Peru Retail Gap Analysis

September 2023

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Introduction

Peru, Indiana and Miami County hired American Structurepoint to understand better the Peru area's ability to attract more and varied retailers to their city limits. The retail gap analysis contained in this document provides valuable data and information to assist City leaders and economic development professionals in achieving that goal.

This analysis contains detailed retail trade area data supplemented by speaking with local stakeholders to provide an "on-the-ground" perspective not always found in rigorous data analysis. The combined efforts resulted in recommendations for the type and size of retailers that would likely locate in the Peru area.

Regional and Historical Context

Incorporated in 1835 Peru, the county seat for Miami County is situated along the banks of the Wabash River. Peru is in north central Indiana, approximately 30 minutes north of Kokomo, IN, and an hour and a half from Indianapolis. Peru is known as "The Circus Capital of the World" and is home to seven of the world's largest circuses' winter headquarters. The city still boasts a yearly amateur circus performance that attracts visitors of all ages. Along with its circus history, Peru was the first Indiana city to hold a street fair in 1894 and is home to one of Indiana's largest parades. The street fair tradition continues today with the Circus City Festival, the country's longest-running circus parade and the second-largest parade in Indiana.[1,2]

The amateur circus performance mentioned above occurs in tandem with the Circus City Festival in mid-July each year. It gathers around 200 contestants, ages seven to 21, to present ten circus performances during the eight-day festival.[3]

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[1] Peru, Miami County.
[2] Circus Parade.
[3] Peru Amateur Circus.

Figure 1 – Regional Context Map, Source: ASI, ESRI, Census.

LEGEND

- - - Indiana Counties
▢ Municipal Boundaries
▢ Peru Boundary

REGIONAL CONTEXT
Peru Retail Gap Analysis

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Miles
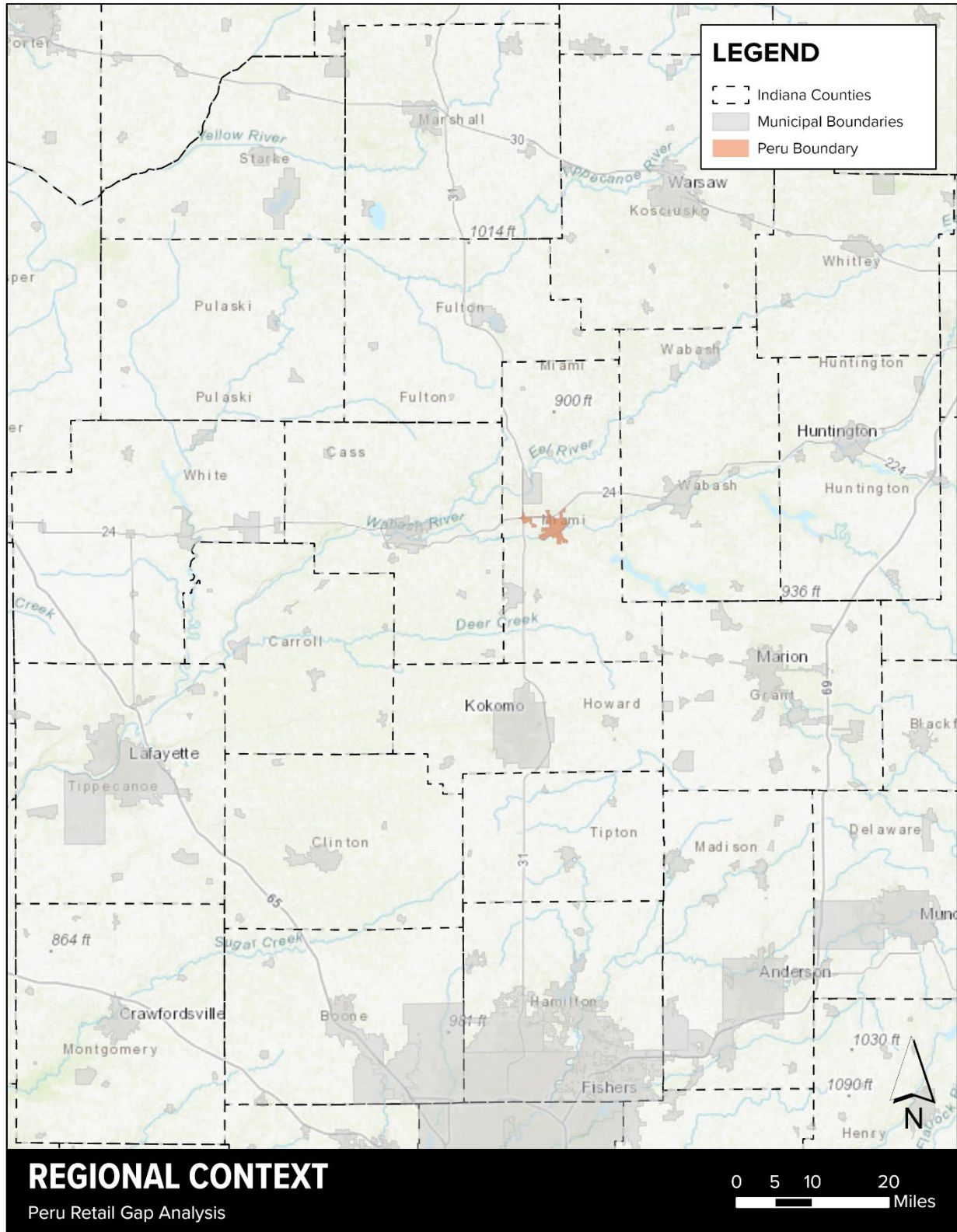
Current Conditions

An analysis of the City of Peru's current conditions was carried out to help provide the necessary background information to examine the area's retail market. The analysis's topics included community demographics, transportation elements, and current market conditions.

Data used in this analysis was primarily from the US Census Bureau via the following sources:

2019 and 2021 American Community Survey, 2010 and 2020 US Census

In addition to the decennial Census (2010, 2020), the US Census Bureau conducts dozens of other censuses and surveys, including the American Community Survey. The American Community Survey is an ongoing effort that gathers information from a community through a small sample rather than the extensive 10-year survey with which most people are familiar.

ESRI Business Analyst

ESRI Business Analyst is a powerful tool for analyzing data within a specific geographic location. ESRI allows data to be observed at a very local level and compared with surrounding groups.

Transportation

All types of vehicles available in the city are considered means of transportation and movement. Peru is primarily a roadway city, like other communities of its size. The most prominent form of transportation is vehicular travel. The US 31, US 24 interchange is just northwest of Peru. US 31 travels south through Kokomo and eventually connects to I-465 in Carmel. To the north, US 31 connects to South Bend and travels further north through Michigan.

Roadway Classifications

Figure 2 - Roadway Classifications of Peru and surrounding roadways. Source: ASI, ESRI, INDOT.
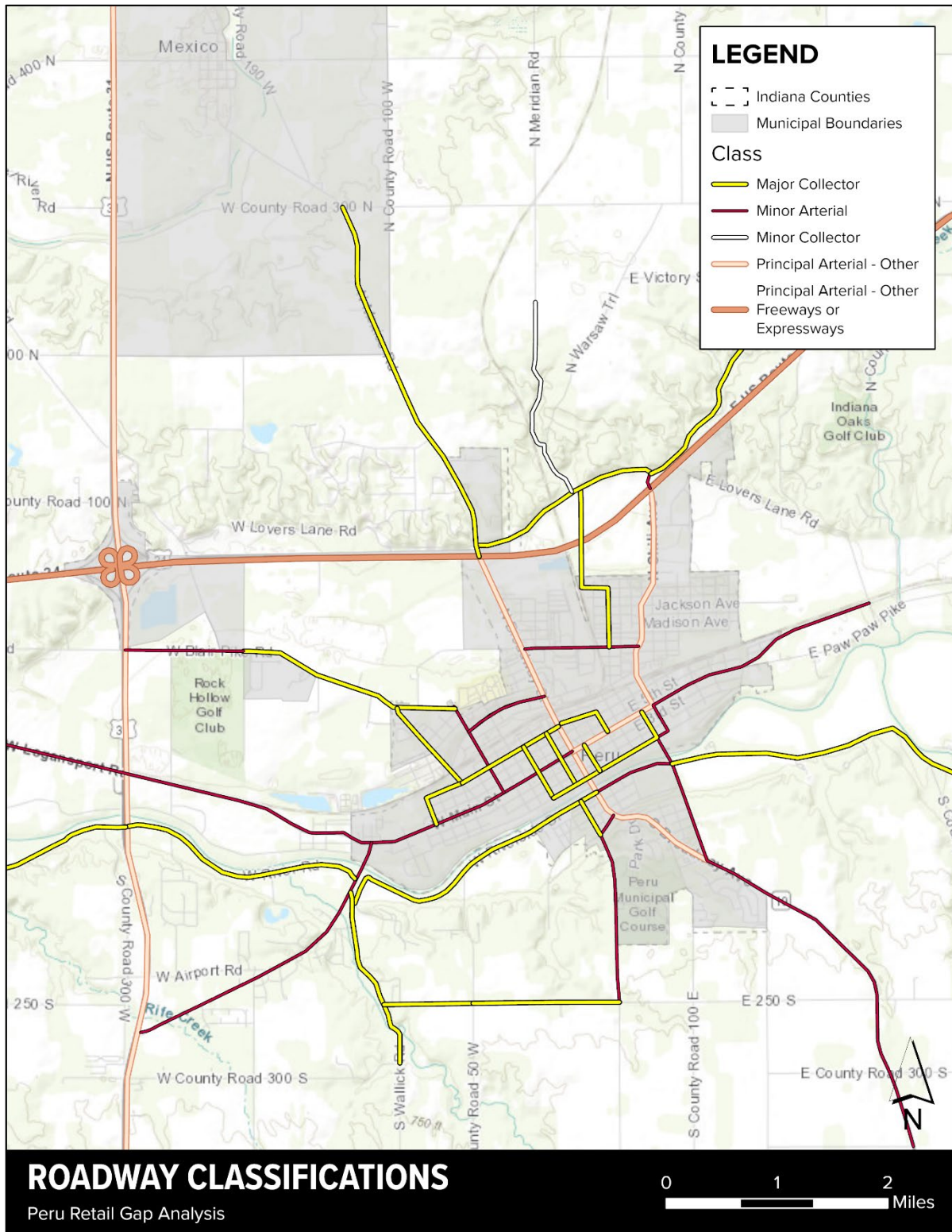
Roadway classifications define roads into interstates, principal arterials, minor arterials, major collectors, minor collectors, and local roadways. Arterial roadways cater to a large traffic volume and serve cross-community travel. Collectors distribute high traffic volume from arterial roads to local streets. Local streets are intended for property access.

Main Street is the primary east-to-west street, while Broadway is the primary north-to-south street. INDOT classified Broadway as a principal arterial, while West Main Street was a minor arterial. East Main Street was shortly classified as a principal arterial before intersecting with North Benton Street, where it became a minor arterial.[4]

Major Corridors

The major retail corridors existed along most of the major roads that were previously listed. General retail, such as ALDI, Kroger, and various fast-food restaurants, was along West Main Street, towards the US 24 interchange. Other available retail was located at the northern interchange along the North Broadway Street corridor. More local, small businesses were found at the intersection of North Broadway Street and East Main Street, along the courthouse square.

Traffic Counts

Traffic counts calculate the annual average daily traffic (AADT) generated at specific roadway segments. The exit from US 31 on the city's west side had a reported AADT of 3,430 on West Logansport Road. At the intersection of Main Street and Broadway, Main Street had an AADT of 7,887, while Broadway had an AADT of 8,737. North Broadway near the US 24 exit reported an AADT of 8,473.[5]

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[4] Roadway Inventory Viewer.
[5] INDOT.

