

# **APPENDIX F**

## **Economic Impact Report**

**Prepared by**

**Bay Area Economics (BAE)**

**July 2009**





**RETAIL MARKET IMPACT ANALYSIS  
FOR  
PROPOSED WAL-MART EXPANSION  
IN ANTIOCH, CALIFORNIA**

**Prepared for:**  
City of Antioch

**Prepared by:**  
Bay Area Economics

July, 2009

**Bay Area Economics**

**Headquarters** 510.547.9380  
1285 66th Street fax 510.547.9388  
Emeryville, CA 94608 bae1@bae1.com  
bayareaeconomics.com



## Table of Contents

<b>Introduction .....</b>	<b>1</b>
Background and Study Purpose.....	1
Project Description .....	1
Approach .....	2
<b>Population and Employment Overview.....</b>	<b>4</b>
Introduction .....	4
Definition of Analysis Areas .....	4
Population Trends.....	5
Household Trends.....	7
Labor Force Trends .....	8
<b>Retail Sales Analysis .....</b>	<b>10</b>
Overall Retail Sales .....	10
Overall Per Capita Taxable Retail Sales.....	14
General Merchandise Store Sales .....	15
Food Store Sales .....	16
Retail Sales in Secondary Trade Area .....	17
Leakage Analysis and Demand for New Retail Space in the Primary Trade Area .....	18
<b>Impacts of Proposed Project on Existing Retail Outlets.....</b>	<b>24</b>
Overview .....	24
Inventory of Competitive Outlets .....	24
Retail Real Estate Market Conditions in the Primary Trade Area.....	28
Impacts of Proposed Project on Existing Retail Nodes and Outlets.....	29
Cumulative Impacts.....	36
<b>Appendices.....</b>	<b>42</b>
Appendix A: Trade Area Census Tracts.....	43
Appendix B: Unemployment and Labor Force Trends in Civilian Labor Force.....	44
Appendix C-1: Antioch Taxable Retail Sales Trends, 2000 to 2007 (Adjusted for Inflation).....	45
Appendix C-2: Brentwood Taxable Retail Sales Trends, 2000 to 2007 (Adjusted for Inflation).....	46
Appendix C-3: Oakley Taxable Retail Sales Trends, 2001 to 2007 (Adjusted for Inflation).....	47
Appendix C-4: Pittsburg Taxable Retail Sales Trends, 2000 to 2007 (Adjusted for Inflation).....	48
Appendix C-5: Contra Costa County Taxable Retail Sales Trends, 2000 to 2007 (Adjusted for Inflation).....	49
Appendix C-6: California Taxable Retail Sales Trends, 2000 to 2007 (Adjusted for Inflation).....	50
Appendix D: Comparison of Total and Taxable Sales .....	51
Appendix E: Estimated Retail Sales for Secondary Trade Area, 2006 .....	52
Appendix F: Notes and Sources for Tables 7, 8, and 9 .....	53
Appendix G: Competitive Supermarkets in Antioch and the Primary Trade Area .....	54
Appendix H: Brokers Interviewed.....	55
Appendix I: Planned and Proposed Retail Development in the Primary Trade Area...	56
Appendix J: Adjustment to Estimated PTA Supermarket Sales due to Recent Openings .....	59



## Introduction

### Background and Study Purpose

The City of Antioch has received a proposal to expand the existing 141,498 square foot Wal-Mart in the City to a 175,073 square foot store in the Supercenter format, which includes the equivalent of a full supermarket within the store along with general merchandise. As part of its evaluation of the proposed specific plan, the City of Antioch has retained Bert Verrips to complete an Environmental Impact Report (EIR). Recent California court decisions (*Bakersfield Citizens for Local Control v. City of Bakersfield*, *Panama 99 Properties LLC*, and *Castle & Cooke Commercial-CA, Inc.*, as well as *Dolan Ingram, et al. v. City of Redding and Wal-Mart, Inc, et al.*) have made clear that for large retail developments, an economic impact analysis should be undertaken to assess the possibility of “urban decay” and deterioration and indirect physical impacts on the environment. In the Bakersfield decision, the Appellate Court made clear that such an impact needed to be given “meaningful consideration.” Both cases indicate that to fully satisfy the requirements of an EIR, the analysis must start with the economic impacts, but also follow the causal chain to assess the likelihood of new retail space causing existing space to become vacant, and following that outcome, determine the potential for urban decay and physical deterioration of existing retail centers and nodes. The EIR prime consultant has retained Bay Area Economics (BAE) to undertake an economic impact analysis as part of the EIR process for this project. BAE aims to use the best available information to assess the economic impacts and then establish whether these economic impacts might result in closure of existing businesses and sustained long-term vacancy of buildings, which could lead to a negative effect on the physical environment of Antioch and the surrounding communities as manifested by urban decay and physical deterioration of existing retail centers.

### Project Description

The Wal-Mart expansion (the “Proposed Project”) consists of an expansion of the existing Wal-Mart store in Antioch at 4893 Lone Tree Way in the Williamson Ranch Plaza from 141,498 square feet total to 175,073 square feet, including the outdoor garden center. The expansion consists largely of the addition of grocery sales and support areas, effectively creating a full-service supermarket within the store. Table 1 provides a detailed breakdown of the square footage of the store following the proposed expansion. Based on the proportion of sales space devoted to groceries, 20.5 percent of the stockroom/ancillary space has been allocated to the grocery use. Combining the sales and sale support space with this allocation of stockroom/ancillary space, and rounding up to the nearest thousand, it is estimated that the Supercenter will contain 40,000 square feet of supermarket-equivalent space. This 40,000 square-foot estimate is used for the remainder of this analysis as the assumed total supermarket-equivalent space. The proportion of the proposed store devoted to general merchandise and other uses is reduced by approximately 6,400 square feet.

**Table 1: Proposed Project Development Information**

<u>Type of Space</u>	<u>Square Feet</u>
General Merchandise Sales	105,239
Grocery Sales	27,146
Grocery Sales Support	7,875
Stockroom/Receiving	16,243
Ancillary	7,142
Tire & Lube Express	5,346
Food Tenant Area	1,196
<b>Total Building Area</b>	<b>170,187</b>
Outdoor Garden Center	4,886
<b>Grand Total Area</b>	<b>175,073</b>
<b><u>Total Supermarket-Equivalent Space</u></b>	
Grocery Sales	27,146
Grocery Sales Support	7,875
Stockroom/Ancillary Allocation	4,794
Calculated Supermarket-Equivalent Area	39,815
<b>Assumed Supermarket-Equivalent Area</b>	<b>40,000</b>

Source: Perkowitz + Ruth Architects and Robert A. Karn & Associates, Inc., October, 2008.

As currently scheduled, project completion is scheduled for the latter half of 2010. For this analysis, it is assumed that the project opens at the beginning of 2010; this is a worst case scenario with respect to impacts; using a later date would allow some increase in overall trade sales potential (assuming even limited population growth) that would lessen any impacts from the proposed expansion.

### **Approach**

The purpose of this report is not to directly assess whether the retail market area can support this project, but to assess the impacts of the proposed project assuming that it is constructed as planned. The analysis assumes that this will be a fully functioning store, achieving a level of sales revenue reflective of the national averages or other appropriate benchmarks for the project. This is considered a reasonable and defensible basis upon which to evaluate the potential economic impacts of the proposed project. It should be noted that BAE's analysis for this project commenced and was initially conducted in July and August of 2008. However, because of changes in on-the-ground conditions, the City of Antioch provided an updated list of planned and proposed projects in January 2009, and BAE subsequently updated information from the other nearby cities, and undertook an additional area tour in March 2009. BAE also updated its baseline for the supermarket impact analysis to reflect store openings within the trade area into mid-March 2009. The data and analysis based on taxable retail sales data is still derived from the most recent available data as of August 2008. The population projections and demographic analysis are based

on ABAG data published in 2007, which is the most recent available data as of July 2009. BAE recognizes that over the course of the EIR process, conditions may change rapidly, especially in the current economic environment; BAE attempts to take the current economic downturn into consideration with the presentation and analysis of a “delayed growth scenario,” described subsequently, although future economic conditions may vary from those assumed in that scenario (i.e., conditions could be less severe or more severe than those reflected in the delayed growth scenario). In addition, information that has come to light in the first half of 2009, subsequent to the completion of the baseline economic analysis, such as news of store closings within the trade area, has been noted where applicable and incorporated into the analysis as appropriate. In summary, the conditions evaluated in this report reflect information that was available and conditions that prevailed as of late 2008/early 2009.

## **Population and Employment Overview**

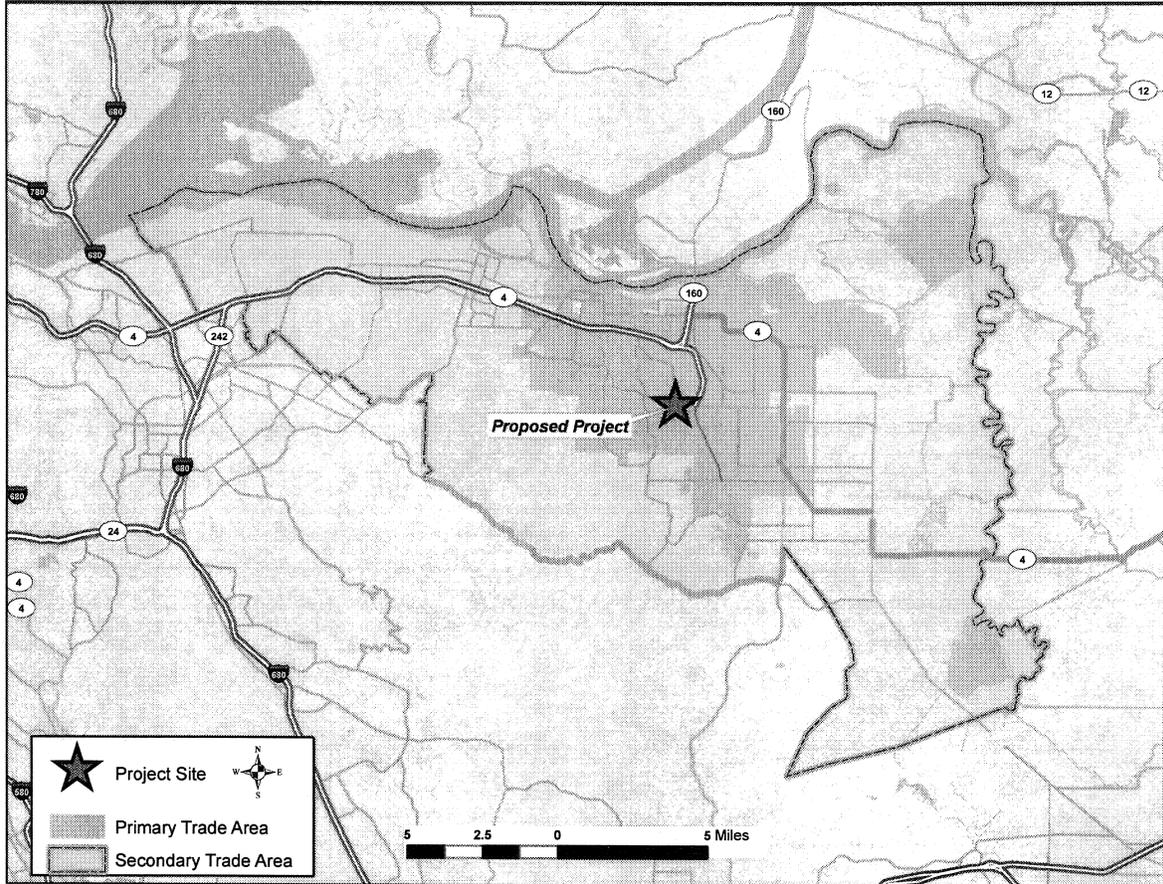
### **Introduction**

This section presents background information on historic, current, and projected demographic and economic conditions in Antioch and surrounding areas in eastern Contra Costa County. Estimates for 2010, assumed to be the first full year of operation for the expanded store, are also provided, as are estimates for 2015. Developing an economic and demographic profile of these areas will provide background information to assist in estimating future retail sales in the area and in assessing the potential impacts of the Proposed Project on other retail outlets and centers. Data sources include the U.S. Census Bureau, including the 2000 Census and the 2002 Census of Retail Trade, the California Employment Development Department (EDD), the State Department of Finance (DOF) Demographic Research Unit, and projections from the Association of Bay Area Governments (ABAG).

### **Definition of Analysis Areas**

A trade area is the geographic region that encompasses most of a retail outlet's customers. This report uses two areas of analysis: a Primary Trade Area (PTA) consisting of the Cities of Antioch, Brentwood, and Oakley, which is assumed to provide the majority of shoppers at the Proposed Project; and a Secondary Trade Area (STA) providing most of the remaining shoppers and comprising a wider swath of East Contra Costa County including Pittsburg, Bay Point, and other unincorporated areas surrounding the Primary Trade Area (see Figure 1 and Appendix A). These definitions are based on the location of other existing and major retail nodes, including the Wal-Mart in Pittsburg, the distance to other Supercenters (e.g., planned Supercenters in Tracy and Suisun City), and on the relative distance and isolation from other major urbanized areas. The Primary Trade Area includes the populated areas within approximately five miles; the Secondary Trade Area extends out approximately 10 to 15 miles and its populated areas are largely separated from other population concentrations such as Concord and Martinez. The only other Wal-Mart within the Secondary Trade Area is in Pittsburg, and this store is not currently a Supercenter or slated for conversion/expansion to that format. The primary attraction of the Proposed Project to residents in the Secondary Trade Area is not convenience through proximity, but convenience through the availability of one-stop shopping or lower prices. While at one time there was a Wal-Mart Supercenter planned for River Oaks Crossing in Oakley which would have effectively bifurcated the Primary Trade Area, that proposal has been formally withdrawn, and the approved River Oaks Crossing Specific Plan, as recently amended, includes restrictions that effectively disallow a superstore-type use (i.e., prohibits stores greater than 100,000 square feet in size with a least 10 percent of the sales area dedicated to non-taxable merchandise). The isolation of the Primary and Secondary Trade Areas from other population concentrations means that few shoppers are likely to venture to the Proposed Project from beyond those areas, effectively eliminating any potential significant impacts outside the Trade Areas.

Figure 1: Primary and Secondary Trade Areas



## Population Trends

### *Short-Term Trends*

In recent years, eastern Contra Costa County has seen rapid growth, but from 2005 onward, the rate of growth declines. Between 1990 and 2005, the PTA population nearly doubled, growing from 88,132 to 174,550 persons, growing at an annual compound rate of 4.7 percent (see Table 2). Over the same period, the STA population grew more slowly, from 81,261 to 107,309, at an annual compound rate of 1.9 percent. This is above the rate of growth for Contra Costa County as a whole which grew at an annual compound rate of 1.6 percent from 1990 to 2005. Since then growth has slowed considerably for the PTA and STA; between 2005 and 2010, growth is projected at only 1.6 per annum for the PTA and at 1.1 percent for the STA. Future growth from 2010 through 2015 is projected at a similar pace, with the PTA population reaching 204,050 and the STA population reaching 119,078 by 2015.<sup>1</sup>

<sup>1</sup> Because of the housing foreclosure crisis and general economic conditions, it is possible that these projections will not be reached. The analysis below takes into account a “delayed growth” scenario with

Currently, the Primary Trade Area Population is estimated at 189,250, and the Secondary Trade Area population is estimated at 110,868. The City of Antioch comprises 57 percent of the PTA population.

<b>Population</b>	<b>1990</b>	<b>2005</b>	<b>Average Annual Change 1990-2005</b>	<b>2008 (a)</b>	<b>2010</b>	<b>Average Annual Change 2005-2010</b>	<b>2015</b>	<b>Average Annual Change 2010-2015</b>
<b>Antioch (b)</b>	62,195	101,500	3.3%	104,177	106,000	0.9%	110,400	0.8%
<b>Primary Trade Area (b)</b>	88,132	174,550	4.7%	183,227	189,250	1.6%	204,050	1.5%
<b>Secondary Trade Area (b)(c)</b>	81,261	107,309	1.9%	110,868	113,306	1.1%	119,078	1.0%
<b>Contra Costa County (b)</b>	803,732	1,023,400	1.6%	1,046,329	1,061,900	0.7%	1,107,300	0.8%

(a) 2008 estimate for Antioch, PTA, STA, and County derived by assuming a constant rate of growth per ABAG Projections from 2005 through 2010. Estimates for Antioch, PTA, and County are within 2 percent of DOF estimates. No DOF estimate available for STA.

(b) 2005, 2010, and 2015 from ABAG. Estimates for Antioch, PTA, and County for 2005 are within two percent of DOF estimate. No DOF estimate available for STA.

(c) 1990 data for a slightly different area due to changes in Census Tract Boundaries. Areas that are different are sparsely populated, so there should be no substantial effect on the analysis from using this slightly different area.

Sources: 1990 & 2000 U.S. Census; Association of Bay Area Governments (ABAG) *Projections 2007*; State Department of Finance (DOF), 2007 & 2008; BAE, 2008.

### ***Long Term Trends***

Long term, the population of the Primary Trade Area and the Secondary Trade Area is projected to increase in the future at levels similar to but slightly below the rate estimated for 2010 through 2015 (see Table 3). By 2030, the Primary Trade Area population is projected to be slightly less than 250,000 persons; the Secondary Trade Area population is projected at approximately 143,000. This long-term growth should sustain continued growth in retail demand in eastern Contra Costa County. It should be noted that despite current economic and housing market conditions, in the long term the Bay Area expects continued employment and population growth, with a chronic shortage of housing; the short-term correction currently underway does not change this underlying imbalance between jobs and housing that continues to drive the area's housing market. The Primary Market Area represents one of the few places in the region with land available for new large-scale development.

---

expected population growth between 2008 and 2010 and beyond delayed two years on the assumption that long term the economy will recover and growth will resume.

<b>Population (a)</b>	<b>2010</b>	<b>2020</b>	<b>2030</b>	<b>Annual % Change 2010-2030</b>
<b>Antioch</b>	106,000	115,000	124,000	0.8%
<b>Primary Trade Area</b>	189,250	218,250	246,950	1.3%
<b>Secondary Trade Area</b>	113,306	126,490	143,148	1.2%
<b>Contra Costa County</b>	1,061,900	1,157,000	1,255,300	0.8%

(a) Projections from ABAG.

Sources: Association of Bay Area Governments (ABAG) *Projections 2007*; BAE, 2008.

## Household Trends

### *Household Growth*

As shown in Table 4, the rates of household growth in the Primary Trade Area and the Secondary Trade Area mirror the respective population growth rates of the two areas. PTA households will increase from 44,667 households in 2000 to 66,520 households in 2015. STA households will increase from 33,978 to 39,096 households over the same period. As of 2008, the PTA has an estimated 58,894 households, and the STA has 35,962 estimated households.

<b>Households (a)</b>	<b>2000</b>	<b>2005</b>	<b>Average Annual Change 2000-2005</b>	<b>2008</b>	<b>2010</b>	<b>Average Annual Change 2005-2010</b>	<b>2015</b>	<b>Average Annual Change 2005-2015</b>
<b>Antioch</b>	29,338	32,760	2.2%	33,828	34,560	1.1%	36,360	1.0%
<b>Primary Trade Area</b>	44,667	55,760	4.5%	58,894	61,080	1.8%	66,520	1.8%
<b>Secondary Trade Area</b>	31,978	34,565	1.6%	35,962	36,925	1.3%	39,096	1.2%
<b>Contra Costa County</b>	344,129	368,310	1.4%	378,471	385,400	0.9%	405,420	1.0%

(a) Projections from ABAG. 2008 estimates derived by assuming a constant rate of growth from 2005 through 2010.

Sources: 2000 U.S. Census; Association of Bay Area Governments (ABAG) *Projections 2007*; BAE, 2008.

### *Household Income*

Household incomes and resulting consumer buying power are key factors in assessing the potential for additional retail development. Based on ABAG's *Projections 2007*, relative to Contra Costa County's 2005 mean household income of \$98,400 (all incomes in constant 2005 dollars), the Primary Trade Area had a lower mean household income of \$85,338 (see Table 5). The STA's 2005 mean income was estimated at \$77,050. All the local geographies are projected to have growth in real household income after 2005, potentially increasing the per capita spending for the areas. While the PTA and STA have lower income levels than the County or the region, they did not experience the same decline in real incomes shown for those larger geographies in the early part of this decade (likely due to the dot-com implosion). As a result, while the PTA's mean

household income was only 81 percent of the region's in 2000, in 2005 and 2010 it is estimated at 88 percent of the regional average. However, PTA incomes are above estimated statewide levels.

