

2nd Amendment

to the

DRAFT

SUBSEQUENT EIR

for the

# **ALMADEN RANCH RETAIL CENTER**

Planned Development (PD) Rezoning (PDC10-006)

SCH No. 1997062105

December 5, 2011

**CITY OF SAN JOSE**



## INTRODUCTION

This Second Amendment, which becomes a part of the Final SEIR (FSEIR), includes responses to additional written comments that were received on the Draft SEIR (DSEIR) at or after the public hearing before the City of San Jose Planning Commission on August 24, 2011, and text amendments. Both letters are responded to individually, with the responses on the opposite page facing the comment page. The number preceding the response refers to the comment's designation. Where the comments were not designated, they have been numbered consecutively. Section II. presents text amendments to the DSEIR.

In conformance with the CEQA Guidelines, the Final SEIR provides objective information regarding the environmental consequences of the proposed project. The FSEIR also examines mitigation measures and alternatives to the project intended to reduce or eliminate significant environmental impacts. The FSEIR is used by the City and other Responsible Agencies in making decisions regarding the project. The CEQA Guidelines require that, while the information in the FSEIR does not control the agency's ultimate discretion on the project, the agency must respond to each significant effect identified in the DSEIR by making written findings for each of those significant effects. According to State Public Resources Code (§21081), no public agency shall approve or carry out a project for which an environmental impact report has been certified which identifies one or more significant effects on the environment that would occur if the project is approved or carried out unless both of the following occur:

- (a) The public agency makes one or more of the following findings with respect to each significant effect:
  - (1) Changes or alterations have been required in, or incorporated into, the project which will mitigate or avoid the significant effects on the environment.
  - (2) Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency.
  - (3) Specific economic, legal, social, technological, or other considerations, including considerations for the provision of employment opportunities of highly trained workers, make infeasible the mitigation measures or alternatives identified in the environmental impact report.
- (b) With respect to significant effects which were subject to a finding under paragraph (3) of subdivision (a), the public agency finds that specific overriding economic, legal, social, technological, or other benefits of the project outweigh the significant effects on the environment.



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## INTRODUCTION

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## **I. COMMENT LETTERS AND RESPONSES**

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The following comment letters are numbered and listed in the order they were received. Both letters are responded to individually, with the responses on the opposite page facing the comment page. The number preceding the response refers to the comment's numerical designation.

August 24, 2011

**By Fax & E-Mail**

Hope Cahan, Chair  
Members of the Planning Commission  
c/o City Clerk  
City of San José  
200 East Santa Clara Street  
San José, CA 95113  
Fax: (408) 292-6207  
Email: cityclerk@sanjoseca.gov

**Re: Almaden Ranch Planned Development Rezoning & Subsequent  
Environmental Impact Report (PDC10-006)**

Dear Chair Cahan and Members of the Planning Commission:

i This office represents the Almaden-Cherry Neighborhood Coalition, an unincorporated association of San José residents and property owners who live and/or work adjacent to or near the proposed Almandine Ranch Commercial Project (“Project”) referenced above. For the reasons presented in this letter, we urge the Planning Commission to decline to recommend certification of the Project’s Subsequent Environmental Impact Report (“SEIR”) to the City Council, and to decline to recommend approval of the Planned Development Rezoning at this time.

j. Stated succinctly, the SEIR has not been prepared in compliance with the California Environmental Quality Act (“CEQA”). First, the SEIR contains no analysis of potential urban decay impacts the Project may cause, even though by all accounts the anchor tenant will be a large-format discount grocery outlet, namely a WinCo Foods store. As the City should know, WinCo outlets are generally between 75,000 and 100,000 square feet in size, offering groceries and bulk food items in a warehouse-style format. California courts have explicitly recognized that urban decay effects wrought by large-scale discount grocery outlets warrant full analysis in an EIR. *See, e.g., Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal.App.4<sup>th</sup> 1184; *American Canyon Community United for Responsible Growth v. City of American Canyon* (2006) 145 Cal.App.4<sup>th</sup> 1062. The SEIR for the Project here is fatally defective for omitting such analysis. Accordingly, EIRs prepared for shopping centers containing WinCos in other jurisdictions routinely include urban decay analyses given the strong potential for such “category killer” discount stores to force the closure of nearby supermarkets in the

Responses to Letter No. 1, **M. R. Wolfe & Associates, P.C.**

- i. *The Planning Commission declined to certify the Final SEIR and directed staff to prepare additional analyses for General Plan consistency, urban decay, and water supply; and required the preparation of this amendment that includes the following responses.*
  1. See text amendments to section III. P. Urban Decay, which incorporate the results of the urban decay analysis. The urban decay analysis analyzed three alternative anchor tenant possibilities: 1) building materials, 2) general merchandise, and 3) large food sales. The comment letter states that a WinCo Foods store is the planned anchor tenant; however, according to the applicant, WinCo Foods will not be the anchor tenant. Specific tenants are unknown at this time; and no leases have been signed.

trade area, leading in turn to long-term vacancies in the neighborhood commercial centers they typically anchor.<sup>1</sup>

2. Second, the SEIR's discussion of the environmental setting, *i.e.*, baseline conditions, improperly omits any express acknowledgement that a 92,500 s.f. Walmart store, very likely a Supercenter, is slated to open at 5095 Almaden Expressway in the immediate vicinity of the Project. As City officials have acknowledged, Walmart has applied for building permits to occupy the former Home Depot Expo Design Center building at this location. Indeed, we would observe that Appendix I to the Draft SEIR, the "Transportation Impact Analysis" prepared by Hexagon Transportation Consultants, Inc., and dated May 16, 2011, obliquely mentions in its discussion of "Background Conditions" that a "Free-Standing Discount Superstore (ITE Land Use 813)" may occupy that site (p.29). Thus, the EIR preparers – and presumably City officials – have known since at least May, 2011, that a Superstore is planned for this location.

The failure to state or acknowledge this anywhere in the main body of the SEIR, or in any other part of its impact analysis, strongly suggests the City has not conducted the required "best effort to find out and disclose all it reasonably can," and has denied the public an opportunity to comment meaningfully on the Project within the context of its actual environmental setting. *See* CEQA Guidelines, § 15144; *Berkeley Keep Jets Over the Bay v. Board of Port Commissioners* (2001) 91 Cal.App.4<sup>th</sup> 1344. The SEIR's failure in this regard further underscores the prejudicial nature of its omission of any urban decay analysis whatsoever, since the combined effects of introducing two large-scale discount grocery outlets into this currently over-saturated market area likely to be significant if not grave.

3. Third, the SEIR's analysis of the Project's cumulative impacts is fatally defective for having failed to include the above-referenced Walmart store at 5095 Almaden Expressway in the list of projects evaluated. The cumulative contribution of the Almaden Ranch Project to air quality, traffic, noise, urban decay, greenhouse gas emissions, and water supply impacts will quite likely be significant when considered in tandem with the Walmart store across the road in addition to the other projects identified in the SEIR.

4. Fourth, no water supply analysis is provided in the SEIR notwithstanding the fact that 1,000 people may be employed at the Project. Water Code § 10910, *et seq.*, together require any lead agency conducting CEQA review for a proposed commercial shopping center employing more than 1,000 people to procure a water supply assessment from the appropriate public water supply entity and to circulate with a draft EIR. Water Code § 10912. Here, the SEIR states repeatedly that the Project will employ "approximately" 1,000 people – indeed, this number is touted as among the Project benefits justifying a departure from the current HDR General Plan designation for a portion of the site. Given the obvious importance of assuring a long-term sustainable water supply for this Project

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<sup>1</sup> *See, e.g.*, City of Vallejo, Draft EIR for WinCo Foods Project, Appx. H, "Urban Decay Analysis," available at : <http://www.ci.vallejo.ca.us/uploads/842/AppendixH-UrbanDecay.pdf>

2. As described on page 139 of the DSEIR, “In addition, trips that could potentially be generated by re-occupancy of the vacant Home Expo Design Center building on Almaden Expressway were estimated and added to existing traffic volumes since that building could be re-occupied and generating traffic prior to project construction and/or occupancy.”

When the May 16, 2011 Almaden Ranch TIA was being prepared, there was speculation that Walmart was considering the Expo Design Center building at 5095 Almaden Expressway, but the Development Services staff who administered the TIA was not aware of an official announcement or any applications filed with the City. In order to address this possibility and fully assess the traffic at the Almaden Expressway/SR 85 (North) intersection that includes the driveway access to Best Buy and the former Expo Design Center building to the west, as well as the other intersections in the area, the trips that would be generated by re-occupancy of the vacant building were added to the background condition. The potential Walmart trips were estimated using the Institute of Transportation Engineers (ITE) rate for a Free-Standing Discount Superstore (ITE Land Use 813), which is the rate that applies to a Walmart store, as follows:

Land Use	Size	Trip Rate*	Daily Trips	A.M. Peak Hour Trips			P.M. Peak Hour Trips		
				In	Out	Total	In	Out	Total
Free-Standing Discount Superstore	92.5 ksf	53.1	4,915	87	68	155	209	217	426
<i>25% Pass-by Trip Reduction</i>							<u>-52</u>	<u>-54</u>	<u>-106</u>
Net Trips							157	163	320

It was subsequently learned, after the DSEIR was completed and circulated on May 23, 2011, that Walmart filed an application for a building permit for tenant improvements to an existing retail building on March 12, 2011. The 1st Amendment that was prepared on August 10, 2011 acknowledged that on page A-51 and explained that the re-occupancy of the Expo Design Center was included in the background. The building permit was subsequently issued on August 22, 2011. See Text Amendments III. K. Land Use and Planning.

For comparison, the estimated trips that were used in the TIA for the Expo Design Center when it was approved in June, 2000 were:

Land Use	Size	Trip Rate*	Daily Trips*	A.M. Peak Hour Trips			P.M. Peak Hour Trips		
				In	Out	Total	In	Out	Total
Expo Design Center	92.5 ksf	37.84	3,150	0	0	0	135	135	270

\* Expo Design Center rate contains 10% pass-by trips.

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The Almaden Ranch TIA includes more trips for the former Expo Design Center than the Expo Design Center's TIA did, and the trips for Walmart were accounted for as part of the background, before the project trips were added.

Also, see response to comment No. 1 above. No second large-scale discount grocery outlet is currently planned as a project tenant. No tenants have as yet been identified.

3. The cumulative condition is the assessment of past, present and reasonably foreseeable future projects. While the future Walmart store on Almaden Expressway is a "reasonably foreseeable" project, it was accounted for in the DSEIR traffic analysis as a "past" project as described above and was, therefore, included in the cumulative analysis for traffic and noise.

The TIA was utilized in the preparation of the air quality analysis, so the Walmart traffic was included to the extent it was included in the traffic report. This is only true for the carbon monoxide analysis, because it is based on traffic volumes.

The Bay Area Air Quality Management District (BAAQMD) thresholds of significance for regional air quality and greenhouse gases are both cumulative thresholds. In the case of regional air quality emissions, a project would have both a significant impact and a significant cumulative impact if project emissions exceed the thresholds. This determination of significance is based solely on project emissions and is not affected by specific background or cumulative projects. The Almaden Ranch project, by itself, exceeds the thresholds and therefore would have a significant project and cumulative impact, regardless of any other nearby development.

In the case of greenhouse gases, no individual project could have a significant impact, so the thresholds represent a significant cumulative impact and the project has a significant cumulative greenhouse gas impact. Therefore, under the BAAQMD CEQA Air Quality Guidelines, whether the Walmart was or wasn't included would not affect the calculation of emissions or the significance of the impacts.

See text amendments to section III. P. Urban Decay, which incorporate the urban decay analysis that includes Walmart in the cumulative section. See response to comment No. 4 below for water supply analysis.

4. See text amendments to section III. O. Utilities and Service Systems, which incorporates a water supply assessment. According to the assessment, the water usage of this proposed development was included in the growth projections of the San Jose Water Company's (SJWC) *2010 Urban Water Management Plan*; and the addition of the proposed project has a minimal impact on the existing distribution system and SJWC should be able to adequately supply the project without any additional source of supply or system operations changes.

August 24, 2011

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in connection with existing and future demand for water in the area, the City should as a matter of sound policy prudence, assume the Project will employ 1,000 people or more and comply with the water supply assessment requirements of the Water Code accordingly.

5. Fifth, although the SEIR acknowledges the Project and associated re-zone is inconsistent with the current General Plan's High-Density Residential designation for a significant portion of the site, it fails to discuss or evaluate meaningfully the potential consequences of this inconsistency as required under Section 15125(d) of the CEQA Guidelines. The effect of the proposed re-zone will be to eliminate a large site not only from the City's but from the Region's current inventory of sites suitable for the development high-density, *i.e.*, potentially affordable housing. This curtailment of land supply for affordable housing may adversely impact the regional jobs-housing balance and implicate the City's obligations pursuant to the area's Regional Housing Needs Allocation (RHNA).

For all these reasons, the Planning Commission should direct staff to prepare a revised SEIR that corrects the omissions identified above and circulate for public review and comment.

Thank you for your consideration of these concerns, and please call with any questions.

Yours sincerely,

M. R. WOLFE & ASSOCIATES, P.C.



Mark R. Wolfe  
On behalf of the Almaden-Cherry  
Neighborhood Coalition.

MRW:am

cc: Leslie Xavier, Project Manager, by email: [lesley.xavier@sanjoseca.gov](mailto:lesley.xavier@sanjoseca.gov)  
Janis Moore, Planner, by email: [janis.moore@sanjoseca.gov](mailto:janis.moore@sanjoseca.gov)

5. A project's consistency with the General Plan is based upon its consistency with the General Plan in its entirety, not just with the land use designation. Consistency is determined by how well the project supports, and is consistent with, the City's General Plan Major Strategies, Goals and Policies, as well as the land use designation. The proposed project was analyzed and found to be consistent with the Major Strategies, Goals and Policies of the San Jose 2020 General Plan and with the General Commercial land use designation on the majority (34.7 acres) of the site. Although the project is not consistent with the High Density Residential (25-50 DU/AC) land use designation on the smaller portion (8.8 acres) of the site, it was found to be consistent overall with the San Jose 2020 General Plan.

The Envision San Jose 2040 General Plan was approved during the preparation of the 2nd Amendment to the Draft SEIR for the proposed project, so a discussion of the project's consistency with the Envision San Jose 2040 General Plan was included as a new section in the text revisions to the Draft SEIR. The recently adopted Envision San Jose 2040 General Plan designates the project site as Regional Commercial. The proposed project is consistent with that designation as well as with the Envision San Jose 2040 General Plan Major Strategies, Goals and Policies of the new General Plan, as discussed in the text amendments for Section III. E. 2. Envision San Jose 2040 General Plan.

The current zoning designation of the site would allow the construction of up to 350,000 square feet of commercial development or up to 400 residential units, or any combination of the commercial and residential uses that conforms to the City's Transportation Level of Service Policy (5-3). As such, the current zoning does not require the development of any residential units on the site, which could be developed entirely with up to 350,000 square feet of commercial development. Approval of the proposed Planned Development Rezoning would allow the development of up to 400,000 square feet of new commercial uses, which would increase jobs in the City, thereby improving the jobs/housing imbalance.

In addition, the loss of potential residential development of 400 units on the site is more than offset by the San Jose 2020 General Plan's residential holding capacity of 67,469 dwelling units, and by the 120,000 new residential units envisioned in the Envision San Jose 2040 General Plan. Either plan provides ample opportunity for additional residential development in the City of San Jose.



File: 23843  
Guadalupe River

August 25, 2011

Ms. Janis Moore  
Department of Planning, Building, and Code Enforcement  
City of San Jose  
200 East Santa Clara Street, 3<sup>rd</sup> Floor  
San Jose, CA 95113

Subject: Final Subsequent Environmental Impact Report (SEIR) for Almaden Retail  
Center Planned Development Rezoning, File PDC10-006

Dear Ms. Moore:

The Santa Clara Valley Water District (District) has reviewed the Final Subsequent Environmental Impact Report (SEIR) for Almaden Retail Center Planned Development Planned Development Rezoning, File PDC10-006, received by the District on August 11, 2011.

This letter is to follow up on the City's responses to two items in our July 6, 2011 comment letter on the draft SEIR.

1. Comment 2

The District and Army Corp of Engineers are finalizing construction documents for the Guadalupe River Flood Protection Project, Reach 12 Blossom Hill Road to Branham Lane, scheduled to be constructed in June 2012. Reach 12, while providing increased flood protection, will also incorporate a large portion of the required riparian mitigation associated with the remainder of the Upper Guadalupe River Flood Protection project reaches 6-12 that are being constructed currently and in the near future. Due to the proximity of the project site to the river and the fact that the prevailing winds blow from the project site toward the river, the river area adjacent to the project site will have a special sensitivity to hybridization, being planted per standard practice with 100% Guadalupe Watershed-specific plant material for best growth performance. Use of plants at the project site that can hybridize with the District's mitigation plants will jeopardize the District's efforts in meeting the mitigation requirements for the Upper Guadalupe River Flood Protection Project.

Plant categories which would be the **most compatible** with the Upper Guadalupe River Flood Protection Project Reach 12 mitigation plants include:



Responses to Letter No. 2, **Santa Clara Valley Water District**

1. The comment is acknowledged. As stated on page 33 of the DSEIR, plantings around the proposed HMP basin and landscape plantings within the riparian setback area, if any, will be comprised of trees, shrubs and/or groundcover species that are riparian and native to the region. The project applicant will work with the District in selecting appropriate landscape plant materials throughout the project.

Plant categories which would be the **most compatible** with the Upper Guadalupe River Flood Protection Project Reach 12 mitigation plants include:

- Drought-tolerant species.
- Non-invasive, non-native species that will not migrate to the river via wind-borne seed, seed swept into the river via runoff, or seed transported to the river via birds and other wildlife.
- Non-native species which will not hybridize with the native plants inside the flood protection project limits.
- Native plants from outside of the area which are not capable of hybridizing with the locally native plants within the flood protection project limits. For example, Catalina Ironwood, native to the Channel Islands off CA, will not hybridize with any local natives and could be planted without concern.
- Native species which are custom-collected from wild plants in the Guadalupe Watershed and contract-grown for the proposed project.

Plant categories which would be the **least compatible** with the Upper Guadalupe River Flood Protection Project Reach 12 mitigation plants include:

- Native species which are purchased in commercial nurseries. They typically are of unknown genetic heritage. Large boxed tree material, such as landscape-sized oaks, often are grown from liner stock started from acorns sourced in southern California which are not "slightly removed from the local watershed" as noted in the City's response to this comment and these genotypes are mal-adapted to the Bay Area. Plants do not have to be rare to express a wide array of genetic diversity. Coast live oak genotypes are being studied at UC Berkeley; they are talking about average pollen flights of less than a mile, so 'broad homogeneity' should not be assumed.
- Non-native plants which can hybridize with the native plants inside the flood protection project limits. For example, non-native Lombardy poplar (from Italy) will cross with native Fremont cottonwood and non-native London plane tree (from Europe) will cross with native California sycamore and should be excluded from planting at the site. Once seedlings from these unnatural hybrids naturalize in the creek, it is extremely hard to weed them out, and they will degrade the genetic integrity of the riparian forest for many generations to come.

District staff is available to further discuss our concerns with landscaping at the site and assist the City and the developer in developing a plant list for the site that can achieve the goals of the City, developer, and the District.

## 2. Comment 4

The District is still interested in obtaining an approximately 30 foot wide easement over the portion of the site adjacent to the Guadalupe River to facilitate access and maintenance of the west bank of the river. The District would like to continue to coordinate with the City and property owner regarding development of the site to ensure the proposed improvements, including landscaping and irrigation, do not impact the proposed easement. The District will formally contact the property owner to begin discussion regarding the District's acquisition of the easement.

2. The comment is acknowledged.

Ms. Janis Moore  
Page 3  
August 25, 2011

3. Please continue to forward project plans and information as it becomes available for District review and coordination. Reference District File Number 23843 on further correspondence regarding this project.

If you have any questions or need further information, you can reach me at (408) 265-2607, extension 2322.

Sincerely,



Colleen Haggerty, P.E.  
Associate Civil Engineer  
Community Projects Review Unit

cc: S. Tippets, C. Haggerty, T. Ibarra, D. Mody, M. Martin, L. Spahr, C. Elias, File

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3. The comment is acknowledged. Plans and information will be forwarded to the District as they become available.



## II. TEXT AMENDMENTS

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The following sections of the DSEIR are amended as noted. New wording is underlined. Deleted wording is lined out. ~~Deleted.~~

*Note: Many if the following text amendments incorporate references to the Envision San Jose 2040 General Plan that was adopted by the City Council on November 1, 2011 and will become effective December 1, 2011.*

### SUMMARY

*Revise the Summary as necessary in accordance with the following Text Amendments.*

#### I. A. LOCATION

page 7a *Add a General Plan Map that is based on the Envision San Jose 2040 General Plan, as shown on the following page.*

page 7b *Add a Transportation Network Diagram that is based on the Envision San Jose 2040 General Plan, as shown on the second following page.*

#### I. B. PROJECT OBJECTIVES

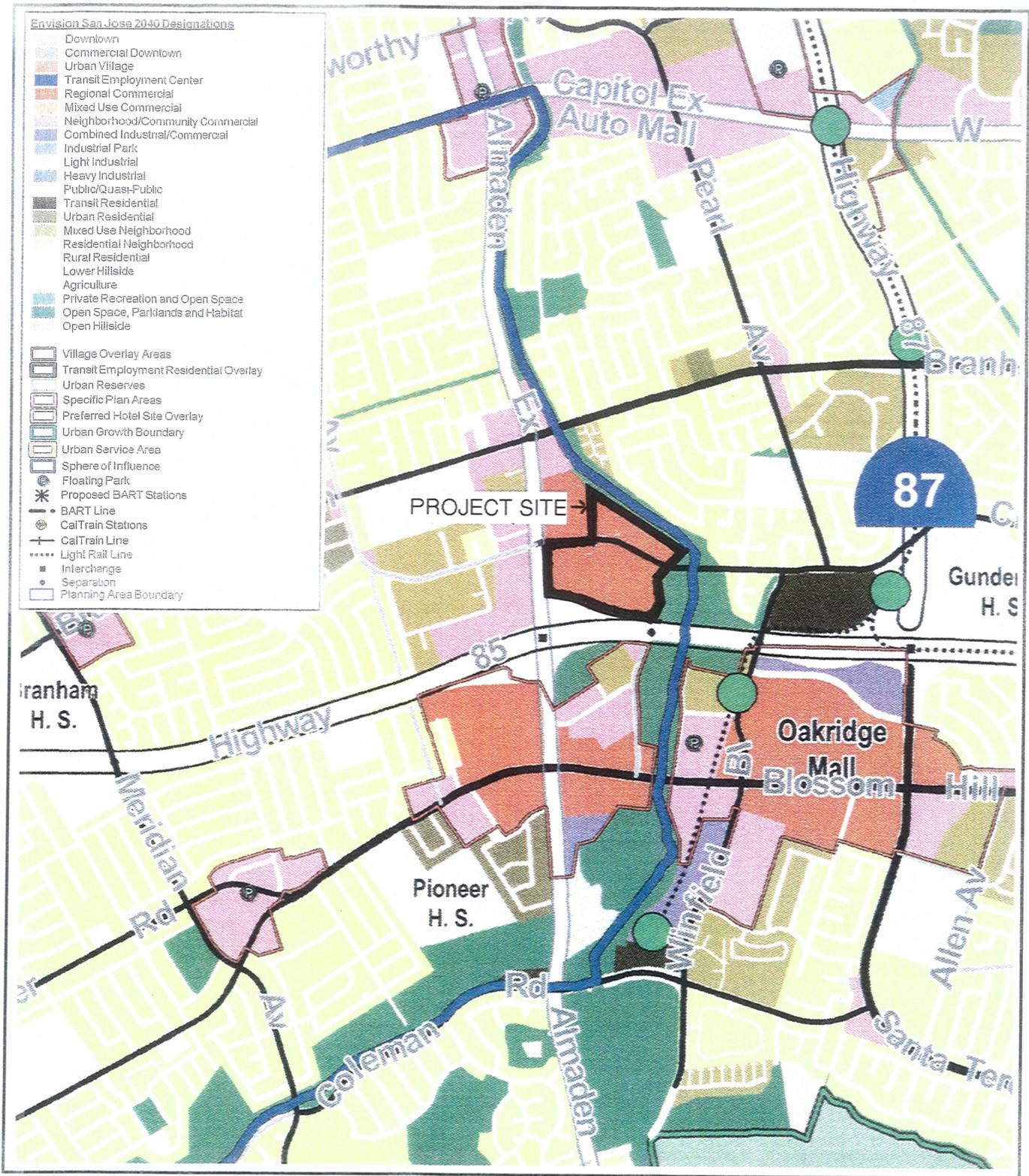
page 1 *Revise the Project Objectives paragraph as follows:*

The objective of this project is to construct a high quality commercial development of a maximum of 400,000 square feet of commercial space in the Almaden Valley area in accordance with the Economic Development Major Strategy of the San Jose ~~2020~~ General Plan by generating needed jobs within the City and adding to the City's economic base that is necessary to fund the City's urban service needs.

#### I. C. DESCRIPTION

page 15 *Revise the second Access paragraph as follows:*

The ~~current~~ San Jose 2020 General Plan Land Use/Transportation Diagram includes a bridge from the project site across the Guadalupe River connecting with existing Chynoweth Avenue to the east. The Chynoweth Avenue bridge is also shown on the Envision San Jose 2040 General Plan Land Use/Transportation Diagram. The bridge is not planned as part of the project, and is not required for project circulation based on the traffic analysis in section III. N., Transportation / Traffic. The proposed project site plan would allow for a connection to the extension of Cherry



# General Plan Map

Envision San Jose 2040 Figure 6a



# Transportation Network Diagram

Envision San Jose 2040

Figure 6b

Avenue (formerly Chynoweth Avenue) through the site if the bridge is built in the future. The Chynoweth Avenue bridge is also shown on the Draft *Envision San Jose 2040 General Plan*, and, in addition, there is a new proposed crossing added to the *Envision San Jose 2040 General Plan* at Thornwood Drive, as shown on the ~~General Plan Map~~ Transportation Network Diagram, Figure 6b.

## II. CONSISTENCY WITH ADOPTED PLANS AND POLICIES

page 28     *Revise section E. The San Jose 2020 General Plan, as follows:*

### E. ~~THE SAN JOSE 2020 GENERAL PLANS~~

#### 1. The San Jose 2020 General Plan

The *San Jose 2020 General Plan*, adopted on August 16, 1994, is a comprehensive long-term plan for the City of San Jose. This General Plan represents the City's assessment of the amount, type, and phasing of development needed to achieve the City's social, economic and environmental goals. The elements and parts of this plan comprise an integrated, internally consistent and compatible statement of the official land use policy of the City of San Jose. It contains a statement of development policies and includes a Land Use/Transportation Diagram as well as text which set forth the objectives, major strategies, principles, goals and policies, standards and plan proposals.

The Land Use/Transportation Diagram, Major Strategies and Goals and Policies set forth in the plan guide the action of the City in its attempts to achieve its long term objectives. Discussions of the land use element, major strategies, and policies that are applicable to the project follow along with a discussion of the project's consistency.

#### **Land Use/Transportation Diagram**

~~The Land Use/Transportation Diagram land use designations for the project site are General Commercial in the southwestern majority of the site with High Density Residential (25-50 DU/AC) in the northeasterly portion along the Guadalupe River. The proposed project is consistent with the General Commercial portion of the site, but not with the High Density Residential portion shown on the *San Jose 2020 General Plan Land Use/Transportation Diagram*.~~

~~There is a land use designation change pending as part of the *San Jose 2040 General Plan Update* which, if approved, would change the land use designation on the entire site to Regional Commercial.~~

The San Jose 2020 General Plan Land Use/Transportation Diagram land use designations for the project site are General Commercial on the majority of the site (34.7 acres) and High Density Residential (25-50 DU/AC) on a small portion of the site (8.8 acres), located at the northeasterly edge of the site along the Guadalupe River.

While the proposed project is consistent with the General Commercial land use designation on the majority of the site but not with the High Density Residential (25-50 DU/AC) designation on the small area at the northeasterly edge of the site, a development consisting entirely of commercial uses is consistent with the existing Planned Development zoning of the site as well as surrounding land uses. The proposed project will provide a significant benefit to San Jose as it will create jobs within the City and add to the City's economic base, which is necessary to fund the City's existing urban service needs.

A project's consistency with the General Plan is based upon its consistency with the General Plan in its entirety, not just with the land use designation. Consistency is determined by how well the project supports, and is consistent with, the City's General Plan Major Strategies, Goals and Policies, as well as the land use designation. The General Plan states that it should be considered in its entirety with no single policy, principle, standard or plan read and considered in isolation so as to provide some flexibility and not be applied or interpreted in such a rigid manner that attainment of its objectives is impeded. One key objective the San Jose 2020 General Plan includes the achievement of a jobs/housing balance. The unique characteristics of the project site - its location on an expressway and freeway, its large size (43.5 acres), its proximity to a riparian corridor, and its provision of up to 1,000 jobs - are such that the project's support of the Major Strategies, Goals and Policies of the San Jose 2020 General Plan outweighs the minor land use designation inconsistency.

The proposed project was analyzed and found to be consistent with the Major Strategies, Goals and Policies of the San Jose 2020 General Plan and with the General Commercial land use designation on the majority of the site. Although the project is not consistent with the High Density Residential (25-50 DU/AC) land use designation on a small portion of the site, the proposed project was found to be consistent overall with the San Jose 2020 General Plan.

Furthermore, a site developed entirely with commercial uses is consistent and compatible with existing surrounding land uses and will provide a greater benefit to San Jose in the creation of jobs while adding to the City's economic base, which is necessary to fund the City's urban service needs.

The Envision San Jose 2040 General Plan was approved by the City Council on November 1, 2011, during the preparation of the 2nd Amendment to the Draft SEIR prepared for the proposed project, so a discussion of the project's consistency with the Envision San Jose 2040 General Plan was included as a new section in the text revisions to the Draft SEIR. The recently adopted Envision San Jose 2040 General Plan designates the entire project site as Regional Commercial. The proposed project is consistent with that designation as well as with the Envision San Jose 2040 General Plan Major Strategies, Goals and Policies, as discussed below in Section II. E. 2. Envision San Jose 2040 General Plan.

## 2.     Envision San Jose 2040 General Plan

The *Envision San Jose 2040 General Plan*, adopted by the City Council on November 1, 2011, is the City’s latest expression of its ongoing commitment to a leadership role in the advancement of an innovation-based economy, the development and implementation of environmental policies, and the utilization of land use planning best practices to shape San Jose’s future. The Plan updates the City’s overall long-term vision for its future to reflect San Jose’s changing context and community values, building on the City’s commitment to community-based planning to reinforce San Jose’s consistent and ongoing goals for economic development, fiscal sustainability, environmental leadership, and expanded transit use. The Plan also embodies the growing support among the City’s residents for building urban, walkable communities while preserving the integrity of established neighborhoods.

The *Envision San Jose 2040 General Plan* sets forth a vision and a comprehensive road map to guide the City’s continued growth through the year 2040. The Plan includes land use policies to shape the transformation of strategically identified and historically under-utilized Growth Areas into higher-density, mixed-use, urban districts or “Urban Villages” which can accommodate employment and housing growth and reduce the environmental impacts of that growth by promoting transit use and walkability. This land use strategy, in combination with progressive economic and environmental policies, will guide the City toward fulfillment of its future vision. The *Envision San Jose 2040 General Plan* supports the potential development of up to 470,000 new jobs and 120,000 new housing units for the time frame 2011 through 2040.

### **Land Use/Transportation Diagram**

The *Envision San Jose 2040 General Plan* Land Use/Transportation Diagram land use designation for the entire project site is Regional Commercial, as shown on Figure 6a. This designation supports a very wide range of commercial uses, which may develop at a wide range of densities; single-story commercial buildings in large shopping malls and large or specialty commercial centers that draw customers from the greater regional area are appropriate in this designation, along with office uses ranging in intensity up to multi-story buildings with a Floor Area Ratio (FAR) of 12.0. The *Envision San Jose 2040 General Plan* supports intensification and urbanization of Regional Commercial areas in order to promote increased commercial activity, and more walkable, urban environments in Regional Commercial districts. The rezoning of the entire site for a large commercial shopping center is consistent with the 2040 General Plan land use designation. Additionally, the project incorporates a number of site design measures to move the project in the direction of the future, people-centric vision of the City envisioned by the *Envision San Jose 2040 General Plan*. Bike lanes are included on the new Cherry Avenue/Sanchez Avenue extension, as are wide, pedestrian-friendly sidewalks, pedestrian connections, and gathering areas.

## **Major Strategies**

### **No. 1. Community Based Planning**

The Community Based Planning Major Strategy strives to embody the community values and goals articulated through an extensive and meaningful community-based planning process in the development and implementation of the *Envision San Jose 2040 General Plan*.

**Consistency.** The proposed project was presented at four Neighborhood Association meetings (Erikson Neighborhood Association, VEP Community Association, Almaden Valley Community Association, and Pinehurst Neighborhood Association) prior to a general community meeting on June 23, 2011, at which approximately 42 community members were in attendance. As many of the comments focused on the place making elements of the site plan, the proposed Development Standards for this zoning include guidance on how and where a gathering place should be included in the project, as well as providing clear pedestrian connections throughout the site.

### **No. 4. Innovation/Regional Employment Center**

The Innovation/Regional Employment Center Major Strategy emphasizes economic development within the City to support San Jose's growth as a center of innovation and regional employment, which will enhance the City's leadership role in North America, increase utilization of the regional transit systems, and support the City's fiscal health. The *Envision San Jose 2040 General Plan Land Use/Transportation Diagram* and General Plan policies support the development of up to 470,000 new jobs within San Jose and a jobs to employed residents ratio of 1.3 Jobs/Employed Resident. The Plan recognizes that all existing employment lands add value to the City overall and therefore preserves those employment lands and promotes the addition of new employment lands when opportunities arise in order to support an ambitious amount of planned job growth.

**Consistency.** Approval of the proposed rezoning and subsequent development of the site with the proposed project would result in up to 400,000 square feet of new commercial uses, which would add approximately 1,000 new jobs in the City, thereby benefiting the existing jobs/housing imbalance.

### **No. 7. Measureable Sustainability/Environmental Stewardship**

The Measureable Sustainability/Environmental Stewardship Major Strategy advances the City's Green Vision through 2040 and establishes Measurable Environmental Sustainability indicators consistent with the Green Vision Goal No. 7. The Plan provides the basis for the City's Greenhouse Gas Reduction Strategy. The General Plan contains multiple policies to support the implementation of environmental best practices. San Jose is a city designed, constructed and operated to minimize waste, to efficiently use its natural resources, and to manage and conserve resources for use by present and future generations. San Jose strives to minimize its contribution to climate change while remaining adaptable to impacts from climate change. And San Jose will encourage and participate in cooperative regional efforts intended to improve the quality of air and water and to conserve land, soil, water, energy and ecosystems such as San Francisco Bay, forests, riparian corridors, fisheries and grasslands.

Consistency. Approval of the proposed rezoning and implementation of the proposed project would result in a commercial center on a major roadway that is well served by a public transportation system and within close proximity to residential development. As discussed in more detail in section II. G. Riparian Corridor Policy Study, and section III. D. Biological Resources, the project proposes a 100-foot riparian setback from the outside edge of riparian habitat that will buffer the impacts of adjacent human activities on the Guadalupe River riparian corridor. The site will be developed with green building design standards. The proposed project will comply with the City's "Build it Green" policies and will include design features that improve energy and water use efficiency and reduce consumption and waste, as discussed in more detail in section II. H. Green Building Policy, section III. F. Energy, and section III. H. Greenhouse Gas Emissions. The project locates retail commercial uses near convenient transit. Although the proposed project is consistent with the Measureable Sustainability/Environmental Stewardship Major Strategy, due to the size of the project, the increase in greenhouse gas emissions would be a significant and unavoidable impact.

#### **No. 8. Fiscally Strong City**

The Fiscally Strong City Major Strategy establishes a land use planning framework that promotes maintaining a fiscal balance of revenue and costs to allow the City to deliver high-quality municipal services, consistent with community expectations. San Jose will maintain a Fiscally Strong City by providing adequate land for uses that generate revenue for the City and by focusing new growth in developed areas where existing infrastructure (e.g., sewers, water lines, and transportation facilities) are already available, resulting in maximum efficiency.

Consistency. Approval of the proposed rezoning and implementation of the proposed project would result in a commercial center on a major roadway that is well served by a public transportation system and municipal services. In addition, development of the proposed project would result in up to 400,000 square feet of new commercial uses, which would increase sales tax revenue to help support City services.

#### **Goals and Policies**

Land Use and Employment Policy No. IE-1.4

*"Manage land uses to enhance employment lands to improve the balance between jobs and workers residing in San Jose. Strive to achieve a minimum ratio of 1.3 jobs/employed resident to attain fiscal sustainability for the City."*

The project provides for up to 400,000 square feet of new commercial development, resulting in the creation of up to approximately 1,000 new jobs within San Jose.

Business Growth and Retention Policy No. IE-2.6

*"Promote retail development to the maximum extent feasible, consistent with other General Plan goals and policies, in order to generate City revenue, create jobs, improve customer convenience, and enhance neighborhood livability."*

The project provides for up to 400,000 square feet of new commercial development, resulting in the creation of up to approximately 1,000 new jobs within, and increased revenue for, San Jose.

The proposed commercial center is located on a major roadway that is well served by a public transportation system and within close proximity to residential development.

Energy Conservation and Renewable Energy Use Policy No. MS-2.11

“Require new development to incorporate green building practices, including those required by the Green Building Ordinance. Specifically, target reduced energy use through construction techniques (e.g., design of building envelopes and systems to maximize energy performance), through architectural design (e.g., design to maximize cross ventilation and interior daylight) and through site design techniques (e.g., orienting buildings on sites to maximize the effectiveness of passive solar design).”

As described in sections II. H. Green Building Policy, III. F. Energy and III. H. Greenhouse Gas Emissions, the green building standards and the energy efficiency of the proposed project, as approved, will become conditions of the PD Permit.

Water Supply, Conservation, Recycling and Quality Policy No. MS-17.2

“Ensure that development within San Jose is planned and built in a manner consistent with fiscally and environmentally sustainable use of current and future water supplies by encouraging sustainable development practices, including low-impact development, water-efficient development and green building techniques. Support the location of new development within the vicinity of the recycled water system and promote expansion of the South Bay Water Recycling (SBWR) system to areas planned for new development. Residential development outside of the Urban Service Area can be approved only at minimal levels and only allowed to use non-recycled water at urban intensities. For residential development outside of the Urban Service Area, restrict water usage to well water, rainwater collection, or other similar environmentally sustainable practice. Non-residential development may use the same sources and potentially make use of recycled water, provided that its use will not result in conflicts with other General Plan policies, including geologic or habitat impacts. To maximize the efficient and environmentally beneficial use of water outside of the Urban Service Area, limit water consumption for new development so that it does not diminish the water supply available for projected development in areas planned for urban uses within San Jose or other surrounding communities.”

The project site is located within the City’s Urban Service Area and is served by existing water supply infrastructure. As stated in section III. O. Utilities and Service Systems, the water usage of this proposed development was included in the growth projections of the San Jose Water Company’s 2010 Urban Water Management Plan; and SJWC should be able to adequately supply the project without any additional source of supply or system operation changes. A recycled water source is not currently available to the project site.

Riparian Corridors Policy No. ER-2.1

“Ensure that new public and private development adjacent to riparian corridors in San Jose are consistent with the provisions of the City’s Riparian

Corridor Policy Study and any adopted Santa Clara Valley Habitat Conservation Plan / Natural Communities Conservation Plan (HCP/NCCP).”

As stated in sections II. G. Riparian Corridor Policy Study and III. D. Biological Resources, the proposed project is consistent with the City’s Riparian Corridor Policy Study. The project site is located in an area that is covered by a draft HCP/NCCP, which has not yet been approved. The Notice of Preparation, referral letters, and the Draft SEIR were sent to the Department of Fish and Game and the U.S. Fish and Wildlife Service; however, no comments were received.

**Consistency**

Overall, the proposed project is consistent with the applicable major strategies and goals and policies of the *Envision San Jose 2040 General Plan*.

**III. B. AGRICULTURE AND FOREST RESOURCES**

page 50 *Revise the Agriculture Resources Impact and Mitigation paragraph as follows:*

**Agriculture Resources**

Fourteen (14) acres of the project site are classified as prime farmland on the *Important Farmland Map* for Santa Clara County and the site has been historically used for farming. San Jose has been built on prime soils, and most of the remaining vacant, valley floor land in San Jose is designated as prime farmland. The *San Jose 2020 General Plan* ~~recognizes~~recognized that “*preservation of all prime soil land would mean a virtual halt to urbanization and is not a reasonable goal*”. The project site has an urban land use designation on the *San Jose 2020 General Plan* and on the *Envision San Jose 2040 General Plan*, and is currently zoned for commercial and/or high density residential development or a combination thereof, and is surrounded by urban development. Development of this site would result in the loss of 14 acres of prime farmland that is used for pumpkins and corn each year, and of 29.5 acres of fallow “grazing land”. There is no other adjacent or nearby farmland that is likely to directly or indirectly convert to urban use because of the conversion of this site.

**III. K. LAND USE AND PLANNING**

page 123 *Add the following as the second paragraph after the Existing Setting heading:*

**Envision San Jose 2040 General Plan**

The land use designation for the project site on the *Envision San Jose 2040 General Plan Land Use/Transportation Diagram* is Regional Commercial, as shown on the preceding 2040 General Plan Map, Figure 6a.

page 123 *Add the following after Existing and Surrounding Uses in the Existing Setting section:*

### **Pending Developments**

Walmart is moving into, and received building permits for tenant improvements on August 22, 2011 to remodel, the vacant 92,500-square-foot former Home Expo Design Center building that is located across Almaden Expressway from the project site. The issuance of building permits is deemed a ministerial action, and is not the subject of a discretionary permit, public review or public hearing. The store is proposed to be open seven days a week from 6:00 a.m. to 12:00 midnight. The store opening is tentatively scheduled for early Spring, 2012.

page 124 *Add the following after the last paragraph on page 124:*

### **Envision San Jose 2040 General Plan**

#### **Land Use/Transportation Diagram**

The proposed project is consistent with the Regional Commercial land use designation of the site as shown on the *Envision San Jose 2040 General Plan Land Use/Transportation Diagram*, as shown on Figure 6a.

#### **Major Strategies and Policies**

Approval of the proposed rezoning and subsequent development of the site with the proposed project would result in development of up to 400,000 square feet of new commercial uses, which would increase jobs in the City, thereby benefiting the existing jobs/housing imbalance and increasing revenue for City services. The project will provide up to 1,000 new jobs in a highly urbanized area of the City. The proposed project would result in a commercial center on a major roadway that is well served by a public transportation system and within close proximity to residential development. The site will be developed with green building design standards and will provide new jobs and revenue to the City of San Jose. As described in section II. E. 2., the proposed project is consistent with the following Major Strategies: No. 1. Community Based Planning, No. 4. Innovation/Regional Employment Center, No. 7. Measurable Sustainability/Environmental Stewardship, and No. 8. Fiscally Strong City.

The proposed project includes the provision of a 100-foot setback from the outside edge of the riparian corridor habitat; the replacement of trees that are to be removed; and the provision of an HMP basin to intercept all runoff prior to discharge into the Guadalupe River; and incorporates design, parking, lighting, street trees and landscaping, and noise considerations in conformance with the policies, as detailed in section II. E. 2.

### III. M. PUBLIC SERVICES

page 132 *Revise the Fire Protection section as follows:*

#### **Fire Protection**

The project site is in the service area of the San Jose Fire Department. The closest fire station is Station No. 13, located at 4380 Pearl Avenue, approximately 1.1 miles northeasterly of the site. According to the San Jose 2020 General Plan Services and Facilities Level of Service (Other Services) Policy No. 16, a 4-minute average response time to all calls is recommended for fire protection. According to the Envision San Jose 2040 General Plan Community Safety Policy No. ES-3.1, a total response time (reflex) of 8 minutes and a total travel time of 4 minutes for 80 percent of emergency incidents are recommended.

page 132 *Revise the Police Protection section as follows:*

#### **Police Protection**

The project site is served by the San Jose Police Department (SJPD). The project site is within the Southern Division of the SJPD's service area. According to the San Jose 2020 General Plan Services and Facilities Level of Service (Other Services) Policy No. 16, response times of 6 minutes or less for 60 percent of all Priority 1 calls and 11 minutes or less for 60 percent of all Priority 2 calls are recommended for police protection. According to the Envision San Jose 2040 General Plan Community Safety Policy No. ES-3.1, recommended response times for police protection are the same.

### III. N. TRANSPORTATION / TRAFFIC

page 135 *Revise the Introductory paragraph before the Existing Setting heading as follows:*

Hexagon Transportation Consultants, Inc. conducted a transportation impact analysis dated May 16, 2011 that is included in Appendix I. Hexagon Transportation Consultants, Inc. also prepared an addendum to the transportation impact analysis, dated November 9, 2011, that is included in Appendix I.

page 145 *Add the following after the last paragraph on page 145:*

Although the above mitigation would reduce the project impact to a less-than-significant level according to the City of San Jose Level of Service Policy, further improvements to the SR 85 southbound off-ramp have been suggested. Additional improvements include adding a fourth lane to the SR 85 southbound off-ramp.

#### **4-Lane Off-Ramp Alternative 1**

The most efficient 4-lane configuration would include two left-turn lanes, a shared left-thru-right (L-T-R) lane, and a right-turn lane. With the shared L-T-R lane, the eastbound and westbound approaches would need to continue to operate as split-phase. The intersection would operate at

Level D with an average vehicle delay of 53.7 seconds with this 4-lane configuration under existing plus approved plus project conditions. This alternative would have a new right-turn lane with approximately 260 feet of vehicle storage.

#### **4-Lane Off-Ramp Alternative 2**

This alternative is the same as Alternative 1 except that the project would set aside additional right-of-way to allow for further extension of the right-turn lane on the off-ramp in the future.

### **III. O. UTILITIES AND SERVICE SYSTEMS**

page 152 *Revise the Water Supply - Potable Water Existing Setting section as follows:*

#### **Water Supply**

##### **Potable Water**

There is an existing 20-inch San Jose Water Company (SJWC) water line in Almaden Expressway, an existing 12-inch SJWC water line in Cherry Avenue (formerly Chynoweth Avenue), and an existing 10-inch SJWC water line in Sanchez Drive that ends where the roadway ends. Extensions within the project would be required. According to the SJWC's Water Supply Assessment in Appendix K, the project site is in the Dow Zone, which contains about 40,700 customer accounts.

page 154 *Revise the Water Supply - Potable Water Impact and Mitigation section as follows:*

#### **Water Supply**

##### **Potable Water**

Potable water for the project site is provided by the San Jose Water Company. The existing water lines in Almaden Expressway, Cherry Avenue (formerly Chynoweth Avenue) and Sanchez Drive are available ~~and adequate~~ to serve the project. Extensions within the project would be provided. The project is estimated to require approximately 40,000 gallons of water per day, based on 100 gallons per 1,000 square feet per day. The project incorporates built-in water savings devices such as low flush toilets to reduce water usage.

##### **Water Supply Assessment**

According to the SJWC's Water Supply Assessment in Appendix K, the water usage of this proposed development was included in the growth projections of the SJWC's 2010 Urban Water Management Plan. Once the final configuration of the site and fire department requirements are known, SJWC will perform a fire flow analysis to determine the necessary pipe sizes and locations needed for the project. The hydraulic model results show that the addition of the proposed project has a minimal impact on the existing distribution system and SJWC should be able to adequately supply the project without any additional source of supply or system operation changes.

### III. P. URBAN DECAY

page 156 *Add the following new section between III. O. Utilities and Service Systems and IV. Cumulative Impacts:*

#### **P. URBAN DECAY**

ALH ECON conducted an urban decay analysis dated November 25, 2011 that is included in Appendix L.

##### EXISTING SETTING

The purpose of this section is to assess the economic impact and potential for urban decay resulting from development of the Almaden Ranch Retail Shopping Center. For the purpose of this analysis, urban decay is defined as, among other characteristics, visible symptoms of physical deterioration that invite vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long term vacancies. This physical deterioration to properties or structures is so prevalent, substantial, and lasting for a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community. The manifestations of urban decay include such visible conditions as plywood-boarded doors and windows, parked trucks and long term unauthorized use of the properties and parking lots, extensive gang and other graffiti and offensive words painted on buildings, dumping of refuse on site, overturned dumpsters, broken parking barriers, broken glass littering the site, dead trees and shrubbery together with weeds, lack of building maintenance, homeless encampments, and unsightly and dilapidated fencing.

Tenant programming for the 400,000-square-foot development has not yet been determined. There is a large anchor space planned totaling 152,245 square feet. To provide for maximum flexibility, three project alternatives are analyzed, representative of three possible anchor tenant scenarios: 1) a building materials retailer; 2) a general merchandise retailer; and 3) a food retailer sharing the anchor space with a smaller general merchandise retailer.

Aside from these prospective anchor tenant scenarios additional retail tenants have not yet been identified, but current programming efforts suggest they could include sporting goods, general merchandise, grocery, health club, restaurants, and services, such as banking, as shown in the following table. Given the environmental and development timeline for the project, this study assumes the project will begin operations in approximately 2016.

**Table 17. Tenant Categories by Alternative**

Retail Category	Alternative A - Building Materials Anchor		Alternative B - General Merchandise Anchor		Alternative C - Grocery Anchor	
	Square Feet	% of Space	Square Feet	% of Space	Square Feet	% of Space
Building Materials	152,245	38.1	0	0.0	0	0.0
General Merchandise	80,142	20.0	232,387	58.1	170,387	42.6
Other Retail	50,000	12.5	50,000	12.5	50,000	12.5
Food Stores	28,000	7.0	28,000	7.0	90,000	22.5
Eating & Drinking	40,313	10.1	40,313	10.1	40,313	10.1
Non-Retail	49,300	12.3	49,300	12.3	49,300	12.3
Total	400,000	100.0	400,000	100.0	400,000	100.0

SIGNIFICANCE CRITERIA

The proposed project would have a significant impact on urban decay if it would:

- Directly or indirectly result in the physical deterioration to properties or structures that is so prevalent, substantial, and lasting for a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community. Physical deterioration includes but is not limited to abandoned buildings, boarded doors and windows, parked trucks and long term unauthorized use of the properties and parking lots, extensive or offensive graffiti painted on buildings, dumping of refuse or overturned dumpsters on properties, dead trees and shrubbery or uncontrolled weed growth, or homeless encampments.

IMPACT AND MITIGATION

The potential impacts of the project’s tenants on existing retailers in the project’s market area and other potentially affected areas, primarily in the form of diverted sales from existing retailers, were estimated. The extent to which the opening of the project and other cumulative retail projects may or may not contribute to urban decay in the market areas pursuant to potential store closures attributable to existing retailer sales diversions was also estimated.

**Project Sales and Market Areas**

The project’s estimated stabilized sales will range from \$108.8 million to \$141.2 million, depending upon the nature of the project’s anchor tenants. Of these amounts, 80 percent are estimated to be generated by residents of the project’s market areas, equivalent to \$87.0 to \$113.0 million in sales. These sales will occur in a wide range of categories, including home furnishings and appliances, building materials and garden equipment, food and beverage stores, clothing and clothing accessories, general merchandise, food services and drinking (restaurants), and other retail, as shown in the following table. The other retail category is broad, and encompasses a wide range of retailers, such as office supply, pet supply, sporting goods, book stores, and jewelry.

**Table 18. Estimated Sales by Retail Category**

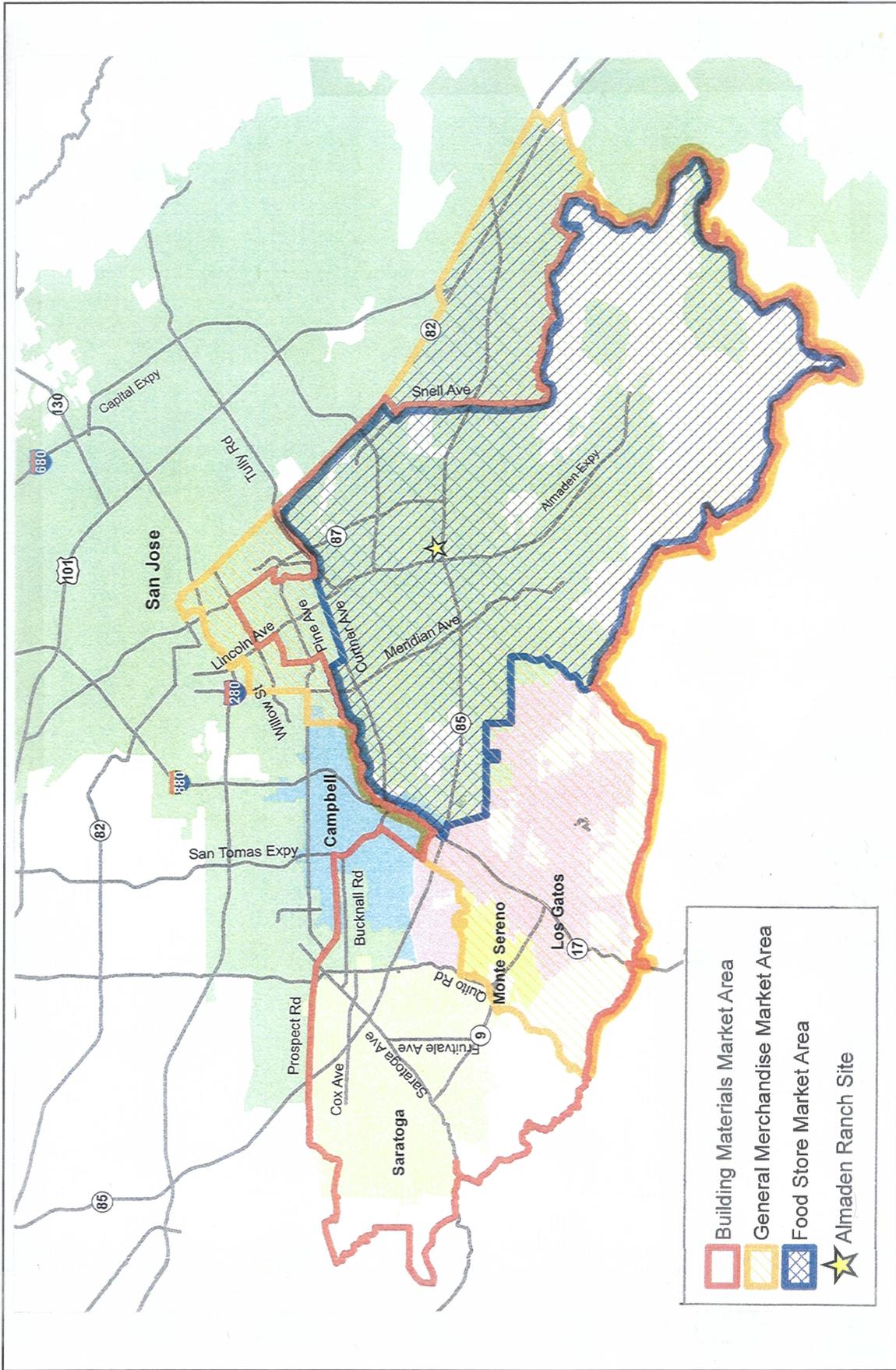
Retail Category	Alternative A - Building Materials Anchor		Alternative B - General Merchandise Anchor		Alternative C - Grocery Anchor	
	Sales*	% of Sales	Sales*	% of Sales	Sales*	% of Sales
Motor Vehicles & Parts	\$132,239	0.1	\$355,146	0.4	\$281,148	0.2
Home Furnishings/Appls	\$14,431,693	16.2	\$3,631,675	4.2	\$2,874,984	2.5
Building Mat'ls/Garden	\$20,799,300	23.3	\$917,738	1.1	\$726,519	0.6
Food & Beverage Stores	\$12,267,072	13.8	\$12,267,072	14.1	\$48,642,462	43.1
Clothing & Accessories	\$2,982,614	3.3	\$8,010,229	9.2	\$6,341,227	5.6
General Merchandise	\$9,907,520	11.1	\$26,608,040	30.6	\$21,064,018	18.6
Food Services & Drinking	\$14,162,226	15.9	\$14,162,226	16.3	\$14,162,226	12.5
Other Retail	\$14,444,830	16.2	\$21,055,927	24.2	\$18,861,261	16.7
Total	\$89,127,494	100.0	\$87,008,053	100.0	\$112,953,845	100.0

\*2011 Dollars.

