Retail Economics and Planning

Dan Kelleher
Agenda

• Types of Retail
• Geography of Retail
• Retail Economics
• Retail Planning
• Agency Assistance to Local Municipalities
Why Talk About Retail Economics

- Critical Quality of Life Component for Residents
- Indicator of Overall Economic Health of a Place
- High Visibility to the Public
- Determine the Best Allocation of Economic Development Resources
- Inform Planning Decisions
Two Functional Types of Retail

Service Retail
- Dollar General
- Dunkin’ Donuts
- Supercuts
- Walmart
- Panera Bread

Destination Retail
- Stewart’s Shops
- Hannaford
- Image of a shopping center
- Image of a pedestrian area
Elastic and Inelastic Goods

[Graph showing Inelastic Demand on the left and Elastic Demand on the right.]
Catchment Areas and Elasticity

12946 – 25 Mile Radius
Population: 39,361
# of Stores: 6
Catchment Areas and Elasticity

United States
Population: 331,449,281
# of Stores: 11
Central Place Theory

City
Largest Trade Area
Greatest Diversity of Goods/Services
Mix of Both Elastic and Inelastic Goods/Services

Town
2nd Largest Trade Area
Moderate Diversity of Goods/Services
Moderate Mix of Elastic and Inelastic Goods/Services

Village
2nd Smallest Trade Area
Limited Diversity of Goods/Services
Primarily Inelastic and High-Frequency Goods/Services

Hamlet
Smallest Trade Area
Least Diversity of Services
Highest Frequency and Most Inelastic Goods/Services
Service Provision Growth
Retail Gravitation Modelling

Customers are willing to travel longer distances to larger retail centers

Two cities of equal size have a trade area boundary midway between the two cities.

When cities are of unequal size, the boundary lies closer to the smaller city, giving the larger city a larger trade area.
Retail Gravitation Modelling

\[ D_{BP} = \frac{\text{Distance between City } a \text{ and } b}{1 + \sqrt{\frac{\text{population } b}{\text{population } a}}} \]

Note: \( D_{BP} \) is the distance from City “a” to the Breaking Point.
Retail Gravitation In Action

Frequently Asked Questions

Where can I buy gas?
Gas is available during the summer season at the Campers Village Campsite and Lakeside General Store on Route 3 at the head of Cranberry Lake. Pumps are in front of the store, not on the water.

The next closest gas station west of the Lake is the Circle K gas station and convenience store on Route 3 in Star Lake, 14 miles west of Cranberry Lake. The store is open 5a to midnight seven days a week and also has free WiFi access. East of Cranberry Lake, gas is available at Sevey’s Point, 9 miles east of Cranberry Lake on Route 3.

Supplies and Dining

Where can I buy groceries?
The Lakeside General Store in Cranberry Lake carries a selection of food items and some camping essentials as well as Cranberry Lake and Adirondack-themed gifts. Guests can paddle or motor across the lake to the General Store which makes it a great trip for a hot summer day — we highly recommend it!
Retail Gravitation In Action

Frequently Asked Questions

Where can I buy gas?
Gas is available during the summer season at the Campers Village Campsite and Lakeside General Store on Route 3 at the head of Cranberry Lake. Pumps are in front of the store, not on the water.

The next closest gas station west of the Lake is the Circle K gas station and convenience store on Route 3 in Star Lake, 14 miles west of Cranberry Lake. The store is open 5a to midnight seven days a week and also has free WiFi access. East of Cranberry Lake, gas is available at Sevey's Point, 9 miles east of Cranberry Lake on Route 3.
Retailer Decision-Making Considerations

- Total Population and Number of Households
- Population Density
- Median Income
- Total Purchasing Power
- Purchases by Type of Goods
- Demographics and Psychographics
- Competition
# Retailer Decision Making Data

