



Retail Market Analysis & Strategy

June 2015

Prepared By:
Kosmont Companies

Kosmont Companies Overview

Kosmont Companies is a nationally-recognized real estate & economics advisory firm specializing in public-private transactions for 27 years.

- **Offers a full range of economics & real estate advisory services under [Kosmont Retail NOW!](#)[®] platform including:**
 - Market and Feasibility Analyses
 - Fiscal Impact & Economic Benefit Studies
 - Economic Development Strategies & Implementation
 - Identification of Funding Sources & Financing Strategies
 - Retailer/Developer & Business Recruitment
 - Public-Private Transaction Structuring & Negotiation
- **Winning track record of initiating and implementing projects for municipalities**
 - In-house team includes registered municipal advisors, financial analysts, lawyers, former bond underwriters, former city managers & department heads
 - Extensive network of brokers, investors and market data for real-time information, and retail industry leadership
- **Kosmont is not just a “*study*” company – we create strategies & make projects a reality**
 - Over \$12 billion in project negotiation and implementation since 1986
 - Completed hundreds of public and private financial transactions blending private investment with public funding sources to create win-win public-private financing structures

Note: If needed, Financial Advisory and Real Estate Brokerage services provided by Kosmont Realty Corporation (SEC / MSRB Registered Municipal Advisor and Licensed Real Estate Brokerage Firm)

Project Background & Status

- Kosmont was retained by the City for the preparation of a Retail Market Analysis and Strategy (“Retail Strategy”)
- The purpose of the Retail Strategy is to evaluate existing retail market conditions and provide recommended strategies to successfully promote economic growth within the City
- An overview of the Retail Strategy is presented herein

1. Analysis

- a) Economic & Demographic Profile
- b) Market Demand Analysis

2. Strategy

- a) Trade Area Retailer Voids
- b) Opportunity Site Assessment

3. Summary of Findings

1. Analysis

a) Economic & Demographic Profile

- i. Population & Household Demographics*
- ii. Unemployment & Employment by Industry*

b) Market Demand Analysis

- i. Employment Growth by Industry*
- ii. Supply, Vacancy & Lease Rates*
- iii. Taxable Retail Sales Performance*
- iv. Retail Sales Surplus / Leakage*

Economic & Demographic Profile

Population & Household Demographics

Demographic Highlights

Population & Households

- Population of ~95,700 and ~34,000 households within the City in 2015
- Population of ~654,800 and ~244,400 households within 10 miles of City Hall

Income

- Avg. HH income ~\$122,500 in City and ~\$129,100 within 10 miles
- 1.9% annual growth projected for HH income over next 5 years in City

Other Demographic Characteristics

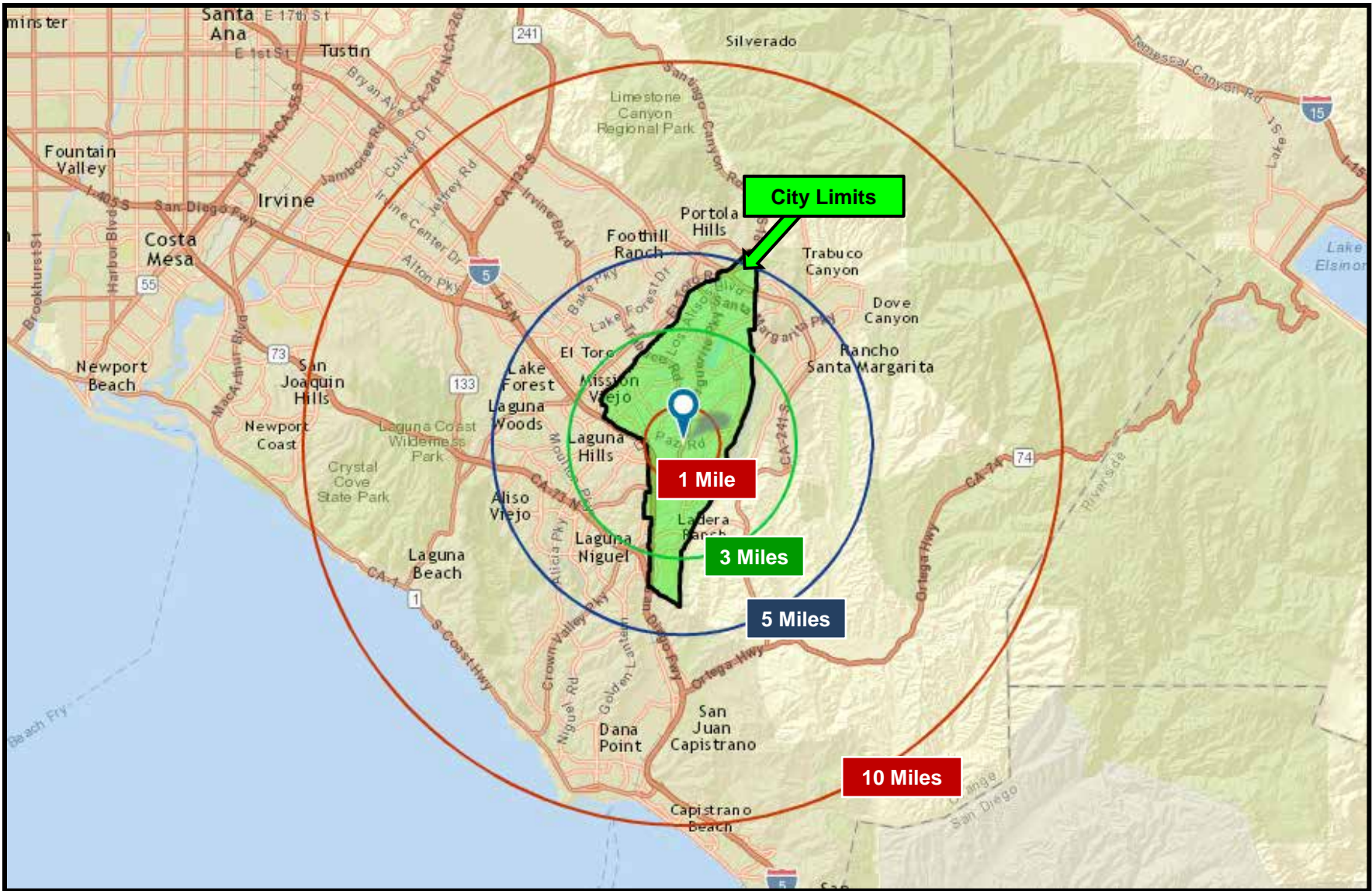
- Average household size of 2.8 in City (relatively small)
- Median age of 44 in City (older)
- ~46% Bachelor's Degree or higher (high)
- Race: ~78% White, ~10% Asian, ~12% other / two or more races
- Ethnicity: ~19% Hispanic in City
- Continually ranked safest City in the state, 9th in the nation in 2013*

* Per CQ Crime Rankings

Source: U.S. Census Bureau (2010); ESRI (2015)

City Limits & Radii

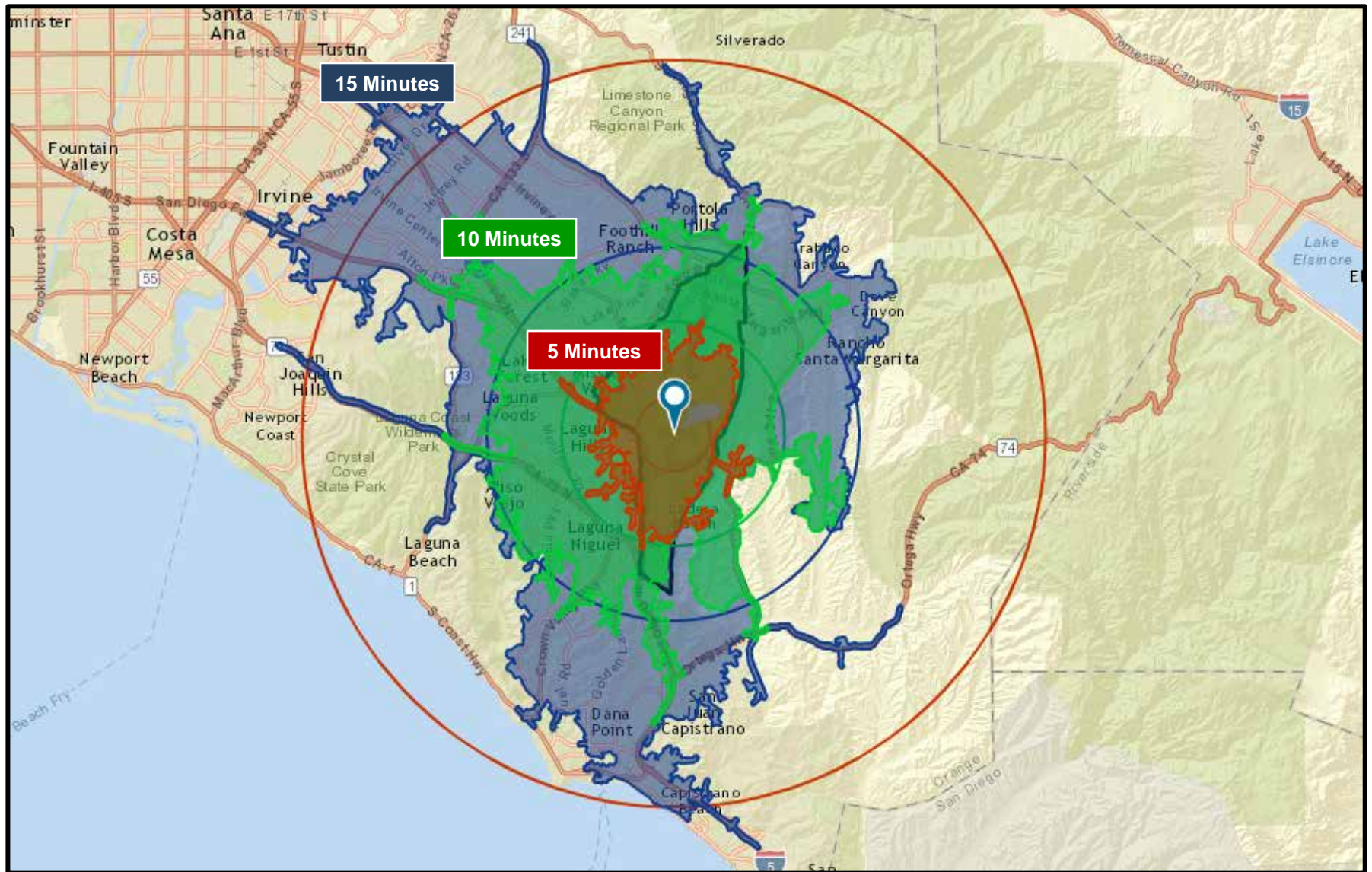
(from City Hall – Marguerite Parkway & La Paz Road)



Source: ESRI (2015)



Drive Times (from City Hall)



Population and Income

City, County and State

<u>2015</u>	City of Mission Viejo	Orange County	California
Population	95,681	3,124,130	38,371,836
Households	33,969	1,026,508	12,932,388
Average HH Size	2.79	3.00	2.90
Median Age	43.9	36.9	35.7
Per Capita Income	\$43,790	\$35,179	\$29,788
Median HH Income	\$98,618	\$77,676	\$60,382
Average HH Income	\$122,454	\$106,158	\$87,152
<u>2015-2020 Annual Growth Rate</u>			
Population	0.64%	0.82%	0.73%
Median HH Income	1.91%	2.36%	3.36%

Source: U.S. Census Bureau (2010); ESRI (2015)

Population and Income

Radii from City Hall

	Radii (from City Hall)			
2015	1 Mile	3 Miles	5 Miles	10 Miles
Population	17,204	134,628	343,884	654,782
Households	5,687	46,534	125,066	244,396
Average HH Size	3.00	2.86	2.73	2.66
Median Age	45.4	42.3	40.7	40.9
Per Capita Income	\$55,747	\$49,310	\$50,603	\$48,415
Median HH Income	\$126,900	\$94,689	\$93,245	\$97,747
Average HH Income	\$144,908	\$124,488	\$122,503	\$129,145
<u>2015-2020 Annual Growth Rate</u>				
Population	0.49%	0.58%	0.75%	1.15%
Median HH Income	3.29%	2.32%	2.23%	1.98%

Source: U.S. Census Bureau (2010); ESRI (2015)

Population and Income

Drive Times from City Hall

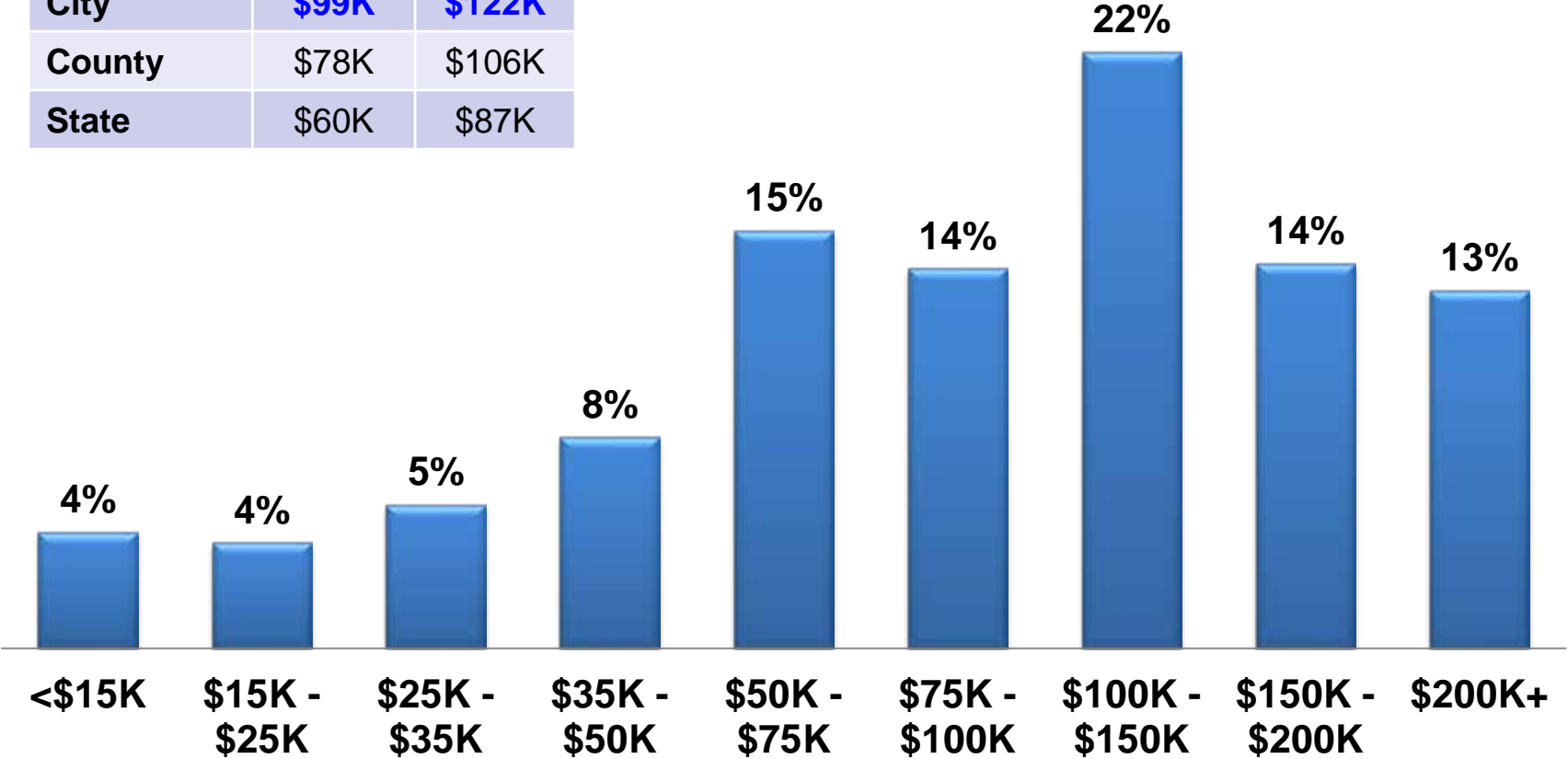
	Drive Times (from City Hall)		
<u>2015</u>	5 Minutes	10 Minutes	15 Minutes
Population	65,586	336,899	611,227
Households	22,811	123,322	226,424
Average HH Size	2.83	2.71	2.68
Median Age	45.1	40.4	40.2
Per Capita Income	\$44,362	\$43,399	\$45,735
Median HH Income	\$101,943	\$91,036	\$94,333
Average HH Income	\$126,837	\$118,369	\$123,329
<u>2015-2020 Annual Growth Rate</u>			
Population	0.61%	0.77%	1.16%
Median HH Income	2.00%	2.34%	2.15%

