

**ATTACHMENT A - EXHIBIT 1 - A**

**Appendix B - Urban Decay Analysis**

**DRAFT**

**URBAN DECAY STUDY  
FOR  
WILDOMAR WALMART**

**March 12, 2014**

**Prepared for:**

**City of Wildomar**

**Prepared by:**

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

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# I. INTRODUCTION

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

The project site totals approximately 20.13 acres and is bounded by the following: Interstate 15 (I-15) freeway on the west, Bundy Canyon Road on the north, Monte Vista Drive on the east and Canyon Drive on the south. For purposes of this analysis, the project is assumed to include the following components:

- A 200,000 square foot Walmart store, including an estimated 48,000 square feet devoted to grocery sales/support space<sup>1</sup>, in addition to an outdoor garden center
- Outlot 1: 7,800 square foot retail building with drive-through

Based on the latest project information, the analysis assumes that the project would open in 2016. The economic impact analysis addresses five key issues:

1. The potential for the proposed project's general merchandise space to negatively impact existing "GAFO"<sup>2</sup> stores in the trade area;
2. The potential for the proposed project's grocery component to negatively impact existing supermarkets in the area;
3. The potential for the proposed project's potential restaurant space to negatively impact existing restaurants in the trade area<sup>3</sup>;
4. The degree to which there will be market demand to support reuse or redevelopment of the existing Lake Elsinore Walmart building if this store is vacated<sup>4</sup> due to its proximity to the proposed Walmart Supercenters in Wildomar and Lake Elsinore; and

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<sup>1</sup> At this time, the actual amount of grocery square feet is unknown. Based on a review of similar supercenters recently developed by Walmart, this analysis assumes that grocery sales/support space will account for 24% of the store's total area, or approximately 48,000 square feet.

<sup>2</sup> "GAFO" is a retail industry acronym for the General Merchandise, Apparel, Furniture, and Other/Specialty sales categories. These categories correspond to the typical merchandise mix of a general merchandise department store such as the proposed Walmart store. The GAFO retail categories are also referred to as "shopper" or "comparison" goods.

<sup>3</sup> Given that the proposed outlot would be developed with a 7,800 square foot building that includes a drive-through, this analysis evaluates the potential for it to be developed as restaurant space or GAFO retail space.

<sup>4</sup> At this time it is not known if the existing Lake Elsinore Walmart store, located on 31700 Grape Street in Lake Elsinore, will be closed after the proposed Walmart Supercenter is opened. TNDG believes that store closure is a possibility, as the existing store is located at the approximate midway point between two proposed Walmart Supercenters (the proposed project evaluated in this analysis and a proposed Lake Elsinore Walmart Supercenter located at the intersection of Central and Cambern Avenues in Lake Elsinore). The existing Lake Elsinore Walmart store is approximately 3.0 miles away from both proposed Supercenters. Thus, if this store were to close, it would be attributable to the strategic locations of two new Supercenters developed by Walmart. See Section II-F for further discussion.

5. The cumulative impacts associated with the proposed project when its impacts are considered together with economic impacts of all major retail projects currently planned for development in the trade area.

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

### **Overview of Methodology**

For purposes of estimating impacts in the relevant retail sales categories, this analysis considers a trade area that includes the City of Wildomar, in addition to small portions of the cities of Lake Elsinore and Murrieta. The analysis projects total resident purchasing power within this trade area, and uses this projection of total demand as the basis for determining the extent to which the proposed project could be supported in the market area without negatively impacting existing businesses. The study methodology includes the following major steps:

1. Estimate the current potential demand for retail sales in the trade area, based on existing demographics;
2. Estimate the portion of total trade area demand that could realistically be "captured" by retail facilities in the trade area, based on an evaluation of the amounts and locations of competitive retail facilities outside of the evaluated trade area;
3. Forecast future (13-year) growth in the amount of supportable retail sales, based on projected increases in the trade area's resident population;
4. Forecast future growth in retail sales by individual retail category;
5. Estimate supermarket demand by determining the portion of total food store sales captured by supermarkets (versus other types of food stores such as convenience markets);
6. Estimate net supermarket demand after accounting for the capture of available demand by the proposed grocery component of the Walmart store; and
7. Evaluate the impact of the project on average sales per square foot levels at the existing supermarkets in the trade area.

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

Equalization (SBOE) and Trade Dimensions International, Inc., a market research firm of The Nielsen Company (see Section II-D).

### **Description of Trade Area**

According to the International Council of Shopping Centers (ICSC) – the premier trade association of the shopping center industry – a community center similar in scale and scope to the proposed project would typically have a trade area of 3 to 6 miles. To be analytically conservative, this analysis evaluates a smaller trade area for potential market support for the proposed project<sup>5</sup>. Starting with a three-mile radius as an initial reference point, The Natelson Dale Group, Inc. (TNDG) designed a customized polygon as the trade area. This polygon takes into account natural traffic barriers (such as major roads and highways) and the locations of existing competitive shopping centers. The trade area boundaries are defined as follows:

- Western Boundary – The western boundary starts at the intersection of Railroad Canyon Road and the I-15. It extends further south adjacent to the Skylark Airport in Lake Elsinore until it reaches approximately the South Main Divide in the Cleveland National Forest. The western boundary ranges from approximately 2.7 to 4.0 miles from the proposed project.
- Eastern Boundary – The eastern boundary runs along the I-215. At Keller Road, the boundary extends westward to Sunset Road, where it extends further north to Railroad Canyon Road. The eastern boundary ranges from approximately 2.6 to 5.5 miles from the proposed project.
- Southern Boundary – From southern edge of the western boundary, the southern boundary extends in a southeasterly direction to Calle del Oso Oro and further along Nutmeg Street/Clinton Keith Road in the City of Murrieta. The southern boundary extends to the Interstate 215 (I-215) freeway, and it is approximately 4.0 miles from the proposed project site.
- Northern Boundary – The northern boundary runs along Railroad Canyon Road until reaches the I-15, where it connects with the western boundary. It ranges from approximately 2.6 to 4.1 miles from the proposed project.

As noted above, the trade area design takes into account the locations of existing competitive shopping centers, along with the location of an additional proposed Walmart Supercenter (see discussion below). This is the primary reason for the selection of the northern boundary (represented by Railroad Canyon Road<sup>6</sup>), which represents the approximate midpoint between the proposed project and another proposed Walmart Supercenter in the City of Lake Elsinore. The Lake Elsinore Supercenter is proposed for development near the intersection of Central and Cambern Avenues. All else equal, given that Railroad Canyon Road is the approximate midpoint between the two proposed stores, residents living north of the border would be more likely to shop at the proposed Lake Elsinore Supercenter, while residents living south of the border would prefer to shop at the Wildomar Supercenter. Thus, as discussed in the urban

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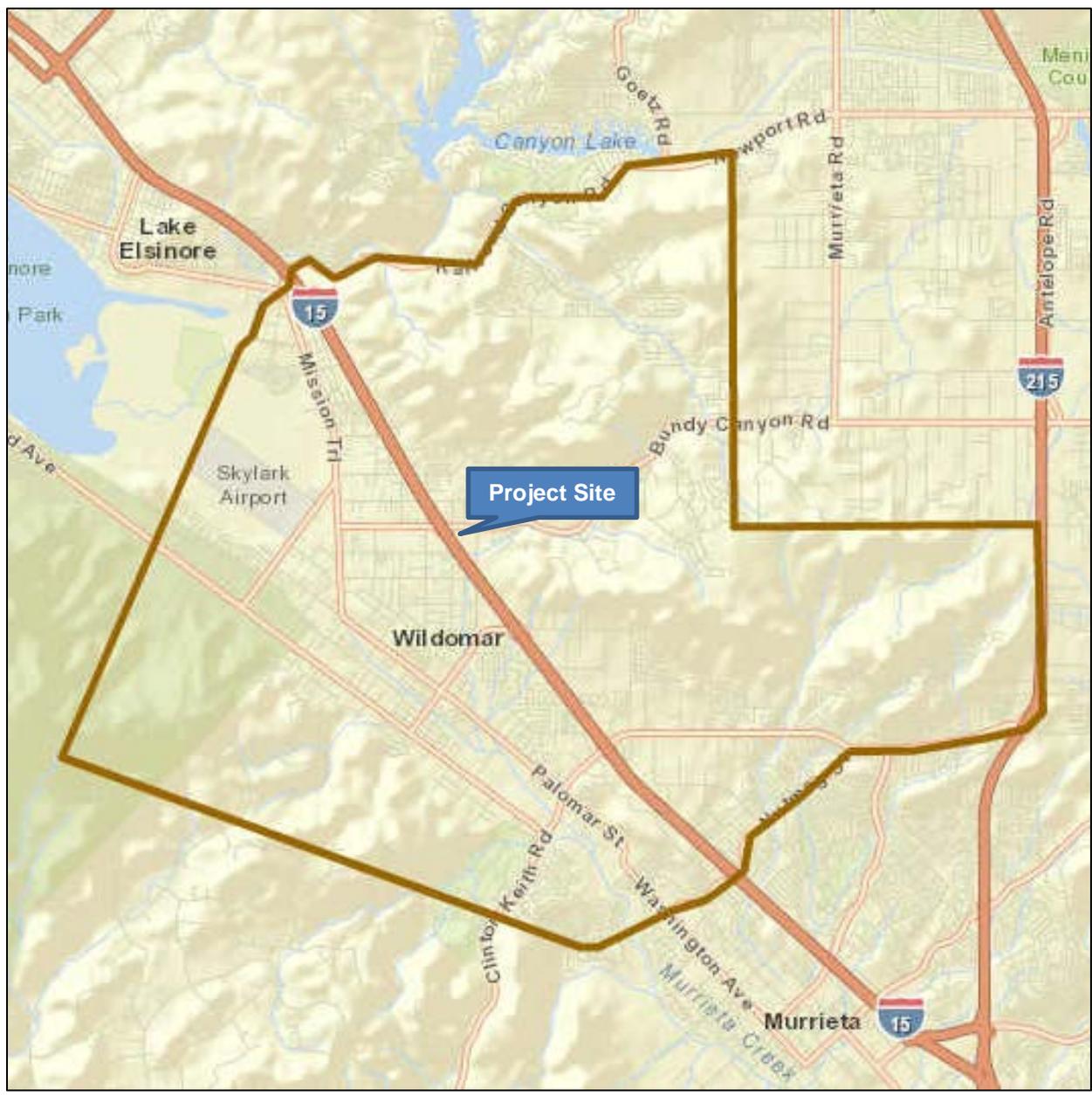
<sup>5</sup> A smaller trade area than that recommended by the ICSC provides a conservative approach for estimating retail demand in that it potentially excludes demand from some residents that may patronize the proposed project. That is, by only including the demand from residents that live closer to the project than the standard 3 to 6 mile radius (as recommended by the ICSC), the analysis provides a “conservative” estimate of the trade area’s potential retail demand.

<sup>6</sup> As noted above, the most relevant section of the southern trade area boundary is Railroad Canyon Road, which includes most of the developed area around the northern border.

decay study for the proposed Lake Elsinore store, this street also functions as the southern boundary for that proposed store.

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

**Figure I-1:  
Wildomar Retail Trade Area**



## **What this Study Provides**

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

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

Within the above context, the analysis includes a description of the "baseline" condition of existing retail facilities in the trade area. In particular, TNDG completed a detailed inventory of existing tenants and vacancies in the trade area.

## II. EXECUTIVE SUMMARY

### II-A. SUMMARY CONCLUSIONS REGARDING POTENTIAL FOR URBAN DECAY

Based on the data and analysis presented in this report, TNDG concludes that the proposed project would not result in urban decay in the evaluated trade area.

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

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

As part of the analysis, TNDG completed a comprehensive inventory of all existing retail tenants and vacancies in the trade area. The detailed inventory is provided in Appendix B of the report, while a summary of the findings is provided in Table II-1 on page 9.

