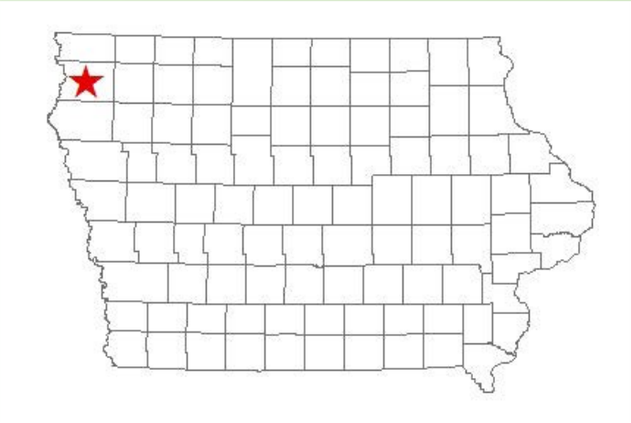
Retail Trade Analysis Report
Fiscal Year 2016

Sioux Center



Iowa State University
Department of Economics

ITEMS EXCLUDED FROM SALES

Prescription Drugs
Medical Devices
Gasoline
Vehicles
Residential Utilities
Agriculture Inputs
Manufacturing Inputs
Tax-Exempt Organizations

About Sioux Center:

- Sioux Center is located within Sioux County, Iowa.
- Sioux Center is not contained within any of Iowa's metropolitan or micropolitan statistical areas.
- Sioux Center recorded a total population of 7,048 residents in the 2010 Census, including 1,107 residents in student housing, nursing homes, and other types of group quarters.

Overview

This report examines local retail sales and related economic trends in Sioux Center, Iowa, using a variety of comparative performance measures.

The retail analysis is based on state-reported sales of goods and services that are subject to Iowa's statewide sales tax.

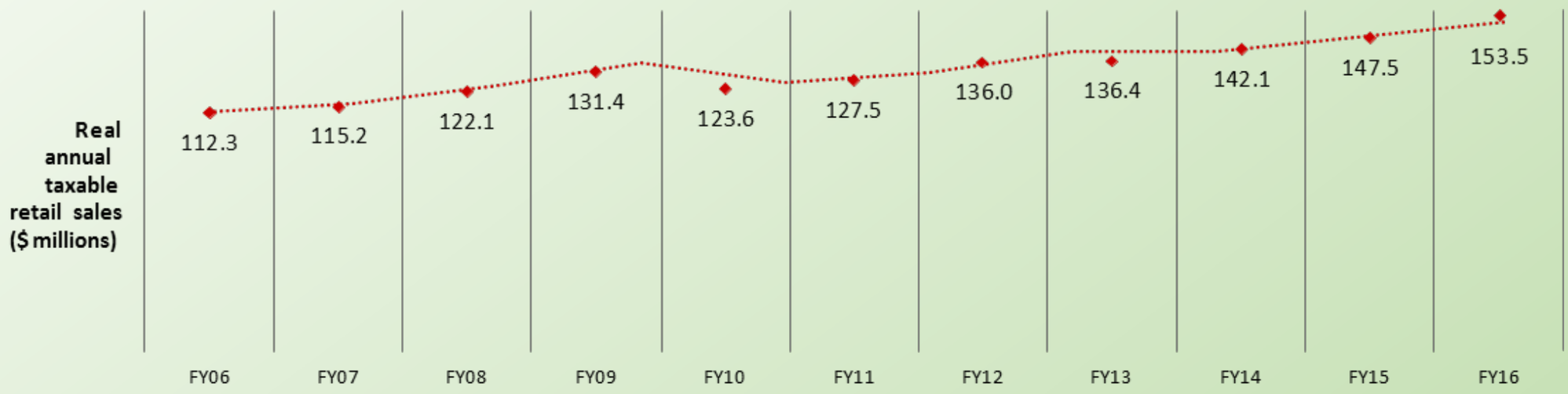
Except where otherwise noted, retail sales data for preceding years have been adjusted for inflation and are stated in Fiscal Year 2015 dollar equivalents. The 2016 fiscal year began on July 1, 2015, and ended on June 30, 2016.

Key Retail Indicators for Sioux Center

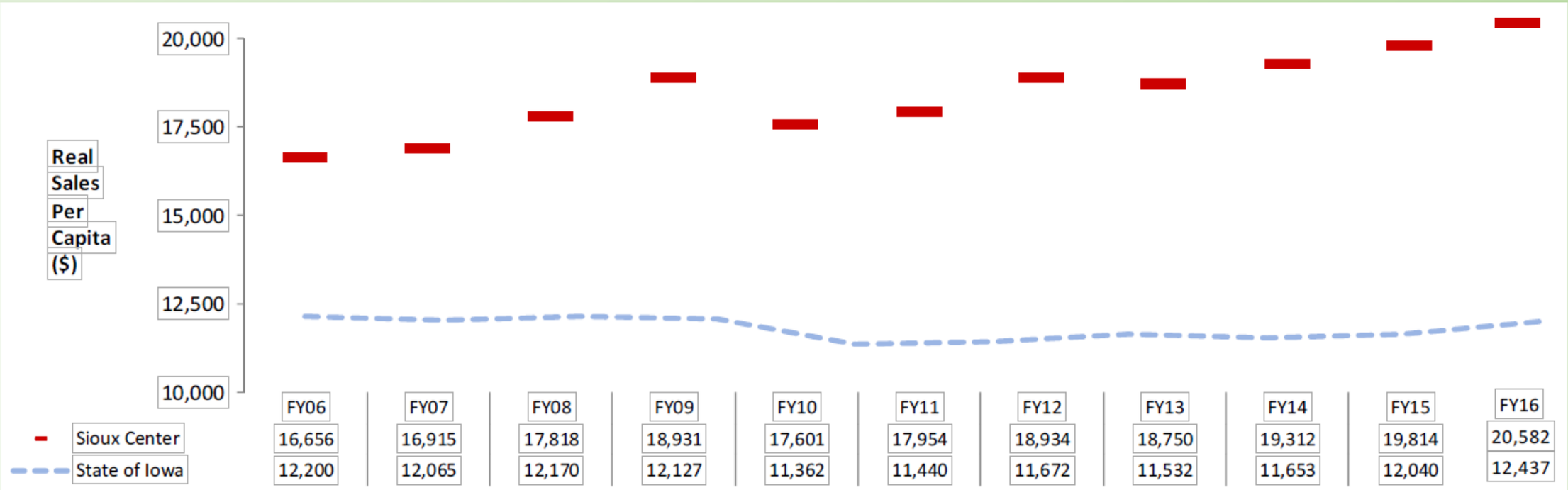
Sioux Center	FY2014	FY2015	FY2016
Real total taxable sales ($)	142,095,054	147,532,332	153,444,247
Number of reporting firms	308	305	306
Population (est.)	7,358	7,446	7,461

10-Year Summary Retail Sales Tax Statistics

Real Total Taxable Sales in Sioux Center



Taxable Retail Sales Per Capita



Peer Cities:

Population
2,500 – 9,999

Non-metropolitan county

Albia	3,766	Fairfield	9,464	Onawa	2,998
Algona	5,560	Forest City	4,151	Orange City	6,004
Atlantic	7,112	Garner	3,129	Osage	3,619
Bloomfield	2,640	Grinnell	9,218	Osceola	4,929
Camanche	4,448	Hampton	4,461	Red Oak	5,742
Centerville	5,528	Harlan	5,106	Rock Rapids	2,549
Chariton	4,321	Hawarden	2,546	Rock Valley	3,354
Charles City	7,652	Humboldt	4,690	Sheldon	5,188
Cherokee	5,253	Independence	5,966	Shenandoah	5,150
Clarinda	5,572	Iowa Falls	5,238	Sibley	2,798
Clarion	2,850	Jefferson	4,345	Sioux Center	7,048
Clear Lake	7,777	Jesup	2,520	Spirit Lake	4,840
Cresco	3,868	Knoxville	7,313	Tama	2,877
Creston	7,834	Madrid	2,543	Tipton	3,221
Decorah	8,127	Manchester	5,179	Waukon	3,897
Denison	8,298	Maquoketa	6,141	Webster City	8,070
De Witt	5,322	Marengo	2,528	West Burlington	2,968
Eagle Grove	3,583	Milford	2,898	West Liberty	3,736
Eldora	2,732	Mount Pleasant	8,668	Williamsburg	3,068
Emmetsburg	3,904	New Hampton	3,571	Wilton	2,802
Estherville	6,360	Oelwein	6,415		

