Neighborhood Retail Development Overview

Neighborhood Retail Development Case Study
A Basic Definition for a “Shopping Center”

“...a group of architecturally unified commercial establishments built on a site that is planned, developed, owned and managed as an operating unit related by its location, size, and type of shops to the trade area that it serves. The unit provides on-site parking in definite relationship to the types and total size of the stores.”

ULI Community Builders Council, 1947
Elements of the Well-Planned Shopping Center

- Unified architectural treatment
- Unified site
- Easily accessible location within the trade area
- Sufficient on-site parking
- Service facilities for the delivery of merchandise
- Tenant mix and grouping that provide synergistic merchandising among stores
- Comfortable surroundings for shopping
Types of Shopping Centers

- Major Types
  - convenience
  - neighborhood
  - community
  - regional
  - super regional

- Major Type Variations
  - specialty centers
  - outlet centers
  - off-price centers
  - power centers
  - off-price megamalls
  - fashion centers
  - festival centers
New & Innovative Approaches

Retail uses in MXD
- 3+ revenue producing uses (retail, office, hotel, recreation, etc.)
- significant physical & functional integration, including pedestrian connections
- development conforming to a coherent plan

Transportation-Integrated Retailing
- serving the “captive markets” of commuters and intracity travelers at mass transit stations
- allow transit systems to capture additional revenues through
  - joint development of station property
  - increased ridership by providing a more pleasurable experience
  - increased property and sales taxes
Shopping Center Feasibility Study Components

- Market analysis
- Financial analysis
- Site selection
- Commitments from key tenants
- A leasing plan
- Financial considerations
- Zoning, subdivision, environmental & traffic impact, and other public approvals
Sales Potential for a Retail Center: Analytical Process

- Trade Area Analysis
  - Driving Time
  - Competition
  - Physical Barriers
  - Socioeconomic Factors

- Trade Area Delineation
  - Primary Sector
  - Secondary orShared Sectors
  - Peripheral Areas

- Past Trends
  - Purchasing Power
  - Sales in Retail Centers
  - Recent Gains in Households and Income

- Current Market
  - Purchasing Power in Trade Areas
  - Competition
  - Supply/Demand Balance

- Future Gains
  - New Households Gain
  - Income Gains
  - Shifts in Spending Patterns

- Trade Area Purchasing Power
  - Today
  - 3-Year Projection
  - 5-Year Projection

- Site Potentials
  - Capture Rates
  - Productivity Rates
  - Sizing the Center
General Guidelines for a Primary Trade Area

<table>
<thead>
<tr>
<th>Type of Center</th>
<th>Minimum Population Support Required</th>
<th>Radius</th>
<th>Driving Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super Regional</td>
<td>300,000 or more</td>
<td>12 miles</td>
<td>30 minutes</td>
</tr>
<tr>
<td>Regional</td>
<td>150,000 or more</td>
<td>8 miles</td>
<td>20 minutes</td>
</tr>
<tr>
<td>Community</td>
<td>40,000–150,000</td>
<td>3–5 miles</td>
<td>10–20 minutes</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>3,000–40,000</td>
<td>1½ miles</td>
<td>5–10 minutes</td>
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</table>

Note: This table provides only general guidelines, which must be modified according to the characteristics of the specific shopping center being considered.
Typical Shopping Center Anchors

<table>
<thead>
<tr>
<th>Convenience</th>
<th>Neighborhood</th>
<th>Community</th>
<th>Regional/Super Regional</th>
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<tbody>
<tr>
<td>Minimart</td>
<td>Supermarket</td>
<td>Junior department store</td>
<td>Full-line department store</td>
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<tr>
<td>Restaurant</td>
<td>Drugstore</td>
<td>Discount department store</td>
<td>Fashion department store</td>
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<tr>
<td>Beauty parlor</td>
<td>Discount department store</td>
<td>Supermarket</td>
<td>Megaplex</td>
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<tr>
<td>Dry cleaners</td>
<td>Restaurant</td>
<td>Off-price superstores</td>
<td>Entertainment center</td>
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<td>Fast food service</td>
<td>Furniture store</td>
<td>Variety store</td>
<td>Food court</td>
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<td>Medical and dental office</td>
<td>Hardware store</td>
<td>Family wear store</td>
<td>Large-format specialty store</td>
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<tr>
<td></td>
<td>Automotive store</td>
<td>Furniture store</td>
<td>Large-format off-price store</td>
</tr>
<tr>
<td></td>
<td>Liquor/wine store</td>
<td>Sporting goods store</td>
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<td></td>
<td>Videotape rental store</td>
<td>Drugstore</td>
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<tr>
<td></td>
<td>Bank</td>
<td>Office supply store</td>
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<td>Cinema</td>
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# Table II

