

DRAFT

**URBAN DECAY STUDY
FOR
MORENO VALLEY WALMART**

October 28, 2013

Prepared for:

Gresham Savage Nolan & Tilden, PC

Prepared by:

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

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I. INTRODUCTION

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

The project site totals approximately 22.28 acres located near the intersection of Perris Boulevard and Gentian Avenue. For purposes of this analysis, the project is assumed to include the following components:

- A 189,520 square foot Walmart store, including 48,300 square feet devoted to grocery sales/support space, in addition to a 3,759 square foot outdoor garden center
- A 16-pump fueling station with a 2,900 square-foot convenience store

Based on the latest project information, the analysis assumes that the project would open in 2018. The economic impact analysis addresses four key issues:

1. The potential for the proposed project's general merchandise space to negatively impact existing "GAFO"¹ stores in the trade area;
2. The potential for the proposed project's grocery component to negatively impact existing supermarkets in the area;
3. The potential for the proposed project's 16-pump fueling station to negatively impact existing service stations in the trade area; and
4. The cumulative impacts associated with the proposed project when its impacts are considered together with economic impacts of all major retail projects currently planned for development in the trade area.

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

¹ "GAFO" is a retail industry acronym for the General Merchandise, Apparel, Furniture, and Other/Specialty sales categories. These categories correspond to the typical merchandise mix of a general merchandise department store such as the proposed Walmart store. The GAFO retail categories are also referred to as "shopper" or "comparison" goods.

Overview of Methodology

For purposes of estimating impacts in the relevant categories, this analysis considers a trade area that includes portions of the cities of Moreno Valley, Perris, and Riverside, in addition to an adjacent unincorporated area in Riverside County. The analysis projects total resident purchasing power within this trade area, and uses this projection of total demand as the basis for determining the extent to which the proposed project could be supported in the market area without negatively impacting existing businesses. The study methodology includes the following major steps:

1. Estimate the current potential demand for retail sales in the trade area, based on existing demographics;
2. Estimate the portion of total trade area demand that could realistically be “captured” by retail facilities in the trade area, based on an evaluation of the amounts and locations of competitive retail facilities outside of the evaluated trade area;
3. Forecast future (15-year) growth in the amount of supportable retail sales, based on projected increases in the trade area’s resident population;
4. Forecast future growth in retail sales by individual retail category;
5. Estimate supermarket demand by determining the portion of total food store sales captured by supermarkets (versus other types of food stores such as convenience markets);
6. Estimate net supermarket demand after accounting for the capture of available demand by the proposed grocery component of the Walmart store; and
7. Evaluate the impact of the project on average sales per square foot levels at the existing supermarkets in the trade area.

For the non-grocery retail categories, the potential impacts are expressed in terms of the square feet of existing businesses that could potentially be displaced by the proposed project. For the grocery category, in addition to evaluating the potential square footage displacement, the report evaluates direct potential sales impacts (in terms of dollars per square foot) to existing supermarkets in the trade area. This additional level of analysis for supermarkets is possible because the universe of supermarkets in the trade area is a manageable number (there are 10 supermarkets in the trade area). Thus, it is possible to estimate the existing aggregate and average sales of these supermarkets, based on data from the California State Board of Equalization (SBOE) and Trade Dimensions International, Inc., a market research firm of The Nielsen Company (see Section II-D).

Description of Trade Area

“Big box” retail facilities of the nature anticipated for the proposed project generally fall within the definition of a community shopping center (which, in the hierarchy of retail facilities, are typically larger than neighborhood shopping centers and smaller than regional/superregional shopping malls). According to the International Council of Shopping Centers (ICSC) – the premier trade association of the shopping center industry – a community center similar in scale and scope to the proposed project would typically have a trade area of 3 to 6 miles. To be analytically conservative, this analysis evaluates a smaller trade area for potential market support for the

proposed project². Starting with a base three-mile radius as initial reference point, The Natelson Dale Group, Inc. (TNDG) designed a customized polygon as the trade area. This polygon takes into account natural traffic barriers (such as major roads and highways) and the locations of existing competitive shopping centers. The trade area boundaries are defined as follows:

- *Eastern Boundary* – The eastern boundary is represented by the Lake Perris State Recreation Area/Moreno Beach Drive in the City of Moreno Valley, which is between 2.0 and 3.0 miles from the proposed project site.
- *Western Boundary* – The western boundary is represented by Trautwein Road/Wood Road, partially located in the City of Riverside and in unincorporated Riverside County. The boundary is approximately 5.8 miles from the proposed project site.
- *Southern Boundary* – The southern boundary is represented by Cajalco Road/Ramona Expressway, extending across portions of the City of Perris and unincorporated portions of Riverside County. The boundary is approximately 3.5 to 4.0 miles from the proposed project site.
- *Northern Boundary* – The northern boundary runs directly parallel to the southern boundary and is primarily represented by Alessandro Boulevard. Between Frederick Street and Nason Street, the boundary extends further north to Cottonwood Avenue in the City of Moreno Valley. The northern boundary runs through the cities of Moreno Valley and Riverside, along with an unincorporated portion of Riverside County. It is approximately 1.6 to 2.0 miles from the proposed project site.

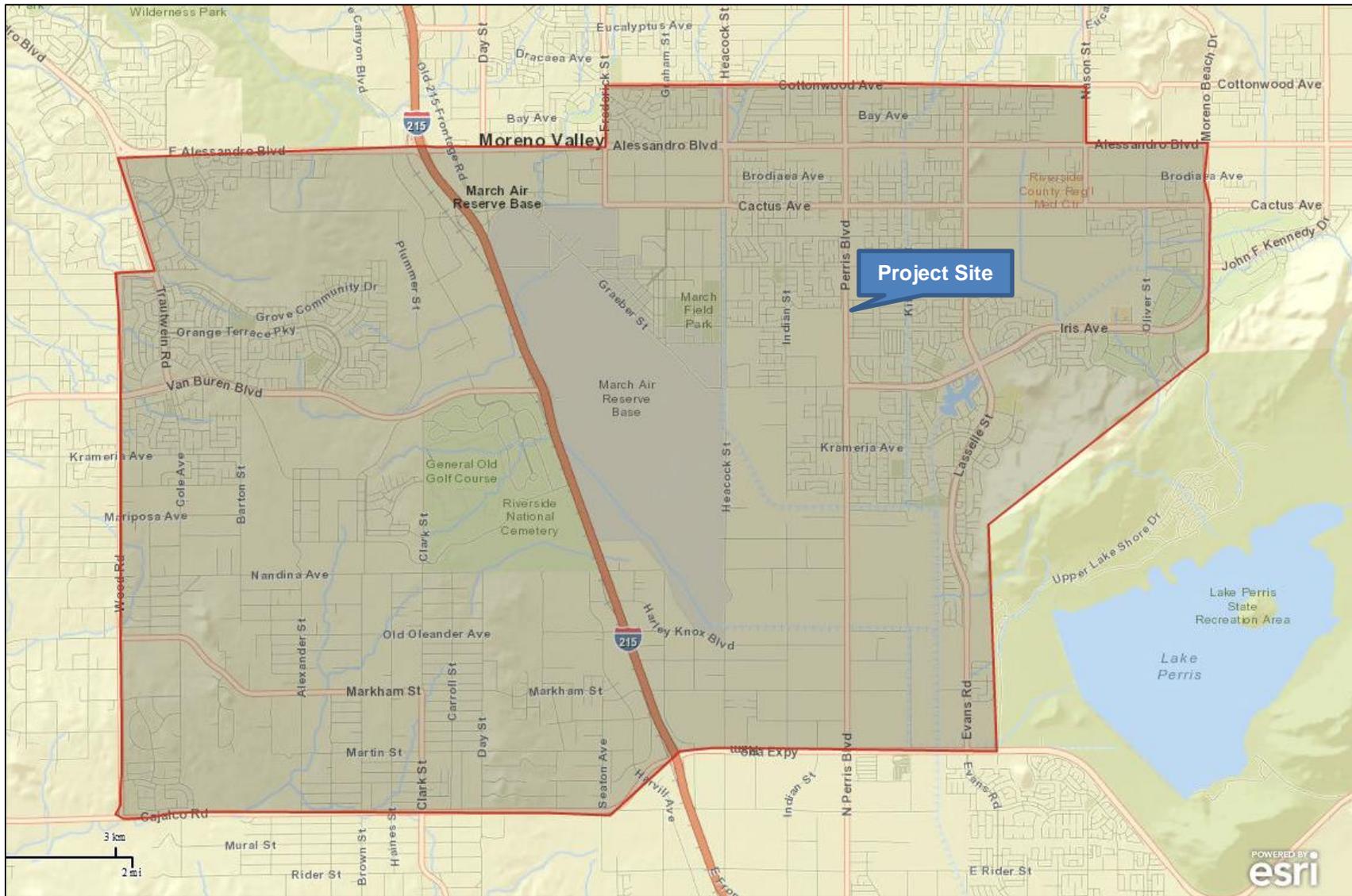
As noted above, the trade area design takes into account the locations of existing competitive shopping centers. This is the primary reason for the selection of the northern boundary (represented by Cottonwood Avenue and Alessandro Boulevard), which is relatively close to the proposed project. There is a significant concentration of regional-serving retail space – including about 3.0 million square feet of big box retail space and the 1.0+ million square foot Moreno Valley Mall – that is developed along the State Route 60 (SR-60) freeway between the Interstate 215 (I-215) and Moreno Beach Drive. Given the presence of this significant concentration of retail space, it is unlikely that residents north of the northern boundary would shop at retail facilities in the evaluated trade area. It is also acknowledged that this concentration of regional-serving space attracts some retail demand from residents in the evaluated trade area. To account for this inevitable retail “sales leakage”, TNDG has reduced the trade area’s potential capture retail of demand, so as not overstate the potential retail demand in the evaluated trade area (see section III-E for further discussion).

Alternatively, if the analysis evaluated a trade area that included this regional retail space it would be necessary to evaluate a much larger trade area than has been considered in this analysis. The assumption of a larger trade area would, in turn, overstate the level of market demand available to support smaller retail facilities such as the proposed project and dilute the proposed project’s potential urban decay impacts. Such an approach is inconsistent with the conservative assumptions used in the analysis).

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

² A smaller trade area than that recommended by the ICSC provides a conservative approach for estimating retail demand in that it potentially excludes demand from some residents that may patronize the proposed project. That is, by only including the demand from residents that live closer to the project than the standard 3 to 6 mile radius (as recommended by the ICSC), the analysis provides a “conservative” estimate of the trade area’s potential retail demand.

