

**HICKEYGLOBAL**  
ECONOMIC DEVELOPMENT CONSULTING



CITY OF SANTA FE  
**ECONOMIC DEVELOPMENT**

## Retail Leakage Report

2025

# Report Components

## Overview

### OUTLINE

#### 1. Executive Summary

The executive summary provides an overview of Santa Fe's Retail Leakage Report, including key findings and a description of the study's process and methodology.

#### 2. Strategies and Action Plan

This section outlines strategies developed for implementation by the City of Santa Fe's economic development team and other stakeholders within the broader economic development ecosystem. Following a thorough analysis of the local economy's challenges and opportunities related to retail, eight targeted strategies have been developed to boost retail sector growth.

#### 3. Community Profile

This section explores various factors, including population and labor force, unemployment rates, demographics, migration patterns, commuting and transportation, regional income, and other essential economic indicators that affect consumer behavior. By analyzing these foundational elements, the Community Profile provides a data-driven understanding of the community's potential for retail growth.

#### 4. Retail Leakage and Surplus Assessment

The Retail Leakage and Surplus Assessment analyzes Santa Fe's retail landscape by comparing consumer demand with actual sales, identifying gaps where local demand exceeds supply (retail leakage), and highlighting potential business opportunities. It also examines retail surpluses, showcasing sectors that attract spending from outside the region. This combined analysis provides a strategic foundation for targeted retail growth, aligning economic development with market needs.

#### 5. Tourism Analysis

The Tourism Analysis provides insights into visitors' impact on Santa Fe's economy, focusing on traveler demographics, spending patterns, and retail preferences. It highlights opportunities to enhance visitor experiences and attract businesses that meet tourist demand, ultimately supporting sustainable growth in the city's tourism-dependent sectors.

# Executive Summary

## Key Findings

### RETAIL LEAKAGE & SURPLUS ASSESSMENT

The Retail Leakage and Surplus Assessment analyzes Santa Fe's retail landscape by comparing consumer demand with actual sales. It identifies gaps where local demand exceeds supply, known as retail leakage, indicating opportunities for new businesses. Using 6-digit NAICS codes, the study quantifies these leakage factors and highlights unmet demand. Additionally, the assessment notes retail surpluses, where certain sectors attract spending from outside the region, showcasing Santa Fe's competitive strengths. By combining data on leakage and surplus, the analysis provides a strategic foundation for targeted retail growth, aligning economic development efforts with market needs.

### KEY FINDINGS

#### Significant Retail Surplus Across Most Sectors

Santa Fe experiences a substantial retail surplus in many categories, meaning local businesses attract more consumer spending than the city's population alone would generate. This indicates a strong inflow of spending from tourists and surrounding communities, reinforcing Santa Fe's role as a regional retail hub.

### STRATEGIES & ACTION PLAN

The Hickey Global team conducted a comprehensive analysis of qualitative and quantitative research data, providing valuable insights into the local economy. This analysis illuminated the unique challenges and opportunities present in the area.

From this extensive investigation, eight strategies were formulated to foster economic growth and development, specifically within the retail sector in Santa Fe. These strategies are intended to address the identified challenges while capitalizing on opportunities to enhance the local economic landscape.