## Corporations with Net Income

**Period:** 7/97 Through 6/98

### Grocery Stores

#### Money Amounts and Size of Assets in Thousands of Dollars

<table>
<thead>
<tr>
<th>Item Description for Accounting Period</th>
<th>Total</th>
<th>Zero Assets</th>
<th>Under 100</th>
<th>100 to 250</th>
<th>251 to 500</th>
<th>501 to 1,000</th>
<th>1,001 to 5,000</th>
<th>5,001 to 10,000</th>
<th>10,001 to 25,000</th>
<th>25,001 to 50,000</th>
<th>50,001 to 100,000</th>
<th>100,001 to 250,000 and over</th>
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<tr>
<td>Number of Enterprises</td>
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<td>3580</td>
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#### Revenues ($ in Thousands)

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<th>Item Description</th>
<th>Total</th>
<th>Zero Assets</th>
<th>Under 100</th>
<th>100 to 250</th>
<th>251 to 500</th>
<th>501 to 1,000</th>
<th>1,001 to 5,000</th>
<th>5,001 to 10,000</th>
<th>10,001 to 25,000</th>
<th>25,001 to 50,000</th>
<th>50,001 to 100,000</th>
<th>100,001 to 250,000 and over</th>
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<td>Total Revenues</td>
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<td>9851626</td>
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<td>Average Total Revenues</td>
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<td>10729</td>
<td>1840</td>
<td>512</td>
<td>1090</td>
<td>1670</td>
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<td>37602</td>
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#### Operating Costs/Operating Income (%)

<table>
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<th>Total</th>
<th>Zero Assets</th>
<th>Under 100</th>
<th>100 to 250</th>
<th>251 to 500</th>
<th>501 to 1,000</th>
<th>1,001 to 5,000</th>
<th>5,001 to 10,000</th>
<th>10,001 to 25,000</th>
<th>25,001 to 50,000</th>
<th>50,001 to 100,000</th>
<th>100,001 to 250,000 and over</th>
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<tr>
<td>Cost of Operations</td>
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<td>75.5</td>
<td>69.3</td>
<td>77.0</td>
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<td>Salaries and Wages</td>
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<td>12.5</td>
<td>13.0</td>
<td>13.5</td>
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<td>15.0</td>
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<td>Taxes Paid</td>
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<td>2.0</td>
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<td>1.4</td>
<td>1.4</td>
<td>1.3</td>
<td>1.3</td>
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<td>Interest Paid</td>
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<td>0.3</td>
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<tr>
<td>Depreciation, Depletion, Amortization</td>
<td>11</td>
<td>1.8</td>
<td>1.1</td>
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<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
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<td>1.3</td>
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<td>Pensions and Other Benefits</td>
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<td>2.7</td>
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<td>0.3</td>
<td>0.3</td>
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<td>0.3</td>
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<td>8.4</td>
<td>8.7</td>
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<tr>
<td>Officers Compensation</td>
<td>14</td>
<td>0.5</td>
<td>0.6</td>
<td>3.4</td>
<td>2.7</td>
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<td>1.4</td>
<td>1.0</td>
<td>0.7</td>
<td>0.6</td>
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<tr>
<td>Operating Margin</td>
<td>15</td>
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<td>1.2</td>
<td>0.5</td>
<td>1.2</td>
<td>1.3</td>
<td>1.5</td>
<td>0.7</td>
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<td>Oper. Margin Before Officers Compensation</td>
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<td>1.7</td>
<td>0.7</td>
<td>*</td>
<td>*</td>
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</tbody>
</table>

