

Corridor Economics



CORRIDOR ECONOMICS

Redevelopment Potential

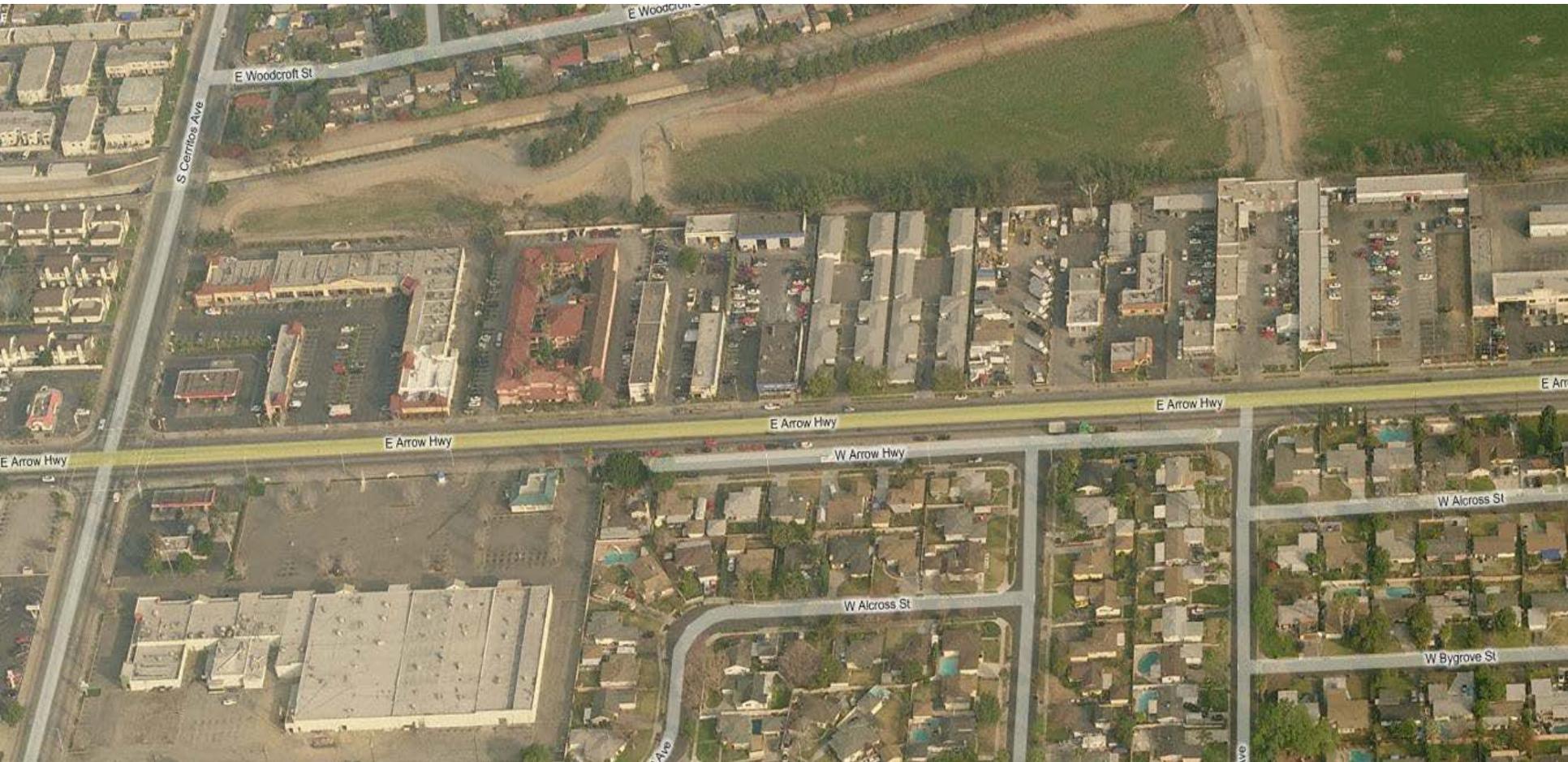
Retail Dynamics

Residential Dynamics

Implementation

REDEVELOPMENT POTENTIAL

How can we tell when a site or a segment of a corridor is ripe for redevelopment?



