2006 Retail Trade Analysis Report

Redwood Falls & Redwood County, Minnesota

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Introduction

The University of Minnesota Extension has developed this retail trade analysis program to assist in the economic development of Minnesota towns and cities. These reports are available for all Minnesota counties, for most cities above 5,000 population and for a few cities smaller than 5,000 population. The retail sector of each jurisdiction can be evaluated by comparing its trends to those of other similar jurisdictions. Business people and economic development officials can use measures such as pull factors and leakages to determine the need and feasibility of new retail businesses.

Data Sources

Most of the data in the analysis are based on annual reports of Minnesota retail and use tax, published by the Minnesota Department of Revenue. The Department of Revenue published an annual report of sales and use tax by jurisdiction until 1996, at which time the reports were released biannually due to budget constraints. This analysis uses the available reports from 1990-1996, 1998, 2000, 2003, 2004,2005 and 2006. The reports interpolate data for the years in which data are not available. (See http://www.taxes.state.mn.us/taxes/legal_policy/research_reports/sales_use_statistics_main.shtml) The income data in this report are obtained from reports by Bureau of Economic Analysis (BEA). (See http://www.bea.gov/regional/reis) Population data are derived from the U.S. Census. (See http://www.census.gov/popest/estimates.php)

Sales and use tax permit holders file returns and remit taxes on either a monthly, quarterly or annual basis. Large businesses such as discount department stores whose tax is more than $500 per month are required to file on a monthly basis, while medium-sized businesses whose sales tax collections are less than $500 per month, are required to file on a quarterly basis and small businesses with sales tax collections less than $100 per month would most likely file on an annual basis.

Definition of Terms

Gross Sales

Gross sales include taxable sales and exempt sales for businesses holding sales and use tax permits. This is the most comprehensive indicator of business activity for the reporting jurisdictions and is the measure used in this report, unless otherwise noted.

Taxable Sales

Taxable sales are the amount of sales subject to sales tax. Taxable sales exclude exempt items, items sold for resale, items sold for exempt purposes and items sold to exempt organizations. For more information on what is taxed in Minnesota, see "Minnesota Sales and Use Tax Instruction Booklet" availabe on the web at http://www.taxes.state.mn.us/taxes/sales/instructions/st_bk07.pdf)

Current and Constant Dollar Sales

Current dollar (or "nominal dollar") sales are sales as reported by the state. No adjustment has been made for price inflation. In general this measure of sales is not satisfactory for comparisons over long periods of time since it does not account for changes in population, inflation, or the state's economy. Constant dollar (or "real dollar") sales reflect changes in price inflation by adjusting current dollar sales with the Consumer Price Index (CPI). Constant dollar sales indicate the real sales level with respect to a base year. This is a more realistic method of evaluating sales over time than current dollar comparisons, but still does not take into consideration changes in population or changes in the state's economy.

Number of businesses

The number of sales and use tax permit holders who filed one or more tax returns for the year are reported as the number of businesses.

Reporting Period

The reporting periods in this report are calendar years. For example, the sales reported for the year 2000 are for the period, January 1, 2000 to December 31, 2000.

Per Capita Sales

Per capita (or "per person") sales are calculated by dividing current dollar sales by the population estimate. In areas where population is subject to substantial change, this is a more satisfactory measure of sales activity than sales alone. However, it still does not reflect changes in the state economy.

Pull Factor

The pull factor was developed by Dr. Ken Stone, an economist from Iowa State University Extension Service to provide a precise measure of sales activity in a locality. It is derived by dividing the per capita current dollar sales of a city or county by the per capita sales for the state. For example, if a city's per capita sales are $20,000 per year and the state per capita sales are $10,000 per year, the pull factor is 2.0 ($20,000 ÷ $10,000). The interpretation is that the city is selling to 200 percent of the city population.

Pull factors are good measures of sales activity because they reflect changes in population, inflation, and the state economy. Pull factors are available through the Extension Service for total taxable sales for all cities with reported sales (generally, cities with a population of 5,000 or more) since 1990. The pull factors listed in this report are not adjusted for differing income levels in different communities; they are simply the ratio of local per person sales to the state average. Income levels are accounted for in the expected sales and potential sales formulas, described below.

Typical Pull Factor

The typical pull factor is a pull factor that represents the "norm" for cities within a population group. It is an average for cities within a population group taking into account any outliers in the group.

Personal Income

Personal income is defined as the income received by, or on behalf of, all the residents of the county (state) from all sources. Personal income is the sum of wage and salary disbursements, supplements to wages and salaries (e.g.. contributions to retirement funds, health plans, life insurance policies), proprietors' income, rental income, personal dividend income, personal interest income, and personal current transfer receipts to persons (e.g. receipts of Social Security, disability, worker's compensation, Medicare/Medicaid, food stamps,etc.) less contributions for government social insurance (e.g. Social Security, Medicare). (For more details, see http://www.bea.gov/regional/pdf/spi2005/alternative_measures.pdf).

Index of Income

This index provides a relative measure of income, calculated by dividing local per capita income by state per capita income. The base is 1.00. For example, an index of income of 1.20 indicates that per capita income in the area is 20 percent above the state average.

Expected Sales

Expected sales is a retail performance benchmark. It is an estimate of the sales level a town would achieve if it were performing on par with Minnesota towns of a similar size. In addition to population and income variables, expected sales incorporates the typical strength of comparable communities via the *typical pull factor* . Expected sales is the product of city population, state per capita sales, the index of income and the typical pull factor. For example, if a city has a population of 5,000, the state per capita sales are $9,000, the typical pull factor is 1.30, and the index of income is 1.03, expected sales is approximately $60 million per year (5,000 x $9,000 x 1.30 x 1.03). This provides a means of comparing what is expected for a city of a certain size to what is actually happening.

Potential Sales

Potential sales is an estimate of the amount of money that is spent on retail goods and services by residents of a county. It is the product of county population, state per capita sales and the index of income. The potential sales concept for counties is similar to the expected sales calculations for towns. However, potential sales does not utilize a measure of average pulling power (like the *typical pull factor* that is used in the expected sales equation). Since a county is a relatively large region within which retail business takes place, counties are compared without adjustments for trade area size.

Variance Between Actual and Expected Sales (Surplus or Leakage)

The variance between actual and expected sales is how much retail sales differ from the “norm” (i.e., the amount above or below the standard established by the expected sales formula). When actual sales exceed expected sales, we say the city has a "surplus" of retail sales. When actual sales fall short of expected sales, we say the city has a retail sales "leakage". The set of similarly-sized cities in Minnesota is the “peer group” to which the comparison is being made. Discrepancies between expected and actual sales occur for a variety of reasons.

Proximity to larger population centers, management, marketing, and transportation patterns are just a few factors that can cause the retail sales of a particular town to deviate substantially from expected sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects. The surplus or leakage is expressed in dollars, percentages, and customer equivalents. The use of the analysis will dictate which measure best conveys the information, though all are equivalent. In the case of leakages, the dollar amount is usually the easiest to use since it immediately conveys the potential sales for new businesses.

Trade Area Population Gain or Loss

The trade area population gain or loss translates the percentage amount of surplus or leakage of retail sales into an estimate of the number of customers gained or lost in the trade area. It is calculated by multiplying the percent surplus or leakage by the population estimate for the city or county. For example, if a city with 10,000 residents had a retail sales surplus of 20%, the trade area population gain would be 2,000. Adding this number to the city's population gives an estimate of the population size of the city's trade area.

Cautions

Gross Sales

Gross sales is a comprehensive measure of business activity, but readers should be aware that the numbers in this report are self-reported by holders of sales and use tax reports. Furthermore, the gross sales are not audited by the State of Minnesota. It is believed that the gross sales figures are generally reliable, but there is the possibility of distortions, especially in smaller cities where misreporting may have occurred.

Misclassification

Holders of sales and use tax permits select the Standard Industrial Classification (SIC) category that best fits their business. Regardless of who makes this classification, errors are occasionally made. Also, sometimes a business will start out as one type of business, but may evolve over time to a considerably different type of business. Misclassifications can distort sales among business categories, especially in smaller towns. For example, a furniture store that is classified as a general merchandise store, will under-report the sales in the furniture store category and over-report the sales in the general merchandise category.

Suppressed Data

The sales data for merchandise categories that have less than four reporting firms are not reported. This is a measure taken by most states to protect the confidentiality of sales tax permit holders. The sales for suppressed categories are placed into the miscellaneous category and are included in total sales.

Consolidated Reporting

Vendors doing business at more than one location in Minnesota have the option of filing a separate return for each location or filing one consolidated return for all locations. The consolidated return shows, for each business establishment, the sales made, tax due and location by city and county. Data for the establishments of consolidated filers are combined with data for single-location filers to produce the figures in this report. Occasionally consolidated reports may not be properly deconstructed and all the sales for a company may be reported for one town or city. Whenever misreporting is discovered, contacts are made with the Minnesota Revenue Department to clarify the situation.

Changes Between 2000 and 2003

For fiscal year 2003, the Minnesota Department of Revenue implemented two major changes to improve their reporting of sales and use tax data. First, they adopted a geo-coding system, which accurately identifies the location of all business reporting sales and use tax to the state rather than relying on the businesses' postal addresses. One effect of this change is a movement of sales between neighboring cities (and in some cases, counties) in the year 2003. Thus, in several of the suburbs of Minneapolis and St.Paul and in cities such as Hermantown, which is adjacent to Duluth, the data show large increases in retail sales between 2000 and 2003, a substantial portion of which is due to the re-coding of business location and not to

The second change implemented by the Department of Revenue in 2003 was a shift from the Standard Industrial Classification system (SIC codes) to the North American Industry Classification System (NAICS codes). This switch does affect the comparability of the data series prior to 2000 with that of 2003 (and beyond), especially for merchandise categories. Overall retail and services sales are highly comparable over time. In many cases, the merchandise categories for the data prior to 2003 are very closely related to the new categories. For example, approximately 97% of the 2003 statewide sales in the general merchandise category were accounted for by firms also classified as general merchandise under the SIC system. In other cases, the correspondence is less straightforward. For example, only 56% of 2003 statewide sales in the Food and Beverage store category were accounted for by firms classified as Food Stores under the older classification system; 41% of 2003 Food store sales were accounted for by firms previously categorized as Miscellaneous Retail.

The NAICS system does provide greater detail and introduces some new sectors, such as Retail Electronics. Over time, these changes will improve the information available for retail trade analysis. For additional information, please see www.taxes.state.mn.us/taxes/legal_policy/other_supporting_content/salesuse_%202003_statistics_introduction.shtml.

Changes Starting in 2006

The Sales and Use Tax Statistics report for 2006 uses a slightly different methodology than in previous years. Rather than basing the report on the year in which sales were made (as was true in earlier reports), the 2006 report is based on when returns were processed. To best approximate the economic activity for calendar year 2006, this report includes all returns processed from February 2006 through January 2007. Returns are included in the report regardless of the date of sale.

Redwood Falls Retail Trade Overview

Total Taxable and Gross Retail Sales

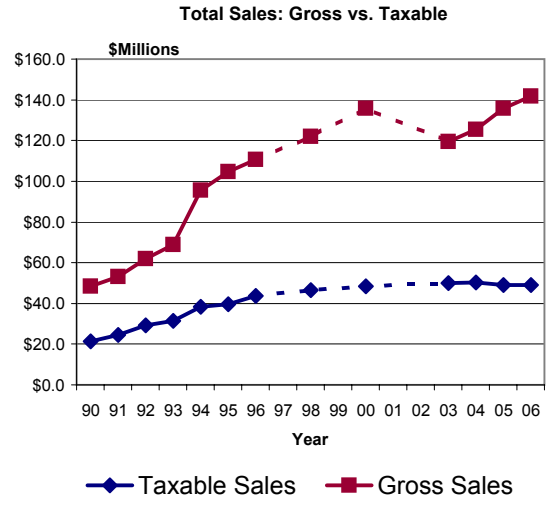
The table below presents gross and taxable retail and services sales for Redwood Falls from 1990 through 2006. Taxable sales in Redwood Falls increased 12.3 percent from 1996 to 2006, while the number of firms fell 17.7 percent. Statewide, taxable sales increased 59.4 percent over the same time period and the number of firms rose 7.9 percent. The per capita sales and pull factor data in this table are based on taxable sales, the more verified sales measure.

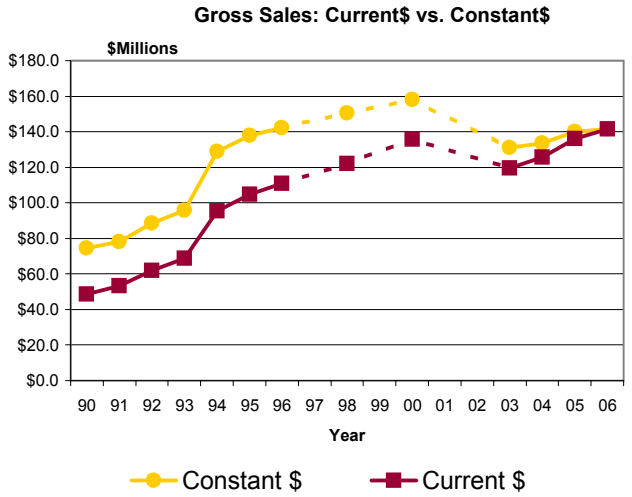
The table also presents sales data in constant 2006 dollars. These figures have been adjusted for inflation to reflect their value in 2006. For example, in 1990, taxable sales in Redwood Falls totaled $21.46 million, an amount worth $33.02 million in 2006 dollars. In constant dollars, gross sales fell 0.3 percent between 1996 and 2006. Constant dollar taxable sales decreased 12.4 percent ov the same time period

		Current Dollars		Constant 2006 Dollars				
Year	Estimated Population	Gross Sales* ($millions)	Taxable Sales ($millions)	Gross Sales* ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Sales	Pull Factor
1990	5,111	$48.44	$21.46	$74.52	$33.02	197	$4,199	0.96
1991	5,122	$53.12	$24.49	$78.12	$36.02	206	$4,782	1.09
1992	5,130	$61.92	$29.35	$88.46	$41.94	216	$5,722	1.18
1993	5,159	$68.92	$31.46	$95.72	$43.70	207	$6,099	1.21
1994	5,140	$95.49	$38.46	$129.04	$51.98	207	$7,483	1.37
1995	5,088	$104.82	$39.74	$137.92	$52.29	200	$7,811	1.37
1996	5,100	$110.78	$43.58	$142.02	$55.88	198	$8,546	1.28
1997	5,113	NA	NA	NA	NA	NA	$0	NA
1998	5,128	$121.91	$46.45	$150.51	$57.34	182	$9,058	1.30
1999	5,125	NA	NA	NA	NA	NA	$0	NA
2000	5,459	$135.84	$48.46	$157.95	$56.35	186	$8,877	1.17
2001	5,425	NA	NA	NA	NA	NA	$0	NA
2002	5,386	NA	NA	NA	NA	NA	$0	NA
2003	5,339	$119.38	$50.05	$131.18	$55.00	170	$9,375	1.05
2004	5,332	$125.54	$50.33	$133.55	$53.54	166	$9,439	1.02
2005	5,238	$135.94	$49.18	$140.15	$50.70	166	$9,389	0.99
2006	5,194	$141.62	$48.95	$141.62	$48.95	163	$9,424	0.98
10 yr Change '96 to '06	1.8%	27.8%	12.3%	-0.3%	-12.4%	-17.7%	10.3%	-23.1%
3 yr Change '03 to '06	-2.7%	18.6%	-2.2%	8.0%	-11.0%	-4.1%	0.5%	-6.6%

*Gross sales figures are self-reported by firms and not audited by the Dept. of Revenue for accuracy.