#### Selected Average Balance Sheet ($ in Thousands)

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Total</th>
<th>Zero Assets</th>
<th>Under 100</th>
<th>100 to 250</th>
<th>251 to 500</th>
<th>501 to 1,000</th>
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<th>10,001 to 25,000</th>
<th>25,001 to 50,000</th>
<th>50,001 to 100,000</th>
<th>100,001 to 250,000 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Receivables</td>
<td>17</td>
<td>234</td>
<td>6</td>
<td>11</td>
<td>24</td>
<td>141</td>
<td>370</td>
<td>945</td>
<td>8952</td>
<td>12444</td>
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<td>27105</td>
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<tr>
<td>Inventories</td>
<td>18</td>
<td>644</td>
<td>19</td>
<td>60</td>
<td>103</td>
<td>217</td>
<td>519</td>
<td>1882</td>
<td>3133</td>
<td>27105</td>
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<td>303469</td>
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<tr>
<td>Net Property, Plant and Equipment</td>
<td>19</td>
<td>1424</td>
<td>12</td>
<td>42</td>
<td>113</td>
<td>182</td>
<td>685</td>
<td>2577</td>
<td>5414</td>
<td>73431</td>
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<td>Total Assets</td>
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<td>162</td>
<td>364</td>
<td>703</td>
<td>1905</td>
<td>6818</td>
<td>14311</td>
<td>156341</td>
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<td>1589238</td>
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<tr>
<td>Tenant Classification</td>
<td>Rank</td>
<td>Average Number of Stores</td>
<td>Median GLA (Square Feet)</td>
<td>Median Sales Volume per Square Foot of GLA</td>
<td>Median Total Rent per Square Foot of GLA</td>
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<td>Discount department store</td>
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<td>$157.15</td>
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<td>Supermarket</td>
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<td>45,946</td>
<td>374.85</td>
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<td>Restaurant with liquor</td>
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<td>Sandwich shop</td>
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<td>Pizza</td>
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<td>1,600</td>
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<td>Women's specialty</td>
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<td>Gifts/Specialty</td>
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<td>Cards and gifts</td>
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<td>3,824</td>
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<td>Drugstore/pharmacy</td>
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<td>10,835</td>
<td>319.29</td>
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<td>Eyeglasses—optician</td>
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<td>254.05</td>
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</tr>
<tr>
<td>Women's hair salon</td>
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<tr>
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<td>Unisex hair</td>
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<td></td>
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<td></td>
<td></td>
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<tr>
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Source: Dollars & Cents of Shopping Centers, ULI
<table>
<thead>
<tr>
<th>Tenant Classification</th>
<th>Rank</th>
<th>Average Number of Stores</th>
<th>Median GLA (Square Feet)</th>
<th>Median Sales Volume per Square Foot of GLA</th>
<th>Median Total Rent per Square Foot of GLA</th>
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</thead>
<tbody>
<tr>
<td>Food</td>
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<td></td>
<td></td>
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<tr>
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<td>$ 6.53</td>
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<td>Food Service</td>
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<tr>
<td>Restaurant without liquor</td>
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<td>0.2</td>
<td>3,075</td>
<td>186.00</td>
<td>12.00</td>
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<td>Restaurant with liquor</td>
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<td>0.4</td>
<td>3,381</td>
<td>228.12</td>
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<td>1,500</td>
<td>105.82</td>
<td>11.85</td>
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<td>Clothing and Accessories</td>
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<td>13.92</td>
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<td>Gifts/Specialty</td>
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<td>Cards and gifts</td>
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<td>Liquor</td>
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<td>Liquor/wine</td>
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<td>2,362</td>
<td>246.92</td>
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<td>Drugs</td>
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<td>Drugstore/pharmacy</td>
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<td>305.46</td>
<td>7.60</td>
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<tr>
<td>Personal Services</td>
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<td>1,500</td>
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<td>Unisex hair</td>
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<td>Videotape rentals</td>
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<td>88.80</td>
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<td>Nail salon</td>
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<td>1,048</td>
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<td>12.87</td>
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<td>Financial</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Banks</td>
<td>11</td>
<td>0.2</td>
<td>3,015</td>
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<td>15.00</td>
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<td>Finance company</td>
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<td>Insurance</td>
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<td>1,000</td>
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<td>10.50</td>
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<tr>
<td>Offices (Other than Financial)</td>
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<td>7</td>
<td>0.3</td>
<td>1,607</td>
<td>12.09</td>
</tr>
</tbody>
</table>

Source: Dollars & Cents of Shopping Centers, ULI
Major Sources of Funding for Shopping Centers

- Life insurance companies
- Pension funds
- Banks
- S&L’s and savings banks
- Finance and credit companies
- Investment banks & securities firms
- Real estate investment trusts (REIT’s)
- Syndications
- Government funds
- Foreign investors
Options for Debt Financing

