



2012 RETAIL MARKET REPORT



**PLANNING &
DEVELOPMENT
SERVICES**

**CITY OF
LAWRENCE,
KANSAS**

MAY 2013

Table of Contents

1. Background	2
2. Supply	4
2.a. Square footage of retail space	4
2.b. Historical Trends	8
2.c. Downtown District Analysis	11
3. Demand	15
3.a. Per Capita Analysis	15
3.b. Sales Tax Analysis	17
3.c. Pull Factors Analysis	18
3.d. Historical Trends	20
4. Conclusion	22

1. **Background**

The City of Lawrence has grown from a population of 65,608 people in 1990 to 93,944 people in 2012, a growth of 43% in 22 years.¹ With this population growth, an increase in residential, commercial and industrial development has followed. Concerns were raised in the 1990's that retail growth was out-pacing population growth. Language was included in *Horizon 2020* in the mid-1990's that required the City to maintain an inventory of commercial space as well as general language requiring impact analysis studies for certain projects. The City commissioned a study in 1997, "Retail Market Dynamics", by Professor Kirk McClure that analyzed the retail market in response to numerous requests for development, specifically in the South Iowa district. This report analyzed the retail stock in all zoning districts, as well as retail sales tax figures.

In 2004, *Horizon 2020*, specifically Chapter 6: Commercial Land Use, was revised to include more specific language in Policy 3.13 that pertained to the requirement for the monitoring of retail space in the City and requiring retail market studies to be submitted for projects that add 150,000 square feet or more of retail space to the City. In 2005, the City hired Development Strategies Inc. (DSI) to perform an update to the retail market analysis performed in the late 1990's.² This report analyzed retail stock in all zoning districts, and used population and income to determine demand in the market.

The City adopted the *Land Development Code* on July 1, 2006, and it contains provisions in Section 20-1107 that require a retail market analysis be completed for a zoning or site plan application that could result in 50,000 square feet of retail space being added to the City. It defines a retail business as one of the following NAICS (North American Industrial Classification System) codes:

- 44-45 Retail Trade,
- 722 Food Services and Dining Places,
- 811 Repair and Maintenance, and
- 812 Personal and Laundry Services.

Examples of Non-retail businesses that typically locate in commercial zoning areas are professional offices, hotels, and banks.

In order to get an effective picture of the retail market, it is necessary to look at both the supply side of market, as well as the demand within the market. This

¹ Population figures for 1990 provided by the U.S. Census Bureau. Population figure for 2012 is estimated by the Lawrence-Douglas County Planning Department.

² <http://www.lawrenceplanning.org/documents/RetailMarketStudy.pdf>

retail market analysis aims to measure the amount of space and type of businesses that are located in commercial zoning districts throughout the City, which makes up the supply side of the equation. The retail market is extremely dynamic and therefore this inventory is merely a snapshot in time taken in December 2012. On the demand side, measures of population, income, and retail sales growth are computed in order to determine demand. This report serves as a follow-up to the 2006 Retail Market Report³ completed in 2007 that uses the same methodology and the 2010 Retail Market Report produced in October 2010.⁴

This report has been updated to reflect the Downtown Retail Market Analysis issued in 2011⁵. Prior to that report, the downtown district in the city wide reports included some commercial zoned property outside of the main Commercial Downtown (CD) zoned areas as well as some of the Government, Public and Institutional (GPI) zoned properties. The 2011 Downtown Retail Market Analysis corrected that and removed those properties from the downtown district. This report corrects the data back to 2006 and updates all the tables to reflect this. This explains why the overall square footage decreased when looking at previous reports, but increases in this report over time based on the corrected data.

Planning staff has developed a model of collecting and analyzing data that integrates Geographic Information Systems (GIS) with databases to help provide the entire picture. The development of this model sets a foundation for the information to be updated annually using consistent methods.

For a healthy retail economy, it is important for there to be similar growth in income, population, retail sales tax dollars and inventory of stock. *Horizon 2020* and the *Land Development Code* both mandate that the inventory and analysis be updated annually. By practice, however, staff tries to update the report bi-annually or as resources allow.

³ <http://www.lawrenceks.org/planning/documents/2006Retail.pdf>

⁴ <http://www.lawrenceks.org/planning/documents/2010Retail.pdf>

⁵ <http://www.lawrenceks.org/planning/documents/DowntownRetailMemo.pdf>

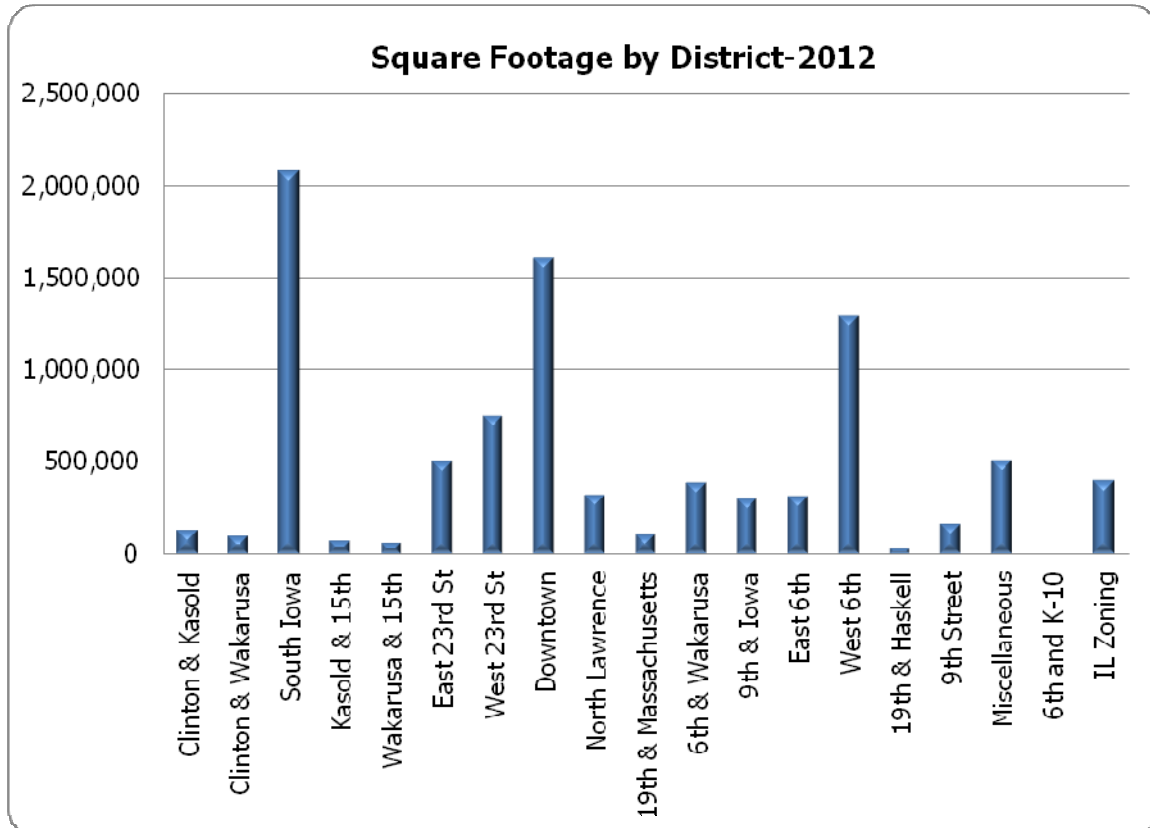
2. Supply

2.a. Square footage of retail space

The City of Lawrence is split into different zoning classifications and retail uses are primarily permitted in commercial zoning districts. This study aims to determine the amount of built square footage that is located within these commercial zoning districts, including CN1, CN2, CO, CD, CC200, CC400, CR, CS, and any PCD or Commercial PUD. In addition to the commercial zoning districts, the IL zoning district also permits some retail uses and therefore space in the district is included in this report in District 19. In order to better analyze the data, the market was split into seventeen distinct geographical districts. Districts 17 (Miscellaneous) and 19 (IL Zoning) have parcels that are scattered throughout the city and are therefore not geographically contiguous.

