San José Neighborhood Retail Model
Summary Report

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City of San José

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Introduction

Purpose of the San José Neighborhood Retail Model

As San José has grown over the past several decades, it has experienced the development of a broad array of retail stores. From ethnic retailers in Japantown, to the exciting home furnishings and specialty items at Santana Row, to the clothing and gifts offered at Valley Fair, San José has evolved its retail marketplace along with the diversity of its residents and workers.

Despite the growth in retailing, numerous analyses of San José's retail market have indicated the lack of shopping opportunities in certain neighborhoods to meet everyday needs. Other studies have indicated the potential for additional new retail and restaurants downtown and in growing areas, although strong competition from regional malls and retail districts in surrounding jurisdictions may dampen these prospects.

The provision of adequate and ample retail facilities in San José is important for several reasons. In today's fiscal environment, retail means sales taxes to support the City's General Fund, as it in turn supports the provision of high quality municipal services and capital improvements. Moreover, retail provided within San José which adequately serves residents, employees, and visitors means less out-commuting to neighboring cities, reducing traffic congestion. Perhaps most importantly, vital retail environments support neighborhood quality of life, which in turn draws jobs and economic activity into San José.

As the City prepares to implement the Economic Development Strategy, the Office of Economic Development (OED) commissioned this study of San José's retail potential using a citywide GIS-based model. OED engaged the services of a consultant team, headed by Metrovation/Terranomics, experts in the development and leasing of innovative retail properties; and Bay Area Economics (BAE), experts in real estate and urban economic analysis. Together, the consultant team developed the Model and prepared this report, which summarizes initial findings of an assessment of unmet retail demand and supportable square feet of new retail space in San José by neighborhood trade area and type of store. The analysis described in this report also includes a citywide leakage estimate to provide a context for current sales outflows and potential recapture as a comprehensive retail strategy for the City of San José is developed..

Report Structure

This report describes the Retail Model's methodology and framework, and provides an overview of San José's demographic and retail trends. The Model is then summarized, including findings from an analysis of unmet demand and supportable new stores within neighborhood-serving trade areas for grocery, drugstores, and local apparel. The Model analysis is also summarized for unmet demand and supportable square feet for region-serving stores including consumer electronics, home furnishings, apparel, and general

merchandise/department stores. Supporting maps are included in the body of this report, and supporting tables are included in Appendix A.

Limiting Conditions

- The Model and the analysis conducted thus far is a first step in formulating a specific Retail Strategy for San José. The findings described herein set the foundation for future work to identify specific sites and strategies to attract the full potential of retailers.

- Though this report focuses on neighborhood retail, the GIS model is designed and has been used to analyze citywide leakage and regional retail patterns.

- The analysis conducted thus far does not highlight the success or underperformance of individual shopping centers or retail districts. Further analysis will need to be conducted for those areas considered underperforming to refine conclusions regarding additional sales that could be captured in existing stores. The Model is designed to be used for this type of ongoing analysis, and can be adjusted to assess varying trade areas, existing and future demographic trends, and other variables linked to the Model.

- The Model is a set of GIS databases and map layers created in ArcView, and will be provided to City staff. The Model offers various options for additional analysis, beyond the summary reported in this document. The primary work product of the contract with Metrovation and BAE is the Model, with all data populated for 2002, and ready for updating as new sales data is incorporated.

Overview of Retail Definitions and Development Trends

Shopping center typologies as defined by the shopping center industry have changed in recent years. Prior to the mid- 80s, every center seemed to fit into a standard definition type. These definitions were based on the center's function and types of anchor tenants.

Traditional Shopping Center Definitions

- **Neighborhood Centers (10 – 15 acres).** Typically a grocery store and a drug store, with shop tenants, and maybe a pad or two on the corner. A Neighborhood Center needed good access off of city streets, was typically located at an intersection, but did not need regional access. In fact, a good developer would place the Neighborhood Center as close to residential areas as possible to facilitate the weekly or twice weekly shopping pattern that a grocery store commanded.

- **Community Centers (20 – 30 acres).** More regional in nature, but anchored by a Target, Mervyns, K Mart, Service Merchandise, White Front, or non-regional type of tenant that was not a department store. A traditional Community Center had one or two anchors, along with smaller shops. These types of centers did not always have freeway

access, but were often located near a regional mall or along a main thoroughfare. Customers normally came to a Community Center two to three times a month.

- **Regional Malls (70 – 100 acres).** Typically two or more department stores anchored a Regional Mall; each anchor was located on opposite ends of the mall (dumbbell configuration) with smaller tenants located in between. Typically, Regional Malls were enclosed, and had a extensive surface parking lots or garages located on-site. These destination centers needed good regional access, therefore nearly all of Regional Malls were located near freeway ramps. Customers normally came to a mall once or twice a month.

All of the traditional shopping centers required parking ratios of one space for every 1,000 square feet of retail space. This ratio has increased over time, so that today, five spaces per 1,000 square feet of retail is typically sought by most tenants.

Development of the Power Center

In the mid 1980's, retail developments changed to meet changing consumer shopping patterns. Shopping centers morphed into new types of retail development, represented by the first power centers (the first power center was located in Colma/Daly City). The creator of this new type of center looked at *how* people shopped. Working with active retailers at the time, the first power center developer organized a concept that attracted increased numbers of shopping trips, thereby increasing sales for the tenants, while still meeting the demands of new customers. Never before had so many "big box" tenants been contained in one location, conveniently located near a densely populated trade area with freeway access. Also, neighborhood types of retailers were located at the new power center such as video stores, restaurants, along with new retail concept stores.

The Power Center (trademarked by Merritt Sher of Metrovation) began the revolution. The arrival of Power Centers caused specialty centers, and then Community-Specialty centers, and then neighborhood centers to change the tenant mix in order stay relevant. Today, shopping has become not just a function of need, but a pastime in American society, and the type of centers reflect the new passion.

Power Centers and Town Centers

During the 1990s and on to today, retailing has been changing to meet consumer demand and changing store merchandising concepts. Several simultaneous trends have impacted traditional retail center definitions. Neighborhood and community center definitions have blurred, as more and more "box" merchandisers have combined with large format grocery stores to capture daily/weekly buying trips. In some cases, the grocery store itself has grown to encompass some of the services and merchandise traditionally sold at soft goods "box" stores, so that today, one can visit a super-grocery store and meet with a mortgage loan officer, process film, buy electronic appliances and underwear, and purchase food. Coming from the other direction, Wal-Mart and Target are rapidly expanding into the grocery business, seeking to combine these daily or weekly purchases under a single roof.

At the other end of the spectrum, the large enclosed regional mall with department store anchors has also morphed. While the mix of stores varies in the evolving regional center, the overall concept has been to de-mall older shopping centers or build new "town center" environments that encourage longer shopping stays, with more outdoor spaces and configurations that are adaptable to limited land parcel sizes. To accomplish this, some regional centers have evolved into a value merchandising strategy, with multiple "box" stores replacing traditional department stores, combined with smaller in-line shops, laid out around a large surface parking lot. For older shopping centers, this pattern sometimes is an addition of a box store to the existing traditional mix (example: Oakridge adding Target store).

Another variation is in the direction of regional shopping aimed at a higher level of quality merchandise offering lifestyle specialty goods, such as Santana Row. This "town center" mixes residential, dining, and shopping, creating a branded image that attracts people around the clock to socialize, shop, dine, and even live within the retailing environment. These "town centers" seek to truly replicate the best of traditional urban downtowns in a newer suburban location that matches today's lifestyles.

More than ever, contemporary retail development is tenant-driven; with developers needing to respond to changing tenant space needs. Certain tenants such as Costco function as "Bell Cows;" able to stand alone or attract other retailers such as Lowes, Home Depot, Target, or Wal Mart to locate with them. Another "Bell Cow" example is the office products retailer such as Office Depot or Staples; these retailers will also locate as a stand alone store. Other tenants will never go "stand alone;" these include mid size tenants in the 20,000 to 40,000 square foot range such as Michaels Crafts, Linens N Things, Borders or Barnes and Noble. Old Navy will only locate in centers with other anchors that they believe will help foot traffic. Usually, these mid-sized tenants require two to five larger anchors to create the environment that will support them, even if the trade area is sorely lacking that tenant's commodities. Thus, many mid-sized stores require a more conventional retail development opportunity to consider locating in a trade area, and development will depend on the amount of land that can be assembled to accommodate these stores along with the larger anchors.

Auto Dealerships

Another trend which will impact the future of San José's retailing is the convergence of automobile dealerships with major regional retail store location. As dealers realize the need to be highly visible, they have chosen to locate near or at freeways, allowing continuous marketing to a large regional consumer audience. While car buyers traditionally purchased at their local dealer, today's car buyer travels in a wide region, seeking value and high quality after-services. This pattern is being influenced by internet auto purchasing and information gathering as well. Auto dealers are beginning to experiment with co-locating adjacent to larger power centers, at freeways, to capture the heavy volume of "foot traffic." Auto dealers are recognizing the factors that draw a shopper to a store are similar to what drives a consumer to buy a car. As San José' considers the future of its auto dealers and ways to enhance their contribution to the City's General Fund, it will be important to track these trends and find sufficient land located near/adjacent to regional retail centers and near freeways, to accommodate this emerging retail pattern.

San Jose's Retail Centers

San José, with a population of approximately 900,000 has total taxable retail sales of approximately $12.4 billion. Although San José's per capita taxable retail sales of $8,745 per person compares favorably with the state average of $8,553 per person, it is well below the combined San Mateo/Santa Clara Counties average of $11,258 per person (see analysis later in this report).

Much of the City's retail development reflects traditional retailing patterns, with downtown storefronts, smaller shopping centers, and neighborhood business districts reflecting traditional shopping patterns. Many of these traditional retailing nodes are thriving, while others are experiencing change as demographic patterns shift and continued redevelopment occurs in downtown San José. The city also has developed several regional centers – Westgate, Eastridge, Oakridge, and Valley Fair. With the expansion/remodeling of Oakridge and Eastridge, the addition of movie theater complexes such as at Eastridge, and the addition of Santana Row near Valley Fair (plus earlier expansion of Valley Fair), these centers are evolving into larger super-regional destination centers to capitalize on the City's potential increased sales.

In future years, it will be key for San José to maintain a mix and variety of retail centers and districts to meet shopper demands and provide space for changing tenants' business models. In many cities, full capture of potential sales depends on careful planning for sufficient and accessible land supply to maximize opportunities for attracting the widest range of store types seeking locations.

Model Methodology

The San José Retail Model is a Geographic Information (GIS) based tool that has been developed to test market support for different types of retail stores by neighborhood trade area, as well as for the city as a whole. The consultant team chose to approach this analysis using GIS because this type of software can display data and findings on maps, providing a locational aspect to the information. GIS-based maps are very useful in a variety of retail-related development activities, from marketing sites to profiling neighborhood demographics at-a-glance to testing spatial distributions. The Retail Model has been developed with these uses in mind, and has been structured to allow for a wide range of applications beyond the analysis described in this report. Further discussion of other applications for the Model can be found at the end of this report.

Overview of Methodological Approach

In general, the methodology followed for the analysis in this report included the following steps:

- **Analyze Citywide Retail Trends**
  - Obtained and cleaned store-by-store sales data (taxable, confidential)
  - Analyzed citywide sales trends 1997 to 2001 per capita (adjusted for inflation)
  - Conducted citywide leakage analysis (based on Santa Clara and San Mateo Counties combined as benchmark)
- **Document Current Demographic Conditions**
  - Mapped demographic data per 2000 Census Block Group (i.e., population and household density per acre, median age, median household income, educational attainment, PRIZM Lifestyle categories)
- **Analyze Neighborhood Retail**
  - Map local serving anchors (grocery & drug) and shopping centers
  - Create local serving trade areas
  - Estimate potential demand for grocery, drug, and apparel stores by trade area
  - Subtract existing supply (sales)
  - Identify trade areas with unmet demand sufficient to support new grocery, drug, & apparel stores
- **Analyze Regional Retail**
  - Estimate current demand from within and outside of the City
  - Subtract existing supply (sales) in San José,
  - Identify support for new region-serving stores in apparel, department stores/general merchandise, home furnishings, and consumer electronics

Key Assumptions

- Retail Sales (supply) is based on BAE's analysis of store by store taxable sales trends. Generally, BAE has defined categories using California Board of Equalization

summary tables and business codes. For food stores, the California State Board of Equalization (SBOE) able 5 definitions include supermarkets, groceries, and specialty food outlets. GIS analysis was used to determine the volume of taxable sales for each trade area for each store type.

- Taxable sales demand estimates are based on annual per capita sales for San Mateo/Santa Clara Counties applied to the populations of each trade area.
- High income households are assumed to have higher spending. Based on the 2001 BLS *Consumer Expenditure Survey,* food sales have been adjusted up 14 percent for households with income over $150,000 (the top 20 percent of households) and drug store sales are assumed to be 50 percent higher than the average in high income households.
- BAE has estimated the percentage of sales demand capturable within the trade area at 90 percent of food sales and 80 percent of drug store sales. This estimate reflects the pattern that no single trade area can typically achieve 100 percent capture of potential sales, as sales can occur outside of trade area (e.g., at place of work, on vacation, etc.).
- To estimate supportable square feet of new retail outlets BAE has assumed taxable sales per square foot comparable to ULI's *Dollars & Cents of Shopping Centers: 2003* Western Regional Median Sales per GLA for Supermarket and Drug stores.
- BAE has assumed only one third of food store sales and two thirds of drug store sales are taxable.

Demographic Conditions and Trends

Summary of Demographic Trends

Appendix A provides a series of broad-brush demographic trends tables describing San José relative to Santa Clara County and the Bay Area. In summary, the tables indicate:

- San José has grown rapidly in the past decade. Between 1990 and 2000, San José's population grew from 782,000 to almost 895,000, an increase of 1.4 percent per year (compounded). In comparison, Santa Clara County's population grew 1.2 percent per year, and the State's rose 1.3 percent per year.
- San José has relatively large and growing average household sizes. In 1990, San José's average household size was 3.08 persons, compared to 2.81 for the County, and 2.79 for the Bay Area. By 2000, San José's average size grew to 3.2 persons per household, compared to 2.92 for the County, and 2.87 for the Bay Area.
- A higher proportion of San José's households contain related individuals (i.e., families), than the County or the region. In 2000, almost 74 percent of San José's households were related individuals, compared to just 69 to 70 percent in the broader geographies.
- San José has a relatively high homeownership rate compared to the County and the region. In 2000, San José's ownership rate was 61.8 percent, compared to 59.8 percent for Santa Clara County, and 56.9 percent for the Bay Area as a whole.
- San José has a slightly younger population than the County or the region. In 2000, San José's median age was just 32.7 years, compared to 34.0 for the County and 35.6 for the Bay Area. The younger median age is attributable to a higher proportion of children and young adults, and a lower proportion of seniors in San José than in the comparison geographies.
- Household incomes for San José indicate a relatively affluent community. In 2002, while the estimate median household income in San José was slightly lower, at $88,424, than for the County overall $93,503), it substantially exceeded the region's median of $75,534.
- San José has a high concentration of affluent households. In 2002, an estimated 40.7 percent of the City's households earned more than $100,000, a particularly favorable finding relative to the region, where just 26.9 percent of households fell in this income range.
- San José's residents also have strong levels of educational attainment, although proportionately fewer area residents have graduated college than the County or the region. About 32 percent of San José's residents have attained a bachelor's degree or higher, compared to 40 to 42 percent for the broader geographies.

