

2015

# Downtown Market Analysis Ladysmith, WI



*Ladysmith*  
MAIN STREET



**LW**  
**Extension**  
University of Wisconsin-Extension

Community-Led Research to  
Support Business Retention,  
Expansion and Recruitment Efforts

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# Executive Summary

This Market Analysis is a community-led research effort that provides a foundation of data to initiate informed economic development strategies for downtown Ladysmith, WI. The analysis was completed in 2014 as a resource to guide the Main Street Ladysmith organization. The analysis also serves as a resource for existing and prospective entrepreneurs, businesses, developers, and others seeking information on the local market to support business decision-making. The following are key findings:

- Ladysmith businesses are able to attract customers from a fairly broad geographic area, including the surrounding rural communities within a roughly a 60 mile drive area. This is also generally reflective of the local labor shed (commuting distance) and hospital service area.
- Local customer demand is further supplemented by the roughly 3,000 local employees and more than 2,900 seasonal home owners which contribute to the Ladysmith economy.
- The Ladysmith trade area includes nearly 20,000 residents with a median household income of \$38,271. These residents tend to be older than the state average, and the area is projected to maintain a generally flat population in the next five years relative to growth at the state level.
- Downtown Ladysmith has less density of buildings, residents and businesses than other similarly sized downtowns, creating an opportunity to provide infill development and businesses which can meet local market demand.
- Local consumer demand information indicate that there is unmet retail demand for appliances, grocery, specialty foods, clothing and used merchandise offerings, while Ladysmith is able to attract outside spending for automotive parts and accessories, limited service eating places, laundry and personal care services. These areas represent potential segments where additional or complementary goods or businesses could be added to expand the downtown marketplace.
- Based on demographic and growth projections, the local market could support additional for rent and for-sale residential units targeted toward pre-retirement households, local workers, and senior assisted and independent living.

This market analysis document concludes with a selection of “next steps” which provide further recommendations for maximizing the information in the analysis as part of the broader economic development efforts in Ladysmith.

# Introduction

*This section describes the scope of the study including its purpose and goals, prior research, and members of the study team who contributed to this community-led initiative.*

As part of a coordinated effort to foster economic growth and revitalization in Ladysmith, the City of Ladysmith has undertaken a number of initiatives, including the formation of a local Main Street district. One of the Main Street program's four core points is economic restructuring, which promotes full utilization of downtown properties and the promotion of a vibrant mixed-use district. One of the services provided to the Ladysmith Main Street as part of their first year in the Wisconsin main Street program is a market analysis.

## Purpose and Goals of Study

The purpose of this market analysis is to provide Main Street Ladysmith and other business and community leaders with objective information to guide economic development efforts in Ladysmith. The study assembles market information to support business retention, expansion and recruitment efforts, among other economic restructuring initiatives. This information can be used to identify business and real estate gaps in the community and to fill empty and new commercial or residential space.

This study provides information to guide business development at the community level. While it does not attempt to provide business-level marketing advice, it can be used to help business operators understand market characteristics in their efforts to reach new customers.

## Study Team

This study was completed collaboratively with a local study team working with University of Wisconsin-Extension and the Wisconsin Economic Development Corporation. The study team provided local insight and was instrumental in developing locally-relevant conclusions from the data collected. Participants are listed below.

- Al Christianson, Ladysmith Main Street Manager
- Andy Albarado, Rusk County Development
- Errin Welty: Wisconsin Economic Development Corporation
- Dayna Sarver, University of Wisconsin-Extension, Center for Community & Economic Development
- Bill Ryan, University of Wisconsin-Extension, Center for Community & Economic Development

# Geographic Trade Area

*This section analyzes the extent and shape of Ladysmith's trade area. Various maps are presented here to help define this area. The trade area boundaries defined here will serve as the basis for additional analyses throughout this report.*

Ladysmith, Wisconsin is located in northern Wisconsin, approximately one hour north of Chippewa Falls. The Ladysmith area is served by State Highways 8 and 27. A trade area is the geographic area from which a community generates the majority of its customers. Knowing the size and shape of the trade area is important because its boundaries allow for measurement of the number of potential "resident" customers, their demographics, and their spending potential.

In addition to serving local "resident" consumers, there is also demand from nonresidents including - in-commuters, tourists, and second homeowners.

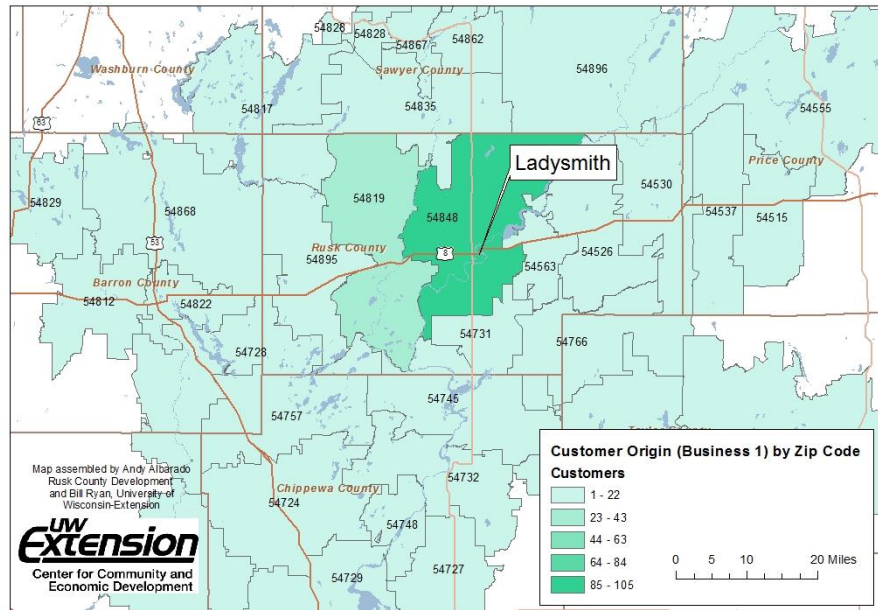
Each individual business in Ladysmith has a unique trade area. The distinct trade area for an establishment will depend on factors ranging from the type of business to the variety of products and services sold. Certain business types will only attract local customers, while other categories have the potential to draw customers from a broader region.

The maps that follow help define the trade area that Ladysmith businesses serve. The trade area is influenced by grocery and other shopping available in neighboring communities such as Hayward, Rice Lake, and Chippewa Falls.

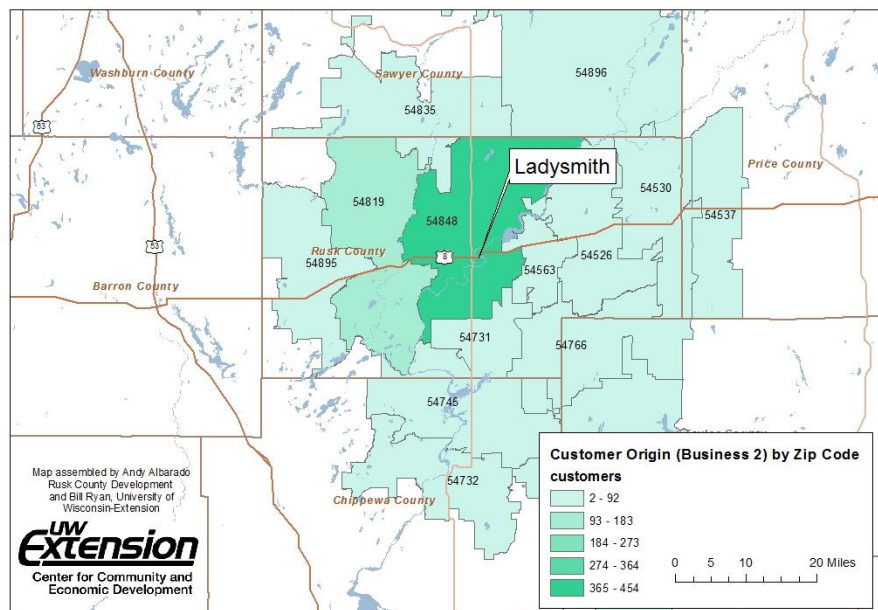
## Mapping Customer Origin by Zip Code

One method of determining a trade area is to examine where current customers are coming from. Data from two sample businesses are presented below and indicate the importance of the Ladysmith zip code (54848) in generating customers.