TRAFFIC COUNTS
Peru Retail Gap Analysis
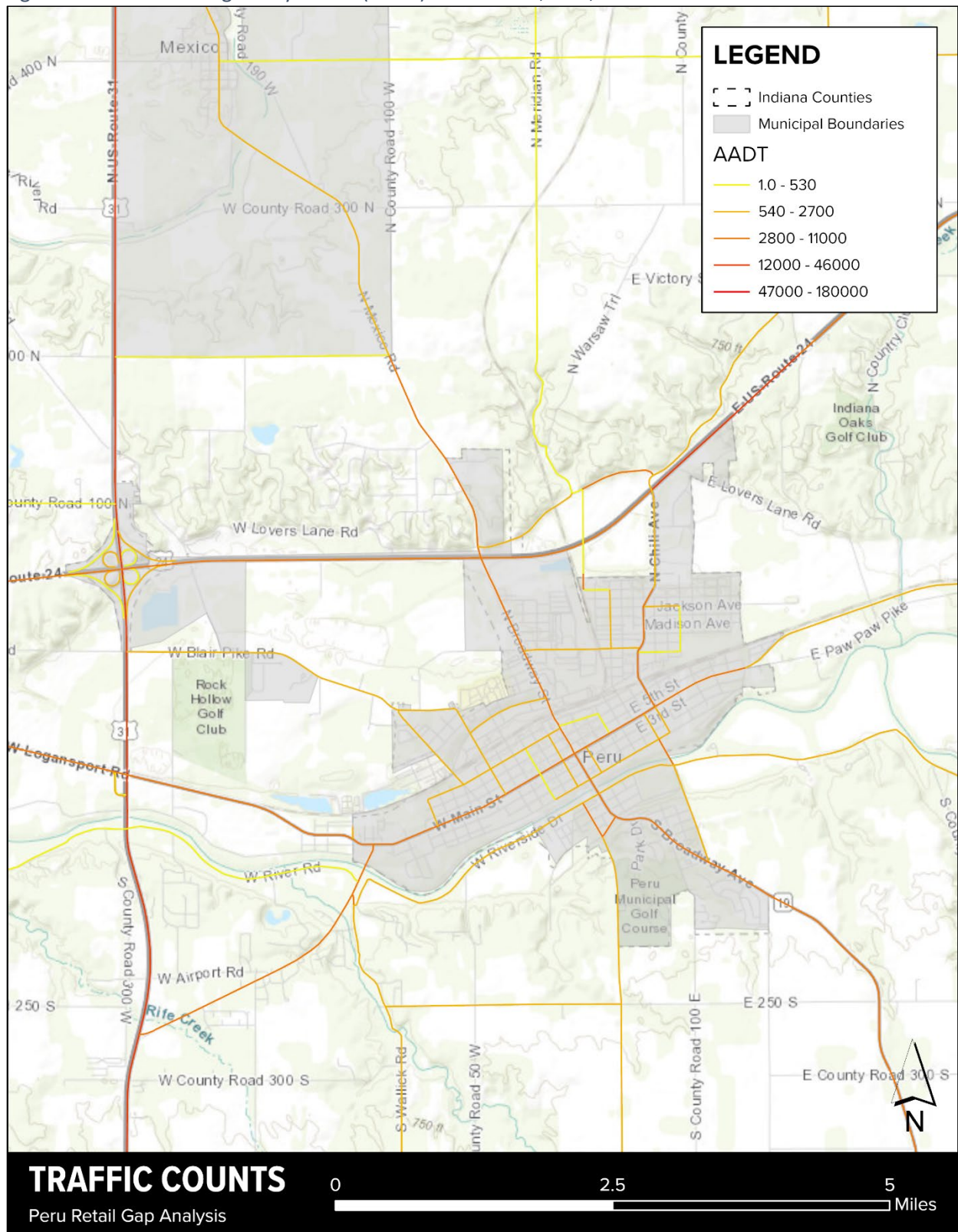
Demographics

Population

In 2022, Peru's total population was 11,002, which decreased from 11,582 in 2010. Comparatively, all the comparison communities did not experience a growth in total population. Wabash and Plymouth, similar in size to Peru, experienced a slight decline, from 10,651 to 10,143 in Wabash and 10,052 to 10,041 in Plymouth. Logansport and Crawfordsville's populations were larger than Peru's but shared similar population trends.

Figure 4 – Total population of Peru and comparison communities. Source: ESRI.
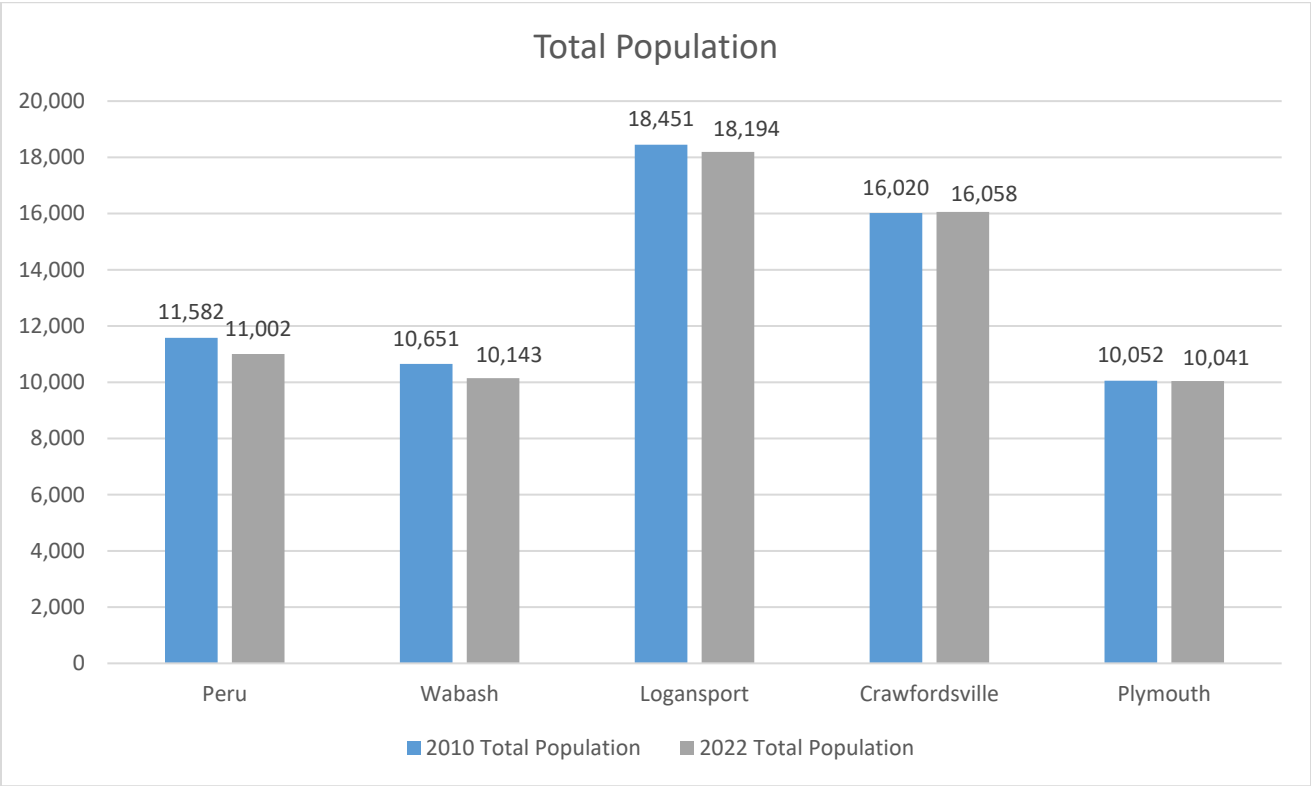
Historical and Projected Growth

According to Woods & Poole, the Peru Micropolitan Statistical Area (which includes most of Miami County) may slightly decrease population in the next thirty years but will remain relative to its historical trend of 35,000 people. Peru's growth rates alone may not create a significant demand for new retail businesses. Peru will need to focus on the current market demand discussed later in this report.

Figure 5 – Historical and Forecasting Population Trends. Source: Woods and Poole.
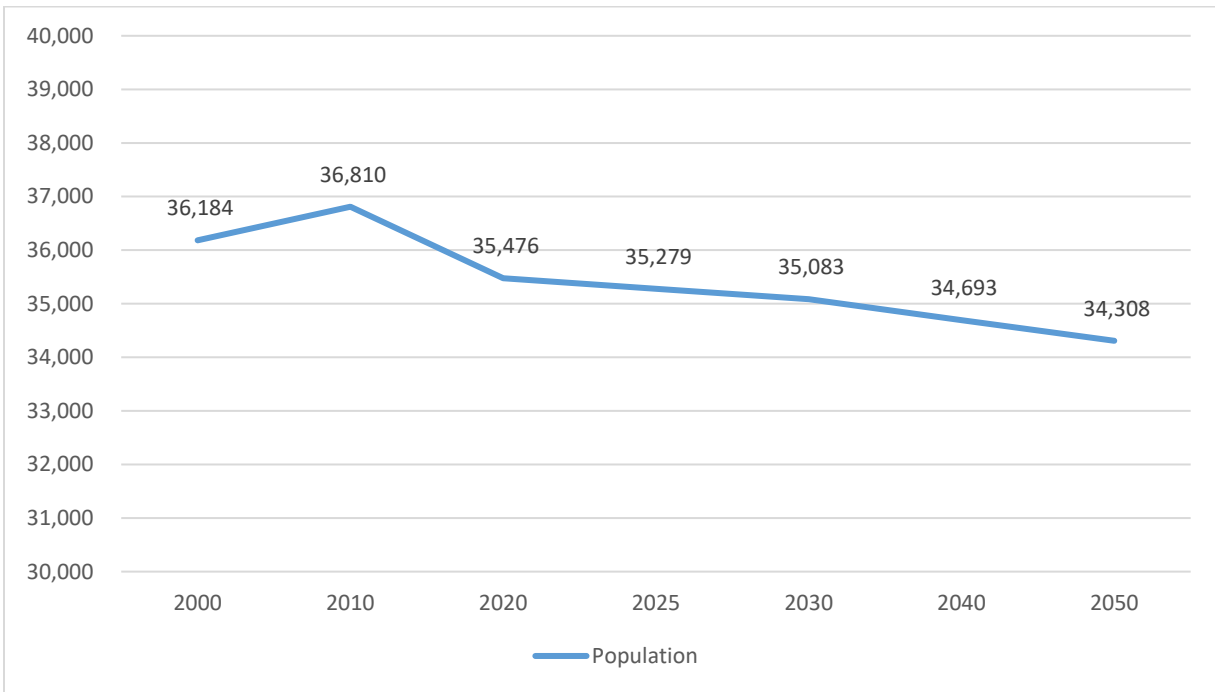
Median Age

Peru's median age was 40.8 in 2022, comparable to Miami County's 40.6 and Wabash's 43.2. Logansport and Plymouth's median ages were 36, while Crawfordsville and Indiana's median age was 38.

