

ELLIS COUNTY Kansas

Community Retail Analysis

February 2010

Updated from October 2008 Study

Prepared by

ROIC analytics, LLC

for

Ellis County Coalition
for Economic Development



Introduction

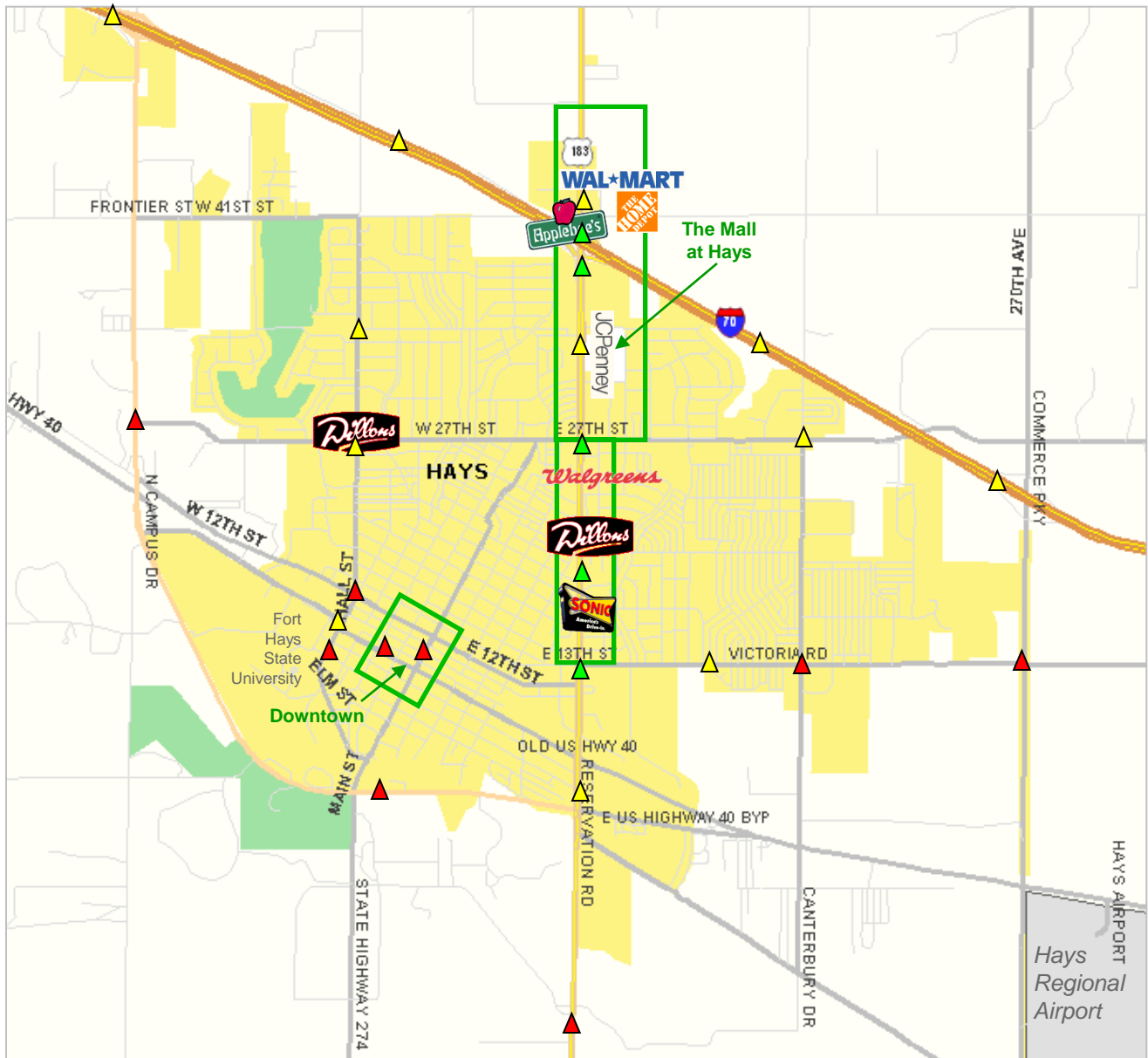
In February 2010, ROIC analytics, LLC was contracted by the Ellis County Coalition for Economic Development to study the retail market of Ellis County and provide direction in their quest to provide a retail climate that best serves the community.

The following study centers around Hays, Kansas. Hays (approx. population 20,000) is the economic center of Ellis County and is home to nearly three-quarters of the county's residents. Although it may or may not be appropriate to attract retail to the smaller communities surrounding Hays, it is much more likely that retailers will approach Hays first. As Hays grows and the city's retail landscape strengthens, the business climate in surrounding towns will be more likely to benefit.



Community Retail Overview

The major retailers in Hays include Wal-mart Supercenter (general merchandise and grocery), Home Depot (Home Improvement), Walgreens (Drug), JcPenney (Department Store), and Dillon's (Grocery). The restaurant offering includes the quick serve staples – Pizza Hut, Taco Bell, McDonald's, and Sonic. In the chain casual dining space, Hays has Applebee's and IHOP. Most retail is located along the Vine Street corridor, stretching just north of I-70 past the Mall at Hays down to 13th Street.



1 inch = 0.75 miles

Green boxes highlight current retail corridors

Traffic Count (KSDOT, Feb 2008)

