

# Martin City Retail and Housing Market Analysis

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**PREPARED for the**

**Martin City CID**

**By RICHARD CAPLAN & ASSOCIATES  
In cooperation with BWR**

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## **Martin City Retail Market Analysis**

This retail market analysis on behalf of Martin City is presented in the following sub-sections:

- A. Martin City Retail Market Setting and Trade Area Profile
- B. Business District Comparisons
- C. Recreational and the Arts Analysis and Opportunities
- D. Restaurant and Dining Analysis and Opportunities
- E. Projected Martin City Retail Market Potential

### **A. Martin City Retail Market Setting and Trade Area Profile**

There are 2,288 persons within the immediate Martin City census tract in 2007. Within Martin City, there are 308 acres of commercial land. A 3 mile primary trade area profile including and surrounding Martin City has been prepared as a part of this analysis. There are approximately 32,237 people that reside in 12,734 households. In addition:

- The average trade area household is 2.53 persons vs. 2.49 in the Kansas City Metropolitan Area and 2.59 in the nation.
- The number of households in the trade area has increased at an average annual rate of approximately 2.9% since 2000.
- It is estimated that families make up 8,729 (68.5%) of the trade area's households, while 4,005 (31.5%) are non-family households.
- Homeowners occupy 10,089 dwelling units, 79.2% of the trade area's total.
- Renters occupy 2,644 dwelling units, 20.8% of the trade area's total.
- The median age of the trade area's population is 42.0 years vs. 36.3 in the Kansas City Metropolitan Area and 36.5 in the U.S.
- Approximately 52.6% of the trade area's residents are in the "Household & Family Formation" (ages 25 to 44) and "Peak Earning" (ages 45 to 64) cohorts vs. 53.9% in the Kansas City Metropolitan Area and 52.9% in the nation.
- Annual per capita income of the population in the trade area is approximately \$55,117, 189% of the Kansas City Metropolitan Area average and 204% of the national average.
- The average gross annual income of trade area households is \$139,542, 192% of the Kansas City Metropolitan Area average and 199% of the national average.
- Median household income in the trade area is estimated to be \$104,401, 183% of the Kansas City Metropolitan Area median and 203% of the national median.
- Approximately 9.6% of the trade area's households have gross annual incomes of less than \$25,000 vs. 18.0% in the Kansas City Metropolitan Area and 22.7% in the nation.
- Approximately 26.1% of the trade area's households have gross annual incomes greater than \$150,000 vs. 7.4% in the Kansas City Metropolitan Area and 7.6% in the nation.
- It is estimated that 650 business establishments are located within the trade area employing approximately 10,791 workers.

The population within the Martin City census tract and the surrounding area has increased since 2007, a factor which is incorporated into the projected retail demand presented later in this market study along with key economic factors. Several Martin City retail businesses are very successful in attracting customers from a wider secondary retail market that includes much of Jackson County, Missouri and Johnson County, Kansas.

Martin City is a sub-market of the Southern Jackson County retail market retail area. South Kansas City, a part of Southern Jackson County, contains approximately 9.1 percent of the metropolitan area's total retail inventory. The 2007 retail vacancy rate in South Kansas City was 3.9 percent higher than the Kansas City metropolitan area's regional average. The largest vacant building in Martin City, the former Sutherland's Store, offers an excellent opportunity for retail redevelopment and the property should be used for retail in the future. On average, retail lease rates were \$2.63 per square foot per year, an average of 19 percent lower than the metropolitan area average. This lower rate reflects a slightly weaker demand but also offers an attractive opportunity to attract retail start-ups and non-national tenants.

South Kansas City (including Martin City) is immediately east of one of the two strongest retail sub-markets in the metropolitan area. This adjacent area includes Leawood's 1,368,000 square feet of retail space. Table A summarizes the key South Kansas City/Martin City retail market area conditions in comparison to the metropolitan area.

**Table A: Area Retail Market Conditions 2007**

<b>Area</b>	<b>Total Retail Square Feet</b>	<b>Vacant Retail Space</b>	<b>Retail Vacancy Rate</b>	<b>Average Annual Rental Rate (per sq. ft.)</b>
South Kansas City (including Martin City)	6,347,538	882,308	13.9%	\$11.21
South Johnson County	13,765,646	1,046,189	7.6%	\$16.94
Balance of Kansas City Metro Area	49,753,470	5,025,100	10.1%	\$13.32
<b>TOTAL</b>	<b>69,866,654</b>	<b>6,953,597</b>	<b>10.0%</b>	<b>\$13.84</b>
<b>South Kansas City (MARTIN CITY) vs. Metro Area</b>	<b>9.1% of total</b>	<b>12.7% of total</b>	<b>3.9% higher</b>	<b>19% or \$2.63 lower</b>

Source: Block & Company Real Estate.

## **B. Business District Comparisons**

Martin City has its own physical identity as a business district. To assist in evaluating Martin City as a retail shopping district, a detailed analysis was performed comparing Martin City to four other metropolitan area business districts. This comparison serves to better illustrate the existing character and strengths of Martin City as a retail district and helps to define potential retail opportunities. Each of the four other districts also has their defined geographic boundaries and unique shopping characteristics. Two of these districts in this analysis are in Missouri and

two are in Kansas. The four business districts surveyed and compared to the Martin City CID are:

- Brookside in Kansas City, Missouri
- Downtown Parkville, Missouri
- Downtown Overland Park, Kansas and
- Prairie Village, Kansas Shopping Center.

