



OAK HARBOR RETAIL LEAKAGE AND SURPLUS REPORT

JANUARY 2023

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Overview	3
Leakage and Surplus for Oak Harbor	5
Motor Vehicle Parts	6
Building, Garden, and Supply	7
Furniture Stores	8
Personal Health and Care	9
Food and Beverage	10
Food and Drinking Places	11
Clothing and Accessories	12
Sporting Goods, Hobby, Book, and Music	13
Electronics and Appliances	14
General Merchandise	15
Miscellaneous	16
Resources	17

TABLE OF CONTENTS



The Retail Leakage and Surplus Analysis examines the quantitative aspect of Island County's retail opportunities. While this is a guide to understanding retail opportunities in the County, it's not an analysis that indicates unconditional opportunities. This type of analysis is sometimes called "a gap analysis" or "a supply and demand analysis" and can aid the County in the following ways:

- Indicating how well the retail needs of local residents are being met
- Uncovering unmet demand and possible opportunities
- Understanding the strengths and weaknesses of the local retail sector
- Measuring the difference between estimated and potential retail sales

Due to the sources from which much of the data is derived (U.S. Census), this report uses 2022 data, which is the most recent, complete data set available. This is normal because of the time needed to aggregate and consolidate data for a period of time. This data is relevant and allows a baseline from which subsequent years can be compared.

Understanding Retail Leakage

Retail leakage means that residents are spending more for products than local businesses capture. Retail sales leakage suggests that there is unmet demand in the trade area and that the community can support additional store space for that type of business.

However, retail leakage does not necessarily translate into opportunity. For example, there could be a strong competitor in a neighboring community that dominates the market for that type of product or store.

Understanding Retail Surplus

A retail surplus means that the community's trade area is capturing the local market plus attracting non-local shoppers. A retail surplus does not necessarily mean that the community cannot support additional business. Many communities have developed strong clusters of stores that have broad geographic appeal. Examples of these types of retailers include: sporting goods stores, home furnishing stores, restaurants, and other specialty operations that become destination retailers and draw customers from outside the trade area.

Examining the quantitative aspects (Leakage/Surplus) is only part of the evaluation of community's retail opportunities. Before any conclusions can be drawn about potential business expansion or recruitment opportunities, qualitative considerations such as trade area psychographics and buying habits must be analyzed in context of other market factors.

OVERVIEW



Interpreting Leakage Index Graphs

There are three categories that sales for a given area can fall – sales can either be in equilibrium/balance, there can be a leakage, or there can be a surplus. In the graphs through out this report the following is a guide to understanding them.

1.0=equilibrium, meaning that demand and sales in the area being analyzed are in balance.

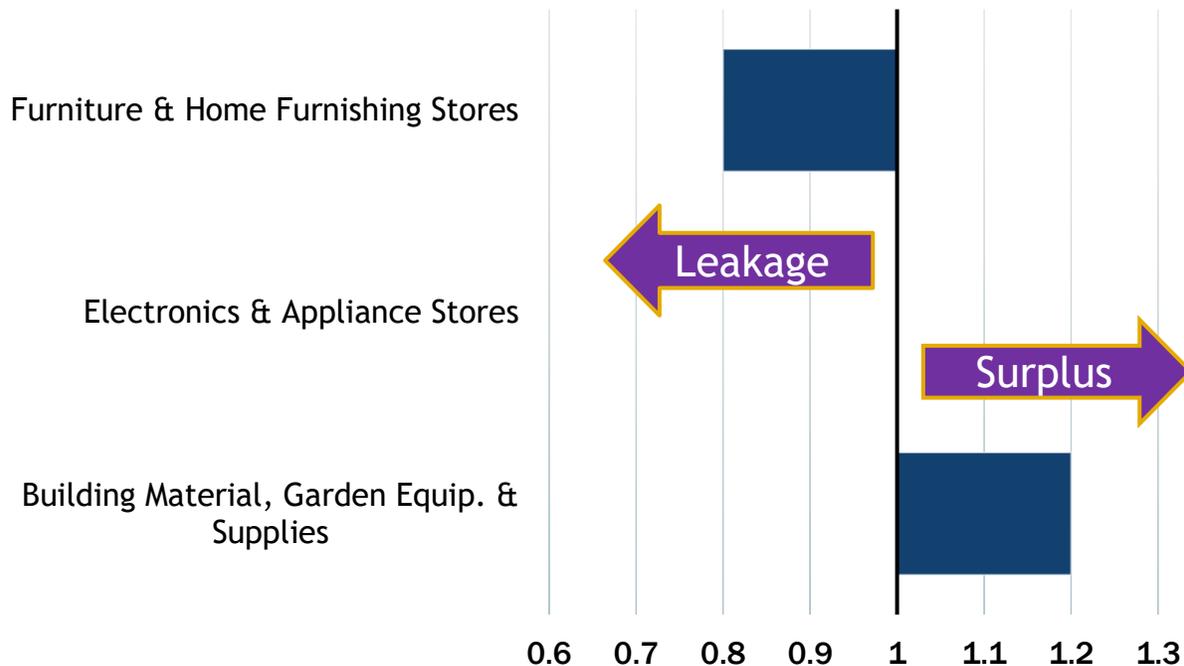
.80=demand exceeds sales by 20%, meaning that consumers are leaving the area being analyzed.

