

ALGOMA

Downtown Market Profile

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1. The Algoma Community

Wherever you are in this quaint lakeshore city, you'll experience small town friendliness and nautical charm.

Algoma began life as "Wolf River" after being discovered in 1834 by Joseph McCormick of Manitowoc. The flow of immigrants to the area continued in the mid 1800s as people from Germany, Bohemia, Scandinavia, and Belgium began to settle along the lake. After being named Ahnapee for a few years, in 1879, the city was formally renamed Algoma.

Known as the salmon and trout capital of the Midwest, Algoma has a strong and vital charter fishing industry along with manufacturing plants that produce everything from hammocks to labels, doors to mops.

The tourism industry has grown tremendously since 1980, capitalizing on the fantastic fishing and the natural beauty of the lake. A new marina project, new Visitor Information center, beachfront boardwalk and downtown redevelopment projects have brought a renewed spark to the historic community.

Algoma's current population is

about 3400. The city boasts two properties on both the state and national Historic Register of Historic Sites: von Steihl Winery (Wisconsin's oldest winery) and the Art Dettman Fish Shanty (one of the last fish shanties on Lake Michigan from the 1930s).

The downtown area is filled with opportunities for businesses. A walk through the district provides a look into the city's architectural heritage. It is an area of clean streets, well-kept shops and friendly people.

Algoma is poised to develop into a city filled with fresh ideas. The community continues to study and plan for growth that will not only keep Algoma's rich heritage, but will build on this heritage so that the city's future remains strong and prosperous.

Main Street Program Overview

Algoma entered the Main Street Program in 2000. The Main Street Program is a comprehensive revitalization program designed to promote the historic and economic redevelopment of traditional business districts in Wisconsin.

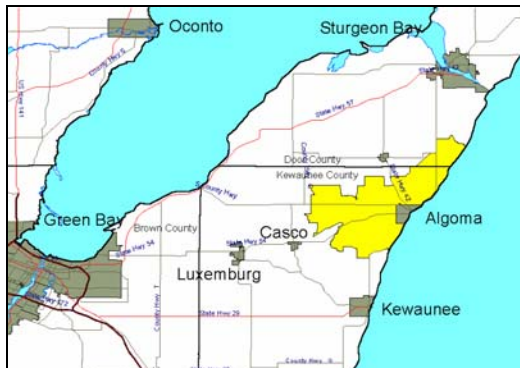


The Wisconsin Main Street Program was established in 1987 to encourage and support the revitalization of downtowns in Wisconsin. Each year, the Department of Commerce selects communities to join the program. These communities receive technical support and training needed to restore their Main Streets to centers of community activity and commerce.

2. Location and Trade Area

Algoma is located in northeastern Wisconsin on the northern edge of Kewaunee County. It is located 32 miles east of Green Bay and 17 miles south of Sturgeon Bay. Smaller commercial centers surrounding Algoma include Kewaunee (10 miles south), Casco (10 miles west) and Luxemburg (14 miles west).

The Algoma zip code of 54201 was chosen as the primary trade area (see shaded area on map). This area was selected as it surrounds downtown Algoma and is distinct and separated from surrounding and competing commercial districts.



3. Community Economics

Algoma has much to offer the entrepreneur looking to start or move a business, the tourist, and the person looking for small town living. The natural asset of Lake Michigan, which borders downtown, provides potential for recreation, retail, dining, and scenic enjoyment.

Drawing Power of the Community

Recreational opportunities

Algoma has various visitor attractions that build on its history and Lake Michigan location. To accommodate visitors, the community has nine lodging establishments with a total of 151 rooms.

