

→ Market Analysis for the Ferguson Site

Richland Center, WI

Prepared by ICF via EPA Brownfields Technical Assistance

May 2023

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Regionally-Directed Technical Assistance

This project was performed through regionally-directed technical assistance provided by ICF and U.S. Environmental Protection Agency (EPA) Region 5 through the EPA Office of Brownfields and Land Revitalization (OBLR) Program.

The project was supported by the dedicated staff of the City and County of Richland, Wisconsin. Successful brownfields reuse and redevelopment often depends on early consideration of the range of potential future uses for each brownfield site. Local community priorities, market conditions, infrastructure availability, environmental contamination, public health issues, and local ordinances shape brownfield site reuse opportunities. Having this market analysis grounded in these local conditions will directly influence how that site is characterized, assessed, and cleaned up.

TA Recipient

City and County of Richland, Wisconsin



Site Address(es):

Ferguson Property (6 Lots), 3 N Orange St.,
City of Richland Center

Previous EPA Grants:

Wisconsin Statewide Assessment Grant, 2022

DISCLAIMER

This report reflects ICF's analysis of data obtained from external data sources. The report was developed for Richland Center, Wisconsin under contract EP-W-12-O20 with the U.S. Environmental Protection Agency's Office of Brownfields and Land Revitalization. This is a contractor-prepared report and does not represent EPA's position. Any publication, distribution, or use of this report beyond the stated purpose is outside of ICF's control.

Introduction and Scope

The U.S. Environmental Protection Agency's (EPA) Office of Brownfield and Land Revitalization (OBLR) and EPA Region 5 provided technical assistance to the City and County of Richland to support the site reuse and revitalization planning for the Ferguson Site located in Richland Center, Wisconsin.

The Ferguson site consists of 6 parcels in the core of downtown Richland Center. The site was previously used as a diesel car sales lot and a printing press. Previous notification of contamination was submitted for fuel discharge into the soil on two parcels but has since been qualified for a No Further Action in 1993. Previous environmental assessment on N Orange St identified contaminants generally within the corridor, but not specifically on the Ferguson property.

The market analysis assesses the feasibility of re-use options identified by the community as part of a previous visioning exercise. The analysis includes an assessment of the market potential and real estate dynamics and concludes with recommendations and next steps. The assessment of market potential evaluates the demographics and labor force to understand the spending profile and workforce characteristics in the region, the analysis of the retail market to identify demand for local retail sectors and an assessment of visit trends.

Executive Summary

Richland Center (population 5,114) and Richland County (population 17,304) both experienced an aging and slightly declining population between 2010 and 2020. While predominantly White, Richland Center saw a 200% increase in its Latinx population between 2010 and 2020. Median income in Richland Center is 20% less than at the County, however employment is stable in key industries such as educational services, health care and social assistance, manufacturing, and retail trade. Increasing rental prices coupled with relatively stagnant vacancy rate and retail square footage over the past five years suggest a retail real estate market with little new activity at the local and county level. Multi-family housing, affordable single-family homes, and senior homes are in very high demand and there is a noted gap between an affordable mortgage among the available housing stock and new jobs in the County, meaning that homeownership is a challenge.

Previous community visioning identified potential reuses for the site, including a grocery store, hotel coupled with a restaurant or mixed-use retail and housing. And thus, a goal of this study was to assess Richland Center's market to understand the feasibility of those uses on the Ferguson site. Findings from this analysis indicate the potential for Richland Center to support new retail businesses as well as food and drinking establishments. These uses could align with mixed-use development as well as a hotel coupled with a restaurant. Both of which would support ongoing downtown activation efforts and drive demand with new residents or visitors to patronize existing downtown retail and restaurants. The central location of the Ferguson site makes it a viable option for a destination restaurant or drinking place, such as a destination brewery or distillery as well as retail that would extend the downtown commercial activity to the site.

1 Project Background

CRADLE OF WOMEN'S SUFFRAGE = A WOMAN'S RIGHT TO VOTE
TEMPERANCE TOWN - FIRST HIGH SCHOOL MARCHING BAND
BIRTHPLACE OF REC & GTE & VERIZON & FLWRIGHT

Downtown

RICHLAND CENTER
of the Ocooch Mountains
Driftless Area
Lower Wisconsin River Valley

COFFEE, THE RICHLAND OBSERVER, POST, BAR Sporting Goods, Jewelry OFFICE, Theaters, BAIT & TACKLE, Library, MEXICAN GROCER, Banks, WINE, Insurance, SHOPPING-NEWS, Picture, CRAFT BREWS, MEAT LOCKER & BUTCHER, FLOWERS, Framing, ART, Antiques, PLUMBING & HEATING, Furniture, BOOKS, REALTY, BIKES + Repair, Computers, SALONS, Music, Cafes, AG Dairy Services, Paint, RESALE, GUITARS, HOBBY & TOYS, CLOTHING, AUTO-REPAIR

Downtown
OPEN FOR
AND WE MEAN!
BUSINESS DISTRICT

1 Project Background

Richland Center, Wisconsin is the county seat of Richland County and is located on Hwy 14 between Madison and LaCrosse. In 2020 the population was 5,114. The Downtown Historic District offers unique shopping and business opportunities.

Richland Center continues to look for opportunities for economic development. Multiple planning efforts, including a comprehensive plan for 2022–2032, have been conducted to identify key goals for the City. The plan identified the need for Richland Center to attract visitors and young people through restoring vitality to the downtown and creating an active area for residents and visitors to live, work, and play. Already, a 70-acre plot has been acquired for a new hospital construction in Richland Center and is expected drive local demand for goods and services through an influx of workers and visitors.



Figure 1. Ferguson Property

However, there are a slew of brownfield sites that have been difficult to redevelop, so the City needs assistance outlining the steps forward and understanding the development potential for key downtown sites. Specifically, the six sites clustered on the Ferguson Property (**Figure 1**) offer immediate opportunities. These sites are considered priorities for stimulating activity and momentum for brownfields development across the City.

Previous community visioning identified potential reuses for the site, including a grocery store, hotel coupled with a restaurant or mixed-use retail and housing. The purpose of this assessment is to conduct a market analysis to understand the viability of potential reuse options proposed by the community by vetting those uses in the context of local spending power, retail business trends and visitor activity as well as real estate market dynamics.