1.2=sales exceed demand by 20%, meaning that consumers are coming from outside the area being analyzed.

All estimates, projections or forecasts in this model are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information.

OVERVIEW

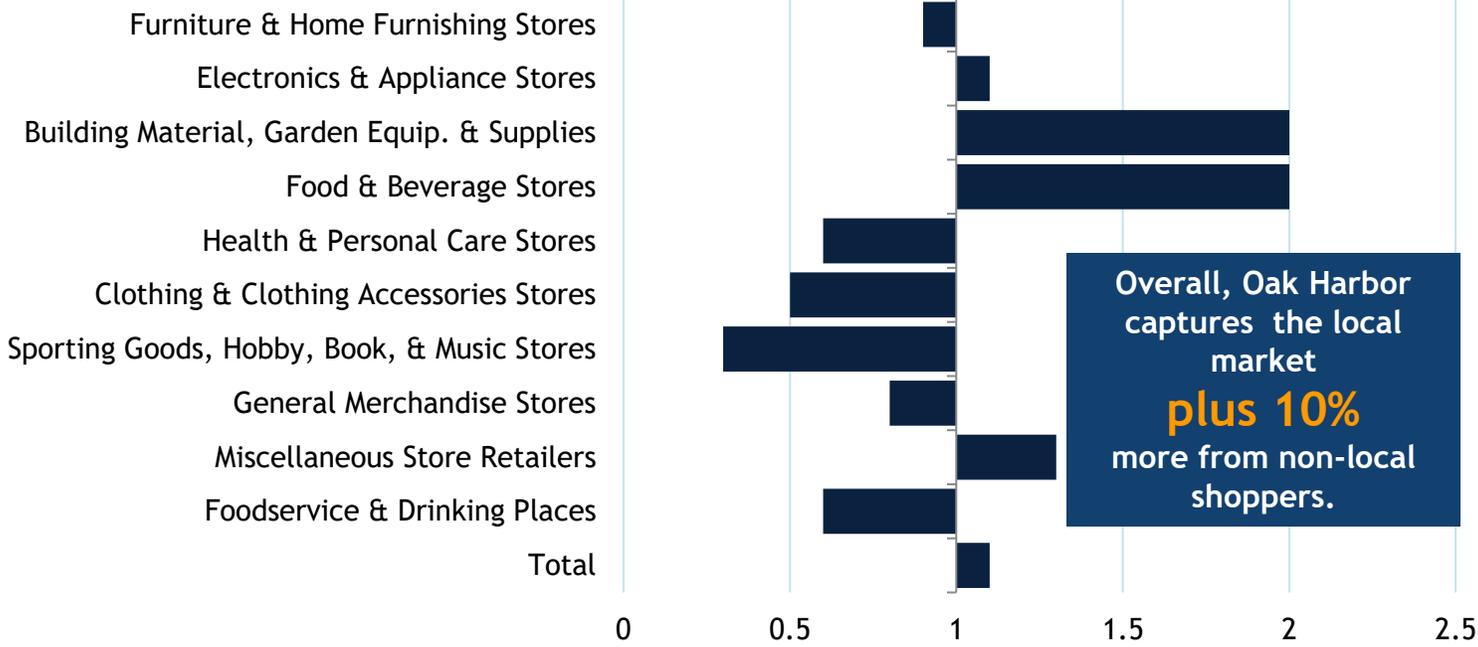
Sample Leakage and Surplus





OAK HARBOR

Leakage and Surplus



Store Type	Potential	Estimated	Surplus/Leakage
Motor Vehicle Parts & Dealers	146,258,263	171,931,921	1.2
Furniture & Home Furnishing Stores	16,668,285	15,668,171	0.9
Electronics & Appliance Stores	13,168,666	14,853,693	1.1
Building Material, Garden Equip. & Supplies	46,595,281	93,626,297	2.0
Food & Beverage Stores	104,846,358	214,572,378	2.0
Health & Personal Care Stores	43,088,660	25,105,590	0.6
Clothing & Clothing Accessories Stores	27,460,300	14,783,792	0.5
Sporting Goods, Hobby, Book, & Music Stores	24,319,858	7,966,164	0.3
General Merchandise Stores	99,457,943	76,421,233	0.8
Miscellaneous Store Retailers	15,716,357	20,683,774	1.3
Foodservice & Drinking Places	94,762,096	52,217,678	0.6
Total	632,342,067	707,830,691	1.1