The project's market areas are defined differently by project anchor, with three alternatives defined: Alternative A - Building Materials Anchor; Alternative B - General Merchandise Anchor; and Alternative C - Grocery Anchor. The Alternative A - Building Materials Anchor market area is relatively large and includes the approximate southwest quadrant of the City of San Jose. In addition, it includes all of Los Gatos, Monte Sereno, and Saratoga and a portion of Campbell. The Alternative B - General Merchandise Anchor market area is a bit more constrained than the building materials market area. This market area includes another portion of San Jose's southwest quadrant, the majority of Los Gatos, all of Monte Sereno, and a small sliver of Campbell. Finally, the Alternative C - Grocery Anchor market area is the smallest of the three market areas. This is in some part attributable to the more convenience-oriented nature of grocery shopping, with proximity a more important factor than for other merchandise categories. This market area includes only a portion of the southwest quadrant of San Jose. The market areas are shown on the following Alternatives Market Areas exhibit.

**Market Area Sales Bases and Retail Leakage**

Because of their differing geographies, the project's three market areas each have a different estimated retail base size. In 2010 dollars, these sizes are \$2.7 billion for the Alternative A - Building Materials Anchor market area, \$3.0 billion for the Alternative B - General Merchandise Anchor market area, and \$2.0 billion for the Alternative C - Grocery Anchor market area, as shown in the following table. For all areas, the single largest component of the sales base is food and beverage store sales, estimated to comprise approximately 17 percent to 21 percent of each sales base. Other categories that comprise larger shares of the sales bases vary by market area, but include motor vehicles and parts in the Building Materials Anchor and Grocery Anchor market areas and food services/drinking (i.e., restaurants) and other retail.



Alternatives Market Areas  
Figure 23

**Table 19. Estimated Market Area Sales Bases, 2010 Dollars**

Retail Category	Alternative A - Building Materials Anchor		Alternative B - General Merchandise Anchor		Alternative C - Grocery Anchor	
	Sales*	% of Sales	Sales*	% of Sales	Sales*	% of Sales
Motor Vehicles & Parts	\$401.6	15.1	\$354.2	11.9	\$310.2	15.5
Home Furnishings	\$87.3	3.3	\$120.5	4.0	\$66.4	3.3
Building Mat'ls/Garden	\$158.9	6.0	\$272.0	9.1	\$160.8	8.1
Food & Beverage Stores	\$571.7	21.5	\$515.8	17.3	\$351.3	17.6
Gasoline Stations	\$311.0	11.7	\$312.0	10.5	\$216.0	10.8
Clothing & Accessories	\$188.0	7.1	\$205.5	6.9	\$154.9	7.8
General Merchandise	\$206.6	7.8	\$366.6	12.3	\$221.7	11.1
Food Services & Drinking	\$398.9	15.0	\$418.4	14.0	\$267.9	13.4
Other Retail	\$336.4	12.6	\$413.6	13.9	\$245.7	12.3
Total	\$2,660.5	100.0	\$2,978.5	100.0	\$1,994.9	100.0

\*\$'s in millions.

All three project market areas are characterized by high levels of retail demand leakage, meaning that resident shopping needs are not being adequately met by the available retail venues. The volumes of estimated leakage are high, with total leakage for each market area exceeding \$1.0 billion in resident spending potential, as shown in the following table. This indicates that even with the amount of existing retail, there are many missed opportunities for other retail venues. The development of Almaden Ranch will serve to help retain some of this resident spending potential in the market areas, and thus contribute toward reducing leakage and associated area traffic congestion as consumers find opportunities to shop closer to home. Every market area has leakage in every major retail category with only one exception, relative neutrality of actual retail sales attraction in the clothing & clothing accessories category in the Alternative B - General Merchandise Anchor market area and the Alternative C - Grocery Anchor market area.

**Table 20. Retail Leakage and Attraction Findings, 2010**

Retail Category	Alternative A - Building Materials Anchor		Alternative B - General Merchandise Anchor		Alternative C - Grocery Anchor	
	Attraction/ Leakage*	Percent	Attraction/ Leakage*	Percent	Attraction/ Leakage*	Percent
Motor Vehicles & Parts	(\$264.0)	-39.7	(\$315.5)	-47.1	(\$189.3)	-37.9
Home Furnishings	(\$51.6)	-37.2	(\$15.9)	-11.7	(\$34.4)	-34.1
Building Mat'ls/Garden	(\$260.4)	-62.1	(\$140.2)	-34.0	(\$143.9)	-47.2
Food & Beverage Stores	(\$140.2)	-19.7	(\$197.0)	-27.6	(\$179.3)	-33.8
Gasoline Stations	(\$138.7)	-30.8	(\$142.1)	-31.3	(\$123.1)	-36.3
Clothing & Accessories	(\$20.5)	-9.8	(\$1.3)	-0.6	\$1.5	1.0
General Merchandise	(\$503.8)	-70.9	(\$339.6)	-48.1	(\$302.5)	-57.5
Food Services & Drinking	(\$172.7)	-30.2	(\$147.7)	-26.1	(\$151.7)	-36.2
Other Retail	(\$179.7)	-34.8	(\$100.7)	-19.6	(\$136.5)	-35.7
Total	(\$1,731.6)	-39.4	(\$1,400.0)	-32.0	(\$1,259.2)	-38.7

\*\$'s in millions.

**Project Sales Achieved Through Retail Sales Recapture**

The enhanced shopping opportunities provided by Almaden Ranch will serve to help recapture existing retail leakage. The amount of recaptured leakage will depend upon the nature of the project’s retail opportunities and the complexity of the retail purchase.

The analysis estimates that the project alternatives will recapture \$65.8 to \$82.4 million in market area resident spending potential, i.e., leakage, as shown in the following table. These figures were estimated based upon the proportion of project sales to leakage by retail category. Even with this amount of absorbed leakage, the market areas will each be characterized by more than \$1.0 billion in continued resident retail leakage.

**Table 21. Project Market Area Sales Recapture and Remaining Leakage, 2011**

Retail Category	Alternative A - Building Materials Anchor		Alternative B - General Merchandise Anchor		Alternative C - Grocery Anchor	
	Recaptured Leakage*	Remaining Leakage*	Recaptured Leakage*	Remaining Leakage*	Recaptured Leakage*	Remaining Leakage*
Motor Vehicles & Parts	(\$0.1)	(\$271.6)	(\$0.4)	(\$324.2)	(\$0.3)	(\$194.5)
Home Furnishings	(\$7.2)	(\$35.5)	(\$0.9)	(\$1.1)	(\$2.9)	(\$24.5)
Building Mat’ls/Garden	(\$20.8)	(\$250.3)	(\$0.9)	(\$148.6)	(\$0.7)	(\$150.5)
Food & Beverage Stores	(\$12.3)	(\$143.1)	(\$12.3)	(\$200.5)	(\$24.3)	(\$167.1)
Gasoline Stations	\$0.0	(\$98.7)	\$0.0	(\$102.0)	\$0.0	(\$96.1)
Clothing & Accessories	(\$3.0)	(\$14.5)	\$0.0	\$0.0	\$0.0	\$0.0
General Merchandise	(\$9.9)	(\$505.9)	(\$26.6)	(\$318.0)	(\$21.1)	(\$287.3)
Food Services & Drinking	(\$14.2)	(\$160.4)	(\$14.2)	(\$134.6)	(\$14.2)	(\$139.9)
Other Retail	(\$14.4)	(\$162.2)	(\$10.5)	(\$82.9)	(\$18.9)	(\$115.5)
Total (all)	(\$81.9)	(\$1,642.2)	(\$65.8)	(\$1,311.9)	(\$82.4)	\$1,175.4)
Total (exc. Auto/Gas)	(\$81.8)	(\$1,271.9)	(\$65.4)	(\$885.7)	(\$82.1)	\$884.8)

\*\$’s in millions.

In the absence of a detailed shopper survey relevant to the project’s market areas, it is not possible to identify all of the outside market area retail shopping nodes and corridors where market area residents currently shop. Many locations outside the market areas are retail rich, with a wide variety of shopping opportunities available. Because of this retail market characterization, it is also difficult to predict the various venues where consumers make their out-of-market-area purchases. They are likely dispersed over a wide geographic area, and among a wide number of retailers, and thus recaptured leakage from these venues are not anticipated to be detrimental to any one specific retailer to the point of raising concern about store closure and the downward spiral that can lead to urban decay and deterioration. This is especially the case if leakage is recaptured from retailers who choose to locate at the project, such that captured market area resident sales will comprise sales diverted from the same retailer’s store in a location outside the market area. Retailers who choose this kind of geographic store distribution make these choices deliberately to maximize their market penetration, and thus anticipate this type of store sales redistribution when opening multiple venues in the same general region.

**Examples of Recaptured Leakage**

There has been successful recapture of retail sales leakage without significant detriment to existing City retailers. Two examples are the Lowes home improvement store on Cottle Road that opened in March, 2010, and the Whole Foods grocery store on Blossom Hill Road in late 2010. Analysis of sales data for the area around the stores shows how new retailers in San Jose can achieve sales through recapturing market area leakage, and not necessarily diverted sales from existing retailers.

**Sales Impacts and Future Growth Offsets**

After consideration of out-of-market-area sales and recaptured sales leakage, Almaden Ranch has the potential to divert \$7.2 to \$30.7 million in sales from existing market area retailers, depending upon alternative, as shown in the following table. The sales will vary by category, with the food and beverage category experiencing the greatest amount of potential impact, followed by other retail, clothing and clothing accessories, and home furnishings. No other retail categories are anticipated to experience any sales impacts.

**Table 22. Project Market Area Sales Impacts, 2011**

Retail Category	Alternative A - Building Materials Anchor		Alternative B - General Merchandise Anchor		Alternative C - Grocery Anchor	
	Sales Impact*	% of Sales	Sales Impact*	% of Sales	Sales Impact*	% of Sales
Motor Vehicles & Parts	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Home Furnishings	\$7.2	7.2	\$2.7	2.0	\$0.0	0.0
Building Mat'ls/Garden	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Food & Beverage Stores	\$0.0	0.0	\$0.0	0.0	\$24.3	6.9
Gasoline Stations	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Clothing & Accessories	\$0.0	0.0	\$8.0	3.7	\$6.3	3.9
General Merchandise	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Food Services & Drinking	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Other Retail	\$0.0	0.0	\$10.5	2.4	\$0.0	0.0
Total	\$7.2	0.3	\$21.3	0.7	\$30.7	1.5

\*\$'s in millions.

The sales impacts are low relative to the market area sales bases. If they translate into store closure impacts, which is not a certainty, the greatest level of impact estimated for any one category is 45,000 square feet in the food store category. Lesser amounts estimated include 27,000 square feet of clothing stores, and 24,000 square feet of home furnishing stores. Given that the maximum category impacts are not isolated to just one project alternative, these impacts are not additive. Moreover, with great amounts of retail sales leakage remaining even after the project opens, there will be many opportunities for new retail to absorb any vacated spaces, thus minimizing the potential for long-term vacancies to ensue and lead to urban decay or deterioration. Of even greater likelihood is that new demand generated by new households added to the market areas prior to the opening and stabilization of the project will offset the majority of these sales impacts even before they are experienced by the market. Growth

projections vary, including by market area and growth assumptions, but the analysis suggests there is the potential for \$26.1 to \$164.6 million in new retail demand to be generated through new household growth by the estimated 2016 timeframe for opening of the project.

### **Cumulative Project Impacts**

There are 16 potential cumulative retail development projects in the market area and constituent cities. Only the following eight projects are anticipated to be competitive with the project or developed in a similar timeframe. Five of these projects are located in San Jose, including the new Walmart tenant improvements currently under construction near the project site, and three are located in Los Gatos. These eight projects have a cumulative total of 548,350 square feet of retail planned.

#### **San Jose**

- Walmart, 92,500 square feet, conversion of Home Expo Design Center, tenant improvements via building permit under construction;
- Sunflower Farmer's Market, 36,560 square feet, planned;
- Sun Garden, 257,000 square feet, approved;
- Fruitdale Station, 29,000 square feet, under construction;
- Ohlone, 50,000 square feet, approved

#### **Los Gatos**

- Lincoln/Mercury Site, 40,000 square feet, approved;
- Chevy Site, 12,500 square feet, approved;
- Swanton's Ford, 30,790 square feet, approved

Based upon assumptions regarding cumulative project sales, by amount and category, and degree of market area overlap with the project, these cumulative projects are estimated to achieve sales totaling \$56.4 million to \$113.5 million generated by the same market area consumers anticipated to support the project. These sales are in addition to the project sales. As with the project, a substantial amount of these sales are anticipated to be absorbed through recaptured leakage. As a result, the cumulative project sales impacts, inclusive of the project, are estimated to total \$38.7 to \$65.8 million, roughly double the impacts of the project alone, as shown in the following table.

**Table 23. Cumulative Project Market Area Sales Impacts, 2011**

Retail Category	Alternative A - Building Materials Anchor		Alternative B - General Merchandise Anchor		Alternative C - Grocery Anchor	
	Sales Impact*	% of Sales	Sales Impact*	% of Sales	Sales Impact*	% of Sales
Motor Vehicles & Parts	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Home Furnishings	\$9.4	9.4	\$8.1	5.8	\$3.4	4.5
Building Mat'ls/Garden	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Food & Beverage Stores	\$24.4	4.2	\$0.0	0.0	\$37.3	10.5
Gasoline Stations	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Clothing & Accessories	\$5.1	2.6	\$15.9	7.4	\$10.4	6.4
General Merchandise	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Food Services & Drinking	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Other Retail	\$0.0	0.0	\$20.7	4.8	\$14.7	5.7
Total	\$38.9	1.4	\$44.7	1.4	\$65.8	3.1

\*\$'s in millions.

Given the size of the market area retail bases, the maximum cumulative project impacts of \$65.8 million comprise a small portion of the total market area sales base. Sales that may be diverted from existing retailers can be offset by new retail demand generated by new market area growth and by opportunities for new stores to open seeking to satisfy the continued unmet need for retail anticipated across all market areas. The extent to which any possible store closures become problematic for the retail market will also depend upon the market strength, regulatory controls, and actions pursued by property owners.

### **Retail Market Characteristics**

The market areas were examined to determine the frequency and condition of existing retail vacancies. In general, there are some retail vacancies, ranging from small shop spaces to mid-sized spaces, but most retail centers exhibit strong occupancy. This includes both newer and older shopping centers, thus even older market area shopping centers are demonstrating strong market fundamentals.

Most retail shopping centers located within and on the periphery of the market areas are in good condition, demonstrate ongoing maintenance, and appear to have moderate to strong shopper volume. Some vacancies along older retail corridors are not as well maintained as others more central to major retail nodes, but these vacancies as a whole are limited in quantity. Within the market areas there is a lot of evidence of recently renovated shopping centers or centers planning to undergo renovation.

Historically, all of the market area cities have generally maintained relatively healthy retail market sectors. Third quarter 2011 market statistics indicate that as of third quarter 2011, San Jose had an overall retail vacancy rate of 5.1 percent. This is a low retail vacancy rate indicative of a relatively strong market. Third quarter 2011 retail vacancy rates in the other constituent market area cities ranged from 2.5 percent in Campbell to 7.0 percent in Los Gatos. Across all

market area cities, the overall third quarter 2011 vacancy rate is 5.0 percent. This is a low rate, indicative of a strong retail market. This bodes well for the market areas with respect to any potential increases in vacancy attributable to potential project impacts resulting in store closures.

Retail vacancies in the market area cities are successfully securing new tenants. Information collected on new lease transactions during the recent one-year period from October 2010 to October 2011 identified 91 retail lease transactions in San Jose totaling 297,141 square feet of leased space, with an average size of 3,265 square feet. Additional lease transactions also occurred in the other market area cities, totaling 4 in Campbell comprising 23,199 square feet; 13 in Los Gatos comprising 24,137 square feet; and 10 in Saratoga comprising 19,710 square feet. In all, there were 118 lease transactions in the market area cities, totaling 364,187 square feet. While the average lease transaction was for a relatively small increment of space, 3,086 square feet, this activity is indicative of strong interest in the market area cities retail markets. This is a solid indicator that retail vacancies in San Jose and the other market area cities have the potential to be backfilled by new or expanding retail tenants.

As further demonstration of the potential for retail backfilling, information was compiled on examples of backfilled tenants in San Jose, Campbell, and Los Gatos, with a focus on larger tenant spaces backfilled in the current market or during the recent past. This information included 29 backfilling examples, comprising more than an estimated 850,000 square feet of space. This quantity of retail backfill examples is a very strong indicator of the reuse potential of larger retail spaces and the attraction of the retail market in San Jose and the other market area cities. These backfill examples show that the market has the demonstrated ability to backfill retail vacancies, suggesting that any retail vacancies that might occur as a result of project or cumulative project impacts will not remain vacant for long and contribute to conditions of urban decay or deterioration.

### **Retail Vacancies and Commercial Broker Perspectives**

There are some retail vacancies, ranging from small shop spaces to mid-sized spaces, but most retail centers in the market areas exhibit strong occupancy. This includes both newer and older shopping centers; thus, even older market area shopping centers are demonstrating strong market fundamentals. Most retail shopping centers located within and on the periphery of the market areas are in good condition, demonstrate ongoing maintenance, and appear to have moderate to strong shopper volume. Commercial real estate brokers in the area are positive about the market potential for the project and the market as a whole.

### **Impact Summary**

The analysis focused on determining whether or not physical deterioration would likely result from the opening of the project and other cumulative retail developments in reaching a conclusion about urban decay. The conclusion is based on consideration of current market conditions, findings regarding diverted sales, the backfilling potential of existing store spaces, and regulatory controls. Highlights of these findings are as follows:

- **Current Market Conditions:** Field research, market research, and broker interviews indicated that retail market conditions are strong in San Jose and the market area cities. All market area cities have low retail vacancy rates, indicating that long-term retail vacancy is not an issue in the market areas. Existing retail vacancies appear well-maintained, and retail brokers indicate that vacancies are typically absorbed within a reasonable time period. There are no visible signs of urban decay or deterioration among the market areas' retail nodes and corridors.
- **Diverted Sales and Additional Retail Leakage:** It is estimated that after recapture of existing market area leakage and new demand generated by household growth, there is the potential for a few small retail operations to close in the market area. However, even with development of the project and other cumulative projects, the market areas are anticipated to be characterized by strong retail leakage in most retail categories. This remaining leakage provides an opportunity for other retailers to enter the marketplace focused on satisfying unmet retail demand. Not only is San Jose currently characterized as a retail leakage community, but this is an historic condition for the City, dating back decades and documented in many economic studies. With limited potential for new retail development sites, San Jose's under-retailed status is anticipated to continue to persist into the future, such that other future retail projects in San Jose are also not anticipated to cause or contribute to urban decay. This is especially the case given strong future residential growth prospects in San Jose, which will continue to fuel demand for retail in San Jose and the greater region. This is compounded by high average household incomes realized in the market areas and San Jose as a whole, with market area average incomes in 2010 ranging from \$120,000 to \$137,000, and average household incomes throughout San Jose close to \$110,000. These average household income levels suggest the availability of disposable income to support existing and future retail opportunities in San Jose and the market areas.
- **Backfilling Potential:** The examples of backfilled retail spaces demonstrate that retail backfilling occurs frequently and with great success in the market areas and their constituent cities. The list of 29 examples representing over 850,000 square feet indicates that a wide variety of larger retail vacancies successfully find next generation retailers, including sometimes successful subdivision of space. In addition, information about numerous small lease transactions indicates that smaller retail spaces are also frequently leased. Therefore, the market areas have the demonstrated ability and potential to backfill retail spaces spanning a wide size range and a broad mix of former tenants.
- **Regulatory Controls:** City ordinances, such as the City of San Jose Code of Ordinances Chapter 9.12 on Weeds, Rubbish and Other Matter, Chapter 9.57 on Graffiti Prohibitions, Chapter 9.58 on Graffiti Abatement, and Chapter 17.38 on Maintenance and Rehabilitation of Neglected Vacant or Abandoned Buildings require property owners to maintain their properties so as not to create a nuisance by creating a condition promotes

blight and poses threats to the public's health, safety, and welfare. Enforcement of these ordinances can help prevent physical deterioration due to any long-term closures of retail spaces. If properties require nuisance abatement, there are controls in place to provide this abatement. For example, if a property owner does not abate graffiti, the City has the right to abate graffiti without notice to the property owner and invoice the owner for the costs and expenses. If these expenses are not paid to the City within 30 days then the City may enforce and collect an invoice as a personal obligation of a responsible party or through a special collection. During fieldwork conducted in October, 2011, there were no visible signs of litter, graffiti, weeds, or rubbish associated with existing commercial nodes and corridors in the San Jose portion of the market areas. Thus, the existing measures to maintain private commercial property in good condition in the City of San Jose are effective and will serve to preclude the potential for urban decay and deterioration in the event any existing retailers in the City of San Jose close following the operations of the project and other cumulative retail projects.

Based upon these findings, Almaden Ranch and the identified cumulative projects **will not cause or contribute to urban decay.**

MITIGATION MEASURES INCLUDED IN THE PROJECT

None required.

CONCLUSION

The project and identified cumulative projects **will not cause or contribute to urban decay.**

**X. AUTHORS AND CONSULTANTS**

page 163 *Add the following to the end of the Authors and Consultants list:*

**ALH ECON**  
Urban & Regional Economics Consultants  
2239 Oregon Street  
Berkeley, CA 94705

Amy L. Herman

**TECHNICAL APPENDIX**

Add the following to the Technical Appendix List of included subconsultants' reports in Volume I and Volume II; and include the document in Appendix I of Volume II:

**Addendum to the Almaden Ranch Retail Center Transportation Impact Analysis, Hexagon Transportation Consultants, Inc., November 9, 2011**

Add the following to the Technical Appendix List of included subconsultants' reports in Volume I and Volume II; and include the document in Appendix K of Volume II:

**Water Supply Assessment (WSA) for the Almaden Ranch Retail Center, San Jose Water Company, September 22, 2011** |

Add the following to the Technical Appendix List of included subconsultants' reports in Volume I and Volume II; and include the document in Appendix L of Volume II:

**Almaden Ranch Urban Decay Analysis, ALH ECON, November 25, 2011** |

# **TECHNICAL APPENDIX**



**APPENDIX I**  
Transportation / Traffic





HEXAGON TRANSPORTATION CONSULTANTS, INC.

# Addendum to the Almaden Ranch Retail Center

Transportation Impact Analysis

Prepared for:

**Arcadia Development Company**

November 9, 2011



Hexagon Office: 111 W. St. John Street, Suite 850, San Jose, CA 95113

Hexagon Phone: 408-971-6100

Report Author: Brian Jackson

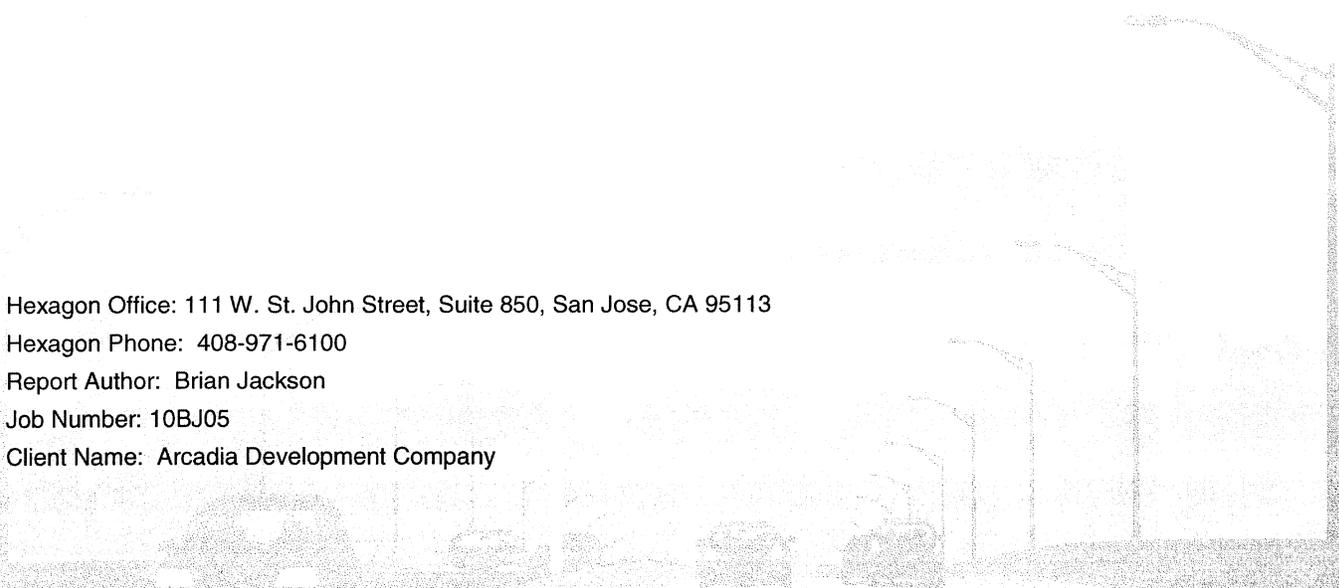
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Client Name: Arcadia Development Company

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**Transportation Planning** Neighborhood Traffic Calming **Traffic Operations** Traffic Impact Analysis **Traffic Signal Design** Travel Demand Forecasting



The purpose of this addendum is to supplement the May 16, 2011 *Almaden Ranch Retail Center Transportation Impact Analysis*. The project as proposed includes the development of up to 400,000 square feet of retail uses on the east side of Almaden Expressway, just north of SR 85 in San Jose, California. The traffic study was conducted for the purpose of identifying potential traffic impacts related to the proposed development. The impacts of the project were evaluated following the standards and methodologies set forth by the City of San Jose and the Santa Clara Valley Transportation Authority (VTA).

The results of the level of service analysis show that the intersection of Almaden Expressway/SR 85 (North) would be significantly impacted by the project, based on City of San Jose Level of Service Policy impact criteria. As mitigation, the project includes restriping the ramp to provide one dedicated left-turn lane, one shared through/left-turn lane, and one dedicated right-turn lane. Signal phasing for the eastbound and westbound approaches would remain split-phase (i.e., all movements from the east followed by all movements from the west). The mitigation would reduce the average vehicle delay at the intersection to 69.9 seconds under background plus project conditions, which is better than the vehicle delay calculated under background conditions.

Although the above mitigation would reduce the project impact to a less than significant level according to the City of San Jose Level of Service Policy, further improvements to the SR 85 southbound off-ramp have been suggested. Additional improvements include adding a fourth lane to the SR 85 southbound off-ramp.

#### 4-Lane Off-Ramp Alternative 1

The Almaden Expressway/SR 85 (North) intersection was analyzed based on a 4-lane off-ramp configuration. The most efficient 4-lane configuration would include two left-turn lanes, a shared L-T-R lane, and a right-turn lane. With the shared L-T-R lane, the eastbound and westbound approaches would need to continue to operate as split-phase. The intersection would operate at LOS D with an average vehicle delay of 53.7 seconds with this 4-lane configuration under background plus project conditions. This alternative would have a new right-turn lane with approximately 260 feet of vehicle storage.

#### 4-Lane Off-Ramp Alternative 2

This alternative is the same as Alternative 1 except that the project would set aside additional right-of-way to allow for further extension of the right-turn lane on the off-ramp in the future.

Table 1 shows a level of service comparison between the proposed project mitigation and the 4-lane off-ramp configuration.

**Table 1  
Intersection Level of Service Comparison**

Study Intersection	Peak Hour	Existing		Background		Background + Project			
		Avg. Delay	LOS	Avg. Delay	LOS	Avg. Delay	LOS	Incr. In Crit. Delay	Incr. In Crit. V/C
<b>Almaden Exp &amp; SR 85 (North) *</b>	AM	21.4	C	23.1	C	23.9	C	8.1	0.020
	PM	51.0	D	74.6	E	<b>75.8</b>	<b>E</b>	<b>13.3</b>	<b>0.066</b>
Proposed Project Mitigation (3-Lane Off-Ramp, split-phase)	AM					22.7	C		
	PM					69.9	E		
4-Lane Off-Ramp Configuration (2 LT, 1 L-T-R, 1 RT, split-phase)	AM					21.7	C		
	PM					53.7	D		

Notes:  
An asterisk ( \*) denotes a CMP intersection.  
**BOLD** with outline indicates a significant project impact.

# **APPENDIX K**

Utilities and Service Systems





**San Jose  
Water  
Company**

September 22, 2011

110 W. Taylor Street  
San Jose, CA 95110-2131

Janis Moore  
City of San Jose Planning Division  
200 East Santa Clara Street  
San Jose, CA 95113-1905

Reference: Water Supply Assessment (WSA) for the Almaden Ranch Retail Center

Dear Ms. Moore:

In accordance with the requirements of California state law (SB 610), SJWC has completed a WSA for the above mentioned project. The Almaden Ranch Retail Center development is located at the northeast corner of Almaden Expressway and State Route 85. The information that you provided was that the site may be used for the construction of up to a maximum of 400,000 square feet of commercial space on an approximately 43.0 acre site. The Conceptual Use Layout for the project includes big box retail, a commercial pad, local-serving retail, and several small retail pads as well as a retail pad/gas station.

The water usage of this proposed development was included in the growth projections of SJWC's 2010 Urban Water Management Plan. The project is located in SJWC's Dow Zone, which consists of about 40,700 customer accounts. Based on the planned development at this site, the conservative maximum day usage is about 400,000 gallons per day.

Once the final configuration of the site and fire department requirements are known, SJWC can perform a fire flow analysis to determine the necessary pipe sizes and locations needed for the project. The hydraulic model results showed that the addition of the Almaden Ranch Retail Center development had a minimal impact on the existing distribution system. SJWC should be able to adequately supply this project without any additional source of supply or system operation changes.

If you have any questions, please call me at (408) 279-7861.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bill Tuttle', with a horizontal line underneath.

Bill Tuttle, P.E.  
Director of Engineering  
Water Services and Planning



**APPENDIX L**  
Urban Decay



**Almaden Ranch  
Urban Decay Analysis**

**Prepared for:**

**Mindigo & Associates**

**Prepared by:**

**ALH | ECON**

**ALH Urban & Regional Economics**

**November 2011**





ALH Urban & Regional Economics

2239 Oregon Street  
Berkeley, CA 94705  
510-704-1599  
aherman@alhecon.com

November 25, 2011

Richard Mindigo  
Mindigo & Associates  
1984 The Alameda  
San Jose, CA 95126

**Re: Almaden Ranch Urban Decay Analysis**

Dear Mr. Mindigo:

ALH Urban & Regional Economics (ALH Economics) is pleased to present this study regarding the urban decay analysis of the planned Almaden Ranch retail shopping center in the City of San Jose. This study documents research and findings regarding the economic impact/urban decay analysis of up to 400,000 square feet of retail space planned at Almaden Ranch. The purpose of this study is to provide an assessment of the potential for the project to cause or contribute to urban decay

It has been a pleasure working with you on this project. Please let me know if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Amy L. Herman'.

Amy L. Herman, AICP  
Principal



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## **APPENDIX A LIST OF EXHIBITS**

- Exhibit 1. Development Program Alternatives
- Exhibit 2. Estimated Sales, 2011 Dollars
- Exhibit 3. Estimate of Project Sales by Category, Sales Generated by Market Area Residents, in 2011 Dollars
- Exhibit 4. Map of Area Building Materials, General Merchandise, and Discount Food Stores
- Exhibit 5. Map of Alternative A Market Area, Building Materials Anchor
- Exhibit 6. Map of Alternative B Market Area, General Merchandise Anchor
- Exhibit 7. Map of Alternative B Market Area, Grocery Anchor
- Exhibit 8. Map of All Alternatives Market Areas
- Exhibit 9. Household and Population Estimates and Projections, Project Market Areas, 2000-2016
- Exhibit 10. Building Materials Market Area Retail Sales Base in Current Dollars, Second Half 2009 & First Half 2010
- Exhibit 11. General Merchandise Market Area Retail Sales Base in Current Dollars, Second Half 2009 & First Half 2010
- Exhibit 12. Grocery Market Area Retail Sales Base in Current Dollars, Second Half 2009 & First Half 2010
- Exhibit 13. All Project Alternatives Market Area Retail Sales Base in Current Dollars, Second Half 2009 & First Half 2010
- Exhibit 14. City of San Jose Retail Demand, Sales Attraction, and Spending Analysis, 2010 (dollars in \$000s)
- Exhibit 15. Building Materials Market Area Retail Demand, Sales Attraction, and Spending Analysis, 2010 (dollars in \$000s)
- Exhibit 16. General Merchandise Market Area Retail Demand, Sales Attraction, and Spending Analysis, 2010 (dollars in \$000s)
- Exhibit 17. Grocery Market Area Retail Demand, Sales Attraction, and Spending Analysis, 2010 (dollars in \$000s)
- Exhibit 18. Time-Adjusted Building Materials Market Area Retail Sales Base and Sales Attraction/Leakage, 2011 Estimate
- Exhibit 19. Time-Adjusted General Merchandise Market Area Retail Sales Base and Sales Attraction/Leakage, 2011 Estimate
- Exhibit 20. Time-Adjusted Grocery Market Area Retail Sales Base and Sales Attraction/Leakage, 2011 Estimate
- Exhibit 21. Potential Sales Impact, Building Materials Market Area, 2011
- Exhibit 22. Potential Sales Impact, General Merchandise Market Area, 2011
- Exhibit 23. Potential Sales Impact, Grocery Market Area, 2011
- Exhibit 24. Planned Residential Developments (over 100 Units), San Jose, Campbell, and Los Gatos, October 2011
- Exhibit 25. Demand Generated by Household Growth, Market Area Alternatives, 2011-2016, 2011 Dollars
- Exhibit 26. Cumulative Major Retail Developments (25,000+ Square Feet), Within and Bordering the Market Area, October 2011
- Exhibit 27. Sales Estimates for Cumulative Projects by Market Area, in 2011 Dollars
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- Exhibit 29. Potential Sales Impacts from Cumulative Projects, Including Almaden Ranch, Almaden Ranch Building Materials Market Area
- Exhibit 30. Potential Sales Impacts from Cumulative Projects, Including Almaden Ranch, Almaden Ranch General Merchandise Market Area
- Exhibit 31. Potential Sales Impacts from Cumulative Projects, Including Almaden Ranch, Almaden Ranch Grocery Market Area
- Exhibit 32. City of San Jose Vacancy Trends, 2006 through Q3 2011
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## I. EXECUTIVE SUMMARY

### INTRODUCTION

The purpose of this study is to assess the economic impact and potential for urban decay resulting from development of the Almaden Ranch Retail Shopping Center (referred to as the "Project") in San Jose, California. The development site is located at the northeast corner of Almaden Expressway and Highway 85 in San Jose. The site is located southeast of the intersection of Almaden Expressway and Cherry Avenue/Chynoweth Avenue.

Tenant programming for the 400,000-square-foot development has not yet been determined. There is a large anchor space planned totaling 152,245 square feet. To provide for maximum flexibility, multiple Project alternatives are analyzed, representative of three possible anchor tenant scenarios. One alternative assumes a building materials retailer, a second assumes a general merchandise retailer, and the third assumes a food retailer sharing the anchor space with a smaller general merchandise retailer. Three Project alternatives are therefore analyzed in the study.

Aside from these prospective anchor tenants additional retail tenants have not yet been identified, but current programming efforts suggest they could include sporting goods, general merchandise, grocery, health club, restaurants, and services, such as banking. Given the environmental and development timeline for the Project, this study assumes the Project will begin full operations in approximately 2016.

This study estimates the potential impacts of the Project's tenants on existing retailers in the Project's market area and other potentially affected areas, primarily in the form of diverted sales from existing retailers. The study estimates the extent to which the opening of the Project and other cumulative retail projects may or may not contribute to urban decay in the market areas pursuant to potential store closures attributable to existing retailer sales diversions.

### STUDY CONCLUSION

The study concludes that the Almaden Ranch Retail Shopping Center will not cause or contribute to urban decay. The respective market areas for all three anchor tenant scenarios are characterized by high levels of retail leakage, meaning that the market area retail venues do not satisfy the retail shopping needs of the market area residents. For each market area, retail leakage is estimated to total more than \$1.0 billion in resident spending potential. This is an exceedingly large volume of retail leakage. Even with the Almaden Ranch Project, substantial market area leakage will continue to persist in almost all retail categories. The market areas all include substantial portions of the City of San Jose, plus other cities, with one market area including only portions of the City of San Jose. The entirety of the City of San Jose is also characterized by retail leakage, indicating that the City of San Jose is under-retailed given the size of its consumer base.

The strength of the market area's retail demand is demonstrated by the low retail vacancy rates in and around the market areas. As of 3<sup>rd</sup> Quarter 2011, retail vacancy in San Jose was 5.1% and vacancy was 5.0% across all the cities included in the market areas. These low rates are relatively consistent over time, indicating that the commercial retail real estate market in the market areas have managed relatively well during the recent national recession. Field observation of the market

area and surrounding environs indicate these low retail vacancy rates also prevail in and around the market areas, with the few retail vacancies well-maintained and not indicative of urban decay. Retail vacancies in San Jose and the market area cities generally fill quickly, especially well-located vacancies. In just the past one-year period, over 100 retail leases were executed in the market area cities, totaling over 350,000 square feet of retail space.

San Jose and the market area cities have a strong history of backfilling vacant retail spaces. The Almaden Ranch Retail Shopping Center urban decay analysis concludes that there is the potential for a few small retail operations to close in the market areas. However, even if such closures occur, the market areas are anticipated to be characterized by strong retail leakage in most retail categories. This remaining leakage provides an opportunity for other retailers to enter the marketplace focused on satisfying unmet retail demand. Most importantly, the area's successful history of backfilling retail spaces indicates the strong likelihood that such vacancies would find new tenants that can in turn satisfy market area consumer shopping needs in many underserved retail categories.

This successful backfilling of vacant retail space is likely the case in San Jose regardless of the location of a future retail development project. Not only is San Jose currently characterized as a retail leakage community, but this is an historic condition for the City, dating back decades and documented in many economic studies. With limited potential for new retail development sites, San Jose's under-retailed status is anticipated to continue to persist into the future, such that other future retail projects in San Jose are also not anticipated to cause or contribute to urban decay. This is especially the case given strong future residential growth prospects in San Jose, which will continue to fuel demand for retail in San Jose and the greater region. This is compounded by high average household incomes realized in the market areas and San Jose as a whole, with market area average incomes in 2010 ranging from \$120,000 to \$137,000, and average household incomes throughout San Jose close to \$110,000. These average household income levels suggest the availability of disposable income to support existing and future retail opportunities in San Jose and the market areas.

The study findings are summarized in the following section and detailed throughout this report.

## **SUMMARY OF FINDINGS**

### **Project Sales and Market Areas**

ALH Economics estimates that stabilized Project sales will range from \$108.8 million to \$141.2 million, depending upon the nature of the Project's anchor tenants. Of these amounts, 80% are estimated to be generated by residents of the Project's market areas, equivalent to \$87.0 to \$113.0 million in sales. These sales will occur in a wide range of categories, including home furnishings & appliances, building materials & garden equipment, food & beverage stores, clothing & clothing accessories, general merchandise, food services & drinking (restaurants), and other retail. The other retail category is broad, and encompasses a wide range of retailers, such as office supply, pet supply, sporting goods, book stores, and jewelry.

The Project's market areas are defined differently by Project anchor, with three alternatives defined: Alternative A: Building Materials Anchor; Alternative B: General Merchandise Anchor; and Alternative C: Grocery Anchor. The Alternative A: Building Materials Anchor market area is

relatively large and includes the approximate southwest quadrant of the City of San Jose. In addition, it includes all of Los Gatos, Monte Sereno, and Saratoga and a portion of the City of Campbell. The Alternative B: General Merchandise Anchor market area is a bit more constrained than the building materials market area. This market area includes another portion of San Jose's southwest quadrant, the majority of Los Gatos, all of Monte Sereno, and a small sliver of Campbell. Finally, the Alternative C: Grocery Anchor market area is the smallest of the three market areas. This is in some part attributable to the more convenience-oriented nature of grocery shopping, with proximity a more important factor than for other merchandise categories. This market area includes only a portion of the southwest quadrant of the City of San Jose.

### **Market Area Sales Bases and Retail Leakage**

Because of their differing geographies, the Project's three market areas each have a different estimated retail base size. In 2010 dollars, these sizes are \$2.7 billion for the Alternative A: Building Materials Anchor market area, \$3.0 billion for the Alternative B: General Merchandise Anchor market area, and \$2.0 billion for the Alternative C: Grocery Anchor market area. For all areas, the single largest component of the sales base is food & beverage store sales, estimated to comprise approximately 17% to 21% of each sales base. Other categories that comprise larger shares of the sales bases vary by market area, but include motor vehicles and parts in the Building Materials Anchor and Grocery Anchor market areas and food services/drinking (i.e., restaurants) and other retail.

All three Project market areas are characterized by high levels of retail demand leakage, meaning that resident shopping needs are not being adequately met by the available retail venues. The volumes of estimated leakage are high, with total leakage for each market area exceeding \$1.0 billion in resident spending potential. This indicates that even with the amount of existing retail, there are many missed opportunities for other retail venues. The development of Almaden Ranch will serve to help retain some of this resident spending potential in the market areas, and thus contribute toward reducing leakage and associated area traffic congestion as consumers find opportunities to shop closer to home. Every market area has leakage in every major retail category with only one exception, relative neutrality of actual retail sales attraction in the clothing & clothing accessories category in the Alternative B: General Merchandise Anchor market area and the Alternative C: Grocery Anchor market area.

### **Project Sales Achieved Through Retail Sales Recapture**

The enhanced shopping opportunities provided by Almaden Ranch will serve to help recapture existing retail leakage. The amount of recaptured leakage will depend upon the nature of the Project's retail opportunities and the complexity of the retail purchase.

The analysis estimates that the Project alternatives will recapture \$65.8 to \$82.4 million in market area resident spending potential, i.e., leakage. These figures were estimated based upon the proportion of Project sales to leakage by retail category. Even with this amount of absorbed leakage, the market areas will each be characterized by more than \$1.0 billion in continued resident retail leakage.

In the absence of a detailed shopper survey relevant to the Project's market areas, it is not possible to identify all of the outside market area retail shopping nodes and corridors where market area

residents currently shop. Many locations outside the market areas are retail rich, with a wide variety of shopping opportunities available. Because of this retail market characterization, it is also difficult to predict the various venues where consumers make their out-of-market-area purchases. They are likely dispersed over a wide geographic area, and among a wide number of retailers, and thus recaptured leakage from these venues are not anticipated to be detrimental to any one specific retailer to the point of raising concern about store closure and the downward spiral that can lead to urban decay and deterioration. This is especially the case if leakage is recaptured from retailers that choose to locate at the Project, such that captured market area resident sales will comprise sales diverted from the same retailer's store in a location outside the market area. Retailers that choose this kind of geographic store distribution make these choices deliberately to maximize their market penetration, and thus anticipate this type of store sales redistribution when opening multiple venues in the same general region.

### **Sales Impacts and Future Growth Offsets**

After consideration of out of market area sales and recaptured sales leakage, Almaden Ranch has the potential to divert \$7.2 to \$30.7 million in sales from existing market area retailers, depending upon alternative. The sales will vary by category, with the food & beverage category experiencing the greatest amount of potential impact, followed by other retail, clothing & clothing accessories, and home furnishings. No other retail categories are anticipated to experience any sales impacts.

The sales impacts are low relative to the market area sales bases. If they translate into store closure impacts, which are not a certainty, the greatest level of impact estimated for any one category is 45,000 square feet in the food store category. Lesser amounts estimated include 27,000 square feet of clothing stores, and 24,000 square feet of home furnishing stores. Given that the maximum category impacts are not isolated to just one Project alternative, these impacts are not additive. Moreover, with great amounts of retail sales leakage remaining even after the Project opens, there will be many opportunities for new retail to absorb any vacated spaces, thus minimizing the potential for long-term vacancies to ensue and lead to urban decay or deterioration. Of even greater likelihood is that new demand generated by new households added to the market areas prior to the opening and stabilization of the Project will offset the majority of these sales impacts even before they are experienced by the market. Growth projections vary, including by market area and growth assumptions, but the analysis suggests there is the potential for \$26.1 to \$164.6 million in new retail demand to be generated through new household growth by the estimated 2016 timeframe for opening of the Project.

### **Cumulative Project Impacts**

ALH Economics identified 16 potential cumulative retail development projects in the market area and constituent cities. Only eight of these projects are anticipated to be competitive with the Project or developed in a similar timeframe. Five of these projects are located in San Jose, including the Walmart remodel and occupation of an existing building near the Project site, and three are located in Los Gatos. These eight projects have a cumulative total of 548,350 square feet of retail planned.

Based upon assumptions regarding cumulative project sales, by amount and category, and degree of market area overlap with the Project, these cumulative projects are estimated to achieve sales totaling \$56.4 million to \$113.5 million generated by the same market area consumers

anticipated to support the Project. These sales are in addition to the Project sales. As with the Project, a substantial amount of these sales are anticipated to be absorbed through recaptured leakage. As a result, the cumulative project sales impacts, inclusive of the Project, are estimated to total \$38.7 to \$65.8 million, roughly double the impacts of the Project alone.

Given the size of the market area retail bases, the maximum cumulative project impacts of \$65.8 million comprise a small portion of the total market area sales base. Sales that may be diverted from existing retailers can be offset by new retail demand generated by new market area growth and by opportunities for new stores to open seeking to satisfy the continued unmet need for retail anticipated across all market areas. The extent to which any possible store closures become problematic for the retail market will also depend upon the market strength, regulatory controls, and actions pursued by property owners.

## **URBAN DECAY DETERMINATION**

### **Definition of Urban Decay**

For the purpose of this analysis, urban decay is defined as, among other characteristics, visible symptoms of physical deterioration that invite vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long term vacancies. This physical deterioration to properties or structures is so prevalent, substantial, and lasting for a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community. The manifestations of urban decay include such visible conditions as plywood-boarded doors and windows, parked trucks and long term unauthorized use of the properties and parking lots, extensive gang and other graffiti and offensive words painted on buildings, dumping of refuse on site, overturned dumpsters, broken parking barriers, broken glass littering the site, dead trees and shrubbery together with weeds, lack of building maintenance, homeless encampments, and unsightly and dilapidated fencing.

### **Retail Market Characteristics**

ALH Economics toured the market areas to examine the frequency and condition of existing retail vacancies. In general, there are some retail vacancies, ranging from small shop spaces to mid-sized spaces, but most retail centers exhibit strong occupancy. This includes both newer and older shopping centers, thus even older market area shopping centers are demonstrating strong market fundamentals.

Most retail shopping centers located within and on the periphery of the market areas are in good condition, demonstrate ongoing maintenance, and appear to have moderate to strong shopper volume. Some vacancies along older retail corridors are not as well maintained as others more central to major retail nodes, but these vacancies as a whole are limited in quantity. Within the market areas there is a lot of evidence of recently renovated shopping centers or centers planning to undergo renovation.

Historically, all of the market area cities have generally maintained relatively healthy retail market sectors. Third quarter 2011 market statistics indicate that as of third quarter 2011, San Jose had an overall retail vacancy rate of 5.1%. This is a low retail vacancy rate indicative of a relatively strong market. Third quarter 2011 retail vacancy rates in the other constituent market area cities ranged from 2.5% in Campbell to 7.0% in Los Gatos. Across all market area cities, the overall

third quarter 2011 vacancy rate is 5.0%. This is a low rate, indicative of a strong retail market. This bodes well for the market areas with respect to any potential increases in vacancy attributable to potential Project impacts resulting in store closures.

Retail vacancies in the market area cities are successfully securing new tenants. Information collected on new lease transactions during the recent one-year period from October 2010 to October 2011 identified 91 retail lease transactions in San Jose totaling 297,141 square feet of leased space, with an average size of 3,265 square feet. Additional lease transactions also occurred in the other market area cities, totaling four in Campbell comprising 23,199 square feet, 13 executed in Los Gatos comprising 24,137 square feet, and 10 executed in Saratoga comprising 19,710 square feet. In all, there were 118 lease transactions in the market area cities, totaling 364,187 square feet. While the average lease transaction was for a relatively small increment of space, 3,086 square feet, this activity is indicative of strong interest in the market area cities retail markets. This is a solid indicator that retail vacancies in San Jose and the other market area cities have the potential to be backfilled by new or expanding retail tenants.

As further demonstration of the potential for retail backfilling, ALH Economics compiled information on examples of backfilled tenants in San Jose, Campbell, and Los Gatos, with a focus on larger tenant spaces backfilled in the current market or during the recent past. This information included 29 backfilling examples, comprising more than an estimated 850,000 square feet of space. This quantity of retail backfill examples is a very strong indicator of the reuse potential of larger retail spaces and the attraction of the retail market in San Jose and the other market area cities. These backfill examples show that the market has the demonstrated ability to backfill retail vacancies, suggesting that any retail vacancies that might occur as a result of Project or cumulative project impacts will not remain vacant for long and contribute to conditions of urban decay or deterioration.

### **Urban Decay Conclusion**

ALH Economics focused on determining whether or not physical deterioration would likely result from the opening of the Project and other cumulative retail developments in reaching a conclusion about urban decay. The conclusion is based on consideration of current market conditions, findings regarding diverted sales, the backfilling potential of existing store spaces, and regulatory controls. Highlights of these findings are as follows:

- **Current Market Conditions:** Field research, market research, and broker interviews indicated that retail market conditions are strong in San Jose and the market area cities. All market area cities have low retail vacancy rates, indicating that long-term retail vacancy is not an issue in the market areas. Existing retail vacancies appear well-maintained, and retail brokers indicate that vacancies are typically absorbed within a reasonable time period. There are no visible signs of urban decay or deterioration among the market areas' retail nodes and corridors.
- **Diverted Sales and Additional Retail Leakage:** ALH Economics estimates that after recapture of existing market area leakage and new demand generated by household growth, there is the potential for a few small retail operations to close in the market area. However, even with development of the Project and other cumulative projects, the market areas are anticipated to be characterized by strong

retail leakage in most retail categories. This remaining leakage provides an opportunity for other retailers to enter the marketplace focused on satisfying unmet retail demand.

- **Backfilling Potential:** The examples of backfilled retail spaces demonstrate that retail backfilling occurs frequently and with great success in the market areas and their constituent cities. The list of 29 examples representing over 850,000 square feet indicates that a wide variety of larger retail vacancies successfully find next generation retailers, including sometimes successful subdivision of space. In addition, information about numerous small lease transactions indicates that smaller retail spaces are also frequently leased. Therefore, the market areas have the demonstrated ability and potential to backfill retail spaces spanning a wide size range and a broad mix of former tenants.
- **Regulatory Controls:** City ordinances, such as the City of San Jose Code of Ordinances Chapter 9.12 on Weeds, Rubbish and Other Matter, Chapter 9.57 on Graffiti Prohibitions, Chapter 9.58 on Graffiti Abatement, and Chapter 17.38 on Maintenance and Rehabilitation of Neglected Vacant or Abandoned Buildings require property owners to maintain their properties so as not to create a nuisance by creating a condition that promotes blight and poses threats to the public's health, safety, and welfare. Enforcement of these ordinances can help prevent physical deterioration due to any long-term closures of retail spaces. If properties require nuisance abatement there are controls in place to provide this abatement. For example, if a property owner does not abate graffiti, the City has the right to abate graffiti without notice to the property owner and invoice the owner for the costs and expenses. If these expenses are not paid to the City within 30 days then the City may enforce and collect an invoice as a personal obligation of a responsible party or through a special collection. During fieldwork conducted in October, 2011, there were no visible signs of litter, graffiti, weeds, or rubbish associated with existing commercial nodes and corridors in the San Jose portion of the market areas. Thus, ALH Economics concludes that existing measures to maintain private commercial property in good condition in the City of San Jose are effective and will serve to preclude the potential for urban decay and deterioration in the event any existing retailers in the City of San Jose close following the operations of the Project and other cumulative retail projects.

Based upon these findings, ALH Economics concludes that the Almaden Ranch Project and the identified cumulative projects will not cause or contribute to urban decay.



## II. INTRODUCTION

### STUDY BACKGROUND

Arcadia Development Company is seeking to develop a retail shopping center with up to 400,000 square feet in San Jose, California (the "Project"). The development site is located at the northeast corner of Almaden Expressway and Highway 85 in San Jose. The site is located southeast of the intersection of Almaden Expressway Cherry Avenue/Chynoweth Avenue.

The retail tenant program for Almaden Ranch has not yet been defined. The site is planned to include an anchor space totaling 152,245 square feet, with other tenant spaces varying in size from 4,000 square feet to 50,000 square feet. The current site plan totals 381,658 square feet of retail space. At this juncture of the tenant programming process, the Project developer indicates the anchor tenant could comprise one of several major retailers representative of different retail categories. These categories include building materials, general merchandise, and food sales. In the event the anchor tenant is a food store the anchor space would likely be divided into two spaces, one to accommodate the food store and one to accommodate a different type of retailer.

A Draft Environmental Impact Report (DEIR) for Almaden Ranch was completed summer 2011. During public hearings on the DEIR questions emerged regarding the need for an urban decay study to be conducted for the Project. CEQA law does not require that such a study be conducted as part of the environmental process. However, environmental documents for many California projects with a strong retail component have begun to include such an analysis, with the purpose of determining if the planned project will have the potential to cause or contribute to urban decay. This is the result of court cases involving the environmental process focused primarily on large scale retail development such as Walmart.

In response to public comments received during the Almaden Ranch EIR public hearing process, the City of San Jose requested that an urban decay study be conducted for Almaden Ranch. ALH Urban & Regional Economics ("ALH Economics") was retained to produce this study.

To complete the assignment ALH Economics conducted fieldwork. The field work upon which this study is based was completed in October 2011. Accordingly, ALH Economics assumes no responsibility for market events pertinent to the market area, more general environs, or the Project site occurring after that date.

### STUDY TASKS

ALH Economics engaged in numerous tasks to complete this assignment. These tasks included the following:

- Identified three Project market areas, one for each potential type of anchor tenant, i.e., the area from which the majority of Project consumers are anticipated to originate;
- Conducted fieldwork to review the Project site and evaluate existing market conditions;
- Estimated the planned Project's sales, for three project alternatives;
- Estimated market area retail sales, for three project alternatives;
- Conducted retail sales leakage analyses for the Project's market areas and the City of San Jose;

- Estimated demand generated by households added to the market area by the time the Project is developed;
- Estimated the Project's impacts on existing relevant retailers, for all three alternatives;
- Identified planned retail projects in the market areas and other relevant areas;
- Assessed the cumulative impacts of planned retail projects in the market areas and other relevant areas;
- Conducted research on retail vacancy and lease transaction trends in the market area cities and identified cases of retail backfilling in San Jose and surrounding cities; and
- Assessed the extent to which opening of Almaden Ranch and the cumulative projects may or may not contribute to urban decay.

The findings pertaining to these tasks are reviewed and summarized in this report, with analytical findings presented in the exhibits in Appendices A, B, and C.

## **STUDY RESOURCES AND REPORT ORGANIZATION**

### **Study Resources**

Many resources were relied upon for this study. This included information provided by Mindigo & Associates, the Planning Departments in the cities of San Jose, Los Gatos, Campbell, and Saratoga, and individuals engaged in commercial real estate familiar with the area's retail market. Detailed Alameda and Oakland retail market data were generated from Costar, a commercial real estate information company, and provided by CB Richard Ellis.

Additional study resources included the 2010 U.S. Census, the Association of Bay Area Governments, the California State Board of Equalization, Claritas, a national provider of economic and demographic data, Neilson Trade Dimensions, and annual reports pertaining to Walmart's sales performance. Select retail sales data were provided by Retail MAXIM's *Alternative Retail Risk analysis for Alternative Capital, July 2011*. Inflationary adjustments were prepared based upon the U.S. Bureau of Labor Statistics' Consumer Price Index for all urban consumers in the Western U.S. Region. All sources are cited as relevant in the study exhibits.

### **Report Organization**

This report includes eight chapters, as follows:

- I. Executive Summary
- II. Introduction
- III. Projected Almaden Ranch Sales
- IV. Market Area Definitions
- V. Retail Sales Base Characterizations
- VI. Project Sales Impacts
- VII. Cumulative Project Impacts
- VIII. Urban Decay Determination

This report is subject to the appended Assumptions and General Limiting Conditions.

