

Visitacion Valley/Schlage Lock Site Retail Analysis

The Economics of Land Use



Berkeley
Sacramento
Denver

presented to

Visitacion Valley Citizens'
Advisory Committee

presented by

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Overview

- Retail Market Potential
 - Trade Areas
 - Demographic Profile
 - Existing Competitive Supply
 - Retail Capture and Impact Analysis
- Retail Tenanting
 - Grocery Store
 - In-line Tenants
- Comments/Questions

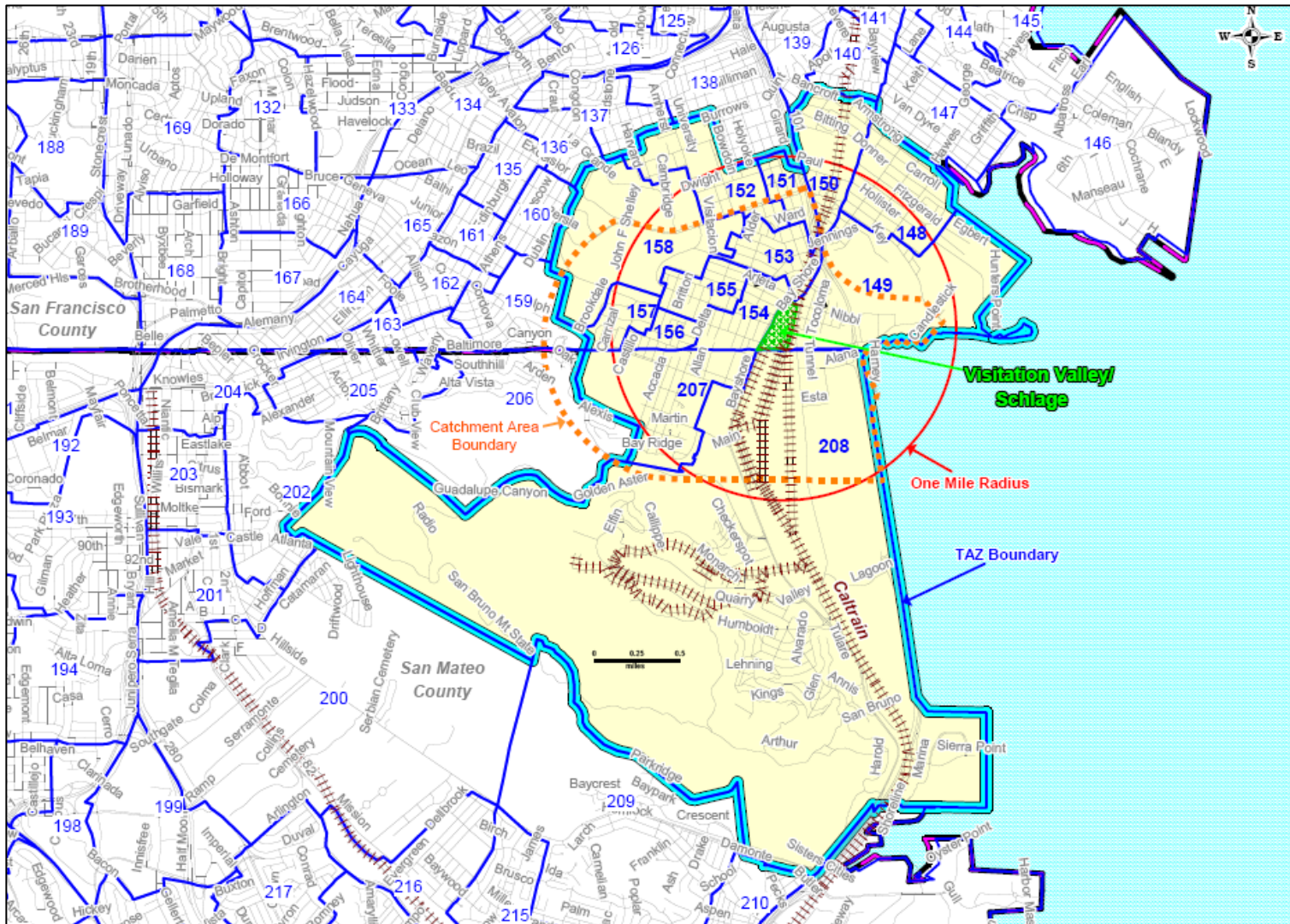
What is a Trade Area?