In addition, there are four area campgrounds. A sample of attractions include:

- Ahnapee State Trail is a 15.3-mile hiking, biking, snowmobile and horseback riding trail between Algoma and Sturgeon Bay.
- Crescent Beach & Boardwalk is Algoma's award winning boardwalk along the Lake Michigan shore that connects the Algoma Visitor Center to the Algoma Marina.
- Algoma is one of the top sport fishing ports in the Midwest and offers anglers everything from pier fishing to launches for private boats, marinas and charter fishing outings.
- Kewaunee County has two golf courses that are open to the public: Mini golf courses are also in the area.
- Algoma has many historic buildings: von Stiehl Winery, Art Dettman's Fish Shanty, St. Agnes Church, Algoma's clock tower, red lighthouse and the historic downtown.
- The Kewaunee County Jail Museum. A unique 1876 structure that was the sheriff's residence, office and jail.
- Netto Palazzo. Experience rooms of antiques and collectables in this renovated historic factory.
- The von Stiehl Winery. Wisconsin's oldest winery featuring tours and tasting in their Bohemian tasting salon.
- The Farm Market Kitchen. A shared-use kitchen facility, business incubator, and Regional Food Heritage Center with hands-on activities.
- Additional area specialty businesses include: Renard's Cheese Factory, Wienke's Cherry Acres Farm Market and Country Ovens Ltd., producers of dried cherry products.

Educational opportunities

Algoma has one elementary and one high school with a total enrollment of approximately 750. There are also three private schools with 260 students (K-8). Algoma enjoys a 96% high school graduation rate.

Post-high school education is available at technical colleges at Sturgeon Bay, Green Bay and Cleveland. Universities within a 75-mile radius include: UW-Green Bay, St. Norbert College-DePere, UW-Extension-Manitowoc, and Silver Lake College in Manitowoc.

Healthcare

Algoma has two health clinics. It is served by hospitals in Sturgeon Bay and Green Bay.

Personal Income Trends

Personal income trends provide an important measure of economic activity for a local area over time. Personal income consists of the income that is received by persons from participation in production, from government and business transfer payments, and from government interest. The following table provides personal income data for Kewaunee County (which surrounds the trade area). An index was added to show how different areas have grown over a 3-year period (i.e. an index of 103% indicates that the personal income has grown 3% between 2000 and 2002). The data indicates that Kewaunee County trails Wisconsin and U.S. growth in personal income.

Personal Income (\$M)	2000	2002
Kewaunee	506	523
Index	100%	103%
Wisconsin-non-metro	36,035	38,482
Index	100%	107%
Wisconsin	153,584	163,464
Index	100%	106%
United States	8,422,074	8,900,007
Index	100%	106%

Source: U.S. Dept. of Commerce, Bureau of Econ. Analysis

2000 Earnings Mix

The source of earnings provides a snapshot of the employment sectors in Kewaunee County. Earnings include wage and salary disbursements, other labor income and proprietors' income. The following table presents the distribution of earnings by place of work in the County compared to the State. The data indicates that the area has a higher percentage of farming, construction and manufacturing employment compared to the state; however, wholesale and retail trade and services are lower.

Industry Sector	Kewaunee County	State of Wisconsin
Agriculture, Forest,	10.0%	2.7%
Construction	12.6%	8.7%
Manufacturing	29.2%	22.2%
Farming	3.4%	0.9%
Management, Prof.	26.4%	31.3%
Sales and office	19.9%	25.2%
Transportation	26.1%	19.8%
Services	11.6%	14.0%
Government	7.5%	12.5%

Source: U.S. Census Bureau

Local Employers

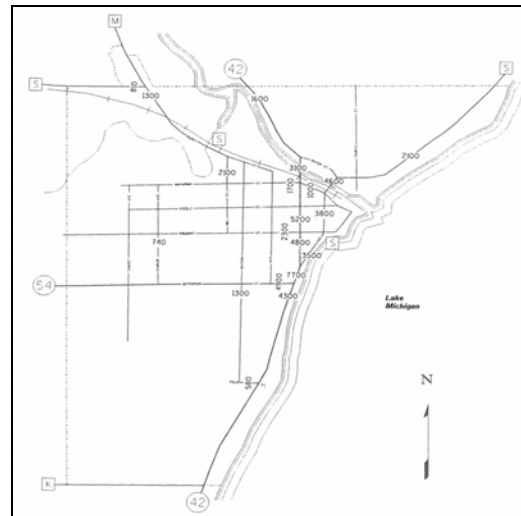
The labor force in Kewaunee County is 11,280 as reported by the Wisconsin Department of Workforce Development. The unemployment rate for the County as of September 2001 is 3.3%. The largest employers in Algoma are presented below.

