

2008 Farrow Road Retail Analysis

Columbia, SC

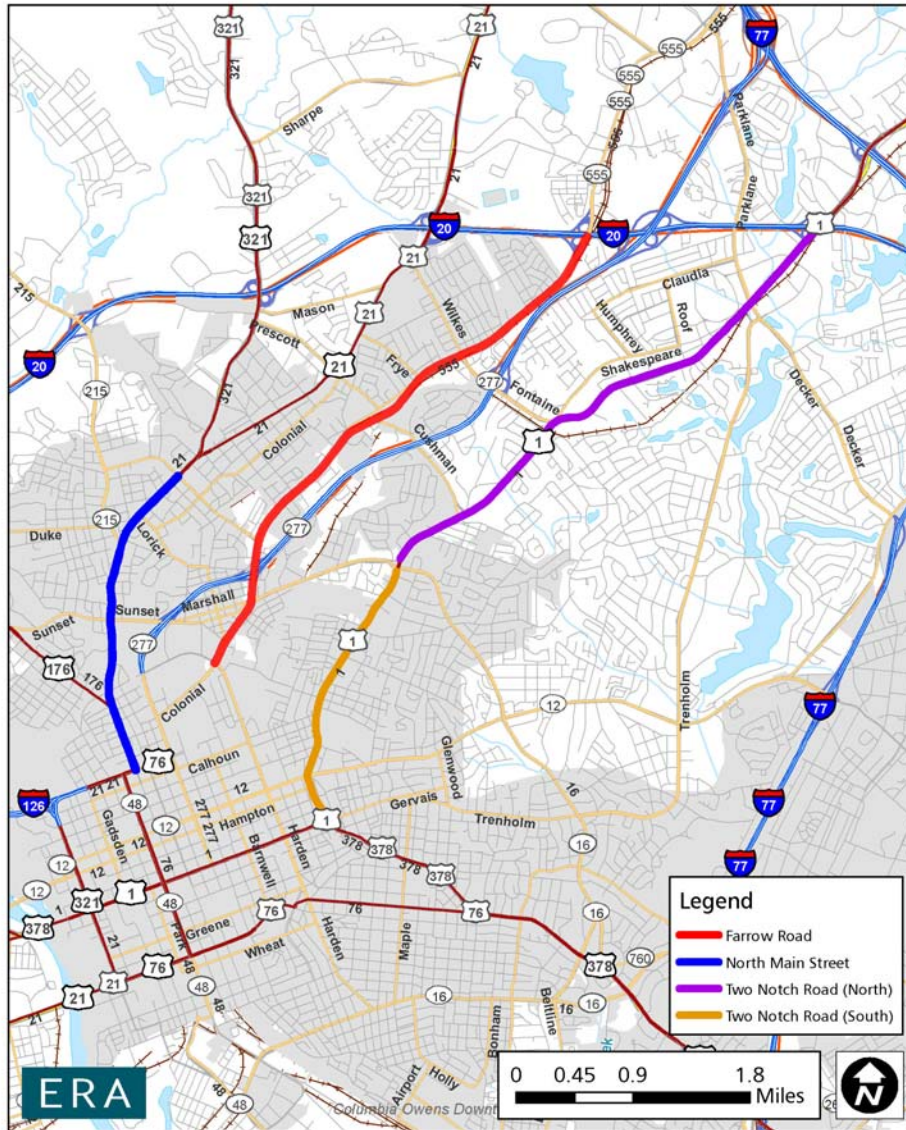


ERA

An Analysis of the Farrow Road Retail Corridor in Columbia, SC

March 2008

Farrow Road Corridor Overview



Farrow Road Overview

The Farrow Road corridor extends from the intersection of Farrow Road and Colonial Drive in downtown Columbia to I-20. This corridor is roughly 4.5 miles long.

The Farrow Road corridor retail is local serving; it relies on primarily on nearby residents, workers, and students as its customer base.

Although it contains retail, ERA's analysis and visitation of the site found that the corridor is largely residential in nature and cannot support retail in many sections. Any future retail development should take the residential character into consideration.

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 further enhance the current retail environment.

Methodology/Term Definitions

Summary

In order to calculate the retail potential of the Farrow Road 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.

