



RETAIL DEMAND PROFILE FOR MOSCOW, IDAHO

Prepared by Kennedy Smith of the CLUE Group, LLC

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In March, 2006 a Moscow-based citizens' organization, NoSuperWalMart, asked the Community Land Use and Economics (CLUE) Group, LLC, to prepare an estimate of unmet retail sales demand in Moscow, Idaho and environs in order to understand how much new retail space the city and region can reasonably absorb in the near and mid-range future.

Methodology

Our work involved three primary components:

1. We reviewed data from the US Bureau of the Census on population, retail trade, food service, and entertainment; from the US Bureau of Economic Analysis; and from a variety of other sources in order to understand current market conditions.
2. We calculated estimates of consumer retail buying power in Moscow and vicinity.
3. We compared retail buying power in the Moscow area to actual retail sales captured by businesses in the Moscow area in order to determine if the area is experiencing retail sales leakages or sales surpluses in major retail categories.

Sources of information

The primary sources of information we used for this assignment were the 2000 *Census of Population* and 2002 Economic Census (including the *Census of Retail Trade; Census of Accommodation and Food Services; Census of Art, Entertainment and Recreation; Census of Health Care and Social Assistance; Census of Information; and Census of Other Services*), all produced by the US Bureau of the Census; 2004 *Consumer Expenditure Survey* (produced by the US Bureau of Labor Statistics); Wal-

Mart's 2000-2005 annual reports; business directories prepared by the Eastside Marketplace, Palouse Mall, and Moscow Chamber of Commerce; information available on the websites of the City of Moscow and Latah County, including projected population growth over the next decade; yellowpages.com; and *The Dollars and Cents of Shopping Centers* (produced by the Urban Land Institute).

Retail supply

The Moscow region has a number of 'big box' format stores, including a Wal-Mart of approximately 95,000 square feet in Moscow; a Shopko in Pullman, as well as a Wal-Mart Supercenter proposed for development there (approximately 10 miles away); a Wal-Mart, Big K, Home Depot and Staples in Lewiston (approximately 35 miles away); a Costco in Clarkston.

Area	# businesses	Gross sales	# paid staff
City of Moscow			
Restaurants	57	\$ 25,591,000 ¹	786
Other retail	129	256,199,000	1,724
Balance of Latah County			
Restaurants	11	4,939,000 ²	152
Other retail	34	23,296,000	180
City of Pullman			
Restaurants	50	22,995,000	801
Other retail	48	137,934,000	840
Balance of Whitman County			
Restaurants	27	4,580,000	183
Other retail	31	94,815,000	444
City of Lewiston			
Restaurants	86	42,471,000	1,275
Other retail	213	526,110,000	2,658
City of Clarkston			
Restaurants	22	12,444,000	353
Other retail	41	145,640,000	642

Table 1: Gross sales and numbers of retail businesses and paid staff in 2002 in the City of Moscow, in the balance of Latah County, and in the nearby cities of Pullman, Lewiston, and Clarkston. (Sources: 2002 Census of Retail Trade, 2002 Census of Accommodation and Food Services)

¹ Based on average sales of \$448,957 for food service and drinking establishments in Idaho, as reported in the 2002 *Census of Retail Trade*.

² Ibid.

There are also a number of 'big box' stores in Spokane and in Coeur d'Alene (both approximately 80 miles from Moscow). Moscow also has several 'category killer' stores, including an Office Depot, a Staples, and a Big 5 Sporting Goods store.

In addition to 'big box' format stores, Moscow has two shopping centers – the Palouse Mall and the Eastside Marketplace, with approximately 384,000 square feet and 150,000 square feet of retail space, respectively, with additional retail space in the downtown area and in freestanding sites throughout the community. There are a number of other retail centers in the region, as well, including the Lewiston Center Mall and the downtown districts of Pullman, Lewiston, and Clarkston. At least 75,000 square feet of retail space in the Moscow area is currently vacant.

