

8. MARKET ASSESSMENT

A. Residential Needs Analysis

The characteristics of the existing structures will largely determine the type of housing that will likely be constructed during the planning period. Housing unit projections are based upon existing and projected demographic patterns, as well as existing housing characteristics. Demographic characteristics analyzed include projections of the total population and persons per household. Housing characteristics analyzed include the ratios of year round, seasonal housing, vacancy rates, and recent residential housing unit construction.

The Socioeconomic Profile chapter revealed that the population in Kimball Township is projected to reach 9,857 by 2030. At the same time, if the average household size continues its current trend, it will be 2.33 people, meaning that there will be 4,230 households in the township.

After estimating for the impacts from population and household size it is also necessary to calculate how much of the total housing stock in the plan year will be vacant for sale or rent. Generally, five percent of a community's habitable housing stock should remain vacant to provide diversity in housing selection, permit housing rehabilitation or replacement activities, and to ensure that asking prices for housing are indicative of actual market conditions, while at the same time protecting private investment. Vacancy rates below five percent demonstrate a restricted housing environment, affording little opportunity for potential households to be absorbed by available units. In calculating future housing needs, it is assumed that this vacancy rate will be five percent.

Data in Table 8-1 summarizes the projected changes to population, persons per household and housing stock through 2020. Based on this analysis, it is anticipated that an additional 2,331 year-round dwelling units will be needed by 2020 in order to house the projected population.

Table 8.1: Projected Housing Demand, 2030

2030 Projected Population	9,857
2030 Projected Average Household Size	2.33
2030 Projected Households	4,230
Additional Vacant Units	211
Total Projected Housing Units Demanded	4,441
2010 Housing Units	3,736
Total Additional Housing Units Demanded	705

It is important to note that by 2030, 1,894 housing units in Kimball Township will be 50 years old or more. It is estimated that 50 percent of these homes, or 947 units, will be demolished during the next twenty years due to their age, deteriorated condition, or the associated expense for repair. The replacement units for these homes would be in addition to the 705 units needed to accommodate projected population growth, **for a total projected housing growth of 1,652 units.**

B. Commercial Needs Analysis

Commercial development is an important part of a community's economy. Commercial establishments provide goods and services to consumers, promote economic stability, and generally enhance the quality of life for area residents. If commercial districts are not suitably located and carefully planned, they can be a disruptive element and ultimately detract from the community. The following analysis details the existing commercial base found in Kimball Township and projects the likely amount of commercial land that will be consumed by the end of the planning period according to commercial land use standards.

EXISTING COMMERCIAL BASE

Commercial and office land uses in Kimball Township are principally concentrated in the northeast quadrant of the Township along Lapeer Road, west of the C&O railroad crossing, and around the I-69 Interchange at Wadhams Road. This quadrant is influenced greatly by its proximity to the City of Port Huron and Port Huron Township. Growth generators within the Port Huron area include the convergence of the I-94 and I-69 expressways, the railroad tunnel, the Blue Water Bridge, the expansion of utilities, and the increase of urbanization pressures.

The commercial development pattern found along Lapeer Road in Kimball Township extends east in a linear fashion into Port Huron Township, then culminating in the City of Port Huron.

Feeding into this commercial corridor is the I-69 interchange with Wadhams Road. Wadhams Road is a north/south primary county road that runs the full length of the Township. Aside from the interchange area, Wadhams Road supports intermittent general commercial development, primarily south of the CN railroad crossing.

To a lesser extent than those areas mentioned above, commercial development has sprouted at mile intervals along Griswold road at county road intersections.

Kimball Township experienced a significant increase in retail square footage during the 1990s and early 2000s, especially with the construction of the Horizon Outlet Center (now known as Port Huron Factory Shops) near the intersection of Range Road and I-94. Completed in 2002, the center at one time contained outlets for 13 national retailers. However, it is now largely vacant, and includes some non-retail uses such as churches. In the years since the outlet mall was constructed, there has been very little retail space built in the Township.

COMMERCIAL LAND USE STANDARDS

There are four primary types of planned shopping environments: neighborhood centers, community centers, hyper-centers and, regional centers.

Neighborhood centers generally require a site between three and 15 acres in area. Such centers often have a supermarket as the principal tenant with other stores providing convenience goods or personal services. The typical gross leasable area is 30,000 to 150,000 square feet. The required trade area population ranges between 3,000 and 40,000 people living within a 1 to 1-1/2 mile radius or six-minute drive of the center.

