

2008 North Main Street Retail Analysis

Columbia, SC

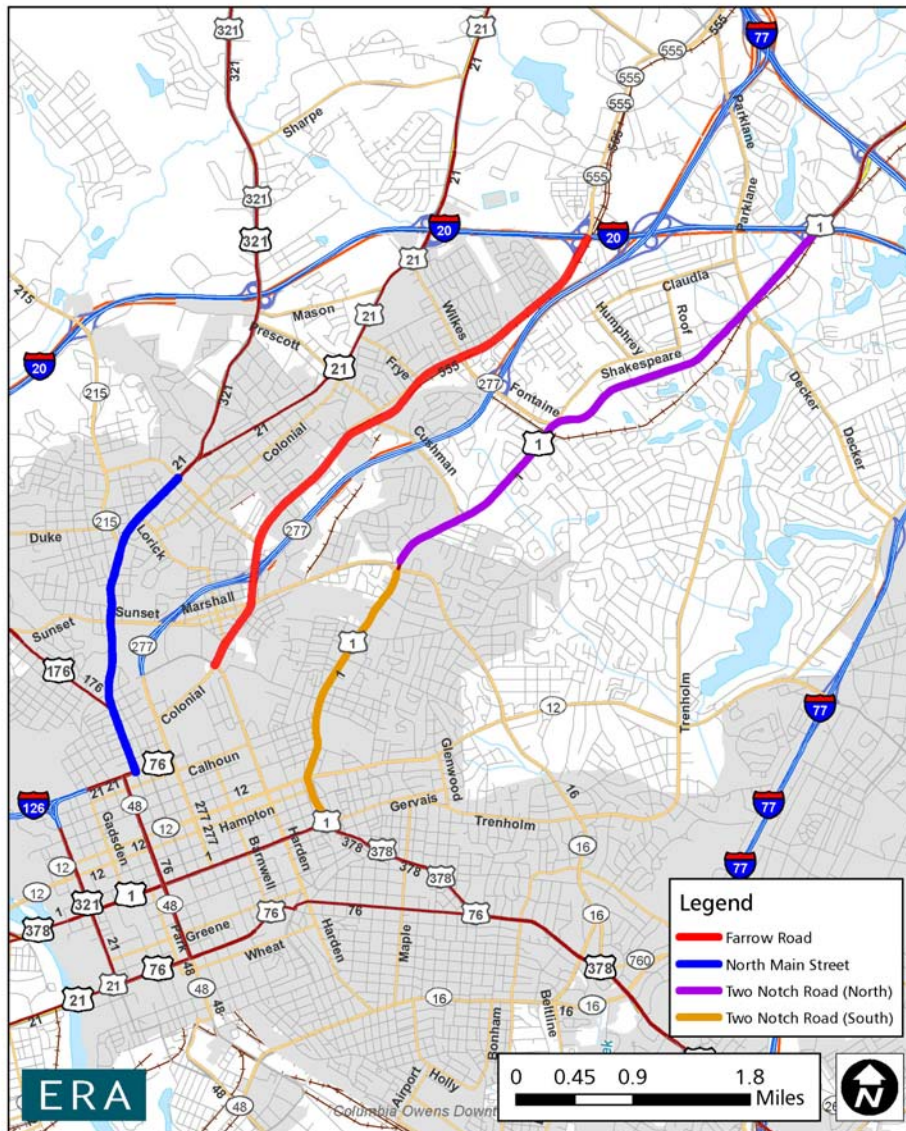


ERA

An Analysis of the North Main Street Retail Corridor in Columbia,
SC

March 2008

North Main Street Corridor Overview



Main Street Overview

The North Main Street corridor extends from the intersection of N. Main St. and Elmwood Ave to the intersection of N. Main St. and Clarendon St. This corridor is approximately 1.8 miles long. The half mile buffer around the corridor represents the primary retail trade area.

Retail along the N. Main Street corridor is the most cohesive of the three corridors. There are several commercial nodes which create a focused retail environment.

The North Main Street corridor retail is **local serving**; it relies primarily on nearby residents, workers, and students as its customer base.

The primary retail segments which this study analyzes are apparel and apparel services, household furnishings and electronics, personal care and services, and eating and drinking places. These categories were chosen in order to focus the analysis and because these are the retail categories which would best enhance the current retail environment.

Methodology/Term Definitions

Summary

In order to calculate the retail potential of the N. Main Street corridor, ERA has analyzed the demand generated by several market segments. These segments are residents, office employees, and a small number of college and university students, all within the primary trade area. Students, Visitors and Inflow are calculated as secondary market segments.

The purpose of this study is to analyze retail sales, demand, and opportunities along the corridor in order to suggest ways through which the retail environment can be improved. Because of the limited retail offerings and consumer markets in the City of Columbia, this may entail drawing potential sales from the other corridors or from the downtown area.

The organization of this study is an analysis of each demand segment, calculation of the sales gap and capture rate, a critical analysis of the existing retail environment, and suggestions on how the retail environment can be improved.

Capture Rate

Capture rates identify what portion of demand potential (total annual spending potential of all market segments in the select retail categories.) are captured in a given area (i.e. a capture rate of 10% suggests that \$10 of every \$100 in spending potential is spent in a given area). Given that people typically shop at a variety of locations, a 100% capture rate is not realistic.

