THE DEMAND FOR RETAIL SPACE IN WAUPACA AND RETAIL BASE ENHANCEMENT STRATEGY

A Report to

THE CITY OF WAUPACA, WISCONSIN

From

GRUEN GRUEN + ASSOCIATES
Urban Economists, Market Strategists, and Land Use/Public Policy Analysts

May 2016

C1448

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APPLYING KNOWLEDGE
CREATING RESULTS
ADDING VALUE

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CHAPTER I: INTRODUCTION, KEY FINDINGS, AND PRINCIPAL CONCLUSIONS

INTRODUCTION AND OVERVIEW

The research and analysis summarized in this report was directed towards gaining an understanding of the demographic, retail expenditure, and retail supply characteristics affecting the competitive position and performance of Waupaca's retail base and opportunities for strengthening the retail base. The research and analysis was specifically conducted to identify how much additional and what types of retail space, if any, the market is estimated to potentially support. The findings resulting from the analysis described in this report provide a framework for drawing conclusions about retail land use policy and economic development strategy the City can employ to enhance the retail base of Waupaca.

EXECUTIVE SUMMARY

KEY FINDINGS

Population, Household, Income, and Employment Patterns

<u>City of Waupaca</u>

- Waupaca is experiencing a declining and aging population and household base.
- The income of the household base in Waupaca is declining. In real terms, the average household income has declined by about $8,900 or 15 percent since 2000. Nearly 60 percent of all Waupaca households live on income of less than $50,000 per year.

<u>County of Waupaca</u>

- The County of Waupaca has experienced a small decline in population but an increase in the number of households.
- The Wisconsin Department of Administration, however, projects the County’s population will increase slowly by nearly five percent, or 2,400 people between 2015 and 2025. The Department of Administration projects the growth in the number of households will be higher than population growth, increasing by eight percent or nearly 1,900 households between 2015 and 2025.
- Consistent with prevailing trends, the Department of Administration projects that the aging of the population of the County of Waupaca will continue to shift upward. The Department of Administration projects that the proportion of households in the age cohorts of 65+ years will continue to increase from 32 percent in 2015 to 40 percent in 2025.

Employment Base

- Waupaca County's employment has declined by nearly three percent between 2001 and 2015 from over 26,000 jobs to approximately 25,500 jobs.

- Industry sectors with the largest declines include: information, wholesale trade, utilities, construction, and farming. **Retail trade employment declined by more than 200 jobs or about eight percent to 2,710 jobs.**

- Bucking national trends, manufacturing employment which comprises the largest share of County employment at 25 percent of total employment grew by nearly 19 percent to nearly 6,400 jobs.

- Total employment of 25,500 in Waupaca County in 2014 is approximately the same level of County-wide employment experienced in 1995. No net new job growth has occurred over a 20 year period.

A key conclusion to draw from the demographic, income, and employment findings is that the **basic determinants of retail demand growth are not present in the community or surrounding area**. Household incomes have declined in real terms and the base of employment opportunities has remained essentially unchanged for 20 years. Demand for year-round housing in the community and trade area is limited. The projected future increase in the household base is likely to be associated with declines in household size as the population ages.

Seasonal Visitation and Contribution to Retail Sales

- According to the Waupaca Area Chamber of Commerce, the summer seasonal population is estimated to be five times the year-round resident population of approximately 6,000 or approximately 30,000.[1] The 2014 American Community Survey indicates that the City of Waupaca contains 49 vacant housing units classified as units for "seasonal or recreational" use. The broader primary trade area contains a much larger base of seasonal housing units estimated at 4,000 in 2014. Interviews suggest that seasonal households, which typically are in the Waupaca area over the summer for 3-4 months of the year, primarily support the local retail base through expenditures at grocery stores, restaurants, and bars.

- Assuming that seasonal households spend an average of $3,600 on non-automotive retail goods and services during the summer months, we estimate that seasonal households in the primary trade area contribute total expenditure potential or sales of about $14 million.

- The Wisconsin Department of Tourism produces annual economic impact estimates associated with visitor spending by county. Total direct visitor spending in Waupaca County was estimated at $87.4 million in 2014. Day trippers and overnight visitors to

[1] The City could not verify the source or provide support for this estimate.

the primary trade area are estimated to contribute about $28 million of direct retail sales annually.

Estimated Relationship between Retail Supply and Retail Demand within City of Waupaca

The Primary Trade Area

- The majority of customers for Waupaca stores originate from within Waupaca and the hinterland communities near Waupaca. The smaller communities surrounding Waupaca lack major grocery, general merchandise, or other retail supply. **Waupaca's retail base serves as a retail hub for the surrounding area as its retail base is larger and more diverse than the supply in these smaller communities.**

- The primary trade area definition used to construct the supply-demand model presented in this report is estimated to extend about 15 miles to the east, approximately 20 miles to the south, about 10 to 15 miles to west towards Stevens Point, and about 20 miles to the north. The primary trade area extends to include the smaller towns around Waupaca including Iola, Wild Rose, Fremont, Amherst, and Weyauwega.

- While some customers may come to Waupaca from a wider distance, larger agglomerations of retail space with leading general merchandise and category-killer "big-box" stores in competing locations limit the pull of households to Waupaca.

- Appleton and Steven's Point contain over 2.4 million square feet of general merchandise and category-killer, big-box retail space including, for example, Target, Walmart, Kmart, Kohl's, Home Depot, Lowe's, Menard's, Best Buy, Michaels, T.J. Maxx, and Fleet Farm.

Retail Supply in Primary Trade Area

- The larger stores on the Fulton Street corridor include approximately 318,000 square feet of space. The core portions of Downtown are estimated to contain approximately 101,000 square feet of space. The Eastern Gateway includes a freestanding Mill Fleet Farm store of an estimated 264,000 square feet of space. The major examples of **retail inventory within the City of Waupaca includes nearly 900,000 square feet of retail space**.[2]

- **Waupaca has as many or nearly as many traditional grocery stores as either Stevens Point/Plover or Appleton for a much smaller base of households.** Including only City of Waupaca households, the number of households per grocery store

[2] The inventory of retail space distribution is consistent with the distribution of traffic counts. Fulton Street has far higher traffic counts than other locations while the Downtown area has the second highest traffic counts. The Churchill Street area has extremely low traffic counts. Consistent with the higher traffic volume along Fulton Street proximate to Highway 10 and denser population, over one-third of Waupaca's retail inventory is located along West Fulton Street.

is 635. This figure compares to approximately 3,800 to 5,700 households per store for Stevens Point/Plover and Appleton, respectively.

- **The primary examples of retail space inventory equates to 150 square feet of space per Waupaca resident. This is 6.5 times the estimated approximately 23 square feet of retail shopping center space per capita in the United States**.[3]

A key conclusion to draw from the primary trade area and retail supply findings it that the **City of Waupaca already has far more retail space than its residents alone can support. Retail stores in Waupaca capture sales from residents of surrounding areas, especially to the north and south, and from seasonal visitors.**

- **Prevailing low annual rents** of $4 to $10 per square foot and **low asking prices of buildings currently for sale in Downtown Waupaca** of $25 to $69 per square foot **suggest limited unmet (or excess) demand for retail space relative to the supply of commercial space in the Downtown**.

<u>**Retail Demand in the Primary Trade Area and Estimated Supply-Demand Balance**</u>

- **Total primary trade area retail demand for neighborhood- and community-type retail space is estimated at approximately $270 million**. This includes the expenditures of year-round households, seasonal households, and tourists/visitors. We estimate **this demand is capable of supporting just over 900,000 square feet of retail space in the primary trade area**.

- The City of Waupaca contains about 8.5 times more retail space than households within the community are likely capable of supporting. **The expenditures of local year-round households in the City of Waupaca are estimated to support about 100,000 square feet of retail space while the community contains an estimated supply exceeding 850,000 square feet, suggesting that more than 750,000 square feet of Waupaca's retail space inventory is supported by non-local households, seasonal households, and visitors**.

- The total supply of retail space in the primary trade area is estimated at approximately 934,000 square feet which includes the identified supply of space in Waupaca (853,900 square feet) plus an additional 80,000 square feet estimated to exist in Iola, Wild Rose, and Weyauwega. The comparison indicates that **retail supply and demand in the primary trade area are essentially in balance.** A small space surplus of 33,000 square feet is estimated to exist.

