

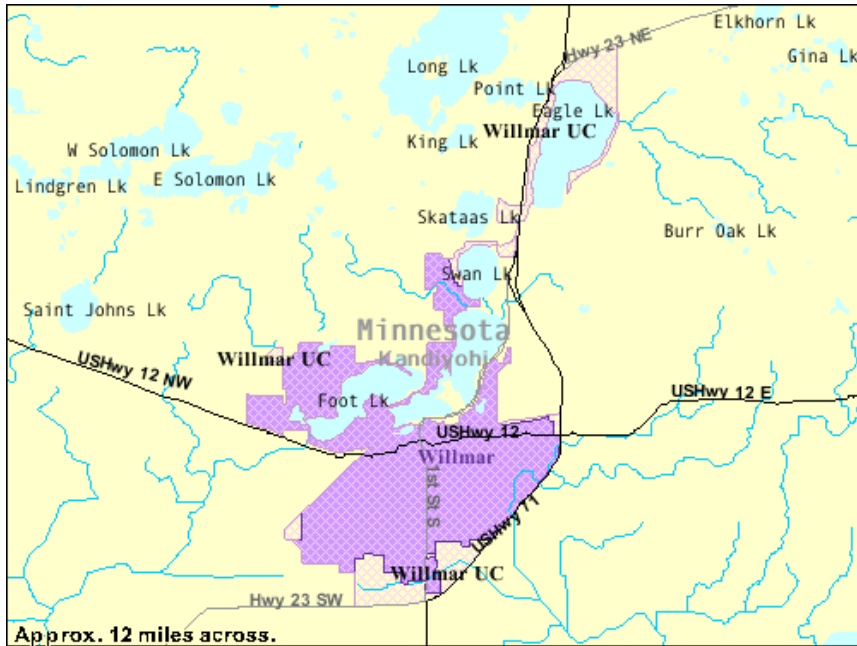
# **Willmar Lakes Area Demographic & Retail Sales Profile 2007 Update**

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## Executive Summary

The Willmar lakes area is a vital, growing regional center in the middle of Minnesota. The total population in Kandiyohi County has surpassed 41,500 people and is growing steadily both through a healthy, aging population and increased in-migration. Personal and family incomes are increasing for these people, providing more disposable income for consumers to spend.



This population and income growth has provided area businesses with a steady consumer base and a highly-skilled, available work force. Plentiful lakes and other recreational amenities draw workers, shoppers, and tourists from many surrounding communities and counties.

As a regional center, Willmar has greatly increased its share of retail sales activity.

Retail Trade is one of the largest employing industries in Kandiyohi County and the

city of Willmar; yet wages for workers remain reasonable (60% between \$5.15 & \$9.99). The Willmar area has a healthy economic base with employment spread across several diverse industry sectors, including Educational Services, Health Care Services, Manufacturing, Financial Services, and Construction.

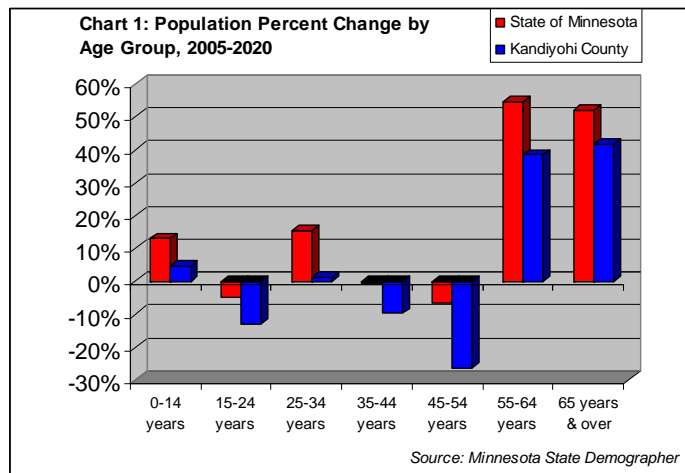
With two post-secondary training institutions in the immediate area, the Willmar area offers one of the most well-educated, technical work forces in a state that is well-known for educational excellence. Enrollments are increasing at many of the Willmar area primary, secondary, and post-secondary education institutions.

