



Raleigh-Durham Market Report

A Monthly Newsletter for Advertisers in The News & Observer, Raleigh, NC

Prepared by the Market Research Department of The News & Observer September 2006

BUSINESS BRIEFS

RETAIL *Raleigh* Downtown Raleigh's newly renovated Fayetteville St. Mall drew huge crowds when it officially opened July 29. Additional on-street parking has been added...Opening at Seaboard Station off Peace St. are Galatea, Ace Hardware, J. Betskis restaurant, Footlights and Monograms, Inc...Track N' Trail opened and MAC Cosmetics will soon open in Crabtree Valley Mall. Temporary holiday tenants will include Go Toys!, The Calendar Club, A Christmas to Remember, Crabtree Antiques, The Halloween Zone, and an N.C. State memorabilia store...The Shops at Alexander Place, a 107,900-SF shopping center, is planned on Glenwood Ave. at Brier Creek Parkway...Cameron Clothing, Lee Spa Nails, and Cravings opened at North Hills. Body Chic will open in Sept...Belk will pay \$285 million for the Saks Parisian 38-store chain which will boost Belk's stores to 315 in 19 states...Smart Body Pilates will open Sept. 5 in Falls Village shopping center...North Ridge Auto Spa opened on Sandy Forks Rd...USPS will open a contract unit in Debby's Hallmark store in North Ridge Shopping Center...Carafe Wine Makers opened and Tone Up Raleigh will open in Sept. in Falls River Town Center off Durant Rd...Ten Thousand Villages opened in Cameron Village and Triangle Town Center, where Journey's footwear, S&K Menswear, Archiver's: The Photo Memory Store and Reed's Jewelers are opening. Foxy Body Jewelry, Corioliss, Calendar Club and Hickory Farms will open in the fall. Cingular and Salon Se Swa will open in Oct. in Poyner Place behind Triangle Town Center...Great Clips and Planet Beach opened at Shoppes at Bentley Ridge on Edwards Mill Rd.; another will open at Lynwood Collection at Creedmoor and Lynn roads...Medlin-Davis replaced Hangers Cleaners at Ridgewood Shopping Center...Discount family clothing store A.J. Wright opened in Tower Shopping Center...Wal-Mart's plans: Poyner Place, Village Park Commons in Knightdale, Shiloh Crossings in Morrisville, Sunnybrook at Rock Quarry roads in Southeast Raleigh, Holly Springs, and in planned Valley Creek Center in southern Durham County.

Garner Lee Spa Nails and Mattress Warehouse will open in Garner's White Oak Village.

Cary Waverly Place may *(cont. on page 3)*

5-Year Trend Shows N&O's Net Audience Reach of Print with its Websites is Keeping Pace

According to Scarborough Research's past five years of surveying, the net, unduplicated audience of newsobserver.com and triangle.com with the printed News & Observer have held steady. While some other media are losing audiences in both people count as well as penetration percentage, The N&O is staying the course.

	2002	2003	2004	2005	2006
Daily N&O	35.6%	35.8%	35.2%	33.8%	35.2%
Sunday N&O	46.5%	45.0%	45.9%	44.9%	43.1%
newsobserver.com	9.3%	18.4%	17.7%	18.9%	16.9%
triangle.com	4.1%	8.9%	7.5%	8.1%	7.7%
newsobserver.com/triangle.com, net	11.2%	22.1%	20.7%	21.7%	20.2%
Daily N&O/newsobserver.com/triangle.com, net	42.0%	47.4%	46.7%	46.0%	46.2%
Sunday N&O/newsobserver.com/triangle.com, net	51.6%	53.8%	53.8%	53.2%	53.2%

Avg. daily or Sunday N&O; visited past 30 days online sites. Greater Triangle region: Wake, Durham, Orange, Johnston county adults. Source: Scarborough Research, 12-month surveys April-March each year.

This is the best of both worlds. The printed N&O has long been the recognized source for "turned to" advertising -- where the public expects to find advertising for what they want to shop, such as groceries, department and discount stores, furniture, etc. The Internet adds to that with searchable advertising in great detail, as well as late-breaking news. Together, the two form a synergism that benefits readers and advertisers.

