

ADMINISTRATIVE DRAFT

**URBAN DECAY STUDY
99/HOUGHTON PROJECT
BAKERSFIELD, CA**

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I. INTRODUCTION

This report evaluates the potential economic impacts of the retail component of the proposed 99/Houghton project in unincorporated Kern County near the southern boundary of the City of Bakersfield. 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/proposed retail projects in the trade area.

The overall 99/Houghton project is proposed to consist of approximately 2.1 million square feet of predominately light industrial, warehouse, and distribution space. Included in the 2.1 million square feet of total space is 211,914 square feet of planned retail space (the "Project") which is the subject of this report.

At the time that this report was completed the mix of retail types that will make up the tenants of the Project was unknown. For the purpose of this analysis, two distinct retail category mixtures were assessed. The first retail mixture is essentially a standard retail mix for a typical stand-alone retail center of the Project's size and in a comparable location. This assumption includes a broad range of retailer types and retail sales categories drawing from a standard retail trade area. The second tenant-mix scenario is based on the assumption that the Project's retail facilities will predominately be "showroom" space associated with the larger 99/Houghton project's light industrial, warehouse and distribution spaces. This second tenant-mix scenario assumes a limited range of retail categories associated with light industrial showroom space reaching a larger trade area than a typical retail center.

As described further below, the report evaluates two different trade area definitions corresponding to the two tenant-mix scenarios considered in the analysis. For the first tenant-mix scenario the analysis assumes a Primary Retail Trade Area (PRTA) consistent with the standard trade area for a conventional retail center of this size. For the second tenant-mix scenario (depicting a more specialized retail facility focused on "showroom" space), the analysis assumes a larger trade area (referred to herein as the "Combined Retail Trade Area" or "CRTA"). The larger trade area for the showroom-type space is premised on the fact that these facilities are unique and tend to focus on specialized merchandise for which household and business consumers are willing to travel longer distances.

It is anticipated that the overall project will be completed over the period from 2015 to 2020. For the purpose of this analysis, it is assumed that the retail Project will be completed in 2015. This assumption is analytically conservative in that it evaluates the potential competitive effects of the Project at the earliest possible time within the overall development timeframe anticipated by the applicant.

The economic impact analysis addresses two key issues:

1. The potential for the planned 211,914 square feet of new retail space to negatively impact existing retailers in the trade area; and
2. The cumulative impacts associated with the Project when its economic impacts are considered together with the economic impacts of other major retail projects currently planned for development in the trade area.

Overview of Methodology

The analysis projects total retail purchasing power within the relevant 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 generated by residents of the Primary Retail Trade Area (PRTA) in a broad range of retail categories, based on existing demographics;
2. Estimate the additional demand for retail sales generated from visitor, business, and Institutional Spending in the PRTA;
3. Estimate the square footage of retail space that is currently supported in the PRTA by translating the combined residents demand and additional demand from visitor, business, and Institutional Spending into supportable square feet of retail space. Calculate the Project's planned square footage as a proportion of the estimated square footage currently supported in the PRTA to evaluate the Project's potential impact on existing retailers;
4. Determine the amount of retail demand that is currently leaking to retailers outside the PRTA that could potentially be recaptured by retailers within the PRTA, including the retailers in the Project;
5. Estimate the additional demand that will be generated by population growth within the PRTA;
6. Estimate the square footage of new retail space that could be supported in the PRTA by combining leakage with new potential demand from population growth and translating the total into supportable square feet of retail space. Calculate the Project's planned square footage as a proportion of the estimated supportable new square footage in the PRTA to evaluate the Project's potential impact on existing retailers;
7. Apply the analyses described in steps 1 through 6 above to a larger geographic area including the PRTA and a secondary retail trade area (the combined area referred to as the "CRTA"). The analysis of the CRTA is applied to a limited set of retail sales categories (corresponding to the likely tenant mix for showroom retail facilities).

Assumed Trade Area

Both the Primary and Secondary Retail Trade Areas used in this analysis are defined using Regional Statistical Areas (RSA). The RSA's are geographical polygons that have been defined by the Kern County Council of Governments (Kern COG) for the purposes of demographic analysis and regional planning. The RSA's are comprised of smaller geographical units called Transportation Analysis Zones (TAZ's) which have also been defined by Kern COG and are comparable in size to census tracts.

The boundaries of the trade areas evaluated in this report are shown on Figure 1 on page 4 and are defined as follows:

1. *Primary Retail Trade Area (PRTA)*: The PRTA is comprised of three RSA's: Metro Bakersfield Southwest, Metro Bakersfield Southeast, and Greater Arvin.
2. *Secondary Retail Trade Area (SRTA)*: The SRTA is comprised of three RSA's: Metro Bakersfield Central, Metro Bakersfield N.O.R., and Metro Bakersfield Northeast.; and
3. *Combined Retail Trade Area (CRTA)*: The CRTA contains the combined area of the PRTA and the SRTA.

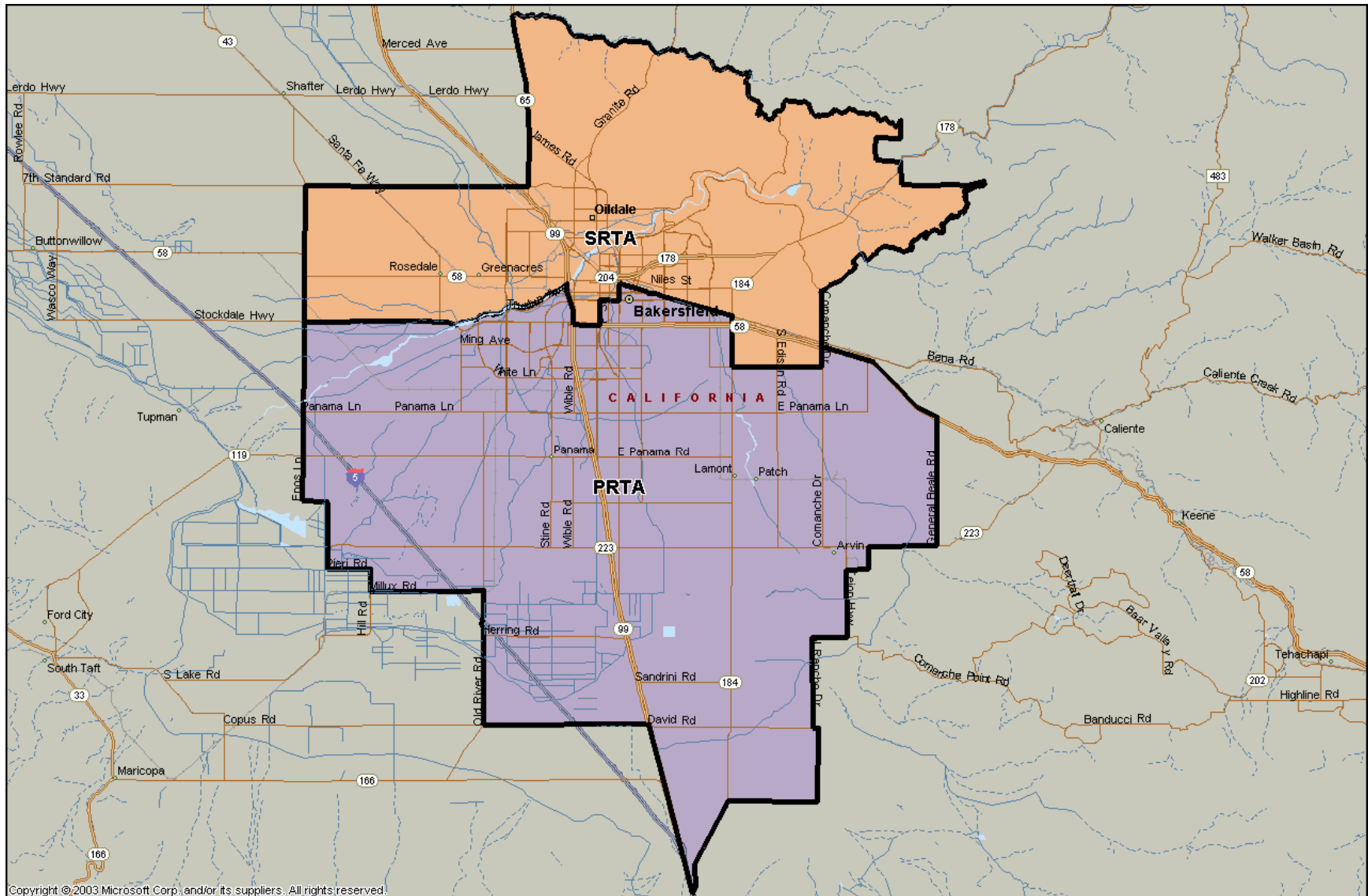
As previously described, at the time that this report was completed the mix of retail types that will make up the tenants of the Project was unknown. For the purpose of this analysis, and in particular for the determination of the expected trade areas for the Project, two distinct retail category mixtures were assessed. The first retail mixture is essentially a standard retail mix for a typical stand-alone retail center of the Project's size and in a comparable location. This assumption includes a broad range of retailer types and retail sales categories drawing from the standard retail trade area represented by the PRTA.

The second retailer type mixture is based on the assumption that the Project's retailers would predominately be limited to "showroom" space associated with the larger 99/Houghton project's light industrial, warehouse and distribution spaces. This mix includes a limited range of retail categories associated with light industrial showroom space reaching a larger trade area than a typical shopping center, represented in this analysis by the CRTA. The showroom retail trade area's size is intended to in part reflect the geographic range from which the 99/Houghton project's light industrial, warehouse and distribution tenants are likely to draw business. While this area is limited to metropolitan Bakersfield for the purposes of this analysis, it is likely that the 99/Houghton project's tenants will draw business from a much larger region of southern California and potentially beyond. In this regard, the CRTA market area definition is likely to be conservative in that it does not explicitly consider demand from outside metropolitan Bakersfield.

