



San Ramon Retail Analysis

City of San Ramon Planning Commission

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Bay Area Economics : Boyd & Associates

Purpose of Study

- **Examine the potential for additional retail space in San Ramon**
 - Focus on Apparel, General Merchandise, Household Furnishings and Appliances, Building Materials, Specialty Stores, and Eating and Drinking Places
 - Updates 2005 analysis conducted for Economic Development Strategy
 - Lays groundwork for potential redevelopment in North Camino Ramon area
- **Two-part study**
 - Part 1: Quantitative estimate of supportable retail space
 - Part 2: Interviews with retailers to assess demand for store locations in San Ramon



Part 1: Estimate of Supportable Retail Space

Methodology

Local Demand

- **Step 1: Estimate *total potential sales* in San Ramon at buildout**
 - Buildout population of 96,000 residents, per 2002 General Plan
- **Step 2: Determine *current sales* in San Ramon**
- **Step 3: Calculate potential additional sales in San Ramon**
 - Equal to *total potential sales* less *current sales*
- **Step 4: Estimate San Ramon capture of additional sales**
 - Low-, medium-, high-capture rate scenarios
- **Step 5: Translate captured additional sales into new retail space**
 - Findings include space that is planned within City Center

Methodology

Trade Area Demand

- **Trade Area: Livermore, Dublin, Pleasanton, Danville**
- **Step 1: Examine new retail sales generated by population growth**
- **Step 2: Estimate sales that could be captured in Trade Area**
- **Step 3: Translate additional sales to new retail space**

LOW CAPTURE SCENARIO - 40% Capture Rate

Business Type	Additional Sales (a)	Sales per Sq. Ft. (b)	Supportable Sq. Ft. (b)	Number of Outlets (c)
Apparel Stores	\$41,048,000	\$375	109,000	3 to 5
General Merchandise Stores (Excluding Drug Stores)	\$77,486,000	\$450	172,000	0 to 1
Household and Home Furnishings	\$28,394,000	\$300	95,000	2 to 3
Household Appliance Dealers	\$9,851,000	\$600	16,000	0 to 1
Building Materials and Farm/Garden	NA	NA	NA	NA
Sporting Goods	\$6,483,000	\$300	22,000	0 to 1
Stationery and Books	\$4,835,000	\$250	19,000	0 to 1
Office Supplies, Computer Stores	NA	NA	NA	NA
Eating and Drinking Places - 20% Capture Rate	\$34,604,000	\$500	69,000	8 to 14
Total Sales	\$202,701,000		502,000	13 to 26

MEDIUM CAPTURE SCENARIO - 60% Capture Rate

Business Type	Additional Sales (a)	Sales per Sq. Ft. (b)	Supportable Sq. Ft. (b)	Number of Outlets (c)
Apparel Stores	\$61,572,000	\$375	164,000	5 to 8
General Merchandise Stores (Excluding Drug Stores)	\$116,229,000	\$450	258,000	1 to 2
Household and Home Furnishings	\$42,590,000	\$300	142,000	3 to 5
Household Appliance Dealers	\$14,777,000	\$600	25,000	0 to 1
Building Materials and Farm/Garden	NA	NA	NA	NA
Sporting Goods	\$9,725,000	\$300	32,000	1 to 2
Stationery and Books	\$7,252,000	\$250	29,000	0 to 1
Office Supplies, Computer Stores	NA	NA	NA	NA
Eating and Drinking Places - 30% Capture Rate	\$51,905,000	\$500	104,000	12 to 21
Total Sales	\$304,050,000		754,000	22 to 40

HIGH CAPTURE SCENARIO - 80% Capture Rate

Business Type	Additional Sales (a)	Sales per Sq. Ft. (b)	Supportable Sq. Ft. (b)	Number of Outlets (c)
Apparel Stores	\$82,096,000	\$375	219,000	6 to 11
General Merchandise Stores (Excluding Drug Stores)	\$154,972,000	\$450	344,000	2 to 3
Household and Home Furnishings	\$56,787,000	\$300	189,000	4 to 6
Household Appliance Dealers	\$19,703,000	\$600	33,000	0 to 1
Building Materials and Farm/Garden	NA	NA	NA	NA
Sporting Goods	\$12,967,000	\$300	43,000	1 to 2
Stationery and Books	\$9,670,000	\$250	39,000	1 to 2
Office Supplies, Computer Stores	NA	NA	NA	NA
Eating and Drinking Places - 40% Capture Rate	\$69,207,000	\$500	138,000	16 to 28
Total Sales	\$405,402,000		1,005,000	30 to 53

Notes:

(a) BAE estimate based on difference between current sales and potential sales due to recapture of leakage and population/employment growth.