Implications for Retail Demand

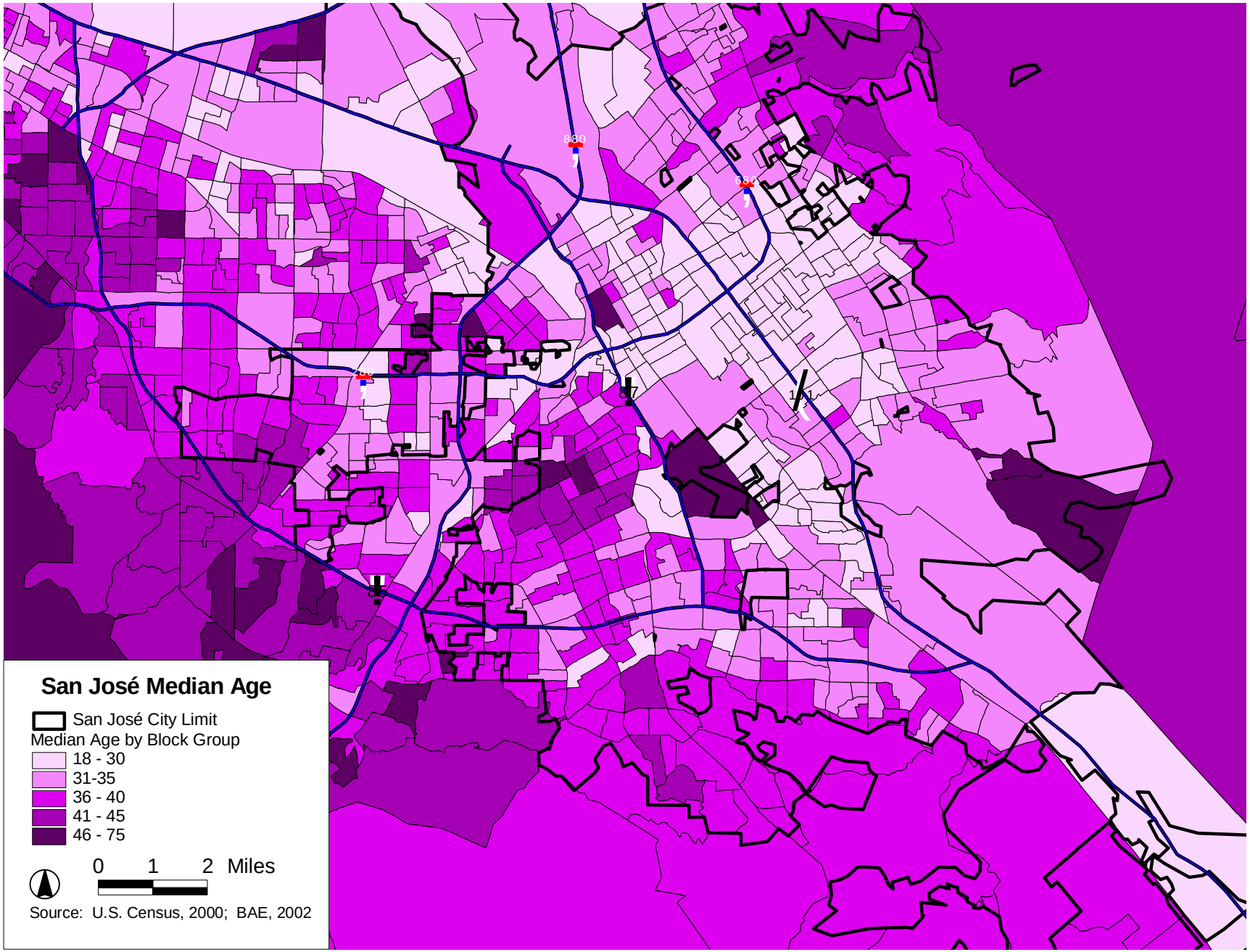
These summary demographic statistics indicate a strong environment for retailers. Key indicators including population growth, household income, age, and homeownership all point to the formation of new households needing "big ticket" items such as automobiles, home furnishings, building materials, and food/drugs. Other items meeting the needs of families with

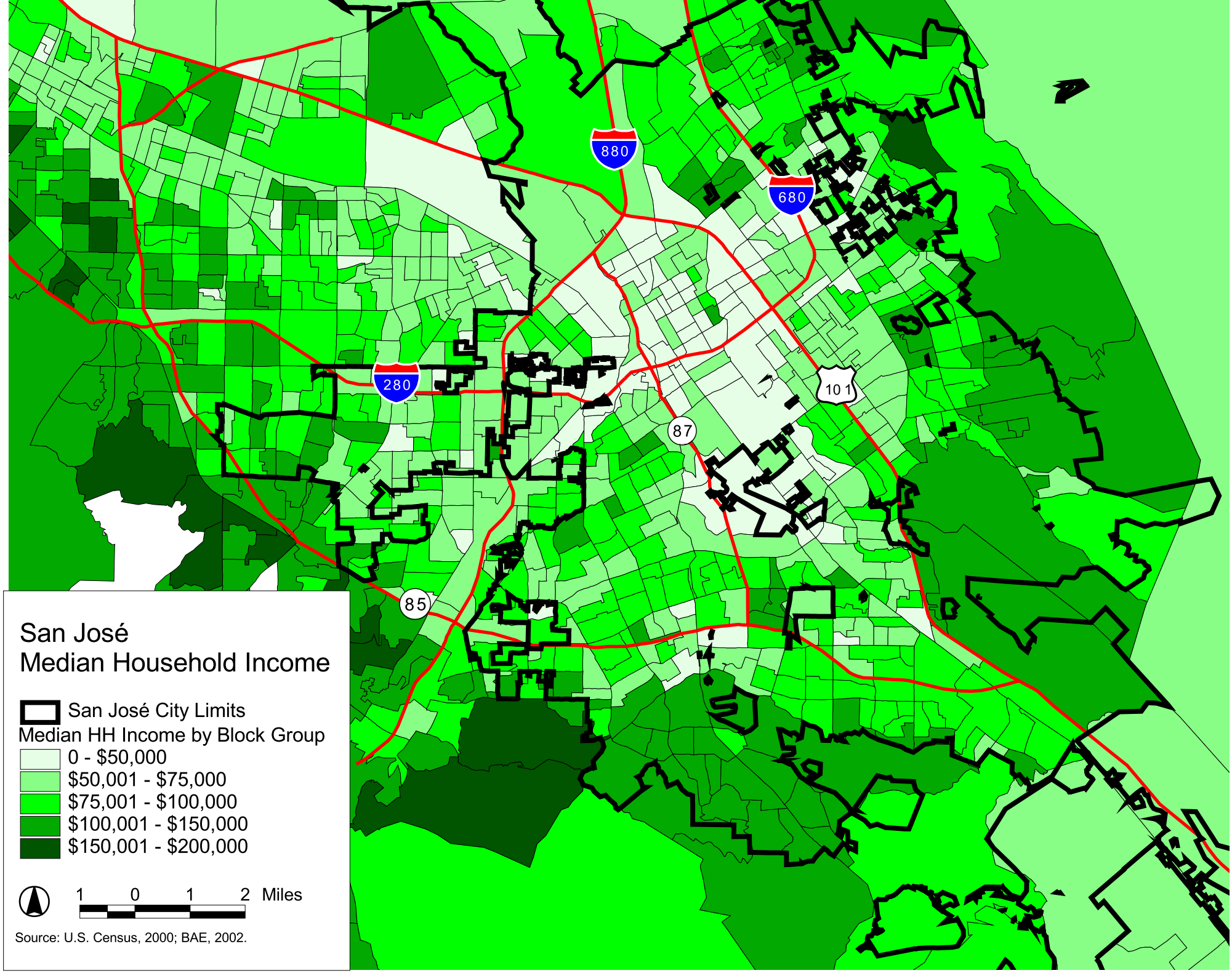
children (e.g., toys, school supplies, children's apparel and shoes), and items aimed at the large daytime working population (e.g., restaurants, convenience goods) should also be in strong demand. With the relatively high educational levels of San José's residents, items such as books, recreation/travel, and specialty retail goods should also be highly marketable.

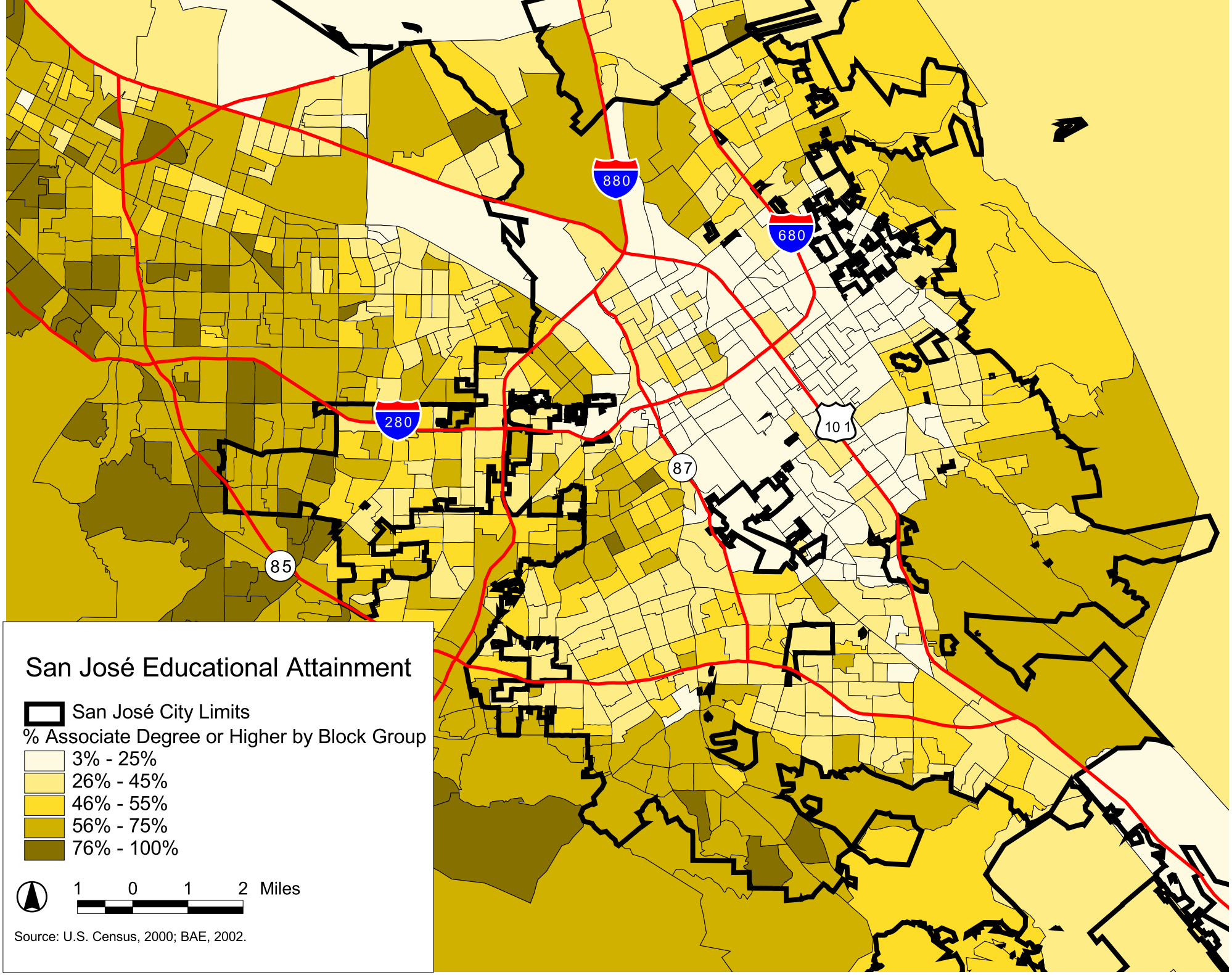
These general findings will vary, of course, by neighborhood and specific types of goods. This overview is provided to as a starting point to San José's retail potential; extensive additional analysis can be conducted for subareas of the City, as well as by market segment (e.g., ethnic group, clusters of varying lifestyles, etc.).

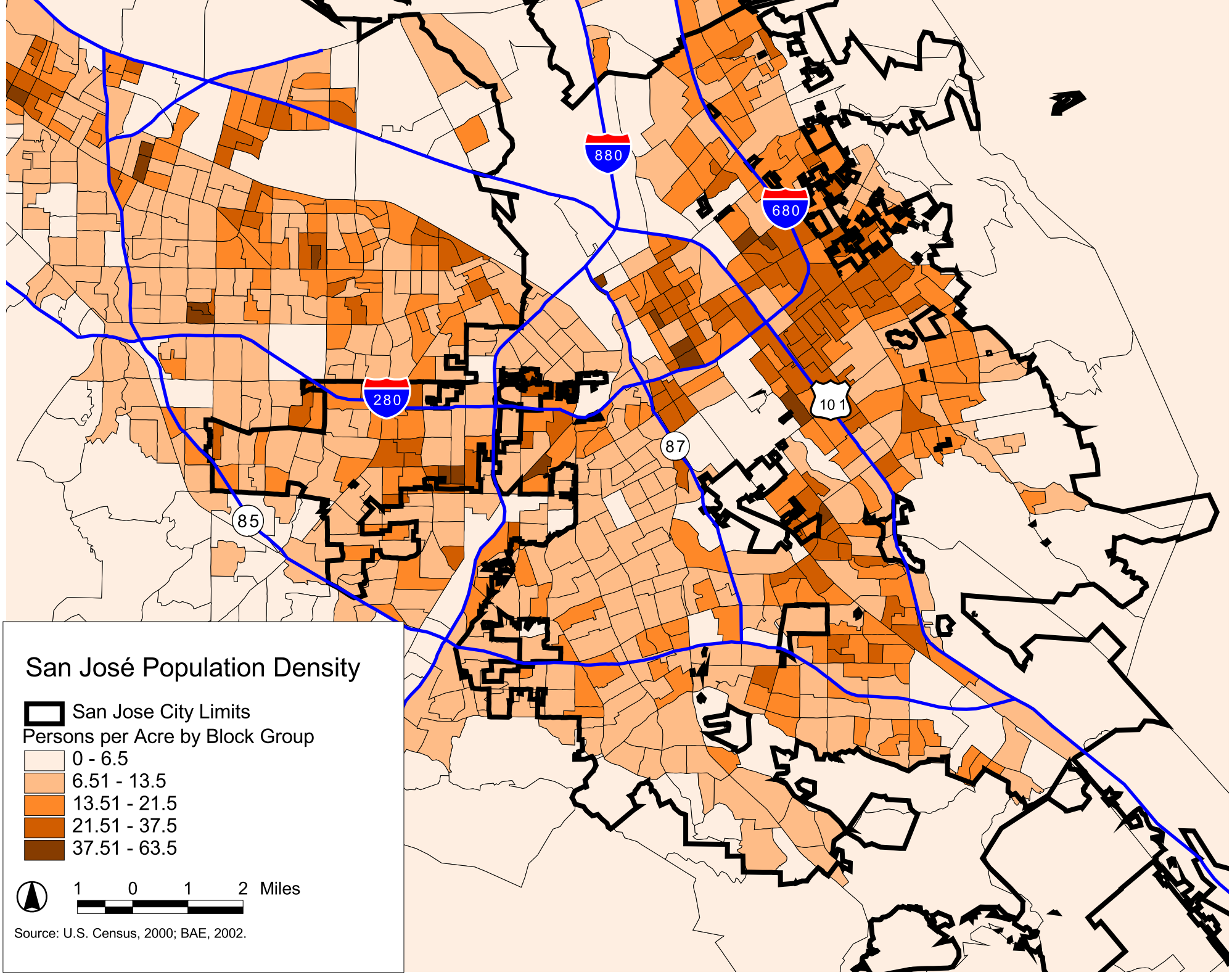
The San José Retail Model contains a series of maps and underlying data which provide extensive detail on demographic conditions by very small geographic areas known as Block Groups. As shown on the following pages, these Block Groups can be "thematically" mapped and analyzed for retailers to help meet locational criteria and highlight opportunities matched to specific store types. The following pages illustrate demographic data by Census Block Group for median age, median household income, and educational attainment. Other demographic data from the U.S. Census can also be mapped using the Model. In addition, the following pages show measures of population and household densities per acre by Block Group, another set of key variables for some retailers seeking specific locations near dense customer bases.