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Vehicles

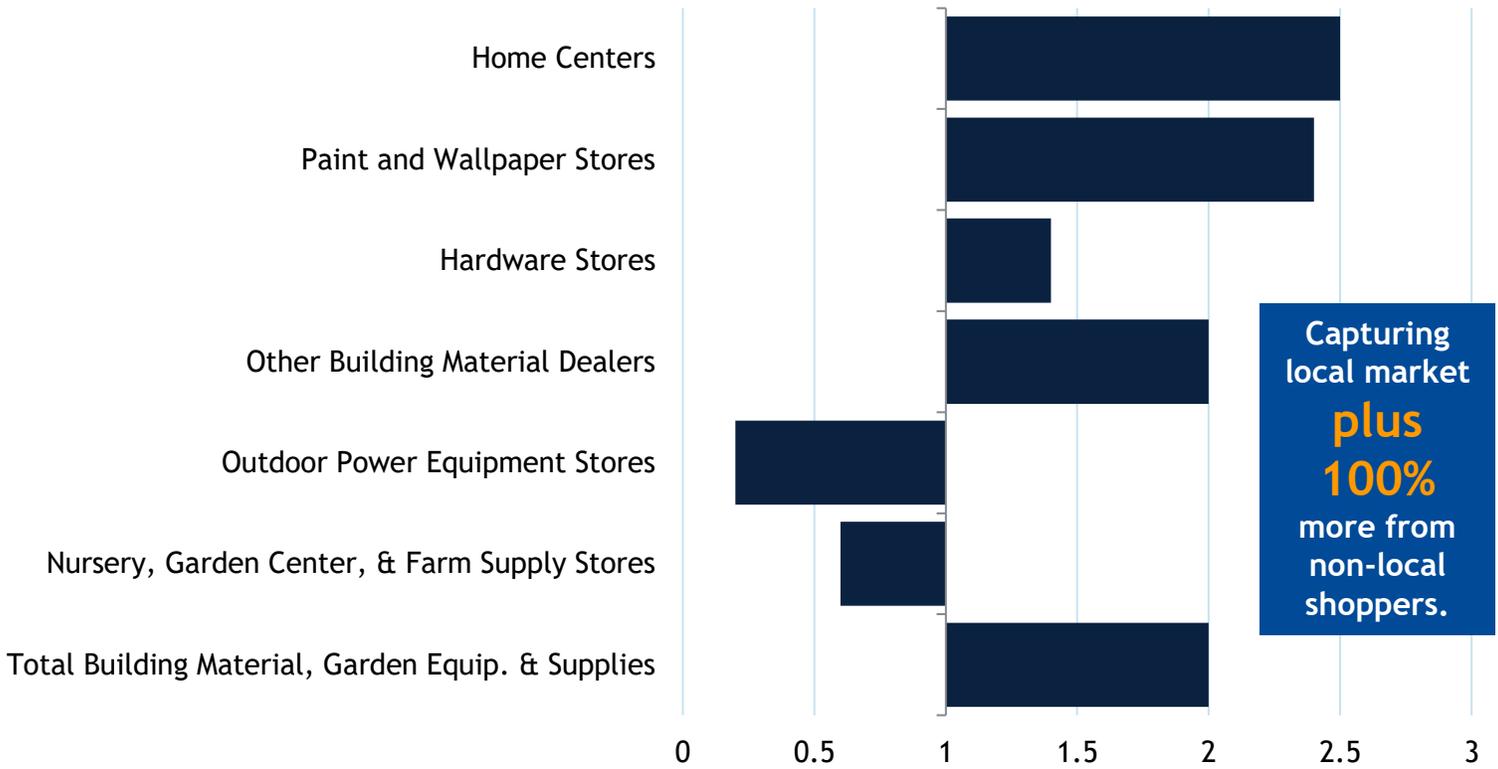


Store Type	Potential	Estimated	Surplus/Leakage
Automotive Dealers	117,633,701	112,008,251	1.0
Other Motor Vehicle Dealers	16,127,839	51,162,569	3.2
Automotive Parts, Accessories, & Tire Stores	12,496,724	8,761,101	0.7
Total Motor Vehicle Parts & Dealers	146,258,263	171,931,921	1.2



