



*Downtown*  
Morehead City.com

## Downtown Morehead City Retail Marketplace Snapshot

Prepared by the NC Main Street & Rural Planning Center—March of 2022

The purpose of this report is to give Downtown Morehead City information for a better understanding of its current market. The NC Main Street & Rural Planning Center Staff studied the retail marketplace data within a 5- mile radius of and 20- minute drive time to the downtown area. The retail leakage analysis examines the quantitative aspects of the retail opportunities.

By reviewing the retail gap we can:

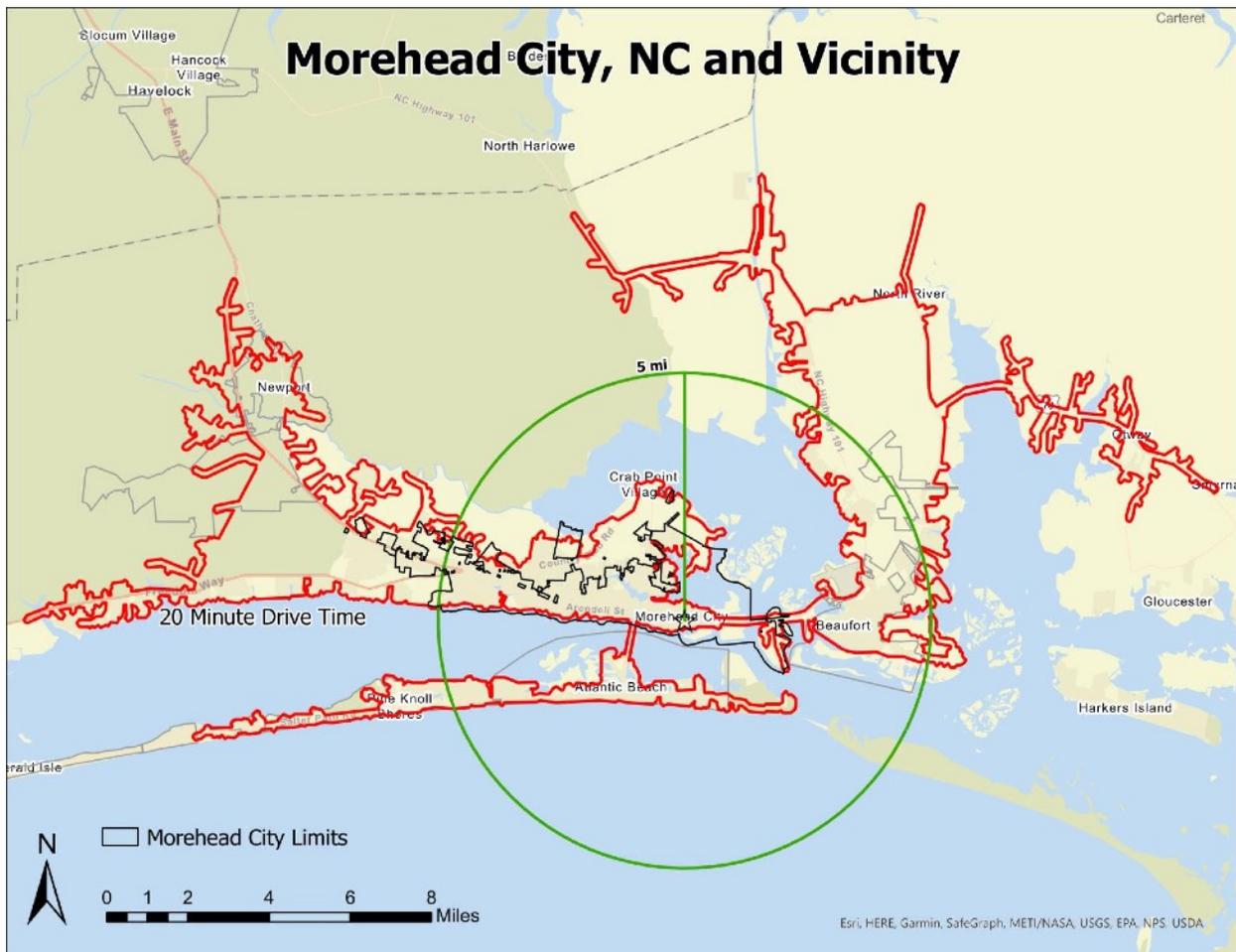
- Understand how well the retail needs of local residents are being met
- Uncover unmet demand and possible opportunities
- Understand the strengths and weaknesses of the local retail sector