The four districts contain from 43 to 217 businesses. Martin City has 82 businesses. Two of the districts have more businesses (Parkville, Overland Park) and two of the districts have fewer businesses (Brookside and Prairie Village). The following Table B compares the mix of businesses found in Martin City to each of the four other business districts and to the four district's average. Retail services include hair salons, dry cleaners, nail and tanning salons, day spas, mailing/packaging centers, etc.

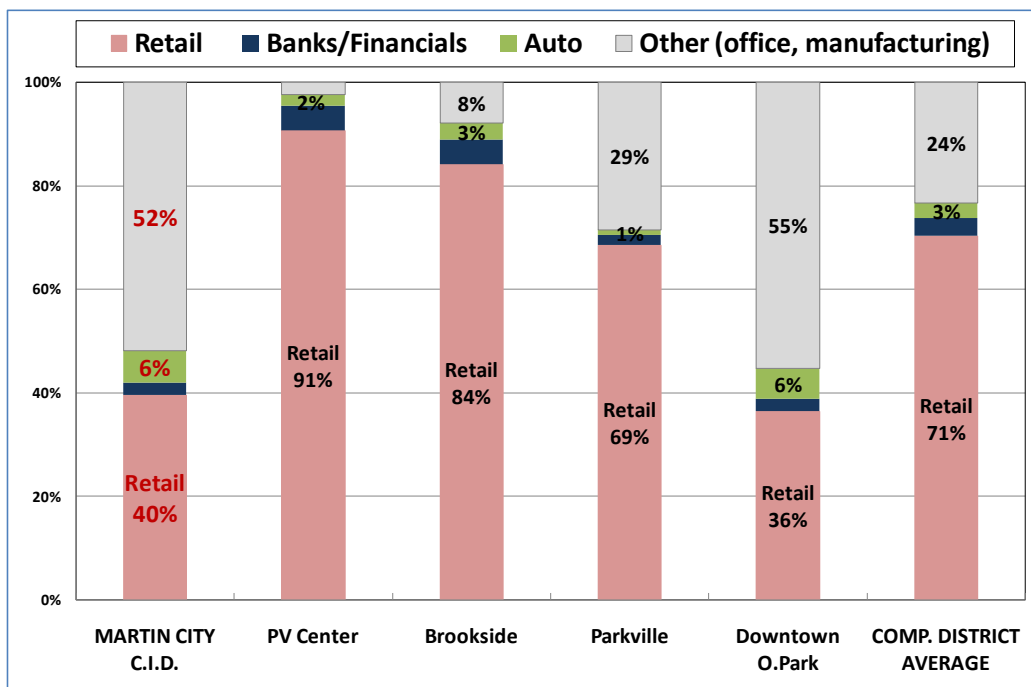
**Table B: Business District Comparisons by Retail and Business Uses December 2007**

<b>BUSINESS DISTRICT</b>	<b>MARTIN CITY CID</b>	<b>PV Center, KS</b>	<b>Brookside, MO</b>	<b>Parkville, MO</b>	<b>Downtown Overland Park</b>	<b>Four District AVERAGE</b>
<b>TOTAL BUSINESSES</b>	<b>82</b>	43	63	105	217	<b>107</b>
Full service Restaurant: Bars	<b>16%</b>	15%	17%	13%	15%	<b>15%</b>
Sandwich/Fast food	<b>13%</b>	13%	9%	6%	6%	<b>9%</b>
Coffee shops	<b>3%</b>	3%	2%	1%	1%	<b>2%</b>
Liquor Stores	<b>6%</b>	3%	2%	1%	1%	<b>2%</b>
Retail Shops	<b>28%</b>	46%	43%	43%	49%	<b>45%</b>
Arts / Private Recreation	<b>16%</b>	0%	0%	11%	4%	<b>4%</b>
Retail Services	<b>19%</b>	18%	23%	25%	23%	<b>22%</b>
<b>RETAIL TOTAL</b>	<b>100%</b>	97%	96%	100%	100%	<b>98%</b>
<b>MIX BY MAJOR USE CATEGORY</b>						
Retail	<b>40%</b>	91%	84%	69%	36%	<b>71%</b>
Banks/Financials	<b>2%</b>	5%	5%	2%	2%	<b>3%</b>