1.1 Site Context

The Ferguson site is situated at the edge of Richland Center’s downtown core within the Downtown Planning Area, as identified in the Downtown Revitalization Plan¹. The site is bound by N Orange Street to the west, W Mill Street to the north, N Jefferson Street to the east, and W Court Street to the south. The Ferguson site consists of 6 parcels within the block owned by Larry Ferguson. The 7th parcel within the block is currently not considered for this study. As ownership and liability affects funding opportunities for remediation and clean-up, the site is under consideration for purchase by the Redevelopment Authority on behalf of the City.

¹ Downtown Revitalization Plan, March 2013. MSA Professional Services.

Given its central location in downtown Richland Center, the City considers the property as a key site for economic development. Historically, downtown Richland Center was the commercial core of the community. However, a revitalization plan focused on the downtown core identified the decline of economic vitality to be in part due to conflicting land uses, loss of businesses, aging and obsolete buildings, and a general lack of pedestrian amenities.² Development options should be aligned to stimulate further economic activity in the area.

The site is zoned as Commercial General, which allows for mixed-use and mixed-use retail, a common development form along I-14. Prior to its present use, the site was formerly used as a diesel truck sales lot (Port Truck Sales) and a printing press. Phase I and II Environmental Site Assessment (ESA) has been conducted on the site or the surrounding area. Previous studies were conducted generally on the Orange Street Corridor but were not focused strictly or directly on the Ferguson site and did not specifically identify Recognized Environmental Conditions (REC) on site. However, the site has had documented prior discharge of fuel oil into the soil related to the Port Truck Sales business and was subsequently qualified for No Further Action by the South Central Region Closure Committee in 1993.

1.2 Local Demographics and Labor Force

This section of the report discusses socioeconomic, demographic and labor market conditions in Richland Center. Understanding the demographics and labor market conditions surrounding the site enables us to understand who the primary users of the site might be and what their spending patterns might tell us about the retail and service amenities that would succeed.

This market analysis will inform the redevelopment of the Ferguson Property but is relevant for other brownfields site redevelopment in and around Richland Center. This analysis focuses on Richland Center, WI, and discusses market trends within the immediate geography (15-minute drive time radius) and daily-commute shed (45-minute drive time radius) of the Ferguson Property, as shown in **Figure 2**, as well as data related to Richland County. All values in this section are derived from data prepared by ICF using the 2017 Retail MarketPlace database from ESRI unless otherwise cited.³

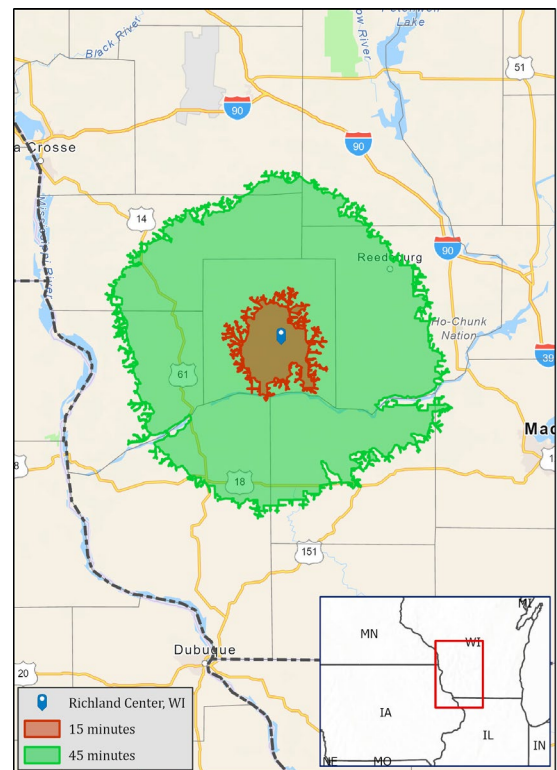


Figure 2. Region of Analysis

² Downtown Revitalization Plan, March 2013. MSA Professional Services.

³ ESRI. (2020). *Methodology Statement: 2017 Esri Retail Marketplace*. Available at:

https://downloads.esri.com/esri_content_doc/dbl/us/J9675_US_Retail_Marketplace_2017_in_2020_geography.pdf

Richland Center experienced a 1.1 percent decrease in population from 2010 to 2020, as shown in **Figure 3**, while Richland County saw a 0.5 percent population decrease during that time. Additionally, following decreasing enrollment of the University of Wisconsin-Platteville at Richland campus, the campus will be ending instructional activities after July 2023. That said, there are a significant number of unfilled jobs (~600 based on an interview in October 2022), and the population has seen more recent increases due to the pandemic and the influx of nearly 70 migrant workers on a 9-month visa.

Richland Center is home to an aging population, with total deaths expected to outpace births by 2040.⁴ The population within 15-minutes of the Ferguson Property experienced an increase in median age from 42.1 in 2010 to 43.4 in 2020.⁵ Richland County similarly contains a higher share of the population over the age of 65 than the rest of the region and the state.⁶ These population trends create a need to attract a young workforce to the area to sustain the population, and to ensure necessary housing and amenities are readily available to accommodate a potential influx of new residents.

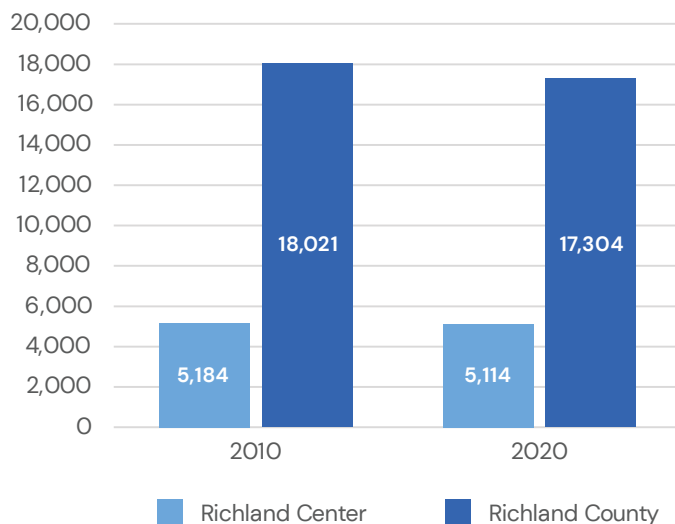


Figure 3. Population Trends in Richland Center and Richland County

43.4

2020 Median Age of the Population

- Increased 1.3 years since 2010

\$41,724

2020 Median Household Income

- About 20% less than Richland County

Both Richland Center and Richland County are predominantly White (91.6 percent and 96.4 percent, respectively), however, Richland Center experienced a 202.3 percent increase in Latinx population from 2000 to 2020.⁷ Over 90 percent of the population of Richland Center has obtained a High School Diploma, but only 21 percent of the city’s residents and just 13 percent of the population within 15-minutes of the Ferguson Property have achieved a bachelor’s degree or higher. Median household income in Richland Center is below that of Richland County, at \$41,724 and \$52,052, respectively.

