

APPENDIX K

Urban Decay Study

**URBAN DECAY STUDY
FOR
LAKE ELSINORE WALMART**

2015

Prepared for:

City of Lake Elsinore

Prepared by:

**THE NATELSON DALE GROUP, INC.
24835 E. La Palma Avenue, Suite I
Yorba Linda, California 92887
Telephone: (714) 692-9596
Fax: (714) 692-9597
www.natelsondale.com**

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
I. INTRODUCTION.....	1
II. EXECUTIVE SUMMARY	7
II-A. Summary Conclusions Regarding Potential for Urban Decay	7
II-B. Overview of Existing Retail Market in Trade Area	7
II-C. Impact of Proposed Project's "GAFO" Sales.....	9
II-D. Impact of Proposed Project's Grocery Component.....	10
II-E. Impact of Proposed Project's Restaurant Space	12
II-F. Impact of Proposed Project's Fueling Station/Convenience Store	13
II-G. Potential Reuse of Existing Lake Elsinore Walmart Site.....	13
II-H. Cumulative Impacts of Projects Planned in the Trade Area	15
II-I. Potential for Urban Decay	19
III. RETAIL DEMAND ANALYSIS METHODOLOGY.....	22
III-A. Market Area Boundaries.....	22
III-B. Population and Income Levels	24
III-C. Retail Sales Demand.....	25
III-D. Distribution of Retail Expenditures	26
III-E. Capture Rate Analysis.....	27
III-F. Potential Retail Sales Volumes	29
III-G. Supportable Retail Space.....	30
III-H. Demand for Grocery Sales and Supportable Grocery Space.....	32
APPENDIX A: RETAIL DEMAND ANALYSIS – LAKE ELSINORE RETAIL TRADE AREA	
APPENDIX B: RETAIL INVENTORY – LAKE ELSINORE RETAIL TRADE AREA	
APPENDIX C: PICTURES OF HIGH VACANCY RATE CENTERS	

I. INTRODUCTION

This report evaluates the potential economic impacts of the proposed Walmart-anchored shopping center project in the City of Lake Elsinore. In particular, the study evaluates the extent to which the proposed project would have competitive impacts on existing retail facilities in the trade area and consequently have the potential to result in urban decay. In addition to addressing the potential impacts of the proposed project itself, the study also considers cumulative impacts, taking into account the impacts from other planned and proposed retail projects in the trade area.

The project site totals approximately 17.66 acres located near the intersection of Central and Cambern Avenues. For purposes of this analysis, the project is assumed to include the following components:

- A 166,322 square foot Walmart store, including 39,155 square feet devoted to grocery sales/support space, in addition to a 7,888 square foot outdoor garden center

In early 2015, the site plan for the Walmart store portion of the project was revised. This included a reduction in overall floor area from the previous site plan, such that the planned store is currently 11,835 square feet smaller than previously proposed. For purposes of this study, the previous floor areas planned for the proposed Walmart store, as enumerated above, have not been changed to match the revised site plan. Since the floor areas for the store which are analyzed in this report are larger than the floor areas shown in the current site plan, the analysis presented in this report represents worst-case conditions and thus likely overstates the project impacts to some degree.

Additional retail development totaling 16,000 square feet, with “outlots” developed with the following probable uses:

- Outlot 1: 9,200 square feet of specialty retail space¹
- Outlot 2: 3,700 square feet of drive-thru restaurant space
- Outlot 3: 3,100 square feet of drive-thru restaurant space

Based on the latest project information, the analysis assumes that the project would open in 2017. The economic impact analysis addresses six key issues:

1. The potential for the proposed project’s general merchandise space to negatively impact existing “GAFO”² stores in the trade area;
2. The potential for the proposed project’s grocery component to negatively impact existing supermarkets in the area;

¹ This outlot could alternatively be developed with a gas station/carwash and a 3,100 square foot convenience store. To evaluate the proposed project’s maximum potential impact, the baseline scenario assumes the 9,200 square feet of specialty retail space would be developed. However, Section II-F also evaluates impacts related to the potential gas station alternative.

² “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 Walmart store. The GAFO retail categories are also referred to as “shopper” or “comparison” goods.

3. The potential for the proposed project's 16-pump fueling station to negatively impact existing service stations in the trade area;
4. The potential for the proposed project's restaurant space to negatively impact existing restaurants in the trade area;
5. The degree to which there will be market demand to support reuse or redevelopment of the existing Lake Elsinore Walmart building if this store is vacated³ due to its proximity to the approved Walmart Supercenter in Wildomar and the proposed Walmart Supercenter in Lake Elsinore; and
6. 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.

The economic analysis is used to determine, in accordance with the California Environmental Quality Act (CEQA), the proposed project's potential to create urban decay. CEQA does not trigger an automatic presumption that urban decay will occur as a result of other businesses being closed. However, store closures can lead to conditions of urban decay. For the purpose of this analysis, urban decay is defined as physical deterioration due to store closures and long-term vacancies in existing shopping centers that is so prevalent and substantial that it impairs the health, safety, and welfare of the surrounding community. Physical deterioration includes, but is not limited to, abandoned buildings and commercial sites in disrepair, boarded doors and windows, long-term unauthorized use of properties and parking lots, extensive gang or offensive graffiti painted on buildings, dumping of refuse or overturned dumpsters on properties, dead trees or shrubbery, extensive litter, uncontrolled weed growth, and homeless encampments.

Overview of Methodology

For purposes of estimating impacts in the relevant retail sales categories, this analysis considers a trade area that includes the majority of the City of Lake Elsinore, in addition to surrounding unincorporated areas of Riverside County. 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 retail sales in the trade area, based on existing demographics;
2. Estimate the portion of total trade area demand that could realistically be "captured" by retail facilities in the trade area, based on an evaluation of the amounts and locations of competitive retail facilities outside of the evaluated trade area;
3. Forecast future (14-year) growth in the amount of supportable retail sales, based on projected increases in the trade area's resident population;

³ At this time it is not known if the existing Lake Elsinore Walmart store, located on 31700 Grape Street, will be closed after the proposed Walmart Supercenter is opened. TNDG believes that store closure is a possibility, as the existing store is located at the approximate midway point between two proposed Walmart Supercenters (the proposed project evaluated in this analysis and an approved Wildomar Walmart Supercenter located at Bundy Canyon Road and Interstate 15 [I-15]). The existing Lake Elsinore Walmart store is approximately 3.0 miles away from both proposed Supercenters. Thus, if this store were to close, it would be attributable to the strategic locations of two new Supercenters developed by Walmart. See Section II-G for further discussion.

4. Forecast future growth in retail sales by individual retail category;
5. Estimate supermarket demand by determining the portion of total food store sales captured by supermarkets (versus other types of food stores such as convenience markets);
6. Estimate net supermarket demand after accounting for the capture of available demand by the proposed grocery component of the Walmart store; and
7. Evaluate the impact of the project on average sales per square foot levels at the existing supermarkets in the trade area.

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 trade area. This additional level of analysis for supermarkets is possible because the universe of supermarkets in the trade area is a manageable number (there are seven supermarkets in the trade area). Thus, it is possible to estimate the existing aggregate and average sales of these supermarkets, based on data from the California State Board of Equalization (SBOE) and Trade Dimensions International, Inc., a market research firm of The Nielsen Company (see Section II-D).

Description of Trade Area

According to the International Council of Shopping Centers (ICSC) – the premier trade association of the shopping center industry – a community center similar in scale and scope to the proposed project would typically have a trade area of 3 to 6 miles. To be analytically conservative, this analysis evaluates a smaller trade area for potential market support for the proposed project⁴. Starting with a three-mile radius as an initial reference point, The Natelson Dale Group, Inc. (TNDG) designed a customized polygon as the trade area. This polygon takes into account natural traffic barriers (such as major roads and highways) and the locations of existing competitive shopping centers. The trade area boundaries are defined as follows:

- **Western Boundary** – The western boundary extends approximately to Riverside County line in the Cleveland National Forest. For the most part, the effective boundary is Grand Avenue, given that there is little developed land beyond this street, outside of a nominal amount of residential and commercial development along the Ortega Highway (State Route 74 [SR-74]). Grand Avenue is approximately 3.6 miles from the proposed project site.
- **Eastern Boundary** – The eastern boundary starts approximately at the intersection of Railroad Canyon Road and Canyon Hills Road. It extends further along the western boundary of the City of Canyon Lake to Greenwald Avenue/Riverside Street. Finally, at its most northern section, it runs along El Toro Road to the northern boundary. The eastern boundary is approximately 3.0 to 3.5 miles from the proposed project.
- **Southern Boundary** – The southern boundary starts at SR-74, just south of Tenaja Truck Trail. It extends further in the northerly direction along Stoneman Street to

⁴ A smaller trade area than that recommended by the ICSC provides a conservative approach for estimating retail demand in that it potentially excludes demand from some residents that may patronize the proposed project. That is, by only including the demand from residents that live closer to the project than the standard 3 to 6 mile radius (as recommended by the ICSC), the analysis provides a “conservative” estimate of the trade area’s potential retail demand.

Railroad Canyon road until it reaches the Railroad Canyon Road/Canyon Hills Road intersection (the approximate start of the western boundary). Similar to the western boundary, the relevant western section of the boundary is primarily Grand Avenue, given that there is little developed land beyond this street. The most relevant section of the boundary is Railroad Canyon road, which includes the majority of developed area long the entire boundary. This relevant portion of the southern boundary is approximately 3.0 miles from the project site.

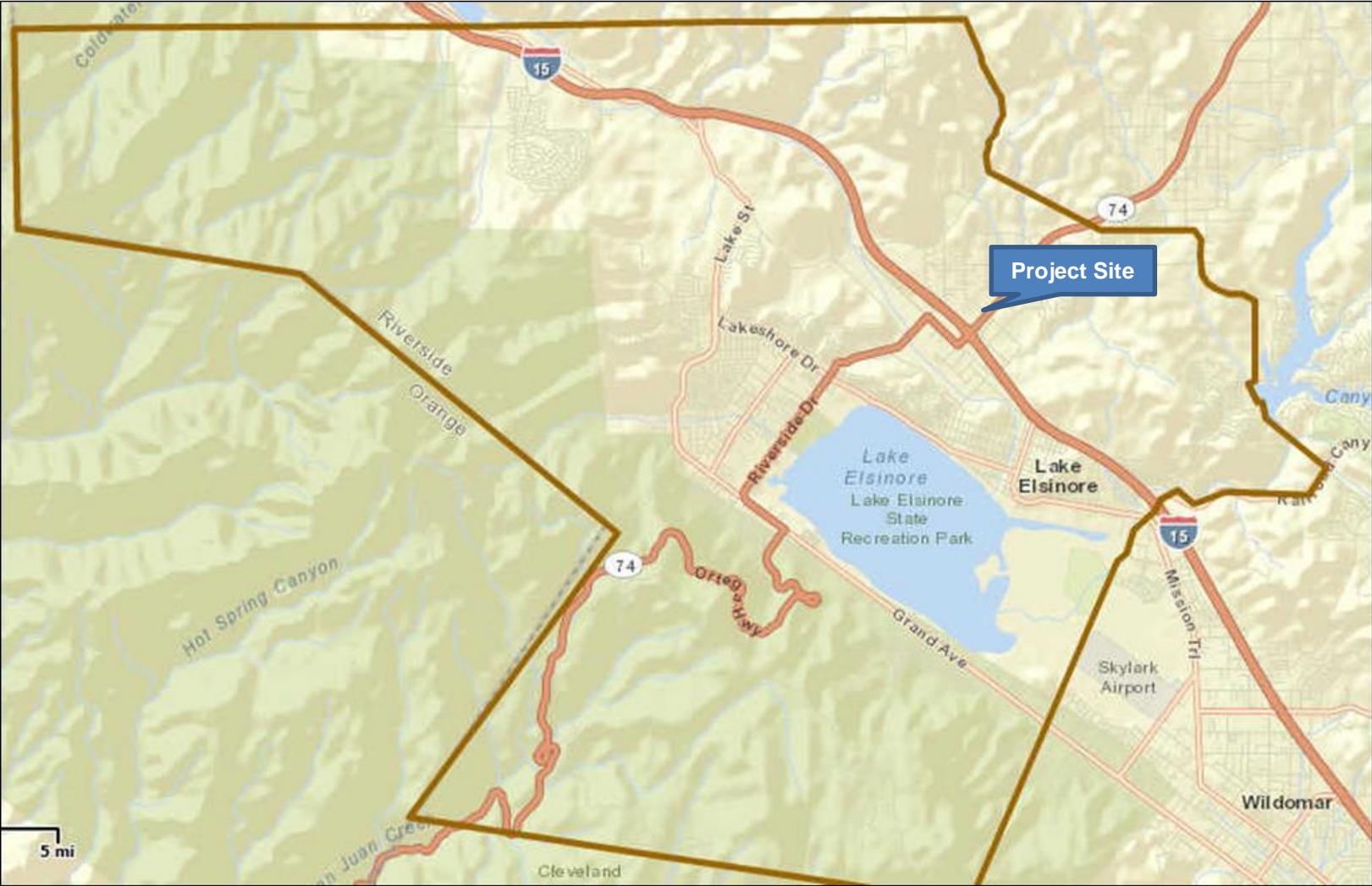
- Northern Boundary – At El Toro Road, the northern boundary reaches as far north as the intersection of Glen Eden Road and Interstate 15 (I-15). The boundary extends further west to the Riverside County line in the Cleveland National Forest. The northern boundary is approximately 3.6 miles from the proposed project site.

As noted above, the trade area design takes into account the locations of existing competitive shopping centers, along with the location of an additional proposed Walmart Supercenter (see discussion below). This is the primary reason for the selection of the southern boundary (represented by Railroad Canyon Road⁵), which represents the approximate midpoint between the proposed project and another proposed Walmart Supercenter in the City of Wildomar. The Wildomar Supercenter is proposed for development near the I-15/Bundy Canyon Road intersection (on the east side of I-15). All else equal, given that Railroad Canyon Road is the approximate midpoint between the two proposed stores, residents living north of the border would be more likely to shop at the proposed Lake Elsinore Supercenter, while residents living south of the border would prefer to shop at the Wildomar Supercenter. Thus, as discussed in the urban decay study for the approved Wildomar store, this street also functions as the northern boundary for that proposed store.

A map of the trade area boundaries is provided as Figure I-1 on the following page.

⁵ As noted above, the most relevant section of the southern trade area boundary is Railroad Canyon Road, which includes most of the developed area around the southern border.

Figure I-1:
Lake Elsinore Retail Trade Area



What this Study Provides

Since this study is being completed as part of the Environmental Impact Report (EIR) process for the proposed project, it focuses strictly on 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, 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 tenants and vacancies in the trade area.

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.

It is TNDG's conclusion that the project as proposed would not have significant economic impacts on existing retailers. The analysis supporting this conclusion is summarized in Sections II-B through II-I, with the study methodology documented in Section III.

