

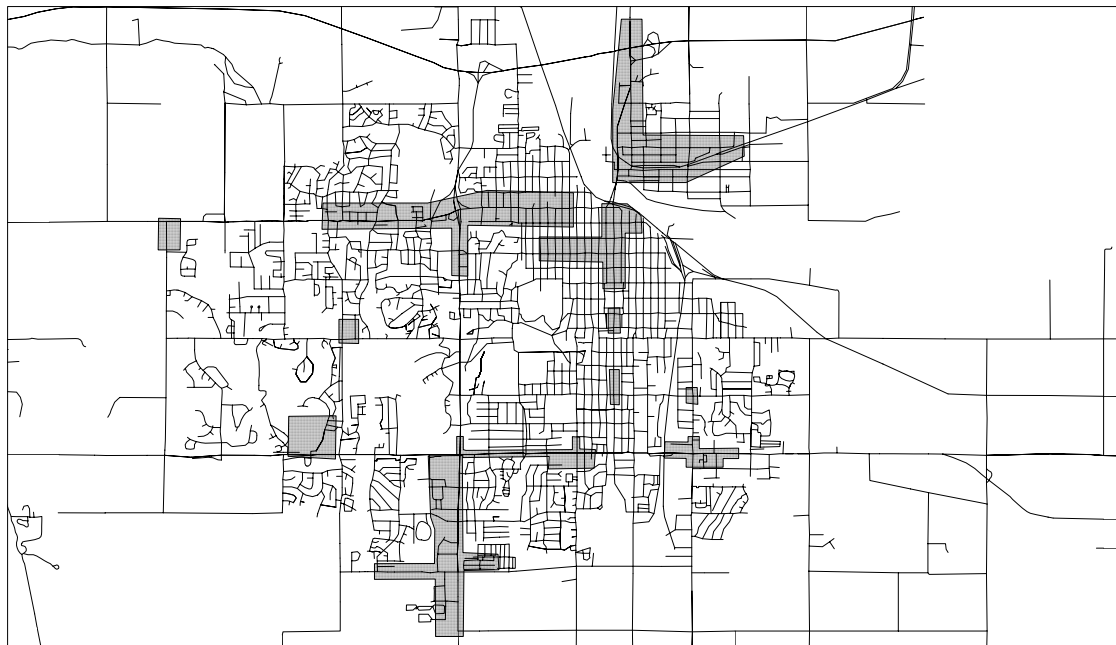
Retail Market Dynamics *Lawrence, Kansas* 1993-1997 and Beyond

Analysis of Changes in the Demand for and the Supply of Retail Space in Lawrence, Kansas

Kirk McClure
Associate Professor

Zachary Graves
Research Assistant

Graduate Program in Urban Planning
University of Kansas



June 22, 1998

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Abstract:

The retail market of Lawrence, Kansas has been experiencing rapid growth in recent years. A report issued one year ago indicated a projected decline in retail spending per square foot. This report revises that projection, suggesting that the level of spending per square foot will stabilize, but at a low level. This change is the result of a significant amount of retail space that was planned for development, but has now been withdrawn or delayed to later years.

Data on individual districts of the city have been analyzed for the fiscal years 1993 through 1997 to find that there are marked differences between the various retail districts within the city. Predictably, the South Iowa Street and the West 23rd Street districts received the largest shares of the spending and also led the city in terms of spending per square foot of retail space. However, the northwestern district of the city is expanding very rapidly, and the shares of spending that other districts command may change as a result. The Downtown district holds a stable share of the spending at about 18% but suffers from a very low level of spending per square foot at about one-half that of the South Iowa Street and West 23rd Street districts.

The health of the city's retail market depends upon the pace of development. To maintain a stable level of spending per square foot the city needs to set the pace of development at a level that will stabilize the spending per square foot. For individual districts such as the Downtown, if insufficient spending can be captured, the value of property will decline and reinvestment will be insufficient to prevent deterioration.

INTRODUCTION

The Lawrence retail market has been experiencing rapid growth over the last few years. This growth has been strong both in terms of spending in retail stores and in terms of expansion of the amount of retail space. For the retail market in Lawrence to remain strong, it is important that the growth in the supply of space and the growth in demand for retail space be balanced.

If retail spending grows faster than the supply of space, then this space becomes a scarce good. The rental rates on this space will rise faster than inflation hurting the profitability of local retailers. The vacancy rates will fall as space become scarce. This means that there will be insufficient amounts of space available to permit stores to move and to expand as their business needs change.

If the supply of retail space grows faster than retail spending, then there will be a surplus of space. The rental rates will fall, or will fail to keep pace with inflation. This means that the owners of this retail space will be reluctant to invest in these properties in order to maintain them in good condition. Parking lots, signs, and storefronts will not receive the repairs and improvements that are required to keep them in good shape. Vacancy rates will rise as a result of this surplus. Landlords will compete for tenants, each trying to attract tenants away from other retail space. The least desirable space, usually the older space in the market, will suffer from a lack of income leading to blighted conditions.

