



2015 RETAIL MARKET REPORT



**PLANNING &
DEVELOPMENT
SERVICES**

**CITY OF
LAWRENCE,
KANSAS**

NOVEMBER 2015

Table of Contents

1. Background	2
2. Supply	3
2.a. Square footage of retail space	3
2.b. Historical Trends	9
2.c. Downtown District Analysis	13
3. Demand	17
3.a. Per Capita Analysis	17
3.b. Sales Tax Analysis	19
3.c. Pull Factors Analysis	21
3.d. Historical Trends	22
4. Conclusion	24

1. Background

The City of Lawrence has grown from a population of 65,608 people in 1990 to 97,193 people in 2015, a growth of 48% in 25 years.¹ With this population growth, an increase in residential, commercial and industrial development has followed. Concerns were raised in the 1990s that retail growth was out-pacing population growth. Language was included in *Horizon 2020* in the mid-1990s that required the City to maintain an inventory of commercial space, as well as general language requiring impact analysis studies for certain commercial development 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, including 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 pertaining 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 1990s. 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, which contains provisions in Section 20-1107 requiring that a retail market analysis be completed by staff for a zoning or site plan application that could result in 100,000 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:

NAICS Code	NAICS Definition
44-45	Retail Trade
722	Food Services and Dining Places
811	Repair and Maintenance
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, as well as the demand within the market. This retail market

¹ Population figures for 1990 provided by the U.S. Census Bureau. Population figure for 2015 is [estimated](#) by the Lawrence-Douglas County Planning & Development Services Department.

analysis aims to measure the amount of space and the type of businesses that are located in commercial zoning districts throughout the City, both of which comprise the supply side of the equation. The retail market is extremely dynamic; therefore, this inventory is merely a snapshot in time taken in October 2015. 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 using the same methodology as the [2006 Retail Market Report](#), [2010 Retail Market Report](#), and [2012 Retail Market Report](#).

This report also continues the analysis conducted in the [2011 Downtown Retail Market Analysis](#). 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 and removed those properties from the Downtown district. The 2012 Retail Market Report corrected the data back to 2006 and updated all of the tables to reflect this correction. This explains why the overall square footage decreased when looking at previous published reports.

Planning staff has developed a model of collecting and analyzing data utilizing Geographic Information Systems (GIS) to provide a more complete picture. The development of this model sets a foundation for the information to be updated 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 building stock. Both *Horizon 2020* and the *Land Development Code* mandate that the inventory and analysis be updated annually. By practice, however, staff tries to update the report bi-annually, or as resources allow.

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, which includes²: CN1, CN2, CO, CD, CC200, CC400, CC600, CR, CS, and any PCD or Commercial PUD. In order to better analyze the data, the market was split into 19 distinct geographical districts. In addition to

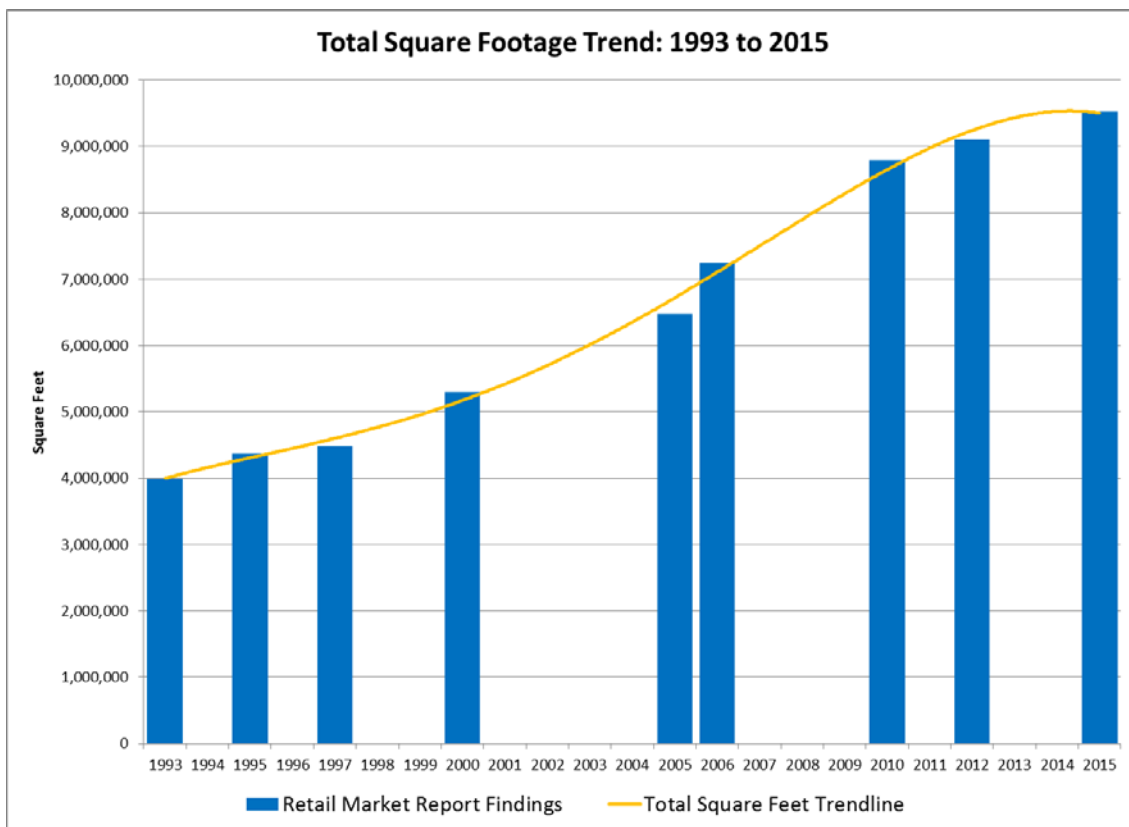
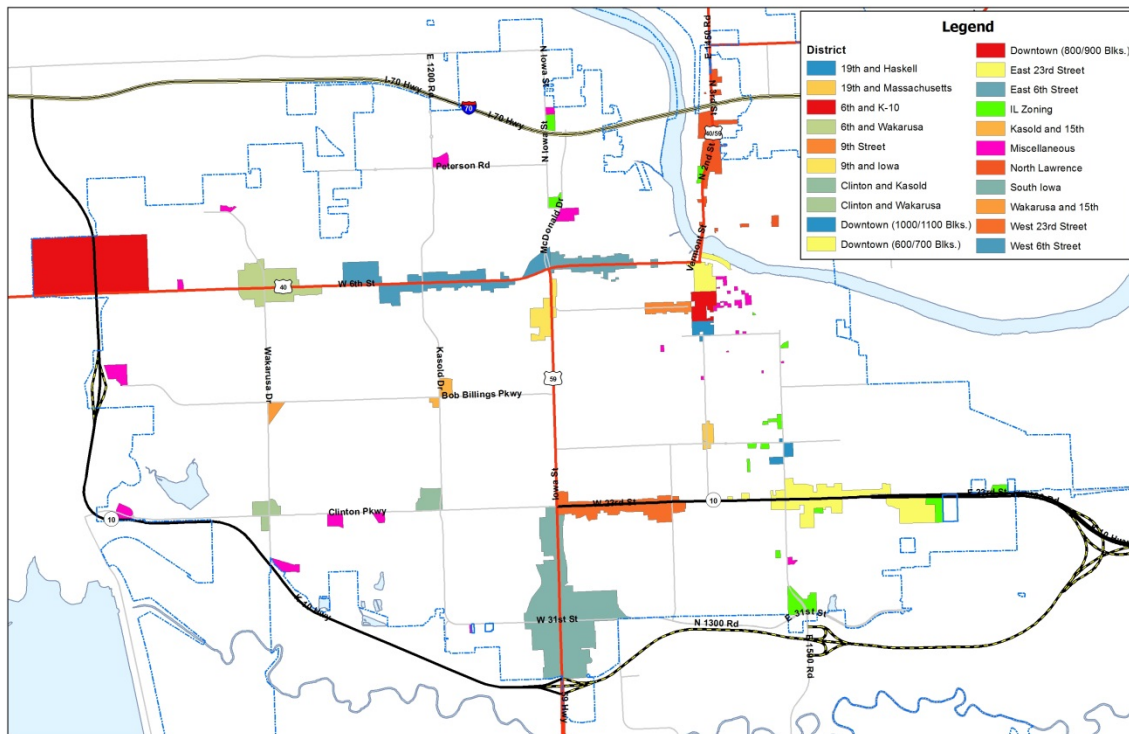
² The MU Zoning District also allows some retail uses. At the time of this report, the area encompassed in MU Zoning was minimal and was not included in this report, but will be included in the next Retail Market Report.