- Construction loans
- Construction loans with “miniperms”
- Participating mortgages
- Land sale/leasebacks
- Leasehold financing
- Public financing programs
- Convertible mortgages
Options for Equity Financing

- Joint ventures
- Limited partnerships
- Presale agreements
- Real estate investment trusts (REIT’s)
Issues of Retail Market
Demand Analysis

- Area demand evaluation, or economic base analysis (identifies underlying economic and demographic structure of the area)
- Direct consumer research on shopper attitudes, preferences and spending habits
- Analysis of competitive alignment of the market
- Trade area definition & evaluation (focuses the other three measures on a particular location and forecasts sales performance)
## Annual Household Consumer Expenditures by Income

Table 2. Income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2000

<table>
<thead>
<tr>
<th>Complete reporting of income</th>
<th>Total complete reporting</th>
<th>Less than $5,000</th>
<th>$5,000 to $9,999</th>
<th>$10,000 to $14,999</th>
<th>$15,000 to $19,999</th>
<th>$20,000 to $29,999</th>
<th>$30,000 to $39,999</th>
<th>$40,000 to $49,999</th>
<th>$50,000 to $69,999</th>
<th>$70,000 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of consumer units (in thousands)</td>
<td>81,454</td>
<td>3,627</td>
<td>7,183</td>
<td>8,037</td>
<td>6,677</td>
<td>12,039</td>
<td>9,477</td>
<td>7,653</td>
<td>11,337</td>
<td>15,424</td>
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<tr>
<td>Consumer unit characteristics:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before taxes</td>
<td>$44,649</td>
<td>$1,980</td>
<td>$7,638</td>
<td>$12,316</td>
<td>$17,319</td>
<td>$24,527</td>
<td>$34,422</td>
<td>$44,201</td>
<td>$58,651</td>
<td>$112,586</td>
</tr>
<tr>
<td>Income after taxes</td>
<td>$41,532</td>
<td>$1,942</td>
<td>$7,192</td>
<td>$12,245</td>
<td>$17,070</td>
<td>$23,666</td>
<td>$32,720</td>
<td>$41,498</td>
<td>$54,432</td>
<td>$102,578</td>
</tr>
<tr>
<td>Age of reference person</td>
<td>$48.1</td>
<td>$42.0</td>
<td>$54.6</td>
<td>$55.0</td>
<td>$53.3</td>
<td>$49.2</td>
<td>$46.3</td>
<td>$44.7</td>
<td>$44.3</td>
<td>$45.2</td>
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</table>

Average annual expenditures

<table>
<thead>
<tr>
<th>Item</th>
<th>$40,238</th>
<th>$17,946</th>
<th>$15,703</th>
<th>$21,199</th>
<th>$24,331</th>
<th>$29,852</th>
<th>$35,609</th>
<th>$42,323</th>
<th>$49,245</th>
<th>$75,964</th>
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</thead>
<tbody>
<tr>
<td>Food</td>
<td>5,435</td>
<td>2,627</td>
<td>2,462</td>
<td>2,984</td>
<td>3,743</td>
<td>4,507</td>
<td>5,118</td>
<td>6,228</td>
<td>6,557</td>
<td>8,665</td>
</tr>
<tr>
<td>Food at home</td>
<td>3,154</td>
<td>1,603</td>
<td>1,723</td>
<td>2,108</td>
<td>2,556</td>
<td>2,921</td>
<td>2,996</td>
<td>3,552</td>
<td>3,605</td>
<td>4,483</td>
</tr>
<tr>
<td>Cereals and bakery products</td>
<td>474</td>
<td>214</td>
<td>269</td>
<td>312</td>
<td>383</td>
<td>449</td>
<td>460</td>
<td>510</td>
<td>542</td>
<td>679</td>
</tr>
<tr>
<td>Cereals and cereal products</td>
<td>163</td>
<td>76</td>
<td>100</td>
<td>106</td>
<td>131</td>
<td>176</td>
<td>159</td>
<td>177</td>
<td>183</td>
<td>213</td>
</tr>
<tr>
<td>Bakery products</td>
<td>312</td>
<td>138</td>
<td>160</td>
<td>206</td>
<td>251</td>
<td>273</td>
<td>301</td>
<td>333</td>
<td>359</td>
<td>466</td>
</tr>
<tr>
<td>Meats, poultry, fish, and eggs</td>
<td>817</td>
<td>437</td>
<td>451</td>
<td>581</td>
<td>696</td>
<td>800</td>
<td>803</td>
<td>938</td>
<td>898</td>
<td>1,095</td>
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<tr>
<td>Beef</td>
<td>243</td>
<td>124</td>
<td>126</td>
<td>175</td>
<td>217</td>
<td>230</td>
<td>244</td>
<td>278</td>
<td>268</td>
<td>329</td>
</tr>
<tr>
<td>Pork</td>
<td>171</td>
<td>100</td>
<td>113</td>
<td>126</td>
<td>159</td>
<td>181</td>
<td>169</td>
<td>193</td>
<td>188</td>
<td>202</td>
</tr>
<tr>
<td>Other meats</td>
<td>104</td>
<td>60</td>
<td>52</td>
<td>79</td>
<td>82</td>
<td>105</td>
<td>105</td>
<td>122</td>
<td>121</td>
<td>133</td>
</tr>
<tr>
<td>Poultry</td>
<td>150</td>
<td>76</td>
<td>85</td>
<td>105</td>
<td>115</td>
<td>145</td>
<td>151</td>
<td>174</td>
<td>160</td>
<td>206</td>
</tr>
<tr>
<td>Fish and seafood</td>
<td>114</td>
<td>54</td>
<td>50</td>
<td>66</td>
<td>87</td>
<td>103</td>
<td>90</td>
<td>134</td>
<td>128</td>
<td>184</td>
</tr>
<tr>
<td>Eggs</td>
<td>36</td>
<td>23</td>
<td>25</td>
<td>30</td>
<td>35</td>
<td>35</td>
<td>45</td>
<td>37</td>
<td>34</td>
<td>41</td>
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</tbody>
</table>
### Annual Household Consumer Expenditures by Age of HH Head