When consumers spend their dollars outside the specific radii of Downtown Morehead City this is known as “Retail Gap” throughout this report. Retail Gap or leakage (red numbers) indicates an **unmet demand in the trade area**. This suggests the possibility the community can support additional retail for those business categories. Residents within the specified primary trade areas are purchasing products outside that area indicating opportunity to capture those dollars within the downtown district.

There are also categories for which Downtown Morehead City is exceeding the local market demand. Those are measured as negative (green) numbers on the below report. For the 5-mile radius information, this means that Morehead City is exceeding its market potential in these categories. Similarly, for the negative numbers in the 20-minute drive time area, the consumer demand exceeds what the market should sustain. This retail surplus means the community's trade area is capturing local market plus attracting non-local shoppers. Surplus means the community has possibly developed strong clusters of retail that have broad geographical appeal.

You can also seek additional retail market data that the Carteret County Economic Development Department or the Eastern Carolina Regional Council can provide. This report is based on the data collected and should serve as a starting point for your economic vitality efforts.

We highly encourage you to couple this report with consumer surveys to get a complete understanding of the Downtown Morehead City potential. The NC Main Street and Rural Planning Center can share examples of consumer surveys and assist with this process as needed.



The above Carteret County map outlines the two trade areas within a 5-mile radius of and within a 20-mile drive time to downtown. Defining the downtown trade area is critical in determining retail opportunities for the downtown market. The NC Main Street & Rural Center staff only reviewed the data within these two segments. Downtown Morehead City should be targeting residents within these two areas. The goal is to capture the retail sales volume leaking to surrounding Carteret County communities. The chart below shows total industry summaries for the 5-mile and 20-minute drive time to downtown. It details the total retail sales gap, potential 10% capture and retail square footage needed to attract this sales volume.

The sales per square foot column in the second table is the average number based on recent research across the state. Typically, restaurant annual retail sales are higher than \$300 per square foot. There are variables that impact this number such as building owned versus rented, rental rates either higher or lower as well as overall expenses, such as employee wages, insurance, utilities, etc. **Surplus is shown as a negative (green) number and retail gap is shown as a positive (red) number.**

Distance	Total Retail Gap	10% Capture	Sales/SF	SF Needed
5-mile radius	\$10,613,168	\$1,061,317	\$300	3129
20-Minute Drive Time	\$22,136,566	\$2,213,657	\$300	8137

The above information shows the aggregate number of potential sales within the 5-mile radius and 20-minute drive-time from Downtown Morehead City. Below you will see these number broken down by retail category.

## Retail Opportunities 5-mile radius around downtown

Morehead City				
Primary Trade Area 5 miles around downtown	DOWNTOWN POTENTIAL			
Business Type	Retail Gap	10% of Retail Gap	Sales/SF	SF
		10%	\$300	Needed
Home Centers	\$ 854,316	\$ 85,432	\$ 300	285
Other Home Furnishing Stores*	\$ 1,950,981	\$ 99,467	\$ 300	331
Nursery and Garden Stores	\$ 1,058,197	\$ 105,820	\$ 300	353
Cosmetics and Beauty Stores	\$ 303,724	\$ 30,372.40	\$ 300	101
Men's Clothing Stores	\$ 502,100	\$ 50,210.00	\$ 300	167
Children's and Infants Clothing Stores	\$ 916,832	\$ 91,683.20	\$ 300	306
Meat Markets	\$ 472,160	\$ 47,216.00	\$ 300	157
Clothing Accessories Stores	\$ 468,512	\$ 46,851.20	\$ 300	156
Jewelry Stores	\$ 1,133,662	\$ 113,366.20	\$ 300	378
Special Food Service and Catering	\$ 2,952,684	\$ 295,268.40	\$ 300	895
<b>Total Gap</b>	<b>\$ 10,613,168</b>	<b>\$ 1,061,317</b>	<b>\$ 300</b>	<b>3129</b>