Moscow is clearly the strongest retail center in the Moscow/Pullman region, attracting an average of \$13,288 in *per capita* retail/restaurant sales, versus \$6,505 in Pullman and \$2,057 in the balance of Latah County. Because of the relatively isolated geography of the Moscow/Pullman region, a relatively high percentage of local retail buying power is likely being captured within the region.

Area	Total sales	Population	Per capita sales
Moscow	\$ 281,790,000	21,207	\$ 13,288
Balance of Latah County	28,235,000	13,728	2,057
Pullman	160,929,000	24,740	6,505
Balance of Whitman County	71,820,000	16,000	4,489
Lewiston	568,581,000	31,047	18,314
Clarkston	158,084,000	7,351	21,505

Table 2: Per capita retail and restaurant sales in the Cities of Moscow, Pullman, Lewiston, and Clarkston and in the balance of Latah and Whitman Counties (*Sources: 2002 Census of Retail Trade, 2002 Census of Accommodation and Food Services, 2000 Census of Population, The CLUE Group*)

Retail demand

We measured retail market demand by multiplying the numbers of households in Moscow by the average amount spent by households for various retail goods and services, based on several demographic characteristics (household size, age of householder, region of residence, and household income). We then repeated this process for increasingly larger geographic areas – Moscow plus the balance of Latah County, then Moscow plus the balance of Latah County and portions of Whitman County, Washington.

$$\text{Number of households} \times \text{typical purchases/household} = \text{market demand}^3$$

³ Also called "market potential", "potential sales", or "sales demand".

So, for example, Table 2 shows the amount of market demand generated by residents of Moscow (not including surrounding areas) for groceries.

Household income (City of Moscow)	# households ⁴	x	Typical grocery purchases/ household ⁵	=	Market demand for groceries
Under \$10K	1,474	x	\$ 1,862	=	\$2,745,000
\$10-15K	788	x	2,105	=	1,659,000
\$15-20K	667	x	2,435	=	1,624,000
\$20-30K	1,190	x	2,591	=	3,083,000
\$30-40K	809	x	3,056	=	2,472,000
\$40-50K	638	x	3,263	=	2,082,000
\$50-70K	947	x	3,640	=	3,447,000
\$70-80K	304	x	4,079	=	1,241,000
\$80-100K	481	x	4,043	=	1,944,000
\$100-120K	181	x	5,014	=	907,000
\$120-150K	115	x	5,542	=	638,000
\$150K+	88	x	5,840	=	514,000
Total demand:					22,356,000

Table 3: Market demand generated by residents of the City of Moscow for groceries (*Sources:* 2002 *Census of Population*, 2004 *Consumer Expenditure Survey*, The CLUE Group).

Sales gaps/surpluses

We then compared market demand with actual sales. Among our findings:

- The City of Moscow is experiencing sales surpluses in all major retail categories, including groceries (surplus of \$32.7 million), dining out (surplus of \$16.6 million), furniture/home furnishings (surplus of \$8.4 million) and apparel (\$14.6 million).
- Latah County is experiencing sales surpluses in all but one major retail category (it is experiencing a relatively small leakage of \$3.1 million in gasoline, automotive supplies, and repairs).
- Pullman, however, is experiencing sales leakages in almost all major retail categories, including a leakage of \$4.0 million in groceries, \$7.6 million in furniture/home furnishings, \$9.6 million in apparel, and \$1.3 million in

⁴ SOURCE: 2000 *Census of Population*, US Bureau of the Census

⁵ SOURCE: 2004 *Consumer Expenditure Survey*, US Bureau of Labor Statistics

pharmaceuticals/medical supplies (the only major retail category in which Pullman is experiencing a sales surplus is dining out).

While it is impossible to state with certainty without conducting consumer surveys where Pullman's residents currently shop for various things, it is highly likely, given Moscow's high *per capita* sales performance relative to Pullman's and the region's relatively isolated location, that Pullman residents often shop in Moscow for groceries and other consumer staples.