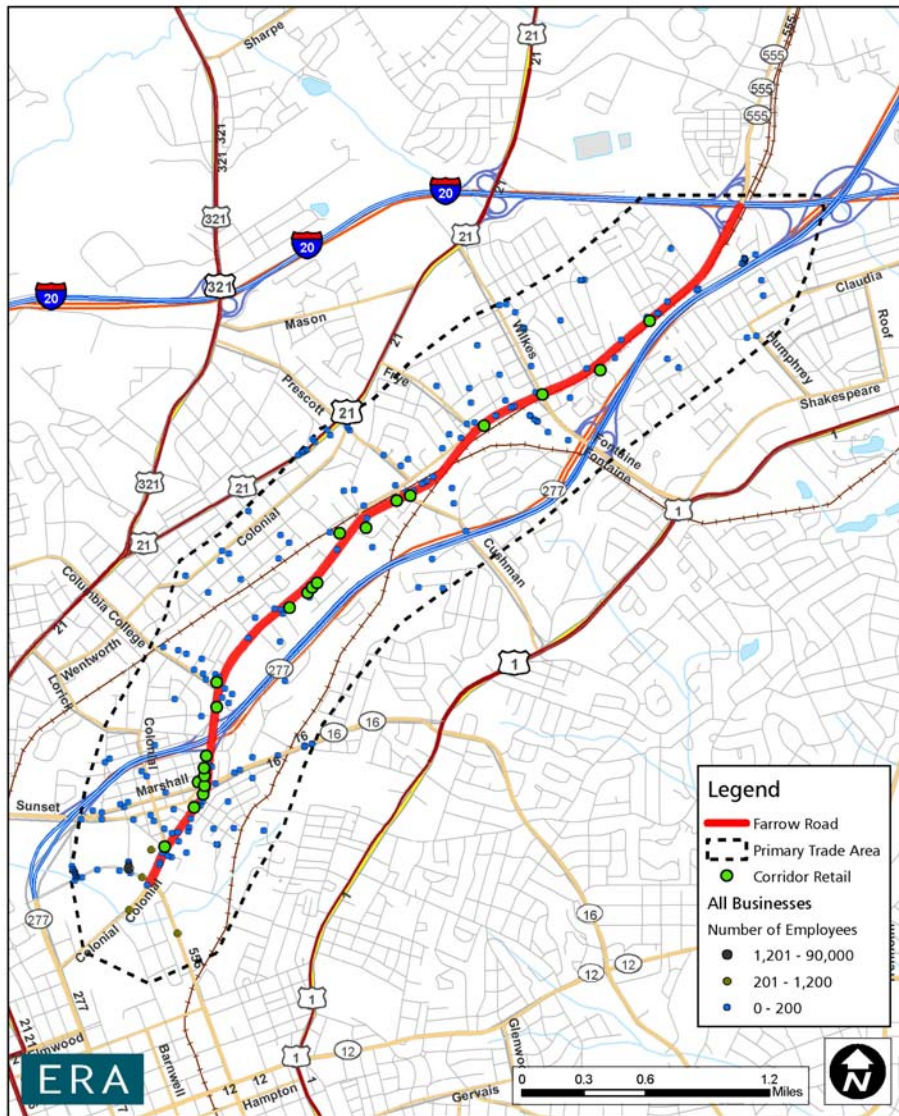
Leakage/Surplus Factor

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 represent a surplus of retail sales, a market where customer 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. Farrow Road 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



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.
- **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.

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

Farrow Road Corridor: Residential Market

Summary

The Farrow Road Corridor residential market is comprised of persons within a half mile of the corridor.

The residential market is comprised of 12,418 persons in 4,698 households. The population is expected to grow by 124 persons and 22 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 \$5,645 from \$39,382 to \$45,027 from 2007 – 2012. This represents a compound annual growth rate of 2.72% and, when adjusted for inflation, a real growth rate of .56%.

The total area income is expected to increase by \$64.5M 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.

Annual residential spending in the primary retail categories and at eating and drinking places is estimated at \$11.5M and \$6.3M respectively.

Demographic Summary

2007 Population	12,418
2012 Population	12,294
CAGR 07-12	-0.20%
2007 Households	4,698
2012 Households	4,720
CAGR 07-12	0.09%
2007 Avg Household Income	\$39,382
2012 Avg Household Income	\$45,027
CAGR 07-12	2.72%
Real Growth Rate 1/	0.56%
2007 Median Household Income	\$28,292
2012 Median Household Income	\$32,547
CAGR 07-12	2.84%
Total Area Income 2007	\$489,045,676
Total Area Income 2012	\$553,561,938
CAGR 07-12	2.51%

Annual Retail Expenditures, Select Categories	Avg HH Retail Expenditures	Annual Market Area Retail Expenditures
Retail	\$ 3,602	\$ 11,530,866
Apparel & Apparel Services	\$ 1,385	\$ 4,433,929
HH Furnishings & Electronics	\$ 1,490	\$ 4,769,938
Personal Care & Services	\$ 727	\$ 2,326,999
Eating & Drinking Places	\$ 1,994	\$ 6,381,433
Subtotal	\$ 5,596	\$ 26,289,279

