RETAIL MARKET IMPACT ANALYSIS
FOR
ESCONDIDO VILLAGE
EXPANSION

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I. INTRODUCTION

This report evaluates the potential economic impacts of the proposed expansion of the Escondido Village shopping center, near the intersection of East Valley Parkway and Harding Street. For purposes of this analysis, the proposed expansion is assumed to consist of a single 98,000 square foot retail store. The analysis assumes that 50% (or 49,000 square feet) of the proposed retail store would be devoted to supermarket-type sales, with the balance of the store devoted to general merchandise space. The analysis further assumes that the project would open in 2010.

The economic impact analysis addresses three key issues:

1. The potential for the proposed project's general merchandise space to negatively impact existing "GAFO"[1] stores in the trade area;
2. The potential for the proposed project's grocery component to negatively impact the existing supermarkets in the area; and
3. The cumulative impacts associated with the proposed project when its impacts are considered together with economic impacts of all major retail projects currently planned for development in the trade area.

Overview of Methodology

For purposes of estimating impacts in the relevant categories, this analysis considers a trade area that includes the City of Escondido and the surrounding unincorporated areas to the north and east of the City. The analysis projects total resident purchasing power within this trade area, and uses this projection of total demand as the basis for determining the extent to which the proposed project could be supported in the market area without negatively impacting existing businesses.

The study methodology includes the following major steps:

1. Estimate the current potential demand for general merchandise, apparel, furniture, specialty, grocery, building/hardware/garden and restaurant sales in the trade area, based on existing demographics;
2. Project the portion of trade area retail demand that can potentially be captured within the City of Escondido
3. Compare this "potential" demand to the actual volume of retail sales in the trade area, based on taxable sales data from the California State Board of Equalization (SBOE);
4. Estimate the volumes of additional general merchandise, apparel, furniture, specialty, grocery, building/hardware/garden and restaurant sales that the market could support in future years (through 2017), based on the difference between potentially supportable sales and the existing sales volumes in the trade area; and

[1] "GAFO" is a retail industry acronym for the General Merchandise, Apparel, Furniture, and Other/Specialty sales categories. These categories correspond to the typical merchandise mix of a general merchandise department store such as the proposed project. The GAFO retail categories are also referred to as "shopper" or "comparison" goods.

5. Estimate the square footage of new retail space that could be supported, by translating potential new retail sales (determined in step 4) into supportable square feet of retail space.

For the non-grocery retail categories, the potential impacts are expressed in terms of the square feet of existing businesses that could potentially be displaced by the proposed project. For the grocery category, in addition to evaluating the potential square footage displacement, the report evaluates direct potential sales impacts (in terms of dollars per square foot) to existing supermarkets in the City. This additional level of analysis for supermarkets is possible because the universe of supermarkets in the City is relatively small. Thus, it is possible to estimate the existing aggregate and average sales of these supermarkets, based on data from the State Board of Equalization (BOE).

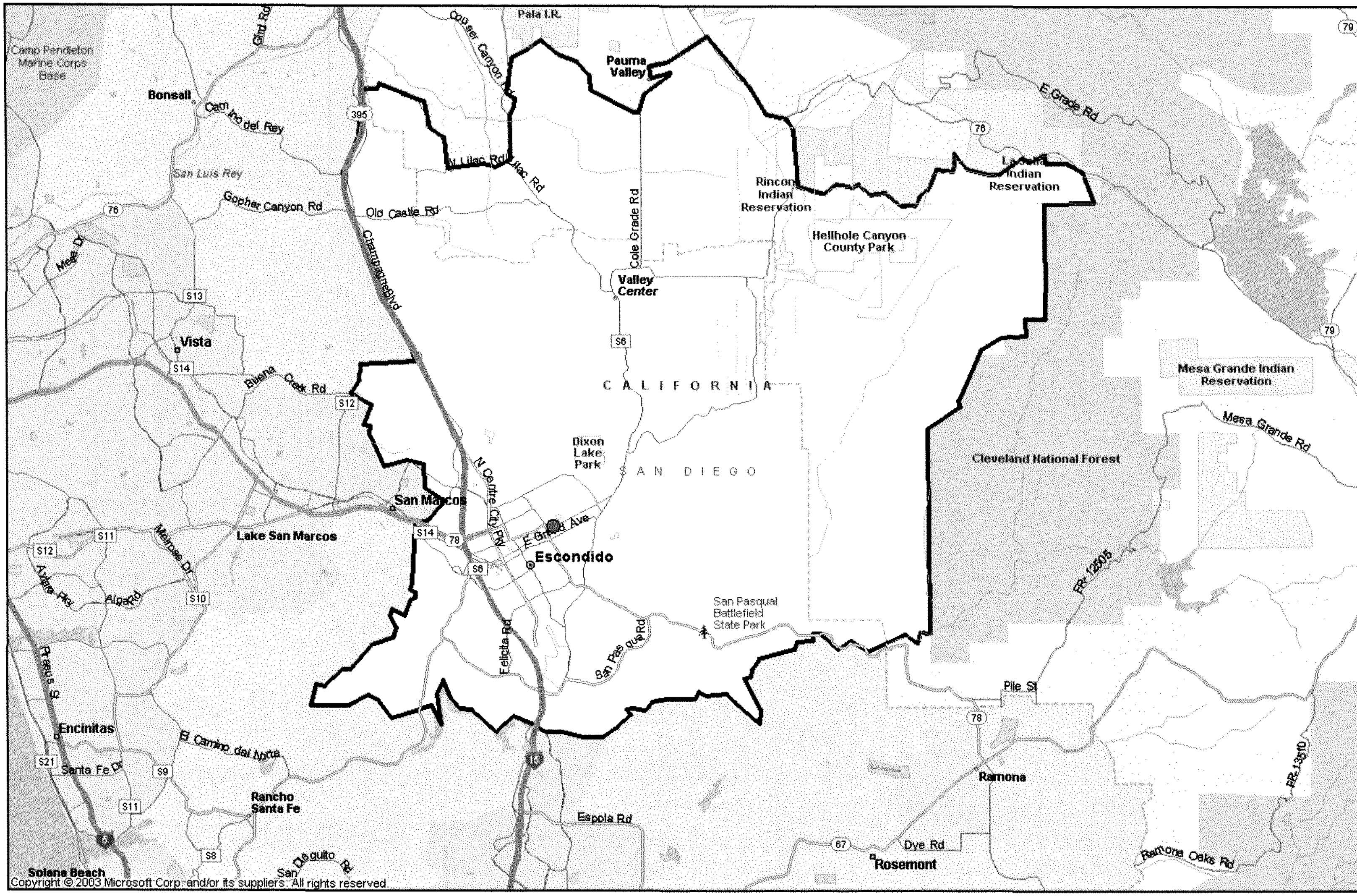
Assumed Trade Area

For purposes of this study, the trade area has been defined by the City of Escondido and the immediate surrounding area in unincorporated in San Diego County. The trade area's boundaries are defined by census tracts that are full or partially contained in the City along with census tracts to the north and east of the City[2]. The trade area boundaries are shown on Figure I-1 on the following page.

The Westfield North County mall is a 1.2 million square foot regional mall located at 272 East Via Rancho Parkway in Escondido, at the very southern portion of the trade area as shown in Figure I-1. The mall draws market support from a much larger trade area than the trade area considered here for the proposed project (i.e., the trade area shown in Figure I-1). Thus, this analysis excludes the "regional component" of trade area demand (i.e., the portion of demand projected to be captured by the mall and therefore not available to support non-regional retail space such as the proposed project). Additional information on the trade area design is provided in Section III-A of the report.

[2] Appendix D provides a list of the census tracts that make up the trade area along with household forecasts by census tract. The forecasts are provided by the San Diego County Association of Governments (SANDAG).

Figure I-1:
Trade Area Boundaries



What this Study Provides

Since this study is being completed as part of the Environmental Impact Report (EIR) addendum for the proposed project, it focuses strictly the types of economic impacts that are defined as significant by the California Environmental Quality Act (CEQA). Specifically, per Section 15131(b) of the CEQA Guidelines, a project's economic impacts on a community are considered significant only if they can be tied to direct physical changes in the market area (i.e., physical deterioration of existing retail centers/facilities). For purposes of this analysis, The Natelson Dale Group, Inc. (TNDG) has established the following criteria to determine if the project's market impacts would be significant enough to create a lasting physical change in the market area:

- Any diversion of sales from existing retail facilities would have to be severe enough to result in business closings; and

- The business closures would have to be significant enough in scale (i.e., in terms of the total square footage affected and/or the loss of key "anchor" tenants) to affect the long-term viability of existing shopping centers or districts, subsequently resulting in urban decay. Urban decay may be described as a downward spiral of store closures and long-term vacancies. While the phenomenon of urban decay is not defined under CEQA, it is assumed to be indicated by significant deterioration of structures and/or their surroundings. Such deterioration occurs when property owners reduce property maintenance activities below that required to keep their properties in good condition. A store closure, in and of itself, does not constitute urban decay. While the closure of a business is clearly a severe impact to the owners and employees of the firm, within the context of CEQA it is only significant if it results in sustained vacancies and related deterioration of the physical condition of the vacant building(s).

Within the above context, the analysis includes a description of the "baseline" condition of existing retail facilities in the trade area. In particular, TNDG completed a detailed inventory of existing shopping centers in the City of Escondido[3].

Unless otherwise noted, all dollar amounts in this report are expressed in un-inflated 2007 dollars. Calendar year 2007 is used as the base year in the analysis since it is the latest full year for which taxable sales data are available from the State Board of Equalization (SBOE).

[3] Although the trade area includes some area outside of the City's incorporated boundaries, besides relatively smaller convenience-oriented stores, the bulk of the trade area's retail space (and all space deemed to be competitive with the proposed project) is located within the City.

II. EXECUTIVE SUMMARY

II-A. SUMMARY CONCLUSIONS REGARDING POTENTIAL FOR URBAN DECAY

Based on the data and analysis presented in this report, TNDG concludes that ***the proposed project would not result in urban decay in the evaluated trade area***. This conclusion applies both when the project is considered by itself and when it is considered in combination with the cumulative projects included in this study.

It is TNDG's conclusion that the proposed project will not have substantial economic impacts on existing retail businesses in the trade area. Key conclusions regarding the project's potential economic impacts are summarized as follows:

- Although the grocery component will likely transfer some sales from existing supermarkets to the proposed store, the sales transfers are not estimated to be significant enough to result in store closures;
- There is sufficient "residual demand" (i.e., local purchasing over and above that which is currently being captured in the City) along with growth in market demand to support the "GAFO" component of the proposed store; and
- Although the City is currently experiencing a temporary spike in its retail vacancy rate – primarily due to the current economic downturn and subsequent retail chain bankruptcies (e.g., Mervyns and Circuit City) – growth in market demand will be sufficient to reoccupy the vacant space once economic conditions improve.

II-B. OVERVIEW OF EXISTING RETAIL MARKET IN TRADE AREA

As part of this analysis, TNDG completed an inventory of all existing retail shopping centers in Escondido, along with freestanding retail establishments in the downtown area. The main purpose of this task was to provide a quantitative and qualitative measure of the overall "health" of the retail climate in the trade area. A summary of the survey findings is provided in Appendix C.

Although the trade area has a relatively high number of vacancies, due in part to the current severe economic downturn, there do not appear to be long-term indications of physical decline or urban decay in the trade area. That is, the vacant stores do not exhibit significant deterioration of the building structures and/or their surroundings, and most are being actively marketed by commercial real estate brokers. The combined inventory of shopping center space and freestanding retail space in the downtown area totals approximately 5.71 million square feet. The City's retail space is currently 86% occupied, suggesting that the overall vacancy rate (14.0%) is above the range (5% to 10%) generally considered to be reflective of a healthy retail market. However, with the current economic downturn and subsequent retail chain bankruptcies, many markets are experiencing temporary spikes in their overall vacancy rates.

