs, traffic (understandable)
- Business relations and network
- City Government
- Construction
- Housing and Cost of living for the employees - Most commute.
- Hiring
- I think it's too soon for us to make conclusions, but so far getting the traffic desired is our goal/challenge and through more brand exposure and marketing, this year should be great for us!
- Lack of workforce housing
- Low home sale volume...23 homes sold in January in Southlake for example.
- People are too "busy."
- Not able to put signs on your property for drive by specials in the office, limits & rules /regulation of the city
- Signage for the location
- Staffing / No public transportation access
- Staying involved with our community
- Taxes
- The trees around our building. You can't see our signs on either side. The city requires them to be there. It is a BIG issue. One that will likely resulting in us moving out of the city if not fixed.
- Unrealistic expectations
- Very costly to make changes that are within city guidelines
- Very high standard, makes a great challenge to overcome each day
- Difficulties in rather over stringent regulations
- Distance from market

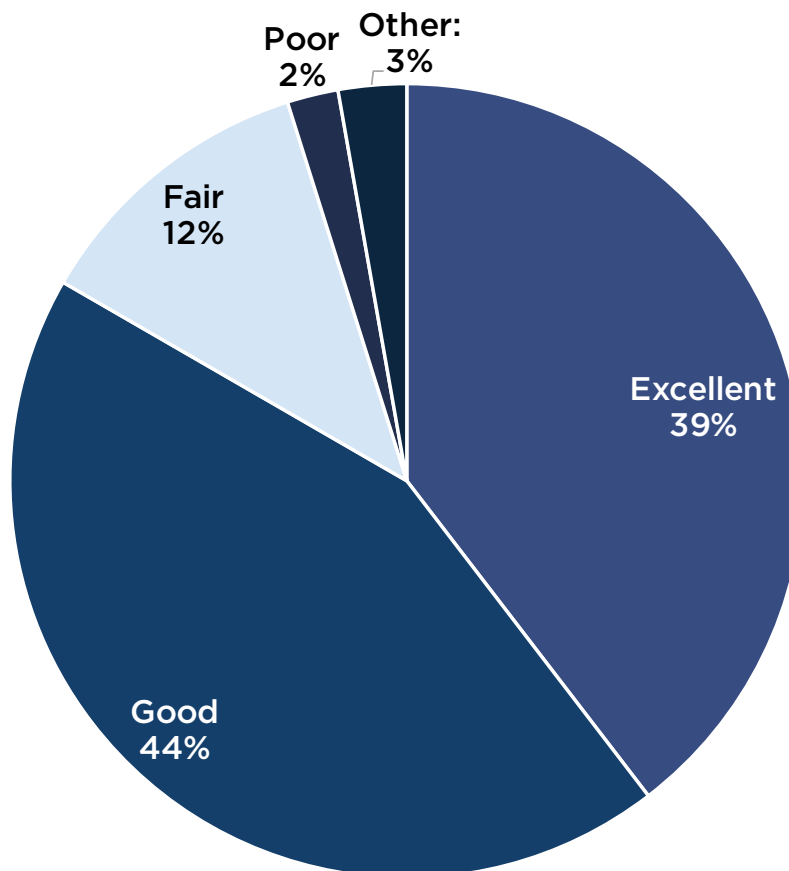
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QUALITY OF CITY SERVICES

The City of Southlake as a local municipality is primarily tasked with providing services to those that reside and conduct business in the community. Knowing how well the City performs and provides these services is key in its performance management. Of all the businesses that responded, 84% of businesses felt that the City provides an excellent or good level of service.

OVERALL, HOW WOULD YOU BEST DESCRIBE THE LEVEL OF SERVICE PROVIDED BY THE CITY OF SOUTHLAKE?



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ADDITIONAL COMMENTS

Since almost half of the businesses surveyed (48%) indicated they would only take the Short Form version of the Business Climate Survey, it was important for the City to obtain feedback on any other observations the businesses might have that provide more insight on their responses. Those comments can be found below along with a word cloud that highlights common themes mentioned.

WOULD YOU LIKE TO LET THE CITY KNOW ANYTHING ELSE?



We don't fit the typical "business" of Southlake so I understand our opinion is different. The only negative we have to being in Southlake is the difficulty of traffic getting onto/off our property. It is a dangerous situation to pull out and do a u-turn in front of our building. We have not been overwhelmed by the city's desire to help us figure out a better solution.

Allow better visibility from traffic with less roadside trees.

Business is hard, very hard. When possible, give a us a break.

City Festivals seem to use external non city vendors more than local vendors--except for 4th of July

Develop more housing

Doing a great job! Thank you

Get more businesses in Too many going to Plano and Irving

Get rid of the pigeons in my area.

Go easy on the tax

Great place to do business!

COMMENTS

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I appreciate the information they share with businesses, it was great for me to find out that there are ways they can support us as far as marketing (tourism department?) and would love to get more information on that... Will follow up with Daniel Cortez for the contact info so we can benefit from that great opportunity!

I like living and working here.

It would be great to see the city take some action on #'s 1 and 2 that I mentioned above. Also, there is a lot of talk among businesses in town about fire inspectors having unreasonable citations and demands. Finally, sign regulations are too strict and impede a business' ability to advertise, more specifically, when a Southlake business like ours is participating in a prominent construction project and is not allowed to put any sign up to let the community know they are participating, that is inhibiting the success of that business that is a good corporate citizen and helping to fuel Southlake's economy.

Keep making our community wonderful

Keep up the good work

Love Southlake and appreciate the dedication of the city employees. Would like that in a small city like ours, there would be an opportunity to stay better connected to issues affecting local businesses. The Chamber is useless.

Make sure when events happen it doesn't cover the store, we are never seen during the events something big is always covering the store

Marketing Support & communication with vendors is poor.

Median on 1709 really hurt my walk-in trade as access to my store is difficult.

Need to expand parking lot but the city won't allow

Our foot traffic has been decreasing about 30-20% over the last few years.

Our location is very tough to get to because you have to do a full U-turn to get into the driveway of our location. A lot of customer turn on Brock Street thinking there is an entrance to our parking lot and there isn't. We would like to know what steps would need to be taken to include a parking lot entrance from Brock Street. Thank you.

Parking is an issue in Town Square. And we seem to have too many power outages.

Recycle

Should have handled the Highway 1938 project with TxDOT much better - the delays were unexplainable and deplorable

Should work closer with businesses to better locate retail in and near residential areas (convenience is why most people shop with us). Even if we stayed within Southlake, not sure we would do as well as we do if we moved. Also to better understand why some businesses make it and others go under within 2 - 3 years. Would also be interesting in seeing Southlake's business growth and retention annual numbers

Southlake has been a great community to start a small business. We have felt welcomed by the community and leadership from the beginning.

COMMENTS

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Southlake was our first location and it is our baby. Over the past 10 years we have seen such a HUGE shift in the city. There is so much new retail but not enough roof tops to support all of it. When we opened our Alliance location a lot of business went there. The response was that there really isn't a reason to go to Southlake anymore. Alliance has everything we need and we don't have to hassle the traffic. Our Alliance location does more business than Southlake with half the rent cost.

The city is great and has a highly valued consumer base that many large national and regional companies covet. I would like to see the city attempt new initiatives aimed at leveling the playing field for local businesses in Southlake. Especially incentives for locally owned and operated restaurants that would help them thrive.

The City needs to improve the roads. Specifically Continental and Dove. There are major roads that do not meet the minimum standards of the City's own master thoroughfare plan today. The City has been very negligent in not addressing this problem. As they are today those roads are very dangerous.

The number of fitness businesses is staggering at the moment. Franchises are driving locals out of business. I consider Southlake to be un-supportive of local small business. Rent is insane. Many business go out of business within a year or two. This cannot be good for the economy.

This is a beautiful area for our customers to shop and RPAI has done an excellent job keeping our area relevant and inclusive.

Tractor trailers routinely park on 114 access road in front of Chicken Express (at Kimball), presumably for the purpose of eating at that establishment. This illegal parking creates a safety concern and is not enforced by Southlake Police.

We appreciate the business friendly environment. Would live for there to be a joint Chamber/EDC City meeting like Grapevine does. Love their format and it would be great for Southlake!

We love being here!

We need greater promotion of our city We now have much greater competition from other cities.

We need to be able to place "Now Open" banner, yard sign etc.

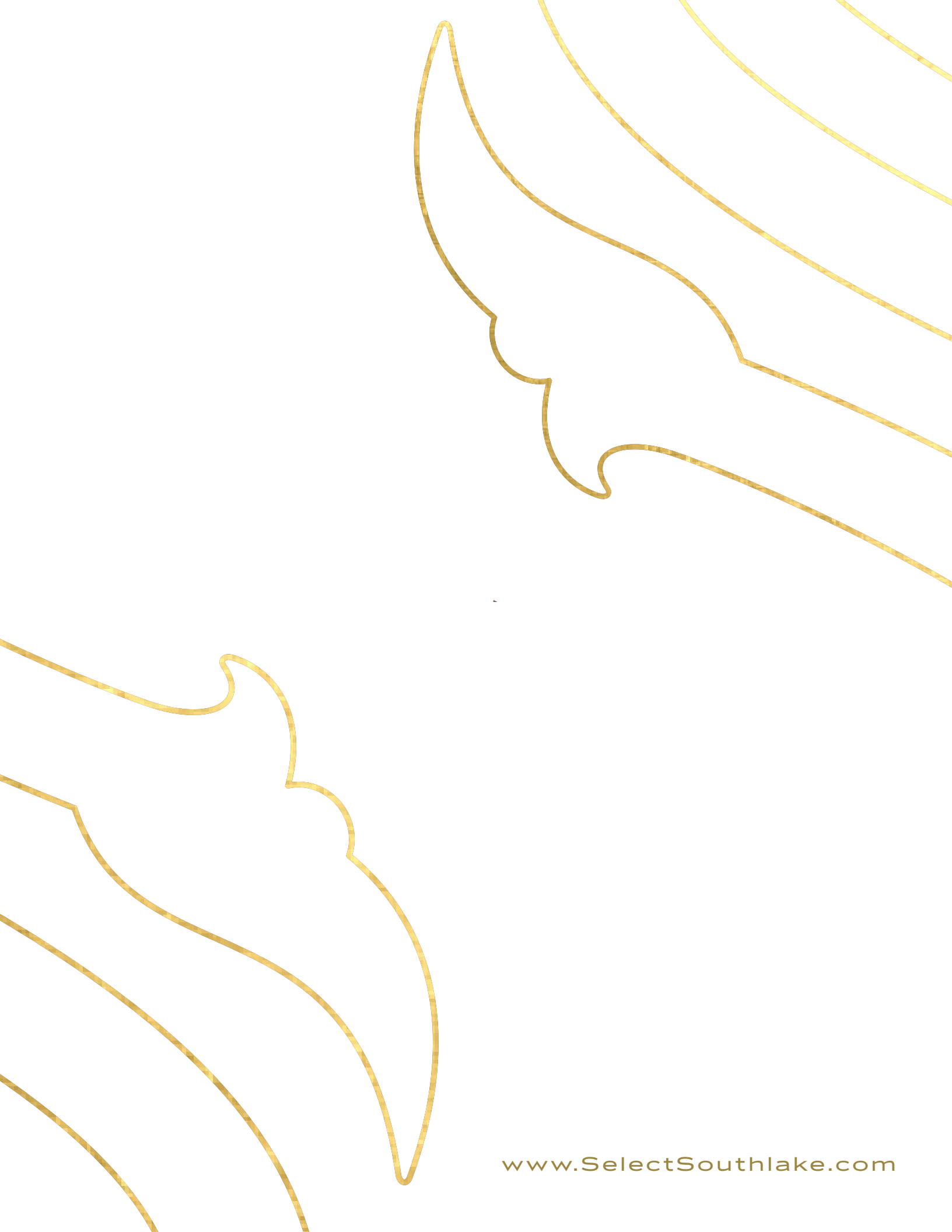
We purchased this as an existing business in November, would be interested in learning more about how to work with the city.