*The original Willmar Lakes Area Demographic & Retail Sales Profile was released in early 2004 at the request of local real estate and economic development professionals. Upon request, the report was updated in March of 2008 with new data regarding: sales and use tax statistics, population estimates and projections, residential housing permits, industry employment statistics, and educational attainment statistics.*

## Growing Population and Diversity

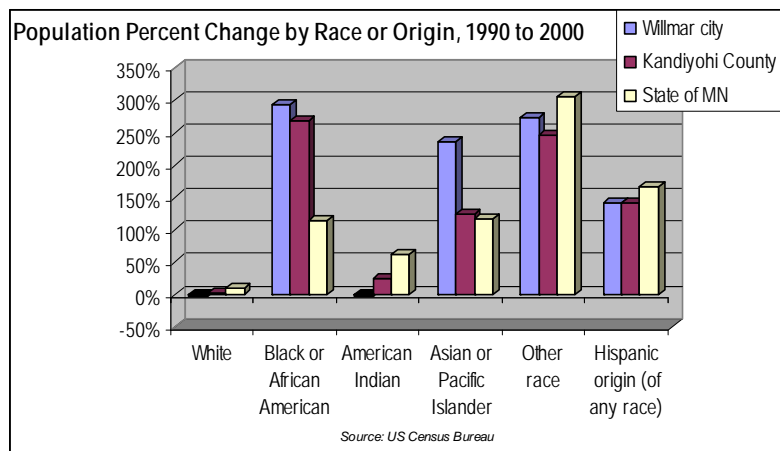
According to the Minnesota State Demographic Center, the total population in the city of Willmar increased 8.1 percent in the last decade and a half, or just over 1,400 people, from 1990 to 2006. During the same time period, Kandiyohi County grew 7.6 percent, or just under 3,000 people. Currently, Willmar is the fifth largest principal city in a Micropolitan Statistical Area in Minnesota, and is one of only 10 cities in the state that has a population over 15,000 but is not located in a Metropolitan Statistical Area.

Willmar and Kandiyohi County are projected to keep growing. In the next decade and a half, Kandiyohi County is expected to add another 1,600 people. Between 2005 and 2020, the fastest growing age groups are expected to be baby boomers from 55 years and over. However, younger age groups from 0 to 14 and from 25 to 34 years are also expected to see growth in the Willmar lakes area. Projected population changes in Kandiyohi County mirror the state overall, but on a smaller scale. (See Chart 1.)



While the aging Baby Boom generation and smaller family sizes have decreased the growth percentages of people under 5 years of age, advances in medical science and health care have increased the percent of people aged 55 years and over. According to the Minnesota State Demographic Center, Kandiyohi County is projected to have more than 9,400 births from 2005 to 2020, or just under 600 births per year. And even while the county's median age is increasing, more than one-third of the population in Kandiyohi County was aged 24 years and younger in 2005, while 15 percent of the population is aged 65 years and over.

Population growth can occur both from an increase in births or a decrease in deaths, but immigration is also a significant growth factor. The Willmar area saw positive changes in all race and origin categories, including rapid growth in persons of Hispanic origin and Black or African American residents. Kandiyohi County was home to the sixth-largest Hispanic population in the state of Minnesota, behind five counties in the Twin Cities metro area. The area Hispanic population is expected to more than double (128%) between 2000 and 2030.



This growth helps the Willmar area continue to provide a diverse group of available consumers to local businesses, as well as an available labor force to local employers. Growing diversity is valuable to employers in meeting changing customer demands and creating innovative ideas.

## Housing Construction

To meet the needs of the area’s expanding population, new privately-owned residential building permits were issued for more than 650 units in Kandiyohi County from 2004 to 2006. But similar to the housing downturn experienced in the last recession in 2001, 2006 saw a drastic slowdown in housing activity in Kandiyohi County, dropping to 158 units in 2006. Prior to that, Kandiyohi County had four straight years of strong residential housing construction, including nearly \$145 million in construction costs from 2002 to 2005. (See Table 1.) According to the Minnesota Legislative Coordinating Commission, Kandiyohi County had among the lowest foreclosure rates in the state, at less than 0.75 percent in 2007.

