

Local Economic Analysis of Stevens Point and Portage County

To gain a better understanding of the trade area, it is important to recognize existing trends and conditions of the local and regional economy. Accordingly, this section examines a variety of economic information that describes income and employment trends, sales trends, and other important statistics.

Stevens Point and Portage County

Located in the center of the state, Stevens Point (population 24,698) – about 35 miles south of Wausau, 70 miles west of Appleton and 20 miles northeast of Wisconsin Rapids – bills itself as a haven of outdoor recreation. Nestled along the Wisconsin River, the Stevens Point area offers abundant water sport, green space, and trailways. In town, the historic downtown district, museums, art galleries and annual events are a big draw.

With an economy built upon manufacturing, transportation and communications, retail, insurance, finance and real estate, services, education and “some of the richest farmland in the state”, the Stevens Point area claims the “most diversified economy in the state of Wisconsin (Stevens Point Area Convention and Visitors Bureau).”



Map: Travis Reinke, UW-Extension

Employment Trends – Personal Income

Personal income trends provide an important measure of economic activity for a local area over time. Personal income consists of the income that is received by persons from participation in production, from government and business transfer payments, and from government interest. When compared to state and national trends, it provides an indication of how well the local area's economy is performing. The following table provides a 10-year tracking of personal income trends for Portage County. An index of Growth was added to show how different areas have grown since 1996 (i.e. an index of 153% indicates that personal income has grown 53% since 1996). In this case, Portage County has slightly exceeded state growth and lagged slightly behind national growth in personal income over the past decade. This provides one indicator of the relative economic health of this region.

Personal Income Trends Portage County, Wisconsin, 1996 - 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Portage (millions)	1,323	1,418	1,511	1,567	1,670	1,757	1,798	1,882	1,965	2,024
Index	100%	107%	114%	118%	126%	133%	136%	142%	149%	153%
Wisconsin (millions)	121,718	129,099	138,667	144,702	153,548	158,888	163,309	168,120	176,482	183,948
Index	100%	106%	114%	119%	126%	131%	134%	138%	145%	151%
US (billions)	6,512	6,907	7,416	7,796	8,422	8,717	8,873	9,150	9,716	10,221
Index	100%	106%	114%	120%	129%	134%	136%	141%	149%	157%

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, Regional Accounts Data, Local Area Personal Income

Employment Trends – Earnings Mix

While personal income trends relate a community's relative economic health as a whole, the earnings in various sectors provide a snapshot of the industry mix in an area. Earnings include wage and salary disbursements, other labor income and proprietor's income (both farm and non-farm). Furthermore, comparing the numbers for a local area to those of a larger area, such as an entire state or nation point to differences in the local economy that may be useful in subsequent market analysis steps. As with personal income trends, these figures are also available through the Bureau of Economic Analysis at: <http://www.bea.gov/regional/reis/>

Earnings Mix Comparison – 2005

Industry Sector	Portage County	Wisconsin	US
Farm	1.9%	0.6%	0.3%
Mining, Forestry, Fishing	0.1%	0.3%	1.0%
Construction	3.9%	5.5%	5.6%
Manufacturing	16.8%	23.4%	13.3%
Wholesale Trade	5.6%	5.5%	5.5%
Retail	7.6%	6.5%	6.7%
Transportation	7.5%	3.5%	3.2%
Information	0.7%	2.2%	3.4%
F.I.R.E.	17.4%	7.1%	9.1%
Services	20.6%	28.8%	32.2%
Government	17.8%	16.2%	18.8%

Source: Bureau of Economic Analysis, Compensation of employees by NAICS industry, 2005

Analyzing the earnings mix data, we see that Portage County shows a fairly balanced employment base. Manufacturing, F.I.R.E., services and government each contribute between 15 and 20 percent of the total earnings. Transportation is also prominent in Portage County, contributing more than double the state and national averages for that industry sector.

Employment Trends – Labor Force and Unemployment

Labor force and unemployment data provide important information on the size and stability of a local economy. The following data describe both employment and unemployment trends.