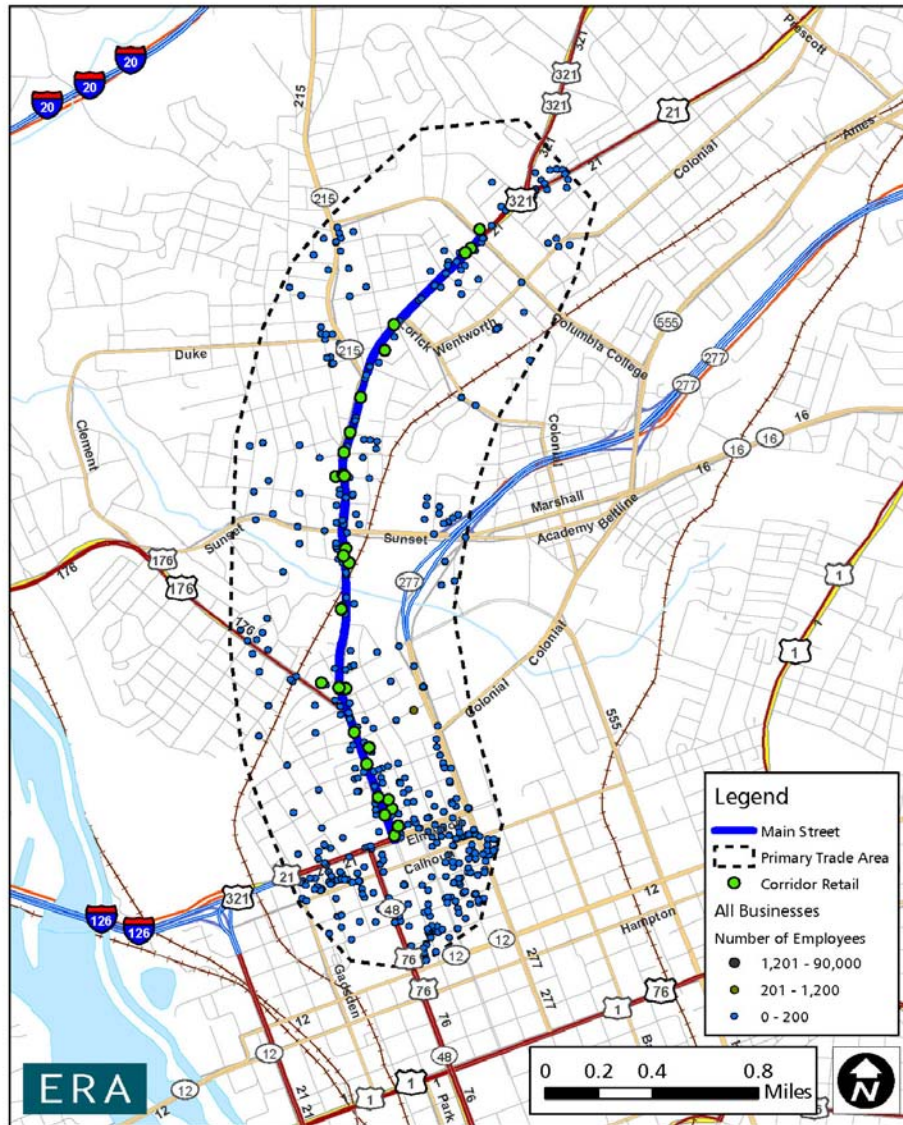
Leakage/Surplus Factor

The Leakage/Surplus factor presents a snapshot of retail opportunity. This metric is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' or retail opportunity inside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. This analysis is included to present all opportunities in a standardized fashion.

Retail Categories

This study focuses on retail categories of Apparel and Apparel Services, Household Furnishings and Electronics, Personal Care and Services, and Eating and Drinking Places. These categories were selected as they are typically local serving and make up the bulk of retail demand. N. Main street has many businesses, such as auto-oriented businesses, which would skew the analysis to show a retail environment with a very high retail surplus and little opportunity for new retail development.

Methodology



Source: ESRI Business Information Solutions; Economics Research Associates, 2008.

Summary

The **primary trade area** contains the main consumer markets for the corridor and is derived from a half mile buffer around the corridor.

- **Resident Market** data is for households within the primary trade area (the dashed line). These households are the main customer base for the nearby retail. The neighborhoods within the primary trade area are experiencing a revitalization as home prices increase and more affluent residents, with higher spending potential, move in.
- **Employee Market** data is from all businesses and organizations along the corridor (the blue points). This includes non-profit and government employment.
- **Inflow**, calculated as a percentage of sales, is spending from outside the trade area.
- **Sales data** is the estimated sales or assets of retail business along the corridor (the green points) in the select categories.

North Main Street Corridor: Residential Market

Summary

The N. Main Street Corridor residential market is comprised of persons living within a half mile of the corridor.

The residential market is comprised of 7,458 persons in 3,201 households. The population is expected to grow by 45 persons and 91 households by 2012. This shift indicates a slight decrease in household size as demographics in the local neighborhoods transition to younger couples and single persons without children, this shift is reflective of national household formation trends.

The average household income in the area is expected to increase by \$6,467 from \$41,922 to \$48,289 from 2007 to 2012. This represents a compound annual growth rate of 2.91% and, when adjusted for inflation, a real growth rate of .76%.

The total area income is expected to increase by over \$50M from 2007 to 2012. This corresponds to an increase in tax base, dollars available to be invested in homes, and dollars available to be spent on local retail.

2007 residential expenditures in the primary retail categories and at eating and drinking places are estimated at \$12.2M and \$7M respectively.

Demographic Summary

2007 Population	7,458
2012 Population	7,503
CAGR 07-12	0.12%
2007 Households	3,201
2012 Households	3,292
CAGR 07-12	0.56%
2007 Avg Household Income	\$41,922
2012 Avg Household Income	\$48,389
CAGR 07-12	2.91%
Real Growth Rate 1/	0.76%
2007 Median Household Income	\$30,163
2012 Median Household Income	\$34,600
CAGR 07-12	2.78%
Total Area Income 2007	\$312,654,276
Total Area Income 2012	\$363,062,667
CAGR 07-12	3.03%

2007 Annual Retail Expenditures, Select Categories	Avg HH Retail Expenditures	Annual Market Area Retail Expenditures
Retail in Select Categories	\$ 3,840	\$ 12,291,200
<i>Apparel & Apparel Services</i>	\$ 1,492	\$ 4,774,516
<i>HH Furnishings & Electronics</i>	\$ 1,606	\$ 5,142,310
<i>Personal Care & Services</i>	\$ 742	\$ 2,374,374
Eating & Drinking Places	\$ 2,187	\$ 7,002,029
Subtotal	\$ 6,027	\$ 19,293,229

Total Demand Potential: \$19.2M

Source: ESRI Business Information Solutions; Economics Research Associates, 2008.

