



# City of Owasso, Oklahoma Retail Market Analysis April 2018



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# Chapter 1: Introduction

This report shares Marketek’s findings of the Owasso, Oklahoma Retail Market Analysis conducted during the mid-January to March 2018 time frame. The analysis seeks to further Owasso’s vision of an economically vibrant retail sector throughout the city’s commercial districts. This project included an assessment of the Owasso retail market in order to obtain a clearer picture of the current marketplace, identifying the existing retail success, and providing strategic focus on “what’s next” by categorizing opportunities for expansion and areas of oversupply. This work will help inform local decision makers about the potential role for retail in the local economy for the next several years. Specific goals of the market opportunity analysis are to:

## GOALS

- Create an accurate and *realistic* picture of the city’s retail potential within the region, including the location and character of the existing commercial supply; consumer preferences, needs and buying patterns; and opportunities and challenges for growth and development;
- Understand the gaps in the retail marketplace and the potential for increased development;
- Identify viable retail businesses based on existing market gaps and future development potential;

- Provide user-friendly market facts for promoting target business opportunities; and
- Provide a summary of key conclusions and high level next steps recommendations to strengthen and diversify the local retail sector.

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## METHODOLOGY

The market analysis considers a five-year time period from 2018-2023, which is a conservative but practical period for development. Research (both primary and secondary) includes:

- Review of over a dozen research and planning documents including economic development assessment and strategy, 2030 Land Use Plan and current development projects such as Redbud TIF District Plan (See Appendix A for a summary of relevant documents and key findings);
- Over a dozen telephone interviews with key Owasso retail anchors, city officials and leading commercial brokers (See Appendix B for a list of interviews conducted);
- Delineation of the Owasso retail market trade area;
- Demographic analysis of key retail target markets; and
- Statistical estimates of potential supportable retail space in Owasso's retail market area.

This report is organized into five principal sections or chapters:

1. Introduction
2. Owasso Target Markets
3. Commercial Assessment
4. Retail Supply & Demand Analysis
5. Conclusions and Recommendations

A brief overview of key findings is below.

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## OWASSO TOP SELLING POINTS

- The adage *retail follows rooftops* is a true one for Owasso. Since 2008, 2,321 single family housing units have been constructed in Owasso with no slow down during the last recession. Clearly, this residential development has been a key driver in Owasso's retail expansion. During the same time period, Owasso had 124 commercial building permits steadily building from year to year.

- Demographics point to a young, growing family population in their prime consumer-purchasing years, a positive for retail attraction. Owasso’s strong restaurant sales indicating good disposable income, a figure which national retailers track, and strong schools.
- Owasso’s population growth, reputation for high quality of life and fast-growing, sizable retail sales base (>\$800M annually) command attention among middle market chain and name brand retailers.
- The Tulsa regional economy of which Owasso is part of is growing well above the state overall in terms of wage and salary employment.
- Owasso’s location within the Tulsa region—easy access north; funneling effect of highways and excellent visibility.
- Favorable perception of Owasso quality of life and community amenities among the brokerage community—key to maintaining a strong competitive posture.
- Major retailers who come to the Tulsa area have all replicated themselves in surrounding secondary markets. Owasso is well known by national retailers given the City’s pro-retail marketing efforts. Example: Smith Farm Marketplace (348,000 sq. ft.) is a well-tenanted, quality shopping center that anchors Owasso’s retail base.
- Many Owasso jobs are in the Retail Trade (20%) followed by Accommodation and Food Service (16.3%). While the City seeks to diversify its employment base, the concentration of retail workers is a plus for continued retail expansion.
- The City of Owasso is viewed as forward-looking. One example is the recently-adopted Economic Development Strategy to grow the employment base, to develop a clear identity, to strengthen the City’s value proposition and encourage continued investment in infrastructure in support of retail and other industries.

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## TOP CHALLENGES FOR RETAIL IN OWASSO

- Owasso already has a large retail footprint with good representation of national retail chains.
- Available land for new development is limited and vacancies are extremely limited within existing developments.
- Rents are higher than in other secondary markets so it may be more challenging to attract smaller “Mom and Pop” style retailers to fill in smaller spaces.

- Existing retail centers must be maintained in excellent shape in order to remain competitive with other northside/Broken Arrow developments.
- Adaptive re-use strategies may need attention as existing retail spaces age and given limitations of available land for retail.
- Annexation has slowed down (no additions to fence line since 2000) and it is perceived to be hard to add additional parcels to the city.
- How to compete with next new retail center that opens if it is not in Owasso – stay ahead of the curve.
- According to brokers there is stiff competition from surrounding secondary markets in the Tulsa-area with strong incentives offered by locations such as Broken Arrow, Jenks, Bixby and Sand Springs.

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## OWASSO TOP OPPORTUNITES

- Retail sales potential is significant and is portrayed in the Retail Supply and Demand chapter.
- The City established a Tax Increment Financing (TIF) District for the Redbud District to incentivize new business and strengthen the district as a retail and mixed-use hub. The potential exists to catalyze a whole new specialty retail district and an entertainment destination with additional dining venues and on-site residents as a target market.
- Program and build out Redbud District – this paired with marketing generally of Owasso’s assets and visitor attractions will pull more customers from larger market area into town.
- Festival Park, when it opens this summer, will be a gathering place in center of new Redbud District that can be programmed to bring more customers/visitors downtown. If marketed/programmed and supported with additional dining and lodging venues, could capture a bigger share of the visitor market in Tulsa.
- On-going beautification projects and infrastructure upgrades throughout the community will contribute to a strong retail business climate.
- Create and maintain an inventory of developable commercial land and available retail space to help accommodate retail prospects and developers.



# Chapter 2: Owasso Target Markets

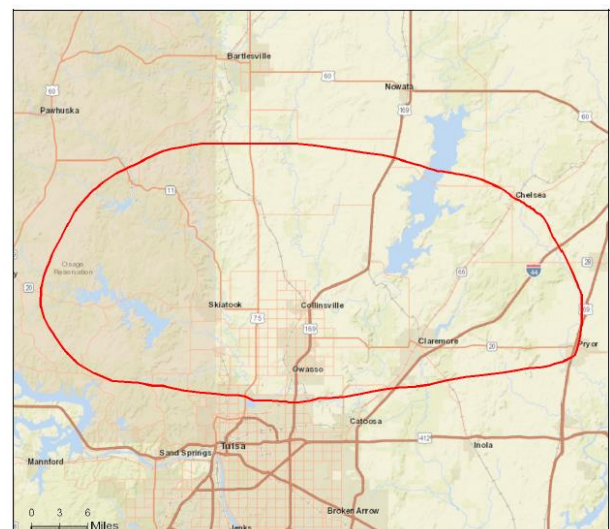
Owasso’s primary consumer target markets for retail, restaurants, services and entertainment include local residents, area employees, and visitors. This section characterizes the size and features of each market, with an in-depth look at the local resident market, which provides Owasso with the greatest opportunity for a dependable source of year-round sales.

## RESIDENTS

Based on the patronage of existing businesses, Owasso’s location within the region, its competitive assets, the location of competitive supply, geographic and man-made boundaries and drive time estimates, Marketek delineated two custom-drawn retail market area (Figures 1 & 2) from which the majority of resident shoppers are likely to emanate. The convenience market area is a 10-15-minute drive time from Owasso, the maximum time customers prefer to shop for day-to-day convenience goods.

Given Owasso’s location in between Tulsa and Kansas City along major interstates, Marketek also drew a greater or

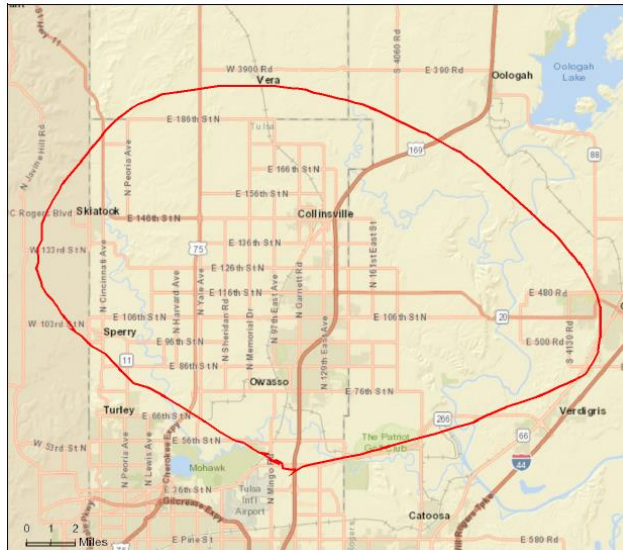
FIGURE 1 OWASSO CONVENIENCE TRADE AREA





destination trade area (Figure 2). This greater trade area reaches in an upward fan to Pryor, Chelsea, and the Osage Reservation down past Owasso and captures residents from these secondary markets who may turn to Owasso for comparison goods, entertainment and destination shopping.

FIGURE 2 OWASSO GREATER TRADE AREA



The greater trade area consists of 159,715 persons in 58,849 households. Over the next five years, the projected average annual rate of population growth is 1.19%, higher than the growth rate statewide (0.90%). With this growth rate, the greater trade area is projected to add 9,737 persons and over 3,527 households by 2022. This fast rate of growth is outpaced further by the significantly higher growth rate of 1.47% of the smaller convenience trade area. Although the growth rate is higher within the convenience trade area, both rates reflect the solid employment base and affordable housing prices within Owasso.

Other important demographic trends to note include (See Figure 3):

- Median household income in both the convenience trade area (\$68,384) and the greater trade area (\$60,436) are both considerable higher than the state median income (\$49,521), reflecting the higher wage employers in the area.
- Median age in the greater trade area is slightly older (38.4) than the convenience trade area and state (36.2 each). Despite marginally older median ages, residents within the retail market area are in their prime spending age relative to retail.
- In terms of race and ethnicity, the convenience trade area and greater trade area are both more diverse than Oklahoma.