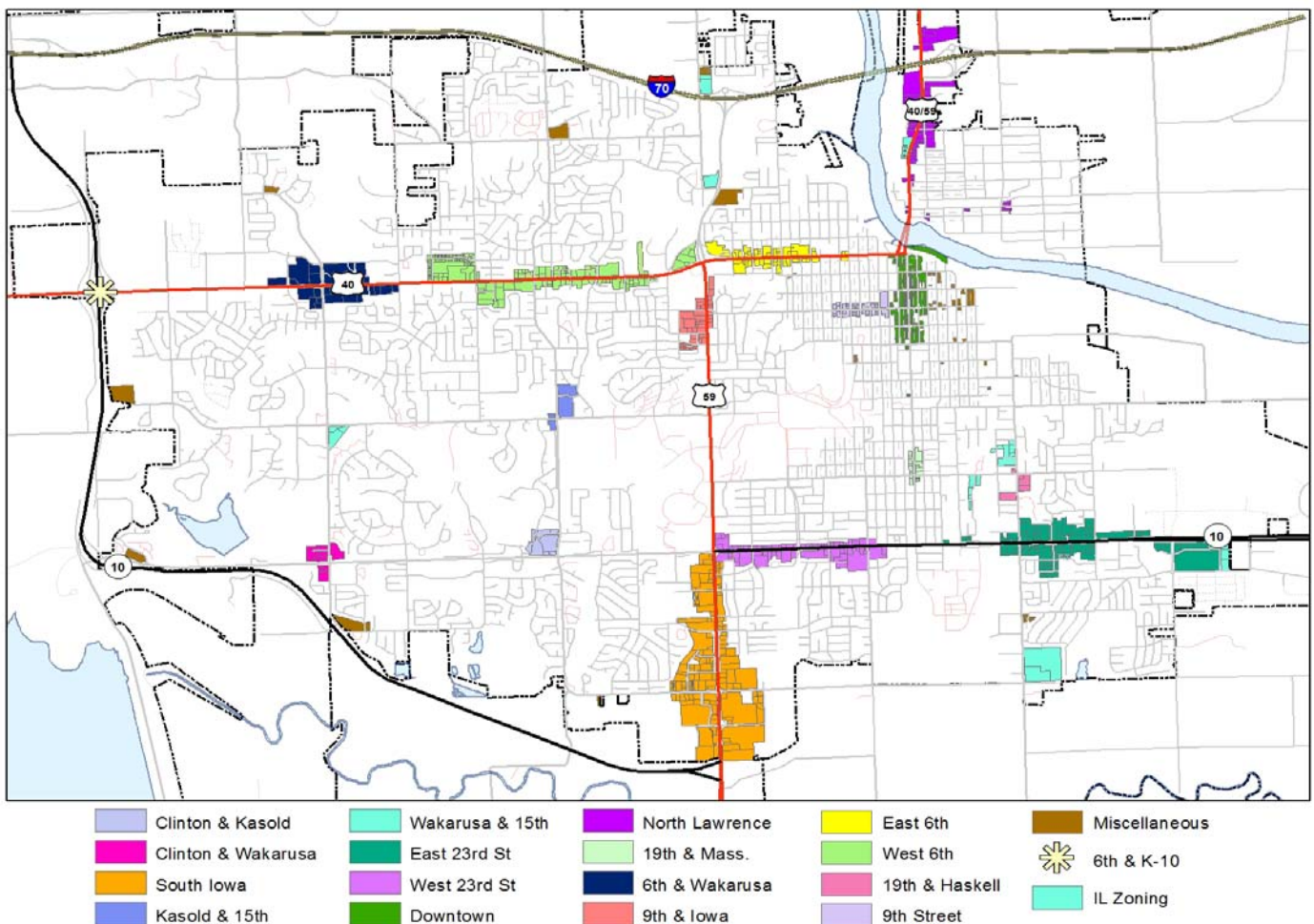
Table 2-1: Square footage by District			
District ID	District Name	Total Square Footage	% Share of Total Market Square Footage
1	Clinton & Kasold	132,156	1.5%
2	Clinton & Wakarusa	98,032	1.1%
3	South Iowa	2,077,377	22.8%
4	Kasold & 15th	71,600	0.8%
5	Wakarusa & 15th	58,300	0.6%
6	East 23rd St	497,599	5.5%
7	West 23rd St	748,725	8.2%
8	Downtown	1,602,321	17.6%
9	North Lawrence	318,876	3.5%
10	19th & Massachusetts	105,737	1.2%
11	6th & Wakarusa	387,375	4.3%
12	9th & Iowa	299,699	3.3%
13	East 6th	312,987	3.4%
14	West 6th	1,287,720	14.1%
15	19th & Haskell	31,412	0.3%
16	9th Street	165,710	1.8%
17	Miscellaneous	507,225	5.6%
18	6th and K-10	0	0.0%
19	IL Zoning	402,300	4.4%
	Overall Total	9,105,151	

Overall, the City has a total of 9,105,151 square feet of space in commercial zoning districts. Of the nineteen geographic districts, the South Iowa district contains the most space, with 2,077,377 square feet, or a 23% share of the market. The Downtown district contains 1,602,321 square feet of space or an 18% share of the market. The third largest district is the West 6th Street district, which contains 1,287,720 square feet or a 14% share of the market. The 6th and K-10 district was recently annexed and zoned for up to 600,000 square feet of retail space, but is currently undeveloped.



The following map provides an illustrative breakdown of the districts. The table above shows the corresponding name that goes with each district identification number in the legend.