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

As part of the analysis, TNDG completed a comprehensive inventory of all existing retail tenants and vacancies in the trade area. The detailed inventory is provided in Appendix B of the report, while a summary of the findings is provided in Table II-1 on page 9. Note that the summary shown in Table II-1 excludes the Lake Elsinore Outlets – a 369,000 square foot outlet shopping center strategically located at Nichols Road and Interstate 15 (I-15) in the City of Lake Elsinore. This outlet center is excluded from the inventory and the analysis because its trade area is significantly larger than the trade area for the proposed project⁶. For the analysis to fully and accurately account for the sales attracted to the Lake Elsinore Outlets, it would be necessary to evaluate a much larger trade area than has been considered in this analysis. The assumption of a larger trade area would, in turn, overstate the level of market demand available to support smaller retail facilities such as the proposed project and dilute the proposed project's potential urban decay impacts. Such an approach is inconsistent with the conservative assumptions used in the analysis.

As noted above, the primary delineator of the southern boundary – Railroad Canyon Road – essentially functions as the dividing line between the trade area for the proposed project and the trade area for the approved Wildomar Walmart Supercenter. Given that this street represents the approximate midpoint between the two proposed Supercenters, all retail development along the north and south sides of this street has been included in the retail inventory. However, to account for the fact that this retail development is also supported by residents who live south of this boundary, the analysis discounts the square footage of this space along Railroad Canyon Road by 50%. The rationale for this discount factor is that southern boundary also functions as the northern boundary for the Wildomar store's trade area⁷. Thus, it is reasonable to assume that 50% of this space is supported by residents in the Lake Elsinore trade area, while the remaining 50% of this space is supported by residents in the Wildomar trade area. There is approximately 889,024 "unadjusted" square feet retail development surrounding this boundary (see Appendix B, Table B-2 for a list of these shopping centers and stores). Based on the discount factor discussed above, the 889,024 square feet of space along this border has the equivalent impact of 444,512 square feet of existing retail space in a more central portion of the trade area⁸.

⁶ According to the ICSC, an outlet mall has a trade area radius of up to 75 miles. Further, the outlet shopping center format is positioned to attract visitors' retail expenditures.

⁷ See Economic Impact Report prepared for approved Wildomar Walmart Supercenter.

⁸ This 444,512 square feet of effective retail space is also accounted for in the Wildomar Economic Impact Report, (prepared under separate cover). Thus, the two economic impact reports, combined, account for the total amount of developed retail space along Railroad Canyon Road.

The total inventory of “effective” competitive retail space in the trade area is estimated at approximately 1.39 million square feet, as shown in Table II-1 on page 9⁹. Most of the trade area’s retail space includes neighborhood and community-scale facilities focused on the shopping needs of local residents. The overall retail vacancy rate in the trade area is estimated at 8.4%, which is within the range (5% to 10%) generally considered to be reflective of a healthy retail market¹⁰. In addition, this vacancy rate is below the current (3rd Quarter, 2013) 10.5% national vacancy rate for strip, neighborhood and community shopping centers, as estimated by REIS, the nation’s leading provider of commercial real estate information¹¹.

It should be noted that TNDG identified two shopping centers with relatively high vacancy rates¹². These existing centers are highlighted below:

- The *Lake Elsinore Town Center* (≈ 180,000 sq. ft.), located on the northwest corner of Malaga Road and Mission Trail in Lake Elsinore, has an estimated 27% vacancy rate.
- The *Lake Elsinore Valley Center* (≈ 75,000 sq. ft.), located on the southwest corner of Lakeshore Drive and Railroad Canyon Road in Lake Elsinore, has an estimated 31% vacancy rate.

Regarding the significant vacancies identified above, the most important and relevant finding for purposes of this study is that none of the buildings is currently exhibiting urban decay conditions (this finding is documented in the photographs provided in Appendix C). That is, at the time of TNDG’s photo survey (November 2013) none of the buildings exhibited visible signs of significant deterioration of structures and/or their surroundings; none had significant indications of deferred maintenance; none had graffiti; none had boarded-up windows; and there were no indications of landscape neglect (weeds, brown grass, etc.). In addition, property owners are currently actively marketing all of these vacant spaces to prospective tenants. This provides a strong indication that the property owners consider these centers to be fully viable properties.

The breakdown of the existing retail inventory by category is summarized on Table II-1 on the following page.

⁹ The table also shows the unadjusted inventory of retail space in the trade area, which is approximately 1.84 million square feet.

¹⁰ “Real Estate Principles: A Value Approach, 3rd Ed., 2010, Ling and Archer”. According to the standard real estate textbook used in real estate courses at both undergraduate and graduate levels, the natural vacancy rate, for purposes of estimating potential gross income, for apartment, office, and retail properties is 5% to 15%. The textbook indicates that this is the typical vacancy rate when the market is in equilibrium.

¹¹ See <http://journalrecord.com/2013/10/10/blog-slow-but-steady-growth-for-national-market/>. Accessed on 10/22/2013.

¹² Potentially problematic shopping centers include those with a minimum gross leasable area (GLA) of 50,000 square feet and a 20% or higher vacancy rate.

**Table II-1:
Inventory of Existing Retail Development
Lake Elsinore Retail Trade Area**

Retail Category	Square Feet	
	Total (unadjusted)	Effective 1/
Clothing and Clothing Accessories	45,656	32,763
General Merchandise	304,816	225,946
Home Furnishings and Appliances	41,084	37,867
Specialty/Other	191,450	159,753
Food and Beverage	306,448	222,008
Food Service and Drinking	245,160	194,436
Bldg. Materials & Garden Equip. & Supplies	126,006	122,153
Auto Parts	52,206	28,831
Gasoline Stations	32,763	25,431
Services Space	327,763	227,534
Vacant Space	164,927	117,045
Grand Total 2/	1,838,279	1,393,767

Source: TNDG (see Appendix B).

1/ See discussion above for discount factor applied to existing retail development along Railroad Canyon Road.

2/ Does not include square feet of Lake Elsinore Outlets (see discussion above).

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

It is TNDG's conclusion that the proposed project's GAFO¹³ (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 result in a net increase of 130,145 square feet of retail space devoted to GAFO sales. This total includes the non-grocery portion (120,945 square feet) of the proposed Walmart store and the potential specialty retail space proposed for development on Outlot 1.

Comparison of Existing Supply and Demand: TNDG's demand analysis indicates existing (year 2013) market support for \$174.1 million in GAFO retail sales in the trade area. The \$174.1 million in market demand translates into approximately 696,272 square feet of GAFO retail space that could be currently supported in the trade area. Based on estimates from the field survey completed by TNDG, there is approximately 456,328 "effective" square feet of existing GAFO space in the trade area. Thus, TNDG estimates that the trade area could currently

¹³ "GAFO" is a retail industry acronym for the General Merchandise, Apparel, Furniture and Other/Specialty retail categories. The GAFO categories generally correspond to the merchandise mix of a discount department store such as Walmart.

support approximately 239,944 square feet of additional GAFO space over and above the existing inventory.

Projected Growth in Demand: Within the trade area, potential demand for new retail space in the GAFO retail categories is projected to grow to approximately 291,447 square feet by 2017 (the proposed project’s assumed opening date), 352,284 square feet by 2021, 393,216 square feet by 2023, and 481,415 by 2027. See Table II-2, below, for TNDG’s projection of supportable square feet within GAFO retail categories from 2013 to 2027.

**Table II-2:
Potential Demand for NEW GAFO Retail Space
Lake Elsinore Retail Trade Area
in Square Feet (all numbers are cumulative)**

Retail Category	2013	2017	2019	2021	2023	2025	2027
GAFO 1/	239,944	291,447	318,607	352,284	393,216	436,227	481,415

Source: TNDG.

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

Conclusion Regarding Significance of Impact: The proposed project will result in a maximum net increase of 130,145 square feet of GAFO retail space. Given that this space is well within the level of residual market support for GAFO space in the trade area, TNDG does not believe the GAFO components of the proposed project will have significant competitive impacts on existing stores in the trade area.

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

It is TNDG’s conclusion that a supermarket component of the proposed Walmart is not likely to cause existing supermarkets in the trade area to close. The analysis supporting this conclusion is summarized below.

Project Description: For purposes of this analysis, it is assumed that grocery component of the proposed Walmart would total 39,155 square feet (30,596 square feet of grocery sales area plus 8,559 square feet of grocery support space). TNDG projects that the Walmart grocery space would generate sales levels equivalent to the national average for grocery sales in Walmart stores of approximately \$475 per square foot (gross area), or total grocery sales of approximately \$18.6 million¹⁴.

¹⁴ Based on data from Progressive Grocer’s 2012 *Super 50* publication, the national average sales volumes for Walmart grocery space is approximately \$607.33 per square foot of sales area. Based on the floor area configuration for the grocery component of the proposed Supercenter, the estimated grocery sales area is equal to approximately 78.1% of the grocery component’s gross building space (assuming the canopy area and sales area function as the overall sales area). Thus, the sales volume for the gross building area of the store’s grocery component is estimated at \$475 per square foot (\$607.33 x 78.1%).

Comparison of Existing Supply and Demand: The trade area currently has seven supermarkets totaling approximately 173,208 “effective” square feet¹⁵. Appendix B, Figure B-1, provides a list of the supermarket centers that includes the stores’ square footages and distances to the proposed project. TNDG’s demand analysis indicates that there is base year (year 2013) demand to support average supermarket sales volumes in the trade area of \$497 per square foot at the seven existing supermarkets. In comparison, the industry median for supermarkets is approximately \$473 per square foot nationally and \$418 in the Western United States. Thus, TNDG estimates that, on average, supermarkets in the trade area currently have the potential to generate sales volumes which are above the Western regional median and the national median.

Projected Growth in Demand: Total demand for supermarket sales in the trade area is projected to increase from approximately \$86.1 million in 2013 to approximately \$92.5 million in 2017, the assumed opening date of the proposed project. By 2027, total demand for supermarket sales in the trade area is projected to reach approximately \$115.9 million (all projections are given in 2013 constant dollars)¹⁶. Table II-3, below, evaluates the impact of the proposed project’s grocery sales in terms of the potential reduction in the sales per square foot volume at the existing supermarkets in the trade area.

**Table II-3:
Potential Sales Impacts to Existing Supermarkets
Grocery Component of Proposed Walmart
Lake Elsinore Retail Trade Area**

Description	2013	2017	2019	2021	2023	2025	2027
Total Food Sales Demand	\$122,983	\$132,080	\$136,877	\$142,826	\$150,055	\$157,652	\$165,634
Estimated Supermarket Share	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Total Potential Sales	\$86,088	\$92,456	\$95,814	\$99,978	\$105,039	\$110,357	\$115,944
--Walmart store 1/	\$0	(\$18,599)	(\$18,599)	(\$18,599)	(\$18,599)	(\$18,599)	(\$18,599)
Net Demand Available to Support Existing Supermarkets	\$86,088	\$73,857	\$77,215	\$81,379	\$86,440	\$91,758	\$97,345
Existing Supermarket Sq. Ft.	173,208	173,208	173,208	173,208	173,208	173,208	173,208
Potential Sales per Square Foot Existing Supermarkets	\$497	\$426	\$446	\$470	\$499	\$530	\$562

Source: TNDG; Progressive Grocer, The Super 50, April 2012.

1/ Sales per square foot (gross area) assumptions: \$475. Typically, new retail stores operate below average sales volumes in the first few years after opening, and then reach stabilized sales volume levels after being open for a few years. However, in order to remain analytically conservative (i.e., to depict the maximum potential impact), we have assumed that store would reach its full sales potential (based on the chain-wide average) in year 1.

¹⁵ Grocery stores with a minimum of 10,000 square feet of building space are considered supermarkets for purposes of this analysis. Regarding the project’s potential to adversely impact non-traditional markets, such as convenience stores, ethnic or specialty markets, and smaller neighborhood grocery stores (which are often below this 10,000 square foot threshold), in the experience of TNDG, these outlets do not tend to compete with traditional supermarkets, and therefore are unlikely to experience lost sales to the project. As shown in Appendix B (Table B-1 and B-2), the square footages for four of the seven stores’ are discounted by 50%, given their location along the Railroad Canyon Road southern border.

¹⁶ See Tables III-1 to III-8 and III-13 in Section III for the derivation of this estimate of market support for supermarket sales, along with the projections of growth in demand for supermarket sales.

Conclusion Regarding Significance of Impact: The above analysis suggests that the development of the proposed project would initially cause potential average sales volumes at the seven existing supermarkets to decrease from the current level of \$497 per square foot to approximately \$426 per square foot. Although this represents a reduction in the potential sales volume per square foot for existing stores, it is TNDG's conclusion that the potential average sales level of \$426 per square foot in year 2017 is unlikely to be low enough to cause the closure of any of the trade area's existing supermarkets. At \$426 per square foot, potential sales volumes would still be above the Western regional median (\$418) and about 90% of the national median (\$473). In addition, due to continued population growth in the trade area, the projected sales impacts to existing supermarkets would only be temporary and would be partially offset by growth in retail demand. As shown in Table II-3, potential sales volumes would reach \$446 per square foot in 2019, just two years after the proposed project's projected opening date. This projected sales volume is well above the Western Regional median figure (\$418) and 90% of the estimated base year amount (\$436). Further, in 2023, just six years after the projected start date, projected potential sales volumes would reach \$499 per square foot, which is above the current estimate of \$497.

II-E. IMPACT OF PROPOSED PROJECT'S RESTAURANT SPACE

It is TNDG's conclusion that the restaurants assumed to occupy the proposed project's space in Out Lots 2 and 3 would not have substantial economic effects on existing restaurant establishments. The analysis supporting this conclusion is summarized below.

Project Description: For purposes of this analysis, it is assumed that the project would include 6,800 square feet of restaurant space.

Comparison Existing Supply and Demand: TNDG's demand analysis indicates existing (year 2013) potential market support for \$64.3 million in restaurant sales in the trade area. The \$64.3 million in market demand translates into approximately 214,432 square feet of restaurant space that could be currently supported in the trade area. Based on estimates from the field survey completed by TNDG, there is approximately 194,436 square feet of existing restaurant space in the trade area. Thus, TNDG estimates that the trade area could currently support approximately 19,996 square feet of additional restaurant space over and above the existing inventory.

Projected Growth in Demand: Potential demand for new restaurant space in the trade area is projected to grow to 35,857 square feet by 2017 (the assumed opening date for the proposed project), 54,593 square feet by 2021 and 94,362 square feet by 2027. See Table II-4, below, for TNDG's projection of supportable square feet within the Food Service and Drinking retail category from 2013 to 2027.

**Table II-4:
Potential Demand for New Restaurant Retail Space
Lake Elsinore Retail Trade Area
In Square Feet (all numbers are cumulative)**

Retail Category	2013	2017	2019	2021	2023	2025	2027
Food Service & Drinking	19,996	35,857	44,221	54,593	67,199	80,445	94,362

Source: TNDG.

Conclusion: The proposed project’s restaurant space, totaling 6,800 square feet, would be well within the envelope of available demand for new space and thus is not likely to result in the closure of existing restaurants.

II-F. IMPACT OF PROPOSED PROJECT’S FUELING STATION/CONVENIENCE STORE

It is TNDG’s conclusion that the proposed project’s potential fueling station/convenience store would not have substantial economic effects on existing fueling stations/convenience stores in the trade area. The analysis supporting this conclusion is summarized below.

Project Description: In the case that Outlot 1 is not developed with the proposed 9,200 square feet of specialty retail space, it would alternatively be developed with a fueling station/car wash and a 3,100 square foot convenience store (see project description on page 1).

