

Kissimmee Main Street

Economic Analysis Spring 2006

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COMMUNITY HISTORY

The City of Kissimmee was incorporated on March 23, 1883 when 33 of the 36 eligible voters in the small trading settlement of Allendale, located on the northwest shore of Lake Tohopekaliga, voted to incorporate and to be known from that time on as Kissimmee City.

After Florida became a state in 1845, the settlement, later to become Kissimmee, was established and became an important trading center from the area and the supply center for those wishing to travel to south Florida through the lake and its connecting waterways. During the Civil War the settlement and the surrounding area had become important to the Confederate Army by providing cattle to feed the hungry troops. The local men that worked the cattle during that conflict became known as the “Cow Calvary” and their efforts established the settlement as the “heart of cow country.” The sound of cracking cow whips used by these men to drive the cattle through the palmettos and underbrush led to them being called “crackers” and further led to the designation “Florida Cracker.”

In the 1870’s cargo steam ships were a major form of transportation for this area. In 1882 with the extension of the railroad to the settlement from Sanford, Fla on the St. John’s River the steam ships became even more important.

The dredging of a river highway from Lake Tohopekaliga to the Caloosahatchee River in Ft Myers in 1884 and the further extension of the railroad from Kissimmee to Tampa in 1885 made the area a center of commerce and trade.

The railroad also brought about Kissimmee’s entry into the tourist industry long before there were any theme parks. The Tropic Hotel was built on the lakefront to accommodate visitors to the area. The hotel provided various tours and trips for the tourists to better acquaint them to Florida.

On May 12, 1887, Osceola County was formed by the Florida Legislature and February 6, 1888 Kissimmee City was chosen by 421 of the newly formed 451 eligible voters to be the county seat and the city where the Osceola County Courthouse would be built to serve its residents. The courthouse was built and then dedicated on May 6, 1890 and is today the oldest courthouse in the state still in use for the purpose it was originally built.

History from the “Historic Kissimmee Downtown” brochure.

STAKEHOLDER ECONOMIC VISION

On March 6, 2006 the consultant held a site visit with the main street manager that included an interview about the Main Street program structure, priorities, vision of the program as well as short-term and long-term program goals. The Consultant also met with city staff concerning planning goals for the district and opinions about potential customer target profiles. A walking tour of the district included mapping for existing businesses and vacancies, “interviews” with approximately 12 merchants and reviews of product lines, store layouts and price points.

The site visit ended with a Town Hall meeting attended by stakeholders including business owners, property owners, elected officials, professionals, institutional leaders, residents and others identified adults age 29 to 64 as the target age group for shoppers of downtown. This population offers the greatest potential pool of shoppers for the current and potential future business mix of the district.

The stakeholders also identified existing anchors such as the waterfront, train station, and government buildings, as well as several existing commercial and retail businesses.

Main Street Kissimmee will balance its retail, commercial and government base with a strong “home,” “bridal” and “entertainment” clusters serving primarily residents within a reasonable drive of the district.

TARGET CUSTOMER AREA

The consultant used census data to determine where prospective customers to the district live. The US Census track’s driving time to work research for the Metropolitan Statistical Area shows most drivers take between 13 and 18 minutes to drive to work. The consultant represents a philosophy that “driving times to work” becomes a psychological benchmark for people when determining a reasonable time commitment for transportation to activities such as shopping, dining and entertainment.

With this theory, Kissimmee Main Street needs to consider its circle around its downtown of about a 15 minute drive to determine possible target zip codes. Upon the site visit and from conversations with merchants and board members, issues exist (culture, competition and transportation) that make this consultant settle on a “morphed” circle that leaves out portions of the circle’s fringe.

In general this morphed area runs from Hoagland Boulevard on the west to Partin Settlement Road on the east. The area also runs from the Osceola Parkway in the north to Harbor Road in the south. As such the following zip codes are recommended to be used to build customer profiles, spending habits and merchant capacity: 33741, 34744 and 34743. Additional zip codes to target for marketing purposes include portions of 34746 (northern half) and 32837 (extreme southern end) and fringe areas of 34758.

The three targeted zip codes offer enough economic capacity for the district, thus positioning the “split” zip codes additional capacity.

CAPACITY

The consultant reviewed data from the US Census and Chamber of Commerce. From this data, a conservative estimate of 31,618 households were identified. The data shows 20,237 households with incomes from \$34,999 to \$99,000 with householders between age 29 and 64. By using age as a variable, the consultant labeled three targets based on the stakeholder visioning profiles. The ages were based on the householder (former “head of household”):

35,000-49,999 = 8,904

50,000-74,999 = 8,297

75,000-99,999 = 3,035

This information was calculated a second time for accuracy and further calculated a third time with the program executive director to educate her on the process and data sources.

PRIMARY TARGET CUSTOMER PROFILE

Based on the capacity data the following target customer profile was developed:

Target Audience 1 – residents of the target zip codes with a households incomes from \$35,000 to \$99,999. This represents 20,237 households. With these parameters, families are clearly captured as the largest target audience. Those families with household incomes below \$35,000, though not included in this economic analysis due to their greater likelihood to consider “price” as the highest (and in many cases the only) factor in making purchasing decisions, will still be captured for entertainment, some specialty and service businesses.