REDEVELOPMENT POTENTIAL

OR...

Alternatives to a site-specific development pro forma:

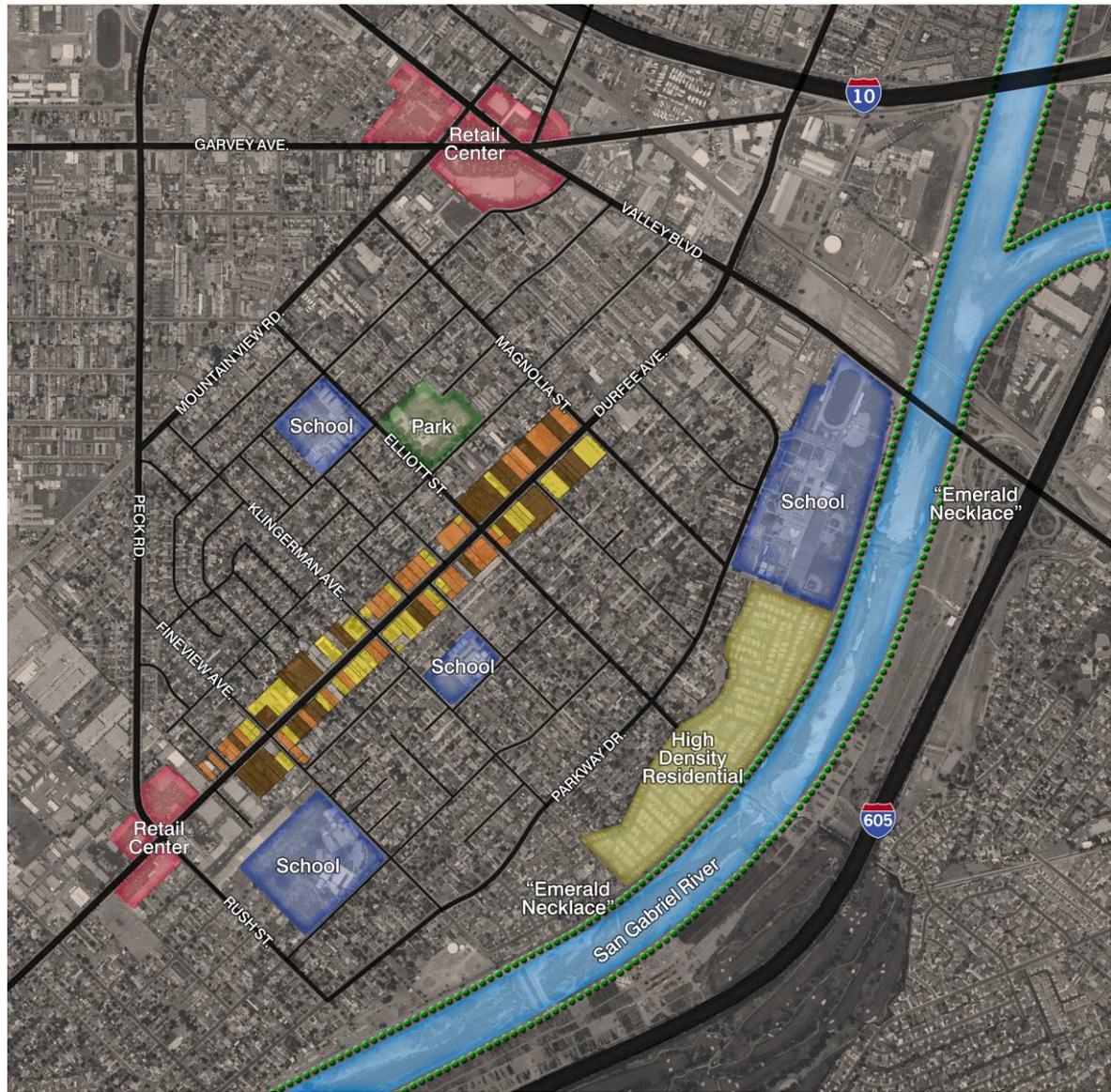
- Lot coverage
- Lot size
- Length of ownership
- Improvement to land value ratio