We're not all large corporations with endless financial resources

What fabulous work they do and how energetic the business owners are in supporting each others business

With a dozen fitness options in Southlake, it's frustrating that the City is using funds to create yet another fitness option that will directly compete with those local businesses who are already vying for a share of the market.

You all do an outstanding job! Only complaint is mounting traffic.





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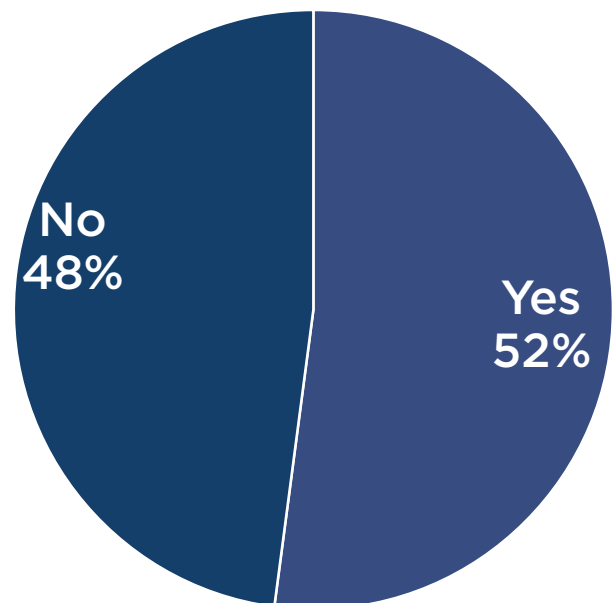
As mentioned in the previous section, businesses had the option upon completing the Short Form version of the survey to provide more information about their operations and opinions in the Full Form version. Of the 144 businesses that took the Short Form, 75 of them agreed to take the Full Form representing about 52% of the total respondents.

In the Full Form version of the Business Climate Survey, additional questions were asked regarding their business operations, opinions on the business environment and their opinions on the City's services that are provided to them and their customers. These questions were broken up into three sections beginning on the next page and titled at the top under Business Data, Business Environment and Community Environment.

Did You Know

While it was not necessarily a goal of this survey to assess level of community engagement from local businesses, the number of respondents that decided to take the Full Form version of the survey is a good indication of the level of engagement of the businesses surveyed. According to a recent Forbes Business Development Council article, businesses that are engaged with their community, "can help their business connect with people in their local area and get the word out about their work. Companies can give back and gain eyes on their projects by engaging with members of the community, but getting involved with residents can also help organizations better understand their audience and ultimately allow them to create better products and services."

WOULD YOU BE WILLING TO ANSWER SEVERAL ADDITIONAL QUESTIONS RELATED TO THIS SURVEY?



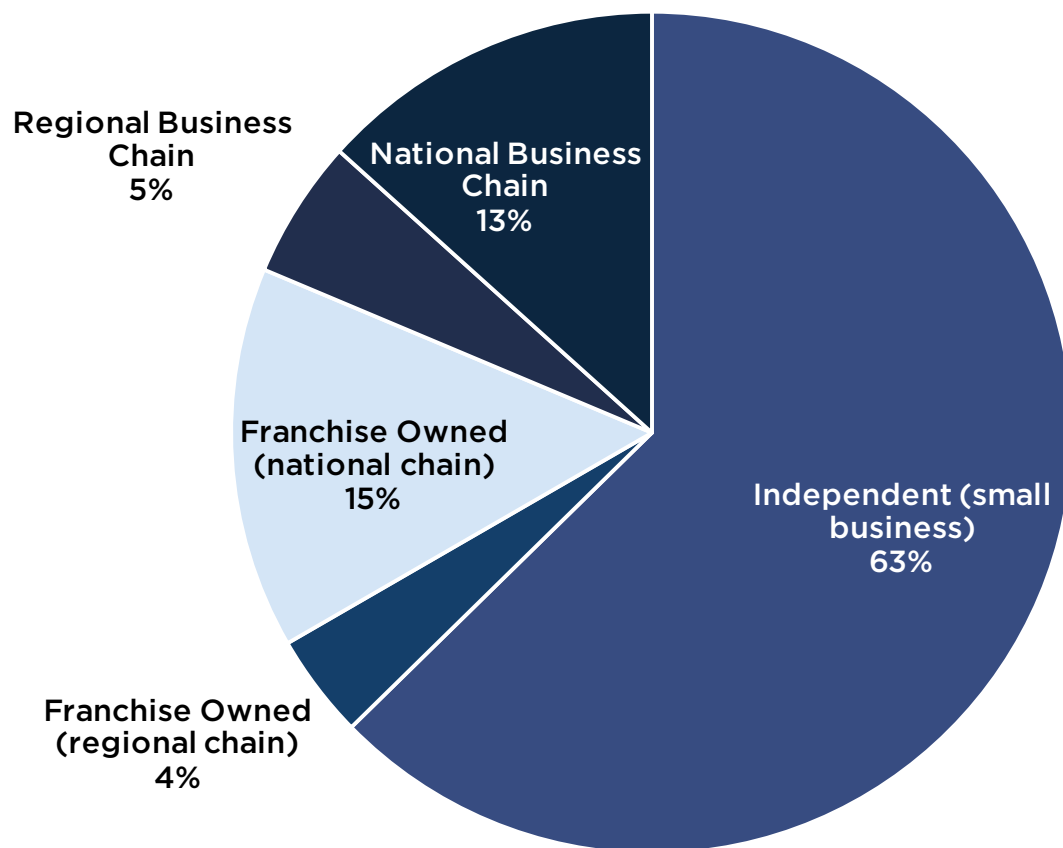
BUSINESS DATA

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BUSINESS TYPE

The type of business can help the City understand the representation and make-up of those businesses that are taking this survey. Efforts should then be made to target areas where business types are under represented. The majority of respondents (63%) to take the survey were, independent (small) businesses.

WHAT BEST DESCRIBES YOUR BUSINESS?



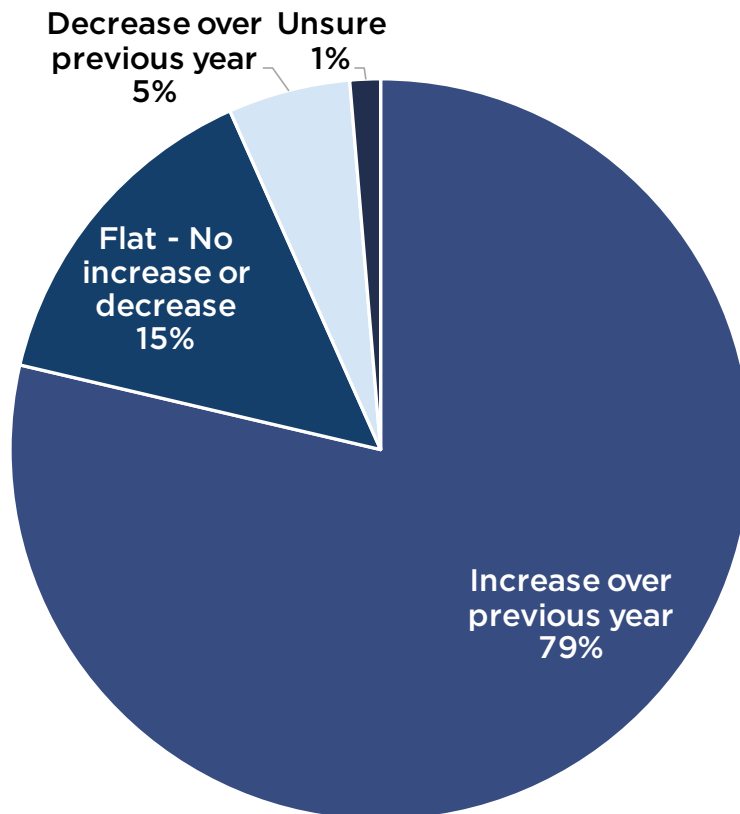
BUSINESS DATA

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SALES & REVENUE FORECAST

The sales and revenue forecast is helpful in assessing sales trends expected by local businesses. This is a key indicator to for the City to determine the business climate expected by the business community. The vast majority of respondents (79%) expect their sales to increase over the next year.

WHAT IS YOUR FORECAST FOR SALES/REVENUE TREND IN THE NEXT 12 MONTHS?



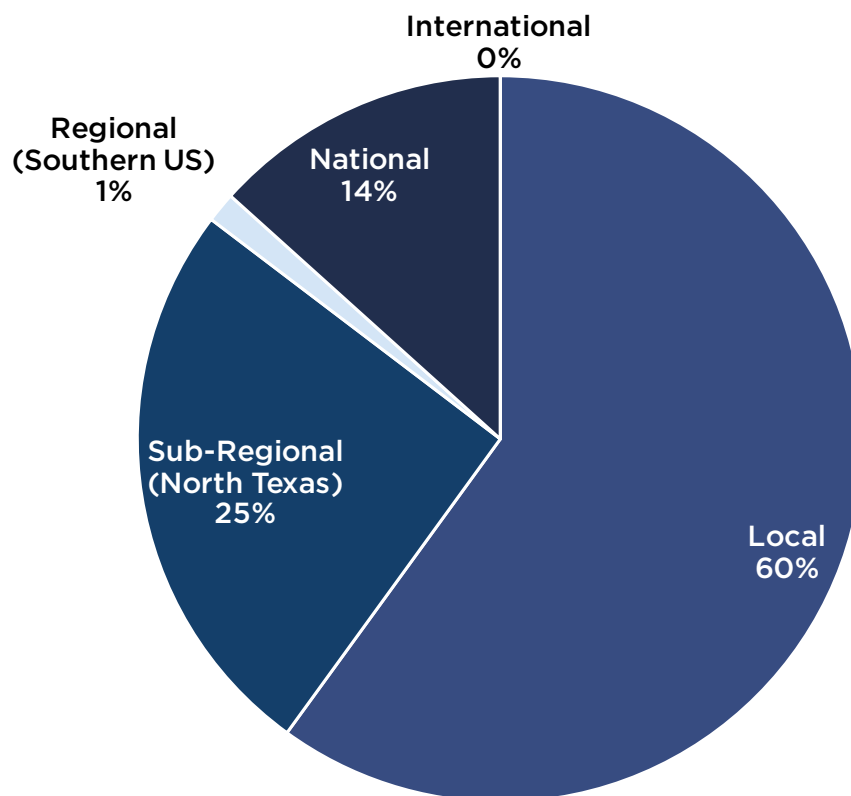
BUSINESS DATA

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CUSTOMER BASE LOCATION

Having a good understanding of a businesses customer base can help the City in its marketing efforts. The majority (85%) of respondents indicated their client base is from the North Texas area and local (in and around Southlake). This would match up with the business type that indicated the majority were independent (small) businesses.

WHERE IS MOST OF YOUR CUSTOMER/CLIENT BASE COMING FROM?