How can you best use newsobserver.com and triangle.com with your printed N&O ads? Our trained, experienced staff will be happy to work out a plan for you, and there are many affordable options. Remember, with online advertising, you can advertise to the entire world. Newsobserver.com has visitors from virtually everywhere. If you sell items that may be exclusive or are difficult to get, or if you price advantageously, go for the expanded opportunity that our websites offer.

For maximum results make sure you maintain your website continuously. It's not a once-a-month, or once-a-week task. It is your window to the world of customers and should be kept up to date at all times. Any advertising you do, whether it is your newspaper ad, a radio or TV commercial, or your Web site, projects to the public your image. Potential customers will judge your store however they wish when they are exposed to your message, no matter what the medium is. A poorly maintained or unresponsive website can cast a bad image on your business. Likewise, a well-maintained site gives confidence to visitors who will be more likely to respond to your offers.

How well does advertising on The News & Observer's websites perform? NCSU advertised football ticket mini-packs on the online sports page and sold out three times. Carolina Hurricanes experienced spikes in walk-up ticket sales and Internet ticket sales on game days when they advertised on the N&O home page. Real estate advertisers report significant traffic increases to their Web sites for homes for sale.

Here's an opportunity for you: Try Real Deals, a monthly full-color glossy coupon book, that will publish Wed., Sept. 20, in the North Raleigh Zone of The N&O, to non-subscribers in Midweek Values, and on triangle.com. The print version is delivered to 98% of households in that area, and triangle.com has 1.6 million unique visitors monthly (ABC Interactive 3/06). You don't have to be a computer expert to take advantage of online capabilities offered by The N&O. We have one of the most experienced online companies in the U.S. and were one of the pioneers in establishing newspaper online sites.

SEPTEMBER 2006						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

OCTOBER 2006						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

SEPTEMBER 2005						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

OCTOBER 2005						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SEPTEMBER	'05	'06	OCTOBER	'05	'06
Weekdays	22	21	Weekdays	21	22
Saturdays	4	5	Saturdays	5	4
Sundays	4	4	Sundays	5	5

Highest Payroll Dates are indicated by bold-faced red numbers; other payroll dates by regular-faced red numbers.

Unusual Weather Patterns September and October 2005:

- Unusually cool (high 73 degrees): September 30
- Unusually cool (high 58-62 degrees): October 24-29
- Unusually warm (high 91-95 degrees): September 2, 3, 15-18, 20, 23
- Unusually warm (high 85-86 degrees): October 5, 20
- Precip. (0.1" +): September 13, 20
- Precip. (0.1" +): October 6-8, 21

The N&O Has A Database Solution for You

Target your precise direct mail audience with reliable databases from The News & Observer's Direct Marketing division. Using accurate, up-to-date Claritas/PRIZM and Donnelly information, you can pick and choose as you wish. Databases are updated every three months. So, in addition to inserting your preprinted advertising sections within The N&O by zip codes and/or sending them to non-subscribers, we can design, print and mail the entire job. You can also advertise on the popular N&O Websites, newsobserver.com and triangle.com, where more than 20,000 are registered with their demographic descriptions. Other options include Front Page Ad Notes that adhere to the front page or other front sections in a can't-miss format. For another first impression try printed plastic bags that subscribers see first when they pick up their papers each day. But, don't delay -- holiday dates are getting reserved fast.

Just ask your N&O account representative to work out a plan for you. For mail advertising, contact Ruth Doherty, (919) 836-5639 (rdoherty@newsobserver.com), Greg Morris (919) 836-5610 (gmorris@newsobserver.com) or Doug Rogers (919) 836-5658 (dougr@newsobserver.com).

Free Media Evaluation

Having second thoughts about your media mix? Are you not getting the results you thought you would? It could be the media you are using, or how you're using them. We can evaluate your media buys using Scarborough's syndicated research which reports audience reach by local media.

And, we can evaluate your N&O ads regarding layout and copy, timing, section placement and product selection.

Just ask your N&O advertising sales representative or e-mail me at boney@newsobserver.com. It's free and no obligation.

Fall Fishing Is Best!

