

Evergreen ♦ East Hills Vision Strategy Retail Study

Consultant Team

- Bay Area Economics
- Metrovation

Market Analysis Methodology

- Review recent demographic trends
- Identify local trade areas (LTAs) for local-serving goods such as grocery and drugstores based on current and future residential development patterns and existing competitive supply
- Identify a regional trade area based on transportation access, development patterns, and the location of existing competitive supply
- Map and review existing retail supply for trade areas
- Analyze current retail sales for the trade areas, based on store-by-store confidential data for taxable retail sales
- Estimate potential sales and supportable square feet of new stores for each trade area
- Identify types of retailers that match trade area demographics and complement existing retail supply
- Recommend retail opportunities with market support for each key site

Highlights of Demographics and Findings of Evergreen ♦ East Hills Retail Study

- Population is growing and will continue to grow: Not only have several thousand units been built in Evergreen since 2000, more units have already been permitted. Permitted units do not include any of the potential units currently under discussion in the Evergreen ♦ East Hills Vision process.
- High proportion of homeowners: In 2000, Evergreen's ownership rate was 85.3 percent, compared to 61.8 percent for the City overall, and 57.8 percent for the Bay Area Region.
- Household incomes for the Study Area indicate an affluent community: In 2004, the estimated median household income was \$110,200, compared to \$80,000 for San Jose overall, and \$71,600 for the Bay Area.
- High concentration of very affluent households: In 2004, an estimated 31 percent of area households earned more than \$150,000, compared to just 18 percent for the City and 16 percent for the Bay Area.

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- Diverse ethnic composition.
- Strong total taxable retail sales in the Study Area: Sales increased 6.8 percent from 2001 to 2003, despite the economic slowdown in the Bay Area.
- A leakage analysis indicated that per capita annual sales were \$3,800: When compared to San Jose's overall per capita sales pattern for the same time period, the data indicate that the Study Area is capturing only about half of potential sales and the other half is "leaking" outside the Evergreen area.
- Grocery findings: There is existing demand for additional grocery store space today.

Small Office Space

The Study examined the market demand for additional smaller office space. Small office spaces are often complementary to retail centers. To assess market support for small office uses, the consultants:

- Documented existing available space and real estate market indicators (e.g., rents and occupancy rates)
- Analyzed data regarding the number of small businesses in the area and region
- Explored "working at home" Census data to provide additional indicator of the presence of small businesses that might be seeking suitable office or service space.