Total Demand Potential: \$26.3M

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

Farrow Road: Residential Market Demographics

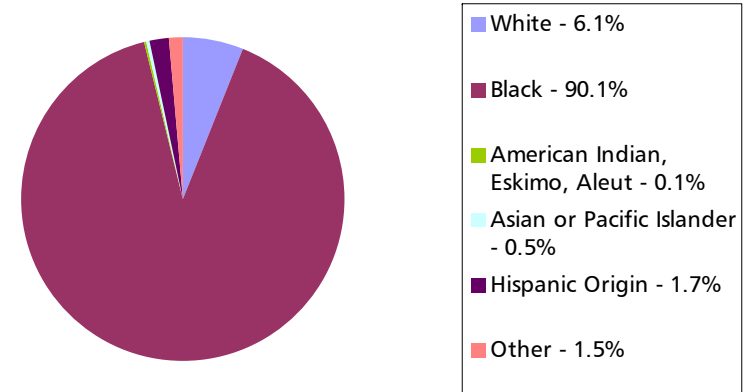
Summary

In order to plan proper retail programming, a cursory knowledge of the market demographics are important. The appendix tables contain further demographic summaries.

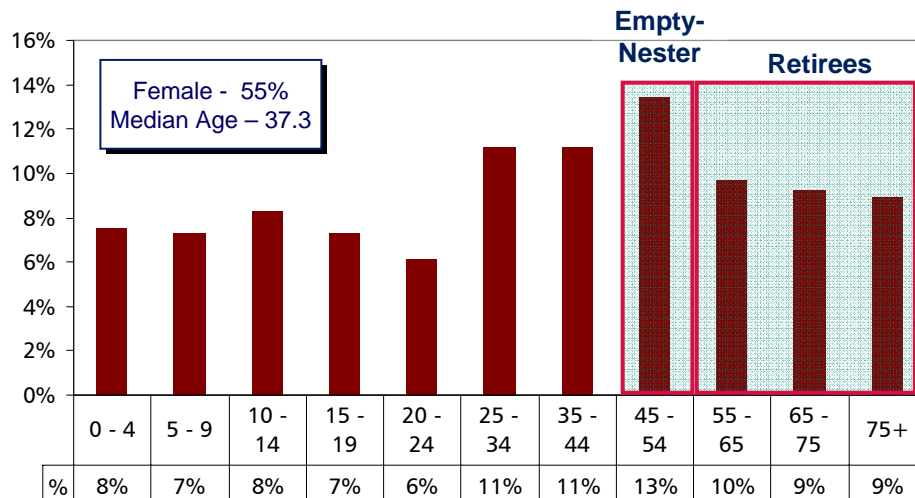
Different demographic groups and sub-groups have different retail spending and dining preferences. For example, the retail spending needs and habits of persons under 18 will be different than those for persons over 65.

The trade area population is 12,418 persons in 4,696 households.