REDEVELOPMENT POTENTIAL

Durfee Corridor El Monte CA

- Yellow** 1 criteria
- Orange** 2 criteria
- Brown** 3 criteria



RETAIL DYNAMICS

How can we tell when a corridor segment is over-retailed?



INITIAL RETAIL MARKET DEMAND ANALYSIS

- **Market Potential**
 - How much do corridor residents spend
 - How much building space can that spending support
 - Supportable building square footage
- **Existing Supply**
 - How much retail building space exists in the corridor
 - Existing building square footage
- **Market Demand**
 - Gap or Excess
 - Building square footage and percentage of total

CONVENIENCE GOODS AND SERVICES



COMPARISON GOODS



RESTAURANTS AND BARS



CALCULATE MARKET POTENTIAL

How much retail space can the corridor's households support?

NAICS	Local/Neighborhood Retail	US	Los Angeles- Riverside- Orange County CMSA
445	Food and Beverage Stores		
44511	- Supermarkets, Grocery (Ex Conv) Stores	9.4	8.5
44512	- Convenience Stores	0.7	0.6
4452	- Specialty Food Stores	0.8	0.7
4453	- Beer, Wine and Liquor Stores	0.8	0.7
446	Health and Personal Care Stores	11.6	9.3
447	Gasoline Stations	6.1	4.2
453	Miscellaneous Store Retailers	5.3	4.4
8121	Personal Care Services Facilities	1.2	1.0
81231 & 8123201	Dry Cleaning & Laundry Service Facilities	0.2	0.2
81291 & 81292	Other Personal Services	0.2	0.2
	Subtotal	36.3	29.8

CALCULATE MARKET POTENTIAL

How much retail space can the corridor's households support?

NAICS	Community/Regional Retail	US	Los Angeles- Riverside- Orange County CMSA
442	Furniture and Home Furnishings Stores	5.2	4.9
443	Electronics and Appliance Stores	3.3	2.7
444	Building Material, Garden Equip Stores	13.7	9.0
448	Clothing and Clothing Accessories Stores	8.4	8.2
451	Sporting Goods, Hobby, Book, Music Stores	4.0	3.6
452	General Merchandise Stores	27.8	23.1
Subtotal		62.4	51.5

CALCULATE MARKET POTENTIAL

How much retail space can the corridor's households support?

NAICS	Restaurants and Bars	US	Los Angeles- Riverside- Orange County CMSA
7221	Full-Service Restaurants-7221	5.3	5.2
7222	Limited-Service Eating Places-7222	6.8	7.2
7224	Drinking Places -Alcoholic Beverages-7224	1.2	1.1
	Subtotal	13.3	13.4
	TOTAL	111.9	94.8

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CALCULATE MARKET POTENTIAL

Corridor Retail Worksheet #1

Type of Retail	(A) Number of Households	x	(B) Average Support (sq. ft.)	x	(C) Capture	=	Total Supportable Space (sq. ft.)
Convenience goods and services			29.8		90%		
Comparison goods			51.5		11.5%		
Restaurants & bars			13.4		25%		
					Total:		

CALCULATE MARKET POTENTIAL

Corridor Retail Worksheet #1

Type of Retail	(A) Number of Households	x	(B) Average Support (sq. ft.)	x	(C) Capture	=	Total Supportable Space (sq. ft.)
Convenience goods and services	1,973		29.8		90%		
Comparison goods	1,973		51.5		11.5%		
Restaurants & bars	1,973		13.4		25%		
					Total:		