(b) Based on HdL Retail Store Taxable Sales Estimates.

(c) Number of outlets based on typical size of large format stores.

Sources: California State Board of Equalization; California Department of Finance; ICSC Office Worker Retail Spending Patterns, 2004; San Ramon 2020 General Plan; Association of Bay Area Governments, 2007; HdL, 2007; City of San Ramon, 2008; BAE, 2009.

Findings: Local Demand

- Local demand for 0.5M to 1M sq. ft. through buildout
- Particular demand in General Merchandise, Apparel, Home Furnishings, Eating and Dining
- Some portion of this demand will be captured by City Center

Findings: Trade Area Demand

Supportable Square Feet, San Ramon Trade Area (a)

<u>Retail Category</u>	<u>Potential Additional Sales</u>	<u>Potential Capture Rate of Additional Sales</u>	<u>Trade Area Additional Sales</u>	<u>Standard Taxable Sales per Sq. Ft. (b)</u>	<u>Supportable New Sq. Ft. (c)</u>
Apparel, Gen Merch, Other Retail	\$380,149,000	80%	\$304,119,200	\$300	1,014,000
Home Furnishings and Appliances	\$45,946,000	80%	\$36,756,800	\$450	82,000
Building Materials	\$76,848,000	80%	\$61,478,400	\$500	123,000
Total	\$502,943,000		\$402,354,400		1,219,000

Notes:

(a) San Ramon Trade Area = Danville, Dublin, Pleasanton, Livermore.

(b) Based on HdL Retail Store Taxable Sales per Square Foot Estimates.

(c) Rounded to nearest 1,000.

Sources: California State Board of Equalization, 2007; HdL, 2008; 2008 California Department of Finance Table E-5, City and County, 2008; ABAG Projections, 2007; Consumer Price Index, 2008; BAE, 2009.

- **Population growth in Trade Area indicates demand for up to 1.2 million sq. ft. of additional retail space through 2025**

Planned Retail

- **Grafton Station, Dublin**
- **The Green on Park Place, Dublin**
- **Prime Outlets, Livermore**
- **Rehabilitation of Stoneridge Center, Pleasanton**
- **City Center, San Ramon**
 - 22,000-square foot cinema
 - 352,000 total square feet in two department stores
 - 133,000 square feet of assorted retail space
 - 127,000 square feet of restaurant space

Conclusions

- **San Ramon and its Trade Area can support a significant amount of retail space over the next 10 to 15 years**
 - 0.5 to 1.0 million sf from local demand, plus 1.2 million sf from Trade Area demand
 - Total of 1.7 to 2.2 million sf

- **Particular demand in General Merchandise, Apparel, Household and Home Furnishings, and Eating and Dining categories**
 - More moderate demand in Household Appliance, Sporting Goods, and Stationery and Books categories
 - Store sizes vary by type of retail

- **A major amount of competitive retail exists and is planned for the area**

- **Given this competition, San Ramon must take a strategic approach to developing new Trade Area-serving retail**

Conclusions

- **Pre-identified and entitled sites would help attract new retail tenants**
- **New retailers can make a valuable contribution to the City's sales tax revenue**



**Part 2: Evaluation of Retailer Demand for
a San Ramon Location**

Tenant Profile

- **Larger format retailer**
- **New to San Ramon and possible surrounding Trade Area**
- **Active in market seeking sites**