At this time, it is not possible to identify any quantitative basis for the definition of a likely retail tenant mix for the potential showroom retail version of the Project. TNDG completed a survey of a sample of stand-alone showroom spaces and of retail spaces associated with larger light industrial users in the Bakersfield area. While this survey did provide some direction toward selecting retail categories for the analysis described in Section III-G below, it did not find a significant amount of large spaces that were built specifically for the purpose of selling or displaying the products of light industrial, warehouse or distribution facilities. Rather it found a variety of smaller semi-industrial spaces that had been converted from other uses that were predominantly engaged in sales of specialty contractor and do-it-yourself home decoration, repair, and construction-related products and services. It is the conclusion of TNDG that the relative lack of large showroom space in the Bakersfield area that is currently associated with existing light industrial uses provides additional support for the assumption herein of a large CRTA for the showroom version of the Project's retail space. With little competition in this niche, the Project is likely to draw from a wider region than if there were an abundance of similar uses throughout the area.

The PRTA includes the bulk of the residential area and retail inventory in Metropolitan Bakersfield. The Project site is near the southern boundary of the PRTA. Therefore, most of the retail demand for the Project is anticipated to come from the north of the site and very little from the south. This is because there is very little existing population to the south and more population growth is anticipated in areas to the north.

Figure I-1: Trade Area Boundaries



What this Study Provides

Since this study is being completed as part of the Environmental Impact Report 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, The Natelson Dale Group, Inc. (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 a 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) and duration to affect the viability of existing shopping centers or districts.

Within the above context, the analysis includes a description of the "baseline" condition of the current retail market in the trade area.

II. EXECUTIVE SUMMARY

II-A. OVERVIEW OF EXISTING BAKERSFIELD RETAIL MARKET

Since Bakersfield possesses a large proportion of the inventory of retail space in Kern County, it also captures a large proportion of the county's total retail sales. Unfortunately, since Bakersfield benefited from the economic boon period of the mid-2000s to a disproportionately high degree, it has also been greatly affected by the economic downturn of 2008-2009.

Taxable sales in retail stores in Bakersfield accounted for 58.1% of total sales in Kern County in 2008.¹ The city with the next highest retail store sales was the City of Delano, which had retail store sales representing 3.5% of total sales in Kern County. Clearly Bakersfield serves a retail shopping destination for the larger surrounding metropolitan area as well as Kern County as a whole.

The overall vacancy rate of retail space in Bakersfield was 5.0% at the end of the year 2007. By the end of 2009 the vacancy rate had climbed to 12.3%.² The southeast quadrant of Bakersfield, where the Project site is located, went from a vacancy rate of 4.1% in 2007 to 24.1% as of December, 2009.

TNDG had conversations with area real estate brokers to gather information regarding the current status of the retail market. These brokers have indicated that several years ago numerous potential retail tenants were seeking space in existing and planned retail facilities in the area. At this time that activity has come to a virtual standstill and developers of a number of planned retail developments have suspended leasing activity because of lack of interest from potential tenants.

Although the Bakersfield retail market is currently suffering from high vacancy and an apparent lack of significant interest from potential tenants, there is no reason to conclude that the market is fundamentally flawed. Similar conditions are currently found in markets across the country and particularly in other parts of central California. By the time the Project is completed, there is no reason to believe that the market will not have rebounded, along with the rest of the economy, to a status more like that found prior to 2008. If the local retail market does not improve by 2015, then it is likely that the Project will be postponed until conditions are again appropriate for new retail development.

II-B. POTENTIAL IMPACTS OF 99/HOUGHTON RETAIL COMPONENT

It is TNDG's conclusion that the proposed project's retail sales will not have significant negative impacts on existing retailers. The analysis supporting this conclusion is summarized below.

Project Description: The overall 99/Houghton project is proposed to consist of approximately 2.1 million square feet of predominately light industrial, warehouse, and distribution space. Included in the 2.1 million square feet of total space is 211,914 square feet of planned retail space (the "Project"), which is the subject of this report.

¹ BOE Taxable Sales Report 2008

² Per December of each year. Source: CB Richard Ellis, Bakersfield Retail team. "Bakersfield Retail Vacancy Summary Report".

As previously described, at the time that this report was completed the mix of retail types that will make up the tenants of the Project was unknown. For the purpose of this analysis two distinct retail category mixtures were assessed. The first retail mixture is essentially a standard retail mix for a typical stand-alone retail center of the Project's size and in a comparable location. This assumption includes a broad range of retailer types and retail sales categories drawing from a standard retail trade area. The second retailer-type mixture is based on the assumption that the Project's retailers will predominately be limited to "showroom" space associated with the larger 99/Houghton project's light industrial, warehouse and distribution spaces. This mix includes a limited range of retail categories associated with light industrial showroom space reaching a larger trade area than a typical retail shopping center.

It is anticipated that the overall project will be completed over the period from 2015 to 2020. For the purpose of this analysis, it is assumed that the retail Project will be completed in 2015. This assumption is analytically conservative in that it evaluates the potential competitive effects of the Project at the earliest possible time within the overall development timeframe anticipated by the applicant.

Projected Growth in Supportable Retail Space: TNDG estimated total and net supportable retail space in both the PRTA and the CRTA. The total supportable retail space in the market area represents retail space that is projected to be supported by future demand. The percent of total supportable retail is an estimation of the Project's share of future total demand, in the form of supportable retail store square footage.

The square footage projections shown in Table II-1 below are based on sales per square foot estimates for each retail category that could potentially be represented by retailers in the Project. The retail categories assessed in the PRTA³ include apparel, general merchandise stores, drug stores, household & home furnishings, household appliance dealers, farm and garden supply stores, specialty/other, food stores, eating and drinking places, building materials/hardware, and automotive supplies and parts.

**Table II-1:
Total Supportable Retail Square Footage
99/Houghton Primary Retail Trade Area**

Retail Summary Category	2010	2015	2020	2025	2030
Shopper Goods	3,211,096	3,417,659	3,698,753	4,018,594	4,339,034
Convenience Goods	2,034,334	2,165,198	2,343,281	2,545,910	2,748,919
Heavy Commercial Goods	939,925	1,000,388	1,082,668	1,176,289	1,270,085
Total	6,185,354	6,583,246	7,124,702	7,740,792	8,358,037
99/Houghton Project as Percent of Total Supportable Retail Space					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	3.2%	3.0%	2.7%	2.5%

Source: TNDG

³ See Table III-5 in Section III of this report.

As shown in Table II-1 above, from 2010 to 2015 (the Project's assumed completion date), total supportable retail space in the PRTA is projected to increase from approximately 6.2 million square feet to 6.6 million square feet.

The Project's retail square footage is projected to represent approximately 3.2% of the PRTA's total supportable retail square footage when the Project is completed in 2015. Based on projected growth in population and retail demand, the Project's share of the PRTA's total supportable square is projected to decrease to 3.0% in 2020 and 2.7% by 2025.

The net supportable retail space is the net growth in available demand from period to period, again as represented by supportable retail space, over base demand in 2010. The Project's percent of net supportable space shows the proportion of new available (i.e., incremental) demand that would be represented by the Project upon completion and in each period thereafter.

Net supportable retail square footage is based on demand from a combination of two sources: 1) the assumed recaptured of existing demand generated by trade area residents that is currently being spent outside the trade area; plus 2) growth in demand within the trade area based on projected increases in population.

**Table II-2:
Net Supportable Retail Square Footage
99/Houghton Primary Retail Trade Area**

Retail Summary Category	2010	2015	2020	2025	2030
Shopper Goods	49,252	255,815	536,910	856,750	1,177,190
Convenience Goods	0	130,865	308,947	511,576	714,585
Heavy Commercial Goods	40,680	101,143	183,423	277,044	370,840
Total	89,931	487,823	1,029,279	1,645,370	2,262,615
99/Houghton Project as Percent of Net Supportable Retail Space					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	43.4%	20.6%	12.9%	9.4%

Source: TNDG

As shown in Table II-2 above, the PRTA is projected to generate approximately 487,823 square feet of new net supportable retail space between 2010 and 2015 in the PRTA. New net supportable retail space is projected to increase to 1.0 million square feet by 2020 and 1.6 million square feet by 2025.

The Project's retail square footage is estimated to represent approximately 43.4% of net supportable square feet in the PRTA when it opens in 2015. The Project's proportion of net supportable square footage is expected to decrease to 20.6% by 2020 and 12.9% by 2025.

The analysis that was described in above pertaining to the PRTA was also completed for the CRTA. The analysis of the larger CRTA was completed to assess the potential impact of the Project's retail space if that space was comprised of a specialized array of showroom-type retailers focused on a limited range of industrial-related products.

It is assumed that this specialized array of retailers will have a larger trade area than the typical mix of retailers assessed relative to the PRTA because the showroom-type retailers will be associated with the other industrial, warehouse and distribution space that will make up the bulk of the 99/Houghton project. These retailers are likely to draw demand from a very large part of the Bakersfield region and potentially from outside Kern County.

It should be noted that the total and net supportable retail square footages described below for the geographically larger CRTA are smaller than those described above for the geographically smaller PRTA. This is because there are fewer retail categories included in the analysis for the CRTA, to reflect a narrower array of retailer types in the CRTA analysis. The retail categories assessed in the CRTA⁴ include general merchandise stores, household & home furnishings, household appliance dealers, farm and garden supply stores, building materials/hardware, and automotive supplies and parts.

**Table II-3:
Total Supportable Retail Square Footage
99/Houghton Combined Retail Trade Area**

Retail Summary Category	2010	2015	2020	2025	2030
Shopper Goods	3,629,399	3,910,659	4,291,291	4,710,061	5,152,434
Heavy Commercial Goods	1,919,241	2,067,868	2,269,009	2,490,331	2,724,083
Total	5,548,640	5,978,527	6,560,300	7,200,392	7,876,516
99/Houghton Project as Percent of Total Supportable Retail Space					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	3.5%	3.2%	2.9%	2.7%

Source: TNDG

As shown in Table II-3 above, from 2010 to 2015, total supportable retail space in the CRTA is projected to increase from approximately 5.5 million square feet to 6.0 million square feet in the selected retail categories. The Project's share of total supportable retail space in the CRTA is expected to decrease from 3.5% in 2015 to 3.2% in 2015 and 2.9% in 2025.

⁴ See Table III-12 in Section III of this report.