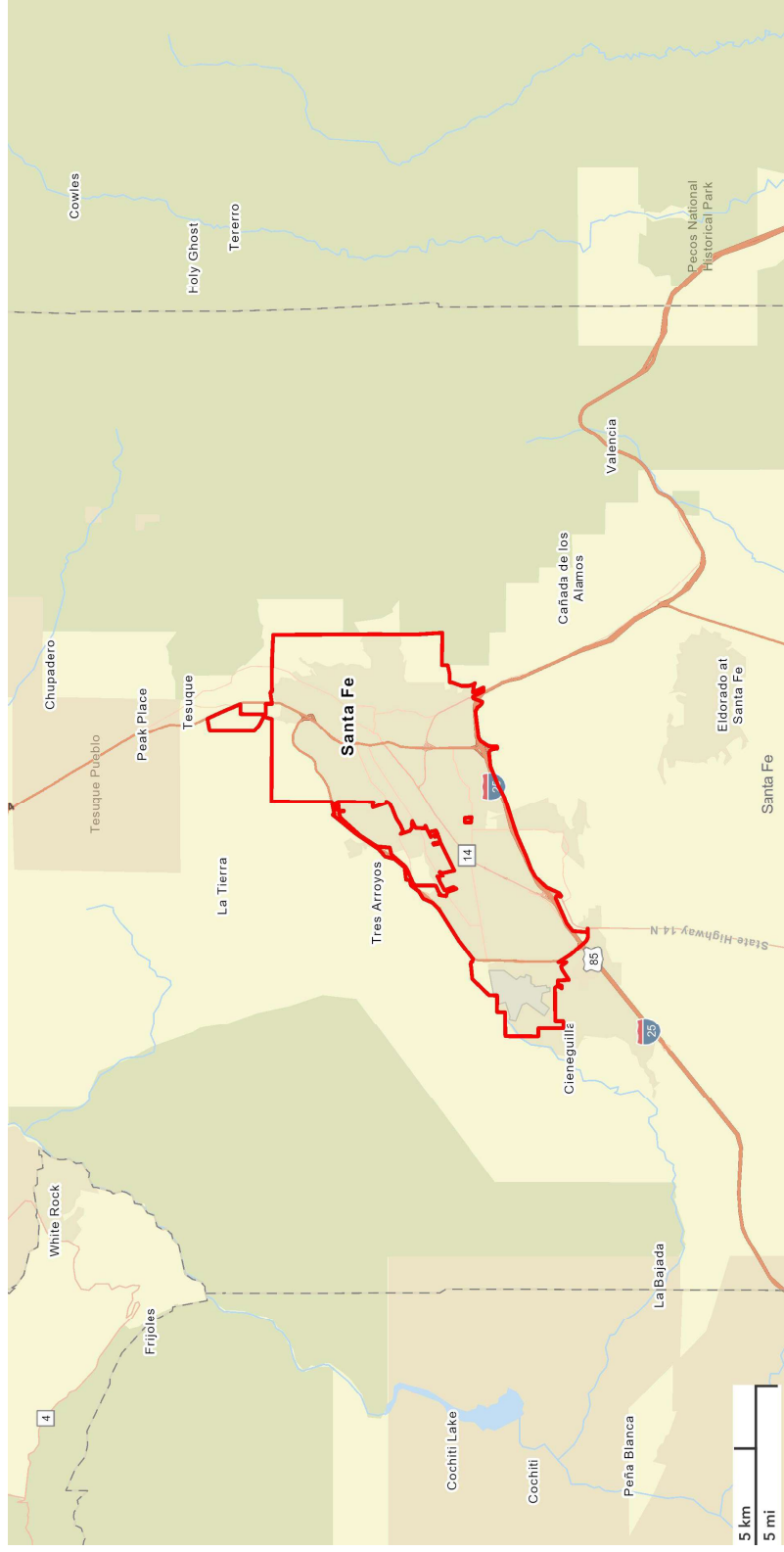
### KEY FINDINGS

#### Entertainment and Experience-Driven Retail Expansion

Addressing gaps in family-friendly entertainment is a priority for enhancing Santa Fe's appeal to residents and tourists. Strategies such as expanding entertainment venues, enhancing cultural shopping experiences, and conducting a Neighborhood-Based Family Retail Consumption Survey will help identify and fill unmet needs in the market.