In 2021, the labor force within the 15-minute drive radius comprised 4,747 individuals with an unemployment rate of 2.9%. The largest employment sectors are in manufacturing, healthcare, and retail trades, as shown in **Table 1**.

⁴ Comprehensive Plan for Richland Center, Wisconsin 2022-2023. Southwestern Wisconsin Regional Planning Commission.

⁵ Comprehensive Plan for Richland Center, Wisconsin 2022-2023. Southwestern Wisconsin Regional Planning Commission.

Richland Center, WI Downtown Revitalization Plan. MSA Professional Services. 2012.

⁶ Comprehensive Economic Development Strategy 2014-2019. Published April 2014. Southwestern Wisconsin Economic Development District.

⁷ U.S Census Bureau.

Comprehensive Plan for Richland Center, Wisconsin 2022-2023. Southwestern Wisconsin Regional Planning Commission

Table 1: Top 5 Occupations by Number of Workers, 15-minute drive radius, 2021.

Occupation	# of Workers	% of Total Workers
Manufacturing	1,022	22%
Health Care / Social Assistance	781	17%
Retail Trade	548	12%
Educational Services	341	7%
Construction	311	7%

Source: ESRI 2021 Labor Force

In 2021, the labor force within the 45-minute drive radius comprised 46,246 individuals with an unemployment rate of 3.1%. The largest employment sectors are similarly in manufacturing, healthcare, and retail trades, as shown in **Table 2**.

Table 2: Top 5 Occupations by Number of Workers, 45-minute drive radius, 2021.

Occupation	# of Workers	% of Total Workers
Manufacturing	8,337	19%
Health Care / Social Assistance	6,508	15%
Retail Trade	6,005	13%
Construction	3,832	9%
Educational Services	3,426	8%

Source: ESRI 2021 Labor Force

Top Employers in County

- Rockwell Automation
- Foremost Farms USA
- Schreiber Foods
- Richland Hospital Inc.
- Seats Inc.
- Richland County Government

As noted in both the Comprehensive Plan for Richland Center⁸ and Comprehensive Economic Development Strategy⁹, the economy of both Richland Center and Richland County is rooted in agriculture and manufacturing, with the region experiencing concentrated activity in forestry, fishing, and hunting when compared to the rest of the state. Other top industries of employment for Richland Center include educational services, health care and social assistance, and retail trade. The region is challenged,

however, by a decline in the overall number of workers. As noted in the Richland Workforce Attraction Marketing Plan, the workforce age population of Richland County decreased by 9.2 percent between 2010 and 2021 and is expected to continue to decline.¹⁰ These trends indicate a focus on workforce training and improved educational outcomes is needed to address current workforce challenges, while an overall focus on attracting young professionals to the area will serve to improve labor force conditions in the region.

⁸ Comprehensive Plan for Richland Center, Wisconsin 2022-2023. Southwestern Wisconsin Regional Planning Commission

⁹ Comprehensive Economic Development Strategy 2014-2019. Published April 2014. Southwestern Wisconsin Economic Development District.

¹⁰ Richland Workforce Attraction Marketing Plan. 2021. Richland County.

1.3 Community Input

Over the course of the project, ICF engaged in one-on-one interviews as well as a stakeholder session with municipal staff members during the October 2022 site visit. The goal of these conversations was to understand the community priorities, and further refine our understanding of the market demand and visitor trends.

Prior to ICF's involvement, previous community visioning identified potential reuses for the Ferguson site, including¹¹:

- Grocery store
- Hotel coupled with a sit-down restaurant
- Mixed-use development that includes retail and housing

To that end, our analysis looked to assess the feasibility of those uses in the context of the market analysis and Richland Center's overall economic development efforts.

Richland Center and the broader region have created multiple community planning efforts. The Southwestern Wisconsin Regional Planning Commission (SWWRPC) helped Richland Center perform a comprehensive plan for the City through 2032. The plan relied on stakeholder input to create a guide to meet community goals. The plan identified the need for Richland Center to attract visitors and young people through restoring vitality to the downtown and create an active area for residents and visitors to live, work, and play. It suggested increasing outdoor public space and promoting businesses that center around food and outdoor recreation.

During the site visit, ICF discussed current industry trends related to the new hospital and recent vacancies in commercial development beyond downtown as well as the increasing demand for housing, driven by both the almost 70 migrant workers who are in Richland Center on 9-month visas as well as transplants who have relocated to Richland Center from regional population centers looking for a quieter town and slower pace of life. Stakeholders felt that a new hotel and higher price-point restaurant such as a steakhouse would fill an existing gap in Richland Center. Additionally, mixed-use retail that offered flexible space for small-footprint businesses appealed to the community as well. That said, it was reported that current rents were too high for emerging businesses, and thus to be viable, the cost of space would need to be offset.

The business incubator in Platteville was identified as a model that might work in Richland Center to support entrepreneurs and start-up businesses. Other retail and service community needs that were identified include package shipping services such as a FedEx, a dog daycare, a dentist, indoor recreational space for children or a tutoring facility.

Platteville Business Incubator – The Platteville Business Incubator provides office, manufacturing, commercial kitchen, and various other spaces to support entrepreneurs and start-up businesses at below market rate rent. The incubator provides business support services while state organizations including the Wisconsin Small Business Development Center provide planning assistance and start up and expansion loans.



¹¹ The Orange Street Commons Planning Study further identified a bowling alley, pharmacy, senior center and hotel as other needs expressed by the community. It should be noted that currently adjacent to the Ferguson site is a bowling alley, pharmacy and senior living center.