Figure I-1:
Moreno Valley Retail Trade Area



What this Study Provides

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

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

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

II. EXECUTIVE SUMMARY

II-A. SUMMARY CONCLUSIONS REGARDING POTENTIAL FOR URBAN DECAY

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

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

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

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

The total inventory of competitive retail space in the trade area is estimated at approximately 2.25 million square feet, as shown in Table II-1 on page 9. Most of the trade area's retail space includes neighborhood-scale facilities focused on the shopping needs of local residents. The overall retail vacancy rate in the trade area is estimated at 10.8%, which is at the high end of the range (5% to 10%) generally considered to be reflective of a healthy retail market³. However, this vacancy rate is in line with current (3rd Quarter, 2013) 10.5% national vacancy rate for strip, neighborhood and community shopping centers, as estimated by REIS, the nation's leading provider of commercial real estate information⁴.

It should be noted that TNDG identified two shopping centers with relatively high vacancy rates⁵. These existing centers are highlighted below:

- The *Bear Valley Shopping Center* (≈ 89,500 sq. ft.), located on the northeast corner of Alessandro Boulevard and Perris Boulevard in Moreno Valley, has an estimated 46% vacancy rate.
- The *Sunnymead Village Shopping Center* (≈ 146,000 sq. ft.), located on the southeast corner of Alessandro Boulevard and Indian Street in Moreno Valley, has an estimated 26% vacancy rate.

Regarding the significant vacancies identified above, the most important and relevant finding for purposes of this study is that none of the buildings is currently exhibiting urban decay conditions (this finding is documented in the photographs provided in Appendix C). That is, at the time of TNDG's photo survey (October 2013) none of the buildings exhibited visible signs of significant deterioration of structures and/or their surroundings; none had significant indications of deferred

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

⁴ See <http://journalrecord.com/2013/10/10/blog-slow-but-steady-growth-for-national-market/>. Accessed on 10/22/2013.

⁵ Problematic shopping centers include those with a minimum gross leasable area (GLA) of 50,000 square feet and a 20% or higher vacancy rate.

maintenance; none had graffiti; none had boarded-up windows; and there were no indications of landscape neglect (weeds, brown grass, etc.). As shown in the pictures, property owners are currently actively marketing all of these vacant spaces to prospective tenants. This provides a strong indication that the property owners consider these centers to be fully viable properties.

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

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

Retail Category	Square Feet
Clothing and Clothing Accessories	42,181
General Merchandise	202,813
Home Furnishings and Appliances	44,156
Specialty/Other	217,869
Food and Beverage	434,630
Food Service and Drinking	304,938
Bldg. Matrl. & Garden Equip. & Supplies	96,788
Auto Parts	40,556
Gasoline Stations	47,869
Services Space	572,563
Vacant Space	239,562
Grand Total	2,243,923

Source: TNDG (see Appendix B).

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

It is TNDG's conclusion that the proposed project's GAFO⁶ (General Merchandise, Apparel, Furniture/Appliances and Other/Specialty) sales will not have significant impacts on existing retailers in the trade area. The analysis supporting this conclusion is summarized below.

Project Description: The proposed project would result in a net increase of 141,220 square feet of retail space devoted to GAFO sales. This total includes the non-grocery portion (141,220 square feet) of the proposed Walmart store.

Comparison of Existing Supply and Demand: TNDG's demand analysis indicates existing (year 2013) market support for \$222.4 million in GAFO retail sales in the trade area. The \$222.4 million in market demand translates into approximately 889,677 square feet of GAFO retail space that could be currently supported in the trade area. Based on estimates from the field survey completed by TNDG, there is approximately 507,019 square feet of existing GAFO space in the trade area. Thus, TNDG estimates that the trade area could currently support

⁶ "GAFO" is a retail industry acronym for the General Merchandise, Apparel, Furniture and Other/Specialty retail categories. The GAFO categories generally correspond to the merchandise mix of a discount department store such as Walmart.

approximately 382,658 square feet of additional GAFO space over and above the existing inventory.

Projected Growth in Demand: Within the trade area, potential demand for new retail space in the GAFO retail categories is projected to grow to approximately 449,372 by 2018 (the proposed project’s assumed opening date), 506,327 square feet by 2022, 566,676 square feet by 2026, and 598,180 by 2028. See Table II-2, below, for TNDG’s projection of supportable square feet within GAFO retail categories from 2013 to 2028.

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

Retail Category	2013	2018	2020	2022	2024	2026	2028
GAFO 1/	382,658	449,372	477,439	506,327	536,066	566,676	598,180

Source: TNDG.

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

Conclusion Regarding Significance of Impact: The proposed project will result in a net increase of 141,220 square feet of GAFO retail space. Given that this space is well within the level of residual market support for GAFO space in the trade area, TNDG does not believe the GAFO components of the proposed project will have significant competitive impacts on existing stores in the trade area.

II-D. IMPACT OF PROPOSED PROJECT’S GROCERY COMPONENT

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

Project Description: For purposes of this analysis, it is assumed that grocery component of the proposed Walmart would total 48,300 square feet (39,800 square feet of grocery sales area plus 8,500 square feet of grocery support space). TNDG projects that the Walmart grocery space would generate sales levels equivalent to the national average for grocery sales in Walmart stores of approximately \$500 per square foot (gross area), or total grocery sales of approximately \$24.2 million⁷.

Comparison of Existing Supply and Demand: The trade area currently has 10 supermarkets totaling approximately 410,830 square feet⁸. Appendix B, Figure B-1, provides a list of the

⁷ Based on data from Progressive Grocer’s 2012 *Super 50* publication, the national average sales volumes for Walmart grocery space is approximately \$607.33 per square foot of sales area. Based on the floor area configuration for the grocery component of the proposed Supercenter, the estimated grocery sales area is equal to approximately 82.4% of the grocery component’s gross building space (assuming the canopy area and sales area function as the overall sales area). Thus, the sales volume for the gross building area of the store’s grocery component is estimated at \$500 per square foot (\$607.33 x 82.4%).

⁸ Grocery stores with a minimum of 10,000 square feet of building space are considered supermarkets for purposes of this analysis. Regarding the project’s potential to adversely impact non-traditional markets, such as convenience stores, ethnic or specialty markets, and smaller neighborhood grocery stores (which are often below this 10,000 square foot threshold), in the experience of TNDG, these outlets do not tend to compete with traditional supermarkets, and therefore are unlikely to experience lost sales to the project.

supermarket centers that includes the stores' square feet and distance to the proposed project. TNDG's demand analysis indicates that there is base year (year 2013) sufficient demand to support average supermarket sales volumes in the trade area of \$436 per square foot at all 10 existing supermarkets. In comparison, the industry median for supermarkets is approximately \$473 per square foot nationally and \$418 in the Western United States. Thus, TNDG estimates that, on average, supermarkets in the trade area currently have the potential to generate sales volumes which are well above the Western regional median and below the national median.

Projected Growth in Demand: Total demand for supermarket sales in the trade area is projected to increase from approximately \$179.1 million in 2013 to approximately \$192.6 million in 2018, the assumed opening date of the proposed project. By 2028, total demand for supermarket sales in the trade area is projected to reach approximately \$222.5 million (all projections are given in 2013 constant dollars)⁹. Table II-3, below, evaluates the impact of the proposed project's grocery sales in terms of the potential reduction in the sales per square foot volume at the existing supermarkets in the trade area.

**Table II-3:
Potential Sales Impacts to Existing Supermarkets
Grocery Component of Proposed Walmart
Moreno Valley Retail Trade Area
in thousands of constant dollars**

Description	2013	2018	2020	2022	2024	2026	2028
Total Food Sales Demand	\$199,049	\$213,975	\$220,255	\$226,718	\$233,371	\$240,220	\$247,268
Estimated Supermarket Share	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Total Potential Sales	\$179,144	\$192,578	\$198,229	\$204,046	\$210,034	\$216,198	\$222,541
--Walmart store 1/	\$0	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)
Net Demand Available to Support Existing Supermarkets	\$179,144	\$168,428	\$174,079	\$179,896	\$185,884	\$192,048	\$198,391
Existing Supermarket Sq. Ft.	410,830	410,830	410,830	410,830	410,830	410,830	410,830
Potential Sales per Square Foot Existing Supermarkets	\$436	\$410	\$424	\$438	\$452	\$467	\$483

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

1/ Sales per square foot (gross area) assumptions: \$500. Typically, new retail stores operate below average sales volumes in the first few years after opening, and then reach stabilized sales volume levels after being open for a few years. However, in order to remain analytically conservative (i.e., to depict the maximum potential impact), we have assumed that store would reach its full sales potential (based on the chain-wide average) in year 1.

Conclusion Regarding Significance of Impact: The above analysis suggests that the development of the proposed project would initially cause potential average sales volumes at the 10 existing supermarkets to decrease from the current level of \$436 per square foot to approximately \$410 per square foot. Although this represents a reduction in the potential sales volume per square foot for existing stores, it is TNDG's conclusion that the potential average sales level of \$410 per square foot in year 2018 is unlikely to be low enough to cause the closure of any of the trade area's existing supermarkets. At \$410 per square foot, potential sales

⁹ See Tables III-1 to III-8 and III-13 in Section III for the derivation of this estimate of market support for supermarket sales, along with the projections of growth in demand for supermarket sales.

volumes would be at 98% of the Western regional median (\$418) and about 87% of the national median (\$473). In addition, the following bullet points highlight additional reasons why it would be unlikely for existing supermarkets to close as a result of the proposed project:

- Although we have classified all grocery stores over 10,000 square feet as supermarkets, so as not to potentially underestimate competitive impacts, in the following two respects several of the trade area supermarkets will serve different market segments than the grocery component of the proposed Walmart. This suggests that these specific markets would potentially be less vulnerable to competitive impacts.
 1. Of the trade area's 10 supermarkets, two of them target Hispanic ethnic groups (Cardenas and El Super, see Appendix B, Figure B-1), suggesting that these stores would be less vulnerable to competitive impacts given their focused market niches. In addition to carrying conventional grocery products, these grocery stores offer large selections of specialty items not available at traditional supermarkets.
 2. Some of the trade area grocers classified as supermarkets are not direct competitors with full-scale supermarkets given the specific market segments they serve (e.g., convenience and prepared foods in the case of a Fresh & Easy store, and bulk goods/organic and all-natural products in the case of Sprouts).
- Due to continued population growth in the trade area, the projected sales impacts to existing supermarkets would only be temporary and would be partially offset by growth in retail demand. As shown in Table II-3, potential sales volumes would reach \$424 per square foot in 2020, just two years after the proposed project's projected opening date. This projected sales volume is above the Western Regional median figure (\$418) and 97% of the estimated base year amount (\$436). Further, in 2022, just four years after the projected start date, projected potential sales volumes would reach \$438 per square foot, which is above the current estimate of \$436.