FIGURE 3 DEMOGRAPHIC SNAPSHOT, 2017

| Demographic Indicator         | Convenience Trade Area | Greater Trade Area | State of Oklahoma |
|-------------------------------|------------------------|--------------------|-------------------|
| Population                    |                        |                    |                   |
| 2010                          | 77,269                 | 145,869            | 3,751,351         |
| 2017                          | 86,809                 | 159,715            | 4,027,541         |
| 2022 (forecast)               | 93,378                 | 169,452            | 4,211,130         |
| Avg. Ann. % Change ('17 -'22) | 1.47%                  | 1.19%              | 0.90%             |

|                              |          |          |           |
|------------------------------|----------|----------|-----------|
| Households                   |          |          |           |
| 2017                         | 31,402   | 58,849   | 1,555,350 |
| 2022 (forecast)              | 33,714   | 62,376   | 1,621,591 |
| Avg. Ann. % Change ('17-'22) | 1.43%    | 1.17%    | 0.84%     |
| Average Household Size       | 2.72     | 2.68     | 2.49      |
| Median Household Income      | \$68,384 | \$60,436 | \$49,521  |
| Median Age (Years)           | 36.2     | 38.4     | 36.2      |

Source: ESRI Business Information Solutions

Appendix C provides a more detailed demographic characterization of retail market area residents.

Tapestry data (developed by ESRI Business Information Solutions) categorizes neighborhoods throughout the nation into 65 consumer groups (or market segments) based on a variety of demographic and socioeconomic characteristics and other determinants of consumer behavior. Dominant market segments in the greater Owasso trade area include a mix of country-living conservative families with families living in lower-density suburban neighborhoods and affluent, family-oriented residents that commute to professional job centers. The top consumer segmentations are listed below, which make up approximately 60% of the greater trade area’s population.

FIGURE 4 TOP 5 CONSUMER SEGMENTATION PROFILES, GREATER TRADE AREA, 2017

| Profile, % of Households | Median Age | Median Household Income | Brief Socioeconomic Traits   |
|--------------------------|------------|-------------------------|--|
| Green Acres (18.1%)      | 43.0       | \$72,000                | <ul style="list-style-type: none"> <li>• Unemployment is low at 6%; labor force participation rate is high at 67.4%.</li> <li>• They are cautious consumers with a focus on quality and durability.</li> <li>• Comfortable with technology, more as a tool than a trend.</li> </ul>  |
| Middleburg (13.9%)       | 35.3       | \$55,000                | <ul style="list-style-type: none"> <li>• Unemployment rate lower at 7.4%; labor force participation typical of a younger population at 66.7%.</li> <li>• Traditional values are the norm here— faith, country, and family.</li> <li>• Prefer to buy American and for a good price.</li> <li>• Comfortable with the latest in technology, for convenience and entertainment.</li> </ul> |

|                               |      |          |  |
|-------------------------------|------|----------|--|
| Soccer Moms<br>(10.7%)        | 36.6 | \$84,000 | <ul style="list-style-type: none"> <li>• Low unemployment at 5.9%; high labor force participation rate at 72%; 2 out of 3 households include 2+ workers (Index 124).</li> <li>• Connected, with a host of wireless devices—anything that enables convenience.</li> <li>• Well insured and invested in a range of funds, from savings accounts or bonds to stocks.</li> </ul>   |
| Salt of the Earth<br>(10.0%)  | 43.1 | \$53,000 | <ul style="list-style-type: none"> <li>• Steady employment in construction, manufacturing, and related service industries.</li> <li>• Household income just over the national median, net worth is double the national median.</li> <li>• Cost-conscious consumers, loyal to brands they like, with a focus on buying American.</li> <li>• Last to buy the latest and greatest products.</li> </ul>  |
| Southern Satellites<br>(7.5%) | 39.7 | \$44,000 | <ul style="list-style-type: none"> <li>• Unemployment rate is slightly higher than the US rate; labor force participation rate is 59.7%, slightly lower than the US.</li> <li>• These consumers are more concerned about cost rather than quality or brand loyalty.</li> <li>• They tend to be somewhat late in adapting to technology.</li> <li>• They obtain a disproportionate amount of their information from TV, compared to other media.</li> </ul> |

**Total of Top 5: 60.2% of Population**

Source: ESRI Business Information Solutions

For a more in-depth look at the top 10 profiles, see Appendix D.

## AREA EMPLOYEES

Employees working in or near Owasso are an important captive market for retail, service, and entertainment businesses. Research conducted by the Building Owners and Managers Association of America estimates that office workers spend between 10% and 15% of their expendable income in and near their places of work. Top spending categories include restaurants, entertainment, cards, books, and gifts and personal care items.

There are an estimated 2,017 businesses and 25,002 employees within the convenience trade area. Figure 4 shows the top business and employer categories. The largest share of workers is in the services industry (34.3% representing a total of 8,583 people) followed by retail trade industry (30.3%, representing a total of 7,580 people).

FIGURE 5 TOP BUSINESS AND EMPLOYER CATEGORIES IN CONVENIENCE TRADE AREA, 2017

| Industry                      | Businesses   |               | Employment    |               |
|-------------------------------|--------------|---------------|---------------|---------------|
|                               | #            | % share       | #             | % share       |
| Agriculture & Mining          | 59           | 2.8%          | 379           | 1.5%          |
| Construction                  | 178          | 8.4%          | 1,170         | 4.7%          |
| Manufacturing                 | 72           | 3.4%          | 2,760         | 11.0%         |
| Transportation                | 76           | 3.6%          | 1,384         | 5.5%          |
| Communication                 | 16           | 0.8%          | 89            | 0.4%          |
| Utilities                     | 15           | 0.7%          | 179           | 0.7%          |
| Wholesale Trade               | 44           | 2.1%          | 343           | 1.4%          |
| Retail Trade                  | 501          | 23.8%         | 7,580         | 30.3%         |
| Finance/Insurance/Real Estate | 204          | 9.7%          | 1,371         | 5.5%          |
| Services                      | 809          | 38.4%         | 8,583         | 34.3%         |
| Government                    | 61           | 2.9%          | 1,119         | 4.5%          |
| Unclassified                  | 72           | 3.4%          | 46            | .02%          |
| <b>Total</b>                  | <b>2,107</b> | <b>100.0%</b> | <b>25,002</b> | <b>100.0%</b> |

Source: ESRI Business Information Solutions

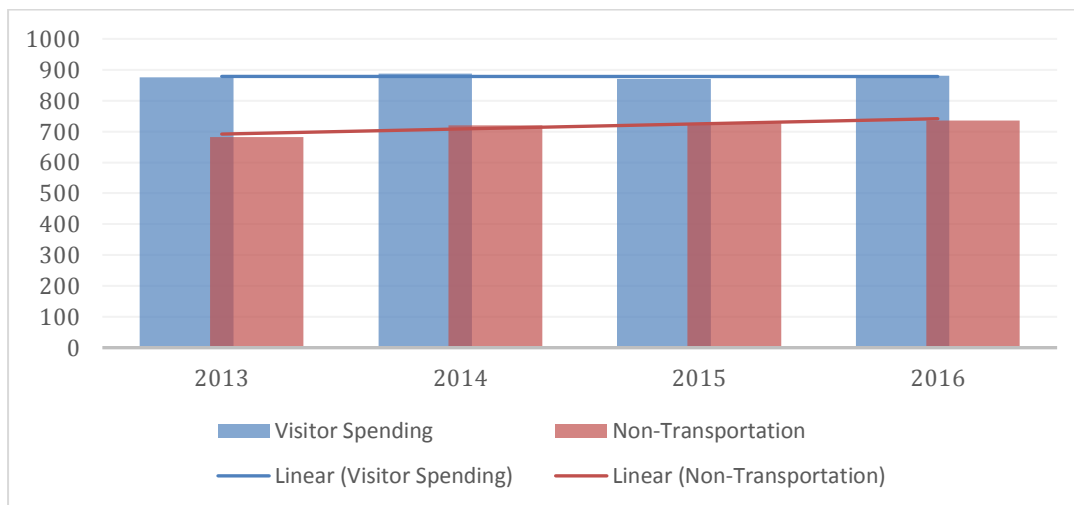
## VISITORS

Owasso’s visitor market is another contributor to its retail success. Visitors include travelers for business, pleasure, and youth sports. According to the Tulsa Convention and Visitor Bureau (CVB), the number one reason people visit Tulsa is for business. In the 2017-2018 period to-date, 234,000 people attended Tulsa convention and association meetings. Entertainment venues in Tulsa are also a significant draw with 750,000 show and concert tickets sold per year. Given that most of these large shows run on a Thursday – Sunday schedule and attract many out of town visitors, there is a significant impact on Tulsa-area hotels and a secondary impact on the Owasso retail market area. Currently there are 16,000 hotel rooms within the Tulsa area, 5,000 of which are in the larger market area that includes Owasso. Currently in Owasso there are seven hotels with 522 rooms. According to the CVB during large shows, every hotel room downtown is sold out. There is definite compression in the market and an opportunity through more active marketing to capture additional customers to hotels in the Owasso area.

Youth sports is another important driver of visitor spending in the larger market area. The Mohawk Sports Complex south of Owasso on 75 hosts seven to eight major tournaments a year. A range of 50 to 170 teams may participate in a weekend event at the complex drawing thousands of visitors. Additionally, youth sports events in Tulsa will have secondary impacts on hotels in Owasso. For example, at the time of this report an NCAA wrestling tournament in Tulsa had over 20,000 attendees filling up all the hotels in town.

Tulsa County’s visitor market also holds significant potential for Owasso’s business base. According to Dean Runyan Associates, visitor spending in Tulsa (2016) was up 1.8% from 2015, and saw about 5% growth per year since 2010. Total direct earnings in Tulsa County from tourism saw steady growth since 2014, with 2016 totaling in \$305.2M. Oklahoma state visitor spending was down 0.9% year over year, though earnings was up 4.1%, generating \$2,231M in 2016. 69% of Oklahoma traveler spending comes from U.S. residents, 28% from Oklahoma residents, and about 3% from international visitors. Arts, Entertainment and Recreation spending was up slightly year over year in 2016, while all other commodity spending went down.

FIGURE 6 TULSA COUNTY VISITOR SPENDING, IN MILLIONS



\*Non-transportation spending includes accommodations, food services, retail, arts, entertainment and recreation

Source: Dean Runyan, 2010-2016 Travel Impacts

It’s also worth noting that while there are no specific numbers available on visitor counts to nearby casinos. The Hard Rock Hotel and Casino in Tulsa reported that their Brooks Classic Event in 2017 had 106,000 attendees, making it the highest attended event nationwide for any of their facilities. Clearly there are large numbers of visitors to the area casinos that contribute to retail sales.