North Main Street Corridor: Residential Market Demographics

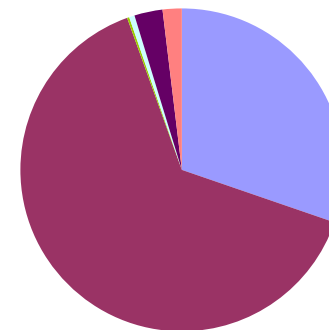
Summary

In order to plan proper retail programming, a cursory knowledge of the market demographics are important..

Different demographic groups and sub-groups have different retail spending and dining preferences. For example, the retail spending needs and habits of persons under 18 will be different than those for persons over 65.

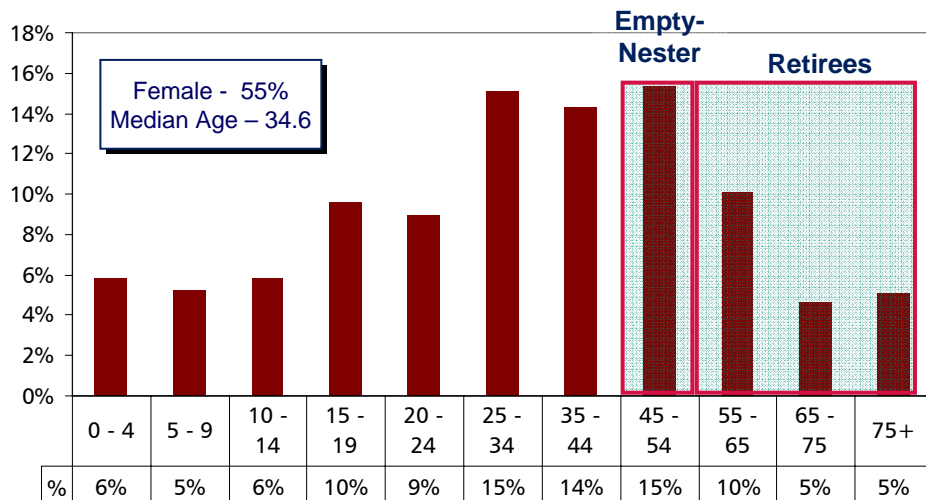
The trade are population is 7,468 persons in 3,201 households.

Racial Distribution

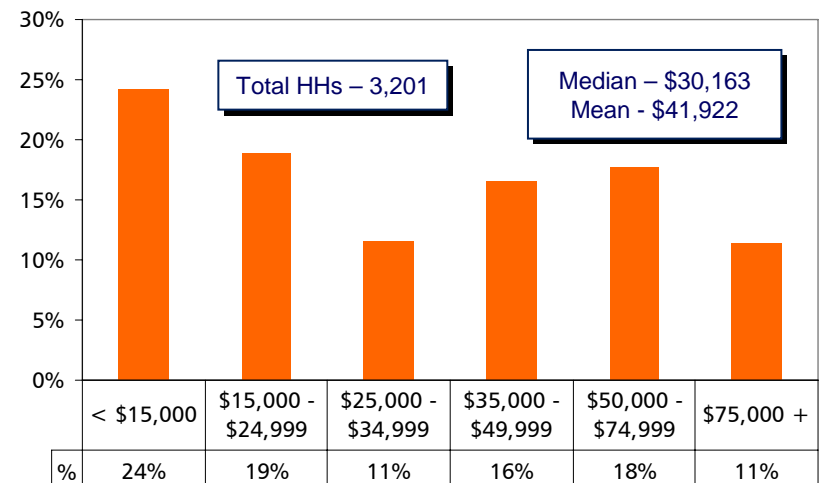


White	- 30.3%
Black	- 64.2%
American Indian, Eskimo, Aleut	- 0.2%
Asian or Pacific Islander	- 0.6%
Hispanic Origin	- 2.6%
Other	- 2%

Age Distribution



Income Distribution



North Main Street Corridor: Employee Market

Total Businesses	848			
Total Employment	10,704			
	BUSINESSES		EMPLOYMENT	
	Number	Percent	Number	Percent
Agriculture & Mining	0	0.0%	0	0.0%
Mining	0	0.0%	0	0.0%
Utilities	1	0.1%	0	0.0%
Construction	31	3.7%	222	2.1%
Manufacturing	14	1.7%	46	0.4%
Wholesale Trade	20	2.4%	174	1.6%
Retail Trade	70	8.3%	406	3.8%
Transportation & Warehousing	2	0.2%	7	0.1%
Information	8	0.9%	113	1.1%
Finance & Insurance	60	7.1%	366	3.4%
Central Bank/Credit Intermediation & Related Activities	28	3.3%	155	1.4%
Insurance Carriers & Related Activities; Funds, Trusts & Other financial Vehicles	21	2.5%	110	1.0%
Real Estate, Rental & Leasing	35	4.1%	1,057	9.9%
Professional, Scientific & Tech Services	221	26.1%	1,230	11.5%
Legal Services	165	19.5%	861	8.0%
Management of companies & Enterprises	0	0.0%	0	0.0%
Administrative & Support & Waste Management & Remediation Services	25	2.9%	142	1.3%
Educational Services	11	1.3%	517	4.8%
Health care & Social Assistance	89	10.5%	1,778	16.6%
Arts, Entertainment, and Recreation	14	1.7%	45	0.4%
Accommodation and Food Services	29	3.4%	425	4.0%
Accommodation	3	0.4%	4	0.0%
Food Services and Drinking Places	26	3.1%	421	3.9%
Other Services (except Public Administration)	119	14.0%	475	4.4%
Automotive Repair & Maintenance	23	2.7%	69	0.6%
Public Administration	88	10.4%	3,698	34.5%
Unclassified Establishments	11	1.3%	3	0.0%



Office Worker Spending	2007 Expenditures
Retail in Select Categories	\$ 9,600,610
Eating & Drinking Places	\$ 11,564,189
Lunch	\$ 10,622,637
Dinner/Drinks	\$ 941,552
Total	\$ 21,164,799

Total Demand Potential: \$21.1M

Summary

The N. Main Street Corridor employee market is comprised of employees from office oriented businesses within a half mile of the corridor.