CALCULATE MARKET POTENTIAL

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Type of Retail	(A) Number of Households	x	(B) Average Support (sq. ft.)	x	(C) Capture	=	Total Supportable Space (sq. ft.)
Convenience goods and services	1,973		29.8		90%		52,915
Comparison goods	1,973		51.5		11.5%		11,685
Restaurants & bars	1,973		13.4		25%		6,610
						Total:	

CALCULATE MARKET POTENTIAL

Corridor Retail Worksheet #1

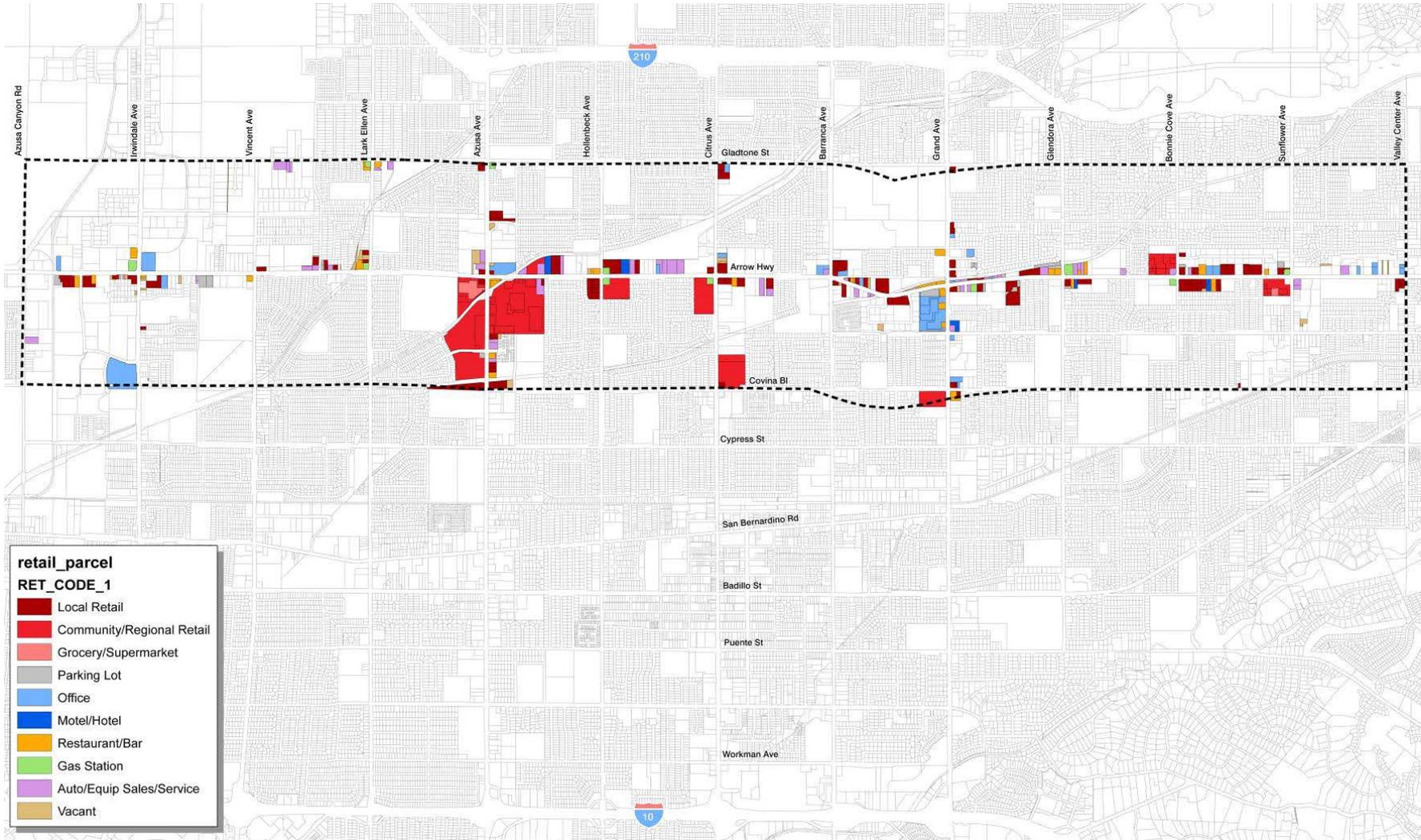
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Comparison goods	1,973		51.5		11.5%		11,685
Restaurants & bars	1,973		13.4		25%		6,610
					Total:		71,210