- Geographic region that contains elements of demand and supply that will determine the performance of a particular tenant or project.
- Influenced by a number of factors:
 - Competitive supply
 - Population (residential and workforce)
 - Geographic and psychological barriers
 - Existing commute or shopping patterns

Trade Areas Evaluated

- One-Mile Radius of Site: A traditional grocery store typically evaluates the demographics within a 1-mile radius to determine the viability of a new store.
- Transportation Analysis Zone (TAZ): The TAZs that correspond to the 1-mile radius of the Project site.
- Catchment Area: Based on a 1-mile radius of the Project site but accounts for physical geography and transportation infrastructure.

Map of Potential Trade Areas



Trade Area Demographics

Item	Catchment Area [1]		1-Mile Radius [1]		San Francisco [1]	
	Total	Percent	Total	Percent	Total	Percent
Households	6,805	--	7,815	--	323,028	--
Average Household Size	3.98	--	3.76	--	2.42	--
<u>Tenure of Occupied Housing Units</u>						
Rental	2,408	35.4%	2,424	31.0%	197,295	61.1%
Ownership	<u>4,397</u>	<u>64.6%</u>	<u>5,391</u>	<u>69.0%</u>	<u>125,733</u>	<u>38.9%</u>
Total	6,805	100.0%	7,815	100.0%	323,028	100.0%
<u>Age</u>						
0-17	6,326	23.3%	7,469	25.3%	116,172	14.6%
18-34	6,074	22.4%	5,701	19.3%	191,860	24.0%
35-54	8,093	29.8%	9,442	32.0%	284,182	35.6%
55-64	3,154	11.6%	3,240	11.0%	89,185	11.2%
65 and over	<u>3,526</u>	<u>13.0%</u>	<u>3,656</u>	<u>12.4%</u>	<u>116,777</u>	<u>14.6%</u>
Total [2]	27,173	100.0%	29,508	100.0%	798,176	100.0%
Median Household Income	\$69,377	--	\$57,457	--	\$71,957	--

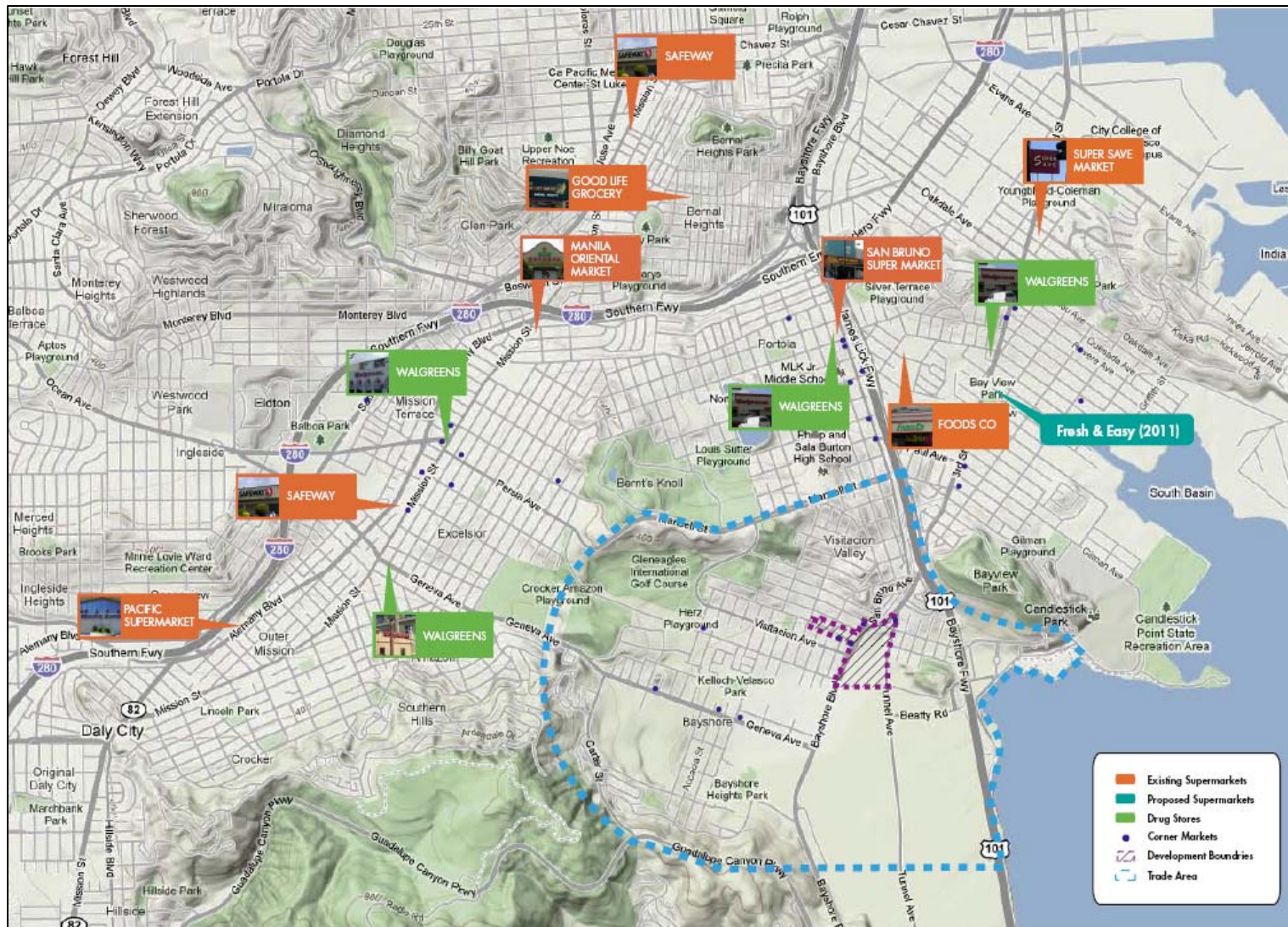
[1] Catchment Area estimates from Claritas. Estimates for the area within a 1-mile radius are from Regus. San Francisco estimates are from the 2006-2008 American Community Survey (ACS).