**Table 3. Age of reference person: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2000**

<table>
<thead>
<tr>
<th>Item</th>
<th>All consumer units</th>
<th>Under 25</th>
<th>25-34</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
<th>65 and over</th>
<th>65-74</th>
<th>75 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of consumer units (in thousands)</td>
<td>109,367</td>
<td>8,306</td>
<td>18,887</td>
<td>23,983</td>
<td>21,874</td>
<td>14,161</td>
<td>22,155</td>
<td>11,538</td>
<td>10,617</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before taxes 1</td>
<td>$44,649</td>
<td>$19,744</td>
<td>$45,498</td>
<td>$56,500</td>
<td>$58,889</td>
<td>$48,108</td>
<td>$25,220</td>
<td>$29,349</td>
<td>$20,563</td>
</tr>
<tr>
<td>Income after taxes 1</td>
<td>$41,532</td>
<td>$18,813</td>
<td>$42,665</td>
<td>$52,626</td>
<td>$54,149</td>
<td>$44,109</td>
<td>$23,890</td>
<td>$27,553</td>
<td>$19,759</td>
</tr>
<tr>
<td>Age of reference person</td>
<td>48.2</td>
<td>21.3</td>
<td>29.8</td>
<td>39.5</td>
<td>49.4</td>
<td>59.1</td>
<td>75.0</td>
<td>69.4</td>
<td>81.2</td>
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<tr>
<td>Average annual expenditures</td>
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<td>$22,543</td>
<td>$38,945</td>
<td>$45,149</td>
<td>$46,160</td>
<td>$39,340</td>
<td>$26,533</td>
<td>$30,782</td>
<td>$21,908</td>
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<tr>
<td>Food</td>
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<td>$3,213</td>
<td>$5,260</td>
<td>$6,092</td>
<td>$6,295</td>
<td>$5,168</td>
<td>$3,652</td>
<td>$4,178</td>
<td>$3,077</td>
</tr>
<tr>
<td>Food at home</td>
<td>$3,021</td>
<td>$1,643</td>
<td>$2,951</td>
<td>$3,484</td>
<td>$3,657</td>
<td>$3,071</td>
<td>$2,448</td>
<td>$2,760</td>
<td>$2,168</td>
</tr>
<tr>
<td>Cereals and bakery products</td>
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<td>$429</td>
<td>$531</td>
<td>$660</td>
<td>$441</td>
<td>$376</td>
<td>$414</td>
<td>$334</td>
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<tr>
<td>Cereals and cereal products</td>
<td>$156</td>
<td>$90</td>
<td>$167</td>
<td>$190</td>
<td>$180</td>
<td>$140</td>
<td>$123</td>
<td>$133</td>
<td>$112</td>
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<tr>
<td>Bakery products</td>
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<td>$341</td>
<td>$380</td>
<td>$301</td>
<td>$263</td>
<td>$281</td>
<td>$222</td>
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<tr>
<td>Meats, poultry, fish, and eggs</td>
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<td>$437</td>
<td>$770</td>
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<td>$970</td>
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<td>$727</td>
<td>$515</td>
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<tr>
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<td>$136</td>
<td>$239</td>
<td>$270</td>
<td>$296</td>
<td>$243</td>
<td>$182</td>
<td>$217</td>
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</tr>
<tr>
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<td>$155</td>
<td>$186</td>
<td>$198</td>
<td>$186</td>
<td>$143</td>
<td>$168</td>
<td>$116</td>
</tr>
<tr>
<td>Pork</td>
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<td>$55</td>
<td>$98</td>
<td>$120</td>
<td>$121</td>
<td>$99</td>
<td>$79</td>
<td>$86</td>
<td>$70</td>
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<tr>
<td>Other meats</td>
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<td>$86</td>
<td>$145</td>
<td>$178</td>
<td>$169</td>
<td>$146</td>
<td>$108</td>
<td>$130</td>
<td>$84</td>
</tr>
<tr>
<td>Poultry</td>
<td>$110</td>
<td>$52</td>
<td>$102</td>
<td>$126</td>
<td>$146</td>
<td>$115</td>
<td>$84</td>
<td>$95</td>
<td>$73</td>
</tr>
<tr>
<td>Fish and seafood</td>
<td>$34</td>
<td>$21</td>
<td>$30</td>
<td>$37</td>
<td>$40</td>
<td>$43</td>
<td>$30</td>
<td>$32</td>
<td>$28</td>
</tr>
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</table>
## Annual Household Consumer Expenditures by HH Composition