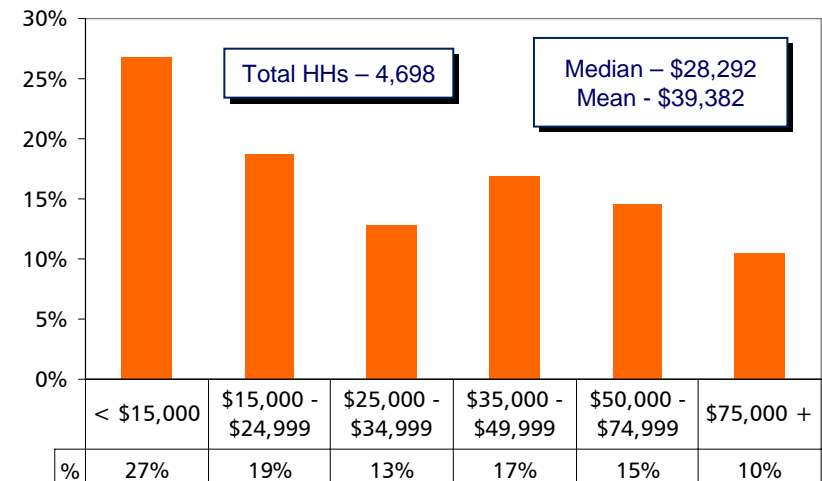
Racial Distribution



Age Distribution



Income Distribution



Farrow Road Corridor: Employee Market

Total Businesses	392			
Total Employment	11,412			
	BUSINESSES		EMPLOYMENT	
	Number	Percent	Number	Percent
Agriculture & Mining	2	0.5%	37	0.3%
Mining	0	0.0%	0	0.0%
Utilities	0	0.0%	0	0.0%
Construction	18	4.6%	128	1.1%
Manufacturing	8	2.0%	178	1.6%
Wholesale Trade	17	4.3%	161	1.4%
Retail Trade	37	9.4%	190	1.7%
Transportation & Warehousing	2	0.5%	26	0.2%
Information	2	0.5%	33	0.3%
Finance & Insurance	7	1.8%	17	0.1%
Central Bank/Credit Intermediation & Related Activities	5	1.3%	12	0.1%
Insurance Carriers & Related Activities; Funds, Trusts & Other financial Vehicles	2	0.5%	5	0.0%
Real Estate, Rental & Leasing	14	3.6%	36	0.3%
Professional, Scientific & Tech Services	22	5.6%	132	1.2%
Legal Services	1	0.3%	4	0.0%
Management of companies & Enterprises	0	0.0%	0	0.0%
Administrative & Support & Waste Management & Remediation Services	10	2.6%	84	0.7%
Educational Services	6	1.5%	269	2.4%
Health care & Social Assistance	132	33.7%	6,932	60.7%
Arts, Entertainment, and Recreation	5	1.3%	8	0.1%
Accommodation and Food Services	12	3.1%	32	0.3%
Accommodation	1	0.3%	1	0.0%
Food Services and Drinking Places	11	2.8%	31	0.3%
Other Services (except Public Administration)	74	18.9%	207	1.8%
Automotive Repair & Maintenance	7	1.8%	43	0.4%
Public Administration	19	4.8%	2,901	25.4%
Unclassified Establishments	5	1.3%	41	0.4%

Summary

The Farrow Road Corridor employee market is comprised of employees from 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 82.3% of total employment.

The largest employment concentrations in the Farrow Road primary area are in Health Care and Social Services and Public Administration.

Office Worker Spending	2007 Expenditures
Retail in Select Categories	\$ 10,705,151
Eating & Drinking Places	\$ 12,894,637
Lunch	\$ 11,844,760
Dinner/Drinks	\$ 1,049,876
Total	\$ 23,599,787

Total Demand Potential: \$22.6M

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

Farrow Road Corridor: Student and Inflow Market

Secondary Market: Inflow

The Farrow Road inflow market is comprised of consumers who do not live or work in the primary trade area . Unlike other markets in which spending potential is estimated, the inflow market is estimated to generally account for 2% 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.

General Inflow Market (2% 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 Spending: \$190,000

Farrow Road Corridor: Estimated 2007 Retail Sales Volume

Retail Sales			
Total Corridor Retail Businesses	26		
Total Sales (Including Food Services and Drinking Places)	\$26,419,000		
	BUSINESSES		SALES VOLUME (ESTIMATE IN
	Number	Percent	000s) 2006 Sales Total
Retail Trade	18	14.4%	\$25,659
Motor Vehicle and Parts Dealers	2	1.6%	\$671
Furniture & Home Furnishings Stores	1	0.8%	\$3,366
Electronics & Appliance Stores	2	1.6%	\$4,697
Bldg Material and Garden Equipment and Supplies Dealers	1	0.8%	\$3,354
Food & Beverage Stores	6	4.8%	\$7,815
Health & Personal Care Stores	0	0.0%	\$0
Gasoline Stations	2	1.6%	\$3,248
Clothing and Clothing Accessories Stores	1	0.8%	\$310
Sport Goods, Hobby, Book, & Music Stores	1	0.8%	\$338
General Merchandise Stores	1	0.8%	\$1,458
Miscellaneous Store Retailers	1	0.8%	\$402
Nonstore Retailers	0	0.0%	\$0
Food Services and Drinking Places	8	6.4%	\$760

Retail Sales	
Total Retail Trade	\$26,419,000
Retail in Select Categories	\$ 8,373,000
<i>Apparel & Apparel Services</i>	\$ 310,000
<i>HH Furnishings & Electronics</i>	\$ 8,063,000
<i>Personal Care & Services</i>	\$ -
Eating and Drinking Places	\$ 760,000
Subtotal	\$ 9,133,000

**Sales Volume in Selected
Categories: \$9.13M**

Summary

The total sales volume of \$191.7M represents the total net revenue and assets of all retail business *directly along the corridor*.

For this study the 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.