Company	Employment	Product
Wisconsin Label Group	450	Printing/labels
Algoma Hardwoods	400	Doors/paneling
Algoma Lumber Co.	35	Logging/Mill Work
Algoma Schools	100	Education
East Shore Industries	117	Mops
Algoma Net Co.	50	Sports bags, hammocks
City of Algoma	100	Government
Kew. Human Services	~40	County Government
Cape Townsend	30	Custom Millwork

Source: Local Analysis

Traffic Volume

Traffic counts are important as they show the number of vehicles and potential customers traveling through the downtown area. Fourth Street (Highway 42) is a major highway that runs through the downtown and accounts for an average of over 5,000 vehicles per day. Second Street (County Highway S) also passes through the downtown with an average traffic flow of 4,300 vehicles per day. State Highway 54 begins just south of downtown and heads west.



4. Resident Demographics

For purposes of comparison, five communities with similar populations and proximity to major

metropolitan areas in northeastern Wisconsin were included. The comparison communities included: Sturgeon Bay, Kewaunee, Brillion, Chilton and Oconto. For each of these communities, a trade area was approximated (using the local zip code) and its demographic data assembled. The combined demographic data for these five communities, as well as State totals, are presented for comparison here.

Trade Area Population

Population data allows you to quantify the market size and measure future growth. Population is defined as all living persons within each geographic area.

Population	Algoma Trade Area	Comparison Trade Areas	State of Wisconsin
2003 Census	5,731	45,116	5,492,787
2000 Census	5,626	43,899	5,363,675
2008 Proj.	5,899	47,421	5,699,781
2003-2008	0.58%	1.0%	0.74%
Pop/Sq Mile	76	74	97

Source: ESRI

The population data indicates that the Algoma trade area has experienced slow growth over the previous decade. The population has grown at only 1.45% compared to the state's growth of 7.9%. Population density of the trade area is also less than the state reflecting its rural location. The Algoma trade area is projected to grow 1.8% from 2000 to 2005.

Trade Area Households

Households consist of one or more persons who live together in the same housing unit, regardless of their relationship to each other. Households include all occupied housing units. Data on households is presented below:

Household Category	Algoma Trade Area	Comparison Trade Areas	State of Wisconsin
2003 Census	2,400	18,133	2,154,368
2000 Census	2,329	17,412	2,084,544
2008 Proj.	2,529	19,563	2,285,011
2003-2008	0.87%	1.37%	1.08%
Ave. Size 03	2.35	2.45	2.48
Percent of Households (2000 Census)			
1 person	29.1%	26.5%	26.8%
2 persons	37.3%	35.3%	34.6%
3 persons	13.0%	15.3%	15.4%
4 persons	12.3%	13.7%	13.9%
5 persons	5.3%	6.4%	6.1%
6 persons	1.7%	2.1%	2.0%
7+persons	1.3%	0.8%	1.1%

Source: ESRI

Household information shows that the Algoma trade area is projected to grow .87% in the number of households in a five-year period. This compares to 1.37% and 1.08% for the comparison communities and state respectively.

Household Income

Household income is a good indicator of spending power of residents in the trade area. Per capita income includes the incomes of all persons 15-years old and over. Median income divides the income distribution into two equal parts, half above the median and half below.