As noted above, the primary delineator of the northern boundary – Railroad Canyon Road – essentially functions as the dividing line between the trade area for the proposed project and the trade area for the proposed Lake Elsinore Walmart Supercenter. Given that this street represents the approximate midpoint between the two proposed Supercenters, all retail development along the north and south sides of this street has been included in the retail inventory. However, to account for the fact that this retail development is also supported by residents who live north of this boundary, the analysis discounts the square footage of this space along Railroad Canyon Road by 50%. The rationale for this discount factor is that the northern boundary also functions as the southern boundary for the Lake Elsinore store's trade area<sup>7</sup>. Thus, it is reasonable to assume that 50% of this space is supported by residents in the Lake Elsinore trade area, while the remaining 50% of this space is supported by residents in the Wildomar trade area. There is approximately 889,024 "unadjusted" square feet retail development surrounding this boundary (see Appendix B, Table B-2 for a list of these shopping centers and stores). Based on the discount factor discussed above, the 889,024 square feet of space along this border has the equivalent impact of 444,512 square feet of existing retail space in a more central portion of the trade area<sup>8</sup>.

The total inventory of "effective" competitive retail space in the trade area is estimated at approximately 1.44 million square feet, as shown in Table II-1 on page 9<sup>9</sup>. Most of the trade area's retail space includes neighborhood and community-scale facilities focused on the shopping needs of local residents. The overall retail vacancy rate in the trade area is estimated at 11.0%, which is just slightly above the range (5% to 10%) generally considered to be reflective of a healthy retail market<sup>10</sup>. In addition, this vacancy rate is in line with the current (3<sup>rd</sup>

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<sup>7</sup> See Economic Impact Report prepared for proposed Lake Elsinore Walmart Supercenter.

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

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

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

Quarter, 2013) 10.5% national vacancy rate for strip, neighborhood and community shopping centers, as estimated by REIS, the nation's leading provider of commercial real estate information<sup>11</sup>.

It should be noted that TNDG identified two shopping centers with relatively high vacancy rates<sup>12</sup>. These existing centers are highlighted below:

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

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

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

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

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

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

Retail Category	Square Feet	
	Total (unadjusted)	Effective 1/
Clothing and Clothing Accessories	40,369	27,475
General Merchandise	311,491	232,621
Home Furnishings and Appliances	6,434	3,217
Specialty/Other	145,921	114,224
Food and Beverage	317,417	232,977
Food Service and Drinking	208,755	158,031
Bldg. Materials & Garden Equip. & Supplies	25,860	22,007
Auto Parts	48,675	25,300
Gasoline Stations	32,656	25,325
Services Space	529,130	428,902
Vacant Space	182,948	135,066
<b>Grand Total</b>	<b>1,849,656</b>	<b>1,405,145</b>

Source: TNDG (see Appendix B).

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

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

It is TNDG's conclusion that the proposed project's GAFO<sup>13</sup> (General Merchandise, Apparel, Furniture/Appliances and Other/Specialty) sales will not have significant impacts on existing retailers in the trade area. The analysis supporting this conclusion is summarized below.

**Project Description:** The proposed project would result in a potential net increase of 159,800 square feet of retail space devoted to GAFO sales. This total includes the non-grocery portion (152,000 square feet) of the proposed Walmart store and the proposed outlot retail building (7,800 square feet)<sup>14</sup>.

**Comparison of Existing Supply and Demand:** TNDG's demand analysis indicates existing (year 2013) market support for \$220.1 million in GAFO retail sales in the trade area. The \$220.1 million in market demand translates into approximately 880,346 square feet of GAFO retail space that could be currently supported in the trade area. Based on estimates from the field survey completed by TNDG, there is approximately 377,537 "effective" square feet of existing

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

<sup>14</sup> As discussed in the report Introduction, the analysis evaluates two scenarios for the proposed outlot retail building. In addition to general retail, the analysis also evaluates potential impacts related to restaurant development. (Given that the proposed outlot would include a drive-through, it is possible that it would be developed as a restaurant use. See Section II-E on page 12.)

GAFO space in the trade area. Thus, TNDG estimates that the trade area could currently support approximately 502,809 square feet of additional GAFO space over and above the existing inventory.

**Projected Growth in Demand:** Within the trade area, potential demand for new retail space in the GAFO retail categories is projected to grow to approximately 548,477 square feet by 2016 (the proposed project's assumed opening date), 636,983 square feet by 2022, 661,485 square feet by 2024, and 686,558 by 2026. See Table II-2, below, for TNDG's projection of supportable square feet within GAFO retail categories from 2013 to 2026.

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

Retail Category	2013	2016	2018	2020	2022	2024	2026
GAFO 1/	502,809	548,477	580,221	613,067	636,983	661,485	686,558

Source: TNDG.

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

**Conclusion Regarding Significance of Impact:** The proposed project will result in a maximum net increase of 159,800 square feet of GAFO retail space. Given that this space is well within the level of residual market support for GAFO space in the trade area, TNDG does not believe the GAFO components of the proposed project will have significant competitive impacts on existing stores in the trade area.

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

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

**Project Description:** For purposes of this analysis, it is assumed that grocery component of the proposed Walmart would total 48,000 square feet (36,960 square feet of grocery sales area plus 11,040 square feet of grocery support space)<sup>15</sup>. TNDG projects that the Walmart grocery space would generate sales levels equivalent to the national average for grocery sales in Walmart stores of approximately \$468 per square foot (gross area), or total grocery sales of approximately \$22.4 million<sup>16</sup>.

<sup>15</sup> As noted in Footnote 1 on page 1, the actual amount of grocery square feet is unknown at this time. Based on a review of similar supercenters recently developed by Walmart, this analysis assumes that grocery sales/support space will account for 24% of the store's total area, or approximately 48,000 square feet. Further, based on these same stores, it assumes that the grocery sales area will account for 77% of the total grocery area, or approximately 36,960 square feet.

<sup>16</sup> Based on data from Progressive Grocer's 2012 *Super 50* publication, the national average sales volumes for Walmart grocery space is approximately \$607.33 per square foot of sales area. Based on an assumed floor area configuration for the grocery component of the proposed Supercenter, the estimated grocery sales area is equal to approximately 77% of the grocery component's gross building space (assuming the canopy area and sales area function as the overall sales area). Thus, the sales volume for the gross building area of the store's grocery component is estimated at \$468 per square foot (\$607.33 x 77%).

**Comparison of Existing Supply and Demand:** The trade area currently has eight supermarkets totaling approximately 215,646 “effective” square feet<sup>17</sup>. Appendix B, Figure B-1, provides a list of the supermarket centers that includes the stores’ square footages and distances to the proposed project. TNDG’s demand analysis indicates that there is base year (year 2013) demand to support average supermarket sales volumes in the trade area of \$509 per square foot at the eight existing supermarkets. In comparison, the industry median for supermarkets is approximately \$473 per square foot nationally and \$418 in the Western United States. Thus, TNDG estimates that, on average, supermarkets in the trade area currently have the potential to generate sales volumes which are above the Western regional median and the national median.

**Projected Growth in Demand:** Total demand for supermarket sales in the trade area is projected to increase from approximately \$109.8 million in 2013 to approximately \$115.5 million in 2016, the assumed opening date of the proposed project. By 2026, total demand for supermarket sales in the trade area is projected to reach approximately \$132.7 million (all projections are given in 2013 constant dollars)<sup>18</sup>. Table II-3, below, evaluates the impact of the proposed project’s grocery sales in terms of the potential reduction in the sales per square foot volume at the existing supermarkets in the trade area.

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

Description	2013	2016	2018	2020	2022	2024	2026
Total Food Sales Demand	\$146,349	\$153,941	\$159,218	\$164,678	\$168,654	\$172,727	\$176,896
Estimated Supermarket Share	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Total Potential Sales	\$109,762	\$115,456	\$119,414	\$123,509	\$126,491	\$129,546	\$132,672
--Walmart store 1/	\$0	(\$22,464)	(\$22,464)	(\$22,464)	(\$22,464)	(\$22,464)	(\$22,464)
Net Demand Available to Support Existing Supermarkets	\$109,762	\$92,992	\$96,950	\$101,045	\$104,027	\$107,082	\$110,208
Existing Supermarket Sq. Ft.	215,646	215,646	215,646	215,646	215,646	215,646	215,646
<b>Potential Sales per Square Foot Existing Supermarkets</b>	<b>\$509</b>	<b>\$431</b>	<b>\$450</b>	<b>\$469</b>	<b>\$482</b>	<b>\$497</b>	<b>\$511</b>

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

1/ Sales per square foot (gross area) assumptions: \$468. Typically, new retail stores operate below average sales volumes in the first few years after opening, and then reach stabilized sales volume levels after being open for a few years. However, in order to remain analytically conservative (i.e., to depict the maximum potential impact), we have assumed that store would reach its full sales potential (based on the chain-wide average) in year 1.

<sup>17</sup> Grocery stores with a minimum of 10,000 square feet of building space are considered supermarkets for purposes of this analysis. Regarding the project’s potential to adversely impact non-traditional markets, such as convenience stores, ethnic or specialty markets, and smaller neighborhood grocery stores (which are often below this 10,000 square foot threshold), in the experience of TNDG, these outlets do not tend to compete with traditional supermarkets, and therefore are unlikely to experience lost sales to the project. As shown in Appendix B (Table B-1 and B-2), the square footages for four of the eight stores square feet are discounted by 50%, given their location along the Railroad Canyon Road northern border.

<sup>18</sup> See Tables III-1 to III-8 and III-13 in Section III for the derivation of this estimate of market support for supermarket sales, along with the projections of growth in demand for supermarket sales.

**Conclusion Regarding Significance of Impact:** The above analysis suggests that the development of the proposed project would initially cause potential average sales volumes at the eight existing supermarkets to decrease from the current level of \$509 per square foot to approximately \$431 per square foot. Although this represents a reduction in the potential sales volume per square foot for existing stores, it is TNDG's conclusion that the potential average sales level of \$431 per square foot in year 2016 is unlikely to be low enough to cause the closure of any of the trade area's existing supermarkets. At \$431 per square foot, potential sales volumes would still be above the Western regional median (\$418) and about 91% of the national median (\$473). In addition, due to continued population growth in the trade area, the projected sales impacts to existing supermarkets would only be temporary and would be partially offset by growth in retail demand. As shown in Table II-3, potential sales volumes would reach \$450 per square foot in 2018, just two years after the proposed project's projected opening date. This projected sales volume is well above the Western Regional median figure (\$418) and 95% of the national median. Further, in 2022, just six years after the projected start date, projected potential sales volumes would reach \$482 per square foot, which is above the national median of \$473.

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

It is TNDG's conclusion that the restaurant that could potentially occupy the proposed project's retail outlot would not have substantial economic effects on existing restaurant establishments. The analysis supporting this conclusion is summarized below.

**Project Description:** For purposes of this analysis, it is assumed that the project would potentially include 7,800 square feet of restaurant space.

**Comparison Existing Supply and Demand:** TNDG's demand analysis indicates existing (year 2013) potential market support for \$76.6 million in restaurant sales in the trade area. The \$76.6 million in market demand translates into approximately 255,173 square feet of restaurant space that could be currently supported in the trade area. Based on estimates from the field survey completed by TNDG, there is approximately 158,031 square feet of existing restaurant space in the trade area. Thus, TNDG estimates that the trade area could currently support approximately 97,142 square feet of additional restaurant space over and above the existing inventory<sup>19</sup>.

**Projected Growth in Demand:** Potential demand for new restaurant space in the trade area is projected to grow to 110,379 square feet by 2016 (the assumed opening date for the proposed project), 129,101 square feet by 2020 and 150,402 square feet by 2026. See Table II-4, below, for TNDG's projection of supportable square feet within the Food Service and Drinking retail category from 2013 to 2026.