Employee spending is estimated to be generated primarily from office workers in the fields of Retail Trade, Finance & Insurance, Professional, Scientific & Tech Services, Educational Services, Health Care & Social Services, and Public Administration. This represent 87.7% of total employment. Employment in these categories is expected to grow by 759 persons in 2012 based on MSA industry trends.

The largest employment concentrations in the Main Street employee market are in Public Administration, Health Care and Social Services, and Professional Services.

Much of the office worker demand for retail spending and dinner/drinking places are not captured by the N. Main Street corridor as adequate retail offerings do not exist.

Source: ESRI Business Information Solutions; ICSC; InfoUSA; Woods and Poole; Economics Research Associates, 2008.

North Main Street Corridor: Student and Inflow Market

Secondary Market: Inflow

The N. Main Street inflow market is comprised of college and university students and visitors and general inflow. Unlike other markets in which spending potential is estimated, the inflow market is estimated to generally account for 4% of sales in the selected retail categories. Since the inflow market has no geographical constraints it therefore theoretically has unlimited demand potential. Inflow demand will increase as better, and more visible, retail offerings are placed along the corridor.

Student Market (1.5% of total sales)

Student spending is generated by:

- Lutheran Theological Southern Seminary: 171 Students.
- WL Bonner College: 137 Undergraduate Students.
- Columbia College: 1,143 Undergraduate Students; 303 Graduate Students.
- Friends and family visitors to students at the local colleges and universities.

Student spending is estimated to account for 1% of retail sales and 2% of sales at eating and drinking places.

General Inflow Market (2.5% of total sales)

Other Inflow Demand is Generate by:

- Business Visitors.
- Passing through traffic.
- Visitors to persons living within the primary trade area.
- Persons from outside the primary trade area.

General inflow spending is estimated to account for 2% of retail sales and 3% of sales at eating and drinking places.

Total Estimated Sales: \$448,000

North Main Street Corridor: Estimated 2007 Retail Sales Volume

Retail Sales			
Total Corridor Retail Businesses	43		
Total Sales (Including Food Services and Drinking Places)	\$68,945		
	BUSINESSES		SALES VOLUME (ESTIMATE IN 000s)
	Number	Percent	2006 Sales Total
Retail Trade	34	20.5%	\$63,665
Motor Vehicle and Parts Dealers	14	8.4%	\$38,256
Furniture & Home Furnishings Stores	0	0.0%	\$0
Electronics & Appliance Stores	1	0.6%	\$966
Bldg Material and Garden Equipment and Supplies Dealers	3	1.8%	\$5,427
Food & Beverage Stores	4	2.4%	\$8,191
Health & Personal Care Stores	2	1.2%	\$4,392
Gasoline Stations	0	0.0%	\$0
Clothing and Clothing Accessories Stores	0	0.0%	\$0
Sport Goods, Hobby, Book, & Music Stores	4	2.4%	\$3,038
General Merchandise Stores	2	1.2%	\$1,224
Miscellaneous Store Retailers	4	2.4%	\$2,171
Nonstore Retailers	0	0.0%	\$0
Food Services and Drinking Places	9	5.4%	\$5,280

Retail Sales Volume (Select Categories)	
Total Retail Trade	\$ 68,945,000
Retail in Select Categories	\$ 6,138,000
Apparel & Apparel Services	\$ 780,000
HH Furnishings & Electronics	\$ 966,000
Personal Care & Services	\$ 4,392,000
Eating and Drinking Places	\$ 5,280,000
Subtotal	\$ 11,418,000

Sales Volume in Selected Categories: \$11.4M

Summary

The total sales volume of \$69M represents the total net revenue and assets of all retail business *directly along the corridor*.

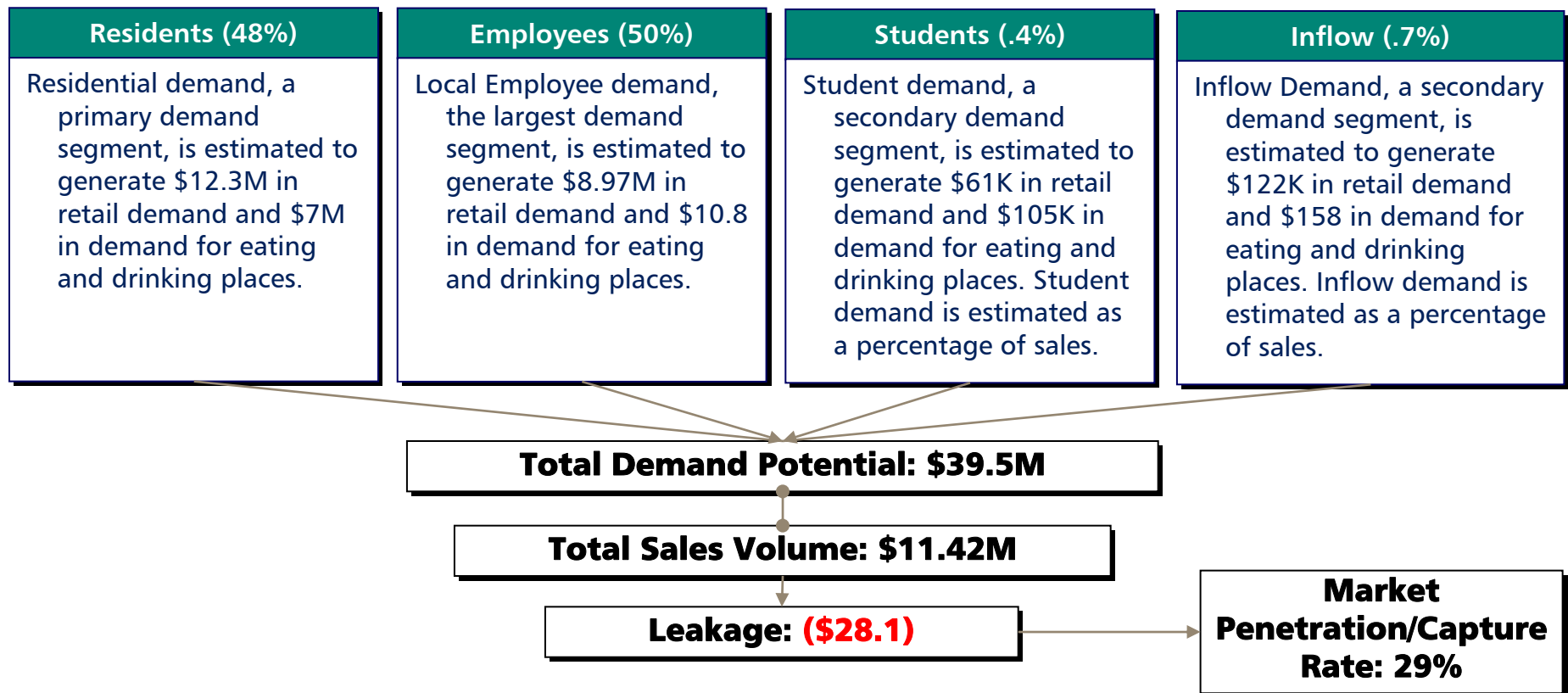
This analysis is focused on the retail categories of Apparel and Apparel Services, Household Furnishings and Electronics, Personal Care and Services, and in Eating and Drinking Places. Total sales volume for the selected retail categories total \$11.4M.