Existing Conditions – Downtown Escondido

Although the existing vacancy rate is relatively high, there do not appear to be long-term indications of physical decline in the downtown area of Escondido. Downtown Escondido includes a cluster of casual dining establishments and an established community of independent, small retail stores offering a variety of goods such as clothing, furniture, books and service retail, in addition to other non-retail uses such as art studios and museums. Based on the field survey, it is estimated that storefront commercial space in the downtown area of Escondido totals approximately 450,800 square feet. The vacancy rate is approximately 26.8%, which is well above the range generally considered to be reflective of a healthy retail market. However, the estimated vacancy rate may significantly overstate retail vacancies in the downtown since all storefront vacant space has been counted as retail space. Given the significant presence of non-retail space (e.g., office and service uses) in the downtown, it is likely that some of the vacant space will ultimately be marketed for office and/or service uses (in which case it would be excluded from the retail vacancy rate calculations, resulting in a lower vacancy rate). Moreover, approximately 25% of the vacant space (31,362 square feet) is concentrated in one building – the former H. Johnson Furniture and Interiors store on 2nd Avenue. Section II-E, on page 11, provides further analysis on potential impacts to the downtown area.

II-C. IMPACT OF PROPOSED PROJECT'S "GAFO" SALES

It is TNDG's conclusion that the proposed project's GAFO (General Merchandise, Apparel, Furniture/Appliances and Other/Specialty) sales will not have significant impacts on existing retailers in the trade area. The analysis supporting this conclusion is summarized below.

Project Description: The proposed project would include 49,000 square feet of space devoted to GAFO sales.

Comparison of Existing Supply and Demand: TNDG's demand analysis indicates existing (year 2007) market support for $470.3 million in GAFO non-regional retail sales in the City of Escondido[4]. Our demand estimate focuses on non-regional retail sales due to the fact that the Westfield North County mall draws market support from a much larger trade area (e.g., areas to the south and west of the City) than the one evaluated in this analysis. Thus, this analysis nets out regional retail demand that would be captured by the mall, based on our estimate of the mall's existing sales volumes. The City's existing non-regional sales in the GAFO retail categories are estimated at $405.8 million, suggesting that the City could support an additional $64.5 million in non-regional GAFO sales over and above the existing level. The $64.5 million in unrealized demand translates into approximately 215,100 square feet of additional non-regional GAFO retail space that could be currently supported in the City.

Projected Growth in Demand: Within the trade area, potential demand for new non-regional retail space is projected to grow to approximately 315,700 by 2010 (the proposed project's assumed opening date). Net demand for new GAFO space is projected to grow to approximately 458,200 square feet by 2013.

Conclusion Regarding Significance of Impact: The proposed project will result in a net increase of 49,000 square feet of GAFO retail space. Given that this space is well within the level of residual market support for non-regional GAFO space in the City, TNDG does not believe the GAFO components of the project will have significant competitive impacts on existing stores in the trade area.

Delayed Growth Scenario

In order to take into account the current downturn in the economy and the significant slowdown in residential development, this analysis includes an alternative trend that assumes no growth in retail demand for the three year period of 2009 to 2011. Under this "delayed growth" scenario, we have assumed that there would be no growth in the number of households in the trade area between 2009 and 2011. That is, we have "shifted" the San Diego County Association of Governments (SANDAG) household estimates for 2009 to 2011, and then assumed that households would grow at the projected SANDAG rate from 2011 onward[5].

Under the delayed growth scenario, potential demand for new GAFO space is projected at approximately 270,600 square feet in 2010, and is projected to grow to 344,200 square feet by 2013. Given that under the delayed growth scenario the proposed project would still absorb only 18% of the demand for new GAFO space, the conclusions regarding economic impacts to existing stores would remain the same.

[4] This analysis uses 2007 as the base year, since it is the latest full year for which taxable sales records are available from the State Board of Equalization.

[5] See Section III-B on page 16 for the SANDAG household projections.

II-D. IMPACT OF PROPOSED PROJECT'S GROCERY COMPONENT

It is TNDG's conclusion that the proposed project's grocery sales will not have significant economic impacts on existing supermarkets in the trade area. The analysis supporting this conclusion is summarized below.

Project Description: For purposes of this analysis, it is assumed that grocery component of the proposed retail store would total 49,000 square feet. TNDG projects that the grocery component would generate sales levels equivalent to the industry median (for supermarkets in the Western U.S.) of approximately $475 per square foot, or total grocery sales of approximately $23 million[6].

Evaluation of Existing Grocery Market: The existing inventory of supermarkets and major specialty food stores in Escondido totals approximately 608,000 square feet. TNDG's demand analysis indicates that there is currently (year 2009) sufficient demand to support average supermarket sales volumes in the City of $523 per square foot (See Table II-1A on the following page)[7]. This is approximately 10% above the industry median (for supermarkets in the Western U.S.) of approximately $475 per square foot, suggesting that Escondido's existing supermarkets are performing relatively strongly.

Projected Sales Impacts to Existing Supermarkets: Based on the opening of the proposed project's grocery component, sales volumes at existing supermarkets in the trade area are projected to decline to approximately $500 per square foot in 2010 (see Table II-1A on the following page), representing a reduction of 4% from the existing sales per square foot average of $523. However, the projected growth in trade area demand would be sufficient for the sales volumes at the existing supermarkets to recover to existing levels by 2013 (i.e., within three years of the proposed project's opening).

Conclusion Regarding Significance of Impact: TNDG believes that the development of the supermarket component of the proposed retail store is unlikely to cause any existing supermarkets in the trade area to close, given that average sales volumes would still be well above the $475 threshold in 2010 (the opening date of the proposed project). Moreover, average sales volumes are projected to recover to 2009 levels within three years of the project opening.

Delayed Growth Scenario

Under the delayed growth scenario, sales volumes for the existing supermarkets in the trade are projected to decline to $485 per square foot in 2010 (see Table II-1B on page 10), representing a 7% reduction from the existing sales per square foot average of $523. Even under delayed growth conditions, TNDG believes that the development of the proposed project's grocery

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[6] According to the 2008 edition of the Urban Land Institute's (ULI) *Dollars & Cents of Shopping Centers*, based on a weighted average from the sample of supermarkets in neighborhood and community shopping centers, the median sales volume for supermarkets in the Western United States in 2006 was approximately $474. The national median in 2006 was approximately $480 per square foot.

[7] Since the State Board of Equalization reports only taxable sales (and a large portion of sales in supermarkets are nontaxable), it is necessary to estimate the total sales of the existing supermarkets. TNDG has utilized the following assumptions for this calculation: (1) taxable supermarket sales account for 75% of taxable sales in the overall Food category and (2) total sales are estimated by multiplying taxable sales by a factor of 3.2. These factors have been derived by TNDG based on numerous analyses of supermarket supply and demand in comparable communities throughout California, and based on data we have reviewed from the State Board of Equalization (BOE), Claritas, and selected supermarket chains.

component is unlikely to cause any existing supermarkets in the trade area to close. Although average sales volumes would decline to $485 per square foot, this would still exceed the regional average of $475 per square foot. Moreover, by 2015 sales volumes at the existing stores would fully recover to existing levels.

Table II-1A
Potential Sales Impacts to Existing Supermarkets – BASELINE SCENARIO
Grocery Component of Proposed Project
City of Escondido
In thousands of constant dollars

Description	2007	2009	2010	2011	2013	2015	2017
Total Food Sales Demand	404,308	418,638	430,260	437,610	452,310	467,010	481,710
Supermarket Share @ 76%	307,724	318,165	326,998	332,584	343,756	354,927	366,099
Less Demand Absorbed by Proposed Project 1/			(23,275)	(23,275)	(23,275)	(23,275)	(23,275)
Net Demand Available to Support Existing Supermarkets	307,321	318,165	303,723	309,309	320,481	331,652	342,824
Existing Supermarket Square Feet 2/	546,300	608,000	608,000	608,000	608,000	608,000	608,000
Sales per Square Foot Existing Supermarkets	***$562***	***$523***	***$500***	***$509***	***$527***	***$545***	***$564***

Source: TNDG; ULI.

1/ Sales per square foot (gross area) assumption: $475

2/ Increase in square feet reflects 2008 openings of Fresh & Easy and Vallarta Market, and the 2009 reconstruction/ expansion of Henry's Farmers Market.

Table II-1B
Potential Sales Impacts to Existing Supermarkets – DELAYED GROWTH SCENARIO
Grocery Component of Proposed Project
City of Escondido
In thousands of constant dollars

Description	2007	2009	2010	2011	2013	2015	2017
Total Food Sales Demand	404,308	418,638	418,638	418,638	437,610	452,310	467,010
Supermarket Share @ 76%	307,274	318,165	318,165	318,165	332,584	343,756	354,927
Less Demand Absorbed by Proposed Project 1/			(23,275)	(23,275)	(23,275)	(23,275)	(23,275)
Net Demand Available to Support Existing Supermarkets	307,274	318,165	294,890	294,890	309,309	320,481	331,652
Existing Supermarket Square Feet 2/	546,300	608,000	608,000	608,000	608,000	608,000	608,000
Sales per Square Foot Existing Supermarkets	***$562***	***$523***	***$485***	***$485***	***$509***	***$527***	***$545***

Source: TNDG; ULI.

1/ Sales per square foot (gross area) assumption: $475

2/ Increase in square feet reflects 2008 openings of Fresh & Easy and Vallarta Market, and the 2009 reconstruction/ expansion of Henry's Farmers Market.

II-E. POTENTIAL IMPACTS TO DOWNTOWN AREA

TNDG's experience in evaluating the impacts of big box retailers (such as the proposed project) on small, independent merchants throughout southern and central California suggests that the impacts vary widely depending on the context. Clearly, there are examples of small businesses that have been unable to compete with big box stores. There are also prominent examples of traditional downtown areas that have been able to carve out specialized "niches" and continue to thrive despite the entry of big box competitors. Generally speaking, the difference in results can be explained by three factors:

1. The amount of resident demand for retail sales in the market area (i.e., whether the big box stores derive their sales from residual demand or "leakage" versus diverting sales from existing local merchants);
2. The degree to which trends in the traditional downtown areas were on a positive or negative path prior to the entry of the big box competitors (i.e., if an established trend of decline is already in evidence, disinvestment from an area is likely to occur with or without new competition); and
3. The degree to which tenants in a downtown are selling goods directly comparable to those available at competitor big box stores.

Conclusion: TNDG does not believe that the proposed project, by itself, will have a significant impact on the Escondido Downtown area. TNDG bases this conclusion on the following:

- Residual demand is anticipated to be sufficient to support the project without diverting sales from existing GAFO stores.
- Small merchants in the downtown already face big box competition from the Escondido Promenade shopping center in addition to the Westfield North County mall. The proposed project, in and of itself, will not significantly increase the market share of big box and regional centers in the City.
- Although the downtown's existing vacancy rate at 26.8% is higher than optimal, there are no visible indications of urban decay (i.e., dilapidated buildings or marginal uses). Moreover, as discussed on page 6, our methodology for calculating vacancy rates likely overstates the actual retail vacancy rate in the downtown.
- The downtown has a strong representation of boutique retail, eating and drinking establishments, art galleries and service-based businesses that offer a mix of merchandise and services which are not directly comparable to the type of goods available at a big box retailer, such as the proposed project.
- The proposed project may actually help the downtown's prospects, by drawing shoppers to the vicinity of the downtown area. Given its location near the intersection of East Valley Parkway and Harding Street, many shoppers (e.g., those accessing the project via the I-15 freeway) would travel through the downtown to reach the proposed project.
- As a practical matter, the long-term viability of the downtown area will depend on the continued efforts of downtown stakeholders (including the Downtown Business Association of Escondido) to maintain the area's uniqueness and competitive position as a specialty shopping district. This need will exist with or without the proposed project. Maintaining the downtown's competitiveness may require reinvestment in properties which are not optimally suited for contemporary retail uses.