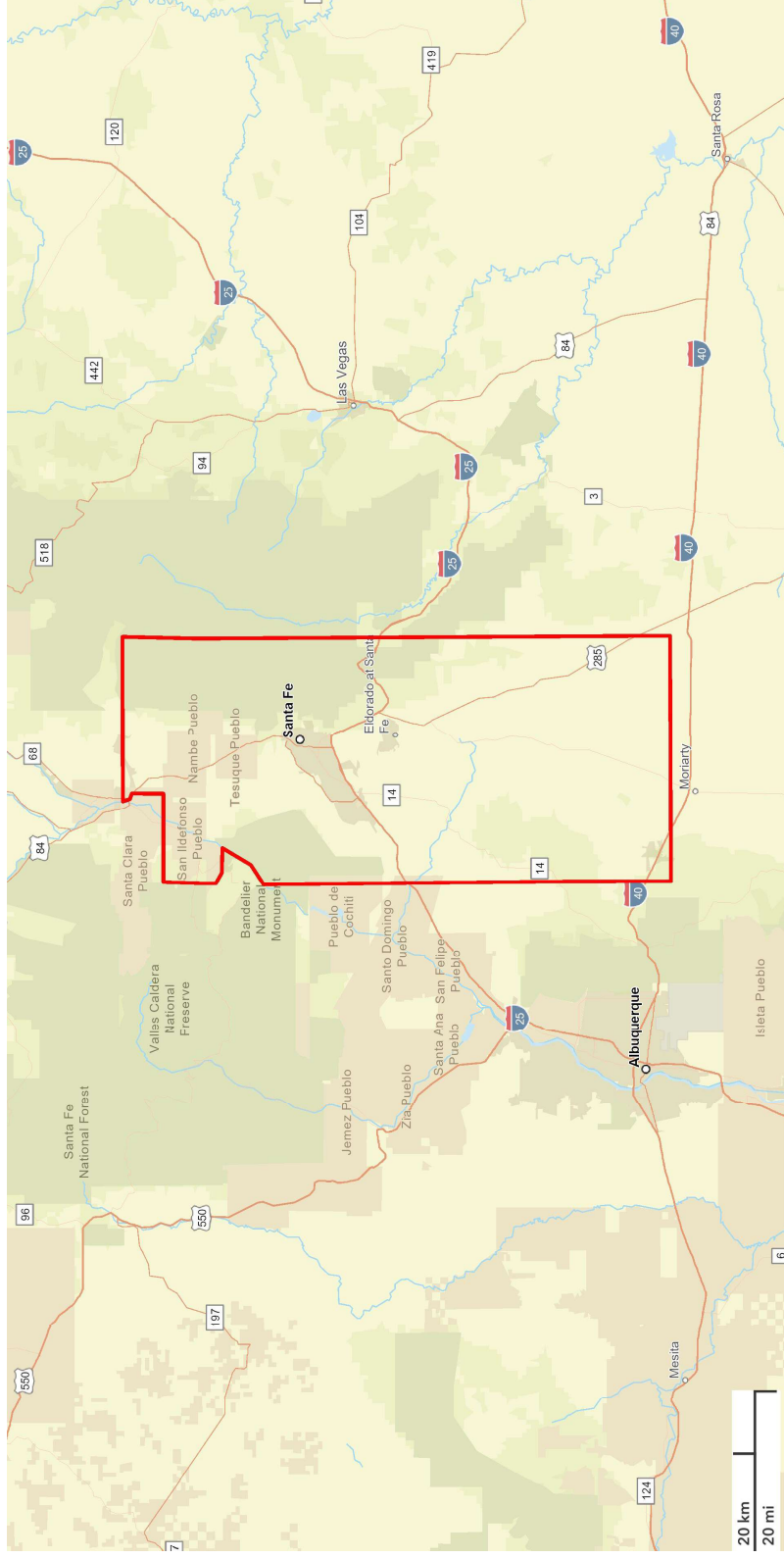
# Retail Market Analysis Methodology

## STUDY REGION (CITY)



# Retail Market Analysis Methodology

## STUDY REGION (MSA)



# Strategies and Action Plan



# Retail Development Strategies

## Overview

### RECOMMENDED STRATEGIES

- 1. Support for Local Retailers:** Supporting local retailers is essential for preserving the unique character of Santa Fe and reducing retail leakage. In addition to establishing business incubators and offering training programs, the city can implement a "Buy Local" initiative that encourages residents and visitors to shop at locally owned businesses. By combining financial support with marketing campaigns highlighting the advantages of shopping locally, the city can strengthen independent businesses and boost local economic retention. Furthermore, it is important to assist local businesses in adapting to any current or future changes in demand, whether those shifts stem from the local market or broader industry trends.
- 2. National Main Street Program:** Santa Fe can utilize the National Main Street Program to revitalize and strengthen its retail corridors by concentrating on historic preservation, small business support, and placemaking initiatives. This strategy combines economic development with community-driven revitalization, fostering a vibrant retail environment that benefits residents and visitors. By aligning with Main Street principles, the city can access funding opportunities, best practices, and a national network of experts to enhance its retail ecosystem.
- 3. Tourism-Driven Retail Development:** Santa Fe's robust tourism economy offers a valuable opportunity to increase retail sales by creating tailored shopping experiences for visitors. Expanding retail offerings focusing on cultural tourism—such as artisan goods, Indigenous crafts, and culinary experiences—can enrich the visitor experience while attracting more spending. Collaborating with hotels, resorts, and cultural institutions can facilitate joint marketing efforts and curated shopping itineraries, ultimately drawing more visitors into local stores.
- 4. Retail-Focused Trade Shows:** Participating in retail-focused trade shows can serve as a highly effective strategy for attracting new businesses and expanding the retail sector in Santa Fe. By organizing well-coordinated delegations to prominent national retail expos, such as the ICSC (Innovating Commerce Serving Communities), the city can engage directly with a diverse array of retailers, developers, and investors keen on exploring opportunities in the Santa Fe market. These events provide a valuable networking platform and enable the city to showcase its unique offerings, vibrant culture, and potential for dynamic growth, ultimately fostering a thriving retail environment that benefits the local economy and community.