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. Districts 17 (Miscellaneous) and 19 (IL Zoning) contain parcels that are scattered throughout Lawrence and therefore are not geographically contiguous.

Table 2-1: Square Footage by District			
ID	District Name	Total Square Feet	Percent of Total Market Square Footage
1	Clinton & Kasold	129,038	1.4%
2	Clinton & Wakarusa	98,032	1.0%
3	South Iowa	2,339,194	24.5%
4	Kasold & 15th St.	71,800	0.8%
5	Wakarusa & 15th St.	58,300	0.6%
6	East 23rd St.	509,299	5.3%
7	West 23rd St.	769,518	8.1%
8	Downtown	1,637,592	17.2%
9	North Lawrence	312,375	3.3%
10	19th & Massachusetts	106,737	1.1%
11	6th & Wakarusa	445,833	4.7%
12	9th & Iowa St.	338,191	3.5%
13	East 6th St.	309,987	3.3%
14	West 6th St.	1,244,815	13.1%
15	19th & Haskell	31,412	0.3%
16	9th St.	164,260	1.7%
17	Miscellaneous	513,451	5.4%
18	6th & K-10	0	0.0%
19	IL Zoning	448,458	4.7%
Total		9,528,292	100.0%

Overall, the City has a total of 9,528,292 square feet of space in commercial zoning districts. Of the nineteen geographic districts, the South Iowa district contains the most space with 2,339,194 square feet, or a 24.5% share of the market. The Downtown district contains 1,637,592 square feet of space, or a 17.2% share of the market. The third largest district is the West 6th Street district, which contains 1,244,815 square feet or a 13.1% share of the market.

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



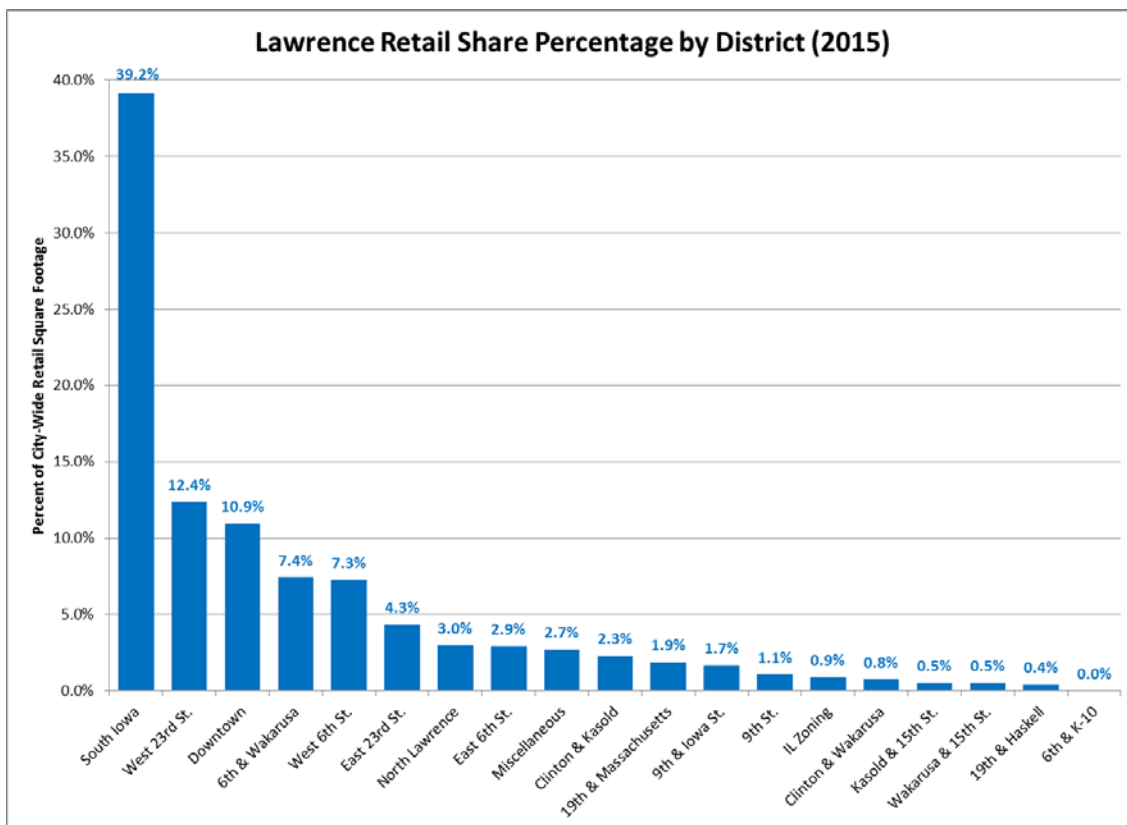
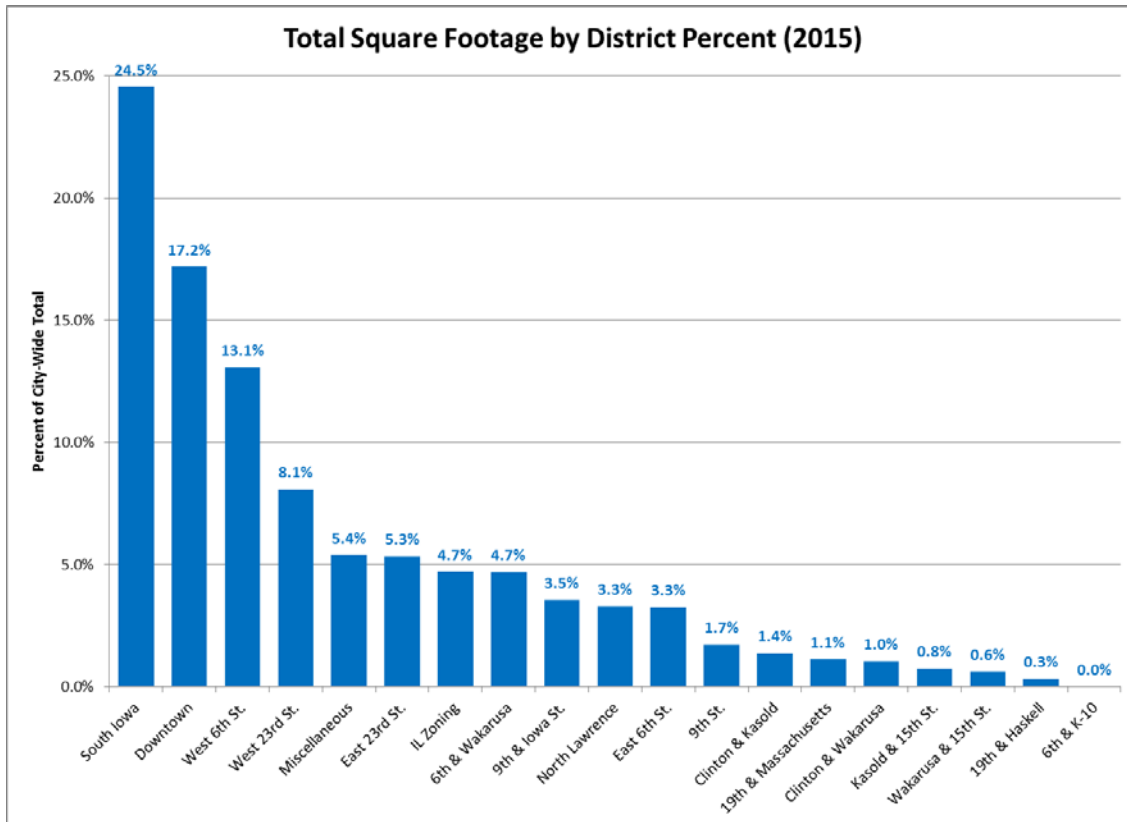
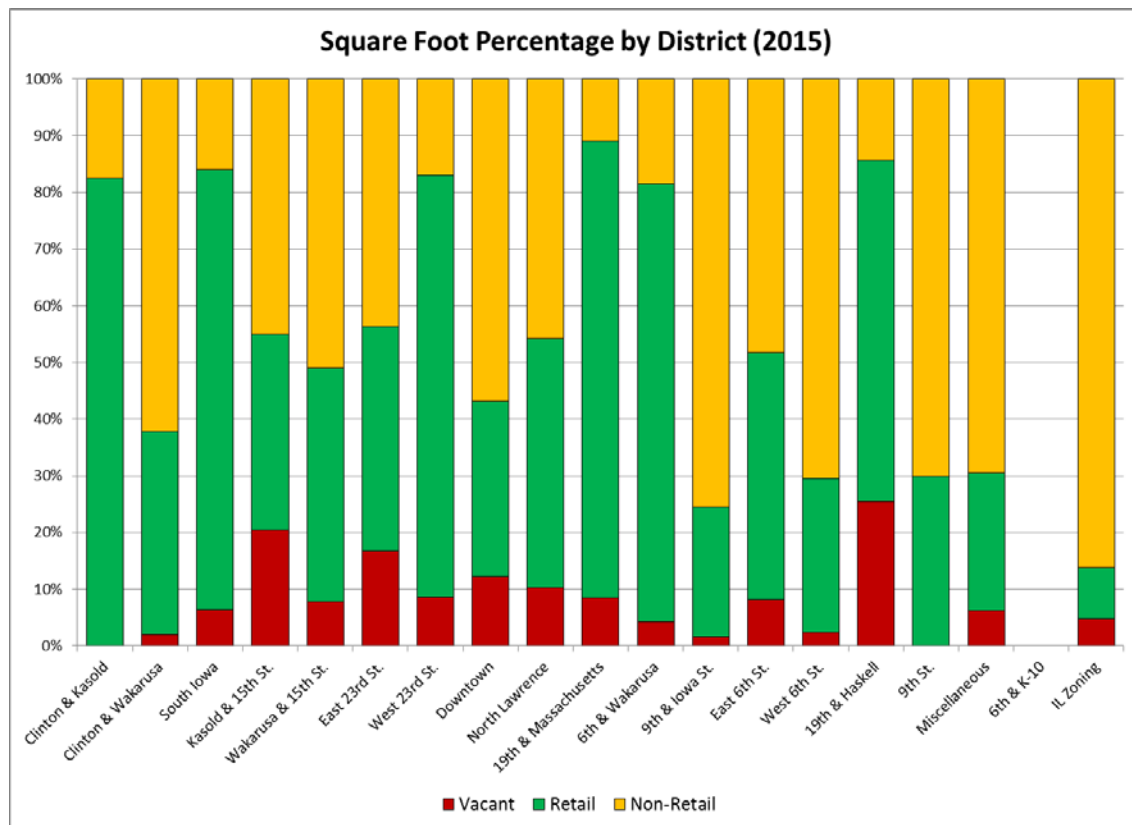


