

BEYOND THE PIER

GRAND HAVEN
WATERFRONT MASTER PLAN

BEYOND THE PIER MARKET ANALYSIS

Completed July 2020
Prepared by [williams&works](#)



**MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION**

Executive Summary

A retail market study was commissioned by the City of Grand Haven as part of an effort to collect and analyze data to inform the creation of the Beyond the Pier Waterfront Master Plan. The report examines consumer characteristics, market segmentation, retail leakage (gaps in current retail market), and retail business potential. The study provides a foundation of data to understand the city's retail industry and to identify potential retail needs and opportunities. The key findings of this analysis are summarized below.

Consumer Characteristics & Market Segmentation

- Population growth may help drive new retail demand. Future housing development may lead to an increase in the study area's population in the near future, which will help move the needle in terms of retail potential.
- Two Major Consumer Segments. The local consumer base is largely characterized by two dominant market segments: low-to-moderate income (earning less than \$35,000 per year per household) and affluent (and generally older) households. Each presents unique opportunities but the greatest potential is for businesses that cater to both markets such as restaurants and entertainment establishments.
- Commuters Represent Potential. The downtown serves as an employment center and new retail may be supportable by these commuters, especially in areas close to major employers.
- Major economic drivers are the tourism and vacation industry, which keeps retail vacancy at a low rate within the study area. In addition to the established office, mixed-use, and residential land uses in the study area, there is a strong indicator that the potential for continued steady growth in retail markets exists.

Introduction

The report examines consumer characteristics and market segmentation, retail leakage (gaps in current retail market), and retail business potential. The study provides a foundation of data to understand the study area's retail industry and identify potential retail needs and opportunities.

Methodology

The analysis utilizes data from Environmental Systems Research Institute (ESRI) Business Analyst - a leading provider of demographic and business data. ESRI uses publicly accessible data along with proprietary statistical models to generate estimates for the present day (2020) as well as five-year projections (through 2025). Though there is a margin of error with any statistical modeling, there remains a high confidence level of accuracy with U.S. Census Bureau data that is being used by ESRI to model these forecasts.

The *consumer characteristics analysis* examines key demographic attributes and trends relative to the study area's retail industry and growth potential. The *leakage analysis* compares resident spending to local and regional retail business sales to identify specific retail categories in which residents are leaving the area to spend money (resulting in a retail leakage), or alternatively, where people from outside of the area are coming to shop at local businesses (creating a retail surplus).

The analysis considered four geographic trade areas discussed below. Other data being collected and analyzed for the City of Grand Haven's economic development strategy includes U.S. Census American Community Survey (ACS) estimates, which is a national survey conducted every year to provide up-to-date information about the social and economic needs of communities. These figures are useful for municipal planning projects, as they can be compared over time and across different types of plans, and it provides more up-to-date information than the decennial census.

ACS data is collected from a sample of the population in the United States and Puerto Rico, rather than from the whole population. ACS data are estimates based on a five-year rolling average. To help interpret the reliability of the estimates, the Census Bureau publishes a margin of error (MOE) for every ACS estimate. ACS data is generally accurate to within +/- 2.5% of the population, depending on the indicator. ESRI does not publish margin of error statistics but is widely considered a leading vendor for demographic data.

Geographies Used in Analysis

Four geographies were selected for analysis to examine specific retail concentrations in the convenience retail sectors. These convenience sectors are the places that residents of the study area are willing to travel to outside the study area regularly (multiple times per week) and into the three concentric trade areas surrounding our downtown. Arguably it could be claimed that some of these sectors are in fact destination stops and not convenience stops, however, the overall study attempts to gauge the amount of leakage into these surrounding geographies. Our four defined geographies in the analysis include the 20-block Beyond the Pier project area and three “trade areas” defined by a drive-time radius from downtown Grand Haven (the Beyond the Pier project location): 5-, 10-, and 15-minutes. These are discussed below and shown on the map on the following page.

- **Beyond the Pier Project Area:** The defined project area that contains the twenty blocks within Clinton Avenue, 3rd Street, and the Grand River shoreline. We will form this area of analysis to understand the study area’s retail dynamics in terms of the inflow or outflow (leakage) of retail spending by city residents and visitors.
- **5-Minute Radius:** The 5-minute radius provides a more accurate understanding of retail potential - primarily for convenience retail goods and services for which people would typically not be willing to drive more than five minutes. The trade area includes the US-31/Beacon Boulevard commercial corridor, and M-104 east into Spring Lake.
- **10-Minute Radius:** The 10-minute radius is an intermediary geography that includes parts of US-31 north into Ferrysburg, Spring Lake Township, and Fruitport Township; US-31 south into Grand Haven Township; M-104 east into Spring Lake. It also includes the area north and south, covering all of Grand Haven and Spring Lake Townships.
- **15-Minute Radius:** This broader geography was selected to reveal retail potential for more “destination” types of retail for which consumers are willing to drive further distances. The area was selected to encompass retail concentrations in Port Sheldon to the south and Muskegon, Muskegon Heights, Roosevelt Park, and Muskegon Township to the north, including the Lakes Mall, Westshore Plaza, and the Lakeshore Marketplace. It also includes Port Sheldon Township, West Olive, Olive Township, Robinson Township, Nunica, Fruitport, and Crockery Township.

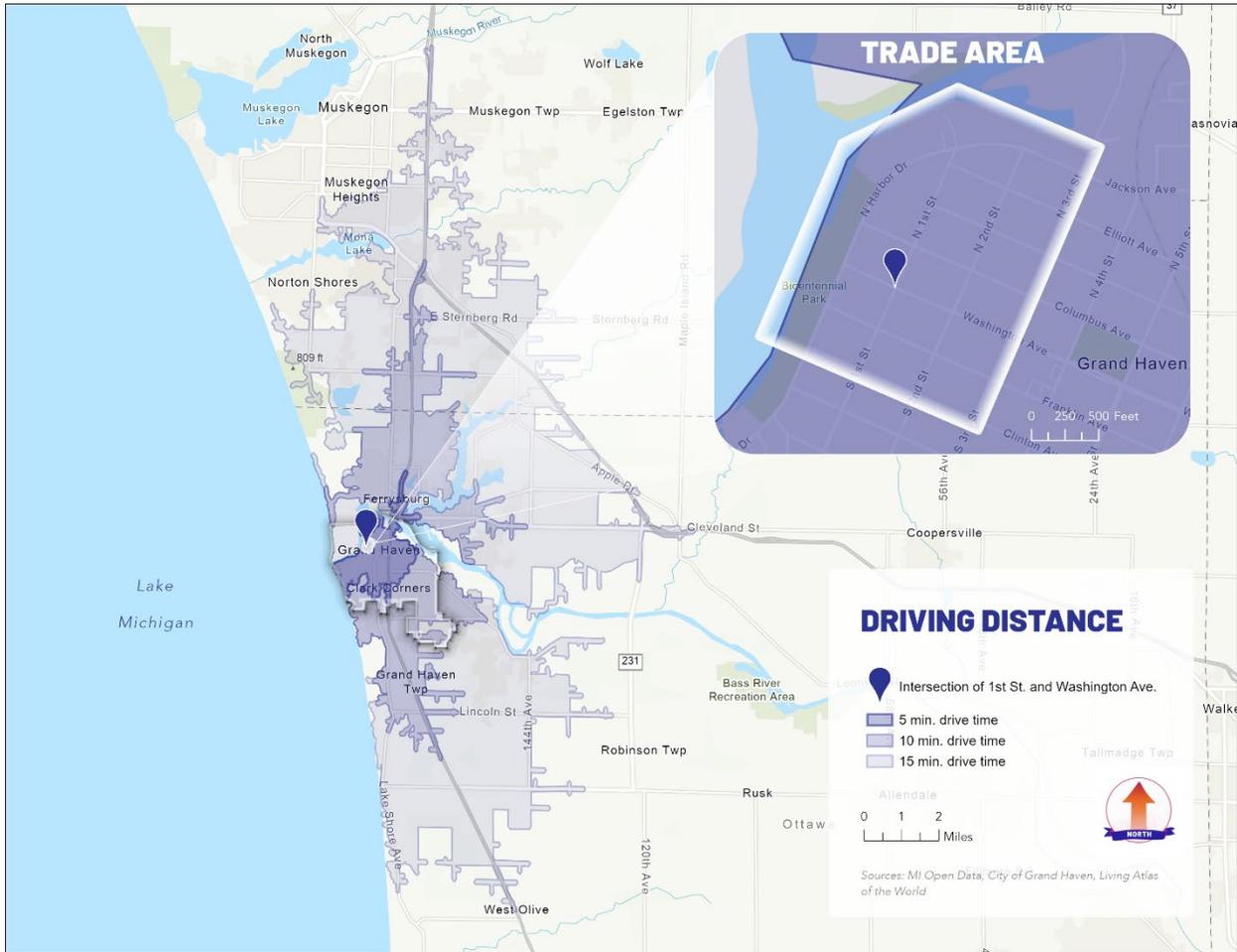
The map on the following page shows the four analysis geographies that fall within the study area. An additional map on page 5 indicates the location of major shopping centers located at the edge of the study area. This map is used as a visual indicator to show the distance away from our focused study area to destination specific market sector retail, therefore delineating our study of convenience over destination. These locations are primarily large shopping centers or shopping malls located outside Muskegon. There are many larger shopping centers and malls located in the greater Grand Rapids, Muskegon, and Holland MSA, however, when gathering information through greater concentric trade rings, a high degree of distortion towards the leakage of our 300 plus study area residents became vastly multiplied and provided less accurate information about this project’s focus area. Perhaps another study in the future could accurately yield high amounts of information on the overall surplus/leakage of the greater Grand Haven area which may develop a much more defined trade area as determined through meetings with the business community, chamber of commerce, DDA, and other local organizations that may contain studies or results from previous research.