## ZIP Code 12946

<table>
<thead>
<tr>
<th>USPS Place</th>
<th>LAKE PLACID, NY</th>
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<tr>
<td>Population 2000 Census</td>
<td>8070</td>
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<tr>
<td>Area Sq. Miles</td>
<td>177.86</td>
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## Purchasing Power Profile

<table>
<thead>
<tr>
<th>Consumer Expenditure Category</th>
<th>ZIP Code 12946</th>
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<tbody>
<tr>
<td></td>
<td>Est. Annual Expenditures</td>
</tr>
<tr>
<td>Food at Home</td>
<td>$9,524,801</td>
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<tr>
<td>Food away from home</td>
<td>$3,402,113</td>
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<tr>
<td>Apparel and related services</td>
<td>$3,164,507</td>
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<tr>
<td>Television equipment, tapes disks</td>
<td>$1,410,421</td>
</tr>
<tr>
<td>Audio equipment, CDs, tapes</td>
<td>$358,115</td>
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<tr>
<td>Household textiles</td>
<td>$209,669</td>
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<tr>
<td>Furniture</td>
<td>$946,590</td>
</tr>
<tr>
<td>Floor coverings</td>
<td>$95,208</td>
</tr>
<tr>
<td>Major appliances</td>
<td>$456,089</td>
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<td>Small appliances and housewares</td>
<td>$142,430</td>
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<td>Computer hardware and software</td>
<td>$397,368</td>
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<tr>
<td>Miscellaneous household equipment</td>
<td>$595,275</td>
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<td>Non-prescription drugs and supplies</td>
<td>$744,972</td>
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<tr>
<td>Housekeeping supplies</td>
<td>$1,307,764</td>
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<td>Personal products</td>
<td>$746,782</td>
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<td>Home repair commodities</td>
<td>$259,407</td>
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<td>Total for 16 categories</td>
<td>$23,851,517</td>
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## Retailer Decision Making Data