**Table 1: Annual New Privately Owned Residential Building Permits**

Year	Units	Construction Cost
2006	158	\$24,531,265
2005	235	\$36,518,057
2004	265	\$39,117,688
2003	261	\$36,231,648
2002	263	\$32,442,412
2001	184	\$24,053,933
2000	212	\$22,443,490
1999	195	\$21,499,986
1998	223	\$21,998,148
1997	242	\$23,649,850
1996	290	\$25,917,039

Source: U.S. Census Bureau, Building Permit Estimates data

## Median Household Income

Median household income increased nearly twice as fast in Kandiyohi County as in Minnesota from 2000 to 2005, jumping 10.6 percent from \$41,006 to \$45,357. At that income level, Kandiyohi County ranked 30<sup>th</sup> out of 87 counties in the state, and was the 23<sup>rd</sup> fastest growing.

Incomes in the county have been increasing rapidly over time. From 1990 to 2000, the percent of families making \$50,000 and more increased while the percent of families earning \$34,999 and less decreased. The Willmar area has become more affluent as the economy has diversified and the city has grown into a regional center. The median family income in the city of Willmar in 1999 was \$45,415; and more than 63 percent of families earned \$35,000 or more each year. Twenty-three percent of families earned between \$50,000 and \$74,999; 12.2 percent earned \$75,000 to \$99,999; and 7.3 percent earned \$100,000 or more.

Kandiyohi County showed similar family incomes; the median family income in Kandiyohi County in 1999 was \$48,016; and close to 70 percent of families earned \$35,000 or more each year. Twenty-seven percent of families earned between \$50,000 and \$74,999; 12 percent earned \$75,000 to \$99,999; and 8.9 percent earned \$100,000 or more.

## Sales and Use Tax Statistics

The Minnesota Department of Revenue tracks sales and use tax statistics for counties and large cities across the state of Minnesota, based on tax returns of sales and use tax permit holders in those areas. Data is not perfectly comparable over time due to changes in reporting methodology and late filed returns, but is available in reports for the years 1998, 2000, 2003, 2004, 2005, and 2006. (See Table 2.)

**Table 2: Minnesota Sales and Use Tax Statistics, Gross Sales, 1998-2006**

	1998	2000	2003	2004	2005	2006
Willmar	\$1,061,747,537	\$976,196,881	\$1,009,449,764	\$1,156,260,778	\$1,080,257,837	\$1,143,307,461
Kandiyohi Co.	\$1,211,256,591	\$1,136,352,569	\$1,519,968,274	\$1,716,260,103	\$1,646,819,815	\$1,769,148,520

Source: Minnesota Department of Revenue

The city of Willmar and Kandiyohi County have seen sales activity expand steadily in the last decade, as Kandiyohi County surpassed \$1.7 billion in gross reported sales in 2006. This was a 46.1 percent increase since 1998. The city of Willmar contributes about two-thirds of the sales activity in the county.

Kandiyohi County has a diversified economy, including a strong agricultural, manufacturing, health care, and retail trade base, as well as growing wholesale trade, finance and insurance, business services, and government and educational services industries. Retail trade provided nearly \$600 million in gross sales in 2006, of which approximately 75 percent was handled in the city of Willmar. Agriculture sales accounted for more than \$230 million, which was a 75 percent increase from 2003. Wholesale trade provided over \$225 million in sales in 2006, also a marked increase from 2003. Ambulatory health care services surpassed the \$100 million mark in 2006, up more than \$16 million from 2003. Accommodation welcomed more than \$16 million in 2006, while food services and drinking places served up more than \$42 million in gross sales, a 31.7 percent increase from 2003. (See Table 3.)

Other major industries that saw significant sales increases include administrative and support services; professional, scientific, and technical services; accommodation; other services, including repair and maintenance; public administration; and construction.