Coastal fishing in late September through November is the best of the year. Our award-winning Outdoor Pages in every



Thursday Sports section offer the best place to advertise. Here's why: The average daily N&O is read by 81,000 adults who fished in the past 12 months. Combine with Sunday and reach 120,000 net, unduplicated adult readers who fish. On a 6-week contract? With 6 daily/Sunday N&O combos, you'll get 174,000, net. And, because N&O readers have more disposable income than the general population, they will buy your more profitable items.

Source: Total 23-county Raleigh-Durham survey area. Source: Scarborough Research, April 2005-March 2006

Other Promotional Opportunities

Sept. 4	Labor Day
Sept. 10	Grandparents' Day
Sept. 22	American Business Women's Day
Sept. 23	First Day of Autumn
Oct. 9	Columbus Day
Oct. 29	Daylight Savings Time Ends
Oct. 31	Halloween

Business Briefs (cont. from page 1) become a mixed project of retail, residential, office space and possibly a hotel. Whole Foods will relocate within the center and expand to 55,000 SF...Cross-roads Ford opened a \$5.5 million, 135,000-SF indoor showroom on Walnut St., the largest indoor showroom on the East Coast...United Shotokan Karate opened on E. Maynard Rd. **Knightdale** Petco opened in Shoppes at Midway Plantation. **Wake Forest** Cris Scott Hair Studio opened at The Factory. **Apex** Dick's Sporting Goods and Old Navy opened at Beaver Creek shopping center. **Morrisville** Page Road Garden Center opened on Page Rd. near the airport. **Durham** Phoenix 10 movie theater opened at Northgate...Za Za Zsu opened on Perry St...Faith Gear opened kiosks at Streets at Southpoint and Crabtree Valley Mall. **Smithfield** Wide Shoe Warehouse opened in Venture Pointe Shopping Center.

Restaurants and Night Clubs Raleigh -- Cheeburger Cheeburger will open in Brier Creek Commons. T.Q. Zheng's Asian Bistro opened in BrierDale. Cinelli's Pizzeria replaced Andy's Pizza at North Hills. Falls Tap Room will open at Quail Corners in Nov. Michael Dean's opened in North Ridge Shopping Center. 1705 Prime will replace Michael Dean's on Millbrook Rd. Shane's Ribhouse and Bakehouse Bistro opened in Poyner Place; another is to open in Oct. at Southpoint. Ess Lounge opened on Davie St. Five Star Chinese Restaurant will move this fall to W. Martin St. Dos Taquitos Express will open in Jan. on S. Wilmington St. J. Betski's opened in Seaboard Station off Peace St. North Carolina End Zone Cafe opened on New Bern Ave. **Cary** An, a \$4.5 million upscale Vietnamese restaurant, will open in Sept. in Renaissance Park Place. Zpizza will open late 2006 in Stone Creek Village. Starbucks opened in Cary Towne Center. Tortilla Blue opened on W. Chatham St. **Morrisville** Smithfield Chicken & Barbecue will open in Oct. **Garner** Kaze Japanese Steakhouse and Sushi will open late 2006 in White Oak Village. Locked & Loaded Grill will open in Sept. on U.S. 70...**Durham** Red Robin Gourmet Burgers will open in Sept. on Mt. Moriah Rd. Marble Slab Creamery opened at Northgate. **Chapel Hill** Crazie Mae's will be replaced by Citrus in Sept. **Johnston Co.** The Cleveland Draft House will open off N.C. 42.

Developments If rezoning is approved, 600 homes on 127 acres are planned at Buffaloe and Old Milburnie roads...Biltmore, a 652-acre subdivision that will include 2,272 homes, a 13-acre shopping district, 138 acres of open space, public land for a greenway, a trail along the Neuse River and a park is planned for Clayton...Crosland and American Land Fund plan 300 condos or apartments and 1,000 single-family homes and townhomes, 150,000-SF of stores and 500,000-SF of offices on 405 acres off Page Rd. in Durham County. Another 93 acres are planned across Page Rd. from that property for up to 560 homes.