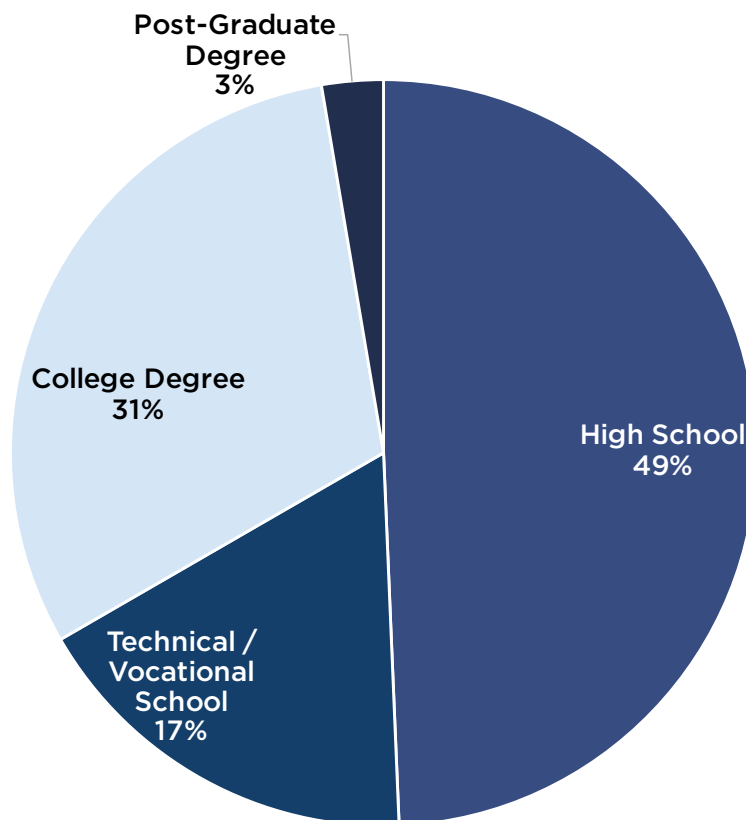
BUSINESS DATA

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LEVEL OF EDUCATION

The level of education required by businesses can help the City understand what the employment needs are within the community. Just over half (51%) of all businesses indicated through the survey that additional education beyond a high-school diploma is needed.

WHAT IS THE HIGHEST LEVEL OF EDUCATION YOUR EMPLOYEES NEED TO BEGIN WORKING AT YOUR PLACE OF BUSINESS?



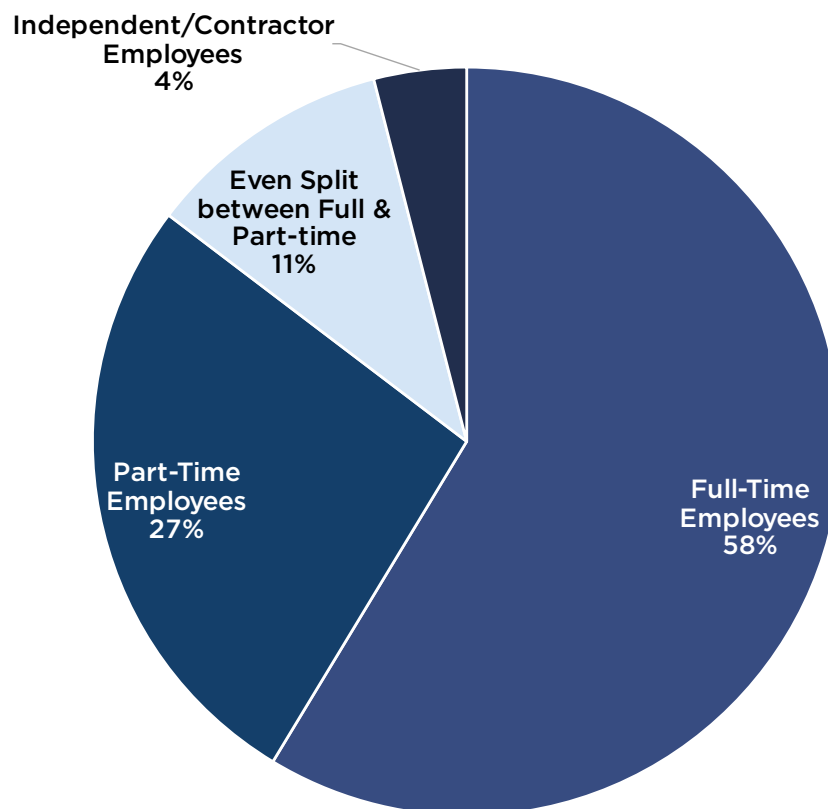
BUSINESS DATA

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LOCAL EMPLOYEE STATUS

While the City does have a high number of retail and dining establishments that are often part-time employment positions, this only accounts for about 29% of the over 27,000 employees working in Southlake (consistent with the respondent representation on this chart). The majority (58%) of employees who work in Southlake are full-time workers.

WHAT BEST DESCRIBES MOST OF YOUR EMPLOYEES STATUS?



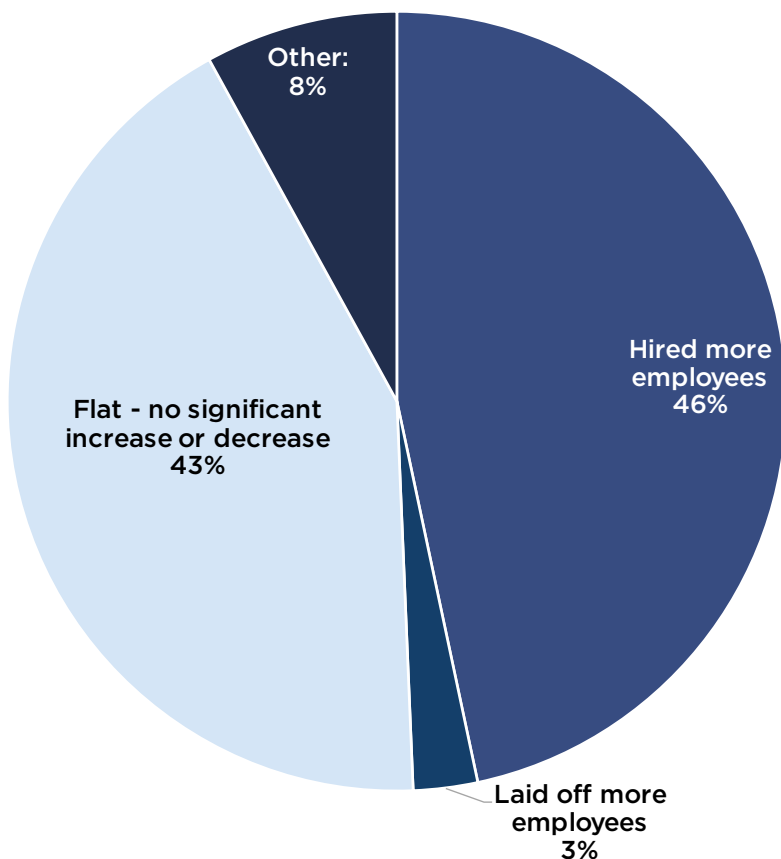
BUSINESS DATA

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HISTORICAL EMPLOYMENT NEEDS

Looking at the employment needs over the last year for businesses can give the City some insight as to the growth of businesses over the last 12-months and whether the business environment in Southlake is sustaining growth. Most businesses (89%) either hired more employees or remained flat in their employment needs.

OVER THE LAST 12-MONTHS, HOW WOULD YOU BEST DESCRIBE YOUR EMPLOYMENT NEEDS?



Other Comments

- We have recently hired a few new employees but are in desperate need of candidates/employees! Our business is wanting growth, we have the customers, the equipment, and the systems/processes, but need candidates to recruit and hire.
- No employees.
- Not enough applicants to fill positions
- Self-employed
- Employees left & never intend to hire as many as we had before due to decrease in sales therefore also decrease in labor band.
- Can't find qualified sales people

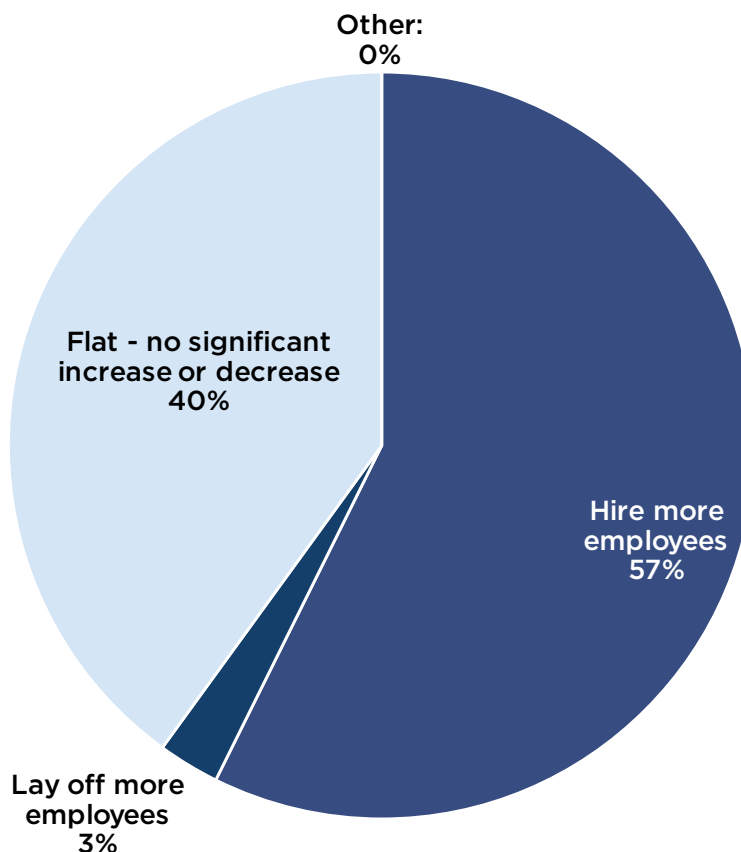
BUSINESS DATA

2019 BUSINESS CLIMATE SURVEY

FUTURE EMPLOYMENT NEEDS

Looking at the historical employment needs in addition to the future employment needs in the community can give the City a sense of the level of optimism that businesses have regarding their growth. Over half (57%) of the businesses indicated that they anticipate hiring more employees in the next 12-months.

IN THE NEXT 12-MONTHS, WHAT DO YOU ANTICIPATE YOUR EMPLOYMENT NEEDS TO BE?