**Table II-4:
Net Supportable Retail Square Footage
99/Houghton Combined Retail Trade Area**

Retail Summary Category	2010	2015	2020	2025	2030
Shopper Goods	18,292	299,552	680,184	1,098,954	1,541,327
Heavy Commercial Goods	40,680	189,306	390,447	611,769	845,521
Total	58,972	488,858	1,070,631	1,710,723	2,386,848
99/Houghton Project as Percent of Net Supportable Retail Space					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	43.3%	19.8%	12.4%	8.9%

Source: TNDG

The analysis shown in Table II-4 above estimates that the CRTA will be able to support approximately 488,858 square feet of new net supportable retail space by 2015. The Project's 211,914 square feet would represent 43.3% of that new supportable space in 2015. Growth in demand will reduce the Project's proportion of net supportable square footage to 19.8% by 2020.

It should be noted that the calculated total net supportable retail and percent of supportable retail figures shown in Table II-4 for the CRTA and in Table II-2 for the PRTA are extremely close in value. TNDG has verified that the similarity in values is coincidental. The estimates are based on different inputs that happen to produce numerically comparable results.

Urban Decay Conclusion: The Project does not represent a significant enough proportion of the existing demand in the market place to cause, in and of itself, significant closures of existing retail businesses in either the PRTA or the CRTA. While the existing economic conditions in the area's retail market have declined over the past two years and are below what would be considered normal for a healthy retail market, the scale of the Project is not sufficient to have significant impact on those conditions. It is impossible to tell what the status of the retail market will be when the Project is completed in five years. By 2015, the local retail market may have returned to the healthy state of expansion that existed only three years ago.

Even with relatively modest growth in population, this analysis estimates that future net demand for retail space is more than sufficient to accommodate the Project without significant impact on existing retailers. The Project's retail space represents less than 50% of the new net supportable retail space in both the PRTA and the CRTA.

It should also be noted that the assumption that the entire Project will be completed by 2015 is extremely conservative. If the 99/Houghton project's retail components are tied to its other light industrial land uses as showroom space, then it is likely that the retail will be developed at the same time as the other uses. It is very unlikely that the 99/Houghton project could succeed in the development of 1.9 million square feet of light industrial space in the next five years even if it already had its legal entitlements.

As previously described, the Project may be comprised of a limited array of showroom retail tenants existing on the site in conjunction with the 99/Houghton project's other light industrial uses. To the extent that the Project's retailers are focused on unique retail products and

services, they may have little direct competition with existing retailers in the market area. With limited competition, their sales are less likely to have significant impacts on the sales levels of other existing retailers.

While it is not possible to determine with absolute certainty that the proposed Project will have no economic effects on existing retail businesses in the trade area, it is the conclusion of TDNG that the Project will not have a significant enough impact to cause urban decay. In this context, it is important to note that the terms “economic impact” and “economic effect” refer to loss of sales, or at most, closure of a business. Under CEQA, such purely economic impacts are not in themselves considered significant. In order to meet the definition of a “significant impact” under CEQA, there must be a substantial *physical* effect. For example, the competitive effects of a new project could result in a substantial economic impact to an existing business, leading to its closure and result in the vacancy of that space. If that space remained vacant for an extended period without regular maintenance such that it was subject to physical deterioration, then urban decay conditions could ultimately ensue. However, it is not the belief of TNDG that the Project is likely to be the primary cause of the closure of any existing retailers, much less that it is likely to create conditions severe and prolonged enough to cause closures that would lead to physical urban decay.

II-C. CUMULATIVE IMPACTS OF PROJECTS PLANNED IN THE PRIMARY RETAIL TRADE AREA

Whereas the above section examines potential impacts strictly related to the proposed project, this section evaluates the cumulative impacts to the market based on all known planned retail development projects (including the proposed project evaluated in this analysis) in the PRTA. Table II-5, on the following page, shows the known active planned and pending retail projects that have the potential to be developed over the time frame considered in this analysis.

**Table II-5:
Planned and Pending Cumulative Retail Projects
99/Houghton Primary Retail Trade Area**

Project Name	Address / Location	Square Feet
Ashe #9	North of Engle Road, east of Ashe Road, south of Taft Highway, and west of Stine Road.	95,000
Chevalier #1	Areas to the NW, SW, and SE of the intersection of Taft Hwy and Chevalier Road.	290,000
Crossroads	S. of Harris Road, N. of Panama Lane, and W. of Gosford Road.	786,370
Panama Grove	SWC Panama Lane and Gosford Road.	540,000
TOTAL SQUARE FEET		1,711,370

Source: City of Bakersfield and Kern County.

There are two other planned projects in and near the PRTA that have not been included as cumulative projects that should be identified here for the purpose of completeness. The Bakersfield Gateway, project located at Highway 99 and Hosking Road, at one time was proposed to include 1.0 million square feet of retail space among other land uses. Although the Bakersfield Gateway site is located squarely in the middle of the PRTA, it is not included as a cumulative project in this analysis because, according to the City of Bakersfield Planning

department and the project's leasing broker, it is at least on indefinite hold and more likely to be terminated. The Bakersfield Commons project is proposed to include approximately 1.4 million square feet of retail space in addition to other land uses. While this project is still actively moving through the City entitlement process, it is not included as a cumulative project because it is outside the PRTA.

If all of the planned and pending cumulative retail projects identified in Table II-5 plus the 99/Houghton project were built out by 2015, their combined square footage would represent approximately 29.2% of the projected supportable retail square footage in the PRTA in 2015. Further, they would represent approximately 394.3% of the net supportable retail square footage in the PRTA as of 2015. These figures indicate that it is likely that there is insufficient existing demand to support all of the cumulative projects and that population growth by 2015 will not generate sufficient new demand to accommodate the proposed new square footage. Thus, full buildout of all the potential cumulative retail projects in the PRTA has the potential to represent a significant cumulative impact to existing retail businesses.

For purposes of a CEQA analysis, we have assumed the absolute worst-case scenario regarding potential cumulative impacts. That is, the projected amounts of new retail space (and the corresponding estimate of oversupply of space) are based on two relatively aggressive assumptions: 1) that all of the planned projects in the PRTA will be built to their maximum proposed square footage and 2) that they will all be completed by 2015 rather than being spread over a longer development period. The following section describes a number of reasons why these aggressive assumptions are unlikely to be realized in the market place and identifies other factors that are likely to mitigate against the development of a significantly overbuilt retail market:

- **Projected supply increases are typically linked to population growth.** The supply of planned retail square feet in the PRTA 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 developers will decide to change the overall development mix (e.g., substituting office space for retail space), while others will be completely dropped.
- **Market Area Distinction.** Evaluating the aggregate square feet proposed in the PRTA implicitly assumes that the planned and pending projects' market areas are identical to the market area for the 99/Houghton project. However, the planned and pending projects in Table II-5 will have their own distinct market areas. For example, the Crossroads and Panama Grove projects will likely draw a significant amount of market support from the area to the north and west of the PRTA. As such, these projects would not be limited to the same "pool" of demand projected in TNDG's analysis.
- **Probability of Development.** We have not made any attempt to determine the probability of individual proposed projects ultimately being developed. Of the four cumulative projects (besides the 99/Houghton project), only two have received any development approval from the City of Bakersfield. Although planning department approval was granted to the Ashe #9 project in 2007, no development activity has occurred since then. The Chevalier #1 project is officially on hold with the City of Bakersfield. Although the developer of the Crossroad project is actively working on an Environmental Impact Report for the project, discussions with Bakersfield area real

estate leasing brokers indicate that leasing activity for the project is also currently on hold. The Panama Grove project received City approval for it required zoning change. However, the initial period of validity has expired and the applicant has filed for an extension. The project also requires an additional zoning overlay approval.

- **“First-in-line” Phenomenon.** In markets experiencing above-average population growth, such as Bakersfield, 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. This would appear to be a possibility with the Chevalier #1, Panama Grove, and Crossroads projects. Given that they are all large scale projects in close proximity to one another, it is likely that they will all be vying to some degree for the same major retail tenants. Thus, if one of the projects is successful in attracting these tenants, the other project proponents will need to reconsider the retail portions of their projects. In this case, any of the projects that do not secure the first commitments from these key retailers will likely shift development plans to non-retail uses or drop or defer their plans altogether.
- **Automatic Market Corrections.** Ultimately, the planned projects will go forward only when retailers commit to locating at the project. In the event that the market becomes saturated with key retailers, major national retailers will choose not locate at some of the proposed projects in the PRTA. 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. 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. Under the current national economic conditions – in which many major retail chains are retracting rather than expanding – this factor is especially likely to be relevant.

With respect to the PRTA evaluated in this analysis, it is possible that the market could become overbuilt during the period 2015 through 2030, as discussed above, unless the aggregate retail development planned to come on line during that period is substantially reduced or delayed. If an overbuilt retail environment does develop, there would be a potential for business failures with resulting closures of retail facilities in the PRTA. However, most of the future tenants of the planned retail projects have not yet been identified. As such, it is currently not possible to identify which retail categories might become overbuilt, or to identify existing businesses in those categories which might be forced to close. Therefore, any attempt to identify specific vacancies which might 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 infrastructure constraints and 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, an assumption

consistent with prevailing industry customs and practices. Under this scenario, there is less potential for overbuilt conditions to occur, and consequently a reduced potential for building vacancies and urban decay to follow. But again, any attempt to identify businesses which might be affected under this scenario, if any, whose closure might ultimately result in urban decay would be speculative, and therefore would not be required under CEQA.

While we do not ignore these projects, attempting to predict whether actual retail projects will ultimately be proposed and developed, estimating the square feet of retail development that might ultimately be developed and/or the timing of the potential development would be speculative at best. As such, it is currently not possible to identify which 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. 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. Rather, we assume that these potential, but yet unplanned, retail sites would be developed only if and when future demand dictates, which assumption is consistent with existing industry customs and practice.

Summarizing the above, it is TNDG's overall conclusion that there would be no significant cumulative impacts to existing or reasonably foreseeable retail facilities in the PRTA.

III. RETAIL DEMAND ANALYSIS METHODOLOGY

This section examines both current and potential future retail demand associated with the population residing in the market area that would be served by the proposed Project plus demand from visitors, businesses and institutions.

III-A. MARKET AREA BOUNDARIES

Both the Primary and Secondary Retail Trade Areas used in this analysis are defined using Regional Statistical Areas (RSA). The RSA's are geographical polygons that have been defined by the Kern County Council of Governments (Kern COG) for the purposes of demographic analysis and regional planning. The RSA's are comprised of smaller geographical units called Transportation Analysis Zones (TAZ) which have also been defined by Kern Cog and are comparable in size to census tracts.