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<sup>19</sup> At first glance, this appears to be a significant amount of demand for additional restaurant space in the trade area. However, in proportionate terms, it is consistent with the amount of net demand in the GAFO categories (see Section II-E above). As discussed further in Section III-E, the trade area is likely experiencing retail sales leakage in the restaurant and GAFO categories to Murrieta and Temecula, which have a significant concentration of regional retail development.

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

<b>Retail Category</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
Food Service & Drinking	97,142	110,379	119,580	129,101	136,033	143,135	150,402

Source: TNDG.

**Conclusion:** The proposed project’s potential restaurant space, totaling 7,800 square feet, would be well within the envelope of available demand for new space and thus is not likely to result in the closure of existing restaurants.

**II-F. POTENTIAL REUSE OF EXISTING LAKE ELSINORE WALMART SITE**

TNDG believes that the existing Lake Elsinore Walmart store located at 31700 Grape Street would potentially close at the time the proposed project opens, given that Walmart is proposing to develop two new Supercenters that are both approximately three miles from the existing store. In addition to the proposed project evaluated in this analysis, there is a Supercenter proposed for development at the intersection of Central and Cambern Avenues in the City of Lake Elsinore<sup>20</sup>. Given that the existing Walmart store is at the midpoint between the two proposed Supercenters, it is reasonable to assume that a potential closure would be equally attributable to the two new proposed Supercenters<sup>21</sup>.

As shown below on Table II-5, TNDG projects that potential demand would be more than sufficient by 2016 (i.e., the assumed opening date of the proposed project) to support some type of retail reuse of the existing store, even after accounting for the demand that would be absorbed by the proposed store.

<sup>20</sup> See the Urban Decay study for the proposed Lake Elsinore store, which is also prepared by TNDG.

<sup>21</sup> The existing Lake Elsinore Walmart store is located at the southeast corner of Railroad Canyon Road and Grape Street. As discussed on page 7, the store’s total square footage (126,390) is discounted by 50%, due to its location on the northern periphery of the trade area. Thus the store’s “effective” square footage – for purposes of calculating supportable demand in the trade area – is approximately 63,195. The same rationale applies to attributing a potential closure jointly to the two proposed Supercenters. If the existing store were to close, approximately 50% of its individual trade area would be served by the proposed Supercenter evaluated in this analysis, while the remaining 50% would be served by the proposed Lake Elsinore Supercenter.

**Table II-5:  
Potential Demand for NEW non-grocery Retail Space (Expressed in Square Feet)  
Accounting for Potential Reuse of Existing Store**

<b>Retail Category</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
GAFO	502,809	548,477	580,221	613,067	636,983	661,485	686,558
Food Service and Drinking	127,162	141,957	152,240	162,881	170,629	178,566	186,689
Bldg. Matrl./Garden Equip./Supplies	163,369	172,985	179,669	186,586	191,622	196,781	202,061
Auto Parts	46,202	49,911	52,489	55,157	57,100	59,090	61,126
Services Space @ 10% of Total Space	93,282	101,481	107,180	113,077	117,370	121,769	126,270
<b>TOTAL</b>	<b>932,824</b>	<b>1,014,811</b>	<b>1,071,799</b>	<b>1,130,768</b>	<b>1,173,704</b>	<b>1,217,691</b>	<b>1,262,704</b>
Proposed Project (non-grocery)		(159,800)	(159,800)	(159,800)	(159,800)	(159,800)	(159,800)
<b>Demand for New Space</b>	<b>932,824</b>	<b>855,011</b>	<b>911,999</b>	<b>970,968</b>	<b>1,013,904</b>	<b>1,057,891</b>	<b>1,102,904</b>
Added Demand Resulting from Potential Vacancy*		63,195	63,195	63,195	63,195	63,195	63,195
<b>Net Demand</b>	<b>932,824</b>	<b>918,206</b>	<b>975,194</b>	<b>1,034,163</b>	<b>1,077,099</b>	<b>1,121,086</b>	<b>1,166,099</b>

Source: TNDG

Note: Totals may not sum due to rounding.

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

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

## **II-G. CUMULATIVE IMPACTS OF PROJECTS PLANNED IN THE TRADE AREA**

Whereas the above sections examine potential impacts strictly related to the proposed project, this section evaluates the cumulative impacts to the market based on all known planned and pending retail development/reuse projects in the trade area. Table II-6, below, provides a list of these planned and pending projects, including the projects' square footages and current status. As shown on the table, the planned and pending projects in the trade area total approximately 1.23 million square feet, with 1.18 million square feet of non-grocery space and 48,000 square feet of potential grocery space.

**Table II-6:  
Planned and Pending Retail Projects  
Wildomar Retail Trade Area**

Project	Retail Square Feet			Status
	Non-Grocery	Grocery	Total	
Rancon Medical & Retail Center (12-0053) 1/ SWC Clinton Keith Rd / Elizabeth Ln Wildomar 92595	22,250		22,250	Under Review
Proposed Project (13-0086) I-15 / Bundy Canyon Rd Wildomar 92595	159,800	48,000	207,800	Under Review
Auto Zone Retail Center (10-0101) NWC Clinton Keith Rd / Stable Lanes Wy Wildomar 92595	29,767		29,767	Under Review
Westpark Promenade Development (13-0082) 2/ NEC I-15 / Catt Rd Wildomar 92595	15,000		15,000	Under Review
Strata / Clinton Keith (13-0041) SWC Clinton Keith Rd / Salida Del Sol Wildomar 92595	40,000		40,000	Under Review
Strata / Baxter (13-0040) NWC I-15 / Baxter Rd Wildomar 92595	75,000		75,000	Under Review
Spring Meadow Rancho (12-0399) 3/ Terminus of Sunset Ave, South of Bundy Canyon Wildomar 92584	137,214		137,214	Under Review
Subway Commercial Project (10-0222) East side of Orange St, btw Sedco & Henderson Wildomar 92595	10,500		10,500	Approved
Orange Bundy / Parcel Map (10-0301) 4/ SEC Bundy Canyon Rd / Orange St Wildomar 92595	206,910		206,910	Approved
Oak Creek Canyon (11-0261) 5/ South of Bundy Canyon, btw Sunset & The Farm Wildomar 92595	79,279		79,279	Approved
Bundy Canyon Plaza (08-0179) SWC Bundy Canyon Rd / Sellers Rd Wildomar 92595	36,990		36,990	Approved (under construction)
Stable Lanes Retail Center (08-0166) SWC Clinton Keith Rd / Stable Lanes Wildomar 92595	30,199		30,199	Approved (under construction)

Project	Retail Square Feet			Status
	Non-Grocery	Grocery	Total	
Wildomar Square Retail Center (08-0072) SEC Clinton Keith Rd / Hidden Springs Rd Wildomar 92595	46,600		46,600	Approved (under construction)
John Laing Homes (Phase 2) 6/ West of I-15/Mission Trail, south of Lakeshore Dr Lake Elsinore 92530	58,500		58,500	Approved
Diamond Specific Plan 6/ Diamond Dr, btw Lakeshore Dr and Malaga Rd Lake Elsinore 92530	236,000		236,000	Approved
<b>TOTAL</b>	<b>1,184,009</b>	<b>48,000</b>	<b>1,232,009</b>	

Source: City of Wildomar; Urban Crossroads, Lake Elsinore TIA; TNDG.

Notes:

1/ Does not include 36,700 square foot medical office building. Total includes three retail buildings (19,250 SF) and one fast food restaurant (3,000 SF).

2/ 4-story office building with two restaurants total 86,000 square feet. Assume restaurants account for 15,000 square feet.

3/ Proposed general plan land use amendment for a 792-acre project site to accommodate the future development of the "Spring Meadows Ranch Community" located at the terminus of Sunset Avenue (south of Bundy Canyon Road) within the Farm Specific Plan Area. Proposed 9 acres of retail. Potential retail square footage is calculated based on an assumed Floor-to-Area (FAR) of 0.35, which is typical for retail development.

4/ Maximum square feet assumed in the "Initial Study for the Orange Street Subdivision, Tentative Parcel Map (30522)". Study assumes range of 103,455 square feet to 206,910 square feet.

5/ The project has set aside approximately 5.2 acres, shown as development unit 5, for a future commercial/retail development. The intent of this commercial area as described in the Specific Plan amendment text is to establish a neighborhood-serving retail center for local residents living within and around The Farm community. Potential retail square footage is calculated on an assumed FAR of 0.35, which is typical for retail development.

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

As shown above in the status column in Table II-6, some of the proposed retail space is at the preliminary conceptual stage, with only a few projects (including the proposed project) having leasing commitments from proposed tenants. In addition, some projects have not been approved, and others have entitlements that may expire in the future. Nevertheless, consistent with CEQA requirements, the analysis makes the conservative (i.e., worst case) assumption that all known planned and pending projects will ultimately be developed within the time period evaluated in this analysis.

Table II-6 above does not include two pending Walmart stores in the City of Menifee, given that both stores are located outside of the retail trade area boundaries evaluated in this analysis. One store will be developed at the northwest corner of I-215 and Scott Road, while the other pending store is near the intersection of Encanto Drive and McCall Boulevard. Given that this analysis does not include potential market support from residents that live outside of the trade area boundaries, it is not appropriate for the cumulative analysis to include planned and/or pending projects that are also outside of the trade area boundaries.

## Cumulative Impacts – Non-Grocery Categories

Demand for new retail space (non-grocery) in the trade area is projected to reach approximately 1.01 million square feet in 2016 and 1.26 million square feet by 2026. See Table II-7, below, for a breakdown of supportable square feet by retail category from 2013 to 2026.

**Table II-7:  
Demand for NEW Retail Space  
by Retail Category (non-grocery)  
Wildomar Retail Trade Area**

<b>Retail Category</b>	<b>2013</b>	<b>2016</b>	<b>2020</b>	<b>2024</b>	<b>2026</b>
GAFO	502,809	548,477	613,067	661,485	686,558
Food Service and Drinking	127,162	141,957	162,881	178,566	186,689
Bldg. Matrl./Garden Equip./Supplies	163,369	172,985	186,586	196,781	202,061
Auto Parts	46,202	49,911	55,157	59,090	61,126
Services Space @ 10% of Total Space	93,282	101,481	113,077	121,769	126,270
<i>TOTAL</i>	<i>932,824</i>	<i>1,014,811</i>	<i>1,130,768</i>	<i>1,217,691</i>	<i>1,262,704</i>
Square Feet Absorbed by Planned and Pending Projects		(1,232,009)	(1,232,009)	(1,232,009)	(1,232,009)
<b>Net Demand*</b>	<b>932,824</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,695</b>

Source: TNDG

Note: Totals may not sum due to rounding.

\*The demand numbers above are different from those in Table II-5, as that table “adds back” the demand that would potentially result from closure of the existing Lake Elsinore Walmart store.

Based on the potential demand for new non-grocery retail space (as shown on Table II-7 above), the total square feet of planned and pending projects would absorb all of the residual demand through 2026. As shown in the table, the market would be slightly overbuilt if all of the planned and pending retail space were to be developed prior to 2026.

A more likely cumulative scenario is that retail market conditions would result in a more gradual buildout of planned retail development, such that the pace of retail development would more closely follow the growth in retail demand. Under a more gradual (market-driven) buildout scenario, there is less potential for overbuilt conditions to occur, and consequently a reduced potential for building vacancies and urban decay to follow. Specifically, the following factors are highly likely to mitigate against the development of a significantly overbuilt retail market:

- **Probability of development.** We have not made any attempt to determine probability of individual proposed projects ultimately being developed. As shown in Table II-6, some of the potential projects are at the preliminary conceptual stage with no committed tenants. For the reasons discussed further in the points below, it is likely that many of these projects will be subject to significant delays or will not be developed.
- **Market area distinction.** Evaluating the aggregate square feet proposed in the trade area implicitly assumes that the planned and pending projects’ market areas are identical to the market area for the Wildomar Walmart project. However, the planned

and pending projects in Table II-6 will have their own distinct market areas, which only partially overlap with the trade area evaluated in this analysis<sup>22</sup>. As such, these projects would not be limited to the same “pool” of demand projected in TNDG’s analysis.