Redwood Falls: Total Retail Sales



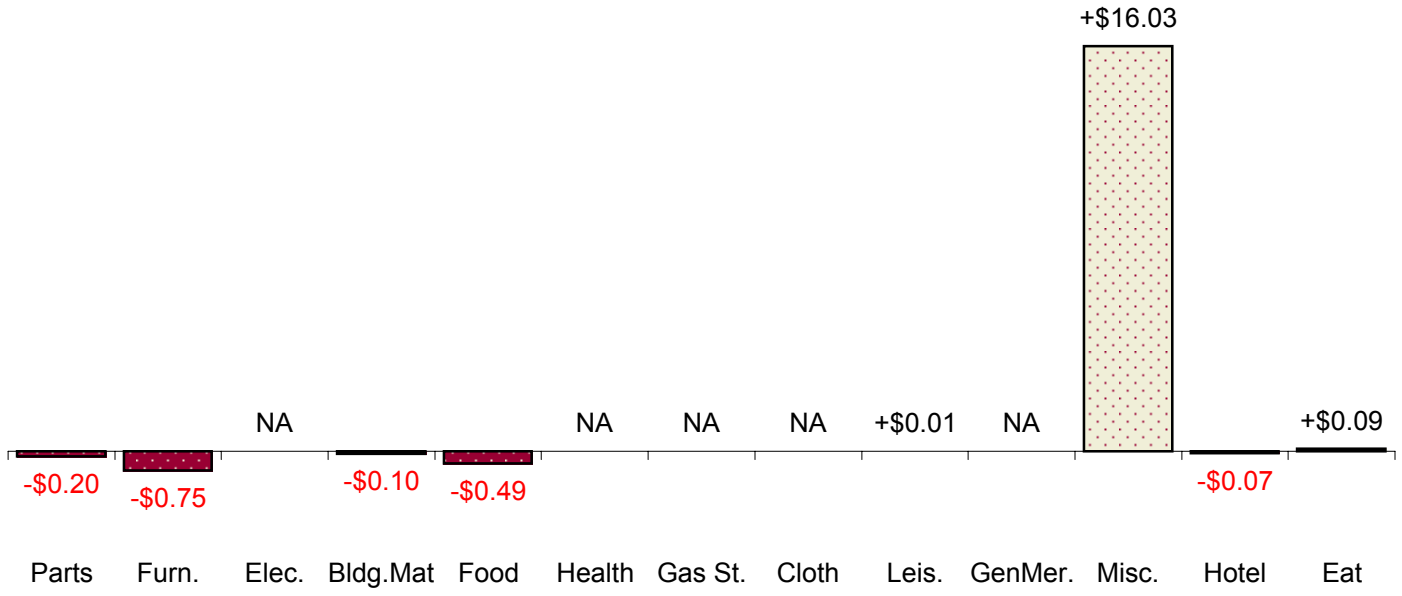


Redwood Falls
Components of Change, 2003 to 2006

Category	Taxable Sales 2003	Taxable Sales 2006	Dollar Change	Percent Change
Vehicles & Parts	$2,953,248	$2,749,262	-$203,986	-6.91%
Furniture Stores	$6,578,237	$5,825,847	-$752,390	-11.44%
Electronics	$168,371	NA	NA	NA
Building Materials	$3,913,634	$3,811,090	-$102,544	-2.62%
Food, Groceries	$4,253,419	$3,760,396	-$493,023	-11.59%
Health, Personal Stores	NA	NA	NA	NA
Gasoline Stations	$490,739	NA	NA	NA
Apparel	$173,519	NA	NA	NA
Leisure Goods	$460,474	$468,445	+$7,971	+1.73%
General Merchandise Stores	$16,377,244	NA	NA	NA
Miscellaneous Retail	$2,635,253	$18,666,763	+$16,031,510	+608.35%
Accomodations	$1,241,990	$1,176,500	-$65,490	-5.27%
Eating & Drinking	$6,040,458	$6,130,844	+$90,386	+1.50%
Total Retail and Services Sales	$50,054,360	$48,947,264	-$1,107,096	-2.21%

Figures not adjusted for inflation.

Dollar Changes by Category (in Millions)
2003 to 2006



Historical Trends By Merchandise Category
Redwood Falls

The following tables and charts depict pull factors in Redwood Falls from 1990 to 2000* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

Category Descriptions

Building Materials Includes retail establishments primarily engaged in selling lumber and other building materials; paint, glass, and wallpaper; hardware; nursery stock; and lawn and garden supplies.

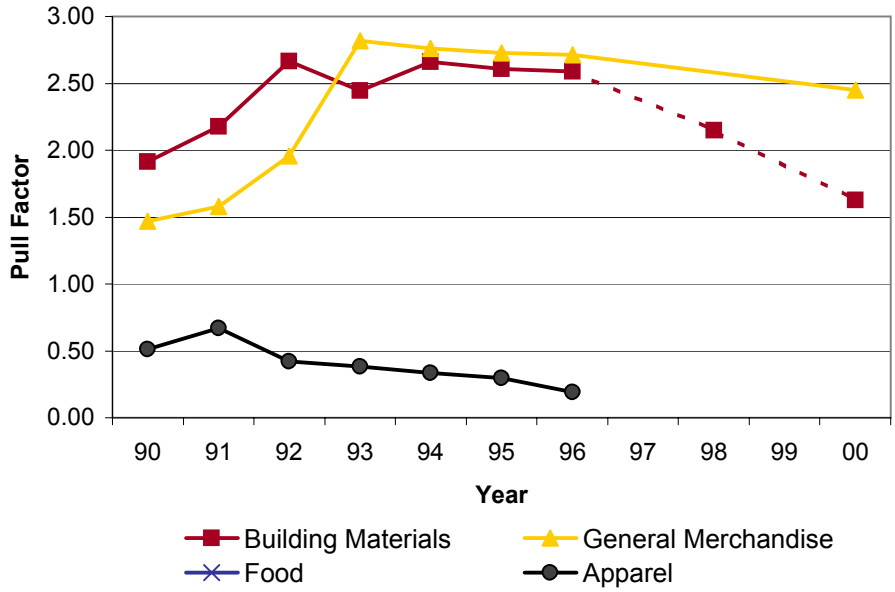
General Merchandise: Includes retail stores which sell a number of lines of merchandise, such as dry goods, apparel and accessories, furniture and home furnishings, small wares, hardware, and food. The stores included in this group are known as department stores, variety stores, general merchandise stores, catalog showrooms, warehouse clubs, and general stores.

Food: This group is comprised of retail stores primarily engaged in selling food for home preparation and consumption.

Apparel: Retail stores primarily engaged in selling clothing of all kinds and related articles for personal wear and adornment. Not included are establishments which meet the criteria for Department Stores even though most of their receipts are from the sale of apparel and apparel accessories.

*Due to a change in how firms are categorized beginning with fiscal year 2003, only data through fiscal year 2000 are presented in this section.

Pull Factors by Merchandise Category (1 of 3)



Pull Factors by Merchandise Category
Redwood Falls, 1990-2000

Year	Building Materials	General Merchandise	Food	Apparel
1990	1.92	1.47	NA	0.51
1991	2.18	1.58	NA	0.67
1992	2.66	1.96	NA	0.42
1993	2.44	2.82	NA	0.38
1994	2.66	2.76	NA	0.34
1995	2.61	2.73	NA	0.30
1996	2.59	2.71	NA	0.19
1997	NA	NA	NA	NA
1998	2.15	NA	NA	NA
1999	NA	NA	NA	NA
2000	1.62	2.45	NA	NA
% Change, '90 to '00	-15.17%	67.09%	NA	NA
% Change, '98 to '00	-24.36%	NA	NA	NA

These pull factors are calculated using taxable sales. Although taxable sales do not capture the full extent of sales in stores with a large number of un-taxed goods, like grocery and apparel stores, these data are audit by the Minnesota Department of Revenue. Since sales tax laws apply statewide, all cities are compared on the same basis.

Historical Trends By Merchandise Category
Redwood Falls

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Category Descriptions

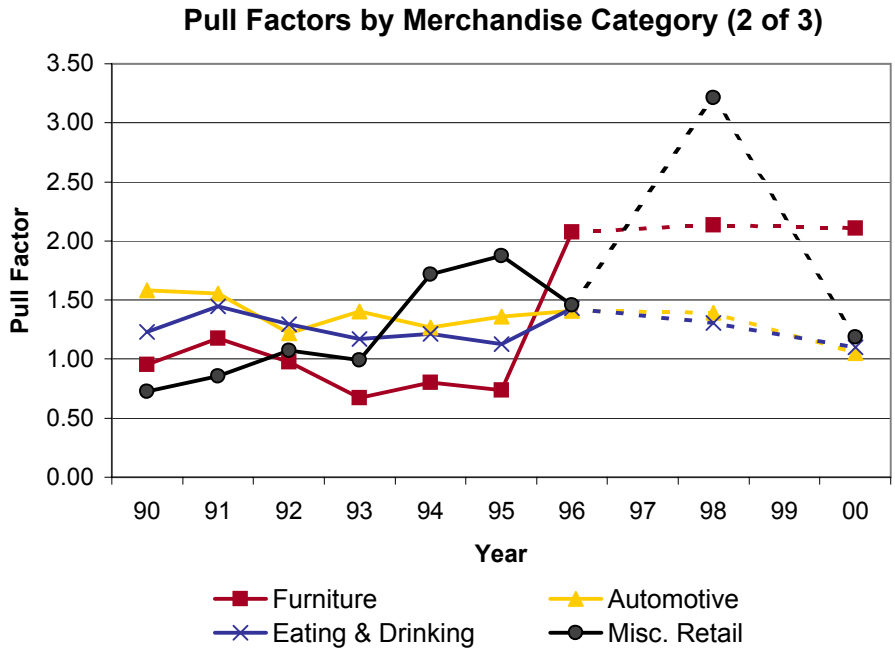
Furniture: This group includes retail stores selling goods used for furnishing the home such as furniture, floor coverings, draperies, glass and chinaware, domestic stoves, refrigerators, and other household electric and gas appliances.

Automotive: Establishments selling new and used automobiles, boats, recreational vehicles and utility trailers, and motorcycles and mopeds; dealers selling new automobile parts and accessories; and gasoline service stations.

Eating & Drinking: This major group includes retail establishments engaged in selling prepared food and drinks for consumption on the premises. Also included are caterers which serve prepared food other than at the place of business and lunch counters and refreshment stands selling prepared foods and drinks for immediate consumption.

Miscellaneous Retail: This category includes retail establishments not elsewhere classified. These establishments fall into the following categories: liquor stores; used merchandise stores; miscellaneous shopping goods stores; nonstore retailers, fuel dealers, florists, cigar stores and stands, news dealers and newsstands, and miscellaneous retail stores not elsewhere classified.

*Due to a change in how firms are categorized beginning with fiscal year 2003, only data through fiscal year 2000 are presented in this section.



Pull Factors by Merchandise Category
Redwood Falls, 1990-2000

Year	Furniture	Automotive	Eating & Drinking	Misc. Retail
1990	0.95	1.58	1.23	0.72
1991	1.17	1.56	1.45	0.86
1992	0.97	1.22	1.29	1.07
1993	0.67	1.41	1.17	0.99
1994	0.80	1.27	1.21	1.72
1995	0.74	1.36	1.13	1.88
1996	2.08	1.41	1.43	1.46
1997	NA	NA	NA	NA
1998	2.13	1.39	1.30	3.21
1999	NA	NA	NA	NA
2000	2.11	1.05	1.10	1.19
% Change, '90 to '00	120.86%	-33.76%	-10.62%	63.70%
% Change, '98 to '00	-1.22%	-24.67%	-15.81%	-63.09%

These pull factors are calculated using taxable sales. Although taxable sales do not capture the full extent of sales in stores with a large number of un-taxed goods, like grocery and apparel stores, these data are audited by the Minnesota Department of Revenue. Since sales tax laws apply statewide, all cities are compared on the same basis.

Historical Trends By Merchandise Category
Redwood Falls

The following tables and charts depict pull factors in Redwood Falls from 1990 to 2000* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

Category Descriptions

Lodging: Includes establishments engaged in providing lodging, or lodging and meals, and camping facilities.

Personal Services: includes establishments primarily engaged in providing services generally to individuals such as barber and beauty shops, drycleaning plants, laundries, and photographic studios.

Business Services: Includes establishments primarily engaged in providing services, not elsewhere classified, to business establishments on a contract or fee basis.

Automobile Services: Includes establishments primarily engaged in furnishing automotive repair, rental, leasing, parking, and other services.

Amusement and Recreation: This group includes establishments primarily engaged in providing amusement, recreation, or entertainment services, not elsewhere classified.