**Table 3: Minnesota Sales and Use Tax Statistics, Gross Sales**

	<b>2006 Gross Sales</b>	<b>2003 Gross Sales</b>	<b>2003-2006 Change</b>	<b>2003-2006 Percent Change</b>
Agriculture	\$233,928,849	\$133,878,717	\$100,050,132	74.7%
Utilities	\$12,660,336	\$10,888,704	\$1,771,632	16.3%
Construction	\$54,327,453	\$45,841,561	\$8,485,892	18.5%
Manufacturing	\$126,427,364	\$104,828,705	\$21,598,659	20.6%
Wholesale Trade	\$226,075,678	\$179,432,484	\$46,643,194	26.0%
Retail Trade	\$577,782,386	\$631,522,212	-\$53,739,826	-8.5%
Transportation	\$12,920,761	\$11,793,756	\$1,127,005	9.6%
Information	\$10,665,403	\$19,962,598	-\$9,297,195	-46.6%
Real Estate	\$13,725,275	\$9,695,809	\$4,029,466	41.6%
Professional & Scientific Services	\$20,283,901	\$9,490,194	\$10,793,707	113.7%
Admin. & Support Services	\$20,555,765	\$9,407,212	\$11,148,553	118.5%
Ambulatory Health Care	\$103,372,788	\$86,582,652	\$16,790,136	19.4%
Amusement & Recreation	\$5,780,944	\$5,958,192	-\$177,248	-3.0%
Accommodation	\$16,202,293	\$10,733,522	\$5,468,771	51.0%
Food Services & Drinking Places	\$42,033,213	\$31,910,506	\$10,122,707	31.7%
Other Services	\$34,692,029	\$25,098,015	\$9,594,014	38.2%
Public Administration	\$27,524,372	\$22,813,056	\$4,711,316	20.7%
Undesignated	\$228,682,998	\$169,863,393	\$58,819,605	34.6%
<b>County Total</b>	<b>\$1,769,148,520</b>	<b>\$1,519,968,274</b>	<b>\$249,180,246</b>	<b>16.4%</b>

*Source: Minnesota Department of Revenue*

## Industry Employment Statistics

With 22,499 jobs and 1,403 establishments paying out average weekly wages of \$570 in 2006, Kandiyohi County had a very stable, diversified economy. Kandiyohi County also had 3,100 nonemployer establishments in 2005, as well as 1,286 farms in 2002.

The healthcare and social assistance industry provides the most covered jobs in the county, with 22.1 percent of total employment, or 4,963 jobs in 2005. That was nearly 900 jobs more than three years earlier, prompted by the growing and aging population. As a regional center, 13.5 percent of countywide employment was in retail trade, which saw a slight job decrease from 2005 to 2006. Despite a statewide recession and slow job recovery, Kandiyohi County's manufacturing industry has continued to add jobs, bumping up to 3,047 jobs in 2006.

Demographic growth and expanding student needs prompted employment in educational services to reach 1,469 jobs; while private employment in accommodation and food services hit 1,461 in 2006. Construction had 13.2% of countywide establishments but only 6.0% of employment, led by many smaller specialty trade contractors but also some large heavy and civil engineering construction establishments.

Wholesale trade suffered notable job loss, but still provided 950 jobs in 2006. Public administration offered 931 jobs; administrative and waste services had 853 jobs following a huge employment increase from 2005 to 2006; and other services contributed 667 jobs. (See Table 4.)

**Table 4: KANDIYOHI COUNTY Industry Employment Statistics**

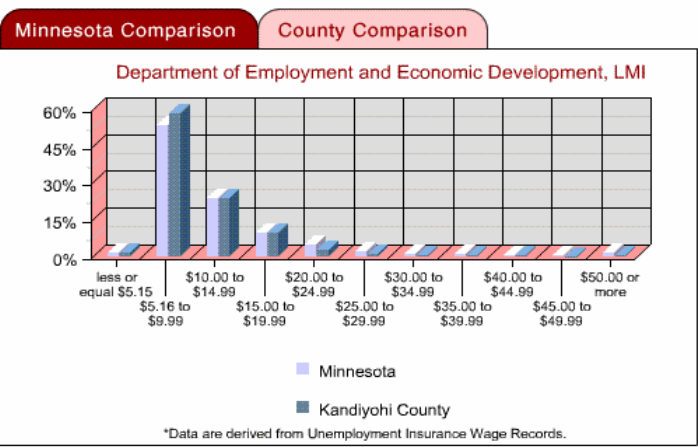
Source: 2006 Annual Data from DEED's Quarterly Census of Employment & Wages (QCEW)

