

Post-Construction Business Location Analysis
HWY 67 ROUTE RELOCATION REPORT

May 2007

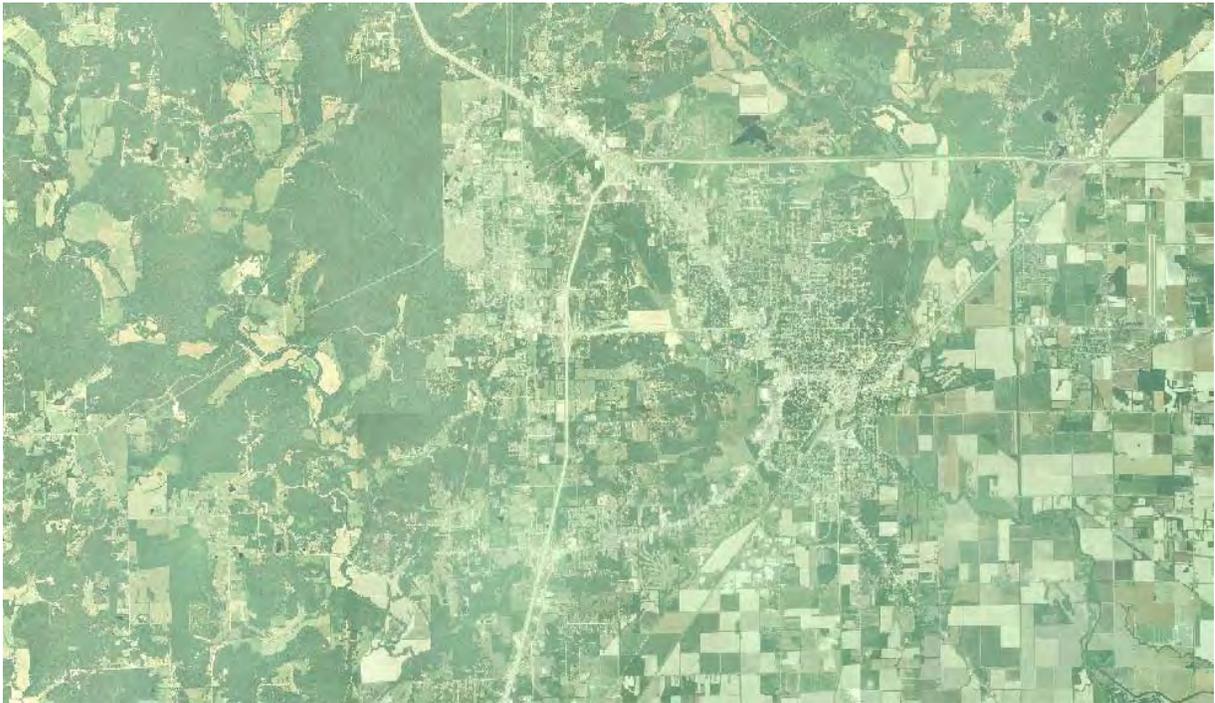
Post-Construction Business Location Analysis **HWY 67 ROUTE RELOCATION REPORT**

Executive Summary

In June 2001, the Missouri Department of Transportation (MoDOT) completed work on the Highway 67 Route Relocation in Poplar Bluff, a city at the crossroads of several major highways in southeast Missouri. This report analyzes industry data for five years since the route relocation to determine if business closings, openings, or relocations have shown any noticeable trends, such as a general movement toward vacant properties along the new route.

Business locations from June 2001 to June 2006 show little movement towards the new route. Geospatial analysis of business closings and openings illustrate that businesses are predominantly turning over in the current business district. Furthermore, analysis of existing businesses finds no significant movement towards the new route.

A site visit in May 2007, however, brought attention to new businesses and real estate offerings that point toward future economic activity at or near the route relocation. As with any growing city, business developments typically spread to the outer reaches of town as time progresses. Clearly one direction of growth will occur towards the new route. Fortunately planners designed the relief route to have controlled access (interchanges) and to be relatively near the current business district. This will help control where new growth occurs and keep the relief route functioning as originally designed.