After the site visit, ICF conducted interviews with additional stakeholders to get more information about visitor trends and the market for a proposed hotel. While the details of those discussions are captured more fully in the visitor trends discussion (Section 2.3), stakeholders consistently highlighted the growing visitor market, the current vibrancy of downtown businesses and opportunities to grow non-traditional lodging to satisfy demand and create a brand for Richland Center travel. In addition to short-term rental units (e.g. AirBnB), stakeholders felt there was demand for a small footprint hotel such as Cobblestone that offered amenities that would attract both business and leisure travelers.

Cobblestone Hotels –

Cobblestone Hotels offer upper-midscale accommodations for smaller communities that may not have large hotel chains widely available.

Cobblestone advertises the brands' ability to offer all the amenities of a larger chain but at a smaller scale that communities such as Richland Center are better suited to support.



1.4 Real Estate Market Dynamics

Finally, an understanding of the existing real estate context is also necessary to vet potential redevelopment opportunities. This section provides an evaluation of the existing commercial and residential conditions of the area that could influence brownfield redevelopment opportunities at the Ferguson site.

Retail Real Estate Market

The commercial real estate market for retail locations is focused on two main locations within Richland County: the Highway 14 corridor leading into downtown and the central business district. It's important to distinguish between the types of businesses and spaces that would locate between the two. For example, the Highway 14 corridor is dominated by strip mall development and destination, free-standing retail outlets. Downtown offers smaller footprint, ground floor retail options for businesses. The market dynamics for these two locations are slightly different and this real estate analysis focused on the downtown area, which is more proximate to the Ferguson site.

CoStar data indicates that retail properties are currently being leased between \$7 to \$10/SF. These are slightly lower rents than what the market is commanding for strip mall development (\$9 to \$11/SF). These low rental rates are often a deterrent for owners of commercial properties to upgrade and attract new tenants because the value of leasing the space would not generate a high enough return on investment to commit and often, public investment or support is needed to entice activity within the market. Vacancy rates in Richland Center's central business district are lower than the freestanding retail along the highway but are still concerning (about 10% vs 20%). Typically, a 5% vacancy rate is an accepted benchmark of a well-functioning commercial market, which allows for a balance of lease choice for potential tenants and strong enough tenant demand. However, it is important to consider the recent closure and particular operator of the strip mall that may be impacting the vacancy trends across those developments. Downtown locations may have several different landlords or owners that would protect it from major impacts of one leaving the area.

Residential Real Estate Market

On the residential side, having an adequate and attainable housing stock for local residents provides not only a quality of life but can help to attract a sustainable employee pool, and can further attract businesses to the area where workers reside. SWWRPC performed a Housing and Workforce Study in April 2019 for both the County and Richland Center specifically, to understand the housing issues in

the region and provide near-term policies that would help address these issues. Through extensive outreach to stakeholders and developers and data analyses, the study identified the following key findings.

- The current housing market is characterized by a low inventory of homes and strong demand, leading to inflated values of for-sale properties.
- Strong demand for affordable low-maintenance, single-family housing. Other research by this project team noted that attainable housing, targeting median incomes between 80% and 120% of the area median income were also in high demand. Additionally, the study found that there are not a lot of available building lots within Richland Center and that new housing on the market is out of the price range of many residents.
- Need for affordable rental units. From additional research into the rental housing market, discussed below, there are little to no rental units available on the market currently.
- Existing housing has deferred maintenance. The amount of work necessary to update homes means that many first-time home buyers are unable to secure financing for homes in their price range.

While the study was conducted before the onset of the COVID-19 pandemic, these trends are expected to continue into the foreseeable future. Across the U.S., the housing market has cooled from its extreme peak during the 2021 – 2022 timeframe but there is still increased demand for housing in addition to the latent local demand that existed before the pandemic. The number of home sales in 2022 reached a 15-year high with 199 across Richland County, up from 185 in 2021 and 156 ten years prior.¹² In March 2023, Zillow showed 13 houses on the market of various conditions.¹³ There are also several building plots available outside of City limits in the greater County and two open lots are available within Richland Center. The only new construction building on the market as of March 2023 was a duplex listed at \$625,000, well above the means of the area median income. Many of the homes for sale appeared to have deferred maintenance and would need significant upgrades or renovations. This connects to an issue highlighted by the previous SWWRPC report that the housing stock needed maintenance and many first-time homebuyers could not afford the financing to acquire and renovate these properties.

SWWRPC noted in their study that demand is strongest for housing between \$80,000 and \$100,000. However, the median home sale price in Richland County was \$183,000 in 2022 and had not dipped below \$100,000 since 2014 when the median price only dropped to \$95,500. This illustrates the need for attainable housing to attract a strong workforce of teachers, emergency personnel, and healthcare workers.

In addition to the for-sale residential market, it's important to consider the rental market that may be attractive to young professionals, older individuals looking to downsize, or temporary workers in healthcare or construction that are in the City for a limited time. When conducting research in early 2023, there were almost no rental units available within the community. There were two units listed as available outside of Richland Center in the Brookview Townhomes complex for approximately

¹² Wisconsin REALTORS® Association: Wisconsin Housing Statistics (wra.org)

¹³ Zillow, Richland Center, WI For Sale Homes. https://www.zillow.com/homes/Richland-Center,-WI_rb/, accessed March 2, 2023.

\$300/month for a two-bedroom unit.¹⁴ According to CoStar data, there are 14 rental properties in the Richland Center area, with about 269 units total.¹⁵ The vacancy rate of the rental stock is 3.9%, which has also been the prevailing five-year average. Occupancy peaked around the second quarter of 2021 when about 98% of units were occupied. The market rent has risen to \$646 per month in 2023, up approximately \$20 over the five-year average. With little to no construction of new units on the horizon, the market is expected to remain tight for rental units in the future.

The lack of rental units not only deters short-term stays for medical or business staff, or corporate entities looking for long-term rental agreements, but it also limits the options for low-income residents. These residents may not have access to homeownership but would be able to rent. Despite these trends, there is opportunity to support upper-story conversions to residential units for many buildings in downtown Richland Center. These units are often underutilized and could provide low-cost infill housing to bolster the City's rental stock.

¹⁴ Zillow. https://www.zillow.com/homes/Richland-Center,-WI_rb/, accessed March 2nd, 2023.

