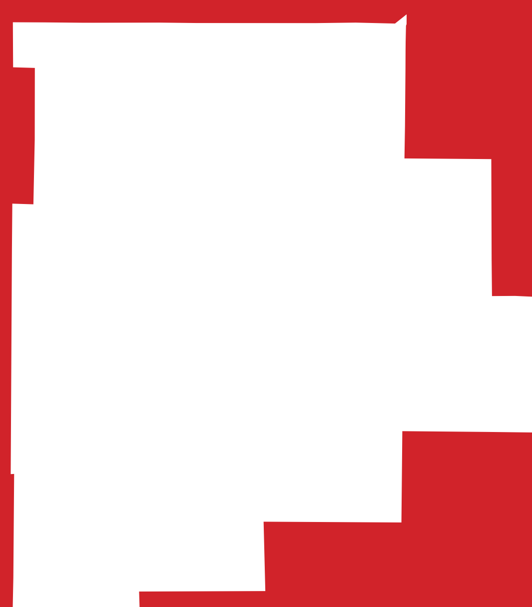
AUGUST 2016

RETAIL MARKET ANALYSIS

Lancaster, Ohio Region



THE OHIO STATE UNIVERSITY

CENTER FOR URBAN AND
REGIONAL ANALYSIS

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PREPARED BY

The Ohio State University Extension, Community Development
The Center for Urban & Regional Analysis

TABLE OF CONTENTS

PREFACE 1

INTRODUCTION 4

DEMOGRAPHICS & ECONOMIC TRENDS 5

ESTIMATED RETAIL SURPLUS 11

THE CITY OF LANCASTER 21

DEFINITION OF TERMS 25

METHODOLOGY 26

DATA SOURCES 27

APPENDICES 28

PREFACE

The retail market analysis for the city of Lancaster, Ohio compares the city's zip code to its broader market region (center of Map 1). This regional approach is used to understand Lancaster's retail economy. Recognizing that the residents of Lancaster purchase retail goods in retail centers other than itself, a larger market region was developed.

The larger market region extends (Map 2 below) into:

- Baltimore
- Somerset
- Circleville
- Bremen
- New Lexington
- Logan
- Nelsonville
- Southeast portion of Columbus

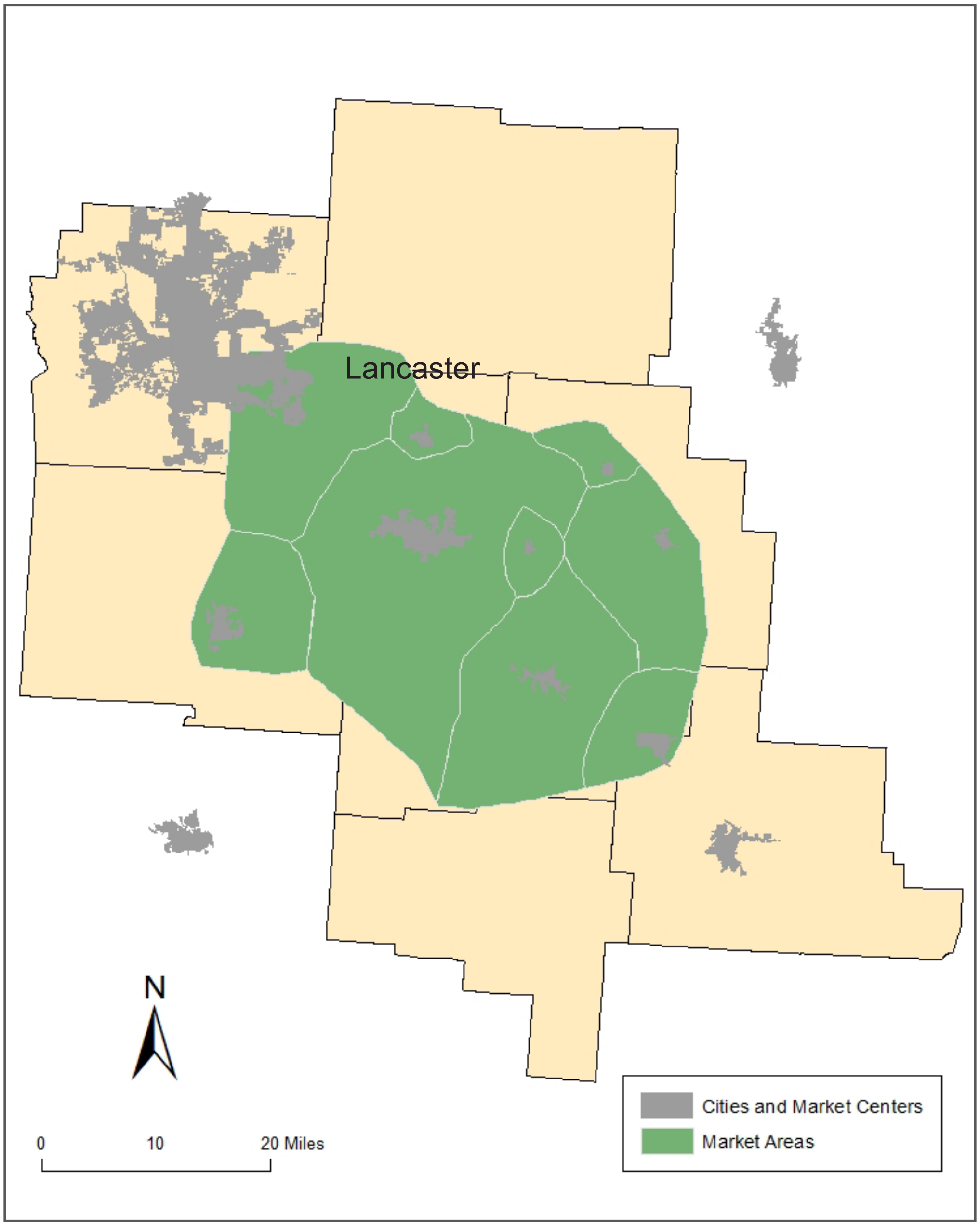
Map 2 shows the entire market region including Lancaster and their competing market centers.

For the purpose of this report, competing Market Centers were defined as retail centers that were identified by Mike Pettit, Lancaster Economic Development Director. The same Market Centers were used in a 2006 Retail Market Analysis*.

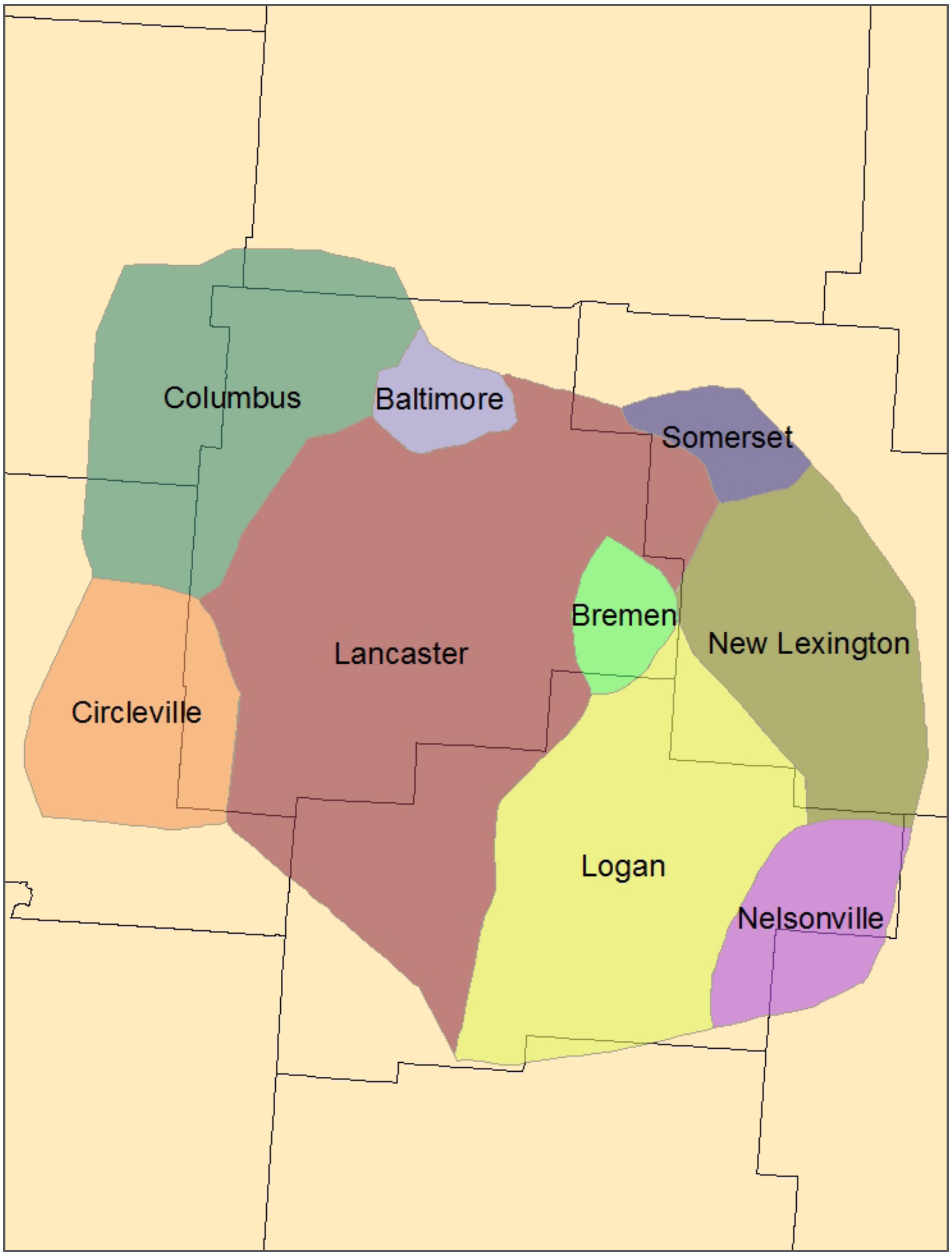
The area around the center from which that center "pulls" its customers is referred to as the retail Market Area. The larger Market Region is comprised of Market Areas and Market Centers which compete with Lancaster. Finally, sales are examined in downtown Lancaster to provide a picture of the contribution of the central business district to the larger Lancaster market area.

*While every effort was made to compare retail centers to the 2006 report, there will be some discrepencies due to the methodology of the 2006 report. Using census blocks, this report approximates the market areas determined in the 2006 reports and displays demographic data based on those aggregated census blocks. Economic and business data in this report is based on zip codes, not the exact geography of the 2006 market centers.

Map 1: Lancaster Market Area Study Region



Map 2: Competing Market Areas of the Lancaster Market Region



INTRODUCTION

Retail market analysis is a tool for identifying retail market trends within a local community. While the analysis focuses specifically on the performance of local retail markets, information on the broader demographic and economic trends within the region is critical to understanding current and future changes in these retail markets. Changes in population, the age and income distributions of the population, and the number of people employed by different industrial sectors will change the demand for retail goods within a local community and therefore are important factors to be considered in an analysis of retail market trends.

Of primary importance is an understanding of the pattern of retail spending within the local community relative to spending in neighboring areas. Retail sales leakages could reflect that the local demand for a particular product is not being met within the local community, whereas retail sales surpluses may indicate that the local community serves a regional market that pulls consumers in from outside the local area. Estimation of retail surpluses and leakages by specific retail sectors provides a means to identify the relative strengths and weaknesses of an area's retail markets and thereby inform economic development strategies for local communities. A retail market analysis is not a detailed plan of action, but rather provides facts and analysis for input into the community's decision-making process about future economic development*.

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The authors of this report would also like to acknowledge Dr. Jill Clark, Dr. Elena Irwin, and Dr. Morton O'Kelly of The Ohio State University, for their contributions to the model that makes this program possible.

For more information regarding the research contained in this report, please contact:

David Civittolo, Associate Professor
College of Food, Agriculture and
Environmental Sciences, Department of Extension
1680 Madison Avenue, Administration Building
Wooster, OH 44691-4096
330-263-3627
civittolo.1@osu.edu

Important note: This report centers on presenting findings. The report presents a very limited interpretation of the findings in the form of bulleted items. The interpretation provided serves as an example of the type of analysis that could be conducted with the findings.

*This report uses a number of project-specific terms, including market area, potential sales and retail sales surplus and leakage. For definitions of these terms please see page 25.

DEMOGRAPHIC & ECONOMIC TRENDS

Consumer characteristics influence consumers' lifestyles and their demand for different retail goods. For example, characteristics such as age, income, and family structure provide insights on consumers' stage of life and therefore into local shopping habits. For example, young, single people are more focused on non-durable goods such as clothing and entertainment, while married couples with young children are focused more on durable goods such as furniture and home furnishings. For a market area overall, population and income are the two major factors that drive retail demand/purchasing power. Income is highly correlated with age and education. Furthermore, the movement of people from places of work to residences greatly affects the probability of "out shopping", meaning the probability for residents to shop outside of their market area.

