RETAIL MARKET STUDY

for

ABILENE, KANSAS

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Prepared by

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I. Executive Summary

The purpose of this study is to analyze the retail market for Abilene, Kansas and the Abilene trade area and to identify opportunities for attracting new retail businesses and/or expanding existing retail establishments. The amount of retail demand that can be absorbed in Abilene over the next five years has been analyzed and projected. This market study was commissioned by the City of Abilene and the Robert Lowry Estate in recognition of several positive growth patterns impacting the community and the city's favorable attitude towards attracting new business.

The most measurable success in Abilene over the past 15 years has been overall community development in the city, which has led to a positive quality of life. The Abilene City Commission recognizes the need to make the community as livable and attractive as possible for residents and visitors. Recruitment successes, such as Russell Stover Candies, the Brookville Hotel Restaurant, furniture store and a new hotel have been the result of this overall effort.

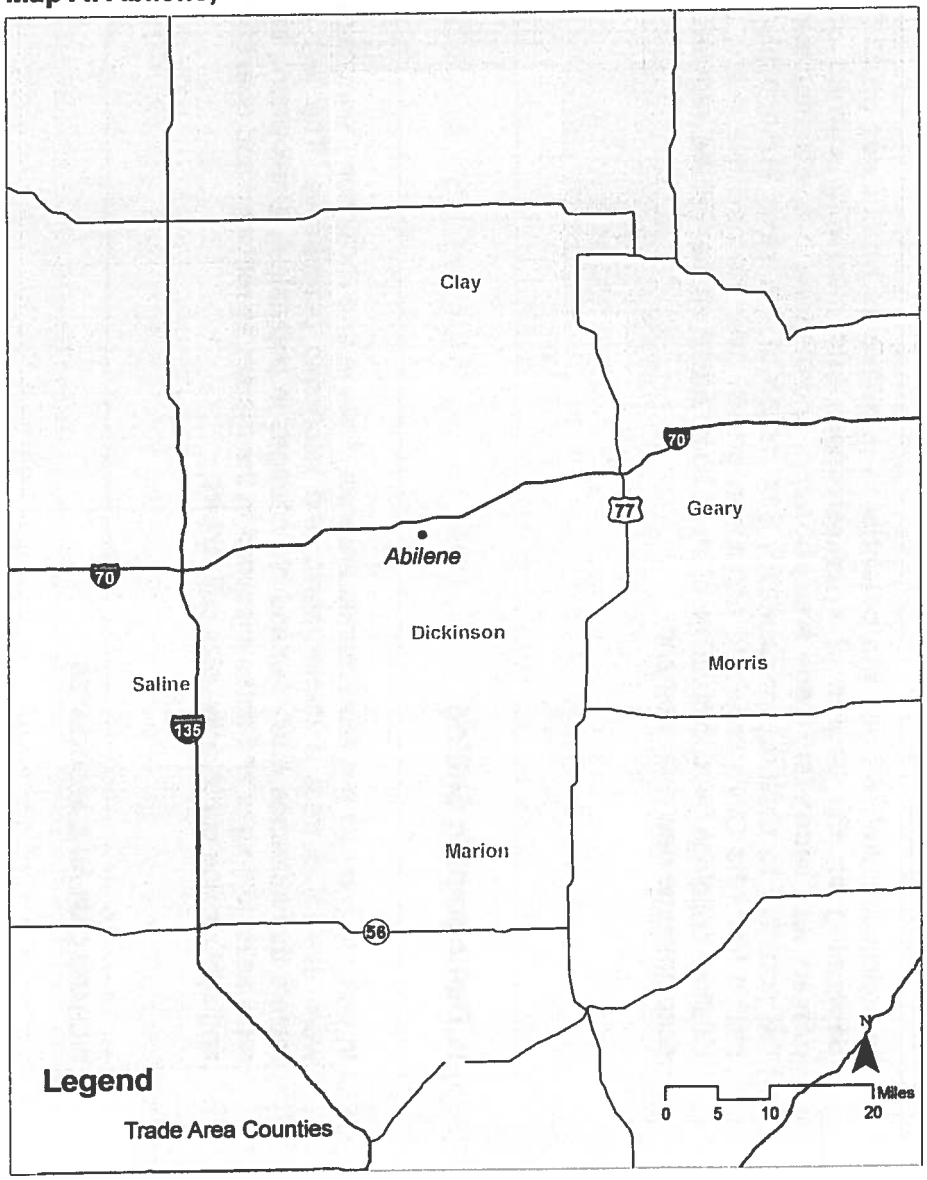
Abilene is 150 miles west of Kansas City, Kansas and 220 miles east of the western Kansas community of Colby just east of the Colorado state line.

Abilene, Kansas is the county seat for Dickinson County and is located at the junction of Interstate 70 and Kansas State Highway 15 **(See Map A).** Abilene is considered the official end of the historic Chisholm Trail where hundreds of cowboys used as a place of departure or arrival in their travels west. This historic role along with being the hometown of President Dwight Eisenhower account for the city's status as a travel destination.

The primary retail market trade area is Dickinson County representing a resident population in 2006 of approximately 19,300 persons **(See Table A and Map B).** The secondary retail trade extends approximately 25 miles to Salina to the west and Junction City to the east representing a resident population of 106,803 persons. The trade area also includes transient persons traveling Interstate 70 between Colorado and Missouri. The Kansas Department of Transportation indicates that Interstate 70 at Abilene has an average daily traffic count of 15,400 vehicles in 2005.

Abilene is experiencing a surge in population. The city's population is projected to grow to 7,208 by 2011 or an increase of 462 persons from the city estimated population of 6,746 in 2006. The single largest factor contributing to this population growth is the expansion of Fort Riley in Geary County located east of Abilene. According to the Fort Riley officials, approximately 9,700 military personnel and 2,000 federal civilian workers are being redeployed to Fort Riley over a five year period. A summary of the trade area population is presented in Table A. Detailed business, population, age, household income data for 2006 and forecast for 2011 are attached to this market study.

Map A: Abilene, Kansas Trade Area



Map B: Abilene Trade Area 2006 Population: 106,803

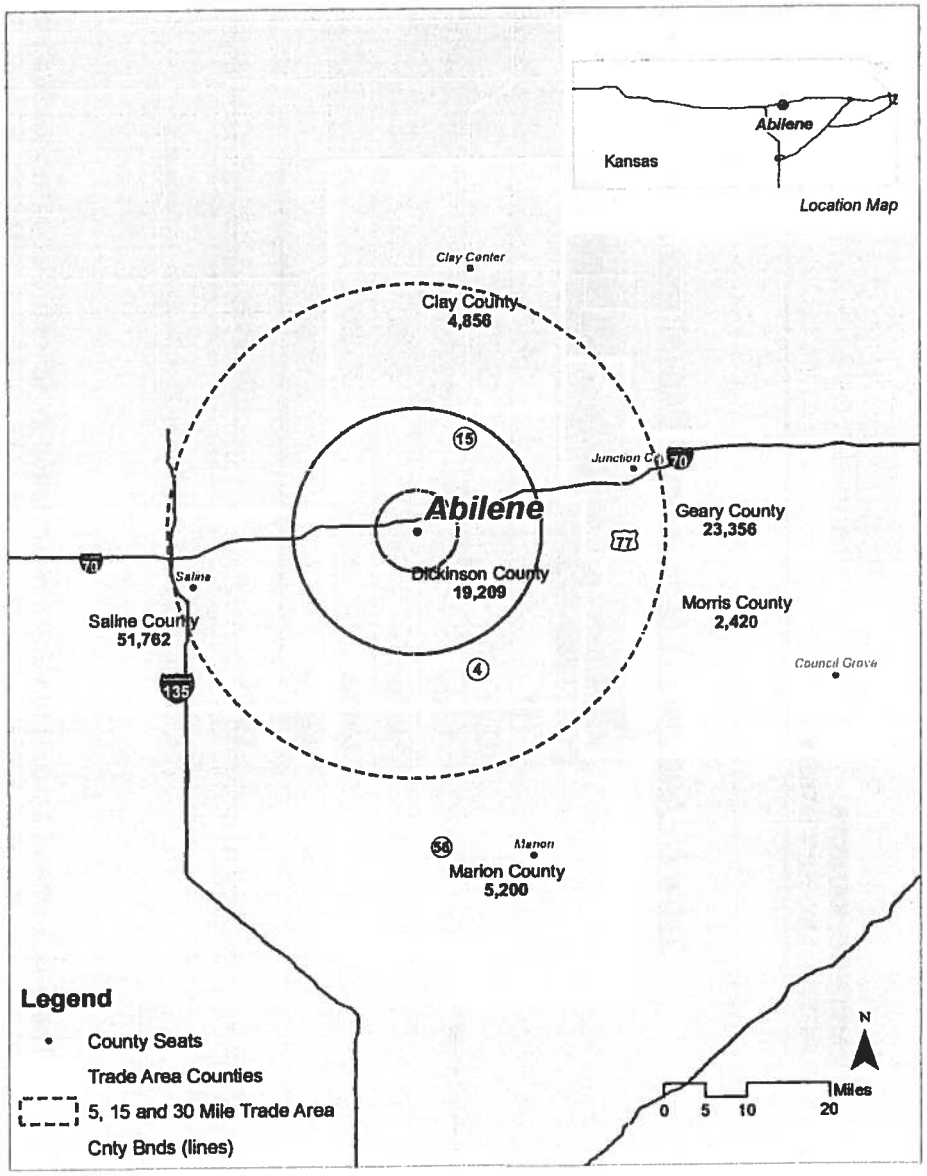


Table A – Summary of Abilene Retail Market Trade Area Population 2006

County	Population in Trade Area
Clay	4,856
Dickinson	19,209
Geary	23,356
Marion	5,200
Morris	2,420
Saline	51,762
Total	**106,803**

Source: U.S. Census; Kansas Water Office; Tactitian Corporation.

