



**MEMORANDUM**

**TO:** Transportation Planning Board  
**FROM:** Robert Griffiths, TPB Planning and Programming Director  
 Nicole McCall, Transportation Planner, Department of Transportation Planning  
**SUBJECT:** Differences in Economic Industry and Local Land Use Definitions of Retail Employment  
**DATE:** April 13, 2016

During the presentation on the Round 9.0 Cooperative Forecasts at the March 16, 2016 Transportation Planning Board meeting, a question was raised about the relatively small amount of future growth projected for the Trade Sector of the region’s economy compared to the projected 28% increase in the region’s population. The purpose of this memo is to explain the differences in the definition of “retail jobs” categorized by the industry classification system used for reporting national economic statistics and “retail jobs” categorized by local land use type. From a local land use perspective, retail jobs in the region grew by 19% between 2000 and 2014 while population increased by 22%. Similarly, the draft Round 9.0 Cooperative Forecasts project retail jobs (land use definition) to increase by 31% between 2015 and 2040 relative to a total population increase of 28% in this period.

**ECONOMIC INDUSTRY CLASSIFICATION OF RETAIL EMPLOYMENT**

The IHS US Economic Services econometric model used by COG to develop 30-year regional benchmark employment projections utilizes the North American Industrial Classification System (NAICS) to categorize employment by industry type. NAICS provides a consistent national framework for the collection, reporting and analysis of employment statistics for different industrial sectors within the U.S economy. More information about NAICS is available from the US Census Bureau at: <http://www.census.gov/eos/www/naics/>

Employment projections from the econometric model by NAICS industry groupings, called “Supersectors”, are used by staff and the members of COG’s Cooperative Forecasting Subcommittee to examine how employment for different groups of industries in the region are projected to change in the future. Table 1 shows how different industries are grouped within NAICS Supersectors. Retail Trade is grouped within the NAICS Trade, Transportation, and Utilities Supersector.

*Table 1 NAICS Supersector Industry Groupings*

<b>Super-sector</b>	<b>Sector</b>
1011 Natural Resources and Mining	Sector 11 Agriculture, forestry, fishing and hunting Sector 21 Mining
1012 Construction	Sector 23 Construction
1013 Manufacturing	Sector 31-33 Manufacturing
1021 Trade, Transportation, and Utilities	Sector 42 Wholesale Trade Sector 44-45 Retail Trade Sector 48-49 Transportation and Warehousing Sector 22 Utilities

1022 Information	Sector 51 Information
1023 Financial Activities	Sector 52 Finance and Insurance
	Sector 53 Real Estate and Rental and Leasing
1024 Professional and Business Services	Sector 54 Professional, Scientific and Technical Services
	Sector 55 Management of Companies and Enterprises
	Sector 56 Administrative and Waste Services
1025 Education and Health Services	Sector 61 Educational Services
	Sector 62 Health Care and Social Assistance
1026 Leisure and Hospitality	Sector 71 Arts, Entertainment, and recreation
	Sector 72 Accommodation and Food Services
1027 Other Services	Sector 81 Other Services (Except Public Administration)

## RETAIL EMPLOYMENT WITHIN THE TRADE, TRANSPORTATION, AND UTILITIES SUPERSECTOR

The Trade, Transportation, and Utilities Supersector includes business establishments performing wholesale trade, transportation, warehousing and utility operations and activities in addition to retail trade. Retail Trade within this Supersector is largely limited to businesses primarily engaged in selling merchandise, such as department and clothing stores, furniture and home furnishing stores, hardware stores, grocery stores, automobile dealers, gas stations and other sellers of miscellaneous goods. Retail Trade was the only industry within this Supersector where employment increased in the region between 2000 and 2014 as shown in Table 2.

*Table 2 Trade, Transportation, and Utilities Supersector*

NAICS Code	Industry	2000	2010	2014	Growth 2000-2014	Percent Growth 2000-2014
42	Wholesale Trade	51,822	49,101	46,092	-5,730	-11%
44-45	Retail Trade	235,413	230,100	242,309	6,896	3%
48-49	Transportation & Warehousing	51,208	37,754	44,744	-6,464	-13%
22	Utilities	6,473	4,507	5,239	-1,234	-19%
<b>Total</b>		<b>355,546</b>	<b>331,741</b>	<b>344,436</b>	<b>-11,110</b>	<b>-3%</b>

Source: Bureau of Labor Statistics' (BLS) Quarterly Census for Employment and Wages (QCEW)

Note: Sectors do not sum to total for Supersector because of BLS nondisclosure restrictions.