II-E. IMPACT OF PROPOSED PROJECT'S 16-PUMP FUELING STATION/CONVENIENCE STORE

It is TNDG's conclusion that the proposed project's fueling station/convenience store would not have substantial economic effects on existing fueling stations/convenience stores in the trade area. The analysis supporting this conclusion is summarized below.

Project Description: For purposes of this analysis, it is assumed that the fueling station would include a 16-pump station with a 2,900 square foot convenience store.

Evaluation of Existing Fueling Station Market: According to the most recent data from the SBOE, gasoline stations in California generate approximately \$5.5 million in annual sales on average. This figure is calculated by dividing total annual taxable sales (\$55,210,075,637) by the number of permits in the state (9,958)¹⁰.

Projected Growth in Demand: Gasoline/service station sales generated by trade area residents are projected to increase by \$11.3 million between 2013 and 2018 (the assumed opening date for the proposed project). Thus, the growth in the market over the next five years would be more than sufficient to support the sales of a typical gasoline station in California. See

¹⁰ The data are for year 2011, the most recent year for which full-year data are available.

Table II-4, below, for TNDG’s projection of the demand for service station sales from 2013 to 2028.

**Table II-4:
Potential Demand for Gasoline Station Sales
Moreno Valley Retail Trade Area
in thousands of constant dollars**

Retail Category	2013	2018	2020	2022	2024	2026	2028
Gasoline Stations	\$150,428	\$161,709	\$166,454	\$171,339	\$176,367	\$181,543	\$186,869

Source: TNDG.

Conclusion Regarding Significance of Impact. The growth in demand for gasoline sales from 2013 to 2018 (the proposed project’s assumed opening date) would be more than sufficient to support the likely sales at the proposed gas station/convenience store. Given the above, TNDG does not believe that the proposed gasoline station/convenience store will have significant competitive impacts on existing gasoline stations/convenience stores in the trade area.

II-F. CUMULATIVE IMPACTS OF PROJECTS PLANNED IN THE TRADE AREA

Whereas the above sections examine potential impacts strictly related to the proposed project, this section evaluates the cumulative impacts to the market based on all known planned and pending retail development/reuse projects in the trade area. Table II-5, on the following page, provides a list of these planned and pending projects, including the projects’ square feet and current status. As shown on the table, the planned and pending projects in the trade area total approximately 350,973 square feet, with 207,233 square feet of non-grocery space and 143,740 square feet of potential grocery space.

**Table II-5:
Planned and Pending Retail Projects
Moreno Valley Retail Trade Area**

Project	Retail Square Feet			Status
	Non-Grocery	Grocery	Total	
Proposed Project Walmart/16-pump fueling station Perris Blvd / Gentian Ave	141,220	48,300	189,520	Under Review
PA 08-0079-0081 Winco Foods Alessandro Blvd / Lasselle St	44,560	95,440	140,000	Approved (on hold)
O'Reilly Automotive SWC JFK Dr / Perris Blvd	7,453	0	7,453	Approved
Rancho Belago Plaza SWC JFK Dr / Moreno Beach Dr	14,000	0	14,000	Approved
PA 09-0031 12-pump gas station NEC Graham St / Alessandro Blvd	N/A	N/A	N/A	Approved
TOTAL	207,233	143,740	350,973	

Source: Urban Crossing, City of Moreno Valley.

It should be noted that the above cumulative list does not include the proposed March Lifecare Campus, a 236-acre Specific Plan area situated east of Interstate 215 (I-215) in the northeast portion of the former March Air Force Base in Riverside County. The area is generally bounded by Riverside Drive to the west, Heacock Street to the east, "N" Street to the south, and Cactus Avenue to the north. As noted in the most recent amended Specific Plan¹¹, the project is approved to include up to 315,000 square feet of (medical-related) commercial retail square feet. We have not included this project in the cumulative analysis for the following reasons:

- As stated in the Specific Plan document, "the Commercial Retail land use type is intended to provide locations for the sale of goods or commodities primarily to users of the March LifeCare Campus, including *patients, visitors to the Campus, doctors and other employees of businesses located at the campus*. It is anticipated that many of the *commercial uses will be related to health care, such as pharmacies or medical equipment stores*. However, many of the uses will also include services for repeat users of the Campus, such as doctors, so that the Campus will function as a neighborhood" (emphasis added). Thus, the type of retail space envisioned for the campus would not be targeted toward trade area residents, but rather toward patients, visitors, doctors, and other employees of businesses located on the campus. This indicates that the potential commercial retail components of the campus would not be limited to the same pool of demand projected in the retail demand analysis.
- A second-order reason for not including this proposed project in the cumulative analysis is that while it has specific zoning approved for retail uses, there are no development

¹¹ March LifeCare Campus Specific Plan No. 7 (First Amendment to Specific Plan No. 4). June 30, 2011.

proposals for specific projects at this time. Thus, 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.

Cumulative Impacts – Non-Grocery Categories

Demand for new retail space (non-grocery) in the trade area is projected to reach approximately 739,691 square feet in 2018 and 1.05 million square feet by 2028. See Table II-6, below, for a breakdown of supportable square feet by retail category from 2013 to 2028.

**Table II-6:
Demand for NEW Retail Space
by Retail Category (non-grocery)**

Retail Category	2013	2018	2020	2022	2024	2026	2028
GAFO	382,658	449,372	477,439	506,327	536,066	566,676	598,180
Food Service and Drinking	17,409	41,580	51,750	62,216	72,991	84,082	95,496
Bldg. Matrl./Garden Equip./Supplies	112,737	128,449	135,059	141,862	148,866	156,075	163,494
Auto Parts	40,261	46,321	48,871	51,495	54,196	56,977	59,839
Services Space @ 10% of Total Space	61,452	73,969	79,235	84,656	90,235	95,979	101,890
TOTAL	614,517	739,691	792,354	846,556	902,354	959,789	1,018,899
Square Feet Absorbed by Planned and Pending Projects		(207,233)	(207,233)	(207,233)	(207,233)	(207,233)	(207,233)
Net Demand	614,517	532,458	585,121	639,323	695,121	752,556	811,666

Source: TNDG

Note: Totals may not sum due to rounding.

Based on the potential demand for new non-grocery retail space (as shown on Table II-6 above), the total square feet of planned and pending projects would absorb approximately 20% residual demand through 2028. Even after accounting for all of the planned and pending retail space, there would still be residual demand to support 532,458 square feet of new retail space in 2018. In addition, due to continued growth in the market, the trade area would be able to support an additional 811,666 square feet of non-grocery space by 2028. Thus, TNDG believes that the planned and pending projects will not have significant cumulative impacts on trade area retailers in the non-grocery categories.

As shown on Table II-5, above, there is also an additional 12-pump fueling station proposed for development in the trade area. Following from the information provided in Section II-E on page 12, the combined sales from the two pending gas stations (including the proposed project's 16-pump fueling station) would total approximately \$11.0 million. The projected growth in gas station demand of \$11.3 million between 2013 and 2018 would be sufficient to support the estimated sales of both projects (see Table II-4 on page 13). Thus, it is TNDG's conclusion that the combined sales impacts resulting from the proposed project's fueling station/convenience store, along with the proposed 12-pump fueling station at Graham and Alessandro Boulevard,

would not have substantial economic effects on existing fueling stations/convenience stores in the trade area

Cumulative Impacts – Supermarket Category

In addition to the proposed project evaluated in this analysis, there is one additional proposed supermarket store in the trade area. A Winco-anchored neighborhood shopping center was previously approved for development at the intersection of Alessandro Boulevard and Lasselle Street. However, according to City staff, the project is “on hold” and there are no known plans to develop the project at this time¹². The proposed project is still included in the cumulative analysis, given that it is an approved project and that it could potentially be developed at some point in the future. Table II-7, below, provides a summary of the cumulative impacts – based on the opening of the proposed project and the previously approved Winco supermarket – to the supermarket category.

**Table II-7:
Potential Sales Impacts to Existing Supermarkets
Grocery Component of Proposed Walmart
Moreno Valley Retail Trade Area
in thousands of constant dollars**

Description	2013	2018	2020	2022	2024	2026	2028
Total Food Sales Demand	\$199,049	\$213,975	\$220,255	\$226,718	\$233,371	\$240,220	\$247,268
Estimated Supermarket Share	90%	90%	90%	90%	90%	90%	90%
Total Potential Sales	\$179,144	\$192,578	\$198,229	\$204,046	\$210,034	\$216,198	\$222,541
--Walmart store 1/	\$0	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)
Net Demand Available to Support Existing Supermarkets	\$179,144	\$168,428	\$174,079	\$179,896	\$185,884	\$192,048	\$198,391
Existing Supermarket Sq. Ft.	410,830	410,830	410,830	410,830	410,830	410,830	410,830
Proposed Supermarkets Sq. Ft.							
--Winco		95,000					
Existing + Planned Sq. Ft.	410,830	505,830	505,830	505,830	505,830	505,830	505,830
Potential Sales per Square Foot Existing Supermarkets	\$436	\$333	\$344	\$356	\$367	\$380	\$392

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

1/ Sales per square foot (gross area) assumptions: \$500. Typically, new retail stores operate below average sales volumes in the first few years after opening, and then reach stabilized sales volume levels after being open for a few years. However, in order to remain analytically conservative (i.e., to depict the maximum potential impact), we have assumed that store would reach its full sales potential (based on the chain-wide average) in year 1.

As shown on Table II-7 above, the combined sales impacts of the previously planned and proposed projects would result in average supermarket sales volumes of \$333 per square foot in 2018. Thus, using the benchmark Western regional median sales figure of \$418 per square

¹² Information provided by Jeff Bradshaw, Associate Planner, City of Moreno Valley, on 10/23/2013.

foot, the market would technically be overbuilt by approximately 103,000 square feet of space in 2016. This suggests that up to two supermarkets would potentially close under cumulative conditions. Although the analysis suggests there could be store closures, the following three factors would mitigate against the worst-case scenario of two existing supermarkets closing:

- 1. Benchmark Sales Volumes.** It should be noted that the previously cited national and western median regional sales per square foot figures of \$473 and \$418, respectively, do not necessarily reflect break-even thresholds for all supermarkets. Since the \$473 and \$418 per square foot factors reflect median sales figures, by definition half of all supermarkets are operating below these levels. Some supermarkets operate at substantially lower sales levels than the median.