NAICS Industry Title	Number of Firms	Number of Jobs	Avg. Weekly Wage	Percent of Total County Jobs	Numeric Change in Firms 04-06	Numeric Change in Jobs 04-06	Percent Change in Jobs 04-06	Percent Change in Wage 04-06
<b>0 - Total, All Industries</b>	<b>1,403</b>	<b>22,499</b>	<b>\$570</b>	<b>100.0%</b>	<b>-3</b>	<b>180</b>	<b>0.8%</b>	<b>3.3%</b>
23 - Construction	185	1,348	\$837	6.0%	-1	51	3.9%	6.9%
31 - Manufacturing	71	3,047	\$690	13.5%	-8	14	0.5%	0.4%
22 - Utilities <sup>^</sup>	3	64	\$1,197	0.3%	0	0	0.0%	3.3%
42 - Wholesale Trade	79	950	\$887	4.2%	2	-64	-6.3%	4.1%
44 - Retail Trade	231	3,041	\$378	13.5%	-7	-46	-1.5%	3.6%
48 - Transp. & Warehousing <sup>^</sup>	77	404	\$558	1.8%	-1	-2	-0.5%	-1.6%
51 - Information	30	576	\$515	2.6%	0	-19	-3.2%	-0.4%
52 - Finance and Insurance	73	528	\$803	2.3%	0	16	3.1%	2.6%
53 - Real Est., Rental & Lsg. <sup>^</sup>	48	130	\$437	0.6%	-1	-4	-3.0%	6.8%
54 - Prof. & Technical Svcs.*	76	390	\$711	1.7%	NA	NA	NA	NA
56 - Admin. & Waste Svcs.	60	853	\$352	3.8%	-1	114	15.4%	-0.6%
61 - Educational Services#	24	1,469	\$638	6.5%	NA	NA	NA	NA
62 - Health Care & Social Ast.#	127	4,963	\$571	22.1%	NA	NA	NA	NA
71 - Arts, Enter., & Recreation	21	306	\$218	1.4%	0	-3	-1.0%	3.8%
72 - Accom. & Food Svcs.	78	1,461	\$195	6.5%	-6	-101	-6.5%	8.3%
81 - Other Svcs., ex. Public Ad.	104	667	\$324	3.0%	-3	-1	-0.1%	6.2%
92 - Public Administration	46	931	\$720	4.1%	3	-4	-0.4%	6.7%

\* - Data from 2004; ^ - Private Sector data only; # - Data from 2005

Retail Trade is one of the largest employing industries in both Kandiyohi County and the city of Willmar, again demonstrating the city's position as a regional shopping center. According to Industry Wage Detail statistics from the Minnesota Dept. of Employment & Economic Development, close to 60 percent of retail workers in Kandiyohi County earned between \$5.16 and \$9.99 an hour in 2002. (See Chart.) In 2005, there were more than 430 self-employed firms in retail trade, which was a 14.4 percent increase from 2003.

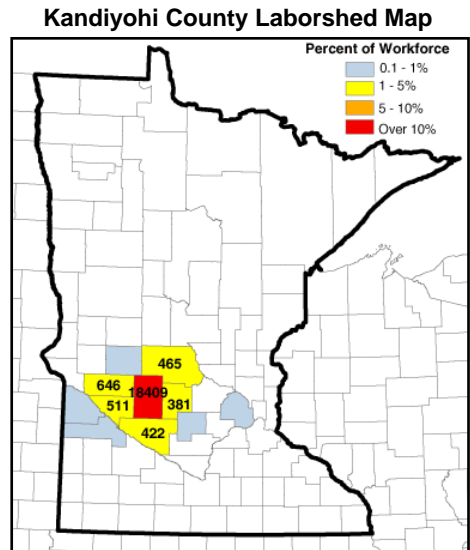
Hourly Wages Earned by Workers in Retail Trade, Kandiyohi County - 2002 Compared to Retail Trade, Minnesota



## Labor Shed and Commuting Patterns

The city of Willmar serves as a Regional Center for many of the counties in West Central and Southwest Minnesota, especially as an employment destination. In fact, Kandiyohi County is a net importer of labor (more available jobs than workers), drawing commuters from nine surrounding counties (Chippewa, Lac qui Parle, McLeod, Meeker, Pope, Renville, Stearns, Swift, and Yellow Medicine) every day. (See Laborshed Map.)

Mean travel times to work stayed short for residents in Kandiyohi County, moving up to 17.9 minutes one way in 2000 – still the shortest commute times in Central Minnesota. Just over half (51.7%) of commuters spent less than 15 minutes in the car going to work each day, and close to 85 percent were less than a half hour. Behind only St. Cloud and Stearns County, Willmar and Kandiyohi County is the second-largest importer of labor (having more available jobs than employed residents) in the Central region, drawing 3,020 workers from other counties each day. Kandiyohi County employers primarily attract workers from surrounding counties, including: Swift, Chippewa, Stearns, Renville, and Meeker. (See Table 5.)