¹⁵ CoStar, accessed March 2, 2023.

2 Market Analysis



2 Occupier Analysis

This occupier analysis begins a detailed analysis of household supply and demand for goods and services in the Primary Trade Area of Richland Center (15-minute drive-time radius from the site), the Expanded Trade Area (45-minute drive-time area), and the City of Richland Center. The analysis uses commercial retail leakage (spending outside of the study area by local consumers), retail surplus (spending within the study area originating from external consumers), market data, trade area demographics (which are indicative of spending power), and an analysis of the retail market within the Primary Trade and the Expanded Trade Area. The analysis further evaluates sales per square foot data by business type to estimate the square feet (SF) and number of additional establishments that the Primary Trade Area could support.

Additional demand for non-retail household services, like health, financial, and other family services, are evaluated for surplus and leakage to determine local demand for these non-retail businesses. The service analysis leverages data on the number of existing service establishments within Richland Center¹⁶ to create a per capita ratio. ICF then created a state benchmark to estimate how many additional establishments could be supported. The occupier analysis identifies the best mix of retail or service establishments for the current market without overbuilding. While these suggestions are based on average spending patterns and sizes of establishments, actual building and occupant SF of each proposed use can fluctuate based on site constraints and the nature of that business.

Finally, in addition to residents, visitors—whether it be tourists or visitors staying for short-term employment opportunities—drive the demand for goods and services, such as restaurants and bars, retail and services, and hotels or short-term rentals.

2.1 Retail Business Opportunities

To assess the retail potential of the Ferguson property, ICF determined the businesses located within 15-minute and 45-minute drive-time areas and identified the demand for these goods and services based on the socio-economic and demographic characteristics of the community. ICF then identified the retail leakage (gap between retail supply and demand) for each industry. The analysis relies on profiles of the retail marketplace prepared by ICF using the most recent available data from the 2017 Retail MarketPlace database from ESRI.¹⁷ It is important to note that this data from 2017 does not account for the impacts that may have arisen from the COVID-19 pandemic. It is likely that retail, restaurants and other in-person businesses were negatively impacted by the pandemic through lower levels of employment and sales. The local retail sector is still in recovery, which bodes well for retail business growth. It also should be noted that short-term residents and visitors, notably Richland's 150 migrant workers, are not captured adequately in the occupier analysis, so demand may be underestimated.

Retail Business Market Assessment

This section of the analysis focuses on the retail market within the Primary Trade Area (15-minute drive-time) and the Expanded Trade Area (45-minute drive-time). Developers and planners can use

¹⁶ Data obtained from Dunn and Bradstreet

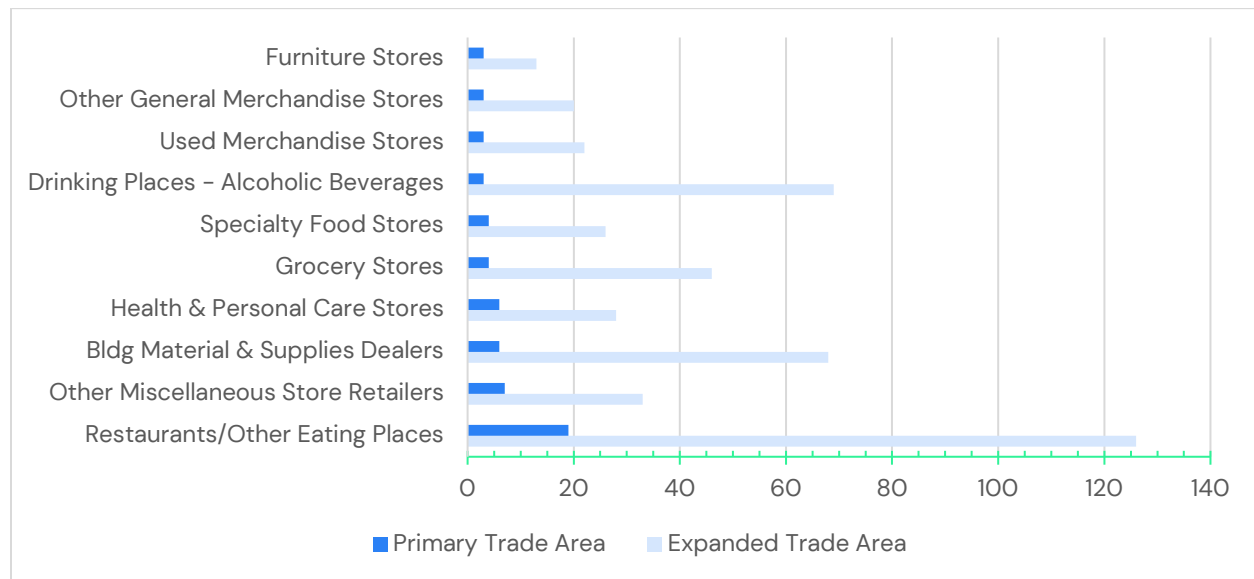
¹⁷ ESRI. (2020). Methodology Statement: 2017 Esri Retail Marketplace. Available at: https://downloads.esri.com/esri_content_doc/dbl/us/J9675_US_Retail_Marketplace_2017_in_2020_geography.pdf

this information to better understand the characteristics of the trade areas, types of businesses, and market potential and community benefits of industries and businesses.

Within the Primary Trade Area there are 104 registered retail and food service businesses, 81 of which were in retail trade that sell a distinct product (e.g., home furnishings, general merchandise, clothing & clothing accessories), and 22 of which were restaurants or bars (e.g., food service & drinking places), as indicated in **Figure 4**. The industries with the largest number of businesses are classified as restaurants/other eating places, other miscellaneous store retailers, building material and supplies dealers, and health and personal care stores.

Within the Expanded Trade Area, data indicates there were 784 registered retail and food service businesses, 556 of which were in retail trade, and 218 of which were in food and drink services. While restaurants/other eating places and building material and supplies dealers still hold the first and third largest number of businesses by industry, respectively, alcoholic beverage drinking places had the second largest number of businesses within the Expanded Trade Area.