2000 HH Income (\$000's)	Algoma Trade Area	Comparison Trade Areas	State of Wisconsin
% Under 15	17.1%	13.9%	13.0%
% 15 - 25	13.0%	13.9%	12.7%
% 25-35	14.7%	14.6%	13.2%
% 35-50	19.9%	19.1%	18.1%
% 50-75	23.6%	23.0%	22.7%
% 75-100	7.2%	8.5%	10.8%
% 100-150	3.6%	4.8%	6.4%
% 150-200	0.2%	0.7%	1.5%
% Over 200	0.6%	1.3%	1.5%
Per Capita	\$18,356	\$20,117	\$21,271
Average	\$43,825	\$49,807	\$53,863
Median	\$38,514	\$40,858	\$43,849

Source: ESRI

Household income shows that the Algoma trade area has a large percentage of households between the \$50,000 - \$75,000 income range. The trade area has 35.2% of its households with income over \$50,000 compared 38.3% for the comparison communities and 42.9% for the State. Notably, the per capita, average and median household incomes are all lower than the comparison community and the State. These differences are partly attributed to the high percentage of people age 65 and over.

Age

Population by age provides information on the number of people by different consumer groupings. Median age divides the population into two equal parts, one-half falling above the median and one-half below.

2000 Age	Algoma Trade Area	Comparison Trade Areas	State of Wisconsin
% Under 5	5.0%	5.5%	6.4%
% 5-10	6.0%	6.6%	7.1%
% 10-15	7.2%	7.9%	7.5%
% 15-25	12.3%	12.3%	14.3%
% 25-35	11.1%	11.5%	13.2%
% 35-45	15.7%	16.4%	16.3%

% 45-55	14.5%	14.3%	13.7%
% 55-65	9.9%	9.6%	8.5%
% 65-75	8.2%	7.8%	6.6%
% 75-85	7.1%	5.9%	4.7%
% 85+	3.1%	2.2%	1.8%
% 18+	76.8%	75.1%	74.5%
Med. Age	40.4	38.9	36.0
<i>Source: ESRI</i>			

Age data indicates that the Algoma trade area has large percentages of residents ages 65 and over. The trade area has 18.4% of its population over the age of 65 compared to the comparison communities (15.9%) and the State (13.1%).

Education

Education is another way to determine the relative socio-economic status of an area. Educational attainment classifies persons age 25 and over according to their highest level of school attained.

2000 Population 25 and over	Algoma Trade Area	Comparison Trade Areas	State of Wisconsin
High School	45%	43.9%	34.6%
Some College	18.7%	18.6%	20.6%
BA/BS Degree	9.0%	10.2%	15.2%
Grad Degree	4.7%	4.0%	7.2%
<i>Source: ESRI</i>			

Education attainment shows that the Algoma trade area has a high percentage of high school graduates as well as a larger percentage of residents with college/grad degrees.

Occupations

Occupation information aids in evaluating the composition of the labor force in each trade area. Data is based on persons age 16 and over.

2003 Occupation Category	Algoma Trade Area	Comparison Trade Areas	State of Wisconsin
% White Collar	45.7%	46.8%	56.5%
% Blue Collar	42.0%	38.9%	28.6%
% Service	28.6%	33.2%	39.7%
% Farm/Forest/Fish	1.3%	1.0%	0.4%
White/Blue Collar Ratio	1.1	1.2	1.8
<i>Source: ESRI</i>			

The Algoma trade area has a smaller percentage of white-collar workers and a higher amount of blue collar and agricultural employees. These numbers are a reflection of the larger percentage

of farming, construction and manufacturing jobs in the trade area.

Housing

Housing units are defined as a house, apartment, mobile home or room(s) occupied as separate living quarters, or if vacant, intended for occupancy as separate living quarters.

Housing Category	Algoma Trade Area	Comparison Trade Areas	State of Wisconsin
Occupied 2003	88.8%	84.6%	89.8%
Vacant 2003	11.2%	15.4%	10.2%
Owner 2003	69.9%	66.0%	65.0%
Renter 2003	19.0%	18.6%	28.4%
2003 Median Home Value	\$100,210	\$113,865	\$130,632
2003 Median Rent	\$317	\$366	\$473
<i>Source: ESRI</i>			

Housing data shows that the Algoma trade area has a higher percentage of homeowners, but a lower median home value.