Source: U.S. Census Bureau (2010); ESRI (2015)

Income Profile

City of Mission Viejo – 2015 Households by Income Bracket

HH Income	Median	Avg.
City	\$99K	\$122K
County	\$78K	\$106K
State	\$60K	\$87K



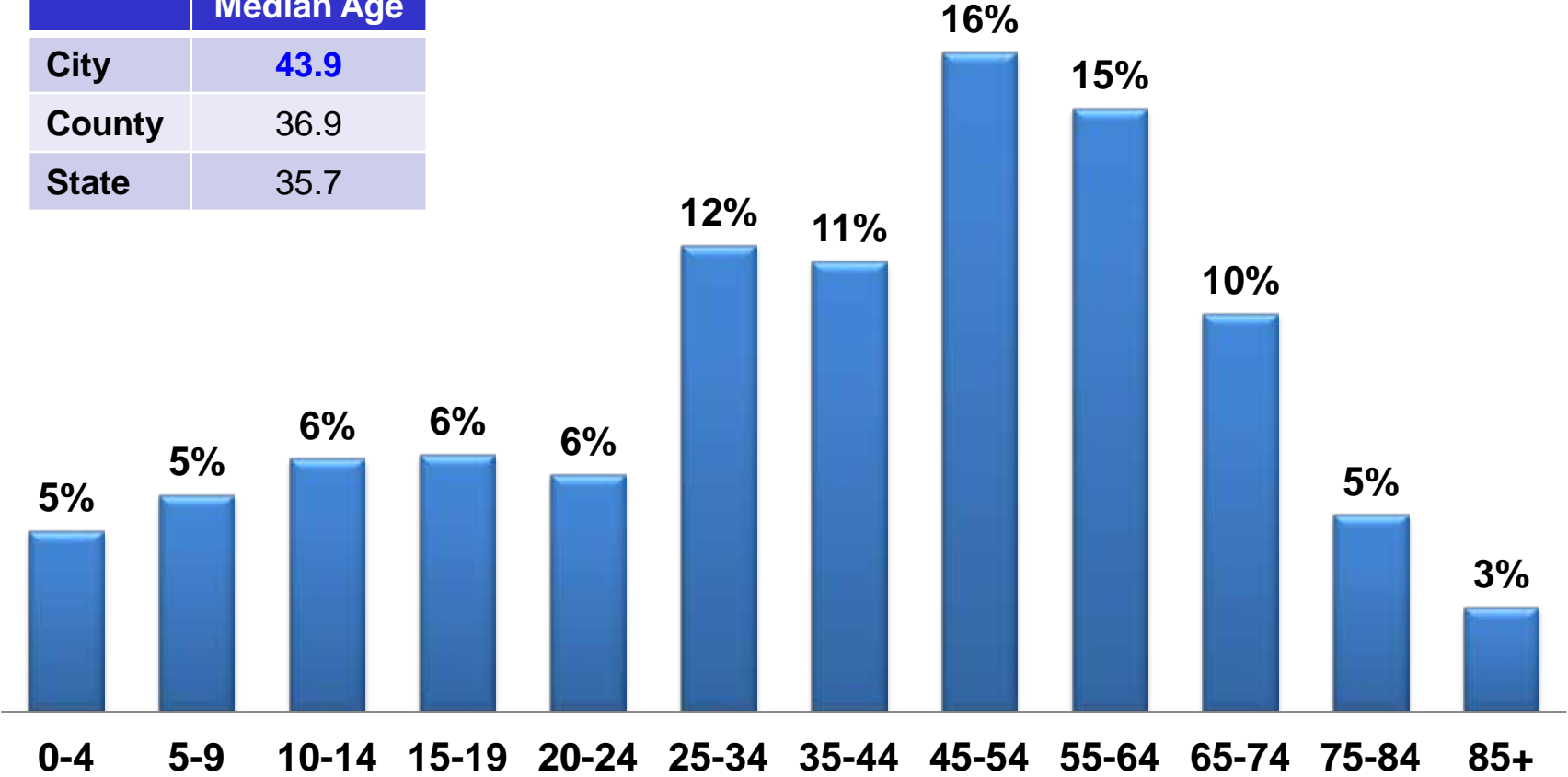
Source: U.S. Census Bureau (2010); ESRI (2015)



Age Profile

City Population by Age Bracket in 2015

	Median Age
City	43.9
County	36.9
State	35.7

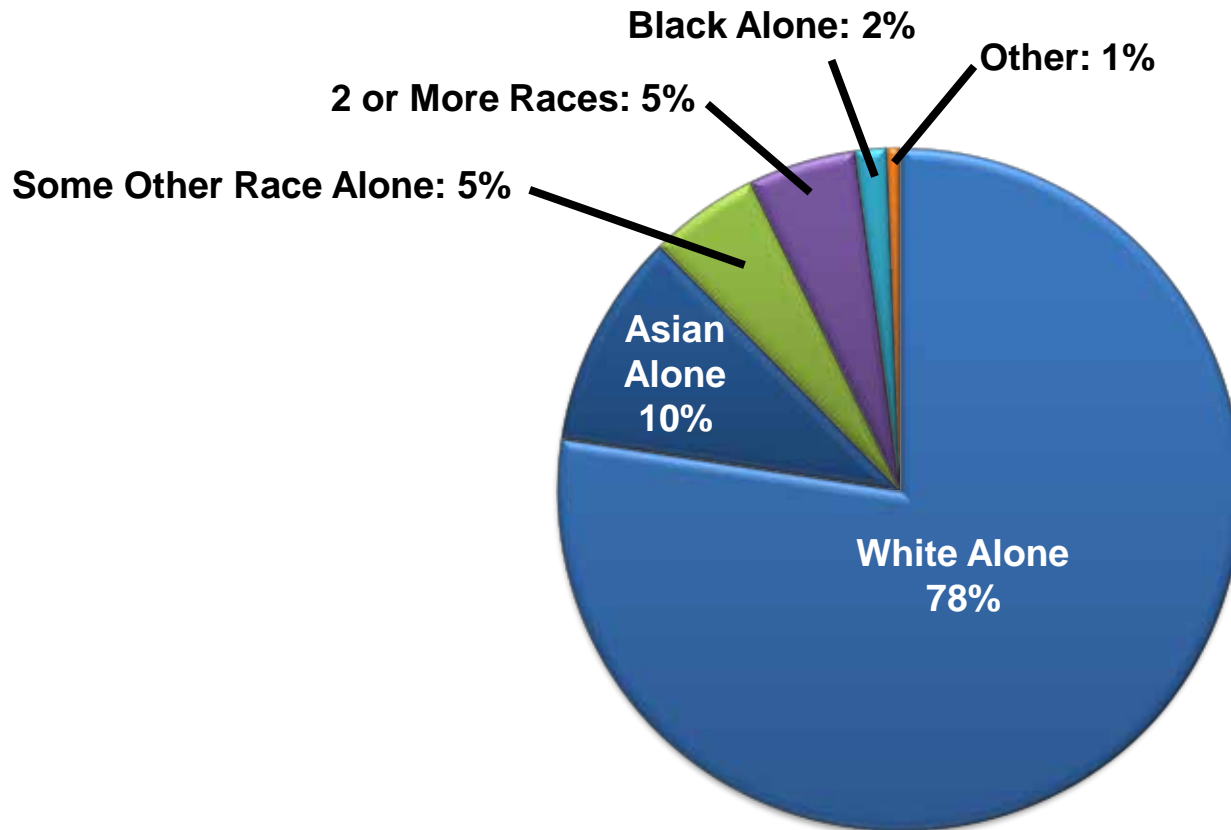


Source: U.S. Census Bureau (2010); ESRI (2015)



Race & Ethnicity

City Population by Race & Ethnicity in 2015



**Most respondents of Hispanic Origin additionally indicate "White" or "Some Other Race"*

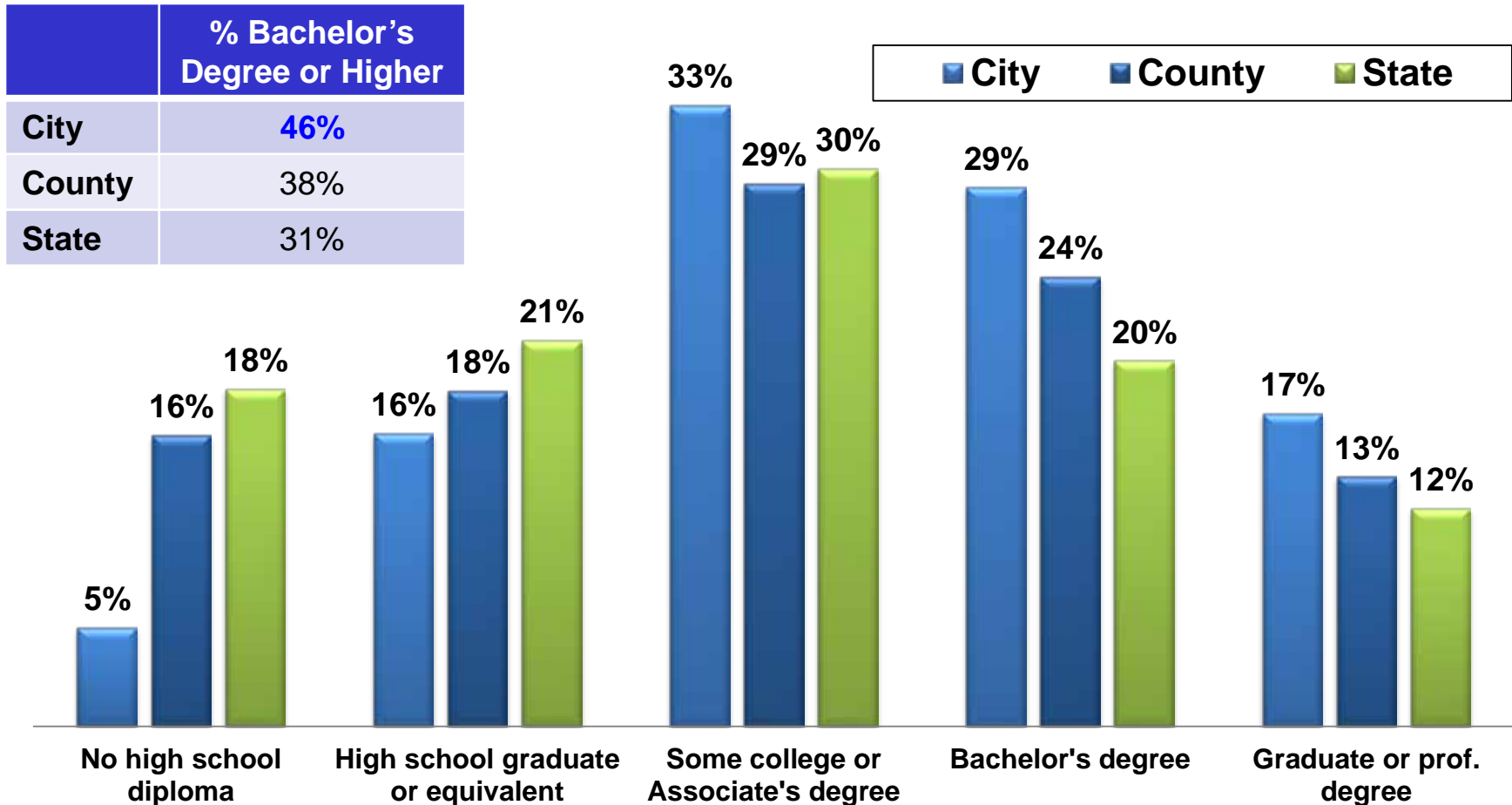
Hispanic Origin of Any Race: 19%

Note: U.S. Census Bureau defines race and ethnicity as two separate and distinct identities. One Census question asks respondents which socio-political race (of categories in pie chart above) they associate most closely with, and a separate question asks whether they associate with "Hispanic, Latino, or Spanish origin" or not (defined as ethnicity).

Source: U.S. Census Bureau (2010); ESRI (2015)

Educational Attainment

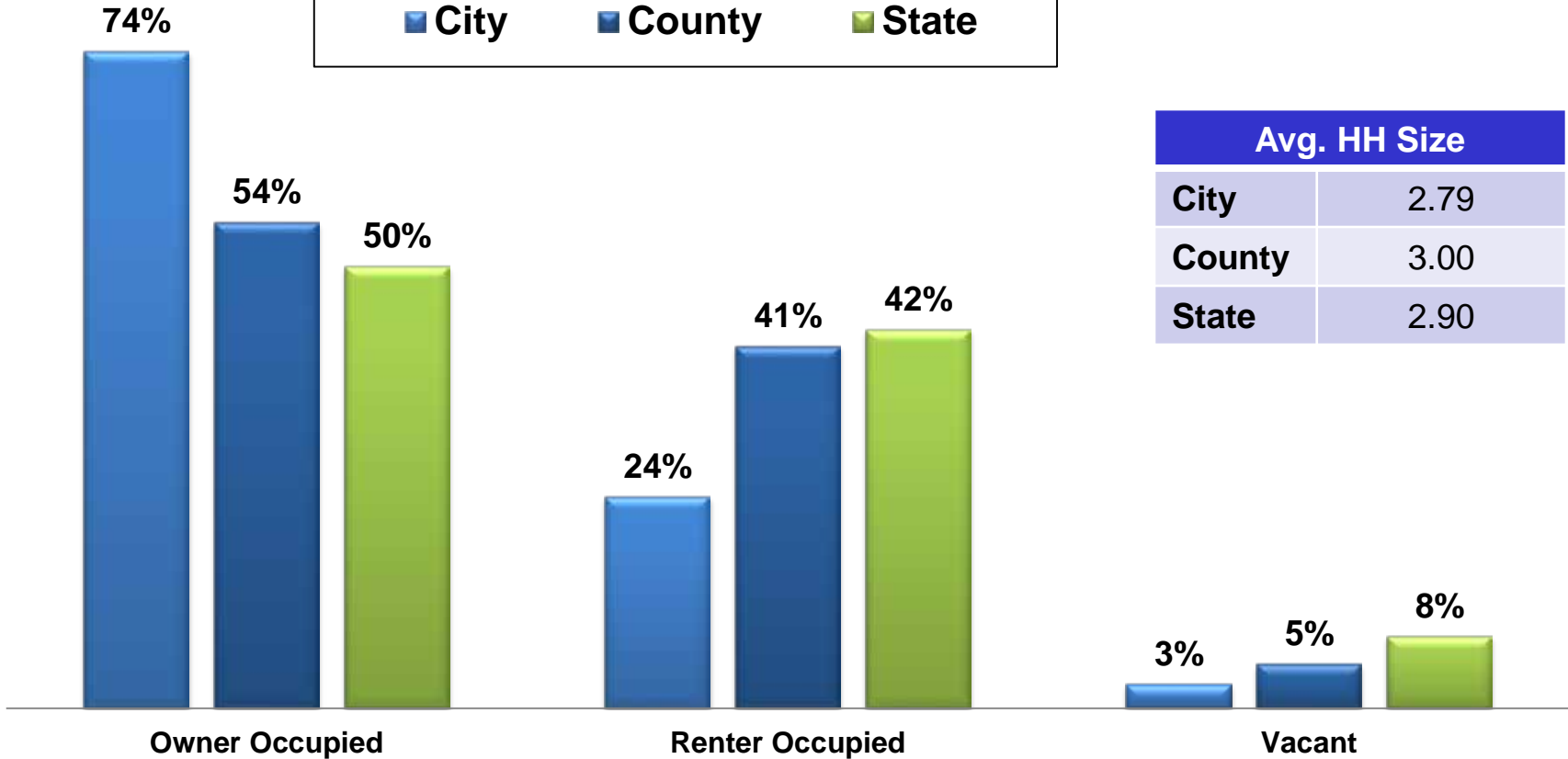
Population Aged 25+ by Educational Attainment