Community centers generally require a site that is ten to 40 acres in area. Such centers often have a junior department store (K-Mart, Wal-Mart, etc.) or variety store as the major tenant in addition to a supermarket and other retail stores. The typical gross leasable area is 100,000 to 300,000 square feet. The required trade area population ranges between 40,000 and 150,000 people living within a three to five-mile radius.

Regional centers are typically constructed on a site of 30 to 50 acres in area. Such centers are built around a full-line department store with a minimum gross leasable area of 100,000 square feet. Regional centers may have a total gross leasable area of 300,000 to 900,000 square feet. The required trade area population is 150,000 people or more living within an eight-mile radius.

Hypercenters range in size from 50 to 70 acres. They typically consist of a single store with multiple departments with large selections. They rely on low prices to draw customers from a wide reaching market area of 25 to 30 miles from the center. Store sizes typically range from 175,000 to 330,000 square feet.

Not every commercial use is sited within pre-planned shopping centers. Attention must also be given to uses which occupy freestanding structures or which are part of strip commercial areas. Most of these uses are considered highway-oriented businesses, since much of their trade results from exposure and accessibility to passing motorists.

ESTIMATED COMMERCIAL DEVELOPMENT POTENTIAL

Projection of commercial development potential in Kimball Township is a five-step process:

1. Delineate the potential trade area. The potential trade area is the geographic area from which the sustaining patronage for shopping facilities is obtained. The boundaries are determined by several factors, including the nature of the commercial facilities, accessibility, physical barriers, location of competing shopping centers, and limitations of driving time and distance.
2. Determine the trade area sales potential.
3. Determine local allocation of total sales. The purpose of this step is to determine what portion of the trade area sales potential can be captured by Kimball businesses.
4. Convert sales potential estimates into floor area requirements.
5. Convert floor area requirements into land area requirements.

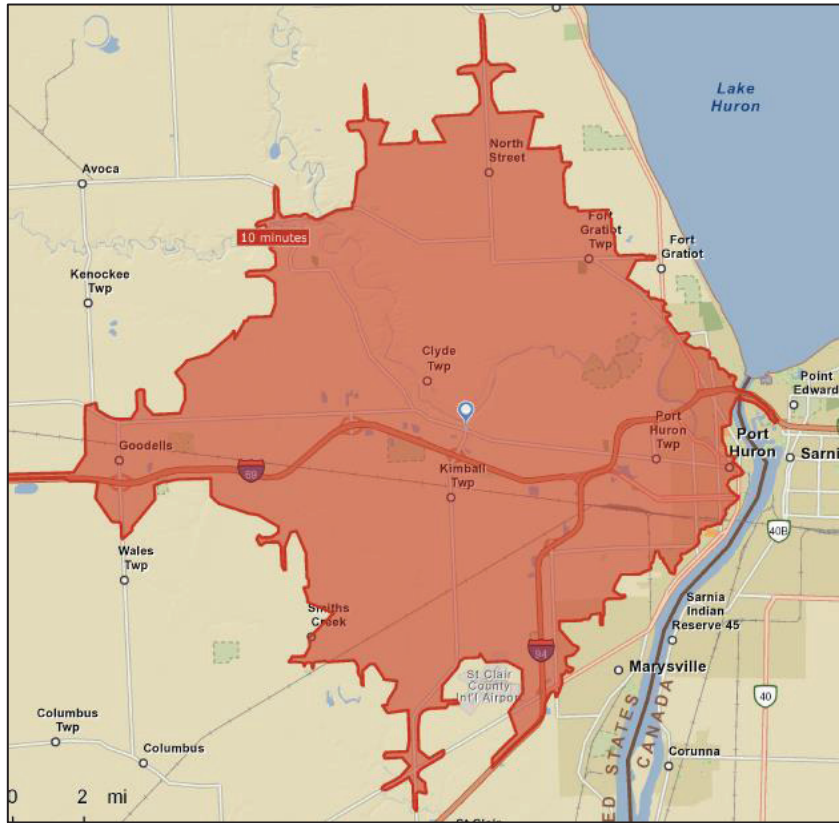
Delineation of Trade Area

Normally, the first step in projecting the potential for future commercial development involves delineation of the potential trade area from which customers are most likely to be drawn. Distance and competition are the most important determinants of trade area because people will generally travel to the nearest businesses that serve their needs. Other factors that affect trade area include travel times, quality, service, variety of merchandise, and accessibility.

For the purposes of this analysis, the “trade area” for Kimball Township will be the area within a 20 minute drive time of the intersection of Lapeer Road and Wadhams Road. The map below shows the trade area, which includes almost the entire greater Port Huron Region.