[3] http://cwglobalretailguide.com/unitedstates/

PRIMARY CONCLUSIONS AND RETAIL BASE ENHANCEMENT STRATEGY

A growing percentage of goods are purchased on the Internet. Consumers from outlying areas can save time and money by purchasing goods over the Internet. According to U.S. Census Bureau data, online sales now account for about 7.4 percent of all retail sales in America (up from under three percent in 2005). One implication of this trend is that store sizes going forward will be smaller. Another implication is the combination of **the shift to the Internet and smaller store formats suggest that the amount of additional on-the-ground space supported by in-person retail consumer expenditures will decline**. In other words, **the same amount of expenditure potential in the future will not support the same amount of retail space as currently supported**.

Over the longer term, however, it would be **advantageous for Waupaca to have fewer, but larger, well-integrated shopping nodes than numerous smaller strip centers that siphon off relatively small sales dollars so as to make more difficult the development of larger projects with greater trade areas and more frequent visitation, or higher per visit expenditures**.

Such a strategy suggests **building on existing concentrations of retail space and strengthening the Fulton corridor and Downtown nodes**. In addition, given the limited demand for retail space in the East Gateway and Churchill Street areas, consider permitting service, flex-industrial or additional senior housing and healthcare uses in these locations should demand be evidenced for such uses.

Identify and Implement Economic Development Strategies to Grow Household and Job Base

In order to retain existing retail uses and support the development and operation of additional retail uses, it will be critical to maintain and grow the population and increase and diversify the employment base in Waupaca. A business retention and expansion program to enhance the local job base and business climate should be organized to encourage firms to stay rooted in Waupaca; facilitate firms expanding within Waupaca; and encourage firms with which local firms obtain inputs or supplies to also move to Waupaca. An effective retention and expansion program will also tend to help with the execution of a business recruitment program because of the creation of "good will ambassadors" from existing businesses and the reputation of the community as a positive business environment.

a. **Continue site visits to local businesses**. Identify business purpose (i.e. to collect information about business or to provide information about particular business or service) and point person for each local business, immediate business problems facing company, any training and technical assistance needs of company, future plans of company including additional space or land needs, and perception of community as a place to do business. A follow-up protocol should be established to ensure that issues raised from the site visits are addressed and a feedback loop between the businesses and City is established and maintained.

The site visit interviews should be geared to obtaining information and perspective on the following topics:

- background and future plans of the businesses;

- potential for growth;
- constraints to growth;
- workforce needs;
- local or other regulatory concerns;
- business climate perceptions,
- satisfaction with municipal services and other service providers;
- **whether any suppliers or customers could be candidates for locating in Waupaca**; and
- any changes that would improve the appeal of Waupaca as a business location.

b. **Conduct outreach to developers and brokers.** Starting with real estate brokers and developers already operating in the community, notify them of available land and building space in Waupaca (for office, industrial, and commercial uses). Provide links to the City's web site about available land and building space. **Enhance the available information about the City's 150 acres of land available in its business park and provide an easy to find link on the municipal web site.** Ask developers and brokers already active in the local real estate community whether other members of their firms or other firms (including those operating in Appleton and Stevens Point) would be receptive to receiving municipal economic development information. Notify the development and brokerage community of economic development success, including expansion and attraction of businesses, completion of infrastructure upgrades, and new developments or redevelopments. Let developers and brokers know of areas such as the Churchill Street corridor and the East Gateway area sought for revitalization and development and how the City is prepared to facilitate revitalization and development. For example, what are the policies and terms of land sales and infrastructure provision for firms that wish to locate at the business park?

c. **Develop and maintain inventory of available retail space.** The Downtown has experienced more vacant space and turnover (especially on North Main Street) than was the case prior to the recession. Churchill Street properties have been adversely affected by the development of Highway 10 which serves as a bypass to Churchill Street so that traffic counts have considerably declined. A bank branch and other businesses have closed in the Church Street area. Work with the Waupaca Chamber of Commerce, property owners and real estate brokers to develop and maintain an inventory of available space and advertise the available space on the City's web site.

Recommendations for Downtown

For the Downtown to capitalize upon traffic at its Highway 10 interchanges (at Fulton Street, Lakeside Parkway, and Highway 10), **design and install an exciting way-faring and signing system that can lever the high volume traffic from these locations to generate more visitors to the Downtown.** This could include a design competition for **gateway artworks** that attract people to the core of the Downtown.

The Downtown, to the extent viable, should be positioned to **add market rate housing products or options not available elsewhere in the City and/or additional cultural or entertainment attractions such as a Jazz brew-pub that help further differentiate the Downtown** as a place where people come for fun and unique experiences and shopping opportunities.

Given more building space exists in Downtown than commercial uses can be expected to support, encourage property conversions to residential lofts or live-work lofts and development of new residential products, including town homes, not currently available Downtown that can capitalize on access to the recreational and river amenities. Such developments would signal a changing locational image for the Downtown, while also helping to build a population base to support commercial uses.

The property owners, City and Chamber of Commerce may wish to consider attempting to **encourage and attract artists to rent or purchase building space that could be converted into artist live/work space**. While we have not studied the market feasibility of such a strategy, the attraction of artists seeking a lower cost, scenic environment may facilitate the reuse of older buildings. Most important, the attraction of artists would serve to create a chic image or cache for the Downtown. The nurturing of the Downtown as a location for cultural activities will increase the potential for establishing residential uses in the Downtown and attracting visitation. Another benefit of attracting artists to Downtown that unlike many entertainment options that some local governments are pursuing to give a boost to their downtowns by their very nature, the activities of artists tend to change and retain their freshness.

An example of both an artist sustaining and visitor-attracting arts center (with kitchen and facilities for events and dancing and music) converted from a former factory in a downtown is the Torpedo Factory Art Center (www.torpedofactory.org) in Alexandria, Virginia. Another model that encourages artists to relocate to a community and takeover and improve dilapidated housing units in a downtown is the Paducah Artist Relocation Program initiated in 2000 and which has created $30 million in housing investment.[4]

Low rents and low building values that can be used to **incubate unique and interesting retail, entertainment, or other entrepreneurs to locate in Downtown. Conduct an Annual Contest to Attract Unique and Experiential Concepts to the Downtown.** Hold and publicize an annual contest to attract independent, unique retail, restaurant, and other experiential concepts to available space in buildings in Downtown, some of which have experienced persistent vacancies and others have had store closures and the space not yet re-occupied. Under this approach, aspiring business people complete applications and business plans, which are reviewed by a panel of experts, including private sector interests, the winners of which are given attractive terms for leases or "free rent" for a year and abated municipal fees. The idea is to incubate and grow the kinds of unique entertainment, retail, and food related uses not readily found in standard shopping centers.

Improve the feelings of safety and security in the evenings in the Downtown, especially near the Waupaca River, which itself as a draw to the Downtown should be capitalized upon more fully.

[4]See the following web site for more details about the program: http://www.paducahalliance.org/artist-relocation-program.

CHAPTER II: DEMOGRAPHIC AND EMPLOYMENT TRENDS

INTRODUCTION

An analysis of demographic and employment patterns provides a framework for assessing the relative strengths, weaknesses, and shifts within the retail base of Waupaca. This chapter reviews the population, household, income and employment trends in the City of Waupaca and County of Waupaca.

CITY OF WAUPACA POPULATION, HOUSEHOLD, AND INCOME TRENDS

Table II-1 shows changes in the population, number of households, and average households size in the City of Waupaca between 2000 and 2014. The City of Waupaca is the largest city within Waupaca County, comprising just under 12 percent of the County's population. New London (approximately 20 miles east of Waupaca) and Clintonville (approximately 32 miles northeast of Waupaca) are the second and third largest cities. The remaining cities in the County generally have populations under 3,000 people.

TABLE II-1: City of Waupaca Population and Household Trends, 2000 – 2014

	Population \#	Households \#	Average Household Size \# Persons Per Household
2000	5,676	2,364	2.25
2010	6,069	2,824	2.02
2014	6,016	2,540	2.23
Historical Growth 2000-2010	6.9%	19.5%	-
Historical Growth 2010-2014	-0.9%	-10.1%	-

Sources: U.S. Census Bureau, Census 2000 and 2010, 2010-2014 American Community Survey 5-Year Estimates; Gruen Gruen + Associates.

The population of the City of Waupaca is estimated to have grown by seven percent or from 5,676 in 2000 to 6,069 in 2014. The City's household base increased from 2000 to 2010 but then decreased by 10 percent between 2010 and 2014. The number of households in 2014 is higher by 176 households than in 2000.