If the growth in the supply of space and the growth in the demand for such space can be kept in balance, the market will be healthy. Rental rates will be stable in real, inflation adjusted terms. This will promote better business planning for both the retailer and the owner of retail space. Vacancy rates will remain stable permitting the necessary movement as stores expand and contract their operation.

This study examines the market for retail space in Lawrence, Kansas over the last five fiscal years. This examination monitors both the supply of retail space and the demand for that space. These supply and demand forces come together in a single measure, inflation adjusted spending per square foot. This figure indicates the relative condition of the market. If this figure is moving upward to a high level, it indicates tight market conditions, where demand is in excess of supply. If this figure falls to low levels, it indicates soft market conditions, where supply is greater than demand.

A well-planned community should be able to manage the growth in its supply of retail space. This means that it moderates the flow of space into the market such that balanced market conditions prevail; the market it not allowed to fall into either under-built or over-built situations.

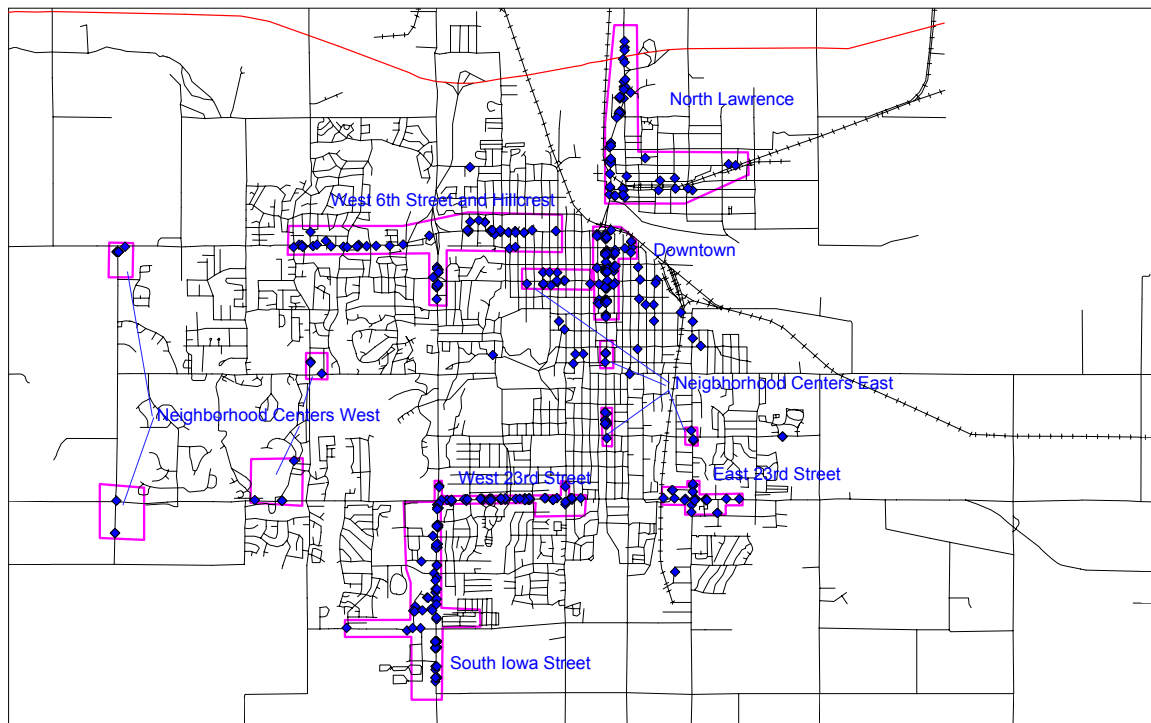
Data on the Lawrence Retail Market

Data have been collected in order to assess the relative expansions and contractions of the Lawrence retail market over time.

The Lawrence retail market has been examined through separate analysis of the city's different retail districts. These districts are illustrated on Map 1. The districts used in the analysis include:

- North Lawrence.
- Downtown,
- West 6th Street and the Hillcrest area,
- West 23rd Street,
- East 23rd Street,
- South Iowa,
- Neighborhood Centers East of Iowa Street (9th Street corridor, 14th and Massachusetts Streets; 19th and Massachusetts Streets; and 19th Street and Hakell Avenue),
- Neighborhood Centers West of Iowa Street (15th Street and Kasold Drive; Clinton Parkway and Kasold Drive; Clinton Parkway and Wakarusa Drive; and 6th Street and Wakarusa Drive).

Map 1: The Retail Districts of Lawrence



On the supply side, data have been assembled on the total supply of retail space existing in Lawrence. The original source of these data is the Douglas County Assessor's Office. The Assessor provided a listing of all commercial properties within Lawrence. From this listing, over 500 retail properties were extracted. For each of the selected properties, the year of the property's construction along with the square footage of the property were entered into the supply database.

From this database, it is possible to sum the total amount of space that existed in the market for each year from the 19th century to the present. To these data base have been added all of the new retail space that is either under construction or has been proposed for construction as of June 1, 1998.

