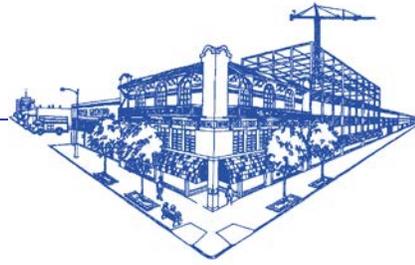


# E. D. Hovee & Company, LLC

Economic and Development Services



## MEMORANDUM

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To: Clark Worth & Libby Barg – Barney & Worth, Inc.  
From: Eric Hovee  
Subject: Demographic & Economic Trends Analysis – Battle Ground Community Vision  
Date: June 8, 2018 (REVISED DRAFT)

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From modest beginnings dating to its 1951 incorporation, the City of Battle Ground has grown rapidly -- emerging as a dynamic engine for residential and community vitality in Clark County. With strong employment as well as population growth, Battle Ground is becoming an ever more important contributor to county-wide growth and prosperity.

The participants in this visioning process will build on an economic foundation comprising a shared understanding of where the Battle Ground community has come from, is today, and is headed – if trends continue – over the next 10-20 years. This economic foundation will serve as a starting point for then assessing area strengths, weaknesses, opportunities and challenges (or SWOC) in tandem with community engagement – all followed by setting a vision statement and regional direction, evaluation benchmarks and then a draft strategy with implementation plan.

Economic data and market trends should be considered as informing – but not dictating – the results of the strategic vision process. While past conditions and trends influence the future, the course of the community can be changed in greater or lesser measure by intentional choices – especially if these decisions are shared by a diverse set of community leaders and stakeholders.

This analysis compares the City of Battle Ground and Greater Battle Ground trade area to the wider geographic areas of Clark County and the state of Washington. This memorandum begins with a 1-page *at a glance summary*, followed by more detailed review of comparative geographies, demographics, employment and wage trends – and an initial sector focus on the question of continued commercial retail opportunity.

# AT-A-GLANCE SUMMARY

This demographic and economic trends analysis has been prepared as background information to support the Battle Ground Community Vision process. Summary observations and findings of the preliminary analysis for the Battle Ground community follow.

**Comparative Geographies.** For this analysis, four economic geographies have been considered – the City Battle Ground with about 21,000 residents and a greater trade area of 82,600 in the Battle Ground/Hockinson school districts – together with comparisons to all of Clark County and Washington state.

**Demographics.** Since Battle Ground’s incorporation as a city in 1955, the in-town population has consistently increased faster than the rest of Clark County and state of Washington. Growth stalled in the aftermath of the Great Recession but has now rebounded – with population again well exceeding county- and statewide growth rates since 2014. Battle Ground’s comprehensive plan indicates that urban growth area (UGA) population could increase by more than 3% per year to 2035.

## Comparative Demographic Indicators (2018)

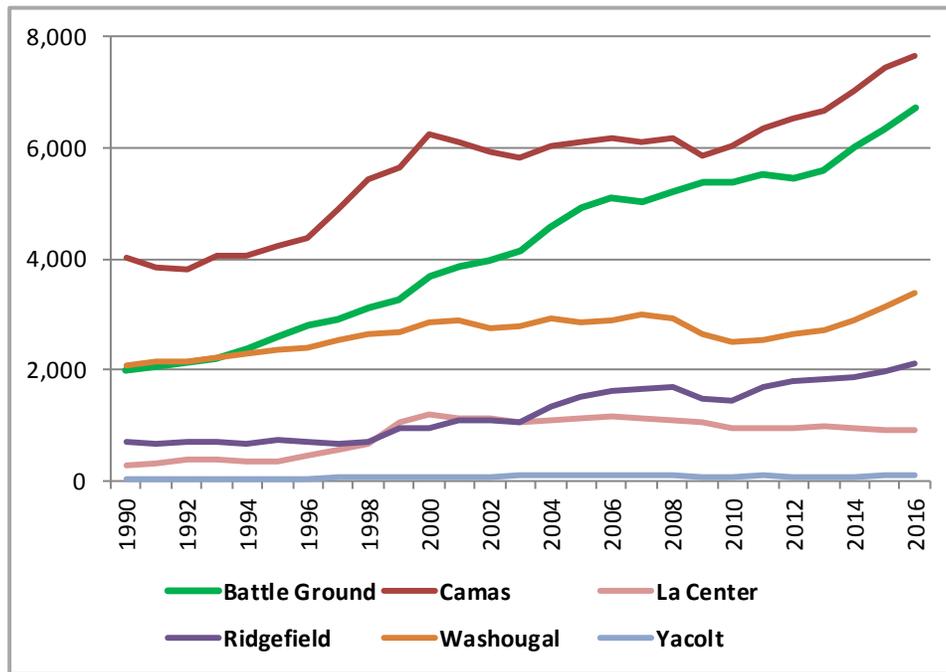
Demographic Indicator	Battle Ground	BG Trade Area	Clark County	Washington
<b>Population Growth Rate</b> (Average Annual 2010-18)	2.2%	1.7%	1.5%	1.3%
<b>% Bachelor's Degree or Higher</b> (Adults Age 25+)	22%	26%	27%	34%
<b>% 3+ Person Households</b>	56%	50%	43%	38%
<b>Owner % of All Households</b>	72%	82%	66%	64%
<b>Median Age of Population</b> (Range of BG School Areas)*	32.1	33.0 - 42.0	38.5	38.3
<b>Median Household Income</b> (Range of BG School Areas)*	\$68,900	\$71,100 - \$96,900	\$70,300	\$69,200
<b>Median Home Value</b> (Range of BG School Areas)*	\$272,000	\$304,000 - \$395,500	\$292,500	\$313,500
<b>Average Travel Time to Work</b> (In Minutes)*	30	26 - 42	28	29

\* Note: For the Battle Ground (BG) trade area, a range of values is shown from lowest to highest of 8 school areas.  
Source: U.S. Census & Environics.

Battle Ground and trade area residents tend to be relatively well educated, with large families and high rates of homeownership. Compared to the greater trade area, in-town residents are younger, with lower incomes and housing values than regionally or state-wide. Residential development is again on the upswing, though not yet reaching peak pre-recession levels and now with more apartments as part of the overall housing mix.