II-F. CUMULATIVE IMPACTS OF PLANNED/PENDING RETAIL PROJECTS

Whereas the above sections summarize impacts to the proposed project, this section evaluates the cumulative impacts to the market based on all known planned and pending retail development projects in the trade area. Table II-2, below, shows the known planned and pending commercial projects that could be developed in the trade area over the next few years. As shown in the table, there is approximately 10,000 square feet of competitive retail space under construction and 12,500 square feet approved. As shown in the table under "Other Projects", we do not consider impacts related to the two automobile dealerships because they are not typically found in shopping center settings. In addition, as discussed on page 2 and Section III-E, page 18, this report evaluates retail demand and potential impacts in the non-regional retail market, excluding the North County Mall. Thus, we do not evaluate potential impacts resulting from the mall expansion, either.

Table II-2:
Planned and Pending Commercial Retail Projects
Escondido Retail Trade Area

Project	Location	Retail Square Feet	Status
City Plaza Mixed Use	328 S Escondido Blvd.	10,000	Under Construction
Unnamed Mixed Use Project	444 S Escondido Blvd.	10,000	Approved
Outpad for new Henry's Farmers Market	510 W. 13th Ave.	2,500	Approved
Other Projects			
Lexus Auto Dealership	I-15 / 9th Ave.	N/A	Under Construction
Carmax Auto Dealership	SR-78 / Mission Ave.	N/A	Under Review
Westfield North County Mall Expansion	I-15 / Via Rancho Pkwy.	400,000	Completion of Draft EIR pending; project has been put on hold by applicant.

Source: City of Escondido, Community Development Department.

Within the evaluated trade area, demand for new retail space is projected to reach approximately 516,800 feet by 2010 and 1.0 million square feet by 2017. See Table II-3, below, for a breakdown of supportable square feet by retail category from 2009 to 2017.

Table II-3:
Potential Demand for NEW Retail Space
by Retail Category
Escondido Retail Trade Area

Retail Category	2009	2010	2011	2013	2015	2017
GAFO	270,628	315,692	344,189	401,183	458,177	515,171
Food	29,206	53,675	69,148	100,095	131,042	161,989
Eating and Drinking	32,368	45,367	53,587	70,028	86,469	102,909
Building/Hardware Garden	21,940	39,736	50,989	73,496	96,003	118,510
Auto Parts	5,861	10,615	13,621	19,634	25,646	31,659
Services Space @ 10% of Retail	40,000	51,676	59,060	73,826	88,593	103,360
Total	***400,004***	***516,761***	***590,595***	***738,263***	***885,931***	***1,033,598***

Source: TNDG.

The proposed project and the three mixed use projects total approximately 120,500 square feet of new retail space. As shown in the table, there is more than enough market demand to support the combined square footages of these projects. Thus, TNDG believes that the planned and pending projects will not have significant cumulative impacts on trade area retailers.

It should be acknowledged that the above projections indicating substantial demand for new retail space in the City would appear to be inconsistent with the higher than optimal retail vacancy level that now exists. TNDG's demand projections are based on resident spending potential as reflected in long-term expenditure trends. During a significant recession, when many households curtail retail spending, the levels of potential demand tend not to translate into immediate absorption of retail space. As such, it is not surprising for retail vacancy levels to temporarily spike, as is currently happening in many communities across the country. However, there is a significant distinction between a near-term increase in vacancy levels and the environmental impact of urban decay. What is important from an urban decay perspective is whether or not vacant properties are maintained in leasable condition. TNDG believes that the underlying, long-term strength of the Escondido market is such that property owners will have a strong incentive to maintain their properties in order to be well positioned to attract tenants once market conditions improve. Thus, while it may realistically take several years for on-the-ground conditions to "catch up" to the potential demand levels associated with the trade area's demographics, TNDG's projections indicate sufficient demand to absorb the new proposed space and to bring existing vacancies back within a normal range. Moreover, the prospects of strong demand over the next several years will create a market environment where property owners will be very unlikely to allow property maintenance to lapse to such a degree that urban decay conditions develop.

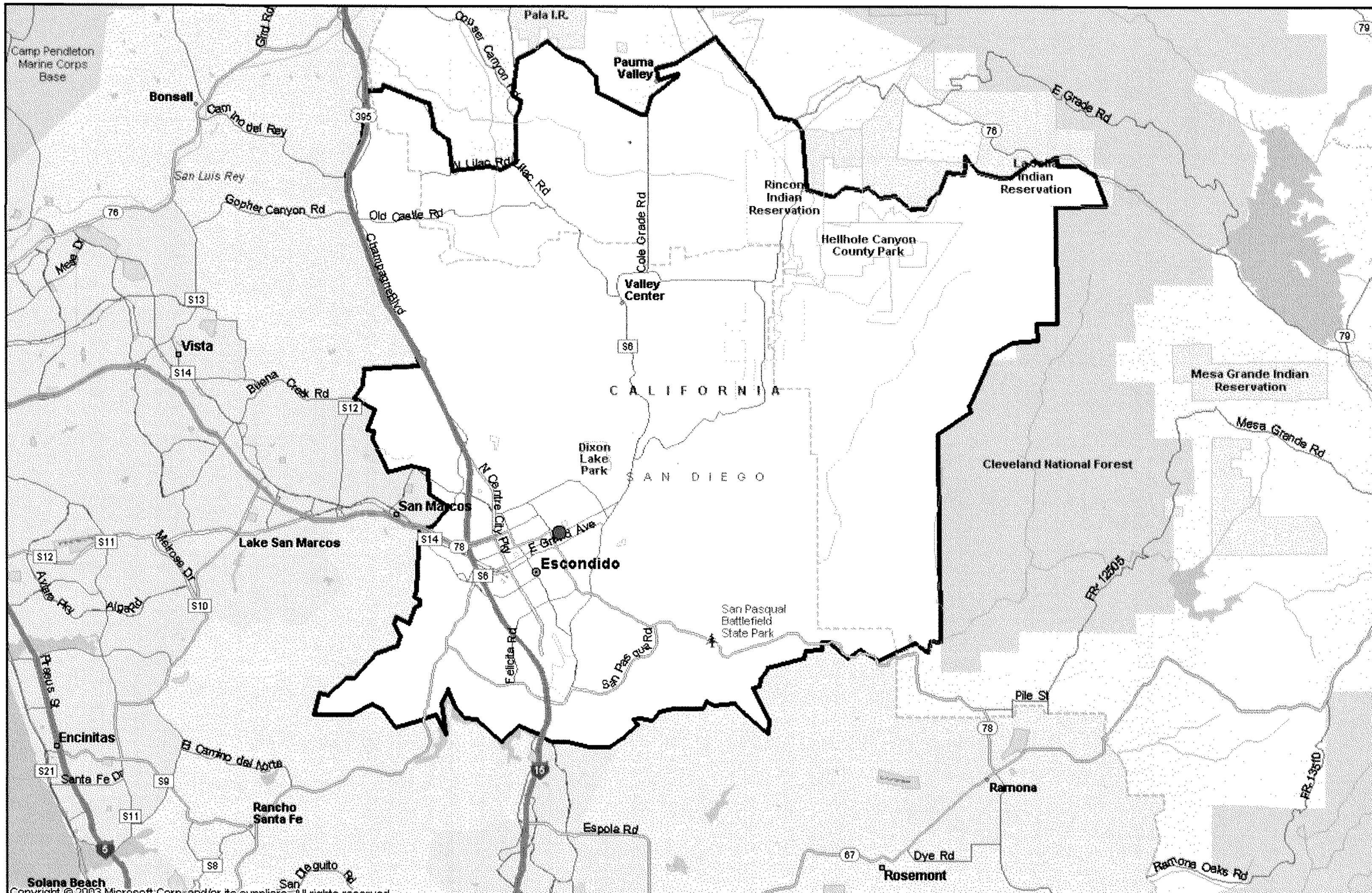
III. RETAIL DEMAND ANALYSIS METHODOLOGY

This section examines potential retail demand associated with the population residing in the market area that would be served by the proposed project. The analysis projects future retail demand of residents in Escondido as well as the resident demand of surrounding areas that would shop at the proposed facility.

III-A. MARKET AREA BOUNDARIES

For purposes of this study, the market area boundaries have been defined to include the census tracts that are fully or partially contained within the City of Escondido along with adjacent census tracts to the north and east of the City. The trade area was defined to include residents that are clearly closest to retail centers in Escondido. In addition, the market area is constructed of census tracts because of the availability of existing household estimates and household projections at the census tract geography level from the San Diego County Association of Governments (SANDAG). The trade area is referred to herein as the Escondido Retail Trade Area (ERTA). Figure III-1, on the following page, shows the trade area boundaries.

Figure III-1: Escondido Retail Trade Area (ERTA)



III-B. HOUSEHOLDS AND INCOME LEVELS

The number of households in the ERTA is projected as follows:

Table III-1:
Household Projections by Year
Escondido Retail Trade Area

Market Area	Estimated 2007 Households	Estimated 2009 Households	Projected 2010 Households	Projected 2011 Households	Projected 2013 Households	Projected 2015 Households	Projected 2017 Households
ERTA	60,719	62,871	64,616	65,720	67,927	70,135	72,343

Source: San Diego County Association of Governments (SANDAG); TNDG.

Based on demographic growth forecasts from the San Diego County Association of Governments (SANDAG), the above projections reflect the following average annual growth rates:

- 2007–10: 1.6%
- 2010-17: 1.0%

The average household income level in the ERTA is estimated as follows.

Table III-2:
Average Household Income
Escondido Retail Trade Area

Market Area	2007 HH Income
ERTA	$110,417

Source: Claritas, TNDG

The indicated estimates of household income were obtained from Claritas, a national demographic research services firm, and increased 49% by TNDG. The reason for this increase factor is that these income estimates are based on "money income" definition of income utilized by the U.S. Census Bureau. This measure of income is narrower than the "personal income" definition used by the U.S. Department of Commerce, Bureau of Economic Analysis. The broader definition includes additional income sources such as fringe benefits (health insurance, retirement funding), imputed income (interest, rent), and direct payments to medical providers by governments. Personal income therefore represents a more complete gauge of a household's economic status. According to the Center for the Continuing Study of the California Economy (CCSCE), personal income is the preferred measure for purposes of projecting a household's purchasing power (i.e., retail demand). Thus, this analysis increases the Claritas estimates of money income by 49% to estimate average household personal income[8].

[8] Per capita "personal income" is a full 49% higher than per capita "money income" in San Diego County, based on the latest (2006) income data provide by the Bureau of Economic Analysis and the U.S. Census Bureau.

III-C. RETAIL SALES DEMAND

Household and income characteristics are the primary determinants of the potential dollars available for purchases of goods and services in the market area. The analysis assumes that trade area residents will, on average, spend 31.7% of their income on retail purchases.[9] This factor is based on the share of household income in San Diego County spent on retail purchases, along with data from the National Consumer Expenditure Survey (CES) for households with comparable income levels to those in the ERTA.