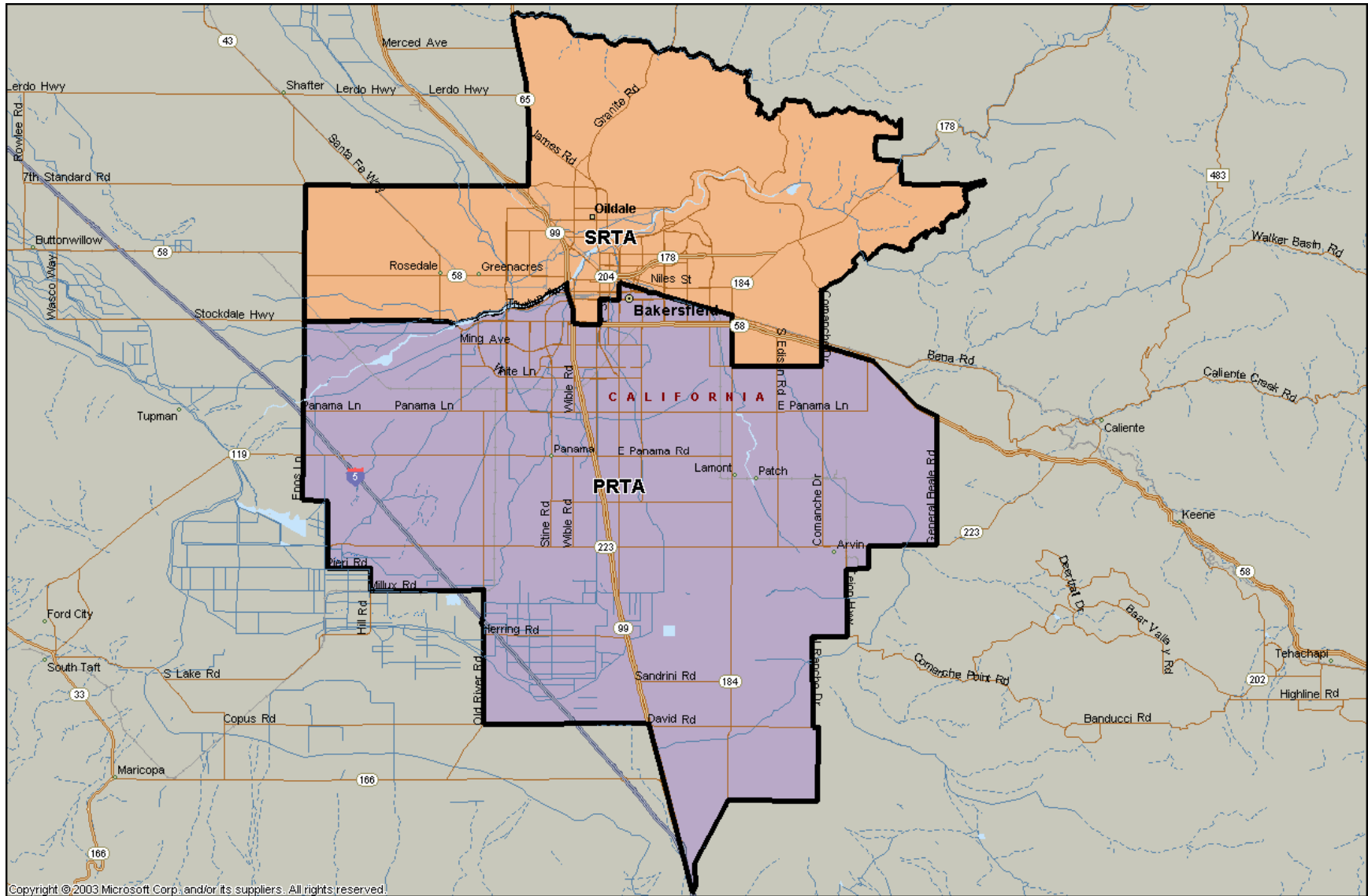
The boundaries of the trade areas evaluated in this report are shown on Figure III-1 on the following page and are defined as follows:

1. *Primary Retail Trade Area (PRTA)*: The PRTA is comprised of three RSA's: Metro Bakersfield Southwest, Metro Bakersfield Southeast, and Greater Arvin.
2. *Secondary Retail Trade Area (SRTA)*: The SRTA is comprised of three RSA's: Metro Bakersfield Central, Metro Bakersfield N.O.R., and Metro Bakersfield Northeast.; and
3. *Combined Retail Trade Area (CRTA)*: The CRTA contains the combined area of the PRTA and the SRTA.

The PRTA includes the bulk of the populated area and retail inventory in Metropolitan Bakersfield. The Project site is near the southern boundary of the PRTA. There is very little existing population to the south and more population growth is anticipated in areas to the north. For these reasons, most of the retail demand for the Project is anticipated to come from the north of the site and very little from the south.

This analysis includes projections of retail demand in the PRTA in a broad range of retail categories and projections of retail demand in the larger CRTA in a limited array of retail categories. The actual mix of retail types that will make up the Project is not known at this time. To the extent that the Project's retailers are ultimately comprised of a broad array of retail types typical to retail centers of the Project's size, then they are expected to draw demand from the limited trade area defined as the PRTA. To the extent that the Project is comprised of specialized array of showroom-type retailers focused on a limited range of industrial-related products, then they are expected to draw demand from the larger area represented by the CRTA.

Figure III-1: 99/Houghton Retail Trade Areas



III-B. HOUSEHOLD AND INCOME LEVELS

Projections of future retail demand are based on projected population (household counts) and household income levels. The number of households in the Trade Area is projected as follows:

**Table III-1:
Household Projections by Year
99/Houghton Retail Trade Area**

Market Area Households	2010	2015	2020	2025	2030
Households - PRTA	91,080	96,939	104,912	113,984	123,073
Annual Growth - PRTA		1.25%	1.59%	1.67%	1.55%
Households - SRTA	86,865	94,685	105,228	116,555	128,969
Annual Growth - SRTA		1.74%	2.13%	2.07%	2.04%
Total Households - CRTA	177,945	191,624	210,140	230,539	252,042

Source: Kern COG; TNDG.

Projections for the 2010 to 2030 time period are based on household projections provided by Kern COG⁵ at the Traffic Analysis Zone (TAZ) level of geography.

Average household income levels in the Trade Area are estimated as follows:

**Table III-2:
Average Household Income
99/Houghton Retail Trade Area**

Market Area	2009 HH Income
PRTA	\$69,029
SRTA	\$79,521

Source: Calaritas, Center for the Continuing Study of the California Economy, TNDG

The indicated estimates of household income were obtained from Claritas, a nationally-recognized provider of demographic data. The analysis conservatively assumes that the average household income levels in the trade area will remain constant in real dollar terms. However, according to the Center for the Continuing Study of the California Economy (CCSCE), the Census (and derivative data sources such as Claritas) underreports money income by an average of 13%. To correct for this underreporting, we have adjusted the Claritas household income estimates by dividing them by a factor of 0.87.

III-C. RETAIL SALES DEMAND

Household and income characteristics are the primary determinants of potential dollars available for purchases of goods and services in a market area. This analysis assumes that residents of the PRTA will, on average, spend 36.7% their income on retail purchases. In the SRTA, retail expenditures are assumed to represent 34.8% of household income. These factors are based on data from the National Consumer Expenditure Survey (CES) for households with income levels comparable to those in the two trade areas.

⁵ Based on an analysis of Kern COG TAZ-level forecasts adopted in October, 2009. See Appendix B.

**Table III-3:
Income and Retail Demand
99/Houghton Trade Area
in thousands of constant dollars**

Market Area	2010	2015	2020	2025	2030
PRTA Income	\$6,287,137	\$6,691,577	\$7,241,943	\$7,868,171	\$8,495,574
SRTA Income	\$6,907,587	\$7,529,441	\$8,367,830	\$9,268,564	\$10,255,737
CRTA Total Income	\$13,194,724	\$14,221,017	\$15,609,773	\$17,136,735	\$18,751,310
PRTA Retail Demand	\$2,308,084	\$2,456,559	\$2,658,605	\$2,888,501	\$3,118,828
SRTA Retail Demand	\$2,404,816	\$2,621,309	\$2,913,187	\$3,226,769	\$3,570,445
CRTA Total Retail Demand	\$4,712,900	\$5,077,868	\$5,571,792	\$6,115,270	\$6,689,273

Source: TNDG.

III-D. DISTRIBUTION OF RESIDENT RETAIL EXPENDITURES

Projected retail demand from market area residents is disaggregated into various retail categories based upon historic retail expenditure patterns observed in Kern County. The basic distribution of retail sales by retail category is projected on Table III-4 on the following page.

**Table III-4:
Distribution of Retail Demand by Category
99/Houghton Retail Trade Area**

Retail Category	Percent Distribution
<u>Shopper Goods:</u>	
Apparel	4.1%
General Merchandise	
General merchandise stores	11.9%
Drug stores	4.5%
Home Furnishings	
Household & home furnishings	2.0%
Household appliance dealers	1.4%
Specialty/Other	
Farm and garden supply stores	1.1%
Remaining Specialty/Other	10.7%
Subtotal	35.5%
<u>Convenience Goods:</u>	
Food	19.0%
Eating and Drinking	11.0%
Subtotal	30.1%
<u>Heavy Commercial Goods:</u>	
Building Materials/Hardware	6.1%
Auto Dealers and Parts	
New motor vehicle dealers	9.6%
Used motor vehicle dealers	1.2%
Automotive supplies and parts	1.7%
RV and all other vehicles	1.0%
Service Stations	14.8%
Subtotal	34.4%
Total	100.0%

Source: State Board of Equalization; TNDG

III-E. POTENTIAL RETAIL SALES VOLUMES - PRTA

Based on the distribution rates shown in Table III-4 above, potential market area demand in the PRTA is projected for each retail category in Table III-5 below. As shown in the table, incremental demand through 2030 for retail sales in the PRTA is projected to grow in proportion to increases in the number of households.