Beyond the Pier Study Area



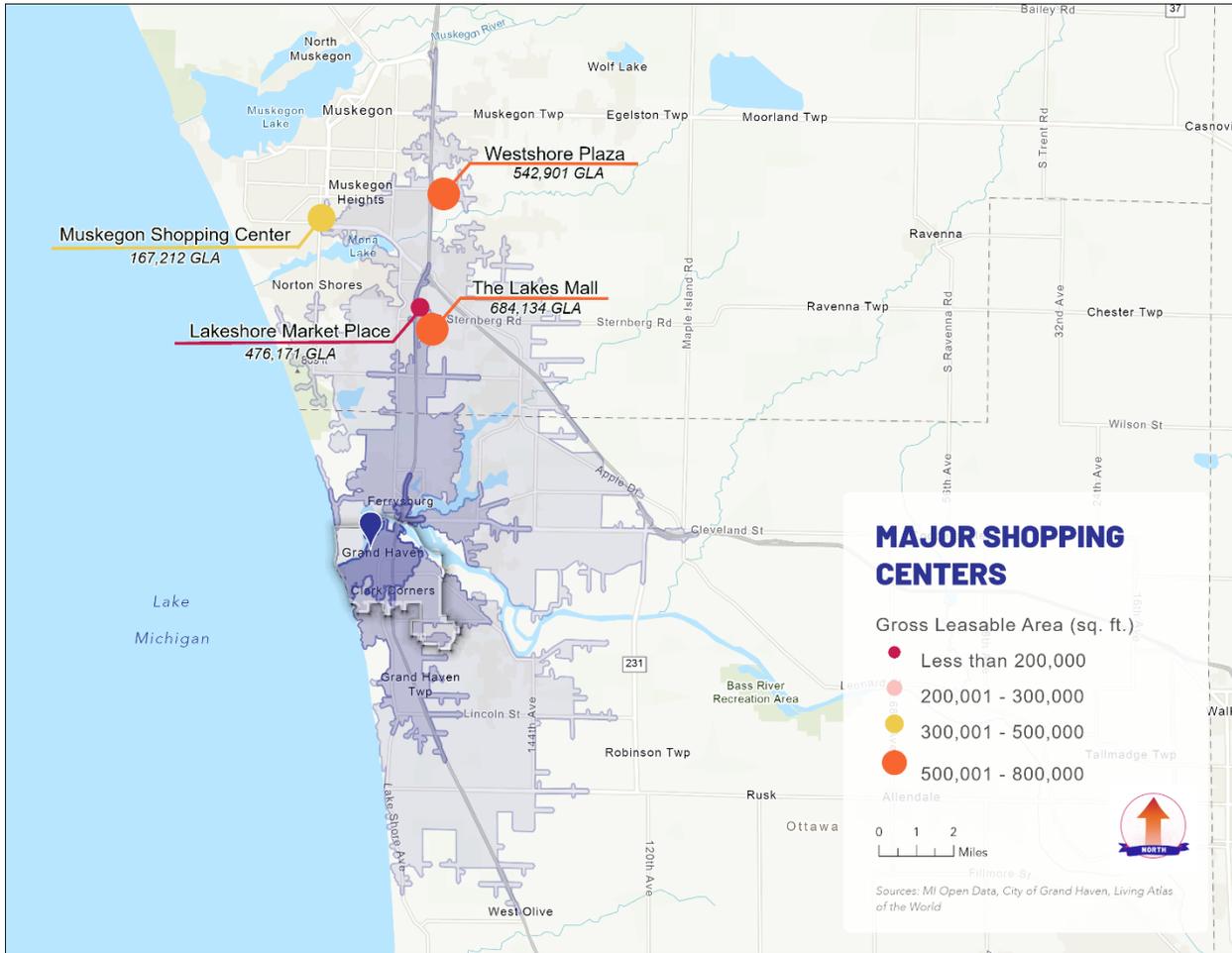
Source: Williams & Works

Four-Tier Trade Areas



Source: Williams & Works

Major Shopping Center Locations



Source: ESRI Business Analyst

Retail Industry Overview

The City of Grand Haven is home to 181 retail businesses (including food services and drinking places) that account for over 2,000 jobs - approximately 22.2% of all employment in the city. The city's retail businesses have estimated combined sales of over \$210 million annually. Note that food services and drinking places are included in the retail analysis as a retail category even though this sub-sector is not classified within the retail NAICS code. As a result, the retail industry statistics may be larger than reported elsewhere.

Food Services & Drinking Places is overwhelmingly the largest component of the study area's retail industry with 55 businesses (30.4% of all retail), 1,283 employees (59.8% of all retail), and \$44.6 million in sales (21.2% of all retail). By comparison, Building Materials, Garden Equipment and Supplies Stores ranks second with 8.5% of all retail employment. Within this category, Building Materials and Supplies is the largest subsector accounting for 96.1% of Building Materials and Garden Equipment and Supplies sales. Miscellaneous Store Retailers ranks third with 6.8% of employment in the retail industry and 5.7% of sales. Other Miscellaneous Store Retailers is the most substantial subcategory with over \$6.3 million in annual sales. The city's retail businesses are generally reflective of the retail concentrations typically found in small cities economies based on tourism and seasonal employment.

The table below provides an overview of the retail industry by category, broken down by businesses, employees, and sales. Retail category definitions can be found in Appendix A.

Retail Industry Overview - City of Grand Haven (5-minute trade area)						
Retail Category	Businesses		Employees		Sales	
	Number	Percent	Number	Percent	Number	Percent
Food Services & Drinking Establishments	55	30.4%	1,283	59.8%	\$44,596,868	21.2%
Miscellaneous Store Retailers	29	16.0%	145	6.8%	\$12,031,767	5.7%
Sporting Good, Hobby, Book, and Music Stores	13	7.2%	100	4.7%	\$9,001,904	4.3%
Food and Beverage Stores	14	7.7%	94	4.4%	\$9,407,927	4.5%
Building Materials, Garden Equipment and Supplies Stores	9	5.0%	183	8.5%	\$41,170,157	19.6%
Health and Personal Care Stores	9	5.0%	69	3.2%	\$15,703,371	7.5%
Fuel Stations	5	2.8%	38	1.8%	\$19,542,158	9.3%
Clothing and Clothing Accessories Stores	19	10.5%	69	3.2%	\$7,382,038	3.5%
Motor Vehicles and Parts Stores	14	7.7%	114	5.3%	\$40,177,350	19.1%
Electronics and Appliance Stores	4	2.2%	16	0.7%	\$3,081,341	1.5%
General Merchandise Stores	5	2.8%	22	1.0%	\$4,280,608	2.0%
Non-Store Retailers	3	1.7%	2	0.1%	\$794,817	0.4%
Furniture and Home Furnishing Stores	2	1.1%	11	0.5%	\$2,889,689	1.4%
Total	181	100.0%	2,146	100.0%	\$210,059,995	100.0%

Source: ESRI Business Analyst

Note that the retail industry statistics provided in the table represent ESRI's classification of businesses by NAICS code based on Census and other data. There is no central government agency with the role of assigning, monitoring, or approving NAICS codes for establishments. Individual establishments are assigned NAICS codes by various agencies for various purposes using a variety of methods. Generally, the U.S. Census Bureau's NAICS classification codes are derived from information that the business establishment provided on surveys, census forms, or administrative records. ESRI also utilizes additional methods to assign and verify NAICS codes. Data may not be 100% accurate but fall within an acceptable margin of error for analysis purposes.

Consumer Characteristics

This section examines the key sociodemographic characteristics of the consumer households within each trade area. It also examines consumer spending patterns and behaviors and identifies the major consumer segments to help understand the retail potential in Grand Haven.

Population and Households				
	Trade Area Geography			
	Study Area	5-Minute Trade Area	10-Minute Trade Area	15-Minute Trade Area
Population				
Population (2020)	314	6,620	27,489	71,499
Projected Population (2025)	353	6,944	28,953	74,465
Population Increase (2020-2025)	13	324	1,464	2,966
Percent Increase (2020-2025)	3.7%	4.9%	5.3%	4.1%
Housing				
Households (2020)	191	2,637	12,202	29,078
Average Household Size (2020)	1.37	2.24	2.22	2.43
Families (2020)	157	1,665	7,460	17,956
Average Family Size (2020)	1.79	2.89	2.82	2.97

Source: ESRI Business Analyst and US Bureau of the Census

The table above summarizes the population and household characteristics for each of the four geographies used in this study. As described above, these include the defined project area and three additional "trade areas" defined by their drive time radius. The project area has a population of just over 300 residents (191 households). The 15-minute "regional" trade area has a significantly greater population and potential consumer base when compared to the other geographies with approximately 71,499 people within a 15-minute drive time of downtown Grand Haven.

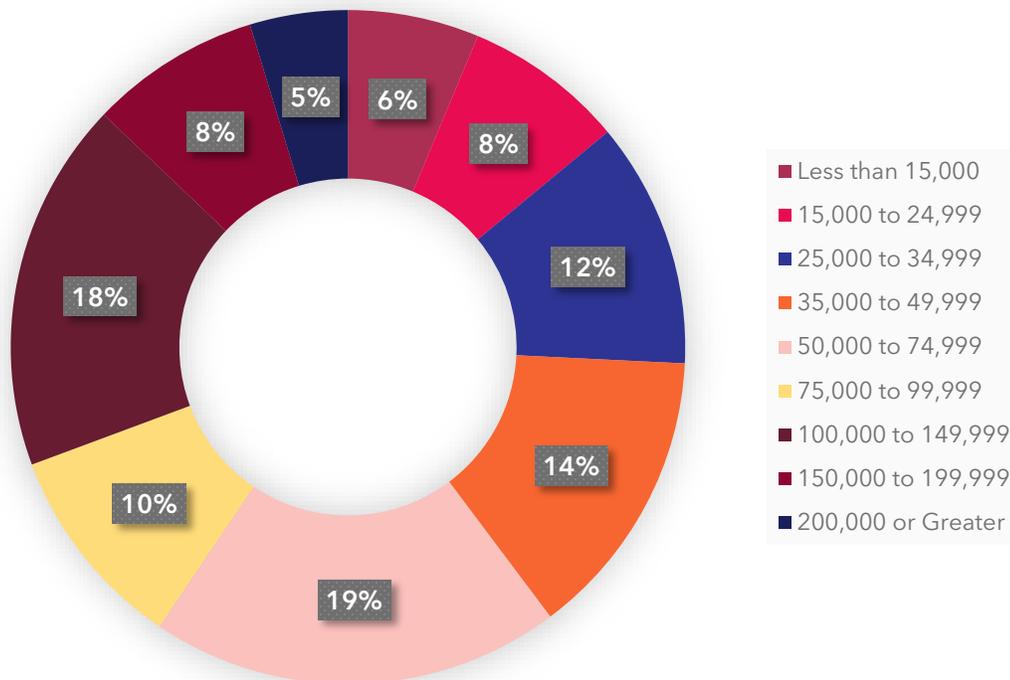
In general, the population is fairly stable with ESRI projections showing very modest increases in population across the geographies based on recent trends; however, there are a number of significant housing developments in the pipeline that are likely to increase the city's population in the near future. This is significant given that population growth is typically a driver of retail demand as more people equates to more demand for goods and services. New residents create an increased customer base. As the old adage goes, "retail follows rooftops."

