Economic / Market Assessment

This section of the plan identifies the major demographic and economic trends that are occurring and provides metropolitan area and community economic and demographic characteristics. These trends and characteristics set the economic and market context for future development of the Raytown CBD and are essential to evaluating the feasibility of the CBD plan.

Changing Consumer Demographics

There are a number of significant demographic trends that will affect retail, housing, entertainment, and office employment over the next decade. These demographic trends provide the context for the economic profile that follows. These are described below.

The Aging Baby Boom
The first U.S. baby boomers turned 50 in 1996. This group, the 77 million born between 1946 and 1964 in the U.S., will continue to have an enormous impact on society and the economy as it ages. Between 1997 and 2002, the number of households aged 25-44 will decline by 1.7 million, to 43 million. At the same time, the number of households aged 45 to 64 will increase by 5.5 million, to 37 million. By 2008, the older cohort will be larger than the younger group, at 43 million to 40 million.

Because of the wide age span of the baby boom generation—currently between 37 and 55—there is no single lifestyle that describes them. While the oldest of the boomers may be moving into the empty nester niche, many younger boomers have children under 18 still at home. They may be looking forward to retirement, or beginning a second or third career. Baby boomers account for nearly 30% of the Raytown population, according to the 2000 census.

This generation is moving into its peak earning years. This creates both more disposable income combined with less time to dispose of it, presenting both niche opportunities and challenges.

For many, shopping has become a chore rather than a pastime. WSL Strategic Retail's *How America Shops* survey shows that boomers are shopping less often in department stores, malls and specialty and discount clothing stores, and more frequently in supermarkets, drug stores, and non-clothing specialty stores.

Baby boomers are looking for solutions. Increased supermarket shopping may be because supermarkets have started offering broader varieties of food and selling solutions such as home meal replacement and prepared foods. Drug stores and vitamin shops are also selling solutions, helping boomers look and feel better. To make baby boomer customers happy, retailers must provide superior customer service. In addition, the retail experience should be entertaining as well.

Marketing and merchandizing strategies that worked with baby boomers' parents are likely to be ineffective and potentially alienating. They do not perceive themselves as "old." They will not respond to marketing that has a negative connotation of "mature" or "graying" customers.

Areas where baby boomers are expected to spend significantly include vitamins, travel, home improvement products, new experiences and nostalgia.

For residential development, new niche markets such as downtown housing are supported by the changing demographics.

Active Seniors
Another growing demographic is the active senior niche. This group is generally semi- or fully retired, aged 55 to 75. In general, they have money and time. This age group comprises 19% of the Raytown population.

This age group is increasingly likely to be college educated. They have significant financial resources in the form of savings accounts, pensions, home equity and investments.

They are likely to be a growing segment of the urban residential market, as they begin to seek housing that is lower maintenance than the traditional single-family home, with access to shopping, entertainment and restaurants, health care and cultural institutions. As baby boomers continue to move into the empty nester years, they also are a prime market niche for urban style housing.

"Echo Boom"
The baby boomlet or echo boom is also a generation to be reckoned with. The children of the baby boomers, they are currently between the ages of 7 and 24. This generation totals 72 million people. In Raytown, the echo boom age group accounts for nearly one-quarter of the population. Dubbed "Gen Y", this generation is media savvy, and is growing up computer literate. The Internet is the medium of choice for this age group. This generation is nearly as large as the baby boom generation. In increasingly time-pressed households, this generation is also influencing (and in some cases, making) purchase decisions. It is estimated that children influence 17% of family spending in product categories ranging from cars to vacation packages, and they control as much as 80% of the decisions for some food purchases.

The oldest of the echo boomers are currently forming their first households. The number of households headed by someone under 25 is projected to increase by 600,000 between 1997 and 2002.

Retail choice is a key issue for echo boomers. High educational attainment levels mean that this group will embrace the trend toward e-commerce. Growing up with malls and cable television has given them sophisticated tastes. Yet relatively low incomes make them bargain hunters.

Changing Households

There are more two-income family households, as well as more single parent households then ever before. In addition, the number of households without children is growing.

The percentage of married women with children working outside the home increased by nearly 70 percent between 1970 and 1995 in the U.S. Women account for nearly half the labor force in the U.S. By early in the 21st century, it is expected that nearly 80% of all women aged 25-54 will be in the labor force.

The 2000 Census provides further evidence of the changing household composition. Households composed of married couples with children account for just 24% of all households in the U.S, down from 45% in the early 1970s. Households made up of unmarried people with no children accounted for 36% of all households in 1998, more than double the percentage in 1972. Further, the percentage of children living with just one parent increased nearly fourfold, from 4.7% in 1972 to 18.2% in 1998. According to Census estimates, the number of households without children is expected to reach 72% by 2010, up from 66% in 1990.