**Table 5: Mean Household Income**

<u>Households</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>
<b>Antioch (a)</b>	\$81,700	\$83,300	\$87,400
<b>Primary Trade Area (a)</b>	\$84,018	\$85,338	\$90,099
<b>Secondary Trade Area</b>	\$76,121	\$77,050	\$78,614
<b>Contra Costa County</b>	\$100,500	\$98,400	\$103,400
<b>ABAG Region (c)</b>	\$104,000	\$97,400	\$102,100
<b>California (d)</b>	na	\$74,043	na
<b>PTA as % of Region</b>	81%	88%	88%

Notes: All incomes in constant 2005 dollars.  
 (a) Sphere of influence, which is a slightly larger area than the incorporated City.  
 (b) PTA consists of the spheres of influence for Antioch, Brentwood, and Oakley.  
 (c) Nine-county ABAG region includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.  
 (d) Based on American Community Survey data from U.S. Census. No projection to 2010 available, and 2000 not available in 2005 dollars.

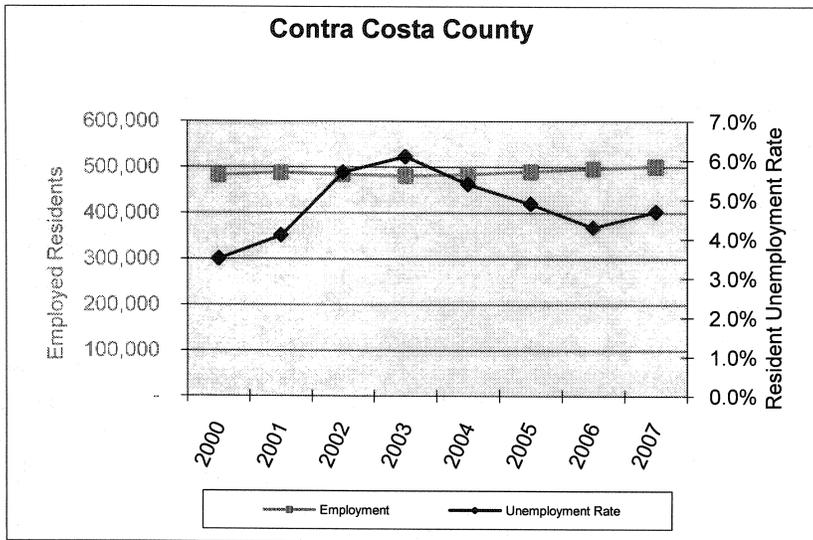
Sources: Association of Bay Area Governments (ABAG) *Projections 2007*; U.S. Census American Community Survey, 2005; BAE, 2008.

## Labor Force Trends

Employment levels are an indicator of regional buying power; unemployed workers and their households will have reduced incomes and lower expenditures. Growth in the employed labor force of an area can indicate increased buying power. As shown in Figure 2, Contra Costa County has seen a modest increase in the number of employed residents since 2000.<sup>2</sup> Unemployment declined from a peak of 6.1 percent in 2003 to 4.3 percent in 2006, but since then has edged upward to 4.7 percent on average in 2007, and reached 5.8 percent in May 2008 (most recent data available at time of analysis). These recent trends mirror problems in the national economy, and eastern Contra Costa County may be more adversely affected due to the ongoing foreclosure crisis and the decline in construction of new housing in the area.

<sup>2</sup> Because of the rapid population increase in the Primary Trade Area, the estimates of the labor force, employment, and unemployment for that area from the state Employment Development Department have been deemed unreliable. In 2000, the PTA's unemployment rate was 3.6 percent, narrowly above the 3.5 percent rate for the County at that time.

**Figure 2: Employed Residents and Unemployment Rate**



Data presented are for residents of the area by place of residence, not workers by place of work. For detailed data, see Appendix B.

Sources: California Employment Development Department; Bay Area Economics, 2008.

## Retail Sales Analysis

This section examines general retail trends in Antioch, the Primary Trade Area, and Contra Costa County. The analysis covers overall retail sales, and also food stores as a subcategory, since the expansion proposed consists largely of the equivalent of a supermarket. Ending this chapter is a leakage and supportable square footage analysis for the Primary Trade Area.

### Overall Retail Sales

As shown in Figure 3, in the early part of this decade, Antioch's total taxable retail sales<sup>3</sup> increased at a somewhat more rapid rate than population, and have continued to grow at a slower rate as the City's population has leveled off and declined slightly since 2004. Since 2000, taxable retail sales have increased every year from \$665.9 million in 2000 to \$929.4 million in the most recent four quarters for an overall increase of 40 percent, while population only increased ten percent.<sup>4</sup> The substantial increase between 2003 and 2004 likely reflects the 2003 opening of Slatten Ranch Shopping Center, a 430,000 square foot retail center anchored by Target, Barnes & Noble, Mervyn's and other big-box retailers. As the home to two Lowe's and Somersville Towne Center, the only traditional mall in the area, as well as the growing retail node at Slatten Ranch, Antioch has established itself with the most region-serving retail in eastern Contra Costa County. Antioch's sales trends suggest the market has grown quickly, but the rapid emergence of neighboring Brentwood (see below) and possibly Oakley in the future as competing retail centers will most likely challenge Antioch's future retail sales growth.

Brentwood's population has shown steady growth since 2000, and taxable retail sales have increased at an especially rapid clip over the last few years. Both the population and taxable retail sales have more than doubled, with annual sales rising from \$156.6 million in 2000 to \$373.5 million in the most recent annual period and population increasing from 23,302 to 47,224 over the same period. Two recently opened retail centers most likely account for the nearly 50 percent increase in taxable retail sales in Brentwood from 2003 to 2004; the WinCo center opened in 2003 and Lone Tree Plaza, with a Home Depot, Kohl's, Sports Authority, and other stores, opened in 2004. With the 460,000 square-foot Streets of Brentwood currently under construction and opening slated for later this year, and several other retail projects in the pipeline, Brentwood has become much more competitive in the regional retail market, challenging Antioch's dominant position.

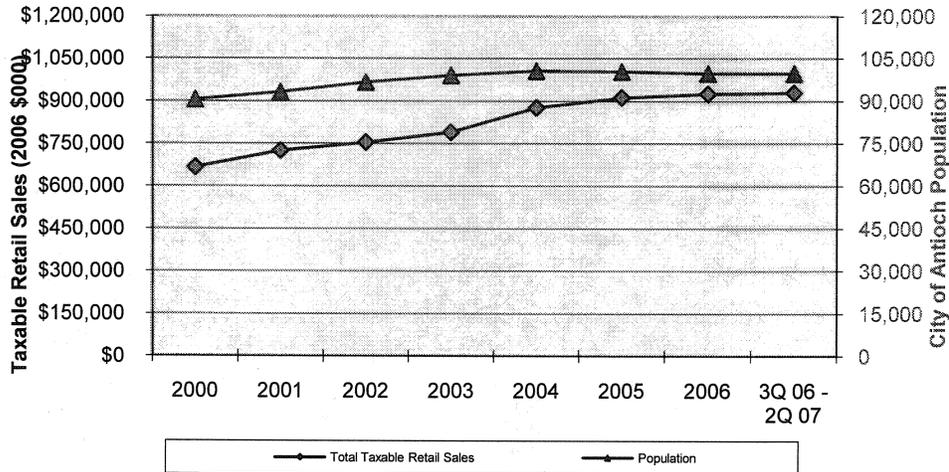
---

<sup>3</sup> In California, the State Board of Equalization provides retail sales data by store type for most counties and for larger cities. This is the most up-to-date and reliable source available, but it only includes taxable sales. Most food items, prescription drugs, and certain other items are exempt from sales tax, so the reported taxable sales data excludes these non-taxable sales. Later in this section of the report, taxable sales as a proportion of total sales in supermarkets will be assessed.

<sup>4</sup> All sales in inflation-adjusted 2006 dollars unless otherwise noted.

<sup>5</sup> The Mervyn's stores in Somersville Towne Center and in Slatten Ranch closed while this analysis was underway, following the liquidation of the entire Mervyn's chain. These stores are currently vacant and available for lease.

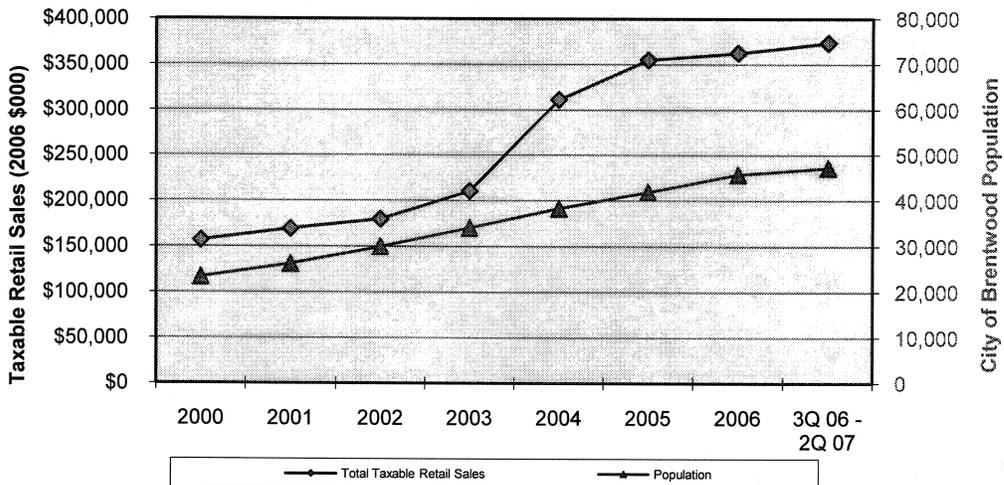
**Figure 3: Antioch Taxable Retail Sales and Population, 2000-2007**



Notes: Population data from State Department of Finance. May vary from other sources. Sales here are taxable sales only, and exclude most food sales as well as prescription drugs and certain other items. Sales are presented in 2006 dollars. For details, see Appendix C.

Sources: State Board of Equalization; 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2008.

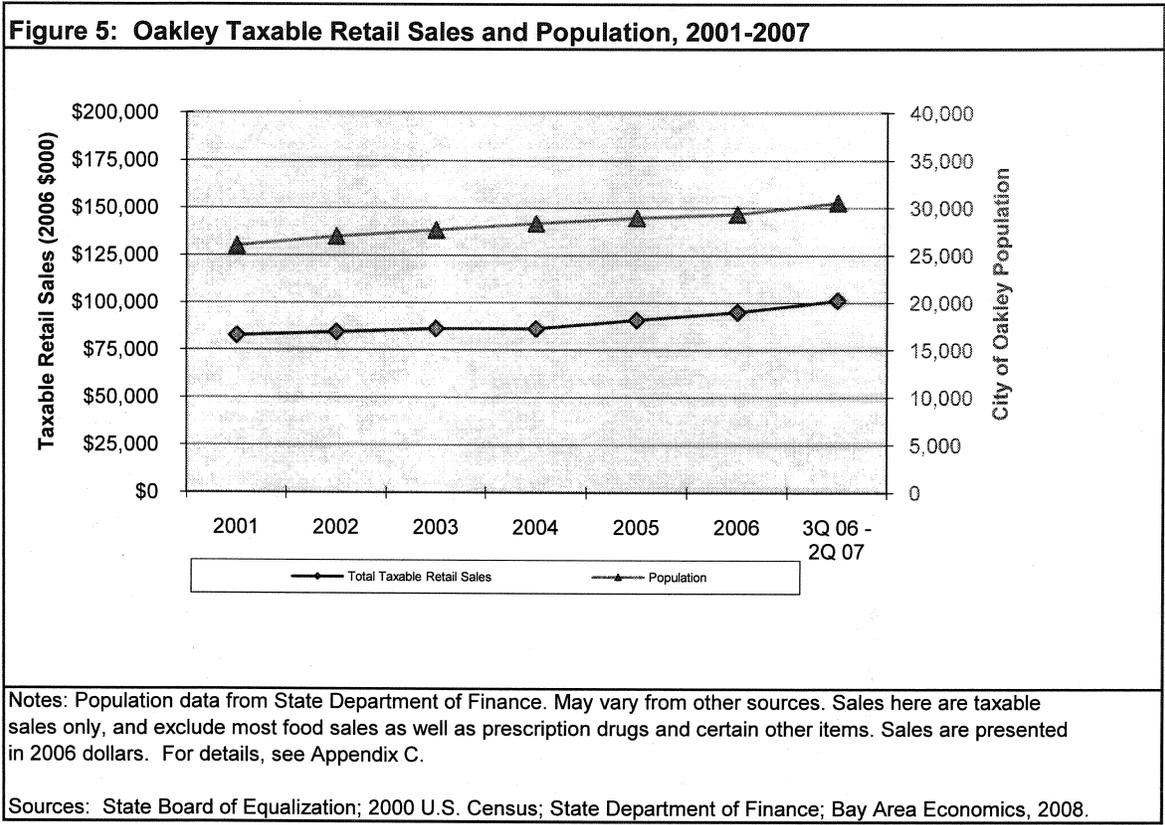
**Figure 4: Brentwood Taxable Retail Sales and Population, 2000-2007**



Notes: Population data from State Department of Finance. May vary from other sources. Sales here are taxable sales only, and exclude most food sales as well as prescription drugs and certain other items. Sales are presented in 2006 dollars. For details, see Appendix C.

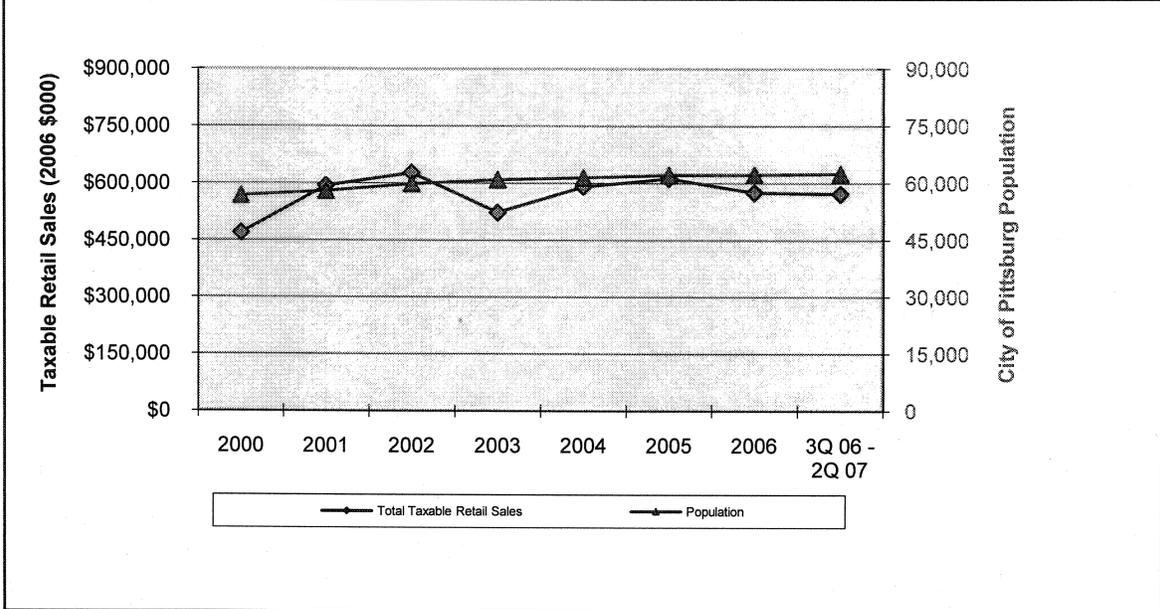
Sources: State Board of Equalization; 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2008.

As the County's youngest city, Oakley incorporated in 1999; detailed taxable sales data for Oakley are unavailable for years prior to 2001. Currently, Oakley does not have any large region-serving retail centers, and its limited growth in taxable retail sales with a rising population strongly suggests that surrounding cities are capturing sales from Oakley residents. In the most recent annual period, Oakley's taxable retail sales are only 11 percent of Antioch's, and only 27 percent of Brentwood's (see Figure 5).



Pittsburg has not been designated as part of the Primary Trade Area due to its greater distance from the Proposed Project and the presence of another Wal-Mart (albeit not a Supercenter), but the city has the only major concentrations of retail in the Secondary Trade Area, which otherwise consists of unincorporated areas with limited retail offerings. Pittsburg's taxable retail sales climbed in the early part of this decade, but sales levels have remained relatively flat since that time, with the peak in retail sales reached in 2002 (see Figure 6). Inflation-adjusted sales in the most recent annual period are only 22 percent above 2000 figures, compared to a 40 percent increase in Brentwood and 38 percent in Antioch. The decline and limited recovery since 2002 may reflect the opening of new retail centers in Antioch and Brentwood, especially on Lone Tree Way in the Slatten Ranch area. Pittsburg and Antioch are both relatively built out in comparison to Brentwood and Oakley, and thus have shown slower population growth, but Antioch has seen a much more rapid rate of retail sales growth than Pittsburg despite similar rates of population increase (10 percent over the period).

**Figure 6: Pittsburg Taxable Retail Sales and Population, 2000-2007**



Notes: Population data from State Department of Finance. May vary from other sources. Sales here are taxable sales only, and exclude most food sales as well as prescription drugs and certain other items. Sales are presented in 2006 dollars. For details, see Appendix C.

Sources: State Board of Equalization; 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2008.

Table 6 below summarizes estimated retail sales in the four cities, the Primary Trade Area, as well as Contra Costa County and California. This table includes adjustments to include non-taxable sales, as well as estimates for non-disclosed categories in Oakley. Antioch continues to have a greater share of sales relative to its population, with 64 percent of retail sales and only 56 percent of the PTA’s population. Brentwood’s proportion of sales is nearly the same as its population, while Oakley has only eight percent of the PTA’s sales but 17 percent of its population. The PTA has 14 percent of the County’s sales, and 17 percent of the County’s population.

**Table 6: Comparative Estimated Retail Sales, 3rd Quarter 2006 through 2nd Quarter 2007**

	Antioch	Brentwood	Oakley	Primary Trade Area	Pittsburg	Contra Costa County	California
<b>Sales in 2006 \$1,000 (a) (b) (c)</b>							
Apparel Stores	\$31,888	\$26,728	\$275	\$58,891	\$15,965	\$469,534	\$20,562,077
General Merchandise Stores	\$281,654	\$20,808	\$6,500	\$308,962	\$106,336	\$2,390,068	\$79,549,422
Food Stores	\$153,506	\$128,489	\$50,000	\$331,996	\$76,473	\$2,120,755	\$69,747,973
Eating and Drinking Places	\$93,537	\$46,325	\$14,036	\$153,898	\$59,266	\$1,116,522	\$50,622,163
Home Furnishings and Appliances	\$22,826	\$16,513	\$2,266	\$41,605	\$19,263	\$446,980	\$17,203,492
Building Materials	\$113,194	\$62,595	\$2,500	\$178,289	\$75,503	\$1,021,681	\$37,402,711
Motor Vehicles and Parts	\$181,834	\$58,441	\$14,970	\$255,245	\$166,188	\$1,870,583	\$72,358,087
Service Stations	\$95,449	\$67,540	\$38,549	\$201,538	\$47,274	\$1,270,348	\$45,052,385
Other Retail Stores	\$87,879	\$36,290	\$7,518	\$131,687	\$72,477	\$1,583,301	\$66,319,210
<b>Retail Stores Total</b>	<b>\$1,061,767</b>	<b>\$463,729</b>	<b>\$136,614</b>	<b>\$1,662,111</b>	<b>\$638,745</b>	<b>\$12,289,772</b>	<b>\$458,817,520</b>

**Retail Sales Total as % of PTA**

64% 28% 8%

	Antioch	Brentwood	Oakley	Primary Trade Area	Pittsburg	Contra Costa County	California
<b>Sales per Capita in 2006 \$ (c)</b>							
Apparel Stores	\$320	\$566	\$9	\$332	\$256	\$455	\$551
General Merchandise Stores	\$2,825	\$441	\$213	\$1,741	\$1,702	\$2,316	\$2,131
Food Stores	\$1,540	\$2,721	\$1,636	\$1,871	\$1,224	\$2,055	\$1,868
Eating and Drinking Places	\$938	\$981	\$459	\$867	\$949	\$1,082	\$1,356
Home Furnishings and Appliances	\$229	\$350	\$74	\$234	\$308	\$433	\$461
Building Materials	\$1,135	\$1,326	\$82	\$1,005	\$1,209	\$990	\$1,002
Motor Vehicles and Parts	\$1,824	\$1,238	\$490	\$1,438	\$2,660	\$1,813	\$1,938
Service Stations	\$957	\$1,430	\$1,262	\$1,136	\$757	\$1,231	\$1,207
Other Retail Stores	\$881	\$768	\$246	\$742	\$1,160	\$1,534	\$1,776
<b>Retail Stores Total (b)</b>	<b>\$10,649</b>	<b>\$9,820</b>	<b>\$4,471</b>	<b>\$9,365</b>	<b>\$10,226</b>	<b>\$11,910</b>	<b>\$12,289</b>

**Population**

99,704 47,224 30,555 177,482 62,465 1,031,907 37,337,019

**Population as % of PTA**

56% 27% 17%

**Notes:**

Third quarter 2006 through second quarter 2007 represents most recent data available.