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Hardware

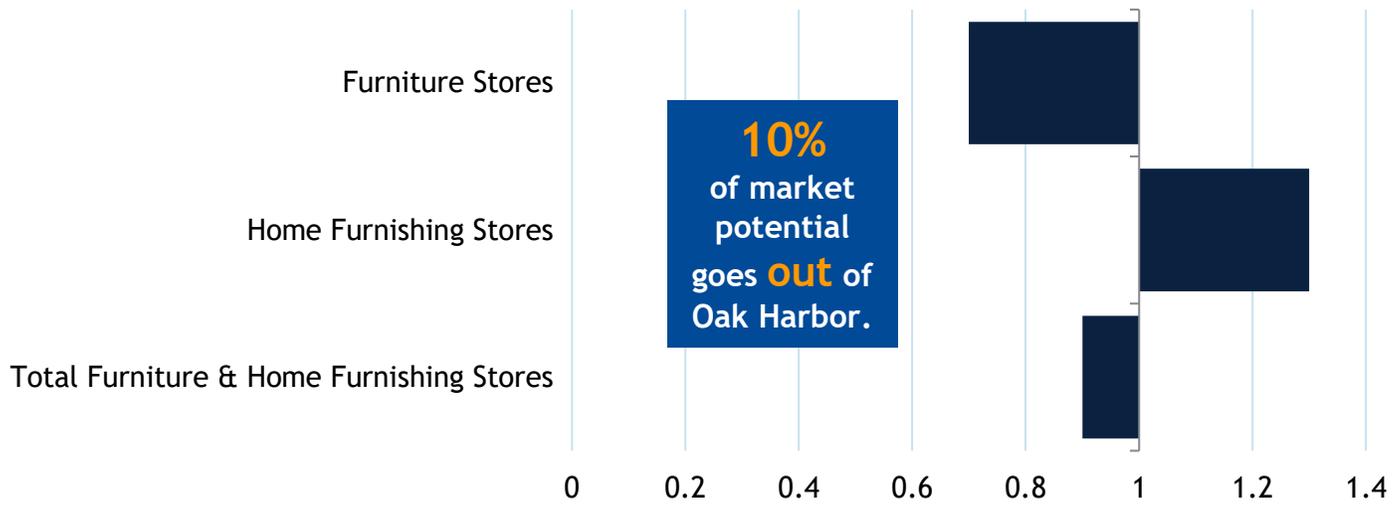


Store Type	Potential	Estimated	Surplus/Leakage
Home Centers	23,653,600	58,502,587	2.5
Paint and Wallpaper Stores	993,097	2,427,646	2.4
Hardware Stores	3,175,570	4,365,734	1.4
Other Building Material Dealers	12,171,948	24,687,230	2.0
Outdoor Power Equipment Stores	1,338,794	314,701	0.2
Nursery, Garden Center, & Farm Supply Stores	5,262,273	3,328,399	0.6
Total Building Material, Garden Equip. & Supplies	46,595,281	93,626,297	2.0



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Furniture



Store Type	Potential	Estimated	Surplus/Leakage
Furniture Stores	10,49,110	7,340,401	0.7
Home Furnishing Stores	6,176,175	8,327,770	1.3
Total Furniture & Home Furnishing Stores	16,668,285	15,668,171	0.9

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Health

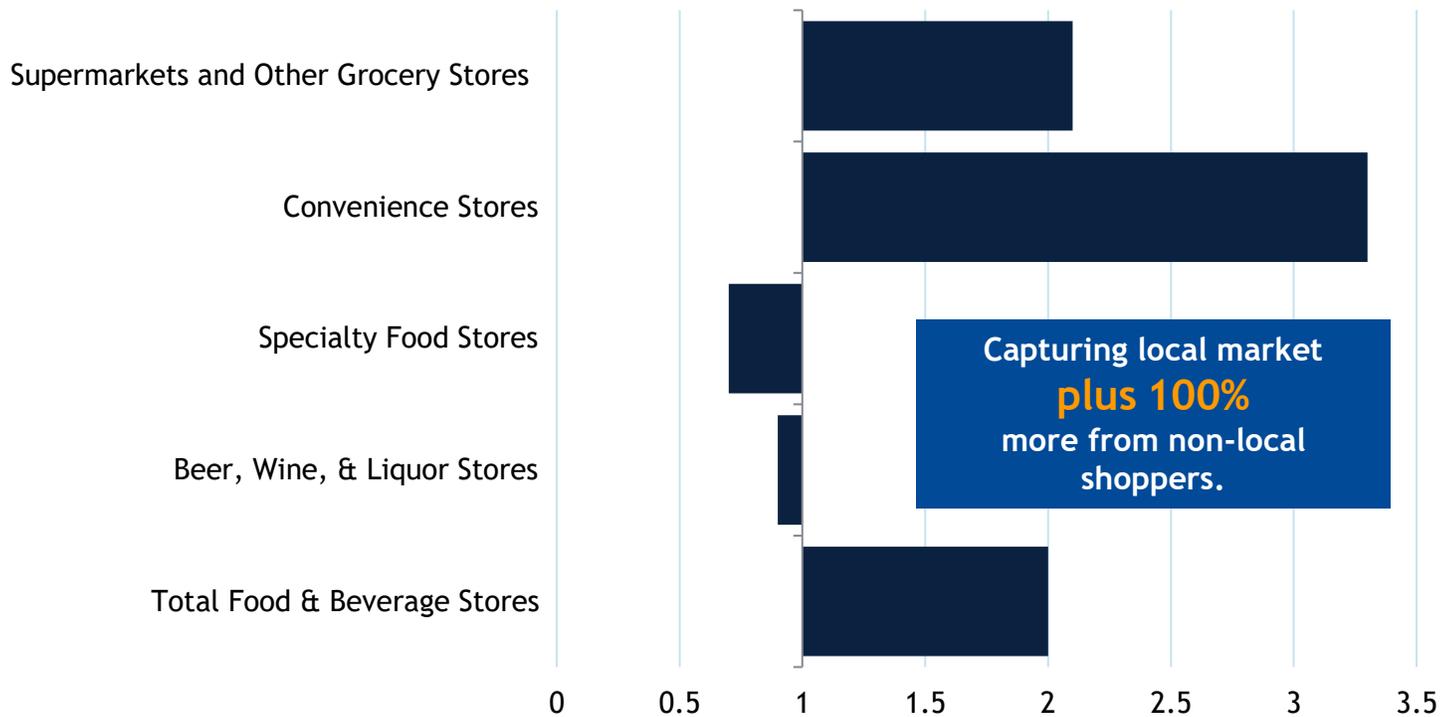


Store Type	Potential	Estimated	Surplus/Leakage
Pharmacies and Drug Stores	36,594,803	22,175,157	0.6
Cosmetics, Beauty Supplies and Perfume Stores	2,720,663	1,679,365	0.6
Optical Goods Stores	1,593,069	234,107	0.1
Other Health and Personal Care Stores	2,180,125	1,016,961	0.5
Total Health & Personal Care Stores	43,088,660	25,105,590	0.6