Commute Time

Commute time refers to the total number of minutes that it takes to get from home to work. High commute time often indicates that more residents are commuting out of the trade area and away from the subject downtown.

1990 Commute Minutes	Algoma Trade Area	Comparison Trade Areas	State of Wisconsin
% under 10	39.6%	35.0%	19.8%
% 10-19	20.0%	25.1%	34.1%
% 20-24	8.0%	7.8%	13.8%
% 25-34	10.3%	11.4%	15.2%
% 35 & over	17.8%	15.9%	13.2%
Average	19.1	19.5	20.8
<i>Source: ESRI</i>			

Commuting time shows that workers in Algoma travel a shorter amount of time than other workers in the State. This data would suggest that Algoma may retain a larger percentage of its daytime employee population.

5. Resident Lifestyles

This section provides a description of the people who live in the trade area. The lifestyle information presented here is important because different consumer groups will have different buying behaviors.



ACORN™ consumer classification data was purchased from CACI™ Marketing systems to provide useful information about households in the zip code. ACORN™ data is available for individual neighborhoods for the entire country. Consumers are classified into 40 demographic and behaviorally distinct clusters. The clusters are based on type of neighborhood (urban, suburban, rural); the resident’s socio-economic status (age, income, occupation, type and value of residence); and their buying behaviors and preferences. ACORN™ data is updated annually using various national and local data sources.

ACORN Category	Number of 2000 Households	Percent of Trade Area
Rustbelt Neighborhoods	1,052	46%
Middle America	809	35%
Rural Industrial Workers	415	18%
Other	28	1%
Total	2,304	100.0%

Source: CACI (ACORN - Neighborhood Segmentation System)

Rustbelt Neighborhoods, 46% of Trade Area

Rustbelt Neighborhoods are residents of the Rustbelt--an older population in the older, industrialized cities and towns of the Northeast and Midwest. Some of the industries in these old cities have long since gone; the residents remain. Residents spend money on their homes: home improvements and furniture. They tend to drive mostly used cars. Civic and public activities are relevant among these consumers. Other budget splurges include lottery tickets, toy cars and trucks, and crayons for children. They are top-ranked for buying 2+ pairs of canvas shoes. Leisure pursuits include taking domestic trips, hunting and fishing, outdoor vegetable gardening, and shopping at malls. Rustbelt Neighborhoods consumers are top-ranked for using coupons for beauty and household cleaning

products. Their media preferences include television. They rank among the highest for watching videos and reading magazines such as Star, Field & Stream, and Woman's Day.

Middle America, 35% of Trade Area

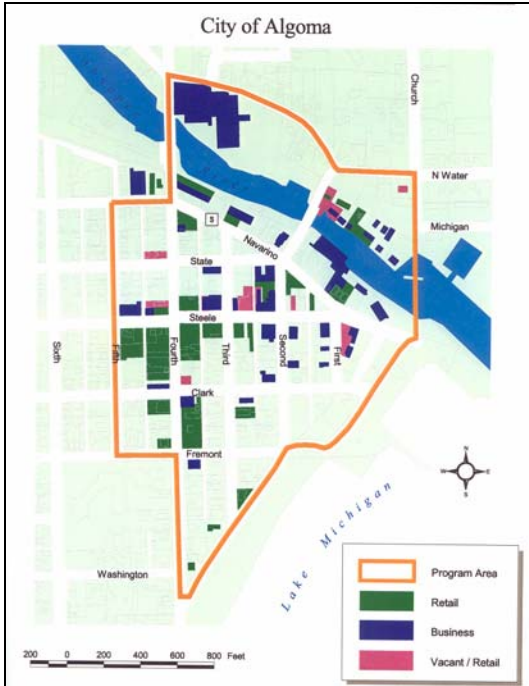
The largest consumer market is rural, slightly older, and family oriented. The neighborhoods are newer, owner-occupied, single-family homes; the income, average. Residents are busy and centered around the home. Leisure activities include hunting, fishing, and needlework. Their budget priorities are home-oriented: children's apparel and toys, footwear, videos, and lawn, garden, and camping equipment. Most of the families own pets. They are likely to take domestic trips by car. This market ranks high for having personal loans (not education), and is also likely to have auto loans (for new cars), secured line of credit, savings, home mortgage loans, and CDs. However, this market tends not to use credit cards. Media preferences include reading newspapers three times a week, and reading magazines such as Family Circle, Field & Stream, Country Living, Country Home, and Ladies Home Journal.