Average household size is estimated to have declined to approximately 2.02 persons per household in 2010 from 2.25 persons per household in 2000. Average household size increased in 2014 as the population remained stable but the number of households declined. Average household size in 2014 was 2.23 persons per household.

Table II-2 summarizes the distribution of households in the City of Waupaca by income and median and average household income statistics. The historical estimates for 2000 and 2014 have been adjusted for inflation based on the Consumer Price Index for the United States.

TABLE II-2: City of Waupaca Household Income Trends, 2000-2014[1]			
Income Category	2000 Census % of Households	2014 Estimated % of Households	Change 2000-2016 % of Households
Less than $35,000	41.9	41.9	0.0
$35,000 - $49,999	16.5	15.7	-0.8
$50,000 - $74,999	16.2	17.7	+1.5
$75,000 - $99,999	11.5	13.7	+2.2
$100,000 - $149,999	7.8	9.5	+1.7
$150,000+	6.2	1.4	-4.8
Total	100.0	100.0	
Median Household Income	$41,501	$40,765	-$736
Average Household Income	$61,023	$52,105	-$8,917
[1] Estimated distribution of households by income adjusted to 2016 current dollars based on the Consumer Price Index for the Midwest.			
Sources: U.S. Census; Bureau of Labor Statistics; Gruen Gruen + Associates.			

Adjusted for inflation, the distribution of household income in the City of Waupaca remained relatively stable over the 2000-2014 period. Real median household income declined by about $740 or approximately two percent between 2000 and 2014. The percent of households with incomes below $35,000 remained at 41.9 percent in both 2000 and 2014. The percent of households with incomes between $35,000 and $75,000 also remained essentially stable over the period, increasing slightly from 32.7 percent in 2000 to 33.4 percent in 2014. The percent of households with incomes between $75,000 and $150,000 increased by about four percentage points over the period from 19.3 percent in 2000 to 23.2 percent in 2014. The percent of households with incomes exceeding $150,000 is estimated to have declined considerably on an inflation-adjusted basis from 6.2 percent in 2000 to just 1.4 percent in 2014.

The majority of Waupaca's households, about 58 percent, are living on less than $50,000 of annual income. With cost of living expenses generally rising faster than wages (e.g. healthcare, transportation, utilities), lower-income households in Waupaca are less likely to possess disposable income available for purchase of discretionary or specialty retail goods.

Age Distribution Trends

Table II-3 summarizes the distribution of households in the City of Waupaca by age of householder in 2000 and 2014.

TABLE II-3: Waupaca Households by Age of Householder, 2000 – 2014			
Age Category	2000 % of Households	2014 % of Households	Change 2000-2014 % of Households
15-24 Years	7.9	7.6	-0.3
25-34 Years	16.7	15.0	-1.7
35-44 Years	19.9	13.9	-6.0
45-54 Years	16.7	16.9	+0.2
55-64 Years	9.9	16.3	+6.4
65-74 Years	11.8	12.1	+0.3
75+ Years	17.2	18.3	+1.1
Total	100.0	100.0	-
Sources: U.S. Census; Census 2000 and 2010-2014 American Community Survey, 5-Year Estimates; Gruen Gruen + Associates.			

In 2000, over one-third of households were in the 25-34 years and 35-44 years age cohorts. Another nearly 17 percent of households were in the 45-54 years age cohort. The three oldest age cohorts (i.e., 55+ years) shown on Table II-3 comprised nearly 40 percent of households. By 2014, the proportion of households in the 25-34 years and 35-44 year age cohorts had decreased to less than 30 percent. The aging of households has shifted upward with the three oldest age cohorts of 55+ years comprising nearly 47 percent of households.

WAUPACA COUNTY POPULATION, HOUSEHOLD, AND EMPLOYMENT TRENDS

Table II-4 summarizes historical and projected population and household growth in Waupaca County.

TABLE II-4: Waupaca County Population and Household Trends, 2000-2025			
	Population #	Households #	Average Household Size # Persons Per Household
2000	51,731	19,863	2.51
2010	52,410	21,387	2.37
2015	51,531	22,543	2.29
2020	52,469	23,365	2.25
2025	53,964	24,410	2.21
Historical Growth 2000 - 2015	-0.4	13.5	-
Projected Growth 2015 - 2025	4.7	8.3	-
Sources: Wisconsin Department of Administration Population & Household Projections; U.S. Census, Census 2000 and 2010; Gruen Gruen + Associates.			

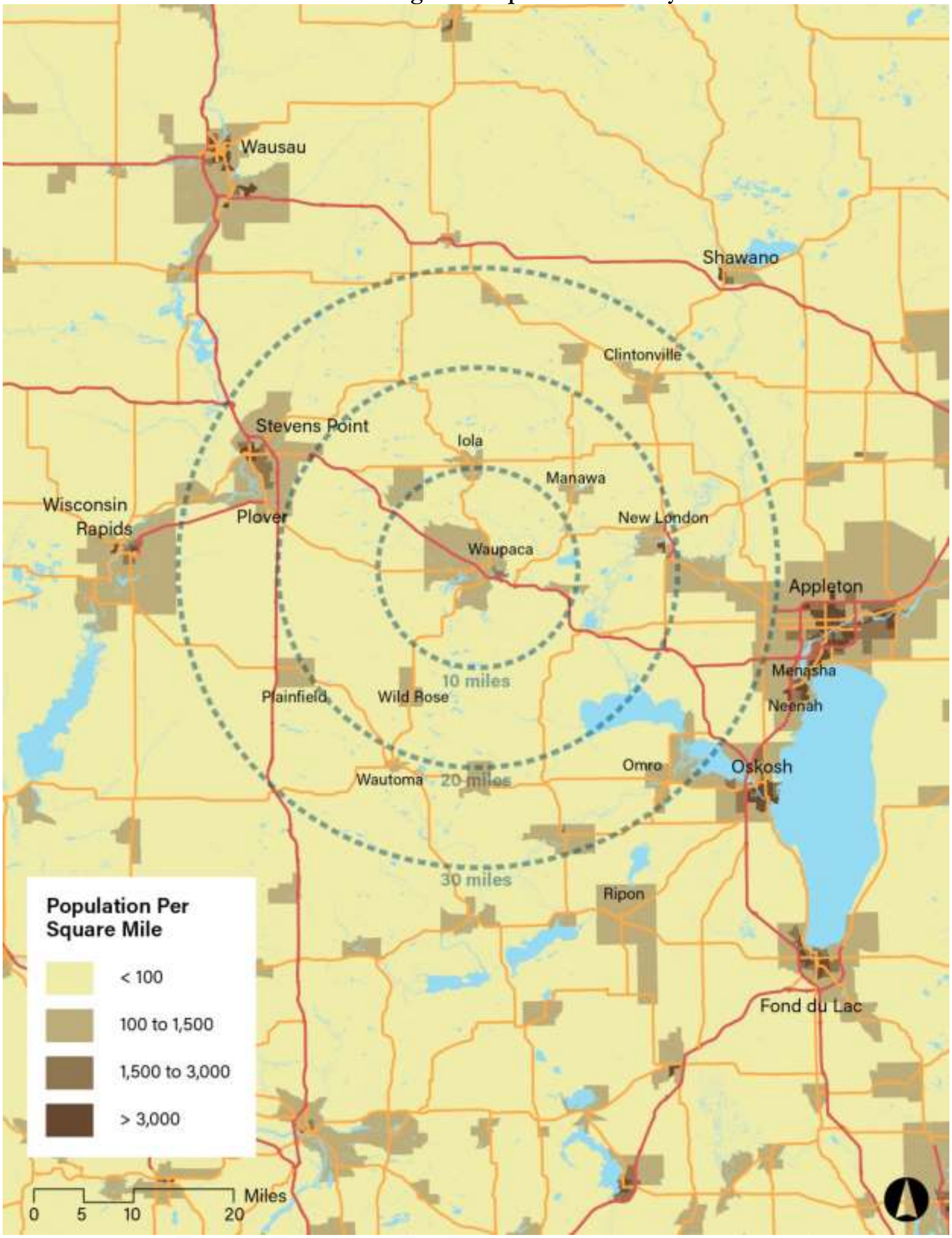
Between 2000 and 2015, Waupaca County's population has remained essentially stable, declining by about 0.4 percent. The number of households increased by 13.5 percent over the same period, growing by nearly 2,700 households to 22,543 households in 2015. Consistent with the increase in households and stable population level, average household sizes have declined steadily from 2.51

persons per household in 2000 to 2.29 persons per household in 2015. The Wisconsin Department of Administration projects that the County's population will increase by nearly five percent, or 2,400 people between 2015 and 2025. Growth in the number of households will be higher, increasing by eight percent or nearly 1,900 households between 2015 and 2025.