Customer Origin by Zip Code  
Business 1

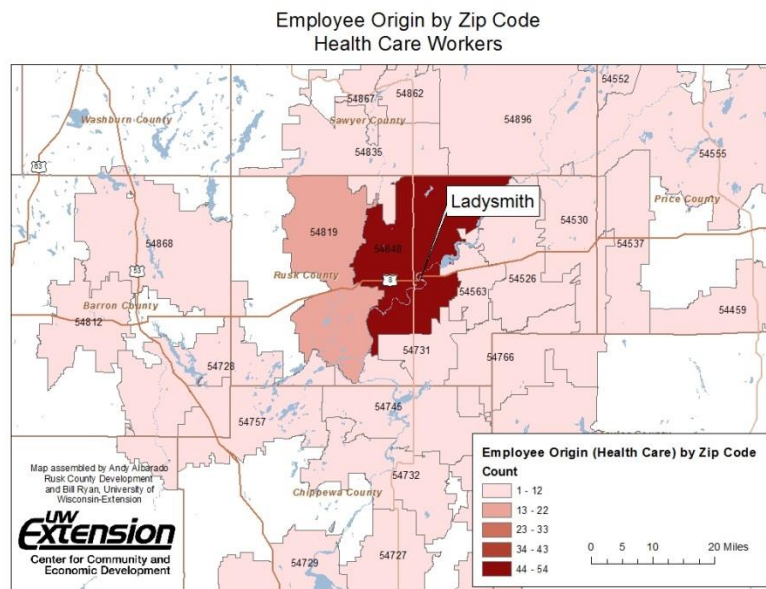
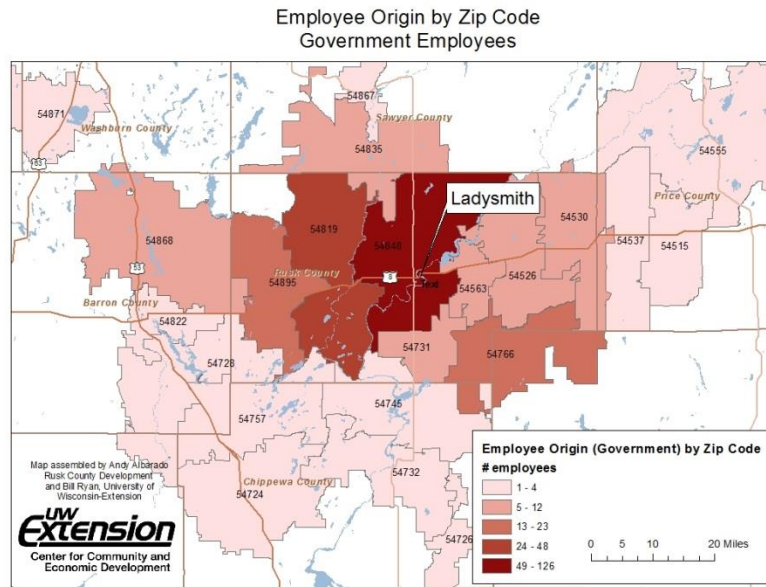


Customer Origin by Zip Code  
Business 2



## Mapping Local Employee Origin (In-Commuters) by Zip Code

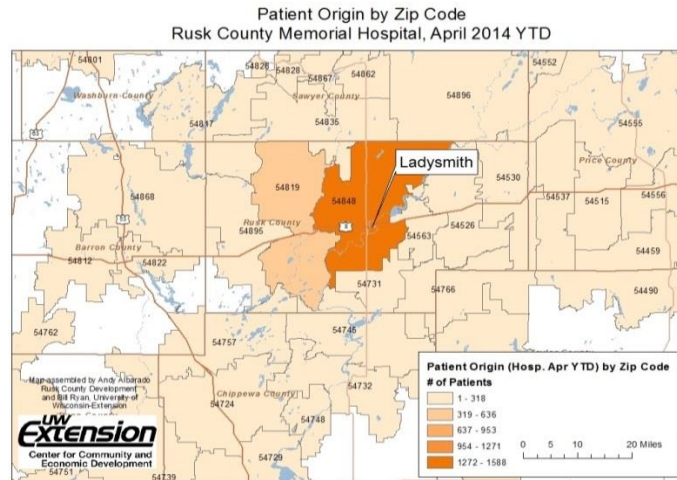
Another method of determining a trade area is to examine where local employees are coming from. Data from government and health care employees are presented below. Government employees tend to originate much further away in a band from east to west.





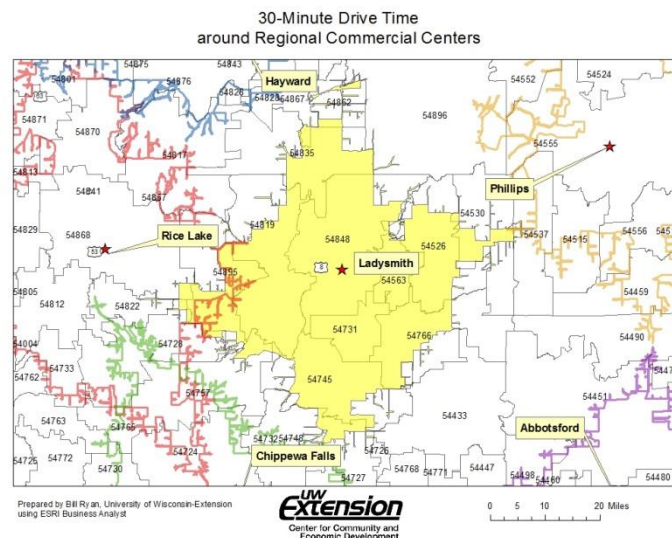
## Mapping Rusk County Hospital Patient Origin by Zip Code

The trade area is partly influenced by the geographic area served by the local hospital. The map that follows illustrates the local usage from the Ladysmith zip code (54848), but also the large regional area from which patients originate.



## Mapping Drive-Times

Another method of determining the trade area is to examine reasonable drive times around Ladysmith from the perspective of a convenience shopping consumer. A drive-time map uses distances along actual streets and highways, combined with their respective travel speeds, to calculate travel time. Drive times are important as consumers make decisions based on streets and highways when deciding where they will shop. The following map illustrates a 30 minute drive time around downtown Ladysmith and around each of the commercial centers in the region (Chippewa Falls, Rice Lake, Hayward, Phillips, and Abbotsford).

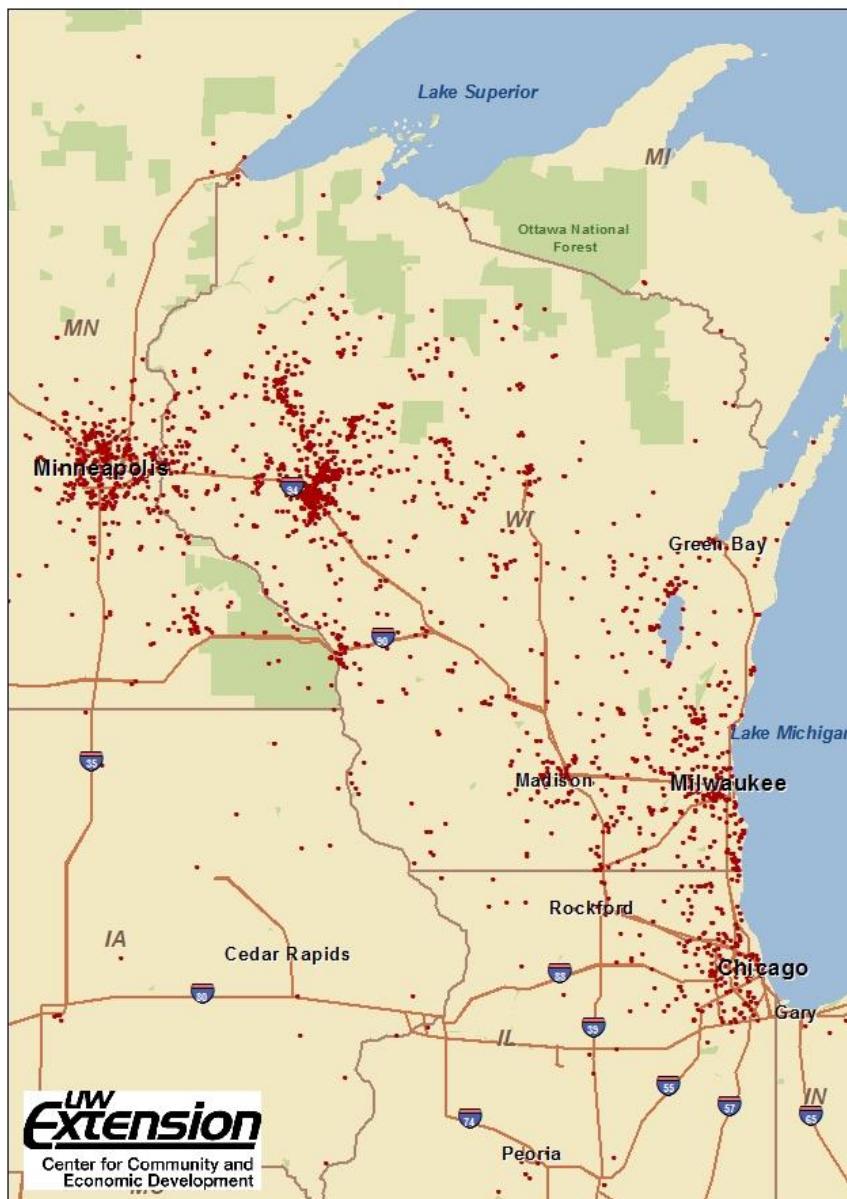




## Mapping Origin of Second Home Owners

In addition to year round residents, second home owners and visiting tourists also contribute to economic activity in Ladysmith. The following map illustrates the geographic origin of property owners who reside outside of Rusk County. While most of these owners live outside of the area, they and tourists offer spending potential for downtown businesses.

