KNOW BEFORE YOU SIGN • GUIDE 01

A Guide to Demographics for Small Business Owners

Where your business should be, and why the data behind that decision matters more than your gut feeling alone.

01

PART 01

Nobody Taught You This, and They Should Have

HOW CICI CAN HELP

Part of working with a commercial real estate agent is access to demographic data for any location you are considering. When you work with CiCi Caver, pulling and reviewing that data together is part of the process, not an add on. You should never be making a location decision without it. Reach out at ccaver@kowitrealestate.com or 216.514.1400 x130.

PART 02

What Demographics Actually Are

Demographics are statistics that describe a population. In the context of choosing a business location, they tell you who your potential customers are and how many of them are within reach.

The data comes from several sources. The U.S. Census Bureau conducts a full population count every ten years and ongoing surveys in between. Private data companies aggregate and update that data more frequently, adding layers like consumer spending patterns, psychographic profiles, and traffic counts.

Here are the most important demographic data points and what they actually mean for your business:

Population

Total population within a defined radius of your location. More people means a larger potential customer base, but size alone does not tell you whether those people are your customers.

Median Household Income

The midpoint income level for households in the area. This matters differently depending on your business. A luxury service business needs a higher income threshold. A value focused business may actually perform better in a moderate income area where customers are looking for affordable options.

Age Distribution

The breakdown of the population by age group. A salon targeting young professionals needs a different age profile than a pediatric care practice or a senior fitness studio. Age distribution tells you whether your core customer is actually there.

Daytime vs. Nighttime Population

Some areas have a large residential population at night but fill up with workers and commuters during the day. Others are the opposite. This distinction is critical for businesses like lunch spots, dry cleaners, and coffee shops that depend on daytime traffic, versus restaurants and retailers that depend on evening and weekend activity.

Consumer Spending Patterns

Estimates of how much money households in the area spend in specific categories: food and beverage, personal care, fitness, retail, and so on. This is one of the most useful data layers for validating whether your type of business has enough spending power nearby to support it.

Traffic Counts

The number of vehicles passing a location daily. Provided by the Ohio Department of Transportation and private data sources. Relevant for any business where drive by visibility matters: retail, food service, service businesses on commercial corridors.

> **GOOD TO KNOW**
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> National retailers spend significant resources on demographic analysis before opening a single location. When you see a Starbucks, a CVS, or a Chick fil A open somewhere, a team of analysts already confirmed the demographics support it. You can use the same type of data.

PART 03

Trade Areas: Your Real Market

A trade area is the geographic zone from which a business draws the majority of its customers. It is not just your block. It is not just your zip code. It is a defined area based on how far your typical customer is realistically willing to travel to reach you.

How Trade Areas Are Defined

Trade areas are typically measured in one of two ways: by distance radius or by drive time. A one mile radius captures everyone within a one mile circle around your location. A five minute drive time radius captures everyone who can reach you within five minutes by car, which varies based on road patterns and traffic.

Drive time analysis is generally more useful than simple radius analysis because it reflects how people actually move. A location on a busy arterial road may pull customers from farther away than a location one block off the main road, even if both are in the same zip code.

Primary, Secondary, and Tertiary Trade Areas

- Primary trade area: Where the majority of your customers come from, typically 60 to 80 percent. Usually the smallest geographic zone.
- Secondary trade area: A broader area that contributes a meaningful but smaller share of customers. May overlap with competitors.
- Tertiary trade area: The outermost ring. Customers from here visit occasionally, often for a specific reason like a promotion or event.

Why This Matters

If you evaluate demographics using the wrong geographic frame, you will get the wrong answer. A location that looks underserved in a one mile radius might have strong demographics in a three mile radius. A location that looks strong at the zip code level might have very different numbers at the block level.

