

# **Columbus by the Numbers: What's Keeping Big Retailers Away**

## *How population, infrastructure, and income shape Columbus's retail market*

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Large Retail businesses and manufacturing Plants conduct extensive Market Research to determine if a metropolitan area can support their financial growth, long-term success, and be a positive benefit for their shareholders. Many Columbus residents wonder why cities with half our population have major retailers that we do not. Yes, Columbus, Georgia, is technically the second-largest city in the state by population, but that doesn't tell the whole story. We are only the 12th largest county in Georgia. When it comes to retail expansion, population density and geographic layout matter far more than raw population numbers. Columbus-Muscogee County covers 221 square miles, with a population density of just 955 people per square mile. This layout is more suburban and spread out. Retailers are drawn to high-density areas where foot traffic, proximity, and shopper concentration yield a more substantial return on investment. The truth is, it's more about the QUALITY of the residents living in that population: married residents vs. unmarried, have children at home, are homeowners instead of renters, have been in one residential location 5+ years, have a college education, have good credit scores, have disposable income, etc.

Let's take a look at Columbus, Georgia's demographics and statistics. Columbus's annual growth rate has been in decline since 2013... Meaning more people are leaving than coming. Most Big retailers will only build in areas where the median household income is \$70,784 or higher. Columbus misses that by \$20k, sitting at \$50,542. Our sales per capita are \$15,224, whereas the national average is \$19,653. The national poverty rate is 11.4%, while the poverty rate in Columbus is 14.9%. Only 42% of Columbus residents are married compared to 45% nationally. Now that's not a huge difference, BUT almost half (47%) of babies born in Columbus are born out of wedlock, whereas it's 40% nationally. Now consider home ownership: 65.8% of Americans are homeowners, while only 48.52% of Columbus residents own their homes... despite Columbus having some of the most reasonably priced real estate in the country! The median home value nationally is \$436,800 (as of March 2023), almost three times more than Columbus' homes, with a median value of \$150,838. Looking at educated residents, 34.9% of the United States population has a bachelor's degree or higher, compared to only 28% of Columbus residents.

The website WalletHub ran a study in March 2023, ranking 2,568 cities across the United States to gauge the overall budgeting capability of their residents, ranging from the average credit score to the percentage of unbanked households. Columbus ranked 2,380... OUCH! This statistic means 93% of American cities have better money management skills than Columbus residents on average. A large majority of Columbus residents have never "balanced their checkbook." Unfortunately, that error results in costly overdraft account fees, late payments, poor credit, and higher interest rates. The average credit score for Columbus residents is 644. HOLY COW and YIKES! That's considered a "High-Risk Subprime Borrower" due to multiple negative factors, including only making the minimum payment each month, charging new purchases monthly, and making late payments. Compare that to the national average credit score of 714, which is considered "Good." Additionally, we also have a large percentage of unbanked residents. These individuals lack a checking account, savings account, 401(k), and credit cards, and have poor credit. The average lender wants to see a debt-to-income ratio of no more than 35%. Columbus residents sit at around 55%. THAT'S HIGH!!!

If money management didn't matter, then why do 70% of lottery winners go bankrupt? Sports Illustrated once estimated that 80% of retired NFL players are broke within just three years of leaving the league. How is that even possible in a sport where the median income is \$750,000 a year and the average career span is four years? Most college graduates will never see that kind of income, yet these athletes struggle. The data points to personal irresponsibility and a lack of financial education. I know it's tempting to point fingers at employers or corporations, but at the end of the day, many of our financial outcomes boil down to personal choices. No one is forced to work at a low-paying job forever. We all have the ability to grow, learn, and pivot. It's crucial that we, as a community, prioritize financial education and personal responsibility to improve our economic situation in Columbus.

If we are serious about tackling poverty, let's focus on what works. Study after study, many reviewed by Congress, shows the same findings: If an American high school student follows the "Success Formula," they have a 98% chance of avoiding poverty. This formula is so solid; it narrows racial poverty gaps and improves outcomes even for those from disadvantaged backgrounds:

1. Finish high school
2. Maintain a full-time job after graduation
3. Get married before having children

Education, work, and marriage are the great equalizers, and these truths need to be taught in every home, school, and community.

Then we have one of the other HUGE HURDLES for Columbus... NO MAJOR INTERSTATE. Other cities with large retailers like Costco, Kroger, and Whole Foods have multiple entry and exit interstates, keeping truckers on their path to significant towns for deliveries without having to backtrack. Columbus has no major interstate, which has been a deterrent for many manufacturing businesses and retailers that have looked at Columbus as a possible home (reportedly one of the reasons we lost Great Wolf Lodge and the Amazon Distribution Center). Trucks must go 45 minutes out of their way to access Columbus and then backtrack 45 minutes again to get back on I-85 to make their next delivery. That is a considerable expense of doing business that must be factored into the decision and the cost to build here. (When the elites voted against I-85 running through Columbus many moons ago, LaGrange got all of the positive benefits that would have been ours.) A petition has been submitted to the Federal Highways Administration to establish a new interstate, I-14, that would run through Columbus, connecting us to west Texas, but nothing is set in stone. If that proposal is green-lit, we could see significant growth in Columbus, potentially attracting major retailers and boosting our economy.