There is a limited amount of vacant retail space in Abilene. According to data provided by the Dickinson County Appraiser's Office, Abilene contains 604,339 square feet of retail development with a vacancy of 33,784 square feet in seven buildings, a retail vacancy rate of 5.6 percent. Although the City of Abilene attracts retail sales from consumers who reside beyond the city, based on Dickinson County's 2005 pull factor, approximately $55.8 million in retail sales is spent by county residents outside of Dickinson County.

In conclusion, **Abilene has the potential to increase its retail sales up to $20.3 million depending on the degree of aggressiveness and marketing carried out to attract primary and secondary trade area shoppers and visitors.** It is estimated that Abilene has the potential to capture approximately $14 million of this sales leakage plus another $6 million from the City's projected population growth over the next five years. Expansion of existing buildings or construction of new commercial space will be required in order to accommodate new retail demand.

II. Demographic Setting

In order to conduct this retail market analysis, Abilene and Dickinson County's retail markets were evaluated from a demographic and economic perspective. The key demographic factors that influence retail demand are changes in population, employment, income levels, retail sales leakages and sales injections in the market as reflected and quantified in Abilene and surrounding community retail pull factors.

A. Population Trends

Since 2000, the City of Abilene has grown by over 200 people (**Table B**). The city and county population grew by 4.8% and 2.2%, respectively, in the 1990's and are projected to continue to grow through the balance of the decade. Abilene is home to approximately one-third of the county's residents. The City's population is projected to grow to 7,208 by 2011 or an increase of 462 persons from the estimated population of 6,746 in 2006.

Continued population growth will support an increase in the number and/or expansion of retail establishments especially those businesses that are targeted to serve the areas where the city is experiencing sales leakage.

Table B - Abilene, Dickinson County Population Trends 1990 - 2010

Year	City of Abilene	Dickinson County
1990	6,242	18,928
2000	6,543	19,344
Est. 2006	6,746	20,238
Est. 2010	7,115	21,724
Est. 2011	7,208	22,008
1990 – 2000	**+4.8%**	**+2.2%**
Projected 2000 – 2010:	**572**	**2,380**
Net Percent Change	**+8.7%**	**+12.3%**

Source: U.S. Census Bureau; Kansas Water Office; Abilene Comprehensive Development Plan.

The single largest factor contributing to this population growth is the expansion of Fort Riley in Geary County located approximately 25 miles east of Abilene. According to the Fort Riley expansion impact study published in late 2006 (*Strategic Action Plan and Growth Impact Assessment for the Flint Hills Region*), approximately 9,700 military personnel and 2,000 federal civilian workers are being redeployed to Fort Riley over a five year period.

The primary population and employment growth from this expansion will occur in Geary, Riley and Pottawatomie Counties, while Dickinson, Wabaunsee, Clay and Morris Counties are a secondary growth region. Abilene is geographically in a unique position to take advantage of the growth. A new federal study indicates that planned troop expansions at Fort Riley will boost the area's population by more than 27,000 over the next six years.
Since 1990, the population in the 45 to 64 year old age group has grown the most followed

by persons in the 20 to 44 year old age group. The younger population between the ages of 20 and 29 years has declined. (See **Table C**) Detailed population data for all age groups in the trade area is attached as an appendix to this study.

Table C - Dickinson County Population By Age Group 1990 – 2000

Age Distribution	1990	2000	Percent Change
0 – 19 years	5,252	5,396	2.7%
20 – 29 years	2,137	1,727	(19.2%)
30 – 44 years	3,854	4,159	7.4%
45 – 64 years	3,849	4,464	15.9%
65 and over years	3,766	3,599	(4.4%)
TOTAL	**18,928**	**19,344**	**2.2%**

Source: 1990 and 2000 U.S. Census.

B. Abilene Trade Area

Abilene serves a trade area of approximately 106,803 persons in parts of six Kansas counties. Dickinson is the third most populous county within the trade area. This trade area extends from approximately to Junction City on the east, Clay County on the north, Marion County to the south and west to Salina. Abilene businesses and attractions serving this trade area include:

- Unique dining establishments (such as the Brookville Hotel Restaurant, Kirby House),
- Two auto dealerships with broad product selection and/or prices not routinely found elsewhere in the area, and
- National visitor attractions (the Eisenhower Presidential Library and Museum, Greyhound Hall of Fame, etc.) and special events.

C. Traffic Counts

Abilene has the advantage of being located in Kansas' Main Street – Interstate 70. Interstate traffic passing Abilene has grown by over 18 percent in the past decade at Abilene's main exit from Interstate Highway 70. (See Table D) Kansas State Highway 15 through Abilene reported an average of 8,975 vehicles per day in 2005.

Table D - Interstate 70 Average Daily Traffic Counts 1995 – 2005

Year	Exit 272 – Western Abilene	Exit 275 – Main Abilene Exit	Exit 277 – Eastern Abilene
1995	12,745	13,030	12,325
2000	15,335	15,500	14,875
2005	15,400	15,400	14,500
1995 - 2005 Change	**20.8%**	**18.2%**	**17.6%**

Source: Kansas Department of Transportation.

D. Employment Trends

Another important indicator of the area's economic well being is employment. (See Table E) Salina is the primary regional employment center in north central Kansas. There are more than 66,000 persons employed in the trade area in 2006 including 10,426 employees in Dickinson County (Map C).

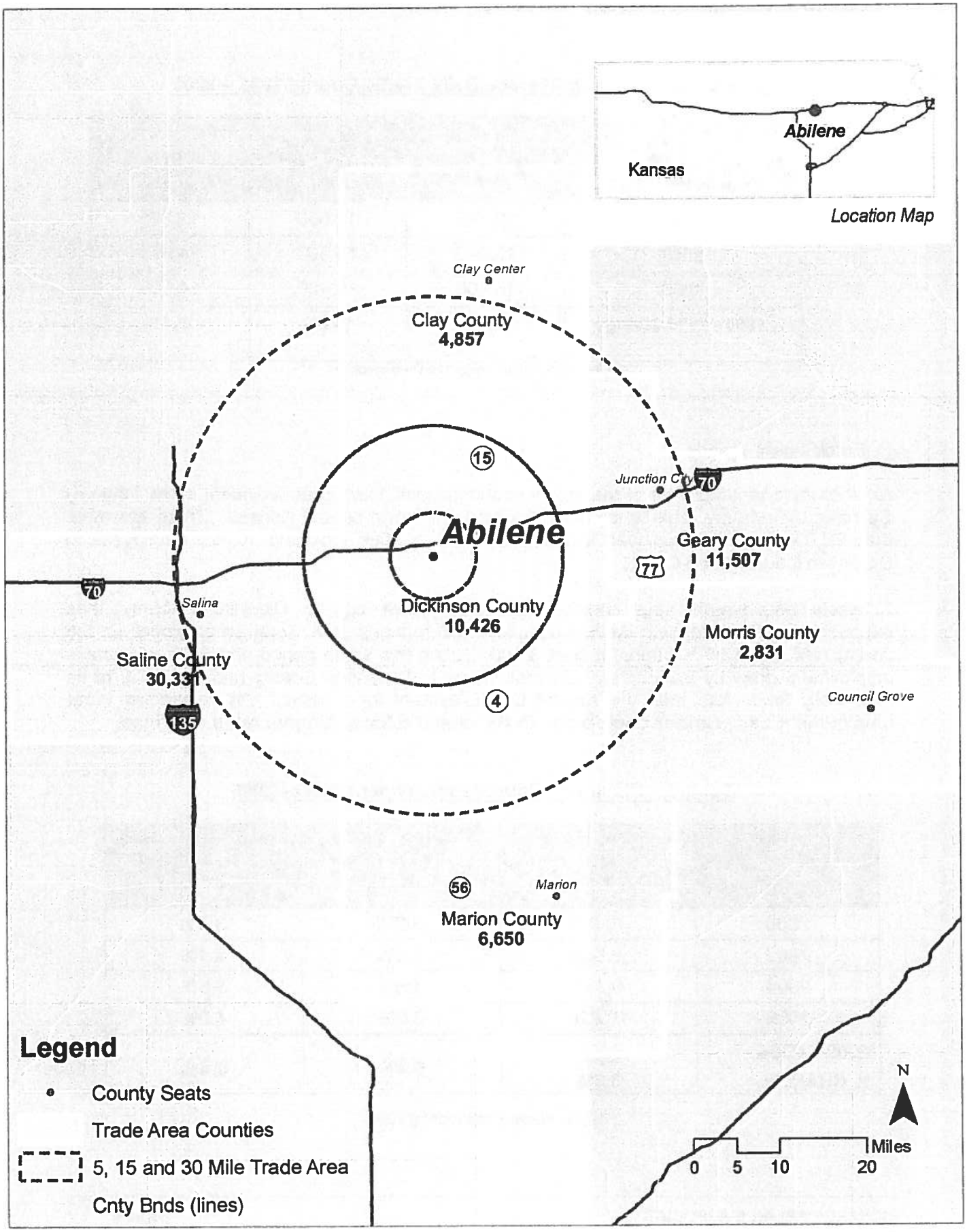
Abilene's employment (the county seat and largest city in Dickinson County) has experienced steady growth while unemployment remains low. Total employment in the county has grown by 3.3 percent since 2000. During this same period, the State of Kansas employment grew by 5.2 percent. Unemployment in Dickinson County has remained at its historically lower rate than the rate of unemployment for Kansas. **An expanded local employment base further contributes to the demand for additional retail offerings.**

Table E - Dickinson County Employment 2000 – 2006

Year	Dickinson County Employment	Dickinson County Unemployment Rate	State of Kansas Unemployment Rate
2000	10,095	3.2%	3.8%
2002	9,908	4.1%	5.1%
2004	9,941	4.8%	5.6%
2006	10,426	3.6%	4.2%
2000 – 2006 % CHANGE	**331 3.3%**	**0.4%**	**0.4%**

Source: Kansas Department of Labor.

