

Retail Leakage and Surplus Analysis

The Retail Leakage and Surplus Analysis examines the quantitative aspect of the community's retail opportunities. It is a guide to understanding retail opportunities but it is not an analysis that indicates unconditional opportunities. The analysis is sometimes called "a gap analysis" or "a supply and demand analysis" and can aid in the following:

- * Indicating how well the retail needs of local residents are being met
- * Uncovering unmet demand and possible opportunities
- * Understanding the strengths and weaknesses of the local retail sector
- * Measuring the difference between actual and potential retail sales

Understanding Retail Leakage

Retail leakage means that residents are spending more for products than local businesses capture. Retail sales leakage suggests that there is unmet demand in the trade area and that the community can support additional store space for that type of business.

However, retail leakage does not necessarily translate into opportunity. For example, there could be a strong competitor in a neighboring community that dominates the market for that type of product or store.

Understanding Retail Surplus

A retail surplus means that the community's trade area is capturing the local market plus attracting non-local shoppers. A retail surplus does not necessarily mean that the community cannot support additional business. Many communities have developed strong clusters of stores that have broad geographic appeal. Examples of these types of retailers include: sporting goods stores, home furnishing stores, restaurants, and other specialty operations that become destination retailers and draw customers from outside the trade area.

Examining the quantitative aspects (Leakage/Surplus) is only part of the evaluation of community's retail opportunities. Before any conclusions can be drawn about potential business expansion or recruitment opportunities, qualitative considerations such as trade area psychographics and buying habits must be analyzed in context of other market factors.

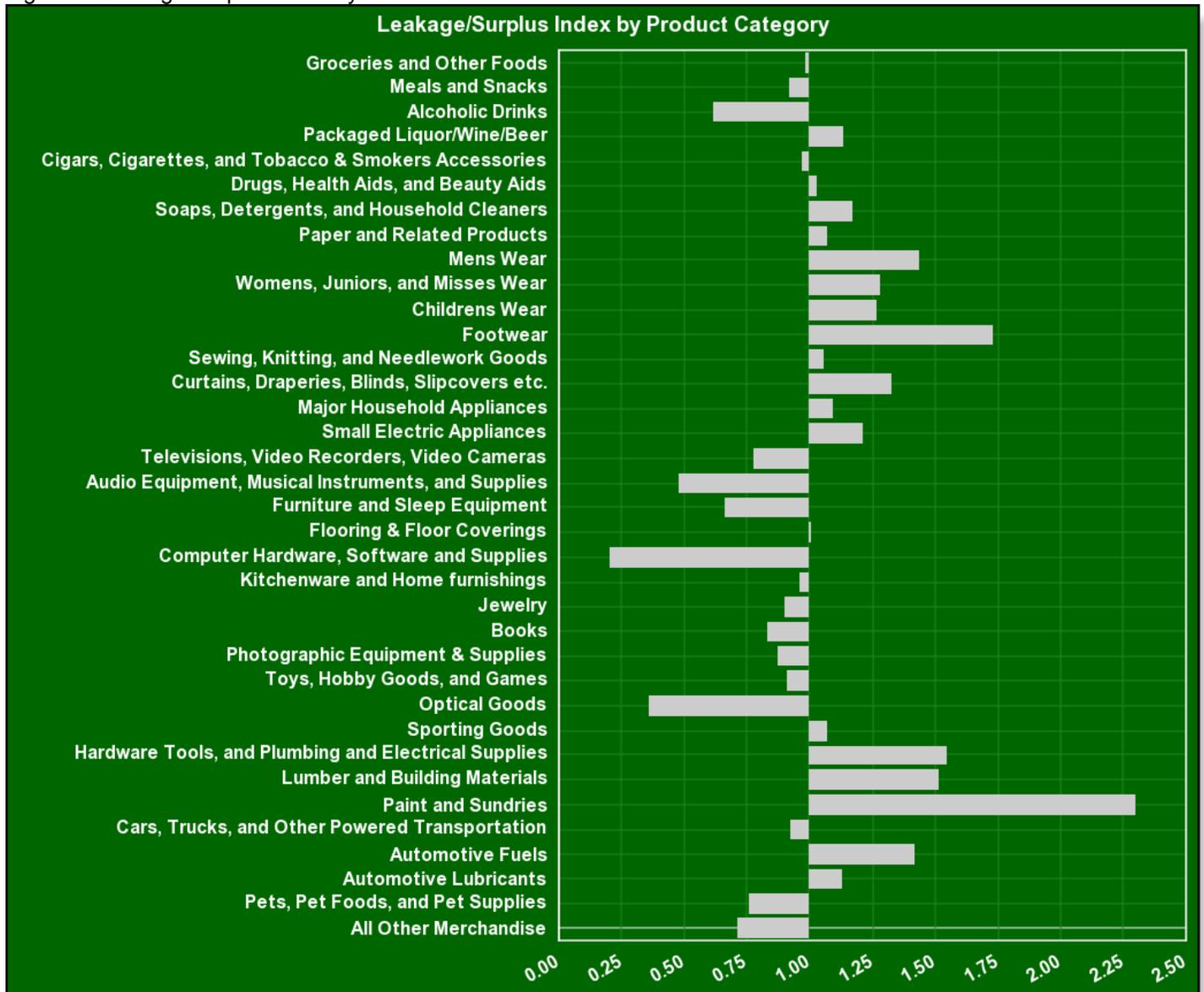
Site	Address	Analysis Geography
Site 2	Taylor Rd & US 31 Columbus, IN 47203	15 Minute Trade Area