Figure 2.1: District Breakdown



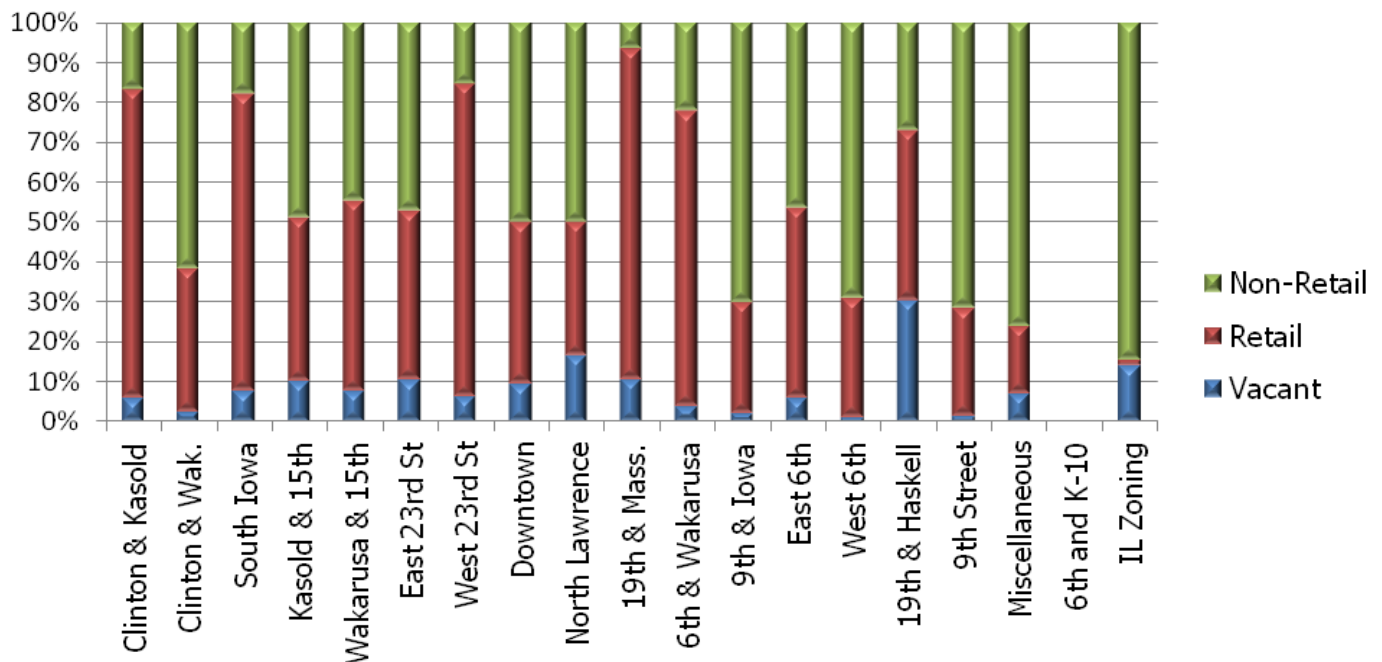
The market as a whole contains 653,222 square feet of vacant space, which equates to a 7.2% vacancy rate for all built space within commercial zoning districts. The 19th and Haskell district (30.2%) and the North Lawrence district (16.4%) have the highest vacancy rates.

As a whole, the entire market contains 4,430,580 (48.7%) square feet of space occupied by retail uses as defined by the *Land Development Code*, and 4,019,349 (44.1%) square feet of space occupied by non-retail uses. This breakdown varies greatly by district, with the West 23rd Street district, the 19th & Massachusetts Street district, 6th and Wakarusa, Clinton and Kasold and the South Iowa district having over 70% retail uses. The IL Zoning and Miscellaneous district contained the lowest percentage of retail uses.

Table 2-2: Percent of square footage by district by use

District ID	District Name	Total Square Footage	Vacant		Retail		Non-Retail	
			Sq. Ft	% Sq. Ft	44-45, 722, 811, 812	% Sq. Ft.	Sq. Ft	% Sq. Ft
1	Clinton & Kasold	132,156	8,000	6.1%	101,616	76.9%	22,540	17.1%
2	Clinton & Wak.	98,032	2,500	2.6%	35,032	35.7%	60,500	61.7%
3	South Iowa	2,077,377	162,171	7.8%	1,541,562	74.2%	373,644	18.0%
4	Kasold & 15th	71,600	7,200	10.1%	29,300	40.9%	35,100	49.0%
5	Wakarusa & 15th	58,300	4,550	7.8%	27,750	47.6%	26,000	44.6%
6	East 23rd St	497,599	51,700	10.4%	211,711	42.5%	234,188	47.1%
7	West 23rd St	748,725	45,814	6.1%	587,027	78.4%	115,884	15.5%
8	Downtown	1,602,321	149,927	9.4%	652,530	40.7%	799,864	49.9%
9	North Lawrence	318,876	52,379	16.4%	107,217	33.6%	159,280	50.0%
10	19th & Mass.	105,737	11,105	10.5%	87,602	82.8%	7,030	6.6%
11	6th & Wakarusa	387,375	15,000	3.9%	285,877	73.8%	86,498	22.3%
12	9th & Iowa	299,699	6,528	2.2%	82,712	27.6%	210,459	70.2%
13	East 6th	312,987	18,500	5.9%	148,421	47.4%	146,066	46.7%
14	West 6th	1,287,720	14,300	1.1%	382,144	29.7%	891,276	69.2%
15	19th & Haskell	31,412	9,500	30.2%	13,412	42.7%	8,500	27.1%
16	9th Street	165,710	2,000	1.2%	45,406	27.4%	118,304	71.4%
17	Miscellaneous	507,225	35,748	7.0%	84,861	16.7%	386,616	76.2%
18	6th and K-10	0	0	0.0%	0	0.0%	0	0.0%
19	IL Zoning	402,300	56,300	14.0%	6,400	1.6%	339,600	84.4%
	Overall Total	9,105,151	653,222	7.2 %	4,430,580	48.7 %	4,019,349	44.1 %

Percent of Square Footage by District by Use - 2012



2.b. Historical Trends

As previously stated, this study aims to determine the amount of square footage that lies within the Commercial Zoning districts. In trying to analyze historical trends with the data, it is important to note that some retail uses are permitted in other zoning districts, and for that reason the IL zoning district was also included since retail uses are also allowed in that zoning district.

Previous market studies completed before 2006 used different criteria in determining what square footage should be counted in their numbers. The market study report that was completed by an outside consultant (DSI) for the City in 2005 tried to identify space that was designed for retail uses, independent of their location. The study conducted by Professor Kirk McClure in 1997 also identified space in distinct districts throughout town that were designed for retail uses. Since both of those two previous studies did not identify space with respect to the underlying zoning, and used interpretation to decide what spaces to include, the conclusions reached were based on different sets of assumptions. In addition, since the DSI report, McClure report, and this current report do not use the same assumptions when measuring retail space, it is difficult to compare square footage amounts over time.

As mentioned, this study follows a model developed by staff and used in the 2006 and 2010 Retail Market Reports. The intent is that from each year forward, the model will be followed yielding data that can be compared to reliably provide historical trend information.

The following table details historical trends with square footage amounts. It is important to keep in mind the above mentioned concerns with respect to data collection when analyzing this information, and therefore square footage amounts from 1993 to 2005 cannot be compared to the 2006, 2010 and 2013 numbers.

Table 2-3: Square Footage Trends		
Year	Total Square Footage	Avg. Annual % Change Sq. Footage
2012	9,105,151	1.7%
2010	8,800,567	5.3%
2006	7,249,660	11.9%
2005	6,479,100	4.5%
2000	5,299,404	6.1%
1997	4,484,011	1.3%
1995	4,372,183	4.9%
1993	3,984,509	
Avg. Annual 2006-2012 Change		4.3%
Avg. Annual 2005-2010 Change		7.2%
Avg. Annual 2000-2005 Change		4.5%
Avg. Annual 1995-2000 Change		4.2%

While this table shows an increase of over 1.5 million square feet to the market from 2006 to 2010, the majority of that increase is due primarily to three factors: the addition of the IL Zoning district, the construction of new space (primarily on the northwestern side of Lawrence), and the addition of previously uncounted space, that should have been counted in the 2006 study.