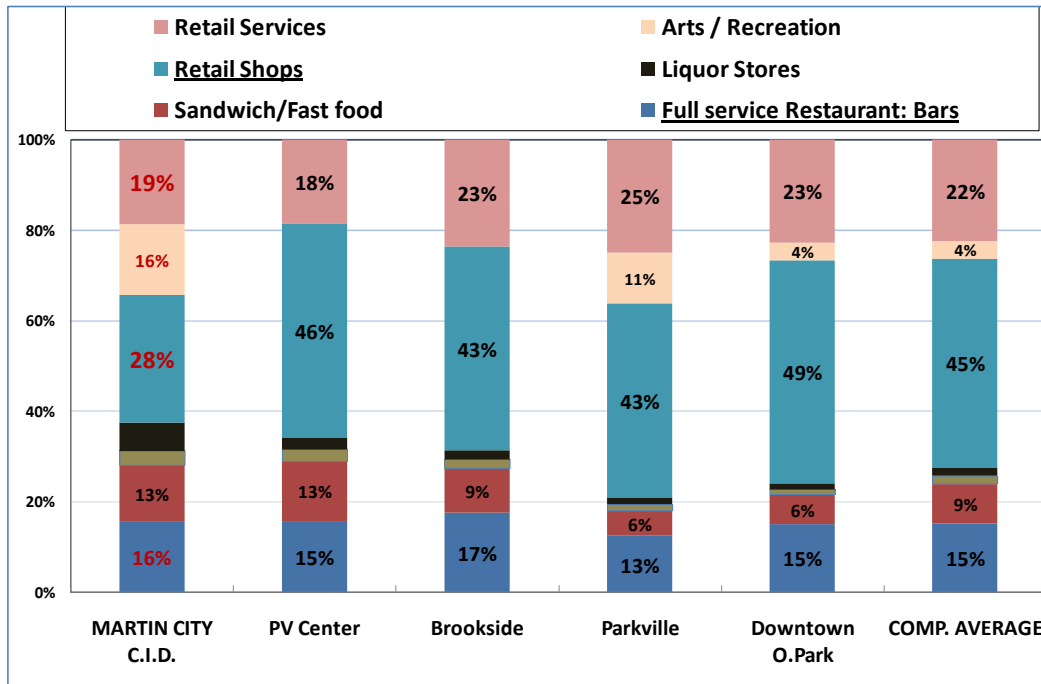
Auto	<b>6%</b>	2%	3%	1%	6%	<b>3%</b>
Other: office, manufacturing	<b>52%</b>	2%	8%	29%	55%	<b>24%</b>
<b>TOTAL</b>	<b>100%</b>	100%	100%	100%	100%	<b>100%</b>

Source: Martin City CID; RICHARD CAPLAN & ASSOCIATES.

### **Mix of Uses in Area Business Districts**



## District Mix of Retail Uses



Overall, in comparison to the four other business districts, Martin City is characterized by the following:

- a. Significantly higher percentage of arts-related and private recreation businesses (16% as compared to the other districts average 4%);
- b. An overall average mix of full services restaurants and bars versus other non-dining businesses but a higher percentage of fast food establishments and coffee shops;
- c. A much smaller percentage of retail businesses (40%) than the other four business district's average (71%);
- d. Double the percentage of auto related businesses (6%) than the other four districts average (3%).

In summary, Martin City is characterized by its higher number of food choices, arts and private recreation businesses. These businesses attract customers from beyond the trade area and reflect Martin City's uniqueness and strengths.

### C. Recreational and the Arts Analysis and Opportunities

The following two sections of this retail market analysis focuses on two of Martin City's strengths — arts and recreation and the restaurant markets — and identifies opportunities to enhance Martin City as a commercial destination as a result of these uses. The first of these are private recreational businesses and the art stores. Martin City's private recreation-related businesses include:

1. Outdoor volleyball courts
2. Gymnastics studio
3. Baseball and softball facility and
4. Golf driving ranges.

Because these businesses attract customers and participants from beyond the primary Martin City trade area, they serve to distinguish the commercial district's character. Once patrons are in Martin City for recreation, many of these customers patronize other Martin City businesses.

In order to evaluate the potential for additional private recreation opportunities, data from the National Sporting Goods Association for the U.S., Missouri and Kansas was collected and analyzed. This trade association collects data on sports participation based on national sporting good product sales and supplemental surveys. They also compare each state's participation to the national average for each sport. Sports participation is published and available on a state-by-state basis for 33 different sports. It provides data on total participation, frequency of participation and total participation days. This data is used to create the National Sporting Goods Association and a state-by-state index.

The latest published data for the nation, Missouri and Kansas for the top five participatory sports is presented in the following Table C: "Sports Participation 2006." On the index, the national average for each sport equals 100. The index is created by dividing a state's percentage of participants in a particular activity by its percentage of the U.S. population. For example, a state's total participants and percentage of the U.S. population yields an index of persons in that state that are more than twice as likely to participate as the national average. According to the association's most recent data, the highest ranking sport in Missouri is volleyball, while the number one participatory sport in Kansas is skateboarding. The high ranking for volleyball in Missouri and fifth highest ranking in Kansas attests, in part, to the success of Martin City's volleyball business.

**Table C: Sports Participation 2006**

United States		Missouri		Kansas	
Overall Ranking	Sport	Sport	Participation Index	Sport	Participation Index
1	Exercise Walking	Volleyball	176	Skateboarding	235
2	Swimming	Basketball	163	Paintball Games	153
3	Exercising (with equipment)	Backpacking	159	Target Shoot	144
4	Camping	Fishing	152	Snowboarding	125
5	Bowling	Camping	139	Volleyball	105

Note: U.S. Average Participation Index: 100

Source: National Sporting Goods Association.

National data is also published by the sporting goods trade association that reflects trends in participation and the total number of persons that participate in each sport. Based on this data and these trends, potential opportunities for new recreation businesses in Martin City have been identified. While one of the nation's fastest growing sports, snowboarding (no. 2), is obviously not a possible offering in Martin City, adding an athletic club (no. 3) and/or an aerobic exercising studio (no. 4) to an existing business or recruiting new businesses of these types are viable and desirable. The following table lists the five fastest growing and participatory sports in the nation and their current status and estimated potential for Martin City.