Figure 6 – Median Age of Peru Residents. Source: ESRI.
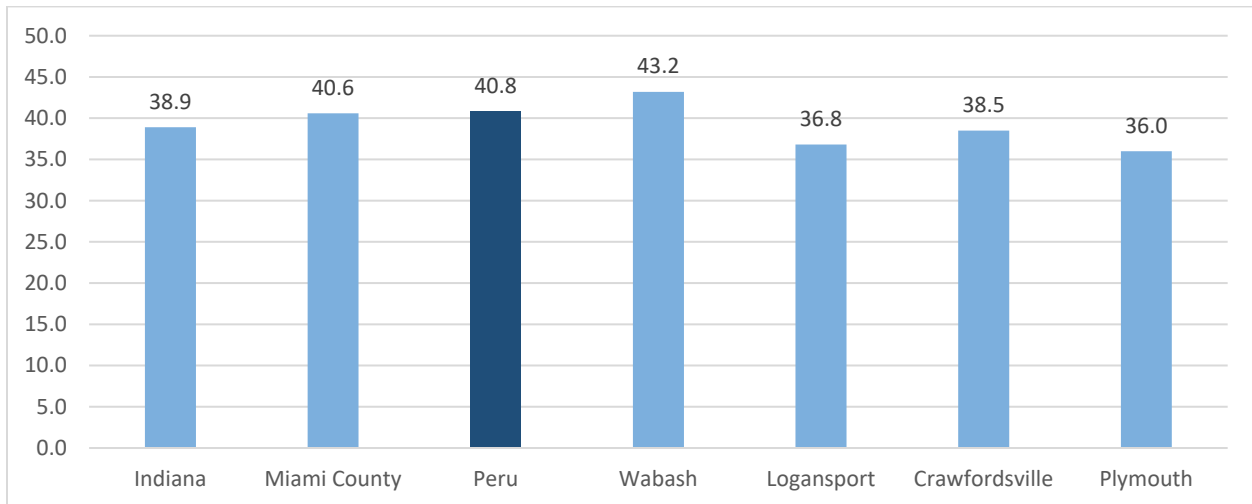
Median Income

In 2022, Peru's median household income was $43,698. Peru had the lowest median income of all the comparison communities, second only to Plymouth at $42,236. While Logansport, Plymouth, and Frankfort also had median incomes less than $50,000, Wabash, Crawfordsville, Miami County, and

Indiana had median household incomes above $50,000. Communities with younger median ages may correlate with a younger median age and a lower median household income as more youthful individuals are in their early careers and have either student or entry-level salaries. However, this does not seem to be a correlation in Peru since the median age was 40.8.
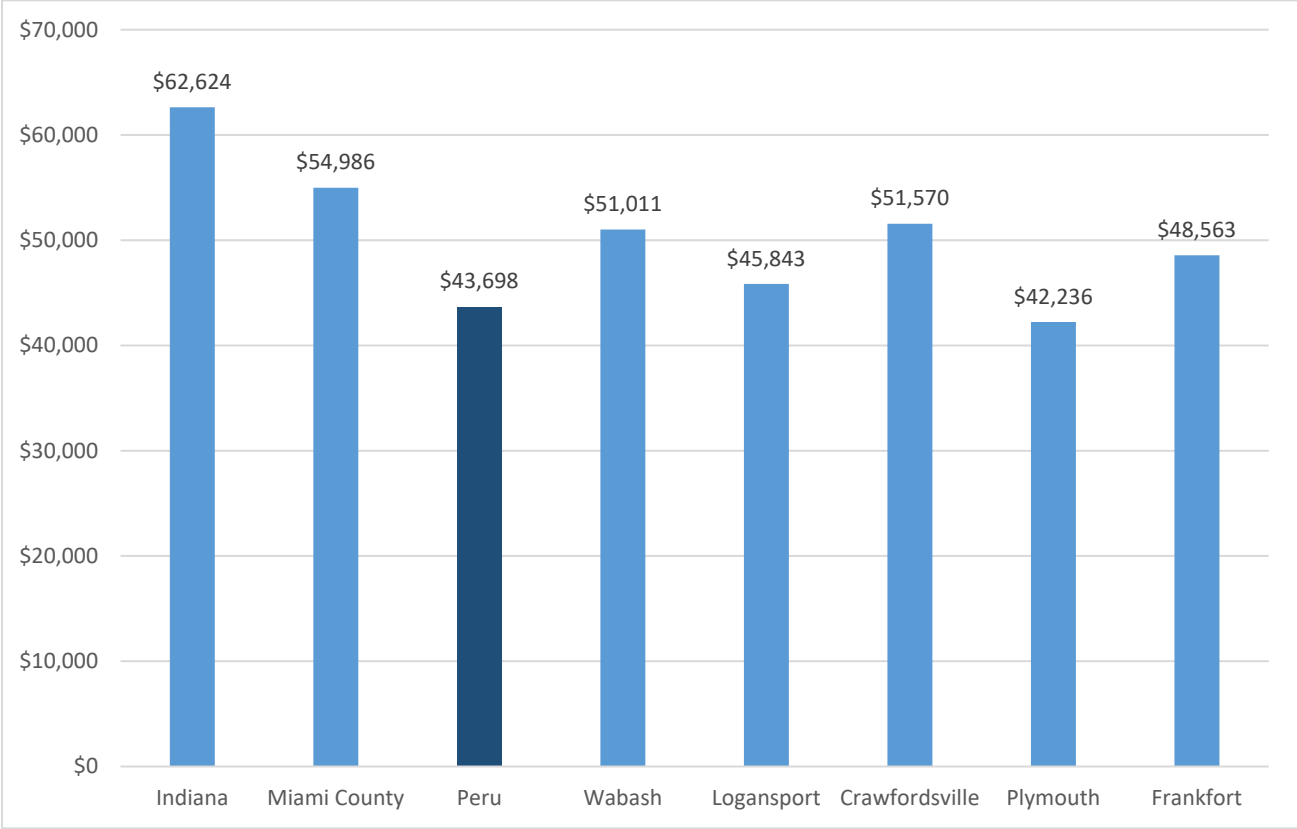
Figure 7 – Median Household Income of Peru and Comparison Communities. Source: ESRI.

Households by Income

When broken down by income bracket, most households (14 percent) had a median household income in the $75,000-$99,000 cohort. The majority income bracket was almost double the median household income ($43,698). The median income comparison and cohort details showed that the local market's household incomes could support additional retail development.

Figure 8 –Peru Households by Income Bracket. Source: ESRI.
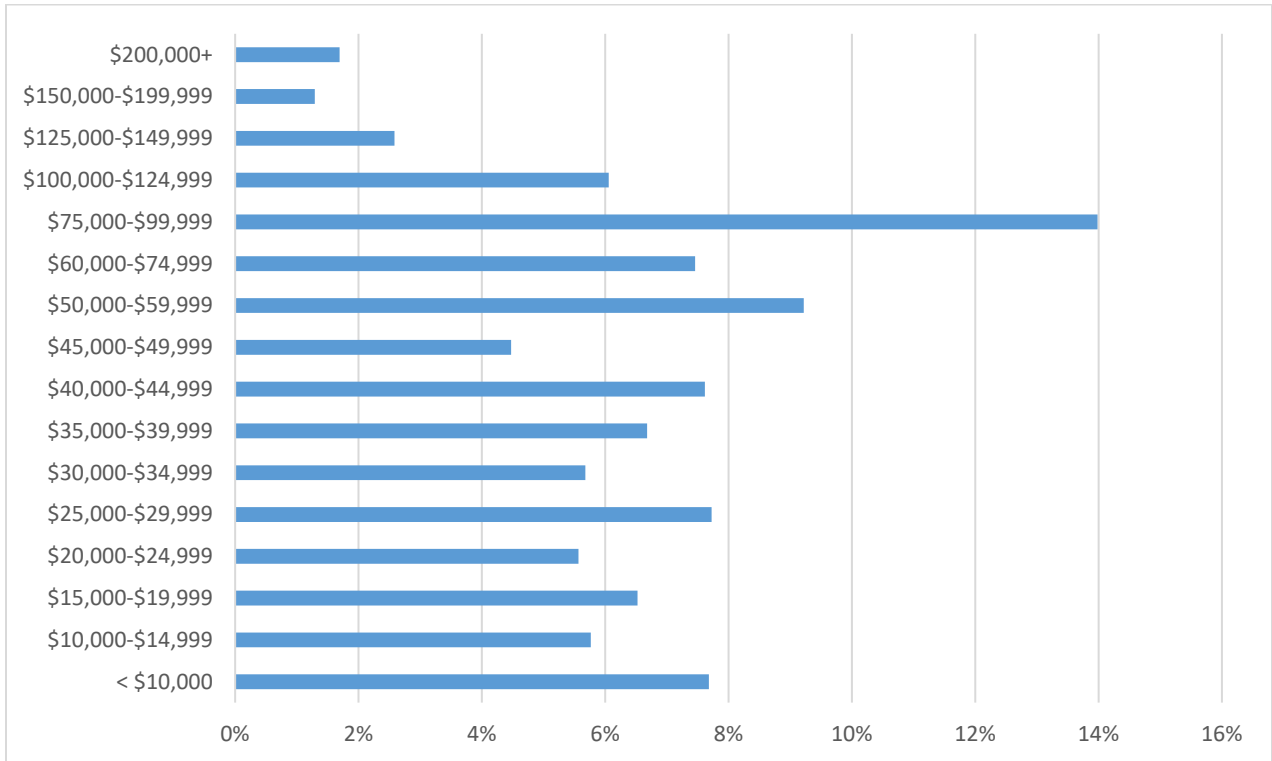
Housing

In 2022, Peru had 5,436 total housing units. The city's total number of housing units decreased by over 300 from 2010 to 2022. In 2010, Peru had 5,797 total housing units.

Figure 9 – Peru Total Housing Units (2010 and 2022). Source: ESRI.
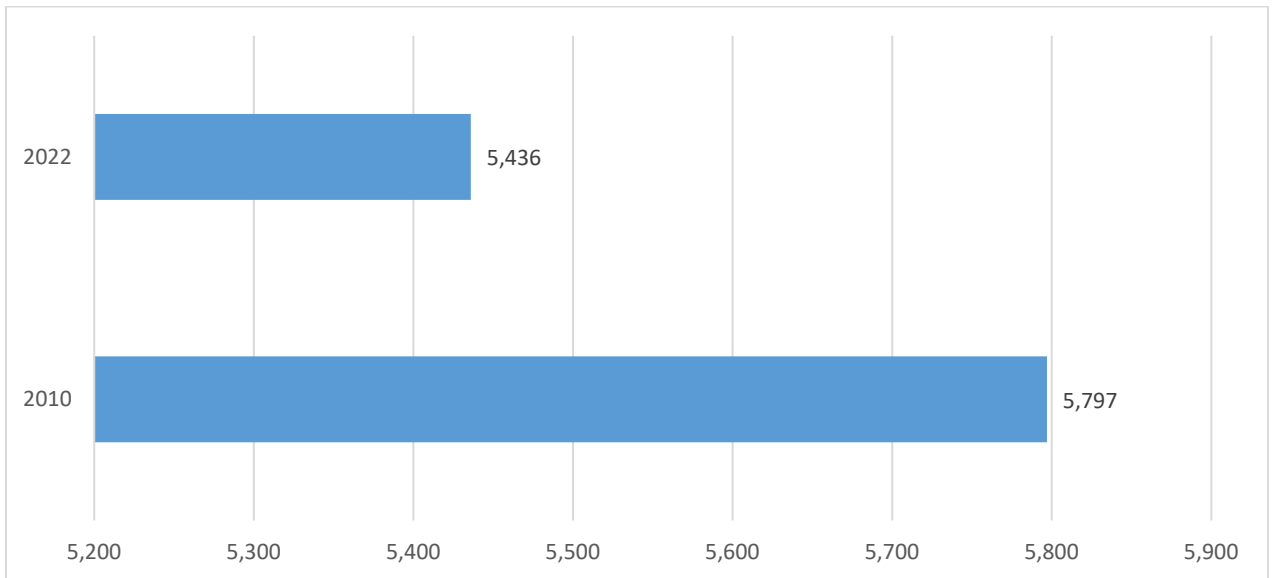
Most of the total housing units (3,182) were owner-occupied in 2022. From 2010 to 2022, the number of vacant housing units decreased from 906 to 632, contributing to the decrease in total housing units. From 2010 to 2022, the proportion of owner-occupied and renter-occupied units stayed the same.

Figure 10 – Housing Occupancy in Peru. Source: ESRI.
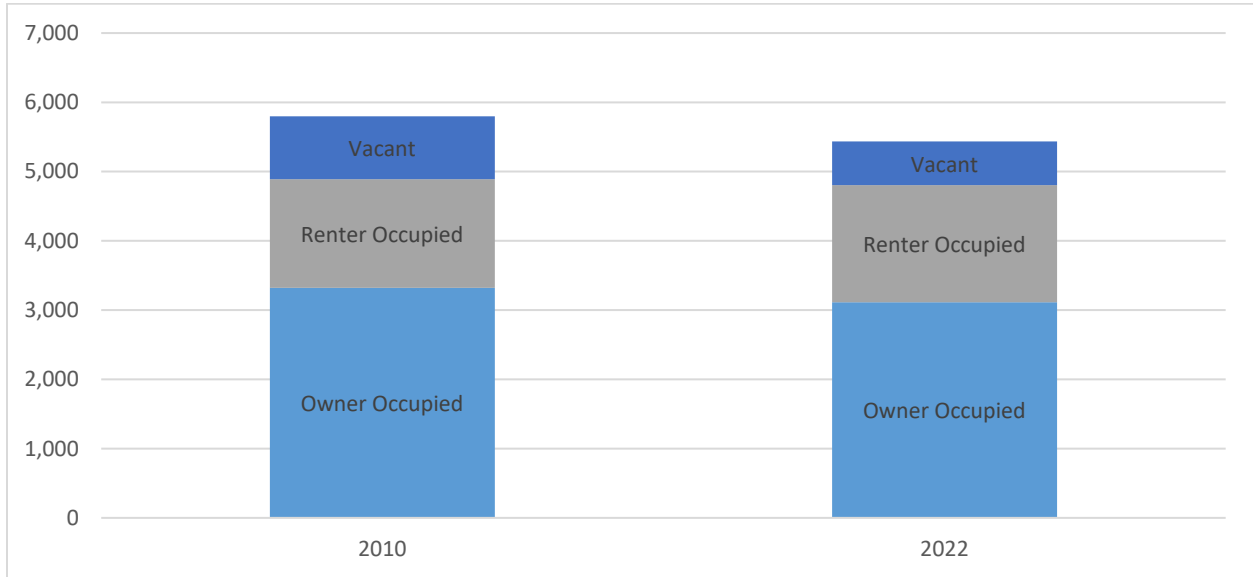
Owner vs. Renter

Most housing units in Peru were owner-occupied at 57.3 percent. 31.1 percent of housing units were renter-occupied, and 11.6 percent were vacant.