**Table III-5:
Potential Trade Area Retail Sales
Primary Retail Trade Area
in thousands of dollars**

Retail Category	2010	2015	2020	2025	2030
Shopper Goods:					
Apparel	\$93,548	\$99,566	\$107,755	\$117,072	\$126,408
General Merchandise					
General merchandise stores	\$274,236	\$291,877	\$315,883	\$343,198	\$370,565
Drug stores	\$102,778	\$109,390	\$118,387	\$128,624	\$138,881
Home Furnishings					
Household & home furnishings	\$46,373	\$49,357	\$53,416	\$58,035	\$62,663
Household appliance dealers	\$31,685	\$33,723	\$36,496	\$39,652	\$42,814
Specialty/Other					
Farm and garden supply stores	\$25,971	\$27,642	\$29,915	\$32,502	\$35,094
Remaining Specialty/Other	\$245,910	\$261,729	\$283,256	\$307,749	\$332,289
Sub-Total	\$820,501	\$873,282	\$945,108	\$1,026,834	\$1,108,713
Convenience Goods:					
Food	\$439,489	\$467,760	\$506,233	\$550,008	\$593,865
Eating and Drinking	\$254,869	\$271,265	\$293,575	\$318,962	\$344,395
Sub-Total	\$694,358	\$739,025	\$799,808	\$868,969	\$938,260
Heavy Commercial Goods:					
Building Materials/Hardware	\$140,681	\$149,731	\$162,046	\$176,059	\$190,098
Automotive supplies and parts	\$39,074	\$41,588	\$45,008	\$48,900	\$52,800
Sub-Total	\$179,756	\$191,319	\$207,055	\$224,959	\$242,897
Total	\$1,694,615	\$1,803,627	\$1,951,970	\$2,120,762	\$2,289,870

Source: TNDG

Note that the automotive sales and service station categories have been removed from the potential demand analysis. These categories have been removed because they are unlikely to be represented in the Project. Also, as described below, this analysis assesses the Project's potential impacts by translating potential retail sales into retail square footage in the trade area. Retail sales in the automotive dealer and service station categories cannot reasonably be translated to retail square footage for comparative analytical purposes.

In Kern County generally, and in Bakersfield in particular, a significant portion of retail demand is derived from non-residents. This non-resident component of the overall retail market includes sales attributable to highway travelers, other visitors and local businesses/institutions. Overall, TNDG estimates that non-resident retail sales amount to approximately 33% of resident demand (i.e., total sales are 1.33 times resident demand) in all retail categories combined. In some individual retail categories, the non-resident component of demand is even higher. In the farm and garden supply stores category, for example, non-resident demand is estimated at 88% of resident demand (i.e., total sales are 1.88 times resident demand).

In order to account for visitor, business and institutional spending within Kern County and the City of Bakersfield, the multipliers shown on Table III-6 below were applied to the resident

demand numbers from Table III-5 for each relevant retail category. These adjustment factors were derived by TNDG through a two-step process: 1) by evaluating countywide sales patterns and 2) estimating the portion of total existing retail sales that are attributable to non-resident sources (i.e., the amount by which actual sales exceed the level of demand that would be expected given the size and income levels of the county's resident population).

**Table III-6:
Adjustment Factors to Account for
Visitor/Business/Institutional Spending
Kern County**

Retail Category	Factor
<u>Shopper Goods:</u>	
Apparel	1.00
<i>General Merchandise</i>	
General merchandise stores	1.32
Drug stores	1.24
<i>Home Furnishings</i>	
Household & home furnishings	1.02
Household appliance dealers	1.06
<i>Specialty/Other</i>	
Farm and garden supply stores	1.88
Remaining Specialty/Other	1.10
<u>Convenience Goods:</u>	
Food	1.51
Eating and Drinking	1.16
<u>Heavy Commercial Goods:</u>	
Building Materials/Hardware	1.27
Automotive supplies and parts	1.56

Source: BOE, TNDG

The adjusted potential retail demand numbers are shown on Table III-7 on the following page.

**Table III-7:
Total Potential Retail Demand
Resident and Visitor/Business/Institutional Combined
Primary Retail Trade Area
in thousands of dollars**

Retail Category	2010	2015	2020	2025	2030
Shopper Goods:					
Apparel	\$93,548	\$99,566	\$107,755	\$117,072	\$126,408
General Merchandise					
General merchandise stores	\$361,847	\$385,124	\$416,800	\$452,841	\$488,951
Drug stores	\$127,934	\$136,164	\$147,363	\$160,106	\$172,873
Home Furnishings					
Household & home furnishings	\$47,328	\$50,372	\$54,515	\$59,229	\$63,952
Household appliance dealers	\$33,735	\$35,905	\$38,858	\$42,219	\$45,585
Specialty/Other					
Farm and garden supply stores	\$28,610	\$30,451	\$32,955	\$35,805	\$38,660
Remaining Specialty/Other	\$270,902	\$288,328	\$312,043	\$339,026	\$366,060
Sub-Total	\$963,905	\$1,025,911	\$1,110,290	\$1,206,299	\$1,302,488
Convenience Goods:					
Food	\$661,710	\$704,276	\$762,201	\$828,111	\$894,144
Eating and Drinking	\$294,763	\$313,725	\$339,528	\$368,888	\$398,302
Sub-Total	\$956,473	\$1,018,001	\$1,101,729	\$1,196,998	\$1,292,446
Heavy Commercial Goods:					
Building Materials/Hardware	\$177,970	\$189,419	\$204,998	\$222,725	\$240,485
Automotive supplies and parts	\$60,863	\$64,778	\$70,106	\$76,169	\$82,242
Sub-Total	\$238,834	\$254,197	\$275,104	\$298,893	\$322,727
Total	\$2,159,211	\$2,298,109	\$2,487,123	\$2,702,191	\$2,917,662

Source: TNDG

III-F. SUPPORTABLE RETAIL SPACE - PRTA

Sales Per Square Foot Standards

Typical sales per square foot data from representative stores in each retail category (as reported in the July 2009 issue of Retail MAXIM) is presented on the following Table III-8.

**Table III-8:
Sales per Square Foot Standards for Retail Space
Primary Retail Trade Area**

Retail Category	Sales Per Sq. Ft.
Shopper Goods:	
Apparel	\$397
<i>General Merchandise</i>	
General merchandise stores	\$266
Drug stores	\$683
<i>Home Furnishings</i>	
Household & home furnishings	\$284
Household appliance dealers	\$240
<i>Specialty/Other</i>	
Farm and garden supply stores	\$280
Remaining Specialty/Other	\$266
Convenience Goods:	
Food	\$490
Eating and Drinking	\$431
Heavy Commercial Goods:	
Building Materials/Hardware	\$280
Automotive supplies and parts	\$200

Source: Retail Maxim, TNDG.

Supportable Retail Space - PRTA

The sales per square foot standards are applied to the gross retail demand numbers from Table III-7 for each relevant retail category. This calculation essentially converts potential sales volumes to supportable square feet of retail space, which is shown on Table III-9 on the following page. Supportable development levels will increase in the future by virtue of anticipated growth in the number of households in the PRTA.

**Table III-9:
Total Supportable Retail Space
Primary Retail Trade Area
Expressed in Retail Square Feet**

Retail Category	2010	2015	2020	2025	2030
Shopper Goods:					
Apparel	235,637	250,795	271,422	294,893	318,407
General Merchandise					
General merchandise stores	1,360,328	1,447,835	1,566,916	1,702,412	1,838,161
Drug stores	187,312	199,362	215,759	234,416	253,108
Home Furnishings					
Household & home furnishings	166,647	177,367	191,955	208,554	225,184
Household appliance dealers	140,563	149,605	161,910	175,910	189,937
Specialty/Other					
Farm and garden supply stores	102,180	108,753	117,697	127,875	138,072
Remaining Specialty/Other	1,018,428	1,083,942	1,173,093	1,274,533	1,376,164
Sub-Total	3,211,096	3,417,659	3,698,753	4,018,594	4,339,034
Convenience Goods:					
Food	1,350,428	1,437,299	1,555,513	1,690,022	1,824,783
Eating and Drinking	683,905	727,899	787,767	855,888	924,136
Sub-Total	2,034,334	2,165,198	2,343,281	2,545,910	2,748,919
Heavy Commercial Goods:					
Building Materials/Hardware	635,608	676,496	732,136	795,445	858,874
Automotive supplies and parts	304,316	323,892	350,532	380,843	411,211
Sub-Total	939,925	1,000,388	1,082,668	1,176,289	1,270,085
Total	6,185,354	6,583,246	7,124,702	7,740,792	8,358,037
99/Houghton Project as Percent of Total Supportable Retail Space					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	3.2%	3.0%	2.7%	2.5%

Source: TNDG

As shown in Table III-9, the PRTA currently potentially supports an estimated 6.2 million square feet of retail space. By 2030, due to continued growth in the number of households, the PRTA is projected to be able to support approximately 8.4 million square feet of retail space.

The Project is anticipated to be completed between 2015 and 2020. As shown on Table III-9 above, if it were completed in 2015, it would represent approximately 3.2% of the supportable retail square footage (excluding automotive vehicle dealers and service stations) in the PRTA. By the year 2020, the Project would represent 3.0% of the supportable retail square footage in that year.

Net Supportable Retail Space - PRTA

Based on the demand estimates shown Table III-7, Table III-10 provides a comparison of total market area demand with actual sales in each retail category.

**Table III-10:
Comparison of Potential Demand with Actual Sales
Primary Retail Trade Area
In thousands of dollars**

Retail Category	2010 Demand	2010 Sales	Expected Less Actual	Percent Actual/Expected
Shopper Goods:				
Apparel	\$93,548	\$181,595	(\$88,047)	194%
General Merchandise				
General merchandise stores	\$361,847	\$432,465	(\$70,618)	120%
Drug stores	\$127,934	\$106,789	\$21,145	83%
Home Furnishings				
Household & home furnishings	\$47,328	\$66,394	(\$19,066)	140%
Household appliance dealers	\$33,735	\$29,345	\$4,390	87%
Specialty/Other				
Farm and garden supply stores	\$28,610	\$35,013	(\$6,403)	122%
Remaining Specialty/Other	\$270,902	\$302,394	(\$31,492)	112%
Sub-Total	\$963,905	\$1,153,995	(\$190,090)	120%
Convenience Goods:				
Food	\$661,710	\$682,915	(\$21,205)	103%
Eating and Drinking	\$294,763	\$324,613	(\$29,850)	110%
Sub-Total	\$956,473	\$1,007,528	(\$51,055)	105%
Heavy Commercial Goods:				
Building Materials/Hardware	\$177,970	\$166,580	\$11,390	94%
Automotive supplies and parts	\$60,863	\$79,094	(\$18,231)	130%
Sub-Total	\$238,834	\$245,674	(\$6,840)	103%
Total	\$2,159,211	\$2,407,197	(\$247,986)	111%

Source: TNDG; State Board of Equalization

In all but three of the retail categories shown in Table III-10 the actual sales exceed projected demand, indicating that the amount of retail sales within the PRTA that is coming from outside the PRTA exceeds the loss of sales from the PRTA to areas outside the PRTA.

