

## Shopping in Ames: Come for the Beer, Stay for the 2x4s

After four plus years of debate on the topic, it may be time to inject some facts about retail sales in Ames. Since 1980, real taxable sales have increased 44% or 1.5% per year. Over that same period, taxable sales have increased 2300% in Johnston, 1800% in Clive, 1300% in Waukee, and nearly 400% in Ankeny and West Des Moines. In comparison to other communities in the Des Moines market, retail sales in Ames have been unusually weak.

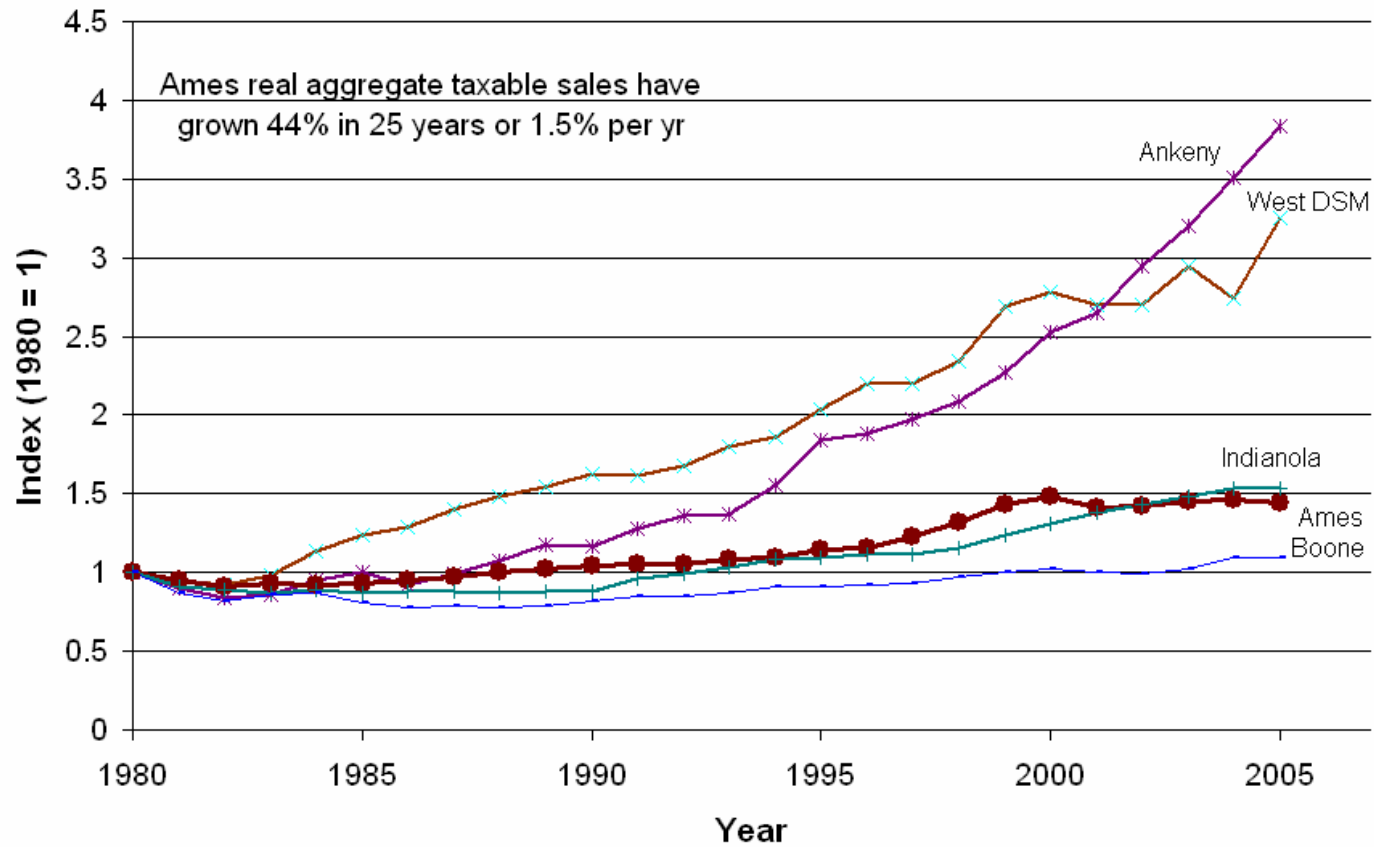
The recent experience is even worse. Total real taxable retail sales in Ames peaked in 2000. Despite increases in total income in Story County, taxable retail sales have actually declined since then. Even more surprising is that per capita sales in Ames have decreased. Either residents of Ames have suddenly stopped buying things or they are taking their business elsewhere. I should note that the slowdown in sales in Ames since 2000 has not been experienced in any of the markets to our south with the exception of Des Moines city which has been losing sales to West Des Moines.