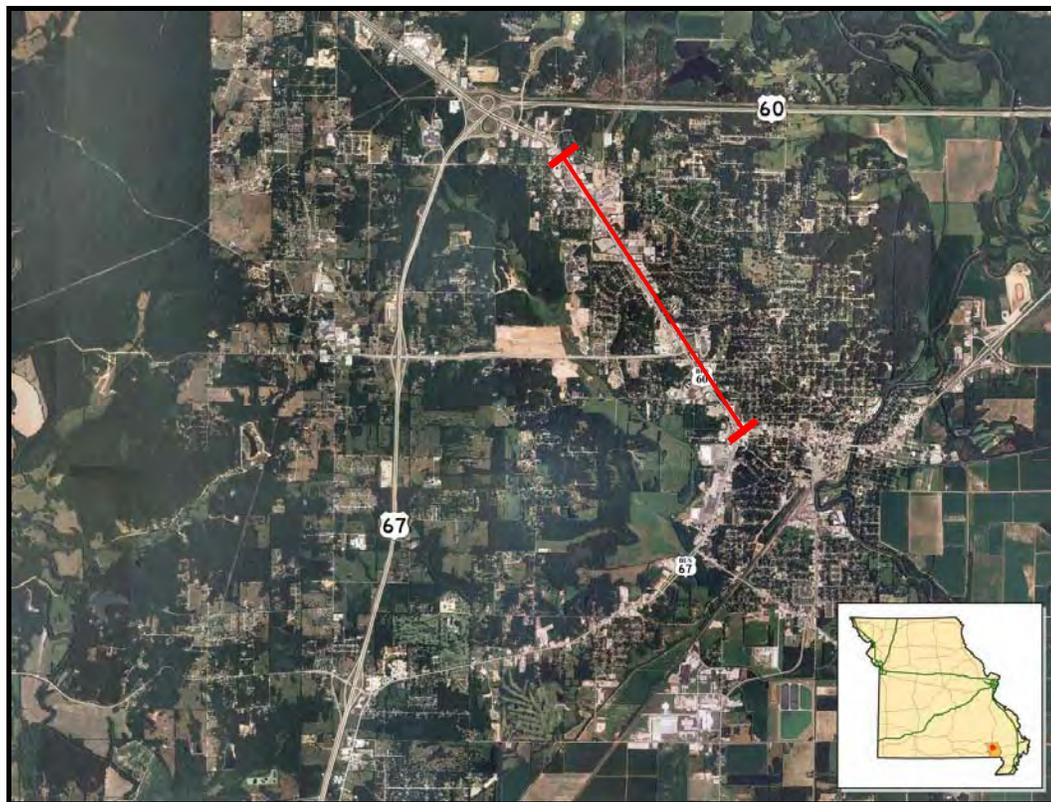
Introduction

In June 2001, MoDOT completed work on the Highway 67 Route Relocation in Poplar Bluff, a city at the crossroads of several major highways in southeast Missouri. Hwy 60 connects the city to Interstate 55 in the east and Springfield in the west and has four-lanes in most areas. Hwy 67 runs north up to St. Louis and south down to Arkansas. The northern route is being expanded to four-lanes along its full length. Hwy 160 connects to West Plains and Branson in the west.

As a crossroad community, many travelers pass through Poplar Bluff and the route relocation reduces their travel time by minimizing stops due to traffic lights and congestion. It also reduces traffic flows in the business district thereby reducing congestion for local commuters. Traffic counts from 1994 to 2004 show that the route relocation has reduced traffic along the main business district.¹ For example, annual average daily traffic counts from Oakgrove Road south to Pine Street (shown in red on the aerial map) decreased by over 20% in the ten-year period. Often this traffic decrease in the business district of a regional economic hub, such as Poplar Bluff, does not hurt existing business sales. In fact the city had a taxable sales increase of 17.0%, after adjusting for inflation, from 1994 to 2004 according to Missouri Department of Revenue data. The average for all Missouri cities during that same time period was 12.6%.

This report analyzes business location² changes for five years since the completion of the new route. A May 2007 site visit was also conducted to better inform report conclusions.

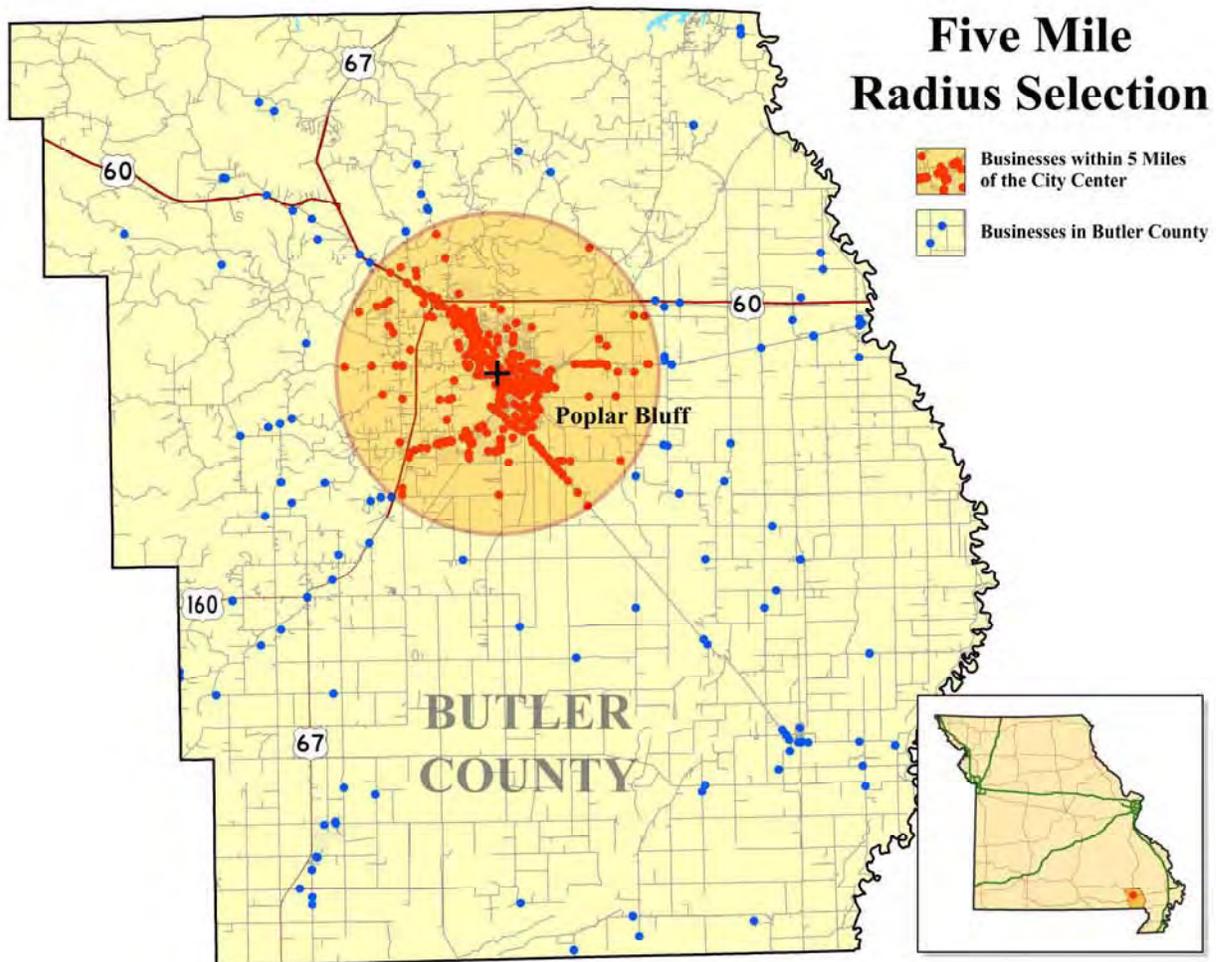
CITY OF POPLAR BLUFF – 2006 AERIAL PHOTO