- **Projected supply increases are typically linked to population growth.** The supply of planned retail square feet in the trade area greatly exceeds the amount of population growth projected for the area. Given that population growth largely fuels the demand for new retail space, it is unlikely that all of the proposed projects will be developed as initially proposed. For instance, as individual project proponents advance further along in the planning process, some projects will be scaled back, some will decide to change the overall development mix (e.g., substituting office space for retail space), while others will be completely dropped.
- **First-in-line-phenomenon.** In markets expected to experience above-average population growth, such as Wildomar and surrounding area, project proponents often attempt to get projects moving along in the entitlement process much earlier than warranted by market demand. By getting their projects “first-in-line”, developers hope to obtain commitments from major national chain retailers before other projects are proposed and entitled. As these key retailers commit to specific projects, other proposed projects, which were likely attempting to attract many of the same tenants, will reevaluate their development plans. In some cases, they will drop development plans altogether; in others, they will shift development proposals to non-retail uses.
- **Automatic market corrections.** Ultimately, the planned projects will go forward only when retailers commit to locating at specific projects. In the event that the market becomes saturated with key retailers, major national retailers will choose not to locate at some of the proposed projects in the trade area. Without commitments from key anchor tenants, developers will be unable to fill inline and other non-anchor space in their projects. Moreover, without pre-leasing commitments from retailers, many developers will be unable to obtain development financing for their projects<sup>23</sup>. In this case, major retailers’ site selection criteria will act as an automatic correction to an oversupply of retail space. Thus, without commitments from key retailers, developers will have to revisit their development proposals and consider alternative uses, other than retail space, for their project sites.

### **Cumulative Impacts – Supermarket Category**

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

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<sup>22</sup> This does not apply to the two Lake Elsinore projects – John Laing Homes (Phase 2) and the Diamond Specific Plan – in Table II-6. The square feet of these two proposed projects is discounted by 50%, consistent with the approach in this analysis of discounting retail space along Railroad Canyon Road by 50% (see II-B on page 7).

<sup>23</sup> See *Commercial Property Faces Crisis*, Wall Street Journal, March 26, 2009.

## II-H. POTENTIAL FOR URBAN DECAY

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

As discussed in Section II-G, potentially significant economic impacts are projected under cumulative conditions if all of the planned and pending projects were to be developed by 2026. As described in the previous section, it is extremely unlikely that the planned and/or pending projects will developed during this time frame. However, even in the unlikely event that these projects are developed by 2026, it is currently not possible to identify which (non-grocery) retail categories could possibly become overbuilt, or to identify existing businesses in those categories which might be forced to close if the potential retail components of these projects are ultimately developed. As previously noted, most of the planned and/or pending projects identified on Table II-6 are at the preliminary conceptual stage without commitments from specific retail tenants. Therefore, any attempt to identify specific vacancies which might possibly result, or to determine the potential for physical deterioration or urban decay, would be speculative in this context. For purposes of evaluating CEQA impacts, it is not required or valid to engage in speculative analysis.

A more likely cumulative scenario is that retail market conditions would result in a more gradual buildout of planned retail development, such that the pace of retail development would more closely follow the growth in retail demand. Under this scenario, there is less potential for overbuilt conditions to occur, and consequently a reduced potential for building vacancies and urban decay to follow.

### **Retail Reuse of Existing Walmart Store**

As discussed above in Section II-F, the retail demand analysis indicates there would be sufficient demand, under project-specific conditions, to support some type of retail reuse of the existing Walmart store<sup>24</sup>. In addition, the store is in a favorable location, with good freeway access and visibility (two key site criteria for many retailers), along with being next to a strong concentration of retail development on the west side of I-15. However, based on TNDG's knowledge, the relative success in reusing closed Walmart stores for other retail uses represents a "mixed bag" of sorts, with some successfully reconfigured for other retail stores while others have remained vacant now for several years. Specifically, TNDG has prepared urban decay studies, or is aware of other examples, in the following California cities that involved the simultaneous closing of an existing Walmart store and the development of a Walmart store combining general merchandise and grocery sales.

City	Reuse Status
La Quinta	Reused as Kohl's
Palmdale	Reused as Burlington Coat Factory and Factory 2U
Palm Springs	Cathedral City Walmart closed; building was reoccupied by a 99 Cents Only

<sup>24</sup> As noted in Section II-G, if all of the planned and/or pending projects listed in Table II-6 were developed within the study period evaluated in this analysis, they would absorb most of available demand. Thus, under these worst case assumptions – the bullet points in Section II-G highlight why it would be unlikely for all of the proposed projects to be developed during this time period – reuse of the existing Lake Elsinore Walmart store would potentially be delayed.

City	Reuse Status
	store; remaining portion of store is still vacant
Hanford	Still vacant; purchased by multiple real estate investment firms (2006 and 2010); was considered by Lowe's for a store site at one time; recently purchased (July 2013)
San Jacinto <sup>25</sup>	Hemet Walmart closed; purchased by Latham Management and Counseling Service in November 2008; preliminary plans call for a medical plaza featuring a cardiac care center and outpatient facilities
Gilroy	Reused as Sergins RV store
Bakersfield (White Lane)	Reused as Fallas Discount store

Source: TNDG; Information from City staff members.

It should also be noted that along with potential retail reuse options, the existing Walmart building would also be a candidate for some type of adaptive reuse, including uses ranging from a recreational facility (e.g., bowling alley, ice rink, fitness center) to institutional uses (e.g., government office facility, library, church) to office/service type uses (e.g., call centers). There are numerous examples of vacant "big box" stores being converted for these types of uses<sup>26</sup>.

However, even if the property owners of the existing store are unable to attract replacement tenant(s) for the Walmart store, the closure of the Walmart store would not necessarily result in long-term physical impacts to the Lake Elsinore City Center shopping center. Without the existing Walmart store, the center would still function as a well-tenanted neighborhood-scale shopping center anchored by the existing Vons store, with it accounting for approximately 44% of the remaining center space. According to the ICSC, supermarket anchors typically account for 30% to 50% of total space in neighborhood centers<sup>27</sup>.

<sup>25</sup> Hemet store closed when the San Jacinto store opened.

<sup>26</sup> For example, 24-Hour Fitness has opened up fitness clubs in vacant big box stores in a number of markets.

<sup>27</sup> ICSC, 2011. U.S. Shopping-Center Classification and Characteristics.

### III. RETAIL DEMAND ANALYSIS METHODOLOGY

This section examines potential retail demand associated with the population residing in the market area that would be served by the proposed project. The analysis projects future retail demand of residents in the City of Wildomar, along with small portions of the cities of Lake Elsinore and Murrieta.

#### III-A. MARKET AREA BOUNDARIES

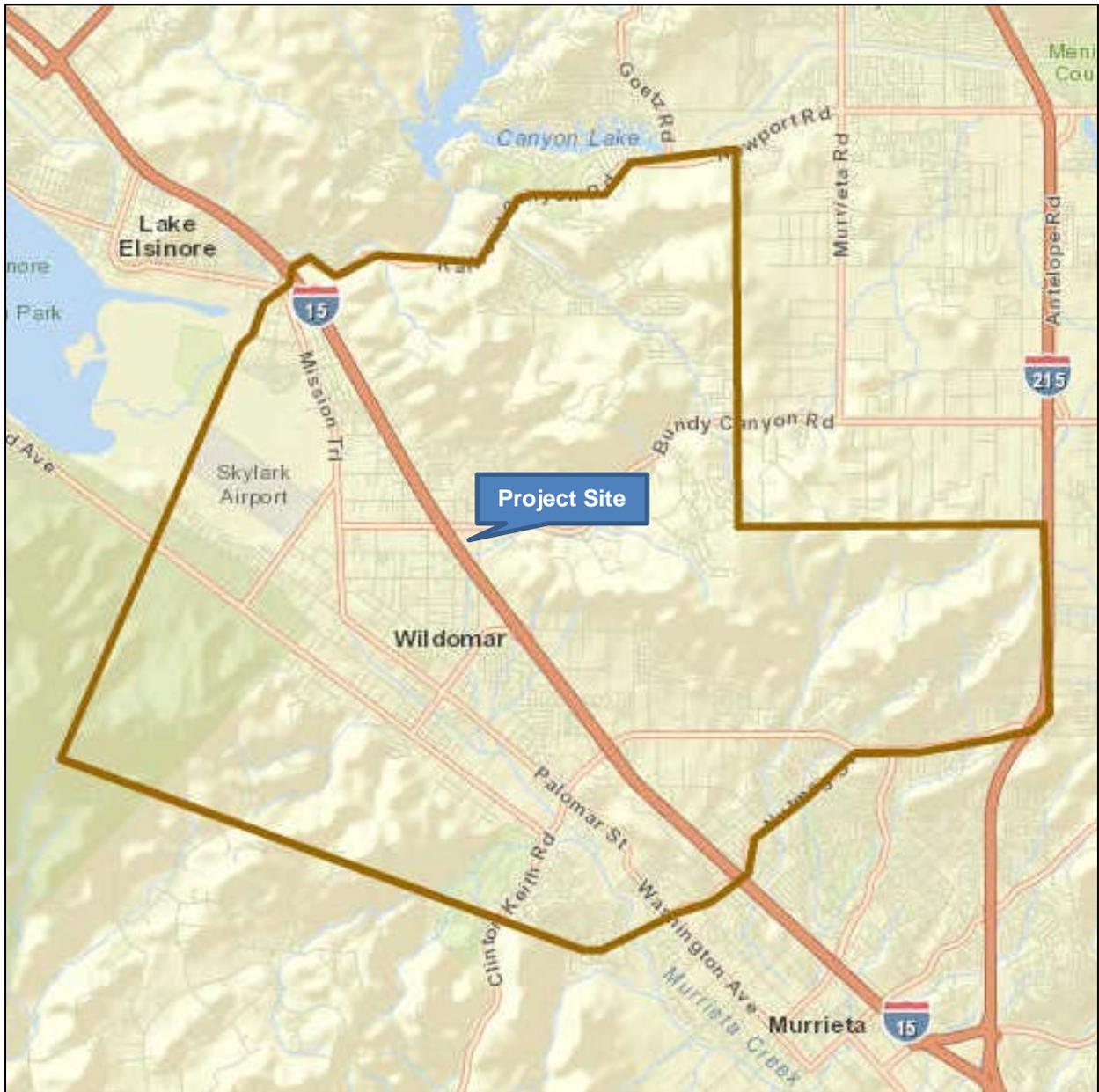
The trade area is a customized polygon defined with the following boundaries:

- Western Boundary – The western boundary starts at the intersection of Railroad Canyon Road and the I-15. It extends further south adjacent to the Skylark Airport in Lake Elsinore until it reaches approximately the South Main Divide in the Cleveland National Forest. The western boundary ranges from approximately 2.7 to 4.0 miles from the proposed project.
- Eastern Boundary – The eastern boundary runs along the I-215. At Keller Road, the boundary extends westward to Sunset Road, where it extends further north to Railroad Canyon Road. The eastern boundary ranges from approximately 2.6 to 5.5 miles from the proposed project.
- Southern Boundary – From southern edge of the western boundary, the southern boundary extends in a southeasterly direction to Calle del Oso Oro and further along Nutmeg Street/Clinton Keith Road in the City of Murrieta. The southern boundary extends to the Interstate 215 (I-215) freeway, and it is approximately 4.0 miles from the proposed project site.
- Northern Boundary – The northern boundary runs along Railroad Canyon Road until reaches the I-15, where it connects with the western boundary. It ranges from approximately 2.6 to 4.1 miles from the proposed project.