Portage County Civilian Labor Force Estimates, 1997-2006

Year	Portage County			Unemployment Rate (%)		
	Civilian labor force	Employment	Unemployment	Portage County	Wisconsin	U.S.
1997	38,227	36,668	1,559	4.1	3.5	5.3
1998	37,666	36,222	1,444	3.8	3.3	4.6
1999	37,235	36,010	1,225	3.3	3.1	4.3
2000	38,831	37,498	1,333	3.4	3.4	4.0
2001	39,205	37,571	1,634	4.2	4.4	4.2
2002	39,599	37,658	1,941	4.9	5.3	5.7
2003	39,599	37,658	1,941	4.9	5.3	5.8
2004	40,382	38,390	1,992	4.9	5.0	5.7
2005	39,989	38,128	1,861	4.7	4.8	5.2
2006	41,167	39,320	1,847	4.5	4.7	4.7

Source: Wisconsin Department of Workforce Development, Labor Force Estimate

From the table above, Portage County has shown an unemployment rate slightly lower than that of both Wisconsin and United States averages over the past half-decade. There appears to be a downward trend that closely mirrors state and national patterns of increased employment over the past four years as well.

Employment Trends – Local Firm Employment

An analysis of local employers provides insight into the types of larger businesses in the area that may provide drawing power. Furthermore, identifying these employers, their number of employees, and their locations may help in later analysis, as they aid in determining daytime employee populations for the trade area.

Portage County's largest employers are comprised of a mix of industries. The balance between goods producers and services providers is apparent - manufacturers comprise three of the ten largest employers, which makes sense for a county in a manufacturing intensive region within a manufacturing intensive state. Personal services are also prominent, accounting for four of the top 10 employers.

Top 10 Employers in Portage County

Establishment	Product or Service	# of Employees (Dec. 2005)
Sentry Insurance A Mutual Co	Direct property & casualty insurers	1000+
Stevens Point Public Schools	Elementary & secondary schools	1000+
University of Wisconsin – Stevens Pt.	Colleges & universities	1000+
St. Michael's Hospital of Stevens Pt.	General medical & surgical hospitals	1000+
County of Portage	Executive & legislative offices	500-999
The Cops Corp	Supermarkets & other grocery stores	500-999
Stora Enso North America Corp	Paper, except newsprint, mills	500-999
Figi's Mail Order Gifts Inc	Mail-order houses	500-999
McCain Foods USA Inc	Frozen fruit & vegetable manufacturing	500-999
Livetravel Inc	Insurance agencies & brokerages	500-999

Source: DWD, Bureau of Workforce Information, Quarterly Census of Employment and Wages

Like its top employers, its top employing industries show a variety of goods-producers and services-providers. Insurance carriers make up two of the top ten employers with educational systems also taking two of the top three spots. Health and government are also prominent with manufacturers also prolific. Not surprisingly, many of the top employers are based in and serve Stevens Point, the largest city within Portage County. The top ten employers aptly reflect the even balance among manufacturing, F.I.R.E, public services and government within the economy of Portage County.

Tourism in Portage County

Portage County is located within Wisconsin's Central Region and features quaint shops, historic downtown districts, golf, hiking and biking trails, as well as historical and cultural sites. Tourism plays a vital role in Portage County and supports businesses that cater to tourism such as resorts, motels, campgrounds, B&Bs and retail stores. The economic impact of tourism has wide-reaching effects across Portage County. Some specific tourism impacts noted by the Wisconsin Department of Tourism include:

- Portage County ranks 27th in the State for traveler spending.
- Travelers spent an estimated \$130 million in Portage County in 2006 – an increase of almost 5% from the previous year.
- Twenty percent of all expenditures were made in the winter, which amounted to \$26 million; 20% were made in the spring (\$26 million); 34% in the summer (\$45 million) and 26% in the fall (\$33 million).
- Traveler spending in 2006 supported 3,359 full-time equivalent jobs – an increase of 5% over 2005.

Portage County falls into what the Wisconsin Department of Tourism calls the Central region of Wisconsin which includes the counties of Marathon, Portage, and Wood. In this region, 68% of all visitors were on a leisure trip, 23% were on a personal business trip, and 9% were attending a meeting or convention – together spending \$509 million in 2006. The following table breaks down traveler spending for the Southeastern Rural region by category.