Total retail sales are skewed by the motor vehicle and parts dealers which make up over 50% of sales – most of which are likely to persons outside of the trade area.

Retail Environment: 2007 Retail Leakage in Select Categories

N. Main Street Trade Area Demand Potential

The trade area demand potential is the sum of residential demand, employee demand, and sales to the secondary student and inflow market segments. Total demand potential represents the buying power from the local markets which support the N. Main Street corridor. The actual sales are less than total demand potential since 100% of demand potential is not captured along the corridor – the difference is the retail leakage.



Source: ESRI Business Information Solutions; InfoUSA; Census of Retail Trade; ICSC; Economics Research Associates, 2008.

Retail Environment: 2012 Retail Demand Growth

2012 Demand Growth

2012 Retail demand growth is the incremental difference in demand of the primary market segments over time. This demand growth is calculated only for residents and employees, as student and inflow spending is calculated as a percentage of sales. Residential demand is determined by calculating retail spending growth at the same rate as real income growth and by projecting employee spending to grow by the increase in employees. All 2012 increases are presented in 2007 dollars in order to illustrate only the real growth in spending power and support for new retail.

Resident Summary

2012 Annual Retail Expenditures, Select Categories	Avg HH Retail Expenditures	Annual Market Area Retail Expenditures
Retail in Select Categories	3,988	\$ 12,765,641
<i>Apparel & Apparel Services</i>	1,549	\$ 4,958,812
<i>HH Furnishings & Electronics</i>	1,668	\$ 5,340,804
<i>Personal Care & Services</i>	770	\$ 2,466,025
Eating & Drinking Places	2,272	\$ 7,272,308
Subtotal	6,260	\$ 20,037,949

Residents

2012 Residential demand is estimated to grow by \$.47M in retail demand and \$.27M in demand for eating and drinking places.

Employees

2012 Local Employee demand is estimated to grow by \$.72M in retail demand and \$.87 in demand for eating and drinking places.

Officer Worker Summary

Officer Worker Spending	2012 Expenditures
Retail in Select Categories	\$ 9,692,257
Eating & Drinking Places	\$ 11,674,579
<i>Lunch</i>	\$ 10,724,039
<i>Dinner/Drinks</i>	\$ 950,540
Total	\$ 21,366,836

2012 Demand Potential: \$46.87M

2007 Demand Potential: \$44.53M

New Demand: \$2.34M

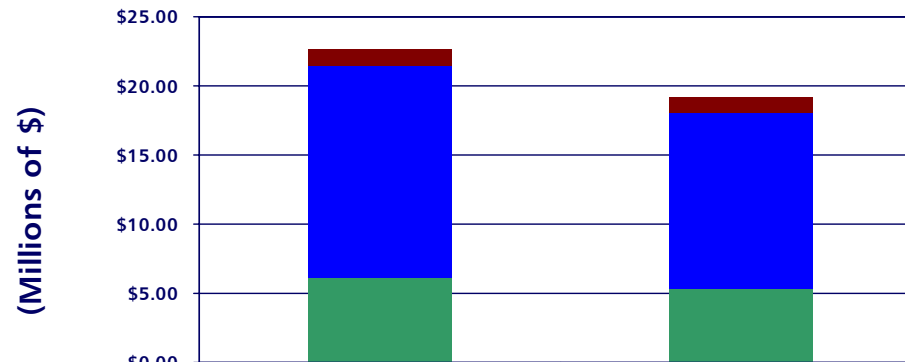
Retail Environment: 2007 - 2012 Retail Demand Summary

Demand Growth Summary

Growth projections show that demand for both the select retail categories as well as at eating and drinking places will increase by 2012 due to population growth, real income growth, and employment growth. This analysis is in 2007 dollars.

100% of the unmet demand can not be captured along the corridor. Consumers make a large part of their purchases near home, but all will at some point make purchases elsewhere.

2007 – 2012 Retail Sales/Surplus Summary



	Select Retail Categories	Eating and Drinking Places
■ 07 - 12 Demand Growth	\$1.20	\$1.14
■ 2007 Uncaptured Retail Demand	\$15.30	\$12.78
■ 2007 Retail Sales	\$6.13	\$5.28

Source: ESRI Business Information Solutions; InfoUSA; Census of Retail Trade; ICSC; Woods and Poole; Economics Research Associates, 2008.

Corridor Retail Assessment: Strengths, Weaknesses, Needs/Concerns

Overall Retail Demand

Total retail demand from all market segments in all spending categories is \$57.84M, the select categories represent 70% of retail demand across all categories.