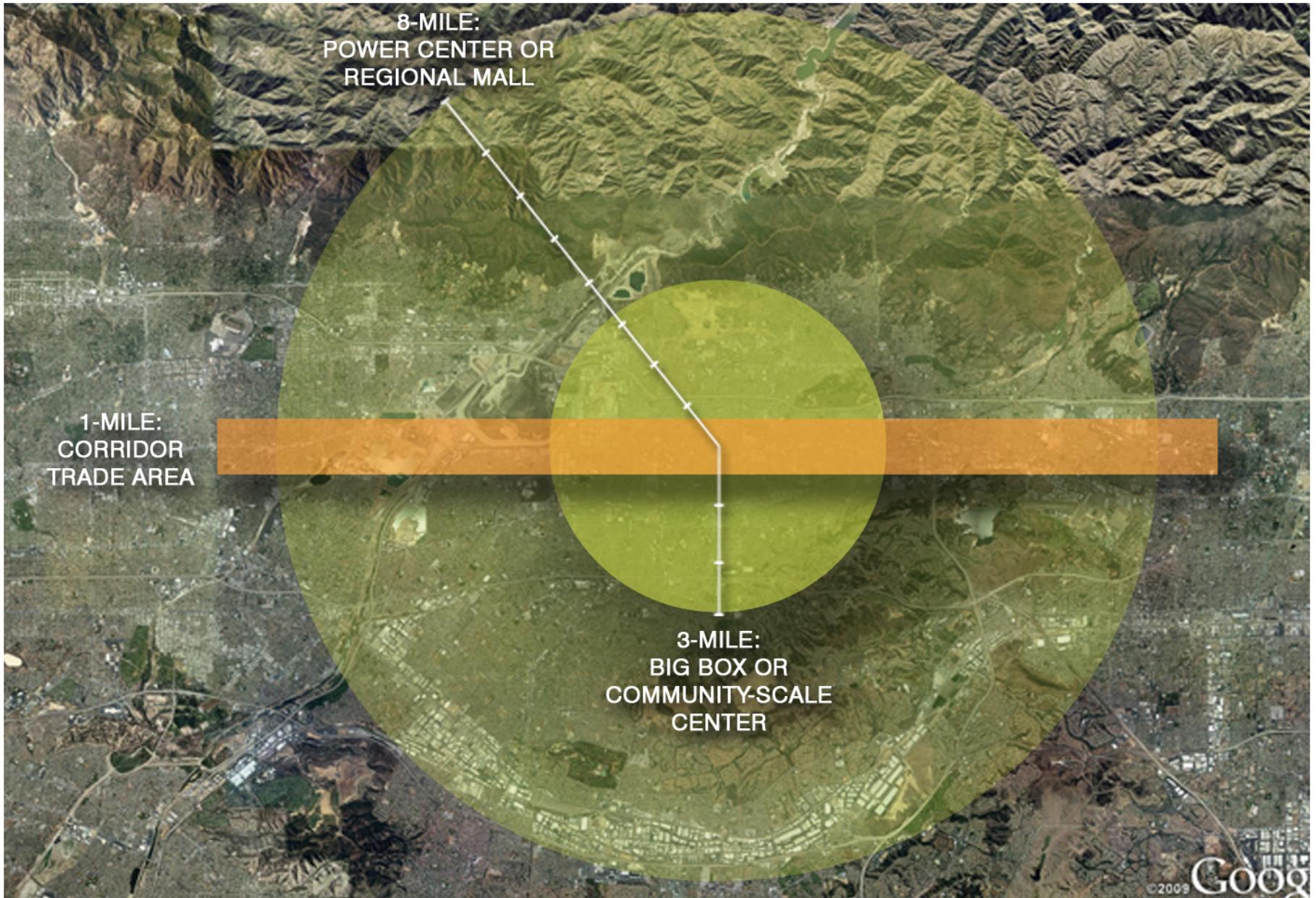
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CALCULATE RETAIL SUPPLY