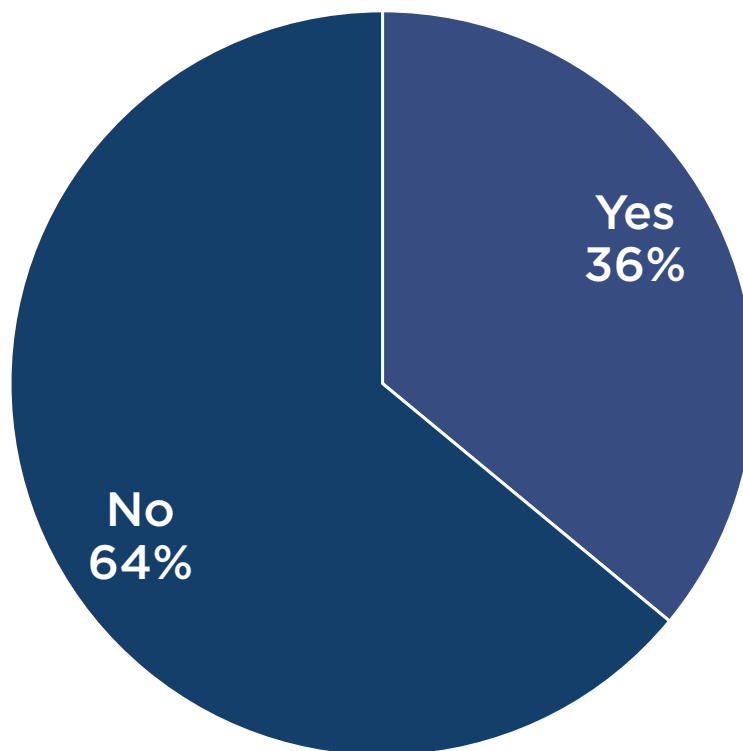
BUSINESS DATA

2019 BUSINESS CLIMATE SURVEY

BUSINESS REACH

As the shopping habits of the upcoming generations changes, understanding who has adopted the internet as a means to conduct business is important. While many businesses still operate very well under traditional means, more and more services such as legal, architectural and accounting are moving to a hybrid and/or web-based option to obtain services.

DOES YOUR BUSINESS SELL GOODS/SERVICES ONLINE THROUGH A WEBSITE OR APP?



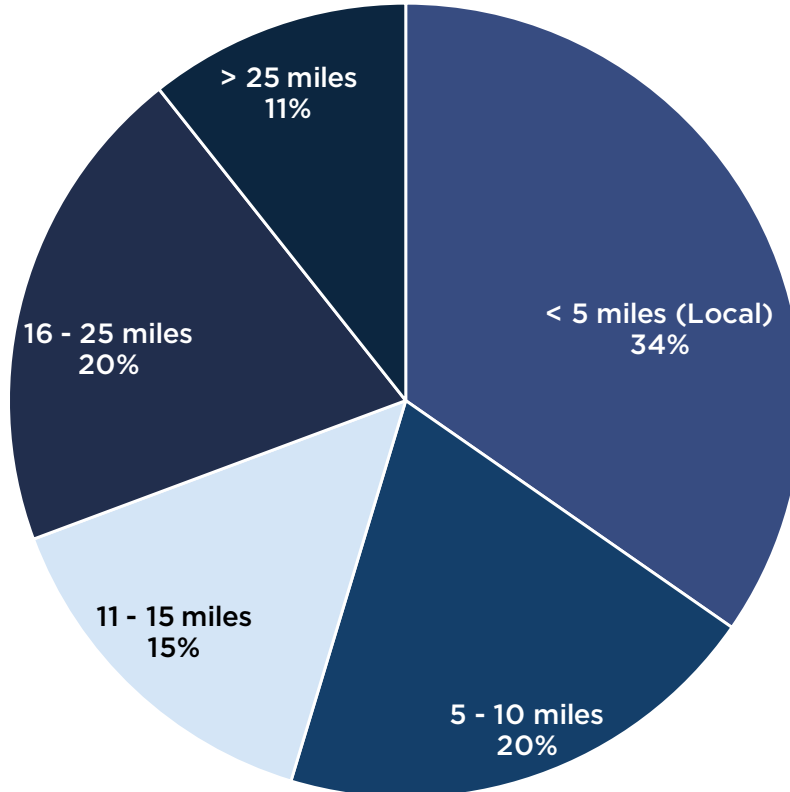
BUSINESS DATA

2019 BUSINESS CLIMATE SURVEY

WORKFORCE ORIGINATION

Having a qualified and large workforce pool within a reasonable distance is extremely important to any business. As more companies move to North Texas and low unemployment persists, it creates a competitive hiring environment for all businesses. Southlake is not immune to this effect and with the rapid increase in housing costs, the challenge becomes greater. Understanding the distance the local workforce is commuting from is important to understand how far employees are driving. Just over half (51%) of the respondents indicated their employees commute 10-miles or less to work in Southlake.

WHAT AREA WOULD YOU SAY MOST OF YOUR EMPLOYEES/WORKFORCE ARE COMMUTING FROM?



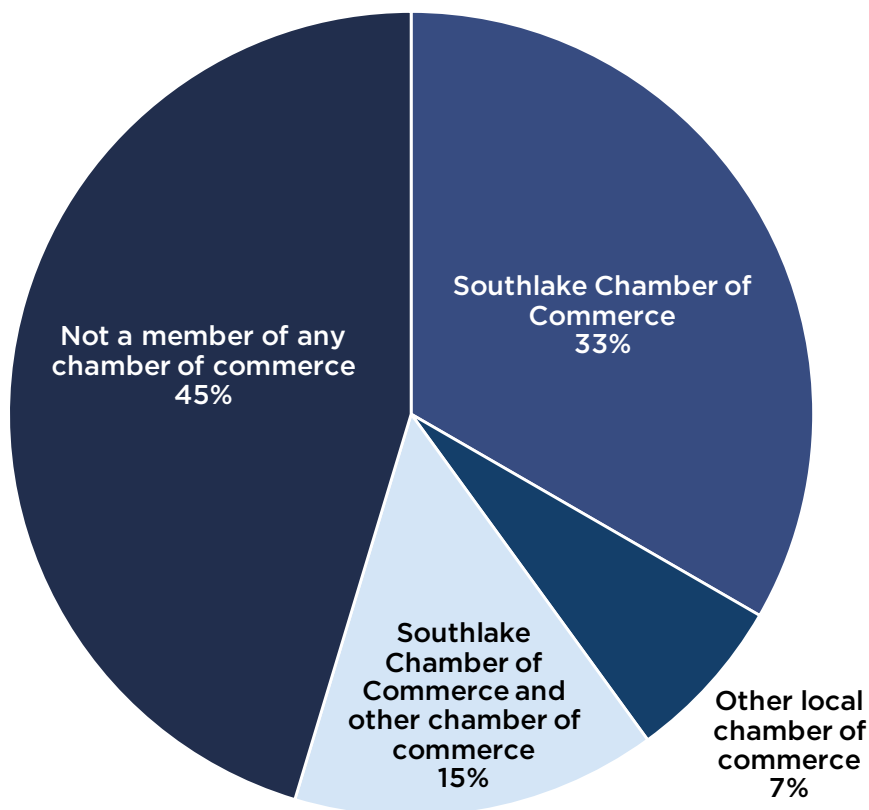
BUSINESS DATA

2019 BUSINESS CLIMATE SURVEY

ORGANIZATIONAL COMMUNITY INVOLVEMENT

As mentioned in the beginning of the section, community involvement/engagement can often help a business succeed in a community. Over half (55%) of all respondents indicated they were either part of the Southlake Chamber of Commerce, other local chamber of commerce or part of both.

IS YOUR BUSINESS A MEMBER OF THE SOUTHLAKE CHAMBER OF COMMERCE OR OTHER CHAMBER OF COMMERCE?



BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

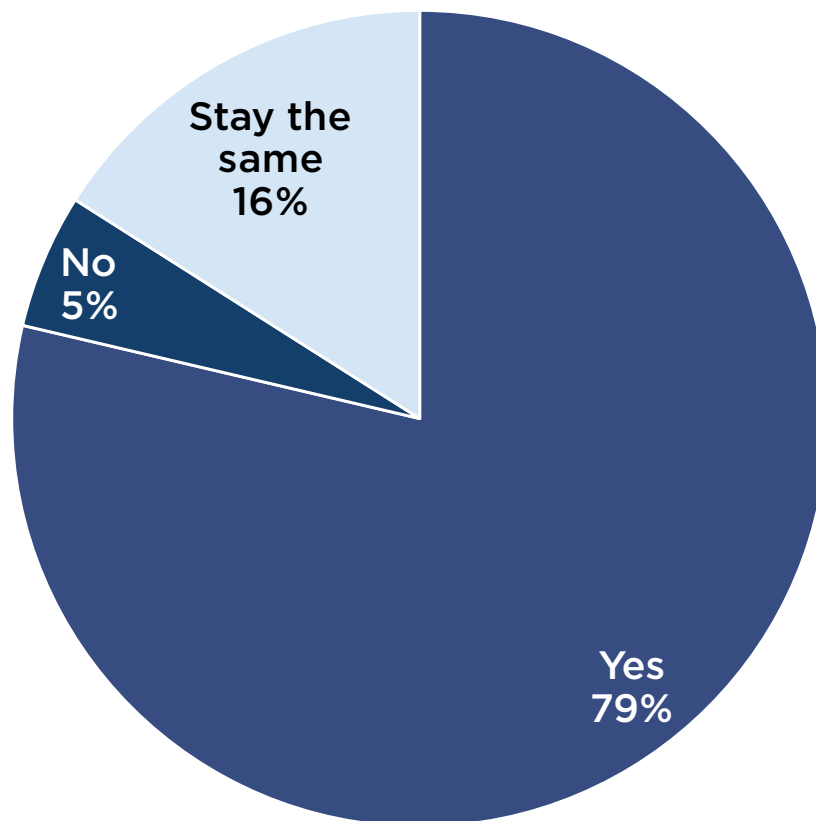
BUSINESS OUTLOOK & SENTIMENT

One of the most direct indicators of a businesses sentiment in the community is whether it feels the potential for growth in the future. The vast majority (79%) of the businesses surveyed indicated they felt their business was set to grow/expand over the next year.

QUICK FACTS

In 2018, 94% of businesses that opened in the City of Southlake remained open after their first year compared to the national average of 80%.

DO YOU FEEL YOUR BUSINESS IS SET TO GROW/EXPAND IN THE NEXT YEAR?



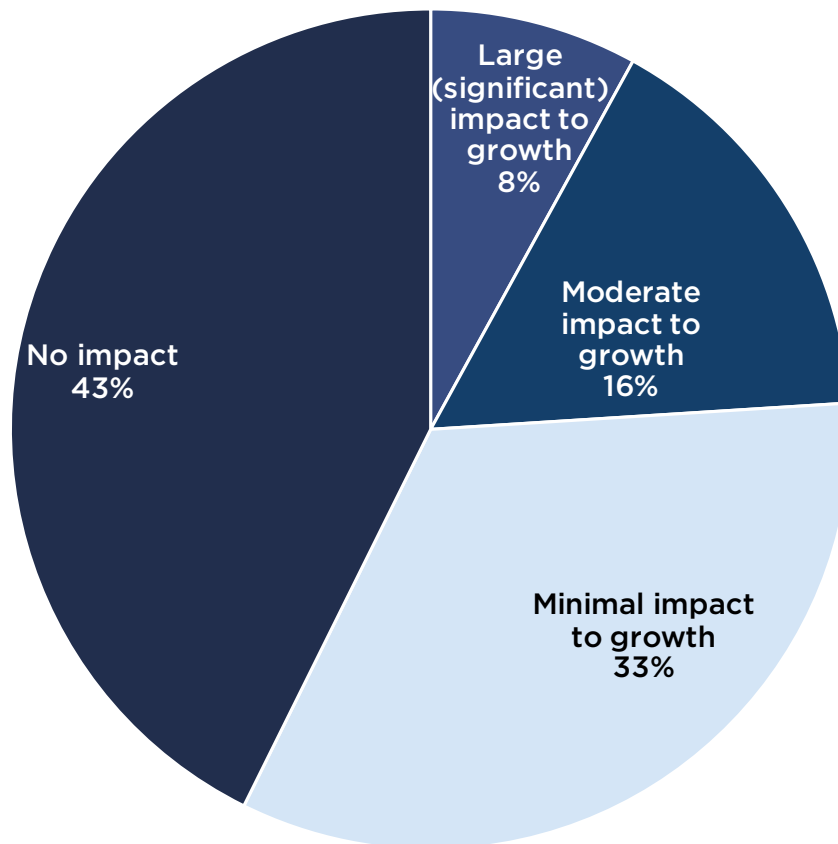
BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

TAXES & GROWTH

Southlake, and Texas in general is well known to be a business (low tax) friendly state. Understanding whether this is in fact consistent in Southlake is important. The vast majority (76%) of businesses that responded indicated that state and local taxes either had no impact or minimal impact to their growth.