[2] Because of rounding, population totals may differ slightly from those reported by the U.S. Census.

Demographic Findings

- Lower household incomes
- More family households
 - Larger average household size
 - Larger proportion of owner-occupied units
 - Larger proportion of population under 18 years of age
- Employment has decreased since 2000, but projections indicate growth between 2010 and 2035

Competitive Supply of Grocery Markets



Grocery Market Competitive Supply

- No full-service grocery store in the Trade Area
- Existing supply consists mainly of convenience/liquor stores and smaller produce markets (e.g. 7-11, La Loma Produce, Casa Lopez, etc.)
- Nearest full-service grocery store located more than 1.5-miles from Project site (San Bruno Supermarket)
- Drugstores, such as Walgreens, are considered part of competitive supply because they offer many products that are also found in grocery stores

Retail Capture Analysis

- Compares estimated retail demand in 2035 to existing trade area supply
 - Retail demand = HH income * % of income spent on retail * # of HH
 - Assumes 32% of income spent on retail, based on U.S. Bureau of Labor Statistics data
 - Household projections from Association of Bay Area Governments (ABAG), Projections 2009 TAZ boundaries

Trade Area Retail Sales Capture Rates by Category

Retail Category	% of Retail Expenditures By Category	Est. Capture Rate		Catchment Area Sales		1-Mile Radius Sales	
		Low	High	Low	High	Low	High
Apparel Stores	6.34%	10%	20%	\$1,351,000	\$2,703,000	\$1,304,000	\$2,608,000
General Merchandise	8.28%	30%	40%	\$5,294,000	\$7,059,000	\$5,108,000	\$6,811,000
Home Furnishings and Appliances	2.70%	15%	30%	\$863,000	\$1,726,000	\$833,000	\$1,666,000
Bldg. Matrl. And Farm Implements	5.00%	5%	25%	\$533,000	\$2,664,000	\$514,000	\$2,571,000
Auto Dealers	10.23%	0%	0%	\$0	\$0	\$0	\$0
Auto Supplies	6.11%	25%	35%	\$3,256,000	\$4,558,000	\$3,141,000	\$4,398,000
Other Retail Stores (1)	13.31%	30%	40%	\$8,511,000	\$11,347,000	\$8,211,000	\$10,948,000
Food Stores	15.54%	70%	80%	\$23,185,000	\$26,497,000	\$22,370,000	\$25,565,000
Eating and Drinking Places	20.53%	50%	65%	\$21,878,000	\$28,442,000	\$21,109,000	\$27,442,000
Service Stations	<u>11.96%</u>	5%	10%	<u>\$1,275,000</u>	<u>\$2,549,000</u>	<u>\$1,230,000</u>	<u>\$2,459,000</u>
Total Sales	100.0%			\$66,146,000	\$87,545,000	\$63,820,000	\$84,468,000
Total Sq. Ft.				189,000	250,000	182,000	241,000
Weighted Average Capture Rate		31%	41%				

(1) Includes specialty stores; packaged liquor stores; second-hand merchandise; fuel and ice dealers; mobile homes, trailers, campers; boat, motorcycle, and plane dealers; and business and personal services.

Sources: BLS Expenditure Survey 2007-2008, Economic & Planning Systems, Inc.

