

West Florissant Avenue Corridor: *Commerical Real Estate Development Opportunities*

West West Florissant Avenue Corridor Household Demand Analysis

The following discussion evaluates household supply and demand for goods and services in the West West Florissant Avenue Corridor. Based on land use characteristics, distance to competing retailers, and in consultation with local St. Louis County Economic Development Partnership, the relevant trade area used herein is geographically defined as a 1-mile radius from Florissant Avenue and Chambers Road.

The Market for Retail Goods: 1-Mile Trade Area

Within the 1-mile trade area, there are 294 businesses in retail trade, 74 of which are in the food and drink services (e.g. restaurants and bars). Figure 1 below details the types of industries and number of businesses in the area.

Figure 1. Number of Businesses by Industry Group within 1-Mile Trade Area

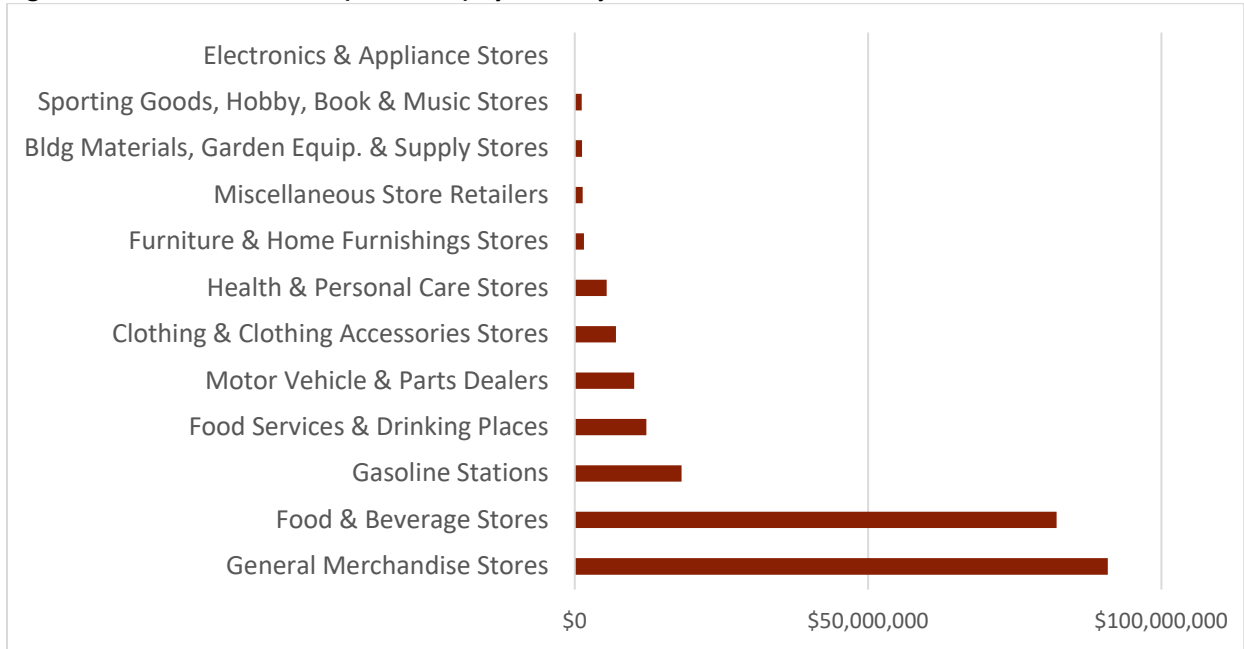


Source: ESRI Retail Marketplace Profile; Development Research Partners, Inc.

Retail supply is measured in terms of retail sales experienced in the trade area. Figure 2 below illustrates the annual retail sales by industry within the 1-mile trade area. Retail sales demonstrate spending that is occurring within the area, including spending by consumers who have travelled to the area to purchase a good or service.

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Figure 2. Annual Retail Sales (\$ millions) by Industry within the 1-Mile Trade Area



Source: ESRI Retail Marketplace Profile; Development Research Partners, Inc.

New retail business development potential is defined as retail gaps, or the consumer demand in the area for retail goods that are not being serviced by local businesses; consumers are leaving the trade area to meet their demands. This trade area “retail leakage” is the best measurement of untapped demand. The estimated 1-mile trade area leakage is illustrated in Figure 3.

Figure 3. Annual Retail Potential (\$ millions) by Industry within the 1-Mile Trade Area



Source: ESRI Retail Marketplace Profile; Development Research Partners, Inc.

Within the 1-mile trade area, the industries that experience the largest retail leakage include motor vehicle and parts dealers, building materials, and electronics and appliance stores. The industries with the greatest surplus in retail sales are general merchandising stores, food and beverage establishments, and gasoline stations.