Figure 2.1: District Breakdown

The market as a whole contains 703,720 square feet of vacant space, which equates to a 7.4% vacancy rate for all built space within commercial zoning districts. The 19th and Haskell district (25.5%) and Kasold & 15th St. district (20.4%) have the highest vacancy rates.

As a whole, the entire market contains 4,638,693 (48.7%) square feet of space occupied by retail uses as defined by the *Land Development Code*, and 4,185,879 (43.9%) 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 9th and Iowa districts contain the lowest percentage of retail uses.



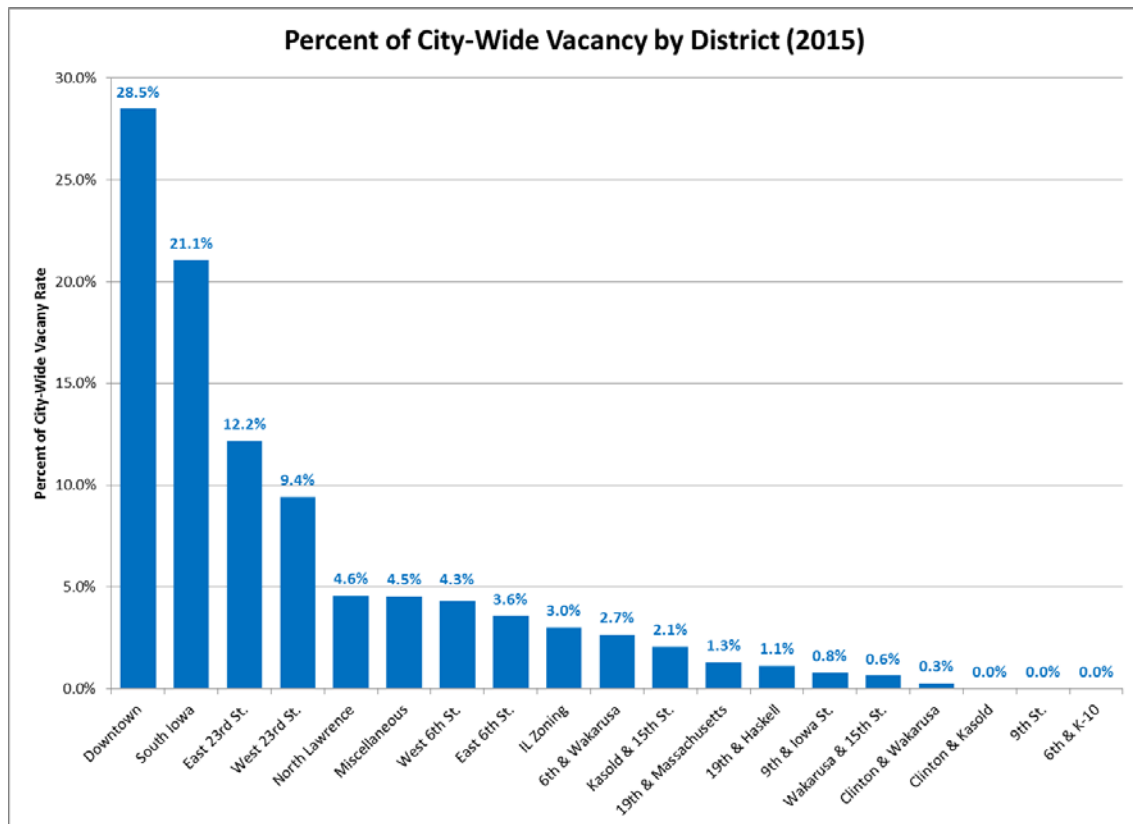


Table 2-2: Percent of Square Feet by District & Use

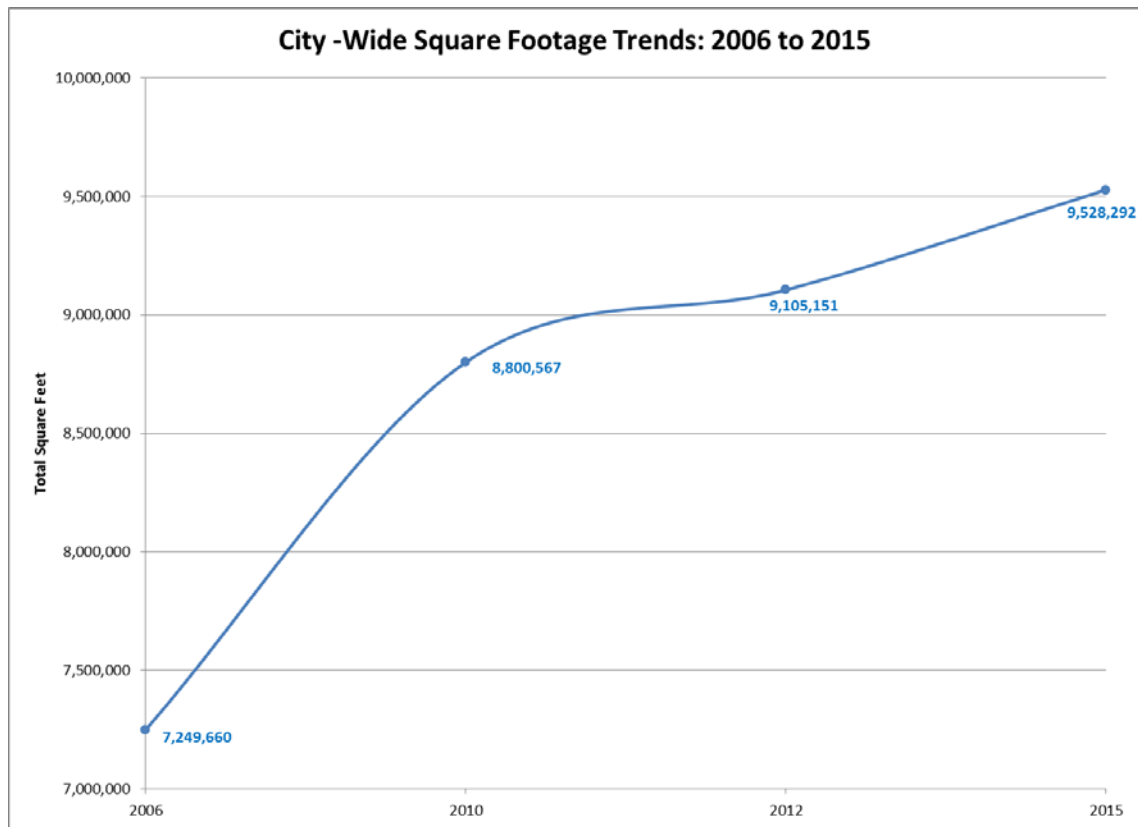
	Total Sq. Ft.		Vacant		Retail		Non-Retail	
Name	Total Sq. Ft.	% of City Total	Vacant	% of Dist. Total	Retail	% of Dist. Total	Non-Retail	% of Dist. Total
Clinton & Kasold	129,038	1.4%	0	0.0%	106,498	82.5%	22,540	17.5%
Clinton & Wakarusa	98,032	1.0%	2,000	2.0%	35,032	35.7%	61,000	62.2%
South Iowa	2,339,194	24.5%	148,162	6.3%	1,816,202	77.6%	374,830	16.0%
Kasold & 15th St.	71,800	0.8%	14,650	20.4%	24,800	34.5%	32,350	45.1%
Wakarusa & 15th St.	58,300	0.6%	4,550	7.8%	24,000	41.2%	29,750	51.0%
East 23rd St.	509,299	5.3%	85,550	16.8%	201,525	39.6%	222,224	43.6%
West 23rd St.	769,518	8.1%	66,358	8.6%	573,005	74.5%	130,155	16.9%
Downtown	1,637,592	17.2%	200,489	12.2%	507,036	31.0%	930,067	56.8%
North Lawrence	312,375	3.3%	32,085	10.3%	137,157	43.9%	143,133	45.8%
19th & Massachusetts	106,737	1.1%	9,000	8.4%	86,102	80.7%	11,635	10.9%
6th & Wakarusa	445,833	4.7%	18,740	4.2%	344,529	77.3%	82,564	18.5%
9th & Iowa St.	338,191	3.5%	5,500	1.6%	77,318	22.9%	255,373	75.5%
East 6th St.	309,987	3.3%	25,175	8.1%	135,201	43.6%	149,611	48.3%
West 6th St.	1,244,815	13.1%	30,246	2.4%	336,354	27.0%	878,215	70.5%
19th & Haskell	31,412	0.3%	8,000	25.5%	18,912	60.2%	4,500	14.3%
9th St.	164,260	1.7%	0	0.0%	49,256	30.0%	115,004	70.0%
Miscellaneous	513,451	5.4%	32,000	6.2%	124,925	24.3%	356,526	69.4%
6th & K-10	0	0.0%	0	0.0%	0	0.0%	0	0.0%
IL Zoning	448,458	4.7%	21,215	4.7%	40,841	9.1%	386,402	86.2%
Total	9,528,292	100%	703,720		4,638,693		4,185,879	

2.b. Historical Trends

As previously noted, 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, for that reason the IL zoning district was included since retail uses are allowed in that district.

Previous market studies completed before 2006 used different criteria to determine what square footage should be counted in their numbers. The market study report that was completed by DSI in 2005 tried to identify space that was designed for retail uses, independent of their location. The study conducted by Professor McClure in 1997 also identified space in distinct districts throughout the city 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 than studies conducted by the Planning Department since 2006. 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.



This study follows a model developed by staff and utilized for the 2006, 2010, and 2012 Retail Market Reports. The intent is that from each study-year forward, this model will be followed to yield data that can be compared and provide reliable historic trend information.

The following table details historical trends for total 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 2012 numbers.

Table 2-3: Square Footage Trends		
	Square Feet	Percent Change from Previous Study
1993	3,984,509	
1995	4,372,183	9.73%
1997	4,484,011	2.56%
2000	5,299,404	18.18%
2005	6,479,100	22.26%
2006	7,249,660	11.89%
2010	8,800,567	21.39%
2012	9,105,151	3.46%
2015	9,528,292	4.65%

Table 2-4: Average Annual Change	
1995-2000	3.92%
2000-2005	4.10%
2005-2010	6.32%
2010-2015	1.60%

While this table shows an increase of over 2.28 million square feet to the market from 2006 to 2015, 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 previous studies. Staff also has worked to continually improve and refine the listed square footages within each district as buildings are constructed or renovated.

