

# Retail Spending in Columbia County

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A comparison of local consumer spending in Columbia County  
and neighboring and benchmark counties



Columbia County Planning & Engineering Department  
Development Services Division  
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# RETAIL SPENDING IN COLUMBIA COUNTY

## I. EXECUTIVE SUMMARY

The retail sector of Columbia County's economy is growing rapidly. By many measurements, County residents are doing more shopping locally and local merchants are attracting more customers from the region. As a result, the County's sales tax revenue has increased and compares favorably to similar jurisdictions. Local government can generate even more tax revenue by continuing to foster retail growth.

## II. INTRODUCTION

Columbia County residents enjoy a high quality of life and local government is committed to maintaining this high standard. But public services are costly and far exceed property tax collections. Therefore, alternate revenue sources should be considered.

The principal source of funds used for large capital projects in Columbia County is the Special Purpose Local Option Sales Tax (SPLOST). The sales tax is collected at the point of sale. A county which has extensive commercial/retail areas (e.g., Richmond) collects more than its share of taxes since citizens travel from adjoining areas to make purchases. Conversely, a suburban county like Columbia receives less than its share of revenues since purchases are made in adjoining counties with more established commercial/retail areas.

In recent years, progress has been made in keeping locally-earned income within Columbia County and attracting shoppers from surrounding counties. The potential for greater retail growth could reap significant tax revenue.

## III. LOCAL SPENDING & INCOME

Columbia County's rapid population growth since the 1990s has created a large and affluent market for retailers. In the past, residents had few shopping options within Columbia County, so they went to Richmond County. But recent developments such as Mullins Crossing, Wal-Mart, Lowe's, and Home Depot have greatly enhanced local shopping options. As a result, tax revenue has increased.

In order to measure Columbia County's success in capturing local income, it is useful to make comparisons with Georgia counties of a similar size. These benchmark jurisdictions provide a measuring stick for local performance. In addition, a review of neighboring counties provides a helpful point of comparison.

Table 1 illustrates local spending relative to local income. In Columbia County, 44 percent of income, or 44 cents of each dollar earned by residents, is spent within the County on retail goods as of 2007. (The remaining 56 cents are spent on consumer goods in other counties and essentials such as housing and utilities.) This is substantially more than the 18 cents spent

within the County in 1990; meaning residents are doing more shopping within the County and/or residents from elsewhere are increasingly shopping in Columbia County.

Columbia County lags behind Richmond County, where 57 cents of each dollar earned locally is also spent within their borders. Columbia County comes close to the state average, where 45 cents of each dollar earned within the state is also spent in the state. Interestingly, local spending has declined in Richmond County and Georgia since 1990, while it has increased in Columbia County. Among benchmark counties, Columbia County ranked last in 1990 and improved to fourth by 2007. More urbanized counties such as Gwinnett and Clarke retain about 20 percent more of their local income than does Columbia County. (Note: 2007 is the most recent data available.)

TABLE 1.