**Employment & Wage Trends.** Employment is perhaps the *untold story* of Battle Ground’s growth. Since 1990 and even in the aftermath of the recession, employment in Battle Ground has increased more rapidly than in the other cities of Clark County. Battle Ground has more jobs per capita than any other Clark County city – except Vancouver and Camas. However, wages are relatively low – due to a high proportion of lower paid retail and service sector workers.

**Comparative Clark County Small City Job Trends (1990-2016)**



Source: Washington State Employment Security Department.

Over the last decade, retail businesses have experienced the fastest job growth – followed by construction, manufacturing, and hospitality (accommodations and dining). Local growth sectors do not coincide with county-wide job priorities. CREDC (Columbia River Economic Development Council) has identified computers/ electronics, clean tech, software, metals/machinery, and life sciences as targeted opportunities for the years ahead. A specific challenge for Battle Ground is noted with the absence of Tier 1 industrial sites – properties that could be development-ready within a 6-month time frame.

**Sector Focus – Commercial Retail Opportunity.** While trade area population growth has fueled retail development, looking forward a new question emerges: *Is there more to come?* With the exception of general merchandise (including discount retail), there is still unmet demand as residents go elsewhere to shop for some goods and services. However, after some post-recession catch-up, retail development opportunities may be more limited and targeted than has historically been the case – limiting *bricks and mortar* expansion pending stabilization of changing demographics and the shift to internet retailing that is still taking shape.

# COMPARATIVE GEOGRAPHIES

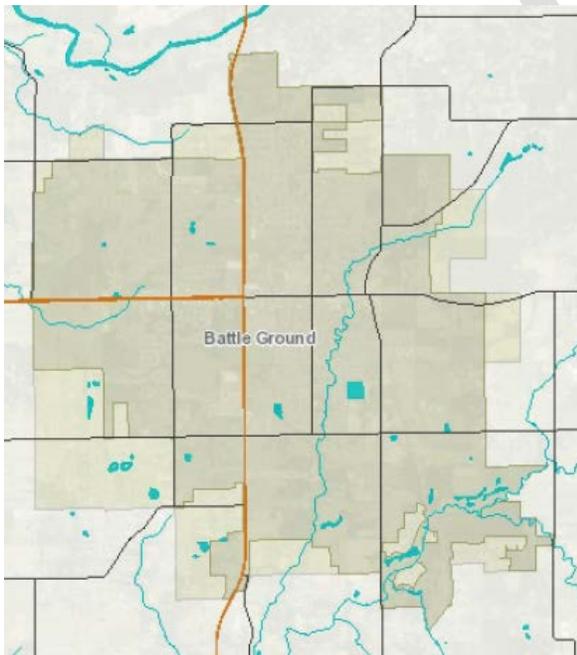
This analysis begins with a review of data pertinent to Battle Ground a greater Battle Ground trade area, Clark County, and state of Washington. Discussion of demographic trends is followed by consideration of employment characteristics and trends – with data sources as indicated.

As noted, four increasingly wide areas of geography are useful for this trends analysis:

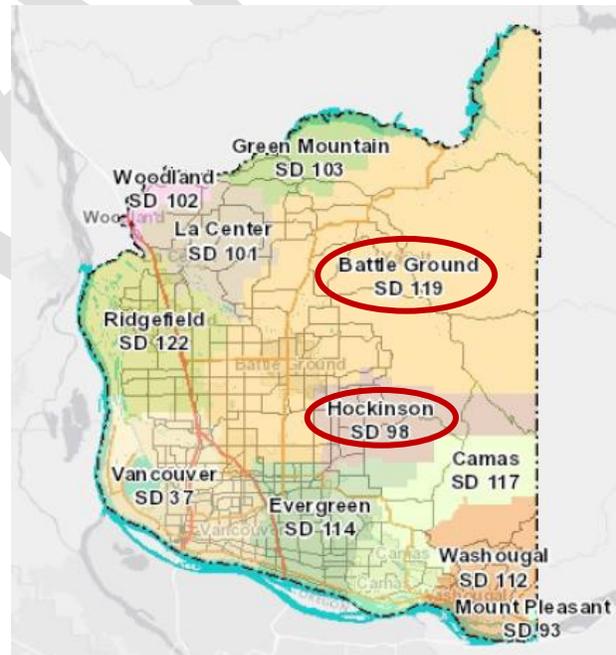
- **City of Battle Ground** – with the city limits shown by the darker area on the left- hand map below – with the unincorporated Urban Growth Area (UGA) in lighteryellow.
- **Battle Ground (BG) Trade Area** – a wider area drawn to Battle Ground for services, defined as covering the eight elementary attendance areas of the Battle Ground and Hockinson school districts (shown by the map below and to the right).
- **Clark County** – also as outlined by the map below.
- **State of Washington** – (not shown) but consisting of all 39 counties of the state.

## Battle Ground & Clark County Geographies

**City of Battle Ground  
(City Limits & Urban Growth Area)**



**BG Trade Area within Clark County  
(Battle Ground + Hockinson School District Areas)**



Source: Clark County GIS.

# DEMOGRAPHICS

Population and demographic data has been compiled from sources including the U.S. Census Bureau, Washington State Office of Financial Management (OFM), and Environics (formerly Claritas/Nielsen) as a recognized private demographic data provider.

## POPULATION TRENDS & FORECAST

Historic population trends are considered for the U.S. Census years of 2000 and 2010 together with current estimates as of 2018 – and with forecasts to 2035.