Map C: Trade Area 2006 Employment: 66,602



Russell Stover Candies is the largest employer in Abilene with approximately 700 employees. The second largest employer is Duckwall/Alco with over 500 jobs. Abilene has the flagship store and is the headquarters of this major regional discount chain ranking it third in sales volume in the chain. The number of business establishments by category for Abilene and the Abilene trade area is found in the appendix of this study.

E. Abilene Existing Retail Space

To strengthen Abilene's retail market, new or expanded commercial development must consider the availability of retail space and/or buildings. Due to recent population growth and the lack of new commercial construction that has occurred in Abilene, there is a limited amount of vacant commercial floor space in the city. A majority of the vacant space is concentrated in the city's downtown, and a majority of the city's financial and office uses and related service activities are downtown.

An inventory of Abilene's retail square footage indicates that Abilene's 200 retail establishments contain an average of approximately 3,100 square feet. In total, Dickinson County 2006 appraisal data classifies 199 properties with retail uses representing 604,339 square feet with a vacancy of only 33,784 square feet in seven buildings **(See Table F). This results in a retail vacancy rate of 5.6 percent.** For comparison purposes, Cohen-Esrey Real Estate reported a retail vacancy rate in nearby Topeka of 10.6 percent last year.

According to commercial real estate industry standards and spokespersons of the International Council of Shopping Centers, a vacancy rate of 5 to 8 percent is a market considered to be in equilibrium, accommodating natural turnover in a community. Abilene's low vacancy rate indicates a strong need to add new inventory to the community. This vacancy level reveals that Abilene has both a strong retail environment yet is constrained in its immediate growth without expansion to existing retail businesses, conversion of other space to retail use and/or new construction.

Table F – Abilene Retail Space Inventory Summary 2006

	Buildings	Square Feet	Percent of Total Square Feet
Occupied	193	570,555	97.3%
Vacant	6	33,784	5.6%
Total	**199**	**604,339**	**100%**

Source: Dickinson County Appraiser's Office.

About 10% of the city's retail square footage can be found in the Abilene downtown area. About 80% of retail space can be found at the north entrance to the City near Interstate 70 on State Highway K-15. The remaining 10% is spread across other parts of the City. A majority of the city's financial and office uses and related service activity is in the downtown.

F. Income Levels

Retail expenditures are directly influenced by the amount of disposable income in a household. Dickinson County has the second highest median household income in the trade area. (See **Table G and Map D**) Per capita income in the county is $25,724, near the middle of the six counties in the Abilene trade area (Map E) indicating that a majority of households in the City contain two wage earners.

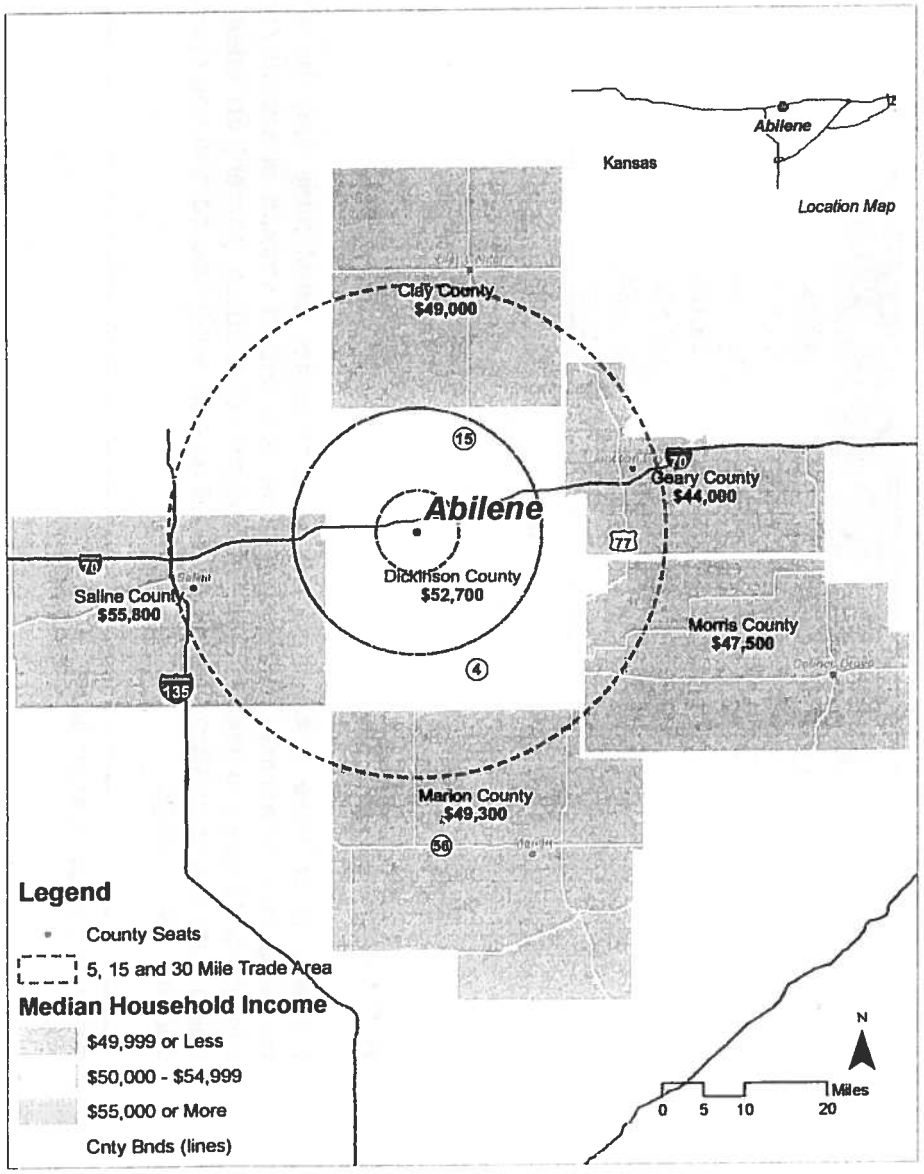
Table G – Trade Area Median Household and Per Capita Income

County	Median Household Income 2006	Per Capita Income 2004
Clay	$49,000	$29,018
Dickinson	**$52,700**	**$25,724**
Geary	$44,000	$30,477
Marion	$49,300	$23,095
Morris	$47,500	$24,099
Saline	$55,800	$28,873

Source: U.S. Bureau of Economic Analysis.

Income growth in Abilene and Dickinson County has been above the statewide average. Abilene median family income grew by 72.9 percent and Dickinson County by 58.7 percent in the 1990's, approximately 10 to 20 percent higher than the statewide median family income (Table H). This reflects the types and wages of the new jobs that have been created in the community. Therefore, Abilene households have been able to increase the amount of income available for retail purchases. Detailed income figures by age groups for the trade area are found as an appendix to this study.

Map D: Trade Area Counties Median Household Income 2006



Map E: Trade Area Counties Per Capita Income 2004

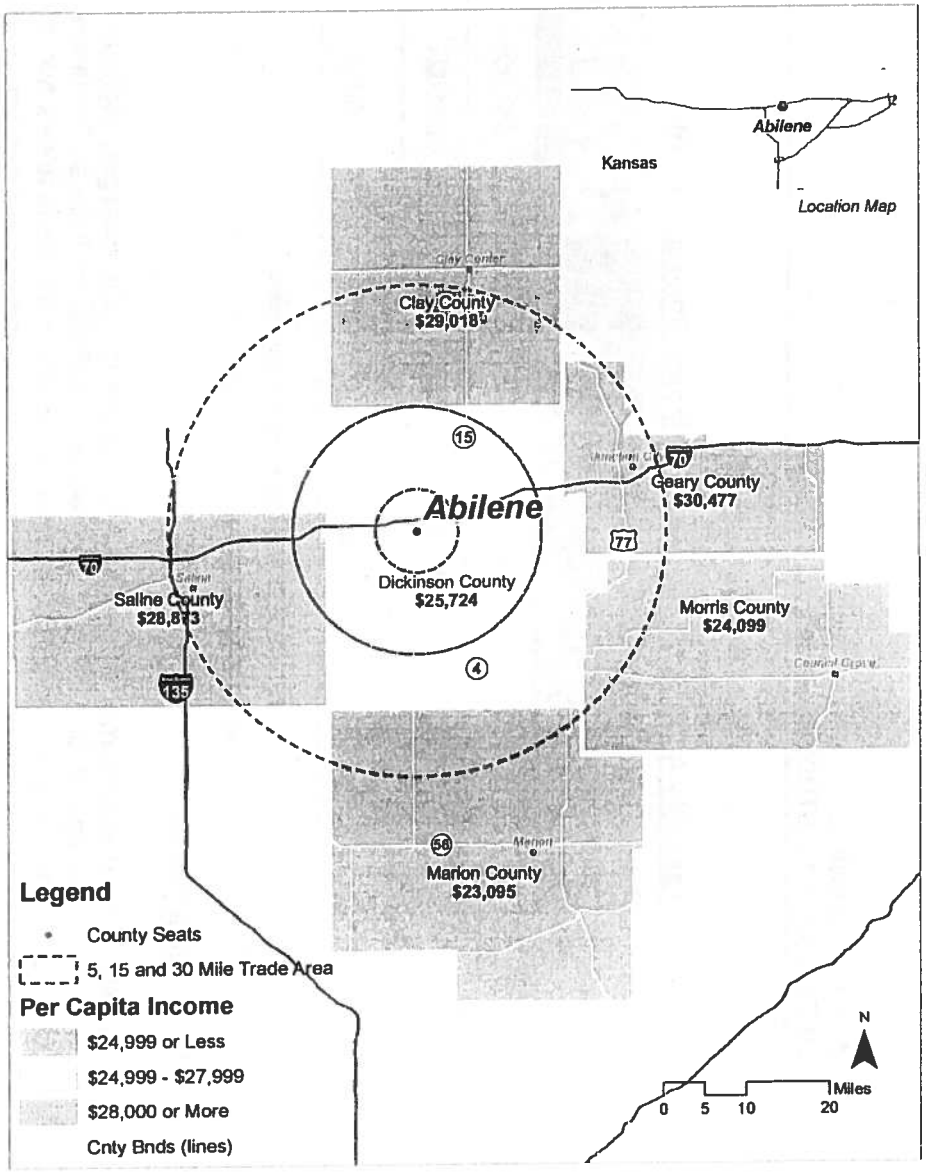


Table H - Abilene Median Family Income Comparison 1990 – 2000

Year	City of Abilene	Dickinson County	State of Kansas
1990	$28,545	$32,296	$32,966
2000	$48,052	$43,952	$49,624
1990 – 2000 Change	72.9%	58.7%	48.8%

Source: U.S. Department of Commerce.