Table III-3:
Income and Retail Demand
Escondido Retail Trade Area

Market Area	2007	2009	2010	2011	2013	2015	2017
ERTA	6,704,332	6,941,948	7,134,680	7,256,558	7,500,314	7,744,070	7,987,825
Total Income	**6,704,332**	**6,941,948**	**7,134,680**	**7,256,558**	**7,500,314**	**7,744,070**	**7,987,825**
ERTA	2,127,937	2,203,355	2,264,528	2,303,212	2,380,579	2,457,947	2,535,314
Total Retail Demand	**2,127,937**	**2,203,355**	**2,264,528**	**2,303,212**	**2,380,579**	**2,457,947**	**2,535,314**

Source: TNDG

III-D. DISTRIBUTION OF RETAIL EXPENDITURES

Projected retail demand from market area residents is disaggregated into various retail categories based upon retail expenditure patterns observed in California counties with similar income characteristics as the trade area. The basic distribution of retail sales by retail category is projected as follows in Table III-4 on the following page.

[9] This percentage is derived from aggregate household income and taxable sales data for San Diego County. Based on data from the National Consumer Expenditure Survey, it has been adjusted to reflect the fact that the share of income spent on retail goods varies based on household income levels in a market area.

Table III-4:
Distribution of Sales by Category
Escondido Retail Trade Area

Retail Category	Distribution
Shopper Goods:	
Apparel	4.0%
General Merchandise	14.0%
Furniture/Appliances	3.0%
Specialty	13.0%
Subtotal	*34.0%*
Convenience Goods:	
Food	20.0%
Eating and Drinking	10.0%
Subtotal	*30.0%*
Heavy Commercial Goods:	
Building Materials/Hardware	8.0%
Auto Dealers & Parts	17.0%
Service Stations	11.0%
Subtotal	*36.0%*
Total	**100.0%**

State Board of Equalization; TNDG

III-E. CAPTURE RATE ANALYSIS

The ERTA's capture rates of resident demand are projected to be relatively high due to the tendency of residents to shop relatively close to their homes, especially for convenience goods. Generally, it is reasonable to expect that residents will make the vast majority of their retail purchases locally, provided that a competitive mix of retail stores reflective of consumer needs is available. Table III-5, on the following page, shows the projected capture rates of ERTA demand for each retail category.

As discussed on page 2, this analysis excludes the retail demand that would be captured by the Westfield North County mall in Escondido, in addition to the mall's estimated retail sales. Based on an analysis of a proprietary database of shopping centers in a major metropolitan area, TNDG has determined that approximately 20% of retail space is in regional or super-regional centers (defined here as centers with 500,000 square feet or more of gross leasable area) while the remaining 80% of the space is in community- and neighborhood-scale centers. Based on these data, we can assume that the ERTA, in the absence of such a regional or super-regional center, could be expected to realistically "capture" up to 80% of retail demand in the shopper goods (GAFO) categories. This would imply that roughly 20% of GAFO demand in the trade would be captured by the mall while the remaining 80% would be captured by non-mall GAFO retailers. However, given the presence of the mall in Escondido, GAFO retailers in the mall likely attract some demand that would normally be captured by GAFO retailers in non-regional shopping centers. Thus, we have adjusted the non-regional capture rates down to 65% from 80%.

Table III-5:
Capture Rates of Trade Area Demand
Escondido Retail Trade Area

Retail Category	Capture Rate
Shopper Goods:	
Apparel	65.0%
General Merchandise	65.0%
Furniture/Appliances	65.0%
Specialty	65.0%
Convenience Goods:	
Food	95.00%
Eating and Drinking	85.00%
Heavy Commercial Goods:	
Building Materials/Hardware	100.0%
Auto Dealers and Parts	100.0%
Service Stations	100.0%

Source: TNDG

III-F. POTENTIAL RETAIL SALES VOLUMES

Based on the capture rates shown above, Table III-6, below, projects the potential market area demand in the ERTA for each retail category. As shown on the table, incremental demand through 2017 for retail sales in the ERTA is projected to grow in proportion to increases in the number of households.

Table III-6:
Potential Capture of Sales from
Escondido Retail Trade Area
in thousands of constant dollars

Market Area	2007	2009	2010	2011	2013	2015	2017
Shopper Goods:							
Apparel	55,326	57,287	58,878	59,884	61,895	63,907	65,918
General Merchandise	193,642	200,505	206,072	209,592	216,633	223,673	230,714
Furniture/Appliances	41,495	42,965	44,158	44,913	46,421	47,930	49,439
Specialty	179,811	186,184	191,353	194,621	201,159	207,696	214,234
Subtotal	*470,274*	*486,942*	*500,461*	*509,010*	*526,108*	*543,206*	*560,304*
Convenience Goods:							
Food	404,308	418,638	430,260	437,610	452,310	467,010	481,710
Eating and Drinking	180,875	187,285	192,485	195,773	202,349	208,925	215,502
Subtotal	*585,183*	*605,923*	*622,745*	*633,383*	*654,659*	*675,935*	*697,211*
Heavy Commercial Goods:							
Building Materials/Hardware	170,235	176,268	181,162	184,257	190,446	196,636	202,825
Auto Dealers and Parts	361,749	374,570	384,970	391,546	404,698	417,851	431,003
Service Stations	234,073	242,369	249,098	253,353	261,864	270,374	278,885
Subtotal	*766,057*	*793,208*	*815,230*	*829,156*	*857,008*	*884,861*	*912,713*
Total	**1,821,514**	**1,886,072**	**1,938,436**	**1,971,549**	**2,037,776**	**2,104,002**	**2,170,229**

Source: TNDG

Based on the demand estimates shown above, Table III-7 provides a comparison of total market area demand with actual sales in each retail category.

Table III-7:
Comparison of Potential Demand with Actual Sales
City of Escondido
in thousands of dollars

Retail Category	2007 Demand	2007 Sales	Expected Less Actual	Percent Actual/ Expected
Shopper Goods:				
GAFO Total 1/	$470,274	$405,753	$64,521	86.28%
Convenience Goods:				
Food	$404,308	$404,765	($457)	100.11%
Eating and Drinking	$180,875	$174,338	$6,537	96.39%
Heavy Commercial Goods:				
Building Materials/Hardware	$170,235	$243,426	($73,191)	142.99%
Auto Dealers and Parts	$361,749	$753,082	($391,333)	208.18%
Service Stations	$234,073	$250,484	($16,411)	107.01%
Total	**$766,057**	**$1,246,992**	**($480,935)**	**162.78%**

Source: TNDG; State Board of Equalization.

1/ GAFO = General Merchandise, Apparel, Furniture/Appliances, Other/Specialty.

In subsequent years, incremental demand in the ERTA is projected to grow in proportion to population increases. Table III-8, on the following page, shows the projected changes in incremental retail demand over the next nine years.

Table III-8:
Total Potential Capture of Demand for New Retail Sales
Escondido Retail Trade Area

Retail Category	2007	2009	2010	2011	2013	2015	2017
Shopper Goods:							
GAFO Total	$64,521	$81,189	$94,708	$103,257	$120,355	$137,453	$154,551
Convenience Goods:							
Food	$0	$13,873	$25,496	$32,845	$47,545	$62,245	$76,945
Eating and Drinking	$6,537	$12,947	$18,147	$21,435	$28,011	$34,587	$41,164
Heavy Commercial Goods:							
Building Materials	$0	$6,034	$10,927	$14,022	$20,211	$26,401	$32,590
Auto Dealers and Parts	$0	$12,821	$23,221	$29,797	$42,949	$56,102	$69,254
Service Stations	$0	$8,296	$15,025	$19,280	$27,791	$36,301	$44,812
Total	**$0**	**$27,151**	**$49,173**	**$63,099**	**$90,951**	**$118,804**	**$146,656**

Source: TNDG

III-G. SUPPORTABLE RETAIL SPACE

Sales per Square Foot Standards

Projected sales volume requirements per square foot of retail space by retail category are derived from typical sales standards from the Urban Land Institute's Dollars & Cents Publication and from typical sales per square foot data from representative stores in each retail category (as reported in the July 2008 issue of Retail MAXIM).

Table III-9:
Sales per Foot Standards for Retail Space
Escondido Retail Trade Area

Retail Category	Sales/ Square Foot
GAFO	$300
Food	$475
Eating / Drinking Establishments	$400
Building Materials	$275
Automotive Parts	$175

Source: TNDG, based on data published by ULI and Retail Maxim.

The sales per square foot standards are applied to the net demand numbers for each relevant retail category, as shown in Table III-10 on the following page. This calculation essentially converts potential sales volumes to supportable square feet of new retail space. Supportable development levels will increase in the future by virtue of anticipated growth in the number of households in the trade area. Based on analysis of proprietary database of shopping centers in a major metropolitan area, TNDG has determined that services space (e.g., dry cleaners, hair salons, banks, etc.) accounts for 10% to 25% of total shopping center space, depending on type of retail development (i.e., regional, community, neighborhood, etc.). To be analytically conservative, this analysis assumes that, on average, services space accounts for 10% of total space in typical shopping center settings.

Table III-10:
Demand fore NEW Retail Space
Escondido Retail Trade Area

Retail Category	2007	2009	2010	2011	2013	2015	2017
GAFO	215,070	270,628	315,692	344,189	401,183	458,177	515,171
Food (Supermarkets)	0	29,206	53,675	69,148	100,095	131,042	161,989
Eating and Drinking	16,342	32,368	45,367	53,587	70,028	86,469	102,909
Building Materials	0	21,940	39,736	50,989	73,496	96,003	118,510
Automotive Parts 1/	0	5,861	10,615	13,621	19,634	25,646	31,659
Services Space @ 10% of Total Space	25,712	40,000	51,676	59,060	73,826	88,593	103,360
TOTAL	***257,124***	***400,004***	***516,761***	***590,595***	***738,263***	***885,931***	***1,033,598***

Source: TNDG

1/ Assumes that automotive parts stores account for 8% of sales in overall Automotive group category (based on statewide average in 2007).

III-H. DEMAND FOR GROCERY SALES AND SUPPORTABLE GROCERY SPACE

Since the applicant has indicated that the proposed project would include a supermarket[10] component, this section evaluates the demand for grocery sales and potential sales impacts to existing supermarkets in the ERTA. Table III-11, on the following page, shows the total food category demand from 2007 to 2017 along with a projection of the potential average sales per square foot for major supermarkets in the trade area.

Based on analysis of available sales tax data, TNDG estimates that the existing supermarkets in the ERTA currently capture approximately 76% of the overall Food category sales. The balance of sales in the overall Food category accrues to smaller convenience and specialty markets. For purposes of projecting future demand, we have assumed that supermarkets will continue to capture 76% of residents' Food demand.

The table also provides an estimate of the trade area supermarkets' average sales volumes, in terms of sales per square foot, by dividing the estimate of supermarket demand (in dollars) by the square feet of existing supermarket space. Projections of future average sales volumes are net of the demand absorbed by the grocery component of the proposed retail store.

[10] For purposes of this analysis, it is assumed that the supermarket component of the proposed retail store would be 49,000 square feet.

Table III-11:
Demand for Supermarket Sales and
Estimate of Sales per Square Foot
City of Escondido
in thousands of constant dollars

Description	2007	2009	2010	2011	2013	2015	2017
Total Food Sales Demand	404,308	418,638	430,260	437,610	452,310	467,010	481,710
Supermarket Share @ 76%	307,724	318,165	326,998	332,584	343,756	354,927	366,099
Less Demand Absorbed by New Facilities:							
--Grocery Component 1/			(23,275)	(23,275)	(23,275)	(23,275)	(23,275)
Net Demand Available to Support Existing Supermarkets	307,321	318,165	303,723	309,309	320,481	331,652	342,824
Square Feet Added by New Facilities							
--Fresh & Easy		13,800					
-- Henry's Farmers Market 2/		2,900					
--Vallarta Market		45,000					
Existing Supermarket Square Feet	546,300	608,000	608,000	608,000	608,000	608,000	608,000
Sales per Square Foot Existing Supermarkets	***$562***	***$523***	***$500***	***$509***	***$527***	***$545***	***$564***

Source: TNDG; ULI.