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

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

Figure III-1: Wildomar Retail Trade Area Boundaries



### III-B. POPULATION AND INCOME LEVELS

The population in the trade area is projected as follows:

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

Market Area	Estimated 2013 Population	Projected 2016 Population	Projected 2018 Population	Projected 2020 Population	Projected 2022 Population	Projected 2024 Population	Projected 2026 Population
WRTA	64,674	68,029	70,361	72,774	74,531	76,331	78,173

Source: ESRI; TNDG.

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

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

Area	<u>2013 - 2020</u>	<u>2020 - 2026</u>
WRTA	1.7%	1.2%

Per capita income in the WRTA is estimated as follows.

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

Market Area	2013 Per Capita Income
WRTA	\$36,264

Source: ESRI, TNDG

The indicated estimates of per capita income were obtained from ESRI and increased 28% by TNDG. The reason for this increase factor is that these income estimates are based on “money income” definition of income utilized by the U.S. Census Bureau. This measure of income is narrower than the “personal income” definition used by the U.S. Department of Commerce. The broader definition includes additional income sources such as fringe benefits (health insurance, retirement funding), imputed income (interest, rent), and direct payments to medical providers by governments. Personal income therefore represents a more complete gauge of a household’s economic status. According to the Center for the Continuing Study of the California

Economy (CCSCE), personal income is the preferred measure for purposes of projecting a household's purchasing power (i.e., retail demand). Thus, this analysis increases the ESRI estimates of money income by 28% to estimate per capita personal income<sup>28</sup>.

### III-C. RETAIL SALES DEMAND

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

In order to forecast the ratio of total trade area income likely to be spent on retail purchases, TNDG evaluated county level data for the period 2000 through 2011 (the latest 12-year period for which official income data are available from the Bureau of Economic Analysis (BEA). In particular, TNDG calculated the ratio of total retail sales (based on data from the SBOE<sup>29</sup>) to aggregate income (per the BEA). At the countywide level, the ratio of retail sales to total income is estimated as follows for each year of the evaluation period:

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

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

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

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

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

<sup>29</sup> The Board of Equalization provides data on *taxable* retail sales. In order to estimate total retail sales, TNDG multiplied *taxable* sales in the Food category by a factor of 3.0. As noted previously, this factor has been derived by TNDG based on numerous analyses of supermarket supply and demand in comparable communities throughout California, and based on data we have reviewed from the SBOE and selected supermarket chains.

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

Area	Income Index Factor	2000	2005	2011	12-Year Average
County	1.00	34.2%	39.9%	29.7%	34.1%
WRTA	0.94	32.2%	37.5%	27.9%	32.0%

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

The above data in Table III-3 clearly show the effects of a strong economy from 2004 to 2006 and the severe recession beginning in 2008. In order to remain analytically conservative, TNDG’s analysis assumes that the retail expenditure ratio for the trade area will remain at the 12-year average (as shown in Table III-4 above). It is important to note that TNDG is projecting that the ratio will remain well below the county-indexed 2005 peak of 37.5%.

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

Market Area	2013	2016	2018	2020	2022	2024	2026
Total Income	\$2,345,338	\$2,467,004	\$2,551,571	\$2,639,076	\$2,702,792	\$2,768,067	\$2,834,866
Percent of Income Spent on Retail Goods	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Potential Retail Sales	\$750,508	\$789,441	\$816,503	\$844,504	\$864,893	\$885,782	\$907,157

Source: TNDG

### III-D. DISTRIBUTION OF RETAIL EXPENDITURES

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

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

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

Source: SBOE; TNDG.

### III-E. CAPTURE RATE ANALYSIS

#### *Trade Area Capture Rates*

The WRTA capture rates of resident demand are projected to be relatively high due to the tendency of residents to shop relatively close to their homes, especially for convenience goods. Generally, it is reasonable to expect that residents will make the vast majority of their retail purchases locally, provided that a competitive mix of retail stores reflective of consumer needs is available. This is consistent with one of the findings from standard urban land use theory, which indicates, all else equal, the relative attractiveness of retail outlets decreases as travel time increases for the consumer<sup>30</sup>.

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

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<sup>30</sup> See, for example, Blair, John. *Urban & Regional Economics*. Irwin, 1991. Hoover, Edgar M. *An Introduction to Regional Economics*. Alfred A. Knopf, 1975. McCann, Phillip. *Urban and Regional Economics*. Oxford University Press, 2001.

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

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

Source: TNDG

Generally, this type of analysis would treat the area as a “closed system”; in other words, it would assume that given an adequate supply of retail stores, residents of the market area will make all of their retail purchases somewhere in the trade area. However, in this case, the capture rates have been adjusted downward to account for the fact that the WRTA does not have a super-regional shopping center; therefore, it is assumed that the area will always experience some level of retail “leakage” to other areas of Riverside County with a larger array of retail facilities (e.g., further south in the cities of Murrieta and Temecula). According to the ICSC, 11% of retail space is in super-regional centers (defined here as centers with 800,000 square feet or more of gross leasable area) while the remaining 89% of the space is in neighborhood- to regional-scale centers. Based on these data, TNDG believes that the WRTA, in the absence of such a super-regional center, could be expected to realistically “capture” up to 89% of retail demand in the shopper goods. To be analytically conservative in this analysis, TNDG has adjusted this shopper goods capture rate down to 85%.

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

### **III-F. POTENTIAL RETAIL SALES VOLUMES**

Based on the capture rates shown above, Table III-8, on the following page, projects the potential market area demand in the WRTA for each retail category. As shown on the table,

incremental demand through 2026 for retail sales in the WRTA is projected to grow in proportion to increases in population.

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

<b>Market Area</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
<u>Shopper Goods:</u>							
Clothing and Clothing Accessories	\$95,690	\$100,654	\$104,104	\$107,674	\$110,274	\$112,937	\$115,663
General Merchandise	\$44,655	\$46,972	\$48,582	\$50,248	\$51,461	\$52,704	\$53,976
Home Furnishings and Appliances	\$28,707	\$30,196	\$31,231	\$32,302	\$33,082	\$33,881	\$34,699
Specialty/Other	\$51,035	\$53,682	\$55,522	\$57,426	\$58,813	\$60,233	\$61,687
<i>Subtotal</i>	<i>\$220,087</i>	<i>\$231,504</i>	<i>\$239,439</i>	<i>\$247,651</i>	<i>\$253,630</i>	<i>\$259,755</i>	<i>\$266,024</i>
<u>Convenience Goods:</u>							
Food and Beverage	\$146,349	\$153,941	\$159,218	\$164,678	\$168,654	\$172,727	\$176,896
Food Service and Drinking	\$76,552	\$80,523	\$83,283	\$86,139	\$88,219	\$90,350	\$92,530
<i>Subtotal</i>	<i>\$222,901</i>	<i>\$234,464</i>	<i>\$242,501</i>	<i>\$250,818</i>	<i>\$256,873</i>	<i>\$263,077</i>	<i>\$269,426</i>
<u>Heavy Commercial Goods:</u>							
Bldg. Matr. & Garden Equip. & Supplies	\$46,344	\$48,748	\$50,419	\$52,148	\$53,407	\$54,697	\$56,017
Motor Vehicle and Parts Dealers	\$96,253	\$101,246	\$104,716	\$108,308	\$110,923	\$113,601	\$116,343
Gasoline Stations	\$105,071	\$110,522	\$114,310	\$118,231	\$121,085	\$124,009	\$127,002
<i>Subtotal</i>	<i>\$247,668</i>	<i>\$260,516</i>	<i>\$269,446</i>	<i>\$278,686</i>	<i>\$285,415</i>	<i>\$292,308</i>	<i>\$299,362</i>
<b>Total</b>	<b>\$690,655</b>	<b>\$726,483</b>	<b>\$751,387</b>	<b>\$777,155</b>	<b>\$795,918</b>	<b>\$815,140</b>	<b>\$834,811</b>

Source: TNDG

Note: Totals may not sum due to rounding.

### III-G. SUPPORTABLE RETAIL SPACE

#### *Sales per Square Foot Standards*

Projected sales volume requirements per square foot of retail space by retail category are derived from typical sales standards from the Urban Land Institute's (ULI's) Dollars & Cents Publication and from typical sales per square foot data from representative stores in each retail category (as reported in the July 2009 issue of Retail MAXIM).

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

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

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

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

#### *Demand for New Retail Space*

The sales per square foot standards are applied to the net demand numbers for each relevant retail category, as shown in Table III-10 below. This calculation essentially converts potential sales volumes to supportable square feet of new retail space. Supportable development levels will increase in the future by virtue of anticipated population growth in the WRTA (see Table III-1).

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

<b>Retail Category</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
<u>Shopper Goods:</u>							
GAFO	880,346	926,014	957,758	990,604	1,014,520	1,039,022	1,064,095
<u>Convenience Goods:</u>							
Food Service and Drinking	255,173	268,410	277,611	287,132	294,064	301,166	308,433
<u>Heavy Commercial Goods:</u>							
Bldg. Matrl. & Garden Equip. & Supplies	185,376	194,992	201,676	208,593	213,629	218,788	224,068
Auto Parts 1/	71,502	75,211	77,789	80,457	82,400	84,390	86,426
<b>Total</b>	<b>1,392,397</b>	<b>1,464,627</b>	<b>1,514,834</b>	<b>1,566,786</b>	<b>1,604,613</b>	<b>1,643,366</b>	<b>1,683,022</b>

Source: TNDG

Note: Totals may not sum due to rounding.

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

### Existing Square Feet of Space

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

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

<b>Retail Category</b>	<b>Square Feet</b>
<u>Shopper Goods:</u>	
GAFO	377,537
<u>Convenience Goods:</u>	
Food Service and Drinking	158,031
<u>Heavy Commercial Goods:</u>	
Bldg. Matrl. & Garden Equip. & Supplies	22,007
Auto Parts	25,300
Service Stations	N/A
Services Space	428,902
Vacant Space	135,066
<b>Total 1/</b>	<b>1,146,843</b>

Source: TNDG

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

### Demand for New Retail Space

By subtracting the existing amount of effective retail space (see Table III-11) from the potential supportable amount (see Table III-10), Table III-12, on the following page, provides the amount of new retail space that could be supported in the WRTA. Currently (as of 2013) the WRTA could support approximately 809,522 square feet of additional retail space. Due to continued population growth (see Table III-1), the WRTA would be able to support an additional 1.1 million square feet of retail space, over and above existing levels, by 2026.

In addition, based on analysis of a proprietary database of shopping centers in a major metropolitan area, TNDG has determined that services space (e.g., dry cleaners, hair salons, banks, etc.) accounts for 10% to 25% of total shopping center space, depending on type of retail development (i.e., regional, community, neighborhood, etc.). To be analytically conservative, this analysis assumes that, on average, services space accounts for 10% of total space in typical shopping center settings. Thus, currently (as of 2013) the WRTA could support approximately 899,469 square feet of additional retail and services space. Due to continued

population growth (see Table III-1), the WRTA would be able to support an additional 1.22 million square feet of retail and services space, over and above existing levels, by 2026.

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

<b>Retail Category</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
GAFO	502,809	548,477	580,221	613,067	636,983	661,485	686,558
Food Service and Drinking	97,142	110,379	119,580	129,101	136,033	143,135	150,402
Bldg. Matrl./Garden Equip./Supplies	163,369	172,985	179,669	186,586	191,622	196,781	202,061
Automotive Parts	46,202	49,911	52,489	55,157	57,100	59,090	61,126
<b>Total Retail Space</b>	<b>809,522</b>	<b>881,752</b>	<b>931,959</b>	<b>983,911</b>	<b>1,021,738</b>	<b>1,060,491</b>	<b>1,100,147</b>
<b>Services Space @ 10% of Total Space</b>	<b>89,947</b>	<b>97,972</b>	<b>103,551</b>	<b>109,323</b>	<b>113,526</b>	<b>117,832</b>	<b>122,239</b>
<b>TOTAL</b>	<b>899,469</b>	<b>979,724</b>	<b>1,035,510</b>	<b>1,093,234</b>	<b>1,135,264</b>	<b>1,178,323</b>	<b>1,222,386</b>

Source: TNDG

Note: Totals may not sum due to rounding.