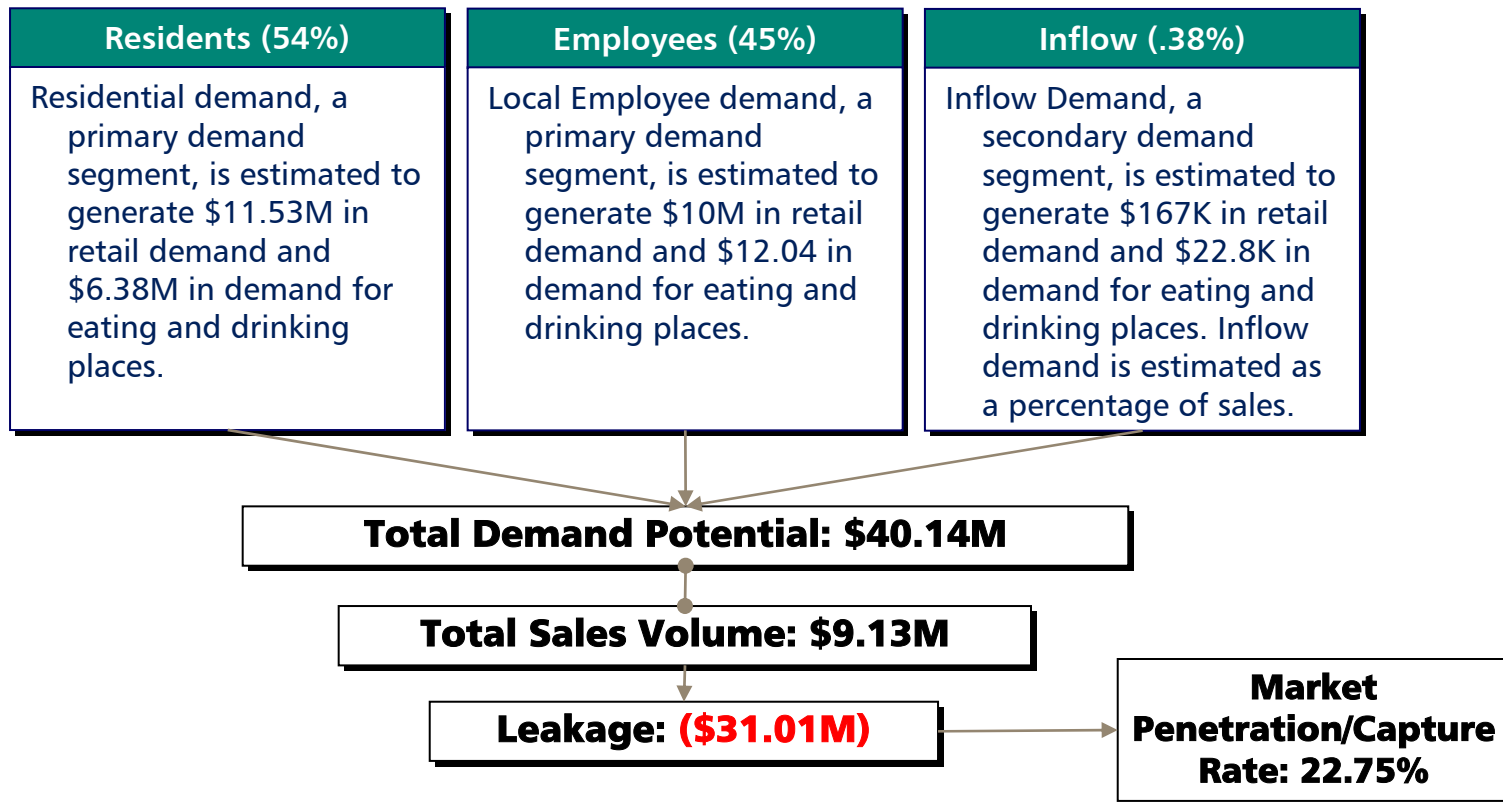
Eating and Drinking places consist of restaurants and bars as compared to Food & Beverage stores which are grocery and liquor stores.

Total sales volume for the selected retail categories total \$9.13M or 35.6% of all retail sales.

Retail Environment: 2007 Retail Leakage in Select Categories

Farrow Road 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 Farrow Road corridor. The actual sales are less than the total demand potential since 100% of total demand is not captured along the corridor – the difference is the retail leakage.



Source: ESRI Business Information Solutions; InfoUSA; 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 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 adjusted to 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	3,741	\$ 11,975,958
Apparel & Apparel Services	1,439	\$ 4,605,079
HH Furnishings & Electronics	1,548	\$ 4,954,058
Personal Care & Services	755	\$ 2,416,821
Eating & Drinking Places	2,071	\$ 6,627,757
Subtotal	5,812	\$ 27,304,047

Residents

2012 Residential demand is estimated to grow by \$.45M in retail demand and \$.24M in demand for eating and drinking places.

Employees

2012 Local Employee demand is estimated to grow by \$.97M in retail demand and \$1.17M in demand for eating and drinking places.