### III. PROJECTED ALMADEN RANCH SALES

A description of the planned Almaden Ranch Shopping Center and ALH Economics' estimates of the total retail sales generated by the Project are presented below, including sales generated by retail category. These estimates, one for each anchor scenario, are necessary to facilitate analysis of the Project's urban decay impacts.

#### ALMADEN RANCH SHOPPING CENTER DESCRIPTION

The 400,000-square-foot Almaden Ranch Shopping Center will be located at the northeast corner of Almaden Expressway and Highway 85 in San Jose. The site is located southeast of the intersection of Almaden Expressway and Cherry Avenue/Chynoweth Avenue. The Project site is located near other retail shopping venues, including just south of a community shopping center anchored by a Safeway grocery store, and diagonally across Almaden Expressway from an existing Best Buy store and the site of a Walmart remodel and planned occupation of an existing building. Specifically, the Walmart store is locating in former Home Depot Expo space. Diagonally to the south of the site, south of Highway 85 and on the other side of Almaden Expressway, there is a major shopping center, Almaden Plaza. This shopping center includes many major retail tenants, such as Costco, Trader Joe's, Bed Bath & Beyond, Ross Dress for Less, and Pet Smart, to name just a few.

Based upon current retail programming plans and tenant expectations, Mindigo & Associates conferred with the Project developer to identify three prospective breakdowns of the retail space, each predicated upon a different retail anchor. These anchors include Building Materials (Anchor A), General Merchandise (Anchor B), and Grocery Store (Anchor C). Many of the other tenant assumptions are similar across the alternatives, with other anticipated tenants including sporting goods, general merchandise, grocery, health club, restaurants, and services, such as banking. For Alternative C, with the food store anchor, the anchor space would likely be divided into two spaces, one to accommodate the food store and one to accommodate a different type of retailer.

Details for the three programming alternatives are presented in Exhibit 1. A summary provided in Exhibit 1 and also in Table 1 on the following page indicates the anticipated tenant composition by type of retail. The retail categories used are based on definitions by the State of California Board of Equalization. The relevant broad categories are as follows:

- Building materials;
- General merchandise (i.e., department stores and many discount retailers);
- Food sales (i.e., grocery);
- Other retail, which includes a range of retail categories such as office supplies, sporting goods, pet supplies, jewelry, and bookstores;
- Eating & drinking (i.e., restaurants); and
- Non-retail (e.g., personal services such as banking and health clubs).

The Project's tenants are analyzed relative to these categories because they provide the best analytical match to data availability, especially regarding relevant retail sales trends. However, subsequent analysis demonstrates how some of these tenant categories are disaggregated into yet

other retail categories based upon assumptions regarding the type of retailers with which they may compete for sales.

**Table 1**  
**Almaden Ranch Retail Shopping Center**  
**Tenant Categories by Alternative**

Retail Category	Alternative A: Building Materials Anchor		Alternative B: General Merchandise Anchor		Alternative C: Food Store Anchor	
	Sq. Ft.	% of Space	Sq. Ft.	% of Space	Sq. Ft.	% of Space
Building Materials	152,245	38.1%	0	0.0%	0	0.0%
General Merchandise	80,142	20.0%	232,387	58.1%	170,387	42.6%
Other Retail	50,000	12.5%	50,000	12.5%	50,000	12.5%
Food Stores	28,000	7.0%	28,000	7.0%	90,000	22.5%
Eating and Drinking	40,313	10.1%	40,313	10.1%	40,313	10.1%
Non-Retail	49,300	12.3%	49,300	12.3%	49,300	12.3%
<b>Total</b>	<b>400,000</b>	<b>100.0%</b>	<b>400,000</b>	<b>100.0%</b>	<b>400,000</b>	<b>100.0%</b>

Note: Figures may not total due to rounding.

Source: Exhibit 1.

For Alternative A, with the building materials anchor, 38.1% of the Project's retail space will be occupied by the building materials anchor. For Alternative B, because of other programming assumptions, an even greater amount of the Project space will be devoted to the sales represented by the anchor tenant – General Merchandise. This is before as with Alternative A, more than just the anchor space is assumed to be occupied by general merchandise tenants. Finally, for Alternative C, even though the anchor space is assumed to be occupied by a food store, only 22.5% of the Project space will be occupied by this tenant. The largest increment of the space, 42.6%, is assumed to be occupied by general merchandise tenants. Regardless of alternative, therefore, general merchandise tenants are assumed to comprise major Project tenants, although to a lesser extent for Alternative A, with the buildings material anchor.

## PROJECTED ALMADEN RANCH SHOPPING CENTER STORES SALES

### Approach

It is anticipated that Almaden Ranch may be fully operational by 2016. To facilitate the study, however, the analysis is conducted assuming sales in year 2011 dollars. Stabilized sales are not expected to occur the first year of store operations, but rather the second or third year, which is typical of new retail operations. However, for simplicity, this analysis conservatively assumes stabilized sales are achieved during the first full year of operations.

Store sales projections were prepared for each Project alternative. The projections were generally developed based on information available from Retail MAXIM's "Alternative Retail Risk Analysis for

*Alternative Capital*," July, 2011. A different source was relied upon for the potential Project food anchor. This is because a food store of the size assumed in Alternative C, 90,000 square feet, is typically associated with discount retailers. Thus, for the purpose of this analysis, sales estimates for the food retailer WinCo were assumed to provide a conservative estimate of Project food sales.

The Retail MAXIM publication provides average sales per square foot figures for many national retailers and aggregates the data by specific retail categories. Retail Maxim's figures were reported for 2010, which ALH Economics then adjusted to 2011 by inflation. While specific Almaden Ranch retailers have not been identified, the retail categories provided by Mindigo & Associates were matched to categories included in the Retail Maxim retail survey. The resulting sales figures range from \$263 per square foot for the hybrid other retail category to \$548 per square foot for the food stores other than the Alternative C food store anchor. For the Alternative C food store anchor, sales are estimated at \$660 per square foot. This is a higher figure than for the more generic food store, but reflects estimated per square foot performance at the national level for WinCo, one of the major discount food operators active in California.

### **Projected Almaden Ranch Sales**

***Total Estimated Retailer and Project Sales*** The estimates of retailer type and Project sales by Alternative are documented in Exhibit 2. These estimates include projected sales for each anchor tenant and all other retail categories. Sales are not projected for one increment of space, the 49,300 square feet of space across all three alternatives allocated to non-retail. This includes the assumed 45,000-square-foot health club and 4,300-square-foot bank. -These tenants are not anticipated to generate the type of sales that compete with traditional retailers, and thus are not typically considered of concern in an urban decay analysis. The total Project sales in 2011 dollars is estimated at \$111.4 million for Alternative A: Building Materials Anchor, \$108.8 million for Alternative B: General Merchandise Anchor; and \$141.2 million for Alternative C: Grocery anchor. These estimates result in overall average Project sales of \$310 to \$403 per square foot.

***Projected Market Area Project Sales.*** Materials published by major industry organizations support that a retail store's trade area generally supplies 70% to 90% of the store's sales, while the remaining 10% to 30% of sales are attributed to consumers residing outside of the store's market area. In its Shopping Center Development Handbook, Third Edition, the Urban Land Institute (ULI) states the following:

"A site generally has a primary and a secondary trade area, and it might have a tertiary area. The primary trade area should generally supply 70 to 80 percent of the sales generated by the site. These boundaries are set by geographical and psychological obstacles."<sup>1</sup>

ULI is a nonprofit research and education organization representing the entire spectrum of land use and real estate development disciplines. Among real estate, retail, and economic development professionals, this organization is considered a preeminent educational forum.

Information published by the International Council of Shopping Centers (ICSC), a trade association for the shopping center industry, also provides instructional information about market area

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<sup>1</sup> Shopping Center Development Handbook, Third Edition, Urban Land Institute, 1999, page 44.

definitions. In the recent publication Developing Successful Retail in Secondary & Rural Markets, the ICSC says:

"A trade area is the geographic market that you will be offering to potential retailers as a consumer market. ... Defining a retail trade area is an art and a science. In general, a trade area should reflect the geography from which 75-90 percent of retail sales are generated. Different stores can have different trade areas based on their individual drawing power and the competitive market context."<sup>2</sup>

Given Almaden Ranch's proximity to Highways 85 and 87, and the presence of many other major retailers in the near vicinity, it is assumed that 20% of the Project's sales will be attributed to consumers residing outside of the Project's market areas. Pursuant to this assumption the estimated Project sales originating from market area residents is \$89.1 million for Alternative A: Building Materials Anchor; \$87.0 million for Alternative B: General Merchandise Anchor; and \$113.0 million for Alternative C: Grocery Anchor (see Exhibit 2). These are the sales figures that are central to the urban decay analysis, as they comprise Project demand generated by market area residents. These are the sales that have the potential to be diverted away from other retailers, including retailers in the market areas, and thus are the sales of interest in determining the risk of potential store closures that could ultimately lead to deterioration and decay.

### **Projected Sales by Category**

***Retail Sales Categories.*** It is necessary to allocate the Project's sales into appropriate retail categories to determine the potential impact on those specific categories. Subsequent analysis in this report compares Project sales to estimated market area sales in store categories used by governmental data sources, facilitating a comparison between retail supply and demand. Accordingly, the retail categories used to analyze the Project's sales match the categories used to estimate relevant market area sales.

The new sales generated by the Project will be spread across several merchandising categories due to the range of retailers anticipated. This study uses the retail categories as defined by the State of California Board of Equalization ("BOE"), which reports taxable sales by retail category for cities and counties. To maximize the use of these data it is important to use the BOE's defined retail sales categories for analytical purposes. Accordingly, ALH Economics' analysis is benchmarked to these categories and the sales reported by the BOE. These categories, as typically reported for cities, include the following:

- Motor Vehicle & Parts Dealers
- Home Furnishings & Appliances
- Building Materials & Garden Equipment
- Food & Beverage Stores
- Gasoline Stations
- Clothing & Clothing Accessories
- General Merchandise Stores

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<sup>2</sup> Developing Successful Retail in Secondary & Rural Markets, International Council of Shopping Centers in cooperation with National Association of Counties, 2007, page 7.

- Food Services & Drinking Places (Restaurants)
- “Other Retail” Stores<sup>3</sup>

The Project sales distribution assumptions by alternative and type of retail tenant are presented in Exhibit 3. There are two categories of Project tenants that do not lend themselves to strict categorization in one retail category. This is because the goods they sell are competitive across a broader range of retailers. These categories are building materials and general merchandise. Information about the study assumptions regarding the distribution of their Project sales follows.

***Building Materials Sales Distribution by Category.*** The building materials anchor tenant’s sales will be reported by the BOE in the building materials & garden equipment category. However, the impact of these sales is more appropriately analyzed relative to the retail categories that include stores competitive with or complementary to major building materials retailers, such as Lowe’s or Home Depot. This includes stores that are also classified in the home furnishings & appliances category.

The estimated sales by category for the building materials anchor are based upon detailed information from Home Depot’s and Lowe’s Annual Reports, with adjustments made by ALH Economics. These stores were selected because they comprise the major building improvement retailers active in Northern California, with Lowe’s the most likely to comprise a presence at the Project if such a retailer is established as an anchor. Lowe’s is deemed more likely because the San Jose market is home to many more Home Depot stores than Lowe’s stores, with Home Depot’s sited closer to the Project site than any of the existing San Jose Lowe’s stores.

The information about the Home Depot and Lowe’s sales categories provides a breakdown of their sales by categories that can then be sorted into the building materials and home furnishings & appliances BOE categories. Their reported sales categories vary between the two major home improvement retailers, but include flooring, fashion plumbing, cabinets, appliances, lumber and building materials, hardware, garden supplies, and paint, glass, and wallpaper. This information is presented in Exhibit B-3.

The sales distributions for the two major BOE categories of home furnishings & appliances and building materials and garden equipment are relatively similar between the two major home improvement retailers. For the home furnishings & appliances category, 38% of Lowe’s sales fall in this category and 40% of Home Depot sales, for a straight average of 39%. This means an overall average of 61% of sales are in the building materials categories. The analysis incorporates these assumptions for the building materials anchor, as a means of distributing its sales in Alternative A: Building Materials Anchor.

***General Merchandise Sales Distribution by Category.*** The general merchandise retail tenant’s sales will be reported by the BOE in the General Merchandise category. However, the impact of these sales is more appropriately analyzed relative to all the retail categories that include stores that are typically competitive with or complementary to general merchandise stores. This includes stores that are classified across a broad range of retail categories.

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<sup>3</sup> Other retail stores include a wide range of retailers, such as pet supplies, office supplies, sporting goods, book stores, florists, and gifts.

To identify these categories, ALH Economics turned to the U.S. Census, which collects and reports information about the type of product lines sold by a range of retailers, one of which is general merchandise stores. This information, based upon the most recent Economic Census of Retail Trade (2007) is presented in Exhibit B-2, which presents the categories reported by the U.S. Census matched to BOE categories. This information is taken further in Exhibit B-3, which summarizes the percent share of general merchandise store on a national average basis by State of California BOE category. Exhibit B-3 then provides two levels of adjustment to the census-based analysis. The first adjustment excludes categories of sales not likely to be present at Almaden Ranch general merchandise stores, especially given the anticipated composition of the balance of the Project. These include restaurants, groceries, and gasoline sales. The second adjustment reflects the assumption that a general merchandise tenant will be competitive with other general merchandise stores as well as other stores that sell the same mix of goods as general merchandise retailers.

The results of the general merchandise sales distribution, summarized in Exhibit B-3, indicate that general merchandise sales are anticipated to be competitive with retailers in the following BOE categories, to the following degree:

- Motor vehicles & parts, 0.7%
- Home furnishings and appliances, 7.3%
- Building materials, 1.8%
- Clothing & clothing accessories, 16.0%
- General merchandise, 53.2%
- Other Retail, 21.0%

Thus, the majority of the general merchandise sales will be analyzed as competitive with other general merchandise stores, but the analysis is sensitive to other categories that also represent the types of goods sold at general merchandise stores.

***Distributed Sales.*** Exhibit 3 allocates the estimated sales for all of the representative store categories and sums the total sales for each Project alternative BOE retail category. This is for the 80% share of sales generated by market area residents, totaling \$89.1 million for Alternative A: Building Materials Anchor; \$87.0 million for Alternative B: General Merchandise Anchor; and \$113.0 million for Alternative C: Grocery Anchor. The distributions of these sales summarized in Table 2, on the following page.

As noted in Table 2, the distribution of Project sales generated by market area residents varies by alternative. For Alternative A: Building Materials Anchor, there are four categories that dominate the sales. These include building materials and garden equipment with 23.3% of sales, and then home furnishings & appliances, food services & drinking, and other retail, all with about 16% of sales. For Alternative B: General Merchandise Anchor, two categories are anticipated to have the greatest share of sales, general merchandise with 30.6% and other retail with 24.2%. These are followed by food services & dining and food & beverage stores with 16.3% and 14.2% of sales, respectively. Finally, Alternative C: Grocery Anchor has a very high concentration of sales in food and beverage stores, 43.1%. This is considerably lagged by three other moderately strong categories: general merchandise, 18.6%; other retail, 16.7%; and food services & drinking, 12.5%.

**Table 2**  
**Estimated Almaden Ranch Shopping Center Sales by Retail Category**  
**Sales Generated by Market Area Residents**  
**2011 Dollars**

Retail Category	Alternative A: Building Materials Anchor		Alternative B: General Merchandise Anchor		Alternative C: Grocery Anchor	
	Sales	% of Sales	Sales	% of Sales	Sales	% of Sales
Motor Vehicles & Parts	\$132,239	0.1%	\$355,146	0.4%	\$281,148	0.2%
Home Furnishings/Appls	\$14,431,693	16.2%	\$3,631,675	4.2%	\$2,874,984	2.5%
Bldg Mat'ls/Garden	\$20,799,300	23.3%	\$917,738	1.1%	\$726,519	0.6%
Food & Beverage Stores	\$12,267,072	13.8%	\$12,267,072	14.1%	\$48,642,462	43.1%
Clothing & Accessories	\$2,982,614	3.3%	\$8,010,229	9.2%	\$6,341,227	5.6%
General Merchandise	\$9,907,520	11.1%	\$26,608,040	30.6%	\$21,064,018	18.6%
Food Services & Drinking	\$14,162,226	15.9%	\$14,162,226	16.3%	\$14,162,226	12.5%
Other Retail	\$14,444,830	16.2%	\$21,055,927	24.2%	\$18,861,261	16.7%
<b>Total</b>	<b>\$89,127,494</b>	<b>100.0%</b>	<b>\$87,008,053</b>	<b>100.0%</b>	<b>\$112,953,845</b>	<b>100.0%</b>

Note: Figures may not total due to rounding.

Source: Exhibit 3.



## IV. MARKET AREA DEFINITIONS

This report chapter discusses the approach to defining the Project's market areas, which are the areas from which the majority of shoppers are anticipated to originate. Discrete market areas are defined for each of the three Project alternatives.

### APPROACH

ALH Economics defined a market area for each Almaden Ranch alternative for the purpose of analyzing the prospective urban decay impacts. The market area definitions are based on the principle that most consumers will travel to the shopping destination most convenient to their homes given the type of goods available. A market area is the geographic area from which the majority of a retail shopping center's demand is anticipated to originate. Several tasks were completed to identify the market areas, foremost of which included mapping the location of the Project relative to major competitive anchor tenants corresponding with each alternative's assumed anchor tenant.

### MARKET AREA DETERMINATION PROCESS

ALH Economics conducted research to develop estimates of the market areas for each Project alternative, i.e., the area from which the majority of shoppers will originate. Because of the Project's location in San Jose, at the northern juncture of Almaden. Almaden residents are assumed to comprise a strong consumer base for the Project. However, the Project site is also proximate to many other nearby population centers, especially given its accessibility via Highway 85. Therefore, other portions of San Jose are appropriate to consider for inclusion in the market areas as well as other nearby cities, or portions thereof.

### Market Area Reference Points

Each market area was identified using different reference points, all selected independently by ALH Economics, and not based on any information specific to the Project. For Alternative A: Building Materials Anchor, the reference point was the location of the next nearest Lowe's Home Improvement Warehouse stores. For Alternative B: General Merchandise Anchor, the reference point was the location of the next nearest JC Penney stores. For Alternative C: Grocery Anchor, the reference point was the location of area Food Maxx stores. Depending upon the ultimate identity of the Project's anchor tenants, these might not be the most appropriate representative competitive retailers to use as market area reference points. However, for the purpose of this study, these were deemed to comprise reasonable proxies, especially for prospective anchor tenants or types of tenants.

Lowe's was selected as the building materials reference retailer because there are not many building materials retailers active in Northern California that typically occupy such a large increment of space. These are usually Home Depot and Lowe's. While both retailers are being cautious about future store openings, with Lowe's recently in the news as a result of store closures, Lowe's was deemed the more relevant reference point because there are more Home Depot stores within the immediate region, including several proximate to the Project site. This can be seen on Exhibit 4, which depicts the Project site and a range of major retailers in the immediate region, including general merchandise stores, building materials stores, and discount food stores.

JC Penney was selected as the general merchandise reference retailer because the area surrounding the Project site is well represented by all of the general merchandise tenants that typically occupy anchor spaces the size planned at the Project. As Exhibit 4 indicates, there are a Costco, Target, and Walmart remodel and occupation of an existing building all within approximately 1.25 miles of the Project site. It is therefore quite unlikely that any of these retailers would choose to also locate at the Project site. However, JC Penney has recently developed a couple new stores in Northern California with a large format, and thus this store or a store like it was used as a proxy for establishing a general merchandise market area for the Project site.

Food Maxx was selected as the food store reference retailer because it represents a large discount food chain. A grocery store the size of the anticipated food store anchor space, 90,000 square feet, is almost certain to be a discount food retailer. The size designed is comparable to the size stores often developed by WinCo, a discount food retailer headquartered in Boise, Idaho expanding into select Northern California markets. The only large scale food discounter already present in the San Jose area is Food Maxx. Thus, Food Maxx is the reference retailer by default. Other discount food operators present in the area include Grocery Outlet and Smart & Final, with their area locations mapped on Exhibit 4.

In addition to the reference retailers, other factors were taken into consideration in defining the market areas. These factors included the traffic patterns created by existing roadways and regional population concentrations.

### **Method of Market Area Determination**

For each alternative market area, relative to the existing reference retailers, a number of intersections throughout San Jose and nearby cities were identified for research purposes. Different intersections were selected for each market area selection process. These intersections were then tested using mapping software to determine which reference retailer, including the planned Almaden Ranch Project site, was closest in proximity and involved the shortest travel time. This was an iterative process, involving the testing of more than 30 sites per alternative. The testing results identified approximate points for which the Project site was the closest shopping option. These points were connected to estimate market area boundaries for each alternative.

The specific geographies for each market area were defined based on aggregations of census tracts. Census tracts were selected that corresponded most accurately with the reference point mapping results. If the market area boundary did not correspond closely with a census tract boundary, then case by case decisions were made, so as not to overstate the market area population and not to understate the potential competitive retail base. The advantage of using census tracts is that the market area definitions are easily defined, easily replicable, and key demographic estimates and projections are readily available in this format.

### **MARKET AREA COMPOSITION AND BOUNDARIES**

Based on the reference point mapping, market area maps were prepared for each market area. These maps and their constituent geographies are referenced below.

### **Alternative A: Building Materials Anchor**

The building materials anchor market area is relatively large, and includes the approximate southwest quadrant of the City of San Jose. In addition, it includes all of Los Gatos, Monte Sereno, and

Saratoga. This market area also includes a portion of the City of Campbell. Exhibit 5 comprises the map that depicts this area. The census tracts comprising this market area are listed in Exhibit B-4. For data collection purposes it was necessary to use both 2000 and 2010 census tract definitions. Exhibit B-4 therefore lists both of these series of census tracts. In most cases the census tracts are the same but there are some slight variations due to census tract splits or aggregations between the decennial censuses.

### **Alternative B: General Merchandise Anchor**

The general merchandise anchor market area is a bit more constrained than the building materials market area. This market area, depicted in Exhibit 6, includes another portion of San Jose's southwest quadrant, the majority of Los Gatos, all of Monte Sereno, and a small sliver of Campbell. The Campbell sliver includes population and not a significant component of retail. The census tracts corresponding with this market area are listed in Exhibit B-5.

### **Alternative C: Grocery Anchor**

The grocery anchor market area is the smallest of the three market areas. This is in some part attributable to the more convenience-oriented nature of grocery shopping, with proximity a more important factor than for other merchandise categories. This market area includes only a portion of the southwest quadrant of the City of San Jose. See Exhibit B-6 for the listing of the grocery anchor market area.

### **All Market Areas**

Exhibit 8 presents all market areas superimposed on one map. From this map it can be seen that each market area comprises a common portion of the City of San Jose. This is the area that includes Almaden and generally extends north to Curtner Avenue. Generally, the grocery market area is subsumed within both of the other two market areas, but each of these has some areas unique relative to the other. As can be seen on this map, as well as the individual market area maps, the market areas extend south a bit of a distance from the Project site. The market areas also sometimes extend beyond specific city boundaries. This extension is a result of the census tract identification process, but it should be noted that areas outside the defined city boundaries are generally sparsely populated and with limited to no existing retail.



## V. MARKET AREA RETAIL SALES BASE CHARACTERIZATIONS

This chapter analyzes the retail sales leakage and attraction profile of the City of San Jose and the Project's market areas. The analysis focuses on the extent to which each area captures resident household spending as well as sales generated from outside the area. This analysis provides a characterization of the sales performance of the relevant retail sales bases, an estimate of the size of the sales bases, and an estimate of existing demand for retail. ALH Economics conducts this analysis as a building block towards determining the extent to which the Project may or may not divert sales away from existing market area retailers.

### METHODOLOGY

#### **Approach**

ALH Economics uses a retail model that estimates retail spending potential for an area based upon household counts, income, and consumer spending patterns. The model then computes the extent to which the area is or is not capturing this spending potential based upon taxable sales data published by the State of California Board of Equalization (BOE) or provided by local government municipal tax consultants. This analysis can be most readily conducted for cities, groupings of cities, or counties, consistent with the geographies reported by the BOE.

For any study area, retail categories in which spending by locals is not fully captured are called "leakage" categories, while retail categories in which more sales are captured than are generated by residents are called "attraction" categories. This type of study is generically called a retail demand, sales attraction, and spending leakage analysis. Generally, attraction categories signal particular strengths of a retail market while leakage categories signal particular weaknesses. ALH Economics' model, as well as variations developed by other urban economic and real estate consultants, compares projected spending to actual sales.

For the purpose of generating a Retail Demand, Sales Attraction, and Spending Leakage Analysis for the Project's market areas, as well as the City of San Jose, ALH Economics obtained taxable retail sales data for mid-2009 through mid-2010 as reported by the BOE and adjusted the taxable sales to reflect total, more current sales. These were the most recent BOE data available at the time the study was conducted. Using the retail sales data, combined with household counts estimated by the U.S. Census for the cities and market area census tracts, household projections prepared by the Association of Bay Area Governments (ABAG), and income estimates provided by Claritas, Inc., ALH Economics conducted Retail Demand, Sales Attraction, and Spending Leakage Analyses. These analyses compared total estimated household spending to retail sales in each geography, i.e., the City of San Jose and the market areas. Sales estimates for the market areas were prepared based on the available citywide BOE data where relevant, which were then benchmarked to retail sales estimates prepared by Claritas for the portions of the market areas not coincident with existing city boundaries.

#### **Demographic Characteristics**

ALH Economics' Retail Demand, Sales Attraction, and Spending Leakage Analyses require household count and average household income inputs for the areas of analysis. Demographic data assumptions for the market areas are presented in Exhibit 9. The main assumption relative to the

Retail Demand, Sales Attraction, and Spending Leakage Analysis is estimated households for 2010. This is the timeframe that best approximates the time period measured by the available BOE retail sales data. Based on the aggregations of census tracts identified in Exhibits B-4 to B-6, the market area household counts in 2010 totaled the following:

- 116,758 for Alternative A: Building Materials Anchor
- 111,736 for Alternative B: General Merchandise Anchor
- 88,652 for Alternative C: Grocery Anchor

While not reflected in Exhibit 9, San Jose's household count pursuant to the 2010 census totaled 314,038 in 2010. Average household incomes based on Claritas estimates were \$107,928 in San Jose, \$122,188 in the Alternative A: Building Materials Anchor market area, \$136,729 in the Alternative B: General Merchandise Anchor market area, and \$119,526 in the Alternative C: Grocery Anchor market area.

To the best of ALH Economics' knowledge, there are no current household growth projections available for San Jose, surrounding cities, or portions thereof benchmarked to the 2010 census. As an approximation of future growth projections, however, ALH Economics applied the latest ABAG census tract household growth rates prepared in 2009 to the relevant census tracts to develop potential growth projections for the market area. The ABAG growth rates were applied to the 2010 census data to develop a prospective pattern of future growth. The results indicate the potential for the market area household counts to increase as follows:

- From 117,389 in 2011 to 120,810 in 2016 in the Alternative A: Building Materials Anchor market area;
- From 128,304 in 2011 to 133,493 in 2016 in the Alternative B: General Merchandise Anchor market area; and
- From 96,656 in 2011 to 100,647 in 2016 in the Alternative C: Grocery Anchor market area.

These increases indicate an projected household increases by market area ranging from 3,422 to 5,188 by 2016.

#### **MARKET AREA RETAIL SALES BASES**

ALH Economics estimated sales for the market areas by utilizing city BOE data, with adjustments based on benchmarked retail sales data estimated by Claritas in order to customize the data to the market areas. BOE publishes taxable sales figures for counties and major cities; its most recent full-year taxable sales figures are for 2009, with additional quarterly data available through 2<sup>nd</sup> quarter 2010. No more recent data through BOE are available as of early November 2011, when this study was completed. As a base for estimating the market area's retail sales base, ALH Economics used BOE's figures for cities located in the market area as published in its publication "*Taxable Sales in California*" for third quarter 2009 through second quarter 2010.

Because BOE presents data corresponding with only taxable sales, ALH Economics included adjustments to gross the estimated sales up to total sales. This involved sales adjustments for non-taxable sales for food, pharmacy, and a portion of general merchandise store sales that include food sales. ALH Economics estimates that 70% of food store sales and 67% of drug store sales are non-taxable based on discussions with the BOE and other industry research, including U.S. Census publications. In addition, sales of grocery items at non-drug store general merchandise stores are non-taxable and are estimated at 20% of sales for this subset of the retail category in the various

market area geographies pursuant to analysis of the U.S Economic Census for General Merchandise Stores.<sup>4</sup> Consequently, the BOE taxable sales figures for the general merchandise and food stores categories are adjusted upward to reflect non-taxable transactions.

Another estimation procedure was necessary in cases where BOE does not report sales tax data for reasons of confidentiality. If one retailer dominates a category or there are a limited number of retailers in the category then BOE does not publish the data. In these cases, ALH Economics benchmarked sales to estimates prepared by Claritas, with the Claritas percentage distribution by category applied to the BOE data. An example of where this was necessary includes estimation of general merchandise sales in Los Gatos (see Exhibit B-8).

The market area sales estimation process is documented in Exhibits 10, 11, 12, and 13. Each of these exhibits has additional supporting exhibits that further document the estimation procedure. These exhibits include Exhibits B-7 through B-10, which estimate the retail sales base for each constituent market area city and Exhibits C-1 through C-13, which provide the estimation procedures for benchmarking the retail sales bases in market area portion that comprises part of, but not all of a constituent market area city. Please note that in compiling these estimates sales for Monte Sereno were not included. This is a city for which BOE does not report detailed data, and the sales base is insignificant, especially when compared to the other constituent market area cities (e.g., in 2009 reported taxable sales in Monte Sereno totaled \$1.1 million).

Table 3 below provides the summary sales base estimates for each market area.

**Table 3**  
**Estimated Almaden Ranch Shopping Center Market Area Sales Bases**  
**2010 Dollars, \$s in millions**

Retail Category	Alternative A: Building Materials Anchor		Alternative B: General Merchandise Anchor		Alternative C: Grocery Anchor	
	Sales	% of Sales	Sales	% of Sales	Sales	% of Sales
Motor Vehicles & Parts	\$401.6	15.1%	\$354.2	11.9%	\$310.2	15.5%
Home Furnishings	\$87.3	3.3%	\$120.5	4.0%	\$66.4	3.3%
Bldg Mat'ls/Garden	\$158.9	6.0%	\$272.0	9.1%	\$160.8	8.1%
Food & Beverage Stores	\$571.7	21.5%	\$515.8	17.3%	\$351.3	17.6%
Gasoline Stations	\$311.0	11.7%	\$312.0	10.5%	\$216.0	10.8%
Clothing & Accessories	\$188.0	7.1%	\$205.5	6.9%	\$154.9	7.8%
General Merchandise	\$206.6	7.8%	\$366.6	12.3%	\$221.7	11.1%
Food Services/Drinking	\$398.9	15.0%	\$418.4	14.0%	\$267.9	13.4%
Other Retail	\$336.4	12.6%	\$413.6	13.9%	\$245.7	12.3%
<b>Total</b>	<b>\$2,660.5</b>	<b>100.0%</b>	<b>\$2,978.5</b>	<b>100.0%</b>	<b>\$1,994.9</b>	<b>100.0%</b>

Note: Figures may not total due to rounding.

Source: Exhibit 13.

<sup>4</sup> Per the U.S. Economic Census data, General Merchandise stores encompass a mix of department stores, discount department stores, warehouse clubs and Supercenters, variety stores, and other general miscellaneous stores.

As can be seen in Table 3, the Alternative B: General Merchandise Anchor market area has the largest estimated retail sales base, at almost \$3.0 billion. This is following closely by the Alternative A: Building Materials Anchor market area, with \$2.7 billion. These two areas are then lagged considerably by the smaller Alternative C: Grocery Anchor market area, with a \$2.0 billion sales base. These are estimated 2010 retail sales bases. For all areas, the single largest component of the sales base is food & beverage store sales, estimated to comprise approximately 17% to 21% of each sales base. Other categories that comprise larger shares of the sales bases vary by market area, but include motor vehicles and parts in the Alternative A: Building Materials Anchor market area and Alternative C: Grocery Anchor market area and food services/drinking (i.e., restaurants) and other retail.

These estimates are in 2010 dollars. To best reflect prevailing market conditions, subsequent analysis in the study conducts minor adjustments to reflect more current conditions.

### **RETAIL LEAKAGE AND ATTRACTION FINDINGS**

Retail Demand, Sales Attraction, and Spending Leakage Analyses were prepared for the City of San Jose, the location of the Project site, and all of the market areas, with the latter reflecting the constituent areas of each market area, which in some cases include some cities in their entireties or partial city areas. For each area the analysis was conducted for approximately the 2010 time period. The market area findings were then analytically adjusted to approximate conditions in 2011, the current baseline.

#### **City of San Jose**

As shown in Exhibit 14, the City of San Jose has retail leakage in the majority of retail categories. The notable exceptions include the home furnishings and appliances category, the clothing and clothing accessories category, and the other retail group. In these categories, sales attraction ranges from 8.5% to 36.3% of sales, meaning that San Jose retailers achieve this degree of sales in excess of what one would expect given the city's household base. However, retail leakage is moderate to strong in all other categories. The categories with leakage relevant to Almaden Ranch's prospective retail mix (i.e., excluding auto-related categories) included the following:

- General merchandise with (\$330.3) million in leakage, or 20.5% of resident spending;
- Building materials with (\$315.5) million in leakage, or 34.5% of resident spending;
- Food and beverage stores with (\$169.3) million in leakage, or 10.3% of resident spending; and
- Food service and drinking places with (\$95.8) million in leakage, or 7.5% of resident spending.

Overall, leakage in San Jose, net of attraction, totaled an estimated (\$883.8) million, or 8.8% of total retail spending potential. While not included in this study, ALH Economics is aware of preceding economic studies regarding San Jose's retail base that have also determined that San Jose is a retail leakage community. One example is the study "San José Neighborhood Retail Model Summary Report," Prepared for Office of Economic Development, City of San José, Prepared by Metrovation and Bay Area Economics (BAE), January 2004. Thus, this is an historic condition for the City, dating back decades.

## Market Areas

The Almaden Ranch market area's Retail Demand, Sales Attraction, and Spending Analysis findings are presented in Exhibits 15, 16, and 17. As referenced earlier, each area includes a different mix of geographies. These areas include many retail nodes and corridors, which combine to form a unique retail sales base for each market area.

The market area leakage findings are summarized side by side in Table 4 on the next page. As this table indicates, the market areas are very strongly characterized by retail leakage, meaning the market areas do not have a sufficient retail base to meet resident demand for retail. There is only one exception to this uniformity, which is the clothing & accessories category. In one market area this category has attraction, in another it is generally neutral, although in the third leakage, albeit modest, is noted.

**Table 4**  
**Summary Retail Leakage and Attraction Findings**  
**2010, \$s in millions**

Retail Category	Alternative A: Building Materials Anchor		Alternative B: General Merchandise Anchor		Alternative C: Grocery Anchor	
	Attraction/ Leakage		Attraction/ Leakage		Attraction/ Leakage	
	Percent	Percent	Percent	Percent	Percent	Percent
Motor Vehicles & Parts	(\$264.0)	-39.7%	(\$315.5)	-47.1%	(\$189.3)	-37.9%
Home Furnishings	(\$51.6)	-37.2%	(\$15.9)	-11.7%	(\$34.4)	-34.1%
Bldg Mat'ls/Garden	(\$260.4)	-62.1%	(\$140.2)	-34.0%	(\$143.9)	-47.2%
Food & Beverage Stores	(\$140.2)	-19.7%	(\$197.0)	-27.6%	(\$179.3)	-33.8%
Gasoline Stations	(\$138.7)	-30.8%	(\$142.1)	-31.3%	(\$123.1)	-36.3%
Clothing & Accessories	(\$20.5)	-9.8%	(\$1.3)	-0.6%	\$1.5	1.0%
General Merchandise	(\$503.8)	-70.9%	(\$339.6)	-48.1%	(\$302.5)	-57.5%
Food Services/Drinking	(\$172.7)	-30.2%	(\$147.7)	-26.1%	(\$151.7)	-36.2%
Other Retail	(\$179.7)	-34.8%	(\$100.7)	-19.6%	(\$136.5)	-35.7%
<b>Total</b>	<b>(\$1,731.6)</b>	<b>-39.4%</b>	<b>(\$1,400.0)</b>	<b>-32.0%</b>	<b>(\$1,259.2)</b>	<b>-38.7%</b>

Note: Figures may not total due to rounding.

Source: Exhibits 15, 16, and 17.

The main highlight of these comparative findings is the strong presence of retail leakage in each market area. The volumes of estimated leakage are high, with total leakage for each market area exceeding \$1.0 billion in resident spending potential. This indicates that even with the amount of existing retail, there are many missed opportunities for other retail venues. The development of Almaden Ranch will serve to help retain some of this resident spending potential in the market areas, and thus contribute toward reducing leakage and associated area traffic congestion as consumers find opportunities to shop closer to home.

## Adjusted Market Area Findings

Because the Retail Demand, Sales Attraction, and Spending Analysis findings were based on 2010 sales and demand estimates, Exhibits 18, 19, and 20 present generalized updates to 2011 dollars. These updates are based on applying noted sales tax increases in San Jose to the market area sales bases and the consumer price index to the estimated level of consumer spending. These are generalized updates, given that sales in the other city portions of the market areas may have grown at a different rate than in San Jose. The San Jose growth factors were based on examination of quarterly sales tax data in the City of San Jose, 3<sup>rd</sup> Quarter 2009 through 2<sup>nd</sup> Quarter 2011. Since San Jose dominates the market areas, this is considered a reasonable proxy for the entire market area.

The results of these adjustments are summarized in Table 5, following.

**Table 5**  
**Summary Adjusted Retail Leakage and Attraction Findings**  
**2011, \$s in millions**

Time Period	Alternative A: Building Materials Anchor		Alternative B: General Merchandise Anchor		Alternative C: Grocery Anchor	
	Attraction/ Leakage	Percent	Attraction/ Leakage	Percent	Attraction/ Leakage	Percent
<i>All Categories</i>						
2010 Results	(\$1,731.6)	-39.4%	(\$1,400.0)	-32.0%	(\$1,259.2)	-38.7%
Adjusted 2011 Results	(\$1,724.1)	-38.1%	(\$1,375.1)	-30.5%	(\$1,253.4)	37.4%
<i>Categories exc. Autos and Gasoline</i>						
2010 Results	(\$1,328.9)	-40.6%	(\$942.4)	-29.0%	(\$946.8)	-39.2%
Adjusted 2011 Results	(\$1,353.8)	-40.1%	(\$948.5)	-28.3%	(\$962.5)	-38.7%

Note: Figures may not total due to rounding.

Source: Exhibits 15 through 20.

These results also present the leakage findings excluding the auto and gasoline categories that are not representative among the mix of retail uses anticipated for the Project. These results indicate that even absent these categories, retail leakage in the market areas is very high, at close to our above \$1.0 billion for each market area.

## VI. ALMADEN RANCH SALES IMPACTS

The following analysis examines the extent to which the Project's operations would attract new sales to the market areas and/or divert sales from existing retailers. If some sales are diverted, the maximum level of impact on existing market area retailers is identified.

### APPROACH

ALH Economics has developed an analytic approach that estimates the impact of the Project's incremental sales on existing retailers. For this analysis, the approach assumes that if the Project is adding sales to a category in an amount greater than any potential recaptured market area leakage in the category, then the amount of sales in that category in excess of any recaptured leakage will be diverted away from existing market area retailers. This is a conservative assumption given that diverted sales could also occur among other retailers beyond the market area boundaries.

### RECAPTURED LEAKAGE POTENTIAL

One potential source of demand for new retail space such as the Project is the share of market area residents' shopping that occurs outside of the market areas, comprising the estimated retail leakage. In other words, given the identification of retail leakage, market area households clearly spend some proportion of their incomes at non-market area stores, including concentrations of retail beyond the market area boundaries. If the addition of the Project makes the market areas a more convenient shopping destination, local demand could increase through the recapture of these sales.

In the absence of a detailed shopper survey relevant to the Project's market areas, it is not possible to identify all of the outside market area retail shopping nodes and corridors where market area residents currently shop. Many locations outside the market areas are retail rich, with a wide variety of shopping opportunities available. Because of this retail market characterization, it is also difficult to predict the various venues where consumers make their out-of-market-area purchases. They are likely dispersed over a wide geographic area, and among a wide number of retailers, and thus recaptured leakage from these venues are not anticipated to be detrimental to any one specific retailer to the point of raising concern about store closure and the downward spiral that can lead to urban decay and deterioration. This is especially the case if leakage is recaptured from retailers that choose to locate at the Project, such that captured market area resident sales will comprise sales diverted from the same retailer's store in an location outside the market area. Retailers that choose this kind of geographic store distribution make these choices deliberately to maximize their market penetration, and thus anticipate this type of store sales redistribution when opening multiple venues in the same general region. An appropriate example of this type of retail strategy is Home Depot, which has seven store locations identified on Exhibit 4 depicting area building materials stores, among others.

### Estimated Project Recaptured Leakage

As noted in the previous chapter, there is retail leakage in almost all retail categories for each market area. ALH Economics developed an approach for estimating the extent to which Project sales can be absorbed through recaptured leakage. For each alternative, ALH Economics calculated the category-specific Project sales as a percent of the adjusted leakage. If the sales were equivalent to less than approximately 25% of the leakage, then the analysis assumes that all the Project sales will be accounted for through recaptured leakage. If the sales were equal to or equivalent to more than 25%

of the leakage, then the analysis assumes that only one-half the Project sales will be accounted for through recaptured leakage. If the Project sales exceeded the leakage but there is noted leakage, then one-fourth or less of the Project sales will be accounted for through recaptured leakage. Finally, when there is no noted leakage, then none of the Project sales will be accounted for through recaptured leakage.

Exhibits 21, 22, and 23 present the analysis regarding anticipated Project sales by category, prospective recaptured leakage, and ultimate Project impacts by category on the market area sales base. Impacts will affect the market area sales base if there is an insufficient amount of retail leakage available to absorb the Project sales. Table 6 on the next page excerpts data from Exhibits 21, 22, and 23, and highlights the Project's projected absorbed leakage and presents the amount of market area leakage that is still estimated to remain after the Project's absorption.

**Table 6**  
**Project Market Area Sales Recapture and Remaining Leakage**  
**2011 \$s, in millions**

Retail Category	Alternative A: Building Materials Anchor		Alternative B: General Merchandise Anchor		Alternative C: Grocery Anchor	
	Recaptured	Remaining	Recaptured	Remaining	Recaptured	Remaining
	Leakage	Leakage	Leakage	Leakage	Leakage	Leakage
Motor Vehicles & Parts	(\$0.1)	(\$271.6)	(\$0.4)	(\$324.2)	(\$0.3)	(\$194.5)
Home Furnishings	(\$7.2)	(\$35.5)	(\$0.9)	(\$1.1)	(\$2.9)	(\$24.5)
Bldg Mat'ls/Garden	(\$20.8)	(\$250.3)	(\$0.9)	(\$148.6)	(\$0.7)	(\$150.5)
Food & Beverage Stores	(\$12.3)	(\$143.1)	(\$12.3)	(\$200.5)	(\$24.3)	(\$167.1)
Gasoline Stations	\$0.0	(\$98.7)	\$0.0	(\$102.0)	\$0.0	(\$96.1)
Clothing & Accessories	(\$3.0)	(\$14.5)	\$0.0	\$0.0	\$0.0	\$0.0
General Merchandise	(\$9.9)	(\$505.9)	(\$26.6)	(\$318.0)	(\$21.1)	(\$287.3)
Food Services/Drinking	(\$14.2)	(\$160.4)	(\$14.2)	(\$134.6)	(\$14.2)	(\$139.9)
Other Retail	(\$14.4)	(\$162.2)	(\$10.5)	(\$82.9)	(\$18.9)	(\$115.5)
Total (all)	(\$81.9)	(\$1,642.2)	(\$65.8)	(\$1,311.9)	(\$82.4)	(\$1,175.4)
Total (exc. Auto/gas)	(\$81.8)	(\$1,271.9)	(\$65.4)	(\$885.7)	(\$82.1)	(\$884.8)

Note: Figures may not total due to rounding.

Source: Exhibits 21, 22, and 23.

As the findings in Table 6 indicate, even with the Project's absorption of substantial amounts of retail leakage, regardless of the alternative, there will remain a deep void of retail shopping opportunities for market area residents. Absent the leakage in auto-related and gasoline sales, remaining market area leakage will total over (\$800) million in two of the market areas (Alternatives B and C, General Merchandise and Grocery Anchors) and almost \$1.3 billion in the Alternative A: Building Materials Anchor market area.

## **Examples of San Jose Recaptured Leakage**

The City of San Jose has demonstrated experience with successful recapture of retail sales leakage without significant detriment to existing City retailers. In March 2010, a Lowe's Home Improvement Warehouse store opened on Cottle Road in San Jose. This store is close to an existing Orchard Supply Hardware (OSH) store, and there are yet other building materials retailers located nearby. During 4<sup>th</sup> Quarter 2010 a Whole Foods grocery store near the Project site at Almaden Expressway opened, with many other grocery stores nearby and throughout the area, including a Trader Joe's at a nearby shopping center.

The City of San Jose's Office of Economic Development (OED) receives sales tax trend data for the City of San Jose. These data can be sorted into a number of small areas corresponding with retail nodes throughout the City of San Jose. At the request of ALH Economics, San Jose's OED compiled retail sales trend data for aggregations of retail nodes in the areas surrounding the Cottle Road Lowe's and the Almaden Expressway Whole Foods. These included the aggregation of five areas for the Lowe's and four areas for the Whole Foods. The intent was to aggregate all the nodes within which sales impacts of the Lowe's and Whole foods stores would be likely to be captured. The trend data reflect 1<sup>st</sup> Quarter 2008 through 2<sup>nd</sup> Quarter 2011. However, many of the entries for 2<sup>nd</sup> Quarter 2011 are incomplete, so ALH Economics based the analysis of recaptured leakage on the relevant trend through 1<sup>st</sup> Quarter 2011.

The Lowe's, OSH, and many other competitive stores are classified in the building materials - retail category of the data provided by OED. ALH Economics aggregated all the data in this category for all the time periods provided, with special focus on the time period starting 4<sup>th</sup> Quarter 2009, since this is the last period with reported sales that do not include the Lowe's store, which opened 1<sup>st</sup> Quarter 2010. The analysis of these data indicate that between 4<sup>th</sup> Quarter 2009 and 1<sup>st</sup> Quarter 2010, building materials - retail sales increased by 14%. By 1<sup>st</sup> Quarter 2011 this increase was generally sustained, with sales 11% above the 4<sup>th</sup> Quarter 2009 level. While this analysis does not analyze the Lowe's sales versus all other building materials - retail sales, it demonstrates that net new sales were gained after opening of the Lowe's store. Given that the increase in sales occurred from one quarter to the next, growth in demand due to new household formation could not account for this increase. Thus, this examples demonstrates that when a new retailer enters the market in San Jose much of its sales can be accounted for by recaptured leakage, without diverting all sales from existing market area residents.

Analysis associated with the Whole Foods store demonstrates a similar pattern. The Whole Foods store opened 4<sup>th</sup> Quarter 2010. The sales increment in the four retail areas surrounding this store site in the food market category increased by 20% between 3<sup>rd</sup> Quarter 2009 and 4<sup>th</sup> Quarter 2010. By 1<sup>st</sup> Quarter 2011 this increase was 25%. This additional examples demonstrates how new retailers to San Jose, including within the Project's market areas, can achieve sales through recapturing market area leakage, and not necessarily diverted sales from existing retailers.

## **ESTIMATED MARKET AREA SALES IMPACTS**

### **Sales Base Impacts**

Absent the previously referenced 20% share of Project sales anticipated to be generated by consumers outside the market area and the above-referenced recaptured leakage, Exhibits 21, 22, and 23 identify the extent of Project impacts on existing market area retailers if the remainder of the sales achieved by the Project occur to the detriment of existing market area retailers. This would occur if

there is insufficient new growth to generate enough new demand to absorb the remaining Project sales.

The recaptured leakage summarized in Table 6 accounts for the majority of Project sales for all three Project alternatives. However, each market area has some increment of Project sales identified that have the potential to comprise diverted sales from existing market area retailers. These impacts would occur if market area residents shifted a portion of their retail expenditures from existing market area retailers to the new project without increasing their total spending.

The Project impacts vary by alternative, with no one category projected to experience impacts, or diverted sales, for all alternatives. The total level of Project impacts also varies across alternative, ranging from \$7.2 million for Alternative A: Building Materials Anchor up to \$30.7 million for Alternative C: Grocery Anchor. All forecasted Project impacts are summarized in Table 7, below.

**Table 7**  
**Project Market Area Sales Impacts**  
**2011 \$s, in millions**

Retail Category	Alternative A:		Alternative B:		Alternative C:	
	Building Materials		General Merchandise		Grocery Anchor	
	Sales Impact	% of Sales Base	Sales Impact	% of Sales Base	Sales Impact	% of Sales Base
Motor Vehicles & Parts	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Home Furnishings	\$7.2	7.2%	\$2.7	2.0%	\$0.0	0.0%
Bldg Mat'ls/Garden	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Food & Beverage Stores	\$0.0	0.0%	\$0.0	0.0%	\$24.3	6.9%
Gasoline Stations	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Clothing & Accessories	\$0.0	0.0%	\$8.0	3.7%	\$6.3	3.9%
General Merchandise	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Food Services/Drinking	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Other Retail	\$0.0	0.0%	\$10.5	2.4%	\$0.0	0.0%
<b>Total</b>	<b>\$7.2</b>	<b>0.3%</b>	<b>\$21.3</b>	<b>0.7%</b>	<b>\$30.7</b>	<b>1.5%</b>

Note: Figures may not total due to rounding.

Source: Exhibits 21, 22, and 23.

For each category, the amount of impact and the percent of the market area sales base represented by that volume of sales are estimated. Overall, the total sales base impacts are relatively minor, ranging from 0.3% of the sales base to 1.5% of the sales base. By category, however, the impacts are not so low. There are four retail categories with impacts, depending upon the alternative. These categories include home furnishings & appliances, food & beverage stores, clothing & clothing accessories, and other retail.

**Food Sales Impacts.** The category with the greatest amount of impact relative to sales volume is the food & beverage category for Alternative C: Grocery Anchor. For this scenario, up to \$24.3 million in

food stores sales are anticipated to be diverted away from existing market area food retailers. This comprises an estimated 6.9% of the market area sales base. This level of sales, if spread across the range of market area food retailers, is unlikely to be sufficiently strong enough to cause any particular store to close. This conclusion is especially relevant given ALH Economics' analysis of food store performance data in the City of San Jose, generated by Nielson Trade Dimensions. These data provide estimates of store sales and selling square feet, from which annual average store sales per square foot can be deduced. These data were acquired by ALH Economics pursuant to a confidentiality agreement indicating that individual store performance data will not be disclosed; however, discussing store sales trends is acceptable pursuant to this agreement.

The City of San Jose portion of the market area is characterized by a wide range of food shopping opportunities, including both conventional and more upscale grocery stores such as Safeway, Trader Joe's, and Whole Foods. Based on industry wide performance standards, this analysis assumes the typical grocery store achieves average sales of \$535 per square foot (see Exhibit 2). This figure is an industry standard, with wide variations by type of grocer. For example, specialized food stores such as Trader Joe's and Whole Foods achieve substantially higher sales per square foot figures, while most discount-oriented food stores achieve lower per square foot figures, such as Smart & Final and Grocery Outlet.

Pursuant to the Nielson Trade Dimensions data obtained for food stores in San Jose, many of the food store retailers in San Jose, including in the Alternative C: Grocery Anchor market area, are exceeding the industry average sales volume figure, with the Trader Joe's near the Project site substantially exceeding even its 2010 national average figure of \$1,941.<sup>5</sup> Within just the market area, there are an estimated 20 grocery stores sized 20,000 square feet or more. Of these, based on examination of the Nielson Trade Dimensions data, ALH Economics estimates that approximately half are performing above the \$535 per square foot industry benchmark. Some store brands appear to be consistently performing below this level, such as the area Lucky stores, suggesting that their typical store operating average is acceptably lower than the cited average. While not located in the Alternative C: Grocery Anchor market area, there are many grocery stores in the cities immediately adjacent to the market area, including Los Gatos, Campbell, and Saratoga, that also appear to be performing above the \$535 per square foot benchmark.

Because of the estimation that half of the more conventional-sized grocery stores in the alternative C: Grocery Anchor market area have moderate to strong sales performance, ALH Economics does not anticipate that any loss of store sales attributable to the success of the Project's planned food sales will impact any existing food store to the extent to cause store closure. Even if such closure occurs, the \$24.3 million sales impact is equivalent to support for about 45,000 square feet of space, based on the cited \$535 per square foot sales figure. This is equivalent to about a mid-sized grocery store. Information presented in a later chapter, Chapter VIII. Urban Decay Determination, indicates that San Jose has an estimated retail inventory of 35.3 million square feet. The Alternative C: Grocery Anchor market area has a sales base equivalent to 22% the City's total estimated sales base.<sup>6</sup> If this proportion applies to the City's retail inventory of 35.3 million square feet, then it would suggest the market area's retail base is about 7.77 million square feet. Accordingly, if 45,000 square feet of grocery store space became vacant, it would comprise about a 0.6% increase in the market area's retail inventory. This is an insignificant amount of vacant space, and as an increment on an already

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<sup>5</sup> Trader Joe's average performance indicator from Retail Maxim, "Alternative Retail Risk Analysis for Alternative Capital", July 2011, page 24.

<sup>6</sup> Determined pursuant to the sales base estimation in Exhibit 12.

small volume of vacant retail space (see Chapter VIII. Urban Decay Determination) is not anticipated to cause or contribute to urban decay.

***Other Retail Impacts.*** The category with the next highest volume of estimated market area sales impacts is the other retail category, with \$10.5 million sales impacts in Alternative B: General Merchandise Anchor. This is equivalent to 2.4% of the other retail sales base. This level of impact is deemed minor and unlikely to comprise a high enough impact to induce a sales loss great enough to impair the operations of market area retailers. This is especially the case given the nature of the other retail category, with these sales impacts distributed among a wide range of retailers, such as office supplies, pet supply, sporting goods, jewelry, and bookstores. Accordingly, ALH Economics does not anticipate that any market area other retail stores will experience impacts substantial enough to induce store closure.

***Clothing & Accessories Impacts.*** The maximum estimated market area impact in the clothing & accessories category is \$8.0 million, comprising 3.7% of the respective alternative's market area sales base in this category. As with the other retail category, this volume of prospective retail sales loss is not deemed high enough to impair existing retailer sales performance to the extent that some will not be able to continue operations. Moreover, at a clothing store sales estimate of \$300 per square foot, which appears to be an approximate average for some of the clothing stores operating in San Jose based upon examination of the Nielson Trade Dimensions data, this level of sales impact is equivalent to support for about 27,000 square feet of retail space. This would comprise an even smaller increment of vacant space than cited for the food store impact, both because the amount of space is smaller and because the market area where this impact is projected to occur, Alternative B: General Merchandise anchor market area, has a larger retail sales base than the Alternative C: Grocery Anchor market area.

***Home Furnishings & Appliances.*** The maximum estimated market area impact in the home furnishings & appliances category is \$7.2 million for Alternative A: Building Materials Anchor. This volume of sales is estimated to comprise 7.2% of the market area's sales base in the home furnishings & appliances category. These impacts are attributable to the building materials anchor, although there are also some sales impacts projected for Alternative B: General Merchandise Anchor, albeit to a much lower extent (i.e., \$2.7 million). While the cited \$7.2 million sales impact estimate comprises a higher percentage of the market area's category-specific sales base than any other Project impact, the dollar amount of the impact is relatively low. Assuming a \$300 per square foot general sales estimate, which appears to be reasonably representative of select home furnishings & appliances retailers in San Jose, this increment of sales translates into support for 24,000 square feet of space. Therefore, even if existing stores close due to this impact, similar to the statements above, this is a very small increment of space, which the market has the demonstrated potential of successfully backfilling (see Chapter VIII. Urban Decay Determination).