Leakage/Surplus Index by Product

The Leakage/Surplus Index provides a relative comparison of the supply and demand across retail product categories. It is calculated by dividing actual sales by potential sales. An index greater than 1.0 means that the community is attracting retail sales (surplus) from outside the trade area. If the index is less than 1.0 it means that out-shopping is taking place and the community is not successfully drawing its own residents.

Leakage/Surplus Index (Figure 1) shows the strengths and weaknesses of a community's retail market by product.

Figure 1. Leakage/Surplus Index by Product



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The sales potential and the actual sales potential by product category and the resulting index are shown in Figure 2.

Figure 2. Sales Potential and Actual Sales by Product

Product Type	Potential	Actual Sales	Leakage/Surplus Index
Groceries and Other Foods	131,847,670	129,540,360	1.0
Meals and Snacks	86,299,070	78,928,432	0.9
Alcoholic Drinks	10,750,591	6,636,227	0.6
Packaged Liquor/Wine/Beer	17,191,297	19,517,068	1.1
Cigars, Cigarettes, and Tobacco & Smokers Accessories	22,302,712	21,590,006	1.0
Drugs, Health Aids, and Beauty Aids	68,826,632	70,815,213	1.0
Soaps, Detergents, and Household Cleaners	6,215,402	7,285,115	1.2
Paper and Related Products	6,156,594	6,604,386	1.1
Mens Wear	17,959,897	25,794,519	1.4
Womens, Juniors, and Misses Wear	31,268,823	40,012,397	1.3
Childrens Wear	9,503,662	12,034,964	1.3
Footwear	13,004,601	22,504,734	1.7
Sewing, Knitting, and Needlework Goods	1,515,903	1,602,747	1.1
Curtains, Draperies, Blinds, Slipcovers etc.	6,132,940	8,128,629	1.3
Major Household Appliances	7,566,483	8,284,077	1.1
Small Electric Appliances	2,770,332	3,359,795	1.2
Televisions, Video Recorders, Video Cameras	6,757,684	5,255,274	0.8
Audio Equipment, Musical Instruments, and Supplies	10,240,719	4,881,284	0.5
Furniture and Sleep Equipment	15,934,792	10,563,581	0.7
Flooring & Floor Coverings	7,291,750	7,360,785	1.0
Computer Hardware, Software and Supplies	21,247,166	4,336,106	0.2
Kitchenware and Home furnishings	12,712,037	12,149,839	1.0
Jewelry	10,079,564	9,040,200	0.9
Books	5,457,109	4,528,317	0.8
Photographic Equipment & Supplies	2,389,221	2,078,496	0.9
Toys, Hobby Goods, and Games	8,273,052	7,496,020	0.9
Optical Goods	2,484,818	888,631	0.4
Sporting Goods	13,731,680	14,713,891	1.1
Hardware Tools, and Plumbing and Electrical Supplies	62,916,404	97,254,950	1.5
Lumber and Building Materials	49,166,272	74,473,009	1.5
Paint and Sundries	7,357,147	16,912,486	2.3
Cars, Trucks, and Other Powered Transportation	156,979,033	144,482,487	0.9
Automotive Fuels	80,003,996	113,533,088	1.4
Automotive Lubricants	35,420,842	39,966,928	1.1
Pets, Pet Foods, and Pet Supplies	4,787,931	3,623,885	0.8
All Other Merchandise	32,981,178	23,563,271	0.7