(a) Retail sales have been adjusted to 2006 dollars based on the Taxable Sales Deflators calculated by the State Board of Equalization (BOE). 2007 deflation factor has not yet been calculated. No inflation assumed from 2006 through 2007. Given the low rate of inflation historically in this index, this is not an unreasonable assumption, and even if inflation is at a slightly higher level, it would not materially affect the analysis.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) Sales have been adjusted to include non-taxable items, using available comparative data from the Census of Retail Trade (see Appendix D). Oakley sales for non-disclosed categories have been estimated based on a mix of sources, including quarterly data from BOE, the Census of Retail Trade, Trade Dimensions data, and data from the City of Oakley. Beginning with 2007, BOE has redefined their categories, so they are shown here. Note that since this period spans both sets of categories, some sales in some categories may be misclassified. However, these changes do not affect the general merchandise and food store categories critical to the analysis here, and any misclassification should not materially affect the analysis.

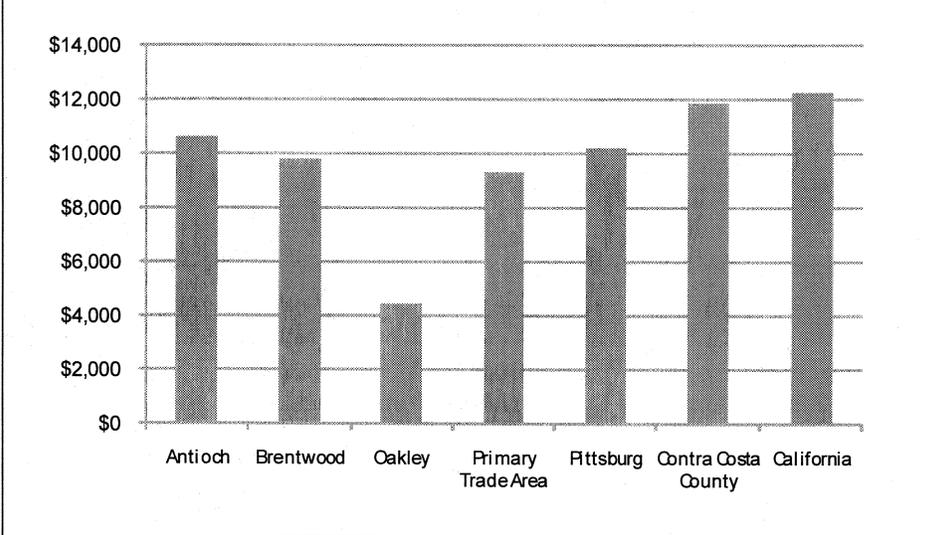
Sources: State Board of Equalization; State Department of Finance; Census of Retail Trade; Trade Dimensions; Bay Area Economics, 2008.

## Overall Per Capita Taxable Retail Sales

Per capita retail sales are a key indicator of the relative strength of a city as a retail destination; other factors being equal, higher per capita sales relative to a larger region point toward attraction of shoppers from outside the city. As shown in Figure 7 and Table 6, Antioch has the strongest per capita sales in eastern Contra Costa County, with estimated annual per capita sales of \$10,649

compared to \$9,365 for the entire PTA. Within the PTA, Brentwood also has per capita sales above the PTA as a whole with annual per capita sales estimated at \$9,820. Oakley again shows its weakness in retailing, with per capita sales estimated at only \$4,471 per annum. Overall, the PTA lags the County (\$11,910) and the State (\$12,289).

**Figure 7: Comparative Analysis, Per Capita Taxable Retail Sales**



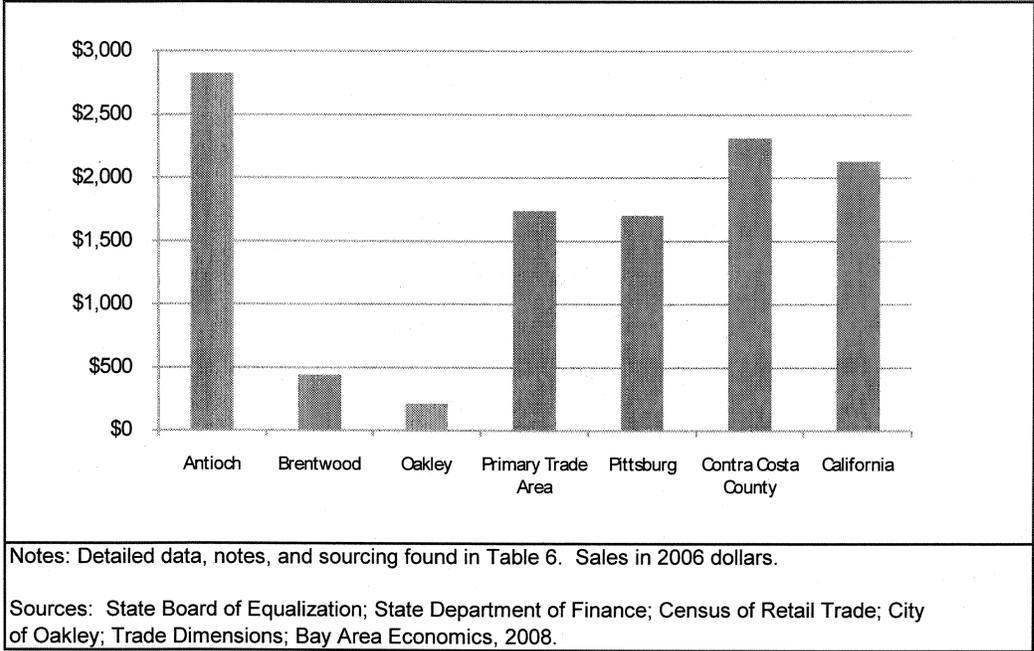
Notes: Detailed data, notes, and sourcing found in Table 6. Sales in 2006 dollars.

Sources: State Board of Equalization; State Department of Finance; Census of Retail Trade; City of Oakley; Trade Dimensions; Bay Area Economics, 2008.

### General Merchandise Store Sales

The net increase in the size of the Wal-Mart resulting from the proposed project will consist almost entirely of supermarket-equivalent space, but the remainder of the store will continue to function as a discount general merchandise store, with a broad variety of items available. For the PTA as a whole, Antioch is the dominant city for general merchandise, accounting for 94 percent of the reported taxable sales for this store category (see Table 6 above). While Brentwood has gained substantially in overall retail sales since 2000, it still does not have a major general merchandise store, and has only seen slight gains in this category. Oakley has extremely limited sales in this category, with the only major store being a Rite Aid drug store, and no larger outlets. Antioch's dominance is also reflected in estimated general merchandise store per capita total sales, where Antioch shows annual per capita taxable sales in this category of \$2,825 contrasted with only \$441 for Brentwood and \$213 for Oakley; Antioch is also well above the County at \$2,316 and the state at \$2,131 (see Figure 8). By comparison, annual per capita general merchandise sales for the PTA are estimated at \$1,741, indicating that the PTA overall might be losing sales to other locales.

**Figure 8: Comparative Analysis, Per Capita General Merchandise Store Sales**

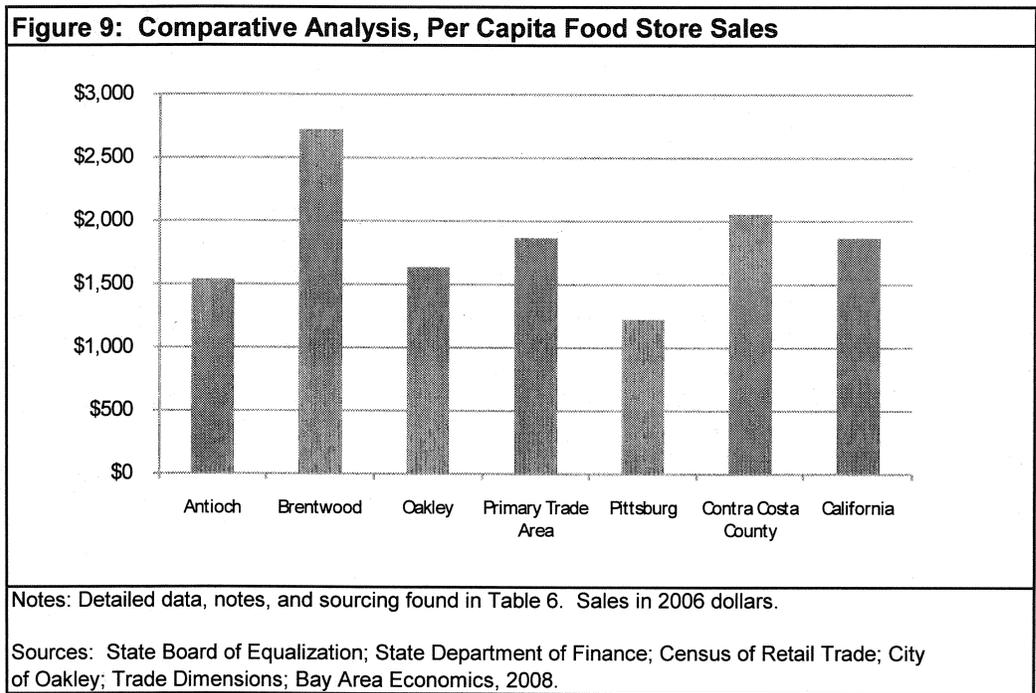


**Food Store Sales**

Historically, food store sales tended to be very locally driven, with stores often located in neighborhood-serving retail centers and serving trade areas limited largely by proximity to consumers seeking everyday convenience purchases. This traditional role of food stores has changed as supermarkets have become larger, and as more specialized stores such as warehouse-format stores have developed. Stores such as Costco, Wal-Mart Supercenters, and WinCo tend to encourage more pantry-loading, with customers coming from a larger trade area. The increasing number of stores such as Costco and Wal-Mart Supercenters, where food is sold under the same roof as many other types of goods, appears to be shifting sales away from conventional food stores entirely. Specialized food stores such as Trader Joe’s and Whole Foods also tend to attract shoppers from larger market areas than typical supermarkets. At the same time, however, some major chains are now opening smaller-format food stores (such as Tesco’s Fresh & Easy stores, for which there are planned locations in the Primary Trade Area) intended to capture convenience-oriented shoppers who may not wish to take the time to venture to a superstore, warehouse club, or a large conventional supermarket. However, a region as large as the Primary Trade Area, or all of eastern Contra Costa County, is still likely to capture the large majority of its residents’ food store purchases due in part to the need to get perishable items home in a relatively short period of time. Additionally, most food store types can be found within the area.

On a per capita basis, Brentwood has by far the strongest food store sales in the PTA, at an estimated \$2,721 per annum (see Figure 9). Antioch and Oakley have estimated annual per capita food store sales of \$1,540 and \$1,636, respectively. The likely explanation for these figures is the large WinCo store on Lone Tree Way, which is near the Antioch border and acts as a regional draw; food store sales in Antioch declined dramatically following the opening of the WinCo in

Brentwood. Additionally, Brentwood has historically had high per capita taxable food store sales; this may be due to lack of other retail types nearby, leading residents to purchase a higher proportion of non-food goods (such as small housewares and paper goods) at local supermarkets. Regionally, the PTA and California have very similar levels of annual per capita food store sales, with the PTA at \$1,871 and the State at \$1,868. Contra Costa County is slightly higher, at \$2,055. It should be noted that the sales data presented here predate the opening of the WinCo in Pittsburg. This new store, near the Antioch border, has almost certainly boosted Pittsburg's food store sales at the expense of Antioch and other nearby communities. With this store open, Antioch has a large region-serving supermarket use on both its eastern and western borders, with no equivalent directly competitive supermarket type space within the city.



### Retail Sales in Secondary Trade Area

Retail sales in the Secondary Trade Area are more difficult to estimate, since there are no published data specific to the unincorporated portion of the STA. Pittsburg has annual retail sales estimated in the baseline period at \$639 million; on a per capita basis, annual sales are \$10,226. The STA also includes retail outlets in unincorporated areas, especially in Bay Point and Discovery Bay. Bay Point has two supermarket-anchored centers and various other outlets, primarily along Willow Pass Road; Discovery Bay has a supermarket-anchored center.

Using an estimate derived from Zip Code Business Patterns, retail sales in the entire STA are estimated to be approximately \$790 million annually in 2006 (see Appendix E). Ninety percent of these sales are estimated to be in the Pittsburg/Bay Point portion of the STA; the estimates based on taxable sales data as noted above indicate these sales are largely within the City of Pittsburg,

reflecting the extremely limited retail offerings in unincorporated Bay Point. Unincorporated eastern Contra Costa County also has limited retail offerings, with total annual retail sales estimated at approximately \$72 million. On a per capita basis, the Secondary Trade Area lags the state despite the large inventory of retail outlets in Pittsburg. Annual per capita retail sales for the entire STA are estimated at \$7,256, below the statewide estimate of \$12,215. The eastern portion of the STA is particularly under-retailed, with estimated annual per capita retail sales of only \$4,616.

For the key category of general merchandise stores, the STA has per capita sales at a level less than two-thirds of the statewide figure, with virtually all of the sales in the Pittsburg/Bay Point area; food store per capita sales are at approximately 80 percent of statewide levels, indicating the more localized convenience-oriented nature of this store type. The STA shows even weaker per capita sales for the combined category of all other retail types, at only 54 percent of statewide levels.

These findings indicate that while Pittsburg holds its own as a retail destination, the overall STA has sales levels below statewide levels; many of the resident expenditures most likely occur in the retail nodes in the Primary Trade Area, due to the limited shopping options in the unincorporated portions of the STA.

BAE's survey of retail nodes in the unincorporated areas indicates that the largest and most common retail outlets are convenience-oriented, e.g. food stores and drug stores. As noted above, Bay Point has two supermarket-anchored centers (as well as numerous other smaller ethnic food stores on Willow Pass), and Discovery Bay has a center anchored by Safeway and Longs. For other types of shopping, the residents of these areas must venture to the incorporated cities. Bay Point residents are more likely to frequent Pittsburg (and perhaps Concord) while residents of unincorporated eastern Contra Costa County are more likely to shop in the Primary Trade Area cities.

## **Leakage Analysis and Demand for New Retail Space in the Primary Trade Area**

### ***Overview of Methodology***

Retail leakage analysis compares actual retail sales in an area with some benchmark that provides a measure of the potential sales generated by that area's residents. If sales levels are below the predicted level, the area may be able to support increased sales. This increase in sales could take the form of increased sales in existing outlets or in new outlets.

A lower-than-predicted sales volume implies that consumers are traveling outside the area to shop; thus, sales would be "leaking" out of the study area. Conversely, if the area shows more sales than would be expected from the area's characteristics, there would be sales "injections" into the study area. Often, an injection of sales indicates that the study area is serving as the regional shopping destination for a broader area. On the other hand, if an area shows substantial leakage, it may be due to the presence of a region-serving retail node outside the study area capturing those "leaked" sales. In such a case, the study area itself may not have sufficient population to support region-serving retail, and as a result those sales cannot expect to be captured within the study area.

There are a number of factors that can be used to predict sales levels, with the two most important factors being the number of persons in the area and the disposable income available to that population. Additional factors influencing retail spending in an area include household type, age of population, number of workers in the area (i.e., daytime population), tourism expenditures, tenure patterns (owner vs. renter), and cultural factors.

The Primary Trade Area functions largely as a relatively self-contained regional retail market, since most types of retail can be found within the PTA and the relative isolation from most other retail centers makes it likely that most residents expend most of their retail dollars within the PTA. However, per capita sales in many store categories are below those Countywide or Statewide, indicating that for some types of shopping, area residents may be venturing elsewhere. While the County, with its higher per capita sales levels, could also be considered as the benchmark, this would not take into account the lower household incomes found in the Primary Trade Area. While it would be a reasonable approach to use statewide levels as a benchmark, the State has higher per capita sales levels than the County despite the higher household incomes found in the County, indicating the County may have special characteristics in its spending patterns. BAE has chosen to use as a benchmark per capita figure either the statewide figure for a major retail store category or the Countywide figure as shown in Table 6, whichever is lower. The State actually has lower household incomes than the PTA, so in that way using statewide figures is conservative. But in cases where the County is lower, this may reflect localized spending patterns, so the lower figure is used. It should be noted that these numbers represent benchmarks, and should only be seen as general guidelines regarding expected sales rather than hard and fast rules on the exact amount of sales “leaking” out of the area or being captured by the area.

### ***Trade Area Sales Potential***

Using estimates based on the most recent published taxable sales data as a baseline and shown in Table 6 above, BAE has estimated the leakage of retail sales from the Primary Trade Area for that annual period (third quarter 2006 through second quarter 2007). This baseline year is used throughout the following analysis, except as noted; the results of this analysis are shown in Table 7. For the baseline period, the PTA shows leakage in most major categories of retail outlets, with the exceptions being food stores and building materials. Food store sales are effectively in balance for the PTA, showing only minimal estimated injections. Building materials shows modest injections. It is likely that this is due to the nature of the area, which has in recent years seen substantial new home construction relative to the County as a whole. The leakage is greatest as a proportion of sales in store types associated with comparison goods rather than everyday items. Proportionally, the greatest leakages are in apparel, home furnishings and appliances, and other retail, which includes specialty stores such as jewelry, books, and sporting goods. For these types of stores, shoppers from the PTA may be more likely to venture out of the PTA to regional shopping concentrations such as those in Concord, Walnut Creek, and even San Francisco which offer shopping choices not found in eastern Contra Costa County.

The overall net leakage of sales from the PTA is estimated at approximately \$381 million annually. The largest single category for leakage is other retail stores, with \$141 million in annual leakages, followed by general merchandise at \$69 million and motor vehicles and parts at \$66 million. While the Proposed Project is focused on competing largely with the food store category, these

estimated leakages may represent opportunities for new retail in the area in either new or vacated space.

**Table 7: Leakage Analysis for Primary Trade Area**

Store Category	Baseline Per Capita Taxable Retail Sales 2006 \$ (a)		Baseline PTA Total Retail Sales 2006 \$000 (b)		Injection/ (Leakage) (c)	
	Primary Trade Area	Benchmark	Actual	Potential	Total 2006 \$000	Per Capita 2006 \$
	Apparel Stores	\$332	\$455	\$58,891	\$80,757	(\$21,866)
General Merchandise Stores	\$1,741	\$2,131	\$308,962	\$378,138	(\$69,176)	(\$390)
Food Stores	\$1,871	\$1,868	\$331,996	\$331,547	\$449	\$3
Eating and Drinking Places	\$867	\$1,082	\$153,898	\$192,035	(\$38,137)	(\$215)
Home Furnishings and Appliances	\$234	\$433	\$41,605	\$76,878	(\$35,273)	(\$199)
Building Materials	\$1,005	\$990	\$178,289	\$175,723	\$2,566	\$14
Motor Vehicles and Parts	\$1,438	\$1,813	\$255,245	\$321,728	(\$66,483)	(\$375)
Service Stations	\$1,136	\$1,207	\$201,538	\$214,156	(\$12,618)	(\$71)
Other Retail Stores	\$742	\$1,534	\$131,687	\$272,318	(\$140,631)	(\$792)
<b>Total</b>	<b>\$9,365</b>	<b>\$11,513</b>	<b>\$1,662,111</b>	<b>\$2,043,280</b>	<b>(\$381,169)</b>	<b>(\$2,148)</b>

For notes and sources for this table, refer to Appendix F.

***Potential Capture of Leakage at Proposed Project and Elsewhere in the Primary Trade Area***

Because the Proposed Project consists largely of the equivalent of a full-service supermarket, and food store sales are in balance in the Primary Trade Area, the above analysis would indicate that there are no sales from PTA residents that can be recaptured by the project. However, the analysis above is based on data prior to the opening of the WinCo in Pittsburg, so the project could conceivably recapture some PTA sales that have been lost to that store. The project might also capture some additional general merchandise sales that are currently leaking out of the area, to the extent that “one-stop” shopping induces residents to spend money in this store rather than venturing out of the PTA. However, the PTA has the existing Wal-Mart and the Target at Slatten Ranch; the type of general merchandise retail outlets lacking in the area are generally upscale (e.g., Nordstrom’s in Walnut Creek) rather than discount stores, so the ability to recapture any resident sales might be limited to capturing any sales currently going to the Pittsburg Target (which is well-situated to capture shoppers from parts of Antioch) and Wal-Mart.

While the Proposed Project might not capture a significant amount of leakage of sales to PTA residents, other retailers could be attracted to the area with the intent of capturing some of this leakage. For instance, the under-construction Streets of Brentwood project (see discussion below) is designed as a “lifestyle” center offering upscale shopping options (e.g., REI) not currently present in the PTA. Table 8 presents an estimate of potential capture of leakage by the PTA under baseline conditions (3<sup>rd</sup> Quarter 2006 through 2<sup>nd</sup> Quarter 2007) and converts the dollar estimate to supportable square footage. Based on a capture rate of 50 percent for non-automotive retail categories, the PTA is estimated to have the potential to capture slightly over \$150 million in annual retail sales, supporting 461,000 square feet of additional retail space.

