

DEMOGRAPHIC AND ECONOMIC PROFILE

Demographic and economic characteristics are indicators of overall trends and economic health that can affect the character of growth in Cañon City over the near and long-term. Presented in the following discussion is an analysis of historical and projected estimates of key socio-economic indicators for the City of Cañon City and Fremont County. The analysis of future population and household growth provided the basis for the area's projected land use base and mix summarized in the Strategies section of the Plan.



SOCIO-ECONOMIC INDICATORS

POPULATION

As shown in Table 1, the City of Cañon City grew at an average annual rate of 2.4 percent during the period 1990 to 2000. In comparison, Fremont County grew at a rate of 3.7 percent during this same period. Growth in the County is reflected in levels of building activity taking place in developments adjacent to the central service area and in the Florence and Penrose areas, rather than within the City limits. Growth in both the City and County during the early 1990s is attributed by area realtors largely to in-migration from Colorado front range communities, much of it from retirees seeking to resettle outside urban areas. In the High Meadows Subdivision in Florence, for example, 27 percent of the new home buyers between 1999 and 2000 came from Colorado Springs, with 20 percent of these buyers reportedly retirees. This source of growth has been augmented to a lesser extent by in-migration from out-of-state transplants seeking the smaller community opportunities provided by Fremont County.

Future projections of growth within the City and County are expected to decline from previous levels, growing at a rate of 1.2 percent and 1.1 percent, respectively, through 2020. In 2000, the City's population of 15,431 represented 33 percent of the County total, a share that is expected to grow in the near- and long-term. This forecast is supported by trends in real estate sales whereby 671 or 74 percent of the 895 County real estate sales recorded between 1998 and 2001 in the County MLS database occurred in Cañon City. The anticipated result of this pattern of growth will be an increasing share of the County's development occurring in the City, a condition consistent with other communities in more rural settings where the aging population base migrates to regional centers for support services. The policies of both the City and County that regulate development outside municipal boundaries will have a significant impact on this trend.

Table 1
Projected Population
City of Cañon City and Fremont County
1990 to 2025

Scenario	Growth Rate	2000	2005	2010	2015	2020	2025
DOLA Projections	County 1.1%	46,145	48,739	51,480	54,374	57,431	60,660
County Historical							
Building Permits	City 1.2%	15,431	16,379	17,386	18,454	19,589	20,793
City '95 - '00 CAAGR	County 2.7%	46,145	52,720	60,232	68,815	78,620	89,823
	City 1.19%	15,431	16,371	17,369	18,427	19,550	20,741
'90 - '95 CAAGR	County 4.7%	46,145	58,057	73,045	91,902	115,627	145,476
	City 3.6%	15,431	18,416	21,978	26,230	31,303	37,358

*CAAGR - Compound Annual Average Growth Rate

Source: U.S. Census 2000, Colorado Department of Local Affairs, Claritas, and Leland Consulting Group

As reflected in table 2, population growth in Fremont County has occurred almost entirely due to migration. Deaths in the County have consistently out-numbered births, (a trend indicative of an older population) resulting in a negative natural change. The net migration figure reflects the number of new residents plus or minus the natural fluctuation figure.

Table 2
Historical Components of Population Growth
Fremont County
1990 to 1999

	1990	1995	1999	Growth 90 to '95	CAAGR 95 to '99
Births	312	435	457	6.9%	1.2%
Deaths	429	505	489	3.3%	-0.8%
Natural (+/-)	-117	-70	-32	--	--
Net Migration and growth rates	178	1,632	1,363	55.8%	-4.4%

*CAAGR - Compound Annual Average Growth Rate

Source: Colorado Department of Local Affairs, Claritas, and Leland Consulting Group

A significant factor in the Cañon City and Fremont County population is the number of individuals living in group quarters. The 2000 census reported 1,328 institutionalized persons living in group quarters within Cañon City, while 9,024 institutionalized persons lived in Fremont County. As reported by the Colorado Department of Local Affairs, the group quarter population increased 15.7 percent between 1990 and 1995, and 3.3 percent between 1995 and 1999. These trends are summarized in Table 3. The growth is largely attributable to the construction of two state and one federal prison during this nine-year period.