City of Moscow

Category	Market demand	Actual sales ⁶	Gap/surplus
Groceries	\$ 22,356,000	55,025,000	32,669,000
Dining out	14,661,000	31,228,000	16,567,000
Furniture, home furnishings, appliances	9,361,000	17,808,000	8,447,000
Apparel + apparel-related services	10,974,000	25,622,000	14,648,000
Pharmaceuticals + medical supplies	4,146,000	12,199,000	8,053,000
Gasoline, automotive supplies, repairs	14,563,000	18,506,000	3,943,000
Personal care products + services	3,633,000	7,678,000	4,045,000
Books, magazines, reading materials	801,000	3,394,000	2,593,000

Table 4: Sales gaps/surpluses in the City of Moscow (Sources: 2002 Census of Retail Trade, 2002 Census of Accommodation and Food Services, 2002 Census of Other Services, calculations by The CLUE Group).

City of Moscow and Latah County

Category	Potential sales	Actual sales ⁷	Gap/surplus
Groceries	\$ 39,679,000	59,201,000	19,522,000
Dining out	26,780,000	31,339,000	4,559,000
Furniture, home furnishings, appliances	17,283,000	17,907,000	624,000
Apparel + apparel-related services	19,829,000	25,632,000	5,803,000
Pharmaceuticals + medical supplies	7,305,000	16,224,000	8,919,000
Gasoline, automotive supplies, repairs	26,312,100	23,231,000	(3,081,000)
Personal care products + services	6,546,000	8,194,000	1,648,000
Books, magazines, reading materials	1,450,000	3,444,000	1,994,000
	145,184,100	185,172,000	39,988,000

Table 5: Sales gaps/surpluses in the City of Moscow and Latah County (Sources: 2002 Census of Retail Trade, 2002 Census of Accommodation and Food Services, 2002 Census of Other Services, calculations by The CLUE Group).

⁶ SOURCE: 2002 Census of Retail Trade, 2002 Census of Food Services and Accommodation, 2002 Census of Other Services, US Bureau of the Census

⁷ SOURCE: 2002 Census of Retail Trade, 2002 Census of Food Services and Accommodation, US Bureau of the Census

Pullman

Category	Potential sales	Actual sales ⁸	Gap/surplus
Groceries	25,027,000	21,015,000	(4,012,000)
Dining out	16,195,000	23,550,000	7,355,000
Furniture, home furnishings, appliances	10,482,000	2,919,000	(7,563,000)
Apparel + apparel-related services	12,398,000	2,807,000	(9,591,000)
Pharmaceuticals + medical supplies	4,655,000	3,393,000	(1,262,000)
Gasoline, automotive supplies, repairs	15,858,200	7,274,000	(8,584,000)
Personal care products + services	4,046,000	1,801,000	(2,245,000)
Books, magazines, reading materials	896,000	208,000	(688,000)
	89,557,200	62,967,000	(22,578,000)

Table 6: Sales gaps/surpluses in Pullman (*Sources: 2002 Census of Retail Trade, 2002 Census of Accommodation and Food Services, 2002 Census of Other Services, calculations by The CLUE Group*).

Future retail demand from population growth

Moscow's population is expected to grow 7.3 percent by 2010, with the combined populations of Latah and Whitman Counties expected to grow by 13 percent.

	2000	2010	% change
Moscow	21,291	23,994	7.3%
Balance of Latah County	13,654	15,866	16.2%
Pullman	25,773	29,070	12.8%
Balance of Whitman County	17,111	19,300	12.8%
Totals:	79,829	90,240	13.0%

Table 7: Projected population growth in Moscow, Pullman, and the balances of Latah and Whitman Counties by 2010 (*Sources: 2000 Census of Population, websites for the City of Moscow and the City of Pullman*)

This will result in new market demand in major retail categories of approximately \$25.7 million (expressed in current-year dollars) in Moscow/Latah County and \$29.4 million in new demand in Pullman/Whitman County by 2010.