How much retail space does the corridor have?





CALCULATE RETAIL SUPPLY

How much retail space does the corridor have?

Trade Area Radius	Example	Portion of Building Area for 1-Mile Wide Corridor
1½-Mile	Supermarket / Pharmacy	42%
3-Mile	Big-Box	16%
8-Mile	Shopping Mall / Power Center	6.25%



CALCULATE RETAIL SUPPLY

Corridor Retail Worksheet #2

	(A) Building Square Footage	x	(B) Percentage Supported by Corridor	=	Effective Building Square Footage
Parcel 1					
Parcel 2					
Parcel 3					
Total:			Total:		

CALCULATE RETAIL SUPPLY

Corridor Retail Worksheet #2

	(A) Building Square Footage	x	(B) Percentage Supported by Corridor	=	Effective Building Square Footage
Parcel 1	63,220		42%		26,552
Parcel 2					
Parcel 3					
Total:			Total:		

CALCULATE RETAIL SUPPLY

Corridor Retail Worksheet #2

	(A) Building Square Footage	x	(B) Percentage Supported by Corridor	=	Effective Building Square Footage
Parcel 1	63,220		42%		26,552
Parcel 2	8,600		100%		8,600
Parcel 3					
Total:			Total:		

CALCULATE RETAIL SUPPLY

Corridor Retail Worksheet #2

	(A) Building Square Footage	x	(B) Percentage Supported by Corridor	=	Effective Building Square Footage
Parcel 1	63,220		42%		26,552
Parcel 2	8,600		100%		8,600
Parcel 3-88	100,400				67,058
Total:			Total:		

CALCULATE RETAIL SUPPLY

Corridor Retail Worksheet #2

	(A) Building Square Footage	x	(B) Percentage Supported by Corridor	=	Effective Building Square Footage
Parcel 1	63,220		42%		26,552
Parcel 2	8,600		100%		8,600
Parcel 3-88	100,400				67,058
Total:	172,220		Total:		102,210

INITIAL RETAIL MARKET DEMAND ANALYSIS

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CALCULATE MARKET DEMAND

Corridor Retail Worksheet #3

Corridor Segment	(A) Total Supportable Space (#1)	-	(B) Effective Building Square Footage (#2)	=	Retail Gap / Surplus (sq. ft.)	/	(C) Total Retail Building Space (#2)	=	Retail Gap/ Surplus (%)
Segment 1									
Segment 2									
Segment 3									
			Total:						

CALCULATE MARKET DEMAND

Corridor Retail Worksheet #3

Corridor Segment	(A) Total Supportable Space (#1)	-	(B) Effective Building Square Footage (#2)	=	Retail Gap / Surplus (sq. ft.)	/	(C) Total Retail Building Space (#2)	=	Retail Gap/ Surplus (%)
Segment 1	71,210								
Segment 2									
Segment 3									
			Total:						

CALCULATE MARKET DEMAND

Corridor Retail Worksheet #3

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Segment 1	71,210		102,210						
Segment 2									
Segment 3									
			Total:						

CALCULATE MARKET DEMAND

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Segment 1	71,210		102,210		30,000				
Segment 2									
Segment 3									
			Total:						