The following are several key economic and demographic indicators derived from Tables 1-4 (on following pages) that demonstrate notable trends in the market region.

- The 2014 population for the expanded region was 415,384 while in the Lancaster region it was 111,815. When compared to 2010 numbers, both the market region and the Lancaster region increased slightly. However, since 2005, the entire market region has increased in population by over 90,000. In the Lancaster region, the population has grown dramatically by over 35,000 since 2000.
- In 2014, home ownership rates in the Lancaster Market Area (72%) were higher than State of Ohio's average of 65.3%. It is Interesting to note that the greater Market Region home ownership percentage was less than the state of Ohio's (64.20% vs. 65.30%). As a whole, high percentage rates of home ownership are a positive force for the retail sector.
- The U.S. Census Bureau reported in September 2014 that the U.S. real median household income (inflation adjusted) in Ohio was $49,308 in 2014, $51,939 in 2013, and $51,759 in 2012. In 2014, in the Lancaster region, the median household income of $51,841 was over $2,000 more than U.S. Median income. At $44,505, the entire market region was substantially less than the State of Ohio's.

- Lancaster has a greater percentage of High School Graduates (41%) than the Overall Market Region (37%), both higher than the State of Ohio's (34%). Relating to a Bachelor's degree or higher, the State of Ohio (27%) is higher than both Lancaster (19%) and the region (21%).
- Lancaster has a higher percentage of family households (70%) than the Market Region (68%), which may indicate stronger demand for certain stores within retail sectors, such as home goods or children stores, as families tend to spend more within the retail sector.
- Lancaster has a slightly lower percentage of population ranging from 25 to 44 (12%) than the entire Market Region (13%). Individuals within this age range have a higher demand for shopping at retail sectors, as they move from young adulthood to establishing a family.
- The average household size in Lancaster (2.65) and the region (2.64) are both larger than the State of Ohio's average (2.46). Similarly, the average family size in Lancaster (3.17) and the region (3.25) are greater than the state of Ohio's (3.07). Since 2000, the regional numbers have continued to increase, albeit slightly.
- Total employment population in the labor force is 54,502 for the Lancaster Region in 2014, almost 92% which are employed. Over 78% are employed in the professional career field.
- Regarding commuting patterns of workers leaving Fairfield, almost 83% are going to Franklin County and 7% to Licking County. With regards to commuting into Fairfield County, Franklin residents are the largest contributor (36%), followed closely by Perry County (21%)
- The core data for Lancaster as a component of the region is on a comparable basis over the 16 year time period.

TABLE 1: POPULATION & HOUSING

	2014			2010		2005		2000	
	Lancaster Market Area	Market Region	State of Ohio	Lancaster Market Area	Market Region	Lancaster Market Area	Market Region	Lancaster Market Area	Market Region
Total Population	111,815	415,384	11,594,163	111,338	407,175	79,329	321,828	73,913	297,428
Total Housing Units	46,405	174,538	5,147,282	46,493	173,054	33472	134,729		
Total Households	42,204	157,241	4,593,172	42,273	156,962	31069	126,184	28,159	114,923
Total Owned Households	30,364	100,945	2,999,341						
Percent Owned Households	71.90%	64.20%	65.30%			69.70%	66.00%	68.30%	64.30%
Total Rented Households	11,840	56,296	1,593,831						
Percent Rented Households	28.10%	35.80%	34.70%			23.20%	27.70%	25.40%	29.80%
Total Family Households	29,721	107,210	2,923,523	30,307	107,555	22,093	86,683	20,378	80,396
Percent Family Households	70.40%	68.20%	63.60%	71.69%	68.52%			72.40%	70.00%
Total Non-Family Households	12,483	50,031	1,669,649	11,966	49,407				
Percent Non-Family Households	29.60%	31.80%	36.40%	28.31%	31.48%			27.60%	30%
Average Household Size	2.65	2.64	2.46	2.55	2.54	2.49	2.51	2.54	2.54
Average Family Size	3.17	3.25	3.07	2.98	3.03	2.93	3.01	3.05	3.11
Vacant Units	4,201	17,297	554,110	4,220	16,092				
Percent Vacant Units	9.10%	9.90%	10.80%	9.08%	9.30%	7.10%	6.30%	6.30%	5.90%
Median Household Income	51,841	44,505	49,308			46,757	50,702	$39,475	$42,339
Median Home Value	131,700	111,500	129,100			131,872	132,889	$105,048	$104,442
Per Capita Income	24,878.78	23,767.85	26,937			23,218	24,403	$18,798	$19,843
Average Household Income	65,913.67	62,787.59	66,252			58,412	61,708		

*empty cells indicate that data unavailable for specified year

Map 3: Regional Population Change from 2005 to 2014

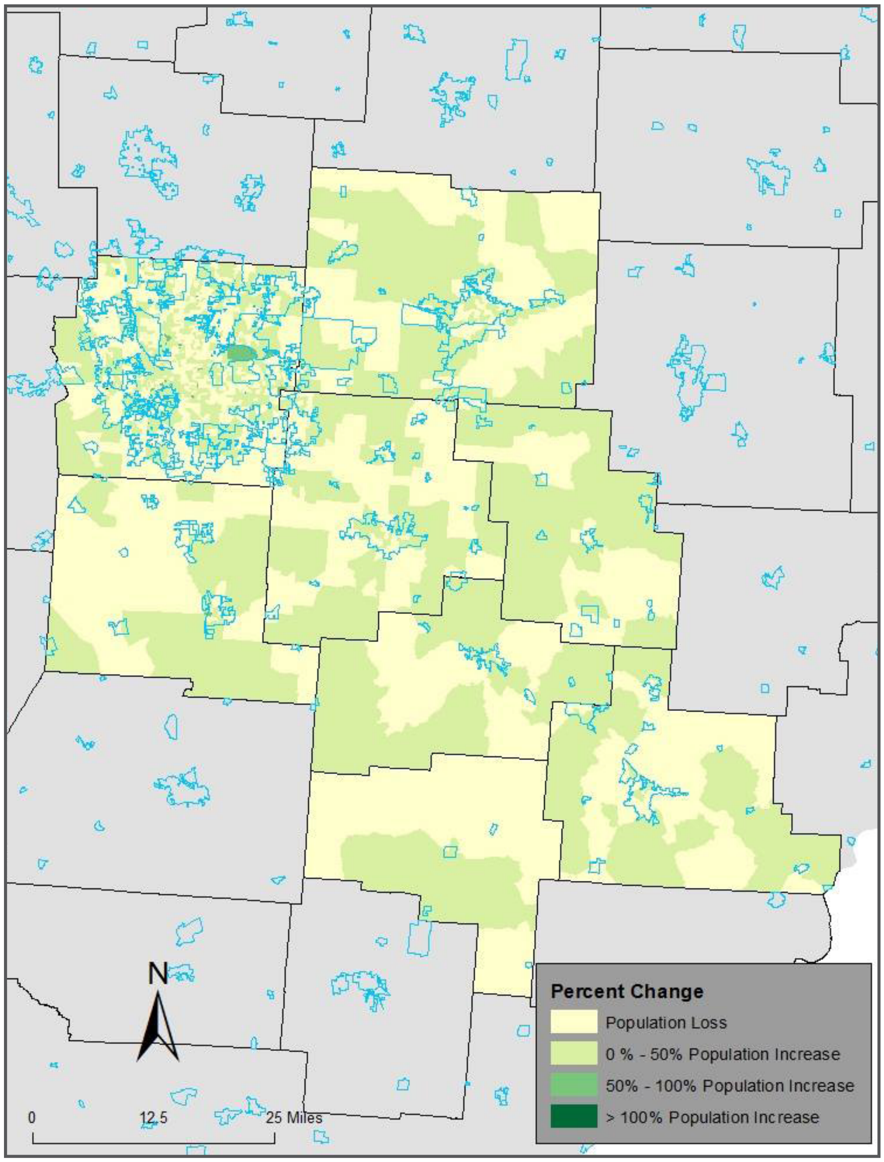


TABLE 1A: HOUSEHOLDS BY TYPE				
	2014		2000	
HOUSEHOLDS BY TYPE	Lancaster	Market Region	Lancaster	Market Region
Total	42,204	157,241	28,158	114,922
Percent Family Households	70.40%	68.20%	72.40%	70%
Percent Married-Couple Family	56.30%	49.40%	58.70%	54.50%
Percent Other Family (No Spouse)	14.10%	18.80%	13.70%	15.40%
Percent With Related Children	9.80%	13.30%	9.10%	10.70%
Percent Nonfamily Households	29.60%	31.80%	27.60%	30.00%
Percent Householder Living Alone	24.90%	26.70%	23.40%	24.70%
Percent Householder Not Living Alone	4.70%	5.10%	4.30%	5.40%
Percent Households with Related Children	32.20%	35.00%	34.90%	36.50%
Percent Households with Persons 65+	27.60%	24.00%	24.60%	20.20%

TABLE 2: POPULATION BY AGE								
	2014		2010		2005		2000	
POPULATION BY AGE	Lancaster	Region	Lancaster	Region	Lancaster	Region	Lancaster	Region
Percent 0 - 4	6.00%	6.60%	6.11%	6.85%	6.70%	7.30%	6.6%	7.2%
Percent 5 - 9	6.70%	7.10%	6.68%	7.19%	6.50%	6.90%	6.9%	7.5%
Percent 10 - 14	6.50%	7.20%	7.29%	7.54%	6.90%	7.30%	7.1%	7.4%
Percent 15 - 24	12.50%	13.30%	12.25%	13.21%	12.70%	13.40%	13.0%	13.4%
Percent 25 - 34	11.90%	12.90%	11.55%	12.82%	12.60%	13.50%	13.4%	14.5%
Percent 35 - 44	12.60%	13.60%	13.57%	13.40%	14.70%	15.40%	15.7%	16.3%
Percent 45 - 54	14.80%	14.60%	15.39%	14.83%	14.50%	14.40%	14.0%	13.7%
Percent 55 - 64	13.90%	11.90%	14.96%	11.65%	11.40%	10.30%	9.9%	8.9%
Percent 65 - 74	8.80%	7.40%	8.17%	6.88%	7.30%	6.20%	7.3%	6.2%
Percent 75 - 84	4.60%	3.90%	4.45%	3.77%	4.90%	3.90%	4.5%	3.7%
Percent 85+	1.70%	1.50%	1.59%	1.32%	1.80%	1.40%	1.6%	1.2%
Percent 18+	76.60%	74.70%	75.60%	73.84%	76.10%	74.60%	75.2%	73.6%
*Region means the "Lancaster Market Region," the study area defined by the nine market areas shown in Map 3.								

