

Retail Economics and Planning

Dan Kelleher



**Adirondack
Park Agency**

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

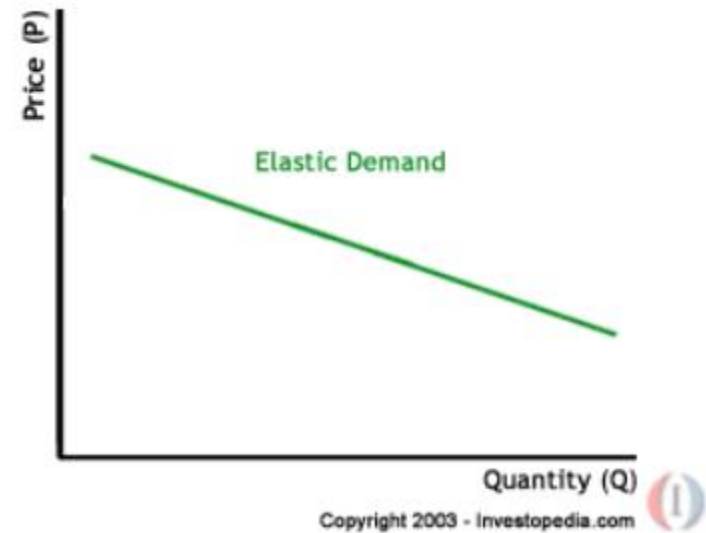
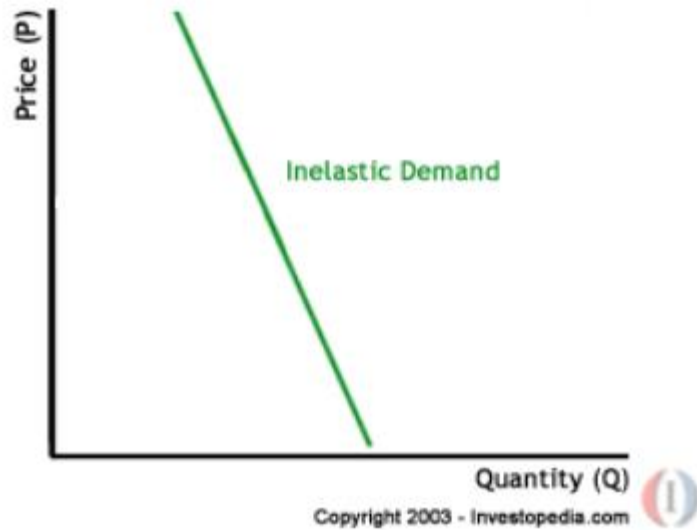
Service Retail



Destination Retail



Elastic and Inelastic Goods



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



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Central Place Theory

City

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

Town

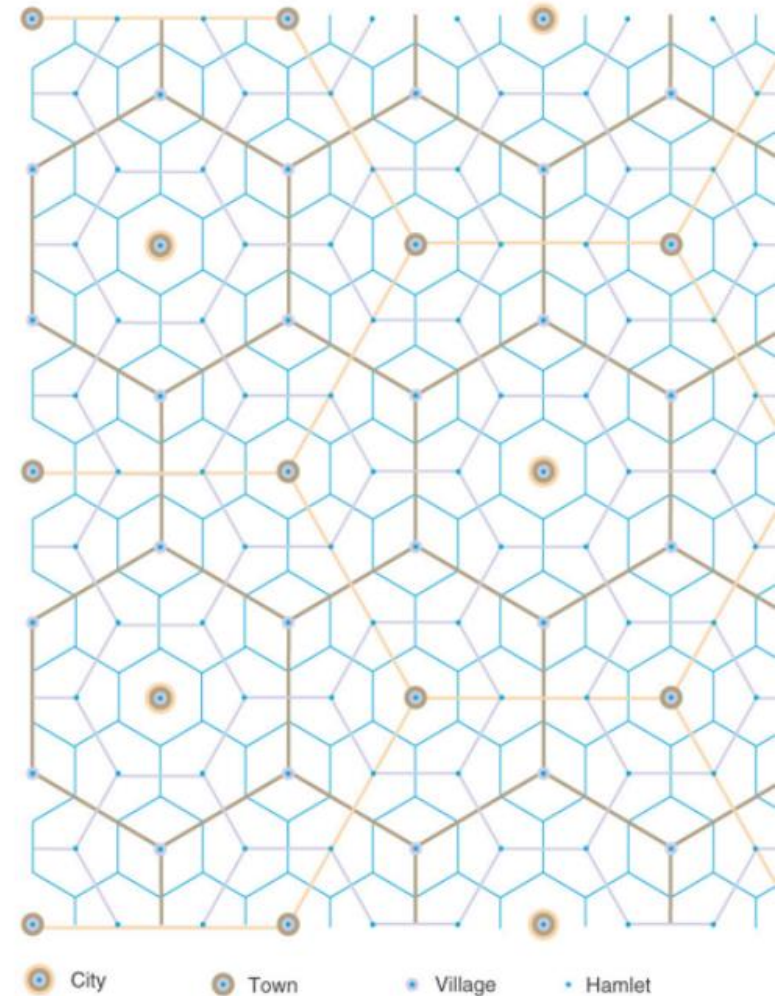
2nd Largest Trade Area
Moderate Diversity of Goods/Services
Moderate Mix of Elastic and Inelastic Goods/Services