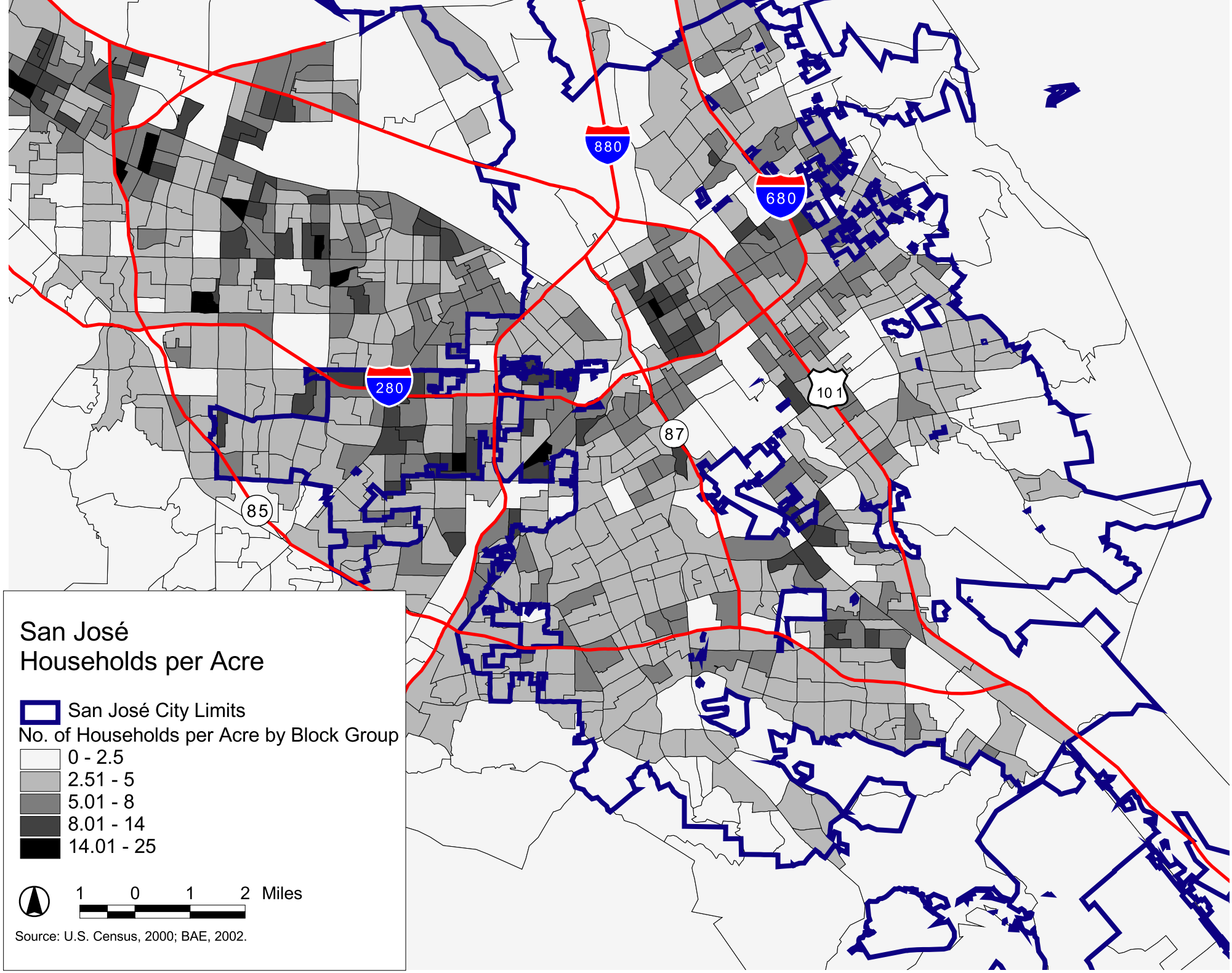
Finally, a map of population density per acre combined with the location of all existing retail outlets by type of store is provided to illustrate the power of GIS to combine information and evaluate very small geographies (retail supply is discussed further in a later section of this report).

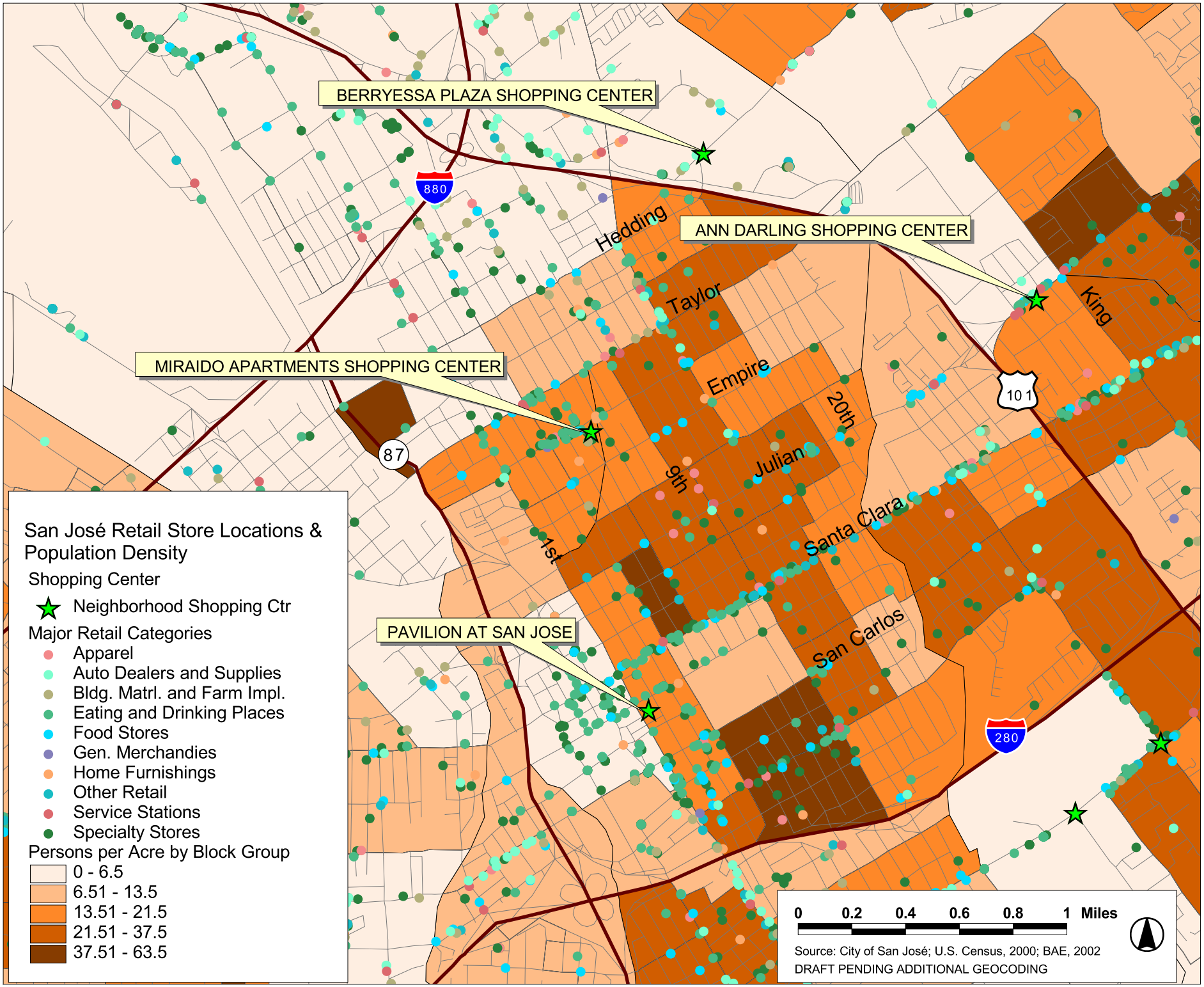

San José Median Age
San José City Limit
Median Age by Block Group
18 - 30
31-35
36 - 40
41 - 45
46 - 75
0 1 2 Miles
Source: U.S. Census, 2000; BAE, 2002


San José
Median Household Income
San José City Limits
Median HH Income by Block Group
0 - $50,000
$50,001 - $75,000
$75,001 - $100,000
$100,001 - $150,000
$150,001 - $200,000
1 0 1 2 Miles
Source: U.S. Census, 2000; BAE, 2002.
880
680
280
101
87
85


San José Educational Attainment
San José City Limits
% Associate Degree or Higher by Block Group
3% - 25%
26% - 45%
46% - 55%
56% - 75%
76% - 100%
1 0 1 2 Miles
Source: U.S. Census, 2000; BAE, 2002.
880
680
280
101
87
85


San José Population Density
San Jose City Limits
Persons per Acre by Block Group
0 - 6.5
6.51 - 13.5
13.51 - 21.5
21.51 - 37.5
37.51 - 63.5
1 0 1 2 Miles
Source: U.S. Census, 2000; BAE, 2002.
880
680
280
101
87
85


San José
Households per Acre
San José City Limits
No. of Households per Acre by Block Group
0 - 2.5
2.51 - 5
5.01 - 8
8.01 - 14
14.01 - 25
1 0 1 2 Miles
Source: U.S. Census, 2000; BAE, 2002.
880
680
280
101
87
85


BERRYESSA PLAZA SHOPPING CENTER
ANN DARLING SHOPPING CENTER
MIRAIDO APARTMENTS SHOPPING CENTER
PAVILION AT SAN JOSE
880
87
101
280
Hedding
Taylor
Empire
20th
Julian
9th
1st
Santa Clara
San Carlos
King
San José Retail Store Locations & Population Density
Shopping Center
Neighborhood Shopping Ctr
Major Retail Categories
Apparel
Auto Dealers and Supplies
Bldg. Matrl. and Farm Impl.
Eating and Drinking Places
Food Stores
Gen. Merchandies
Home Furnishings
Other Retail
Service Stations
Specialty Stores
Persons per Acre by Block Group
0 - 6.5
6.51 - 13.5
13.51 - 21.5
21.51 - 37.5
37.51 - 63.5
0 0.2 0.4 0.6 0.8 1 Miles
Source: City of San José; U.S. Census, 2000; BAE, 2002
DRAFT PENDING ADDITIONAL GEOCODING

Citywide Retail Trends

This section provides an overview of taxable retail sales trends for San José.

San José Compared to the State of California

Tables 5 and 6 in Appendix A show taxable retail sales trends for San José compared to the State of California, both in terms of total dollars and in terms of per capita sales, for the period of 1997 through 2001 (last year of published California data). It is important to note that the information presented in these two tables has been adjusted for inflation (to 2001 dollars) in order to analyze actual trends without distortions.

The following summarizes key findings for total taxable sales:

- San José's taxable retail sales rose substantially during the period analyzed, although not as high as for the State overall. From 1997 through 2001, San José's taxable retail sales increased 9.1 percent, compared to 12.5 percent for the State.
- San José's retail sales grew from $11.4 billion in 1997 to a peak of $14.3 billion in 2000, the height of the economic cycle. Sales dropped to $12.4 billion the next year, as the economy softened. However it is important to note that on an inflation-adjusted basis, the "soft" year of 2001 still achieved total retail sales at roughly the same level as 1999.
- Sales patterns by type of store varied between San José and the State. Apparel sales showed an overall positive growth rate of 8.1 percent of the period in the City, compared to a decline of 2.0 percent in the State. Conversely, San José's General Merchandise category declined slightly during the period, versus a substantial increase statewide. Other categories where local sales increases exceeded the state benchmark include Food Stores, Service Stations, and "Other Retail." Categories where San José's rate of growth lagged the state include Eating and Drinking Places, Home Furnishings, Building Materials, and Automotive Dealers/Supplies.
- Taxable sales at "All Other Outlets," which encompass non-retail sales such as business-to-business and catalog/internet (where taxable), grew more rapidly in San José than the State, helping to offset the lagging retail growth.

The following summarizes key findings for per-capita taxable sales, which is a measurement that equalizes for population growth variations between geographies. These data have also been adjusted for inflation to track underlying trends and eliminate distortions:

- On a per capita basis, San Jose's sales increased for the period (3.2 percent), although again not as rapidly as for the State overall (6.6 percent). When non-retail (e.g., other outlets) is factored in, San Jose and the State showed nearly equal growth rates for the period.
- Total per-capita retail sales in San Jose are almost even with the state benchmark. San Jose had retail sales of $8,745 per person in 2001, compared to $8,553 per person statewide for the same year.

- On a per capita basis, different categories rose and fell in San Jose than in the State. San Jose increased its per capita apparel sales, while the State declined. San Jose also exceeded the per capita growth rate for automotives, an important sales tax generator. Taxable sales at Eating and Drinking Places also rose more slowly in San Jose than statewide, and sales per capita in this category were lower in San Jose in 2001 than for the state.

Detailed Unpublished Trends for San Jose

Table 7 in the Appendix A profiles more recent trends occurring in San Jose, drawn from an analysis of store-by-store sales information obtained through special arrangement with the State Board of Equalization. These data are not available to the consultant team at the State level, so the analysis is limited to local trends over time. These data are not inflation-adjusted, due to the short one year time period they portray.

Key findings include:

- Overall San Jose taxable retail sales declined 7.4 percent in the past year (2001 to 2002).
- Some categories increased while others fell during the period. Positive growth occurred in Home Furnishings and Appliances, as well as Building Materials. Apparel sales were flat. Declining categories included General Merchandise, Specialty Retail, Food Stores, Restaurants, Automotive, and "Other."
- In 2002, the mix of retail categories reveals interesting patterns. Automotive sales were the largest category, comprising 29 percent of all taxable sales. General Merchandise and Specialty Retail comprised about 15 percent each, of total sales, and Restaurants were approximately 12 percent of the total. Relatively small sectors included Apparel, Home Furnishings/Appliances, and Grocery (Food) Stores, each with about five percent of the total.