### Table 3213. Consumer units with reference person age 25 to 34 by income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2014-2015 — Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Total 25-34 years</th>
<th>Less than $5,000</th>
<th>$5,000 to $9,999</th>
<th>$10,000 to $14,999</th>
<th>$15,000 to $19,999</th>
<th>$20,000 to $29,999</th>
<th>$30,000 to $39,999</th>
<th>$40,000 to $49,999</th>
<th>$50,000 to $69,999</th>
<th>$70,000 and more</th>
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<tr>
<td>Food away from home</td>
<td>3,009</td>
<td>2,036</td>
<td>859</td>
<td>1,066</td>
<td>1,663</td>
<td>1,889</td>
<td>1,925</td>
<td>2,473</td>
<td>3,077</td>
<td>4,547</td>
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<td>Alcoholic beverages</td>
<td>536</td>
<td>267</td>
<td>374</td>
<td>131</td>
<td>240</td>
<td>349</td>
<td>251</td>
<td>443</td>
<td>534</td>
<td>871</td>
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<tr>
<td>Housing</td>
<td>17,833</td>
<td>9,902</td>
<td>7,937</td>
<td>10,438</td>
<td>11,393</td>
<td>12,488</td>
<td>13,347</td>
<td>15,135</td>
<td>17,436</td>
<td>25,681</td>
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<td>Shelter</td>
<td>10,890</td>
<td>6,436</td>
<td>4,195</td>
<td>7,456</td>
<td>8,370</td>
<td>9,038</td>
<td>9,794</td>
<td>11,594</td>
<td>14,006</td>
<td>15,592</td>
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<td>Owned dwellings</td>
<td>4,283</td>
<td>715</td>
<td>607</td>
<td>869</td>
<td>1,041</td>
<td>1,234</td>
<td>1,424</td>
<td>1,717</td>
<td>2,131</td>
<td>3,877</td>
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<td>Mortgage interest and charges</td>
<td>2,665</td>
<td>437</td>
<td>472</td>
<td>492</td>
<td>568</td>
<td>670</td>
<td>802</td>
<td>1,003</td>
<td>1,260</td>
<td>1,739</td>
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<td>Property taxes</td>
<td>1,012</td>
<td>289</td>
<td>374</td>
<td>120</td>
<td>210</td>
<td>311</td>
<td>419</td>
<td>523</td>
<td>628</td>
<td>837</td>
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<tr>
<td>Maintenance, repairs, insurance, other expenses</td>
<td>606</td>
<td>310</td>
<td>356</td>
<td>378</td>
<td>382</td>
<td>389</td>
<td>405</td>
<td>415</td>
<td>416</td>
<td>577</td>
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<tr>
<td>Rented dwellings</td>
<td>6,235</td>
<td>4,788</td>
<td>5,838</td>
<td>6,302</td>
<td>6,678</td>
<td>6,417</td>
<td>6,752</td>
<td>6,209</td>
<td>6,096</td>
<td>1,196</td>
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<td>Other lodging</td>
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<td>378</td>
<td>378</td>
<td>378</td>
<td>378</td>
<td>378</td>
<td>378</td>
<td>378</td>
<td>378</td>
<td>378</td>
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<tr>
<td>Utilities, fuels, and public services</td>
<td>3,300</td>
<td>2,072</td>
<td>2,157</td>
<td>2,333</td>
<td>2,445</td>
<td>2,737</td>
<td>2,888</td>
<td>3,053</td>
<td>3,457</td>
<td>4,118</td>
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<td>Natural gas</td>
<td>334</td>
<td>157</td>
<td>174</td>
<td>200</td>
<td>226</td>
<td>265</td>
<td>313</td>
<td>361</td>
<td>461</td>
<td>461</td>
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<tr>
<td>Electricity</td>
<td>1,274</td>
<td>1,087</td>
<td>1,140</td>
<td>1,162</td>
<td>1,177</td>
<td>1,152</td>
<td>1,295</td>
<td>1,473</td>
<td>1,473</td>
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<td>Fuel oil and other fuels</td>
<td>61</td>
<td>34</td>
<td>36</td>
<td>38</td>
<td>40</td>
<td>43</td>
<td>50</td>
<td>61</td>
<td>96</td>
<td>96</td>
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<td>Telephone services</td>
<td>1,210</td>
<td>730</td>
<td>666</td>
<td>787</td>
<td>784</td>
<td>984</td>