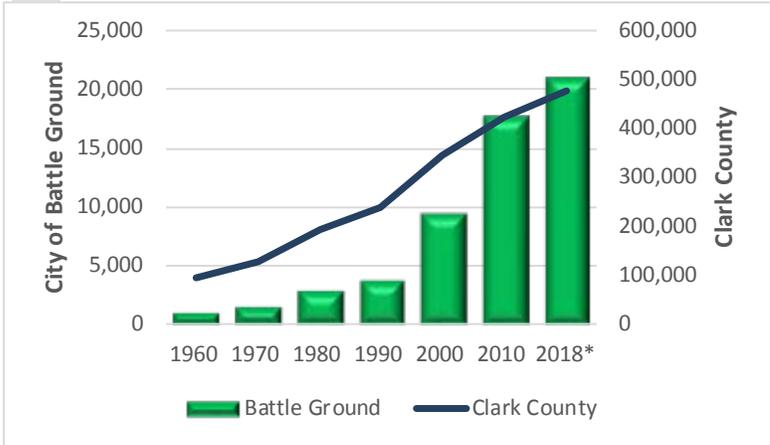
**Comparative Populations.** As of the date of this trends analysis report, the State of Washington Office of Financial Management (OFM) has not yet released its April 1 estimates of population for 2018. OFM estimates are made for the state, all 39 counties and all incorporated cities – but not for customized geographies such as the Battle Ground trade area. Environics estimates as of January 1, 2018 for each of the geographies in this analysis are:

- **Battle Ground** – nearing 21,000 residents within the current incorporated city limits.
- **Battle Ground Trade Area** – close to 82,600 residents encompassing the populations living within the Battle Ground and Hockinson school district attendance areas.
- **Clark County** – over 478,850 residents.
- **Washington State** – with a 39-county combined population approaching 7.45 million.

Currently, the more than 20,840 residents of Battle Ground account for about 25% of the population of the greater Battle Ground trade area and for 4% of all residents county-wide.

**Population Trend.** After incorporation in 1951, Battle Ground received its first U.S. Census count in 1960 – with in-city population then comprising a total of 888 residents. Over the 58 years from 1960-2018, Battle Ground’s population has increased at a (compound) growth rate averaging 5.6% per year. By comparison, the growth rate for Clark County has averaged 2.9% annually over this 58-year period, with statewide growth at 1.7%.

**Battle Ground & Clark County Population Trends (1960-2018)**



\* Source: U.S. Census, OFM and Environics (for 2018)

Over this nearly six-decade period, Battle Ground's most rapid growth spurt (in percentage terms) occurred from 1990-2000 with population increasing at a remarkable 9.5% per year. Other rapid growth decades were from 1980-90 and from 2000-10 – with population increases averaging 6-7% per year.

By comparison, population growth in this decade has occurred at the more modest (for Battle Ground) rate of 2.2% per year. But this is still above growth rates of 1.5% and 1.3% for Clark County and the entire state, respectively, from 2010-18.

Battle Ground continues to represent a growing share of Clark County population. In 1960, the City of Battle Ground accounted for less than 1% of all residents county-wide. By the mid-1990s, the city passed the 2% mark. As of 2018, Battle Ground accounts for about 4.4% of population county-wide.

**Population Forecasts.** Forecast population for Clark County and city UGAs have most recently been updated with the *20 Year Comprehensive Growth Management Plan: 2015-2035*, most recently amended in early 2018. The current county-wide forecast reflects an assumed moderate population growth rate of 1.26% per year.

Population of the Battle Ground UGA is projected to increase to 38,443 by 2035 – including areas currently within the city and areas anticipated for future annexation and urban development. This would equate to nearly 17,600 added residents in the Battle Ground UGA – reflecting a 3.1% average annual population growth rate to 2035.

As an added note, the current Clark County GMA plan is based on 2012 OFM projections which have recently been updated on a provisional basis as of late 2017. Recognizing the resurgence of post-recession population growth statewide, the medium OFM forecast for Clark County has been adjusted upwards, potentially adding another nearly 50,000 residents to be distributed around Clark County by 2035 (assuming a new forecast population growth rate averaging 1.53% per year).

## DEMOGRAPHIC INDICATORS

On the pages which follow, key demographic indicators are compared for the four geographies evaluated with this report – Battle Ground (City), the Battle Ground (or BG) trade area, Clark County and all of Washington state.

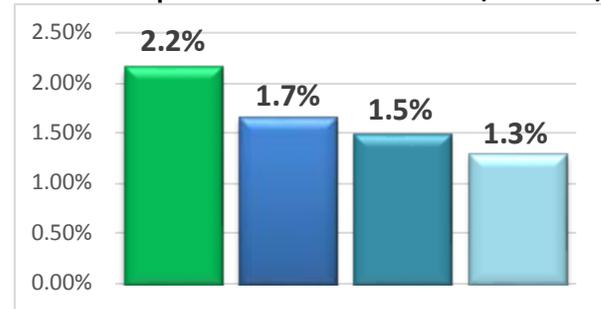
**Key Indicators.** Based on review of the data available, four demographic indicators immediately stand out as important background information for the community visioning process – population growth, educational attainment, household size, home ownership. These indicators are compared graphically for the four geographies considered.

Comparisons are illustrated as follows:

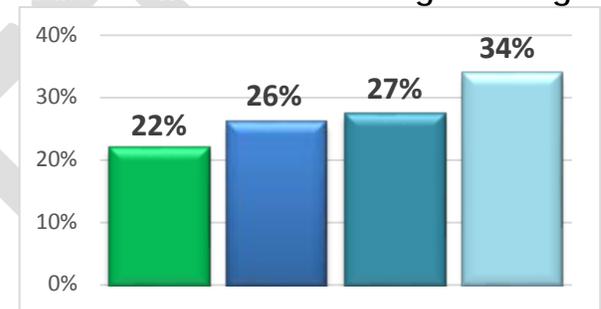
- As noted, after a hiatus during the recession of the last decade, the **population** of Battle Ground is now again on the increase – up by an average of 2.2% per year since 2010. This rate of growth exceeds that of the greater Battle Ground (BG) trade area, Clark County and the entire state of Washington.
- A lower proportion of Battle Ground and Clark County residents have a bachelor’s degree or higher – as compared to the entire state. However, a high proportion have some **college education**. All together, 64% of Battle Ground residents have some college or better – close to the statewide proportion of 66%.
- Battle Ground and area residents tend to have **large families**. About 56% of in-city residents live in households of 3+ persons – well above comparable figures county- or statewide. The average Battle Ground household has 3.14 residents, above the 2.66 persons per household figure county- and 2.50 persons state-wide.
- **Home-ownership** rates are also relatively high. More that 4 out of every 5 trade area residents (82%) own their home – above the 66% and 64% homeownership rates noted for the county and state, respectively. Over 84% of Battle Ground homes are single family residents – as compared with 72% county- and 67% state-wide. However, multi-family construction has been robust in recent years.