Rural Indust. Workers, 18% of Trade Area

Rural Industrial Workers is a contradiction: a rural, industrial population--located primarily, but not exclusively, in the South. They are stable, older families, whose livelihood depends on manufacturing and farming. Residents commute long distances to work. Most households own 3 or more vehicles, usually 4-wheel drive vehicles, trucks, vans, or sport utility vehicles, and they buy vehicles for their gas mileage. Their tastes range from country living such as hunting and fishing, to urban conveniences like fast food. Major budget items include personal loans, household appliances both small and large, cameras, jewelry (mostly watches and rings), and toys for their children. Media preferences include reading triweekly publications and Field & Stream magazine.

6. Market Overview by Sector

The following sections summarize the current market conditions in various market sectors important to downtown Algoma.



Retail

Examining the business mix of a downtown or business district provides a useful snapshot of the types and amounts of establishments located in the area. While the mix is useful on its own, comparing it to the mix in other similar sized communities provides a means of determining expansion and recruitment possibilities.

Algoma does not have any major malls, strip shopping centers, or major discount stores. The business districts closest to Algoma that offer this type of shopping are Green Bay (32 miles west) and Sturgeon Bay (17 miles north).

To analyze the current retail mix in Algoma, the number and type of business establishments in the zip code area (54201) were compared to those of all other cities and villages in Wisconsin (in 1998) with a population between 2,500 and 5,000 for purposes of this analysis. The results are as follows:

Retail Category	Algoma Zip 54201	Comparison Community Avg. # of Businesses
Auto Truck	2.0	3.0
Boat/RV/Snowmobile	0.0	1.2
Auto Supply	1.0	2.9
Furniture	0.0	1.5
Home Furnishing	0.0	1.2
Appliance / TV	1.0	4.0
Building Materials	1.0	5.0

Hardware	2.0	1.3
Lawn/Garden	3.0	2.6
Food-Grocery	2.0	1.7
Food-Convenience	3.0	2.9
Specialty Foods	1.0	2.9
Liquor / Wine	1.0	0.8
Drug	1.0	1.2
Gas Stations	4.0	1.3
Apparel	2.0	1.7
Shoes	0.0	0.3
Jewelry	0.0	0.7
Luggage	0.0	0.0
Sporting Goods	0.0	1.6
Hobby/Toy	1.0	0.8
Sewing	2.0	0.2
Book	1.0	0.2
Department/General	1.0	1.0
Flower	1.0	1.1
Office Supply	0.0	0.3
Gift	4.0	2.1
Antiques/Used	5.0	2.0
Other	4.0	5.0
Eating Places	14.0	11.1
Drinking Places	9.0	6.8
Computer	2.0	

An analysis of the retail mix shows that there may be opportunities in a number of categories. For further information and/or analysis of any of the retail categories listed, contact the Community Improvement of Algoma Program Manager.

Aggregated Sales Demand Comparison

Per capita consumer spending potential is slightly less than the comparable communities and the State, primarily because of the lower average household income levels in the community. Nevertheless, the trade area serves residents that generate nearly \$46M in retail sales, although a portion of this is likely leaking out to surrounding areas. The following table presents estimates of consumer expenditures by broad product category.