G. Average Wages

Despite a low unemployment rate, wages in Abilene in 2005 averaged slightly lower than the trade area average of $23,999 as reported by the State of Kansas Department of Labor. (See Table I and Map F.) Average wages are highest in the trade area's two most populous counties, Saline and Geary Counties followed by Abilene with an average wage in 2005 of $23,982.

Table I – Trade Area Average Annual Wages 2005

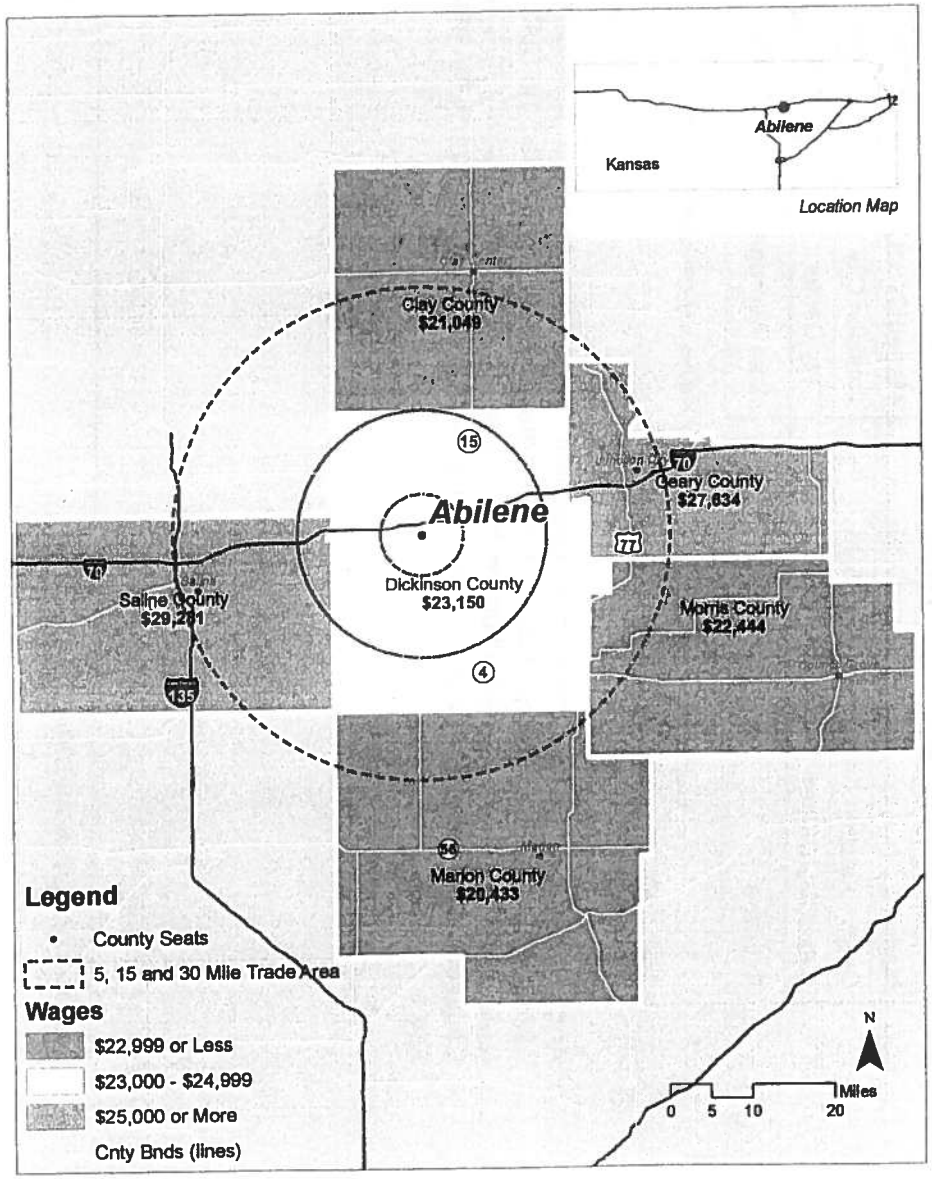
County; City	Average Annual Wage
Marion	$20,433
Clay	$21,049
Morris	$22,444
Dickinson	**$23,150**
Abilene	**$23,982**
Geary	$27,634
Saline	$29,281
Trade Area Average	**$23,999**

Source: Kansas Department of Labor.

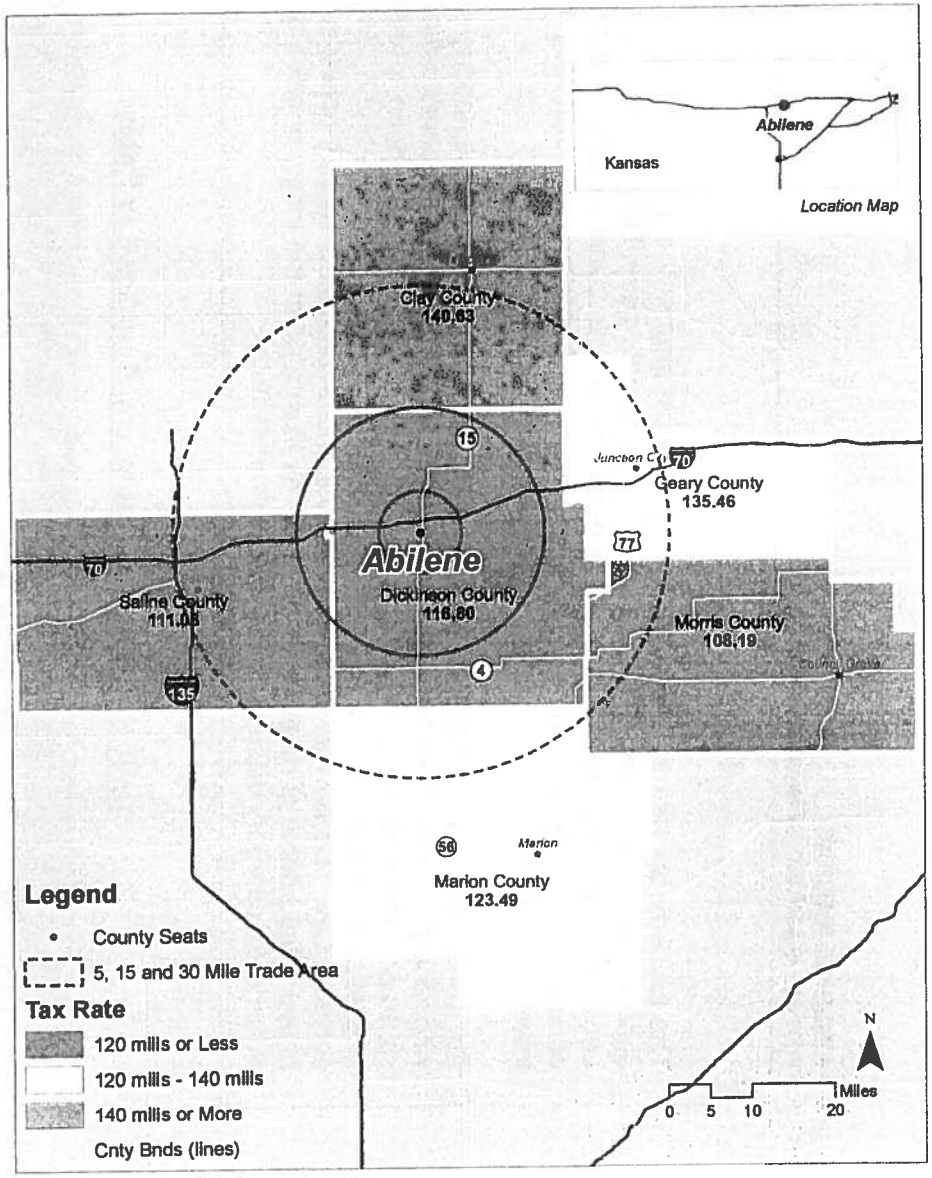
H. Property and Sales Taxes

Property taxes have a direct impact on commercial rental rates and the cost of doing business in a community. Given that there is a limited amount of vacant retail space in Abilene and there is a need for new commercial construction, property tax rates are a cost of doing business to existing and/or new retail tenants and those considering constructing new commercial buildings.

Map F: Trade Area Counties Average Wage 2005



Map G: Trade Area Counties Average Property Tax Rate 2005



The property tax rate in Abilene is the third lowest among the six trade area counties and almost five percent lower than the six county average. **(See Table J, Map G and Map I.)** Local property taxes are more than 15 percent higher in Junction City in Geary County in comparison to Abilene, while property tax rates in Salina are approximately five percent lower than Abilene.

For consumers, Abilene enjoys a competitive advantage over its neighboring communities with regard to retail sales taxes. Sales tax rates in Abilene are the second lowest among the six trade area counties and lower than the area average. In comparison to the area's two largest cities, Abilene's total sales tax rate is 0.25% lower than Salina and 0.75% lower than Junction City. This tax rate is especially important to consumers when it comes to purchasing higher priced items such as motor vehicles as illustrated in the inflow of sales activity in the automobile category discussed later in this market study.

Table J - Trade Area Cities and Counties Tax Rates

County (Major City)	Average Property Tax Rate 2005	City/County	Sales Tax Rate 2007
Morris	108.19	Morris County	6.30%
Saline (Salina)	111.08	Salina	7.05%
Dickinson (Abilene)	**116.80**	**Abilene**	**6.80%**
Marion	123.49	Marion County	7.05%
Geary (Junction City)	135.46	Junction City	7.55%
Clay (Clay Center)	140.63	Clay Center	7.30%
Average	**122.61**	**Area Average**	**7.00%**

Source: Kansas League of Municipalities; Kansas Department of Revenue.