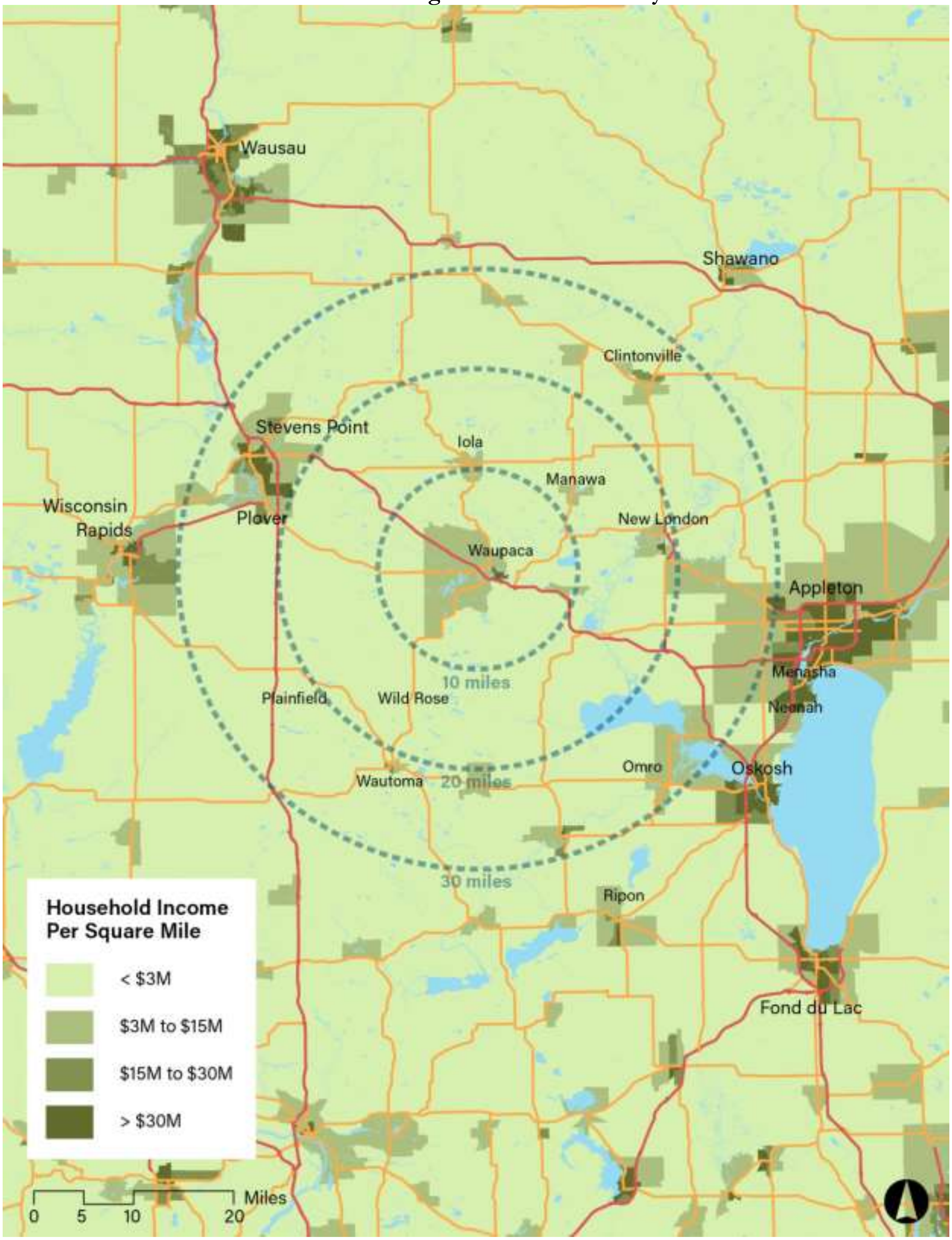
The Wisconsin Department of Administration projects that the age of the County's households will continue to shift upward. By 2025, the proportion of households in the County in the 45-54 years and 55-64 years age cohorts will have declined from 40 percent in 2015 to 33 percent in 2025. The proportion of households in the age cohorts of 65+ years will continue to increase from 32 percent in 2015 to 40 percent in 2025.

Map II-1 and Map II-2 on the subsequent pages illustrate regional population and household income densities as of the 2014 American Community Survey. The analysis demonstrates that much of the area surrounding the City of Waupaca is sparsely populated. Within 20 miles of Waupaca, only two census block groups (located in Waupaca and New London) exhibit population densities exceeding 1,500 people per square mile. Much of the immediately surrounding area exhibits population densities below 100 people per square mile. As identified in Map II-2, this generally equates to less than $3 million of total household income per square mile. The larger urban areas to the west and east of Waupaca - Stevens Point and Appleton - are much more densely populated. These patterns have influenced the development of regional-serving retail space surrounding Waupaca.

MAP II-1: Regional Population Density



MAP II-2: Regional Income Density



Economic Base

Table II-5 summarizes employment by sector in Waupaca County for 2001 and 2014.

TABLE II-5: Waupaca County Employment Trends, 2001 – 2014[1]

Industry Sectors	2001 \#	2014 \#	Percent Change %
Farm Employment	1,785	1,438	-19.5
Forestry, Fishing, and Related Activities	NA	NA	-
Mining	NA	NA	-
Utilities	103	65	-36.9
Construction	1,303	1,018	-21.9
Manufacturing	5,378	6,397	+18.9
Wholesale Trade	865	473	-45.3
Retail Trade	2,959	2,710	-8.4
Transportation & Warehousing	576	470	+18.4
Information	1,018	472	-53.6
Finance, Insurance, and Real Estate	1,128	1,199	-6.3
Professional & Business Services	1,011	1,102	+9.0
Education & Healthcare	NA	2,786	-
Leisure & Hospitality	2,380	2,362	+0.8
Other Services	1,130	1,177	+4.2
Government	3,859	3,710	-3.9
Total	**26,271**	**25,544**	**-2.8**

[1] NA means not available due to confidential information disclosure rules, but data is included in total figures.

Sources: Bureau of Economic Analysis; Gruen Gruen + Associates.

Waupaca County's employment has declined by nearly three percent between 2001 and 2015 from over 26,000 jobs to approximately 25,500 jobs. Industry sectors with the largest declines include: information, wholesale trade, utilities, construction, and farming. Manufacturing employment which comprises the largest share of County employment grew by nearly 19 percent so by 2014, manufacturing employment comprised nearly 6,400 jobs. Retail trade employment declined by more than 200 jobs or about eight percent. A comparison of employment by industry sector is not able to be made for data prior to 2001 due to reclassification of employment from a SIC (Standard Industrial Classification) basis to a NAICS (North American Industry Classification System) basis. However, total employment of 25,500 in Waupaca County in 2014 is approximately the same level of County-wide employment reported in 1995. No net new job growth has occurred over a 20 year period.

CHAPTER III: THE PRIMARY TRADE AREA AND RETAIL SPACE SUPPLY

INTRODUCTION

A primary trade area is defined as the area from which most (i.e., 70 percent or more) customers of a shopping center or shopping area are drawn. The trade area for any specific agglomeration or set of stores is a function of the size and tenant make-up of the agglomeration, its accessibility, and the scale and tenancies of competing agglomerations. Therefore, trade areas are dynamic and tend to change as a function of the type and supply of competing shopping locations. The travel time people are willing to expend in order to visit a shopping or business location varies as a function of both the size of the shopping areas and the relative uniqueness of the tenancies and environments available at alternative destinations. The relative accessibility to the shopping area and ease of getting in-, about-, and out- of the shopping area also influence the trade area. Uniqueness, attraction, and accessibility are not measured in the abstract, but are always relative to the specific competition in the area.

GEOGRAPHIC ORIGINS OF WAUPACA SHOPPERS

The results of interviews with store owners in Waupaca indicate that the majority of their customers originate from within Waupaca and the hinterland communities near Waupaca. Most retail customers reportedly originate from within approximately 10-12 miles of Waupaca. The smaller communities surrounding Waupaca lack major grocery, general merchandise, or other retail supply. Waupaca's retail base serves as a retail hub for the broader region as its retail base is larger and more diverse than the supply in these smaller communities.

While some customers may come to Waupaca from beyond a 10-12 mile radius around the City, larger agglomerations of retail space with leading general merchandize and category-killer "big-box" stores[5] in competing locations limit the pull of households to Waupaca. These locations attract Waupaca households to leak sales outside of Waupaca.