Map 4: Regional Population Density

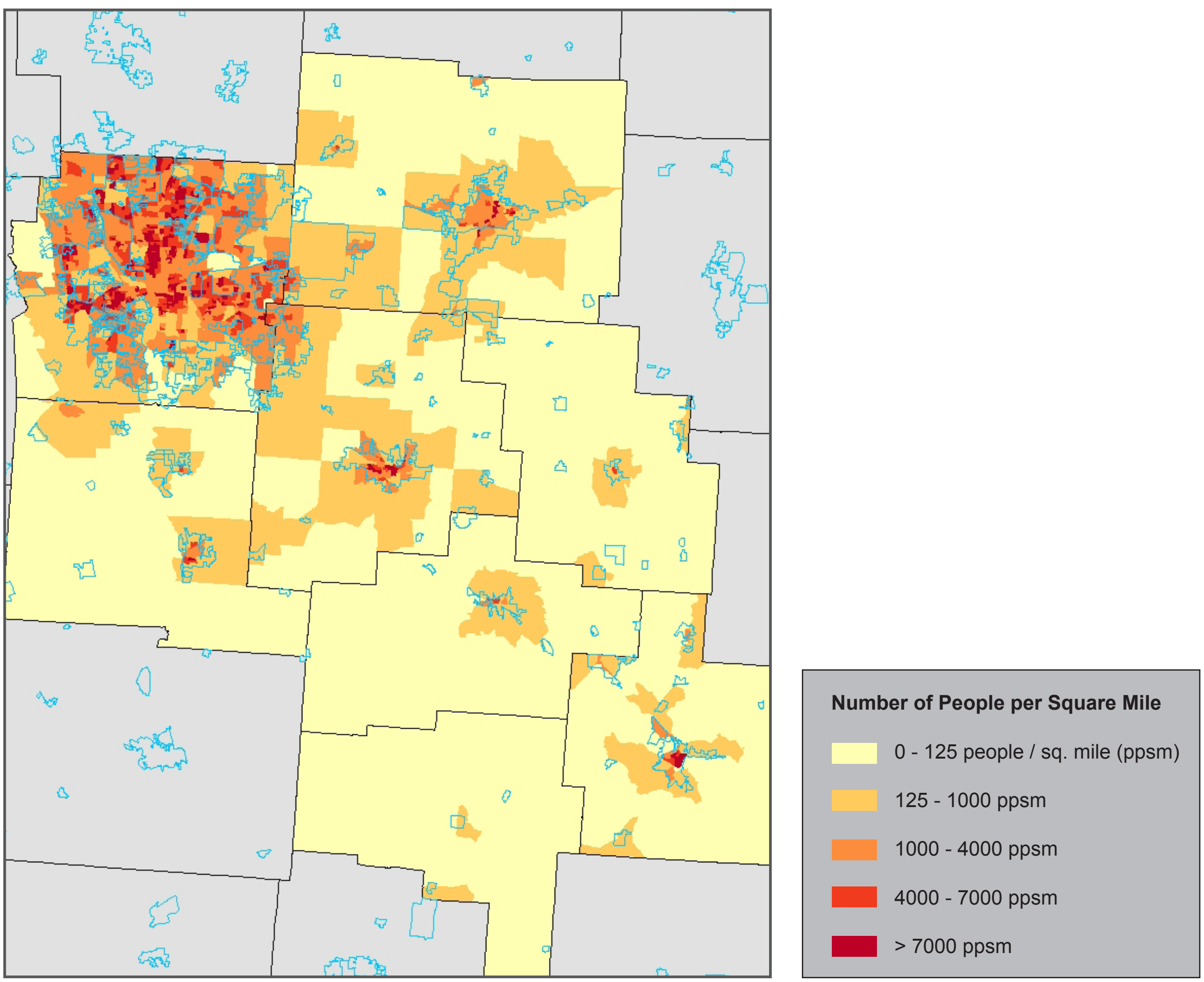


TABLE 3: COMMUTING PATTERNS		
Commuting INTO Fairfield 2009-2013		
COUNTY	NUMBER	PERCENTAGE
Franklin	**4,639**	**39.09%**
Perry	2,625	22.12%
Hocking	1,926	16.23%
Licking	1,357	11.44%
Pickaway	417	3.51%
Athens	291	2.45%
Muskingham	228	1.92%
TOTAL	11,867	100.00%

*Less than 1%: Delaware, Madison, Knox, Ross, Fatette, Scioto, Union, Greene

TABLE 3A: COMMUTING PATTERNS		
Commuting OUT of Fairfield 2009-2013		
COUNTY	NUMBER	PERCENTAGE
Franklin	**30,114**	**82.65%**
Licking	2,668	7.32%
Pickaway	1,222	3.35%
Delaware	735	2.02%
Hocking	492	1.35%
TOTAL	36,434	100.00%

*Less than 1%: Perry, Athens, Ross, Montgomery, Muskingham, Madison, Union, Fayette, Knox, Scioto, Greene

Commuting INTO Fairfield 2000 (Top 5)		
COUNTY	NUMBER	PERCENTAGE
Franklin	**3,261**	**32.52%**
Perry	1,980	19.75%
Hocking	1,897	18.92%
Licking	915	9.13%
Athens	431	4.30%
TOTAL	10,027	84.61%

Commuting OUT Fairfield 2000 (Top 5)		
COUNTY	NUMBER	PERCENTAGE
Franklin	**28,259**	**83.80%**
Licking	1,563	4.63%
Pickaway	1,289	3.82%
Delaware	395	1.17%
Hocking	361	1.07%
TOTAL	33,722	94.50%

Map 5: Commuting Out of Fairfield County

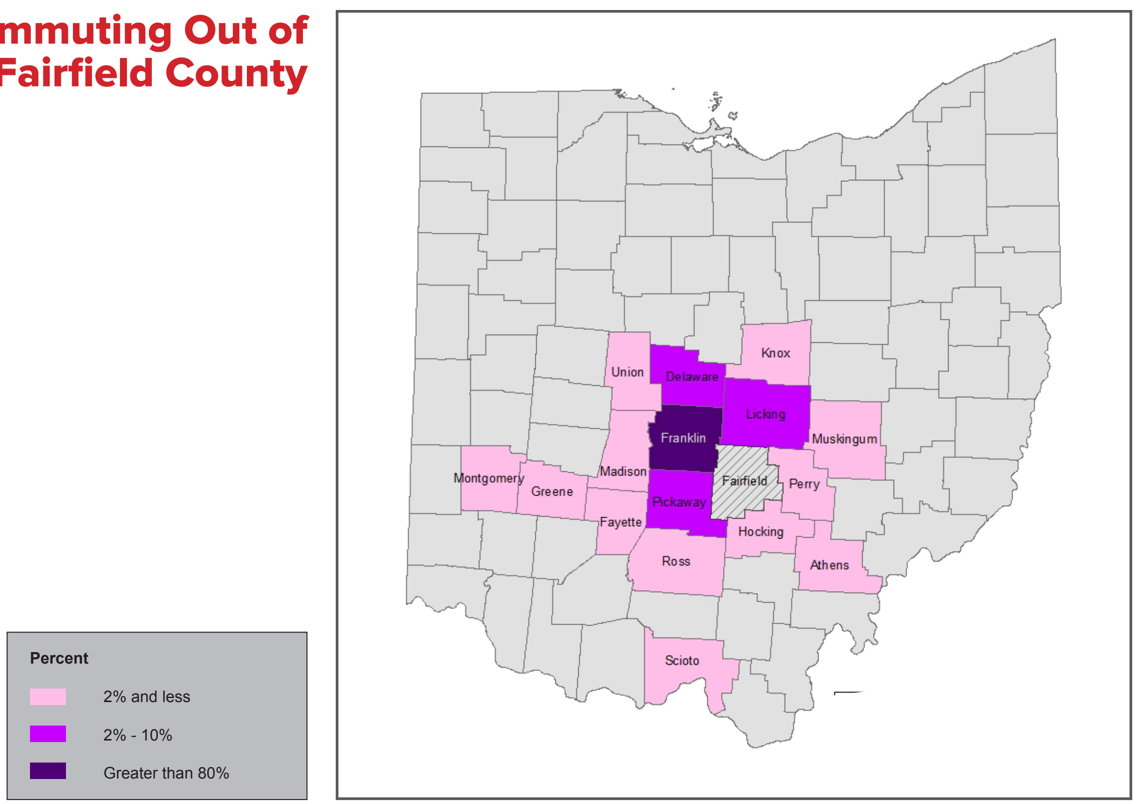


TABLE 4: EMPLOYMENT BY INDUSTRY					
	2014			2005	
	Lancaster Market Area	Market Region	State of Ohio	Lancaster Market Area	Market Region
Population Employed	49,996	191,830	5,437,533	51,952	154,902
Percent Employed	91.70%	91.10%	92.70%	93.4	93.5
Agriculture, Forestry, Fishing and Hunting, and Mining	859	1,763	56,914	0.9%	70.0%
Construction	4,050	11,670	288,690	8.7%	7.1%
Manufacturing	6,310	19,939	844,131	14.0%	11.4%
Wholesale Trade	1,712	5,974	151,767	2.9%	3.4%
Retail Trade	6,945	25,522	634,999	15.3%	14.7%
Transportation and Warehousing, and Utilities	3,242	13,078	251,337	4.3%	5.4%
Information	623	2,917	96,163	0.3%	1.9%
Finance and Insurance, and Real Estate and Rental and Leasing	2,227	13988	334,077	5.4%	8.1%
Professional, Scientific, and Management, and Administrative and Waste Management Services	3,322	15,636	524,959	41.8%	40.8%
Arts, Entertainment, and Recreation, and Accomodation and Food Services	4,143	16,287	506,514	combined	combined
Education Services, and Health Care and Social Assistance	11,140	44,825	1,311,457	combined	combined
Other services, except Public Administration	2,296	8,415	235,115	combined	combined
Public Administration	2,867	11,816	201,410	5.1%	6.4%

TABLE 4A: EMPLOYMENT BY OCCUPATION				
	2014		2000	
	Lancaster	Region	Lancaster	Region
White Collar Categories	78.20%	83.70%	71.4%	75.3%
Percent Management/Business/Financial	10.50%	9.10%	11.2%	13.4%
Percent Professional	31.00%	43.20%	17.0%	18.4%
Percent Sales	8.90%	6.90%	11.0%	10.7%
Percent Administrative Support	12.30%	11.50%	15.1%	17.4%
Percent Services	15.40%	13.10%	17.1%	15.4%
Blue Collar Categories	21.80%	16.30%	28.6%	24.6%
Percent Farming/Forestry/Fishing	0.40%	0.20%	0.2%	0.2%
Percent Construction/Extraction	4.60%	3.10%	6.8%	5.5%
Percent Installation/Maintenance/Repair	4.20%	2.70%	5.0%	4.0%
Percent Production	6.20%	4.60%	9.1%	7.4%
Percent Transportation/Material Moving	6.50%	5.60%	7.5%	7.6%

TABLE 4B: EDUCATIONAL ATTAINMENT					
	2014			2000	
	Lancaster	Region	Ohio	Lancaster	Market Region
Percent Less Than High School	10.30%	11.10%	10.70%	15.60%	15.00%
Percent High School Diploma	40.70%	36.90%	33.90%	44.00%	39.70%
Percent Some College or Associates	29.60%	31.10%	28.80%	26.10%	27.70%
Percent Bachelors or Higher	18.70%	20.90%	26.70%	14.20%	17.80%

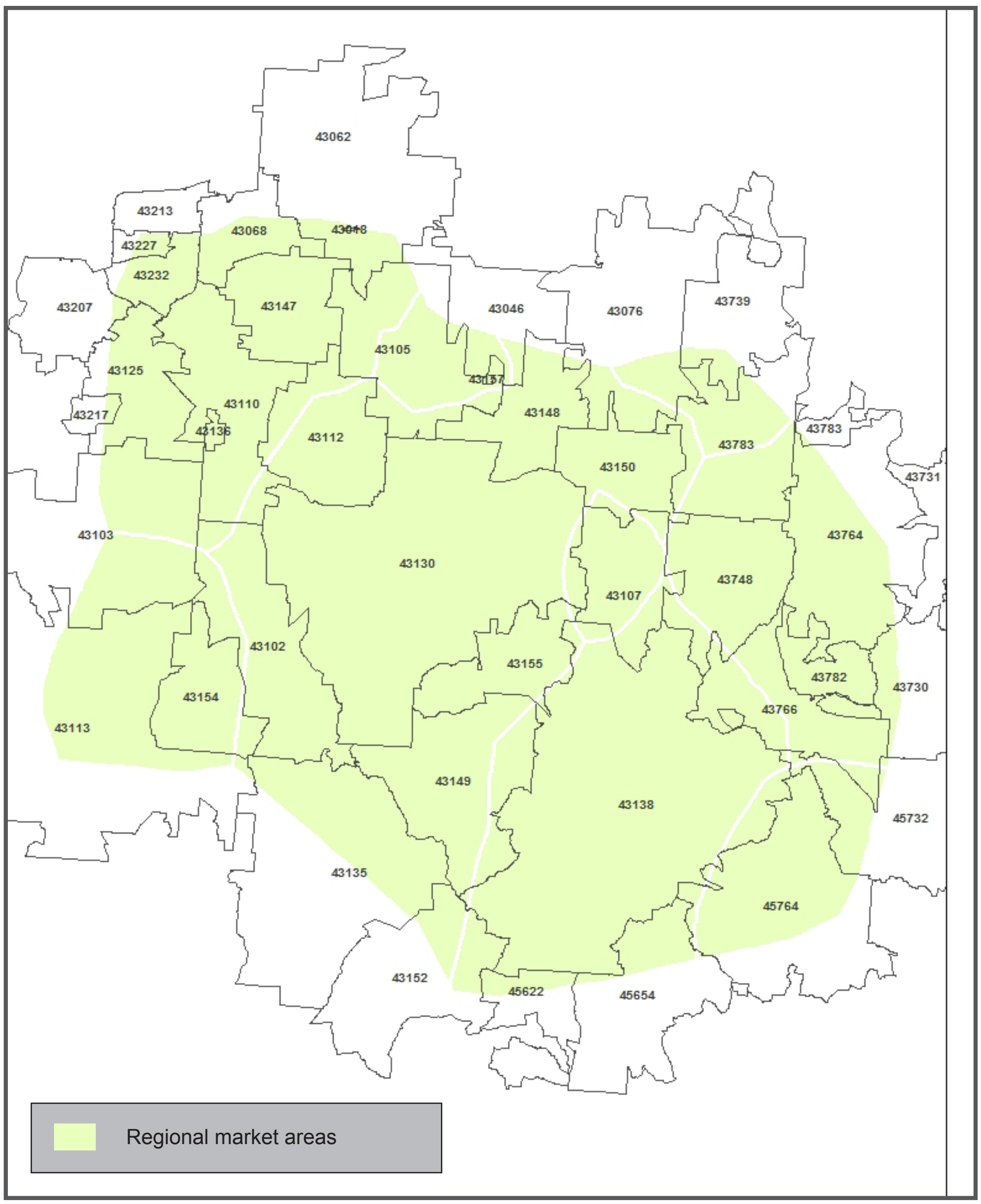
ESTIMATED SURPLUS/LEAKAGE RESULTS

The Lancaster Market Region is comprised of retail businesses located within the city of Lancaster and surrounding areas including: Baltimore, Somerset, Circleville, Bremen, New Lexington, Logan, Nelsonville, and portions of southeast Columbus (Map 2). The Lancaster Market Region was determined by local leaders who provided input regarding the average maximum distance traveled by local residents for retail shopping. For the purpose of this report, competing market centers are defined as retail centers identified by representatives from the community. The area around the center from which that center “pulls” its customers is that center’s retail Market Area. Table 5 below illustrates the differences in estimated Market Area population and per capita income. Again, population and income are the two most important indicators of retail demand.