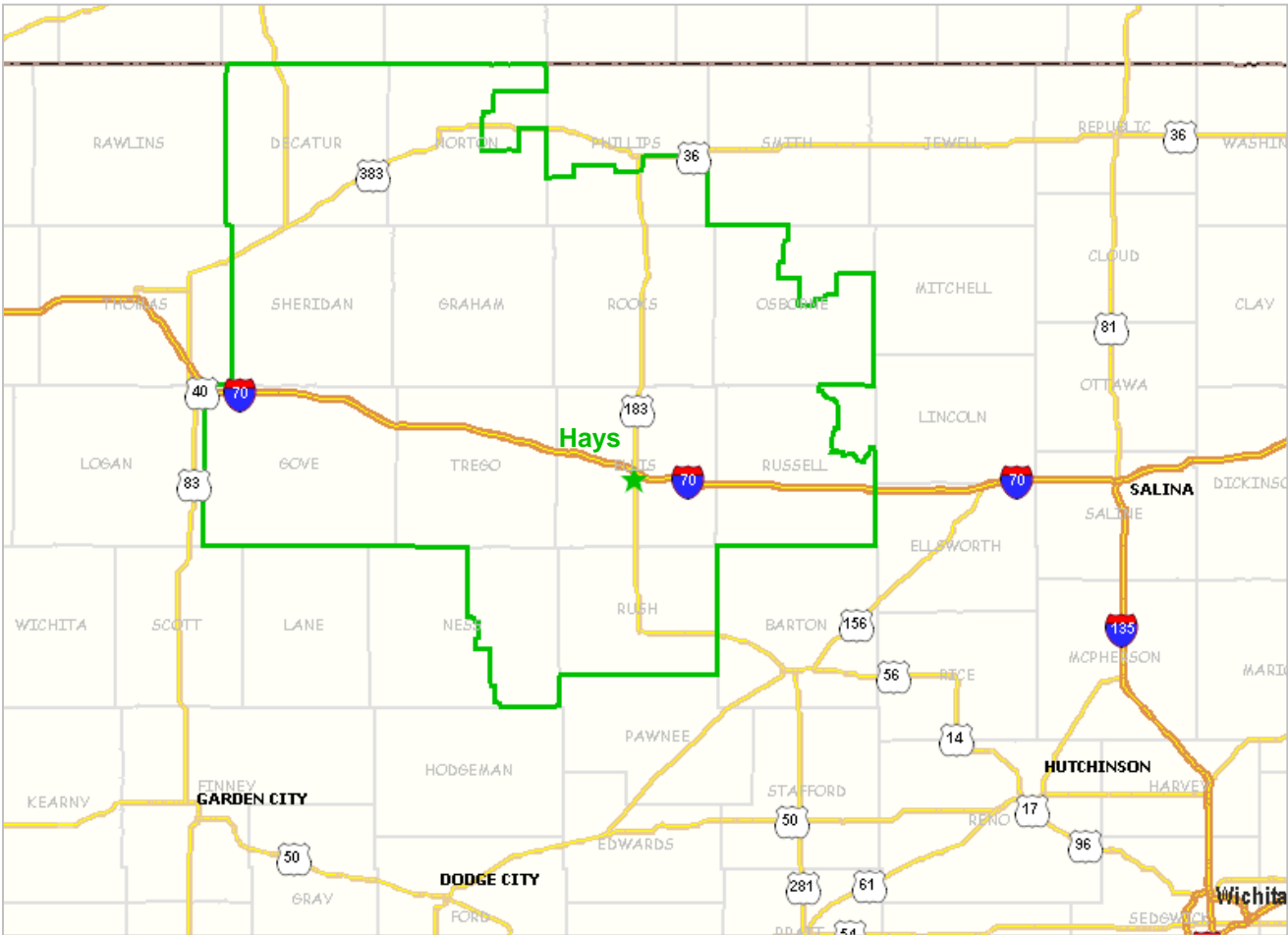
- ▲ 15,000 +
- ▲ 7,500 – 15,000
- ▲ 2,500 – 7,500

Market Area Overview

Hays, Kansas is located along I-70, approximately 325 miles east of Denver, CO, 250 miles west of Kansas City and 186 miles northwest of Wichita, KS. Hays is home to approximately 20,000 people.

Following is visual representation of Hays approximate market area. The market area was calculated using a proprietary implementation of Reilly's Law of Retail Gravitation. Reilly's Law states that the break point between two cities is equal to the distance divided by $1 + \sqrt{\frac{\text{population of city A}}{\text{population of city B}}}$. In other words, since Dodge City and Hays are similar in size, the break point where consumers will travel to one city or the other is nearly equidistant between them. Where one city is much larger, as in the case of Wichita, the break point will be much closer to the smaller community (Hays) since the pull of the larger community (Wichita) is stronger.

The market area encompasses households most likely to make use of Hays' retail offering. Patronage is largely driven by convenience and offering. Thus, if Hays offers the retail and service offering that shoppers in the market area desire, they will be likely to travel there to shop. In most cases, however, shoppers outside of the market area will find similar or more abundant retail opportunities in other, more convenient, communities. It should be noted that retail is considered in aggregate, or as a single destination. The pull distance of individual retailers will vary.



Market boundary is shown in green.

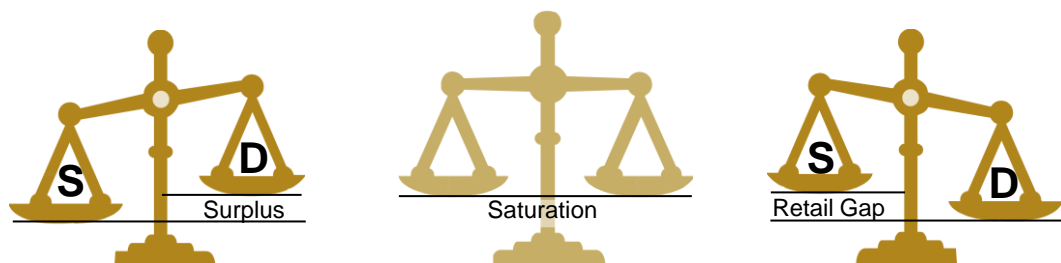
Market Area Demographics

	City of Hays	Ellis County	Market Area
POPULATION			
2000 Population	20,013	27,507	67,281
2010 Population (estimate)	20,582	28,344	65,674
2010 Non-Institutionalized Pop (estimate)	19,131	26,672	63,008
2010 Transient Pop (estimate)	512	719	930
2009 Day Pop (employees)	12,063	14,718	28,531
2014 Population (projected)	20,517	28,216	65,053
HOUSEHOLDS			
2010 Households (estimate)	8,410	11,533	27,400
Average Persons/Household	2.4	2.5	2.4
INCOME (2009)			
Median HH Income	\$45,711	\$45,844	\$43,209
% Income < \$25K	29.7%	28.2%	27.8%
% Income \$25-\$50K	26.0%	27.2%	30.4%
% Income \$50-\$75K	18.3%	19.5%	20.5%
% Income \$75K-\$100K	12.2%	12.4%	10.9%
% Income \$100K-\$150K	8.8%	8.3%	7.0%
% Income \$150K+	5.0%	4.4%	3.4%
EDUCATION (2009)			
% K-9	5.9%	7.0%	6.8%
% High School	4.6%	5.5%	7.1%
% High School Grad	27.0%	29.0%	33.6%
% College / Associate Degree	28.9%	28.2%	30.2%
% Bachelor's Degree	20.9%	19.3%	15.0%
% Master's+	24.1%	23.7%	7.3%
ETHNICITY (2009)			
% White, Non-hispanic	92.3%	93.3%	94.7%
% Black, Non-hispanic	1.2%	1.0%	0.9%
% Asian, Non-hispanic	1.6%	1.2%	0.7%
% Hispanic	3.5%	3.2%	2.5%
% Other	1.4%	1.2%	1.3%
AGE (2009)			
% 0-4	7.8%	7.4%	6.1%
% 5-13	10.7%	10.8%	10.2%
% 14-17	3.6%	3.9%	4.3%
% 18-25	22.9%	23.5%	11.1%
% 26-44	56.1%	60.1%	23.8%
% 45-64	53.3%	46.3%	26.1%
% 65+	21.3%	26.0%	18.4%

Retail Market Overview

The tables that follow summarize retail supply and demand in the market area to allow us to calculate the gaps or opportunities in the marketplace.