Ames' market strengths and weaknesses are apparent in the analysis conducted by Iowa State's Office of Social and Economic Trend Analysis. Compared to other Iowa communities with comparable populations and incomes, Ames has higher than normal sales at food stores and normal sales at bars and restaurants, building suppliers, and general merchandisers such as WalMart or Target. All of this makes sense—you don't drive to Des Moines for necessities such as groceries or shampoo and Ames offers numerous options for drinking and lumber. For all other areas, however, retail sales in Ames are well below comparable cities and are below norms overall. Ames has unusually low sales in wholesale trade, home furnishings, and specialty stores. Ames sales are particularly low in clothing, an unusual result for a college community with a very large population of young adults.

One might presume that such unusually low levels of retail sales in Ames should be an invitation to new retail investment in the Ames community. One can only wonder why that has not occurred.

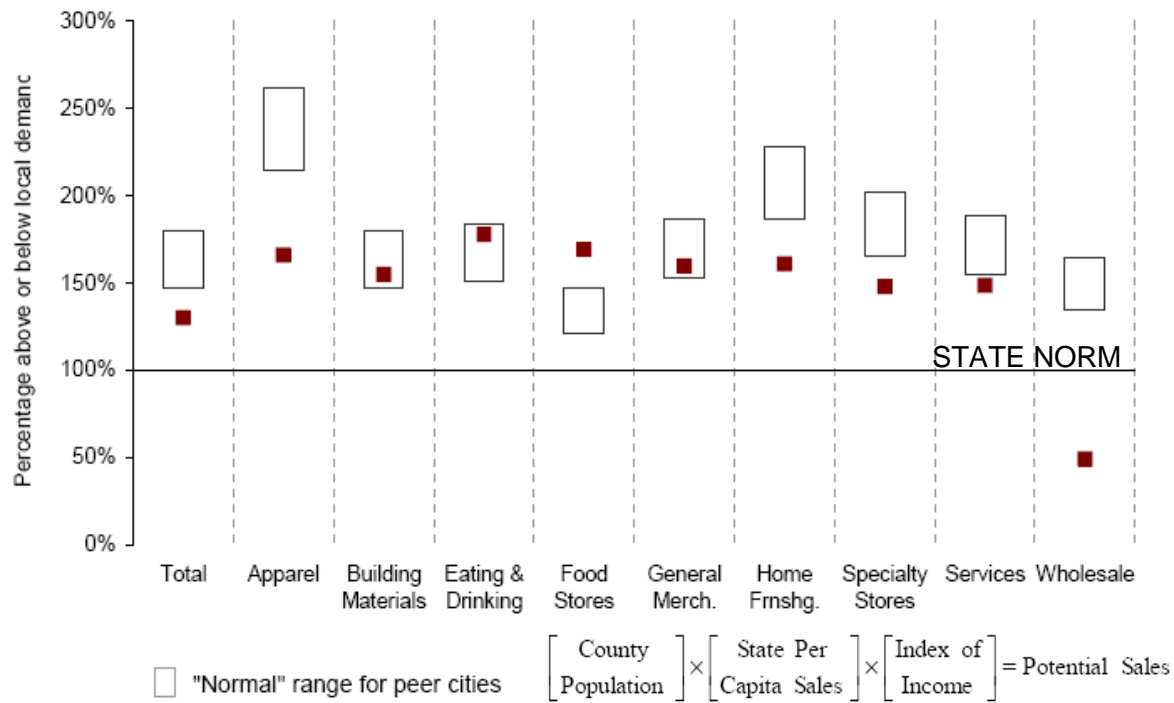
Should we care that Ankeny's retail sector is growing 10 times faster than Ames? Low levels of taxable sales have consequences for our funding of school infrastructure and local government. Anemic taxable sales put greater burden on local property taxes. To the extent that we are shifting our consumption to other communities, we are subsidizing school expansion in Polk and Dallas counties. Perhaps this is a small price to pay for keeping our retail sector focused on necessities.

Relative Growth in Real Taxable Sales, 1980-2005



Source: SETA, Iowa State University

### Percentage of Sales Above or Below Local Demand, FY 2005



Source: Liesl Eathington, *2005 Retail Trade Analysis Reports for Ames, Iowa*  
<http://www.seta.iastate.edu/retail/publications/2005rta/>