> **HOW CICI CAN HELP**
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> When CiCi pulls a demographic report for a location you are considering, she sets the radius and drive time parameters based on your specific business type. A neighborhood coffee shop has a different trade area than a specialty medical practice. Getting that geography right is what makes the data useful. Ask her to walk you through it before you make any decisions.

PART 04

The Data Points That Matter Most

Not every number in a demographic report is equally useful. Here is how to prioritize what you are looking at based on your business type.

For Food and Beverage Businesses

- Daytime population: Are there enough workers, commuters, or residents present during your operating hours?
- Consumer spending on food away from home: Is there documented spending in your category?
- Traffic counts: How many cars pass daily? Is the location visible and accessible?
- Age and income: Do they align with your concept and price point?

For Retail Boutiques and Specialty Shops

- Median household income: Can the surrounding population afford your price point?
- Consumer spending on apparel, home goods, or your specific retail category
- Population density: Enough foot traffic and residential density to support a specialty purchase?
- Proximity to complementary retailers: Is there a reason for customers to already be in the area?

For Personal Services: Salons, Spas, Fitness, Wellness

- Age distribution: Is your core demographic represented in the population?
- Consumer spending on personal care and health and wellness
- Female population percentage for services with a predominantly female customer base
- Daytime vs. nighttime population depending on when your peak hours are

For Healthcare and Medical Office

- Age distribution: Older populations generally have higher healthcare utilization
- Insurance coverage rates and income levels, which influence ability and willingness to pay
- Distance from competing practices
- Proximity to complementary medical services and referral sources

> **THE POINT**
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> There is no universal list of the right demographics. The right data depends on your business model, your price point, your customer, and your operating hours. Start with your customer and work backward to the data.

PART 05

How to Read a Demographic Report

A standard demographic report can run several pages and include dozens of data points. Here is how to navigate it without getting lost.

Start With the Summary Page

Most reports lead with a summary of the key metrics at one, three, and five mile radii. Start here. You are looking for a quick read on whether the basics support your concept before you dig into the details.

Look for Trends, Not Just Snapshots

Good demographic reports include current data and five year projections. A neighborhood with flat population numbers but rising income is a different opportunity than one with rising population but flat income. Trends tell you where the market is going, not just where it is today.

Compare to Benchmarks

A median household income of $55,000 means something different depending on what you are comparing it to. Is that above or below the county median? Above or below what your concept typically requires? Always put numbers in context.

Flag the Gaps

If consumer spending in your category is high but there are few existing businesses serving that need, that is a potential opportunity. If spending is low and competition is high, that is a warning sign. Demographics do not make the decision for you. They give you the information to make it yourself.

Ask Questions Out Loud

When you are reviewing a report, talk through what you are seeing. Does the income support my price point? Is my core customer age group well represented? Is the daytime population big enough to support my lunch business? The report answers questions. You have to ask them first.

> **HOW CICI CAN HELP**
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> CiCi does not just hand you a report and send you on your way. She walks through it with you, explains what the numbers mean for your specific business type, and flags anything that warrants a closer look or a conversation. That is what tenant representation is supposed to look like. Reach out at ccaver@kowitrealestate.com.

PART 06

Matching Your Business to a Location

The goal of demographic analysis is not to find the perfect location. It is to find a location where the data supports what you already believe to be true about your business and your customer, or to catch a mismatch before you commit.

Start With Your Customer Profile

Before you look at a single demographic report, write down who your customer is. Not in general terms like everyone or families. Be specific. Your core customer is a woman between 28 and 45, with a household income above $60,000, who values convenience and is willing to pay for quality. That specificity is what makes demographic data useful.

Use Data to Confirm or Challenge Your Instinct

If you feel good about a location, pull the demographics and see if the data agrees. If it does, you have more confidence. If it does not, you have a conversation to have with yourself before you sign anything.

Sometimes the data will challenge your instinct in a good way. A neighborhood that feels quiet might have a strong daytime population you were not aware of. A location that feels busy might have lower income demographics than your concept requires.