These demographics are far from ideal for companies evaluating Columbus as a location. If you own a business and are considering opening a new store, would you consider Columbus, Georgia? Never say never, though. If we can push for a primary interstate connection AND families educate their high school students on how to "balance a checkbook", how important a credit score is, how to use a credit card responsibly, etc., maybe... just maybe... things will improve for our city.

Listed below is specific information about some of the most requested large retailers:

#### **COSTCO - September 2017:**

Costco has no plans to expand into Columbus. We do not meet their minimum income requirements (we miss it by an estimated \$25 to \$45k), population per square mile requirement, married households with kids requirement, minimum education level requirements, average retail sales per capita requirement (which is \$17k, Columbus sits at \$15k), and we do not have a major interstate. Costco is also highly selective about new locations, requiring a population of over 200,000 within a 5-mile radius. Columbus barely meets that threshold, with an estimated population of around 200,700 for the entire city.

*"Thanks for your interest in bringing Costco to Columbus, GA. We are familiar with the market; however, it is not an area where we are prepared to open in the immediate future. Costco has not historically performed well in smaller, lower-income markets in the South. We are looking to expand in larger, more affluent markets where there is a demonstrated history of high-end retailers that are performing well."*

*(September 2017 - Message sent to resident Kevin Hubbard from a Costco executive.)*

*Kevin's Costco petition group can be found here: <https://www.facebook.com/groups/ColumbusCostco>*

#### **BJ's:**

There was a bid in February 2018 to bring BJ's to the old Sears building... nothing has been updated since.

#### **KROGER - 2014:**

Kroger was in Columbus back in the 70s. They left and have no desire to come back. We exceed Kroger's number of supermarkets per square mile parameters. Kroger tends to build where they are the dominant grocer, serving the largest percentage of the population. The other hurdle for Columbus is the main interstate situation: Kroger's drivers service Lanett, Auburn, Opelika, and LaGrange, all within a 20-mile radius. The truck driver would then need to drive 45 minutes to land in Columbus and then another 45 minutes to get back onto I-85 to service Newnan and Atlanta. :(

*"There are many factors that are taken into consideration when deciding where to build a new Kroger location. These can include, but are not limited to, the proximity of other locations, population, and competition in the immediate area. We are always looking for new locations to build our stores. However, at this time, we do not have any information on plans to build in the Columbus, GA area. Thanks for reaching out." Kroger Executive*

#### **BASS PRO - April 2017:**

"Much research and many factors are taken into consideration for Bass Pro Shops retail store placement. Some of these include the availability of outdoor opportunities in the region; the number of sporting licenses sold in the area; interstate or highway accessibility, and much more. At this time, there are no plans to expand into the Columbus market."

#### **TRADER JOE'S:**

We miss their median household income requirement by \$20k. We miss their population per square mile requirement (they tend to be in larger cities with a denser number of residents per square mile). Our lack of a major interstate for their drivers is a deterrent, too.

#### **WHOLE FOODS:**

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#### **TOP GOLF:**

We do not meet their tourist requirement. They build in areas that see a constant turnover of visitors. Additionally, we do not meet their minimum income requirements and population per square mile requirement for the residents in the local area.

#### **SUPERMARKETS IN SOUTH COLUMBUS:**

Another statement I often hear: "I don't understand why we can't get a good grocery store over in South Columbus." David Fikes, Vice President of Consumer & Community Affairs for the Food Marketing Institute, responded with: "Building stores in low-income neighborhoods comes with unique complications. A large customer base on food stamps creates erratic flows with a rush of business at the beginning of the month when food stamps are issued, but slow business at the end of the month. Insurance and security can be more costly in neighborhoods perceived to be high crime, and workers from neighborhoods with high unemployment sometimes need extra training for basic job skills. The average supermarket operates on a 1 or 2% profit margin and must be sustainable for at least a decade to recoup any profit, so retailers can't afford to pick unprofitable locations".

#### **BUT WHAT ABOUT WAYCROSS??? (MANY ASK):**

Waycross has a much more condensed population, with 1,175 persons per square mile, compared to Columbus, which has only 956 persons per square mile. In Waycross, the average retail sales per capita are \$46,733, whereas it's only \$15,224 in Columbus. Waycross spends three times as much on shopping as Columbus. That is a massive factor for many major retailers, as it indicates the number of potential customers likely to enter their business and spend money. If I were a business deciding on where to build my next store, and one city had 12 times the foot traffic and three times the sales, I would choose that city over Columbus.

Waycross has multiple entry and exit points that keep truckers on their path to major cities for deliveries without having to backtrack. US Highway 1 runs north-south through Waycross, concurrent with US Highway 23. US Highway 82 and Highway 84 both run east-west through Waycross. On the other hand, Columbus has no major interstates that run

through it. The interstate issue has been a significant deterrent for many manufacturing businesses and retailers considering Columbus as a potential location. Trucks must go out of their way to access Columbus and then backtrack to get back on a major highway to make their next delivery. That is an extra cost of doing business that must be factored into the decision and the cost to build here. A petition has been submitted to the Federal Highways Administration to establish a new interstate, I-14, that would run through Columbus, connecting us to west Texas, but nothing is set in stone. If that proposal is green-lit, we will see growth in Columbus.

<https://wallethub.com/edu/credit-score-by-city/86509>

<https://wallethub.com/edu/best-cities-at-money-management/19256>