Local Economic Trends

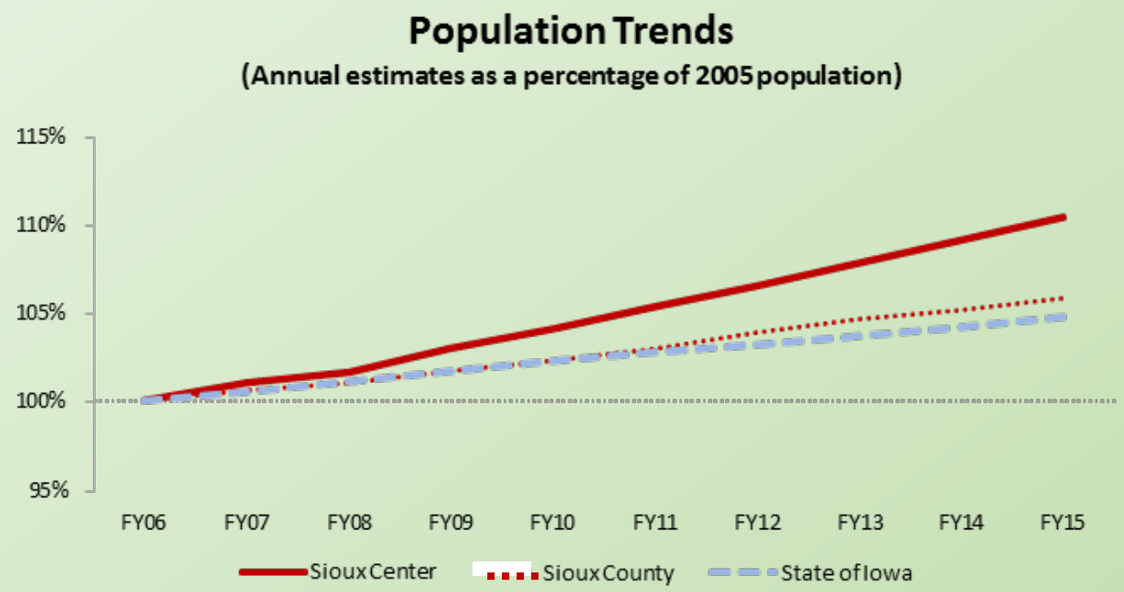
Population

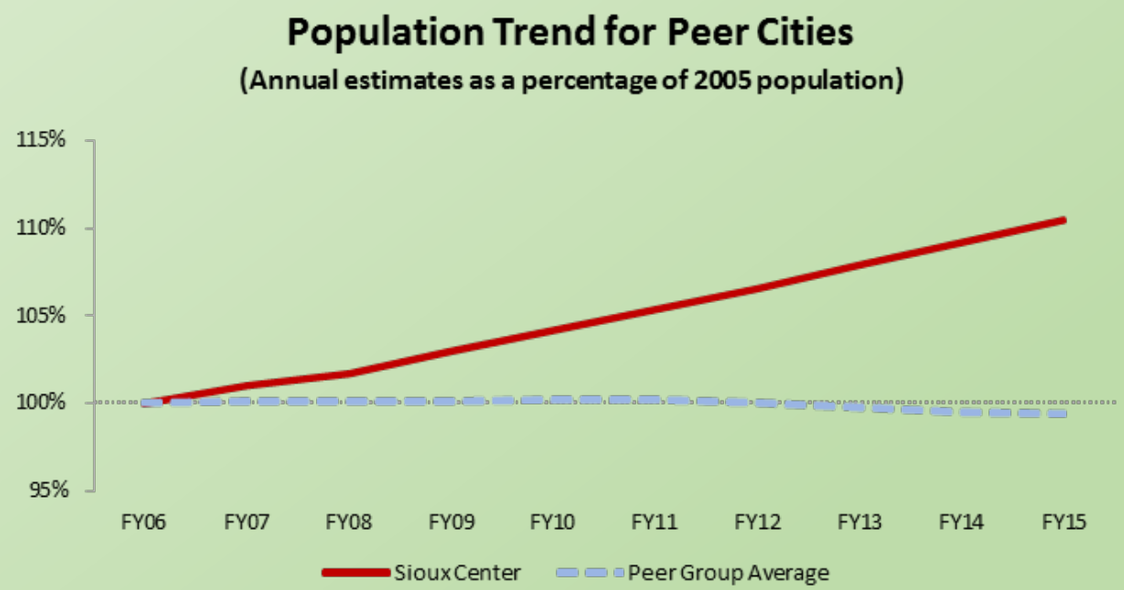
Population change is a key factor influencing local retail sales performance. From one year to the next, area population gains or losses alter the number of potential shoppers in the region. In the longer term, population trends reflect the general economic climate of the region. Population growth suggests a more favorable retail environment, while population decline may be an indication of area economic stress.

The top chart at right shows annual population estimates for Sioux Center, Sioux County and the state indexed to baseline values from ten years ago.

The population in any given year is expressed in percentage terms compared to the base year population.

The chart at right compares population change in Sioux Center to the trend for similarly-sized cities in Iowa.

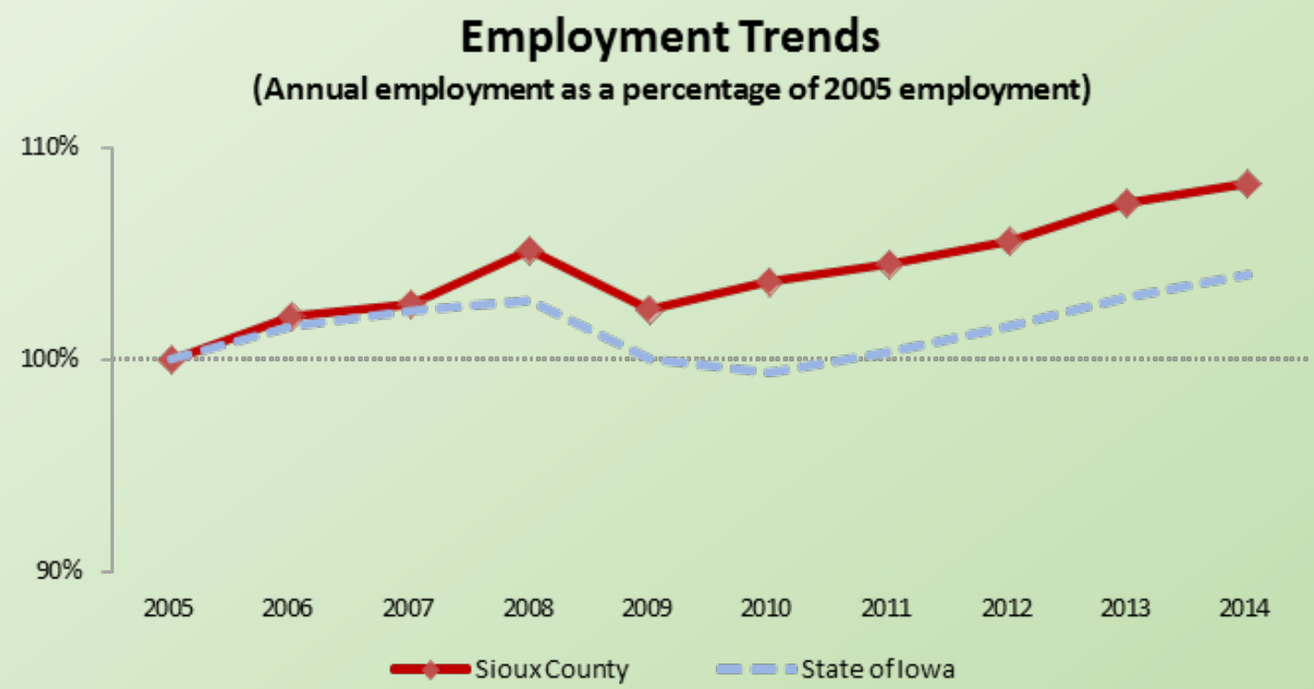




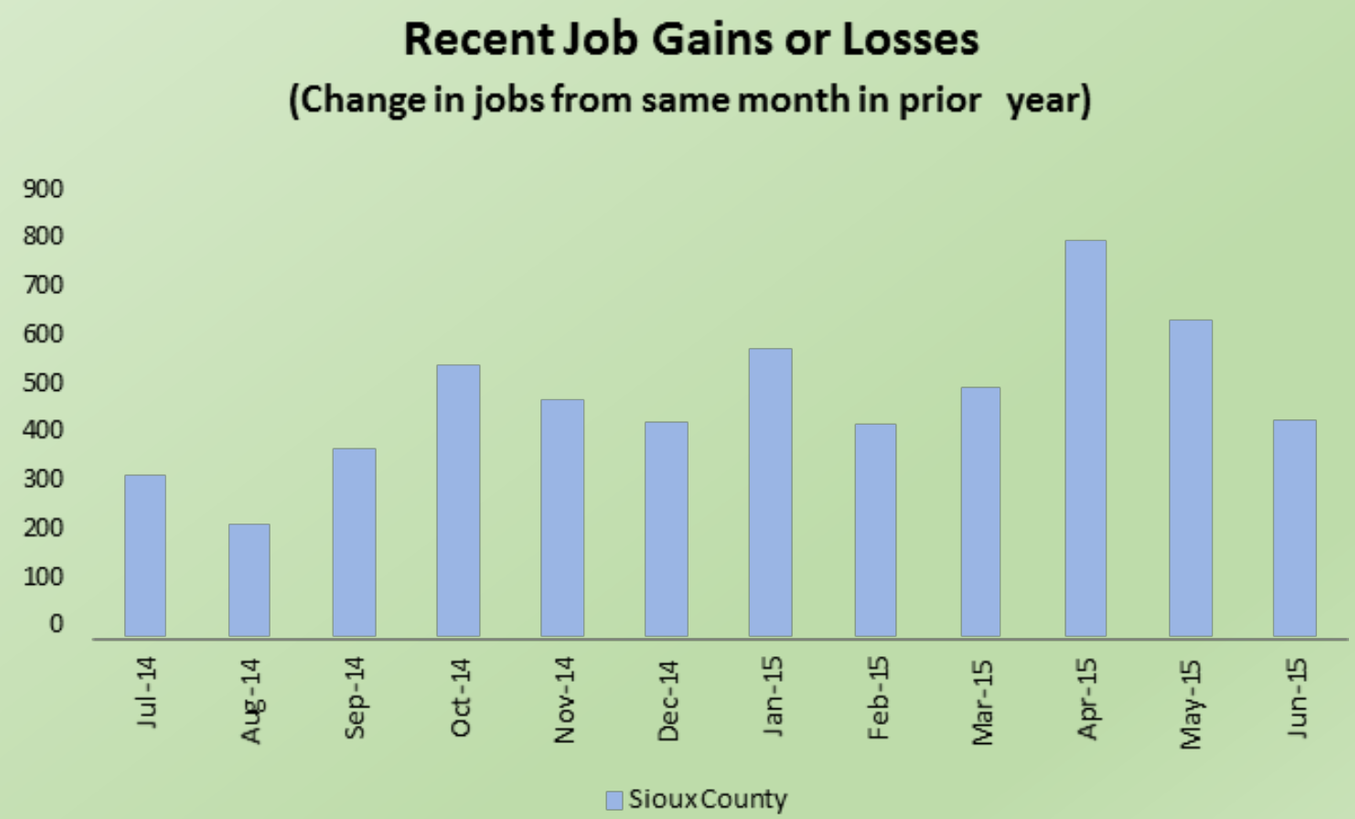
Employment

Area job growth creates earnings opportunities for current residents and also helps to attract new residents to the region. Conversely, lagging employment growth rates may indicate a decline in the region's competitive strength.