Source: U.S. Census Bureau (2010); ESRI (2015)

Housing & Household Size

Housing Breakdown (2015)

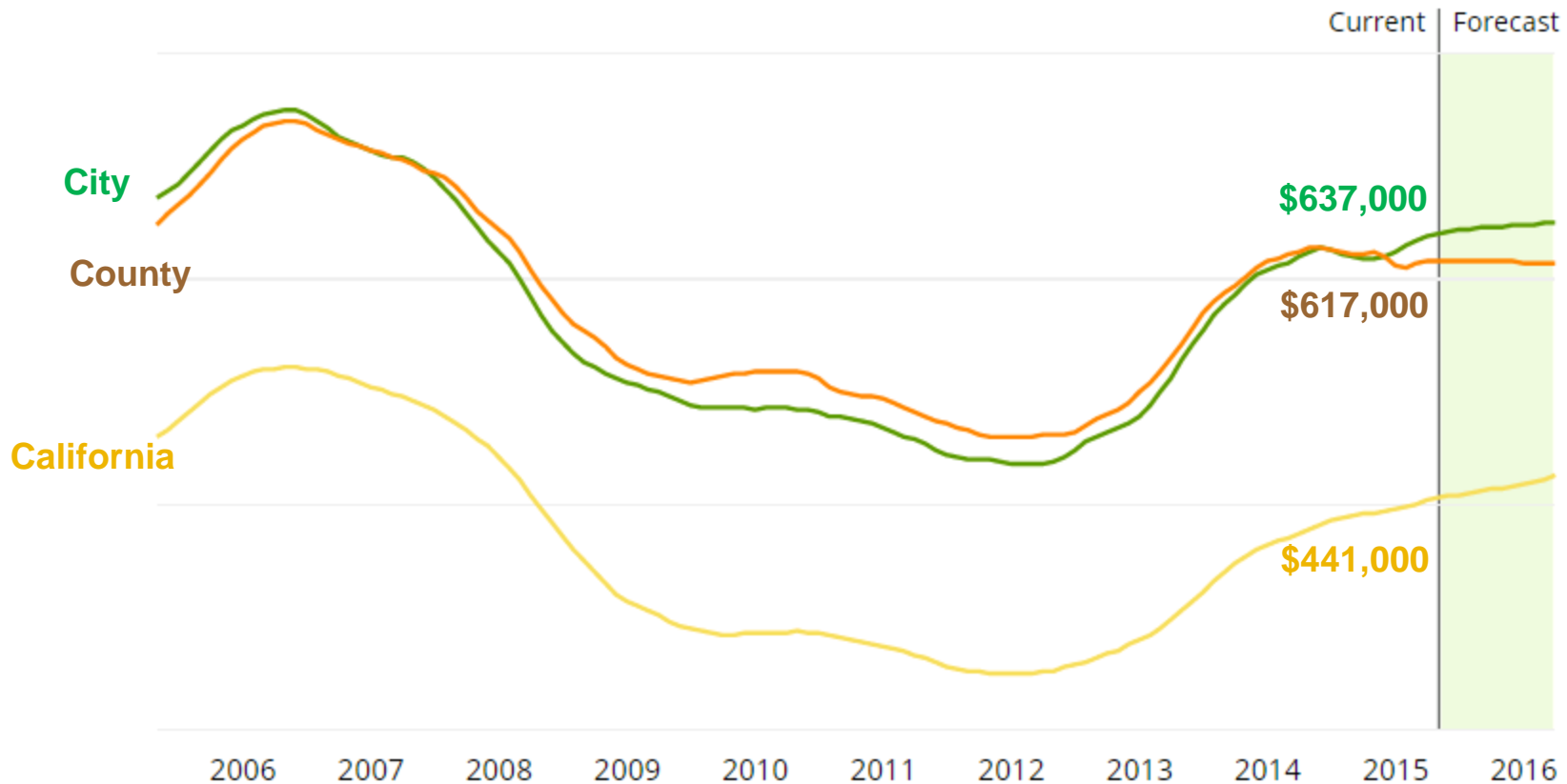


Avg. HH Size	
City	2.79
County	3.00
State	2.90

Source: U.S. Census Bureau (2010); ESRI (2015)

Home Value History

Zillow Home Value Index



Population Segmentation Profile

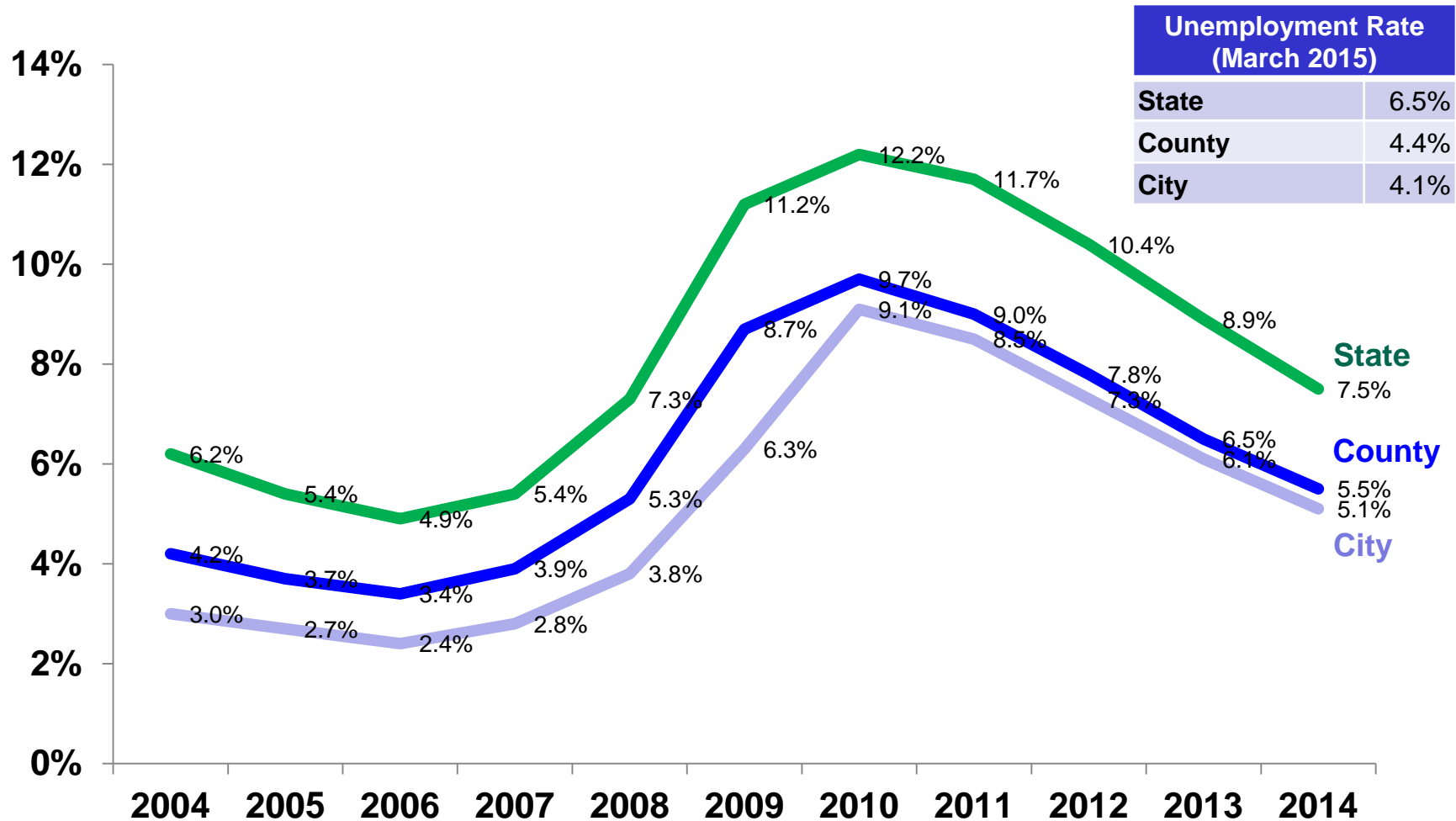
Top 5 “Tapestries” in City	Percent	Sample Characteristics
1. Savvy Suburbanites	25%	<ul style="list-style-type: none"> • Well-educated, well-capitalized, active residents • Owner occupied, single family homes, low vacancy • Informed shoppers, connected to technology • Enjoy good food and wine and cultural amenities
2. Professional Pride	15%	<ul style="list-style-type: none"> • Well-educated, white-collar commuter families • Financially active, frequent travelers, shop on credit • Shop online and at Home Depot, Bed Bath & Beyond • Tech-savvy, active, spend on health and wellness
3. Enterprising Professionals	14%	<ul style="list-style-type: none"> • Employed in science, tech, engineering, mathematics • Live in newer condos, town homes, apartments • Active, shop organic/natural, buy name brands online • Use personal care services (dry cleaning), frequent Cheesecake Factory, Chick-Fil-A, Starbucks
4. Pleasantville	14%	<ul style="list-style-type: none"> • Older, settled households, educated, mostly married couples, high incomes (white collar) and net worth • Older, single family homes, low vacancy • Shop online and in stores, from upscale to discount
5. The Elders	9%	<ul style="list-style-type: none"> • Older, smaller households, many in group quarters or nursing home / senior-living facilities • Retirees, use coupons, prefer American and environmentally safe products, don’t shop online

Source: ESRI (2015)

Economic & Demographic Profile

Unemployment & Employment by Industry

Unemployment



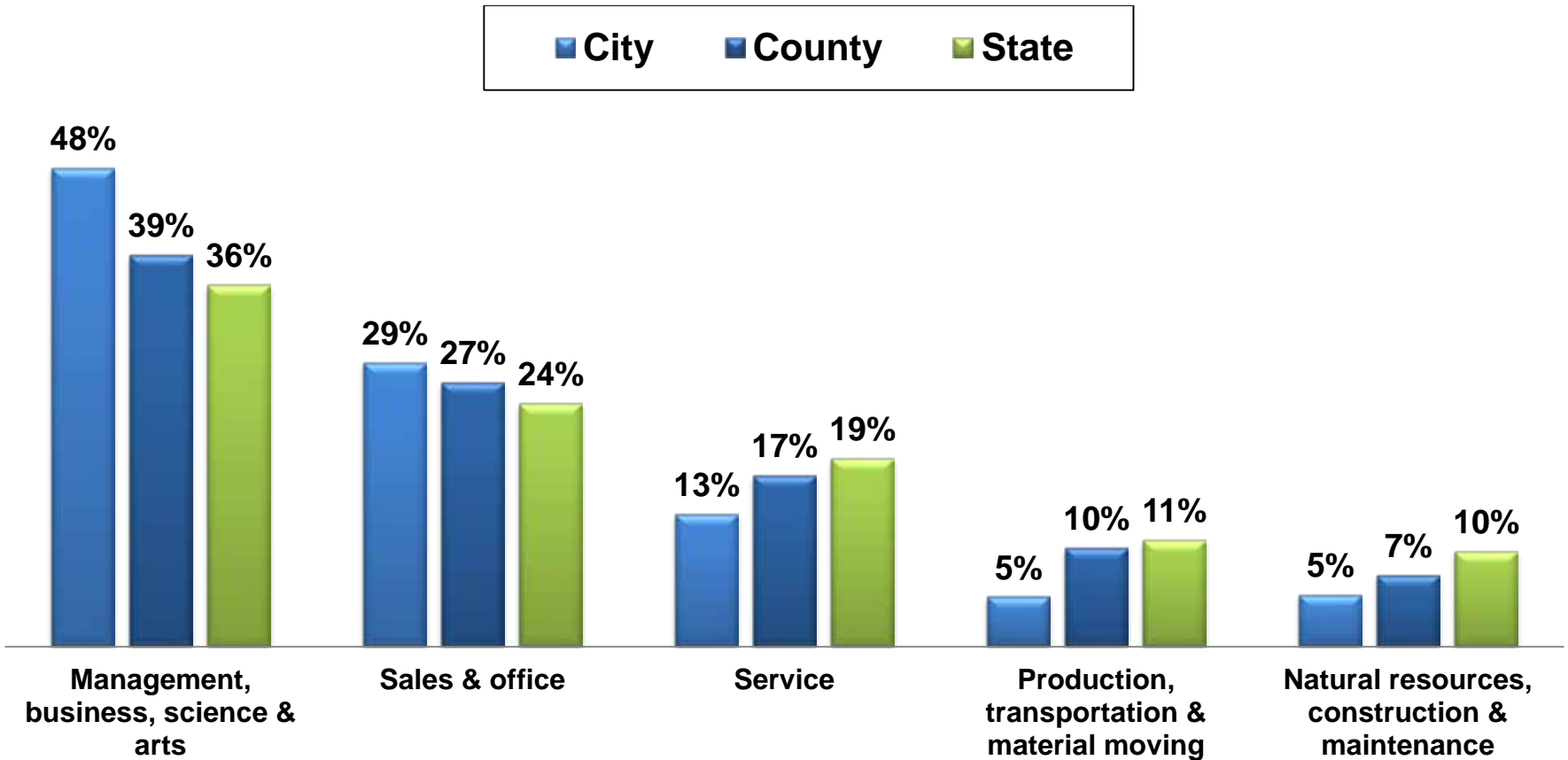
Unemployment Rate (March 2015)	
State	6.5%
County	4.4%
City	4.1%

Note: Not seasonally adjusted; annual averages

Source: California Employment Development Department (2015)

Resident Employment by Occupation

Civilian Employed Population Age 16+ by Occupation



Source: U.S. Census Bureau (2010); ESRI (2015)

Employment by Industry

City Resident Employed Population (Age 16+)

Retail trade	10.6%
Healthcare & social assist.	10.5%
Prof., scientific & tech. services	10.2%
Educational services	9.2%
Accommodation & food services	8.4%
Manufacturing	8.4%
Wholesale trade	6.4%
Admin. & support & waste mgmt.	6.2%
Finance & insurance	5.5%
Other services, except public admin.	4.1%
Construction	3.7%
Public administration	3.6%
Information	3.3%
Real estate rental & leasing	2.4%
Transportation & warehousing	2.1%
Arts, entertainment & recreation	1.8%
Management of companies & enterprises	1.8%
Agriculture, forestry, fishing & hunting	0.9%
Utilities	0.8%
Mining, quarrying, oil & gas extraction	0.1%

“Industries in which City residents work”

Workers Employed within City

Healthcare & social assist.	27.8%
Retail trade	17.6%
Educational services	14.6%
Accommodation & food services	8.0%
Prof., scientific & tech. services	5.8%
Other services, except public admin.	4.2%
Admin. & support & waste mgmt.	4.1%
Construction	3.4%
Finance & insurance	3.1%
Wholesale trade	2.7%
Manufacturing	2.6%
Arts, entertainment & recreation	1.8%
Real estate rental & leasing	1.5%
Public administration	1.0%
Transportation & warehousing	0.8%
Management of companies & enterprises	0.6%
Information	0.4%
Utilities	0.0%
Agriculture, forestry, fishing & hunting	0.0%
Mining, quarrying, oil & gas extraction	0.0%

“Jobs in the City”