Another measurement of the area's performance is the rate of growth in retail sales. Since 1995, retail sales in Dickinson County have increased more rapidly than the State of Kansas. (See Table K) This is a reflection, in part, of an above average growth in local incomes. Collections on Dickinson County retail sales grew by 47.8% versus 41.6% for statewide retail sales.

Table K - Retail Sales Tax Collection Trends 1995 - 2005

Year	Dickinson County Retail Sales Tax Collections	State of Kansas Retail Sales Tax Collections
1995	$5,950,273	$1,232,145,000
2000	$7,094,489	$1,476,532,000
2005	$8,797,424	$1,744,980,000
1995 – 2005 % CHANGE	**47.8%**	**41.6%**

Source: Kansas Department of Revenue; City of Abilene.

Abilene collects over 63 percent of the retail sales in Dickinson County despite the fact that the city is home to only one-third of the county's residents. (See Table L) As a result, the city's overall pull factor for 2005 is 1.37. The retail trade pull factor is a measure of the ability of the retail business community to capture local trade and pull in trade from outside its city or county limits. Despite Abilene's retail pull, 26% of Dickinson County retail sales dollars are leaving the county. Dickinson County state sales tax collections per capita are $468 versus state sales tax per capita of $579. Therefore, Dickinson County sales are approximately 19% below the statewide average. **In other words, approximately $55.8 million in retail sales is spent by county residents outside of Dickinson County.**

Table L – Dickinson County FY 2005 Retail Sales and Pull Factors

Dickinson County City	FY 2005 Taxable Sales	FY 2005 Sales Tax Collections	Per Capita Sales Tax	Pull Factor
Abilene	**$105,454,677**	**$5,589,098**	**$890**	**1.37**
Chapman	$4,285,776	$227,146	$192	0.30
Herington	$16,465,063	$872,648	$365	0.56
Solomon	$4,562,091	$241,791	$232	0.36
Balance of County	$35,221,531	$1,866,741	N / A	N / A
Dickinson County Total	**$165,989,138**	**$8,797,424**	**$468**	**0.74**

Source: Kansas Department of Revenue; RICHARD CAPLAN & ASSOCIATES.

Dickinson County sales leakage occurs despite the fact that retail sales growth in Dickinson County has outpaced the state's growth rate and grown from 0.68 in 2001 to 0.74 in 2005. (See Table M – "Trade Area Retail Pull Factors 2005" and Map H.) Dickinson County's pull factor has increased by 8.4% since 2001 and is one of three trade area counties reflecting an upward trend in their pull factors over the past five years. While the county's pull factor is higher than the three adjoining, less populated counties, the pull factor demonstrates the potential for further growth in Abilene. This growth is best accomplished in those retail categories where local sales leakage is the highest.

Table M – Trade Area Retail Pull Factor 2005

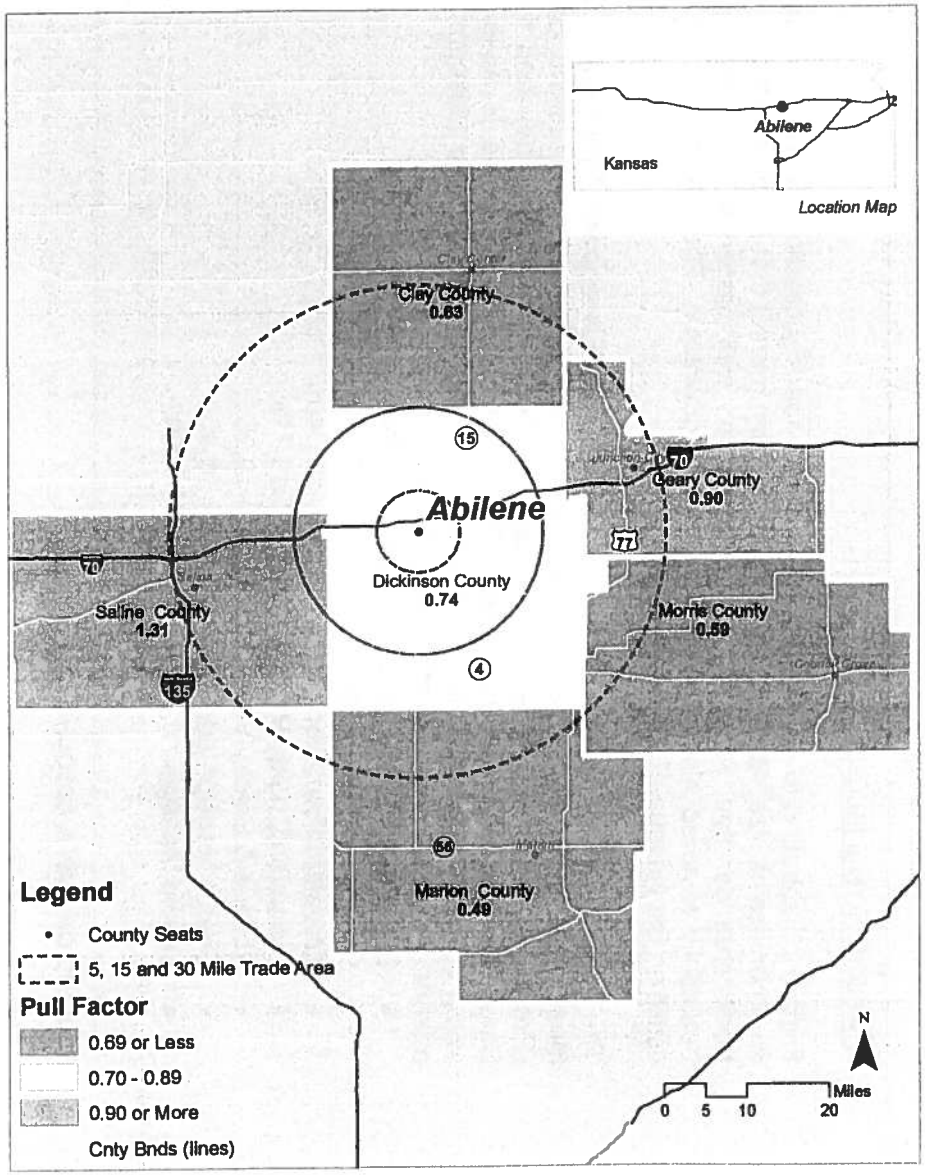
County	Retail Pull Factor 2005	Change Since 2001
Marion	0.49	(3.6%)
Morris	0.59	+3.0%
Clay	0.63	(0.7%)
Dickinson	**0.74**	**+8.4%**
Geary	0.90	+12.2%
Saline	1.31	(4.8%)
6 County Mean	**0.90**	**1.8%**

Source: Kansas Department of Revenue.

I. Abilene Business Trends

The number of Abilene business establishments in Abilene grew by 13 percent from 1998 to 2004, while the percentage of total establishments in Dickinson County within Abilene grew from 61.0 percent to 63.4 percent. Although the number of persons employed in Abilene was relatively stable during this period, the total wages in the city grew by an average of more than 27 percent during the six year period, providing further evidence of the city's growing income levels (See Table N – "Abilene Economic Indicators 1998 – 2004").