**Table 8: Supportable Space in Primary Trade Area from Leakage, Baseline Conditions**

<b>Store Category</b>	<b>Total Injection/ (Leakage) 2006 \$000</b>	<b>Capture Rate</b>	<b>Additional Sales 2006 \$000</b>	<b>Annual Sales per SF 2006 \$</b>	<b>Additional Supportable SF</b>
Apparel Stores	(\$21,866)	50%	\$10,933	\$360	30,000
General Merchandise Stores	(\$69,176)	50%	\$34,588	\$364	95,000
Food Stores	\$449			\$486	
Eating and Drinking Places	(\$38,137)	50%	\$19,068	\$528	36,000
Home Furnishings and Appliances	(\$35,273)	50%	\$17,636	\$336	52,000
Building Materials	\$2,566			\$305	
Motor Vehicles and Parts	(\$66,483)				
Service Stations	(\$12,618)				
Other Retail Stores	(\$140,631)	50%	\$70,315	\$284	248,000
<b>Total</b>	<b>(\$381,169)</b>		<b>\$152,540</b>		<b>461,000</b>

<b>Store Category</b>	<b>Per Capita Baseline 2006 \$000</b>	<b>Capture Rate</b>	<b>Additional Per Capita Sales 2006 \$000</b>	<b>Per Capita Baseline 2006 \$000</b>	<b>Capture Rate</b>	<b>Additional Captured Per Capita Sales 2006 \$000</b>	<b>Effective Per Capita Sales 2006 \$000</b>
Apparel Stores	\$332	100%	\$332	\$123	50%	\$62	\$394
General Merchandise Stores	\$1,741	100%	\$1,741	\$390	50%	\$195	\$1,936
Food Stores	\$1,871	100%	\$1,871		0%	\$0	\$1,871
Eating and Drinking Places	\$867	100%	\$867	\$215	50%	\$107	\$974
Home Furnishings and Appliances	\$234	100%	\$234	\$199	50%	\$99	\$333
Building Materials	\$1,005	100%	\$1,005		0%	\$0	\$1,005
Motor Vehicles and Parts	\$1,438		\$0		0%	\$0	\$0
Service Stations	\$1,136		\$0		0%	\$0	\$0
Other Retail Stores	\$742	100%	\$742	\$792	50%	\$396	\$1,138

For notes and sources for this table, refer to Appendix F.

Table 8 also presents adjusted potential per capita sales overall for non-automotive retail, which are used below to estimate additional total sales and supportable square footage for future population increases. The adjustments take into account baseline per capita expenditures, and assume that those will continue, and estimate 50 percent capture for the leakages will apply to the new population also. This estimate is conservative in that estimated sales will still be below benchmark levels based on state and county sales.

Table 9 provides estimates of future sales and supportable square footage for two points in time, 2010 and 2015. Between 2007 and 2010, population growth in the Primary Trade has the potential to general an additional \$79.6 million in annual non-automotive retail sales, supporting an estimated 211,000 square feet of additional retail space. Between 2010 and 2015, there is estimated potential to generate an additional \$113.2 million in retail sales supporting 302,000 square feet of retail space.

**Table 9: Additional Retail Support from Population Growth, 2007-2015**

**2007-2010**

<b>Store Category</b>	<b>Potential Per Capita Sales 2006 \$</b>	<b>Total Additional Sales 2006 \$000</b>	<b>Average Sales per Square Foot 2006 \$</b>	<b>Additional Supportable SF</b>
Apparel Stores	\$394	\$4,100	\$360	11,000
General Merchandise Stores	\$1,936	\$20,100	\$364	55,000
Food Stores	\$1,871	\$19,500	\$486	40,000
Eating and Drinking Places	\$974	\$10,100	\$528	19,000
Home Furnishings and Appliances	\$333	\$3,500	\$336	10,000
Building Materials	\$1,005	\$10,500	\$305	34,000
Motor Vehicles and Parts				
Service Stations				
Other Retail Stores	\$1,138	\$11,800	\$284	42,000
		<b>\$79,600</b>		<b>211,000</b>

**2010-2015**

<b>Store Category</b>	<b>Potential Per Capita Sales 2006 \$</b>	<b>Total Additional Sales 2006 \$000</b>	<b>Average Sales per Square Foot 2006 \$</b>	<b>Additional Supportable SF</b>
Apparel Stores	\$394	\$5,800	\$360	16,000
General Merchandise Stores	\$1,936	\$28,700	\$364	79,000
Food Stores	\$1,871	\$27,700	\$486	57,000
Eating and Drinking Places	\$974	\$14,400	\$528	27,000
Home Furnishings and Appliances	\$333	\$4,900	\$336	15,000
Building Materials	\$1,005	\$14,900	\$305	49,000
Motor Vehicles and Parts				
Service Stations				
Other Retail Stores	\$1,138	\$16,800	\$284	59,000
		<b>\$113,200</b>		<b>302,000</b>

**Notes:**

All sales in 2006 dollars. 2007 data refer to most recent period for which a full year of sales data are available, 3rd quarter 2006 through 2nd quarter 2007.

See Table 2 for population data. Population assumed to grow at same annual rate for all years from 2005 through 2010. Because the retail data spans 2006 and 2007, the population used here is midpoint between 2006 and 2007 data.

PTA population growth, 2007-2010	10,408
PTA population growth, 2010-2015	14,800

Per capita sales from Table 8.

Sources: Bay Area Economics 2008, based on information from a number of sources as shown in Appendix F.

***Capture of Additional Sales from Secondary Trade Area and Elsewhere***

The Primary Trade Area offers shopping opportunities not found in Pittsburg or the unincorporated areas of the STA, including traditional department stores at Somersville Towne Center and other specialty retail in the Slatten Ranch area. As noted above, for general discount retail such as Target

or Wal-Mart, Bay Point shoppers are likely to shop in Pittsburg due to its proximity. Residents of the STA to the east of the PTA, however, may do a larger portion of their shopping within the PTA, especially along Lone Tree Way. The expanded Wal-Mart may increase its capture, especially of sales currently going to food stores elsewhere in the PTA. This capture would be greatest from those stores closest to the Antioch Wal-Mart. As discussed previously, the impacts of the recently opened Pittsburg WinCo are not reflected in the published data. Wal-Mart should recapture some of the sales of Antioch residents lost to WinCo since its opening in late 2007; the use of per capita estimates derived from before that date effectively take into account that recapture. The Supercenter may also pull some shoppers out of other supermarkets in the STA, especially nearby Pittsburg. However, this capture will vary widely by store, and may be negligible for some stores. More specific impacts will be discussed below.

## **Impacts of Proposed Project on Existing Retail Outlets**

### **Overview**

This discussion provides estimates of the impacts on sales at existing retail outlets with the Proposed Project in place and with any additional pending projects considered. The impacts of the Proposed Project alone are considered first, followed by a discussion of cumulative impacts, which takes into consideration other under-construction and proposed retail projects in the Primary Trade Area and nearby.

The retail category where potential impacts are the primary focus of concern is food stores, because the Supercenter expansion consists of the addition of the equivalent of a supermarket to the retail inventory. The most directly competitive food stores are the other supermarkets in the area, so these stores would also be the ones likely to be most impacted by the Proposed Project. Smaller food outlets, such as convenience stores and smaller ethnic markets, are not directly competitive with supermarkets and thus would not be significantly affected by the addition of a food sales department to the Walmart store, and therefore would not be likely to close as a result of the project.

This chapter compiles an inventory of competing retail nodes and, using available information on general sales volumes by store type and the supportable square footage analysis, estimates the impacts of the Proposed Project on sales of existing retailers in Antioch and the Primary and Secondary Trade Areas.

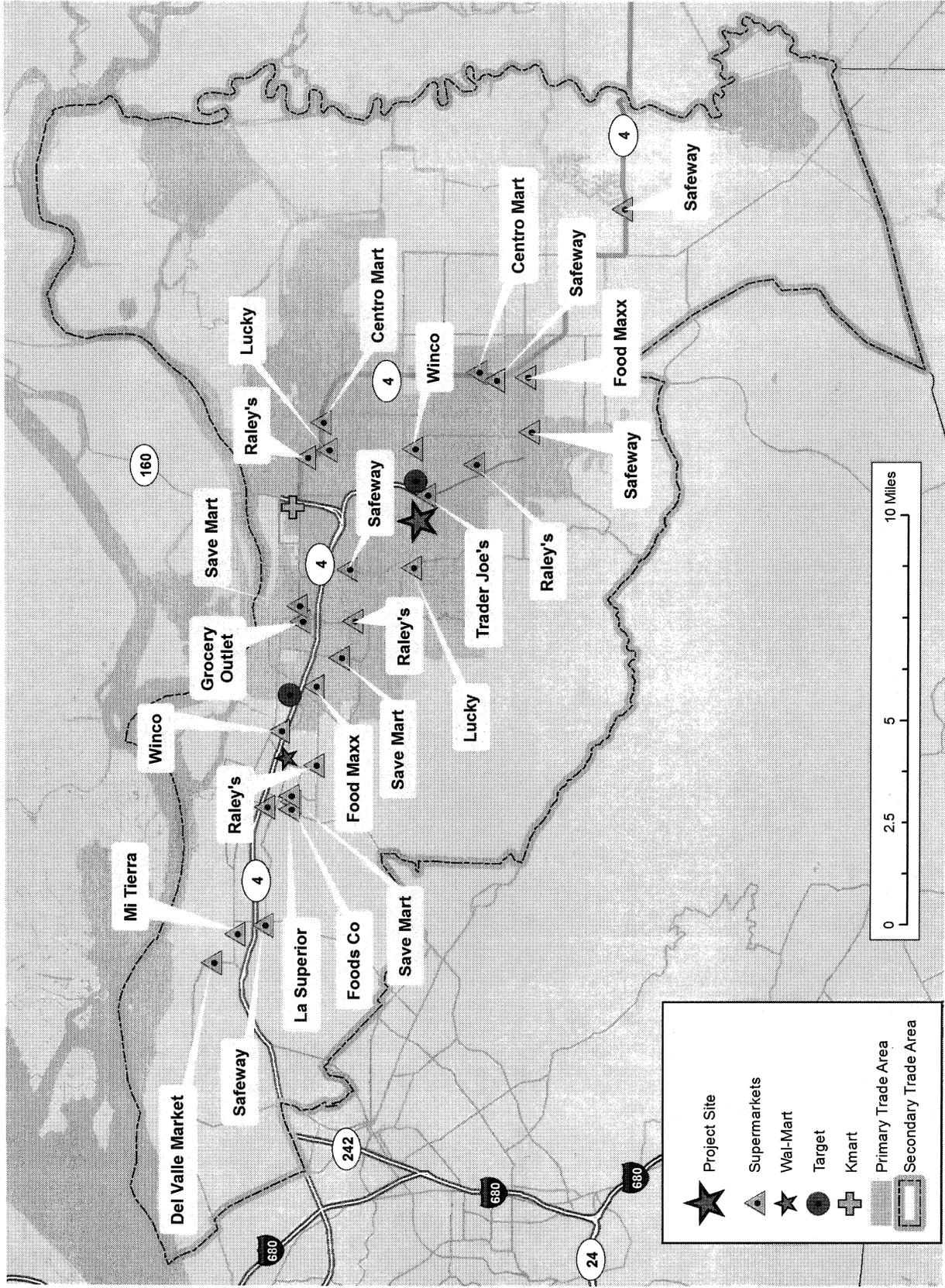
### **Inventory of Competitive Outlets**

BAE has identified and inventoried major competitors for the Proposed Project in the supermarket and general merchandise categories. Figure 10 shows these major competing retail nodes in the Primary and Secondary Trade Areas.

#### ***Methodology***

These competing outlets were located through review of previous retail analysis done in Antioch by BAE, verified and updated through field surveys of the PTA and STA as well as listings in a Trade Dimensions retail database acquired as part of this study. Square footages for the supermarkets were acquired through interviews with store managers and city planning departments, information from brokers, through data from the Contra Costa County Assessor via the County's online mapping information center, and from information acquired for previous BAE analyses. In some cases Google Earth was used to verify that the numbers were of the correct order of magnitude.

Figure 10 - Competitive Retail in the Primary and Secondary Trade Areas



### **Major Supermarkets**

As of early 2009, Antioch has eight major supermarkets totaling approximately 340,000 square feet (see Figure 10 for a map and Appendix G for a complete listing of the PTA supermarkets). Several major chains are represented, with one company owning four of the stores; Food Maxx, Lucky, and the two Save Marts are all under the Save Mart corporate umbrella. Other stores include a Safeway, a Raley's, a Grocery Outlet, and the recently opened County Square Market. These stores represent a broad range of supermarket types, including discount warehouse, generic supermarkets more upscale markets, and an ethnic Asian market. Brentwood also has a wide range of supermarkets totaling approximately 398,000 square feet, including two Safeways, Raley's, recently opened Trader Joe's and Smart & Final Extra stores, Food Maxx, Centro Mart, and WinCo. This WinCo, near the border with Antioch, is the largest single store in the PTA, at nearly 97,000 square feet. Oakley has three major full-service supermarkets totaling just under 120,000 gross square feet: Lucky, Raley's, and Centro Mart. As part of its field work, BAE visited all of the stores to assess the quality of the store as well as the level of customer traffic in the store. In addition to the aforementioned supermarkets, there is a recently expanded Costco in Antioch providing an additional option for pantry-loading grocery shoppers. This expansion occurred in August 2008, when Costco opened a new store in Antioch, replacing their 120,068 square-foot store with one of 161,117 square feet,<sup>1</sup> for a net increase in size of approximately 41,000 square feet. Costco sells grocery items in bulk form for pantry loaders, and the expansion includes an increase in grocery selling space that would be competitive with the existing supermarkets in the region. Based on available information from Costco,<sup>2</sup> BAE estimates that the proportion of Costco sales equivalent to a supermarket at approximately 30 percent of sales volume and sales space. Using this factor, the increase in supermarket-equivalent competitive space is 12,315 square feet.

---

<sup>1</sup> The existing Costco has been demolished and thus did not become part of the inventory of available retail space in the PTA.

<sup>2</sup> Costco's Annual Reports do not provide adequate information to determine precisely the amount of supermarket-equivalent sales. Based on their most recent *Annual Report* (FY 2008), food and fresh food make up 32 percent of their sales. However, this excludes "sundries" which by their accounting includes candy, snack foods, and alcoholic and non-alcoholic beverages. Sundries accounts for an additional 22 percent of sales. However, food includes "institutionally packaged foods" and sundries includes "cleaning and institutional supplies"; these subcategories include non-retail and non-food items, so the proportion attributable to retail food sales only is unknown. Another potential measure would be to use data on the proportion of sales to institutional buyers versus household buyers, but this measure is also fraught with imprecision; in fact, it is highly likely that there are members who use Costco for both household and business/institutional purchases, so even knowing the identity of the member may not allow Costco to determine the ultimate user of many items purchased within the store. In one presentation available online ("Costco Today, 2<sup>nd</sup> Quarter, FY 2009") at its website, Costco estimates that its 54.5 million cardholders include 29.7 million households. If sales are allocated just based on these numbers (not knowing the actual sales by each segment), households would account for slightly more than half of sales. Given the limitations of the publicly available data, the potential for "sundries" to be supermarket-related items or not, and for some of the food-related sales to be to entities other than households, BAE believes that a 30 percent allocation of Costco's sales to supermarket and/or food-related items is a "reasonable inference" for the purposes of its analysis. BAE also visited the Antioch Costco, and while the proportion of the store space allocated to groceries may be slightly higher than 30 percent, some of the food sales are to businesses (e.g., small merchants) making bulk purchases for resale elsewhere.

Costco also tends to have higher sales volumes than most supermarkets, so sales per square foot are assumed based on Costco corporate average sales per square foot.

Based on a variety of sources, including Trade Dimensions data from Nielsen/Claritas, taxable sales data, the Census of Retail Trade, and site visits, BAE estimates that the supermarkets in the Primary Trade Area have annual sales of approximately \$315 million (see Table 10). Based on this estimate, average annual sales per square foot are estimated at \$367. This is somewhat below the stated benchmark of \$486, but does not indicate definitively that the existing stores are struggling. Industry benchmarks are not by themselves indicators of the level of profitability of individual stores; some stores might be profitable at a lower sales level, while others may require greater market support. Retail operators have varying standards regarding satisfactory store performance and profit margins.<sup>3</sup>

Estimated Supermarket Sales (a) (b)	\$315,000,000
Existing Supermarket Square Feet	857,199
Estimated Average Annual Sales per Square Foot	\$367
ULI Median, All Supermarkets (c)	\$486
<p>(a) Based on estimates by BAE based on confidential sources, published taxable sales data, Census of Retail Trade, site visits and industry benchmarks. Adjustments have been made for the recently opened Costco and County Square Market (see Appendix J).</p> <p>(b) Sales estimates in 2006 dollars.</p> <p>(c) Urban Land Institute/International Council of Shopping Center, <i>Dollars &amp; Cents of Shopping Centers/The Score 2008</i>. Median for all supermarkets in community and supercommunity shopping centers nationwide.</p>	
<p>Source: Bay Area Economics 2008, based on information from State Board of Equalization, 2002 Census of Retail Trade, Trade Dimensions, and ULI/ICSC.</p>	

The Secondary Trade Area includes several additional supermarkets of the same chains, as well as a FoodsCo, a large new Latino-oriented market, and two independent markets. Most noteworthy is another large WinCo store in Pittsburg, which because of its location near Antioch is likely attracting shoppers from parts of Antioch; some of these shoppers may return to shopping in Antioch if the Supercenter expansion is completed. The aforementioned large Latino-oriented Mi Pueblo market opened in March 2009 in a space formerly occupied by an Albertsons/Lucky but vacant for several years. Additionally, a Save Mart in Pittsburg closed in September 2008, and the space remains vacant (as of March 2009).

### **Major General Merchandise Outlets**

The PTA and STA have a number of major general merchandise stores. As previously indicated by the retail sales data, Antioch itself is dominant in this category, with several major stores, including the existing Wal-Mart, a Big Kmart in the northeast corner of the City, Sears, and Macy's in

<sup>3</sup> The benchmark used shows considerable variability over time, in a way not necessarily accounted for by inflation; the same ULI/ICSC benchmark from 2006, for instance, was only \$392.

Somersville Towne Center,<sup>4</sup> a Target in the Slatten Ranch Shopping Center, and a Costco. Oakley has no major region-serving general merchandise stores. Brentwood has only one major general merchandise store, Kohl's. In the Secondary Trade Area, Pittsburg is home to a Wal-Mart and a Target. There are drug stores such as Rite Aid and Walgreens scattered throughout the trade areas, but these are primarily convenience-oriented and local-serving.

### **Retail Real Estate Market Conditions in the Primary Trade Area**

A key factor in determining the ability of the market to absorb vacated space is the current state of the overall retail real estate market. In a weak market long-term vacancies are more likely. BAE has visited East Contra Costa County several times in recent years to assess retail conditions, most recently in March 2009. At the time of that tour as well as during BAE's site visit in July 2008, retail centers appeared to have more vacancies than at the time of a previous BAE tour of the area's retail nodes in 2005. Vacancies also have increased somewhat between mid-2008 and March 2009, largely due to the closure of the two Mervyns in Antioch. In the Secondary Trade Area, Pittsburg has seen the closure of Circuit City and a Save Mart (see above), but a large vacant Albertsons was recently reopened as a Latino-oriented supermarket (also discussed above).

The vacant spaces seen in 2008 and 2009 were generally smaller storefronts rather than the anchor spaces of centers; many of the vacancies had been occupied by service businesses related to residential real estate, including mortgage offices and real estate brokers, i.e., those businesses most directly affected by the foreclosure crisis. The Sand Creek Center with Raley's in Brentwood has some vacant midsize spaces, and this center appeared to have the highest vacancy rate for mid-size or larger centers in the PTA; Brentwood also had newer small retail centers with high vacancies likely resulting from slow initial lease-up under current market conditions. More recently, the Mervyns stores in Somersville Towne Center and Slatten Ranch were closed, making them the two largest vacant retail spaces in the PTA. As of the end of 2008, Terranomics reported retail vacancy rates in Antioch, Brentwood, and Oakley of 3.4 percent, 14.1 percent, and 1.7 percent, respectively, for an overall weighted vacancy rate of 7.9 percent, or 310,884 square feet out of total inventory of 3,934,920 square feet.<sup>5</sup> Based on BAE's fieldwork the higher vacancy rate in Brentwood is due in large part to the recently built inventory which is still undergoing initial absorption, rather than vacancies due to store closures. The current economic climate has led to an extremely slow absorption of this space; BAE's field work in July 2008 and March 2009 saw little absorption of new space, with the exception of the Streets of Brentwood, which did add a substantial amount of new occupied retail space to the Primary Trade Area.

---

<sup>4</sup> The Mervyns stores in Somersville Towne Center and in Slatten Ranch closed while this analysis was underway, following the liquidation of the entire Mervyns chain. These stores are currently vacant and available for lease. Gottschalks filed for bankruptcy in January 2009; and in April 2009, subsequent to the research for this study, the firm was sold to liquidators, with all stores closed in the summer of 2009, including the store in Somersville Towne Center.