On the demand side, the spending on retail space is used as a proxy for demand. Retail spending is a proxy in that it measures the total spending on the goods and services offered in this retail space. The demand for retail space is the aggregate amount of rents paid by all retail vendors who lease or rent their space as well as the annualized investment in the space made by all retail vendors who own their space. Data on this are not readily available. Retail spending serves as a good proxy for demand in that demand for retail space rises and falls as a direct function of total retail spending in the marketplace.

Data are available on total spending from the Kansas Department of Revenue which provides data on annual sales tax receipts from retail sources in Lawrence. These sales tax receipts can be used to extrapolate total retail spending by controlling for the applicable tax rate and for the goods and services that are taxable. Data on total tax receipts have been assembled on an annual basis from 1993 through 1997 for each retail district of the city. (See Table 1 for summaries of the data in current dollars.)

To control for the effects of inflation, the retail sales figures have been recast into 1997 dollars using the Consumer Price Index for all items for the Kansas City area. This use of constant 1997 dollars permits comparisons of the spending across the years, eliminating the effects of inflation. (See Table 2 for summaries of the data in constant 1997 dollars.)

Table 1: Lawrence Retail Sales and Square Feet Retail Space 1972 to 1997 in Current Dollars

Area Name	West 23rd St	South Iowa	East 23rd St	Downtown	North Lawrence	W 6th & Hillcrest	Neighborhoods East	Neighborhood West	Total
Area Number	1	2	3	4	5	6	7	8	
Current Dollars									
Year: 97									
Sq Ft	665,141	1,243,728	136,237	1,248,613	278,045	557,461	186,036	168,750	4,484,011
Revenues	107,883,100	196,579,800	17,520,600	107,865,900	37,048,600	87,695,400	36,583,300	18,693,600	609,870,300
Rev/SF	162.20	158.06	128.60	86.39	133.25	157.31	196.65	110.78	136.01
Year: 96									
Sq Ft	665,141	1,223,370	136,237	1,228,613	276,725	536,727	186,036	163,425	4,416,274
Revenues	105,220,400	189,973,600	16,387,900	104,567,200	36,714,700	81,059,600	36,485,200	16,781,100	587,189,700
Rev/SF	158.19	155.29	120.29	85.11	132.68	151.03	196.12	102.68	132.96
Year: 95									
Sq Ft	665,141	1,217,370	136,237	1,213,988	272,675	536,727	186,082	143,963	4,372,183
Revenues	104,938,600	175,402,200	13,712,400	98,697,300	34,451,200	75,173,700	35,251,400	15,209,700	552,836,500
Rev/SF	157.77	144.08	100.65	81.30	126.35	140.06	189.44	105.65	126.44
Year: 94									
Sq Ft	659,571	1,047,142	136,237	1,213,988	272,675	536,727	186,082	110,947	4,163,369
Revenues	103,311,600	160,481,400	14,324,700	91,663,000	26,207,300	63,854,300	29,131,600	2,700,300	491,674,200
Rev/SF	156.63	153.26	105.15	75.51	96.11	118.97	156.55	24.34	118.10
Year: 93									
Sq Ft	659,571	961,120	136,237	1,207,344	265,311	521,355	186,082	47,489	3,984,509
Revenues	97,821,100	135,108,300	12,076,000	79,461,200	18,890,800	61,800,400	31,787,400	2,236,400	439,181,600
Rev/SF	148.31	140.57	88.64	65.81	71.20	118.54	170.82	47.09	110.22
Year: 92									
Sqft	646,691	795,447	134,505	1,207,344	169,811	508,475	186,082	47,489	3,695,844

Recent History of the Lawrence Retail Market

By the end of 1997 about 4.5 million of retail space had been built in the city's eight retail districts. (About another 400,000 square feet exist in retail stores scattered throughout the city but outside of the designated districts.) The total spending in this space was just under \$610 million. This results in about \$136 dollars per square foot of spending in 1997.

Changes in the supply of space and the spending in that space have varied greatly over the years.

On the supply side, the average growth rate over the last 25 years has been just under 4 percent per year at 3.6 percent. The ten-year and five-year growth rates also are close to this level, ranging from about 3.6 percent per year to 3.9 percent per year. However, this apparent stability in the long run masks a great deal of change in the short run. This rate has varied significantly from one year to the next. There was no growth in the supply in 1992 (a recession year for the economy as a whole), yet there as over 7 percent growth in 1993 (a year of rebounding from the recession).