**Table 5: Commuting Patterns for Kandiyohi County**

Residence	Workplace	Count	Residence	Workplace	Count
Kandiyohi Co. MN	Kandiyohi Co. MN	18,409	Kandiyohi Co. MN	Kandiyohi Co. MN	18,409
Swift Co. MN	Kandiyohi Co. MN	646	Kandiyohi Co. MN	Stearns Co. MN	561
Chippewa Co. MN	Kandiyohi Co. MN	511	Kandiyohi Co. MN	Meeker Co. MN	363
Stearns Co. MN	Kandiyohi Co. MN	465	Kandiyohi Co. MN	Renville Co. MN	302
Renville Co. MN	Kandiyohi Co. MN	422	Kandiyohi Co. MN	Chippewa Co. MN	168
Meeker Co. MN	Kandiyohi Co. MN	381	Kandiyohi Co. MN	Swift Co. MN	157
Hennepin Co. MN	Kandiyohi Co. MN	93	Kandiyohi Co. MN	McLeod Co. MN	147
Pope Co. MN	Kandiyohi Co. MN	89	Kandiyohi Co. MN	Hennepin Co. MN	110
McLeod Co. MN	Kandiyohi Co. MN	35	Kandiyohi Co. MN	Wright Co. MN	55
Lac qui Parle Co. MN	Kandiyohi Co. MN	26	Kandiyohi Co. MN	Redwood Co. MN	52
All Other Counties	Kandiyohi Co. MN	352	Kandiyohi Co. MN	All Other Counties	491
<b>Total Workforce</b>		<b>21,429</b>	<b>Total Workforce</b>		<b>20,815</b>

*Source: U.S. Census Bureau Journey to Work Files*

## Student Populations and Post-Secondary Institutions

The city of Willmar has just under 5,000 primary, secondary, and post-secondary students aged 3 years and over. Kandiyohi County has more than 10,800 students in primary, secondary, and post-secondary institutions in the area.

The Willmar area is home to one post-secondary institution providing technical and advanced educational programs. Ridgewater College, with locations in Willmar and Hutchinson, served over 4,000 students in 2005-2006. The Granite Falls

**Table 6: School Enrollment & Type of School**

School	City of Willmar	Kandiyohi County
Population 3 years & over enrolled in school	4,769	10,814
Nursery school, preschool	229	556
Kindergarten	248	578
Elementary: grade 1 to 4	1,056	2,402
Elementary: grade 5 to 8	1,193	2,766
Elementary: grade 9 to 12	1,131	2,884
College, undergraduate	866	1,471
Graduate, professional school	46	157

*Source: U.S. Census Bureau*

campus of Minnesota West Community & Technical College is located about a half hour away, and serves close to 3,000 students.

Ridgewater College’s Center for Customized & Continuing Education provides many educational opportunities to develop new skills, to broaden the knowledge base, and to increase technical proficiency, that benefits both a business organization and individual employees.

Fifty miles away, the St. Cloud area also has several post-secondary institutions serving more than 22,000 students from Central Minnesota and across the state and nation. There are many different majors offered at these colleges and universities, but some of the most common are Business Management & Admin Services; Health Professions and Related Sciences; Education; Engineering-Related Technologies; Social Sciences & History; Computer & Information Sciences; Psychology; and Precision Production Trades.

**Table 7: Post-Secondary Institutions within 50 miles of Willmar**

<u>Institution</u>	<u>City</u>	<u>State</u>	<u>Size</u>	<u>Distance</u>
RIDGEWATER COLLEGE	WILLMAR	MN	4,142	0
MINNESOTA WEST COMMUNITY & TECHNICAL COLLEGE	GRANITE FALLS	MN	2,828	33
RIDGEWATER COLLEGE	HUTCHINSON	MN	4,142	36
ST. JOHNS UNIVERSITY	COLLEGEVILLE	MN	2,015	45
COLLEGE OF SAINT BENEDICT	ST. JOSEPH	MN	2,033	47
ST. CLOUD STATE UNIVERSITY	ST. CLOUD	MN	16,077	50
ST. CLOUD TECHNICAL COLLEGE	ST. CLOUD	MN	3,400	50
<i>Source: National Center for Education Statistics</i>				