Evaluation of Existing Fueling Station Market: According to the most recent data from the SBOE, gasoline stations in California generate approximately \$5.5 million in annual sales on average. This figure is calculated by dividing total annual taxable sales (\$55,210,075,637) by the number of permits in the state (9,958)¹⁷.

Projected Growth in Demand: Demand for service station sales is projected to increase by \$6.5 million between 2013 and 2017 (the assumed opening date for the proposed project). Thus, the growth in the market over the next five years would be more than sufficient to support the sales of a typical gasoline station in California. See Table II-5, below, for TNDG’s projection of the demand for service station sales from 2013 to 2027.

**Table II-5:
Potential Demand for Gasoline Station Sales
Lake Elsinore Retail Trade Area
in thousands of constant dollars**

Retail Category	2013	2017	2019	2021	2023	2025	2027
Gasoline Stations	\$88,295	\$94,827	\$98,271	\$102,541	\$107,732	\$113,186	\$118,917

Source: TNDG.

Conclusion Regarding Significance of Impact: The growth in demand for gasoline sales from 2013 to 2017 (the proposed project’s assumed opening date) would be more than sufficient to support the likely sales at a potential gas station/convenience store. Given the above, TNDG does not believe that the proposed gasoline station/convenience store will have significant competitive impacts on existing gasoline stations/convenience stores in the trade area.

II-G. POTENTIAL REUSE OF EXISTING LAKE ELSINORE WALMART SITE

TNDG believes that the existing Lake Elsinore Walmart store located at 31700 Grape Street would potentially close at the time the project opens, given that Walmart is proposing to develop two new Supercenters that are both approximately three miles from the existing store. In addition to the proposed project evaluated in this analysis, there is a Supercenter proposed for

¹⁷ The data are for year 2011, the most recent year for which full-year data are available.

development in Wildomar near the I-15 and Bundy Canyon Road¹⁸. Given that the existing Walmart store is at the midpoint between the two proposed Supercenters, it is reasonable to assume that a potential closure would be equally attributable to the two new proposed Supercenters¹⁹.

As shown below on Table II-6, TNDG projects that potential demand would be more than sufficient by 2017 (i.e., the assumed opening date of the proposed project) to support some type of retail reuse of the existing store, even after accounting for the demand that would be absorbed by the proposed store.

**Table II-6:
Potential Demand for NEW non-grocery Retail Space (Expressed in Square Feet)
Accounting for Potential Reuse of Existing Store**

Retail Category	2013	2017	2019	2021	2023	2025	2027
GAFO	239,944	291,447	318,607	352,284	393,216	436,227	481,415
Food Service and Drinking	19,996	35,857	44,221	54,593	67,199	80,445	94,362
Bldg. Matrl./Garden Equip./Supplies	33,625	45,148	51,225	58,759	67,917	77,540	87,650
Auto Parts	31,255	35,699	38,043	40,949	44,482	48,193	52,093
Services Space @ 10% of Total Space	36,091	45,350	50,233	56,287	63,646	71,378	79,502
TOTAL	360,911	453,501	502,329	562,872	636,460	713,783	795,022
Proposed Project (non-grocery)		(120,945)	(120,945)	(120,945)	(120,945)	(120,945)	(120,945)
Demand for New Space	360,911	332,556	381,384	441,927	515,515	592,838	674,077
Added Demand Resulting from Potential Vacancy*		63,195	63,195	63,195	63,195	63,195	63,195
Net Demand	360,911	395,751	444,579	505,122	578,710	656,033	737,272

Source: TNDG

Note: Totals may not sum due to rounding.

*Effective square feet of existing Walmart store. Given the existing store's location on the southern periphery of the trade area boundary, its total square footage (126,390) is discounted by 50% to provide an estimate of the "effective" square feet of competitive space.

¹⁸ See the Urban Decay study for the approved Wildomar store, which is also prepared by TNDG.

¹⁹ The existing Lake Elsinore Walmart store is located at the southeast corner of Railroad Canyon Road and Grape Street. As discussed on page 7, the store's total square footage (126,390) is discounted by 50%, due to its location on the southern periphery of the trade area. Thus the store's "effective" square footage – for purposes of calculating supportable demand in the trade area – is approximately 63,195. The same rationale applies to attributing a potential closure jointly to the two proposed Supercenters. If the existing store were to close, approximately 50% of its individual trade area would be served by the proposed Supercenter evaluated in this analysis, while the remaining 50% would be served by the approved Wildomar Supercenter.

Although the market demand analysis indicates theoretically there would be sufficient retail demand to support some type of retail reuse of the existing Walmart store immediately after it closes, TNDG has not identified any specific tenants that could potentially re-tenant the site. In addition, Section II-I highlights some caveats that could potentially delay retail reuse of the existing Walmart store.

II-H. CUMULATIVE IMPACTS OF PROJECTS PLANNED IN THE TRADE AREA

Whereas the above sections examine potential impacts strictly related to the proposed project, this section evaluates the cumulative impacts to the market based on all known planned and pending retail development/reuse projects in the trade area. Table II-7, on the following page, provides a list of these planned and pending projects, including the projects' square footages and current status. As shown on the table, the planned and pending projects in the trade area total approximately 1.65 million square feet, with 1.61 million square feet of non-grocery space and 39,155 square feet of potential grocery space.

**Table II-7:
Planned and Pending Retail Projects
Lake Elsinore Retail Trade Area**

Project	Retail Square Feet			Status
	Non-Grocery	Grocery	Total	
Proposed Project * Central Ave / Cambren Ave Lake Elsinore 92532	127,745	39,155	166,900	Under Review
Spyglass Ranch East of N Main St / Camino Del Norte Lake Elsinore 92532	145,000		145,000	Approved
Watersedge SW of I-15; Lakeshore Dr / Diamond Dr Lake Elsinore 92530	86,600		86,600	Approved
Diamond Specific Plan ** Diamond Dr, btw Lakeshore Dr and Malaga Rd Lake Elsinore 92530	236,000		236,000	Approved
John Laing Homes (Phase 2) ** West of I-15/Mission Trail, south of Lakeshore Dr Lake Elsinore 92530	58,500		58,500	Approved
Alberhill Ridge (Tract 35001) NW portion of City, South of I-15 Lake Elsinore 92530	679,000		679,000	Approved
Family Dollar Store NWC Riverside Dr / Walnut Dr Lake Elsinore 92530	8,320		8,320	Pending
Fisherman's Wharf Lakeshore Dr, btw Wilson Way and Bushman Ave Lake Elsinore 92530	12,748		12,748	Proposed
Lakeshore Town Center Near E Lakeshore Dr / S Main St Lake Elsinore 92530	237,400		237,400	Proposed
Wake Rider Resort Near Grand Ave / Riverside Dr Lake Elsinore 92530	11,350		11,350	Pending
Golden Corral Restaurant Central Ave / I-15 Lake Elsinore 92532	7,798		7,798	Pending
Circle K Gas Station * Riverside Dr / Joy St Lake Elsinore 92530	N/A	N/A	N/A	Pending
TOTAL	1,610,461	39,155	1,649,616	

Source: Urban Crossing; City of Lake Elsinore, Planning Department; TNDG.

* Square footage total does not include fuel station/convenience store. Impacts for this retail sales category are not evaluated on a per square foot basis. See Section II-F.

** Square feet discounted at 50%, given that projects are located at the trade area's southern border, which separates the Wildomar and Lake Elsinore trade areas. See discussion on page 7.

As shown above in the status column in Table II-7, most of the proposed retail space is at the preliminary conceptual stage, with only the proposed project and a few relatively smaller projects (Family Dollar, Golden Corral, and Circle K) having leasing commitments from proposed tenants. For example, besides the proposed project evaluated in this analysis, many of the remaining projects are part of Specific Plan studies that have included retail space as part of conceptual development plans. In addition, others have entitlements that may expire in the future (e.g., the Alberhill Ridge project was approved 25 years ago in 1988). Finally, the Fisherman’s Wharf and Lakeshore Town Center proposed projects have not yet submitted applications to the City for development. Nevertheless, consistent with CEQA requirements, the analysis makes the conservative (i.e., worst case) assumption that all known planned and pending projects will ultimately be developed within the time period evaluated in this analysis.

Cumulative Impacts – Non-Grocery/Non-Gasoline Categories

Demand for new retail space (non-grocery) in the trade area is projected to reach approximately 360,911 square feet in 2017 and 795,022 square feet by 2027. See Table II-8, below, for a breakdown of supportable square feet by retail category from 2013 to 2027.

**Table II-8:
Demand for NEW Retail Space
by Retail Category (non-grocery)
Lake Elsinore Retail Trade Area**

Retail Category	2013	2017	2021	2025	2027
GAFO	239,944	291,447	352,284	436,227	481,415
Food Service and Drinking	19,996	35,857	54,593	80,445	94,362
Bldg. Matr./Garden Equip./Supplies	33,625	45,148	58,759	77,540	87,650
Auto Parts	31,255	35,699	40,949	48,193	52,093
Services Space @ 10% of Total Space	36,091	45,350	56,287	71,378	79,502
TOTAL	360,911	453,501	562,872	713,783	795,022
Square Feet Absorbed by Planned and Pending Projects		(1,610,461)	(1,610,461)	(1,610,461)	(1,610,461)
Net Demand	360,911	0	0	0	0

Source: TNDG

Note: Totals may not sum due to rounding.

Based on the potential demand for new non-grocery retail space (as shown on Table II-8 above, and based on detailed analysis and data provided in Section III, Tables III-1 through III-12), the total square feet of planned and pending projects in the trade area (as shown on Table II-7) would be well over the level of retail demand through 2027. Thus, if all of the pending projects were developed by 2027, the market would be substantially overbuilt.

A more likely cumulative scenario is that retail market conditions would result in a more gradual buildout of planned retail development, such that the pace of retail development would more closely follow the growth in retail demand. Under a more gradual (market-driven) buildout

scenario, there is less potential for overbuilt conditions to occur, and consequently a reduced potential for building vacancies and urban decay to follow. Specifically, the following factors are highly likely to mitigate against the development of a significantly overbuilt retail market:

- **Probability of development.** We have not made any attempt to determine probability of individual proposed projects ultimately being developed. As noted above, the majority of the projects evaluated in this analysis are part of Specific Plan studies that have included retail space as part of conceptual development plans. These potential retail sites would be developed only if and when future demand dictates, which assumption is consistent with existing industry customs and practice. In addition, although some of these projects have had specific zoning approved for retail uses, they still may require project site plans or other entitlements required for retail development. Finally, some of the projects are only proposed and have not yet submitted applications to the City for development of these sites.
- **Market area distinction.** Evaluating the aggregate square feet proposed in the trade area implicitly assumes that the planned and pending projects' market areas are identical to the market area for the Lake Elsinore Walmart project. However, the planned and pending projects in Table II-7 will have their own distinct market areas, which only partially overlap with the trade area evaluated in this analysis²⁰. As such, these projects would not be limited to the same "pool" of demand projected in TNDG's analysis.
- **Projected supply increases are typically linked to population growth.** The supply of planned retail square feet in the trade area greatly exceeds the amount of population growth projected for the area. Given that population growth largely fuels the demand for new retail space, it is unlikely that all of the proposed projects will be developed as initially proposed. For instance, as individual project proponents advance further along in the planning process, some projects will be scaled back, some will decide to change the overall development mix (e.g., substituting office space for retail space), while others will be completely dropped.
- **First-in-line-phenomenon.** In markets expected to experience above-average population growth, such as Lake Elsinore and surrounding area, project proponents often attempt to get projects moving along in the entitlement process much earlier than warranted by market demand. By getting their projects "first-in-line", developers hope to obtain commitments from major national chain retailers before other projects are proposed and entitled. As these key retailers commit to specific projects, other proposed projects, which were likely attempting to attract many of the same tenants, will reevaluate their development plans. In some cases, they will drop development plans altogether; in others, they will shift development proposals to non-retail uses.
- **Automatic market corrections.** Ultimately, the planned projects will go forward only when retailers commit to locating at the project. In the event that the market becomes saturated with key retailers, major national retailers will choose not to locate at some of the proposed projects in the trade area. Without commitments from key anchor tenants, developers will be unable to fill inline and other non-anchor space in their projects. Moreover, without pre-leasing commitments from retailers, many

²⁰ This does not apply to the John Laing Homes (Phase 2) and the Diamond Specific Plan projects. The square feet of these two proposed projects is discounted by 50%, consistent with the approach in this analysis of discounting retail space along Railroad Canyon Road by 50% (see II-B on page 7).

developers will be unable to obtain development financing for their projects²¹. In this case, major retailers' site selection criteria will act as an automatic correction to an oversupply of retail space. Thus, without commitments from key retailers, developers will have to revisit their development proposals and consider alternative uses, other than retail space, for their project sites.

Cumulative Impacts – Supermarket Category

Besides the proposed grocery component of the Walmart Store, there are no other known planned and/or pending supermarket projects in the trade area. Thus, there would be no cumulative impacts in the supermarket category above and beyond the project-specific impacts summarized in Section II-D.

Cumulative Impacts – Gasoline Station Category

As shown on Table II-7, a Circle K gasoline station is proposed for development at the intersection of Riverside Drive and Joy Street in the City of Lake Elsinore. Combined, the gas station/convenience store outlot option (proposed project) and the cumulative project would total approximately \$11.0 million in annual sales²². Growth in demand for service station sales is projected to increase by \$6.5 million between 2013 and 2017, indicating that the market would be slightly overbuilt in the gasoline stations category if both projects were built by 2017. However, TNDG does not believe these potential sales impacts would be severe enough to cause the closure of any gasoline station in the trade area. Based on the figures discussed above, assuming both gasoline stations are built in this timeframe, excess sales over demand would be approximately \$4.5 million in 2017 (\$11.0 million - \$6.5 million = \$4.5 million). However, as a share of total service station demand in 2017, this would equal less than 5% of total trade area demand in 2017 (\$94.8 million, see Table II-5 on page 13). Moreover, these potential sales impacts would be temporary, as continued growth in the market would be more than sufficient to support sales of both gasoline stations by 2020²³.

II-I. POTENTIAL FOR URBAN DECAY

This section evaluates the potential urban decay to occur based on the possibility of store closings or a delay in the reuse of existing vacancies that could result from development of the proposed project. As noted in the above in Sections II-C through II-F, TNDG's retail demand analysis indicates there would be sufficient marked demand to support the proposed project without negatively impacting existing retailers in the trade area.

As discussed in Section II-H, potentially significant economic impacts are projected under cumulative conditions if all of the planned and pending projects were to be developed by 2027. As described in the previous section, it is extremely unlikely that all of the planned and/or pending projects will developed during this time frame. However, even in the unlikely event that these projects are developed by 2027, it is currently not possible to identify which (non-grocery) retail categories could possibly become overbuilt, or to identify existing businesses in those

²¹ See *Commercial Property Faces Crisis*, Wall Street Journal, Mach 26, 2009.

²² See discussion in Section II-F. Average sales are estimated \$5.5 per gasoline station, according to sales data from the SBOE.

²³ As shown on Table II-5 on page 13, growth in service station demand would reach close to \$10.0 million in 2019 and \$14.2 million in 2021. Thus, incremental demand for new service station sales would reach approximately \$12.1 million by 2020.

categories which might be forced to close if the potential retail components of these projects are ultimately developed. As previously noted, most of the planned and/or pending projects identified on Table II-7 are at the preliminary conceptual stage without commitments from specific retail tenants. Therefore, any attempt to identify specific vacancies which might possibly result, or to determine the potential for physical deterioration or urban decay, would be speculative in this context. For purposes of evaluating CEQA impacts, it is not required or valid to engage in speculative analysis.