Origin of Out-of-Rusk County  
Property Owners



## Conclusions

The maps in this section help us define a reasonable trade area that represents the geographic area from which 75 percent or more of customers reside. Using the sample business, employees and hospital patients as the basis, and verified for reasonableness with the drive time map, the following zip codes can be considered the primary trade area.

54819 – Bruce  
54731 – Conrath  
54835 – Exeland  
54526 - Glen Flora  
54530 – Hawkins  
54745 – Holcombe  
54537 – Kennan  
54848 – Ladysmith  
54766 - Sheldon  
54563 – Tony  
54896 – Winter

In addition to this resident demand, nonresident tourists and second homeowners are also important segments to serve. However, they are not captured in trade area statistics that follow in this report.



## Consumer Characteristics

*The demographic and lifestyle characteristics of trade area residents provide valuable information for businesses hoping to cater and market to this audience. In addition to this population group, characteristics of non-resident market segments such as in-commuters, tourists and second homeowners must also be considered.*

### Trade Area Demographics

To assist in understanding the characteristics of residents, data was assembled for the Ladysmith trade area, Wisconsin and the U.S. Comparing demographics of these geographic areas helps to differentiate local consumers. Demographic characteristics are derived from public and private datasets, including Environmental Systems Research Institute Business Information Solutions (ESRI BIS) and the 2010 Decennial Census.

#### Population

Population data quantifies both current market size and future market growth, which are used to measure consumer demand. Population is defined as all persons living in a geographic area. The City of Ladysmith's population in 2010 was 3,400. Ladysmith's trade area, however, had a population of 19,599. Projected growth from 2014 through 2019 is expected to decline by an average of .13-percent per year. This rate is below the .32-percent rate increase projected for the state of Wisconsin.

Population Summary	Ladysmith Trade Area	WI	US
2000 Total Population	19,599	5,363,675	281,421,906
2010 Total Population	19,086	5,686,986	308,745,538
2014 Total Population	18,791	5,731,663	316,296,988
2014-2019 Annual Rate	-0.13%	0.32%	0.73%

Source: ESRI Market Profile Report

#### Per-Capita Income and Household Income

Household income can be used to indicate the spending power of residents. There is a positive correlation between household income and retail expenditures in many product categories. Some retailers may also target specific income ranges based on their target market segment. Median household income for the trade area in 2014 was \$38,271, less than the state average of \$52,211 and US average of \$52,076. The average per capita income for the trade area was also less than the state and national averages.

	Ladysmith Trade Area	WI	US
2014 Median Household Income	\$38,271	\$52,211	\$52,076
2014 Per Capita Income	\$20,187	\$27,384	\$27,871

Source: ESRI Market Profile Report

### Age Profile

Age often affects a person's consumer tastes and preferences. Understanding the population's age distribution helps businesses effectively address the needs of the market. Accordingly, retail, service, and restaurants often target certain age groups. The following table presents age data.

### **Age Profile**

2014 Population by Age	Ladysmith Trade Area	WI	US
0 - 4	5.10%	6.00%	6.30%
5-9	5.60%	6.20%	6.40%
10-14	5.80%	6.40%	6.50%
15 - 24	10.70%	13.90%	13.90%
25 - 34	8.90%	12.60%	13.50%
35 - 44	10.10%	12.10%	12.70%
45 - 54	14.80%	14.30%	13.70%
55 - 64	17.30%	13.50%	12.70%
65 - 74	12.20%	8.30%	8.20%
75 - 84	6.60%	4.40%	4.20%
85 +	2.90%	2.20%	1.90%
Total	18,791	5,731,663	316,296,988

*Source: ESRI Market Profile Report*

The Ladysmith trade area has a large percentage of its population in the middle-age to early retirement-age range of 45 – 74 years old, with approximately 45 percent of the population in this age range. This compares to only 36 percent of the state's population and 35 percent of the nation's population in this age range.

### Race/Ethnicity

In terms of diversity, the population of the Ladysmith trade area is less diverse than the state average. The percent of residents living in the Ladysmith trade area who identify as White Alone is 96.8 while the state average is 86.2 percent and the national average is 72.4 percent. The largest minority populations are Hispanic Origin and those of two or more races.

2014 Population by Race/Ethnicity	Ladysmith Trade Area	WI	US
Total	18,791	5,731,663	316,296,988
White Alone	95.9%	85.4%	71.2
Black Alone	1.0%	6.3%	12.7
Two or More Races	1.6%	2.1%	3.2
Hispanic Origin	1.4%	6.6%	17.5
Diversity Index	10.6	35.8	62.6

*Source: ESRI Demographic and Income Profile Report*

### Education Attainment – Population 25+ years olds

Education can be an indicator of the socio-economic status of an area. Not only do education levels affect income, they also impact consumer tastes and preferences. The Ladysmith trade area has more high school

graduates on average than either the state or national averages. Fewer residents, however, go on to get some college education, degrees or professional degrees than both the state and national averages.

2014 Population 25+ by Educational Attainment	Ladysmith Trade Area	WI	US
Total	13,690	3,864,327	211,611,874
High School Graduate	39.40%	29.60%	24.20%
Some College, No Degree	19.60%	21.30%	21.30%
Bachelor's Degree	10.50%	17.50%	18.00%
Graduate/Professional Degree	4.20%	9.00%	10.70%

Source: ESRI ACS Population Summary

## Lifestyles



Lifestyle segmentation systems examine the buying habits and preferences of consumers in a geographic area. One lifestyle segmentation system is Tapestry™, by ESRI Business Information Solutions. Consumers are classified into 65 demographic and behaviorally distinct segments based on type of neighborhood, the residents' socioeconomic status, and their buying behaviors. The top three lifestyle tapestry segments in the Ladysmith trade area are presented below along with ESRI's descriptions of these segments.

### Segment 6E - Rural Resort Dwellers (28.7-percent of Households)

The median household income for this segment is \$46,000. With the median age of 52.4 years, retirement looms for many of these blue collar, older householders, however, workers are postponing retirement or returning to work to maintain their current lifestyles. Two vehicles are essential to get around. They frequent their local hardware store for parts and tools and what they can't find locally, they purchase online.

### Segment 6D - Prairie Living (21.7-percent of Households)

Predominantly a homogeneous group of self-employed farmers, they are married-couple families of which about 80-percent own single-family dwellings and many vehicles. Median household income (\$51,000) is similar to the US, and labor force participation is slightly higher. At 4.1%, the unemployment rate is less than half the US rate. Labor force participation rate slightly higher at 66%. Faith is important to this hardworking market and they favor outdoor activities when they find time to relax.

### Segment 6F - Heartland Communities (20.9-percent of Households)

These communities are semirural, semiretired, settled and close-knit. The median income is \$39,000 and the median age is 41.5. Traditional and patriotic, these residents support their local businesses and always buy American. The rural economy of this market provides employment in the manufacturing, construction, and agriculture industries. Working on the weekends is not uncommon.

## Conclusions

The Ladysmith trade area demographic and lifestyle characteristics are summarized below:



- Projected growth from 2014 through 2019 for the trade area is to *decline* at a .13-percent rate which is nearly half a percentage point less than the state of Wisconsin (rate of growth for WI is projected to *increase* at an average of .32 percent).
- Median household income for the trade area in 2014 was \$38,271, less than the state average of \$52,211.
- The Ladysmith trade area has a large percentage (45-percent) of its population in the middle-age to early retirement-age range of 45 – 74 years old.
- The population of the Ladysmith trade area is less diverse than the state average (95.9-percent are white-alone). The largest minority population group is Hispanic Origin (1.4-percent).
- The Ladysmith trade area has fewer residents with college degrees than the state, but more high-school graduates than either the state or U.S.
- More than one-quarter of the Ladysmith trade area households are described by ESRI as “Rural Resort Dwellers.”



# Trade Area Retail and Service Demand and Supply Analysis

*This section brings together data from prior sections to assess business retention, expansion and recruitment opportunities in the Ladysmith trade area. This assessment focuses on selected retail and service business categories typically found on the street level of downtowns. This section however, explores market demand and supply in the entire trade area.*

## Estimates of Overall Ladysmith Trade Area Demand and Supply

Estimates of demand and supply for retail trade (including food and drink) as developed by ESRI are presented in the following table. ESRI uses their own methodology to estimate demand and supply. For purposes of this market analysis, only aggregate retail demand and supply data are presented here.