Of all the studied areas, the Baltimore market had the highest weighted per capital income at $27,463 followed by the Lancaster area at $22,786. Nelsonville had the lowest weighted per capita income at $13,242.

TABLE 5 – ESTIMATED MARKET AREA POPULATION AND PER CAPITA INCOME*				
ZIP Code	General area within zip code	Population of zip code	Per capita income	Regional Comparison (Column D divided by regional weighted average)
43105	Baltimore	7,972	$ 27,463	1.1866
43130	Lancaster	59,630	$ 22,786	0.9846
43113	Circleville	23,450	$ 22,091	0.9545
43107	Bremen	3,119	$ 21,539	0.9307
43138	Logan	18,387	$ 19,701	0.8513
See note**	Columbus**	272,958	$ 19,567	n/a
43783	Somerset	4,593	$ 19,559	0.8451
43764	New Lexington	8,726	$ 17,984	0.7771
45764	Nelsonville	9,268	$ 13,242	0.5722
Weighted Average PCAP Income*		$ 23,144		

* Weighted PCAP is a proportional measure of average local income that takes local population size into consideration. This figure is helpful for regional comparison of per capita income.
** Columbus zip code populations have been combined; per capita incomes have been averaged. Columbus zip codes included: 43207, 43213, 43217, 43219, 43224, 43227, 43230, 43231, and 43232
***Per capita income for Lancaster in Table 1 and Table 5 are different because Table 1 is based on the Lancaster market area and Table 5 shows the figure for the Lancaster zip code.



Map 6: Lancaster Region Zip Codes and Retail Market Area

Retail Sales by Market Area

To gain an understanding of the actual retail sales in the 9 market areas, sales data was purchased from InfoUSA, using 2015 as it most recent data. Retail establishments self-identify the Standard Industrial Classification (SIC) code, which classifies business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. retail economy. The SIC codes define establishments based on the activities in which they are primarily engaged

Table 6 below shows the observed sales that were ascertained from InfoUSA and compiled by CURA, and the estimated sales based on population and per capita sales. If the actual sales are greater than the estimated sales, than the market area has a surplus of retail sales. If the estimated sales are greater than the actual sales, than the market area has a sales leakage. Because there are 56 retail sectors identified, some sectors within a market area could have a surplus while other sectors could have leakage. Economic development professionals can drill down in the data to identify both surpluses and leakages with their particular market area.

The following are several key economic indicators derived from Table 6 (below) that demonstrate notable trends in the market region.

- While there are a total of 3,847 stores in the entire Market Region, as expected, the Columbus Area leads with 1,977 retail establishments, accounting for almost 52% of all the stores.
- The Lancaster Region, with 403 retail establishments, has the second highest number of stores studied and accounts for almost 11% of all stores. After Lancaster, there is a significant drop off in the number of stores beginning with Circleville (174), followed by Logan (125).

TABLE 6: OBSERVED AND SURPLUS SALES BY ZIP CODE

Primary place (by zip code)	Stores in zip code	Observed (actual) total sales ($'000)	Observed estimate of per capita sales	SURPLUS (= actual - potential; positive is good)	Per Capita Surplus (+)	PERCENTAGE OF POTENTIAL	SURPLUS SECTORS (sector with local sales exceeding expectations out of 56)	Active Retail Sectors (out of 56)
Baltimore	30	$24,614	$3.09	$(86,959)	$(10.91)	22%	5	15
Bremen	10	$7,358	$2.36	$(17,730)	$(5.68)	29%	4	7
Circleville	174	$480,490	$20.49	$65,209	$2.78	116%	19	40
Lancaster	403	$1,208,467	$20.27	$85,550	$1.43	108%	28	49
Logan	125	$246,096	$13.38	$(45,501)	$(2.47)	84%	15	39
New Lexington	57	$114,028	$13.07	$19,491	$2.23	121%	17	23
Somerset	13	$15,593	$3.39	$(12,337)	$(2.69)	56%	3	9
Nelsonville	54	$54,507	$5.88	$(33,537)	$(3.62)	62%	14	24
Columbus *	1977	$5,821,672	$20.48	$140,552	6.17	n/a	151	54
TOTAL	3847	$ 10,594,228	$16.51					

*Columbus zip code populations have been combined; per capita figures have been averaged. Columbus zip codes included: 43207, 43213, 43217, 43219, 43224, 43227, 43230, 43231, and 43232

SOURCE
Stores from INFO USA geocoded data. Actual sales from INFO USA geocoded data through 2015. Potential sales from model with control total to mirror actual regional total. Percentage of potential = (Actual / Potential) as a percentage, so > 100% means actual exceeds potential

NOTES
Excludes gasoline sales. Answers here are consistent with previous detail. Per capita sales is found by dividing actual market area sales by local population. Regional potential sales are the sum of the sales in each of the sectors. Sectorial potential sales = (POP SHARE * INCOME CORRECTION * TOTAL SALES) modified to ensure that the sum is the same for both the actual and the potential regional total. Surplus = actual - potential (positive if more local sales)

Footnote to Table 6
This table has the aggregate sales in each market area with estimates of potential sales and comparisons to actual results. This table is supplemented in the new version with a summary of the number of active retail sectors. (Explanation: although there are as many of 56 distinct lines of business, not every town / market has a complete line of services.)

It is important to note how many of the actual active sectors are above or below expectations, and we do this in this table for each sub market area.

- The total amount of all sales within the entire market area was $10,594,228,000. Lancaster was second to only Columbus in terms of actual retail sales. In 2015, Lancaster had sales of $1,208,467,000, which consisted of about 12% of all retail sales.
- Of the 9 Market Areas in the Market Region, the Circleville area ranked highest in estimated retail sales per person at $20,490 followed very closely by Columbus ($20,480) and Lancaster ($20,270).
- 4 of the 9 areas studied had a positive per capital surplus. Leading the way was Columbus at $6,170 followed by Circleville at $2,780, and New Lexington at $2,230. Lancaster had a per capital surplus at $1,430.
- At 121% of potential retail sales in the Market Region, the New Lexington Area represents the greatest surplus of retail spending. This is a strong indication that this market area has been the most successful at attracting retail shoppers from outside its market area. Lancaster compares very favorably at 108% of potential retail sales, ranking third in the region in drawing retail shoppers.
- A key indicator of retail health is the diversity of retail sectors recording a surplus. Local economies which enjoy a large number of surplus sectors may be more stable in terms of dealing with fluctuations in the local and national economies. For example, a community with a large aggregate retail sales surplus that is based primarily in motor vehicle sales would be much more sensitive to a national decline in auto sales than a community with a smaller aggregate surplus that was distributed across many retail sectors. Of the 56 (retail sectors, Lancaster has a retail sector surplus of 28 followed by Circleville (19) and New Lexington (17)
- Of the 56 retail sectors studied, Lancaster had 49 (85%) active, second only to the Columbus Market, which had 54 active retail sectors.

Lancaster Estimated Retail Sales Surplus/Leakage (Table 7)

As discussed earlier, retail sales surpluses and leakages were estimated for each retail sector for each Market Area by comparing the actual retail sales in that sector with "potential" sales. Potential sales are estimated based on the population of the Market Area and the per capita income of the residents living in the Market Area relative to the whole region. Potential sales are the annual sales that a Market Area could achieve if all the residents shopped locally. A surplus results if actual sales are greater than potential sales, and vice versa, a leakage results if actual sales are less than potential sales. For the Lancaster market, the total actual sales were $ 1,208,467,000 while the potential sales are $969,102,000 meaning that Lancaster has a combined overall surplus of retail sales of $239,365,000.

By summing all surpluses and leakages across all retail sectors, a total retail sales surplus/leakage estimate is calculated. This dollar figure indicates if there is a net surplus or leakage of total retail dollars for each of the Market Areas.

For Lancaster:
The top ten sectors with the **potential greatest percentage of retail sales surplus** (in rank order) are:

1. Miscellaneous Retail Stores: 357%
2. Musical Instrument Stores: 250%
3. Recorded Tape Stores: 242%
4. Camera Supply Stores: 149%
5. Motorcycle Dealers: 136%
6. Retail Nurseries: 132%
7. Meat and fish (Seafood) market: 116%
8. Jewelry Stores: 73%
9. Recreational Vehicle Dealers: 71%
10. Tobacco Stores and Stands: 67%

The top ten sectors with the **greatest percentage of potential retail sales leakages** (in rank order) are:

1. Hardware Stores: -100.00%
2. Mobile Home Dealers: -100.00%
3. Boat Dealers: -100.00%
4. Liquefied Petroleum Gas Dealers: -100.00%
5. Dairy Products Stores: -100.00%
6. Drapery, Curtain, and Upholstery Stores: -100.00%
7. News Dealers and Newsstands: -100.00%
8. Fruit and Vegetable Markets: -93.05%
9. Miscellaneous Apparel and Accessory Stores:-93.04%
10. Book Stores: -86.09%

TABLE 7: LANCASTER ESTIMATED POTENTIAL RETAIL SALES SURPLUS/LEAKAGE					
SECTOR	POTENTIAL SALES (LANCASTER)	ACTUAL SALES (LANCASTER)	Surplus or Leakage	% Surplus	Surplus sector in Lancaster?
Lumber and Other Building Materials Dealers	$92,294	$113,705	$21,411	23.2%	yes
Paint, Glass, and Wallpaper Stores	$16,973	$7,806	$(9,167)	-54.0%	
Hardware Stores	$3,346		$(3,346)	-100.0%	
Retail Nurseries, Lawn and Garden Supply Stores	$4,597	$10,668	$6,071	132.1%	yes
Mobile Home Dealers	$2,608		$(2,608)	-100.0%	
Department Stores	$123,329	$147,131	$23,802	19.3%	yes
Variety Stores	$10,422	$9,322	$(1,100)	-10.6%	
Miscellaneous General Merchandise Stores	$2,668	$1,157	$(1,511)	-56.6%	
Grocery Stores	$151,111	$212,883	$61,772	40.9%	yes
Meat and Fish (Seafood) Markets, Including Freezer Provi-sioners	$1,363	$2,942	$1,579	115.8%	yes
Fruit and Vegetable Markets	$5,421	$377	$(5,044)	-93.0%	
Candy, Nut, and Confectionery Stores	$1,647	$277	$(1,370)	-83.2%	
Dairy Products Stores	$68		$(68)	-100.0%	
Retail Bakeries	$2,990	$3,115	$125	4.2%	yes
Miscellaneous Food Stores	$1,973	$1,278	$(695)	-35.2%	
Motor Vehicle Dealers (New and Used)	$181,180	$139,362	$(41,818)	-23.1%	
Auto and Home Supply Stores	$21,755	$23,588	$1,833	8.4%	yes
Boat Dealers	$1,223		$(1,223)	-100.0%	
Recreational Vehicle Dealers	$2,841	$4,853	$2,012	70.8%	yes
Motorcycle Dealers	$3,796	$8,947	$5,151	135.7%	yes
Men's and Boys' Clothing and Accessory Stores	$1,420	$485	$(935)	-65.8%	
Women's Clothing Stores	$3,121	$3,538	$417	13.4%	yes
Women's Accessory and Specialty Stores	$2,109	$2,929	$820	38.9%	yes
Children's and Infants' Wear Stores	$1,888	$1,031	$(857)	-45.4%	
Family Clothing Stores	$20,233	$14,936	$(5,297)	-26.2%	
Shoe Stores	$5,307	$7,338	$2,031	38.3%	yes
Miscellaneous Apparel and Accessory Stores	$3,618	$252	$(3,366)	-93.0%	
Furniture Stores	$17,113	$13,772	$(3,341)	-19.5%	
Floor Covering Stores	$5,959	$3,088	$(2,871)	-48.2%	
Drapery, Curtain, and Upholstery Stores	$45		$(45)	-100.0%	
Miscellaneous home furnishings Stores	$4,629	$3,725	$(904)	-19.5%	
Household Appliance Stores	$3,924	$4,614	$690	17.6%	yes
Radio, Television, and Consumer Electronics Stores	$13,018	$12,812	$(206)	-1.6%	
Computer and Computer Software Stores	$2,935	$1,638	$(1,297)	-44.2%	
Record and Prerecorded Tape Stores	$194	$664	$470	241.6%	yes
Musical Instrument Stores	$410	$1,434	$1,024	249.8%	yes
Eating Places	$79,832	$87,396	$7,564	9.5%	yes
Drinking Places (alcoholic Beverages)	$2,365	$2,810	$445	18.8%	yes
Drug Stores and Proprietary Stores	$52,339	$33,970	$(18,369)	-35.1%	
Liquor Stores	$2,917	$1,119	$(1,798)	-61.6%	
Used Merchandise Stores	$5,375	$5,976	$601	11.2%	yes