Figure 11 – Housing Vacancy in Peru. Source: ESRI.
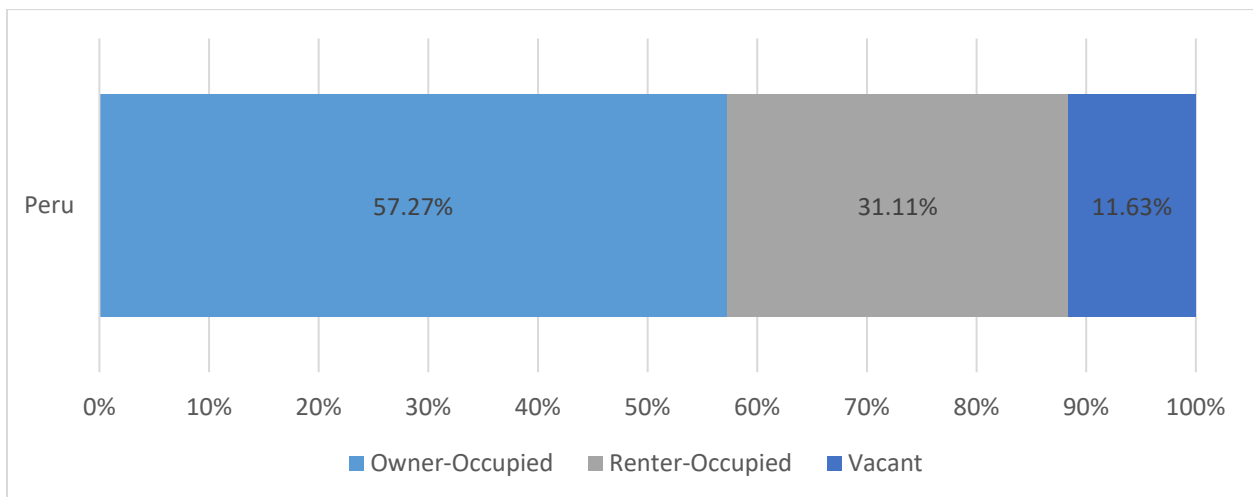
Employment

Existing residents only account for a part of the retail market and potential spending opportunities. People employed in Peru also contribute to the retail market and demand.

Daytime Population

The daytime population accounts for workers, commuters, and others who spend time in Peru during the day. Existing Peru residents represent a portion of the existing retail market. Local employees and others commuting represent the daytime population, who also account for the current retail market.

Peru's daytime population was 900 more than the city's, accounting for 5,672 workers and 6,289 residents. A higher daytime population demonstrates that many people commute into the city daily and adds market demand for convenience and food service businesses not always accounted for by larger national tenants.

Figure 12 – Peru's Daytime Population. Source: ESRI.
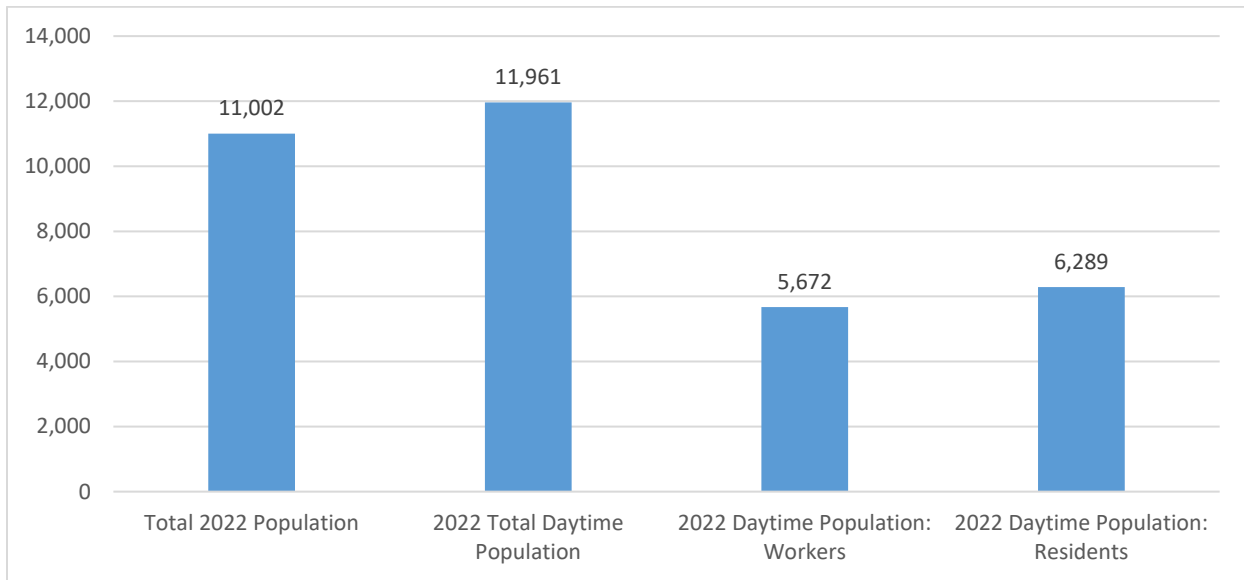
Commuting Patterns

The Census's *on The Map* tool was used to analyze commute patterns in Peru. Peru had more workers commuting out (3,520) than in (2,811). Only 1,129 people worked and lived in the city.

Figure 13 – Commuting Patterns in Peru. Source: Census on The Map, ESRI.
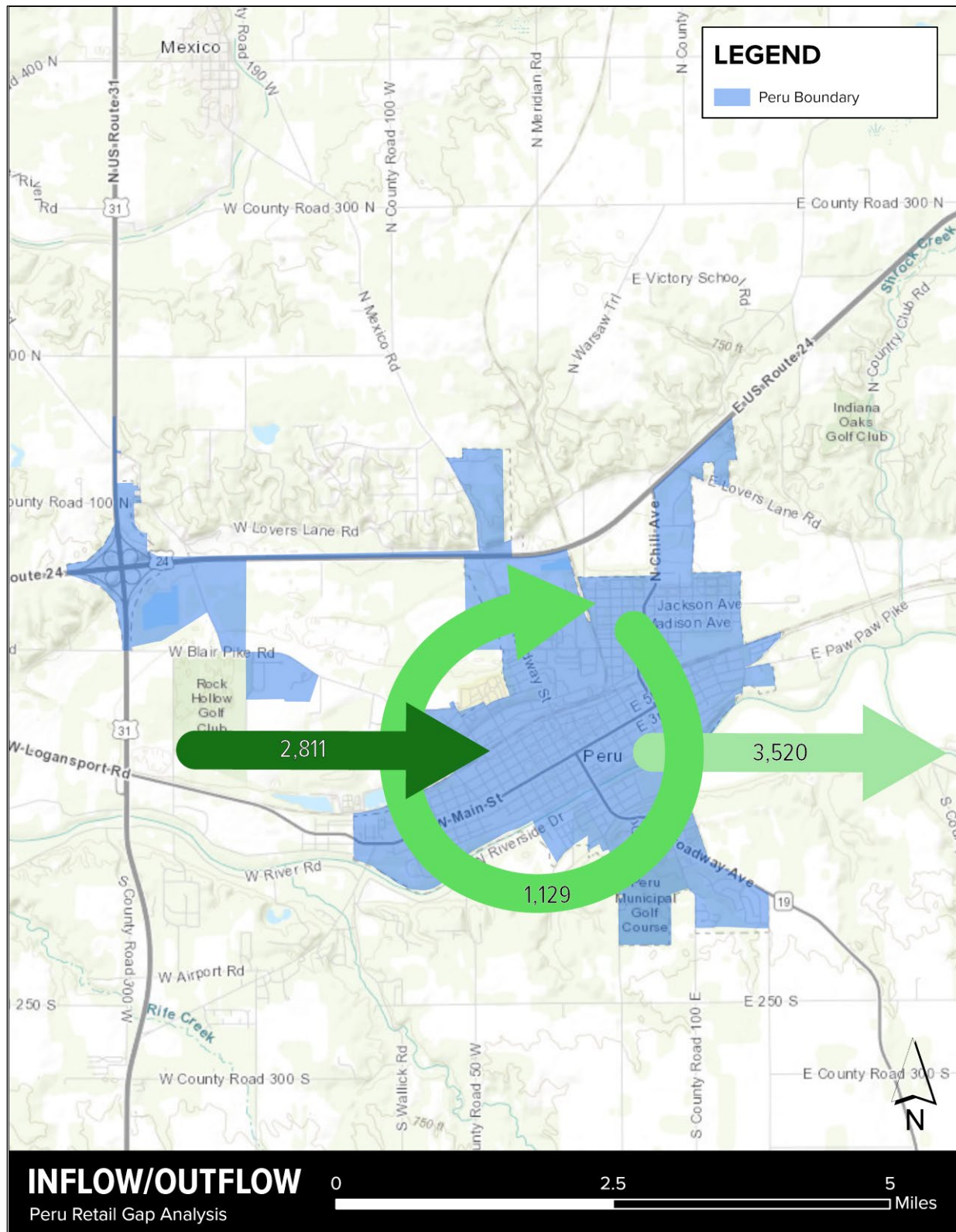
Jobs by Distance/Direction

When analyzing the commute from home to work, most workers traveled less than 10 miles from home to work, while 27.9 percent traveled 10 to 24 miles. Of these commuters, most were commuting from the south or southwest. The distance/direction most workers traveled on their commute from work to home was similar. 51.6 percent of workers traveled less than 10 miles from work to home, while 21.8 percent traveled between 10 to 24 miles. Most workers were commuting to the south, southwest, and northeast.