The table indicates that retail demand exceeds supply in the Ladysmith trade area. Additional detail, not shown in the table below, suggests that this gap (demand greater than supply) occurs in almost all of the specific NAICS categories studied. The overall conclusion is that the Ladysmith trade area is losing a significant amount of resident spending from shopping outside the trade area.

Overall Estimates of Market Demand and Supply, Based on 2010 Demographics by ESRI					
Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor
Total Retail Trade and Food & Drink	44-45,722	\$170,336,785	\$150,812,718	\$19,524,067	6.1
Total Retail Trade	44-45	\$156,160,788	\$136,914,247	\$19,246,541	6.6
Total Food & Drink	722	\$14,175,997	\$13,898,471	\$277,526	1
Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor
Electronics & Appliance Stores	443	\$4,576,054	\$283,332	\$4,292,722	88.3
Lawn & Garden Equip & Supply Stores	4442	\$1,233,458	\$6,161,636	(\$4,928,178)	-66.6
Health & Personal Care Stores	4,464,461	\$15,459,703	\$596,260	\$14,863,443	92.6
Clothing & Clothing Accessories Stores	448	\$6,558,724	\$245,016	\$6,313,708	92.8
Shoe Stores	4482	\$1,225,145	\$0	\$1,225,145	100
Jewelry, Luggage & Leather Goods Stores	4483	\$990,010	\$0	\$990,010	100
Book, Periodical & Music Stores	4512	\$701,892	\$58,420	\$643,472	84.6
Department Stores Excluding Leased Depts.	4521	\$11,515,283	\$1,089,915	\$10,425,368	82.7
Used Merchandise Stores	4533	\$502,124	\$47,095	\$455,029	82.9
Full-Service Restaurants	7221	\$5,340,918	\$9,017,516	(\$3,676,598)	-25.6
Limited-Service Eating Places	7222	\$7,362,501	\$2,793,691	\$4,568,810	45
Drinking Places - Alcoholic Beverages	7224	\$868,796	\$1,878,942	(\$1,010,146)	48.7

**Data Note:** Supply (retail sales) estimates sales to consumers by establishments. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. Esri uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector. For more information on the Retail MarketPlace data, please view the methodology statement at: <http://www.esri.com/library/whitepapers/pdfs/esri-data-retail-marketplace.pdf>.

**Source:** Esri and Dun & Bradstreet. Copyright 2013 Dun & Bradstreet, Inc. All rights reserved.

## Spending Patterns of Ladysmith Trade Area Households Compared to the U.S.

As a general overview of consumer spending by trade area residents, it is helpful to compare local household spending with average U.S. household spending. One method to compare trade area spending with the U.S. is the Spending Potential Index (SPI). The SPI for selected product categories are listed in the following table.

### Spending Potential Index of Ladysmith Households, Based on 2010 Demographics by ESRI

Retail Goods and Services Expenditures	
	Spending Potential Index
Apparel and Services	40
Dating Services	105
Rental and Repair of TV/Radio/Sound Equipment	109
Pets	107
Nonprescription Drugs	92
Prescription Drugs	95
Eyeglasses and Contact Lenses	83
Maintenance and Remodeling Materials (12)	110
Smoking Products	107
Investments	40
Vehicle Loans	72
Food at Home	76
Food Away from Home	65
Alcoholic Beverages	60
Nonalcoholic Beverages at Home	79

Consumer spending potential in the trade area is moderately lower than the U.S. average in almost all categories. The SPI index is highest for maintenance and remodeling materials, rental and repair of electronic equipment, pet spending, and dating services.

## Additional Demand – In-Commuters

Small communities with large employers often have a significant day-time population made up of commuters. These in-commuters offer the retail and service businesses in a community an additional market opportunity to generate sales.

Research by Steve Deller and Martin Shields suggests that sales are higher in regions with higher levels of in-commuting. Further, research by Gary Green points to significant dollars spent by commuters in their daily travels to and from work. Understanding some of the spending characteristics of commuters may help business leaders better understand this market segment.

### Significance of Commuter Spending

Commuter expenditures will vary based on commuter characteristics and their travel time to places of employment. Recent research by Gary Green highlights the significance of commuter spending in one Wisconsin county.

During the summer of 2001, a sample of Kenosha County workers who were employed outside of the county were studied. Commuters spent a significant amount each week on retail and other expenses as presented below. These expenditures total over \$75 per commuter per week or \$3,500 per year. These expenditures point to significant expenditure leakage from a commuter's home community.

<b>2001 Study of In-Commuters in Kenosha County</b>	
Spending Category	Avg. amnt. Spent/wk
Groceries	\$16.83
Restaurants	\$17.68
Retail Purchases	\$34.13
Other	\$7.08
Total Retail/Services	\$75.88

The International Council of Shopping Centers conducted a national survey of office workers in Oct. of 2011. Office workers were asked a series of questions which included how far they travelled to get to work and the amount they spent on particular categories.

<b>Rural/Small Town Spending by Availability in U.S. Dollars Per Worker</b>	
Including Those Who Spent Nothing	
Types of Spending	Mean Weekly Expenditures
<b>Total</b>	<b>\$90.55</b>
<b>Full-Service Restaurants and Fast Food</b>	<b>\$16.87</b>
Full-Service Restaurants	\$8.62
Fast Food/Deli/Lunch Eateries	\$8.26
<b>Goods and Services</b>	<b>\$73.68</b>
Grocery Stores	\$22.26
Retail Stores	\$49.76
Other	\$1.67
Distance Office is From Home (miles)	14.40

## Additional Demand - Nonresident Tourists

Downtown Ladysmith is positioned to build on the tourism sector as part of a business development strategy. The benefits of capturing visitor spending in smaller cities such as Ladysmith can help sustain and help grow many local businesses such as restaurants, some service businesses and retailers. This in turn can also create a higher-quality selection of goods and services for local residents. As a consequence of attracting tourism, more money is earned within the community and can then be retained and re-spent within the community—a win-win situation for businesses and residents alike.

### Communities that Capture Visitor Spending



For a community to effectively capture visitor spending, it must balance natural, historic and cultural resources with the right mix of manufactured attractions including retail. An article in *Urban Land* provides ideas from successful retail centers located in major North American resort communities. Successful tourist-based retail centers have some similar characteristics. They typically:

- provide an intimate, distinct atmosphere that offers an experience which includes logo or merchandise shops with commemorative or iconic appeal;
- have distinctive and consistent design with a strong pedestrian character and increases the lifestyle appeal of the community;
- offer a variety of eating and drinking places that create a social ambience;
- lack traditional anchor tenants;
- offer ongoing special events and activities.

Finding the right mix of businesses to complement these retail centers is difficult as tourism and retail are both sensitive to changing consumer, economic and social trends. The following principles can help identify the right mix of services, facilities and tenants in a tourist-based retail center:

Downtowns in tourism communities can attract visitors by including destination restaurants, gathering places, entertainment and lodging facilities in the business mix. The successful businesses studied are distinctly different from the chains, build on local character and the environment, and are engaged in the community. They provide an authentic experience for the visitor and reason to come downtown. Today's tourist destinations provide a variety of retail and services related to health, wellness, and small indulgences such as specialty coffees, ice cream, chocolate, and toys, as well as outdoor accessories such as sunglasses, sweaters and footwear. Locally produced products are also appealing to tourists. Retailers should adjust their merchandise seasonally and carry products that also appeal to the local resident market. Examples of specialty retailers found in resort communities include:

- Specialty food items (bakery products, chocolates, gourmet foods)
- Specialty gift stores (novelty gifts, heritage/ethnic gifts, antiques, home accessories, toys)
- Art/photography gallery, book store, cards and perfumes/soaps.
- General merchandise stores that sell medicine, groceries, hardware and convenience items are also important in servicing visitors.

## Second Homeowners

In many rural communities, non-resident recreational homeowners have emerged as an important market segment for local businesses. Recreational homes make up a large share of the total housing units in rural “amenity-rich” regions. Many of these seasonal residents are affluent and from out-of-state, bringing in

significant spending potential. While most use their recreational homes during the summer, some use their properties at various other times throughout the year.

Purchasing behavior of recreational homeowners varies geographically and demographically. A recent study of spending was conducted in Sawyer County, Wisconsin (an outdoor recreation destination) and provides information on its impact on local businesses.<sup>1</sup> This study demonstrates the significance and variety of non-resident spending in this county. An earlier study in Wisconsin looked at recreational homeowner spending as a part of broader regional development and offers consistent findings on the significance of this segment. Information from both studies are presented here.