Real Tenants, Real Interest

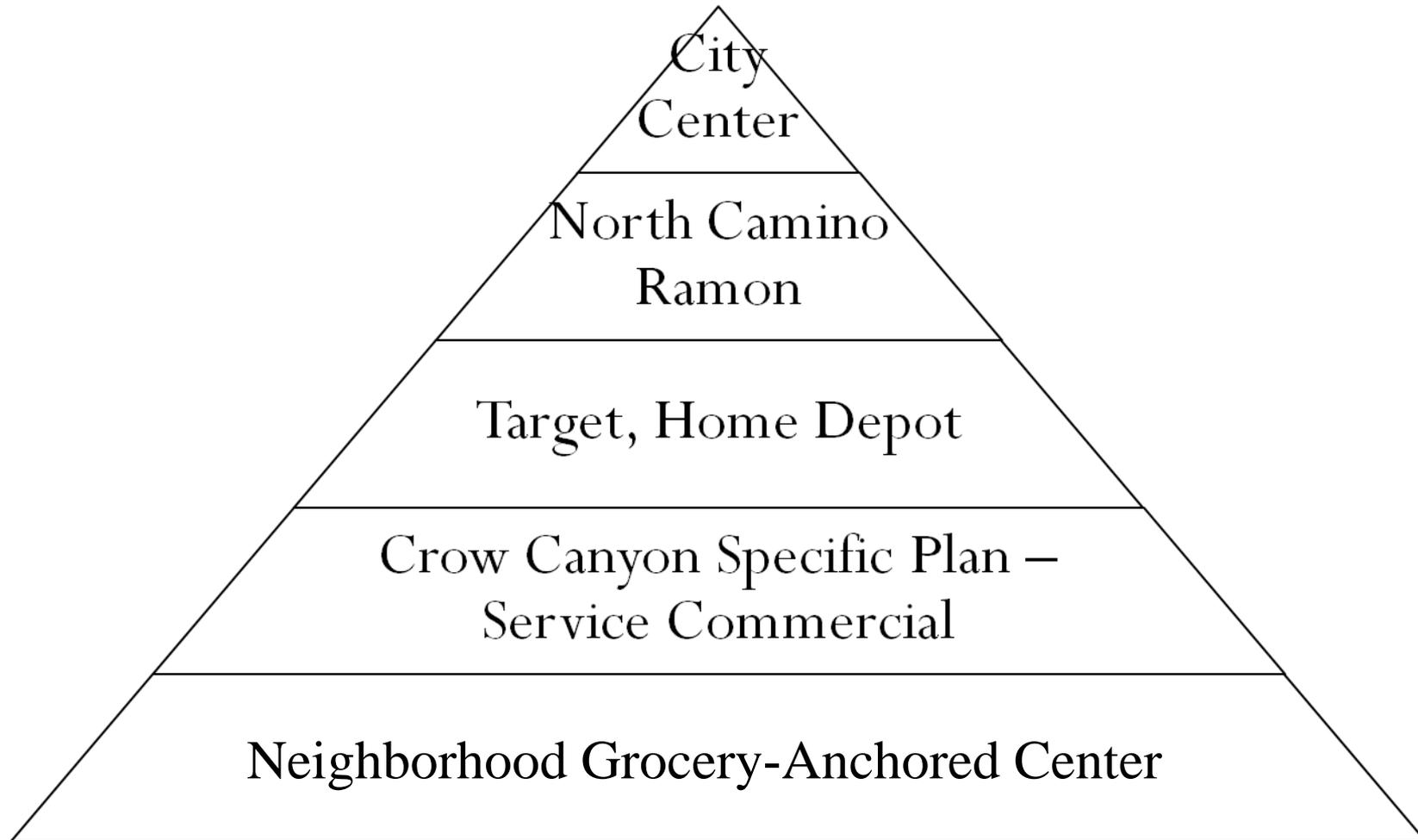
- **Identified 26 retailers**

- **62% would come to San Ramon**

- **27% would not come to San Ramon**
 - Demographics don't match business plan
 - Trade area is too small
 - Impact to sales on nearby existing stores (“cannibalism”)

- **11% no response**

San Ramon Retail Hierarchy



Retail Strategy

- **Capitalize on San Ramon's strong demographics and high incomes**
- **Focus on opportunities in retail categories such as General Merchandise, Apparel, Household and Home Furnishings, and Eating and Dining**
- **Entitle locations that are easily accessible and visible**
- **Recognize San Ramon's emerging Retail Hierarchy**