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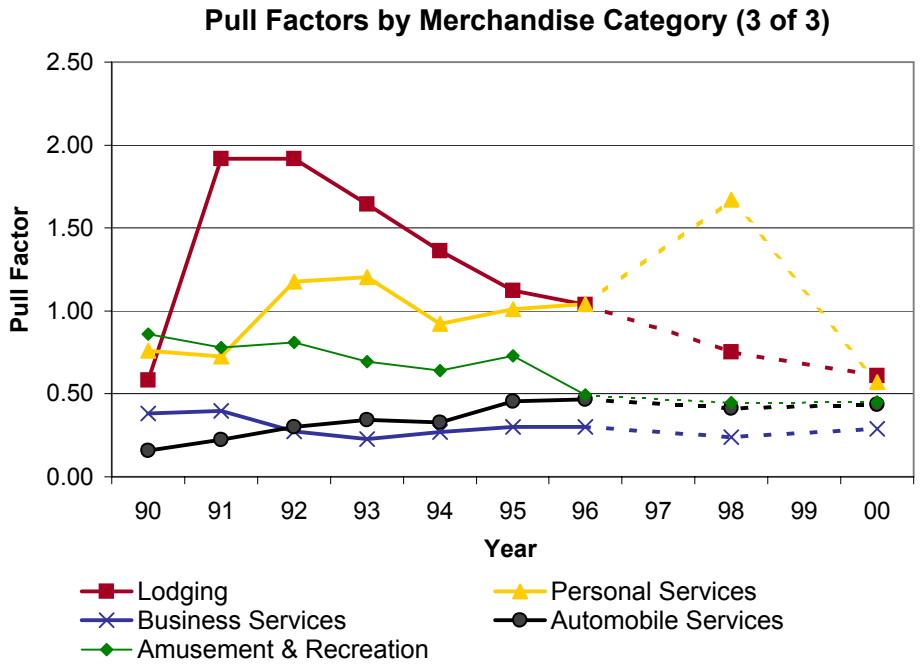


Pull Factors by Merchandise Category
Redwood Falls, 1990-2000

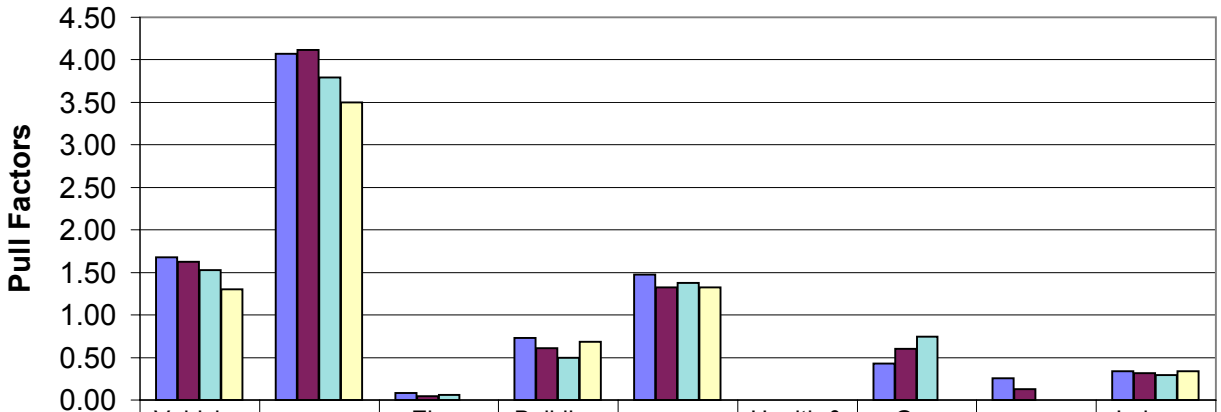
Year	Lodging	Personal Services	Business Services	Automobile Services	Amusement & Recreation
1990	0.58	0.76	0.38	0.16	0.86
1991	1.92	0.73	0.40	0.23	0.78
1992	1.92	1.18	0.27	0.30	0.81
1993	1.64	1.20	0.23	0.34	0.69
1994	1.36	0.92	0.27	0.33	0.64
1995	1.12	1.01	0.30	0.45	0.73
1996	1.04	1.04	0.30	0.47	0.49
1997	NA	NA	NA	NA	NA
1998	0.75	1.67	0.24	0.41	0.45
1999	NA	NA	NA	NA	NA
2000	0.61	0.57	0.29	0.44	0.45
% Change, '90 to '00	4.78%	-25.20%	-24.89%	177.47%	-47.62%
% Change, '98 to '00	-19.12%	-65.90%	19.71%	5.70%	0.77%

These pull factors are calculated using taxable sales. Although taxable sales do not capture the full extent of sales in stores with a large number of un-taxed goods, like grocery and apparel stores, these data are audited by the Minnesota Department of Revenue. Since sales tax laws apply statewide, all cities are compared on the same basis.

Recent Trends By Merchandise Category
Redwood Falls

The following tables and charts depict pull factors in Redwood Falls from 2003 to 2006* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

Pull Factor by NAICS Merchandise Category (1 of 2)



	Vehicles & Parts	Furniture	Elec-tronics	Building Materials	Food	Health & Personal	Gas Stations	Apparel	Leisure Goods
2003	1.68	4.07	0.08	0.73	1.47	0.00	0.43	0.25	0.34
2004	1.63	4.12	0.04	0.61	1.33		0.60	0.13	0.32
2005	1.52	3.80	0.06	0.50	1.38		0.74		0.29
2006	1.30	3.50		0.68	1.33				0.34

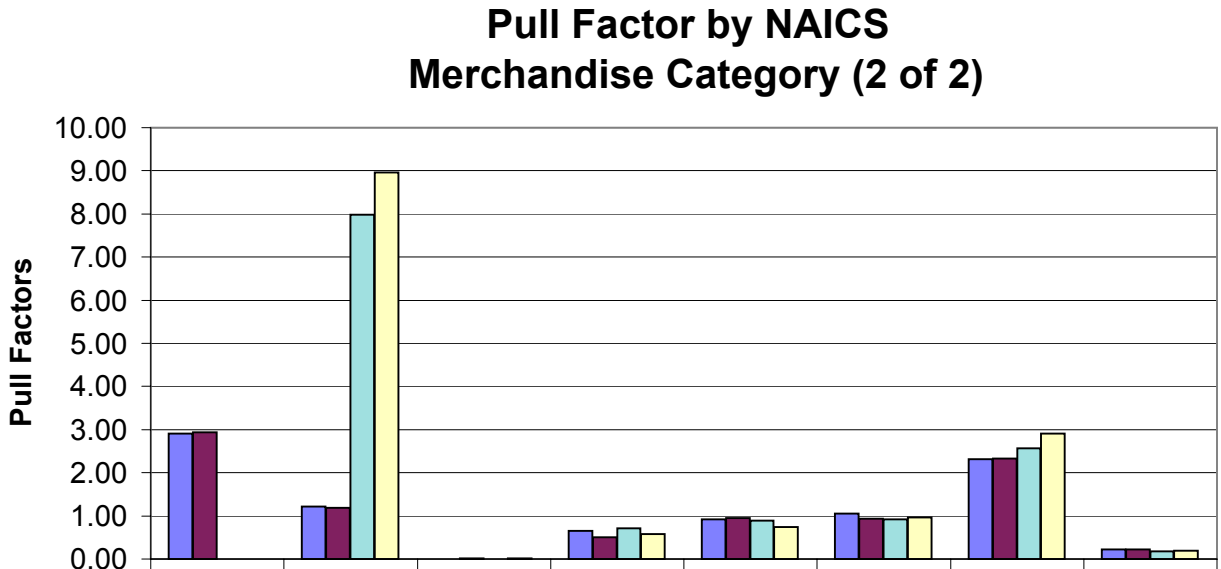
NAICS Category Descriptions

Motor Vehicles & Parts: Establishments that sell new & used autos, boats, motorcycles, golf carts, RV's, campers, trailers, tires, and parts.
Furniture: Stores that sell furniture, beds, carpeting, window coverings, lamps, china, kitchenware, & woodburning stoves.
Electronics: Establishments primarily engaged in retailing household-type appliances, sewing machines, cameras, computers, and other electronic goods.
Building Materials: Establishments that sell lumber, hardware, paint, wallpaper, tile, hardwood floors, roofing, fencing, ceiling fans, lawn equipment, garden centers, and feed stores.
Food: Grocery stores, deli's, bakery, & butcher shops that sell food to be prepared at home. Liquor stores.
Health & Personal: Pharmacies, food supplements, vision supplies, cosmetics, & hearing aid stores.
Gas Stations: Retailers that sell fuel along with convenience store items.
Apparel: New clothing and accessories, jewelry, shoes, bridal shops, clock shops, and luggage stores.
Leisure Goods: Sporting goods, books, music, hobby stores, fabric shops, and toy stores.

*Caution should be used when comparing pull factors before 2003 to those in later years due to the switch from SIC to NAICS.

Recent Trends By Merchandise Category
Redwood Falls

The following tables and charts depict pull factors in Redwood Falls from 2003 to 2006* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.



	Gen. Merch.	Misc. Store	Non-Store Retail	Amuse-ment	Lodging	Eating & Drinking	Repair	Personal Services
2003	2.91	1.21		0.66	0.92	1.05	2.32	0.23
2004	2.94	1.19	0.02	0.50	0.94	0.93	2.33	0.22
2005		7.98	0.00	0.71	0.90	0.92	2.57	0.18
2006		8.96	0.02	0.58	0.74	0.96	2.91	0.20

NAICS Category Descriptions

General Merchandise: Establishments that sell a mixed line of goods. Examples are department stores, supercenters, and dollar stores.

Miscellaneous Store Retailers: Stores not covered in other categories such as florists, office supplies, pets, antiques, tobacco, art, used merchandise, and trophies.

Non-Store Retail: Retailers that do not use stores. This includes mail order, internet selling, bazaars, vending machines, fuel oil dealers, firewood dealers, door-to-door sales, and produce stands.

Amusement: Establishments such as golf courses, bowling lanes, marinas, amusement parks, water parks, shooting ranges, pool halls, horseback riding, ballrooms, health club facilities, ski hills, and casinos.

Lodging: Seasonal resorts, hotels, boarding houses, bed & breakfast, campgrounds, RV parks.

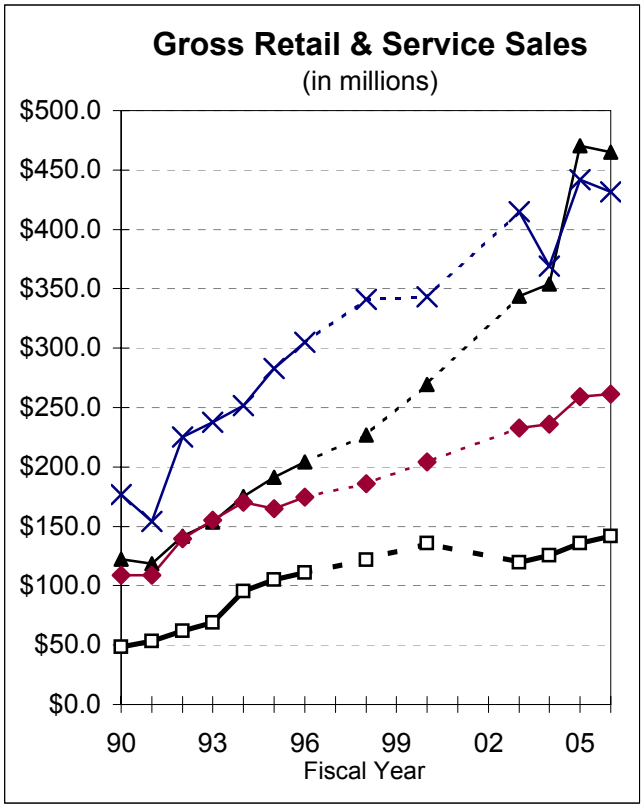
Eating & Drinking: Restaurants, donut shops, coffee house, cafeteria, caterers, taverns, and nightclubs,

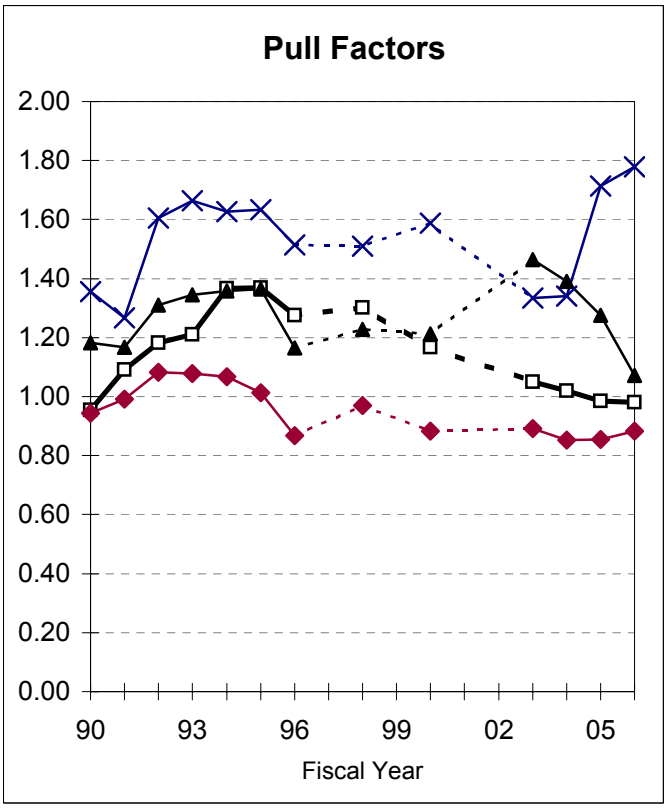
Repair: Businesses that return equipment to working order. Examples: cars, lawnmowers, small engines, knives, shoes, computers, furniture, and appliances.

Personal Services: Barbers, beauty salons, tanning facilities, funeral homes, laundromats, dry cleaners, pet groomers, kennels, and photo finishing.

*Caution should be used when comparing pull factors before 2003 to those in later years due to the switch from SIC to NAICS.

Comparison with Competing Centers
Redwood Falls





Information about competing trade centers can provide a useful means of comparison when assessing a community's retail trade sector. Comparison towns were selected based on geographic proximity, relative size and availability of data. Some caution is warranted in the interpretation of these comparisons however, since retail sales data is provided for only a limited number of towns and cities.

Comparison with Competing Trade Centers, 2006

Town	Population	Gross Sales ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Redwood Falls	5,194	$141.62	$48.95	163	$9,424	0.98
Hutchinson	13,963	$465.02	$143.85	337	$10,302	1.07
Marshall	12,464	$431.78	$212.88	342	$17,080	1.78
New Ulm	13,406	$261.06	$113.66	341	$8,478	0.88

Trade Area Analysis of Retail Sales

Redwood Falls

The following tables provide information on retail sales by merchandise category. "Expected sales" is a standard to which actual performance is compared. In calculating expected sales, population, income, and typical "pulling power" characteristics are taken into account. Expected sales can be used as a guideline or "par value" in analyzing retail strength.

Deviations from these norms can be analyzed to first judge whether they should be considered relevant. If the differences appear to be significant (whether in dollar amounts or relatively with percentages), additional consideration is merited. Categories with undesirable performance may be further examined for potential corrective action. It is also important to determine whether or not the situation is relatively uncontrollable due to external or extenuating circumstances. In cases of favorable differences from expectations, the positive aspects should be identified and built upon.