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Leakage/Surplus Index by Major Store Type

The quantitative comparison of retail leakage and surplus in the twelve major store types shown in the chart and table below provides an initial measure of market opportunities. Combining this analysis with the knowledge of the local retail situation will take the process of identifying retail possibilities one step further.

Figure 3 provides the leakage/surplus indices and following is the sales potential and actual sales for major store types.

Figure 3. Leakage/Surplus Index and Actual and Potential Sales by Major Store Types



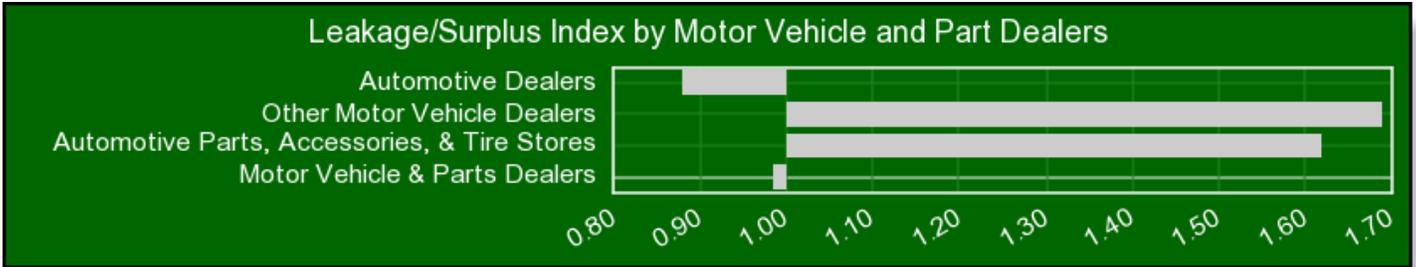
Store Type	Potential	Actual Sales	Leakage/Surplus Index
Motor Vehicle & Parts Dealers	195,300,661	192,297,230	0.98
Furniture & Home Furnishings Stores	24,143,747	14,626,998	0.61
Electronics & Appliances Stores	22,154,760	9,934,832	0.45
Building Material & Garden Equipment & Supply Dealers	110,567,457	185,478,254	1.68
Food & Beverage Stores	117,693,954	96,465,231	0.82
Health & Personal Care Stores	51,153,679	57,319,325	1.12
Clothing & Clothing Accessories Stores	42,220,412	59,352,168	1.41
Sporting Goods, Hobby, Book, & Music Stores	17,780,713	9,222,606	0.52
General Merchandise Stores	116,411,603	170,120,376	1.46
Miscellaneous Store Retailers	25,464,662	17,809,218	0.70
Foodservice & Drinking Places	90,206,809	77,986,788	0.86
GAFO	232,777,573	274,257,414	1.18
Total Retail Sales (Including Food Service & Drinking Places)	1,045,876,030	1,164,870,440	1.11

* GAFO refers to discount retailers that typically include the following departments: general merchandise; clothing and clothing accessories; furniture and home furnishings; electronics and appliances; sporting goods, hobby, books and music; and office supplies.

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Leakage/Surplus Analysis by Sub-Categories of Major Retail Types

Additional leakage/surplus details are provided on subcategories of stores in each of the twelve major store types. These details can help further identify possible business expansion opportunities.