## CLASSIFICATION OF RETAIL EMPLOYMENT BY LOCAL LAND USE

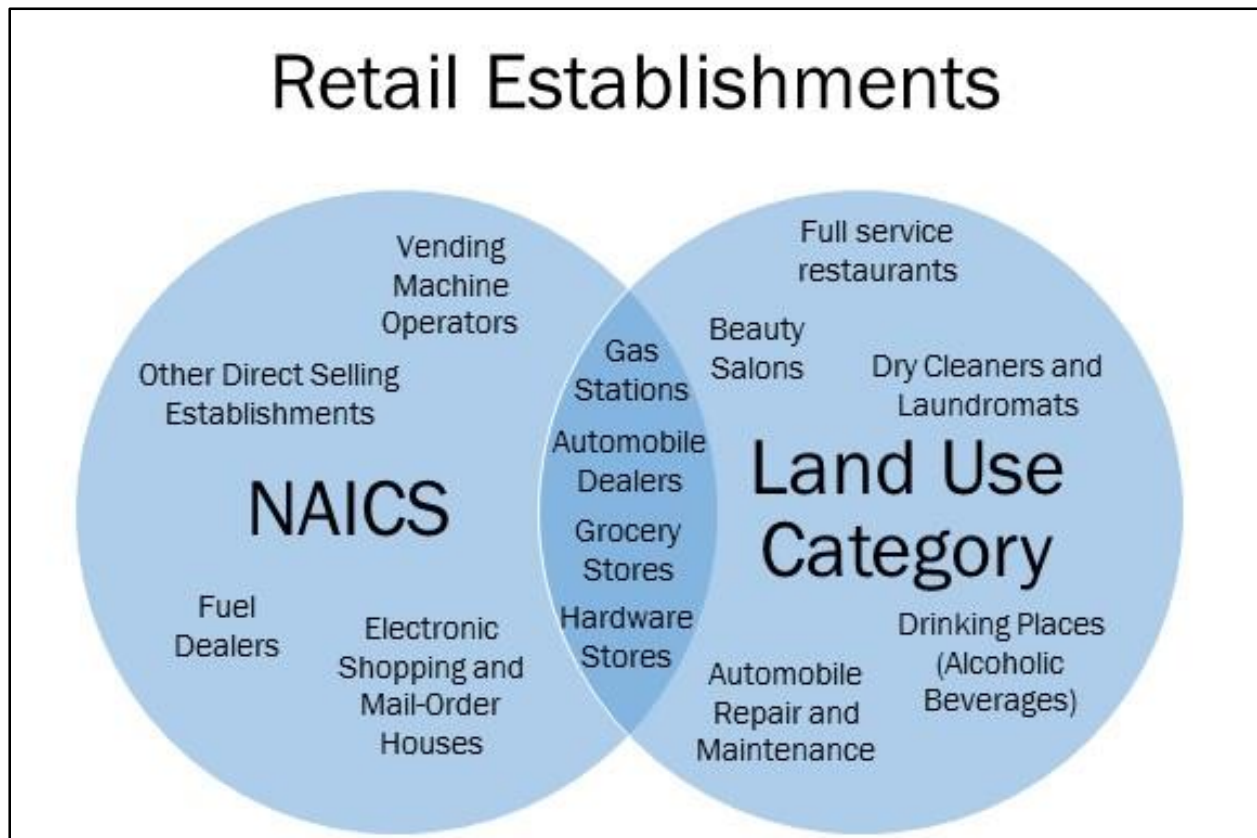
COG member jurisdictions develop Cooperative Forecasting employment forecasts by land use categories that are different from NAICS industry classifications. These land use categories are: Office, Industrial, Retail, and Other. Each of these four categories represent a type of land use that is important for transportation modeling purposes because of the differences in the intensity of daily trip making these different types of land use generate. Descriptions of the types of employment

included within Cooperative Forecasting land use categories are provided in Table 3. Retail employment by land use classification include many more types of business establishments compared to the more narrowly defined NAICS Retail Trade classification as shown in Figure 1.

*Table 3 Land Use Categories*

Land Use Category	Description
Office	All general office, administrative and service functions which do not require production or distribution activity
Industrial	Production, distribution (non-retail), and manufacturing activities including warehousing and storage
Retail	All business and personal service sales and related activities that are not wholesale in nature
Other	Facilities such as military bases, universities, schools, hospitals and special health facilities, including nursing home, churches, museums, and sporting, recreation and entertainment venues,

*Figure 1*



## EXPLANATION OF DIFFERENCES IN NAICS AND LAND USE “RETAIL” EMPLOYMENT

Although both the NAICS and the land use classification systems define some types of business establishment as retail in nature, the exact definitions used by each are different as shown in Table 4.