Trade Area Analysis by Merchandise Category, 2006

			Variance Between Actual & Expected				
Merchandise Group	Expected Sales ($millions)	Actual Sales ($millions)	In Dollars (millions)	As % of Expected	Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
Vehicles & Parts	$1.56	$2.75	+$1.19	+76.3%	3,965	8	5.6%
Furniture Stores	$2.21	$5.83	+$3.62	+163.7%	8,505	5	11.9%
Electronics	$1.10	NA	NA	NA	NA	NA	NA
Building Materials	$7.54	$3.81	-$3.73	-49.5%	-2,569	4	7.8%
Food, Groceries	$2.48	$3.76	+$1.28	+51.8%	2,688	6	7.7%
Health, Personal Stores	$0.37	NA	NA	NA	NA	NA	NA
Gasoline Stations	$1.28	NA	NA	NA	NA	NA	NA
Apparel	$0.24	NA	NA	NA	NA	NA	NA
Leisure Goods	$0.28	$0.47	+$0.19	+69.9%	3,630	4	1.0%
General Merchandise Stores	$6.15	NA	NA	NA	NA	NA	NA
Miscellaneous Retail	$5.32	$18.67	+$13.34	+250.6%	13,018	47	38.1%
Amusement & Recreation	$0.54	$0.79	+$0.25	+46.3%	2,404	4	1.6%
Accomodations	$1.17	$1.18	+$0.00	+0.4%	20	5	2.4%
Eating & Drinking Places	$3.48	$6.13	+$2.65	+76.1%	3,951	14	12.5%
Repair, Maintenance	$0.93	$3.07	+$2.15	+232.3%	12,066	19	6.3%
Personal Services, Laundry	$0.13	$0.16	+$0.04	+27.6%	1,433	9	0.3%
Total Taxable Retail & Service	$22.01	$48.95	+$26.93	+122.3%	6,354	163	100.0%

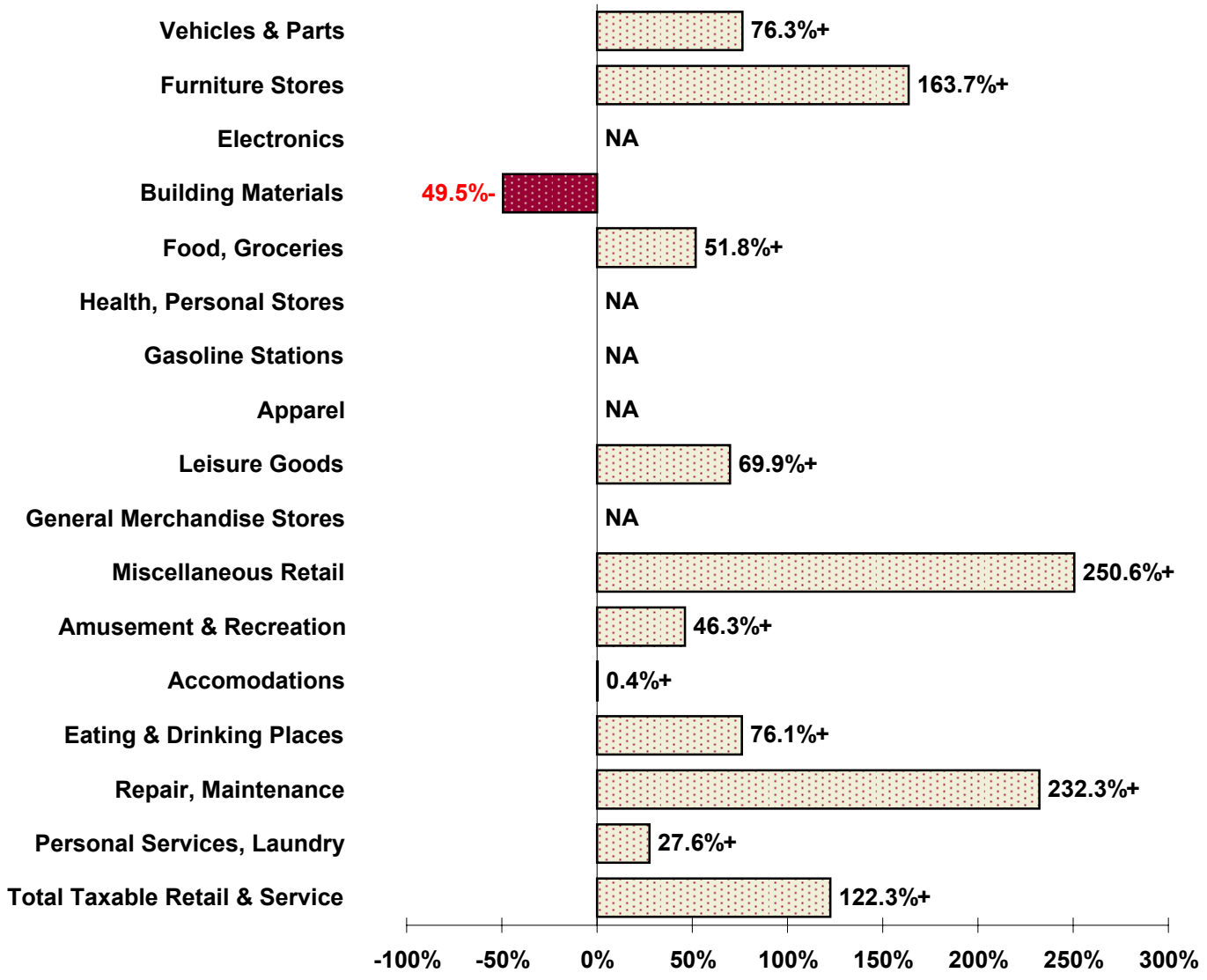
*All retail and service categories are included in Total Sales, including some categories not shown. Therefore, the merchandise groups shown here generally will not sum to Total Sales.

Summary of Redwood Falls Retail Trade

The chart below depicts the percentage amount Redwood Falls's acutal sales were above or below expected sales in 2005 by merchandise group. Of the 11 merchandise categories with reported data, sales in 10 of the categories were above what would be expected based on the performance in similar-sized Minnesota towns. The strongest merchandise group by this standard is the Miscellaneous Retail category, which has a 250.6 percent surplus. Overall, Redwood Falls had a retail sales surplus of 122.3 percent in 2006.

It is important to note that variations in a town's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers, management, marketing, and transportation patterns are just a few factors that can cause the retail sales of a particular city to deviate substantially from expected sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects.

Percentage Above or Below Expected Sales, 2006



Comparison of Pull Factors by Merchandise Category

2006 Index of "Pulling Power"
Towns with Populations between 4,200 & 6,400
(Range: Population of Redwood Falls +/- ~ 20%.)
(13 Cities)

Pull Factors

Town	*Population*	*Vehicles, Parts*	*Furniture Stores*	*Elec-tronics*	*Building Materials*	*Food*	*Health, Personal*	*Gasoline Stations*	*Apparel*	*Leisure Goods*	*General Merch.*	*Misc.*	*Amuse-ment*	*Lodging*	*Eating & Drinking*	*Repair, Maint.*	*Personal Services*	*Taxable $ Pull Factor*
Town name																		
International Falls	6,170	1.25	0.81		3.17	1.30		1.73	0.56	0.92	2.04	0.96	1.26	1.83	1.68	0.90	0.15	1.21
St Joseph	5,822					0.50						2.24			0.75	1.11	0.22	0.27
Corcoran	5,692				3.19					0.01		2.87	0.80		0.25	1.30	0.46	0.62
Glencoe	5,627	0.60			0.76	1.77		1.10		0.04		1.99	0.54		0.44	1.46	0.20	0.44
Stewartville	5,518	0.29					0.90					3.21			0.32	0.66	0.02	0.22
Falcon Heights	5,438									0.03		27.33			1.11		0.11	1.72
Montevideo	5,324	0.91			1.27			2.16		0.26		3.53	0.65	0.66	0.86	0.66	0.28	0.61
Jordan	5,312					1.01						2.75			0.75	0.29		0.28
St Paul Park	5,271	2.00										0.78			0.16	0.02		0.15
Redwood Falls	5,194	1.30	3.50		0.68	1.33				0.34		8.96	0.58	0.74	0.96	2.91	0.20	0.98
Morris	5,072	0.88		0.71	1.64	1.59			0.19	0.25		3.67	0.29		1.09	3.35	0.26	0.78
Chisholm	4,634					0.73		1.48				0.86			0.59	0.88	1.08	0.22
Luverne	4,459	1.33	0.83		1.24	0.86		1.46			0.89	1.49	0.72	0.95	0.83	1.45	0.14	0.70
Unadjusted Average: *		**1.07**	**	**	**1.71**	**1.13**	**	**1.59**	**	**0.27**	**	**4.66**	**0.69**	**	**0.75**	**1.25**	**0.28**	**0.63**

* Raw averages; not adjusted for special circumstances. For example, in cities with a college student population that is large relative to overall population, these pull factors may understate the relative strength of the retail sector. While college students are counted as part of the city population, in general they spend less than other city residents in many retail categories. Outliers were considered for calculating typical pull factors used in the expected sales formula.

** Too few observations in this population range for a robust average.

Comparison of Pull Factors by Merchandise Category

2006 Index of "Pulling Power"
Towns with Populations between 4,200 & 6,400
(Range: Population of Redwood Falls +/- ~ 20%.)
(13 Cities)

Rankings

Town	*Population*	*Vehicles, Parts*	*Furniture Stores*	*Elec-tronics*	*Building Materials*	*Food*	*Health, Personal*	*Gasoline Stations*	*Apparel*	*Leisure Goods*	*General Merch.*	*Misc.*	*Amuse-ment*	*Lodging*	*Eating & Drinking*	*Repair, Maint.*	*Personal Services*	*Taxable $ Pull Factor*
Town name																		
International Falls	# 1	# 4	# 3		# 2	# 4		# 2	# 1	# 1	# 1	# 11	# 1	# 1	# 1	# 7	# 8	# 2
St Joseph	# 2					# 8						# 8			# 7	# 6	# 5	# 10
Corcoran	# 3				# 1					# 7		# 6	# 2		# 12	# 5	# 2	# 6
Glencoe	# 4	# 7			# 6	# 1		# 5		# 5		# 9	# 6		# 10	# 3	# 7	# 8
Stewartville	# 5	# 8					# 1					# 5			# 11	# 10	# 11	# 12
Falcon Heights	# 6									# 6		# 1			# 2		# 10	# 1
Montevideo	# 7	# 5			# 4			# 1		# 3		# 4	# 4	# 4	# 5	# 9	# 3	# 7
Jordan	# 8					# 5						# 7			# 8	# 11		# 9
St Paul Park	# 9	# 1										# 13			# 13	# 12		# 13
Redwood Falls	# 10	# 3	# 1		# 7	# 3				# 2		# 2	# 5	# 3	# 4	# 2	# 6	# 3
Morris	# 11	# 6		# 1	# 3	# 2			# 2	# 4		# 3	# 7		# 3	# 1	# 4	# 4
Chisholm	# 12					# 7		# 3				# 12			# 9	# 8	# 1	# 11
Luverne	# 13	# 2	# 2		# 5	# 6		# 4			# 2	# 10	# 3	# 2	# 6	# 4	# 9	# 5

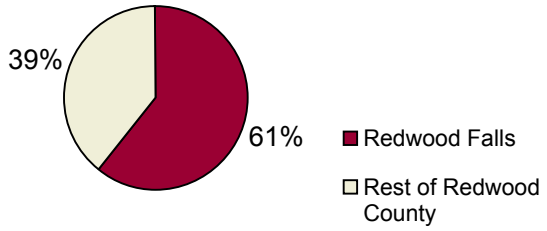
Above are all communities in the population range listed in the title with data available by merchandise category. Adjustments for special circumstances may be necessary for accurate comparisons.

Redwood Falls & Redwood County Comparison, 2006

It is important to review the retail performance for the whole county and not just the town, in isolation. For example, it is common for county seat towns to have above-average retail performance, while the county overall has a leakage of sales. This is usually because the county seat town doesn't have the critical mass of retail to attract the purchases of everyone in the county. By analyzing county data, town business people can develop strategies to recapture some of the sales being lost to other towns. For counties that have a local option sales tax, the analysis of county sales is extremely important, since lost sales are lost tax dollars. A thorough analysis of county sales can help county officials develop more meaningful economic development plans aimed at recapturing the lost sales.

The table below shows retail sales and number of firms by merchandise category for Redwood Falls and Redwood County in 2006. Redwood Falls accounted for 37 percent of the county's firms and 61 percent of the county's sales at the time.

Share of County Sales



Sales by Merchandise Category, Redwood Falls & Redwood County, 2006

	Redwood Falls		Redwood County		City's Share of County Total	
Merchandise Category	**Taxable Sales ($millions)**	**Number of Firms**	**Taxable Sales ($millions)**	**Number of Firms**	**Sales**	**Firms**
Vehicles & Parts	$2.75	8	$3.49	19	78.8%	42.1%
Furniture Stores	$5.83	5	$6.06	8	96.2%	62.5%
Electronics	NA	NA	$0.12	7	NA	NA
Building Materials	$3.81	4	$7.12	15	53.5%	26.7%
Food, Groceries	$3.76	6	$5.07	17	74.1%	35.3%
Health, Personal Stores	NA	NA	NA	NA	NA	NA
Gasoline Stations	NA	NA	$1.97	8	NA	NA
Apparel	NA	NA	$0.05	6	NA	NA
Leisure Goods	$0.47	4	$0.79	10	59.1%	40.0%
General Merchandise	NA	NA	$15.86	5	NA	NA
Miscellaneous Retail	$18.67	47	$4.15	85	449.5%	55.3%
Non-Store Retailers	$0.02	4	$0.07	12	31.5%	33.3%
Amusement & Recreation	$0.79	4	$1.32	11	59.9%	36.4%
Accomodations	$1.18	5	$12.95	7	9.1%	71.4%
Eating & Drinking Places	$6.13	14	$9.06	35	67.7%	40.0%
Repair, Maintenance	$3.07	19	$4.74	75	64.8%	25.3%
Personal Service, Laundry	$0.16	9	$0.64	31	25.2%	29.0%
Total Sales*	$48.95	166	$80.74	445	60.6%	37.3%

Redwood County Retail Trade Overview

Total Taxable and Gross Retail Sales

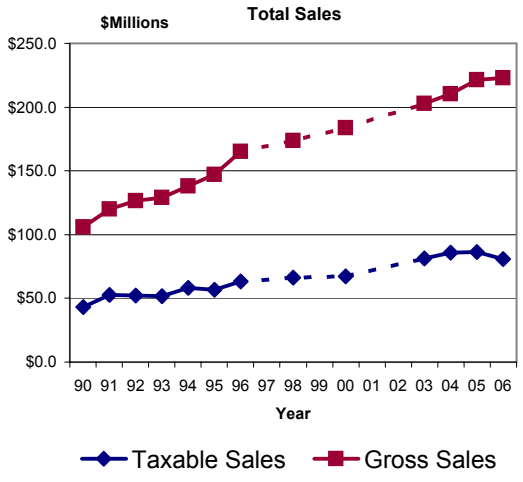
The table below presents gross and taxable retail and services sales for Redwood County from 1990 through 2006. Taxable sales in Redwood County increased 27.6 percent from 1996 to 2006, while the number of firms fell 11.6 percent. Statewide, taxable sales increased 59.4 percent over the same time period and the number of firms rose 7.9 percent. The per capita sales and pull factor data in this table are based on taxable sales, the more verified sales measure.