A more likely cumulative scenario is that retail market conditions would result in a more gradual buildout of planned retail development, such that the pace of retail development would more closely follow the growth in retail demand. Under this scenario, there is less potential for overbuilt conditions to occur, and consequently a reduced potential for building vacancies and urban decay to follow. But again, any attempt to identify businesses which might be affected under this scenario, if any, whose closure might ultimately result in urban decay would be speculative, and therefore would not be required under CEQA.

Retail Reuse of Existing Walmart Store

As discussed above in Section II-G, the retail demand analysis indicates there would be sufficient demand, under project-specific conditions, to support some type of retail reuse of the existing Walmart store. In addition, the store is in a favorable location, with good freeway access and visibility (two key site criteria for many retailers), along with being next to a strong concentration of retail development on the west side of I-15. However, based on TNDG’s knowledge, the relative success in reusing closed Walmart stores for other retail uses represents a “mixed bag” of sorts, with some successfully reconfigured for other retail stores while others have remained vacant for several years. Specifically, TNDG has prepared urban decay studies, or is aware of other examples, in the following California cities that involved the simultaneous closing of an existing Walmart store and the development of a Walmart store combining general merchandise and grocery sales.

City	Reuse Status
La Quinta	Reused as Kohl’s
Palmdale	Reused as Burlington Coat Factory and Factory 2U
Palm Springs	Cathedral City Walmart closed; building was reoccupied by a 99 Cents Only store; remaining portion of store is still vacant
Hanford	Still vacant; purchased by multiple real estate investment firms (2006 and 2010); was considered by Lowe’s for a store site at one time; recently purchased (July 2013)
San Jacinto ²⁴	Hemet Walmart closed; purchased by Latham Management and Counseling Service in November 2008; preliminary plans call for a medical plaza featuring a cardiac care center and outpatient facilities
Gilroy	Reused as Sergins RV store
Bakersfield (White Lane)	Reused as Fallas Discount store

Source: TNDG; Information from City staff members.

²⁴ Hemet store closed when the San Jacinto store opened.

It should also be noted that along with potential retail reuse options, the existing Walmart building would also be a candidate for some type of adaptive reuse, including uses ranging from a recreational facility (e.g., bowling alley, ice rink, fitness center) to institutional uses (e.g., government office facility, library, church) to office/service type uses (e.g., call centers). There are numerous examples of vacant “big box” stores being converted for these types of uses²⁵.

However, even if the property owners of the existing store are unable to attract replacement tenant(s) for the Walmart store, the closure of the Walmart store would not necessarily result in long-term physical impacts to the Lake Elsinore City Center shopping center. Without the existing Walmart store, the center would still function as a well-tenanted neighborhood-scale shopping center anchored by the existing Vons store, with it accounting for approximately 44% of the remaining center space. According to the ICSC, supermarket anchors typically account for 30% to 50% of total space in neighborhood centers²⁶.

²⁵ For example, 24-Hour Fitness has opened up fitness clubs in vacant big box stores in a number of markets.

²⁶ ICSC, 2011. U.S. Shopping-Center Classification and Characteristics.

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 the City of Lake Elsinore, in addition to adjacent unincorporated areas of Riverside County.

III-A. MARKET AREA BOUNDARIES

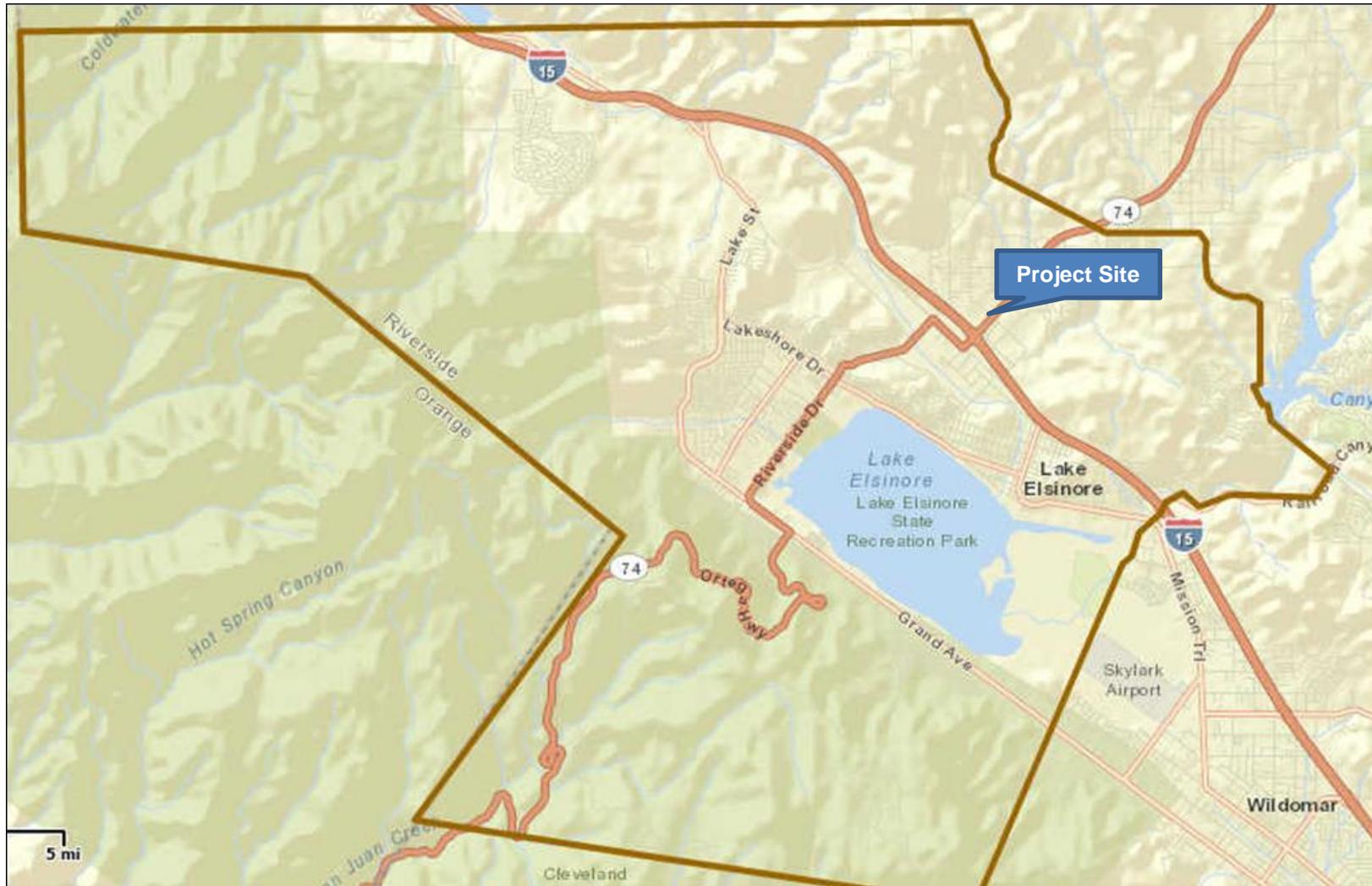
The trade area is a customized polygon defined with the following boundaries:

- Western Boundary – The western boundary extends approximately to Riverside County line in the Cleveland National Forest. For the most part, the effective boundary is Grand Avenue, given that there is little developed land beyond this street, outside of a nominal amount of residential and commercial development along the Ortega Highway (State Route 74 [SR-74]). Grand Avenue is approximately 3.6 miles from the proposed project site.
- Eastern Boundary – The eastern boundary starts approximately at the intersection of Railroad Canyon Road and Canyon Hills Road. It extends further along the western boundary of the City of Canyon Lake to Greenwald Avenue/Riverside Street. Finally, at its most northern section, it runs along El Toro Road to the northern boundary. The boundary is approximately 3.0 to 3.5 miles from the proposed project.
- Southern Boundary – The southern boundary starts at SR-74, just south of Tenaja Truck Trail. It extends further in the northerly direction along Stoneman Street to Railroad Canyon road until it reaches the Railroad Canyon Road/Canyon Hills Road intersection (the approximate start of the western boundary). Similar to the western boundary, the relevant western section of the boundary is primarily Grand Avenue, given that there is little developed land beyond this street. The most relevant section of the boundary is Railroad Canyon road, which includes the majority of developed area long the entire boundary. This relevant portion of the southern boundary is approximately 3.0 miles from the project site.
- Northern Boundary – At El Toro Road, the northern boundary reaches as far north as the intersection of Glen Eden Road and Interstate 15 (I-15). The boundary extends further west to the Riverside County line in the Cleveland National Forest, and it is approximately 3.6 miles from the proposed project site.

As discussed in the report Introduction on page 3, a community center of this scale, and with the types of proposed tenants, would typically have a trade area defined by a 3- to 6-mile radius (as suggested by ICSC). Thus, the suggested trade area radius was used as a starting point to design the customized trade area polygon. See Section I for further description on the trade area design.

The trade area boundaries are shown on Figure III-1 on the following page. The trade area is referred to herein as the Lake Elsinore Retail Trade Area (LERTA).

Figure III-1: Lake Elsinore Retail Trade Area Boundaries



III-B. POPULATION AND INCOME LEVELS

The population in the trade area is projected as follows:

**Table III-1:
Population Projections by Year
Lake Elsinore Retail Trade Area**

Market Area	Estimated 2013 Population	Projected 2017 Population	Projected 2019 Population	Projected 2021 Population	Projected 2023 Population	Projected 2025 Population	Projected 2027 Population
LERTA	65,270	70,098	72,644	75,801	79,638	83,670	87,906

Source: ESRI; TNDG.

The above population estimate is from ESRI, a nationally-recognized provider of demographic data, while the future projections are based on growth forecasts developed in conjunction with the Southern California Association of Government's (SCAG's) recently released (April 2012) 2012-2035 Regional Transportation Plan (RTP). For the growth projections, the following forecast approach was used:

- Obtain demographic forecasts from SCAG at the Traffic Analysis Zone level (TAZ) level of geography.
- Match the TAZ boundaries to the geographic boundaries of the primary trade area and regional trade area (see Figure III-1).
- Calculate the population growth rate in the TAZs that most closely correspond to the primary and regional trade area boundaries. This calculation shows that SCAG forecasts the following growth rates.

Area	<u>2013 - 2020</u>	<u>2020 - 2027</u>
LERTA	1.8%	2.5%

Per capita income in the LERTA is estimated as follows.

**Table III-2:
Per Capita Income Level
Lake Elsinore Retail Trade Area**

Market Area	2013 Per Capita Income
LERTA	\$28,171

Source: ESRI, TNDG

The indicated estimates of per capita income were obtained from ESRI and increased 28% 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. 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 ESRI estimates of money income by 28% to estimate per capita personal income²⁷.

III-C. RETAIL SALES DEMAND

The portion of total income spent on retail purchases varies by the income level of the individual household and also varies depending on the strength of the overall economy. In general, the percentage of income spent on retail goods decreases as income levels rise (more affluent households spend more on retail goods in absolute dollar terms, but less as a percentage of their total income).

In order to forecast the ratio of total trade area income likely to be spent on retail purchases, TNDG evaluated county level data for the period 2000 through 2011 (the latest 12-year period for which official income data are available from the Bureau of Economic Analysis (BEA). In particular, TNDG calculated the ratio of total retail sales (based on data from the SBOE²⁸) to aggregate income (per the BEA). At the countywide level, the ratio of retail sales to total income is estimated as follows for each year of the evaluation period:

**Table III-3:
Total Retail Sales
As a Percentage of Aggregate Personal Income
Riverside County**

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	12-Year Average
34.2%	34.1%	34.9%	36.3%	38.9%	39.9%	38.3%	35.4%	30.7%	27.9%	28.4%	29.7%	34.1%

Source: TNDG, based on income data from BEA and retail sales data from SBOE.

Whereas the above data are based on countywide income levels, data from the National Consumer Expenditure Survey (CES) allow for evaluation of the variation in retail expenditures by household income level. Since income levels within the LERTA vary from the countywide average, it is expected that retail expenditures as a percentage of income would vary between the LERTA and the County as well. Based on the ratio of personal per capita income levels in the LERTA area relative to the County, TNDG estimates the retail to income ratios as follows in Table III-4 below.

²⁷ Per capita "personal income" is a full 28% higher than per capita "money income" in Riverside County, based on 2007-2011 income data (the most recent years available) provided by the Bureau of Economic Analysis and the U.S. Census Bureau.

²⁸ The Board of Equalization provides data on *taxable* retail sales. In order to estimate total retail sales, TNDG multiplied *taxable* sales in the Food category by a factor of 3.0. As noted previously, this factor has 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 SBOE and selected supermarket chains.

**Table III-4:
Total Retail Sales
As a Percentage of Aggregate Personal Income
Lake Elsinore Retail Trade Area**

Area	Income Index Factor	2000	2005	2011	12-Year Average
County	1.000	34.2%	39.9%	29.7%	34.1%
LERTA	1.008	34.5%	40.3%	29.9%	34.3%

Source: TNDG, based on BEA, SBOE and CES data.

The above data in Table III-3 clearly show the effects of a strong economy from 2004 to 2006 and the severe recession beginning in 2008. In order to remain analytically conservative, TNDG’s analysis assumes that the retail expenditure ratio for the trade area will remain at the 12-year average (as shown in Table III-4 above). It is important to note that TNDG is projecting that the ratio will remain well below the county-indexed 2005 peak of 40.4%.

**Table III-5:
Income and Retail Demand
Lake Elsinore Retail Trade Area**

Market Area	2013	2017	2019	2021	2023	2025	2027
Total Income	\$1,838,721	\$1,974,731	\$2,046,454	\$2,135,390	\$2,243,482	\$2,357,068	\$2,476,400
Percent of Income Spent on Retail Goods	34.3%	34.3%	34.3%	34.3%	34.3%	34.3%	34.3%
Potential Retail Sales	\$630,681	\$677,333	\$701,934	\$732,439	\$769,514	\$808,474	\$849,405

Source: TNDG

III-D. DISTRIBUTION OF RETAIL EXPENDITURES

Projected retail demand from market area residents is disaggregated into various retail categories based upon average retail expenditure patterns observed in Riverside County from 2009 to 2011, the most recent three years for which data are available. The basic distribution of retail sales by retail category is projected as follows in Table III-6 below.

**Table III-6:
Distribution of Sales by Category
Lake Elsinore Retail Trade Area**

Retail Category	Distribution
<u>Shopper Goods:</u>	
Clothing and Clothing Accessories	15.0%
General Merchandise	7.0%
Home Furnishings and Appliances	4.5%
Specialty/Other	8.0%
<i>Subtotal</i>	<i>34.5%</i>
<u>Convenience Goods:</u>	
Food and Beverage	19.5%
Food Service and Drinking	12.0%
<i>Subtotal</i>	<i>31.5%</i>
<u>Heavy Commercial Goods:</u>	
Bldg. Matrl. & Garden Equip. & Supplies	6.5%
Motor Vehicle and Parts Dealers	13.5%
Gasoline Stations	14.0%
<i>Subtotal</i>	<i>34.0%</i>
Total	100.0%

Source: SBOE; TNDG.

