

# Downtown Sheridan Business Plan Sheridan, Wyoming



Prepared For:  
Downtown Sheridan Association

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## 1.0 Background

Sheridan is located along Interstate 90 in north-central Wyoming just south of its border with Montana. As the seat of Sheridan County, the community is the center of a large rural region. Sheridan has seen steady population growth over the past twenty years, and the community has enjoyed continued commercial development, despite the nationwide economic slump.

Downtown Sheridan has remained the civic, cultural and economic center of the area, as Downtown Sheridan Association and its partners have focused on the continued planning and revitalization of the community's core. The most recent of which was the Downtown Economic Development Strategy (DEDS) completed in 2010. That plan set out to assess the long-term sustainability of historic downtown Sheridan, including developing recommendations for parking and traffic improvements, building restoration, and urban design. The plan included high-level market research, and strategies for business development.

This plan is a continuation of that effort, following through on specific recommendations of the DEDS, including conducting a comprehensive market analysis and business development strategy for downtown Sheridan.

### 1.1 Previous Relevant Projects

- *2010 Downtown Economic Development Strategy (DEDS)* – Mentioned above, the DEDS sought to identify needs and opportunities for the continued economic growth of downtown, including recommendations for a stronger downtown management model, specifically a Downtown Development Authority.
- *2009 Sheridan Joint Area Land Use Plan* – A joint effort between the City of Sheridan and Sheridan County to establish long-range planning and development policies. The plan advocates a denser, mixed-use development pattern for downtown Sheridan as well as complete streets for the urban core and newer development.
- *2009 North Main Area Master Plan* – This plan identified a framework for the revitalization of the North Main corridor including land use, open space, and urban design.
- *2007 Economic Development Strategic Plan for Sheridan County* – This plan was conducted by Forward Sheridan to identify and address challenges to economic development in Sheridan County, including strategies for business recruitment, expansion, and support. The plan recognizes the strength of downtown both to the quality of life of Sheridan residents, but also to recruitment and economic development for the entire county.
- *2007 Target Opportunities for Sheridan County* – Also completed by Forward Sheridan, this plan assessed opportunities for Economic Development in Sheridan County, and suggested six targeted industries based on its economic profile, many of which can be accommodated in Sheridan's Downtown.
- *2004 Rural Resource Team Report for Sheridan* - Completed by the Wyoming Rural Development council, this plan noted a need for downtown housing and entrepreneurial support.
- *1993 Working Paper for Downtown Development Authority* – This document was created for the City of Sheridan to outline the potential for, statutory requirements, and procedure for establishing a potential DDA in Sheridan.

## 1.2 Downtown Sheridan Business Plan

This particular plan seeks to address some of the key recommendations of the 2010 DEDS. Specifically, it will provide comprehensive market research and business development strategies, as well as determining the feasibility of an alternate management structure for downtown.

### *Downtown Assessment*

It is critical that this plan build upon previous revitalization activities as well as the current efforts of those agencies promoting economic development in downtown Sheridan. This process began by reviewing previous plans and their recommendations, followed by a stakeholder interview process that engaged key agencies, elective officials, business and property owners. This assessment was conducted to establish emerging themes and ideas related to the efforts of Downtown Sheridan Association, specific downtown needs, and overall organizational capacity.

### *Market Analysis & Business Development*

Understanding Sheridan's unique market opportunities and promoting its assets is key to downtown Sheridan realizing its economic potential. The report includes:

- A **market definition** exercise that defines the local market geography based on true consumer trading patterns, determines the depth of the local and visitor market, and establishes a primary and secondary trade area.
- A **market assessment** that uses the local trade areas to examine the existing retail business mix as well as opportunities for new or expanded business types. The assessment includes a retail leakage and gap analysis, a retail shares study, and space demand projections for individual retail types.
- A **demographic and market segmentation study** that analyzes the makeup of Sheridan's local trade areas and region, determining consumer needs, target markets, and the potential for new products.
- **Business development recommendations** that detail strategic tasks necessary to grow downtown Sheridan's economic base based on market research.

***Downtown Development Authority Feasibility***

Finally, the Downtown Sheridan Business Plan seeks to determine the feasibility of a management structure that would allow there to be a more focused economic development effort in downtown. It addresses the potential for a Downtown Development Authority, and if one were to be established in Sheridan, what would that model be. This includes:

- Potential **boundary** of a downtown development authority and whether it would follow the current district managed by DSA.
- The **organizational structure** of a potential DDA and how it would coordinate efforts with the existing DSA related to board makeup, responsibilities, funding, etc.
- Potential **projects** that could be conducted by a DDA in conjunction with the DSA and its partners.

In general, the plan seeks to establish if a DDA is right for Sheridan, and if so, what would its framework be.

## 2.0 Stakeholder Input

Input was gathered from stakeholders throughout the course of the process. This began with a three-day kickoff visit where property and business owners, key strategic partners, elected officials and residents were interviewed. Additional one-on-one interviews were conducted on subsequent trips or between visits. Much of the discussion focused on the local economy in Sheridan, as well as needs in terms of business development and support opportunities.

This section presents the results of the stakeholder process, specifically as it addressed market opportunities relevant to this market analysis. During the stakeholder input process, there were a number of common themes that arose. The observations presented here are those of the stakeholders themselves, and are outlined below in no particular order of importance.

### 2.1 Strengths

- Downtown Sheridan is known as a successful downtown throughout Wyoming. It is self-sufficient as a district and has a strong visitor base.
- As a county seat, Sheridan's downtown is a key employment center as the location of the city and county governments and associated office uses.
- Sheridan is the primary population center in a large rural area and has limited competition within a two-hour drive.
- Sheridan in general is a commercial center for a large region. Similarly, downtown is the civic, economic, and cultural center for the City of Sheridan and beyond.
- Downtown has a strong arts presence, both visual and performing, and has a number of cultural and visitor destinations.
- With Downtown Sheridan Association, Forward Sheridan, Sheridan County Chamber of Commerce, and Sheridan Travel & Tourism, among others, there are a number of organizations that are focused on improving Sheridan.
- Of the business owners that were interviewed, most said that business is relatively good, and that the economic downturn has not affected downtown Sheridan to the level that may be seen nationwide.

### 2.2 Constraints

- Parking is a challenge in downtown Sheridan for a number of reasons. Stakeholders expressed a general lack of parking spaces, poor access to existing lots, and poor condition of parking areas.
- While there are a number of agencies providing business support and promotional services in Sheridan, there is currently a lack of a capability for dedicated and focused economic development activities in downtown.
- Several stakeholders noted that there is a lack of investment in downtown, both public and private. There have been few improvements to the physical infrastructure in downtown, while new construction has also been limited.

- Online retailing has been a significant challenge to independent businesses in Sheridan. In a rural area where access to bricks and mortar businesses is limited by variety and distance, it is convenient for the consumer to simply purchase online.
- Downtown Sheridan lacks a critical mass of retail. Office, service, and public uses are not balanced with commercial retail.
- Restaurants and food service are uniquely challenged in Sheridan. It is difficult getting fresh and affordable food products to the middle of Wyoming. With the lack of quality and diversity in town, Sheridan residents do not go out to eat.
- Sheridan's biggest competitors are West Billings, Walmart, and online retailing.
- There is a lack of diversity in the regional economy, including downtown. There is a need to create opportunities for diversification in retail, technology-based business, and building an activity or entertainment cluster.
- High rents and costs of improvements have hindered downtown investment.

### **2.3 Needed Uses, Activities, and Projects**

- Uses
  - Restaurants, both to improve variety and create evening activity.
  - More retail and specialty shopping downtown.
  - Use of upper floors, including more residential units.
  - Entertainment and Activity Cluster, perhaps using the WYO as an anchor.
- Parking
  - Parking management plan.
  - Improve awareness and access to existing parking.
  - Maintenance and improvements to existing parking.
  - New parking resources.
- Business support activities
  - E-commerce training and perhaps shared infrastructure for existing downtown businesses.
  - Market research and marketing assistance.
- Physical improvements
  - Wayfinding signage to get visitors to downtown, help locate parking, reduce sign clutter.
  - Snow removal and sidewalk cleaning.
  - Façade grants and revolving loans for physical improvements.
  - Beautification projects (streetscape, flower beds, plantings).
  - Fire safety and suppression improvements.
  - Improvements to key anchors such as the Sheridan Inn and former Dan's Western Wear.
- Marketing
  - Billboards on interstate promoting Downtown Sheridan.
  - Coordination with Coach Bus tours.
  - Local loyalty marketing strategy.
  - Increased events and activities.

### **3.0 Market Analysis**

This chapter presents the findings of the retail market analysis for downtown Sheridan. The market definition section of this report provides a glimpse into the geography of downtown's customer base, and the individual market studies present specific business recruitment and development opportunities.

Arnett Muldrow's methodology is designed to provide a snapshot of retail trade patterns in the community. Because it is a snapshot of Sheridan as a whole, this study does not necessarily reflect the exact trade patterns that each individual business might see through the course of the year. It should not substitute for thorough market research for any specific business.

Still, the information provided offers insight into the overall patterns, retail trade areas, and customer traffic for downtown Sheridan as a whole. The data will prove to be useful to the Downtown Sheridan Association in its economic development activities, as well as to individual businesses and property owners looking to make investments in the community.

#### **3.1 Market Definition**

It is important that the market analysis reflect the consumer habits and shopping patterns of Downtown Sheridan's true geographic trade areas rather than arbitrary study areas such as political boundaries and drive-time scenarios. This information is critical to the remainder of the market study and provides the baseline data for the subsequent leakage and shares analyses.

Our process begins with a zip code survey of customers to determine the market base relevant to Downtown Sheridan. It will also establish Sheridan's place in the regional market, how deep its penetration is into nearby urban markets such as Billings, as well as providing a snapshot of Downtown Sheridan's visitor base.

An equally important purpose of performing the zip code survey is that it engages local business owners in the process. Their participation not only leads towards a stronger plan and support for its recommendations, but also helps to educate these merchants in the benefits of tracking their customers. By learning a simple method of tracking customers, a local shop owner can monitor changes over time and help make the critical decisions of how and where to spend their limited marketing resources.

## Survey Participation

During a one-week period in March, downtown Sheridan businesses tallied the resident zip codes of their customers. Each business was provided with a form to record zip codes and asked to keep a log of its customers.

## Zip Code Survey Results

- The zip code survey was held the week of March 22<sup>nd</sup> through March 28<sup>th</sup>, 2012.
- 30 businesses participated representing a variety of business types in downtown Sheridan, including:
  - Restaurants
  - Personal Care
  - Clothing
  - Jewelry
  - Financial
  - Furniture
  - Gifts
  - Books
  - Office
  - Specialty Retail
  - Service

This represents a very good and well-rounded sample.

- All of the businesses with the exception of one were located within or adjacent to Downtown Sheridan Association's district.
- 2,059 individual customer visits were recorded during the survey week.
- These customers were from 178 unique zip codes.
- 32 states including Wyoming were represented in the survey.
- There were customers from 4 foreign countries (United Kingdom, France, Australia, Brazil)

The two tables below show the results of the zip code survey as compared to peer communities in which we have performed similar analyses. They present a comparison of total unique visitors from different zips and different states. While this comparison is somewhat unscientific due to the fact that the other communities may have had a different number of businesses participate, it still gives a fair comparison of the overall markets.

For the purposes of these charts, downtown Sheridan is identified with red bars.