### Recreational Homeowner Spending

A survey of non-resident property owners was conducted in Sawyer County, WI in 2007. It examined annual household spending, both at their permanent residence and in Sawyer County. The average non-resident property owner spends nearly \$18,000 in Sawyer County, residing there an average of 100 days or 27% of the year.

Differences in spending in other recreational home communities throughout the U.S. will vary, based on the average number of days the recreational homes are used, demographic and lifestyle characteristics of the owners and differences in the characteristics of the local recreational home market.

### Selling to Recreational Homeowners



In Sawyer County, non-resident recreational homeowners spend money locally in three general categories of goods and services:

- Basic consumption items including food and drink total an average of \$5,700 per household;
- Recreation equipment totals \$2,800 per household;
- Needs for the home, including construction and remodeling which totals \$14,400 per household.

The most significant spending is related to the home, this includes building supplies, maintenance and construction

or remodeling. It is important to note not all of the respondents in this study spent money in all of the categories. Dollars were spent by all respondents on basic consumption items such as groceries, restaurants, and gas, but not all respondents spent on other activities such as non-motorized or motorized sports, construction or remodeling.

The table on the following page describes local spending by non-resident recreational homeowners in Sawyer County. This distribution of actual spending may not be transferable to all recreational home communities given differences in market characteristics.

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<sup>1</sup> Non-Resident Property Owners and Their Impact on Sawyer County Businesses, 2007. David A. Berard and David D. Trechter. Recreational Homes and Regional Development: A Case Study for the Upper Great Lakes States. 1996. David Marcouiller, Gary Green, Steven Deller, and N.R. Sumathi.

### Non-Resident Recreational Homeowner Spending per Household in Sawyer County, Wisconsin

	% Spent in County	Avg. Dollars Captured in County
<b>Basic Consumption Items</b>		
Groceries/Liquor	31%	1,794
Restaurants/Taverns	39%	1,248
Gas, Auto Service	29%	1,010
Other	28%	1,656
Recreation Equipment		
Non-Motorized Sports	36%	218
Motorized Sports	68%	1,370
Fishing, Hunting	62%	624
Other Recreation Equip.	44%	578
Needs For Home		
Building Supplies	49%	1,749
General Home Maintenance	50%	991
Construction/Remodeling	46%	5,350
Household Goods	41%	1,276
Other Retail (i.e. gifts, clothing)	36%	845
Bank, Insurance, Real Estate	31%	3,196
Other Products Or Services	37%	1,024

Source: Non-Resident Property Owners and Their Impact on Sawyer County Businesses, 2007

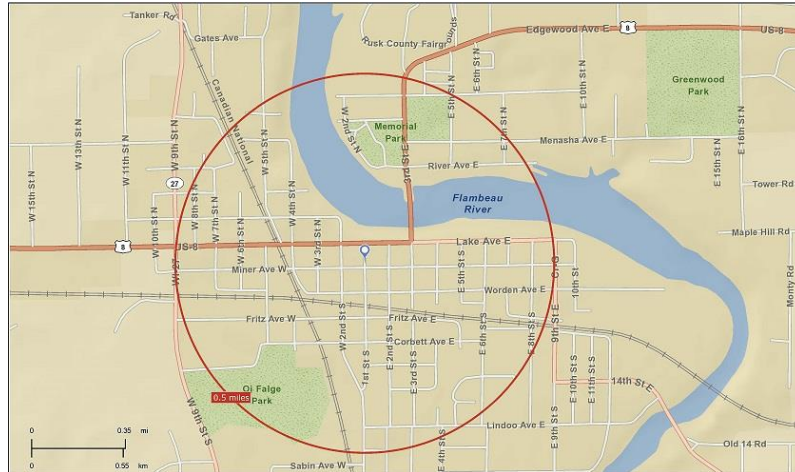
## Conclusions

- Ladysmith businesses are able to attract customers from a fairly broad geographic area, including the surrounding rural communities within a roughly a 60 mile drive area. This is also generally reflective of the local labor shed (commuting distance) and hospital service area.
- Local customer demand is further supplemented by the roughly 3,000 local employees and more than 2,900 seasonal home owners which contribute to the Ladysmith economy.
- Retail demand exceeds supply in the Ladysmith trade area by more than 1.7 to 1. This gap occurs in almost all of the specific business categories studied. The Ladysmith trade area is losing a significant amount of resident spending from shopping outside the trade area.
- Residents of the trade area have lower incomes and are often in their middle-age to early-retirement years. As a result, consumer spending potential in the trade area is moderately lower than the U.S. average in almost all categories. The SPI index is highest for maintenance and remodeling materials, rental and repair of electronic equipment, pet spending, and dating services.



## Ladysmith Compared to Other Downtowns

*This section compares the mix of businesses, employment and residents in downtown Ladysmith with that communities of similar size in the state. These comparisons represent one approach in identifying potential business and read estate opportunities for the downtown district.*



This comparison group in this section represents all Wisconsin communities (60 cities and villages) with populations between 2,500 and 5,000. Communities in this group include:

Algoma	Edgerton	Mayville	Pulaski
Amery	Ellsworth	Medford	Rothschild
Baldwin	Evansville	Mineral Point	Sauk City
Black River Falls	Horicon	Mondovi	Saukville
Bloomer	Howards Grove	Mosinee	Seymour
Boscobel	Jackson	Neillsville	Slinger
Brillion	Kewaskum	Nekoosa	Spooner
Brodhead	Kewaunee	New Holstein	Thiensville
Chilton	Kiel	Oconto Falls	Tomahawk
Clintonville	Ladysmith	Ladysmith	Union Grove
Columbus	Lake Mills	Oostburg	Viroqua
Cottage Grove	Lancaster	Park Falls	Wales
Cross Plains	Lodi	Peshtigo	Ladysmith
Dodgeville	Marshall	Prairie du Sac	Waterloo
East Troy	Mauston	Prescott	West Salem

## Downtown Resident Characteristics

Downtown housing contributes to an active environment that extends activity beyond traditional business hours, and residents who live within a half mile of the middle of a downtown provide a captured market for convenience retail and services. Demographic data provide a foundation to help downtown business operators understand the nearby resident market. The following analysis is based on data derived from ESRI

Census Profile and extracted from Staff Report "Resident Characteristics of Wisconsin's Downtowns," 2013, by Bill Ryan, Jangik Jin, and Rachel Schuh.

### Population



The population of a downtown area generally increases with the population of the entire city or village in which it is located. However, the relationship is not linear. Smaller cities and villages typically have a much larger percent of their populations living downtown, as these communities are concentrated in smaller geographic areas. The average population living within the 0.5 mile radius of downtown is 1,753 for the 60 communities in WI of

similar size compared to the 1,344 people living in the same area of Ladysmith. This means that if you were to walk through the average town in Wisconsin of similar population size, Ladysmith would be 30% less densely populated.

### Population Growth

From 2000 to 2010, the population of the comparable communities grew on average by 3.8-percent. During the same period, the population of Ladysmith's downtown shrunk by 14.6%. In September of 2002, however, a tornado struck the area eliminating some housing which was not rebuilt.

### Income Level of Residents

In 2010, the median household income in our comparison Wisconsin's downtowns was \$54,332, while the median income for Ladysmith is \$31,333. This may also be skewed due to the income of the senior living residents of Lake Manor.

### Age Profile

Smaller downtowns tend to skew a bit older than the state as a whole. Downtown households also tend to have fewer children (under 18). The median age of downtown residents in Ladysmith is 43.5 years compared to 38.8 in the comparable communities.

### Education Attainment – Population 25+ years olds

Education of downtown residents varies widely depending on the economic characteristics and size of each community. Generally, as city size decreases, downtown residents tend to have received less formal education. Note that for individual cities, factors other than population, such as proximity to universities, may have a large impact on the education level of downtown residents. The percent of downtown residents in Ladysmith with a bachelor's degree or higher is 18.6% compared to 21.7% in our comparison communities.

### Downtown Population Comparison between Ladysmith and Comparable Communities

	Ladysmith 0.5 Mile Ring	Comparison Communities 0.5 Mile Ring
2010 Avg. Downtown Population within 0.5 mi.	1,344	1,753
Population Growth Rate (2000-2010)	-14.6%	3.8%
2010 Downtown Median Household Income	\$31,333	\$54,332
2010 Median Age of Downtown Residents	43.5	38.8
2010 Percent of Residents with BA or Higher	18.6%	21.7%

## Downtown Employment Characteristics<sup>2</sup>

Downtowns throughout the state are major centers of employment. Companies, government institutions, and other businesses located in or near downtowns generate large amounts of local revenue, income and economic activity. These organizations also bring a daily stream of workers into the area. While the businesses themselves are most commonly acknowledged as catalysts of economic growth, their employees also have an impact on the downtown economy. By comparing the employment mix with other similar size cities in the state, downtown and economic development leaders will have the information to assess the importance of the downtown as a place for job retention, business recruitment, and identify relative gaps (or surpluses) in certain employment categories.