Citywide Leakage of Retail Sales

A citywide leakage analysis conducted for this study is summarized in Table 8. To account for potential sales opportunities that could be captured in San Jose, the analysis utilizes a current sales per capita assumption based on the combined rate occurring in San Mateo and Santa Clara Counties as the benchmark for potential San Jose sales. In total, approximately 24 percent of potential sales are leaking outside of San Jose, including substantial leakage of restaurants, general merchandise, home furnishings, building materials, and some categories of specialty stores.

Neighborhood Retail Analysis

The San Jose Retail Model contains substantial data for each neighborhood in the City. In order to assess the potential for new store development in neighborhoods, the City was divided into 42 Trade Areas, each based on consultant team judgment regarding existing store locations, shopping patterns, major roadway and other geographic barriers, and related factors. It should be noted that the data in the Model can be divided into other analytical zones at a relatively fine level of detail; for example, a different analysis could be conducted by Council District, Strong Neighborhood Initiative (SNI) boundaries, etc. However, for this report, the approach was to spatially examine the City's neighborhood shopping as a retailer might look at it.

A series of maps is included following this chapter. The first map shows the location and boundaries of each of the 42 neighborhood trade areas. Additionally, the downtown trade area has been analyzed as three separate subarea corresponding the area surrounding the airport, the downtown core and university areas, and a southern area that includes Washington and Spartan/Keyes neighborhoods.

The local Trade Areas were analyzed for the store categories are typically considered as "anchors," including grocery stores, drugstores, as well a the local portion of all apparel shopping (not necessarily seen as an anchor). The concept of "anchor" retail in a neighborhood means that residents and workers will visit these stores on a daily and/or weekly basis to meet their needs. Shopping trips to anchors typically generate additional purchases at other nearby stores selling merchandise or services that complement the convenience shopping trip. Typical trade areas of this type of shopping tend to be one to 1.5 miles, depending on the density of households and the distance by car or on foot to the shopping district.

The maps at the end of this chapter show the analysis conducted using the Retail Model for neighborhood anchor stores, by neighborhood trade area in San Jose. The numerical calculations are provided in summary form in Appendix A.

For each of the above store category, the following analysis was conducted:

- **Estimate Potential Demand** - This number was based on the per capita potential sales for that store category, derived from analysis of the combined sales totals per capita for Santa Clara and San Mateo households. The potential sales were refined to adjust for variations in San Jose's household incomes across neighborhoods by evaluating national spending patterns for each type of good, and adjusting locally for the variations found among low income households and very high income households. The proportional variations in the national data were translated into adjustments for San Jose (which has higher incomes across the board than national levels).
- **Estimate Actual Sales** - This number was based on actual reported taxable sales on a store-by-store basis for each San Jose retailer.

- **Estimate Additional Capturable Sales (Comparison of Potential Sales with Actual Sales) -** This calculation subtracts the actual sales from total potential sales to determine if additional sales are possible based on the number of households in the trade area.
- **Convert into Supportable Square Feet -** When there were identified additional sales that could be captured in a neighborhood trade area, the sales dollars were converted into a square foot measure based on typical sales per square foot for that type of retailer.
- **Identify Trade Areas with Sufficient Demand to Support a New Store -** Since each type of store is typically built at a minimum size to be economically and operationally viable, this last step accounts for the minimum size needed to actually support an entire new store. In other words, it typically takes enough demand in grocery sales to support at least a 50,000 square foot store (generally the smallest size for a full service contemporary grocery store). Thus, only those trade areas with capturable demand sufficient to support this full size store were identified as able to attract a new store.

It should be noted that because this analysis is fine-grained by small trade area, it demonstrates the irregular spatial location of existing stores vis-à-vis the location of demand. Thus, for several neighborhood trade areas which already have extensive grocery shopping, the analysis would show a negative number (meaning that the existing stores are already selling more good than would be expected given the number of households within the trade area). These are likely locations where underserved neighborhood residents from adjacent neighborhoods shop today for basic items.

If new stores were developed in the trade areas showing sufficient demand to support them, it is likely that some stores in nearby neighborhoods would experience slight losses in their sales, as people would be able to shop closer to home in newly-served locations.

Overall in the City, 10 trade areas (including the aggregated downtown area) showed sufficient demand to support at least one new grocery store. Several other trade areas showed almost enough demand for a new grocery store, although on a conservative basis, these are somewhat risky due to their support for stores in the 30,000 to 40,000 square foot range.

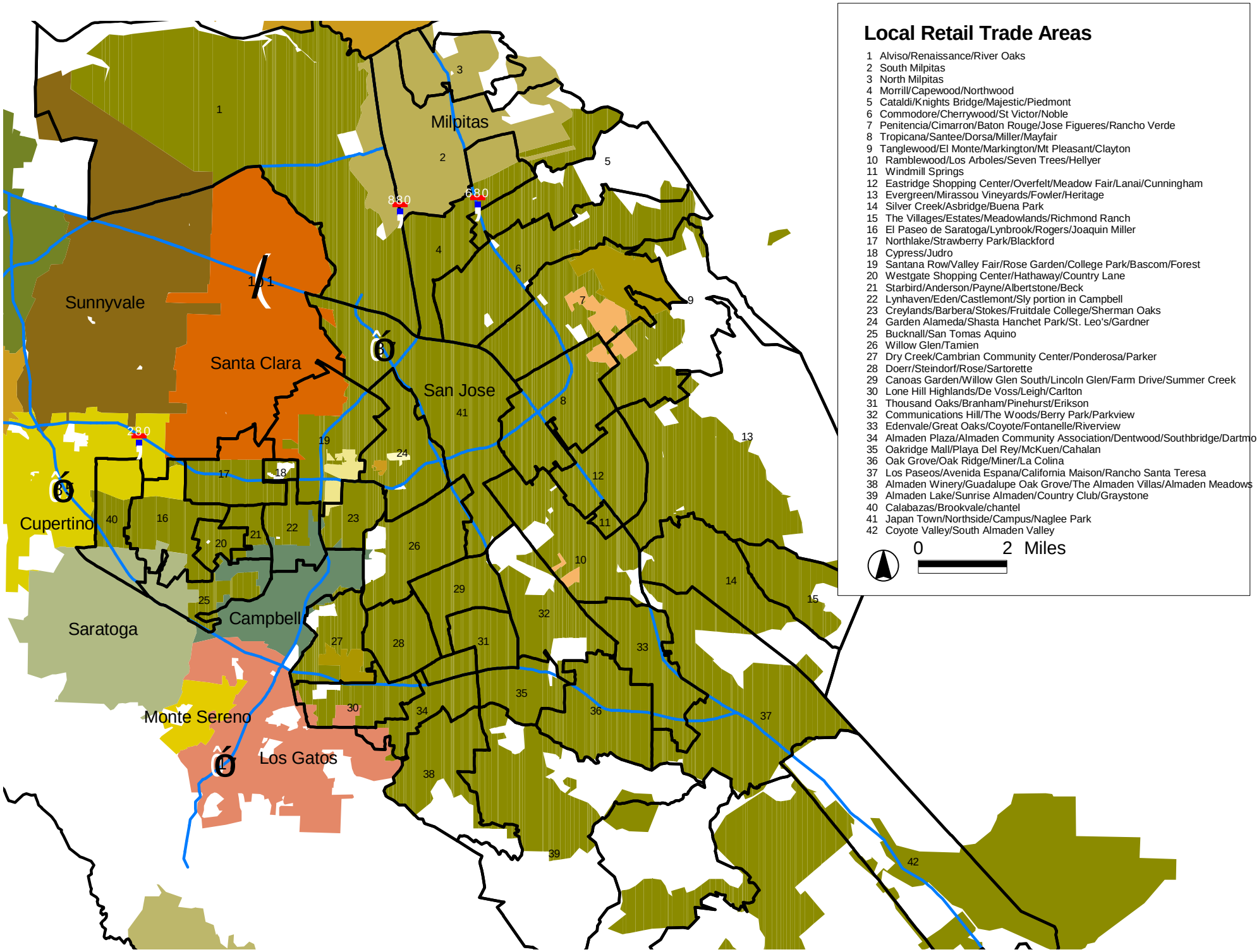
For drugstores, the analysis showed that six trade areas had sufficient demand to support at least a 15,000 square foot store, reflecting the typical size of a Long's or Walgreen's.

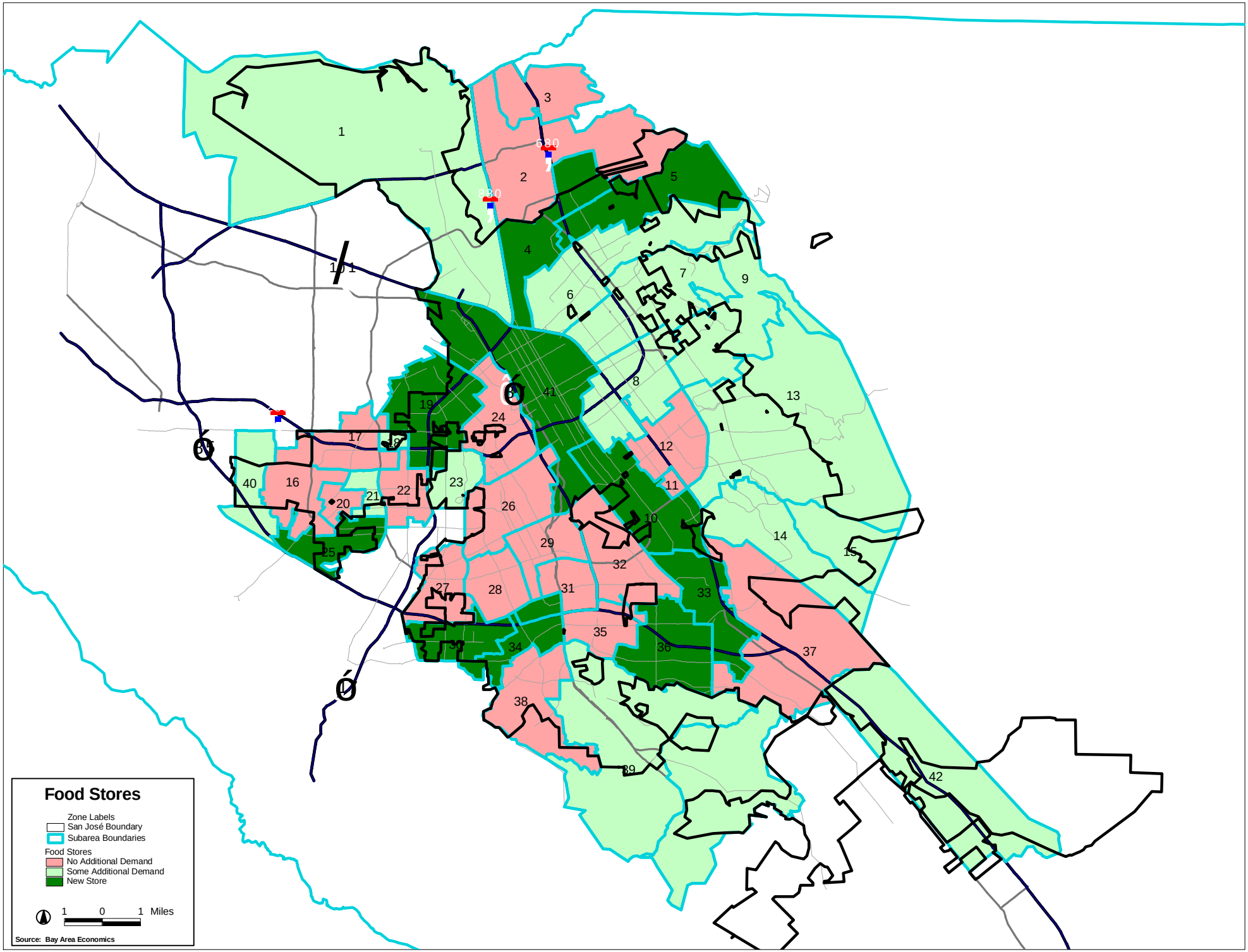
Finally, a portion of all apparel sales were analyzed, to reflect the potential for small, local apparel stores. It should be noted that while this type of store is often considered highly desirable by local residents, it is sometimes difficult to find smaller retailers who can sustain the risk and merchandise their clothing appropriately in a neighborhood location. Most of the national clothing retailers have long ago opted to locate at larger regional malls, leaving the independent retailer to venture into or remain in the neighborhood often as a stand alone store or a non-anchor tenant in a neighborhood center. For apparel stores, at least 12 neighborhoods showed sufficient demand to support at least one new apparel or shoe store. For this store category, a very conservative size threshold of 15,000 square feet was assumed, even though many strong independent retailers occupy much smaller stores (1,000 to 5,000 square feet). This larger threshold was used to reflect the likelihood that a several smaller stores (i.e.,

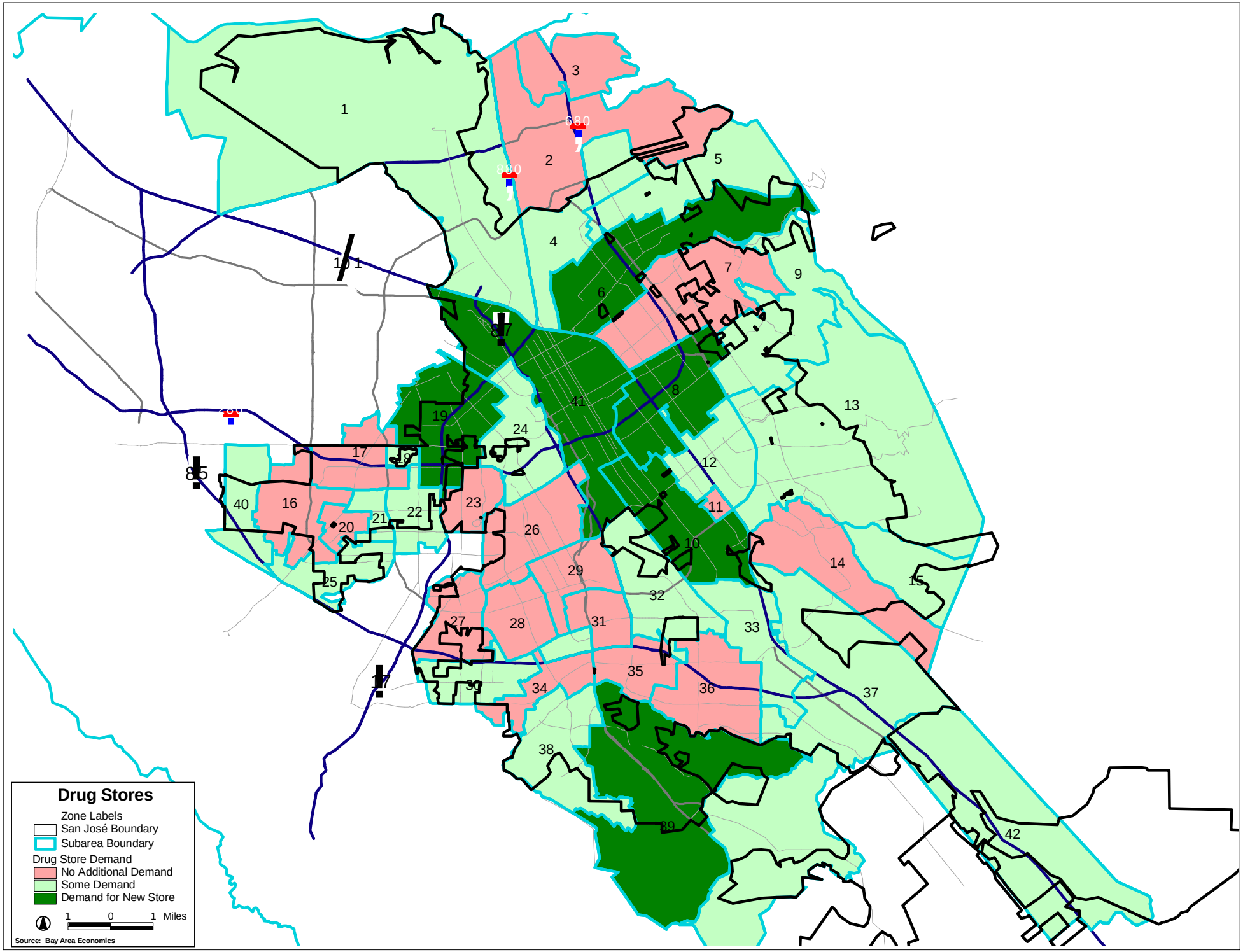
forming a small district or shopping center) would need to be attracted simultaneously, in order to create a sufficient cluster to attract trade area shoppers.