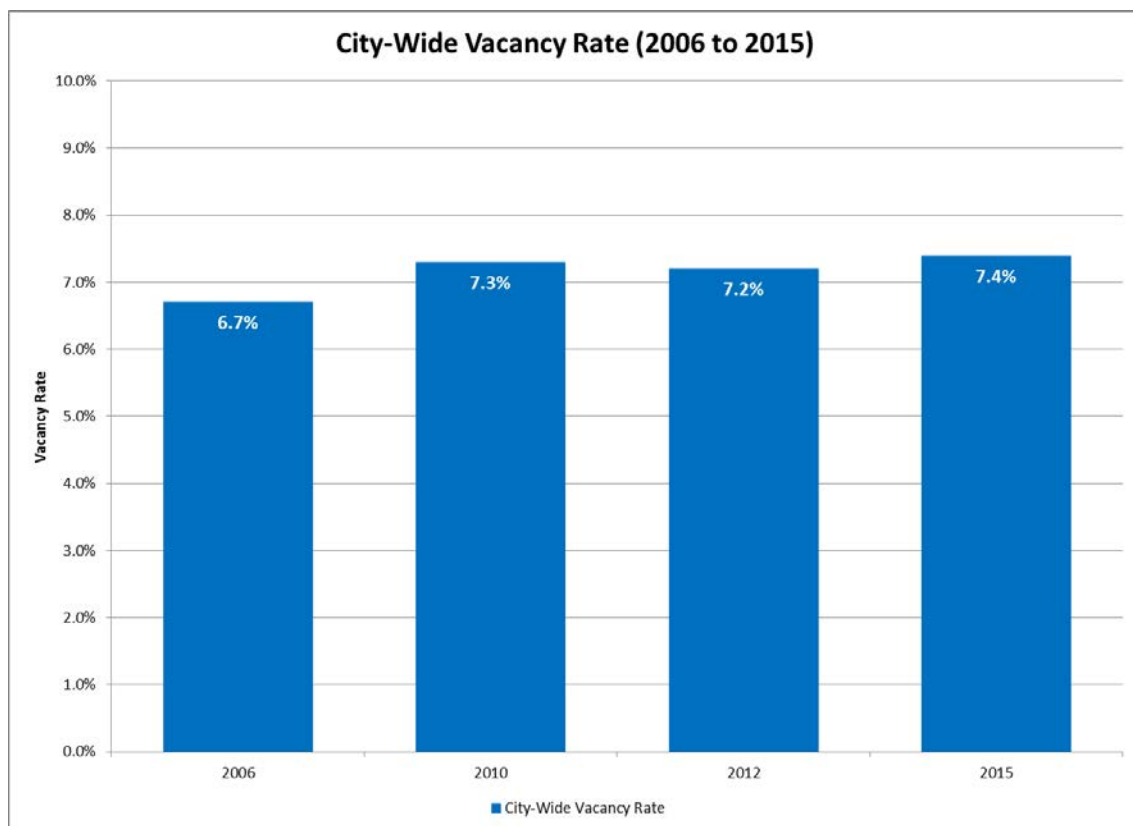


Table 2-5: Comparison of Percent of Square Footage by District per Use

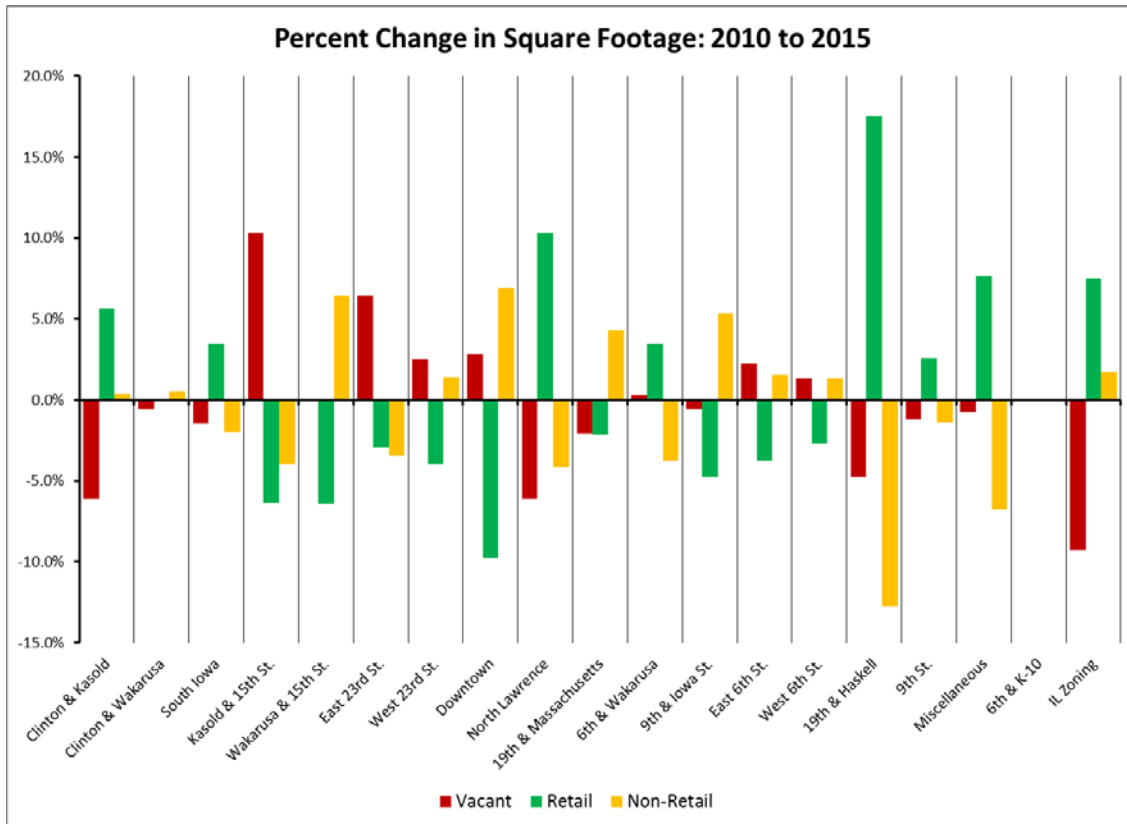
District	District Name	Vacant				Retail				Non-Retail		
		2012	2015	% Change		2012	2015	% Change		2012	2015	% Change
1	Clinton & Kasold	6.1%	0.0%	-6.1%		76.9%	82.5%	5.6%		17.1%	17.5%	0.4%
2	Clinton & Wakarusa	2.6%	2.0%	-0.6%		35.7%	35.7%	0.0%		61.7%	62.2%	0.5%
3	South Iowa	7.8%	6.3%	-1.5%		74.2%	77.6%	3.4%		18.0%	16.0%	-2.0%
4	Kasold & 15th St.	10.1%	20.4%	10.3%		40.9%	34.5%	-6.4%		49.0%	45.1%	-3.9%
5	Wakarusa & 15th St.	7.8%	7.8%	0.0%		47.6%	41.2%	-6.4%		44.6%	51.0%	6.4%
6	East 23rd St.	10.4%	16.8%	6.4%		42.5%	39.6%	-2.9%		47.1%	43.6%	-3.5%
7	West 23rd St.	6.1%	8.6%	2.5%		78.4%	74.5%	-3.9%		15.5%	16.9%	1.4%
8	Downtown	9.4%	12.2%	2.8%		40.7%	31.0%	-9.7%		49.9%	56.8%	6.9%
9	North Lawrence	16.4%	10.3%	-6.1%		33.6%	43.9%	10.3%		50.0%	45.8%	-4.2%
10	19th & Massachusetts	10.5%	8.4%	-2.1%		82.8%	80.7%	-2.1%		6.6%	10.9%	4.3%
11	6th & Wakarusa	3.9%	4.2%	0.3%		73.8%	77.3%	3.5%		22.3%	18.5%	-3.8%
12	9th & Iowa St.	2.2%	1.6%	-0.6%		27.6%	22.9%	-4.7%		70.2%	75.5%	5.3%
13	East 6th St.	5.9%	8.1%	2.2%		47.4%	43.6%	-3.8%		46.7%	48.3%	1.6%
14	West 6th St.	1.1%	2.4%	1.3%		29.7%	27.0%	-2.7%		69.2%	70.5%	1.3%
15	19th & Haskell	30.2%	25.5%	-4.7%		42.7%	60.2%	17.5%		27.1%	14.3%	-12.8%
16	9th St.	1.2%	0.0%	-1.2%		27.4%	30.0%	2.6%		71.4%	70.0%	-1.4%
17	Miscellaneous	7.0%	6.2%	-0.8%		16.7%	24.3%	7.6%		76.2%	69.4%	-6.8%
18	6th & K-10	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
19	IL Zoning	14.0%	4.7%	-9.3%		1.6%	9.1%	7.5%		84.4%	86.2%	1.8%
Total		7.2%	7.4%	0.2%		48.7%	48.7%	0.0%		44.1%	43.9%	-0.2%

Within the Midwest-Great Plains region, the vacancy rate is 8.7%³, which is 1.3% higher than the vacancy rate within Lawrence.

While the overall vacancy rate has remained relatively stable over the last nine years, there have been wide fluctuations within certain districts between 2012 and 2015. Of note, the Kasold & 15th district went from a 10% vacancy rate in 2012 to a 20% vacancy rate in 2015, while the IL Zoning district went from a 14% vacancy rate in 2012 to a 4.7% vacancy rate in 2015.

The majority of the districts remained constant in their split between retail and non-retail uses, except the North Lawrence district and the 19th and Haskell districts, which both showed over 10% more non-retail uses than in 2012.

³ [DTZ National Retail Review](#)