For each retail category, the “supply” or actual retail activity in the market, is compared to the “demand” or expected consumer consumption of the product or store type. If supply exceeds demand, the market area has a surplus of retail in that category and adding additional retail is typically not recommended. Surpluses are shown in red in the retail gap analysis tables. If demand exceeds supply, the result is our retail gap. In most cases, this gap is being filled outside the market area, often called “leakage”, although in some cases the gap may be currently met within the trade area by another retail category. For this reason, the following tables include both supply and demand for establishments (stores) and products.



When supply of a product or retail category is in greater abundance than demand for the product or category, we have a “surplus” of supply. When demand outstrips the current offering, forcing consumers to seek retail elsewhere (leakage) or go without, we have a “retail gap”. The goal is to reach “saturation”.

The last column in the table calculates an estimate of retail square footage potential. Using a typical range of sales per square foot for retail types, the retail gap can be converted to a measure of square footage. Since store sizes range greatly within a category, square footage is the best method to determine the appropriateness of adding a particular retail category. For example, if your community has the potential for 4,000 – 6,000 square feet (SF) of home improvement, it is unlikely that you can support an additional store. Even the smallest home improvement retailers like True-Value and Ace Hardware will likely require larger units. For a Home Depot or Lowe’s to even look at the community, you’d likely want the retail gap to be nearing 100,000 SF. On the other hand, if you have a 4,000 – 6,000 SF retail gap in Women’s Clothing, it is reasonable to believe you could add one or more Women’s clothing stores.

Retail Gap in Hays

A review of the data on the following pages shows numerous categories with abundant opportunity. General Merchandise, Drug Stores, Grocery Stores, and Department Stores are in particularly high demand. Categories that are saturated and do not require additional growth include Furniture, Fuel Centers, Lawn and Garden, and Full-service Eating and Drinking places.

In smaller cities that lose dollars to the surrounding larger cities, one must use caution when interpreting the retail gap analysis. Attracting retail locally is often the needed step in keeping your local dollars close to home. However, retail areas are synergistic – meaning that if your overall retail marketplace does not offer the shopping experience residents require, they will likely continue to travel to the surrounding communities to shop. The goal then, is to build a retail marketplace that captures the dollars you can capture. To help understand which categories offer the best chance for growth for a community the size of yours, we follow the retail gap analysis with a benchmarking exercise. Beginning on page 10, we compare your community to those most similar in size and characteristics, and compare your retail offerings.