1/ Sales per square foot (gross area) assumption: $475.

2/ Net increase in square footage as a result of reconstruction/expansion of existing store.

APPENDIX A:

RETAIL DEMAND ANALYSIS – BASELINE SCENARIO
ESCONDIDO RETAIL TRADE AREA

Table A-1
Household Projections
Escondido Retail Trade Area

Area	**2007**	**2009**	**2010**	**2011**	**2013**	**2015**	**2017**
Retail Trade Area	60,719	62,871	64,616	65,720	67,927	70,135	72,343
Total Market Area	60,719	62,871	64,616	65,720	67,927	70,135	72,343

Source: San Diego County Association of Governments (SANDAG); The Natelson Dale Group, Inc. (TNDG)

Table A-2
Average Household Income Projections
Escondido Retail Trade Area
In constant dollars

	2007
Escondido Trade Area	$110,417
Annual Increase Factor	0.00%

Area	**2007**	**2009**	**2010**	**2011**	**2013**	**2015**	**2017**
Retail Trade Area	110,417	110,417	110,417	110,417	110,417	110,417	110,417

Source: Claritas; TNDG

Table A-3
Total Income and Potential Retail Sales Projections
Escondido Retail Trade Area
In thousands of constant dollars

	Trade Area
Percent of Income Spent for Retail Goods	31.7%
Visitor and Business Spending	0.0%
Total	31.7%

Area	**2007**	**2009**	**2010**	**2011**	**2013**	**2015**	**2017**
Total Income:							
Retail Trade Area	$6,704,332	$6,941,948	$7,134,680	$7,256,558	$7,500,314	$7,744,070	$7,987,825
Total	$6,704,332	$6,941,948	$7,134,680	$7,256,558	$7,500,314	$7,744,070	$7,987,825
Potential Retail Sales:							
Residents	$2,127,937	$2,203,355	$2,264,528	$2,303,212	$2,380,579	$2,457,947	$2,535,314
Business/Visitors	$0	$0	$0	$0	$0	$0	$0
Total Potential Retail Sales	$2,127,937	$2,203,355	$2,264,528	$2,303,212	$2,380,579	$2,457,947	$2,535,314

Source: TNDG

Table A-4
Distribution of Retail Sales by Retail Category
Escondido Retail Trade Area

Retail Category	%Distribution 2007	%Distribution 2009	%Distribution 2010	%Distribution 2011	%Distribution 2013	%Distribution 2015	%Distribution 2017
Shopper Goods:							
Apparel	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
General Merchandise	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Home Furnishings	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Specialty	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
Subtotal	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Convenience Goods:							
Food	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Eating and Drinking	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Subtotal	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Heavy Commercial Goods:							
Building Materials/Hardware	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Auto Dealers and Parts	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%
Service Stations	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
Subtotal	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: TNDG, based on historic trends reported by the State Board of Equalization for San Diego County.

Table A-5
Projected Demand for Retail Sales by Major Retail Category
Escondido Retail Trade Area
In thousands of constant dollars

Retail Category	2007	2009	2010	2011	2013	2015	2017
Shopper Goods:							
Apparel	$85,117	$88,134	$90,581	$92,128	$95,223	$98,318	$101,413
General Merchandise	$297,911	$308,470	$317,034	$322,450	$333,281	$344,113	$354,944
Furniture/Appliances	$63,838	$66,101	$67,936	$69,096	$71,417	$73,738	$76,059
Specialty	$276,632	$286,436	$294,389	$299,418	$309,475	$319,533	$329,591
Subtotal	$723,498	$749,141	$769,940	$783,092	$809,397	$835,702	$862,007
Convenience Goods:							
Food	$425,587	$440,671	$452,906	$460,642	$476,116	$491,589	$507,063
Eating and Drinking	$212,794	$220,336	$226,453	$230,321	$238,058	$245,795	$253,531
Subtotal	$638,381	$661,007	$679,358	$690,964	$714,174	$737,384	$760,594
Heavy Commercial Goods:							
Building Materials/Hardware	$170,235	$176,268	$181,162	$184,257	$190,446	$196,636	$202,825
Auto Dealers and Parts	$361,749	$374,570	$384,970	$391,546	$404,698	$417,851	$431,003
Service Stations	$234,073	$242,369	$249,098	$253,353	$261,864	$270,374	$278,885
Subtotal	$766,057	$793,208	$815,230	$829,156	$857,008	$884,861	$912,713
Total	$2,127,937	$2,203,355	$2,264,528	$2,303,212	$2,380,579	$2,457,947	$2,535,314

Source: TNDG

Table A-6
Potential Capture of Resident Demand for Retail Sales Expressed in Percentages
Escondido Retail Trade Area

Retail Category	**2007**	**2009**	**2010**	**2011**	**2013**	**2015**	**2017**
Shopper Goods:							
Apparel	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
General Merchandise	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Furniture/Appliances	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Specialty	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Convenience Goods:							
Food	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Eating and Drinking	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%
Heavy Commercial Goods:							
Building Materials/Hardware	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Auto Dealers and Parts	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Service Stations	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: TNDG

Table A-7
Potential Capture of Projected Resident Demand for Retail Sales
Escondido Retail Trade Area
In thousands of constant dollars

Retail Category	2007	2009	2010	2011	2013	2015	2017
Shopper Goods:							
Apparel	$55,326	$57,287	$58,878	$59,884	$61,895	$63,907	$65,918
General Merchandise	$193,642	$200,505	$206,072	$209,592	$216,633	$223,673	$230,714
Furniture/Appliances	$41,495	$42,965	$44,158	$44,913	$46,421	$47,930	$49,439
Specialty	$179,811	$186,184	$191,353	$194,621	$201,159	$207,696	$214,234
Subtotal	$470,274	$486,942	$500,461	$509,010	$526,108	$543,206	$560,304
Convenience Goods:							
Food	$404,308	$418,638	$430,260	$437,610	$452,310	$467,010	$481,710
Eating and Drinking	$180,875	$187,285	$192,485	$195,773	$202,349	$208,925	$215,502
Subtotal	$585,183	$605,923	$622,745	$633,383	$654,659	$675,935	$697,211
Heavy Commercial Goods:							
Building Materials/Hardware	$170,235	$176,268	$181,162	$184,257	$190,446	$196,636	$202,825
Auto Dealers and Parts	$361,749	$374,570	$384,970	$391,546	$404,698	$417,851	$431,003
Service Stations	$234,073	$242,369	$249,098	$253,353	$261,864	$270,374	$278,885
Subtotal	$766,057	$793,208	$815,230	$829,156	$857,008	$884,861	$912,713
Total	$1,821,514	$1,886,072	$1,938,436	$1,971,549	$2,037,776	$2,104,002	$2,170,229

Source: TNDG

Table A-8
Comparison of Market Area Demand with Actual Sales
City of Escondido
In thousands of dollars

Retail Category	2007 Demand	2007 Sales	Expected Less Actual	Percent Actual/Expected
Shopper Goods:				
Apparel	$55,326	$41,999	$13,327	75.91%
General Merchandise	$193,642	$138,491	$55,151	71.52%
Furniture/Appliances	$41,495	$30,261	$11,234	72.93%
Specialty	$179,811	$195,002	($15,191)	108.45%
Subtotal	$470,274	$405,753	$64,521	86.28%
Convenience Goods:				
Food	$404,308	$404,765	($457)	100.11%
Eating and Drinking	$180,875	$174,338	$6,537	96.39%
Subtotal	$585,183	$579,103	$6,537	98.96%
Heavy Commercial Goods:				
Building Materials/Hardware	$170,235	$243,426	($73,191)	142.99%
Auto Dealers and Parts	$361,749	$753,082	($391,333)	208.18%
Service Stations	$234,073	$250,484	($16,411)	107.01%
Subtotal	$766,057	$1,246,992	($480,935)	162.78%
Total	$1,821,514	$2,231,848	($409,877)	122.53%

Source: TNDG; State Board of Equalization

Table A-9
Net Supportable Retail Sales
Escondido Retail Trade Area
In thousands of constant dollars

Retail Category	**2007**	**2009**	**2010**	**2011**	**2013**	**2015**	**2017**
Shopper Goods:							
GAFO*	$64,521	$81,189	$94,708	$103,257	$120,355	$137,453	$154,551
Subtotal	$64,521	$81,189	$94,708	$103,257	$120,355	$137,453	$154,551
Convenience Goods:							
Food	$0	$13,873	$25,496	$32,845	$47,545	$62,245	$76,945
Eating and Drinking	$6,537	$12,947	$18,147	$21,435	$28,011	$34,587	$41,164
Subtotal	$6,537	$26,820	$43,642	$54,280	$75,556	$96,832	$118,109
Heavy Commercial Goods:							
Building Materials/Hardware	$0	$6,034	$10,927	$14,022	$20,211	$26,401	$32,590
Auto Dealers and Parts	$0	$12,821	$23,221	$29,797	$42,949	$56,102	$69,254
Service Stations	$0	$8,296	$15,025	$19,280	$27,791	$36,301	$44,812
Subtotal	$0	$27,151	$49,173	$63,099	$90,951	$118,804	$146,656
Total	***$71,058***	***$135,159***	***$187,523***	***$220,636***	***$286,863***	***$353,089***	***$419,316***

Source: TNDG

*GAFO = General Merchandise, Apparel, Furniture/Appliances, Other/Specialty

Table A-10
Sales Per Square Foot Support Standards
Escondido Retail Trade Area

Retail Category	Sales/Square Feet
GAFO	$300
Food	$475
Eating and Drinking	$400
Building/Hardware/Garden	$275
Automotive Parts	$175

Source: TNDG, based on data published in Retail MAXIM.

Table A-11
Net Supportable Retail Space for Relevant "Big Box" Categories
Escondido Retail Trade Area
Expressed in Square Feet

Retail Category	2007	2009	2010	2011	2013	2015	2017
GAFO	215,070	270,628	315,692	344,189	401,183	458,177	515,171
Food	0	29,206	53,675	69,148	100,095	131,042	161,989
Eating and Drinking	16,342	32,368	45,367	53,587	70,028	86,469	102,909
Building/Hardware/Garden	0	21,940	39,736	50,989	73,496	96,003	118,510
Automotive Parts 1/	0	5,861	10,615	13,621	19,634	25,646	31,659
Services Space @ 10% of Total Space	25,712	40,000	51,676	59,060	73,826	88,593	103,360
GRAND TOTAL	***257,124***	***400,004***	***516,761***	***590,595***	***738,263***	***885,931***	***1,033,598***

1/ Assumes that automotive parts stores account for 8% of sales in overall Automotive group category (based on statewide average in 2007).

Source: TNDG.