In the other three categories, Drug Stores, Household Appliance Dealers and Building Materials and Hardware, sales within the PRTA are below projected demand, indicating that there is a net leakage of sales in those categories to areas outside the PRTA. This leakage represents potential net demand that could be recaptured by the Project and by the existing retailers within the PRTA.

Net supportable retail space in the PRTA is shown on Table III-11 below. This table combines net supportable space from two sources. The first source is the small amount of sales demand leakage in three retail categories that was calculated in Table III-10. The sales demand has been converted into square feet in the year 2010 in Table III-11. The second source of net

demand is the cumulative increase in demand from period to period due to population growth. This source is depicted in Table III-11 beginning in year 2015.

**Table III-11:
Cumulative Net Supportable Square Feet of Retail Space
Primary Retail Trade Area
Expressed In Retail Square Feet**

Retail Category	2010	2015	2020	2025	2030
Shopper Goods:					
Apparel	0	15,158	35,785	59,256	82,770
General Merchandise					
General merchandise stores	0	87,507	206,588	342,083	477,832
Drug stores	30,960	43,009	59,406	78,063	96,756
Home Furnishings					
Household & home furnishings	0	10,720	25,308	41,907	58,537
Household appliance dealers	18,292	27,334	39,639	53,640	67,667
Specialty/Other					
Farm and garden supply stores	0	6,573	15,518	25,695	35,892
Remaining Specialty/Other	0	65,514	154,665	256,105	357,736
Sub-Total	49,252	255,815	536,910	856,750	1,177,190
Convenience Goods:					
Food	0	86,870	205,085	339,594	474,355
Eating and Drinking	0	43,994	103,862	171,982	240,230
Sub-Total	0	130,865	308,947	511,576	714,585
Heavy Commercial Goods:					
Building Materials/Hardware	40,680	81,567	137,207	200,517	263,945
Automotive supplies and parts	0	19,576	46,215	76,527	106,895
Sub-Total	40,680	101,143	183,423	277,044	370,840
Total	89,931	487,823	1,029,279	1,645,370	2,262,615
99/Houghton Project as Percent of Total Net Supportable Retail Space					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	43.4%	20.6%	12.9%	9.4%

Source: TNDG

As shown in Table III-11, if the Project were to be completed in 2015, then its retail square footage would represent approximately 43.4% of the net supportable square feet projected to have accumulated by that time in the PRTA. The Project's share of net supportable square feet is projected to diminish in each subsequent period due to growth in population.

III-G. SUPPORTABLE RETAIL SPACE - CRTA

The analysis that was described in sections III-D through III-F above that pertained to the PRTA was also completed for the CRTA. The analysis of the larger CRTA was completed to assess the potential impact of the Project's retail space if that space was comprised of a specialized array of showroom-type retailers focused on a limited range of industrial-related products.

It is assumed that this specialized array of retailers will have a larger trade area than the typical mix of retailers assessed relative to the PRTA because the showroom-type retailers will be associated with the other industrial, warehouse and distribution space that will make up the bulk of the 99/Houghton project. These retailers are likely to draw demand from a very large part of the Bakersfield region and potentially from outside Kern County.

The retail categories that make up the showroom retailers in this analysis was selected in part based on a survey that was completed by TNDG of a sample of existing industrial, warehouse and distribution related showroom retailers in Bakersfield. While it is possible that the Project will contain a small portion of retailers in categories other than those selected for this analysis, the survey found that the bulk of the actual showroom retailers in the market area were limited to the categories selected.

The tables and descriptions of the analytical methodology presented in Sections III-D through III-F that pertained to the PRTA are not all reproduced in this report section regarding the CRTA. The supporting tables are contained in Appendix A to this report.

Supportable Retail Space – CRTA

The sales per square foot standards from Table III-8 are applied to gross retail demand numbers calculated for each relevant retail category in the CRTA. This calculation essentially converts potential sales volumes to supportable square feet of retail space, which is shown on Table III-12 on the following page. Supportable development levels will increase in the future by virtue of anticipated growth in the number of households in the CRTA.

**Table III-12:
Total Supportable Retail Space
Combined Retail Trade Area
Expressed in Retail Square Feet**

Retail Category	2010	2015	2020	2025	2030
Shopper Goods:					
General merchandise stores	2,777,668	2,992,771	3,283,877	3,604,190	3,942,494
Home Furnishings					
Household & home furnishings	340,279	366,630	402,292	441,532	482,976
Household appliance dealers	287,017	309,243	339,323	372,421	407,378
Remaining Specialty/Other	224,436	242,015	265,798	291,918	319,586
Sub-Total	3,629,399	3,910,659	4,291,291	4,710,061	5,152,434
Heavy Commercial Goods:					
Building Materials/Hardware	1,297,855	1,398,361	1,534,379	1,684,044	1,842,115
Automotive supplies and parts	621,387	669,507	734,630	806,286	881,967
Sub-Total	1,919,241	2,067,868	2,269,009	2,490,331	2,724,083
Total	5,548,640	5,978,527	6,560,300	7,200,392	7,876,516
99/Houghton Project as Percent of Total Supportable Retail Space					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	3.5%	3.2%	2.9%	2.7%

Source: TNDG

As shown in Table III-12, the CRTA currently potentially supports an estimated 5.5 million square feet of retail space in the limited selection of showroom retail categories. By 2030, due to continued growth in the number of households, the CRTA is projected to potentially support an estimated 7.9 million square feet of showroom retail space.

The Project is anticipated to be completed between 2015 and 2020. As shown on Table III-12 above, if it were completed in 2015, it would represent approximately 3.5% of the supportable showroom retail square footage in the CRTA. By the year 2020, the Project would represent 3.2% of the supportable retail square footage in that year.

Net Supportable Retail Space - CRTA

Net supportable retail space in the CRTA is shown on Table III-13 below. This table combines net supportable space from two sources. The first source is the small amount of sales demand leakage in two retail categories that was calculated in Table III-8. The sales demand has been converted into square feet in the year 2010 in Table III-13. The second source of net demand is the cumulative increase in demand from period to period due to population growth. This source is depicted in Table III-13 beginning in year 2015.

**Table III-13:
Cumulative Net Supportable Square Feet of Retail Space
Primary Retail Trade Area
Expressed In Retail Square Feet**

Retail Category	2010	2015	2020	2025	2030
Shopper Goods:					
General merchandise stores	0	215,103	506,210	826,523	1,164,826
Home Furnishings					
Household & home furnishings	0	26,351	62,013	101,253	142,697
Household appliance dealers	18,292	40,519	70,599	103,697	138,654
Remaining Specialty/Other	0	17,579	41,362	67,482	95,150
Sub-Total	18,292	299,552	680,184	1,098,954	1,541,327
Heavy Commercial Goods:					
Building Materials/Hardware	40,680	141,186	277,204	426,869	584,940
Automotive supplies and parts	0	48,120	113,243	184,900	260,581
Sub-Total	40,680	189,306	390,447	611,769	845,521
Total	58,972	488,858	1,070,631	1,710,723	2,386,848
99/Houghton Project as Percent of Total Net Supportable Retail Space					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	43.3%	19.8%	12.4%	8.9%

Source: TNDG

As shown in Table III-13, if the Project were to be completed in 2015, then its retail square footage would represent approximately 43.3% of the net supportable square feet projected to have accumulated by that time in the CRTA. The Project's share of net supportable square feet is projected to diminish in each subsequent period due to growth in population.

APPENDIX A:
RETAIL DEMAND MODEL – 99/HOUGHTON RETAIL TRADE AREA

Table A-1
Household Projections
99/Houghton Retail Trade Area

Area	2010	2015	2020	2025	2030
Primary Trade Area (PMA)	91,080	96,939	104,912	113,984	123,073
Secondary Trade Area (SMA)	86,865	94,685	105,228	116,555	128,969
Total	177,945	191,624	210,140	230,539	252,042

Source: Kern County Association of Governments; The Natelson Dale Group. (TNDG)

Table A-2
Average Household Income Projections
99/Houghton Retail Trade Area
In constant dollars

	<u>2009</u>				
Base Year Income Estimate					
Primary Trade Area		\$69,029			
Secondary Trade Area		\$79,521			
Annual Increase Factor					
Primary Trade Area		0.00%			
Secondary Trade Area		0.00%			
Area	2010	2015	2020	2025	2030
Primary Trade Area	\$69,029	\$69,029	\$69,029	\$69,029	\$69,029
Secondary Trade Area	\$79,521	\$79,521	\$79,521	\$79,521	\$79,521

Source: Claritas; TNDG

Table A-3
Total Income and Potential Retail Sales Projections
99/Houghton Retail Trade Area
In thousands of constant dollars

Percent of Income Spent for Retail Goods

Primary Trade Area	36.7%
Secondary Trade Area	34.8%

Area	2010	2015	2020	2025	2030
Total Income:					
Primary Trade Area	\$6,287,137	\$6,691,577	\$7,241,943	\$7,868,171	\$8,495,574
Secondary Trade Area	\$6,907,587	\$7,529,441	\$8,367,830	\$9,268,564	\$10,255,737
Total Income	\$13,194,724	\$14,221,017	\$15,609,773	\$17,136,735	\$18,751,310
Potential Retail Sales:					
Primary Trade Area	\$2,308,084	\$2,456,559	\$2,658,605	\$2,888,501	\$3,118,828
Secondary Trade Area	\$2,404,816	\$2,621,309	\$2,913,187	\$3,226,769	\$3,570,445
Total Potential Retail Sales	\$4,712,900	\$5,077,868	\$5,571,792	\$6,115,270	\$6,689,273