Community Overview

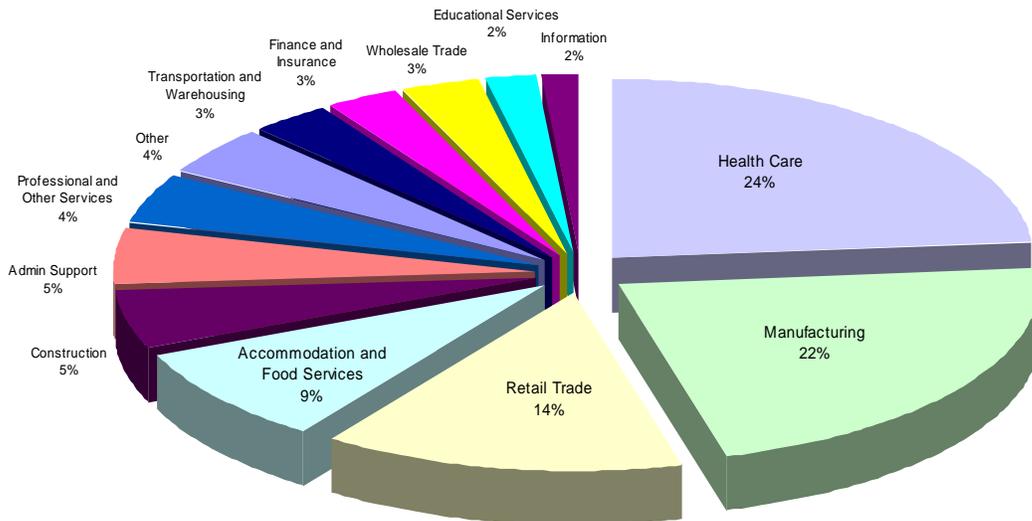
The city of Poplar Bluff (pop. 16,651) is a regional hotspot of economic activity in southeast Missouri. It is the largest city in Butler County and attracts workers and shoppers from all the surrounding counties. Local Employment Dynamics data³ shows that Butler County was the work destination of 32% of all workers in Butler and the five surrounding counties. The Missouri Retail Trade report⁴ also indicates that Poplar Bluff is a regional shopping destination.

Although this report is focused on the route relocation in Poplar Bluff, it is useful to consider Butler County business data since it largely represents establishments in and around Poplar Bluff. In June 2006, 95% of all employment in the county was within 5 miles of the geographic center of Poplar Bluff.