# Chapter 3: Commercial Assessment

Successful, competitive business districts of communities of any size have a healthy business/retail climate, key amenities, and characteristics that attract both customers and business prospects. Presented here is a summary of the advantages, challenges and opportunities of the Owasso retail marketplace. More thorough discussions and data are included in the remainder of this document.

FIGURE 7 OWASSO COMMERCIAL ASSESSMENT

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### **Geography/Description**

Most of commercial development is centered along the US 169 corridor or in Smith Farm Area. There is also some limited and growing retail/mixed-use development downtown concentrated along Main Street in the Redbud District.

### **Significant Establishments/Anchors**

CIVIC: City Hall, Future Redbud Park

RETAIL: Target, Walmart, JC Penney, Hobby Lobby, Sam's Club, Lowe's, Home Depot

INSTITUTIONS: Tulsa Community College (Owasso Campus), St. John and Bailey Medical Centers

### **Market Position**

Family-oriented retail serving middle to upper-middle income market

### **Target Markets**

Primary: Residents living within Owasso and adjacent communities and employees

Secondary: Residents in outlying secondary markets to the north and visitors

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## OWASSO TOP SELLING POINTS FOR RETAIL

- The adage *retail follows rooftops* is a true one for Owasso. Since 2008, 2,321 single-family housing units have been constructed in Owasso with no slow down during the last recession. Clearly, this residential development has been a key driver in Owasso's retail expansion. During the same period, Owasso had 124 commercial building permits steadily building from year to year.
- Demographics point to a young, growing family population in their prime consumer-purchasing years, a positive for retail attraction. Owasso's strong restaurant sales indicating good disposable income, a figure which national retailers track, and strong schools.
- Owasso's population growth, reputation for high quality of life and fast-growing, sizable retail sales base (>\$800M annually) command attention among middle market chain and name brand retailers.
- The Tulsa regional economy of which Owasso is part of is growing well above the state overall in terms of wage and salary employment.
- Owasso's location within the Tulsa region—easy access north; funneling effect of highways and excellent visibility.
- Favorable perception of Owasso quality of life and community amenities among the brokerage community—key to maintaining a strong competitive posture.
- Major retailers who come to the Tulsa area have all replicated themselves in surrounding secondary markets. Owasso is well known by national retailers given the City's pro-retail marketing efforts. Example: Smith Farm Marketplace (348,000 sq. ft.) is a well-tenanted, quality shopping center that anchors Owasso's retail base.
- The greatest number of Owasso jobs is in the Retail Trade sector (20%) followed by Accommodation and Food Service (16.3%). While the City seeks to diversify its employment base, the concentration of retail workers is a plus for continued retail expansion.
- The City of Owasso is viewed as forward-looking. One example is the recently adopted Economic Development Strategy to grow the employment base, to develop a clear identity, to strengthen the City's value proposition and encourage continued investment in infrastructure in support of retail and other industries.

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## OWASSO TOP CHALLENGES FOR RETAIL

- Owasso already has a large retail footprint with common national retail chains well represented. Many retailers come looking for Owasso locations, but often, it is 'more of the same,' and would not contribute to a more robust shopping environment.



- Available land for new development is limited and vacancies are extremely limited within existing developments.
- Rents are higher than in other secondary markets so it may be more challenging to attract smaller “Mom and Pop” style retailers to fill in smaller spaces.
- Existing retail centers must be maintained in excellent shape to remain competitive with other northside/Broken Arrow developments.
- Adaptive re-use strategies may need attention as existing retail spaces age and given limitations of available land for retail.
- Annexation has slowed down (no additions to fence line since 2000) and it is perceived to be hard to add additional parcels to the city.
- How to compete with next new retail center that opens if it is not in Owasso – stay ahead of the curve.
- Commercial brokers commented that there is stiff competition from surrounding secondary markets in the Tulsa-area with strong incentives offered by locations such as Broken Arrow, Jenks, Bixby and Sand Springs.

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## OWASSO TOP OPPORTUNITIES

- The City established a Tax Increment Financing (TIF) District for the Redbud District to incentivize new business and strengthen the district as a retail and mixed-use hub. The potential exists to catalyze a whole new specialty retail district and an entertainment destination with additional dining venues and on-site residents as a target market.
- Program and build out Redbud District – this paired with marketing generally of Owasso’s assets and visitor attractions will pull more customers from larger market area into town.
- Festival Park, when it opens this summer, will be a gathering place in center of new Redbud District that can be programmed to bring more customers/visitors downtown. If marketed/programmed and supported with additional dining and lodging venues, could capture a bigger share of the Tulsa visitor market.
- Diversify the retail base with more unique, specialty shops and with higher-end retail to serve and retain the Owasso’s higher income population. The spending potential of this demographic is no doubt leaking out to other shopping centers in the Tulsa area.
- Create and maintain an inventory of developable commercial land and available retail space to help accommodate retail prospects and developers.
- On-going beautification projects and infrastructure upgrades throughout the community will contribute to a strong retail business climate.

# Chapter 3:

# Retail Supply & Demand

This section provides a summary of the existing retail market in Owasso and its retail market area and anticipated new development over the short term. We begin with an overview of recent industry trends.

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## RETAIL INDUSTRY TRENDS

### NATIONAL RETAIL TRENDS

- **On-line competition will continue to shape the retail marketplace in 2018.** According to the U.S. Department of Commerce, the estimated total 4<sup>th</sup> quarter 2017 e-commerce retail sales were \$1.3 billion, now accounting for 9.1% of total retail sales. Technology will assist in the continued expansion of e-commerce with online buying of commodities with services such as subscription, auto-renewals, and same-day delivery.
- Despite gains in e-commerce, brick and mortar retail is gaining strength. According to the National Retail Federation, there was a **net increase of over 4,000 store openings in 2017**. For each company closing a store, 2.7 companies were opening stores.
- Given the increasing gap in incomes, retailers that focus on either affluent or lower-income bargain conscious customers are thriving.
- According to the National Retail Federation's Hot 100 Retailers list of 2017, **there is a distinct lack of growth in big-box general merchandise retailers** – no Walmart, no Target, no Costco,

no department stores. There is an increase however in retailers that exhibit differentiation, offer innovative merchandising, and an appropriate value proposition.

- The top U.S.-based retailers in 2017 according to Stores Magazine were Wal-Mart, Kroger, Costco, Home Depot, CVS, Walgreens, Amazon, Target, Lowes, Albertsons
- **In terms of store openings nationwide**, the three fastest growing core retail segments are mass merchandisers such as off-price retailers and dollar stores (+1,905 stores), convenience stores (+1,700 stores) and grocery retailers (+674 stores).
- **Service-based activities including dining, exercise, and theater remain in a strong position despite increases in on-line sales.** While they can be purchased on-line, consumers prefer to shop for goods including furniture, sporting goods, clothing and cosmetics in person so they can interact with the goods before making up their minds.
- **Consumers are driven more by a desire for an experience than by a craving to acquire more things. Physical retailers are beginning to successfully tie into this trend of experiential retail as well as using the platform of social media to drive foot traffic.** Some examples include bistro/wine bars at Restoration Hardware flagship stores. Nordstrom offers month-long pop-up shops to generate excitement and foot traffic. Warby Parker’s mobile tour with a yellow school bus is traveling to nine U.S. cities allowing visitors to board the bus and meet the brand in person.
- In response to the experience economy, **stores are changing their formats to make shopping more personalized and appealing**, allowing shoppers the opportunity to physically engage with the goods. Examples include offering classes; allowing shoppers to try appliances; incorporating food and drink to afford a social experience before or after shopping; climbing walls, golf/tennis stimulators and other means of enabling shoppers to “test drive” equipment; offering lectures and classes; offering refreshments and free samples; social gatherings.
- **Successful experiential media campaigns** have two things in common: they offer consumers a memorable interaction and they provide a ready-made social media feed.
- As part of the desire for an authentic experience, **shoppers with the greatest spending potential will continue to return to Main Street** in search for a shopping experience they are not finding online or at national chains. As such, small retail shops can capitalize on the personal service and curated product choices they can offer to connect to consumers.
- **Custom retail will continue to be a key trend**, allowing customers to build products and purchase items that tell a story or fit into their lifestyle.

- **Retailers will increase their use of instant messaging apps** such as Facebook Messenger and WhatsApp to talk to customers and streamline communications. A broad range of national retailers are experimenting with shoppable chatbots. Chatbots allow customer interaction and facilitate back-and-forth conversations about purchase, recommendations, and further product information.
- Consumers continue to choose products that are sourced responsibly and are good for their bodies and the environment. **Retailers that have health and sustainability at the core of their business are thriving.**

## OKLAHOMA ECONOMIC INDICATORS

- During 2017, **total adjusted retail sales increased 2.5 percent** from the December 2016 level of \$3.23 billion.
- The Oklahoma economic indicators report (January 2018) **showed retail gains in computer, electronics & music store sales (0.9 percent); auto accessories & repair (0.40 percent); used merchandise (0.1 percent) and furniture (0.1 percent)**. Nondurable goods purchases dropped 1.9 percent in December as the volatile estimated gasoline sales category sank 13.7 percent over the month while most other discretionary spending categories saw gains.
- In 2016, the City of **Owasso had the 2<sup>nd</sup> fastest growth in retail sales among the 30 largest city markets in Oklahoma**. It was poised to be in the top seven largest retail markets in state.

## TULSA METRO AREA RETAIL OVERVIEW

- The Tulsa Metropolitan Statistical Area (MSA) comprises seven counties: Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa and Wagoner, whose aggregate 2017 population was estimated to be 987,179 (25 percent of the population of the state of Oklahoma).
- Tulsa's **major industries** that drive population/employment/retail growth are aerospace, including aerospace manufacturing and aviation; health care; energy; machinery and electrical equipment manufacturing; transportation, distribution and logistics.
- **The retail sector is forecast to have continued strong performance** with estimated total retail sales to reach \$11.9 billion in 2018, a 4.1% increase from 2017. This growth projection is in keeping with national averages. (Source: CBRE)
- Tulsa's **position in the marketplace** is defined by its good quality of life, minimal traffic, and low cost of living and doing business. Additionally, Tulsa has low office market rents and is very competitive with other mid-sized cities such as Austin, Dallas, Kansas City, Indianapolis, and Louisville.