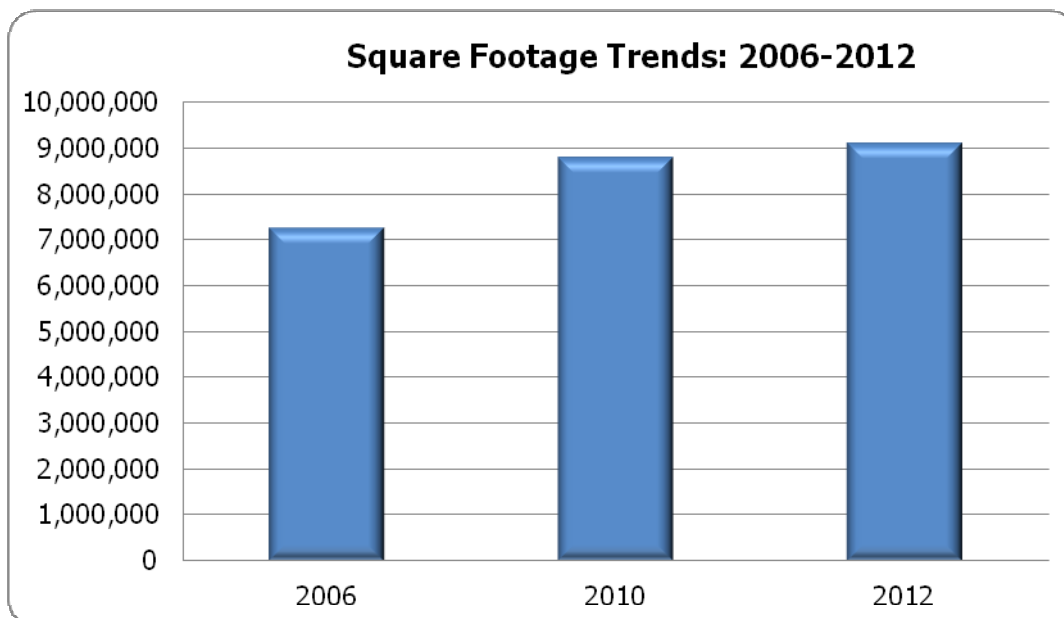
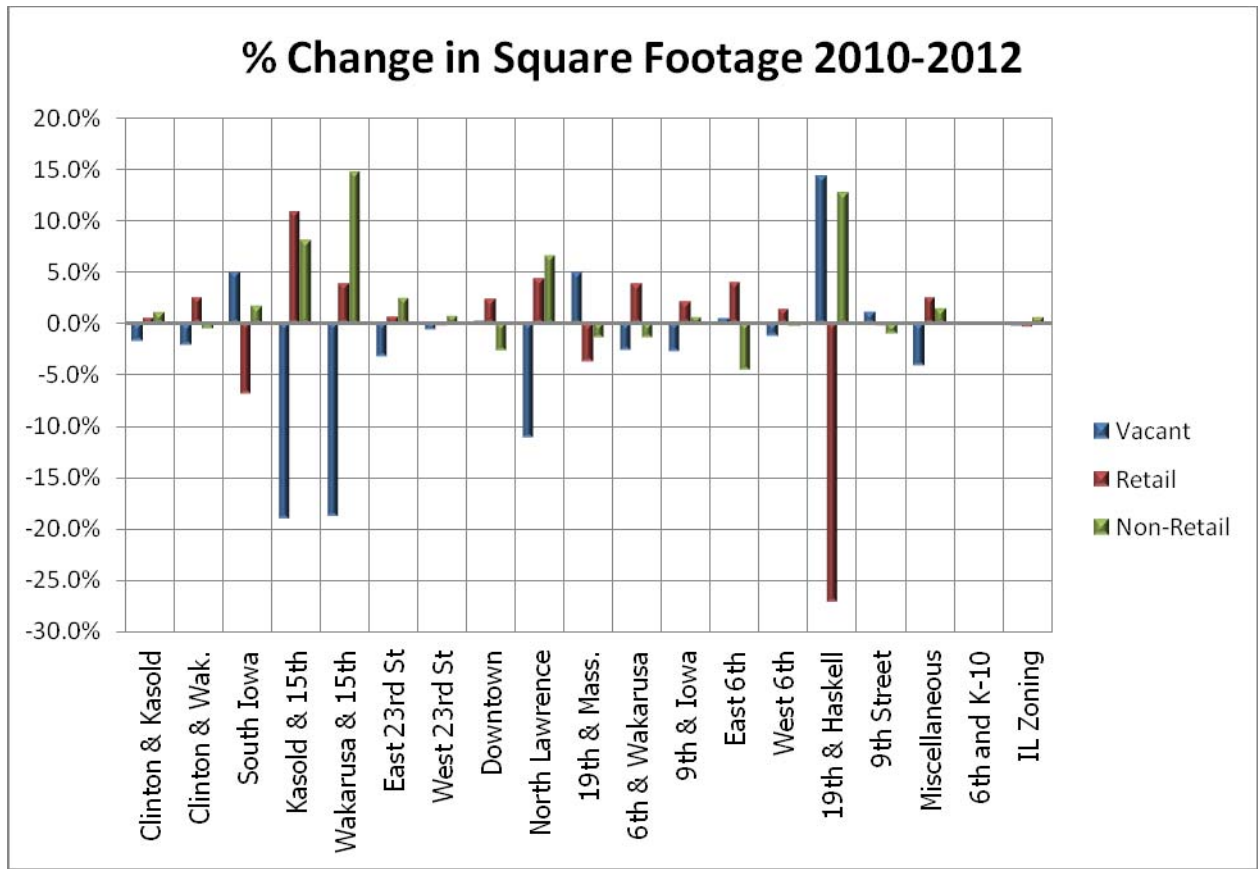