Figure 14 – Home to Work – Job Counts by Distance/Direction In 2020 Of All Workers. Source: Census on The Map.
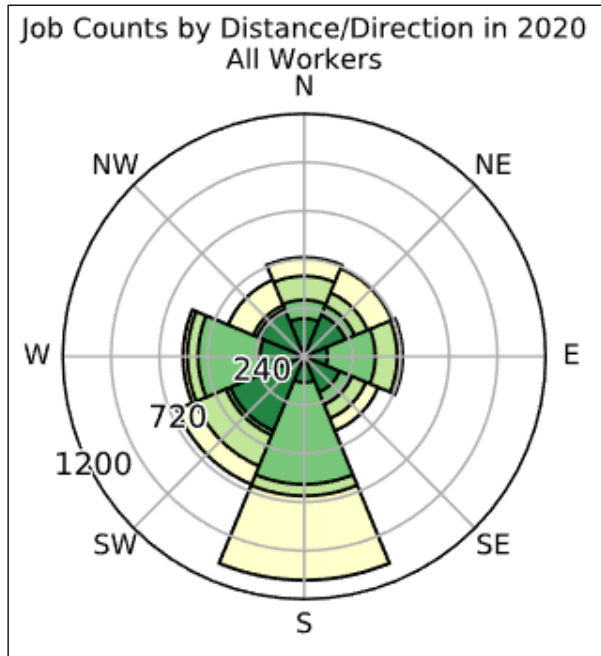
Figure 15 – Work to Home – Job Counts by Distance/Direction In 2020 Of All Workers. Source: Census on The Map.
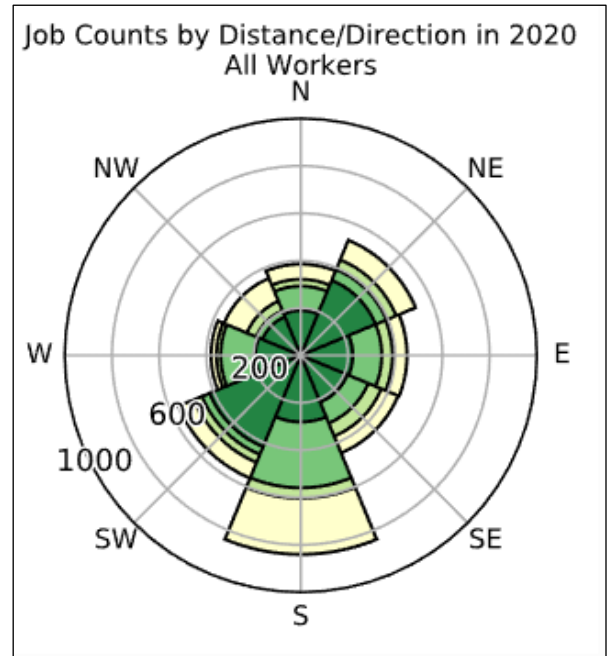
Major Employers

Peru's central location in North Central Indiana and its proximity to US 24 and US 31 make Peru desirable for employers. According to Hoosiers, by the numbers, nine of 10 of Miami County's top employers were located in Peru. The major employers included:

Figure 16, Miami County Top Employers

Company Name:	Approximate Number of Employees
Grissom Air Reserve Base	2,500
Smithfield Foods	615
Miami Correctional Facility	500
Peru Community School Corp	530
Snavely Machine	200
Dukes Memorial Hospital	320
Maconaquah School Corp	280
Dean Baldwin Painting	150
Heraeus Electro-Nite	150
Progress Rail	125
Chinook RV Manufacturing	70
Norco	50
Evo Exhibits	50

Employment Sectors

Peru's largest employment sectors included services (43 percent), wholesale trade (18 percent), retail trade (12 percent), and public administration (11 percent). The service industry includes professional/scientific/tech services, admin/support/waste management services, educational services, health care/social assistance, arts/entertainment/recreation, management of companies/enterprises, accommodation/food services, and other services excluding public administration, which is a separate industry category.

Figure 17 – Employed Population by NAICS Industry Category in Peru. Source: ESRI.
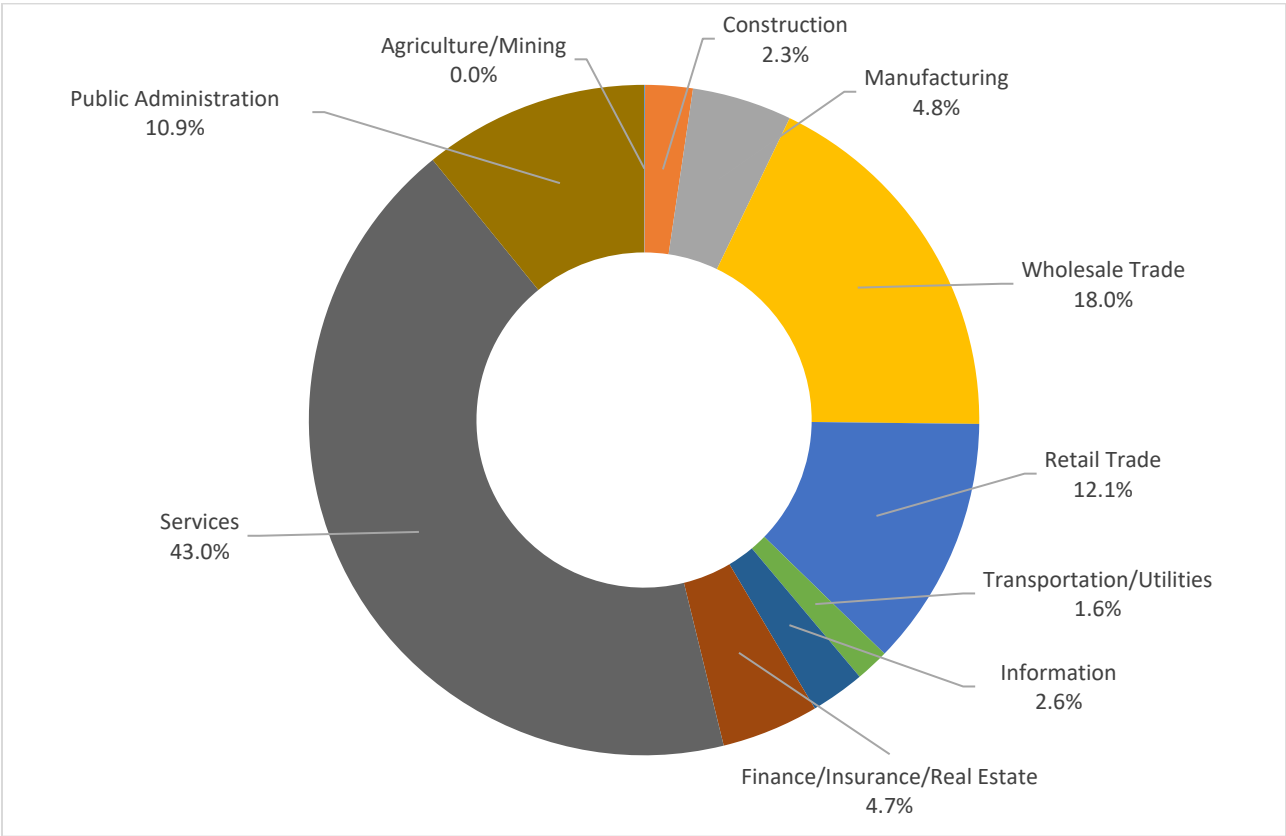
Average Weekly/Annual Wages

Wage distribution was equal between Peru-based jobs, with most Peru-based workers earning between $1,251 and $3,333 monthly. Thirty-two percent of workers earned more than $3,333 per month, which means over 60 percent of workers had a higher disposable income to spend on goods and services in the area.

Figure 18 – Earnings for inflow jobs. Source: Census on The Map.
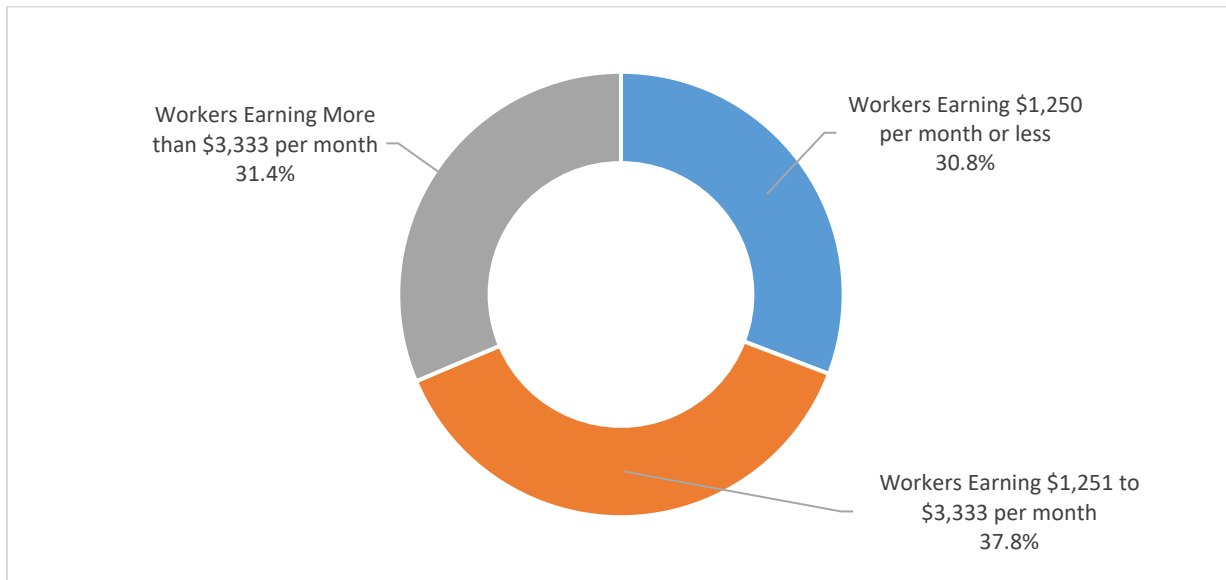
Employment Projections

Future employment estimate shows an increase of over 1,000 employees in the next five years. The rise in employment was expected to continue over the next thirty years, resulting in 14,210 employees in 2050.

Figure 19 – Historical and forecasted employment trends in Peru Micro Statistical Area. Source: Woods and Poole.
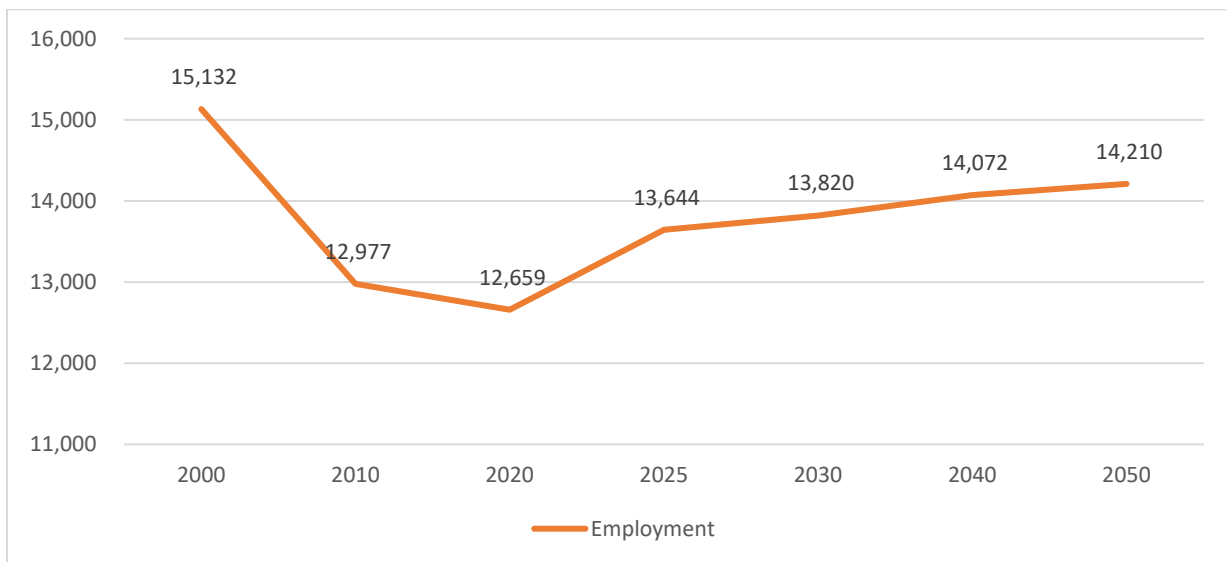
Land Use

Existing land use was analyzed to show where existing retail areas were in the city. Vacant lots could also provide opportunities for future retail development, primarily found on or near the existing retail corridors of North Broadway and West Main Street. Several large vacant parcels existed at the intersection of US 24 and North Broadway, which would be an exceptional location for added retail development due to immediate highway access.