- **Commercial property owners continue to divide big-box retail spaces into several spaces.** For example, the former Food Pyramid at 81st Street and South Yale Avenue has been split into a 10 Gym and Dollar Tree.
- **The strongest retail areas in Tulsa in 2017 include** Hillside Crossing, The Shops at Broken Arrow, and Crossing Oaks Shopping Center. WinCo Foods is scheduled to go into Crossing Oaks in 2018 which is projected to add 30,000 visitors weekly.
- Development is predicted in southeast Broken Arrow, north Tulsa, and along the Interstate 75 corridor toward Glenpool and beyond. Important new additions to the retail supply include the grand opening of Cost Plus World Market at Midtown Village (18,500 SF) and the Annex Development in downtown with a projected 2020 opening and 42,000 SF in planned grocery/retail.
- The Blue Dome and Brady Arts entertainment districts are seeing expanding growth.
- Actively expanding Tulsa-area retailers include: Dollar Tree, Mattress Firm, Dominos, Dairy Queen, Starbucks, Raising Cane's, Noodles and Co. and Wal-Mart Neighborhood Markets.

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## TULSA AND OWASSO RETAIL SUPPLY

The existing retail supply in the Tulsa region represents Owasso's major competition and influences its market position over time. Tulsa and Owasso's retail health is summarized below.

### EXISTING RETAIL SUPPLY - SNAPSHOT

#### TULSA AREA

CoStar's Tulsa Retail Market Year-end Report for 2017 provides the following insights to the greater Tulsa retail supply:

- The **existing retail supply is an estimated 76.1M square feet** (sq. ft.) of gross leasable space with a vacancy rate of 3.4M sq. ft. or 4.5%. Among all retail formats (e.g., Power Centers, Specialty, Malls, Shopping Centers, freestanding), Shopping Center vacancy rates are consistently above other retail types and ended the year at 6.7%.
- Within the Tulsa market there is 1.14M sq. ft. of retail space under construction.
- Average asking retail **rates are \$9.89/sq. ft.**

#### CITY OF OWASSO

- The current **retail inventory in Owasso totals 3.6M sq. ft.** with over 9,000 sq. ft. of space under construction. This includes approximately 2.1M sq. ft. in large and small format shopping centers and many freestanding retail developments. A listing of Owasso retail properties (250

estimated) including available sq. ft. appears in the CoStar report provided by the City of Owasso.

- The **vacancy rate is exceedingly low at 1.7%** or 62,402 sq. ft.
- The **average asking rents per sq. ft. are considerably above Tulsa overall** at \$15.61 (NNN), which are in part a reflection of the very tight retail space supply. As vacancies have dipped below 3% in 2013, asking rents have conversely increased from \$12/sq. ft. to today's higher rates (Source: March 2018 CoStar reports).

Owasso's retail base is concentrated in several shopping centers primarily located along Hwy 169. The table (Figure 8) below highlights the key characteristics of the seven largest centers with gross leasable space in excess of 50,000.

FIGURE 8 EXISTING RETAIL CENTERS, OWASSO

| Name and Address   | Total SF | Available SF | Vacancy Rate | Annual Lease Rate (\$/SF) | Year Built | Selected Tenants   |
|--|----------|--------------|--------------|---------------------------|------------|--|
| <b>Three Lakes</b><br>E 86th St N.                       | 50,333   | 3,600        | 7.2%         |                           | 1980       | Q Nails  |
| <b>Owasso Town Center</b><br>12912 E. 86th St N.         | 111,812  | 4,867        | 4.4%         | \$12.00<br>NNN            | 1999       | J.C. Penny, Papa Murphy's Pizza, McAlister's Deli, Madalan's Hallmark, Select Physical Therapy |
| <b>Tyann Plaza Shopping Center</b><br>9455 N Owasso Expy | 144,587  | -            | 0.0%         | \$16.00                   | 2005       | Home Depot, Walgreen's, Cracker Barrel, Logan's Roadhouse, pad sites available for build-out   |
| <b>Owasso Marketplace</b><br>12105 E 96th St N.          | 562,690  | 8,386        | 1.5%         |                           | 2000       | Hibbett Sports, Kohh's, Lowe's, Office Depot, Wal-Mart Supercenter                             |
| <b>Smith Farm Marketplace</b> 9002<br>N 121st E Ave      | 670,376  | 25,680       | 3.8%         |                           | 2005       | Belk, Best Buy, Hobby Lobby, LinensNThings, Old Navy, PetSmart, Target                         |
| <b>Garrett Creek Center</b><br>116th St N/Hwy 169        | 108,838  | 26,340       | 24.2%        | \$10.00-<br>\$16.00       | 2007       | Subway, Supercuts, Sonic   |
| <b>Mingo Valley Center</b><br>8751 North 117th East Ave  | 204,757  | 7,620        | 3.7%         | \$9.75-<br>\$11.50        | 1991       | Academy Sports and Outdoors, Countryside Flowers and Gifts, Fast Signs                         |

Source: CoStar, March 2018

## ANTICIPATED ADDITIONS TO/INFLUENCES ON RETAIL SUPPLY

Permit data (reported by calendar year) for new commercial and industrial buildings in Owasso shows a decline in number of permits since 2008. However, permit numbers in more recent years show a continued upward trend, specifically in 2015 and 2016. In 2017, the City approved 25 commercial occupancy permits totaling \$35.1M investment—the largest by far in the last five years reported.

Among the planned and proposed retail development projects in the Owasso competitive area are the following projects:

- The **Redbud District** centered along Main Street in downtown Owasso is projected to be built out over the next several years. Two major projects that are in the district include Seven6Main and the Mowery Building. **Seven6Main** will be a new three-story, 41,000-square-foot, mixed-use commercial and residential building with restaurant and retail on the ground floor, offices on the second and upscale residential apartments on the third floor. It will span an entire block between Birch and Main and includes Smoke Woodfire Grill as a tenant. **The Mowery Building** will be constructed at the corner of 1<sup>st</sup> and Main and is anticipated to include a two-story building with restaurants on the ground floor and residential above.
- Approximately 47-acres of commercially zoned land near Tulsa Tech is being actively marketed for retail/commercial development though no master plan exists at this time.

## OWASSO RETAIL DEMAND

The existing retail supply and demand balance for the Owasso retail market areas shows sales leakage (demand exceeding supply) in all retail categories except two totaling \$222.6 million. They are: \$32.1M – apparel; \$40.5M – home furnishings; \$27.7M – home improvement & gardening; \$20.8M – sporting goods, hobbies, books, music; \$29.1M – miscellaneous specialty retail; \$40.1M – restaurants; \$17.9M - food & beverage; and \$14.1M – health & personal care. See Appendix E for the category definitions.

FIGURE 9 EXISTING RETAIL POTENTIAL, OWASSO MARKET AREA, 2017

| Store Type                        | Demand/<br>Spending<br>Potential | Supply/<br>Retail Sales | Leakage<br>(or Surplus) | Target<br>Sales<br>(\$/SF)* | Potential<br>Supportable<br>Space (SF) |
|-----------------------------------|----------------------------------|-------------------------|-------------------------|-----------------------------|--|
| <b>Greater Retail Market Area</b> |                                  |                         |                         |                             |  |
| <b>Shoppers Goods</b>             |                                  |                         |                         |                             |  |
| Apparel                           | \$73,308,028                     | \$41,170,411            | \$32,137,617            | \$209                       | 153,769                                |
| Home Furnishings                  | \$56,899,715                     | \$16,390,356            | \$40,509,359            | \$199                       | 203,565                                |
| Electronics & Appliances          | \$60,881,448                     | \$77,510,249            | (\$16,628,801)          |                             |  |



|  |               |               |                      |       |                  |
|--|---------------|---------------|----------------------|-------|------------------|
| Home Improvement & Gardening   | \$136,036,638 | \$108,312,751 | \$27,723,887         | \$140 | 198,028          |
| Sporting Goods, Hobbies, Books & Music                                       | \$67,620,455  | \$46,778,702  | \$20,841,753         | \$216 | 96,490           |
| General Merchandise  | \$372,323,787 | \$449,714,114 | (\$77,390,327)       |       |                  |
| Miscellaneous Specialty Retail (florist, office supplies, gift stores, etc.) | \$80,654,817  | \$51,496,046  | \$29,158,771         | \$216 | 134,994          |
| <b>Restaurants</b>   | \$209,255,153 | \$169,102,288 | \$40,152,865         | \$263 | 152,672          |
| <b>Convenience Retail Market Area</b>  |               |               |                      |       |                  |
| <b>Convenience Goods</b>   |               |               |                      |       |                  |
| Food & Beverage Stores   | \$174,174,007 | \$156,191,108 | \$17,982,899         | \$390 | 46,110           |
| Health & Personal Care   | \$64,507,720  | \$50,372,060  | \$14,135,660         | \$365 | 38,728           |
| <b>Total Leakage</b>   |               |               | <b>\$222,642,811</b> |       |                  |
| <b>Estimated Supportable SF</b>  |               |               |                      |       | <b>1,024,355</b> |

\* Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."

Sources: ESRI BIS, Marketek, Inc.

Translating sales leakage to store space based on sales per square foot standards of the Urban Land Institute shows *potential* demand for an additional 1,024,355 square feet of store space to serve gaps in the Greater and Convenience Owasso Market Areas combined.

Two retail categories show retail supply (store space) in excess of potential local demand (spending), reflecting the considerable number of retail options in the Greater Owasso Retail Market Area shopping districts. There is no leakage in electronics & appliance (with a potential oversupply of \$16.6M) and general merchandise (\$77.3M in surplus sales to serve the market area). Representative Owasso retailers in these categories include: Best Buy, Walmart Supercenter and Target. These stores together with others in the market area may collectively or individually draw customers and their spending from a slightly larger geographic area and thereby, successfully be achieving their sales goals.

## FUTURE RESIDENTIAL DEMAND POTENTIAL

The second source of demand generated by Greater Retail Market Area residents is future demand based on long term trends in spending patterns and the projected increase in households. As households, population and spending growth occurs within the market area so too does demand for retail goods and services. Owasso's rapid growth is a significant selling point for retail and service providers. Within the retail market area there is potential for just under 245,000 square feet of new retail space within five years. For more detailed calculations of future retail potential, please refer to Figure 10.