# Retail Development Strategies

## Overview

### RECOMMENDED STRATEGIES

- 5. Expansion of Entertainment Options:** Entertainment options that appeal to locals and tourists can greatly enhance Santa Fe's retail landscape by increasing foot traffic and prolonging visits to retail districts. The city can actively seek out venues such as live music spaces, family-friendly attractions, and experiential concepts, like escape rooms, interactive art installations, and rooftop bars that complement existing retail offerings. By reaching out to entertainment developers and operators who specialize in experiences for both residents and tourists, Santa Fe can create a well-rounded ecosystem of retail and entertainment.
- 6. Neighborhood-Based Family Retail Consumption Survey:** Develop and distribute a market research survey to specified neighborhoods within the community with the goal of gathering direct input from Santa Fe residents on their retail, entertainment, and leisure needs. This survey should aim to provide data-driven insights to guide economic development efforts and attract new businesses that align with community demand by identifying gaps in local offerings, particularly in family-friendly activities.
- 7. Business Retention & Expansion (BRE) Program:** Use strategic recommendations provided in the recently completed BRE Strategy to establish a structured, data-driven approach to supporting Santa Fe's existing businesses, ensuring they have the resources to grow and remain competitive. This initiative will help retain jobs, encourage local investment, and align economic development efforts with business priorities.
- 8. Creative Arts Makerspace:** Develop a Creative Arts Makerspace that will serve as a collaborative hub for artists, makers, and entrepreneurs, fostering a vibrant ecosystem of creativity, innovation, and retail activity in Santa Fe. By integrating arts, retail, and community engagement, the makerspace will drive economic growth while enhancing Santa Fe's reputation as a center for creativity and culture.

# Support for Local Retailers

## Retail Development

*Strengthen Santa Fe's independent retail sector through various support programs.*

### THE WHY (RATIONALE)

Independent retailers play a vital role in Santa Fe's economy by offering unique products that reflect the city's cultural identity, appealing to residents and visitors. However, with a significant retail surplus in the area, there is an increased risk of market oversaturation. This makes it challenging for small businesses to thrive in the face of intense competition from national chains and e-commerce platforms. Independent stores may struggle with declining sales and sustainability if consumer spending shifts primarily to larger retailers.

To help local retailers remain competitive, Santa Fe can implement business incubators and training programs. Launching a "Buy Local" campaign will encourage consumers to support independent retailers and promote long-term economic sustainability. Furthermore, it is important to assist local businesses in adapting to any current or future changes in demand, whether those shifts stem from the local market or broader industry trends.

### THE HOW (ACTION PLAN)

**Phase 1:** Establish business incubators and training programs to provide essential resources such as financial planning, marketing strategies, and operational best practices to local business owners. Workshops and mentorship from industry experts will help entrepreneurs navigate challenges and enhance their competitiveness. Incubators will also serve as networking hubs for collaboration and sharing insights, fostering resilience in a competitive market through continuous learning and adaptation.

**Phase 2:** Launch a citywide "Buy Local" campaign to encourage support for independent retailers. This will involve a mix of digital and traditional marketing, including social media, in-store signage, and community events that showcase the benefits of shopping locally. Collaborations with local artists and organizations will highlight the unique offerings of independent stores.

**Phase 3:** Expand support programs based on feedback from local retailers and participation rates.

### IMPACT

Strengthening local retailers will help them remain competitive, increase consumer spending within the city, and create a thriving independent business community despite a saturated retail market.