Table 2-4: Comparison of percent of square footage by district by use

District ID	District Name	Vacant			Retail			Non-Retail		
		2010 % Sq. Ft	2012 % Sq. Ft	% Change	2010 % Sq. Ft.	2012 % Sq. Ft.	% Change	2010 % Sq. Ft	2012 % Sq. Ft	% Change
1	Clinton & Kasold	7.7%	6.1%	-1.7%	76.3%	76.9%	0.6%	15.9%	17.1%	1.2%
2	Clinton & Wak.	4.6%	2.6%	-2.0%	33.2%	35.7%	2.6%	62.2%	61.7%	-0.5%
3	South Iowa	2.7%	7.8%	5.1%	81.0%	74.2%	-6.8%	16.2%	18.0%	1.8%
4	Kasold & 15th	29.1%	10.1%	-19.0%	30.0%	40.9%	10.9%	40.9%	49.0%	8.1%
5	Wakarusa & 15th	26.4%	7.8%	-18.6%	43.7%	47.6%	3.9%	29.8%	44.6%	14.8%
6	East 23rd St	13.6%	10.4%	-3.2%	41.9%	42.5%	0.6%	44.5%	47.1%	2.6%
7	West 23rd St	6.7%	6.1%	-0.6%	78.6%	78.4%	-0.2%	14.7%	15.5%	0.8%
8	Downtown	9.1%	9.4%	0.3%	38.4%	40.7%	2.3%	52.6%	49.9%	-2.6%
9	North Lawrence	27.5%	16.4%	-11.0%	29.2%	33.6%	4.4%	43.3%	50.0%	6.6%
10	19th & Mass.	5.5%	10.5%	5.1%	86.6%	82.8%	-3.7%	8.0%	6.6%	-1.3%
11	6th & Wakarusa	6.5%	3.9%	-2.6%	69.9%	73.8%	3.9%	23.7%	22.3%	-1.3%
12	9th & Iowa	4.9%	2.2%	-2.8%	25.5%	27.6%	2.1%	69.6%	70.2%	0.6%
13	East 6th	5.4%	5.9%	0.5%	43.4%	47.4%	4.0%	51.2%	46.7%	-4.5%
14	West 6th	2.3%	1.1%	-1.2%	28.2%	29.7%	1.4%	69.5%	69.2%	-0.3%
15	19th & Haskell	15.9%	30.2%	14.3%	69.8%	42.7%	-27.1%	14.3%	27.1%	12.7%
16	9th Street	0.0%	1.2%	1.2%	27.6%	27.4%	-0.2%	72.4%	71.4%	-1.0%
17	Miscellaneous	11.2%	7.0%	-4.1%	14.2%	16.7%	2.6%	74.7%	76.2%	1.6%
18	6th and K-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	IL Zoning	14.3%	14.0%	-0.3%	2.0%	1.6%	-0.4%	83.8%	84.4%	0.6%
	Overall Total	7.3 %	7.2 %	-0.1 %	49.0 %	48.7 %	-0.3 %	43.7 %	44.1 %	0.4 %

While the overall vacancy rate has remained relatively steady over the last six years, there have been wide fluctuations within certain districts between 2010 and 2012. Of note, the Kasold & 15th district went from a 29% vacancy rate in 2010 to a 10% vacancy rate in 2012, while the 19th and Haskell district went from a 16% vacancy rate in 2010 to a 30% vacancy rate in 2012.

The majority of the districts remained constant in their split between retail and non-retail uses, except the Wakarusa and 15th district and the 19th and Haskell districts , which both showed over 10% more non-retail uses than in 2010. The 19th and Haskell shift is primarily due to the large amount of vacancy in that center at the time of the survey.



2.c. Downtown District Analysis

This section provides a detailed analysis of the types of uses located in Lawrence's Downtown district. The data comes from this Retail Market Report, a re-survey of the Downtown district from May 2011, the 2010 Lawrence Retail Market Report, and the 2006 Lawrence Retail Market Report.

Table 2-5: Square Footage by Use in Downtown District - 2006-2012

Use	2006 Square Footage		2010 Square Footage		2011 Square Footage		2012 Square Footage	
	#	%	#	%	#	%	#	%
Retail	378,939	27%	356,205	23%	322,619	20%	328,863	21%
Food & Beverage Services	202,050	14%	233,900	15%	238,225	15%	243,667	15%
Non-Retail, Non-Food Services	507,175	36%	592,595	39%	606,845	38%	664,530	41%
Hotel	165,334	12%	215,334	14%	215,334	13%	215,334	13%
Vacant	148,541	11%	139,305	9%	199,698	12%	149,927	9%
Total	1,402,039		1,537,339		1,582,721		1,602,321	

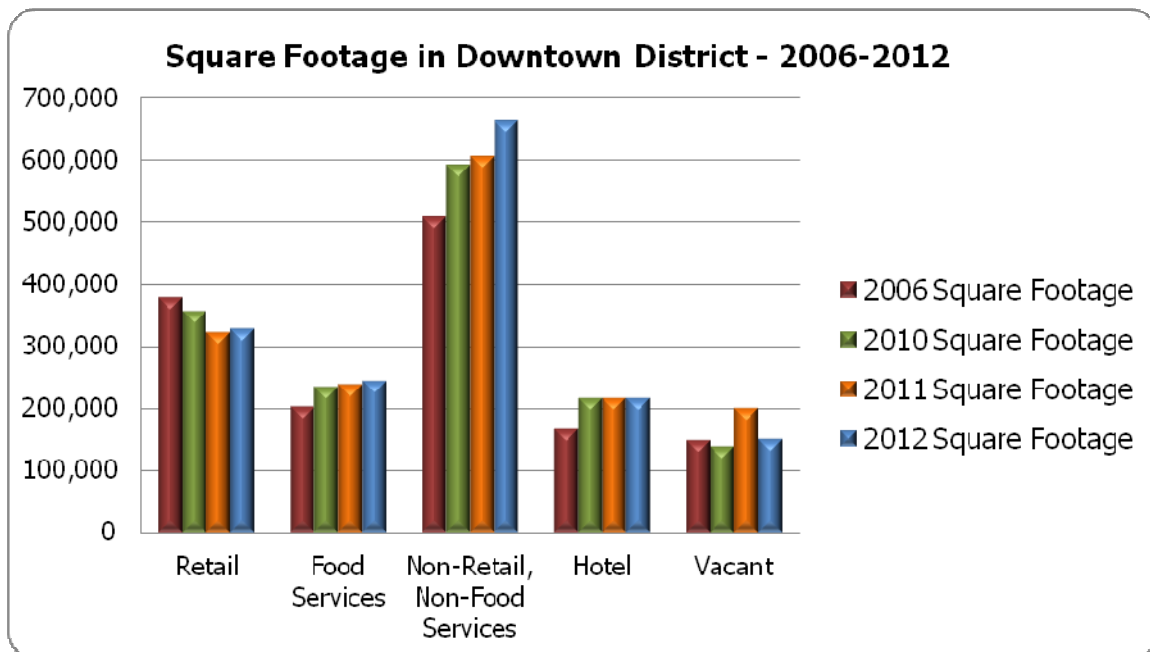
In the Downtown district, the largest use category is Non-retail, Non-food services, which, in 2012 makes up 41% of the total square footage in the Downtown district. Typical uses in this category would be professional offices, financial institutions, light manufacturing uses, religious institutions, and any residential uses. The percentage of total square footage in the Food Services use category, including restaurants, coffee shops and bars, has remained steady since 2006, occupying around 15% of the total square footage, even though the amount of square footage has grown by roughly 41,000 square feet since 2006. Vacant square footage was at 11% in 2006, fell to 9% in 2010, rose to 12% in 2011 and has fallen back to 9% in 2012.