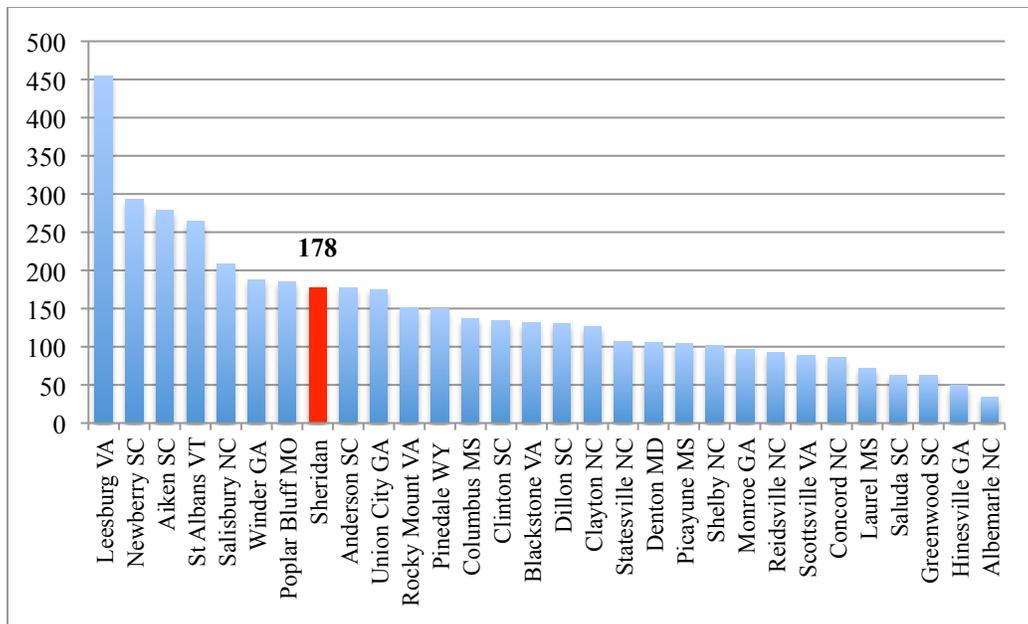


Figure 1: Comparison of unique zip codes recorded during initial zip code survey.

During the survey week, participating businesses in downtown Sheridan had 178 unique zip codes. This lies in the upper third of peer communities, and is the first indication that Sheridan has a healthy visitor market. Peer community numbers included:

- Pinedale, WY – 150 unique zips. Pinedale has a population of 2,020 and is the seat of Sublette County.
- Salisbury, NC – 208 zips. Like Sheridan, Salisbury is a county seat of a rural area, is along an interstate, and is the economic and cultural center of its region.

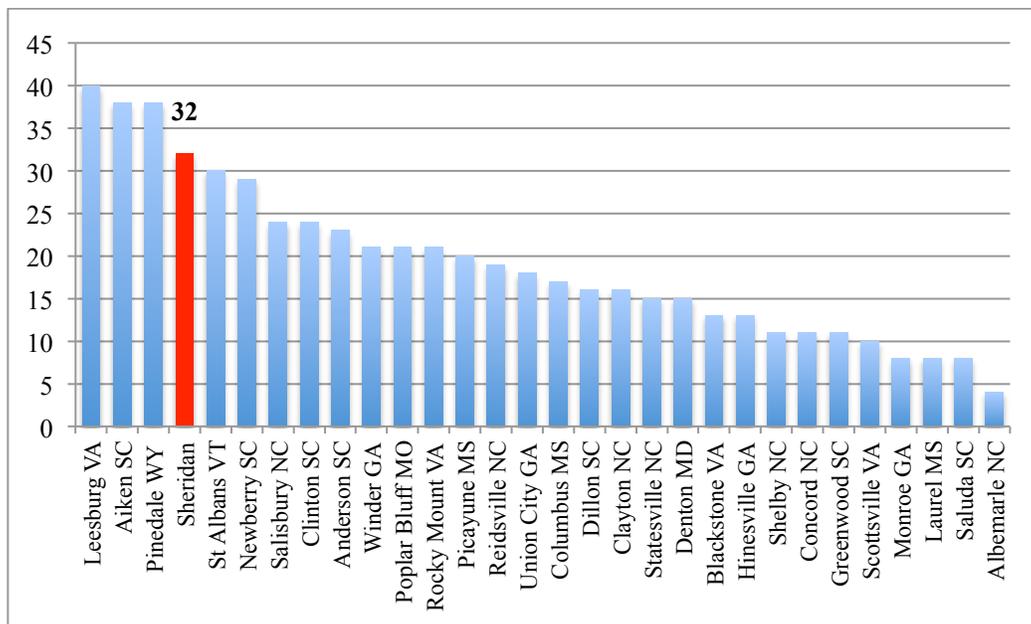


Figure 2: Comparison of unique states recorded during survey period.

The unique states chart above shows very similar trends. Downtown Sheridan as a whole had 32 unique states and is in the top four of peer communities. Considering that the survey in Sheridan was completed during a time when visitor traffic should be slower, this is even more significant. As the map below indicates, Sheridan had customers from the majority of the country, including Alaska.

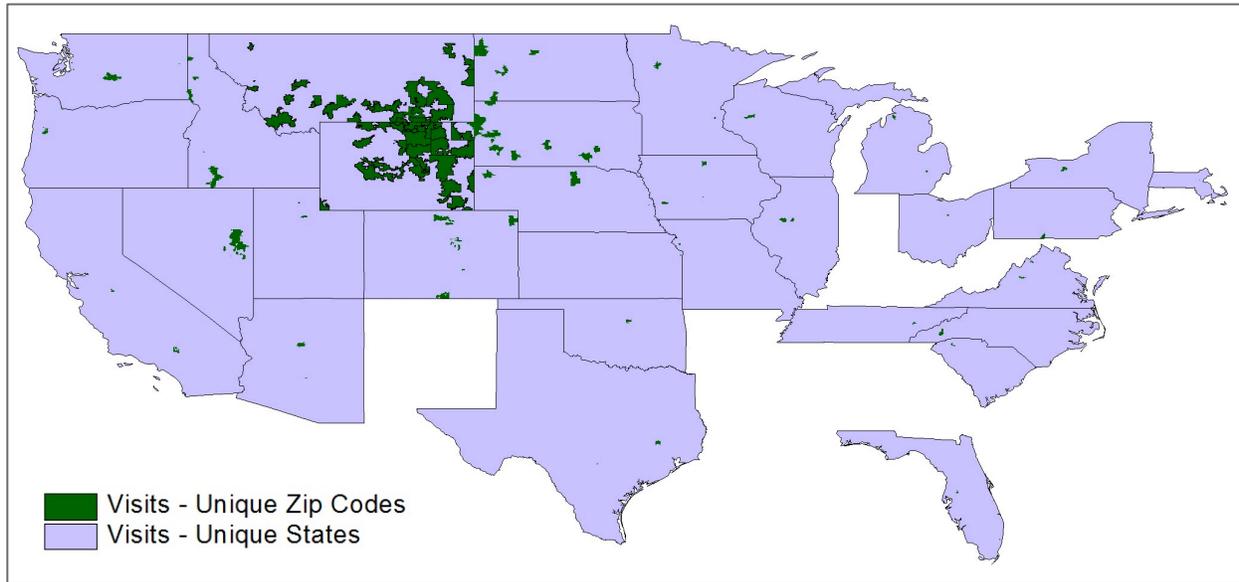


Figure 3: Location of Sheridan Visitors.

**Customer Visits by Place of Residence**

The next several charts show Sheridan’s customer base broken down by customers’ place of residence. For the most part, the charts below identify each community based on that area’s zip code. In some cases, it refers to a collection of zip codes (ex. “Rest of US” or “Sheridan County”).

- Approximately 70% of the customers came from the primary Sheridan zip code (82801). This is more than what is typically seen, most likely due to the sheer geographic size of the Sheridan zip code. Also, Sheridan is in a rural area where the majority of the population lives in the primary zip code.
- Next was the Buffalo zip (82834) with approximately 6% of the overall market base.
- Dayton (82836) had 2%, followed by Rancheater, and Banner.
- The remaining Wyoming zip codes represented 10% of the market.
- Although Sheridan County is adjacent to Montana to the North, just 3% of customers came from Montana. Again, Southern Montana is extremely rural, while also closer to the Billings population center.
- 6.6% of the customer base resides in states other than Wyoming and Montana.

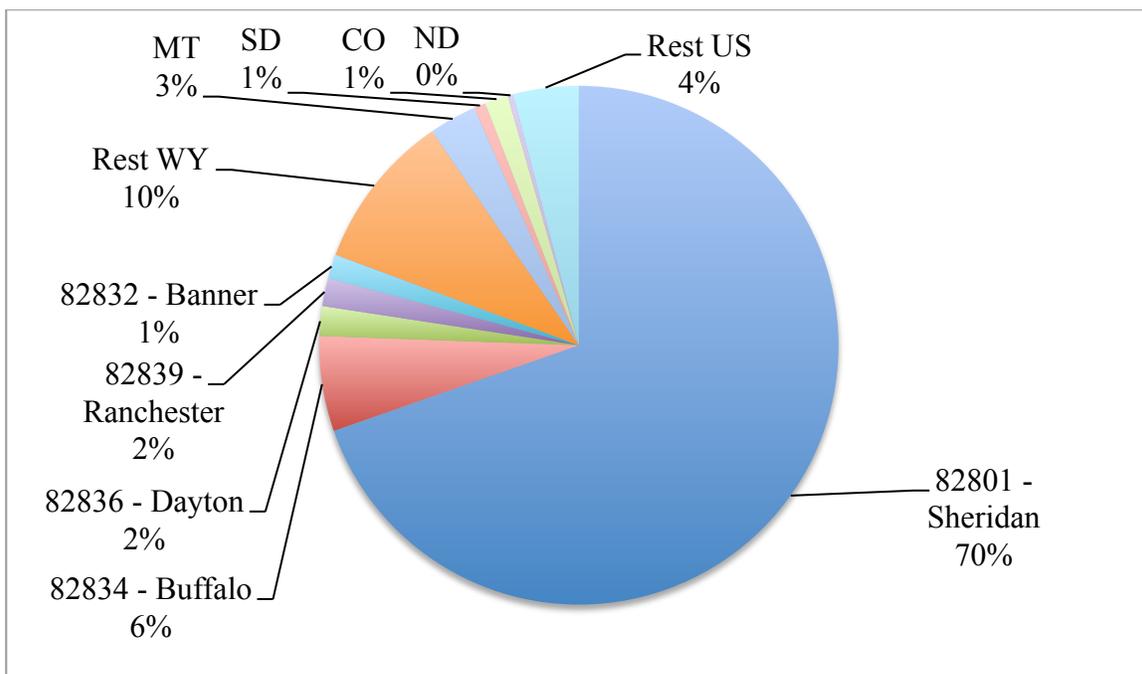


Figure 4: Percentage of Customer Visits – ALL BUSINESSES

**Where customers are coming from—a closer look**

- Approximately 79% of all customers came from Sheridan County, much higher than typical. This figure likely points both to the rural nature of the surrounding region, as well as the regional customers' proximity to the competitive markets of Billings and Gillette.
- 6% of customers come from Johnson County to the south, with the majority of those from the Buffalo zip code.
- Just under 12% of all customers come from outside of the five county area (Sheridan, Johnson, Campbell, Big Horn, WY, and Big Horn MT). These customers could be considered “visitors”, and represent a healthy overall portion of the market.