- While Owasso itself is small (36,000), it is very fast growing and most residents have moved there in the last decade or less. *And more are coming.* The City’s inventory of available residential lots is 425 which at historic growth rates will be absorbed in two years. According to projections by the City using an average annual growth rate of 3.34%, population is estimated to increase to 55,782 by 2030.
- The community’s retail pull is much larger with 86,809 people in the convenience market and 159,715 people within the greater market. The population growth rate of both these areas is faster than Oklahoma as a whole.
- New growth is expected to occur primarily in the northern portions of the community north of 96<sup>th</sup> Street and in the Stone Canyon development, which plans to construct up to 2,100 homes. A lakefront town center including restaurants and shopping is planned for Stone Canyon but not yet constructed. Some additional growth may occur in the western portions of the community given available land but would require additional investments in public infrastructure.
- Two higher density residential/mixed-use projects are planned for Downtown Owasso’s Redbud District as mentioned in the anticipated additions section above. Projects including Seven6Main and the Mowery Building will introduce new, high quality residential units in the Downtown core. Redbud Festival Park, a 2-acre outdoor pavilion will draw recreation/entertainment enthusiasts. Together, they will help build a case for convenience goods such as grocers in the Downtown.

Figure 10, Future Retail Potential reflects the anticipated average annual growth rates for the two market areas (1.5% for Convenience and 1.2% for Greater) over the next 5 years. Across all merchandise/service categories, an additional \$55.8M in retail sales demand of retail space demand will occur as a result of population and income growth. When the incremental increase in potential retail sales from 2018 to 2023 is converted to square feet, it totals 244,090 sq. ft. across all retail categories.

FIGURE 10 FUTURE POTENTIAL RETAIL, OWASSO MARKET AREA, 2018 - 2023

| Merchandise or Service Category   | Per Household Expenditure <sup>1</sup> | Target Sales (\$/SF) <sup>2</sup> | 2018 Retail Potential           |            | 2023 Retail Potential |            |
|-----------------------------------|--|-----------------------------------|---------------------------------|------------|-----------------------|------------|
|                                   |  |                                   | Sales (in mill \$) <sup>3</sup> | Space (SF) | Sales (in mill \$)    | Space (SF) |
| <b>Greater Retail Market Area</b> |  |                                   |                                 |            |                       |            |
| Apparel                           | \$1,952                                | \$209                             | \$116.2                         | 556,155    | \$123.2               | 589,488    |
| Home Furnishings                  | \$1,124                                | \$199                             | \$66.9                          | 336,243    | \$70.9                | 356,395    |
| Home Improvement                  | \$1,245                                | \$140                             | \$74.1                          | 529,399    | \$78.6                | 561,128    |

|                                       |                |              |                |                  |                |                  |
|---------------------------------------|----------------|--------------|----------------|------------------|----------------|------------------|
| Electronics                           | \$525          | \$199        | \$31.3         | 157,257          | \$33.2         | 166,681          |
| Miscellaneous/Specialty               | \$1,454        | \$216        | \$86.6         | 400,831          | \$91.8         | 424,854          |
| <b>Shoppers Goods</b>                 |                |              | <b>\$375.1</b> | <b>1,979,885</b> | <b>\$397.6</b> | <b>2,098,545</b> |
| <b>Restaurants</b>                    | <b>\$3,432</b> | <b>\$263</b> | <b>\$204.4</b> | <b>777,237</b>   | <b>\$216.7</b> | <b>823,819</b>   |
| <b>Entertainment</b>                  | <b>\$487</b>   | <b>\$90</b>  | <b>\$29.0</b>  | <b>322,150</b>   | <b>\$30.7</b>  | <b>341,457</b>   |
| <b>Convenience Retail Market Area</b> |                |              |                |                  |                |                  |
| Grocery                               | \$6,177        | \$390        | \$196.8        | 504,645          | \$211.3        | 541,800          |
| Health/Personal Care                  | \$1,035        | \$365        | \$33.0         | 90,340           | \$35.4         | 96,992           |
| <b>Convenience Goods</b>              |                |              | <b>\$229.8</b> | <b>594,986</b>   | <b>\$246.7</b> | <b>638,792</b>   |
| <b>Personal Services</b>              | <b>\$1,013</b> | <b>\$151</b> | <b>\$32.3</b>  | <b>213,696</b>   | <b>\$34.6</b>  | <b>229,429</b>   |
| <b>Total</b>                          |                |              | <b>\$870.6</b> | <b>3,887,953</b> | <b>\$926.4</b> | <b>4,132,043</b> |
| <b>Five Year Net Gain</b>             |                |              |                |                  | \$55.8         | 244,090          |

1. Household spending estimated by ESRI using Bureau of Labor Statistics' Consumer Expenditure Survey.
2. Target sales are based on the Urban Land Institute's "Dollars and Cents of Shopping Centers."
3. Retail sales potential found by multiplying spending per household by total market area households for that year.

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.

Figure 11 provides a snapshot of total potential supportable retail space in square feet. The total includes both existing retail demand and future supportable retail demand from residents in Owasso's Retail Market Areas among broad merchandise categories of shoppers' goods, restaurants, entertainment, convenience goods and personal services. The total demand is significant at 1.2M square feet.

FIGURE 11 SUMMARY OF RETAIL POTENTIAL, OWASSO MARKET AREA, 2018 - 2023

| Merchandise or Service Category   | Potential New Supportable Retail Space (SF) |                        |                             |
|-----------------------------------|---|------------------------|-----------------------------|
|                                   | Existing Resident Demand                    | Future Resident Demand | Total New Supportable Space |
| <b>Greater Retail Market Area</b> |   |                        |                             |
| Apparel                           | 153,769                                     | 33,332                 | 187,101                     |
| Home Furnishings                  | 203,565                                     | 20,152                 | 223,717                     |
| Home Improvement                  | 198,028                                     | 31,729                 | 229,757                     |
| Electronics                       |   | 9,425                  | 9,425                       |
| Miscellaneous/Specialty           | 231,484                                     | 24,023                 | 255,507                     |
| <b>Shoppers Goods</b>             | <b>786,846</b>                              | <b>118,661</b>         | <b>905,507</b>              |
| <b>Restaurants</b>                | <b>152,672</b>                              | <b>46,582</b>          | <b>199,254</b>              |
| <b>Entertainment</b>              |   | <b>19,307</b>          | <b>19,307</b>               |

| Convenience Retail Market Area |                  |                |                  |
|--------------------------------|------------------|----------------|------------------|
| Grocery                        | 46,110           | 37,155         | 83,265           |
| Health/Personal Care           | 38,728           | 6,651          | 45,379           |
| <b>Convenience Goods</b>       | <b>84,838</b>    | <b>43,806</b>  | <b>128,644</b>   |
| <b>Personal Services</b>       |                  | 15,734         | <b>15,734</b>    |
| <b>Total</b>                   | <b>1,024,356</b> | <b>244,090</b> | <b>1,268,446</b> |

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.

The share of retail development and space that Owasso can ultimately capture will depend on numerous factors, including the availability of developable land, available quality retail-ready space, retail outreach efforts, the performance of competitive shopping areas and the success of efforts to develop a variety of retail, service, entertainment, residential and civic uses. A capture of one-quarter of resident spending, for example, would translate to potential for 317,000 square feet of new retail space in Owasso over the next five years. For perspective, the size of a typical grocery-anchored neighborhood center is 100,000 to 175,000 square feet. Also, to help understand the number of stores that could be supported Figure 12 below provides the typical square footage requirements by common store type for chains and independent retailers.

FIGURE 12 TYPICAL SIZE OF SELECTED BUSINESSES (SQUARE FEET)

| Merchandise or Service Category/Business | Median | National | Local Chain | Independent |
|--|--------|----------|-------------|-------------|
| Specialty Retail                         |        |          |             |             |
| Appliances                               | 5,956  | 6,292    | 5,911       | ~           |
| Art Gallery                              | 1,802  | ~        | 1,802       | 1,907       |
| Beauty Supplies                          | 1,807  | 1,634    | 2,450       | 1,829       |
| Bike Shop                                | 3,440  | ~        | ~           | 2,596       |
| Bookstore                                | 10,093 | 23,000   | 9,990       | 2,740       |
| Cameras                                  | 2,000  | 2,000    | ~           | ~           |
| Children's Wear                          | 3,913  | 4,879    | 3,054       | 2,105       |
| Family Shoe Store                        | 4,000  | 4,113    | 5,100       | 2,460       |
| Family Wear                              | 8,000  | 8,500    | 3,474       | 5,132       |
| Gift/Cards                               | 4,200  | 4,900    | 3,780       | 1,653       |
| Hardware                                 | 13,200 | 13,900   | ~           | ~           |
| Home Accessories                         | 7,595  | 10,215   | 5,365       | 2,462       |
| Jewelry                                  | 1,500  | 1,610    | 1,968       | 1,200       |
| Luggage                                  | 2,500  | 2,499    | ~           | ~           |
| Men's Clothing Store                     | 3,500  | 4,319    | 3,065       | 2,750       |
| Pet Supplies                             | 7,995  | 17,600   | 3,201       | 3,200       |
| Record/Tapes                             | 4,464  | 6,178    | ~           | 2,017       |
| Sporting Goods                           | 8,465  | 22,000   | 4,980       | 2,995       |

|                             |        |        |        |        |
|-----------------------------|--------|--------|--------|--------|
| Toys                        | 7,855  | 12,000 | ~      | 3,344  |
| Women's Ready to Wear       | 4,400  | 4,503  | 3,960  | 2,145  |
| Convenience                 |        |        |        |        |
| Drugstore/Pharmacy          | 10,920 | 10,860 | 16,668 | 4,977  |
| Supermarket                 | 50,420 | 49,071 | 51,495 | 23,300 |
| Bakery                      | 1,990  | 4,000  | ~      | 1,700  |
| Gourmet Grocery             | 18,000 | ~      | ~      | ~      |
| Wine/Liquor                 | 3,440  | ~      | 6,237  | 2,920  |
| Personal Services           |        |        |        |        |
| Day Spa                     | 2,875  | ~      | 2,563  | 3,060  |
| Women's Hair Salon          | 1,400  | 1,450  | 1,250  | 1,361  |
| Nail Salon                  | 1,200  | ~      | 1,200  | 1,200  |
| Health Club                 | 10,249 | 9,548  | 5,508  | 10,249 |
| Mail/Packaging/Photocopying | 1,278  | 1,240  | ~      | 1,236  |
| Tailor/Alteration           | 950    | ~      | 900    | 1,035  |
| Video Rental                | 6,000  | 6,333  | 4,240  | 4,733  |
| Drycleaners                 | 1,800  | ~      | 1,800  | 1,649  |
| Day Care                    | 4,000  | ~      | ~      | 3,901  |
| Laundry                     | 2,114  | ~      | 2,150  | 1,955  |
| Restaurants                 |        |        |        |        |
| Restaurant with Liquor      | 5,204  | 6,669  | 5,600  | 3,362  |
| Restaurant without Liquor   | 3,581  | 6,500  | 3,025  | 2,625  |
| Bar/Cocktail Lounge         | 3,821  | ~      | ~      | 3,821  |
| Ice Cream Parlor            | 1,137  | 1,144  | 1,137  | 1,116  |
| Coffee/Tea                  | 1,578  | 1,650  | 1,624  | 1,400  |
| Entertainment - Cinema      | 35,022 | 37,161 | 35,022 | 21,250 |