Many housing developments have taken place in the neighborhoods both immediately to the north and south of downtown Grand Haven. The central business district has experienced the redevelopment and construction of many new housing units.

Projections indicate that approximately 14 new housing units will be constructed in the project area over the next five years. Therefore, the estimated population growth in the project area over the next five years is likely to grow at a very moderate rate according to ESRI's model.

The average household size is notably smaller in the project area at 1.37 people per household compared to the average household size of 2.43 persons per household in the 15-minute geography. This is most likely due to larger household sizes in the surrounding city residential neighborhoods and neighboring jurisdictions. The following figure highlights the income breakdown by percentage of housing units within the project area.

Percentage of Household Units by Income Level

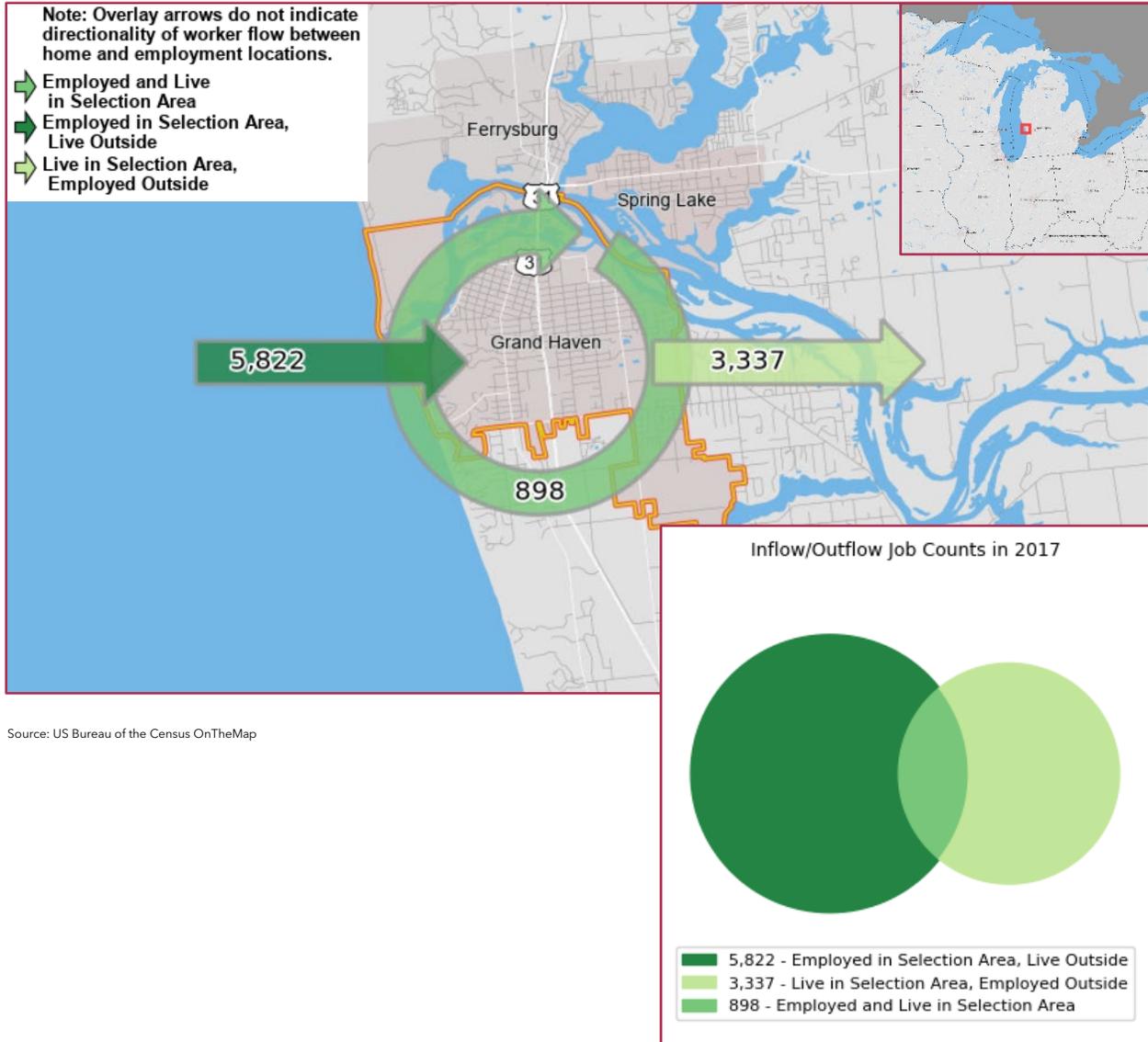


Source: US Bureau of the Census

Commuting Characteristics

Commuting characteristics have an impact on the local retail market and are important to consider. For example, an influx of commuters working in a municipality can enhance the local market potential for goods and services targeted to daytime workers such as lunch establishments, hair salons and barbershops, pharmacies, and other convenience retail. Approximately 6,700 people *work* in the City of Grand Haven. Of those workers, approximately 5,822 (87%) commute into the city, but live elsewhere. Approximately 13% of jobs in Grand Haven are filled by residents of the city. Of the approximately 4,235 people that *live* in the City of Grand Haven (and are employed), over 78% (3,337) commute to jobs outside of Grand Haven.

The data indicates that there is a net influx of 2,485 people into the city during the day (5,822 people commuting in vs. 3,337 people commuting out). This indicates potential market demand for convenience retail businesses, especially clustered around major employment centers. The graphics below illustrate the inflow/outflow characteristics of workers and residents in the City of Grand Haven.



Source: US Bureau of the Census OnTheMap

Age & Ethnicity

The age characteristics of Grand Haven are similar to other communities across Michigan. The study area population had a median age of 37.4 in 2020 when compared to the 15-minute geography's median age of 42.7. The age distribution shows a large percentage of residents between the ages of 15 and 34 (36.1%), a cohort distribution with comparable percentages until the distribution reaches the ages between 45 and 64 (36.4%). When correlated with the other geographies, it shows that more residents between ages of 15 and 34 either prefer to live in downtown or live with a family member that lives downtown when compared to the larger geographies. Also, the 45 to 64 cohort seems to increase downtown while they decrease in the larger geographies. This suggests that a large group of young unmarried professionals and retirees live in or near the study area. The young professionals seem to leave by the age of 35, while residents in early retirement relocate downtown. The concentration in this relatively young age group, along with affluent retirees, indicates strong market potential for retailers that target these cohorts. While predominantly "white," the City of Grand Haven does become more diverse as the trade areas increase in size. The following table shows a breakdown of the age and race/ethnicity characteristics of the four geographies.

Age and Ethnicity				
	Trade Area Geography			
	Study Area	5-Minute Trade Area	10-Minute Trade Area	15-Minute Trade Area
Median Age				
Median Age (2020)	37.4	40.9	44.7	42.7
Median Age Projected (2025)	38.0	41.4	45.4	43.5
Age Cohorts				
4 Years Old and Under	2.3%	5.8%	5.2%	5.6%
5 Years to 9 Years	1.6%	5.8%	5.4%	5.9%
10 Years to 14 Years	2.2%	5.8%	5.7%	6.3%
15 Years to 24 Years	19.3%	11.4%	10.9%	11.3%
25 Years to 34 Years	16.8%	13.8%	11.9%	12.0%
35 Years to 44 Years	12.7%	12.0%	11.3%	11.7%
45 Years to 54 Years	14.0%	12.0%	12.3%	12.8%
55 Years to 64 Years	21.4%	13.2%	14.6%	14.6%
65 Years to 74 Years	7.5%	11.7%	13.0%	12.0%
75 Years to 84 Years	1.6%	5.6%	6.3%	5.5%
85 Years Old and Older	0.3%	2.9%	3.5%	2.5%
Race/Ethnicity				
White Alone	97.2%	93.0%	93.9%	89.0%
Black Alone	0.0%	1.0%	1.0%	5.5%
American Indian Alone	0.9%	0.9%	0.7%	0.7%
Asian Alone	0.0%	1.4%	1.3%	1.2%
Pacific Islander Alone	0.0%	0.1%	0.1%	0.0%
Some Other Race Alone	0.3%	0.6%	0.7%	1.0%
Two or More Races	1.6%	2.9%	2.3%	2.6%
Hispanic Origin	1.9%	3.5%	3.2%	4.0%

Household Income

The income characteristics in the study area are skewed lower than other geographies in large part because of the larger low-income population. The median household income in the downtown is approximately \$57,326 compared to \$64,646 in the 10-minute geography and \$63,342 in the 15-minute geography. This indicates relatively higher income households just outside of the downtown. Incomes are projected to rise at a pace similar to or greater than surrounding neighborhoods when compared to the broader geographies; however, the increasing level of affluent retirees downtown may increase that number. The City should be careful not to gentrify the downtown from persons that have traditionally lived in or nearby.

Despite the concentration of low-income households (approximately 40% of households have incomes less than \$35,000), there is a substantial concentration of higher-income households in the study area and in the broader geographies. Approximately 31% of the study area's households have incomes of \$100,000 or greater. That is a higher percentage for comparable income levels in the 5-minute, 10-minute, and 15-minute geographies indicating a strong consumer base of high-income households. Nearly 7% of households in the 10-minute trade area radius have incomes exceeding \$200,000, which may help drive market demand for luxury and high-end goods and services.

Note that income levels are generally lower in the 15-minute geography compared to the 10-minute geography as this area picks up a greater number of relatively lower-income households that live in rural areas.

Household Income Characteristics (2020)				
	Trade Area Geography			
	Study Area	5-Minute Trade Area	10-Minute Trade Area	15-Minute Trade Area
Median Household Income (MHI)				
Median Household Income (2020)	\$57,326	\$63,860	\$64,646	\$63,342
Projected MHI (2025)	\$59,613	\$65,842	\$66,786	\$66,869
Projected Increase in MHI (2020-2025)	\$2,287	\$1,982	\$2,140	\$3,527
Projected Percent Increase in MHI (2020-2025)	3.99%	3.10%	3.31%	5.57%
Median Disposable Income	n/a	\$52,814	\$53,256	\$52,309
Households by Income Distribution (2020)				
Less than \$15,000	6.2%	5.9%	5.0%	6.4%
\$15,000 - \$24,999	7.6%	8.2%	8.8%	7.7%
\$25,000 - \$34,999	11.8%	9.1%	8.6%	9.1%
\$35,000 - \$49,999	14.1%	12.3%	13.0%	13.8%
\$50,000 - \$74,999	19.7%	22.1%	21.5%	20.6%
\$75,000 - \$99,999	9.9%	12.7%	13.5%	13.6%
\$100,000 - \$149,999	17.7%	17.2%	16.0%	15.9%
\$150,000 - \$199,999	8.2%	6.3%	6.8%	6.8%
\$200,000 or Greater	4.8%	6.1%	6.7%	6.1%
Average HH Income	\$76,274	\$86,896	\$89,301	\$86,837

Source: ESRI Business Analyst and the US Bureau of the Census

Housing

Rental housing units exceed the number of owner-occupied homes in the study area with 52.8% of all housing units being occupied by renters. This proportion declines further from downtown. In the 15-minute geography, only approximately 20.7% of housing units are occupied by renters. This again is typical of downtown residential where a large number of persons live in rental units located above storefronts or in mixed-use or multi-family buildings. The balance between renter and owner-occupied units is expected to decline to 44.3% over the next five years.