| <b>Retail Sales as a Percentage of Local Income, 1990-2007</b> |                   |             |             |                                  |        |
|--|-------------------|-------------|-------------|----------------------------------|--------|
|  | <b>1990</b>       | <b>2000</b> | <b>2007</b> | <b>Difference,<br/>1990-2007</b> |        |
| Columbia County  | 18.0%             | 35.5%       | 44.2%       | 26.2%                            |        |
| State of Georgia   | 55.3%             | 45.0%       | 45.3%       | -10.0%                           |        |
| <b>BENCHMARKS</b>  | Cherokee County   | 19.8%       | 40.3%       | 42.0%                            | 22.2%  |
|  | Clarke County     | 80.3%       | 60.3%       | 71.2%                            | -9.1%  |
|  | Cobb County       | 48.6%       | 51.6%       | 45.3%                            | -3.3%  |
|  | Coweta County     | 39.8%       | 32.9%       | 39.0%                            | -0.8%  |
|  | Gwinnett County   | 38.8%       | 50.7%       | 62.3%                            | 23.5%  |
|  | Houston County    | 39.3%       | 46.8%       | 50.6%                            | 11.3%  |
|  | Newton County     | 43.3%       | 36.5%       | 33.3%                            | -10.0% |
|  | Paulding County   | 22.6%       | 27.9%       | 28.6%                            | 6.0%   |
| <b>NEIGHBORING COUNTIES</b>                                    | Burke County      | 35.3%       | 34.0%       | 36.0%                            | 0.8%   |
|  | Glasscock County  | 8.3%        | 30.8%       | 9.5%                             | 1.2%   |
|  | Hancock County    | 22.4%       | 16.6%       | 16.7%                            | -5.7%  |
|  | Jefferson County  | 56.6%       | 32.7%       | 45.0%                            | -11.6% |
|  | Lincoln County    | 23.1%       | 15.2%       | 33.4%                            | 10.2%  |
|  | McDuffie County   | 42.8%       | 81.3%       | 58.8%                            | 15.9%  |
|  | Richmond County   | 65.1%       | 60.0%       | 57.1%                            | -8.0%  |
|  | Taliaferro County | 20.6%       | 7.5%        | 33.8%                            | 13.2%  |
|  | Warren County     | 25.4%       | 19.2%       | 22.4%                            | -3.0%  |
|  | Washington County | 46.3%       | 34.0%       | 42.2%                            | -4.1%  |
|  | Wilkes County     | 52.7%       | 32.3%       | 36.8%                            | -15.9% |

Source: *Georgia County Guide*, University of Georgia

If Columbia County's retail sales were equal to the State average of 45.3 percent of local income, then sales in 2007 would have totaled \$1.91 billion, or about \$47 million over the

recorded retail sales of \$1.86 billion. If the one percent SPLOST was collected on the additional sales, then sales tax revenues would increase by over \$470,000. And at Richmond County’s rate of 57.1 percent of income, Columbia County’s SPLOST collection would increase by about \$5.5 million in 2007.

**IV. PULL FACTOR**

Another measure of the relative strength of a community’s retail market is “pull factor,” calculated by dividing a county’s per capita sales by the state average and adjusting for income differences.

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| $\text{Pull Factor} = \frac{\text{County Per Capita Sales}}{\text{State Per Capita Sales}} \times \frac{\text{State Per Capita Income}}{\text{County Per Capita Income}}$ |
|---|

If the community’s income-adjusted per capita sales are greater than the state average, then the pull factor is greater than one. This indicates the county is drawing in sales from other counties.