Source: Urban Land Institute, "Dollars and Cents of Shopping Centers"

## SPENDING POTENTIAL INDEX

The Spending Potential Index (SPI) is a measure of market activity developed by ESRI Business Information Solutions that correlates to actual dollars spent on certain goods and services by residents within a given market area. This information adds another dimension to the retail potential and lifestyle analyses and is helpful in identifying an appropriate business and merchandise mix for Owasso shopping centers.

When the SPI is equal to 100 for a specific type of merchandise, consumers are spending at a rate equal to the national average. An SPI greater than 100 indicates that consumers are buying or spending above the national average. In other words, the SPI is an indicator of what prices consumers will pay and/or the level of discretionary income they are willing to devote to a particular good or service. These figures are derived in part through the U.S. Department of Commerce Consumer Expenditure Survey.

The spending indices for both the Owasso Convenience and Greater Retail Market Area residents appear in Appendix F for all 82 merchandise categories. Figure 13 below shows the goods and services for which the Owasso Convenience Retail Trade Area has the highest SPIs or in excess of 110.

Spending potential data indicates that Owasso convenience area residents spend at a rate considerably higher than the national average, which is consistent with their above average household incomes. In fact, only three of 82 categories are below 100, which is significant. One conclusion that may be drawn from this information is that Owasso area shoppers would likely support higher end specialty retailers if they had a choice. For the greater market area, spending is slightly below the national average for all but nine of the goods and services categories listed. These trade area consumers may still demand these goods and services, but on the whole, they tend to pay less for them.

FIGURE 13 OWASSO RETAIL CONVENIENCE TRADE AREA SPENDING POTENTIAL, 2017

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**Greatest Spending Potential (SPI of 110 or greater)**

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- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Apparel Products &amp; Services</li> <li>• Sports Participation</li> <li>• Admission to Sporting Events</li> <li>• Satellite Dishes</li> <li>• Misc. Video Equipment</li> <li>• Catering</li> <li>• Lawn &amp; Garden</li> <li>• Owners/Renters Insurance</li> </ul> | <ul style="list-style-type: none"> <li>• Stocks/Bonds/Mutual Funds</li> <li>• Retirement Plans</li> <li>• Other Financial Assets</li> <li>• Mortgage Payment</li> <li>• Maintenance &amp; Remodeling</li> <li>• Major Appliances</li> <li>• Telephone &amp; Accessories</li> </ul> |
|---|--|
-

# Chapter 4: Conclusions

The findings of Chapters 2 and 3 clearly convey the retail expansion opportunities in both Owasso's convenience and greater market areas. Continued strong population and economic growth will propel retail demand. Diversifying the retail base is both a challenge and opportunity that can be addressed by thoughtfully targeting more unique retailers supported by a retail business development program.

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## TARGET BUSINESS MIX

A successful business district in virtually any size community requires a balance and mix of uses that includes retail shopping, professional services, entertainment, restaurants and personal services. The results of the statistical market analysis indicate that Owasso has *ample* opportunity to grow its retail base and fill niches and voids in the local marketplace. It has an excellent base of mid-market retailers and could supplement with more dining, specialty and independent retailers.

As a whole, the retail emphasis in Owasso should be on businesses that serve the year-round local market but also can accommodate visitor needs. While grocery or general merchandise-anchored shopping centers will meet the convenience needs of the marketplace, downtowns and neighborhood centers have the opportunity to be a destination for dining, entertainment and specialty shopping. Owasso is fortunate to have the Redbud District development underway enabling downtown to serve multiple customer groups well. Successful downtowns often are anchored by multiple restaurants, which attract all consumer groups. Downtown Owasso has and is



planning a number of quality dining spots and can build on these assets with additional unique retail and restaurants.

Nationwide, pedestrian-oriented downtowns and neighborhoods are recognized and celebrated as the center of unique, specialty, one-of-a-kind merchandise and entrepreneurs. While sometimes anchored with large national retailers, the most successful downtown streets are lined with a preponderance of independent, creative retailers. In small downtowns like Owasso, restaurants/bars/cafes are often the anchors for success and often outnumber almost all other business types. Professional and other services and specialty goods are also high on the list in terms of total number of businesses.

The key retail themes for specialty districts like downtowns across the U.S. are highlighted below. Examples of Owasso businesses that fit these niches are noted as well.

FIGURE 14 SPECIALTY RETAIL THEMES

| Theme  | Examples in Owasso  |
|--|---|
| Community gathering places:<br><i>Central places suited for social or community purposes</i>   | Owasso Gathering Places on Main<br>Smoke Woodfire Grill (planned)<br>Andolini's |
| Gifts and indulgences  | Surcee Gifts  |
| Chocolates, flowers  | Art in Bloom  |
| Lifestyle and wellness retail:<br><i>Responding to special interests &amp; quality of life</i> | Urban Owasso  |
| Retailers that celebrate heritage:<br><i>Connect to community's past and culture</i>           | Flying Pig Vintage Market   |
| Stores that celebrate local arts:<br><i>Locally-made arts, gifts and other products</i>        | Another Chapter Bookstore   |

## BUSINESS DEVELOPMENT

At the heart of Owasso's ongoing retail success is its ability to offer residents, area employees and visitors a diverse selection of products and services that is easy to access and inviting to shop—a safe, quality environment for pedestrians and vehicles alike. As Owasso works to maintain and grow a competitive retail base, keep in mind the integral connection to community quality of life and

economic development and the need to *expand the size and scope* of the consumer market. The critical link between market size and retail development cannot be overstated. Developing a strong mix of retail and service establishments requires continued growth in Owasso’s employment base, households, neighborhoods, visitors and traffic to the area.

Residents are Owasso’s ‘bread and butter’ customers for retail. They will always look to their local community for day-to-day goods and services (like grocery) as well as for entertainment and specialty items. Supporting and boosting the number of employees in the area also has the potential to encourage retail development by offering a built-in consumer market. This basic tenet holds true for commercial hubs throughout Owasso and the community as a whole. It also applies to the importance of encouraging and expanding the visitor market, which has strong growth potential in Owasso.

As the City of Owasso considers its role in influencing the future retail supply and business mix, it may seek to build out and organize a strategy that encompasses the following goals and program elements.

FIGURE 15 GOAL AND PROGRAM ELEMENTS, CITY OF OWASSO

| BUSINESS DEVELOPMENT GOALS & PROGRAM ELEMENTS |  |
|---|--|
| <b>Primary Program Goals</b>                  | <ul style="list-style-type: none"> <li>• Retain, strengthen and expand the existing retail base in Owasso</li> <li>• Recruit and encourage retail businesses that will complement and improve the existing commercial mix and will enhance the attractiveness of Owasso</li> <li>• Increase local spending by trade area shopper and visitor target markets</li> </ul> |
| <b>Program Elements</b>                       | <ol style="list-style-type: none"> <li>1. Community Marketing and Image Building</li> <li>2. Business Vitality</li> <li>3. Real Estate Product Readiness</li> <li>4. Customer Attraction</li> </ol>  |



# Appendices

## Appendix A. Owasso Key Documents – Review of Past Project and Planning Initiatives

| NAME  | DATE          | KEY FINDINGS   |
|---|---------------|--|
| <b>Owasso Economic Development Strategy</b> | February 2018 | <ul style="list-style-type: none"> <li>Talent is the leading driver of business growth and competitiveness and Workforce Owasso group is working to establish policies and incentives to make Owasso appealing to talent.</li> <li>The city is working to inventory existing industrial and office park sites/buildings to position in order to target prospects and assess priority sites.</li> <li>Three primary industries were identified as priorities: Medical Cluster Expansion, Expand and Attract High-Growth Companies of Targeted Basic Industries (metal manufacturing, aircraft parts, office/headquarters, information technology, and medical), Entrepreneurs</li> </ul>  |
| <b>Wastewater Master Plan Update</b>        | October 2016  | <ul style="list-style-type: none"> <li>Current wastewater facilities will need to be upgraded and expanded due to expected population growth and new economic conditions expected through 2035.</li> </ul>   |
| <b>Go Green! Initiative</b>                 | March 2010    | <ul style="list-style-type: none"> <li>Six broad categories for reducing the City’s carbon footprint: Facilities, Processes, Vehicles, Development &amp; Codes, Utility Structures, Education &amp; Information</li> <li>Added Conservation Development to PUD ordinance.</li> <li>Proposal to reduce fees for developers/builders who follow LEED.</li> </ul>   |
| <b>Owasso Transportation Master Plan</b>    | August 2015   | <ul style="list-style-type: none"> <li>Owasso faces continued pressure from growth with the majority of commercial growth along US 169 while the majority of residential growth is along eastern and western areas of town.</li> <li>The city will continue to face growth and development over the next several decades. Growth is anticipated in the north and central city limits. Growth may also occur south of 86<sup>th</sup> Street North from west of 177<sup>th</sup> E. Ave to east of 93<sup>th</sup> E. Ave and around intersection of Memorial Drive and 86<sup>th</sup> Street North.</li> <li>US 169 and US 75 serve Owasso and offer a direct route to Tulsa, also connecting locations north of Owasso.</li> <li>Tulsa Technology Center (TTC) and Tulsa Community College facilities, the new Sam’s Club and adjacent development parcels, and the Owasso Medical Campus are all new generators of traffic impacting network.</li> <li>Forecasts extended employment growth further north of the Owasso fence line along Highway 169.</li> <li>Residential development should start to slow based on limited amount of undeveloped land available and/or constraints associated with undeveloped land.</li> </ul> |
| <b>Owasso Redbud District Project Plan</b>  | December 2016 | <ul style="list-style-type: none"> <li>Redbud District seeks to stimulate private investment and enhance the tax base downtown and make a vibrant, walkable destination area for residents and visitors.</li> <li>Since Downtown Master Plan in 2001, City has prioritized the revitalization of Main Street.</li> <li>\$13.8MM in Development Financing Assistance and \$3MM in public facilities/improvements. Private investment expected to exceed \$100 MM in new development and creation/expansion of existing/new businesses</li> </ul> <p><u>Goals</u></p> <ul style="list-style-type: none"> <li>Support creation of attractive, high-quality, viable mixed-use developments.</li> <li>Encourage existing property owners and businesses to invest and attract new investment/businesses.</li> <li>Provide start-up/incubator space and promote small-business-friendly opportunities.</li> <li>Construct public infrastructure and improvements to support development of the area (funded by TIF)</li> </ul>   |