The chart at top right shows the 10-year trend in nonfarm wage and salary employment in Sioux County compared to the state. The number of jobs in each year is expressed in percentage terms compared to the number of jobs in the beginning year.



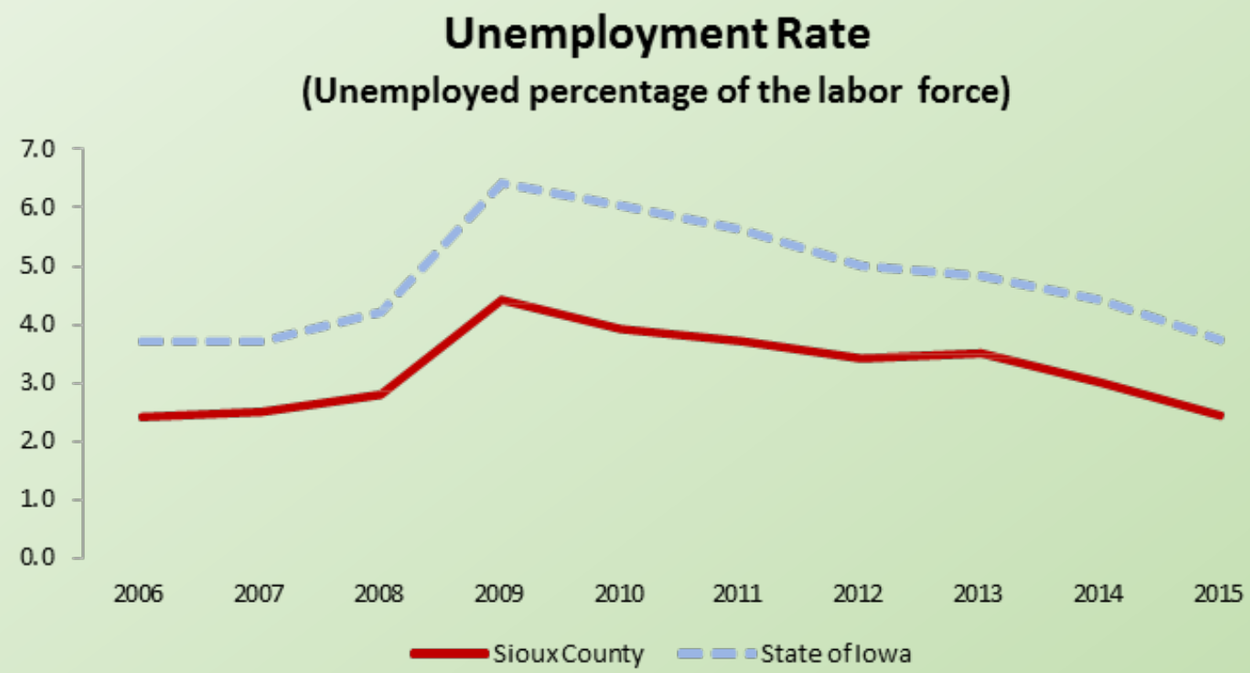
This chart shows more recent job gains and losses in Sioux County. The chart illustrates the numeric gain or loss in jobs during Fiscal Year 2015 on a month-by-month basis, with each month's employment compared to the same month in the prior fiscal year.



Unemployment

Rising or persistently high levels of unemployment may contribute to household economic stress within the region and may ultimately reduce aggregate household spending levels.

The chart at right shows recent Sioux County and statewide unemployment rate trends. The unemployment rate is defined as the percentage of the labor force that is unemployed but actively seeking work.



Area Commuting Patterns

Worker commuting flows reveal important regional economic relationships that may influence the city's retail performance.

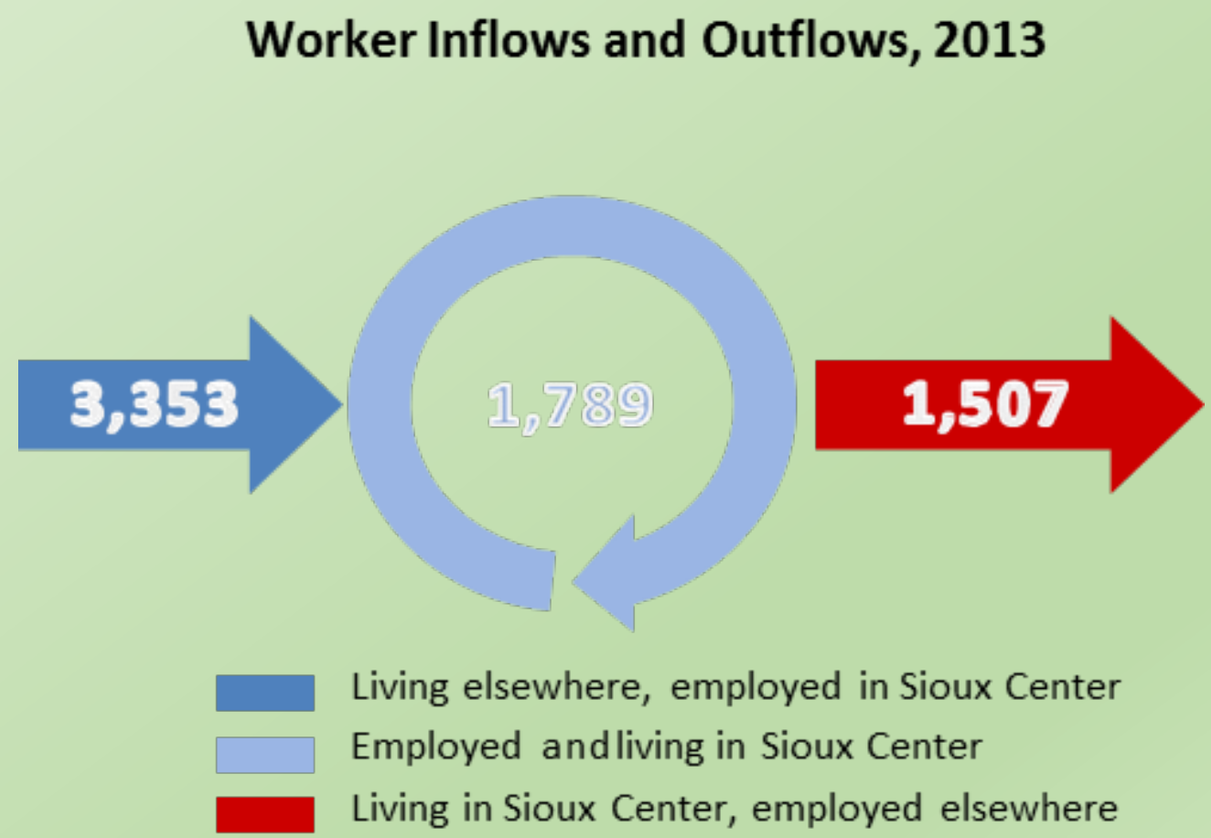
The chart at right displays worker commuting flows into and out of Sioux Center. The commuting flows are determined from the locations of residence and employment for wage and salary workers in the region.

Worker Out-Commuting Rates

Sioux Center	45.7%
Peer Cities	60.1%

Sioux Center "Daytime Population"

7,461 + 3,353 -1,507 = 9,307

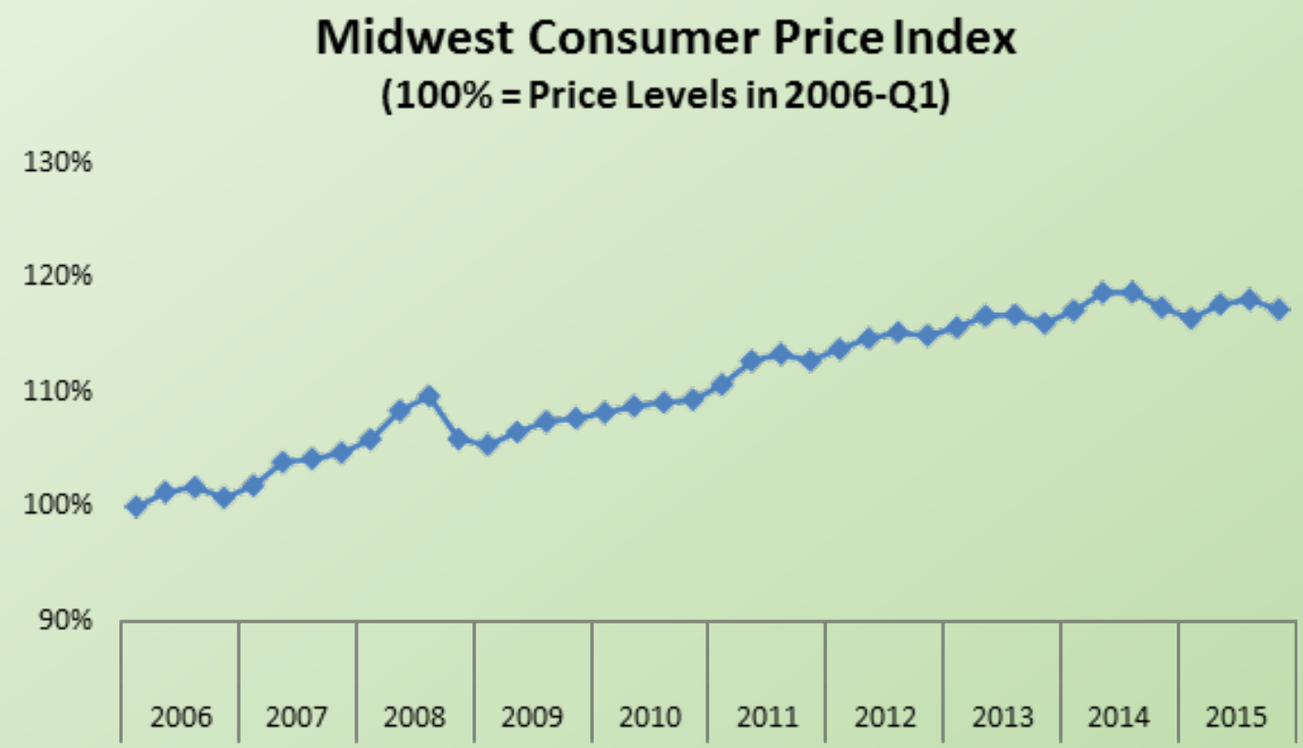


Other Factors Influencing Retail Sales

Inflation

The rate of inflation measures changes over time in the purchasing power of the dollar. When price levels rise faster than earnings and other income, consumers may have to reduce or reallocate their spending.