Map H: Trade Area Counties Retail Pull Factor 2005



Map I: Trade Area Cities Sales Tax Rate 2007

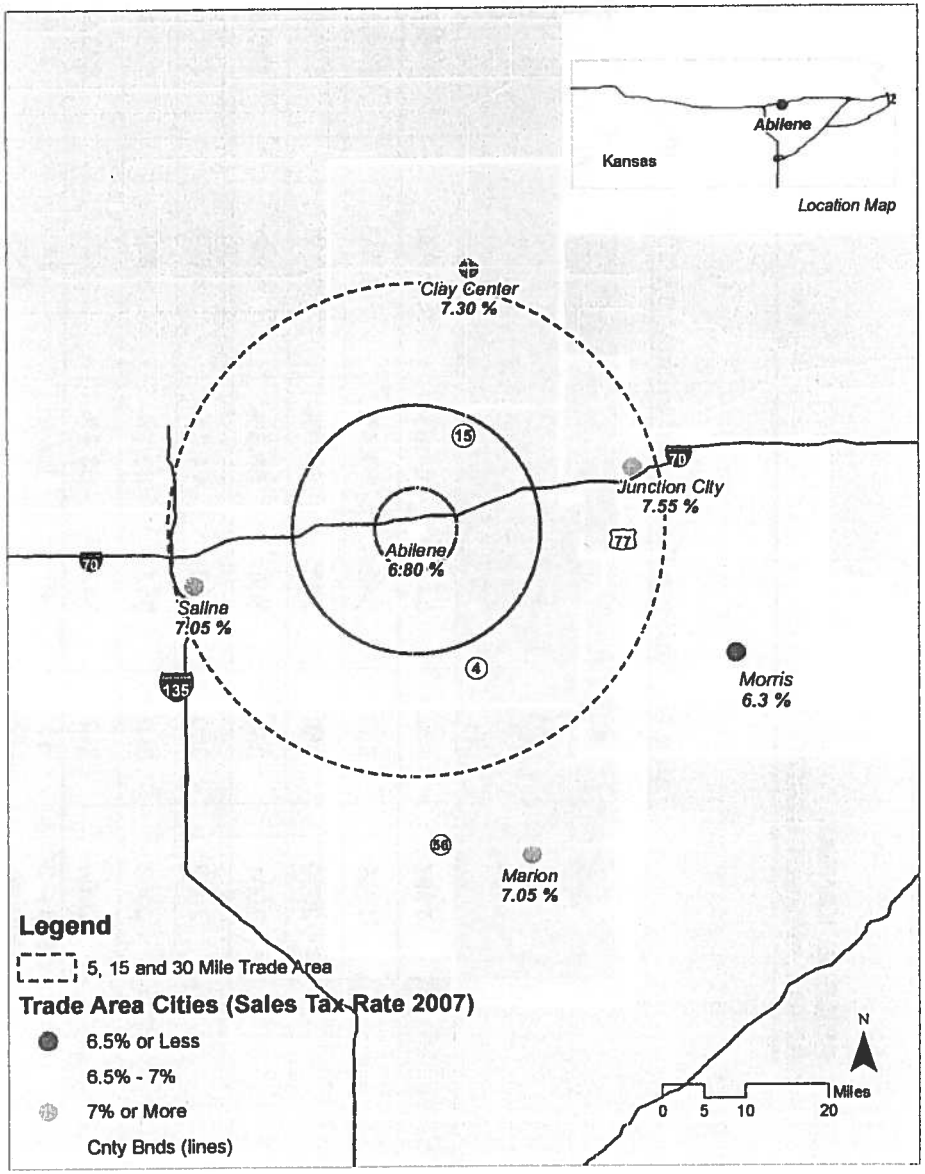


Table N - Abilene Economic Indicators 1998 – 2004

Year	Total Establishments			Abilene	
	Abilene	Dickinson County	Abilene % Of County	Total Employees	Average Wage
1998	334	547	61.0%	3,637	$18,786
1999	333	542	61.4%	3,723	$19,622
2000	350	565	61.9%	3,831	$20,091
2001	360	564	63.8%	3,891	$20,872
2002	360	560	64.2%	3,879	$21,963
2003	352	552	63.7%	3,855	$22.133
2004	347	547	63.4%	3,671	$23,982
1998 – 2004 Change	**13 3.8%**	**0**	**2.4%**	**34 0.9%**	**27.6%**

Source: U.S. Bureau of Economic Analysis.

J. Abilene Travel Industry

Further contributing to Abilene's retail market is tourist attractions. Unlike a majority of other communities its size, Abilene has a vibrant tourism market that supplements the resident and trade area demand. Abilene's history has been well preserved in its quality museums, beautifully restored historic homes and intact downtown. The city contains 17 properties listed on the National Register of Historic Places.

The biggest draws to Abilene, in addition to the Eisenhower Presidential Library and Museum, are the restaurants, the Greyhound Hall of Fame, a professional theatre group (Great Plains Theatre - the only professional theatre in rural Kansas), and the Abilene - Smokey Valley Railroad Line. Over 130,000 visitors per year come to Abilene, of which about 80,000 are attracted to the Eisenhower Presidential Library and Museum. The annual attendance in 2006 of these major attractions was:

- Eisenhower Library and Museum 69,246
- Greyhound Hall of Fame 18,420
- Traveler Information Center 12,040
- Dickinson County Heritage Center 10,719
- Abilene & Smoky Valley Railroad 9,261
- Seelye Mansion and Museum 6,450
- Lebold Mansion 4,092

Other Abilene attractions include:

- C.W. Parker Carousel
- Museum of Independent Telephony
- The Kirby House
- Russell Stover Factory Outlet
- Great Plains Theater Festival

Through these attractions, Abilene has seen a steady increase in guest taxes collected. **(See Table O)** Although the growth rate in lodging receipts has been less than statewide growth, Abilene's lodging market still has grown by 14.2% since 2001. Several of Abilene's hotel facilities are older properties and have not remain as competitive with new lodging facilities offered in Junction City. Updating Abilene's hotel and motel properties will help the City maintain its lodging market share.

Table O – Guest Tax Collections FY 2001 - 2006

Year	Abilene	Kansas
2001	$100,343	$18,072,170
2002	$104,085	$18,392,463
2003	$111,512	$18,392,710
2004	$106,634	$20,675,250
2005	$109,717	$22,380,716
2006	$114,561	$23,678,260
2001 – 2006 Change	**14.2%**	**31.0%**

Source: Kansas Department of Revenue.

Finally, Abilene is also near to two recreational lakes. According to the Kansas Department of Wildlife & Parks and the U.S. Army Corps of Engineers, two of the top six most visited state parks in Kansas are in Abilene's backyard – Tuttle Creek Lake and Milford Lake. Recent annual attendance at these two state parks and lakes exceeded 1.4 million persons as follows:

- Tuttle Creek Lake, Riley County 733,346 visitors
- Milford Lake, Geary, Clay & Dickinson Cos. 695,276 visitors

Abilene maintains an active Convention & Visitors Bureau to promote the community's attractions and participates in regional tourism marketing efforts.

Summary

In summary, a majority of Abilene's economic indicators relating to the retail market have outperformed or are more favorable than other communities in the trade area or in comparison to statewide figures. Positive indicators include growth in retail sales, greater median family incomes and lower local tax rates. Although local employment has grown, the statewide employment growth rate has been higher since 2000 than in Dickinson County. Table P outlines the changes that have occurred among several key economic indicators influencing the retail market.

Table P - Summary of Key Abilene Economic Indicators

Indicator; Period	Abilene or Dickinson County	Vs. Trade Area / State of Kansas	Abilene / Dickinson County Performance
Retail Sales Tax Collections 1995 – 2005	County: 47.8%	Kansas: 41.6%	Exceeded state growth rate over past decade
Total Employment 2000 – 2006	County: 3.3%	Kansas: 5.2%	Lower than state's employment growth rate
Average Wage 2005	Abilene:$23,982 County: $23,150	Trade Area: $23,999	Lower than trade area average
Median Family Income Growth 1990 – 2000	Abilene: 73% County: 59%	Kansas: 49%	Exceeded state growth rate over past decade
Local Taxes: Sales Tax Rate Property Tax Rate	Abilene: 6.80% 116.80	Average for Trade Area: 7.05% Trade Area: 122.61	Both rates lower than trade area averages

Source: 1990 and 2000 U.S. Census; City of Abilene; Kansas Department of Labor; Kansas Department of Revenue; U.S. Department of Commerce.

III. Identification of Retail Opportunities

Abilene has the necessary conditions to accommodate more retail activity. This conclusion is based on the results of a combination of economic and demographic factors described in Section II. Abilene's recent growth and projected continued growth are also contributing factors.

Many central and western Kansas communities are unable to realize more growth because of the limited size of their labor market, declining employment, distance from an interstate highway and/or declining population. In contrast to other comparably sized Kansas cities, Abilene offers a range of strengths including:

- A growing population and employment base
- Interstate location
- A favorable business climate – including multiple local financial institutions, a pro-active City Commission, Chamber of Commerce and Convention & Visitors Bureau
- Lower property tax and local sales tax rates
- Income levels growing at a faster rate than the state average.

The most measurable success in Abilene over the past 15 to 20 years has been overall community development in the city, which has led to a positive quality of life. The City Commission recognizes the need to make the community as livable and attractive as possible for residents and visitors. Capital improvement programming, a high level of street maintenance, progressive planning and active code enforcement has all led to a high quality of life throughout the city. Recruitment successes, such as Russell Stover Candies, the Brookville Hotel Restaurant and a new hotel, have been additional benefits of this overall effort.

More specifically, to determine how much and where Abilene should grow its retail base, an analysis of the pull factor for each major retail category has been performed for this study. The pull factor provides a precise measure of sales activity in a locality by dividing the per capita dollar sales of a city or county by the per capita sales for the state. A pull factor of above 1.00 indicates that a community is attracting business while one that is below 1.00 indicates that the community is losing businesses to other places.

An assessment of sales leakage in Abilene by major retail reporting category identifies where growth opportunities may be achieved. An analysis has been performed on Abilene's sales by 11 major retail reporting category and compared to statewide per capita sales figures. This analysis suggests the major types of retail business opportunities in Abilene. Abilene sales reveal sales injections in motor vehicle and auto parts deals, food and beverage stores, gasoline stations and miscellaneous retail stores (which includes gift stores, florists, pet stores, etc.). In order to expand Abilene's retail base and increase sales, Abilene should focus its strongest efforts on those 7 of 11 retail sales reporting categories where the community is experiencing the most sales leakage. (**See Table Q**)

Table Q - City of Abilene FY 2006 Pull Factor by Retail Sales Category

Sales Category	Abilene Per Capita Sales	Kansas Per Capita Sales	City FY 2006 Pull Factor
Retail Sales Injection:			
Motor Vehicle and Parts Dealers	$5,630	$1,605	3.51
Food and Beverage Stores	$2,272	$1,029	2.21
Gasoline Stations	$471	$283	1.66
Miscellaneous Store Retailers	$364	$310	1.17
Retail Sales Leakage:			
Building Material and Garden Supply Stores	$610	$793	0.77
Health and Personal Care Stores	$83	$122	0.68
General Merchandise Stores	$954	$1,920	0.50
Furniture and Home Furnishings Stores	$132	$322	0.41
Clothing and Clothing Accessories Stores	$94	$341	0.28
Electronics and Appliance Stores	$42	$228	0.18
Sporting Goods, Hobby, Book, & Music Stores	$21	$244	0.08
CITY OF ABILENE			**1.37**

Source: Kansas Department of Revenue; RICHARD CAPLAN & ASSOCIATES; David Darling.

Increased retail demand can be driven by several factors:

- Target marketing where there is retail sales leakage in Abilene and Dickinson County.
- Projected population growth in the city and Dickinson County.
- Increasing traveler stays.
- Income growth.

Abilene has the potential to increase its retail capture rate by as much as $14 million in additional retail sales over the next five years. This projection assumes the following:

- The city and county's population, employment and housing growth will continue to occur.
- Abilene will enhance its community marketing efforts and accommodate new commercial construction.
- Marketing efforts will be carried out in the trade area and along Interstate 70 to encourage highway travelers to stop and shop in the community.

With marketing and new construction, it may be possible to routinely increase the county's capture rate by 7 to 10 percent from a pull factor of 0.74 over the past decade to an average pull factor of 0.81. **This potential increase will also be dependent upon the city successfully accommodating expansion of existing and new retail establishments.** An assessment of this sales potential leakage in Abilene by major merchandise category has been performed and is presented in Table R.