COMPETING RETAIL SUPPLY ALTERNATIVES

Our field research and interviews suggest that retail space in Waupaca competes with two primary locations offering a critical mass of general merchandise, comparison-good and other discretionary retailers:

1. Stevens Point/Plover, approximately 27 miles northwest of Waupaca, about ½ hour driving distance; and
2. Appleton, approximately 40 miles southeast of Waupaca, about an hour's driving distance.

Map III-1 illustrates the proximity of these competing retail supply alternatives to Waupaca.

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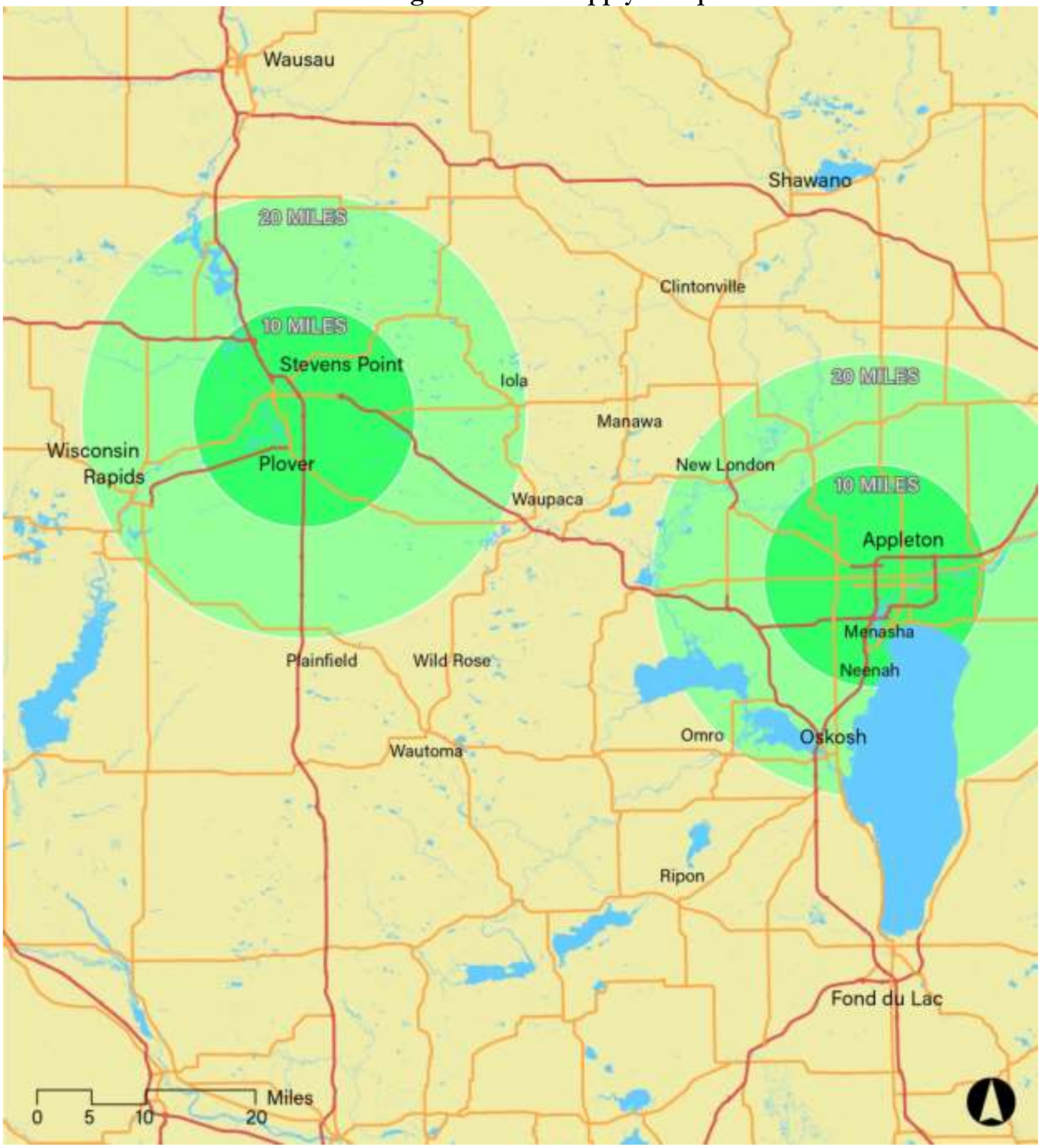
[5] Category-killer, big-bog stores such as Best Buy, Staples, Bed, Bath & Beyond, and Home Depot are highly focused retailers that specialize in a narrow category of goods offering a wide assortment, aggressive pricing, largest and extensive store networks and expertise in the specialized categories. These stores have been impacted by demographic shifts, over expansion, and most important, the rise of Internet shopping.

MAP III-1: Regional Retail Supply Competition



Geographically, Waupaca's nearest retail competitor is the retail agglomeration in Stevens Point and Plover, approximately 27 miles northwest of Waupaca. The retail agglomeration in Stevens Point and Plover is centered around the Crossroads Commons shopping center which contains 880,000 square feet of retail space.

Table III-1 summarizes the characteristics of each competing retail agglomeration.

TABLE III-1: Characteristics of Competing Retail Agglomerations

	Stevens Point/Plover	Appleton
Driving Distance from Waupaca in Miles[1]	27	40
Estimated Amount of Retail Space in Square Feet[2]	900,000+	1,500,000+
Anchor Retailers	Target Walmart Kmart Kohl's Lowe's Menard's Best Buy Michaels T.J. Maxx Fleet Farm	J.C. Penny Macy's Sears Younkers Target Walmart Woodman's Home Depot Menard's Best Buy Office Max Office Depot T.J. Maxx Sam's Club Fleet Farm Costco (in nearby Grande Chute)

[1] Driving distance from the intersection of Highway 10 and West Fulton Street in Waupaca.
[2] Not including neighborhood-type retail (e.g. grocery and drug stores).

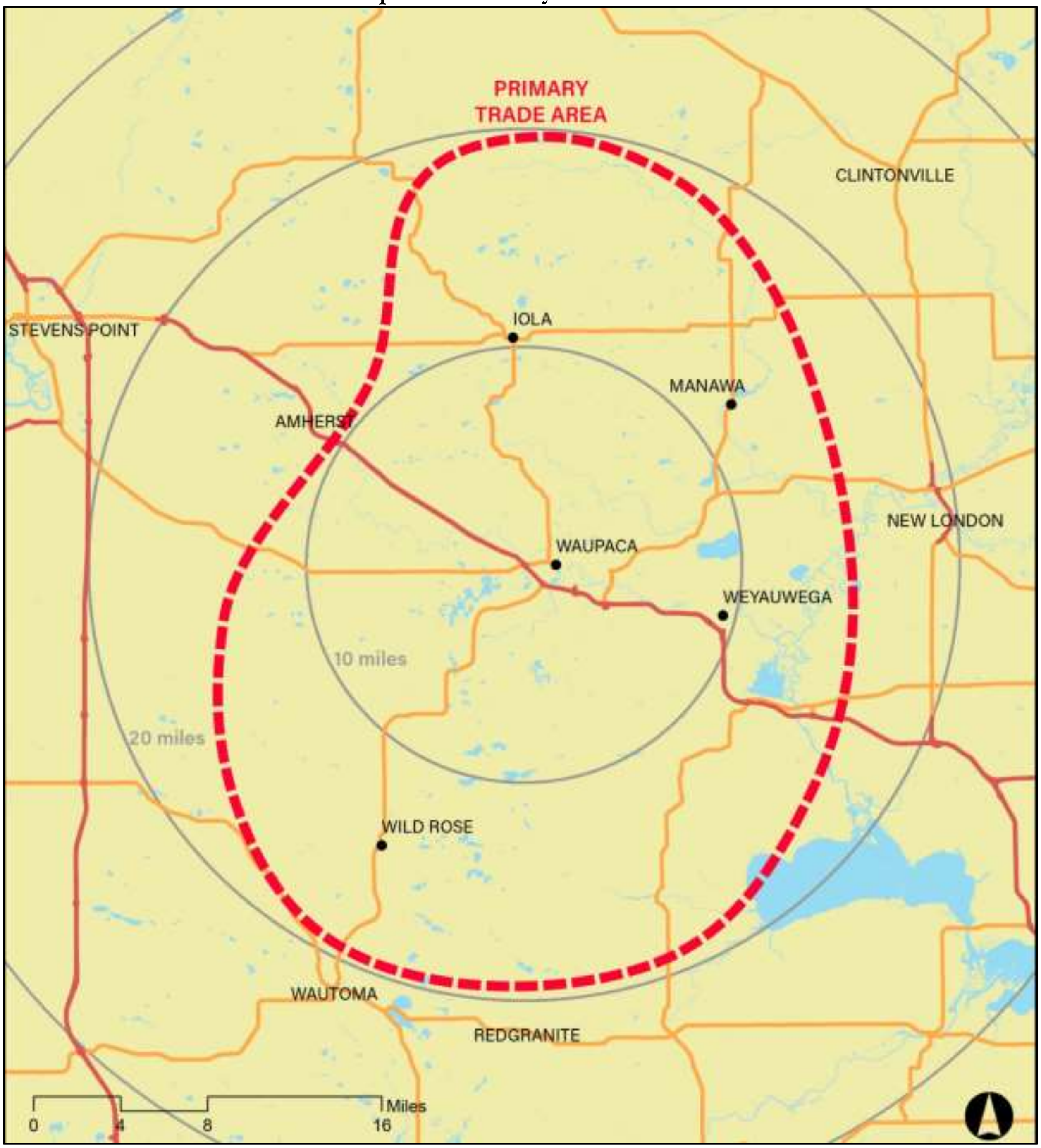
Sources: Loopnet.com; Gruen Gruen + Associates.