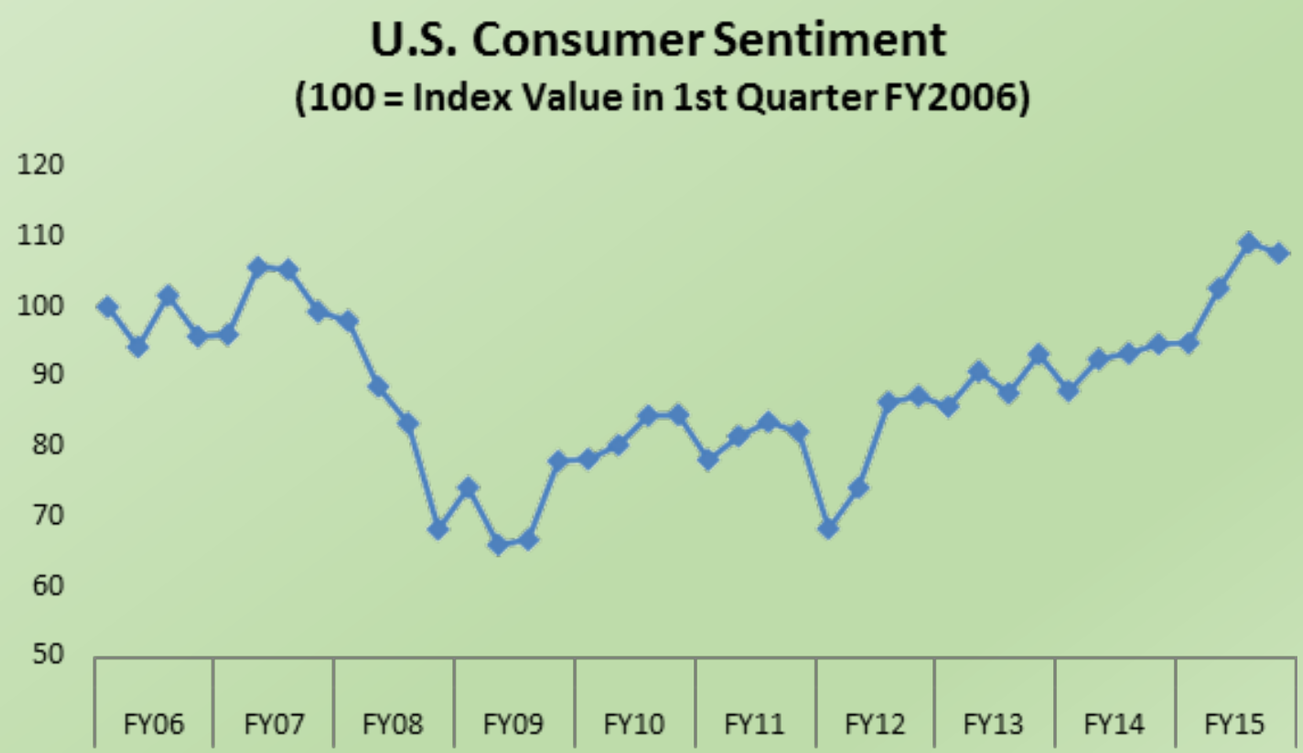
The pace of U.S. inflation during the last 10 years is illustrated at right. This chart shows quarterly changes in the Midwest Consumer Price Index for All Urban Consumers, using first quarter of 2006 as the benchmark period.



Consumer Confidence

Consumer confidence refers to how favorably consumers view prospects for the economy and their own financial situation. Pessimism about the economy can have a dampening effect on household discretionary purchases, while optimism can boost the likelihood of purchases.

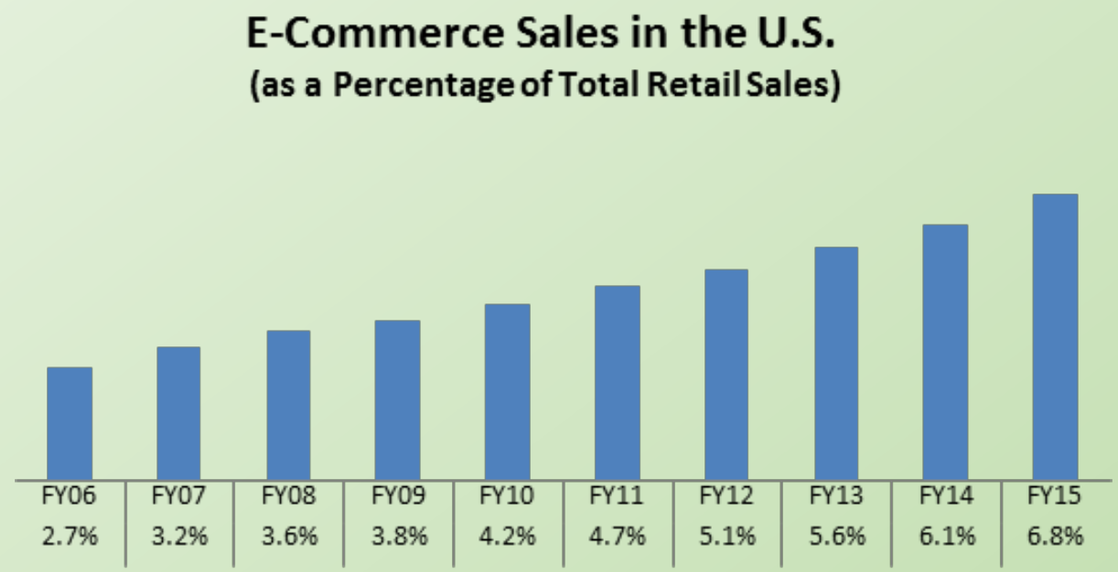
The chart at right illustrates a quarterly index of consumer confidence benchmarked to the start of Fiscal Year 2006.



Internet and Catalog Sales

E-commerce represents a small but rapidly growing share of retail activity in the United States. While e-commerce presents a sales growth opportunity for many retailers, it also poses a potentially important new source of retail sales leakage for Iowa's communities.

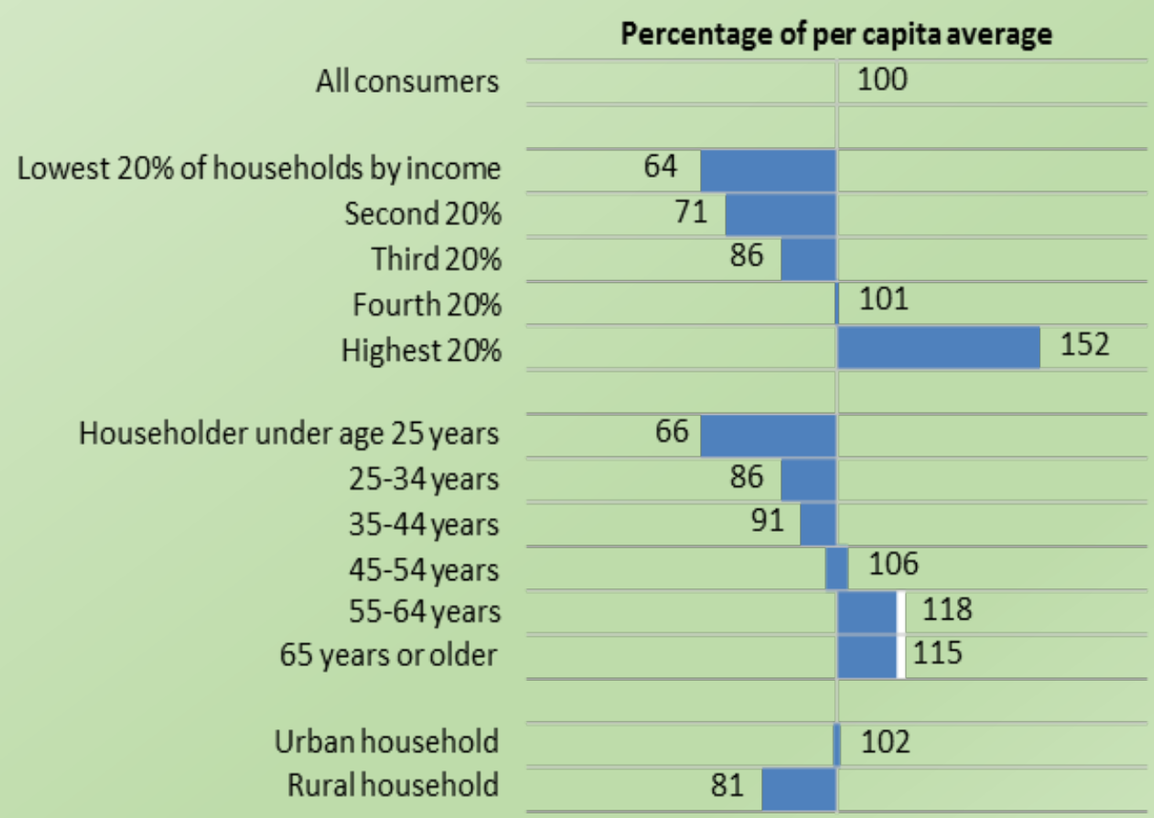
The chart at right shows the growing share of total U.S. retail sales that are transacted through e-commerce. E-commerce, which includes internet and catalog sales, describes transactions in which an order is placed and/or price and terms of sale are negotiated over an internet or other online system.