Travel Expenditures (in millions) by Category:

Lodging Type	Food	Shopping	Recreation	Lodging	Transportation	Total
Hotels, Motels, Resorts, B&Bs	\$67	\$77	\$67	\$57	\$19	\$287
Cabins	--	--	--	--	--	--
Campgrounds	\$4	\$7	\$6	\$3	\$3	\$22
Family & Friends	\$52	\$62	\$40	--	\$13	\$167
Day Visitors	\$10	\$13	\$7	--	\$2	\$32

Source: Wisconsin Department of Tourism, 2006 Economic Impact Fact Sheets, Central Wisconsin Region

Retail Sales Trends, County-Level Analysis

Understanding retail sales trends entails an analysis of the strengths and weaknesses of the existing retail market. By understanding the performance of the local retail market, business and community leaders can foster a more conducive environment for retail business development. This also becomes a base for further market analysis that will help current and future business operators make more informed business decisions.

The performance of the local retail market can only be estimated at the county level in Wisconsin due to data availability. A surplus/(leakage) analysis can be calculated that estimates whether the county has captured its fair share of retail dollars based on its population and per capita income. It should be kept in mind that surplus/(leakage) analysis is based on averages. Many times there are mitigating circumstances, such as proximity to large population centers, interstate highways, or regional shopping centers that will cause market potential to deviate substantially from actual market conditions. Hence, this analysis should be viewed as only one means to examining local retail markets. Using Steven Deller’s “An Updated Trade Area Analysis of Wisconsin Counties for 2006” (updated August 2007), surplus/(leakage) in sales is calculated below.

- *State Per Capita Expenditures* = State Retail Sales / Population = \$10,522
- *Index of Income* = County Per Capita Income / State Per Capita Income = 0.929
- *Trade Area Captured* = Actual Sales / (State Per Capita Sales * Index of Income) = 78,850
- *Pull Factor* = Trade Area Captured / County Population = 1.172
- *Potential Sales* = State Per Capita Sales * County Population * Index of Income = \$521,385,371
- *Surplus (Leakage)* = Actual Sales – Potential Sales = \$89,538,429

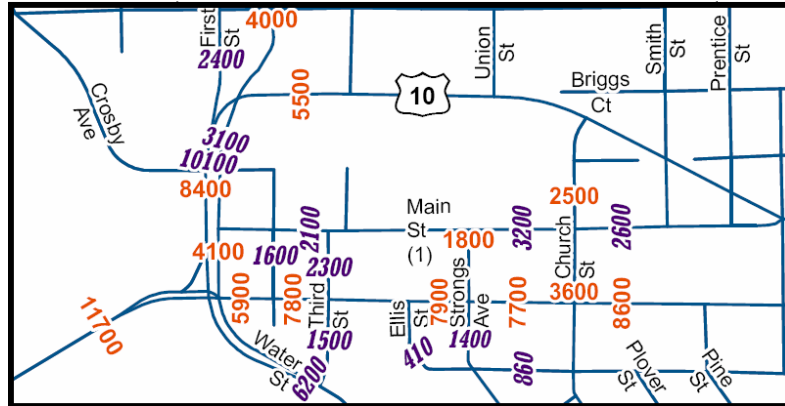
The index of income is somewhat close to 1.0, showing buying power in line with the state. In fact, only nine counties have an index of income above 1.0. Because actual sales are higher than potential sales, Portage County is said to have a \$89,538,429 surplus in the retail market.

County-level surplus/(leakage) analysis provides important background information to help understand the current competitive situation (at the county level). In short, it describes whether a county is capturing its fair-share of sales and sales tax receipts. However, these tools are suggestive and should not be used as the sole means of understanding county economic

trends. The user must remember that market areas rarely follow the boundaries of a county. They do not provide sufficient detail to gauge market support for specific business expansion or development opportunities.