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

This section evaluates the demand for grocery sales in the WRTA, along with the proposed project's potential impact on existing supermarkets in the WRTA. Table III-13, on the following page, provides a forecast of total demand in the Food and Beverage category from 2013 to 2026, in addition to the share of food demand that would be captured by supermarkets in the WRTA. TNDG estimates that the eight supermarkets in the WRTA capture approximately 75% of total Food and Beverage demand<sup>31</sup>. The balance of sales in the overall Food and Beverage category (20% of the total) is captured by smaller convenience and specialty markets.

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

<sup>31</sup> In fully developed urban markets, supermarket sales typically account for 80% to 90% of sales in the overall Food category. This factor has been derived by TNDG based on numerous analyses of supermarket supply and demand in urban communities throughout California. In addition, the eight supermarkets account for approximately 92% of the total square feet in the grocery category in the WRTA, suggesting that the 75% share factor for supermarket demand is a conservative assumption for this market.

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

<b>Description</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
Total Food Sales Demand	\$146,349	\$153,941	\$159,218	\$164,678	\$168,654	\$172,727	\$176,896
Estimated Supermarket Share	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Total Potential Sales	\$109,762	\$115,456	\$119,414	\$123,509	\$126,491	\$129,546	\$132,672
--Walmart store 1/	\$0	(\$22,464)	(\$22,464)	(\$22,464)	(\$22,464)	(\$22,464)	(\$22,464)
Net Demand Available to Support Existing Supermarkets	\$109,762	\$92,992	\$96,950	\$101,045	\$104,027	\$107,082	\$110,208
Existing Supermarket Sq. Ft.	215,646	215,646	215,646	215,646	215,646	215,646	215,646
<b>Potential Sales per Square Foot Existing Supermarkets</b>	<b>\$509</b>	<b>\$431</b>	<b>\$450</b>	<b>\$469</b>	<b>\$482</b>	<b>\$497</b>	<b>\$511</b>

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

1/ Sales per square foot (gross area) assumptions: \$468. Typically, new retail stores operate below average sales volumes in the first few years after opening, and then reach stabilized sales volume levels after being open for a few years. However, in order to remain analytically conservative (i.e., to depict the maximum potential impact), we have assumed that store would reach its full sales potential (based on the chain-wide average) in year 1.

**APPENDIX A:**

**RETAIL DEMAND ANALYSIS  
WILDOMAR RETAIL TRADE AREA**

**Table A-1  
Population  
Wildomar Retail Trade Area**

<b>Area</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
Wildomar Retail Trade Area	64,674	68,029	70,361	72,774	74,531	76,331	78,173
Total	64,674	68,029	70,361	72,774	74,531	76,331	78,173

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

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

<b>Area</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
Wildomar Retail Trade Area		\$36,264					
Annual Increase Factor		0.00%					
Wildomar Retail Trade Area	\$36,264	\$36,264	\$36,264	\$36,264	\$36,264	\$36,264	\$36,264

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

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

	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
Percent of Income Spent on Retail Goods	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
<b>Area</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
<b>Total Income:</b>							
Wildomar Retail Trade Area	\$2,345,338	\$2,467,004	\$2,551,571	\$2,639,076	\$2,702,792	\$2,768,067	\$2,834,866
Total	\$2,345,338	\$2,467,004	\$2,551,571	\$2,639,076	\$2,702,792	\$2,768,067	\$2,834,866
<b>Potential Retail Sales:</b>							
Wildomar Retail Trade Area	\$750,508	\$789,441	\$816,503	\$844,504	\$864,893	\$885,782	\$907,157
Total	\$750,508	\$789,441	\$816,503	\$844,504	\$864,893	\$885,782	\$907,157

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

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

<b>Retail Category</b>	<b>%Distribution 2013</b>	<b>%Distribution 2016</b>	<b>%Distribution 2018</b>	<b>%Distribution 2020</b>	<b>%Distribution 2022</b>	<b>%Distribution 2024</b>	<b>%Distribution 2026</b>
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
General Merchandise	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Home Furnishings and Appliances	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Specialty/Other	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Subtotal	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%
<i>Convenience Goods:</i>							
Food and Beverage	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%
Food Service and Drinking	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Subtotal	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Motor Vehicle and Parts Dealers	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
Gasoline Stations	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Subtotal	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

<b>Retail Category</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	\$112,576	\$118,416	\$122,475	\$126,676	\$129,734	\$132,867	\$136,074
General Merchandise	\$52,536	\$55,261	\$57,155	\$59,115	\$60,543	\$62,005	\$63,501
Home Furnishings and Appliances	\$33,773	\$35,525	\$36,743	\$38,003	\$38,920	\$39,860	\$40,822
Specialty/Other	\$60,041	\$63,155	\$65,320	\$67,560	\$69,191	\$70,863	\$72,573
Subtotal	\$258,925	\$272,357	\$281,693	\$291,354	\$298,388	\$305,595	\$312,969
<i>Convenience Goods:</i>							
Food and Beverage	\$146,349	\$153,941	\$159,218	\$164,678	\$168,654	\$172,727	\$176,896
Food Service and Drinking	\$90,061	\$94,733	\$97,980	\$101,341	\$103,787	\$106,294	\$108,859
Subtotal	\$236,410	\$248,674	\$257,198	\$266,019	\$272,441	\$279,021	\$285,754
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	\$48,783	\$51,314	\$53,073	\$54,893	\$56,218	\$57,576	\$58,965
Motor Vehicle and Parts Dealers	\$101,319	\$106,575	\$110,228	\$114,008	\$116,761	\$119,581	\$122,466
Gasoline Stations	\$105,071	\$110,522	\$114,310	\$118,231	\$121,085	\$124,009	\$127,002
Subtotal	\$255,173	\$268,410	\$277,611	\$287,132	\$294,064	\$301,166	\$308,433
Total	\$750,508	\$789,441	\$816,503	\$844,504	\$864,893	\$885,782	\$907,157

Source: TNDG

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

<b>Retail Category</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
General Merchandise	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
Home Furnishings and Appliances	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
Specialty/Other	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
<i>Convenience Goods:</i>							
Food and Beverage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Food Service and Drinking	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Motor Vehicle and Parts Dealers	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Gasoline Stations	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: TNDG

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

<b>Retail Category</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	\$95,690	\$100,654	\$104,104	\$107,674	\$110,274	\$112,937	\$115,663
General Merchandise	\$44,655	\$46,972	\$48,582	\$50,248	\$51,461	\$52,704	\$53,976
Home Furnishings and Appliances	\$28,707	\$30,196	\$31,231	\$32,302	\$33,082	\$33,881	\$34,699
Specialty/Other	\$51,035	\$53,682	\$55,522	\$57,426	\$58,813	\$60,233	\$61,687
Subtotal	\$220,087	\$231,504	\$239,439	\$247,651	\$253,630	\$259,755	\$266,024
<i>Convenience Goods:</i>							
Food and Beverage	\$146,349	\$153,941	\$159,218	\$164,678	\$168,654	\$172,727	\$176,896
Food Service and Drinking	\$76,552	\$80,523	\$83,283	\$86,139	\$88,219	\$90,350	\$92,530
Subtotal	\$222,901	\$234,464	\$242,501	\$250,818	\$256,873	\$263,077	\$269,426
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	\$46,344	\$48,748	\$50,419	\$52,148	\$53,407	\$54,697	\$56,017
Motor Vehicle and Parts Dealers	\$96,253	\$101,246	\$104,716	\$108,308	\$110,923	\$113,601	\$116,343
Gasoline Stations	\$105,071	\$110,522	\$114,310	\$118,231	\$121,085	\$124,009	\$127,002
Subtotal	\$247,668	\$260,516	\$269,446	\$278,686	\$285,415	\$292,308	\$299,362
Total	\$690,655	\$726,483	\$751,387	\$777,155	\$795,918	\$815,140	\$834,811

Source: TNDG

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

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

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

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

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

<b>Retail Category</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
<i>Shopper Goods:</i>							
GAFO Total	880,346	926,014	957,758	990,604	1,014,520	1,039,022	1,064,095
<i>Convenience Goods:</i>							
Food Service and Drinking	255,173	268,410	277,611	287,132	294,064	301,166	308,433
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	185,376	194,992	201,676	208,593	213,629	218,788	224,068
Automotive Parts*	71,502	75,211	77,789	80,457	82,400	84,390	86,426
Gasoline Stations	N/A						
Subtotal	256,878	270,203	279,465	289,050	296,029	303,178	310,494
Total Retail Space	1,392,397	1,464,627	1,514,834	1,566,786	1,604,613	1,643,366	1,683,022

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

Source: TNDG

**Table A-10**  
**Existing Square Feet of Retail Space**  
**Wildomar Retail Trade Area**

<b>Retail Category</b>	<b>Square Feet</b>
<hr/>	
<i>Shopper Goods:</i>	
GAFO Total	377,537
<i>Convenience Goods:</i>	
Food and Beverage	232,977
Food Service and Drinking	158,031
Subtotal	<hr/> 391,008
<i>Heavy Commercial Goods:</i>	
Bldg. Matrl. and Garden Equip. and Supplies	22,007
Automotive Parts	25,300
Gasoline Stations	N/A
Subtotal	<hr/> 47,307
Services Space	428,902
Vacant	135,066
<b>GRAND TOTAL</b>	<b>1,379,820</b>

Source: TNDG

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

<b>Retail Category</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
<i>Shopper Goods:</i>							
GAFO Total	502,809	548,477	580,221	613,067	636,983	661,485	686,558
<i>Convenience Goods:</i>							
Food Service and Drinking	97,142	110,379	119,580	129,101	136,033	143,135	150,402
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	163,369	172,985	179,669	186,586	191,622	196,781	202,061
Automotive Parts	46,202	49,911	52,489	55,157	57,100	59,090	61,126
Gasoline Stations	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Subtotal	209,571	222,896	232,158	241,743	248,722	255,871	263,187
Total Retail Space	809,522	881,752	931,959	983,911	1,021,738	1,060,491	1,100,147
Services Space @ 10% of Total Space	89,947	97,972	103,551	109,323	113,526	117,832	122,239
<b>GRAND TOTAL</b>	<b>899,469</b>	<b>979,724</b>	<b>1,035,510</b>	<b>1,093,234</b>	<b>1,135,264</b>	<b>1,178,323</b>	<b>1,222,386</b>

Source: TNDG

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

<b>Demand Variable</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>	<b>2026</b>
Total Food Sales Demand (000's)	\$146,349	\$153,941	\$159,218	\$164,678	\$168,654	\$172,727	\$176,896
Estimated Supermarket Share	75%	75%	75%	75%	75%	75%	75%
Total Potential Supermarket Sales	\$109,762	\$115,456	\$119,414	\$123,509	\$126,491	\$129,546	\$132,672
Less Demand Absorbed by New Facilities*: --Wal-Mart Supercenter		(\$22,464)	(\$22,464)	(\$22,464)	(\$22,464)	(\$22,464)	(\$22,464)
Net Demand Available to Support Existing Supermarkets	\$109,762	\$92,992	\$96,950	\$101,045	\$104,027	\$107,082	\$110,208
Existing Supermarket Sq. Ft.	215,646	215,646	215,646	215,646	215,646	215,646	215,646
<b>Potential Sales Per Square Foot</b> <b>Existing Supermarkets</b>	<b>\$509</b>	<b>\$431</b>	<b>\$450</b>	<b>\$469</b>	<b>\$482</b>	<b>\$497</b>	<b>\$511</b>