Table 2: Lawrence Retail Sales and Square Feet Retail Space 1972 to 1997 in Constant 1997 Dollars

Area Name	West 23rd St	South Iowa	East 23rd St	Downtown	North Lawrence	W 6th & Hillcrest	Neighborhoods East	Neighborhood West	Total
Area Number	1	2	3	4	5	6	7	8	
Inflation Adjusted 1997 Dollars									
Year	CPI	Ratio to 1997							
1997	155.9	1.0000							
1996	150.2	0.9634							
1995	146.1	0.9371							
1994	141.5	0.9076							
1993	138.1	0.8858							
Year: 97									
Sq Ft	665,141	1,243,728	136,237	1,248,613	278,045	557,461	186,036	168,750	4,484,011
Revenues	107,883,100	196,579,800	17,520,600	107,865,900	37,048,600	87,695,400	36,583,300	18,693,600	609,870,300
Rev/SF	162.20	158.06	128.60	86.39	133.25	157.31	196.65	110.78	136.01
Change in Dollars/SF	-2.00	-3.12	3.75	-1.95	-4.46	0.56	-6.92	4.20	-2.00
Change as Percent	-1.2%	-1.9%	3.0%	-2.2%	-3.2%	0.4%	-3.4%	3.9%	-1.4%
Revenue Share of Total	17.7%	32.2%	2.9%	17.7%	6.1%	14.4%	6.0%	3.1%	
Year: 96									
Sq Ft	665,141	1,223,370	136,237	1,228,613	276,725	536,727	186,036	163,425	4,416,274
Revenues	109,213,451	197,182,984	17,009,811	108,535,463	38,108,001	84,135,763	37,869,791	17,417,933	609,473,197
Rev/SF	164.20	161.18	124.85	88.34	137.71	156.76	203.56	106.58	138.01
Change in Dollars/SF	-4.16	7.43	17.45	1.59	2.89	7.30	1.41	-6.16	3.08
Change as Percent	-2.5%	4.8%	16.2%	1.8%	2.1%	4.9%	0.7%	-5.5%	2.3%
Revenue Share of Total	17.9%	32.4%	2.8%	17.8%	6.3%	13.8%	6.2%	2.9%	
Year: 95									
Sq Ft	665,141	1,217,370	136,237	1,213,988	272,675	536,727	186,082	143,963	4,372,183
Revenues	111,977,603	187,167,714	14,632,191	105,317,653	36,762,095	80,216,152	37,615,970	16,229,926	589,919,304
Rev/SF	168.35	153.75	107.40	86.75	134.82	149.45	202.15	112.74	134.93
Change in Dollars/SF	-4.22	-15.11	-8.44	3.56	28.93	18.38	29.66	85.92	4.81
Change as Percent	-2.4%	-8.9%	-7.3%	4.3%	27.3%	14.0%	17.2%	320.4%	3.7%
Revenue Share of Total	19.0%	31.7%	2.5%	17.9%	6.2%	13.6%	6.4%	2.8%	
Year: 94									
Sq Ft	659,571	1,047,142	136,237	1,213,988	272,675	536,727	186,082	110,947	4,163,369
Revenues	113,825,289	176,813,076	15,782,479	100,991,249	28,874,333	70,352,647	32,096,229	2,975,101	541,710,302
Rev/SF	172.57	168.85	115.85	83.19	105.89	131.08	172.48	26.82	130.11
Change in Dollars/SF	5.15	10.16	15.78	8.89	25.51	-2.74	-20.36	-26.35	5.68
Change as Percent	3.1%	6.4%	15.8%	12.0%	31.7%	-2.0%	-10.6%	-49.6%	4.6%
Revenue Share of Total	21.0%	32.6%	2.9%	18.6%	5.3%	13.0%	5.9%	0.5%	
Year: 93									
Sq Ft	659,571	961,120	136,237	1,207,344	265,311	521,355	186,082	47,489	3,984,509
Revenues	110,429,468	152,522,693	13,632,501	89,703,122	21,325,675	69,765,984	35,884,545	2,524,654	495,788,642
Rev/SF	167.43	158.69	100.06	74.30	80.38	133.82	192.84	53.16	124.43
Change in Dollars/SF	-	-	-	-	-	-	-	-	-
Change as Percent	-	-	-	-	-	-	-	-	-
Revenue Share of Total	22.3%	30.8%	2.7%	18.1%	4.3%	14.1%	7.2%	0.5%	

On the demand side, the average growth rate over the last five years has been about 4.6 percent, a little higher than the growth of supply. As with the supply growth, the volatility of the demand figures on a year to year basis is significant. Sales increased by about 9 percent in 1994. This was a year in which the economy as a whole was rebounding from a recession. As such, significant growth would be expected. However, sales were essentially flat in inflation adjusted dollars in 1997. Thus, the sales figures are also subject to wide swings over time.

To provide a standard against which these figures can be compared, the rate of growth of the population can be employed. As the population grows, the amount of retail spending grows simply because there are more people in the marketplace. Assuming that household income does not drop and spending patterns do not change dramatically, more people in the market should mean more spending. Thus, the growth in spending should, at least, match the growth in population. Where the growth in spending is greater than the growth in

population, it means: that incomes are rising faster than inflation; that shoppers are spending more of their consumer dollars in Lawrence; and/or that more consumers are coming into Lawrence from outside of the city. Where the growth in spending falls below the growth in population, the opposite must hold. Incomes are not keeping pace with inflation, and/or shoppers are spending their consumer dollars elsewhere.