Housing Home sales in the Triangle are up 3.4% this year, according to National Association of Realtors. The state is down 2% and the nation is off 11.4%...Fairfield Residential plans a 374-unit apartment complex on 27.8 acres off Jones Franklin Rd. at I-40...Kotarides Developers plans 288-unit Clairmont Apartments near Cary Towne Center...Windsor Upon Mellow Field, a 55-unit apartment complex in central Raleigh, should open in 2007.

Closings Raleigh Gino Russo's Oyster Bar, Southern Brewery & Smokehouse, Mr. Dunderbak's, Zyng Asian Grill, Jillian's, Mordecai Bridal & Tuxedo...**Durham** Latin Grill, Honduras, Peek-a-Boo's Bar & Grill, Shell's Steakhouse, Sudie's Steaks & Seafood, used bookstore Books on Ninth.

At the Airport Southwest will add a fourth daily round trip from RDU to Orlando and a third daily round trip to Tampa Nov. 20.

Employment Fidelity Investments will add 2,000 jobs to its current 1,000 and lease 500,000 SF in the Triangle while its campus in Research Triangle Park is built...Up to 100 could be hired by video game maker Destineer which opened a design studio in Raleigh in August...Honda Motor Co. will locate its HondaJet business plane headquarters in Piedmont Triad Airport where 30 will work. Its manufacturing facility could also locate in Greensboro where 200 would work....In early 2007, Eaton will close its Selma plant in Johnston Co. and move to Mexico, eliminating about 200 jobs...Parata will not only keep its robotic pharmacy equipment HQ in Durham, it will also keep its manufacturing plant in Youngsville and hire 75, some transferring from its Louisiana plant which will close in February 2007...FedEx will build a package-sorting center near RDU Airport and close a smaller center in Durham, transferring about 240 workers from Durham site; more will be hired...Stewart Engineering will move its HQ from Morrisville to downtown Raleigh, leasing about 25,000 SF with about 100 employees within 18 months...Kidde Aerospace and Defense will add 131 jobs over the next three years at its plant in Wilson...Absolute Plastics will open an \$18 million plant, creating 150 jobs over the next 3 years in Wilson...In fall 2007, DuPont will open a \$50 million plant below Fayetteville to manufacture polyvinyl flouride used in Tedlar, a weather-resistant film for the backs of solar panels. About 15 workers will be hired.

July unemployment rates (unadjusted)

County	July 05	July 06	County	July 05	July 06
Wake	4.5%	3.7%	Harnett	6.0%	5.3%
Durham	4.9%	4.2%	Person	7.0%	5.7%
Orange	4.5%	3.8%	Ral./Dur./Cary CSA	4.8%	4.0%
Johnston	4.8%	4.0%	No. Carolina	5.6%	5.1%
Franklin	4.9%	4.3%	U.S.	5.2%	5.0%
Chatham	4.4%	3.9%			

Banks RBC Centura will buy the 26-branch/loan office Flag Bank of Georgia for \$456 million. RBC Centura is building its \$100 million HQ in downtown Raleigh...Capital Bank will open a branch by early 2007 in Zebulon, but the location has not been decided.

Media News A 2006 Roper Consulting survey reported 65% of men and 56% of women who own DVDs skip commercials, a huge increase from its survey a year prior which found only 21% of men and 10% of women zapped the ads. Only 1/5th of women said they don't mind watching commercials; 18% said that while commercials air, they ignore them...The Period 7 (July) net paid circulation of The News & Observer increased 1,483 Monday-Friday, 3,038 Saturday and 4,074 Sunday over the same period in 2005. Most of the gains occurred in Wake Co...Radio stations WTSB in Johnston Co. and WDUR in Durham are for sale..In first quarter 2007, WDCG, WRDU, WRSN and WRVA radio stations will add HD multicasting formats.

ADVERTISING OPPORTUNITIES

September Top Retail Store Sales

Nationwide above-average retail store sales in Sept. (8.3%+)

	SEP	OCT
Automobile dealers	8.6%	8.0%
Automotive parts, accessories, tires	8.3	8.4
Book stores	9.2	6.4
Building materials and supplies dealers	8.8	8.7
Computer and software stores	8.5	8.1
Drinking places	8.4	8.8
Gasoline stations	8.4	9.1*
Grocery stores	8.3	8.4

Use monthly sales trends to coordinate your advertising expenditures and to track how your store compares with U.S. trends.