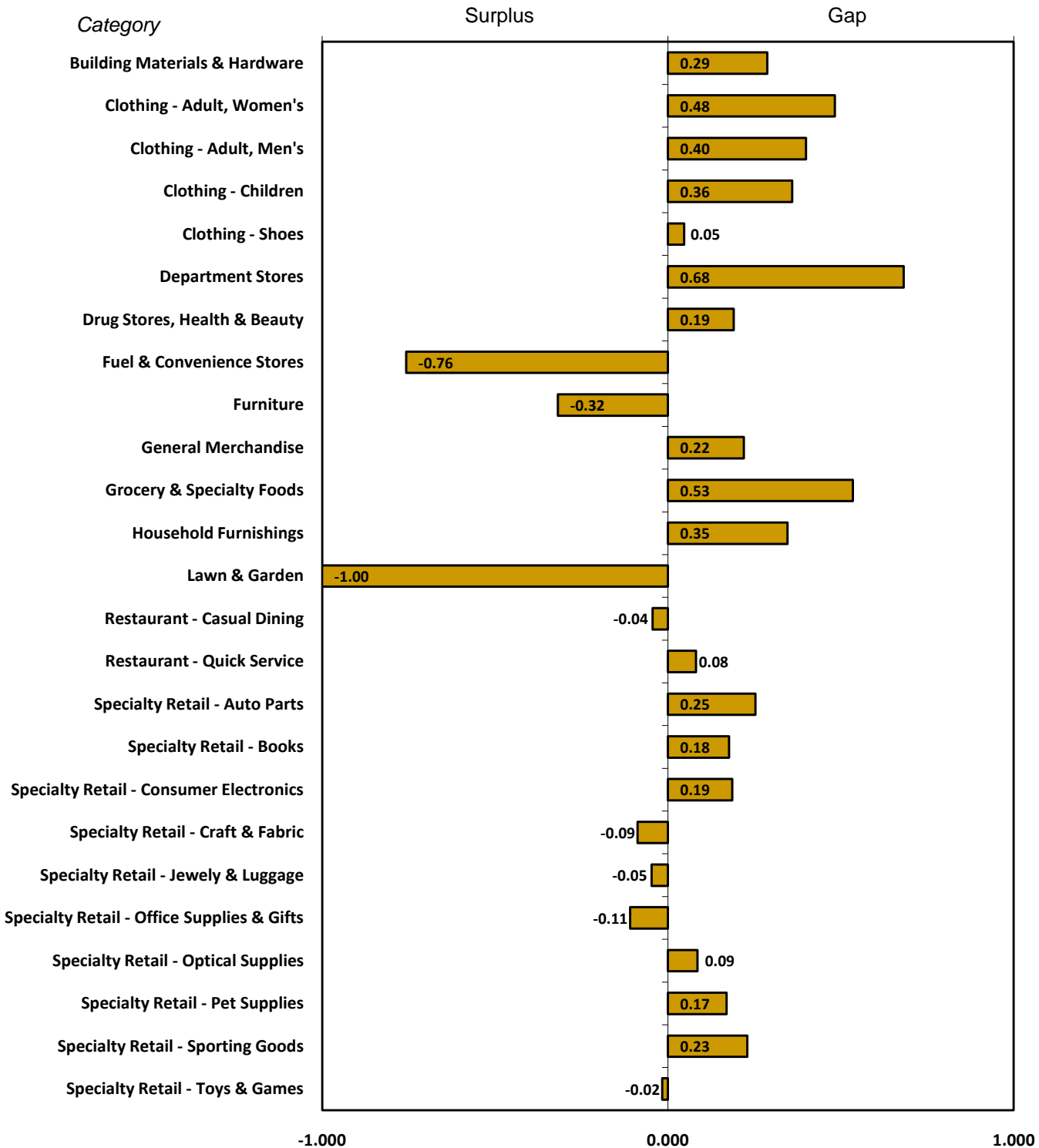
Retail Gap Analysis

	Supply	Demand	Gap / (Surplus)	Estimate of SF Potential
BUILDING MATERIALS AND HOME IMPROVEMENT				
Building material & supplies stores	\$39,198,475	\$55,010,130	\$15,811,655	31600 - 52700
Lumber & other building/structural materials & supplies	\$19,423,714	\$27,441,567	\$8,017,853	16000 - 26700
Hardware, tools, & plumbing & electrical supplies	\$12,253,173	\$15,844,321	\$3,591,148	7200 - 12000
Household fuels, including oil, LP gas, wood, coal	\$3,157,864	\$5,011,983	\$1,854,119	3700 - 6200
Flooring & floor coverings	\$5,008,370	\$8,182,645	\$3,174,275	6300 - 10600
Paint & sundries / wallpaper & other flexible wallcoverings	\$3,399,883	\$4,682,441	\$1,282,558	2600 - 4300
LAWN & GARDEN EQUIPMENT				
Lawn & garden equipment & supplies stores	\$35,192,911	\$16,286,768	(\$18,906,143)	0
Lawn, garden, & farm equipment & supplies	\$30,496,140	\$16,750,974	(\$13,745,166)	0
FURNITURE AND HOME FURNISHINGS				
Furniture stores	\$13,787,351	\$10,460,159	(\$3,327,192)	0
Home furnishings stores	\$6,327,865	\$9,672,144	\$3,344,279	9600 - 19100
Furniture, sleep equipment & outdoor/patio furniture	\$18,519,053	\$19,031,640	\$512,587	1300 - 2600
Curtains, draperies, blinds, slipcovers, bed & table coverings	\$2,194,601	\$2,965,785	\$771,184	2200 - 4400
Kitchenware & home furnishings	\$6,237,277	\$9,234,260	\$2,996,983	12000 - 20000
ELECTRONICS & APPLIANCES				
Electronics & appliance stores	\$13,499,922	\$16,587,162	\$3,087,240	5100 - 8800
Major household appliances	\$2,810,851	\$2,626,156	(\$184,695)	0
Audio equipment & musical instruments & related materials	\$5,223,015	\$5,027,193	(\$195,822)	0
Computer hardware, software, & supplies, including gaming	\$8,827,048	\$9,583,090	\$756,042	1100 - 1500
Small electric appliances	\$876,435	\$1,020,799	\$144,364	300 - 500
Televisions, video recorders, video cameras	\$4,105,748	\$3,870,378	(\$235,370)	0
FUEL CENTERS				
Gasoline stations	\$162,460,417	\$92,482,207	(\$69,978,210)	0
Automotive fuels	\$127,463,634	\$79,975,096	(\$47,488,538)	0
AUTOMOTIVE				
Automotive parts, accessories, & tire stores	\$12,493,336	\$16,720,158	\$4,226,822	7000 - 14100
Automotive lubricants, including oil, greases, etc.	\$1,464,098	\$1,618,683	\$154,585	300 - 500
Automotive tires, tubes, batteries, parts, accessories	\$17,622,293	\$25,243,258	\$7,620,965	12700 - 25400
GENERAL MERCHANDISE				
General merchandise stores	\$40,735,067	\$52,212,734	\$11,477,667	14300 - 28700
Used merchandise stores	\$1,820,438	\$2,149,040	\$328,602	1300 - 3300
DRUGS & PERSONAL CARE				
Health & personal care stores	\$36,918,218	\$45,605,914	\$8,687,696	10900 - 21700
Drugs, health aids, beauty aids, including cosmetics	\$51,087,529	\$74,686,633	\$23,599,104	29500 - 59000

Retail Gap Analysis, continued

	Supply	Demand	Gap / (Surplus)	Estimate of SF Potential
CLOTHING & ACCESSORIES				
Department stores	\$16,451,800	\$51,659,985	\$35,208,185	176000 - 234700
Clothing stores	\$11,818,402	\$21,684,231	\$9,865,829	16400 - 49300
Women's, juniors', & misses' wear	\$11,913,559	\$23,034,249	\$11,120,690	18500 - 55600
Men's wear	\$5,896,277	\$9,812,963	\$3,916,686	11200 - 19600
Children's wear & infants' & toddlers' clothing & accessories	\$3,052,105	\$4,766,802	\$1,714,697	2600 - 5700
Shoe stores	\$4,399,231	\$4,616,979	\$217,748	500 - 1500
Footwear, including accessories	\$6,673,524	\$9,429,818	\$2,756,294	6900 - 18400
SPECIALTY RETAIL				
Book, periodical, & music stores	\$5,032,269	\$6,113,698	\$1,081,429	3100 - 7200
Books/Periodicals	\$4,712,686	\$5,949,611	\$1,236,925	3500 - 8200
Jewelry, luggage, & leather goods stores	\$5,112,823	\$4,881,052	(\$231,771)	0
Jewelry, including watches	\$6,471,451	\$7,533,620	\$1,062,169	1800 - 2400
Office supplies, stationery, & gift stores	\$8,437,558	\$7,605,913	(\$831,645)	0
Paper & related products	\$2,817,321	\$4,598,301	\$1,780,980	4000 - 7100
Optical goods, including eyeglasses, sunglasses, etc.	\$1,880,975	\$2,056,223	\$175,248	400 - 600
Pets, pet foods, & pet supplies	\$3,981,811	\$4,794,708	\$812,897	3300 - 4600
Sporting goods, hobby, & musical instrument stores	\$9,179,963	\$12,174,963	\$2,995,000	7500 - 15000
Sporting goods, including bicycles & motorized sport vehicles	\$8,934,531	\$11,594,902	\$2,660,371	6700 - 13300
Toys, hobby goods, & games	\$4,018,148	\$3,954,096	(\$64,052)	0
Sewing, knitting materials & supplies	\$729,451	\$670,721	(\$58,730)	0
Photographic equipment & supplies	\$791,315	\$750,889	(\$40,426)	0
Other miscellaneous store retailers	\$11,342,665	\$13,981,933	\$2,639,268	5300 - 8800
GROCERY & SPECIALTY FOOD STORES				
Supermarkets	\$55,714,796	\$140,421,807	\$84,707,011	94100 - 169400
Specialty food stores	\$552,780	\$2,340,517	\$1,787,737	2000 - 3600
Groceries & other food items for off premises consumption	\$74,398,606	\$159,967,788	\$85,569,182	95100 - 171100
RESTAURANTS & BARS				
Limited-service eating places	\$38,125,149	\$41,491,152	\$3,366,003	5600 - 8400
Full-service restaurants	\$39,701,297	\$38,020,650	(\$1,680,647)	0
Meals & nonalcoholic beverages for immediate consumption	\$90,931,636	\$80,783,404	(\$10,148,232)	0
Alcoholic drinks served at the establishment	\$18,491,248	\$16,515,374	(\$1,975,874)	0
Bars/Drinking places (alcoholic beverages)	\$6,958,996	\$4,899,861	(\$2,059,135)	0
ALCOHOL & TOBACCO				
Beer, wine, & liquor stores	\$12,069,424	\$10,272,871	(\$1,796,553)	0
Packaged liquor, wine, & beer	\$15,537,445	\$13,403,028	(\$2,134,417)	0
Cigars, cigarettes, tobacco, & smokers' accessories	\$20,408,077	\$21,193,858	\$785,781	1600 - 2600

Retail Gap Index



Retail Benchmarking

ROIC analytics' Community Analog Ranking Tool (CART) matches community characteristics, both geographic and demographic, to a database of over 10,000 communities across the United States to return a list of communities most similar or *analogous* to yours.