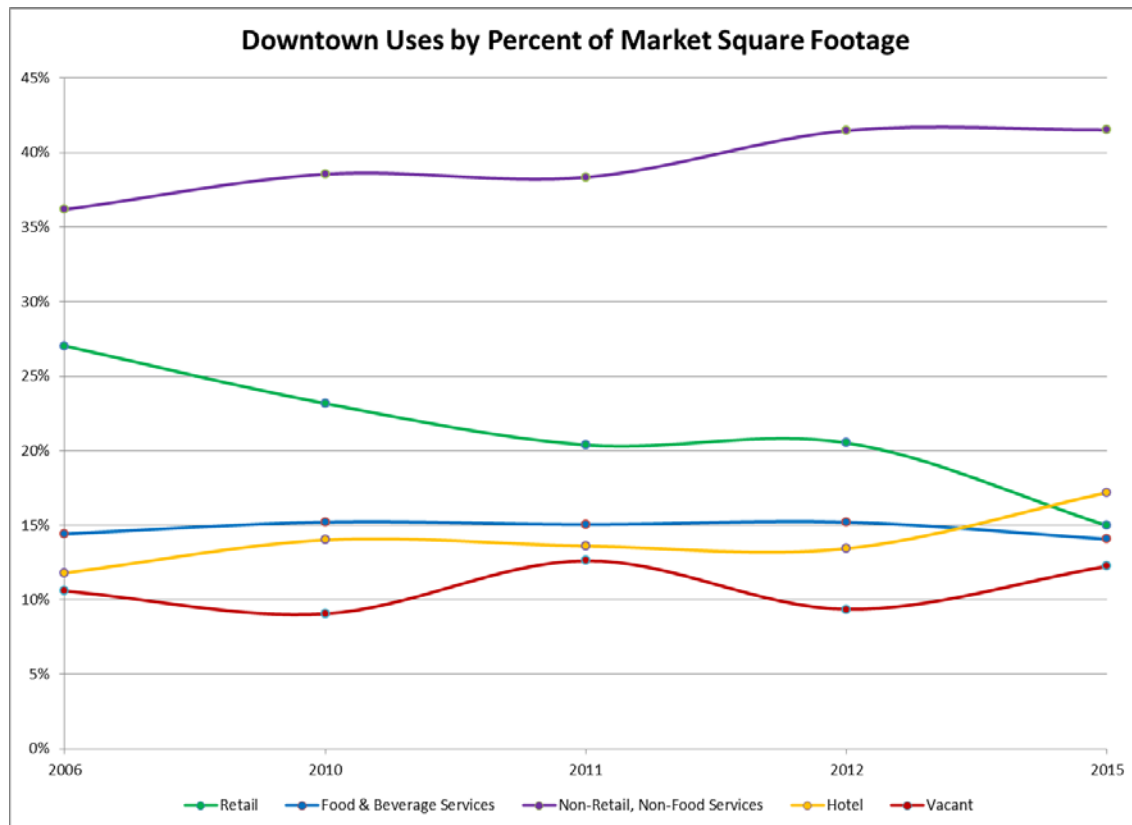


2.c.Downtown District Analysis

This section provides a detailed analysis of the types of uses located in Lawrence's Downtown district. The data originates from this Retail Market Report, a 2011 re-survey of the Downtown district, the 2006, 2010 and 2012 Lawrence Retail Market Report.

	2006		2010		2011		2012		2015	
	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%
Retail	378,939	27%	356,205	23%	322,619	20%	328,863	21%	245,318	15%
Food & Beverage Services	202,050	14%	233,900	15%	238,225	15%	243,667	15%	230,346	14%
Non-Retail, Non-Food Services	507,175	36%	592,595	39%	606,845	38%	664,530	41%	679,982	42%
Hotel	165,334	12%	215,334	14%	215,334	14%	215,334	13%	281,457	17%
Vacant	148,541	11%	139,305	9%	199,698	13%	149,927	9%	200,489	12%
Total	1,402,039		1,537,339		1,582,721		1,602,321		1,637,592	