The size of households has changed as well. The size of the average American household has decreased by 26% over the last 50 years, and is projected to fall by another 4% over the next decade. Large households (5 or more people) have dropped by half since 1970. The number of single person households has doubled during the same period, and now accounts for 26% of all U.S. households.

These household composition shifts are also occurring in Raytown. Non-family households increased by 24% between 1990 and 2000, while the total number of households in Raytown only increased by one percent. The percentage of non-family households increased from 29% in 1990 to 35% in 2000. The percentage of single-person households increased as well between 1990 and 2000, from 26% to 30%.

The number of non-married female head of households increased as well. This household segment increased by 39% between 1990 and 2000. In 1990, 52% of female householders lived with one or more of their own children. By 2000, 59% of this household type had one or more children living with them.

Trends Affecting Real Estate and Development

Office Market Trends

Technology has major implications for office development. In the U.S. corporations are changing the traditional office with alternative strategies, including telecommuting, office hoteling, and flexible office spaces. In 1993, telecommuters numbered less than 2 million. A year later, the number had risen to 7.8 million. By 1997, the number had doubled to 14 million. It's now estimated that more than 30 million will work from home at least part of the time.

In general, these trends have decreased the effective amount of office space per employee: the standard was 180 to 200 square feet per employee and is now effectively 75 to 100 square feet per employee. Therefore, overall demand for office space is less than previously, as companies try to do more with less space.

In addition to the "traditional" infrastructure, firms are placing an increased value on the information infrastructure--fiber optics, Internet access, cellular service, etc. As the place where "work" occurs diversifies--no longer just the office or the factory, but in homes, cars, airplanes, hotels and customers' offices, among other locations--the ability to support that work function will become even more important as a locational factor and a competitive advantage.

Another issue is that, as large firms downsize, more people are starting new businesses, becoming contract workers, or being hired on a project by project basis. This is changing space requirements. These new companies may begin at home, and may eventually outgrow that space. Therefore, executive suites and smaller space configurations are proliferating.

Also, office-based businesses must keep employees happy, especially in tight labor markets like Kansas City. Therefore, nearby amenities—restaurants, daycare, services and retail—are important. Firms are seeking locations that offer more than a "sterile" business park setting. Mixed-use districts offer a different, more unique location.

Consumer Trends Affecting Retail

According to Roger Blackwell, author of *From Mind to Market: Reinventing the Retail Supply Chain,* "the 21st century will be the century of the consumer. Marketers will have to push their understanding beyond knowing *what* people buy to knowing *why* they buy."

Four of the key motivational forces shaping the consumer mind-set were recently identified in an *American Demographics* article. Each is briefly described below.

- **The shrinking day**: Time-crunched lifestyles—trying to squeeze "25/8" into "24/7"-- will lead people to decrease the amount of time they spend on unpleasant tasks, according to Blackwell. This means less housework and home maintenance and more dining out. Brand name shopping may increase to make shopping decisions quicker and easier. In the 21st century, value will become a matter of freedom, not price. Consumers will value time, service and convenience. Those pressed for time are likely to favor small shops over large ones, spend less time comparing prices, use technology to reduce transaction time, and patronize businesses that make life easier.

- **The connectedness craze**: According to U.S. Bureau of Labor Statistics projections, Americans will spend $666 billion on computers in 2006, up from $2.1 billion in 1986. Computer and Internet use is growing at a phenomenal rate. While it took the telephone 38 years to reach 10 million users, and the VCR nine years to reach that level of use, it took the World Wide Web only three years to achieve the same customer base. Increasingly, consumers will turn to the Web for a sense of community--between buyers and sellers, information suppliers and consumers, friends and family. However, the Web is going to be a niche medium, not a mass medium. The goal will be to find a unique niche and use the interactive features to cater to a very specific and loyal group of individuals.

- **The body vs. soul conundrum**: Paradoxes will abound: junk food consumption along with exercise; low fat foods and high fat indulgences such as superpremium ice cream; staying home to work and going out for entertainment. Retailers will increasingly stage events, show videos and use CDs as premiums to add an entertainment overlay to everyday shopping. Shoppers will also want to turn the ordinary into the extraordinary.

- **The triumph of individualism**: Fashion will be impacted by aging baby boomers, who want comfortable, classic styles. They know what they want, and are likely to spend more when they find it. On the other hand, if it isn't right, they won't buy at all. Ethnic groups will also drive fashion trends. The biggest impact, however, will be in the workplace. Consumers will be more likely to be free agents, coming together in teams to work on specific projects. The workplace will be far more portable and more intertwined with personal life. According to one futurist, "if you're taking a vacation in Montana, you'll probably be taking your children and your laptop, as well."