The population of Lawrence has been growing at a relatively steady 2.1 percent per year for the last 15 years. The fact that spending has been growing at higher rates is a very healthy sign for Lawrence’s retail market.

The supply of retail space has responded to the growth in spending in the manner that would be expected; more space has been built. The growth of space has crudely approximated the rises and falls in spending. (See figure 1, which plots annual growth rates over time.) The peak in demand in 1994-95 has been matched by a peak in construction. Similarly, the valleys in demand in 1993 and 1996 have been matched by the valleys in construction.

Figure 1: Lawrence Retail Space Growth Rates in Retail Space, Retail Sales, and Population

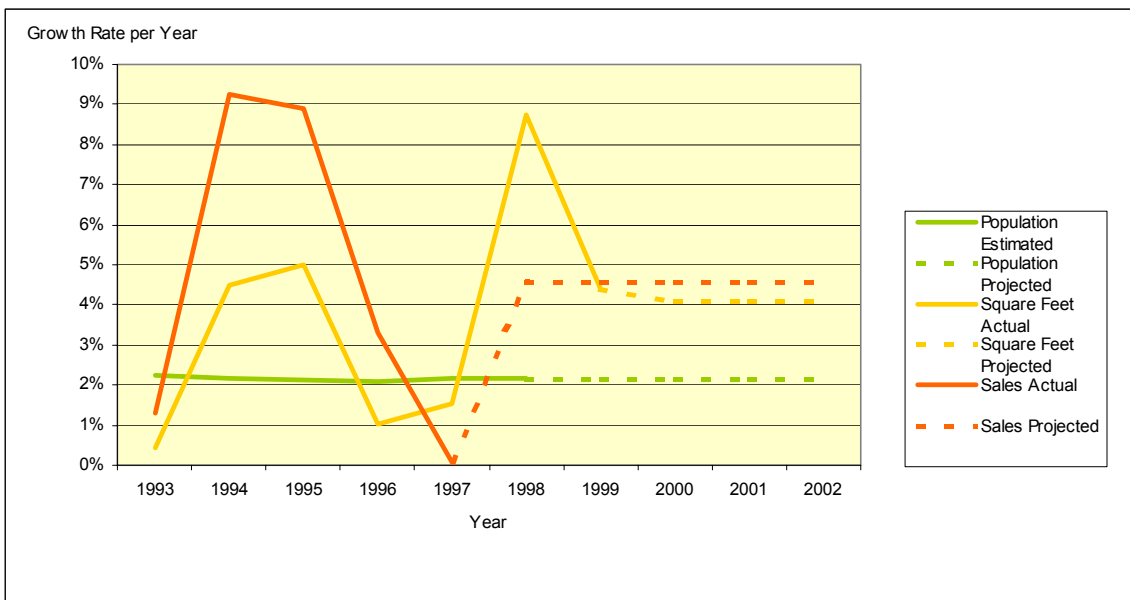
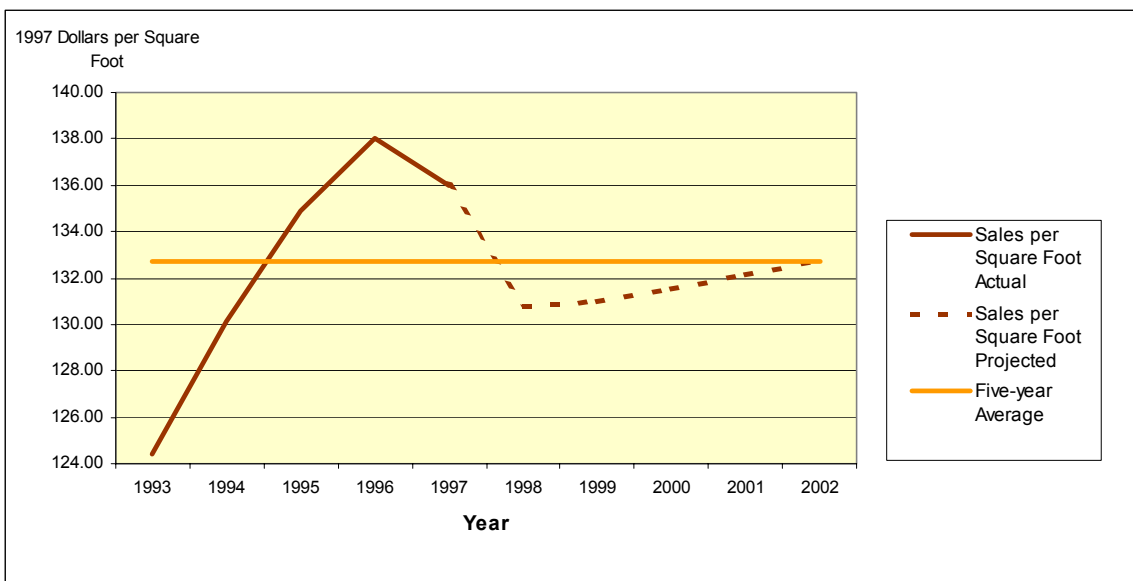


Figure 2 illustrates the inflation-adjusted level of retail sales divided by the total stock of retail space for each year. The resulting sales per square foot numbers indicate the overall condition of the market for retail space. What this figure suggests is that the market has been relatively tight during the last few years as spending per square foot has been above the five-year average figure of just over \$132 per square foot. However, recently the spending per square foot has fallen.