TABLE 7 (Continued): LANCASTER ESTIMATED POTENTIAL RETAIL SALES SURPLUS/LEAKAGE					
SECTOR	POTENTIAL SALES (LANCASTER)	ACTUAL SALES (LANCASTER)	Surplus or Leakage	% Surplus	Surplus sector in Lancaster?
Sporting Goods Stores and Bicycle Shops	$10,741	$11,166	$425	4.0%	yes
Book Stores	$1,855	$258	$(1,597)	-86.1%	
Stationery Stores	$6,006	$7,272	$1,266	21.1%	yes
Jewelry Stores	$5,798	$10,019	$4,221	72.8%	yes
Camera and Photographic Supply Stores	$5,234	$13,050	$7,816	149.3%	yes
Gift, Novelty, and Souvenir Shops	$2,932	$3,460	$528	18.0%	yes
Sewing, Needlework, and Piece Goods Stores	$9,737	$1,766	$(7,971)	-81.9%	
Catalog and Mail-Order Houses	$2,665	$3,389	v	27.1%	yes
Automatic Merchandising Machine Operators	$1,287	$1,645	$358	27.8%	yes
Liquefied Petroleum Gas (Bottled Gas) Dealers	$349		$(349)	-100.0%	
Florists	$1,273	$1,231	$(42)	-3.3%	
Tobacco Stores and Stands	$2,283	$3,818	$1,535	67.2%	yes
News Dealers and Newsstands	$12		$(12)	-100.0%	
Optical Goods Stores	$2,164	$2,615	$451	20.8%	yes
Miscellaneous Retail Stores, Not Elsewhere Classified	$56,411	$257,840	$201,429	357.1%	yes
GRAND TOTAL	$969,102	$1,208,467	$239,365		28

Footnote to Table 7
Potential and actual sales; defines surplus as ACTUAL - POTENTIAL by each Retail sector for the particular case of the focal market area we are studying.

Percent surplus is the (surplus / potential) expressed as a percentage.

This result can be negative if the actual sales fall short of the potential. I believe it aligns with intuition in that “negative” is a less favorable result and the signs reverse if the sales exceed expectations. It can be negative 100% if the place has zero actual sales.

Actual Retail Sales Figures (Table 8)

While table 7 above indicates potential sales surpluses and leakages, Table 8 shows below the actual sales of each sector in Lancaster and the share of those sales in comparison with the entire market region. So, for example, 11.3% of all Lumber Dealers (Row 5211) in the entire market region are located in the Lancaster zip code. As a percentage of regional sales, the top ten sectors in Downtown Lancater are: Miscellaneous Retail Stores, Not Elsewhere Classified (41.81%), Musical Instrument Stores (32.00%), Record and Prerecorded Tape Stores (31.25%), Camera and Photographic Supply Stores (22.81%), Motorcycle Dealers (21.56%), Retail Nurseries, Lawn and Garden Supply Stores (21.23%), Meat and Fish (Seafood) Markets, Including Freezer Provisioners (19.74%), Jewelry Stores (15.81%), Recreational Vehicle Dealers (15.62%), Tobacco Stores and Stands (15.30%), Grocery Stores (12.89%)

TABLE 8 – LANCASTER MARKET AREA ACTUAL RETAIL SALES (Amounts in Thousands)

SECTOR	Count of ACTUAL SALES VOLUME	Sum of ACTUAL SALES VOLUME	Share of region stores	Share of region sales	Total Count (Region)	Total Sales (Region)
Lumber and Other Building Materials Dealers	12	$113,705	11.4%	11.3%	105	$1,008,959
Paint, Glass, and Wallpaper Stores	8	$7,806	13.1%	4.2%	61	$185,548
Retail Nurseries, Lawn and Garden Supply Stores	5	$10,668	13.9%	21.2%	36	$50,255
Department Stores	8	$147,131	13.6%	10.9%	59	$1,348,232
Variety Stores	8	$9,322	9.6%	8.2%	83	$113,928
Miscellaneous General Merchandise Stores	2	$1,157	6.7%	4.0%	30	$29,162
Grocery Stores	23	$212,883	8.0%	12.9%	286	$1,651,947
Meat and Fish (Seafood) Markets, Including Freezer Provisioners	1	$2,942	6.3%	19.7%	16	$14,901
Fruit and Vegetable Markets	1	$377	5.3%	0.6%	19	$59,261
Candy, Nut, and Confectionery Stores	1	$277	9.1%	1.5%	11	$18,006
Retail Bakeries	5	$3,115	7.8%	9.5%	64	$32,683
Miscellaneous Food Stores	6	$1,278	13.6%	5.9%	44	$21,568
Motor Vehicle Dealers (New and Used)	16	$139,362	7.0%	7.0%	230	$1,980,666
Auto and Home Supply Stores	13	$23,588	7.7%	9.9%	169	$237,824
Recreational Vehicle Dealers	3	$4,853	42.9%	15.6%	7	$31,061
Motorcycle Dealers	3	$8,947	12.0%	21.6%	25	$41,503
Men's and Boys' Clothing and Accessory Stores	1	$485	5.3%	3.1%	19	$15,523
Women's Clothing Stores	5	$3,538	12.2%	10.4%	41	$34,120
Women's Accessory and Specialty Stores	2	$2,929	16.7%	12.7%	12	$23,051
Children's and Infants' Wear Stores	2	$1,031	14.3%	5.0%	14	$20,636
Family Clothing Stores	6	$14,936	7.2%	6.8%	83	$221,184
Shoe Stores	7	$7,338	11.7%	12.6%	60	$58,018
Miscellaneous Apparel and Accessory Stores	1	$252	2.0%	0.6%	50	$39,553
Furniture Stores	14	$13,772	15.1%	7.4%	93	$187,079
Floor Covering Stores	4	$3,088	12.5%	4.7%	32	$65,148
Miscellaneous home furnishings Stores	4	$3,725	11.8%	7.4%	34	$50,606
Household Appliance Stores	3	$4,614	14.3%	10.8%	21	$42,892
Radio, Television, and Consumer Electronics Stores	4	$12,812	8.3%	9.0%	48	$142,309
Computer and Computer Software Stores	4	$1,638	12.5%	5.1%	32	$32,085
Record and Prerecorded Tape Stores	1	$664	33.3%	31.2%	3	$2,125
Musical Instrument Stores	2	$1,434	22.2%	32.0%	9	$4,481

table continues on next page

TABLE 8 (continued) – LANCASTER MARKET AREA ACTUAL RETAIL SALES (Amounts in Thousands)						
SECTOR	Count of ACTUAL SALES VOLUME	Sum of AC-TUAL SALES VOLUME	Share of region stores	Share of region sales	Total Count (Region)	Total Sales (Region)
Eating Places	96	$87,396	9.3%	10.0%	1037	$872,727
Drinking Places (alcoholic Beverages)	14	$2,810	13.5%	10.9%	104	$25,850
Drug Stores and Proprietary Stores	13	$33,970	16.7%	5.9%	78	$572,170
Liquor Stores	1	$1,119	3.8%	3.5%	26	$31,891
Used Merchandise Stores	22	$5,976	21.4%	10.2%	103	$58,764
Sporting Goods Stores and Bicycle Shops	7	$11,166	11.5%	9.5%	61	$117,418
Book Stores	1	$258	4.5%	1.3%	22	$20,278
Stationery Stores	2	$7,272	11.1%	11.1%	18	$65,660
Jewelry Stores	8	$10,019	14.3%	15.8%	56	$63,383
Camera and Photographic Supply Stores	11	$13,050	17.5%	22.8%	63	$57,214
Gift, Novelty, and Souvenir Shops	9	$3,460	12.5%	10.8%	72	$32,050
Sewing, Needlework, and Piece Goods Stores	2	$1,766	20.0%	1.7%	10	$106,442
Catalog and Mail-Order Houses	1	$3,389	7.1%	11.6%	14	$29,139
Automatic Merchandising Machine Operators	3	$1,645	25.0%	11.7%	12	$14,068
Florists	4	$1,231	9.1%	8.8%	44	$13,911
Tobacco Stores and Stands	3	$3,818	10.3%	15.3%	29	$24,960
Optical Goods Stores	3	$2,615	9.1%	11.1%	33	$23,659
Miscellaneous Retail Stores, Not Elsewhere Classified	28	$257,840	12.7%	41.8%	221	$616,687
TOTAL	403	$1,208,467			3847	$10,594,228

Retail Hierarchy of Lancaster Market Area

Figure 1 below lists the retail sectors that are analyzed according to their place in the hierarchy of retail goods from convenience to specialty sectors and sales. The items at the bottom of the hierarchy are labeled convenience or "everyday" items that people buy frequently and that they are most likely to buy locally. Stores that sell these items, including grocery stores and gas stations, are found in almost all towns. As Figure 1 indicates, communities with only these basic retail services are labeled minimum convenience places. On the other hand, the items at the top of the hierarchy are specialty items that are not bought on a frequent basis, including hobby goods, optical goods, books, and cameras. Stores specializing in goods such as these are usually found in larger towns and cities. A complete shopping place is one that has all of the retail sectors considered here.

- Of the minimum convenience sectors, grocery stores and auto supply stores have a retail sales surplus of approximately 62 million in potential sales. There also appears to be significant sales leakage with Drug stores at $18 million. It should be noted that in 2006, grocery stores and drug stores had a leakage of $42 million. Due to the appeal that these sectors have to local shoppers, they may be of a higher priority than sales leakages in sectors that are more essential to a complete market (Sectors higher in Figure 1).
- Of the full convenience sectors (excluding the minimum convenience), the greatest retail sales leakages are from: Motor Vehicles dealers ($41 million), Sewing stores ($8 million), and Liquor stores ($1.8 million). Compared to the 2006 report, most of these categories had a retail surplus. Economic Development professionals should discuss the economic factors that have contributed to the sales leakage and develop marketing strategies to encourage retail developers in the retail categories.
- Of the partial shopping sectors (excluding the previous sectors), Paint, glass, and wallpaper stores ($9 million), Family clothing stores ($5 million), and Furniture stores ($ 3.5 million) had the largest leakage. These numbers are consistent with the 2006 report, indicating that the retail establishments are stable in the Lancaster area.
- Of the complete shopping market sectors (excluding the previous sectors), retail leakages was found at book stores ($1.5 million), whiles surpluses were noted at Automatic Merchandising ($358,000) and Optical goods stores ($451,000).

