

Business and Employment Conditions in Kalamazoo

Major Economic Challenges:

- National recession and Michigan's economy
- Long-term population and income decline in Kalamazoo
- Obsolete industrial and commercial properties

Notable Economic Strengths:

- Home to region's major and stable employers
- Downtown—a strong food & entertainment destination
- Some growth: WMU Business Park, Stadium Drive
- Colleges that attract the young & educated

Change in Business Establishments

- Most growth occurring in neighboring townships and Portage
- Total number of Kalamazoo businesses declined between 2000 and 2006
- 49001 zip code area (includes Milwood and Edison neighborhoods) lost the most businesses

Business Demand and Markets

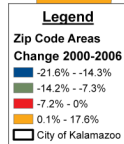
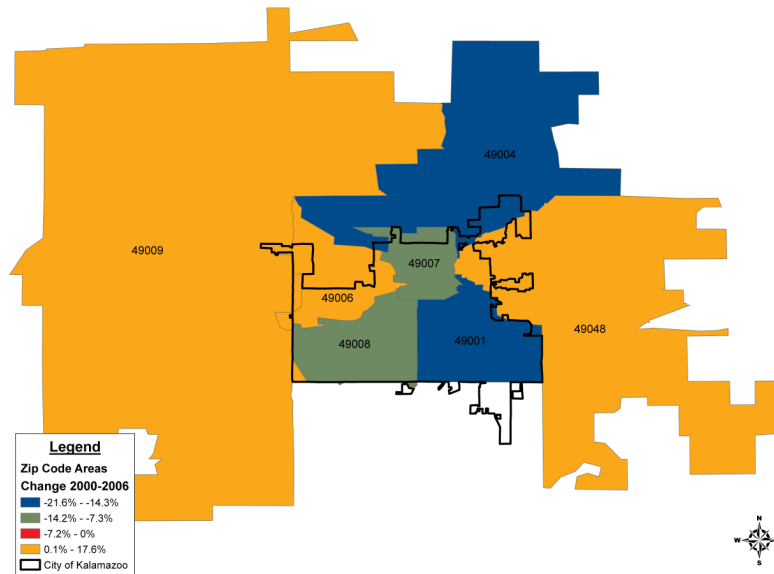
- The table below shows estimated number of residents necessary to support a business serving the local market

Average Population Threshold Size for Retail and Food Services Establishments in Kalamazoo County in 2002

Type of Business	Number of Establishments	Population per Establishment
Motor vehicle & parts dealers	88	2,747
Furniture & home furnishings	49	4,933
Electronics & appliance	41	5,895
Building material & garden	88	2,747
Food & beverage stores	114	2,120
Grocery stores	77	3,139
Supermarkets	39	6,198
Health & personal care (inc. pharmacies)	66	3,662
Gasoline stations	89	2,716
Clothing	120	2,014
Sporting goods, hobby, book, & music stores	65	3,719
General merchandise stores	26	9,297
Full-service restaurants	153	1,580
Limited-service eating places	203	1,191
Drinking places (alcoholic beverages)	31	7,797

- ❖ As long as population and incomes continue to fall businesses relying on a small local customer base are likely to struggle
- ❖ Before expanding commercial land uses consider the population necessary to support existing areas
- ❖ Kalamazoo must determine if it has too much commercial land - having more than can be supported could lead to underutilization and blight

Business Growth and Decline by Zip Code



Establishments by Zip Code and Type of Business

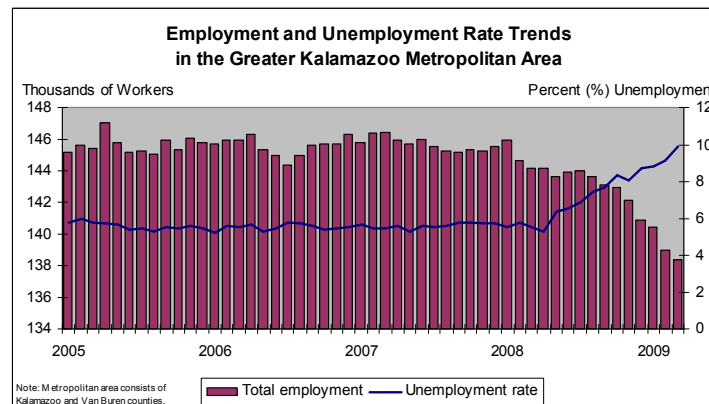
Zip Code	Total			Retail			Manufacturing			Other Services		
	2006 Est. Count	2000 - 2006 Change	Pct. Change	2006 Est. Count	2000 - 2006 Change	Pct. Change	2006 Est. Count	2000 - 2006 Change	Pct. Change	2006 Est. Count	2000 - 2006 Change	Pct. Change
49001	758	-126	-14.3%	119	-25	-17.4%	75	2	2.7%	564	-103	-15.4%
49004	185	-51	-21.6%	25	-5	-16.7%	27	-3	-10.0%	133	-43	-24.4%
49006	274	1	0.4%	53	13	32.5%	6	2	50.0%	215	-14	-6.1%
49007	696	-55	-7.3%	76	-3	-3.8%	44	-13	-22.8%	576	-39	-6.3%
49008	420	-34	-7.5%	71	-7	-9.0%	8	3	60.0%	341	-30	-8.1%
49009	776	105	15.6%	114	21	22.6%	17	-8	-32.0%	645	92	16.6%
49048	360	54	17.6%	48	14	41.2%	25	0	0.0%	287	40	16.2%

Source: U.S. Census Bureau, County Business Patterns.

Regional Employment Trends

A weak regional economy ultimately impacts Kalamazoo:

- Between the first quarters of 2008 and 2009 Kalamazoo and Van Buren Counties shed 5,800 jobs
- The seasonally-adjusted metro area unemployment rate jumped to just under 10 percent



Note: Metropolitan area consists of Kalamazoo and Van Buren counties.

Trends in the Retail Sector

- ❖ Retail has expanded along major corridors mostly outside the city like West Main Street and Stadium Drive - many City neighborhoods have lost stores
- ❖ Westnedge Avenue in Portage remains a dominant commercial area
- ❖ Downtown has become a dining & entertainment destination
- ❖ Big-box stores dominate retailing; they require large parcels, high-traffic areas, and competition is intense
- ❖ Population and incomes have been declining in Kalamazoo making it difficult to support existing commercial areas let alone future growth
- ❖ Specialty, novelty, and high-end retail shops are less likely to face competition but these stores are more vulnerable during economic downturns

Occupations of City Residents

- In 2007, of Kalamazoo's 73,000 residents 24,000 were employed
- The pie chart below shows many residents worked in sales (such as cashiers and clerks) and food service
- Many food service and sales jobs are part-time and annual wages are generally low - on average less than \$12,000
- Kalamazoo is not an attractive residence to many higher wage, higher skill workers
- The occupations of City residents do not necessarily reflect the mix of jobs located in the City
- New jobs will only benefit residents if they match existing skill sets or if neighborhoods are improved to appeal to new workers