### Downtown Employment Comparison between Ladysmith and Comparable Communities by NAICS Code

NAICS	NAICS Description	Ladysmith (1) 0.5 Mile Ring		Comparison Communities (2) 0.5 Mile Ring	
		Ave. No. of Emp.	%	Ave. No. of Emp.	%
11	Agriculture, Forestry, Fishing and Hunting	13	0.90%	2	0.2%
21	Mining	0	0.0%	0	0.0%
22	Utilities	2	0.1%	1	0.1%
23	Construction	40	2.6%	47	4.5%
31-33	Manufacturing	61	4.1%	150	14.2%
42	Wholesale Trade	17	1.1%	54	5.1%
44-45	Retail Trade	330	21.9%	144	13.6%
48-49	Transportation and Warehousing	147	9.7%	30	2.9%
51	Information	23	1.5%	21	2.0%
52	Finance and Insurance	50	3.3%	55	5.2%
53	Real Estate and Rental and Leasing	38	2.5%	15	1.5%
54	Professional, Scientific, and Technical Services	21	1.4%	33	3.1%
55	Management of Companies and Enterprises	0	0.0%	7	0.6%
56	Administrative and Support and Waste Management and Remediation Services	75	4.9%	11	1.0%
61	Educational Services	64	4.2%	104	9.9%
62	Health Care and Social Assistance	199	13.2%	113	10.7%
71	Arts, Entertainment, and Recreation	11	0.7%	25	2.4%
72	Accommodation and Food Services	106	7.0%	85	8.0%
81	Other Services (except Public Administration)	54	3.6%	63	6.0%
92	Public Administration	260	17.2%	97	9.1%
<b>Total</b>		<b>1509</b>	<b>100%</b>	<b>1,057</b>	<b>100.0%</b>

1 Data derived from ESRI Business Summary

<sup>2</sup> Ryan, Bill, and Jangik Jin. (2011). *Employment in Wisconsin's Downtowns*. Center for Community & Economic Development, University of Wisconsin – Extension.

- 2 Average of 60 Wisconsin communities with population sizes between 2500-5000. Data extracted from Staff Report "Employment in Wisconsin's Downtowns," 2011, by Bill Ryan and Jangik Jin.

## Downtown Retail and Service Business Mix<sup>3</sup>

The analysis of retail and service mix provides baseline data for a comprehensive community business analysis. It is one tool in a spectrum of techniques available for the analysis of local demand and supply as localities determine local retail and service potential. A business inventory was completed to describe commercial activity in a half-mile radius around the middle of downtown Ladysmith as defined in the map. The number of businesses by category is summarized in the following table.

Comparison of Retail and Service Businesses in Ladysmith and Comparable Communities by NAICS Code			
NAICS	NAICS Description	Ladysmith 0.5 Mile Ring	Comparison Communities in WI* 0.5 Mile Ring
44111-44112	New or Used car dealers	1	0.73
44130	Automotive parts, accessories, & tire stores	2	1.05
44210-44220	Furniture stores and Home furnishings	1	0.83
44311	Appliance, television, & other electronics stores	0	0.93
44312	Computer & software stores	1	0.4
44411, 44413	Home centers and Hardware stores	1	0.7
44419	Specialized building material dealers	1	0.6
44420	Lawn & garden equipment & supplies stores	1	0.22
44510	Grocery stores	0	1.07
44520-44530	Specialty food stores, beer, wine, & liquor stores	0	0.95
44611-44619	Pharmacies & drug stores, Other health care (vitamin, medical equip)	1	0.79
44613	Optical goods stores	1	0.05
44710	Gasoline stations	3	1.72
44811-44831	Clothing stores, shoe stores, and jewelry	0	1.18
45111	Sporting goods stores	1	0.73
45113	Sewing, needlework, & piece goods stores	1	0.18
45200	General merchandise stores	0	0.68
45310	Florists	1	0.88
45322	Gift, novelty, & souvenir stores	1	1.08
45330	Used merchandise stores	0	1.08
71390	Other amusement (bowling, golf, fitness)	0	1.63
72210	Full-service restaurants	5	4.57
72220	Limited-service eating places	5	0.7
72240	Drinking places (alcoholic beverages)	4	3.08
81111	Automotive mechanical & electrical repair	3	1.3
81112	Automotive body, paint, interior, & glass	1	0.58
81119	Other automotive repair & maintenance	0	0.35
81149	Personal goods repair (watch, boat, garment)	1	0.28
812111- 812113	Barber, beauty, and nail salons	7	4.48
81231	Coin-operated laundries & drycleaners	3	0.13
81232	Drycleaning & laundry (except coin-operated)	1	0.23
<b>Total</b>		<b>47</b>	<b>33.18</b>
*	Average of 60 communities in WI with populations of 2500-5000. Data derived from Staff Report "Retail and Service Business Mix Analysis of Wisconsin's Downtowns," (2010) by Bill Ryan, Beverly Stencel, and Jangik Jin.		

<sup>3</sup> Ryan, Bill, Beverly Stencel, and Jangik Jin. (2010). *Retail and Service Business Mix Analysis of Wisconsin's Downtowns*. Center for Community & Economic Development, University of Wisconsin – Extension..

## Conclusions



The following conclusions about downtown Ladysmith's business mix can be drawn from this data. Special attention was given to those business categories that are most suitable for a downtown storefront location and that were found in many of the comparison downtowns.

- The population of Ladysmith's downtown shrunk by 14.6-percent and if you were to walk through the average town in Wisconsin of similar population size, Ladysmith would be 30% less densely populated. %. In September of 2002, however, a tornado struck the area eliminating some housing which was not rebuilt.
- Downtown residents have a median income that is more than 40-percent less than the median incomes of downtown residents of similar size cities.
- Residents of Ladysmith's downtown are also older and have a lower level of educational achievement than comparable communities. This may also be skewed due to the income of the senior living residents of Lake Manor.
- The three largest sectors of employment opportunity in Ladysmith appear to be Retail Trade (21.9-percent), Public Administration (17.2-percent) and healthcare and social assistance (13.2-percent).
- The largest difference between in employment Ladysmith and comparable communities is in manufacturing. Ladysmith has less than half as many jobs in manufacturing as comparable communities.
- Downtown Ladysmith has more than the average number of automotive parts, accessories, tire and repair shops, limited-service eating places, barber, beauty, and nail salons, and laundry service locations.
- Retail and service gaps include the following: appliance store, grocery, specialty foods, beer, wine, and liquor, clothing store, and second-hand store.

# Restaurant Demand and Supply Analysis

*Restaurants are an essential component of a vibrant, mixed-use business district. They serve a variety of market segments including nearby residents, shoppers, office workers and tourists. This section brings together data from prior sections to identify possible restaurant concepts and dining opportunities in the Ladysmith trade area. This assessment is based on resident demographic data, the current supply of dining establishments within the trade area, trends identified by the National Restaurant Association, and the Market Potential Index provided by ESRI. The findings are based on resident demand and may not fully reflect demand from non-resident consumers in the community.*

## Restaurant Demand

Residents of the primary trade area are an important market segment for existing and future dining operations in the downtown area. While daytime workers and tourists are important sectors, the resident population usually represents a sizable market whose dining expenditures can be fairly accurately estimated. The National Restaurant Association has identified five major groups of frequent diners. Using demographic information and lifestyle segmentation data, you can estimate what portion of your market may fall within these five, potentially important groups:

- Busy parents of children - often involved in after-school activities and sports and use drive-thru and carry-out restaurants.
- Older adults and empty nesters (down-scale) - eat on-premise at inexpensive sit-down restaurants, buffets and fast food eateries.
- People who are convenience driven and dislike cooking (with no young children) - use a variety of carry-out sources including restaurants and grocery stores.
- Young, urban professionals with no kids - dine at higher-priced restaurants.
- Educated adults driven by taste and craving - eat at mid-priced sit-down restaurants and use delivery.

## Restaurant Supply

All restaurants in the downtown area and major competitors elsewhere in the primary trade area should be identified and analyzed to assess what types of operations exist and how busy they are. Information about these establishments should be collected including business name, address, concept, customer volume by period (slow, moderate, busy and very busy) and their success factors. A thorough analysis of existing competition is essential in identifying viable concepts that might be missing in the downtown area.

The following table was formed based on data from ESRI Business Locator and a Yellow Pages search of restaurants located within the half-mile radius of the downtown area.