Since the last Retail Market Report, two large properties in the Downtown area have become vacant or partially vacant. The former Border's building and space within the Riverfront Mall have recently turned over without a new tenant filling these spaces. The vacancy rate with these properties included is 12.2%. The vacancy rate if these spaces were occupied would fall to 4.8%.

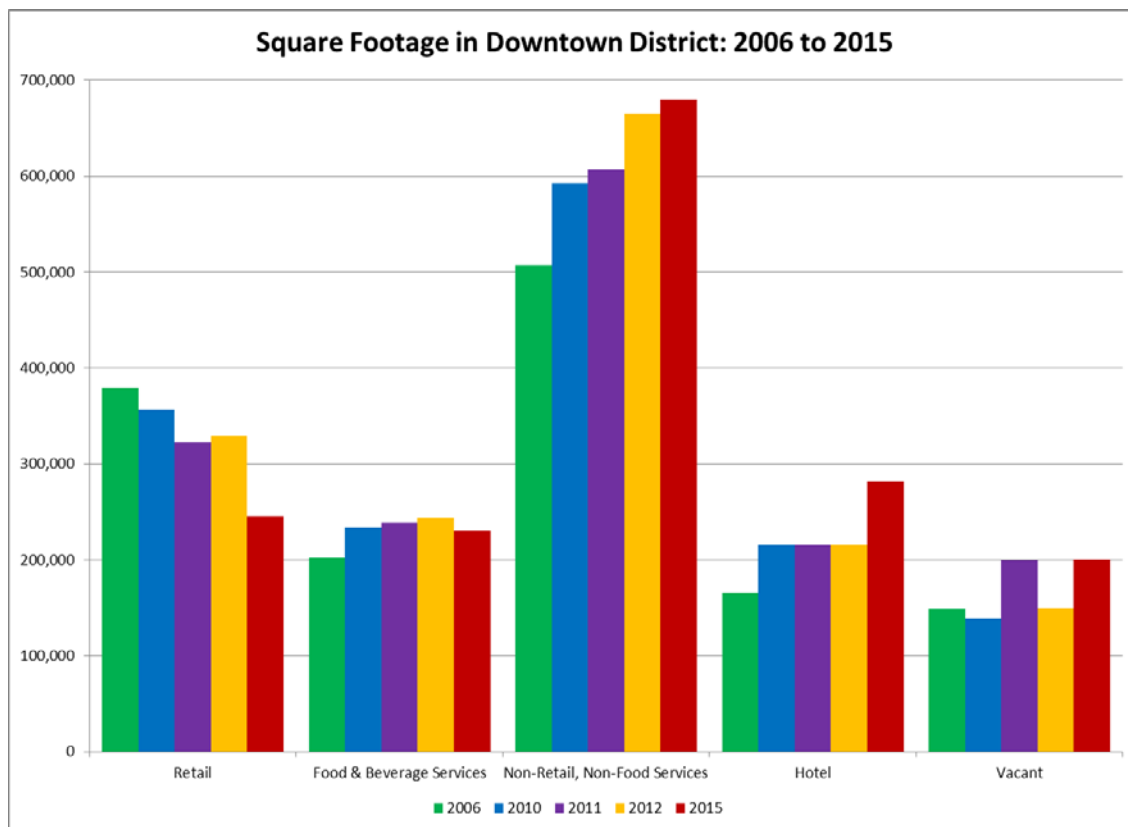


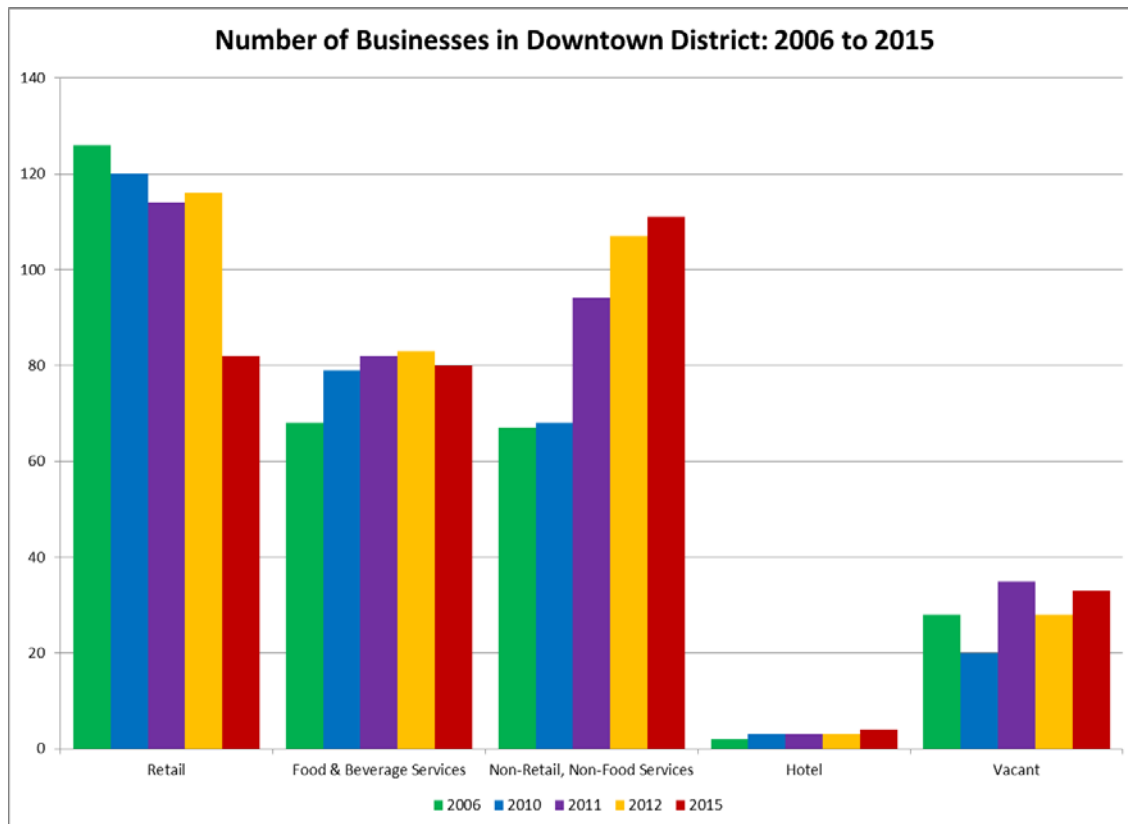
In the Downtown district, the largest use category is Non-retail, Non-food services, which makes up 42% of the total square footage in the Downtown district. Typical uses in this category would be professional offices, financial institutions, light manufacturing uses, religious institutions, and any 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 14% of the total square footage, even though the amount of square footage has grown by roughly 235,553 square feet since 2006. Vacant square footage was at 11% in 2006, fell to 9% in 2010, rose to 13% in 2011 and fell to 9% in 2012. It is presently 12%.