**Figure 2: Lawrence Retail Space
Sales per Square Foot: Actual and Projected**



District Share of Total Spending

The various districts have received very different shares of the retail spending. Figure 3 illustrates the total retail spending for 1995 broken down by district. As the chart shows, the South Iowa Street district has the largest share of total spending among the districts at 32 percent. The Downtown and West 23rd Street districts both capture about 18 percent of the spending. Table 2 details these data over time and shows the shares to be relatively stable over the five-year time period for most of the districts. What this shows is that the commercial strip development along 23rd Street and Iowa Street gather a much larger share of the city's retail spending than does the Downtown area.

Figure 3: Lawrence Retail Districts

Retail Spending by District 1997

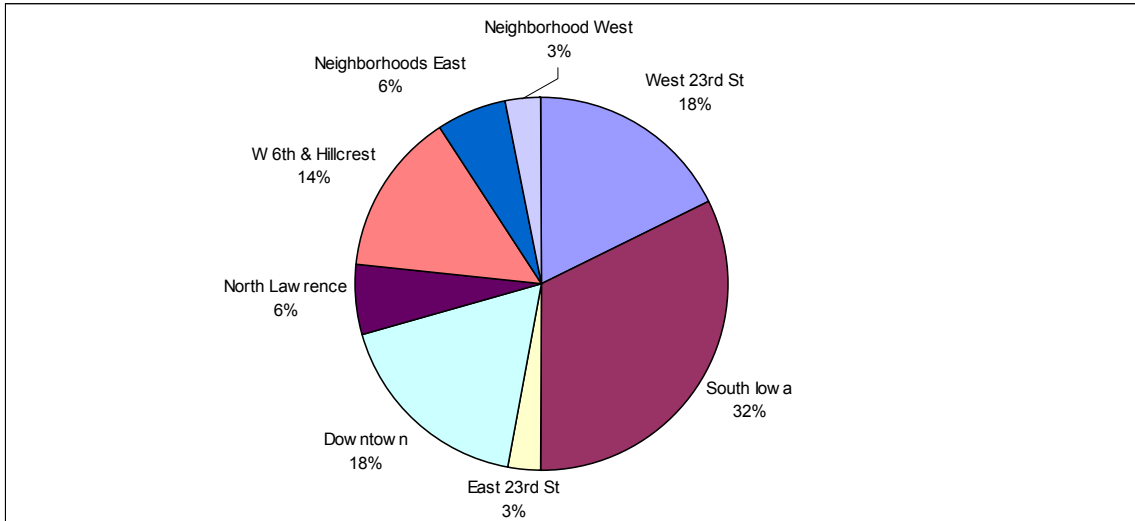


Figure 4: Lawrence Retail Districts Retail Spending per Square Foot in Constant 1997 Dollars

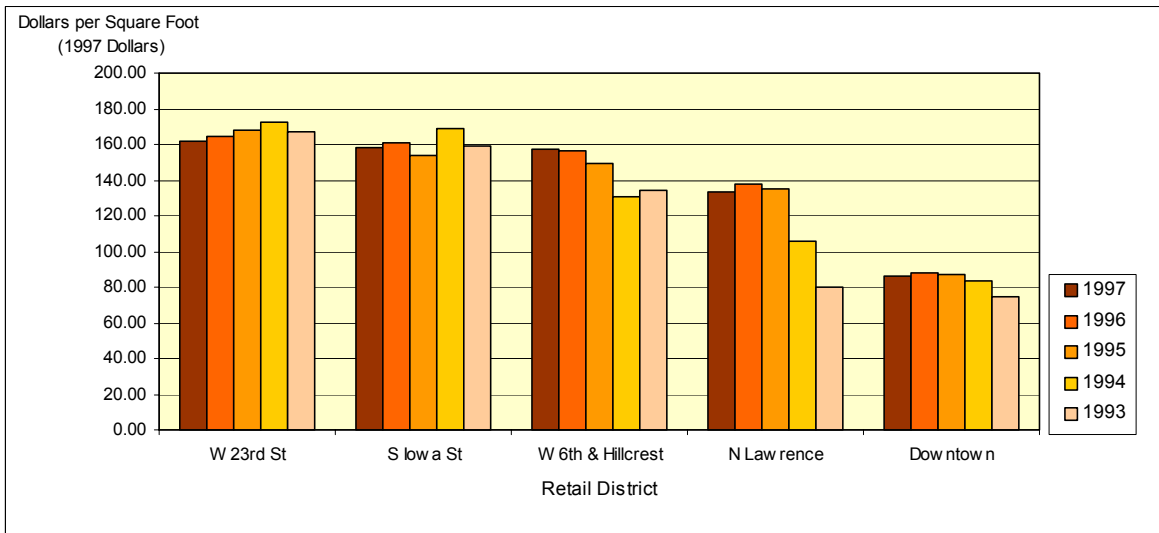


Figure 4 illustrates the retail spending per square foot for the five districts that

hold at least a 5 percent share of the city's total spending. Two patterns are worth noting.