Motor Vehicle and Parts Dealers	Potential	Actual Sales	Leakage/Surplus Index
Automotive Dealers	168,633,922	148,290,548	0.88
Other Motor Vehicle Dealers	11,760,447	19,866,563	1.69
Automotive Parts, Accessories, & Tire Stores	14,906,291	24,140,118	1.62
Motor Vehicle & Parts Dealers	195,300,661	192,297,230	0.98

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Electronics and Appliance Stores	Potential	Actual Sales	Leakage/Surplus Index
Household Appliances Stores	3,758,557	3,489,998	0.93
Radio Television and Other Electronics Stores	13,095,584	4,967,249	0.38
Appliance, Television, and Other Electronics Stores	16,854,141	8,457,247	0.50
Computer and Software Stores	4,415,357	1,477,585	0.33
Camera & Photographic Equipment Stores	885,261	0	0.00
Electronics & Appliances Stores	22,154,760	9,934,832	0.45

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Furniture and Home Furnishings Stores	Potential	Actual Sales	Leakage/Surplus Index
Furniture Stores	12,969,086	6,231,671	0.48
Home Furnishing Stores	11,174,660	8,395,327	0.75
Furniture & Home Furnishings Stores	24,143,747	14,626,998	0.61

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Building Material, Garden Equipment and Supply Dealers	Potential	Actual Sales	Leakage/Surplus Index
Home Centers	40,472,289	138,242,188	3.42
Paint and Wallpaper Stores	2,219,061	3,208,001	1.45
Hardware Stores	8,339,057	5,235,131	0.63
Building Materials, Lumberyards	17,260,252	11,994,552	0.70
Other Building Materials Dealers	50,610,322	35,173,491	0.70
Building Material & Supply Dealers	101,640,731	181,858,812	1.79
Outdoor Power Equipment Stores	1,349,956	151,000	0.11
Nursery and Garden Centers	7,576,769	3,468,441	0.46
Lawn and Garden Equipment and Supplies Stores	8,926,725	3,619,441	0.41
Building Material & Garden Equipment & Supply Dealers	110,567,457	185,478,254	1.68

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Food and Beverage Stores	Potential	Actual Sales	Leakage/Surplus Index
Supermarkets and Other Grocery (except Convenience) Stores	101,089,170	81,874,217	0.81
Convenience Stores	5,687,637	3,338,346	0.59
Grocery Stores	106,776,807	85,212,563	0.80
Specialty Food Stores	3,230,843	2,187,523	0.68
Beer, Wine, & Liquor Stores	7,686,303	9,065,144	1.18
Food & Beverage Stores	117,693,954	96,465,231	0.82

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Health and Personal Care Stores	Potential	Actual Sales	Leakage/Surplus Index
Pharmacies and Drug Stores	44,227,043	52,781,911	1.19
Cosmetics, Beauty Supplies and Perfume Stores	1,747,945	2,378,440	1.36
Optical Goods Stores	2,070,875	623,981	0.30
Other Health and Personal Care Stores	3,107,814	1,534,992	0.49
Health & Personal Care Stores	51,153,679	57,319,325	1.12

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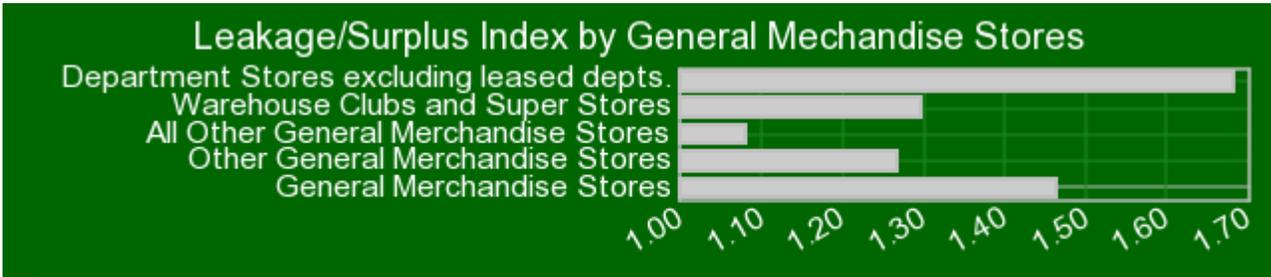
Clothing and Clothing Accessories Stores	Potential	Actual Sales	Leakage/Surplus Index
Mens Clothing Stores	2,020,900	221,190	0.11
Womens Clothing Stores	7,477,551	4,700,397	0.63
Childrens and Infants Clothing Stores	1,861,708	366,954	0.20
Family Clothing Stores	16,585,646	36,456,453	2.20
Clothing Accessories Stores	679,881	329,568	0.48
Other Clothing Stores	1,935,285	221,055	0.11
Clothing Stores	30,560,973	42,295,620	1.38
Shoe Stores	5,618,238	13,046,519	2.32
Jewelry Stores	5,564,152	4,010,028	0.72
Luggage, & Leather Goods Stores	477,047	0	0.00
Jewelry, Luggage, & Leather Goods Stores	6,041,199	4,010,028	0.66
Clothing & Clothing Accessories Stores	42,220,412	59,352,168	1.41