Table R - Potential Annual Capture of Abilene Retail Sales Leakages by Major Category by 2011

Major Retail Category	Estimated Increase Captured Sales From County Leakage	Sub-Total
Building Material and Garden Supply Stores	$2,136,000	
Health and Personal Care Stores	$404,000	
General Merchandise Stores	$7,260,000	
Furniture and Home Furnishings Stores	$1,185,000	
Clothing and Clothing Accessories Stores	$1,030,000	
Electronics and Appliance Stores	$525,000	
Sporting Goods, Hobby, Book, & Music Stores	$295,000	
Sub-Total Recapture City and county leakage		$12,835,000
Increased Sales Injections:		
Food and Beverage Stores	$965,000	
Miscellaneous Store Retailers	$290,000	
TOTALS		**$14,090,000**

Source: Kansas Department of Revenue; RICHARD CAPLAN & ASSOCIATES.

In addition, growth in Abilene's population and visitors will enable the community to support additional dining establishments.

New residents will also increase the demand for additional square footage. Increased retail sales of approximately $6.2 million by 2011 are projected as a result of the county's population growth of 1,770 residents in the next five years. The combined projected annual sales in the next five years for each major retail category presented from an increased capture rate and new population growth in Table S is based on 2005 per capita sales in Abilene. These projected sales assume per capita income and Abilene employment trends will continue through the coming years at similar levels experienced in the past decade.

Table S - Net Total Sales Increase Potential 2007 - 2011

Major Retail Category	Increased Captured Sales	PLUS 1,770 New Resident's Sales	TOTAL SALES POTENTIAL
Building Material and Garden Supply Stores	$2,136,000	$830,000	$2,966,000
Health and Personal Care Stores	$404,000	$100,000	$504,000
General Merchandise Stores	$7,260,000	$840,000	$8,100,000
Furniture and Home Furnishings Stores	$1,185,000	$95,000	$1,280,000
Clothing and Clothing Accessories Stores	$1,030,000	$45,000	$1,075,000
Electronics and Appliance Stores	$525,000	$150,000	$675,000
Sporting Goods, Hobby, Book, & Music Stores	$295,000	$30,000	$325,000
Motor Vehicle and Parts Dealers	$0	$2,100,000	$2,100,000
Food and Beverage Stores	$965,000	$1,350,000	$2,315,000
Gasoline Stations	$0	$375,000	$375,000
Miscellaneous Store Retailers	$290,000	$295,000	$585,000
TOTALS	**$14,090,000**	**$6,210,000**	**$20,300,000**

Source: RICHARD CAPLAN & ASSOCIATES.

The total sales potential may be accommodated by a combination of existing and new businesses. These figures will also be influenced by the ability of existing businesses to expand as well as the amount of existing vacant space and available and/or potential parking.

Based on market area retail industry average sales per square foot and adjustments for local market conditions, it is estimated that there is a potential demand for Abilene to reasonably support approximately 48,000 to 72,000 square feet of new retail space in 12 to 18 additional retail establishments through 2011. The projected number of new businesses reflects averages for each business category but is dependent on size of buildings and nature of establishment ownership. The increase in the Abilene businesses and square footage has been estimated as summarized below in **Table T**. This estimate is also dependent, in part, on the ability and willingness of existing retail owners to expand their establishments.

Table O projects the demand by the number of retail establishments for the additional 48,000 to 72,000 square feet.

Table T - 2003 – 2010 Projected Retail Demand by Number of Establishments

Major Retail Category	Potential Number of New Stores
Building Material and Garden Supply Stores	1 - 2
Health and Personal Care Stores	1
General Merchandise Stores	3 - 5
Furniture and Home Furnishings Stores	1
Clothing and Clothing Accessories Stores	1 - 2
Electronics and Appliance Stores	1
Sporting Goods, Hobby, Book, & Music Stores	1
Food and Beverage Stores; Restaurants	2 - 3
Miscellaneous Store Retailers	1 - 2
TOTALS	**12 - 18**
SQUARE FEET	**48,000 to 72,000 square feet**

Source: Urban Land Institute; RICHARD CAPLAN & ASSOCIATES.

A summary of some types of establishments in these major categories is presented in Table U.

Table U - Sample Abilene Target Businesses

MAJOR SALES CATEGORY	EXAMPLES OF TARGET BUSINESSES
Building Materials, Hardware & Garden Supplies	Lumber and building materials; paint, glass and wallpaper stores; hardware stores, nurseries, lawn and garden supplies
Health and Personal Care Stores	Women's hair salons; men's barbers; shoe repair; dry cleaners; Laundromat; photographers; interior decorators; key shops; photo copy stores; weight loss center; picture framing; mailing / packaging stores
General Merchandise	Variety stores; catalog showrooms; junior department stores; warehouse clubs; novelties
Furniture and Home Furnishings Stores	Home furnishings stores; kitchen stores; tapes & video stores; lamps, floor coverings; curtain and drapes; pianos & organs
Clothing and Clothing Accessories	Women's clothing, accessory and specialty stores; children and infants-wear stores; family clothing stores; shoe stores; leather shop; costume jewelry
Electronics and Appliance Stores	Household appliance stores; radio, television and computers; computer software stores; camera shops
Sporting Goods, Hobby, Books & Music	Toy and game stores; sewing stores; musical instrument stores; compact disc and record stores

Retail Development Incentives

Incentives should be a part of Abilene's retail expansion and recruitment plan. Most communities in Kansas have aggressive incentive programs for new and expanded industrial development. Indeed, a majority of state funding sources and programs are targeted for new industrial related projects. Retail development is routinely a low priority to local economic development efforts. Nevertheless, there are smaller but meaningful tools and financial incentives that Abilene may offer to enhance its' retail recruitment efforts.

The following paragraphs describe three new initiatives that Abilene should consider and three incentive programs already in place in Abilene that should be actively marketed to expanding or prospective retailers and/or retail building developers:

Local Fee Waivers, while a relatively minor cost to developers, provide waiving building permits, inspection and other public fees or permits and demonstrates a municipal commitment to the prospective developer, does provide some savings to the business owner

and generates a favorable climate for existing retail businesses to renovate or expand. When implemented, such fee waivers may be for a fixed period of time rather than permanent to encourage more timely investment.

Financial and other incentives such as revolving loan funds, interest rate subsidies, and fee waivers may vary based on the type of retail business (i.e. filling voids in the retail market), or a scaled approach may be justified depending upon whether or not business profits from local owners are gained locally rather than transferred outside of Abilene. Expansion of existing businesses should also be included since existing business owners have already made an investment in Abilene.

Tax Increment Financing (TIF) is established when the city adopts a resolution or ordinance establishing a redevelopment district. The action causes the valuation of the TIF area to remain at the prior year's taxable valuation for the purpose of establishing the base assessed value of the TIF area. The TIF area base value is taxed at the total combined tax rate by all taxing authorities with the revenues distributed to each taxing entity. However, the incremental value is taxed at the consolidated tax rate but the incremental revenues are pledged to the TIF project for infrastructure improvements within the area.

Community Development Block Grant (CDBG) grants are administered by the State of Kansas Department of Commerce to improve local infrastructure and address the deterioration of property in areas that benefit low to moderate income persons and/or create new jobs. CDBG provides direct grants that can be used to revitalize commercial areas. Examples of public facility improvements include streets and sidewalks, street lights, water and sewer facilities.

Existing city programs suitable for retail development include:

Enterprise Zone Benefits are available since Abilene is located within the North Central Kansas Enterprise Zone, which provides income tax and sales tax benefits to new and expanding businesses. Benefits include income tax credit for each new job, income tax credit for each $100,000 of new facility investment, and sales tax exemption for construction materials and equipment purchases for new businesses. Tax credits may be carried over for a maximum of 10 years to ensure that the maximum benefit is received.

Downtown Lending Program provides interest rate subsidies to reduce the property owner's loan interest expense for eligible exterior improvements to downtown buildings. The loan principal must be through a local participating lender and requires a minimum of $10,000 and maximum of $25,000 for a single structure. The maximum term is five years with a fixed interest rate. Abilene lenders will reduce effective rates by 1.5 percent with the city reducing rates an additional 3.0 percent, for an effective rate reduction of 4.5 percent. Subsidized program interest rates may be provided for up to five years for any project.

Neighborhood Revitalization Taxes Rebate authorizes the granting of tax rebates to spur private investment to improve the downtown. The program provides a 10 year property tax rebate on the increased taxes paid as a result of new construction or rehabilitation projects in the Neighborhood Revitalization Area. The amount of rebate is dependent on the type of

project, the increased property value, property tax rates and the percent of rebate allowed. Since the program's inception in Abilene in 2003, the tax rebates have been provided to two commercial projects.

Not all of these programs are suited and/or available to all commercial areas of the city or types of development. The following Table V suggests which incentives may most likely be applied to the primary commercial areas in Abilene.

Table V - Summary of Financing Strategies by Area

Existing / Potential Incentive	Downtown In-Fill	N. Buckeye Corridor	Near Interstate 70
Local Fee Waivers	YES	YES	YES
Tax Increment Financing	YES	YES	-
CD Block Grants	YES	YES	-
Enterprise Zone	YES	YES	YES
Downtown Lending	YES	-	-
NRA Rebates	YES	YES (partial)	-

IV. Conclusion and Recommendations

Abilene has the potential to increase its retail sales up to $20.3 million, depending on the degree of aggressiveness and marketing carried out to attract primary and secondary trade area shoppers and visitors. (See Table W)

Table W - Summary of Abilene Projected Retail Demand To 2011

Retail Demand Factor	Potential Sales / New Stores
Abilene and Dickinson County population growth thru 2011: (+1,770 persons)	$6,210,000
Recaptured sales leakage: (7 to 10% growth in county pull factor)	$14,090,000
TOTAL PROJECTED SALES	**$20,300,000**
ESTIMATED NUMBER OF NEW BUSINSESSES	**12 to 18**
ESTIMATED SQUARE FEET	**48,000 to 72,000**

To support this retail recruitment expansion, direct marketing packages should be sent to qualified retail businesses and commercial developers interested in Kansas and considered as serious prospects for a commercial redevelopment project in Abilene have been provided to the City of Abilene.