***Concluding Comment.*** Across the three Project alternatives, the maximum identified Project sales impact is \$30.7 million. Regardless of the categories of impact, if all of these sales translated into sales losses among market area retailers, it would likely at most be equivalent to no more than 100,000 square feet of retail space. This is assuming a relatively modest sales performance figure of \$300 per square feet. This level of impact is estimated for the market area with the smallest retail base. As cited above, this retail base is estimated at 7.77 million square feet. Thus, the hypothetical 100,000 square feet of retail vacancy is equivalent to 1.3% the retail inventory. This is a very low increment in retail vacancy, and thus is not anticipated to pose a substantial hardship to the commercial marketplace. Moreover, even with development of Almaden Ranch the market areas will continue to exhibit retail sales leakage in numerous retail categories. Therefore, any retail vacancies

that might occur due to negative sales impacts of Almaden Ranch would have the strong potential to be backfilled by new stores positioned to satisfy unmet retail shopping needs. This is especially the case given San Jose's strong retail market characteristics and demonstrated ability to backfill retail vacancies, as is discussed later in Chapter VIII, Urban Decay Determination.

### **Offsetting Effects of Future Growth**

Almaden Ranch is assumed to be fully operational by 2016. The Project may be phased, but given this timeline there will be the potential for new retail demand to be generated from within the market areas prior to Project opening pursuant to population growth. The level of demand will vary depending upon the amount of growth.

***Near-term Market Areas Residential Development Potential.*** There are a number of residential developments planned in San Jose and throughout the market areas. Many of these projects are identified in Exhibit 24. This exhibit includes 14 projects with planned residential components. These include the Hitachi site in San Jose, the North 40 site in Los Gatos, and Fruitdale Station in San Jose, all of which are located in at least one of the Project's market areas. There are yet another 11 planned projects identified, demonstrating the planned growth in and around the market areas. In total, the 14 projects are planned for 11,073 new housing units. Of these, 750 are planned for the Building Materials Anchor market area, 3,936 are planned for the General Merchandise Anchor market area, and 2,930 are planned for the Grocery Anchor market area. The specific timelines for the projects located in the market areas have yet to be determined, but sources indicate that construction could begin on the 2,930-unit Hitachi site in late 2013. In addition, a Specific Plan is slated for completion for the North 40 property in Los Gatos, with the potential for 750 homes. Finally, the Fruitdale station residential component is under construction, with a total of 256 units planned. When developed and occupied, these projects have the potential to generate additional retail demand for the Project and other market area retailers.

***Retail Demand Implications.*** The planned residential growth will create additional retail demand in San Jose and the market areas, helping to offset any negative sales impacts induced by Almaden Ranch. Exhibit 25 includes estimates of this demand, focusing on the 750 to 3,936 planned residential units identified in the market areas well as other growth estimates based on the market area demographic projections prepared in Exhibit 9. The Exhibit 9 projections were prepared based on coupling ABAG census-tract level household growth projections prepared prior to the 2010 census with the actual 2010 household counts identified in the census. Accordingly, these projections, which total 2,728 to 4,145 households through 2016, depending upon market area, are not as sensitive as the projections based on identified projects. However, they provide yet another bookend for a sense of potential new residential development that would fuel demand for Almaden Ranch and other market area retail projects.

The projections in Exhibit 25 indicate that the more conservative estimates, based on the identified residential projects, result in the following levels of additional retail demand, exclusive of gasoline sales:

- \$26.1 million in the Alternative A: Building Materials Anchor market area
- \$125.8 million in the Alternative B: General Merchandise Anchor market area
- \$91.7 million in the Alternative C: Grocery Anchor market area

The demand estimates based on the demographic growth projections are much greater for the Building Materials Anchor market area, but relatively similar for the other two market areas. These figures are as follows:

- \$118.9 million in the Alternative A: Building Materials Anchor market area
- \$164.6 million in the Alternative B: General Merchandise Anchor market area
- \$124.8 million in the Alternative C: Grocery Anchor market area

The breakdown of these demand projections by retail category is included in Exhibit 25. These indicate that for the Alternative C: Grocery Anchor market area, which has up to \$24.3 million in food & beverage store impacts identified, the projected new households will generate demand for \$16.7 to \$22.7 million in food sales. This demand has the strong potential to offset the Project's prospective market area food sales impacts, such that the remaining impacts will be inconsequential relative to the size of the market area food sales base. Similar findings hold for most of the Project impacts summarized in Table 7. Specifically, juxtaposing the demand projections in Exhibit 25 with the impact estimates summarized in Table 7, indicates the following:

***Alternative A: Building Materials Anchor Market Area***

- The \$7.2 million in home furnishings & appliances impacts will be offset by \$0.9 to \$4.2 million in new demand;

***Alternative B: General Merchandise Anchor Market Area***

- The \$2.7 million in home furnishings & appliances impacts will be more than offset by \$4.3 to \$5.7 million in new demand;
- The \$8.0 million in clothing & clothing accessories impacts will be offset by \$6.6 to \$8.7 million in new demand
- The \$10.5 million in other retail impacts will be more than offset by \$16.4 to \$21.6 million in new demand

***Alternative C: Grocery Anchor Market Area***

- The \$24.3 million in food & beverage impacts will be offset by \$16.7 to \$22.7 million in new food demand;
- The \$6.3 million in clothing & clothing accessories impacts will be offset by \$4.8 to \$6.6 million in new demand

All of these figures indicate that by the time the Project is fully operational, assumed to be 2016, there will be the potential for new market area demand to be generated to offset many of the potential Project impacts. How much new demand will materialize prior to Project operations is undetermined, but if even the low range of the estimate is achieved this will help to offset a substantial amount of prospective Project impacts.

## VII. CUMULATIVE PROJECT IMPACTS

This analysis seeks to quantify the impact of the Project taking into consideration other planned competitive retail projects within or very near the market areas. The cumulative projects that have been assessed for impacts include retail developments that are in various stages of entitlement or planning. Because specific development timelines are not available for many of the projects, the analysis carefully considers each project prior to determining the set of projects most likely to be operational during the approximate same timeframe as the Project.

### IDENTIFIED RETAIL DEVELOPMENT PROJECTS

ALH Economics identified 16 potential cumulative retail development projects in the market area and others parts of San Jose.<sup>7</sup> Information about these projects was primarily derived from interviews with local government sources, reviews of planning department information, and supplemental news articles. These 16 projects are described in Exhibit 26, which also identifies which Project market areas the projects are located in and their distance from the Project site.

Nine of the cumulative projects are within at least one market area, with seven located in the Building Materials Anchor market area, nine located in the General Merchandise Anchor market area, and three located in the Food Anchor market area. All of the cumulative projects vary in distance from the Project site, ranging from 0.2 to 6.8 miles for projects located in the market areas and 7.1 to 13.9 miles for the remainder. These more peripheral projects were included in the cumulative projects list because their market areas may overlap to some extent with the Project's market areas, thus providing competition for market area resident retail expenditures.

### Market Area Projects

The projects located in the market areas and their net amount of planned retail space are as follows:

#### *San Jose*

- Walmart, 92,500 square feet, remodel/conversion of existing Home Expo Design Center building, under construction;
- Sunflower Farmer's Market, 36,560 square feet, planned;
- Hitachi, 460,000 square feet, planned;
- Sun Garden, 257,000 square feet, approved;
- Fruitdale Station, 29,000 square feet, under construction

#### *Los Gatos*

- North Forty, 580,000 square feet, planned
- Lincoln/Mercury Site, 40,000 square feet, approved
- Chevy Site, 12,500 square feet, approved
- Swanton's Ford, 30,790 square feet, approved

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<sup>7</sup> There may be yet additional planned retail development projects in or around the market areas. These are the projects that were identified during the course of Project research, with assistance in San Jose provided directly by the City of San Jose Planning Division.

## **Outside Market Area Projects**

The remaining seven cumulative retail projects are not located in the market area. All of these projects are planned in San Jose. These projects include the following:

- Ohlone, 50,000 square feet, planned
- Whole Foods, 43,997 square feet, approved
- Evergreen Village, 36,500 square feet, approved
- Valley Fair Expansion, 1,537,095 square feet, approved
- Brokaw Commons, 102,000 square feet, under construction
- Flea market, 104,250 square feet, planned
- Retail @ 1<sup>st</sup>, 45,000 square feet, under construction

## **Cumulative Projects Consideration**

Not all the identified cumulative projects have the potential to be developed within the timeframe relevant to the Project, nor will they all be competitive with the Project. After carefully reviewing the project information, ALH Economics identified determined that eight of the identified projects will comprise cumulative projects for Almaden Ranch. These projects include the Walmart remodel and occupation of an existing building, Sunflower Farmer’s Market, Sun Garden, Fruitdale Station, and Ohlone projects in San Jose and Lincoln/Mercury site, Chevy site, and Swanton’s Ford in Los Gatos. Not all of these projects are equally located in all of the Project market areas. However, some projects have the potential for their market areas to overlap with the Project market areas, thus all eight of these projects are considered cumulative projects for all three Project market areas.

## **CUMULATIVE PROJECT SALES ESTIMATES AND SALES IMPACTS**

### **Sales Estimates**

Sales figures for the eight cumulative projects are estimated in Exhibit 27. The estimates were developed with sensitivity to the size and nature of the prospective retail space, and range from \$360 per square foot to \$548 per square foot, as general sales estimations. These figures reflect estimates for neighborhood shopping centers, more generalized other retail sales, or food store sales, depending upon the orientation of the cumulative project. For the full amount of planned retail development among the cumulative projects, which totals 548,350 square feet, these estimated sales total \$224.5 million.

The cumulative retail projects will compete with the Project’s market areas only to the extent that their market areas overlap. Exhibit 27 also shows estimates of the share of each cumulative project sales anticipated to be sourced from the same market areas as the Project. These estimates are the result of generalized assumptions, based on consideration of the location of the projects, their distance from the Almaden Ranch site, and the anticipated nature of their retail space and likely consumer. For example, the Walmart and the Sunflower Farmer’s Market projects are the only ones located proximate to the Project site. These projects are anticipated to have 80% of their sales sourced from the Project’s market areas. This is an assumption consistent with the assumption for the Project itself, with 20% of demand estimated to originate from outside the market area. This assumption is moderated slightly for the Walmart for the Alternative C: Grocery Anchor market area, as it is a smaller market area than either of the other two Project market areas. The other cumulative projects are assumed to have 5% to 70% market area overlap with the Project, with the cumulative projects located outside the Project’s market areas assumed to be at the low end of this range.

Pursuant to the market area overlap assumptions, \$105.8 million of cumulative project estimated sales are assumed to be competitive with the Alternative A: Building Materials Anchor market area, \$113.5 million are assumed to be competitive with the Alternative B: General Merchandise Anchor market area, and \$56.4 million are assumed to be competitive with the Alternative C: Grocery Anchor market area. These are sales anticipated to be generated by the Project's respective market area residents. These retail sales are then distributed by retail category in Exhibit 28.

The sales distributions are based upon industry averages identified by type of retail shopping center, as presented in Exhibit B-11 for the Walmart and Exhibit B-12 for all other shopping centers. The results indicate that the majority of cumulative project market area sales will occur in three retail categories: general merchandise sales, other retail, and food and beverage. There will be sales in yet other retail categories as well, but these are the dominant categories.

### **Impact Analysis**

In an analysis parallel to the Project impact analysis, the cumulative project impact analysis is documented in Exhibit 29 for Alternative A: Building Materials Anchor market area, Exhibit 30 for Alternative B: General Merchandise Anchor market area, and Exhibit 31 for Alternative C: Grocery Anchor market area. These exhibits take into consideration the anticipated sales by retail category from the Almaden Ranch Project and the cumulative projects, focusing on the sales anticipated to originate from each project's market area. As with the Project's sales impact analysis, the cumulative projects analysis includes recapture of a portion of the estimated market area leakage for retail categories where leakage was identified. The assumptions underlying the share of sales recaptured for the cumulative projects are similar to the assumptions described for the Project's impact analysis. The results, summarized in Table 8 on the following page, indicate that the cumulative projects, inclusive of Almaden Ranch, are assumed to capture (\$104.4) to (\$156.0) million of retail sales leakage.

As with the Project alone, even after absorption of market area leakage by the cumulative projects, a substantial amount of retail sales leakage will persist in all market areas. Excluding the gasoline category, this leakage will total (\$1.2) billion for Alternative A: Building Materials Anchor market area, and between approximately (\$800) and (\$900) million for the other two market areas.

The results in Exhibits 29 through 31 also indicate the maximum cumulative project impacts on market area retailers by market area. These figures, summarized in Table 9 on the following page, total \$38.9 to \$65.8 million, and comprise 1.4% to 3.1% the respective market area sales bases. The pattern of impacts is generally similar to the pattern of the Project alone, with the impacts contained to four retail categories: home furnishings & appliances; food & beverage stores; clothing & clothing accessories; and other retail.

**Table 8**  
**Cumulative Project Market Area Sales Recapture and Remaining Leakage**  
**2011 \$s, in millions**

Retail Category	Alternative A: Building Materials Anchor		Alternative B: General Merchandise Anchor		Alternative C: Grocery Anchor	
	Recaptured Leakage	Remaining Leakage	Recaptured Leakage	Remaining Leakage	Recaptured Leakage	Remaining Leakage
	Motor Vehicles & Parts	(\$0.1)	(\$271.6)	(\$0.4)	(\$324.2)	(\$0.3)
Home Furnishings	(\$9.4)	(\$33.3)	(\$0.9)	(\$1.1)	(\$3.4)	(\$24.0)
Bldg Mat'l's/Garden	(\$24.5)	(\$246.6)	(\$4.6)	(\$144.9)	(\$1.7)	(\$149.5)
Food & Beverage Stores	(\$24.4)	(\$131.0)	(\$52.9)	(\$159.8)	(\$37.3)	(\$154.0)
Gasoline Stations	\$0.0	(\$98.7)	\$0.0	(\$102.0)	\$0.0	(\$96.1)
Clothing & Accessories	(\$5.1)	(\$12.4)	\$0.0	\$0.0	\$0.0	\$0.0
General Merchandise	(\$36.6)	(\$479.2)	(\$54.6)	(\$290.0)	(\$30.9)	(\$277.5)
Food Services/Drinking	(\$20.2)	(\$154.4)	(\$21.7)	(\$127.1)	(\$16.1)	(\$138.0)
Other Retail	(\$35.6)	(\$141.0)	(\$20.7)	(\$72.7)	(\$14.7)	(\$119.7)
Total (all)	(\$155.9)	(\$1,568.2)	(\$155.8)	(\$1,221.9)	(\$104.4)	(\$1,153.4)
Total (exc. Auto/gas)	(\$155.8)	(\$1,197.9)	(\$155.4)	(\$795.7)	(\$104.1)	(\$862.8)

Note: Figures may not total due to rounding.

Source: Exhibits 29, 30, and 31.

**Table 9**  
**Cumulative Project Market Area Sales Impacts**  
**2011 \$s, in millions**

Retail Category	Alternative A: Building Materials		Alternative B: General Merchandise		Alternative C: Grocery Anchor	
	Sales Impact	% of Sales Base	Sales Impact	% of Sales Base	Sales Impact	% of Sales Base
	Motor Vehicles & Parts	\$0.0	0.0%	\$0.0	0.0%	\$0.0
Home Furnishings	\$9.4	9.4%	\$8.1	5.8%	\$3.4	4.5%
Bldg Mat'l's/Garden	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Food & Beverage Stores	\$24.4	4.2%	\$0.0	0.0%	\$37.3	10.5%
Gasoline Stations	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Clothing & Accessories	\$5.1	2.6%	\$15.9	7.4%	\$10.4	6.4%
General Merchandise	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Food Services/Drinking	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Other Retail	\$0.0	0.0%	\$20.7	4.8%	\$14.7	5.7%
Total	\$38.9	1.4%	\$44.7	1.4%	\$65.8	3.1%

Note: Figures may not total due to rounding.

Source: Exhibits 29, 30, and 31.

A side by side comparison of the Project versus cumulative project impacts is presented in Table 10. The figures in this table indicate that the cumulative project impacts are generally estimated to be double the Project impacts. This doubling is based on the aggregate figures, and not on a per category basis. This is because for some market areas, retail categories not anticipated to be impacted by the Project alone are estimated to be impacted in the cumulative project scenario. This includes additional impacts in clothing & clothing accessories and food & beverage stores for the Alternative A: Building Materials Anchor market area and impacts in home furnishings & appliances and other retail for the Alternative C: Grocery Anchor market area.

**Table 10**  
**Comparative Sales Impacts**  
**Almaden Ranch and Cumulative Projects**  
**\$s in millions**

Retail Category	Alternative A: Building Materials		Alternative B: General Merchandise		Alternative C: Grocery Anchor	
	Project	Cumulative Projects	Project	Cumulative Projects	Project	Cumulative Projects
	Home Furnishings	\$7.2	\$9.4	\$2.7	\$8.1	\$0.0
Food & Bev. Stores	\$0.0	\$24.4	\$0.0	\$0.0	\$24.3	\$37.3
Clothing & Accessories	\$0.0	\$5.1	\$8.0	\$15.9	\$6.3	\$10.4
Other Retail	\$0.0	\$0.0	\$10.5	\$20.7	\$0.0	\$14.7
<b>Total</b>	<b>\$7.2</b>	<b>\$38.9</b>	<b>\$21.3</b>	<b>\$44.7</b>	<b>\$30.7</b>	<b>\$65.8</b>

Note: Figures may not total due to rounding.  
Source: Tables 7 and 9.

Given the size of the market area retail bases, the maximum cumulative project impacts of \$65.8 million comprise a small portion of the total market area sales base. Sales that may be diverted from existing retailers can be offset in two ways: 1) new retail demand generated by new market area growth projected in Exhibit 25, which totals \$91.7 to \$124.8 million total in the Alternative C: Grocery Anchor market area, which is the market area with the maximum estimated sales impact; and 2) opportunities for new stores to open seeking to satisfy the continued unmet need for retail anticipated across all market areas, given the high estimated levels of retail leakage anticipated to persist even after development of the Project and other cumulative projects.

The extent to which any possible store closures become problematic for the retail market will also depend upon the market strength, regulatory controls, and actions pursued by property owners. These market area characteristics, and the resulting likelihood of potential vacancies causing urban decay, are discussed in the following chapter.



## VIII. URBAN DECAY DETERMINATION

The purpose of this chapter is to assess the degree to which development of Almaden Ranch will or will not contribute to urban decay. This includes impacts associated with the cumulative impacts of the Project and other planned retail development. This chapter discusses the definition of urban decay, the study's approach to determining urban decay potential, and ALH Economics' urban decay determination.

### STUDY DEFINITION OF URBAN DECAY

For the purpose of this analysis, urban decay is defined as, among other characteristics, visible symptoms of physical deterioration that invite vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long term vacancies. The outward manifestations of urban decay include, but are not limited to, plywood-boarded doors and windows, parked trucks and long term unauthorized use of the properties and parking lots, extensive gang and other graffiti and offensive words painted on buildings, dumping of refuse on site, overturned dumpsters, broken parking barriers, broken glass littering the site, dead trees and shrubbery together with weeds, lack of building maintenance, homeless encampments, and unsightly and/or dilapidated fencing. A project's economic impacts on a community are only considered significant if they lead to adverse physical changes in the environment.

### APPROACH TO DETERMINING URBAN DECAY POTENTIAL

ALH Economics engaged in several tasks to assess the probability of urban decay ensuing from Project development and the identified cumulative projects. These tasks revolved around assessing the potential for closed retail store spaces, if any, to either (a) remain vacant for a prolonged period of time such that they contribute to the multitude of causes that could eventually lead to urban decay, or (b) be leased to other retailers within a reasonable marketing period.

The purpose of this research was to determine if sufficient retailer demand exists to absorb vacated space in the event existing retailers close due to any negative economic impacts of the Project and the development of other planned retail. ALH Economics conducted field research and contacted real estate brokers and third party resources to determine the commercial health of the market area.

### THE CURRENT ENVIRONMENT

ALH Economics conducted fieldwork throughout the market areas and beyond their boundaries. The purpose of this fieldwork was to perform reconnaissance of the Project site, identify and visit select competitive retailers, examine the physical condition of major shopping centers and shopping corridors, and identify existing retail vacancies and assess their condition and appearance. The examination of retail vacancies was guided by an industry resource identifying existing retail vacancies. This resource is CoStar, a commercial real estate information company. Other retail vacancies not identified by CoStar were observed and noted during the fieldwork examination.

## Retail Market Statistics

Historically, all of the market area cities have generally maintained relatively healthy retail market sectors. Historical trend data in Exhibits 32, 33, 34, and 35 present general vacancy, absorption, and new construction trends in San Jose, Campbell, Los Gatos, and Saratoga, respectively, by quarter beginning in 2006. Such trend data are not available exclusively for each city's respective portion of the market areas. However, citywide trends in general are informative, and the fieldwork conducted in throughout the market areas suggested that overall market conditions in the market areas are likely as strong as they in their respective cities.

Select third quarter 2011 market statistics are summarized in Table 11. This Table indicates that as of third quarter 2011, San Jose had an overall retail vacancy rate of 5.1%. This rate is the lowest since third quarter 2009, when San Jose's vacancy rate was 4.9% but equivalent to the rates noted during most of 2006, when retail conditions and consumer spending patterns were considered among their strongest (see Exhibit 32). San Jose's retail vacancy rate during this time vacillated between 4.5% and 5.3%. In general, retail markets are deemed most healthy when there is some increment of vacancy, at least 5.0%, which allows for market fluidity and growth of existing retailers. Thus, the current San Jose retail vacancy rate of 5.1% is a very low vacancy rate and indicative of a relatively strong market.

**Table 11**  
**Third Quarter 2011 Retail Vacancy and Inventory**  
**Market Area Cities**

City	Vacancy Rate	Retail Inventory	Vacant Sq. Ft.
San Jose	5.1%	35,334,036	1,792,128
Campbell	2.5%	3,151,386	78,509
Los Gatos	7.0%	1,849,922	130,146
Saratoga	6.3%	722,569	45,543
Weighted Average/Total	5.0%	41,057,913	2,046,326

Note: Figures may not total due to rounding.

Sources: Exhibits 32 through 35.

In like manner, the data presented for Campbell, Los Gatos, and Saratoga in Exhibits 33, 34, and 35 and summarized in Table 11 indicate that these markets are also characterized by a strong retail market, with third quarter 2011 vacancy ranging from 2.5% in Campbell to 7.0% in Los Gatos. The Campbell vacancy rate is a market low over the past five years, peaking at 6.9% during third quarter 2006 (see Exhibit 33). The current rate in Los Gatos is close to the market peak for this city, which was 7.4% in fourth quarter 2010 (see Exhibit 34). Previously, when the retail base was lower, Los Gatos retail vacancy was as low as 2.6% during late 2007. Retail vacancy rates in Saratoga have been more erratic than in the other market area cities, ranging from 4.0% to 9.4% since first quarter 2006 (see Exhibit 35). Thus, the current Saratoga vacancy rate of 6.3% is a relative mid-range rate for the city.

Across all market area cities, the overall third quarter 2011 vacancy rate is 5.0%. This is a low rate, indicative of a strong retail market. This bodes well for the market areas with respect to any potential increases in vacancy attributable to potential Project impacts resulting in store closures.

### **Retail Lease Transactions**

Exhibit 36 demonstrates that retail vacancies in the market area cities are securing new tenants. This exhibit includes summary information on leases transacted or renewed during a recent one-year period from October 2010 to October 2011.<sup>8</sup> More detailed information about the leases is included in Exhibits B-13 through B-16, with one exhibit per market area city.

The summary information in Exhibit 36 indicates that there were 91 retail lease transactions in San Jose between October 2010 and October 2011. These leases pertained to 297,141 square feet of leased space, with an average size of 3,265 square feet. The size range of leases, presented in Exhibit B-13, was from 600 to 53,477 square feet (OSH relocation to former Mervyn's site). There is also a range of tenant types, with representative new tenants including cafes, clothing stores, gaming stores, and pet supply.

Additional lease transactions also occurred in the other market area cities, although not to the extent in San Jose. There were four leases executed in Campbell, totaling 23,199 square feet, 13 executed in Los Gatos, totaling 24,137 square feet, and 10 executed in Saratoga, totaling 19,710 square feet. In all, there were 118 lease transactions in the market area cities, totaling 364,187 square feet. While the average lease transaction was for a relatively small increment of space, 3,086 square feet, this activity is indicative of strong interest in the market area cities retail markets. This is a solid indicator that retail vacancies in San Jose and the other market area cities have the potential to be backfilled by new or expanding retail tenants.

### **Retail Backfilling in San Jose**

As further demonstration of the potential for retail backfilling, ALH Economics compiled a list of examples of backfilled tenants in San Jose, Campbell, and Los Gatos, with a focus on larger tenant spaces backfilled in the current market or during the recent past. This list, presented in Exhibit 37, includes 29 examples of backfilled tenant spaces, comprising more than an estimated 850,000 square feet of space. Many of these examples are located in the Project market areas, but others are also generally located in the market area cities. The distance of each backfilled site from the Project site is cited on Exhibit 37, with the distance ranging from 0.2 to 12.6 miles.

The quantity of retail backfill examples is a very strong indicator of the reuse potential of larger retail spaces and the attraction of the retail market in San Jose and the other market area cities. The information in Exhibit 37 identifies the current/planned tenant and the prior tenant. Examples includes grocery stores that were backfilled by other grocery stores or beverage stores, such as BevMo and Sunflower Market (opening Spring 2012) recently moving into a vacant PW Market on Prospect Road in San Jose, and non-grocery spaces that were backfilled by grocery stores, such as Whole Foods taking over a former Payless space on Blossom Hill Road. Other examples include Borders at Oakridge Mall being backfilled by Forever 21 and Levitz Furniture at the nearby Almaden Plaza being subdivided and backfilled by Ross Dress For Less and Ana Furniture. These are just a few of the 29 backfill examples collected for the purpose of this study. This list is not comprehensive. The presence of these and yet other backfilling examples in the market area cities shows that the market has the

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<sup>8</sup> Most lease transactions are new move-ins.

demonstrated ability to backfill retail vacancies, suggesting that any retail vacancies that might occur as a result of Project or cumulative project impacts will not remain vacant for long and contribute to conditions of urban decay or deterioration.

### **Retail Vacancies and Commercial Broker Perspectives**

ALH Economics also toured the market areas to examine the frequency and condition of existing vacancies. In general, there are some retail vacancies, ranging from small shop spaces to mid-sized spaces, but most retail centers exhibit strong occupancy. This includes both newer and older shopping centers, thus even older market area shopping centers are demonstrating strong market fundamentals.

Most retail shopping centers located within and on the periphery of the market areas are in good condition, demonstrate ongoing maintenance, and appear to have moderate to strong shopper volume. Some vacancies along older retail corridors are not as well maintained as others more central to major retail nodes, but these vacancies as a whole are limited in quantity. Within the market areas there is a lot of evidence of recently renovated shopping centers or centers planning to undergo renovation. An example of a recently renovated shopping center is located at 3555 Almaden Expressway, across from Almaden Plaza. This center features a new Whole Foods, Pet Express, Peet's Coffee, Office Max, and other tenants, with still some vacant space availability. Despite the vacancy, this center is in very good condition and not a detriment to the retail market.

ALH Economics spoke with numerous commercial real estate brokers active in the market areas. The brokers are representative of major commercial brokerages, including Terranomics, Cornish & Carey, Colliers International, among others. On the whole, the brokers are positive about the market potential for the Project and the market as a whole. The brokers suggest that Almaden Ranch will become a destination retail shopping location. These brokers provided information about many of the retail backfilling examples cited above, and indicated that the market is stronger and more competitive now than two years ago. They indicate that retail vacancies are relatively easy to fill, especially smaller spaces under 25,000 square feet. Older, second generation spaces may take more time to backfill than newer spaces, but that there is a need for larger new big box stores to serve the market.

### **POTENTIAL FOR URBAN DECAY RESULTING FROM THE PROJECT**

#### **Contributing Causes to Urban Decay**

Before considering how the Project and cumulative projects might affect the market and environs, it is useful to focus on what constitutes the *environmental* impact known as urban decay. The leading court case on the subject, *Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal.App.4th 1184, 1204, described the phenomenon as "a chain reaction of store closures and long-term vacancies, ultimately destroying existing neighborhoods and leaving decaying shells in their wake." The court also discussed prior case law that addressed the potential for large retail projects to cause "physical deterioration of [a] downtown area" or "a general deterioration of [a] downtown area." (Id. at pp. 1206, 1207). When looking at the phenomenon of urban decay, it is also helpful to note economic impacts that do not constitute urban decay. For example, a vacant building is not urban decay, even if the building were to be vacant over a relatively long time. Similarly, even a number of empty storefronts will not constitute urban decay. Based on the preceding descriptions regarding urban decay, therefore, ALH Economics' analysis examined whether there was sufficient

market demand to support the Project without affecting existing retailers so severely such as to lead to a downward spiral toward decay.

There are existing retail vacancies in the Project's market areas. Almost all of the vacant retail spaces observed during the field reconnaissance are generally in good condition, with no obvious signs of deterioration or decay. The exception might be more peripheral vacancies comprising older, generally standalone properties. These vacancies are occurring independent of Project or cumulative project development. The condition of the vacancies indicates that property owners are engaging in property maintenance efforts and providing upkeep even in the absence of tenants.

The findings presented earlier regarding the Project's sales impacts indicate the maximum potential for \$30.7million in market area sales diversions, in the categories of home furnishings & appliances, food & beverage stores, clothing & clothing accessories stores, and other retail. When the broader range of cumulative projects is considered, the categories of impact stayed the same, but the level of potential impacts deepened, with the cumulative total of all sales impacts increasing to \$57.9 million. These are impacts remaining after sales leakage is captured by the Project as well as the cumulative projects. A portion of these impacts are anticipated to be absorbed through new growth and some retailer repositioning. The level of impacts that may remain even after new demand and retailer repositioning are accounted for can lead to any one or more of the following consequences:

1. sales diversion from existing market area retailers;
2. slower than anticipated completion and opening of space at Almaden Ranch and other proposed retail developments;
3. lower initial sales volumes at the Project and other proposed retail developments; and
4. a longer than estimated period of time to reach stabilized sales among the new retail developments.

In other words, the estimated sales impacts are likely to affect two types of businesses/retailers: existing retailers (#1 above); and the developers and future tenants of the other retail centers proposed for the market (#2-4 above). With regard to the impact on existing retailers, some existing stores in the impact categories could sustain a short-term reduction in sales while others may not be able to do so and could close. It is when stores close that concerns about urban decay come to the forefront. However, in the case of the Almaden Ranch project, ALH Economics does not believe there is the potential for urban decay to ensue as a result of Project development.

### **Urban Decay Conclusion**

In developing a conclusion regarding the potential for urban decay, ALH Economics relied on the definition presented earlier in this chapter, which focused on determining whether or not physical deterioration would likely result from the opening of the Project and other cumulative retail developments. ALH Economics' conclusion is based on consideration of current market conditions, findings regarding diverted sales, the backfilling potential of existing store spaces, and regulatory controls, as summarized below:

- **Current Market Conditions:** The field research, market research, and broker interviews indicated that retail market conditions are strong in San Jose and the market area cities. All market area cities have low retail vacancy rates, indicating that long-term retail vacancy is not an issue in the market areas. Existing retail vacancies appear well-maintained, and retail brokers indicate that vacancies are typically

absorbed within a reasonable time period. There are no visible signs of urban decay or deterioration among the market areas' retail nodes and corridors.

- **Diverted Sales and Additional Retail Leakage:** ALH Economics estimates that after recapture of existing market area leakage and new demand generated by household growth, there is the potential for a few small retail operations to close in the market area. However, even with development of the Project and other cumulative projects, the market areas are anticipated to be characterized by strong retail leakage in most retail categories. This remaining leakage provides an opportunity for other retailers to enter the marketplace focused on satisfying unmet retail demand.
- **Backfilling Potential:** The examples of backfilled retail spaces demonstrate that retail backfilling occurs frequently and with great success in the market areas and their constituent cities. The list of 29 examples representing over 850,000 square feet indicates that a wide variety of larger retail vacancies successfully find next generation retailers, including sometimes successful subdivision of space. In addition, information about numerous small lease transactions indicates that smaller retail spaces are also frequently leased. Therefore, the market areas have the demonstrated ability and potential to backfill retail spaces spanning a wide size range and a broad mix of former tenants.
- **Regulatory Controls:** City ordinances, such as the City of San Jose Code of Ordinances Chapter 9.12 on Weeds, Rubbish and Other Matter, Chapter 9.57 on Graffiti Prohibitions, Chapter 9.58 on Graffiti Abatement, and Chapter 17.38 on Maintenance and Rehabilitation of Neglected Vacant or Abandoned Buildings require property owners to maintain their properties so as not to create a nuisance by creating a condition that promotes blight and poses threats to the public's health, safety, and welfare. Enforcement of these ordinances can help prevent physical deterioration due to any long-term closures of retail spaces. If properties require nuisance abatement there are controls in place to provide this abatement. For example, if a property owner does not abate graffiti, the City has the right to abate graffiti without notice to the property owner and invoice the owner for the costs and expenses. If these expenses are not paid to the City within 30 days then the City may enforce and collect an invoice as a personal obligation of a responsible party or through a special collection.

ALH Economics did not obtain information about actual code enforcement for the purpose of this study. However, during the fieldwork conducted in October, 2011, there were no visible signs of litter, graffiti, weeds, or rubbish associated with existing commercial nodes and corridors in the San Jose portion of the market areas. Thus, ALH Economics concludes that existing measures to maintain private commercial property in good condition in the City of San Jose are effective and will serve to preclude the potential for urban decay and deterioration in the event any existing retailers in the City of San Jose close following the operations of the Project and other cumulative retail projects.

In conclusion, San Jose and the market area cities have a strong history of backfilling vacant retail spaces. The Almaden Ranch Retail Shopping Center urban decay analysis concludes that there is the potential for a few small retail operations to close in the market areas. However, even if such closures occur, the market areas are anticipated to be characterized by strong retail leakage in most retail categories. This remaining leakage provides an opportunity for other retailers to enter the

marketplace focused on satisfying unmet retail demand. Most importantly, the area's successful history of backfilling retail spaces indicates the strong likelihood that such vacancies would find new tenants that can in turn satisfy market area consumer shopping needs in many underserved retail categories.

This successful backfilling of vacant retail space is likely the case in San Jose regardless of the location of a future retail development project. Not only is San Jose currently characterized as a retail leakage community, but this is an historic condition for the City, dating back decades and documented in many economic studies. With limited potential for new retail development sites, San Jose's under-retailed status is anticipated to continue to persist into the future, such that other future retail projects in San Jose, including the cumulative projects, are also not anticipated to cause or contribute to urban decay. This is especially the case given strong future residential growth prospects in San Jose, which will continue to fuel demand for retail in San Jose and the greater region.

This is likely the case in San Jose regardless of the location of a future project. Not only is San Jose currently characterized as a retail leakage community, but this is an historic condition for the City, dating back decades and documented in many economic studies. With limited potential for new retail development sites, San Jose's under-retailed status is anticipated to continue to persist into the future, such that other future retail projects in San Jose are also not anticipated to cause or contribute to urban decay. This is especially the case given strong future residential growth prospects in San Jose, which will continue to fuel demand for retail in San Jose and the greater region. This is compounded by high average household incomes realized in the market areas and San Jose as a whole, with market area average incomes in 2010 ranging from \$120,000 to \$137,000, and average household incomes throughout San Jose close to \$110,000. These average household income levels suggest the availability of disposable income to support existing and future retail opportunities in San Jose and the market areas.

Based upon these findings, ALH Economics concludes that the Almaden Ranch Project and the identified cumulative projects will not cause or contribute to urban decay.



## ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

ALH Urban & Regional Economics has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although ALH Urban & Regional Economics believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.



## **APPENDIX A: EXHIBITS**



**Exhibit 1  
Almaden Ranch  
Development Program Alternatives**

Tenant	Alternative A			Alternative B			Alternative C		
	Building Materials Anchor (1)			General Merchandise Anchor (2)			Large Food Sales Tenant (3)		
	Distribution of Space			Distribution of Space			Distribution of Space		
Space (4)	Sq. Ft.	Percent	Retail Tenant	Sq. Ft.	Percent	Retail Tenant	Sq. Ft.	Percent	Retail Category
A1	152,245	38.1%	Building Materials	152,245	38.1%	General Merchandise	90,000	22.5%	Food Sales
J1	5,500	1.4%	Quick Serve Rest.	5,500	1.4%	Quick Serve Rest.	62,245	15.6%	General Merchandise
M1	50,000	12.5%	Sporting Goods	50,000	12.5%	Sporting Goods	5,500	1.4%	Quick Serve Rest.
M2	18,000	4.5%	General Merchandise	18,000	4.5%	General Merchandise	50,000	12.5%	Sporting Goods
M3	28,000	7.0%	Grocery	28,000	7.0%	Grocery	18,000	4.5%	General Merchandise
M5	45,000	11.3%	Health Club	45,000	11.3%	Health Club	28,000	7.0%	General Merchandise
M6	38,800	9.7%	General Merchandise	38,800	9.7%	General Merchandise	45,000	11.3%	Health Club
P1	4,300	1.1%	Bank	4,300	1.1%	Bank	38,800	9.7%	General Merchandise
P2	4,313	1.1%	Restaurant	4,313	1.1%	Restaurant	4,300	1.1%	Bank
P3	4,000	1.0%	Restaurant	4,000	1.0%	Restaurant	4,313	1.1%	Restaurant
S1	7,000	1.8%	Quick Serve Rest.	7,000	1.8%	Quick Serve Rest.	4,000	1.0%	Restaurant
S2	5,000	1.3%	General Merchandise	5,000	1.3%	General Merchandise	7,000	1.8%	Quick Serve Rest.
S3	7,000	1.8%	Restaurant	7,000	1.8%	Restaurant	5,000	1.3%	General Merchandise
S4	6,500	1.6%	Quick Serve Rest.	6,500	1.6%	Quick Serve Rest.	7,000	1.8%	Restaurant
S5	6,000	1.5%	Restaurant	6,000	1.5%	Restaurant	6,500	1.6%	Quick Serve Rest.
Sub-total	381,658	95.4%		381,658	95.4%		381,658	95.4%	
Increment (5)	18,342	4.6%	General Merchandise	18,342	4.6%	General Merchandise	18,342	4.6%	General Merchandise
Total (6)	400,000	100.0%		400,000	100.0%		400,000	100.0%	
<b>Anchor Tenant:</b>	<b>Summary by Type of Retail</b>			<b>Summary by Type of Retail</b>			<b>Summary by Type of Retail</b>		
	<b>BOE Categories (7)</b>			<b>BOE Categories (7)</b>			<b>BOE Categories (7)</b>		
	152,245	38.1%	Building Materials	152,245	38.1%	General Merchandise	90,000	22.5%	Food Sales
	80,142	20.0%	General Merchandise	80,142	20.0%	General Merchandise	170,387	42.6%	General Merchandise
	50,000	12.5%	Other Retail	50,000	12.5%	Other Retail	50,000	12.5%	Other Retail
	49,300	12.3%	Non-Retail	49,300	12.3%	Non-retail	49,300	12.3%	Non-Retail
	40,313	10.1%	Eating and Drinking	40,313	10.1%	Eating and Drinking	40,313	10.1%	Eating/Drinking
	28,000	7.0%	Food Sales	28,000	7.0%	Food Sales	400,000	100.0%	
	400,000	100%		400,000	100.0%		400,000	100.0%	

Sources: Mindigo & Associates; and ALH Urban & Regional Economics.

See notes on the next page

**Exhibit 1**  
**Almaden Ranch**  
**Development Program Alternatives**

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**Notes:**

- (1) Based upon a prospective tenant mix provided by the developer to Mindigo & Associates. This mix is assumed to be anchored by a Building Materials retailer.
- (2) Based upon a prospective tenant mix provided by the developer to Mindigo & Associates. This mix is assumed to be anchored by a General Merchandise retailer.
- (3) Based upon a prospective tenant mix provided by the developer to Mindigo & Associates. This mix is assumed to have a strong Food Sales tenant along with a strong General Merchandise sales component.
- (4) Tenant spaces identified in the preliminary site plan.
- (5) This additional increment is added by ALH Urban & Regional Economics to bring the plan total to the 400,000 square feet reflected in the EIR. Pursuant to project direction, this space is assumed to be General Merchandise space.
- (6) The total reflects the square footage analyzed in the EIR.
- (7) The urban decay analysis will analyze retail impacts by category reported by the State of California Board of Equalization. ALH Urban & Regional Economics has identified the BOE category that best matches the identified type of retail. Please note that BOE categories include Apparel, General Merchandise, Food Stores, Eating/Drinking, Home Furnishings and Appliances, Building Materials, Motor Vehicles and Parks, Service Stations, and Other Retail Stores (including sporting goods, books, pet supply, office supply, gifts).

**Exhibit 2  
Almaden Ranch  
Estimated Sales  
2011 Dollars**

Retail Store or Category	Estimated Square Feet (1)	Average Sales / SF 2010	Average Sales / SF 2011 (2)	Estimated Sales 2011 (2)	Sales Generated by Market Area Residents (3)
<b>Alternative A: Building Materials Anchor (4)</b>					
Building Materials	152,245	\$269 (5)	\$275	\$41,921,271	\$33,537,016
General Merchandise Non-Anchor	80,142	\$284 (6)	\$291	\$23,297,946	\$18,638,357
Other Retail	50,000	\$257 (7)	\$263	\$13,153,528	\$10,522,822
Non-Retail	49,300	N/A (8)	N/A	N/A	N/A
Eating and Drinking	40,313	\$429 (9)	\$439	\$17,702,782	\$14,162,226
Food Stores	28,000	\$535 (10)	\$548	\$15,333,840	\$12,267,072
<b>Alternative B total</b>	<b>400,000</b>			<b>\$111,409,367</b>	<b>\$89,127,493</b>
<b>Alternative B: General Merchandise Anchor (11)</b>					
General Merchandise Anchor	152,245	\$252 (12)	\$258	\$39,271,971	\$31,417,577
General Merchandise Non-Anchor	80,142	\$284 (6)	\$291	\$23,297,946	\$18,638,357
Other Retail	50,000	\$257 (7)	\$263	\$13,153,528	\$10,522,822
Non-Retail	49,300	N/A (8)	N/A	N/A	N/A
Eating and Drinking	40,313	\$429 (9)	\$439	\$17,702,782	\$14,162,226
Food Stores	28,000	\$535 (10)	\$548	\$15,333,840	\$12,267,072
<b>Alternative A total</b>	<b>400,000</b>			<b>\$108,760,067</b>	<b>\$87,008,054</b>
<b>Alternative C: Grocery Anchor (13)</b>					
Food Stores	90,000	\$660 (14)	\$676	\$60,803,078	\$48,642,462
General Merchandise Non-Anchor	170,387	\$284 (6)	\$291	\$49,532,918	\$39,626,335
Other Retail	50,000	\$257 (7)	\$263	\$13,153,528	\$10,522,822
Non-Retail	49,300	N/A (8)	N/A	N/A	N/A
Eating and Drinking	40,313	\$429 (9)	\$439	\$17,702,782	\$14,162,226
<b>Alternative C total</b>	<b>400,000</b>			<b>\$141,192,306</b>	<b>\$112,953,845</b>

Sources: Mindigo & Associates; Retail MAXIM's, *Alternative Retail Risk Analysis for Alternative Capital, July 2011*; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) See Exhibit 1.

(2) Those figures are adjusted for inflation from 2010 baseline figures. Inflation is estimated from the Consumer Price Index (CPI) for the Western Region, Urban Consumers at 2.36 percent from 2010 to mid year 2011. This rate is published by the U.S. Department of Labor, Bureau of Labor Statistics.

(3) Almaden Ranch market area residents are anticipated to generate 80% of project sales.

(4) Based upon a prospective tenant mix provided by the developer to Mindigo & Associates. This mix is assumed to be anchored by a Building Materials retailer.

(5) The sales per square foot assumption is based on the Home Improvement (DIY) retail category as reported by Retail MAXIM.

(6) The sales per square foot assumption is based on the Category Killers retail category as reported by Retail MAXIM.

(7) The sales per square foot assumption is based on the Power Center retail category as reported by Retail MAXIM.

(8) Non-retail uses are typically banks and other services, for which retail sales are typically not generated.

(9) The sales per square foot assumption is based on the Restaurants retail category as reported by Retail MAXIM.

(10) The sales per square foot assumption is based on the Supermarket retail category as reported by Retail MAXIM.

(11) Based upon a prospective tenant mix provided by the developer to Mindigo & Associates. This mix is assumed to be anchored by a General Merchandise retailer.

(12) The sales per square foot assumption is based on the Department Store retail category as reported by Retail MAXIM.

(13) Based upon a prospective tenant mix provided by the developer to Mindigo & Associates. This mix is assumed to have a strong Food Sales tenant along with a strong General Merchandise sales component.

(14) Based upon a Forbes 2010 report for WinCo Foods. This report estimates of \$4.63 billion for WinCo Foods. With 78 stores, this averages approximately \$59,358,974 in sales per store. According to the report, a typical WinCo is approximately 90,000 square feet, comparable in size to the estimated Almaden Ranch Food Sales anchor tenant. The sales per square foot is calculated based on this average store size figure.

**Exhibit 3**  
**Almaden Ranch**  
**Estimate of Project Sales By Category (1)/(2)**  
**Sales Generated by Market Area Residents (3)**  
**In 2011 Dollars**

Planned Store Type	Estimated Project Sales (2)	Motor Vehicles & Parts		Home Furnishings & Appliances		Building Materials & Garden		Food & Beverage Stores		Clothing & Clothing Accessories		General Merchandise		Food Services & Drinking		Other Retail (4)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Alternative A: Building Materials Anchor</b>																	
Building Materials (5)	\$33,537,016	\$0	0.0%	\$13,079,436	39.0%	\$20,457,580	61.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
General Merchandise (6)	\$18,638,357	\$132,239	0.7%	\$1,352,257	7.3%	\$341,720	1.8%	\$0	0.0%	\$2,982,614	16.0%	\$9,907,520	53.2%	\$0	0.0%	\$3,922,008	21.0%
Other Retail (4)	\$10,522,822	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$10,522,822	100.0%
Eating and Drinking	\$14,162,226	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$14,162,226	100.0%	\$0	0.0%
Food Stores	\$12,267,072	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$12,267,072	100.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
<b>Total</b>	<b>\$89,127,493</b>	<b>\$132,239</b>	<b>0.1%</b>	<b>\$14,431,693</b>	<b>16.2%</b>	<b>\$20,799,300</b>	<b>23.3%</b>	<b>\$12,267,072</b>	<b>13.8%</b>	<b>\$2,982,614</b>	<b>3.3%</b>	<b>\$9,907,520</b>	<b>11.1%</b>	<b>\$14,162,226</b>	<b>15.9%</b>	<b>\$14,444,830</b>	<b>16.2%</b>
<b>Alternative B: General Merchandise Anchor</b>																	
General Merchandise (6)	\$50,055,934	\$355,146	0.7%	\$3,631,675	7.3%	\$917,738	1.8%	\$0	0.0%	\$8,010,229	16.0%	\$26,608,040	53.2%	\$0	0.0%	\$10,533,105	21.0%
Other Retail (4)	\$10,522,822	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$10,522,822	100.0%
Eating and Drinking	\$14,162,226	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$14,162,226	100.0%	\$0	0.0%
Food Stores	\$12,267,072	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$12,267,072	100.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
<b>Total</b>	<b>\$87,008,054</b>	<b>\$355,146</b>	<b>0.4%</b>	<b>\$3,631,675</b>	<b>4.2%</b>	<b>\$917,738</b>	<b>1.1%</b>	<b>\$12,267,072</b>	<b>14.1%</b>	<b>\$8,010,229</b>	<b>9.2%</b>	<b>\$26,608,040</b>	<b>30.6%</b>	<b>\$14,162,226</b>	<b>16.3%</b>	<b>\$21,055,927</b>	<b>24.2%</b>
<b>Alternative C: Grocery Anchor</b>																	
Food Stores	\$48,642,462	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$48,642,462	100.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
General Merchandise (6)	\$39,626,335	\$281,148	0.7%	\$2,874,984	7.3%	\$726,519	1.8%	\$0	0.0%	\$6,341,227	16.0%	\$21,064,018	53.2%	\$0	0.0%	\$8,338,439	21.0%
Other Retail (4)	\$10,522,822	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$10,522,822	100.0%
Eating and Drinking	\$14,162,226	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$14,162,226	100.0%	\$0	0.0%
<b>Total</b>	<b>\$112,953,845</b>	<b>\$281,148</b>	<b>0.2%</b>	<b>\$2,874,984</b>	<b>2.5%</b>	<b>\$726,519</b>	<b>0.6%</b>	<b>\$48,642,462</b>	<b>43.1%</b>	<b>\$6,341,227</b>	<b>5.6%</b>	<b>\$21,064,018</b>	<b>18.6%</b>	<b>\$14,162,226</b>	<b>12.5%</b>	<b>\$18,861,261</b>	<b>16.7%</b>

Sources: ALH Urban & Regional Economics.

(1) Retail categories to which no sales are allocated are not shown in this exhibit.

(2) Figures may not add due to rounding.

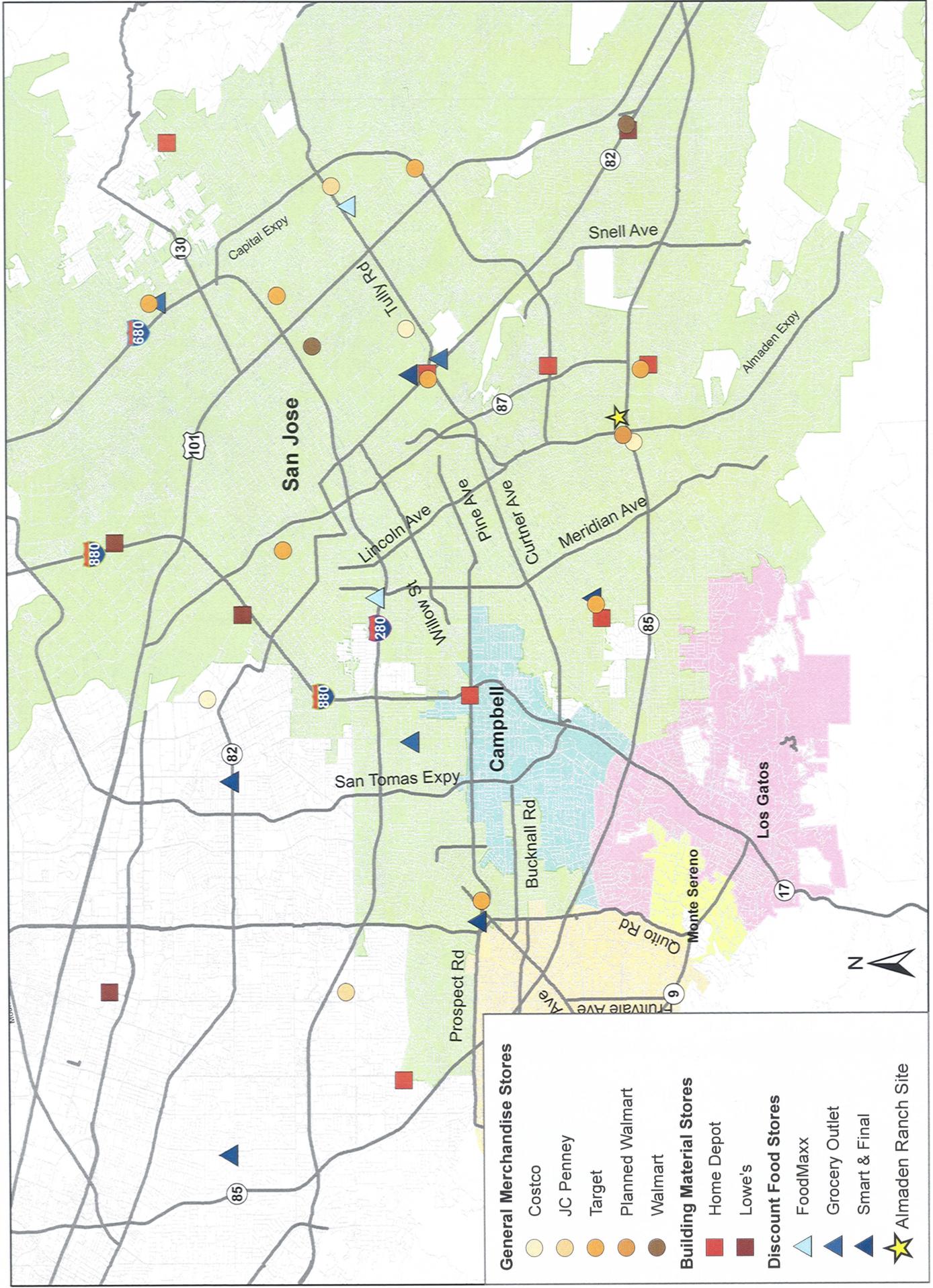
(3) See Exhibit 2 for sales generated by residents by retail store or category. The sales generated by market area residents are anticipated to comprise 80% of total Almaden Ranch sales.

(4) Other Retail Groups includes sales from art goods, gifts and novelties, sporting goods, florists, photographic equipment and supplies, musical instruments, stationery and books, jewelry, office and school supplies, second-hand merchandise, mobile homes/trailers and campers, boat and motorcycle dealers, and miscellaneous other retail stores.

(5) See Exhibit B-1 for assumptions about the distribution of Home Depot and Lowe's store sales by category of retail reflective of the types of retailers with which building materials anchors typically compete.

(6) See Exhibit B-3 for assumptions about the distribution of general merchandise store sales by category of retail reflective of the types of retailers with which general merchandise retailers typically compete.