FIGURE 1: HIERARCHY OF RETAIL SALES FOR LANCASTER MARKET AREA

SECTOR	POTENTIAL SALES (LANCASTER)	ACTUAL SALES (LANCASTER)	Surplus/ Leakage	% Surplus	# of markets w/ surplus*
Automatic Merchandising Machine Operators	$1,287	$1,645	$358	28%	4
Optical Goods Stores	$2,164	$2,615	$451	21%	6
Book Stores	$1,855	$258	- ($1,597)	-86%	5
Sporting Goods Stores and Bicycle Shops	$10,741	$11,166	$425	4%	6
Miscellaneous Food Stores	$1,973	$1,278	- ($695)	-35%	8
Jewelry Stores	$5,798	$10,019	$4,221	73%	6
Florists	$1,273	$1,231	- ($42)	-3%	10
Gift, Novelty, and Souvenir Shops	$2,932	$3,460	$528	18%	10
Motorcycle Dealers	$3,796	$8,947	$5,151	136%	10
Shoe Stores	$5,307	$7,338	$2,031	38%	5
Women's Clothing Stores	$3,121	$3,538	$417	13%	5
Women's Accessory and Specialty Stores	$2,109	$2,929	$820	39%	4
Miscellaneous Apparel and Accessory Stores	$3,618	$252	- ($3,366)	-93%	6
Children's and Infants' Wear Stores	$1,888	$1,031	- ($857)	-45%	2
Family Clothing Stores	$20,233	$14,936	- ($5,297)	-26%	2
Men's and Boys' Clothing and Accessory Stores	$1,420	$485	- ($935)	-66%	9
Paint, Glass, and Wallpaper Stores	$16,973	$7,806	- ($9,167)	-54%	6
Lumber and Other Building Materials Dealers	$92,294	$113,705	$21,411	23%	9
Department Stores	$123,329	$147,131	$23,802	19%	7
Radio, Television, and Consumer Electronics Stores	$13,018	$12,812	- ($206)	-2%	2
Computer and Computer Software Stores	$2,935	$1,638	- ($1,297)	-44%	7
Musical Instrument Stores	$410	$1,434	$1,024	250%	6
Recreational Vehicle Dealers	$2,841	$4,853	$2,012	71%	4
Retail Nurseries, Lawn and Garden Supply Stores	$4,597	$10,668	$6,071	132%	12
Meat and Fish (Seafood) Markets, etc.	$1,363	$2,942	$1,579	116%	11
Furniture Stores	$17,113	$13,772	- ($3,341)	-20%	6
Miscellaneous home furnishings Stores	$4,629	$3,725	- ($904)	-20%	6
Catalog and Mail-Order Houses	$2,665	$3,389	$724	27%	6
Tobacco Stores and Stands	$2,283	$3,818	$1,535	67%	8
Floor Covering Stores	$5,959	$3,088	- ($2,871)	-48%	8
Household Appliance Stores	$3,924	$4,614	$690	18%	7
Stationery Stores	$6,006	$7,272	$1,266	21%	5
Motor Vehicle Dealers (New and Used)	$181,180	$139,362	- ($41,818)	-23%	9
Retail Bakeries	$2,990	$3,115	$125	4%	10
Candy, Nut, and Confectionery Stores	$1,647	$277	- ($1,370)	-83%	5
Used Merchandise Stores	$5,375	$5,976	$601	11%	10
Miscellaneous Retail Stores, Not Elsewhere Classified	$56,411	$257,840	$201,429	357%	6
Camera and Photographic Supply Stores	$5,234	$13,050	$7,816	149%	8
Sewing, Needlework, and Piece Goods Stores	$9,737	$1,766	- ($7,971)	-82%	2
Variety Stores	$10,422	$9,322	- ($1,100)	-11%	16
Miscellaneous General Merchandise Stores	$2,668	$1,157	- ($1,511)	-57%	8
Record and Prerecorded Tape Stores	$194	$664	$470	242%	3
Liquor Stores	$2,917	$1,119	- ($1,798)	-62%	10
Drinking Places (alcoholic Beverages)	$2,365	$2,810	$445	19%	10
Eating Places	$79,832	$87,396	$7,564	9%	7
Auto and Home Supply Stores	$21,755	$23,588	$1,833	8%	11
Drug Stores and Proprietary Stores	$52,339	$33,970	- ($18,369)	-35%	7
Grocery Stores	$151,111	$212,883	$61,772	41%	10
Fruit and Vegetable Markets	$5,421	$377	- ($5,044)	-93%	5
TOTAL	**$961,451**	**$1,208,467**	**$247,016**		

MINIMUM CONVENIENCE

FULL CONVENIENCE MARKET CENTER

PARTIAL SHOPPING MARKET CENTER

COMPLETE SHOPPING MARKET

DOWNTOWN LANCASTER

An aerial view of downtown Lancaster, OH

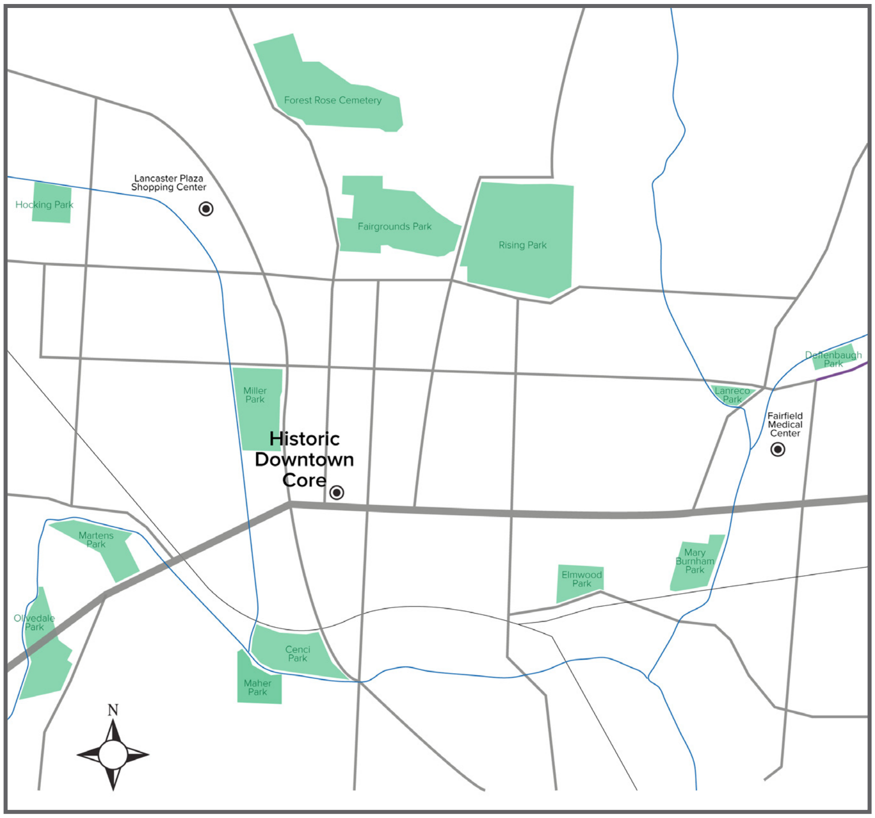
In the analysis thus far, downtown Lancaster is included in the larger Lancaster Market Area. The economic interdependence between the downtown and the larger Market Area is significant. However, to better understand the role of Downtown Lancaster, it can be useful to consider the proportion of retail sales in the Lancaster Market Area that are attributed to retailers in the downtown. Map 8 below demonstrates the boundaries in green of the downtown study area. Such an analysis provides an indication of retail activity in the downtown relative to the larger Lancaster Market Area.

We would expect the downtown to contain more specialty shops and services than the larger Market Area. As larger retailers have located outside the downtown areas, downtown shopping districts have had to redefine themselves by filling demand niches that are not satisfied by the larger retailers. The larger retailers often have advantages in being able to offer more variety, lower prices, and more parking, but are less likely to offer specialty items or specialized service. In addition, stores that sell bulky or large items (e.g., cars, household appliances) are less likely to locate downtown because the land costs per square footage are higher. To the extent that there is housing in or near the downtown area, we would also expect some sales in basic convenience goods, such as groceries and drug stores.

The following are several key economic trends derived from Table 9 (page 23) that demonstrate notable developments in downtown Lancaster.

- Over 58% of home furnishing stores sales, slightly more than 42% of computer stores sales, and 41% of drinking place sales in the Lancaster Market Area are attributed to retailers in Downtown Lancaster.
- Retail Sales in downtown Lancaster account for almost 2% ($22.5 million) of all retail sales in the Lancaster Market Area ($1,208,467,000).

Map 7: Downtown Lancaster and Select Features



Map 8:
Retail businesses in Downtown Lancaster

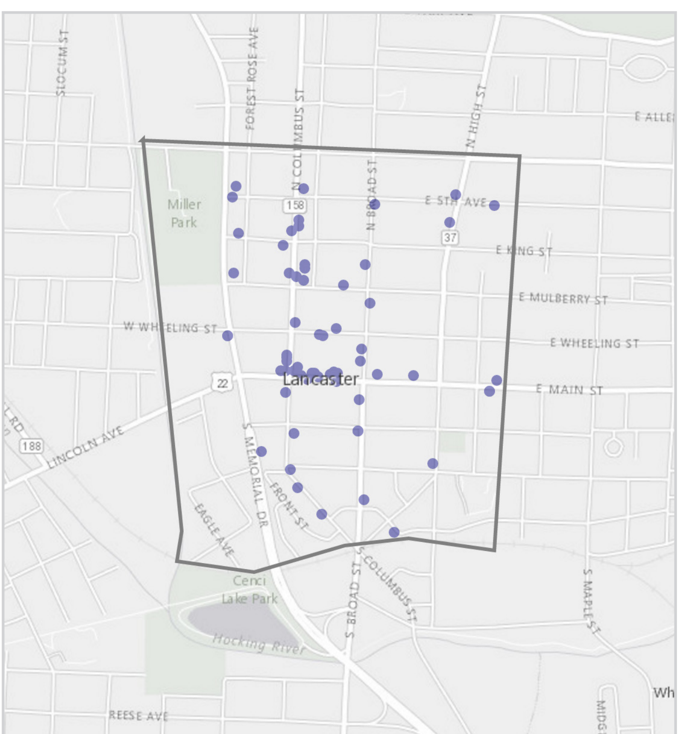


TABLE 9: DOWNTOWN LANCASTER RETAIL SALES					
	Downtown Lancaster	Downtown Lancaster	Lancaster Zip Code	Lancaster Zip Code	Downtown Lancaster as portion of Lancaster Zip Code
	Count	Sales (thousands)	Count	Sales (thousands)	
LUMBER AND OTHER BUILDING MATERIALS DEALERS	n/a	n/a	n/a	n/a	0.5%
GROCERY STORES	n/a	n/a	n/a	n/a	0.9%
AUTO AND HOME SUPPLY STORES	n/a	n/a	n/a	n/a	8.3%
WOMEN'S CLOTHING STORES	n/a	n/a	n/a	n/a	42.9%
SHOE STORES	n/a	n/a	n/a	n/a	5.7%
MISCELLANEOUS HOME FURNISHINGS STORES	2	2173	4	3725	58.3%
COMPUTER AND COMPUTER SOFTWARE STORES	2	702	4	1638	42.9%
EATING PLACES	10	4805	96	87396	5.5%
DRINKING PLACES (ALCOHOLIC BEVERAGES)	5	1152	14	2810	41.0%
DRUG STORES AND PROPRIETARY STORES	n/a	n/a	n/a	n/a	6.3%
USED MERCHANDISE STORES	4	498	22	5976	8.3%
SPORTING GOODS STORES AND BICYCLE SHOPS	2	507	7	11166	4.5%
BOOK STORES	n/a	n/a	n/a	n/a	100.0%
JEWELRY STORES	n/a	n/a	n/a	n/a	6.1%
HOBBY, TOY, AND GAME SHOPS	2	250	11	13050	1.9%
GIFT, NOVELTY, AND SOUVENIR SHOPS	3	273	9	3460	7.9%
SEWING, NEEDLEWORK, AND PIECE GOODS STORES	n/a	n/a	n/a	n/a	25.0%
FLORISTS	n/a	n/a	n/a	n/a	17.6%
TOBACCO STORES AND STANDS	n/a	n/a	n/a	n/a	7.7%
OPTICAL GOODS STORES	n/a	n/a	n/a	n/a	14.3%
MISCELLANEOUS RETAIL STORES, NOT ELSEWHERE CLASSIFIED	4	1470	28	257840	0.6%
Sum of these sectors	46	22579	289	801790	2.8%
Sum of all sectors	46	22579	403	1208467	1.9%
*n/a means number is too small to report due to privacy concerns					

Potential Next Steps

While retail market analysis are quite specific to customer spending habits, self-reporting from retailers, and using data to determine per capita income, economic developers should review this entire document and begin to identify strategies moving forward.

Several strategies that should be considered:

1. Inventory retail market space to determine available vacant space
2. Survey residents to mine additional data regarding shopping habits
3. Identify the retail surpluses that Lancaster could use to further enhance itself as a regional shopping destination. For example, using the surplus of Musical Instrument stores to proactively recruit similar or like-minded businesses
4. Identify retail leakages, which then Lancaster officials could proactively recruit toward the respective sectors. For example, identify entrepreneurs that would be interested in opening a hardware store.
5. Compare the 2006 report (Appendix C, page 32) to this report for a 10 year historic view of the Lancaster Retail Sector. Did certain sectors that were a surplus in 2006 become a leakage in this report. One has to carefully interpret this data using historical trends that have impacted the sales. For example why were nurseries a retail leakage in 2006 and now is considered a surplus in 2015?

DEFINITION OF TERMS

Market Center
A downtown or regional shopping district. In the case of the Lancaster, Ohio retail market analysis, the primary Market Center of interest is Lancaster, Ohio and the neighboring Market Centers are identified as: Baltimore, Somerset, Circleville, Bremen, New Lexington, Logan, Nelsonville, and portions of Columbus.