**Table D: Fastest Growing and Largest Participation Sports 2006**

Fastest Growing (Five year % change)	Martin City Status	Largest Participation (in millions)	Martin City Status
1. Skateboarding +52%	No potential	1. Exercise Walking 87.5	Not currently conducive
2. Snowboarding +40%	No potential	2. Swimming 56.5	No potential
3. Workout at Club +39%	<b>Opportunity</b>	3. Exercise w/equipment	<b>Opportunity</b>
4. Aerobic Exercising +28%	<b>Opportunity</b>	4. Fishing 40.6	Not available
5. Football +24%	Limited potential	5. Bicycle riding 35.6	Not currently conducive



Therefore, based on these figures and national trends and Martin City's existing mix of recreation business, Martin City should focus recruitment efforts on one or more of the following private businesses:

1. Exercise/Fitness Studio
2. Athletic Club
3. Paintball store and/or facility.

Furthermore, because of the prevailing emphasis on recreation activities in Martin City, the extension of both walking and bicycle trails into and through Martin City for residents and patrons from other parts of Kansas City and Southern Johnson County are strongly encouraged and should be incorporated into the Master Plan for Martin City.

As indicated in this market analysis, the arts and dining are also business strengths in Martin City. Despite this finding, the regionally well known Martin City Melodrama is not currently housed in Martin City. The relocation of the Martin City Melodrama, currently located in Johnson County, Kansas, to Martin City on a permanent basis will compliment and enhance the retail vitality of Martin City. Therefore, a new, permanent home for Martin City Melodrama in Martin City is strongly recommended.

There are several options that may satisfy the Martin City Melodrama's space needs. However, a preferred Martin City location for this facility is on the 135<sup>th</sup> Street corridor as a part of a new mixed use development or redevelopment. Another viable alternative could result from a new public/private partnership is with the Grandview School District in the existing Martin City School or as a part of a future addition or annex to the school on the school district's unused property. Both of these options should be actively explored by representatives of the Martin City Melodrama, the Martin City CID and the Grandview School District.

#### **D. Restaurant and Dining Analysis and Opportunities**

There are currently nine eating establishments in Martin City not including one recently closed restaurant that offered Mexican food. With the exception of fast food restaurants, the majority of other Martin City's dining establishments have local ownership. As a result, they are either one-of-a-kind dining establishments or are one of a limited number of like establishments in the metropolitan area. This feature provides Martin City with a unique customer appeal in comparison to many other newer retail districts in the region.

In order to identify additional opportunities in the dining market, an analysis was performed of the mix of over 500 restaurants by food type in Kansas City. This area restaurant profile, compared to the Martin City mix of dining establishments, assisted in determining the most suitable restaurant opportunities for Martin City, given the potential to expand the Martin City dining market based on the existing and growing population in the trade area. Based on the retail expenditures in the trade area's households, the results of this analysis identifies at least three or four types of dining establishments among the seven potential restaurant targets for Martin City and are presented in the following Table E: "Kansas City and Martin City Restaurant Analysis."

Table E: Kansas City and Martin City Restaurant Analysis

Major Restaurant Group	Kansas City Total / Kansas City Mix		Martin City 2007	Potential Martin City Targets
Burgers	77	14%	3	Yes
Mexican	74	13%	Closed	Yes
Pizza	73	13%	1	---
Sandwiches	55	10%		Yes
Chinese	52	9%	1	---
Steak Houses	27	5%	1	---
Delicatessens	25	5%		Yes
American	24	4%	1	---
Barbeque	21	4%	2	---
Italian	20	4%		Yes
Seafood	19	3%		Yes
Brewpubs	16	3%		---
Japanese/Asian	22	4%		Yes
Breakfast	8	1%		---
<b>TOTAL</b>	<b>513</b>	<b>100%</b>	<b>9</b>	<b>+ 3 to 4</b>

Source: Kansas City Yellow Pages; RICHARD CAPLAN & ASSOCIATES.

Recruitment of new restaurants for Martin City should focus on either single location, one-of-a-kind dining experiences that develop a clientele wanting a Martin City location and/or those existing Kansas City-based dining establishments which have a limited number of locations in the region, do not have a Leawood, Kansas or southern Jackson County presence and likely have an established brand and existing customer base. National restaurants chains, such as the Applebee's located near to Martin City on State Line Road, are not suitable for Martin City because their presence detracts from the unique dining character that sets Martin City apart from other retail areas.