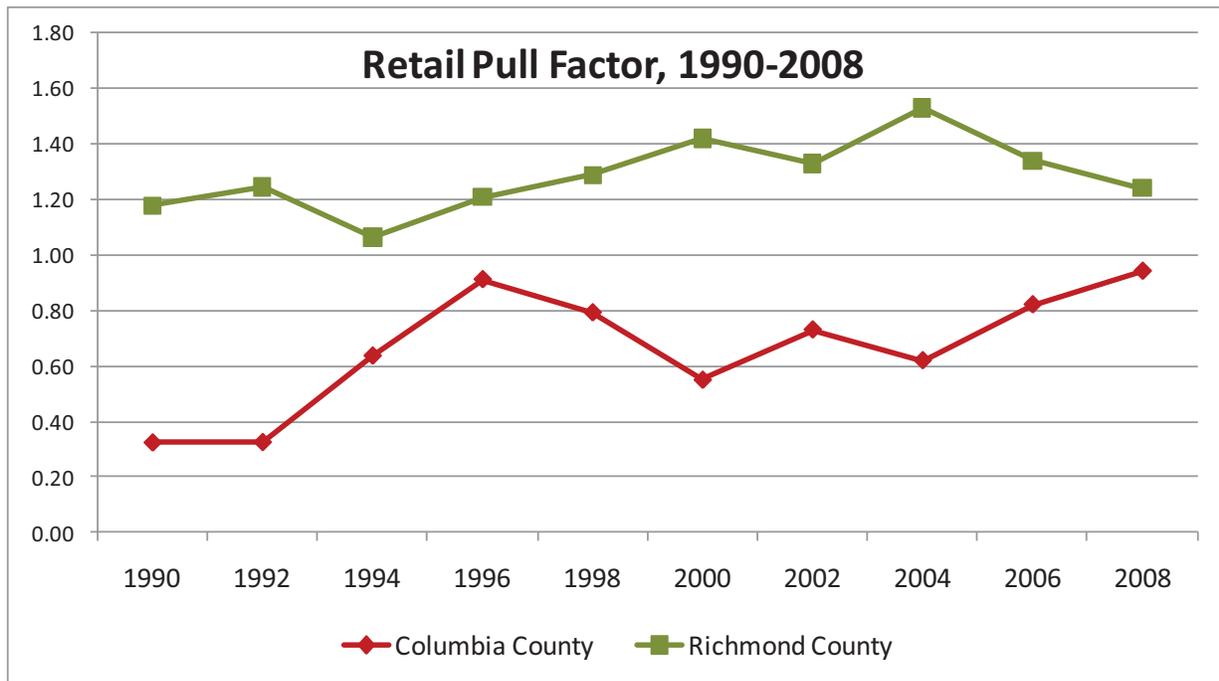
Table 2 compares the County’s pull factor with benchmark and neighboring counties. Since 1990, Columbia County’s pull factor has increased an astonishing 188 percent, higher than any other benchmark county or neighboring county. The County’s 2008 pull factor of 0.94 approaches the state average of 1.0 and compares favorably to Cherokee, Newton and Paulding counties. In the surrounding area, some very small counties exceed 1.0, including McDuffie and Washington. (Note: 2008 is the most recent data available.)

TABLE 2.

| Retail Pull Factor, 1990-2008                               |                   |      |      |                     |        |
|---|-------------------|------|------|---------------------|--------|
|   | 1990              | 2000 | 2008 | % Change, 1990-2008 |        |
| Columbia County   | 0.33              | 0.55 | 0.94 | 188.6%              |        |
| State of Georgia  | 1.00              | 1.00 | 1.00 | N/A                 |        |
| <b>BENCHMARKS</b>   | Cherokee County   | 0.36 | 0.62 | 0.74                | 106.7% |
|   | Clarke County     | 1.45 | 1.74 | 1.62                | 11.4%  |
|   | Cobb County       | 0.88 | 1.06 | 1.04                | 18.1%  |
|   | Coweta County     | 0.72 | 0.73 | 0.61                | -15.4% |
|   | Gwinnett County   | 0.70 | 0.91 | 1.13                | 61.0%  |
|   | Houston County    | 0.71 | 0.94 | 1.04                | 46.3%  |
|   | Newton County     | 0.78 | 0.67 | 0.49                | -37.4% |
|   | Paulding County   | 0.41 | 0.55 | 0.41                | 0.1%   |
| <b>NEIGHBORING COUNTIES</b>                                 | Burke County      | 0.64 | 0.72 | 0.72                | 12.8%  |
|   | Glasscock County  | 0.15 | 0.63 | 0.21                | 39.5%  |
|   | Hancock County    | 0.41 | 0.27 | 0.30                | -26.1% |
|   | Jefferson County  | 1.02 | 0.79 | 0.89                | -13.1% |
|   | Lincoln County    | 0.42 | 0.33 | 0.69                | 64.7%  |
|   | McDuffie County   | 0.78 | 1.90 | 1.12                | 44.4%  |
|   | Richmond County   | 1.18 | 1.42 | 1.24                | 5.3%   |
|   | Taliaferro County | 0.37 | 0.19 | 0.86                | 130.5% |
|   | Warren County     | 0.46 | 0.45 | 0.44                | -4.3%  |
|   | Washington County | 0.84 | 0.71 | 1.01                | 20.5%  |
| Wilkes County   | 0.95              | 0.87 | 0.74 | -22.4%              |        |
| Source: <i>Georgia County Guide</i> , University of Georgia |                   |      |      |                     |        |