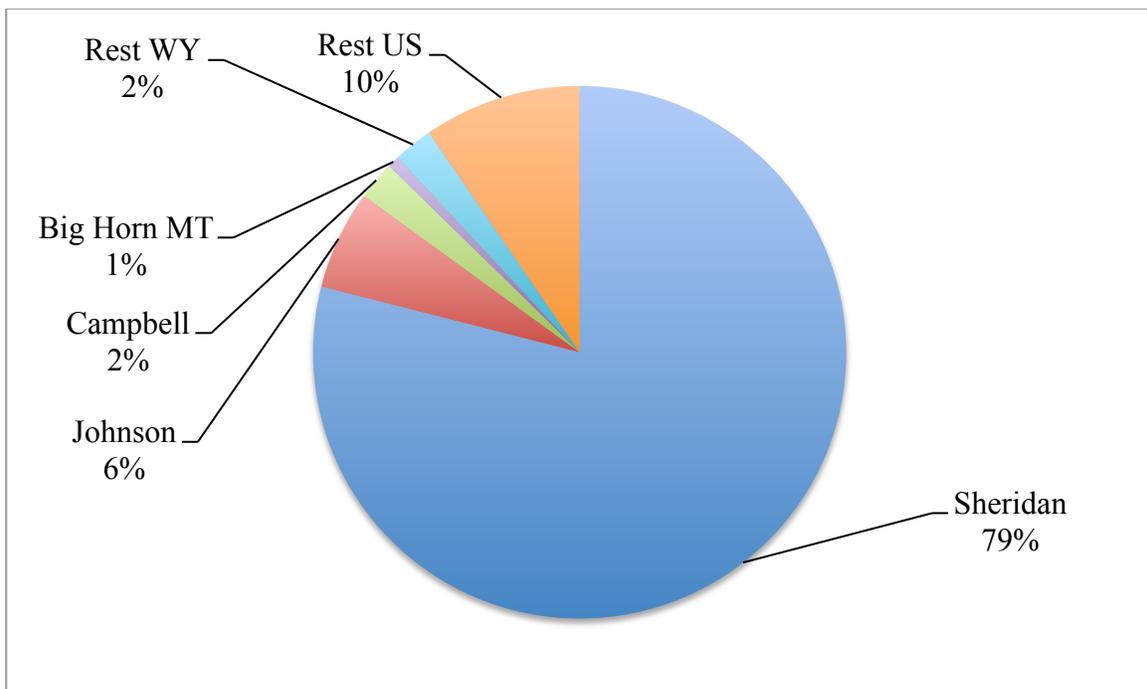


Figure 5: Customer Base by County

**Local and Visitor Market by Business:**

The data presented above represent Sheridan businesses as a whole. However, individual businesses typically show different trade patterns. The charts below show the local and visitor market by individual businesses for each of the thirty businesses that participated. The average of all businesses is shown in red.

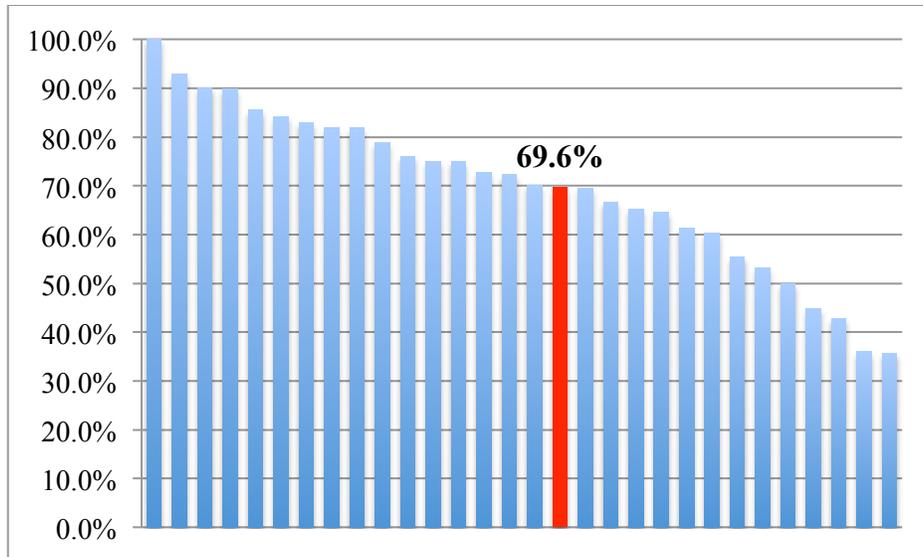


Figure 6: Percent 82801 by Business

Participating businesses had an average of 69.6% of their customers from within the Sheridan zip code (82801), varying from 35.7% to 100% depending on the business.

The “visitor” market will also vary by business. For the purposes of the chart below, a “visitor” would be any customers coming from outside a five-county region (Sheridan, Johnson, Campbell, Big Horn WY, Big Horn MT)

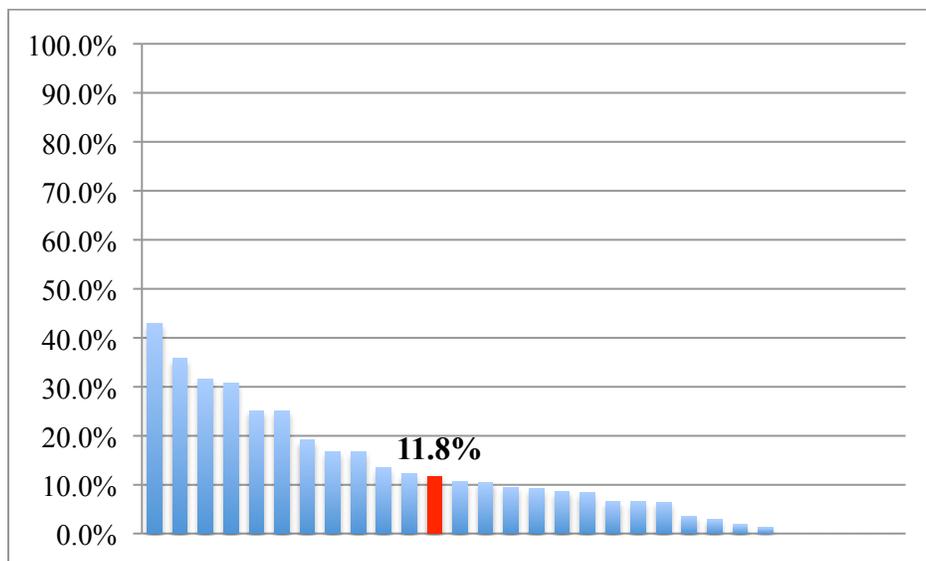


Figure 7: Percent Visitors for All Businesses

An average of 11.8% of all Sheridan customers could be considered “visitors.” This ranges by business from 0% to 43%. These customers could be regional visitors from nearby urban areas such as Billings, or they could be from outside the immediate area or other states.

**Customer Base by Business Type:**

Given the quality of the survey sample, we were able to divide the customer base by business type cluster. This helps us to determine any market variations between business types.

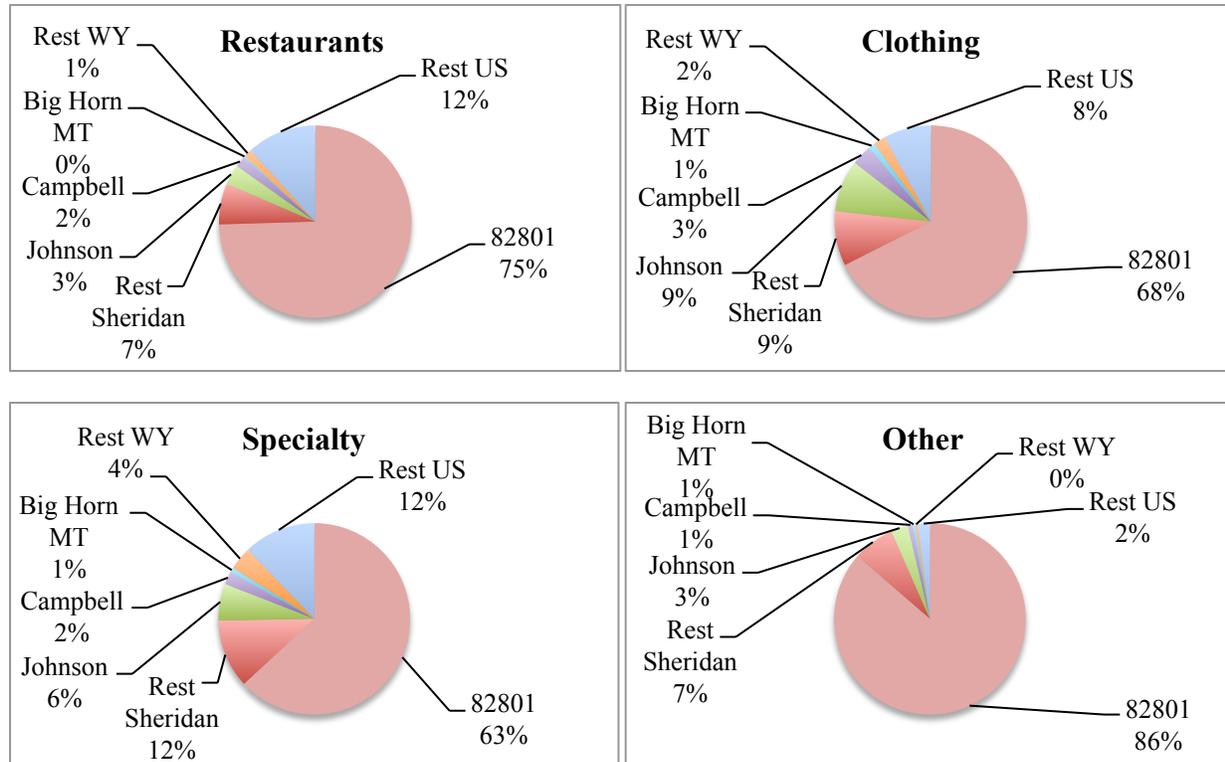


Figure 8: County of Residence of Downtown Sheridan Customers by Type of Business.

**Restaurants**

- 75% Sheridan 82801
- 82% Sheridan County
- 13% Visitor

**Clothing**

- 68% Sheridan 82801
- 77% Sheridan County
- 10% Visitor

**Specialty**

- 63% Sheridan 82801
- 75% Sheridan County
- 16% Visitor

**Other (Financial, Office, etc)**

- 86% Sheridan 82801
- 94% Sheridan County
- 2% Visitor

The data shows that business clusters in Sheridan do in fact have varying customer bases, and that restaurants and specialty shops drive the visitor market. Highest numbers are shown in blue.

### 3.2 Trade Area Definitions

The data above were presented simply as totals from each individual zip code. However, zip codes vary by geographic area and total population and cannot be analyzed by total visits alone. For example, there were 29 visits from Big Horn (82833) and 122 from the Buffalo zip (82834). This may suggest that Sheridan has a deeper penetration into Buffalo. However, the total population of the Buffalo zip is over sixteen times larger than the population of the Big Horn zip. Therefore, there is a much deeper penetration into Big Horn (relative to its population) than Buffalo. In other words, market penetration cannot be determined simply by the total number of visits, but by visits in relation to population.