<table>
<thead>
<tr>
<th>Item</th>
<th>Husband and wife consumer units</th>
<th>Husband and wife with children</th>
<th>Oldest child under 6</th>
<th>Oldest child 6 to 17</th>
<th>Oldest child 10 or over</th>
<th>Other husband and wife consumer units</th>
<th>One parent, at least one child under 18</th>
<th>Single person and other consumer units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of consumer units (in thousands)</td>
<td>56,297</td>
<td>22,866</td>
<td>28,777</td>
<td>6,294</td>
<td>16,306</td>
<td>8,000</td>
<td>4,706</td>
<td>6,132</td>
</tr>
<tr>
<td>Consumer unit characteristics</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before taxes</td>
<td>$69,585</td>
<td>$53,232</td>
<td>$66,913</td>
<td>$62,928</td>
<td>$69,472</td>
<td>$64,725</td>
<td>$66,296</td>
<td>$326,095</td>
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<tr>
<td>Income after taxes</td>
<td>$56,280</td>
<td>$48,674</td>
<td>$62,453</td>
<td>$58,764</td>
<td>$61,738</td>
<td>$50,604</td>
<td>$53,666</td>
<td>$244,205</td>
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<tr>
<td>Age of reference person</td>
<td>48.2</td>
<td>56.7</td>
<td>41.5</td>
<td>39.6</td>
<td>51.2</td>
<td>47.9</td>
<td>47.9</td>
<td>36.6</td>
</tr>
<tr>
<td>Average annual expenditures</td>
<td>$48,519</td>
<td>$42,196</td>
<td>$53,586</td>
<td>$50,756</td>
<td>$54,170</td>
<td>$45,550</td>
<td>$49,646</td>
<td>$28,923</td>
</tr>
<tr>
<td>Food</td>
<td>6,575</td>
<td>5,575</td>
<td>7,251</td>
<td>5,817</td>
<td>7,508</td>
<td>7,858</td>
<td>7,506</td>
<td>4,255</td>
</tr>
<tr>
<td>Food at home</td>
<td>3,892</td>
<td>3,155</td>
<td>4,357</td>
<td>3,657</td>
<td>4,458</td>
<td>4,724</td>
<td>4,815</td>
<td>2,647</td>
</tr>
<tr>
<td>Cereals and bakery products</td>
<td>690</td>
<td>456</td>
<td>680</td>
<td>542</td>
<td>702</td>
<td>749</td>
<td>723</td>
<td>386</td>
</tr>
<tr>
<td>Cereals and cereal products</td>
<td>203</td>
<td>149</td>
<td>240</td>
<td>186</td>
<td>256</td>
<td>251</td>
<td>255</td>
<td>153</td>
</tr>
<tr>
<td>Bakery products</td>
<td>387</td>
<td>307</td>
<td>440</td>
<td>356</td>
<td>445</td>
<td>497</td>
<td>468</td>
<td>234</td>
</tr>
<tr>
<td>Meats, poultry, fish, and eggs</td>
<td>1,018</td>
<td>846</td>
<td>1,113</td>
<td>819</td>
<td>1,155</td>
<td>1,271</td>
<td>1,333</td>
<td>754</td>
</tr>
<tr>
<td>Beef</td>
<td>307</td>
<td>261</td>
<td>335</td>
<td>245</td>
<td>345</td>
<td>394</td>
<td>432</td>
<td>223</td>
</tr>
<tr>
<td>Pork</td>
<td>213</td>
<td>189</td>
<td>226</td>
<td>151</td>
<td>236</td>
<td>268</td>
<td>249</td>
<td>159</td>
</tr>
<tr>
<td>Other meats</td>
<td>129</td>
<td>100</td>
<td>148</td>
<td>108</td>
<td>153</td>
<td>170</td>
<td>165</td>
<td>91</td>
</tr>
<tr>
<td>Poultry</td>
<td>183</td>
<td>143</td>
<td>207</td>
<td>171</td>
<td>210</td>
<td>230</td>
<td>241</td>
<td>153</td>
</tr>
<tr>
<td>Fish and seafood</td>
<td>144</td>
<td>126</td>
<td>153</td>
<td>109</td>
<td>168</td>
<td>156</td>
<td>185</td>
<td>93</td>
</tr>
<tr>
<td>Eggs</td>
<td>43</td>
<td>37</td>
<td>44</td>
<td>33</td>
<td>44</td>
<td>56</td>
<td>59</td>
<td>33</td>
</tr>
</tbody>
</table>
## Annual Household Consumer Expenditures by Region of Residence