## Retail Opportunities 20- Minute Drive-time to downtown

Morehead City				
Primary Trade Area 20-Minutes from downtown		DOWNTOWN POTENTIAL		
Business Type	Retail Gap	10% of Retail Gap	Sales/SF	SF
		10%	\$300	Needed
Other Home Furnishing Stores*	\$ 2,205,995	\$ 220,600	\$ 300	735
Home Centers	\$ 3,287,654	\$ 328,765	\$ 300	1096
Other Building Materials Stores	\$ 4,866,852	\$ 486,685	\$ 300	1622
Cosmetics and Beauty Stores	\$ 538,730	\$ 53,873.00	\$ 300	180
Clothing Stores	\$ 3,657,305	\$ 365,730.50	\$ 300	1219
Shoe Stores	\$ 1,100,561	\$ 110,056.10	\$ 300	777
Meat Markets	\$ 676,899	\$ 67,689.90	\$ 300	225
Jewelry Stores	\$ 1,566,784	\$ 156,678.40	\$ 300	84
Musical Instrument Stores	\$ 347,524	\$ 34,752.40	\$ 300	453
Book Stores	\$ 433,201	\$ 43,320.10	\$ 300	188
Special Food Service and Catering	\$ 3,455,061	\$ 345,506.10	\$ 300	1558
<b>Total Gap</b>	<b>\$ 22,136,566</b>	<b>\$ 2,213,657</b>	<b>\$ 300</b>	<b>8137</b>

## 5-Mile Radius Retail Surplus

Category	Retail Surplus
Furniture Stores	\$ 8,779,907
Appliances and Electronics Stores	\$10,899,565
Paint and Wallpaper Stores	\$ 909,036
Hardware Stores	\$ 1,074,840
Other Building Materials Stores**	\$ 2,695,990
Grocery Stores	\$14,627,500
Liquor Stores	\$ 1,051,621
Pharmacy and Drug Stores	\$ 8,398,532
Women's Clothing Stores	\$ 832,665
Family Clothing Stores	\$ 4,723,875
Shoe Stores	\$ 511,443
Sporting Goods Stores	\$14,294,597
Hobby, Toy and Game Stores	\$ 2,540,775
Office and Stationary Stores	\$ 811,187
Gift and Souvenir Stores	\$ 1,672,276
Pet and Pet Supply Stores	\$ 3,452,752
Full Service Restaurants	\$24,292,816
Limited Service Restaurants	\$11,386,869
<b>Total</b>	<b>\$112,956,246</b>

## 20-Minute Drive Time Retail Surplus

Category	Retail Surplus
Furniture Stores	\$ 5,969,113

Appliances and Electronics Stores	\$ 8,945,967
Paint and Wallpaper Stores	\$ 666,341
Hardware Stores	\$ 1,629,997
Grocery Stores	\$26,384,674
Liquor Stores	\$ 389,664
Pharmacy and Drug Stores	\$13,266,572
Family Clothing Stores	\$ 2,064,079
Sporting Goods Stores	\$11,143,531
Hobby, Toy and Game Stores	\$ 2,185,493
Office and Stationary Stores	\$ 554,162
Gift and Souvenir Stores	\$ 907,703
Pet and Pet Supply Stores	\$ 2,399,195
Full Service Restaurants	\$14,104,830
Limited Service Restaurants	\$13,139,262
<b>Total</b>	<b>\$103,750,583</b>

\*Other Home Furnishing Stores means other than furniture stores and floor covering stores.

\*\*Other Building Materials Stores means other than home centers, paint and wallpaper stores or hardware stores

This data can be used to help recruit businesses to Downtown Morehead City to meet the unmet potential and reduce the retail gap or leakage. The priorities are to first retain, then expand and finally to recruit new businesses. The categories that show the most potential should be focused on first, especially within the 5-mile radius of downtown. This data can help existing businesses realize there may be potential to expand to capture additional retail sales.

Retail Gap: 5-mile radius and 20-minute drive time

The retail sales surpluses are significant in Morehead City as it is the largest community in Carteret County and generates more than \$584,001,000 in annual retail sales, according to U.S. Census data. There remains potential in several categories, specifically cosmetics and beauty, men’s clothing, children’s and infants’ clothing, clothing accessories, jewelry and specialty and catering businesses within the 5-mile radius of downtown.