The housing vacancy rate downtown is 11.3%, which is a lower vacancy rate compared neighborhoods close to the downtown located in the 5-minute geography (20.7%). A lower vacancy rate typically indicates a relatively stronger housing market as there are fewer housing units that are sitting vacant due to higher demand. This vacancy calculation does not include seasonal, recreational, or temporary housing units. A stronger housing market can help support new residential development and attract new retailers. Following the patterns of the population projections, the number of new housing units is not expected to increase markedly over the next five years. This may have implications for home improvement, décor, and related retailers that tend to benefit the most in areas of strong housing growth. It should be noted that ESRI housing projections, similar to population projections, are based largely on recent trends and do not factor in any housing projects planned or under construction, which would increase the estimated housing unit growth. If new housing leads to increased population (rather than replacing existing housing units) by attracting people to live in the study area who would otherwise live elsewhere, then retail potential would be enhanced due to the increase in the local consumer base.

Housing Characteristics				
	Trade Area Geography			
	Study Area	5-Minute Trade Area	10-Minute Trade Area	15-Minute Trade Area
2020 Housing Units				
Total Housing Units	354	3,766	12,937	30,070
Owner Occupied Units	127	1,985	7,698	20,177
Renter Occupied Units	187	922	3,105	6,224
Vacant Units	40	779	2,135	3,638
2025 Housing Units				
Total Housing Units	368	3,958	15,312	34,351
Owner Occupied Units	132	2,090	9,264	23,633
Renter Occupied Units	163	997	3,660	6,801
Vacant Units	73	871	2,389	3,916
Projected Change in Housing Units (2020 - 2025)				
Change in Number of Units	14	192	2,375	4,281
Percent Change of Units	3.95%	5.10%	18.36%	14.24%

Source: ESRI Business Analyst and US Bureau of the Census

Home values in the study are comparable to the state average (\$146,200). When compared to the surrounding geographies median home values are considerably higher. Home values are projected to increase substantially over the next five years, rising 12.7% to a median home value of nearly \$164,000. The projected increase in housing values is comparable to the other geographies, which indicates a robust housing market over the entire region. The affordability of housing in the study area when compared to the surrounding geographies is considerably more affordable overall than the surrounding geographies. 74.4% of owner-occupied homes are valued at under \$200,000 compared to 54%, 53%, and 53% in the 5-, 10-, and 15-minute geographies, respectively. Nearly 10% of homes in the downtown exceed the \$400,000 value mark. The housing value data reflects a small percentage of high-income households and upscale homes that contrasts with the lower-income residents and young professionals living in rental housing units. It also indicates that some lower-income and middle-class families may be choosing (or are forced) to live in more affordable neighborhoods within Grand Haven and would therefore be more likely to shop closer to home.

Housing Characteristics				
	Trade Area Geography			
	Study Area	5-Minute Trade Area	10-Minute Trade Area	15-Minute Trade Area
Home Value Overview				
Median Home Value (2020)	\$144,900	\$187,427	\$192,816	\$191,832
Median Home Value (2025)	\$163,360	\$210,345	\$217,504	\$217,136
Percent Increase (2020-2025)	12.74%	12.23%	12.80%	13.19%
Average Home Value	\$196,742	\$255,333	\$271,744	\$249,706
Owner Occupied Housing Units by Value				
Less than \$50,000	2.1%	4.0%	7.6%	11.2%
\$50,000 to \$99,999	16.6%	9.8%	7.1%	9.1%
\$100,000 to \$149,999	34.8%	23.2%	19.2%	15.2%
\$150,000 to \$199,999	20.9%	17.3%	18.8%	17.4%
\$200,000 to \$249,999	6.5%	9.1%	11.7%	13.3%
\$250,000 to \$299,999	6.5%	11.1%	10.2%	10.8%
\$300,000 to \$399,999	4.5%	10.6%	9.7%	10.6%
\$400,000 to \$499,999	4.6%	9.4%	5.5%	4.1%
\$500,000 to \$749,999	1.3%	0.4%	4.6%	4.4%
\$750,000 to \$999,999	1.3%	1.5%	2.6%	1.8%
\$1,000,000 or Greater	2.1%	0.9%	3.0%	2.2%

Source: ESRI Business Analyst and US Bureau of the Census

Spending Patterns

This section discusses spending patterns by households in each geography and in specific retail categories. The average annual amount spent by households is shown along with the Spending Potential Index (SPI). The SPI is household based and represents the amount spent for a product or service relative to a national average of 100. As an example, an SPI of 120 means that households spend 20% more than the national average in that category. The index is helpful for understanding retail potential by identifying the types of retail categories in which local consumers tend to spend more, and in which new businesses may be supported because of those spending patterns. As shown on the following chart, consumer households in the study area and the 5-, 10-, and 15-minute drive time geographies spend comparatively on retail goods and services overall compared to national averages. There are three categories where SPI is 5% or greater than the national average. Local consumers tend to spend more on health care (health procedures, office visits, and prescription drugs); vehicle maintenance and repairs (repairs at a mechanic or do-it-yourself repairs); and support payments, in-kind payments, and cash contributions (alimony and child support, and payments to persons outside the household unit).

Consumer Spending (2020)					
Retail Category	Household Spending	Geography			
		Study Area	5-Minute Trade Area	10-Minute Trade Area	15-Minute Trade Area
Apparel & Services	Average Spent		\$2,099.24	\$2,112.32	\$2,055.79
	MPI		98	98	96
Education*	Average Spent		\$1,664.12	\$1,691.86	\$1,634.73
	MPI		93	95	91
Entertainment & Recreation	Average Spent		\$3,178.39	\$3,283.88	\$3,216.46
	MPI		98	101	99
Food at Home	Average Spent		\$5,199.45	\$5,342.73	\$5,219.42
	MPI		97	100	98
Food Away from Home	Average Spent		\$3,653.06	\$3,702.96	\$3,610.61
	MPI		97	98	96
Health Care	Average Spent		\$5,753.64	\$6,024.82	\$5,920.58
	MPI		100	105	103
Household Furnishings & Equipment	Average Spent		\$2,167.19	\$2,213.73	\$2,163.01
	MPI		99	101	99
Personal Care Products & Services	Average Spent		\$916.14	\$932.54	\$906.35
	MPI		100	101	99
Shelter	Average Spent		\$18,489.53	\$18,834.72	\$18,012.26
	MPI		95	97	93
Support Payments, Cash Contributions, In-Kind Payments**	Average Spent		\$2,350.46	\$2,455.90	\$2,366.26
	MPI		100	105	101
Travel	Average Spent		\$2,300.23	\$2,402.43	\$2,308.49
	MPI		95	100	96
Vehicle Maintenance & Repairs	Average Spent		\$1,191.85	\$1,214.35	\$1,170.56
	MPI		103	105	101

Source: ESRI Business Analyst Online. Consumer Spending data are derived from the 2016 and 2018 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Data Note: Consumer spending shows the amount spent on a variety of goods and services by households that reside in the area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue. Total and Average Amount Spent per Household represent annual figures.

The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

Pink highlighting indicates SPI is at least 5% greater than national average.

* Education includes tuition; fees; and textbooks, supplies, and equipment for public and private nursery schools, elementary and high schools, colleges and universities, and other schools.

** Support payments include alimony and child support, as well as any regulator contributions to persons outside the consumer unit.

Consumer Behavior

Consumer behaviors are also important to examine as they can highlight patterns, strengths, and potential for certain types of retailers whose products align with the activities and preferences of local households. The table on the following page provides an estimate of the number of households in Grand Haven that have engaged in certain behaviors or purchased specific types of products. For each category, the Market Potential Index (MPI) is shown. MPI measures the relative likelihood of consumers in the specified area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. As with SPI, an MPI of 100 represents the U.S. average.

The following table shows the categories with the highest MPI for households in the City of Grand Haven. The types of products and behaviors with the highest MPI reflect the young college population in the study area, including things like watching TV online, mobile banking, downloading movies over the internet, owning an iPhone, etc. These consumer behaviors are indicative of a technology-inclined consumer base that is more likely to shop online for goods than in brick-and-mortar retail locations.

There are also a number of entertainment categories where MPI greatly exceeds the national average including going to live theater, going to bars/night clubs, and going to see a movie. Additionally, several travel and vacation behaviors ranked among the top, including several related to foreign vacations. The entertainment and travel consumer behaviors indicate that there may be opportunities for more entertainment-related venues and businesses that can target both the student population and the generally more affluent households in the city - both of which have a greater propensity to participate in entertainment and nightlife activities.

Food-related consumer habits also emerged with higher than average MPI estimates. Patronage of fast food/drive-in restaurants was very high, as well as use of organic food. Again, the patterns reflect the dichotomy of the city's population of young students and relatively affluent households.

Top Consumer Behaviors - City of Grand Haven (2020)			
Product/Consumer Behavior	Expected Number of Adults per Household	Percent of Adults per Household	MPI
Household spent \$1-\$499 on most recent home computer	501	17.1%	116
Household spent \$500-\$999 on most recent home computer	549	18.7%	117
Bought cigarettes at a convenience store in the last 30 days	669	12.7%	121
Bought gas at a convenience store in the last 30 days	2,155	41.0%	110
Played video or electronic game console in the last 12 months	585	11.1%	123
Average monthly credit card expense \$1-\$110	7,018	14.4%	127
Own shares in a mutual fund (bonds)	148	52.0%	110
Have a checking account that accrues interest	7,049	32.0%	112
Currently carry life insurance	10,505	47.6%	110
Read a daily newspaper (paper version)	4,179	18.9%	119
Household owns a portable GPS navigation device	2,832	23.2%	114
Household did any home improvement project in the last 12 months	8,753	30.1%	110
Household owns any pet	17,450	60.0%	112
Household owns a cat	8,107	27.9%	122
Household owns a dog	13,469	46.3%	113
Buying an American car is important to me	24,049	42.9%	116

Source: ESRI Business Analyst

An MPI (Market Potential Index) measures the relative likelihood of the adults or households 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.