<sup>5</sup> "Contra Costs County Retail Report, Year End 2008," Terranomics (Oakland and Walnut Creek Offices). Terranomics' stated inventory excludes centers of less than 50,000 square as well as space in traditional malls. This inventory excluded the vacancy of Mervyns at Slatten Ranch, as well as other changes in the market since the end of 2008, but based on BAE's own field work is reasonably representative of current market conditions in the Primary Trade Area.

Interviews with retail brokers representing centers in the region indicated a poor retail real estate market overall, with rent reductions and increases in vacancies over the last year (see Appendix H for a list of brokers interviewed). Some brokers reported that re-tenanting a larger anchor space would be difficult in the current economic climate, and that keeping anchor tenants such as grocery stores is crucial to maintaining foot traffic in a center. Interestingly, the broker representing the Sand Creek Center in Brentwood, which as noted above has a relatively high vacancy rate, stated that the opening of Streets of Brentwood across from that center would likely increase traffic in that area and eventually lead to decreased vacancies in the Sand Creek Center.

Overall, the picture painted was of a market showing substantial challenges related to the distressed economic climate. Although there has been a rise in scattered retail vacancies, none of the retail centers within the Primary Trade Area exhibited signs of physical deterioration or urban decay. Apart from the two vacant Mervyn's stores and the vacant Gottschalks store, most of the remaining vacancies are smaller spaces in projects scattered throughout the Primary Trade Area. With the exception of downtown Antioch, which consists largely of small storefronts, most of these small-store vacancies are actually in the newest centers in the area, some of which include plans for additional future development not yet underway. In other words, rather than being concentrated in older centers, the vacancies tend to be in the newest spaces, representing centers that are still undergoing initial absorption that has been slowed by the current recession. BAE's tour of these centers and observation of these vacant storefronts found that these centers were all still well-maintained, and even where construction had been halted mid-project, there were no signs of physical deterioration (e.g., broken windows, graffiti, or other markers for urban decay). Even vacant spaces in downtown Antioch are generally well-maintained.

### **Impacts of Proposed Project on Existing Retail Nodes and Outlets**

This section assesses the impacts of the Proposed Project on sales at existing retail outlets in the Primary and Secondary Trade Area. Because of the relative isolation of these areas from other population concentration and retail outlets, any impacts outside the PTA or STA are likely to be insignificant. Few additional shoppers from beyond the STA would venture to Antioch just to shop at the expanded Supercenter.

The analysis focuses on supermarkets, since the expansion consists entirely of adding the equivalent of a full supermarket to the existing Wal-Mart. Supermarkets also often anchor shopping centers and districts. Smaller food outlets, such as convenience stores and smaller ethnic markets, are not directly competitive with supermarkets and thus would not be significantly affected by the addition of a food sales department to the Walmart store, and therefore would not be likely to close as a result of the project. To the extent that some of Wal-Mart's expected additional food sales might be captured from outlets other than major supermarkets, this would ameliorate the impacts on the large supermarkets that are the focus of the analysis here.

After assessing the potential impacts of the project on a stand-alone basis the analysis considers cumulative impacts relating to other under construction and proposed retail development in the PTA and STA. This analysis takes into account reasonably foreseeable projects as reported to BAE at the time of its research (initially in summer 2008 and updated to mid-first quarter 2009).

Generally, a project is considered reasonably foreseeable if an application has been made to a government body by a developer, or if that project is under construction, or if it is in the approvals process or already approved but not yet underway. Projects which are not considered reasonably foreseeable include: projects that have been formally denied by the public agency and for which no new application has been received; projects that have been formally withdrawn from the approval process by the applicant; and projects for which the approvals have expired. In one instance (River Oaks Crossings in Oakley), a Specific Plan has been approved but there is no current application in process for development of that site; therefore, the development of that Specific Plan area is not considered a probable future project for the near-term.

### Primary Trade Area (PTA)

The analysis that follows begins by assuming that this will be a fully functioning center upon opening, with the Supercenter performing at stabilized sales immediately. To the extent that this overestimates initial sales, it is conservative in considering the potential for greater resulting impacts. This estimate of sales is presented in Table 11. Annual sales at the Supercenter are estimated at \$87.5 million, of which \$20.0 million is from the supermarket-equivalent space.

<b>Table 11: Estimated Annual Sales in Project</b>			
<b>Store Component</b>	<b>Square Feet (a)</b>	<b>Sales per SF (b)</b>	<b>Estimated Sales in Proposed Project (c)</b>
General Merchandise & Other	135,073	\$500	\$67,500,000
Supermarket Equivalent	40,000	\$500	\$20,000,000
<b>Total</b>	<b>175,073</b>	<b>\$500</b>	<b>\$87,500,000</b>

All sales estimates in 2006 dollars.  
 (a) Derived from Table 1 per latest site plan available.  
 (b) Wal Mart nationally has sales of approximately 423 per square foot. Trade Dimensions data and BAE site visits indicate that this store is performing at higher levels. For this analysis, sales of \$500 per square foot are assumed. This also provides a level of sales for the supermarket equivalent that is above the ULI benchmark.  
 (c) Rounded to the nearest hundred thousand.

Source: Bay Area Economics, 2009, based on information from Wal-Mart.

The general merchandise and other component of the store is actually 6,425 square feet smaller than the existing store. In fact, one possible outcome of the reduced square footage could be a decline in Wal-Mart's market share for non-food merchandise if this portion of the store were considered in isolation. However, this effect could be counterbalanced by the synergies of one-stop shopping at the Supercenter. Additionally, some of the space in the existing store is already dedicated to food items, so the floor area devoted to general merchandise in the existing store may be smaller. Overall, however, any difference in general merchandise sales, whether higher or lower than existing levels, would probably be minor. Since no significant changes in sales levels are anticipated in the non-grocery retail categories, it is reasonable to assume that there will be no substantial net impact on trade area general merchandise stores due to this project and thus no additional analysis of project impacts upon general merchandise retailers is necessary.

Table 12 shows the impacts of the Supercenter on existing supermarkets in the Primary Trade Area based on the estimated annual sales as shown in Table 11. In the assumed year of completion, given population growth as projected by ABAG, it is estimated that the overall loss of sales at existing supermarkets in the PTA would be approximately three percent in 2010 (assuming that is the first full year of project operation). By 2015, given the existing inventory of supermarkets plus

the Supercenter, sales overall should recover to levels above today's sales for the existing supermarkets.<sup>6</sup>

<b>Table 12: Potential Impact on Existing Primary Trade Area Supermarkets</b>			
<b>ABAG Projected Growth</b>			
	<b>2008</b>	<b>2010</b>	<b>2015</b>
Primary Trade Area Population (a)	183,227	189,250	204,050
Current Supermarket Sales (b) (c)	\$315,000,000		
Capture from Leakage (d)	\$0	\$0	\$0
Potential Sales per Capita	\$1,719	\$1,719	\$1,719
Supermarket Sales Potential (c)	\$315,000,000	\$325,350,000	\$350,800,000
Existing Supermarket Square Feet (e)	857,199	857,199	857,199
Additional Grocery Store in Project (f)		40,000	40,000
Estimated Supermarket Sales in Supercenter (c) (g)		\$20,000,000	\$20,000,000
Sales in Existing Outlets (c)	\$315,000,000	\$305,350,000	\$330,800,000
<b>Average Annual Sales per Square Foot at Existing Stores</b>	<b>\$367</b>	<b>\$356</b>	<b>\$386</b>
<b>Percent Change from 2008</b>		<b>-3%</b>	<b>5%</b>
<b>Delayed Growth Scenario</b>			
	<b>2008</b>	<b>2010</b>	<b>2015</b>
Primary Trade Area Population (h)	183,227	183,227	197,996
Current Supermarket Sales (b) (c)	\$315,000,000		
Capture from Leakage (d)	\$0	\$0	\$0
Potential Sales per Capita	\$1,719	\$1,719	\$1,719
Supermarket Sales Potential (c)	\$315,000,000	\$315,000,000	\$340,390,000
Existing Supermarket Square Feet (e)	857,199	857,199	857,199
Additional Grocery Store in Project (f)		40,000	40,000
Estimated Supermarket Sales in Supercenter (c) (g)		\$20,000,000	\$20,000,000
Sales in Existing Outlets (c)	\$315,000,000	\$295,000,000	\$320,390,000
<b>Average Annual Sales per Square Foot at Existing Stores</b>	<b>\$367</b>	<b>\$344</b>	<b>\$374</b>
<b>Percent Change from 2008</b>		<b>-6%</b>	<b>2%</b>
(a) From Table 2.			
(b) From Table 10.			
(c) All estimates throughout table in 2006 dollars. All total sales estimates rounded to nearest ten thousand.			
(d) From Table 8.			
(e) From Appendix F.			
(f) From Table 1.			
(g) From Table 11.			
(h) Assumes that because of current economic conditions, there will be no growth between 2008 and 2015; 2015 is equivalent to ABAG 2013 levels assuming constant annual compound growth rate between 2010 and 2015.			
Source: Bay Area Economics 2008, based on information from State Board of Equalization, 2002 Census of Retail Trade, Trade Dimensions, and as cited in supporting tables.			

<sup>6</sup> It should be noted that this analysis assumes that Wal-Mart achieves these sales levels based entirely on capture from the Primary Trade Area stores. This may overstate the impacts on the PTA. Potential impacts in the STA are discussed separately below.

Table 12 also provides a “delayed growth” scenario, assuming that based on the current economic climate that there will be no population growth between 2008 and 2010, at which point more normal economic conditions will return and growth will resume, shifted two years into the future. Under this scenario, sales levels in 2010 for existing supermarkets would decline by six percent, on average, recovering to show a gain of two percent in 2015.

On average, these levels of sales losses would not necessarily put the existing stores at risk of closure. Sales revenues and “break-even” sales levels for supermarkets can vary and are highly dependent on conditions at each store; however, the specific revenue figures and break-even sales levels for competing supermarkets in the trade area are not known. This information is not publicly available at the specific store level, and while BAE attempted to obtain this data from individual stores in the trade area, no sales or break-even information was provided by any of the stores contacted.

Individual outlets can adjust to lost sales to some extent by changes in offerings or pricing, reducing staff levels, or through other strategies short of closure. Furthermore, long-term growth in the area would indicate that sales levels could recover within several years, even assuming a delayed growth scenario.

While Wal-Mart may draw from a larger area than a typical community-serving market, thus spreading its impacts throughout its market area, it is still possible that the impacts would be greatest at those stores closest to the Proposed Project. The two closest stores, Trader Joe’s and the recently opened Smart & Final Extra store, occupy more specialized niches in the market unlike Wal-Mart’s more generic supermarket-equivalent format, and like Wal-Mart draw from a larger area than a typical community-serving supermarket and as a result are unlikely to face closure resulting from their proximity to Wal-Mart. The Lucky supermarket recently was re-branded from Albertsons following the purchase of many of Albertsons’ northern California stores by Save Mart (although it was originally a Lucky, it had been part of the Albertsons chain for several years after their acquisition of Lucky). BAE has visited this store several times over the years as part of other studies, and the most recent site visits indicated more customer traffic at the store, an impression confirmed by changes in Trade Dimensions sales estimates and BAE interviews with store management. While store management projected a substantial loss of sales from the Supercenter, they did not indicate that the store was likely to close as a result. While close to the Supercenter, it is not at the same traffic node, but is over one mile away. This store also has the advantage of being in a newer center than some of the other stores in Antioch and the Primary Trade Area, with better access to future growth areas to the east via Lone Tree Way and to the south via Deer Valley Road. Thus even if the current operator vacated the space, another supermarket might be supportable at this location in the near future. The other stores in the Primary Trade Area are distant enough that impacts would be spread among the outlets such that the no impacts greater than average could be assumed based on proximity alone.

Based on market niche, the most similar competitors are supermarkets focused on low prices, such as WinCo and the two Food Maxx stores. The WinCo in Brentwood is also relatively close, within two miles of the Antioch Wal-Mart. Based on site visits, this store appears to have strong sales, and WinCo has been aggressive and successful in entering many of the same markets in northern California as Wal-Mart Supercenters. Interviews with store management indicated that they did

not see a risk of closure resulting from the opening of a Supercenter nearby. Furthermore, as an extremely large-format supermarket with low prices and a wide range of goods, the management reported attracting customers from well beyond the Primary Trade Area. Based on the available information, it is not likely that the opening of the Supercenter will lead to the closure of the WinCo in Brentwood. The two Food Maxx stores are the most distant PTA stores from the proposed Supercenter, with each slightly less than six miles from Wal-Mart. Interviews with store management for the Antioch store indicated that while they expected substantial impacts, store management did not predict store closure. The distance of these stores from Wal-Mart makes it less likely that the impacts would be large enough to force closure of these stores.

In the unlikely event that an existing supermarket were to close as the result of proposed Wal-Mart Expansion, it would not necessarily have to be re-tenanted as a supermarket. Vacated supermarkets are commonly leased to other types of users, such as dollar stores or fitness clubs; for example, even in the current economy, dollar stores, which provide bargain shopping, show continued success and growth.<sup>7</sup> These second-tier uses keep the property leased and help prevent a decline into urban decay and physical deterioration. As noted above in Table 8, based on the baseline data gathered in mid-2008, the Primary Trade Area, through capture of some leakage, could support approximately 460,000 square feet of additional retail space. Adding in the sales potential from population growth per ABAG projections (as shown in Table 9), the total potential demand for new retail space in the Primary Trade Area is estimated at 672,000 square feet in 2010 and 974,000 square feet in 2015. However, this analysis was undertaken in summer 2008, prior to the opening of Streets of Brentwood, which is currently approximately two-thirds built out to its total square footage of 460,000 square feet. This project, with its specialized “lifestyle center” retail focus unlike other retail centers in eastern Contra Costa County, likely has captured much of the estimated leakage under the considered baseline conditions. Nevertheless, continued growth in the area will generate demand for additional retail space above and beyond that found in the Streets of Brentwood.<sup>8</sup> With slower or delayed growth due to economic conditions, the timing to reach these numbers would be pushed out a couple of years. In any case, the Primary Trade Area shows ample growth and retail demand to re-absorb a vacant supermarket when considering the Proposed Project on its own.

### **Secondary Trade Area (STA)**

While the above analysis conservatively assumes that all of the sales redirection to the Supercenter will come from the Primary Trade Area, this may somewhat overstate the impacts on PTA stores as a group, since it is likely that the Supercenter will reach stabilized sales levels by attracting shoppers from beyond the PTA, particularly from the STA. Additional consideration should be

---

<sup>7</sup> For instance, see “Family Dollar Stores Q3 Comps Up 6.2%,” RTT News, June 4, 2009, <http://www.rttnews.com/ArticleView.aspx?Id=970067&SMap=1>, accessed June 10, 2009, or “Dollar General profit zooms as shoppers seek value,” Reuters, June 2, 2009, <http://www.reuters.com/article/bondsNews/idUSN0250344420090602>, accessed June 10, 2009.

In the current economy, some of these second-tier uses, which represent bargain shopping, show continued success and growth.

<sup>8</sup> It is also important to note that the largest single tenant at Streets of Brentwood is a 14-screen theater complex, which is not space that is filling retail demand as defined here.

given to the STA, in part because some of the stores in the STA may be attracting shoppers from within the PTA who would patronize the Supercenter instead. The store most likely to be affected would be the recently opened WinCo in Pittsburg. This store, with its large format and broad range of items, low prices, and location near the border with Antioch, functions as more of a regional draw than a typical supermarket, and may be pulling shoppers out of the western portions of the Primary Trade Area. Interviews with WinCo management in 2008 indicated that this store was underperforming expectations; BAE's site visit in mid-2008 also indicated less customer traffic than seen at other WinCos visited by BAE, including the Brentwood store. In March 2009, this store appeared somewhat busier, indicating increased market acceptance and the probable capture of some sales previously directed to the Save Mart in Pittsburg.

In fact, since summer 2008, conditions in Pittsburg have changed substantially with respect to the supermarket inventory. First, an existing 50,200 square-foot Save Mart in Pittsburg closed in September 2008, likely due in part to the increased competition from WinCo.<sup>9</sup> This space is currently vacant and for lease. However, while this space has gone vacant, in March 2009, the former Pittsburg Albertsons/Lucky space of 50,173 square feet, which had been unoccupied for several years, reopened as a Mi Pueblo Food Center, part of a growing Latino-oriented supermarket chain based in San Jose.<sup>10</sup> Effectively, while undergoing one closure and one reopening, Pittsburg has seen almost no net change in the amount of major supermarket space; the marketplace is still in flux, but new operators other than Wal-Mart appear willing to enter the area even under current market conditions.

With respect to WinCo, the company has competed aggressively with Wal-Mart for grocery business in many markets in California and has yet to close a store as a result. In some markets they have either expanded or opened new stores as Wal-Mart opened or planned Supercenters in the same market (e.g., Stockton, Tracy, and Redding). Given the fact that this store is much farther (at seven miles) from the Supercenter than the Brentwood WinCo (at two miles) and also given the successful track record of WinCo's competition with Supercenters to date, BAE deems it unlikely that the impacts will be so great as to lead to closure of the Pittsburg WinCo. The Raley's and FoodsCo in Pittsburg are more local-serving and distant enough from the Antioch Wal-Mart that they should not be at risk of closure, and the new Mi Pueblo is in a specialized niche that may attract shoppers from a broader region even beyond the STA, given the lack of similar large Latino markets in Contra Costa County. The presence of a regular Wal-Mart in Pittsburg also should limit the degree to which the Antioch store, even when expanded, will attract shoppers from Pittsburg and Bay Point. Therefore, it is unlikely that any existing supermarkets in the STA would be at risk of closure due to the Wal-Mart expansion.

The number of shoppers coming from beyond the STA should be minimal due to the presence of other closer Supercenters to the north (approved stores in Fairfield and Suisun City) and east (existing and planned stores in Stockton, planned expansion to Supercenter in Tracy), or just the relative geographic isolation of the combined PTA and STA. Because the number of shoppers

---

<sup>9</sup> "Save Mart to close in Pittsburg," Paul Bugarino, *Oakland Tribune*, August 15, 2008, [http://findarticles.com/p/articles/mi\\_qn4176/is\\_20080815/ai\\_n28058484](http://findarticles.com/p/articles/mi_qn4176/is_20080815/ai_n28058484), accessed March 15, 2009.

<sup>10</sup> Mi Pueblo grocery ready to make Pittsburg debut, Paul Bugarino, *Contra Costa Times*, March 13, 2009, [http://www.contracostatimes.com/ci\\_11909030?source=most\\_emailed](http://www.contracostatimes.com/ci_11909030?source=most_emailed), accessed March 15, 2009.

attracted from beyond the STA would be very limited, any resulting loss in sales among competitive supermarkets beyond the STA would be negligible; therefore, it is highly unlikely that the project would result in store closures outside the Trade Areas.

## **Cumulative Impacts**

Per CEQA requirements, the impacts of the Proposed Project must also be assessed in the context of other likely retail developments in the market area or affecting the market area. The discussion below is limited to those reasonably foreseeable projects that are deemed competitive with the Proposed Project and thus capable of contributing to any cumulative impacts. The most important projects would be those that include outlets directly competitive with the proposed expansion (i.e., supermarkets) that could, in tandem with the proposed project, potentially result in the closure of one or more existing supermarkets. Other retail projects could then result in significant impacts if, in combination with the proposed project and other proposed supermarkets, they led to an oversupply of retail space that could result in long-term vacancies, particularly in the Primary Trade Area. It should be noted again that the Proposed Project consists almost entirely of the addition of a supermarket-equivalent space, with no increase in general merchandise space. As such, the impacts of the project as indicated above are tied to the grocery sales sector, and the project would not contribute substantially to potential impacts on other retail sectors due to other planned and proposed projects that are not food stores.

Following is a discussion of projects that are currently under construction or proposed in the Primary Trade Area, with some additional discussion of Pittsburg. Outside Pittsburg, BAE did not locate any additional planned retail projects in the Secondary Trade Area.