**E. Projected Martin City Retail Market Potential**

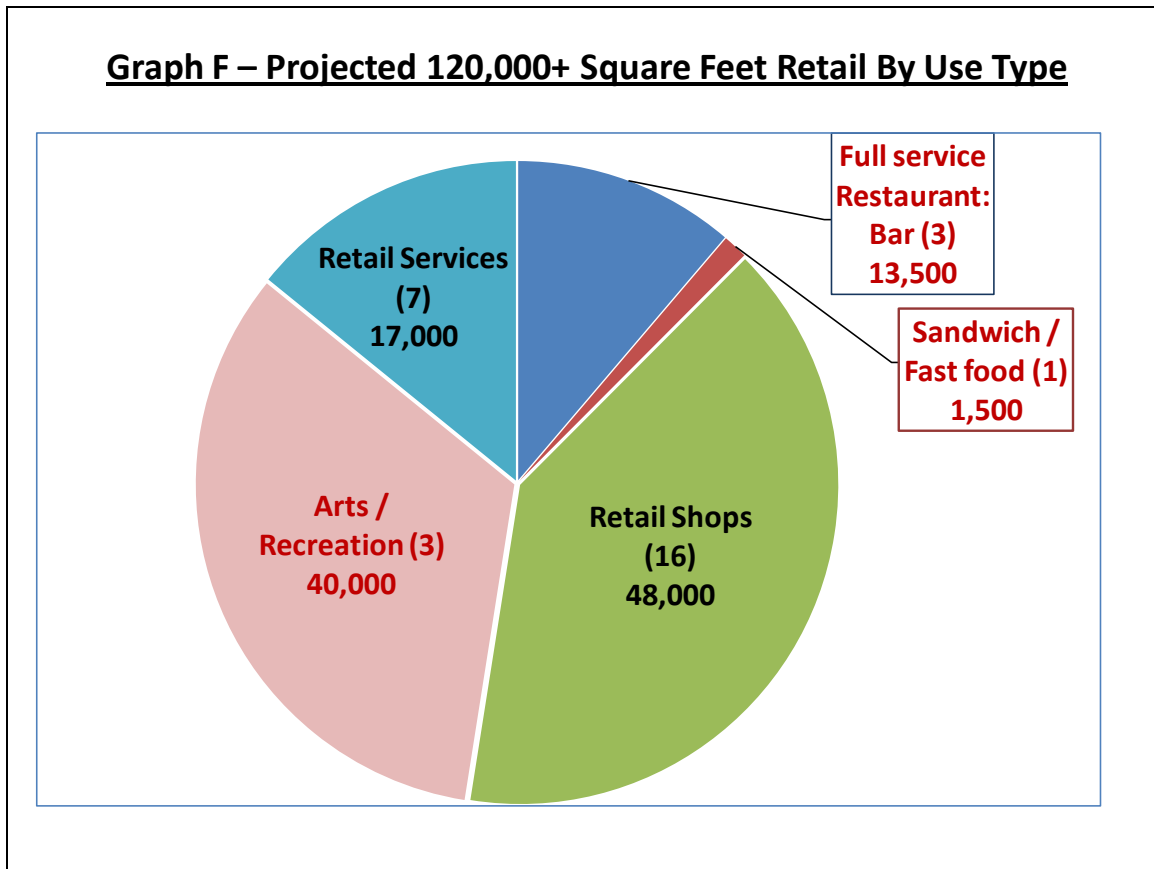
A retail market demand analysis has been prepared for Martin City based on a combination of the following:

- The number of households in Martin City and the three mile primary trade area;
- Existing retail sales in Martin City by sales category (as reported on confidential basis by the Martin City CID);
- Expenditures and income per households in the market area;
- The projected growth in the area of households; and
- The existing and projected capture rate for Martin City of existing and future retail sales.

Employment growth in the area further contributes to retail demand. Based on this analysis, there is a potential to add approximately \$18.2 million in retail sales with Martin City. The results of this analysis are summarized in Table F: “Martin City Retail Sales Demand Analysis.” On average, these sales can justify approximately 120,000 additional square feet of retail space that can be supported in Martin City over the next decade.

**Table F: Martin City Retail Sales Demand Analysis**

Source of Demand	Total Households	Annual Expenditures Per Household	Martin City Retail Sales Capture Rate	Projected Annual Sales Potential
ZIP Code 64145	2,052	\$27,623	8.3%	\$ 1,326,085
Primary Trade Area	10,682	\$27,623	3.8%	\$14,602,525
<b>2007 Total</b>	<b>12,734</b>	<b>\$27,623</b>	<b>4.5% to 5%</b>	<b>\$15,928,610</b>
Projected Growth to 2030	1,847	\$27,623		\$ 2,310,822
<b>TOTAL</b>	<b>14,581</b>	N / A		<b>\$18,239,432</b>