Officer Worker Summary

Office Worker Spending	2012 Expenditures
Retail in Select Categories	\$ 10,968,355
Eating & Drinking Places	\$ 13,211,673
Lunch	\$ 12,135,984
Dinner/Drinks	\$ 1,075,689
Total	\$ 24,180,028

2012 Demand Potential: \$51.36M

2007 Demand Potential: \$48.53M

New Demand: \$2.83M

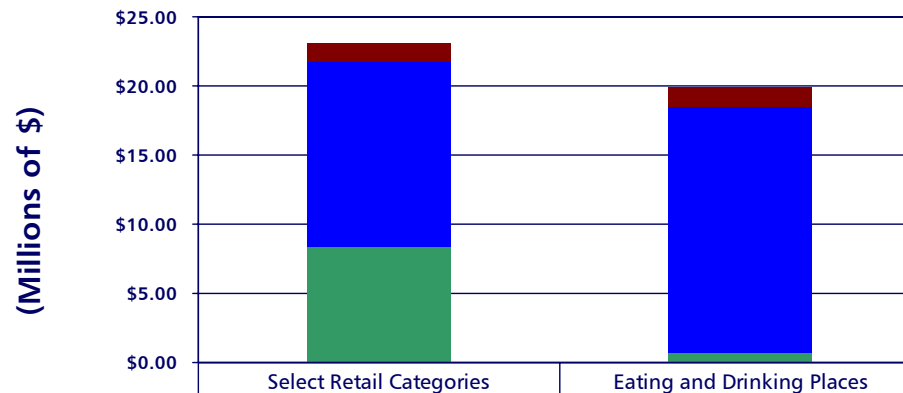
Retail Environment: 2007 - 2012 Retail Demand Summary

Demand Growth Summary

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

100% of the unmet demand cannot 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



■ 07 - 12 Demand Growth	\$1.41	\$1.41
■ 2007 Uncaptured Retail Demand	\$13.32	\$17.69
■ 2007 Retail Sales	\$8.37	\$0.76

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 \$89.63M, the select categories represent 55% of retail demand across all categories.

Retail Assessment

The overall assessment of Farrow Road retail was that the sparse offerings were innovative and perform well, but the corridor is overall not a preferable location for retail. The corridor is primarily residential with many physical constraints that limit both the potential of existing retail and possibilities for new retail development.

Many businesses along the corridor are located on parcels, or an assemblage of parcels, which were originally configured for residential use. The orientation of these parcels, even in mass, is often unsuitable for retail usage and does not permit adequate space for parking.

With retail leakage of \$31M annually, a demand potential of \$40.14M and sales of \$9.13M, the area has a leakage/surplus factor of -68. This indicates a leakage of retail sales where a large portion of 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

- Location along a major traffic corridor means potential customers are constantly passing along the corridor.
- Many long time businesses which are have been able to maintain their customer base.

Market Weaknesses

- Most parcels are too small to locate major retail development on and many businesses currently located along the corridor suffer from inadequate space and parking.
- The corridor lacks proper sidewalks in many areas creating a mobility constraint for car-less customers from the local neighborhoods.
- The railroad tracks which run parallel to the road and make a large part of the corridor unable to support retail.

Future Needs/Concerns

- There is a need for an infrastructure improvements along the corridor.
- New retail would benefit from being grouped together on large lots which would satisfy the space need of retail uses which differ from the space needs of residential uses.

Retail Assessment

Residential Character

The largely residential character of Farrow Road makes retail an out of place use in many parts.



Parcel Size

Parcel size is an issue along the corridor as many are not large enough to support retail and even when grouped do not have enough depth.



Railroad Tracks

The railroad tracks make nearly a quarter of the corridor unsuitable for development.



Sidewalks

Adequate sidewalks are essential to facilitate pedestrian flow between retail offerings.



Strategic Assessment and Recommendations

Strategic Needs Assessment

ERA's analysis of the Farrow Road corridor found that new retail should be integrated in a fashion that takes into consideration the residential context of the surrounding neighborhood as well as demands generated by the high traffic volume. Given these demand generators, new retail would be best strategically programmed to focus on food, gas, and convenience oriented offerings

Any new retail should be part of a concentrated development rather than individual sites . 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 .

Given that the surrounding neighborhoods have a population which do not, for a large part, own cars, there is a need for improvements to sidewalks in order to better accommodate pedestrians.

Recommendation 1: Selective New Retail

ERA's analysis of new retail found that it would work best if it focused on a few select types of businesses. Choosing these businesses should take into consideration the needs for store types which will appease both the local residents as well as be able to capture a portion of the retail needs of the commuters traveling along the corridor.

Recommendation 2: Concentrate Retail Development, Maintain Residential Context

As Farrow road is a primarily residential corridor, new retail should be integrated in a fashion that does not disrupt the continuity of existing residential areas. This could be achieved by concentrating new retail development at undeveloped large lots along the corridor. ERA's analysis found few opportunities along the corridor for new retail development.

No change outcome

Without any intervention, the business along Farrow Road are likely to continue drawing from the dedicated customer base, however the corridor will likely not expand its retail offerings and capture.

Increased Spending Potential Capture

Summary

New retail could increase the corridors demand capture by 6% – 8%. This would mean capturing \$1.39 - \$1.85M of demand for retail in the select categories and \$1.19M - \$1.58M of demand at eating and drinking places.