### Comparative Demographics (2018)

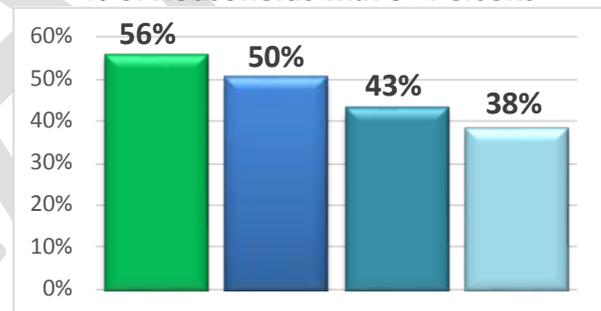
Annual Population Growth Rates (2010-18)



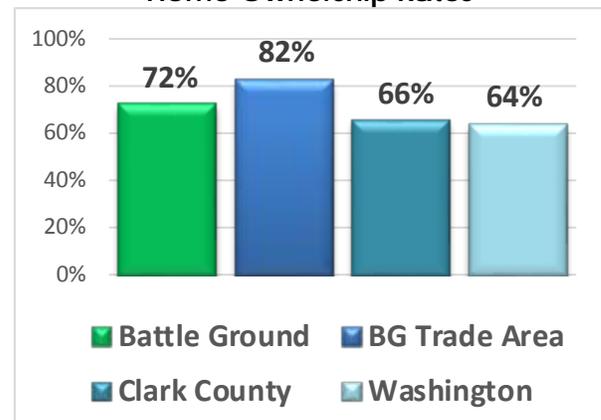
Adults 25+ with Bachelor’s Degree or Higher



% of Households with 3+ Persons



Home Ownership Rates



Source: U.S. Census, Environics and E. D. Hovee.

**Other Demographics.** Additional demographic factors are identified based on a review of available demographic data for this report. Among the items of note are the following:

*Population Diversity:*

- The population of Battle Ground (and the surrounding trade area) is considerably **less diverse** than for Clark County or the State of Washington. As of 2018, it is estimated that only 10-11% of Battle Ground area residents are non-white – well below the 17% and 26% proportions indicated for Clark County and the State of Washington.
- However, the area is **becoming more diverse** – as the non-white proportion has gone from 9% to over 11% non-white since 2010. Hispanic/Latino residents comprise the largest grouping at about 8% of Battle Ground’s 2018 population – with Asian residents at just under 3%.
- Battle Ground does have somewhat higher proportions of its residents claiming **European ancestry** – specifically German, English, Ukranian, Russian, Dutch, Danish and Czech – than is the case with the other geographies. Taken together, this European grouping accounts for about one-third (33%) of Battle Ground’s population as compared with 27% of the population of Clark County and 22% of the state.
- And while Battle Ground residents tend to be younger than counterparts elsewhere in the trade area, county or state – this is accounted for primarily by the **high proportion of youth** in the community’s population. Persons age 24 or younger represent 41% of Battle Ground’s population, compared with 36% of residents throughout the trade area, 33% in Clark County, and 31% statewide. Conversely, Battle Ground is under-represented with persons age 25-34.

*Households, Housing & Occupation:*

- Battle Ground area residents tend to have **more vehicles** per household than is the case county- or state-wide. Over 38% of trade area residents have three or more vehicles compared with less than 25% of all Washington state residents.
- While Battle Ground (city) has relatively few **mobile homes**, these units account for close to 10% of all housing throughout the large Battle Ground trade area.
- Battle Ground residents who work tend to gravitate to a somewhat different **mix of occupations** than regionally or state-wide. About 35-36% of in-city and trade area workers are employed in occupations of construction, healthcare, installation/repair, and office/administrative support occupations – as compared with 30% of all workers in Clark County and 28% state-wide. The proportion of Battle Ground’s labor force in construction is 50% above that of Clark County and 80% above the statewide rate.

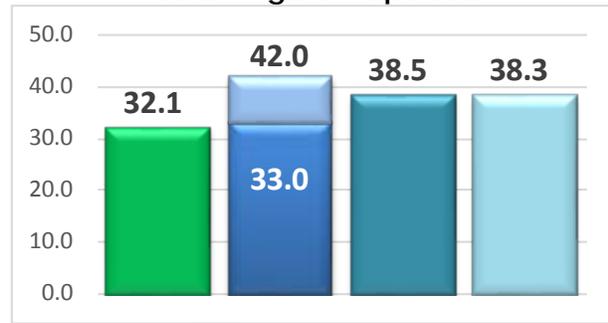
**Diversity within the Trade Area.** In reviewing the data, it became apparent that there are differences within the trade area. This is observed by comparing the *low-to-high* spread of selected characteristics for the eight elementary school areas of the trade area – for indicators related to age of population, incomes, home values and commute times to work.

As illustrated by the graphs to the right:

- With a **median age** of just over 32 years, Battle Ground’s population is considerably younger than that of the comparison geographies. Median age of residents in 8 school areas varies considerably – from 33 years (in the fast growing Daybreak school area) to a median 42 years of age (Hockinson).
- At \$68,900 per household, **median income** of Battle Ground households is slightly below comparable county- and statewide figures. By school area, median household income ranges from \$71,100 (Daybreak) to \$96,900 per year (Hockinson).
- At \$272,000, **median home values** in the City of Battle Ground are about 7% below the county- and 13% below the statewide median – indicating some affordability advantage to comparison geographies. As with incomes, median home values are lowest in the Daybreak and highest in the Hockinson area.
- At about 30 minutes, **average commute times** for workers commuting from Battle Ground are only about 2 minutes above those of all Clark County residents. However, there is considerable variation by school area – from a relatively short 26 minutes commute for residents of the Pleasant Valley school area to 42 minutes on average for those commuting from Yacolt-Amboy at the northern end of the Battle Ground trade area.