As summarized above in Table III-1, the competing retail agglomerations contain many of the same anchor tenancies presently located in the community as well as retailers not located in Waupaca. The travel time people are willing to expend in order to shop in Waupaca is limited by the presence of duplicative and more store locations available at alternative destinations in the regional market area. Target and Walmart, for example, have a store in each competing location. In addition, the two competing retail locations contain a cluster of department store and big box retail space that is not present in Waupaca. The amount of department store and big box retail space (not including grocery and drug stores) in Stevens Point/Plover and Appleton is a large enough agglomeration of space that these areas will pull customers from further distances than smaller communities like Waupaca which lack the depth and breadth of selection and variety of retail goods and services clustered together that makes comparison and multi-purpose shopping easier to accomplish.

PRIMARY TRADE AREA DEFINITION

Based on our interviews, review of the regional retail supply inventory, and field research, Map III-1 shows the boundaries of the primary trade area we use to quantify the supply and demand relationships applicable to neighborhood-, community- and Downtown- retail space in Waupaca.

Map III-1: Primary Trade Area



The primary trade area definition extends about 15 miles to the east, approximately 20 miles to the south, about 10 to 15 miles to west towards Stevens Point, and about 20 miles to the north. The primary trade area extends to include the smaller communities around Waupaca including Iola, Wild Rose, Fremont, Amherst, and Weyauwega.

As shown below on Table III-2 and described above in the competing retail supply alternatives section, relatively few grocery and general merchandise stores exist within 20 miles of Waupaca. The nearest grocery store, a Piggly Wiggly, is located in New London, approximately 17 miles from Waupaca. A Family Dollar store is located in Iola, about 10 miles from Waupaca. The majority of competitive retail supply is located 20 or more miles from Waupaca, primarily in Stevens Point and Plover and Appleton.

TABLE III-2: Grocery and General Merchandise Retail in Waupaca and Nearest Locations

Waupaca	Within 10-20 Miles of Waupaca	Within 20-40 Miles of Waupaca
Piggly Wiggly Pick 'N Save Aldi Shopko Kmart Dollar General Dollar Tree Mills Fleet Farm	Family Dollar – Iola, Wild Rose, New London Sentry Foods - Iola KD's IGA Grocery - Weyauwega Dollar General – New London Piggly Wiggly – New London Walmart – New London	Aldi – Stevens Point, Appleton Shopko – Wautoma, Plover, Clintonville Piggly Wiggly – Wautoma, Appleton Pick 'N Save – Appleton Copps – Plover, Stevens Point, Appleton Sav-a-Lot – Stevens Point Family Dollar – Wautoma, Clintonville Dollar General – Stevens Point Dollar Tree – Plover, Appleton Kmart – Stevens Point Walmart – Plover, Berlin, Appleton Target – Stevens Point, Appleton Fleet Farm – Stevens Point, Appleton
Source: Gruen Gruen + Associates		

The amount of grocery store space per household illustrates that Waupaca's trade area extends beyond the boundaries of the City and that summer visitation augments year-round local area household demand. Table III-3 shows the number of grocery stores and number of households for Waupaca, Stevens Point/Plover, and Appleton.

TABLE III-3: Number of Grocery Stores Per Household[1]

	City of Waupaca	City of Stevens Point and Village of Plover	City of Appleton
Number of Households	2,540	15,427	28,741
Number of Grocery Stores	4	4	5
Number of Households per Store	635	3,856	5,748
[1] Includes only traditional grocery stores, not general merchandise that sell grocery items (i.e., Walmart or Target).			
Source: American Community Survey, 2010-2014, 5-Year Estimates; Gruen Gruen + Associates.			

Waupaca has as many or nearly as many traditional grocery stores as either Stevens Point/Plover or Appleton for a much smaller base of households. Including only City of Waupaca households, the number of households per grocery store is 635. This figure compares to approximately 3,800 to 5,700 households per store for Stevens Point/Plover and Appleton, respectively. The number of grocery stores in Waupaca is supported by a trade area that extends beyond Waupaca borders and captures seasonal residents in the Waupaca Chain O' Lakes area. Discussions with grocery store managers in Waupaca indicate that the primary trade area extends to include the smaller towns within approximately 10 to 15 miles from Waupaca including Iola, Wild Rose, Fremont, Amherst, and Weyauwega.

RETAIL SUPPLY WITHIN CITY OF WAUPACA

Table III-4 summarizes the on-the-ground supply of retail space in the Fulton Street corridor, Downtown, and Eastern Gateway area in the City of Waupaca.

TABLE III-4: Existing Retail Supply in City of Waupaca				
Name	Address	Building Space # Square Feet	Year Built	Major Tenant(s)
Fulton Street				
Piggly Wiggly	810 W. Fulton	32,000		-
Pick 'N Save	955 W. Fulton	56,000		-
Shopko[1]	825 W. Fulton	42,600	2012	-
Waupaca Woods Mall[2]	825 W. Fulton	33,200		
Aldi	1040 W. Fulton	9,800		-
Kmart	830 W. Fulton	115,000		-
Walgreen's	925 W. Fulton	11,000		-
Dollar General	809 W. Fulton	9,800		-
Dollar Tree	914 Furman Dr.	8,700	2015	-
Goodwill	805 W. Fulton	NA		-
Subtotal		318,100		
Downtown (Core Four Block Area)[3]				
West side of South Main Street between Union & Badger Streets		17,000	NA	
West side of South Main Street between Union & Fulton Streets		28,000	NA	
West side of North Main Street between Fulton & Session Streets		28,000	NA	Main Street Marketplace
East side of North Main Street between Fulton & Session Streets		28,000	NA	
Subtotal		101,000		
Eastern Gateway[3]				
Mills Fleet Farm	2016 Farm Dr.	264,000	NA	-
TOTAL[4]		**853,900**		

[1] Shopko is part of Waupaca Woods Mall.
[2] Exclusive of Shopko space.
[3] Estimate of building space square footage made based on dimensions of building footprint.
[4] Total space has been increased by 25 percent to account for free-standing stores, restaurants, and other general retail not included in subareas.

Sources: Google Earth; Loopnet; Gruen Gruen + Associates.

The larger stores on the Fulton Street corridor include approximately 318,000 square feet of space. The core portions of Downtown are estimated to contain approximately 101,000 square feet of space. The Eastern Gateway includes a freestanding Mill Fleet Farm store of 264,000 square feet of space. The retail inventory identified in Table III-4 includes nearly 900,000 square feet of retail space. The primary examples of retail space inventory summarized above in Table III-4 equate to 150 square feet of space per Waupaca resident. This is 6.5 times the estimated approximately 23 square feet of retail shopping center space per capita in the United States.

Table III-5 showing traffic counts for various sections of the City of Waupaca also helps explain the pattern of retail space distribution.