*Table 4 Two Definitions of Retail*

Land Use Category	NAICS Industry
<p>All business establishments engaged in the selling of goods and/or personal services at physical locations open to the general public that are not wholesale in nature.</p> <p>Descriptions include:</p> <ul style="list-style-type: none"> <li>• Stores</li> <li>• Shopping Centers</li> <li>• Eating and Drinking Establishments</li> <li>• Personal Care Services</li> <li>• Other Consumer Services</li> <li>• Gas Stations, Auto Repair, Automobile Dealers, and Auto and Truck Rentals</li> <li>• Repair Services</li> </ul>	<p>Establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.</p> <p>The buying of goods for resale is a characteristic of retail trade establishments that particularly distinguishes them from establishments in the agriculture, manufacturing, and construction industries. Wholesalers also engage in the buying of goods for resale, but they are not usually organized to serve the general public.</p> <p>Two types of retailers:</p> <ul style="list-style-type: none"> <li>• Store retailers - operate at fixed point-of-sale locations, located and designed to attract a high volume of walk-in customers.</li> <li>• Non-store retailers - organized to serve the general public but point of sale occurs via a mail or other direct sales operation, door-to-door solicitation, in-home demonstration, selling from portable stalls or distribution through vending machines</li> </ul>

## NAICS AND LAND USE DEFINITIONS OF RETAIL EMPLOYMENT

Employees working for businesses that are considered retail from a local land use perspective can be reported in the employment statistics for other NAICS industry classifications. In particular, employees working in eating and drinking establishments would be reported in the NAICS Leisure and Hospitality Supersector and workers in auto and other repair establishments and in businesses providing grooming and other personal care service would be reported in the NAICS Other Services Supersector classification. Similarly, persons working for non-store retailers, such as mail order houses or web-retailers would be classified as retail employees by NAICS, but would not generally be considered retail employment for land use and transportation modeling purposes. As shown in Table 5, when NAICS employment by industry is translated to a comparable local land use definition of retail employment, total retail employment (by land use) is seen to have increased by 19% between 2000 and 2014, with most of this employment growth occurring in eating and drinking establishments businesses.

*Table 5 NAICS Industry Employment Translated to Local Land Use Retail Employment Definition  
COG/TPB Planning Region*

<b>NAICS Industry</b>	<b>Example of Establishments</b>	<b>2000</b>	<b>2010</b>	<b>2014</b>	<b>Growth 2000- 2014</b>
Retail Trade	Retailers (Automobile Dealers, Furniture and Home Furnishings Stores, Grocery Stores, Gasoline Stations, Miscellaneous) <u>except for non-store retailers.</u>	232,610	227,119	238,165	2%
Food Services and Drinking Establishments	Drinking places (alcoholic beverages), restaurants and other eating places	122,131	156,893	185,603	52%
Other Services, including: Automotive Repair and Maintenance, Personal Care Services, and Dry Cleaning and Laundry Services	Automotive oil change and lubrication shops, automotive transmission repair, automotive glass replacement shops, car washes, barber shops, beauty salons, nail salons, coin-operated laundries and drycleaners, linen and uniform supply	31,268	33,208	35,619	14%
<b>Total</b>		<b>386,009</b>	<b>417,219</b>	<b>459,387</b>	<b>19%</b>

Source: Derived by COG from BLS' QCEW

### **GROWTH IN RETAIL EMPLOYMENT BY LAND USE RELATIVE TO POPULATION GROWTH**

Below is a comparison of the growth in retail employment (land use definition) and population for the COG/TPB Planning Region. This table shows that from a land use perspective retail jobs grew roughly in proportion to overall population and employment growth between 2000 and 2014. Similarly, the draft Round 9.0 Cooperative Forecasts project total population in the region to increase by 28% between 2015 and 2040 and retail jobs (land use definition) to increase by 31%.

*Table 6 Comparison of Retail Employment and Population Growth in the Region, 2000-2014*

	<b>2000</b>	<b>2014</b>	<b>Growth</b>
Retail Employment (NAICS Industry Translated to Local Land Use Retail Definition)	386,009	459,387	19%
Population <sup>1</sup>	4,413,400	5,388,700	22%

Source: COG Cooperative Forecast and BLS' QCEW