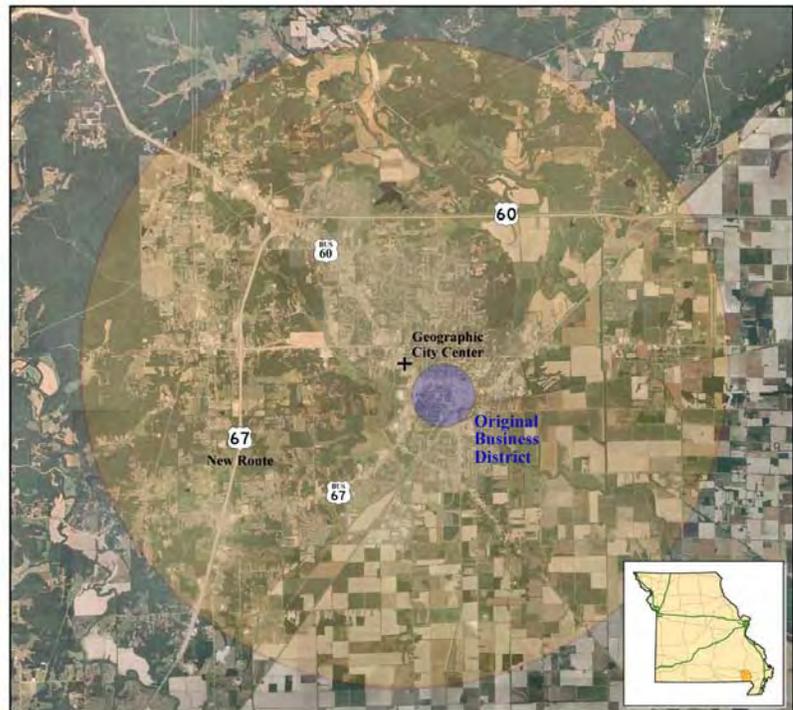
Butler County businesses employed just over 18,000 people in the second quarter of 2006. The major employing industries were Healthcare, Manufacturing, Retail Trade, and Accommodation and Food Services. Together those industries employed nearly 70% of all workers. The industry mix in 2001 was very similar to 2006 data.

Business Employment in Butler County - 2nd QTR 2006 Average



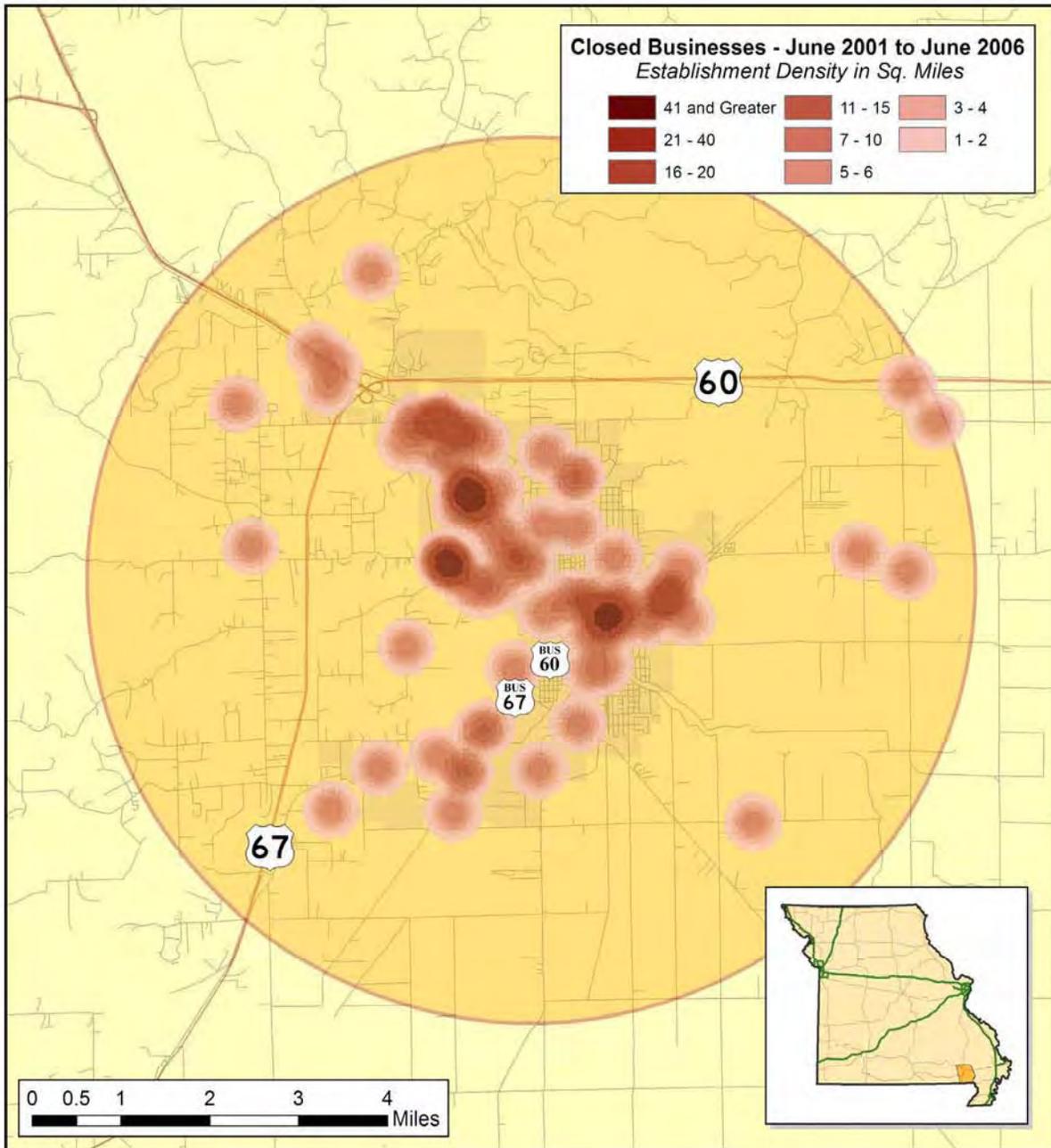
Business Location Trends Prior to the Hwy 67 Route Relocation

The original business district of Poplar Bluff is centered around the Butler County Courthouse. Now the business district expands out in all directions with manufacturing largely to the southeast of the city center and service industries mainly to the west along the Hwy 60/67 business route. The original business district is showing signs of decline that pre-date the new route relocation. It is currently home to many small retailers and community services. Attractive architecture and brick-laid streets, however, serve as historic infrastructure that may in time bring back specialized business developments.