Source: TNDG

Table A-4
Distribution of Retail Sales by Retail Category
99/Houghton Retail Trade Area

Retail Category	%Distribution 2010	%Distribution 2015	%Distribution 2020	%Distribution 2025	%Distribution 2030
<i>Shopper Goods:</i>					
Apparel	4.1%	4.1%	4.1%	4.1%	4.1%
General Merchandise					
General merchandise stores	11.9%	11.9%	11.9%	11.9%	11.9%
Drug stores	4.5%	4.5%	4.5%	4.5%	4.5%
Home Furnishings					
Household and home furnishings	2.0%	2.0%	2.0%	2.0%	2.0%
Household appliance dealers	1.4%	1.4%	1.4%	1.4%	1.4%
Specialty/Other					
Farm and garden supply stores	1.1%	1.1%	1.1%	1.1%	1.1%
Remaining Specialty/Other	10.7%	10.7%	10.7%	10.7%	10.7%
Subtotal	35.5%	35.5%	35.5%	35.5%	35.5%
<i>Convenience Goods:</i>					
Food	19.0%	19.0%	19.0%	19.0%	19.0%
Eating and Drinking	11.0%	11.0%	11.0%	11.0%	11.0%
Subtotal	30.1%	30.1%	30.1%	30.1%	30.1%
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	6.1%	6.1%	6.1%	6.1%	6.1%
Auto Dealers and Parts					
New motor vehicle dealers	9.6%	9.6%	9.6%	9.6%	9.6%
Used motor vehicle dealers	1.2%	1.2%	1.2%	1.2%	1.2%
Automotive supplies and parts	1.7%	1.7%	1.7%	1.7%	1.7%
RV and all other vehicles	1.0%	1.0%	1.0%	1.0%	1.0%
Service Stations	14.8%	14.8%	14.8%	14.8%	14.8%
Subtotal	34.4%	34.4%	34.4%	34.4%	34.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: TNDG, based on historic trends reported by the State Board of Equalization.

Table A-5
Potential Trade Area Retail Sales
99/Houghton Primary Retail Trade Area
In thousands of constant dollars

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
Apparel	\$93,548	\$99,566	\$107,755	\$117,072	\$126,408
General Merchandise					
General merchandise stores	\$274,236	\$291,877	\$315,883	\$343,198	\$370,565
Drug stores	\$102,778	\$109,390	\$118,387	\$128,624	\$138,881
Home Furnishings					
Household and home furnishings	\$46,373	\$49,357	\$53,416	\$58,035	\$62,663
Household appliance dealers	\$31,685	\$33,723	\$36,496	\$39,652	\$42,814
Specialty/Other					
Farm and garden supply stores	\$25,971	\$27,642	\$29,915	\$32,502	\$35,094
Remaining Specialty/Other	\$245,910	\$261,729	\$283,256	\$307,749	\$332,289
Subtotal	\$820,501	\$873,282	\$945,108	\$1,026,834	\$1,108,713
<i>Convenience Goods:</i>					
Food	\$439,489	\$467,760	\$506,233	\$550,008	\$593,865
Eating and Drinking	\$254,869	\$271,265	\$293,575	\$318,962	\$344,395
Subtotal	\$694,358	\$739,025	\$799,808	\$868,969	\$938,260
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	\$140,681	\$149,731	\$162,046	\$176,059	\$190,098
Automotive supplies and parts	\$39,074	\$41,588	\$45,008	\$48,900	\$52,800
Subtotal	\$179,756	\$191,319	\$207,055	\$224,959	\$242,897
Total	\$1,694,615	\$1,803,627	\$1,951,970	\$2,120,762	\$2,289,870

Source: TNDG

Table A-6
Adjustment Factors to Account for
Visitor/Business/Institutional Spending
99/Houghton Primary Retail Trade Area

Retail Category	Factor
<i>Shopper Goods:</i>	
Apparel	1.00
General merchandise stores	
General merchandise stores	1.32
Drug stores	1.24
Home Furnishings	
Household and home furnishings	1.02
Household appliance dealers	1.06
Specialty/Other	
Farm and garden supply stores	1.88
Remaining Specialty/Other	1.10
<i>Convenience Goods:</i>	
Food	1.51
Eating and Drinking	1.16
<i>Heavy Commercial Goods:</i>	
Building Materials/Hardware	1.27
Automotive supplies and parts	1.56

Source: California Bureau of Equalization, TNDG

Table A-7
Total Potential Retail Sales - Resident and Visitor/Business/Institutional Combined
99/Houghton Primary Retail Trade Area
In thousands of constant dollars

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
Apparel	\$93,548	\$99,566	\$107,755	\$117,072	\$126,408
General merchandise					
General merchandise stores	\$361,847	\$385,124	\$416,800	\$452,841	\$488,951
Drug stores	\$127,934	\$136,164	\$147,363	\$160,106	\$172,873
Home Furnishings					
Household and home furnishings	\$47,328	\$50,372	\$54,515	\$59,229	\$63,952
Household appliance dealers	\$33,735	\$35,905	\$38,858	\$42,219	\$45,585
Specialty/Other					
Farm and garden supply stores	\$28,610	\$30,451	\$32,955	\$35,805	\$38,660
Remaining Specialty/Other	\$270,902	\$288,328	\$312,043	\$339,026	\$366,060
Subtotal	\$963,905	\$1,025,911	\$1,110,290	\$1,206,299	\$1,302,488
<i>Convenience Goods:</i>					
Food	\$661,710	\$704,276	\$762,201	\$828,111	\$894,144
Eating and Drinking	\$294,763	\$313,725	\$339,528	\$368,888	\$398,302
Subtotal	\$956,473	\$1,018,001	\$1,101,729	\$1,196,998	\$1,292,446
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	\$177,970	\$189,419	\$204,998	\$222,725	\$240,485
Automotive supplies and parts	\$60,863	\$64,778	\$70,106	\$76,169	\$82,242
Subtotal	\$238,834	\$254,197	\$275,104	\$298,893	\$322,727
Total	\$2,159,211	\$2,298,109	\$2,487,123	\$2,702,191	\$2,917,662

Source: TNDG, State Board of Equalization

Table A-8
Sales Per Square Foot Standards
National Averages
Expressed in Dollars Per Square Foot

Retail Category	Sales/Square Feet
<i>Shopper Goods:</i>	
Apparel	\$397
General Merchandise	
General merchandise stores	\$266
Drug stores	\$683
Home Furnishings	
Household and home furnishings	\$284
Household appliance dealers	\$240
Specialty/Other	
Farm and garden supply stores	\$280
Remaining Specialty/Other	\$266
<i>Convenience Goods:</i>	
Food	\$490
Eating and Drinking	\$431
<i>Heavy Commercial Goods:</i>	
Building Materials/Hardware	\$280
Automotive supplies and parts	\$200

Source: Retail Maxim; TNDG.

Table A-9
Total Supportable Retail Space
99/Houghton Primary Retail Trade Area
Expressed in Square Feet

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
Apparel	235,637	250,795	271,422	294,893	318,407
General Merchandise					
General merchandise stores	1,360,328	1,447,835	1,566,916	1,702,412	1,838,161
Drug stores	187,312	199,362	215,759	234,416	253,108
Home Furnishings					
Household and home furnishings	166,647	177,367	191,955	208,554	225,184
Household appliance dealers	140,563	149,605	161,910	175,910	189,937
Specialty/Other					
Farm and garden supply stores	102,180	108,753	117,697	127,875	138,072
Remaining Specialty/Other	1,018,428	1,083,942	1,173,093	1,274,533	1,376,164
Subtotal	3,211,096	3,417,659	3,698,753	4,018,594	4,339,034
<i>Convenience Goods:</i>					
Food	1,350,428	1,437,299	1,555,513	1,690,022	1,824,783
Eating and Drinking	683,905	727,899	787,767	855,888	924,136
Subtotal	2,034,334	2,165,198	2,343,281	2,545,910	2,748,919
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	635,608	676,496	732,136	795,445	858,874
Automotive supplies and parts	304,316	323,892	350,532	380,843	411,211
Subtotal	939,925	1,000,388	1,082,668	1,176,289	1,270,085
Total	6,185,354	6,583,246	7,124,702	7,740,792	8,358,037
99/Houghton Project as Percent of Total Supportable Retail Space					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	3.2%	3.0%	2.7%	2.5%

Source: TNDG.

Table A-10
Comparison of Potential Retail Demand with Actual Sales
99/Houghton Primary Retail Trade Area
In thousands of constant dollars

Retail Category	2010 Demand	2010 Sales	Expected Less Actual	Percent Actual/Expected
<i>Shopper Goods:</i>				
Apparel	\$93,548	\$181,595	(\$88,047)	194.12%
General Merchandise				
General merchandise stores	\$361,847	\$432,465	(\$70,618)	119.52%
Drug stores	\$127,934	\$106,789	\$21,145	83.47%
Home Furnishings				
Household and home furnishings	\$47,328	\$66,394	(\$19,066)	140.29%
Household appliance dealers	\$33,735	\$29,345	\$4,390	86.99%
Specialty/Other				
Farm and garden supply stores	\$28,610	\$35,013	(\$6,403)	122.38%
Remaining Specialty/Other	\$270,902	\$302,394	(\$31,492)	111.62%
Subtotal	\$963,905	\$1,153,995	(\$190,090)	119.72%
<i>Convenience Goods:</i>				
Food	\$661,710	\$682,915	(\$21,205)	103.20%
Eating and Drinking	\$294,763	\$324,613	(\$29,850)	110.13%
Subtotal	\$956,473	\$1,007,528	(\$51,055)	105.34%
<i>Heavy Commercial Goods:</i>				
Building Materials/Hardware	\$177,970	\$166,580	\$11,390	93.60%
Automotive supplies and parts	\$60,863	\$79,094	(\$18,231)	129.95%
Subtotal	238,834	245,674	(6,840)	103%
Total	2,159,211	2,407,197	(\$247,986)	111%

Source: TNDG, State Board of Equalization

Table A-11
Net Supportable Retail Sales
99/Houghton Primary Retail Trade Area
In thousands of constant dollars