Trade Area Opportunities: Retail Goods Component

Retail leakage represents the amount of consumer retail spending that is leaving the trade area. No trade area can capture 100% of its own consumer spending. For example, people drive to destination restaurants and specialized stores, travel away from home, vacation, and generally are not bound by trade area boundaries. It is assumed that in general, local consumers will spend about 80% of their household consumption in their own trade area; this “local capture” is reflected in table 4 below.

Table 4 shows estimated aggregate household retail spending in the 1-mile trade area by NAICS retail spending category and estimated local retail capture.

Table 4. Aggregate Household Income Available to Supporty New Businesses¹

<u>NAICS Retail Category</u>	<u>A Retail Leakage ½-mile Radius Trade Area (1)</u>	<u>B Local Capture Rate (2)</u>	<u>C Spending Available to Support New Local Businesses (3)</u>
Motor Vehicle & Parts Dealers	\$21,803,872	80%	\$17,443,098
Bldg Materials, Garden Equip. & Supply Stores	\$6,798,068	80%	\$5,438,454
Electronics & Appliance Stores	\$6,223,929	80%	\$4,979,143
Miscellaneous Store Retailers	\$5,116,498	80%	\$4,093,198
Furniture & Home Furnishings Stores	\$2,322,669	80%	\$1,858,135
Sporting Goods, Hobby, Book & Music Stores	\$2,302,259	80%	\$1,841,807
Health & Personal Care Stores	\$2,052,720	80%	\$1,642,176
Food Services & Drinking Places	\$1,558,979	80%	\$1,247,183

Source: ESRI Retail Marketplace Profile; Development Research Partners, Inc.

¹ Notes:

- (1) Leakage is the estimated amount of local dollars spent outside the local area.
- (2) Capture is the estimated amount of leakage that could be captured locally if there were appropriate retailers.
- (3) The amount of aggregate trade area spending that could be captured by new local retailer and remain in the trade area. Columns A X B = C

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To determine the square feet of new retail space that can be supported by capturing local spending, total available new sales are divided by typical retail sales per square foot in that industry. Table 5 illustrates estimated square feet that can be supported in these business categories.

Table 5. New Retail Square Feet that Could be Supported by Aggregate Household Spending Currently Leaving the Trade Area²

Retail Category	A Spending Available to Support New Local Businesses	B Estimated Retail Sales per Square Feet (1)	C Total Retail Square Feet Supported (2)
Motor Vehicle & Parts Dealers	\$17,443,098	\$220	79,287
Bldg Materials, Garden Equip. & Supply Stores	\$5,438,454	\$300	18,128
Electronics & Appliance Stores	\$4,979,143	\$600	8,299
Miscellaneous Store Retailers	\$4,093,198	\$300	13,644
Furniture & Home Furnishings Stores	\$1,858,135	\$200	9,291
Sporting Goods, Hobby, Book & Music Stores	\$1,841,807	\$240	7,674
Health & Personal Care Stores	\$1,642,176	\$1,000	1,642
Food Services & Drinking Places	\$1,247,183	\$500	2,494
TOTAL	\$38,543,194		140,459 sf

Source: Bizminer; Development Research Partners, Inc.

Given household income, demand by category, and typical business sizes in the trade area, the number of business establishments that could be supported can be estimated below in Table 6. Business size data used herein represents national estimates which include regional and national chains and can be larger than the smaller-scale local business start-ups likely in the trade area. While the estimates presented herein may underestimate the total number businesses supported, it is considered to be reliable estimates for future activities.

² Notes:

(1) Typical retail sales per square foot of retail space in that retail category, estimated from national retail store data for retailers nationally. National sales per square feet are used as a proxy for typical sales in successful retailers in today's competitive market.

(2) The amount of square feet in that retail category supported by leakage recapture in the trade area. Columns A ÷ B = C

Table 6. Estimated Number of Business Establishments that Could be Supported by Aggregate Household Spending Currently Leaving the Trade Area

Retail Category	C Total Retail Square Feet Supported (2)	D Typical Business Size (sf)	E Estimated Number Establishments Supported
Motor Vehicle & Parts Dealers	79,287	7,000	+/- 11
Bldg Materials, Garden Equip. & Supply Stores	18,128	10,500	+/- 2
Electronics & Appliance Stores	8,299	30,000	+/- 1
Miscellaneous Store Retailers	13,644	20,000	+/- 1
Furniture & Home Furnishings Stores	9,291	20,000	+/- 1
Sporting Goods, Hobby, Book & Music Stores	7,674	20,000	+/- 1
Health & Personal Care Stores	1,642	10,000	+/- 1
Food Services & Drinking Places	2,494	5,000	+/- 1
TOTAL	140,459 sf		+/- 19

Source: Bizminer; Development Research Partners, Inc.