Table 3
Historical Group Quarter Population
Fremont County
1990 to 1999

			Growth		CAAGR
	1990	1995	2000	90 to '95	95 to '99
Group Quarter Population	3,903	8,080	9,024	15.7%	3.3%

**CAAGR - Compound Annual Average Growth Rate*

Source: Colorado Department of Local Affairs, Census 2000, and Leland Consulting Group

According to the Colorado Department of Corrections (personal conversation, Bonnie Barr, August 9, 2001), there were 709 inmates on-grounds at the Colorado Territorial Correctional Facility at that time, the only DOC facility located inside the Cañon City limits. This figure was up from 2000 estimates reported in the DOC 2000 Statistical Report, which estimated the inmate population to be 695 in the Territorial facility. Discussions with the Fremont County Sheriff's Department, whose facility is also located within the City limits, reported an inmate count of 87 during the Summer of 2001, a number lower than the more typical figure of 120 county jail inmates. This approximate 900-inmate population in state and county facilities within Cañon City constitutes approximately 5.8 percent of the City population in 2000. Their profile is a component of the education, per capita income, ethnicity, age, and gender statistics for the City. The remaining 428 persons reported in group quarters in the 2000 census but not in state or county facilities reside in nursing homes, assisted living facilities, group homes, and other forms of group living arrangements.

In addition to prison facilities located within the City limits, additional correctional facilities are located in the County. The 2000 inmate on-grounds total census for the nine state prisons in Fremont County was 4,719, with an additional 3,003 inmates at the federal penitentiary in Florence (as of August, 2001).

As presented in Table 4 below, the largest sector of City residents is in the "19 years and under" age group, illustrating a significant concentration of families in the community. Other age group concentrations are residents "20 to 34 years" and residents "75 years and older". The combined age groups of "65 to 74" and "75 years and older" represent nearly one-quarter of the City's resident population. This overall aging of the population is particularly evident in an analysis of median age. The median age of City residents in 2000 was 39.8. Longevity and the migration of seniors from outside the region to the Cañon City area are two key contributors to the increasing average age of area residents.

Table 4
Percent Population by Age Group
City of Cañon City
2000

Age Group	%
Below 19 years	25.3%
20-34	18.8%
35-44	12.4%
45-54	11.8%
55-64	8.0%
65-74	9.7%
75 years and over	14.1%
Median age	39.8

Source: Claritas and Leland Consulting Group.

HOUSING

Table 5 below summarizes housing stock and occupancy rates for the City as reported by the U.S. Census. Ninety-three percent of the housing stock was occupied in Census 2000, with one third of the housing devoted to rentals. The Colorado Division of Housing reported a 5% vacancy rate for rental units in the first quarter of 2001, with a \$498/mo. average rent. The State average vacancy rate was 4.3% with a \$752 average rent. The vacancy rate for Pueblo during this period was 5.7%; for Salida it was 0% with 121 apartments; and for Alamosa it was 2.9%. The Cañon City vacancy rate is thus almost exactly the State average, with comparable vacancy rates to Pueblo, and vacancy rates greater than those in both more rural and more urban areas.

Several demographic trends are having an impact on the homebuilding market, particularly in communities with significant numbers of householders 55 years and older. As "Baby Boomers" have moved into retirement and continue to represent that segment of the population with the most disposable income, the "move-up" segment of the market has begun to surpass the "starter-home" market. This is particularly evident in the more significant developments located outside of Cañon City in Fremont County. Other trends which are impacting housing product development are the rising number of singles and childless married couples. Individuals who fall within one of these categories generally prefer higher-density alternative rental or ownership units, free of maintenance, with full amenity packages. There are few examples of this product type in the Cañon City market.

Table 5
Household and Housing Unit Distribution
City of Cañon City
2000

2000 Total Housing Units	6,617
Total Households	6,164
Owner Occupied Housing	66.7%
Renter Occupied Housing	33.3%
Homeowner Vacancy Rate	2.4%
Rental Vacancy Rate	8.5%

Source: Census 2000

Households

Projected household growth rates (reflected here as housing unit growth) for the City of Cañon City, while historically falling behind population growth, is expected to grow at a comparatively higher rate for the next several decades as shown below in Table 6. From 1990 to 2000, growth in housing units occurred at a rate of 1.52 percent annually. Projected rates of growth to the year 2020 are expected to stabilize, increasing at an annual rate of 1.5 percent. The relationship between anticipated population and housing unit growth rates will continue to result in a declining average household size -- a condition consistent with a national trend toward smaller household sizes developed to accommodate an increasing number of one- and two-person households.