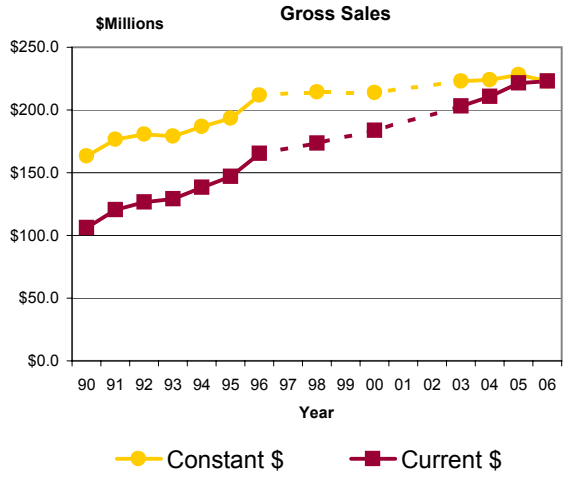
The table also presents sales data in constant 2006 dollars. These figures have been adjusted for inflation to reflect their value in 2006. For example, in 1990, taxable sales in Redwood County totaled $43.03 million, an amount worth $66.2 million in 2006 dollars. In constant dollars, gross sales grew 5.2 percent between 1996 and 2006. Constant dollar taxable sales decreased 0.5 percent over the same time perioc

		Current Dollars		Constant 2006 Dollars				
Year	Estimated Population	Gross Sales* ($millions)	Taxable Sales ($millions)	Gross Sales* ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Sales	Pull Factor
1990	17,254	$106.08	$43.03	$163.20	$66.20	531	$2,494	0.57
1991	17,202	$120.21	$52.95	$176.78	$77.87	553	$3,078	0.70
1992	17,190	$126.45	$51.99	$180.65	$74.28	553	$3,025	0.62
1993	17,226	$128.90	$51.71	$179.03	$71.81	529	$3,002	0.60
1994	17,097	$138.03	$58.09	$186.53	$78.50	508	$3,398	0.62
1995	16,882	$146.91	$56.92	$193.30	$74.89	476	$3,372	0.59
1996	16,837	$165.08	$63.28	$211.64	$81.13	501	$3,758	0.56
1997	16,623	NA	NA	NA	NA	NA	NA	NA
1998	16,504	$173.69	$66.11	$214.43	$81.62	474	$4,006	0.58
1999	16,421	NA	NA	NA	NA	NA	NA	NA
2000	16,815	$183.92	$67.47	$213.87	$78.45	458	$4,012	0.53
2001	16,553	NA	NA	NA	NA	NA	NA	NA
2002	16,275	NA	NA	NA	NA	NA	NA	NA
2003	16,231	$202.81	$81.23	$222.87	$89.27	450	$5,005	0.56
2004	16,201	$210.49	$85.76	$223.93	$91.24	442	$5,294	0.57
2005	16,022	$221.24	$86.32	$228.08	$88.99	445	$5,387	0.57
2006	15,791	$222.74	$80.74	$222.74	$80.74	443	$5,113	0.53
10 yr Change '96 to '06	-6.2%	34.9%	27.6%	5.2%	-0.5%	-11.6%	36.0%	-5.2%
3 yr Change '03 to '06	-2.7%	9.8%	-0.6%	-0.1%	-9.6%	-1.6%	2.2%	-5.1%

*Gross sales figures are self-reported by firms and not audited by the Dept. of Revenue for accuracy.

Redwood County: Total Retail Sales



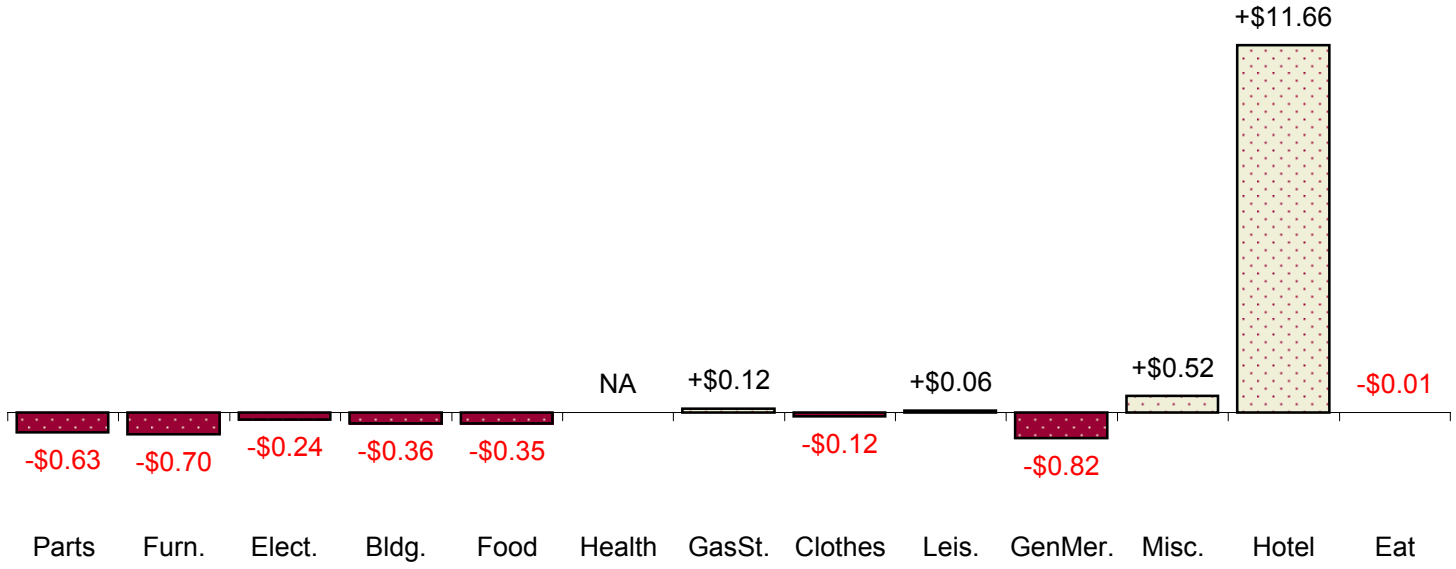


Redwood County
Components of Change, 2003 to 2006

Category	Taxable Sales 2003	Taxable Sales 2005	Dollar Change	Percent Change
Vehicles & Parts	$4,124,647	$3,491,058	-$633,589	-15.36%
Furniture Stores	$6,760,034	$6,056,437	-$703,597	-10.41%
Electronics	$359,542	$124,199	-$235,343	-65.46%
Building Materials	$7,477,596	$7,122,527	-$355,069	-4.75%
Food, Groceries	$5,419,846	$5,072,094	-$347,752	-6.42%
Health, Personal Stores	NA	NA	NA	NA
Gasoline Stations	$1,848,601	$1,965,010	+$116,409	+6.30%
Apparel	$174,518	$49,571	-$124,947	-71.60%
Leisure Goods	$736,314	$792,957	+$56,643	+7.69%
General Merchandise Stores	$16,681,673	$15,863,274	-$818,399	-4.91%
Miscellaneous Retail	$3,634,768	$4,153,216	+$518,448	+14.26%
Accomodations	$1,285,484	$12,946,954	+$11,661,470	+907.17%
Eating & Drinking Places	$9,072,803	$9,061,800	-$11,003	-0.12%
Total Retail and Services Sales	$81,234,125	$80,736,480	-$497,645	-0.61%

Figures not adjusted for inflation.

Dollar Changes by Category (in Millions)
2003 - 2006



Pull Factors By Merchandise Category
Redwood County

The following tables and charts depict pull factors in Redwood County from 1990 to 2000* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

Category Descriptions

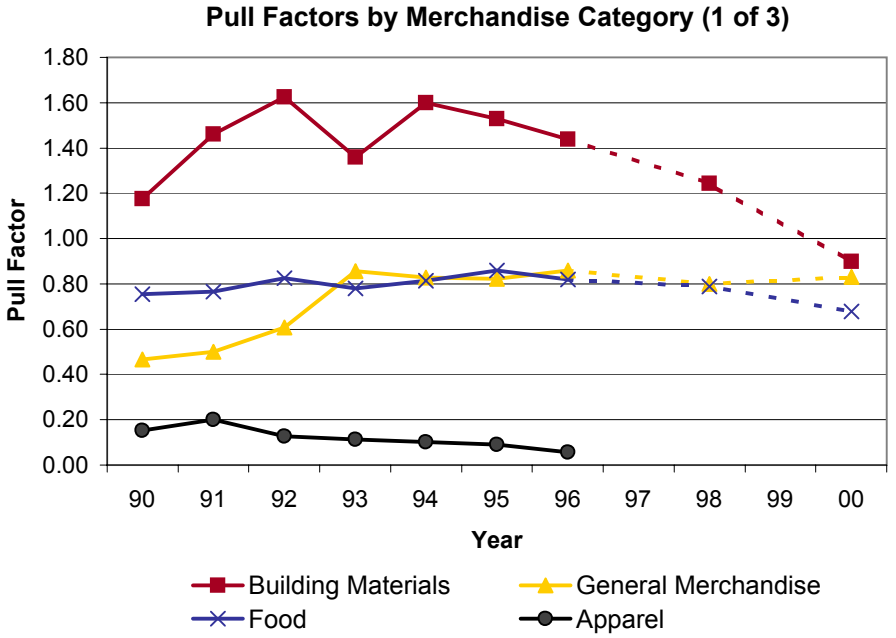
Building Materials: Includes retail establishments primarily engaged in selling lumber and other building materials; paint, glass, and wallpaper; hardware; nursery stock; and lawn and garden supplies.

General Merchandise: Includes retail stores which sell a number of lines of merchandise, such as dry goods, apparel and accessories, furniture and home furnishings, small wares, hardware, and food. The stores included in this group are known as department stores, variety stores, general merchandise stores, catalog showrooms, warehouse clubs, and general stores.

Food: This group is comprised of retail stores primarily engaged in selling food for home preparation and consumption.

Apparel: Retail stores primarily engaged in selling clothing of all kinds and related articles for personal wear and adornment. Not included are establishments which meet the criteria for Department Stores even though most of their receipts are from the sale of apparel and apparel accessories.

*Due to a change in how firms are categorized beginning with fiscal year 2003, only data through fiscal year 2000 are presented in this section.



Pull Factors by Merchandise Category
Redwood County, 1990-2000

Year	Building Materials	General Merchandise	Food	Apparel
1990	1.18	0.47	0.75	0.15
1991	1.46	0.50	0.77	0.20
1992	1.62	0.61	0.83	0.13
1993	1.36	0.86	0.78	0.11
1994	1.60	0.83	0.81	0.10
1995	1.53	0.82	0.86	0.09
1996	1.44	0.86	0.82	0.06
1997	NA	NA	NA	NA
1998	1.24	0.80	0.79	NA
1999	NA	NA	NA	NA
2000	0.90	0.83	0.68	NA
% Change, '90 to '00	-23.72%	78.78%	-10.16%	NA
% Change, '98 to '00	-27.80%	3.98%	-14.09%	NA

These pull factors are calculated using taxable sales. Although taxable sales do not capture the full extent of sales in stores with a large number of un-taxed goods, like grocery and apparel stores, these data are audited by the Minnesota Department of Revenue. Since sales tax laws apply statewide, all cities are compared on the same basis.

Pull Factors By Merchandise Category
Redwood County

The following tables and charts depict pull factors in Redwood County from 1990 to 2000* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

Category Descriptions

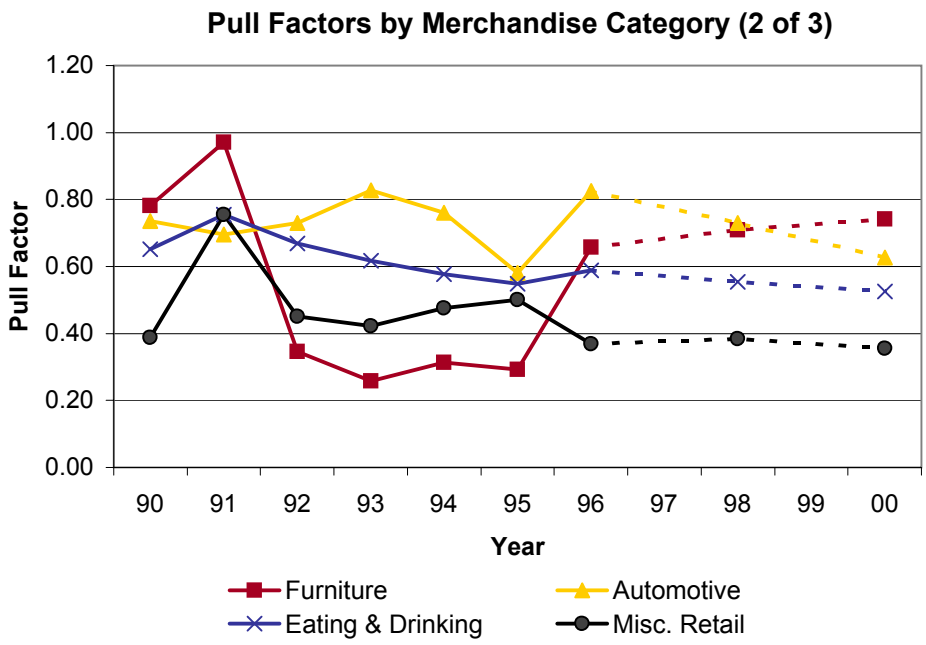
Furniture: This group includes retail stores selling goods used for furnishing the home such as furniture, floor coverings, draperies, glass and chinaware, domestic stoves, refrigerators and other household electric and gas appliances.

Automotive: Establishments selling new and used automobiles, boats, recreational vehicles and utility trailers, and motorcycles and mopeds; dealers selling new automobile parts and accessories; and gasoline service stations.

Eating & Drinking: This major group includes retail establishments engaged in selling prepared food and drinks for consumption on the premises. Also included are caterers which serve prepared food other than at the place of business and lunch counters and refreshment stands selling prepared foods and drinks for immediate consumption.

Miscellaneous Retail: This category includes retail establishments not elsewhere classified. These establishments fall into the following categories: liquor stores; used merchandise stores; miscellaneous shopping goods stores; nonstore retailers, fuel dealers, florists, cigar stores and stands, news dealers and newsstands, and miscellaneous retail stores not elsewhere classified.

*Due to a change in how firms are categorized beginning with fiscal year 2003, only data through fiscal year 2000 are presented in this section.



Pull Factors by Merchandise Category
Redwood County, 1990-2000

Year	Furniture	Automotive	Eating & Drinking	Misc. Retail
1990	0.78	0.74	0.65	0.39
1991	0.97	0.70	0.75	0.76
1992	0.35	0.73	0.67	0.45
1993	0.26	0.83	0.62	0.42
1994	0.31	0.76	0.58	0.48
1995	0.29	0.58	0.55	0.50
1996	0.66	0.83	0.59	0.37
1997	NA	NA	NA	NA
1998	0.71	0.73	0.55	0.38
1999	NA	NA	NA	NA
2000	0.74	0.63	0.53	0.36
% Change, '90 to '00	-5.17%	-14.88%	-19.46%	-8.13%
% Change, '98 to '00	4.60%	-14.19%	-5.03%	-7.26%

These pull factors are calculated using taxable sales. Although taxable sales do not capture the full extent of sales in stores with a large number of un-taxed goods, like grocery and apparel stores, these data are audited by the Minnesota Department of Revenue. Since sales tax laws apply statewide, all cities are compared on the same basis.