Market Area
A geographic area that contains most of the customers that primarily shop in the retail center. The local Market Area is defined as the primary area in which the majority of customers live who shop in the local Market Center. The Market Area boundaries are estimated based on the amount of sales in the retail center and distance from this center. See the Methodology section for a more detailed description of this calculation.

Market Region
The larger geographic area that includes all the Market Areas of interest (see Map 2 for an illustration).

Potential sales
An estimate of sales that could be achieved in a Market Area if all the population living within the Market Area shopped within the Market Area. See the Methodology section for a more detailed description of this calculation.

Surplus
The positive difference between actual and potential sales. If actual retail sales within a Market Area are greater than the potential sales, then there is a sales surplus. A surplus implies either that people from outside the Market Area shop there or that people living within the Market Area consume more than the average person living within the region. This number may be expressed either in terms of dollars or as a percentage of potential sales.

Leakage
The negative difference between actual and potential sales. If actual retail sales within a Market Area are less than the potential sales, then there is a sales leakage. A leakage implies either that people living within the Market Area shop outside the Market Area or that people living within the Market Area consume less than the average person living within the region. A leakage does not imply that businesses within this sector are failing—on the contrary, these businesses may be doing quite well. A leakage simply means that the total sales within the local area are not as much as they could be based on the local area's population and income. In other words, a leakage suggests that there is a potential opportunity for local businesses to capture additional local retail dollars.

Estimated Actual Sales vs. Surplus/Leakage of Sales
A Market Area may have a large amount of actual sales within a certain sector, but still experience a leakage. Vice versa, the amount of actual sales of a particular sector may be small, but the Market Area has a surplus of sales. This is because surpluses and leakages take into account the average consumption of shoppers within the region. As a result, if the average consumer buys a large amount and if the population within the Market Area is large, then the potential sales within this sector will be high and may be greater than the actual sales, even if actual sales are high.

METHODOLOGY

Determining the Market Region

The definition of the relevant Market Region for each of the study areas is very important in analyzing regional retail market trends. The region should include all surrounding areas that either help (i.e. are complementary) or hinder (i.e. are competitive) retail sales activity within the local Market Areas. The relevant regions shown in Maps 2 and 3 were identified for this study working with the Lancaster project leaders and using the 2006 Lancaster Retail Market Analysis Report. The market region is considered to represent a reasonable distance within which Lancaster residents would do most of their shopping.

Defining Market Area Boundaries

The boundaries for each of the Market Areas were determined based on three main factors: (1) sales for 2015 in each Market Center, (2) distance to the Market Center, and (3) input from the project officials. In general, the larger the Market Center, the larger the Market Area that corresponds to the center. Initial boundaries are determined using geographic information systems and then are modified according to local feedback.

Calculating Estimated Actual Retail Sales

Data on retail sales is available for all businesses. (See Data Sources.) Once the Market Areas were determined using the procedure outlined above, sales for each retail sector within each Market Area were calculated by summing up the sales for all businesses that fall within that Market Area.

Estimating Surplus/Leakages

Surplus and leakage calculations were performed for each retail sector within each Market Area. For the purposes of this report, potential sales of retail sector R in Market Area A is defined as:

Potential Sales = (Population of Market Area A) x (Income ratio of Market Area A) x (Regional per capita consumption of retail good R)

The income ratio is the ratio of per capita income in Market Area A to the regional per capita income. This ratio gives an indication of the relative spending power of residents in Market Area A. A correction factor was used to ensure potential and actual sales are equal in aggregate for the region.

The regional per capita consumption of retail good R is the total regional sales in retail sector R divided by the population of the region. Because these values are dependent on the geographic extent of the regional boundary, they are relative measures that are specific to each study region*.

Surplus/leakage numbers are reported in dollars as well as in percentage form. The percentage term is the percentage of the potential sales for the Market Area, which indicates the size of actual sales relative to the estimated potential sales. For example, a 50% surplus implies that the actual sales are 50% larger than the estimated potential sales and vice versa, a –50% surplus (i.e. a leakage) implies that actual sales are 50% less than potential sales. A –100% surplus results if actual sales are zero.

* In other words, the region is defined with the locale of interest as the central point. A study in which one of the other Market Areas was the focus would generate a different study region with that market area as the Center. As a result, surplus and leakage estimates for the same market area will vary according to the study region that has been defined.

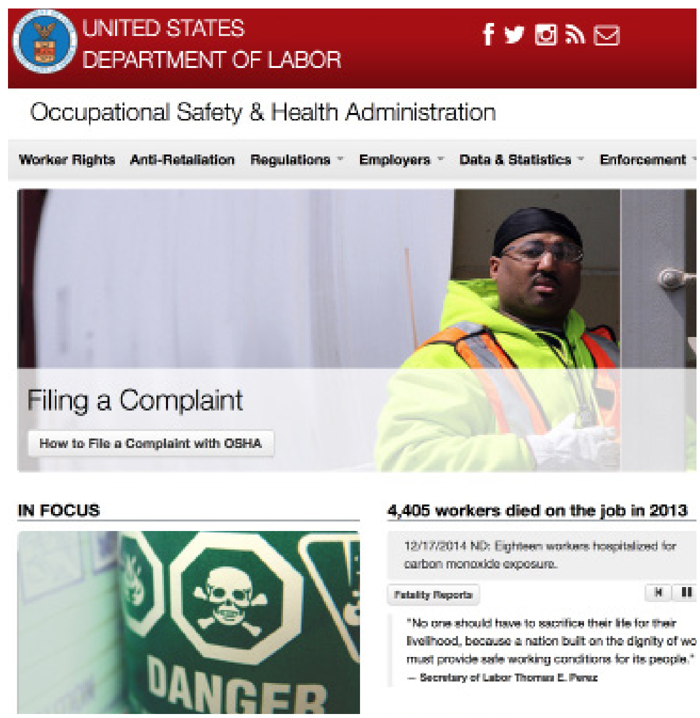
DATA SOURCES

Estimated retail sales data are compiled by InfoUSA, a private market research company that compiles estimates of retail sales data. These data are then geo-coded and extracted using ESRI's ArcMap. These data are estimated for 2015. Several variables are available, including four digit Standard Industry Codes (SIC) and sales.

Census data on population, housing, income, commuting, and labor force characteristics are from the U.S. Census Bureau's decennial census of housing and population as well as the 2014 American Community Survey (ACS). These data can be accessed at: http://www.census.gov. Some data is pulled from the 2005 Lancaster Retail Market Analysis completed by The Ohio State University.

For an explanation of the retail sectors that comprised this study, please visit: http://www.osha.gov/pls/imis/sic_manual.html.

U.S. Census Bureau Website



U.S. Department of Labor
Occupational Safety & Health Administration Web Site

APPENDIX A: TOTAL ESTIMATED RETAIL SURPLUS/LEAKAGES BY MARKET CENTER										
All amounts in thousands of dollars ($, 1000)										
Market Area	**Lancaster**	**Baltimore**	**Bremen**	**Circleville**	**Logan**	**New Lexington**	**Somerset**	**Nelsonville**	**# over out of 8 market centers**	**# over in entire market study area**
Sector										
ZIP CODE AREA	**43130**	**43105**	**43107**	**43113**	**43138**	**43764**	**43783**	**45764**		
Lumber and Other Building Materials Dealers	21411	-13404	-4563	-19910	660	-5665	-6102	-5693	2	9
Paint, Glass, and Wallpaper Stores	-9167	-2735	-839	74758	-1089	-1960	-1122	-284	1	6
Hardware Stores	-3346	-539	-165	-514	2766	223	998	307	4	15
Retail Nurseries, Lawn and Garden Supply Stores	6071	207	10	854	-1226	-531	-67	-415	4	12
Mobile Home Dealers	-2608	-420	-129	19974	563	-301	-172	-236	2	4
Department Stores	23802	-19872	-6098	17094	37399	-14244	-8154	-10934	3	7
Variety Stores	-1100	-1679	907	5667	1646	1008	101	1271	6	16
Miscellaneous General Merchandise Stores	-1511	-430	-132	-323	-17	1080	-176	453	2	8
Grocery Stores	61772	-13271	-5063	30527	-22230	4942	-841	-6666	3	10
Meat and Fish (Seafood) Markets, Including Freezer Provisioners	1579	-220	913	-520	1205	823	-90	-123	4	11
Fruit and Vegetable Markets	-5044	-873	-268	-1313	-1445	-626	-358	453	1	5
Candy, Nut, and Confectionery Stores	-1370	12	-81	3528	-439	-190	-109	-149	2	5
Dairy Products Stores	-68	-11	-3	-26	-18	-8	-4	-6	0	1
Retail Bakeries	125	-482	-148	22	-631	-262	-198	-270	2	10
Miscellaneous Food Stores	-695	-105	-98	-219	2145	-228	-130	-178	1	8
Motor Vehicle Dealers (New and Used)	-41818	-25250	-8301	20981	-2944	28377	-11979	-14393	2	9
Auto and Home Supply Stores	1833	-3505	-1076	4719	870	3343	-1438	312	5	11
Boat Dealers	-1223	-197	-60	-466	3607	-141	-81	-110	1	6
Recreational Vehicle Dealers	2012	-458	-140	-1083	-757	-328	-188	-257	1	4
Motorcycle Dealers	5151	-612	-188	-732	1491	634	-251	730	4	10
Men's and Boys' Clothing and Accessory Stores	-935	-229	-70	267	-379	-164	-94	33	2	9
Women's Clothing Stores	417	-503	-154	-938	-453	-360	-206	-282	1	5
Women's Accessory and Specialty Stores	820	-340	-104	-804	-562	-244	-139	-190	1	4
Children's and Infants' Wear Stores	-857	-304	-93	-720	-503	-218	-125	-170	0	2
Family Clothing Stores	-5297	-3260	-1000	-4728	-5110	-2337	-1338	-1827	0	2
Shoe Stores	2031	-855	-262	-1331	-1000	-198	-351	5062	2	5
Miscellaneous Apparel and Accessory Stores	-3366	-331	-179	11	-207	-418	-239	-327	1	6

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APPENDIX A: TOTAL ESTIMATED RETAIL SURPLUS/LEAKAGES BY MARKET CENTER										
Market Area	**Lancaster**	**Baltimore**	**Bremen**	**Circleville**	**Logan**	**New Lexington**	**Somerset**	**Nelson-ville**	**# over out of 8 market centers**	**# over in entire market study area**
Sector										
ZIP CODE AREA	**43130**	**43105**	**43107**	**43113**	**43138**	**43764**	**43783**	**45764**		
Furniture Stores	-3341	-2757	-846	-2525	-2118	-1977	-1131	-1546	0	6
Floor Covering Stores	-2871	-960	220	-1757	-560	-688	-394	-23	1	8
Drapery, Curtain, and Upholstery Stores	-45	191	-2	-17	-12	-5	-3	-4	1	3
Miscellaneous home furnishings Stores	-904	30	-229	-1300	-613	-535	-306	-263	1	6
Household Appliance Stores	690	-632	-194	-953	311	-453	-259	-354	2	7
Radio, Television, and Consumer Electronics Stores	-206	-2098	-644	-4372	-121	-1504	-861	-1176	0	2
Computer and Computer Software Stores	-1297	-473	-145	-1119	-782	-339	-194	-265	0	7
Record and Prerecorded Tape Stores	470	-31	-10	-74	-52	-22	-13	-18	1	3
Musical Instrument Stores	1024	-66	-20	23	-109	-47	-27	142	3	6
Eating Places	7564	-10868	-2808	3883	3908	30	-4912	1020	5	7
Drinking Places (alcoholic Beverages)	445	-289	-117	-534	-78	142	-18	154	3	10
Drug Stores and Proprietary Stores	-18369	-6007	-2588	-8630	-4247	2313	-1034	4980	2	7
Liquor Stores	-1798	-470	-144	-553	-778	-337	-193	6173	1	10
Used Merchandise Stores	601	-866	-266	-1385	61	126	-355	-486	3	10
Sporting Goods Stores and Bicycle Shops	425	-1393	-531	-2574	-2695	451	-710	-970	2	6
Book Stores	-1597	-299	-92	-578	-237	-214	-123	-168	0	5
Stationery Stores	1266	-968	-297	-2290	-1161	-694	-397	-102	1	5
Jewelry Stores	4221	-934	-287	-2210	-1138	-261	-383	-524	1	6
Camera and Photographic Supply Stores	7816	-593	-259	263	-141	651	-346	-473	3	8
Gift, Novelty, and Souvenir Shops	528	-472	-145	156	-600	-157	-194	-174	2	10
Sewing, Needlework, and Piece Goods Stores	-7971	-1569	-481	-3712	-2331	-1125	-644	-879	0	2
Catalog and Mail-Order Houses	724	-429	-132	-1016	-711	-308	-176	-241	1	6
Automatic Merchandising Machine Operators	358	-207	-64	-491	-343	-149	-85	-116	1	4
Liquefied Petroleum Gas (Bottled Gas) Dealers	-349	-56	-17	-133	1813	-40	-23	-31	1	2
Florists	-42	157	-63	2560	-49	287	133	30	5	10
Tobacco Stores and Stands	1535	-368	-113	1479	272	323	-151	-206	4	8
News Dealers and Newsstands	-12	-2	-1	-5	-3	130	-1	-1	1	1
Optical Goods Stores	451	-349	-107	1541	-577	-250	-143	-195	2	6
Miscellaneous Retail Stores, Not Elsewhere Classified	201429	-9089	-2789	-7433	-12519	-5255	-2680	-3415	1	6
Amount of Surplus (+ = surplus)	239365	-131537	-40557	111016	-12269	2099	-48480	-33023		
in this market										
sectors over	28	5	4	19	15	17	3	14	105	377