Table 6
Historical and Projected Housing Units
City of Cañon City
1990 to 2020

	1990	1995	2000	2010	2020	Growth 90 to '00	CAAGR 00 to '20
Housing Units	5,609	6,199	6,520	7,570	8,825	1.52%	1.5%

*CAAGR - Compound Annual Average Growth Rate

Source: Colorado Department of Local Affairs, Claritas, and Leland Consulting Group

Income

Median household income for Fremont County was reported in the U.S. Census 1997 Economic Update (the most recent report) to be \$29,939, while the median for Colorado was \$52,216, and for the U.S. was \$45,030. Fremont County income figures have historically been lower than those for the State and Nation. When comparing the income distribution of the City with that of the State and Nation, it is obvious that there is a significant concentration of households below the median. It is important to note, however, that these figures do not reflect household wealth, a number frequently higher for retired individuals who acquire income from investments and equity rather than traditional sources. The average household wealth estimate for Cañon City in 2000 was \$41,005, an estimate expected to grow to \$44,927 in 2005.

Per capita income estimates have also been lower than those for the State and Nation. However, unlike household estimates, per capita figures *include the income levels of individuals housed in group quarters including prisons*. The result of this characterization of income has both positive and negative impacts for the community. The lower household income among residents, combined with the increasing popularity of the area by new residents bringing surplus capital from other markets, has resulted in a strain on the availability of affordable housing options. See Table 7 below. A positive impact from reported income levels, which has affected the area's lower wage scale, is its appeal to new and expanding businesses.

Table 7 below compares the percentage of the Cañon City population who can afford housing in varying price categories with the percentage of actual sales in those categories in 2000. This is only a rough indicator of the availability of affordable housing, but it indicates that lower end and higher end home sales under-represent the potential demand in the market. There appears to be a continuing need for affordable housing in the City, especially for elderly poor.

Table 7
Housing Costs vs. Household Income
City of Cañon City
2000 to 2005

Cost of Housing	Required Income	Percent 2000 Pop Which Can Afford	Percent by Value Sold in 2000	Percent 2005 Pop Which Can Afford
Less than \$75,000	Less than \$20,000	44.0%	23.6%	39.9%
\$75,000 to \$100,000	\$20,000 to \$30,000	18.3%	23.0%	18.2%
\$100,000 to \$125,000	\$30,000 to \$35,000	7.1%	18.5%	8.1%
\$125,000 to \$150,000	\$35,000 to \$45,000	9.9%	15.3%	11.0%
\$150,000 to \$175,000	\$45,000 to \$50,000	4.2%	7.0%	3.5%
\$175,000 to \$225,000	\$50,000 to \$70,000	8.4%	7.8%	9.8%
\$225,000 to \$275,000	\$70,000 to \$90,000	3.8%	2.7%	4.2%
\$275,000+	\$90,000+	4.3%	1.6%	5.3%

Source Cañon City, CO Community Profile, MLS Listings and Leland Consulting Group.

EDUCATION

Levels of educational attainment for Cañon City residents, while consistent with national levels, are slightly lower than similar levels for the State of Colorado. (See Table 8) Higher than average educational statistics for the State reflect inclusion of larger metropolitan areas in the calculation. Representatives of the community report that, while lower wage rates may attract certain businesses, the educational attainment of area residents has impeded concentration of businesses relying on a highly educated workforce in the area.

Table 8
Educational Attainment
Percentage of Residents
City of Cañon City

	Percent of Pop	Upper Arkansas Region	State
Less than 12 th Grade	25.2%	22.3%	15.6%
High School Graduate	33.7%	35.1%	26.5%
Some College, No Degree	21.0%	23.0%	24.0%
Associate Degree	6.5%	6.3%	6.9%
Bachelor's Degree	8.3%	8.6%	18.0%
Graduate/Prof. Degree	5.4%	4.7%	9.0%

Source: 1990 Census, Claritas and Leland Consulting Group.

CONCLUSION

As stated above, demographic and economic characteristics are indicators of overall trends and economic health which can affect the character of growth in a community over the near- and long-term. Cañon City has experienced moderate growth in population over the past decade and is likely to continue this moderate growth trend. Past and future growth has been and will be driven by in-migration from within Colorado, the predominance portion of which is retirees and inmate families. A review of age distribution suggests a population older than the State average and graying, similar to many communities in the Southern Colorado region. The population is also less educated, has a considerably lower household income than the state average, but average household wealth.

Among the socio-economic indicators particularly relevant when quantifying the economic health of an area are employment trends. These trends, most widely discussed in the context of industry growth, are presented in the following discussion on economic development in the City of Cañon City and Fremont County.

**ECONOMIC
DEVELOPMENT**

Economic development is the facilitation of population and economic growth in a community through the retention, expansion and attraction of employment and investment opportunities. The fundamental purpose of the City's and County's economic development efforts is to enhance the community's quality of life through planned progress. An increase in economic activity benefits the community in two ways: it leads to growth in the amount of goods and services available to consumers for private use; and it provides the necessary resources for government to meet its responsibilities.