Table A-12
Potential Sales Impacts to Existing Supermarkets
City of Escondido
Expressed in Sales per Square Feet

Demand Variable	**2007**	**2009**	**2010**	**2011**	**2013**	**2015**	**2017**
Total Food Sales Demand (000's)	$404,308	$418,638	$430,260	$437,610	$452,310	$467,010	$481,710
Supermarket Share @ 76%	$307,274	$318,165	$326,998	$332,584	$343,756	$354,927	$366,099
Less Demand Absorbed by New Facilities 1/:							
--Grocery Component			($23,275)	($23,275)	($23,275)	($23,275)	($23,275)
Net Demand Available to Support Existing Supermarkets	$307,274	$318,165	$303,723	$309,309	$320,481	$331,652	$342,824
Square Feet Added by New Facilities:							
--Fresh & Easy		13,800					
--Henry's Marketplace (net increase over former store)		2,900					
--Vallarta Market		45,000					
Existing Supermarket Square Feet (SF)	546,300	608,000	608,000	608,000	608,000	608,000	608,000
Sales Per Square Foot	***$562***	***$523***	***$500***	***$509***	***$527***	***$545***	***$564***

1/ Sales per square foot - Grocery: $475

Source: TNDG; Progressive Grocer

APPENDIX B:

RETAIL DEMAND ANALYSIS – DELAYED GROWTH SCENARIO
ESCONDIDO RETAIL TRADE AREA

DELAYED GROWTH SCENARIO

Table B-1
Household Projections
Escondido Retail Trade Area

Area	2007	2009	2010	2011	2013	2015	2017
Retail Trade Area	60,719	62,871	62,871	62,871	65,720	67,927	70,135
Total Market Area	60,719	62,871	62,871	62,871	65,720	67,927	70,135

Source: San Diego County Association of Governments (SANDAG); The Natelson Dale Group, Inc. (TNDG)

Table B-2
Average Household Income Projections
Escondido Retail Trade Area
In constant dollars

	2007
Escondido Trade Area	$110,417
Annual Increase Factor	0.00%

Area	2007	2009	2010	2011	2013	2015	2017
Retail Trade Area	110,417	110,417	110,417	110,417	110,417	110,417	110,417

Source: Claritas; TNDG

DELAYED GROWTH SCENARIO

Table B-3
Total Income and Potential Retail Sales Projections
Escondido Retail Trade Area
In thousands of constant dollars

	Trade Area
Percent of Income Spent for Retail Goods	31.7%
Visitor and Business Spending	0.0%
Total	31.7%

Area	2007	2009	2010	2011	2013	2015	2017
Total Income:							
Retail Trade Area	$6,704,332	$6,941,948	$6,941,948	$6,941,948	$7,256,558	$7,500,314	$7,744,070
Total	$6,704,332	$6,941,948	$6,941,948	$6,941,948	$7,256,558	$7,500,314	$7,744,070
Potential Retail Sales:							
Residents	$2,127,937	$2,203,355	$2,203,355	$2,203,355	$2,303,212	$2,380,579	$2,457,947
Business/Visitors	$0	$0	$0	$0	$0	$0	$0
Total Potential Retail Sales	$2,127,937	$2,203,355	$2,203,355	$2,203,355	$2,303,212	$2,380,579	$2,457,947

Source: TNDG

Table B-4
Distribution of Retail Sales by Retail Category
Escondido Retail Trade Area

Retail Category	%Distribution 2007	%Distribution 2009	%Distribution 2010	%Distribution 2011	%Distribution 2013	%Distribution 2015	%Distribution 2017
Shopper Goods:							
Apparel	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
General Merchandise	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Home Furnishings	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Specialty	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
Subtotal	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Convenience Goods:							
Food	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Eating and Drinking	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Subtotal	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Heavy Commercial Goods:							
Building Materials/Hardware	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Auto Dealers and Parts	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%
Service Stations	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
Subtotal	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: TNDG, based on historic trends reported by the State Board of Equalization for San Diego County.

Table B-5
Projected Demand for Retail Sales by Major Retail Category
Escondido Retail Trade Area
In thousands of constant dollars

Retail Category	**2007**	**2009**	**2010**	**2011**	**2013**	**2015**	**2017**
Shopper Goods:							
Apparel	$85,117	$88,134	$88,134	$88,134	$92,128	$95,223	$98,318
General Merchandise	$297,911	$308,470	$308,470	$308,470	$322,450	$333,281	$344,113
Furniture/Appliances	$63,838	$66,101	$66,101	$66,101	$69,096	$71,417	$73,738
Specialty	$276,632	$286,436	$286,436	$286,436	$299,418	$309,475	$319,533
Subtotal	$723,498	$749,141	$749,141	$749,141	$783,092	$809,397	$835,702
Convenience Goods:							
Food	$425,587	$440,671	$440,671	$440,671	$460,642	$476,116	$491,589
Eating and Drinking	$212,794	$220,336	$220,336	$220,336	$230,321	$238,058	$245,795
Subtotal	$638,381	$661,007	$661,007	$661,007	$690,964	$714,174	$737,384
Heavy Commercial Goods:							
Building Materials/Hardware	$170,235	$176,268	$176,268	$176,268	$184,257	$190,446	$196,636
Auto Dealers and Parts	$361,749	$374,570	$374,570	$374,570	$391,546	$404,698	$417,851
Service Stations	$234,073	$242,369	$242,369	$242,369	$253,353	$261,864	$270,374
Subtotal	$766,057	$793,208	$793,208	$793,208	$829,156	$857,008	$884,861
Total	$2,127,937	$2,203,355	$2,203,355	$2,203,355	$2,303,212	$2,380,579	$2,457,947

Source: TNDG

DELAYED GROWTH SCENARIO

Table B-6
Potential Capture of Resident Demand for Retail Sales Expressed in Percentages
Escondido Retail Trade Area

Retail Category	2007	2009	2010	2011	2013	2015	2017
Shopper Goods:							
Apparel	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
General Merchandise	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Furniture/Appliances	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Specialty	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Convenience Goods:							
Food	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Eating and Drinking	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%
Heavy Commercial Goods:							
Building Materials/Hardware	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Auto Dealers and Parts	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Service Stations	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: TNDG

Table B-7
Potential Capture of Projected Resident Demand for Retail Sales
Escondido Retail Trade Area
In thousands of constant dollars

Retail Category	2007	2009	2010	2011	2013	2015	2017
Shopper Goods:							
Apparel	$55,326	$57,287	$57,287	$57,287	$59,884	$61,895	$63,907
General Merchandise	$193,642	$200,505	$200,505	$200,505	$209,592	$216,633	$223,673
Furniture/Appliances	$41,495	$42,965	$42,965	$42,965	$44,913	$46,421	$47,930
Specialty	$179,811	$186,184	$186,184	$186,184	$194,621	$201,159	$207,696
Subtotal	$470,274	$486,942	$486,942	$486,942	$509,010	$526,108	$543,206
Convenience Goods:							
Food	$404,308	$418,638	$418,638	$418,638	$437,610	$452,310	$467,010
Eating and Drinking	$180,875	$187,285	$187,285	$187,285	$195,773	$202,349	$208,925
Subtotal	$585,183	$605,923	$605,923	$605,923	$633,383	$654,659	$675,935
Heavy Commercial Goods:							
Building Materials/Hardware	$170,235	$176,268	$176,268	$176,268	$184,257	$190,446	$196,636
Auto Dealers and Parts	$361,749	$374,570	$374,570	$374,570	$391,546	$404,698	$417,851
Service Stations	$234,073	$242,369	$242,369	$242,369	$253,353	$261,864	$270,374
Subtotal	$766,057	$793,208	$793,208	$793,208	$829,156	$857,008	$884,861
Total	$1,821,514	$1,886,072	$1,886,072	$1,886,072	$1,971,549	$2,037,776	$2,104,002

Source: TNDG

Table B-8
Comparison of Market Area Demand with Actual Sales
City of Escondido
In thousands of dollars

Retail Category	2007 Demand	2007 Sales	Expected Less Actual	Percent Actual/Expected
Shopper Goods:				
Apparel	$55,326	$41,999	$13,327	75.91%
General Merchandise	$193,642	$138,491	$55,151	71.52%
Furniture/Appliances	$41,495	$30,261	$11,234	72.93%
Specialty	$179,811	$195,002	($15,191)	108.45%
Subtotal	$470,274	$405,753	$64,521	86.28%
Convenience Goods:				
Food	$404,308	$404,765	($457)	100.11%
Eating and Drinking	$180,875	$174,338	$6,537	96.39%
Subtotal	$585,183	$579,103	$6,537	98.96%
Heavy Commercial Goods:				
Building Materials/Hardware	$170,235	$243,426	($73,191)	142.99%
Auto Dealers and Parts	$361,749	$753,082	($391,333)	208.18%
Service Stations	$234,073	$250,484	($16,411)	107.01%
Subtotal	$766,057	$1,246,992	($480,935)	162.78%
Total	$1,821,514	$2,231,848	($409,877)	122.53%

Source: TNDG; State Board of Equalization

Table B-9
Net Supportable Retail Sales
Escondido Retail Trade Area
In thousands of constant dollars

Retail Category	2007	2009	2010	2011	2013	2015	2017
Shopper Goods:							
GAFO*	$64,521	$81,189	$81,189	$81,189	$103,257	$120,355	$137,453
Subtotal	$64,521	$81,189	$81,189	$81,189	$103,257	$120,355	$137,453
Convenience Goods:							
Food	$0	$13,873	$13,873	$13,873	$32,845	$47,545	$62,245
Eating and Drinking	$6,537	$12,947	$12,947	$12,947	$21,435	$28,011	$34,587
Subtotal	$6,537	$26,820	$26,820	$26,820	$54,280	$75,556	$96,832
Heavy Commercial Goods:							
Building Materials/Hardware	$0	$6,034	$6,034	$6,034	$14,022	$20,211	$26,401
Auto Dealers and Parts	$0	$12,821	$12,821	$12,821	$29,797	$42,949	$56,102
Service Stations	$0	$8,296	$8,296	$8,296	$19,280	$27,791	$36,301
Subtotal	$0	$27,151	$27,151	$27,151	$63,099	$90,951	$118,804
Total	***$71,058***	***$135,159***	***$135,159***	***$135,159***	***$220,636***	***$286,863***	***$353,089***

Source: TNDG

*GAFO = General Merchandise, Apparel, Furniture/Appliances, Other/Specialty

DELAYED GROWTH SCENARIO

Table B-10
Sales Per Square Foot Support Standards
Escondido Retail Trade Area

Retail Category	Sales/Square Feet
GAFO	$300
Food	$475
Eating and Drinking	$400
Building/Hardware/Garden	$275
Automotive Parts	$175

Source: TNDG, based on data published in Retail MAXIM.

DELAYED GROWTH SCENARIO

Table B-11
Net Supportable Retail Space for Relevant "Big Box" Categories
Escondido Retail Trade Area
Expressed in Square Feet

Retail Category	2007	2009	2010	2011	2013	2015	2017
GAFO	215,070	270,628	270,628	270,628	344,189	401,183	458,177
Food	0	29,206	29,206	29,206	69,148	100,095	131,042
Eating and Drinking	16,342	32,368	32,368	32,368	53,587	70,028	86,469
Building/Hardware/Garden	0	21,940	21,940	21,940	50,989	73,496	96,003
Automotive Parts 1/	0	5,861	5,861	5,861	13,621	19,634	25,646
Services Space @ 10% of Total Space	25,712	40,000	40,000	40,000	59,060	73,826	88,593
GRAND TOTAL	***257,124***	***400,004***	***400,004***	***400,004***	***590,595***	***738,263***	***885,931***

1/ Assumes that automotive parts stores account for 8% of sales in overall Automotive group category (based on statewide average in 2007).

Source: TNDG.