Figure 4. Top 10 Industries (4-Digit NAICS) by Number of Businesses in Primary Trade Area, 2017



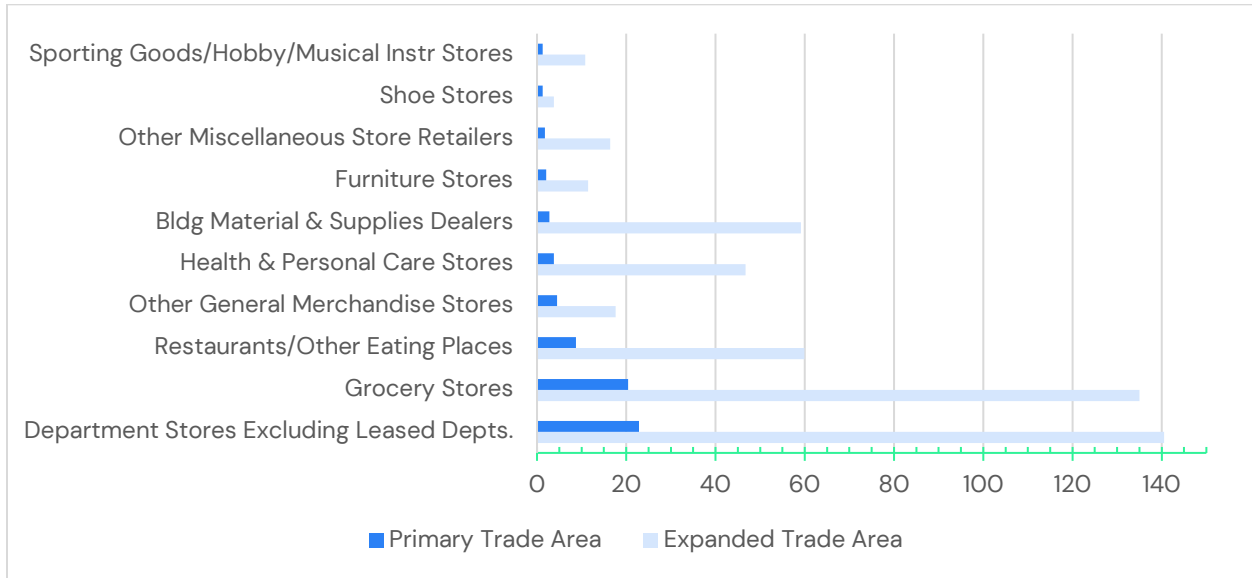
Source: Data from ESRI, modified and interpreted by ICF.

Retail sales, measured in terms of 2017 retail sales, demonstrates spending that is occurring within the trade area, including spending by consumers who have travelled to the area to purchase a good or service. Retail demand is based upon the expected expenditures of consumers on a given retail product, as defined by the Bureau of Labor Statistics’ annual Consumer Expenditure Surveys.¹⁸ Within the Primary Trade Area, department stores draw the most in retail sales, with nearly \$23 million in sales annually, followed by grocery stores with over \$20 million. Similarly, department stores and grocery stores draw the most in retail sales within the 45-minute drive-time area, with over \$140 million and \$135 million, respectively, in sales annually. **Figure 5** illustrates the top annual

¹⁸ ESRI. (2020). *Methodology Statement: 2017 Esri Retail Marketplace*. Available at: https://downloads.esri.com/esri_content_doc/dbl/us/J9675_US_Retail_Marketplace_2017_in_2020_geography.pdf

retail sales by industry within the Primary Trade Area in ascending order, with sales within the Expanded Trade Area for comparison.

Figure 5. Top 10 Industries (4-Digit NAICS) by Annual Retail Sales in Primary Trade Area, (\$ Millions), 2017



Source: Data from ESRI, modified and interpreted by ICF.

While sales information demonstrates the current demand, what is more useful in this context is the retail potential, or the amount of money that consumers in the area are willing to spend on each industry. Overall demand is greatest for grocery stores and department stores; however, this demand may have already been met by the supply (sales).

This high-level analysis provides important insights into local retail demand. Rural cities and towns not only serve the town residents, but also act as the commerce and entertainment center for the surrounding rural dispersed populations that include farmers, ranchers and others who regularly make journeys into town for supplies. These dispersed residents are a component of Richland Center’s Primary Trade Area Demand along with local residents living within the City limits.

As indicated in **Figure 5**, the 45-minute Expanded Trade Area provides significantly more retail goods and services than the 15-minute Primary Trade Area. The 45-minute radius includes other smaller towns comparable to Richland Center, such as Spring Green and Viroqua. Richland Center is the virtual center of a ring of competing commerce centers that likely capture consumer spending the further away from Richland Center they are.

The 45-minute drive time is based on commuters who will likely do some spending in Richland Center. However, the vast majority of Richland Center retail consumers are likely to be local and dispersed populations. In evaluating retail and household services demand, this study focuses on the 15-minute Primary Trade Area in evaluating business opportunities in Richland Center.

Richland Center's Primary Trade Area

As shown in **Table 3**, within the Primary Trade Area, the industries with the largest positive retail potential are building materials, garden equipment & supply stores, health & personal care stores, and food services and drinking places. Within the 45-minute drive-time area, additional industries with unmet supply include electronics and appliance, food and beverage, and general merchandise stores.

Table 3: Top 5 Industries by Retail Gap within a 15-Minute Radius (3 Digit NAICS), 2017

2017 Industry Group (NAICS)	NAICS	Gap
Building Materials, Garden Equip. & Supply Stores	444	\$5,232,281
Health & Personal Care Stores	446	\$3,800,006
Food Services & Drinking Places	722	\$1,986,873
Clothing & Clothing Accessories Stores	448	\$1,886,093
Miscellaneous Store Retailers	453	\$1,686,435
Sporting Goods, Hobby, Book & Music Stores	451	\$1,252,380

Source: Data from ESRI, modified and interpreted by ICF.

Retail Business Primary Trade Area Opportunities

Retail leakage represents the amount of consumer retail spending that is leaving the trade area. No trade area can capture 100% of its own consumer spending. For example, people drive to destination restaurants and specialized stores, travel away from home, vacation, and generally are not bound by trade area boundaries. It is assumed that in general, local consumers will spend about 80% of their household consumption, or "local capture" in their own trade area. Additionally, an expected 91% of retail purchases occurred in stores versus online in 2017. Thus, actual spending available to support new establishments is a function of the retail gap (**Table 3**) discounted by these two factors, as reflected under Available Spending in **Table 4**.¹⁹

To determine the square footage of new retail space that can be supported by capturing local spending, total available new sales are divided by typical retail sales per square foot in that industry. **Table 4** illustrates estimated square feet that can be supported in these business categories. The ICF team excluded industries, such as electronic shopping & mail-order houses, that would not be viable for downtown Richland Center, and instead focused on opportunities that generate in-person shopping.