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



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Retail Gravitation Modelling

Customers are willing to travel longer distances to larger retail centers

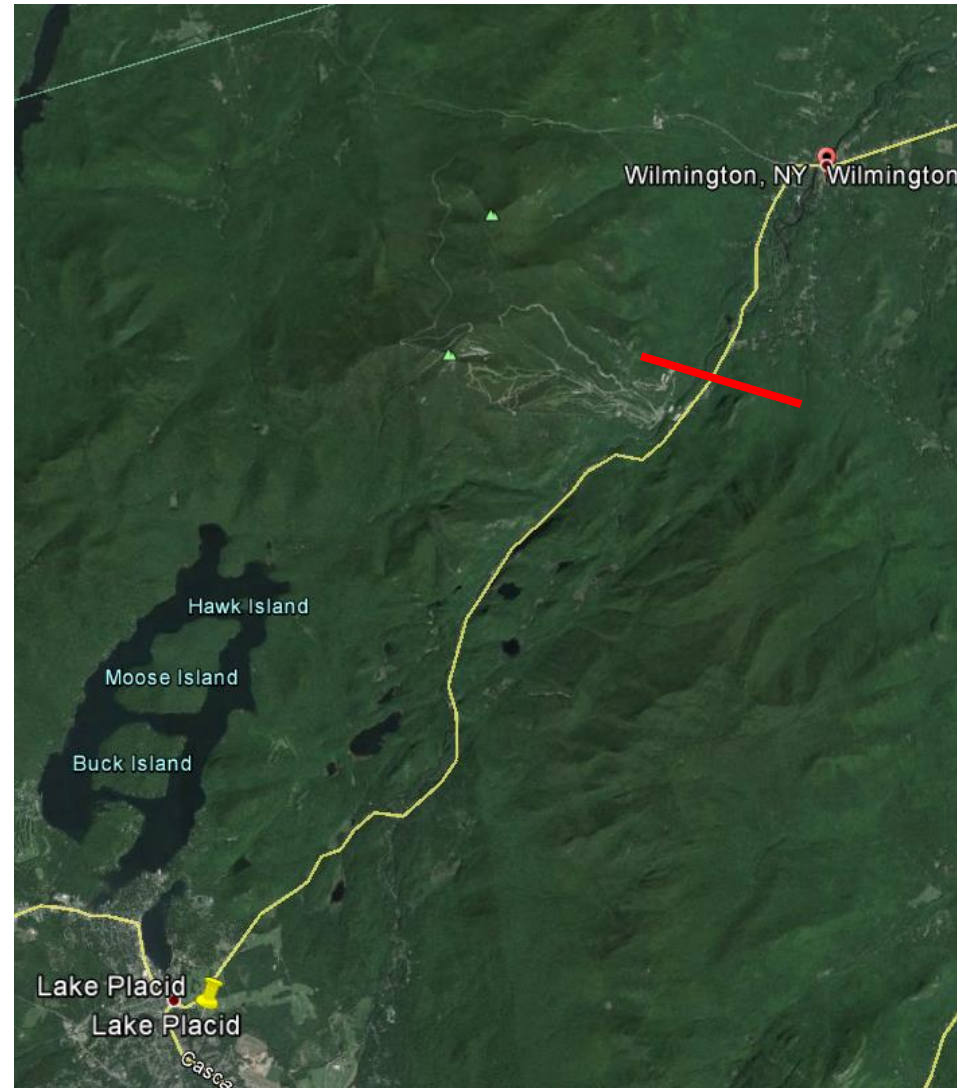
Two cities of equal size have a trade area boundary midway between the two cities.