III-E. CAPTURE RATE ANALYSIS

Trade Area Capture Rates

The LERTA 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. This is consistent with one of the findings from standard urban land use theory, which indicates, all else equal, the relative attractiveness of retail outlets decreases as travel time increases for the consumer²⁹.

Table III-7, below, shows the projected capture rates of LERTA demand for each retail category.

²⁹ See, for example, Blair, John. *Urban & Regional Economics*. Irwin, 1991. Hoover, Edgar M. *An Introduction to Regional Economics*. Alfred A. Knopf, 1975. McCann, Phillip. *Urban and Regional Economics*. Oxford University Press, 2001.

**Table III-7:
Capture Rates of Trade Area Demand
Lake Elsinore Retail Trade Area**

Retail Category	Capture Rate
<u>Shopper Goods:</u>	
Clothing and Clothing Accessories	80%
General Merchandise	80%
Home Furnishings and Appliances	80%
Specialty/Other	80%
<u>Convenience Goods:</u>	
Food and Beverage	100%
Food Service and Drinking	85%
<u>Heavy Commercial Goods:</u>	
Bldg. Matrl. & Garden Equip. & Supplies	95%
Motor Vehicle and Parts Dealers	95%
Gasoline Stations	100%

Source: TNDG

Generally, this type of analysis would treat the area as a “closed system”; in other words, it would assume that given an adequate supply of retail stores, residents of the market area will make all of their retail purchases somewhere in the trade area. However, in this case, the capture rates have been adjusted downward for two reasons. First, to account for the fact that the LERTA does not have a super-regional shopping center; therefore, it is assumed that the area will always experience some level of retail “leakage” to other areas of Riverside County (e.g., south Corona and/or Temecula). According to the ICSC, 11% of retail space is in super-regional centers (defined here as centers with 800,000 square feet or more of gross leasable area) while the remaining 89% of the space is in neighborhood- to regional-scale centers. Second, as discussed on page 7, the analysis does not evaluate potential demand for outlet center type sales, as the retail inventory excludes the Lake Elsinore Outlets center (due to the much larger trade areas for these types of shopping centers). According to the ICSC, approximately 1% of retail space is in outlet shopping centers. Based on these data, TNDG believes that the LERTA, in the absence of such a super-regional center and the exclusion of potential demand absorbed by outlet shopping centers, could be expected to realistically “capture” up to 88% of retail demand in the shopper goods. To be analytically conservative in this analysis, TNDG has adjusted this shopper goods capture rate down to 80%.

Typically, the LERTA would be projected to potentially capture all of its demand in the Food and Beverage (grocery) category, along with Food Service and Drinking (restaurant), Building Materials/Garden Equipment/Supplies, and Motor Vehicles and Parts Dealers, because of the strong propensity of consumers to purchase goods in these categories as close as possible to their residences. Potential capture rates have also been reduced in the Food Service and Drinking (restaurant), Building Materials/Garden Equipment/Supplies, and Motor Vehicles and Parts Dealers retail categories. The rationale for this reduction in potential capture rates is based on the assumption that some residents will make some purchases in these categories outside of the trade area on shopping trips to super-regional centers that are outside of the LERTA boundaries (see discussion above).

III-F. POTENTIAL RETAIL SALES VOLUMES

Based on the capture rates shown above, Table III-8, below, projects the potential market area demand in the LERTA for each retail category. As shown on the table, incremental demand through 2027 for retail sales in the LERTA is projected to grow in proportion to increases in population.

**Table III-8:
Potential Capture of Sales
Lake Elsinore Retail Trade Area
in thousands of constant dollars**

Market Area	2013	2017	2019	2021	2023	2025	2027
<u>Shopper Goods:</u>							
Clothing and Clothing Accessories	\$75,682	\$81,280	\$84,232	\$87,893	\$92,342	\$97,017	\$101,929
General Merchandise	\$35,318	\$37,931	\$39,308	\$41,017	\$43,093	\$45,275	\$47,567
Home Furnishings and Appliances	\$22,705	\$24,384	\$25,270	\$26,368	\$27,703	\$29,105	\$30,579
Specialty/Other	\$40,364	\$43,349	\$44,924	\$46,876	\$49,249	\$51,742	\$54,362
<i>Subtotal</i>	<i>\$174,068</i>	<i>\$186,944</i>	<i>\$193,734</i>	<i>\$202,153</i>	<i>\$212,386</i>	<i>\$223,139</i>	<i>\$234,436</i>
<u>Convenience Goods:</u>							
Food and Beverage	\$122,983	\$132,080	\$136,877	\$142,826	\$150,055	\$157,652	\$165,634
Food Service and Drinking	\$64,329	\$69,088	\$71,597	\$74,709	\$78,490	\$82,464	\$86,639
<i>Subtotal</i>	<i>\$187,312</i>	<i>\$201,168</i>	<i>\$208,474</i>	<i>\$217,534</i>	<i>\$228,546</i>	<i>\$240,117</i>	<i>\$252,273</i>
<u>Heavy Commercial Goods:</u>							
Bldg. Matrl. & Garden Equip. & Supplies	\$38,945	\$41,825	\$43,344	\$45,228	\$47,518	\$49,923	\$52,451
Motor Vehicle and Parts Dealers	\$80,885	\$86,868	\$90,023	\$93,935	\$98,690	\$103,687	\$108,936
Gasoline Stations	\$88,295	\$94,827	\$98,271	\$102,541	\$107,732	\$113,186	\$118,917
<i>Subtotal</i>	<i>\$208,125</i>	<i>\$223,520</i>	<i>\$231,638</i>	<i>\$241,705</i>	<i>\$253,940</i>	<i>\$266,796</i>	<i>\$280,304</i>
Total	\$569,505	\$611,631	\$633,846	\$661,392	\$694,871	\$730,052	\$767,013

Source: TNDG

Note: Totals may not sum due to rounding.

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 (ULI's) Dollars & Cents Publication and from typical sales per square foot data from representative stores in each retail category (as reported in the July 2009 issue of Retail MAXIM).

**Table III-9:
Sales per Foot Standards for Retail Space
Lake Elsinore Retail Trade Area**

Retail Category	Sales/ Square Foot
GAFO 1/	\$250
Food Service and Drinking	\$300
Bldg. Matrl. & Garden Equip. & Supplies	\$250
Automotive Parts	\$175

Source: TNDG, based on data published by ULI and Retail Maxim.
1/ GAFO = General Merchandise, Apparel, Furniture/Appliances, Other/Specialty.

Demand for New Retail Space

The sales per square foot standards are applied to the net demand numbers for each relevant retail category, as shown in Table III-10 below. 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 population growth in the LERTA (see Table III-1).

**Table III-10:
Demand for Retail Space (Non-Grocery)
Lake Elsinore Retail Trade Area**

Retail Category	2013	2017	2019	2021	2023	2025	2027
<u>Shopper Goods:</u>							
GAFO	696,272	747,775	774,935	808,612	849,544	892,555	937,743
<u>Convenience Goods:</u>							
Food Service and Drinking	214,432	230,293	238,657	249,029	261,635	274,881	288,798
<u>Heavy Commercial Goods:</u>							
Bldg. Matrl. & Garden Equip. & Supplies	155,778	167,301	173,378	180,912	190,070	199,693	209,803
Auto Parts 1/	60,086	64,530	66,874	69,780	73,313	77,024	80,924
Total	1,126,568	1,209,899	1,253,844	1,308,333	1,374,562	1,444,153	1,517,268

Source: TNDG

Note: Totals may not sum due to rounding.

1/ Assumes that automotive parts stores account for 13% of sales in overall Automotive group category (based on countywide average in 2011).

Existing Square Feet of Space

Provided below in Table III-11 is an estimate of the amount of existing square feet of (non-grocery) retail space, broken down by retail category, in the LERTA. As shown in the table, there is an “effective” inventory of approximately 1.15 million square feet of existing retail space (including vacant space) in the LERTA.

**Table III-11:
Estimate of Existing Effective Square Feet of
Retail Development (Non-Grocery)
Lake Elsinore Retail Trade Area**

Retail Category	Square Feet
<u>Shopper Goods:</u>	
GAFO	456,328
<u>Convenience Goods:</u>	
Food Service and Drinking	194,436
<u>Heavy Commercial Goods:</u>	
Bldg. Matrl. & Garden Equip. & Supplies	122,153
Auto Parts	28,831
Service Stations	N/A
Services Space	227,534
Vacant Space	117,045
Total 1/	1,146,327

Source: TNDG

1/ The square feet total does differs from the total provided in Table II-1 because it does not include the square feet of existing service station space. Totals are presented in this table for purposes of calculating net demand estimates/projections. Given that the analysis does not calculate demand for service stations in terms of square feet of space, the square feet of gas stations is not provided in this table (see Section II-F for an analysis of demand for service stations sales).

Demand for New Retail Space

By subtracting the existing amount of effective retail space (see Table III-11) from the potential supportable amount (see Table III-10), Table III-12, on the following page, provides the amount of new retail space that could be supported in the LERTA. Currently (as of 2013) the LERTA could support approximately 324,820 square feet of additional retail space. Due to continued population growth (see Table III-1), the LERTA would be able to support an additional 715,520 square feet of retail space, over and above existing levels, by 2027.

In addition, based on analysis of a 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. Thus, currently (as of 2013) the LERTA could support approximately 360,911 square feet of additional retail and services space. Due to continued

population growth (see Table III-1), the LERTA would be able to support an additional 795,022 square feet of retail and services space, over and above existing levels, by 2027.

**Table III-12:
Demand for NEW Retail Space
Lake Elsinore Retail Trade Area**

Retail Category	2013	2017	2019	2021	2023	2025	2027
GAFO	239,944	291,447	318,607	352,284	393,216	436,227	481,415
Food Service and Drinking	19,996	35,857	44,221	54,593	67,199	80,445	94,362
Bldg. Matrl./Garden Equip./Supplies	33,625	45,148	51,225	58,759	67,917	77,540	87,650
Automotive Parts	31,255	35,699	38,043	40,949	44,482	48,193	52,093
Total Retail Space	324,820	408,151	452,096	506,585	572,814	642,405	715,520
Services Space @ 10% of Total Space	36,091	45,350	50,233	56,287	63,646	71,378	79,502
TOTAL	360,911	453,501	502,329	562,872	636,460	713,783	795,022

Source: TNDG

Note: Totals may not sum due to rounding.

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

This section evaluates the demand for grocery sales in the LERTA, along with the proposed project's potential impact on existing supermarkets in the LERTA. Table III-13, on the following page, provides a forecast of total demand in the Food and Beverage category from 2013 to 2027, in addition to the share of food demand that would be captured by supermarkets in the LERTA. TNDG estimates that the seven supermarkets in the LERTA capture approximately 70% of total Food and Beverage demand³⁰. The balance of sales in the overall Food and Beverage category (30% of the total) is captured by smaller convenience and specialty markets.

The table also provides an estimate of the 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 that would be absorbed by the proposed grocery component of the Walmart store.

³⁰ In fully developed urban markets, supermarket sales typically account for 80% to 90% of sales in the overall Food category. This factor has been derived by TNDG based on numerous analyses of supermarket supply and demand in urban communities throughout California. In the LERTA, the seven supermarkets account for approximately 78% of the total square feet in the grocery category. All else equal, this factor suggests that supermarkets capture approximately 78% of total Food demand in the LERTA. However, available data from Trade Dimensions International, Inc. and the SBOE suggests that likely share is closer to 70%. Thus, to be conservative, the analysis assumes that supermarkets capture about 70% of total Food demand in the LERTA.

**Table III-13:
Demand for Supermarket Sales and
Estimate of Sales per Square Foot
Lake Elsinore Retail Trade Area
in thousands of constant dollars**

Description	2013	2017	2019	2021	2023	2025	2027
Total Food Sales Demand	\$122,983	\$132,080	\$136,877	\$142,826	\$150,055	\$157,652	\$165,634
Estimated Supermarket Share	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Total Potential Sales	\$86,088	\$92,456	\$95,814	\$99,978	\$105,039	\$110,357	\$115,944
--Walmart store 1/	\$0	(\$18,599)	(\$18,599)	(\$18,599)	(\$18,599)	(\$18,599)	(\$18,599)
Net Demand Available to Support Existing Supermarkets	\$86,088	\$73,857	\$77,215	\$81,379	\$86,440	\$91,758	\$97,345
Existing Supermarket Sq. Ft.	173,208	173,208	173,208	173,208	173,208	173,208	173,208
<i>Potential Sales per Square Foot Existing Supermarkets</i>	\$497	\$426	\$446	\$470	\$499	\$530	\$562

Source: TNDG; Progressive Grocer, The Super 50, April 2012.

1/ Sales per square foot (gross area) assumptions: \$475. Typically, new retail stores operate below average sales volumes in the first few years after opening, and then reach stabilized sales volume levels after being open for a few years. However, in order to remain analytically conservative (i.e., to depict the maximum potential impact), we have assumed that store would reach its full sales potential (based on the chain-wide average) in year 1.

APPENDIX A:
RETAIL DEMAND ANALYSIS
LAKE ELSINORE RETAIL TRADE AREA

**Table A-1
Population
Lake Elsinore Retail Trade Area**

Area	2013	2017	2019	2021	2023	2025	2027
Lake Elsinore Retail Trade Area	65,270	70,098	72,644	75,801	79,638	83,670	87,906
Total	65,270	70,098	72,644	75,801	79,638	83,670	87,906

Source: U.S. Census Bureau; ESRI; Southern California Association of Governments (SCAG).

**Table A-2
Per Capita Income Projections
Lake Elsinore Retail Trade Area
In constant dollars**

	2013						
Lake Elsinore Retail Trade Area	\$28,171						
Annual Increase Factor	0.00%						
Area	2013	2017	2019	2021	2023	2025	2027
Lake Elsinore Retail Trade Area	\$28,171	\$28,171	\$28,171	\$28,171	\$28,171	\$28,171	\$28,171

Source: U.S. Census Bureau; ESRI; TNDG.

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

	2013	2017	2019	2021	2023	2025	2027
Percent of Income Spent on Retail Goods	34.3%	34.3%	34.3%	34.3%	34.3%	34.3%	34.3%
Area	2013	2017	2019	2021	2023	2025	2027
Total Income:							
Lake Elsinore Retail Trade Area	\$1,838,721	\$1,974,731	\$2,046,454	\$2,135,390	\$2,243,482	\$2,357,068	\$2,476,400
Total	\$1,838,721	\$1,974,731	\$2,046,454	\$2,135,390	\$2,243,482	\$2,357,068	\$2,476,400
Potential Retail Sales:							
Lake Elsinore Retail Trade Area	\$630,681	\$677,333	\$701,934	\$732,439	\$769,514	\$808,474	\$849,405
Total	\$630,681	\$677,333	\$701,934	\$732,439	\$769,514	\$808,474	\$849,405

Source: Bureau of Economic Analysis (BEA); Consumer Expenditure Survey (CES); State Board of Equalization (SBOE); TNDG.

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

Retail Category	%Distribution 2013	%Distribution 2017	%Distribution 2019	%Distribution 2021	%Distribution 2023	%Distribution 2025	%Distribution 2027
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
General Merchandise	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Home Furnishings and Appliances	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Specialty/Other	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Subtotal	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%
<i>Convenience Goods:</i>							
Food and Beverage	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%
Food Service and Drinking	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Subtotal	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Motor Vehicle and Parts Dealers	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
Gasoline Stations	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Subtotal	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: TNDG, based on historic trends (2010-11 taxable sales) reported by the SBOE for Riverside County.