Given household income, demand by category, and typical business sizes in the trade area, the number of business establishments that could be supported are also estimated below in **Table 4**. Business size data represents national estimates which include regional and national chains and can be larger than the smaller-scale local business start-ups likely in the trade area. While the estimates

¹⁹ US Census Bureau (USCB), 2021. Sales for U.S. Electronic Shopping and Mail-Order Houses (NAICS 4541) – Total and E-commerce by Primary Business Activity (2015-2021). Available at: <https://www.census.gov/data/tables/2021/econ/arts/supplemental-ecommerce.html>

may undercount the total number businesses supported, they are considered to be reliable estimates on average.

Table 4: Estimated New Establishments Potential by Industry (3-Digit NAICS), 15-minute radius

2017 Industry Group (NAICS)	NAICS	Available Spending	Typical Business Size, SF	Estimated New Establishments Supported
Building Materials, Garden Equip. & Supply Stores	444	\$3,816,799	10,000	~ 1
Health & Personal Care Stores	446	\$2,594,980	20,000	~ 0
Food Services & Drinking Places	722	\$1,449,367	3,000	~ 1
Clothing & Clothing Accessories Stores	448	\$1,375,851	3,500	~ 1
Miscellaneous Store Retailers	453	\$1,230,206	15,000	~ 0
Sporting Goods, Hobby, Book & Music Stores	451	\$913,575	20,000	~ 0
Furniture & Home Furnishings Stores	442	\$669,045	9,000	~ 0
TOTAL		\$12,049,822		~ 3

Source: Data from ESRI, Bizminer, U.S. Energy Information Administration (EIA), modified and interpreted by ICF and Development Research Partners.

In summary, it is estimated that about \$12 million of retail spending could be supported by capturing local spending now leaking out of the trade area. This available spending translates into an estimated three new business spaces that could be supported by existing demand currently leaking from the trade area.

The occupier analysis presented here is just one way to approach redevelopment opportunities and can be used in conjunction with previous analyses. For example, the Richland Center, WI Downtown Revitalization Plan identified a lack of department stores, bakeries, jewelry and clothing stores, and restaurants.²⁰ In addition to identifying the establishments supported, it is also equally important to have a local champion or entrepreneur who is excited about these opportunities and will help make them a reality. While Richland Center might not prioritize these uses for the retail sites directly surrounding the Ferguson Property, the retail market could support more of these types of businesses. Richland Center can leverage this information to understand the potential retail demand and leakage of an industry best suited for the study area.

2.2 Household and Personal Service Opportunities

That said, the retail opportunities present only half of the commercial market. Services make up another important part of potential redevelopment opportunities. Services are equally important to balance the attractions of downtown and provide amenities for both residents and visitors. A combination of retail and service businesses will help downtown weather fluctuations in tourism or other disruption and diversify local employment opportunities with higher paying jobs than are typical in retail businesses.

²⁰ Richland Center, WI Downtown Revitalization Plan. MSA Professional Services. 2012.

Services include non-retail businesses such as doctors, dentists, allied health professionals, laundry or personal services, financial services, and similar consumer businesses. With the growing aging population in Richland Center, providing these types of services and amenities within a short walking distance that is easily accessible will be important in supporting senior populations as they age in place. Services and amenities are also key in drawing in young families. These businesses can range in size from small to medium and often adaptively reuse existing space. They can have a small footprint at 500 to 1,000 square feet for a single optometrist, or up to 5,000 square feet or larger for child or adult day care centers. Demand for service providers is based on the number of providers per person in the trade area relative to the providers per capita in the state of Wisconsin. **Table 5** shows the estimated additional service-businesses square footage that could be supported by the gap between existing service providers and the establishments that could be supported.

Based on the state-wide benchmark, most household services are met, suggesting that there is no immediate untapped local demand and moreover Richland Center is likely serving the broader regional demand with its service establishments, as shown in **Table 5**. That said, it should be remembered that demand from short-term residents, notably Richland’s 150 migrant workers, is not captured in the local demand estimate, resulting in an underestimate. That said, daycare operation is demonstrating demand for new establishments (**Table 5**).

Table 5: Estimated New Services Potential by Industry in Richland Center

Service Category	NAICS	Existing Service Providers	Typical Size, SF	New Establishments Supported
Daycare	62441	6	5,900	2
Home Health Care Services	6216	3	13,000	Local Demand Met
Credit Intermediation	522	15	3,500	Local Demand Met
Lawyers	54111	11	1,200	Local Demand Met
Doctors	62111	7	1,200	Local Demand Met
Dentists	62121	6	1,200	Local Demand Met
Chiropractors	62131	4	1,200	Local Demand Met
Optometrists	62132	3	1,200	Local Demand Met
Therapists - physical, occupational, speech	62134	2	3,000	Local Demand Met
Outpatient Care Centers	6214	3	3,500	Local Demand Met
Nursing and Residential Care Facilities	623	12	3,500	Local Demand Met
Personal Household Services	812	30	1,200	Local Demand Met

Source: Data from USCB Nonemployer Statistics and County Business Patterns, D&B Hoovers, Bizminer, D&B Hoovers, modified and interpreted by ICF

2.3 Visitor Trends

Demand from local residents tells only part of the demand story. Visitors, either tourists or those staying for short-term employment stints, further drive the demand for goods and services, such as restaurants and bars, retail and services, as well as lodging in the form of hotels and short-term rental units (e.g. VRBO or Airbnb).

Particularly over the past few years as the pandemic has made remote work more feasible, Richland Center has become a destination for visitors from regional metropolitan centers such as Milwaukee, Madison, Minneapolis, and Chicago. From 2020–2021, Richland County saw a 22.6% increase in direct visitor spending.²¹ Additionally, based on insight from local stakeholders, it is estimated that 84% of Richland Center visitors come from within a 3-hour driving distance. These travelers tend to be 23–40 years old, singles or couples traveling without kids who are interested in a unique rural experience. They are drawn to cabin-style lodging with amenities such as a hot tub or sauna versus a traditional hotel. Many of these visitors have been attracted to short-term rental units for week-long or extended stays.