Product/Consumer Behavior with MPI >110 Shown Above

Consumer Segmentation

Consumer segmentation is a tool to help understand a population in each geography by categorizing households into groups with similar characteristics. These groups, or segments, help simplify the understanding of consumer behaviors and what they mean for the city's retail market. ESRI's Tapestry Segmentation model was used to identify the most populous consumer segments in each of the study geographies. Tapestry classifies households into 67 unique segments based on demographic and socioeconomic characteristics. The model and its classifications are utilized by retailers throughout the U.S. to make site selection decisions.

The top five Tapestry segments for each geography by percentage of households are shown below, followed by profiles of the top five segments found in our study area. Note that the profiles are generalizations based on the nationwide segmentation model, and not the specific populations residing in Grand Haven. Nevertheless, they provide useful insights into the broad consumer segments within the downtown trade area.

Consumer Segmentation: Top 5 Tapestry Segments (2020)

Rank	Geography											
	Study Area	(%)	Nation (%)	5-Minute Trade Area	(%)	Nation (%)	10-Minute Trade Area	(%)	Nation (%)	15-Minute Trade Area	(%)	Nation (%)
1	Segment 11D	73.1%	1.4%	Segment 5D	21.4%	2.2%	Segment 5E	17.5%	2.5%	Segment 6A	15.0%	3.2%
2	Segment 5B	15.7%	2.2%	Segment 11D	20.9%	1.4%	Segment 5D	13.0%	2.2%	Segment 6B	14.1%	2.9%
3	Segment 8C	11.1%	2.3%	Segment 5A	16.3%	2.4%	Segment 8F	10.4%	2.3%	Segment 5E	9.8%	2.5%
4				Segment 5E	14.1%	2.5%	Segment 6A	9.4%	3.2%	Segment 8F	8.7%	2.3%
5				Segment 5B	13.8%	2.2%	Segment 5A	7.2%	2.4%	Segment 5D	6.6%	2.2%
Total		99.9%	5.9%		86.5%	10.7%		57.5%	12.6%		54.2%	13.1%

Source: ESRI Business Analyst

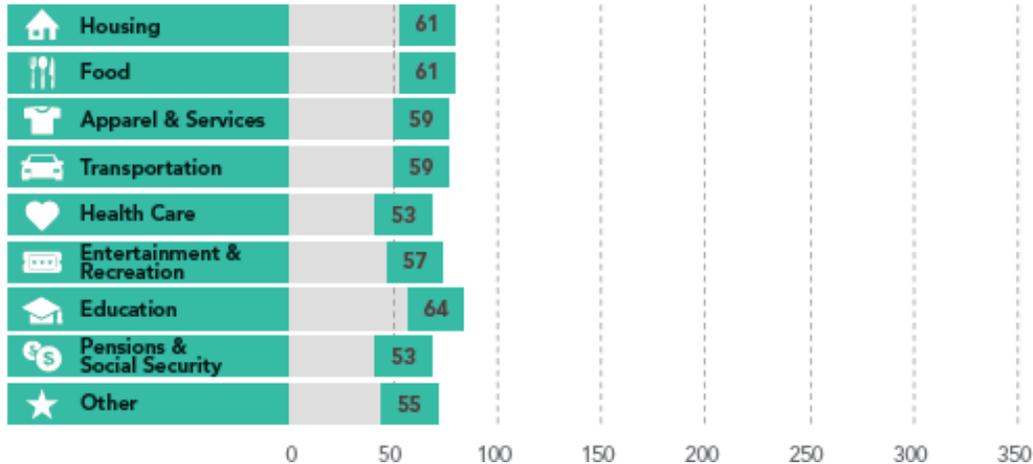
Segment 11D¹ **73.1% of Study Area Households -**

Description: Almost three-quarters of all households within the Beyond the Pier study area are categorized into Segment 11D - Set to Impress. Set to Impress is depicted by medium multiunit apartments with lower than average rents. These apartments are often nestled into neighborhoods with other businesses or single-family housing. Nearly one in three residents is 20 to 34 years old, and over half of the homes are single person and nonfamily households. Although many residents live alone, they preserve close connections with their family. Income levels are low; many of these household's work in food service while they are attending college. This group is always looking for a deal. They are very conscious of their image and seek to bolster their status with the latest fashion. Set to Impress residents are tapped into popular music and the local music scene.

¹ ESRI Tapestry Segmentation

AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



Source: ESRI Tapestry Segmentation

Apartments represented by multiple multiunit structures are often nestled in neighborhoods with either single-family homes or other businesses.

- Renters make up nearly three quarters of all households.
- They are found mostly in urban areas, but also in suburbs.
- Single-person households make up over 40% of all households.
- It is easy enough to walk or bike to work for many residents.

Residents are better educated and mobile.

- Unemployment is higher, although many are still enrolled in college (Index 141).
- They always have an eye out for a sale and will stock up when the price is right.
- They prefer name brands but will buy generic when it is a better deal.
- Quick meals on the run are a reality of life.
- They are image-conscious consumers that dress to impress and often make impulse buys.
- They maintain close relationships with family.

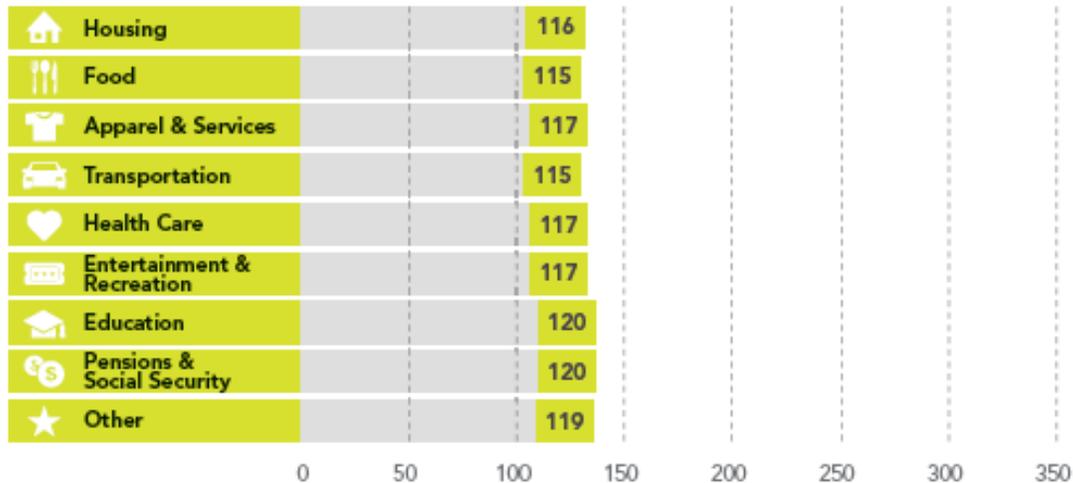
Segment 5B² **15.7% of Study Area Households -**

Description: More than 15% of all households within the study area are categorized into Segment 5B - In Style. In Style denizens embrace an urbane lifestyle that includes support of the arts, travel, and extensive reading. They are connected to and make full use of the advantages of mobile devices. Professional couples or single households without children, they have the time to focus on their homes and their interests. The population is slightly older and is already planning for their retirement.

² ESRI Tapestry Segmentation

AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



Source: ESRI Tapestry Segmentation

- City dwellers of large metropolitan areas.
- Married couples, primarily with no children (Index 112) or single households (Index 109); average household size at 2.35.
- Home ownership average at 68% (Index 108); nearly half, 47%, mortgaged (Index 114).
- Primarily single-family homes, in older neighborhoods (built before 1980), with a mix of town homes (Index 132) and smaller (5 -19 units) apartment buildings (Index 110).
- Median home value at \$243,900.
- Vacant housing units at 8.6%.
- College educated: 48% are graduates (Index 155); 77% with some college education.
- Low unemployment rate at 3.6% (Index 66); higher labor force participation rate is at 67% (Index 108) with proportionately more 2-worker households (Index 110).
- Median household income of \$73,000 reveals an affluent market with income supplemented by investments (Index 142) and a substantial net worth (Index 178).
- Connected and knowledgeable, they carry smartphones and use many of the features.
- Attentive to price, they use coupons, especially mobile coupons.

Segment 8C³

11.1% of Study Area Households -

Description: This segment of study area households completes over 99% of the entire social-economic segmentation classification of the downtown study area. Segment 8C - Bright Young Professionals is a large market, primarily located in urban outskirts of large metropolitan areas. These communities are home to young, educated, working professionals. More than one out of three householders are under the age of 35. Slightly more diverse

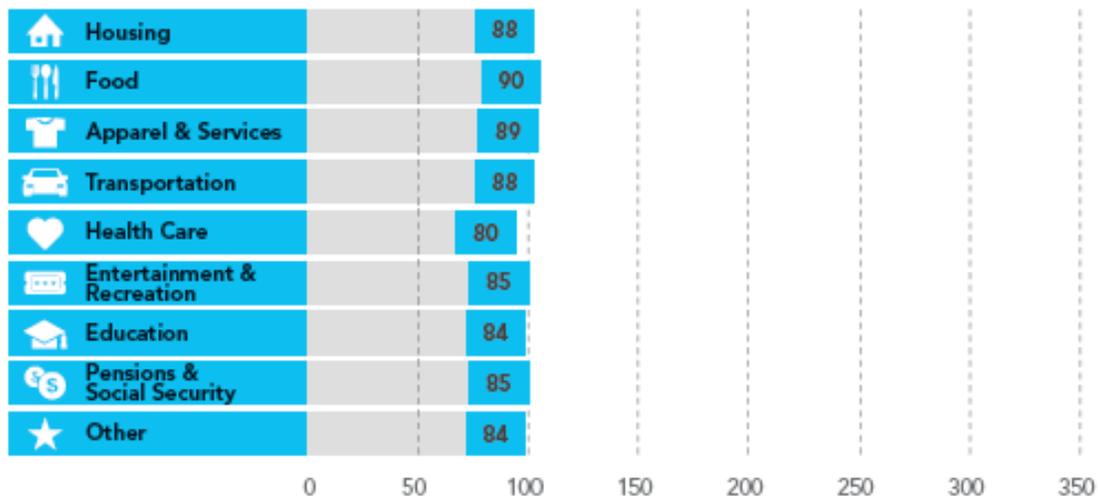
³ ESRI Tapestry Segmentation

couples dominate this market, with more renters than homeowners. More than two-fifths of the households live in single-family homes; over a third live in 5+ unit buildings. Labor force participation is high, generally white-collar work, with a mix of food service and part-time jobs (among the college students). Median household income, median home value, and average rent are close to the US values. Residents of this segment are physically active and up on the latest technology.