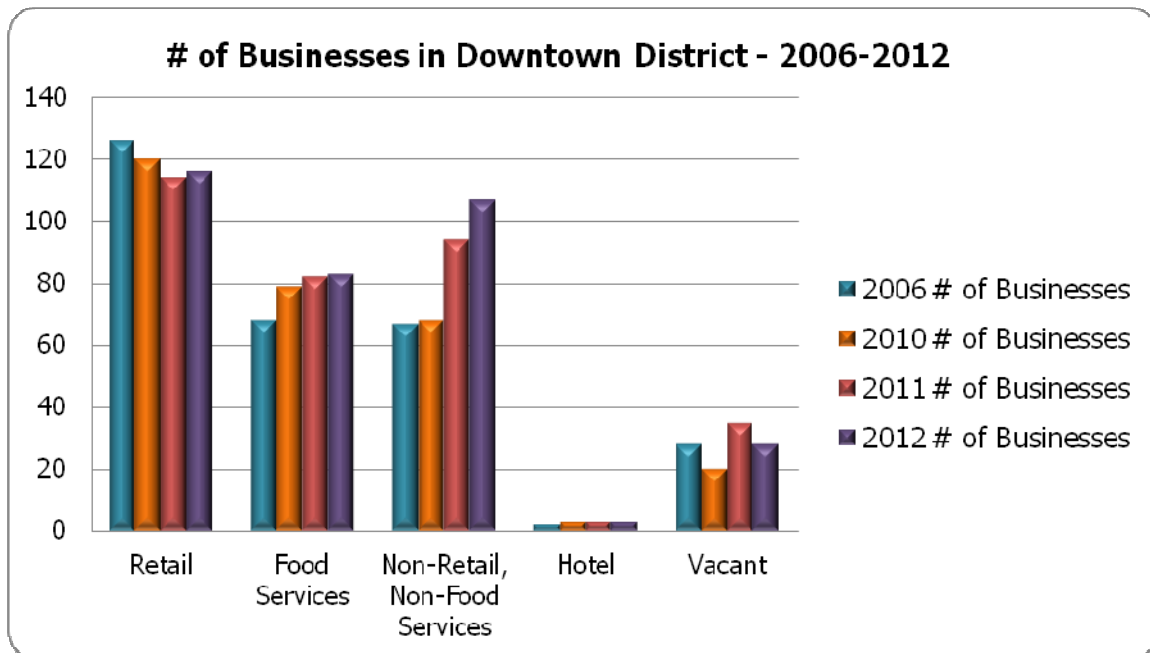
The overall square footage of the downtown district has increased from 2006 to 2012. While only one new structure was physically built during that time, the changes are due to above ground floor spaces being converted to retail or office uses, changes in zoning, and more accurate square footage information being used. For this reason, staff believes comparing the percentage of square footage for each use category is more meaningful than comparing the actual square footage numbers.

Table 2-6: # of Businesses by Use in Downtown District - 2006-2012

Use	2006 # of Businesses		2010 # of Businesses		2011 # of Businesses		2012 # of Businesses	
	#	%	#	%	#	%	#	%
Retail	126	43%	120	41%	114	34%	116	34%
Food & Beverage Services	68	23%	79	27%	82	24%	83	25%
Non-Retail, Non-Food Services	67	23%	68	23%	94	28%	107	32%
Hotel	2	1%	3	1%	3	1%	3	1%
Vacant	28	10%	20	7%	35	10%	28	8%
Total	291		290		328		337	

While Non-retail, Non-food services uses make up the largest category in terms of square footage, it only makes up the second largest category in terms of the number of businesses. Retail uses have the highest number of businesses, while having only the second highest amount of square footage in the district. Food Services have 15% of the total square footage, but 25% of the total number of businesses.





Overall, the percentage of total square footage that strictly Retail uses are occupying has declined slightly since 2006, while the percentage of total square footage that Food Services uses are occupying have remained constant. The vacancy rate has fluctuated slightly since 2006, but has remained between 9% and 12%.

It should also be noted, that for the most part, only first floor spaces were included in the survey. Areas above the ground floor that were designed and/or occupied for retail uses, the former Riverfront Mall, and hotels were also included in the survey of the downtown area.

3. Demand

3.a. Per Capita Analysis

Multiple factors can be used to determine the demand for retail goods within a market. One measure of demand involves population and the rate at which population growth corresponds with growth in retail sales and square footage. Usually this is measured as a *per capita* figure, or an average per person. For 2012, the per capita figures show that the City of Lawrence has roughly 97 square feet of commercial space per capita, and roughly 47 square feet per capita of retail uses within that commercial space. This is a 20% increase in commercial space per capita from 2006 to 2012.

Table 3.1: Per Capita Analysis							
Year	Pop. Estimate	Total Sq. Footage	Per Capita Sq. Ft.	Retail Sq. Footage	Per Capita Retail Sq. Ft.	Total Sales Tax	Per Capita Sales Tax
2006	89,690	7,249,660	80.8	4,116,547	45.9	\$12,260,437	136.7
2010	92,727	8,800,567	94.9	4,313,958	46.5	\$12,360,947	133.3
2012	93,944	9,105,151	96.9	4,430,580	47.2	\$13,593,996	144.7

There is an inherent difficulty in comparing the data in the Lawrence Retail Market Report with national and regional markets because of the differences in data collection. For example, the International Council of Shopping Centers (ICSC) compiles reports that list the national average for retail space per capita at 46.6 square feet in 2007⁶. This figure is based on data from National Research Bureau (NRB) which includes all shopping centers over a certain size and some free-standing retail establishments over a certain size. This is the same figure that is also used by the U.S. Census Bureau in their 2007 Economic Census and is probably the most closely related to the figure of 45.9 retail square feet per capita noted in table 3.1 above. The figure from the 2012 Retail Market Report is compiled by first calculating all of the space in zoning districts that allow retail uses, then subtracting out the square footage associated with uses that are actually non-retail in nature and dividing the remaining figure by the population. Therefore, the two methodologies differ and it is difficult to compare the figures in a meaningful or direct relationship.

⁶ According to the *International Council of Shopping Centers*

On average, \$145 in sales tax was spent in 2012 per capita. The latest reliable figures available are from the U.S. Census Bureau's Economic Census conducted in 2002, which puts the average per capita sales tax at \$123.⁷ The U.S. Census Bureau has stopped figuring a national per capita figure based on tax, and instead now compiles a number based on total dollars spent on retail goods. Trying to convert sales tax collected to amount spent on retail goods for the Lawrence market would be challenging for many reasons, including the fact that the City of Lawrence has multiple different sales tax rates and some were implemented midway through the 2009 collection year.

Table 3-2: Per Capita Sales Tax Trends			
Year	Population Estimates ⁸	Adjusted Sales Tax Collections 2012 Dollars	Per Capita Sales Tax
2012	93,944	\$13,593,996	\$145
2011	93,116	\$13,184,668	\$142
2010	92,727	\$13,015,005	\$140
2009	91,464	\$13,449,544	\$147
2008	90,866	\$13,754,269	\$151
2007	90,311	\$13,790,334	\$153
2006	89,690	\$13,962,914	\$156
2005	88,664	\$13,921,096	\$157
2004	87,184	\$13,903,101	\$159
2003	85,282	\$13,618,530	\$160
2002	83,495	\$13,770,331	\$165
2001	81,457	\$13,923,313	\$171
2000	80,098	\$13,797,066	\$172
1995	73,419	\$12,695,769	\$173
1990	65,608	\$10,692,721	\$163
Avg. Per Capita Sales Tax 2002-2012			\$152
Avg. Per Capita Sales Tax 2005-2012			\$149
Avg. Per Capita Sales Tax 2000-2005			\$164
Avg. Per Capita Sales Tax 1995-2000			\$173
Avg. Per Capita Sales Tax 1990-1995			\$168

⁷ U.S. Census Bureau

⁸ Population Estimates produced by Planning and Development Services Staff

3.b. Sales Tax Analysis

As of July 1, 2010, the State of Kansas collects an 8.85% sales tax on goods and services in the City of Lawrence. 6.3% of the total tax goes to the State of Kansas, 1% goes to Douglas County, 1% goes to the City of Lawrence and a special .55% sales tax goes to the City of Lawrence for infrastructure and transit improvements. Sales tax is a measure by which to determine the demand of retail goods and services. There are, however, limitations to the data. Most businesses choose to report their sales tax using a “reporting address”, which may or may not be the physical location where the goods or services were sold. In addition, businesses with more than one location need only submit one form to the state. These two problems are inherent to the sales tax system and limit the reliability to which sales tax data may be analyzed. Also, there are confidential limitations to the data that prevents the data from being broken down by district and then broken down again by NAICS category.