Figure 20 – Existing Land Use in Peru. Source: ASI, ESRI, Indiana Map.
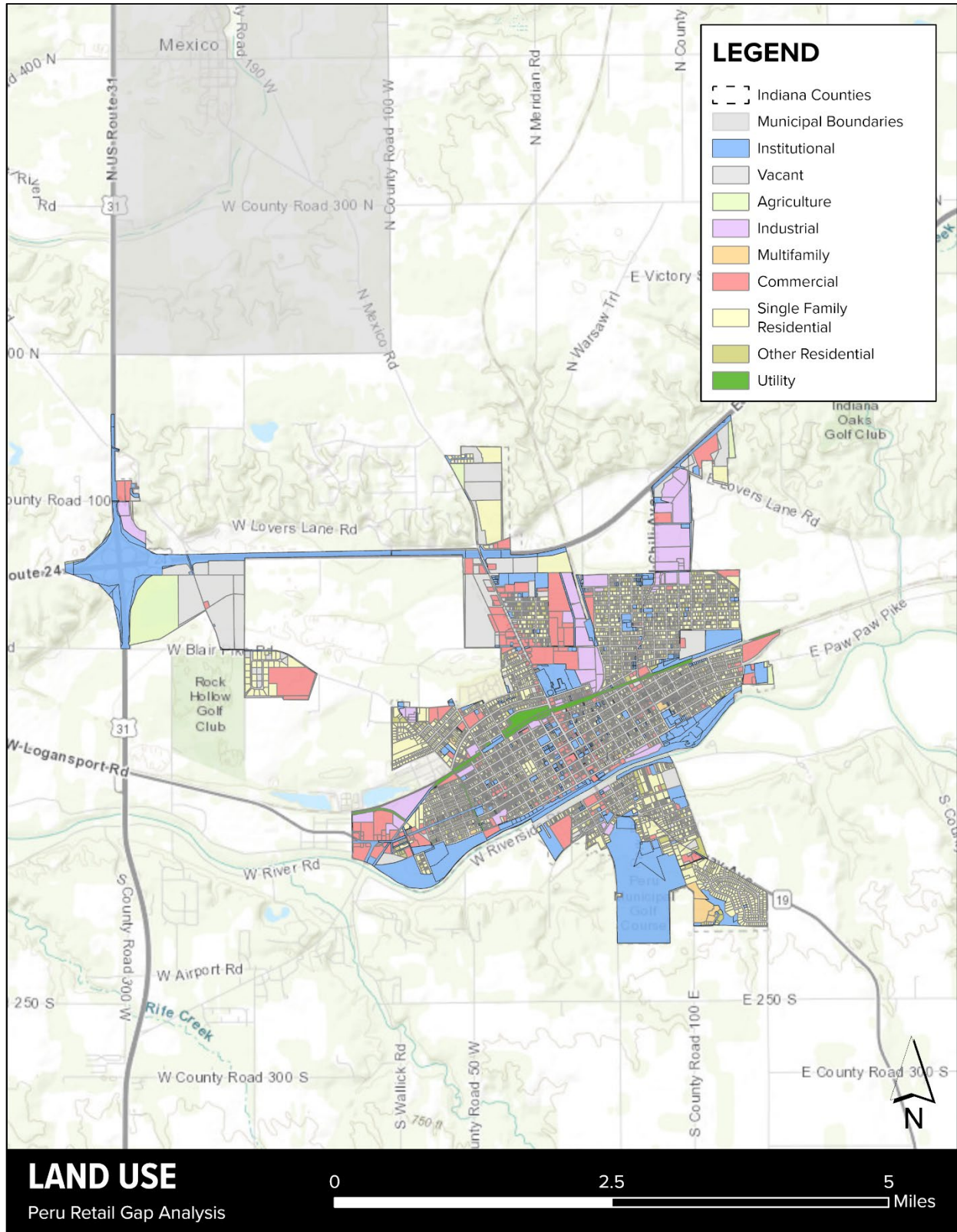
Similarly, examining future land use plans is also relevant when determining more retail growth. The Future Land Use Plan for Peru from the Miami County Comprehensive Plan showed retail development at the intersection of US 24 and North Broadway, which was called out in the earlier map as an ideal location for retail development due to the existing vacant land and the proximity to the highway. The future land use plan also showed more development on West Main Street towards US 31, which would be another ideal location for retail growth as it is one of the city's main retail corridors along North Broadway.

Figure 21 – Conceptual Land Use Map. Source: Miami County Comprehensive Plan.
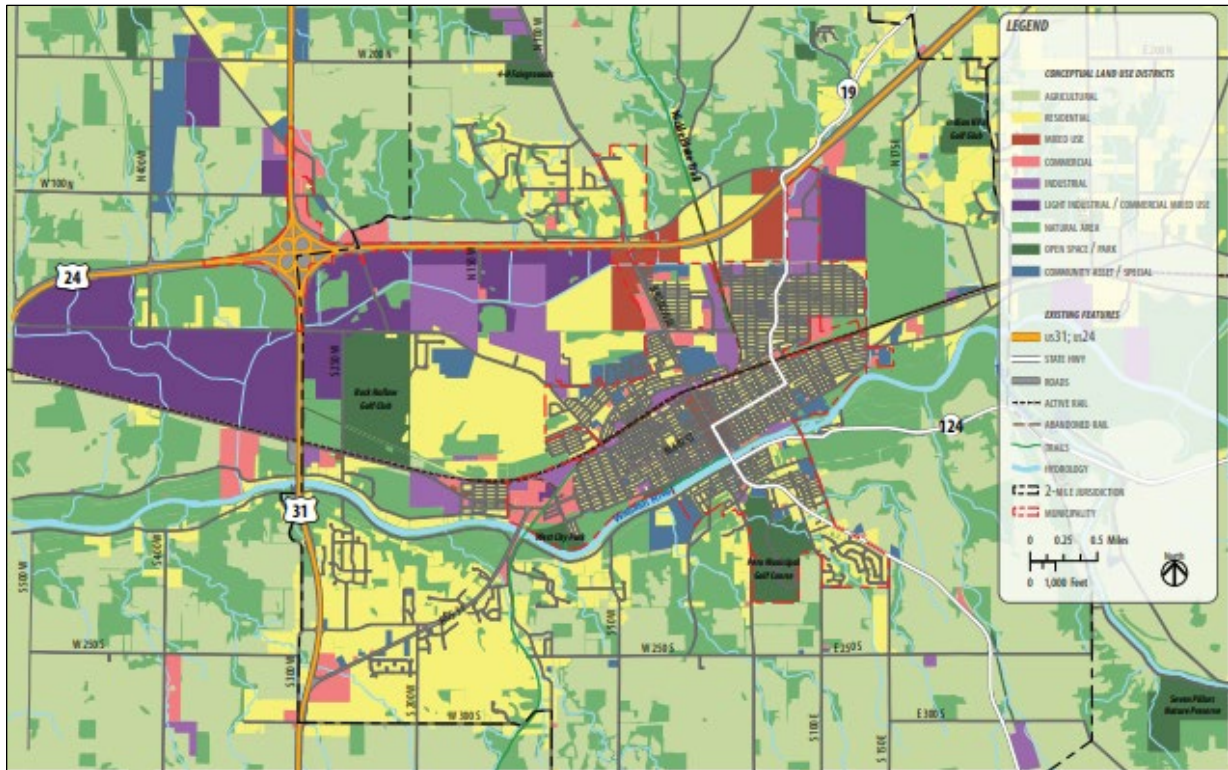
Stakeholder Summary

Over one full day, focus group-style meetings were held with various stakeholder groups. The groups included small and local businesses, government entities, and real estate and development officials.

Several themes emerged throughout the stakeholder meetings that provided more insight into Peru's retail needs. The most pertinent themes that were discovered included:

Events attract additional customers to businesses.	Need to advertise.
Need more variety.	Coordination/communication between business owners and event organizers.
Attracting customers from outside the community.	Market is spurring additional development/new businesses.
Amenities and atmosphere are attractive to business owners and visitors.	Shop local/locals not aware of what is here.
Businesses have limited hours.	Unique products attract regional business.

Market Conditions

Market conditions in Peru were analyzed using stakeholder input, commuter data, and daytime population to determine trade areas. A retail gap analysis was then conducted to examine spending data in the trade areas.

Retail Gap Analysis

A retail gap analysis shows how much money is spent locally compared to how much money "should" be paid based on the local population's disposable income. A retail gap analysis helps to:

- Uncover unmet demand and possible opportunities.
- Understand the strengths and weaknesses of the local market area.
- Measure the difference between actual and potential retail sales.

"Leakage" and "surplus" are the two categories used in a retail gap analysis.

- Leakage in a local market means that people living in a trade area are spending money outside of that trade area. That indicates that additional disposable income could be captured in the trade area but is being lost or "leaking" to competing shopping districts.

- A surplus in a local market means more money is being spent at local businesses than the trade area's population "should be" spending. A surplus can have multiple meanings:
  - Too many businesses exist in the trade area without enough disposable income to support them all; or
  - The trade area attracts spending from additional shoppers beyond the residents' spending power.

Trade Areas

An analysis of Peru's population trends, commuter patterns, daytime population, and discussions with locals revealed two distinct trade areas. The two trade areas identified were:

- **Primary Trade Area (20-minute drive)** – The primary trade area was defined as a 20-minute drive from the intersection of US 24 and North Broadway and captured residents and employees who work and likely shop at local businesses multiple times per week.
- **Extended Trade Area (25-minute drive)** – The extended trade area was defined as a 25-minute drive from the intersection of US 24 and North Broadway and captured potential shoppers who may frequent Peru's businesses once or twice a month.

The city's boundary was also used to compare data and identify trends.

Trade Areas

Figure 22 – Peru's Primary and Extended Trade Areas. Source: ASI, ESRI.
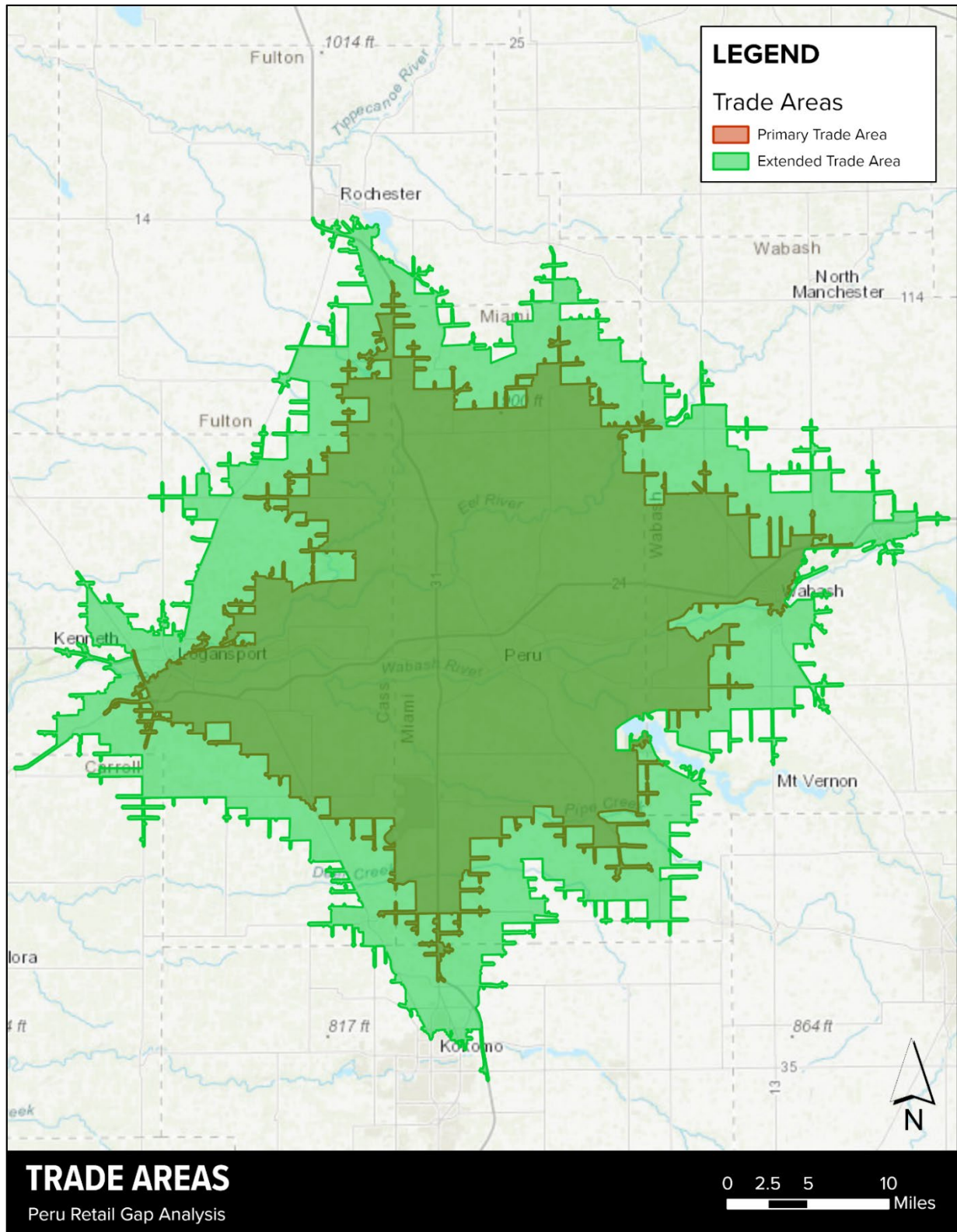
Primary Trade Area

Figure 22 shows the reported gap analysis for each significant retail category in the city limits, primary, and extended trade areas. Surpluses are shown in red. The primary trade area had a total leakage of $280,132,506 for all retail trade categories, including food and drink. The only reported surplus was $22,097,294 in gasoline stations. Gasoline stations consistently revealed an abundance in all trade areas, with the highest in the primary trade area. The large surplus in gas stations suggests that people traveling through or along the nearby US 31 or US 24 highways are stopping to refuel in Peru. However, leakages were reported in all other retail categories within the primary trade area, the largest leakages being in motor vehicle and parts dealers ($57,593,868), food services and drinking places ($32,429,916), and clothing and clothing accessories stores ($26,486,363).

