

## Staff summary

### Retail market report

A retail market report is a specialized report providing detailed metrics with regard to the demographics and market conditions of a specific municipality or region for the purpose of informing business development.

This report is different from other economic development related reports like the Economic Opportunities Analysis (EOA), which looks very specifically at a community's supply of industrially and commercially zoned land that is available for development to ensure that there is room to grow. It is also different from a strategic plan for economic development in that a retail market report is intended to be a current snapshot of the community – a display of the community's current market conditions and demographics – while an economic development strategic plan shows where a community would like its local economy to be in five, ten or fifteen years at a policy level and lays out a roadmap of how to get there. Finally, while an EOA and an EDSP look at the entire economy of a municipality or region including industrial and public sector development, a retail market survey looks **only** at restaurant, retail and service sector businesses.

This report typically gives current baseline data for the following economic data:

- Defines the **target market area** of a region – this is the geographic area containing the people that are likely to buy goods and services within that region. Sandy's target market area includes areas outside the City (the Villages, Gov'y, Eagle Creek, parts of Boring, etc.) where Sandy is still the most convenient place for residents to shop, bank and seek services versus another market area like, say, east Gresham. *A good portion of Estacada has also traditionally been part of Sandy's market area, but with recent growth patterns and commercial development in that community over the last 10 years, I would wager that this will no longer be the case going forward.*
- **Demographics of residents** – Retail market reports provide detailed demographic information about the residents that reside within the target market area. This is critical information for local retail business interests that are trying to determine how many potential customers are within the defined market area and what kinds of characteristics and behaviors these people display. Includes things like age, median household income, education, employment, family metrics like households with people under 18 or over 65, commuting patterns, etc.
- **Visitor data** – Retail market reports for tourism destinations tend to include data on number of visitors, pass through traffic, visitor growth rates, visitor spending data, and how all of these things are trending. A significant portion of Sandy's economy is related to outdoor recreation tourism driven by Mount Hood and the Mount Hood National Forest.
- **Retail gap analysis** – This is one of the most useful items for an economic development professional in a retail market report. This section of the report shows the demand for and supply of different categories of retail business within the market area based on spending potential per square foot of existing business versus actual spending per square foot for each type of business. If there is more demand (spending potential per square foot) than supply (actual spending per square foot), this is called **leakage** and suggests that existing demand is

“leaking” out to neighboring municipalities because we don’t have enough of that particular type of business to meet existing supply. According to our 2015 retail market report, the Sandy market area has a surplus of *grocery* and *home improvement/gardening* stores, and rather large amounts of leakage in areas like *apparel*, *general merchandise* and *health & personal care*.

- **Land & space inventory** – A retail market report will also contain a snapshot of the inventory of available built commercial space and potential commercial space in the form of available commercial land for development. This section typically also contains current market data on things like vacancy rates and commercial lease rates.
- **Retail market analysis** – This section of the report analyzes the data from all of the previous sections and provides an evaluation of the market area’s strengths, weaknesses, opportunities and threats, and a set of recommendations on how best to grow the local economy.

While a retail market survey provides important benchmark data for economic development professionals, it is arguably more important for local businesses and entrepreneurs. In addition to providing data about potential customers, this report can be used in the development of a business plan to provide evidence that a particular business type is underrepresented in a particular market area. Hans Wipper, the owner of Wippersnapper’s Kid’s Play Place, was able to solicit the funding that he ultimately used to start his business from private lenders through the use of Sandy’s 2015 market report, which showed that Sandy has a higher concentration of young families than either Clackamas County or the State of Oregon. This, along with data showing that the nearest similar business was in Clark County, Washington, was one of the main reasons he was able to secure the loans necessary to start this business.

Typically, it is good practice for a small municipality to engage in a retail market report every five years on average, as this time span is long enough for economic conditions to change significantly, especially in a community that has experienced robust population growth like ours. Sandy has had two retail market reports crafted for us in the past fifteen years – one in 2009, and an update to that report in 2015. Both of these reports were crafted for us by Marketek, a Lake Oswego based company.

The City of Sandy was prepared to engage in our third retail market report and had already chosen a contractor (ECONorthwest, for a change of perspective) and set aside funding to move forward with this project when the COVID-19 pandemic struck in the spring of 2020. Staff decided to press “pause” on this project at that time, largely because the pandemic was causing massive changes to retail behaviors and the data collected during this period would be skewed and not particularly helpful to local business interests. When it became clear that local retail market conditions would be unmeasurable for the foreseeable future, this project was temporarily abandoned, and the funding for it was folded into the City’s pandemic response.