Starting with the 2006 Lawrence sales tax collection file provided by the State of Kansas Department of Revenue, each sales tax account number was coded to a district based on address, known name of business, alias, and any other identifying features. For single records that were reporting for multiple locations, a ratio of square footage was used to split the sales tax across all locations. There were numerous records that were either out of state sales shipped to Lawrence locations, or were unidentifiable as Lawrence businesses. The sales tax for those “other” records was incorporated into the totals keeping the same market share percentages of each district intact. Based on those limitations to the data, it is best to determine demand at the district level by comparing the 2006, 2009 and 2012 breakdowns to each other in order to look for variations over time.

Table 3-3: Retail Sales Tax by district										
		2006			2009			2012		
		% of Market	% of Market Share	Ratio Sales Tax to Sq. Ft.	% of Market	% of Market Share	Ratio Sales Tax to Sq. Ft.	% of Market	% of Market Share	Ratio Sales Tax to Sq. Ft.
District	District	Share	Sales		Share	Sales		Share	Sales	
ID	Name	Sq. Ft	Tax	Ft.	Sq. Ft	Tax	Ft.	Sq. Ft	Tax	Ft.
1	Clinton & Kasold	1.6%	3.3%	3.5	1.5%	2.4%	2.3	1.5%	2.3%	2.4
2	Clinton & Wak.	1.4%	0.1%	0.1	1.1%	1.0%	1.3	1.1%	0.9%	1.2
3	South Iowa	27.4%	43.6%	2.7	22.7%	37.0%	2.3	22.8%	38.4%	2.5
4	Kasold & 15th	1.0%	0.6%	1.0	0.8%	0.4%	0.7	0.8%	0.4%	0.8
5	Wakarusa & 15th	0.7%	0.6%	1.4	0.6%	0.5%	1.2	0.6%	0.5%	1.2
6	East 23rd St	5.7%	4.9%	1.4	5.7%	4.6%	1.2	5.5%	4.7%	1.3
7	West 23rd St	9.5%	18.3%	3.3	8.1%	16.3%	2.9	8.2%	16.4%	3.0
8	Downtown	19.3%	13.6%	1.2	17.5%	14.6%	1.2	17.6%	15.0%	1.3
9	North Lawrence	3.8%	1.3%	0.6	3.6%	0.7%	0.3	3.5%	0.4%	0.2
10	19th & Mass.	1.3%	0.5%	0.7	1.1%	0.6%	0.7	1.2%	0.5%	0.6
11	6th & Wakarusa	3.7%	0.8%	0.4	4.3%	8.9%	3.0	4.3%	9.4%	3.3
12	9th & Iowa	3.2%	1.7%	0.9	3.4%	1.6%	0.7	3.3%	1.5%	0.7
13	East 6th	3.7%	1.5%	0.7	3.5%	1.4%	0.6	3.4%	1.2%	0.5
14	West 6th	11.0%	7.1%	1.1	14.6%	6.2%	0.6	14.1%	5.9%	0.6
15	19th & Haskell	0.3%	0.1%	0.3	0.4%	0.6%	2.4	0.3%	0.2%	0.9
16	9th Street	2.2%	0.7%	0.6	1.9%	1.2%	0.9	1.8%	0.9%	0.7
17	Miscellaneous	4.2%	1.2%	0.5	5.6%	1.8%	0.5	5.6%	1.2%	0.3
18	6th and K-10	N/A	N/A	N/A	0.0%	0.0%	0.0	0.0%	0.0%	0.0
19	IL Zoning	N/A	N/A	N/A	3.7%	0.2%	0.1	4.4%	0.2%	0.1
Lawrence Market Overall				1.7			1.4			1.5

Of note, the 6th and Wakarusa District increased its share of the market square footage by .6% from 2006 to 2012, but increased its share of the market sales tax by 8.6% during that same time period. Also, the Downtown market remained very stable from 2006 to 2012 with its ratio of sales tax to square feet remaining almost the same; around 1.2 to 1.3. Overall, the ratio of sales tax to square footage market wide has remained steady, hovering between 1.5 and 1.7.

3.c. Pull Factors Analysis

A City Trade Pull Factor is an economic indicator that measures the balance of trade. It is computed by dividing the per capita sales tax of the city or county by the statewide per capita sales tax. A perfectly balanced area has a pull factor of

1.00, meaning that the same amount that people spend outside of the area on goods is offset by the amount that people from out of the area come in to the area to purchase. A pull factor less than 1.00 means that more money is being spent elsewhere than is being brought into the area and is seen as an unfavorable balance of trade. A positive pull factor, or one that is greater than 1.00 means that more purchases are being made from people coming from outside of the area than by residents who leave the area to make their purchases. A positive pull factor is seen as a favorable balance of trade.

The Kansas Department of Revenue develops annual reports that detail city and county pull factors. In fiscal year 2009, the City of Lawrence had a pull factor of .99, which was an 11% decline from 2005 to 2009. However, Lawrence's pull factor began increasing in 2010, to a current pull factor of 1.07 for 2012, resulting in a favorable balance of trade.

Table 3.4: Lawrence Trade Pull Factors and Trade Capture Area Figures						
	Collections	Per Capita	Pull Factor	Trade Area Capture	% of County Sales	Population ⁹
FY 2012	\$79,524,295	\$896	1.07	94,639	93.0%	88,727
FY 2011	\$74,699,896	\$852	1.07	93,560	92.8%	87,643
FY 2010	\$61,696,381	\$674	1.02	93,630	92.4%	91,611
FY 2009	\$67,723,146	\$696	.99	89,630	92.3%	90,083
FY 2008	\$63,864,019	\$714	.99	88,638	92.5%	89,415
FY 2007	\$61,894,678	\$702	1.02	89,985	92.4%	88,168
FY 2006	\$60,892,108	\$748	1.12	90,982	91.3%	81,379
FY 2005	\$58,300,971	\$716	1.11	90,058	90.9%	81,417

In addition, the Kansas Department of Revenue calculates Trade Area Capture Figures that measures the trade area served by the community. It is figured by multiplying the city's population by the pull factor. This number helps to identify the percent of county sales that the city has. In the case of Lawrence, the share that Lawrence has of county sales has risen slightly from 90.9% in 2005 to 93% in 2012.

⁹ These population estimates are from the Kansas Department of Revenue.