<td>1,062</td>
<td>1,189</td>
<td>1,321</td>
<td>1,501</td>
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<tr>
<td>Residential phone service, VOIP, and phone cards</td>
<td>134</td>
<td>76</td>
<td>107</td>
<td>86</td>
<td>106</td>
<td>100</td>
<td>133</td>
<td>131</td>
<td>174</td>
<td>174</td>
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<tr>
<td>Cellular phone service</td>
<td>1,076</td>
<td>616</td>
<td>590</td>
<td>680</td>
<td>768</td>
<td>878</td>
<td>963</td>
<td>1,055</td>
<td>1,190</td>
<td>1,327</td>
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<td>Water and other public services</td>
<td>421</td>
<td>188</td>
<td>311</td>
<td>255</td>
<td>321</td>
<td>300</td>
<td>334</td>
<td>357</td>
<td>424</td>
<td>583</td>
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<tr>
<td>Household operations</td>
<td>1,567</td>
<td>409</td>
<td>643</td>
<td>569</td>
<td>503</td>
<td>716</td>
<td>871</td>
<td>981</td>
<td>1,357</td>
<td>2,884</td>
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<td>Personal services</td>
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<td>311</td>
<td>378</td>
<td>323</td>
<td>316</td>
<td>269</td>
<td>434</td>
<td>458</td>
<td>742</td>
<td>1,907</td>
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<td>Other household expenses</td>
<td>639</td>
<td>298</td>
<td>265</td>
<td>346</td>
<td>317</td>
<td>447</td>
<td>523</td>
<td>615</td>
<td>977</td>
<td>977</td>
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<tr>
<td>Housekeeping supplies</td>
<td>502</td>
<td>323</td>
<td>240</td>
<td>306</td>
<td>406</td>
<td>396</td>
<td>424</td>
<td>500</td>
<td>714</td>
<td>658</td>
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<tr>
<td>Laundry and cleaning supplies</td>
<td>130</td>
<td>109</td>
<td>64</td>
<td>96</td>
<td>148</td>
<td>162</td>
<td>194</td>
<td>217</td>
<td>247</td>
<td>367</td>
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<tr>
<td>Other household products</td>
<td>263</td>
<td>168</td>
<td>132</td>
<td>162</td>
<td>194</td>
<td>159</td>
<td>217</td>
<td>247</td>
<td>244</td>
<td>367</td>
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<tr>
<td>Postage and stationery</td>
<td>109</td>
<td>345</td>
<td>344</td>
<td>347</td>
<td>347</td>
<td>347</td>
<td>347</td>
<td>347</td>
<td>347</td>
<td>347</td>
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<tr>
<td>Household furnishings and equipment</td>
<td>1,574</td>
<td>662</td>
<td>1,096</td>
<td>536</td>
<td>1,033</td>
<td>944</td>
<td>929</td>
<td>1,215</td>
<td>1,524</td>
<td>2,473</td>
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<td>Household textiles</td>
<td>81</td>
<td>49</td>
<td>31</td>
<td>31</td>
<td>30</td>
<td>68</td>
<td>41</td>
<td>63</td>
<td>82</td>
<td>126</td>
</tr>
<tr>
<td>Furniture</td>
<td>465</td>
<td>216</td>
<td>175</td>
<td>197</td>
<td>353</td>
<td>323</td>
<td>331</td>
<td>369</td>
<td>467</td>
<td>692</td>
</tr>
<tr>
<td>Floor coverings</td>
<td>15</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>13</td>
<td>15</td>
<td>10</td>
<td>28</td>
<td>28</td>
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<tr>
<td>Major appliances</td>
<td>203</td>
<td>96</td>
<td>31</td>
<td>31</td>
<td>30</td>
<td>68</td>
<td>41</td>
<td>63</td>
<td>82</td>
<td>126</td>
</tr>
<tr>
<td>Small appliances, miscellaneous</td>
<td>94</td>
<td>47</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>5</td>
<td>13</td>
<td>15</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Miscellaneous household equipment</td>
<td>715</td>
<td>247</td>
<td>703</td>
<td>240</td>
<td>327</td>
<td>350</td>
<td>367</td>
<td>550</td>
<td>706</td>
<td>1,164</td>
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</table>
Retailer Decision Making Data - Psychographics