- Approximately 57% of the households rent; 43% own their homes.
- Household type is primarily couples, married (or unmarried), with above average concentrations of both single-parent (Index 125) and single-person (Index 115) households.
- Multiunit buildings or row housing make up 56% of the housing stock (row housing (Index 178), buildings with 5-19 units (Index 275)); 43% built 1980-99.
- Average rent mirrors the US (Index 100).
- Lower vacancy rate is at 8.2%.
- Education completed: 35% with some college or an associate degree, 33% with a bachelor's degree or higher.
- Unemployment rate is lower at 4.7%, and labor force participation rate of 72% is higher than the US rate.
- These consumers are up on the latest technology.
- They get most of their information from the Internet.
- Concern about the environment impacts their purchasing decisions.

AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



Source: ESRI Tapestry Segmentation

Retail Leakage Analysis

A retail leakage analysis is a statistical tool to help understand the retail dynamics in a certain geography. It is commonly referred to as a retail “gap” analysis because it identifies gaps in the retail market where demand for retail goods and services in a specific category is not being satisfied by the existing retail businesses in that geography (i.e., sales are “leaking” out of the downtown). Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. 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 three (3) industry groups within the Food Services & Drinking Establishments subsector.

The analysis compares the estimated spending of households located in each geography (demand) with actual sales at retail businesses within that same geography (supply). “Estimated spending,” or demand, is a figure that includes all retail spending by households, including at local retail establishments as well as elsewhere in the region and online. Actual sales at retail businesses within the geography include all sales, whether to residents or not, thus indicating the total supply provided to all customers. Retail leakage (gap) is calculated as demand minus supply. Therefore, a positive retail gap indicates that demand exceeds supply within the geography, and consumers are leaving the area (or going online) to purchase goods and services in that category. A negative retail gap indicates a net inflow of spending in a retail category within a given geography.

A negative retail gap also indicates that supply exceeds demand from within the geography, providing evidence that customers are coming from outside the geography. This is common when there are significant retail/restaurant destinations that attract patrons from outside of the geography being examined. The negative gap is the amount of money that residents from outside the community spend in that geography. This retail leakage analysis was performed for each of the four geographies examined. The total retail leakage figures are shown below with a detailed breakdown by category for each geography on the following pages. The downtown study area has a net overall retail surplus of \$60 million annually; however, much of this surplus is being provided by businesses that cater to residents out of the study area.

Retail Gap Summary (\$)				
	Geography			
	Study Area	5-Minute Trade Area	10-Minute Trade Area	15-Minute Trade Area
Total Retail Trade and Food & Drink	(60,224,293)	(121,156,841)	(228,533,297)	(430,992,929)
Total Retail Trade	(49,274,804)	(85,091,904)	(187,490,704)	(367,729,074)
Total Food & Drink	(10,949,487)	(36,064,937)	(41,042,592)	(63,263,854)

Source: ESRI Business Analyst

As shown in the previous table, all four of these analyses trade areas have a cumulative over supply (negative gap) for retail trade and food services & drinking establishments. However, a trade area with a cumulative total surplus, doesn't necessarily indicate that all retail/restaurant sectors are oversupplied. This is indicated below.

Beyond the Pier Downtown Study Area

The Beyond the Pier study area contains a cumulative retail surplus of more than \$60 million. This is typical, as downtowns traditionally have fewer households and lower populations while containing a great quantity of retail and restaurant space. Therefore, over-supply is often indicated when measured at a whole. But it is important to note that certain retail sectors are experiencing retail leakage into nearby markets. As you will see by the trade area numbers in the larger trade areas, most of the demand from downtown consumers is fulfilled within the 10-Minute Trade Area. The retail sectors with the greatest amounts of leakage (at the 4-digit NAICS level) are:

- Automobile Dealers (\$550,607) or a 38% leakage
- Furniture Stores (\$178,324) or a 100% leakage
- Home Furnishing Stores (\$101,510) or a 100% leakage
- Grocery Stores (\$1,388,486) or a 100% leakage
- Other General Merchandise Stores (\$428,987) or a 100% leakage
- Florists (\$12,660) or a 100% leakage
- Vending Machine Operators (\$9,500) or a 100% leakage
- Direct Selling Establishments (\$18,681) or a 100% leakage
- Special Food Services (\$25,486) or a 100% leakage
- Drinking Places - Alcoholic Beverages (\$52,426) or a 100% leakage

The leakage in Grocery Stores is by far the largest amount leaking into the surrounding markets, well over \$1.3 million. Categories such as groceries are often considered retail sectors that people are willing to drive extra time for larger purchases, these are handled at large retail centers such as Walmart, Meijer, Kroger, etc. and these providers are typically not found in small downtown centers. However, successful downtown-based grocery stores do exist and have been growing in recent years. Examples include Gordon Food Markets (a community market-style grocery outlet operated by Gordon Food Services), or a more local example is the Bridge Street Market (a neighborhood-based full-service grocery market located in Grand Rapids, operated by Meijer). Other downtown or "urban" grocery store models have been provided by retailers such as Whole Foods, Trader Joes, or Dominick's, who is based in Chicago.

Retail Leakage - Downtown Study Area					
NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage (Outflow or Inflow)
4411	Automobile Dealers	1,436,170	885,563	550,607	38%
4412	Other Motor Vehicle Dealers	146,958	3,213,167	(3,066,209)	-2086%
4413	Auto Parts, Accessory & Tire Stores	187,758	583,035	(395,277)	-211%
4421	Furniture Stores	178,324	0	178,324	100%
4422	Home Furnishing Stores	101,510	0	101,510	100%
443	Electronics & Appliance Stores	283,406	757,369	(473,963)	-167%

4441	Building Materials & Supply Dealers	468,331	14,820,391	(14,352,060)	-3065%
4442	Garden Equipment & Supply Stores	42,748	572,631	(529,883)	-1240%
4451	Grocery Stores	1,388,486	0	1,388,486	100%
4452	Specialty Food Stores	78,331	1,493,439	(1,415,108)	-1807%
4453	Beer, Wine, & Liquor Stores	116,452	1,821,791	(1,705,339)	-1464%
4461	Health & Personal Care Stores	603,292	4,956,141	(4,352,849)	-722%
4471	Gasoline Stations	1,004,960	12,591,051	(11,586,091)	-1153%
4481	Clothing Stores	311,188	28,123,365	(27,812,177)	-8937%
4482	Shoe Stores	66,989	381,464	(314,475)	-469%
4483	Jewelry, Luggage, & Leather Goods Stores	88,075	990,512	(902,437)	-1025%
4511	Sporting Goods, Hobby, Musical Instruments Stores	196,548	1,665,219	(1,468,671)	-747%
4512	Book, Periodical, & Music Stores	41,387	3,520,168	(3,478,781)	-8405%
4521	Department Stores (excluding leased departments)	940,012	1,147,970	(207,958)	-22%
4529	Other General Merchandise Stores	428,987	0	428,987	100%
4531	Florists	12,660	0	12,660	100%
4532	Office Supplies, Stationary & Gift Stores	64,931	1,125,596	(1,060,665)	-1634%
4533	Used Merchandise Stores	56,733	483,686	(426,953)	-753%
4539	Other Miscellaneous Merchandise Stores	176,930	3,471,955	(3,295,025)	-1862%
4541	Electronic Shopping & Mail-Order Houses	128,176	249,263	(121,087)	-94%
4542	Vending Machine Operators	9,500	0	9,500	100%
4543	Direct Selling Establishments	18,681	0	18,681	100%
7223	Special Food Services	25,486	0	25,486	100%
7224	Drinking Places (alcoholic beverages)	52,426	0	52,426	100%
7225	Restaurant/Other Eating Places	857,809	11,879,642	(11,021,833)	-1285%

Source: ESRI Business Analyst

The downtown does have some notable retail sectors with a negative retail gap (i.e., representing a net influx of spending). The most significant of these include:

- Other Motor Vehicle Dealers (-\$3.1M) or an 2,086% over-supply
- Building Materials & Supply Stores (-\$14.3M) or an 3,065% over-supply
- Lawn & Garden Equipment and Supplies Stores (-\$529,883) or an 1,240% over-supply
- Specialty Food Stores (-\$1.4M) or an 1,807% over-supply
- Beer, Wine, Liquor Retailers (-\$1.7M) or an 1,464% over-supply
- Book, Periodical, and Music Stores (-3.5M) or an 8,405% over-supply
- Office Supplies, Stationary, and Gift Shops (-1.1M) or an 1,634% over-supply
- Other Miscellaneous Merchandise Stores (-3.3M) or an 1,862% over-supply
- Restaurants & Other Eating Establishments (-\$11.1M) or an 1,285% over-supply

The table provides a full breakdown of the retail gap for the downtown study area by retail category. Note that retail leakage in a category does not necessarily equate to retail potential. Retail potential is analyzed in the following section. The surplus in the *Restaurants/Other Eating Places* indicates that Grand Haven is functioning as a dining (and drinking) destination. The surplus of *Building Materials & Supply Stores*, as well as other specialty liquor and food retailers, and *Book, Periodical, and Music Stores* indicates that people from outside of the area travel downtown to shop specialty markets and suppliers for items they may not be able to find in a larger trade area.

