

Economic Development Committee
September 27, 2022 Meeting
Retail Business Site Selection Criteria

During the Economic Development Committee in August 2022, site selection criteria was brought up as a potential hinderance when it came to the City's business recruitment efforts. The Department wanted to expand on this thought by providing the Economic Development Committee with the most common factors considered by businesses that are looking to open new storefronts. Please see below for a list of ten common factors that businesses consider when reviewing a new market.

1. Population Density

Many major retailers look to population density as one of the most important factors to consider when evaluating new markets. It was found that most major retailers preferred to have 20,000 residents within 2-5 miles of the suggested property location. Population growth/decline can also play a large role in the decision-making process for businesses looking to open a new storefront.

It's also important to point out why major retailers focus on population numbers within 2-5 miles of the suggested property location. This distance usually makes up the trade area for most retailers. A retail trade area is the geographic area that a retail store draws from, the longest drive a customer is willing to make.

The Department has provided a population study for the area surrounding 101 Plaza Drive. This data was collected by Location Commercial Real Estate. Please see the population study below:

101 Plaza Drive – Population Study:

- i. 1-mile: 12,838
- ii. 3-miles: 37,471
- iii. 5-miles: 86,409

2. Customer Demographics

Businesses will first check the population density of the area surrounding the proposed location. Next, they will check to see if the demographics of the surrounding population make a good fit for their services/goods. Retailers want to make sure that the surrounding population will frequent their business. Some factors that retailers will consider include median or average household income, median or average house value, number of households, number of persons per household, average age, family size, education level, employment statistics, and gender ratio.

3. Location Access

Retailers understand that potential customers are much more likely to visit a business if the business is easy to access. Here are a couple of components of the location access that businesses will consider when evaluating new locations for development.

- How easy is it to get in (ingress) and out (egress) of the parking lot?
- Is the location on the “drive home” side of the main road?
- Presence of traffic signals to assist people that are leaving/entering the location.
- Is it possible for passersby to easily stop in?
- Proximity to major highways. Is the location near an exit to a major highway?

4. Traffic Counts

The average daily traffic (ADT) for Wildwood’s Town Center Area equals 22,000. This information was collected from a 2017 Traffic Impact Study. This study focused on significant intersections within Wildwood’s Town Center Area, as well as along the primary corridors which provide access to the area, such as Route 100, Route 109 and Manchester Road. The area is generally bound by Missouri Route 100 to the north, Missouri Route 109 to the west, and Manchester Road to the south.

Based on the review of historic traffic volumes over the past fifteen years, trendlines indicate an average annual growth rate of 0.5%. This rate was applied to traffic on Route 100 and Route 109 to estimate future traffic projections. The rate was not applied to Manchester Road; however, it is expected that much of the traffic growth on this facility will be directly related to future development associated with the Town Center Area. A new traffic impact study would need to be conducted to confirm this estimated growth rate.

5. Co-tenant Quality & Location Quality

Other businesses surrounding the location being considered by a new business can impact the kind of traffic that’s coming in. Businesses looking to open a new storefront want to be able to profit off cross-shopping traffic from neighboring retailers. Retailers will look to see if the location is near “anchor” businesses like shopping centers or home improvement stores. These anchors provide a continuous stream of foot traffic that can potentially spill over to the surrounding retail businesses.

Co-tenant quality brings up an important component of economic development, business clusters. A business cluster consists of businesses logically grouped together because they are similar, related, complimentary, or up and down the supply chain from

one another. For example, it may be beneficial to group pet care services in the same strip mall. This could include veterinary offices, animal boarding businesses, pet supply stores, dog bakeries, etc.

6. Parking Availability

Parking must be available to accommodate the business's potential customers. Retailers commonly use the 3:1 ratio, which means there is 3 SF of parking space available for every 1 SF of retail store. It is also important that the parking spaces are well-maintained.

7. Visibility

This includes visibility from the street and parking. Signage is a key component when considering visibility, for it can help draw traffic from the main road. Businesses look for locations that are clearly visible from highly trafficked roads. They also look for locations that provide ample opportunities to provide signage for their storefront.

8. Local Laws, Regulations, and Incentives

This includes property taxes, zoning regulations, development ordinances, signage regulations, environmental issues, and permitting. Businesses look to areas that support free enterprise, and they are less likely to open a business in a city where they'll have to get through significant roadblocks in route to opening their new storefront. Businesses also look at any potential economic incentives that governing bodies offer when moving through the site selection process.

9. Proximity to Competitors

Businesses will avoid markets that are already saturated by their competitors. Setting up a new store among established competition means the new store will have to share the market with the existing businesses. A business might look to other areas where there might not be as much competition.

10. Cost Effectiveness

This includes the value a certain property can offer compared to what other options might offer. A business must consider the mortgage/rent associated with the property, leasehold improvements, usual decoration, insurance, security, the cost of utilities, and the amount of maintenance they'll be required to do. All these factors play a role in the decision-making process.