National Spending Patterns by Income and Age

Consumer spending patterns vary with the age, income level, and other characteristics of the consumer. The chart at right illustrates differences in U.S. consumer spending on a selected bundle of goods and services that are taxable in Iowa. The retail bundle includes food away from home, telecommunications services, household supplies and furnishings, apparel, entertainment, automobile repair and maintenance, and personal services.

In the chart, average annual spending levels of consumers within each group are expressed as percentages of the all-consumer average. Differences are most apparent by income level, with persons in the highest household income quintile spending more than twice the average of persons in the lowest income quintile. Per person spending also tends to increase with householder age, but drops slightly among residents of elderly households.



Local Income and Age Distributions

Recent county-level statistics may be used to profile the income and age distributions of area residents. If the county deviates strongly from statewide averages on these measures, one might expect some differences in local residents' spending compared to the average spending levels by all Iowa residents.

The table at right shows the county's median household income level and estimated poverty rate compared to the state. A higher median income level, a lower poverty rate, or both suggest that the percentage of county residents in higher income brackets exceeds the statewide average. In these cases, comparatively higher retail spending levels may be anticipated locally.

The bottom half of the table illustrates the percentage distribution of the county's population by age group in years, relative to the comparable statewide percentages. Strong differences in the regional age distribution likely affect both the mix and levels of retail goods and services demanded by area residents.

Sioux County Profile

Median Household Income ($)	Sioux		State of Iowa
Estimate	60,205	▶	53,816
90% Confidence Interval	56,980 - 63,430		53,090 - 54,550

Poverty Rate (%)	Sioux		State of Iowa
Estimate	7.5	◀	12.3
90% Confidence Interval	5.9 - 9.1		12.0 - 12.6

Population (% of total)	Sioux		State of Iowa
Under 5 years	7.4%	▶	6.3%
Age 5 to 17	19.5%	▶	17.1%
Age 18 to 24	13.9%	▶	10.3%
Age 25 to 44	22.0%	◀	24.3%
Age 45 to 64	22.7%	◀	26.2%
Age 65 years and over	14.5%	◀	15.8%
Median age	33.1	◀	38.1

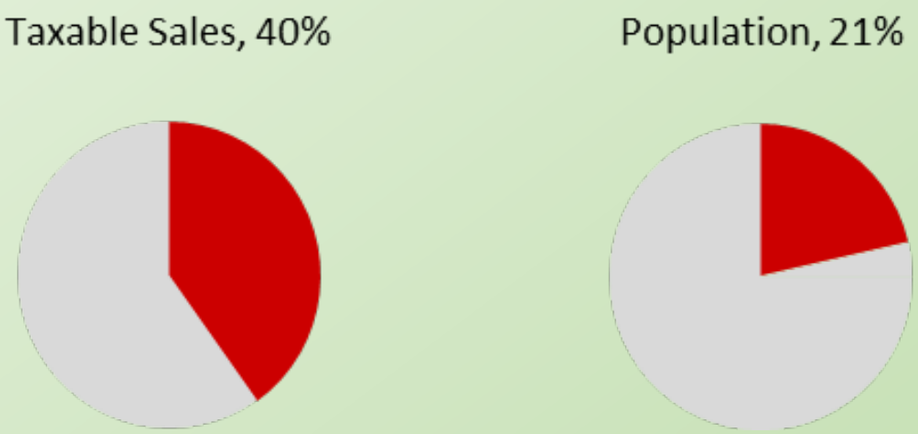
▶ Higher than state
◀ Lower than state

Regional Competition

Role Within the County

The relative contributions of Sioux Center as a trade and population center within Sioux County are illustrated at right. The left-most chart shows the percentage of Sioux County taxable sales occurring within the city of Sioux Center. The right-most chart displays the percentage of Sioux County residents who live within Sioux Center.

Sioux Center Percentage Shares of Sioux County Totals



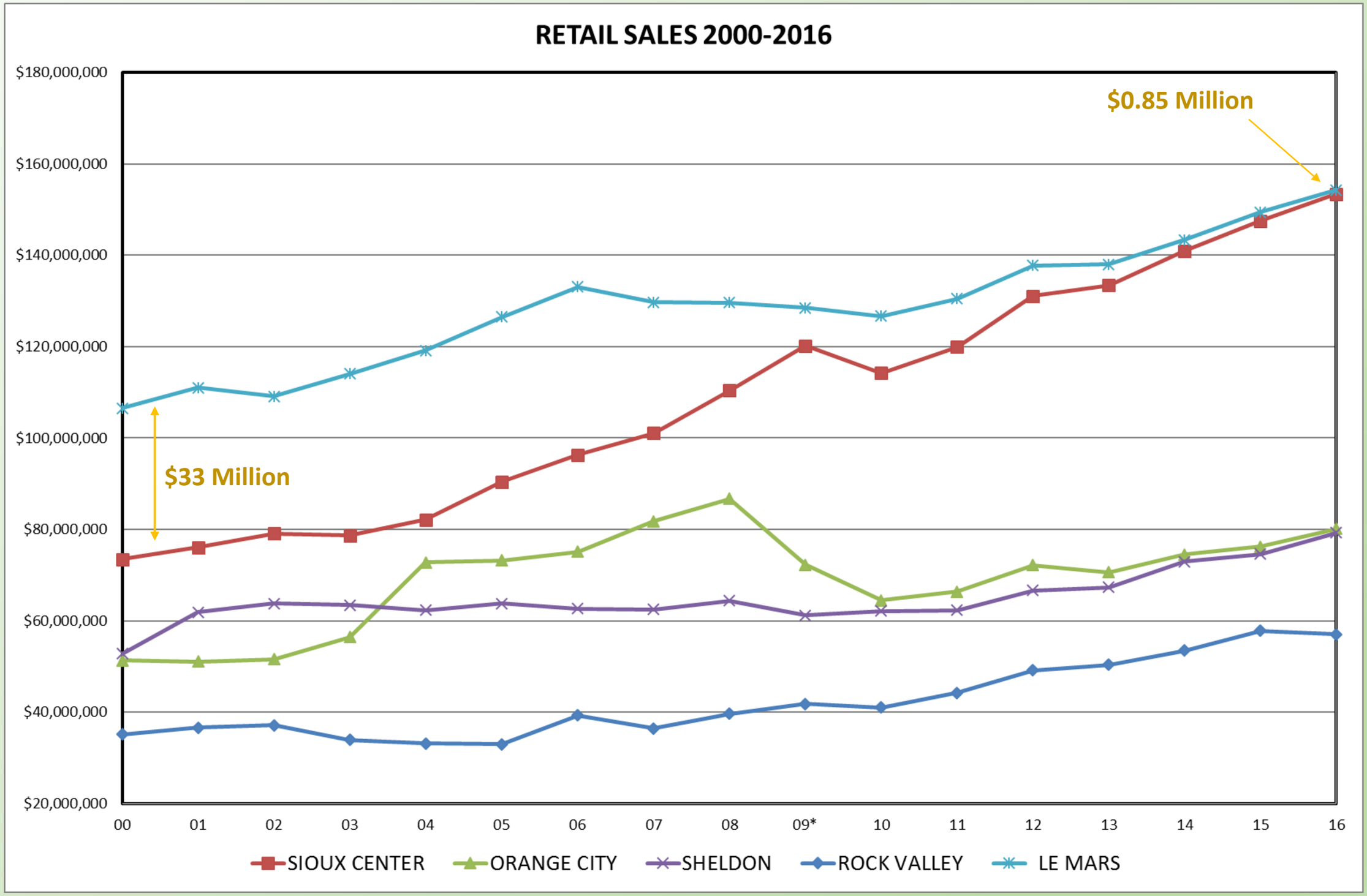
Other Trade and Population Centers Within the County

The table at right lists cities in Sioux County with reported taxable sales activity during Fiscal Year 2015.