CART looks at a community's residential, non-resident, and transient population, both in the community and in the greater market area, socio-economic factors of the population, geographic factors such as the volume of traffic passing by or through town, and more to provide similarity scores for all communities in the database. An additional step filters community analogs by distance, to only return communities that are likely to compete for the same retail brands. Depending on the size of the market, the distance filter might be as low as 250 miles or as large as the entire U.S.

The report on the following page lists the communities deemed most similar to yours. In many cases the community itself may be smaller or larger than yours, but in most cases the market area is similar. Market area is a better indicator of retail potential than the size of the community, as the consumer base is not restricted to the community itself.

Hays Benchmarks

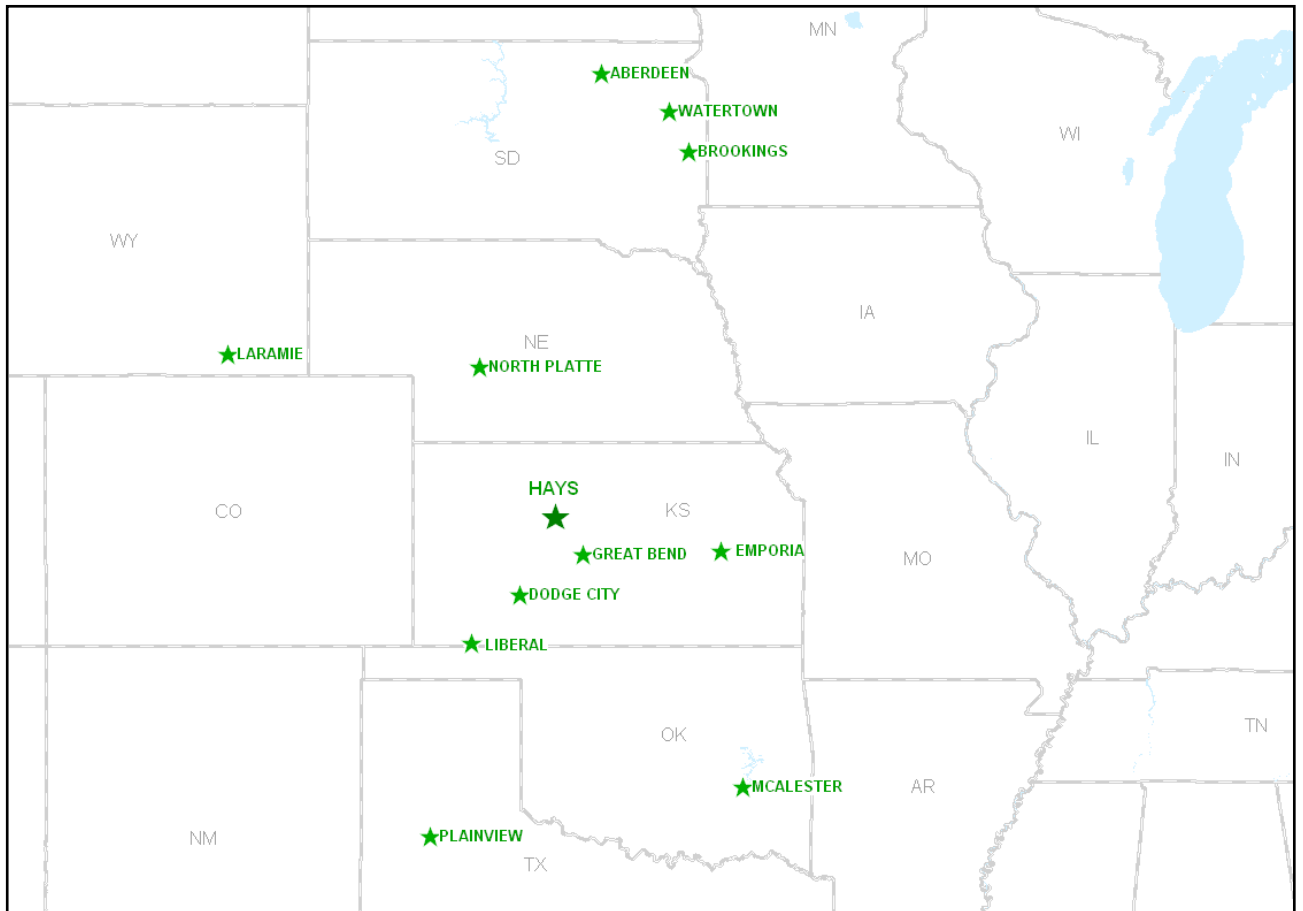
CART returned 11 communities most similar to Hays. These communities are located throughout Kansas, Oklahoma, Texas, Nebraska, South Dakota, and Wyoming.

In 34 of 60 (57%) retail categories, Hays is currently on par with or has higher retail sales than the average for the analog communities. Of the 26 categories with lower retail sales, department stores, grocery stores, general merchandise stores, and clothing stores appear to offer the greatest opportunity for expansion.

Beginning on page 15, we'll identify retailers that both fit our retail gap categories and are a good fit for the consumer and local marketplace.

Community Analogs

City	State	City Population	Population within 15 miles	Population within 30 miles	Non-Resident College Pop w/i 30 miles	Other Non-Resident Population w/i 30 miles	Median Income	Access 1 = Interstate 2 = Major Hwy 3 = Other	Distance Away (miles)
HAYS	KS	20,368	27,919	40,470	837	818	\$43,669	1	0
GREAT BEND	KS	15,564	26,329	42,403	257	285	\$41,801	3	46
DODGE CITY	KS	25,689	32,054	40,423	109	595	\$43,374	3	86
LIBERAL	KS	20,074	25,852	39,003	142	443	\$45,747	3	154
EMPORIA	KS	26,380	35,491	54,028	1,071	741	\$38,873	1	172
NORTH PLATTE	NE	24,107	30,762	35,554	64	1,385	\$45,978	1	173
MCALESTER	OK	18,388	34,009	62,280	371	514	\$40,868	1	336
PLAINVIEW	TX	21,334	31,170	53,320	386	332	\$40,376	1	350
LARAMIE	WY	27,664	31,036	33,903	2,154	581	\$42,308	1	371
BROOKINGS	SD	19,865	29,712	57,319	3,021	585	\$47,774	1	397
WATERTOWN	SD	20,488	29,555	39,782	0	859	\$47,514	1	431
ABERDEEN	SD	24,460	32,292	40,377	782	797	\$48,149	3	457