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

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

Note: D_{BP} is the distance from City "a" to the Breaking Point.



Retail Gravitation In Action

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Frequently Asked Questions

Where can I buy gas?

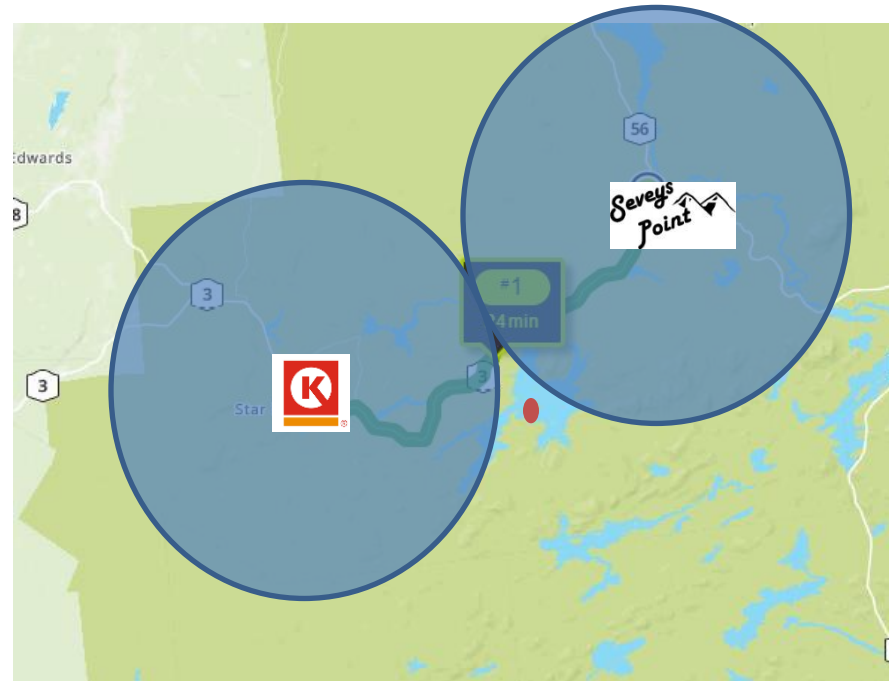
Gas is available during the summer season at the [Campers Village Campsite and Lakeside General Store](#) on Route 3 at the head of Cranberry Lake. Pumps are in front of the store, not on the water.

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

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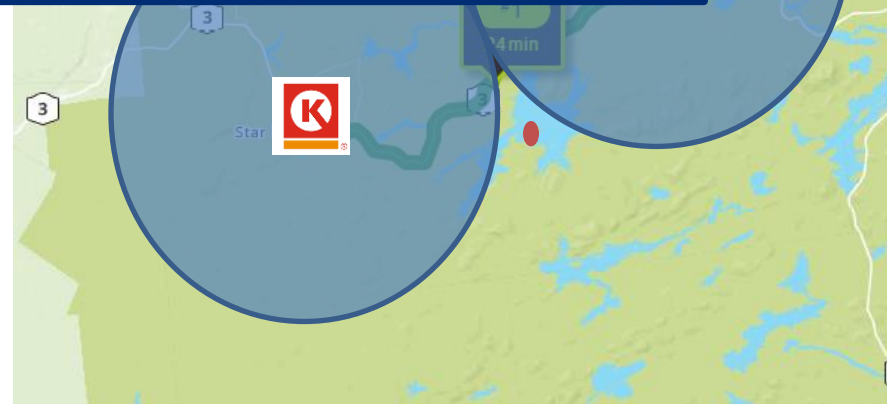
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Retailer Decision-Making Considerations

- 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
USPS Place: LAKE PLACID , NY
Population 2000 Census: 8070
Area Sq. Miles: 177.86

Purchasing Power Profile		
ZIP Code 12946		
Consumer Expenditure Category	Est. Annual Expenditures	Expenditures per Square Mile
Food at Home	\$9,524,801	\$53,552
Food away from home	\$3,402,113	\$19,128
Apparel and related services	\$3,164,507	\$17,792
Television equipment, tapes disks	\$1,410,421	\$7,930
Audio equipment, CDs, tapes	\$358,115	\$2,013
Household textiles	\$209,669	\$1,179
Furniture	\$946,596	\$5,322
Floor coverings	\$95,208	\$535
Major appliances	\$456,089	\$2,564
Small appliances and housewares	\$142,430	\$801
Computer hardware and software	\$397,368	\$2,234
Miscellaneous household equipment	\$695,275	\$3,909
Non-prescription drugs and supplies	\$744,972	\$4,189
Housekeeping supplies	\$1,307,764	\$7,353
Personal products	\$746,782	\$4,199
Home repair commodities	\$259,407	\$1,458
Total for 16 categories	\$23,861,517	\$134,159

Source: University of Wisconsin-Milwaukee Employment and Training Institute, 2004. The analysis is based on 2002 Bureau of Labor Statistics Consumer Expenditure Surveys and 2000 U.S. Census data.