### IMPLEMENTATION STAGE

Short Term

# National Main Street Program

## Retail Development

*Join the National Main Street Program to revitalize and strengthen its retail districts by promoting historic preservation, small business support, and placemaking initiatives.*

### THE WHY (RATIONALE)

Retail districts that combine historic charm with economic vitality are highly appealing to locals and visitors. The Tourism Analysis section of this report indicates a significant interest from tourists in exploring the Historic Downtown. Therefore, implementing a Main Street program is essential for long-term retail development and maximizing visitor spending potential.

The National Main Street Program offers a structured framework emphasizing design, promotion, organization, and economic vitality. This program helps cities preserve their cultural identity while promoting business growth. Santa Fe can access grants, technical support, and best practices by participating in the program and adopting Main Street principles. These resources will enhance its retail corridors, making them more pedestrian-friendly, visually appealing, and economically sustainable.

### THE HOW (ACTION PLAN)

**Phase 1:** Assess the eligible retail corridors in Santa Fe to determine which areas best suit the Main Street approach. Engage with local business owners, property developers, and community stakeholders to gain their support and apply for Main Street designation.

**Phase 2:** Launch initiatives such as façade improvement grants, streetscape enhancements, and business support programs to strengthen the downtown and commercial corridors. Implement branding and promotional campaigns to attract shoppers and new businesses to the areas designated as Main Street.

**Phase 3:** Establish a dedicated team to oversee ongoing Main Street efforts and ensure continued revitalization. Leverage partnerships with state and federal programs to secure ongoing funding and support for future expansion into additional retail districts.

### IMPACT

Revitalizing Santa Fe's retail corridors through the National Main Street Program will create a thriving, walkable shopping environment that supports local businesses, enhances tourism, and preserves the city's historic character.

### IMPLEMENTATION STAGE

Short Term

# Tourism-Driven Retail Development

## Retail Development

*Expand and curate retail offerings that align with Santa Fe's tourism industry to aid in enhancing visitor experiences, while increasing retail spending within the city.*

### THE WHY (RATIONALE)

Santa Fe's thriving tourism economy, fueled by its rich cultural heritage, world-renowned arts scene, and historic charm, presents a significant opportunity to strengthen retail sales while celebrating the city's unique identity. Santa Fe can drive visitor spending by strategically expanding these offerings and integrating them into broader tourism promotions—such as partnerships with hotels, collaborations with cultural institutions, and curated shopping itineraries—while reinforcing its reputation as a premier shopping destination.

A key component of this strategy should be uplifting Indigenous artisans and entrepreneurs, whose craftsmanship and businesses are integral to Santa Fe's cultural and economic landscape. The city can foster economic empowerment by prioritizing Indigenous-owned enterprises in retail initiatives while offering visitors an authentic and meaningful shopping experience.

### THE HOW (ACTION PLAN)

**Phase 1:** Foster strong partnerships with tourism organizations, hotels, and cultural institutions to develop a cohesive strategy that showcases Santa Fe's unique retail experience. Focus on retail categories that meet visitor demand, emphasizing Indigenous artisans and locally owned businesses, as identified in the Retail Leakage and Surplus Assessment.

**Phase 2:** Promote experiential retail by providing live artisan demonstrations, interactive workshops, and cultural storytelling experiences that make shopping an immersive part of Santa Fe's tourism appeal. Launch targeted marketing campaigns that include spotlights on Indigenous artisans, shopping guides, and exclusive discount programs to encourage visitors to explore and support Santa Fe's diverse retail landscape.

**Phase 3:** Consider introducing programs such as "Santa Fe Shopping Passports," which would offer discounts or rewards for purchases made at participating local businesses. This initiative should highlight and especially recognize Indigenous artisans and heritage brands.

### IMPACT

Aligning retail development with Santa Fe's tourism sector will enhance visitor engagement, increase retail sales, and reinforce the city's reputation as a cultural and shopping destination.

### IMPLEMENTATION STAGE

Short Term

# Attend ICSC Trade Shows

## Retail Development

*Attend the ICSC retail-focused trade show to attract national and regional retailers, connect with developers, and showcase available commercial spaces.*

### THE WHY (RATIONALE)

Trade shows present cities with an excellent opportunity to promote themselves to retail brands, developers, and site selectors actively seeking new locations for their businesses. By participating in prominent national events such as ICSC, the City of Santa Fe can effectively showcase its unique retail opportunities and highlight the demographic strengths that make it an attractive option for potential investors.