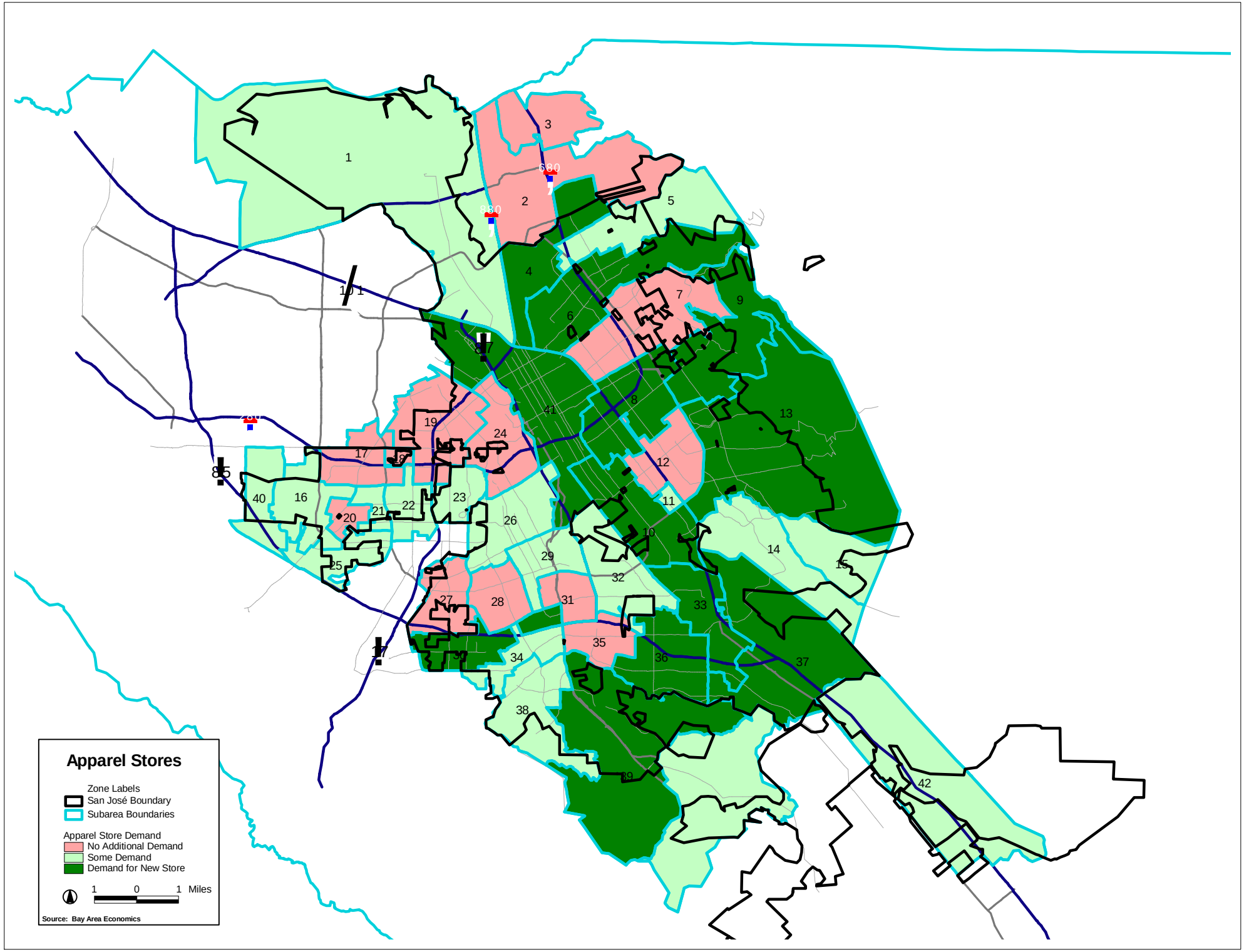
Summary of Neighborhood Trade Area Analysis

Overall in the City, 10 trade areas (including the aggregated downtown area) showed sufficient demand to support at least one new grocery store, five trade areas showed demand for a new drug store and 12 trade areas show support for local-serving apparel stores.. Following the mapped results is presented a tabular summary of the trade area results.


Local Retail Trade Areas
1 Alviso/Renaissance/River Oaks
2 South Milpitas
3 North Milpitas
4 Morrill/Capewood/Northwood
5 Cataldi/Knights Bridge/Majestic/Piedmont
6 Commodore/Cherrywood/St Victor/Noble
7 Penitencia/Cimarron/Baton Rouge/Jose Figueres/Rancho Verde
8 Tropicana/Santee/Dorsa/Miller/Mayfair
9 Tanglewood/El Monte/Markington/Mt Pleasant/Clayton
10 Ramblewood/Los Arboles/Seven Trees/Hellyer
11 Windmill Springs
12 Eastridge Shopping Center/Overfelt/Meadow Fair/Lanai/Cunningham
13 Evergreen/Mirassou Vineyards/Fowler/Heritage
14 Silver Creek/Asbridge/Buena Park
15 The Villages/Estates/Meadowlands/Richmond Ranch
16 El Paseo de Saratoga/Lynbrook/Rogers/Joaquin Miller
17 Northlake/Strawberry Park/Blackford
18 Cypress/Judro
19 Santana Row/Valley Fair/Rose Garden/College Park/Bascom/Forest
20 Westgate Shopping Center/Hathaway/Country Lane
21 Starbird/Anderson/Payne/Albertstone/Beck
22 Lynhaven/Eden/Castlemont/Sly portion in Campbell
23 Creylands/Barbera/Stokes/Fruitdale College/Sherman Oaks
24 Garden Alameda/Shasta Hanchet Park/St. Leo's/Gardner
25 Bucknall/San Tomas Aquino
26 Willow Glen/Tamien
27 Dry Creek/Cambrian Community Center/Ponderosa/Parker
28 Doerr/Steindorf/Rose/Sartorette
29 Canoas Garden/Willow Glen South/Lincoln Glen/Farm Drive/Summer Creek
30 Lone Hill Highlands/De Voss/Leigh/Carlton
31 Thousand Oaks/Branham/Pinehurst/Erikson
32 Communications Hill/The Woods/Berry Park/Parkview
33 Edenvale/Great Oaks/Coyote/Fontanelle/Riverview
34 Almaden Plaza/Almaden Community Association/Dentwood/Southbridge/Dartmo
35 Oakridge Mall/Playa Del Rey/McKuen/Cahalan
36 Oak Grove/Oak Ridge/Miner/La Colina
37 Los Paseos/Avenida Espana/California Maison/Rancho Santa Teresa
38 Almaden Winery/Guadalupe Oak Grove/The Almaden Villas/Almaden Meadows
39 Almaden Lake/Sunrise Almaden/Country Club/Graystone
40 Calabazas/Brookvale/chantel
41 Japan Town/Northside/Campus/Naglee Park
42 Coyote Valley/South Almaden Valley
0 2 Miles
Milpitas
Sunnyvale
Santa Clara
San Jose
Cupertino
Saratoga
Campbell
Monte Sereno
Los Gatos
880
680
280
101


Food Stores
Zone Labels
San José Boundary
Subarea Boundaries
Food Stores
No Additional Demand
Some Additional Demand
New Store
1 0 1 Miles
Source: Bay Area Economics


Drug Stores
Zone Labels
San José Boundary
Subarea Boundary
Drug Store Demand
No Additional Demand
Some Demand
Demand for New Store
1 0 1 Miles
Source: Bay Area Economics


Apparel Stores
Zone Labels
San José Boundary
Subarea Boundaries
Apparel Store Demand
No Additional Demand
Some Demand
Demand for New Store
1 0 1 Miles
Source: Bay Area Economics

Summary of Neighborhood Trade Area Analysis

	FOOD/GROCERY			DRUG STORES			APPAREL STORES		
Typical Stores	Safeway, Albertson, Whole Food			Walgreens, Longs			Banana Republic, Gap, Local Apparel		
Typical Store Sizes	30,000 to 55,000 Sq.Ft.			12,000 to 15,000 Sq.Ft.			5,000 to 15,000 Sq.Ft.		
Sub Area	**Existing Sales**	**Stores Supportable?**		**Existing Sales**	**Stores Supportable?**		**Existing Sales**	**Stores Supportable?**	
1: Alviso/Renaissance/River Oaks	$2,256,100	30,400		$0	8,800		$207,900	8,500	
2: South Milpitas	$18,651,000	(12,700)		$8,285,340	(3,900)		$56,864,500	(161,300)	
3: North Milpitas	$18,651,000	(102,100)		$8,285,340	(19,300)		$56,864,500	(177,000)	
4: Morrill/Capewood/Northwood	$6,700,900	63,600	✔	$3,093,200	10,000		$857,800	19,600	✔
5: Cataldi/Knights Bridge/Majestic/Piedmont	$0	67,100	✔	$0	11,600		$500	12,000	
6: Commodore/Cherrywood/St Victor/Noble	$18,201,800	1,800		$3,531,600	15,900	✔	$2,736,600	21,300	✔
7: Penitencia/Cimarron/Baton Rouge/Jose Figueres	$25,118,800	26,600		$12,501,700	(3,500)		$13,384,300	(400)	
8: Tropicana/Santee/Dorsa/Miller/Mayfair	$29,627,000	30,600		$7,026,100	24,700	✔	$7,158,500	27,400	✔
9: Tanglewood/El Monte/Markington/Mt Pleasant	$8,720,300	47,400		$2,638,300	11,900		$1,121,000	18,500	✔
10:Ramblewood/Los Arboles/Seven Trees/Hellyer	$9,063,400	92,400	✔	$18,200	29,700	✔	$1,093,300	26,300	✔
11:Windmill Springs	$3,902,300	(22,000)		$2,638,300	(7,600)		$0	2,400	
12:Eastridge Shopping Center/Overfelt/Meadow Fair	$18,387,000	(13,600)		$3,626,600	12,700		$46,325,000	(127,900)	
13:Evergreen/Mirassou Vineyards/Fowler/Heritage	$24,283,400	32,400		$9,719,700	7,600		$5,942,600	26,400	✔
14:Silver Creek/Asbridge/Buena Park	$574,900	34,400		$3,531,600	(6,200)		$6,700	7,900	
15:The Villages/Estates/Meadowlands	$634,100	31,600		$0	6,500		$9,800	6,900	
16:El Paseo de Saratoga/Lynbrook/Rogers	$15,756,900	(35,500)		$6,169,900	(4,200)		$3,336,000	9,200	
17:Northlake/Strawberry Park/Blackford	$18,492,800	(56,000)		$6,624,800	(5,600)		$8,691,000	(9,000)	
18:Cypress/Judro	$584,300	3,200		$0	1,400		$1,066,100	(2,200)	
19:Santana Row/Valley Fair/Rose Garden/College Park	$5,781,700	105,000	✔	$392,500	25,300	✔	$120,082,500	(373,000)	
20:Westgate Shopping Center/Hathaway/Country Lane	$11,357,400	(72,400)		$3,093,200	(6,200)		$31,562,349	(99,600)	
21:Starbird/Anderson/Payne/Albertstone/Beck	$2,820,600	25,200		$0	8,600		$17,200	8,700	
22:Lynhaven/Eden/Castlemont/Sly portion in Campbell	$10,647,600	(11,600)		$2,639,100	4,700		$208,800	14,200	
23:Creylands/Barbera/Stokes/Fruitdale College	$7,462,000	9,000		$3,531,600	(200)		$544,800	11,500	
24:Garden Alameda/Shasta Hanchet Park/St. Leo's	$18,576,800	(71,200)		$3,093,200	5,000		$5,674,900	(2,200)	
25:Bucknall/San Tomas Aquino	$0	73,400	✔	$0	12,800		$0	13,500	
26:Willow Glen/Tamien	$15,124,200	(25,500)		$12,403,800	(27,200)		$2,538,500	12,400	
27:Dry Creek/Cambrian Community Center/Ponderosa	$11,901,900	(30,500)		$6,684,200	(11,700)		$4,383,849	(600)	
28:Doerr/Steindorf/Rose/Sartorette	$17,739,800	(82,400)		$6,169,900	(9,500)		$10,860,100	(21,900)	
29:Canoas Garden/Willow Glen South/Lincoln Glen	$10,663,400	(30,000)		$6,624,800	(13,400)		$0	12,000	
30:Lone Hill Highlands/De Voss/Leigh/Carlton	$1,271,100	92,400	✔	$3,531,600	4,600		$43,700	18,500	✔
31:Thousand Oaks/Branham/Pinehurst/Erikson	$16,014,800	(97,900)		$8,251,200	(22,700)		$7,952,100	(17,700)	
32:Communications Hill/The Woods/Berry Park/Parkview	$16,879,900	(41,600)		$3,531,600	6,100		$1,805,500	14,000	
33:Edenvale/Great Oaks/Coyote/Fontanelle/Riverview	$5,569,400	79,200	✔	$3,093,200	10,600		$583,600	20,700	✔
34:Almaden Plaza/Almaden Community	$993,200	52,200	✔	$5,731,500	(11,100)		$2,783,900	1,500	
35:Oakridge Mall/Playa Del Rey/McKuen/Cahalan	$7,266,600	(2,700)		$3,093,200	(700)		$75,944,049	(241,900)	
36:Oak Grove/Oak Ridge/Miner/La Colina	$10,181,100	76,700	✔	$9,263,100	(5,500)		$4,229,000	16,400	✔
37:Los Paseos/Avenida Espana/California Maison	$16,461,800	(52,900)		$2,638,300	7,100		$134,300	17,300	✔
38:Almaden Winery/Guadalupe Oak Grove	$8,099,200	(12,900)		$2,638,300	1,000		$58,900	12,000	
39:Almaden Lake/Sunrise Almaden/Country Club	$7,724,200	45,400		$0	20,700	✔	$5,300	22,700	✔
40:Calabazas/Brookvale/Chantel	$3,276,300	47,400		$3,093,200	1,900		$17,400	14,500	
41-N: Airport Area	$1,160,800	(1,500)		$0	1,500		$4,000	2,200	
41-Ctr: Japan Town/Northside/Campus/Naglee	$21,906,600	32,200		$7,039,800	12,300		$4,746,200	39,100	✔
41-S: Spartan/Keyes/Washington	$3,156,700	43,500		$0	12,100		$991,300	13,800	
42:Coyote Valley/South Almaden Valley	$0	5,500		$0	1,000		$0	1,000	

Sources: Bay Area Economics, Metrovation.