## More Demographics (2018)

### Median Age of Population



### Median Household Income



### Median Home Value



### Average Travel Time to Work (Minutes)



Note: For the Battle Ground (BG) trade area, a range of values is shown from lowest to highest of 8 school areas.  
Sources: U.S. Census, Envirionics, E. D. Hovee.

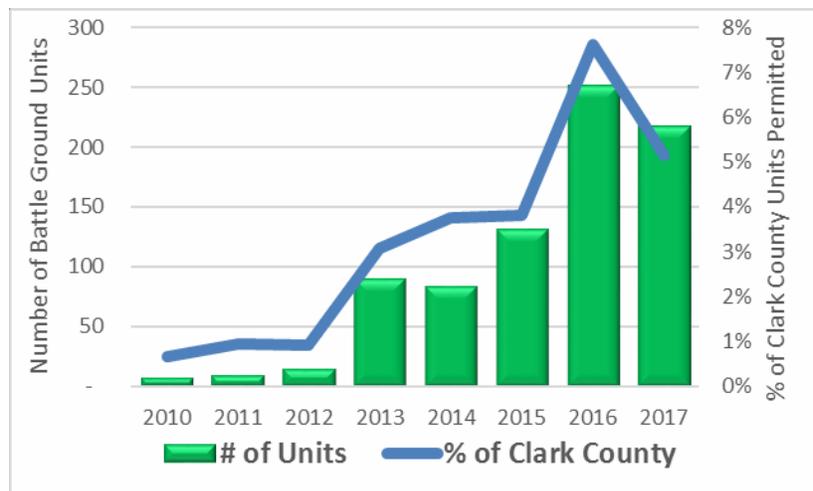
## RESIDENTIAL DEVELOPMENT

In the years leading up to the Great Recession of 2007-09, Battle Ground experienced a significant wave of residential development. From 1998 through 2005, an average of more than 300 new homes were permitted annually, peaking at over 500 units permitted in 2003.

Residential development then trended down to just 100 units in 2007, then dropped further thereafter. As shown by the graph to the right, recovery came slowly at first in Battle Ground – but has ramped up considerably the last two years.

According to U.S. Census data, fewer than 10 new housing units were permitted in 2010 and 2011. With recovery, the current peak is registered at over 250 new units permitted in 2016, dropping back somewhat in 2017.

**Battle Ground Residential Development (2010-17)**



\* Source: U.S. Census Bureau, Building Permits Survey.

Battle Ground has also again become a larger player in Clark County's residential construction market. As recently as 2013, in-town housing development accounted for only 3% of all new residential units permitted in Clark County. Three years later, Battle Ground's share had jumped back to 7.6% of all residential units permitted county-wide – then dropping back to just over 5% in 2017.

Battle Ground appears to remain a more affordable place for single family development than is the case county-wide. Construction cost per unit (as reported with permitting data) appears to average about 20-25% less than the countrywide average

One other change appears to be part of the *new normal* with renewed residential construction – both county-wide and locally. This is the apparent shift to more multi-family development. Of the 800+ units permitted in total for Battle Ground since from 2010-17, 42% have involved multi-family development. In 2013 and again in 2016, multi-family housing represented half or more of the new units permitted.

To summarize, Battle Ground residential development appears to be again picking up although not yet to pre-recession levels. Battle Ground remains a more affordable alternative. And multi-family appears to be now represent a greater part of the local housing market than previously.

## EMPLOYMENT & WAGE TRENDS

Employment is perhaps the *untold story* of Battle Ground's growth. As in much of the rest of the county, pre-recession employment peaked in about 2006, stalled out through the recession and then more recently has come back.

Over the full decade from 2006-16, employment in the City of Battle Ground has increased at a rate averaging 2.8% per year (through a down and then up-cycle). This is above the 2.2% average rate of employment growth experienced county-wide and even further above the 1.2% growth rate noted for all employment across Washington State.

Battle Ground's growth might be viewed as representing both good and bad news. The good news is that job growth is outpacing the rest of Clark County – including the other small cities in the county. Less positive is that the job mix remains concentrated in lower wage occupations.

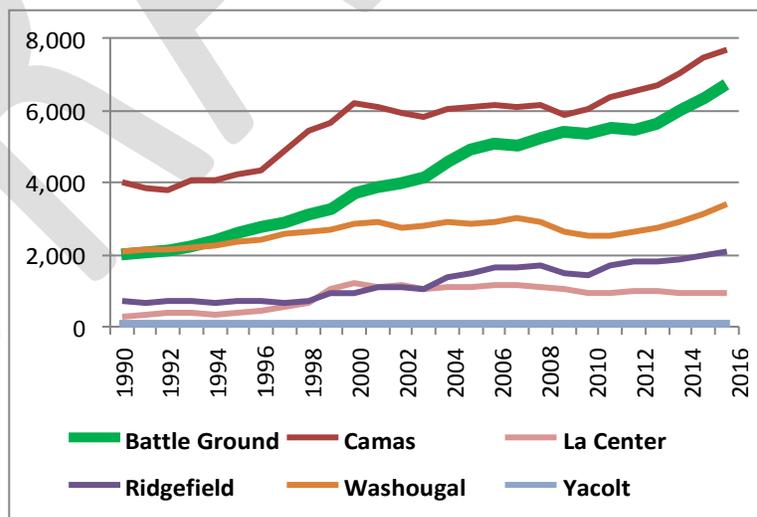
## COMPARATIVE JOB GROWTH

The regional labor market economist for the Washington State Employment Security Department has done a remarkable job of documenting employment change for the small cities of Clark County. Readily available data extends from 1990 to 2016 (the most recent for which full year data is currently available).

As illustrated by the chart to the right:

- Employment in Battle Ground has gone from less than 2,000 jobs in 1990 to over 6,700 in-town jobs as of 2016.
- This equates to a job growth rate averaging 4.8% per year over the full 26-year period, highest among Clark County jurisdictions.
- Major periods of job growth occurred in the mid-late 1990s, then again from 2004-05, then rebounding back to strong job gains from about 2014 to present.
- Of the small cities in Clark County, Camas has the highest job count – with the biggest growth experienced in the late 1990s and again more recently.