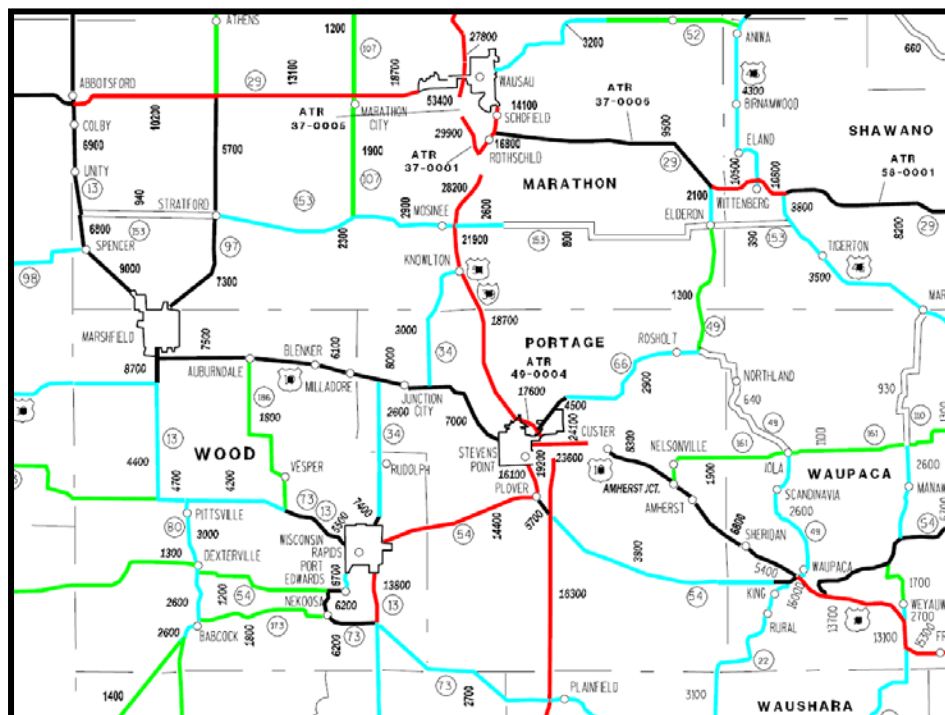
Traffic Patterns

Street and highway traffic volume provides an important indicator of travel to a downtown area. Retailers typically seek locations on major arteries and often require minimum average daily traffic counts to survive. More specifically, businesses such as gasoline stations, convenience stores and fast food restaurants are located based on traffic volume and the access to and visibility from high traffic streets and highways. Subsequently, examining the counts aids in determining the feasibility of these types of businesses. Stevens Point counts come from 2005 DOT data. Statewide counts come from 2002 data.



Maps: WI DOT

- U.S. Highway 10 draws 21,400 vehicles daily east of downtown (via Main Street); 11,700 vehicles west of downtown (via Clark St); 8,600 vehicles downtown (via Clark Street).
- State Highway 51 draws 14,700 vehicles daily south of downtown (via Church Street); 13,900 vehicles east of downtown; 15,300 vehicles downtown (via Division Street).
- County Highway 66 draws 9,500 vehicles daily (via Stanley Street).
- North Second Street draws 5,100 vehicles daily (from Interstate 39).
- Stevens Point draws roughly one-third to one-half the daily traffic as Wausau and two to three times as much as nearby Wisconsin Rapids.



Portage County Commuting Patterns

Identifying and tracking commuting patterns is a labor market concept that refers to worker flows between municipalities and/or counties. These commuting patterns highlight the counties that have a strong economic base and are able to attract workers from surrounding communities and counties. Conversely, it demonstrates which areas lack local employment opportunities for their residents or perhaps serve as “bedroom” communities that may offer a greater number of, and perhaps more affordable, housing options in comparison to other locations.

- In 2000, approximately 77 percent (28,431) of the 36,802 employed Portage County residents worked within Portage County (see table).
- In the same year, 6,657 working residents of Portage County commuted out of the county for work, whereas 5,453 workers from other counties traveled into Portage County to work. The result is a net loss of 1,204 Portage County working age residents to other counties for employment.
- Portage County’s residents primarily traveled to the neighboring counties of Wood, Marathon, Waupaca and Waushara for work. These counties accounted for over 80 percent of commuting workers (5,423 out of 6,657). Meanwhile, only 4,617 workers from these four counties commuted to Portage County, accounting for 67 percent of the net loss of working age residents.