Regional Retail Analysis

The Retail Model also has the capability to estimate supportable new stores for region-serving categories such as apparel (the portion not attributable to neighborhood retailers), general merchandise (e.g., department stores and value merchandisers such as Target and Wal Mart), home furnishings and appliances (e.g., Crate & Barrel, Pottery Barn, IKEA), and consumer electronics (e.g., Circuit City, Best Buy, CompUSA).

However, the nature of existing shopping centers and malls in San Jose and surrounding cities complicates the use of the spatial (GIS) features of the Retail Model for this type of analysis. San Jose and South Bay malls have evolved in the past decade beyond prior hierarchies, following national trends. Up until the early 1990s, most regional malls and larger community shopping centers served trade areas of 15 to 20 minutes driving time. As more "big box" merchandisers appeared, offering the breadth of merchandise under a single roof at discounted prices, some of these rules of thumb blurred. At the same time, in the South Bay, super-regional malls such as Valley Fair and Stanford Shopping Center began to expand and differentiate themselves from the big box competitors, adding more upscale stores and additional space to create a more unique shopping experience for the discriminating "comparative" shopper. These super-regional malls and their older siblings, the regional malls and smaller community shopping centers, have tended to overlap in terms of the trade areas served.

Thus, to simplify overlapping and competing array of retailers in the South Bay at the region-serving level, the Metrovation/BAE consulting team has conducted an initial analysis without spatial definition. The analysis, shown in Appendix B, estimates maximum potential demand from San Jose residents, as well as capture of demand from residents of nearby cities, to paint a picture of how San Jose could increase its attraction of these sales dollars within city borders. The analysis suggests that San Jose could support up to 52,000 square feet of new apparel stores, 478,000 square feet of new department/general merchandise stores, and more than 890,000 square feet of home furnishings and appliance stores. It should be noted that some of this supportable space is probably being absorbed by the new Santana Row shopping center, which offers a mix of apparel, specialty, and home furnishings retailers. Since Santana Row's stores had not yet recorded a full year of taxable retail sales at the time of this analysis, it was not possible to factor the sales capture at that facility into this estimate. Nevertheless, these findings indicate that even more stores in these categories, and likely other complementary types of stores, could be identified.

Recommendations and Next Steps

There are many reasons why it is important for San Jose to fully explore its maximum retail sales potential. In today's fiscal climate, each sales tax dollar flowing to the City's General Fund means sustaining vital city services such as police and fire protection, library services, and community center operations. Moreover, retail brings an economic and physical vitality to neighborhoods that is unmatched. And, the more and better retail that is available, the more livable and attractive San Jose will be to future residents, employers, and visitors.

The previous analysis begins to demonstrate the power of the San Jose Retail Model as an analytical tool. However, retail is a very location-sensitive type of economic activity, and the success of new stores in San Jose will depend on further analysis to determine ideal locations for each type of store identified in this report. Following through a process of next steps to pinpoint sites, match them with appropriate retailers, and identify barriers to development are critical to strengthening San Jose's retail mix.

Barriers to Achieving Increased Retail Sales

In San Jose, additional demand for retail will continue to grow, even beyond the demonstrated new stores described in this report. However, certain key barriers to attracting retailers will need to be addressed in order to achieve the potential shown. These include:

- **Sufficient Land to Develop Retail -** Retailers have a wide range of criteria that impact site location decisions. Some retailers need freeway access and/or visibility to attract their customers, while others prefer the ambiance of a pedestrian environment.

- **Large, Assembled Parcels -** Another barrier particularly present in San Jose is the lack of readily available parcels of sufficient size to create efficient shopping centers. Regional "box" stores typically require at least 20 acres or more of land to create the store and sufficient parking, although some box retailers are beginning to experiment with more urban models in two-story configurations that allow entry into built-out markets. Specialty shopping centers offering the popular "lifestyle" goods such as upscale apparel and home furnishings week land parcels upwards of 40 acres or more.

- **Willing Sellers and Feasible Land Costs -** San Jose has experienced the lack of these two factors for many years, as land owners either hold land off the market or ask for land values that can not be supported by retail rents. Retail is strongly impacted by land values - the higher the land cost, the higher the rent needed to pay for the development project. To the extent that retailers have to compete with perceived demand from other types of uses such as tech companies or luxury housing, the land market dynamics of San Jose will continue to constrain new retail development.

- **Lengthy Entitlements and High Construction Costs -** These cost factors can also affect the ability to attract new retailers to San Jose, and "push" retailers to other, lower cost or easier-to-develop competing cities.

- **Lack of Available Labor/High Labor Costs -** Although this factor may be temporarily diminished due to the sluggish economy, San Jose and indeed the entire Bay Area is impacted from a national retailer's perspective by the known high cost of labor and the periodic lack of labor available to staff new stores. Furthermore, local regulations requiring living wages can discourage retailer attraction; some retailers will chose an alternative city rather than meet the stringent requirements. These factors are further exacerbated by the lack of sufficient affordable housing for service workers in San Jose and Santa Clara County.

- **High Advertising Costs -** The Bay Area has the highest advertising cost in the nation. Every retailer has to take this into consideration as to where they locate, and how many stores to locate in an advertising zone.

Strategies to Increase San Jose Retail

The following are preliminary suggestions to enhance the ability of San Jose to achieve its fullest retail potential"

- **Create Retail Synergy -** This is the most difficult factor to describe, but perhaps the most key factor to attracting new retailers. Merchandisers have long understood that shopping is a "market" activity, and people like to shop for more than one item at a time. Shopping is also a social activity, and more and more, an entertainment activity as well. These functions combined with the increasingly discriminating, time-constrained shopper, make the synergy of a shopping place ever more important. Synergy is the way unique and individual stores blend together to create a mix of excitement, entertainment, and attraction. Once the synergy happens, sometimes in unpredictable ways, it builds on itself, creating a "buzz" and drawing even more shoppers to the location. Synergy can happen through an anchor use, such as a movie theater, or through a unique design, or even through a sensitively designed mixed use project.

- **Designate Suitable Major Retail Sites Through General Plan Process -** The City can foster and create retail synergy through careful land use planning, as well as through working directly with experienced retail and merchandising consultants. It will be important to constantly look at San José through a retailer's eyes, regarding retail site placement, General Plan designations, transportation plans and improvements, and urban design programs. Based on general observations of the current General Plan amendment cycle, it is likely that several of the sites in the process requesting other uses may be suitable for consideration as retail sites.

- **Strategically Place Retail at City's Edges -** It is recommended that the City consider strategic locations for new major retail facilities at the edges of the City limits, to

maximize dollars attracted from neighboring cities. Retail Shopping centers need the right physical location for the tenants to commit to the site, and for the site to be successful. Many downtown, urban sites cannot accommodate the larger store formats and are hampered by not enough parking, or a building configuration not conducive to efficient tenant operations. Therefore, there will always be some tenants that will not re-structure their operational requirements to locate downtown and need a traditional Community or Regional center to locate.

The larger store format tenants can easily compliment more urban downtown types of developments. There are a limited number of anchors that can be successful in a downtown setting. Once those anchor types have been accommodated, the downtown urban development becomes more difficult. There are fewer tenants that can push their operational envelopes to accommodate the differences in a downtown development, and those that will change, want a deep discount in the rent to do so. Therefore, downtown urban developments normally need to be subsidized to ever succeed.

Potential focus areas include locations on the northern and eastern edges, and south of Blossom Hill Road, where current supply is lacking.

- **Identify Sites for Neighborhood Shopping Complexes -** For neighborhood retail, serving daily and weekly retail requirements like grocery, cleaners, drug stores and pharmacies, parcel sizes of 5 –12 acres are needed. Focus on underserved markets first, because the anchor tenants (grocery and drug stores) will be more anxious to locate where the unmet demand will typically show strong sales potential. In addition, a strategically placed grocery store, like the new Albertson/Sav-On store at Tully and Capital, can help to rejuvenate a transitional trade area.

- **Understand Retailers' Needs/Talk to the Retailers -** Key to attracting new retailers will be for the City to continue a dialogue, leading to a deeper understanding of needs. Local brokers can be helpful in describing these needs in general terms, including items such as restrictive signage or constrained access.

- **Pay Attention to Planning and Development Costs -** The City of San José needs to maintain a competitive advantage in terms of ease of planning, entitlements, and development costs to attract retailers within city boundaries. In addition, the relatively high land costs of land parcels in San José can be a disadvantage. The City may want to consider special financing techniques using redevelopment funds or other assistance such as public infrastructure funding in exchange for substantial new taxable sales.

Tenant Site Location Criteria

With retail development today being primarily tenant driven, how a tenant evaluates a site and trade area becomes more important. Some general rules of thumb are listed below.

Tenant		Location Criteria
General Merchandiser Target, Wal-Mart or other soft good merchandiser over 100k Sq. Ft.		Need 10 – 12 acres. Likes freeway visibility. Needs good ingress and egress. Needs to be parked at 4.5 or 5 stalls per 1000 sf of retail space. Likes to control certain retail competition. Needs land value to be at or below market land values for retail (Typically land value for retail gets challenging over $16 per sf), and the decision to locate a store would be based on unusual demographic situations such as density, incomes, lack of other store locations, lack of competition. Can go stand alone, but prefer co-tenancy. Prefer one level stores, and "sea" of parking.
Discounter Costco, Sam's Club etc.		Need 9 – 12 acres. Can go into "reuse" type areas, i.e. industrial and R & D areas. Needs to be on a high traffic street. Need easy ingress and egress. Need 5 stalls per 1000 sf of retail space – all full sized stalls-no compacts. Can go stand alone, but can also go with other tenants in a large center. Can pay up to $24 per sf for land before the site gets challenging, due to higher sales volumes.
Grocery Traditional		Need 5 – 8 acres. Need to be at an intersection of 2 main thoroughfares. Prefer to control the site-sometimes dictating co-tenancy. Will allow shops and pads only if ingress and egress is not affected. Need 4 Stalls per 1000 sf minimum; prefer 5 per 1000. Depending upon sales projections, can pay market pricing for land. Need no more than 2 other traditional grocery stores in a trade area of 10,000 – 15,000 homes, depending upon income levels.
Category Killers		Typically need 2-5 acres. Usually will NOT locate alone, but need co-tenancy. Want Community or Regional type centers rarely go into neighborhood centers. Prefer freeway visibility and access. Category Killers now can include auto dealers.

Additional Applications of the Retail Model

The San José Retail Model and its GIS data layers can be used for numerous additional applications to support ongoing retail attraction and retention strategies, including the following:

- Market individual trade areas or whole city to retailers
- Map and/or compile demographics for small trade areas
- Combine with psychographics (e.g., PRIZM data is incorporated into the Model, providing special descriptions of target market segments related to specific types of specialty and value-oriented retailing)
- Track sales trends over time
- Locate existing stores by name or type – show mix and missing store types
- Estimate of supportable new stores
- Compare areas to each other
- View retail demand and supply patterns for entire city at a glance
- Combine with fiscal analysis models

Appendix A: Data Tables

Table 1: Population and Household Trends, San Jose and Comparison Areas

	San Jose			Santa Clara County			California		
	1990	2000	Annual Growth '90-'00	1990	2000	Annual Growth '90-'00	1990	2000	Annual Growth '90-'00
Population	782,248	894,943	1.4%	1,497,577	1,682,585	1.2%	29,760,021	33,871,648	1.3%
Households	250,218	276,598	1.0%	520,180	565,863	0.8%	10,381,206	11,502,870	1.0%
Avg. Household Size	3.08	3.20		2.81	2.92		2.79	2.87	
Household Type									
Families	73.5%	73.6%		69.1%	69.9%		68.8%	68.9%	
Non-Families	26.5%	26.4%		30.9%	30.1%		31.2%	31.1%	
Household Tenure									
Renter	38.7%	38.2%		40.9%	40.2%		44.4%	43.1%	
Owner	61.3%	61.8%		59.1%	59.8%		55.6%	56.9%	

Sources: U.S Census, 1990, 2000; BAE, 2003.

Table 2: Age Distribution, 2000

	San Jose		Santa Clara County		Bay Area (a)	
Age	**Persons**	**% of Total**	**Persons**	**Percent of % of Total**	**Persons**	**% of Total**
Under 18	236,124	26.4%	416,402	24.7%	1,601,858	23.6%
18-24	88,947	9.9%	155,900	9.3%	595,173	8.8%
25-34	160,945	18.0%	299,140	17.8%	1,120,919	16.5%
35-44	155,751	17.4%	296,883	17.6%	1,172,570	17.3%
45-54	111,383	12.4%	218,715	13.0%	964,638	14.2%
55-64	67,933	7.6%	135,018	8.0%	571,095	8.4%
65+	73,860	8.3%	160,527	9.5%	757,507	11.2%
Total	**894,943**	**100.0%**	**1,682,585**	**100.0%**	**6,783,760**	**100.0%**
Median Age	**32.7**		**34.0**		**35.6**	

Notes:
a) Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties.

Sources: 2000 U.S. Census, BAE, 2003.

Table 3: Household Income Distribution, 2002

Estimated 2002 Household Income	City of San Jose	Santa Clara County	San Mateo County	Combined Counties (a)	Bay Area (b)
Under $15,000	4.7%	4.2%	4.7%	4.4%	9.9%
$15,000 to $24,999	5.5%	4.8%	4.6%	4.7%	7.8%
$25,000 to $34,999	5.4%	5.0%	5.2%	5.1%	8.6%
$35,000 to $49,999	9.0%	8.3%	8.9%	8.5%	13.2%
$50,000 to $74,999	16.8%	16.3%	17.5%	16.7%	19.5%
$75,000 to $99,999	16.1%	15.4%	16.1%	15.6%	14.1%
$100,000 to $149,999	22.6%	21.9%	20.3%	21.4%	15.1%
$150,000 or more	20.1%	24.1%	22.6%	23.7%	11.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
2002 Median Household Income	$88,424	$93,503	$89,113	$92,124	$75,534

Notes:
a) Combined data for Santa Clara & San Mateo Counties
(b) Nine county Bay Area comprises Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties.

Sources: Claritas, Inc; BAE, 2003.

Table 4: Educational Attainment, 2000

	San Jose	Santa Clara County	Bay Area (a)
Adult Population Age 25 Years and Over	**570,755**	**1,113,058**	**4,599,189**
No High School Diploma	21.7%	16.6%	16.0%
High School Graduate (incl. equivalency)	18.1%	15.9%	17.7%
Some College, No Degree	20.9%	19.6%	21.7%
Associate's Degree	7.7%	7.4%	7.2%
Bachelor's Degree	20.8%	24.0%	23.2%
Graduate Degree or Higher	10.7%	16.4%	14.1%
Total	100.0%	100.0%	100.0%

a) Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties.
Sources: 2000 Census, BAE 2003.

Table 5: Taxable Sales Trends in San José and California, 1997 to 2001 (a)

All figures in $1,000s, and adjusted for inflation to 2001 dollars.