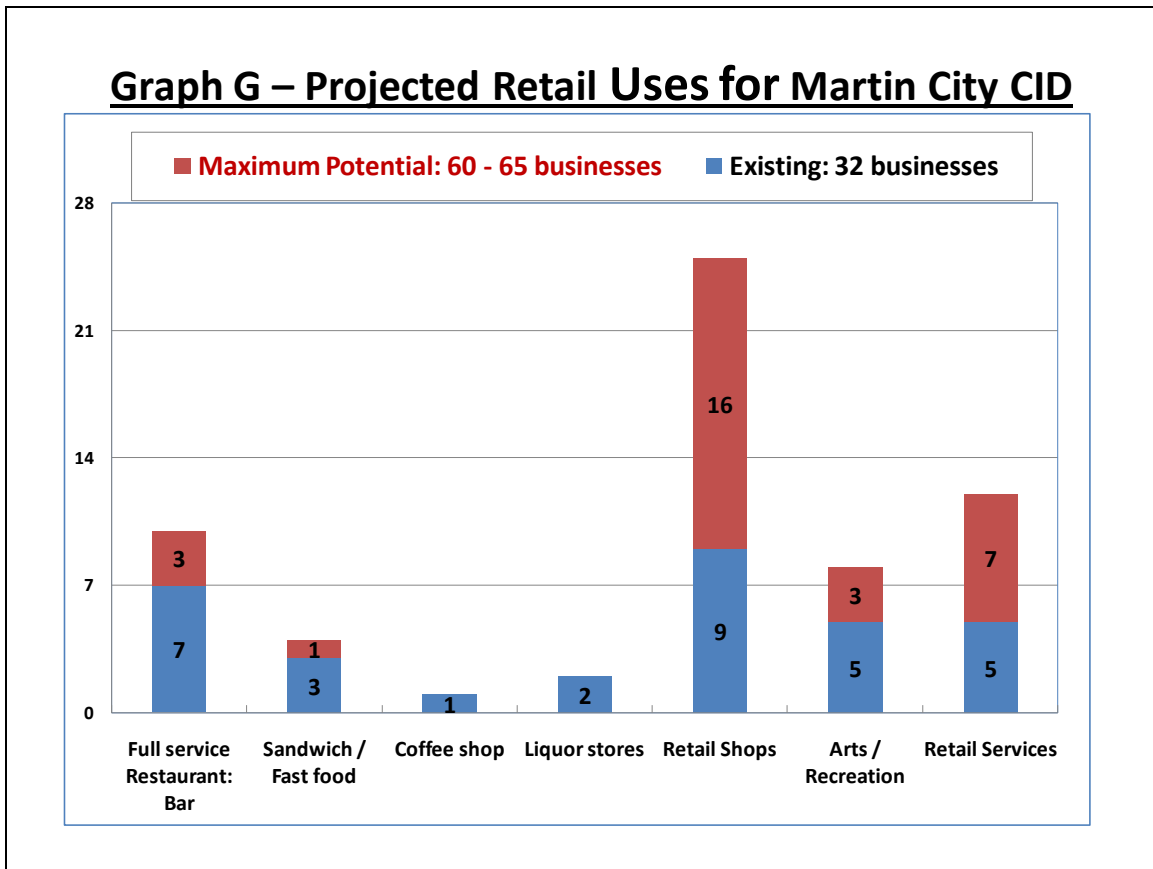


More specifically, given the configuration of commercial land, the vacant commercial buildings and/or retail space in Martin City, the design of new in-fill buildings on 135<sup>th</sup> Street and retail industry averages, there is a potential for approximately 120,000 additional square feet of retail may result in approximately 26 to 32 additional businesses. The number, mix of businesses and estimated square footages that can be absorbed by Martin City in the future are presented in the following Table G: “Martin City Projected Retail Summary by Use.”

**Table G: Martin City Projected Retail Summary by Use**

Type of Retail Business	Potential / Recommended No. of Establishments	Estimated Square Feet
Full service Restaurants	3 – 4	13,500
Sandwich / Fast food	1	1,500
Retail Shops	12 – 15	48,000
Arts / Private Recreation	3 – 4	40,000
Retail Services	7 – 8	17,000
<b>Total</b>	<b>26 – 32</b>	<b>120,000</b>

Source: Urban Land Institute Dollars & Cents of Shopping Centers.



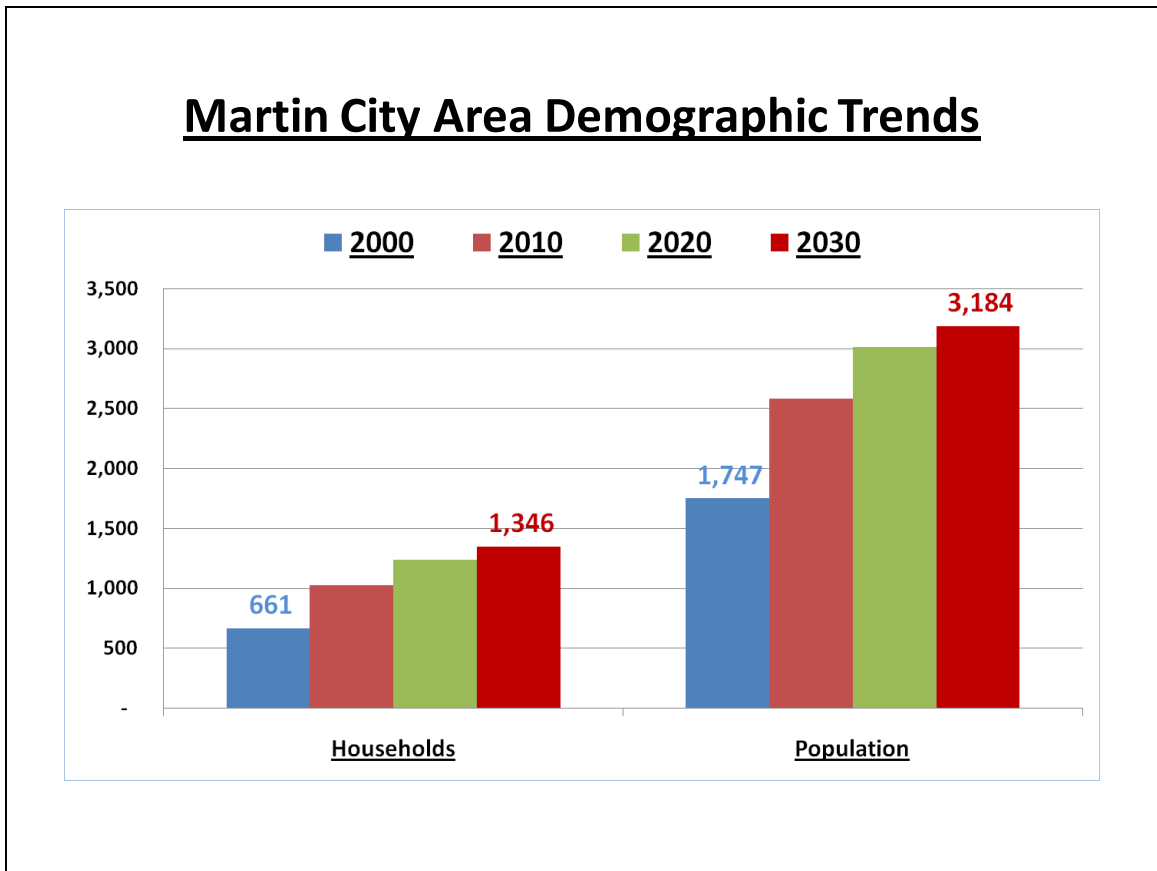
### **Martin City Housing Market Demand Analysis**