The discussion that follows provides:

- a. A description of supporting agencies to economic development efforts in the region;
- b. An analysis of existing conditions including key economic and demographic indicators;

- c. Analyses of expansion and development policy for base industries, commercial and downtown commercial zones; and
- d. Estimates of commercial space needs in the community to accommodate employment growth and growth in consumer expenditures.

Recommended goals, objectives and strategies related to economic development are presented in the Plan.

SUPPORTING AGENCIES

The Fremont Economic Development Corporation (FEDC), a private-public non-profit economic development corporation, is the primary organization sanctioned to carry out economic development activities in the County, as well as communities within the County. Since its inception, the FEDC, in partnership with the County, Canon City and other communities within the County, has worked effectively to package incentives and provide supportive business services to various organizations.

The Corporation's vision statement is as follows:

“Fremont County and its communities are cohesive and forward-looking, linking public/private partnerships and strong, responsive leadership to build and sustain a diverse, prosperous economic base with quality education opportunities, while preserving a secure, appealing small-town lifestyle.”

Other organizations which support the growth and development of business and industry in the region include the Cañon City Chamber of Commerce, Main Street USA/Cañon City, Southern Colorado Economic Development District, and Upper Arkansas Area Council of Governments. The first two entities have a significant profile in the community with more specific goals for the community. While the Chamber has no specific goal statement, Main Street USA/Cañon City does:

Main Street USA/Cañon City goals:

- ~Development of an image for the downtown district as an inviting atmosphere providing entertainment and arts;
- ~Diversification and upgrade of the business mix in the downtown district, including recruitment of businesses to serve both the local market and tourism;
- ~Rehabilitation and preservation of historic building stock;
- ~Financial success of existing businesses and stimulated economy;
- ~Development of use of upper floors of downtown structures both for residential and mixed use.

EXISTING CONDITIONS

Employment Base

Cañon City’s economic role in the region is not only reflected in the more traditional indicators of population and household growth, but also in employment concentrations within select industry groups. Since projected employment data is available from the State at a County level only, Fremont County data is presented historically and for the years 2005 and 2010. As Cañon City is the core of economic activity in Fremont County, the percentages presented below are considered to be representative of the City.

**Table 9
Percent Employment by Industry Group
Fremont County, 1990 to 2010**

	1990	1995	2000	2005	2010
Manufacturing	10.2%	7.4%	6.4%	5.5%	4.6%
Non-Manufacturing	80.7%	83.5%	85.0%	85.5%	86.4%
Mining & Agriculture	2.6%	1.9%	2.2%	2.0%	2.0%
Construction	2.9%	4.5%	6.2%	6.0%	6.0%
Transportation & Public Utilities	3.7%	3.3%	2.9%	3.0%	3.0%
Wholesale & Retail Trade	23.2%	21.0%	21.6%	22.0%	22.0%
Finance, Insurance & Real Estate	3.2%	3.1%	3.1%	3.0%	3.0%
Service	25.9%	23.1%	23.6%	24.0%	24.0%
Government	38.4%	43.1%	40.3%	40.0%	40.0%
Self-Employed (1)	9.1%	9.1%	9.1%	9.1%	9.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Estimated at 10% of total employment.

Source: Colorado Department of Labor & Employment and Leland Consulting Group.

Fremont County’s role as a regional employment center is reflected in the percentage of jobs in manufacturing industry groups. This sector accounted for only 6.4 percent of total jobs in the County, compared to 10 percent a decade ago. Thirty-three percent (2,878) of Fremont County’s jobs are in Local, State, and Federal government, yielding 37.6% of the County’s income. Many of these jobs are in the 13 State and Federal prisons. Another 28.9% of personal income emanates from retirement sources. Twenty percent of the County’s jobs are in tourism-related activities, but only 5.7% of the income base is derived from tourism. Comparatively, the State as a whole has a higher percentage of jobs in the Service and Finance, Insurance and Real Estate sectors. This condition is reflective of large concentrations of national and international service corporations based in major metropolitan areas.

It stands to reason that while correctional institutions and retirees provide a stable economic base for Cañon City, stakeholders for the Plan Update have identified that the health of the community would be enhanced by diversification of the economic base.

The question that must be addressed by the community is how to do this. What strategies will provide new diversified primary industries, an expanded tourism base, a broader capture of retail expenditures, and a revitalized downtown core?