TO WHAT EXTENT DO STATE AND LOCAL TAXES PREVENT YOUR BUSINESS FROM GROWING?



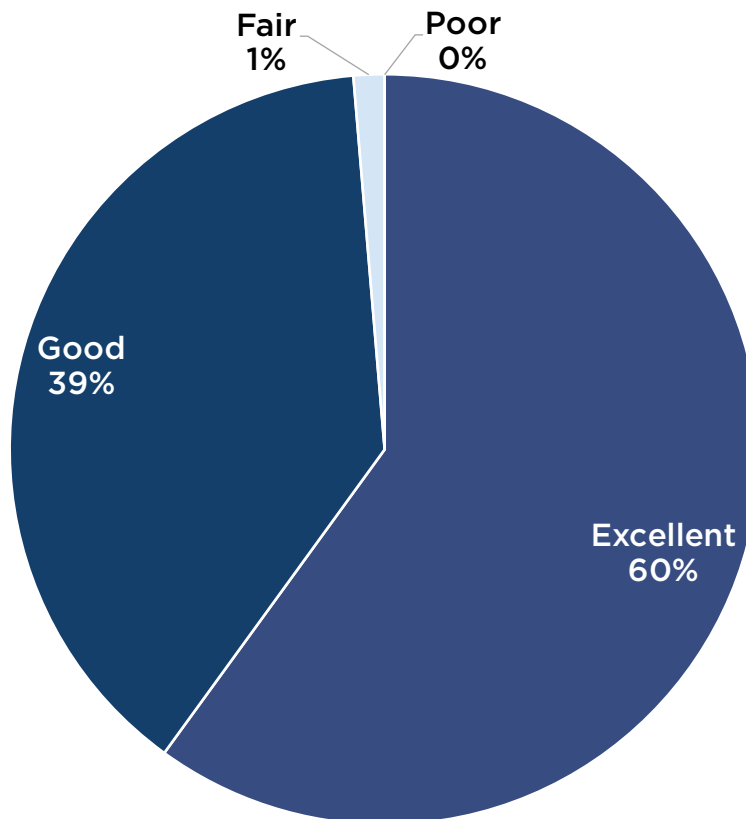
BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

NORTH TEXAS BUSINESS CONFIDENCE

North Texas has experienced significant investment and population growth since the Great Recession. This has led to a robust regional economy. Almost all survey respondents (99%) indicated they felt that the regional economy is either excellent or good.

HOW WOULD YOU BEST DESCRIBE THE REGIONAL ECONOMY IN NORTH TEXAS (DFW)?



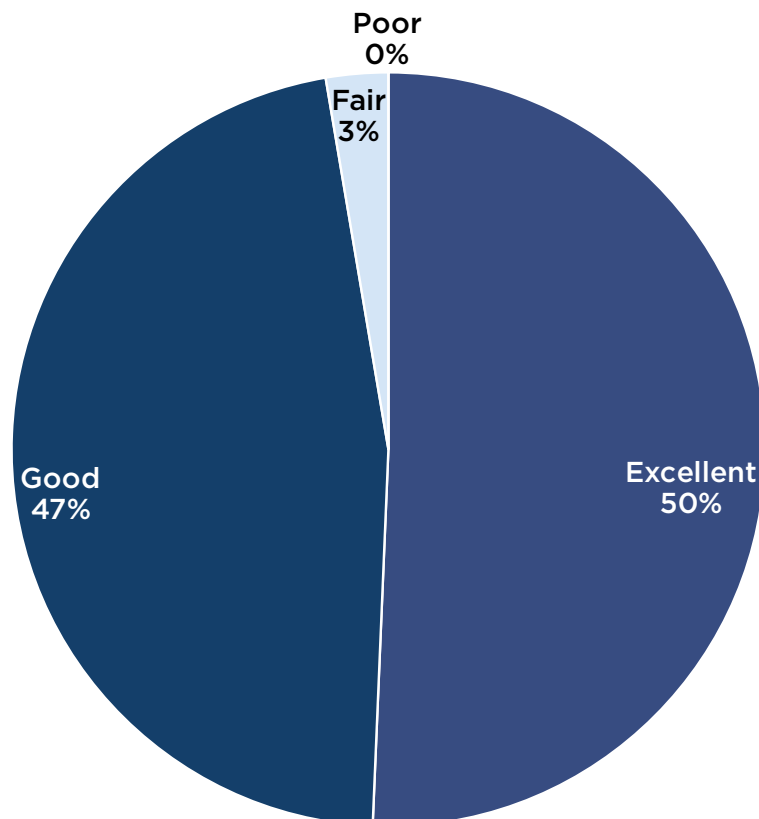
BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

TEXAS BUSINESS CONFIDENCE

In addition to a robust North Texas economy, Texas in general has benefited from a growing economy over most of the last decade. Approximately 97% of the businesses surveyed indicated they felt Texas had a excellent or good economy.

HOW WOULD YOU BEST DESCRIBE THE STATE ECONOMY IN TEXAS?



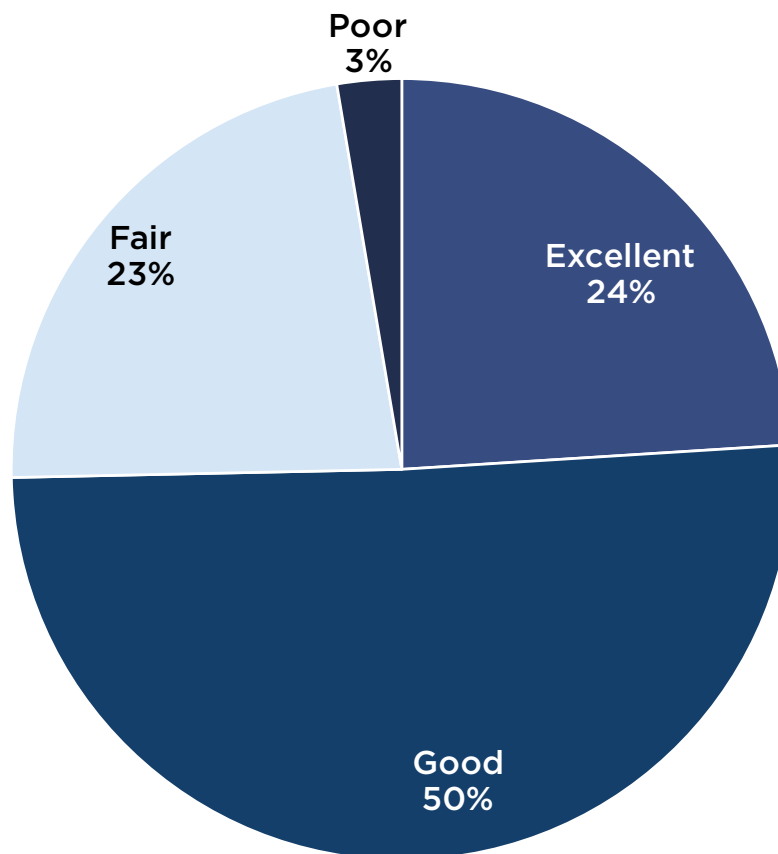
BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

NATIONAL BUSINESS CONFIDENCE

Although not surprising, confidence in the business environment on a national level is lower than at the state or regional level. Almost three-quarters (74%) of respondents indicated they felt the national economy is excellent or good.

HOW WOULD YOU BEST DESCRIBE THE NATIONAL ECONOMY?



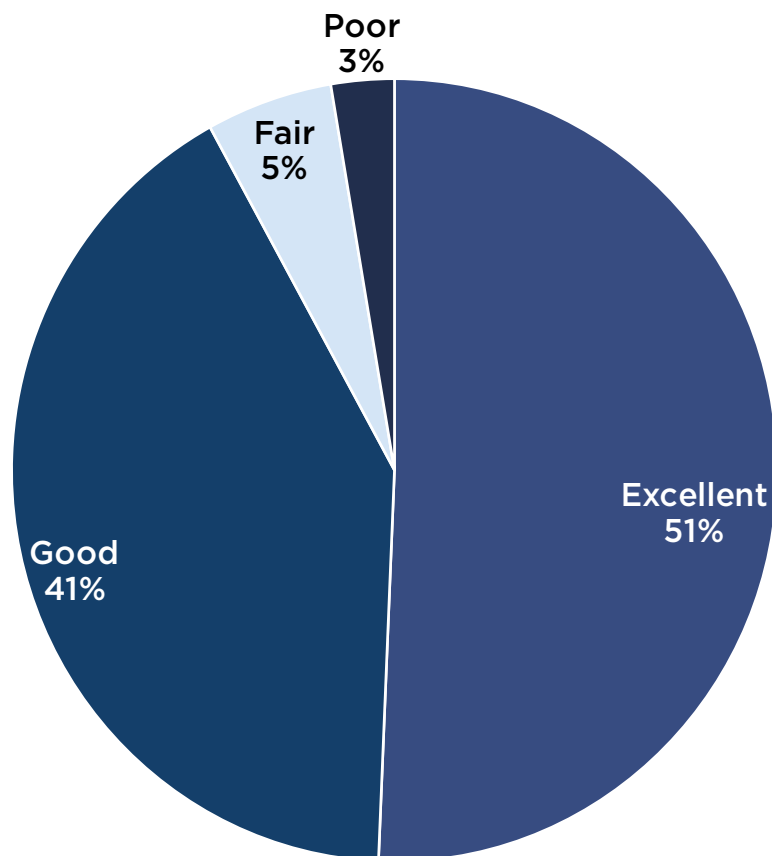
BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

CONDUCTING BUSINESS LOCALLY

The ability and ease to conduct business locally is important because it can facilitate growth and expansion of existing businesses or the addition of new businesses into the community. Of the businesses surveyed, the vast majority (92%) rated Southlake as excellent or good as a place to conduct business.

HOW WOULD YOU RATE SOUTHLAKE AS A PLACE TO DO BUSINESS?