Expenditure Category	Prim. Trade Area	Comp	State
	\$000's	\$/HH	\$/HH
Total Retail Expenditures	45,875	19,115	21,991
Food at Home	9,047	3,770	4,343
Apparel & Services	5,117	2,132	2,474
Health Care	6,685	2,785	3,155
TV, Radio, and Sound	1,823	760	864
Entertainment	5,784	2,410	2,793
Home Furnishings	4,221	1,759	2,036
Education	1,597	666	745

Source: ESRI

Service

As with the retail establishments, selected service businesses in Algoma zip code are compared to other Wisconsin communities with a population between 2,500 and 5,000. The number of service businesses within the zip code for each community is compared in the following table.

Service Category	Algoma Zip 54201	Comparison Community Avg. # of Businesses
Travel Agencies	0.0	0.9
Banks/Credit Unions	5.0	3.0
Security Brokers	0.0	0.9
Insurance Agents,	6.0	6.9
Real Estate Agents and	1.0	3.9
Lodging	9.0	4.0
Coin-Op Laundries and	1.0	0.6
Photographic Studios	3.0	0.9
Beauty Shops	6.0	5.6
Barber Shops	1.0	1.1
Shoe Repair and Shine	0.0	0.0
Accounting, Tax	4.0	2.6
Misc Personal Services	0.0	1.2
Photocopying and	1.0	0.0
Rental Services	0.0	1.0
Employment Agencies	0.0	0.3
Computer Related	3.0	1.0
Auto Repair Services	4.0	8.2
Radio and TV Repair	2.0	0.5
Motion Picture	0.0	0.2
Video Tape Rental	1.0	0.8
Bowling Centers	2.0	0.6
Health Clubs/Fitness	1.0	0.2
Child Care	2.0	4.2
Museums and Art	0.0	0.2

An analysis of the service mix shows that there may be opportunities in a number of categories. For further information and/or analysis of any of the service categories listed, contact the Community Improvement of Algoma Program Manager.

Dining/Entertainment

There are currently approximately 20 eating-places within the Algoma trade area. Current restaurants represent a wide variety of concepts including, fast food, fine, family and specialty dining. Primary trade area per capita spending in eating-places is similar to that of the five comparison communities and the State. The Algoma primary trade area has approximately \$5.0 million in dining out demand as presented in the following table:

	Prim. Trade Area		Comp	WI.
Dining Out Demand	\$000's	\$/HH	\$/HH	\$/HH
	4,966,655	2,069	2,395	2,604

Source: ESRI

Housing

The following table compares the primary trade area with the comparison communities as well as the State. The comparison communities and State have significantly higher home values. The Algoma trade area has a large portion of more affordable homes valued at less than \$100,000.

Housing Category	Primary Trade Area	Comp. Communities	Wisconsin
2000 Total Specified Owner-occupied Units	1,835	13,580	1,426,660
% Under \$50,000	15.7	12.4	10
% \$50,000-\$99,999	50.5	42.6	33.8
% \$100,000-\$149,999	19.0	23.5	28.8
% \$150,000-\$199,999	8.1	9.8	14.8
% \$200,000-\$299,999	4.4	6.7	8.7
% \$300,000-\$499,999	0.5	3.1	3.0
% \$500,000-\$999,999	0.8	1.6	0.8
% \$1,000,000+	0.9	0.4	0.2
Average Home Value	\$109,696	\$125,550	\$131,105
Median Home Value	\$82,619	\$94,018	\$109,946

Source: ESRI

7. General Conclusions

The data provided in this profile points to possible economic restructuring opportunities in downtown Algoma. Specifically, downtown is poised to take advantage of its historic character and Lake Michigan location to draw tourists and other consumers. The region around Algoma has not grown as fast as the State's economy. However, industries in the trade area remain stable because of the quality of life in this beautiful area. And, business and real estate sectors show significant potential for development as well as new and remodeled retail stores opening around the city.

To further analyze economic restructuring opportunities, additional market analysis tools are available through the Algoma Main Street Program.