In order for new retail to capture additional spending, it would need to be well programmed to meet gaps in demand and supply and strategically placed.

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

\$2.56M – \$3.42M of additional captured spending could support 10,858 to 14,478 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 convenience oriented retail categories.

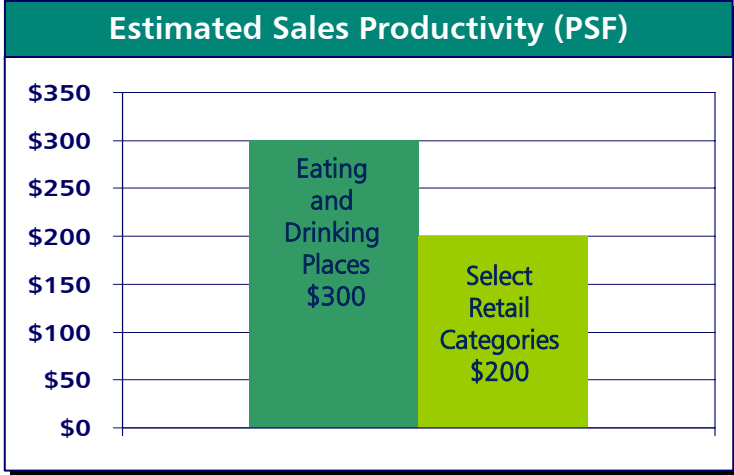
Additional \$ Captured: \$2.56M – \$3.42M

Additional Sq Ft Supported: 10,900 – 14,500

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 New Retail

Factors Affecting Supportable New Retail

The Farrow Road retail market could support 10,900 to 14,500 sq ft of new retail assuming that the new retail captures an additional 6% – 8% of retail demand. It is recommended that new retail along the corridor is built in clusters instead of as single stores. Capturing this demand would mean either finding appropriate tenants for existing vacant spaces or building new retail. Because of the physical constraints of the corridor, there are few vacancies which could support quality new retail and there are only a few areas which would be suitable for new retail development

A retail mix of 10,900 to 14,500 sq ft would be small and may only support 3 – 5 new stores in what would be classified as a neighborhood shopping center. This retail mix may 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.

Factors Affecting Supportable Size of Retail Node

10,900 SF ← 12,700 SF → 14,500 SF

Tenant Mix



The success and appeal of new retail clusters is directly linked to its tenant mix and its function as a destination.

Site Location



Proper site placement of a node is important in that low visibility will be a detriment to all businesses which are clustered together.

Competitive Context



The trade areas are capable of spending only a certain amount. If more \$\$ are spent in one store less \$\$ will be spent elsewhere.

Recommendation 1: Selective New Retail Offerings

Recommendation 1

Any new retail along the corridors should focus on basic quick consumer services. The corridor is primarily non-retail in nature. The new retail offerings should be something that will work to satisfy needs which residents do not want to travel far for and that commuters along the corridor can make a quick stop for.

10,900 to 14,500 square feet of retail could support a small neighborhood style shopping center with 5 - 8 new stores in the next five years. Examples of typical tenant sizes are:

- Personal Care 2,000 – 10,000 SF
- 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

Tenant Example 2: 7-11

A store like 7-11 would service the area by providing a good deal of convenience goods as well as some prepared foods. The area is in need of a quick food services place for local residents and this would could also serve commuters passing through.

Tenant Example 3: CVS

A drugstore could provide a basic need for the corridor. The nearest drugstore, a CVS, is located at the Harden St Exit of Rt-277. A new drugstore would be best situated closer to I-20 on Farrow Road.

Tenant Example 3: Quick Food

A quick service food stop would provide a quick prepared food option for residents and commuters. Such a place could be locally owned and serve breakfast, lunch, snacks, and packaged foods.

Tenant Example 3: Small National Bank

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

Recommendation 2: Concentrate Retail – New Development

Recommendation 2

The best locations for a new retail development are at the intersections of Fontaine Rd. and Farrow Rd. or at Farrow Rd. and Cushman; these are the largest areas of undeveloped land and would be an ideal location for a group of service oriented stores.

Important consideration for new retail development:

- Preserving the residential nature and continuity along Farrow Road – It would not be advisable to situate a new strip mall between homes, new development should be considerate of its surroundings.
- Large scale development locations are limited – Much of the corridor is constrained by either railroad tracks, residences, or poor parcel configuration and sizing for retail.
- Proximity is not a guarantee of success – while there is a gap in demand and supply along the corridor, the competitive context of the city should be taken into account. There are retail opportunities out of the trade area that are currently meeting demand.

Intersection of Farrow Road & Fontaine Road

The intersection of Farrow Road and Fontaine road across from the gas station provides a large unoccupied plot of land which would be suitable for new retail development. This area would allow retail to be developed in mass.