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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

Item	Total 25-34 years	Less than \$5,000	\$5,000 to \$9,999	\$10,000 to \$14,999	\$15,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 and more
Food away from home	3,009	2,036	859	1,066	1,663	1,889	1,925	2,473	3,077	4,547
Alcoholic beverages	536	267	³ 74	131	240	349	251	443	534	871
Housing	17,833	9,902	9,737	10,438	11,393	12,488	13,347	15,135	17,436	25,681
Shelter	10,890	6,436	5,600	6,695	7,006	7,694	8,254	9,486	10,584	15,550
Owned dwellings	4,283	715	734	758	602	874	1,668	2,553	4,133	8,677
Mortgage interest and charges	2,665	³ 375	³ 404	³ 315	³ 283	377	1,103	1,592	2,620	5,455
Property taxes	1,012	289	195	364	191	255	408	545	937	2,026
Maintenance, repairs, insurance, other expenses	606	³ 51	³ 136	³ 78	³ 128	243	158	416	577	1,196
Rented dwellings	6,235	5,571	4,788	5,868	6,302	6,678	6,417	6,752	6,209	6,096
Other lodging	371	³ 150	³ 78	³ 68	³ 102	142	168	182	241	777
Utilities, fuels, and public services	3,300	2,072	2,157	2,333	2,445	2,737	2,868	3,053	3,457	4,116
Natural gas	334	157	196	174	200	226	265	313	356	461
Electricity	1,274	988	980	1,087	1,140	1,162	1,177	1,152	1,295	1,473
Fuel oil and other fuels	61	³ 8	³ 4	³ 31	³ 39	³ 55	³ 30	³ 43	61	96
Telephone services	1,210	730	666	787	784	984	1,062	1,189	1,321	1,501
Residential phone service, VOIP, and phone cards	134	114	76	107	86	106	100	133	131	174
Cellular phone service	1,076	616	590	680	698	878	963	1,055	1,190	1,327
Water and other public services	421	188	311	255	281	310	334	357	424	583
Household operations	1,567	409	643	569	503	716	871	981	1,357	2,884
Personal services	928	³ 111	³ 378	³ 223	³ 186	269	434	458	742	1,907
Other household expenses	639	298	265	346	317	447	437	523	615	977
Housekeeping supplies	502	323	240	306	406	396	424	400	514	658
Laundry and cleaning supplies	130	109	64	96	148	162	115	107	109	148
Other household products	263	168	132	162	194	159	217	247	244	367
Postage and stationery	109	³ 45	³ 44	³ 47	64	75	92	45	160	144
Household furnishings and equipment	1,574	662	1,096	536	1,033	944	929	1,215	1,524	2,473
Household textiles	81	49	³ 31	³ 15	30	68	41	63	82	126
Furniture	465	216	175	197	353	323	331	369	467	692
Floor coverings	15	³ 6	³ 7	³ 5	³ 7	5	13	15	10	28
Major appliances	203	96	³ 131	³ 55	257	137	120	133	168	321
Small appliances, miscellaneous housewares	94	47	³ 50	24	59	61	58	85	91	143
Miscellaneous household equipment	715	247	703	240	327	350	367	550	706	1,164

Retailer Decision Making Data - Psychographics



LifeMode Group: Middle Ground Old and Newcomers

8F

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

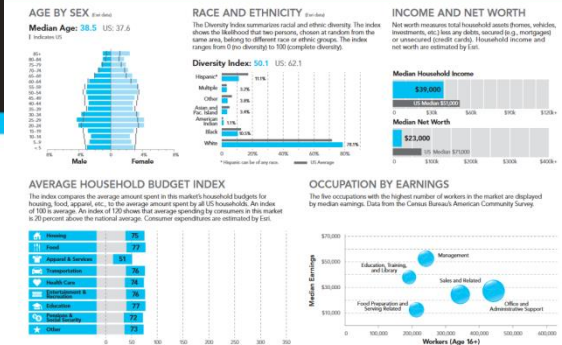
- Unemployment is lower at 7.8% (Index 91), with an average labor force participation rate of 62.6%, despite the increasing number of retired workers.
- 30% of households are currently receiving Social Security.
- 28% have a college degree (Index 99), 33% have some college education, 10% are still enrolled 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.



Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by CMC MMR.

LifeMode Group: Middle Ground Old and Newcomers

8F



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Adirondack Example

Figure 2a. Big M Five-Mile Radius Characteristics

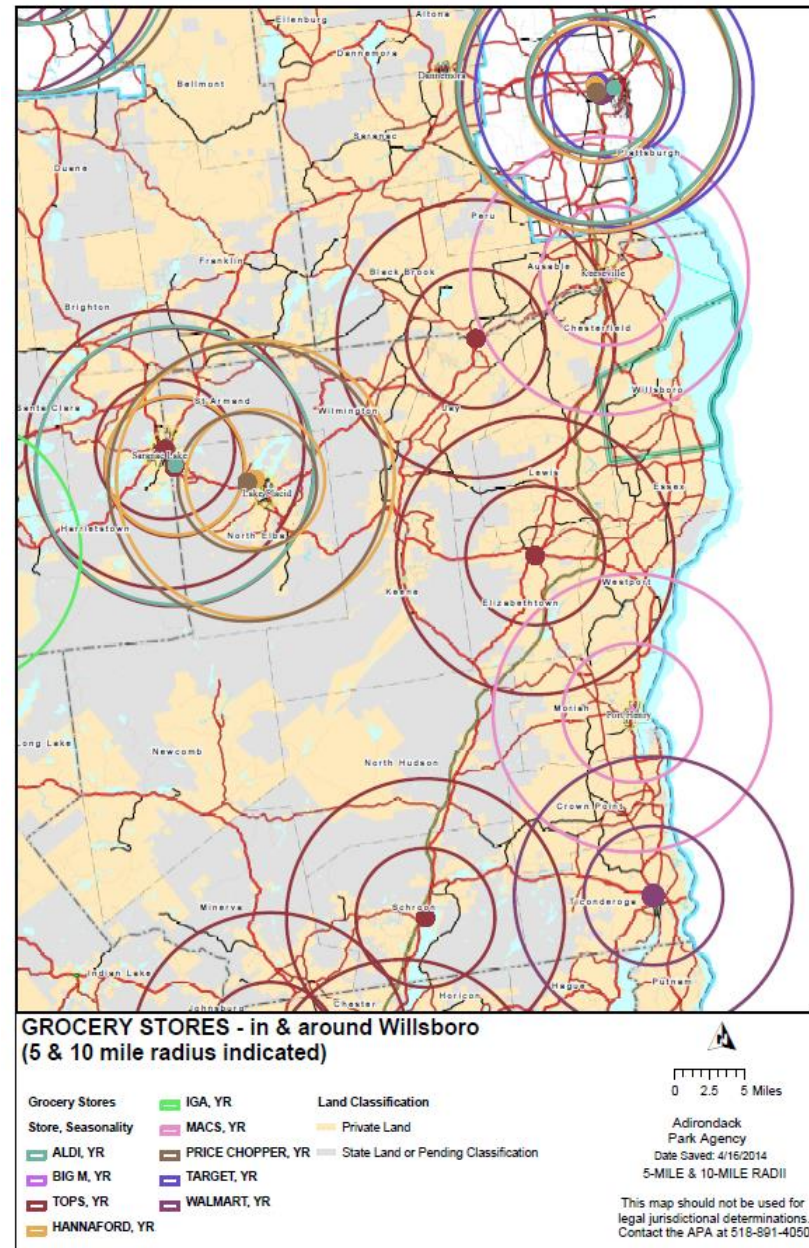
	Maximum	Minimum	Median	Mean	Willsboro
Total Population	31,860	674	5,786	8,426	2,185
Seasonal Units	1,608	15	161	273	756
Growth Rate (2000-2010)	17.8%	-8.7%	-1.0%	0.2%	6.80%
Population Per Square Mile	510	3.8	87	124	46.1
Seasonal and Full-Time Units	11,698	761	2,783	3,483	1,702
Year-Round Residency Equivalent	31,937	907	5,951	8,562	2,563

Figure 3a. IGA Five-Mile Radius Characteristics

	Maximum	Minimum	Median	Mean	Willsboro
Total Population	13,746	816	3,620	4,234	2,185
Seasonal Units	3,509	8	275	639	756
Growth Rate	13.1%	-6.3%	5.1%	3.0%	6.80%
Population Per Square Mile	209	3	72	70	46.1
Seasonal and Full-Time Units	4,585	324	2,172	2,201	1,702
Year-Round Residency Equivalent	13,777	820	4,013	4,554	2,563