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Grocery

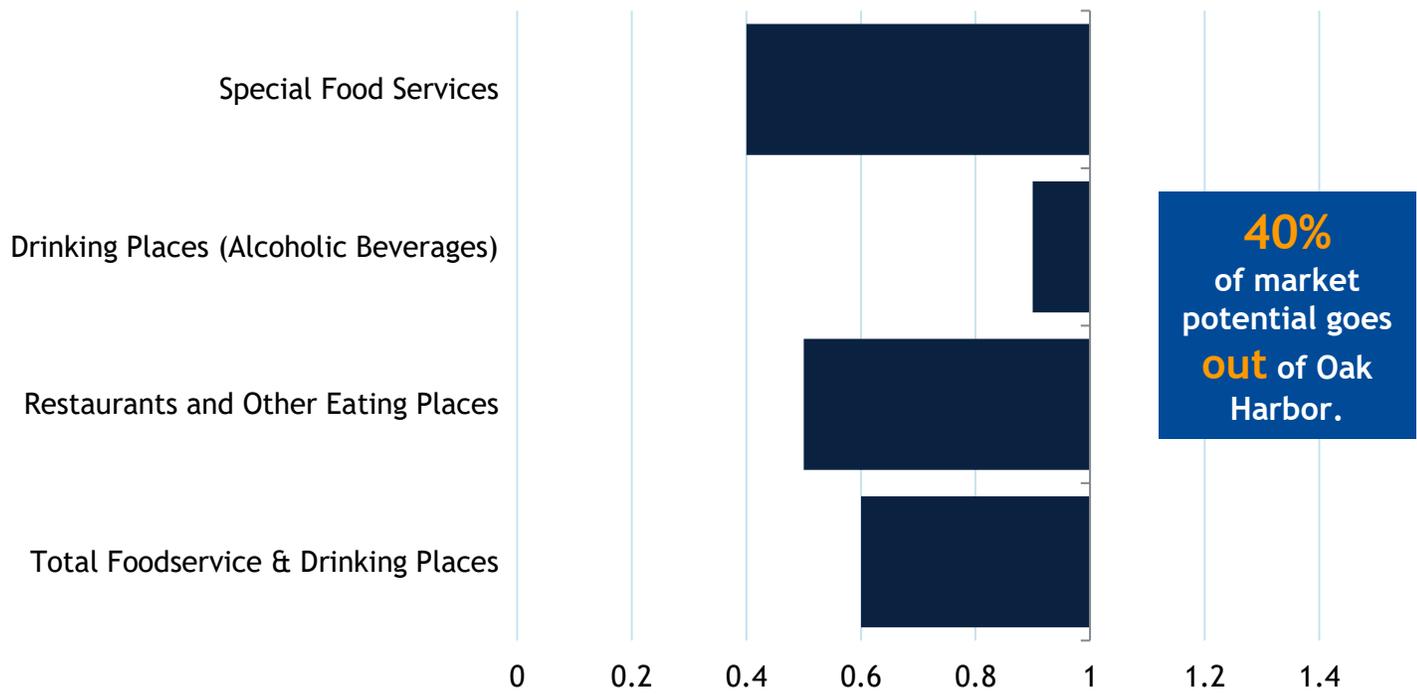


Store Type	Potential	Estimated	Surplus/Leakage
Supermarkets and Other Grocery Stores	90,727,523	193,138,461	2.1
Convenience Stores	3,730,410	12,471,949	3.3
Specialty Food Stores	2,926,934	2,048,940	0.7
Beer, Wine, & Liquor Stores	7,461,492	6,913,028	0.9
Total Food & Beverage Stores	104,846,358	214,572,378	2.0