The table below shows customer visits per 1,000 residents for each of the highest representative zip codes.

| Zip Code | Area        | Population | Visits | Visits/1000 Pop |
|----------|-------------|------------|--------|-----------------|
| 82842    | Story       | 415        | 29     | 69.88           |
| 82833    | Big Horn    | 490        | 29     | 59.18           |
| 82801    | Sheridan    | 25,004     | 1434   | 57.35           |
| 82844    | Wolf        | 59         | 3      | 50.85           |
| 82836    | Dayton      | 1,064      | 38     | 35.71           |
| 59025    | Decker      | 117        | 4      | 34.19           |
| 82839    | Acme        | 1,116      | 36     | 32.26           |
| 82832    | Banner      | 1,089      | 31     | 28.47           |
| 82831    | Arvada      | 222        | 6      | 27.03           |
| 82835    | Clearmont   | 401        | 8      | 19.95           |
| 82725    | Recluse     | 104        | 2      | 19.23           |
| 82834    | Buffalo     | 7,879      | 122    | 15.48           |
| 82838    | Parkman     | 338        | 5      | 14.79           |
| 59089    | Wyola       | 504        | 3      | 5.95            |
| 59012    | Birney      | 233        | 1      | 4.29            |
| 59062    | Otter       | 385        | 1      | 2.60            |
| 50438    | Garner      | 1,610      | 3      | 1.86            |
| 59050    | Lodge Grass | 2,807      | 5      | 1.78            |
| 82716    | Gillette    | 19,767     | 28     | 1.42            |
| 82442    | Ten Sleep   | 787        | 1      | 1.27            |
| 59016    | Busby       | 1,694      | 2      | 1.18            |
| 82721    | Moorcroft   | 3,816      | 3      | 0.79            |
| 82718    | Gillette    | 24,443     | 18     | 0.74            |

Figure 9: Primary and Secondary Trade Areas. Visits per 1,000 population.

Because the number and type of participating businesses vary from community to community, there is no specific number that determines the primary and secondary trade areas. However, when comparing visits per 1,000 population in relation to the time frame in which the survey was conducted, breaks in the visits per 1,000 will begin to emerge. Whenever these breaks become significant, this determines the differences in trade areas.

By this measure, Sheridan’s **primary retail trade** area is defined as the following zip codes:

- 82801 – Sheridan
- 82845 – Wyarno
- 82833 – Big Horn
- 82842 – Story
- 82844 – Wolf

These zip codes had over 50.85 customer visits per thousand residents, and represented **73%** of the total visits during the survey period.

Sheridan’s **secondary trade area** included the following zips:

- 82834 – Buffalo
- 82835 – Dayton
- 82839 – Ranchester
- 82832 – Banner
- 82831 – Arvada
- 82835 – Clearmont
- 82875 – Recluse
- 82838 – Parkman
- 82838 – Parkman
- 59025 – Decker

These nine zips had over 14.79 visits per thousand residents and make up **12%** of the total visits during the survey period.

In all, Sheridan’s primary and secondary trade areas represent approximately **85%** of Sheridan’s local market base. The map below illustrates the trade areas for Sheridan. The primary trade area is shown in orange, and the secondary in purple.

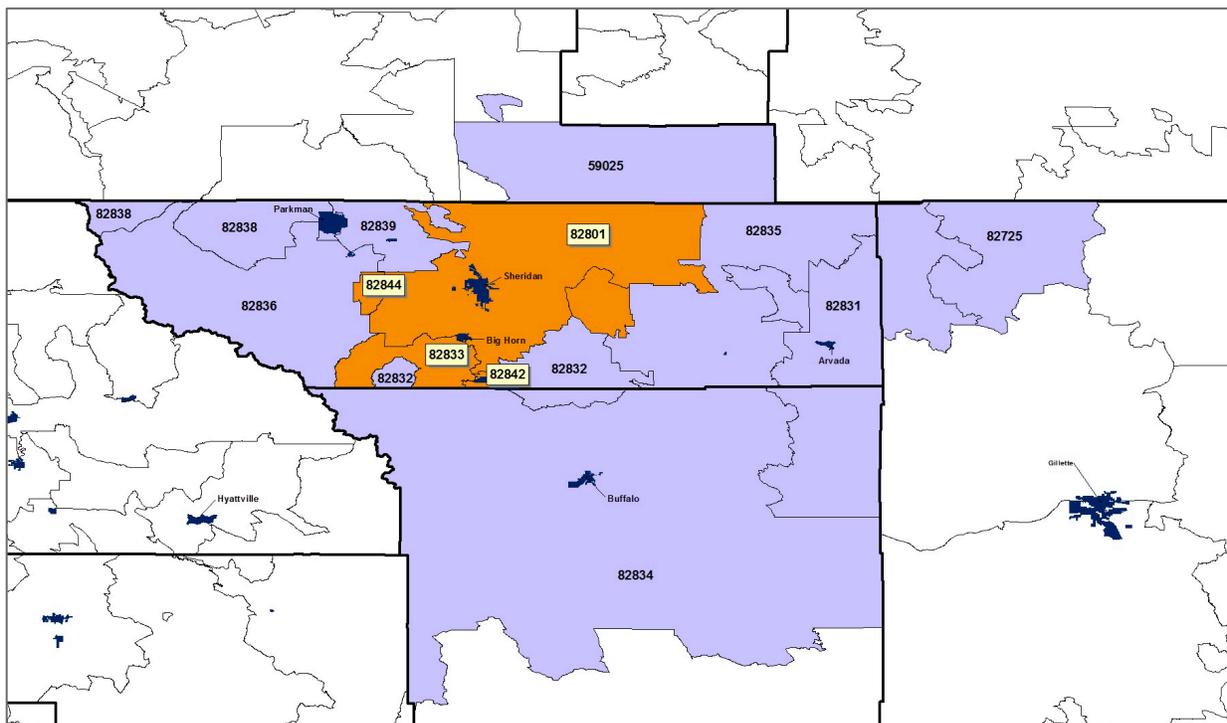


Figure 10: Downtown Sheridan primary (orange) and secondary (purple) trade areas.

**Additional Market Definition Conclusions:**

- In general, downtown Sheridan serves a local market representing a broad rural region. 70% of customers come from the Sheridan zip code, while 88% of all customers live in a five county area.
- Approximately 12% of all customers could be considered visitors, coming from 32 different states. While this percentage of visitors is a little higher than average for peer communities, the number of unique zip codes and states are much higher than typical. On top of that, the survey was conducted during a time of year when fewer visitors would be expected.
- In other words, while downtown Sheridan showed a local customer base during the survey period, its businesses also show a broad visitor base during a typically slow time. Ideally, a downtown should serve a local market base first, while attracting both regional customers and visitors as well. Downtown Sheridan appears to be doing this.
- In addition, a healthy downtown should have an environment where customers easily go from business to business. Whenever there are customers from a unique zip code, either far outside the region or from another state, that customer can be “tracked” to determine if this browsing is occurring. In Sheridan’s case, there were numerous examples of “visitor browsing”.
- Overall, downtown Sheridan’s primary and secondary trade areas are geographically broad, covering parts of four separate counties. This includes the City of Sheridan and surrounding rural region, and represents downtown’s local market.
- There was little market penetration into the regional competitive markets of Billings, Gillette, and Rapid City. This is not unusual for peer communities, particularly when these primary competitors are an hour or more away.
- On the other hand, downtown Sheridan is performing very well in Buffalo, a nearby “downtown” competitor.
- Finally, there appear to be significant differences in the makeup of the customer base when comparing businesses by type. Restaurants and specialty shops serve more visitors, while clothing stores reach out to the broadest geographic region.

### 3.3 Retail Market Analysis

Downtown Sheridan serve the market defined in the previous section. The primary and secondary trade areas in particular will be the basis for the analysis below. In this section, Sheridan's retail market will be examined to identify potential opportunities for retail growth through three key studies:

1. A **retail leakage** analysis that will look at the primary and secondary trade areas to see how much money is "leaking" from the area to stores in other areas.
2. From this, a **space demand analysis** will be developed to illustrate how much retail space could potentially be brought back into Sheridan based on the demand in the market.
3. A **retail shares** analysis that examines performance of retail stores in Sheridan's trade areas as a benchmark of the greater region. This study will seek to determine if there are any retail-clustering opportunities for the community.

#### Retail Leakage Analysis

"Retail Leakage" refers to the difference between the retail expenditures by residents living in a particular area and the retail sales produced by the stores located in the same area. If desired products are not available within that area, consumers will travel to other places or use different methods to obtain those products. Consequently, the dollars spent outside of the area are said to be "leaking." If a community is a major retail center with a variety of stores, it will be "attracting" rather than "leaking" retail sales. Even large communities may see leakage in certain retail categories.

The data presented below comes from Nielsen Claritas, Inc., a national retail marketing service used by town planners, retail & restaurant site planners, and national chains for their market research. Claritas gets its data from a number of sources. Sales expenditures primarily come from the Census for Retail Trade gathered on a county level by the US Census Bureau. Claritas updates the data each year using trade associations, local sales tax data, wage & employment data, & then allocate it block group levels. Overall the sales data comes from the following sources: Census of Retail Trade; Annual Survey of Retail Trade; Claritas Business Facts; Census of Employment and Wages; Sales Tax Reports; and various Trade Associations.

#### Retail Leakage in the Primary and Secondary Trade Areas

For the previous year,

- Stores in Sheridan's primary trade area sold \$595 million in merchandise. Consumers living in Sheridan's primary trade area spent \$441 million in merchandise. Therefore, Sheridan's primary trade area **gained \$154 million** in sales last year. Sheridan alone gained \$175 million.
- Stores in Sheridan's secondary trade area sold \$91 million in merchandise. However, residents in Sheridan's secondary trade area spent \$203 in merchandise. Therefore, Sheridan's secondary trade area **leaked \$112 million** in the previous year.

The \$246 million in gain in the primary trade area indicates that Sheridan is indeed a retail market center, likely pulling in customers and sales from the large regional area indicated in the zip code survey. In fact, while the STA is leaking, the majority is likely leaking into the primary trade area itself. Combined, the local trade area gained \$42 million last year. Whenever there is gain like this, it indicates that the market is serving its locals as well as bringing in other customers.