Major Employers

Cañon City's employment profile is further illustrated in a review of its major employers. As presented in Table 10, jobs within the government and service sectors dominate the market. These sectors are followed closely by the tourism industry whose jobs fall across several categories. Although it is an undisputed fact that the tourism industry has had a profound impact on the community, many feel that its full potential has not yet been realized. Through efforts including: downtown revitalization; construction of a public gathering place downtown; capital improvements to the City's infrastructure; and, extension of the trail system, the City hopes to extend the visitor's stay, enhance their Cañon City experience and thereby capture additional tourism dollars. Following is a list of major area employers. A list of tourist attractions is presented in Table 11.

Table 10
Major Employers
Cañon City, Colorado
2001

Employer	Product/Service	No. of Employees
<i>Non-Manufacturing/Schools/Government:</i>		
CO Dept. of Corrections	Correctional Services	2,013
Federal Corrections	Correctional Services	1,003
St. Thomas More Hospital	Medical Services	550
Fremont School District RE-1	Prim. & Sec. Education	717
Fremont School District RE-2	Prim. & Sec. Education	300
Fremont County Government	County Services	173
City of Cañon City	Municipal Services	131
Development Opportunities	Human Services	140
<i>Business/Industry:</i>		
Daily Record	Local Newspaper	60
Wal-Mart	Retail Store	490
Ace Hardware	Retail Store	80
Merlino's Belvedere	Steak & Italian Restaurant	65
Bill Berry Motor Company	Auto Dealership	50
Hildebrand Care Center	Nursing Home	106
Valley View	Nursing Home	50
CO State Veterans Home	Nursing Home	105
Cañon Lodge	Nursing Home	69
City Market	Retail Grocery	150
Safeway	Retail Grocery	65
Fremont National Bank	Banking	62
1 st National Bank	Banking	60
<i>Tourism Related:</i>		
Royal Gorge Bridge Company	Tourist Attraction	300
Buckskin Joe	Frontier Town	153
Royal Gorge Route	Tourist Train	50
Cañon Inn	Lodging	150

Source: 2001 Main Street Application

Table 11
Major Tourist Attractions
Cañon City/Fremont County
2001

Tourist Attraction	Distance from Cañon City
Royal Gorge Bridge	8 miles
Royal Gorge Route Tourist Train	Within City
Buckskin Joe's Frontier Town	8 miles
Rafting Enterprises	Within City
Mountain Parks	10 miles
Red Canyon, Temple Canyon, Garden Park	
Skyline Drive	2 miles
Fremont Center for the Arts	Within City
Dinosaur Museum	Within City
Dinosaur Fossil Area	14 miles

Source: 2001 Main Street Application

Unemployment Rate

Unemployment rates in the County, while higher than those for the State, have been fairly consistent with those of the Nation. See Table 12.

Table 12
Historical Unemployment Rate Comparison

Year	Fremont County	Colorado	U.S.
1990	6.3%	5.9%	6.7%
1995	5.5%	4.2%	5.6%
2000	3.5%	2.9%	4.2%

Source: U.S. Bureau of Labor Statistics, Colorado Dept. of Labor and Employment, and Leland Consulting Group.

ECONOMIC EXPANSION AND DEVELOPMENT

Baseline Industrial Economy and Primary Jobs

It is the function of the Comprehensive Plan to highlight strategies necessary to attract and retain businesses that generate economic growth. As a follow-up activity to this plan, it will be important to prepare an economic development strategy for the City and surrounding influence area which goes beyond the Plan in targeting specific industries and businesses, suggesting specific locations for specific scales of operation. This strategy must serve a range of functions. It must monitor and control land uses within the planning area to establish a more efficient balance of all uses. Light industrial uses should be concentrated in developed areas which are served by regional transportation and minimize obstacles to manufacturing industries, while still minimizing impacts to the community as a whole. Commercial uses should be grouped by class into areas that maximize the marketability of goods and services, and best capitalize on the limited availability of commercial sites.

For both industrial and commercial uses, the strategy should continuously seek to streamline the development and building permit process.

During 2000, an exploratory survey of expansion needs among manufacturing, construction and industrial firms in Fremont County was conducted by Business Management students from the University of Southern Colorado. Two hundred twenty-five such firms were identified by the students. Of the 121 firms contacted, 46% of these firms had been in operation for 11 years or more, with 74% in business for at least six years. Only 14 of the 121 (11.5%) reported expansion plans. These findings are consistent with the downturn in manufacturing and industry reported elsewhere in this Plan, and presents a challenge for the Fremont Economic Development Corporation in planning for a new business park near the airport.

There are currently 28 lots at the existing County airport industrial park. A number of these are vacant and reportedly being held as investments. At a recent meeting of active business owners in the park, needs for changes in County regulations in order to encourage additional development were discussed. Principal among these were permitting subdivision down to 1 acre minimum size lots without sewer (from the current 2-acre minimum lot size), and permitting more than a single business on each lot. Similar regulations should be considered in development of the projected business park, and in reconsideration of zoning regulations in existing industrial zones.