Comparative Small City Job Trends (1990-2016)



Source: Washington State Employment Security Department.

Not shown in the graphic above is the experience of Clark County’s largest city – Vancouver. With over 86,100 jobs as of 2016, Vancouver accounts for close to three-fifths (59%) of Clark County’s employment base. However, at just 2.1% per year over the 1990-2016 period, Vancouver’s job growth is just half that of Battle Ground – when measured in terms of the % rate of growth.

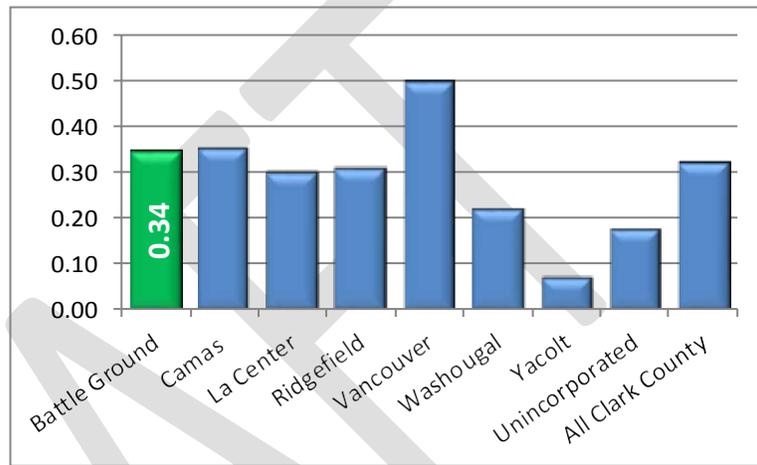
## PER CAPITA EMPLOYMENT

It is also useful to compare the small and large cities – as well as the unincorporated area of Clark County – in terms of jobs per resident.

As the primary city in Clark County, Vancouver also has the largest concentration of employment on a per capita basis – at 0.50 jobs per resident.

At 0.34 jobs per resident, Battle Ground has the third highest job concentration on a per resident basis – just behind Camas at 0.35 jobs per capita.

**Comparative Jobs per Capita (2016)**

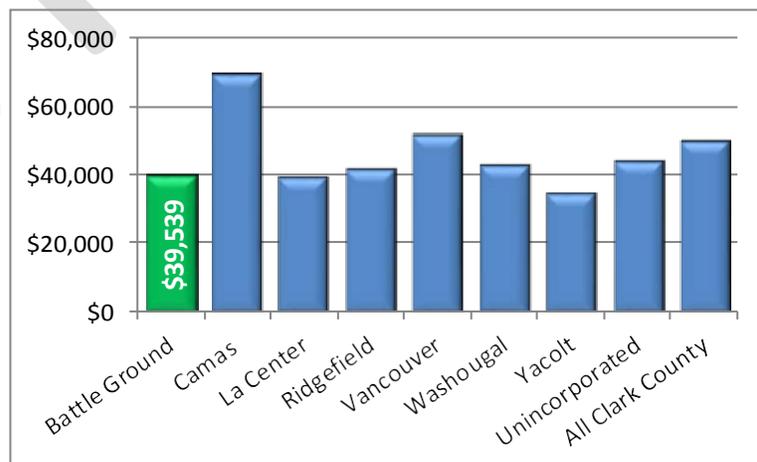


Source: Washington State Employment Security Department.

## COMPARATIVE WAGES

One added comparison between cities is made – for average annual wage. Due to a strong high-tech presence, Camas comes in highest – at \$68,600 per employee working in Camas. Vancouver wages average \$51,600 per job. Battle Ground wages are considerably lower at just over \$39,500 – reflecting a high mix of lower paying retail and service jobs.

**Comparative Annual Average Wage (2016)**



Source: Washington State Employment Security Department.

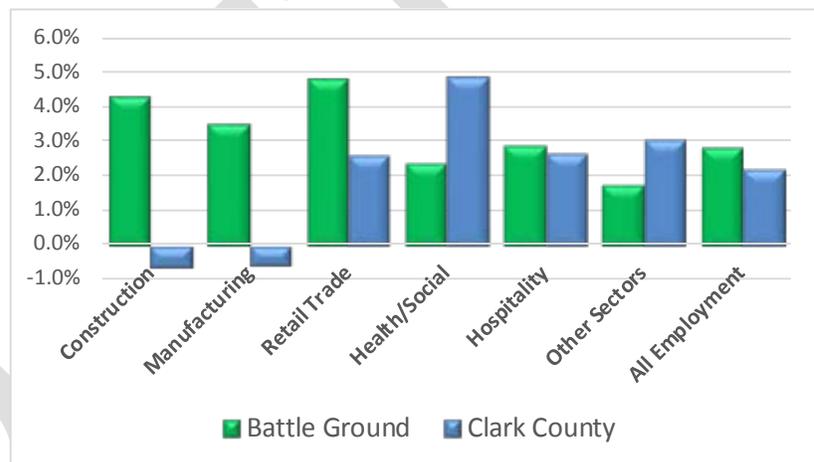
## SECTORAL DISTRIBUTION OF EMPLOYMENT

With Washington State ESD data, it is also possible to consider the sectoral distribution of employment in Battle Ground. A limitation of the analysis is that data cannot be disclosed for sectors in which there are relatively few employers or where employment is dominated by a major firm/organization. For the last decade extending from 2006-16, employment data is available for five key sectors – with remaining employment grouped into what is termed as “other employment sectors.”

With the graph to the right, job growth rates for the reportable sectors are compared for employment within Battle Ground relative to all of Clark County:

- The fastest job growth over this past decade has occurred with **retail trade** (up by nearly 400 jobs (or 60%) in 10 years. This equates to a job growth rate averaging 4.8% per year. Retail jobs now represent nearly 16% of all employment in Battle Ground – somewhat above the county-wide figure of just over 15%.

Average Annual Job Growth by Sector (2006-16)



Source: Washington State Employment Security Department.