Not all categories show gain. By isolating the individual retail categories, we can determine exactly where the opportunities lie, and particularly those categories that show leakage in both trade areas. The table beginning on the following page details the consumer expenditures, retail sales, and inflow/outflow of dollars by individual retail category and begins to outline the opportunity for retail growth in Sheridan and its downtown.

| Opportunity Gap - Retail Stores                           | PTA                     |                    |                      | STA                     |                   |                    |
|---|-------------------------|--------------------|----------------------|-------------------------|-------------------|--------------------|
|   | (Consumer Expenditures) | (Retail Sales)     | Leakage (Inflow)     | (Consumer Expenditures) | (Retail Sales)    | Leakage (Inflow)   |
| <b>Total Retail Sales Incl Eating and Drinking Places</b> | <b>441,013,499</b>      | <b>594,805,458</b> | <b>(153,791,959)</b> | <b>203,361,025</b>      | <b>91,197,251</b> | <b>112,163,774</b> |
| <b>Motor Vehicle and Parts Dealers-441</b>                | <b>89,692,562</b>       | <b>134,553,605</b> | <b>(44,861,043)</b>  | <b>39,949,493</b>       | <b>8,834,022</b>  | <b>31,115,471</b>  |
| Automotive Dealers-4411                                   | 74,975,926              | 122,867,973        | (47,892,047)         | 33,156,811              | 5,725,241         | 27,431,570         |
| Other Motor Vehicle Dealers-4412                          | 9,001,634               | 2,302,120          | 6,699,514            | 4,155,584               | 1,187,988         | 2,967,596          |
| Automotive Parts/Accsrs, Tire Stores-4413                 | 5,715,002               | 9,383,512          | (3,668,510)          | 2,637,098               | 1,920,793         | 716,305            |
| <b>Furniture and Home Furnishings Stores-442</b>          | <b>8,512,841</b>        | <b>8,631,367</b>   | <b>(118,526)</b>     | <b>3,965,144</b>        | <b>1,178,296</b>  | <b>2,786,848</b>   |
| Furniture Stores-4421                                     | 4,502,862               | 3,622,366          | 880,496              | 2,091,961               | 725,877           | 1,366,084          |
| Home Furnishing Stores-4422                               | 4,009,979               | 5,009,001          | (999,022)            | 1,873,183               | 452,419           | 1,420,764          |
| <b>Electronics and Appliance Stores-443</b>               | <b>9,570,559</b>        | <b>38,270,656</b>  | <b>(28,700,097)</b>  | <b>4,343,534</b>        | <b>27,119</b>     | <b>4,316,415</b>   |
| Appliances, TVs, Electronics Stores-44311                 | 7,178,696               | 27,251,786         | (20,073,090)         | 3,263,720               | 24,084            | 3,239,636          |
| Household Appliances Stores-443111                        | 1,704,097               | 2,807,244          | (1,103,147)          | 786,928                 | 0                 | 786,928            |
| Radio, Television, Electronics Stores-443112              | 5,474,599               | 24,444,542         | (18,969,943)         | 2,476,792               | 24,084            | 2,452,708          |
| Computer and Software Stores-44312                        | 1,977,317               | 11,018,870         | (9,041,553)          | 891,446                 | 3,035             | 888,411            |
| Camera and Photographic Equipment Stores-44313            | 414,546                 | 0                  | 414,546              | 188,368                 | 0                 | 188,368            |
| <b>Building Material, Garden Equip Stores -444</b>        | <b>40,107,417</b>       | <b>97,733,486</b>  | <b>(57,626,069)</b>  | <b>18,862,318</b>       | <b>25,073,973</b> | <b>(6,211,655)</b> |
| Building Material and Supply Dealers-4441                 | 35,923,656              | 68,977,928         | (33,054,272)         | 16,881,946              | 22,449,795        | (5,567,849)        |
| Home Centers-44411  | 14,347,149              | 914,548            | 13,432,601           | 6,748,820               | 1,739,247         | 5,009,573          |
| Paint and Wallpaper Stores-44412                          | 873,079                 | 185,191            | 687,888              | 407,403                 | 20,463            | 386,940            |
| Hardware Stores-44413                                     | 3,630,129               | 8,442,350          | (4,812,221)          | 1,703,938               | 3,497,663         | (1,793,725)        |
| Other Building Materials Dealers-44419                    | 17,073,299              | 59,435,839         | (42,362,540)         | 8,021,785               | 17,192,422        | (9,170,637)        |
| Building Materials, Lumberyards-444191                    | 6,793,911               | 23,239,423         | (16,445,512)         | 3,160,242               | 6,722,240         | (3,561,998)        |
| Lawn, Garden Equipment, Supplies Stores-4442              | 4,183,761               | 28,755,558         | (24,571,797)         | 1,980,372               | 2,624,178         | (643,806)          |
| Outdoor Power Equipment Stores-44421                      | 1,020,793               | 0                  | 1,020,793            | 473,494                 | 0                 | 473,494            |
| Nursery and Garden Centers-44422                          | 3,162,968               | 28,755,558         | (25,592,590)         | 1,506,878               | 2,624,178         | (1,117,300)        |
| <b>Food and Beverage Stores-445</b>                       | <b>56,777,878</b>       | <b>39,008,321</b>  | <b>17,769,557</b>    | <b>26,629,082</b>       | <b>13,124,558</b> | <b>13,504,524</b>  |
| Grocery Stores-4451                                       | 51,967,415              | 36,657,313         | 15,310,102           | 24,408,667              | 11,855,215        | 12,553,452         |
| Supermarkets, Grocery (Ex Conv) Stores-44511              | 49,352,986              | 36,415,649         | 12,937,337           | 23,199,825              | 11,811,946        | 11,387,879         |
| Convenience Stores-44512                                  | 2,614,429               | 241,664            | 2,372,765            | 1,208,842               | 43,269            | 1,165,573          |
| Specialty Food Stores-4452                                | 1,641,510               | 138,441            | 1,503,069            | 770,543                 | 77,109            | 693,434            |
| Beer, Wine and Liquor Stores-4453                         | 3,168,953               | 2,212,567          | 956,386              | 1,449,872               | 1,192,234         | 257,638            |

| Opportunity Gap - Retail Stores                      | PTA                     |                   |                     | STA                     |                   |                     |
|--|-------------------------|-------------------|---------------------|-------------------------|-------------------|---------------------|
|  | (Consumer Expenditures) | (Retail Sales)    | Leakage (Inflow)    | (Consumer Expenditures) | (Retail Sales)    | Leakage (Inflow)    |
| <b>Health and Personal Care Stores-446</b>           | <b>23,915,057</b>       | <b>23,499,489</b> | <b>415,568</b>      | <b>11,604,846</b>       | <b>407,458</b>    | <b>11,197,388</b>   |
| Pharmancies and Drug Stores-44611                    | 20,637,359              | 19,859,357        | 778,002             | 10,019,643              | 338,157           | 9,681,486           |
| Cosmetics, Beauty Supplies, Perfume Stores           | 853,849                 | 0                 | 853,849             | 416,949                 | 0                 | 416,949             |
| Optical Goods Stores-44613                           | 883,690                 | 739,995           | 143,695             | 419,946                 | 17,069            | 402,877             |
| Other Health and Personal Care Stores-44619          | 1,540,159               | 2,900,137         | (1,359,978)         | 748,308                 | 52,232            | 696,076             |
| <b>Gasoline Stations-447</b>                         | <b>44,576,137</b>       | <b>84,192,727</b> | <b>(39,616,590)</b> | <b>20,576,375</b>       | <b>31,119,326</b> | <b>(10,542,951)</b> |
| Gasoline Stations With Conv Stores-44711             | 33,214,568              | 81,241,655        | (48,027,087)        | 15,323,822              | 6,140,666         | 9,183,156           |
| Other Gasoline Stations-44719                        | 11,361,569              | 2,951,072         | 8,410,497           | 5,252,553               | 24,978,660        | (19,726,107)        |
| <b>Clothing and Clothing Accessories Stores-448</b>  | <b>18,207,963</b>       | <b>6,997,511</b>  | <b>11,210,452</b>   | <b>8,295,013</b>        | <b>159,142</b>    | <b>8,135,871</b>    |
| Clothing Stores-4481                                 | 12,882,556              | 6,085,238         | 6,797,318           | 5,881,471               | 159,142           | 5,722,329           |
| Men's Clothing Stores-44811                          | 849,368                 | 2,348,153         | (1,498,785)         | 388,830                 | 0                 | 388,830             |
| Women's Clothing Stores-44812                        | 3,153,917               | 1,936,260         | 1,217,657           | 1,447,197               | 0                 | 1,447,197           |
| Childrens, Infants Clothing Stores-44813             | 760,996                 | 0                 | 760,996             | 338,607                 | 0                 | 338,607             |
| Family Clothing Stores-44814                         | 6,957,850               | 0                 | 6,957,850           | 3,173,029               | 0                 | 3,173,029           |
| Clothing Accessories Stores-44815                    | 306,016                 | 0                 | 306,016             | 140,041                 | 0                 | 140,041             |
| Other Clothing Stores-44819                          | 854,409                 | 1,800,825         | (946,416)           | 393,767                 | 159,142           | 234,625             |
| Shoe Stores-4482                                     | 2,521,109               | 321,933           | 2,199,176           | 1,143,178               | 0                 | 1,143,178           |
| Jewelry, Luggage, Leather Goods Stores-4483          | 2,804,298               | 590,340           | 2,213,958           | 1,270,364               | 0                 | 1,270,364           |
| Jewelry Stores-44831                                 | 2,584,027               | 590,340           | 1,993,687           | 1,169,254               | 0                 | 1,169,254           |
| Luggage and Leather Goods Stores-44832               | 220,271                 | 0                 | 220,271             | 101,110                 | 0                 | 101,110             |
| <b>Sporting Goods, Hobby, Book, Music Stores-451</b> | <b>8,921,907</b>        | <b>10,997,925</b> | <b>(2,076,018)</b>  | <b>4,029,655</b>        | <b>418,706</b>    | <b>3,610,949</b>    |
| Sportng Goods, Hobby, Musical Inst Stores-4511       | 6,097,478               | 8,884,631         | (2,787,153)         | 2,777,277               | 418,706           | 2,358,571           |
| Sporting Goods Stores-45111                          | 2,991,818               | 7,884,434         | (4,892,616)         | 1,355,272               | 409,585           | 945,687             |
| Hobby, Toys and Games Stores-45112                   | 1,957,134               | 260,014           | 1,697,120           | 891,989                 | 0                 | 891,989             |
| Sew/Needlework/Piece Goods Stores-45113              | 556,664                 | 71,723            | 484,941             | 262,623                 | 9,121             | 253,502             |
| Musical Instrument and Supplies Stores-45114         | 591,862                 | 668,460           | (76,598)            | 267,393                 | 0                 | 267,393             |
| Book, Periodical and Music Stores-4512               | 2,824,429               | 2,113,294         | 711,135             | 1,252,378               | 0                 | 1,252,378           |
| Book Stores and News Dealers-45121                   | 1,945,285               | 2,113,294         | (168,009)           | 856,145                 | 0                 | 856,145             |
| Book Stores-451211                                   | 1,846,470               | 2,113,294         | (266,824)           | 811,125                 | 0                 | 811,125             |
| News Dealers and Newsstands-451212                   | 98,815                  | 0                 | 98,815              | 45,020                  | 0                 | 45,020              |
| Prerecorded Tapes, CDs, Record Stores-45122          | 879,144                 | 0                 | 879,144             | 396,233                 | 0                 | 396,233             |