LifeMode Group: Middle Ground
Old and Newcomers

Households: 2,774,000
Average Household Size: 2.11
Median Age: 38.5
Median Household Income: $39,000

WHO ARE WE?
This market features singles’ lifestyles, on a budget. The focus is more on convenience than consumerism, economy over acquisition. Old and Newcomers is composed of neighborhoods in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes. They support environmental causes and Starbucks. Age is not always obvious from their choices.

OUR NEIGHBORHOOD
• Metropolitan city dwellers.
• Predominantly single households (Index 148), with a mix of married couples (no children); average household size lower at 2.11.
• 54% renter occupied; average rent, $800 (Index 88).
• 45% of housing units are single-family dwellings; 44% are multiunit buildings in older neighborhoods, built before 1980.
• Average vacancy rate at 11%.

SOCIOECONOMIC TRAITS
• Unemployment is lower at 7.8% (Index 91), with an average labor force participation rate of 62.6%, despite the increasing number of retired workers.
• 30% of households are currently receiving Social Security.
• 28% have a college degree (Index 99). 33% have some college education, 10% are still enrolled in college (Index 126).
• Consumers are price aware and coupon clippers, but open to impulse buys.
• They are attentive to environmental concerns.
• They are more comfortable with the latest technology than buying a car.
Adirondack Example

**Figure 2a.** Big M Five-Mile Radius Characteristics

<table>
<thead>
<tr>
<th></th>
<th>Maximum</th>
<th>Minimum</th>
<th>Median</th>
<th>Mean</th>
<th>Willsboro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>31,860</td>
<td>674</td>
<td>5,786</td>
<td>8,426</td>
<td>2,185</td>
</tr>
<tr>
<td>Seasonal Units</td>
<td>1,608</td>
<td>15</td>
<td>161</td>
<td>273</td>
<td>756</td>
</tr>
<tr>
<td>Growth Rate (2000-2010)</td>
<td>17.8%</td>
<td>-8.7%</td>
<td>-1.0%</td>
<td>0.2%</td>
<td>6.80%</td>
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<tr>
<td>Population Per Square Mile</td>
<td>510</td>
<td>3.8</td>
<td>87</td>
<td>124</td>
<td>46.1</td>
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<tr>
<td>Seasonal and Full-Time Units</td>
<td>11,698</td>
<td>761</td>
<td>2,783</td>
<td>3,483</td>
<td>1,702</td>
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<tr>
<td>Year-Round Residency Equivalent</td>
<td>31,937</td>
<td>907</td>
<td>5,951</td>
<td>8,562</td>
<td>2,563</td>
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**Figure 3a.** IGA Five-Mile Radius Characteristics

<table>
<thead>
<tr>
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<th>Maximum</th>
<th>Minimum</th>
<th>Median</th>
<th>Mean</th>
<th>Willsboro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>13,746</td>
<td>816</td>
<td>3,620</td>
<td>4,234</td>
<td>2,185</td>
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<td>Seasonal Units</td>
<td>3,509</td>
<td>8</td>
<td>275</td>
<td>639</td>
<td>756</td>
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<tr>
<td>Growth Rate</td>
<td>13.1%</td>
<td>-6.3%</td>
<td>5.1%</td>
<td>3.0%</td>
<td>6.80%</td>
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<tr>
<td>Population Per Square Mile</td>
<td>209</td>
<td>3</td>
<td>72</td>
<td>70</td>
<td>46.1</td>
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<tr>
<td>Seasonal and Full-Time Units</td>
<td>4,585</td>
<td>324</td>
<td>2,172</td>
<td>2,201</td>
<td>1,702</td>
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<td>Year-Round Residency Equivalent</td>
<td>13,777</td>
<td>820</td>
<td>4,013</td>
<td>4,554</td>
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**Figure 4a.** Tops Five-Mile Radius Characteristics

<table>
<thead>
<tr>
<th></th>
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<th>Median</th>
<th>Mean</th>
<th>Willsboro</th>
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<tbody>
<tr>
<td>Total Population</td>
<td>9,820</td>
<td>1,572</td>
<td>2,936</td>
<td>3,897</td>
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<td>Seasonal Units</td>
<td>1,774</td>
<td>10</td>
<td>476.5</td>
<td>750</td>
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<tr>
<td>Growth Rate</td>
<td>10.00%</td>
<td>-10.30%</td>
<td>1.65%</td>
<td>-0.27%</td>
<td>6.80%</td>
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<td>Population Per Square Mile</td>
<td>935</td>
<td>12</td>
<td>44</td>
<td>158</td>
<td>46.1</td>
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<td>Seasonal and Full-Time Units</td>
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<td>1,010</td>
<td>2,216</td>
<td>2,386</td>
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<td>Year-Round Residency Equivalent</td>
<td>10,037</td>
<td>1,818</td>
<td>3,259</td>
<td>4,272</td>
<td>2,563</td>
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Three Ways to Boost and Broaden Retail Demand