Retail Sales Category	1997 (b)	1998	1999	2000	2001	% Change '97-'01
San José						
Apparel stores	$307,047	$300,584	$305,016	$335,717	$334,087	8.1%
General merchandise stores	$1,237,275	$1,269,511	$1,289,495	$1,340,925	$1,213,970	-1.9%
Food stores	$409,693	$412,662	$417,911	$430,335	$417,951	2.0%
Eating and drinking places	$838,446	$856,416	$878,203	$940,854	$896,298	6.5%
Home furnishings and appliances	$360,702	$378,222	$406,341	$446,537	$376,544	4.2%
Bldg. matrl. and farm implements	$601,753	$668,486	$684,788	$767,952	$726,447	17.2%
Auto dealers and auto supplies	$1,441,657	$1,529,912	$1,648,104	$1,875,781	$1,582,391	8.9%
Service stations	$557,334	$501,001	$662,053	$824,917	$763,075	27.0%
Other retail stores	$1,456,360	$1,544,242	$1,749,808	$1,981,050	$1,617,105	9.9%
Retail Stores Totals	**$7,210,269**	**$7,461,036**	**$8,041,719**	**$8,944,069**	**$7,927,868**	9.1%
All Other Outlets	**$4,142,934**	**$4,225,521**	**$4,416,946**	**$5,399,355**	**$4,426,922**	6.4%
Totals All Outlets	**$11,353,202**	**$11,686,556**	**$12,458,665**	**$14,343,424**	**$12,354,790**	8.1%
CALIFORNIA						
Apparel stores	$13,650,984	$13,460,263	$12,614,070	$13,538,934	$13,388,444	-2.0%
General merchandise stores	$43,243,504	$44,494,434	$46,839,674	$48,296,316	$47,191,016	8.4%
Food stores	$18,853,004	$18,489,838	$18,910,614	$19,363,475	$18,823,587	-0.2%
Eating and drinking places	$33,450,160	$34,475,775	$35,730,490	$37,370,603	$36,849,193	9.2%
Home furnishings and appliances	$11,404,534	$12,088,266	$13,184,930	$14,324,598	$13,332,175	14.5%
Bldg. matrl. and farm implements	$20,832,044	$22,217,893	$24,497,503	$26,140,560	$26,461,247	21.3%
Auto dealers and auto supplies	$45,013,595	$48,652,959	$54,009,353	$59,781,632	$60,775,845	25.9%
Service stations	$22,870,962	$19,908,176	$22,366,320	$26,566,219	$24,625,039	7.1%
Other retail stores	$47,885,225	$49,440,724	$53,217,623	$57,137,950	$52,509,975	8.8%
Retail Stores Totals	**$257,204,013**	**$263,228,329**	**$281,370,576**	**$302,520,287**	**$293,956,521**	12.5%
All Other Outlets	**$146,619,561**	**$148,537,266**	**$153,182,542**	**$163,118,741**	**$147,561,039**	0.6%
Totals All Outlets	**$403,823,574**	**$411,765,595**	**$434,553,118**	**$465,639,028**	**$441,517,560**	8.5%

Notes:
(a) In thousands of dollars
(b) All figures are inflated to 2001$ using the San Francisco-Oakland-San Jose CPI for all Urban Consumers.
Sources: MBIA; State Board of Equalization; BAE, 2003.

Table 6: Per Capita Taxable Sales Trends in San José and California, 1997 to 2001

All figures adjusted for inflation to 2001 dollars.

Retail Sales Category	1997 (a) (b)	1998	1999	2000	2001	% Change '97-'01
San José						
Apparel stores	$360	$347	$347	$376	$369	2.2%
General merchandise stores	$1,452	$1,465	$1,467	$1,501	$1,339	-8.4%
Food stores	$481	$476	$476	$482	$461	-4.3%
Eating and drinking places	$984	$988	$999	$1,053	$989	0.5%
Home furnishings and appliances	$423	$436	$462	$500	$415	-1.9%
Bldg. matrl. and farm implements	$706	$771	$779	$860	$801	11.9%
Auto dealers and auto supplies	$1,692	$1,765	$1,875	$2,100	$1,745	3.1%
Service stations	$654	$578	$753	$923	$842	22.3%
Other retail stores	$1,709	$1,782	$1,991	$2,218	$1,784	4.2%
Retail Stores Totals	$8,462	$8,608	$9,151	$10,012	$8,745	3.2%
All Other Outlets	$4,862	$4,875	$5,026	$6,044	$4,883	0.4%
Totals All Outlets	$13,324	$13,482	$14,177	$16,057	$13,628	2.2%
CALIFORNIA						
Apparel stores	$424	$412	$381	$401	$390	-8.8%
General merchandise stores	$1,343	$1,362	$1,413	$1,431	$1,373	2.2%
Food stores	$585	$566	$571	$574	$548	-6.9%
Eating and drinking places	$1,039	$1,056	$1,078	$1,107	$1,072	3.1%
Home furnishings and appliances	$354	$370	$398	$424	$388	8.7%
Bldg. matrl. and farm implements	$647	$680	$739	$774	$770	16.0%
Auto dealers and auto supplies	$1,398	$1,490	$1,630	$1,771	$1,768	21.0%
Service stations	$710	$610	$675	$787	$717	0.9%
Other retail stores	$1,487	$1,514	$1,606	$1,693	$1,528	2.7%
Retail Stores Totals	$7,986	$8,060	$8,490	$8,963	$8,553	6.6%
All Other Outlets	$4,552	$4,548	$4,622	$4,833	$4,294	-6.0%
Totals All Outlets	$12,538	$12,609	$13,113	$13,795	$12,847	2.4%

Notes:

(a) All figures are inflated to 2001$ using the San Francisco-Oakland-San Jose CPI for all Urban Consumers.

(b) Population figures:	1997	1998	1999	2000	2001
San José	852,100	866,800	878,800	893,300	906,600
California	32,207,000	32,657,000	33,140,000	33,753,000	34,367,000

Sources: State Board of Equalization; CA Department of Finance; BAE, 2003.

Table 7: San Jose Taxable Retail Sales Trends, 2001 and 2002

Not adjusted for inflation

	Year 2001 Sales	%	Year 2002 Sales	%	% Change 2001-2002
Apparel					
Women's Apparel	$94,299,000	1.2%	$92,465,000	1.3%	-1.9%
Men's Apparel	26,840,000	0.3%	26,567,000	0.4%	-1.0%
Family Apparel	175,144,000	2.2%	186,570,000	2.6%	6.5%
Shoes	68,319,000	0.9%	62,426,000	0.9%	-8.6%
Total	**364,602,000**	**4.7%**	**368,028,000**	**5.1%**	**0.9%**
General Merchandise/Drug Stores					
General Merchandise Stores	1,006,986,000	12.9%	949,106,000	13.1%	-5.7%
Drug Stores	163,402,000	2.1%	157,657,000	2.2%	-3.5%
Total	**1,170,388,000**	**15.0%**	**1,106,763,000**	**15.3%**	**-5.4%**
Specialty Goods					
Gifts, Art Goods, and Novelties	49,548,000	0.6%	47,840,000	0.7%	-3.4%
Sporting Goods	99,789,000	1.3%	93,344,000	1.3%	-6.5%
Florists	12,710,000	0.2%	11,021,000	0.2%	-13.3%
Photographic Equipment and Supplies	9,082,000	0.1%	8,085,000	0.1%	-11.0%
Musical Instruments	56,569,000	0.7%	48,784,000	0.7%	-13.8%
Stationery and Books	97,841,000	1.3%	85,476,000	1.2%	-12.6%
Jewelry	72,853,000	0.9%	71,529,000	1.0%	-1.8%
Office, Store and School Supplies	498,146,000	6.4%	363,388,000	5.0%	-27.1%
Other Specialties	398,745,000	5.1%	377,033,000	5.2%	-5.4%
Total	**1,295,283,000**	**16.6%**	**1,106,500,000**	**15.3%**	**-14.6%**
Grocery Stores	**427,933,000**	**5.5%**	**414,684,000**	**5.7%**	**-3.1%**
Restaurants	**896,172,000**	**11.5%**	**856,063,000**	**11.8%**	**-4.5%**
Home Furnishings & Appliances	**397,099,000**	5.1%	**408,196,000**	5.6%	**2.8%**
Building Materials					
Lumber and Building Materials	394,926,000	5.1%	430,403,000	6.0%	9.0%
Hardware Stores	108,348,000	1.4%	102,834,000	1.4%	-5.1%
Plumbing and Electrical Supplies	86,709,000	1.1%	75,029,000	1.0%	-13.5%
Paint, Glass, and Wallpaper	39,040,000	0.5%	39,050,000	0.5%	0.0%
Total	**629,023,000**	**8.1%**	**647,316,000**	**9.0%**	**2.9%**
Autotmotive					
New Motor Vehicle Dealers	1,349,218,000	17.3%	1,221,171,000	16.9%	-9.5%
Used Motor Vehicle Dealers	95,525,000	1.2%	86,110,000	1.2%	-9.9%
Automotive Supplies and Parts	130,288,000	1.7%	122,046,000	1.7%	-6.3%
Service Stations	785,172,000	10.1%	664,482,000	9.2%	-15.4%
Total	**2,360,203,000**	**30.2%**	**2,093,809,000**	**29.0%**	**-11.3%**
Other					
Packaged Liquor Stores	57,950,000	0.7%	53,470,000	0.7%	-7.7%
Second-hand Merchandise	9,082,000	0.1%	8,381,000	0.1%	-7.7%
Farm Implement Dealers	54,465,000	0.7%	30,354,000	0.4%	-44.3%
Farm and Garden Supply Stores	22,565,000	0.3%	21,897,000	0.3%	-3.0%
Fuel and Ice Dealers	8,277,000	0.1%	8,450,000	0.1%	2.1%
Mobile Homes, Trailers, and Campers	23,530,000	0.3%	22,738,000	0.3%	-3.4%
Boat, Motorcycle, and Plane Dealers	88,797,000	1.1%	79,476,000	1.1%	-10.5%
Total	**264,666,000**	**3.4%**	**224,766,000**	**3.1%**	**-15.1%**
Total All Retail Sales	**$7,805,371,001**	**100.0%**	**$7,226,127,002**	**100.0%**	**-7.4%**

Table 8: San José Leakage Analysis by Retail Sector, 2001

Outlets	Per Capita Santa Clara & San Mateo Sales (a)	Per Capita San José Sales (a)	San José Injection/ (Leakage)
Apparel:			
Women's apparel	$141	$104	-26%
Men's apparel	$39	$30	-24%
Family apparel	$241	$193	-20%
Shoes	$80	$75	-6%
Subtotal	***$501***	***$402***	***-20%***
General Merchandise:			
General merchandise stores	$1,414	$1,111	-21%
Drug stores	$225	$180	-20%
Subtotal	***$1,638***	***$1,291***	***-21%***
Specialty Stores:			
Gifts, art goods, and novelties	$57	$55	-4%
Sporting goods	$143	$110	-23%
Florists	$36	$14	-61%
Photo equip. and musical instruments	$85	$24	-72%
Stationery and books	$139	$108	-23%
Jewelry	$97	$80	-17%
Office, store and school supplies	$902	$549	-39%
Other specialties	$509	$440	-14%
Subtotal	***$1,969***	***$1,429***	***-27%***
Food Stores:			
Food stores selling all types of liquors	$383	$307	-20%
All other food stores	$145	$165	13%
Subtotal	***$528***	***$472***	***-11%***
Eating and drinking:			
Eating places: no alcoholic beverages	$453	$430	-5%
Eating places: beer and wine	$880	$312	-65%
Eating and drinking: all types of liquor	$434	$246	-43%
Subtotal	***$1,767***	***$988***	***-44%***
Household/Home Furnishings:			
Household and home furnishings	$395	$153	-61%
Household appliance dealers	$187	$285	52%
Subtotal	***$583***	***$438***	***-25%***
Building Materials:			
Lumber and building materials	$613	$436	-29%
Hardware stores	$133	$120	-10%
Paint, glass, wallpaper, plumbing & elec. Supplies	$134	$139	3%
Subtotal	***$880***	***$694***	***-21%***
Automotive:			
New motor vehicle dealers	$1,976	$1,488	-25%
Used motor vehicle dealers	$105	$105	0%
Automotive supplies and parts	$135	$144	6%
Service stations	$880	$866	-2%
Subtotal	***$3,097***	***$2,603***	***-16%***
Other Retail:			
Packaged liquor stores	$85	$64	-25%
Second-hand merchandise	$15	$10	-35%
Farm Implements (b)	$30	$60	102%
Farm & Garden	$60	$25	-59%
Fuel&ice, mobile home, trailer, camper, boat, mtr	$105	$133	27%
Subtotal	***$295***	***$292***	***-1%***
Retail Stores Total	**$11,258**	**$8,609**	**-24%**

Notes:
(a) Santa Clara County population, 2001: 1,703,500
San Mateo County population, 2001: 712,600
San José population, 2001: 906,620
(b) Farm implements have been combined to comply with disclosure rules for San José data.
Sources: State Board of Equalization, 2001; 2001 California Department of Finance; BAE, 2003.