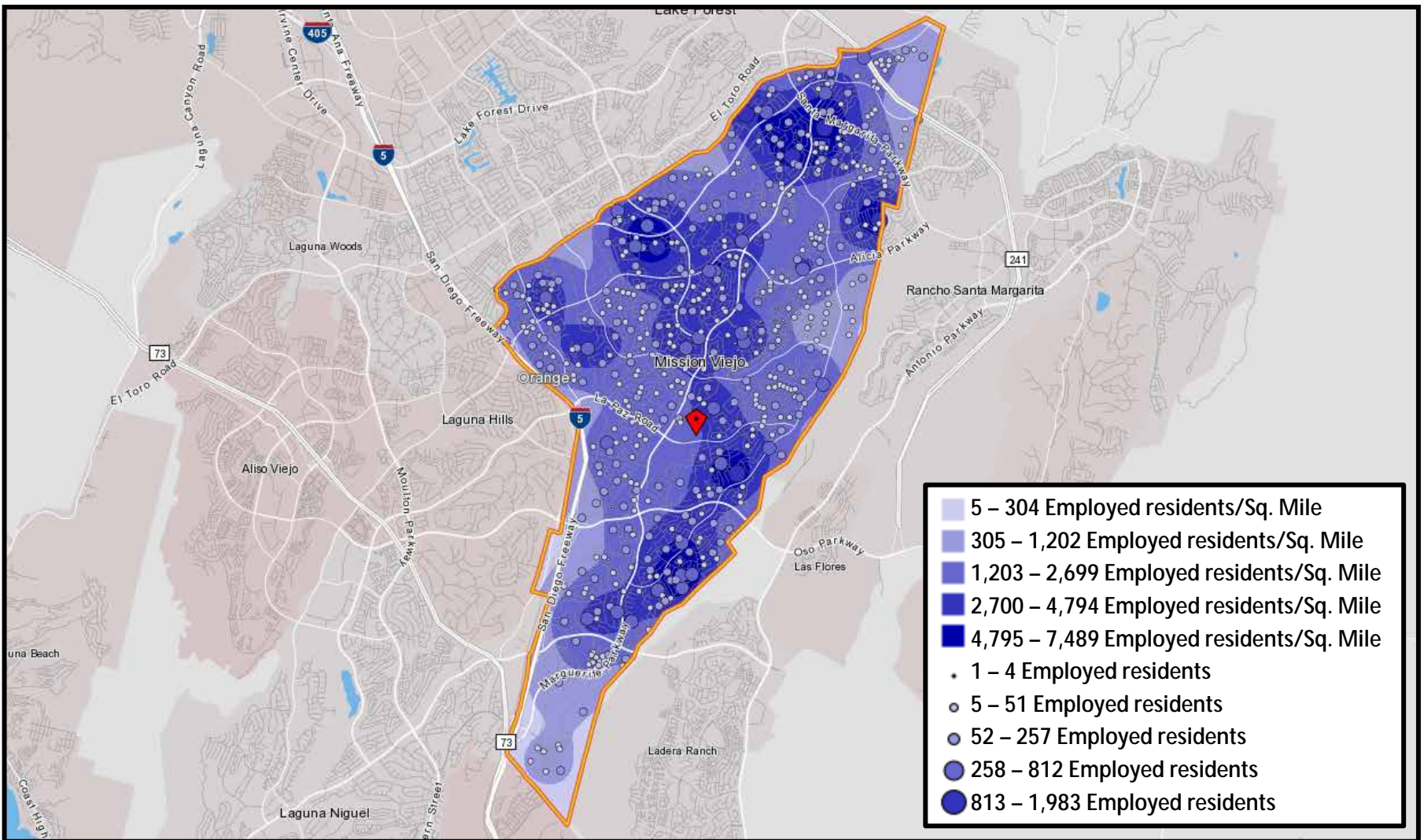
Source: U.S. Census Bureau Center for Economic Studies (2011)

Major Employers

Employer	Estimated # Employees	% Total City Employment
1) Mission Hospital Regional Medical Center	2,443	6.4%
2) Saddleback College	1,975	5.2%
3) Saddleback Valley Unified School District	1,502	3.9%
4) Capistrano Unified School District	441	1.2%
5) Nordstrom	400	1.0%
6) Macy's	250	0.7%
7) Target	250	0.7%
8) Vocational Visions	196	0.5%
9) US Post Office	194	0.5%
Top 9 Total	7,651	20.1%

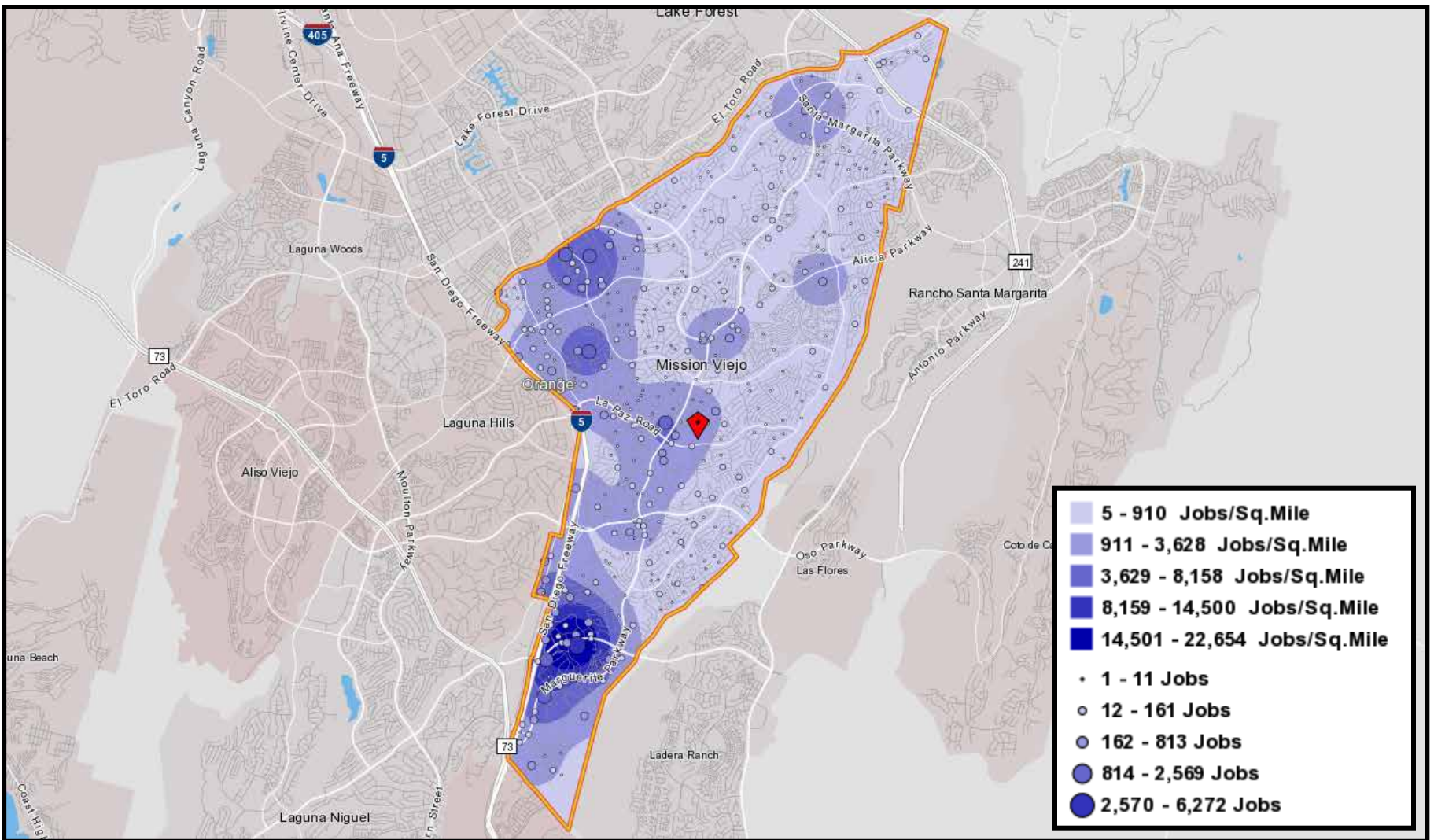
Note: Total City employment based on employees (residents and non-residents) within the City as estimated by ESRI and Dun & Bradstreet (38,211)

Resident Concentration Within City



Source: U.S. Census Bureau Center for Economic Studies (2011)

Employment Concentration Within City



Source: U.S. Census Bureau Center for Economic Studies (2011)

Resident and Employee Commute

Employed Resident Place of Work	
Irvine	13.3%
Mission Viejo	9.2%
Los Angeles	6.1%
Santa Ana	5.4%
Lake Forest	4.1%
San Diego	3.5%
Newport Beach	3.2%
Costa Mesa	3.2%
Laguna Hills	2.8%
Anaheim	2.5%
Rancho Santa Margarita	2.5%
Orange	2.4%
San Juan Capistrano	1.9%
Aliso Viejo	1.8%
Laguna Niguel	1.7%
Tustin	1.7%
San Clemente	1.6%
Huntington Beach	1.0%
Dana Point	0.9%
San Francisco	0.9%
Other	30.2%

“Where City residents work”

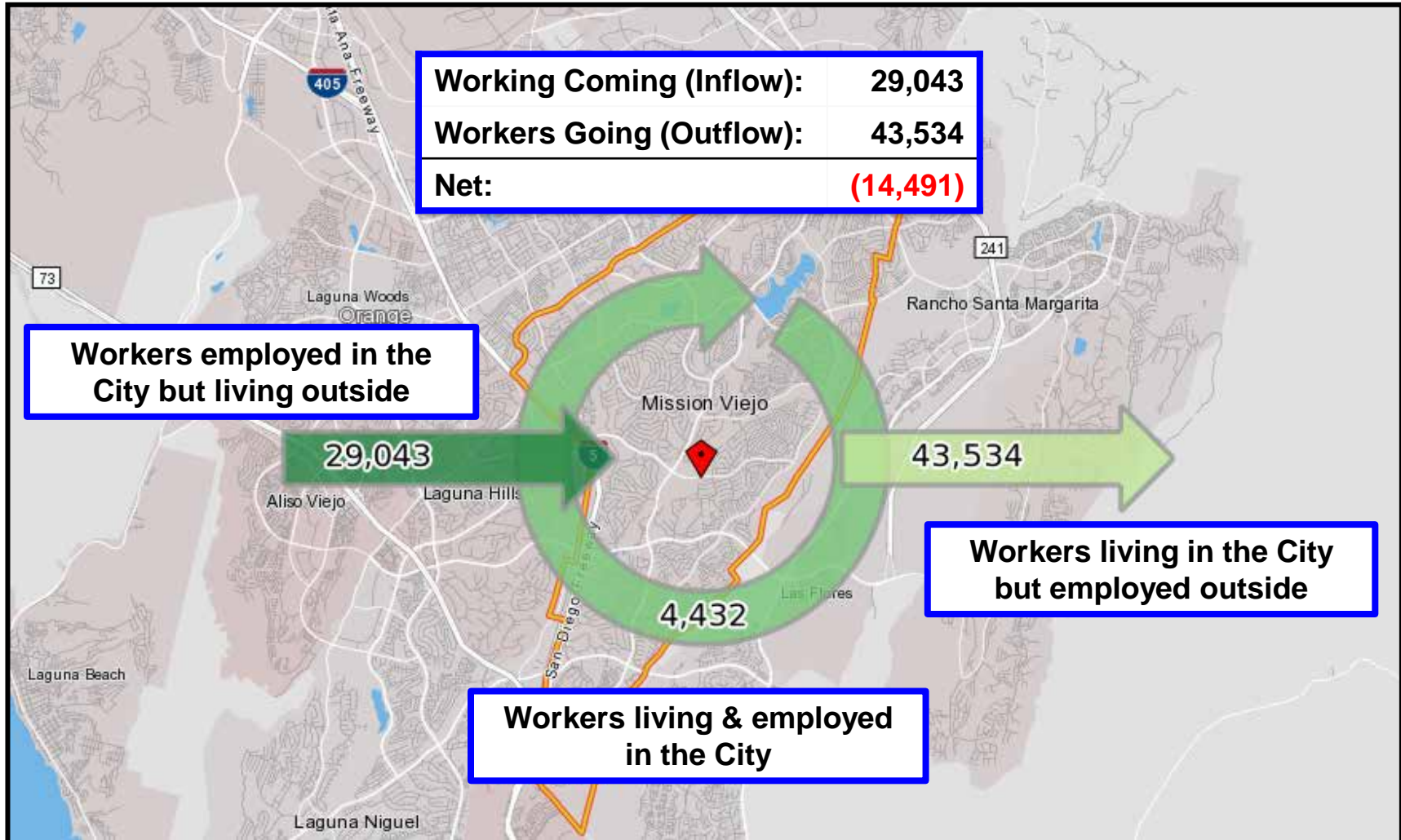
City Employee Origin	
Mission Viejo	13.2%
Lake Forest	5.5%
Rancho Santa Margarita	4.4%
Laguna Niguel	4.3%
Irvine	3.9%
San Clemente	3.5%
Los Angeles	3.1%
Anaheim	2.9%
Aliso Viejo	2.9%
Santa Ana	2.5%
Laguna Hills	2.5%
San Juan Capistrano	2.3%
Dana Point	1.8%
Orange	1.8%
San Diego	1.8%
Huntington Beach	1.6%
Ladera Ranch	1.5%
Tustin	1.3%
Costa Mesa	1.2%
Newport Beach	1.2%
Other	36.9%

“Where people who work in the City come from”

Source: U.S. Census Bureau Center for Economic Studies (2011)

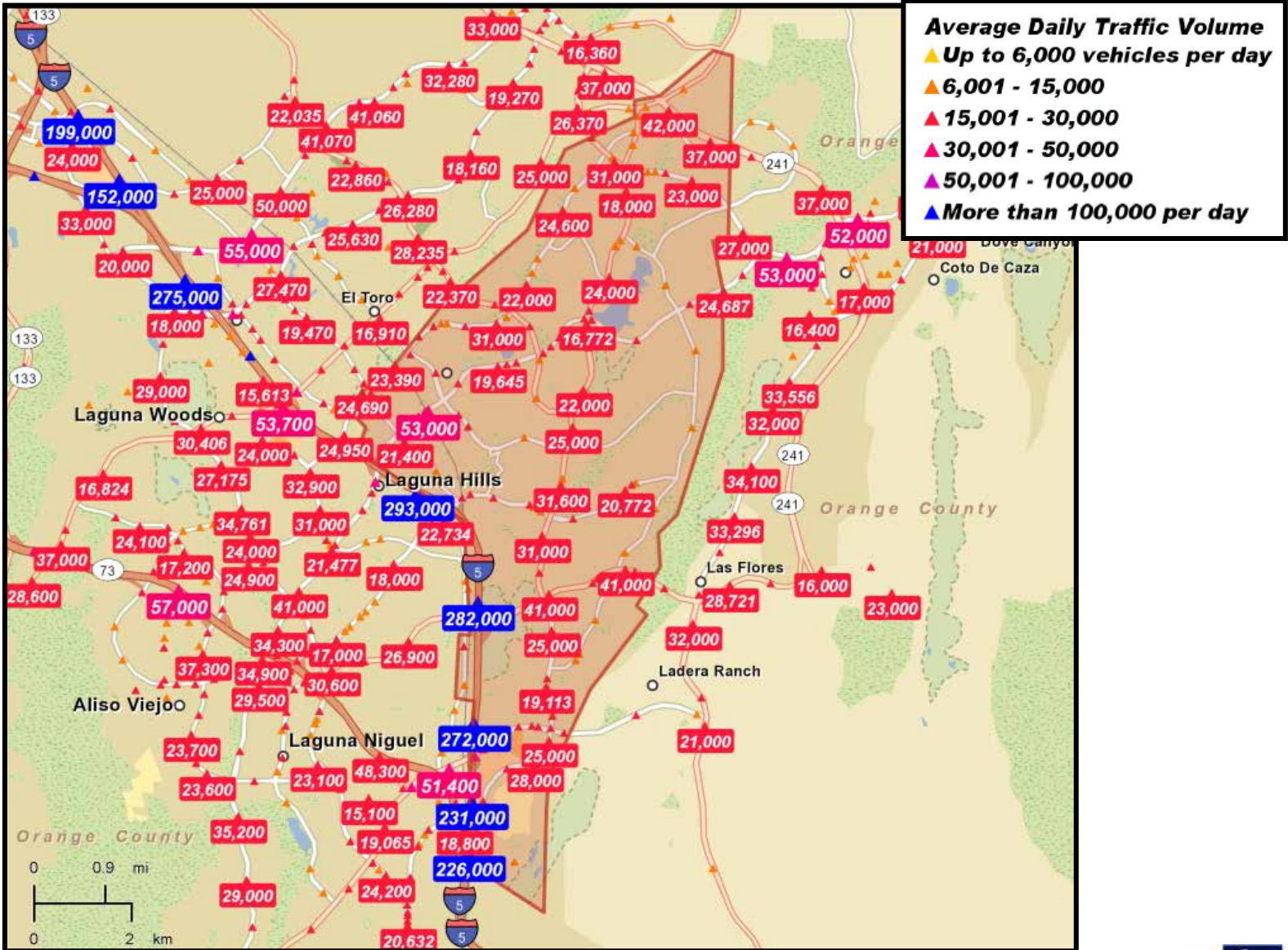
Worker Inflow / Outflow

“Are jobs coming or going?”