Retail Trends

In many U.S. communities, the downtown retail structure has changed significantly over the last 20 years. Gone are the major department stores, which have moved to suburban mall locations. Other department store type merchandise stores have also left, either following the department stores to malls, or driven out of business by the rise in discounters and big-box/"category killer" retailers who have invaded the suburban fringe where land prices and land availability are better for this format.

Older suburban downtowns, such as Raytown, are also experiencing significant changes in the retail mix. "Inner ring" suburbs are facing many of the same issues that began confronting central cities 20 to 25 years ago. Across the county, suburbs are revitalizing—or inventing—traditional downtowns.

Many downtowns—both central city and suburban, large cities and small towns--are reinventing themselves and are emerging as destinations for entertainment, specialty retail, restaurants, and special events. In addition to nearby employment, additional niches that support the new downtown include convention and meeting visitors, leisure tourists, nearby neighborhood residents, and in college towns, the student population.

Developing Niches

Niches allow business districts to compete in a competitive retail environment. A niche is a specialization that allows a business district to gain dominance in certain areas of the retail market. Niches may be based on attracting a specific type of consumer or on developing critical mass in various goods and services. A district may in fact develop several niches, which allows it to capture a variety of consumer segments. Examples of consumer segments include:

- College students;
- Tourists and travelers;
- Office workers;
- Retirees;
- Ethnic groups;
- Medical facility users;
- Artists and crafters.

As noted, goods and services can also offer a niche. Examples that communities have developed include:

- Home furnishings: businesses that are related include home remodeling, furnishings, decorative design and home accessories, hardware, floor coverings, furniture, lighting and paint stores.

- Antiques: An antique store niche can create a destination for visitors and residents alike.

- Crafts: High quality crafts can also be a successful niche, including furniture, rugs, textiles, ceramics and glassware.

- Children's products: this niche could include stores focusing on children's clothing, furniture, toys and family entertainment centers.

- Entertainment and the arts: cinemas, theatre, concerts, ballet, museums, art galleries, craft shops and clubs all bring local and visitor spending to a district.

- Restaurants/food: eating places attract downtown workers, residents and visitors. Restaurants unique to the trade area can be extremely successful. This niche may also be combined with specialty food shops such as bakeries, wine shops, cheese shops, prepared food takeout, and cookware stores.

- Factory outlets: with the right locational requirements, factory outlets can be clustered into a value-retailing niche.

Special Events
Special events draw residents to a business district and can also attract visitors. Farmer's markets are an excellent example.

- In San Luis Obispo, CA, the Thursday night farmer's market, started in 1983, now attracts more than 15,000 people weekly. It now features more than 150 vendors; an additional 300 downtown merchants and restaurants remain open on Thursday evenings as well.

Arts events and festivals are another way to bring people into an area as well.

- The Cherry Creek Arts Festival in Denver is a three-day event held over the July 4th weekend. With more than 100 visual and performance artists, it attracts several hundred thousands of visitors.

- The Des Moines Arts Festival attendance doubled when it moved from the outlying county fairgrounds to downtown.

E-Commerce: Impact on Store-based Retail
One of the largest innovations in retailing is e-commerce, or Internet retailing. The Internet will reshape retailing just as regional malls, chain stores and other novel retailing concepts changed consumer shopping habits in the 1960s and 1970s. According to projections by Forrester Research, Inc., more than 40 million U.S. households will be shopping online by 2003, at which time Web sales to consumers will top $108 billion. (Internet sales to consumers in 1998 were estimated at approximately $8 billion.)

"Overall, consumers continue to be very satisfied with the online channel...they continue to buy online in increasing numbers and they are spending more on a greater range of merchandise categories" according to *Ernst & Young's 2000 Global Online Retailing Report*.

Highlights from the study include:
- 74% of U.S. consumers made online purchases in 2000;

- In 1998, the typical online shopper is male (although female buyers are increasing at a more rapid rate), better educated, over 40, and wealthier than the average U.S. household. Last year, the demographic profile revealed that the online shopper is beginning to look more like that of a "typical" retail shopper. Women now represent almost 60% of online shoppers in the U.S. Average income has dropped, and education level is more in line with that of a middle class consumer;

- The average spent online in 2000 was nearly $900 in the U.S., and 74% spent somewhat or significantly more than in the previous year;

- Online shopping is affecting traffic and sales at retail store: more than half of all shoppers say they visit the store less often because they shop online;

- Nearly all (98%) of consumers who have purchased online say they plan to continue buying online, and 63% of those who have not yet purchased online expect to do so within the next 12 months.

- Major reasons cited for online purchasing included saving money/lower prices; more convenience/less travel; more choice/variety; and more fun than traditional shopping.

The top five categories in online purchases in the U.S. are books, computers, CDs, apparel, and tickets/reservations.

The most popular categories share several attributes. They are usually not impulse purchases, and require some information to make good decisions. None of them needs to be touched and felt to buy. And each product category requires sorting through a large inventory to fight the right product.