The retention and recruitment strategy for base industries should emphasize support for existing industries, and encourage recruitment of linkage industries compatible with and supportive of businesses presently located within the City influence area. For example, industries dependent on rail transport for profitability should be encouraged in the industrial zone near the rail yards north of the river.

Economic development strategies will soon be generated as part of the Fremont Business Park Master Plan. Findings and recommendations from this plan should be applied to retention and recruitment of businesses in the older industrial zone near the river, along Forge Road, and Oak Creek Grade on the southwest side of town, and at the current Airport Industrial Park, as well as at the new Business Park. In other words, a *comprehensive economic development plan* should try to best accommodate new and existing industries that maximize business efficiency in all these sites.

**COMMERCIAL ZONE EXPANSION AND THE CONSUMER
ECONOMY**

Highway 50 Corridor

A broad diversity of businesses exists on the corridor, ranging from intensive land use retail sales and services to such low intensity uses as campgrounds and manufactured home sales. It seems likely that as markets expand and competition for prime sites becomes greater, real estate prices and property taxes will encourage development of high-intensity commercial uses of these properties. Professionals who rely on other means of advertising than highway visibility may be encouraged to establish offices in other accessible commercial locations, such as the downtown historic district. The commercial mix currently emphasizes traveler services, and this emphasis is likely to increase in the future.

Growth Directions: From the intersection of Main and Royal Gorge Blvd. east along Highway 50 to Mackenzie Avenue, the existing general commercial zone is limited on the north side of the US Highway to properties fronting the Highway, and on the south side to the corridor between highway 50 and East Main Street. Currently, properties on the south side of East Main Street are zoned residential.

Areas of potential expansion of the commercial zone in this area include the south side of East Main, and Reynolds Ave., a primary arterial connecting the highway to the north side residential neighborhoods. As these areas are currently established residential zones, a mixed-use Transition Zone permitting both residential development and compatible commercial properties may facilitate the transition.

Needs: Efforts should be undertaken to promote vigorous landscaping and beautification programs, active and frequent code enforcement, and designation of target areas for special incentives such as subsidized site improvements, and encouragement in area cleanups.

Commercial Activity Outside the Highway 50 Strip and Downtown Core

The top twenty employers in Fremont County are summarized on Table 10. The list emphasizes public sector agencies, construction and retail service industries. Commercial enterprises are currently accommodated in commercial zones along Highway 50 throughout the city, along Highway 115 into Lincoln Park, in the Main St./downtown district, and in two general commercial zones in the southwest section of the City along Oak Creek Grade and Forge Rd. *While there will clearly be a need for expansion of commercial zones, more effective and complete utilization of all areas is also an important priority for the immediate future.*

The 9th St./Highway 115 corridor will continue to develop as an important secondary commercial zone corridor connecting Cañon City, Lincoln Park and communities to the east. The section of 9th Street, north of the river to US Highway 50, currently zoned industrial, accommodates primarily commercial properties, and could be a candidate for rezoning.

The existing commercial areas on the southwest side adjacent to Forge Road and Oak Creek Grade are capable of accommodating substantially more development. As the Dawson Ranch development is built out, the demand for immediate residential consumer services should drive development in these areas.

Downtown Historic District

The existing retail mix in the Downtown Historic District, as well as potential niches to be addressed in future downtown revitalization efforts, are addressed in the section on Downtown Revitalization. In the context of commercial expansion for the City as a whole, the opportunity for home occupations at the northwest edge of the Historic District presents an important opportunity.

A reconnaissance survey for expansion of the existing National Historic Commercial District is currently underway, with the intent of adding contributing buildings on the periphery of the District. One important recommendation of this plan is to expand the use of historic houses as home occupations for businesses. These sites are especially suited for professional offices, an important commercial sector to attract to the revitalized downtown. Current City building codes permit this use and do not require further revision. Important prospective locations for home occupations are Greenwood Avenue and Macon from First to Fifth Streets.

The primary detriment to expansion of the commercial zone in the downtown area is the need for parking. Currently, businesses located in home occupations are required to provide off-street parking sufficient to accommodate anticipated volumes of customers/clients on the property. If the use expands, and if more retail businesses are attracted to these properties, a downtown parking plan may become necessary. The Main Street USA organization should consider formulation of such a plan. Elements to consider may include the re-instatement of parking meters on Main Street, with generated revenues directed toward the purchase of properties for use as municipal parking lots.