These same categories are mirrored at the 20-minute drive time measurement, except there is potential there for musical instrument and book stores. Considering the affordability of the Crystal Coast Civic Center there is potential for catering sales in this location.

Retail Surplus

As was noted above, the Downtown Morehead retail surplus is significant in most categories providing ammunition to attract those businesses that would best fill the desired downtown product mix. Post-pandemic tourism should be significant to support the existing and new businesses.

### **Retail Sales per Capita (Source U.S. Census QuickFacts)**

Total retail sales per capita for Morehead City of \$56,849 in 2012 (the last measured year on this site) is more than four times the U.S. per capita average of \$13,443. This means that Morehead City can support a disproportionate amount of retail sales relative to its population. I suspect the per capita sales have increased since this measurement was taken and could be significantly higher. Morehead City also generates more than 52% of the total Carteret County retail sales according to this measurement.

It would be a good idea to visit the U.S. Census Quickfacts site occasionally to determine when it is updated. Much of this is generated by its tourism industry.

This data, along with the retail surplus information, substantiates the benefit and potential of investing in downtown Morehead City.

### **Tapestry Segmentation identified by ESRI On-Line Business Analyst**

We find that studying the Tapestry Segments helps to identify a retail mix based on demographics that could enhance the shopping experience. Tapestry Segmentations provide detailed descriptions of America's neighborhoods. U.S. residential areas are divided into 67 distinctive segments based on their socioeconomic and demographic composition, then further classifies the segments into LifeMode and Urbanization Groups. Each radius has numerous LifeMode groups for a total of 100%. The detailed information can give Downtown Morehead City a sense of who its customer is and insight into how to market to and what types of products to possibly add to existing inventory. By diving deeper into each Tapestry Segment's LifeMode and Urbanization Group there may be an entirely new business that could emerge and possibly be a good fit for downtown.

The information provided reflects the U.S. characteristics. The table below shows the top four segments for each category with brief descriptions. Detailed descriptions are obtained by going to the raw ESRI data's Tapestry information and clicking on each segment for the specific drive times. Visit <http://doc.arcgis.com/en/esri-demographics/data/tapestry-segmentation>.)

### **Top 4 Tapestries for each location**

#### **Town of Morehead City**

Social Security 20.7%  
Silver & Gold 16.2%  
Old & Newcomers 14.5%

#### **5-mile radius**

Midlife Constants 13.0%  
Rural Resort Dwellers 13.0%  
Comfortable Empty Nesters 11.5%

#### **20-minute drive time**

Silver & Gold 13.8%  
Midlife Constants 12.2%  
Old & Newcomers 10.9%

For the town as a whole, Social Security is the predominant category, followed by Silver & Gold ranking #2 for the community and #1 within the 20-minute drive time. Midlife Constants is #1 within the 5-mile radius of downtown and Old & Newcomers ranks third for the entire community and those residents living within the 20-minute drive time of Morehead City. Each of these four categories are examined below:

<b>Social Security</b>	Households (U.S.)	1,001,400
	Average Household Size	1.73
	Median Age	45.6
	Median HH Income	\$17,900

**WHO ARE WE?**

Social Security Set is an older market located in metropolitan cities across the country. One-fourth of householders here are aged 65 or older and dependent on low, fixed incomes, primarily Social Security. In the aftermath of the Great Recession, early retirement is now a dream for many approaching the retirement age; wages and salary income in this market are still earned. Residents live alone in low-rent, high-rise buildings, located in or close to business districts that attract heavy daytime traffic. But they enjoy the hustle and bustle of life in the heart of the city, with the added benefit of access to hospitals, community centers, and public transportation.

<b>Midlife Constants</b>	Households (U.S.)	3,068,400
	Average Household Size	2.31
	Median Age	47.0
	Median HH Income	\$53,200

**WHO ARE WE?**

Midlife Constants residents are seniors, at or approaching retirement, with below average labor force participation and above average net worth. Although located in predominantly metropolitan areas, they live outside the central cities, in smaller communities. Their lifestyle is more country than urban. They are generous, but not spendthrifts.