| Opportunity Gap - Retail Stores               | PTA                     |                    |                     | STA                     |                  |                   |
|---|-------------------------|--------------------|---------------------|-------------------------|------------------|-------------------|
|   | (Consumer Expenditures) | (Retail Sales)     | Leakage (Inflow)    | (Consumer Expenditures) | (Retail Sales)   | Leakage (Inflow)  |
| <b>General Merchandise Stores-452</b>         | <b>55,224,813</b>       | <b>100,952,773</b> | <b>(45,727,960)</b> | <b>25,705,293</b>       | <b>540,139</b>   | <b>25,165,154</b> |
| Department Stores Excl Leased Depts-4521      | 26,094,521              | 37,398,445         | (11,303,924)        | 12,084,011              | 506,073          | 11,577,938        |
| Other General Merchandise Stores-4529         | 29,130,292              | 63,554,328         | (34,424,036)        | 13,621,282              | 34,066           | 13,587,216        |
| <b>Miscellaneous Store Retailers-453</b>      | <b>11,697,846</b>       | <b>9,781,796</b>   | <b>1,916,050</b>    | <b>5,474,998</b>        | <b>159,350</b>   | <b>5,315,648</b>  |
| Florists-4531                                 | 838,154                 | 329,767            | 508,387             | 392,281                 | 2,003            | 390,278           |
| Office Supplies, Stationery, Gift Stores-4532 | 4,494,495               | 6,656,226          | (2,161,731)         | 2,064,171               | 57,191           | 2,006,980         |
| Office Supplies and Stationery Stores-45321   | 2,551,458               | 5,560,542          | (3,009,084)         | 1,171,107               | 52,560           | 1,118,547         |
| Gift, Novelty and Souvenir Stores-45322       | 1,943,037               | 1,095,684          | 847,353             | 893,064                 | 4,631            | 888,433           |
| Used Merchandise Stores-4533                  | 921,507                 | 184,373            | 737,134             | 417,340                 | 998              | 416,342           |
| Other Miscellaneous Store Retailers-4539      | 5,443,690               | 2,611,430          | 2,832,260           | 2,601,206               | 99,158           | 2,502,048         |
| <b>Non-Store Retailers-454</b>                | <b>32,009,942</b>       | <b>4,882,638</b>   | <b>27,127,304</b>   | <b>14,894,236</b>       | <b>250,154</b>   | <b>14,644,082</b> |
| <b>Foodservice and Drinking Places-722</b>    | <b>41,798,577</b>       | <b>35,303,164</b>  | <b>6,495,413</b>    | <b>19,031,038</b>       | <b>9,905,008</b> | <b>9,126,030</b>  |
| Full-Service Restaurants-7221                 | 18,675,706              | 19,951,459         | (1,275,753)         | 8,490,876               | 6,753,968        | 1,736,908         |
| Limited-Service Eating Places-7222            | 17,761,000              | 10,131,386         | 7,629,614           | 8,092,498               | 1,838,391        | 6,254,107         |
| Special Foodservices-7223                     | 3,499,413               | 2,022,052          | 1,477,361           | 1,597,034               | 63,502           | 1,533,532         |
| Drinking Places -Alcoholic Beverages-7224     | 1,862,458               | 3,198,267          | (1,335,809)         | 850,630                 | 1,249,147        | (398,517)         |
| <b>GAFO *</b>                                 | <b>104,932,578</b>      | <b>172,506,458</b> | <b>(67,573,880)</b> | <b>48,402,810</b>       | <b>2,380,593</b> | <b>46,022,217</b> |
| General Merchandise Stores-452                | 55,224,813              | 100,952,773        | (45,727,960)        | 25,705,293              | 540,139          | 25,165,154        |
| Clothing and Clothing Accessories Stores-448  | 18,207,963              | 6,997,511          | 11,210,452          | 8,295,013               | 159,142          | 8,135,871         |
| Furniture and Home Furnishings Stores-442     | 8,512,841               | 8,631,367          | (118,526)           | 3,965,144               | 1,178,296        | 2,786,848         |
| Electronics and Appliance Stores-443          | 9,570,559               | 38,270,656         | (28,700,097)        | 4,343,534               | 27,119           | 4,316,415         |
| Sporting Goods, Hobby, Book, Music Stores-451 | 8,921,907               | 10,997,925         | (2,076,018)         | 4,029,655               | 418,706          | 3,610,949         |
| Office Supplies, Stationery, Gift Stores-4532 | 4,494,495               | 6,656,226          | (2,161,731)         | 2,064,171               | 57,191           | 2,006,980         |

Figure 11: Retail Leakage by Category in Sheridan's Primary and Secondary Trade Areas. Source: Claritas, Inc.

Downtown Sheridan's combined trade areas do show gain overall, yet on second look it appears that the gain is specifically in a few categories. "Gain" indicates that stores in the area are selling more than residents have the capacity to spend, meaning that customers are coming from outside the trade area for that particular good. Sheridan shows the largest **gain** in these categories:

- Building Materials & Supply - \$63 million in gain
- Gas Stations - \$50 million
- General Merchandising - \$21 million
- Auto Dealers - \$20 million in gain

While the combined trade areas gained \$42 million, these four categories alone showed \$155 million in gain. Therefore, the majority of the remaining categories **actually show leakage**.

Although retail leakage may have a negative connotation, it translates to opportunity based on current demand. In this light, the greatest opportunities for Sheridan's combined trade areas are:

- Grocery & Food Stores - leakage of \$31 million
- Home Centers - \$18 million in leakage
- Restaurants - \$15 million
- Pharmacy & Drug Stores - \$10 million
- Family Clothing - \$10 million
- Various other general and specialty retail categories

Similarly, if we look at demand within the 5-county region that is relevant to Sheridan's market, opportunities include:

- Furniture & Home Furnishings - \$9 million in leakage
- Home Centers - \$56 million in leakage
- Grocery & Food Stores - leakage of \$59 million
- Pharmacy & Drug Stores - \$45 million
- Clothing - leakage of \$46 million, mostly in Family category
- Restaurants - \$47 million

### **Market Potential Analysis**

While there is leakage overall in certain categories, Sheridan cannot reasonably expect to recapture 100% of the sales leaking from its trade areas. As much as we shop for items that we need everyday, shopping itself is an activity. People will continue to travel to other places to get certain goods or services, shop online, or in catalogs. Therefore, we must look at a potential capture scenario that might illustrate the potential for additional retail should some of the lost revenues be captured in the categories where retail leakage exists. Through strategic recruitment, economic development and marketing, a community can reasonably expect to recapture a certain amount of sales that are leaking out of the area. Typically, a community could capture 20% of leakage from the primary trade area (one in every five dollars) and 10% of the leakage from the secondary trade area (one in every ten dollars).

The table below illustrates the new or expanded retail space that could be supported in Sheridan by capturing some of the leaking sales.

| Retail Stores                            | 20% of PTA Outflow | 10% Of STA Outflow | Potential Capture | Sales per Square Foot | Calculated Capture |
|--|--------------------|--------------------|-------------------|-----------------------|--------------------|
| Selected Retail Categories Below         | (16,144,266)       | 7,114,928          |                   |                       | 56,855             |
| Furniture Stores                         | 176,099            | 136,608            | 312,708           | 141.84                | 2,205              |
| Home Furnishing Stores                   | (199,804)          | 142,076            |                   | 167.75                | 0                  |
| Household Appliances Stores              | (220,629)          | 78,693             |                   | 245.44                | 0                  |
| Radio, Television, Electronics Stores    | (3,793,989)        | 245,271            |                   | 207.17                | 0                  |
| Computer and Software Stores             | (1,808,311)        | 88,841             |                   | 207.17                | 0                  |
| Camera and Photographic Equipment Stores | 82,909             | 18,837             | 101,746           | 542.63                | 188                |
| Building Material and Supply Dealers     | (6,610,854)        | (556,785)          |                   | 142.38                | 0                  |
| Hardware Stores                          | (962,444)          | (179,373)          |                   | 121.08                | 0                  |
| Grocery Stores                           | 3,062,020          | 1,255,345          | 4,317,366         | 371.79                | 11,612             |
| Health and Personal Care Stores          | 83,114             | 1,119,739          | 1,202,852         | 247.29                | 4,864              |
| Clothing and Clothing Accessories Stores | 1,359,464          | 572,233            | 1,931,697         | 164.60                | 11,736             |
| Women's Accessory & Specialty            | 243,531            | 144,720            | 388,251           | 164.60                | 2,359              |
| Shoe Stores                              | 439,835            | 114,318            | 554,153           | 158.81                | 3,489              |
| Jewelry Stores                           | 398,737            | 116,925            | 515,663           | 263.92                | 1,954              |
| Luggage and Leather Goods Stores         | 44,054             | 10,111             | 54,165            | 198.82                | 272                |
| Sporting Goods Stores                    | (978,523)          | 94,569             |                   | 153.46                | 0                  |
| Hobby, Toys and Games Stores             | 339,424            | 89,199             | 428,623           | 146.28                | 2,930              |
| Sew/Needlework/Piece Goods Stores        | 96,988             | 25,350             | 122,338           | 74.91                 | 1,633              |
| Book Stores                              | (53,365)           | 81,113             | 27,748            | 161.16                | 172                |
| General Merchandise Stores               | (9,145,592)        | 2,516,515          |                   | 133.90                | 0                  |
| Florists                                 | 101,677            | 39,028             | 140,705           | 149.82                | 939                |
| Gift, Novelty and Souvenir Stores        | 169,471            | 88,843             | 258,314           | 168.55                | 1,533              |
| Foodservice and Drinking Places          | 1,299,083          | 912,603            | 2,211,686         | 201.63                | 10,969             |
| Drinking Places -Alcoholic Beverages     | (267,162)          | (39,852)           |                   | 88.07                 | 0                  |

Figure 12: 20/10 Capture Scenario for Sheridan. Sources: Claritas, Inc., Dollars & Cents of Shopping Centers, Arnett Muldrow & Associates.

Based on this scenario table, Sheridan's trade areas show demand for up to **56,855 square feet of additional retail space** in the above categories. This is not a tremendous amount of demand overall, but it should be noted that our capture scenario is conservative. Given the rural makeup of Sheridan's regional market, and lack of significant competitors in the area, the opportunity is likely greater than this.

### Retail Shares Analysis

The retail shares analysis compares Sheridan's primary trade area businesses as proportion of a larger region. This is used to benchmark selected retail categories to determine if particular retail types are under performing, representing an opportunity for expansion, or performing exceptionally well, representing an opportunity for clustering related businesses around a certain strength. For the purposes of this study, Sheridan's primary trade area is compared to a six-county region including Sheridan, Johnson, Campbell, Big Horn WY, Big Horn MT, and Yellowstone County MT.