Source: U.S. Census Bureau Center for Economic Studies (2011)

Traffic Counts



Summary: Demographics and Employment

- Well-educated, affluent, relatively older population
- Smaller than average household size, majority owner-occupied homes, low vacancy, home values higher than County and State averages
- Low unemployment rate relative to County and State averages
- Most employees in City work in healthcare, retail, educational services, accommodation/food services, and professional/scientific/technical services
- City is a net exporter of jobs, with residents employed in Irvine, Los Angeles, Santa Ana, within Mission Viejo, and other cities
- Continually ranked safest City in the state, among top in the nation

Market Demand Analysis

Employment Growth by Industry

Employment Projections by Industry

Orange County

Industry	2012	2022	Annual Growth 2012-22	Total Growth 2012-22	Total Change 2012-22
Professional and Business Services	259,900	335,000	2.9%	28.9%	75,100
Health Care and Social Assistance	149,100	185,900	2.5%	24.7%	36,800
Accommodation and Food Services	141,300	174,700	2.4%	23.6%	33,400
Retail Trade	143,900	168,400	1.7%	17.0%	24,500
Construction	71,400	95,700	3.4%	34.0%	24,300
Financial Activities	108,200	132,400	2.2%	22.4%	24,200
Wholesale Trade	76,900	96,000	2.5%	24.8%	19,100
Educational Services (Private)	24,700	30,400	2.3%	23.1%	5,700
Government	147,900	153,500	0.4%	3.8%	5,600
Arts, Entertainment, and Recreation	39,300	44,600	1.3%	13.5%	5,300
Information	24,300	27,300	1.2%	12.3%	3,000
Transportation and Warehousing	24,000	25,100	0.5%	4.6%	1,100
Utilities	4,000	5,000	2.5%	25.0%	1,000
Other Services	44,600	44,600	0.0%	0.0%	0
Mining and Logging	500	400	(2.0%)	(20.0%)	(100)
Manufacturing	158,200	150,900	(0.5%)	(4.6%)	(7,300)
Total Nonfarm	1,418,100	1,669,900	1.8%	17.8%	251,800
Total Farm	2,800	3,300	1.8%	17.9%	500
Self Employed / Unpaid / Other	103,000	116,100	1.3%	12.7%	13,100
Total Employment	1,523,900	1,789,300	1.7%	17.4%	265,400

Source: California Employment Development Department, U.S. Bureau of Labor Statistics (2015)

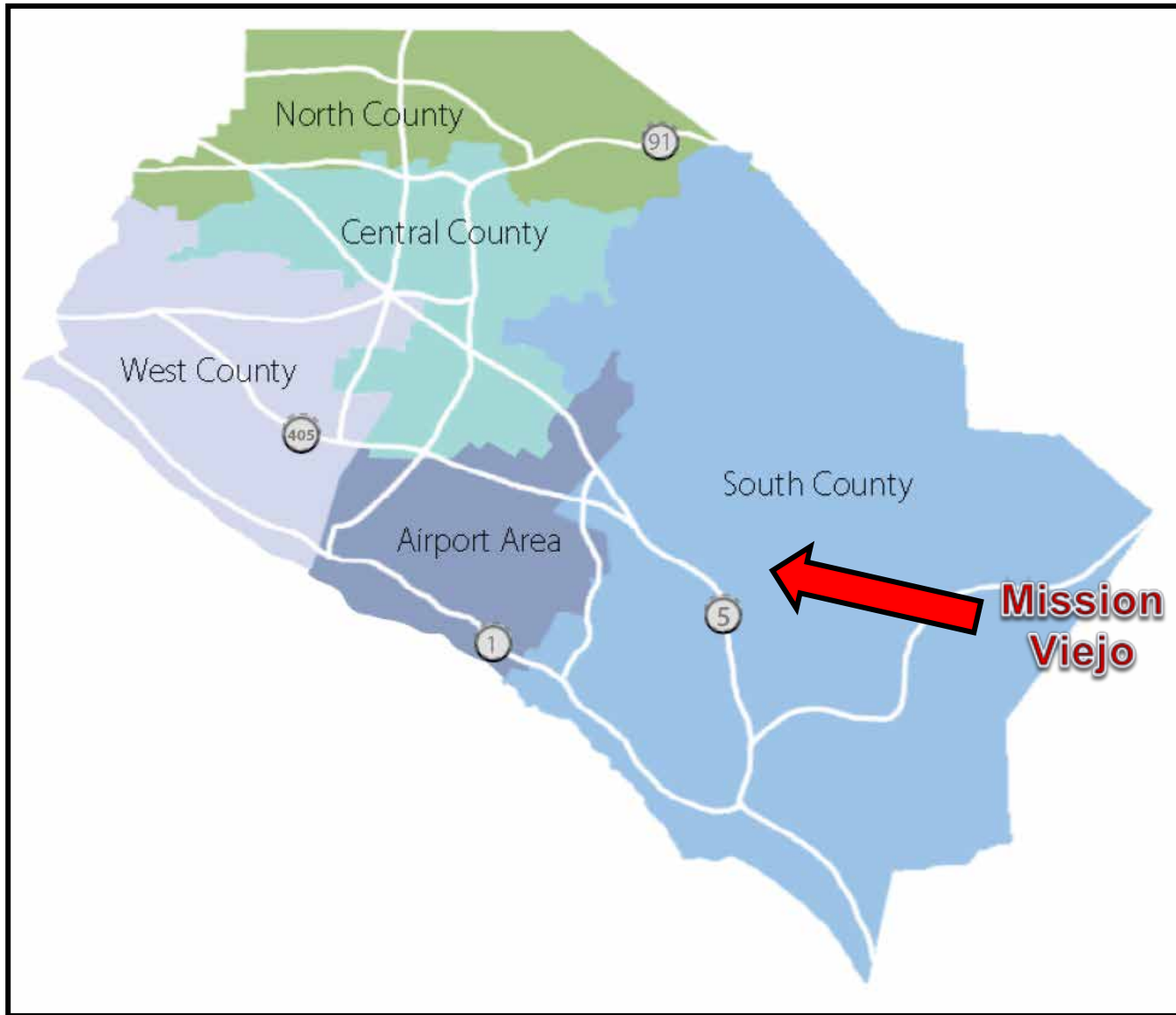
Market Demand Analysis

Supply, Vacancy & Lease Rates

Supply, Vacancy & Lease Rates

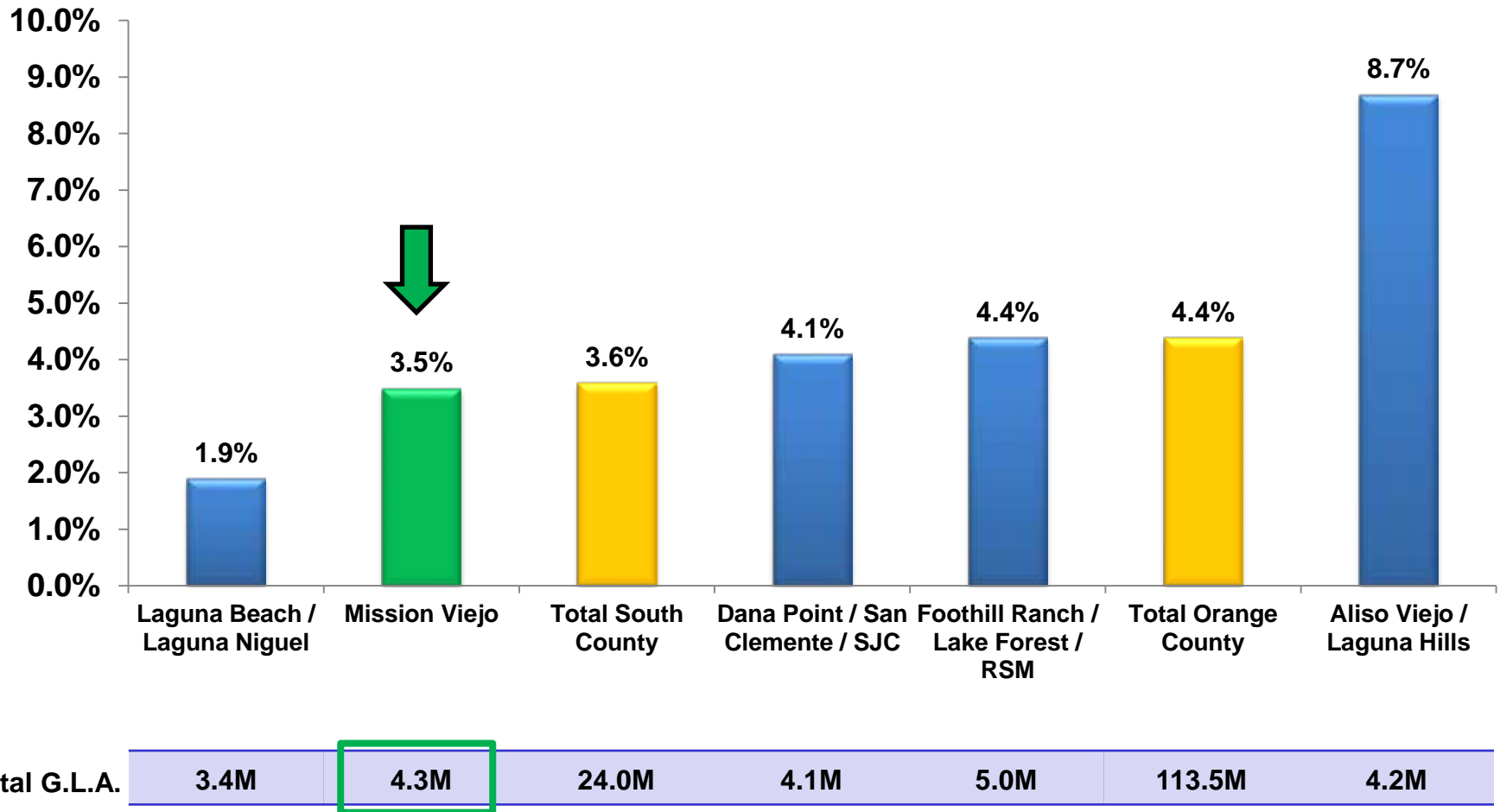
- Mission Viejo falls within the “**South County**” submarket of the Orange County market area for retail (as defined by CoStar), including:
 - *Aliso Viejo*
 - *Dana Point*
 - *Foothill Ranch*
 - *Laguna Beach*
 - *Laguna Hills*
 - *Laguna Niguel*
 - *Lake Forest*
 - *Mission Viejo*
 - *Rancho Santa Margarita*
 - *San Clemente*
 - *San Juan Capistrano*
- Supply, vacancy, and lease rates for retail uses are compared between South County and other Orange County submarkets
- Retail vacancy within the City is estimated **below** the South County submarket and total Orange County market averages
- Retail lease rates within the City are estimated **above** the South County submarket and Orange County market averages

Orange County Submarkets



Retail Vacancy South Orange County

Retail Vacancy (Q1 2015)



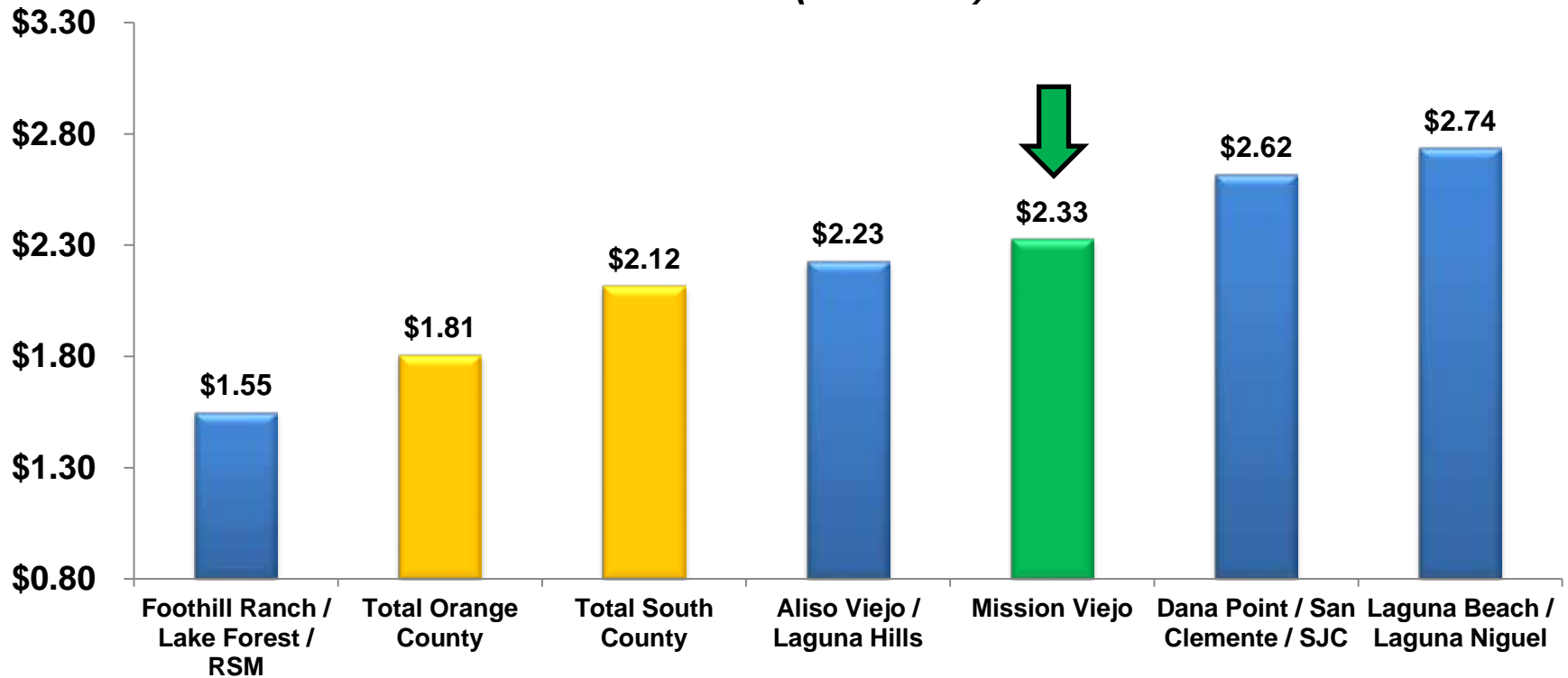
G.L.A. = Gross Leasable Area (in square feet)

Source: Avison Young; CoStar Property (Q1 2015)

Retail Asking Lease Rates

South Orange County

Average Asking Retail Lease Rates – \$PSF / Month NNN
(Q1 2015)



Total G.L.A.	5.0M	113.5M	24.0M	4.2M	4.3M	4.1M	3.4M
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G.L.A. = Gross Leasable Area (in square feet)

Source: Avison Young; CoStar Property (Q1 2015)

Retail Format Breakdown

South Orange County

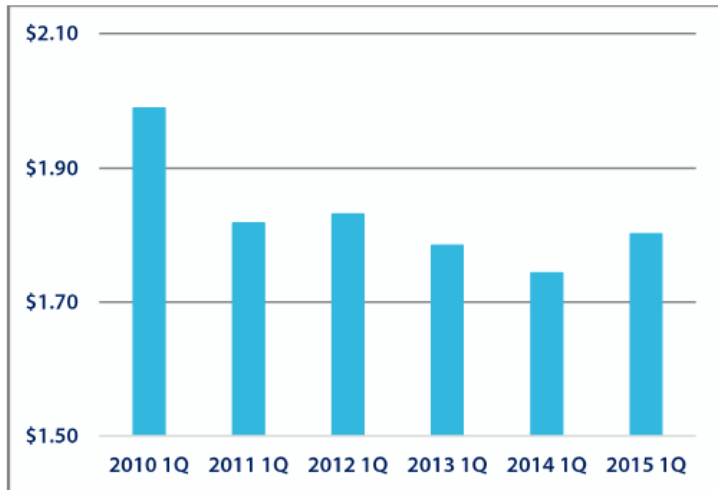
Retail Format	Total GLA	Vacancy	Asking Lease Rates
Storefront / Freestanding (<i>mixed-use, storefront, freestanding</i>)	4.1M	3.9%	\$1.77
Strip Centers (<i>convenience-oriented <30K SF</i>)	0.9M	8.8%	\$2.53
Community / Neighborhood (<i>convenience-oriented >30K SF</i>)	12.0M	4.0%	\$2.16
Power Centers (<i>category dominant anchors, big box</i>)	3.7M	2.3%	\$3.91
Mall Centers (<i>regional and super-regional malls</i>)	2.6M	1.2%	N/A*
Specialty Centers (<i>lifestyle, outlet, theme, festival, leisure, airport</i>)	0.6M	3.3%	\$2.84
Total Retail	24.0M	3.6%	\$2.14