- **Construction** represents the second largest source of job growth (up by 350 jobs in 10 years for an average annual increase of 4.3% per year. By comparison, construction employment county-wide was still below pre-recession levels as recently as 2016.
- While **manufacturing** represents a less than 5% share of all Battle Ground employment, the sector accounted for nearly 100 added jobs – increasing at a 3.5% per annum pace. By comparison, the number of manufacturing jobs in county-wide has yet to recover to pre-recession levels.
- **Hospitality** (including accommodation and dining) also increased by more than the job growth pace for all employment in Battle Ground.
- Taken together, these **four economic sectors** have accounted for a net added 1,025 jobs over the last decade. These four sectors represent 47% of the current (2016) employment base of Battle Ground and 63% of net job growth since 2006.

## INDUSTRIAL LANDS

Due to the extent of commuter travel out of the immediate Battle Ground area to work, there has been continuing interest in creating more employment opportunity closer to home. Not just for retail and service businesses (that tend to be lower paying), but for higher wage corporate office and industrial activities.

This approach fits with the objectives of the Columbia River Economic Development Council (CREDC) as the primary public-private economic development organization in Clark County. As part of its organizational vision statement, CREDC emphasizes that “a continued focus on growing a diverse base of community-minded employers, talent (both inside and outside the region) sees greater opportunity here than anywhere else in the country.”

The vision recognizes that “the most efficient way to grow the economic base is to support the existing companies by understanding their barriers to growth and supply chain needs.” This is to be accomplished by working to “remove barriers and tactically recruit companies” with focus on five identified industry clusters:

- Computers and electronics
- Clean tech
- Software
- Metals and machinery
- Life sciences

Whether and in what ways these county-wide industry targets fit the Battle Ground community may be an appropriate topic for discussion as part of the community visioning process. There is also the question of whether and in what ways the Battle Ground can provide the types of industrial and other employment sites needed – in terms of “shovel ready” land or existing buildings with in-place transportation and utility access.

In conjunction with its 2017 Comprehensive Economic Development Plan, CREDC has completed a *Clark County Employment Land Site Readiness Analysis*. The purpose of the lands analysis was to determine the supply and readiness of industrial sites to meet short- and long-term market demand for employment growth county-wide.

The study identified 56 potential employment sites of 20+ acres (including site assemblages) throughout the county. Of the 56 sites, only four sites totaling 106 net developable acres are identified as being located in Battle Ground. CREDC identifies 15 sites county-wide as Tier 1 properties (closest to “shovel-ready”) that could be development-ready within a 6-month time frame; none of these sites are situated in Battle Ground.

The four Battle Ground sites are classified as Tier 2 properties that could require 13-30 months to become development-ready. Of these sites, only one property is currently controlled by a single owner; the other three involve 2-4 owners each – requiring site assembly to get to 20+ acre size. There are several additional properties that are situated in the unincorporated area south (toward Brush Prairie) or west (near I-5) – none of which are noted as having Tier 1 status. Further research could be useful to determine steps to get to development-readiness.

## A SECTOR FOCUS – COMMERCIAL RETAIL OPPORTUNITY

As is indicated by the foregoing employment analysis, a relatively high proportion of the employment in the City of Battle Ground is focused in retail and related commercial service activities. As of 2016, the combined sectors of retail, hospitality (including dining), professional and other services accounted for about 41% of all employment in Battle Ground.

Retail jobs account for almost 16% and accommodation and food services account for another 11% of employment in Battle Ground. These represent higher proportions of the in-town job base than in any other Clark County city.

In the decade from 2006-16, almost 400 retail jobs were added in retail trade – accounting for 24% of the employment growth in Battle Ground. The other two sectors showing major employment growth were construction (up by 350 jobs) and accommodations and food services (up by almost 190 jobs).

Because the retail and dining sector has proven to be so pivotal to Battle Ground’s job growth in recent years, the question going forward is: *Has retail and dining employment peaked out or is there more yet to come? If more, how much and what type?*

This question can be addressed by a more focused evaluation of retail demand (or spending power) versus demand (as actual local retail sales). As with the demographic review, this analysis is made possible using local and regional retail expenditure data available from Environics/ Claritas.

**Current & Future Retail Demand.** Shoppers are drawn to Battle Ground not just from in-town but from the wider trade area – for which Battle Ground is the most convenient significant shopping location. Consequently, this retail analysis is based on household expenditure potential for the greater trade area population of nearly 83,000 residents – encompassing the Battle Ground and Hockinson school attendance areas.

Potential sales demand for added retail goods and services can be distinguished between:

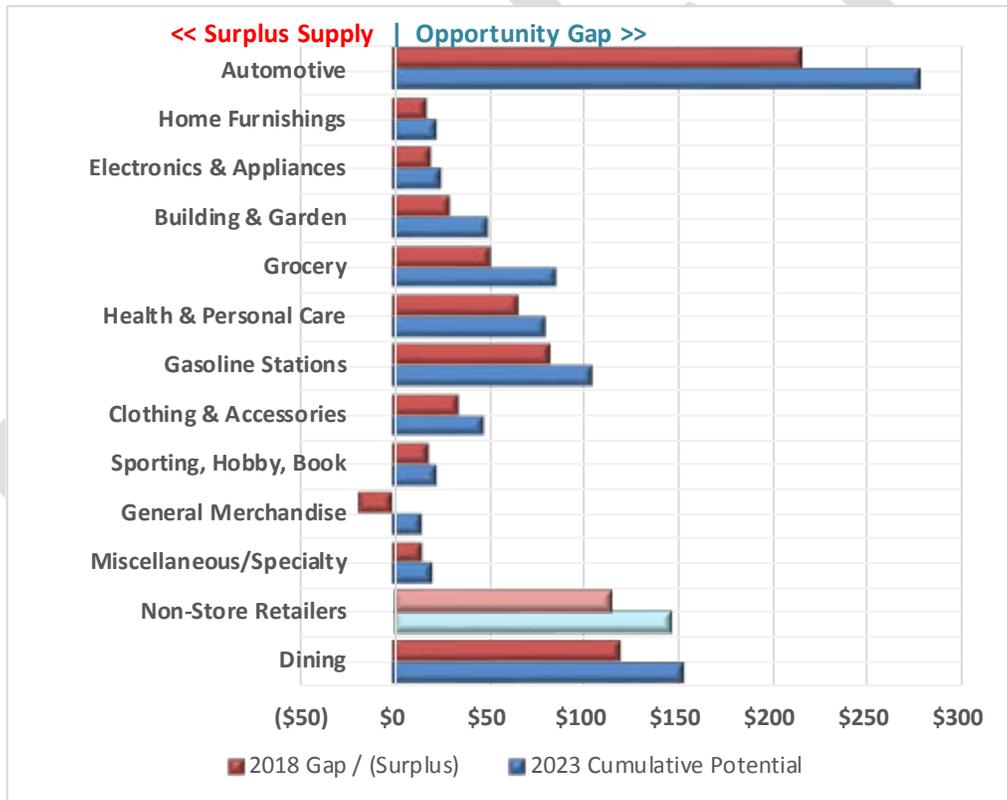
- **Current unmet demand** – often termed as retail sales “leakage” or as an opportunity gap. Retail sales leakage occurs when resident generated retail demand *exceeds* actual sales, meaning that local residents are traveling outside their immediate (home) trade area to purchase retail goods and services. Conversely, there may be surplus demand in situations where retail sales *on-the-ground* exceed locally generated demand, indicating demand coming from visitors or tourists as well as local residents.
- **Demand from future population and/or income growth** – a forward-looking projection of retail needs driven by continued growth of greater Battle Ground trade area over the next 5 years to 2023.