Housing: The opportunity for development of second story housing on Main Street is substantial and is addressed in more detail in the section on Downtown Revitalization. At this time, the primary markets for this housing appear to be young adults without children, empty-nesters, and younger, active retirees. As has been noted in the demographic and economic profile, growth in building permits and home sales in Cañon City is greater than in the County as a whole. Second story apartments may be an important new source of housing supply for the aging population.

OFFICE AND INDUSTRIAL SPACE NEEDS

Demand for new office and industrial space is derived from three principal sources: expansion of existing industry; relocation of new companies into the market; and, creation of new firms. The first two factors are addressed through an analysis of employment projections by industry classification (See Table 13). The third factor, creation of new firms, is addressed by including a factor for self-employed individuals; a sector historically not recorded in state-based employment calculations. The demand for office and industrial space is generated by employment growth. Additional demand will likely be generated from movement of existing tenants into new buildings, or “turnover”.

Table 13
Average Annual Increase in Employment by Industry
Fremont County
1990 to 2010

	1990-1995	1995-2000	2000-2005	2005-2010
Manufacturing	(8)	7	(1)	(15)
Non-Manufacturing	546	476	436	344
Mining & Agriculture	(1)	17	4	7
Construction	49	64	21	21
Transportation & Public Utilities	11	6	16	10
Trade	82	114	106	76
Finance, Insurance & Real Estate	15	15	10	11
Service	84	123	115	83
Government	306	137	164	138
Self-Employed	54	48	44	33
Total	591	532	479	362

Source: Colorado Department of Labor and Employment and Leland Consulting Group

As illustrated in Table 13, there appears to be moderate demand for new office and industrial space in the Fremont County market. The continuation of current regional development patterns will generate demand for growth of the market’s traditional local-serving office and industrial base – smaller-scale developments targeted to smaller tenants, supplementing the regional draw of the airport industrial park. In relation to total demand for office and industrial space in the market, actual area capture rates will depend in large part on available space for accommodating any new growth. This highlights the importance of completion of the new Business Park planned for development adjacent to the airport.

Commercial Retail Space Demand

Demand for commercial space is calculated by analyzing currently unmet demand as well as expected growth in expenditures due to population and household income growth. Analyses in Table 14 assume that household income will increase at the same rate that it has for the past five years. Given this 4% annual income growth, Table 14 projects retail expenditures for the three population growth scenarios summarized in Table 1 of the demographic section above. Thus, expenditures may range from \$204 million to \$221 million simply from population and standard of living growth alone.

Table 14
Retail Expenditure Growth Analysis

(Thousands)	2000	2005 Prorated	2005	2005	2005
Category:	Consumer Expenditures	Expenditures Based on 4% Annual Income Growth	Expenditures 9.8% Pop. Growth ('95-'00 rate)	Expenditures 15.9% Pop. Growth (Claritas)	Expenditures 19.3% Pop. Growth ('90-'00 rate)
Food and Drink	\$43,796	\$53,284	\$58,505	\$61,756	\$63,567
Miscellaneous Personal Items	\$4,356	\$5,299	\$5,818	\$6,141	\$6,321
Household Equipment	\$12,125	\$14,751	\$16,196	\$17,096	\$17,597
Apparel	\$12,582	\$15,307	\$16,807	\$17,740	\$18,261
Entertainment	\$11,474	\$13,959	\$15,326	\$16,178	\$16,653
Shelter and Related Expenses	\$3,136	\$3,815	\$4,188	\$4,421	\$4,551
Transportation Expenses	\$12,086	\$14,704	\$16,144	\$17,041	\$17,541
Health Care	\$5,031	\$6,120	\$6,719	\$7,093	\$7,301
Total Trade Area	\$152,853	\$185,969	\$204,193	\$215,538	\$221,861

In order to determine the types of retail categories for which there may be unmet demand, a retail leakage analysis was completed. This analysis considers the disparity between actual retail sales within the market and aggregate annual household expenditures. If annual household expenditures exceed total retail sales, this indicates that trade area residents are spending a portion of their money outside of the immediate market. This phenomenon is termed “leakage”. Conversely, if annual household expenditures are less than total retail sales, this indicates that the community is benefiting from expenditures made by persons visiting the trade area, or “importing” retail sales.

Based on an analysis of expenditures and historical sales activity, it appears that despite Cañon City’s position as a tourist destination, the City experiences leakage across several retail categories including personal items, apparel, movies and other admissions events, electronic equipment and reading materials, and automotive maintenance and supplies (see Table 15 below).