This new demand, however, will not result in significant demand for new retail space in Moscow and Latah County. When added to Moscow and Latah County's existing sales surpluses, there are only two major retail categories – furniture/home

⁸ SOURCE: 2002 *Census of Retail Trade, 2002 Census of Food Services and Accommodation, 2002 Census of Other Services*, US Bureau of the Census

furnishings and gasoline/automotive supplies/repairs – in which new retail space is likely to be needed by 2010.⁹

	Moscow and the balance of Latah County	Pullman and the balance of Whitman County
Groceries	6,734,000	7,711,000
Dining out	4,625,000	5,296,000
Furniture, home furnishings	3,382,000	3,873,000
Apparel + apparel-related services	3,256,000	3,729,000
Pharmaceuticals + medical supplies	1,375,000	1,575,000
Gasoline, automotive supplies, repairs	5,033,000	5,764,000
Personal care products + services	1,051,000	1,204,000
Books, magazines, reading materials	243,000	278,000
Totals:	25,699,000	29,430,000

Table 8: Projected new retail sales demand generated by population growth in Moscow, Pullman, and the balances of Latah and Whitman Counties by 2010, expressed in current-year dollars (*Sources: Consumer Expenditure Survey, calculations by The CLUE Group*)

	Current gap/surplus	Future demand	Total	Square feet supportable
Groceries	19,522,000	(6,734,000)	12,788,000	0
Dining out	4,559,000	(4,625,000)	(66,000)	200
Furniture, home furnishings	624,000	(3,382,000)	(2,758,000)	12,300
Apparel + apparel-related services	5,803,000	(3,256,000)	2,547,000	0
Pharmaceuticals + medical supplies	8,919,000	(1,375,000)	7,544,000	0
Gasoline, auto supplies, repairs	(3,081,000)	(5,033,000)	(8,114,000)	10,700
Personal care products + services	1,648,000	(1,051,000)	597,000	0
Books, magazines, rdg materials	1,994,000	(243,000)	1,751,000	0
			14,289,000	23,200

Table 9: Current retail sales gaps/surpluses in Moscow/Latah County, new retail demand projected by 2010, and supportable new retail square footage (*Sources: Dollars and Cents of Shopping Centers, calculations by The CLUE Group*)

Findings

- Moscow is currently experiencing sales surpluses in all major retail categories.
- Pullman is currently experiencing sales leakages in most major retail categories.

⁹ Projected demand of 200 square feet of new restaurant space (Table 9) is negligible.

- As a whole, the Moscow/Pullman area is adequately supplied with retail space, with sales surpluses in Moscow more or less offsetting sales leakages in Pullman.
- We believe that, at currently projected levels of population growth, Moscow will have no significant demand for new retail space within the next 5-10 years.
- The 223,000 square foot Wal-Mart Supercenter that has been proposed to be built in Pullman will attract approximately \$100 million in sales – roughly the equivalent of all current sales in major retail categories in Pullman – according to Wal-Mart's current national sales averages. This will have an enormous impact on retail activity in the region – in Pullman, in particular, but also in Moscow, as some sales currently being captured by Moscow businesses will almost certainly gravitate to the new Wal-Mart Supercenter. Grocery sales are particularly vulnerable, as the proposed Supercenter will likely capture approximately \$35 million in area grocery sales.¹⁰
- Although retail sales in Moscow will almost certainly be negatively affected by the proposed Pullman Wal-Mart Supercenter if it is built, this impact cannot be corrected by construction of yet another discount superstore, supercenter, or warehouse club in Moscow. Doing so would simply add additional square footage to a region in which there is unlikely to be significant new retail demand for at least a decade.
- It will be imperative for Moscow's commercial centers to differentiate themselves from the new Supercenter, and from Pullman's commercial centers in general, and to pursue new market opportunities through online sales; by developing ongoing, year-round relationships with one-time or occasional visitors to the community; by adding products and services not currently available within the region; by an aggressive, ongoing marketing program that establishes and firmly anchors a unique identity; and by other means.

¹⁰ Approximately 34.5 percent of total sales in supercenters and warehouse clubs are grocery sales, according to the 2002 Economic Census's report on *General Merchandise*.