Source: Monthly Retail and Food Service Sales, 2004 sales, <http://www.census.gov/mrts/www/data/html/nsalo4.html> as published in NAA Planbook 2006

Top Newspaper Advertising Categories

Nationwide above-average newspaper advertising in Sept. (8.3%+)

	SEP	OCT
Appliance sales, service & repairs	9.0%	8.1%
Auto dealers, new and used	8.7	8.7
Auto repair services/service stations	8.4	8.8
Bedding stores, sleep centers	8.6	9.7*(t)
Boats/motors/marine accessories	9.4	13.8*
Carpet & floor covering stores	9.2	10.6*
Clothing stores, women's	11.8	6.3
Fabric & sewing stores	8.5	10.3
Farm equipment dealers & services	14.0*	4.9
Food stores/supermarkets (chains)	8.5	8.6
Food stores/supermarkets (independents)	8.5	8.2
Home centers/lumber/building supplies	14.4*	7.5
Home furnishings stores	8.5	9.9
Lawn & garden machinery & equipment	11.1	6.1
Men's footwear	28.5*	4.9
Paint, wallpaper & glass stores	12.5	9.9

Use this information to see how retailers like you advertise in newspapers each month.

Source: Competitive Media Reporting, Inc. (AdTelligence Newspaper Services) 2004 / as published in NAA Planbook 2005

*Peak for year

Monday N&O Advertisers Get Sunday Circulation through December 18!

Monday News & Observer advertisers will receive an additional 37,000 circulation from September 11 through December 18. These extra copies will be distributed to weekend-only subscribers who don't subscribe to the Monday paper.

Monday is a great way to boost sales during the usually slower selling days of the week, and it comes at the right time -- fall and winter clothing preparation and holiday shopping season.

Ask your N&O sales representative about taking advantage of this unique offer.

Average Monthly Household Expenditures

	SEP	OCT
Appliance, TV and other electronics stores	\$49	\$49
Automobile dealers	585	542
Automotive parts, accessories, tire stores	50	51
Beer, wine, liquor stores	23	24
Book stores	13	9
Building materials and supplies dealers	213	209
Clothing stores -- family	48	55
Clothing stores -- men's	6	7
Clothing stores -- women's	25	27
Computer & software stores	14	14
Department stores, conventional & nat'l chains	60	63
Department stores, discount	84	94
Drinking places	15	16
Furniture stores	41	43
Gasoline stations	243	264
Grocery stores	332	338
Home furnishings stores	34	35
Jewelry stores	15	16
Pharmacies and drug stores	128	132
Restaurants, full-service	122	128
Restaurants, limited-service	119	125
Shoe stores	16	17
Sporting goods stores	21	20
Warehouse clubs and superstores	172	189

Sources: U.S. Census Bureau's Monthly Retail and Food Service Sales, 2004, and Statistical Abstract of the United States, 2004. NAA 2006 Newspaper Advertising Planbook

Estimated households in Raleigh-Cary-Durham Metro:
 Wake Co. 305,000; Franklin County 21,000;
 Johnston County 57,000; Durham County 100,000;
 Orange County 50,000; Chatham County 25,000;
 Person County 16,000; Harnett County, 39,000

Raleigh-Cary Metro among Fastest Growing

Although it's probably no surprise if you spend much time driving in local traffic, population in the Raleigh-Cary Metropolitan Statistical Area (Wake, Franklin, Johnston counties) increased 152,655 from the 2000 Census to July 1, 2005 -- a 19.2 percent increase. The metro ranked 52nd among the nation's MSAs in total population at 949,681. It's numeric growth ranked 22nd among MSAs in the nation.

There were 72,810 births and 25,764 deaths for a natural increase of 47,046. Migration accounted for an additional 102,915 of which 27,150 were from international regions.

Wake County's housing units (occupied and unoccupied) grew from 258,961 to 314,400. In 2000, vacant housing units accounted for 6.5 percent of all housing units.