Columbia County’s greatest competition for local sales comes from Richmond County due to its close proximity, long-established shopping centers and substantial employment base. In 1990, Columbia County’s pull factor of 0.33 was dwarfed by Richmond County’s rating of 1.18. Yet Columbia County’s pull factor has increased much faster than that of Richmond County and has been on an upward annual trend since 2004, as seen in Graph 1 on page 5.

GRAPH 1.



Source: *Georgia County Guide*, University of Georgia

Columbia County's pull factor has generally increased, aside from the 1996-2000 time period. During this time, personal income increased much faster than retail sales, resulting in a slight pull factor decline that has since improved. If current trends continue, then Columbia County will eventually surpass Richmond County in pull factor, resulting in even greater sales tax revenue.

## V. REGIONAL TRENDS

On a regional level, Columbia County competes with surrounding counties for retail sales and customers. As one jurisdiction increases its share of regional sales, one or more other jurisdictions inevitably lose part of their share. Table 3 illustrates each county's share of regional sales over time. This figure is calculated by dividing each county's sales by total sales in the CSRA. (Note: 2008 is the most recent data available.)

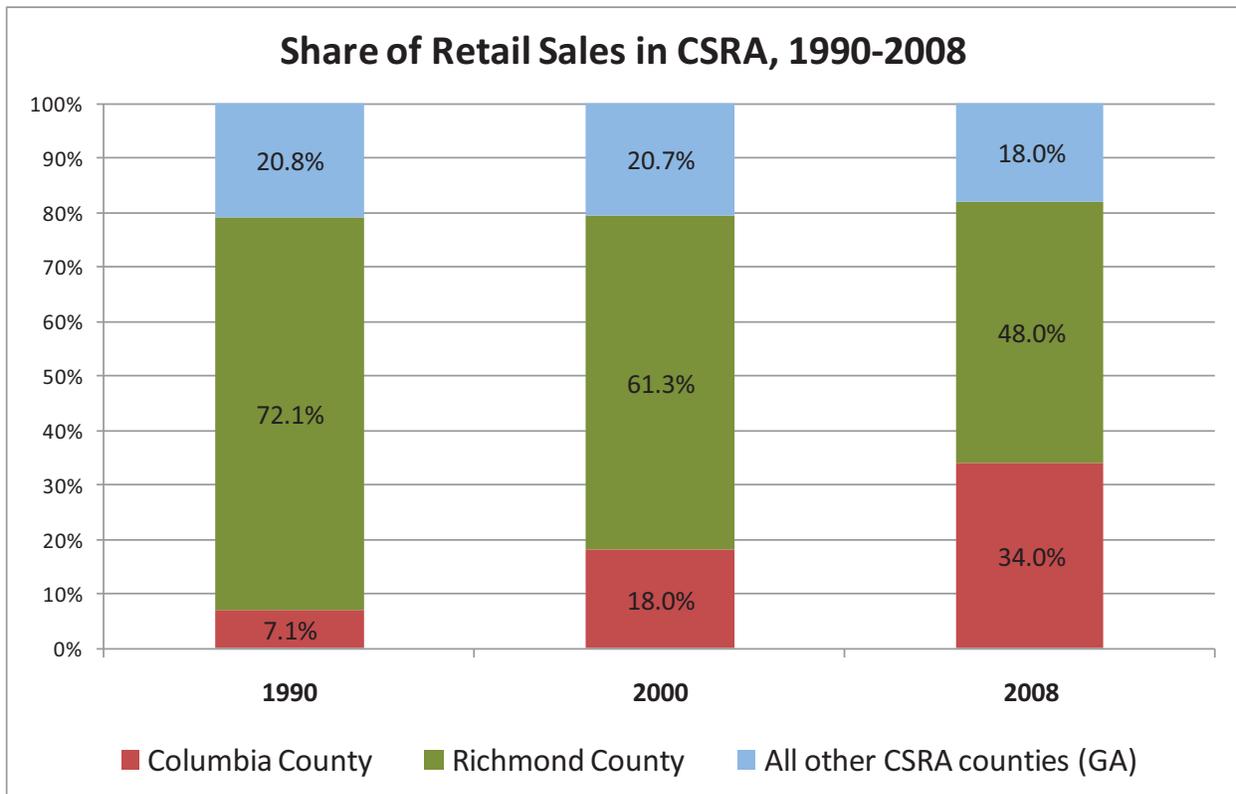
TABLE 3.