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Sporting Goods, Hobby, Book and Music Stores	Potential	Actual Sales	Leakage/Surplus Index
Sporting Goods Stores	6,348,005	2,585,901	0.41
Hobby, Toys and Games Stores	3,983,714	1,730,769	0.43
Sew/Needlework/Piece Goods Stores	931,186	977,001	1.05
Musical Instrument and Supplies Stores	1,144,828	541,682	0.47
Sporting Goods, Hobby, & Musical Instrument Stores	12,407,734	5,835,355	0.47
Book Stores	3,393,811	3,035,003	0.89
News Dealers and Newsstands	217,822	0	0.00
Book Stores and News Dealers	3,611,633	3,035,003	0.84
Prerecorded Tape, Compact Disc, and Record Stores	1,761,344	352,248	0.20
Book, Periodical, & Music Stores	5,372,978	3,387,251	0.63
Sporting Goods, Hobby, Book, & Music Stores	17,780,713	9,222,606	0.52

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General Merchandise Stores	Potential	Actual Sales	Leakage/Surplus Index
Department Stores excluding leased depts.	54,777,928	92,102,453	1.68
Warehouse Clubs and Super Stores	52,929,825	68,606,462	1.30
All Other General Merchandise Stores	8,703,848	9,411,459	1.08
Other General Merchandise Stores	61,633,674	78,017,922	1.27
General Merchandise Stores	116,411,603	170,120,376	1.46

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Miscellaneous Store Retailers	Potential	Actual Sales	Leakage/Surplus Index
Florists	1,797,279	1,694,947	0.94
Office Supplies and Stationery Stores	5,683,638	6,458,004	1.14
Gift, Novelty, and Souvenir Stores	4,382,698	4,542,427	1.04
Office Supplies, Stationery, & Gift Stores	10,066,337	11,000,431	1.09
Used Merchandise Stores	2,067,714	898,473	0.43
Other Miscellaneous Store Retailers	11,533,331	4,215,365	0.37
Miscellaneous Store Retailers	25,464,662	17,809,218	0.70

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Foodservice and Drinking Places	Potential	Actual Sales	Leakage/Surplus Index
Full-service Restaurants	41,572,630	28,992,793	0.70
Limited-service Eating Places	36,558,534	41,790,405	1.14
Special Foodservices	7,536,819	4,924,001	0.65
Drinking Places -Alcoholic Beverages	4,538,824	2,279,589	0.50
Foodservice & Drinking Places	90,206,809	77,986,788	0.86

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Sources and Methodology

Household demand estimates are derived by combining data from the Consumer Expenditures Survey by the Bureau of Labor Statistics with current household demographic estimates from Claritas. The demand estimates only account for household expenditures. Demand is defined as the estimated dollar amount spent by a household that resides in the area of analysis for a specified retail store type or merchandise line item.

Supply estimates are generated from the Census of Retail Trade, a component of the Economic Census. County-level sales tax data is allocated to low levels of geography using business sales estimates, business locations, and employee counts provided by Claritas' Business Facts® database. Supply includes all products sold at retail outlets in a specified area for a one-year period. Supply is defined as the estimated total retail sales for a retail store type or merchandise line item.

Source: Retail Market Power™ (Claritas).