Table 8. Region of residence: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2000

<table>
<thead>
<tr>
<th>Item</th>
<th>All consumer units</th>
<th>Northeast</th>
<th>Midwest</th>
<th>South</th>
<th>West</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of consumer units (in thousands)</td>
<td>109,367</td>
<td>20,994</td>
<td>25,717</td>
<td>38,245</td>
<td>24,410</td>
</tr>
<tr>
<td>Consumer unit characteristics:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before taxes (^1)</td>
<td>$44,649</td>
<td>$47,439</td>
<td>$44,377</td>
<td>$41,984</td>
<td>$46,670</td>
</tr>
<tr>
<td>Income after taxes (^1)</td>
<td>41,532</td>
<td>44,466</td>
<td>40,711</td>
<td>39,468</td>
<td>43,088</td>
</tr>
<tr>
<td>Age of reference person</td>
<td>48.2</td>
<td>49.5</td>
<td>48.4</td>
<td>48.3</td>
<td>46.6</td>
</tr>
<tr>
<td>Average annual expenditures</td>
<td>$38,045</td>
<td>$38,902</td>
<td>$39,213</td>
<td>$34,707</td>
<td>$41,328</td>
</tr>
<tr>
<td>Food</td>
<td>5,158</td>
<td>5,377</td>
<td>5,255</td>
<td>4,724</td>
<td>5,554</td>
</tr>
<tr>
<td>Food at home</td>
<td>3,921</td>
<td>3,202</td>
<td>2,903</td>
<td>2,823</td>
<td>3,269</td>
</tr>
<tr>
<td>Cereals and bakery products</td>
<td>453</td>
<td>491</td>
<td>444</td>
<td>422</td>
<td>480</td>
</tr>
<tr>
<td>Cereals and cereal products</td>
<td>165</td>
<td>164</td>
<td>152</td>
<td>148</td>
<td>167</td>
</tr>
<tr>
<td>Bakery products</td>
<td>297</td>
<td>326</td>
<td>292</td>
<td>274</td>
<td>313</td>
</tr>
<tr>
<td>Meats, poultry, fish, and eggs</td>
<td>795</td>
<td>883</td>
<td>721</td>
<td>779</td>
<td>821</td>
</tr>
<tr>
<td>Beef</td>
<td>238</td>
<td>248</td>
<td>226</td>
<td>230</td>
<td>255</td>
</tr>
<tr>
<td>Pork</td>
<td>167</td>
<td>162</td>
<td>160</td>
<td>176</td>
<td>164</td>
</tr>
<tr>
<td>Other meats</td>
<td>101</td>
<td>116</td>
<td>103</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>Poultry</td>
<td>145</td>
<td>174</td>
<td>125</td>
<td>142</td>
<td>146</td>
</tr>
<tr>
<td>Fish and seafood</td>
<td>110</td>
<td>149</td>
<td>78</td>
<td>100</td>
<td>124</td>
</tr>
<tr>
<td>Eggs</td>
<td>34</td>
<td>36</td>
<td>28</td>
<td>36</td>
<td>38</td>
</tr>
</tbody>
</table>
Consumer Expenditure Survey
Reference Units