Estimated Trade Area Retail Capture Rates

Item	Formula	Catchment Area	1-Mile Radius
Estimated Trade Area Retail Demand	A	\$151,014,000	\$143,520,000
Estimated Trade Area Supply			
Sales	B	\$16,383,000	\$16,383,000
Square Feet	C	66,000	66,000
Estimated Existing Capture Rate	$D = B / A$	10.8%	11.4%
Estimated Retail Demand in 2035			
Sales	E	\$213,136,000	\$205,642,000
Square Feet	F	608,000	587,000
Additional Retail Demand in Sq. Ft.			
at 30% Capture Rate	$G = (F * 30\%) - C$	116,000	110,000
at 35% Capture Rate	$H = (F * 35\%) - C$	147,000	139,000
at 40% Capture Rate	$I = (F * 40\%) - C$	177,000	169,000

Retail Tenanting

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Full Service Grocery

- 20,000 to 30,000 square feet, located at northeast end of Leland Ave.
 - Examples: Safeway, Lucky's
- Parking Requirement: Typically 4 stalls per 1,000 sq. ft.

Pros:

- Offer wide selection of food products and services to community.



Cons:

- May not offer the food selection needed in such a diverse community like Visitacion Valley.
- Larger size would require more parking

Specialty Grocery

- Mid Size, 11,000 to 15,000 square feet, along Bayshore Blvd. or northeast end of Leland Ave.
 - Examples: Fresh & Easy Neighborhood Market, Farmer Joes Grocery, Good Life Grocery
- Parking requirement: Typically 4 stalls per 1,000 sq. ft.

Pros:

- Provides good selection of prepared foods and organic produce.



Cons:

- May not encourage foot traffic along Leland Ave. or retail areas. (Placing Grocery on Leland Ave. may assist with foot traffic).
- May not offer the food selection needed in such a diverse community like Visitation Valley.

Ethnic Grocer

- Smaller Size, 4,000 to 10,000 square feet, along Leland Ave. that provides Ethnic food and produce.
 - Examples: New May Wah Supermarket, 22nd & Irving Supermarket
- Parking requirement: Primarily street parking

Pros:

- Promotes foot traffic throughout Leland Ave.
- Provides affordable and diverse selection of produce.

Cons:

- Provides only a limited selection of food products to one part of this diverse community.

In-Line Retail

- Tenant Mix should support Foot Traffic, Selection of Products, and the Grocery Anchor.
 - Pharmacy
 - Bank
 - Café
 - Bakery
 - Restaurants
 - Japanese
 - Chinese
 - Pizzeria
 - Thai
 - Burrito
 - Diner
 - Dry Cleaners
 - Juice Bar
 - Ice Cream
 - Book store

In-Line Retail (con't)

- Offer full range of services to retain consumer spending in Visitacion Valley and provide more selection.
 - Variety Store: 25,000 to 30,000 sq. ft. with clothing, house wares, toys, electronics.
 - Home Improvements/Hardware Store. 8,000 to 10,000 square feet. Capture home improvement sales of surrounding area.
 - Example: Hundleys Hardware, Cole Hardware
 - Hobby Store
 - Dental
 - Tutor /Afterschool Programs
 - Yoga
 - Acupuncturists
 - Bike shop
 - Gym
 - Hair salon

Range of Potential Tenant Types

Category	Potential Tenant Types		Existing Tenants
	#	Sq. Ft. Range	Examples
Supermarket	1	15,000 - 45,000	
Smaller Grocer	1	4,000 - 10,000	7-11, Shun Lee Market
Full-Service Pharmacy	1	8,000 - 15,000	Visitacion Valley Pharmacy
Variety - Large	1	10,000 - 30,000	Rainbow Retail
Variety	1	6,000 - 12,000	Golden 99cent Store
Bank	1	2,500 - 3,000	Bank of America
Hardware Store	1	5,000 - 10,000	Silvestri Garden Ornaments
Pet Store	1	3,000 - 6,000	
Dry Cleaner	1	800 - 1,200	Leland Avenue Dry Cleaner, City Wash International, Wash Dry
Specialty Food	4	800 - 1,500	Luen Fat Bakery, G&L Bakery, Happy Donuts
Small Restaurants	3	1,000 - 1,500	Nayarit Taqueria, Two Jacks
Full Service Restaurants	2	2,500 - 3,000	
Cellular Store	1	1,000 - 2,000	D&A Wireless
Hair Salon / Beauty Care	1	800 - 1,500	Nails By Jenny, May May Beauty Salon
Gym/Wellness Center	1	2,500 - 5,000	
Education/Tutor	1	2,000 - 3,000	
Other Specialties	3	1,500 - 2,500	
Consumer Electronics	1	800 - 1,200	
Video Rental	1	1,000 - 2,000	
Automotive Parts	1	1,000 - 2,000	
Sports Recreation	1	1,000 - 2,000	
Clothing Boutique	1	800 - 1,200	
Fed Ex / Fax / Copies	1	500 - 700	

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