Pull Factors By Merchandise Category
Redwood County

The following tables and charts depict pull factors in Redwood County from 1990 to 2000* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

Category Descriptions

Lodging: Includes establishments engaged in providing lodging, or lodging and meals, and camping facilities.

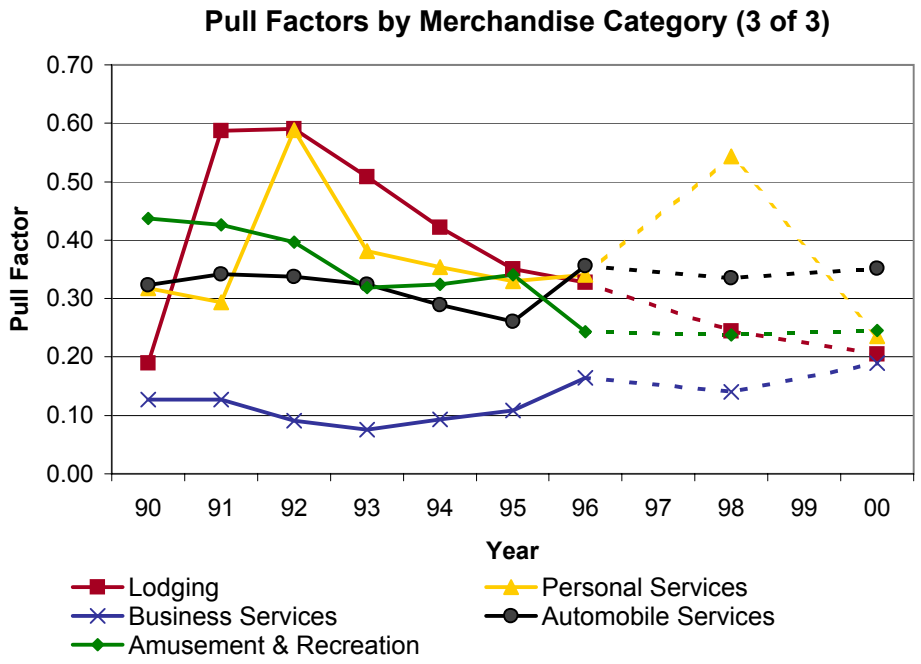
Personal Services: includes establishments primarily engaged in providing services generally to individuals such as barber and beauty shops, drycleaning plants, laundries, and photographic studios.

Business Services: Includes establishments primarily engaged in providing services, not elsewhere classified, to business establishments on a contract or fee basis.

Automobile Services: Includes establishments primarily engaged in furnishing automotive repair, rental, leasing, parking, and other services.

Amusement and Recreation: This group includes establishments primarily engaged in providing amusement, recreation, or entertainment services, not elsewhere classified.

*Due to a change in how firms are categorized beginning with fiscal year 2003, only data through fiscal year 2000 are presented in this section.



Pull Factors by Merchandise Category
Redwood County, 1990-2000

Year	Lodging	Personal Services	Business Services	Automobile Services	Amusement & Recreation
1990	0.19	0.32	0.13	0.32	0.44
1991	0.59	0.29	0.13	0.34	0.43
1992	0.59	0.59	0.09	0.34	0.40
1993	0.51	0.38	0.08	0.32	0.32
1994	0.42	0.35	0.09	0.29	0.32
1995	0.35	0.33	0.11	0.26	0.34
1996	0.33	0.34	0.16	0.36	0.24
1997	NA	NA	NA	NA	NA
1998	0.24	0.54	0.14	0.34	0.24
1999	NA	NA	NA	NA	NA
2000	0.21	0.24	0.19	0.35	0.25
% Change, '90 to '00	8.09%	-25.80%	49.11%	8.68%	-43.86%
% Change, '98 to '00	-15.85%	-56.59%	34.54%	4.98%	3.40%

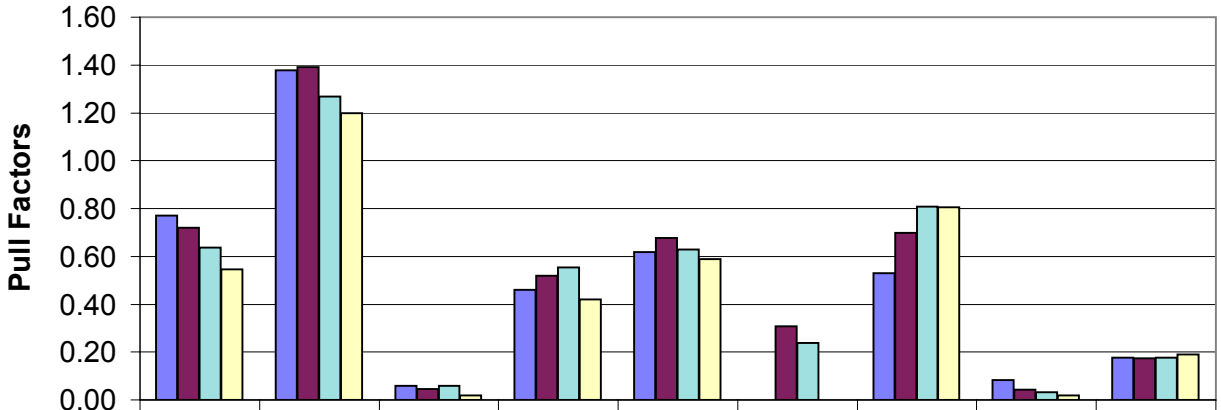
These pull factors are calculated using taxable sales. Although taxable sales do not capture the full extent of sales in stores with a large number of un-taxed goods, like grocery and apparel stores, these data are audited by the Minnesota Department of Revenue. Since sales tax laws apply statewide, all cities are compared on the same basis.

Pull Factors By Merchandise Category

Redwood County

The following tables and charts depict pull factors in Redwood Falls from 2003 to 2006* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

Pull Factor by NAICS Merchandise Category (1 of 2)



	Vehicles & Parts	Furniture	Elec-tronics	Building Materials	Food	Health & Personal	Gas Stations	Apparel	Leisure Goods
2003	0.77	1.38	0.06	0.46	0.62	0.00	0.53	0.08	0.18
2004	0.72	1.39	0.04	0.52	0.68	0.31	0.70	0.04	0.17
2005	0.64	1.27	0.06	0.55	0.63	0.24	0.81	0.03	0.18
2006	0.54	1.20	0.02	0.42	0.59		0.81	0.02	0.19

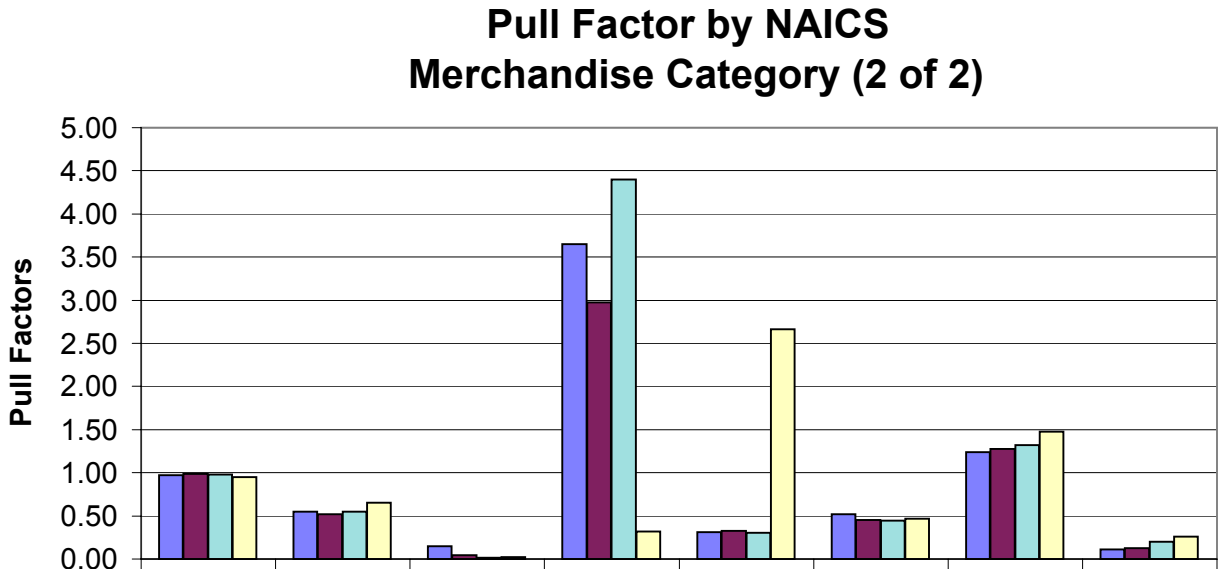
NAICS Category Descriptions

Motor Vehicles & Parts: Establishments that sell new & used autos, boats, motorcycles, golf carts, RV's, campers, trailers, tires, and parts.
Furniture: Stores that sell furniture, beds, carpeting, window coverings, lamps, china, kitchenware, & woodburning stoves.
Electronics: Establishments primarily engaged in retailing household-type appliances, sewing machines, cameras, computers, and other electronic goods.
Building Materials: Establishments that sell lumber, hardware, paint, wallpaper, tile, hardwood floors, roofing, fencing, ceiling fans, lawn equipment, garden centers, and feed stores.
Food: Grocery stores, deli's, bakery, & butcher shops that sell food to be prepared at home. Liquor stores.
Health & Personal: Pharmacies, food supplements, vision supplies, cosmetics, & hearing aid stores.
Gas Stations: Retailers that sell fuel along with convenience store items.
Apparel: New clothing and accessories, jewelry, shoes, bridal shops, clock shops, and luggage stores.
Leisure Goods: Sporting goods, books, music, hobby stores, fabric shops, and toy stores.

*Caution should be used when comparing pull factors before 2003 to those in later years due to the switch from SIC to NAICS.

Recent Trends By Merchandise Category
Redwood County

The following tables and charts depict pull factors in Redwood Falls from 2003 to 2006* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.



	Gen. Merch.	Misc. Store	Non-Store Retail	Amuse-ment	Lodging	Eating & Drinking	Repair	Personal Services
2003	0.98	0.55	0.15	3.65	0.31	0.52	1.24	0.11
2004	0.99	0.52	0.05	2.98	0.32	0.45	1.27	0.13
2005	0.98	0.55	0.02	4.40	0.30	0.45	1.32	0.20
2006	0.95	0.66	0.02	0.32	2.66	0.47	1.48	0.26

NAICS Category Descriptions

General Merchandise: Establishments that sell a mixed line of goods. Examples are department stores, supercenters, and dollar stores.

Miscellaneous Store Retailers: Stores not covered in other categories such as florists, office supplies, pets, antiques, tobacco, art, used merchandise, and trophies.

Non-Store Retail: Retailers that do not use stores. This includes mail order, internet selling, bazaars, vending machines, fuel oil dealers, firewood dealers, door-to-door sales, and produce stands.

Amusement: Establishments such as golf courses, bowling lanes, marinas, amusement parks, water parks, shooting ranges, pool halls, horseback riding, ballrooms, health club facilities, ski hills, and casinos.

Lodging: Seasonal resorts, hotels, boarding houses, bed & breakfast, campgrounds, RV parks.

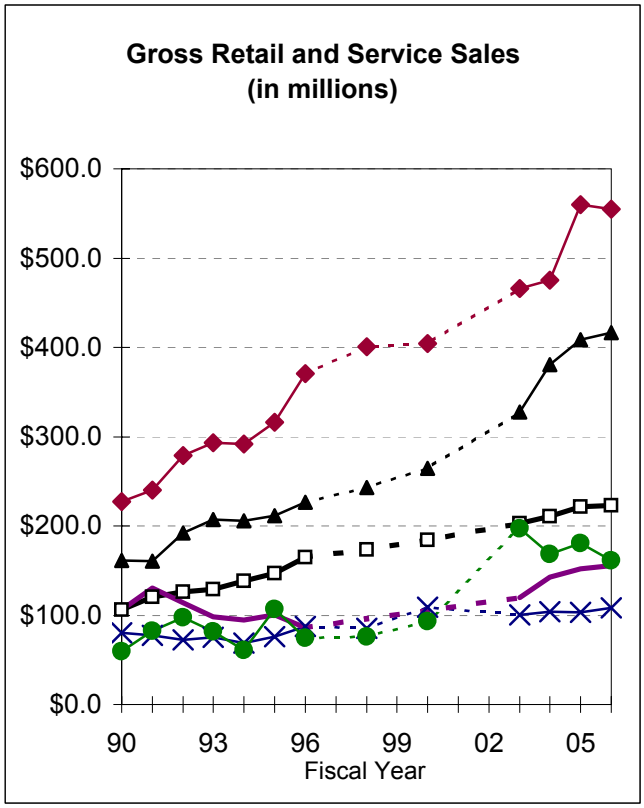
Eating & Drinking: Restaurants, donut shops, coffee house, cafeteria, caterers, taverns, and nightclubs,

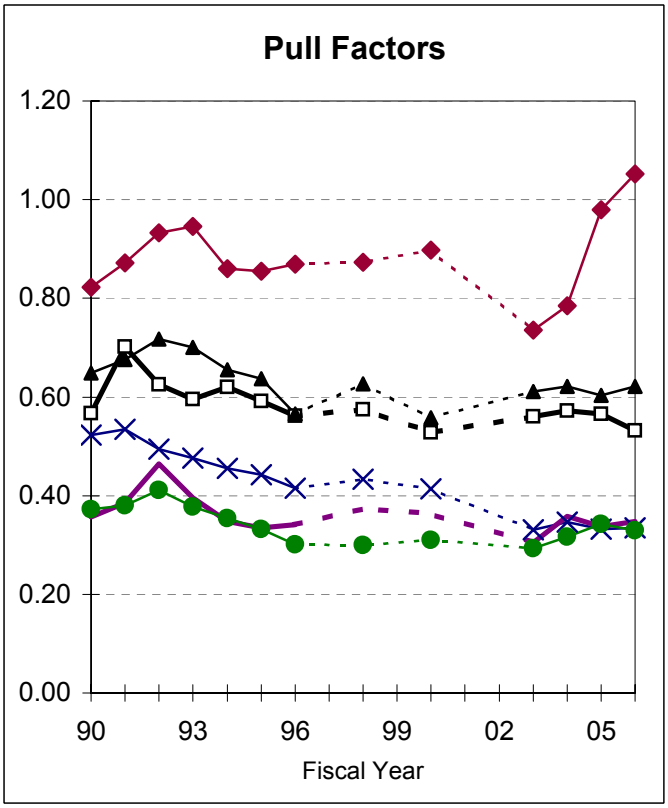
Repair: Businesses that return equipment to working order. Examples: cars, lawnmowers, small engines, knives, shoes, computers, furniture, and appliances.