|   |               |  |
|---|---------------|--|
| <b>Downtown Master Plan</b>               | 2012?         | <ul style="list-style-type: none"> <li>• New Development – Wells Fargo and 2<sup>nd</sup> and Washington sites as mixed use projects</li> <li>• Restaurants – 6 or 7 new restaurants along Main Street</li> <li>• Businesses – 15 or 20 new businesses, no big chains, using City Storefront Grants</li> <li>• Markets – Saturday and Tuesday Markets thrive and grow</li> <li>• Two Way Streets – and busier streets</li> <li>• Baseline-Oak – beautified, pedestrian and parking friendly</li> <li>• Health and Education – Pacific University nearing completion of Phase III building, planning Phase IV</li> <li>• New Park – in SW neighborhood</li> <li>• Neighborhoods – attracting young couples, Intel employees, restores vintage homes</li> <li>• Jackson Bottom Trail – new trail to link downtown with Jackson Bottom</li> <li>• WA County Museum – thriving and downtown in Civic Center</li> </ul> |
| <b>GrOwasso 2030 Land Use Master Plan</b> | July 2014     | <ul style="list-style-type: none"> <li>• Commercial development is desired along the US-169 corridor and in the downtown core.</li> <li>• Survey respondents thought Owasso lacked an identity, nightlife, and entertainment opportunities needed to attract more young professionals and new companies. Revitalizing Main Street could address these issues.</li> <li>• There may be a land shortage in the future as the easier to develop land tracts are developed. This would require more infill development and/or may increase development costs.</li> <li>• The Downtown Development District Plan would focus on specialty retail stores, restaurants, entertainment, and civic services while incorporating residential and office uses in upper floors to increase use downtown.</li> </ul>  |
| <b>Owasso Economic Performance</b>        | October 2017  | <ul style="list-style-type: none"> <li>• While Owasso has some strong economic factors including high rates of population growth, low median age showing workforce potential and steadily increasing property values, it's average earnings are significantly less than comparable cities indicating a lower ratio of primary industry jobs.</li> </ul>  |
| <b>Competitiveness Assessment Report</b>  | November 2017 | <ul style="list-style-type: none"> <li>• There are limited ready-to-go industrial and office sites in Owasso, with retail currently holding prime sites.</li> <li>• A lack of information is available about available sites and buildings including listing prices. A website is needed with a searchable database of sites and buildings that is kept updated.</li> </ul>  |
| <b>Owasso Target Industry Analysis</b>    | December 2017 | <ul style="list-style-type: none"> <li>• The majority of jobs in Owasso are in retail, government, accommodation and food service, and health care and social assistance.</li> <li>• Data indicates the economic base consists of local serving industries and lacks basic industries. It's economic future is largely controlled by businesses located outside of Owasso.</li> <li>• Prime office developments are under construction in the Redbud District.</li> </ul>  |
| <b>Downtown Overlay District</b>          |               | <ul style="list-style-type: none"> <li>• Encourages higher density and mixed-use development and redevelopment downtown.</li> <li>• Want to attract boutiques, personal services, pubs, coffee shops, clothing stores, sports bar, and restaurants</li> </ul>  |



## Appendix B. Interview Inventory

| Person                     | Company                             |
|----------------------------|-------------------------------------|
| Brian Beam                 | Owasso Land Trust                   |
| Nick Lombardi              | Frisbee Lombardi                    |
| Mike Estus                 | 21 <sup>st</sup> Century Properties |
| Grant Stewart              | Wiggins Properties                  |
| Justin Brown               | Waimman                             |
| Gary Akin                  | Owasso Chamber of Commerce          |
| Ray Holt                   | Tulsa Convention Visitors Bureau    |
|                            | Tulsa Tech Conference Center        |
| Morna Salts                | Baily Education Foundation          |
| Trevor Wells               | Hobby Lobby                         |
| Darren, Assistant Manager  | Home Depot                          |
| Desiree, Assistant Manager | Belks                               |
| Sean, Assistant Manager    | Target                              |
| Tommy Coulter              | Seven6Main Developer                |
| Steve Mowery               | Mowery Retail                       |
| Warren Lehr, City Manager  | City of Owasso                      |
| Barbara Hawkins            | Pryor Chamber of Commerce           |

## Appendix C. Supplemental Target Market Data for Owasso Retail Trade Area

| Demographic Indicator                | Convenience Trade Area | Greater Trade Area | State of Oklahoma |
|--------------------------------------|------------------------|--------------------|-------------------|
| Population                           |                        |                    |                   |
| 2010                                 | 77,269                 | 145,869            | 3,751,351         |
| 2017                                 | 86,809                 | 159,715            | 4,027,541         |
| 2022 (forecast)                      | 93,378                 | 169,452            | 4,211,130         |
| Avg. Ann. % Change ('17 -'22)        | 1.47%                  | 1.19%              | 0.90%             |
| Households                           |                        |                    |                   |
| 2017                                 | 31,402                 | 58,849             | 1,555,350         |
| 2022 (forecast)                      | 33,714                 | 62,376             | 1,621,591         |
| Avg. Ann. % Change ('17 -'22)        | 1.43%                  | 1.17%              | 0.84%             |
| Average Household Size               | 2.72                   | 2.68               | 2.49              |
| Median Household Income              | \$68,384               | \$60,436           | \$49,521          |
| Median Age (Years)                   | 36.2                   | 38.4               | 36.2              |
| Race                                 |                        |                    |                   |
| Percent White Alone                  | 76.2%                  | 73.3%              | 69.8%             |
| Percent Black Alone                  | 2.1%                   | 2.7%               | 7.6%              |
| Percent Native American Alone        | 9.7%                   | 12.1%              | 8.6%              |
| Percent Asian/Pacific Islander Alone | 2.5%                   | 1.7%               | 2.5%              |
| Percent Some Other Race Alone        | 2.5%                   | 2.1%               | 5.0%              |
| Percent Two or More Races            | 7.1%                   | 8.1%               | 6.6%              |
| Ethnicity                            |                        |                    |                   |
| Hispanic Origin (any race)           | 6.0%                   | 5.3%               | 10.8%             |
| Educational Attainment               |                        |                    |                   |
| No High School Degree                | 8.1%                   | 9.0%               | 12.5%             |
| High School Degree                   | 30.4%                  | 33.1%              | 31.5%             |
| Associate Degree                     | 9.9%                   | 9.2%               | 7.4%              |
| Four Year Degree or More             | 27.7%                  | 23.7%              | 25.0%             |

Source: ESRI Business Information Solutions

## Appendix D. Tapestry Segmentation Profiles

| Segment Name               | Percent | Socio-Economic Traits  |
|----------------------------|---------|--|
| <b>Green Acres</b>         | 18.1%   | <ul style="list-style-type: none"> <li>• 60% are college educated.</li> <li>• Unemployment rate is low at 6%, labor force participate rate is high at 67.4%.</li> <li>• Income is derived not only from wages and salaries but also from self-employment, investments and increasingly, from retirement.</li> <li>• They are cautious consumers with a focus on quality and durability.</li> <li>• Comfortable with technology, more as a tool than a trend.</li> <li>• Comfortable with debt, though economic outlook is professed as pessimistic.</li> </ul> |
| <b>Middleburg</b>          | 13.1%   | <ul style="list-style-type: none"> <li>• Unemployment rate lower at 7.4%.</li> <li>• Labor force participation typical of a younger population at 66.7%.</li> <li>• Traditional values are the norm here— faith, country, and family.</li> <li>• Prefer to buy American and for a good price.</li> <li>• Comfortable with the latest in technology, for convenience (online banking or saving money on landlines) and entertainment.</li> </ul>  |
| <b>Soccer Moms</b>         | 10.7%   | <ul style="list-style-type: none"> <li>• Low unemployment at 5.9%; high labor force participation rate at 72%; 2 out of 3 households include 2+ workers.</li> <li>• Connected, with a host of wireless devices from iPods to tablets— anything that enables convenience, like banking, paying bills, or even shopping online.</li> <li>• Well insured and invested in a range of funds, from savings accounts or bonds to stocks.</li> <li>• Carry a higher level of debt, including first and second mortgages and auto loans.</li> </ul>                     |
| <b>Salt of the Earth</b>   | 10.0    | <ul style="list-style-type: none"> <li>• Steady employment in construction, manufacturing and related services industries.</li> <li>• 42% with a high school diploma only.</li> <li>• Spending time with family is their top priority.</li> <li>• Cost-conscious consumers, loyal to brands they like, with a focus on buying American.</li> <li>• Last to buy the latest and greatest products.</li> <li>• Try to eat healthy, tracking nutrition and ingredients of food they purchase.</li> </ul>   |
| <b>Southern Satellites</b> | 7.5%    | <ul style="list-style-type: none"> <li>• Unemployment rate is 9.2%, slightly higher than US rate.</li> <li>• These consumers are more concerned about cost than quality or brand loyalty.</li> <li>• They tend to be somewhat late in adapting to technology.</li> <li>• They obtain a disproportionate amount of their information from TV, compared to other media.</li> </ul>   |