Retail Assessment

ERA's overall assessment of the N. Main Street Corridor is that it is strong but has weaknesses that indicate that it has not reached it's full potential.

The estimated market capture rate of 29% suggests that nearly a third of purchases from the local market segments are being made along the corridor, and although this is relatively high, it can be increased through improving the retail offerings.

With retail leakage of \$28.1M annually, a demand potential of \$39.51M, and sales of \$11.4M, the area has a leakage/surplus factor of -55 in the select retail categories and at eating and drinking places. This indicates a leakage of retail sales where persons are going to other areas to make purchases. With proper improvement and programming, retail sales can be increased, although a 100% capture rate is never possible.

Market Strengths

- Housing values and incomes of local residents are on the rise which will correlate with increased retail spending.
- Current retail is comprised of good business with great potential to transform the corridor into a strong retail environment.
- Many businesses have been in the market for some time and have a strong dedicated customer base.

Market Weaknesses

- Poor signage and street orientation of local businesses.
- Many businesses are lacking in aesthetics and will loose possible business because they do not stand out.
- Payday loan stores should be replaced by full service banking which will allow local residents to spend less on check cashing and more on retail expenditures.

Future Needs/Concerns

- Continued infrastructure investment and improvement along the corridor.
- Educational initiatives for business owners and small businesses investment and assistance in order to help them grow and properly advertise as well as implement proper signage.
- Attraction of proper retail tenant mix in order to create retail environment that can best enhance and serve local neighborhoods.

Strategic Assessment and Recommendations

Strategic Needs Assessment

As examined in the December, 2005 North Columbia Master Plan, N. Main Street corridor could be strengthened by the creation of retail nodes, or concentrations. These retail nodes could further be strengthened by attracting franchise businesses which would serve as retail anchors at the nodes, drawing customers in through the national brand reputation which the anchors have already established, and persons shopping would then be more likely to shop at the other stores within and/or surrounding the node.

These strategic development recommendations would work to supplement already existing business assistance programs and offered by the City of Columbia.

Recommendation 1: Retail Clustering

Retail functions work best in close geographic proximity and with a mix that will offer shoppers opportunities to spend in the major general retail categories. The creation of new retail in clusters would improve the corridor by concentrating and drawing retail spending. The suggested node locations are:

- N. Main Street at Columbia College Drive.
- N Main Street at Sunset Drive.
- Area of the N Main Street Plaza.

Recommendation 2: Attract National Franchise Tenants

While small business support and creation is important, ERA suggests that the attraction of national tenants to the corridor can offer growth opportunities beyond what local tenants can offer. These benefits are seen threefold, first in that national tenants will be able to increase sales in the area, franchises can be owned by local persons and many franchises offer business management assistance, and at a commercial node, these franchises would serve as “anchors” attracting people who will then shop at the other businesses.

No change outcome

With no intervention or initiatives to affect the retail environment, N Main St will most likely continue to grow, but haphazardly, and risks losing some customer base to better programmed and developed retail elsewhere in Columbia.

Increased Spending Potential Capture

Summary

ERA estimates that new retail could increase the corridors demand capture by 6% – 8%. This would mean capturing \$1.36 - \$1.81M of demand for retail in the select categories and \$1.15M - \$1.54M of demand at eating and drinking places.

In order for new retail to capture additional spending, it would need to be both well programmed and strategically placed.

The following recommendations are strategies for capturing unmet and new demand through the creation of new businesses.

\$2.51M – \$3.35M of additional captured spending could support 10,600 to 14,200 sq ft of new retail by 2012.

ERA estimates that the new supportable square feet will be 36% for eating and drinking places and 64% for the other retail categories.

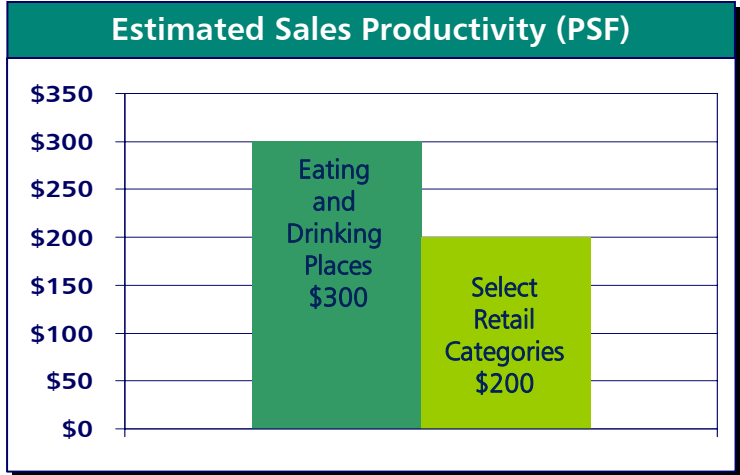
Additional \$ Captured: \$2.5M – \$3.35M

Additional Sq Ft Supported: 10,600– 14,200

Supportable Square Feet

The supportable size of a retail node is estimated by applying a 'sales productivity', or estimated sales per square foot, to the select retail categories.

Different retail categories typically achieve different sales per square foot. This sales productivity estimate is based upon ERA's market research of what well performing quality retailers can achieve along the corridor. This sales productivity estimate may differ from currently achieved productivity rates and shouldn't be used to retroactively estimate current retail inventory square footage..