Extended Trade Area

The extended trade area captured spending 25 minutes from the US 24 and North Broadway intersection. The total extended trade area revealed a leakage of $519,472,695. Again, the only reported surplus was in gas stations, totaling $13,030,507. The largest leakages in the extended trade area were reported in the same categories as in the primary trade area. Those included motor vehicle and parts dealers ($101,428,303), food services and drinking places ($68,959,290), and clothing and clothing accessories stores ($44,114,092). In both trade areas, people travel elsewhere to buy goods and services in these categories and the others with reported leakages.

Figure 23 – Comparative Retail Gap Analysis of Peru and Trade Areas[6]

NAICS Category *Note red numbers designate surplus.*	City Limits (In $)	Primary Trade Area (In $)	Extended Trade Areas (In $)
Total	**203,844,665**	**280,132,506**	**519,472,695**
Motor vehicle and parts dealers	36,429,888	57,593,868	101,428,303
Furniture and home furnishings stores	1,621,904	6,144,878	12,459,888
Electronics and appliance stores	3,143,739	7,100,989	11,943,676
Building material and garden equipment and supplies dealers	21,476,550	7,465,019	9,666,500
Food and beverage stores	5,222,119	7,575,608	33,558,422
Health and personal care stores	15,549,510	19,477,295	31,442,749
Gasoline stations	17,443,030	22,097,294	13,030,507
Clothing and clothing accessories stores	12,807,097	26,486,363	44,114,092
Sporting goods, hobbies, musical instruments, and bookstores	5,914,601	9,021,029	14,618,311
General merchandise stores	32,811,891	7,271,297	8,921,164
Miscellaneous store retailers	3,935,898	3,988,446	9,214,467
Food services and drinking places	26,804,495	32,429,916	68,959,290
Drinking places (alcoholic beverages)	779,763	1,487,520	2,549,968
Restaurants and other eating places	23,691,262	28,966,966	61,657,783
Full-service restaurants	13,541,551	22,863,112	41,875,691
Limited-service restaurants	8,244,631	2,579,226	13,180,318
Snack and non-alcoholic beverage bars	2,047,081	3,959,859	6,835,339

[6] Retail Market Power Opportunity Gap by Retail Store Types 2023; Claritas.

What This Analysis Tells Us

In terms of providing direction for business attraction efforts in Peru, this analysis informs which types of retail businesses are most likely to succeed. The primary trade area revealed a leakage of approximately $280,000,000. However, when examining the individual NAICS categories, several noted leakage amounts would not equate to the demand for a whole store, such as $7,100,989 in electronics and appliance stores. Best Buy reported an average sales per square foot of $1,268.[7] Given that the prototypical Best Buy is 38,500 square feet, this translates into annual revenues of $48,818,000 per store, well above the observed leakage in Peru's primary and extended trade areas.

Most Likely Businesses to Succeed

Certain companies, usually the exceptions to the rule, can rely on larger customer trade areas, such as motor vehicle dealerships, general merchandise stores, and niche specialty restaurants. Therefore, the best starting point is to identify the NAICS categories with leakages in primary and extended trade areas that indicate that businesses could rely on the primary trade area and occasional shoppers from the extended trade area for additional revenues.

Based on further analysis and conversations with stakeholders, business models that **support niche but local products, motor vehicle dealerships, regional chains, national chains, fast-casual restaurants, and stores such as TJ Maxx, Ross Dress For Less, and Five Below** would best fit within Peru's retail gap while also addressing the wants and needs of the community.

NAICS Category Focus

Given the gap analysis results and stakeholder summary, the report narrowed the focus of the analysis further to the following business categories. These NAICS categories were determined to be the most likely to succeed in Peru. The categories that revealed leakages in both trade areas are the most "in-demand."

- Motor vehicles and parts dealers.
- Food services and drinking places (specifically restaurants).
- Clothing and clothing accessories stores.
- Health and personal care stores.

Stakeholders frequently cited the need for stores in the following categories:

- Full-service, sit-down restaurants.
- Clothing and clothing accessories stores.
- General merchandise.
- Grocery stores.
- Home goods.

Specific categories were not considered for further analysis due to the trade area demographic requirements for retailers that serve these market segments. Leakages and/or surpluses in the primary or extended trade areas were not large enough to justify the demand for an additional store.

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[7] Statista.

- Electronics and appliance stores.
- Furniture and home furnishings stores.
- Sporting goods, hobbies, musical instruments, and bookstores.
- Gasoline stations.
- Drinking places (alcoholic beverages).
- Building material and garden equipment and supplies dealers.

Motor Vehicles and Parts Dealers
The retail gap analysis observed a leakage of $57,593,868 in the primary trade area and $101,428,303 in the extended trade area. Peru provides a central location between other car dealerships in West Lafayette and Huntington, which could help attract shoppers between these areas and south and north of Peru. Auto-related retail usually attracts shoppers from the extended trade area or beyond.

Food Services and Drinking Places
Food services and drinking places (in particular, restaurants) is a top-level category encompassing various business models, from coffee shops to sit-down restaurants. The primary trade area indicated a leakage of $32,429,916 and $68,959,290 in the extended trade area. However, when further examining the leakage, $22,863,112 in the primary trade area and $41,875,691 were reported for full-service, sit-down restaurants alone. The reported leakages verified what multiple stakeholders indicated. Specifically, Peru needs more variety in eating establishments, particularly sit-down or fast-casual restaurants offering different cuisines.

Clothing and Clothing Accessories Stores
Clothing and clothing accessories stores were another category that revealed significant leakages in both trade areas. A leakage of $26,486,363 was reported in the primary trade area, while $44,114,092 was reported in the extended trade area. Again, the analysis verified what stakeholders said – that more variety was needed. While having some local specialty boutiques, many traveled to Kokomo or elsewhere to shop for everyday clothing such as shoes, men's, children's, and sportswear.

Health and Personal Care Stores
The retail gap analysis reported a leakage of $19,477,295 in the primary trade area and $31,442,749 in the extended trade area. Health and personal care stores often include pharmacies, health and beauty products, and staple grocery items.

Local Market
Based on the leakages revealed in both trade areas, Peru's market shows room for growth in the following categories:

- Clothing and clothing accessories stores.
- Health and personal care stores.
- Motor vehicle parts and dealers.
- Restaurants and other eating places.

The leakages in the categories above were less significant than most national retailers' per-store sales figures. However, this does not mean these stores cannot thrive in Peru, but local entrepreneurs may better serve the markets.

Existing Retail Conditions

A physical and in-person review of Peru's existing retail stores revealed a retail market with various goods and services offered. Few vacancies were observed throughout the city. Several national chain restaurants and retailers exist within the primary trade area. The existing businesses in Peru also have a healthy mix of locally-owned dining and shopping experiences. Analyzing existing retail conditions allows for a better understanding of the current market conditions and what other businesses the community could further support. The following analysis lists existing companies to see if any specific niche was left unfulfilled in the community.

Figure 24 – Existing Retail Establishments in Peru by NAICS Category.

Motor vehicle and parts dealers	
Peru Ford	AutoZone Auto Parts
Madden Motors	Paul-Richard GM Center
O'Reilly Auto Parts	Friermood Tire
Furniture and home furnishing stores	
Value Land Furniture & Carpet	Family Farm & Home
American Rental Home Furnishings	Touloukian Supply Inc
The Picker's Place	Rent-A-Center
Doane Keyes Associates	Beauty and the Brush Artistic Designs
Peru Trading Post	GJs Home & Office Furniture
Yesterday's Elegance	
Electronics and appliance stores	
Tekrehab Cell Phone Repair	Peru Computer Center
Decision Information Systems, Inc.	Talova Communications
Building material and garden equipment and supplies dealers	
Utility Supply Co	Hollingsworth Lumber
Arnie's Ace Hardware	Midland Lumber Co
Food and beverage stores	
Kroger	Save-A-Lot
ALDI	Village Market
Health and personal care stores	
Walgreens Pharmacy	Anytime Fitness
CVS Pharmacy	Star Fitness USA
Clothing and clothing accessories stores	
Lilian's Prom & Tuxedo	Elle Belle Boutique
2 Days Boutique	Anita's Boutique
Sporting goods, hobbies, musical instruments, and bookstores	
Cell Block Crafters	Rolling 20 Hobbies
American Stationery	
General Merchandise	
Dollar General	Casey's
Dollar Tree	
Food services and drinking places	
National chains	
McDonald's	Pizza Hut
Hardee's	Casey's
Wendy's	Burger King
Arby's	Taco Bell
Taco Johns	Dairy Queen Grill & Chill
Domino's Pizza	
Regional chains	
Los Tres Caminos	Pizza King
Wings Etc.	Beef 'O' Brady's

Summary of Local Dining Establishments	
My Pizza My Way	East End Double Dip
Jack Eats & Brews	Dillinger's
Brad's BBQ	Boardwalk Café
McClure's Orchard/Winery	Blended on Broadway
Legend's Cocktail Lounge	Club 14
Southside B&K	South Side Scoops
Gabriel's Pancake House	Garden Gate Café
Harvey Hinklemeyers	Jing Jing Garden
Mr. Weenie	Just Baked by Trisha
Dreams to Reality Cakes	6th Street Coffee Company
Specialty Grocery	
Bill's Meat Market	

Estimated Market Demand

CoStar measures retail sales per square foot by category each year. By dividing the existing gap by the average annual sales per square foot for each type, an estimated additional square footage was generated to gauge potential market demand.

E-Commerce Effect

E-commerce has been an increasing trend that has shifted the retail market in the past ten years. E-commerce sales account for 13 percent of the total retail market. Based on this change in the retail market, estimated square footage demand was reduced by 13 percent in each applicable category. Based on this additional information, the total demand for new retail square footage is 382,242.

Figure 25 – Estimated Market Demand with E-Commerce Effect.[8]

NAICS Category	Sales per Square Foot	Estimated Additional Square Footage	Estimated Square Footage with E-Commerce Effect
Motor vehicle and parts dealers	$550	184,415	160,441
Health and personal care stores	$600	52,405	45,595
Clothing and clothing accessories stores	$300	147,047	127,931
Restaurants and other eating places	$600	48,278	N/A
		Total	382,242

Motor Vehicle and Parts Dealers

While the sales per square foot generated by a dealership depends on the dealership, $550 was used to represent the sales per square footage based on total sales from Honda, using $30,000 as the average car price and assuming an average square footage of 50,000 for the dealership.[9] Based on this, the market could support 160,441 square feet of businesses in the motor vehicle and parts dealers category.

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[8] CoStar, Retail Sales per Square Foot by Category.
[9] Honda, total American sales.

Health and Personal Care Stores

The average annual sales per square foot for health and personal care stores was $600.[10] In the primary trade area, this would equate to 28,242 square feet, and 45,592 square feet in the extended trade area. Since the retailers in this category focus on neighborhood locations with a 15,000-square-foot footprint, filling all the demand from the extended trade area is unlikely. However, the analysis revealed a significant enough need for additional health and personal care stores.

Clothing and Clothing Accessories Stores

The average sales per square foot for these types of stores varies widely depending on their place in the market and product offerings, from $300 per square foot (Old Navy, TJ Maxx, and Ross Dress for Less) to $600 (Brooks Brothers, Victoria Secret, and Joseph A. Bank).[11] Using the lower end of the spectrum to remain conservative corresponds to 76,810 square feet of market demand in the primary trade area and 127,931 in the extended trade area after applying the e-commerce effect.