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
Apparel	\$0	\$6,018	\$14,207	\$23,525	\$32,860
General Merchandise					
General merchandise stores	\$0	\$23,277	\$54,952	\$90,994	\$127,103
Drug stores	\$21,145	\$29,375	\$40,574	\$53,317	\$66,084
Home Furnishings					
Household and home furnishings	\$0	\$3,045	\$7,188	\$11,902	\$16,624
Household appliance dealers	\$4,390	\$6,560	\$9,513	\$12,874	\$16,240
Specialty/Other					
Farm and garden supply stores	\$0	\$1,840	\$4,345	\$7,195	\$10,050
Remaining Specialty/Other	\$0	\$17,427	\$41,141	\$68,124	\$95,158
Subtotal	\$25,536	\$87,542	\$171,920	\$267,930	\$364,119
<i>Convenience Goods:</i>					
Food	\$0	\$42,567	\$100,492	\$166,401	\$232,434
Eating and Drinking	\$0	\$18,962	\$44,765	\$74,124	\$103,539
Subtotal	\$0	\$61,528	\$145,256	\$240,525	\$335,973
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	\$11,390	\$22,839	\$38,418	\$56,145	\$73,905
Automotive supplies and parts	\$0	\$3,915	\$9,243	\$15,305	\$21,379
Subtotal	\$11,390	\$26,754	\$47,661	\$71,450	\$95,284
Total	\$36,926	\$175,824	\$364,838	\$579,905	\$795,376

Source: TNDG

Table A-12
Net Supportable Retail Space
99/Houghton Primary Retail Trade Area
Expressed in Square Feet

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
Apparel	0	15,158	35,785	59,256	82,770
General Merchandise					
General merchandise stores	0	87,507	206,588	342,083	477,832
Drug stores	30,960	43,009	59,406	78,063	96,756
Home Furnishings					
Household and home furnishings	0	10,720	25,308	41,907	58,537
Household appliance dealers	18,292	27,334	39,639	53,640	67,667
Specialty/Other					
Farm and garden supply stores	0	6,573	15,518	25,695	35,892
Remaining Specialty/Other	0	65,514	154,665	256,105	357,736
Subtotal	49,252	255,815	536,910	856,750	1,177,190
<i>Convenience Goods:</i>					
Food	0	86,870	205,085	339,594	474,355
Eating and Drinking	0	43,994	103,862	171,982	240,230
Subtotal	0	130,865	308,947	511,576	714,585
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	40,680	81,567	137,207	200,517	263,945
Automotive supplies and parts	0	19,576	46,215	76,527	106,895
Subtotal	40,680	101,143	183,423	277,044	370,840
Total	89,931	487,823	1,029,279	1,645,370	2,262,615
99/Houghton Project as Percent of Net Supportable Retail					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	43.4%	20.6%	12.9%	9.4%

Source: Retail Maxim; TNDG.

Table A-13
Potential Trade Area Retail Sales
99/Houghton Secondary Retail Trade Area
In thousands of constant dollars

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
Apparel	\$97,468	\$106,243	\$118,073	\$130,783	\$144,712
General Merchandise					
General merchandise stores	\$285,729	\$311,452	\$346,131	\$383,390	\$424,224
Drug stores	\$107,086	\$116,726	\$129,723	\$143,687	\$158,991
Home Furnishings					
Household and home furnishings	\$48,317	\$52,667	\$58,531	\$64,832	\$71,737
Household appliance dealers	\$33,013	\$35,984	\$39,991	\$44,296	\$49,014
Specialty/Other					
Farm and garden supply stores	\$27,059	\$29,495	\$32,780	\$36,308	\$40,175
Remaining Specialty/Other	\$256,216	\$279,282	\$310,380	\$343,790	\$380,406
Subtotal	\$854,888	\$931,850	\$1,035,609	\$1,147,085	\$1,269,258
<i>Convenience Goods:</i>					
Food	\$457,908	\$499,131	\$554,708	\$614,418	\$679,859
Eating and Drinking	\$265,551	\$289,457	\$321,688	\$356,315	\$394,265
Subtotal	\$723,459	\$788,588	\$876,396	\$970,733	\$1,074,124
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	\$146,577	\$159,773	\$177,563	\$196,677	\$217,624
Automotive supplies and parts	\$40,712	\$44,377	\$49,318	\$54,627	\$60,445
Subtotal	\$187,289	\$204,150	\$226,882	\$251,304	\$278,070
Total	\$1,765,637	\$1,924,588	\$2,138,887	\$2,369,122	\$2,621,452

Source: TNDG

Table A-14
Adjustment Factors to Account for
Visitor/Business/Institutional Spending
99/Houghton Secondary Retail Trade Area

Retail Category	Factor
<i>Shopper Goods:</i>	
General merchandise stores	1.32
Home Furnishings	
Household and home furnishings	1.02
Household appliance dealers	1.06
Farm and garden supply stores	1.27
Subtotal	
<i>Heavy Commercial Goods:</i>	
Building Materials/Hardware	1.27
Automotive supplies and parts	1.56

Source: TNDG

Table A-15
Total Potential Retail Sales - Resident and Visitor/Business/Institutional Combined
99/Houghton Secondary Retail Trade Area
In thousands of constant dollars

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
General merchandise stores	\$377,012	\$410,953	\$456,712	\$505,873	\$559,753
Home Furnishings					
Household and home furnishings	\$49,311	\$53,751	\$59,736	\$66,166	\$73,213
Household appliance dealers	\$35,149	\$38,313	\$42,579	\$47,163	\$52,186
Farm and garden supply stores	\$34,232	\$37,313	\$41,468	\$45,932	\$50,824
Subtotal	\$495,704	\$540,330	\$600,495	\$665,133	\$735,975
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	\$185,429	\$202,122	\$224,628	\$248,808	\$275,308
Automotive supplies and parts	\$63,414	\$69,123	\$76,820	\$85,089	\$94,151
Subtotal	\$248,843	\$271,245	\$301,448	\$333,896	\$369,459
Total	\$744,547	\$811,575	\$901,942	\$999,030	\$1,105,434

Source: TNDG, State Board of Equalization

Table A-16
Potential Trade Area Retail Sales
99/Houghton Combined Retail Trade Area
In thousands of constant dollars

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
General merchandise stores	\$738,860	\$796,077	\$873,511	\$958,715	\$1,048,703
Home Furnishings					
Household and home furnishings	\$96,639	\$104,123	\$114,251	\$125,395	\$137,165
Household appliance dealers	\$68,884	\$74,218	\$81,438	\$89,381	\$97,771
Farm and garden supply stores	\$62,842	\$67,764	\$74,423	\$81,737	\$89,484
Subtotal	\$967,225	\$1,042,182	\$1,143,623	\$1,255,228	\$1,373,123
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	\$363,399	\$391,541	\$429,626	\$471,532	\$515,792
Automotive supplies and parts	\$124,277	\$133,901	\$146,926	\$161,257	\$176,393
Subtotal	\$487,677	\$525,442	\$576,552	\$632,790	\$692,186
Total	\$1,454,901	\$1,567,625	\$1,720,176	\$1,888,017	\$2,065,309

Source: TNDG, State Board of Equalization

Table A-17
Total Supportable Retail Space
99/Houghton Combined Retail Trade Area
Expressed in Square Feet

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
General merchandise stores	2,777,668	2,992,771	3,283,877	3,604,190	3,942,494
Home Furnishings					
Household and home furnishings	340,279	366,630	402,292	441,532	482,976
Household appliance dealers	287,017	309,243	339,323	372,421	407,378
Farm and garden supply stores	224,436	242,015	265,798	291,918	319,586
Subtotal	3,629,399	3,910,659	4,291,291	4,710,061	5,152,434
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	1,297,855	1,398,361	1,534,379	1,684,044	1,842,115
Automotive supplies and parts	621,387	669,507	734,630	806,286	881,967
Subtotal	1,919,241	2,067,868	2,269,009	2,490,331	2,724,083
Total	5,548,640	5,978,527	6,560,300	7,200,392	7,876,516
99/Houghton Project as Percent of Total Supportable Retail Space					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	3.5%	3.2%	2.9%	2.7%

Source: Retail Maxim; TNDG.

Table A-18
Net Supportable Retail Sales
99/Houghton Combined Retail Trade Area
In thousands of constant dollars

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
General merchandise stores	\$0	\$57,217	\$134,652	\$219,855	\$309,844
Home Furnishings					
Household and home furnishings	\$0	\$7,484	\$17,612	\$28,756	\$40,526
Household appliance dealers	\$4,390	\$9,724	\$16,944	\$24,887	\$33,277
Farm and garden supply stores	\$0	\$4,922	\$11,581	\$18,895	\$26,642
Subtotal	\$4,390	\$79,348	\$180,789	\$292,393	\$410,289
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	\$11,390	\$39,532	\$77,617	\$119,523	\$163,783
Automotive supplies and parts	\$0	\$9,624	\$22,649	\$36,980	\$52,116
Subtotal	\$11,390	\$49,156	\$100,266	\$156,503	\$215,899
Total	\$15,780	\$128,504	\$281,054	\$448,896	\$626,188

Source: TNDG

Table A-19
Net Supportable Retail Space
99/Houghton Combined Retail Trade Area
Expressed in Square Feet

Retail Category	2010	2015	2020	2025	2030
<i>Shopper Goods:</i>					
General merchandise stores	0	215,103	506,210	826,523	1,164,826
Home Furnishings					
Household and home furnishings	0	26,351	62,013	101,253	142,697
Household appliance dealers	18,292	40,519	70,599	103,697	138,654
Farm and garden supply stores	0	17,579	41,362	67,482	95,150
Subtotal	18,292	299,552	680,184	1,098,954	1,541,327
<i>Heavy Commercial Goods:</i>					
Building Materials/Hardware	40,680	141,186	277,204	426,869	584,940
Automotive supplies and parts	0	48,120	113,243	184,900	260,581
Subtotal	40,680	189,306	390,447	611,769	845,521
Total	58,972	488,858	1,070,631	1,710,723	2,386,848
99/Houghton Project as Percent of Net Supportable Retail					
99/Houghton Project (Square Feet)	0	211,914	211,914	211,914	211,914
Percent of Supportable Retail	0.0%	43.3%	19.8%	12.4%	8.9%

Source: Retail Maxim; TNDG.