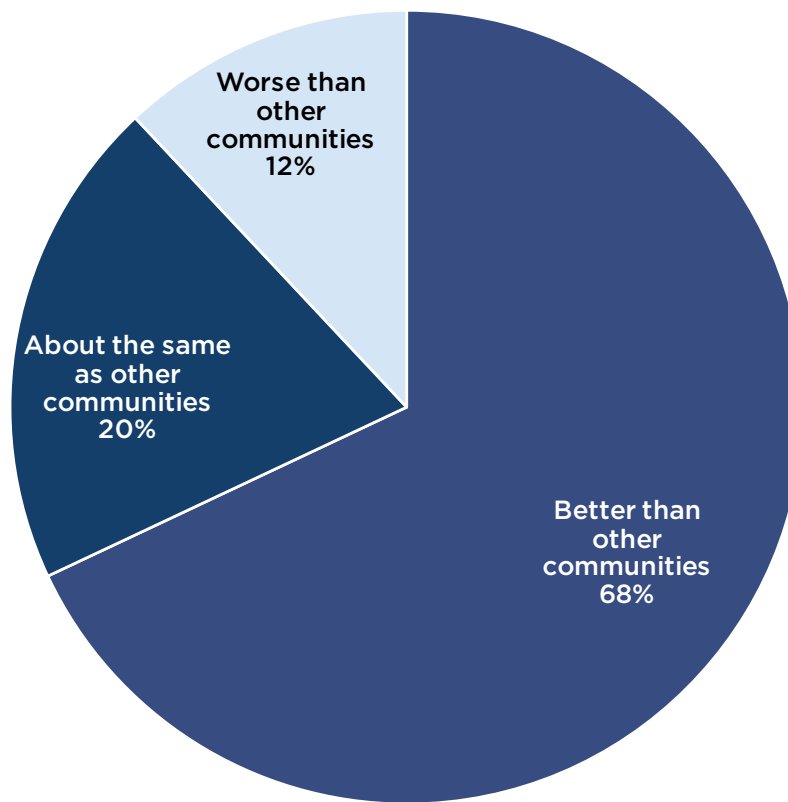
BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

BUSINESS LOCATION PREFERENCE

This question dives deeper into comparing Southlake versus other communities to conduct business. When comparing Southlake to other communities, more than half (68%) of the respondents indicated that it is better than other communities to do business.

HOW WOULD YOU DESCRIBE SOUTHLAKE AS A PLACE TO DO BUSINESS VERSUS OTHER COMMUNITIES?



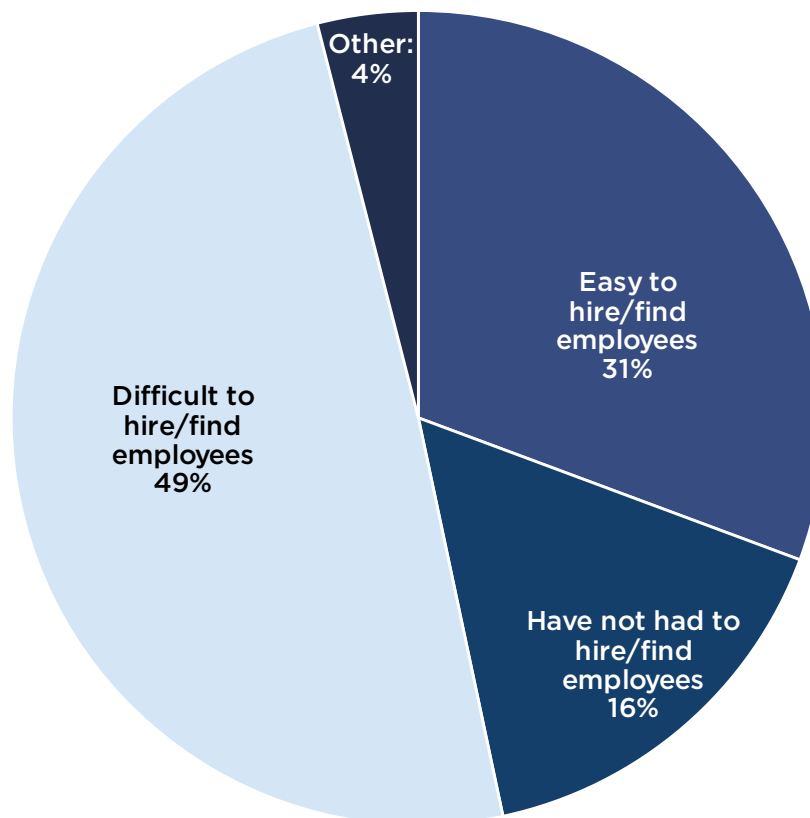
BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

AVAILABILITY OF LABOR

Periods of low unemployment are generally a sign of a stable economy. However, low unemployment also creates a challenge for businesses with regard to finding qualified labor to fill vacancies. Almost half (49%) of all businesses surveyed indicated they have a difficulty in hiring or finding employees to fill their positions.

HOW WOULD YOU DEFINE YOUR BUSINESS ABILITY TO HIRE EMPLOYEES/LABOR?



BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

BUSINESS LOCATION IMPROVEMENTS

The optimal business location can sometimes prove difficult for businesses to identify. Factors such as roadway exposure, amenities, signage and foot traffic may be adequate for some businesses but not for others. In this survey, respondents provided their feedback as to what they would change about their location to have that optimal location.

WHAT IS ONE THING YOU WOULD CHANGE ABOUT THE LOCATION YOUR BUSINESS IS AT?



Increased visibility from Southlake Blvd

Additional street lighting along Commerce Street

An entrance to our parking lot off of Brock St. It is a very dangerous U-turn to have to get into Direct Orthopedic Care and to our office.

Better visibility from traffic/remove trees

Cost of housing

Do not need store front retail exposure

Ease of entrance and exit to our center

Easier access from Route 1709

Good location- perhaps access to Kirkwood Blvd. from Cherry Lane.

Hard to recruit service workers

BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

Have more main street visibility

I love our location... but the rent is super high-especially with that county tax hike.

I should have taken more space. This will limit my growth for the next 2 years.

I would prefer not to be so close to the stadium.

I wouldn't change anything

I'm not sure what this question is asking. Location meaning Southlake? Within Southlake? Appearance of location? This question is a bit open to interpretation. You may consider being more precise with the wording in future surveys.

Increase walking traffic/shoppers to area

It is on 1709, but hard to see from passer-by's. Not allowed to post hiring signs.

Just changed location - last was in Southlake

Lack of parking

Location is great, I just wish there was more retail land available near me. If there was I could expand and grow my business. I want to invest in Southlake, we love being here, but most land that is open for business zoning is always open for office vs retail. We get it, but the city needs to work harder to make retail available even if residents don't always want it. Once convenience is gone so are the residents and most old residents don't seem to understand that. People move to certain places because of what the area has to offer, city services as well as business.

Lower rent cost, extremely high

More boutique or higher trending stores in our corner to drive traffic.

More parking

More parking

More prestigious building

More restaurants near us

More visible

More visible to main road

Need a warehouse

No change

No changes

Not much. I love our current location and the walk-ability to Central Market and Town Square.

Nothing

BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

Nothing

Nothing

Nothing

Nothing

Nothing

Nothing - we love the Granite building!

Nothing close to DFW and town square for business services (copy, etc.)

Nothing really comes to mind

Nothing really. It is humorous that newer neighborhoods have built around our business park that has been here for well over 20 years and they now complain about the business park and the (relatively) very mild activities that go on here.

Nothing. I like my location.

On slower end of Town Square

Shift to another side of the square as our current side gets very little traffic

Shorter hours

Signage

Signage visibility

Southlake has a reputation that may hurt business

The building itself needs renovation.

The medium on 1709

The only changes I would make are landlord maintenance issues.

The restrictions of the land and all the rules of the city to be more accommodating for small business owners to expand especially when you own your land

The safety of our patients has been severely impacted by the Starbucks drive-through and the city and business not putting a plan in place to re-route the line to the parking lot of Starbucks. There have been several hit and runs (vehicle, pedestrians). The traffic is highly regulated by the city and they are highly responsive to these safety issues at our locations in Plano.

The TREES around our building!! Seriously it is our biggest issue. Everyday here it from our customers.

Update the parking lot

Would love more parking and lower lease rates

Would not change

BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

BUSINESS ENVIRONMENT CHALLENGES

While the ideal business environment is different to every business, in this survey, we asked businesses what they felt were the biggest challenge to the local business environment was to get a better understanding of local concerns. Some of the key concerns based on the comments were competition, labor availability, traffic and lease rates.

WHAT DO YOU FEEL IS GREATEST CHALLENGE FACING THE SOUTHLAKE BUSINESS ENVIRONMENT?



It's not enough customers coming to the area

"#1 is the cost of real estate in Southlake. Its so high that small businesses are hampered to compete with large scale national brands and their budgets. Again - I'm a big proponent to finding some incentives for Southlake based small businesses. Rent stipends, tax incentives - financial support to help compete with larger brands. My business relies on the advertising budgets of other small businesses in town. Many have too much of their operating budgets tied up in real estate. They think that location is the only key. It is a big one... but there are so many other businesses here that the competition is stiff. I would also love to see how Southlake could help established businesses like mine be in better touch with new businesses. Seems like a lot of resources are focused on new businesses. Introductions and referrals from city staff to new businesses have decreased as city staff turnover has reduced my businesses recognition. Forums for new businesses to be introduced to upstanding businesses like mine. Maybe a quarterly welcome forum that puts new businesses together with area businesses that"

BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

Available labor force

Better access from Southlake Boulevard

Changing expectations from the City, lots of restaurants per capita

Competition

Competition and growth along the Alliance Corridor

Cost of commercial space

Cost prohibitive for Smaller Mom and Pop businesses

Costly to keep up with city standards

Expansion and building code issues

Finding customers who value service over price

Finding employees

Getting your brand in the community

Groupon shoppers only

Hard to find employees due to high level of income in the area. Too expensive for most employees we hire and young adults don't need the job due to parents income.

High rent

High retail lease prices, too much local turnover, poor locations with too many strip malls

Hiring employee

I can't speak for other businesses but for me it's just competing for an hour of someone's day because kids are so busy & the parents are on their schedules.

I notice there is a lot of competition between retail establishments such as restaurants

I'm not sure I'm qualified to answer that. Perhaps availability of good locations and price of real estate. This are challenges created by the cities success so I'm not complaining!

Increasing real estate prices

Location

Lots of competition.

Managing growth

BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

Marketing, Online, & Traffic

Money

Nothing comes to mind as 100% of our clients are outside the city of Southlake.

Number of competitors within a 3 mi. radius of my store.

Over saturation

Over saturation of other businesses and a closed minded community

Overcrowding of certain business types (restaurants)

Overly restrictive city policies and traffic.

Parking in the center

Permits

Rapid growth of the fitness sector and competition with franchises. This year alone, greater than 6 pilates studios opened within 3 square miles of me. 3 are Club Pilates.

Rent expenses.

Rental prices. I think it is discouraging to see so many restaurants go out of business. After looking for space for my own business I completely understand why that happens though. The cost per sq. ft. is out of control in most Southlake locations. The surrounding cities will capitalize on this and start taking opportunities.

Rental rates/land cost

Retaining startups, the community seems to want them but they don't seem to get the right guidance to succeed. The Chamber works hard to bring businesses together which is a great thing, but they need to figure out how to teach businesses what the residents of Southlake want so they can succeed as a business.

Rising costs such as property taxes, insurance, etc.

Rules & regulations of the city of Southlake

Running out of land for growth - almost completely built out

The hours we are opened way to long and stuck to a contract

The perception that this a closed community

The total number of title companies on Southlake Blvd.

Too many businesses in the same industry for thus community

BUSINESS ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

Too many of the same business (hair salons) at the town square area.

Too many options, lack of commitment for some

Too much competition within retail community & restaurants

Too much competition. Restaurants constantly going out of business. We need to attract more people as Grapevine does

Too much retail not enough roof tops. Traffic and getting to businesses from Southlake Blvd. If you aren't in the Town Square you are pretty much a step-child to the city.