First, the spending per square foot has peaked and has begun to decline for most of the districts. The West 23rd Street and South Iowa Street districts peaked in 1994 and have decline after that. The Downtown and North Lawrence districts peaked in 1996. Only the West 6th Street and Hillcrest district has experienced continuous increases.

Second, there is an obvious hierarchy among the districts. The West 23rd Street district and the South Iowa Street district are performing at a very high level, at approximately \$160 per square foot per year. The Downtown district is performing at a level that is much lower, around \$80 per square foot. It is unlikely that Downtown can be expected to perform on a par with the commercial strip districts at any time in the near future.

Projections for the Future

The next few years should prove to be very interesting for the Lawrence retail market. The changes in the condition of the market during the last few years will provide some clues as to where the market is going.

The projections for the future made last year suggested that the level of spending per square foot was going to fall below the five-year average. The projections show that the level will fall to about \$130 per square foot and will stabilize at that level for the next few years. The projections are made through simple extrapolation of the supply and demand trends into the future.

The supply side is easier to predict simply because there is a "pipeline" of proposed developments that will be constructed over the next two to three years. About 67,000 square of space were added to the supply of retail space during 1997. To this will be added another 390,000 square feet of space in 1998 and another 215,000 square feet of space in 1999. Assuming that all of the planned space is built, the retail supply within the city's retail districts will grow to over 5 million square feet by the end of 1999.

Table 3: Population, Square Feet Retail Space, Inflation Adjusted Retail Sales, and Inflation Adjusted Sales per Square Foot

Year	Population City Estimate	Population Projected	Square Feet Actual and Approved	Square Feet Projected	Retail Sales Adjusted for Inflation	Retail Sales Projected	Sales per Square Foot Actual	Sales per Square Foot Projected
1993	70,196		3,984,509		495,788,642		124.43	
1994	71,721		4,163,369		541,710,302		130.11	
1995	73,255		4,372,183		589,919,304		134.93	
1996	74,784		4,416,274		609,473,197		138.01	
1997	76,416		4,484,011		609,870,300	609,870,300	136.01	136.01
1998	78,068	78,068	4,875,160		637,731,103			130.81
1999		79,745	5,090,534	5,090,534	666,864,675			131.00
2000		81,459		5,299,404	697,329,161			131.59
2001		83,209		5,516,844	729,185,361			132.17
2002		84,997		5,743,206	762,496,853			132.77

Projections
Average Growth Population: Five-years 1994-1998 2.1%
Average Growth Square Feet: Five-years 1995-99 4.1%
Average Growth Retail Sales: Five-years 1993-97 4.6%

Some of this planned space is under construction, and as a result, its completion is relatively certain. Other components of this space are at the planning stages and no construction has begun.

This projected supply of space represents some dramatic changes from the projects reported one year ago. Some retail space that was scheduled for construction has now been either delayed or withdrawn altogether. The delayed construction causes some of the planned space to go into operation later than was reported in last year's projection. The withdrawn space actually reduces the total amount of supply over which the retail spending will be distributed. These changes include:

Area	Project	Change
• Downtown	Winter Block Retail	18,240 square feet withdrawn
• North Lawrence	Tanger Mall Phase II	58,600 square feet withdrawn
• South Iowa	34 th Street Investors	21,793 square feet delayed
• South Iowa	Target Pad site	22,306 square feet delayed
• South Iowa	K-Mart	182,108 square feet delayed

Factoring in these changes results in an expected growth of the supply of about 8.7 percent during 1998 and just over 4 percent in 1999.

The growth in the supply has been projected further to the year 2002. This projection is based upon the assumption that the supply will continue to grow at the five-year average growth rate experienced from 1995 through 1999 which is 4.1 percent. This projection suggests that the supply of space will add

approximately 200,000 square feet each year during the years 2000 through 2002.

The demand side is less easy to predict. This is true partly because there is no “pipeline” of retail spending that can be identified. Also, spending fluctuates so widely from one year to the next. After three years of positive growth in sales, the inflation adjusted sales for 1996 and 1997 remained flat

The level of spending growth was lower than would be expected given the growth of the population and the growth of per capita income of the population. The population has grown at a steady 2.1 percent for the last several years. Nationally, the growth in per capita income has been healthy at 4.8 percent in 1997 which represents real growth of 2.8 percent after adjusting for inflation of about 2 percent during 1997. Kansas’ per capita income growth surpassed the national figure by rising at 5.4 percent on the year, or 3.4 percent after inflation. Combining a 2.1 percent growth in population with a 3.4 percent real growth in income would have suggested about a 5.6 percent growth in spending in Lawrence.