To further evaluate the “typical” sales volumes of California supermarkets, TNDG utilized a proprietary database of chain-specific supermarket sales estimates provided by Trade Dimensions International, Inc., a market research firm of The Nielsen Company. The database, based on May 2011 data from more than 3,200 individual stores, includes sales estimates for 51 supermarket chains operating in California along with aggregate sales estimates for independent supermarkets. According to this database, average sales per square foot by chain range from \$220 to \$809 per square foot. For all chains combined, the median and average sales per square foot measures are \$385 and \$407, respectively, with a standard deviation of \$128 per square foot. As indicated in the sales per square foot estimates above, there is significant variability in sales volumes at individual supermarkets, and evidence indicating that a number of stores (and entire chains) are operating at well below the \$418 Western region threshold previously identified in this analysis. In fact, of the 51 grocery chains represented in the database (including the aggregated independent category), 29, or 57% of the total, generate average sales volumes below \$418 per square foot. Further, more than half (55%) of the chains operate at sales volumes below \$400 per square foot, while 41% operate below \$350 per square foot.

It should be noted that the data provided by Trade Dimensions are sales estimates and not the supermarkets’ actual sales volumes. However, TNDG has also evaluated similar sales estimates from Trade Dimensions in the form of their Retail Performance Reports, which provide store-level sales estimates for individual trade areas. For trade areas which TNDG has evaluated, the sales estimates in these reports are generally consistent with actual sales data available from the SBOE, suggesting that the Trade Dimensions’ sales estimates are reasonably accurate.

- 2. Probability of Development.** As noted above, although an approved project, there are no known plans to develop the Winco-anchored shopping center project at this time, according to City staff. It appears that Winco’s site selection criteria will act as an automatic correction to an oversupply of supermarket space in the trade area. As indicated by the project’s current status (on hold), a more likely cumulative scenario is that retail market conditions would result in a more gradual buildout of planned retail development, such that the pace of retail development would more closely follow the growth in retail demand. Under this scenario, there is less potential for overbuilt conditions to occur in the supermarket category, and consequently a reduced potential for building vacancies and urban decay to follow.

- 3. Market Area Distinction.** Evaluating the aggregate square feet of supermarket space proposed in the trade area implicitly assumes that the previously planned Winco store’s market area is identical to the market area of the proposed project. However, the potential Winco store, located at the Alessandro Boulevard/Lasselle

Street intersection, will have its own distinct market area, given its location near the periphery of the trade area boundary on the northeast portion. By virtue of its location, this store will draw a significant amount of market support north of the Alessandro Boulevard/Cottonwood Avenue and east of Nason Street/Moreno Beach Drive, market areas that are outside of the evaluated trade area boundaries. As such, the potential Winco project would not be limited to the same “pool” of demand projected in TNDG’s analysis. Thus, by accounting for the full sales impact of this potential store, we have likely overestimated potential cumulative sales impacts in the supermarket category.

II-G. POTENTIAL FOR URBAN DECAY

As discussed in Sections II-C, II-D, and II-E no store closures are projected under the project-specific analysis. The GAFO and fueling station space associated with the proposed project would be well within the envelope of available demand for new space and thus is not likely to result in the closure of existing stores or gas stations. With respect to the Food category, based on the data provided in Table II-7 above, as many as two supermarkets could potentially close under cumulative conditions (given that the market could be technically overbuilt by approximately 103,000 square feet in 2018). Again, as noted previously, these projections of overbuilt supermarket space are conservatively based on the Western regional median sales figure of \$418, which does not necessarily reflect a break-even threshold for supermarkets. Also, as discussed subsequently, there are two other factors – the probability of development and the market area distinction – which suggest this is a relatively high or aggressive estimate of the amount of overbuilt space based on worst-case assumptions.

Although potential supermarket vacancies would clearly be undesirable from the standpoint of commercial property owners, it is TNDG’s conclusion that it is not reasonably foreseeable that urban decay conditions would result. Urban decay is a potential consequence of a downward spiral of store closures and long-term vacancies¹³. While urban decay is not defined under CEQA, it is assumed to be indicated by significant deterioration of structures and/or their surroundings. Such deterioration can occur when property owners reduce property maintenance activities below that required to keep their properties in good condition. Property-owners are likely to make reductions in maintenance under conditions where they see little likelihood of future positive returns.

In areas where higher-than-desirable vacancy rates are expected to be temporary, property owners are more likely to see the prospect of keeping properties leased at favorable rents. Where vacancy rates are persistently high, property owners are more likely to have a pessimistic view of the future and be prone to reducing property maintenance as a way to reduce costs. Very high vacancy rates (over 25%) that persist for long periods of time are more likely to lead to reduced maintenance expenditures and in turn to physical deterioration.

Store closures and vacancies, in and of themselves, do not meet the above criteria. While the closure of a business is clearly a severe impact to the owners and employees of the firm, within the context of CEQA it is only significant if it results in sustained vacancies which in turn result in deterioration of the physical condition of the vacant building(s) and neighborhoods. With the consolidation in the supermarket industry over the past several years, there are many examples of neighborhood shopping centers that have lost supermarket anchor tenants and have not

¹³ As cited in the *Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal. App 4th 1184, p 2.

suffered a significant deterioration of structures and/or their surroundings. Many of these centers have either attracted new (non-supermarket) anchor tenants, sub-divided the space for multiple retail users, or reconfigured the space for non-retail uses (examples of successful re-tenanting and reuse of vacated supermarkets are provided below under the heading “Reuse Potentials of Existing Supermarket Buildings”). Thus, the closing of a supermarket anchor tenant does not necessarily indicate that the shopping center will experience a downward spiral of store closures and long-term vacancies.

Reuse Potentials of Existing Supermarket Buildings

As discussed above, up to two supermarkets in the trade area could potentially close due to cumulative impacts. Since specific data on individual store performance and break-even thresholds are closely held and not available for this study, it is not possible to predict with any degree of accuracy which particular supermarkets would be most vulnerable to closure. However, TNDG believes that there are viable reuse options for each of the existing 10 supermarkets in the trade area, indicating that regardless of which specific store(s) would potentially close, the vacated space(s) would not be likely to remain permanently vacant. As shown on Table II-6, even after accounting for planned and pending projects, there is sufficient residual demand to support some type of retail use at any potential vacant supermarket in the trade area¹⁴. Thus, TNDG does not believe that the possible closing of up two existing supermarkets, under worst-case assumptions, would lead to urban decay. We believe that potential reuse opportunities will fall into one of the following three categories.

1. Non-Supermarket Retail Reuse. Given the existing residual demand in the non-grocery categories (based on detailed analysis and data provided in Section III, Tables III-1 through III-12, and summarized in Table II-6), many of the existing supermarkets would be suitable for some type of non-supermarket retail reuse, such as a discount store, apparel or furniture store, in addition to the types of retailers mentioned above. Dollar / 99 Cent stores have also been in a significant expansion mode nationally and are generally considered to be ideal reuse candidates for vacated supermarkets¹⁵. In addition to single-tenant retail reuse options, many of the existing supermarket sites could potentially be subdivided for multiple smaller tenants in the GAFO categories. Some retail reuse examples in the city of Moreno Valley include the following:

- Harbor Freight Tools re-tenanted a former Factory 2U store at the Moreno Valley Plaza (Sunnymead Blvd/Heacock St).
- At the Towngate Center (Frederick St/Centerpoint Dr), a Home Goods/TJ Maxx superstore re-tenanted a former Ralphs supermarket, and Burlington Coat Factory re-tenanted a former Mervyns store.
- At the Butterfield Valley Village shopping center (Sunnymead Blvd/Perris Blvd), the Rio Ranch Super Mall re-tenanted a closed Target store.

2. Ethnic/Hispanic Market. A recent article in Retail Leader¹⁶, along with local market conditions in Moreno Valley, suggest that a Hispanic supermarket would be a very viable reuse candidate for any conventional supermarket that may be vacated in the trade area.

¹⁴ As shown on the table, by 2020, just two years after the opening of the project, there will be support for approximately 611,543 square feet of new (non-grocery) retail space.

¹⁵ See *Don't Ask. You Can Afford It: Seizing the Moment, Dollar Stores Expand*, New York Times, May 3, 2009.

¹⁶ See *Hispanics' Buying Power Has Retailers, CPG Companies Listening Up*. http://www.retailleader.net/top-story-consumer_insights-hispanics_buying_power_has_retailers_cpg_companies_listening_up-1622.html

The article cites the following factors driving strong anticipated growth in the Hispanic grocery market:

- The buying power of the U.S. Hispanic population is expected to reach \$1.5 trillion in 2015, up from \$1 trillion in 2010, due to continued strong population growth among Hispanics.
- Relative to the general population, Hispanics tend to make more frequent trips to the grocery store and spend more per month on grocery purchases, due in part to a tendency to have larger families.
- In addition to carrying conventional grocery products, Hispanic grocery stores offer large selections of specialty items not available at most major supermarkets.

The following local market factors highlight the favorable prospects for this type of reuse:

- More than one-half of the trade area’s 2013 population is Hispanic (54.1%), compared to 47.5% in Riverside County and 38.8% in California. Further, the Hispanic population is forecasted to grow at a faster rate relative to the general population: Hispanics are projected make up 57.4% of the trade area’s population in 2018.
- A number of closed supermarkets and big box retail stores in the City of Moreno Valley have been re-tenanted by Hispanic supermarkets. TNDG is aware of the following examples:

Center/location	Closed Store	New Hispanic Supermarket
MORENO VALLEY PLAZA Sunnymead Blvd/Heacock St	Vons	Superior Grocer
BUTTERFIELD VALLEY VILLAGE Sunnymead Blvd/Perris Blvd	Albertsons	Cardenas
SUNNYMEAD TOWNE CENTER Alessandro Blvd/Perris Blvd	Stater Bros	El Super
UNNAMED CENTER JFK Dr/Perris Blvd	Hughes Market	Cardenas

Source: TNDG; CoStar, Shopping Center Directory.

4. Adaptive Reuse. In addition to potential commercial reuse options, many of the supermarkets would also be candidates for some type of adaptive reuse, including uses ranging from a recreational facility (e.g., bowling alley, ice rink, fitness center) to institutional uses (e.g., government office facility, library, church) to office/service type uses (e.g., call centers). There are numerous examples of vacant supermarkets and vacant “big box” stores being converted for these types of uses¹⁷.

¹⁷ For example, 24-Hour Fitness has opened up fitness clubs in vacant big box stores in a number of markets.

III. RETAIL DEMAND ANALYSIS METHODOLOGY

This section examines potential retail demand associated with the population residing in the market area that would be served by the proposed project. The analysis projects future retail demand of residents in portions of the cities of Moreno Valley, Riverside, and Perris, in addition to an adjacent unincorporated area in Riverside County.