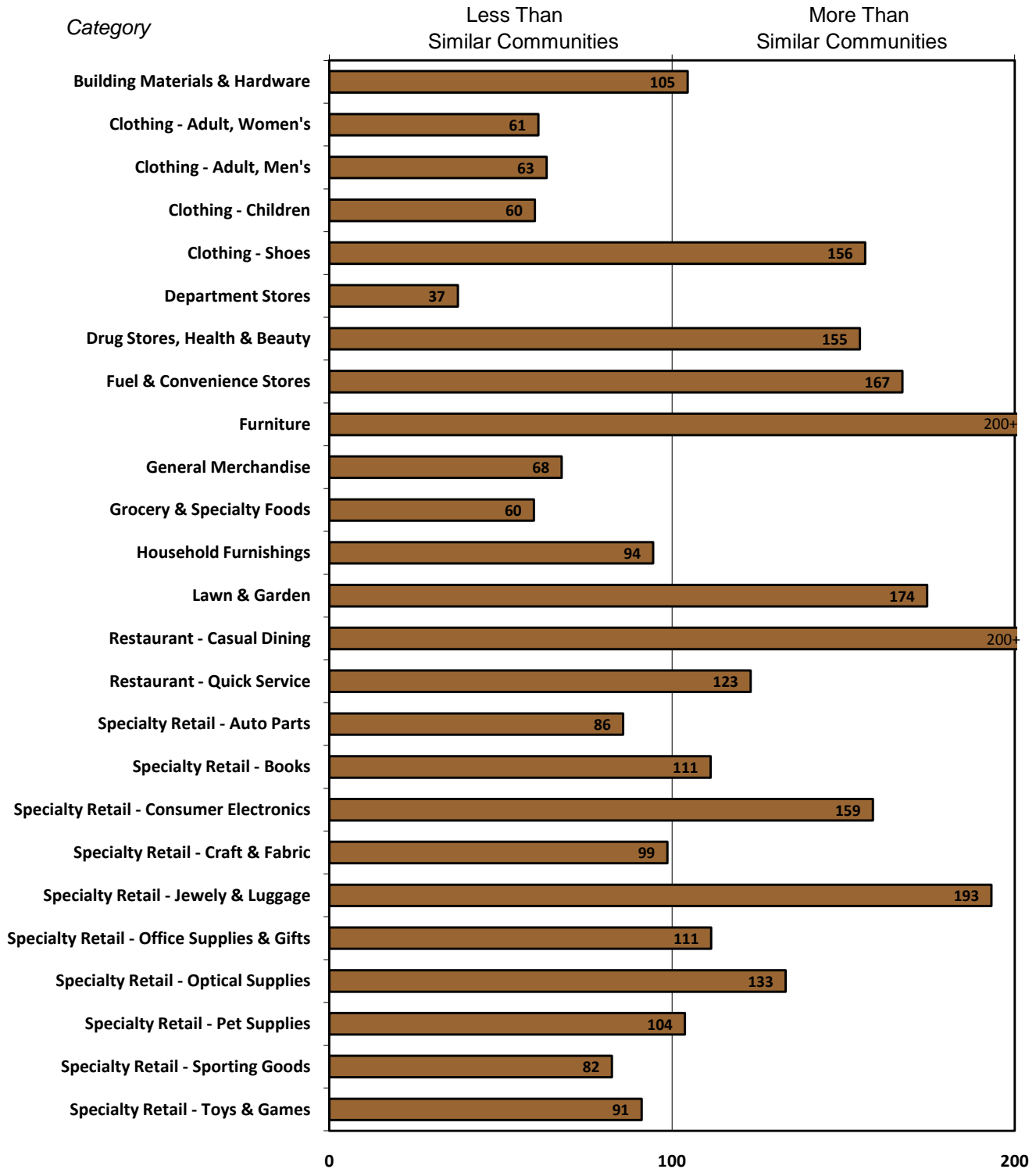
Retail Offering, Compared to Analog Communities

	HAYS, Retail \$ (Supply)	Analog Communities, Retail \$ (Supply)	Ratio to Analog
BUILDING MATERIALS AND HOME IMPROVEMENT			
Building material & supplies stores	\$39,198,475	\$37,483,011	105%
Lumber & other building/structural materials & supplies	\$19,423,714	\$18,521,197	105%
Hardware, tools, & plumbing & electrical supplies	\$12,253,173	\$12,064,918	102%
Household fuels, including oil, LP gas, wood, coal	\$3,157,864	\$4,818,747	66%
Flooring & floor coverings	\$5,008,370	\$5,630,373	89%
Paint & sundries / wallpaper & other flexible wallcoverings	\$3,399,883	\$3,392,466	100%
LAWN & GARDEN EQUIPMENT			
Lawn & garden equipment & supplies stores	\$35,192,911	\$20,170,896	174%
Lawn, garden, & farm equipment & supplies	\$30,496,140	\$17,637,700	173%
FURNITURE AND HOME FURNISHINGS			
Furniture stores	\$13,787,351	\$5,440,371	253%
Home furnishings stores	\$6,327,865	\$6,696,726	94%
Furniture, sleep equipment & outdoor/patio furniture	\$18,519,053	\$11,608,294	160%
Curtains, draperies, blinds, slipcovers, bed & table coverings	\$2,194,601	\$3,192,601	69%
Kitchenware & home furnishings	\$6,237,277	\$7,701,457	81%
ELECTRONICS & APPLIANCES			
Electronics & appliance stores	\$13,499,922	\$8,510,126	159%
Major household appliances	\$2,810,851	\$3,091,923	91%
Audio equipment & musical instruments & related materials	\$5,223,015	\$4,800,505	109%
Computer hardware, software, & supplies, including gaming	\$8,827,048	\$5,939,481	149%
Small electric appliances	\$876,435	\$1,213,337	72%
Televisions, video recorders, video cameras	\$4,105,748	\$3,999,158	103%
FUEL CENTERS			
Gasoline stations	\$162,460,417	\$97,127,276	167%
Automotive fuels	\$127,463,634	\$74,483,962	171%
AUTOMOTIVE			
Automotive parts, accessories, & tire stores	\$12,493,336	\$14,565,754	86%
Automotive lubricants, including oil, greases, etc.	\$1,464,098	\$1,525,547	96%
Automotive tires, tubes, batteries, parts, accessories	\$17,622,293	\$19,988,438	88%
GENERAL MERCHANDISE			
General merchandise stores	\$40,735,067	\$60,060,936	68%
Used merchandise stores	\$1,820,438	\$2,787,144	65%
DRUGS & PERSONAL CARE			
Health & personal care stores	\$36,918,218	\$23,844,670	155%
Drugs, health aids, beauty aids, including cosmetics	\$51,087,529	\$47,546,870	107%