Were the City to establish an effective tenanting strategy for downtown, it is reasonable to assume that they could recapture a significant share of this lost sales revenue. Such a strategy would require targeting those niche opportunities whose dollars are leaving the market, and working with downtown property and store owners to solicit interest from business owners in filling these niches. If Beyond Trade Area capture were elevated to 10-40% beyond basic trade area sales, and 5% of the existing leakage could be recaptured, total retail sales could essentially be doubled. These figures are summarized below in Table 15.

Table 15
Leakage Recapture and Beyond Trade Area Capture Scenarios

(Thousands)	2005 Sales	5%	Expend.	Expend.	Expend.
	Beyond TA	Leakage	at 9.8%	at 15.3%	at 19.3%
			Growth	Growth	Growth
Category:	10-40% (Leland est.)	Recapture Estimate			
Food and Drink	\$8,544	\$1,094	\$68,143	\$71,394	\$73,205
Miscellaneous Personal Items	\$971	\$108	\$6,897	\$7,220	\$7,400
Household Equipment	\$2,233	\$303	\$18,732	\$19,632	\$20,133
Apparel	\$2,459	\$314	\$19,580	\$20,513	\$21,034
Entertainment	\$2,212	\$286	\$17,824	\$18,676	\$19,151
Shelter and Related Expenses	\$624	\$78	\$4,890	\$5,123	\$5,253
Transportation Expenses	\$2,545	\$302	\$18,991	\$19,888	\$20,388
Health Care	\$1,001	\$125	\$7,845	\$8,219	\$8,427
Total Trade Area	\$30,043	\$3,821	\$238,057	\$249,402	\$255,725

Using industry standard average sales per square foot, Table 16 estimates square footage requirements for the three estimated growth scenarios, including outside trade area capture and leakage recapture estimates. Thus, total potential sales, including income/population growth, outside trade area capture, and leakage recapture, are divided by average sales per square foot to yield an estimate of square footage requirements.

Table 16
Retail Square Footage Estimates at Three Growth Estimates

	--Square footage Figures in thousands --			
	Sales per	Square footage	Square footage	Square footage
Category:	Square Foot	at 9.8% Growth	at 15.3% Growth	at 19.3% Growth
Food and Drink	\$276	246.89	258.67	265.24
Miscellaneous Personal Items	\$220	31.35	32.82	33.64
Household Equipment	\$163	114.92	120.44	123.52
Apparel	\$182	107.58	112.71	115.57
Entertainment	\$155	114.99	120.49	123.55
Shelter and Related Expenses	\$140	34.93	36.59	37.52
Transportation Expenses	\$200	94.96	99.44	101.94
Health Care	\$225	34.87	36.53	37.45
Total Additional Trade Area		780.49	817.69	838.43

While the above analyses are admittedly speculative, the point is that with careful analysis of potentially underserved markets, there could be a need for an additional 780,000 to 838,000 square feet of retail space in the near future. The first step in actualizing this level of economic activity is a careful market analysis of potential new market areas.

It should be noted, however, that the estimates of supportable space will far exceed new development. Stores within retail categories have specific siting criteria which must be met in order to obtain bank financing for a new business enterprise. These criteria generally fall within the categories of: numbers of households, traffic counts, and income. When market conditions fall short of the criteria thresholds established by stores within these categories, the rate at which new businesses are formed slows. Table 17, which follows, presents a summary of siting criteria by select stores.

Table 17
Citing Criteria Among Select Retailers in 2001

Store	Traffic Counts	Population	Median Income
Blimpie Subs & Salads	20,000 cars	30,000 (3mi)	
Bargain Brakes		50,000 (3mi)	\$35,000 (3mi)
Bare Necessities (women's clothes)		100,000 (5mi)	\$50,000 avg
Babies R Us	30,000 cars	400,000	\$40,000
Auto Zone		15,000	<\$45,000
Applebees		50,000	\$25-30,000
A.C. Moore (crafts)		150,000 (5mi)	\$40,000 avg (5mi)
99 cent Only Stores	35,000 cars	30,000 (1 mi)	\$35,000 (1mi)
Chili's		150,000 (5mi)	\$35,000

Source: Crittenden Research, Inc. and Leland Consulting Group.

As stated in the City's *2001 Main Street Application*, "It is generally agreed that a healthy downtown will set the tone for future growth, quality-of-life, and commitments from future employers in the community." The *2001 Main Street Application* was Cañon City's downtown synopsis and proposal for resources to be managed under the direction of the Main Street USA organization on behalf of the community. For specific recommendations regarding revitalization of Cañon City's downtown core, and its role as an economic development catalyst for the community and region, see the Downtown Element of this Comprehensive Plan.