\*Sales per square foot (gross area) assumptions:  
Wal-Mart \$468

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

**APPENDIX B:**  
**RETAIL INVENTORY**  
**WILDOMAR RETAIL TRADE AREA**

**Table B-1**  
**Retail Inventory - Shopping Centers and Freestanding Space**  
**Wildomar Retail Trade Area**

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
<b>GRAND PLAZA</b>	<b>17,750</b>	<b>-</b>	<b>0.0%</b>		
Grand & Corydon	1,750			Landing Zone Grill	ED
	1,000			Boost Mobile	S
	1,000			David's Food	ED
	2,000			Tacos Elsinore	ED
	4,500			Wilcya's Fitness	SVC
	1,000			Nail Crave	SVC
	1,125			Raised Donuts	ED
	875			The Elegant Touch	SVC
	1,250			Fly High Chinese Food	ED
	1,500			Copy Fax Print	SVC
	1,750			Valley Mart Deli	ED
<b>UNNAMED CENTER</b>	<b>10,781</b>	<b>-</b>	<b>0.0%</b>		
Bundy Canyon & Mission Trail	2,013			Circle K	GAS
	1,438			Video Store	S
	1,438			Thrift Store	S
	1,294			Domino's	ED
	1,438			Best Cuts	SVC
	3,163			Audio Waves	SVC
<b>*MISSION TRAIL PLAZA</b>	<b>34,081</b>	<b>4,388</b>	<b>12.9%</b>		
31952 Mission Trail	2,356	2,356		Vacant	VAC
	12,200			Cardena's	F
	1,163			Mi Club	ED
	7,197			Rebecca Torres MD	SVC
	1,250			B&M Water	S
	781			Express Cleaners	SVC
	625			Check Cashing	SVC
	703	703		Vacant	VAC
	703			Metro PCS	S
	1,328	1,328		Vacant	VAC
	4,606			River Springs Charter School	SVC
	1,169			Del Taco	ED
<b>WINSTON PLAZA*</b>	<b>19,400</b>	<b>-</b>	<b>0.0%</b>		
31760 Mission Trail	500			Carniceria Lucio	F
	3,850			Auto Parts	AD
	3,900			A&M Auto Repair	AD
	3,150			Goldsmiths & Awards	S
	2,100			Dentist	SVC
	1,200			Mommy & Me	SVC
	2,750			Our Redeemer Church	SVC
	800			Full Service Salon	SVC
	700			Computer Repair	SVC
	450			Payday Loans	SVC
<b>UNNAMED CENTER*</b>	<b>9,219</b>	<b>656</b>	<b>7.1%</b>		
31748 Mission Trail	1,463			Firstone Tires	AD
	919			RW Oneil Insurance	SVC
	1,181			Anita Jackson MD	SVC
	656	656		Vacant	VAC
	722			Income Tax	SVC
	591			Heads or Tails Barbers	SVC
	591			Sky Salon	SVC
	591			Jewelry & Loan	SVC
	1,125			Vero's Mexican Food	ED
	1,031			Taco Bell	ED
	350			Mobil	GAS
<b>LAKE ELSINORE VALLEY CENTER*</b>	<b>37,641</b>	<b>11,488</b>	<b>30.5%</b>		
2499 E Lakeshore Dr	3,300			My Buddies Pizza	ED
	1,788	1,788		Vacant	VAC
	7,688	7,688		Vacant	VAC
	8,063			WIC	SVC
	8,813			Lake Elsinore Family Health Center	SVC
	2,013	2,013		Vacant	VAC
	613			Delta Drugs	S
	1,225			Mother's Nutritional Center	SVC
	2,891			Bank of America	SVC
	1,250			Century 21	SVC

**Table B-1**  
**Retail Inventory - Shopping Centers and Freestanding Space**  
**Wildomar Retail Trade Area**

<b>Shopping Center / Location</b>	<b>GLA</b>	<b>Vacant</b>	<b>Vacancy</b>	<b>Tenants</b>	<b>Category</b>
<b>UNNAMED STRIP*</b>	<b>10,209</b>	<b>447</b>	<b>4.4%</b>		
31813 Mission Trail	481			We Buy Gold	SVC
	344			Harry's Shoe Repair	SVC
	378			Fantastic Tailors	SVC
	344			Glamour Beauty	SVC
	413			Income Tax	SVC
	481			Liberty Smoke Shop	S
	378			Lake Elsinore Florist	S
	241			Ed's Coins	S
	1,306			Mike's Hobbies	S
	481			The Herb Cottage	S
	447	447		Vacant	VAC
	344			Copies	SVC
	688			Income Tax	SVC
	619			KC Flooring	BHG
	447			Coin Shop	S
	309			Carlsbad Golf	S
	413			Ronnie's Jewelry	A
	447			Farmers	SVC
	309			Preformance Outfitters	A
	309			Gerryann's Flowers	S
	138			Boost Mobile	S
	309			Affordable Print & Mail	SVC
	584			Castinet.com	SVC
<b>PALOMAR PLAZA</b>	<b>14,025</b>	<b>-</b>	<b>0.0%</b>		
21465 Palomar St	2,975			J&S Market	F
	1,063			Freddy's Tacos	ED
	1,169			Palomar Wireless	S
	956			Hair Salon	SVC
	956			Pam's Donuts	ED
	1,169			Cash 4 Gold	SVC
	1,169			Zip's Clothing	A
	956			Michael's Pizza	ED
	3,613			Don Alfredo's Meat Market	F
<b>LAKE ELSINORE CITY CENTER*</b>	<b>123,229</b>	<b>-</b>	<b>0.0%</b>		
31700 Grape St	2,019			Basie 21	A
	1,594			Diamond Dentist	SVC
	1,381			LA Nails & Spa II	SVC
	678			Smoke Shop	S
	775			GNC	S
	872			Cleaners	SVC
	775			The UPS Store	SVC
	872			Sally Beauty Salon	SVC
	1,163			Sushi Zen	ED
	26,625			Vons	F
	4,844			O'Reily Auto Parts	AD
	3,906			Fashion Today	A
	4,297			Payless Shoes	A
	3,266			Goodwill	S
	63,195			Walmart	GM
	2,188			Denny's	ED
	3,331			Wells Fargo	SVC
	1,450			El Pollo Loco	ED
<b>UNNAMED CENTER*</b>	<b>10,497</b>	<b>-</b>	<b>0.0%</b>		
351 Railroad Canyon Rd	2,231			Tuscany Dental	SVC
	1,575			Tuscany Wine & Liquor	F
	1,463			Coffee Bar	ED
	1,013			Orthodontist	SVC
	450			Fine Cuts	SVC
	844			Preformance Realty Group	SVC
	956			Eileen's Cleaners	SVC
	638			Peace of Zen	SVC
	691			99 Cent Store	GM
	638			State Farm	SVC
<b>LAKE ELSINORE TOWN CENTER*</b>	<b>88,804</b>	<b>25,807</b>	<b>29.1%</b>		
32281 Mission Trail	2,550			Autozone	AD
	900			State Farm	SVC
	1,650			Dentist	SVC
	1,500			Dance Studio	SVC

**Table B-1**  
**Retail Inventory - Shopping Centers and Freestanding Space**  
**Wildomar Retail Trade Area**

<b>Shopping Center / Location</b>	<b>GLA</b>	<b>Vacant</b>	<b>Vacancy</b>	<b>Tenants</b>	<b>Category</b>
	675	675		Vacant	VAC
	675			Karate	SVC
	14,985			Big Lots	GM
	988			Medical Supply	SVC
	731	731		Vacant	VAC
	488			Sports Cards	S
	1,138			Chiropractor	SVC
	1,300			Optometry	SVC
	650	650		Vacant	VAC
	569	569		Vacant	VAC
	650	650		Vacant	VAC
	1,992			Rent A Center	FA
	2,969	2,969		Vacant	VAC
	875			H&R Block	SVC
	2,713	2,713		Vacant	VAC
	1,225			Radio Shack	FA
	700			Fantastic Sams	SVC
	700			Beauty Supply	SVC
	963	963		Vacant	VAC
	21,403			Stater Bros	F
	450			Auto Insurance	SVC
	1,500			Nails	SVC
	675	675		Vacant	VAC
	750			Dry Cleaners	SVC
	600			Health Store	S
	600			Postal Annex	SVC
	450			Tobacco	S
	1,950			Fashion Art	A
	2,700	2,700		Vacant	VAC
	9,560	9,560		Vacant	VAC
	2,954	2,954		Vacant	VAC
	1,155			El Ranchito Taco Shop	ED
	990			Kokoro Sushi	ED
	1,485			Annie's Café	ED
<b>CANYON HILLS MARKETPLACE*</b>	<b>49,750</b>	<b>750</b>	<b>1.5%</b>		
29995 Canyon Hills Rd	2,175			Bank of America	SVC
	7,200			CVS	S
	938			Panda Express	ED
	1,031			Calvary Chapel	SVC
	844			Dream Tan	SVC
	750			Los Jilberto's	ED
	844			Subway	ED
	2,250			Hana Sushi	ED
	1,688			Bites	ED
	844			Juice it Up	ED
	844			Postal Annex	SVC
	1,125			Cleaners	SVC
	938			Fantastic Sams	SVC
	844			Jade Nails	SVC
	22,138			Stater Bros	F
	825			Kid Starz	SVC
	750	750		Vacant	VAC
	675			Wolfee Donuts	ED
	675			Salon Silque	SVC
	1,275			Grapes & Tomatoes	ED
	1,100			Jack in the Box	ED
<b>UNNAMED CENTER*</b>	<b>14,253</b>	<b>-</b>	<b>0.0%</b>		
25351 Railroad Canyon Rd	625			Papa John's	ED
	1,313			Ju Jit Su	SVC
	2,438			Chevron	GAS
	3,234			Joe's Hardware	BHG
	1,575			Carl's Jr	ED
	2,250			America's Tire Center	AD
	963			Dentist	SVC
	619			Bow Wow Bath House	SVC
	1,238			Lake Vision	SVC
<b>BEAR CREEK VILLAGE CENTER</b>	<b>86,431</b>	<b>4,794</b>	<b>5.5%</b>		
36016 Hidden Springs Road	4,888			Chase	SVC
	2,550			Tresino's	ED
	1,500			Den Sushi	ED