# Exhibit 4: Area Building Materials, General Merchandise, and Discount Food Stores



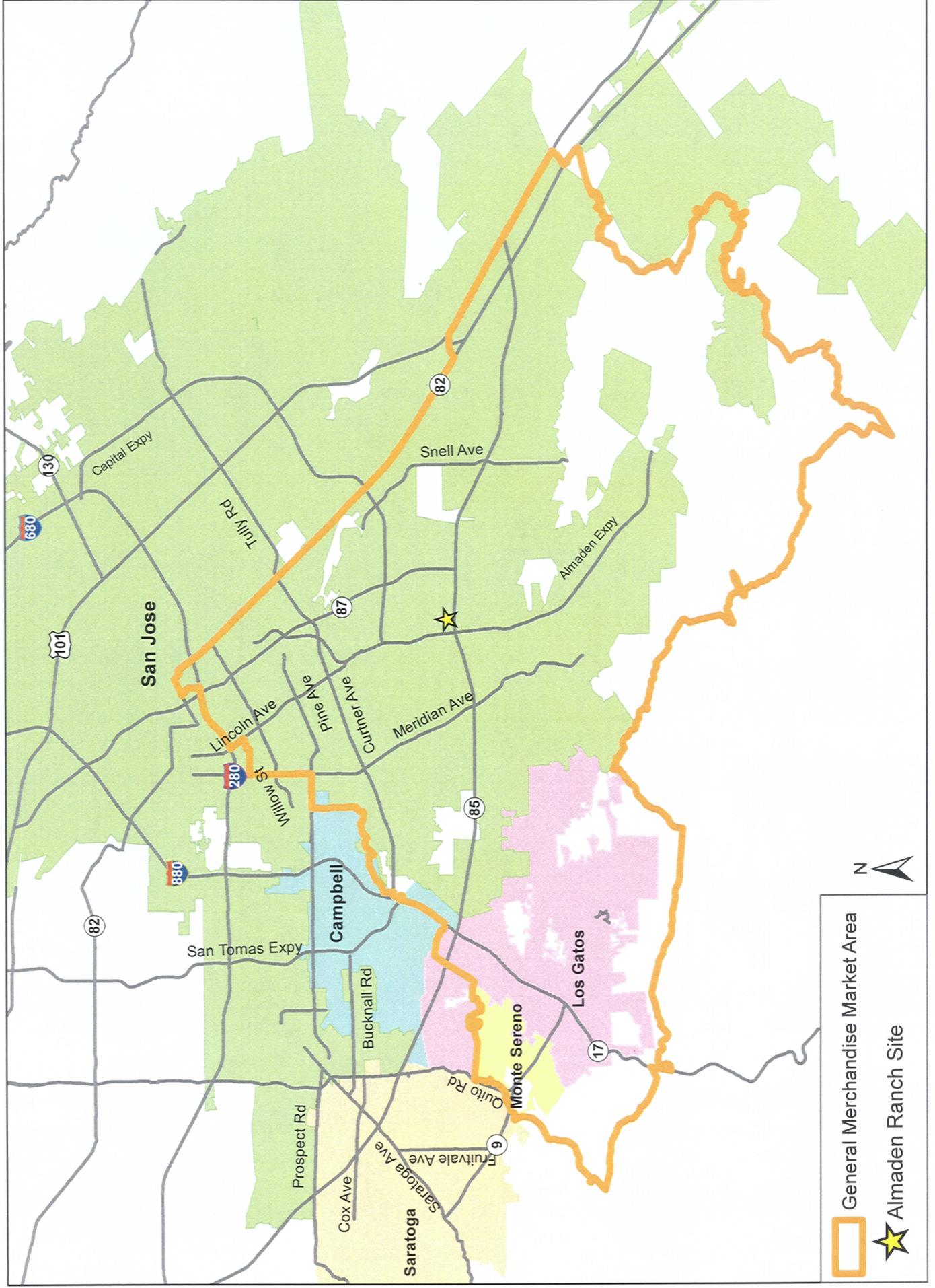
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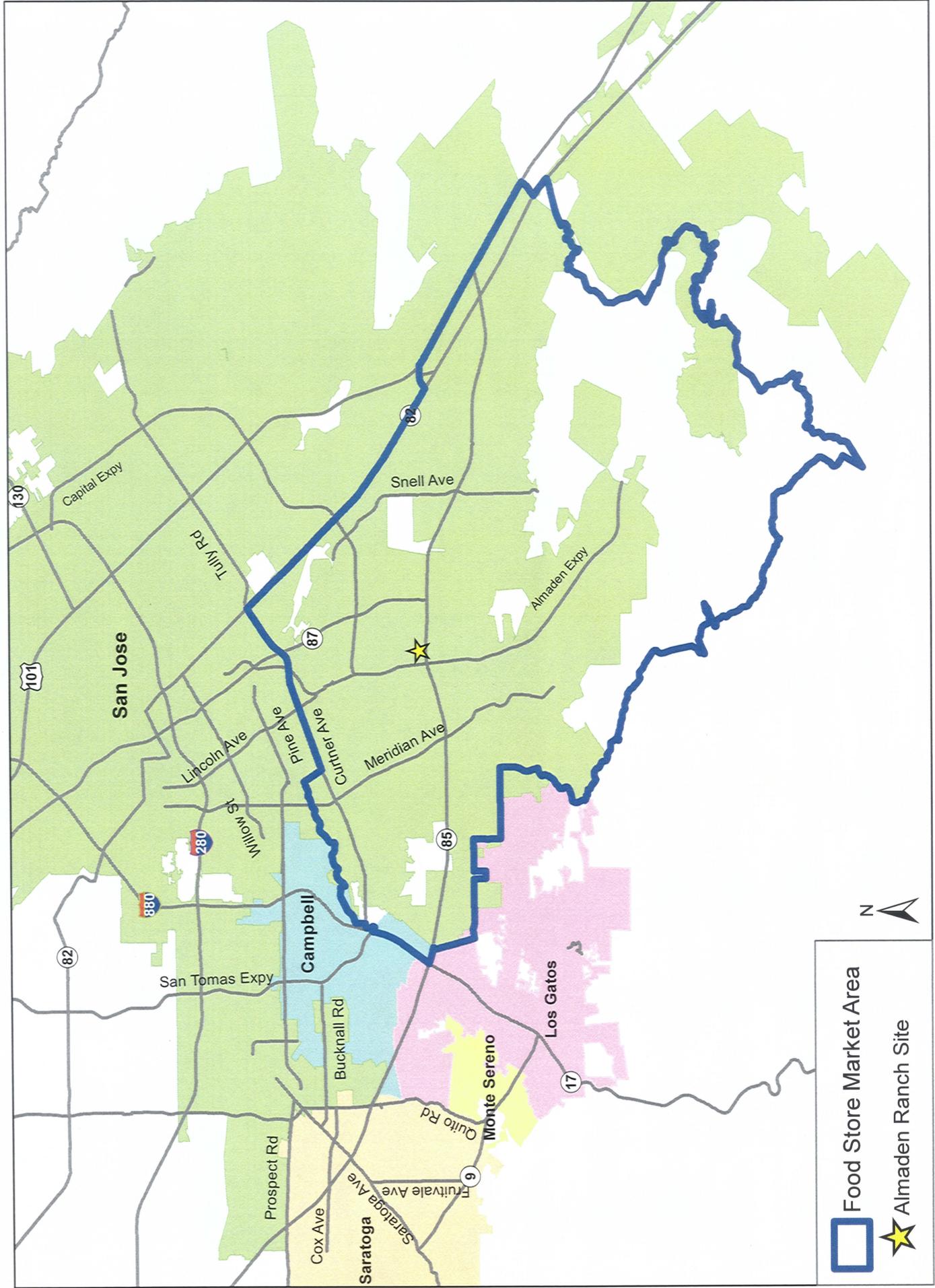
# Exhibit 6: Alternative B Market Area, General Merchandise Anchor



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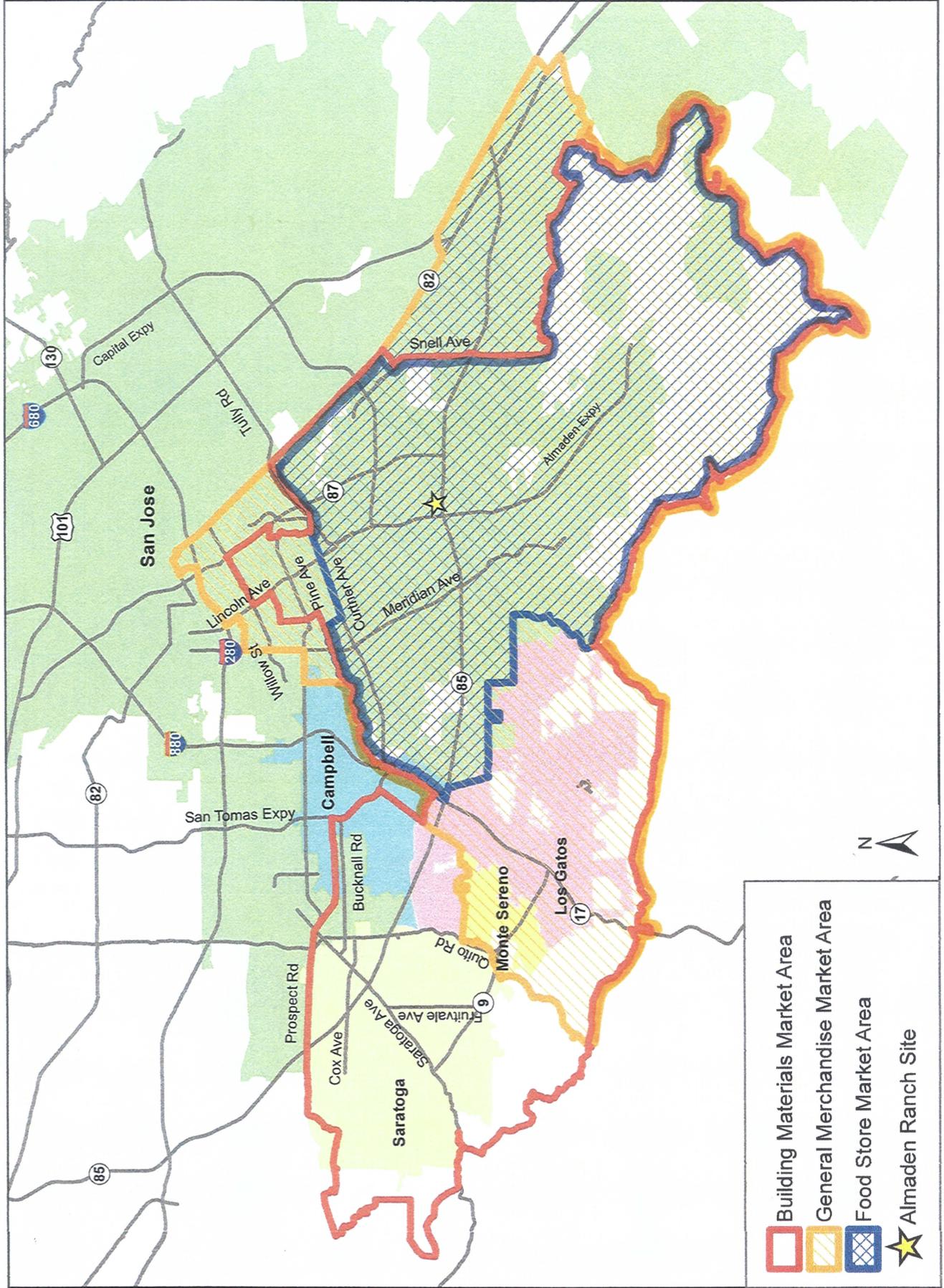
# Exhibit 7: Alternative C Market Area, Grocery Anchor



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# Exhibit 8: All Alternatives Market Areas



- Building Materials Market Area
- General Merchandise Market Area
- Food Store Market Area
- Almaden Ranch Site

0 1.5 3 6 Miles

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**Exhibit 9**  
**Almaden Ranch**  
**Household and Population Estimates and Projections**  
**Project Market Areas**  
**2000 - 2016 (1)**

Market Area	Estimated (1)				Projected (2)				Compound Annual Average Growth Rate (4)		ABAG Annual Growth Rate (4)	
	2000	2010	2011	2012	2013	2014	2015	2016	2010-2016	2015-2016	2010-2015	2015-2020
<b>Households</b>												
Alternative A: Building Materials Anchor	108,384	116,758	117,389	118,039	118,710	119,402	120,116	120,810	0.57%	0.57%	0.531%	0.564%
Alternative B: General Merchandise Anchor	111,736	127,344	128,304	129,293	130,313	131,365	132,449	133,493	0.79%	0.79%	0.781%	0.808%
Alternative C: Grocery Anchor	88,652	95,919	96,656	97,417	98,202	99,014	99,852	100,647	0.81%	0.81%	0.780%	0.801%
<b>Population</b>												
Alternative A: Building Materials Anchor	297,785	309,922	311,689	313,467	315,254	317,052	318,860	320,678	0.57%	0.57%	0.531%	0.564%
Alternative B: General Merchandise Anchor	314,315	345,871	348,600	351,350	354,122	356,916	359,732	362,571	0.79%	0.79%	0.781%	0.808%
Alternative C: Grocery Anchor	254,487	267,050	269,200	271,368	273,553	275,755	277,975	280,213	0.81%	0.81%	0.780%	0.801%

Sources: Claritas; U.S. Census Bureau, 2010 Census; 'Initial Vision Scenario' Report released by the Association of Bay Area Governments (ABAG) on March 11, 2011; and ALH Urban & Regional Economics.

- (1) The 2000 Census data were provided by Claritas. The 2010 Census data were aggregated from the U.S. Census Bureau.
- (2) ABAG provides household estimates and projections in five-year increments. Market area demographic estimates for year 2011 onward were prepared by ALH Urban & Regional Economics based on the estimated incremental growth rates between 2010-2015 and 2015-2020 provided by ABAG, applied to the 2010 Census estimates.
- (4) The population compound annual average growth rate is assumed to be the same as the household growth rate, as only household projections are provided by ABAG.

Exhibit 10  
 Almaden Ranch  
 Building Materials Market Area Retail Sales Base  
 In Current Dollars  
 Second Half 2009 & First Half 2010

Type of Retailer	Building Materials Market Area Sales									
	City of San Jose Portion of Market Area (1)			City of Campbell Portion of Market Area (2)			City of Saratoga			
	City of San Jose Total Sales [A]	Market Area to City of San Jose Sales [B]	Market Area Portion of City of San Jose Sales [C = B * A]	City of Campbell Total Sales [D]	Market Area to City of Campbell Ratio Sales [E]	Market Area Portion of City of Campbell Sales [F = E * D]	Town of Los Gatos Sales(3) [G]	City of Saratoga Sales (4) [H]	Total Retail Sales in Market Area (5) [I = C + F + G + H]	
Motor, Vehicle and Parts Dealers	\$1,059,848,000	31.5%	\$333,871,700	\$22,393,000	0.7%	\$156,003	\$63,321,000	\$4,243,000	\$401,591,702	
Home Furnishings and Appliances	\$474,474,000	14.2%	\$67,327,178	\$94,792,000	0.8%	\$801,633	\$15,886,000	\$3,304,000	\$87,318,810	
Building Materials and Garden Equip.	\$599,856,000	23.6%	\$141,408,220	\$102,427,000	1.0%	\$1,011,240	\$15,396,000	\$1,100,000	\$168,915,460	
Food and Beverage Stores	\$1,478,903,333	24.1%	\$356,591,049	\$117,256,667	25.2%	\$29,529,494	\$153,690,000	\$31,936,667	\$571,747,209	
Gasoline Stations	\$1,072,123,000	23.4%	\$250,860,746	\$68,817,000	5.4%	\$3,705,636	\$46,634,000	\$9,829,541	\$311,029,924	
Clothing and Clothing Accessories	\$717,116,000	21.4%	\$153,791,984	\$38,303,000	0.7%	\$260,327	\$30,459,000	\$3,456,000	\$187,967,311	
General Merchandise Stores	\$1,277,524,800	15.5%	\$197,951,545	\$29,469,600	0.0%	\$0	\$1,435,242	\$7,204,625	\$206,591,411	
Food Services and Drinking Places	\$1,182,663,000	23.9%	\$282,626,296	\$104,452,000	3.0%	\$3,149,418	\$87,934,000	\$25,207,000	\$398,916,715	
Other Retail Group	\$1,286,155,567	17.2%	\$221,849,527	\$105,655,241	1.0%	\$1,034,623	\$102,481,222	\$11,078,966	\$336,444,338	
<b>Total</b>	\$9,148,663,700	19.6%	\$2,006,278,244	\$683,565,508	4.5%	\$39,648,375	\$517,236,464	\$97,359,799	\$2,660,522,881	

Source: ALH Urban & Regional Economics.

- (1) See estimate of total San Jose sales in Exhibit B-7 and percent of San Jose portion of the market area sales as a percent of all San Jose sales in Exhibit C-3.
- (2) See estimate of total Campbell sales in Exhibit B-10 and percent of Campbell portion of the market area sales as a percent of all Campbell sales in Exhibit C-6.
- (3) See estimate of total Los Gatos sales in Exhibit B-8.
- (4) See estimate of total Saratoga sales in Exhibit B-9.
- (5) Market area also includes the City of Monte Sereno. Sales in Monte Sereno are low and not provided in detail, and thus are excluded from the analysis. This exclusion is not deemed material to the analysis.

Exhibit 11  
 Almaden Ranch  
 General Merchandise Market Area Retail Sales Base  
 In Current Dollars  
 Second Half 2009 & First Half 2010

Type of Retailer	General Merchandise Market Area Sales									
	City of San Jose Portion of Market Area (1)					Town of Los Gatos Portion of Market Area (2)				
	City of San Jose		Market Area		Market Area to City of San Jose Sales [B]	Town of Los Gatos		Market Area to Town of Los Gatos Sales [E]		Market Area to Town of Los Gatos Sales [F = E * D]
	Total Sales [A]	San Jose Sales [C = B * A]	Portion of City of San Jose Sales	Gatos Total Sales [D]		Gatos Sales	Portion of Town of Los Gatos Sales	Total Retail Sales in Market Area (3) [E = F + C]		
Motor Vehicle and Parts Dealers	\$1,059,848,000	\$290,868,099	27.4%	\$63,321,000	100.0%	\$63,321,000	\$354,189,099		\$354,189,099	
Home Furnishings and Appliances	\$474,474,000	\$104,673,695	22.1%	\$15,886,000	99.5%	\$15,812,135	\$120,485,829		\$120,485,829	
Building Materials and Garden Equip.	\$599,856,000	\$256,576,763	42.8%	\$15,396,000	100.0%	\$15,396,000	\$271,972,763		\$271,972,763	
Food and Beverage Stores	\$1,478,903,333	\$394,781,448	26.7%	\$153,690,000	78.7%	\$120,974,814	\$515,756,263		\$515,756,263	
Gasoline Stations	\$1,072,123,000	\$265,354,127	24.8%	\$46,634,000	100.0%	\$46,634,000	\$311,988,127		\$311,988,127	
Clothing and Clothing Accessories	\$717,116,000	\$175,137,755	24.4%	\$30,459,000	99.8%	\$30,386,469	\$205,524,224		\$205,524,224	
General Merchandise Stores	\$1,277,524,800	\$365,119,246	28.6%	\$1,435,242	100.0%	\$1,435,242	\$366,554,488		\$366,554,488	
Food Services and Drinking Places	\$1,182,663,000	\$332,116,507	28.1%	\$87,934,000	98.1%	\$86,244,959	\$418,361,466		\$418,361,466	
Other Retail Group	\$1,286,155,567	\$322,516,855	25.1%	\$102,481,222	88.9%	\$91,131,865	\$413,648,720		\$413,648,720	
<b>Total</b>	\$9,148,663,700	\$2,507,144,495	27.5%	\$517,236,464	94.6%	\$471,336,483	\$2,978,480,978		\$2,978,480,978	

Source: ALH Urban & Regional Economics.

- (1) See estimate of total San Jose sales in Exhibit B-7 and percent of San Jose portion of the market area sales as a percent of all San Jose sales in Exhibit C-8.
- (2) See estimate of total Los Gatos sales in Exhibit B-8 and percent of Los Gatos portion of the market area sales as a percent of all Los Gatos sales in Exhibit C-11.
- (3) Market area also includes the City of Monte Sereno. Sales in Monte Sereno are low and not provided in detail, and thus are excluded from the analysis. This exclusion is not deemed material to the analysis.

**Exhibit 12**  
**Almaden Ranch**  
**Grocery Market Area Retail Sales Base**  
**In Current Dollars**  
**Second Half 2009 & First Half 2010**

Food Store Market Area Sales				
Type of Retailer	City of San Jose	Claritas Ratio of	Market Area Portion	Total Retail Sales in
	Total Sales (1)	Market Area to	of City of San Jose	Market Area
	[A]	City of San Jose	Sales	[D = C]
		Sales (1)	[C = B * A]	
		[B]		
Motor Vehicle and Parts Dealers	\$1,059,848,000	29.3%	\$310,175,489	\$310,175,489
Home Furnishings and Appliances	\$474,474,000	14.0%	\$66,418,136	\$66,418,136
Building Materials and Garden Equip.	\$599,856,000	26.8%	\$160,781,083	\$160,781,083
Food and Beverage Stores	\$1,478,903,333	23.8%	\$351,309,088	\$351,309,088
Gasoline Stations	\$1,072,123,000	20.1%	\$215,957,655	\$215,957,655
Clothing and Clothing Accessories	\$717,116,000	21.6%	\$154,923,077	\$154,923,077
General Merchandise Stores	\$1,277,524,800	17.4%	\$221,710,453	\$221,710,453
Food Services and Drinking Places	\$1,182,663,000	22.7%	\$267,933,616	\$267,933,616
Other Retail Group	\$1,286,155,567	19.1%	\$245,719,881	\$245,719,881
<b>Total</b>	\$9,148,663,700	20.4%	\$1,994,928,479	\$1,994,928,479

Source: ALH Urban & Regional Economics.

(1) See estimate of total San Jose sales in Exhibit B-7.

(1) See estimate of percent of San Jose portion of the market area sales as a percent of all San Jose sales in Exhibit C-13.

**Exhibit 13  
Almaden Ranch  
All Project Alternatives Market Area Sales Base  
In Current Dollars  
Second Half 2009 & First Half 2010**

<b>Type of Retailer</b>	<b>Building Materials Anchor Market Area (1)</b>	<b>General Merchandise Store Anchor Market Area (2)</b>	<b>Grocery Anchor Market Area (3)</b>
Motor Vehicle and Parts Dealers	\$401,591,702	\$354,189,099	\$310,175,489
Home Furnishings and Appliances	\$87,318,810	\$120,485,829	\$66,418,136
Building Materials and Garden Equip.	\$158,915,460	\$271,972,763	\$160,781,083
Food and Beverage Stores	\$571,747,209	\$515,756,263	\$351,309,088
Gasoline Stations	\$311,029,924	\$311,988,127	\$215,957,655
Clothing and Clothing Accessories	\$187,967,311	\$205,524,224	\$154,923,077
General Merchandise Stores	\$206,591,411	\$366,554,488	\$221,710,453
Food Services and Drinking Places	\$398,916,715	\$418,361,466	\$267,933,616
Other Retail Group	\$336,444,338	\$413,648,720	\$245,719,881
<b>Total</b>	<b>\$2,660,522,881</b>	<b>\$2,978,480,978</b>	<b>\$1,994,928,479</b>

Source: ALH Urban & Regional Economics.

(1) See Exhibit 10.

(2) See Exhibit 11.

(3) See Exhibit 12.

**Exhibit 14**  
**Almaden Ranch**  
**City of San Jose Retail Demand, Sales Attraction, and Spending Analysis (1)**  
**2010**  
**(dollars in \$000s)**

Type of Retailer	Per Household (2)/(3)		City of San Jose Household Demand (4)		City of San Jose Sales (5)		Retail Sales Attraction/(Leakage)	
	Spending	Sales	Demand (4)	Sales (5)	Amount	Percent		
Motor Vehicles and Parts Dealers	\$4,985	\$3,375	\$1,565,422	\$1,059,848	(\$505,574)	(32.3%)		
Home Furnishings and Appliance Stores	\$962	\$1,511	\$302,031	\$474,474	\$172,443	36.3%		
Building Materials and Garden Equip (6)	\$2,915	\$1,910	\$915,361	\$599,856	(\$315,505)	(34.5%)		
Food and Beverage Stores (7)	\$5,249	\$4,709	\$1,648,234	\$1,478,903	(\$169,330)	(10.3%)		
Gasoline Stations	\$3,403	\$3,414	\$1,068,755	\$1,072,123	\$3,368	0.3%		
Clothing and Clothing Accessories Stores	\$1,494	\$2,284	\$469,044	\$717,116	\$248,072	34.6%		
General Merchandise Stores (8)	\$5,120	\$4,068	\$1,607,794	\$1,277,525	(\$330,270)	(20.5%)		
Food Services and Drinking Places	\$4,071	\$3,766	\$1,278,454	\$1,182,663	(\$95,791)	(7.5%)		
Other Retail Group (9)	\$3,749	\$4,096	\$1,177,402	\$1,286,156	\$108,754	8.5%		
<b>Total</b>	<b>\$31,947</b>	<b>\$29,132</b>	<b>\$10,032,497</b>	<b>\$9,148,664</b>	<b>(\$883,833)</b>	<b>(8.8%)</b>		

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

- (1) All figures are expressed in constant 2010 dollars.
- (2) The household spending estimates were generated by ALH Urban & Regional Economics Retail Demand, Sales Attraction, and Spending Leakage Analysis.
- (3) The household count is estimated at 314,038 per the 2010 U.S. Census. The analysis assumes an average household income in 2010 of \$107,928 as estimated by Claritas, Inc.
- (4) Represents per household spending multiplied by the market area household count.
- (5) See Exhibit B-7.
- (6) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.
- (7) Sales for Food and Beverage stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.
- (8) Sales for General Merchandise stores have been adjusted to account for non-taxable sales.
- (9) Other Retail Group includes drugs stores, health and personal care, gifts, art goods and novelties, sporting goods, florists, photographic equipment and supplies, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

**Exhibit 15**  
**Almaden Ranch**  
**Building Materials Market Area Retail Demand, Sales Attraction, and Spending Analysis (1)**  
**2010**  
**(dollars in \$000s)**

Type of Retailer	Per Household (2)(3)		Market Area Household Demand (4)	Market Area Sales (5)	Retail Sales Attraction/(Leakage)	
	Spending	Sales			Amount	Percent
Motor Vehicles and Parts Dealers	\$5,701	\$3,440	\$665,581	\$401,592	(\$263,989)	(39.7%)
Home Furnishings and Appliance Stores	\$1,190	\$748	\$138,942	\$87,319	(\$51,623)	(37.2%)
Building Materials and Garden Equip (6)	\$3,591	\$1,361	\$419,331	\$158,915	(\$260,416)	(62.1%)
Food and Beverage Stores (7)	\$6,098	\$4,897	\$711,949	\$571,747	(\$140,201)	(19.7%)
Gasoline Stations	\$3,852	\$2,664	\$449,774	\$311,030	(\$138,744)	(30.8%)
Clothing and Clothing Accessories Stores	\$1,785	\$1,610	\$208,428	\$187,967	(\$20,461)	(9.8%)
General Merchandise Stores (8)	\$6,084	\$1,769	\$710,405	\$206,591	(\$503,813)	(70.9%)
Food Services and Drinking Places	\$4,895	\$3,417	\$571,572	\$398,917	(\$172,655)	(30.2%)
Other Retail Group (9)	\$4,421	\$2,882	\$516,149	\$336,444	(\$179,704)	(34.8%)
<b>Total</b>	<b>\$37,617</b>	<b>\$22,787</b>	<b>\$4,392,131</b>	<b>\$2,660,523</b>	<b>(\$1,731,608)</b>	<b>(39.4%)</b>

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

(1) All figures are expressed in constant 2010 dollars.

(2) The household spending estimates were generated by ALH Urban & Regional Economics Retail Demand, Sales Attraction, and Spending Leakage Analysis.

(3) The household count is estimated at 116,758 per the 2010 U.S. Census. The analysis assumes an average household income in 2010 of \$136,729 as

estimated by Claritas, Inc.

(4) Represents per household spending multiplied by the market area household count.

(5) See Exhibit 10.

(6) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.

(7) Sales for Food and Beverage stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.

(8) Sales for General Merchandise stores have been adjusted to account for non-taxable sales.

(9) Other Retail Group includes drugs stores, health and personal care, gifts, art goods and novelties, sporting goods, florists, photographic equipment and supplies, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

**Exhibit 16**  
**Almaden Ranch**  
**General Merchandise Market Area Retail Demand, Sales Attraction, and Spending Analysis (1)**  
**2010**  
**(dollars in \$000s)**

Type of Retailer	Per Household (2)(3)		Market Area Household Demand (4)		Market Area Sales (5)		Retail Sales Attraction/(Leakage)	
	Spending	Sales	Household Demand (4)	Sales (5)	Amount	Percent		
Motor Vehicles and Parts Dealers	\$5,259	\$2,781	\$669,687	\$354,189	(\$315,498)	(47.1%)		
Home Furnishings and Appliance Stores	\$1,071	\$946	\$136,393	\$120,486	(\$15,907)	(11.7%)		
Building Materials and Garden Equip (6)	\$3,237	\$2,136	\$412,163	\$271,973	(\$140,190)	(34.0%)		
Food and Beverage Stores (7)	\$5,597	\$4,050	\$712,730	\$515,756	(\$196,974)	(27.6%)		
Gasoline Stations	\$3,566	\$2,450	\$454,050	\$311,988	(\$142,061)	(31.3%)		
Clothing and Clothing Accessories Stores	\$1,624	\$1,614	\$206,801	\$205,524	(\$1,277)	(0.6%)		
General Merchandise Stores (8)	\$5,545	\$2,878	\$706,111	\$366,554	(\$339,557)	(48.1%)		
Food Services and Drinking Places	\$4,445	\$3,285	\$566,035	\$418,361	(\$147,674)	(26.1%)		
Other Retail Group (9)	\$4,039	\$3,248	\$514,302	\$413,649	(\$100,653)	(19.6%)		
<b>Total</b>	<b>\$34,381</b>	<b>\$23,389</b>	<b>\$4,378,272</b>	<b>\$2,978,481</b>	<b>(\$1,399,791)</b>	<b>(32.0%)</b>		

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

- (1) All figures are expressed in constant 2010 dollars.
- (2) The household spending estimates were generated by ALH Urban & Regional Economics Retail Demand, Sales Attraction, and Spending Leakage Analysis.
- (3) The household count is estimated at 127,344 per the 2010 U.S. Census. The analysis assumes an average household income in 2010 of \$122,188 as estimated by Claritas, Inc.
- (4) Represents per household spending multiplied by the market area household count.
- (5) See Exhibit 11.
- (6) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.
- (7) Sales for Food and Beverage stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.
- (8) Sales for General Merchandise stores have been adjusted to account for non-taxable sales.
- (9) Other Retail Group includes drugs stores, health and personal care, gifts, art goods and novelties, sporting goods, florists, photographic equipment and supplies, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

**Exhibit 17**  
**Almaden Ranch**  
**Grocery Market Area Retail Demand, Sales Attraction, and Spending Analysis (1)**  
**2010**  
**(dollars in \$000s)**

Type of Retailer	Per Household (2)(3)		Market Area Household Demand (4)	Market Area Sales (5)	Retail Sales Attraction/(Leakage)	
	Spending	Sales			Amount	Percent
Motor Vehicles and Parts Dealers	\$5,208	\$3,234	\$499,520	\$310,175	(\$189,344)	(37.9%)
Home Furnishings and Appliance Stores	\$1,051	\$692	\$100,778	\$66,418	(\$34,360)	(34.1%)
Building Materials and Garden Equip (6)	\$3,177	\$1,676	\$304,690	\$160,781	(\$143,909)	(47.2%)
Food and Beverage Stores (7)	\$5,532	\$3,663	\$530,610	\$351,309	(\$179,301)	(33.8%)
Gasoline Stations	\$3,535	\$2,251	\$339,097	\$215,958	(\$123,139)	(36.3%)
Clothing and Clothing Accessories Stores	\$1,600	\$1,615	\$153,434	\$154,923	\$1,489	1.0%
General Merchandise Stores (8)	\$5,466	\$2,311	\$524,250	\$221,710	(\$302,539)	(57.7%)
Food Services and Drinking Places	\$4,375	\$2,793	\$419,658	\$267,934	(\$151,724)	(36.2%)
Other Retail Group (9)	\$3,985	\$2,562	\$382,204	\$245,720	(\$136,484)	(35.7%)
<b>Total</b>	<b>\$33,927</b>	<b>\$20,798</b>	<b>\$3,254,240</b>	<b>\$1,994,928</b>	<b>(\$1,259,311)</b>	<b>(38.7%)</b>

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

(1) All figures are expressed in constant 2010 dollars.

(2) The household spending estimates were generated by ALH Urban & Regional Economics Retail Demand, Sales Attraction, and Spending Leakage Analysis.

(3) The household count is estimated at 95,919 per the 2010 U.S. Census. The analysis assumes an average household income in 2010 of \$119,526 as estimated by Claritas, Inc.

(4) Represents per household spending multiplied by the market area household count.

(5) See Exhibit 12.

(6) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.

(7) Sales for Food and Beverage stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.

(8) Sales for General Merchandise stores have been adjusted to account for non-taxable sales.

(9) Other Retail Group includes drugs stores, health and personal care, gifts, art goods and novelties, sporting goods, florists, photographic equipment and supplies, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

**Exhibit 18**  
**Almaden Ranch**  
**Time-Adjusted Building Materials Market Area Retail Sales Base and Sales Attraction/Leakage**  
**2011 Estimate**

Type of Retailer	Sales Base		Household Demand		Retail Sales	
	2009/2010 (1)	Percent Increase (2)	2009/2010 (4)	Percent Increase (5)	2010/2011 (6)	Attraction/(Leakage)
Motor Vehicle and Parts Dealers	\$401,591,702	3.0%	\$665,580,790	2.925%	\$685,049,234	(\$271,592,504) (39.6%)
Home Furnishings and Appliances	\$87,318,810	14.9%	\$138,942,041	2.925%	\$143,006,138	(\$42,716,468) (29.9%)
Building Materials and Garden Equip.	\$158,915,460	1.0%	\$419,331,101	2.925%	\$431,596,665	(\$271,092,050) (62.8%)
Food and Beverage Stores	\$571,747,209	1.0%	\$711,948,631	2.925%	\$732,773,348	(\$155,423,015) (21.2%)
Gasoline Stations	\$311,029,924	17.1%	\$449,774,274	2.925%	\$462,930,310	(\$98,714,269) (21.3%)
Clothing and Clothing Accessories	\$187,967,311	4.8%	\$208,428,375	2.925%	\$214,524,969	(\$17,535,227) (8.2%)
General Merchandise Stores	\$206,591,411	4.3%	\$710,404,901	2.925%	\$731,184,463	(\$515,792,258) (70.5%)
Food Services and Drinking Places	\$398,916,715	3.7%	\$571,572,094	2.925%	\$588,290,754	(\$174,614,121) (29.7%)
Other Retail Group	\$336,444,338	5.4%	\$516,148,788	2.925%	\$531,246,300	(\$176,633,967) (33.2%)
<b>Total</b>	\$2,660,522,881		\$4,392,130,994		\$4,520,602,180	(\$1,724,113,880) (38.1%)

Sources: City of San Jose, Sales Tax Digest Summary, September 2011; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

- (1) See Exhibit 10.
- (2) Percent increase based upon examination of quarterly sales tax data in the City of San Jose, Q3 2009 through Q2 2011. Since San Jose sales dominate the market area, this is considered a proxy for the entire market area. See Exhibit 31.
- (3) Estimated increase in sales based upon recent sales trends.
- (4) See Exhibit 16.
- (5) Percent increase based upon CPI index from July 2010 to July 2011. This rate is 2.925 percent
- (6) Estimated increase in demand based upon CPI Index.

**Exhibit 19**  
**Almaden Ranch**  
**Time-Adjusted General Merchandise Market Area Retail Sales Base and Sales Attraction/Leakage**  
**2011 Estimate**

Type of Retailer	Sales Base		Household Demand		Retail Sales			
	2009/2010 (1)	Percent Increase (2)	2010/2011 (3)	2009/2010 (4)	Percent Increase (5)	2010/2011 (6)	Amount	Percent
Motor Vehicle and Parts Dealers	\$354,189,099	3.0%	\$364,653,616	\$669,687,344	2.925%	\$689,275,905	(\$324,622,289)	(47.1%)
Home Furnishings and Appliances	\$120,485,829	14.9%	\$138,383,517	\$136,392,671	2.925%	\$140,382,199	(\$1,998,682)	(1.4%)
Building Materials and Garden Equip.	\$271,972,763	1.0%	\$274,692,490	\$412,163,003	2.925%	\$424,218,898	(\$149,526,407)	(35.2%)
Food and Beverage Stores	\$515,756,263	1.0%	\$520,810,674	\$712,729,832	2.925%	\$733,577,400	(\$212,766,726)	(29.0%)
Gasoline Stations	\$311,988,127	17.1%	\$365,338,096	\$454,049,552	2.925%	\$467,330,642	(\$101,992,545)	(21.8%)
Clothing and Clothing Accessories	\$205,524,224	4.8%	\$215,389,387	\$206,800,868	2.925%	\$212,849,857	\$2,539,529	1.2%
General Merchandise Stores	\$366,554,488	4.3%	\$382,169,709	\$706,111,371	2.925%	\$726,765,346	(\$344,595,637)	(47.4%)
Food Services and Drinking Places	\$418,361,466	3.7%	\$433,840,840	\$566,035,207	2.925%	\$582,591,911	(\$148,751,071)	(25.5%)
Other Retail Group	\$413,648,720	5.4%	\$435,985,751	\$514,302,152	2.925%	\$529,345,649	(\$93,359,898)	(17.6%)
<b>Total</b>	<b>\$2,978,480,978</b>		<b>\$3,131,264,081</b>	<b>\$4,378,272,001</b>		<b>\$4,506,337,807</b>	<b>(\$1,375,073,726)</b>	<b>(30.5%)</b>

Sources: City of San Jose, Sales Tax Digest Summary, September 2011; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

- (1) See Exhibit 11.
- (2) Percent increase based upon examination of quarterly sales tax data in the City of San Jose, Q3 2009 through Q2 2011. Since San Jose sales dominate the market area, this is considered a proxy for the entire market area. See Exhibit 31.
- (3) Estimated increase in sales based upon recent sales trends.
- (4) See Exhibit 16.
- (5) Percent increase based upon CPI index from July 2010 to July 2011. This rate is 2.925 percent
- (6) Estimated increase in demand based upon CPI index.

**Exhibit 20**  
**Almaden Ranch**  
**Time-Adjusted Food Store Market Area Retail Sales Base and Sales Attraction/Leakage**  
**2011 Estimate**

Type of Retailer	Sales Base		Household Demand		Retail Sales			
	2009/2010 (1)	Percent Increase (2)	2010/2011 (3)	2009/2010 (4)	Percent Increase (5)	2010/2011 (6)	Amount	Percent
Motor Vehicle and Parts Dealers	\$310,175,489	3.0%	\$319,339,624	\$499,519,523	2.925%	\$514,130,623	(\$194,790,999)	(37.9%)
Home Furnishings and Appliances	\$66,418,136	14.9%	\$76,284,285	\$100,777,771	2.925%	\$103,725,552	(\$27,441,267)	(26.5%)
Building Materials and Garden Equip.	\$160,781,083	1.0%	\$162,388,894	\$304,690,385	2.925%	\$313,602,672	(\$151,213,778)	(48.2%)
Food and Beverage Stores	\$351,309,088	1.0%	\$354,751,918	\$530,609,866	2.925%	\$546,130,369	(\$191,378,451)	(35.0%)
Gasoline Stations	\$215,957,655	17.1%	\$252,886,414	\$339,097,034	2.925%	\$349,015,727	(\$96,129,314)	(27.5%)
Clothing and Clothing Accessories	\$154,923,077	4.8%	\$162,359,384	\$153,433,820	2.925%	\$157,921,806	\$4,437,578	2.7%
General Merchandise Stores	\$221,710,453	4.3%	\$231,155,318	\$524,249,529	2.925%	\$539,583,989	(\$308,428,671)	(57.2%)
Food Services and Drinking Places	\$267,933,616	3.7%	\$277,847,160	\$419,658,067	2.925%	\$431,933,195	(\$154,086,035)	(35.7%)
Other Retail Group	\$245,719,881	5.4%	\$258,988,755	\$382,203,696	2.925%	\$393,383,272	(\$134,394,517)	(34.2%)
<b>Total</b>	\$1,994,928,479		\$2,096,001,752	\$3,254,239,692		\$3,349,427,206	(\$1,253,425,454)	(37.4%)

Sources: City of San Jose, Sales Tax Digest Summary, September 2011; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

- (1) See Exhibit 12.
- (2) Percent increase based upon examination of quarterly sales tax data in the City of San Jose, Q3 2009 through Q2 2011. The market area only comprises portions of San Jose, this is considered a proxy for the entire market area. See Exhibit 31.
- (3) Estimated increase in sales based upon recent sales trends.
- (4) See Exhibit 16.
- (5) Percent increase based upon CPI index from July 2010 to July 2011. This rate is 2.925 percent
- (6) Estimated increase in demand based upon CPI Index.

**Exhibit 21**  
**Almaden Ranch**  
**Potential Sales Impacts, Building Materials Market Area**  
**2011**

Type of Retailer	Project Sales		Market Area Leakage			Sales Impact	
	Generated by Market Area Residents (1)		Market Area Sales Base (2)	Market Area Leakage (2)	Potential Project Recapture (3)	Amount	Percent of Market Area Sales Base
	[A]	[B]	[C]	[D]	[E = A - D]	[F = D / B]	
Motor Vehicles and Parts Dealers	\$132,239	\$413,456,729	(\$271,592,504)	(\$132,239)	\$0	0.0%	
Home Furnishings and Appliance Stores	\$14,431,693	\$100,289,670	(\$42,716,468)	(\$7,215,846)	\$7,215,846	7.2%	
Building Materials and Garden Equip (4)	\$20,799,300	\$160,504,615	(\$271,092,050)	(\$20,799,300)	\$0	0.0%	
Food and Beverage Stores (5)	\$12,267,072	\$577,350,332	(\$155,423,015)	(\$12,267,072)	\$0	0.0%	
Gasoline Stations	\$0	\$364,216,041	(\$98,714,269)	N/A	\$0	0.0%	
Clothing and Clothing Accessories Stores	\$2,982,614	\$196,989,742	(\$17,535,227)	(\$2,982,614)	\$0	0.0%	
General Merchandise Stores (6)	\$9,907,520	\$215,392,205	(\$515,792,258)	(\$9,907,520)	\$0	0.0%	
Food Services and Drinking Places	\$14,162,226	\$413,676,633	(\$174,614,121)	(\$14,162,226)	\$0	0.0%	
Other Retail Group (7)	\$14,444,830	\$354,612,332	(\$176,633,967)	(\$14,444,830)	\$0	0.0%	
<b>Total</b>	<b>\$89,127,493</b>	<b>\$2,796,488,300</b>	<b>(\$1,724,113,880)</b>	<b>(\$81,911,647)</b>	<b>\$7,215,846</b>	<b>0.3%</b>	

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

(1) See Exhibit 3.

(2) See Exhibit 18.

(3) Potential Project leakage recapture figures are based upon assumptions prepared by ALH Urban & Regional Economics. The assumptions vary by category, depending upon the nature of the prospective Project tenant, the type of existing market area retailers, and the likelihood that retailers outside the market area will continue to attract sales from the market area retailers due to their brand, national orientation, or regional prevalence.

**Exhibit 22**  
**Almaden Ranch**  
**Potential Sales Impacts, General Merchandise Market Area**  
**2011**

Type of Retailer	Project Sales		Market Area Leakage		Sales Impact	
	Generated by Market Area Residents (1)	Market Area Sales Base (2)	Market Area Leakage (2)	Potential Project Recapture (3)	Amount [E = A - D]	Percent of Market Area Sales Base [F = D / B]
	[A]	[B]	[C]	[D]		
Motor Vehicles and Parts Dealers	\$355,146	\$364,653,616	(\$324,622,289)	(\$355,146)	\$0	0.0%
Home Furnishings and Appliance Stores	\$3,631,675	\$138,383,517	(\$1,998,682)	(\$907,919)	\$2,723,757	2.0%
Building Materials and Garden Equip (4)	\$917,738	\$274,692,490	(\$149,526,407)	(\$917,738)	\$0	0.0%
Food and Beverage Stores (5)	\$12,267,072	\$520,810,674	(\$212,766,726)	(\$12,267,072)	\$0	0.0%
Gasoline Stations	\$0	\$365,338,096	(\$101,992,545)	N/A	\$0	0.0%
Clothing and Clothing Accessories Stores	\$8,010,229	\$215,389,387	\$0	\$0	\$8,010,229	3.7%
General Merchandise Stores (6)	\$26,608,040	\$382,169,709	(\$344,595,637)	(\$26,608,040)	\$0	0.0%
Food Services and Drinking Places	\$14,162,226	\$433,840,840	(\$148,751,071)	(\$14,162,226)	\$0	0.0%
Other Retail Group (7)	\$21,055,927	\$435,985,751	(\$93,359,898)	(\$10,527,964)	\$10,527,964	2.4%
<b>Total</b>	<b>\$87,008,054</b>	<b>\$3,131,264,081</b>	<b>(\$1,377,613,256)</b>	<b>(\$65,746,104)</b>	<b>\$21,261,949</b>	<b>0.7%</b>

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

(1) See Exhibit 3.

(2) See Exhibit 19.

(3) Potential Project leakage recapture figures are based upon assumptions prepared by ALH Urban & Regional Economics. The assumptions vary by category, depending upon the nature of the prospective Project tenant, the type of existing market area retailers, and the likelihood that retailers outside the market area will continue to attract sales from the market area retailers due to their brand, national orientation, or regional prevalence.

**Exhibit 23**  
**Almaden Ranch**  
**Potential Sales Impacts, Grocery Market Area**  
**2011**

Type of Retailer	Project Sales Generated by Market Area Residents (1)		Market Area Leakage		Sales Impact	
	[A]	[B]	Market Area Leakage (2)	Potential Project Recapture (3)	Amount [E = A - D]	Percent of Market Area Sales Base [F = D / B]
Motor Vehicles and Parts Dealers	\$281,148	\$319,339,624	(\$194,790,999)	(\$281,148)	\$0	0.0%
Home Furnishings and Appliance Stores	\$2,874,984	\$76,284,285	(\$27,441,267)	(\$2,874,984)	\$0	0.0%
Building Materials and Garden Equip (4)	\$726,519	\$162,388,894	(\$151,213,778)	(\$726,519)	\$0	0.0%
Food and Beverage Stores (5)	\$48,642,462	\$354,751,918	(\$191,378,451)	(\$24,321,231)	\$24,321,231	6.9%
Gasoline Stations	\$0	\$252,886,414	(\$96,129,314)	N/A	\$0	0.0%
Clothing and Clothing Accessories Stores	\$6,341,227	\$162,359,384	\$0	\$0	\$6,341,227	3.9%
General Merchandise Stores (6)	\$21,064,018	\$231,155,318	(\$308,428,671)	(\$21,064,018)	\$0	0.0%
Food Services and Drinking Places	\$14,162,226	\$277,847,160	(\$154,086,035)	(\$14,162,226)	\$0	0.0%
Other Retail Group (7)	\$18,861,261	\$258,988,755	(\$134,394,517)	(\$18,861,261)	\$0	0.0%
<b>Total</b>	<b>\$112,953,845</b>	<b>\$2,096,001,752</b>	<b>(\$1,257,863,033)</b>	<b>(\$82,291,387)</b>	<b>\$30,662,458</b>	<b>1.5%</b>

Sources: Claritas; 2010 U.S. Census; and ALH Urban & Regional Economics.

(1) See Exhibit 3.

(2) See Exhibit 20.

(3) Potential Project leakage recapture figures are based upon assumptions prepared by ALH Urban & Regional Economics. The assumptions vary by category, depending upon the nature of the prospective Project tenant, the type of existing market area retailers, and the likelihood that retailers outside the market area will continue to attract sales from the market area retailers due to their brand, national orientation, or regional prevalence.

**Exhibit 24**  
**Almaden Ranch**  
**Planned Residential Developments (over 100 Units)**  
**San Jose, Campbell, and Los Gatos**  
**October 2011**

Project	Market Area (A,B,C)	City	Description	Status	Notes	Location	Number of Units	Expected Opening/Completion
1. Hitachi Site	B & C	San Jose	Large scale development includes 2,930 residential units and roughly 460,000 square feet of commercial space.	Planned	Construction could begin in late 2013.	Cottle Road, Monterey Highway and Highway 85	2,930	Unknown
2. Flea Market Site	No	San Jose	Mixed-use project to include 2,818 residential units, as well as 100,000 to 365,622 square feet of planned commercial space.	Partially Approved	Approved for 242 units, planned development permits needed for remainder of project.	Berryessa Road and Lundy Avenue	2,818	Unknown
3. North San Jose Plan	No	San Jose	A planned effort by the City of San Jose and multiple developers to construct nearly 7,500 residential units in North San Jose.	Various Stages	Projects under construction or with issued building permits are included in this analysis.	North San Jose	1,750	Unknown
4. Ohlone	No	San Jose	8.25-acre mixed-use, Transit Oriented Development with an estimated 50,000 square feet of retail.	Zoning Approved	Planned development permit not filed.	San Carlos Street and Sunol Street	825	Unknown
5. North 40	A & B	Los Gatos	Master planned development to include an estimated 750 residential units and a maximum of 580,000 square feet of commercial space.	Planned	Specific Plan to be completed in 2012.	Los Gatos Blvd., Highway 17 and Highway 85	750	Unknown
6. Race Street Parcel 4	No	San Jose	A 3.1-acre site with 385 residential units.	Under Construction	Approved in 2007.	Race Street and Parkmoor Avenue	385	2013

**Exhibit 24**  
**Almaden Ranch**  
**Planned Residential Developments (over 100 Units)**  
**San Jose, Campbell, and Los Gatos**  
**October 2011**

Project	City	Market Area (A,B,C)	Description	Status	Notes	Location	Number of Units	Expected Opening/Completion
7. Carlyle	San Jose	No	A planned 20-story mixed-use apartment tower and 12,000 square feet of ground floor retail and 475 parking spaces.	Site Development Approved	Building permits have not been submitted.	Carlyle St. and Notre Dame Avenue	347	Unknown
8. Fruitdale Station	San Jose	B	Includes 256 residential units and almost 30,000 square feet of retail.	Under Construction	Project is in the second of three phases.	Fruitdale Avenue and Southwest Expressway	256	2013
9. Cinnebar Commons	San Jose	No	Demolition of former industrial site and construction of 250 residential units.	Approved	Inactive since 2009.	Stockton Avenue and Cinnebar Street	250	Unknown
10. Park View Towers	San Jose	No	Project consists of two towers, one 18-story and another 10-story tower.	Planned	Project is inactive.	1st Street and St. James Street	194	Unknown
11. The 88 Tower 2	San Jose	No	Tower consists of 185 residential units and an estimated 37,000 square feet of commercial space.	Approved	Site Dev. Permit approved, changes are needed before construction.	2nd Street and San Fernando Street	185	Unknown
12. 1677 S. Bascom Ave	Campbell	No	Planned development of 168 rental units and 14,045 square feet of commercial space.	Pre-Application	Approved in 2007, pre-application for higher density.	Bascom Avenue and Campisi Way	168	Unknown
13. 651 W. Hamilton Ave	Campbell	No	Development to include 108 residential units and 11,149 square feet of retail.	Approved	Aiming to begin construction early 2012.	Hamilton Avenue and San Tomas Expressway	108	2013
14. Mirrasou	San Jose	No	On 15 acres, project includes 10,000 square feet of commercial space.	Pending	Permit submitted April 2011.	Ruby Avenue and Aborn Road	107	Unknown
<b>Total Planned Residential Units</b>							<b>11,073</b>	
<i>Market Area A</i>							<b>750</b>	
<i>Market Area B</i>							<b>3,936</b>	
<i>Market Area C</i>							<b>2,930</b>	

Sources: City of San Jose; City of Campbell; Town of Los Gatos; and ALH Urban & Regional Economics.

**Exhibit 25**  
**Almaden Ranch**  
**Demand Generated by Household Growth**  
**Market Area Alternatives**  
**2011-2016**  
**2011 Dollars**

Geography	No. of Households Added		Building Materials Market Area (A)			General Merchandise Market Area (B)			Grocery Market Area (C)		
	Identified Projects (1)	Growth Projections (2)	Average HH Spending (3)	Identified Projects	Projected Growth	Average HH Spending (4)	Identified Projects	Projected Growth	Average HH Spending (5)	Identified Projects	Projected Growth
Building Materials Market Area (A)	750	3,422									
General Merchandise Market Area (B)	3,936	5,188									
Grocery Market Area (C)	2,930	3,991									
<b>Retail Category (1)</b>											
Motor Vehicles and Parts Dealers	\$5,867	\$4,400,443	\$20,074,895	\$21,304,419	\$28,083,153	\$5,360	\$15,704,946	\$21,391,636	\$1,081	\$3,168,464	\$4,315,750
Home Furnishings and Appliance Stores	\$1,225	\$918,606	\$4,190,696	\$4,338,990	\$5,719,589	\$1,081	\$3,168,464	\$4,315,750	\$3,269	\$9,579,498	\$13,048,190
Building Materials and Garden Equip	\$3,697	\$2,772,380	\$12,647,643	\$13,111,930	\$17,283,941	\$3,269	\$9,579,498	\$13,048,190	\$5,694	\$16,682,430	\$22,723,062
Food and Beverage Stores	\$6,276	\$4,707,001	\$21,473,417	\$22,673,708	\$29,888,128	\$5,694	\$16,682,430	\$22,723,062	\$1,646	\$4,823,975	\$6,570,715
Clothing and Clothing Accessories Stores	\$1,837	\$1,378,010	\$6,286,506	\$6,578,850	\$8,672,137	\$1,646	\$4,823,975	\$6,570,715	\$5,625	\$16,482,460	\$22,450,684
General Merchandise Stores	\$6,262	\$4,696,795	\$21,426,856	\$22,463,158	\$29,610,584	\$5,625	\$16,482,460	\$22,450,684	\$4,503	\$13,194,094	\$17,971,615
Food Services and Drinking Places	\$5,039	\$3,778,911	\$17,239,455	\$18,006,987	\$23,736,529	\$4,503	\$13,194,094	\$17,971,615	\$4,101	\$12,016,524	\$16,367,653
Other Retail Group	\$4,550	\$3,412,483	\$15,567,806	\$16,361,230	\$21,567,118	\$4,101	\$12,016,524	\$16,367,653			
<b>Total</b>	<b>\$34,753</b>	<b>\$26,064,629</b>	<b>\$118,907,275</b>	<b>\$124,839,272</b>	<b>\$164,561,179</b>	<b>\$31,281</b>	<b>\$91,652,390</b>	<b>\$124,839,305</b>			

Sources: Exhibits 9, 15, 16, 17, and 24; and ALH Urban & Regional Economics.

(1) See Exhibit 24 for information about planned residential development and market area designations.  
(2) See Exhibit 9 for demographic growth projections by market area.

(3) Excludes Gasoline Stations as they are not a component of Almaden Ranch or the cumulative projects.

(4) Average Household Retail Spending dollars are for the market area as shown in Exhibit 15 and adjusted based on the CPI Index.

(5) Average Household Retail Spending dollars are for the market area as shown in Exhibit 16 and adjusted based on the CPI Index.

**Exhibit 26**  
**Almaden Ranch**  
**Cumulative Major Retail Developments (25,000+ Square Feet)**  
**Within and Bordering the Market Area**  
**October 2011**

Project	City	Market Area (A,B,C)	Description	Estimated Net New Retail Square Footage	Status	Location	Distance from Almaden Ranch (Miles)	Expected Opening/Completion
1. Walmart	San Jose	A,B & C	Remodel /conversion of former 92,5900-square-foot Home Expo Design Center into a Walmart store.	92,500	Remodel Under Construction	5095 Almaden Expressway	0.2	2012
2. Sunflower Farmers Market	San Jose	A,B & C	Conversion of former Orchard Supply Hardware store into 36,560 square foot Sunflower Market	36,560	Planned	Branham Lane and Almaden Expressway	0.4	2012
3. Hitachi	San Jose	B & C	Master plan includes 2,930 residential units and a maximum of 460,000 square feet of retail.	460,000	Planned	Cottle Road and Monterey Highway	4.1	N/A
4. Sun Garden	San Jose	A & B	Project includes 257,000 square feet of retail. One anchor is 29,400 square feet, another is 74,400 square feet with a 10,500-square-foot outdoor sales space. One junior anchor of 10,000 square feet and additional retail space of approximately 46,446 square feet are planned, as well as a 1,000-square-foot management office and an 850-square-foot fueling kiosk.	257,000	Approved	Monterey Highway and Alma Avenue	4.7	N/A
5. North Forty	Los Gatos	A & B	Project calls for 750 housing units and a maximum of 580,000 square feet of commercial space.	580,000	Planned	Los Gatos Blvd. and Highway 85	4.8	N/A
6. Lincoln/Mercury Site	Los Gatos	A & B	Project entails demolition of a former car dealership and new construction of 40,000 square feet of neighborhood retail.	40,000	Approved	15400 Los Gatos Blvd.	5.3	2013
7. Chevy Site	Los Gatos	A & B	This project includes demolition of a former Chevrolet dealership. New construction planned of a 14,000-square-foot CVS store. Project would replace the existing store at 750 Blossom Hill Road. Project includes an additional 12,500 square feet of neighborhood-serving retail.	12,500 (1)	Approved	15600 Los Gatos Blvd.	5.6	2012
8. Swanson's Ford	Los Gatos	A & B	Redevelopment of former auto dealership for two neighborhood-serving commercial buildings and 25 units of housing	30,790	Approved	16005 Los Gatos Blvd.	6.4	2012

**Exhibit 26**  
**Almaden Ranch**  
**Cumulative Major Retail Developments (25,000+ Square Feet)**  
**Within and Bordering the Market Area**  
**October 2011**

Project	City	Market Area (A,B,C)	Description	Estimated Net New Retail Square Footage	Status	Location	Distance from Almaden Ranch (Miles)	Expected Opening/Completion
9. Fruitdale Station	San Jose	B	Phase II under construction, includes 256 residential units.	29,000	Under Construction	Fruitdale Ave and Southwest Expwy	6.8	2012
10. Ohlone	San Jose	None	A mixed-use development with 825 residential units.	50,000	Planned	San Carlos Street and Sunol Street	7.1	N/A
11. Whole Foods	San Jose	None	Construction of a new Whole Foods Market.	43,997	Approved	The Alameda and Stockton Ave.	7.7	N/A
12. Evergreen Village	San Jose	None	Two-story commercial building with neighborhood-serving retail.	36,500	Approved	Cortona Drive, Classico Ave. and Ruby Ave.	9.0	N/A
13. Valley Fair Expansion	San Jose	None	Expansion into surrounding parking lots to create 95 new stores and 2 additional anchors. Project is currently on hold due to the economy.	1,537,095	Approved Site	2855 Stevens Creek Blvd.	10.1	N/A
14. Brokaw Commons	San Jose	None	An estimated 85,000 square feet are under construction, remainder to begin when a tenant is secured; 45,000 square feet are for a health club.	102,000	Under Construction	Old Oakland Road and Brokaw Road	12.4	2012
15. Flea Market	San Jose	None	Project includes demolition of existing flea market parking lot and has approval for 242 residential units, with plans for total development of 2,818 residential units, as well as a build out of a maximum 365,622 square feet of retail.	104,250	Planned Development on file	Beryessa Road near Lundy Ave.	13.7	N/A
16. Retail @ 1st	San Jose	None	A phased project, includes an already completed Hotel, Target, and other retail. The final 45,000 square feet of retail is under construction.	45,000	Under Construction	N 1st Street and Holger Way	13.9	2012

Sources: Planning Departments in the cities of San Jose, Los Gatos, Campbell, and Saratoga; and ALH Urban & Regional Economics.