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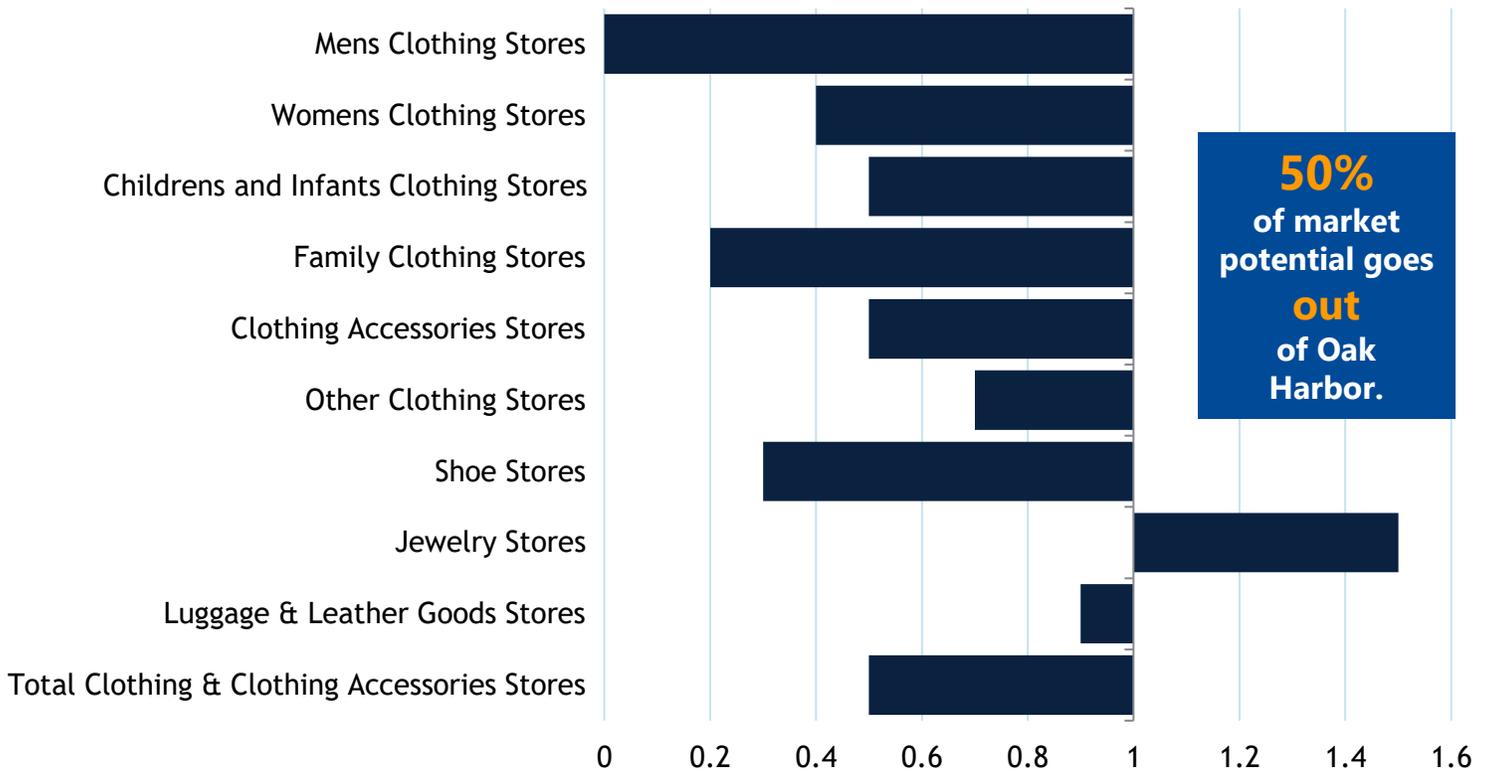
Restaurants



Store Type	Potential	Estimated	Surplus/Leakage
Special Food Services	5,262,499	2,350,117	0.4
Drinking Places (Alcoholic Beverages)	2,790,236	2,403,258	0.9
Restaurants and Other Eating Places	86,709,360	47,464,304	0.5
Total Foodservice & Drinking Places	94,762,096	52,217,678	0.6

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Clothing



Store Type	Potential	Estimated	Surplus/Leakage
Men's Clothing Stores	629,225	0	0.0
Women's Clothing Stores	4,227,954	1,764,434	0.4
Children's and Infants' Clothing Stores	851,038	461,136	0.5
Family Clothing Stores	11,632,939	2,763,829	0.2
Clothing Accessories Stores	713,599	385,349	0.5
Other Clothing Stores	1,948,600	1,294,711	0.7
Shoe Stores	2,728,906	942,310	0.3
Jewelry Stores	4,555,511	7,024,728	1.5
Luggage & Leather Goods Stores	172,528	147,296	0.9
Total Clothing & Clothing Accessories Stores	27,460,300	14,783,792	0.5