Do Not Fall in Love Before You Check the Numbers

This is the most common mistake. A business owner finds a space they love, pictures themselves there, and signs a lease before running a single report. The love is real. The location may not be right. Check the data before you fall in love with the address.

> **REAL TALK**
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> The data does not guarantee success. A location with great demographics can still fail if the business is not run well. But a location with bad demographics makes success significantly harder, no matter how hard you work. Give yourself every advantage.

PART 07

Where to Find Demographic Data

You do not have to pay for everything. Here are the most useful sources of demographic data available to small business owners, from free to fee based.

Free Sources

- U.S. Census Bureau at census.gov: Population, income, age, and housing data down to the census tract level. The American Community Survey is updated annually and is the most detailed free source available.
- Census Business Builder at business.census.gov: A free tool designed specifically for small business owners that generates basic demographic summaries for a location.
- Ohio Department of Transportation at transportation.ohio.gov: Traffic count data for Ohio roads, updated regularly.
- city data.com: A free aggregator of census and other public data that is useful for quick neighborhood level comparisons.

Low Cost and Professional Sources

- Esri Business Analyst: The industry standard for commercial real estate demographic analysis. Expensive for individuals, but widely used by brokers and economic developers.
- CoStar and Crexi: Both platforms include demographic data as part of their listing and market intelligence tools.
- Your commercial real estate broker: This is the most practical option for most small business owners. A good broker pulls this data as part of the site evaluation process and walks you through it.

HOW CICI CAN HELP

When you work with CiCi Caver as your tenant representative, demographic analysis for the locations you are considering is included in the process. You do not need to buy a software subscription or figure out how to run the reports yourself. That is her job. Contact her at ccaver@kowitrealestate.com or 216.514.1400 x130 to get started.

PART 08

Quick Reference: Key Terms and Questions

Use this glossary as a reference when you are reviewing demographic reports or talking with a broker about a potential location.

Term	What It Means in Plain Language
Trade Area	The geographic zone from which a business draws the majority of its customers. Usually defined by radius or drive time.
Primary Trade Area	The core zone where 60 to 80 percent of your customers come from. The most important ring to analyze.
Median Household Income	The midpoint income level for households in the area. Half of households earn above this number, half earn below.
Daytime Population	The number of people present in an area during business hours, including workers and visitors, not just residents.
Traffic Count	The number of vehicles passing a location daily. Provided by state transportation departments and private data sources.
Consumer Spending Index	A measure of how much households in an area spend in a specific category compared to the national average. An index above 100 means above average spending.
Population Density	The number of people per square mile. Higher density generally means more potential foot traffic.
Five Year Projection	An estimate of where a demographic metric is headed based on current trends. Useful for evaluating whether a market is growing or declining.
Psychographic Data	Data about lifestyle, values, and consumer behavior that goes beyond basic demographics. Used to understand not just who lives nearby but how they spend and what they care about.
Void Analysis	An assessment of which retail or service categories are underrepresented in a trade area relative to the spending power present. Useful for identifying gaps in the market.

QUESTIONS TO ASK BEFORE YOU COMMIT TO A LOCATION

- Does the median household income support my price point?

- Is my core customer age group well represented in the population?
- Is the daytime or nighttime population large enough to support my operating hours?
- What are households in this trade area spending in my category?
- How does this location compare to others I am considering on the key metrics?
- Are the population and income trends moving in the right direction over the next five years?
- Has my broker pulled and reviewed demographic data with me for this location?

Ready to look at the data behind your next location?

CiCi Caver pulls and reviews demographic reports as part of the tenant representation process.

QUESTIONS ABOUT COMMERCIAL SPACE?

Let's talk it through.

Hey, I'm CiCi Caver, Licensed Real Estate Sales Agent at Kowit and Company Real Estate Group. If you're looking at a space in Cuyahoga County and want a second set of eyes before you sign, reach out.

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