- Age of Head of HH
- Composition of HH
- Education of Head of HH
- Housing tenure, type of area & race of Head of HH
- HH Income before taxes
- # of earners in HH
- Occupation of Head of HH
- Origin of Head of HH (white, black, Hispanic)
- Region of residence
- Size of HH

http://www.bls.gov/cex/home.htm
Consumer Demographic Thresholds

Neighborhood Shopping Center

- Minimum Population Support Required
  \[= 3,000 - 40,000\]
- Trade Area Radius = 1 - 3 miles
- Income Spent on “Food Eaten at Home”
  \[= $11,100,000 \text{ (2004 $)}\]
# Rank Ordered Tenants for Neighborhood Shopping Centers

<table>
<thead>
<tr>
<th>Tenants</th>
<th>SF in GLA</th>
<th>Sales/SF</th>
<th>Rent/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarket</td>
<td>31,500</td>
<td>$339.55</td>
<td>$6.53</td>
</tr>
<tr>
<td>Dry Cleaners</td>
<td>1,500</td>
<td>$134.23</td>
<td>$13.66</td>
</tr>
<tr>
<td>Restaurant (w/liquor)</td>
<td>3,381</td>
<td>$228.12</td>
<td>$13.50</td>
</tr>
<tr>
<td>Woman's Hair Salon</td>
<td>1,200</td>
<td>$132.07</td>
<td>$11.74</td>
</tr>
<tr>
<td>Pizza</td>
<td>1,500</td>
<td>$147.37</td>
<td>$12.05</td>
</tr>
<tr>
<td>Drugstore</td>
<td>9,100</td>
<td>$305.46</td>
<td>$7.60</td>
</tr>
<tr>
<td>Medical/Dental Office</td>
<td>1,607</td>
<td></td>
<td>$12.09</td>
</tr>
<tr>
<td>Unisex Hair Salon</td>
<td>1,306</td>
<td>$159.88</td>
<td>$13.69</td>
</tr>
<tr>
<td>Videotape Rentals</td>
<td>3,675</td>
<td>$88.60</td>
<td>$11.15</td>
</tr>
<tr>
<td>Finance Company</td>
<td>1,414</td>
<td></td>
<td>$10.25</td>
</tr>
</tbody>
</table>
The Untapped Consumer Markets in Inner City Neighborhoods

- Despite the huge retail purchasing power of their residents, many inner city neighborhoods suffer from significant “out-shopping” - they have too little retail to meet the demand, and tap the buying power of their own residents.

- Therefore, the challenge ahead is to create a “virtuous cycle of retail” in inner city areas - to promote business growth, jobs and savings.
General Impacts of Inner City Business Development

- Expanding employment
- Improved consumer services
- Stimulating new business markets
- Catalyzing real estate rehabilitation
- Creating role models and community leaders
A Goal For Inner City Retail Revitalization

- The goal is not to generate a consumption binge by those who most need to build more assets and get ahead.
- Nor is it to divert buying power away from the businesses outside the cities.
- The goal is net gain created by
  - businesses move into inner city neighborhoods
  - hiring local residents--> raising local incomes
  - higher incomes allow both more saving & more spending
  - more hiring raises income and consumer demand
The Virtuous Cycle of Retail

Businesses move into the inner city

Local residents hired

Local income, saving & spending increase

Sustainable economic development

More assets & quality shopping created

Stronger tax base created

More jobs created
Concentrated Buying Power - the Density of Demand in Cities

- The income of an individual household is less important to retailers than the combined income of everyone in the neighborhood.

- Aside from aggregate, untapped retail demand, urban locations typically offer a critical advantage for retail businesses: density of demand.

- The higher population density of most inner city neighborhoods balance out the high household incomes in spread out suburban areas.