### ***Additional Competitive Supermarkets***

Overall, among projects that are verified as active by the local planning departments, there are a total of approximately 41,000 square feet of additional supermarket space in the Primary Trade Area, all of it in the three Fresh & Easy projects. In Antioch, there are two Fresh & Easy Neighborhood Markets planned, one for the recently approved Buchanan Crossing shopping center on the northwest corner of Buchanan and Somersville Roads, and the other for the Lakeview Center project which is currently in the process of completing its application to the City. The estimated size of these stores is 13,000 to 14,000 square feet. Outside of Antioch, BAE found an additional Fresh & Easy store planned for Oakley in the Laurel Plaza shopping center. These stores are part of a major rollout of stores in California, Arizona, and Nevada by Tesco, a major British retailer, as it tries to establish a beachhead in the American grocery retail market. These additional new markets are of a new prototype for the area, smaller and more convenience-oriented than traditional modern supermarkets, with a focus on house brands and prepared meals. To date there are limited indicators as to Fresh & Easy's success elsewhere; while these local stores are still moving forward, it has been reported that Tesco's entry into the U.S. has not been as successful initially as planned, and the pace of store openings in northern California (none of which are open yet) has been slowed.<sup>11</sup>

---

<sup>11</sup> For some discussion of the problems encountered by Tesco in its rollout of Fresh & Easy Markets, see <http://articles.latimes.com/2008/apr/01/business/fi-fresh1>, or more recently,

There are currently no other reasonably foreseeable supermarket projects in the Primary Trade Area. Safeway had approvals for a store anchoring a center in Oakley, but the entitlements for this project have since expired, so it is no longer an active project. Also, although Wal-Mart had proposed to build a new Supercenter at the River Oaks Crossing Project in Oakley, they withdrew from this project, and even though the overall River Oaks Crossing project was approved, any superstore-type use would require additional approvals to become part of the project, and no such re-application has been submitted or is foreseen.

While Brentwood has substantial additional retail space coming into the market, and has a number of recently built centers that are leasing up slowly, none of the space is known to be slated for supermarket use, and much of it is in smaller centers in spaces not suitable for supermarket tenancy. In the Secondary Trade Area, the remodeling of the Atlantic Plaza center in Pittsburg includes a small 1,300 square-foot expansion for the existing FoodsCo store, in addition to the recently opened Mi Pueblo and the closed Save Mart in Pittsburg, as discussed and accounted for under the discussion of existing conditions above.

#### ***Additional Under-Construction and Planned Retail Outlets***

In addition to the under construction and planned supermarkets, there are additional retail projects in the pipeline in the Primary Trade Area (see Appendix I). These additional projects are relevant here because the retail space they would create would compete with any vacated supermarket space for retail tenants. The largest of the under construction and planned projects is the remaining space planned and under construction at the Streets of Brentwood, totaling approximately 150,000 square feet as of mid-March 2009. As noted above, this is a “lifestyle” center focused on upscale retailers, and may capture substantial leakages from the Primary and Secondary Trade Areas for shoppers who are currently venturing to Concord, Walnut Creek, and other retail destinations. Other large projects include a proposed Target in Antioch on Lone Tree Way (which is not proposed as a SuperTarget with a full line of groceries), the remaining buildout of Lone Tree Crossing in Brentwood adjacent to the WinCo center, and the Neroly Commercial Center in Oakley. There are a number of smaller centers, especially in Brentwood, including some that are partially built. The total additional unbuilt retail space in the pipeline and seen as reasonably foreseeable in the Primary Trade Area is estimated at approximately 940,000 square feet.<sup>12</sup>

The current economic climate and other factors have apparently delayed several projects. The Oakley City Council recently approved a Specific Plan and EIR for River Oaks Crossing, a potentially major region-serving retail project. The center was originally conceived to include up to 690,000 square feet of retail space with a Wal-Mart Supercenter as an anchor, but Wal-Mart withdrew from the project. No applications for development under the Specific Plan have been

---

<http://www.sacbee.com/business/story/1720647.html> or

<http://www.azcentral.com/community/chandler/articles/2009/03/19/20090319biz-tesco0319.html>.

<sup>12</sup> In some cases in the Primary Trade Area, there are projects in the early stages of approval or development where the building footprint (or even the mix of retail and other uses) has not yet been determined. These sites have not been included in the square footage calculations since any estimate of timing and/or building size would be speculative. Also excluded are some projects which are entitled for retail development but where there are no current plans for retail development (e.g., Roddy Ranch).

submitted, and there are no known prospective developers or tenants. In addition, the River Oaks Crossing Specific Plan has been amended to include restrictions that effectively disallow a superstore-type use (i.e., prohibits stores greater than 100,000 square feet in size with a least 10 percent of the sales area dedicated to non-taxable merchandise). In the absence of a formal development application, and without indications that such an application may be forthcoming, the development of the River Oaks Specific Plan Area is not considered to be a probable future project in the near-term. It is therefore not included in the total inventory below of retail space considered to be reasonably foreseeable within the time frame of this analysis. Two other major projects have been withdrawn or had applications expire in Oakley: a center anchored by a Safeway, and another center which included a Home Depot. Various other projects shown in the list are on hold, and in the current market are likely to be delayed. On its recent area tour, BAE noted several projects where building shells had been erected or with vacant pads with no sign of current construction activity. In Lone Tree Crossing, only one space is built and occupied, and while at least one other building is underway, others appear partially built but fenced off with no construction underway. In the Shops at Fairview, Longs and several other tenants are open, but some pads remain unbuilt, again with no signs of construction activity. The number of projects cancelled or delayed is indicative of the market responding to changed conditions, correcting for a potential oversupply of retail space by slowing the pace of development.

#### ***Impacts on Existing Supermarkets***

Table 13 shows an estimate of the cumulative impacts of these stores in combination with the expanded Wal-Mart. Based on the growth as projected by ABAG, the net decrease in sales for existing supermarkets with these additional stores in place would be seven percent in 2010, and by 2015 sales would recover to slightly above current estimated levels. Under the Delayed Growth Scenario, the net sales decline in 2010 would be 11 percent from baseline levels, decreasing to a decline of only three percent in 2015. These sales declines are limited enough and short-term enough that it is unlikely that they could put a supermarket in the PTA at risk of closure, especially for the long term. Even if one supermarket were to close, its sales would then be redistributed among the remaining existing supermarkets, making additional closures unlikely.

With respect to individual store impacts, the addition of the limited square footage of the three Fresh & Easy outlets would not substantially change the potential impacts from those that do not consider cumulative impacts. The three new stores are small, and being scattered throughout the area they should not substantially add to the potential proximity effects on stores near the Wal-Mart (e.g., the Lucky), and are not specialized in the same market niche as existing supermarkets, so they should not impact stores in any particular market niche such that the additional cumulative impacts would be likely to result in the closure of any existing supermarket outlets.

Because of their small size and locations, the additional supermarkets are not projected to capture a substantial proportion of sales from the Secondary Trade Area or beyond. The additional supermarket square footage in the Secondary Trade Area is negligible, a 1,300 square foot expansion to an existing store (see discussion above). The Save Mart in Pittsburg that is closed, did so due to pre-existing conditions (e.g., competition from the Pittsburg WinCo) rather than the Proposed Project's future impacts, and the presence of a Supercenter more than nine miles distant should have a negligible impact on efforts to re-tenant that space as either a supermarket or in some other local-serving use for which it is deemed suitable.

**Table 13: Cumulative Impacts on Primary Trade Area Supermarkets**

<b>ABAG Projected Growth</b>	<b>2008</b>	<b>2010</b>	<b>2015</b>
Supermarket Sales Potential (a)	\$315,000,000	\$325,350,000	\$350,800,000
Existing Supermarket Square Feet (b)	857,199	857,199	857,199
Additional Grocery Store Equivalent in Project (c)		40,000	40,000
Estimated Supermarket Sales in Supercenter (d) (e)		\$20,000,000	\$20,000,000
Other Proposed Supermarkets (f)			
<i>Fresh &amp; Easy Market (Antioch, Buchanan Crossing)</i>		14,000	14,000
<i>Fresh &amp; Easy Market (Antioch, Lakeview Center)</i>		14,000	14,000
<i>Fresh &amp; Easy Market (Oakley)</i>		13,000	13,000
Total Additional Square Feet		41,000	41,000
Average Sales per Square Foot in Other Proposed Stores (g)		\$340	\$368
Estimated Total Sales in Other New Supermarkets		\$13,940,000	\$15,100,000
Estimated Supermarket Sales in All New Stores		\$33,940,000	\$35,100,000
Sales in Existing Outlets (h)	\$315,000,000	\$291,410,000	\$315,700,000
<b>Average Annual Sales per Square Foot at Existing Stores</b>	<b>\$367</b>	<b>\$340</b>	<b>\$368</b>
<b>Percent Change from 2008</b>		<b>-7%</b>	<b>0%</b>
<b>Delayed Growth Scenario</b>	<b>2008</b>	<b>2010</b>	<b>2015</b>
Supermarket Sales Potential (a)	\$315,000,000	\$315,000,000	\$340,390,000
Existing Supermarket Square Feet (b)	857,199	857,199	857,199
Additional Grocery Store Equivalent in Project (c)		40,000	40,000
Estimated Supermarket Sales in Supercenter (d) (e)		\$20,000,000	\$20,000,000
Other Proposed Supermarkets (f)			
<i>Fresh &amp; Easy Market (Antioch, Buchanan Crossing)</i>		14,000	14,000
<i>Fresh &amp; Easy Market (Antioch, Lakeview Center)</i>		14,000	14,000
<i>Fresh &amp; Easy Market (Oakley)</i>		13,000	13,000
Total Additional Square Feet		41,000	41,000
Average Sales per Square Foot in Other Proposed Stores (g)		\$328	\$357
Estimated Sales in Other New Supermarkets		\$13,470,000	\$14,620,000
Estimated Supermarket Sales in All New Stores		\$33,470,000	\$34,620,000
Sales in Existing Outlets (h)	\$315,000,000	\$281,530,000	\$305,770,000
<b>Average Annual Sales per Square Foot at Existing Stores</b>	<b>\$367</b>	<b>\$328</b>	<b>\$357</b>
<b>Percent Change from 2008</b>		<b>-11%</b>	<b>-3%</b>

(a) From Table 12.

(b) From Appendix F.

(c) From Table 1.

(d) From Table 11.

(e) All estimates throughout table in 2006 dollars. All total sales estimates rounded to nearest ten thousand.

(f) From Appendix G.

(g) Assumes average sales at other new outlets will be at same level as existing outlets.

(h) Supermarket sales potential less sales in new stores.

Source: Bay Area Economics 2008, based on information from State Board of Equalization, 2002 Census of Retail Trade, Trade Dimensions, Costco, and as cited in supporting tables.

## Potential for Urban Decay

The causal chain leading to urban decay is dependent on long-term vacancies resulting from store closures due to the entry of a new competitor into the market. Since the analysis above does not point to likely store closure, long-term vacancies and thus urban decay are also not likely to result from the Proposed Project, either alone or cumulatively with other reasonably foreseeable projects. However, in the unlikely event that an existing supermarket was to close, it is likely that any such space would be readily retented. This is primarily due to the fact that supermarket spaces are not only reusable by other grocers, they are also quite suitable and desirable for other retail users such as dollar stores or non-retail users such as fitness centers. Since there is very little or no vacant supermarket-equivalent space in the trade area, there would be no competition from such space which might delay retenting of a closed supermarket space. Additionally, in areas such as the Primary Trade Area where historic growth has been strong and where future growth potential is expected to remain strong once the economy recovers, there is a general expectation that higher-than-desirable vacancy rates will be temporary. Consequently, property owners are more likely to perceive the prospect of properties ultimately being leased at favorable rents, and thus are more likely to maintain their properties in a condition suitable for leasing or releasing. Therefore, the two major factors which can ultimately result in urban decay – prolonged vacancy and lack of property maintenance – cannot be concluded to be present or anticipated. As such, urban decay is not a reasonably foreseeable outcome even in the unlikely event of the closure of a supermarket.

There is also the related question of whether the project could exacerbate conditions for existing vacant spaces and thus contribute to factors which could result in urban decay related to such spaces. Certain non-grocery segments of the market show high vacancy and if all proposed and reasonably foreseeable retail projects were built, this might exacerbate the situation in the short term. However, as mentioned above, the vacancies in the Primary Trade Area are not in spaces suitable for a major competitive supermarket, and are thus not directly competitive with the supermarket retail sector in terms of building occupancy. In other words, the introduction of new supermarket space by Wal-Mart would not delay or inhibit the tenanting or retenting of existing non-supermarket size vacant space in the trade area because none of these spaces are suitable for another supermarket (which might theoretically be seeking to meet unmet grocery demand in the trade area). For example, the three largest vacancies, the two vacated Mervyns stores and the vacant Gottschalks, are too large for a supermarket, and are in centers or retail nodes where such a use would be atypical (e.g., one of the vacated Mervyns stores and the vacated Gottschalks are in the Somersville Towne Center, a mostly-enclosed shopping mall; supermarkets are rarely found in such retail centers).<sup>13</sup> (In the Secondary Trade Area, there is the vacant Save Mart in Pittsburg, but it is located over eight miles from the project site and its potential for retenting would be minimally affected by the Walmart expansion.) Most of the remaining vacancies are smaller spaces in projects scattered throughout the Primary Trade Area. With the exception of downtown Antioch, which consists largely of small storefronts, most of these small-store vacancies are actually in the newest centers in the area, some of which include plans for additional future development not yet underway. In other words, rather than being concentrated in older centers, the vacancies tend to be in the newest spaces, representing centers that are still undergoing initial absorption that has been slowed by the current recession. BAE's tour of these centers and

---

<sup>13</sup> As noted above, the Gottschalks also closed in the summer of 2009.

observation of these vacant storefronts found that these centers were all still well-maintained, and even where construction had been halted mid-project, there were no signs of physical deterioration (e.g., broken windows, graffiti, or other markers for urban decay). Even vacant spaces in downtown Antioch are generally well-maintained. As mentioned above, in areas such as the Primary Trade Area where historic growth has been strong and where future growth potential is expected to remain strong once the economy recovers, there is a general expectation that higher-than-desirable vacancy rates will be temporary. Consequently, property owners are more likely to perceive the prospect of properties ultimately being leased at favorable rents, and thus are more likely to maintain their properties such that urban decay is avoided. This is not to say that the retail climate in the area is not currently challenging, only that this project will not be a causal factor for urban decay, for the reasons discussed above.

In summary, it is BAE's conclusion that urban decay is not a likely result of the proposed project, neither under project-specific conditions nor under cumulative conditions. The analysis shows that it is unlikely that the project would result in closures of competitive businesses resulting in building vacancies. In the unlikely event that such a vacancy was to occur, none of the other conditions which could ultimately lead to urban decay - prolonged vacancy and lack of property maintenance - are anticipated to occur. Additionally, it is unlikely that the project would contribute to the development of urban decay conditions at currently vacant properties. Given the lack of existing vacancies that would be suitable for a competing supermarket tenant, the introduction of the project to the trade area would not delay or inhibit the retenanting of larger or smaller existing vacant spaces that do exist. Despite the current unfavorable retail climate, the projected long term growth potential in the trade area is strong, and owners of vacant spaces (many of which are newly constructed) are maintaining their properties in a condition suitable for leasing with no sign of neglect or deferred maintenance. Therefore, there is no evidence to indicate that the project would result in conditions ultimately leading to urban decay, or that it would exacerbate existing conditions that might lead to urban decay. As such, the project's impacts in terms of urban decay are less than significant, at both the project-specific and cumulative levels of analysis.



## Appendices



---

**Appendix A: Trade Area Census Tracts**

---

<u>County</u>	<u>Tract</u>
Contra Costa	3010
Contra Costa	3020.02
Contra Costa	3020.03
Contra Costa	3020.04
Contra Costa	3031
Contra Costa	3032
Contra Costa	3040
Contra Costa	3050
Contra Costa	3060.01
Contra Costa	3060.02
Contra Costa	3071.01
Contra Costa	3071.02
Contra Costa	3072.01
Contra Costa	3072.02
Contra Costa	3072.04
Contra Costa	3072.05
Contra Costa	3080.01
Contra Costa	3080.02
Contra Costa	3090
Contra Costa	3100
Contra Costa	3110
Contra Costa	3120
Contra Costa	3131.01
Contra Costa	3131.02
Contra Costa	3131.03
Contra Costa	3132.01
Contra Costa	3132.02
Contra Costa	3141.02
Contra Costa	3141.03
Contra Costa	3141.04
Contra Costa	3142
Contra Costa	3150
Contra Costa	3551.01
Contra Costa	3551.06
Contra Costa	3552
<u>STA Zip Codes</u>	<u>Zip Code</u>
Bethel Island	94511
Byron/Discovery Bay	94514
Knightsen	94548
Pittsburg/Bay Point	94565

---

Note: Primary Trade Area is the Cities of Antioch, Brentwood, and Oakley. The Secondary Trade Area is this list of tracts less the three cities.

---

**Appendix B: Unemployment and Labor Force Trends in Civilian Labor Force**


---

	Primary Trade Area				Contra Costa County			
	Labor Force (a)	Employment	Unemployment	Unemployment Rate	Labor Force (a)	Employment	Unemployment	Unemployment Rate
<b>2000</b>	70,200	67,700	2,500	3.6%	500,700	483,000	17,700	3.5%
<b>2001</b>					508,700	488,100	20,600	4.1%
<b>2002</b>					513,700	484,300	29,400	5.7%
<b>2003</b>					512,200	480,900	31,300	6.1%
<b>2004</b>					512,000	484,100	27,900	5.4%
<b>2005</b>					515,400	490,200	25,200	4.9%
<b>2006</b>					519,000	496,700	22,300	4.3%
<b>2007</b>					526,100	501,200	24,900	4.7%
<b>May 2008</b>					529,700	499,200	30,500	5.8%

---

(a) Civilian Labor Force refers to workers by place of residence. Sum may not equal parts due to independent rounding. Data represent annual averages of monthly employment data. While data are published for the PTA for years after 2000, these data have been deemed unreliable since they do not take into account the rapid household growth in the area relative to the County as a whole.

Sources: California Employment Development Department; Bay Area Economics, 2008.

**Appendix C-1: Antioch Taxable Retail Sales Trends, 2000 to 2007 (Adjusted for Inflation)**

	2000	2001	2002	2003	2004	2005	2006	3Q 06 - 2Q 07
<b>City of Antioch Sales in 2006 \$000 (a) (b) (c)</b>								
Apparel Stores	\$18,706	\$19,697	\$20,594	\$22,208	\$25,690	\$33,221	\$32,104	\$31,888
General Merchandise Stores	\$194,407	\$210,413	\$213,606	\$226,153	\$253,518	\$259,318	\$258,433	\$255,649
Food Stores	\$55,409	\$58,174	\$58,517	\$56,208	\$51,745	\$50,771	\$47,610	\$47,143
Eating and Drinking Places	\$64,738	\$70,451	\$74,403	\$78,414	\$93,772	\$93,675	\$95,249	\$93,537
Home Furnishings and Appliances	\$13,500	\$12,175	\$16,478	\$18,645	\$25,272	\$26,934	\$24,915	\$22,826
Building Materials and Farm Implements (d)	\$54,337	\$61,821	\$85,327	\$99,717	\$109,472	\$135,119	\$123,619	\$113,194
Auto Dealers and Auto Supplies	\$146,996	\$163,944	\$161,205	\$149,300	\$149,365	\$142,367	\$163,306	\$181,834
Service Stations	\$62,285	\$70,201	\$65,031	\$71,513	\$78,665	\$79,911	\$89,366	\$95,449
Other Retail Stores	\$55,528	\$58,014	\$58,722	\$67,501	\$89,010	\$90,888	\$90,721	\$87,879
<b>Retail Stores Total</b>	<b>\$665,905</b>	<b>\$724,889</b>	<b>\$753,884</b>	<b>\$789,659</b>	<b>\$876,509</b>	<b>\$912,204</b>	<b>\$925,323</b>	<b>\$929,399</b>

	2000	2001	2002	2003	2004	2005	2006	3Q 06 - 2Q 07
<b>Antioch Sales per Capita in 2006 \$ (c) (e)</b>								
Apparel Stores	\$207	\$211	\$213	\$224	\$255	\$331	\$322	\$320
General Merchandise Stores	\$2,147	\$2,259	\$2,211	\$2,284	\$2,521	\$2,585	\$2,592	\$2,564
Food Stores	\$612	\$625	\$606	\$568	\$515	\$506	\$477	\$473
Eating and Drinking Places	\$715	\$756	\$770	\$792	\$933	\$934	\$955	\$938
Home Furnishings and Appliances	\$149	\$131	\$171	\$188	\$251	\$269	\$250	\$229
Building Materials and Farm Implements (d)	\$600	\$664	\$883	\$1,007	\$1,089	\$1,347	\$1,240	\$1,135
Auto Dealers and Auto Supplies	\$1,624	\$1,760	\$1,669	\$1,508	\$1,485	\$1,419	\$1,638	\$1,824
Service Stations	\$688	\$754	\$673	\$722	\$782	\$797	\$896	\$957
Other Retail Stores	\$613	\$623	\$608	\$682	\$885	\$906	\$910	\$881
<b>Retail Stores Total</b>	<b>\$7,355</b>	<b>\$7,783</b>	<b>\$7,805</b>	<b>\$7,976</b>	<b>\$8,717</b>	<b>\$9,094</b>	<b>\$9,279</b>	<b>\$9,322</b>

<b>Population</b>	<b>90,532</b>	<b>93,141</b>	<b>96,589</b>	<b>99,001</b>	<b>100,549</b>	<b>100,308</b>	<b>99,723</b>	<b>99,704</b>
-------------------	---------------	---------------	---------------	---------------	----------------	----------------	---------------	---------------

**Notes:**

Third quarter 2006 through second quarter 2007 represents most recent data available.