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Map 7: Kimball Township Retail Trade Area



Sales Potential

Sales potential is calculated using household income and expenditure data. According to the 2010 Census, there are 19,564 households within the trade area. If current population and household size trends hold, there will be approximately 24,541 households in the trade area in 2030. The average household income in the Township in 2011 was \$50,356. Projections of average income are difficult due to the unpredictability of economic factors of a 20 year period. Therefore, for purposes of this analysis, the median household income will be presumed to stay the same and all calculations will be done in 2010 dollars.

Thus, the total gross income generated in the trade area is estimated as follows:

	2010	2030
	<u>Estimate</u>	<u>Projection</u>
	\$985,164,784	\$1,235,786,596

Data collected by the U.S. Department of Labor indicate that households spend approximately 25 to 30 percent of their gross income on retail goods. In other words, businesses in the Trade Area have the potential to generate annual sales equal to 25 to 30 percent of the above gross income figures.

Local Allocation of Retail Sales

Residents in the market area make only a portion of their purchases within the trade area. Residents take their business outside of the trade area for a number of reasons, including convenience, accessibility, price,

quality, or variety of selection. The "capture rate" indicates the portion of total trade area sales actually captured by businesses in the trade area.

The capture rate for convenience goods businesses is usually about 85 percent in neighborhoods near the businesses, but the rate declines sharply at a driving distance of only 10 to 15 minutes from the businesses. Fifteen percent of the total sales will normally be generated by the transient population passing through or the occasional bargain hunter. For ease of analysis, it will be assumed that transient consumers and those traveling elsewhere for goods will negate one another.

To summarize, the potential retail sales volume is derived by taking 25% of a trade area's gross household income. The trade area's potential retail sales volume is as follows:

<u>2010</u>	<u>2030</u>
\$246,291,196	\$308,946,649

Retail Floor Area Requirements

Retail floor area requirements can be determined by dividing the sales volume estimates calculated above by sales per square foot. Sales per square foot data is published by the Urban Land Institute in an annual publication Dollars and Cents of Shopping Centers. Annual sales in neighborhood shopping centers in the small towns and semi-rural communities average about \$200 per square foot, according to 2008 data (although this number can vary dramatically depending on the type of store). Based on this average, the total retail floor area needed to serve the trade area is as follows.

<u>2011</u>	<u>2030</u>
1,231,455 sq. ft.	1,544,733 sq. ft.

Land Area Requirements for Retail Development

A general standard for shopping centers in rural and semi-rural communities is that the total site area should be about five times the gross building area. This floor-area ratio would provide ample room for parking, landscaping, stormwater management, and pedestrian and traffic circulation. Based on this floor area ratio, the total land area needs for retail uses in the trade area is estimated as follows:

<u>2011</u>	<u>2030</u>
141.1 acres	176.9 acres

Based on the analysis, there will be an increase in demand of a little over 35 acres within the trade area.

Land Area Requirements for Office Development

Most of Kimball's office market growth will consist of office uses that serve the personal needs of those who live in the trade area. Port Huron is already established as the preferred location for office developments in the region, and planned general office complexes will likely be targeted there. Future office uses in Kimball will likely be small (1,000 to 2,000 square feet) and will be designed to accommodate medical and dental professionals, insurance agencies, real estate offices, travel agencies, legal services, and similar personal services.

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Comparison of Requirements with Current Use

Currently, there is already enough acreage of commercial space within the trade area to meet the projected 2030 demand. New development may occur as older, obsolete space is phased out of the market, but **Kimball Township should not designate any additional land on the Future Land Use Map for commercial uses, nor should it zone for any additional commercial space at this time. However, as the economy rebounds, there will be opportunities for additional commercial development, given the Township's natural infrastructure advantages (I-69 and water/sewer infrastructure). In order to ensure that new development is compact, the Township should plan for any new commercial space to be located near existing nodes of development.**

C. Industrial Needs Analysis

The quantity of developed industrial land a community will need in the future is dependent upon its current employment base, infrastructure capacity, local political philosophy, as well as a myriad of other factors industries consider when choosing a new facility location.

This chapter assesses the current supply and location of industrial land within the Township and estimates the amount of industrial land that will likely be needed to support the local tax base. Further, recommendations are made on the type and location industrial development should occur based upon local objectives and need.