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

Retail Category	2013	2017	2019	2021	2023	2025	2027
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	\$94,602	\$101,600	\$105,290	\$109,866	\$115,427	\$121,271	\$127,411
General Merchandise	\$44,148	\$47,413	\$49,135	\$51,271	\$53,866	\$56,593	\$59,458
Home Furnishings and Appliances	\$28,381	\$30,480	\$31,587	\$32,960	\$34,628	\$36,381	\$38,223
Specialty/Other	\$50,455	\$54,187	\$56,155	\$58,595	\$61,561	\$64,678	\$67,952
Subtotal	\$217,585	\$233,680	\$242,167	\$252,691	\$265,482	\$278,924	\$293,045
<i>Convenience Goods:</i>							
Food and Beverage	\$122,983	\$132,080	\$136,877	\$142,826	\$150,055	\$157,652	\$165,634
Food Service and Drinking	\$75,682	\$81,280	\$84,232	\$87,893	\$92,342	\$97,017	\$101,929
Subtotal	\$198,665	\$213,360	\$221,109	\$230,718	\$242,397	\$254,669	\$267,563
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	\$40,994	\$44,027	\$45,626	\$47,609	\$50,018	\$52,551	\$55,211
Motor Vehicle and Parts Dealers	\$85,142	\$91,440	\$94,761	\$98,879	\$103,884	\$109,144	\$114,670
Gasoline Stations	\$88,295	\$94,827	\$98,271	\$102,541	\$107,732	\$113,186	\$118,917
Subtotal	\$214,432	\$230,293	\$238,657	\$249,029	\$261,635	\$274,881	\$288,798
Total	\$630,681	\$677,333	\$701,934	\$732,439	\$769,514	\$808,474	\$849,405

Source: TNDG

Table A-6
Potential Capture of Market Area Demand for Retail Sales Expressed in Percentages
Lake Elsinore Retail Trade Area

Retail Category	2013	2017	2019	2021	2023	2025	2027
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
General Merchandise	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Home Furnishings and Appliances	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Specialty/Other	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
<i>Convenience Goods:</i>							
Food and Beverage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Food Service and Drinking	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Motor Vehicle and Parts Dealers	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Gasoline Stations	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: TNDG

Table A-7
Potential Capture of Market Area Demand for Retail Sales
Lake Elsinore Retail Trade Area
In thousands of constant dollars

Retail Category	2013	2017	2019	2021	2023	2025	2027
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	\$75,682	\$81,280	\$84,232	\$87,893	\$92,342	\$97,017	\$101,929
General Merchandise	\$35,318	\$37,931	\$39,308	\$41,017	\$43,093	\$45,275	\$47,567
Home Furnishings and Appliances	\$22,705	\$24,384	\$25,270	\$26,368	\$27,703	\$29,105	\$30,579
Specialty/Other	\$40,364	\$43,349	\$44,924	\$46,876	\$49,249	\$51,742	\$54,362
Subtotal	\$174,068	\$186,944	\$193,734	\$202,153	\$212,386	\$223,139	\$234,436
<i>Convenience Goods:</i>							
Food and Beverage	\$122,983	\$132,080	\$136,877	\$142,826	\$150,055	\$157,652	\$165,634
Food Service and Drinking	\$64,329	\$69,088	\$71,597	\$74,709	\$78,490	\$82,464	\$86,639
Subtotal	\$187,312	\$201,168	\$208,474	\$217,534	\$228,546	\$240,117	\$252,273
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	\$38,945	\$41,825	\$43,344	\$45,228	\$47,518	\$49,923	\$52,451
Motor Vehicle and Parts Dealers	\$80,885	\$86,868	\$90,023	\$93,935	\$98,690	\$103,687	\$108,936
Gasoline Stations	\$88,295	\$94,827	\$98,271	\$102,541	\$107,732	\$113,186	\$118,917
Subtotal	\$208,125	\$223,520	\$231,638	\$241,705	\$253,940	\$266,796	\$280,304
Total	\$569,505	\$611,631	\$633,846	\$661,392	\$694,871	\$730,052	\$767,013

Source: TNDG

Table A-8
Sales Per Square Foot Standards (non-grocery categories)
Lake Elsinore Retail Trade Area
Expressed in Sales/Square Feet

Retail Category	Sales/Square Feet
<i>Shopper Goods:</i>	
GAFO*	\$250
Food Service and Drinking	\$300
Bldg. Matrl. and Garden Equip. and Supplies	\$250
Automotive Parts	\$175

*GAFO: General Merchandise, Apparel, Eurniture/Appliances, Other/Specialty

Source: Retail Maxim; Urban Land Institute (ULI); TNDG.

Table A-9
Potential Demand for Retail Space (non-grocery categories)
Lake Elsinore Retail Trade Area
Expressed in Square Feet

Retail Category	2013	2017	2019	2021	2023	2025	2027
<i>Shopper Goods:</i>							
GAFO Total	696,272	747,775	774,935	808,612	849,544	892,555	937,743
<i>Convenience Goods:</i>							
Food Service and Drinking	214,432	230,293	238,657	249,029	261,635	274,881	288,798
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	155,778	167,301	173,378	180,912	190,070	199,693	209,803
Automotive Parts*	60,086	64,530	66,874	69,780	73,313	77,024	80,924
Gasoline Stations	N/A						
Subtotal	215,864	231,831	240,252	250,692	263,383	276,717	290,727
Total Retail Space	1,126,568	1,209,899	1,253,844	1,308,333	1,374,562	1,444,153	1,517,268

*Assumes that automotive parts stores account for 13% of sales in overall Automotive group category (based on countywide average in 2011).

Source: TNDG

Table A-10
Existing Square Feet of Retail Space
Lake Elsinore Retail Trade Area

Retail Category	Square Feet
<hr/>	
<i>Shopper Goods:</i>	
GAFO Total	456,328
<i>Convenience Goods:</i>	
Food and Beverage	222,008
Food Service and Drinking	194,436
Subtotal	<hr/> 416,444
<i>Heavy Commercial Goods:</i>	
Bldg. Matrl. and Garden Equip. and Supplies	122,153
Automotive Parts	28,831
Gasoline Stations	N/A
Subtotal	<hr/> 150,984
Services Space	227,534
Vacant	117,045
GRAND TOTAL	1,368,335

Source: TNDG

Table A-11
Net Demand for Retail Space (non-grocery categories)
Lake Elsinore Retail Trade Area
Expressed in Square Feet

Retail Category	2013	2017	2019	2021	2023	2025	2027
<i>Shopper Goods:</i>							
GAFO Total	239,944	291,447	318,607	352,284	393,216	436,227	481,415
<i>Convenience Goods:</i>							
Food Service and Drinking	19,996	35,857	44,221	54,593	67,199	80,445	94,362
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	33,625	45,148	51,225	58,759	67,917	77,540	87,650
Automotive Parts	31,255	35,699	38,043	40,949	44,482	48,193	52,093
Gasoline Stations	N/A						
Subtotal	64,880	80,847	89,268	99,708	112,399	125,733	139,743
Total Retail Space	324,820	408,151	452,096	506,585	572,814	642,405	715,520
Services Space @ 10% of Total Space	36,091	45,350	50,233	56,287	63,646	71,378	79,502
GRAND TOTAL	360,911	453,501	502,329	562,872	636,460	713,783	795,022

Source: TNDG

Table A-12
Potential Sales Impacts to Existing Supermarkets
Lake Elsinore Retail Trade Area
Expressed in Sales per Square Feet

Demand Variable	2013	2017	2019	2021	2023	2025	2027
Total Food Sales Demand (000's)	\$122,983	\$132,080	\$136,877	\$142,826	\$150,055	\$157,652	\$165,634
Estimated Supermarket Share	70%	70%	70%	70%	70%	70%	70%
Total Potential Supermarket Sales	\$86,088	\$92,456	\$95,814	\$99,978	\$105,039	\$110,357	\$115,944
Less Demand Absorbed by New Facilities*: --Wal-Mart Supercenter		(\$18,599)	(\$18,599)	(\$18,599)	(\$18,599)	(\$18,599)	(\$18,599)
Net Demand Available to Support Existing Supermarkets	\$86,088	\$73,857	\$77,215	\$81,379	\$86,440	\$91,758	\$97,345
Existing Supermarket Sq. Ft.	173,208	173,208	173,208	173,208	173,208	173,208	173,208
Potential Sales Per Square Foot Existing Supermarkets	\$497	\$426	\$446	\$470	\$499	\$530	\$562

*Sales per square foot (gross area) assumptions:
Wal-Mart \$475

Source: TNDG; Progressive Grocer, The Super 50, May 2012.

APPENDIX B:
RETAIL INVENTORY
LAKE ELSINORE RETAIL TRADE AREA

Table B-1
Retail Inventory - Shopping Centers and Freestanding Space
Lake Elsinore Retail Trade Area

Shopping Center / Location	GLA	Vacant	Vacancy	Tenants	Category
LAKE COUNTRY PLAZA	11,750	4,875	41.5%		
16005 Grand Ave	1,500	1,500		Vacant	VAC
	2,750			Super 7 Liquor	F
	1,000			Great Cuts	SVC
	1,000			MOS Video	S
	1,125	1,125		Vacant	VAC
	1,250	1,250		Vacant	VAC
	1,000	1,000		Vacant	VAC
	1,000			Elsinore Pure Water	S
	1,125			Dance Company	SVC
UNNAMED CENTER	10,400	1,625	15.6%		
17139 Grand	3,413			Lea's Mini Mart	F
	1,625	1,625		Vacant	VAC
	1,463			Saion Water Agua	S
	3,900			Prayer Center	SVC
MISSION TRAIL CENTER*	34,081	4,388	12.9%		
31952 Mission Trail	2,356	2,356		Vacant	VAC
	12,200			Cardena's	F
	1,163			Mi Club	ED
	7,197			Rebecca Torres MD	SVC
	1,250			B&M Water	S
	781			Express Cleaners	SVC
	625			Check Cashing	SVC
	703	703		Vacant	VAC
	703			Metro PCS	S
	1,328	1,328		Vacant	VAC
	4,606			River Springs Charter School	SVC
	1,169			Del Taco	ED
WINSTON PLAZA*	19,400	-	0.0%		
31760 Mission Trail	500			Carniceria Lucio	F
	3,850			Auto Parts	AD
	3,900			A&M Auto Repair	AD
	3,150			Goldsmiths & Awards	S
	2,100			Dentist	SVC
	1,200			Mommy & Me	SVC
	2,750			Our Redeemer Church	SVC
	800			Full Service Salon	SVC
	700			Computer Repair	SVC
	450			Payday Loans	SVC
UNNAMED CENTER*	9,219	656	7.1%		
31748 Mission Trail	1,463			Firststone Tires	AD
	919			RW Oneil Insurance	SVC
	1,181			Anita Jackson MD	SVC
	656	656		Vacant	VAC
	722			Income Tax	SVC
	591			Heads or Tails Barbers	SVC
	591			Sky Salon	SVC
	591			Jewelry & Loan	SVC
	1,125			Vero's Mexican Food	ED
	1,031			Taco Bell	ED
	350			Mobil	GAS
LAKE ELSINORE VALLEY CENTER*	37,641	11,488	30.5%		
2499 E Lakeshore Dr	3,300			My Buddies Pizza	ED
	1,788	1,788		Vacant	VAC
	7,688	7,688		Vacant	VAC
	8,063			WIC	SVC
	8,813			Lake Elsinore Family Health Center	SVC
	2,013	2,013		Vacant	VAC
	613			Delta Drugs	S
	1,225			Mother's Nutritional Center	SVC
	2,891			Bank of America	SVC
	1,250			Century 21	SVC
UNNAMED STRIP*	10,209	447	4.4%		
31813 Mission Trail	481			We Buy Gold	SVC
	344			Harry's Shoe Repair	SVC
	378			Fantastic Tailors	SVC

Shopping Center / Location	GLA	Vacant	Vacancy	Tenants	Category
	344			Glamour Beauty	SVC
	413			Income Tax	SVC
	481			Liberty Smoke Shop	S
	378			Lake Elsinore Florist	S
	241			Ed's Coins	S
	1,306			Mike's Hobbies	S
	481			The Herb Cottage	S
	447	447		Vacant	VAC
	344			Copies	SVC
	688			Income Tax	SVC
	619			KC Flooring	BHG
	447			Coin Shop	S
	309			Carlsbad Golf	S
	413			Ronnie's Jewelry	A
	447			Farmers	SVC
	309			Performance Outfitters	A
	309			Gerryann's Flowers	S
	138			Boost Mobile	S
	309			Affordable Print & Mail	SVC
	584			Castinet.com	SVC
LAKE ELSINORE CITY CENTER*	123,229	-	0.0%		
31700 Grape St	2,019			Basie 21	A
	1,594			Diamond Dentist	SVC
	1,381			LA Nails & Spa II	SVC
	678			Smoke Shop	S
	775			GNC	S
	872			Cleaners	SVC
	775			The UPS Store	SVC
	872			Sally Beauty Salon	SVC
	1,163			Sushi Zen	ED
	26,625			Vons	F
	4,844			O'Reilly Auto Parts	AD
	3,906			Fashion Today	A
	4,297			Payless Shoes	A
	3,266			Goodwill	S
	63,195			Walmart	GM
	2,188			Denny's	ED
	3,331			Wells Fargo	SVC
	1,450			El Pollo Loco	ED
UNNAMED CENTER*	10,497	-	0.0%		
351 Railroad Canyon Rd	2,231			Tuscany Dental	SVC
	1,575			Tuscany Wine & Liquor	F
	1,463			Coffee Bar	ED
	1,013			Orthodontist	SVC
	450			Fine Cuts	SVC
	844			Performance Realty Group	SVC
	956			Eileen's Cleaners	SVC
	638			Peace of Zen	SVC
	691			99 Cent Store	GM
	638			State Farm	SVC
LAKE ELSINORE MARKETPLACE	371,313	2,700	0.7%		
29335 Central Ave	5,038			Chili's	ED
	3,000			Del Taco	ED
	2,900			Panda Express	ED
	4,550			Wells Fargo	SVC
	2,625			Wendy's	ED
	4,263			Archiblads	ED
	1,181			Valvoline	AD
	2,700			Arco	GAS
	1,650			The Coffee Bean	ED
	1,050			iTan	SVC
	1,350			Kut A Beauty	SVC
	1,950			Tacos Del Mar	ED
	1,500			Hawaiian BBQ	ED
	1,350			SubMarnia	ED
	1,350	1,350		Vacant	VAC
	2,850			Navy Federal Credit Union	SVC
	1,200			Juice it Up	ED
	2,025			At&t	S
	1,350			Great Clips	SVC
	1,519			Professio Nails & Spa	SVC
	1,350	1,350		Vacant	VAC
	6,413			Dentist	SVC
	115,700			Lowe's	BHG