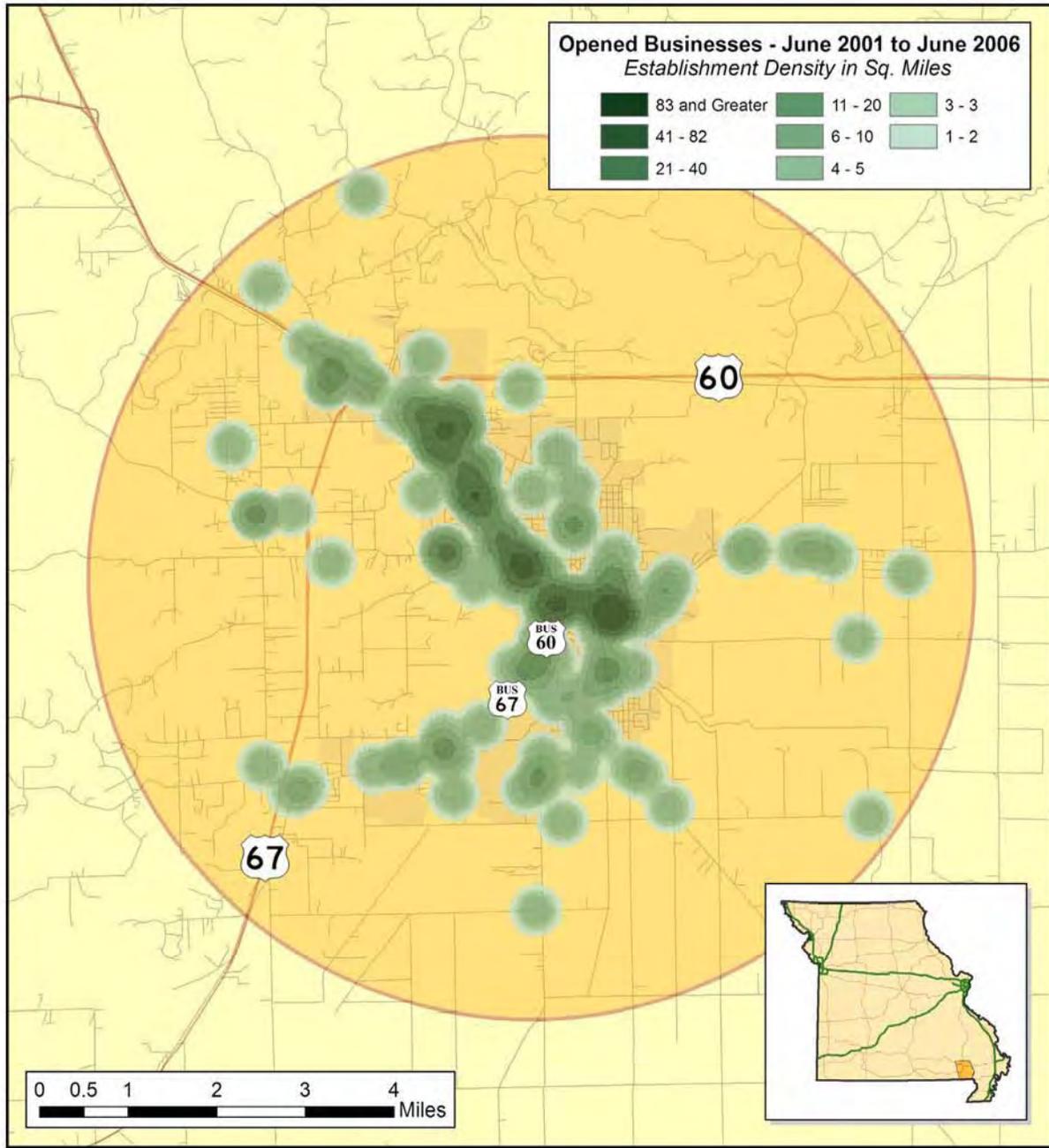
Business Closings between June 2001 and June 2006

The geospatial density map below illustrates the concentrations of business closings in the 5-year period after the route relocation was completed. Closing hotspots occur most frequently in the original business district and along the northern section of the Hwy 60/67 business route.