Traffic

Traffic

Traffic

Traffic - we urgently need traffic signals on 1709 synchronized

Traffic and congestion

Traffic on 1709 & burdensome development regulations and entrenched neighborhood opposition to builder/developer planning efforts

Two factors: First, the top-heavy retail component of our community combined with increasing traffic. Second, the increasing ease and desire of consumers to do business online. The combined result of these two factors seems to result in fewer people willing to leave the home or office to fight traffic in order to do business at a brick&mortar versus order online. Southlake has a lot of commercial chains in restaurant/retail. As this trend will continue, I don't want to see Southlake get stuck "holding the bag" in the way of empty space that the chains have abandoned. A focus and/or incentives to attract unique/local/small businesses may help mitigate this growing problem.

We do not have enough people to support business hence all the restaurant closings

Workforce housing



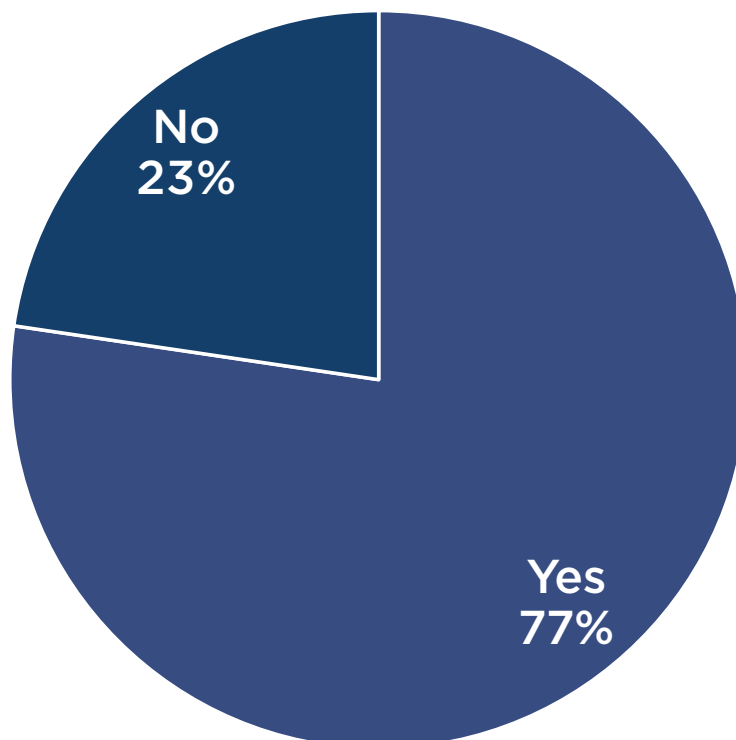
COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

CITY INTERACTION

The City of Southlake strives to maintain a good relationship and positive interactions with both residents and businesses. It is challenging to for the City to establish an on-going relationship with over 1,700 businesses. Any interaction, even brief interactions, are particularly valuable and should represent the City's appreciation and support for local businesses. The majority (77%) of businesses surveyed indicated they have had some interaction with a City employee over the last year. The rating of those interactions is on the next page.

HAS YOUR BUSINESS HAD ANY INTERACTION WITH A CITY EMPLOYEE OVER THE LAST YEAR?



COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

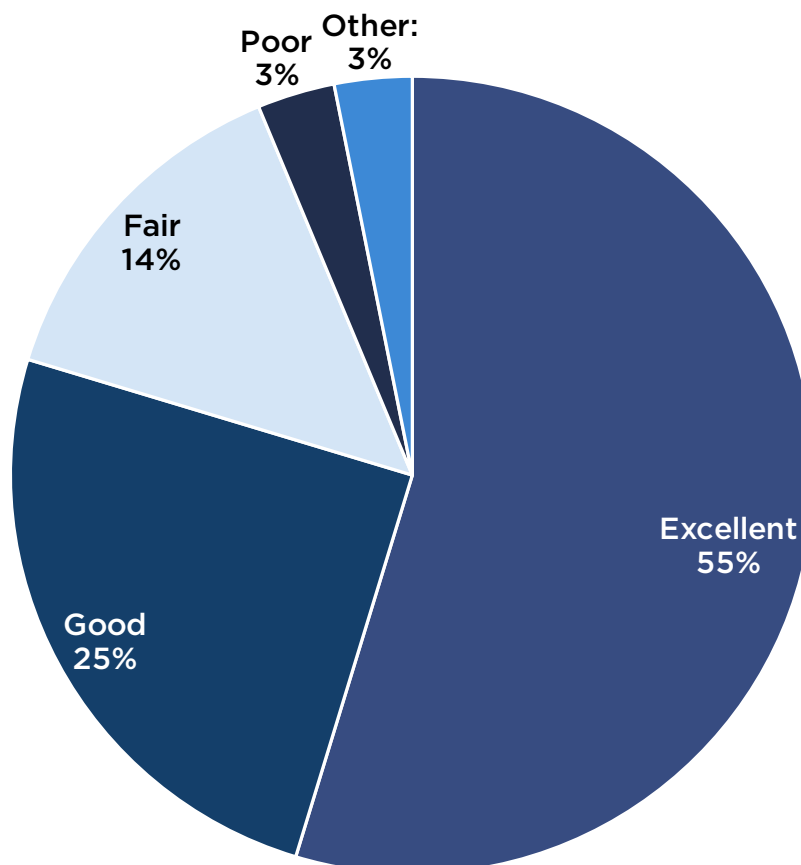
CITY SATISFACTION

Of those respondents that had an interaction with a City employee, the majority (80%) indicated they had either a excellent or good interaction with them.

QUICK FACTS

In the 2017 Citizen Survey, 64% of respondents indicated they felt the city employee represented the City in a positive manner.

HOW WOULD YOU RATE YOUR MOST RECENT INTERACTION WITH A CITY EMPLOYEE?



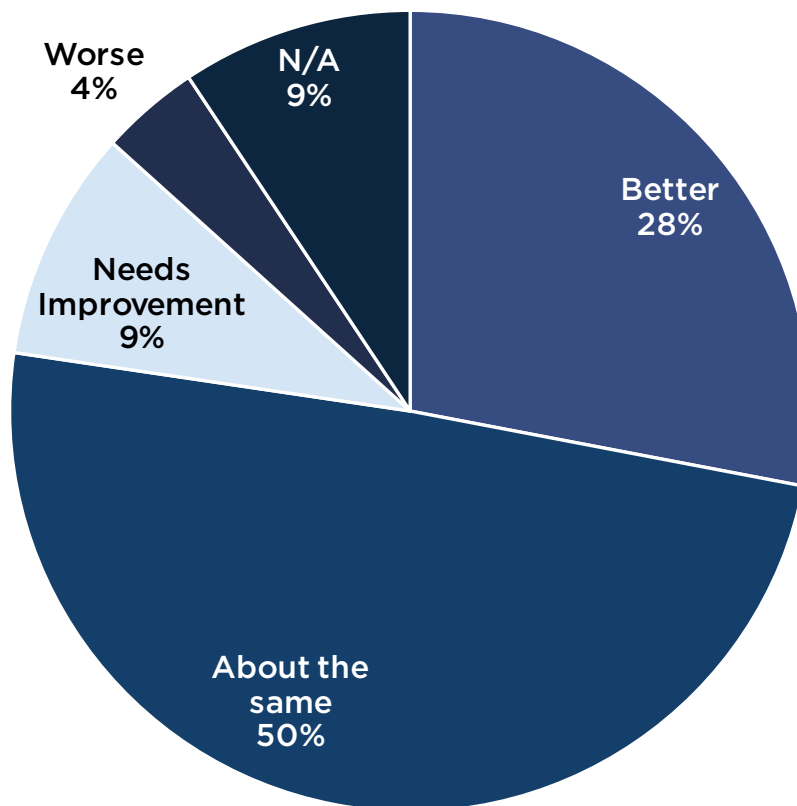
COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

CITY AESTHETIC IMPROVEMENTS

The City of Southlake has long been recognized as an attractive place to live and work. While it is a challenge in itself to create such an environment, how that environment is sustained in the long-term is just as important. Just over a quarter (28%) of respondents felt that Southlake was a more attractive place than it was 5-years ago and half (50%) of respondents indicating it was about the same.

DO YOU BELIEVE SOUTHLAKE IS AS ATTRACTIVE A PLACE TO WORK AS IT WAS 5 YEARS AGO?



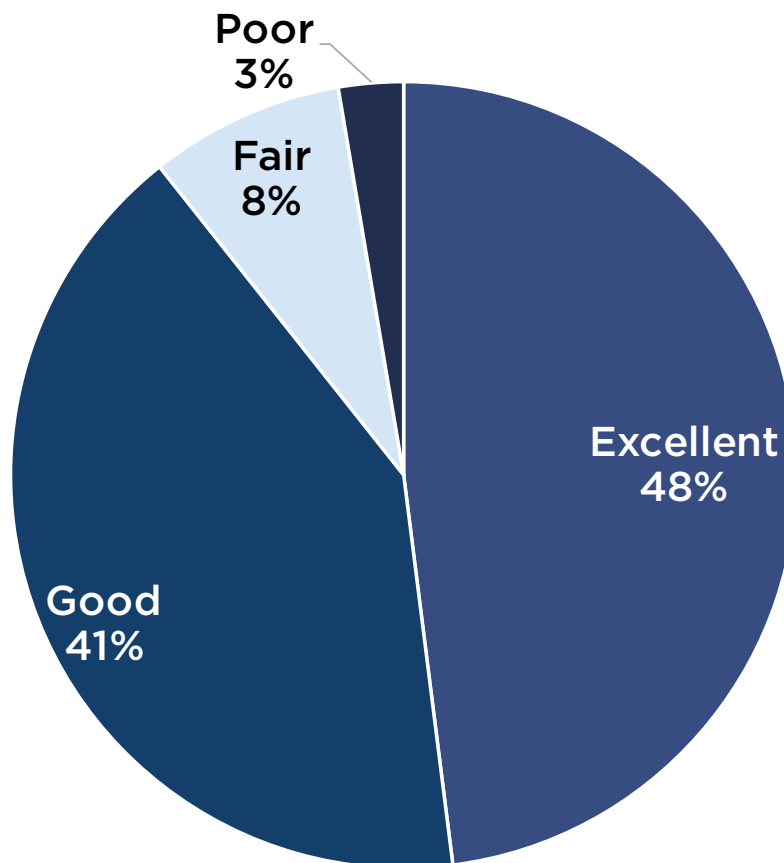
COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

BUSINESS LOCATION AESTHETICS

Where a business is located and the appearance of its surroundings can impact the overall performance of a business. The business typically knows where to best locate their business based on its business type and surroundings. The vast majority (89%) of businesses in Southlake felt the appearance of where they do business was either excellent or good.

HOW WOULD YOU RATE THE APPEARANCE OF WHERE YOU DO BUSINESS IN SOUTHLAKE?