In summary, it is estimated that about 140,500 square feet of retail space can be supported by capturing local spending now leaking out of the trade area. This square footage translates into an estimated 15 to 20 new business spaces that could be supported by existing demand currently leaking from the trade area.

Trade Area Consumer Expenditures: Services Component – Select Services

Household Services include expenditures for non-retail businesses such as doctors, dentists, laundry services, financial services, salons, day care, physical therapy, and similar professionals. For this analysis service provider types are selected based on basic human and family needs.

Demand for service providers is based on the number of providers per person in the trade area relative to the providers per capita in the greater St. Louis Metropolitan Statistical Area (MSA). Table 6 shows the estimated additional service-businesses square footage that could be supported by capturing leakage.

Table 7. Estimated New Service Establishments Supported in the Corridor ³

Service Category	A Corridor Population	B MSA Population per Service Provider (1)	C Number Service Providers Supported (2)	D Existing Service Providers	E New Establishments supported (3)
Personal and Household Services	15,439	13,367	1	17	Oversupply
Banks and Lenders	15,439	1,508	10	7	3
Physicians	15,439	1,457	11	4	7
Dentists	15,439	2,475	6	2	4
Other Health Practitioners	15,439	1,957	8	1	7
Outpatient Care Centers	15,439	8,532	2	4	Oversupply
Home Health Care Services	15,439	3,861	4	5	Oversupply
Seniors' Nursing/Residential Care Facilities	15,439	4,004	4	2	2
Seniors'/Disabled Day Care and Services	15,439	369	42	0	42
Child Day Care Services	15,439	4,338	4	10	Oversupply

Source: U.S. Economic Census, County Business Patterns, Non-employer Statistics, and Population Estimates; ESRI Retail Marketplace Profile; U.S. GSA, Development Research Partners

Table 8. Estimated New (Select) Service Providers Supported in the Corridor

³ Notes:

(1) U.S. Census Bureau; Economic Census; County Business Patterns.

(2) Columns A ÷ B = C

(3) Estimated new local service businesses that could be supported by household spending now leaving the trade area. Columns C – D = E

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Service Category	A New Establishments supported	B Typical Size, SF	C Services Provider Square Feet Supported
Banks and Lenders	3	3,500	11,345
Physicians	7	1,500	9,898
Dentists	4	3,000	12,712
Other Health Practitioners	7	1,200	8,265
Seniors' Nursing/Residential Care Facilities	2	40,000	74,225
Seniors'/Disabled Day Care and Services	42	4,000	167,337
TOTAL	65		283,782 sf

Source: Bizminer; Development Research Partners, Inc.

In Summary, it is estimated that the trade area could support about 284,000 new square feet of personal and household service providers based on select categories of basic human needs. This estimate is based on the size of population service providers typically cover. Service provider's occupancy type is somewhat flexible and can be retail storefront, office space, main street office style, or a hybrid. It is worth noting that banks and lending entities in the trade area are primarily "payday lender" type, not institutional credit lenders and savings organizations.

Summary and Conclusions

The preceding analysis estimates the number and type of new businesses that could be supported by current trade area purchasing power. While there is financial opportunity for new goods and service businesses to develop, there are other market risks associated with this location. Currently distressed and blighted properties mar the West Florissant Avenue Corridor and greatly reduces market appeal. Local per capita income levels are relatively low compared to the overall St. Louis MSA (\$19,959 trade area vs \$30,293 MSA) which may deter regional and national businesses from opening locations. Additionally, there is a somewhat cultural sense of being “stuck in time” and not being a fit for more forward looking and modern businesses.

It may be desirable to focus on bringing modern higher-density housing to the neighborhood to boost overall household expendable income and the enlarge the household consumer pool. Boosting household counts and income density will lead to increased levels of economic activity in the corridor.

Similarly, attracting personal service provers, particularly health care and medical services will improve living conditions and proved flexibility to the workforce.

With appropriate economic development, retention and attraction programs, and entrepreneurship efforts, the market can strengthen. These efforts may include business education, business counseling and financial assistance to fledgling local entrepreneurs. The tables on the following pages summarize the findings presented herein.

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In the 1-mile radius trade area the following retailers and select personal service providers are in demand:

Business Category	Goods or Services Provider	Business Examples	Property Type	Estimated Square Feet Supported	Typical Business Size (sf)	Estimated Number Businesses Supported
Motor Vehicle & Parts Dealers	Goods	Auto Zone, O'Reilly Automotive	<ul style="list-style-type: none"> • Retail Storefront • Main Street, mall, or Free-standing 	79,287	7,000	11
Bldg Materials, Garden Equip. & Supply Stores	Goods	Home Depot, ACE Hardware	<ul style="list-style-type: none"> • Retail Storefront • Industrial/warehouse flex • Main Street, mall, or Free-standing 	18,128	10,500	2
Electronics & Appliance Stores	Goods	Best Buy, Game Stop	<ul style="list-style-type: none"> • Retail Storefront • Main Street, mall, or Free-standing 	8,299	30,000	1
Miscellaneous Store Retailers	Goods	Petsmart, Office Depot, Gymboree, Barnes & Noble, Dollar Store	<ul style="list-style-type: none"> • Retail Storefront • Main Street, mall, or Free-standing 	13,644	20,000	1
Furniture & Home Furnishings Stores	Goods	Bed Bath & Beyond, Pier 1 Imports, Home Goods	<ul style="list-style-type: none"> • Retail Storefront • Main Street, mall, or Free-standing 	9,291	20,000	1
Sporting Goods, Hobby, Book & Music Stores	Goods	Dick's, Soccer Stop, Big 5	<ul style="list-style-type: none"> • Retail Storefront • Main Street, mall, or Free-standing 	7,674	20,000	1
Health & Personal Care Stores	Goods	Rite Aid, CVS	<ul style="list-style-type: none"> • Retail Storefront • Main Street, mall, or Free-standing 	1,642	10,000	1

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Food Services & Drinking Places	Goods	Red Robin, Panera Bread, Cracker Barrel, Denny's	<ul style="list-style-type: none"> • Retail Storefront • Main Street, mall, or Free-standing 	2,494	5,000	1
Banks and Lenders	Services	Credit Unions, banks: Bank of Missouri; Mobank; People's Bank & Trust	<ul style="list-style-type: none"> • Retail storefront • Main Street, mall, or Free-standing 	11,345	1,300	3
Physicians	Services	Family practitioners, Drs of internal medicine, women's care, Ophthalmologist	<ul style="list-style-type: none"> • Retail • Office • Hybrid • Free-standing 	9,898	3,500	7
Dentists	Services	Dental offices, orthodontists, oral surgery	<ul style="list-style-type: none"> • Retail • Office • Hybrid • Free-standing 	12,712	1,500	4
Other Health Practitioners	Services	Physical therapists, chiropractors, optometrists	<ul style="list-style-type: none"> • Retail • Office • Hybrid • Free-standing 	8,265	3,000	7
Seniors' Nursing/Residential Care Facilities	Services	In-patient rehabilitation center, Nursing homes, Memory care	<ul style="list-style-type: none"> • Retail • Office • Free-standing 	74,225	1,200	2
Seniors'/Disabled Day Care and Services	Services	Adult Day Care, Out-patient nursing care, Senior Centers	<ul style="list-style-type: none"> • Retail • Office • Hybrid • Free-standing 	167,337	15,000	42

West Florissant Avenue Corridor: *Commerical Real Estate Development Opportunities 3*

The West Florissant Avenue corridor is a pioneer location due to multiple factors and the market cycle may take time and effort to initiate:

Phase:	Pioneer Market	Emerging Market	Establishing Market
Duration	Years 1 to 5	Years 5 to 8	Years 8 to 10
Retail Outlook	High-risk entrepreneurs open new businesses one-by-one to test the market; while higher risk-tolerant regional and national chains may test the water later in this cycle. Public investment will be needed to kick-off a new neighborhood investment cycle. A few new and/or updated residential units may come online by local developers; new households begin to drive success in both new and existing corridor businesses.	As pioneer businesses succeed in testing the market in years 6, 7, and 8, similar businesses begin to move in and form clusters, supporting each other's locations. New competition starts to also enter the corridor. New residential units continue to come on line and neighborhood ambiance evolves.	A number of pioneering businesses have established a track record of success and establish the corridor as a viable market. New residents have moved in, demographic range widens, and the Corridor evolves into a welcoming neighborhood for commercial expansions and new businesses.
Services Outlook	There is a need for professional health services and adult care facilities. These services will help maintain a healthy population and workforce. Adult care services may enable care-takers the opportunity to enter the labor force and improve morale and raise household income levels. These services may necessitate public investment and subsidies.	New service providers will have opened and established presence with stable books of business. It is likely that local demand may not have been met and new households moving in will increase the demand for services. New housing and residents will bring resident age and housing diversity to the area	With the corridor experiencing stabilization and aesthetic improvements, the location will be attractive to new service providers interested in meeting remaining demand. The introduction of new businesses over the past years will create a flow of new dollars within the community.
Commercial Real Estate Absorption	Slow and incremental Regarding retailers; Health and medical services, in addition to housing and more rooftops should be a priority. This period will see the greatest need for public participation to support community and economic development.	Slow and steady The corridor should begin to stabilize and noticeable street improvements, new commercial retail, and additional households become prominent, the corridor will become a less-risky investment and location momentum will be building.	Stabilizing The corridor will not be a major destination for consumers outside of the trade area, but will be establishing itself as a vibrant commercial local-serving business district.

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