County-to-County Worker* Flow, Portage County, 2000

County	County Residents Commute to	County Workers Commute from	Net Commute
Wood	2,639	2,572	-67
Marathon	1,408	968	-440
Waupaca	1,042	572	-470
Waushara	334	505	171
Outagamie	120	15	-115
Lincoln	110	83	-27
Dane	107	65	-42
Winnebago	105	39	-66
Elsewhere	792	634	-158
Total	6,657	5,453	-1,204
Work within Portage	28,431		

**Workers 16 years old and older*

Source: U.S. Census Bureau, 2000; WDOA; BLRPC, 2006

Local Housing Construction

Trends in real estate development including housing construction provide another indicator of the economic health of a community. This data is typically available through city and state sources. The U.S. Census Bureau reports construction statistics by place and by county on new privately owned residential housing units authorized by building permits.

Single Family Housing Building Permits; Stevens Point, 1997-2006

Year	Portage Co. Buildings	% Change	Construction Cost	WI Buildings	% Change	US Buildings	% Change
1997	32	-	\$3,670,800	20,628	-	1,062,396	-
1998	52	+62.5	\$7,441,000	24,010	+16.4%	1,187,602	+11.8%
1999	54	+3.8%	\$8,760,500	24,827	+3.4%	1,246,665	+5.0%
2000	48	-12.5%	\$8,184,031	24,018	-3.4%	1,198,067	-4.1%
2001	66	+37.5%	\$9,502,821	25,397	+5.7%	1,235,550	+3.1%
2002	61	-8.2%	\$9,505,250	26,084	+2.7%	1,332,620	+7.9%
2003	50	-22%	\$8,088,259	28,744	+10.2%	1,460,887	+9.6%
2004	35	-42.9%	\$5,702,792	29,716	+3.4%	1,613,445	+10.4%
2005	41	+17.1%	\$7,992,145	25,966	-14.4%	1,681,986	+4.2%
2006	56	+36.6%	\$9,211,750	19,607	-32.4%	1,378,220	-22.0%

Source: U.S. Census Bureau, Building Permits Data, 1997-2006

The building permit data shows a somewhat volatile construction market throughout the past decade. Total housing permits have fluctuated between 35 and 66, often going against state and national trends. Construction costs increased by nearly 70% between 1997 and 2005 (from an average of \$114,712 to \$194,930). Interestingly, costs dropped considerably in 2006 to \$164,495 (down 18.5%).

Economic Opportunities and Recommendations:

In 2006, NorthStar Economics, Inc. conducted an economic opportunity analysis for what they call "Central Wisconsin", an area including the counties of Marathon, Wood, and Portage. Based on the responses of 150 participants in individual and group interviews, the following list highlighting opportunities and recommendations for the economic improvement of Central Wisconsin was made.

- 1) Biofuels and Energy Production: Support and invest in research, technology transfer and businesses that will make Central Wisconsin a player in the alternative fuels/biofuels energy market.
- 2) Paper: Support and invest in value added products and processes that enhance and grow the existing world-class paper making assets and labor pool in the region.
- 3) Health Care: Build economic activity in medical research, medical education and training, regional health care delivery, medical supplies and medical software/bioinformatics.
- 4) Logistics: Build on the existing base and attract new businesses that further develop the strong logistics position of Central Wisconsin.
- 5) Agriculture and Food Processing: Build upon an already strong base in food processing and production of regionally grown crops such as potatoes, cranberries, and ginseng.

6) Research: Support existing and seek new research companies, centers and projects that will enhance and increase research activity and make it a major economic driver in Central Wisconsin.

7) New Business Development: Encourage and support the growth in the number of new regional business establishments.

8) Workforce Education and Training: Capitalize on the region's central location and the presence of workforce training institutions to deliver workforce education and training. Exploit the region's central location to establish and promote the region as a center for workforce training.

9) Wood Products and Composites: Leverage existing base of natural resources, experience with wood and paper manufacturing, and new, emerging technologies related to cellulose to capitalize on possibilities for economic growth.

10) Finance, Insurance, Real Estate (FIRE): Grow the existing FIRE sector and encourage spin-offs and new businesses to serve a growing market for financial services.

11) Retirement Markets: Explore market potential in various services to serve aging homeowners and residents in the region.