A housing market analysis on behalf of Martin City has also been prepared as a part of this master plan. There are over 5,200 acres in Martin City zoned as residential, including several sizeable and numerous small in-fill parcels representing over 76 vacant, residentially zoned acres.

Martin City is a part of the region’s Southtown / Grandview housing market. According to the Mid America Regional Council, overall area growth trends influencing the greater Martin City regional housing market include:

- a. The Southtown area’s population has declined from over 21% of Jackson County in the 1980’s to 19% of Jackson County by 2010;
- b. Population in the Southtown region is projected to gradually decline in the coming decade, but the number of households is growing due to the smaller average household size (decline from 2.45 in 1990 to 2.20 in 2020);
- c. The Southtown area is projected to add approximately 20,000 jobs by 2030.

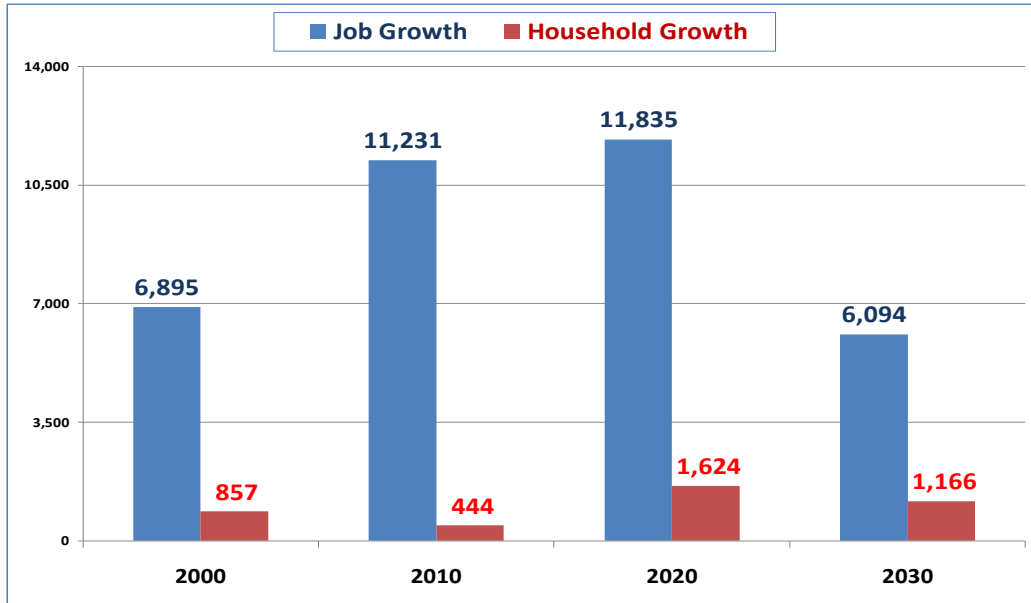
The following graph depicts key demographic trends for Martin City.



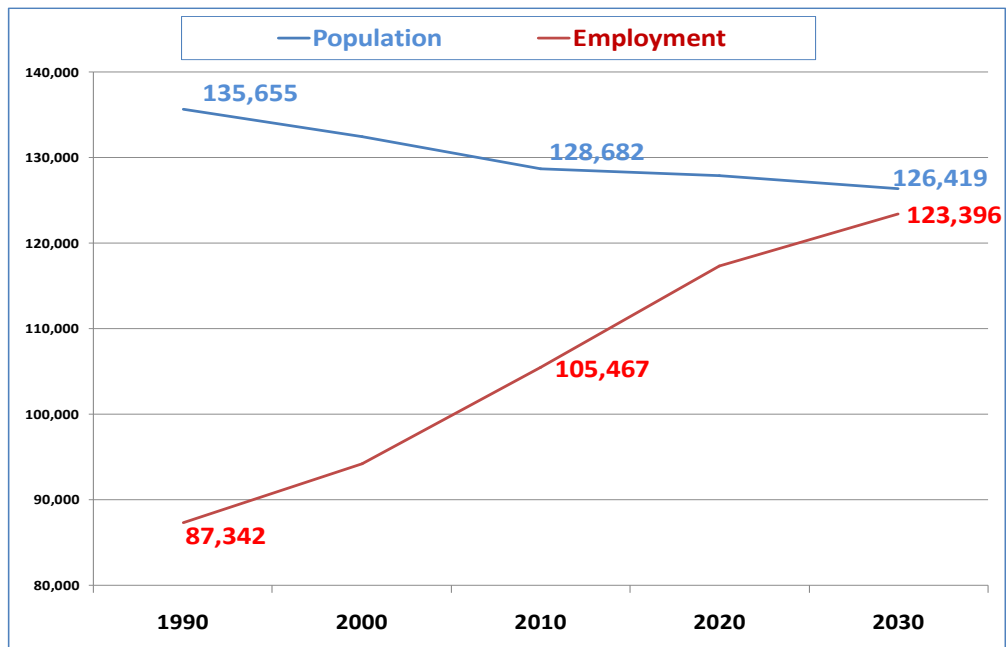
Source: U.S. Census; MARC.