Business Openings between June 2001 and June 2006

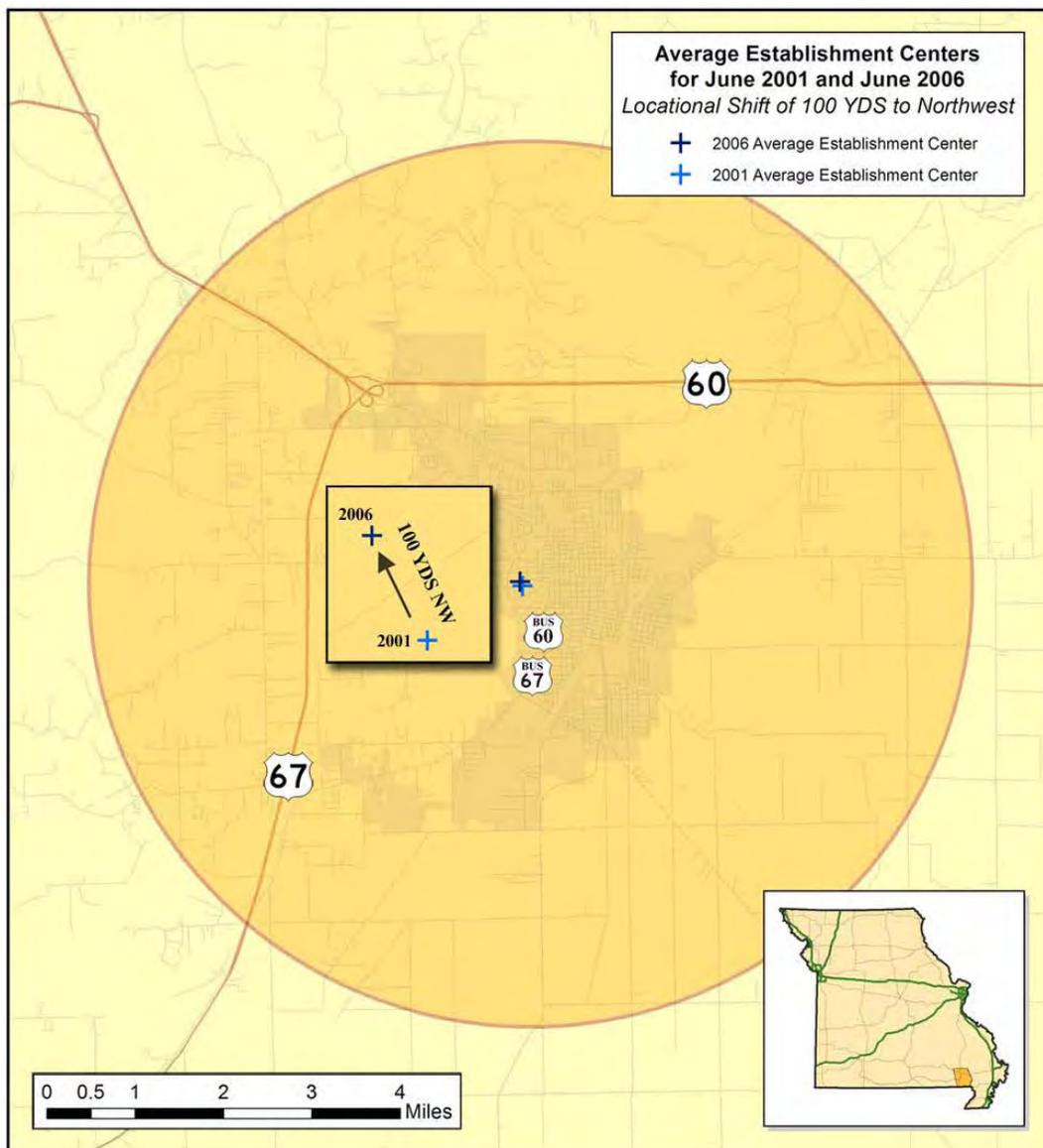
Business openings occur with greater frequency than closings and are most evident in the original business district and along northern parts of the Hwy 60/67 business route. This map and the previous map illustrate that most business openings and closings are largely occurring in the same areas. These patterns represent the churning of commerce as one type of business closes and another opens in the same area. Businesses in retail centers are typical of this trend. The maps show that there has been no large-scale migration of new businesses toward the new route in the 5-years since its completion.



Existing Businesses between June 2001 and June 2006

Geospatial center analysis, using existing businesses in June 2001 and June 2006, allows further study of business movement patterns over time. Geospatial centers are used to create a geographic point (average establishment center) that represents the central location of all business establishments in a selected area.