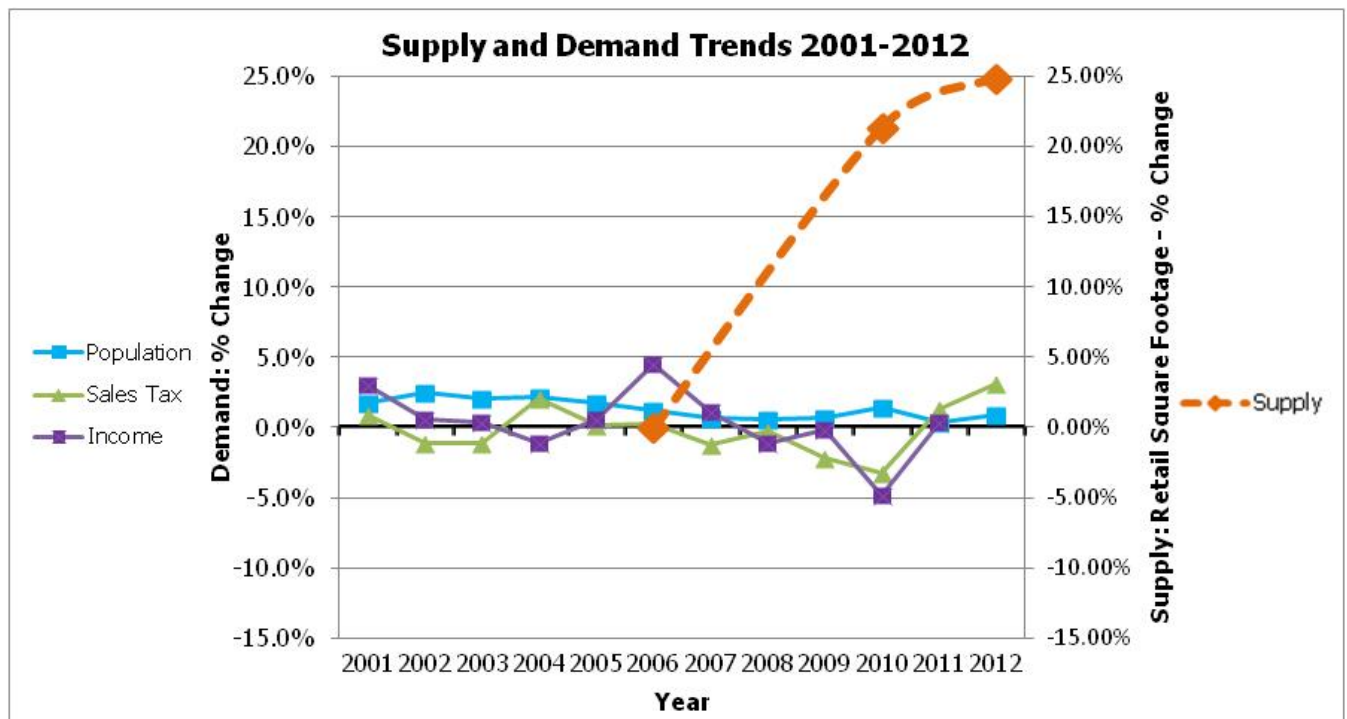
Table 3.5: Historical City & County Trade Pull Factors		
	City of Lawrence	Douglas County
FY 12	1.07	.91
FY 11	1.07	.91
FY 10	1.02	.86
FY 09	.99	.85
FY 08	.99	.85
FY 07	1.02	.87
FY 06	1.12	.97
FY 05	1.11	.99
FY 04	1.10	.96
FY 03	1.06	.93

3.d. Historical Trends

It is possible to look at historical data on population, income and sales tax dollar collections since the method for collecting this data has not changed over time. From 2006 to 2011, the population of the City of Lawrence grew an average of .8% a year; however, there was a 1.1% average annual decrease in sales tax collections and a .9% average annual decrease in income after adjusting both monetary figures for inflation. Simply stated, the population generally has been growing at a faster pace than dollars being spent on retail goods and income earned. Most recently, in 2011 and 2012, sales tax figures have been showing positive growth.

Table 3-6: Population, Sales Tax and Income Trends						
Year	Population Estimates ¹⁰	Avg. Annual % Change Population	Adjusted Sales Tax Collections 2012 Dollars	Avg. Annual % Change Sales Tax	Adjusted Per Capita Income 2011	Avg. Annual % Change Income
2012	93,944	0.9%	\$13,593,996	3.1%		
2011	93,116	0.4%	\$13,184,668	1.3%	\$33,379	0.4%
2010	92,727	1.4%	\$13,015,005	-3.2%	\$33,262	-4.8%
2009	91,464	0.7%	\$13,449,544	-2.2%	\$34,927	-0.2%
2008	90,866	0.6%	\$13,754,269	-0.3%	\$34,989	-1.1%
2007	90,311	0.7%	\$13,790,334	-1.2%	\$35,380	1.1%
2006	89,690	1.2%	\$13,962,914	0.3%	\$35,008	4.5%
2005	88,664	1.7%	\$13,921,096	0.1%	\$33,507	0.6%
2004	87,184	2.2%	\$13,903,101	2.1%	\$33,311	-1.1%
2003	85,282	2.1%	\$13,618,530	-1.1%	\$33,669	0.4%
2002	83,495	2.5%	\$13,770,331	-1.1%	\$33,530	0.6%
2001	81,457	1.7%	\$13,923,313	0.9%	\$33,327	3.0%
2000	80,098		\$13,797,066		\$32,342	
1995	73,419		\$12,695,769		\$27,320	
1990	65,608		\$10,692,721		\$25,048	
Avg. Annual Change 2006-2011		0.8%		-1.1%		-0.9%
Avg. Annual Change 2000-2005		2.1%		0.2%		0.7%
Avg. Annual Change 1995-2000		1.8%		1.7%		3.7%
Avg. Annual Change 1990-1995		2.4%		3.7%		1.8%

¹⁰ Population Estimates produced by Planning and Development Services Staff



4. Conclusion

On the supply side, the City of Lawrence contains over 9 million square feet of space in commercial zoning districts, with the South Iowa, West 6th Street, and Downtown districts combined making up more than half of the market. Of that 9 million square feet of space in commercial zoning districts, 49% is occupied by strictly retail uses. The overall Citywide vacancy rate for space in commercial zoning districts is 7.2%. This vacancy percentage is less than the 8% threshold established by *Horizon 2020* and the Land Development Code and remains relatively steady when compared to the 2006 vacancy number of 6.9% and 7.3% in 2010.

The City has numerous projects (over 50,000 square feet) that have received various levels of approvals and are therefore “in process”. Together, these projects total roughly 900,000 square feet of retail space being added to the City. These projects are all called out as appropriate land uses in *Horizon 2020*.

Table 4.1: Proposed Projects	
Project	Square Footage
North Mass ¹¹	215,000
Mercato (NE Corner 6 th and K-10)	359,640
Gateway (NW Corner 6 th and K-10)	155,000
Fairfield Farms	200,000
Total	929,640

On the demand side, population growth has been slowing down from historical highs of over 4% in the 1990's to an average of less than 1% a year for the last 5 years. The same is true for both incomes and sales tax revenues. The increase in pull factors for the City of Lawrence the last couple of years indicates that there is a fair balance of trade, meaning more money is being spent inside the City than in previous years.

¹¹ Square footage listed for North Mass is approximate only.