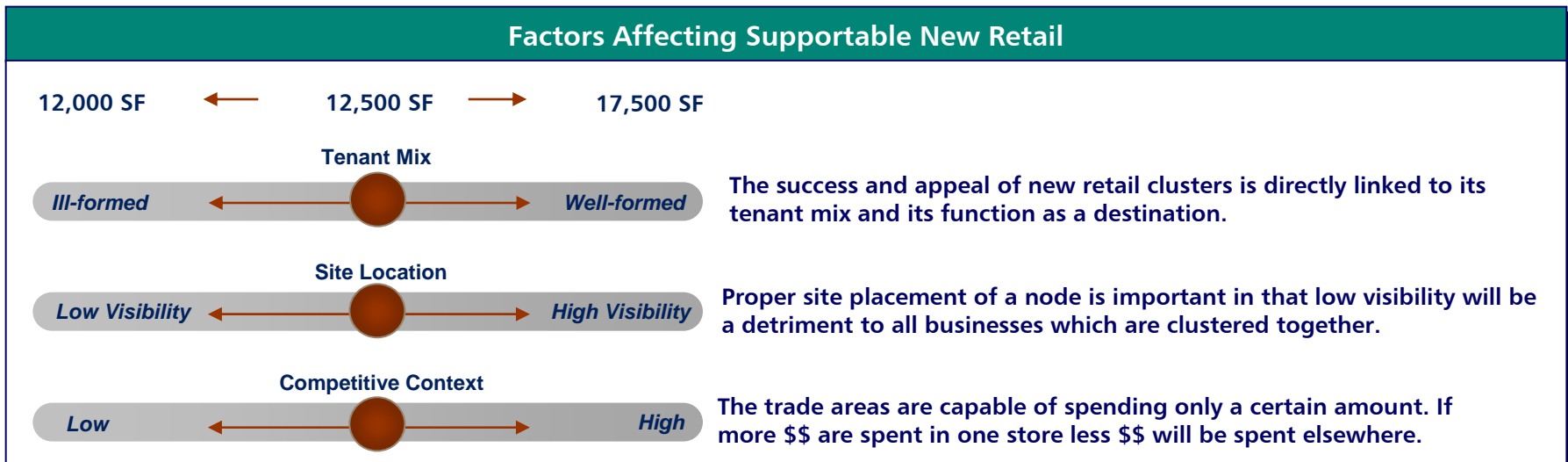
Multiple Factors Will Ultimately Affect The New Supportable Square Feet and Success of a New Retail

Factors Affecting Supportable New Retail

ERA estimates that the N. Main corridor could support 10,600 to 14,200 sq ft of new retail. It is recommended that new retail space along the corridor is built in clusters instead of as single stores. The development and programming of the new retail would have an influence on what end of the range could be supported. The most important factor to consider in the creation of a new retail cluster is the tenant mix, site location, and the competitive context of the area.

A retail mix of 10,600 to 14,200 sq ft would be small and may only support 3 – 5 new stores. This retail mix would work best with a mix of other uses, such as residential and office space.

Further retail development would need to be supplemented by both further infrastructure improvement and investment as well as educational opportunities to business owners in order to best ensure a cohesive and well formed retail cluster.



Recommendation 1: Retail Clustering

Recommendation 1

ERA's analysis of the N. Main street corridor found that it, like many corridors in Columbia, has spread its retail across the corridor with few cohesive concentrations. Retail functions work best when clustered together; such as in nodes, malls, or shopping strips, as this enables retail synergy to develop. When retail synergy develops customers attracted to the retail clusters typically spend more .

10,600 to 14,200 square feet of retail could support 3 - 5 new stores in the next five years. Examples of typical tenant sizes are:

- Apparel 3,500 SF
- Accessories 2,000 – 10,000 SF
- Personal Care 2,000 – 10,000 SF
- Household Furnishings 3,500 – 10,000 SF
- Grocery Stores- 30,000 to 65,000
- Restaurants 3,000 – 6,000+ SF
- Quick Service food 1,200 – 3,500 SF

The following location suggestions were selected because they sit at high traffic intersections and are highly visible areas.

N. Main @ Columbia Drive

With an estimated 14,000 vehicle average daily traffic count, N. Main St. at Columbia College Drive benefits from close proximity to the college as well as being a major visible thoroughfare for the city.



N. Main @ Sunset Drive

Currently occupied primarily by fast quick service food and financial services. ERA recommends that a redevelopment of this prime location would service as a good location for new retail.



Area of North Main Plaza

The North Main Plaza area benefits from an already developed commercial node. By implementing commercial use across the street from the plaza, this area could be further developed.



Recommendation 1: North Main Plaza Analysis

North Main Plaza

The North Main Plaza serves as a good example of how retail can be clustered in with a mix of uses. Although the Plaza is not fully tenanted, it gives a good example to model future retail development from. The Plaza has a mix of retail and office functions which work well given the limited area retail support. The development of future retail space should be mixed with either a residential or office component.

The major strength of the North Main Plaza is that it clusters retail and office functions. It has good street frontage and a store design that allows customers who are drawn to one store ease in visiting others. Office space on the upper levels does not break up the continuity of retail downstairs.

The weaknesses of the North Main Plaza are that it has poor street signage, and lacks a coordinated mix of tenants that will work well in providing a mixed retail experience for shoppers and co-tenancy advantages for tenants

The North Main Plaza overall needs a merchandising plan for the space to maximize the performance of the cluster.

North Main Plaza



Directly Across Street from North Main Plaza



Recommendation 2: Attraction of National Franchise Tenants

Recommendation 2

A new retail cluster development would work best with the inclusion of a national franchise business. The benefit of including such a business would be in that it would serve as an 'anchor', attracting customers to a node where they would then shop at the other offerings.

Although the grocer requires more than the suggested new supportable square feet of retail, it would most likely work in the area given the lack of grocer options. 25,000 square feet is a small store, but many national and regional chains are introducing small store concepts.

The tenant examples were chosen simply to illustrate the type of businesses that would work well in a small shopping center along the corridor. The specific business serve as examples only.

Tenant Example 1: Chili's/Applebee's (6,500 sq ft)

A Chili's, which normally required about 3,600 sq ft, and would work well as a national franchise tenant because it would be able to expand both the lunch and dinner opportunities at a mid priced restaurant, and because it would be able to attract consumers to a neighborhood style shopping center.

Tenant Example 2: Supermarket (25,000 sq ft)

ERA's interviews of neighborhood business owners and residents revealed the N. Main street is in need of a mid-size supermarket. A small supermarket which requires about 20,000 sq ft to operate, could serve as an anchor at a community shopping center while locally owned businesses served as in-line tenants.