Shopping Center / Location	GLA	Vacant	Vacancy	Tenants	Category
	130,000			Costco	GM
	18,375			Staples	S
	10,238			Petsmart	S
	4,125			Susie's Deals	A
	4,125			Kirkland's Home	FA
	15,513			Dollar Tree	GM
	20,075			Bed Bath & Beyond	FA
ALBERTSONS CENTER	54,931	-	0.0%		
Riverside & Lakeshore	48,593			Albertsons	F
	1,650			Chevron	GAS
	2,500			SS Burger Basket	ED
	2,188			Del Taco	ED
UNNAMED CENTER	14,400	2,400	16.7%		
31087 Riverside Dr	2,000			Board'z Grill	ED
	6,600			JJ Liquor	F
	1,600			Ink Sanity	SVC
	1,800			Tavern at 4 Corners	ED
	2,400	2,400		Vacant	VAC
LAKEFRONT PLAZA	30,194	3,931	13.0%		
31715 Riverside Dr	2,975			Smoke Shop	S
	956	956		Vacant	VAC
	3,613			Victor Community Services	SVC
	1,488			Pizza Bowl	ED
	1,700			Hydrophonics	SVC
	1,381			Chill & Grill	ED
	1,063	1,063		Vacant	VAC
	1,488			Circle K	F
	1,169			Little Caesars	ED
	956			Sincere Sewing & Vac	SVC
	1,169			Hair Tenders	SVC
	3,294			Grammy's Thrift	S
	956	956		Vacant	VAC
	956	956		Vacant	VAC
	1,063			Auto Registration	SVC
	3,081			Laundromat	SVC
	2,888			The Alligator Pit	ED
BROOKSTONE LANDING	48,575	1,181	2.4%		
Lincoln & Riverside	5,225			Big Value Market	F
	1,788			Thrift Store	S
	4,463			Clinica Medica	SVC
	1,444			Internal Medicine	SVC
	1,181			Dentist	SVC
	1,313			State Farm	SVC
	1,313			Subway	ED
	1,050			Nail World	SVC
	1,181	1,181		Vacant	VAC
	1,313			Barber & Salon	SVC
	1,313			Smoke Shop	S
	1,313			NA Real Estate	SVC
	1,050			Postal Office	SVC
	919			Boost Mobile	S
	1,050			Gift Shop	S
	1,050			Tacos Nayarit	ED
	2,100			Carniceria la Original	F
	1,838			Grandma's Café	ED
	1,050			Farmers	SVC
	1,181			Chiropractor	SVC
	2,100			Empire Dance Studio	SVC
	919			Signs	SVC
	2,500			El Nayaret	ED
	2,500			Curves	SVC
	1,788			Water & Ice	S
	1,925			Nena's Pizza	ED
	3,713			Brookstone Liquor	F
LAKE ELSINORE TOWN CENTER*	88,804	25,807	29.1%		
32281 Mission Trail	2,550			Autozone	AD
	900			State Farm	SVC
	1,650			Dentist	SVC
	1,500			Dance Studio	SVC
	675	675		Vacant	VAC
	675			Karate	SVC
	14,985			Big Lots	GM

Shopping Center / Location	GLA	Vacant	Vacancy	Tenants	Category
	988			Medical Supply	SVC
	731	731		Vacant	VAC
	488			Sports Cards	S
	1,138			Chiropractor	SVC
	1,300			Optometry	SVC
	650	650		Vacant	VAC
	569	569		Vacant	VAC
	650	650		Vacant	VAC
	1,992			Rent A Center	FA
	2,969	2,969		Vacant	VAC
	875			H&R Block	SVC
	2,713	2,713		Vacant	VAC
	1,225			RadioShack	FA
	700			Fantastic Sams	SVC
	700			Beauty Supply	SVC
	963	963		Vacant	VAC
	21,403			Stater Bros	F
	450			Auto Insurance	SVC
	1,500			Nails	SVC
	675	675		Vacant	VAC
	750			Dry Cleaners	SVC
	600			Health Store	S
	600			Postal Annex	SVC
	450			Tobacco	S
	1,950			Fashion Art	A
	2,700	2,700		Vacant	VAC
	9,560	9,560		Vacant	VAC
	2,954	2,954		Vacant	VAC
	1,155			El Ranchito Taco Shop	ED
	990			Kokoro Sushi	ED
	1,485			Annie's Café	ED
CANYON HILLS MARKETPLACE*	49,750	750	1.5%		
29995 Canyon Hills Rd	2,175			Bank of America	SVC
	7,200			CVS	S
	938			Panda Express	ED
	1,031			Calvary Chapel	SVC
	844			Dream Tan	SVC
	750			Los Jilberto's	ED
	844			Subway	ED
	2,250			Hana Sushi	ED
	1,688			Bites	ED
	844			Juice it Up	ED
	844			Postal Annex	SVC
	1,125			Cleaners	SVC
	938			Fantastic Sams	SVC
	844			Jade Nails	SVC
	22,138			Stater Bros	F
	825			Kid Starz	SVC
	750	750		Vacant	VAC
	675			Wolfee Donuts	ED
	675			Salon Silque	SVC
	1,275			Grapes & Tomatoes	ED
	1,100			Jack in the Box	ED
UNNAMED CENTER*	14,253	-	0.0%		
25351 Railroad Canyon Rd	625			Papa John's	ED
	1,313			Ju Jit Su	SVC
	2,438			Chevron	GAS
	3,234			Joe's Hardware	BHG
	1,575			Carl's Jr	ED
	2,250			America's Tire Center	AD
	963			Dentist	SVC
	619			Bow Wow Bath House	SVC
	1,238			Lake Vision	SVC
UNNAMED CENTER	12,894	-	0.0%		
SEC Riverside Dr & Lakeshore Dr	3,000			Autozone	AD
	2,850			Xpress Auto Registration	SVC
	1,869			Red Bowl	ED
	1,150			Pizza Hut	ED
	1,581			Tae Kwon Do	SVC
	1,150			Smoke Shop	S
	1,294			Beauty Salon	SVC
LAKESHORE PLAZA	103,031	5,313	5.2%		
16750 Lakeshore Dr	1,563			Donuts Star	ED

Shopping Center / Location	GLA	Vacant	Vacancy	Tenants	Category
	1,563			Dominos	ED
	2,188			Discount Outlet	A
	1,563			Postal Plus	SVC
	1,875			Clothing Donation Center	SVC
	2,031			Metro PCS	S
	1,563			Dentist	SVC
	3,281			Freddy Ray's BBQ	ED
	1,563			Threadz N Things	A
	1,875			Gen RX Pharmacy	S
	2,188			Coin Laundry	SVC
	1,250			Hair Cuts	SVC
	1,563			Pizza	ED
	1,875			Martial Arts	SVC
	1,406			Auto Insurance	SVC
	31,000			Stater Bros	F
	1,406			Smoke Shop	S
	1,563			99 Cents Discount	GM
	1,719			Cleaners	SVC
	2,813			Pet Clinic	SVC
	1,406			The Water Place	S
	1,563			Doggie Styles Grooming	SVC
	1,406			Rami's Beauty Palace	SVC
	1,406			AJ's Fish Market	ED
	1,563			Abba Multi Services	SVC
	7,500			Taqueria La Mexicana	ED
	1,563			Designer Nails	SVC
	1,406			Costumes	S
	1,563	1,563		Vacant	VAC
	1,563			Medical Clinic	SVC
	1,563			Color & Cut	SVC
	1,563			Foot Massage	SVC
	1,563			Financial Services	SVC
	3,750	3,750		Vacant	VAC
	2,813			Video 94	S
	1,563			Tattoo	SVC
	3,438			Indoor Shopping Bazaar	S
UNNAMED CENTER	9,875	1,000	10.1%		
16331 Lakeshore Dr	2,625			Circle K	ED
	1,000	1,000		Vacant	VAC
	875			Top Nails	SVC
	1,125			Great Cuts	SVC
	1,125			Mundo Cellular	S
	1,000			Star Videos	S
	1,125			Copy 2 Go	SVC
	1,000			Tacos Elsinore	ED
SEARS CENTER	15,569	1,725	11.1%		
16665 Lakeshore Dr	2,444			King Mart	F
	1,725	1,725		Vacant	VAC
	2,300			Panda Palace	ED
	9,100			Sears	FA
UNNAMED CENTER*	31,919	4,347	13.6%		
Casino Dr & Diamond Dr	1,647			Pizza Hut	ED
	3,700	3,700		Vacant	VAC
	3,375			Elsinore Buffet	ED
	1,006			Quest Diagnostics	SVC
	791			Spa Swan	SVC
	647			We Buy Gold	SVC
	647			One Main Financial	SVC
	647	647		Vacant	VAC
	1,438			King Kabob	ED
	2,588			Don Jose	ED
	3,450			Vincenzo's	ED
	863			Hang it Over	S
	719			Spa Pedi	SVC
	575			Fancy Nails & Spa	SVC
	719			Tattoo	SVC
	1,294			Lotions & Lace	S
	3,250			Coco's	ED
	703			Econo Lube	AD
	2,550			Express Tires	AD
	1,313			Arco	GAS
DOWNTOWN LAKE ELSINORE	109,500	17,269	15.8%		

Shopping Center / Location	GLA	Vacant	Vacancy	Tenants	Category
161 Main St	5,500	5,500		Vacant	VAC
159 Main St	2,500			Venus Printing	SVC
159 Main St	2,000			Tulips Trophies	S
157 Main St	3,500	3,500		Vacant	VAC
141 Main St	3,000			Medical Clinic	SVC
137 Main St	2,025			Boulangerie	ED
133 Main St	3,713	3,713		Vacant	VAC
123 Main St	2,700	2,700		Vacant	VAC
115 Main St	1,013			Barber Shop	SVC
111 Main St	1,688			Rusticana	ED
105 Main St	4,388			Guadalajara	ED
101 Main St	3,375			Rose's Collectables	S
201 Main St	2,025			Whitehorn Construction	SVC
113 Main St	1,350			Law Office	SVC
117 Main St	2,025			Pest Management	SVC
141 Main St	1,688			Dentist	SVC
123 Main St	1,350			Loan Service	SVC
161 S Main St	4,550			Los Compadres	F
148 Main St	1,856			Parorana Wellness	S
112 Main St	1,350			Urban Décor	FA
110 Main St	1,350			Team Outfitters	A
108 Main St	1,181			Safes Keys	SVC
102 Main St	3,713			Fashion Avenue	A
100 Main St	1,856			Tom & Jerry's Antiques	S
106 Main St	1,856			Insurance	SVC
110 Main St	1,856			La Unica	ED
112 Main St	1,856			Hotrod Parts Music	S
118 Main St	1,856			Insurance	SVC
120 Main St	1,013			Beauty Salon	SVC
110 Main St	1,013			Party Supply	S
112 Main St	844			Daisy's Beauty Supply	SVC
124 Main St	1,013			Juice It	ED
126 Main St	1,856	1,856		Vacant	VAC
128 Main St	844			Eyebrow Threading	SVC
130 Main St	1,181			Party Supply	S
134 Main St	1,013			El Diego's Videos	S
138 Main St	844			Jewelry Repair	A
142 Main St	3,713			Maria's Antiques	S
202 Main St	3,500			Gina's Kitchen	ED
501 Spring St	1,700			Gas Station	GAS
200 Graham	1,800			Arco	GAS
113 Graham	2,531			M&M Liquor	F
117 Graham	7,500			Wrecked Cocktails	ED
127 Graham	1,625			Vista Print	SVC
127 Graham	2,600			Elsinore Pioneer Lumber Co	BHG
201 W. Graham St	3,294			The Chimes Antiques	S
122 Graham	1,500			Angel Gifts	A
120 Graham	1,350			Cisne's Hair	SVC
101 S Main St	1,650			Nora's Hair Salon	SVC
FREESTANDING					
15788 Grand Ave	2,300			O'Hara's	ED
15373 Grand Ave	2,850			Quick Mini Market	F
15573 Grand Ave	4,250			PK's Roadhouse	ED
15887 Grand Ave	11,250			Lake Elsinore Market	F
15883 Grand Ave	2,338			The Rolling Stop	ED
15987 Grand Ave	2,500	2,500		Vacant	VAC
17595 Grand Ave	1,425			LY Gas	GAS
17609 Grand Ave	1,313	1,313		Vacant	VAC
17741 Grand Ave	1,544			Smoke Shop	S
17741 Grand Ave	1,544			Los Panchos Market	F
18445 Grand Ave	1,050			O Video	S
18815 Grand Ave	2,019	2,019		Vacant	VAC
32510 Mission Trail	2,869			Excalibur Market	F
31650 Mission Trail	5,000			McDonalds	ED
31640 Mission Trail	2,700			Chevron	GAS
2091 E Lakeshore Dr	14,781			CVS	S
160 Diamond Dr*	6,278			Walgreens	S
20651 Palomar St*	1,788			Roundup Gas	GAS
31805 Grape St*	1,444			76 Station	GAS
331 Railroad Canyon Rd*	1,647			In N Out	ED
321 Summerhill Dr*	1,438			KFC	ED
311 Summerhill Dr*	1,266			Jiffy Lube	AD
301 Summerhill Dr*	1,650			Alberto's	ED
31587 Canyon Estates Dr	3,931			Shell	GAS
SEC Central & Dexter	956			Chevron	GAS
18461 Dexter Ave	3,325			Douglas Burgers	ED

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
18492 Dexter Ave	4,388			Tom's Burgers	ED
18601 Dexter Ave	5,638			Lone Star	ED
Main St & I-15	1,800	1,800		Vacant	VAC
301 N Main St	1,238			Main St Gas	GAS
217 N Main St	13,513	13,513		Vacant	VAC
504 N Spring St	4,750			Cheesecake House Co	ED
16791 Lakeshore Dr	1,275			Longtin's Auto Parts	AD
31253 Riverside Dr	1,838			Hunny's	ED
31255 Riverside Dr	1,969			Suds R Us	SVC
31257 Riverside Dr	1,875			KFC/Taco Bell	ED
31395 Riverside Dr	2,400			Lord's Closet Thrift Store	A
31397 Riverside Dr	2,188			Thriftique Boutique	A
32107 Ortega Hwy	2,113			Lookout Roadhouse	ED
32685 Ortega Hwy	1,600			Hell's Kitchen	ED
NEC Riverside & Lakeshore	6,750			Gen RX Pharmacy	S
1501 Lakeshore	638			Abuelos	ED
1511 Lakeshore	1,500			Lakeshore Liquor	F
16989 Lakeshore Dr	3,000			Juan Pollo	ED
17053 Lakeshore Dr	2,138			Casa Del Lago	ED
1604 Lakeshore Dr	1,225			What Uh Deli	ED
1006 Lakeshore	3,150			Lake Star Food Store	F
124 Graham	1,500			Boost Mobile	S
16375 Lakeshore Dr	16,400			Rite Aid	S
16475 Lakeshore	6,000	6,000		Vacant	VAC
TOTAL	1,393,767				

<u>Category</u>	<u>Square Feet</u>
A = Apparel	32,763
AD = Auto Parts	28,831
BHG = Building/Hardware/Garden	122,153
ED = Eating and Drinking	194,436
F = Food	222,008
FA = Furniture/Appliances	37,867
GAS = Gas Stations	25,431
GM = General Merchandise	225,946
S = Specialty	159,753
SVC = Service	227,534
VAC = Vacant	117,045
TOTAL	1,393,767

Source: TNDG; Riverside County Assessor; Shopping Center Site Plans.