Most significantly, employment growth will contribute to the projected demand for additional new housing in the area. The Martin City area is projected to add an additional 120 jobs by 2010 and more than 2,800 jobs by 2020, or an increase of 40 percent.

**Southtown / Grandview Job & Household Growth to 2030**



**Southtown / Grandview Population & Employment to 2030**





More specifically, within Martin City there are 1,009 housing units and 915 households. According to 2007 estimates, the Martin City area added 232 new housing units since 2000, an increase of almost 40 percent. Single family homes are the predominant housing type in the area, accounting for nearly two-thirds of area housing units. According to MARC forecast data, contrary to the Southtown area, the immediate Martin City area is projected to add approximately 1,020 persons and 550 households from 2005 to 2030. More than half of these new units required for these future households can be accommodated in the immediate Martin City area in four areas:

- Northeast of Charlotte Avenue from 135<sup>th</sup> Street north to Blue Ridge Boulevard;
- Along the Holmes Road north of 135<sup>th</sup> Street;
- Among scattered in-fill parcels in the vicinity of the Martin City School; and
- As a part of future mixed use redevelopment opportunities along the 135<sup>th</sup> Street corridor.

The balance of the future housing demand will be located outside of the Martin City CID but within the Martin City area.

To successfully achieve Martin City's residential potential, the housing market will be influenced by the following dynamics and demographics:

1. The growth of the employment base in the immediate area especially the 1,444 acre Center Point redevelopment project serving the new intermodal facility at former Richards-Gebaur Air Force Base;
2. The adoption and implementation of a Martin City Master Plan that includes improvements to 135<sup>th</sup> Street that incorporate curbs, sidewalks, decorative street lighting and attractive landscaping resulting in 135<sup>th</sup> Street being an attractive amenity to the CID area;
3. Continued marketing of Martin City in the region as a unique commercial district within the metropolitan area;
4. Potential improvements and/or expansion to the Martin City School by the school district; and
5. Further strengthening the commercial appeal of Martin City businesses through private reinvestment in the exterior landscaping and building design, product lines and customer services offered.

Based on the demographic characteristics of the existing and projected population, housing unit mix and the residential conditions in the Martin City area, the proposed number and type of new residential development for as many as 340 of these units in Martin City in four targeted areas is presented in Table H: "Projected Martin City Residential Development Opportunities through 2020."

Because the yield calculation can only be determined prior to site planning, the number and exact mix of units should be considered an estimate. The target mix and proportion of single family owner-occupied and rental housing mix, however, should be maintained as the total number of units are increased or decreased during the planning and approval process.

**Table H: Projected Martin City Residential Development Opportunities through 2020**

Target Area / Parcels	Estimated Vacant Acreage	Target Housing Type(s)	Projected New Units
NE Charlotte/135 <sup>th</sup> to Blue Ridge Blvd.	57.4 acres	Single family; townhomes, multi-family rental	178 – 200
135 <sup>th</sup> St. Corridor	4.4+ acres	Townhomes, multi-family	45 – 60+
W. Holmes Road north of 135 <sup>th</sup> Street	10.4 acres	Single family, Townhomes	55 – 60
Miscellaneous infill lots	4.5 acres	Single family	12 – 15
<b>TOTAL</b>	<b>76+ acres</b>	N / A	<b>290 – 340 units</b>

### Summary of Projected Housing Demand

	2005 Population	1980 – 2005 Change in Households	2005 – 2030 Change in Households	Total New Housing Units Needed
Jackson County	662,320	31,690	47,200	69,400
Southtown/Grandview	130,588	2,930	3,010	4,400
<b>Martin City ZIP Code (64145)</b>	<b><u>2,165</u></b>	<b><u>380</u></b>	<b><u>505+</u></b>	<b><u>650 – 700</u></b>
<b>Martin City Area Capture Rate</b>			<b>40 - 50%</b>	<b>= 300 to 325 units</b>

Source: U.S. Census; MARC; Kansas City Home Builders Association of Greater Kansas City; RICHARD CAPLAN & ASSOCIATES .

More specifically, the following graph depicts the projected demand by housing type.

## Projected Martin City Housing Demand

Housing Description	Recommended Mix of Units	Number of New Housing Units
Single family detached	50% – 55%	155 – 160
<u>Single family attached/Townhomes:</u>	19% – 21%	
In Mixed-use buildings		6 – 8 units
Townhomes, patio homes		55 – 60
<u>Apartments:</u>	25 - 30%	
In Mixed-use buildings		9 – 12 units
<u>Other Multi-family rental apartments</u>		75 – 85
<b>TOTAL AREA HOUSING DEMAND</b>	100%	<b>300 – 325 units</b>

The addition of these new housing units and households will further enhance the existing and future Martin City retail market. Therefore, efforts to plan and encourage new housing in Martin City should be an important aspect of the Martin City Master Plan.

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