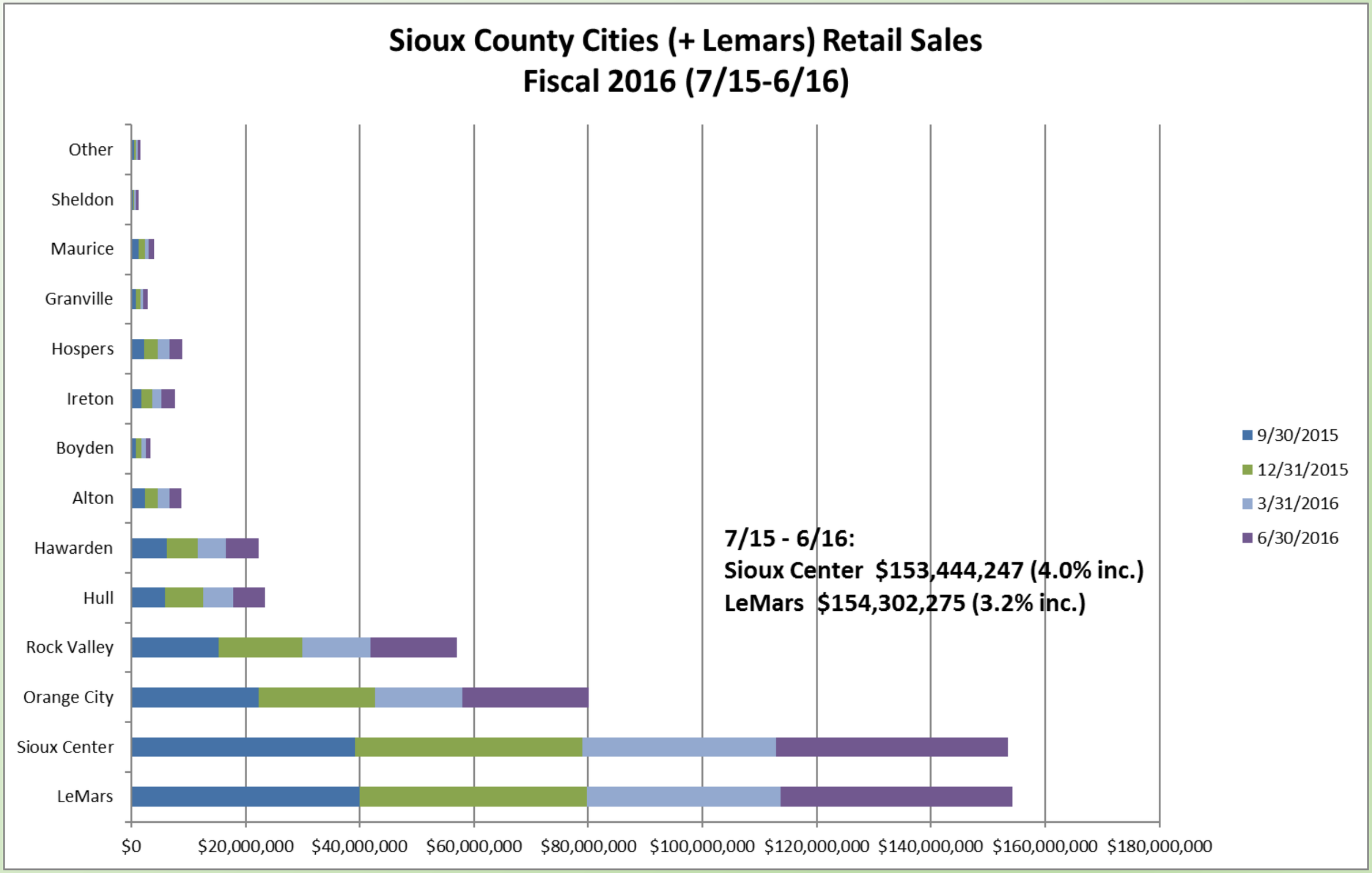
Amounts shown for each city reflect the population and reported sales for the city as a whole, regardless of whether it crosses into a neighboring county. Any cities with reporting firms that fall within a neighboring county are indicated with an asterisk (*).

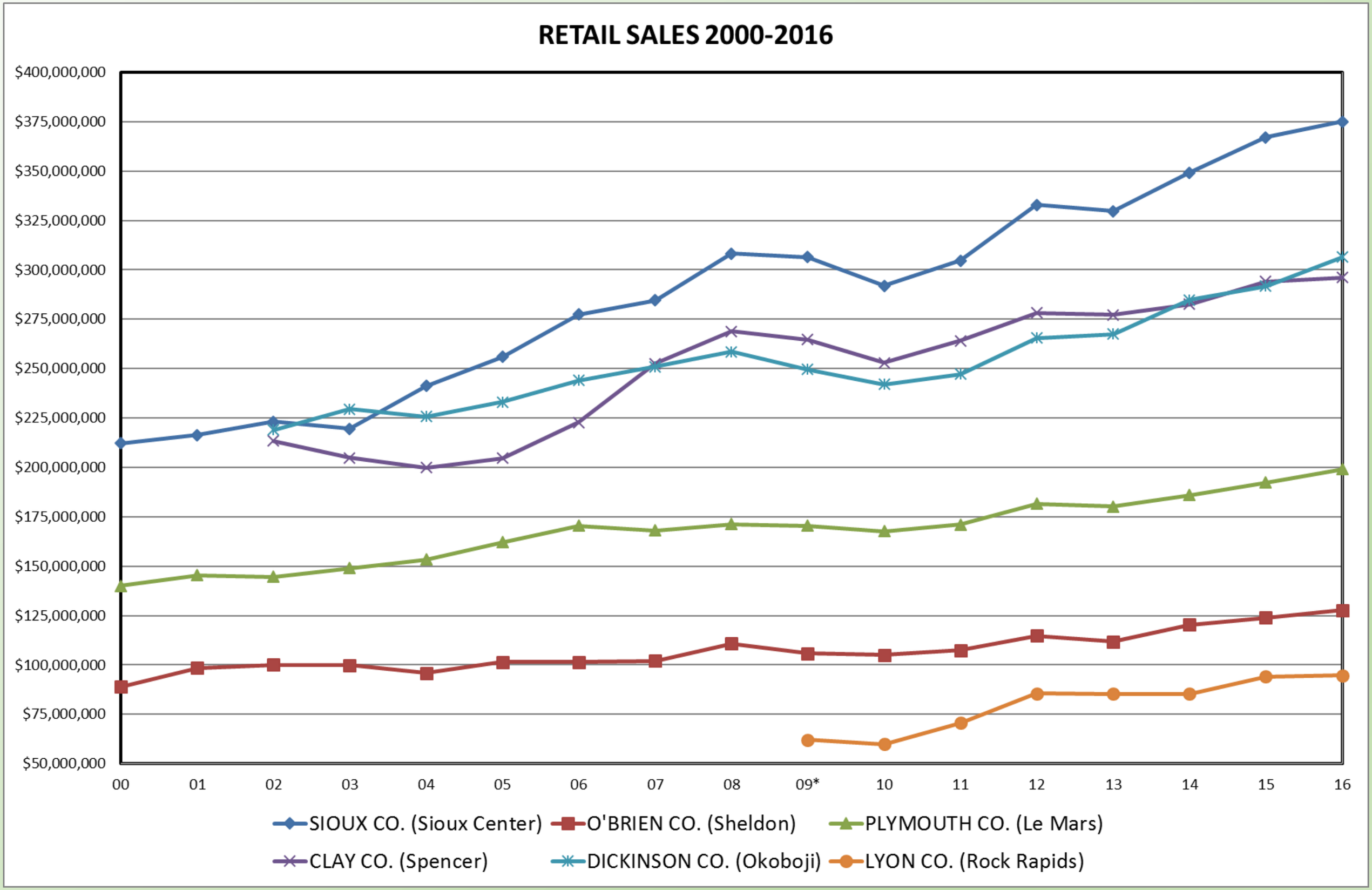
Sioux County Jurisdictions Reporting Taxable Retail Sales in FY 2015

Area Name	Population	Average # Filers	Sales ($millions)
Sioux Total	34,818	1,208	367.1
Alton	1,261	60	9.3
Boyden	715	45	3.3
Granville	319	22	2.9
Hawarden	2,554	111	23.8
Hospers	718	34	8.7
Hull	2,225	114	23.1
Ireton	607	38	7.4
Maurice	279	23	4.2
Orange City	6,200	231	76.3
Rock Valley	3,663	194	57.8
Sheldon*	5,069	242	74.6
Sioux Center	7,446	305	147.5



Sioux Center's Retail Sales have DOUBLED over the last 15 years.


Sioux County Cities (+ Lemars) Retail Sales
Fiscal 2016 (7/15-6/16)
Other
Sheldon
Maurice
Granville
Hospers
Ireton
Boyden
Alton
Hawarden
Hull
Rock Valley
Orange City
Sioux Center
LeMars
$0
$20,000,000
$40,000,000
$60,000,000
$80,000,000
$100,000,000
$120,000,000
$140,000,000
$160,000,000
$180,000,000
9/30/2015
12/31/2015
3/31/2016
6/30/2016
7/15 - 6/16:
Sioux Center $153,444,247 (4.0% inc.)
LeMars $154,302,275 (3.2% inc.)


RETAIL SALES 2000-2016
$400,000,000
$375,000,000
$350,000,000
$325,000,000
$300,000,000
$275,000,000
$250,000,000
$225,000,000
$200,000,000
$175,000,000
$150,000,000
$125,000,000
$100,000,000
$75,000,000
$50,000,000
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01
02
03
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05
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07
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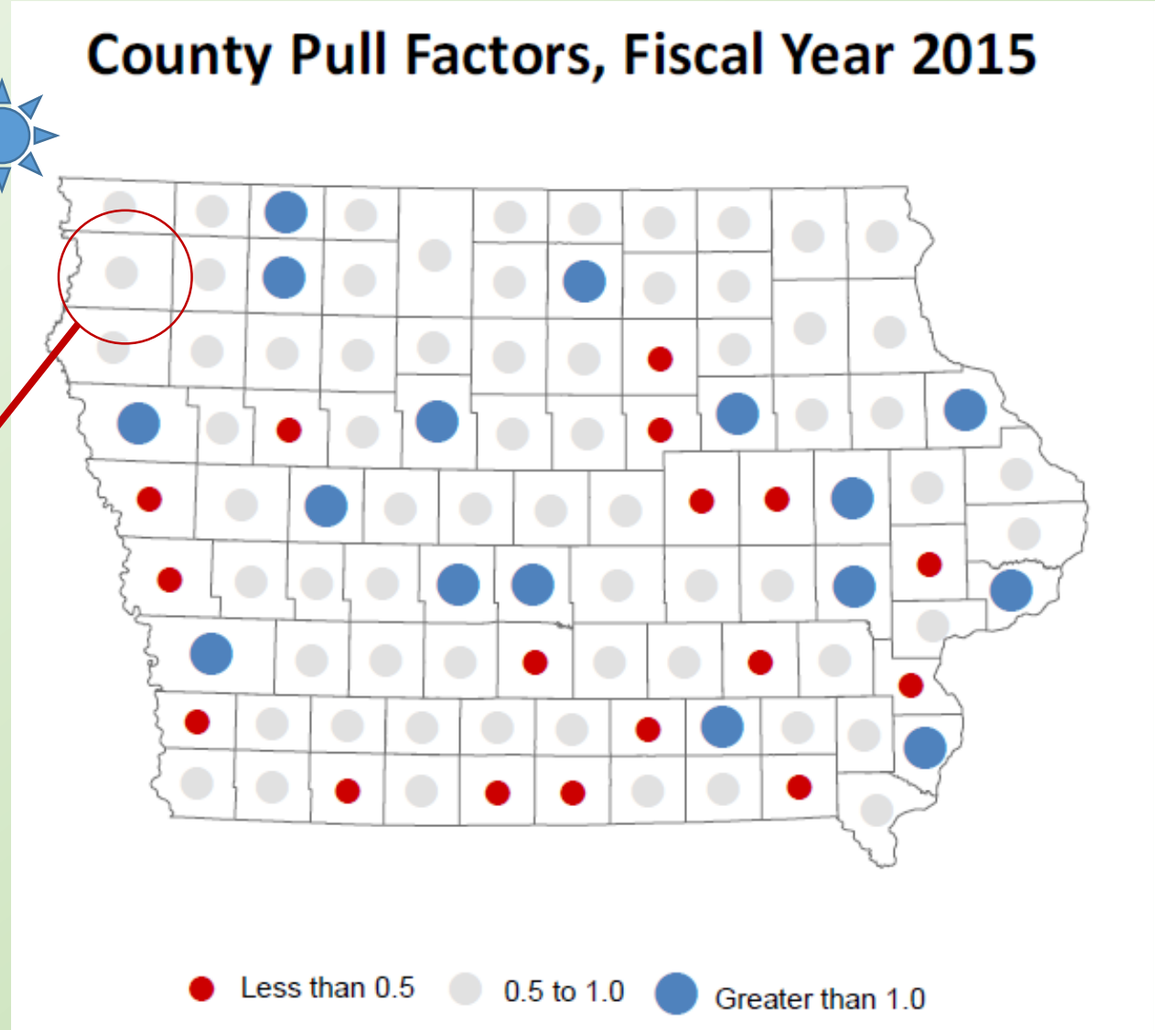
SIOUX CO. (Sioux Center)
O'BRIEN CO. (Sheldon)
PLYMOUTH CO. (Le Mars)
CLAY CO. (Spencer)
DICKINSON CO. (Okoboji)
LYON CO. (Rock Rapids)