The target age and income profiles also represent significant mobility in house sales due to family changes and professional development.

Target Audience 2 – anchor users and downtown employees. This audience includes the users of government offices and riverfront park areas, as well as district employees.

Once primary target customer profile was established, the consultant collected data on the targets spending habits as tracked by the US Department of Labor.

The chart below lists each habit individually. The “potential gross” column lists the gross sales of the good or service based on the spending habits of the 20,237 target households identified in Target Audience 1. For example, if every one of the 20,237 households purchased furniture at one store its annual gross sales would be approximately \$20.6 million. Obviously the area offers more than one furniture store and the retail landscape is competitive. As such, the Urban Land Institute suggests downtowns target 10% of the “potential gross” as a realistic sales goal.

For example, downtown Kissimmee has the potential to attract \$2 million in furniture sales. The “sales per household” figure was taken from the totals spent by each target age group for various goods and services and then proportioned to their percentage compared to the entire target population (all age groups) to achieve a total sale per household amount weighted by age and age-related spending habits as researched by the US Department of Labor. They are:

TOPIC	Sales per Household	Potential Gross	Downtown 10%
Food away from home	\$35,000 HH = \$1,329 \$55,000 HH = \$1,474	\$28.5 million	\$2.8 million
Alcoholic Beverages	\$35,000 HH = \$961 \$55,000 HH = \$1,282	\$23 million	\$2.3 million
Stationary/Postage	\$35,000 HH = \$885 \$55,000 HH = \$1,370	\$15.5 million	\$1.5 million
Household Textiles	\$35,000 HH = \$742 \$55,000 HH = \$1,386	\$22.3 million	\$2.2 million
Furniture	\$35,000 HH = \$694 \$55,000 HH = \$1,274	\$20.6 million	\$2 million
Floor Coverings	\$35,000 HH = \$628 \$55,000 HH = \$993	\$16.8 million	\$1.6 million
Major Appliances	\$35,000 HH = \$924 \$55,000 HH = \$1,474	\$24.9 million	\$2.4 million
Small Appliances	\$35,000 HH = \$675 \$55,000 HH = \$1,290	\$20.6 million	\$2 million
HH/Decorative	\$35,000 HH = \$885 \$55,000 HH = \$1,362	\$23.3 million	\$2.2 million
Mens & Boys Apparel	\$35,000 HH = \$999 \$55,000 HH = \$1,338	\$24 million	\$2.4 million
Boys (2-15) Apparel	\$35,000 HH = \$875 \$55,000 HH = \$1,514	\$24.9 million	\$2.4 million
Women’s & Girls Apparel	\$35,000 HH = \$923 \$55,000 HH = \$1,506	\$25.2 million	\$2.5 million
Girls (2-15) Apparel	\$35,000 HH = \$1,379 \$55,000 HH = \$1,274	\$26.1 million	\$2.6 million
Children (under 2) Apparel	\$35,000 HH = \$1,180 \$55,000 HH = \$1,506	\$27.5 million	\$2.7 million
Drugs	\$35,000 HH = \$1,094 \$55,000 HH = \$1,076	\$21.9 million	\$2.1 million
Medical Supplies	\$35,000 HH = \$1,256 \$55,000 HH = \$1,266	\$25.4 million	\$2.5 million
TV/Radio/Electronics	\$35,000 HH = \$1,075 \$55,000 HH = \$1,338	\$24.7 million	\$2.4 million
Pets & Toys	\$35,000 HH = \$942	\$24.5 million	\$2.4 million

	\$55,000 HH = \$1,426		
Personal Care/Products	\$35,000 HH = \$1,189 \$55,000 HH = \$1,322	\$25.4 million	\$2.5 million
Tobacco	\$35,000 HH = \$1,281 \$55,000 HH = \$1,322	\$26.3 million	\$2.6 million

The next chart reports existing sales for those spending habit topics that downtown Kissimmee already offers a business selling those goods/services. The existing sales figures were calculated by assessing square footage of various items being sold and their average sales per square feet as tracked by the Urban Land Institute. The consultant and program executive director together researched existing square feet sales of the goods and services on April 2, 2006.

The figures researched by the Urban Land Institute represent those for a “typical” type established business in a downtown setting located in the southeastern United States with a similar population.

Using furniture as an example, it was calculated that the district already enjoys about 4,350 square feet of furniture sales. With a typical such business grossing about \$133 a square foot in sales, Main Street Kissimmee enjoys \$578,550 in existing furniture sales.

By taking the district’s existing furniture sales (\$578,550) and subtracting that number from the 10% sales potential total (\$2 million), Kissimmee can accommodate \$1.42 in additional furniture sales totaling 10,676 more square feet.

The last column takes the leakage amounts and calculates them into square feet. The consultant divided the leakage into the average sales per square foot to determine how many square feet could be added of a particular good or service. In the case of the furniture example, some 10,676 additional feet of furniture sales could be added. The addition could be in the form of new businesses, existing business expansion, or a combination of both.