Several years ago, the Internet was primarily used for purchasing "high-tech" merchandise, but "high-touch" merchandise was still purchased in stores. Now, growth in online apparel and other "high touch" products is increasing rapidly. Survey respondents indicated that the top eight products online shoppers expect to purchase are CDs/recorded music, books, computers, clothing, toys, tickets/reservations, videos, and cosmetics/health and beauty aids.

Emerging Trends
What are some of the emerging trends in retail that impact future development? Several are discussed below.

- Entertainment--both entertainment activities and making shopping more entertaining--is a key way to both create a destination and to differentiate business district retailers from auto-oriented competitors.

- As many retail chains have penetrated primary, secondary and tertiary market malls across the U.S., the novelty of mall shopping is wearing off. Most malls look strikingly alike, with similar store mixes. Mall visits in the U.S. fell from 2.62 to 1.97 per person per month between 1994 and 1997, according to Maritz Marketing Research.

- A recent study by PriceWaterhouseCoopers identified approximately 7% of all regional malls in the U.S. as "greyfields malls", or malls in serious decline in 1999. An additional 12% of regional malls in the U.S. could potentially be classified as "greyfields" over the next five years. As these malls become functionally obsolete, a few will be redeveloped into mixed-use projects. Others may languish for years, unless public intervention of some sort occurs.

- Developing a specialty niche orientation--unique shops, one-of-a-kind restaurants, locally made arts and crafts, entertainment, street activity, nightlife--all combine to set a downtown district apart from suburban malls. Local flavor attracts both residents and visitors.

- Successful retail areas are increasingly gathering places, locations for social interaction. Downtown districts must recapture this opportunity.

- Non-store-based shopping--catalogues, television, and now, the Internet--will continue to grow. The comfort level for purchasing without being able to touch and see merchandise is strongest for commodity items. Therefore, apparel, specialty goods and other "high touch" products will continue to see a strong store-based presence.

- To compete with large retailers, a customer service orientation is critical. Retailers must make shopping fun and memorable. Operating hours must serve the consumer. Providing extra customer service--gift wrapping, frequent purchase programs, validated parking, special orders, special events for VIP customers, newsletters, etc.--is one way to differentiate from discounters and other large retailers and to establish relationships with customers.

Restaurant Trends

The restaurant industry in the U.S. is projected to total nearly $400 billion in total sales in 2001, a 5.2% increase over the 2000 sales figure, according to the National Restaurant Association. U.S. consumers spend about 46% of their food budget on food prepared away from home. That percentage has grown substantially over the last several decades: in 1955, only one-quarter of all food expenditures were for food prepared outside the home.

Restaurant segments experiencing growth are full service, casual-dining establishments. Fast food operators, by contrast, are experiencing deteriorating same store sales. Despite reports of declining consumer confidence, the mid-priced casual dining segment is expected to fare relatively well, possibly at the expense of more upscale and expensive establishments.

In downtown areas, a mix of chains and independent (usually locally owned) establishments provides a mix of familiarity and uniqueness. The brand awareness associated with chains is attractive to all age groups, and generates demand and traffic for the entire area. Increased traffic then provides "pass by" marketing opportunities for independents. A critical mass of complementary eating establishments increases business for the entire restaurant segment.

Housing Market Trends

Residential development in the downtown area creates and expands the market for downtown businesses. It also adds vitality to the downtown.

A recent study by the Brookings Institution and the Fannie Mae Foundation found that many downtowns across the U.S. are seeing a resurgence of downtown residential development. The study looked at 24 cities; all expect the number of downtown residents to grow by 2010. Expected growth in a number of mid-size markets surveyed is shown in the following table.

Table 1. Projected Growth in Downtown Residents, Selected U.S. Cities

City	Current Downtown Population	2010 Projected Downtown Population*	Absolute Change	Percent Change
Austin	9,555	14,805	5,250	54.9
Columbus	3,800	5,800	2,000	52.6
Denver	3,480 (1997)	9,250	5,770	165.8
Memphis	6,210	14,000	7,790	125.4
Minneapolis	19,000 (1995)	22,750	3,750	19.7
Milwaukee	9,900	13,500	3,600	36.4
Portland	10,315	14,654	4,339	42.5
Phoenix	7,114 (1995)	10,924	3,810	53.6
San Antonio	20,910	23,600	2,690	12.9
St. Louis	7,860	10,360	2,500	31.8

- Cities determined projections based on developments underway, building permits and anticipated real estate projects.

Source: Brookings Institution Center on Urban and Metropolitan Policy and the Fannie Mae Foundation, November 1998

The study noted that new downtown residents could provide significant and lasting benefits for a city's business center. Having residents in the business district eases rush-hour traffic jams by eliminating commutes or enabling reverse commutes. Downtown residents create demand for a 24-hour city, with restaurants and stores open after 5 p.m., contributing to an active nightlife and supporting downtown entertainment and cultural institutions. Downtown residents also demand better services and a diverse mix of retail, which benefits everyone who works, lives and visits downtown.