Number of locations within 0.5 mi. radius of Downtown						
	Ladysmith	Hayward	Rice Lake	Phillips	Medford	Chippewa Falls
Franchise						
McDonalds		1				
Subway	1	1	1	1		
Dairy Queen	1	2	2			
Burger King						1
Jimmy Johns						1
Deli (not Subway)		2				2
Ethnic						
Asian	1	2	1			2
Mexican	1					1
Pizza		2	1	1	1	1
Sit Down	2	6		2	1	1
Bar/Tavern	3	4	2	1	3	6
Coffee	1	2	1	1	1	
Total	10	22	8	6	6	15

### Resident Dining-out Spending Preferences



Marketing data firms such as Claritas and ESRI also produce a number of industry specific reports that describe dining out market potential for a specific trade area. These reports provide estimates of market demand based on local demographic and buying power indicators including population, workplace population, income, wealth, home value, lifestyles, race, education and occupation.

Demographic data of Ladysmith trade area residents are represented in the following table and suggests restaurant market potential.

Ladysmith Trade Area	
<b>Median Household Income</b>	\$38,271
Average Household Income	\$46,949
Median Age	47.9
Average Household Size	2.31
Households by Income	
<\$15,000	17.60%
\$15,000 - \$24,999	13.70%
\$25,000 - \$34,999	13.30%
\$35,000 - \$49,999	18.60%
\$50,000 - \$74,999	20.50%
\$75,000 - \$99,999	10.60%
Population 25+ by Educational Attainment	
High School Graduate/GED	43.50%
Some College, No Degree	19.60%
Associate Degree	8.10%
Bachelor's Degree or higher	14.70%

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2014 and 2019. Esri converted Census 2000 data into 2010 geography.

A Market Potential Index (MPI) measures the relative likelihood of the adults in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. An MPI of 100 represents the U.S. average. These data are based upon national propensities to use various products and services, applied to local demographic composition.

Based on the following table, it appears that residents like those found in the Ladysmith trade area, more likely to visit Applebee's than they are a T.G.I. Friday's. They are also more likely to frequent a Subway than a Panera Bread or Pizza Hut than Papa John's. Dairy Queen is a favored establishment over all others and is frequented more often by patrons similar to Ladysmith trade area residents than their average American counterpart.

Restaurant Market Potential	
Product/Consumer Behavior	MPI
Fam rest/steak hse/6 mo: T.G.I. Friday's	50
Fam rest/steak hse/6 mo: Chili's Grill & Bar	63
Fam rest/steak hse/6 mo: Olive Garden	73
Fam rest/steak hse/6 mo: Red Lobster	87
Fam rest/steak hse/6 mo: Applebee's	100
Fast food/drive-in last 6 mo: Panera Bread	44
Fast food/drive-in last 6 mo: Subway	103
Fast food/drive-in last 6 mo: Papa John's	55
Fast food/drive-in last 6 mo: Papa Murphy's	92
Fast food/drive-in last 6 mo: Pizza Hut	121
Fast food/drive-in last 6 mo: Taco Bell	85
Fast food/drive-in last 6 mo: McDonald's	99
Fast food/drive-in last 6 mo: A & W	135
Fast food/drive-in last 6 mo: Dairy Queen	171

*Usage data were collected by GfK MRI in a nationally representative survey of U.S. households. Esri forecasts for 2013 and 2018.*

## Conclusions

- Ladysmith's demographics indicate that residents are most likely to seek out family-oriented sit down restaurants similar to Pizza Hut than other restaurant concepts.
- A more detailed analysis of traffic to existing dining establishments coupled with a consumer preference survey would aid decision makers and entrepreneurs interested in restaurant concepts in the Ladysmith trade area.

# Housing Demand and Supply Analysis

*This analysis explores the characteristics of the existing housing market in the City of Ladysmith and surrounding Rusk County in addition the various components of residential demand which include demographic changes, workforce commuting patterns, and residential preferences.<sup>4</sup>*

## Existing Demand and Supply

The number, type, rental rate and occupancy status for existing owner-occupied and rental units in Ladysmith and Rusk County were analyzed to identify areas of strength and weakness in the current residential marketplace. This analysis compared the physical and economic composition of units within the City and surrounding rural markets to determine if unmet demand exists for units which would be appropriate for new product development. Information from the 2012 ACS, 2010 Census and 2013 ESRI data were used for this and subsequent analysis included within this report.

### Existing Supply

Rusk County's (and Ladysmith's) population has generally been declining since peaking at 17,700 residents in 1940. As of 2000, the County had 15,300 residents. As a result of this overall population decline, new residential unit development has been minimal. There have been no new units added since 2010 in the City, and only 29 units added since 2000. The County, however, added 1,559 units. The bulk of units added in the City replaced older stock which was taken out of service, creating a net gain of only one unit during the decade.

Further complicating the supply and demand issue is the 47-percent of housing units in the County which are dedicated to seasonal and recreational use. As units transition from full time to part time residential use, it is rare that new units are built to replace this housing stock, reducing the number and variety of housing available to permanent residents relocating to the area. Increasingly, new units are predominantly built as rental units, while development in previous decades (coupled with subsequent conversion of single family homes to rentals) provides more balance between owned and rented units.

In addition to information from the Census, the City of Ladysmith was able to provide a list of all non-owner-occupied residential units in the City. This information further illustrated the shape of the City's rental market by age and type of unit. Because the City does not track the number of units in larger City of Ladysmith facilities, it is impossible to directly compare current figures with Census data. It is clear, however, that the Ladysmith rental market falls predominantly into two types of units; turn of the century single family homes and 1950s-1980s multifamily properties, ranging from 3 and 4 unit structures to larger apartment buildings, which are largely senior and/or subsidized apartments and CBRF facilities. Few units are located in either modern homes or modern apartment buildings. Greenwood Manor and Flambeau Village Apartments are the two exceptions to this trend.

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<sup>4</sup> This section presents segments from a report titled Ladysmith Housing Supply & Demand Analysis, 2014, by Errin Welty of the Wisconsin Economic Development Corporation. See the appendix for the full report.

### Occupancy Characteristics

Overall residential vacancy rates in Ladysmith are very low, with citywide homeowner vacancy rate of 4.3 percent and rental vacancy rate of 0 percent in the 2012 American Community Survey. County vacancies are similarly low, at 2.7 percent and 2.0 percent respectively. The recorded vacancy rate for all homes is higher, at 10.3 percent in the City and 26.1 percent in the County, due to vacancy of seasonal homes at the time of the census. The market in 2000 was similarly tight, with a 5.5 percent rental and 1.2 percent owner occupied vacancy. By most standards, a vacancy at or below 5 percent is considered to be an indicator of a saturated market.

The ratio of rental to owner occupied units in both the City is slightly higher than for the region and state as a whole, where one-third of all units are typically rented. Ratios in the County are skewed towards owner occupied units due to the presence of generally higher-value homes, and the lack of multifamily properties which contribute to Ladysmith's rental stock.

City of Ladysmith				Rusk County		
	Total Units	Percent Vacant	% Rental/ % Owned	Total Units	Percent Vacant	% Rental/ % Owned
2000	1,662	6.60%	41%	7,609	19.90%	78.70%
			59%			21.30%
2012	1,663	10%	45%	8,849	26%	23%
			55%			77%

Source: Census 2000, ACS 2012

Housing units also have fairly low turnover rates, with approximately 5 percent of units turning over on an annual basis over the past 15 years. This means that roughly 72 units of all sizes and types are available locally within a given year. This is consistent with the 21 homes currently on the market for sale within the City and no actively marketed rental units available. Available homes for sale in the City range from the \$24,000 for a 2- bedroom to \$170,000 for a 4-bedroom waterfront home.

### **Projected Demand Growth**

Although there is some opportunity to develop new units to create additional opportunities in a currently tight market, both the City and County are expected to lose population in the next five and ten year periods. This overall loss of population makes it extremely important to target new development at specific needs that are currently not met within the existing housing stock, rather than adding new product to provide modern options. There are two ways that future development can strategically attract households; by catering to changing demographics and by targeting workforce needs. These two strategies are highlighted in greater detail in the following section.

### Residential & Demographic Generators

Despite projections of an overall decline in population, the number of households is expected to decline by only half that much, owing to the rise in single person households at both the oldest and youngest ends of the demographic spectrum. In contrast to the existing housing unit mix, this growing segment of households has a strong preference for rental housing overall, and multifamily structures specifically.

Over the next five years, there is a significant increase in households in the empty nester and early retirement ages, and a decrease in households for all other demographic age groups. The cumulative impact of this change is a 35 unit net decline in demand within the City of Ladysmith. Within the expanding demographic segments, a majority of the household demographics still prefer to own, but the type of housing sought by these groups differs from that preferred by younger populations. This creates a potential local market for active adult, independent living and other one-floor housing situations, both owner and renter occupied.