There are only three ways to expand the potential service provision:

Increase Population

Increase Income
- Higher wage/skill jobs

Increase Visitor Spending
- Extend seasons, bring more people, more tourism infrastructure
Destination Retail
Destination Retail

Services a Very Large Trade Area

Typically Requires an Agglomeration of Unique Stores

Made up of an Abundance of Elastic Goods/Services

Can Serve as a Basic/Exporting Industry

Three Basic Formats
Destination Retail – Enclosed Malls

- Typical Gross Leasable Area: 400,000 s.f. – 3 million s.f.
- Anchored by Large National Tenants
- Located in Large MSA’s with Regional Draw Areas
- Located Near Highways and Maintain Strong Visibility from Key Roadways
Destination Retail – Lifestyle Centers
Destination Retail – Main Streets

- Integrated into the Surrounding Community
- Diverse Mix of Service and Destination Retailers
- Typically Scaled to the Size of the Community
Destination Retail – Adirondacks

Schroon Lake Main Street 0.23 Miles

Inlet Main Street 0.17 Miles

Old Forge Main Street 0.29 Miles

Lake Placid Main Street 0.24 Miles
Main Streets – Other Success Stories

Burlington, Vt. Church Street 0.31 Miles

Chatham, Ma. Main Street 0.41 Miles

Saratoga Springs, Ny. Broadway 0.51 Miles

Stockbridge, Ma. Main Street 0.35 Miles
Main Streets – Similar Scale to Malls

Crossgates Mall 0.29 Miles

Champlain Center 0.26 Miles

University Mall 0.25 Miles

Mall of America 0.35 Miles
Key Characteristics - Sense of Enclosure
Key Characteristics – Transparency/Permeability
Key Characteristics – Streetscape design
Key Characteristics – Diverse Uses and Programmable Space
Key Characteristics – Visual Quality and Cohesion
Key Characteristics – Density and Mixed Uses
LEED for Neighborhood Design
Envision Adirondacks

Envision ADK is an Agency initiative to assist communities in the development of visual simulations of a community’s commercial area under different planning and zoning scenarios. The program seeks to enhance opportunities around:

1. Community Dialog and Visioning

2. Zoning Document Development
Johnsburg Redevelopment
Main Street Enhancement
Lake Placid Corridors

Current Conditions

Streetscape Augmentation

New Development
Lake Placid Corridors

Current Conditions

New Development
Hamlet Economic Planning and Assistance (HEPA) Initiative

HEPA is a community-driven initiative, led by a local stakeholder workgroup with assistance from the Adirondack Park Agency, that develops and implements a plan for economic improvement of the community’s Hamlet area.
HEPA - Northampton/Northville
HEPA – Town and Village of Lake George

Map 1. Lake George Development Sites - Gateway Corridor Focus Area

Legend

HEPA
Type with Priority Noted
- Commerce Park 2
- Commerce Park 1
- Gateway Hamlet
- Key Site

and distilling education facility through the receipt of a NYS grant. Such a project will anchor a revitalized Gateway Corridor by attracting more people to the area, and can help connect the Village to the Town’s new sidewalks through use of a pedestrian bridge or a pedestrian plaza.

5. 251.18-4-4 This vacant former drive-through restaurant building could be repurposed as another drive-through restaurant or included into an agglomeration of neighboring properties for a larger mixed-use project.

6. 251.18-4-5 This seasonally-used tourist attraction/mixed use building could be redeveloped with new retail uses and apartments or office space above. The property could also be
Takeaways for Communities

• Focus on Economic Fundamentals – Basic Industries that Support Higher Incomes

• Implement Main Street Zoning that Encourages Walkable Main Streets

• Focus on Main Street and Don’t Sprawl Out

• Pursue Infrastructure that Accommodates Walkable Main Streets

• Focus on Experience of Place and Encourage Iconic and Local Retail Mix
Thank You