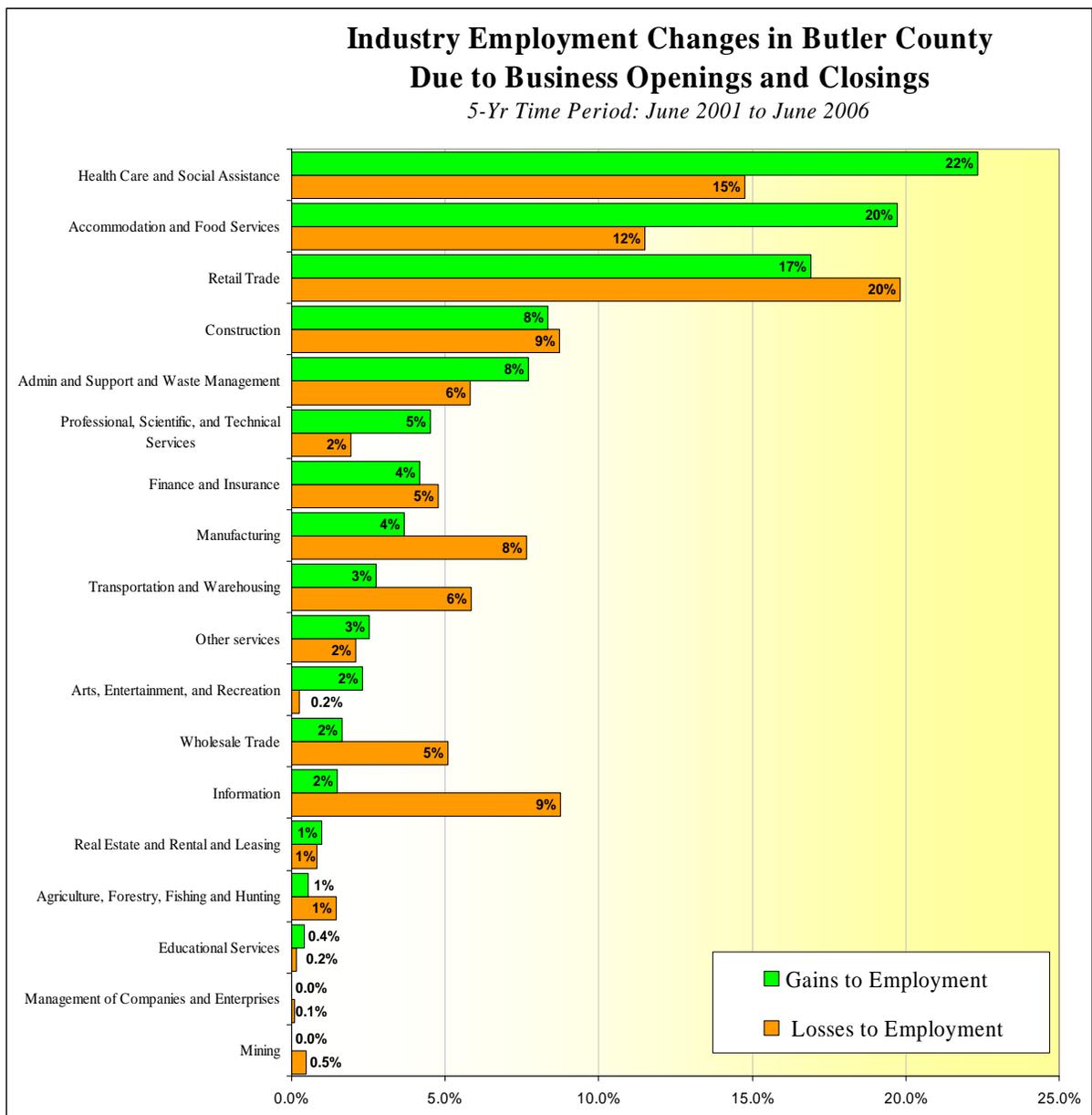
The average establishment center for June 2006 shifted by nearly 100 yards northwest from the establishment center in 2001. This represents a very minor change. This map, coupled with the two previous density maps, shows that new and existing businesses in the 5-year period did not make a significant geographic move toward the new relief route.



Industry Employment Changes Due to Business Openings and Closings

Although the overall industry mix in Poplar Bluff remained largely the same over the 5-year period, some trends with business openings and closings were noticeable. Employment gains in Healthcare, Accommodations and Food Service, and Professional Services largely outgrew losses. Retail Trade, Manufacturing, Transportation and Warehousing, Wholesale Trade, and Information services saw employment losses that outpaced gains.

It is important to note that employment changes due to business openings and closings account for less than 20% of all employment changes. Existing businesses that are expanding or reducing employment made up 82% of all jobs gains and losses at the national level in the first quarter of 2006.⁵ This means that while business opening and closing trends are important to industry employment, they have less of a short term impact than existing business changes.



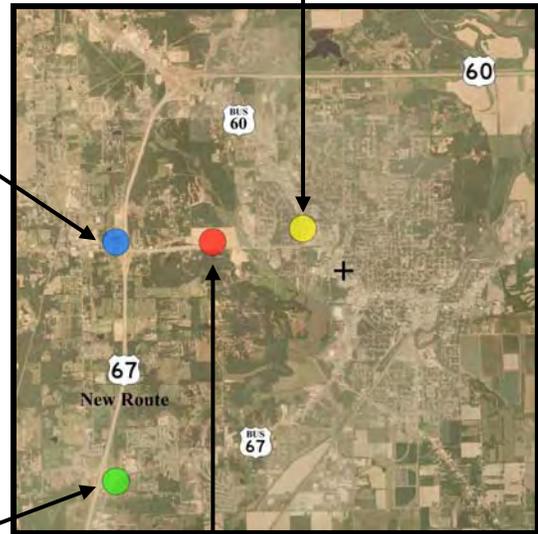
Business Development along the Route Relocation in May 2007

A recent visit to Poplar Bluff supports the spatial data analysis within the report. However, the “For Sale” signs around interchanges and the new medical center at the Kanell Blvd. exit are visible proof of future changes. As is typical along highways, business development starts at the interchanges and spreads out as frontage roads are later built. In Poplar Bluff’s case, the process seems to be gaining momentum as the route relocation turns 6 years old.