(1) This project would replace an existing store, resulting in an estimated net increment of new retail space for the 12,500 square feet of neighborhood serving retail.

**Exhibit 27**  
**Almaden Ranch**  
**Sales Estimates for Cumulative Projects by Market Area (1)**  
**In 2011 Dollars**

Project Name	City	Market Area (A,B,C)	Distance from Almaden Ranch (Miles)	Estimated Sq. Ft. (2)	Sales per Sq. Ft.	Total Sales	Estimated Sales Contributed by Market Area Residents
				[A]	[B]	[C = A * B]	[D = C * % MA Sales]
<b>Market Area A: Building Materials Anchor</b>							
1. Walmart	San Jose	A, B & C	0.2	92,500	\$431 (3)	\$39,867,500	\$31,894,000 (4)
2. Sunflower Farmer's Market	San Jose	A, B & C	0.4	36,560	\$548 (5)	\$20,021,614	\$16,017,291 (4)
4. Sun Garden	San Jose	A & B	4.7	257,000	\$360 (6)	\$92,520,000	\$37,008,000 (7)
6. Lincoln/Mercury Site	Los Gatos	A & B	5.3	40,000	\$444 (8)	\$17,760,000	\$8,880,000 (9)
7. Chevy Site	Los Gatos	A & B	5.6	12,500	\$444 (8)	\$5,550,000	\$2,775,000 (9)
8. Swanson's Ford	Los Gatos	A & B	6.4	30,790	\$444 (8)	\$13,670,760	\$6,835,380 (9)
9. Fruitdale Station	San Jose	B	6.8	29,000	\$444 (8)	\$12,876,000	\$1,287,600 (10)
10. Ohlone	San Jose	No	7.1	50,000	\$444 (8)	\$22,200,000	\$1,110,000 (11)
<b>Market Area A Total</b>				<b>548,350</b>		<b>\$224,465,874</b>	<b>\$105,807,271</b>
<b>Market Area B: General Merchandise Anchor</b>							
1. Walmart	San Jose	A, B & C	0.2	92,500	\$431 (3)	\$39,867,500	\$31,894,000 (4)
2. Sunflower Farmer's Market	San Jose	A, B & C	0.4	36,560	\$548 (5)	\$20,021,614	\$16,017,291 (4)
4. Sun Garden	San Jose	A & B	4.7	257,000	\$360 (6)	\$92,520,000	\$37,008,000 (7)
6. Lincoln/Mercury Site	Los Gatos	A & B	5.3	40,000	\$444 (8)	\$17,760,000	\$8,880,000 (9)
7. Chevy Site	Los Gatos	A & B	5.6	12,500	\$444 (8)	\$5,550,000	\$2,775,000 (9)
8. Swanson's Ford	Los Gatos	A & B	6.4	30,790	\$444 (8)	\$13,670,760	\$6,835,380 (9)
9. Fruitdale Station	San Jose	B	6.8	29,000	\$444 (8)	\$12,876,000	\$9,013,200 (12)
10. Ohlone	San Jose	No	7.1	50,000	\$444 (8)	\$22,200,000	\$1,110,000 (11)
<b>Market Area B Total</b>				<b>548,350</b>		<b>\$224,465,874</b>	<b>\$113,532,871</b>

**Exhibit 27**  
**Almaden Ranch**  
**Sales Estimates for Cumulative Projects by Market Area**  
**In 2011 Dollars (1)**

Project Name	City	Market Area (A,B,C)	Distance from Almaden Ranch (Miles)	Estimated Sq. Ft. (2)	Sales per Sq. Ft.	Total Sales	Estimated Sales Contributed by Market Area Residents
				[A]	[B]	[C = A * B]	[D = C * % MA Sales]
1. Walmart	San Jose	A, B & C	0.2	92,500	\$431 (3)	\$39,867,500	\$23,920,500 (4)
2. Sunflower Farmers Market	San Jose	A, B & C	0.4	36,560	\$548 (5)	\$20,021,614	\$16,017,291 (4)
4. Sun Garden	San Jose	A & B	4.7	257,000	\$360 (6)	\$92,520,000	\$9,252,000 (10)
6. Lincoln/Mercury Site	Los Gatos	A & B	5.3	40,000	\$444 (8)	\$17,760,000	\$1,776,000 (10)
7. Chevy Site	Los Gatos	A & B	5.6	12,500	\$444 (8)	\$5,550,000	\$555,000 (10)
8. Swanson's Ford	Los Gatos	A & B	6.4	30,790	\$444 (8)	\$13,670,760	\$1,367,076 (10)
9. Fruitdale Station	San Jose	B	6.8	29,000	\$444 (8)	\$12,876,000	\$1,287,600 (10)
10. Ohlone	San Jose	No	7.1	50,000	\$444 (8)	\$22,200,000	\$2,220,000 (10)
<b>Market Area C Total</b>				<b>548,350</b>		<b>\$224,465,874</b>	<b>\$56,395,467</b>

**Market Area C: Food Store Anchor**

Sources: Retail MAXIM's *Alternative Retail Risk Analysis for Alternative Capital, July 2011*; and ALH Urban and Regional

- (1) Projects with an undetermined timeline are too speculative to include their sales in this analysis, as well as projects that are relatively distant from the Project site and too small to be considered competitive. Project numbers correspond with the numbering in Exhibit 26.
- (2) See Exhibit 26.
- (3) Walmart sales per square foot estimate is based on the Walmart January 2011 annual 10-K report. 2010 annual sales estimates is adjusted to reflect 2011 dollars based on the CPI index.
- (4) ALH Urban & Regional Economics estimates that 60- 80 percent of sales for the Walmart project will be attributed to consumers residing in an area overlapping with the Project's market area and 80 percent for the Sunflower Farmer's Market.
- (5) Average sales for grocery stores. See Exhibit 2.
- (6) Average sales per square foot for the generalized average of Other Retail and Neighborhood retail categories.
- (7) ALH Urban & Regional Economics estimates that 40 percent of sales for this project will be attributed to consumers residing in an area overlapping with the Project's market area.
- (8) Average sales per square foot for the Neighborhood Center retail category as reported by Retail MAXIM.
- (9) ALH Urban & Regional Economics estimates that 50 percent of sales for this project will be attributed to consumers residing in an area overlapping with the Project's market area.
- (10) ALH Urban & Regional Economics estimates that 10 percent of sales for this project will be attributed to consumers residing outside in an area overlapping with the Project's market area.
- (11) ALH Urban & Regional Economics estimates that 5 percent of sales for this project will be attributed to consumers residing in an area overlapping with the Project's market area.
- (12) ALH Urban & Regional Economics estimates that 70 percent of sales for this project will be attributed to consumers residing in an area overlapping with the Project's market area.

**Exhibit 28**  
**Almaden Ranch**  
**Estimate of Cumulative Projects Sales By BOE Category (1)(2)**  
**In 2011 Dollars**

Planned Store Type (3)	Estimated Market Area Sales (4)	Home Furnishings and Appliance Stores	Building Materials and Garden Equip	Food and Beverage Stores	Clothing and Clothing Accessories Stores	General Merchandise Stores	Food Services and Drinking Places	Other Retail Group
<b><u>Market Area A: Building Materials Anchor</u></b>								
1. Walmart (5)	\$31,894,000	\$2,530,720	\$0	\$6,697,740	\$3,543,007	\$5,820,655	\$0	\$13,301,878
2. Sunflower Farmer's Market	\$16,017,291	\$0	\$0	\$16,017,291	\$0	\$0	\$0	\$0
4. Sun Garden	\$37,008,000	\$1,850,400	\$3,700,800	\$5,551,200	\$3,700,800	\$16,653,600	\$1,850,400	\$3,700,800
6. Lincoln/Mercury	\$8,880,000	\$0	\$0	\$3,552,000	\$0	\$1,776,000	\$1,776,000	\$1,776,000
7. Chevy Site	\$2,775,000	\$0	\$0	\$1,110,000	\$0	\$555,000	\$555,000	\$555,000
8. Swanson's Ford	\$6,835,380	\$0	\$0	\$2,734,152	\$0	\$1,367,076	\$1,367,076	\$1,367,076
9. Fruitdale Station	\$1,287,600	\$0	\$0	\$515,040	\$0	\$257,520	\$257,520	\$257,520
10. Ohlone	\$1,110,000	\$0	\$0	\$444,000	\$0	\$222,000	\$222,000	\$222,000
<b>Market Area A Total</b>	<b>\$105,807,271</b>	<b>\$4,381,120</b>	<b>\$3,700,800</b>	<b>\$36,621,423</b>	<b>\$7,243,807</b>	<b>\$26,651,851</b>	<b>\$6,027,996</b>	<b>\$21,180,274</b>
<b><u>Market Area B: General Merchandise Anchor</u></b>								
1. Walmart (5)	\$31,894,000	\$3,508,340	\$0	\$7,654,560	\$4,146,220	\$5,581,450	\$0	\$11,003,430
2. Sunflower Farmer's Market	\$16,017,291	\$0	\$0	\$16,017,291	\$0	\$0	\$0	\$0
4. Sun Garden	\$37,008,000	\$1,850,400	\$3,700,800	\$5,551,200	\$3,700,800	\$16,653,600	\$1,850,400	\$3,700,800
6. Lincoln/Mercury	\$8,880,000	\$0	\$0	\$3,552,000	\$0	\$1,776,000	\$1,776,000	\$1,776,000
7. Chevy Site	\$2,775,000	\$0	\$0	\$1,110,000	\$0	\$555,000	\$555,000	\$555,000
8. Swanson's Ford	\$6,835,380	\$0	\$0	\$2,734,152	\$0	\$1,367,076	\$1,367,076	\$1,367,076
9. Fruitdale Station	\$9,013,200	\$0	\$0	\$3,605,280	\$0	\$1,802,640	\$1,802,640	\$1,802,640
10. Ohlone	\$1,110,000	\$0	\$0	\$444,000	\$0	\$222,000	\$222,000	\$222,000
<b>Market Area B Total</b>	<b>\$113,532,871</b>	<b>\$5,358,740</b>	<b>\$3,700,800</b>	<b>\$40,668,483</b>	<b>\$7,847,020</b>	<b>\$27,957,766</b>	<b>\$7,573,116</b>	<b>\$20,426,946</b>

**Exhibit 28**  
**Almaden Ranch**  
**Estimate of Cumulative Projects Sales By BOE Category (1)(2)**  
**In 2011 Dollars**

Planned Store Type (3)	Estimated Market Area Sales (4)	Home Furnishings and Appliance Stores	Building Materials and Garden Equip	Food and Beverage Stores	Clothing and Accessories Stores	General Merchandise Stores	Food Services and Drinking Places	Other Retail Group
<b>Mark Area C : Food Store Anchor</b>								
1. Walmart (5)	\$23,920,500	\$3,508,340	\$0	\$5,740,920	\$3,109,665	\$4,186,088	\$0	\$8,252,573
2. Sunflower Farmer's Market	\$16,017,291	\$0	\$0	\$16,017,291	\$0	\$0	\$0	\$0
4. Sun Garden	\$9,252,000	\$462,600	\$925,200	\$1,387,800	\$925,200	\$4,163,400	\$462,600	\$925,200
6. Lincoln/Mercury	\$1,776,000	\$0	\$0	\$710,400	\$0	\$355,200	\$355,200	\$355,200
7. Chevy Site	\$555,000	\$0	\$0	\$222,000	\$0	\$111,000	\$111,000	\$111,000
8. Swanson's Ford	\$1,367,076	\$0	\$0	\$546,830	\$0	\$273,415	\$273,415	\$273,415
9. Fruitdale Station	\$1,287,600	\$0	\$0	\$515,040	\$0	\$257,520	\$257,520	\$257,520
10. Ohlone	\$2,220,000	\$0	\$0	\$888,000	\$0	\$444,000	\$444,000	\$444,000
<b>Market Area C Total</b>	<b>\$56,395,467</b>	<b>\$3,970,940</b>	<b>\$925,200</b>	<b>\$26,028,282</b>	<b>\$4,034,865</b>	<b>\$9,790,623</b>	<b>\$1,903,735</b>	<b>\$10,618,908</b>

Source: ALH Urban & Regional Economics.

(1) Retail categories to which no sales are allocated are not shown in this exhibit. Project numbers correspond with the numbering in Exhibit 26.

(2) Figures may not total due to rounding.

(3) Allocations estimated by ALH Urban & Regional Economics, based on distributions at typical shopping centers. See Exhibit B-12.

(4) See Exhibit 27.

(5) See Exhibit B-11. Given the relatively small size of the planned Walmart store, the food and beverage sales category was adjusted downward by 50 percent of the typical Walmart Food and Beverage sales. Relevant categories were adjusted upward to reflect this estimate.

**Exhibit 29**  
**Almaden Ranch**  
**Potential Sales Impacts from Cumulative Projects, Including Almaden Ranch (1)**  
**Almaden Ranch Building Materials Market Area**  
**In 2011 Dollars**

Retail Category	Sales Generated by Market Area Residents			Market Area Leakage			Sales Impact	
	Almaden Ranch (2) [A]	Cumulative Projects (3) [B]	Total [C]	Market Area Sales Base (4) [D]	Market Area Leakage (4) [E]	Cumulative Projects Recapture (5) [F]	Amount [G = C + F]	Percent of Market Area Sales Base [H = G / D]
Motor Vehicle and Parts Dealers	\$132,239	\$0	\$132,239	\$413,456,729	(\$271,592,504)	(\$132,239)	\$0	0.0%
Home Furnishings and Appliances	\$14,431,693	\$4,381,120	\$18,812,812	\$100,289,670	(\$42,716,468)	(\$9,406,406)	\$9,406,406	9.4%
Building Materials and Garden Equip.	\$20,799,300	\$3,700,800	\$24,500,100	\$160,504,615	(\$271,092,050)	(\$24,500,100)	\$0	0.0%
Food and Beverage Stores	\$12,267,072	\$36,621,423	\$48,888,495	\$577,350,332	(\$155,423,015)	(\$24,444,248)	\$24,444,248	4.2%
Gasoline Stations	\$0	\$0	\$0	\$364,216,041	(\$88,714,269)	N/A	\$0	0.0%
Clothing and Clothing Accessories	\$2,982,614	\$7,243,807	\$10,226,421	\$196,989,742	(\$17,535,227)	(\$5,113,210)	\$5,113,210	2.6%
General Merchandise Stores	\$9,907,520	\$26,651,851	\$36,559,371	\$215,392,205	(\$515,792,258)	(\$36,559,371)	\$0	0.0%
Food Services and Drinking Places	\$14,162,226	\$6,027,996	\$20,190,222	\$413,676,633	(\$174,614,121)	(\$20,190,222)	\$0	0.0%
Other Retail Group	\$14,444,830	\$21,180,274	\$35,625,104	\$354,612,332	(\$176,633,967)	(\$35,625,104)	\$0	0.0%
<b>Total</b>	<b>\$89,127,493</b>	<b>\$105,807,271</b>	<b>\$194,934,765</b>	<b>\$2,796,488,300</b>	<b>(\$1,724,113,880)</b>	<b>(\$155,970,900)</b>	<b>\$38,963,864</b>	<b>1.4%</b>

Source: ALH Urban & Regional Economics.

(1) Excludes Gasoline Station Category.

(2) See Exhibit 3.

(3) See Exhibit 28.

(4) See Exhibit 18.

(5) Potential cumulative project leakage recapture figures are based upon assumptions prepared by ALH Urban & Regional Economics. The assumptions vary by category, depending upon the nature of the prospective cumulative project tenant, the type of existing market area retailers, and the likelihood that retailers outside the market area will continue to attract sales from the market area retailers due to their brand, national orientation, or regional prevalence.

**Exhibit 30**  
**Almaden Ranch**  
**Potential Sales Impacts from Cumulative Projects, Including Almaden Ranch (1)**  
**Almaden Ranch General Merchandise Market Area**  
**In 2011 Dollars**

Retail Category	Sales Generated by Market Area Residents			Market Area Leakage			Sales Impact	
	Almaden Ranch (2)		Total	Market Area Leakage		Cumulative Projects	Amount	Percent of Market Area Sales Base
	[A]	[B]	[C]	[D]	[E]	[F]	[G = C + F]	[H = G / D]
Motor Vehicle and Parts Dealers	\$355,146	\$0	\$355,146	\$364,653,616	(\$324,622,289)	(\$355,146)	\$0	0.0%
Home Furnishings and Appliances	\$3,631,675	\$5,358,740	\$8,990,415	\$138,383,517	(\$1,998,682)	(\$899,042)	\$8,091,374	5.8%
Building Materials and Garden Equip.	\$917,738	\$3,700,800	\$4,618,538	\$274,692,490	(\$149,526,407)	(\$4,618,538)	\$0	0.0%
Food and Beverage Stores	\$12,267,072	\$40,668,483	\$52,935,555	\$520,810,674	(\$212,766,726)	(\$52,935,555)	\$0	0.0%
Gasoline Stations	\$0	\$0	\$0	\$365,338,096	(\$101,992,545)	\$0	\$0	0.0%
Clothing and Clothing Accessories	\$8,010,229	\$7,847,020	\$15,857,249	\$215,389,387	\$0	\$0	\$15,857,249	7.4%
General Merchandise Stores	\$26,608,040	\$27,957,766	\$54,565,806	\$382,169,709	(\$344,595,637)	(\$54,565,806)	\$0	0.0%
Food Services and Drinking Places	\$14,162,226	\$7,573,116	\$21,735,342	\$433,840,840	(\$148,751,071)	(\$21,735,342)	\$0	0.0%
Other Retail Group	\$21,055,927	\$20,426,946	\$41,482,873	\$435,985,751	(\$93,359,898)	(\$20,741,437)	\$20,741,437	4.8%
<b>Total</b>	<b>\$87,008,054</b>	<b>\$113,532,871</b>	<b>\$200,540,925</b>	<b>\$3,131,264,081</b>	<b>(\$1,479,605,801)</b>	<b>(\$155,850,855)</b>	<b>\$44,690,060</b>	<b>1.4%</b>

Source: ALH Urban & Regional Economics.

(1) Excludes Gasoline Station Category.

(2) See Exhibit 3.

(3) See Exhibit 28.

(4) See Exhibit 19.

(5) See Exhibit 19.

(6) Potential cumulative project leakage recapture figures are based upon assumptions prepared by ALH Urban & Regional Economics. The assumptions vary by category, depending upon the nature of the prospective cumulative project tenant, the type of existing market area retailers, and the likelihood that retailers outside the market area will continue to attract sales from the market area retailers due to their brand, national orientation, or regional prevalence.

**Exhibit 31**  
**Almaden Ranch**  
**Potential Sales Impacts from Cumulative Projects, Including Almaden Ranch (1)**  
**Almaden Ranch Grocery Market Area**  
**In 2011 Dollars**

Retail Category	Sales Generated by Market Area Residents			Market Area Leakage			Sales Impact	
	Almaden Ranch (2)	Cumulative Projects (3)	Total (C)	Market Area Sales Base (4)	Market Area Leakage (4)	Cumulative Projects Recapture (5)	Amount (G = C + F)	Percent of Market Area Sales Base (H = G / D)
Motor Vehicle and Parts Dealers	\$281,148	\$0	\$281,148	\$319,339,624	(\$194,790,999)	(\$281,148)	\$0	0.0%
Home Furnishings and Appliances	\$2,874,984	\$3,970,940	\$6,845,924	\$76,284,285	(\$27,441,267)	(\$3,422,962)	\$3,422,962	4.5%
Building Materials and Garden Equip.	\$726,519	\$925,200	\$1,651,719	\$162,388,894	(\$151,213,778)	(\$1,651,719)	\$0	0.0%
Food and Beverage Stores	\$48,642,462	\$26,028,282	\$74,670,744	\$354,751,918	(\$191,378,451)	(\$37,335,372)	\$37,335,372	10.5%
Gasoline Stations	\$0	\$0	\$0	\$252,886,414	(\$96,129,314)	N/A	\$0	0.0%
Clothing and Clothing Accessories	\$6,341,227	\$4,034,865	\$10,376,092	\$162,359,384	\$0	\$0	\$10,376,092	6.4%
General Merchandise Stores	\$21,064,018	\$9,790,623	\$30,854,641	\$231,155,318	(\$308,428,671)	(\$30,854,641)	\$0	0.0%
Food Services and Drinking Places	\$14,162,226	\$1,903,735	\$16,065,961	\$277,847,160	(\$154,086,035)	(\$16,065,961)	\$0	0.0%
Other Retail Group	\$18,861,261	\$10,618,908	\$29,480,169	\$258,988,755	(\$134,394,517)	(\$14,740,084)	\$14,740,084	5.7%
<b>Total</b>	<b>\$112,953,845</b>	<b>\$57,272,552</b>	<b>\$170,226,397</b>	<b>\$2,096,001,752</b>	<b>(\$1,257,863,033)</b>	<b>(\$104,351,887)</b>	<b>\$65,874,510</b>	<b>3.1%</b>

Source: ALH Urban & Regional Economics.

(1) Excludes Gasoline Station Category.

(2) See Exhibit 3.

(3) See Exhibit 28.

(4) See Exhibit 20.

**Exhibit 32  
Almaden Ranch  
City of San Jose Vacancy Trends  
2006 Through Q3 2011**

Period	Rentable Building Area				Total Net Absorption	Leasing Activity			New Construction		
	# Bldgs	Total SF	Vacant SF	Percent Vacant		Occupied SF	Total Deals	Total SF Leased	Number Delivered	RBA Delivered	# Under Const
2011 3Q	2,880	35,334,036	1,792,128	5.1%	33,541,908	78	264,948	5	78,034	0	0
2011 2Q	2,876	35,278,376	1,961,521	5.6%	33,316,855	68	245,007	0	0	4	55,660
2011 1Q	2,876	35,278,376	1,927,189	5.5%	33,351,187	70	266,426	5	117,623	4	55,660
2010 4Q	2,871	35,160,753	1,838,533	5.2%	33,322,220	56	175,295	2	60,662	8	168,783
2010 3Q	2,869	35,100,091	1,824,027	5.2%	33,276,064	61	210,433	2	144,480	10	229,445
2010 2Q	2,867	34,955,611	1,846,223	5.3%	33,109,388	55	116,342	1	7,918	11	352,090
2010 1Q	2,866	34,947,693	1,916,571	5.5%	33,031,122	64	187,957	2	7,730	10	350,673
2009 4Q	2,864	34,939,963	1,807,672	5.2%	33,132,291	53	143,796	7	222,447	8	180,416
2009 3Q	2,857	34,717,516	1,702,909	4.9%	33,014,607	44	90,260	2	34,412	13	344,945
2009 2Q	2,855	34,683,104	1,609,063	4.6%	33,074,041	51	247,859	0	0	13	204,788
2009 1Q	2,855	34,683,104	1,660,623	4.8%	33,022,481	55	136,896	4	52,826	11	191,065
2008 4Q	2,851	34,630,278	1,226,905	3.5%	33,403,373	43	107,817	4	159,446	12	227,006
2008 3Q	2,846	34,459,383	1,076,340	3.1%	33,383,043	41	119,845	2	33,011	12	309,065
2008 2Q	2,842	34,409,479	991,361	2.9%	33,418,118	42	96,649	2	12,062	16	358,969
2008 1Q	2,836	34,360,053	982,738	2.9%	33,377,315	49	76,703	29	543,065	17	376,748
2007 4Q	2,814	33,882,694	1,020,362	3.0%	32,862,332	45	107,975	1	24,436	33	650,053
2007 3Q	2,811	33,715,672	998,970	3.0%	32,716,702	46	64,330	1	22,780	29	759,149
2007 2Q	2,810	33,692,892	902,930	2.7%	32,789,962	23	71,977	1	2,900	20	712,375
2007 1Q	2,807	33,682,602	1,325,509	3.9%	32,357,093	21	66,515	20	262,627	21	693,359
2006 4Q	2,791	33,569,951	1,718,634	5.1%	31,851,317	20	57,861	1	11,250	36	668,294
2006 3Q	2,789	33,556,201	1,790,761	5.3%	31,765,440	18	40,696	1	7,700	35	671,754
2006 2Q	2,787	33,526,401	1,756,187	5.2%	31,770,214	36	96,398	0	0	5	49,184
2006 1Q	2,785	33,490,951	1,514,858	4.5%	31,976,093	14	29,287	12	251,097	6	82,134

Source: Costar.

**Exhibit 33  
Almaden Ranch  
City of Campbell Vacancy Trends  
2006 Through Q3 2011**

Period	Rentable Building Area				Total Net Absorption	Leasing Activity		New Construction				
	# Bldgs	Total SF	Vacant SF	Percent Vacant		Occupied SF	Total Deals	Total SF Leased	Number Delivered	RBA Delivered	# Under Const	RBA Under Const
2011 3Q	324	3,151,386	78,509	2.5%	3,072,877	24,306	4	7,600	0	0	0	0
2011 2Q	324	3,151,386	102,815	3.3%	3,048,571	(17,414)	7	32,128	0	0	0	0
2011 1Q	324	3,151,386	85,401	2.7%	3,065,985	65,129	9	28,264	0	0	0	0
2010 4Q	324	3,151,386	150,530	4.8%	3,000,856	12,094	5	8,445	0	0	0	0
2010 3Q	324	3,151,386	162,624	5.2%	2,988,762	(7,901)	5	12,804	0	0	0	0
2010 2Q	324	3,151,386	154,723	4.9%	2,996,663	16,060	7	60,392	0	0	0	0
2010 1Q	324	3,151,386	170,783	5.4%	2,980,603	856	9	16,609	1	8,000	0	0
2009 4Q	323	3,143,386	163,639	5.2%	2,979,747	16,081	5	15,901	0	0	1	8,000
2009 3Q	323	3,143,386	179,720	5.7%	2,963,666	(9,813)	9	19,331	0	0	1	8,000
2009 2Q	323	3,143,386	169,907	5.4%	2,973,479	33,056	5	3,595	1	2,721	0	0
2009 1Q	324	3,153,325	212,902	6.8%	2,940,423	(86,464)	5	13,301	0	0	1	2,721
2008 4Q	324	3,153,325	126,438	4.0%	3,026,887	(10,268)	6	12,378	0	0	0	0
2008 3Q	324	3,153,325	116,170	3.7%	3,037,155	14,124	6	15,926	0	0	0	0
2008 2Q	326	3,160,298	137,267	4.3%	3,023,031	(18,362)	4	7,850	0	0	0	0
2008 1Q	326	3,160,298	118,905	3.8%	3,041,393	(8,716)	4	12,595	0	0	0	0
2007 4Q	326	3,160,298	110,189	3.5%	3,050,109	(15,690)	5	7,659	0	0	0	0
2007 3Q	326	3,160,298	94,499	3.0%	3,065,799	6,577	2	6,440	0	0	0	0
2007 2Q	326	3,160,298	101,076	3.2%	3,059,222	(27,193)	2	6,581	0	0	0	0
2007 1Q	326	3,160,298	73,883	2.3%	3,086,415	132,873	3	19,671	1	44,176	0	0
2006 4Q	325	3,116,122	162,580	5.2%	2,953,542	135,429	2	8,522	1	90,805	1	44,176
2006 3Q	325	3,028,317	210,204	6.9%	2,818,113	90,876	6	15,958	2	101,728	2	134,981
2006 2Q	323	2,926,589	199,352	6.8%	2,727,237	(14,682)	6	9,319	0	0	3	192,533
2006 1Q	323	2,926,589	184,670	6.3%	2,741,919	(7,237)	2	8,700	0	0	3	192,533

Source: Costar.

**Exhibit 34**  
**Almaden Ranch**  
**City of Los Gatos Vacancy Trends**  
**2006 Through Q3 2011**

Period	Rentable Building Area				Total Net Absorption	Leasing Activity		New Construction			
	# Bldgs	Total SF	Vacant SF	Percent Vacant		Occupied SF	Total Deals	Total SF Leased	Number Delivered	RBA Delivered	# Under Const
2011 3Q	228	1,849,922	130,146	7.0%	1,719,776	5	9,351	1	40,000	0	0
2011 2Q	227	1,809,922	103,546	5.7%	1,706,376	11	13,360	0	0	1	40,000
2011 1Q	227	1,809,922	118,792	6.6%	1,691,130	14	22,506	0	0	1	40,000
2010 4Q	227	1,809,922	133,294	7.4%	1,676,628	6	18,678	0	0	1	40,000
2010 3Q	227	1,809,922	109,685	6.1%	1,700,237	4	6,940	0	0	1	40,000
2010 2Q	227	1,809,922	90,701	5.0%	1,719,221	8	14,431	0	0	0	0
2010 1Q	227	1,809,922	94,105	5.2%	1,715,817	12	26,279	0	0	0	0
2009 4Q	227	1,809,922	101,314	5.6%	1,708,608	14	27,889	0	0	0	0
2009 3Q	227	1,809,922	99,356	5.5%	1,710,566	6	13,577	0	0	0	0
2009 2Q	227	1,809,922	81,044	4.5%	1,728,878	3	3,517	1	9,977	0	0
2009 1Q	226	1,799,945	75,873	4.2%	1,724,072	0	0	0	0	1	9,977
2008 4Q	226	1,799,945	56,129	3.1%	1,743,816	5	22,388	0	0	1	9,977
2008 3Q	226	1,799,945	55,445	3.1%	1,744,500	8	4,844	0	0	1	9,977
2008 2Q	226	1,799,945	56,747	3.2%	1,743,198	2	1,120	0	0	1	9,977
2008 1Q	226	1,799,945	52,871	2.9%	1,747,074	1	0	0	0	1	9,977
2007 4Q	226	1,799,945	46,694	2.6%	1,753,251	5	8,486	0	0	0	0
2007 3Q	226	1,799,945	45,980	2.6%	1,753,965	2	5,550	0	0	0	0

Source: Costar.

**Exhibit 35**  
**Almaden Ranch**  
**City of Saratoga Vacancy Trends**  
**2006 Through Q3 2011**

Period	Rentable Building Area				Total Net Absorption	Leasing Activity			New Construction		
	# Bldgs	Total SF	Vacant SF	Percent Vacant		Occupied SF	Total Deals	Total SF Leased	Number Delivered	RBA Delivered	# Under Const
2011 3Q	69	722,569	45,543	6.3%	677,026	6	9,688	0	0	0	0
2011 2Q	69	722,569	44,614	6.2%	(1,970)	4	6,583	0	0	0	0
2011 1Q	69	722,569	42,644	5.9%	6,512	4	7,692	0	0	0	0
2010 4Q	69	722,569	49,156	6.8%	3,052	1	1,214	0	0	0	0
2010 3Q	69	722,569	52,208	7.2%	(10,512)	1	625	0	0	0	0
2010 2Q	69	722,569	41,696	5.8%	(3,002)	0	0	0	0	0	0
2010 1Q	69	722,569	38,694	5.4%	(2,083)	2	3,550	0	0	0	0
2009 4Q	69	722,569	36,611	5.1%	(2,642)	1	2,371	0	0	0	0
2009 3Q	69	722,569	33,969	4.7%	1,966	4	6,453	0	0	0	0
2009 2Q	69	722,569	35,935	5.0%	4,780	0	0	0	0	0	0
2009 1Q	69	722,569	40,715	5.6%	6,954	2	3,301	0	0	0	0
2008 4Q	69	722,569	47,669	6.6%	1,201	1	688	0	0	0	0
2008 3Q	69	722,569	48,870	6.8%	(6,150)	2	4,000	0	0	0	0
2008 2Q	69	722,569	42,720	5.9%	8,182	4	6,673	0	0	0	0
2008 1Q	69	722,569	50,902	7.0%	(7,228)	1	1,143	0	0	0	0
2007 4Q	69	722,569	43,674	6.0%	(14,461)	0	0	0	0	0	0
2007 3Q	69	722,569	29,213	4.0%	11,277	2	2,670	0	0	0	0
2007 2Q	69	722,569	40,490	5.6%	(10,050)	2	4,970	0	0	0	0
2007 1Q	69	722,569	30,440	4.2%	19,551	2	6,040	0	0	0	0
2006 4Q	69	722,569	49,991	6.9%	17,597	0	2,807	0	0	0	0
2006 3Q	69	722,569	67,588	9.4%	(4,471)	4	10,292	0	0	0	0
2006 2Q	69	722,569	63,117	8.7%	(8,350)	2	2,550	0	0	0	0
2006 1Q	69	722,569	54,767	7.6%	(4,676)	1	612	1	4,024	0	0

Source: Costar.

**Exhibit 36**  
**Almaden Ranch**  
**Summary of Lease Transactions, Number and Amount of Space**  
**Market Area Cities**  
**October 2010 - October 2011**

<b>Market Area City</b>	<b>Number of Leases</b>	<b>Square Feet Leased</b>	<b>Average Size Leased Space</b>
<b>San Jose (1)</b>	<b>91</b>	<b>297,141</b>	<b>3,265</b>
<b>Campbell (2)</b>	<b>4</b>	<b>23,199</b>	<b>5,800</b>
<b>Los Gatos (3)</b>	<b>13</b>	<b>24,137</b>	<b>1,857</b>
<b>Saratoga (4)</b>	<b>10</b>	<b>19,710</b>	<b>1,971</b>
<b>Total</b>	<b>118</b>	<b>364,187</b>	<b>3,086</b>

Sources: Costar; CB Richard Ellis; and ALH Urban & Regional Economics.

(1) See Exhibit B-13.

(2) See Exhibit B-14.

(3) See Exhibit B-15.

(4) See Exhibit B-16.

**Exhibit 37**  
**Almaden Ranch**  
**Examples of Backfilled Tenants in San Jose, Campbell, and Los Gatos**

Location	City	Driving		Prior Tenant	Current/Future Tenant	Estimated Occupancy Date	Estimated Square Footage
		Distance from Site (Miles)					
5095 Almaden Expressway	San Jose	0.2		Home Depot Expo	Walmart	2012	92,500
4606 Almaden Expressway	San Jose	0.2		Woolworth Nursery	Summer Winds Nursery	2002	N/A
1130 Branham Lane	San Jose	0.3		Orchard Supply Hardware	Sunflower Market	9/2012	36,560
Almaden Plaza	San Jose	0.6		Circuit City	Buybuybaby	Mid-Year 2010	37,849
Almaden Plaza	San Jose	0.6		Levitz Furniture	Ross	Fall 2010	31,000
Almaden Plaza	San Jose	0.6		Levitz Furniture	Ana Furniture	Late 2011	12,500
Almaden Plaza	San Jose	0.6		Ross Dress for Less	Pet Smart	Mid-Year 2011	26,400
1146 Blossom Hill Rd	San Jose	0.7		Payless	Whole Foods	11/2010	50,000
1375 Blossom Hill Rd	San Jose	1.4		Mervyns	Orchard Supply Hardware	9/2011	60,000
Oakridge Mall	San Jose	1.5		Borders Books and Music	Forever 21	Early 2012	20,000
Oakridge Mall	San Jose	1.5		Linen's-N-Things	Nordstrom's Rack	2009	30,000
Hillview Plaza	San Jose	1.6		Office Depot (1)	Harbor Freight Tools	Mid-Year 2011	16,646
2995 Meridian Ave	San Jose	3.8		PW Market	Grocery Outlet	12/2011	19,200
2666 S. Bascom Ave.	San Jose	5.1		Cosentino's Market	Lunardi's Supermarket	2/2011	32,000
15600 Los Gatos Blvd	Los Gatos	5.8		Chevrolet	CVS Pharmacy	2012	14,000
Eastridge Mall	San Jose	6.0		Circuit City	Fresco World Market	Fall 2011	34,000
640 Blossom Hill Rd	Los Gatos	6.3		Hollywood Video	Chipotle	2012	3,100
1001 East Capitol	San Jose	6.4		Rite Aid	Bay Area Fitness Centers	Mid-Year 2011	38,133
50 University Ave	Los Gatos	7.8		Borders Books and Music	Anthropologie	2012	11,000
1523 Parkmoor Ave	San Jose	8.1		Baby's R Us	Big Lots	11/2010	25,000
1545 Parkmoor Ave	San Jose	8.2		U.S. Post Office	Savers	2012	20,000
950 W. Hamilton Avenue	Campbell	8.3		Mervyns	Safeway Grocery	4/2011	56,000
930 W. Hamilton Avenue	Campbell	8.3		Mervyns	Home Consignment Center	6/2011	14,000
5205 Prospect Rd	San Jose	9.2		PW Market	BevMo!	2011	20,000
West Valley Shopping Center	San Jose	9.2		N/A	Sunflower Market	Fall 2012	32,952
5667 Silver Creek Valley Rd	San Jose	9.5		PW Market	New Leaf Market	1/2012	25,000
Westgate Mall	San Jose	9.8		Safeway	(2)	Late 2012	45,000
2222 Business Circle	San Jose	9.9		Savers	Thrift Variety (3)	2012	15,000
5160 Stevens Creek Blvd	San Jose	12.6		Linen's-N-Things	Marshalls	2009	30,000
<b>Total:</b>							<b>847,840</b>

Sources: Claritas; CoStar; City of San Jose; City of Campbell; Silicon Valley Business Journal; area commercial brokers; and ALH Urban and Regional Economics.

- (1) Office Depot is not closing, space is being renovated to accommodate both retailers.
- (2) Space is under contract to a tenant to be named later.
- (3) Space is under contract to a major brand thrift/deep discounter.



## **APPENDIX B: SUPPORT EXHIBITS**



**Exhibit B-1  
Almaden Ranch  
Estimated Major Product Lines and Distribution  
Lowe's and Home Depot**

<b>Category (1) Department</b>	<b>Lowe's National Average Percent of Sales (2)</b>	<b>Home Depot's National Average Percent of Sales (2)</b>	<b>Average Percent of Sales (3)</b>
<b>Home Furnishings and Appliances</b>	<b>38%</b>	<b>40%</b>	<b>39%</b>
Flooring			
Fashion Plumbing, Cabinets			
Appliances			
<b>Building Materials</b>	<b>62%</b>	<b>60%</b>	<b>61%</b>
Lumber and Building Materials			
Hardware			
Plumbing and Electrical Supplies			
Paint, Glass, and Wallpaper			
Garden Supplies			
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Sources: Lowe's, Inc., "2010 Annual Report"; Home Depot, Inc., "2010 Annual Report"; California Board of Equalization (BOE); and ALH Urban & Regional Economics.

(1) As categorized by the BOE.

(2) Figures are a summation of relevant category sales as presented by Lowe's and Home Depot's 2010 Annual Reports.

(3) Average of Home Depot and Lowe's of percent of sales by BOE category.

Exhibit B-2  
 Almaden Ranch  
 Translation of 2007 U.S. Economic Census Retail Sales Categories to BOE Categories  
 Types of Businesses by Broad Product Line  
 General Merchandise Stores  
 2007 Dollars (\$000's)

US Census Sales Category	Retail Sales (in 000's)	BOE Category	Percentage of Total Sales	BOE Category Percentage
Automotive lubricants, including oil, greases, etc.	\$1,639,356	Motor Vehicles & Parts	0.28%	1.1%
Automotive tires, tubes, batteries, parts accessories	\$4,566,084	Motor Vehicles & Parts	0.79%	
RVs, incl camping & travel trailers, campers, parts & accessories	\$1,955	Motor Vehicles & Parts	0.00%	
Curtains, draperies, blinds, slipcovers, bed & table coverings	\$10,693,716	Home Furnishings & Appliances	1.85%	11.0%
Flooring and floor coverings	\$1,634,193	Home Furnishings & Appliances	0.28%	
Furniture, sleep equipment & outdoor/patio furniture	\$7,855,895	Home Furnishings & Appliances	1.36%	
Kitchenware & home furnishings	\$13,105,138	Home Furnishings & Appliances	2.27%	
Major household appliances	\$10,567,289	Home Furnishings & Appliances	1.83%	
Small electric appliances & personal care appliances	\$5,617,704	Home Furnishings & Appliances	0.97%	
TVs, video recorders, video cameras, video tapes, DVDs, etc.	\$14,002,037	Home Furnishings & Appliances	2.42%	
Dimensional lumber & oth bldg/structural materials & supplies	\$102,860	Building Materials & Garden	0.02%	
Hardware, tools, & plumbing & electrical supplies	\$7,389,104	Building Materials & Garden	1.28%	2.8%
Lawn, garden, & farm equipment & supplies	\$7,463,131	Building Materials & Garden	1.29%	
Paint and Sundries	\$1,085,248	Building Materials & Garden	0.19%	
Wallpaper & other flexible wall coverings	\$266	Building Materials & Garden	0.00%	
Groceries & other foods for human consumption off the premises	\$121,139,927	Food Services & Drinking	20.96%	22.0%
Packaged liquor, wine, & beer	\$5,828,853	Food Services & Drinking	1.01%	
Automotive fuels	\$11,343,607	Gasoline Stations	1.96%	2.0%

Exhibit B-2  
 Almaden Ranch  
 Translation of 2007 U.S. Economic Census Retail Sales Categories to BOE Categories  
 Types of Businesses by Broad Product Line  
 General Merchandise Stores  
 2007 Dollars (\$'000's)

US Census Sales Category	Retail Sales (in 000's)	BOE Category	Percentage of Total Sales	BOE Category Percentage
Children's wear, incl boys', girls', infants' & toddlers'	\$50,139,352	Clothing & Accessories	8.67%	24.2%
Footwear, including accessories	\$10,991,130	Clothing & Accessories	1.90%	
Jewelry, incl watches, watch attach, novelty jewelry, etc.	\$7,370,124	Clothing & Accessories	1.28%	
Men's wear, including accessories	\$24,871,785	Clothing & Accessories	4.30%	
Women's, juniors', and misses' wear, including accessories	\$46,633,809	Clothing & Accessories	8.07%	
Paper & related prod, incl paper towels, toilet tissue, wraps, etc.	\$14,538,866	General Merchandise	2.52%	4.8%
Soaps, detergents and household cleaners	\$13,078,333	General Merchandise	2.26%	
Meals, snacks and beverages prepared for immediate consumption	\$2,243,342	Eating & Drinking Places	0.39%	0.4%
Meals, snacks & beverages prepared for catered events	\$2,486	Eating & Drinking Places	0.00%	
All no merchandise receipts	\$2,934,305	Other Retail	0.51%	31.9%
All other merchandise	\$25,623,522	Other Retail	4.43%	
All other merchandise	\$2,788,013	Other Retail	0.48%	
Audio equip, musical instr, radios, stereos, CDs, records, etc.	\$6,732,483	Other Retail	1.16%	
Books	\$2,151,099	Other Retail	0.37%	
Cigars, etc. & smokers' access, excl sls from vending op by others	\$7,708,294	Other Retail	1.33%	
Computer hardware, software, & supplies	\$7,741,481	Other Retail	1.34%	
Drugs, health aids, beauty aids, including cosmetics	\$60,051,501	Other Retail	10.39%	
Household fuels, including oil, LP gas, wood, coal	\$46,223	Other Retail	0.01%	
Optical goods, incl eyeglasses, contact lenses, sunglasses, etc.	\$2,096,688	Other Retail	0.36%	
Pets, pet foods, & pet supplies	\$9,254,114	Other Retail	1.60%	
Photographic equipment & supplies	\$3,307,543	Other Retail	0.57%	
Sewing, knitting materials & supplies, needlework goods, etc.	\$897,698	Other Retail	0.16%	
Sporting goods	\$8,864,422	Other Retail	1.53%	
Toys, hobby goods, & games	\$43,904,722	Other Retail	7.60%	
<b>Total</b>	<b>\$578,007,698</b>		<b>100.0%</b>	

Sources: U.S. Census Bureau, "Sector 44: EC074413: Retail Trade: Industry Series: Preliminary Product Lines Statistics by Kind of Business for the United States: 2007"; California State Board of Equalization; and ALH Urban & Regional Economics.

**Appendix B-3**  
**Almaden Ranch**  
**Estimated General Merchandise Store Sales Distribution (1)**  
**Adjustments Pertinent to Almaden Ranch General Merchandise Tenants (2)**  
**2011 Dollars**

<b>BOE Retail Category (3)</b>	<b>Census Allocations per BOE Category (4)</b>	<b>Percentages Adjusted Less Select Categories (5)</b>	<b>Percentages Adjusted with General Merchandise Reallocation (6)</b>
Motor Vehicles & Parts	1.1%	1.4%	0.7%
Home Furnishings & Appliances	11.0%	14.5%	7.3%
Building Materials	2.8%	3.7%	1.8%
Food & Beverage Stores	22.0%	0.0%	0.0%
Gasoline Stations	2.0%	0.0%	0.0%
Clothing & Accessories	24.2%	32.0%	16.0%
General Merchandise	4.8%	6.3%	53.2%
Food Services & Drinking Places	0.4%	0.0%	0.0%
Other Retail	<u>31.9%</u>	<u>42.1%</u>	<u>21.0%</u>
	100.0%	100.0%	100.0%

Source: ALH Urban & Regional Economics.

(1) The purpose of this exhibit is to develop General Merchandise store sales estimates by type of retail based upon the 2007 U.S. Economic Census Retail Trade Census, types of businesses by broad product line findings for General Merchandise stores. See Exhibit B-2.

(2) Sales distribution adjusted to reflect the categories of retail anticipated to experience competitive pressure from planned Almaden Ranch general merchandise retailers.

(3) Retail store categories identified in Exhibit B-2 that match the State of California Board of Equalization retail categories.

(4) See Exhibit B-2.

(5) Adjusted to exclude categories not likely to be present at Almaden Ranch general merchandise stores, especially given the anticipated composition of the balance of the center. These include restaurants, groceries, and gasoline sales.

(6) Adjusted yet again to reflect the assumption that a general merchandise tenant will be competitive with other general merchandise stores as well as other stores that sell the same mix of goods as a general merchandise retailer.

Exhibit B-4  
 Almaden Ranch  
 Building Materials Market Area Definition  
 Constituent Census Tracts and Best City Match (1)

2000 Census Tract Definitions		2010 Census Tract Definitions	
Census Tract	Best Match City	Census Tract	Best Match City
5024	San Jose	5024	San Jose
5025	San Jose	5025	San Jose
5027.01	San Jose	5027.01	San Jose
5027.02	San Jose	5027.02	San Jose
5028	San Jose	5028	San Jose
5029.01	San Jose	5029.01	San Jose
5029.02	San Jose	5029.02	San Jose
5029.03	San Jose	5029.03	San Jose
5029.06	San Jose	5029.06	San Jose
5029.07	San Jose	5029.07	San Jose
5029.08	San Jose	5029.08	San Jose
5029.09	San Jose	5029.09	San Jose
5029.10	San Jose	5029.10	San Jose
5030.01	San Jose	5030.01	San Jose
5030.02	San Jose	5030.02	San Jose
5030.03	San Jose	5030.03	San Jose
5031.08	San Jose	5031.08	San Jose
5031.15	San Jose	5031.15	San Jose
5031.16	San Jose	5031.16	San Jose
5066.03	San Jose	5066.03	San Jose
5066.04	San Jose	5066.04	San Jose
5067.01	Campbell	5067.01	Campbell
5067.02	Campbell	5067.02	Campbell
5067.03	Campbell (2)	5067.03	Campbell (2)
5068.01	Los Gatos	5068.01	Los Gatos
5068.02	San Jose	5068.02	San Jose
5068.03	San Jose	5068.03	San Jose
5068.04	Los Gatos (3)	5068.04	Los Gatos (3)
5069	Los Gatos	5069	Los Gatos
5070.01	Los Gatos	5070.01	Los Gatos
5070.02	Los Gatos	5070.02	Los Gatos
5071	Los Gatos	5071	Los Gatos
5072.03	Los Gatos	5072.03	Los Gatos
5072.05	Los Gatos	5072.05	Los Gatos
5072.06	Monte Sereno	5072.06	Monte Sereno
5073.01	Saratoga	5073.01	Saratoga
5073.02	Saratoga	5073.02	Saratoga
5074.01	Saratoga	5074.01	Saratoga
5074.02	Saratoga	5074.02	Saratoga
5075	Saratoga	5075	Saratoga
5076	Saratoga	5076	Saratoga

continued on the next page

**Exhibit B-4**  
**Almaden Ranch**  
**Building Materials Market Area Definition**  
**Constituent Census Tracts and Best City Match (1)**

2000 Census Tract Definitions		2010 Census Tract Definitions	
Census Tract	Best Match City	Census Tract	Best Match City
5119.01	San Jose	5119.15	San Jose
		5119.16	San Jose
5119.05	San Jose	5119.05	San Jose
5119.07	San Jose	5119.07	San Jose
5119.09	San Jose (4)	5119.09	San Jose (4)
5119.10	San Jose	5119.10	San Jose
5119.11	San Jose (4)	5119.11	San Jose (4)
5119.12	San Jose	5119.12	San Jose
5119.13	San Jose	5119.13	San Jose
5119.14	San Jose	5119.14	San Jose
5120.05	San Jose	5120.05	San Jose
5120.14	San Jose	5120.45	San Jose
5120.15	San Jose	5120.47	San Jose
5120.16	San Jose	5120.52	San Jose
		5120.53	San Jose
5120.19	San Jose	5120.19	San Jose
5120.20	San Jose	5120.20	San Jose
5120.24	San Jose	5120.24	San Jose
5120.25	San Jose	5120.25	San Jose
5120.26	San Jose	5120.26	San Jose
5120.27	San Jose	5120.27	San Jose

Sources: U.S. Census Bureau; and ALH Urban & Regional Economics.

(1) For data retrieval purposes it is necessary to identify both the 2000 and 2010 census tracts for the market area. Some census tracts were split between 2000 and 2010. If a 2000 tract is followed by a blank then the paired 2010 census tracks are identified to the right.

(2) This census tract also crosses over into San Jose, but the majority of the tract is in Campbell.

(3) This census tract also crosses over into San Jose, but the majority of the tract is in Los Gatos.

(4) These census tracts are mostly unincorporated County of Santa Clara, but includes some San Jose.

Exhibit B-5  
 Almaden Ranch  
 General Merchandise Market Area Definition  
 Constituent Census Tracts and Best City Match (1)

2000 Census Tract Definitions		2010 Census Tract Definitions	
Census Tract	Best Match City	Census Tract	Best Match City
5017	San Jose	5017	San Jose
5018	San Jose	5018	San Jose
5023	San Jose	5023.01	San Jose
		5023.02	San Jose
5024	San Jose	5024	San Jose
5025	San Jose	5025	San Jose
5026.01	San Jose (2)	5026.01	San Jose (2)
5027.01	San Jose	5027.01	San Jose
5027.02	San Jose	5027.02	San Jose
5028	San Jose	5028	San Jose
5029.01	San Jose	5029.01	San Jose
5029.02	San Jose	5029.02	San Jose
5029.03	San Jose	5029.03	San Jose
5029.06	San Jose	5029.06	San Jose
5029.07	San Jose	5029.07	San Jose
5029.08	San Jose	5029.08	San Jose
5029.09	San Jose	5029.09	San Jose
5029.10	San Jose	5029.10	San Jose
5030.01	San Jose	5030.01	San Jose
5030.02	San Jose	5030.02	San Jose
5030.03	San Jose	5030.03	San Jose
5031.03	San Jose	5031.21	San Jose
		5031.23	San Jose
5031.08	San Jose	5031.08	San Jose
5031.13	San Jose	5031.13	San Jose
5031.15	San Jose	5031.15	San Jose
5031.16	San Jose	5031.16	San Jose
5068.01	Los Gatos	5068.01	Los Gatos
5068.02	San Jose	5068.02	San Jose
5068.03	San Jose	5068.03	San Jose
5068.04	Los Gatos (3)	5068.04	Los Gatos (3)
5069	Los Gatos	5069	Los Gatos
5070.01	Los Gatos	5070.01	Los Gatos
5070.02	Los Gatos	5070.02	Los Gatos
5071	Los Gatos	5071	Los Gatos
5072.03	Los Gatos	5072.03	Los Gatos
5072.06	Monte Sereno	5072.06	Monte Sereno
5119.01	San Jose	5119.15	San Jose
		5119.16	San Jose
5119.05	San Jose	5119.05	San Jose
5119.07	San Jose	5119.07	San Jose

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**Exhibit B-5  
 Almaden Ranch  
 General Merchandise Market Area Definition  
 Constituent Census Tracts and Best City Match (1)**

<b>2000 Census Tract Definitions</b>		<b>2010 Census Tract Definitions</b>	
<b>Census Tract</b>	<b>Best Match City</b>	<b>Census Tract</b>	<b>Best Match City</b>
5119.09	San Jose (4)	5119.09	San Jose (4)
5119.10	San Jose	5119.10	San Jose
5119.11	San Jose (4)	5119.11	San Jose (4)
5119.12	San Jose	5119.12	San Jose
5119.13	San Jose	5119.13	San Jose
5119.14	San Jose	5119.14	San Jose
5120.02	San Jose	5120.38	San Jose
		5120.39	San Jose
5120.05	San Jose	5120.05	San Jose
5120.14	San Jose	5120.45	San Jose
5120.15	San Jose	5120.47	San Jose
5120.16	San Jose	5120.52	San Jose
		5120.53	San Jose
5120.19	San Jose	5120.19	San Jose
5120.20	San Jose	5120.20	San Jose
5120.21	San Jose	5120.21	San Jose
5120.22	San Jose	5120.22	San Jose
5120.23	San Jose	5120.23	San Jose
5120.24	San Jose	5120.24	San Jose
5120.25	San Jose	5120.25	San Jose
5120.26	San Jose	5120.26	San Jose
5120.27	San Jose	5120.27	San Jose
5120.28	San Jose	5120.36	San Jose
		5120.37	San Jose
5120.29	San Jose	5120.29	San Jose
5120.30	San Jose	5120.30	San Jose
5120.31	San Jose	5120.31	San Jose
5120.32	San Jose	5120.32	San Jose
5120.33	San Jose	5120.33	San Jose
5120.34	San Jose	5120.34	San Jose
5120.35	San Jose	5120.35	San Jose

Sources: U.S. Census Bureau; and ALH Urban & Regional Economics.

(1) For data retrieval purposes it is necessary to identify both the 2000 and 2010 census tracts for the market area. Some census tracts were split between 2000 and 2010. If a 2000 tract is followed by a blank then the paired 2010 census tracks are identified to the right.

(2) This census tract also crosses over into Campbell, but the majority of the tract is in San Jose.

(3) This census tract also crosses over into San Jose, but the majority of the tract is in Los Gatos.

(4) These census tracts are mostly unincorporated County of Santa Clara, but includes some San Jose.