That said, there is also a market for corporate or more traditional travel accommodation by those who are coming into Richland Center for business (mainly medical) or to attend specific events such as a truck and tractor show, tractor ride, or rodeo. The latter visitor tends to represent the older demographic coming into town for one to two nights. Richland Center currently hosts 32 travel medical professionals who are in town for week-long stays.

Currently there are four traditional motels in Richland Center (Ramada Inn, Centerlodge, Starlite Motel, ParkView) and 3 hotels within the county. The Ramada Inn was recently renovated due damage caused by a leak, however stakeholders expressed concern about the overall quality of the operation. Despite having a strong year in 2022 with an average occupancy of 65%, the on-site bar and restaurant closed, reducing the amenities, which may impact occupancy going forward.

Based on local stakeholder input, visitor traffic in 2022 was up 20–30% month-over-month compared to the previous year (2021) and as of December 2022 up 52% from the previous year. In fact, local tourism dollars peaked in 2022 due in part to targeted marketing in the form of digital billboards as well as infrastructure improvements such as fiber optic connectivity that has made remote work possible. With this influx of visitors to Richland Center, new development should consider visitor spending in terms of entertainment and retail options as well as lodging.

²¹ Travel Wisconsin, 2021. Total Tourism Impacts. Available at: https://assets.simpleviewinc.com/simpleview/raw/upload/v1/clients/wisconsin/WI_Tourism_County_Table_2021_FINAL_644db569-8dc7-4c58-9462-c419df036e3f.xlsx

3 Feasibility and Next Steps



3 Feasibility of Proposed Uses

Previous community visioning identified potential reuses for the Ferguson property including a grocery store, mixed-use retail with upper floor housing, and a hotel coupled with a restaurant. While there may be expressed community interest for each of these uses, current market conditions are better situated to support some uses over others. A review of market conditions in Section 2 identified the potential for Richland Center to support new retail and service businesses in building materials and garden equipment supply, food services and drinking, and clothing and clothing accessories. These uses can align with the community-proposed ideas, in terms of ground-floor mixed use for either housing or lodging on upper floors.

Leveraging both the occupier analysis as well as interviews with local stakeholders, ICF evaluated the feasibility of the three community-supported uses.

Hotel & Restaurant

Currently, there is limited high-quality traditional visitor lodging in Richland. With the upcoming hospital development, visitor demand is expected to continue to grow. While there has already been increasing demand for unique short-term rentals that offer lodging outside the town center, there may also be a need for corporate and/or more traditional lodging for short-term workers.

A hotel provides opportunities for a host of supplementary businesses and services. A strong hotel development is often coupled with some dining options or high-end clothing retailers. As identified in the market analysis, there is available spending within Richland Center to support a new restaurant and clothing store. Moreover, Richland Center does not have many sit-down restaurants for fine dining or corporate events. Based on ICF's analysis, a small-scale, boutique hotel with a restaurant and/or clothing retailer may be suitable for Richland Center and could create further demand from visitors, supporting an expansion of the downtown core. Furthermore, stakeholders expressed strong interest in this concept and thus it may be feasible to identify a local champion to further explore this proposed use.

Grocery Store

While there has been outreach to the key regional brand ALDI, they have not expressed interest in the Ferguson site. Although a smaller natural food store might augment the food options sold at the adjacent Kwik Trip, there are concerns that the price of goods would be too high for local shoppers. Furthermore, there is an existing successful farmers market in Richland Center and stakeholders expressed concern that introducing competition might impact its market share.

Based on conversations with local stakeholders, there was concern about the immediate viability of a grocery store at the Ferguson site and no local champion was identified to continue to explore this use.

Mixed-use Development

The market dynamics for developing mixed-use multi-family residential units are difficult as these developments typically require more complex financing structures than traditional single-use developments. The price point for rental units is likely not high enough to generate interest among developers in a new mixed-use residential development. Thus, lower-cost renovations of existing buildings may be a more attractive option to generate housing options downtown and spur

additional demand for local retail. Current owners of downtown retail buildings may consider converting the floors above retail to housing if incentivized. There is a current need for small, flexible spaces that could accommodate start-up activities such food entrepreneurship related to Latinx cuisine or prepared to-go food as well as other small business suites. Other stated community needs include a FedEx, doggie daycare, dentist office, or indoor recreational space or tutoring for children.

Next Steps

ICF's analysis provides an overview of market conditions and assesses the feasibility of three community-supported reuse options. Actual redevelopment will require further support and buy-in from stakeholders in the form of interest from a local or outside champion, as well as alignment with Richland Center's overall economic development efforts. Some key next steps for the City to consider include:

- **Market the site to attract hotel operators, developers, and potential ground-floor commercial activity.** Attraction strategies could focus both on outside developers/operators as well as local entrepreneurs. Southwest Wisconsin Regional Planning Commission may be an excellent resource for support with planning and economic development activities that are outside of the capacity of local staff. These programs could focus on retaining and growing existing businesses, nurturing small businesses and startups, and investigating funding opportunities to support economic development.
- **Improve streetscaping efforts and extend the downtown character to the Ferguson Site.** Streetscaping efforts could improve the existing perception of the site and strengthen the link between the site and the downtown. This will support marketing efforts to attract development and operation interests. The City may also explore the development of a Business Improvement District (BID) with local businesses for downtown façade improvements and public realm upgrades that could incorporate the Ferguson site. Additionally, as outlined in the Comprehensive Plan, Strategy 3, there are several recommendations that would further support the vitality of downtown businesses. Moreover, connecting the city with pedestrian and bike-friendly routes and wayfinding signage would support resident and visitor movement throughout Richland Center.²²
- **Request further EPA OBLR Technical Support to develop conceptual site designs and cost estimates.** Richland Center might consider an additional round of EPA OBLR Technical Assistance support to develop conceptual site designs and cost estimates for the development of the site based on the recommendations identified in this market analysis. With these drawings and cost estimates in hand, Richland Center will be in a better position to engage interested parties in the site.

²² Comprehensive Plan for Richland Center, Wisconsin 2022-2023. Southwestern Wisconsin Regional Planning Commission.