| <b>Share of Retail Sales by County in Region, 1990-2008</b> |             |             |             |                                  |
|---|-------------|-------------|-------------|----------------------------------|
|   | <b>1990</b> | <b>2000</b> | <b>2008</b> | <b>Difference,<br/>1990-2008</b> |
| Columbia County   | 7.1%        | 18.0%       | 34.0%       | 26.9%                            |
| Burke County  | 2.8%        | 3.1%        | 2.9%        | 0.1%                             |
| Glasscock County  | 0.1%        | 0.3%        | 0.1%        | 0.0%                             |
| Hancock County  | 0.8%        | 0.6%        | 0.4%        | -0.3%                            |
| Jefferson County  | 4.1%        | 2.4%        | 2.5%        | -1.6%                            |
| Lincoln County  | 0.8%        | 0.6%        | 1.1%        | 0.3%                             |
| McDuffie County   | 4.2%        | 8.2%        | 4.9%        | 0.8%                             |
| Richmond County   | 72.1%       | 61.3%       | 48.0%       | -24.1%                           |
| Taliaferro County   | 0.2%        | 0.1%        | 0.3%        | 0.1%                             |
| Warren County   | 0.6%        | 0.5%        | 0.5%        | -0.1%                            |
| Washington County   | 4.5%        | 3.5%        | 3.9%        | -0.6%                            |
| Wilkes County   | 2.8%        | 1.6%        | 1.3%        | -1.5%                            |
| CSRA Total:   | 100.0%      | 100.0%      | 100.0%      |                                  |
| Source: <i>Georgia County Guide</i> , University of Georgia |             |             |             |                                  |

In most counties, their share of sales remained constant between 1990 and 2008. But Columbia County's portion increased by almost 27 percent. Conversely, Richmond County's share declined by 24 percent. Evidently, Columbia County is becoming a more popular destination for consumers who used to shop in Richmond County. The end result is greater sales tax revenue.

When data from Table 2 is displayed graphically, one can better see that Columbia County's share of sales in the CSRA has grown enormously while Richmond County's share has slipped by a nearly equal margin. All the other neighboring counties in Georgia have been grouped together as shown in Graph 2.

GRAPH 2.