III-A. MARKET AREA BOUNDARIES

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

- Eastern Boundary – The eastern boundary is represented by the Lake Perris State Recreation Area/Moreno Beach Drive in the City of Moreno Valley, which is between 2.0 and 3.0 miles from the proposed project site.
- Western Boundary – The western boundary is represented by Trautwein Road/Wood Road, partially located in the City of Riverside and in unincorporated Riverside County. The boundary is approximately 5.8 miles from the proposed project site.
- Southern Boundary – The southern boundary is represented by Cajalco Road/Ramona Expressway, extending across portions of the City of Perris and unincorporated portions of Riverside County. The boundary is approximately 3.5 to 4.0 miles from the proposed project site.
- Northern Boundary – The northern boundary runs through the cities of Moreno Valley and Riverside, along with an unincorporated portion of Riverside County. It is approximately 1.6 to 2.0 miles from the proposed project site. This polygon takes into account natural traffic barriers (such as major highways and roads) and the location of existing competitive shopping centers.

As discussed in the report Introduction on page 4, a community center of this scale, and with the types of proposed tenants, would typically have a trade area defined by a 3- to 6-mile radius (as suggested by ICSC). Thus, the suggested trade area radius was used as a starting point to design the customized trade area polygon.

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

III-B. POPULATION AND INCOME LEVELS

The population in the trade area is projected as follows:

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

Market Area	Estimated 2013 Population	Projected 2018 Population	Projected 2020 Population	Projected 2022 Population	Projected 2024 Population	Projected 2026 Population	Projected 2028 Population
MVRTA	124,542	133,881	137,810	141,854	146,017	150,302	154,712

Source: ESRI; TNDG.

The above population estimate (2013) and projections are from ESRI, a nationally-recognized provider of demographic data. The ESRI projections forecast an annual population growth rate of approximately 1.5% between 2013 and 2018. TNDG has applied this growth rate throughout the study period in this analysis (from 2013 to 2028). This growth rate appears to be relatively conservative, as the trade area’s population increased at a 4.6% annual rate during the 10-year period between 2000 and 2010, which exceeds the growth rate used in this analysis by a factor of about three.

Per capita income in the MVRTA is estimated as follows.

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

Market Area	2013 Per Capita Income
MVRTA	\$25,080

Source: ESRI, TNDG

The indicated estimates of per capita income were obtained from ESRI and increased 28% by TNDG. The reason for this increase factor is that these income estimates are based on “money income” definition of income utilized by the U.S. Census Bureau. This measure of income is narrower than the “personal income” definition used by the U.S. Department of Commerce. The broader definition includes additional income sources such as fringe benefits (health insurance, retirement funding), imputed income (interest, rent), and direct payments to medical providers by governments. Personal income therefore represents a more complete gauge of a household’s economic status. According to the Center for the Continuing Study of the California Economy (CCSCE), personal income is the preferred measure for purposes of projecting a household’s purchasing power (i.e., retail demand). Thus, this analysis increases the ESRI estimates of money income by 28% to estimate per capita personal income¹⁸.

¹⁸ Per capita “personal income” is a full 28% higher than per capita “money income” in Riverside County, based on 2007-2011 income data (the most recent years available) provided by the Bureau of Economic Analysis and the U.S. Census Bureau.

III-C. RETAIL SALES DEMAND

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

In order to forecast the ratio of total trade area income likely to be spent on retail purchases, TNDG evaluated county level data for the period 2000 through 2011 (the latest 12-year period for which official income data are available from the Bureau of Economic Analysis (BEA). In particular, TNDG calculated the ratio of total retail sales (based on data from the SBOE¹⁹) to aggregate income (per the BEA). At the countywide level, the ratio of retail sales to total income is estimated as follows for each year of the evaluation period:

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

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

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

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

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

Area	Income Index Factor	2000	2005	2011	12-Year Average
County	1.00	34.2%	39.9%	29.7%	34.1%
MVRTA	1.01	34.6%	40.4%	30.0%	34.4%

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

The above data in Table III-3 clearly show the effects of a strong economy from 2004 to 2006 and the severe recession beginning in 2008. In order to remain analytically conservative, TNDG's analysis assumes that the retail expenditure ratio for the trade area will remain at the

¹⁹ The Board of Equalization provides data on *taxable* retail sales. In order to estimate total retail sales, TNDG multiplied *taxable* sales in the Food category by a factor of 3.0. As noted previously, this factor has been derived by TNDG based on numerous analyses of supermarket supply and demand in comparable communities throughout California, and based on data we have reviewed from the SBOE and selected supermarket chains.

12-year average (as shown in Table III-4 above). It is important to note that TNDG is projecting that the ratio will remain well below the county-indexed 2005 peak of 40.4%.

**Table III-5:
Income and Retail Demand
Moreno Valley Retail Trade Area
in thousands of constant dollars**

Market Area	2013	2018	2020	2022	2024	2026	2028
Total Income	\$3,123,513	\$3,357,735	\$3,456,275	\$3,557,698	\$3,662,106	\$3,769,574	\$3,880,177
Percent of Income Spent on Retail Goods	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%
Potential Retail Sales	\$1,074,489	\$1,155,061	\$1,188,959	\$1,223,848	\$1,259,765	\$1,296,734	\$1,334,781

Source: TNDG

III-D. DISTRIBUTION OF RETAIL EXPENDITURES

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

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

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

Source: SBOE; TNDG.

III-E. CAPTURE RATE ANALYSIS

Trade Area Capture Rates

The MVRTA capture rates of resident demand are projected to be relatively high due to the tendency of residents to shop relatively close to their homes, especially for convenience goods. Generally, it is reasonable to expect that residents will make the vast majority of their retail purchases locally, provided that a competitive mix of retail stores reflective of consumer needs is available. This is consistent with one of the findings from standard urban land use theory, which indicates, all else equal, the relative attractiveness of retail outlets decreases as travel time increases for the consumer²⁰.

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

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

Retail Category	Capture Rate
<u>Shopper Goods:</u>	
Clothing and Clothing Accessories	60%
General Merchandise	60%
Home Furnishings and Appliances	60%
Specialty/Other	60%
<u>Convenience Goods:</u>	
Food and Beverage	95%
Food Service and Drinking	75%
<u>Heavy Commercial Goods:</u>	
Bldg. Matrl. & Garden Equip. & Supplies	75%
Motor Vehicle and Parts Dealers	75%
Gasoline Stations	100%

Source: TNDG

Generally, this type of analysis would treat the area as a “closed system”; in other words, it would assume that given an adequate supply of retail stores, residents of the market area will make all of their retail purchases somewhere in the trade area. However, in this case, the capture rates have been adjusted downward to account for the fact that the MVRTA does not have a regional or super-regional shopping center; therefore, it is assumed that the area will always experience some level of retail “leakage” to other areas of Moreno Valley, and neighboring portion of the City of Riverside, with a larger array of retail facilities. As noted on page 5, there is more than 3.0 million square feet of big box retail space in various regional and super-regional centers, along with the 1.0+ million square foot Moreno Valley mall, just south of the SR-60, between the I-215 and Moreno Beach Drive. According to the ICSC, 68% of retail space is in strip/convenience, neighborhood, and community-scale retail centers (defined here as centers with less than 350,000 square feet or more of gross leasable area) while the

²⁰ See, for example, Blair, John. *Urban & Regional Economics*. Irwin, 1991. Hoover, Edgar M. *An Introduction to Regional Economics*. Alfred A. Knopf, 1975. McCann, Phillip. *Urban and Regional Economics*. Oxford University Press, 2001.

remaining 32% of the space is in regional- to super-regional-scale centers. Based on these data, TNDG believes that the MVRTA, in the absence of such regional- and super-regional centers, could be expected to realistically “capture” up to 68% of retail demand in the shopper goods categories. To be analytically conservative in this analysis, TNDG has adjusted this shopper goods capture rate down to 60%.

Typically, the MVRTA would be projected to potentially capture all of its demand in the Food and Beverage (grocery) category, along with Food Service and Drinking (restaurant), Building Materials/Garden Equipment/Supplies, and Motor Vehicles and Parts Dealers, because of the strong propensity of consumers to purchase goods in these categories as close as possible to their residences. However to account for the effect of the March Reserve Base Commissary in absorbing potential grocery demand, TNDG first estimated the share of the population in the MVRTA that would have access to the Commissary (including active Armed Forces personnel and Veterans). Next, TNDG deducted the grocery demand from this portion of the trade area population, which effectively reduced the potential capture of grocery demand from 100% to 95%. Thus, TNDG estimates that up to 5% (100% minus 95%) of total MVRTA grocery demand is absorbed by the Commissary²¹. This is a relatively aggressive assumption on the reduction in potential grocery capture rates, as it assumes those with access to the Commissary will make 100% of their food purchases in that facility, as opposed to other grocery stores in the trade area.

Potential capture rates have also been reduced in the Food Service and Drinking (restaurant), Building Materials/Garden Equipment/Supplies, and Motor Vehicles and Parts Dealers retail categories. The rationale for this reduction in potential capture rates is based on the assumption that some residents will make some purchases in these categories outside of the trade area on shopping trips to regional or super-regional centers that are north of the MVRTA boundaries (see discussion above).

III-F. POTENTIAL RETAIL SALES VOLUMES

Based on the capture rates shown above, Table III-8, on the following page, projects the potential market area demand in the MVRTA for each retail category. As shown on the table, incremental demand through 2028 for retail sales in the MVRTA is projected to grow in proportion to increases in population.

²¹ According to Staff Sergeant Joe Davidson, Public Affairs office, the majority of the commissary's patrons are veterans from a number of retirement-oriented communities throughout Riverside County (e.g., Menifee, Sun City, Perris, San Jacinto, and Hemet, among others).