* Mall Center asking lease rates not available

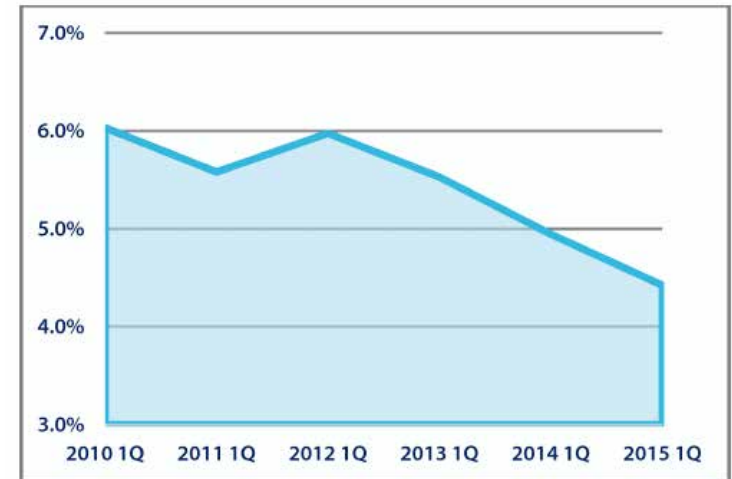
Source: Avison Young; CoStar Property (Q1 2015)

Historical Rent, Vacancy & Absorption Total Orange County

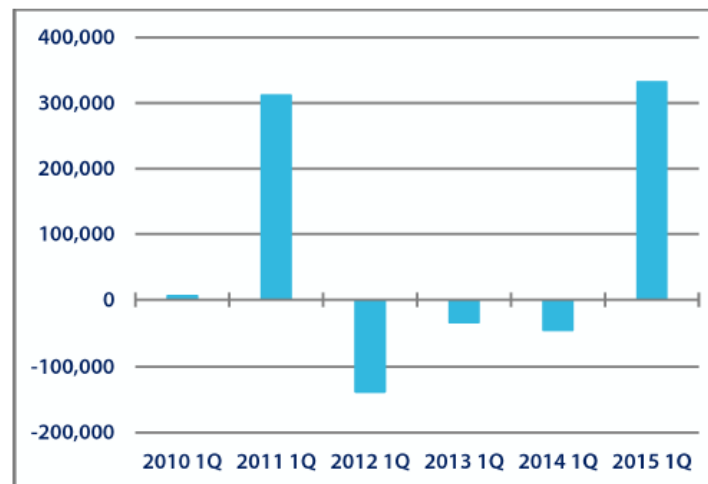
Asking Rent



Vacancy Rates



Net Absorption



Market Demand Analysis

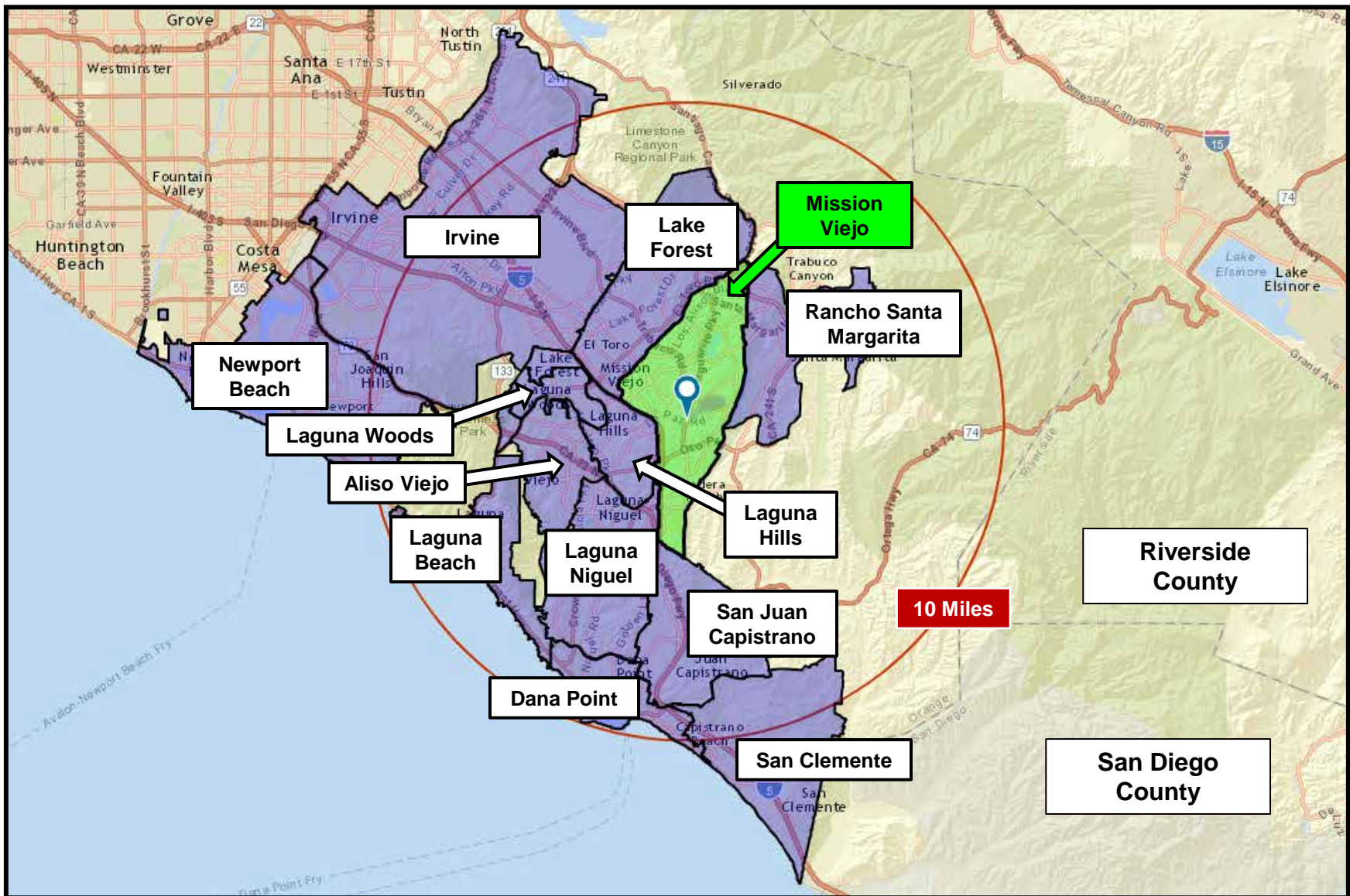
Taxable Retail Sales Performance

Taxable Retail Sales Performance

- Taxable consumer spending across retail categories is totaled and normalized for population within the City and comparison regions for the purpose of evaluating relative taxable retail sales performance
- Retail sales per capita for the City (~\$14,900) is **above average** when compared to the Orange County average (~\$13,900)

* "Other retail" includes sporting goods, office supply, drug stores, and other retail

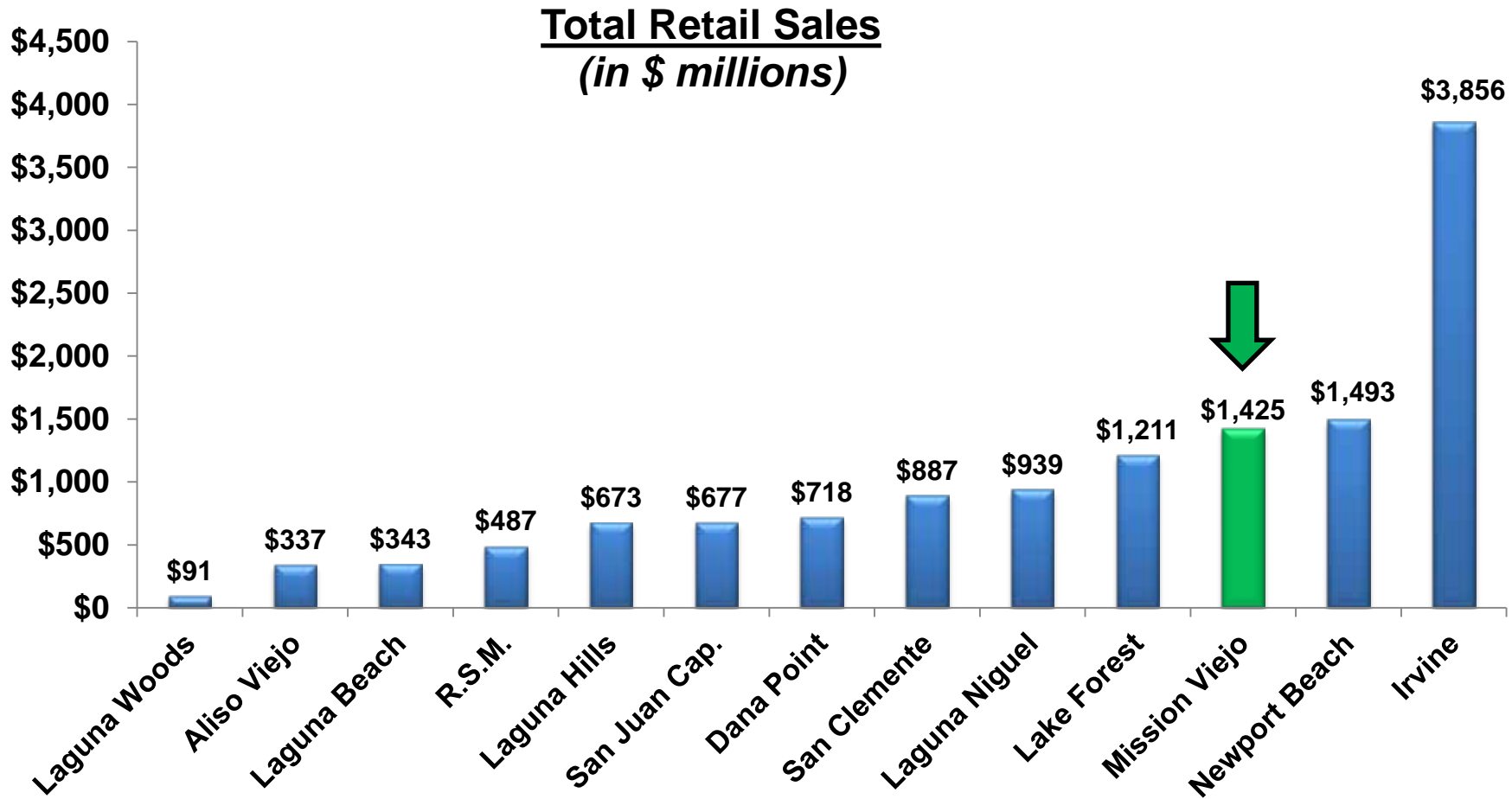
Mission Viejo & Comparison Cities



Source: ESRI (2015)

Retail Sales Comparison

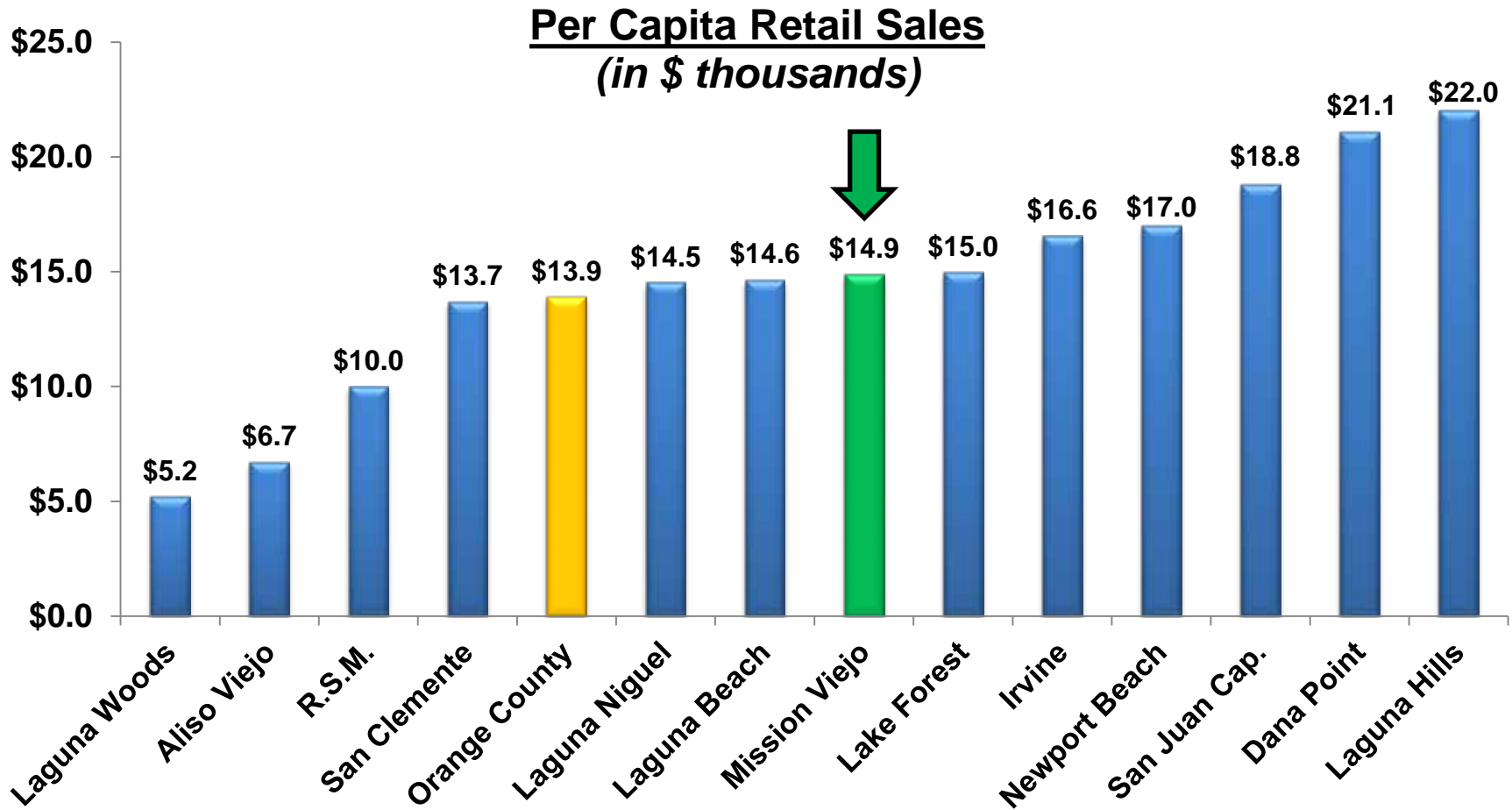
Mission Viejo & Comparison Cities



2015 Population (000s):

17	50	23	49	31	36	34	65	65	81	96	88	233
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Per Capita Retail Sales Mission Viejo & Comparison Regions



2015 Population (000s):

17	50	49	65	3,124	65	23	96	81	233	88	36	34	31
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Market Demand Analysis