Notes:

* Square Feet Discounted by 50%

Table B-2
Retail Inventory Along Railroad Canyon Road - Discounted by 50%
Lake Elsinore Retail Trade Area

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
MISSION TRAIL CENTER	68,163	8,775	12.9%		
31952 Mission Trail	4,713	4,713		Vacant	VAC
	24,400			Cardena's	F
	2,325			Mi Club	ED
	14,394			Rebecca Torres MD	SVC
	2,500			B&M Water	S
	1,563			Express Cleaners	SVC
	1,250			Check Cashing	SVC
	1,406	1,406		Vacant	VAC
	1,406			Metro PCS	S
	2,656	2,656		Vacant	VAC
	9,213			River Springs Charter School	SVC
	2,338			Del Taco	ED
WINSTON PLAZA	38,800	-	0.0%		
31760 Mission Trail	1,000			Carniceria Lucio	F
	7,700			Auto Parts	AD
	7,800			A&M Auto Repair	AD
	6,300			Goldsmiths & Awards	S
	4,200			Dentist	SVC
	2,400			Mommy & Me	SVC
	5,500			Our Redeemer Church	SVC
	1,600			Full Service Salon	SVC
	1,400			Computer Repair	SVC
	900			Payday Loans	SVC
UNNAMED CENTER	18,438	1,313	7.1%		
31748 Mission Trail	2,925			Firstone Tires	AD
	1,838			RW Oneil Insurance	SVC
	2,363			Anita Jackson MD	SVC
	1,313	1,313		Vacant	VAC
	1,444			Income Tax	SVC
	1,181			Heads or Tails Barbers	SVC
	1,181			Sky Salon	SVC
	1,181			Jewelry & Loan	SVC
	2,250			Vero's Mexican Food	ED
	2,063			Taco Bell	ED
	700			Mobil	GAS
LAKE ELSINORE VALLEY CENTER	75,281	22,975	30.5%		
2499 E Lakeshore Dr	6,600			My Buddies Pizza	ED
	3,575	3,575		Vacant	VAC
	15,375	15,375		Vacant	VAC
	16,125			WIC	SVC
	17,625			Lake Elsinore Family Health Center	SVC
	4,025	4,025		Vacant	VAC
	1,225			Delta Drugs	S
	2,450			Mother's Nutritional Center	SVC
	5,781			Bank of America	SVC
	2,500			Century 21	SVC
UNNAMED STRIP	20,419	894	4.4%		
31813 Mission Trail	963			We Buy Gold	SVC
	688			Harry's Shoe Repair	SVC
	756			Fantastic Tailors	SVC
	688			Glamour Beauty	SVC
	825			Income Tax	SVC
	963			Liberty Smoke Shop	S
	756			Lake Elsinore Florist	S
	481			Ed's Coins	S
	2,613			Mike's Hobbies	S
	963			The Herb Cottage	S
	894	894		Vacant	VAC
	688			Copies	SVC
	1,375			Income Tax	SVC
	1,238			KC Flooring	BHG
	894			Coin Shop	S
	619			Carlsbad Golf	S
	825			Ronnie's Jewelry	A
	894			Farmers	SVC
	619			Performance Outfitters	A
	619			Gerryann's Flowers	S

Shopping Center / Location	GLA	Vacant	Vacancy	Tenants	Category
	275			Boost Mobile	S
	619			Affordable Print & Mail	SVC
	1,169			Castinet.com	SVC
LAKE ELSINORE CITY CENTER	246,459	-	0.0%		
31700 Grape St	4,038			Basie 21	A
	3,188			Diamond Dentist	SVC
	2,763			LA Nails & Spa II	SVC
	1,356			Smoke Shop	S
	1,550			GNC	S
	1,744			Cleaners	SVC
	1,550			The UPS Store	SVC
	1,744			Sally Beauty Salon	SVC
	2,325			Sushi Zen	ED
	53,250			Vons	F
	9,688			O'Reilly Auto Parts	AD
	7,813			Fashion Today	A
	8,594			Payless Shoes	A
	6,531			Goodwill	S
	126,390			Walmart	GM
	4,375			Denny's	ED
	6,663			Wells Fargo	SVC
	2,900			El Pollo Loco	ED
UNNAMED CENTER	20,994	-	0.0%		
351 Railroad Canyon Rd	4,463			Tuscany Dental	SVC
	3,150			Tuscany Wine & Liquor	F
	2,925			Coffee Bar	ED
	2,025			Orthodontist	SVC
	900			Fine Cuts	SVC
	1,688			Preformance Realty Group	SVC
	1,913			Eileen's Cleaners	SVC
	1,275			Peace of Zen	SVC
	1,381			99 Cent Store	GM
	1,275			State Farm	SVC
LAKE ELSINORE TOWN CENTER	177,609	51,615	29.1%		
32281 Mission Trail	5,100			Autozone	AD
	1,800			State Farm	SVC
	3,300			Dentist	SVC
	3,000			Dance Studio	SVC
	1,350	1,350		Vacant	VAC
	1,350			Karate	SVC
	29,970			Big Lots	GM
	1,975			Medical Supply	SVC
	1,463	1,463		Vacant	VAC
	975			Sports Cards	S
	2,275			Chiropractor	SVC
	2,600			Optometry	SVC
	1,300	1,300		Vacant	VAC
	1,138	1,138		Vacant	VAC
	1,300	1,300		Vacant	VAC
	3,984			Rent A Center	FA
	5,938	5,938		Vacant	VAC
	1,750			H&R Block	SVC
	5,425	5,425		Vacant	VAC
	2,450			RadioShack	FA
	1,400			Fantastic Sams	SVC
	1,400			Beauty Supply	SVC
	1,925	1,925		Vacant	VAC
	42,805			Stater Bros	F
	900			Auto Insurance	SVC
	3,000			Nails	SVC
	1,350	1,350		Vacant	VAC
	1,500			Dry Cleaners	SVC
	1,200			Health Store	S
	1,200			Postal Annex	SVC
	900			Tobacco	S
	3,900			Fashion Art	A
	5,400	5,400		Vacant	VAC
	19,120	19,120		Vacant	VAC
	5,907	5,907		Vacant	VAC
	2,310			El Ranchito Taco Shop	ED
	1,980			Kokoro Sushi	ED
	2,970			Annie's Café	ED
CANYON HILLS MARKETPLACE	99,500	1,500	1.5%		

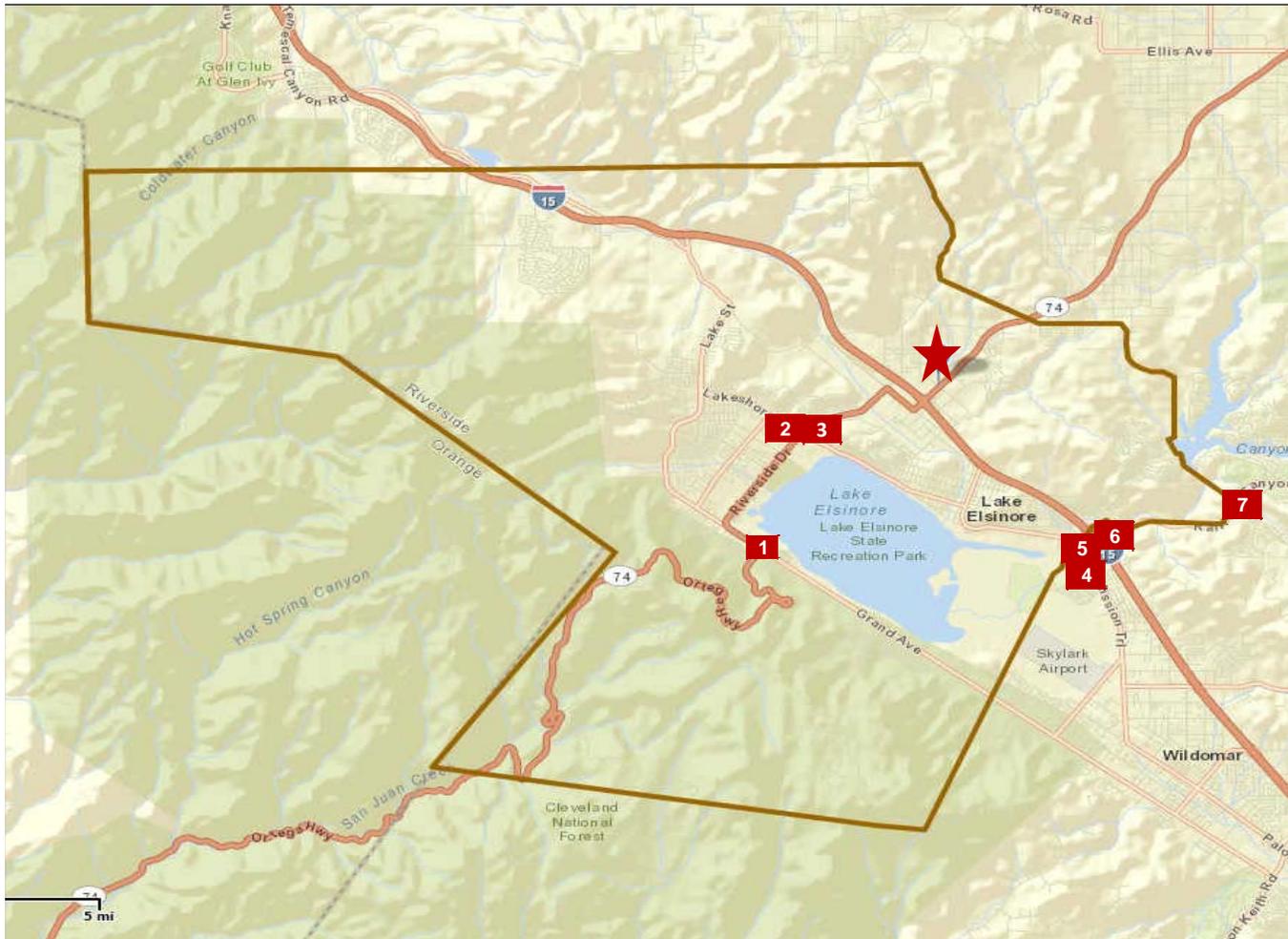
<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
29995 Canyon Hills Rd	4,350			Bank of America	SVC
	14,400			CVS	S
	1,875			Panda Express	ED
	2,063			Calvary Chapel	SVC
	1,688			Dream Tan	SVC
	1,500			Los Jilberto's	ED
	1,688			Subway	ED
	4,500			Hana Sushi	ED
	3,375			Bites	ED
	1,688			Juice it Up	ED
	1,688			Postal Annex	SVC
	2,250			Cleaners	SVC
	1,875			Fantastic Sams	SVC
	1,688			Jade Nails	SVC
	44,275			Stater Bros	F
	1,650			Kid Starz	SVC
	1,500	1,500		Vacant	VAC
	1,350			Wolfee Donuts	ED
	1,350			Salon Silque	SVC
	2,550			Grapes & Tomatoes	ED
	2,200			Jack in the Box	ED
UNNAMED CENTER	28,506	-	0.0%		
25351 Railroad Canyon Rd	1,250			Papa John's	ED
	2,625			Ju Jit Su	SVC
	4,875			Chevron	GAS
	6,469			Joe's Hardware	BHG
	3,150			Carl's Jr	ED
	4,500			America's Tire Center	AD
	1,925			Dentist	SVC
	1,238			Bow Wow Bath House	SVC
	2,475			Lake Vision	SVC
UNNAMED CENTER	63,838	8,694	13.6%		
Casino Dr & Diamond Dr	3,294			Pizza Hut	ED
	7,400	7,400		Vacant	VAC
	6,750			Elsinore Buffet	ED
	2,013			Quest Diagnostics	SVC
	1,581			Spa Swan	SVC
	1,294			We Buy Gold	SVC
	1,294			One Main Financial	SVC
	1,294	1,294		Vacant	VAC
	2,875			King Kabob	ED
	5,175			Don Jose	ED
	6,900			Vincenzo's	ED
	1,725			Hang it Over	S
	1,438			Spa Pedi	SVC
	1,150			Fancy Nails & Spa	SVC
	1,438			Tattoo	SVC
	2,588			Lotions & Lace	S
	6,500			Coco's	ED
	1,406			Econo Lube	AD
	5,100			Express Tires	AD
	2,625			Arco	GAS

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
FREESTANDING					
160 Diamond Dr	12,556			Walgreens	S
20651 Palomar St	3,575			Roundup Gas	GAS
31805 Grape St	2,888			76 Station	GAS
331 Railroad Canyon Rd	3,294			In N Out	ED
321 Summerhill Dr	2,875			KFC	ED
311 Summerhill Dr	2,531			Jiffy Lube	AD
301 Summerhill Dr	3,300			Alberto's	ED

<u>Category</u>	<u>Square Feet</u>		
	<u>Unadjusted</u>	<u>Discount</u>	<u>Adjusted</u>
A = Apparel	25,788	0.50	12,894
AD = Auto Parts	46,750	0.50	23,375
BHG = Building/Hardware/Garden	7,706	0.50	3,853
ED = Eating and Drinking	101,448	0.50	50,724
F = Food	168,880	0.50	84,440
FA = Furniture/Appliances	6,434	0.50	3,217
GAS = Gas Stations	14,663	0.50	7,331
GM = General Merchandise	157,741	0.50	78,871
S = Specialty	63,394	0.50	31,697
SVC = Service	200,456	0.50	100,228
VAC = Vacant	95,765	0.50	47,882
TOTAL	889,024	n/a	444,512

Source: TNDG; Riverside County Assessor; Shopping Center Site Plans.

Figure B-1
Supermarket Locations
Lake Elsinore Retail Trade Area



MAP KEY

- ★ Proposed Project (distance in miles to supermarket)
- 1 Lake Elsinore Market - 11,250 SF (3.5 mi)
15887 Grand Ave, Lake Elsinore
- 2 Stater Bros - 31,000 SF (2.1 mi)
16750 Lakeshore Dr, Lake Elsinore
- 3 Albertsons Store - 48,593 SF (2.1 mi)
30901 Riverside Dr, Lake Elsinore
- 4 Stater Bros - 42,805 SF* (3.7 mi)
32281 Mission Trl, Lake Elsinore
- 5 Cardenas Market - 24,400 SF* (3.6 mi)
31952 Mission Trl, Lake Elsinore
- 6 Vons Market - 53,250 SF* (3.4 mi)
31564 Grape St, Lake Elsinore
- 7 Stater Bros Mkt - 44,275 SF* (4.4 mi)
29995 Canyon Hills Rd, Lake Elsinore

Source: TNDG; Riverside County Assessors Office; shopping center site plans.

Note: *Unadjusted square feet. See Section II-B, page 9, for effective square feet calculations.

APPENDIX C:

**PICTURES OF EXISTING
HIGH VACANCY RATE CENTERS**



1 Lake Elsinore Town Center

PROJECT LOCATION:

NWC Malaga Rd / Mission Trl
Lake Elsinore 92530

GROSS LEASABLE AREA:

179,856 SF

VACANT SQUARE FEET:

47,744 SF

VACANCY RATE:

26.5%





2 Lake Elsinore Valley Center

PROJECT LOCATION: SWC Lakeshore Dr / Railroad Cyn Rd
Lake Elsinore 92530

GROSS LEASABLE AREA: 75,281 SF
VACANT SQUARE FEET: 22,975
VACANCY RATE: 26.5%