Additionally, the city can emphasize the various economic incentives available to businesses, which can further entice brands to consider Santa Fe as their next location. This strategic engagement can lead to increased economic development and growth within the community.

### THE HOW (ACTION PLAN)

**Phase 1:** Identify key retail trade shows and industry events to attend, ensuring a strong presence for municipal and economic development. Create promotional materials emphasizing Santa Fe's retail market opportunities, consumer demographics, and available properties.

**Phase 2:** Organize targeted meetings with retailers at trade shows and follow up with tailored information for those considering expansion into Santa Fe.

### IMPACT

Engaging retailers, developers, and site selectors at trade shows will attract new businesses, fill retail gaps, and enhance the overall retail experience in Santa Fe.

### IMPLEMENTATION STAGE

Short Term

# Expansion of Entertainment Options

## Retail Development

*Enhance the current retail landscape by expanding entertainment options that appeal to both residents and tourists.*

### THE WHY (RATIONALE)

Retail success is increasingly driven by experiential attractions that encourage visitors to spend more time—and money—in shopping districts. Santa Fe can enhance its appeal by incorporating diverse entertainment options to foster this growth. This could include live music venues that host local and touring artists, family-friendly attractions that cater to all ages, interactive art installations, and rooftop bars that offer stunning views of the city.

Santa Fe can establish a well-rounded retail and entertainment ecosystem by strategically attracting operators who appeal to both locals and tourists. This approach not only enhances the shopping experience but also helps maintain consistent foot traffic year-round, making the area more lively and dynamic. By focusing on these opportunities, the city can transform its shopping districts into vibrant social hubs that draw visitors and encourage them to linger longer, ultimately benefiting local merchants and the economy as a whole.

### THE HOW (ACTION PLAN)

**Phase 1:** In coordination with the data provided on Recreation Expenditures within the Retail Leakage and Surplus Analysis section of this report, consider conducting a market study or focus groups to identify the most in-demand entertainment options and assess potential locations for development. Engage with entertainment developers and operators to gauge interest and feasibility.

**Phase 2:** Actively work to attract businesses to Santa Fe through networking events, direct outreach, and trade shows. Launch marketing campaigns promoting entertainment and retail as a combined experience, appealing to residents and tourists.

### IMPACT

Enhancing local entertainment options for Santa Fe residents and visitors will drive increased foot traffic, extend shopping district activity into the evening, and enhance Santa Fe's appeal as a retail and cultural destination.

### IMPLEMENTATION STAGE

Medium Term

# Neighborhood-Based Retail Consumption Survey

## Retail Development

*Gather direct input from Santa Fe residents on their retail, entertainment, and leisure needs.*

### THE WHY (RATIONALE)

Residents of Santa Fe have indicated a desire for more family-oriented entertainment options, such as trampoline parks and various leisure activities. However, anecdotal evidence alone is not enough for informed strategic decision-making. Conducting a targeted survey will help quantify these needs, identify specific gaps in the retail and entertainment landscape, and guide policy and investment decisions. Understanding local demand will also aid in attracting businesses that align with consumer preferences, ultimately strengthening the city's economic base and encouraging spending within the community.

### THE HOW (ACTION PLAN)

**Phase 1:** Develop a comprehensive survey in collaboration with local stakeholders, such as neighborhood associations, schools, and business groups. The survey will collect data on residents' current spending habits, desired retail and entertainment options, and barriers to local shopping. To maximize participation, utilize online platforms, social media, and community events.

**Phase 2:** Aggregate and analyze survey responses to identify key trends and retail gaps. Develop a report with actionable insights, highlighting specific categories (e.g., family entertainment, dining, or specialty retail) where demand exceeds supply. Present findings to city officials, economic development teams, and potential investors.

**Phase 3:** Use survey results to create marketing materials to attract businesses that align with community demand. Collaborate with developers, entrepreneurs, and existing retailers to explore opportunities for expanding family-friendly entertainment options.

### IMPACT

This strategy will provide Santa Fe with data-driven insights to shape a more vibrant retail and entertainment landscape, ensuring local spending stays within the community while enhancing residents' quality of life.