Table 9: Food Store Analysis

Assumptions	
Potential Per Capita Sales (b)	$508
Adjustment for High Income HH	$258
Adjustment for Low Income HH	($46)
Capturable Sales Pct	90%
Taxable Sales per Sq. Ft. (c)	$109

Sub Area	Existing Sales (a)	2000 Population	Total HH	HH under $25k	HH over $150k	Total Capturable Demand (b)	Unmet Demand	Supportable Sq.Ft. (c)
1	$2,256,100	11,917	4,584	482	631	$5,575,200	$3,319,100	30,400
2	18,651,000	37,105	10,007	1,058	1,493	$17,267,600	($1,383,400)	(12,700)
3	18,651,000	15,999	4,383	378	871	$7,501,500	($11,149,500)	(102,100)
4	$6,700,900	29,285	8,759	769	1,252	$13,648,200	$6,947,300	**63,600**
5		15,727	4,429	327	640	$7,325,600	$7,325,600	**67,100**
6	$18,201,800	39,408	11,601	994	1,816	$18,398,200	$196,400	1,800
7	$25,118,800	60,838	16,728	3,331	1,510	$28,028,800	$2,910,000	26,600
8	$29,627,000	72,057	14,459	2,955	638	$32,971,000	$3,344,000	30,600
9	$8,720,300	30,112	6,870	804	698	$13,896,200	$5,175,900	47,400
10	$9,063,400	41,769	9,996	1,939	583	$19,152,400	$10,089,000	**92,400**
11	$3,902,300	3,242	732	63	86	$1,499,600	($2,402,700)	(22,000)
12	$18,387,000	36,861	8,178	1,208	437	$16,904,600	($1,482,400)	(13,600)
13	$24,283,400	59,557	14,943	924	2,718	$27,822,700	$3,539,300	32,400
14	$574,900	8,871	2,731	146	1,191	$4,326,400	$3,751,500	34,400
15	$634,100	8,632	3,796	518	679	$4,082,900	$3,448,800	31,600
16	$15,756,900	25,048	8,542	836	1,980	$11,877,400	($3,879,500)	(35,500)
17	$18,492,800	26,631	10,875	1,392	1,100	$12,373,900	($6,118,900)	(56,000)
18	$584,300	2,052	957	328	52	$936,800	$352,500	3,200
19	$5,781,700	37,287	14,613	2,990	1,403	$17,250,400	$11,468,700	**105,000**
20	$11,357,400	7,409	2,867	351	318	$3,446,800	($7,910,600)	(72,400)
21	$2,820,600	12,104	4,315	801	290	$5,568,300	$2,747,700	25,200
22	$10,647,600	20,321	7,792	1,255	613	$9,381,500	($1,266,100)	(11,600)
23	$7,462,000	18,328	7,166	1,230	512	$8,447,900	$985,900	9,000
24	$18,576,800	23,493	8,875	2,055	635	$10,803,900	($7,772,900)	(71,200)
25		17,030	6,143	614	1,117	$8,020,300	$8,020,300	**73,400**
26	$15,124,200	26,070	10,550	1,534	2,081	$12,339,400	($2,784,800)	(25,500)
27	$11,901,900	18,334	6,928	1,041	984	$8,568,000	($3,333,900)	(30,500)
28	$17,739,800	18,751	6,475	625	827	$8,739,300	($9,000,500)	(82,400)
29	$10,663,400	15,849	5,657	820	740	$7,384,300	($3,279,100)	(30,000)
30	$1,271,100	24,347	9,271	997	1,179	$11,364,300	$10,093,200	**92,400**
31	$16,014,800	11,406	3,850	320	524	$5,323,400	($10,691,400)	(97,900)
32	$16,879,900	26,598	9,653	900	928	$12,339,100	($4,540,800)	(41,600)
33	$5,569,400	30,824	8,522	1,194	737	$14,214,800	$8,645,400	**79,200**
34	$993,200	14,440	4,869	829	552	$6,696,100	$5,702,900	**52,200**
35	$7,266,600	15,046	5,660	707	521	$6,970,900	($295,700)	(2,700)
36	$10,181,100	39,867	12,857	917	1,597	$18,560,400	$8,379,300	**76,700**
37	$16,461,800	22,848	7,438	485	1,116	$10,685,300	($5,776,500)	(52,900)
38	$8,099,200	13,777	4,642	158	1,695	$6,686,000	($1,413,200)	(12,900)
39	$7,724,200	26,292	8,852	473	2,922	$12,679,900	$4,955,700	45,400
40	$3,276,300	17,736	6,534	818	1,604	$8,447,800	$5,171,500	47,400
41-N	$1,160,800	2,161	819	182	48	$991,700	($169,100)	(1,500)
41-Ctr	$21,906,600	55,693	17,120	5,526	818	$25,425,400	$3,518,800	32,200
41-S	$3,156,700	17,354	5,127	1,426	133	$7,906,500	$4,749,800	43,500
42		1,254	401	65	116	$597,600	$597,600	5,500
	451,643,100	**1,059,730**	**306,099**	**39,566**	**42,385**	**492,428,300**	**40,785,200**	**373,600**

Notes:

(a) Sales based on California Board of Equalization Table 5 definition of food stores including supermarkets, groceries, and speciality food outlets.

(b) Demand based on annual sales averages for San Mateo & Santa Clara Counties of $528 per capita and an estimate of 90% of sales capturable in the subarea.

(c) Assumes taxable sales per square foot from Dollars & Cents of Shopping Centers: 2002 Western Regional Median Sales per GLA for Supermarket. Assumes only one third of sales are taxable.

Table 10: Drugstore/Pharmacy Store Analysis

Assumptions	
Potential Per Capita Sales (b)	$211
Adjustment for High Income HH	$199
Adjustment for Low Income HH	($91)
Capturable Sales Pct	90%
Taxable Sales per Sq. Ft. (c)	$265

Sub Area	Existing Sales (a)	2000 Population	Households Total	HH >$25k	HH over $150k	Total Capturable Demand (b)	Unmet Demand	Supportable Sq.Ft. (c)
1		11,917	4,584	482	631	$2,341,000	$2,341,000	8,800
2	$8,285,340	37,105	10,007	1,058	1,493	$7,240,700	($1,044,640)	(3,900)
3	$8,285,340	15,999	4,383	378	871	$3,169,200	($5,116,140)	(19,300)
4	$3,093,200	29,285	8,759	769	1,252	$5,733,300	$2,640,100	10,000
5		15,727	4,429	327	640	$3,080,200	$3,080,200	11,600
6	$3,531,600	39,408	11,601	994	1,816	$7,742,000	$4,210,400	**15,900**
7	$12,501,700	60,838	16,728	3,331	1,510	$11,573,200	($928,500)	(3,500)
8	$7,026,100	72,057	14,459	2,955	638	$13,582,500	$6,556,400	**24,700**
9	$2,638,300	30,112	6,870	804	698	$5,788,500	$3,150,200	11,900
10	$18,200	41,769	9,996	1,939	583	$7,893,000	$7,874,800	**29,700**
11	$2,638,300	3,242	732	63	86	$627,100	($2,011,200)	(7,600)
12	$3,626,600	36,861	8,178	1,208	437	$6,992,800	$3,366,200	12,700
13	$9,719,700	59,557	14,943	924	2,718	$11,743,000	$2,023,300	7,600
14	$3,531,600	8,871	2,731	146	1,191	$1,889,200	($1,642,400)	(6,200)
15	$0	8,632	3,796	518	679	$1,721,600	$1,721,600	6,500
16	$6,169,900	25,048	8,542	836	1,980	$5,052,000	($1,117,900)	(4,200)
17	$6,624,800	26,631	10,875	1,392	1,100	$5,150,100	($1,474,700)	(5,600)
18		2,052	957	328	52	$372,900	$372,900	1,400
19	$392,500	37,287	14,613	2,990	1,403	$7,101,000	$6,708,500	**25,300**
20	$3,093,200	7,409	2,867	351	318	$1,437,900	($1,655,300)	(6,200)
21		12,104	4,315	801	290	$2,289,400	$2,289,400	8,600
22	$2,639,100	20,321	7,792	1,255	613	$3,873,500	$1,234,400	4,700
23	$3,531,600	18,328	7,166	1,230	512	$3,478,200	($53,400)	(200)
24	$3,093,200	23,493	8,875	2,055	635	$4,415,400	$1,322,200	5,000
25		17,030	6,143	614	1,117	$3,390,000	$3,390,000	12,800
26	$12,403,800	26,070	10,550	1,534	2,081	$5,207,400	($7,196,400)	(27,200)
27	$6,684,200	18,334	6,928	1,041	984	$3,579,400	($3,104,800)	(11,700)
28	$6,169,900	18,751	6,475	625	827	$3,664,700	($2,505,200)	(9,500)
29	$6,624,800	15,849	5,657	820	740	$3,080,900	($3,543,900)	(13,400)
30	$3,531,600	24,347	9,271	997	1,179	$4,762,000	$1,230,400	4,600
31	$8,251,200	11,406	3,850	320	524	$2,237,800	($6,013,400)	(22,700)
32	$3,531,600	26,598	9,653	900	928	$5,153,300	$1,621,700	6,100
33	$3,093,200	30,824	8,522	1,194	737	$5,899,100	$2,805,900	10,600
34	$5,731,500	14,440	4,869	829	552	$2,778,500	($2,953,000)	(11,100)
35	$3,093,200	15,046	5,660	707	521	$2,898,200	($195,000)	(700)
36	$9,263,100	39,867	12,857	917	1,597	$7,796,400	($1,466,700)	(5,500)
37	$2,638,300	22,848	7,438	485	1,116	$4,507,400	$1,869,100	7,100
38	$2,638,300	13,777	4,642	158	1,695	$2,912,000	$273,700	1,000
39		26,292	8,852	473	2,922	$5,487,100	$5,487,100	**20,700**
40	$3,093,200	17,736	6,534	818	1,604	$3,594,900	$501,700	1,900
41-N		2,161	819	182	48	$404,900	$404,900	1,500
41-Ctr	$7,039,800	55,693	17,120	5,526	818	$10,290,600	$3,250,800	12,300
41-S		17,354	5,127	1,426	133	$3,209,000	$3,209,000	12,100
42		1,254	401	65	116	$254,000	$254,000	1,000
Total	**$167,188,180**	**983,268**	**306,099**	**39,566**	**41,270**	**$191,236,800**	**$24,048,620**	**90,700**

Notes:

(a) Sales based on California Board of Equalization business code 27.

(b) Demand based on annual sales averages for San Mateo & Santa Clara Counties of $225 per capita and an estimate of 80% of sales capturable in the subarea.

(c) Assumes taxable sales per square foot from Dollars & Cents of Shopping Centers: 2002 Western Regional Median Sales per GLA for Drugstore/Pharmacy. Assumes two third of sales are taxable.

Table 11: Apparel Store Analysis – Local Shopping

Assumptions	
Per Capita Sales	$441
Adjustment for High Income HH	$848
Adjustment for Low Income HH	($309)
Capturable Sales Pct	70%
Taxable Sales per Sq. Ft.	$300

Sub Area	Supply/Sales (a)	Population	Households	Households under $25k	Households over $150k	Demand (b)	Residual Demand	Supportable Sq.Ft. (c)
1	$207,900	11,917	4,584	482	631	$3,949,100	$2,556,000	8,500
2	$56,864,500	37,105	10,007	1,058	1,493	$12,111,700	($48,386,000)	(161,300)
3	$56,864,500	15,999	4,383	378	871	$5,374,200	($53,103,000)	(177,000)
4	$857,800	29,285	8,759	769	1,252	$9,617,100	$5,874,000	**19,600**
5	$500	15,727	4,429	327	640	$5,164,100	$3,614,000	12,000
6	$2,736,600	39,408	11,601	994	1,816	$13,028,200	$6,383,000	**21,300**
7	$13,384,300	60,838	16,728	3,331	1,510	$18,956,500	($115,000)	(400)
8	$7,158,500	72,057	14,459	2,955	638	$21,983,500	$8,230,000	**27,400**
9	$1,121,000	30,112	6,870	804	698	$9,536,000	$5,554,000	**18,500**
10	$1,093,300	41,769	9,996	1,939	583	$12,820,800	$7,881,000	**26,300**
11	$0	3,242	732	63	86	$1,038,200	$727,000	2,400
12	$46,325,000	36,861	8,178	1,208	437	$11,377,100	($38,361,000)	(127,900)
13	$5,942,600	59,557	14,943	924	2,718	$19,798,800	$7,917,000	**26,400**
14	$6,700	8,871	2,731	146	1,191	$3,413,900	$2,383,000	7,900
15	$9,800	8,632	3,796	518	679	$2,955,700	$2,059,000	6,900
16	$3,336,000	25,048	8,542	836	1,980	$8,726,800	$2,773,000	9,200
17	$8,691,000	26,631	10,875	1,392	1,100	$8,572,900	($2,690,000)	(9,000)
18	$1,066,100	2,052	957	328	52	$593,400	($651,000)	(2,200)
19	$120,082,500	37,287	14,613	2,990	1,403	$11,696,600	($111,895,000)	(373,000)
20	$31,562,349	7,409	2,867	351	318	$2,400,000	($29,882,000)	(99,600)
21	$17,200	12,104	4,315	801	290	$3,735,400	$2,598,000	8,700
22	$208,800	20,321	7,792	1,255	613	$6,365,500	$4,247,000	14,200
23	$544,800	18,328	7,166	1,230	512	$5,695,700	$3,442,000	11,500
24	$5,674,900	23,493	8,875	2,055	635	$7,184,700	($646,000)	(2,200)
25	$0	17,030	6,143	614	1,117	$5,787,400	$4,051,000	13,500
26	$2,538,500	26,070	10,550	1,534	2,081	$8,951,300	$3,727,000	12,400
27	$4,383,849	18,334	6,928	1,041	984	$6,018,600	($171,000)	(600)
28	$10,860,100	18,751	6,475	625	827	$6,144,200	($6,559,000)	(21,900)
29	$0	15,849	5,657	820	740	$5,154,500	$3,608,000	12,000
30	$43,700	24,347	9,271	997	1,179	$8,000,100	$5,556,000	**18,500**
31	$7,952,100	11,406	3,850	320	524	$3,762,900	($5,318,000)	(17,700)
32	$1,805,500	26,598	9,653	900	928	$8,567,000	$4,191,000	14,000
33	$583,600	30,824	8,522	1,194	737	$9,694,600	$6,203,000	**20,700**
34	$2,783,900	14,440	4,869	829	552	$4,606,000	$440,000	1,500
35	$75,944,049	15,046	5,660	707	521	$4,801,000	($72,583,000)	(241,900)
36	$4,229,000	39,867	12,857	917	1,597	$13,056,600	$4,911,000	**16,400**
37	$134,300	22,848	7,438	485	1,116	$7,610,700	$5,193,000	**17,300**
38	$58,900	13,777	4,642	158	1,695	$5,224,900	$3,599,000	12,000
39	$5,300	26,292	8,852	473	2,922	$9,748,500	$6,819,000	**22,700**
40	$17,400	17,736	6,534	818	1,604	$6,250,300	$4,358,000	14,500
41-N	$4,000	2,161	819	182	48	$656,200	$652,200	2,200
41-Ctr	$4,746,200	55,693	17,120	5,526	818	$16,482,700	$11,736,500	39,100
41-S	$991,300	17,354	5,127	1,426	133	$5,127,700	$4,136,400	13,800
42	$0	1,254	401	65	116	$441,900	$309,000	1,000
Total	**$475,096,848**	**983,268**	**306,099**	**39,566**	**41,270**	**$319,474,500**	**($251,466,000)**	**(838,400)**

Notes:

(a) Sales based on California Board of Equalization Table 5 Apparel Stores category.

(b) Demand based on annual sales averages for San Mateo & Santa Clara Counties adjusted for imputed high and low income household spending.

(c) Taxable sales per square foot based on Metrovation estimates of $200 to $400 per square foot.

Appendix B: Summary of Regional Supportable New Stores

Summary of San Jose Regional Demand

	Apparel	Dept Store	Home Furnishings	Consumer Electronics
Demand from San Jose Residents				
Population	1,048,387	1,048,387	1,048,387	1,048,387
Households	331,989	331,989	331,989	331,989
Potential Capture Rate	90%	90%	90%	90%
San Jose Demand	$434,420,000	$614,760,000	$329,130,000	$156,400,000
Demand from Residents Outside of San Jose				
Population	439,124	439,124	439,124	439,124
Households	165,761	165,761	165,761	165,761
Potential Capture Rate	35%	20%	10%	40%
Outside San Jose Demand	$76,010,000	$61,250,000	$17,020,000	$32,340,000
Current Sales in San Jose	$494,738,447	$532,659,200	$167,969,700	$290,592,900
Unmet Sales Demand	$15,690,000	$143,350,000	$178,180,000	($101,850,000)
Supportable Sq. Ft. of New Space	52,000	478,000	891,000	(146,000)
Assumptions:				
Per Capita Sales (a)	$441	$626	$324	$154
Adjustment for Low Income HH	($309)	($424)	($293)	($139)
Adjustment for High Income HH	$848	$1,136	$966	$458
Taxable Sales per Sq. Ft. (b)	$300	$300	$200	$700

Notes:

(a) Demand based on annual sales averages for San Mateo & Santa Clara Counties for home furnishings. Per Capita sales adjusted for imputed high and low income household spending.

(b) Taxable sales per square foot based on Metrovation estimates.

(c) San Jose sales only.