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

Market Area	2013	2018	2020	2022	2024	2026	2028
<u>Shopper Goods:</u>							
Clothing and Clothing Accessories	\$96,704	\$103,955	\$107,006	\$110,146	\$113,379	\$116,706	\$120,130
General Merchandise	\$45,129	\$48,513	\$49,936	\$51,402	\$52,910	\$54,463	\$56,061
Home Furnishings and Appliances	\$29,011	\$31,187	\$32,102	\$33,044	\$34,014	\$35,012	\$36,039
Specialty/Other	\$51,575	\$55,443	\$57,070	\$58,745	\$60,469	\$62,243	\$64,069
<i>Subtotal</i>	<i>\$222,419</i>	<i>\$239,098</i>	<i>\$246,114</i>	<i>\$253,337</i>	<i>\$260,771</i>	<i>\$268,424</i>	<i>\$276,300</i>
<u>Convenience Goods:</u>							
Food and Beverage	\$199,049	\$213,975	\$220,255	\$226,718	\$233,371	\$240,220	\$247,268
Food Service and Drinking	\$96,704	\$103,955	\$107,006	\$110,146	\$113,379	\$116,706	\$120,130
<i>Subtotal</i>	<i>\$295,753</i>	<i>\$317,931</i>	<i>\$327,261</i>	<i>\$336,864</i>	<i>\$346,750</i>	<i>\$356,926</i>	<i>\$367,398</i>
<u>Heavy Commercial Goods:</u>							
Bldg. Matrl. & Garden Equip. & Supplies	\$52,381	\$56,309	\$57,962	\$59,663	\$61,414	\$63,216	\$65,071
Motor Vehicle and Parts Dealers	\$108,792	\$116,950	\$120,382	\$123,915	\$127,551	\$131,294	\$135,147
Gasoline Stations	\$150,428	\$161,709	\$166,454	\$171,339	\$176,367	\$181,543	\$186,869
<i>Subtotal</i>	<i>\$311,602</i>	<i>\$334,968</i>	<i>\$344,798</i>	<i>\$354,916</i>	<i>\$365,332</i>	<i>\$376,053</i>	<i>\$387,086</i>
Total	\$829,774	\$891,996	\$918,173	\$945,117	\$972,853	\$1,001,402	\$1,030,785

Source: TNDG

Note: Totals may not sum due to rounding.

III-G. SUPPORTABLE RETAIL SPACE

Sales per Square Foot Standards

Projected sales volume requirements per square foot of retail space by retail category are derived from typical sales standards from the Urban Land Institute's (ULI's) Dollars & Cents Publication²² and from typical sales per square foot data from representative stores in each retail category (as evaluated by TNDG from various retail chains' annual reports).

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

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

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

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

Demand for New Retail Space

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

²² ULI-the Urban Land Institute and the International Council of Shopping Centers. Dollars & Cents of Shopping Centers®/The SCORE 2008®. Washington, D.C.: ULI-the Urban Land Institute and the International Council of Shopping Centers, Inc., 2008.

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

Retail Category	2013	2018	2020	2022	2024	2026	2028
Shopper Goods:							
GAFO	889,677	956,391	984,458	1,013,346	1,043,085	1,073,695	1,105,199
Convenience Goods:							
Food Service and Drinking	322,347	346,518	356,688	367,154	377,929	389,020	400,434
Heavy Commercial Goods:							
Bldg. Matrl. & Garden Equip. & Supplies	209,525	225,237	231,847	238,650	245,654	252,863	260,282
Auto Parts 1/	80,817	86,877	89,427	92,051	94,752	97,533	100,395
Total	1,502,366	1,615,023	1,662,420	1,711,201	1,761,420	1,813,111	1,866,310

Source: TNDG

Note: Totals may not sum due to rounding.

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

Existing Square Feet of Space

Provided in Table III-11, on the following page, is an estimate of the amount of existing square feet of (non-grocery) retail space, broken down by retail category, in the MVRTA. As shown in the table, there is an “effective” inventory of approximately 1.76 million square feet of existing retail space (including vacant space) in the MVRTA.

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

Retail Category	Square Feet
<u>Shopper Goods:</u>	
GAFO	507,019
<u>Convenience Goods:</u>	
Food Service and Drinking	304,938
<u>Heavy Commercial Goods:</u>	
Bldg. Matrl. & Garden Equip. & Supplies	96,788
Auto Parts	40,556
Service Stations	N/A
Services Space	572,563
Vacant Space	239,562
Total 1/	1,761,726

Source: TNDG

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

Demand for New Retail Space

By subtracting the existing amount of effective retail space (see Table III-11) from the potential supportable amount (see Table III-10), Table III-12, on the following page, provides the amount of new retail space that could be supported in the MVRTA. Currently (as of 2013) the MVRTA could support approximately 553,065 square feet of additional retail space. Due to continued population growth (see Table III-1), the MVRTA would be able to support an additional 917,009 square feet of retail space, over and above existing levels, by 2028.

In addition, based on analysis of a proprietary database of shopping centers in a major metropolitan area, TNDG has determined that services space (e.g., dry cleaners, hair salons, banks, etc.) accounts for 10% to 25% of total shopping center space, depending on type of retail development (i.e., regional, community, neighborhood, etc.). To be analytically conservative, this analysis assumes that, on average, services space accounts for 10% of total space in typical shopping center settings. Thus, currently (as of 2013) the MVRTA could support approximately 614,517 square feet of additional retail and services space. Due to continued population growth (see Table III-1), the MVRTA would be able to support an additional 1.02 million square feet of retail and services space, over and above existing levels, by 2028.

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

Retail Category	2013	2018	2020	2022	2024	2026	2028
GAFO	382,658	449,372	477,439	506,327	536,066	566,676	598,180
Food Service and Drinking	17,409	41,580	51,750	62,216	72,991	84,082	95,496
Bldg. Matrl./Garden Equip./Supplies	112,737	128,449	135,059	141,862	148,866	156,075	163,494
Automotive Parts	40,261	46,321	48,871	51,495	54,196	56,977	59,839
Total Retail Space	553,065	665,722	713,119	761,900	812,119	863,810	917,009
Services Space @ 10% of Total Space	61,452	73,969	79,235	84,656	90,235	95,979	101,890
TOTAL	614,517	739,691	792,354	846,556	902,354	959,789	1,018,899

Source: TNDG

Note: Totals may not sum due to rounding.

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

This section evaluates the demand for grocery sales in the MVRTA, along with the proposed project's potential impact on existing supermarkets in the MVRTA. Table III-13, on the following page, provides a forecast of total demand in the Food and Beverage category from 2013 to 2028. As shown in the table, TNDG estimates that the 10 supermarkets in the MVRTA capture approximately 90% of total Food and Beverage demand²³. The balance of sales in the overall Food and Beverage category (10% of the total) is captured by smaller convenience and specialty markets.

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

²³ In fully developed urban markets, supermarket sales typically account for 80% to 90% of sales in the overall Food category. This factor has been derived by TNDG based on numerous analyses of supermarket supply and demand in urban communities throughout California. In addition, the 10 supermarkets account for approximately 95% of the total square feet in the grocery category in the MVRTA, suggesting that the 90% share factor for supermarket demand, even though at the high end of the typical range, is a relatively conservative assumption for this market.

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

Description	2013	2018	2020	2022	2024	2026	2028
Total Food Sales Demand	\$199,049	\$213,975	\$220,255	\$226,718	\$233,371	\$240,220	\$247,268
Estimated Supermarket Share	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Total Potential Sales	\$179,144	\$192,578	\$198,229	\$204,046	\$210,034	\$216,198	\$222,541
--Walmart store 1/	\$0	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)
Net Demand Available to Support Existing Supermarkets	\$179,144	\$168,428	\$174,079	\$179,896	\$185,884	\$192,048	\$198,391
Existing Supermarket Sq. Ft.	410,830	410,830	410,830	410,830	410,830	410,830	410,830
<i>Potential Sales per Square Foot Existing Supermarkets</i>	\$436	\$410	\$424	\$438	\$452	\$467	\$483

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

1/ Sales per square foot (gross area) assumptions: \$500. Typically, new retail stores operate below average sales volumes in the first few years after opening, and then reach stabilized sales volume levels after being open for a few years. However, in order to remain analytically conservative (i.e., to depict the maximum potential impact), we have assumed that store would reach its full sales potential (based on the chain-wide average) in year 1.

APPENDIX A:
RETAIL DEMAND ANALYSIS
MORENO VALLEY RETAIL TRADE AREA

**Table A-1
Population
Moreno Valley Retail Trade Area**

Area	2013	2018	2020	2022	2024	2026	2028
Moreno Valley Retail Trade Area	124,542	133,881	137,810	141,854	146,017	150,302	154,712
Total	124,542	133,881	137,810	141,854	146,017	150,302	154,712

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

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

	2013						
Moreno Valley Retail Trade Area		\$25,080					
Annual Increase Factor		0.00%					
Area	2013	2018	2020	2022	2024	2026	2028
Moreno Valley Retail Trade Area	\$25,080	\$25,080	\$25,080	\$25,080	\$25,080	\$25,080	\$25,080

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

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

	2013	2018	2020	2022	2024	2026	2028
Percent of Income Spent on Retail Goods	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%
Area	2013	2018	2020	2022	2024	2026	2028
Total Income:							
Moreno Valley Retail Trade Area	\$3,123,513	\$3,357,735	\$3,456,275	\$3,557,698	\$3,662,106	\$3,769,574	\$3,880,177
Total	\$3,123,513	\$3,357,735	\$3,456,275	\$3,557,698	\$3,662,106	\$3,769,574	\$3,880,177
Potential Retail Sales:							
Moreno Valley Retail Trade Area	\$1,074,489	\$1,155,061	\$1,188,959	\$1,223,848	\$1,259,765	\$1,296,734	\$1,334,781
Total	\$1,074,489	\$1,155,061	\$1,188,959	\$1,223,848	\$1,259,765	\$1,296,734	\$1,334,781

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

Table A-4
Distribution of Retail Sales by Retail Category
Moreno Valley Retail Trade Area

Retail Category	%Distribution 2013	%Distribution 2018	%Distribution 2020	%Distribution 2022	%Distribution 2024	%Distribution 2026	%Distribution 2028
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
General Merchandise	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Home Furnishings and Appliances	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Specialty/Other	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Subtotal	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%
<i>Convenience Goods:</i>							
Food and Beverage	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%
Food Service and Drinking	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Subtotal	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Motor Vehicle and Parts Dealers	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
Gasoline Stations	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Subtotal	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

Retail Category	2013	2018	2020	2022	2024	2026	2028
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	\$161,173	\$173,259	\$178,344	\$183,577	\$188,965	\$194,510	\$200,217
General Merchandise	\$75,214	\$80,854	\$83,227	\$85,669	\$88,184	\$90,771	\$93,435
Home Furnishings and Appliances	\$48,352	\$51,978	\$53,503	\$55,073	\$56,689	\$58,353	\$60,065
Specialty/Other	\$85,959	\$92,405	\$95,117	\$97,908	\$100,781	\$103,739	\$106,782
Subtotal	\$370,699	\$398,496	\$410,191	\$422,228	\$434,619	\$447,373	\$460,499
<i>Convenience Goods:</i>							
Food and Beverage	\$209,525	\$225,237	\$231,847	\$238,650	\$245,654	\$252,863	\$260,282
Food Service and Drinking	\$128,939	\$138,607	\$142,675	\$146,862	\$151,172	\$155,608	\$160,174
Subtotal	\$338,464	\$363,844	\$374,522	\$385,512	\$396,826	\$408,471	\$420,456
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	\$69,842	\$75,079	\$77,282	\$79,550	\$81,885	\$84,288	\$86,761
Motor Vehicle and Parts Dealers	\$145,056	\$155,933	\$160,509	\$165,220	\$170,068	\$175,059	\$180,195
Gasoline Stations	\$150,428	\$161,709	\$166,454	\$171,339	\$176,367	\$181,543	\$186,869
Subtotal	\$365,326	\$392,721	\$404,246	\$416,108	\$428,320	\$440,889	\$453,825
Total	\$1,074,489	\$1,155,061	\$1,188,959	\$1,223,848	\$1,259,765	\$1,296,734	\$1,334,781