Tenant Example 3: Full-Service Bank Branch Location (4,000 sq ft)

There is a need for a full service bank to satisfy the basic financial services needs of residents.. Neighborhoods which only offer check cashing operators suffer because the cost of banking for residents cuts into what is available to spend on retail or other needs. A major bank branch would occupy about 4,000 sq ft.

In-line Tenants (2,500 – 7,500 sq ft)

In-line tenants would consist of locally owned businesses and organizations which would offer a variety of services and goods to customers who are drawn to the commercial nodes by the national franchise tenants.

No Change Outcomes

No Change Outcomes

Given that no action is taken along the corridor to improve the retail environment there are a variety of possible future outcomes within the next 5 – 7 years. These outcomes are summarized in worst case (sales volume decline), baseline (sales volume stays same) and best case (sales volume and retail offerings increase).

Current Sales Volume Decline

The retail sales volume along the corridor could decrease due to better retail offering elsewhere in the city. Given that there is a high amount of leakage already along the corridor, residents may start spending more along other corridors or downtown. Factors which will influence this outcome are the competitive environment, or retail offerings elsewhere, as well as the future programming and offerings of the N. Main corridor.

Current Sales Volume Stays Same

Given no intervention or improvement, the current sales volume could stay the same. Many businesses along the corridor have a long time and dedicated customer base. Given that these customers continue their long time support of the N. Main street retail and new customers are not attracted, the retail sales volume will stay the same.

Increasing Property Values Catalyze Retail Investment/Spending Increase

As neighborhood incomes transition upwards, retail spending availability for the area will also increase. In order for retail spending to increase along N. Main St, the retail offerings would also have to grow and the quality of offering would need to improve, as no suitable offerings currently exist.

North Main Street Summary

Summary

North Main Street offers a robust retail offering. There is market support for new retail development, in order to best capture the support, certain retail types and formats should be targeted. The North Main plaza serves a good example of the future type of retail clustering which has a place along the corridor. New national franchise tenants could accommodate gaps in offering types and would attract customers to the corridor through an established brand.

The North Main residential market for retail is changing as the household incomes and demographics diversify. With the infusion of more affluent households, the North Main corridor can begin to support retail operators offering a wider range of price points and a broader range of store types and merchandise. In order to capture the potential purchases of the more affluent households, retail offerings will need to change their merchandising, visual appeal and product/service mix.

Summary of Recommendation 1

To maximize the productivity and increase consumer traffic, North Main Street would benefit from clustering retail offerings within a merchandising strategy for each cluster. Concentrations of retail along North Main Street allows for differentiation by area so that the offerings can appeal to specific needs of adjacent residential areas.

Summary of Recommendation 2

Given the competition in the area, N. Main Street would benefit from the drawing power of national and regional franchise tenants complimented by the unique qualities of local independent operators. The better-known operators need to serve as anchors and traffic generators for the local small businesses. By using *quality operators*, the image of N. Main can improve. Payday and predatory lenders detract from the area.

Summary of no change

Without some change in the quality of retail offerings along the North main corridor, it is likely that the area will continue to under-perform as a retail corridor and present the same blighted appearance. This situation undervalues the businesses, properties and adjacent residential and detracts from the quality of the nearby neighborhoods.

N. Main Street Trade Area Summary

Main Street Corridor Trade Area Overview

Summary Demographics	2007	2012	CAGR	Real Growth Rate
Population	7,458	7,503	0.12%	
Households	3,201	3,292	0.56%	
Average Household Income	\$41,922	\$48,389	2.91%	0.76%
Median Household Income	\$30,163	\$34,600	2.78%	
Total Area Income	\$312,654,276	\$363,062,667	3.03%	

Workforce	2007	2012
Businesses	848	
Employees	10,704	
Office Employees	9,396	10,155

Demand (Retail Spending Potential)	2007		2012	
	Retail	F&B	Retail	F&B
Residents	\$12,291,200	\$7,002,029	\$12,765,641	\$7,272,308
Employees	\$8,967,542	\$10,801,642	\$9,692,257	\$11,674,579
Students	\$61,380	\$105,600	\$61,380	\$105,600
<u>Inflow</u>	<u>\$122,760</u>	<u>\$158,400</u>	<u>\$122,760</u>	<u>\$158,400</u>
Total	\$21,442,882	\$18,067,671	\$ 22,642,038	\$ 19,210,887

Supply (Retail Sales)	2007
Retail (Select Categories)	\$6,138,000
Apparel & Apparel Services	\$780,000
HH Furnishings & Electronics	\$966,000
Personal Care & Services	\$4,392,000
<u>Food and Beverage</u>	<u>\$5,280,000</u>
Total	\$11,418,000

Source: ESRI Business Information Solutions; InfoUSA; Economics Research Associates, 2008.

N. Main Street Trade Area Summary

Area Leakage/Retail Gap (2007)

Retail	-\$15,304,882	-\$0.55491	-\$0.54771
Food and Beverage	-\$12,787,671		
Leakage/Surplus Factor	-55.2%		

Additional 2012 Retail Capture

Low Estimate ~	6%
High Estimate ~	8%

	Additional Market Area Captured Expenditures		Productivity	Supportable New Square Feet	
	Low	High		Low	High
Retail					
Residents	\$765,938	\$1,021,251	\$ 200 PSF	6,793	9,057
Employees	\$581,535	\$775,381			
Students	\$3,683	\$4,910			
<u>Inflow</u>	<u>\$7,366</u>	<u>\$9,821</u>			
Subtotal	\$1,358,522	\$1,811,363			
Food and Beverage					
Residents	\$436,338	\$581,785	\$ 300 PSF	3,842	5,123
Employees	\$700,475	\$933,966			
Students	\$6,336	\$8,448			
<u>Inflow</u>	<u>\$9,504</u>	<u>\$12,672</u>			
Subtotal	\$1,152,653	\$1,536,871			

Source: ESRI Business Information Solutions; InfoUSA; Economics Research Associates, 2008.

General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of Economics Research Associates and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

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