Figure 4a. Tops Five-Mile Radius Characteristics

	Maximum	Minimum	Median	Mean	Willsboro
Total Population	9,820	1,572	2,936	3,897	2,185
Seasonal Units	1,774	10	476.5	750	756
Growth Rate	10.00%	-10.30%	1.65%	-0.27%	6.80%
Population Per Square Mile	935	12	44	158	46.1
Seasonal and Full-Time Units	4,438	1,010	2,216	2,386	1,702
Year-Round Residency Equivalent	10,037	1,818	3,259	4,272	2,563



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

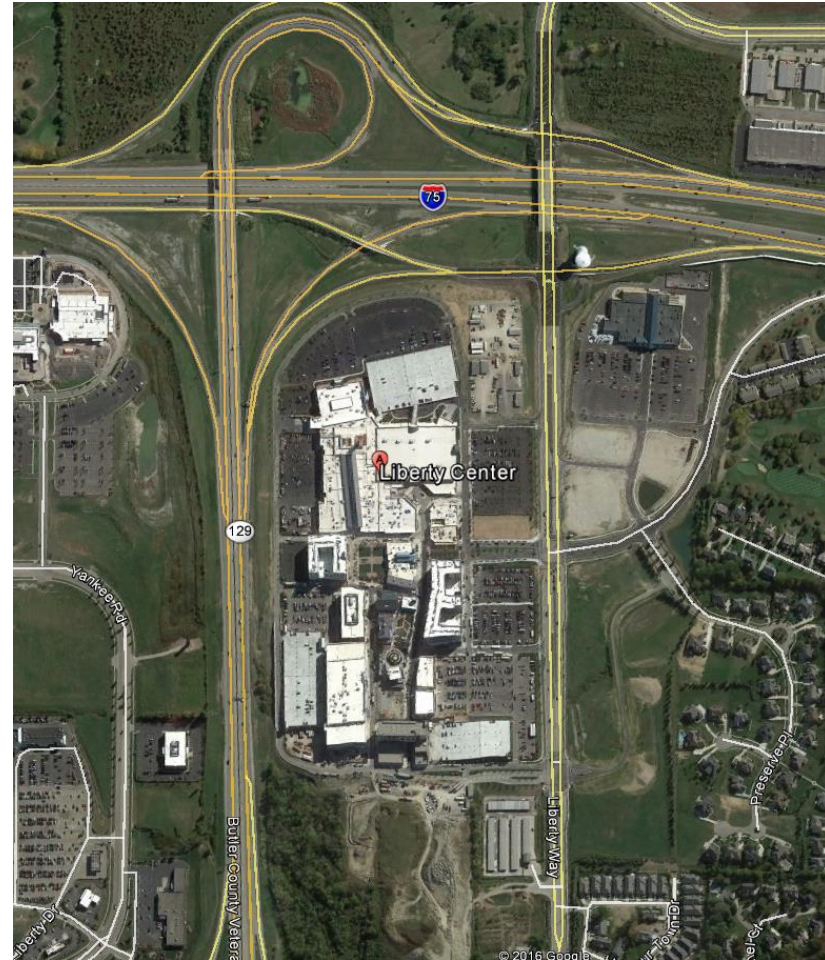
Three Basic Formats

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



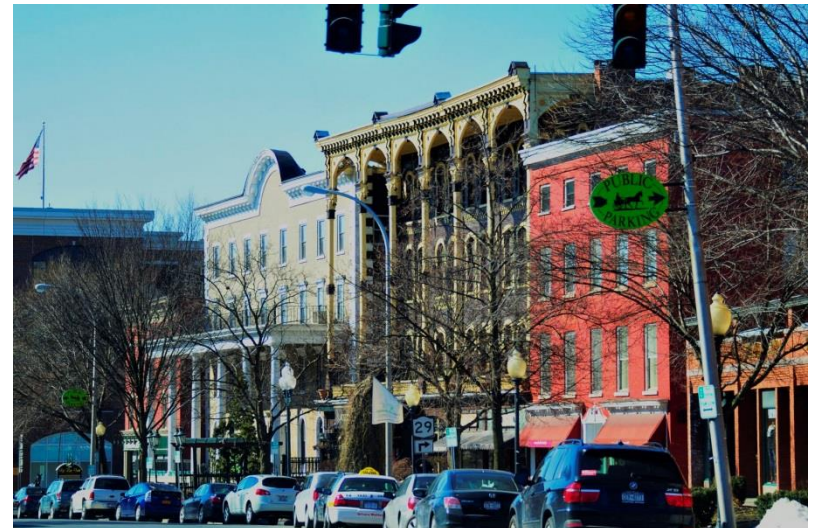
Key Characteristics – Streetscape design