Retail Sales Surplus / Leakage

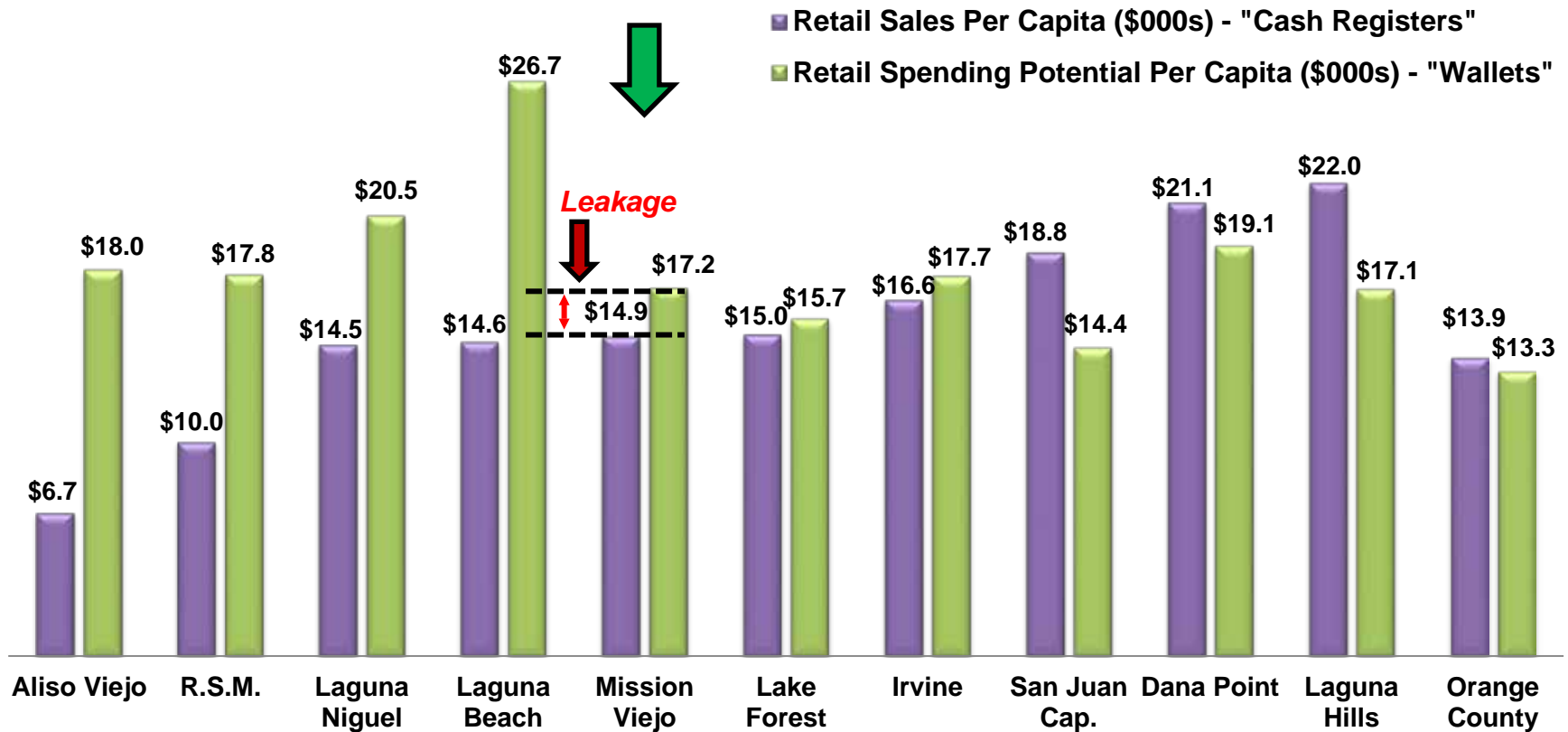
Retail Sales Surplus / Leakage

- Overall retail sales in the City are **lower** than retail spending potential based on households and average household income, suggesting that, overall, the City is likely leaking a significant portion of Mission Viejo resident retail purchases to other jurisdictions (i.e. sales **leakage**)
- Certain categories, however, are exhibiting a retail sales **surplus**, including:
 - Clothing & Clothing Accessories Stores
 - Furniture & Home Furnishings Stores
 - Electronics & Appliance Stores

Note: Includes estimated taxable and non-taxable retail sales

Retail Sales Surplus / Leakage

"Cash Registers vs. Wallets"



Surplus/Leakage – Per Capita (\$Thousands), Total (\$Millions), and Percentage:

(\$11.3)	(\$7.8)	(\$6.0)	(\$12.1)	(\$2.3)	(\$0.8)	(\$1.1)	\$4.4	\$2.0	\$4.9	\$0.6
(\$566)	(\$379)	(\$387)	(\$284)	(\$217)	(\$61)	(\$265)	\$158	\$68	\$150	\$1,929
(63%)	(44%)	(29%)	(45%)	(13%)	(5%)	(6%)	31%	10%	29%	5%

Note: Spending potential based on number of households, average household income, and estimated percentage of income spent on retail goods and services

Source: ESRI, Dun & Bradstreet (2015)

Retail Category Definitions

- **Shopper Goods / GAFO** *(General Merchandise, Apparel & Accessories, Furniture & Other Sales)*
 - Clothing & Clothing Accessories Stores
 - General Merchandise Stores
 - Furniture & Home Furnishings Stores
 - Health & Personal Care Stores
 - Sporting Goods, Hobby, Book & Music Stores
 - Electronics & Appliance Stores
 - Miscellaneous Store Retailers (incl. Office Supply)
- **Convenience Goods**
 - Food and Beverage (Grocery Stores)
 - Food Service and Drinking Places (Restaurants & Bars)
- **Heavy Commercial Goods**
 - Building Materials (Home Improvement)
 - Auto Dealers & Supplies
 - Gasoline / Service Stations
- Non-Store Retailers (e.g., Online Shopping & Mail-Order)

Note: Retail Categories delineated by NAICS / California Board of Equalization

Per Capita Retail Sales by Category

City & Comparison Regions

Per Capita Retail Sales	Mission Viejo	Rancho San. Marg.	Laguna Niguel	Lake Forest	Irvine	San Juan Capistrano	Laguna Hills	Orange County
<u>Shopper Goods (GAFO):</u>								
Clothing & Clothing Accessories Stores	\$1,258	\$338	\$439	\$757	\$1,167	\$605	\$1,387	\$964
General Merchandise Stores	\$1,438	\$845	\$3,506	\$974	\$1,650	\$2,073	\$2,656	\$1,751
Furniture & Home Furnishings Stores	\$408	\$371	\$547	\$247	\$541	\$153	\$1,245	\$320
Health & Personal Care Stores	\$1,062	\$1,960	\$1,826	\$1,510	\$519	\$635	\$1,053	\$987
Sporting Goods, Hobby, Book, Music Stores	\$298	\$83	\$178	\$494	\$234	\$86	\$1,253	\$280
Electronics & Appliance Stores	\$758	\$92	\$309	\$367	\$797	\$244	\$1,977	\$405
Miscellaneous Store Retailers	\$361	\$375	\$173	\$562	\$525	\$446	\$383	\$376
Total GAFO	\$5,584	\$4,064	\$6,978	\$4,911	\$5,432	\$4,242	\$9,953	\$5,084
<u>Convenience Goods:</u>								
Food & Beverage Stores (Grocery)	\$1,388	\$2,732	\$1,929	\$1,680	\$1,727	\$1,895	\$2,752	\$1,712
Food Services & Drinking Places (Restaurants)	\$1,435	\$1,085	\$1,236	\$1,498	\$2,063	\$1,514	\$2,110	\$1,594
Total Convenience	\$2,823	\$3,816	\$3,166	\$3,178	\$3,790	\$3,409	\$4,861	\$3,306
<u>Heavy Commercial:</u>								
Bldg Materials, Garden Equip. Supply Stores	\$283	\$332	\$341	\$395	\$186	\$540	\$276	\$299
Motor Vehicle & Parts Dealers	\$2,410	\$1,677	\$3,402	\$2,596	\$2,954	\$7,116	\$1,534	\$2,782
Gasoline Stations	\$954	\$75	\$114	\$2,328	\$1,531	\$798	\$639	\$829
Total Heavy Commercial	\$3,648	\$2,084	\$3,857	\$5,319	\$4,671	\$8,455	\$2,449	\$3,910
Non-store Retailers	\$2,836	\$26	\$515	\$1,574	\$2,685	\$2,685	\$4,748	\$1,610
Total Retail	\$14,891	\$9,991	\$14,516	\$14,982	\$16,577	\$18,791	\$22,011	\$13,909

Key: Indicates higher value for Mission Viejo Indicates lower value for Mission Viejo

Retail Sales Surplus / Leakage by Category

City of Mission Viejo

Retail Category	Retail Spending Potential	Retail Sales	Retail Surplus/ (Leakage)	Percent Surplus/ (Leakage)
<i>Shopper Goods (GAFO):</i>				
Clothing & Clothing Accessories Stores	\$105,317,238	\$120,386,202	\$15,068,964	14.3%
General Merchandise Stores	\$214,308,545	\$137,597,149	(\$76,711,396)	(35.8%)
Furniture & Home Furnishings Stores	\$37,255,094	\$39,035,656	\$1,780,562	4.8%
Health & Personal Care Stores	\$116,589,987	\$101,584,474	(\$15,005,513)	(12.9%)
Sporting Goods, Hobby, Book & Music Stores	\$34,286,521	\$28,550,346	(\$5,736,175)	(16.7%)
Electronics & Appliance Stores	\$36,781,324	\$72,554,170	\$35,772,846	97.3%
Miscellaneous Store Retailers	\$45,194,242	\$34,536,537	(\$10,657,705)	(23.6%)
Subtotal – GAFO	\$589,732,951	\$534,244,534	(\$55,488,417)	(9.4%)
<i>Convenience Goods:</i>				
Food & Beverage Stores (Grocery)	\$258,567,166	\$132,818,031	(\$125,749,135)	(48.6%)
Food Services & Drinking Places (Restaurants)	\$169,823,921	\$137,283,172	(\$32,540,749)	(19.2%)
Subtotal – Convenience	\$428,391,087	\$270,101,203	(\$158,289,884)	(36.9%)
<i>Heavy Commercial Goods:</i>				
Bldg Materials, Garden Equip. & Supply Stores	\$50,707,926	\$27,122,121	(\$23,585,805)	(46.5%)
Motor Vehicle & Parts Dealers	\$293,315,188	\$230,600,985	(\$62,714,203)	(21.4%)
Gasoline Stations	\$122,975,287	\$91,291,679	(\$31,683,608)	(25.8%)
Subtotal – Heavy Commercial	\$466,998,401	\$349,014,785	(\$117,983,616)	(25.3%)
Non-store Retailers	\$156,396,026	\$271,391,695	\$114,995,669	73.5%
Total Retail	\$1,641,518,465	\$1,424,752,217	(\$216,766,248)	(13.2%)

Retail Sales Leakage Categories and Supportable SF

Retail Sales Leakage Categories	Retail Sales Leakage	Estimated Sales PSF	Estimated Supportable SF
General Merchandise Stores	\$76,711,396	\$300	255,705 SF
Health & Personal Care Stores	\$15,005,513	\$400	37,514 SF
Sporting Goods, Hobby, Book & Music Stores	\$5,736,175	\$400	14,340 SF
Miscellaneous Store Retailers	\$10,657,705	\$400	26,644 SF
Food & Beverage Stores (Grocery)	\$125,749,135	\$400	314,373 SF
Food Services & Drinking Places (Rest. / Bars)	\$32,540,749	\$400	81,352 SF
Bldg Materials, Garden Equip. & Supply Stores	\$23,585,805	\$400	58,965 SF
Motor Vehicle & Parts Dealers	\$62,714,203	\$1,200	52,262 SF
Gasoline Stations	\$31,683,608	\$800	39,605 SF
Total Sales Leakage Categories	\$384,384,289		880,759 SF

- ~881,000 SF of retail supported by existing sales leakage
- Important to consider ~152,000 SF of vacant retail space within the City (as of Q1 2015 as estimated by Avison Young and CoStar)

Surplus/Leakage Summary by Category

Surplus Retail Categories

- Clothing & Clothing Accessories Stores
- Furniture & Home Furnishings Stores
- Electronics & Appliance Stores
- Nonstore Retailers

Leakage Retail Categories

- General Merchandise Stores
- Health & Personal Care Stores
- Sporting Goods, Hobby, Book & Music Stores
- Miscellaneous Store Retailers
- Food & Beverage Stores
- Food Services & Drinking Places
- Bldg Materials, Garden Equip. & Supply Stores
- Motor Vehicle & Parts Dealers
- Gasoline Stations

2. Strategy

- a) Trade Area Retailer Voids
- b) Opportunity Site Assessment

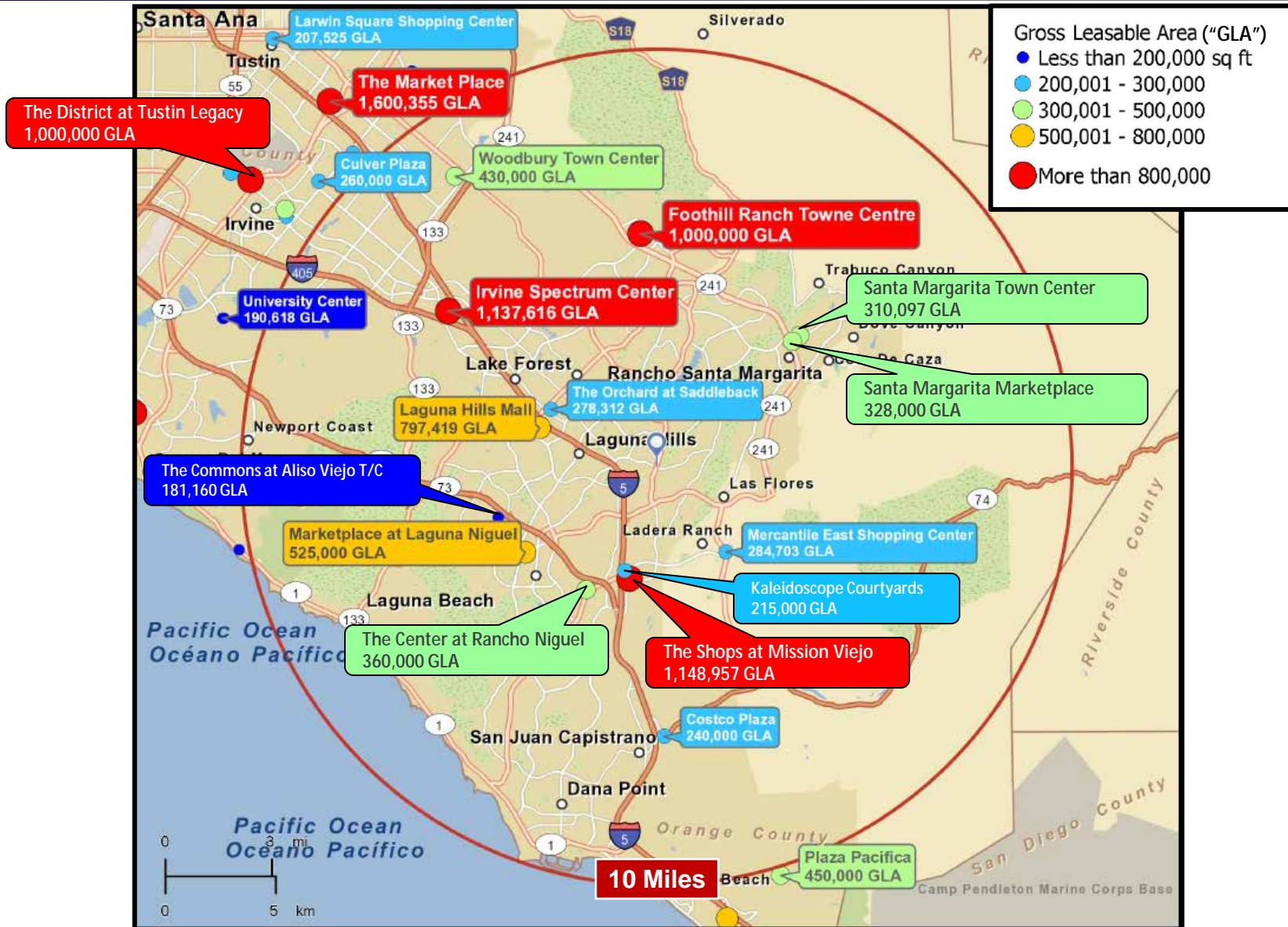
Trade Area Retailer Voids

Summary: Retailer Voids

- Retailer voids were evaluated for all major retail categories within the City and larger trade area
- Potential voids include [fitness](#), [casual and other restaurants](#), [wholesale](#), and other retailers

Major Shopping Center Map

Mission Viejo Trade Area



Source: Sites USA; Directory of Major Malls (2015)



National Retailer Voids

(within City Limits)

Auto Parts Tires

Big O Tires
CARQUEST
Firestone
Goodyear
NAPA
Pep Boys

Book Stores

Barnes & Noble
Deseret Book

Clothing Apparel

American Eagle Outfitters
Ann Taylor Factory
Ann Taylor Loft Outlet
Anthropologie
Avenue
Buckle
Catherines
Citi Trends
dd's DISCOUNTS
Dress Barn
Factory 2-U
Fallas Paredes
Hollister Co.