(a) Retail sales have been adjusted to 2006 dollars based on the Taxable Sales Deflators calculated by the State Board of Equalization (BOE). 2007 deflation factor has not yet been calculated. No inflation assumed from 2006 through 2007. Given the low rate of inflation historically in this index, this is not an unreasonable assumption, and even if inflation is at a slightly higher level, it would not materially affect the analysis.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) A '#' sign indicates data suppressed to preserve confidentiality due to four or fewer outlets or sales of more than 80% of the category in one store. Suppressed sales have been combined with Other Retail Stores.

(d) Starting in 2007, BOE has reclassified some outlet types, and farm implements are no longer combined with building materials, but are included in the other retail stores category.

(e) Per capita sales calculated based on State Board of Equalization reported sales and most recent Department of Finance annual population estimates benchmarked to the decennial Census. Since sales data for the last period spans the two years, the population figure used is the midpoint between the 2006 and 2007 DOF estimates.

Sources: State Board of Equalization; 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2008.

**Appendix C-2: Brentwood Taxable Retail Sales Trends, 2000 to 2007 (Adjusted for Inflation)**

**City of Brentwood Sales in 2006 \$000 (a) (b) (c)**

	2000	2001	2002	2003	2004	2005	2006	3Q 06 - 2Q 07
Apparel Stores	\$1,055	\$961	\$4,477	\$7,422	#	\$24,551	\$25,923	\$26,728
General Merchandise Stores	\$6,896	\$8,275	\$9,359	\$14,804	\$14,322	\$14,720	\$15,321	\$16,507
Food Stores	\$23,297	\$26,425	\$27,488	\$31,931	\$38,028	\$40,154	\$41,422	\$42,603
Eating and Drinking Places	\$20,545	\$23,408	\$25,840	\$28,929	\$31,949	\$40,321	\$43,368	\$46,325
Home Furnishings and Appliances	\$3,030	\$3,279	\$5,585	\$13,270	\$15,551	\$18,982	\$16,874	\$16,513
Building Materials and Farm Implements (d)	\$18,192	\$21,022	\$18,618	\$19,107	\$71,334	\$71,825	\$63,634	\$62,595
Auto Dealers and Auto Supplies	\$54,935	\$52,805	\$47,976	\$45,987	\$47,882	\$55,726	\$59,000	\$58,441
Service Stations	\$18,704	\$21,419	\$26,425	\$33,931	\$42,132	\$50,623	\$62,556	\$67,540
Other Retail Stores	\$10,006	\$11,726	\$13,913	\$15,076	\$50,092	\$38,153	\$34,546	\$36,290
<b>Retail Stores Total</b>	<b>\$156,660</b>	<b>\$169,320</b>	<b>\$179,679</b>	<b>\$210,457</b>	<b>\$311,290</b>	<b>\$355,056</b>	<b>\$362,644</b>	<b>\$373,542</b>

**Brentwood Sales per Capita in 2006 \$ (c) (e)**

	2000	2001	2002	2003	2004	2005	2006	3Q 06 - 2Q 07
Apparel Stores	\$45	\$37	\$149	\$218	#	\$585	\$566	\$566
General Merchandise Stores	\$296	\$316	\$312	\$435	\$374	\$351	\$335	\$350
Food Stores	\$1,000	\$1,009	\$918	\$938	\$993	\$958	\$905	\$902
Eating and Drinking Places	\$882	\$894	\$863	\$850	\$834	\$961	\$948	\$981
Home Furnishings and Appliances	\$130	\$125	\$186	\$390	\$406	\$453	\$369	\$350
Building Materials and Farm Implements (d)	\$781	\$803	\$622	\$561	\$1,862	\$1,713	\$1,390	\$1,326
Auto Dealers and Auto Supplies	\$2,358	\$2,017	\$1,602	\$1,351	\$1,250	\$1,329	\$1,289	\$1,238
Service Stations	\$803	\$818	\$882	\$997	\$1,100	\$1,207	\$1,367	\$1,430
Other Retail Stores	\$429	\$448	\$464	\$443	\$1,308	\$910	\$755	\$768
<b>Retail Stores Total</b>	<b>\$6,723</b>	<b>\$6,468</b>	<b>\$5,999</b>	<b>\$6,183</b>	<b>\$8,126</b>	<b>\$8,467</b>	<b>\$7,923</b>	<b>\$7,910</b>

**Population**

2000	23,302	26,179	29,953	34,040	38,309	41,936	45,770	47,224
------	--------	--------	--------	--------	--------	--------	--------	--------

**Notes:**

Third quarter 2006 through second quarter 2007 represents most recent data available.

(a) Retail sales have been adjusted to 2006 dollars based on the Taxable Sales Deflators calculated by the State Board of Equalization (BOE). 2007 deflation factor has not yet been calculated. No inflation assumed from 2006 through 2007. Given the low rate of inflation historically in this index, this is not an unreasonable assumption, and even if inflation is at a slightly higher level, it would not materially affect the analysis.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) A "#" sign indicates data suppressed to preserve confidentiality due to four or fewer outlets or sales of more than 80% of the category in one store. Suppressed sales have been combined with Other Retail Stores.

(d) Starting in 2007, BOE has reclassified some outlet types, and farm implements are no longer combined with building materials, but are included in the other retail stores category.

(e) Per capita sales calculated based on State Board of Equalization reported sales and most recent Department of Finance annual population estimates benchmarked to the decennial Census. Since sales data for the last period spans the two years, the population figure used is the midpoint between the 2006 and 2007 DOF estimates.

Sources: State Board of Equalization; 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2008.



**Appendix C-4: Pittsburgh Taxable Retail Sales Trends, 2000 to 2007 (Adjusted for Inflation)**

	2000	2001	2002	2003	2004	2005	2006	3Q 06 - 2Q 07
<b>City of Pittsburgh Sales in 2006 \$000 (a) (b) (c)</b>								
Apparel Stores	\$22,357	\$22,809	\$22,429	\$22,255	\$21,804	\$18,011	\$16,597	\$15,965
General Merchandise Stores	\$89,241	\$97,778	\$94,926	\$88,777	\$83,018	\$85,007	\$84,021	\$84,356
Food Stores	\$30,960	\$36,185	\$35,063	\$32,306	\$33,219	\$33,111	\$31,941	\$31,321
Eating and Drinking Places	\$39,628	\$43,762	\$47,677	\$51,914	\$51,546	\$52,602	\$55,718	\$59,266
Home Furnishings and Appliances	\$7,229	\$10,580	\$19,542	\$30,362	\$25,218	\$24,463	\$22,828	\$19,263
Building Materials and Farm Implements (d)	\$4,876	\$82,164	\$94,959	\$94,595	\$95,729	\$90,570	\$74,232	\$75,503
Auto Dealers and Auto Supplies	\$141,784	\$212,892	\$193,108	\$104,968	\$173,369	\$195,285	\$172,198	\$166,188
Service Stations	\$14,259	\$13,394	\$11,527	\$23,960	\$31,351	\$35,345	\$40,853	\$47,274
Other Retail Stores	\$49,414	\$73,743	\$107,785	\$73,761	\$75,756	\$77,871	\$76,520	\$72,477
<b>Retail Stores Total</b>	<b>\$469,749</b>	<b>\$593,308</b>	<b>\$627,016</b>	<b>\$522,898</b>	<b>\$591,011</b>	<b>\$612,266</b>	<b>\$574,908</b>	<b>\$571,613</b>

(a) Retail sales have been adjusted to 2006 dollars based on the Taxable Sales Defators calculated by the State Board of Equalization (BOE). 2007 deflation factor has not yet been calculated. No inflation assumed from 2006 through 2007. Given the low rate of inflation historically in this index, this is not an unreasonable assumption, and even if inflation is at a slightly higher level, it would not materially affect the analysis.  
 (b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.  
 (c) A '#' sign indicates data suppressed to preserve confidentiality due to four or fewer outlets or sales of more than 80% of the category in one store. Suppressed sales have been combined with Other Retail Stores.  
 (d) Starting in 2007, BOE has reclassified some outlet types, and farm implements are no longer combined with building materials, but are included in the other retail stores category.  
 (e) Per capita sales calculated based on State Board of Equalization reported sales and most recent Department of Finance annual population estimates benchmarked to the decennial Census. Since sales data for the last period spans the two years, the population figure used is the midpoint between the 2006 and 2007 DOF estimates.

	2000	2001	2002	2003	2004	2005	2006	3Q 06 - 2Q 07
<b>Pittsburgh Sales per Capita in 2006 \$ (c) (e)</b>								
Apparel Stores	\$394	\$393	\$375	\$366	#	\$230	\$267	\$256
General Merchandise Stores	\$1,572	\$1,687	\$1,587	\$1,458	\$1,351	\$1,368	\$1,350	\$1,350
Food Stores	\$545	\$624	\$586	\$531	\$541	\$533	\$513	\$501
Eating and Drinking Places	\$698	\$755	\$797	\$853	\$839	\$846	\$896	\$949
Home Furnishings and Appliances	\$127	\$183	\$327	\$499	\$410	\$394	\$367	\$308
Building Materials and Farm Implements (d)	\$1,319	\$1,417	\$1,587	\$1,554	\$1,558	\$1,457	\$1,193	\$1,209
Auto Dealers and Auto Supplies	\$2,498	\$3,673	\$3,228	\$1,724	\$2,821	\$3,142	\$2,768	\$2,660
Service Stations	\$251	\$231	\$193	\$394	\$510	\$569	\$657	\$757
Other Retail Stores	\$870	\$1,272	\$1,802	\$1,211	\$1,233	\$1,253	\$1,230	\$1,160
<b>Retail Stores Total</b>	<b>\$8,275</b>	<b>\$10,236</b>	<b>\$10,482</b>	<b>\$8,588</b>	<b>\$9,262</b>	<b>\$9,852</b>	<b>\$9,240</b>	<b>\$9,151</b>

Population 56,769 57,964 59,821 60,888 61,456 62,147 62,218 62,465

**Notes:**

Third quarter 2006 through second quarter 2007 represents most recent data available.  
 (a) Retail sales have been adjusted to 2006 dollars based on the Taxable Sales Defators calculated by the State Board of Equalization (BOE). 2007 deflation factor has not yet been calculated. No inflation assumed from 2006 through 2007. Given the low rate of inflation historically in this index, this is not an unreasonable assumption, and even if inflation is at a slightly higher level, it would not materially affect the analysis.  
 (b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.  
 (c) A '#' sign indicates data suppressed to preserve confidentiality due to four or fewer outlets or sales of more than 80% of the category in one store. Suppressed sales have been combined with Other Retail Stores.  
 (d) Starting in 2007, BOE has reclassified some outlet types, and farm implements are no longer combined with building materials, but are included in the other retail stores category.  
 (e) Per capita sales calculated based on State Board of Equalization reported sales and most recent Department of Finance annual population estimates benchmarked to the decennial Census. Since sales data for the last period spans the two years, the population figure used is the midpoint between the 2006 and 2007 DOF estimates.

Sources: State Board of Equalization; 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2008.

**Appendix C-5: Contra Costa County Taxable Retail Sales Trends, 2000 to 2007 (Adjusted for Inflation)**

Contra Costa Sales in 2006 \$000 (a) (b) (c)

	2000	2001	2002	2003	2004	2005	2006	3Q 06 - 2Q 07
Apparel Stores	\$354,449	\$363,259	\$378,332	\$399,466	\$428,276	\$459,636	\$462,451	\$469,534
General Merchandise Stores	\$1,703,505	\$1,766,824	\$1,781,536	\$1,820,769	\$1,869,563	\$1,874,337	\$1,882,310	\$1,896,036
Food Stores	\$570,624	\$612,739	\$618,704	\$624,029	\$621,830	\$618,245	\$607,062	\$611,077
Eating and Drinking Places	\$872,944	\$922,292	\$955,682	\$982,738	\$1,036,240	\$1,068,264	\$1,098,793	\$1,116,522
Home Furnishings and Appliances	\$482,207	\$478,634	\$489,617	\$504,994	\$513,244	\$492,807	\$468,008	\$446,980
Building Materials and Farm Implements (d)	\$810,262	\$902,457	\$934,366	\$986,960	\$1,125,912	\$1,112,402	\$1,027,731	\$1,021,681
Auto Dealers and Auto Supplies	\$1,847,318	\$1,974,389	\$1,978,701	\$1,852,829	\$1,884,146	\$1,991,814	\$1,871,103	\$1,870,583
Service Stations	\$660,095	\$831,407	\$790,416	\$808,165	\$960,192	\$1,062,892	\$1,190,703	\$1,270,348
Other Retail Stores	\$1,563,186	\$1,531,751	\$1,638,925	\$1,568,514	\$1,662,602	\$1,675,442	\$1,667,746	\$1,583,301
<b>Retail Stores Total</b>	<b>\$9,064,591</b>	<b>\$9,383,753</b>	<b>\$9,566,278</b>	<b>\$9,548,463</b>	<b>\$10,102,004</b>	<b>\$10,255,840</b>	<b>\$10,275,907</b>	<b>\$10,286,062</b>

Contra Costa Sales per Capita in 2006 \$ (c) (e)

	2000	2001	2002	2003	2004	2005	2006	3Q 06 - 2Q 07
Apparel Stores	\$374	\$376	\$385	\$402	\$426	\$452	\$451	\$455
General Merchandise Stores	\$1,795	\$1,829	\$1,815	\$1,832	\$1,859	\$1,844	\$1,834	\$1,837
Food Stores	\$601	\$634	\$630	\$628	\$618	\$608	\$592	\$592
Eating and Drinking Places	\$920	\$955	\$974	\$989	\$1,030	\$1,051	\$1,071	\$1,082
Home Furnishings and Appliances	\$508	\$495	\$499	\$508	\$510	\$485	\$456	\$433
Building Materials and Farm Implements (d)	\$854	\$934	\$952	\$993	\$1,120	\$1,095	\$1,001	\$990
Auto Dealers and Auto Supplies	\$1,947	\$2,044	\$2,016	\$1,865	\$1,874	\$1,861	\$1,823	\$1,813
Service Stations	\$906	\$861	\$805	\$813	\$955	\$1,046	\$1,160	\$1,231
Other Retail Stores	\$1,648	\$1,586	\$1,670	\$1,579	\$1,653	\$1,649	\$1,625	\$1,534
<b>Retail Stores Total</b>	<b>\$9,554</b>	<b>\$9,714</b>	<b>\$9,746</b>	<b>\$9,609</b>	<b>\$10,046</b>	<b>\$10,091</b>	<b>\$10,013</b>	<b>\$9,968</b>

Population

	948,816	966,012	981,536	993,668	1,005,590	1,016,304	1,026,234	1,031,907
--	---------	---------	---------	---------	-----------	-----------	-----------	-----------

Notes:

Third quarter 2006 through second quarter 2007 represents most recent data available.

(a) Retail sales have been adjusted to 2006 dollars based on the Taxable Sales Deflators calculated by the State Board of Equalization (BOE). 2007 deflation factor has not yet been calculated. No inflation assumed from 2006 through 2007. Given the low rate of inflation historically in this index, this is not an unreasonable assumption, and even if inflation is at a slightly higher level, it would not materially affect the analysis.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) A "\*" sign indicates data suppressed to preserve confidentiality due to four or fewer outlets or sales of more than 80% of the category in one store. Suppressed sales have been combined with Other Retail Stores.

(d) Starting in 2007, BOE has reclassified some outlet types, and farm implements are no longer combined with building materials, but are included in the other retail stores category.

(e) Per capita sales calculated based on State Board of Equalization reported sales and most recent Department of Finance annual population estimates benchmarked to the decennial Census. Since sales data for the last period spans the two years, the population figure used is the midpoint between the 2006 and 2007 DOF estimates.

Sources: State Board of Equalization; 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2008.

**Appendix C-6: California Taxable Retail Sales Trends, 2000 to 2007 (Adjusted for Inflation)**

	2000	2001	2002	2003	2004	2005	2006	3Q 06 - 2Q 07
<b>California Sales in 2006 \$000 (a) (b) (c)</b>								
Apparel Stores	\$13,464,045	\$14,048,569	\$14,838,799	\$16,059,952	\$17,664,703	\$19,053,511	\$19,829,416	\$20,562,077
General Merchandise Stores	\$48,029,172	\$49,517,797	\$51,284,978	\$53,482,162	\$56,190,251	\$57,823,183	\$59,264,894	\$59,956,208
Food Stores	\$19,256,369	\$19,751,695	\$20,045,062	\$20,533,245	\$20,653,035	\$21,513,939	\$21,864,179	\$21,941,421
Eating and Drinking Places	\$37,163,893	\$38,666,065	\$40,277,345	\$42,372,104	\$45,080,763	\$47,259,607	\$49,229,418	\$50,622,163
Home Furnishings and Appliances	\$14,245,363	\$13,989,526	\$14,790,236	\$15,980,081	\$17,089,888	\$17,705,945	\$17,383,449	\$17,203,492
Building Materials and Farm Implements (d)	\$25,995,967	\$27,765,935	\$29,694,364	\$32,473,626	\$38,679,558	\$40,381,051	\$39,811,541	\$37,402,711
Auto Dealers and Auto Supplies	\$59,450,958	\$63,772,435	\$67,504,144	\$70,940,365	\$73,722,194	\$74,944,164	\$71,574,816	\$72,358,087
Service Stations	\$26,419,271	\$25,839,191	\$25,309,211	\$29,321,753	\$34,126,581	\$39,270,159	\$43,579,719	\$45,052,385
Other Retail Stores	\$56,821,899	\$55,099,011	\$55,273,644	\$57,622,533	\$61,577,270	\$64,712,843	\$66,529,140	\$66,319,210
<b>Retail Stores Total</b>	<b>\$300,846,938</b>	<b>\$308,450,224</b>	<b>\$319,017,785</b>	<b>\$338,785,822</b>	<b>\$364,784,243</b>	<b>\$382,664,401</b>	<b>\$389,066,572</b>	<b>\$391,417,754</b>

	2000	2001	2002	2003	2004	2005	2006	3Q 06 - 2Q 07
<b>California Sales per Capita in 2006 \$ (c) (e)</b>								
Apparel Stores	\$397	\$408	\$423	\$450	\$488	\$520	\$534	\$551
General Merchandise Stores	\$1,418	\$1,438	\$1,463	\$1,500	\$1,552	\$1,577	\$1,597	\$1,606
Food Stores	\$568	\$574	\$572	\$576	\$571	\$587	\$589	\$588
Eating and Drinking Places	\$1,097	\$1,123	\$1,149	\$1,188	\$1,245	\$1,289	\$1,326	\$1,356
Home Furnishings and Appliances	\$421	\$406	\$422	\$448	\$472	\$483	\$468	\$461
Building Materials and Farm Implements (d)	\$767	\$806	\$847	\$911	\$1,069	\$1,101	\$1,073	\$1,002
Auto Dealers and Auto Supplies	\$1,755	\$1,852	\$1,925	\$1,990	\$2,037	\$2,043	\$1,928	\$1,938
Service Stations	\$780	\$750	\$722	\$822	\$943	\$1,071	\$1,174	\$1,207
Other Retail Stores	\$1,677	\$1,600	\$1,576	\$1,616	\$1,701	\$1,764	\$1,793	\$1,776
<b>Retail Stores Total</b>	<b>\$8,882</b>	<b>\$8,959</b>	<b>\$9,098</b>	<b>\$9,502</b>	<b>\$10,077</b>	<b>\$10,434</b>	<b>\$10,483</b>	<b>\$10,483</b>

<b>Population</b>	<b>33,873,086</b>	<b>34,430,970</b>	<b>35,063,959</b>	<b>35,652,700</b>	<b>36,199,342</b>	<b>36,675,346</b>	<b>37,114,598</b>	<b>37,337,019</b>
-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

**Notes:**

Third quarter 2006 through second quarter 2007 represents most recent data available.

(a) Retail sales have been adjusted to 2006 dollars based on the Taxable Sales Deflators calculated by the State Board of Equalization (BOE). 2007 deflation factor has not yet been calculated. No inflation assumed from 2006 through 2007. Given the low rate of inflation historically in this index, this is not an unreasonable assumption, and even if inflation is at a slightly higher level, it would not materially affect the analysis.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) A "#" sign indicates data suppressed to preserve confidentiality due to four or fewer outlets or sales of more than 80% of the category in one store. Suppressed sales have been combined with Other Retail Stores.

(d) Starting in 2007, BOE has reclassified some outlet types, and farm implements are no longer combined with building materials, but are included in the other retail stores category.

(e) Per capita sales calculated based on State Board of Equalization reported sales and most recent Department of Finance annual population estimates benchmarked to the decennial Census. Since sales data for the last period spans the two years, the population figure used is the midpoint between the 2006 and 2007 DOF estimates.

Sources: State Board of Equalization; 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2008.