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Hobby

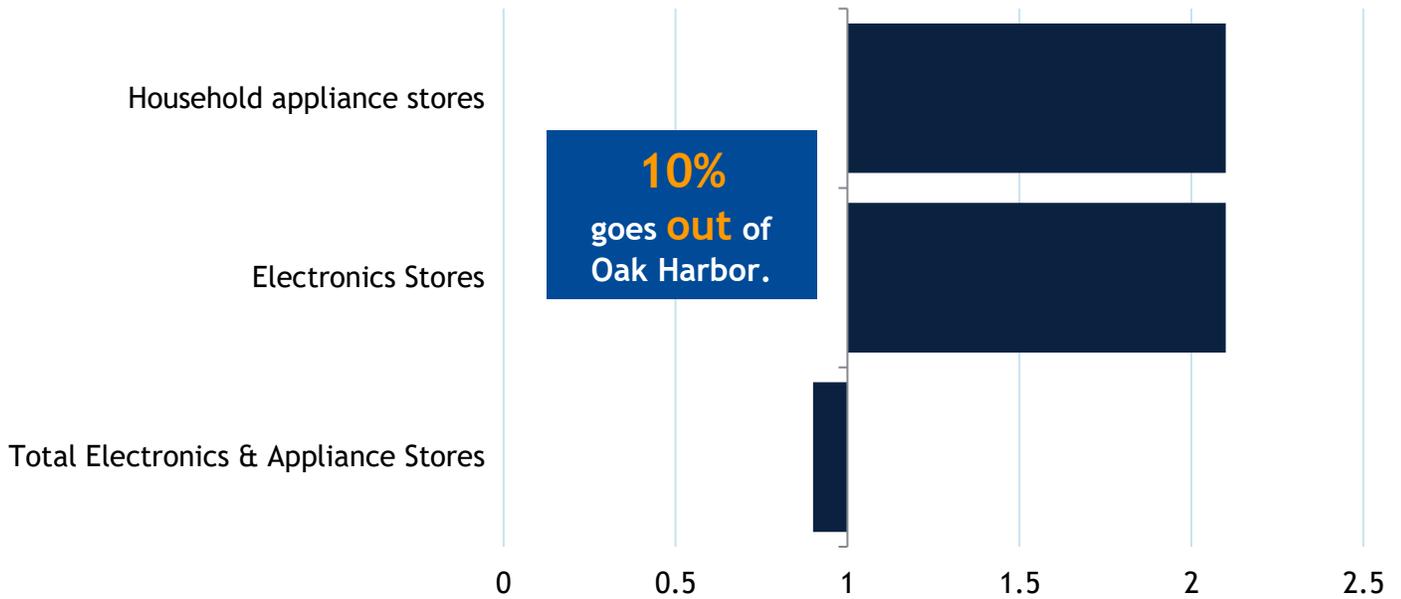


Store Type	Potential	Estimated	Surplus/Leakage
Sporting Goods Stores	19,498,611	4,037,093	0.2
Hobby, Toy, and Game Stores	2,596,529	2,970,969	1.1
Sewing, Needlework, and Piece Goods Stores	351,054	509,934	1.5
Musical Instrument and Supplies Stores	437,672	252,249	0.6
Book Stores	870,046	189,373	0.2
News Dealers and Newsstands	565,947	6,546	0.0
Total Sporting Goods, Hobby, Book, & Music Stores	24,319,858	7,966,164	0.3



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Electronics

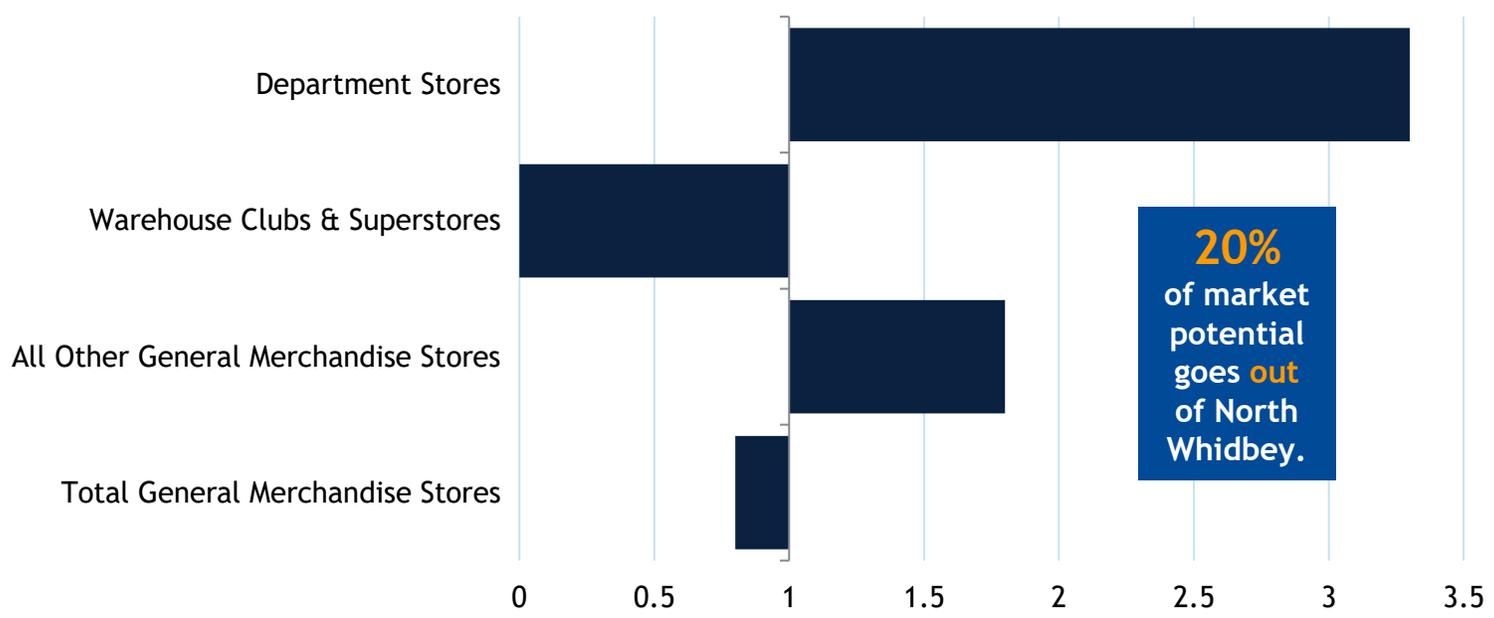


Store Type	Potential	Estimated	Surplus/Leakage
Household appliance stores	2,663,686	5,523,796	2.1
Electronics Stores	2,663,686	5,523,796	2.1
Total Electronics & Appliance Stores	10,504,980	9,329,897	0.9