CALCULATE MARKET DEMAND

Corridor Retail Worksheet #3

Corridor Segment	(A) Total Supportable Space (#1)	-	(B) Effective Building Square Footage (#2)	=	Retail Gap / Surplus (sq. ft.)	/	(C) Total Retail Building Space (#2)	=	Retail Gap/ Surplus (%)
Segment 1	71,210		102,210		30,000		172,220		17.4%
Segment 2									
Segment 3									
			Total:						

LIFE ON STATE – INITIAL MARKET DEMAND FINDINGS

Corridor Segment	Total Supportable Space (#1)	Effective Building Square Footage (#2)	Retail Gap / Surplus	Total Retail Building Space (#2)	Retail Gap
1	92,024	210,903	-118,879	748,666	-15.9%
2	120,801	192,266	-71,465	379,544	-18.8%
3	176,913	251,707	-74,794	587,088	-12.7%
4	67,812	102,914	-35,102	519,861	-6.8%
5	72,343	89,297	-16,954	231,927	-7.3%
6	55,819	146,139	-90,321	465,909	-19.4%
7	64,686	91,888	-27,201	391,504	-6.9%
8	85,950	223,508	-137,558	524,272	-26.2%
9	73,918	156,533	-82,615	462,622	-17.9%
10	57,337	43,780	13,557	51,433	26.4%
			-641,331	4,362,826	-14.7%

CONSEQUENCES OF TOO MUCH RETAIL

Land Owners:

- Lack of reinvestment
- Disinvestment



CONSEQUENCES OF TOO MUCH RETAIL

Business Owners:

- Marginal businesses
- Decreased business returns



CONSEQUENCES OF TOO MUCH RETAIL

New Development:

- Discourages new businesses
- Discourages new development



RESIDENTIAL DYNAMICS

Will the market support new residential on our corridor?







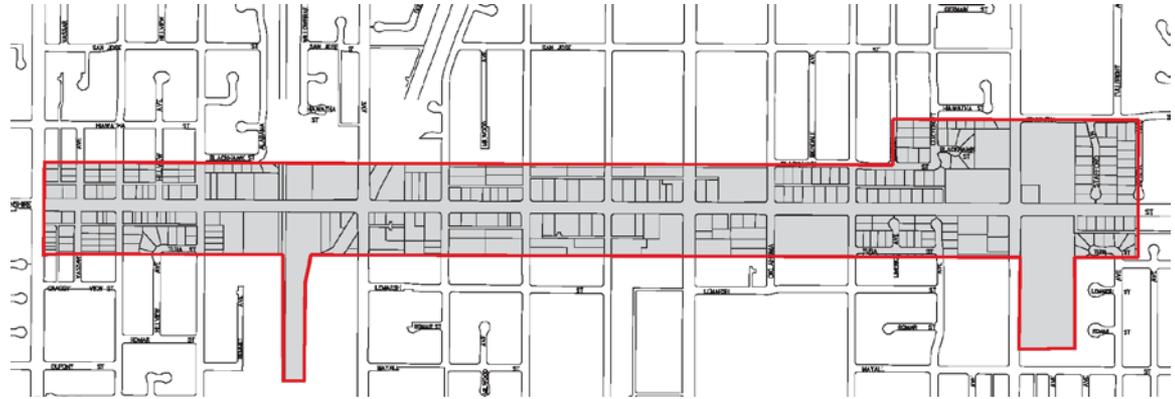
IMPLEMENTATION

How do we do this without redevelopment?



IMPLEMENTATION

- Special Assessment Districts
- Parking Districts
- Landscaping & Lighting Maintenance Districts
- Business Improvement Districts
- Multifamily Housing Districts
- Community Facilities Districts
- Infrastructure Finance Districts



CORRIDOR ECONOMICS

What is success?

What is feasible?

Are property owners willing to participate?



Building a Better Corridor

SCAG Toolbox Tuesday | October 23, 2012