**Appendix D: Comparison of Total and Taxable Sales**

	<u>Oakley</u>	<u>Antioch</u>	<u>Brentwood</u>	<u>PTA</u>	<u>Pittsburg</u>	<u>Contra Costa County</u>	<u>State</u>
<b>Total Sales, from 2002 Economic Census (a) (b):</b>							
NAICS Code	445	445	44511 (d)		445	445	445
Food and beverage stores	\$50,828	\$180,145	\$78,379	\$309,352	\$85,610	\$2,030,074	\$60,243,253
<b>Taxable Sales, from State Board of Equalization (a) (c):</b>							
Food Store Taxable Sales	\$19,434	\$55,324	\$25,988	\$100,746	\$35,063	\$584,948	\$18,951,412
<b>Percent Taxable Sales:</b>	<b>38%</b>	<b>31%</b>	<b>33%</b>	<b>33%</b>	<b>41%</b>	<b>29%</b>	<b>31%</b>
General Merchandise							
<b>Total Sales, from Economic Census (a) (b):</b>							
General Merchandise Stores (NAICS 452)	D	\$191,207	D		D	1,628,813	\$46,696,215
Drug and Proprietary Stores (NAICS 44611)	D	\$31,288	D		\$15,191	\$494,394	\$17,635,808
Total General Merchandise Store Group	D	\$222,495	D		D	\$2,123,207	\$64,332,023
<b>Taxable Sales, from State Board of Equalization (a) (c):</b>							
General Merchandise Stores							
Drug Stores							
Total General Merchandise Store Group		201,952				\$1,476,093	\$42,741,257
<b>Percent Taxable Sales:</b>							
General Merchandise Stores						\$208,243	\$5,745,634
Drug Stores						\$1,684,336	\$48,486,891
Total General Merchandise Store Group		<b>91%</b>				<b>91%</b>	<b>92%</b>
						<b>42%</b>	<b>33%</b>
						<b>79%</b>	<b>75%</b>

**Notes:**

- (a) Sales in \$1,000s.
- (b) Sales expressed in uninflated dollars.
- (c) These are the best matches available for type of store. Because they are not necessarily exact matches, and because the Economic Census and the State Board of Equalization rely on different data gathering methodologies, the percentages calculated here should be seen as general guides rather than hard and fast rules for food stores. Individual stores may vary widely due to product mix and other factors.
- (d) Data for larger 445 group is suppressed according to confidentiality rules; however, these stores likely represent most of sales in the category.

Sources: 2002 Economic Census; California State Board of Equalization; Bay Area Economics, 2008.

**Appendix E: Estimated Retail Sales for Secondary Trade Area, 2006**

	<b>Pittsburg/Bay Point</b>	<b>East County Unincorporated</b>	<b>Secondary Trade Area</b>	<b>California</b>
<b>Sales in 2006 \$000 (a)</b>				
General Merchandise Stores	\$132,881	\$6,678	\$139,558	\$78,632,192
Food Stores	\$132,929	\$35,262	\$168,191	\$69,502,434
All Other Retail	\$449,420	\$30,025	\$479,445	\$307,937,499
<b>Retail Stores Total</b>	<b>\$715,230</b>	<b>\$71,964</b>	<b>\$787,194</b>	<b>\$456,072,125</b>

	<b>Pittsburg/Bay Point</b>	<b>East County Unincorporated</b>	<b>Secondary Trade Area</b>	<b>California</b>
<b>Sales per Capita in 2006 \$</b>				
General Merchandise Stores	\$1,508	\$428	\$1,286	\$2,106
Food Stores	\$1,509	\$2,262	\$1,550	\$1,861
All Other Retail	\$5,101	\$1,926	\$4,420	\$8,248
<b>Retail Stores Total (b)</b>	<b>\$8,118</b>	<b>\$4,616</b>	<b>\$7,256</b>	<b>\$12,215</b>

<b>Population (b)</b>	<b>88,104</b>	<b>15,590</b>	<b>108,482</b>	<b>37,337,019</b>
-----------------------	---------------	---------------	----------------	-------------------

**Notes:**

2006 represents most recent Zip Code data available at time of analysis.

For this table, Secondary Trade Area locales have been defined by Zip Code for sales due to data availability. See Appendix A for a list of Zip Codes by locale. These Zip Codes represent the best fit to the STA, but boundaries may vary. Except for California, which is derived from BOE data as shown in Appendix C, sales have been estimated using Zip Code Business Patterns employment data and per-employee sales data by detailed NAICS code from the 2002 Economic Census. These estimates may vary from other sources, and should be considered to have some margin of error. Because of these limitations, data by category is only presented for the key categories of general merchandise and food stores.

(a) Retail sales have been adjusted to 2006 dollars based on the Taxable Sales Deflators calculated by the State Board of Equalization (BOE).

(b) Population estimate derived based on ABAG 20005 and 2010 estimates, assuming a constant rate of growth over the period to obtain the 2006 estimate. State estimate from DOF. Tracts used for subareas of STA represent a best fit with the portion of the secondary area under consideration, but in some cases tract boundaries do not follow city boundaries, and portions of the PTA may be in these tracts. Consider this as an "order of magnitude" estimate as a result.

Sources: State Board of Equalization; ABAG; 2000 U.S. Census; State Department of Finance; U.S. Census of Retail Trade, 2002; Zip Code and County Business Patterns 2006; Bay Area Economics, 2008.

---

**Appendix F: Notes and Sources for Tables 7, 8, and 9**

---

**Table 7**

- (a) Per Capita sales from Table 6. Sales have been benchmarked to Contra Costa County or California statewide, using whichever per capita number was smaller. The PTA had income levels and demographics more similar to statewide, but in order to be more conservative, if the County level was lower it was used.
- (b) 2007 per capita taxable sales times 2007 population. 2007 population data from Table 6.
- (c) Injection/Leakage = PTA Actual Sales less Potential Sales.

**Table 8**

Assumptions have been made regarding possible capture by the proposed project of leakage in each category; for instance, the Trade Area is unlikely to achieve 100 percent capture of "leaking" general merchandise sales, because some general merchandise shopping is mall-based, and shoppers seeking mall stores are likely to go elsewhere. The project is assumed not to capture any sales in service stations and automotive retail. New sales based on current per capita levels, so it is assumed that the area can continue to capture 100% of that level. Total capture from future sales equals current per capita levels adjusted to include capture of additional sales as shown in top half of table.

Sales per square foot in relevant categories has been derived as follows:

Apparel Stores	Based on mix of HdL highs and lows for a mix of store types in this category.
General Merchandise Stores	Average of average sales per square foot for Wal-Mart and Target, from most recent Annual Reports or 10-Ks available at the time of BAE's analysis.
Food Stores	Based on ULI's/ICSC's <i>Dollars &amp; Cents of Shopping Centers/The SCORE: 2008</i> . Median for all supermarkets in super community/community shopping centers
Eating and Drinking Places	Based on mix of HdL highs and lows for a mix of store types in this category.
Home Furnishings and Appliances	Based on mix of HdL highs and lows and ULI data for a mix of store types in this category.
Building Materials	Average of Lowe's and Home Depot averages from 2006 Annual Reports.
Motor Vehicles and Parts	n/a
Service Stations	n/a
Other Retail Stores	ULI national median sales per square foot for all types of retail in supercommunity/community shopping centers, from <i>Dollars &amp; Cents of Shopping Centers/The SCORE, 2008</i> .

Additional supportable square footage rounded to nearest thousand.

---

Sources: Bay Area Economics 2008, based on information from the CA State Board of Equalization, 2002 Census of Retail Trade, Association of Bay Area Governments, CA State Department of Finance, Urban Land Institute/International Council of Shopping Centers, Wal-Mart, Home Depot, Lowe's, and Hinderliter de Lamas (HdL).

---

**Appendix G: Competitive Supermarkets in Antioch and the Primary Trade Area**


---

<u>Store/Location</u>	<u>Square Feet</u>	<u>Distance to Project (miles)</u>
<b><u>ANTIOCH</u></b>		
Food Maxx 2950 Delta Fair Blvd	49,950	5.8
Save Mart 3190 Contra Loma Blvd	50,355	4.9
Raley's 3632 Lone Tree Way	50,000	3.4
Grocery Outlet 1818 A St	21,162	4.5
Save Mart 111 E 18th St	32,462	4.8
Safeway 3365 Deer Valley Rd	52,866	2.7
Lucky 4500 Lone Tree Way	65,741	1.4
County Square Market 2711 Hillcrest Ave	17,043	3.4
<b>Total Grocery Store SF Antioch</b>	<b>339,579</b>	
<b><u>BRENTWOOD</u></b>		
Centro Mart 7820 Brentwood Blvd	15,000	5.1
Safeway 1125 2nd St	45,886	5.6
Raley's 2400 Sand Creek Rd	71,680	2.6
Trader Joe's 5451 Lone Tree Way	12,060	1.0
Safeway 3110 Balfour Rd	65,589	4.3
WinCo 6700 Lone Tree Way	96,956	1.8
Food Maxx 4461 Balfour Rd	62,441	5.8
Smart & Final Extra 5491 Lone Tree Way	28,288	1.0
<b>Total Grocery Store SF Brentwood</b>	<b>397,900</b>	
<b><u>OAKLEY</u></b>		
Raley's 2077 Main St	60,750	4.7
Lucky 2545 Main St	43,970	4.4
Centro Mart 3110 Main St	15,000	5.1
<b>Total Grocery Store SF Oakley</b>	<b>119,720</b>	
<b>Total Supermarket SF in PTA</b>	<b>857,199</b>	

---

**Appendix H: Brokers Interviewed**

---

Robert (Bob) Ashin  
916-485-8900  
Catlin Properties

John Sechser  
925-279-5588  
Colliers International

Brian Mirkovich  
925-279-4626  
Colliers International

Stephen Rusher  
925-974-0115  
Cornish & Carey

Stephen Coates  
408-371-8770  
Coates and Sowards Inc.

Michael Mundelius  
925-279-5585  
Colliers International

Tina Moucka  
310-277-6318  
Cal-American Corp.

Deborah Perry  
925-279-5561  
Colliers International

Jeff Zeigler  
614-883-1206  
(Streets of Brentwood)

**Appendix I: Planned and Proposed Retail Development**

Project Name/Site <i>City of Antioch</i>	Total Retail Square Feet	General Retail Square Feet	Reasonably Foreseeable	Food Store Square Feet	Status or Anticipated Opening Date	Comments
Bases Loaded Corner of 4th & G Sts.	4,700	4,700	4,700		Under construction	Restaurant/sports bar, under construction
Buchanan Crossing NWC of Buchanan and Somersville Roads	99,139	85,139	85,139	14,000	mid-2010	Approved fall 2008, includes a Fresh & Easy and Longs, slated for completion mid-2010
Contra Loma Plaza 3182 Contra Loma Blvd	4,000	4,000	4,000		Unknown	approved, is just a pad site in existing center no tenants located, appears to be stalled
Hillicrest Summit Hillicrest Ave and East Tregallas Rd	15,000	15,000	15,000		Unknown	No identified tenants; part of project with approximately 35,000 square feet of office space
Juliet Plaza 2100 L Street at Sycamore Drive	7,400	7,400	7,400		Unknown	Application incomplete
The Orchard at Slatten Ranch 4951 Slatten Ranch Rd	24,000	24,000	24,000		Unknown	Consists of three pad buildings; 104,325 sf JC Penney open, no pad tenants identified; accepted but on hold per applicant's request
Lone Tree Landing Lone Tree Way and Hillcrest Ave	25,000	25,000	25,000		Unknown for this portion	Total center size upon completion will be 80,875 square feet, for built portion 9,595 sq ft vacant office, 8,713 square feet vacant retail. Consists largely of local restaurants and salons, bank, services. Number represents unbuilt portion, 55,875 square feet built.
Produce Market 914 A St	3,200		0	3,200	Unknown	Approved in 2006, but on hold, building vacant remodel of vacant space
Antioch Armory 625 W 3rd St.	6,474	6,474	6,474		January 2009	Remodel of existing building for sporting goods store; occupied but not finished by building dept as of 1/09
Fowler Property 1700 4th St.	5,000	5,000	5,000		Unknown	235,456 square foot building; 5,000 square feet for retail showroom, remainder as warehouse.
Fitzuren Commercial Building 909 Fitzuren Rd.	na	na	na		Unknown	2 yr old incomplete application; will likely not be built
Rivertown Business Center I St. & 1st St.	29,301	29,301	29,301		Unknown	Approved, not built. Plans include a mix of retail and restaurants; project also includes a small amount of non-retail
Starbucks/Commercial/Retail 3300 Hillcrest at Wildflower	29,140	29,140	29,140		Unknown	1,804 sf Starbucks, 11,000 sf retail, also 4,450 sf bank. Project approved, no permits submitted as of 12/9/08
Antioch Town Center 4065 Lone Tree Way	138,557	138,557	138,557		Unknown	60,000 sf fitness center (not in retail total) already built and occupied. None of remainder of center underway as of 12/4/08. Use permit will need to be modified to accommodate Target.
Lakeview Center NW Corner Lone Tree and Golf Course	50,000	36,000	36,000	14,000	Unknown	Part of larger commercial/office project. 1st phase consists of approximately 40,000 sf including 15,000 sf drugstore, 14,000 sf Fresh & Easy, and 9,000 sf retail/office. Application currently incomplete

**Appendix I: Planned and Proposed Retail Development**

<b>Project Name/Site</b>	<b>Total Retail Square Feet</b>	<b>General Retail Square Feet</b>	<b>Reasonably Foreseeable</b>	<b>Food Store Square Feet</b>	<b>Status or Anticipated Opening Date</b>	<b>Comments</b>
<b>Brentwood</b>						
<b>The Shops at Fairview</b> 3101 Balfour Rd	44,060	44,060	44,060	0	Half-Built.	90,520 s.f. total center; Longs anchor space open. Some others space built, and partially occupied. Two buildings waiting to be built.
<b>Lone Tree Crossings</b> NWC Lone Tree Way & Fairview Drive	109,226	109,226	109,226	0	Half-Built	Firestone Tires is only building built out. One building actively under construction, others incomplete but no activity currently. Some smaller surrounding pads, to be built as suites, are not completed.
<b>Streets of Brentwood</b> State Highway 4 and Sand Creek Rd.	153,000	153,000	153,000	0	2/3 Completed.	Red Robin (under construction), REI, Ulta, Wine Loft, and Salad Makers all scheduled for Spring and Summer 2009 store openings. Jeff Zilm (City Planner) thought the Streets were doing well, and there was no reason these new store openings would be postponed. Square footage here is an estimate of unopened space.
<b>The Plaza at Balfour</b> Balfour and Highway 4	33,200	33,200	33,200	0	On Hold	This project has not moved forward; no tenants identified.
<b>Balfour Griffith Plaza</b> Griffith Lane and Balfour Road,	49,364	49,364	0	0	Built-Out	Very small L-Shaped building is built out. Largest tenant is children's day care center. Two planned front buildings will probably be eliminated from original plans. Some vacancies in built portion.
<b>Rodda Electric</b> 2155 Elkins Way	5,274	5,274	5,274	0	Waiting for Construction Permits	Plus approx. 3,000 sf office, 9,000 sf industrial.
<b>Kendall Plaza</b> 2010 Elkins Way	4,400	4,400	4,400	0	Under Construction.	Plus approx. 7,000 sf office and 17,000 sf industrial. Retail will be an auto store.
<b>Oakley</b>						
<b>Safeway Center</b> NE Corner Laurel/O'Hara	85,000	30,000	55,000	0	Expired	Entitlements expired.
<b>Emerson Commercial Center</b> NWC of Sellers & Cypress	NA	10.5 acres	0	0	EIR In Progress	Currently EIR underway - early stages of project, 10.5 acre property not yet entitled. Substantial Comments. No date set.
<b>River Oaks Crossing</b> Main Street and Bridgehead Rd	770,000	770,000	0	0	EIR Approved No project application	EIR approved Spring 2008, property entitled, but no plans or applications. No potential tenants at this time.
<b>Oakley Station Shopping Center</b> SE corner Main and Live Oak	102,513	102,513	0	0	App. Withdrawn	Home Depot application withdrawn.
<b>Popeye's Restaurant and Retail Center</b> 900 to 912 Main Street	6,000	6,000	0	0	App Withdrawn	Application withdrawn.
<b>Neroly Commercial Center</b> (Phase II of Spare Time) SE Corner of Neroly & Empire	116,899	116,899	116,899	0	Approved	Approved; no plans submitted. No potential tenants. Three stand-alone pads (possible restaurants with drive-thrus), along with office space
<b>Laurel Plaza: Rite-Aid</b> NWC of Laurel & O'Hara	56,528	43,528	43,528	13,000	Rite Aid Approved	Rite Aid approved. Fresh & Easy rumored to be applying for building permit (none submitted, Jan 2009). Bank-tenant and one more quick-serve (drive-through) pad available.
<b>Downtown Commercial Center</b> Main Street between 2nd and 5th Streets	20,000	20,000	20,000	0	Early Planning Stages	Mixed-Use retail and office. (20,000 of each use)
<b>General Plan Amendment</b> SE Corner of Empire and Laurel Rd.	NA	NA	NA	NA	NA	Preliminary plan for Amendment for Pentel property. 3 acre site. Want to zone to commercial. Working on site's grading and right-of-way.

**Appendix I: Planned and Proposed Retail Development**

<b>Project Name/Site</b>	<b>Total Retail Square Feet</b>	<b>General Retail Square Feet</b>	<b>Reasonably Foreseeable</b>	<b>Food Store Square Feet</b>	<b>Status or Anticipated Opening Date</b>	<b>Comments</b>
<b>La Aurora</b> 290 W 10th St.	6,250	0		6,250	Plan approved; No Permits issued.	Existing supermarket moving across the street, from 290 West 10th Street to 308 West 10th Street. Intending to develop new mixed-use building on new site, including two office spaces, and two 1-BR units.
<b>Marina Commercial Center</b> Northeast side of Marina Blvd.	na	na		0	Approved. Construction Spring 2009.	Downtown building scheduled to break ground Feb. 2009. Originally-proposed project scaled back to 2, rather than 3, stories. Second floor tenants will include harbor master, and other smaller office. First floor will be very small retail space, perhaps a small bookstore or coffee shop. No tenants located.
<b>Vidrio Project</b> Black Diamond St. and 7th St.	37,855	37,855	37,855	0	Partially-Built. On Hold.	3 separate buildings planned, with one building partially-completed. This project is currently on hold, looking to be sold to another developer; original developer bankrupt, stopped work.
<b>El Matador Restaurant</b> 95 Bliss Ave.	6,687	6,687	6,687	0	Under Construction	Restaurant
<b>KFC/Long John Silvers</b> 2155 Railroad Ave.	3,052	3,052	3,052	0	Under Construction	Restaurant

To the extent possible, space listed here excludes completed space; some of these centers are already partially built and occupied

Sources: Antioch Planning Department, 2009; Brentwood Planning Department, 2009; Oakley Planning Department, 2009; Pittsburg Planning Department, 2009; BAE, 2009.

---

## Appendix J: Adjustment to Estimated PTA Supermarket Sales due to Recent Openings

---

<b>Estimated Supermarket Sales prior to Recent Openings</b>	<b>\$319,000,000</b>
<u>Estimated Net Change in Costco Grocery Square Footage (a)</u>	12,315
Costco Sales per Square Foot (b)	\$973
Estimated Net Change in Costco Grocery Sales	\$11,980,000
Capture from PTA vs. STA (c)	63%
Estimated Costco Sales Capture Allocated to PTA	(\$7,550,000)
<u>Country Square Market (square footage)</u>	17,043
Estimated Sales per SF (using ULI Median)	\$486
Estimated Sales at County Square Market	\$8,282,898
Capture from PTA vs. STA (c)	63%
Estimated County Square Market Sales Capture Allocated to STA	\$3,060,000
Net Adjustment to Existing Store Sales	(\$4,490,000)
<b>Adjusted Sales (rounded to nearest million)</b>	<b>\$315,000,000</b>

---

**Notes:**

It is assumed that Costco will capture some sales from existing supermarkets in the PTA. On the other hand, County Square Market will capture new sales from outside the PTA. This capture will represent new sales to the PTA, offsetting sales lost to Costco to some degree. There is no adjustment made for the new Smart & Final Extra, it is assumed that it will capture all its sales from existing supermarkets in the PTA.

(a) Costco square footage assumes approximately 30 percent of the store space is devoted to retail food offerings. See text for discussion.

	<u>Square Footage</u>		
		<u>Retail</u>	
	<u>Total</u>	<u>Food</u>	<u>Other</u>
Costco after expansion	161,117	48,335	112,782
Costco before expansion	120,068	36,020	84,048
<i>Net change in square footage</i>	<i>41,049</i>	<i>12,315</i>	<i>28,734</i>

(b) Based on data on sales companywide from Costco 2007 Annual Report.

(c) Costco trade area assumed to comprise PTA and STA of Supercenter; capture allocated based on percent of combined PTA and STA population in PTA.

Source: Bay Area Economics 2008, based on information from State Board of Equalization, 2002 Census of Retail Trade, Trade Dimensions, Costco Annual Report; and as cited in other tables.