Key Characteristics – Diverse Uses and Programmable Space



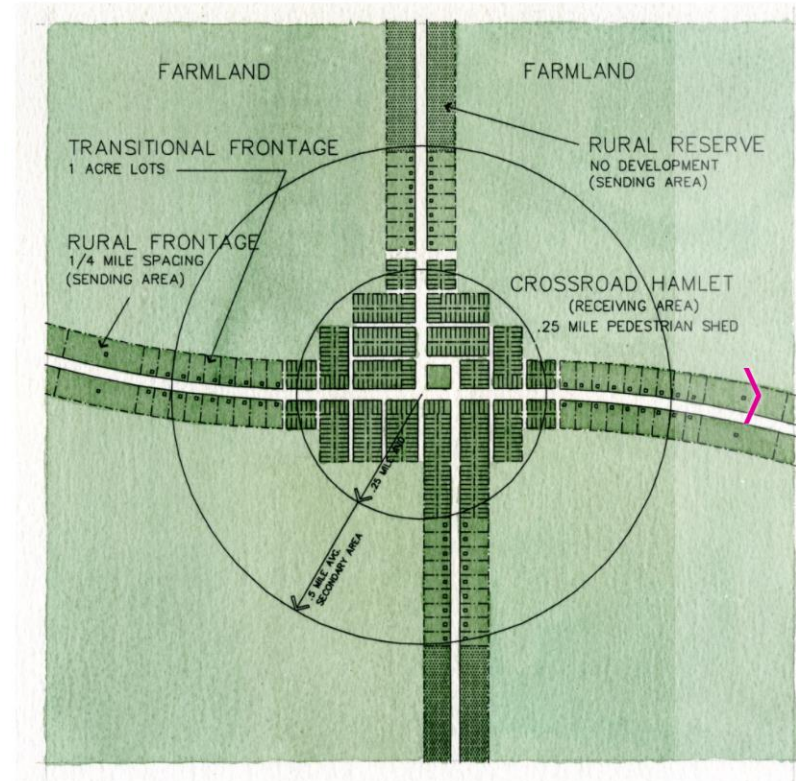
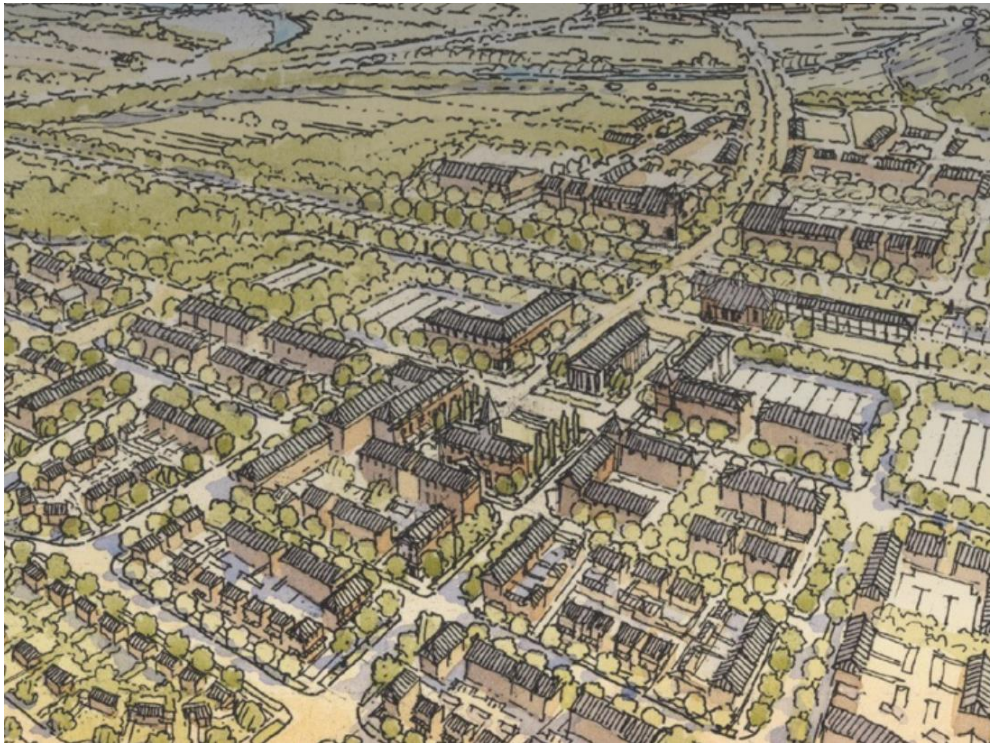
Key Characteristics – Visual Quality and Cohesion