Regional Trade Patterns

Regional shopping patterns may be inferred from the relative trade levels in surrounding counties and cities. The graphics on this page illustrate which counties and cities in the region serve as regional magnets for retail trade activity.

The map at right illustrates county retail pull factors for Fiscal Year 2015. The counties with a pull factor exceeding 1.0, identified in the map with large blue dots, are likely exerting a strong retail influence on trade centers in neighboring counties. Counties with pull factors below 1.0 are leaking sales on a county-wide basis, but might still contain one or more strong local trade centers.



The bar graph to the right compares Fiscal Year 2015 per capita sales in Sioux Center to average sales in neighboring communities with 500 or more residents. The comparison group includes the ten communities nearest to Sioux Center, as measured from the center of each city. The cities are listed from left to right in descending order by their per capita sales. Population sizes for each city, as of the 2010 Census, are also indicated.

Peer Group Analysis

Expected Range for Local Sales Per Capita

The chart at bottom compares sales levels in Sioux Center to a range of "expected," or typical, values for cities in its peer group.

The blue rectangles illustrate the range of expected values, defined as any value between the 25th to the 75th percentile values for the peer group in each year.

The red dashes show the actual per capita sales performance by Sioux Center.

In Fiscal Year 2015, per capita sales in Sioux Center were above the expected range.

Peer Cities:

Population 2,500 – 9,999

Non-metropolitan county

Albia	3,766	Fairfield	9,464	Onawa	2,998
Algona	5,560	Forest City	4,151	Orange City	6,004
Atlantic	7,112	Garner	3,129	Osage	3,619
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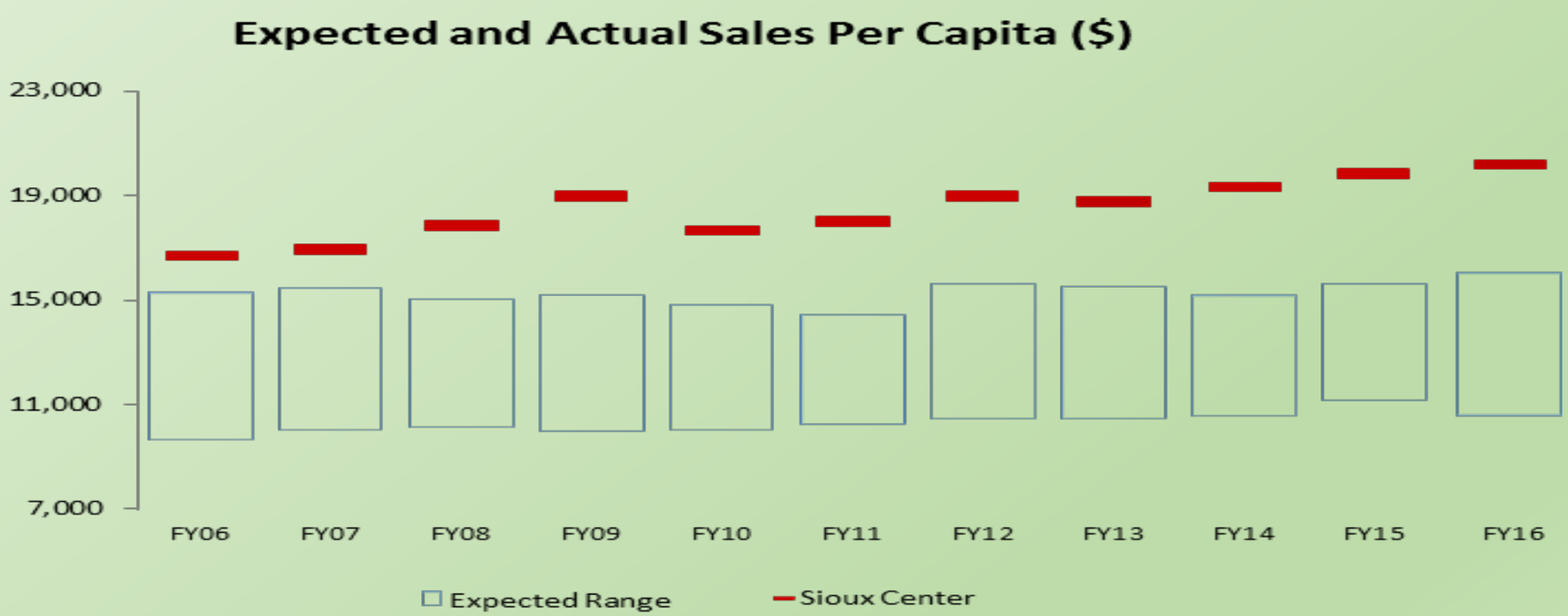
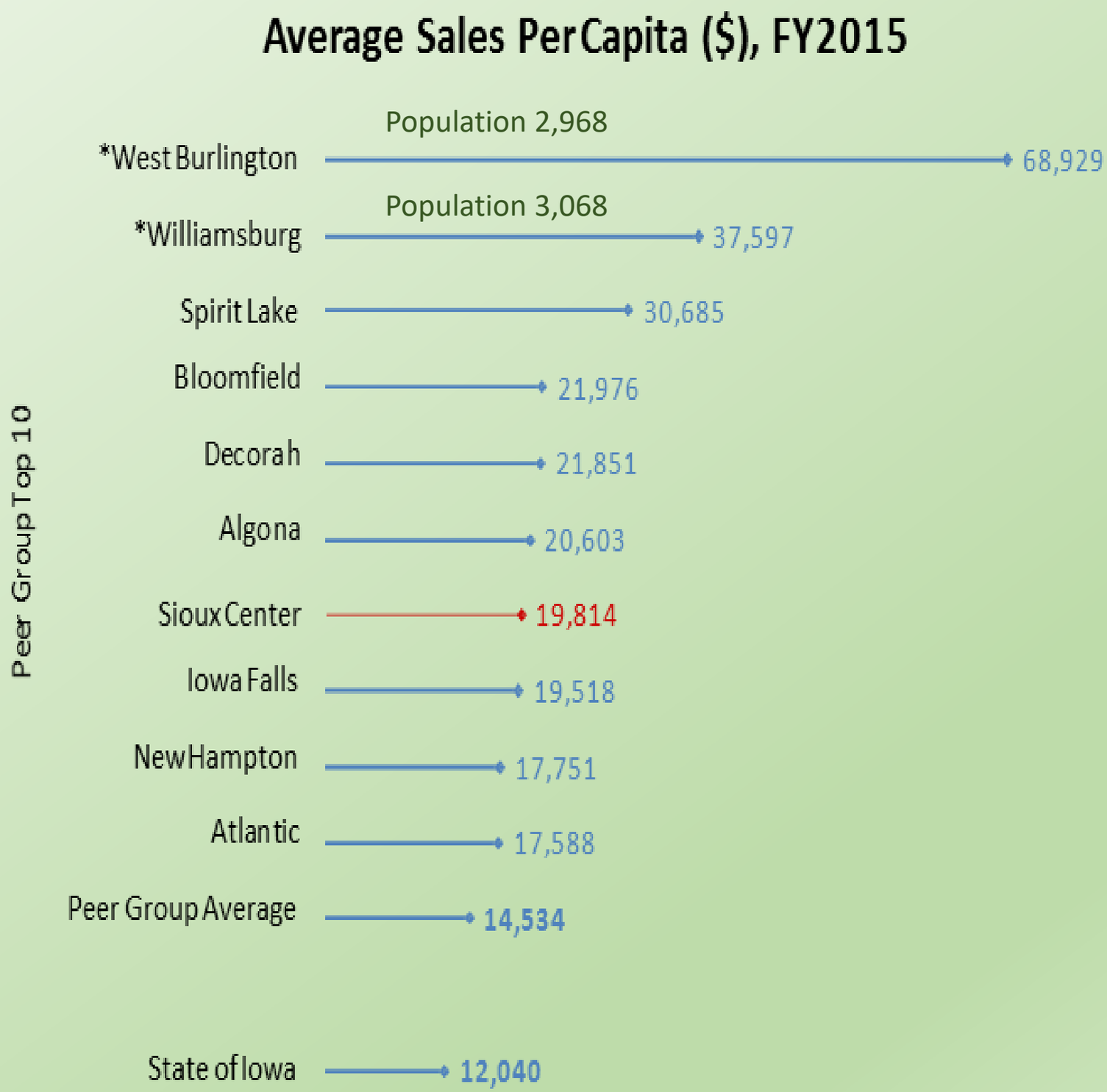


Top 10 Peer Group Cities Ranked by Sales Per Capita

Among the 62 peer cities reporting data in the most recent fiscal year, Sioux Center ranked number 7 in per capita sales.