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: Businesses by Use in Downtown District (2006-2015)										
	2006		2010		2011		2012		2015	
Use	No.	%	No.	%	No.	%	No.	%	No.	%
Retail	126	43%	120	41%	114	35%	116	34%	82	26%
Food & Beverage Services	68	23%	79	27%	82	25%	83	25%	80	26%
Non-Retail, Non-Food Services	67	23%	68	23%	94	29%	107	32%	111	36%
Hotel	2	1%	3	1%	3	1%	3	1%	4	1%
Vacant	28	10%	20	7%	35	11%	28	8%	33	11%
Total	291		290		328		337		310	





In 2015, Non-retail, Non-food services uses make up the largest category in terms of square footage, and the largest category in terms of the number of businesses. Retail uses have the second highest number of businesses, while having the third highest amount of square footage in the district. Food Services have 14% of the total square footage, but 26% of the total number of businesses.

Overall, the percentage of total square footage that strictly Retail uses are occupying has declined slightly since 2012, while the percentage of total square footage dedicated to Food Services has remained stable. The vacancy rate has fluctuated slightly since 2006, but has remained between 9% and 13%.

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

The City has numerous projects (over 50,000 square feet) that have received various levels of approvals, but not developed, and therefore are “in process.” Together, these projects total roughly 1.1 million square feet of retail space being added to the City.

Table 2.7: Proposed Projects	
Project	Square Footage
North Mass ⁴	215,000
Mercato (NE Corner 6 th and K-10)	359,640
Gateway (NW Corner 6 th and K-10)	155,000
Langston Commons	125,000
Fairfield Farms	200,000
31 st and Ousdahl – Phase II	65,000
Total	1,119,640

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 2015, the per capita figures show that the City of Lawrence has roughly 98 square feet of commercial space per capita, and roughly 48 square feet per capita of retail uses within that commercial space. This is a 21% increase in commercial space per capita from 2006 to 2015. In addition, the city collects roughly \$149 in sales tax per capita, which is a 9% increase since 2006.

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
2015	97,193	9,528,292	98.0	4,638,693	47.7	\$14,454,081 ⁵	148.7

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 2007.⁶ 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

⁴ Square footage listed for North Mass is approximate only.

⁵ Sales Tax Figures are for Calendar Year 2014

⁶ According to the *International Council of Shopping Centers*

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 2015 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.

Table 3-2: Per Capita Sales Tax Trends			
Year	Population Estimates ⁷	Adjusted Sales Tax Collections (2014 Dollars)	Per Capita Sales Tax
2014	97,193	\$14,454,081	\$149
2013	96,292	\$14,106,001	\$148
2012	93,944	\$14,016,866	\$149
2011	93,116	\$13,594,807	\$146
2010	92,727	\$13,419,861	\$145
2009	91,464	\$13,867,924	\$152
2008	90,866	\$14,182,128	\$156
2007	90,311	\$14,219,312	\$157
2006	89,690	\$14,397,256	\$161
2005	88,664	\$14,354,138	\$162
2004	87,184	\$14,335,589	\$164
2003	85,282	\$14,042,172	\$165
2002	83,495	\$14,198,682	\$170
2001	81,457	\$14,356,434	\$176
2000	80,098	\$14,262,254	\$178
1995	73,419	\$13,090,698	\$178
1990	65,608	\$11,025,341	\$168
Avg. Per Capita Sales Tax 2004-2014			\$154
Avg. Per Capita Sales Tax 2009-2014			\$148
Avg. Per Capita Sales Tax 2000-2005			\$169
Avg. Per Capita Sales Tax 1995-2000			\$178
Avg. Per Capita Sales Tax 1990-1995			\$173

On average, \$149 in sales tax was collected in 2014 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 \$123.⁸ The

⁷ [Population Estimates](#) produced by Planning and Development Services Staff

⁸ U.S. Census Bureau

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.

3.b. Sales Tax Analysis

As of July 1, 2015, the State of Kansas collects a 9.05% sales tax on goods and services in the City of Lawrence. 6.5% 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. During the 2014 sales tax reporting period, the State of Kansas collected a 8.85% sales tax, because the State portion of the sales tax was 6.3%. 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.

The South Iowa District contains both the highest amount of square footage and the highest amount of sales tax collected, and both figures have climbed slightly since 2006.

The figures are derived from a Lawrence sales tax collection file provided by the State of Kansas Department of Revenue, and 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. Staff has been analyzing the data since 2006; however, a different file was provided in 2014 that appears to be more reliable. Therefore, while a general comparison over time can be made, it should be noted that the 2014 sales tax figures by district may be different than past years. Going forward, the State will provide files similar to 2014 which will enable better comparisons over time.

Table 3-3: Retail Sales Tax by District

		2009			2012			2015		
District	District Name	% of Market Share Sq. Ft.	% of Market Share Sales Tax	Ratio Sales Tax to Sq. Ft.	% of Market Share Sq. Ft.	% of Market Share Sales Tax	Ratio Sales Tax to Sq. Ft.	% of Market Share Sq. Ft.	% of Market Share Sales Tax	Ratio Sales Tax to Sq. Ft.
1	Clinton & Kasold	1.5%	2.4%	2.3	1.5%	2.3%	2.4	1.4%	2.7%	3.1
2	Clinton & Wak.	1.1%	1.0%	1.3	1.1%	0.9%	1.2	1.0%	0.1%	0.2
3	South Iowa	22.7%	37.0%	2.3	22.8%	38.4%	2.5	24.5%	40.9%	2.5
4	Kasold & 15th	0.8%	0.4%	0.7	0.8%	0.4%	0.8	0.8%	0.4%	0.8
5	Wakarusa & 15th	0.6%	0.5%	1.2	0.6%	0.5%	1.2	0.6%	0.2%	0.5
6	East 23rd St	5.7%	4.6%	1.2	5.5%	4.7%	1.3	5.3%	4.8%	1.4
7	West 23rd St	8.1%	16.3%	2.9	8.2%	16.4%	3.0	8.1%	12.8%	2.4
8	Downtown	17.5%	14.6%	1.2	17.6%	15.0%	1.3	17.2%	9.5%	0.8
9	North Lawrence	3.6%	0.7%	0.3	3.5%	0.4%	0.2	3.3%	1.0%	0.5
10	19th & Mass.	1.1%	0.6%	0.7	1.2%	0.5%	0.6	1.1%	2.5%	3.4
11	6th & Wakarusa	4.3%	8.9%	3.0	4.3%	9.4%	3.3	4.7%	9.1%	2.9
12	9th & Iowa	3.4%	1.6%	0.7	3.3%	1.5%	0.7	3.5%	3.7%	1.6
13	East 6th	3.5%	1.4%	0.6	3.4%	1.2%	0.5	3.3%	2.2%	1.0
14	West 6th	14.6%	6.2%	0.6	14.1%	5.9%	0.6	13.1%	7.9%	0.9
15	19th & Haskell	0.4%	0.6%	2.4	0.3%	0.2%	0.9	0.3%	0.0%	0.1
16	9th Street	1.9%	1.2%	0.9	1.8%	0.9%	0.7	1.7%	0.5%	0.4
17	Miscellaneous	5.6%	1.8%	0.5	5.6%	1.2%	0.3	5.4%	1.2%	0.3
18	6th and K-10	0.0%	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0%	0.0
19	IL Zoning	3.7%	0.2%	0.1	4.4%	0.2%	0.1	4.7%	0.4%	0.1
Lawrence Market Overall				1.4			1.5			1.5

The above table measures the percent of market share of square footage (supply) and sales tax collected for each district, as well as the ratio of sales tax collected to square footage. The ratio of sales tax collected to square footage of commercial space aims to measure how much tax is produced per square foot. Of note, the South Iowa district has roughly 25% of the square footage of commercial space and collects roughly 41% of the tax, which results in a ratio of sales tax to square footage of 2.5 in 2015. This ratio has remained constant since 2009, even though the district has grown in size. The Downtown district has roughly 17% of the square footage of commercial space and collects roughly 9.5% of the tax in 2015. The ratio of sales tax to square footage for the Downtown district has fallen from 1.2 in 2009 to .8 in 2015. This may be due to the difference in users in the Downtown area as compared with other areas in town, since there has been an increase in non-retail uses and sales tax is not

collected on alcohol sales. While individual districts have fluctuated in their portion of the market share and sales tax collections, the City-wide ratio has maintained a stable ratio over the last 6 years since the 2007 to 2009 recession.⁹

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.