5-Minute Trade Area

The 5-Minute Trade geography contains a cumulative retail surplus of more than \$121 million dollars. Though containing a larger household count and population, the demand for services also greatly increases. It may contain retail corridors as well, which is where these sales take place. Again, over-supply is often indicated when measured at a whole, but it is important to note that certain retail sectors are experiencing retail leakage into even larger markets. Most of the demand, if not met here, is fulfilled within the 10-Minute Trade Area. The retail sectors with the greatest amounts of leakage (at the 4-digit NAICS level) are:

- Furniture Stores (\$449,149) or a 27% leakage
- Grocery Stores (\$12,648,219) or a 100% leakage
- Shoe Stores (\$55,840) or a 9% Leakage
- Department Stores (excluding leased departments) (\$6,740,978) or a 78% Leakage
- Other General Merchandise Stores (\$1,530,274) or a 39% Leakage
- Electronic Shopping & Mail-Order Houses (\$825,238) or a 70% Leakage
- Vending Machine Operators (\$85,819) or a 100% leakage
- Special Food Services (\$131,679) or a 55% leakage
- Drinking Places - Alcoholic Beverages (\$432,293) or an 87% leakage

Retail Leakage - 5-Minute Trade Area					
NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage (Outflow or Inflow)
4411	Automobile Dealers	13,618,771	20,262,672	(6,643,901)	-49%
4412	Other Motor Vehicle Dealers	1,464,987	15,308,413	(13,843,426)	-945%
4413	Auto Parts, Accessory & Tire Stores	1,766,879	4,606,265	(2,839,386)	-161%
4421	Furniture Stores	1,642,682	1,193,533	449,149	27%
4422	Home Furnishing Stores	1,019,284	1,696,155	(676,871)	-66%
443	Electronics & Appliance Stores	2,604,915	3,081,341	(476,426)	-18%
4441	Building Materials & Supply Dealers	4,984,933	39,570,799	(34,585,866)	-694%
4442	Garden Equipment & Supply Stores	479,462	1,599,358	(1,119,896)	-234%
4451	Grocery Stores	12,648,219	0	12,648,219	100%
4452	Specialty Food Stores	708,654	3,655,360	(2,946,706)	-416%
4453	Beer, Wine, & Liquor Stores	1,060,662	4,749,128	(3,688,466)	-348%
4461	Health & Personal Care Stores	5,790,466	15,703,371	(9,912,905)	-171%
4471	Gasoline Stations	9,212,541	19,542,158	(10,329,617)	-112%
4481	Clothing Stores	2,818,938	5,407,466	(2,588,528)	-92%
4482	Shoe Stores	604,850	549,010	55,840	9%
4483	Jewelry, Luggage, & Leather Goods Stores	806,337	1,425,562	(619,225)	-77%
4511	Sporting Goods, Hobby, Musical Instruments Stores	1,826,147	3,935,617	(2,109,470)	-116%
4512	Book, Periodical, & Music Stores	357,815	5,066,287	(4,708,472)	-1316%
4521	Department Stores (excluding leased departments)	8,624,043	1,883,065	6,740,978	78%
4529	Other General Merchandise Stores	3,927,817	2,397,543	1,530,274	39%
4531	Florists	139,289	214,625	(75,336)	-54%

4532	Office Supplies, Stationary & Gift Stores	605,515	4,015,845	(3,410,330)	-563%
4533	Used Merchandise Stores	511,102	1,433,915	(922,813)	-181%
4539	Other Miscellaneous Merchandise Stores	1,666,187	6,367,374	(4,701,187)	-282%
4541	Electronic Shopping & Mail-Order Houses	1,184,896	359,658	825,238	70%
4542	Vending Machine Operators	85,819	0	85,819	100%
4543	Direct Selling Establishments	210,012	435,159	(225,147)	-107%
7223	Special Food Services	241,521	109,842	131,679	55%
7224	Drinking Places (alcoholic beverages)	496,220	63,927	432,293	87%
7225	Restaurant/Other Eating Places	7,794,190	44,423,100	(36,628,910)	-470%

Source: ESRI Business Analysts

The 5-Minute Trade Area does have some notable retail sectors with a negative retail gap (i.e., representing a net influx of spending). The most significant of these include:

- Other Motor Vehicle Dealers (-\$13.8M) or an 945% over-supply
- Building Materials & Supply Stores (-\$34.6M) or an 694% over-supply
- Lawn & Garden Equipment and Supplies Stores (-\$1.1) or an 1,240% over-supply
- Specialty Food Stores (-\$1.4M) or an 1,807% over-supply
- Beer, Wine, Liquor Retailers (-\$1.7M) or an 1,464% over-supply
- Book, Periodical, and Music Stores (-3.5M) or an 8,405% over-supply
- Office Supplies, Stationary, and Gift Shops (-1.1M) or an 1,634% over-supply
- Other Miscellaneous Merchandise Stores (-3.3M) or an 1,862% over-supply
- Restaurants & Other Eating Establishments (-\$11.1M) or an 1,285% over-supply

10-Minute Trade Area

The 10-Minute Trade Area seems to absorb the most leakage from both the downtown study area, the 5-Minute Trade Area, and even from the 15-Minute Trade area. This is evident in the table below. There are still significant gaps and over-supplied sectors in the 10-Minute Trade Area however, some examples of the gaps include:

- Automobile Dealers (\$20,519,776) or a 32% Leakage
- Furniture Stores (\$4,349,372) or a 58% Leakage
- Home Furnishing Stores (\$1,531,849) or a 32% Leakage
- Health & Personal Care Stores (\$317,136) or a 1% Leakage
- Jewelry, Luggage, and Leather Goods Stores (\$1,531,172) or a 26% Leakage
- Other General Merchandise Stores (\$10,774,518) or a 42% Leakage
- Florists (\$381,849) or a 40% Leakage
- Electronic Shopping & Mail Order Houses (\$4,557,009) or a 71% Leakage
- Direct Selling Establishments (\$223,322) or a 12% Leakage
- Drinking Places - Alcoholic Beverages (\$1,522,349) or a 66% Leakage

Retail Leakage - 10-Minute Trade Area					
NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage (Outflow or Inflow)
4411	Automobile Dealers	63,772,313	43,252,537	20,519,776	32%
4412	Other Motor Vehicle Dealers	6,963,173	34,698,652	(27,735,479)	-398%
4413	Auto Parts, Accessory & Tire Stores	8,270,035	8,474,083	(204,048)	-2%
4421	Furniture Stores	7,538,801	3,189,429	4,349,372	58%
4422	Home Furnishing Stores	4,801,713	3,269,864	1,531,849	32%
443	Electronics & Appliance Stores	12,036,677	15,422,647	(3,385,970)	-28%
4441	Building Materials & Supply Dealers	24,086,390	58,528,082	(34,441,692)	-143%
4442	Garden Equipment & Supply Stores	2,347,927	3,230,515	(882,588)	-38%
4451	Grocery Stores	58,749,415	163,257,381	(104,507,966)	-178%
4452	Specialty Food Stores	3,284,046	4,094,397	(810,351)	-25%
4453	Beer, Wine, & Liquor Stores	4,922,868	7,545,858	(2,622,990)	-53%
4461	Health & Personal Care Stores	27,432,893	27,115,757	317,136	1%
4471	Gasoline Stations	42,873,453	53,766,928	(10,893,475)	-25%
4481	Clothing Stores	12,981,175	13,140,201	(159,026)	-1%
4482	Shoe Stores	2,771,635	3,275,908	(504,273)	-18%
4483	Jewelry, Luggage, & Leather Goods Stores	3,732,229	2,201,057	1,531,172	41%
4511	Sporting Goods, Hobby, Musical Instruments Stores	8,470,644	11,940,289	(3,469,645)	-41%
4512	Book, Periodical, & Music Stores	1,619,522	5,533,674	(3,914,152)	-242%
4521	Department Stores (excluding leased departments)	39,873,726	67,546,600	(27,672,874)	-69%
4529	Other General Merchandise Stores	18,247,584	7,473,066	10,774,518	59%
4531	Florists	672,727	290,878	381,849	57%
4532	Office Supplies, Stationary & Gift Stores	2,811,143	7,049,388	(4,238,245)	-151%
4533	Used Merchandise Stores	2,334,450	3,865,070	(1,530,620)	-66%
4539	Other Miscellaneous Merchandise Stores	7,889,309	10,049,256	(2,159,947)	-27%
4541	Electronic Shopping & Mail-Order Houses	5,493,621	936,612	4,557,009	83%
4542	Vending Machine Operators	396,653	2,940,018	(2,543,365)	-641%
4543	Direct Selling Establishments	1,078,086	854,764	223,322	21%
7223	Special Food Services	1,117,699	1,475,605	(357,906)	-32%
7224	Drinking Places (alcoholic beverages)	2,301,462	779,113	1,522,349	66%
7225	Restaurant/Other Eating Places	35,866,459	78,073,495	(42,207,036)	-118%

Source: ESRI Business Analyst

The Sectors with the greatest negative retail gap (over-supply) include:

- Other Motor Vehicle Dealers (-\$28M) or an 398% over-supply
- Building Materials & Supply Stores (-\$34M) or an 143% over-supply
- Grocery Stores (-\$105M) or an 178% over-supply
- Book, Periodical, and Music Stores (-\$4M) or an 242% over-supply
- Office Supplies, Stationary, and Gift Shops (-\$4M) or an 151% over-supply
- Vending Machine Operators (-\$3M) or an 641% over-supply
- Restaurant and Other Eating Places (-\$42M) or an 118% over-supply

15-Minute Trade Area

Most of the retail sectors in the 15-Minute Trade Area have a negative retail gap which indicates that sales are meeting or exceeding the demand from consumers in this geography. The positive gap numbers (leakage) occurs in several categories, however, these leakage factors are a much smaller percentage than in the other trade areas. This trade area does begin to reach into the southern edges of the Muskegon metro area, which provides many of these sectors with a larger retail market supply than that of the immediate Grand Haven vicinity. Many of these sectors are "destination" retail sectors, shopping malls, or other concentrated retail space that is located in the larger Muskegon area that takes in the leakage from the Grand Haven market. There are 11 positive retail gaps in this trade area of the total 30 retail sectors tracked. They include the following:

- Automobile Dealers (\$43,820,559) or a 29% Leakage
- Furniture Stores (\$3,863,623) or a 22% Leakage
- Home Furnishing Stores (\$2,626,682) or a 23% Leakage
- Specialty Food Stores (\$1,647,227) or a 21% Leakage
- Jewelry, Luggage, and Leather Goods Stores (\$3,042,313) or a 35% Leakage
- Florists (\$1,044,277) or a 65% Leakage
- Other Miscellaneous Merchandise Stores (\$2,984,512) or a 16% Leakage
- Electronic Shopping or Mail-Order Houses (\$9,456,590) or a 73% Leakage
- Direct Selling Establishments (\$1,603,750) or a 62% Leakage
- Drinking Places - Alcoholic Beverages (\$1,662,073) or a 31% Leakage