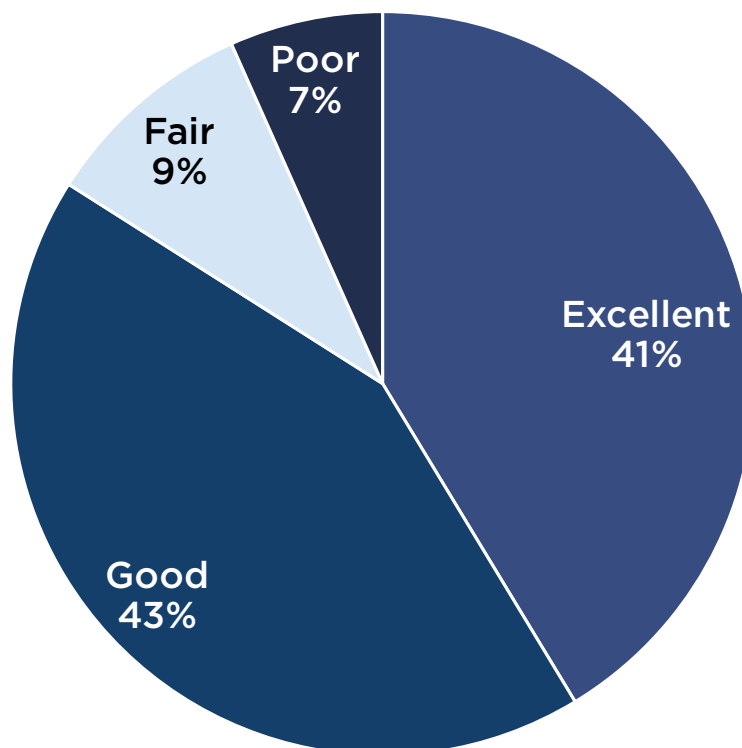
COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

TRASH AND RECYCLING SERVICES

The City has partnered with Republic Services since March 2007 to provide solid waste and recycling services for Southlake. Although the City does not directly provide the service, understanding the quality of service that is provided by Republic is important for the City to know. The majority (84%) of respondents indicated the service was either excellent or good.

HOW WOULD YOU RATE THE QUALITY OF TRASH AND RECYCLING SERVICES IN SOUTHLAKE?



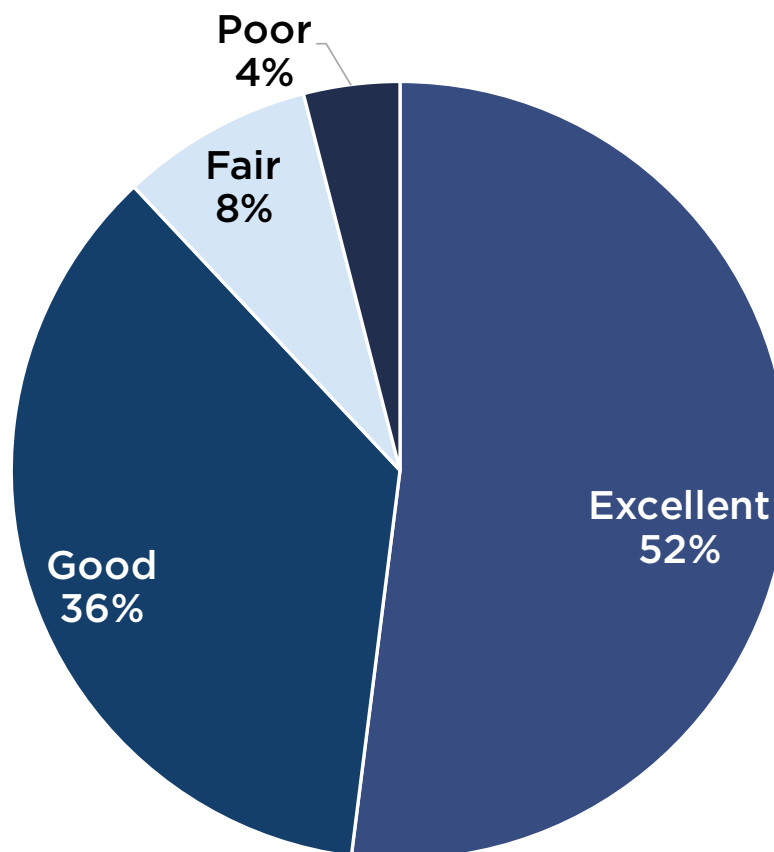
COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

STREET SERVICE QUALITY

The City of Southlake maximizes its efforts to maintain a high quality of road surfaces that are continuously impacted by high volumes of traffic and adverse environmental conditions that can deteriorate roads over time. Maintaining a high quality of road surfaces is important for businesses as it gets their employees to work and customers to shop. The majority (88%) of respondents rated the quality of the streets/roads in Southlake as excellent or good.

HOW WOULD YOU RATE THE QUALITY OF STREETS/ROADS IN SOUTHLAKE?



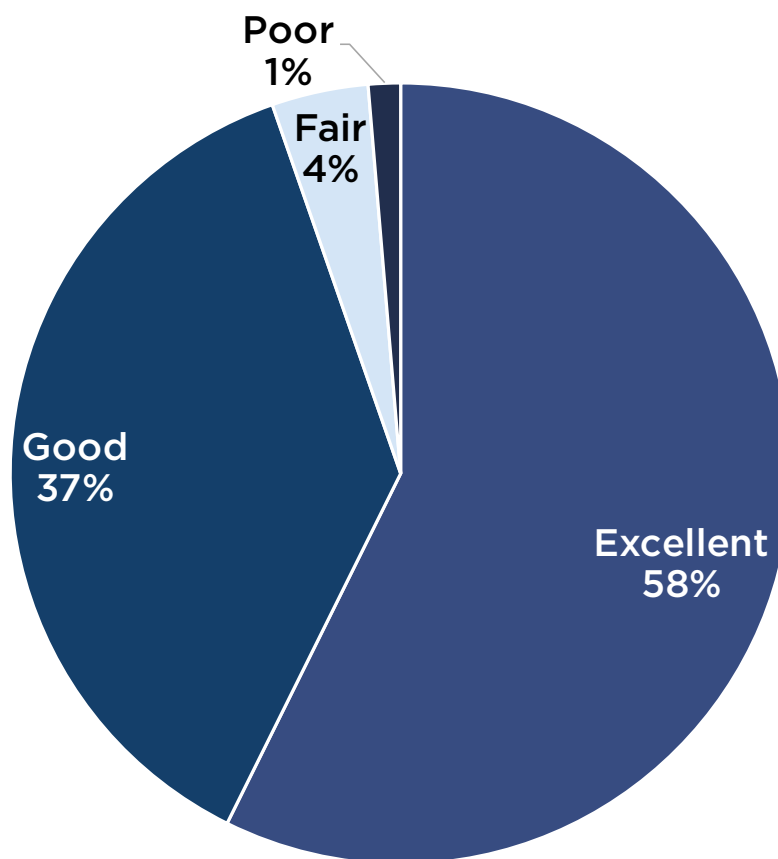
COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

WATER SERVICES

Businesses in many instances can be the highest consumers, and therefore highest payers, of water services in the community. Ensuring that water consumption and payments are handled error-free is an important service to many businesses so they can dedicate time to serving their customers and clients. The vast majority (95%) of respondents rated the quality of water service in Southlake as excellent or good.

HOW WOULD YOU RATE THE QUALITY OF WATER SERVICE IN SOUTHLAKE?



COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

SOUTHLAKE AS A BENEFIT

Lastly, the City of Southlake has had the benefit of enjoying a thriving economy, engaged community and an attractive environment for many years. Some aspects that attract businesses at times are different than what attracts businesses. Within this survey, we asked business respondents what they felt was the greatest benefit of being located in Southlake. Their responses are provided below.

WHAT DO YOU FEEL IS THE GREATEST BENEFIT TO BEING A BUSINESS IN SOUTHLAKE?



"1. Affluent marketplace 2. Business-friendly leadership 3. Excellent city staff and chamber of commerce, which together have grown my business tremendously... particularly in the last 5-10 years.

Two other notes that don't fit anywhere else: First, commercial trash service is poor but very expensive. Working with other disposal companies in other municipalities, we have found them to be competitively priced and very responsive. Republic does not show any ability/willingness to hurry or be helpful because they know they don't have to. The businesses have no choice whether to use them or not. And, they are significantly more expensive than other disposal companies who offer identical services.

Second, Johnson road is in bad shape. Even though it is my shortest route home, I avoid it because it is so bumpy that my coffee splashes out of my covered thermos several times on the short stretch."

A community who cares

COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

Access to higher discretionary income

Amazing people. The community is very friendly and loyal to the businesses they love.

Attracts customers from outside city limits

Because there are so many small business owners, we all support each other!

Being able to interact with the community. We so enjoy personally knowing so many of the great people who live in Southlake. Bottom-line, Southlake residents like to be involved and they take great pride in their community.

Business friendly environment - lots of networking opportunities

Classy area

Clientele

Clientele

Close to DFW airport. Carroll ISD

Close to home

Community

Community loyalty / networking capabilities

Community support

Community, demographics, location

Community, the support we get from the community is outstanding.

Convenient location relative to DFW Airport

Customers appreciate great service

Customers do business with local owned businesses

Exposure

For my business the price of homes

Good community, city works hard to provide a safe, clean environment in which to live and work.

Good people, a community that promotes growth and close to home

Great city management

Great customer base

Great demographic of residents

COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

Great entrepreneurial business environment

Great school system

High standard and quality assumed

Higher average household salaries

I own a premium brand geared toward a very specific market. It is great to be in an area where so many people care about their health and can afford our services.

Income bracket of residents

Income levels

Individuals in the community are engaged

It is a business friendly environment

Location

Location

Location

Location

Location

Location

Location

Location access to other parts of North Texas

Location and business community.

Location and high quality aesthetics

Location in central of the Metroplex

Location of our patients.

Location to growing new homes

Loyal customers

Much higher than average household income

People can afford higher quality food

Potential affluent customers

Proximity to good restaurants, nice hotels and DFW airport

Quality of life, services and safety

COMMUNITY ENVIRONMENT

2019 BUSINESS CLIMATE SURVEY

Quality of people

Recognition of the community as an affluent and educated demographic.

Safety

Safety

Security

Small community, relative safety, and demographics of residents.

Small town but affluent population

Small town, great networking

Stable economy through all types of national or regional disruptions

The community

The community

The community and small town feel

The community feel. We support all the schools and they are great.

The customer base is always friendly, it's a beautiful area, close to airport

The demographic

The greatest benefits for our business are the central location within the Metroplex & the affluence of the community.

The income levels of the community

The prestige of saying we are a business located in Southlake.

Upscale clientele



CONCLUSION

2019 BUSINESS CLIMATE SURVEY

The results of the survey were largely positive about the Southlake business environment. The survey demonstrated that most businesses felt confident and prefer conducting their business here versus other communities. The results demonstrated several of the City's strengths such as its sense of community and demographics but also revealed where challenges exist such as with growing competition and traffic.

Key Findings:

- Businesses have a positive outlook towards the future, expecting growth and intend to hire more employees
- The local and regional business environment is better than anywhere else
- Most businesses feel the City provides excellent / good quality services
- Finding qualified or service industry employees is a growing issue
- Traffic and vehicular accessibility to businesses is identified as the biggest challenge
- Despite the positive outlook regarding growth and hiring, there is a perception of increased pressure due to competition

The results of the survey will prove to be invaluable as the City develops strategies and plans for the future. While many aspects of the business environment are out of the City's control, there are several that can be addressed moving forward. These areas will be incorporated into the City's processes and addressed through the City's strategic planning processes, policy considerations and development assessments.

Priorities Moving Forward:

- Continue the City's focus on traffic management
- Evaluate accessibility in and out of commercial centers
- Update the saturation study to understand competitive market forces and aid in the re-evaluation of the City's target industries as identified in the master plan
- Consider avenues to promote private-sector employment opportunities
- Continue expansion of the City's marketing efforts to promote local businesses to target audiences