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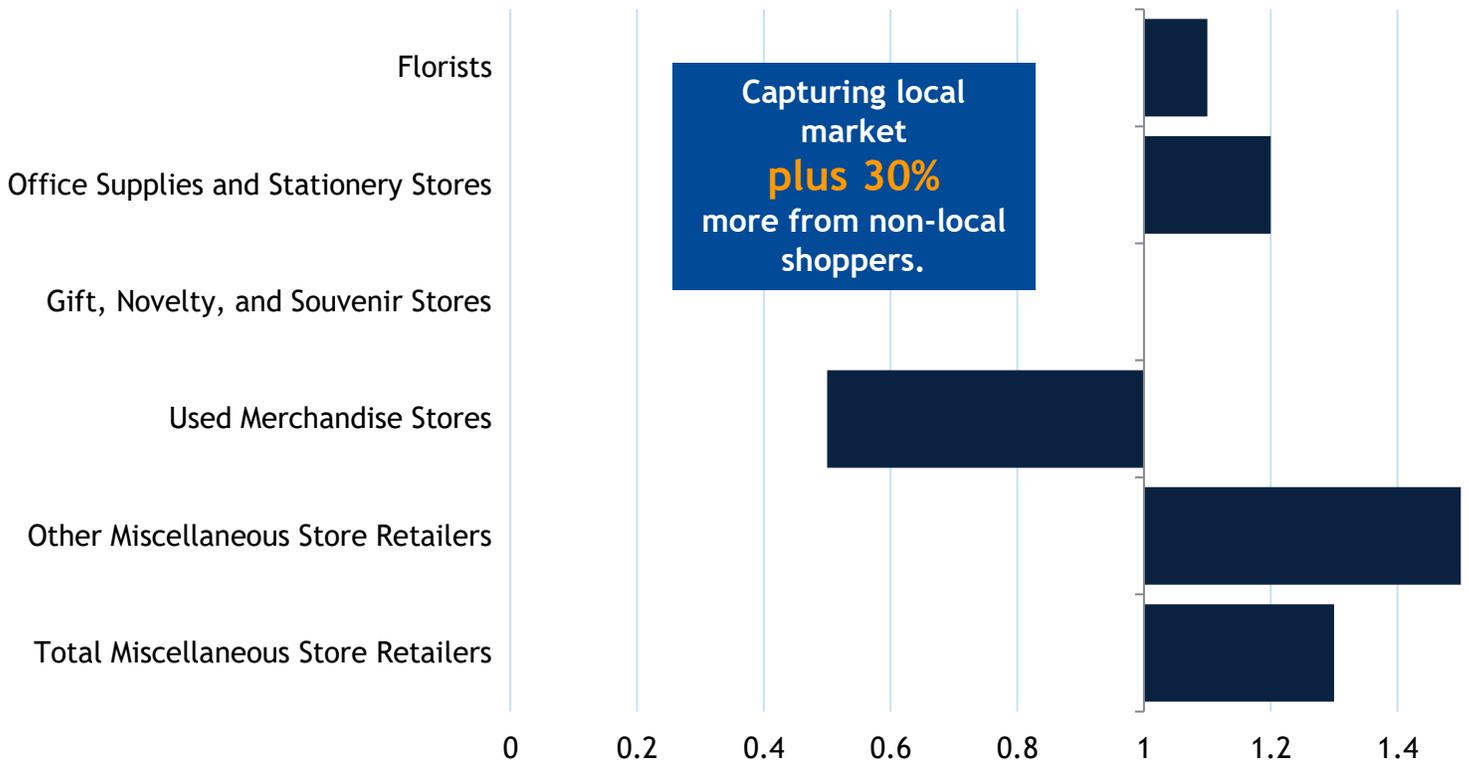
General Merchandise



Store Type	Potential	Estimated	Surplus/Leakage
Department Stores	16,260,098	52,954,164	3.3
Warehouse Clubs & Superstores	71,058,041	2,089,549	0.0
All Other General Merchandise Stores	12,139,803	21,377,520	1.8
Total General Merchandise Stores	99,457,943	76,421,233	0.8

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Miscellaneous



Store Type	Potential	Estimated	Surplus/Leakage
Florists	685,249	723,101	1.1
Office Supplies and Stationery Stores	1,411,089	1,726,794	1.2
Gift, Novelty, and Souvenir Stores	1,670,914	1,744,200	1.0
Used Merchandise Stores	1,606,303	780,277	0.5
Other Miscellaneous Store Retailers	10,342,802	15,709,402	1.5
Total Miscellaneous Store Retailers	15,716,357	20,683,774	1.3

Sources

This report contains data extracted from the Economic Development Council for Island County's *Island County Retail Leakage and Surplus Analysis* (Released January 2023). The full report can be obtained from their website at <https://www.iscoedc.com/economic-reports/>.

SOURCES

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