|                                   |              |   |
|-----------------------------------|--------------|---|
| <b>Traditional Living</b>         | 7.3%         | <ul style="list-style-type: none"> <li>• Over 70% have completed high school or some college.</li> <li>• Unemployment is higher at 10.9%, labor force participation is also a bit higher at 64.6%.</li> <li>• Over ¾ of households derive income from wages and salaries, augmented by Supplemental Security Income and public assistance.</li> <li>• Cost conscious consumers that are comfortable with brand loyalty unless price is too high.</li> <li>• Connected and comfortable with internet, more likely to participate in online gaming or dating websites.</li> <li>• TV is seen as most trusted media.</li> </ul>  |
| <b>Heartland Communities</b>      | 5.3%         | <ul style="list-style-type: none"> <li>• Retirees in this market depress the average labor force participation rate to less than 60%, but the unemployment rate is comparable to the US.</li> <li>• More workers are white collar than blue collar.</li> <li>• Budget savvy consumers, stick to brands they grew up with and know the price of goods they purchase. Buying American is important.</li> <li>• Daily life is busy, but routine. Working on the weekends is not uncommon.</li> <li>• Residents trust TV and newspapers more than any other media.</li> <li>• Skeptical about their financial future, they stick to community banks and low-risk, investments.</li> </ul> |
| <b>Bright Young Professionals</b> | 4.6%         | <ul style="list-style-type: none"> <li>• Unemployment rate is lower at 7.1%, and labor force participation rate of 73% is higher than the US rate.</li> <li>• These consumers are up on the latest technology.</li> <li>• They get most of their information from the Internet.</li> <li>• Concern about the environment, impacts their purchasing decisions.</li> </ul>  |
| <b>Rustbelt Traditions</b>        | 4.5%         | <ul style="list-style-type: none"> <li>• Most have graduated from high school or spent some time at a college or university.</li> <li>• Unemployment rate is below US at 8%.</li> <li>• While most income derived from wages and salaries, nearly 30% of households are collecting Social Security and nearly 20% drawing income from retirement accounts.</li> <li>• Family oriented consumers who value time spent at home.</li> <li>• Most lived, worked, and played in the same area.</li> <li>• Budget aware shoppers that favor American-made products.</li> <li>• Ready newspapers, especially the Sunday editions.</li> </ul>   |
| <b>Professional Pride</b>         | 3.6%         | <ul style="list-style-type: none"> <li>• Highly qualified in the science, technology, law, or financial fields; they've worked hard to build their professional reputations or their startup businesses.</li> <li>• These consumers are willing to risk their accumulated wealth in the stock market.</li> <li>• They have a preferred financial institution, regularly read financial news and use the internet for banking transactions.</li> <li>• These residents are goal oriented and strive for lifelong earning and learning.</li> <li>• Life here is well organ iced; routine is a key ingredient to daily life.</li> </ul>  |
| <b>Total of top 10 segments</b>   | <b>86.5%</b> |   |

Source: ESRI Business Information Solutions

## Appendix E. Summary of Merchandise and Service Categories

| Merchandise/Service Category | Types of Goods/Services   |
|------------------------------|---|
| Apparel                      | Women's Apparel, Men's Apparel, Children's, Footwear, Watches & Jewelry   |
| Home Furnishings             | Furniture, Floor Coverings, Major and Small Appliances, Household Textiles, Floor Coverings, Housewares, Dinnerware   |
| Home Improvement             | Maintenance and Remodeling Materials, Lawn & Garden   |
| Electronics                  | Computer Hardware, Software, & Accessories, TVs, DVD Players and DVDs, Video Game Hardware & Software, Audio Equipment, Video Equipment, Phones & Accessories |
| Misc. Specialty Retail       | Pet Care, Books & Periodicals, Sporting Equipment, Toys & Hobbies, Luggage, Eyeglasses  |
| Groceries                    | Food at Home, Nonalcoholic Beverages at Home, Alcoholic Beverages, Smoking Products   |
| Restaurants                  | Food Away From Home, Alcoholic Beverages  |
| Entertainment                | Admission to Movie/Theater/Opera/Ballet, Recreational Lessons, Participation in Clubs   |
| Personal Services            | Shoe Repair, Laundry & Dry Cleaning, Alterations, Clothing Rental & Storage, Watch & Jewelry Repair, Child Care   |

Source: ESRI BIS

## Appendix F. Spending Potential Index

| Spending Potential of Selected Goods and Services |                                |                            |                                     |                                |                            |
|---|--------------------------------|----------------------------|-------------------------------------|--------------------------------|----------------------------|
| Owasso Market Areas                               |                                |                            |                                     |                                |                            |
| Merchandise/ Service Category                     | Convenience Retail Market Area | Greater Retail Market Area | Merchandise/ Service Category       | Convenience Retail Market Area | Greater Retail Market Area |
| <b>Apparel</b>                                    |                                |                            | <b>Financial Services</b>           |                                |                            |
| Men's   | 105                            | 94                         | Stocks/Bonds/Mutual Funds           | 111                            | 98                         |
| Women's   | 104                            | 93                         | Retirement Plans                    | 112                            | 100                        |
| Children's  | 108                            | 97                         | Other Financial Assets              | 111                            | 106                        |
| Footwear  | 106                            | 95                         | Loan Amount                         | 108                            | 102                        |
| Watches & Jewelry                                 | 103                            | 89                         | Credit Card Debt                    | 107                            | 96                         |
| Apparel Products and Services                     | 111                            | 94                         | <b>Health</b>                       |                                |                            |
| <b>Computer</b>                                   |                                |                            | Nonprescription Drugs               | 104                            | 99                         |
| Computer/Hardware for Home                        | 104                            | 92                         | Prescription Drugs                  | 105                            | 101                        |
| Portable Memory                                   | 105                            | 93                         | Eyeglasses & Contact Lenses         | 108                            | 100                        |
| Computer Software                                 | 102                            | 88                         | <b>Home</b>                         |                                |                            |
| Computer Accessories                              | 105                            | 92                         | Mortgage Payment and Basics         | 114                            | 100                        |
| <b>Entertainment &amp; Recreation</b>             |                                |                            | Maintenance & Remodeling Services   | 112                            | 100                        |
| Fees and Admissions                               |                                |                            | Maintenance & Remodeling Materials  | 111                            | 105                        |
| Membership Fees                                   | 107                            | 92                         | Utilities, Fuel & Public Services   | 104                            | 98                         |
| Sports Participation                              | 112                            | 96                         | <b>Household Furnishings</b>        |                                |                            |
| Tickets to Theater, Operas & Concerts             | 103                            | 89                         | Household Textiles                  | 104                            | 93                         |
| Tickets to Movies, Museums & Parks                | 104                            | 88                         | Furniture                           | 107                            | 96                         |
| Admission to Sporting Events                      | 112                            | 97                         | Rugs                                | 105                            | 92                         |
| Recreational Lessons                              | 108                            | 89                         | Major Appliances                    | 110                            | 102                        |
| Dating Services                                   | 98                             | 84                         | Housewares                          | 108                            | 98                         |
| Television & Sound Equipment                      |                                |                            | Small Appliances                    | 102                            | 93                         |
| Cable or Satellite Television                     | 102                            | 97                         | Luggage                             | 106                            | 90                         |
| Televisions                                       | 104                            | 93                         | Telephones & Accessories            | 110                            | 98                         |
| Satellite Dishes                                  | 110                            | 92                         | <b>Household Operations</b>         |                                |                            |
| DVD Players, VCRs, Video Cameras                  | 102                            | 92                         | Child Care                          | 109                            | 93                         |
| Miscellaneous Video Equipment                     | 112                            | 101                        | Lawn & Garden                       | 110                            | 103                        |
| DVDs and Video Cassettes                          | 101                            | 93                         | Moving/Storage                      | 97                             | 83                         |
| Video Game Hardware                               | 104                            | 95                         | Housekeeping Supplies               | 106                            | 98                         |
| Video Game Software                               | 105                            | 95                         | <b>Insurance</b>                    |                                |                            |
| Streaming/Downloaded Video                        | 103                            | 91                         | Owners/Renters                      | 112                            | 106                        |
| Rental of DVDs and Video Cassettes                | 102                            | 91                         | Vehicle                             | 104                            | 96                         |
| Audio   | 104                            | 93                         | Life/Other                          | 109                            | 99                         |
| Rental & Repair of TV/Sound                       | 92                             | 86                         | Health                              | 106                            | 99                         |
| Pets & Supplies                                   | 107                            | 101                        | <b>Personal Care Products</b>       | 105                            | 95                         |
| Toys, Games, Crafts & Hobbies                     | 107                            | 97                         | <b>School Books &amp; Supplies</b>  | 107                            | 94                         |
| Recreational Vehicles & Fees                      | 115                            | 106                        | <b>Smoking Products</b>             | 100                            | 102                        |
| Sports/Exercise/Recreation Equipment              | 108                            | 96                         | <b>Transportation</b>               |                                |                            |
| Photo Equipment & Supplies                        | 108                            | 95                         | Vehicle Payments (excluding Leases) | 109                            | 101                        |
| Books/Magazines/Subscriptions                     | 104                            | 96                         | Gas & Motor Oil                     | 105                            | 98                         |
| Catering  | 119                            | 102                        | Vehicle Maintenance & Repair        | 105                            | 97                         |
| <b>Food &amp; Beverages</b>                       |                                |                            | <b>Travel</b>                       |                                |                            |
| Groceries   | 104                            | 96                         | Airline Fares                       | 104                            | 89                         |
| Bakery & Cereal Products                          | 104                            | 96                         | Hotels/Motels                       | 109                            | 96                         |
| Meats, Poultry, Fish & Eggs                       | 104                            | 96                         | Rental Cars                         | 107                            | 92                         |
| Dairy Products                                    | 103                            | 96                         | Food/Drink                          | 107                            | 95                         |
| Fruits & Vegetables                               | 103                            | 94                         |                                     |                                |                            |
| Other Foods at Home                               | 105                            | 97                         |                                     |                                |                            |
| Meals at Restaurants                              | 106                            | 95                         |                                     |                                |                            |
| Alcoholic Beverages                               | 105                            | 93                         |                                     |                                |                            |

Source: ESRI BIS