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:

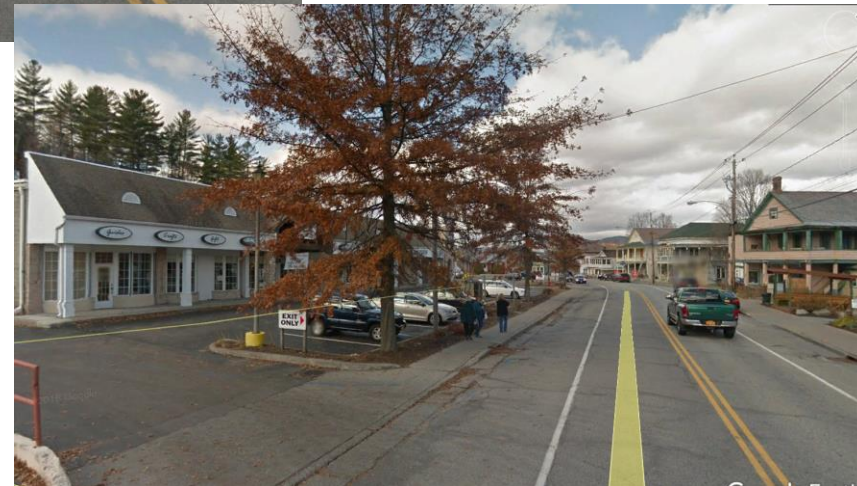
1. Community Dialog and Visioning
2. Zoning Document Development



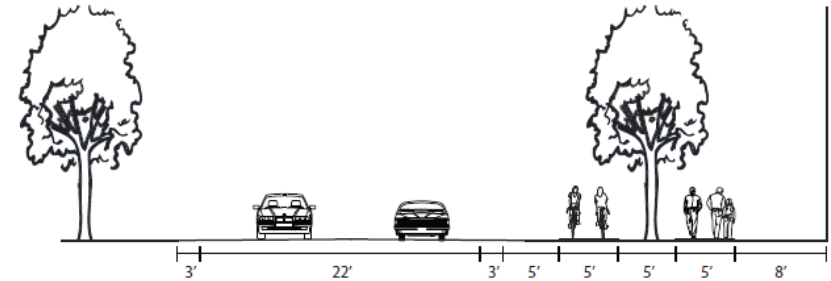
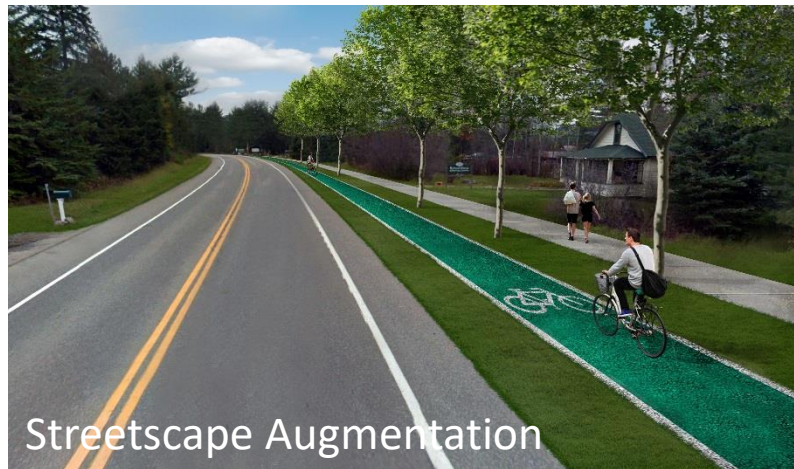
Johnsburg Redevelopment



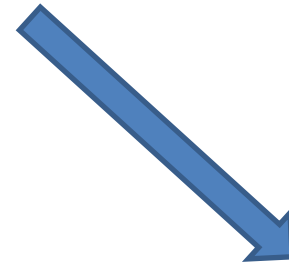
Main Street Enhancement



Lake Placid Corridors



Lake Placid Corridors



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

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



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 side-walks 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



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