The speed of route relocation development can depend on factors such as access control on the new route, proximity to the current business district, city trade and industry characteristics, and more general national economic cycles. Poplar Bluff’s strong identity as a regional economic hub will likely keep the current business district strong for the foreseeable future.



A new façade on a shopping center encourages new businesses to locate in the existing district.



Methodology

Geospatial and database analysis were the primary tools used to develop conclusions for this report. A May 2007 site visit also added supporting information. Other Midwest bypass studies were also reviewed for their methods and conclusions.^{6,7}

Business data for the report was from the Quarterly Census of Employment and Wages (QCEW) – 2nd QTR 2001 to 2nd QTR 2006. QCEW is a cooperative program between the Bureau of Labor Statistics (BLS) and the Labor Market Information unit within MERIC. Non-farm businesses that have employees must file for unemployment insurance with the state of Missouri and provide quarterly updates of employment and wages. Each business establishment is assigned an unemployment insurance number (UI code). If the business has multiple locations then a reporting unit number (RUN code) is also assigned.

A central goal of the report was the determination of what businesses have opened, closed, or relocated within the timeframe of June 2001 to June 2006. This period accounts for the business community just as the route relocation was completed in June 2001 and the five years after.

Several, seemingly straight-forward, questions had to be answered to conduct analysis and qualify the results:

What is a business?

What is a new business?

What is a closed business?

Which businesses can be accurately place on a map?

What is a business?

For this report, businesses are defined as non-farm establishments that have at least one employee. This is due to requirements and exemptions stated in the unemployment insurance laws. A self-employed individual or small farm business does not have to report data to the state and therefore no information is available for detailed analysis. Businesses classified as private households (NAICS 8141) are also excluded from this definition due to BLS data usage restrictions. Therefore the businesses QCEW tracks represent a subset of all businesses.

Even with these limitations, the QCEW is the best source of detailed, current business data providing the largest impact on local economies. According to the US Census, self-employed individuals account for nearly 75% of all businesses yet make up only 3% of business sales.

What is a new business?

A business is considered new if it DID NOT exist in June 2001 but DID exist in June 2006. Businesses were linked by their unique UI and RUN codes within QCEW data. The new businesses had to have some employment in the months of April, May, or June of 2006 to be considered operational. It is possible that a “new” business could also be a self-employed individual who has expanded operations and hired employees. The business could have existed prior to June 2001 but would not have been tracked by QCEW since there was no reporting of information as a self-employed person.

Additional steps had to be taken to determine if the potential new businesses did exist in June 2001 but had a different name, UI, or RUN code in 2006. For example, a business that had two locations in 2001 but consolidated to one by 2006 would have a different RUN code. Some establishments are also bought by different owners and receive new UI codes but are basically the same businesses as before. Many steps, such as partial or prior UI code, address and name matching, were taken into account for these data limitations.

What is a closed business?

A business is considered closed if it DID exist in June 2001 but DID NOT exist in June 2006. Businesses were linked by their unique UI and RUN codes within QCEW data. The closed business had to have some employment in the months of April, May, or June of 2001 to be considered operational. It is possible that a “closed” establishment could still exist if the businesses operator went from a business with employees down to a self-employed individual and therefore was no longer reporting data that QCEW could track.

As with new businesses, similar analytical steps had to be taken to determine if the potentially closed businesses existed in 2006 under a different names, UI, or RUN codes.

Which businesses can be accurately placed on a map?

Businesses with accurate latitude and longitude locations are needed to determine where they exist in the community and to make basic conclusions as to any effect the route relocation may have had in shifting business location patterns. Some business establishments have poor address information and were not able to be accurately located on a map. In 2001, 71% of existing businesses in Butler County had address information that was suitable for analysis. 83% of existing businesses in 2006 had accurate address information.

Report Sources:

1. Traffic counts provided by MoDOT Transportation Planning.
2. Business data from Quarterly Census of Employment and Wages. Bureau of Labor Statistics. <http://www.bls.gov/cew/>. See Methodology section for more details.
3. Local Employment Dynamics information from the Longitudinal Employer-Household Dynamics (LEHD) On-The-Map Application. 2003. U.S. Census Bureau. <http://lehdmapp.dsd.census.gov/>
4. Missouri Retail Trade 2002. MERIC. <http://www.missourieconomy.org/industry/retail/retail.stm>
5. Business Employment Dynamics. Bureau of Labor Statistics. <http://www.bls.gov/bdm/>
6. Summary of Highway Bypass Studies. EDRGroup. Dennis Leong and Glen Weisbrod. December 2000. Available at: <http://www.edrgroup.com/pages/pdf/Town-Bypass-Case-Studies.pdf>
7. The Impact of a New Bypass Route on the Local Economy and Quality of Life. Kentucky Transportation Center. June 2001. Available at: http://ntl.bts.gov/lib/23000/23700/23788/KTC_01_10_SPR_219_00_2I.pdf
8. Aerial Photography from the USDA 2006 National Agricultural Imagery Program. Available at: <http://msdisweb.missouri.edu/data/naip2006/index.htm>