**Current Unmet Demand.** Analysis of the trade area indicates that, despite considerable retail development in recent years, most store types remain under-represented locally:

- **As of 2018**, the trade area supports more than \$1.45 billion in resident generated expenditures. This substantially exceeds the actual expenditure figure of just under \$700 million spent locally. This means that the opportunity gap (or sales leakage) amounts to over \$760 million annually – as residents shop outside the immediate Battle Ground area for the majority of their retail purchases.
- **Looking forward over the next 5 years to 2023**, population and income growth is projected to support another \$290 million annually by area residents – for a combined 5-year retail sales potential of \$1.05 billion.

The graph below shows the opportunity gap or surplus supply in red (for current 2018 conditions) and in blue (including added sales growth anticipated to 2023).

**Trade Area Retail Sales Opportunity Gap / (Surplus) - \$ Millions**



Source: Environics as compiled by E. D. Hovee.

**Opportunity Gaps.** As depicted by the graph, there is no retail category which is capturing more retail sales than what the trade area market can support – except for general merchandise (which includes department and discount store activity). This is a category for which Battle Ground is clearly drawing shoppers from beyond the NE Clark County trade area.

Of the other retail categories, the **greatest opportunity gap** identified currently is occurring with auto sales – with current leakage of about \$215 million per year (as local residents travel elsewhere to make over 70% of their auto purchases). The second highest amount of sales leakage (in dollar terms) is noted for dining (at close to \$120 million) – followed by non-store retailers (at \$115 million).

In percentage (but not dollar) terms the greatest opportunity gap is noted for electronics and appliance stores – with over 80% of local spending power going out of the Battle Ground area. Other than general merchandise, the only retail categories that have **leakage of less than 50%** of spending power are indicated with building material/garden supply (30% leakage) and grocery (28% leakage).

As indicated by the lighter color shading on the foregoing graph, the category of **non-store retailers** deserves some added explanation. These are businesses that have internet or catalogue sales for delivery to customers outside the local community. A Battle Ground resident that purchases over the internet represents one form of sales leakage – as the non-local purchase may come at the expense of a local retailer.

Conversely, a local business that sells via catalog or over the internet is bringing new consumer dollars into the community. Some businesses find that profitability may depend on a mix of in-store and non-store retail sales.

Overall, this category is of growing significance as sales from retailers without a *bricks and mortar* presence account for a growing share of retail sales. Environics estimates that close to 11% of Battle Ground retail purchases are made via catalog and/or the internet. For Clark County, internet sales accounts for a similar 11% of retail sales demand – up by about 1% point in the last four years. This comes at a time when overall county-wide sales leakage has dropped from 16.5% to 15.2% of resident purchase potential.

**Factors Affecting Future Commercial Retail Need.** For purposes of discussion, seven factors are identified as potentially affecting commercial retail opportunities for the Battle Ground community in the years ahead:

- **Demographics** – population and income growth generally works to increase retail demand, although potentially offset by an aging population.
- **County-wide Opportunity Gaps** – with fewer opportunities in relatively saturated local markets as for grocery and discount general merchandise; more opportunities with store types still underserved county-wide as for home furnishings, electronics, apparel, specialty goods, and dining.
- **North County Competition** – to be expected with further development in the vicinity of the I-5 north interchanges at 179<sup>th</sup>/Fairgrounds, Ridgefield and La Center (including ilani tribal activity).
- **Internet Retail Competition** – best exemplified by the continued penetration of Amazon into traditional retail strongholds ranging from books to grocery, as well as continued

consolidation of other major retailers in categories as diverse as apparel and pharmacy/health care.

- **Critical Mass** – a challenge as in smaller trade area markets of under 100,000 people that may not be adequate to support the business model of some national or regional retail chains.
- **Suitable Sites** – a potential challenge in Battle Ground due to limited building inventory in the relatively small traditional downtown core plus significant wetland and infrastructure issues for other sites on the 502/503 highway corridors.
- **Amenity Value** – an increasingly important factor that can work to the advantage of locally owned, independent retailers and restaurateurs, ever more dependent on store locations in walkable, open, multi-shop and mixed-use settings.

As is evident from this listing, some retail factors are mutually reinforcing while others may be working at cross-purposes. After some post-recession commercial retail catch-up, retail development opportunities may be more limited over at least the next 5-10 years than has historically been the case. Some older centers will find it increasingly difficult to retain existing tenants and will be repurposed for uses ranging from offices to churches to bowling alleys.

For Battle Ground, the best opportunities may involve more selective infill of remaining high traffic SR 502/503 corridor sites (albeit for more diverse uses) – coupled with smaller scale, walkable shopping areas offering mixed use residential and creative/office on-site or nearby.