Additionally, at the upper end of the age spectrum (especially for households aged 75 and over), relocating households tend to require more supportive care, whether at an independent or assisted living type facility. These facilities are typically located in urban centers, allowing them to serve surrounding rural communities in a central location. Many of these facilities are also working to provide adjacent companion units to accommodate entire households in close proximity. The presence of multiple health care providers in Ladysmith creates an opportunity to attract



Greenwood Manor Assisted Living

some of these households into the community, especially if walkable locations in proximity to medical facilities and retail amenities can be developed. Greenwood Manor, although located five blocks from downtown, would require residents to cross train tracks and pass through a fairly industrial area to access these amenities. Rusk County's population (excluding current Ladysmith residents) includes just shy of 1,000 individuals aged 75 and over, a figure which is expected to increase by 18 percent in the next 15 years, with nearly 300 additional individuals turning 75 during this period. Thirty-seven percent of seniors will utilize long term care facilities at some point during their lifetime (US Dept HHS). Overall, 7 percent of individuals over age 75 reside in some type of residential facility. Combined demand from City and County residential populations creates potential demand for 60 additional units of senior-oriented housing in the next 15 years.<sup>5</sup>

### Employment Generators

Currently, Ladysmith businesses employ nearly 3,100 individuals, many of whom commute to the City from other locations. While 45 percent of these workers travel relatively short distances (10 miles or less), there are a substantial number (20%) that travel more than 50 miles in each direction daily for work. This represents 603 individuals who would potentially benefit from the introduction of additional housing options in the community. A portion of the 510 individuals commuting between 25 and 50 miles daily could also be a viable recruitment population for appropriately developed housing units. This is especially true of younger workers, who are more likely to be able and willing to

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<sup>5</sup> Source: US Census 2010, ACS 2012, ESRI 2013

relocate and open to becoming part of a community as they begin to consider suitable locations to raise a family. Over 40 percent of workers under age 29 employed in Ladysmith do not currently live in the community, representing 258 individuals with common housing needs.

Although Ladysmith (and Rusk County) saw overall employment decline in the years during and leading up to the recent recession, employment has rebounded somewhat and is expected to remain stable to slightly expanding in the foreseeable future (EMSI). This will require replacing the 26 percent of local workers currently aged 55 or older within the next decade. Since there are insufficient younger workers within the community to meet this demand, workers will need to be drawn into the community to fill these jobs. Although these relocating workers could potentially represent a wide range of demographic and age profiles, relocating workers often prefer to rent rather than own for the first year following relocation. If commuting patterns remain constant, 22 percent of new employees could be expected to live within the City, or 180 individuals over the next two decades.

### **Accommodating Future Growth: Rental Rates and Development Pricing**

Although there may be demand for units based on population and household makeup, new units will need to be affordable to these prospective households. Although more than half of households in Ladysmith earn less than the area median income, the cost of raw materials to construct new units is not similarly discounted in the area, resulting in a higher relative construction cost-to-rent ratio than might be found in other markets.

The 2012 median gross rent for apartments in Ladysmith is \$451. The average monthly mortgage for owner-occupied homes is \$1,109. Although average rents remain low compared to regional and state averages, they have increased 44 percent in the past decade, and the number of units charging more than \$750 per month has grown from 0 in 2000, to 81 in 2010. At the same time, the number of units renting for less than \$200 fell from 62 to 3, illustrating a growth in demand for higher quality units. The vast majority of units in Ladysmith are in the mid-level price range.

According to current construction data from RS Means, a new moderately sized apartment project (20 units) would cost upwards of \$1.5 million to construct. Based on standard underwriting, the project would likely need to receive average rents of \$750 per unit to achieve an adequate return and meet debt coverage ratios. This rent would be affordable to households making \$2,275 per month, or just less than the median household income. Based on the 2012 ACS, 42 percent of local households and 48 percent of local workers could afford to rent a unit at these rates.

\*HUD defines affordable housing as a gross rent which does not exceed 30% of household income.



## **Conclusions**

This analysis found that while Ladysmith's declining residential population creates limited demand for new residential development, there is a need to replace aging properties and to develop additional units dedicated to seasonal housing. The low overall vacancy rate and changing population dynamics create some potential opportunities for targeted new residential development. In the next decade, Ladysmith has the potential to support as many as 17 for-rent and 56 for-sale units targeted to empty nester households, 90 units of workforce housing and 45 units of assisted living. However, each of these populations will have alternative options for relocation, and Ladysmith will need to retain and attract relocating households by providing residential options which meet the needs of each of these disparate groups.

## **Next Step – Developing Economic Restructuring Strategies**

There are several initiatives which can be implemented at the local level to utilize the information included in this report as part of a broader economic development and restructuring program for downtown Ladysmith. Some first steps include:

- Use information from this market study to create a one-page overview of the Ladysmith market to provide to current and prospective businesses. Some examples are provided on the following page.
- Encourage real estate agents listing properties in downtown to attach this market profile to their listing information.
- Identify one or more retail business types that could be supported by local customer demand and approach similar businesses located in adjacent communities about opportunities to expand in Ladysmith. Provide a list of available spaces to these prospects.
- Provide information on demographic and psychographic characteristics of trade area residents to existing businesses to allow them to better focus their merchandising and marketing activities.

Main Street Ladysmith and its partners may also want to consider additional activities which to further explore and define individual market opportunities in Ladysmith based on this analysis. Some follow-up activities which could provide meaningful information that will be useful for developers and business owners hoping to take advantage of market opportunities in Ladysmith include:

- Conduct a community or downtown visitor survey to determine how frequently customers travel downtown, which businesses they frequent during their visit, and how much they spend during an average trip.
- Conduct focus groups with individual demographic groups to better understand the type of housing, retail and service amenities that would be most likely to attract them to downtown Ladysmith. These groups could explore the type of amenities, merchandise offerings and price points that would be most attractive to individual groups.
- Identify vacant spaces or infill development sites that could accommodate market supported uses. Determine if the sites/spaces are appropriately located/priced to accommodate this type of use, or if additional financial support would be necessary to make necessary changes to accommodate development.

Regardless of which activities Main Street Ladysmith decides to pursue, the most important thing is that the information be actively used to promote private investment in the community. By making the information available to businesses, property owners and investors, they can leverage the information to secure financing, improve business operations and better market to the local population. In addition to targeted distribution to individuals within the market, the information should be available online, where more than two-thirds of prospective businesses are likely to start their search for a business location.

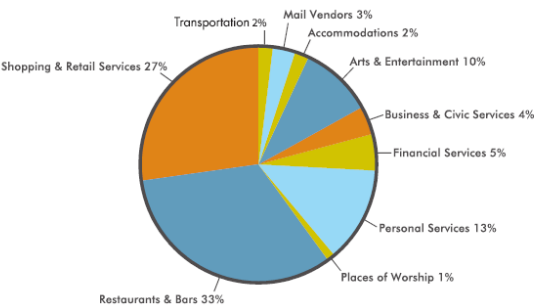
Downtown Denver Retail Market

**RETAIL MARKET**  
With an increasing residential population, record numbers of tourists and conventioners, and the highest concentration of employees in the Rocky Mountain Region, Downtown Denver offers a strong retail environment with great potential for growth. Downtown is a social hub with more than 300 restaurants and bars to attract visitors, residents and employees. Outdoor cafes thrive in the Colorado sunshine. The free 16th Street Mall Shuttle provides convenient access to retail & restaurant locations for nearly 50,000 passengers each day.

**RETAIL FACTS**  
Retail stores Downtown..... nearly 1,000  
Increase in restaurants since 1994 ..... 150%  
Retail Occupancy..... 97.4%  
Total square feet ..... 3 million  
Median rental rate ..... \$24.50 NNN  
(Newmark Grubb Knight Frank, Fourth Quarter 2012)

**SALES TAX REVENUES**  
In 2011, Downtown Denver generated \$34 million in sales tax revenue which is 6.2% of all citywide sales tax collections, up 6.8% from 2010 collections. Sales tax revenues from establishments along the 16th Street Mall typically make up about 30% of the Downtown total.

MARKET COMPOSITION BY CATEGORY



### Trade Areas

The District's primary trade area covers the county and extends into Lincoln County to the north. The secondary trade area expands into Wood and Oneida counties to the southwest and north respectively.

The basis for Wausau's two trade areas includes:

- The location relative to competing trade centers
- Highway networks and drive times to Wausau
- Quantitative market research performed by C&L & Associates Properties, Inc.
- Qualitative market research performed by Main Street Wausau, Inc.

The following map illustrates the size and scope of the trade area.

Primary Trade Area  
Secondary Trade Area  
Mile Markers

Trade Area Demographics*	Primary Trade Area	Secondary Trade Area
Population (2010)	148,732	330,207
Households	58,864	131,759
Average Household Income	\$55,613	\$50,411
Owner-Occupied Households	69%	63.3%
Renter-Occupied Households	22.8%	21.5%
Associates Degree or Higher	33.2%	30.7%
% Population Ages 25-64	45.5%	44.5%

Projected annual population growth rate is .5% for the primary trade area and .3% for the secondary trade area.

Sample Market Profile Documents