<b>Silver &amp; Gold</b>	Households (U.S.)	942,900
	Average Household Size	2.03
	Median Age	63.2
	Median HH Income	\$72,100

**WHO ARE WE?**

Almost the oldest senior market, Silver and Gold is the most affluent. The affluence of Silver and Gold has afforded the opportunity to retire to sunnier climates that feature exclusive communities and vacation homes. These consumers have the free time, stamina, and resources to do what they enjoy. This market is smaller but growing.

<b>Old &amp; Newcomers</b>	Households (U.S.)	2,859,200
	Average Household Size	2.12
	Median Age	39.4
	Median HH Income	\$44,900

#### WHO ARE WE?

This market features singles' lifestyles, on a budget. The focus is more on convenience than consumerism, economy over acquisition. Old and Newcomers is composed of neighborhoods in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes. They support charity causes and are environmentally conscious. Age is not always obvious from their choices.

### AARP Livability Index

The AARP Livability Index for Downtown Morehead City is 49 on a scale ranging from 0 to 90+. The higher the score the more livable the community. There are both positive and negative characteristics of the community, according to AARP measurements. For example:

- Housing: 74.3% of units are multi-family whereas the median U.S. neighborhood is 17.8%, so Morehead City is ahead of the nation in this category.
  - On the negative side, housing affordability is \$1,372 per month whereas the median U.S. neighborhood is \$989 and the housing cost burden is 25.7% of monthly income compared to 17.9% of the median U.S. neighborhood.
- Transportation: 1.07 walk trips per day per household happen in Morehead City, while the median U.S. neighborhood sees 0.73. There are only 4.1 fatal vehicle crashes per 100,000 people in Morehead City while there are 6.8 in the median U.S. neighborhood.
- Environmental Air Quality sees no unhealthy days per year, whereas the median U.S. neighborhood sees 5.6 unhealthy days annually.
- Concerning health, 38.3 preventable hospitalizations per 1,000 patients take place in Morehead City whereas 48.5 happen in the median U.S. neighborhood.
  - On the negative side, 23.5% of the local population smokes, above the 20.5% of the median U.S. neighborhood.
- Concerning social engagement, there are 11.7 local organizations per 100,000 people while only 7 organizations are available to the median U.S. neighborhood.
- Concerning opportunity, the local high school graduation rate is 86.0%, just under the median U.S. neighborhood rate of 87%.

You can visit the AARP web site, plug in the same address and learn of the other category measurements for your community.

## Walkscore

Walkscore.com provides a measurement of how walkable and bikeable is a community. Using the 1001 Arendell Street Morehead City scored a 49 Walkscore meaning it is below average and most errands require a car. The bike score was 57 meaning Downtown Morehead City has some bike infrastructure. Attached is a copy of the Walkscore.com information.

### Summary and Recommendations

1. Pursue the current retail categories that are seeing sales “leakage” or “gap.” The first step to take is to see if there are independent retailers in neighboring communities that would consider opening an additional location in Morehead City.
2. Review the additional areas of need and use the success of the tourism industry, and population growth of Morehead City to bolster your case for additional retail, restaurants or support industries (catering.)
3. The anticipated population growth of coastal NC will continue to provide residential and commercial opportunities for Morehead City, NC. One of the recommendations we heard at the recently completed NC Main Street conference is the welcome packet for new residents. This shows Morehead City is embracing new residents who will patronize downtown.
4. The AARP Livability Index is low for a tourist community that thrives on being welcoming and inviting (which, in my experience Morehead City is.) I have detailed some of the categories and others can be reviewed on their site. There are some issues that will require infrastructure investments and social campaigns to accomplish items such a smoking reduction and a high school graduation rate increase.
5. Walkscore. There always need to be improvements to the walkability of a community especially when new residential development takes place. It would be beneficial to work with your city planning department and the local NCDOT Division to provide for the pedestrian and bike access for visitors and tourists.

If you have additional questions on the above information, please contact Mike Dougherty at [mike.dougherty@nccommerce.com](mailto:mike.dougherty@nccommerce.com) or 919-817-7086.

Sources: ARGIS Retail Data

Livabilityindex.aarp.org

Carteret County map—Glen Locascio, NC Department of Commerce