Retail Offering, Compared to Analog Communities

	HAYS, Retail \$ (Supply)	Analog Communities, Retail \$ (Supply)	Ratio to Analog
CLOTHING & ACCESSORIES			
Department stores	\$16,451,800	\$43,878,303	37%
Clothing stores	\$11,818,402	\$16,468,745	72%
Women's, juniors', & misses' wear	\$11,913,559	\$19,532,717	61%
Men's wear	\$5,896,277	\$9,296,948	63%
Children's wear & infants' & toddlers' clothing & accessories	\$3,052,105	\$5,086,334	60%
Shoe stores	\$4,399,231	\$2,812,640	156%
Footwear, including accessories	\$6,673,524	\$6,812,784	98%
SPECIALTY RETAIL			
Book, periodical, & music stores	\$5,032,269	\$4,523,102	111%
Books/Periodicals	\$4,712,686	\$4,333,448	109%
Jewelry, luggage, & leather goods stores	\$5,112,823	\$2,646,135	193%
Jewelry, including watches	\$6,471,451	\$5,362,386	121%
Office supplies, stationery, & gift stores	\$8,437,558	\$7,570,728	111%
Paper & related products	\$2,817,321	\$4,651,353	61%
Optical goods, including eyeglasses, sunglasses, etc.	\$1,880,975	\$1,412,202	133%
Pets, pet foods, & pet supplies	\$3,981,811	\$3,835,768	104%
Sporting goods, hobby, & musical instrument stores	\$9,179,963	\$5,968,225	154%
Sporting goods, including bicycles & motorized sport vehicles	\$8,934,531	\$10,832,021	82%
Toys, hobby goods, & games	\$4,018,148	\$4,409,636	91%
Sewing, knitting materials & supplies	\$729,451	\$739,269	99%
Photographic equipment & supplies	\$791,315	\$856,960	92%
Other miscellaneous store retailers	\$11,342,665	\$7,378,936	154%
GROCERY & SPECIALTY FOOD STORES			
Supermarkets	\$55,714,796	\$109,513,837	51%
Specialty food stores	\$552,780	\$3,037,154	18%
Groceries & other food items for off premises consumption	\$74,398,606	\$124,542,563	60%
RESTAURANTS & BARS			
Limited-service eating places	\$38,125,149	\$31,010,374	123%
Full-service restaurants	\$39,701,297	\$16,226,398	245%
Meals & nonalcoholic beverages for immediate consumption	\$90,931,636	\$57,045,434	159%
Alcoholic drinks served at the establishment	\$18,491,248	\$8,779,940	211%
Bars/Drinking places (alcoholic beverages)	\$6,958,996	\$5,787,905	120%
ALCOHOL & TOBACCO			
Beer, wine, & liquor stores	\$12,069,424	\$8,297,167	145%
Packaged liquor, wine, & beer	\$15,537,445	\$14,065,248	110%
Cigars, cigarettes, tobacco, & smokers' accessories	\$20,408,077	\$16,690,398	122%

Retail Offering, Compared to Analog Communities



Retail Screening, Overview

The goal of this analysis is to filter all chain retailers down to an actionable list of potential prospects. The report on the following page lists the top matches with the community.

Several metrics are used to filter a database of 10,000+ national and regional retail chains down to a manageable list of prospects. Below are the filters applied by this process:

Geography. Unless otherwise specified, chains were considered for inclusion only if they are currently doing business in the State or in a nearby adjacent State. This eliminates chains from consideration not known to locate in the region.

Demographics. Retail chains in the database have been profiled on numerous demographic and psychographic categories to come up with a chain's "typical" trade area profile. This process compares the community's market area to each retailer's trade area profile. A retailer is then eliminated if there is not a strong demographic match to the community.

Sister Store Impact. This process looks at the proximity of a retailer's existing store network. Ideally, the retailer has located in nearby communities, but not yet in the community. If the retailer already exists in the community, it is eliminated from consideration. This is not to say that a community could not support multiple stores from one retailer. This step assumes that if a retailer is already located in the community then additional efforts to recruit them is not necessary.

Competitive Pressure. The presence of chains of each retail type within the market area is compared to the typical competitive scenario for each chain to gauge competitive pressure. In other words, if a particular retailer has more competitors in the surrounding market area than is typically found in the retailer's trade areas, then the community is considered too competitive for the retailer.

Retail Size. Retailers were considered for inclusion only if their typical square footage is within an acceptable range of square footage. In other words, if a community is interested in recruiting big box retailers, then only big box retailers are returned. Additionally, if the retail gap analysis shows that the community has 10,000 SF of retail potential in home improvement, retailers known never to build outside that range are eliminated. In this example, Home Depot would not be a candidate as it is extremely unlikely that they would build a 10,000 SF store.

Retail Environment. The retail Index compares the presence of retail, or expected retail in the case of new development to the typical retail environment surrounding each retail location. Thus, if Retailer X typically builds in large cities only and the community is small, then the retailer will score lower on this metric. The report on the following page estimates the percentage of stores a particular retailer has located in smaller communities.

Top Retail Matches

COMPANY	RETAIL CLASS	SF RANGE	GRADE	APPROXIMATE PERCENT (%) OF STORES IN SMALL MARKETS
O'REILLY AUTO PARTS	Auto Parts	2,100 - 4,900	B	25%
CARQUEST	Auto Parts	2,100 - 4,900	B	20%
ATWOODS	Building Materials & Hardware	25,000 - 55,000	C	30%
PRO-BUILD	Building Materials & Hardware	50,000 - 100,000	C	35%
SUTHERLANDS	Building Materials & Hardware	72,000 - 168,000	C	25%
SCHWESER'S	Clothing - Adult	5,400 - 12,600	A	95%
BODY CENTRAL	Clothing - Adult	5,157 - 12,033	C	5%
COLDWATER CREEK	Clothing - Adult	3,300 - 7,700	C	5%
DRESS BARN	Clothing - Adult	4,200 - 9,800	C	5%
EDDIE BAUER	Clothing - Adult	3,300 - 7,700	C	5%
LEVI STRAUSS & CO	Clothing - Adult	2,400 - 5,600	C	5%
PETITE SOPHISTICATE	Clothing - Adult	5,400 - 12,600	C	5%
SIMPLY FASHION	Clothing - Adult	6,414 - 14,966	C	5%
SHOE DEPARTMENT	Clothing - Shoes	1,200 - 2,800	B	15%
RACK ROOM SHOES	Clothing - Shoes	1,200 - 2,800	C	5%
FACTORY BRAND SHOES	Clothing - Shoes	1,200 - 2,800	C	15%
NEW BALANCE	Clothing - Shoes	1,330 - 3,104	C	5%
OFF BROADWAY SHOE WAREHOUSE	Clothing - Shoes	1,200 - 2,800	C	5%
JO-ANN FABRICS & CRAFTS	Craft & Fabric	15,000 - 35,000	B	5%
HERBERGER'S *	Department Stores	30,000 - 70,000	B	40%
GORDMANS	Department Stores	36,000 - 84,000	B	5%
YOUNKERS *	Department Stores	60,000 - 165,000	B	15%
CVS PHARMACY	Drug Stores, Health & Beauty	5,640 - 13,160	C	5%
SALLY BEAUTY SUPPLY	Drug Stores, Health & Beauty	2,450 - 5,716	C	5%
VITAMIN WORLD	Drug Stores, Health & Beauty	900 - 2,100	C	5%
DILLONS FOOD STORES **	Grocery & Specialty Food Stores	21,000 - 49,000	A	30%
RAYS APPLE MARKET	Grocery & Specialty Food Stores	9,900 - 23,100	A	65%
ALDI FOOD STORE	Grocery & Specialty Food Stores	9,000 - 21,000	B	10%
HY VEE FOOD STORE	Grocery & Specialty Food Stores	22,980 - 53,620	B	40%
HOMELAND STORES	Grocery & Specialty Food Stores	17,700 - 41,300	C	30%
ANYTIME FITNESS	Health Clubs	10,357 - 24,167	A	15%
COACH HOUSE	Office Supplies & Gifts	3,600 - 8,400	C	5%
HARRY & DAVID	Office Supplies & Gifts	3,600 - 8,400	C	10%
STAPLES	Office Supplies & Gifts	11,640 - 27,160	C	5%
PERKINS RESTAURANT & BAKERY	Restaurant - Casual	5,000 - 8,000	B	20%
SIRLOIN STOCKADE	Restaurant - Casual	4,000 - 9,500	B	40%
WESTERN SIZZLIN	Restaurant - Casual	5,000 - 8,000	B	35%
FURR'S FAMILY DINING	Restaurant - Casual	5,000 - 8,000	C	5%
RUBY TUESDAY	Restaurant - Casual	4,000 - 9,500	C	5%
RYANS	Restaurant - Casual	5,000 - 8,000	C	10%
FAMILY DOLLAR STORE	Variety Stores	4,800 - 11,200	A	5%
DOLLAR TREE	Variety Stores	6,000 - 14,000	A	10%
BIG LOTS	Variety Stores	15,600 - 36,400	B	5%
BEN FRANKLIN	Variety Stores	9,000 - 21,000	C	25%