Why did the spending grow stay flat in 1997 rather than realize a 5.6 percent increase that could have been expected? The answer is not clear, and further research could be instructive. However, given that the population continues to grow and that per capita income continues to grow as well, it seems reasonable to expect, at least in the short run, that spending will continue to grow at a rate comparable to the five-year average of about 4.6 percent per year.

Certainly, these healthy economic conditions of population growth and real growth in per capita income suggest that real growth in retail spending will be experienced in the future despite the sluggish performance of the last two years.

The projected supply and demand figures have been joined to produce projections for the total retail spending per square foot of retail space in Lawrence over the next five years. This projection suggests that spending per square foot will stabilize at about \$130 per square foot, a figure somewhat below the five-year average of \$132.

This represents a departure from the study done only last year, which projected a continuous decline in the level of spending per square foot. What changed? The demand side of the projection did not vary from what was expected. The spending level in 1997 was low, as was expected. However, the supply side of the projection did change dramatically. As mentioned above, the developers of several projects made significant changes in their projects. Some were withdrawn altogether; others were delayed to later years. This significant contraction in the projected supply of retail space spreads the retail spending

over a smaller supply. This results in a projection of the spending per square foot stabilizing rather than falling, although at a low level.

Projections of this sort are only as good as the assumptions used to create them. What would have to happen for this projection to be wrong?

The future level of sales per square foot could be lower than projected. The low level of sales growth experienced during the last two years could continue, rather than rebound. If the growth in retail sales does not return to a growth rate of over 4 percent, the projections for spending per square foot are too high.

The sensitivity of the projections to changes in the assumptions is demonstrated by a simple test. The projections are based upon the spending growth in 1998 through 2001 returning to the 4.6 percent growth rate that has been the average for the five-year period of 1993 through 1997. The spending growth through the year 2002 may be lower. The two-year average growth rate was only 1.7 percent over the years 1996 and 1997. If the projected spending per square foot is developed assuming this lower level of spending growth, then the projected spending per square foot will fall each year through 2001, and will be under \$116 per square foot.

It seems unlikely however, that this will happen. The poor performance in retail spending that has been experienced in Lawrence during 1996 and 1997 seems to be the exception rather than the rule. Only one year, 1992, showed a real decline in spending. At no other time in the 1990s did the city experience a period with this sluggish a performance. Not since the early 1980s has there been a three-year period when the spending has grown by under 2 percent per year. Thus, it seems unlikely that slow growth will continue, but it is not impossible.

Competing retail options are being built elsewhere. A very large outlet mall has opened in Olathe. The regional scale Oak Park Mall in Overland Park has been expanded. A large entertainment and retail complex is being planned for downtown Kansas City. All of this suggests that it is dangerous to assume that the next few years will automatically return to the levels of spending growth experienced during the early 1990s. This factor should be monitored closely, and the projections should be revised accordingly, as new sales data become available.

The growth in retail space shown in these projections is subject to change as well. Again the sensitivity of the projections to this assumption can be tested. In order for the spending per square foot figure to stay at the five-year average level of \$132 per square foot, the growth in the stock of space would have to stabilize. It would need to fall to about 3.5 percent growth per year.

Another possibility is that the city might approve the construction of retail space at an even greater pace than in the past. For example, if the city approves space at a rate of about 300,000 square feet (a 5.5 percent growth rate), the spending per square foot figure will fall to an unhealthy level of about \$127 per square foot by the year 2002.

Other alternatives, combining slow change in spending with rapid growth in supply, could occur leaving the city with an unhealthy level of sales per square foot. While this is possible, the projection shown in Figure 2 illustrates the most likely outcome.

Conclusion

The city needs to monitor the growth of the retail space within the city as a whole and among the various retail districts of the city. This will permit the city to regulate the flow of retail space into the market. If the flow of space is too rapid for the amount of spending, the spending per square foot will fall to low levels. This appears to be the case now as too much space has been approved to maintain spending per square foot at levels comparable to earlier years.

What is the harm of this lower level of spending per square foot in the retail market? Soft market conditions lead to older space being emptied out and poorly maintained. What was once viable commercial space becomes an eyesore with few or no tenants. Rents fall and vacancy rates climb. Disinvestment from such property becomes a problem as parking lots, signs, and store fronts deteriorate. This can be prevented with managed growth of the retail market.

At the level of individual districts, the city needs to recognize that there is competition between the districts for the population's retail spending. If the growth in the supply of any one district is too rapid, it can attract spending away from other districts lowering their levels of spending per square. Some of this is unavoidable as the nature of retail shopping changes. The stores Downtown could not contain the "Big Box" retail stores now found in the South Iowa Street District. This shift in spending from smaller Downtown stores to larger discount stores is a pattern found in almost all metropolitan areas, and Lawrence is not an exception to the rule. However, the commercial strips and neighborhood centers can be allowed to grow at so rapid a pace as to damage the revenue earning capacity of the older existing shopping districts. The city should regulate the flow of space into the retail stock so as to preserve and protect the existing retail space, preventing deterioration and blight.