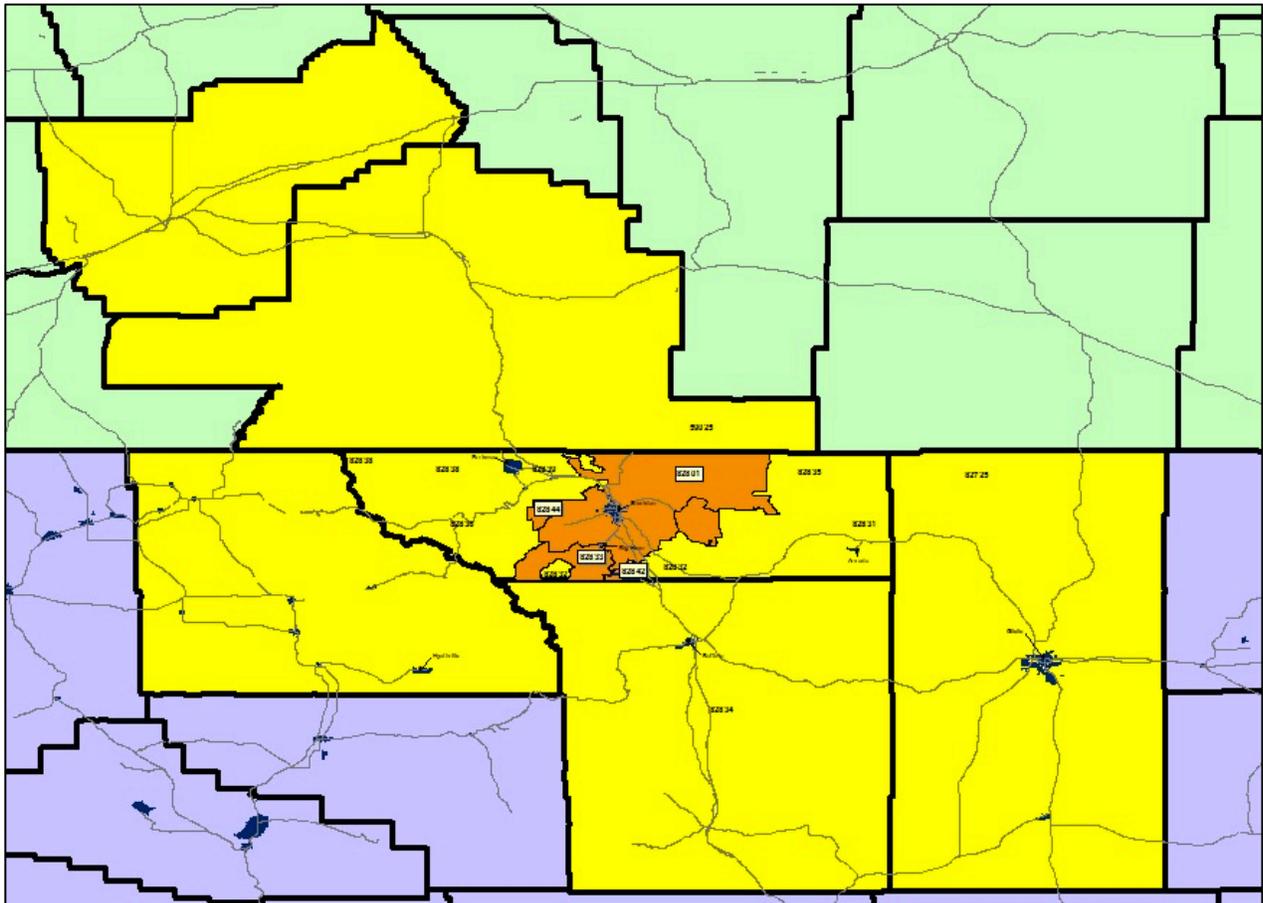


Figure 13: Shares Region (yellow) including Primary Trade Area (orange).

### Retail Shares

The total sales for all businesses in the primary trade area account for a 11.0% share of all retail within the six-county region.

| Retail Shares Analysis                | 6 County Shares      |                        |              |
|---------------------------------------|----------------------|------------------------|--------------|
|                                       | Sales                |                        | Share %      |
|                                       | Primary              | 6-County               |              |
| <b>Total Retail Sales</b>             | <b>\$594,805,458</b> | <b>\$5,383,503,455</b> | <b>11.0%</b> |
| Radio, Television, Electronics Stores | \$24,444,542         | \$80,373,945           | 30.4%        |
| Computer and Software Stores          | \$11,018,870         | \$26,228,992           | 42.0%        |
| Building Materials, Lumberyards       | \$23,239,423         | \$131,421,779          | 17.7%        |
| Lawn, Garden Equipment, Supplies      | \$28,755,558         | \$77,936,999           | 36.9%        |
| Nursery and Garden Centers            | \$28,755,558         | \$77,926,608           | 36.9%        |
| Men's Clothing Stores                 | \$2,348,153          | \$8,643,769            | 27.2%        |
| <b>Total Retail Sales</b>             | <b>\$594,805,458</b> | <b>\$5,383,503,455</b> | <b>11.0%</b> |
| Camera and Photographic Stores        | \$0                  | \$539,859              | 0.0%         |
| Home Centers                          | \$914,548            | \$119,790,089          | 0.8%         |
| Paint and Wallpaper Stores            | \$185,191            | \$19,852,064           | 0.9%         |
| Outdoor Power Equipment Stores        | \$0                  | \$10,391               | 0.0%         |
| Specialty Food Stores                 | \$138,441            | \$5,461,894            | 2.5%         |
| Childrens, Infants Clothing Stores    | \$0                  | \$1,976,640            | 0.0%         |
| Family Clothing Stores                | \$0                  | \$45,142,706           | 0.0%         |
| Clothing Accessories Stores           | \$0                  | \$3,773,986            | 0.0%         |
| Shoe Stores                           | \$321,933            | \$19,781,210           | 1.6%         |
| Luggage and Leather Goods Stores      | \$0                  | \$705,947              | 0.0%         |
| Hobby, Toys and Games Stores          | \$260,014            | \$45,469,462           | 0.6%         |
| Sew/Needlework/Piece Goods Stores     | \$71,723             | \$14,588,872           | 0.5%         |
| Used Merchandise Stores               | \$184,373            | \$7,743,393            | 2.4%         |

Figure 14: Shares Analysis for Primary Trade Area. Source: Claritas, Inc.

Anything significantly above the benchmark share of 11.0% in the PTA would represent a clustering opportunity. This means that Sheridan has a larger portion of regional retail sales in that category. That particular category may be a regional attractor, and there may be potential for expansion in an effort to build a cluster. There may also be a need to market and position the community as a destination for a that particular use.

Anything significantly below the benchmark suggests there is a general lack of supply in that category. This would point us back to the retail leakage study to determine if there is enough opportunity to support additional space in Sheridan.

The shares study shows a few business types that are performing well within the region, and these are shown in top portion the table above. Generally, the ability to build retail clusters is centered on destination based retail, such as restaurants, antiques, furniture, etc. In Sheridan, certain categories may show a much higher share than the benchmark (lumberyards), but are not considered clustering opportunities.

### Retail Pull Factor

A method to determine an area's competitiveness is by calculating its retail "pull factor". Similar to a retail shares analysis, it is a supply-side study that provides a broader perspective on the relative strength of a community's retail base. Pull Factor is determined simply by dividing Sheridan's per capita retail sales by Wyoming's per capita sales. The figures below are based on the most recent sales data from Claritas, Inc, as well as the US Census.

|                 | Total Retail Sales | 2010 Population | Per Capita Retail Sales | Pull Factor |
|-----------------|--------------------|-----------------|-------------------------|-------------|
| Wyoming         | \$10,288,085,413   | 563,626         | \$18,253.39             | n/a         |
| Montana         | \$17,890,490,974   | 989,415         | \$18,081.89             | n/a         |
| Sheridan        | \$466,094,020      | 17,444          | \$26,719.45             | 1.46        |
| PTA             | \$594,805,458      | 25,968          | \$22,905.32             | 1.25        |
| Sheridan County | \$604,977,714      | 29,116          | \$20,778.19             | 1.14        |
| Johnson         | \$81,142,493       | 8,569           | \$9,469.31              | 0.52        |
| Campbell        | \$1,018,116,504    | 46,133          | \$22,069.16             | 1.21        |
| Big Horn WY     | \$64,766,929       | 11,668          | \$5,550.82              | 0.30        |
| Washakie        | \$149,897,245      | 8,533           | \$17,566.77             | 0.96        |
| Big Horn MT     | \$96,501,928       | 12,865          | \$7,501.12              | 0.41        |
| Yellowstone MT  | \$3,517,997,887    | 147,972         | \$23,774.75             | 1.31        |
| Carbon MT       | \$92,873,650       | 10,078          | \$9,215.48              | 0.50        |

Figure 15: Regional Retail Sales Pull Factors. Source: Claritas, US Census.

The data is shown for Sheridan and the six-county regional trade area. A pull factor figure greater than 1.0 suggests the area is pulling in sales beyond the customer base that lives within the respective area. A factor less than 1.0 means that the community is losing sales to areas outside.

At 1.46, The City of Sheridan has a high pull factor, indicating once again that it is pulling in retail sales from a large region. This means that Sheridan is experiencing about 1.46 times the amount of retail sales typical in Wyoming. In fact, Sheridan's pull factor is above any of the counties in the eight-county regional trade area, including Yellowstone County Montana. Of the counties within the region, Sheridan, Campbell (Gillette), and Yellowstone (Billings), have a pull factor higher than 1.0.

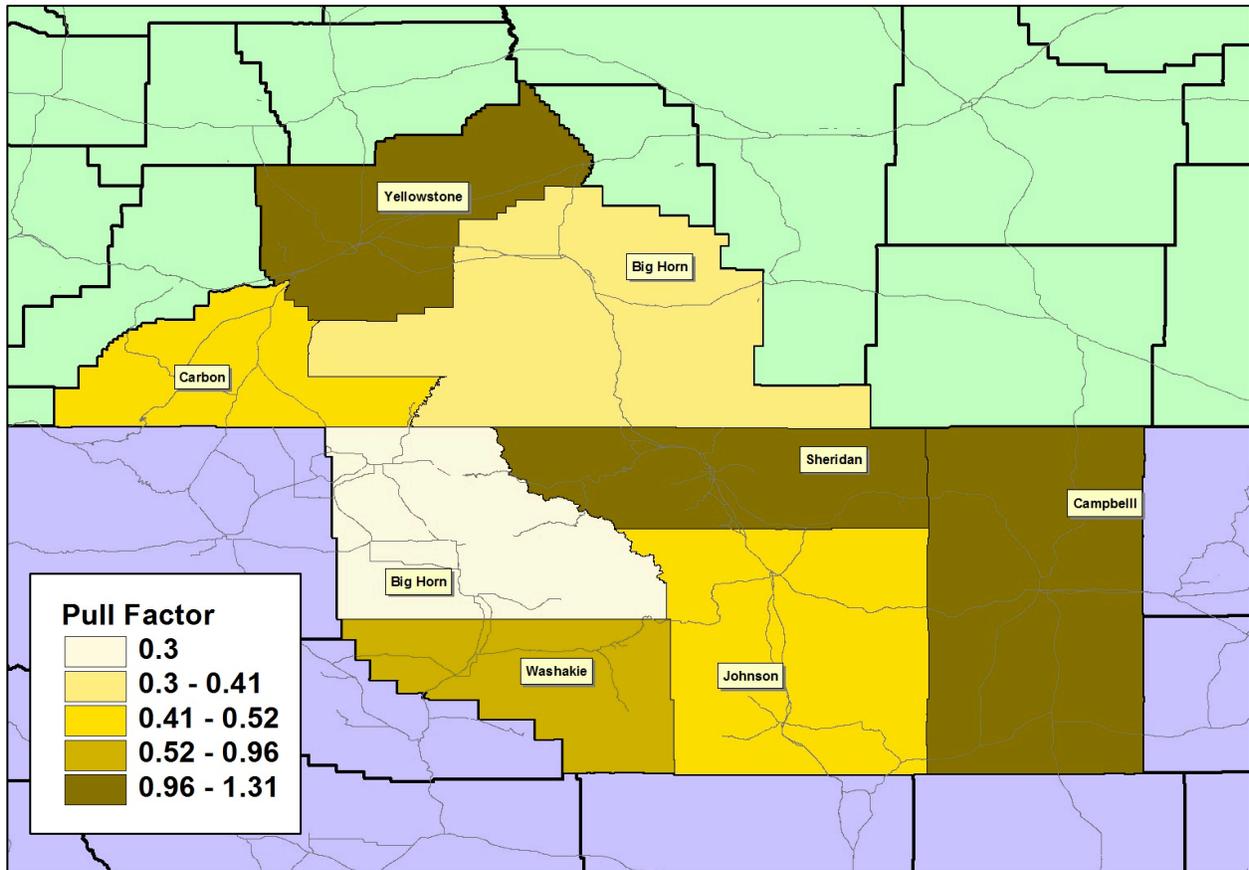


Figure 16: Regional Retail Sales Pull Factors. Source: Claritas, US Census.

## Conclusions of the Retail Analysis

Based on the retail leakage, space demand and shares analyses, the categories listed below show the most opportunity in Sheridan.