APPENDIX B: Retail Sales of Zip Codes Over 100 million, Only Columbus and Lancaster									
	Lancaster	Columbus	Columbus	Columbus	Columbus	Columbus	Columbus	Columbus	Columbus
SECTOR	**43130**	**43213**	**43219**	**43224**	**43227**	**43230**	**43231**	**43232**	**43207**
Lumber and Other Building Materials Dealers	113705	94023	128105	9106	1761	32614	42899	39371	39662
Paint, Glass, and Wallpaper Stores	7806	10616	9371	3748	1874	8121	1562	2186	33740
Hardware Stores		2743	2134	2134		2286		152	4878
Retail Nurseries, Lawn and Garden Supply Stores	10668	1185				5690	5690	237	474
Mobile Home Dealers						5451	838		
Department Stores	147131	95961	294679	5340	615	47468	410	338041	43974
Variety Stores	9322	12326	2212	3476	1738	4582		13590	12324
Miscellaneous General Merchandise Stores	1157	926	4167	1620		8566		2778	
Grocery Stores	212883	183256	115829	84757	6498	153645	80192	84277	42368
Meat and Fish (Seafood) Markets, Including Freezer Provisioners	2942	784	1177	784		1569		1765	
Fruit and Vegetable Markets	377		36616					1321	1509
Candy, Nut, and Confectionery Stores	277		7202			3324			
Dairy Products Stores									
Retail Bakeries	3115	4236	4320	789	2035	4279	1494	1162	1993
Miscellaneous Food Stores	1278	427	3311	2031		3206	106	1281	
Motor Vehicle Dealers (New and Used)	139362	234687	265586	45350	115044	243894	174205	285965	69674
Auto and Home Supply Stores	23588	15450	16431	8456	4717	12850	4715	21962	21960
Boat Dealers				3146		1966			
Recreational Vehicle Dealers	4853						7280		
Motorcycle Dealers	8947	1073						7874	5367
Men's and Boys' Clothing and Accessory Stores	485	1132	3558	3881			485	1617	1779
Women's Clothing Stores	3538	3664	13906	1390		2021	379	2274	885
Women's Accessory and Specialty Stores	2929		11971	382				3566	
Children's and Infants' Wear Stores	1031		12177			206		206	825
Family Clothing Stores	14936	4407	157899	2987		9672	1562	5970	1278
Shoe Stores	7338	2215	21881	2215		1246	692	8030	1384
Miscellaneous Apparel and Accessory Stores	252	1515	12642	9231	757	2904	378	2273	126
Furniture Stores	13772	33775	56662	6887	1333	9331	2887	15996	13554

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APPENDIX B: Retail Sales of Zip Codes Over 100 million, Only Columbus and Lancaster									
	Lancaster	Columbus	Columbus	Columbus	Columbus	Columbus	Columbus	Columbus	Columbus
SECTOR	**43130**	**43213**	**43219**	**43224**	**43227**	**43230**	**43231**	**43232**	**43207**
Floor Covering Stores	3088	2317	16484			18799			3863
Drapery, Curtain, and Upholstery Stores						198			
Miscellaneous home furnishings Stores	3725	2173	21116			2017	4502	1241	3104
Household Appliance Stores	4614	3800	2715			3529	2172		2986
Radio, Television, and Consumer Electronics Stores	12812	4532	66628	985		8079	3745	1971	2365
Computer and Computer Software Stores	1638	3044	2810	937		3044	937	2342	234
Record and Prerecorded Tape Stores	664							664	
Musical Instrument Stores	1434	179				1435	179		
Eating Places	87396	79615	166297	22940	9086	99875	19075	29343	38968
Drinking Places (alcoholic Beverages)	2810	828	2167	276	644	5304	829	3274	2255
Drug Stores and Proprietary Stores	33970	29387	11054	20491	9437	94376	2426		179050
Liquor Stores	1119			3357		1398	1678		3356
Used Merchandise Stores	5976	10541	498	5229	664	1577	10209	6723	7470
Sporting Goods Stores and Bicycle Shops	11166	3552	56519	5075		4060		2875	6935
Book Stores	258	258	5944	387	129	1548		1162	387
Stationery Stores	7272	2644	23577	1542		1983		1762	11017
Jewelry Stores	10019	1022	29450	1635	2044	6950	818	6132	613
Camera and Photographic Supply Stores	13050	878	13303	1631	125	2634		9036	250
Gift, Novelty, and Souvenir Shops	3460	1092	7285	1730	182	5099	364	1001	91
Sewing, Needlework, and Piece Goods Stores	1766	1148	8833						
Catalog and Mail-Order Houses	3389	1355	11521	677		5421			
Automatic Merchandising Machine Operators	1645	449	3143			449	449		449
Liquefied Petroleum Gas (Bottled Gas) Dealers									1906
Florists	1231	1594	290	290		1159		724	290
Tobacco Stores and Stands	3818	4405	1762	881		2055	2056		1174
News Dealers and Newsstands									
Optical Goods Stores	2615	249	6351			1866		5978	747
Miscellaneous Retail Stores, Not Elsewhere Classified	257840	26049	99178	5041	1680	19114	17649	21429	11342
GRAND TOTAL	991142	902427	1676451	308997	201910	879110	418444	953376	607724

APPENDIX A

TOTAL ESTIMATED RETAIL SURPLUS/LEAKAGE BY MARKET AREA IN THE LANCASTER, OHIO MARKET REGION:

Sectors	Baltimore	Bremen	Circleville	Lancaster	Logan	Nelsonville	New Lexington	SE Columbus	Somerset
Apparel & Accessory Stores	$ 1,110,000	$ 260,000	$ 3,084,000	$ 43,899,000	$ 4,832,000	$ -	$ -	$ 72,514,000	
Books & Office Supplies	$ -	$ -	$ 1,621,000	$ 6,642,000	$ 1,028,000	$ -	$ 399,000	$ 21,602,000	$ -
Camera & Photographic Supply Stores	$ -	$ -	$ -		$ -	$ -	$ -	$ -	$ -
Candy Nut & Confectionery Stores	$ -	$ -	$ 1,125,000	$ 1,125,000	$ -	$ -	$ -	$ 825,000	$ -
Department Stores	$ -	$ -	$ 55,080,000	$ 97,337,077	$ 4,698,000	$ 1,944,000	$ 5,508,000	$ 561,654,000	$ -
Drinking Places	$ -	$ -	$ 550,000	$ 4,200,000	$ 1,050,000	$ 300,000	$ 350,000	$ 22,250,000	$ 150,000
Drug Stores & Proprietary Stores	$ 1,000,000	$ -	$ 24,888,000	$ 18,117,000	$ 3,843,000	$ 3,660,000	$ 5,673,000	$ 19,032,000	$ 2,381,000
Eating Places	$ 1,960,000	$ 640,000	$ 35,520,000	$ 85,960,000	$ 20,640,000	$ 8,640,000	$ 11,600,000	$ 205,920,000	$ 1,880,000
Electronics, Music & Videos	$ 938,000	$ -	$ 9,372,000	$ 18,902,000	$ 5,068,000	$ -	$ 3,140,000	$ 90,003,429	$ -
Florists	$ 340,000	$ 748,000	$ 1,156,000	$ 2,040,000	$ 952,000	$ 272,000	$ 1,428,000	$ 7,276,000	$ 340,000
Furniture & Home Furnishings	$ 1,322,000	$ 1,809,000	$ 6,647,000	$ 26,026,000	$ 2,409,000	$ 138,000	$ 1,403,000	$ 117,517,000	$ -
Gasoline Service Stations	$ 900,000	$ 2,400,000	$ 45,300,000	$ 35,400,000	$ 16,380,000	$ 7,800,000	$ 3,300,000	$ 97,826,000	$ 8,400,000
Gift Novelty & Souvenir Shops	$ -	$ -	$ 1,092,000	$ 6,825,000	$ 910,000	$ 91,000	$ -	$ 12,922,000	$ -
Grocery Stores	$ 14,780,000	$ 2,525,000	$ 43,731,000	$ 97,762,000	$ 35,790,000	$ 15,144,000	$ 38,157,000	$ 345,358,000	$ 4,617,000
Hardware Stores	$ 387,000	$ -	$ 387,000	$ 1,806,000	$ 1,935,000	$ 516,000	$ 774,000	$ 13,056,643	$ 1,032,000
Hobby Toy & Game Shops	$ -	$ -	$ 336,000	$ 2,198,000	$ 672,000	$ 672,000	$ 336,000	$ 21,889,000	$ 336,000
Household Appliance Stores	$ -	$ -	$ 436,000	$ 3,052,000	$ 1,744,000	$ 1,308,000	$ 436,000	$ 16,568,000	$ -
Jewelry Stores	$ -	$ -	$ 1,716,000	$ 7,176,000	$ 312,000	$ 312,000	$ 312,000	$ 17,004,000	$ -
Liquor Stores	$ 904,000	$ -	$ 452,000	$ 7,232,000	$ 904,000	$ 4,972,000	$ 2,938,000	$ 7,910,000	$ -
Lumber & Other Building Materials	$ 3,870,000	$ 1,806,000	$ 19,554,000	$ 80,478,000	$ 17,688,000	$ 1,320,000	$ 8,460,000	$ 106,086,000	$ -
Miscellaneous Retail	$ 536,000	$ 268,000	$ 85,093,000	$ 23,863,000	$ 2,682,000	$ 670,000	$ 4,136,000	$ 65,833,000	$ 670,000
Mobile Home Dealers	$ -	$ -	$ 17,424,000	$ -	$ -	$ -	$ -	$ 5,603,000	$ -
Motor Vehicles & Supplies	$ 3,387,000	$ 1,294,000	$ 98,735,000	$ 254,956,000	$ 49,217,000	$ 3,270,000	$ 42,429,000	$ 555,777,636	$ 1,598,000
Optical Goods Stores	$ -	$ -	$ 1,380,000	$ 1,610,000	$ -	$ -	$ -	$ 6,440,000	$ -
Recreational Vehicle Dealers	$ -	$ -	$ 892,000	$ 23,442,000	$ 1,655,000	$ -	$ 662,000	$ 110,195,000	$ -
Retail Bakeries	$ -	$ -	$ 2,016,000	$ 5,040,000	$ 280,000	$ -	$ 168,000	$ 9,016,000	$ -
Retail Nurseries & Lawn Supply Stor	$ 810,000	$ 270,000	$ 2,565,000	$ 6,075,000	$ 540,000	$ -	$ -	$ 28,620,000	$ 405,000
Sporting Goods & Bicycle Shops	$ -	$ -	$ 148,000	$ 3,700,000	$ 592,000	$ 1,776,000	$ 888,000	$ 21,312,000	$ -
Shoes Stores	$ 720,000	$ -	$ 1,152,000	$ 5,040,000	$ 720,000	$ -	$ -	$ 12,960,000	$ -
Used Merchandise Stores	$ -	$ -	$ 616,000	$ 4,928,000	$ 1,760,000	$ 264,000	$ 792,000	$ 5,544,000	$ -
Variety and General Merchandise	$ -	$ -	$ 3,518,000	$ 3,366,000	$ 3,850,000	$ -	$ -	$ 11,164,000	$ -
Total	$ 32,964,000	$ 12,020,000	$ 465,586,000	$ 878,197,077	$ 182,151,000	$ 53,069,000	$ 133,289,000	$ 2,589,677,708	$ 21,809,000

surplus values in yellow

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The Center for Urban & Regional Analysis

OHIO STATE 1914-2014 100 SMITH-LEVER ACT EXTENDING KNOWLEDGE CHANGING LIVES EXTENSION

THE OHIO STATE UNIVERSITY
CENTER FOR URBAN AND REGIONAL ANALYSIS