

# Study: Out-of-area sales leakage bigger than thought

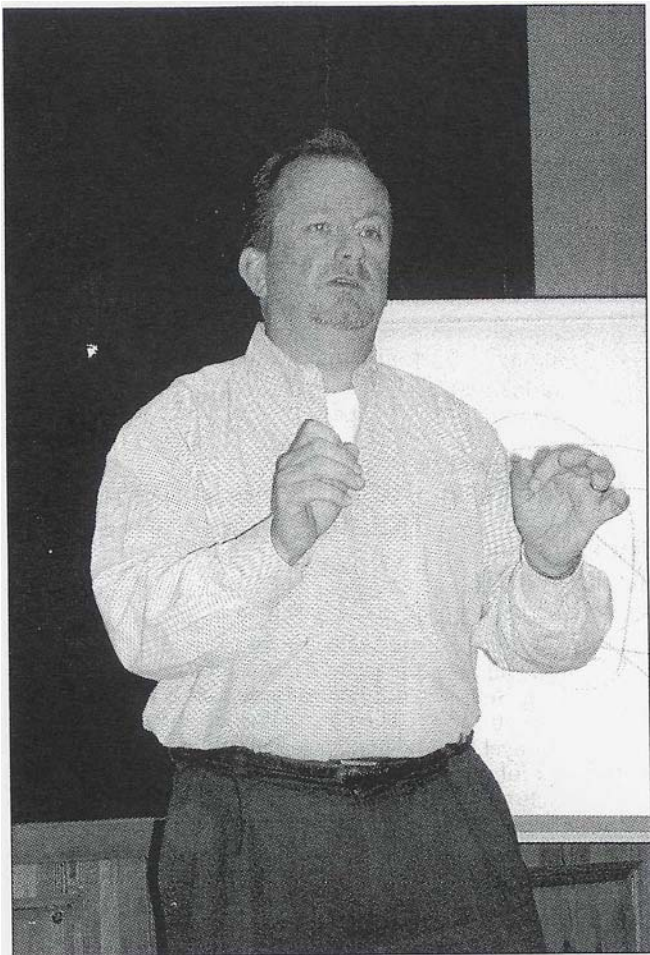
*Second leakage report surprises some*

*By Mike JOHNSTON, senior writer*

An Indiana researcher said Wednesday retail sales by Kittitas County residents, going elsewhere to do business is more than \$203 million annually, far larger than the \$81 million estimated in, a study by landowners wanting to develop a regional retail center at Ellensburg's west Interstate 90 interchange.

Jim Mooney, president of DeSco of Valparaiso, Ind., told an audience of 40 people at the Hal Holmes Center that the earlier leakage study by Property Counselors of Seattle is conservative in its growth factors and doesn't foresee market trends that can increase sales.

Mooney said "an attraction point" in Ellensburg, like a regional retail center, will be a draw not only to Kittitas County residents but for those in communities in nearby counties to the northeast, north and south. "People will drive the extra distance to a point where it benefits them," Mooney said. "If there is something they can buy here that they can't get easily elsewhere, they will come here."



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Copies of the Economic Development Group of Kittitas County's analysis of the Lamb family retail leakage study are available by calling 962-7244.

Photo by Mike Johnston/Daily Record Jim Mooney, an economic researcher from Indiana, speaks to business people, residents and city officials Wednesday on his evaluation of a retail sales leakage study.

The Economic Development Group of Kittitas County hired Mooney to evaluate an April 2005 study commissioned by the Lamb family, owners of 70 acres

of property on the north side of U.S. Highway 97, west of the Pilot truck stop and a neighboring truck wash. The family believes its study supports the need for zone changes at the interchange to allow regional retail, or so-called big box stores, to locate there and keep more people buying locally. Zoning at the city's freeway interchanges is one issue in the city's re-examination of its comprehensive plan, which is now under way.

Jim Armstrong, chairman of the Economic Development Group's board, said they called for its own study to independently evaluate the results of the first study as a fact-finding effort. He said the board recognizes that leakage - local residents doing business elsewhere - is one of the major factors in a decision about the interchanges. "We were all very surprised at his figures," Armstrong said about Mooney's report. "We know \$203 million is on the high end, but even if it is closer to \$150 million, that's still a whopping figure we have to address." He said the Economic Development Group's board has not taken a position on a regional retail center development, though it has been asked to do so. "The need to capture some of that retail leakage is something we are studying closely," Armstrong said. "We may take a position on it down the road, but not now."

Debbie Strand, Executive director of the Economic Development Group, said the study clearly indicates there are opportunities for retail growth in Ellensburg and elsewhere in the county, whether it is new businesses downtown or larger retail stores.

During the presentation, Martin Kaatz of Ellensburg said he questioned Mooney's inclusion of communities in other counties into Ellensburg and Kittitas County's market area. Kaatz doubted there would be appreciable business here from people living in Moses Lake, Wenatchee and Yakima. Mooney said people will come to get things that can't get elsewhere. He said more should be done to examine how to enhance existing downtown businesses.

Eilert Bjorge of Ellensburg said the diversity of shopping at big box stores in Yakima and Seattle can't be duplicated in Ellensburg. He said all the leakage of retail sales out of the county can't be stopped.

"I do not think there is a single silver bullet to fix leakage," Bjorge said. He said a detailed study of what specific products and services residents seek outside the community should be done. That would tell officials what businesses are needed, he said.

Mooney agreed. He said the development of a retail center will reduce some of the leakage but equal efforts are needed to build stronger downtown businesses. He said downtown survival requires supplying goods, services, special features and personal attention not available at the big box stores.

Donna Nylander of Ellensburg warned that if a regional retail center becomes a reality in Ellensburg, residents will face changes to their business frequenting practices in downtown.

Mooney said the coming of big-box retail doesn't mean the gutting of a downtown if work is done to strengthen business and attractions there.

Colin Condit of Ellensburg said the economic issues facing Ellensburg or Kittitas County are not all about leakage and that actual spending trends are more complex.

Maggie Potter, a spokesman for the Lamb Family West Interchange Project, said Mooney's analysis confirms the earlier study that indicated there was a huge potential for more retail sales in Ellensburg. She said she hopes this information will be examined closely by those involved with updating Ellensburg's comprehensive plan.