Intersection of Farrow Road & Cushman Dr.

The intersection of Farrow Road and Cushman drives offers a large deep plot of land from Cushman Drive to the China Inn restaurant. This area would be ideal for a mass of retail and would offer space to develop adequate parking.



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), best case (sales volume and retail offerings increase), and baseline (sales volume stays same).

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 Farrow Road 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 Farrow Road retail and new customers are not attracted, the retail sales volume will stay the same.

Sales Volume Increase

Other interventions could have the affect of positively influencing the corridor. Infrastructure and safety improvements; such as sidewalk, lighting, and pedestrian circulation improvements, could benefit the area and increase sales by allowing for better pedestrian circulation and by positively influencing views about safety that negatively affect consumers willingness to shop along the corridor.

Farrow Road Analysis Summary

Summary

ERA's analysis of Farrow Road found that the corridor is for a large part not an ideal location for retail. Although not in the best location, interviews with local businesspersons found that current retailers have managed to be both creative and innovative in order to be successful.

There are few locations for new retail development along the corridor. Physical constraints, along with the largely residential character, restrict where new retail can locate. ERA found two locations along the corridor that would be a suitable. New retail development should add essential basic services and all new retail should be developed in close proximity. Farrow Road retail is largely dispersed along the corridor, clustering would be beneficial.

Farrow Road business owners have managed to be successful by maintaining a dedicated customer base and through innovative business strategies. They have been adaptive and managed to succeed along Farrow Road, but will continue facing challenges created by the competitive context of the area.

Summary of Recommendation 1

New retail along Farrow Road should offer basic quick services to residents and commuters. A convenience store, drug store, small grocery store, or bank are recommended. In order to be successful Farrow Road retail should be carefully selected to meet gaps in current demand and supply.

Summary of Recommendation 2

New development would present the opportunity to cluster retail. Given that appropriate space does not exist, ERA has made recommendation on what will be good alternative locations.

Summary of no change

Given no intervention along the corridor, it will face risks and perform accordingly to how the environment surrounding it changes. Given no change it will be difficult to determine exact outcomes.

Appendix

Farrow Road Corridor Trade Area Overview

Summary Demographics	2007	2012	CAGR	Real Growth Rate
Population	12,418	12,294	-0.20%	
Households	4,698	4,720	0.09%	
Average Household Income	\$39,382	\$45,027	2.72%	0.56%
Median Household Income	\$28,292	\$32,547	2.84%	
Total Area Income	\$489,045,676	\$553,561,938	2.51%	

Workforce	2007	2012
Businesses	392	
Employees	11,412	
Office Employees	10,477	11,492

Demand (Retail Spending Potential)	2007		2012	
	Retail	F&B	Retail	F&B
Residents	\$11,530,866	\$6,381,433	\$11,860,217	\$6,563,703
Employees	\$9,999,249	\$12,044,359	\$10,968,355	\$13,211,673
<u>Inflow</u>	<u>\$167,460</u>	<u>\$22,800</u>	<u>\$167,460</u>	<u>\$22,800</u>
Total	\$21,697,575	\$18,448,592	\$22,996,033	\$19,798,177

Supply (Retail Sales)	2007
Retail (Select Categories)	\$8,373,000
Apparel & Apparel Services	\$310,000
HH Furnishings & Electronics	\$8,063,000
Personal Care & Services	\$0
<u>Food and Beverage</u>	<u>\$760,000</u>
Total	\$9,133,000

Area Leakage/Retail Gap (2007)		
Retail	-\$13,324,575	-\$31,013,167
Food and Beverage	-\$17,688,592	
Leakage/Surplus Factor		-62.9%

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

Appendix

Additional 2012 Retail Capture

Low Estimate ~ 6%
 High Estimate ~ 8%

Retail	Additional Market Area Captured Expenditures		Productivity	Supportable New Square Feet	
	Low	High		Low	High
Residents	\$711,613	\$948,817	\$ 200 PSF	6,899	9,198
Employees	\$658,101	\$877,468			
<u>Inflow</u>	<u>\$10,048</u>	<u>\$13,397</u>			
Subtotal	\$1,379,762	\$1,839,683			
Food and Beverage	Low	High	\$ 300 PSF	Low	High
Residents	\$393,822	\$525,096		3,960	5,280
Employees	\$792,700	\$1,056,934			
<u>Inflow</u>	<u>\$1,368</u>	<u>\$1,824</u>			
Subtotal	\$1,187,891	\$1,583,854			

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.

This report is based on information that was current as of February, 2008 and Economics Research Associates has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by Economics Research Associates that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economics Research Associates" in any manner without first obtaining the prior written consent of Economics Research Associates. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of Economics Research Associates. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of Economics Research Associates. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from Economics Research Associates.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.