TABLE III-5: Traffic Counts in City of Waupaca

	Daily Traffic Count #
Fulton Street (STH 49-54) & U.S. Highway 10	
STH 54 West 0.8 miles west of USH 10	13,200
STH 49 East of USH 10	13,100
Off ramp from USH 10 west bound to STH 49-54	4,100
Downtown Waupaca	
North Main Street between Fulton & Session Streets	2,800
South Main Street between Badger & Union Streets	8,300
Churchill Street	
Churchill Street between Highway 10 and Appletree Lane	5,900
On ramp to USH 10 westbound from STH 22	2,100
Off ramp from USH 10 westbound to STH 22-54	1,200
Off ramp from USH 10 eastbound to STH 22	2,200
Source: State of Wisconsin Department of Transportation	

Fulton Street has far higher traffic counts than other locations while the Downtown area has the second highest traffic counts. The Churchill Street area has extremely low traffic counts. Consistent with the higher traffic volume along Fulton Street proximate to Highway 10 and denser population, over one-third of Waupaca's retail inventory is located along West Fulton Street. Existing retail space in the West Fulton Street area consists of restaurants, gas stations, grocery and drug stores, and several general merchandise and discount stores. The West Fulton Street area contains approximately 318,000 square feet of retail space. Four grocery stores – Piggly Wiggly, Pick 'N Save, Shopko, and Aldi are located near Fulton Street. Shopko, the newest grocery store, opened in 2012 in a former lumber store in the Waupaca Woods Mall. The Waupaca Woods Mall on Fulton Street had a Sears store which previously closed. The Woods Restaurant is the only remaining store currently in the mall.

Downtown Waupaca's retail inventory is estimated to total 101,000 square feet of space. Discussions with property owners and business owners indicate that South Main Street (south of Main and Fulton Streets) is a preferred location for retailers due to higher traffic volumes. North Main Street, north of Main and Fulton Streets, is less desirable as traffic volumes significantly decline. Several businesses have been located Downtown for over 20 years including Main Street Marketplace and True Value Hardware (The True Value Hardware business and property are for sale).

RETAIL SPACE RENTS AND VACANCY

Table III-6 shows examples of available retail space and asking annual rents per square foot in Waupaca.

TABLE III-6: Available Retail Space in City of Waupaca

Location	Available Retail Space # Square Feet	Asking Lease Rate $ Per Square Foot
100 N. Main Street	4,200	8.00 – 10.00
112 S. Main Street	1,200	7.00
121 N. Main Street	2,000	3.60
Waupaca Woods Mall, 825 W. Fulton St.	13,200	8.00
Sources: Gruen Gruen + Associates Interviews		

Retail space vacancy, especially in Downtown, is reported to be higher than in prior years. Some Downtown owners reported that properties were fully occupied before the recession. A few businesses such as Book World have closed in recent years and a Downtown hardware store and building in which the store is located is currently for sale. One property owner reported that two tenants had relocated from its building to locations in centers along West Fulton Street. Building owners and brokers marketing vacant space indicated that interested tenants have been start-up businesses.[6] Businesses such as Office Outfitters have also relocated within the Downtown. The owner of Office Outfitters relocated from 100 North Main Street where it was a tenant to a building on Badger Street that it purchased for a low price. The building at 100 Main Street has remained vacant over the past six years.

Asking rents for space available in the core Downtown as summarized above in Table III-6 range from under $4 to $10 per square foot annually. Low prevailing rents in the core Downtown **suggest limited unmet (or excess) demand for retail space relative to the supply of commercial space in the Downtown.** Rents are reported by some property owners to have decreased since the recession as the number of vacant storefronts on Main Street has increased. The building owner at 112 South Main Street reported rents were approximately $11 per square foot prior to the recession.

Several buildings are currently for sale in Downtown Waupaca for low prices. The True Value Hardware building is for sale in Downtown Waupaca with an asking price of $275,000 for the 11,000 two-story building or approximately $25 per square foot of space. Another property at 121 North Main Street, an approximately 4,000-square-foot building is also for sale at $159,999 or $40.00 per square foot. The building at 100 North Main Street, a 4,200-square-foot building (two connected buildings) is for sale with price of $290,000, or about $69 per square foot of space.

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[6] For example, Little Fat Gretchen's, a breakfast and lunch restaurant, opened in 2013 as a start-up business. Panache, a women's apparel store, opened in 2002 as a start-up business.

Waupaca Woods Mall at 825 West Fulton Street contains approximately 13,200 square feet of vacant retail space. According to marketing material for the mall, net rents are $8.00 per square foot.

CHAPTER IV: RETAIL SPACE DEMAND WITHIN CITY OF WAUPACA AND THE PRIMARY TRADE AREA

INTRODUCTION

This chapter presents estimates of retail demand within the City of Waupaca and the primary trade area for the kinds of goods and services likely to be offered by tenants of major neighborhood- and community- -serving retail developments. Potential retail demand primarily depends upon the amount of disposable income within the trade area. Disposable income is influenced by population and income factors. Estimating potential retail demand also requires the identification of expenditure rates, or the percentage income typically spent on retail goods. As indicated previously, not all internally-generated demand is satisfied in a primary trade area. Some potential demand within the trade area is lost to retailers outside the market area. Conversely, retail sales in a trade area will be made to customers such as nonresident workers and visitors.

The demand estimate presented in this chapter accounts for additional demand generated during the summer season (June-August) but does not estimate additional demand from drive-by highway traffic. This additional demand generated by additional drive-by highway traffic is likely offset by sales leakage from households in the primary trade area who may make expenditures outside of the primary trade area.

ESTIMATE OF HOUSEHOLDS AND INCOME WITHIN CITY OF WAUPACA AND THE PRIMARY TRADE AREA

Table IV-1 summarizes a current estimate of households and income within Waupaca and its primary trade area based on 2014 American Community Survey estimates.

TABLE IV-1: Estimate of Households and Income in Waupaca and Primary Trade Area[1]

	City of Waupaca	Primary Trade Area
Households[1]	2,540	15,639
Average Household Income ($)	52,292	63,902
Total Household Income ($)	132,820,800	999,363,600
[1] Permanent year-round households.		
Sources: U.S. Census Bureau, 2014 American Community Survey; Gruen Gruen + Associates.		

The primary trade area is estimated to contain approximately 15,600 households (permanent year-round households) with an average household income of approximately $63,900. This equates to total household income within the primary trade area of just under $1,000,000,000. Waupaca contains about 2,500 households with an average household income of $52,300 for total household income of about $133 million, indicating that the City of Waupaca comprises about 13.2 percent of total household income available within the primary trade area.

RETAIL EXPENDITURE RATES

Table IV-2 shows the estimated retail expenditure rates for households in the Midwestern Region on various non-automotive goods and services. The data is drawn from the United States Bureau of Labor Statistics *Consumer Expenditure Survey*. Table IV-2 shows that in 2014 approximately 23 percent of total household income was spent on most retail goods and services (excluding automotive-related expenditures). These include groceries, food and beverages, household supplies, personal care products and services, tobacco products, apparel, household furnishings and equipment, books and magazines, pet supplies, and entertainment.

TABLE IV-2: Retail Expenditure Rates for Households in the Midwestern United States

Retail Item	2000 Expenditure Rate % of Before-Tax Income	2014 Expenditure Rate % of Before-Tax Income	Shift in Percentage of income
Food at Home[1]	7.5	7.1	-0.4
Food Away From Home	5.2	4.2	-1.0
Personal Care & Services	1.2	1.0	-0.2
Housekeeping Supplies	1.2	1.1	-0.1
Household Furnishings & Appliances	3.7	2.5	-1.2
Apparel & Accessories	4.3	2.9	-1.4
Entertainment[2]	4.6	3.2	-1.4
Other[3]	1.2	0.8	-0.4
TOTAL	**28.9**	**22.8**	**-6.1**

[1] Includes alcohol.
[2] Includes a variety of discretionary goods, such as audio/video electronics, computers, sporting goods, pet supplies, toys, etc.
[3] Reading materials and tobacco products.

Sources: Bureau of Labor Statistics, *Consumer Expenditure Surveys*; Gruen Gruen + Associates.

Total non-automotive retail expenditure rates have declined from 29 percent in 2000 to 23 percent by 2014. Expenditure rates on the traditional comparison good and discretionary retail categories (household furnishings and appliances, apparel and accessories, and entertainment) declined from 12.6 percent of income in 2000 to 8.6 percent of income by 2014.

EXPENDITURE POTENTIAL IN THE PRIMARY TRADE AREA AND ESTIMATE OF THE AMOUNT OF SUPPORTABLE SQUARE FEET OF RETAIL SPACE

Expenditure Potential of Permanent Year-Round Households

Table IV-3 presents estimates of expenditure potential or purchasing power of the permanent year-round households located within the City of Waupaca and the primary trade area.