Exhibit B-6  
 Almaden Ranch  
 Grocery Market Area Definition  
 Constituent Census Tracts and Best City Match (1)

2000 Census Tract Definitions		2010 Census Tract Definitions	
Census Tract	Best Match City	Census Tract	Best Match City
5027.01	San Jose	5027.01	San Jose
5027.02	San Jose (2)	5027.02	San Jose (2)
5028	San Jose	5028	San Jose
5029.01	San Jose	5029.01	San Jose
5029.02	San Jose	5029.02	San Jose
5029.03	San Jose	5029.03	San Jose
5029.06	San Jose	5029.06	San Jose
5029.07	San Jose	5029.07	San Jose
5029.08	San Jose	5029.08	San Jose
5029.09	San Jose	5029.09	San Jose
5029.10	San Jose	5029.10	San Jose
5030.01	San Jose	5030.01	San Jose
5030.02	San Jose	5030.02	San Jose
5030.03	San Jose	5030.03	San Jose
5031.08	San Jose	5031.08	San Jose
5031.15	San Jose	5031.15	San Jose
5031.16	San Jose	5031.16	San Jose
5068.02	San Jose (3)	5068.02	San Jose (3)
5068.03	San Jose	5068.03	San Jose
5119.01	San Jose	5119.15	San Jose
		5119.16	San Jose
5119.05	San Jose	5119.05	San Jose
5119.07	San Jose	5119.07	San Jose
5119.09	San Jose (4)	5119.09	San Jose (4)
5119.10	San Jose	5119.10	San Jose
5119.11	San Jose (4)	5119.11	San Jose (4)
5119.12	San Jose	5119.12	San Jose
5119.13	San Jose	5119.13	San Jose
5119.14	San Jose	5119.14	San Jose
5120.02	San Jose	5120.38	San Jose
		5120.39	San Jose
5120.05	San Jose	5120.05	San Jose
5120.14	San Jose	5120.45	San Jose
5120.15	San Jose	5120.47	San Jose
5120.16	San Jose	5120.52	San Jose
		5120.53	San Jose
5120.19	San Jose	5120.19	San Jose
5120.20	San Jose	5120.20	San Jose
5120.21	San Jose	5120.21	San Jose
5120.22	San Jose	5120.22	San Jose
5120.23	San Jose	5120.23	San Jose

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**Exhibit B-6**  
**Almaden Ranch**  
**Grocery Market Area Definition**  
**Constituent Census Tracts and Best City Match (1)**

<b>2000 Census Tract Definitions</b>		<b>2010 Census Tract Definitions</b>	
<b>Census Tract</b>	<b>Best Match City</b>	<b>Census Tract</b>	<b>Best Match City</b>
5120.24	San Jose	5120.24	San Jose
5120.25	San Jose	5120.25	San Jose
5120.26	San Jose	5120.26	San Jose
5120.27	San Jose	5120.27	San Jose
5120.28	San Jose	5120.36	San Jose
		5120.37	San Jose
5120.29	San Jose	5120.29	San Jose
5120.30	San Jose	5120.30	San Jose
5120.31	San Jose	5120.31	San Jose
5120.32	San Jose	5120.32	San Jose
5120.33	San Jose	5120.33	San Jose
5120.34	San Jose	5120.34	San Jose
5120.35	San Jose	5120.35	San Jose

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Sources: U.S. Census Bureau; and ALH Urban & Regional Economics.

- (1) For data retrieval purposes it is necessary to identify both the 2000 and 2010 census tracts for the market area. Some census tracts were split between 2000 and 2010. If a 2000 tract is followed by a blank then the paired 2010 census tracks are identified to the right.
- (2) This census tract also crosses over into Campbell, but the majority of the tract is in San Jose.
- (3) This census tract also crosses over into Los Gatos, but the majority of the tract is in Los Gatos.
- (4) These census tracts are mostly unincorporated County of Santa Clara, but includes some San Jose.

**Exhibit B-7**  
**Almaden Ranch**  
**City of San Jose Taxable Sales and Total Sales**  
**In Current Dollars**  
**Second Half 2009 and First Half 2010**

Type of Retailer	Taxable Retail sales				Total Taxable Sales in City of San Jose [E = A + B + C + D]	Retail Sales City of San Jose Adjusted for Total Sales (4) [F]
	Q3 2009	Q4 2009	Q1 2010	Q2 2010		
	[A]	[B]	[C]	[D]		
Motor Vehicle and Parts Dealers	\$278,870,000	\$248,737,000	\$251,409,000	\$280,832,000	\$1,059,848,000	\$1,059,848,000
Home Furnishings and Appliances	\$108,974,000	\$131,552,000	\$112,043,000	\$121,905,000	\$474,474,000	\$474,474,000
Building Materials and Garden Equip.	\$149,061,000	\$133,518,000	\$139,200,000	\$178,077,000	\$599,856,000	\$599,856,000
Food and Beverage Stores	\$112,288,000	\$120,096,000	\$100,954,000	\$110,333,000	\$443,671,000 (1)	\$1,478,903,333
Gasoline Stations	\$274,954,000	\$259,721,000	\$259,646,000	\$277,802,000	\$1,072,123,000	\$1,072,123,000
Clothing and Clothing Accessories	\$167,540,000	\$219,370,000	\$152,929,000	\$177,277,000	\$717,116,000	\$717,116,000
General Merchandise Stores	\$247,415,000	\$339,900,000	\$236,658,000	\$240,631,000	\$1,064,604,000 (2)	\$1,277,524,800.0
Food Services and Drinking Places	\$286,044,000	\$292,928,000	\$294,853,000	\$308,838,000	\$1,182,663,000	\$1,182,663,000
Other Retail Group	\$196,233,000	\$229,312,000	\$193,100,000	\$208,410,000	\$827,055,000 (3)	\$1,286,155,566.63
<b>Total</b>	<b>\$1,821,379,000</b>	<b>\$1,975,134,000</b>	<b>\$1,740,792,000</b>	<b>\$1,904,105,000</b>	<b>\$7,441,410,000</b>	<b>\$9,148,663,700</b>

Sources: California State Board of Equalization, "Taxable Sales in California" reports, for Third Quarter 2009, Fourth Quarter 2009, First Quarter 2010, and Second Quarter 2010; and ALH Urban & Regional Economics.

- (1) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be
- (2) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 20 percent of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on the analyses of the 2007 U.S. Economic Census, which attributes 21 percent of General Merchandise Stores sales to food.
- (3) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33 percent of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In Santa Clara County, drug store sales in Q3 2009, Q4 2009, Q1 2010 and Q2 2010 represented approximately 18.3 percent of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.
- (4) See footnotes 1 through 3 regarding taxable sales adjustment.

**Exhibit B-8**  
**Almaden Ranch**  
**Town of Los Gatos Taxable and Total Sales**  
**In Current Dollars**  
**Second Half 2009 and First Half 2010**

Type of Retailer	Taxable Retail Sales				Total Taxable Sales in Town of Los Gatos [E = A + B + C + B]	Retail Sales Town of Los Gatos Adjusted to Total Sales (5) [F]
	Q3 2009	Q4 2009	Q1 2010	Q2 2010		
	[A]	[B]	[C]	[D]		
Motor Vehicle and Parts Dealers	\$20,263,000	\$14,520,000	\$14,150,000	\$14,388,000	\$63,321,000	\$63,321,000
Home Furnishings and Appliances	\$3,687,000	\$4,415,000	\$3,690,000	\$4,094,000	\$15,886,000	\$15,886,000
Building Materials and Garden Equip.	\$5,003,000	\$3,603,000	\$3,250,000	\$3,540,000	\$15,396,000	\$15,396,000
Food and Beverage Stores	\$11,169,000	\$13,482,000	\$10,330,000	\$11,126,000	\$46,107,000 (2)	\$153,690,000
Gasoline Stations	\$11,886,000	\$11,570,000	\$10,764,000	\$12,414,000	\$46,634,000	\$46,634,000
Clothing and Clothing Accessories	\$6,501,000	\$9,373,000	\$6,564,000	\$8,021,000	\$30,459,000	\$30,459,000
General Merchandise Stores	\$309,087 (1)	\$313,947 (1)	\$206,000	\$367,000	\$1,196,035 (3)	\$1,435,241.53
Food Services and Drinking Places	\$22,315,000	\$22,398,000	\$20,356,000	\$22,865,000	\$87,934,000	\$87,934,000
Other Retail Group	\$15,216,913	\$18,190,053	\$14,832,000	\$17,661,000	\$65,899,965 (4)	\$102,481,222
<b>Total</b>	<b>\$96,350,000</b>	<b>\$97,865,000</b>	<b>\$84,142,000</b>	<b>\$94,476,000</b>	<b>\$372,833,000</b>	<b>\$517,236,464</b>

Sources: California State Board of Equalization, "Taxable Sales in California" reports, for Third Quarter 2009, Fourth Quarter 2009, First Quarter 2010, and Second Quarter 2010; and ALH Urban & Regional Economics.

- (1) The BOE did not release General Merchandise sales data for Los Gatos in Q3 2009 and Q4 2009. Taxable sales in the categories not reported are reflected in the Other Retail Group category. The BOE did release General Merchandise data in Q1 2010 and Q2 2010. In Q1 2010 and Q2 2010, General Merchandise equaled 0.3 percent of taxable sales. This calculation was applied to the Q3 2009 and Q4 2009 Total figure to derive the General Merchandise estimates. The Other Retail Group category was adjusted downward to
- (2) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.
- (3) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 20 percent of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on the analyses of the 2007 U.S. Economic Census, which attributes 21 percent of General Merchandise Stores sales to food.
- (4) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33 percent of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In Santa Clara County, drug store sales in Q3 2009, Q4 2009, Q1 2010 and Q2 2010 represented approximately 18.3 percent of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.
- (5) See footnotes 1 through 4 regarding taxable sales adjustment.

**Exhibit B-9**  
**Almaden Ranch**  
**City of Saratoga Taxable Sales and Total Sales**  
**In Current Dollars**  
**Second Half 2009 and First Half 2010**

Type of Retailer	Taxable Retail Sales					Total Taxable Sales in City of Saratoga [E = A + B + C + D]	Retail Sales in City of Saratoga Adjusted for Total Sales (6) [F]
	Q3 2009 [A]	Q4 2009 [B]	Q1 2010 [C]	Q2 2010 [D]			
Motor Vehicle and Parts Dealers	\$1,008,000	\$1,178,000	\$1,023,000	\$1,034,000	\$4,243,000	\$4,243,000	
Home Furnishings and Appliances	\$953,000	\$971,000	\$714,000	\$666,000	\$3,304,000	\$3,304,000	
Building Materials and Garden Equip.	\$282,000	\$380,000	\$169,000	\$269,000	\$1,100,000	\$1,100,000	
Food and Beverage Stores	\$2,403,000	\$2,919,000	\$2,021,000	\$2,238,000	\$9,581,000 (3)	\$31,936,667	
Gasoline Stations	\$2,450,841 (1)	\$2,602,000	\$2,391,000	\$2,385,700 (1)	\$9,829,541	\$9,829,541	
Clothing and Clothing Accessories	\$951,000 (2)	\$1,553,000	\$423,000	\$529,000	\$3,456,000	\$3,456,000	
General Merchandise Stores							
Food Services and Drinking Places	\$6,296,000	\$6,548,000	\$5,891,000	\$6,472,000	\$25,207,000	\$25,207,000	
Other Retail Group	\$2,135,159	\$2,211,000	\$2,578,000	\$4,833,000	\$11,757,159 (5)	\$11,078,966	
<b>Total</b>	<b>\$16,479,000</b>	<b>\$18,362,000</b>	<b>\$15,210,000</b>	<b>\$18,426,700</b>	<b>\$68,477,700</b>	<b>\$97,359,799</b>	

Sources: California State Board of Equalization, "Taxable Sales in California" reports, for Third Quarter 2009, Fourth Quarter 2009, First Quarter 2010, and Second Quarter 2010; and ALH Urban & Regional Economics.

- (1) The BOE did not release Gasoline Stations sales data for Saratoga in Q3 2009 and Q2 2010. Taxable sales in the categories not reported are reflected in the Other Retail Group category. The BOE did release Gasoline Station data in Q4 2009 and Q1 2010. In Q4 2009 and Q1 2010, Gasoline Stations equaled 14.8 percent of taxable sales. This calculation was applied to the Q3 2009 and Q2 2010 Total figure to derive the Gasoline Stations estimates. The Other Retail Group category was adjusted downward to reflect this estimate.
- (2) The BOE does not release sales data for all categories due to concerns about confidentiality. Taxable sales in the categories not reported are reflected in the Other Retail Group (3) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.
- (4) The BOE did not release General Merchandise sales data for Saratoga. Claritas estimates that General Merchandise totals 7.4 percent of total retail sales. This calculation was applied to the adjusted taxable total to derive the General Merchandise estimate. The Other Retail Group category was adjusted downward to reflect this estimate.
- (5) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33 percent of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In Santa Clara County, drug store sales in Q3 2009, Q4 2009, Q1 2010 and Q2 2010 represented approximately 18.3 percent of all Other Retail Group sales. ALH Urban & Regional Economics
- (6) See footnotes 3 and 5 regarding taxable sales adjustment.

**Exhibit B-10**  
**Almaden Ranch**  
**City of Campbell Taxable Sales and Total Sales**  
**In Current Dollars**  
**Second Half 2009 and First Half 2010**

Type of Retailer	Taxable Retail Sales				Total Taxable Sales in City of Campbell [E = A + B + C + D]	Retail Sales in City of Campbell Adjusted for Total Sales (4) [F]
	Q3 2009 [A]	Q4 2009 [B]	Q1 2010 [C]	Q2 2010 [D]		
Motor Vehicle and Parts Dealers	\$5,512,000	\$4,817,000	\$5,857,000	\$6,207,000	\$22,393,000	\$22,393,000
Home Furnishings and Appliances	\$22,590,000	\$26,860,000	\$22,298,000	\$23,044,000	\$94,792,000	\$94,792,000
Building Materials and Garden Equip.	\$27,594,000	\$24,868,000	\$22,382,000	\$27,583,000	\$102,427,000	\$102,427,000
Food and Beverage Stores	\$8,597,000	\$9,819,000	\$8,202,000	\$8,559,000	\$35,177,000 (1)	\$117,256,667
Gasoline Stations	\$17,267,000	\$17,013,000	\$16,729,000	\$17,808,000	\$68,817,000	\$68,817,000
Clothing and Clothing Accessories	\$9,076,000	\$10,730,000	\$8,381,000	\$10,116,000	\$38,303,000	\$38,303,000
General Merchandise Stores	\$5,566,000	\$8,172,000	\$5,175,000	\$5,645,000	\$24,558,000 (2)	\$29,469,600
Food Services and Drinking Places	\$25,636,000	\$26,392,000	\$25,482,000	\$26,942,000	\$104,452,000	\$104,452,000
Other Retail Group	\$16,869,000	\$18,017,000	\$16,354,000	\$16,701,000	\$67,941,000 (3)	\$105,655,241
<b>Total</b>	<b>\$138,707,000</b>	<b>\$146,688,000</b>	<b>\$130,860,000</b>	<b>\$142,605,000</b>	<b>\$558,860,000</b>	<b>\$683,565,508</b>

Sources: California State Board of Equalization, "Taxable Sales in California" reports, for Third Quarter 2009, Fourth Quarter 2009, First Quarter 2010, and Second Quarter 2010; and ALH Urban & Regional Economics.

- (1) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30 percent of all food store sales are estimated to be taxable.
- (2) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items.
- (3) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33 percent of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In Santa Clara County, drug store sales in Q3 2009, Q4 2009, Q1 2010 and Q2 2010 represented approximately 18.3 percent of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.
- (4) See footnotes 1 through 3 regarding taxable sales adjustment.

**Exhibit B-11  
Estimate of All Walmart Store Sales by California State Board of Equalization (BOE) Category  
2010**

Walmart Sales Categories	Percent of Sales (2)	BOE Sales Categories (1)					
		Adjusted % of Sales (3)	Home Furnishings & Appliances	Food & Beverage Stores	Clothing & Accessories	General Merchandise (4)	Other Retail
Grocery (5)	54.0%	27.0%	-	21.0%	-	-	6.0%
Entertainment, Electronics, & Toys	12.0%	19.0%	-	-	-	9.5%	9.5%
Hardlines	11.0%	17.5%	-	-	-	8.7%	8.7%
Health and Wellness	11.0%	17.5%	-	-	-	-	17.5%
Apparel, Shoes, & Jewelry	7.0%	11.1%	-	-	11.1%	-	-
Home	5.0%	7.9%	7.9%	-	-	-	-
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>7.9%</b>	<b>21.0%</b>	<b>11.1%</b>	<b>18.3%</b>	<b>41.7%</b>

Sources: United States Securities and Exchange Commission, Walmart Stores, Inc. Fiscal Year Ended January 31, 2011, Form 10-K; and ALH Urban & Regional Economics.

(1) Sales categories reported by the California State BOE. ALH Urban & Regional Economics allocated the Walmart sales categories across the BOE retail categories. Sales categories that are not relevant to this distribution (Eating and Drinking Places, Building Materials, Motor Vehicles and Parts, and Gasoline Stations) are not presented here. If the type of good was believed to span more than one BOE category, ALH Urban & Regional Economics apportioned the percentage of sales based upon examination of merchandising at representative Walmart stores and professional judgment.

(2) The percentages are based on distribution of sales published in Walmart's 10-K filing for the fiscal year ending January 31, 2011. Walmart presents the percentage of sales for all U.S. Walmart stores combined (i.e., not broken out by store format) in its 10-K filing.

(3) Because of the small size of the planned Walmart store, ALH Economics assumes this store will not have the same increment of space allocated to food stores as the typical Walmart store. Accordingly, the food sales category is reduced by half, with the balance of the sales proportionally redistributed to the other sales categories.

(4) When reporting data for cities, the BOE's Other Retail category includes drug store sales.

(5) In prior 10-K filings, Walmart presented Health and Beauty Aids as separate from the Grocery category. ALH Urban & Regional Economics estimates that 6 percent of total sales are for goods that were previously classified as Health and Beauty Aids based on historical averages, and that these revenues are most appropriately classified as Other Retail sales according to the BOE designations. The remaining 21 percent of Grocery sales are allocated to the BOE's Food Stores category. In FY 2008, Walmart reported that 41 percent of its revenues came from Grocery products and 6 percent were related to Health and Beauty Aids sales.

Exhibit B-12  
 Allocations of Unknown Retail Space into BOE Categories by Shopping Center Format (1)

Format	Motor Vehicles and Parts Dealers		Home Furnishings and Appliance Stores		Building Materials and Garden Equip		Food and Beverage Stores		Gasoline Stations		Clothing and Clothing Accessories Stores		General Merchandise		Food Services and Drinking Places		Other Retail	
Neighborhood Centers	0%	0%	0%	0%	0%	0%	40%	0%	0%	0%	0%	0%	20%	20%	20%			
Community Centers	0%	0%	0%	5%	5%	10%	25%	0%	0%	0%	5%	15%	35%	15%	15%			
Power Centers	0%	0%	5%	10%	10%	10%	15%	0%	0%	0%	10%	45%	5%	10%	10%			
Regional Malls	0%	0%	10%	0%	0%	0%	0%	0%	0%	0%	30%	35%	5%	20%	20%			
Lifestyle Centers	0%	0%	10%	0%	0%	0%	10%	0%	0%	0%	15%	10%	30%	30%	25%			

Sources: International Council of Shopping Centers (ICSC), U.S. Shopping Center Definitions, July 2011 ([http://www.icsc.org/srch/lib/SC\\_TYPES.pdf](http://www.icsc.org/srch/lib/SC_TYPES.pdf)); and ALH Urban & Regional Economics.

(1) ALH Urban & Regional Economics estimates for typical shopping center formats were developed based on ICSC shopping center classification criteria.

**Exhibit B-13  
Almaden Ranch  
Recent Lease Transactions  
City of San Jose  
October 2010 to October 2011**



Leasing Activity Report  
10/07/2010 to 10/07/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased Sign Date Move Date Expiration Date	Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers	Tenant Name Transaction Type
125-141 Paseo De San Antonio Paseo Plaza Downtown San Jose East San Jose, CA 95112	10,511 SF 2,102 SF Retail -	1,002 SF 10/19/2010 10/19/2010 11/30/2012	\$3.00/nnn Retail/Sublet - 1	Ritchie Commercial / 408-971-2700 Maggie Bludau Ritchie Commercial / 408-971-2700 Maggie Bludau	A Taste of Paris Move In
2980 E Capitol Expy Evergreen Commons San Jose East San Jose, CA 95148	11,500 SF 11,500 SF Retail/Freestanding -	1,200 SF 01/26/2011 02/25/2011 02/24/2021	\$3.16/nnn Retail/Direct - 1	Meacham/Opppenheimer, Inc. / 408-378-5900 Michael Messinger, Ryan Warner Meacham/Opppenheimer, Inc. / 408-378-5900 Keon Vossoughi	Wing Fiesta Move In
81 Curtner Ave Building 18, The Plant San Jose Central San Jose, CA 95125	11,756 SF 11,756 SF Retail/Freestanding -	2,017 SF 11/01/2010 12/01/2010 11/30/2015	- Retail/New - 1	Vornado Realty Trust / 415-955-9000 Amber Weltner - -	Tapioca Express Move In
111 Curtner Ave Building 16, The Plant San Jose Central San Jose, CA 95125	12,176 SF 12,176 SF Retail/Freestanding -	3,132 SF 05/11/2011 07/01/2011 -	- Retail/New - 1	Vornado Realty Trust / 415-955-9000 Amber Weltner - -	- Move In
7026-7170 Santa Teresa Blvd Santa Teresa Village, Santa Teresa Village South San Jose San Jose, CA 95139	124,595 SF 124,595 SF Retail -	3,150 SF 07/27/2011 08/26/2011 -	- Retail/Direct - 1	Prime Commercial, Inc. / 408-879-4000 Dixie Divine, Gregory Pache - -	South Side Cafe Move In
2071-2083 Camden Ave Bldg E, Camden Park South San Jose San Jose, CA 95124	13,361 SF - Retail -	2,841 SF 02/25/2011 06/01/2012 -	\$3.25/nnn(est) Retail/Direct - 1	Terranomics Retail Services / 650-348-2400 Sharon Carmichael, James Chung - -	- Move In
1040-1070 McLaughlin Ave - San Jose East San Jose, CA 95122	14,585 SF 14,585 SF Retail/Freestanding -	600 SF 08/09/2011 08/09/2011 -	\$2.00/nnn(est) Retail/Direct - 1	Kai Fai & Mary Choi / 925-460-8828 Kevin Choi - -	- Move In

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1040-1070 McLaughlin Ave - San Jose East San Jose, CA 95122	14,585 SF 14,585 SF Retail/Freestanding -	700 SF 08/09/2011 08/15/2011 08/14/2013	\$2.42/mg Retail/Direct - 1	Kai Fai & Mary Choi / 925-460-8828 Kevin Choi - -	- Move In
1702 Meridian Ave Dry Creek Shopping Center San Jose Central San Jose, CA 95125	14,683 SF 14,683 SF Retail -	1,375 SF 01/30/2011 03/01/2011 02/28/2014	\$2.65/nm(est) Retail/Direct - 1	Terracommercial, Inc. / 408-292-1166 Ralph Longo, Diana Shannon - -	- Move In
1702 Meridian Ave Dry Creek Shopping Center San Jose Central San Jose, CA 95125	14,683 SF 14,683 SF Retail -	1,000 SF 08/01/2011 08/01/2011 07/31/2016	\$1.50/nm Retail/Direct - 1	Terracommercial, Inc. / 408-292-1166 Diana Shannon - -	Camp Fashionista Move In
2676-2692 Cropley Ave Oakwood Center, Oakwood Center San Jose, IBP East San Jose, CA 95132	15,000 SF 15,000 SF Retail -	1,568 SF 01/25/2011 02/24/2011 -	\$1.50/nm(est) Retail/Direct - 1	Cassidy Turley Northern California / 408-615-3400 Kevin Sweatt, James Gaglione - -	- Move In
1020-1080 S White Rd White Road Plaza, White road Plaza San Jose East San Jose, CA 95127	153,846 SF 153,846 SF Retail -	1,400 SF 02/28/2011 03/30/2011 -	\$2.88/nm(est) Retail/Direct - 1	Cornish & Carey Commercial Newmark Knight Frank / 408-727-9600 Sean O'Carroll, Lindy Spieker -	Doerkin Properties LLC Move In
6055 Meridian Ave Almaden Oaks Center South San Jose San Jose, CA 95120	15,465 SF 15,465 SF Retail/Freestanding -	630 SF 09/28/2011 09/28/2011 -	\$1.90/nm(est) Retail/Direct - 1	Duckett-Wilson Development Company / 310-478-8757 Patrick Conway -	- Move In
4055 Evergreen Village Sq Evergreen Village Center South San Jose San Jose, CA 95135	160,000 SF 80,000 SF Retail -	751 SF 02/28/2011 02/28/2011 -	Office/Direct - 2	Meacham/Opppenheimer, Inc. / 408-378-5900 Joshua Gispan, Michael Messinger -	- Move In

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4750-4950 Almaden Expy Almaden Super Safeway Center South San Jose San Jose, CA 95118	16,032 SF 16,032 SF Retail/Freestanding -	1,400 SF 01/05/2011 02/04/2011 02/03/2014	- Retail/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	- Move In
4750-4950 Almaden Expy Almaden Super Safeway Center South San Jose San Jose, CA 95118	16,032 SF 16,032 SF Retail/Freestanding -	705 SF 01/05/2011 01/05/2011 -	- Retail/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	- Move In
2189 Monterey Rd Building 28, The Plant San Jose Central San Jose, CA 95125	16,400 SF 8,200 SF Retail/Storefront Retail/Office -	1,263 SF 10/26/2010 11/25/2010 -	- Office/New - 2	Vornado Realty Trust / 415-955-9000 Amber Weltner - -	Mathnasium Move In
2189 Monterey Rd Building 28, The Plant San Jose Central San Jose, CA 95125	16,400 SF 8,200 SF Retail/Storefront Retail/Office -	1,044 SF 10/26/2010 11/25/2010 -	- Retail/New - 1	Vornado Realty Trust / 415-955-9000 Amber Weltner - -	Edible Arrangements Move In
2189 Monterey Rd Building 28, The Plant San Jose Central San Jose, CA 95125	16,400 SF 8,200 SF Retail/Storefront Retail/Office -	1,223 SF 10/26/2010 11/25/2010 -	- Retail/New - 1	Vornado Realty Trust / 415-955-9000 Amber Weltner - -	Curthier Pet Clinic Move In
2189 Monterey Rd Building 28, The Plant San Jose Central San Jose, CA 95125	16,400 SF 8,200 SF Retail/Storefront Retail/Office -	1,949 SF 10/26/2010 11/25/2010 11/24/2011	- Office/Direct - 1	Vornado Realty Trust / 415-955-9000 Amber Weltner - -	GameStop Move In

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2189 Monterey Rd Building 28, The Plant San Jose Central San Jose, CA 95125	16,400 SF 8,200 SF Retail/Storefront Retail/Office	1,263 SF 06/20/2011 07/20/2011 -	- Office/New - 2	Vornado Realty Trust / 415-955-9000 Amber Weltner - -	- Move In
2189 Monterey Rd Building 28, The Plant San Jose Central San Jose, CA 95125	16,400 SF 8,200 SF Retail/Storefront Retail/Office	687 SF 06/20/2011 06/20/2011 -	- Office/New - 2	Vornado Realty Trust / 415-955-9000 Amber Weltner - -	- Move In
2189 Monterey Rd Building 28, The Plant San Jose Central San Jose, CA 95125	16,400 SF 8,200 SF Retail/Storefront Retail/Office	637 SF 08/18/2011 08/18/2011 -	- Office/New - 2	Vornado Realty Trust / 415-955-9000 Amber Weltner - -	- Move In
1080 Blossom Hill Rd Shopping Center, Blossom Hill South San Jose San Jose, CA 95123	16,474 SF 21,281 SF Retail/Freestanding -	2,110 SF 01/18/2011 02/17/2011 -	\$1.80/mnm(est) Retail/Sublet - 1	Prime Commercial, Inc. / 408-879-4000 Gregory Pache - -	- Move In
1080 Blossom Hill Rd Blossom Hill Shopping Center, Blossom Hill Shopping Center South San Jose San Jose, CA 95123	16,474 SF 21,281 SF Retail/Freestanding -	2,110 SF 10/06/2011 11/05/2011 -	\$2.38/mnm(est) Retail/Direct - 1	SRS Real Estate Partners / 408-553-6135 Steve Gazzera, Peggy Owen - -	Verizon Move In

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2740-2780 Aborn Rd - South San Jose San Jose, CA 95121	17,258 SF 20,093 SF Retail -	1,000 SF 06/01/2011 06/01/2011 05/31/2016	\$2.80/mmm Retail/Direct - 1	Kevin Wallace / 408-230-5231 Kevin Wallace -	Farmers Insurance Move In
150 S 1st St Retail, The Pavilion Downtown San Jose East San Jose, CA 95113	179,761 SF 90,000 SF Retail/Storefront Retail/Office -	1,754 SF 09/12/2011 10/12/2011 -	\$2.35/mmm(est) Retail/Direct - 1	Cornish & Carey Commercial Newmark Knight Frank / 408-727-9600 Geri Wong -	- Move In
1409-1471 Bird Ave Willow Glenn Village Shopping Center, Willow Glen Village San Jose Central San Jose, CA 95125	18,240 SF 18,240 SF Retail/Freestanding -	1,500 SF 08/30/2011 09/29/2011 -	- Retail/Direct - 1	Asset Management Group / 925-838-7070 Alexander Eagle -	- Move In
1409-1471 Bird Ave Willow Glenn Village Shopping Center, Willow Glen Village San Jose Central San Jose, CA 95125	18,240 SF 18,240 SF Retail/Freestanding -	750 SF 08/30/2011 08/30/2011 -	- Retail/Direct - 1	Asset Management Group / 925-838-7070 Alexander Eagle -	- Move In
1910-1920 Camden Ave Camden-New Jersey Center, Camden-New Jersey Center South San Jose San Jose, CA 95124	18,912 SF 18,912 SF Retail/Freestanding -	685 SF 01/05/2011 01/05/2011 -	- Retail/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Paul Biagini -	- Move In

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1710 Berryessa Rd Berryessa Plaza Shopping Center, Berryessa Plaza Shopping Center San Jose, IBP East San Jose, CA 95133	20,468 SF 20,468 SF Retail/Freestanding -	1,278 SF 03/02/2011 04/01/2011 -	\$2.75/nnn(est) Retail/Direct - 1	Colliers International / 408-282-3800 Ara Bezdjian - -	- Move In
2623-2643 Senter Rd Senter Road Plaza, Senter Road Plaza San Jose East San Jose, CA 95111	20,797 SF 20,797 SF Retail/Freestanding -	806 SF 01/05/2011 01/05/2011 01/04/2014	\$2.50/nnn(est) Retail/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	- Move In
2623-2643 Senter Rd Senter Road Plaza, Senter Road Plaza San Jose East San Jose, CA 95111	20,797 SF 20,797 SF Retail/Freestanding -	1,170 SF 05/10/2011 06/09/2011 -	\$1.75/nnn(est) Retail/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	Hoang Van Spa Move In
1375 Blossom Hill Rd Princeton Plaza, Princeton Plaza Mall South San Jose San Jose, CA 95118	211,684 SF 211,684 SF Retail/Freestanding -	53,477 SF 03/04/2011 09/15/2011 09/30/2026	- Retail/Direct - 1	Terranomics Retail Services / 408-436-3677 Jon Stansbury, James Gaglione Retail West / 415-292-7200 Rob Kashian	Orchard Supply Hardware Move In
1375 Blossom Hill Rd Princeton Plaza, Princeton Plaza Mall South San Jose San Jose, CA 95118	211,684 SF 211,684 SF Retail/Freestanding -	2,500 SF 08/01/2011 08/31/2011 -	- Retail/Direct - 1	Terranomics Retail Services / 408-436-3677 Jon Stansbury, James Gaglione -	The Little Gym Move In
1375 Blossom Hill Rd Princeton Plaza, Princeton Plaza Mall South San Jose San Jose, CA 95118	211,684 SF 211,684 SF Retail/Freestanding -	901 SF 08/01/2011 08/01/2011 -	- Retail/Direct - 1	Terranomics Retail Services / 408-436-3677 Jon Stansbury, James Gaglione -	Petite Pet Supply Move In
4100-4200 N First Ave Bldg 100, @ First Retail Center Oak Creek San Jose, CA 95101	22,374 SF 22,374 SF Retail/Freestanding -	5,000 SF 09/19/2011 12/01/2012 -	- Retail/New - 1	Terranomics Retail Services / 650-348-2400 James Chung, Todd Oliver -	Fidelity Move In

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1650-1680 E Capitol Expy Silver Creek Market Place South San Jose San Jose, CA 95121	22,452 SF 22,452 SF Retail/Freestanding -	3,500 SF 10/06/2011 11/05/2011 -	- Retail/Direct - 1	SRS Real Estate Partners / 408-553-6135 Bob Quigley, Bruce Frazer -	- Move In
124 Blossom Hill Rd Gavilan Plaza Shopping Center South San Jose San Jose, CA 95123	23,341 SF 28,004 SF Retail -	2,880 SF 01/05/2011 02/04/2011 -	- Retail/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Mark Biagini -	- Move In
124 Blossom Hill Rd Gavilan Plaza Shopping Center South San Jose San Jose, CA 95123	23,341 SF 28,004 SF Retail -	816 SF 01/05/2011 01/05/2011 -	- Retail/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Mark Biagini -	- Move In
600-1750 Saratoga Ave El Paseo de Saratoga, El Paseo de Saratoga San Jose, Winchester San Jose, CA 95130	235,356 SF 235,356 SF Retail/Freestanding -	8,588 SF 03/22/2011 05/21/2011 05/20/2013	- Retail/Direct - 1	- - - -	Till's Move In
2881-2921 The Villages Pky - South San Jose San Jose, CA 95135	26,400 SF 30,000 SF Retail/Freestanding -	2,288 SF 01/25/2011 02/24/2011 -	\$2.00/mnn(est) Retail/Direct - 1	Cornish & Carey Commercial Newmark Knight Frank / 408-727-9600 Matt Sweeney -	- Move In
2860 Quimby Rd Quimby Square San Jose East San Jose, CA 95148	26,559 SF 23,371 SF Retail/Freestanding -	2,364 SF 08/05/2011 09/04/2011 -	\$2.00/mnn(est) Retail/Direct - 1	Lee Tax Financial / 408-258-7541 Minh Pham -	- Move In
1711 Branham Ln Bldg A, Branham Shopping Center South San Jose San Jose, CA 95124	27,566 SF 27,566 SF Retail -	1,260 SF 01/31/2011 02/01/2011 01/31/2016	\$1.82/mnn Retail/Direct - 1	Colliers International / 408-282-3800 Nick Goddard -	Rocky Mountain Sheepskin Move In

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1711 Branham Ln Bldg A,Branham Shopping Center South San Jose San Jose, CA 95124	27,566 SF 27,566 SF Retail -	1,200 SF 07/12/2011 08/11/2011 -	\$1.75/nnn(est) Retail/Direct - 1	Colliers International / 408-282-3800 Nick Goddard - -	- Move In
1711 Branham Ln Bldg A,Branham Shopping Center South San Jose San Jose, CA 95124	27,566 SF 27,566 SF Retail -	3,961 SF 07/12/2011 08/11/2011 -	\$1.75/nnn(est) Retail/Direct - 1	Colliers International / 408-282-3800 Nick Goddard - -	- Move In
1711 Branham Ln Bldg A,Branham Shopping Center South San Jose San Jose, CA 95124	27,566 SF 27,566 SF Retail -	1,113 SF 07/12/2011 08/11/2011 -	\$1.75/nnn(est) Retail/Direct - 1	Colliers International / 408-282-3800 Nick Goddard - -	- Move In
1711 Branham Ln Bldg A,Branham Shopping Center South San Jose San Jose, CA 95124	27,566 SF 27,566 SF Retail -	1,200 SF 07/12/2011 08/11/2011 -	\$1.75/nnn(est) Retail/Direct - 1	Colliers International / 408-282-3800 Nick Goddard - -	- Move In
1539-1555 Meridian Ave Carriage Square Shopping Center San Jose Central San Jose, CA 95125	27,746 SF 27,746 SF Retail -	934 SF 06/13/2011 - 06/12/2014	\$1.45/nnn Retail/Direct - 1	Terracommercial, Inc. / 408-292-1166 Diana Shannon Global Commercial Properties / 408-529-1362 Ralph Longo	Hollywood Photography Renewal
461 Blossom Hill Rd Blossom Valley Plaza,Blossom Valley Plaza South San Jose San Jose, CA 95123	28,488 SF 28,488 SF Retail -	1,369 SF 07/07/2011 08/06/2011 -	\$2.50/nnn(est) Retail/Direct - 1	Meacham/Opppenheimer, Inc. / 408-378-5900 David Taxin - -	- Move In
1131-1173 S De Anza Blvd Huntingdon Village Shopping Center San Jose, Winchester San Jose, CA 95129	31,412 SF 35,700 SF Retail/Freesstanding -	348 SF 10/11/2010 10/11/2010 -	- Off/Ret/Direct - 2	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	Excellent Product Companies Move In

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1131-1173 S De Anza Blvd Huntingdon Village Shopping Center San Jose, Winchester San Jose, CA 95129	31,412 SF 35,700 SF Retail/Freestanding -	924 SF 10/11/2010 10/11/2010 -	- Off/Ret/Direct - 2	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	Chiropractic & Accupuncture Move In
1131-1173 S De Anza Blvd Huntingdon Village Shopping Center San Jose, Winchester San Jose, CA 95129	31,412 SF 35,700 SF Retail/Freestanding -	440 SF 03/03/2011 03/03/2011 -	- Office/Direct - 2	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	- Move In
1131-1173 S De Anza Blvd Huntingdon Village Shopping Center San Jose, Winchester San Jose, CA 95129	31,412 SF 35,700 SF Retail/Freestanding -	1,600 SF 04/20/2011 05/20/2011 05/19/2014	- Office/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	Koi Yoga Studio Move In
1131-1173 S De Anza Blvd Huntingdon Village Shopping Center San Jose, Winchester San Jose, CA 95129	31,412 SF 35,700 SF Retail/Freestanding -	3,200 SF 06/23/2011 07/23/2011 07/22/2014	\$1.75/nnn(est) Off/Med/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	JQD Kung Fu Marial Arts Move In
1131-1173 S De Anza Blvd Huntingdon Village Shopping Center San Jose, Winchester San Jose, CA 95129	31,412 SF 35,700 SF Retail/Freestanding -	758 SF 09/29/2011 09/29/2011 09/28/2014	\$1.25/nnn(est) Retail/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	Perfect Shine Housekeeping Move In
5890-6055 Santa Teresa Blvd Santa Teresa Square, Santa Teresa Square South San Jose San Jose, CA 95123	36,825 SF 36,825 SF Retail -	2,280 SF 03/29/2011 04/28/2011 04/27/2016	\$2.50/nnn(est) Retail/Direct - 1	Prime Commercial, Inc. / 408-879-4000 Doug Ferrari, Dixie Divine, Denise Lupretta - -	Martial Arts Move In
1665 Foxworthy Ave Hacienda Gardens San Jose Central San Jose, CA 95124	36,918 SF 36,918 SF Retail/Supermarket -	22,877 SF 08/01/2011 10/30/2011 -	- Retail/Direct - 1	Terranomics Retail Services / 408-436-3677 Jon Stansbury, James Gaglione - -	Grocery Outlets Move In

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375 Saratoga Ave Saratoga Plaza San Jose, Winchester San Jose, CA 95129	38,000 SF 38,000 SF Retail -	1,540 SF 06/01/2011 07/01/2011 06/30/2014	\$2.95/nm(est) Retail/Direct - 1	Biagini Properties, Inc. / 408-331-2300 Mark Biagini - -	Subway Move In
4075 Evergreen Village Sq Evergreen Village Center South San Jose San Jose, CA 95135	38,255 SF 19,127 SF Retail/Freestanding -	2,484 SF 02/28/2011 03/30/2011 -	\$2.88/nm(est) Office/Sublet - 1	Meacham/Opppenheimer, Inc. / 408-378-5900 Joshua Gispan, Michael Messinger - -	- Move In
333 Santana Row Bldg 3, Santana Row San Jose, Winchester San Jose, CA 95128	39,882 SF 39,882 SF Retail/Storefront Retail/Residential -	1,997 SF 04/15/2011 07/01/2011 -	- Retail/Direct - 1	Colliers International / 415-788-3100 Karen Hoke - -	Free People Move In
333 Santana Row Bldg 3, Santana Row San Jose, Winchester San Jose, CA 95128	39,882 SF 39,882 SF Retail/Storefront Retail/Residential -	1,864 SF 04/15/2011 07/01/2011 -	- Retail/Direct - 1	Colliers International / 415-788-3100 Karen Hoke Colliers International / 415-788-3100 Pamela Mendelsohn	Tesla Motors Move In
1915 Alum Rock Ave Creekside Plaza San Jose East San Jose, CA 95116	4,000 SF 4,000 SF Retail -	1,100 SF 02/01/2011 04/01/2011 03/31/2013	\$2.75/nm Retail/Direct - 1	Trade Commercial Group / 415-321-2828 Andrew Reeder, Don Tepman - -	- Move In
820 Willow St Bldg 1, Willow Plaza San Jose Central San Jose, CA 95125	4,800 SF 4,800 SF Retail -	827 SF 08/17/2011 08/17/2011 -	\$1.75/nm(est) Retail/Direct - 1	Meacham/Opppenheimer, Inc. / 408-378-5900 Ryan Warner - -	- Move In

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2125-2145 Morrill Ave Northwood Square San Jose, IBP East San Jose, CA 95132	48,410 SF 55,012 SF Retail/Freestanding -	3,600 SF 04/28/2011 05/28/2011 -	\$1.85/mn(est) Retail/Direct - 1	- - - -	- Move In
1315-1345 Blossom Hill Rd Blossom Hill Plaza, Blossom Hill Plaza South San Jose San Jose, CA 95118	48,445 SF 48,445 SF Retail -	15,844 SF 05/03/2011 08/29/2011 05/02/2016	\$1.11/mn Retail/Direct - 1	Meacham/Oppenheimer, Inc. / 408-378-5900 David Taxin, Keon Vossoughi SRS Real Estate Partners / 408-553-6135 Bob Quigley	Goodwill Move In
1600 Saratoga Ave Westgate Mall San Jose, Winchester San Jose, CA 95129	500,000 SF 500,000 SF Retail/Freestanding -	8,300 SF 12/03/2010 02/01/2011 01/31/2012	- Off/Ret/Direct - 1	Federal Realty Investment Trust / 408-551-4600 Pam White - -	Salon Professional Academy Move In
1600 Saratoga Ave Westgate Mall San Jose, Winchester San Jose, CA 95129	500,000 SF 500,000 SF Retail/Freestanding -	45,000 SF 12/03/2010 - 05/31/2012	- Retail/Direct - 1	Federal Realty Investment Trust / 408-551-4600 Pam White -	Safeway Renewal
1600 Saratoga Ave Westgate Mall San Jose, Winchester San Jose, CA 95129	500,000 SF 500,000 SF Retail/Freestanding -	2,682 SF 07/25/2011 08/24/2011 -	\$2.00/mn(est) Retail/Direct - 1	Federal Realty Investment Trust / 408-551-4600 Pam White -	Shirazian Rug Gallery Move In
1600 Saratoga Ave Westgate Mall San Jose, Winchester San Jose, CA 95129	500,000 SF 500,000 SF Retail/Freestanding -	841 SF 07/25/2011 07/25/2011 -	- Retail/Direct - 1	Federal Realty Investment Trust / 408-551-4600 Pam White -	Classical Arts Move In
1600 Saratoga Ave Westgate Mall San Jose, Winchester San Jose, CA 95129	500,000 SF 500,000 SF Retail/Freestanding -	1,863 SF 07/25/2011 08/24/2011 08/23/2012	- Off/Ret/Direct - 1	Federal Realty Investment Trust / 408-551-4600 Pam White -	Brow Art Move In

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Leasing Activity Report  
10/07/2010 to 10/07/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased Sign Date Move Date Expiration Date	Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers	Tenant Name Transaction Type
91 Curtner Ave Building 17, The Plant San Jose Central San Jose, CA 95125	5,328 SF 5,328 SF Retail/Freestanding -	1,593 SF 02/04/2011 02/04/2011 -	- Retail/New -	Vornado Realty Trust / 415-955-9000 Amber Weltner -	- Move In
4666-4698 Meridian Ave Meridian Square, Meridian Square South San Jose San Jose, CA 95118	58,000 SF 58,000 SF Retail -	1,600 SF 03/25/2011 04/24/2011 04/23/2013	- Retail/Direct -	Duckett-Wilson Development Company / 310-478-8757 Patrick Conway -	- Move In
1041 E Capitol Expy Gould Center San Jose East San Jose, CA 95121	6,012 SF 6,012 SF Retail -	1,636 SF 01/13/2011 02/12/2011 -	\$2.75/nm(est) Retail/Direct -	Terranomics Retail Services / 650-348-2400 Matt Taylor, Todd Oliver -	Subway Move In
1114-1130 Branham Ln Branham Square Shopping Center, Branham Square South San Jose San Jose, CA 95118	61,143 SF 61,143 SF Retail -	1,592 SF 10/11/2010 11/10/2010 -	- Retail/Direct -	Biagini Properties, Inc. / 408-331-2300 Mark Biagini -	Jasmine Nail Spa Move In
5968 Silver Creek Valley Rd Building 1, Silver Creek Landing South San Jose San Jose, CA 95138	6,273 SF 6,273 SF Retail/Freestanding -	1,865 SF 11/01/2010 11/01/2010 10/31/2015	\$1.74/hnn Retail/Direct -	Meacham/Opppenheimer, Inc. / 408-378-5900 Marie Anderson, Ryan Warner -	Double Golden House Move In
4878 San Felipe Rd Evergreen Marketplace South San Jose San Jose, CA 95135	6,447 SF 6,468 SF Retail -	1,623 SF 07/07/2011 08/06/2011 -	\$3.25/nm(est) Retail/Direct -	Imwalle Properties / 408-287-3838 John Razumich -	- Move In
171 Curtner Ave Building 12, The Plant San Jose Central San Jose, CA 95125	6,608 SF 6,608 SF Retail/Freestanding -	3,219 SF 06/12/2011 07/12/2011 -	- Retail/New -	Vornado Realty Trust / 415-955-9000 Amber Weltner -	Bright Now Dental Move In

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Leasing Activity Report  
10/07/2010 to 10/07/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased Sign Date Move Date Expiration Date	Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers	Tenant Name Transaction Type
1142-1198 N Capitol Ave Berryessa Hills Shopping Center, Berryessa Hills Shopping Center San Jose, IBP East San Jose, CA 95132	70,000 SF 53,369 SF Retail -	1,200 SF 09/22/2011 10/22/2011 10/21/2014	\$2.25/mnn(est) Off/Ret/Direct - 1	- - - -	- Move In
1706 Oakland Rd North Park Plaza San Jose, IBP East San Jose, CA 95131	7,070 SF 7,070 SF Retail/Freestanding -	2,925 SF 03/30/2011 04/29/2011 -	\$3.25/mnn(est) Retail/Direct - 1	Colliers International / 408-282-3800 John Machado - -	- Move In
567-583 W Alma Ave Bldg 1 San Jose Central San Jose, CA 95125	7,918 SF 7,918 SF Retail/Freestanding -	1,000 SF 10/25/2010 10/25/2010 -	\$2.50/mnn(est) Retail/New - 1	Bob Vlahopoulos Bob Vlahopoulos - -	- Move In
567-583 W Alma Ave Bldg 1 San Jose Central San Jose, CA 95125	7,918 SF 7,918 SF Retail/Freestanding -	1,000 SF 10/25/2010 10/25/2010 -	\$2.50/mnn(est) Retail/New - 1	Bob Vlahopoulos Bob Vlahopoulos - -	- Move In
1670-1684 Berryessa Rd North Valley Plaza San Jose, IBP East San Jose, CA 95133	7,962 SF 8,185 SF Retail -	1,751 SF 11/17/2010 12/17/2010 -	\$2.50/mnn(est) Retail/Direct - 1	Meacham/Opppenheimer, Inc. / 408-378-5900 David Fan - -	- Move In
1670-1684 Berryessa Rd North Valley Plaza San Jose, IBP East San Jose, CA 95133	7,962 SF 8,185 SF Retail -	1,134 SF 11/17/2010 12/17/2010 -	\$2.50/mnn(est) Retail/Direct - 1	Meacham/Opppenheimer, Inc. / 408-378-5900 David Fan - -	- Move In
1670-1684 Berryessa Rd North Valley Plaza San Jose, IBP East San Jose, CA 95133	7,962 SF 8,185 SF Retail -	2,000 SF 10/06/2011 11/05/2011 -	- Retail/Direct - 1	Meacham/Opppenheimer, Inc. / 408-378-5900 David Fan - -	- Move In

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Leasing Activity Report  
10/07/2010 to 10/07/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased		Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers		Tenant Name Transaction Type
		Sign Date	Move Date		Expiration Date	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers	
1582-1596 Meridian Ave - San Jose Central San Jose, CA 95125	8,138 SF 8,138 SF Retail -	1,095 SF 11/22/2010 12/01/2010 12/31/2015	11/22/2010 12/01/2010 12/31/2015	\$1.71/mnn Retail/Direct - 1	Ritchie Commercial / 408-971-2700 Chris Hygelund Ritchie Commercial / 408-971-2700 Michael Joseph	Monsters of Rock 3 Move In	
185 Branham Ln Snell & Branham Plaza, Snell & Branham Plaza South San Jose San Jose, CA 95136	82,349 SF 82,349 SF Retail -	4,467 SF 08/10/2011 09/09/2011 -	08/10/2011 09/09/2011 -	- Retail/Direct - 1	Regency Centers / 925-279-1800 Ranfile Ancelovici - -	Unleashed by Petco Move In	
121 Curtner Ave Building 15, The Plant San Jose Central San Jose, CA 95125	8,444 SF 8,444 SF Retail -	1,210 SF 07/27/2011 12/01/2011 -	07/27/2011 12/01/2011 -	- Retail/New - 1	Vornado Realty Trust / 415-955-9000 Amber Weltner -	Krispy Kreme Move In	
5281-5289 Prospect Rd Westgate West San Jose, Winchester San Jose, CA 95129	89,339 SF 89,339 SF Retail -	6,753 SF 04/02/2011 06/01/2011 -	04/02/2011 06/01/2011 -	- Retail/Direct - 1	Terranomics Retail Services / 650-348-2400 Sharon Carmichael, James Chung -	Bikram Yoga Move In	
900 S Winchester Blvd - San Jose, Winchester San Jose, CA 95128	9,184 SF 9,184 SF Retail/Freestanding -	529 SF 12/13/2010 12/13/2010 -	12/13/2010 12/13/2010 -	\$1.80/mg(est) Office/Direct - 1	E. Hoffman Enterprises, Inc. / 408-293-3500 Ken Hoffman -	- Move In	
900 S Winchester Blvd - San Jose, Winchester San Jose, CA 95128	9,184 SF 9,184 SF Retail/Freestanding -	529 SF 03/25/2011 03/25/2011 03/24/2012	03/25/2011 03/25/2011 03/24/2012	\$1.61/mnn(est) Retail/Direct - 1	E. Hoffman Enterprises, Inc. / 408-293-3500 Ken Hoffman -	- Move In	

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**Exhibit B-14  
Almaden Ranch  
Recent Lease Transactions  
City of Campbell  
October 2010 to October 2011**



**Leasing Activity Report**  
10/07/2010 to 10/07/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased Sign Date Move Date Expiration Date	Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers	Tenant Name Transaction Type
950 W Hamilton Ave - Campbell Campbell, CA 95008	74,850 SF 74,850 SF Retail/Freestanding -	15,595 SF 03/01/2011 09/18/2011 -	- Retail/New - 1	Cornish & Carey Commercial Newmark Knight Frank / 408-727-9600 Sandy Berry, Jake Randolph Cornish & Carey Commercial Newmark Knight Frank / 408-727-9600	The Home Consignment Center Move In
501 E Campbell Ave Lloyd Square Campbell Campbell, CA 95008	4,826 SF 4,825 SF Retail/Freestanding -	1,420 SF 10/11/2010 11/10/2010 -	\$1.99/mnn(est) Retail/Direct - 1	B & C Homes, Inc. / 408-378-2306 Adrienne Faul - -	- Move In
1875 S Bascom Ave PruneYard Shopping Center, PruneYard Shopping Center Campbell Campbell, CA 95008	252,210 SF 35,000 SF Retail -	2,984 SF 04/08/2011 - -	- Retail/Direct - 1	- - - -	United Security Bank Renewal
1875 S Bascom Ave PruneYard Shopping Center, PruneYard Shopping Center Campbell Campbell, CA 95008	252,210 SF 35,000 SF Retail -	3,200 SF 04/01/2011 08/01/2011 07/31/2021	\$3.50 Retail/Direct - 1	Prime Commercial, Inc. / 408-879-4000 Doug Ferrari, Dixie Divine - -	Patxi's Move In

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**Exhibit B-15  
Almaden Ranch  
Recent Lease Transactions  
Town of Los Gatos  
October 2010 to October 2011**



**Leasing Activity Report**  
10/07/2010 to 10/07/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased Sign Date Move Date Expiration Date	Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers	Tenant Name Transaction Type
15466 Los Gatos Blvd Los Gatos Village Square Los Gatos Los Gatos, CA 95032	41,238 SF 21,341 SF Retail/Freestanding -	997 SF 02/25/2011 02/25/2011 02/24/2016	\$2.00/mg(est) Off/Ret/Direct - 2	Prime Commercial, Inc. / 408-879-4000 Doug Ferrari, Dixie Divine - -	Picture 2000 Move In
15466 Los Gatos Blvd Los Gatos Village Square Los Gatos Los Gatos, CA 95032	41,238 SF 21,341 SF Retail/Freestanding -	570 SF 03/29/2011 03/29/2011 03/28/2016	\$2.00/mg(est) Off/Ret/Direct - 2	Prime Commercial, Inc. / 408-879-4000 Doug Ferrari, Dixie Divine - -	Farmers Insurance Move In
15466 Los Gatos Blvd Los Gatos Village Square Los Gatos Los Gatos, CA 95032	41,238 SF 21,341 SF Retail/Freestanding -	2,043 SF 03/29/2011 04/28/2011 04/27/2012	- Off/Ret/Direct - 1	Prime Commercial, Inc. / 408-879-4000 Doug Ferrari, Dixie Divine Roller Real Estate / 408-226-8000 Rodney Roller	Baja Fresh Move In
15466 Los Gatos Blvd Los Gatos Village Square Los Gatos Los Gatos, CA 95032	41,238 SF 21,341 SF Retail/Freestanding -	825 SF 05/31/2011 05/31/2011 05/30/2012	- Retail/Direct - 1	Prime Commercial, Inc. / 408-879-4000 Doug Ferrari, Dixie Divine - -	- Move In
114 Royce St - Los Gatos Los Gatos, CA 95030	4,435 SF 4,435 SF Retail -	300 SF 05/31/2011 05/31/2011 -	\$1.75/nnn(est) Retail/Direct - 1	Prime Commercial, Inc. / 408-879-4000 Doug Ferrari, Denise Lupretta - -	- Move In
50 University Ave Old Town Center, Old Town Center Los Gatos Los Gatos, CA 95032	55,510 SF 94,000 SF Retail -	6,494 SF 12/12/2010 02/10/2011 -	\$2.00/fs(est) Off/Ret/Direct - 1	- - - -	- Move In
50 University Ave Old Town Center, Old Town Center Los Gatos Los Gatos, CA 95032	55,510 SF 94,000 SF Retail -	1,144 SF 03/18/2011 04/17/2011 -	\$1.51/+char(est) Retail/Direct - 1	CBRE / 408-453-7400 Michael Grado, Shane McNulty - -	- Move In

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**Leasing Activity Report**  
10/07/2010 to 10/07/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased			Rent Paid/mo		Leasing Company / Phone		Tenant Name Transaction Type
		Sign Date	Move Date	Expiration Date	Space Use/Type	Mailing Suite	Tenant Rep / Phone	Tenant Rep Brokers	
50 University Ave Old Town Center, Old Town Center Los Gatos	55,510 SF 94,000 SF Retail	05/20/2011	05/20/2011	05/19/2012	Retail/Direct	-	CBRE / 408-453-7400	Michael Grado, Shane McNulty, Katy Noel	- Move In
Los Gatos, CA 95032	-	1							
15662-15732 Los Gatos Blvd El Gato Village Shopping Center, El Gato Village Shopping Center Los Gatos	59,015 SF 29,507 SF Retail	800 SF 08/01/2011			\$2.65/nnn Off/Med/Direct		SJM Construction / 650-222-8650 Joe Musich		Advanced Body Solution Renewal
Los Gatos, CA 95032	-	1							
455-461 N Santa Cruz Ave Los Gatos	6,560 SF 6,560 SF Retail	2,400 SF 07/28/2011	08/27/2011		\$2.95/fs(est) Off/Ret/Direct		Cassidy Turley Northern California / 408-615-3400	Maryanna McSwain, Erik Hallgrimson, Meghan Sandlin	First American Title Move In
Los Gatos, CA 95030	-	1							
15200 Los Gatos Blvd Los Gatos	9,977 SF 9,977 SF Retail/Freestanding	1,436 SF 03/30/2011	04/29/2011		\$3.75/nnn(est) Retail/New		Colliers International / 408-282-3800	John Machado	- Move In
Los Gatos, CA 95032	-	1							
15200 Los Gatos Blvd Los Gatos	9,977 SF 9,977 SF Retail/Freestanding	5,130 SF 03/30/2011	05/29/2011		\$3.75/nnn(est) Retail/New		Colliers International / 408-282-3800	John Machado	- Move In
Los Gatos, CA 95032	-	1							
15200 Los Gatos Blvd Los Gatos	9,977 SF 9,977 SF Retail/Freestanding	1,311 SF 03/30/2011	04/29/2011		\$3.75/nnn(est) Retail/New		Colliers International / 408-282-3800	John Machado	- Move In
Los Gatos, CA 95032	-	1							