Who's living and moving downtown? Anecdotal evidence, now validated by the 2000 Census, suggests that young single professionals, young working couples, empty-nesters, retirees and seniors, those seeking alternative lifestyles, and students are all part of the mix. As the baby-boomers move into the empty nester lifestyle niche over the next 10 to 15 years, the appeal of downtown living is expected to grow significantly.

- In Valencia, California, in suburban Los Angeles, a new town center has become a downtown focal point for the community. The area includes a mix of national stores and local shops, restaurants, a movie theater, a hotel, and several hundred apartments.

- In Deerfield, north of Chicago, a downtown redevelopment project will include 55,000 square feet of retail, 58 luxury rental apartments, 20,000 square feet of office space and parking.

- In Federal Way, a suburb of Seattle, the city is revitalizing its downtown using an incremental approach. Pedestrian access, a transit center, a new park, neighborhood strengthening and street-level retail with residential units above are all part of the mix.

- In downtown Milwaukee, turn of the century office and industrial buildings are being converted into housing. As a result, some of the city's architecturally significant but functionally obsolete buildings are being saved. Ten downtown buildings of this vintage have been converted into more than 500 apartment or condo units.

- In downtown Cincinnati, the Riverfront East Condominiums include 21 town houses along the Ohio River. Eleven units sold for $300,000 to $375,000 and 10 rent for $2,500 to $3,000 per month. The $4 million complex was built in 1995 and was fully occupied in less than one year. The next phase of 15 single family detached houses is under construction across from Riverfront East.

A recent discussion paper prepared for the Brookings Institution Center on Urban and Metropolitan Policy, *Ten Steps to a Living Downtown* (October 1999) offers some lessons from the experience of revitalizing downtown Denver. In the late 1980s, Denver was suffering from some of the highest building vacancy rates in the country. By the late 1990s, downtown had emerged as an exciting, vital place to live, work and play. The following key factors have been identified:

- **Downtown must be legible**: there should be delineated and distinguishable boundaries. It is also important not to underestimate the significance of an area's nickname. An invented name, if one does not exist, can add legibility.

- **Downtown must be accessible**: the physical infrastructure must be in good shape to attract residents. This includes access points, streetscape, "walkability", signage, and landmarks.

- **Downtown must have new and improved regional amenities:** these include attractions such as arts and cultural facilities, sports venues, special events and functions, convention and conference facilities and the like.

- **Downtown must be clean and safe**: for downtown to become a neighborhood in which to live, it must feel safe and clean.

- **Downtown must preserve and reuse old buildings**: older buildings are often functionally obsolete, which reduces market value. However, these buildings have great potential for adaptive reuse, often as residential or unique small retail, restaurant or office space.

- **Housing must be a political and business priority**: key downtown interests should all agree that housing is a priority and a key strategy for revitalizing downtown.

- **Downtown regulations must be streamlined and support residential growth**: support for residential uses must be evident in city land use regulations and code provisions.

- **City resources should be devoted to housing**: leadership, good information for the private sector and financial resources must be leveraged in order to boost the production of downtown housing.

- **The edge of downtown should be surrounded by viable neighborhoods**: disinvestment in neighborhoods surrounding downtown can isolate downtown through a ring of surface parking lots and run down or vacant buildings. Revitalizing these areas is an asset for the downtown as well.

- **Downtown is never "done":** Real estate market dynamics and technology are constantly changing, creating new and different challenges for downtowns.

Kansas City Metropolitan Market

The Kansas City metropolitan area economy remains strong and vibrant. Despite recent announcements by some of the area's largest private employers, local business expansions and business formations are driving job growth.

Employment Trends

The Kansas City metropolitan region has experienced steady employment growth over the past three decades.

Table 2. Labor Force and Employment Trends, Kansas City MSA, 1991-2000

Year	Labor Force	Employment	Unemployment Rate
1991	864,575	816,214	5.6%
1992	875,758	833,373	4.8%
1993	879,099	833,325	5.2%
1994	896,538	854,461	4.7%
1995	925,343	885,161	4.3%
1996	942,826	903,833	4.1%
1997	953,082	917,855	3.7%
1998	968,800	931,947	3.8%
1999	977,689	948,691	3.0%
2000	1,005,032	972,060	3.3%
Change, 1991-2000	140,457	155,846	(2.2%)

The Kansas City MSA labor force increased from less than 865,000 in 1991 to more than 1 million in 2000. Employment during the same period increased from 816,200 to more than 972,000, an increase of nearly 155,900.