TABLE IV-3: Estimate of Retail Expenditure Potential Within Primary Trade Area[1]		
	City of Waupaca	Primary Trade Area
Total Household Income ($)	132,820,800	999,363,600
Total Retail Expenditure Rate (% of income)[2]	22.8	22.8
Total Expenditure Potential ($)	30,283,142	227,854,900
[1] Expenditure potential of permanent year-round households. [2] Expenditure rate for non-automotive retail goods and services.		
Sources: U.S. Census Bureau, 2014 American Community Survey; U.S. Bureau of Labor Statistics; Gruen Gruen + Associates.		

Expenditure potential within the City of Waupaca for non-automotive retail goods and services is estimated at approximately $30.3 million. Total expenditure potential within the primary trade area for non-automotive goods and services is estimated at approximately $227.9 million. The City of Waupaca is estimated to comprise about 13 percent of the total non-automotive expenditure potential of year-round households located within the primary trade area.

Expenditure Potential of Seasonal Households and Visitors

According to the Waupaca Area Chamber of Commerce, the summer seasonal population is estimated to be five times the year-round resident population of approximately 6,000 or approximately 30,000. The 2014 American Community Survey indicates that the City of Waupaca contains 49 vacant housing units classified as units for "seasonal or recreational" use. The broader primary trade area contains a much larger base of seasonal housing units estimated at 4,000 in 2014. Interviews suggest that seasonal households, which typically are in the Waupaca area over the summer for 3-4 months of the year, primarily support the local retail base through expenditures at grocery stores, restaurants, and bars.

Table IV-4 below presents an estimate of the retail expenditure potential associated with seasonal households in the primary trade area as well as other tourist-related activity.

TABLE IV-4: Estimate of Retail Expenditure Potential of Seasonal Households and Tourists	
	Primary Trade Area
Seasonal Households	4,000
Annual Retail Spending Per Houseohld[1]	$3,600
Retail Expenditure Potential of Seasonal Households	**$14,400,000**
Total Day Trip and Overnight Visitor Spending[2]	$61,180,000
Percent of Spending on Retail[2]	45.8%
Retail Expenditure Potential of Visitors/Tourists	**$28,020,000**

[1] Retail expenditure for each year-round household in the primary trade area is estimated at approximately $1,200 per month. We assume an average length of stay of three months for seasonal households.
[2] 70 percent of total direct visitor spending in Waupaca County for 2014.
[2] State of Wisconsin average in 2014 for visitor spending on Retail and Eating and Drinking.

Sources: U.S. Census Bureau, 2014 American Community Survey; Wisconsin Department of Tourism; Gruen Gruen + Associates.

Assuming that seasonal households spend an average of $3,600 on non-automotive retail goods and services during the summer months, we estimate that seasonal households in the primary trade area contribute total expenditure potential or sales of about $14 million.

The Wisconsin Department of Tourism produces annual economic impact estimates associated with visitor spending by County. Total direct visitor spending in Waupaca County was estimated at $87.4 million in 2014. (Most population in the primary trade area is located in Waupaca County; the primary trade area population represents about 70 percent of the total county population.) We assume 70 percent of direct visitor spending occurs within the primary trade area, or about $61 million in 2014. The average visitor to Wisconsin in 2014 is reported to have spent roughly one-half (about 46 percent) of their dollars on retail goods and services with the remainder of spending related to lodging, recreation, and travel/transportation. These estimates suggest that day trippers and overnight visitors to the primary trade area likely contribute about $28 million of direct retail sales annually.

Sales Per Square Foot Productivity

Table IV-5 presents chain wide average store sizes and sales productivity estimates for individual retailers and restaurants.

TABLE IV-5: Sales Per Square Foot Productivity of Individual Retailers and Restaurants		
	Average Store Size # Square Feet	Average Sales Per Square Foot $
CVS	9,791	901
Walgreen's	14,500	586
Fresh Market	21,000	533
Family Dollar	7,820	191
Pick N' Save	61,900	575
Wal-Mart	150,000	432
Sam's Club	135,000	646
Chipotle	2,550	969
Panera Bread	4,500	536
Starbucks	2,000	647
Noodles & Company	2,650	433
Potbelly	2,300	426
Sources: 2015 Annual 10-K Reports from Retailers; Gruen Gruen+Associates.		

The average stores sizes for general merchandise retailers such as Wal-Mart and Sam's Club range from approximately 135,000 square feet to 150,000 square feet. Chain wide sales for these retailers average approximately $430 and $650 per square foot respectively. Drug store retailers CVS and Walgreen's have average store sizes smaller than 15,000 square feet and produce higher annual sales, reported to average about $900 per square foot for CVS and $590 per square foot for Walgreen's. Family Dollar stores average about 7,800 square feet in size and produce average annual sales of $191 per square foot. Pick N' Save grocery stores average about 62,000 square feet in size and produce average annual sales of $575 per square foot. Small fast-casual restaurants such as Panera Bread, Chipotle, Potbelly and Noodles & Company generate average annual sales ranging from about $430 to $970 per square foot.

To convert retail expenditure potential to on-the-ground space demand, we utilize a sales-per-square-foot threshold of $300 per square foot. This sales level is below chain wide averages of many national retailers and restaurants but reflects the comparatively low prevailing rents for retail space in Waupaca.

Supportable Space Demand

Table IV-6 presents estimates of the amount of potential supportable retail space within the primary trade area using the sales per square foot productivity threshold of $300 per square foot.

TABLE IV-6: Supportable Retail Space Demand Within Primary Trade Area		
	City of Waupaca Households	Total Primary Trade Area
Expenditure Potential ($)	30,283,142	270,275,340
Sales Per Square Foot Threshold ($)	300	300
Supportable Retail Space Demand in Square Feet	**100,944**	**900,918**
Sources:; Gruen Gruen + Associates.		

Retail demand or expenditure potential associated with Waupaca households is estimated to currently support about 101,000 square feet of retail space. Demand within the primary trade area, including the expenditures attributable to seasonal households and visitors/tourists, is estimated to currently support approximately 901,000 square feet of retail space.

CHAPTER V: RELATIONSHIP BETWEEN RETAIL SUPPLY AND DEMAND IN THE PRIMARY TRADE AREA

RELATIONSHIP BETWEEN ESTIMATED RETAIL DEMAND AND SUPPLY

Table V-1 presents the relationship between the estimated primary trade area retail space demand and the estimated supply of existing retail space within the primary trade area. It also compares the amount of non-automotive retail space supported by the expenditures of Waupaca households to the estimated supply in the community.

TABLE V-1: Relationship Between Demand for and Supply of Retail Space in the City of Waupaca and Primary Trade Area

	City of Waupaca # Square Feet	Primary Trade Area # Square Feet
Estimated Supportable Space Demand[1]	100,900	900,900
Estimated Supply of Space	853,900	933,900[2]
Potential Unmet Demand (Surplus)	**(753,000)**	**(33,000)**

[1] Based on sales threshold of $300 per square foot. Figures are rounded.
[2] Includes an additional 80,000 square feet of space estimated to exist in the smaller trade area communities of Iola, Wild Rose, and Weyauwega.

Source: Gruen Gruen + Associates

The City of Waupaca contains about 8.5 times more retail space than households within the community are likely capable of supporting. The expenditures of local year-round households in the City of Waupaca are estimated to support about 100,000 square feet of retail space while the community contains an estimated supply exceeding 850,000 square feet, suggesting that more than 750,000 square feet of Waupaca's retail space inventory is supported by non-local households, seasonal households, and visitors.

Total supportable retail space demand within the primary trade area, including demand associated with seasonal households and visitors, is estimated at approximately 900,000 square feet. The total supply of retail space in the primary trade area is estimated at approximately 934,000 square feet which includes the supply of space in Waupaca (853,900 square feet) plus an additional 80,000 square feet estimated to exist in Iola, Wild Rose, and Weyauwega.[7] The comparison indicates that retail supply and demand in the primary trade area are essentially in balance. A small space surplus of 33,000 square feet is estimated to exist. Note, more retail space than estimated and presented in this report so that the space surplus is higher than estimated if smaller and freestanding commercial space is included.

[7] Each town for example has a small Main Street district with a few restaurants/bars. Iola also contains a 21,000-square-foot Sentry Foods store and 8,000-square-foot Family Dollar. Another 8,000-square-foot Family Dollar is located in Wild Rose, and Weyauwega contains a 10,000-square-foot grocery store (KD's IGA).

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