

ECONOMIC SNAPSHOT

Many businesses locate in high-income areas, reasoning that higher incomes mean more spending. It is true that higher-income households spend more on almost everything. However, less upscale neighborhoods, with their higher densities, often represent significant retail potential. This reality is illustrated by comparing the Hatchery Hill neighborhood in Fitchburg to the Union Corners neighborhood on Madison's East Side. Comparing households located within one mile of intersections in the two neighborhoods reveals that average annual household incomes in Hatchery Hill are almost \$35,000 higher than in Union Corners.

According to the 2003 U.S. Consumer Expenditure Survey, the typical Hatchery Hill household spent \$1,200 more on food consumed at home than the average Union Corners household. However, because of the higher population density, total spending on food consumed at home by Union residents was an estimated \$9.5 million higher than spending by Hatchery Hill residents. But Hatchery Hill residents spent an estimated \$1.4 million more on entertainment fees and admissions.

RESIDENT SPENDING

Millions of dollars (2003)

	One-mile radius E. Wash. Ave./ Milwaukee St.	1-mile radius Fish Hatchery Rd./ McKee Rd.
Food at home	\$24.0	\$14.5
Food away from home	\$18.0	\$14.3
Apparel	\$12.2	\$11.5
Entertainment fees/admissions	\$4.6	\$3.2

SOURCE: 2003 Consumer Expenditure Survey, Bureau of Labor Statistics, <http://bls.gov/cex/home.htm>

QUESTIONS: Send questions, comments to UW-Extension professor Bill Pinkovitz at bill.pinkovitz@uwex.edu