Source: TNDG

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

Retail Category	2013	2018	2020	2022	2024	2026	2028
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
General Merchandise	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Home Furnishings and Appliances	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Specialty/Other	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
<i>Convenience Goods:</i>							
Food and Beverage	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Food Service and Drinking	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Motor Vehicle and Parts Dealers	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Gasoline Stations	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: TNDG

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

Retail Category	2013	2018	2020	2022	2024	2026	2028
<i>Shopper Goods:</i>							
Clothing and Clothing Accessories	\$96,704	\$103,955	\$107,006	\$110,146	\$113,379	\$116,706	\$120,130
General Merchandise	\$45,129	\$48,513	\$49,936	\$51,402	\$52,910	\$54,463	\$56,061
Home Furnishings and Appliances	\$29,011	\$31,187	\$32,102	\$33,044	\$34,014	\$35,012	\$36,039
Specialty/Other	\$51,575	\$55,443	\$57,070	\$58,745	\$60,469	\$62,243	\$64,069
Subtotal	\$222,419	\$239,098	\$246,114	\$253,337	\$260,771	\$268,424	\$276,300
<i>Convenience Goods:</i>							
Food and Beverage	\$199,049	\$213,975	\$220,255	\$226,718	\$233,371	\$240,220	\$247,268
Food Service and Drinking	\$96,704	\$103,955	\$107,006	\$110,146	\$113,379	\$116,706	\$120,130
Subtotal	\$295,753	\$317,931	\$327,261	\$336,864	\$346,750	\$356,926	\$367,398
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	\$52,381	\$56,309	\$57,962	\$59,663	\$61,414	\$63,216	\$65,071
Motor Vehicle and Parts Dealers	\$108,792	\$116,950	\$120,382	\$123,915	\$127,551	\$131,294	\$135,147
Gasoline Stations	\$150,428	\$161,709	\$166,454	\$171,339	\$176,367	\$181,543	\$186,869
Subtotal	\$311,602	\$334,968	\$344,798	\$354,916	\$365,332	\$376,053	\$387,086
Total	\$829,774	\$891,996	\$918,173	\$945,117	\$972,853	\$1,001,402	\$1,030,785

Source: TNDG

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

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

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

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

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

Retail Category	2013	2018	2020	2022	2024	2026	2028
<i>Shopper Goods:</i>							
GAFO Total	889,677	956,391	984,458	1,013,346	1,043,085	1,073,695	1,105,199
<i>Convenience Goods:</i>							
Food Service and Drinking	322,347	346,518	356,688	367,154	377,929	389,020	400,434
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	209,525	225,237	231,847	238,650	245,654	252,863	260,282
Automotive Parts*	80,817	86,877	89,427	92,051	94,752	97,533	100,395
Gasoline Stations	N/A						
Subtotal	290,342	312,114	321,274	330,701	340,406	350,396	360,677
Total Retail Space	1,502,366	1,615,023	1,662,420	1,711,201	1,761,420	1,813,111	1,866,310

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

Source: TNDG

Table A-10
Existing Square Feet of Retail Space
Moreno Valley Retail Trade Area

Retail Category	Square Feet
<hr/>	
<i>Shopper Goods:</i>	
GAFO Total	507,019
<i>Convenience Goods:</i>	
Food and Beverage	434,630
Food Service and Drinking	304,938
Subtotal	<hr/> 739,568
<i>Heavy Commercial Goods:</i>	
Bldg. Matrl. and Garden Equip. and Supplies	96,788
Automotive Parts	40,556
Gasoline Stations	N/A
Subtotal	<hr/> 137,344
Services Space	572,563
Vacant	239,562
GRAND TOTAL	2,196,056

Source: TNDG

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

Retail Category	2013	2018	2020	2022	2024	2026	2028
<i>Shopper Goods:</i>							
GAFO Total	382,658	449,372	477,439	506,327	536,066	566,676	598,180
<i>Convenience Goods:</i>							
Food Service and Drinking	17,409	41,580	51,750	62,216	72,991	84,082	95,496
<i>Heavy Commercial Goods:</i>							
Bldg. Matrl. and Garden Equip. and Supplies	112,737	128,449	135,059	141,862	148,866	156,075	163,494
Automotive Parts	40,261	46,321	48,871	51,495	54,196	56,977	59,839
Gasoline Stations	N/A						
Subtotal	152,998	174,770	183,930	193,357	203,062	213,052	223,333
Total Retail Space	553,065	665,722	713,119	761,900	812,119	863,810	917,009
Services Space @ 10% of Total Space	61,452	73,969	79,235	84,656	90,235	95,979	101,890
GRAND TOTAL	614,517	739,691	792,354	846,556	902,354	959,789	1,018,899

Source: TNDG

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

Demand Variable	2013	2018	2020	2022	2024	2026	2028
Total Food Sales Demand (000's)	\$199,049	\$213,975	\$220,255	\$226,718	\$233,371	\$240,220	\$247,268
Estimated Supermarket Share	90%	90%	90%	90%	90%	90%	90%
Total Potential Supermarket Sales	\$179,144	\$192,578	\$198,229	\$204,046	\$210,034	\$216,198	\$222,541
Less Demand Absorbed by New Facilities*: --Wal-Mart Supercenter		(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)
Net Demand Available to Support Existing Supermarkets	\$179,144	\$168,428	\$174,079	\$179,896	\$185,884	\$192,048	\$198,391
Existing Supermarket Sq. Ft.	410,830	410,830	410,830	410,830	410,830	410,830	410,830
Potential Sales Per Square Foot Existing Supermarkets	\$436	\$410	\$424	\$438	\$452	\$467	\$483

*Sales per square foot (gross area) assumptions:
Wal-Mart \$500

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

Table A-13
Potential Sales Impacts to Existing Supermarkets-CUMULATIVE ANALYSIS
Moreno Valley Retail Trade Area
Expressed in Sales per Square Feet

Demand Variable	2013	2018	2020	2022	2024	2026	2028
Total Food Sales Demand (000's)	\$199,049	\$213,975	\$220,255	\$226,718	\$233,371	\$240,220	\$247,268
Estimated Supermarket Share	90%	90%	90%	90%	90%	90%	90%
Total Potential Supermarket Sales	\$179,144	\$192,578	\$198,229	\$204,046	\$210,034	\$216,198	\$222,541
Less Demand Absorbed by New Facilities*: --Wal-Mart Supercenter		(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)	(\$24,150)
Net Demand Available to Support Existing Supermarkets	\$179,144	\$168,428	\$174,079	\$179,896	\$185,884	\$192,048	\$198,391
Existing Supermarket Sq. Ft.	410,830	410,830	410,830	410,830	410,830	410,830	410,830
Other Planned Supermarkets (Sq. Ft.) --Winco		95,000					
Existing + Planned Sq. Ft.	410,830	505,830	505,830	505,830	505,830	505,830	505,830
Sales Per Square Foot Existing Supermarkets	\$436	\$333	\$344	\$356	\$367	\$380	\$392

*Sales per square foot (gross area) assumptions:
Wal-Mart \$500

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

APPENDIX B:
RETAIL INVENTORY
MORENO VALLEY RETAIL TRADE AREA

Table B-1
Retail Inventory - Shopping Centers and Freestanding Space
Moreno Valley Retail Trade Area

Shopping Center / Location	GLA	Vacant	Vacancy	Tenants	Category
ALBERTSONS CENTER	108,222	2,600	2.4%		
NEC Trautwein & Van Buren	2,013			USA Gas	GAS
	4,550			Blockbuster	S
	1,300			Cleaners	SVC
	1,463			Papa Johns	ED
	2,438			Panda Express	ED
	1,138	1,138		Vacant	VAC
	1,300			Max Muscle	S
	1,463			Beauty Town	SVC
	14,850			Petco	S
	50,247			Albertsons	F
	1,463			Massage Green	SVC
	1,463			Plaza Cleaners	SVC
	1,300			Postal Annex	SVC
	1,300			Nail Star	SVC
	1,463			Dentist	SVC
	1,463	1,463		Vacant	VAC
	1,625			Great Clips	SVC
	1,463			Donuts	ED
	1,625			Domino's	ED
	1,300			Subway	ED
	1,950			Academy Pools	S
	1,138			Barber Shop	SVC
	1,463			H&R Block	SVC
	1,463			John's Barber Supply	SVC
	1,625			El Roberto's Taco Shop	ED
	1,625			Chinese Food	ED
	1,463			Family Vision	SVC
	2,275			Jack in the Box	ED
UNNAMED CENTER	10,238	-	0.0%		
NEC Wood & Van Buren	1,575			Sprint	S
	1,444			Rancross Medical	SVC
	1,313			Pizza Hut	ED
	1,181			Super Cuts	SVC
	1,050			Hip Optics	SVC
	1,050			Dentist	SVC
	1,313			Juice it Up	ED
	1,313			Starbucks	ED
UNNAMED CENTER	45,113	2,663	5.9%		
SEC Van Buren & Wood	3,000			Massage Envy	SVC
	3,188			Martial Arts	SVC
	3,000			Sushi Station	ED
	1,500			The UPS Store	SVC
	2,438			Jkeea Music	S
	1,875			Hollywood Tans	SVC
	2,063			Nails & Spa	SVC
	1,875			Chiropractic	SVC
	1,688			Knockout Hair Station	SVC
	2,625			Fitness Mania	SVC
	1,688			99 Cents & More	GM
	1,875			Cleaners	SVC
	1,688			Max Muscle	S
	1,875			Pet Salon	SVC
	1,688			Verizon Wireless	S
	1,688	1,688		Vacant	VAC
	1,500			Little Caesars	ED
	3,563			US Bank	SVC
	975	975		Vacant	VAC
	675			Bobaloca	ED
	1,425			Mr. Blue's Donuts	ED
	1,950			Tio's	ED
	1,275			Pinkberry	ED