The Kansas City employment base is diverse. In the first half of 2001, total non-farm employment averaged 1,006,500 in the Kansas City metropolitan area. The services sector provided the largest number of jobs, at nearly 304,000, or more than 30% of employment. Wholesale and retail trade included more than 238,000 jobs, 24% of all employment. Government was the third-largest sector, at 14% of jobs in the metropolitan area.

Table 3. Kansas City MSA Annual Average Employment
(in thousands of jobs)

Sector	Jan-June 2001 Employment	Percent of Total
Mining/Construction	56.2	5.6%
Manufacturing	106.8	10.6%
Transportation/Public Utilities	89.8	8.9%
Wholesale and Retail Trade	238.8	23.7%
FIRE	70.1	6.9%
Services	303.5	30.2%
Government	141.3	14.0%
Total Nonfarm	1,006.5	100.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics

Real Estate Market
The Kansas City real estate market has performed well over the past several years, across all sectors. Each sector is described below.

Office
The Kansas City office market comprises 37.6 million square feet of Class A and Class B space, across nine submarkets. At yearend, the vacancy rate for Class A space was 7.8%, while the Class B vacancy rate was 11.6%, according to Colliers Turley Martin Tucker. More than 1.7 million square feet of space was constructed in 2000 throughout the metro area, including 1.3 million square feet of new space, and 400,000 square feet converted from other uses. This year, the construction is expected to be slightly less than last year, as new projects will not begin construction without tenants in line.

Retail
Over the past several years, the retail market in Kansas City has been active, with new retailers entering the market, and others expanding their presence. In particular, home improvement stores, wholesale clubs, sporting goods stores, discounters and drug stores have been adding retail locations.

While Johnson County has long been a retail hotbed, several years ago, the Northland began to experience significant retail activity. Now the focus is shifting to Eastern Jackson County. SummitWoods, partially completed development in Lee's Summit, is a big-box/lifestyle center anchored by Kohl's, Lowe's, Target, Dick's Sporting Goods, and Best Buy. In Independence, Bolger Square opened in 1999, anchored by Target Greatland, Garden Ridge, and Dick's Sporting Goods. Also in Independence, development has started on Eastland

Shopping Center at Interstate 470 and Highway 40. Eastland will include a Lowe's and a Costco.

Raytown Demographic Characteristics

Over the past decade, the Raytown population has decreased slightly, from 30,601 in 1990 to 30,388 in 2000. During that decade, the number of households increased slightly, however, from 12,697 to 12,855, a 1.2% increase.

In 2000, the median age of Raytown residents was 39.8 years. This median age is somewhat higher that the Jackson County average of 35.2 years. The share of the population that is over 65 years of age in Raytown is 19.3%, compared with 12.5% for the county as a whole.

Between 1990 and 2000, the number of family households decreased from 70.6% to 64.6%, while the number of non-family households increased from 29.4% to 35.4%. The percentage of family households in Raytown is somewhat higher than for Jackson County, in which 62.4% of all households were families. The percentage of single person households also increased, from 26% to 30%. Changes in household composition led to a decrease in the average household size, down from 2.39 persons per household to 2.32 persons per household.

Of the total 13,309 housing units in Raytown in 2000, 12,855, or 96.6% were occupied. Of this total, 74% were owner-occupied and 26%, renter-occupied, according to the 2000 census.

Building Permits

Over the past five years, the number of residential building permits issued in Raytown has ranged from a low of 14 in 1996 to a high of 91 in 1999. The number of single family permits issued has remained somewhat consistent, ranging from 14 to 29, and averaging 19 permits per year between 1996 and 2000. The number of multifamily permits (including duplexes and structures with 3 or more units) has fluctuated from 0 to 72 annually. On average over the last five years, 33 multifamily permits were issued annually in Raytown.

Table 4. Raytown Residential Building Permits, 1996-2001

	1996	1997	1998	1999	2000	2001 (thru July)	Total
Single family	14	20	14	19	29	18	114
Two family	0	0	12	4	10	6	32
3-4 family	0	0	0	0	0	24	24
5 or more family	0	24	48	68	0	12	152
Total	14	44	74	91	39	60	322

Source: U.S. Bureau of the Census

Between 1996 and the first seven months of 2001, 322 building permits were issued in Raytown. Of this total, 47% were in structures with five or more units, 35% were single family dwellings, and 18% were in structures with two to four units.

One of the constraints to residential development in Raytown is that the city is landlocked. There is little available land for residential development. Therefore, any new residential development is likely to be redevelopment of larger lot parcels with slightly more dense housing, or assemblage of several lots for new residential development.

Retail Sales

Retail sales totaled nearly $25 billion in the Kansas City MSA, according to the 2000 Survey of Buying Power. Jackson County accounted for 36% of total retail sales, totaling $9.0 billion. By store group, Jackson County accounted for 38% of food and beverage store sales, 40% of restaurant and eating establishment sales, and 33% of motor vehicle and parts sales. The county only captures 24% of general merchandise sales, and 30% of furniture and home furnishings sales.

