

## RETAIL MARKET STUDY

### *Panorama City Business Assistance Program*

May 2007

Three (3) market areas have been defined for retail establishments now located in, or who will become located in, the Panorama Business Assistance Program's project boundaries. The areas are referred to in the attached map and exhibits as:

1. *VEDC Study Area (Zone 1 on exhibits)* - Includes those residents who live within approximately two (2) miles of the intersection of Roscoe and Van Nuys Boulevards.
2. *Study Area 2 Mile Buffer (Zone 2 on exhibits)* - Includes those people who live in a 2-5 mile radius from the same intersection.
3. *Study Area 5 Mile Buffer (Zone 3 on exhibits)* - Includes those people who live in a 5-8 mile radius from the same intersection.

These market areas include residents only; thus, subsequent total consumer expenditure estimates for 2007 will be under estimated to the extent that people who are employed in the market areas, but live outside of them are not counted. Further, there will be visitors to the area, who spend money in retail establishments, but live beyond the market area boundaries. These people are not counted. The reason for not including these markets is that of the availability of reliable data.

While the number of people living in each market area is important, of equal value is the potential retail expenditures generated there from. To this end, VEDC has relied on a report published by the U.S. Department of Labor, entitled, *Consumer Expenditures in 2004*. Unfortunately, this is the last year for which data is available. The expenditure levels presented therein for the Western United States further refined for the median household income ranges of Zones 1, 2 and 3 have been adjusted to 2007 dollar values through the application of a 15% growth rate.

In subsequent paragraphs the estimated retail expenditures for each of the market areas are shown. The level to which any retail business can capture a segment of these expenditures will depend on the attraction appeal of the particular business.

### **Population Characteristics**

In Exhibit 1, the estimated population, and selected demographic characteristics of these people are shown for each market area. The data presented is for 2004. The Census Bureau reported population is first shown, followed by number of occupied households, household size, median household income, and ethnicity. Three (3) of these factors have been adjusted for Zone 1, using the results of a method called Drill Down. There has been data developed in Santa Ana, for resident areas with population size and profile

similar to Zone 1, indicating that the number of people living in the area is higher than reported by the Census Bureau, as is the median household income. Two (2) principal factors account for this:

1. People per household higher than reported.
2. Median household income higher than reported, when taking into consideration unreported pay.

In this market study, we have increased the Census Bureau reported population for Zone 1 by 10%, and the median household income by 25%.

### **Selected Annual Retail Expenditures**

Exhibit 2 presents estimated annual occupied household expenditures for the following items, for each Zone:

- Groceries
- Food Away From Home
- Household Furnishings and Equipment
- Housekeeping Supplies
- Apparel and Services
- Entertainment
- Personal Care Products and Services

First, data is presented for the total Hispanic market throughout the United States for 2004. This is preceded by an assessment of expenditures, by category, for those people the total population living in the Western United States. Median household income for each group is shown. Then, for Zones 1, 2 and 3 these comparative bases have been used to estimate comparable categorical expenditures in 2007. For Zone 1, the median household income shown is the Drill Down number.

### **Supportable Retail Space**

In Exhibit 3, annual retail expenditures per household unit are converted to total annual retail expenditures for each category. These expenditures are then converted to supportable square footage of retail space, based on industry average annual sales per square foot rate. The sales per square foot numbers have been derived from a publication entitled *Dollars and Centers of Shopping Centers/The SCORE 2006*, a joint project of the Urban Land Institute and International Council of Shopping Centers.

The supportable square footage numbers shown represent the supportable retail space generated by the expenditures of the people residing in Zones 1, 2 and 3 in 2007. The supply side of the equation depends on which businesses capture this demand. Added to this market study over time will be an estimate of the relationship between demand and supply, with specific attention paid to the Study Area, and how more of the expenditures might be captured there.