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**Exhibit B-16  
Almaden Ranch  
Recent Lease Transactions  
City of Saratoga  
October 2010 to October 2011**



**Leasing Activity Report**  
10/07/2010 to 10/07/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased		Rent Paid/mo Space Use/Type Mailing Suite Leased Floor #s	Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers		Tenant Name Transaction Type
		Sign Date Move Date Expiration Date	Move Date Expiration Date				
12100-12180 Saratoga-Sunnyvale Rd Park Saratoga Saratoga Saratoga, CA 95070	18,008 SF 18,008 SF Retail/Freestanding -	1,958 SF 04/08/2011 05/08/2011 -	1,958 SF 04/08/2011 05/08/2011 -	- Retail/Direct - 1	CBRE / 408-453-7400 Rick Shaffer - -	- Move In - -	- Move In - -
12100-12180 Saratoga-Sunnyvale Rd Park Saratoga Saratoga Saratoga, CA 95070	18,008 SF 18,008 SF Retail/Freestanding -	1,660 SF 04/08/2011 05/08/2011 -	1,660 SF 04/08/2011 05/08/2011 -	- Retail/Direct - 1	CBRE / 408-453-7400 Rick Shaffer - -	- Move In - -	- Move In - -
12100-12180 Saratoga-Sunnyvale Rd Park Saratoga Saratoga Saratoga, CA 95070	18,008 SF 18,008 SF Retail/Freestanding -	2,800 SF 08/08/2011 09/07/2011 -	2,800 SF 08/08/2011 09/07/2011 -	\$2.25/mn(est) Retail/Direct - 1	CBRE / 408-453-7400 Deborah Dizon, Rick Shaffer - -	- Move In - -	- Move In - -
14510 Big Basin Way Village Square, Village Square Saratoga Saratoga, CA 95070	21,000 SF 10,500 SF Retail/Freestanding -	1,217 SF 02/11/2011 03/13/2011 -	1,217 SF 02/11/2011 03/13/2011 -	\$2.50/mn(est) Retail/Direct - 1	Cornish & Carey Commercial Newmark Knight Frank / 408-727-9600 Sean O'Carroll, Lindy Spieker - -	- Move In - -	- Move In - -
12900-12960 Saratoga Sunnyvale Rd Argonaut Shopping Center Saratoga Saratoga, CA 95070	52,000 SF 61,844 SF Retail/Freestanding -	3,820 SF 07/19/2011 08/18/2011 -	3,820 SF 07/19/2011 08/18/2011 -	\$2.50/mg(est) Retail/Sublet - 1	Cornish & Carey Commercial Newmark Knight Frank / 408-727-9600 Sean O'Carroll, Lindy Spieker - -	- Move In - -	- Move In - -
14435 Big Basin Way Saratoga Saratoga, CA 95070	5,831 SF 5,831 SF Retail/Storefront -	759 SF 08/23/2011 08/23/2011 -	759 SF 08/23/2011 08/23/2011 -	\$2.00/mg(est) Office/Direct - 1	Annet Casabonne / 707-938-8748 Annet Casabonne - -	- Move In - -	- Move In - -
14435 Big Basin Way Saratoga Saratoga, CA 95070	5,831 SF 5,831 SF Retail/Storefront -	510 SF 08/23/2011 08/23/2011 -	510 SF 08/23/2011 08/23/2011 -	\$2.00/mg(est) Office/Direct - 1	Annet Casabonne / 707-938-8748 Annet Casabonne - -	- Move In - -	- Move In - -

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**Leasing Activity Report**  
10/07/2010 to 10/07/2011

Building Address Building/Park Name Submarket City	RBA Typical Floor Building Type Class	SF Leased			Rent Paid/mo		Leasing Company / Phone Leasing Company Brokers Tenant Rep / Phone Tenant Rep Brokers		Tenant Name Transaction Type
		Sign Date	Move Date	Expiration Date	Space Use/Type	Mailing Suite	Leased Floor #s		
14435 Big Basin Way - Saratoga Saratoga, CA 95070	5,831 SF 5,831 SF Retail/Storefront -	1,031 SF	08/23/2011	09/22/2011	\$2.02/mg(est)	Office/Direct	1	Annet Casabonne / 707-938-8748 Annet Casabonne -	- Move In
12988 Saratoga Sunnysvale Rd Argonaut Shopping Center Saratoga Saratoga, CA 95070	5,884 SF 5,884 SF Retail -	3,708 SF	03/01/2011	04/30/2011	\$3.00/mnm(est)	Office/Direct	1	Colliers International / 408-282-3800 John Machado Terranomics Retail Services / 650-348-2400 Todd Oliver	Union Bank Move In
14413-14419 Big Basin Way - Saratoga Saratoga, CA 95070	9,563 SF 9,563 SF Retail/Storefront Retail/Office -	2,247 SF	05/31/2011	06/30/2011	\$1.75/mnm(est)	Off/Retail/Direct	1	Prime Commercial, Inc. / 408-879-4000 Doug Ferrari, Dixie Divine - -	- Move In

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## **APPENDIX C: BACK UP EXHIBITS**



**Exhibit C-1**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**San Jose Portion of Building Materials Market Area**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Motor Vehicle &amp; Parts Dealers</b>		
- Automotive Dealers	\$300.2	<b>Motor Vehicles &amp; Parts</b>
- Other Motor Vehicle Dealers	\$6.8	
- Automotive Parts, Accessories, & Tire Stores	\$9.9	
<b>Furniture &amp; Home Furnishings Stores</b>		
- Furniture Stores	\$19.7	<b>Home Furnishings &amp; Appliances</b>
- Home Furnishing Stores	\$20.7	
<b>Electronics &amp; Appliance Stores</b>		
- Appliance, Television, and Other Electronics	\$10.6	
- Household Appliances Stores	\$2.9	
- Radio Television and Other Electronics	\$7.7	
- Computer and Software Stores	\$1.0	
- Camera & Photographic Equipment Stores	\$1.2	
<b>Building Material &amp; Garden Equipment &amp; Supply Dealers</b>		
- Building Material & Supply Dealers	\$154.9	<b>Building Materials and Garden Equip. &amp; Supplies</b>
- Home Centers	\$70.5	
- Paint and Wallpaper Stores	\$11.8	
- Hardware Stores	\$35.3	
- Other Building Materials Dealers	\$37.3	
- Building Materials, Lumberyards	\$14.6	
- Lawn and Garden Equipment and Supplies	\$7.6	
- Outdoor Power Equipment Stores	\$2.3	
- Nursery and Garden Centers	\$5.3	
<b>Food &amp; Beverage Stores</b>		
- Grocery Stores	\$270.2	<b>Food and Beverage Stores</b>
- Supermarkets and Other Grocery Stores	\$260.9	
- Convenience Stores	\$9.3	
- Specialty Food Stores	\$8.0	
- Beer, Wine, & Liquor Stores	\$9.9	
<b>Health &amp; Personal Care Stores</b>		
- Pharmacies and Drug Stores	\$98.8	<b>Other Retail Group</b>
- Cosmetics, Beauty Supplies and Perfume Stores	\$3.6	
- Optical Goods Stores	\$4.0	
- Other Health and Personal Care Stores	\$3.1	
<b>Gasoline Stations</b>		
- Gasoline Stations with Convenience Stores	\$78.4	<b>Service Stations</b>
- Other Gasoline Stations	\$46.6	
<b>Clothing &amp; Clothing Accessories Stores</b>		
- Clothing Stores	\$87.0	<b>Clothing &amp; Clothing Accessories</b>
- Men's Clothing Stores	\$7.8	
- Women's Clothing Stores	\$17.5	
- Children's and Infants' Clothing Stores	\$9.8	
- Family Clothing Stores	\$44.0	
- Clothing Accessories Stores	\$1.4	
- Other Clothing Stores	\$6.6	
- Shoe Stores	\$16.0	
- Jewelry, Luggage, & Leather Goods Stores	\$8.2	
- Jewelry Stores	\$7.6	
- Luggage, & Leather Goods Stores	\$0.6	

**Exhibit C-1**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**San Jose Portion of Building Materials Market Area**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Sporting Goods, Hobby, Book, &amp; Music Stores</b>		
- Sporting Goods, Hobby, & Musical Instruments	\$42.0	
- Sporting Goods Stores	\$17.3	
- Hobby, Toys and Games Stores	\$12.6	
- Sew, Needlework, Piece Goods Stores	\$5.2	
- Musical Instrument and Supplies Stores	\$6.9	<b>Other Retail Group</b>
- Book, Periodical, & Music Stores	\$28.1	
- Book Stores and News Dealers	\$17.9	
- Book Stores	\$17.8	
- News Dealers and Newsstands	\$0.1	
- Prerecorded Tape, Compact Disc, & Records	\$10.2	
<b>General Merchandise Stores</b>		
- Department Stores excluding Leased Dept Stores	\$526.8	<b>General Merchandise Stores</b>
- Other General Merchandise Stores	\$149.6	
<b>Miscellaneous Store Retailers</b>		
- Florists	\$4.7	
- Office Supplies, Stationery, & Gift Stores	\$24.5	
- Office Supplies and Stationery Stores	\$12.7	<b>Other Retail Group</b>
- Gift, Novelty, and Souvenir Stores	\$11.8	
- Used Merchandise Stores	\$2.0	
- Other Miscellaneous Store Retailers	\$18.4	
<b>Non-store Retailers</b>	<b>\$441.8</b>	<b>Other Retail Group</b>
<b>Foodservice &amp; Drinking Places</b>		
- Full-Service Restaurants	\$152.2	
- Limited-service Eating Places	\$196.6	<b>Food Services &amp; Drinking Places</b>
- Special Foodservices	\$19.5	
- Drinking Places - Alcoholic Beverages	\$2.7	
<b>TOTAL RETAIL STORES</b>	<b>\$2,775.4</b>	

<b>Calculations</b>	
BOE Category	In Millions
Motor Vehicles & Parts	\$316.9
Home Furnishings and Appliances	\$53.1
Building Materials and Garden Equip	\$162.6
Food and Beverage Stores	\$288.1
Gasoline Stations	\$125.1
Clothing and Clothing Accessories	\$111.2
General Merchandise	\$676.4
Food Services and Drinking Places	\$371.0
Other Retail Group	\$671.0
<b>Retail Total</b>	<b>\$2,775.4</b>

Sources: Claritas; State of California Board of Equalization; and ALH Urban & Regional Economics.

**Exhibit C-2**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**City of San Jose**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Motor Vehicle &amp; Parts Dealers</b>		
- Automotive Dealers	\$865.1	<b>Motor Vehicles &amp; Parts</b>
- Other Motor Vehicle Dealers	\$73.4	
- Automotive Parts, Accessories, & Tire Stores	\$67.5	
<b>Furniture &amp; Home Furnishings Stores</b>		
- Furniture Stores	\$90.4	<b>Home Furnishings &amp; Appliances</b>
- Home Furnishing Stores	\$118.3	
<b>Electronics &amp; Appliance Stores</b>		
- Appliance, Television, and Other Electronics	\$83.1	
- Household Appliances Stores	\$15.2	
- Radio Television and Other Electronics	\$67.9	
- Computer and Software Stores	\$73.3	
- Camera & Photographic Equipment Stores	\$9.3	
<b>Building Material &amp; Garden Equipment &amp; Supply Dealers</b>		
- Building Material & Supply Dealers	\$660.3	<b>Building Materials and Garden Equip. &amp; Supplies</b>
- Home Centers	\$156.6	
- Paint and Wallpaper Stores	\$38.4	
- Hardware Stores	\$172.4	
- Other Building Materials Dealers	\$292.9	
- Building Materials, Lumberyards	\$114.5	
- Lawn and Garden Equipment and Supplies	\$29.5	
- Outdoor Power Equipment Stores	\$3.6	
- Nursery and Garden Centers	\$25.8	
<b>Food &amp; Beverage Stores</b>		
- Grocery Stores	\$1,101.6	<b>Food and Beverage Stores</b>
- Supermarkets and Other Grocery Stores	\$1,056.4	
- Convenience Stores	\$45.3	
- Specialty Food Stores	\$46.0	
- Beer, Wine, & Liquor Stores	\$47.3	
<b>Health &amp; Personal Care Stores</b>		
- Pharmacies and Drug Stores	\$317.6	<b>Other Retail Group</b>
- Cosmetics, Beauty Supplies and Perfume Stores	\$13.0	
- Optical Goods Stores	\$14.5	
- Other Health and Personal Care Stores	\$16.3	
<b>Gasoline Stations</b>		
- Gasoline Stations with Convenience Stores	\$339.3	<b>Service Stations</b>
- Other Gasoline Stations	\$195.2	
<b>Clothing &amp; Clothing Accessories Stores</b>		
- Clothing Stores	\$388.7	<b>Clothing &amp; Clothing Accessories</b>
- Men's Clothing Stores	\$22.3	
- Women's Clothing Stores	\$58.7	
- Children's and Infants' Clothing Stores	\$19.0	
- Family Clothing Stores	\$259.6	
- Clothing Accessories Stores	\$5.9	
- Other Clothing Stores	\$23.3	
- Shoe Stores	\$64.4	
- Jewelry, Luggage, & Leather Goods Stores	\$65.4	
- Jewelry Stores	\$60.3	
- Luggage, & Leather Goods Stores	\$5.2	

**Exhibit C-2**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**City of San Jose**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Sporting Goods, Hobby, Book, &amp; Music Stores</b>		
- Sporting Goods, Hobby, & Musical Instruments	\$149.3	
- Sporting Goods Stores	\$66.2	
- Hobby, Toys and Games Stores	\$58.8	
- Sew, Needlework, Piece Goods Stores	\$9.0	
- Musical Instrument and Supplies Stores	\$15.3	<b>Other Retail Group</b>
- Book, Periodical, & Music Stores	\$112.7	
- Book Stores and News Dealers	\$71.3	
- Book Stores	\$69.8	
- News Dealers and Newsstands	\$1.5	
- Prerecorded Tape, Compact Disc, & Records	\$41.4	
<b>General Merchandise Stores</b>		
- Department Stores excluding Leased Dept Stores	\$3,212.9	<b>General Merchandise Stores</b>
- Other General Merchandise Stores	\$1,152.6	
<b>Miscellaneous Store Retailers</b>		
- Florists	\$11.3	
- Office Supplies, Stationery, & Gift Stores	\$82.5	
- Office Supplies and Stationery Stores	\$41.1	<b>Other Retail Group</b>
- Gift, Novelty, and Souvenir Stores	\$41.4	
- Used Merchandise Stores	\$19.0	
- Other Miscellaneous Store Retailers	\$65.5	
<b>Non-store Retailers</b>	<b>\$3,088.2</b>	<b>Other Retail Group</b>
<b>Foodservice &amp; Drinking Places</b>		
- Full-Service Restaurants	\$661.9	<b>Food Services &amp; Drinking Places</b>
- Limited-service Eating Places	\$642.3	
- Special Foodservices	\$177.7	
- Drinking Places - Alcoholic Beverages	\$70.4	
<b>TOTAL RETAIL STORES</b>	<b>\$14,125.9</b>	

<b>Calculations</b>	
<b>BOE Category</b>	<b>In Millions</b>
Motor Vehicles & Parts	\$1,006.0
Home Furnishings and Appliances	\$374.4
Building Materials and Garden Equip	\$689.7
Food and Beverage Stores	\$1,194.9
Gasoline Stations	\$534.5
Clothing and Clothing Accessories	\$518.6
General Merchandise	\$4,365.6
Food Services and Drinking Places	\$1,552.3
Other Retail Group	\$3,889.8
<b>Retail Total</b>	<b>\$14,125.9</b>

Sources: Claritas; State of California Board of Equalization; and ALH Urban & Regional Economics.

**Exhibit C-3  
Almaden Ranch  
Building Materials Market Area  
Portion of Building Materials Market Area Retail Sales within City of San Jose  
In 2010 Dollars**

<b>Claritas Retail Sales Estimates for 2010 (1)</b>			
<b>Type of Retailer</b>	<b>Retail Sales Within San Jose</b>	<b>Total Retail Sales in</b>	<b>Sales</b>
	<b>Portion of Building Materials Market Area (2)</b> [A]	<b>City of San Jose (3)</b> [B]	<b>Ratio</b> [C = A / B]
Motor Vehicles & Parts	\$316,917,560	\$1,006,028,491	31.5%
Home Furnishings and Appliances	\$53,124,145	\$374,381,141	14.2%
Building Materials and Garden Equip	\$162,596,426	\$689,736,719	23.6%
Food and Beverage Stores	\$288,121,262	\$1,194,936,038	24.1%
Gasoline Stations	\$125,057,006	\$534,465,812	23.4%
Clothing and Clothing Accessories	\$111,223,945	\$518,625,669	21.4%
General Merchandise	\$676,444,563	\$4,365,587,078	15.5%
Food Services and Drinking Places	\$370,959,306	\$1,552,296,624	23.9%
Other Retail Group	\$670,961,390	\$3,889,847,049	17.2%
<b>Total</b>	<b>\$2,775,405,603</b>	<b>\$14,125,904,621</b>	<b>19.6%</b>

Sources: Claritas, Inc.; California State Board of Equalization; and ALH Urban & Regional Economics.

(1) Claritas data are in 2010 dollars. See Exhibits C-1 and C-2 for translation of Claritas to BOE categories.

(2) See Exhibit C-1.

(3) See Exhibit C-2.

**Exhibit C-4**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**Campbell Portion of Building Materials Market Area**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Motor Vehicle &amp; Parts Dealers</b>		
- Automotive Dealers	\$0.0	<b>Motor Vehicles &amp; Parts</b>
- Other Motor Vehicle Dealers	\$0.1	
- Automotive Parts, Accessories, & Tire Stores	\$0.0	
<b>Furniture &amp; Home Furnishings Stores</b>		
- Furniture Stores	\$0.0	<b>Home Furnishings &amp; Appliances</b>
- Home Furnishing Stores	\$0.3	
<b>Electronics &amp; Appliance Stores</b>		
- Appliance, Television, and Other Electronics	\$0.1	
- Household Appliances Stores	\$0.0	
- Radio Television and Other Electronics	\$0.1	
- Computer and Software Stores	\$0.0	
- Camera & Photographic Equipment Stores	\$0.0	
	\$0.0	
<b>Building Material &amp; Garden Equipment &amp; Supply Dealers</b>		
- Building Material & Supply Dealers	\$0.7	<b>Building Materials and Garden Equip. &amp; Supplies</b>
- Home Centers	\$0.0	
- Paint and Wallpaper Stores	\$0.0	
- Hardware Stores	\$0.5	
- Other Building Materials Dealers	\$0.2	
- Building Materials, Lumberyards	\$0.1	
- Lawn and Garden Equipment and Supplies	\$0.0	
- Outdoor Power Equipment Stores	\$0.0	
- Nursery and Garden Centers	\$0.0	
	\$0.0	
<b>Food &amp; Beverage Stores</b>		
- Grocery Stores	\$23.0	<b>Food and Beverage Stores</b>
- Supermarkets and Other Grocery Stores	\$22.3	
- Convenience Stores	\$0.7	
- Specialty Food Stores	\$0.1	
- Beer, Wine, & Liquor Stores	\$0.2	
<b>Health &amp; Personal Care Stores</b>		
- Pharmacies and Drug Stores	\$0.9	<b>Other Retail Group</b>
- Cosmetics, Beauty Supplies and Perfume Stores	\$0.0	
- Optical Goods Stores	\$0.0	
- Other Health and Personal Care Stores	\$0.0	
<b>Gasoline Stations</b>		
- Gasoline Stations with Convenience Stores	\$0.0	<b>Service Stations</b>
- Other Gasoline Stations	\$1.5	
<b>Clothing &amp; Clothing Accessories Stores</b>		
- Clothing Stores	\$0.0	<b>Clothing &amp; Clothing Accessories</b>
- Men's Clothing Stores	\$0.0	
- Women's Clothing Stores	\$0.0	
- Children's and Infants' Clothing Stores	\$0.0	
- Family Clothing Stores	\$0.0	
- Clothing Accessories Stores	\$0.0	
- Other Clothing Stores	\$0.0	
- Shoe Stores	\$0.1	
- Jewelry, Luggage, & Leather Goods Stores	\$0.0	
- Jewelry Stores	\$0.0	
- Luggage, & Leather Goods Stores	\$0.0	
	\$0.0	

**Exhibit C-4**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**Campbell Portion of Building Materials Market Area**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Sporting Goods, Hobby, Book, &amp; Music Stores</b>		
- Sporting Goods, Hobby, & Musical Instruments	\$0.4	
- Sporting Goods Stores	\$0.2	
- Hobby, Toys and Games Stores	\$0.1	
- Sew, Needlework, Piece Goods Stores	\$0.0	
- Musical Instrument and Supplies Stores	\$0.0	Other Retail Group
- Book, Periodical, & Music Stores	\$0.0	
- Book Stores and News Dealers	\$0.0	
- Book Stores	\$0.0	
- News Dealers and Newsstands	\$0.0	
- Prerecorded Tape, Compact Disc, & Records	\$0.0	
<b>General Merchandise Stores</b>		
- Department Stores excluding Leased Dept Stores	\$0.0	General Merchandise Stores
- Other General Merchandise Stores	\$0.0	
<b>Miscellaneous Store Retailers</b>		
- Florists	\$0.0	
- Office Supplies, Stationery, & Gift Stores	\$0.0	
- Office Supplies and Stationery Stores	\$0.0	Other Retail Group
- Gift, Novelty, and Souvenir Stores	\$0.0	
- Used Merchandise Stores	\$0.0	
- Other Miscellaneous Store Retailers	\$0.1	
<b>Non-store Retailers</b>	<b>\$0.0</b>	<b>Other Retail Group</b>
<b>Foodservice &amp; Drinking Places</b>		
- Full-Service Restaurants	\$1.9	Food Services & Drinking Places
- Limited-service Eating Places	\$0.9	
- Special Foodservices	\$0.5	
- Drinking Places - Alcoholic Beverages	\$0.0	
<b>TOTAL RETAIL STORES</b>	<b>\$30.7</b>	

BOE Category	Calculations In Millions
Motor Vehicles & Parts	\$0.1
Home Furnishings and Appliances	\$0.4
Building Materials and Garden Equip	\$0.7
Food and Beverage Stores	\$23.3
Gasoline Stations	\$1.5
Clothing and Clothing Accessories	\$0.1
General Merchandise	\$0.0
Food Services and Drinking Places	\$3.2
Other Retail Group	\$1.3
<b>Retail Total</b>	<b>\$30.7</b>

Sources: Claritas; State of California Board of Equalization; and ALH Urban & Regional Economics.

**Exhibit C-5**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**City of Campbell**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Motor Vehicle &amp; Parts Dealers</b>		
- Automotive Dealers	\$7.0	<b>Motor Vehicles &amp; Parts</b>
- Other Motor Vehicle Dealers	\$2.6	
- Automotive Parts, Accessories, & Tire Stores	\$9.8	
<b>Furniture &amp; Home Furnishings Stores</b>		
- Furniture Stores	\$8.9	<b>Home Furnishings &amp; Appliances</b>
- Home Furnishing Stores	\$13.7	
<b>Electronics &amp; Appliance Stores</b>		
- Appliance, Television, and Other Electronics	\$14.1	
- Household Appliances Stores	\$4.2	
- Radio Television and Other Electronics	\$9.9	
- Computer and Software Stores	\$5.3	
- Camera & Photographic Equipment Stores	\$1.7	
<b>Building Material &amp; Garden Equipment &amp; Supply Dealers</b>		
- Building Material & Supply Dealers	\$66.9	<b>Building Materials and Garden Equip. &amp; Supplies</b>
- Home Centers	\$9.7	
- Paint and Wallpaper Stores	\$6.5	
- Hardware Stores	\$1.3	
- Other Building Materials Dealers	\$49.5	
- Building Materials, Lumberyards	\$19.3	
- Lawn and Garden Equipment and Supplies	\$6.0	
- Outdoor Power Equipment Stores	\$0.0	
- Nursery and Garden Centers	\$6.0	
<b>Food &amp; Beverage Stores</b>		
- Grocery Stores	\$86.6	<b>Food and Beverage Stores</b>
- Supermarkets and Other Grocery Stores	\$83.8	
- Convenience Stores	\$2.8	
- Specialty Food Stores	\$2.7	
- Beer, Wine, & Liquor Stores	\$3.1	
<b>Health &amp; Personal Care Stores</b>		
- Pharmacies and Drug Stores	\$25.8	<b>Other Retail Group</b>
- Cosmetics, Beauty Supplies and Perfume Stores	\$2.5	
- Optical Goods Stores	\$0.9	
- Other Health and Personal Care Stores	\$1.4	
<b>Gasoline Stations</b>		
- Gasoline Stations with Convenience Stores	\$17.7	<b>Service Stations</b>
- Other Gasoline Stations	\$10.6	
<b>Clothing &amp; Clothing Accessories Stores</b>		
- Clothing Stores	\$12.0	<b>Clothing &amp; Clothing Accessories</b>
- Men's Clothing Stores	\$0.5	
- Women's Clothing Stores	\$8.8	
- Children's and Infants' Clothing Stores	\$0.2	
- Family Clothing Stores	\$0.0	
- Clothing Accessories Stores	\$1.2	
- Other Clothing Stores	\$1.3	
- Shoe Stores	\$1.1	
- Jewelry, Luggage, & Leather Goods Stores	\$2.0	
- Jewelry Stores	\$2.0	
- Luggage, & Leather Goods Stores	\$0.0	

**Exhibit C-5**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**City of Campbell**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Sporting Goods, Hobby, Book, &amp; Music Stores</b>		
- Sporting Goods, Hobby, & Musical Instruments	\$11.0	
- Sporting Goods Stores	\$4.5	
- Hobby, Toys and Games Stores	\$4.5	
- Sew, Needlework, Piece Goods Stores	\$0.2	
- Musical Instrument and Supplies Stores	\$1.8	<b>Other Retail Group</b>
- Book, Periodical, & Music Stores	\$9.7	
- Book Stores and News Dealers	\$5.3	
- Book Stores	\$5.3	
- News Dealers and Newsstands	\$0.0	
- Prerecorded Tape, Compact Disc, & Records	\$4.4	
<b>General Merchandise Stores</b>		
- Department Stores excluding Leased Dept Stores	\$88.1	<b>General Merchandise Stores</b>
- Other General Merchandise Stores	\$85.0	
<b>Miscellaneous Store Retailers</b>		
- Florists	\$2.7	
- Office Supplies, Stationery, & Gift Stores	\$9.2	
- Office Supplies and Stationery Stores	\$7.0	<b>Other Retail Group</b>
- Gift, Novelty, and Souvenir Stores	\$2.2	
- Used Merchandise Stores	\$0.3	
- Other Miscellaneous Store Retailers	\$6.1	
<b>Non-store Retailers</b>	<b>\$66.6</b>	<b>Other Retail Group</b>
<b>Foodservice &amp; Drinking Places</b>		
- Full-Service Restaurants	\$38.8	<b>Food Services &amp; Drinking Places</b>
- Limited-service Eating Places	\$57.3	
- Special Foodservices	\$5.2	
- Drinking Places - Alcoholic Beverages	\$6.2	
<b>TOTAL RETAIL STORES</b>	<b>\$688.5</b>	

<b>Calculations</b>	
<b>BOE Category</b>	<b>In Millions</b>
Motor Vehicles & Parts	\$19.4
Home Furnishings and Appliances	\$43.6
Building Materials and Garden Equip	\$73.0
Food and Beverage Stores	\$92.4
Gasoline Stations	\$28.3
Clothing and Clothing Accessories	\$15.1
General Merchandise	\$173.2
Food Services and Drinking Places	\$107.5
Other Retail Group	\$136.0
<b>Retail Total</b>	<b>\$688.5</b>

Sources: Claritas; State of California Board of Equalization; and ALH Urban & Regional Economics.

**Exhibit C-6**  
**Almaden Ranch**  
**Building Materials Market Area**  
**Portion of Building Materials Market Area Retail Sales within City of Campbell**  
**In 2010 Dollars**

Claritas Retail Sales Estimates for 2010 (1)			
Type of Retailer	Retail Sales Within Campbell Portion of Building Materials Market Area (2) [A]	Total Retail Sales in City of Campbell (3) [B]	Sales Ratio [C = A / B]
Motor Vehicles & Parts	\$134,959	\$19,372,317	0.7%
Home Furnishings and Appliances	\$368,946	\$43,627,380	0.8%
Building Materials and Garden Equip	\$720,415	\$72,969,746	1.0%
Food and Beverage Stores	\$23,267,305	\$92,390,564	25.2%
Gasoline Stations	\$1,525,425	\$28,328,514	5.4%
Clothing and Clothing Accessories	\$102,639	\$15,101,684	0.7%
General Merchandise	\$0	\$173,152,295	0.0%
Food Services and Drinking Places	\$3,242,516	\$107,539,635	3.0%
Other Retail Group	\$1,332,257	\$136,049,492	1.0%
<b>Total</b>	<b>\$30,694,462</b>	<b>\$688,531,627</b>	<b>4.5%</b>

Sources: Claritas, Inc.; California State Board of Equalization; and ALH Urban & Regional Economics.

(1) Claritas data are in 2010 dollars. See Exhibits C-4 and C-5 for translation of Claritas to BOE categories.

(2) See Exhibit C-4.

(3) See Exhibit C-5.

**Exhibit C-7**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**San Jose Portion of General Merchandise Market Area**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Motor Vehicle &amp; Parts Dealers</b>		
- Automotive Dealers	\$249.4	<b>Motor Vehicles &amp; Parts</b>
- Other Motor Vehicle Dealers	\$10.3	
- Automotive Parts, Accessories, & Tire Stores	\$16.5	
<b>Furniture &amp; Home Furnishings Stores</b>		
- Furniture Stores	\$25.3	<b>Home Furnishings &amp; Appliances</b>
- Home Furnishing Stores	\$29.9	
<b>Electronics &amp; Appliance Stores</b>		
- Appliance, Television, and Other Electronics	\$24.5	
- Household Appliances Stores	\$4.5	
- Radio Television and Other Electronics	\$20.0	
- Computer and Software Stores	\$2.9	
- Camera & Photographic Equipment Stores	\$0.0	
<b>Building Material &amp; Garden Equipment &amp; Supply Dealers</b>		
- Building Material & Supply Dealers	\$284.2	<b>Building Materials and Garden Equip. &amp; Supplies</b>
- Home Centers	\$93.0	
- Paint and Wallpaper Stores	\$13.3	
- Hardware Stores	\$55.1	
- Other Building Materials Dealers	\$122.9	
- Building Materials, Lumberyards	\$48.0	
- Lawn and Garden Equipment and Supplies	\$10.8	
- Outdoor Power Equipment Stores	\$2.9	
- Nursery and Garden Centers	\$7.9	
<b>Food &amp; Beverage Stores</b>		
- Grocery Stores	\$295.1	<b>Food and Beverage Stores</b>
- Supermarkets and Other Grocery Stores	\$285.3	
- Convenience Stores	\$9.9	
- Specialty Food Stores	\$9.3	
- Beer, Wine, & Liquor Stores	\$14.6	
<b>Health &amp; Personal Care Stores</b>		
- Pharmacies and Drug Stores	\$124.0	<b>Other Retail Group</b>
- Cosmetics, Beauty Supplies and Perfume Stores	\$3.9	
- Optical Goods Stores	\$4.0	
- Other Health and Personal Care Stores	\$4.2	
<b>Gasoline Stations</b>		
- Gasoline Stations with Convenience Stores	\$55.4	<b>Service Stations</b>
- Other Gasoline Stations	\$76.9	
<b>Clothing &amp; Clothing Accessories Stores</b>		
- Clothing Stores	\$95.6	<b>Clothing &amp; Clothing Accessories</b>
- Men's Clothing Stores	\$8.2	
- Women's Clothing Stores	\$20.1	
- Children's and Infants' Clothing Stores	\$10.5	
- Family Clothing Stores	\$46.4	
- Clothing Accessories Stores	\$1.7	
- Other Clothing Stores	\$8.7	
- Shoe Stores	\$20.3	
- Jewelry, Luggage, & Leather Goods Stores	\$10.8	
- Jewelry Stores	\$9.8	
- Luggage, & Leather Goods Stores	\$1.0	

**Exhibit C-7**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**San Jose Portion of General Merchandise Market Area**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Sporting Goods, Hobby, Book, &amp; Music Stores</b>		
- Sporting Goods, Hobby, & Musical Instruments	\$54.7	
- Sporting Goods Stores	\$17.9	
- Hobby, Toys and Games Stores	\$25.4	
- Sew, Needlework, Piece Goods Stores	\$5.1	
- Musical Instrument and Supplies Stores	\$6.3	<b>Other Retail Group</b>
- Book, Periodical, & Music Stores	\$33.9	
- Book Stores and News Dealers	\$18.5	
- Book Stores	\$18.4	
- News Dealers and Newsstands	\$0.1	
- Prerecorded Tape, Compact Disc, & Records	\$15.4	
<b>General Merchandise Stores</b>		
- Department Stores excluding Leased Dept Stores	\$671.6	<b>General Merchandise Stores</b>
- Other General Merchandise Stores	\$576.1	
<b>Miscellaneous Store Retailers</b>		
- Florists	\$5.8	
- Office Supplies, Stationery, & Gift Stores	\$30.8	
- Office Supplies and Stationery Stores	\$17.3	<b>Other Retail Group</b>
- Gift, Novelty, and Souvenir Stores	\$13.5	
- Used Merchandise Stores	\$2.5	
- Other Miscellaneous Store Retailers	\$22.1	
<b>Non-store Retailers</b>	<b>\$689.5</b>	<b>Other Retail Group</b>
<b>Foodservice &amp; Drinking Places</b>		
- Full-Service Restaurants	\$190.2	<b>Food Services &amp; Drinking Places</b>
- Limited-service Eating Places	\$211.6	
- Special Foodservices	\$22.5	
- Drinking Places - Alcoholic Beverages	\$11.7	
<b>TOTAL RETAIL STORES</b>	<b>\$3,890.7</b>	

<b>Calculations</b>	
<b>BOE Category</b>	<b>In Millions</b>
Motor Vehicles & Parts	\$276.1
Home Furnishings and Appliances	\$82.6
Building Materials and Garden Equip	\$295.0
Food and Beverage Stores	\$319.0
Gasoline Stations	\$132.3
Clothing and Clothing Accessories	\$126.7
General Merchandise	\$1,247.7
Food Services and Drinking Places	\$435.9
Other Retail Group	\$975.4
<b>Retail Total</b>	<b>\$3,890.7</b>

Sources: Claritas; State of California Board of Equalization; and ALH Urban & Regional Economics.

**Exhibit C-8  
Almaden Ranch  
General Merchandise Market Area  
Portion of General Merchandise Market Area Retail Sales within City of San Jose  
In 2010 Dollars**

<b>Claritas Retail Sales Estimates for 2010 (1)</b>			
<b>Type of Retailer</b>	<b>Retail Sales Within San Jose</b>	<b>Total Retail Sales in</b>	<b>Sales</b>
	<b>Portion of Building Materials Market Area (2)</b> [A]	<b>City of San Jose (3)</b> [B]	<b>Ratio</b> [C = A / B]
Motor Vehicles & Parts	\$276,097,700	\$1,006,028,491	27.4%
Home Furnishings and Appliances	\$82,592,212	\$374,381,141	22.1%
Building Materials and Garden Equip	\$295,021,496	\$689,736,719	42.8%
Food and Beverage Stores	\$318,978,644	\$1,194,936,038	26.7%
Gasoline Stations	\$132,282,125	\$534,465,812	24.8%
Clothing and Clothing Accessories	\$126,661,426	\$518,625,669	24.4%
General Merchandise	\$1,247,693,872	\$4,365,587,078	28.6%
Food Services and Drinking Places	\$435,917,360	\$1,552,296,624	28.1%
Other Retail Group	\$975,419,514	\$3,889,847,049	25.1%
<b>Total</b>	<b>\$3,890,664,349</b>	<b>\$14,125,904,621</b>	<b>27.5%</b>

Sources: Claritas, Inc.; California State Board of Equalization; and ALH Urban & Regional Economics.

(1) Claritas data are in 2010 dollars. See Exhibits C-7 and C-2 for translation of Claritas to BOE categories.

(2) See Exhibit C-7.

(3) See Exhibit C-2.

**Exhibit C-9**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**Los Gatos Portion of General Merchandise Market Area**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Motor Vehicle &amp; Parts Dealers</b>		
- Automotive Dealers	\$37.7	<b>Motor Vehicles &amp; Parts</b>
- Other Motor Vehicle Dealers	\$0.0	
- Automotive Parts, Accessories, & Tire Stores	\$2.9	
<b>Furniture &amp; Home Furnishings Stores</b>		
- Furniture Stores	\$5.7	<b>Home Furnishings &amp; Appliances</b>
- Home Furnishing Stores	\$7.4	
<b>Electronics &amp; Appliance Stores</b>		
- Appliance, Television, and Other Electronics	\$1.2	
- Household Appliances Stores	\$0.4	
- Radio Television and Other Electronics	\$0.8	
- Computer and Software Stores	\$0.7	
- Camera & Photographic Equipment Stores	\$1.2	
<b>Building Material &amp; Garden Equipment &amp; Supply Dealers</b>		
- Building Material & Supply Dealers	\$40.2	<b>Building Materials and Garden Equip. &amp; Supplies</b>
- Home Centers	\$0.7	
- Paint and Wallpaper Stores	\$0.6	
- Hardware Stores	\$15.3	
- Other Building Materials Dealers	\$23.6	
- Building Materials, Lumberyards	\$9.2	
- Lawn and Garden Equipment and Supplies	\$6.5	
- Outdoor Power Equipment Stores	\$2.9	
- Nursery and Garden Centers	\$3.6	
<b>Food &amp; Beverage Stores</b>		
- Grocery Stores	\$35.6	<b>Food and Beverage Stores</b>
- Supermarkets and Other Grocery Stores	\$34.3	
- Convenience Stores	\$1.3	
- Specialty Food Stores	\$3.9	
- Beer, Wine, & Liquor Stores	\$3.3	
<b>Health &amp; Personal Care Stores</b>		
- Pharmacies and Drug Stores	\$21.4	<b>Other Retail Group</b>
- Cosmetics, Beauty Supplies and Perfume Stores	\$0.2	
- Optical Goods Stores	\$0.8	
- Other Health and Personal Care Stores	\$1.2	
<b>Gasoline Stations</b>		
- Gasoline Stations with Convenience Stores	\$27.7	<b>Service Stations</b>
- Other Gasoline Stations	\$11.3	
<b>Clothing &amp; Clothing Accessories Stores</b>		
- Clothing Stores	\$29.0	<b>Clothing &amp; Clothing Accessories</b>
- Men's Clothing Stores	\$1.0	
- Women's Clothing Stores	\$4.1	
- Children's and Infants' Clothing Stores	\$2.1	
- Family Clothing Stores	\$20.1	
- Clothing Accessories Stores	\$0.1	
- Other Clothing Stores	\$1.5	
- Shoe Stores	\$2.6	
- Jewelry, Luggage, & Leather Goods Stores	\$5.1	
- Jewelry Stores	\$4.2	
- Luggage, & Leather Goods Stores	\$0.8	

**Exhibit C-9**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**Los Gatos Portion of General Merchandise Market Area**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Sporting Goods, Hobby, Book, &amp; Music Stores</b>		
- Sporting Goods, Hobby, & Musical Instruments	\$9.9	
- Sporting Goods Stores	\$2.9	
- Hobby, Toys and Games Stores	\$4.4	
- Sew, Needlework, Piece Goods Stores	\$2.1	
- Musical Instrument and Supplies Stores	\$0.5	<b>Other Retail Group</b>
- Book, Periodical, & Music Stores	\$8.1	
- Book Stores and News Dealers	\$6.9	
- Book Stores	\$6.6	
- News Dealers and Newsstands	\$0.2	
- Prerecorded Tape, Compact Disc, & Records	\$1.2	
<b>General Merchandise Stores</b>		
- Department Stores excluding Leased Dept Stores	\$7.5	<b>General Merchandise Stores</b>
- Other General Merchandise Stores	\$6.2	
<b>Miscellaneous Store Retailers</b>		
- Florists	\$3.5	
- Office Supplies, Stationery, & Gift Stores	\$12.2	
- Office Supplies and Stationery Stores	\$8.3	<b>Other Retail Group</b>
- Gift, Novelty, and Souvenir Stores	\$3.9	
- Used Merchandise Stores	\$0.4	
- Other Miscellaneous Store Retailers	\$3.8	
<b>Non-store Retailers</b>	<b>\$20.6</b>	<b>Other Retail Group</b>
<b>Foodservice &amp; Drinking Places</b>		
- Full-Service Restaurants	\$49.6	<b>Food Services &amp; Drinking Places</b>
- Limited-service Eating Places	\$40.1	
- Special Foodservices	\$10.6	
- Drinking Places - Alcoholic Beverages	\$3.3	
<b>TOTAL RETAIL STORES</b>	<b>\$421.3</b>	

<b>Calculations</b>	
<b>BOE Category</b>	<b>In Millions</b>
Motor Vehicles & Parts	\$40.7
Home Furnishings and Appliances	\$16.1
Building Materials and Garden Equip	\$46.6
Food and Beverage Stores	\$42.8
Gasoline Stations	\$39.0
Clothing and Clothing Accessories	\$36.6
General Merchandise	\$13.7
Food Services and Drinking Places	\$103.5
Other Retail Group	\$82.2
<b>Retail Total</b>	<b>\$421.3</b>

Sources: Claritas; State of California Board of Equalization; and ALH Urban & Regional Economics.

**Exhibit C-10**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**Town of Los Gatos**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Motor Vehicle &amp; Parts Dealers</b>		
- Automotive Dealers	\$37.7	<b>Motor Vehicles &amp; Parts</b>
- Other Motor Vehicle Dealers	\$0.0	
- Automotive Parts, Accessories, & Tire Stores	\$2.9	
<b>Furniture &amp; Home Furnishings Stores</b>		
- Furniture Stores	\$5.7	<b>Home Furnishings &amp; Appliances</b>
- Home Furnishing Stores	\$7.4	
<b>Electronics &amp; Appliance Stores</b>		
- Appliance, Television, and Other Electronics	\$1.2	
- Household Appliances Stores	\$0.5	
- Radio Television and Other Electronics	\$0.8	
- Computer and Software Stores	\$0.7	
- Camera & Photographic Equipment Stores	\$1.2	
<b>Building Material &amp; Garden Equipment &amp; Supply Dealers</b>		
- Building Material & Supply Dealers	\$40.2	<b>Building Materials and Garden Equip. &amp; Supplies</b>
- Home Centers	\$0.7	
- Paint and Wallpaper Stores	\$0.6	
- Hardware Stores	\$15.3	
- Other Building Materials Dealers	\$23.6	
- Building Materials, Lumberyards	\$9.2	
- Lawn and Garden Equipment and Supplies	\$6.5	
- Outdoor Power Equipment Stores	\$2.9	
- Nursery and Garden Centers	\$3.6	
<b>Food &amp; Beverage Stores</b>		
- Grocery Stores	\$47.0	<b>Food and Beverage Stores</b>
- Supermarkets and Other Grocery Stores	\$45.7	
- Convenience Stores	\$1.3	
- Specialty Food Stores	\$3.9	
- Beer, Wine, & Liquor Stores	\$3.4	
<b>Health &amp; Personal Care Stores</b>		
- Pharmacies and Drug Stores	\$23.1	<b>Other Retail Group</b>
- Cosmetics, Beauty Supplies and Perfume Stores	\$0.2	
- Optical Goods Stores	\$0.8	
- Other Health and Personal Care Stores	\$1.2	
<b>Gasoline Stations</b>		
- Gasoline Stations with Convenience Stores	\$27.7	<b>Service Stations</b>
- Other Gasoline Stations	\$11.3	
<b>Clothing &amp; Clothing Accessories Stores</b>		
- Clothing Stores	\$29.1	<b>Clothing &amp; Clothing Accessories</b>
- Men's Clothing Stores	\$1.0	
- Women's Clothing Stores	\$4.1	
- Children's and Infants' Clothing Stores	\$2.1	
- Family Clothing Stores	\$20.1	
- Clothing Accessories Stores	\$0.1	
- Other Clothing Stores	\$1.6	
- Shoe Stores	\$2.6	
- Jewelry, Luggage, & Leather Goods Stores	\$5.1	
- Jewelry Stores	\$4.2	
- Luggage, & Leather Goods Stores	\$0.8	

**Exhibit C-10**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**Town of Los Gatos**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Sporting Goods, Hobby, Book, &amp; Music Stores</b>		
- Sporting Goods, Hobby, & Musical Instruments	\$9.9	
- Sporting Goods Stores	\$2.9	
- Hobby, Toys and Games Stores	\$4.4	
- Sew, Needlework, Piece Goods Stores	\$2.1	
- Musical Instrument and Supplies Stores	\$0.5	<b>Other Retail Group</b>
- Book, Periodical, & Music Stores	\$8.1	
- Book Stores and News Dealers	\$6.9	
- Book Stores	\$6.6	
- News Dealers and Newsstands	\$0.2	
- Prerecorded Tape, Compact Disc, & Records	\$1.2	
<b>General Merchandise Stores</b>		
- Department Stores excluding Leased Dept Stores	\$7.5	<b>General Merchandise Stores</b>
- Other General Merchandise Stores	\$6.2	
<b>Miscellaneous Store Retailers</b>		
- Florists	\$3.5	
- Office Supplies, Stationery, & Gift Stores	\$12.4	
- Office Supplies and Stationery Stores	\$8.3	<b>Other Retail Group</b>
- Gift, Novelty, and Souvenir Stores	\$4.1	
- Used Merchandise Stores	\$0.4	
- Other Miscellaneous Store Retailers	\$3.8	
<b>Non-store Retailers</b>	<b>\$28.9</b>	<b>Other Retail Group</b>
<b>Foodservice &amp; Drinking Places</b>		
- Full-Service Restaurants	\$49.8	<b>Food Services &amp; Drinking Places</b>
- Limited-service Eating Places	\$41.4	
- Special Foodservices	\$11.1	
- Drinking Places - Alcoholic Beverages	\$3.3	
<b>TOTAL RETAIL STORES</b>	<b>\$445.3</b>	

<b>Calculations</b>	
<b>BOE Category</b>	<b>In Millions</b>
Motor Vehicles & Parts	\$40.7
Home Furnishings and Appliances	\$16.2
Building Materials and Garden Equip	\$46.6
Food and Beverage Stores	\$54.4
Gasoline Stations	\$39.0
Clothing and Clothing Accessories	\$36.7
General Merchandise	\$13.7
Food Services and Drinking Places	\$105.5
Other Retail Group	\$92.4
<b>Retail Total</b>	<b>\$445.3</b>

Sources: Claritas; State of California Board of Equalization; and ALH Urban & Regional Economics.

**Exhibit C-11**  
**Almaden Ranch**  
**General Merchandise Market Area**  
**Portion of General Merchandise Market Area Retail Sales within Town of Los Gatos**  
**In 2010 Dollars**

<b>Claritas Retail Sales Estimates for 2010 (1)</b>			
<b>Type of Retailer</b>	<b>Retail Sales Within Los Gatos Portion of Building Materials Market Area (2)</b> [A]	<b>Total Retail Sales in Town of Los Gatos (3)</b> [B]	<b>Sales Ratio</b> [C = A / B]
Motor Vehicles & Parts	\$40,679,143	\$40,679,143	100.0%
Home Furnishings and Appliances	\$16,123,522	\$16,198,842	99.5%
Building Materials and Garden Equip	\$46,641,449	\$46,641,449	100.0%
Food and Beverage Stores	\$42,814,121	\$54,392,332	78.7%
Gasoline Stations	\$39,010,289	\$39,010,289	100.0%
Clothing and Clothing Accessories	\$36,630,509	\$36,717,944	99.8%
General Merchandise	\$13,707,376	\$13,707,376	100.0%
Food Services and Drinking Places	\$103,500,013	\$105,526,981	98.1%
Other Retail Group	\$82,155,255	\$92,386,686	88.9%
<b>Total</b>	<b>\$421,261,677</b>	<b>\$445,261,042</b>	<b>94.6%</b>

Sources: Claritas, Inc.; California State Board of Equalization; and ALH Urban & Regional Economics.

(1) Claritas data are in 2010 dollars. See Exhibits C-9 and C-10 for translation of Claritas to BOE categories.

(2) See Exhibit C-9.

(3) See Exhibit C-10.

**Exhibit C-12**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**San Jose Portion of Food Store Market Area**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Motor Vehicle &amp; Parts Dealers</b>		
- Automotive Dealers	\$277.5	<b>Motor Vehicles &amp; Parts</b>
- Other Motor Vehicle Dealers	\$6.7	
- Automotive Parts, Accessories, & Tire Stores	\$10.2	
<b>Furniture &amp; Home Furnishings Stores</b>		
- Furniture Stores	\$19.1	<b>Home Furnishings &amp; Appliances</b>
- Home Furnishing Stores	\$20.1	
<b>Electronics &amp; Appliance Stores</b>		
- Appliance, Television, and Other Electronics	\$10.5	
- Household Appliances Stores	\$3.1	
- Radio Television and Other Electronics	\$7.4	
- Computer and Software Stores	\$2.7	
- Camera & Photographic Equipment Stores	\$0.0	
<b>Building Material &amp; Garden Equipment &amp; Supply Dealers</b>		
- Building Material & Supply Dealers	\$177.2	<b>Building Materials and Garden Equip. &amp; Supplies</b>
- Home Centers	\$71.4	
- Paint and Wallpaper Stores	\$11.8	
- Hardware Stores	\$54.5	
- Other Building Materials Dealers	\$39.5	
- Building Materials, Lumberyards	\$15.4	
- Lawn and Garden Equipment and Supplies	\$7.6	
- Outdoor Power Equipment Stores	\$2.3	
- Nursery and Garden Centers	\$5.3	
<b>Food &amp; Beverage Stores</b>		
- Grocery Stores	\$266.2	<b>Food and Beverage Stores</b>
- Supermarkets and Other Grocery Stores	\$256.9	
- Convenience Stores	\$9.3	
- Specialty Food Stores	\$8.0	
- Beer, Wine, & Liquor Stores	\$9.7	
<b>Health &amp; Personal Care Stores</b>		
- Pharmacies and Drug Stores	\$103.1	<b>Other Retail Group</b>
- Cosmetics, Beauty Supplies and Perfume Stores	\$3.3	
- Optical Goods Stores	\$3.8	
- Other Health and Personal Care Stores	\$3.0	
<b>Gasoline Stations</b>		
- Gasoline Stations with Convenience Stores	\$55.4	<b>Service Stations</b>
- Other Gasoline Stations	\$52.3	
<b>Clothing &amp; Clothing Accessories Stores</b>		
- Clothing Stores	\$87.1	<b>Clothing &amp; Clothing Accessories</b>
- Men's Clothing Stores	\$7.8	
- Women's Clothing Stores	\$15.8	
- Children's and Infants' Clothing Stores	\$9.6	
- Family Clothing Stores	\$46.1	
- Clothing Accessories Stores	\$1.2	
- Other Clothing Stores	\$6.6	
- Shoe Stores	\$17.2	
- Jewelry, Luggage, & Leather Goods Stores	\$7.7	
- Jewelry Stores	\$7.2	
- Luggage, & Leather Goods Stores	\$0.5	

**Exhibit C-12**  
**Almaden Ranch**  
**Translation of Claritas Retail Sales Categories to BOE Categories**  
**San Jose Portion of Food Store Market Area**  
**In 2010 Constant Dollars (millions)**

Claritas Sales Category	Claritas Retail Sales 2010 2010 \$'s	BOE Category
<b>Sporting Goods, Hobby, Book, &amp; Music Stores</b>		
- Sporting Goods, Hobby, & Musical Instruments	\$46.4	
- Sporting Goods Stores	\$16.7	
- Hobby, Toys and Games Stores	\$17.9	
- Sew, Needlework, Piece Goods Stores	\$5.2	
- Musical Instrument and Supplies Stores	\$6.6	<b>Other Retail Group</b>
- Book, Periodical, & Music Stores	\$27.7	
- Book Stores and News Dealers	\$14.5	
- Book Stores	\$14.5	
- News Dealers and Newsstands	\$0.1	
- Prerecorded Tape, Compact Disc, & Records	\$13.2	
<b>General Merchandise Stores</b>		
- Department Stores excluding Leased Dept Stores	\$543.2	<b>General Merchandise Stores</b>
- Other General Merchandise Stores	\$214.5	
<b>Miscellaneous Store Retailers</b>		
- Florists	\$4.7	
- Office Supplies, Stationery, & Gift Stores	\$25.6	
- Office Supplies and Stationery Stores	\$13.6	<b>Other Retail Group</b>
- Gift, Novelty, and Souvenir Stores	\$12.0	
- Used Merchandise Stores	\$1.2	
- Other Miscellaneous Store Retailers	\$16.5	
<b>Non-store Retailers</b>	<b>\$507.8</b>	<b>Other Retail Group</b>
<b>Foodservice &amp; Drinking Places</b>		
- Full-Service Restaurants	\$153.7	<b>Food Services &amp; Drinking Places</b>
- Limited-service Eating Places	\$172.6	
- Special Foodservices	\$22.5	
- Drinking Places - Alcoholic Beverages	\$2.9	
<b>TOTAL RETAIL STORES</b>	<b>\$2,887.7</b>	

BOE Category	Calculations In Millions
Motor Vehicles & Parts	\$294.4
Home Furnishings and Appliances	\$52.4
Building Materials and Garden Equip	\$184.9
Food and Beverage Stores	\$283.9
Gasoline Stations	\$107.7
Clothing and Clothing Accessories	\$112.0
General Merchandise	\$757.6
Food Services and Drinking Places	\$351.7
Other Retail Group	\$743.2
<b>Retail Total</b>	<b>\$2,887.7</b>

Sources: Claritas; State of California Board of Equalization; and ALH Urban & Regional Economics.

**Exhibit C-13  
Almaden Ranch  
Food Store Market Area  
Portion of Food Store Market Area Retail Sales within City of San Jose  
In 2010 Dollars**

<b>Claritas Retail Sales Estimates for 2010 (1)</b>			
<b>Type of Retailer</b>	<b>Retail Sales Within San Jose Portion of Building Materials Market Area (2) [A]</b>	<b>Total Retail Sales in City of San Jose (3) [B]</b>	<b>Sales Ratio [C = A / B]</b>
Motor Vehicles & Parts	\$294,424,653	\$1,006,028,491	29.3%
Home Furnishings and Appliances	\$52,406,871	\$374,381,141	14.0%
Building Materials and Garden Equip	\$184,872,064	\$689,736,719	26.8%
Food and Beverage Stores	\$283,853,502	\$1,194,936,038	23.8%
Gasoline Stations	\$107,657,408	\$534,465,812	20.1%
Clothing and Clothing Accessories	\$112,041,963	\$518,625,669	21.6%
General Merchandise	\$757,634,050	\$4,365,587,078	17.4%
Food Services and Drinking Places	\$351,674,524	\$1,552,296,624	22.7%
Other Retail Group	\$743,154,856	\$3,889,847,049	19.1%
<b>Total</b>	<b>\$2,887,719,891</b>	<b>\$14,125,904,621</b>	<b>20.4%</b>

Sources: Claritas, Inc.; California State Board of Equalization; and ALH Urban & Regional Economics.

(1) Claritas data are in 2010 dollars. See Exhibits C-12 and C-2 for translation of Claritas to BOE categories.

(2) See Exhibit C-12.

(3) See Exhibit C-2.