The peer group's top performers, measured by their average sales per capita in Fiscal Year 2015, are listed in the chart at right.

Sales levels in some cities may be inflated by the presence of a regional utility or other regional retail anomaly that may not be replicable in other communities. In general, values exceeding the peer group average by two or more standard deviations should be viewed with caution. Any such cities are indicated at right with an asterisk (*).



Pull Factor Analysis

Trade Surplus or Leakage

Trade surplus or leakage measures the dollar difference between the city's actual sales and the total sales it could generate if residents satisfied all their retail needs locally, i.e. its self-sufficiency or break-even level of sales. Sales above the break-even level imply a net surplus from sales to non-residents. A deficit suggests net leakage from local residents' spending in other cities.

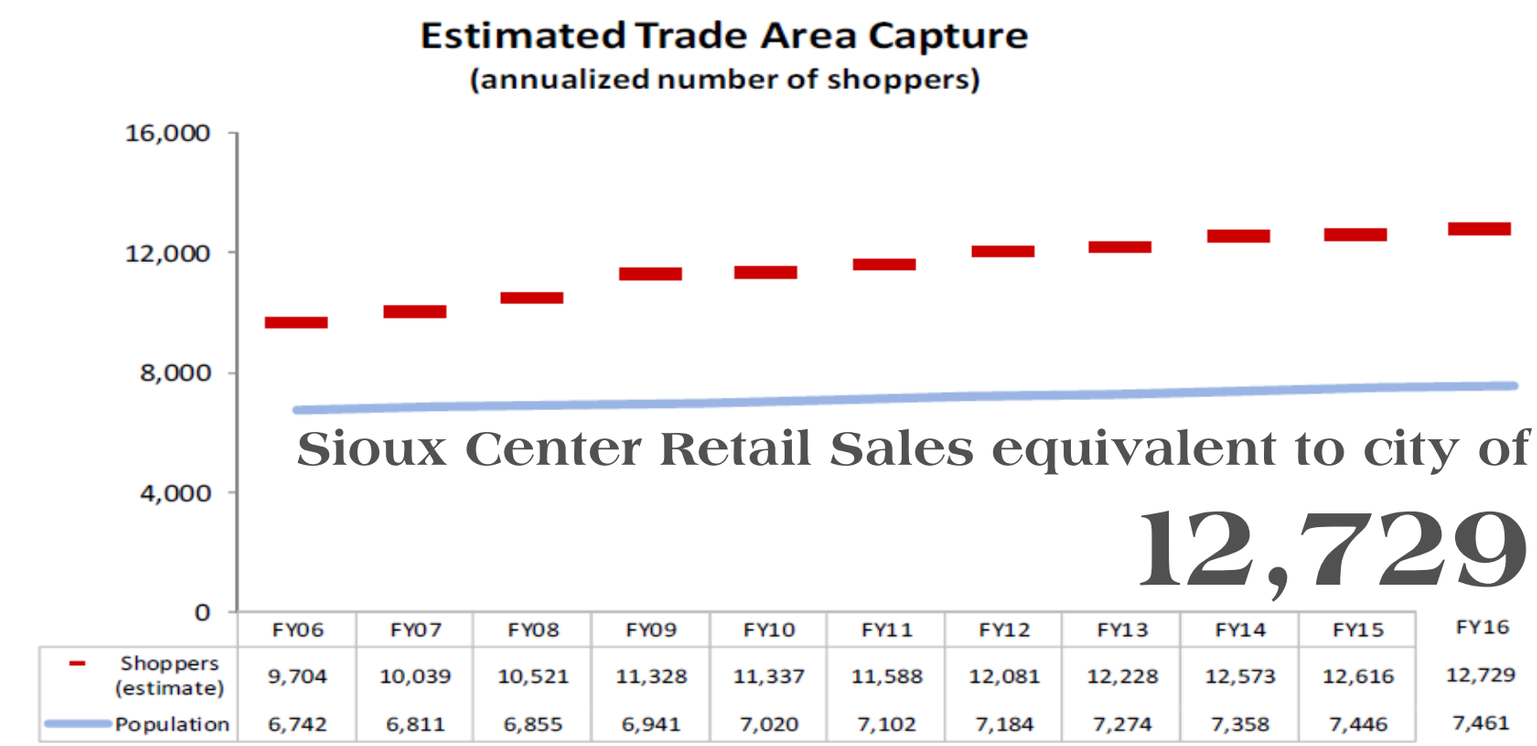
Below are trade surplus or leakage estimates for Sioux Center. To estimate the break-even level of sales, the dollar amount of statewide average per capita spending on taxable goods and services is adjusted up or down by a factor that reflects local income characteristics, and is then multiplied by the city's population size. The break-even sales target represents an estimate of Sioux Center residents' total spending on taxable goods and services that are purchased anywhere within Iowa.

Sioux Center Breakeven Analysis	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Statewide average per capita spending ($)	12,200	12,065	12,170	12,127	11,362	11,440	11,672	11,532	11,653	12,040	12,437
x Local income adjustment	0.95	0.95	0.95	0.96	0.96	0.96	0.96	0.97	0.97	0.97	0.97
= Average spending (anywhere) by residents ($)	11,572	11,476	11,609	11,600	10,898	11,004	11,259	11,154	11,302	11,694	12,064
x City population estimate	6,742	6,811	6,855	6,941	7,020	7,102	7,184	7,274	7,358	7,446	7,461
= Breakeven sales target ($000s)	78,022	78,164	79,581	80,516	76,506	78,149	80,883	81,137	83,160	87,074	90,010
Actual sales ($000s)	112,294	115,205	122,144	131,403	123,558	127,513	136,021	136,391	142,095	147,532	153,560
Surplus estimate ($000s)	34,273	37,042	42,563	50,887	47,052	49,364	55,139	55,254	58,935	60,458	63,550
Leakage estimate ($000s)	-	-	-	-	-	-	-	-	-	-	-

Trade Area Capture

The extent of a city's "trade area" can be approximated by estimating the number of customers whose annual retail needs it satisfies. If that number exceeds the resident population, the city's geographic trade area likely extends beyond its borders.

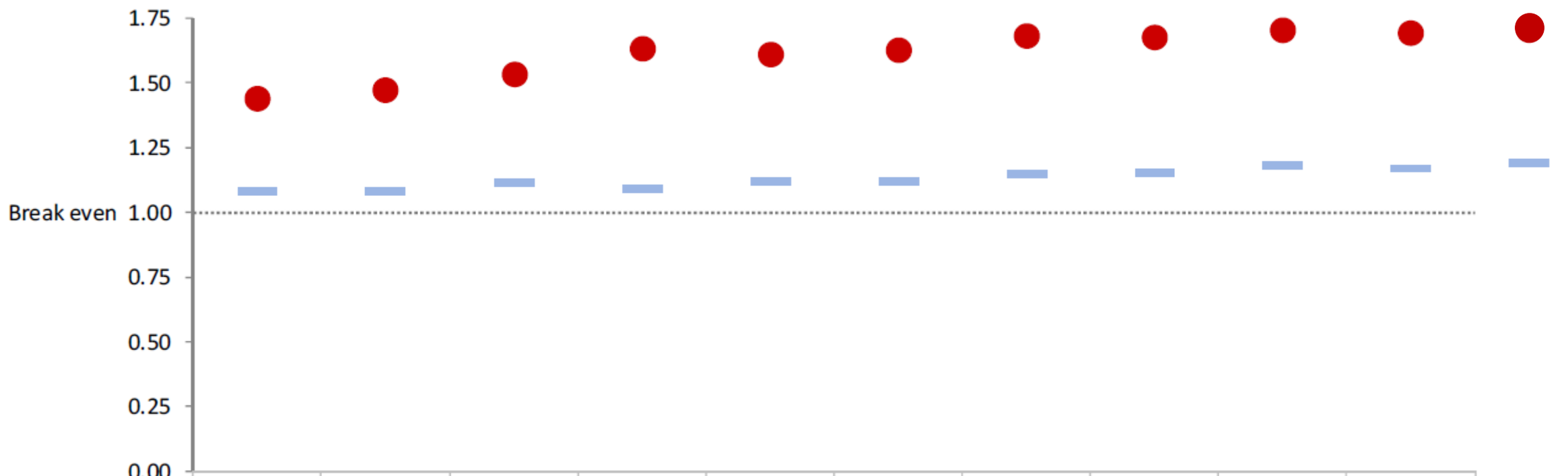
Trade area capture is estimated by dividing the city's actual total sales by the expected average, annual retail requirements of its residents. The chart at right illustrates the city's trade area capture in relation to its population size.



The Pull Factor Ratio

A pull factor ratio greater than 1.0 suggests that the city's merchants are attracting shoppers from outside the city.

A high pull factor doesn't necessarily indicate retail self-sufficiency across all categories of retail sales. A city's pull factor could be inflated by the presence of one or more retail establishments that serve as a regional draw in a particular sales category, even if the city is experiencing substantial leakage of sales in other retail categories.



	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Peer Median	1.08	1.08	1.11	1.09	1.11	1.12	1.15	1.15	1.18	1.17	1.18
Sioux Center	1.44	1.47	1.53	1.63	1.62	1.63	1.68	1.68	1.71	1.69	1.71

Sioux Center's retail customer base is 71% larger than its population.

Don't let your special character and values, the secret that you know and no one else does, the truth - don't let that get swallowed up by the great chewing complacency.

(Meryl Streep)