Table 5. Regional Retail Sales Trends
(in thousands of dollars)

Store Group	Kansas City MSA	Jackson County
Food and Beverage Sales	2,751,745	1,050,347
Food Service and Drinking Establishments	2,047,487	824,574
General Merchandise	3,394,537	804,705
Furniture/Home Furnishings/Electronics/Appliances	1,420,673	423,995
Motor Vehicle and Parts Dealers	7,323,083	2,469,894
Total Retail Sales	24,991,216	9,006,415

Source: 2000 Survey of Buying Power

The Survey of Buying Power does not break out retail sales for Raytown. However, an analysis of the 1997 Census of Retail Trade provides a comparison between Raytown and Jackson County. (The Census of Retail Trade is not directly comparable to the Survey of Buying Power, in that the Census of Retail Trade does not include food service and drinking establishments within the retail trade classification.)

Table 6. Raytown and Jackson County Retail Sales by Store Type

Retail Trade, 1997	Raytown				Jackson County			
	Establishments	Annual Sales ($000s)	Share of Total Retail	Sales/ Establishment	Establishments	Annual Sales ($000s)	Share of Total Retail	Sales/ Establishment
Motor vehicles/parts	27	$ 233,022	46.9%	$ 8,630,444	333	$ 1,842,061	25.4%	$ 5,531,715
Furniture & Home Furnishings	6	$ 7,930	1.6%	$ 1,321,667	145	$ 144,720	2.0%	$ 998,069
Electronic & Appliance Stores	4	$ 1,537	0.3%	$ 384,250	91	$ 157,003	2.2%	$ 1,725,308
Building Materials/Garden Equip.	15	$ 27,264	5.5%	$ 1,817,600	218	$ 741,118	10.2%	$ 3,399,624
Food & Beverage Stores	12	$ 53,847	10.8%	$ 4,487,250	272	$ 883,312	12.2%	$ 3,247,471
Health & Personal Care Stores	15	$ 21,972	4.4%	$ 1,464,800	222	$ 276,562	3.8%	$ 1,245,775
Gas Stations	14	$ 26,572	5.3%	$ 1,898,000	300	$ 639,058	8.8%	$ 2,130,193
Clothing & Accessory Stores	10	$ 4,627	0.9%	$ 462,700	369	$ 317,180	4.4%	$ 859,566
Sporting Goods, Hobbies, Books,	10	$ 4,106	0.8%	$ 410,600	190	$ 151,015	2.1%	$ 794,816
General Merchandise Stores	6	NA	NA	NA	83	$ 902,940	12.5%	$ 10,878,795
Miscellaneous Store Retailers	13	NA	NA	NA	335	$ 190,230	2.6%	$ 567,851
Non Store Retailers	5	NA	NA	NA	112	$ 993,856	13.7%	$ 8,873,714
Total Retail Trade	137	$ 496,701	100.0%	$ 3,625,555	2670	$ 7,239,055	100.0%	$ 2,711,257

Overall, Raytown accounted for 6.9% of retail sales in Jackson County, capturing $496.7 million of the countywide total of $3.6 billion in sales.

As shown in the preceding table, motor vehicle sales and parts accounted for $233 million in retail sales in 1997, or 47% of total retail sales in the community. While this brings retail sales into the community, it does not augment the city's sales tax collections, since automobile sales tax is paid to the city in which the buyer lives. Compared with Jackson County as a whole, Raytown automotive sales account for a much higher percentage of total retail sales, at nearly one-half of Raytown total sales, versus just over one-quarter of the countywide sales. This represents an inflow of retail sales, but not necessarily one with public financial benefits.

Furniture and home furnishing sales accounted for nearly $8 million in sales in Raytown, approximately 5.5% of the countywide sales total of $144.7 million in sales in this store group. Electronics and appliance stores only accounted for $1.5 million in sales, or three-tenths of one percent of total sales in Raytown. In Jackson County, this store group accounted for 2.2% of total retail sales.

Food and beverage stores accounted for $53.8 million in sales, or nearly 11 percent of total retail sales in Raytown. In Jackson County, food and beverage store sales totaled $883.3 million; Raytown captured 6.1% of total countywide sales. This indicates little, if any, retail leakage, or imported sales nearly equal leakage.

Health and personal care stores totaled 4.4% of Raytown retail sales, with total sales of $22 million in 1997. This store category accounted for 3.8% of Jackson County sales, with Raytown capturing almost 8% of total county sales for this category. This indicates a store category with imported sales attracted from outside the community.

Apparel and accessory stores accounted for $4.6 million in retail sales in Raytown, or less than one percent of total retail sales in the community. This store category accounted for 4.4% of total sales in Jackson County, with total sales of $317.2 million.