* Not currently found in Kansas; however they have locations in small markets in southern Nebraska

** Possible expansion opportunity for two existing Hays' locations

Conclusions

The current study has looked at the market area of Hays, Kansas and surrounding Ellis County with the goal of assessing opportunity to grow the community's retail offering.

A review of the retail offering versus market areas of similar size shows that Hays has approximately 10% higher overall retail sales than the average of the eleven analog communities. However, of the 60 retail categories analyzed, the analog communities have more retail than Hays in 26 of them (43%). The categories that show both the largest gap and the highest opportunity versus analogs include supermarkets and specialty food stores, department stores, general merchandise, and clothing. Other categories possibly worth pursuing include auto parts, sporting goods, paper products, and small consumer electronics, such as mobile phones and accessories.

The next step is to review the information and determine a plan of action. If recruiting chain retail is a goal of Hays, this report offers numerous recruitment opportunities. Retailers with the highest probability of locating in Hays include Schweser's Clothing Stores, Ray's Apple Markets, Anytime Fitness, Family Dollar, and Dollar General. Other strong picks include O'reilly Auto Parts, Carquest, Shoe Department, Jo-Ann Fabrics & Crafts, Herbergers, Gordmans, Younkers, Aldi Food Stores, Hy-Vee Food Stores, Perkins Restaurants, Sirloin Stockade, Western Sizzlin, and Big Lots.

It is also noteworthy that adding additional chain retail is only one path to expanding square footage of available retail in Ellis County. If recruiting efforts fail to bring additional grocery retail to the area, one may have better luck convincing Dillon's (Kroger) to expand their operations. Alternatively, this data may be used in conjunction with other educational materials and incentives to encourage local citizens to start a business or franchise, or have a franchisor invest in the community.

Ellis County Coalition for Economic Development has taken the right steps in analytically assessing the retail opportunities available to Hays and the surrounding communities. However, it is important to view the results of this study as one step in a lengthy and challenging process. The current economic climate has seen retailers greatly reduce their expansion plans and hardest hit by these changes has been smaller communities. It may be years before some retailers turn their attention to non-metro areas again. Others will locate in the communities that offer the best incentives and offer developers eager to meet the requirements of the retailer. Just as job seekers have had to adjust their expectations and face a highly competitive job market, communities and real estate providers must have realistic expectations for what is attainable and when.

The good news is that many retailers are expanding and others are currently working on their expansion strategy. These include most of the retailers on the preceding page, regional retailers that are yet to expand to Kansas but would consider it, and local retailers in surrounding communities that may be looking for their second, third, or fourth location. With patience and perseverance, Ellis County can continue to offer a thriving retail marketplace and attract additional shopping and dining alternatives for the citizens and visitors to the greater Hays area.

Appendix: Sources and Notes

Demographic data is sourced from STI: PopStats, and Supply and Demand data from STI: Market Outlook per license agreement with Synergos Technologies, Inc., Austin, TX.

Retail database data and metrics are proprietary to ROIC analytics, LLC. Information has been compiled from numerous sources and efforts are made to keep data clean, accurate, and up to date. However, as with all data sources, inaccuracies and omissions are unavoidable. Any inaccuracies in this report if brought to the attention of ROIC analytics within 90 days of delivery, will be corrected to the best of our abilities.

In many cases judgment and experience were used to interpret results and provide additional insight. ROIC analytics, LLC believes this is a value-added service but these are purely the opinions of ROIC analytics, LLC and are provided without warranty. Again, if you believe an error exists in the results, please bring it to the attention of your project manager.

All materials and information pertaining to the community and provided by the client are believed to be the property of the client and are used with client's implied permission. If any item was used in error, please alert your project manager and the item will be removed.

Company Overview

ROIC analytics, LLC provides strategic consulting, modeling, and analysis services to the retail real estate industry. Our services help chain retailers and restaurant operators, corporate real estate developers and brokers, and the communities they serve make the best strategic real estate decisions. We believe that companies of all sizes should have access to high quality decision-support backed by superior customer service. We measure our success not by the quantity of clients we have or by the number of pages in a report we deliver, but by the results our clients' achieve. Our goal is to be a trusted partner in our clients' strategic planning process and build a relationship that leads to short term and long term success and a strong Return On Invested Capital.

Our staff and partners understand retail real estate research. For nearly two decades our management team led nationwide research and market analysis for all of \$40 billion dollar retailer Albertsons' nameplates including grocery brands Albertsons, Jewel, Acme, Shaw's, and Bristol Farms, drug stores Sav-on and Osco Drug, and fuel centers. Since Albertsons, our team members have delivered solutions to many of the nation's leading chain store operators, emerging retail concepts, real estate firms, and communities, including Stater Bros Markets, Dunkin Donuts, Nike, Northgate Gonzalez Markets, Summerwinds Garden Centers, Piccadilly Restaurants, and many more. ROIC analytics was founded in 2007 and is based in Boise, Idaho.

The ROIC analytics team is happy you have chosen us to be your service provider and we thank you for your patronage. We look forward to future opportunities to work with you.