Clothing Apparel (Cont'd.)

Lane Bryant
Last Call
Loehmann's
New York & Company
Nordstrom Rack
Rainbow
Rue21
Saks OFF 5TH
The Limited
Tilly's
Urban Outfitters

Computers Electronic

Fry's Electronics
RadioShack

Convenience Stores

BP
Exxon
Mobil
Sinclair
Texaco
Valero

Craft Fabric Stores

Hobby Lobby
Jo-Ann

Department Stores

Barneys New York
Bloomingdale's
Dillard's
JCPenney
Neiman Marcus
Saks Fifth Avenue

Discount Department Stores

David's Bridal
Kmart
Kohl's
Marshalls
Ross
Sears
SuperTarget
Wal-Mart
Wal-Mart Supercenter

Dollar Stores

99 Cent Only
Dollar General
Family Dollar
Just-A-Buck

Drug Stores

Rite Aid

Note: List to be refined for targeting purposes by City and Consultant Team

Source: Sites USA (2015)

National Retailer Voids

(within City Limits)

Fitness

Anytime Fitness
Crunch
Curves For Women
Equinox Fitness
Gold's Gym
In-Shape
Lifetime Fitness
Planet Fitness
Powerhouse Gym
Spectrum Athletic Clubs
World Gym

Furniture Household

Anna's Linens
Ashley Furniture
Bassett
Crate and Barrel
Ethan Allen
HomeGoods
IKEA
Jennifer Convertibles
LAMPS PLUS
Relax The Back
Sur La Table
The Container Store
Thomasville

Grocery Stores

Cardenas
El Super
Food 4 Less
fresh&easy
H Mart
Jons Marketplace
Neighborhood Market
Northgate Market
Stater Bros.
Superior Grocers
Top Valu Market
Vallarta Supermarkets
Vons
Whole Foods
WinCo Foods

Health Beauty

Cost Cutters
Great Clips
Sally Beauty Supply
ULTA

Home Improvement

Ace Hardware
Do It Best
Dunn-Edwards
Kelly-Moore
Lowe's
Orchard
Sherwin-Williams

Office Supply

Office Depot
Staples

Pet Stores

PetsMart

Shoes Footwear

Famous Footwear
Foot Locker
Johnston & Murphy
Nike
Nine West
Nine West Outlet
Off Broadway

Sporting Goods

Big 5
Champs Sports
Dick's
Golfsmith
REI

Wholesale

Costco
Sam's Club

Wireless Stores

Cricket
Sprint
Verizon Wireless

Note: List to be refined for targeting purposes by City and Consultant Team

Source: Sites USA (2015)

National Retailer Voids – Restaurants

(within City Limits)

Bakery Bagels

Bruegger's
Corner Bakery
Manhattan Bagel
Noah's

Casual

Another Broken Egg
Applebee's
BJ's Restaurant & Brewery
Bonefish Grill
Brio
Buca Di Beppo
Buffalo's Southwest Cafe
Cafe Rio
Capital Grille
Carino's
Chart House
Chevys
Costa Vida
Dickey's
Elephant Bar
Famous Dave's
Fleming's
Fuddruckers
Golden Corral
Hooters
IHOP
Joe's Crab Shack
Johnny Rockets
Macaroni Grill

Casual (Cont'd.)

Maggiano's
Marie Callender's
McCormick & Schmick's
Mimis Cafe
Morton's
Olive Garden
Outback Steakhouse
Pei Wei
Qdoba
Rainforest Cafe
Red Lobster
Red Robin
Ruth's Chris
Ryan's
Samurai Sam's
Sizzler
T.G.I. Friday's

Coffee Donuts

Peet's
The Coffee Bean
Tully's Coffee
Winchell's

Fast Food Major

Arby's
Burger King
KFC
Wendy's

Fast Food Minor

A&W
Boston Market
Church's Chicken
In-N-Out
Long John Silver's
Popeyes
Rally's
Steak n Shake
Wienerschnitzel
Wing Stop

Ice Cream Smoothie

Ben & Jerry's
Carvel
Froots
Juice It Up!
NRgize
Orange Julius
Pinkberry
Red Mango
Robeks
Smoothie King
Surf City Squeeze
TCBY

Pizza

Chuck E. Cheese's
Hungry Howie's
Papa Murphy's
Pizza Patron
Rosati's
Sbarro
Shakeys

Sandwich

Blimpie
Capriotti's
Firehouse Subs
Great Steak
Quiznos
Sandella's Flatbread
Schlotzsky's Deli
Which Wich

Note: List to be refined for targeting purposes by City and Consultant Team

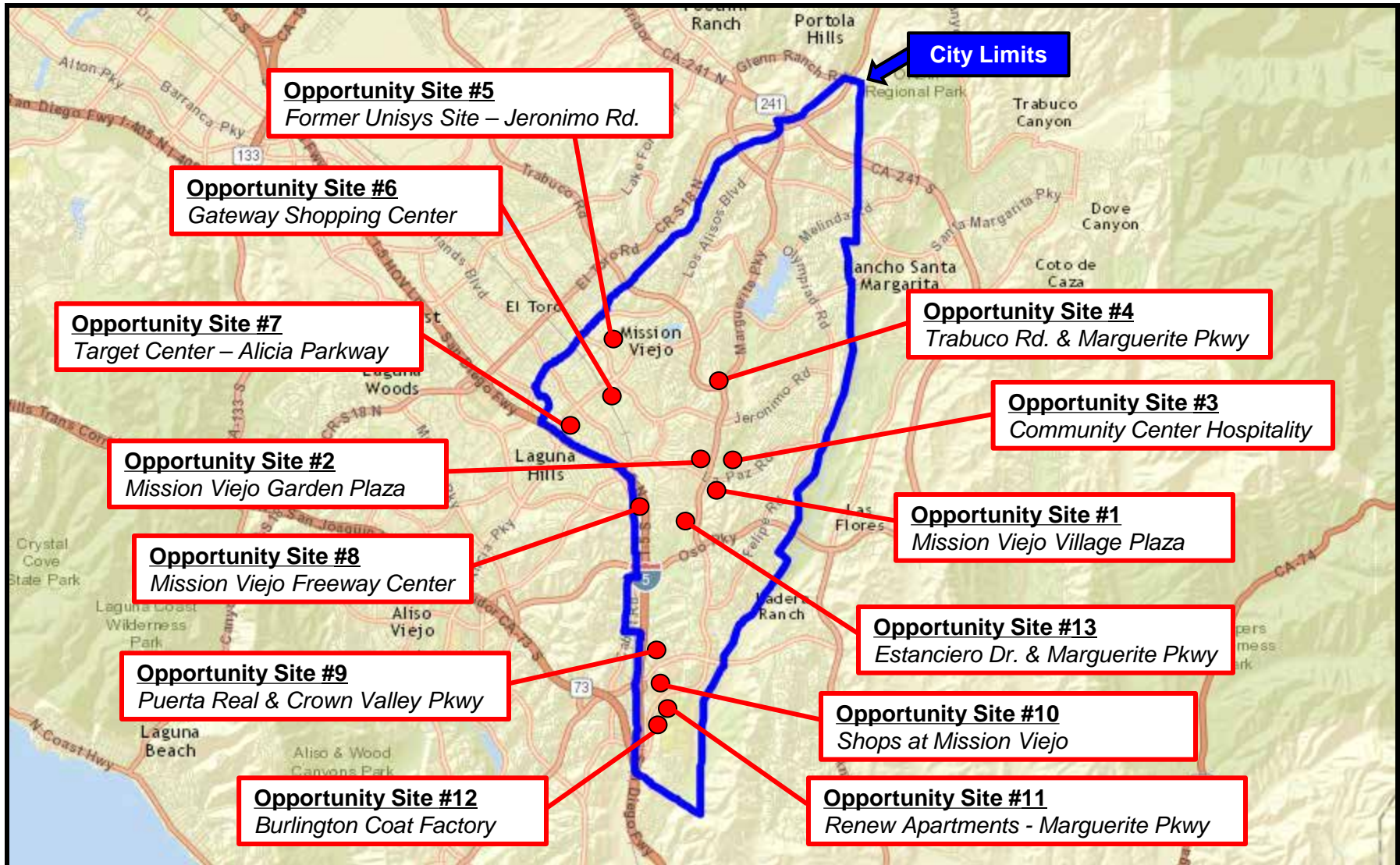
Source: Sites USA (2015)

Opportunity Site Assessment

Opportunity Site Assessment

- Several locations within City were emphasized by the City and evaluated by the City/Consultant Team as potential Opportunity Sites for retail and other development
- Strengths, Challenges, and Opportunities were assessed for the Opportunity Sites in consideration of development feasibility

Opportunity Site Overview



Note: Potential opportunity sites listed in no particular order

Source: ESRI (2015)

Opportunity Site #1

Mission Viejo Village Plaza

- Approx. 28.6 acres
- Approx. 231,000 SF buildings
- Various private ownerships
- Zoned Community Commercial (CC)



Strengths

- Strong intersection at Marguerite Parkway and La Paz Road
- Directly adjacent to civic center
- Adjacent open space and trails
- Strong household incomes
- Commercial zoning

Challenges

- Fragmented ownership
- Aging exterior
- Unused parking in rear, poor traffic circulation

Opportunities

- **Potential revitalization, including improved parking and circulation**
- **Potential mixed-use redevelopment with residential**

Opportunity Site #2

Mission Viejo Garden Plaza

- Approx. 5.2 acres
- Approx. 54,000 SF buildings
- Owned by VR Garden Plaza LLC
- Zoned Office Professional (OP)



Strengths

- Strong intersection at Marguerite Parkway and La Paz Road
- Directly adjacent to civic center and robust retail
- Strong household incomes

Challenges

- Steep grade

Opportunities

- **Potential mixed-use development with residential**

Norman P. Murray Center – Potential Hospitality

- Potential hospitality opportunity in the vicinity of Norman P. Murray Center
- Community Facility land use surrounded by Recreation / Open Space uses (Oso Viejo Community Park)



Strengths

- Proximity to major intersection at Marguerite Parkway and La Paz Road
- Significant athletic and other community center events, pedestrian traffic
- Strong household incomes

Challenges

- Location

Opportunities

- Potential hotel development
- Improved parking (e.g. structure)

Retail Vacancy – Trabuco Road & Marguerite Parkway

- Approx. 3.5 acres
- Approx. 38,000 SF buildings
- Owned by CP Marguerite MV LLC and Wayne C. Reither
- Zoned Commercial Neighborhood (CN)



Strengths

- Signalized intersection at Marguerite Pkwy. & Trabuco Rd.
- Commercial zoning
- Strong household incomes

Challenges

- Existing vacancy
- 3-way intersection (effectively)

Opportunities

- **Potential re-tenanting**

Opportunity Site #5

Old Unisys Site – Jeronimo Road

- Approx. 26.9 acres
- Owned by MV Universal LLC
- Zoned Business Park (BP)



Strengths

- Large parcel adjacent to existing retail (Target)
- Strong household incomes

Challenges

- Access
- Visibility
- Environmental conditions

Opportunities

- **Potential mixed-use development**

Opportunity Site #6

Gateway Shopping Center

- Approx. 8.6 acres
- Approx. 80,000 SF buildings
- Owned by Gateway Garp LLC
- Zoned Commercial Neighborhood (CN)



Strengths

- Signalized intersection at Alicia Pkwy & Jeronimo Rd
- Adjacent retail uses
- Strong household incomes

Challenges

- Vacancy on west portion
- Parking / circulation
- Easement

Opportunities

- **Potential re-tenanting**

Target Center – Alicia Parkway and I-5 Freeway

- Approx. 10.1 acres
- Approx. 113,000 SF Target
- Owned by Target Corp
- Zoned Community Commercial (CC)



Strengths

- Freeway intersection at I-5 and Alicia Parkway
- Adjacent supporting retail
- Commercial zoning
- Strong household incomes

Challenges

- Unused parking fields (former garden center)

Opportunities

- **Potential revitalization, more efficient parking**
- **Potential mixed-use development with residential**

Opportunity Site #8

Mission Viejo Freeway Center – I-5 and El Paseo

- Approx. 30+ acres
- Multiple big box retail users
- Multiple private ownerships
- Zoned Commercial Highway (CH)



Strengths

- Freeway-oriented retail along I-5
- High concentration of retail
- Commercial zoning
- Strong household incomes

Challenges

- Access
- Previous big box vacancies

Opportunities

- **Potential property revitalization, site improvements, improved signage**

Opportunity Site #9

Puerta Real & Crown Valley Parkway

- Approx. 5.5 acres
- Approx. 40,000 SF buildings
- Owned by Lester C. Smull
- Zoned Commercial Highway (CH)



Strengths

- I-5 Freeway visibility and access
- Signalized intersection at Puerta Real & Crown Valley Pkwy
- Adjacent retail at Kaleidoscope
- Strong household incomes

Challenges

- Occupied existing center

Opportunities

- **Potential revitalization / mixed-use development (e.g. hotel) with freeway exposure**

Opportunity Site #10

Shops at Mission Viejo

- Approx. 67 acres
- Approx. 1,150,000 SF buildings
- Owned by Shops at Mission Viejo LLC, Macys California Inc.
- Zoned Commercial Regional (CR)



Strengths

- Regional retail shopping destination
- I-5 Freeway visibility and access
- Strong household incomes

Challenges

- Institutional owner

Opportunities

- **Mall expansion**

Opportunity Site #11

Renew Apartments – Marguerite Parkway

- Approx. 23.3 acres
- Owned by South Orange County Community College District
- Zoned Residential 30 (14-30 DU / AC)



Strengths

- Access from I-5 Freeway
- On-site residential and adjacent retail and educational uses
- Strong household incomes

Challenges

- Residential relocation

Opportunities

- **Potential development of on-site retail component**

Opportunity Site #12

Burlington Coat Factory – Marguerite Parkway

- Approx. 6.9 acres
- Approx. 40,000 SF buildings
- Owned by David L. Horowitz, Thomas Horowitz Trust
- Zoned Commercial Highway (CH)



Strengths

- Access from I-5 Freeway
- Signalized intersection at Avery Pkwy & Marguerite Pkwy
- Strong household incomes

Challenges

- Long-term master lease, potential underutilization

Opportunities

- **Potential revitalization**

Opportunity Site #13

Estanciero Dr. & Marguerite Pkwy

- Approx. 1.4 acres
- Approx. 16,000 SF buildings
- Owned by Nabil Karabetian
- Zoned Commercial Community (CC)



Strengths

- Signalized intersection at Estanciero Dr. & Marguerite Pkwy
- Nearby retail and restaurants
- Strong household incomes

Challenges

- Small site footprint

Opportunities

- **Potential revitalization**

Summary of Findings

Summary of Findings

Demographics & Employment

- Well-educated, affluent, relatively older population employed in white collar jobs
- Low unemployment, with residents employed in Irvine, Los Angeles, Santa Ana, within Mission Viejo, and other cities

Retail & Industry Retention & Recruitment

- **Low retail vacancy** compared to South O.C. and total County averages
- City experiencing minor overall **leakage** of retail sales, but performs **above average** relative to the County average in terms of retail sales per capita
- Higher performing retail categories include **grocery, electronics & appliances,** and **miscellaneous retail** sales, while lower performing retail categories include **apparel, restaurants and bars,** and **sporting goods**

Economic Development without Redevelopment

- Dissolution of redevelopment agencies will continue to have a negative effect on most California Cities and impact to health of general fund
- Alternative economic tools should be explored for Mission Viejo to retain and improve tax base and facilitate potential public-private transactions

Questions / Comments

Thank You