### IMPLEMENTATION STAGE

Medium Term

# Business Retention & Expansion (BRE) Program Retail Development

*Gather direct input from Santa Fe residents on their retail, entertainment, and leisure needs.*

## THE WHY (RATIONALE)

A robust BRE program is crucial for supporting Santa Fe's economy, as retaining and expanding current businesses is often more effective than attracting new ones. Many local companies face workforce shortages, supply chain disruptions, and regulatory concerns that could lead to stagnation or closures. By proactively engaging with businesses through surveys, structured outreach, and resource-sharing, the BRE program will identify pain points, connect businesses with solutions, and foster a climate of long-term economic stability. Successful BRE programs in other cities have demonstrated that systematic engagement and support can reduce business closures, increase local reinvestment, and improve economic resilience.

## THE HOW (ACTION PLAN)

**Phase 1:** Utilizing information provided in the BRE Report developed by Hickey Global—including the strategic recommendations—work together to define the internal structure of the BRE program, assigning roles and responsibilities within the Office of Economic Development (OED). Establish clear goals, objectives, and metrics to align program efforts with expected outcomes. Develop a centralized catalog of business support resources.

**Phase 2:** Implement an outreach plan with defined engagement targets for consistent business communication. Design and distribute a BRE survey to gather insights on business needs, challenges, and growth opportunities. Establish a standardized process for sharing collected data with key stakeholders.

**Phase 3:** Develop a reporting schedule and format to track program performance and inform policy decisions. Review program results annually to identify trends, measure impact, and refine outreach strategies. Adjust the BRE approach to enhance its effectiveness and responsiveness to business needs.

## IMPACT

The BRE Program will provide Santa Fe with a proactive, data-driven approach to supporting local businesses, fostering a resilient economy, and ensuring long-term business success and job retention.

## IMPLEMENTATION STAGE

Short Term

# Creative Arts Makerspace

## Retail Development

*Develop a Creative Arts Makerspace to serve as a collaborative hub for artists, makers, and entrepreneurs.*

### THE WHY (RATIONALE)

Santa Fe has a long-standing reputation as an arts and culture destination, yet many local artists and makers face barriers to affordable workspace, retail visibility, and business development resources. A dedicated makerspace will address these challenges by providing affordable creative spaces, shared tools, and retail opportunities that allow artists and small-scale manufacturers to scale their businesses.

Successful projects like Crosstown Concourse and Stovehouse demonstrate how mixed-use creative spaces can revitalize underutilized properties, attract foot traffic, and stimulate local economies through experiential retail and community programming. By bridging the gap between artistic creation and retail accessibility, Santa Fe can further retain and expand its creative economy while attracting both locals and visitors to a unique destination.

### THE HOW (ACTION PLAN)

**Phase 1:** Conduct a feasibility study to identify potential locations, such as vacant industrial or commercial properties, that could be repurposed for the makerspace. Engage with artists, entrepreneurs, and community stakeholders to assess space needs, funding opportunities, and potential partnerships. Develop a financial model that includes public-private investment, grants, and membership-based revenue.

**Phase 2:** Secure a location and begin renovations to accommodate studios, co-working areas, and retail spaces. Establish partnerships with arts organizations, business incubators, and educational institutions to offer workshops, mentorship, and entrepreneurial resources. Develop marketing campaigns to build community interest and attract tenants.

**Phase 3:** Open the space with a high-profile event featuring local artists, performances, and interactive workshops. Implement rotating events, exhibitions, and pop-up market schedules to ensure ongoing engagement. Measure impact through foot traffic, sales data, and artist participation, refining offerings as needed to enhance long-term sustainability.

### IMPACT

The Creative Arts Makerspace will strengthen Santa Fe's position as a creative economy hub, providing local artists with a thriving retail and production space while attracting visitors and driving new economic activity.

### IMPLEMENTATION STAGE

Medium Term

# HICKEYGLOBAL

ECONOMIC DEVELOPMENT CONSULTING

LOCATION STRATEGY | LABOR BENCHMARKING & ANALYTICS | GRANTS & INCENTIVES ADVISORY  
SUPPLY CHAIN & LOGISTICS | WORKFORCE SOLUTIONS

**Barry I. Matherly, CEcd, FM, HLM**  
President & CEO, Hickey Global

+1 917-410-4626  
[bmatherly@hickeyglobal.com](mailto:bmatherly@hickeyglobal.com)  
125 Park Avenue, 25th Floor  
New York, NY 10017



[www.hickeyglobal.com](http://www.hickeyglobal.com)