- **Clothing** – Within Sheridan’s combined primary and secondary trade area, there is leakage (demand) of about \$19 million. In the conservative capture scenario, this translates to approximately 12,000 square feet of space demand. As a frame of reference, a typical Old Navy store is around 14,000 square feet, while independent downtown clothing stores can be as small as 2,500 square feet. Most all categories show demand (women’s, children’s, etc), but most demand is in the “family clothing” category. Within the six-county region (including Billings and Gillette), there is still significant demand for clothing stores.
- **Grocery & Food** – Similarly, grocery stores show a combined leakage of \$31 million. This demand increases as we look in the larger six-county region meaning it is not met in the larger area. The local trade area leakage translates to demand of approximately 11,600 square feet of grocery store space. As a point of reference, a typical Safeway type product is about 35,000 square feet, so there does not appear to be enough demand for a new store outright. It should be noted that grocery store sales from the Walmart Supercenter is attributed to the “general merchandising” category of business, and likely serves much of the “demand” identified here. However, there does appear to be potential for smaller, specialty type of grocery that could include fresh produce, meats, bakery, and even wine shops. This is particularly the case if the businesses are able to attract business from the larger rural region.
- **Restaurants** – There is a leakage of \$15 million in the local trade areas, equating to about 11,000 square feet of demand. The vast majority of this demand (\$13 million) is in “limited service”. As we look at the larger region, there is continued demand for both full and limited service offerings in each county with the exception of Yellowstone. Still, while Billings is drawing consumers in with the restaurant category, it falls short of the demand within the six-county region.

Overall, there does appear to be demand for additional restaurants in Sheridan, and particularly downtown. However, it should be noted that just because there is demand, does not mean that any restaurant would be successful. Restaurants in particular are one of the most difficult independent businesses to operate, and depend on strong business planning and competent operators. Given the level of demand and stakeholders interest in an improved variety of restaurant openings, it is important that new restaurants meet a specific need or provide fare that is not currently found in the Sheridan market.

- **Health & Personal Care (pharmacy)** – There is a combined demand in this category of 7,000 square feet. While a typical standalone operation can be upwards of 11,000 square feet, there is still likely demand for expansion of existing downtown pharmacy, or other personal care business.

- **Specialty Retail** - There are a number of specialty retail categories showing varying levels of demand. These categories are all suitable for downtown, whether it be an expansion of an existing business, or the recruitment of a new operation. These categories include:
  - **Shoes** - 3,500 square feet of demand
  - **Hobby & Craft** – 4,500 Sq. Ft.
  - **Furniture & Home Furnishings** – 2,500 Sq. Ft.
  - **Women’s Accessory** – 2,400 Sq. Ft.
  - **Jewelry** – 1,700 Sq. Ft.
  - **Books** – 1,500 Sq. Ft.
  - **Gift** – 1,500 Sq. Ft.
  
- **Regional Demand** – Finally, Sheridan exists as an economic center of a large rural region, and therefore likely pulls in customers from outside of its immediate local trade areas. Several categories show opportunity within the expanded region:
  - **Antiques**
  - **Restaurants**
  - **Specialty** (books, hobby, gifts, jewelry, shoes)
  - **Family Clothing**
  - **Grocery & Food**

## 4.0 Demographics and Market Segmentation

In this section, we will look at the demographic makeup of Sheridan and its trade areas, first by comparing trade area demographics to the region, and then by looking at the specific demographic and consumer characteristics of the various segments of the market.

### 4.1 Demographic Snapshot

The following charts compare population and income levels for Sheridan’s trade areas with the larger region. For the purposes of this analysis, Sheridan is compared to nearby zip codes, Sheridan County, as well as adjacent counties and cities. In each chart, the City of Sheridan is shown in red, the primary trade area in orange, and the secondary trade area in purple.

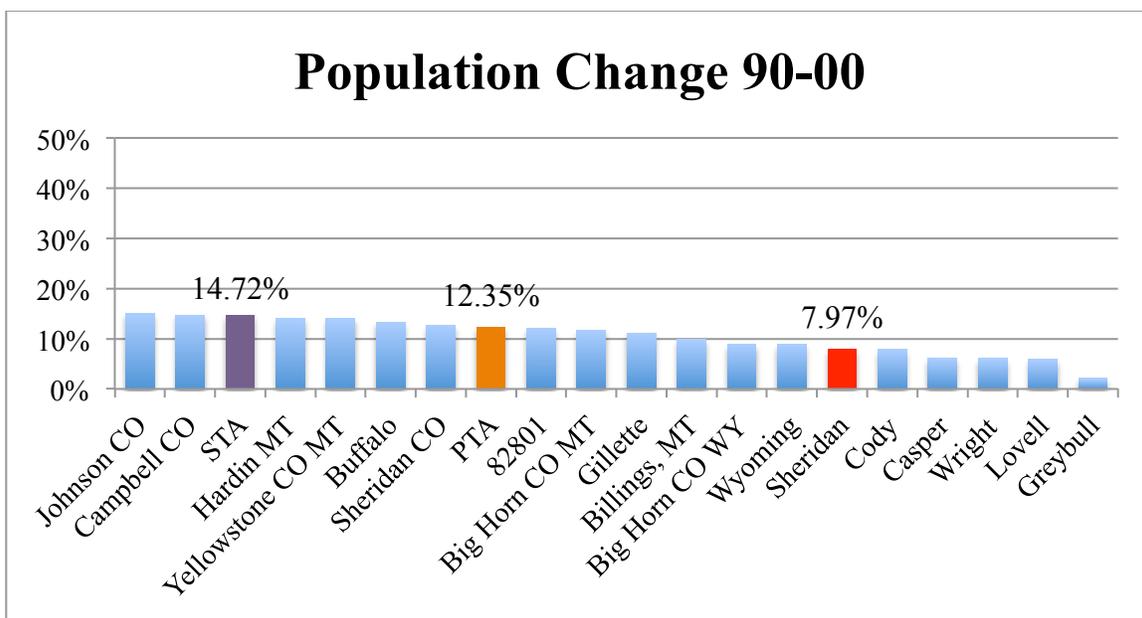


Figure 17: Regional Population Change 1990-2000. Source: Claritas Inc. US Census.

- The region experienced a significant amount of growth between 1990 and 2000, with Johnson and Campbell Counties growing at the fastest rate.
- During this time period, the City of Sheridan grew by just under 9%, while its primary and secondary trade areas grew by 12.35% and 14.72% respectively.

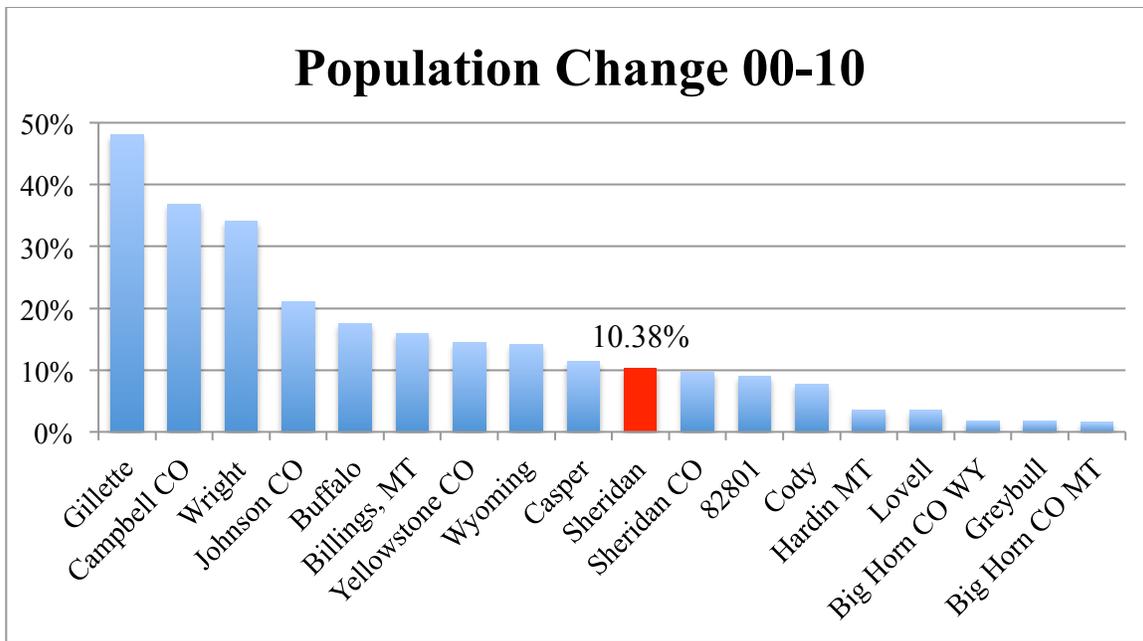


Figure 18: Population Changes estimated from 2000 to 2010. Source: Claritas, Inc.

- Between 2000 and the most recent census, the region continued to grow by an even greater rate than the previous decade. Gillette grew the fastest at 48%, followed by Campbell County at 37%.
- The City of Sheridan grew by 10.38% during this time, outpacing Sheridan County at 9.62%. While the County did grow by a healthy rate, it was slower growth than the previous decade.

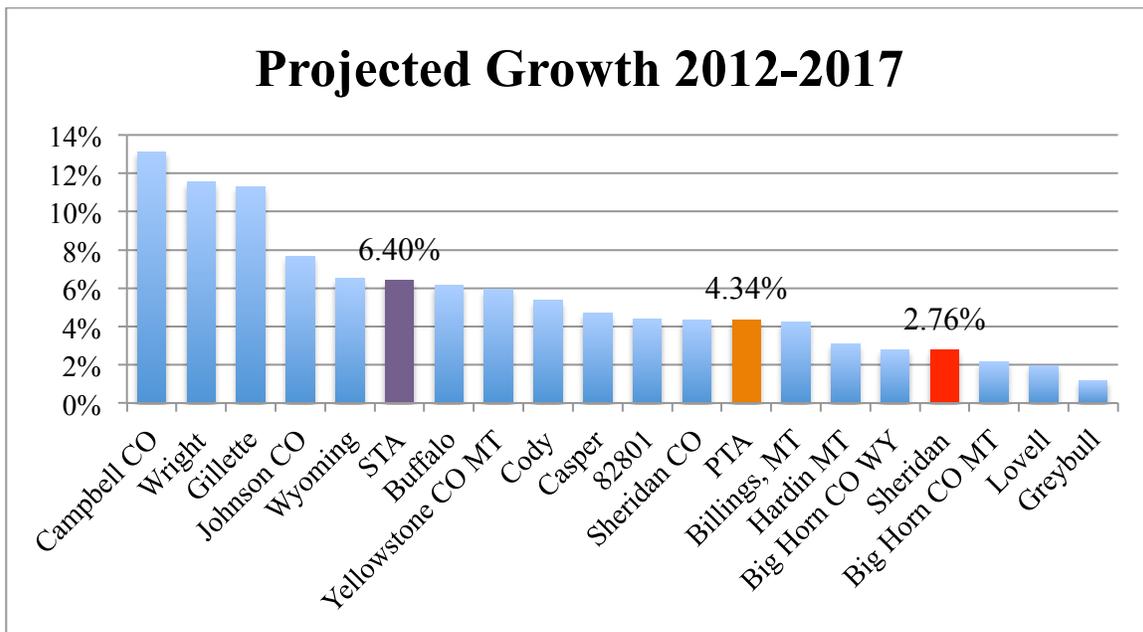


Figure 19: Population projections from 2010 to 2015. Source: Claritas, Inc.