The chart includes only those goods/services that are currently sold by existing, viable downtown businesses

TOPIC	Downtown 10%	Existing Sales	Leakage	Square Feet
Furniture	\$2 million	\$578,550	\$1.42 million	10,600
Food away from home	\$2.8 million	\$1.55 million	\$1.25 million	7,800*
HH/decorative	\$2.2 million	\$1.79 million	\$410,000	2,500
Personal Care/Services	\$2.5 million	\$596,000	\$1.9 million	11,500**
Textiles	\$2.2 million	\$162,500	\$2.37 million	39,500**
Flooring	\$1.6 million	\$272,000	\$1.3 million	15,250
Women’s Clothing	\$2.4 million	\$922,500	\$1.48 million	7,200

Men's Clothing	\$2.5 million	\$304,000	\$2.19 million	11,500
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*does not include catering hall

** misleading, includes wider selection of products than currently offered

BUSINESS SALES AND RENTS

The Urban Land Institute tracks sales per square foot and rents per square foot for various goods and services. The following table reflects goods/services chosen by the consultant and program executive director. The amounts were calculated using various ULI tables reflecting geographic region, downtown setting and incomes. The amounts reflect established, profitable businesses. Even with the calculated rents, the consultant and program executive director lowered the totals by 20 percent to reflect current demand. As such, an economic restructuring goal should be to see the rents listed below achieve 20 percent increases within three years (to make on par with peer downtowns).

<u>Good/Service</u>	<u>\$ Sales sq/ft</u>	<u>\$ Rent sq/ft</u>
Deli	150	15
Bakery	256	12
Doughnuts/Muffins	115	16
Health	150	13.5
Eatery w/alcohol	168	12
Eatery wo/alcohol	153	10.8
Bar	129	7
Ice Cream	214	16
Sandwich	193	10.5
Seafood Restaurant	NA	12.5
Chinese Restaurant	69	11
Mexican Restaurant	199	12.5
Women's Ready	151	11
Bridal	130	9
Children's Clothing	147	12.5
Men's Clothing	143	12.5
Family Clothing	177	8
Family Shoes	187	11
Furniture	133	8.5

HH Textiles	NA	10.5
Home Accessories	126	14.5
Appliances	NA	7
Music	245	11.5
Music Instruments	NA	9.5
Hardware	90	5
Sporting Goods	184	7.5
Hobby	118	9.5
Art Gallery	127	8.5
Toys	143	13.5
Bike	180	7.5
Arts/Crafts	61	6
Outfitters	116	7.5
Cards/Gifts	100	10.5
Books	144	10.5
Jewelry	270	13.5
Decorative Accessories	136	13
Liquor/Wine	226	8.5
Flower/Plant	91	11

NA = sample not large enough to accurately determine.

PRESENTATION

The consultant presented these findings at a Board of Directors meeting on April 17 2006. Those in attendance were presented with each step of the analysis process. Each step included the methodology, findings, and conclusions. The stakeholders were showed how each step builds upon the next in order to construct the analysis. After the presentations, a questions and answer session took place for feedback.

ADDITIONAL RESEARCH

The consultant recommends the board consider approaching business recruitment, retention and expansion based on three existing business clusters – design, bridal and food.

This does not mean that efforts should be exclusive to these categories, however, with their current significant presence in the district, encouraging their growth will further fulfill a unique market segment.

As for the home cluster, existing businesses include such products and services as hardware, paint, wall coverings, upholstery, mortgages, title companies, insurance, television repair, drapery/textiles, decorators, interior designers, bedding, home accessories, antiques, furniture, carpet and tile.

The current bridal cluster offers menswear, bridal, alterations, florists, bakery, catering, rehearsal dinner locations, gifts, travel agency, salons, printers and photography.

Finally, the “restaurant” cluster offers an opportunity to market the district as an alternative, non-chain dining destination for not only the target audience but also outside the area. This “boutique” dining product needs time and resources for cultivation. The Main Street Promotions effort, in particular should integrate this business cluster in all programming as possible. This cluster also offers the best opportunity to create an evening experience and energy for the district.

WHAT NEXT

The consultant will report the findings at a Town Hall Meeting in May. After the report is presented, it is the Economic Restructuring Committee’s responsibility to begin implementing programs and services geared toward reaching the analysis’ potential. This includes assessing all existing buildings and businesses, creating a recruitment/welcome kit, providing business growth services to existing businesses, and recruitment of new businesses.

The report should also be presented to the Promotions Committee to ensure they are truly programming toward the targeted customer profiles. The Design Committee will also benefit from a review of the analysis so its efforts can address some of the physical challenges and opportunities as a result of the report.

INFORMATION SOURCES

Kissimmee Main Street
Kissimmee CRA
Kissimmee Chamber of Commerce
City of Kissimmee
US Census
US Department of Labor
Urban Land Institute
National Main Street Center
Program executive director interviews
Merchants/board member interviews
Site Visits