Restaurants and Other Eating Places

Restaurants, on average, had $600 in retail sales per square foot, which increased dramatically from 2020 to 2019. Restaurants cannot rely on periodic visits from extended trade area residents. Therefore, the observed leakage in the primary trade area generated the estimated additional square footage.

Comparison of Other Meijer's nearby

Discussions with the city and stakeholders showed the need and want for a Peru Meijer (or similar store). An analysis of communities with a new Meijer location allowed for a supplemental comparison between Peru's demographics and those in communities with a new Meijer. The recent Meijer locations used for this analysis included Elkhart, IN, Wooster, OH, and Warren, OH, which all had new Meijers built within the past year.[12]

Figure 26 – Peru Demographics Compared to Recent New Meijer Locations. Source: ESRI.

Variable (within a 10 min drive)	Peru, IN	Elkhart, IN Meijer	Wooster, OH Meijer	Warren, OH Meijer
2023 Total Population	15,270	28,278	30,741	49,990
2023 Median Household Income	$48,845	$61,196	$57,262	$52,827
2023 Average Disposable Income	$53,280	$63,377	$63,979	$58,612
2023 Total Households	6,556	9,821	12,696	22,431
2023 Average Household Size	2.30	2.87	2.22	2.20
2023 Total Daytime Population	15,110	24,527	33,775	54,755
2023 Food	$45,251,498	$79,991,004	$101,359,305	$161,802,863
2023 Food Away from Home	$15,417,340	$28,206,292	$35,379,345	$55,616,598
2023 Food at Home	$29,834,158	$51,784,712	$65,979,960	$106,186,266

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[10] CoStar, Retail Sales per Square Foot by Category.
[11] CoStar, Retail Sales per Square Foot by Category.
[12] Meijer, New Stores.

While Peru had a similar median household income to Warren, Peru's demographics ranked lower than the comparison areas with a new Meijer location. Peru's population was nearly half Elkhart and Wooster's within a ten-minute drive, while Warren was three times larger than Peru. Similarly, the total daytime population in Peru was also significantly less than that of the comparison communities. Peruvians also spent less on food at home and away from home than the comparison communities.

Figure 27 – Combination of leakage in categories that Meijer could potentially serve. Source: Claritas.

Category	Peru, IN
Grocery Stores	$25,899,188
General Merchandise	$8,921,164
Clothing and clothing accessories	$44,114,092
Sporting goods, hobbies, musical instruments, and bookstores	$14,618,311
Total	$93,552,755

The gap analysis showed additional demand for clothing and clothing accessories, sporting goods, hobbies, musical instruments, and bookstores. While demand was shown, insufficient demand is present to support an entire store dedicated to these categories, such as Dick's or Target. These categories combined amount to a total leakage of $93,552,755. If the average Meijer earns $300 per square foot, this would create 271,303 square feet after applying the e-commerce effect. The average Meijer store footprint is between 150,000 and 250,000 sqft.[13] The current demand may be enough to support goods offered as part of a general retail store, such as a Super Kroger, Walmart, or Meijer, which could meet that demand while filling additional retail needs in the community.

Commercial Areas in Peru

While Peru has commercial areas throughout the city, three key areas were identified as the leading retail corridors. Each commercial district has its advantages and disadvantages. For the commercial market to reach its full potential and to ensure all new development options are explored, critical features of each area are highlighted in this report. The district summaries in the following sections assist city officials with highlighting key advantages for sites during recruiting efforts and disadvantages (real and perceived) for city staff and partner agencies to examine.

West Main Street

West of Downtown Peru is a shopping center that features tenants such as:

- Kroger
- Dominos
- McDonald's
- Beef 'O' Brady's
- Utility Supply Co

- ALDI
- Dollar Tree
- Wendy's
- Arby's
- Sunoco

- Dollar General
- Casey's
- Wings Etc.
- Papa John's Pizza
- Banking

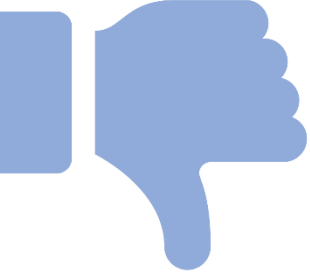[13] Meijer FAQs.

This shopping center represents a hub of commercial activity in the city, attracting national and regional tenants. While this is a healthy shopping district, new tenants have limited opportunities. Recruiting more businesses to this area will require the development of new commercial square footage or redevelopment of existing retail space.

Figure 28 – West Main Street Commercial District in Peru. Source: NearMap.

LOCATION

This commercial area along West Main Street is situated west of downtown, bordered by unincorporated land to the north, west, and south.

ADVANTAGES

- The first commercial area that drivers encounter entering Peru from the west along US 24.
- Close proximity to residential uses.
- The US 31/US 24 interchange can bring extra traffic.
- Nearby to recreational amenities such as West City Park and YMCA.

DISADVANTAGES

- Presence of popular national chain retailers/restaurants may discourage local business.
- Location along Wabash River limits expansion.
- Rural land in the surrounding area means consumers mainly come from the east, if not from US 31/US 24 traffic.
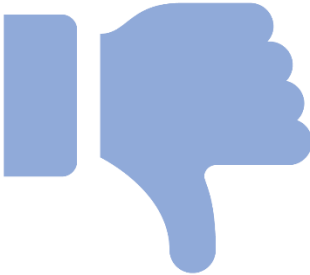
Downtown Peru

The intersection of Broadway and Main Street roughly defines downtown Peru. The Miami County Courthouse is a prominent feature, and the surrounding blocks roughly define the boundaries of downtown. Many local businesses exist downtown, along with several national retailers. A summary of businesses in Downtown Peru includes:

• CVS • Hard Times • McClure's Orchard and Winery • Dirty Paws Pet Shop & Grooming • 7 Pillars Brewery	• Arnie's Ace Hardware • Club 14 • Banking • Dollar General • 6th Street Coffee Company	• Brad's BBQ • Boardwalk Café • Peru Trading Post • Aroma Coffee Shop • Gabriel's Pancake House

Figure 29 – Downtown Peru and surrounding businesses. Source: NearMap.

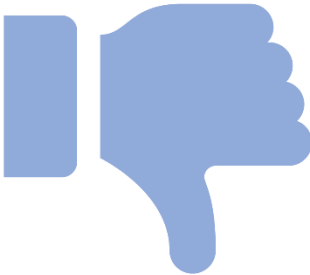| LOCATION	ADVANTAGES	DISADVANTAGES
This downtown district sits at the center of the city. The intersection of Main Street and Broadway creates the center point of the district.	• A mix of both local businesses and national chain retailers. • Civic services, events, and cultural centers like museums bring people to downtown. • Central location within the city makes it easily accessible throughout the city.	• No large grocer or other everyday business to create consistent vehicle/foot traffic. • Businesses concentrated along one street (Broadway). • Law and real estate offices create storefronts that pedestrians cannot interact with. • Limited space for new retailers, unless redeveloping an existing building.

US 24 and North Broadway

Another commercial district is located along North Broadway from the US 24/North Broadway intersection to downtown. The location provides convenient highway access, attracting highway traffic to shop at local businesses. The businesses in this area range from auto-oriented (gas stations and quick-serve restaurants) and general retail, consisting of general merchandise, home and home furnishing stores, and grocery. Along with the attractiveness of the proximity to the US 24 North Broadway interchange, a considerable amount of greenfield space exists along this corridor for development opportunities both to the north and west. A summary of businesses in this commercial district includes:

- Casey's
- Dairy Queen Grill & Chill
- Just Baked by Trisha
- Mr. Weenie

- Taco John's
- Family Farm & Home
- Down on the Farm
- Burger King

- Roxy Theater
- Taco Bell
- Dollar General
- Save-A-Lot

Figure 30 – North Broadway Commercial Corridor and Developable Space to The West. Source: NearMap.

LOCATION	ADVANTAGES	DISADVANTAGES
This commercial strip sits just south of US-24 along North Broadway Street. The area is north of downtown with primarily residential land use to the east and farm land to the north and west. The farm land to the north and west provides potential opportunities for further development.	• Primarily residential land to the east provides a customer base. • Existing businesses have established this area as a commercial strip, creating vehicle traffic. • US 24 provides opportunities for customers from highway traffic. • Ability for new development and expansion.	• Homes to the east limit any commercial expansion to the east side of Broadway. • Competition with local downtown businesses to the south. • Limited development to the north means consumers are mainly coming from the south.

Retail Recruitment

Retail recruitment can involve multiple strategies, such as marketing efforts, branding, advertising, and creating shovel-ready sites. Beyond having a brand to use in marketing efforts, retail attraction will require targeted efforts from Peru leaders to ensure that the city's message and brand are what national retailers and regional commercial brokers first see. The art of attracting retail means tying the data presented in this report to intentional efforts toward business attraction.

Retail recruitment strategies may target businesses in the following categories: motor vehicles and parts dealers, food services and drinking places (specifically restaurants), clothing and clothing accessories stores, and health and personal care stores. Recruitment strategies that the city may consider utilizing include:

- Attending and networking at regional and national retailer conventions.
- Establishing relationships with regional commercial brokers and local developers and inviting them to regular meetings with staff.
- Strengthening city-wide branding efforts and promoting the city on social media platforms.
- Hosting national, regional, and local commercial brokers and developers for specific marketing events, such as city bus tours and developer's breakfasts.
- Develop retail category-specific one-page handouts highlighting Peru's opportunities and potential sites.

In addition, the city may consider marketing towards regional chains, usually located in smaller cities and towns throughout Indiana and the Midwest. Some regional chains that may work well in Peru include:

- Arni's – locations in similar-sized Indiana communities such as Crawfordsville.
- Books and Brew – Unique business model with central Indiana locations.
- Yats – fast-casual Cajun cuisine with locations in central Indiana, Muncie, Fort Wayne, and Columbus.
- Wings and Rings – locations in similar-sized communities such as Greensburg, Bedford, and Portland, IN.

Despite tremendous local government efforts, generating interest from the private market may still lag demand or pose extra challenges. When a municipality finds itself in this situation, the city may consider taking matters into its own hands to fill current leakages. That may result in providing shovel-ready sites to market to commercial brokers and developers or focusing on entrepreneurs to fill existing gaps in the retail market by sponsoring small business incubators such as pop-up shops, test kitchens, or maker's spaces.[14]

Existing Available Space

While the greenfield sites to the west and north of Broadway are currently not listed, these would be ideal locations for retail development and expansion due to the proximity of the highway and established national retailers.

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[14] Cushman & Wakefield.

Figure 31 – Areas for Potential Retail Development Along Us 24 And North Broadway. Source: NearMap.

As of the end of June 2023, three sites near or in Peru were listed on the commercial real estate site LoopNet. Rent per square foot ranged from three to six dollars, and the sites offered between 127,600 sqft to 12,840 sqft. However, these properties were listed as industrial spaces, so their relevance to the retail market in Peru is limited. The search for available commercial space within the city shows limited commercial vacancies and a general lack of actively marketed properties for new tenants.[15]

Continued Residential Development

Another way to add to the retail market's attractiveness is to pursue residential development opportunities. Increasing the number of homes in the trade area will increase interest from commercial/retail developers. As part of its retail development strategy, the City and County should continue implementing the strategies identified in the Miami County Housing Strategies.

Increasing the number of units and diversifying the products offered will increase the area's disposable income and create more retail opportunities.

Conclusions

This gap analysis demonstrated a need for more retail opportunities in Peru and its primary and extended trade areas. While the overall leakage for the area is substantial, not all categories would benefit from dedicated retailers in each category. The City, County, and local economic development

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[15] LoopNet.

professionals should directly market to retailers in the identified NAICS categories that show a specific and unmet demand, specifically:

- Motor vehicle and parts dealers
- Health and personal care stores
- Clothing and clothing accessories stores
- Restaurants and other eating places

Other categories revealed a leakage but insufficient to produce the demand for a category-specific retailer. These specific niches will require local officials to develop a strategy to target these retailers, as they will not gravitate to the trade area on their own. Local specialists should create marketing materials highlighting all the benefits of the primary and extended trade areas, such as daytime population, new residential development, commute patterns, and the number of employees in Peru with salaries between $75,000 and $100,000.