Sporting goods, hobby, book, and music stores captured $4.1 million in sales in 1997-- also less than one percent of total Raytown retail sales. The countywide share of sales was 2.1%, or total retail sales of nearly $795 million.

Sales in three store categories in Raytown were not disclosed in the 1997 Census of Retail Trade: general merchandise stores, miscellaneous store retailers, and non-store retailers. Combined, these store types accounted for $116.7 million in retail sales in Raytown. We estimate that general merchandise stores accounted for 93% of this total, or approximately $108 million. This would equate to nearly 22% of total Raytown sales. Miscellaneous store retailers are estimated to account for $5.4 million in retail sales, or nearly two percent of total Raytown retail sales. Non store retailers are estimated to have generated $3.2 million in retail sales, or less than one percent of total Raytown sales.

Retail Sales Leakage
Based on analysis of typical consumer expenditures in Kansas City multiplied by the number of households in Raytown, there is an estimated $472.9 million in Raytown resident expenditure potential. Comparing this expenditure potential with the Census of Retail Trade total retail sales figure of $496.7 in retail sales indicates a net inflow of retail sales to the community. Excluding automotive expenditures (which obviously import dollars from other communities), and expenditures related to housing costs (mortgage, rent, utilities, etc.), however, results in a net retail leakage figure of $77 million. The major categories where retail leakage is occurring include the following areas:

Table 7. Retail Sales Leakage.

Category	Estimated Retail Leakage (1998 dollars)
Food Away from Home	$18.7 million
Apparel	$17.3 million
Sporting Goods/Hobbies/Books/Music	$11.0 million
Entertainment	$10.3 million
Miscellaneous Retail	$9.5 million
Furniture/Home Furnishings	$7.1 million
Other	$3.1 million
Total	$77 million

Downtown Raytown Retail Niches
Based on the retail leakage analysis described above, and analysis of the retail structure in eastern Jackson County and nearby communities, the following niches have potential for downtown Raytown. Some store or restaurant types are identified in more than one niche.

Restaurants
Eating and drinking places are an enormous opportunity for downtown Raytown, and would act as a destination and anchor for the downtown area. Given the lack of restaurants in downtown, and Raytown in general, almost any type of restaurant would be desirable, including:

- bagel shops
- sandwiches/subs
- casual fine dining
- ethnic restaurants, (Italian, Greek, Thai, Mexican, Spanish, etc.)
- ice cream shop

- coffee/espresso shop
- bakery
- brewpub
- regional cuisine
- seafood
- catering/prepared/specialty foods
- casual steakhouse.

Apparel and Accessories
Apparel and accessories could include:
- women's apparel and accessories
- off price apparel chains
- children's clothing (new and/or used)
- jewelry
- sports/team apparel
- vintage clothing
- specialty shoes
- leather goods and accessories
- consignment apparel.

Hearth and Home
This niche is focused on capturing home furnishings dollars. The focus should be on "soft" goods, such as:
- home furnishings and accessories
- imports
- unpainted furnishings
- kitchenware
- floral and garden
- picture framing
- antiques and collectibles
- home electronics
- bed and bath furnishings
- window coverings
- arts/crafts.

Family-Oriented Activities
This niche includes both goods and services. The objective is to provide establishments that capitalize on the family orientation that was identified as a value to the community. Family-oriented activities and businesses could include:
- instructional studios (dance, music, martial arts, gymnastics, etc.)
- ice cream shop/soda fountain

- experiential establishments (paint-your-own ceramics, jewelry making, crafts, quilting supplies, video arcade, etc.)
- video store
- seasonal ice skating rink
- sporting goods and apparel
- hobbies (video/computer games, arts/crafts, sports, etc.)
- music
- books
- casual restaurants and cafes.

Entertainment
- video arcade
- small entertainment venues (jazz, blues, comedy, theatre, country, etc.)
- festivals, concerts and events
- bookstores
- music stores
- seasonal farmer's market.

Miscellaneous Retail
- Pharmacy/Drug store
- Gifts

Estimated New Retail Sales
With new commercial establishments in downtown Raytown in the niches identified above, approximately $43 million in retail leakage could be captured by Raytown resident and visitor purchases, resulting in $433,000 in additional sales tax dollars annually to the city at buildout. Estimated sales by category are shown below. The mix of stores and restaurants could affect the resulting sales in each category.

Table 8. Estimated New Retail Sales.

Category	Estimated Capture/ Retail Sales
Food Away from Home	$15.1 million
Apparel/Accessories	$9.7 million
Sports/Hobbies/Books/Music	$6.5 million
Household Furnishings/Equipment	$4.5 million
Entertainment	$4.3 million
Miscellaneous Retail	$3.2 million
Total	$43.3 million

At typical small-store industry sales of $180, a total of 240,555 square feet of commercial space could be supported.