DELAYED GROWTH SCENARIO

Table B-12
Potential Sales Impacts to Existing Supermarkets
City of Escondido
Expressed in Sales per Square Feet

Demand Variable	2007	2009	2010	2011	2013	2015	2017
Total Food Sales Demand (000's)	$404,308	$418,638	$418,638	$418,638	$437,610	$452,310	$467,010
Supermarket Share @ 76%	$307,274	$318,165	$318,165	$318,165	$332,584	$343,756	$354,927
Less Demand Absorbed by New Facilities 1/:							
--Grocery Component			($23,275)	($23,275)	($23,275)	($23,275)	($23,275)
Net Demand Available to Support Existing Supermarkets	$307,274	$318,165	$294,890	$294,890	$309,309	$320,481	$331,652
Square Feet Added by New Facilities:							
--Fresh & Easy		13,800					
--Henry's Marketplace (net increase over former store)		2,900					
--Vallarta Market		45,000					
Existing Supermarket Square Feet (SF)	546,300	608,000	608,000	608,000	608,000	608,000	608,000
Sales Per Square Foot	***$562***	***$523***	***$485***	***$485***	***$509***	***$527***	***$545***

1/ Sales per square foot - Grocery: $475

Source: TNDG; Progressive Grocer

APPENDIX C:

RETAIL INVENTORY
ESCONDIDO RETAIL TRADE AREA

Table C
SHOPPING CENTERS AND DOWNTOWN RETAIL SPACE
CITY OF ESCONDIDO

Shopping Center / Location	GLA	Vacancy SF	Vacancy %	Major Tenants
West Country Club Drive:				
Escondido Hills Shopping Mall	**16,274**	**0**	**0.0%**	**TOTAL**
555 West Country Club Drive	2,284			7-Eleven
West El Norte Parkway:				
Del Norte Plaza	**231,157**	**4,785**	**2.1%**	**TOTAL**
302-362 West El Norte Parkway	1,200	1,200		
	1,200	1,200		
	22,880			CVS/pharmacy
	40,000			L.A. Fitness
	1,200	1,200		
	1,185	1,185		
	40,000			Vons
El Norte Broadway Center	**14,822**	**0**	**0.0%**	**TOTAL**
110 West El Norte Parkway				
Unnamed Center	**13,550**	**0**	**0.0%**	**TOTAL**
200 West El Norte Parkway				
Unnamed Center	**10,125**	**3,600**	**35.6%**	**TOTAL**
245 West El Norte Parkway	3,600	3,600		
Unnamed Center	**5,000**	**0**	**0.0%**	**TOTAL**
1061 West El Norte Parkway				
El Norte Parkway Plaza	**147,361**	**14,875**	**10.1%**	**TOTAL**
964-1042 West El Norte Parkway	42,300			Vons
	14,875	14,875		
Unnamed Center	**21,874**	**3,772**	**17.2%**	**TOTAL**
1894-1860 West El Norte Parkway	5,356			7-Eleven
	1,224	1,224		
	1,248	1,248		
	1,300	1,300		
West Valley Parkway:				
Escondido Valley Center	**124,381**	**17,504**	**14.1%**	**TOTAL**
1348-1366 West Valley Parkway	34,000			Staples
	44,272			The Sports Authority
	10,064			BevMo!
	8,680	8,680		
	1,240	1,240		
	1,240	1,240		
	1,240	1,240		
	5,104	5,104		
Plaza Las Palmas	**126,400**	**46,486**	**36.8%**	**TOTAL**
970-1138 West Valley Parkway	26,786	26,786		
	22,800			Petco
	1,980	1,980		
	1,450	1,450		
	13,750	13,750		
	1,260	1,260		
	1,260	1,260		

Shopping Center / Location	GLA	Vacancy SF	Vacancy %	Major Tenants
Gateway Center	**116,350**	**7,938**	**6.8%**	**TOTAL**
810 West Valley Parkway	25,000			Barnes and Noble
	23,500			Michaels
	2,108	2,108		
	1,156	1,156		
	1,750	1,750		
	2,924	2,924		
Unnamed Center	**234,741**	**0**	**0.0%**	**TOTAL**
1550-1580 West Valley Parkway	18,625			Longs Drugs
	50,000			Albertson's
	20,413			Big! Lots
	133,720			Home Depot
Unnamed Center	***32,773***	***16,151***	**49.3%**	**TOTAL**
1109 West Valley Parkway	16,151	16,151		
West Valley Plaza	**31,195**	**0**	**0.0%**	**TOTAL**
1334 West Valley Parkway	2,992			7-Eleven
East Valley Parkway:				
Unnamed Center	***80,000***	***7,488***	**9.4%**	**TOTAL**
2345 East Valley Parkway	36,300			Vons
	4,928	4,928		
	2,560	2,560		
Unnamed Center	**14,582**	**0**	**0.0%**	**TOTAL**
2200 East Valley Parkway				
Escondido Shopping Center	***60,000***	***1,000***	**1.7%**	**TOTAL**
2040 East Valley Parkway	15,000			Valley Max Supermarket
	1,000	1,000		
Parkway Villa Center	**15,090**	**2,706**	**17.9%**	**TOTAL**
1815 East Valley Parkway	858	858		
	1,848	1,848		
Escondido Town and Country	**69,780**	**2,960**	**4.2%**	**TOTAL**
1171 East Valley Parkway	23,188			Longs Drugs
	23,856			Big Lots
	960	960		
	1,200	1,200		
	800	800		
Valley Plaza	**116,081**	**5,931**	**5.1%**	**TOTAL**
1600-1700 East Valley Parkway	20,202			Joann Fabrics and Crafts
	1,056	1,056		
	4,875	4,875		
Escondido Village	**253,000**	**0**	**0.0%**	**TOTAL**
1201-1347 East Valley Parkway	45,000			Vallarta Supermarkets
	30,096			Staples
	14,823			Dollar Tree
Trafalgar Square	**46,503**	**9,520**	**20.5%**	**TOTAL**
1310-1340 East Valley Parkway	5,980	5,980		
	1,200	1,200		
	840	840		
	1,500	1,500		
Unnamed Center	**50,052**	**0**	**0.0%**	**TOTAL**
1655 East Valley Parkway	20,434			99 Cents Store
	25,368			Everything 5.99 Clothing Store

Shopping Center / Location	GLA	Vacancy SF	Vacancy %	Major Tenants
Unnamed Center	**42,000**	**0**	**0.0%**	**TOTAL**
1500 East Valley Parkway	16,854			Walgreens
	17,270			M Pueblo
Unnamed Center	**85,947**	**4,560**	**5.3%**	**TOTAL**
2417-2447 East Valley Parkway	22,896			CVS/pharmacy
	35,000			Ralphs
	1,380	1,380		
	1,920	1,920		
	1,260	1,260		
Unnamed Center	**176,751**	**6,600**	**3.7%**	**TOTAL**
1401-1475 East Valley Parkway	142,231			The Home Depot
	7,125			Autozone
	1,600	1,600		
	5,000	5,000		
Vineyard Square	**112,977**	**1,098**	**1.0%**	**TOTAL**
1507-1535 East Valley Parkway	60,000			Albertson's / Savon
	15,683			24 Hour Fitness
	1,098	1,098		
Unnamed Shopping Center	**17,136**	**0**	**0.0%**	**TOTAL**
1107 East Valley Parkway	17,136			
North Escondido Boulevard:				
Plaza Civic Center	**257,900**	**23,251**	**9.0%**	**TOTAL**
405 North Escondido Boulevard	74,000			Regal Cinema
	25,600			Ross
	16,896			Petsmart
	14,541			Old Navy
	20,083			Smart and Final
	1,647	1,647		
	12,672	12,672		
	1,595	1,595		
	1,073	1,073		
	6,264	6,264		
Escondido Square	**95,232**	**11,397**	**12.0%**	**TOTAL**
640 North Escondido Boulevard	9,563			Autozone
	11,659			Dollar Tree
	23,800			Northgate Market
	3,537	3,537		
	5,240	5,240		
	2,620	2,620		
West Mission Avenue:				
Unnamed Center	**120,425**	**94,750**	**78.7%**	**TOTAL**
649 West Mission Avenue	68,000	68,000		
	23,000	23,000		
	3,750	3,750		

Shopping Center / Location	GLA	Vacancy SF	Vacancy %	Major Tenants
Mission Escondido Center	**41,450**	**10,812**	**26.1%**	**TOTAL**
205 West Mission Avenue	2,108	2,108		
	1,360	1,360		
	1,904	1,904		
	952	952		
	1,088	1,088		
	3,400	3,400		
Unnamed Center	**176,304**	**3,906**	**2.2%**	**TOTAL**
620-644 West Mission Avenue	165,486			Lowe's
	3,906	3,906		
North Broadway:				
Unnamed Center	**106,389**	**6,635**	**6.2%**	**TOTAL**
601-675 North Broadway	44,000			Stater Bros
	935	935		
	5,700	5,700		
Unnamed Center	**56,300**	**0**	**0.0%**	**TOTAL**
644-670 North Broadway	56,300			Food 4 Less
Auto Parkway:				
Escondido Promenade	**417,155**	**85,477**	**20.5%**	**TOTAL**
1200-1290 Auto Parkway	75,004	75,004		
	119,861			Target
	25,239			T.J. Max
	45,556			Toys 'R' Us
	570	570		
	1,740	1,740		
	2,040	2,040		
	1,950	1,950		
	4,173	4,173		
South Centre City Parkway:				
Felicita Junction	**41,681**	**0**	**0.0%**	**TOTAL**
1611-1677 South Centre City Parkway	16,853			CVS/pharmacy
	12,500			Jimbo's Naturally
Unnamed Center	**25,800**	**0**	**0.0%**	**TOTAL**
South Centre City Parkway at 13th Ave.	25,800			Henry's Farmers Market
Felicita Town Center	**126,502**	**3,988**	**3.2%**	**TOTAL**
1855 South Centre City Parkway	55,000			Major Market
	17,040			Rite Aide Pharmacy
	10,000			Trader Joe's
	1,260	1,260		
	1,000	1,000		
	1,728	1,728		
West Felicita Avenue:				
Unnamed Center	**94,700**	**12,222**	**12.9%**	**TOTAL**
325-421 West Felicita Avenue	16,221			Escondido Workout Center
	43,200			Vons Supermarket
	1,312	1,312		
	1,530	1,530		
	3,068	3,068		
	1,239	1,239		
	5,073	5,073		
Felicita Village	**43,400**	**4,450**	**10.3%**	**TOTAL**

Shopping Center / Location	GLA	Vacancy SF	Vacancy %	Major Tenants
330 West Felicita Avenue	3,000	3,000		
	1,450	1,450		
Unnamed Center	**32,619**	**1,140**	**3.5%**	**TOTAL**
440-460 West Felicita Avenue	9,450			Walgreens
	5,200			Autozone
	570	570		
	570	570		
Del Lago Boulevard:				
Unnamed Center	**32,112**	**2,703**	**8.4%**	**TOTAL**
3410 Del Lago Boulevard	2,703	2,703		
East Via Rancho Parkway:				
Westfield North County	**1,243,900**	**255,008**	**20.5%**	**TOTAL**
272 East Via Rancho Parkway	143,600			JC Penny
	144,900			Macy's
	143,000			Nordstrom Department Store
	48,813	48,813		
	32,542	32,542		
	146,388	146,388		
	156,100			Sears
	1,140	1,140		
	570	570		
	570	570		
	632	632		
	3,807	3,807		
	499	499		
	1,015	1,015		
	4,106	4,106		
	1,551	1,551		
	3,006	3,006		
	2,775	2,775		
	1,151	1,151		
	2,651	2,651		
	2,640	2,640		
	1,151	1,151		
North Ash Street:				
Unnamed Center	**13,800**	**0**	**0.0%**	**TOTAL**
415 North Ash Street	13,800			Fresh and Easy
West Washington Avenue:				
Unnamed Center	**14,985**	**0**	**0.0%**	**TOTAL**
111 West Washington Avenue	14,985			Walgreens
East Washington Avenue:				
Washington Square	**56,735**	**4,870**	**8.6%**	**TOTAL**
1121-1131 East Washington Avenue	15,120			California Health Group Medical Billing
	900	900		
	3,970	3,970		