Fiscal Year	Collections	Per Capita	Pull Factor	Trade Area Capture	% of County Sales	Population¹⁰
2014	\$82,384,844	\$907	1.04	94,760	93.0%	90,811
2013	\$81,747,115	\$913	1.07	95,424	92.9%	89,512
2012	\$79,524,295	\$896	1.07	94,639	93.0%	88,727
2011	\$74,699,896	\$852	1.07	93,560	92.8%	87,643
2010	\$61,696,381	\$674	1.02	93,630	92.4%	91,611
2009	\$67,723,146	\$696	.99	89,630	92.3%	90,083
2008	\$63,864,019	\$714	.99	88,638	92.5%	89,415
2007	\$61,894,678	\$702	1.02	89,985	92.4%	88,168
2006	\$60,892,108	\$748	1.12	90,982	91.3%	81,379
2005	\$58,300,971	\$716	1.11	90,058	90.9%	81,417

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 pull factor of 1.07 for 2012, resulting in a favorable balance of trade. The pull factor fell slightly to 1.04 in 2014.

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

⁹ National Bureau of Economic Research, [US Business Cycle Expansions and Contractions](#)

¹⁰ These population estimates are from the Kansas Department of Revenue.

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 2014. Of important note is that while the pull factor fell slightly from 1.07 in 2013 to 1.04 in 2014, the trade area capture remained steady at 93%.

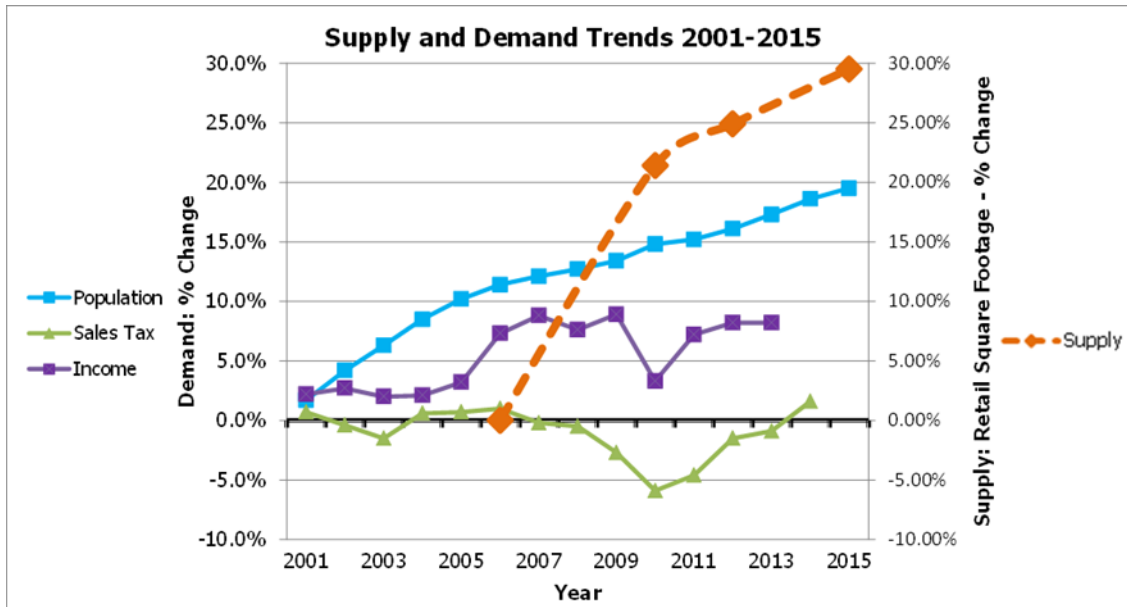
Table 3.5: Historical City & County Trade Pull Factors		
Fiscal Year	City of Lawrence	Douglas County
2014	1.04	.89
2013	1.07	.91
2012	1.07	.91
2011	1.07	.91
2010	1.02	.86
2009	.99	.85
2008	.99	.85
2007	1.02	.87
2006	1.12	.97
2005	1.11	.99
2004	1.10	.96
2003	1.06	.93

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 2008 to 2013, the population of the City of Lawrence grew an average of .9% a year; however, there was a .1% average annual decrease in sales tax collections and a .1% average annual increase 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. Since 2010, sales tax figures have been showing positive growth.

Table 3-6: Population, Sales Tax and Income Trends

Year	Population	Avg. Annual % Change Population	Adjusted Sales Tax Collections 2014 Dollars	Avg. Annual % Change Sales Tax	Adjusted Per Capita Income 2013 Dollars	Avg. Annual % Change Income
2015	97,193	0.9%				
2014	96,292	1.3%	\$14,454,081	2.5%		
2013	95,065	1.2%	\$14,106,001	0.6%	\$36,911	0.0%
2012	93,944	0.9%	\$14,016,866	3.1%	\$36,905	1.0%
2011	93,116	0.4%	\$13,594,807	1.3%	\$36,551	3.9%
2010	92,727	1.4%	\$13,419,861	-3.2%	\$35,191	-5.6%
2009	91,464	0.7%	\$13,867,924	-2.2%	\$37,280	1.3%
2008	90,866	0.6%	\$14,182,128	-0.3%	\$36,807	-1.2%
2007	90,311	0.7%	\$14,219,312	-1.2%	\$37,251	1.5%
2006	89,690	1.2%	\$14,397,256	0.3%	\$36,707	4.1%
2005	88,664	1.7%	\$14,354,138	0.1%	\$35,262	1.1%
2004	87,184	2.2%	\$14,335,589	2.1%	\$34,887	0.1%
2003	85,282	2.1%	\$14,042,172	-1.1%	\$34,857	-0.7%
2002	83,495	2.5%	\$14,198,682	-1.1%	\$35,086	0.5%
2001	81,457	1.7%	\$14,356,434	0.7%	\$34,905	2.2%
2000	80,098		\$14,262,254		\$34,162	
1995	73,419		\$13,090,698		\$29,187	
1990	65,608		\$11,025,341		\$35,557	
Average Annual Change						
2009-2014		1.0%		0.9%		
2008-2013		0.9%		-0.1%		0.1%
2005-2010		0.9%		-1.3%		0.0%
2000-2005		2.1%		0.1%		0.6%
1995-2000		1.8%		1.8%		3.4%
1990-1995		2.4%		3.7%		-3.6%



4. Conclusion

On the supply side, the City of Lawrence contains over 9.5 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 the 9.5 million square feet of space in commercial zoning districts, 49% is occupied by strictly retail uses. The overall City-wide vacancy rate for space in commercial zoning districts is 7.4%. This vacancy percentage is less than the 8% threshold established by *Horizon 2020* and it remains relatively steady when compared to the vacancy number of 6.9% in 2006, 7.3% in 2010, and 7.2% in 2012.

On the demand side, population growth has been slowing down from historical highs of over 4% in the 1990s to an average of less than 1% a year for the last five years. The same is true for both incomes and sales tax revenues. The positive 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.

The overall market health for Lawrence has remained consistent in terms of both city-wide vacancy rates, sales tax to square footage ratios, and in the overall market shares of the three largest commercial districts as defined for this report. Lawrence has also maintained a positive pull factor, indicating that Lawrence businesses are continuing to attract sales from populations beyond the city limits. While subtle fluctuations can be seen within the report's districts, on the balance, the retail market health in Lawrence is stable.