Source: *Georgia County Guide*, University of Georgia

## VI. INDUSTRIAL & COMMERCIAL BUILDING INVENTORY

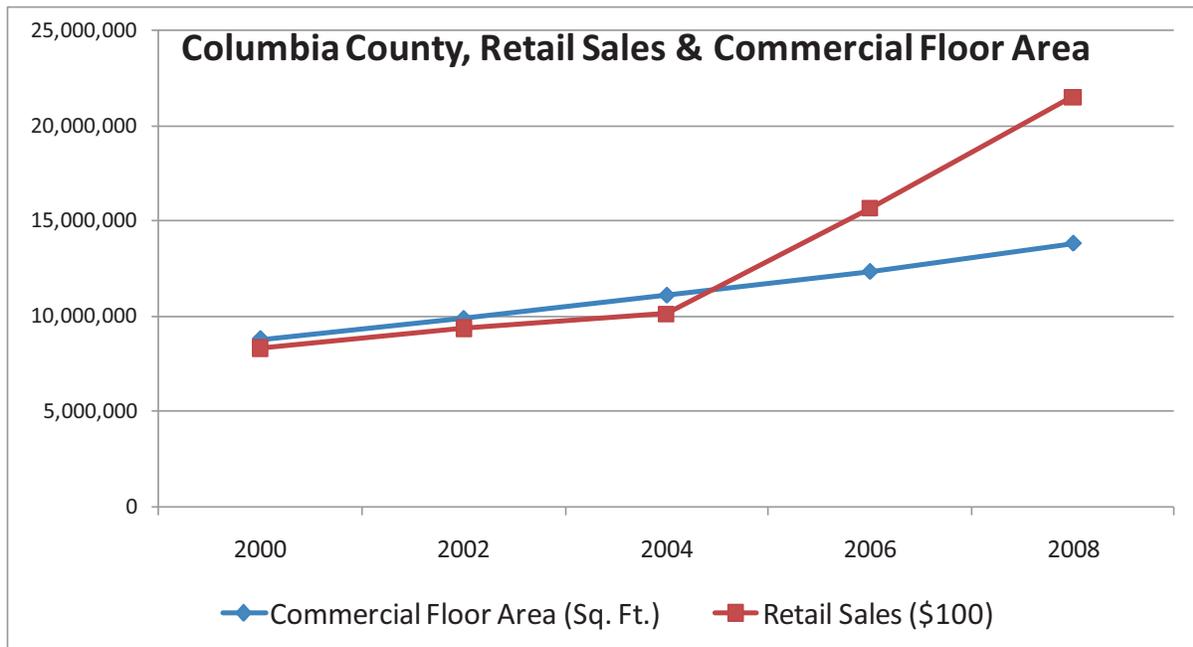
While industrial development offers skilled labor employment, it does not provide as much sales tax revenue as retail development. Very little, if any, products manufactured or produced by industrial operations are sold to consumers locally; therefore, the County collects no sales tax. Retail development, on the other hand, enhances local sales tax revenue. Table 4 shows how the County's inventory of commercial and industrial buildings has changed since 2000.

TABLE 4.

| Columbia County Building Inventory, 2000-2009 |                         |           |                         |           |                         |           |
|---|-------------------------|-----------|-------------------------|-----------|-------------------------|-----------|
|   | 2000                    |           | 2009                    |           | % Change, 2000-2009     |           |
|   | Floor Area<br>(Sq. Ft.) | Buildings | Floor Area<br>(Sq. Ft.) | Buildings | Floor Area<br>(Sq. Ft.) | Buildings |
| Industrial                                    | 3,097,296               | 68        | 3,656,271               | 75        | 18.0%                   | 10.3%     |
| Commercial                                    | 8,787,131               | 1,477     | 14,276,143              | 1,978     | 62.5%                   | 33.9%     |
| Source: Columbia County Tax Assessor's Office |                         |           |                         |           |                         |           |

As of 2009, Columbia County has over 14.2 million square feet of commercial floor space and over 3.6 million square feet of industrial floor space. Commercial floor area has increased by over 62 percent since 2000, while industrial floor area has only grown 18 percent. Since 2004, retail sales have outpaced growth in commercial floor area, as seen in Graph 3 on page 9. But in the four previous years, floor area and sales increased at approximately the same rate. (Note: 2008 is the most recent sales data available from the *Georgia County Guide*.)

GRAPH 3.



Sources: *Georgia County Guide*, University of Georgia; Columbia County Tax Assessor's Office

## VII. CONCLUSIONS

Columbia County's retail base is rapidly growing, as measured by retail sales as a percentage of local income, the pull factor, and in terms of regional sales share. As a result, sales tax revenue grows and helps supplement property taxes to fund public services. Columbia County can maintain its high standard of living without raising taxes by further encouragement of retail development.

Prepared by Columbia County Planning and Engineering Department  
Development Services Division  
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