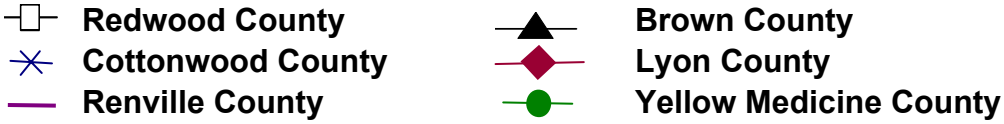
Personal Services: Barbers, beauty salons, tanning facilities, funeral homes, laundromats, dry cleaners, pet groomers, kennels, and photo finishing.

*Caution should be used when comparing pull factors before 2003 to those in later years due to the switch from SIC to NAICS.

Comparison with Neighboring Counties
Redwood County







Comparison with Neighboring Counties, 2006

Town	Population	Gross Sales ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Redwood County	15,791	$222.74	$80.74	443	$5,113	0.53
Brown County	26,361	$416.24	$157.38	656	$5,970	0.62
Cottonwood County	11,659	$108.22	$37.53	310	$3,219	0.34
Lyon County	24,640	$555.07	$249.04	670	$10,107	1.05
Renville County	16,531	$155.69	$55.20	412	$3,339	0.35
Yellow Medicine County	10,430	$161.58	$32.98	273	$3,162	0.33

Trade Area Analysis of Retail Sales

Redwood County

The following tables provide information on retail sales by merchandise category. "Potential sales" is a standard to which actual performance is compared. In calculating potential sales, population and income characteristics are taken into account. Potential sales can be used as a guideline or "par value" in analyzing retail strength.

Deviations from these norms can be analyzed to first judge whether they should be considered relevant. If the differences appear to be significant (whether in dollar amounts or relatively with percentages), additional consideration is merited. Categories with undesirable performance may be further examined for potential corrective action. It is also important to determine whether or not the situation is relatively uncontrollable due to external or extenuating circumstances. In cases of favorable differences from expectations, the positive aspects should be identified and built upon.

Trade Area Analysis by Merchandise Category, 2006

			Variance Between Actual & Potential				
Merchandise Group	Expected Sales ($millions)	Actual Sales ($millions)	In Dollars (millions)	As % of Expected	Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
Vehicles & Parts	$4.46	$3.49	-$0.97	-21.7%	-3,432	19	4.3%
Furniture Stores	$3.94	$6.06	+$2.11	+53.6%	8,461	8	7.5%
Electronics	$4.76	$0.12	-$4.64	-97.4%	-15,379	7	0.2%
Building Materials	$13.52	$7.12	-$6.40	-47.3%	-7,472	15	8.8%
Food, Groceries	$6.69	$5.07	-$1.62	-24.2%	-3,817	17	6.3%
Health, Personal Stores	$1.25	NA	NA	NA	NA	NA	NA
Gasoline Stations	$2.48	$1.97	-$0.51	-20.6%	-3,258	8	2.4%
Apparel	$1.99	$0.05	-$1.94	-97.5%	-15,398	6	0.1%
Leisure Goods	$3.18	$0.79	-$2.39	-75.1%	-11,856	10	1.0%
General Merchandise Stores	$12.82	$15.86	+$3.04	+23.7%	3,748	5	19.6%
Miscellaneous Retail	$5.51	$4.15	-$1.36	-24.7%	-3,895	85	5.1%
Amusement & Recreation	$2.40	$1.32	-$1.08	-44.9%	-7,093	11	1.6%
Accomodations	$3.43	$12.95	+$9.52	+277.4%	43,796	7	16.0%
Eating & Drinking Places	$14.73	$9.06	-$5.67	-38.5%	-6,076	35	11.2%
Repair, Maintenance	$2.44	$4.74	+$2.31	+94.6%	14,934	75	5.9%
Personal Services, Laundry	$1.74	$0.64	-$1.10	-63.2%	-9,974	31	0.8%
Total Taxable Retail & Service	$116.82	$80.74	-$36.08	-30.9%	-4,948	443	100.0%

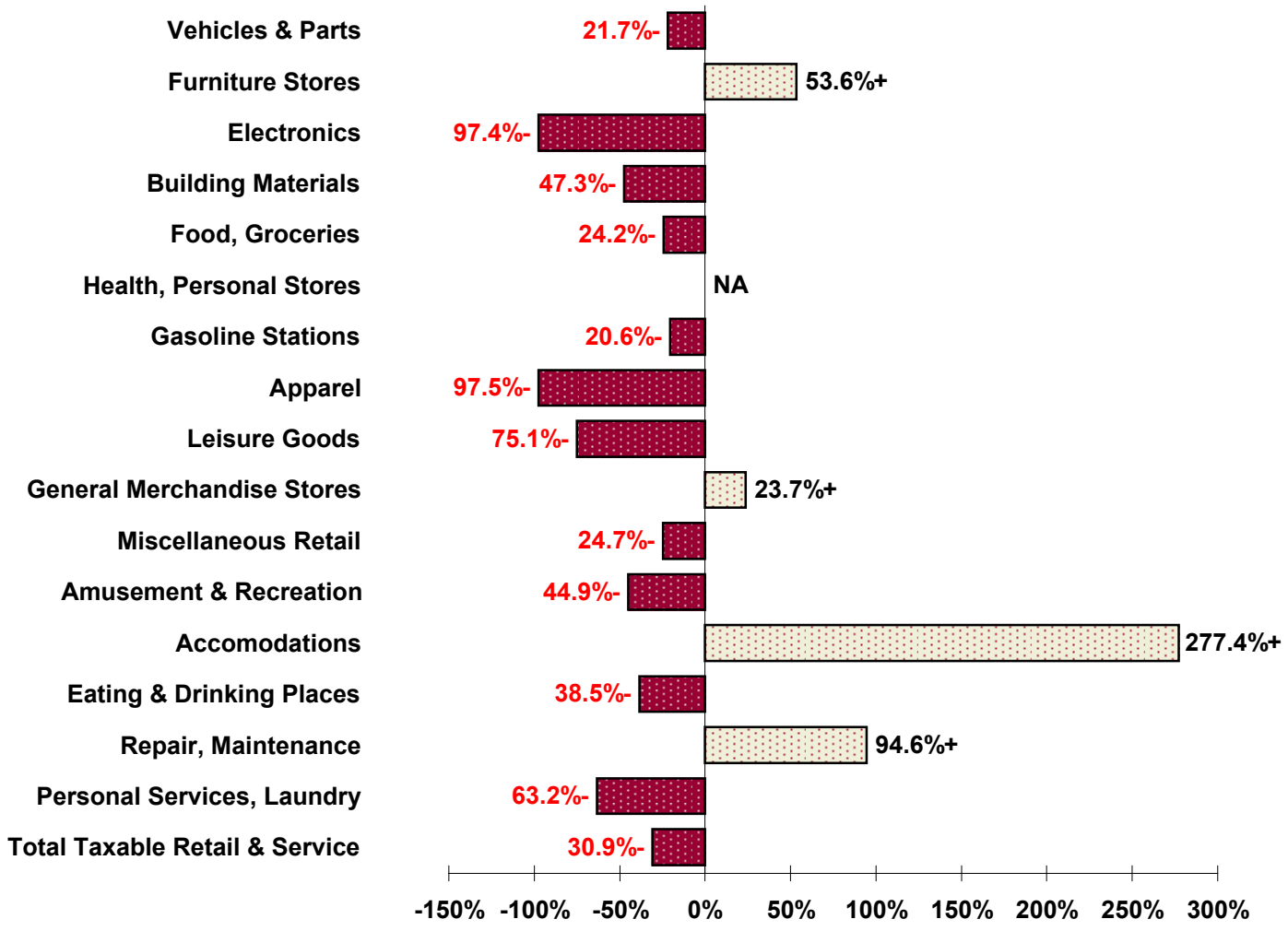
*All retail and service categories are included in Total Sales, including some categories not shown. Therefore, the merchandise groups shown here generally will not sum to Total Sales.

Summary of Redwood County Retail Trade

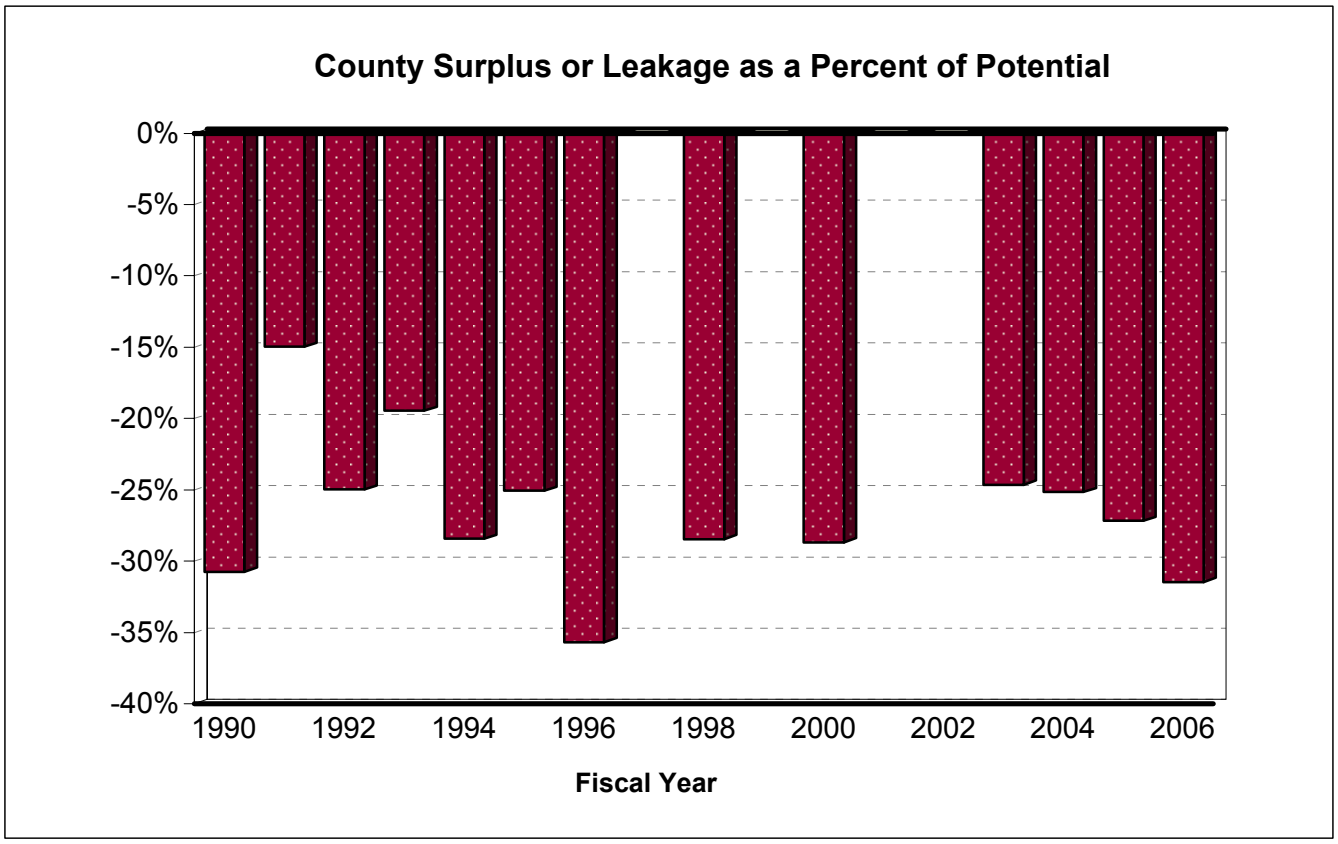
The chart below depicts the percentage amount Redwood County's acutal sales were above or below potential sales in 2006 by merchandise group. Of the 15 merchandise categories with reported data, sales in 4 of the categories were above what would be expected based on the county's population and income characteristics as well as statewide spending patterns. The strongest merchandise group by this standard is the Accomodations category, which has a 277.4 percent surplus. Overall, Redwood County had a retail sales leakage of 30.9 percent.

It is important to note that variations in a county's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers, management, marketing, and transportation patterns are just a few factors that can cause the retail sales of a particular county to deviate substantially from potential sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects.

Percentage Above or Below Potential Sales, 2006



Redwood County Retail Trade Surplus or Leakage



Fiscal Year	Population Estimate	Index of Income	Potential Sales (in millions)	Actual Sales (in millions)	Surplus or Leakage (in millions)	Surplus or Leakage as % of Potential	Trade Area Population Gain or Loss
1990	17,254	0.82	$62.1	$43.0	-$19.1	-30.7%	-5,304
1991	17,202	0.83	$62.3	$53.0	-$9.3	-15.0%	-2,577
1992	17,190	0.83	$69.3	$52.0	-$17.3	-25.0%	-4,294
1993	17,226	0.74	$64.2	$51.7	-$12.5	-19.5%	-3,354
1994	17,097	0.87	$81.2	$58.1	-$23.1	-28.4%	-4,862
1995	16,882	0.79	$76.0	$56.9	-$19.1	-25.1%	-4,234
1996	16,837	0.87	$98.4	$63.3	-$35.1	-35.7%	-6,009
1997	16,623	0.84	NA	NA	NA	NA	NA
1998	16,504	0.80	$92.4	$66.1	-$26.3	-28.4%	-4,695
1999	16,421	0.78	NA	NA	NA	NA	NA
2000	16,815	0.74	$94.6	$67.5	-$27.1	-28.7%	-4,824
2001	16,553	0.72	NA	NA	NA	NA	NA
2002	16,275	0.74	NA	NA	NA	NA	NA
2003	16,231	0.74	$107.8	$81.2	-$26.6	-24.7%	-4,001
2004	16,201	0.76	$114.6	$85.8	-$28.8	-25.2%	-4,078
2005	16,022	0.78	$118.5	$86.3	-$32.2	-27.2%	-4,354
2006	15,791	0.78	$117.8	$80.7	-$37.1	-31.5%	-4,968

Income, 2004

Total Personal Income is derived from the Bureau of Economic Analysis data. Median household income and income distribution data are obtained from the 2004 Census estimates. Median household income represents the midpoint of income for all households in the town. The index of income measures the county's per capita income relative to the state. For example, an index number of 110 indicates the county's per capita income is 10 percent above the state average (which was $36,162 in 2004).