Potential Retail Target Areas

Each of the potential retail establishments has their own criteria for opening a new store. Many also have their own unique building design criteria and space requirements necessitating new construction while others are inclined to be part of a strip center or in-block space in a downtown setting. The following Table X provides guidance to city officials as to the most common type of store setting preferred (by the listing of proposed 30+ retailers listed in the Appendix and Table Y as indicated by each checked box).

Table X - Alternative Locales for Prospective Retail Businesses

Sales Category	Prospective Business Name	New Construction	Existing N. Buckeye Corridor	Downtown In-Fill
Books	Hastings	√	√	
Building Materials	Mead Lumber	√		√
	Sutherland's	√		
Clothing	Maurice's		√	√
	Saffee's		√	√
	The Buckle		√	√
Floor Coverings	Abbey Carpet		√	√
Food Stores	Aldi	√		
	Ball's	√		
	Dillon's	√		
	Kier's Thriftway	√		
	Sunflower Markets	√		
	White's Foodliner	√		
General Merchandise	One Dollar Shops, Inc.	√	√	√
	Sears	√	√	√
	Dollar Tree	√	√	
	Family Dollar	√	√	
Home décor	Westco Inc.	√	√	√
	Diamond Paint		√	√
	Iowa Paint		√	√
Music	Winmark Corp.		√	√
Personal Care	Sally Beauty Co.		√	√
Restaurants	Eggbert's	√	√	√
	Pizza Shoppe		√	√
	Valentino's	√	√	
	Bob Evans	√		
	Steak N Shake	√		
	Stockade	√		
	Waffle House	√		
Shoes	Payless Shoe Source	√	√	√
Sporting Goods	Jock's Nitch		√	√
POTENTIAL BUSINESSES		**22**	**19**	**16**

Role of Downtown Abilene

This retail market study was not charged with preparing a downtown improvement plan. However, a more attractive Downtown will boost the City's image and serve to aid in recruiting new retailers. Although it represents only a small component of Abilene's total retail market, Downtown Abilene plays a disproportionate role in influencing the community's retail appeal by how it appears to prospective new commercial establishments and customers. Downtown Abilene has over 215 businesses and employs over 300 full and part time employees. Therefore, it is important for the city to improve Downtown Abilene.

Many smaller communities in central Kansas have been very proactive in upgrading the attractiveness of their downtowns through upgrading infrastructure, adding amenities and installing a wide range of beautification efforts (public art, enhanced landscaping, underground utilities, etc.) to attract new private investment. Therefore, to further support the city's retail strategies, Downtown Abilene warrants public improvements further public investment to the sidewalks, signage, street accessories, loading zones and street lights to improve both downtown and the City's overall retail competitiveness.

This market study assumes that all local data is accurate and reliable. The qualitative assessment for the retail market is based upon the population and demographic characteristics of the trade area, traffic and retail gravitational patterns. The expenditure potential refers to the total dollar amount estimated to be available for each retail category, as published and categorized by the U.S. Census Bureau and the Kansas Department of Revenue. Expenditure potential will not necessarily increase for any given retail category as more competitors are introduced into the market, but rather the market share for each unit will be redistributed. Demand for additional retail will occur with population and household growth, an increase in income levels, and the number of employment opportunities and increase in travelers.

Acknowledgements

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- Abilene Economic Development Council
- Richard Lowry Memorial Fund
- Bucher, Willis & Ratliff Corporation
- NAI Cohen Esrey / Envision
- Dr. David Darling, Manhattan, Kansas
- James Holland, Director of Community Development

Attachments:

- *DRAFT* Mayor's Retailer Solicitation Letter
- List of Prospective Retail Establishments
- Abilene, Kansas Trade Area Data

CITY OF ABILENE LETTERHEAD

March 26, 2007

Dear _____:

The City of Abilene is looking for retail businesses interested in expanding to Abilene that will further enhance the economic vitality of Abilene. This is your opportunity to become an important part of a community that is considered one of Kansas' most highly respected communities for living and working.

Abilene is a thriving city in central Kansas located 90 miles west of Topeka and 118 miles north of Wichita. Interstate 70, the main highway serving Kansas, bisects Abilene with an average daily traffic volume in excess of 15,400 vehicles.

Two of our national attractions are located in Abilene, including the Eisenhower Center and the Greyhound Hall of Fame. The Eisenhower Library actively pursues tourist and visitors from around the world. The Eisenhower Center complex consists of the Visitors Center, Presidential Museum and Research Library and Boyhood Home on its original site. The Greyhound Hall of Fame offers an exciting introduction to the Greyhound, "The Dog Racing Sport," through its long and colorful history beginning with the Greyhound's rich heritage in England and Ireland to its racing development in America.

Abilene is one of the most famous names of the early West - the first cattle boom town. It was the end of the famous Chisholm Trail from Texas to Abilene and western terminus of the railroad in the days of the big overland cattle drives. Abilene grew almost overnight into a booming city of 3,000. The city's growth is now continuing in this 21st century. Today, Abilene is experiencing a surge in population. The single largest factor contributing to this population growth is the expansion of Fort Riley in Geary County located east of Abilene.

The attached City of Abilene, Kansas 2007 Retail Market Study identifies several retail opportunities and provides much of the information about Abilene to select our city for your new business. We invite you to join in this success.

You are encouraged to read the attached materials. The City of Abilene will enthusiastically work with you in determining an appropriate site and securing appropriate approvals for your business. We invite you to tour Abilene. For further information or a tour of Abilene, please contact either myself at (785) 263-2550 or Mr. James Holland, Community Development Director. On behalf of the City of Abilene, I welcome your participation in our future.

Sincerely,

Mayor Devin Karraker

The list on the following page of retail businesses represents companies that have expressed an interesting in expanding in new location in Kansas as reported in the 2006 Edition of the Retail Tenants Directory published annually by one of the major national sources of retail industry data, Trade Dimensions.

Abilene Retail Prospects

Sales Category	Business Name	Address	Target Sq. Feet	City	State	ZIP	Phone
Books	Hastings	PO Box 35350	14,000 - 25,000	Amarillo	TX	79120	806.351.2300
Building Materials	Mead Lumber Co.	PO Box 878	7,500 - 15,000	Columbus	NE	68601	402.564.5225
Building Materials	Sutherland's	4000 Main Street	10,000 - 40,000	Kansas City	MO	64111	816.756.3000
Clothing	Maurice's	105 West Superior St.	4,500 - 5,500	Duluth	MN	55802	218.727.8431
Clothing	Saffee's	227 East High Street	2,000 - 4,000	Jefferson City	MO	65101	
Clothing	The Buckle	2407 West 24th Street	4,800	Kearney	NE	68845	308.236.8491
Floor Coverings	Abbey Carpet Co.	3471 Bonita Bay Blvd.	7,000 - 8,000	Bonita Springs	FL	34134	239.948.0900
General	Dollar Tree	500 Volvo Parkway	10,000 - 15,000	Chesapeake	VA	23320	757.321.5000
General	Family Dollar	11621 Willow Way	7,000 - 10,000	Oklahoma City	OK	73162	405.722.3424
General	One Dollar Shops	PO Box 2250	6,000 - 10,000	Branson	MO	65615	417.334.2294
General	Sears	3333 Beverly Road	7,500+	Hoffman Estates	IL	60179	847.286.2500
Food Stores	Aldi	1200 North Kirk Road	10,000-15,000	Botavia	IL	60510	630.879.8100
Food Stores	Ball's	5300 Speaker Rd.	20,000+	Kansas City	KS	66106	913.321.4223
Food Stores	Dillon's	PO Box 1608	13,600-40,000+	Hutchinson	KS	67504	620.665.5511
Food Stores	Kier's Thriftway	126 East Second Street	11,800	Washington	KS	66968	785.325.2385
Food Stores	Sunflower Markets	1406 West Main St.	4,000-11,000	Chanute	KS	66720	620.431.4663
Food Stores	White's Foodliner	858 East Avenue D	20,000	Kingman	KS	67068	620.532.3851
Music	Winmark Corp.	4200 Dahlberg Drive, Suite 100	2,500 - 3,200	Minneapolis	MN	55422	763.520.8500
Personal Care	Sally Beauty Co.	3001 Colorado Blvd.	1,200 - 2,200	Denton	TX	65101	573.636.4512
Restaurants	Bob Evans	3776 South High St.	5,200 -5,600	Columbus	OH	43207	614.491.2225
Restaurants	Eggbert's	812 West 11th Street	2,000	Coffeyville	KS	67337	620.251.7720
Restaurants	Pizza Shoppe	6640 Northwest Highway Nine	2,600	Platte Woods	MO	64151	818.587.0166
Restaurants	Steak N Shake	30 South Pennsylvania St.	3,800	Indianapolis	IN	46204	317.633.4100
Restaurants	Stockade	2908 North Plum	6,000 - 10,000	Hutchinson	KS	67502	620.669.9372
Restaurants	Valentino's	2601 South 70th St.	1,500 - 10,000	Lincoln	NE	68506	402.434.9350
Restaurants	Waffle House	PO Box 6450	4,500 - 5,000	Norcross	GS	30091	770.729.5700
Shoes	Payless Shoe Source	PO Box 1189	3,000	Topeka	KS	66601	785.233.5171
Sporting goods	Jock's Nitch	523 North Broadway	3,000	Pittsburg	KS	66762	620.231.3552
Home décor	Diamond Paint	PO Box 80	2,000 - 2,500	Orange City	IA	51041	712.737.8880
Home décor	Iowa Paint	PO Box 1417	3,000 - 6,000	Des Moines	IA	50305	515.283.1501
Home décor	Westco Inc.	400 2nd St. NW	10,000 - 15,000	Miami	OK	74354	918.540.2464

Source: 2006 Retail Tenants Directory.