Retail Leakage - 15-Minute Trade Area					
NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage (Outflow or Inflow)
4411	Automobile Dealers	153,161,474	109,340,915	43,820,559	29%
4412	Other Motor Vehicle Dealers	16,922,983	72,030,976	(55,107,993)	-326%
4413	Auto Parts, Accessory & Tire Stores	19,557,816	21,787,817	(2,230,001)	-11%
4421	Furniture Stores	17,746,121	13,882,498	3,863,623	22%
4422	Home Furnishing Stores	11,391,562	8,764,880	2,626,682	23%
443	Electronics & Appliance Stores	28,200,970	35,571,275	(7,370,305)	-26%
4441	Building Materials & Supply Dealers	58,387,137	94,442,829	(36,055,692)	-62%
4442	Garden Equipment & Supply Stores	5,727,595	12,437,412	(6,709,817)	-117%
4451	Grocery Stores	138,937,240	281,401,162	(142,463,922)	-103%

4452	Specialty Food Stores	7,762,435	6,115,208	1,647,227	21%
4453	Beer, Wine, & Liquor Stores	11,570,031	11,927,478	(357,447)	-3%
4461	Health & Personal Care Stores	64,973,196	66,031,123	(1,057,927)	-2%
4471	Gasoline Stations	102,289,149	126,836,790	(24,547,641)	-24%
4481	Clothing Stores	30,521,645	47,477,196	(16,955,551)	-56%
4482	Shoe Stores	6,557,715	12,644,390	(6,086,675)	-93%
4483	Jewelry, Luggage, & Leather Goods Stores	8,571,898	5,529,585	3,042,313	35%
4511	Sporting Goods, Hobby, Musical Instruments Stores	20,038,012	34,814,547	(14,776,535)	-74%
4512	Book, Periodical, & Music Stores	3,783,071	6,761,569	(2,978,498)	-79%
4521	Department Stores (excluding leased departments)	94,159,962	190,683,083	(96,523,121)	-103%
4529	Other General Merchandise Stores	43,284,758	56,283,753	(12,998,995)	-30%
4531	Florists	1,603,716	559,439	1,044,277	65%
4532	Office Supplies, Stationary & Gift Stores	6,619,178	13,208,336	(6,589,158)	-100%
4533	Used Merchandise Stores	5,476,182	8,326,746	(2,850,564)	-52%
4539	Other Miscellaneous Merchandise Stores	18,976,707	15,992,195	2,984,512	16%
4541	Electronic Shopping & Mail-Order Houses	12,954,245	3,497,655	9,456,590	73%
4542	Vending Machine Operators	935,989	3,094,756	(2,158,767)	-231%
4543	Direct Selling Establishments	2,605,200	1,001,450	1,603,750	62%
7223	Special Food Services	2,687,394	3,973,021	(1,285,627)	-48%
7224	Drinking Places (alcoholic beverages)	5,343,785	3,681,712	1,662,073	31%
7225	Restaurant/Other Eating Places	84,383,634	148,023,933	(63,640,299)	-75%

Source: ESRI Business Analyst

The retail categories with the largest negative gap (over-supply) include:

- Other Motor Vehicle Dealers (-\$55M) or an 326% over-supply
- Garden Equipment & Supply Stores (-\$7M) or an 117% over-supply
- Grocery Stores (-\$142M) or an 103% over-supply
- Department Stores (excluding leased departments) (-\$97M) or an 103% over-supply
- Office Supplies, Stationary, and Gift Shops (-\$7M) or an 100% over-supply
- Vending Machine Operators (-\$2M) or an 231% over-supply

Retail Leakage Comparison by Geography

Retail Leakage Comparisons					
NAICS	Industry Group	Study Area	5-Minute Trade Area	10-Minute Trade Area	15-Minute Trade Area
4411	Automobile Dealers	550,607	(6,643,901)	20,519,776	43,820,559
4412	Other Motor Vehicle Dealers	(3,066,209)	(13,843,426)	(27,735,479)	(55,107,993)
4413	Auto Parts, Accessory & Tire Stores	(395,277)	(2,839,386)	(204,048)	(2,230,001)
4421	Furniture Stores	178,324	449,149	4,349,372	3,863,623
4422	Home Furnishing Stores	101,510	(676,871)	1,531,849	2,626,682
443	Electronics & Appliance Stores	(473,963)	(476,426)	(3,385,970)	(7,370,305)
4441	Building Materials & Supply Dealers	(14,352,060)	(34,585,866)	(34,441,692)	(36,055,692)

4442	Garden Equipment & Supply Stores	(529,883)	(1,119,896)	(882,588)	(6,709,817)
4451	Grocery Stores	1,388,486	12,648,219	(104,507,966)	(142,463,922)
4452	Specialty Food Stores	(1,415,108)	(2,946,706)	(810,351)	1,647,227
4453	Beer, Wine, & Liquor Stores	(1,705,339)	(3,688,466)	(2,622,990)	(357,447)
4461	Health & Personal Care Stores	(4,352,849)	(9,912,905)	317,136	(1,057,927)
4471	Gasoline Stations	(11,586,091)	(10,329,617)	(10,893,475)	(24,547,641)
4481	Clothing Stores	(27,812,177)	(2,588,528)	(159,026)	(16,955,551)
4482	Shoe Stores	(314,475)	55,840	(504,273)	(6,086,675)
4483	Jewelry, Luggage, & Leather Goods Stores	(902,437)	(619,225)	1,531,172	3,042,313
4511	Sporting Goods, Hobby, Musical Instruments Stores	(1,468,671)	(2,109,470)	(3,469,645)	(14,776,535)
4512	Book, Periodical, & Music Stores	(3,478,781)	(4,708,472)	(3,914,152)	(2,978,498)
4521	Department Stores (excluding leased departments)	(207,958)	6,740,978	(27,672,874)	(96,523,121)
4529	Other General Merchandise Stores	428,987	1,530,274	10,774,518	(12,998,995)
4531	Florists	12,660	(75,336)	381,849	1,044,277
4532	Office Supplies, Stationary & Gift Stores	(1,060,665)	(3,410,330)	(4,238,245)	(6,589,158)
4533	Used Merchandise Stores	(426,953)	(922,813)	(1,530,620)	(2,850,564)
4539	Other Miscellaneous Merchandise Stores	(3,295,025)	(4,701,187)	(2,159,947)	2,984,512
4541	Electronic Shopping & Mail-Order Houses	(121,087)	825,238	4,557,009	9,456,590
4542	Vending Machine Operators	9,500	85,819	(2,543,365)	(2,158,767)
4543	Direct Selling Establishments	18,681	(225,147)	223,322	1,603,750
7223	Special Food Services	25,486	131,679	(357,906)	(1,285,627)
7224	Drinking Places (alcoholic beverages)	52,426	432,293	1,522,349	1,662,073
7225	Restaurant/Other Eating Places	(11,021,833)	(36,628,910)	(42,207,036)	(63,640,299)

Source: ESRI Business Analyst

Conclusion

- Although population growth is likely to increase retail demand in the downtown, the projections over the next five to ten years in downtown show that population growth will be minimal and will remain relatively stable.
- The area surrounding downtown Grand Haven, within the 10-Minute Trade Area, is projected to grow more rapidly. However, the rate of growth will still be less than approximately 0.93% which would add 1,341 new households over the next five years. This will likely create retail opportunities.
- Nearly 46% of the downtown's population is over the age of 45 years and more than 92% are white and earning more than \$75,000 a year annually per household. This large and relatively homogenous market segment offers a strong consumer base for businesses specifically targeting this demographic.

- Typically, communities with a large seasonal or visitor populations experience strong market potential for restaurants (mid to low-end fare), coffee shops, bars and clubs, brewpubs, and entertainment venues. However, the demand for everyday services and goods such as personal care and groceries, as well as some specialty retail, is needed downtown. The question remains to see if any growth in demand will encourage this retail potential.
- Even though the downtown population shows a large percentage at middle aged, well-educated, and financially settled residents, the downtown study area also contains a population of young 15-35-year-old residents that work in lower-paying service jobs that are often part-time because of other obligations demanding their time such as college studies.
- The data analysis revealed consumer behaviors often associated with this demographic including the importance of purchasing an American made automobile, purchasing a recreational vehicle and loyally shopping in destination retailers such as Meijer, Walmart, Home Depot, and Menards. The analysis also indicated that there is a small market segment that is supportive of a more expensive and culturally exclusive lifestyle. These are often retirees or persons that live part-time in town. These traits may pose niche market opportunities.
- There is a substantial concentration of restaurants and bars in the downtown and immediate surrounding areas in Grand Haven, which account for nearly one-fifth of all retail sales in the study area. The data indicates that people from outside of downtown patronize these restaurants.
- Being a dining destination is a strength to build upon for business growth. New dining and entertainment businesses can have a mutually beneficial impact as a growing concentration of restaurants and entertainment businesses may enhance the town's identity as an entertainment and dining destination and help attract new people into the city.
- Restaurants and entertainment establishments are also businesses that can tap into the two major market segments in the town: the young and less affluent, but looking for downtown living; and affluent (and generally older) households looking to downsize their home. Potential opportunities in this category include businesses like wine bars, microbreweries and brewpubs, live entertainment venues, and additional restaurants that offer unique experiences or cuisine. The downtown is experiencing significant retail leakage, but retail concentrations outside of town may limit new retail potential.
- Nearly 95% of retail spending by Grand Haven area residents occurs outside of the downtown and several retail categories downtown do not satisfy the shopping demand from downtown residents. The most significant spending by downtown residents at businesses outside of the town occurs at auto dealers, grocery stores, department stores, specialty retailers, and health and personal care stores.

- Many retail needs, however, appear to be mostly satisfied by businesses outside of the study area but within a 15-minute drive of the study's central location. This is likely attributable to the retail concentration along US-31 in greater Grand Haven, as well as the surrounding townships. Many retail needs not satisfied in the downtown, but within a 15-minute drive include auto parts, electronics and appliances, building materials and supplies, groceries, sporting goods/hobby/musical instrument stores, specialty food stores, jewelry, luggage & leather goods, and department stores.
- Other retail sectors are still experiencing leakage within the 15-minute trade area geography, but any new businesses in these categories would be unlikely to recapture enough of the existing leakage to be successful because the amount of leakage is not significant enough to fully support new businesses based upon average sales-per-business and reasonable recapture rates. For example, there is nearly \$3.8 million (22%) in retail leakage within the furniture stores category in the 15-minute geography. This strongly suggests that regardless of a convenient distance traveled from downtown, residents are most likely to travel greater distances to the Muskegon or Holland market to visit these stores.
- One category that may have potential but require additional analysis includes:
 - A neighborhood-scale or boutique grocery store that serves a very localized population. The feasibility depends on whether the convenience or differentiation of a new business would be enough to compete with the cluster of grocery stores within a ten-minute drive.





**BEYOND
THE PIER**

GRAND HAVEN
WATERFRONT MASTER PLAN