	Total Personal Income ($000)	Median Household Income	Index of Income
Redwood County	$448,441	$40,920	76.7
Brown County	$787,090	$44,423	81.7
Cottonwood County	$350,681	$38,299	81.0
Lyon County	$739,672	$42,830	83.2
Renville County	$443,511	$41,631	73.6
Yellow Medicine County	$291,915	$39,279	76.5
State	$184,571,393	$51,202	100.0

Income Distribution by Household, 2000

	Less than $20,000	$20,000 to $39,999	$40,000 to $59,999	$60,000 and over
Redwood County	22.9%	30.5%	21.9%	24.6%
Brown County	21.8%	28.4%	23.7%	26.1%
Cottonwood County	27.1%	34.2%	21.8%	16.9%
Lyon County	24.2%	26.9%	23.7%	25.2%
Renville County	21.2%	31.7%	25.6%	21.6%
Yellow Medicine County	26.9%	31.6%	21.7%	19.8%
State	17.6%	24.2%	21.3%	36.8%

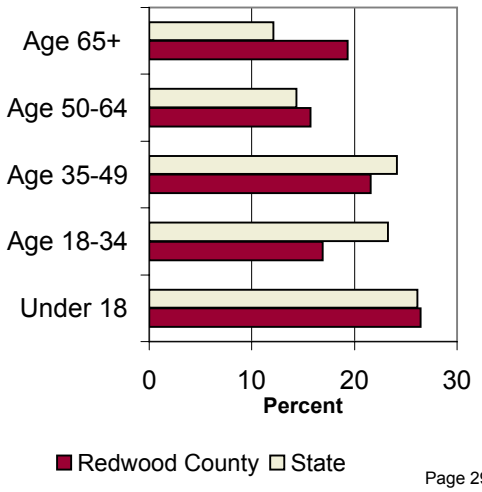
Relative to the state, Redwood County has more low-income households (earning less than $20,000 annually) and fewer higher-income households (earning more than $60,000 annually).

Population

In 2000, Redwood County had 6,704 households and an average of 2.51 persons per household. There were 1.9 million households statewide with an average of 2.59 persons per household. Compared to the state, Redwood County had a higher proportion of young people (under 18) and a higher proportion of older people (age 65 +).

Age Distribution of Population, 2000

	Redwood County	%	State	%
Total	16,815		4,919,479	
Under 18	4,451	26.5	1,286,894	26.2
Age 18-34	2,846	16.9	1,143,572	23.2
Age 35-49	3,626	21.6	1,188,429	24.2
Age 50-64	2,644	15.7	706,318	14.4
Age 65+	3,248	19.3	594,266	12.1



State of Minnesota Per Capita Taxable Retail Sales & Threshold Levels for Selected Goods and Services

2006

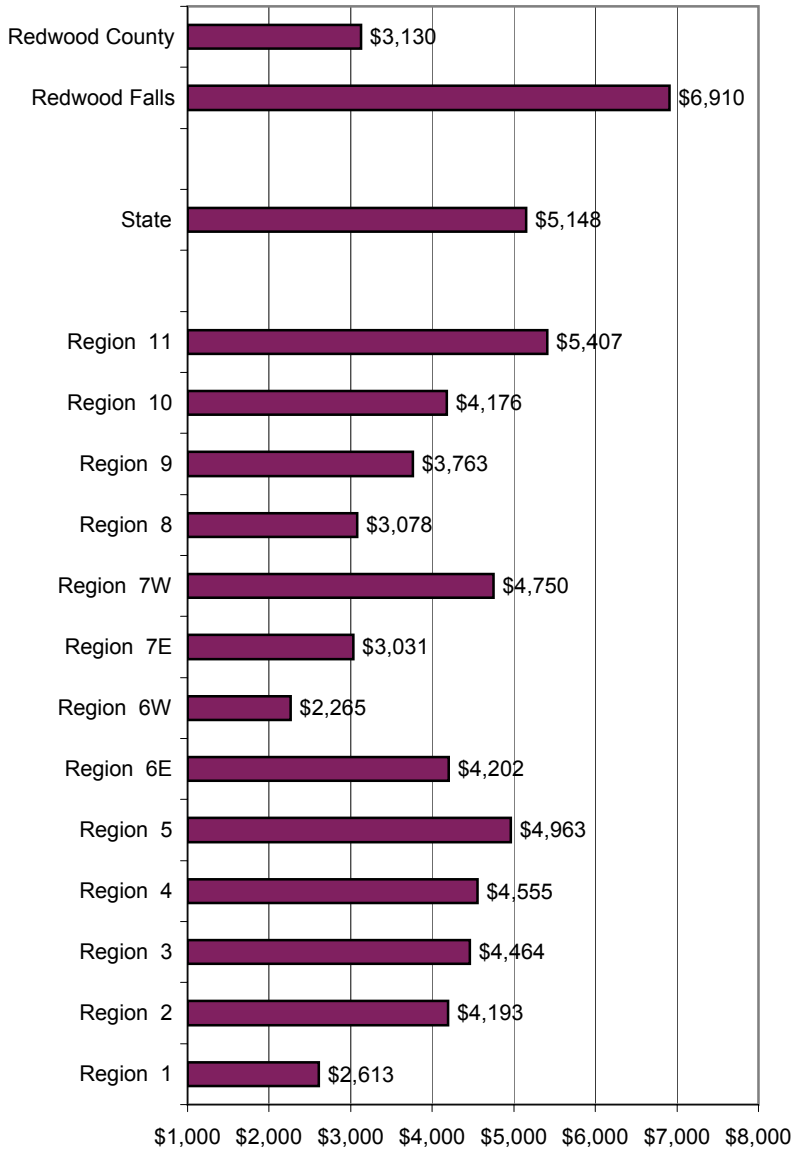
Threshold level refers to the number of *people per business* , which can be used as a general guide for determining the "critical mass" necessary to support a business. These are broad averages for the state as a whole and do not reflect differences in income, tourism, agglomeration, establishment, etc. Further, the business counts are based on the number of sales tax returns filed and are converted to "full time equivalents." Multiplying *people per business* by *sales per capita* yields average sales per firm. In addition to state averages, averages for the non-metropolitan regions were calculated by excluding the seven county Minneapolis-St. Paul metropolitan region.

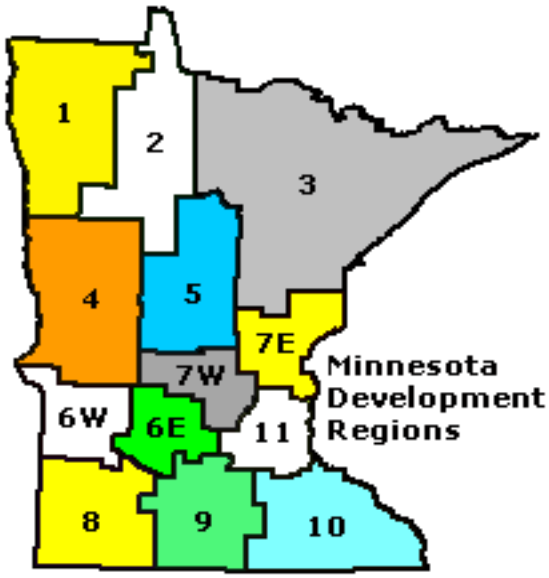
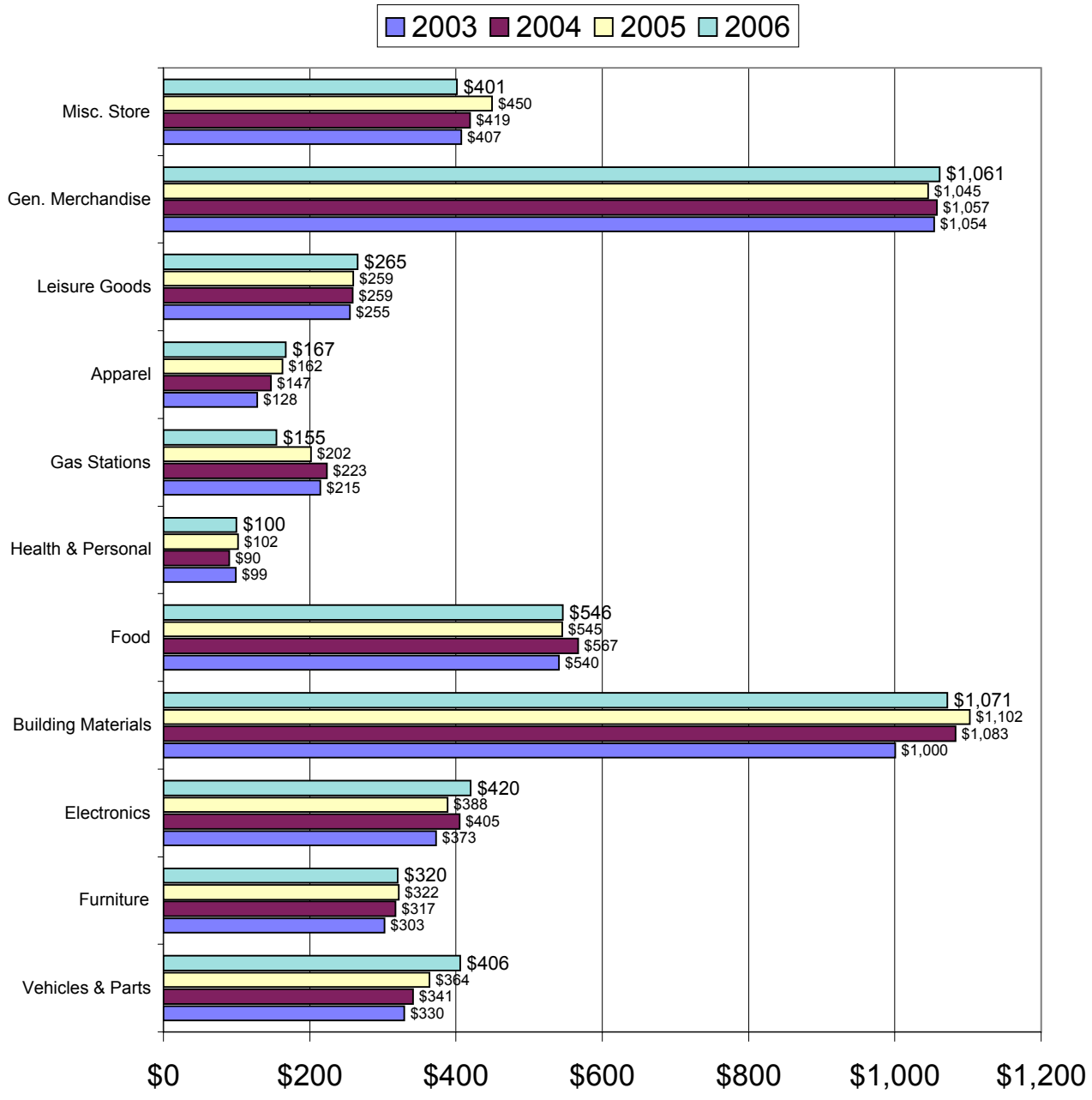
Business Activity / Store Type	*People Per Business*		*Sales Per Capita*		
	State	Non-Metro	State	Non-Metro	Redwood Falls
RETAIL TRADE					
441 Vehicles, Parts	1,692	1,336	$405.69	$371.79	$529.31
442 Furniture Stores	1,928	2,233	$320.24	$202.94	$1,121.65
443 Electronics	2,419	3,243	$420.00	$191.39	NA
444 Building Materials	1,943	1,514	$1,071.46	$980.91	$733.75
445 Food and Beverage Stores	1,343	1,197	$546.18	$469.23	$723.99
446 Health, Personal Stores	3,728	4,226	$99.93	$50.99	NA
447 Gasoline Stations	2,326	1,797	$154.51	$174.66	NA
448 Clothing & Accessory Stores	1,322	1,757	$166.99	$102.89	NA
451 Leisure Goods	1,122	1,105	$265.39	$166.51	$90.19
452 General Merchandise	4,295	3,514	$1,061.39	$1,019.25	NA
453 Miscellaneous Merchandise	283	275	$401.33	$291.19	$3,593.91
454 Non-store Retail	976	1,110	$235.37	$76.19	$4.38
Retail Total			$5,148.47	$4,097.94	$6,797.18
INFORMATION					
511 Publishing Industry	10,112	38,712	$26.09	$2.35	
452 Movie & Recording Industry	15,197	70,593	$18.84	$8.48	
515 Broadcasting	33,122	80,005	$147.90	$3.24	
517 Telecommunications	6,100	11,010	$633.87	$450.26	
518 Internet Service	6,022	34,785	$66.87	$1.32	
519 Other Information Services	2,775	3,941	$218.01	$58.05	
FINANCE AND INSURANCE		NA			
522 Credit Intermediation	5,767	8,001	$51.15	$6.05	
523 Securities, Commodities	26,096	218,195	$2.18	$0.08	
524 Insurance Carriers	8,375	24,744	$2.33	$0.35	
525 Funds, Trusts	135,976	NA	$6.21	NA	
REAL ESTATE AND RENTAL AND LEASING					
531 Real Estate	2,817	5,543	$26.71	$14.42	
532 Rental, Leasing Services	2,428	3,609	$320.78	$83.23	
533 Lessors Nonfinancial Assets	397,469	NA	$1.40	NA	
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES					
541 Prof, Scientific, Technical Services	489	888	$237.92	$65.39	
551 Mgmt Of Companies	22,466	171,439	$15.77	$0.83	
ADMINISTRATIVE & SUPPORT; WASTE MGMT & REMEDIATION SVCS					
561 Admin, Support Services	507	602	$14.64	$117.73	
562 Waste Mgmt, Remediation	15,899	21,820	$10.51	$0.33	
EDUCATIONAL SVCS; HEALTH & SOCIAL ASSISTANCE					
611 Educational Services	5,310	6,957	$14.64	$13.12	
621 Health -Ambulatory Care	1,584	1,956	$10.51	$8.08	
622 Health -Hospitals	38,275	120,008	$13.18	$6.62	
623 Health -Nursing,Home Care	13,562	15,001	$1.53	$1.16	
624 Health -Social Assistance	14,041	28,237	$2.59	$2.25	
ARTS, ENTERTAINMENT & RECREATION					
711 Performing Art, Spectator Sports	5,377	11,321	$46.21	$3.30	
712 Museums, Historical Sites	36,134	114,293	$3.38	$0.33	
713 Amusement, Gambling, Recr	2,369	1,982	$263.19	$139.47	
ACCOMODATION & FOOD SERVICES					
721 Accomodation	2,094	1,192	$307.82	$277.88	$250.51
722 Food Services, Drinking Places	472	449	$1,230.66	$885.37	$1,110.02
OTHER SERVICES					
811 Repair, Maintenance	588	439	$203.49	$196.30	
812 Personal, Laundry Service	665	579	$157.78	$48.94	
TOTAL RETAIL AND SERVICES			$9,461.51	$6,551.23	

Compare the Community to the Region
Redwood Falls and Redwood County

On other pages of this report we compared communities using a combination of retail sectors and service sectors. The information on this page only includes businesses in Retail Trade and does not include service sectors. The retail trade sectors include the following: building materials, motor vehicles & parts, apparel, food stores, electronics, convenience stores, leisure goods, health stores, furniture, general merchandise, non-store retail, and miscellaneous stores.

Retail Sales per capita





Minnesota Taxable Sales per Capita Trend