**Table B-1**  
**Retail Inventory - Shopping Centers and Freestanding Space**  
**Wildomar Retail Trade Area**

<b>Shopping Center / Location</b>	<b>GLA</b>	<b>Vacant</b>	<b>Vacancy</b>	<b>Tenants</b>	<b>Category</b>
	3,000			Bear Creek Dental Group	SVC
	1,800			Shear Expressions	SVC
	2,100			Pet Supply	S
	1,200	1,200		Vacant	VAC
	1,200			Print Pros	SVC
	1,350			Checkerboard Deli	ED
	1,500			Simply Kneaded	ED
	44,093			Stater Bros	F
	1,050			Great Clips	SVC
	1,500			Wonder Nails	SVC
	1,500			Palm Cleaners	SVC
	3,594			Dream Tan	SVC
	3,594	3,594		Vacant	VAC
	2,625			Del Taco	ED
	4,500			Arco	GAS
	2,888			Jack in the Box	ED
<b>UNNAMED CENTER</b>	<b>28,350</b>	<b>4,950</b>	<b>17.5%</b>		
Clinton Keith Rd & Palomar	3,900			News Financial	SVC
	3,900	3,900		Vacant	VAC
	1,500			Bear Valley Tax	SVC
	1,800			Realty Executives	SVC
	1,350			Pho 999	ED
	1,350			Chiropractic Works	SVC
	1,500			Cleaners	SVC
	1,500			Boost Mobile	S
	3,300			Bear Valley Ranch Market	F
	2,700			Pancho's	ED
	1,350			Dentist	SVC
	1,350			La Cresta Studio Hair	SVC
	1,050	1,050		Vacant	VAC
	1,800			Tesoro	ED
<b>UNNAMED CENTER</b>	<b>24,913</b>	<b>12,900</b>	<b>51.8%</b>		
NWC Clinton Keith Rd & Palomar	1,550			Cleaners	SVC
	1,938			Tobacco	S
	1,550			BV Cash Advance	SVC
	2,325	2,325		Vacant	VAC
	1,938			Travel	SVC
	2,325	2,325		Vacant	VAC
	5,038			Veterinarian	SVC
	8,250	8,250		Vacant	VAC
<b>UNNAMED CENTER*</b>	<b>31,919</b>	<b>4,347</b>	<b>13.6%</b>		
Casino Dr & Diamond Dr	1,647			Pizza Hut	ED
	3,700	3,700		Vacant	VAC
	3,375			Elsinore Buffet	ED
	1,006			Quest Diagnostics	SVC
	791			Spa Swan	SVC
	647			We Buy Gold	SVC
	647			One Main Financial	SVC
	647	647		Vacant	VAC
	1,438			King Kabob	ED
	2,588			Don Jose	ED
	3,450			Vincenzo's	ED
	863			Hang it Over	S
	719			Spa Pedi	SVC
	575			Fancy Nails & Spa	SVC
	719			Tattoo	SVC
	1,294			Lotions & Lace	S
	3,250			Coco's	ED
	703			Econo Lube	AD
	2,550			Express Tires	AD
	1,313			Arco	GAS
<b>UNNAMED CENTER</b>	<b>26,794</b>	<b>13,388</b>	<b>50.0%</b>		
Nutmeg & Jackson	13,406			CVS	S
	13,388	13,388		Vacant (Fresh & Easy)	VAC
<b>THE ORCHARD STONE CREEK</b>	<b>219,489</b>	<b>30,220</b>	<b>13.8%</b>		
Clinton Keith & I-215	27,520	27,520		Vacant (fomer Dixieline Pro Lumber)**	VAC
	153,750			Super Target	GM
	1,800			Starbucks	ED

**Table B-1**  
**Retail Inventory - Shopping Centers and Freestanding Space**  
**Wildomar Retail Trade Area**

<b>Shopping Center / Location</b>	<b>GLA</b>	<b>Vacant</b>	<b>Vacancy</b>	<b>Tenants</b>	<b>Category</b>
	1,500			Subway	ED
	1,500			Xtreme Frozen Yogurt	ED
	1,650			UPS Store	SVC
	1,650			Orchard Nail Spa	SVC
	2,700	2,700		Vacant	VAC
	1,200			Juice it Up	ED
	2,656			Arco	GAS
	13,725			Walgreens	S
	2,200			Cleaners	SVC
	2,200			Barber	SVC
	5,438			Bank of America	SVC
<b>RITE AID CENTER</b>	<b>26,000</b>	<b>-</b>	<b>0.0%</b>		
SEC Clinton Keith & Palomar	15,500			Rite Aid	S
	6,938			Angel View	A
	3,563			Hollywood Dance	SVC
<b>BARONS CENTER</b>	<b>55,575</b>	<b>-</b>	<b>0.0%</b>		
32310 Clinton Keith Rd	1,750			Dentist	SVC
	1,750			Bear Breek Chiropractic	SVC
	1,750			Escape Salon	SVC
	2,625			Stadium Pizza	ED
	1,225			Poblano Mexican Grill	ED
	1,750			White Lime	ED
	1,925			Tae Kwon Do	SVC
	2,275			Pilates	SVC
	1,400			Luxury Nails	SVC
	1,750			Pet Spa	SVC
	21,000			Barons The Marketplace	F
	13,488			Sycamore Academy	SVC
	2,888			KFC/Long John Silver's	ED
<b>THE SHOPS AT CLINTON KEITH</b>	<b>19,938</b>	<b>1,438</b>	<b>7.2%</b>		
Clinton Keith & Hidden Springs	1,719			Starbucks	ED
	4,456			D'Caners	ED
	1,581			Creative Nails	SVC
	1,725			Santa Rosa Wellness Spa	SVC
	1,725			Dental Care	SVC
	1,438	1,438		Vacant	VAC
	1,438			Insurance	SVC
	1,294			Submarina	ED
	1,438			Arriba	ED
	3,125			7 Eleven	GAS
<b>OAK CREEK CENTER</b>	<b>154,445</b>	<b>10,670</b>	<b>6.9%</b>		
23893 Clinton Keith Rd	2,475			Teak Woods	ED
	2,475	2,475		Vacant	VAC
	1,238			Los Jilberto's	ED
	3,163			Ultimate Sports Pizza	ED
	1,238			Nail Palace	SVC
	1,375	1,375		Vacant	VAC
	4,950			Dentist	SVC
	1,513			Fantastic Sams	SVC
	1,100			Tanning Salon	SVC
	963			Shear Envy Salon	SVC
	1,100			Mailboxes Plus	SVC
	1,000			Vision Experience	SVC
	900			Golden Spoon	ED
	900			Subway	ED
	1,000			Prompi Cleaners	SVC
	55,688			Albertsons	F
	5,070	5,070		Vacant	VAC
	3,692			Massage Envy	SVC
	1,242			H&R Block	SVC
	15,004			Ace Hardware	BHG
	8,277			Fitness 19	SVC
	9,275			Castle & Cooke Mortgage	SVC
	3,514			Los Reyes	ED
	2,502			Sprint	S
	2,322			Panda Express	ED
	1,750	1,750		Vacant	VAC
	5,259			Denny's	ED
	2,600			Starbucks	ED

**Table B-1**  
**Retail Inventory - Shopping Centers and Freestanding Space**  
**Wildomar Retail Trade Area**

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
	4,875			Coldwell Banker	SVC
	1,788			Old Market Grill	ED
	3,200			McDonalds	ED
	3,000			Chevron	GAS
<b>CANYON LAKE CENTER</b>	<b>130,956</b>	<b>6,825</b>	<b>5.2%</b>		
Railroad Canyon & Canyon Lake	2,600			Pepe's	ED
	1,225			Canyon Lake Smoke Shop	S
	1,050			Golden Coast Music	S
	1,050			Canyon Legal Center	SVC
	1,225			Canyon Lake Med Spa	SVC
	1,400			Ultrasound	SVC
	1,750			Hope's Chest	A
	700			Xphoria	SVC
	1,575			Sugar Dollz	A
	3,675			Coldwell Banker	SVC
	2,450			Gallery Homes	SVC
	1,400			Glo Tan	SVC
	1,400			First Mortgage Corperation	SVC
	1,575			Prestige Health Registry	SVC
	2,800			California Hair	SVC
	1,750			Dentist	SVC
	2,100			Avalon Management	SVC
	619			Canyon Lake Flowers	S
	894			A Touch of Heaven Massage	SVC
	1,169			Canyon Lake Nails	SVC
	3,850			Canyon Lake Pet Spa	SVC
	1,400			Twisted Scissors Salon	SVC
	1,750			Barber Shop	SVC
	4,725	4,725		Vacant	VAC
	3,150			The Giardinell Law Group	SVC
	1,925			A to Z Treasures	S
	3,675			Icon Dance	SVC
	4,550			The Sports Stop	ED
	1,925			Canyon Car Company	AD
	1,575			Beck & Greer Attourneys at Law	SVC
	2,100			Troy's Pizza Oven	ED
	1,400			VIP Events	SVC
	1,225			Canyon Lake Post Office	SVC
	1,575			Just for Gifts	S
	2,100			Animal Hospital	SVC
	1,750			Village Lights Carpets	BHG
	1,750			Preventec	SVC
	2,100			The Friday Flyer	SVC
	1,750			Karate	SVC
	1,400			Advance Flooring	BHG
	1,400			Alternative Wellness	SVC
	1,225			Peterson Electric	SVC
	1,225			Chiropractor	SVC
	1,400			Ceramics	S
	1,575			CL Nails	SVC
	1,575			Dominos	ED
	1,225			Locksmith	SVC
	4,888			Canyon Lake Animal Clinic	SVC
	2,338			Studio 1 Salon	SVC
	2,338			The Cup Above	ED
	2,450			Tanning Salon	SVC
	1,750			Notary	SVC
	3,150			Kneaded Theropies	SVC
	3,150			Kaylees Boutique	A
	2,100	2,100		Vacant	VAC
	1,575			Traffic School	SVC
	1,925			Golf Cars	S
	12,500			Canyon Lake Market	F
	2,775			Kell's Kitchen	ED
	2,313			Canyon Lake Flowers and Gifts	S
<b>FREESTANDING</b>					
Olive & Mission Trail	2,000	2,000		Vacant	VAC
32510 Mission Trail	2,869			Excalibur Market	F
32410 Mission Trail	2,250			El Comal	ED
32392 Mission Trail	825			The Hideaway	ED
32260 Mission Trail	25,938			Diamond Cinema	SVC

**Table B-1**  
**Retail Inventory - Shopping Centers and Freestanding Space**  
**Wildomar Retail Trade Area**

<b>Shopping Center / Location</b>	<b>GLA</b>	<b>Vacant</b>	<b>Vacancy</b>	<b>Tenants</b>	<b>Category</b>
32250 Mission Trail	85,188			Trevi Bowling Center	SVC
31650 Mission Trail	5,000			McDonalds	ED
31640 Mission Trail	2,700			Chevron	GAS
2091 E Lakeshore Dr	14,781			CVS	S
160 Diamond Dr*	6,278			Walgreens	S
20651 Palomar St*	1,788			Roundup Gas	GAS
21549 Palomar St	1,138			Los Molcajetes	ED
31805 Grape St*	1,444			76 Station	GAS
331 Railroad Canyon Rd*	1,647			In N Out	ED
321 Summerhill Dr*	1,438			KFC	ED
311 Summerhill Dr*	1,266			Jiffy Lube	AD
301 Summerhill Dr*	1,650			Alberto's	ED
22055 Palomar	2,500			Plowboys Farm	F
<b>TOTAL</b>	<b>1,405,144</b>				

<b>Category</b>	<b>Square Feet</b>	
A = Apparel	27,475	
AD = Auto Parts	25,300	
BHG = Building/Hardware/Garden	22,007	
ED = Eating and Drinking	158,031	
F = Food	232,977	
FA = Furniture/Appliances	3,217	
GAS = Gas Stations	25,325	
GM = General Merchandise	232,621	
S = Specialty	114,224	
SVC = Service	428,902	
VAC = Vacant	135,066	9.61%
<b>TOTAL</b>	<b>1,405,144</b>	

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

**Notes:**

\* Square Feet Discounted by 50%

\*\*Includes square feet of building, as consistent with real estate marketing package. Does not include building sheds (15,070 SF) or enclosed yard (103,000 SF). See <http://www.loopnet.com/xNet/Looplink/Profile/Profile.aspx?LID=17923233&STID=CB0003&LL=true>, accessed on 12/12/2013.

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

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

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

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

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

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

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

**APPENDIX C:**

**PICTURES OF EXISTING  
HIGH VACANCY RATE CENTERS**



**1 Lake Elsinore Town Center**

*PROJECT LOCATION:*

NWC Malaga Rd / Mission Trl  
Lake Elsinore 92530

*GROSS LEASABLE AREA:*

179,856 SF

*VACANT SQUARE FEET:*

47,744 SF

*VACANCY RATE:*

26.5%





**2 Lake Elsinore Valley Center**

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

*GROSS LEASABLE AREA:* 75,281 SF  
*VACANT SQUARE FEET:* 22,975  
*VACANCY RATE:* 30.1%