Shopping Center / Location	GLA	Vacancy SF	Vacancy %	Major Tenants
Downtown Escondido:	**450,780**	**120,805**	**26.8%**	**TOTAL**
				A Caregiver
				Sana Art Foundation
				McGlincy's Salon
				The Music Room
				Breeze Financial Group
				Lee Clark
				Deli-Café
				Lomeli-Barrio (income tax service)
		525		
				Taglio Salon
				Mexican-American Immigration Center
				Farmers Insurance
				New Barber Shop
				Coast Service and Vacuums (annex)
				Do Art Shoe Repair and Bootery
		31,362		
				Kalmia Print & Copy
		702		
				Soccer Pavilion
				Income Tax
				SPA Licious Day Spa
				Irma's Dair Design
				Home Remedy
				The Poet's Den
				Swank
				Patio Play House
				Continental Deli
				Blue Mug
				El Mopal Restaurant
				AJ & Associates Loans
				Late Nite
				Soccer Monkey
				Uniform Plus
				Sue's Sparkler's Iron on Metals
		1,020		
				Glamour Beauty Salon
				All-Star Sports Collectables
				KEB's Bridal & Fashion
				Metaphore Café
				Linda's Flowers
				Mexico Lindo Restaurant
				Ortiz Bakery
				Coin-Op Laundry
				Ronnie's Complete Auto Repair
		9,000		
				Women Infants and Children Program (WIC)
				Good Nutrition
				Summer Hill School
		5,050		
				Sickel's House of Fabrics
		3,663		
				Elements Salon
				The Yogurt Place
				150 Grand Café
		3,069		
				Downtown Deli
		2,891		
				Stephen's Custom Jewelry
				A Delight of France
				Filippi's Pizza Gratto
				The Loft
		1,375		
				Coast Sewing and Vacuums
				The Big Wig
				Vincent's
				NRG Fitness

Shopping Center / Location	GLA	Vacancy SF	Vacancy %	Major Tenants
				Champions Family Restaurant
				Artists Gallery
				Andy's Barber Shop
				Pounders Sports Pub
				Escondido Antique Mall
		1,050		
		1,200		
				Mingel International Museum North County
		3,025		
				La Tapalia
				Bonita's Hair Studio
				Goodwill
				Avon
				Bev's Barber Shop
				San Diego Church Supply
				Maloney & Associates Insurance
				First 1st Choice Business Brokers
				Pacific Standard Insurance
				John E. Gibbs C.P.A
				Uptown Salon
				Grand Avenue Barber Shop
				Tango Lounge
				Nomad Ventures Mountain Equipment
				Joe's Italian Cuisine
				Reverie
				First Republic Bank
				R. O'Sulliban's Irish Pub and Steakhouse
				Bellisima Day Sap Boutique
				Studio 158
				Savannah Home
				Stitcher's Treasures
				Kay's Alterations
				Dicoupage
				Georgia's School of Dance
				Top End Screen Printing
				Grab Bag Antiques
				Image Solutions
				Architectural Relics
				Light Gallery
				Theatrz
				Elain's Book Mark
				Optometry First
				Yardage Town
		3,000		
		2,375		
				Time Keepers Escondido
				Bacio Boutique
				Escondido Joe's Coffee House
		3,500		
				Chavely Bridal Boutique
				Draper's and Damon's
				7-Eleven
				A Bird Haven
				Escondido Coin Shop
				Escondido Police
				Peter's Tailor Shop
				Home Accents, Etc.
				Antiques Coins
				Bistro 221
		2,900		
				Christian Science Reading Room
				Judy's Embroidery
				River's Tailor Shop
				Vinz Wine Bar

Shopping Center / Location	GLA	Vacancy SF	Vacancy %	Major Tenants
				Escondido Arts Partnership Municipal Gallery
				Kick Rocks Skateboard Shop
				Rizzo Jewelry
				Cat's Craft Cupboard
				Seven A Signature Salon
				Hidden Valley Counseling and Coaching
		324		
				Hogan Realty and Financial Services
				Kevon Enterprises, Inc.
		12,969		
				Art Gallery
				Alex Slattery Photography
				Harden Media Solutions
				Unknown Business Name
				Office of the Arcade
				Harper-Davis, Bette
				Unknown Business Name
				The Workbench
				Unknown Business Name
				Unknown Business Name
				Interact Gallery
				Unknown Business Name
				Unknown Business Name
				Lighten Up Hair Studio
				LLL Reptile and Supply Company, Inc.
				Kan Sha
				Jewelry Service
				True (salon)
				B & H Music
				unknown business name
				The Music Playce
		1,225		
		2,340		
		3,510		
		775		
				Carla DeDominicis Attorney at Law
		8,605		
				Bella Sisters Boutique
				Salon de belleza Mexico
				Comuniones Boutique
				Hernandez Tax Service
				Distinction
		8,160		
				Love Insurance Agency
		6,860		
				Escondido Kung Fu and On Stage Dance
				Studio Barber Shop
				Service-Mex
				Berinina Janome Sewing Center
				Tortilleria
				Platinum Multiply Cookware
		330		

Summary Statistics:

	SF	%
Shopping Centers:		
Vacant	677,582	12.9%
Total SF	5,263,291	
Downtown Storefront Tenants:		
Vacant	120,805	26.8%
Total SF	450,780	
Total:		
Vacant	798,387	14.0%
Total SF	5,714,071	

Source: TNDG

APPENDIX D:

DEMOGRAPHIC FORECASTS BY CENSUS TRACT
SAN DIEGO COUNTY ASSOCIATION OF GOVERNMENTS

Table D-1
Demographic Estimates and Forecasts by Census Tract: 2004-2030
San Diego County Association of Governments (SANDAG)

Census Tract	2004	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2030
201.03	2,813	3,136	3,243	3,501	3,759	3,766	3,774	3,781	3,788	3,796	3,803	3,810	3,817	3,825	3,832	4,208
201.05	1,344	1,346	1,347	1,379	1,410	1,422	1,434	1,446	1,458	1,471	1,483	1,495	1,507	1,519	1,531	1,783
201.06	1,135	1,134	1,133	1,134	1,135	1,142	1,149	1,157	1,164	1,171	1,178	1,185	1,193	1,200	1,207	1,232
201.07	1,160	1,163	1,164	1,156	1,147	1,151	1,154	1,158	1,161	1,165	1,169	1,172	1,176	1,179	1,183	1,312
201.08	1,701	1,627	1,602	1,659	1,715	1,720	1,724	1,729	1,733	1,738	1,742	1,747	1,751	1,756	1,760	1,775
201.09	1,302	1,315	1,319	1,308	1,296	1,300	1,303	1,307	1,310	1,314	1,318	1,321	1,325	1,328	1,332	1,367
202.02	1,716	1,710	1,708	1,744	1,779	1,790	1,801	1,812	1,823	1,835	1,846	1,857	1,868	1,879	1,890	1,935
202.06	1,247	1,247	1,247	1,252	1,257	1,255	1,253	1,251	1,249	1,247	1,245	1,243	1,241	1,239	1,237	1,317
202.07	1,395	1,400	1,401	1,406	1,411	1,408	1,406	1,403	1,401	1,398	1,395	1,393	1,390	1,388	1,385	1,492
202.08	661	659	658	659	659	657	655	653	651	650	648	646	644	642	640	653
202.09	1,781	1,823	1,837	1,854	1,871	1,878	1,885	1,893	1,900	1,907	1,914	1,921	1,929	1,936	1,943	1,981
202.1	1,621	1,650	1,659	1,652	1,644	1,649	1,655	1,660	1,665	1,671	1,676	1,681	1,686	1,692	1,697	1,824
202.11	2,205	2,206	2,206	2,222	2,237	2,236	2,235	2,234	2,233	2,232	2,231	2,230	2,229	2,228	2,227	2,249
202.12	2,540	2,551	2,555	2,693	2,830	2,882	2,933	2,985	3,036	3,088	3,140	3,191	3,243	3,294	3,346	3,510
203.02	3,796	3,828	3,838	4,117	4,395	4,470	4,544	4,619	4,693	4,768	4,843	4,917	4,992	5,066	5,141	5,200
203.04	2,326	2,343	2,348	2,325	2,302	2,333	2,364	2,394	2,425	2,456	2,487	2,518	2,548	2,579	2,610	2,740
203.05	2,182	2,196	2,201	2,204	2,207	2,254	2,301	2,347	2,394	2,441	2,488	2,535	2,581	2,628	2,675	2,729
203.06*																
203.07	2,699	2,684	2,679	2,729	2,778	2,844	2,909	2,975	3,040	3,106	3,171	3,237	3,302	3,368	3,433	3,615
204.01	928	901	892	901	909	917	925	933	941	949	956	964	972	980	988	1,020
204.03	1,204	1,222	1,228	1,241	1,253	1,265	1,277	1,290	1,302	1,314	1,326	1,338	1,351	1,363	1,375	1,550
204.04	1,812	1,849	1,861	1,906	1,950	1,956	1,961	1,967	1,973	1,979	1,984	1,990	1,996	2,001	2,007	2,030
204.05	1,229	1,242	1,246	1,258	1,270	1,287	1,303	1,320	1,336	1,353	1,370	1,386	1,403	1,419	1,436	1,667
205	1,394	1,420	1,428	1,425	1,422	1,426	1,430	1,435	1,439	1,443	1,447	1,451	1,456	1,460	1,464	1,482
206.01	1,412	1,425	1,429	1,438	1,447	1,462	1,477	1,492	1,507	1,523	1,538	1,553	1,568	1,583	1,598	2,034
206.02	1,971	1,994	2,001	2,009	2,017	2,038	2,059	2,080	2,101	2,122	2,142	2,163	2,184	2,205	2,226	2,282
207.05	1,400	1,409	1,412	1,515	1,618	1,637	1,657	1,676	1,696	1,715	1,734	1,754	1,773	1,793	1,812	2,207
207.06	1,935	1,975	1,988	2,093	2,198	2,246	2,295	2,343	2,391	2,440	2,488	2,536	2,584	2,633	2,681	3,010
207.07	1,407	1,506	1,539	1,542	1,545	1,546	1,547	1,548	1,549	1,551	1,552	1,553	1,554	1,555	1,556	1,599
207.08	1,109	1,173	1,194	1,181	1,167	1,165	1,163	1,161	1,159	1,158	1,156	1,154	1,152	1,150	1,148	1,266
207.09	2,160	2,252	2,283	2,397	2,510	2,527	2,544	2,560	2,577	2,594	2,611	2,628	2,644	2,661	2,678	3,196
207.1	652	625	616	639	662	662	661	661	660	660	660	659	659	658	658	683
191.05**	2,237	2,412	2,470	2,725	2,980	3,192	3,403	3,615	3,827	4,039	4,250	4,462	4,674	4,885	5,097	5,477
191.03**	2,109	2,100	2,097	2,192	2,286	2,490	2,694	2,898	3,102	3,306	3,509	3,713	3,917	4,121	4,325	4,409
191.06**	2,145	2,418	2,509	2,648	2,786	2,980	3,173	3,367	3,561	3,755	3,948	4,142	4,336	4,529	4,723	4,831
191.07**	771	783	787	776	764	769	774	779	784	789	793	798	803	808	813	1131
TOTAL	59,499	60,719	61,125	62,871	64,616	65,720	66,824	67,927	69,031	70,135	71,239	72,343	73,446	74,550	75,654	80,796

Source: SANDAG; TNDG.

Notes: * Census tract is excluded from trade area given that only a very small portion of the tract is within the City's boundaries.
** Census tracts located outside of the City's boundaries