EXISTING INDUSTRIAL BASE

Emerging global markets, heightened competition for market share, and customer demand for faster product delivery are all contributing to transportation as a key factor in site selection. According to a recent survey of executives, transportation is second only to labor availability and cost when selecting the right site for a new or expanded facility. The emphasis on transportation, highway accessibility in particular, reinforces a continuing trend of executives seeking effective transportation links with both suppliers and customers. “Just-in-time” delivery requirements, reduced inventories, and reduced costs of materials on hand are driving this requirement.

Kimball Township’s transportation facilities play a major role in industrial development patterns. The Township’s industrial base has capitalized on its highway interchanges, the airport, and rail line. Specifically, industrial uses are found at the I-94 interchange at Gratiot Road, and near the St. Clair County International Airport in the Air Industrial Park. Numerous other industrial uses are scattered throughout the Township along the major roadways.

INDUSTRIAL LAND USE PLANNING STANDARDS

For land use planning purposes, it is necessary to estimate the amount of land that can reasonably be expected to develop for industrial uses. This enables capital improvements to be planned and programmed in advance, and that an ample supply of land is available to support local employment opportunities.

Three methodologies commonly used for calculating future industrial land needs are employment/density ratio method, land use ratio method, and population ratio method.

The employment/density ratio method is considered the most accurate predictor of industrial land use demand. If employment by industry can be projected, a worker density factor can be applied. This will result in a total acreage requirement for three distinct intensities of industrial land use. Intensive industries include electrical equipment and supply; printing and publishing; apparel and textile products; transportation equipment; and similar uses. Intermediate extensive industries include lumber and wood products; furniture and fixtures; food and kindred products; chemicals; and similar uses. Finally, extensive industries include tobacco products; petroleum and coal products wholesale trade; and similar uses.

Land use ratios can be used as a benchmark to estimate the future need for industrial land uses. By developing an inventory of the amount of land devoted to industrial uses in other communities, an average can be calculated and used as a standard for planning purposes. It is important to note that the percent of

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industrial land use is based on developed land area, not total land area (which includes vacant land and agricultural land area.) The third methodology is similar in that it uses a benchmark ratio as a standard, but the ratio uses population as the base for comparison.

Employment Density Ratios

Currently, manufacturing employs approximately 22% of Kimball Township's population. According to the 2010 Census manufacturing employment in Kimball Township is around 350 people and likely to remain stable, but not increase. Wholesale trade, which is considered an extensive industry, is projected to employ around 120 persons. Generally, industrial facilities employ approximately 10 people per acre of floor space. Using that ratio gives an approximate demand of 47 acres of industrial buildings. Additional space for setbacks, access, internal site circulation and parking usually results in sites that are approximately 5 times larger than the building footprint. **Therefore, the amount of industrial land needed, using the employment ratio technique, is 235 acres.**

Industrial Land Use Ratio

According to the industrial land use ratio projection technique, eight percent of the Township's developed land area should be utilized for industrial development. Developed land area totals 9,332 acres when agricultural land, parks and recreation, rivers and bodies of water, and vacant, open space, rights-of-way, and other land uses are subtracted from the total land area of 23,968. **This yields an estimated 747 acres for future industrial land use.**

Population Ratio Technique

A third technique uses population ratios to determine acreage requirements. Generally, 12 acres of industrial land are required for every 1,000 residents. The 2030 Township population of approximately 10,992 people would, therefore, **require approximately 108 acres of industrial land.**

Conclusion

There are 234 existing acres of industrial land in the Township. The three techniques for calculating the demand for industrial land showed three very different results.

The Industrial Land Use Ratio showed a huge unmet demand for industry – over three times the existing amount of land used for industrial purposes. Considering the Township's residential character and large geographic area encompassed by its boundaries, this technique appears to have produced an inaccurate result.

On the other end of the spectrum, the Population Ratio Technique produced a projected demand for industrial space far below the actual existing industrial capacity of the Township. Because the Township encompasses a broad geographic area, is part of the larger Blue Water Region, and has access from Interstates 69 and 94 (as well as rail links), the demand for industry is likely much higher. This technique, as well, appears to have produced an inaccurate result.

The Employment Density Ratio produced a demand for 235 acres of industrial land, almost exactly equivalent to the existing 234 acres. Based on anecdotal evidence, this appears to be the most accurate technique of the three, and it indicates that there is very little pent-up demand for additional industrial

space in Kimball Township. **The Township should not plan for any additional industrial land at this time, but there is also no need to reduce the amount of planned-for industry. As with the commercial market, as the economy rebounds, additional industrial development will likely be attracted to Kimball due to the Township's infrastructure – I-69, railroad tracks, and water/sewer capacity. This development should be planned to occur near existing industrial nodes and along major transportation corridors.**

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