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
UNNAMED CENTER	14,431	-	0.0%		
Ramona & Perris	2,538			Shell	GAS
	3,188			McDonalds	ED
	2,125			Jiffy Lube	AD
	2,025			Starbucks	ED
	1,350			Taqueria Ricos Tacos	ED
	1,350			Smoke Plus	S
	1,856			Papa John's	ED
UNNAMED CENTER	28,594	-	0.0%		
NEC Ramona & Webster	4,200			Harry's Café	ED
	7,000			Helping Others Soar	SVC
	4,125			Valentino's Pizza	ED
	1,250			Nara Hookah Lounge	S
	2,969			Nails & Spa	SVC
	1,250			Hair Loft	SVC
	3,300			Subway	ED
	4,500			Chevron	GAS
US HEALTHWORKS CENTER	24,150	6,169	25.5%		
16420 Perris Blvd	3,019			Arco	GAS
	6,038			US Healthworks	SVC
	2,756	2,756		Vacant	VAC
	1,050			Alberto's	ED
	1,050	1,050		Vacant	VAC
	1,181	1,181		Vacant	VAC
	2,625			Market + 99 Cents & Gifts	F
	1,313			State Farm	SVC
	1,444			Beauty Salon	SVC
	1,181			City Nails	SVC
	1,181	1,181		Vacant	VAC
	1,313			Income Tax	SVC
UNNAMED CENTER	10,894	5,906	54.2%		
SEC Perris & Red Maple	1,181			Red Maple Pizza	ED
	1,313			Income Tax	SVC
	1,050	1,050		Vacant	VAC
	1,181	1,181		Vacant	VAC
	1,313			Dentist	SVC
	1,181			Barber Shop	SVC
	1,313	1,313		Vacant	VAC
	1,313	1,313		Vacant	VAC
	1,050	1,050		Vacant	VAC
FRESH & EASY CENTER	77,623	1,050	1.4%		
SEC Perris & Iris	7,594			Autozone	AD
	5,250			Goodyear	AD
	1,563			DSMI Staffing	SVC
	1,875			Ashley Furniture	FA
	2,500			Arby's	ED
	2,438			Del Taco	ED
	1,838			Provident Bank	SVC
	1,444			Chinese Food	ED
	1,050			T Shirt Shoppe	A
	1,181			Sweet Tart Frozen Yogurt	ED
	1,050			Barber Shop	SVC
	1,181			Insurance	SVC
	1,050			Smoke Shop	S
	1,050	1,050		Vacant	VAC
	1,181			Boost Mobile	S
	1,181			Tully Nails & Spa	SVC
	13,929			Fresh & Easy	F
	3,281			Dance Studio	SVC
	1,406			Dentist	SVC
	1,250			Cleaners	SVC
	1,406			Agua Pura	SVC
	3,750			Fitness 19	SVC
	14,025			Walgreens	S
	2,813			Carl's Jr	ED
	2,338			KFC	ED

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
CARDENAS CENTER	90,023	2,181	2.4%		
NEC Perris & JFK	1,425			Church	SVC
	1,069			Barber	SVC
	1,188			Realty	SVC
	1,188			Dentist	SVC
	2,138			Little Caesars	ED
	831	831		Vacant	VAC
	36,642			Cardenas	F
	21,994			Best Deal Outlet	S
	2,100			Ojo De Agua	ED
	1,950			Top Nail	SVC
	1,200			Insurance	SVC
	1,200			+ Life	SVC
	1,350			Mr Donuts	ED
	1,200			Hair Salon	SVC
	3,150			Video Vision	S
	1,500			Thai Dine	ED
	1,200			Postal Annex	SVC
	1,350			Smoke Shop	S
	1,350	1,350		Vacant	VAC
	6,000			Steer N Stein	ED
WALGREENS CENTER	27,675	1,900	6.9%		
SEC Perris & Alessandro	900			Cigarette World	S
	1,000	1,000		Vacant	VAC
	900	900		Vacant	VAC
	800			Lidia's Hair Salon	SVC
	1,800			Tortas Sinaloa	ED
	6,750			WSS	A
	15,525			Walgreens	S
LAKESIDE CENTER	10,500	-	0.0%		
4164 N Perris Blvd	3,150			Lakeside Market	F
	4,988			Lake Auto Repair	SVC
	2,363			Billards Sports Bar	ED
MORENO MARKETPLACE	82,377	10,000	12.1%		
NWC Moreno Beach & Cactus	45,002			Stater Bros	F
	2,200			Moreno Beach Dental	SVC
	2,000			Platinum Nutrition	S
	1,800			Nail & Spa	SVC
	1,600			Smoke Shop	S
	1,800			Lakeside Cleaners	SVC
	2,200			Fantastic Sams	SVC
	2,400			Rancho Belagio Realty	SVC
	7,600	7,600		Vacant	VAC
	2,600			Rancho Belagio Dance Company	SVC
	2,400	2,400		Vacant	VAC
	1,400			Boost Mobile	S
	1,800			Little Bambino's Pizza	ED
	1,800			Subway	ED
	3,575			Wells Fargo	SVC
	2,200			Jack in the Box	ED
CVS CENTER	50,250	4,550	9.1%		
NEC Iris & Lasselle	14,700			CVS	S
	3,200			McDonalds	ED
	4,875			Chase	SVC
	2,800			Edible Arrangements	S
	1,600			Jackson Hewitt	SVC
	8,450			Dollar Tree	GM
	1,625			Nails & Spa	SVC
	2,113			Mexican Food	ED
	1,463			Medical Clinic	SVC
	4,550	4,550		Vacant	VAC
	2,600			Sushi Kinoya	ED
	2,275			Popeyes	ED
LAKESIDE PLAZA	89,010	6,619	7.4%		
NWC Iris & Lasselle	2,700			Big Guys	ED
	44,054			Stater Bros	F
	2,700			Tae Kwon Do	SVC

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
	1,350			Fantastic Sams	SVC
	1,200			Juice it Up	ED
	1,350			Subway	ED
	1,350			Panda Express	ED
	1,800			Coldstone	ED
	5,700	5,700		Vacant	VAC
	1,650			Starbucks	ED
	2,850			Jack in the Box	ED
	3,150			Bank of America	SVC
	1,800			Starbucks	ED
	3,200			At&t	S
	1,313			Advanced Vision	SVC
	1,313			H&R Block	SVC
	1,181			Skin Care	SVC
	1,050			Eyebrow Threading	SVC
	1,444			Palm Cleaners	SVC
	919	919		Vacant	VAC
	2,231			House of Beauty	SVC
	1,050			Tobacco Leaf	S
	1,181			UPS Store	SVC
	2,475			Lakeside Dental	SVC
WESTGATE CENTER	18,313	-	0.0%		
NEC Perris & Iris	1,125			Hair Salon	SVC
	2,250			Pizza Hut	ED
	1,000			Panderia	ED
	1,750			Cleaners	SVC
	1,125			Payday Advance	SVC
	1,125			State Farm	SVC
	1,125			Metro PCS	S
	1,250			Touch One Barber	SVC
	1,875			Perris Donuts & Burgers	ED
	1,000			Postal & Pagers	SVC
	3,000			Westgate Liquor & Mini Market	F
	1,688			Shell	GAS
FOOD 4 LESS CENTER	110,167	5,688	5.2%		
NWC Indian & Alessandro	78,523			Food 4 Less	F
	1,463	1,463		Vacant	VAC
	1,788			Beauty Supply	SVC
	1,300			Smoke Shop	S
	4,225	4,225		Vacant	VAC
	2,275			Coin Laundry	SVC
	2,113			Nails & Spa	SVC
	1,463			Dentist	SVC
	1,463			Medical Clinic	SVC
	1,463			Salon	SVC
	5,800			Clinica Medica	SVC
	1,625			Mobil	GAS
	5,225			McDonalds	ED
	1,444			Church's Chicken	ED
UNNAMED CENTER	14,569	3,150	21.6%		
14051 Indian St	3,150	3,150		Vacant	VAC
	919			Buffalo Wing-Fish Market	F
	1,838			Sheila's House of Beauty	SVC
	1,181			Ray's	ED
	1,181			Cultural Heritage Professionals	SVC
	1,575			Thrift Store	S
	2,100			Celebration Worship Center	SVC
	1,181			Taco Chiro	ED
	1,444			Mel's Liquor	F
BEAR VALLEY SHOPPING CENTER	86,225	40,050	46.4%		
NEC Alessandro & Perris	1,350			Sushi Matsuri	ED
	2,100			Lorenzo's Pizza	ED
	1,050	1,050		Vacant	VAC
	1,350			A-1 Coin Laundry	SVC
	26,100			CVS	S
	39,000	39,000		Vacant	VAC
	1,350			Cleaners	SVC
	1,200			Tax Realty	SVC

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
	1,350			Allure Hair & Nails	SVC
	1,350			Insurance	SVC
	1,350			Christy's Donuts	ED
	2,363			Del Taco	ED
	4,200			Low Cost Outlet	FA
	2,113			76 Station	GAS
WOODSTOCK PLAZA	20,338	4,038	19.9%		
NEC Alessandro & Heacock	1,069			Cigarette King	S
	1,069			Tan Makers	SVC
	1,069			Illusion Hair Salon	SVC
	1,069			Realty Insurance	SVC
	950			AV Nails	SVC
	1,188	1,188		Vacant	VAC
	1,544			Mariscos	ED
	1,188			Flava Hair Salon	SVC
	1,069	1,069		Vacant	VAC
	831	831		Vacant	VAC
	950			Inksmith Tattoo Salon	SVC
	1,069			Tutoring	SVC
	1,069			Wet Pets	SVC
	2,494			Quick Pick Liquor	F
	950	950		Vacant	VAC
	1,381			King Donuts	ED
	1,381			Dalia's Pizza	ED
UNNAMED CENTER	31,431	2,750	8.7%		
NWC Alessandro & Heacock	2,194			Albertaco's	ED
	1,650	1,650		Vacant	VAC
	1,788			Karate	SVC
	1,238			Super V Salon	SVC
	2,063			Phil-Am Oriental Market	F
	1,513			Banig Restaurant	ED
	1,100			Printing	SVC
	1,238			Xclusive Club Barber	SVC
	1,100			Boost Mobile	S
	1,650			Best Impressions	SVC
	1,188			Payday Loans	SVC
	1,375			Bakery	ED
	2,475			Aztec Insurance	SVC
	1,650			Legal Center	SVC
	1,238			Stadium Fashion	A
	1,100			Dentist	SVC
	1,100	1,100		Vacant	VAC
	1,238			Tattoo	SVC
	1,100			Super V Salon	SVC
	1,238			Sonora Grill	ED
	2,200			Dish	SVC
ALESSANDRO PLAZA	107,613	7,975	7.4%		
23750 Alessandro Blvd	2,156			Gus Jr	ED
	2,231			Shear Cuts	SVC
	2,363			Bikes	S
	2,000			Dentist	SVC
	2,000			Crown Liquor	F
	27,550			24 Hour Fitness	SVC
	1,125			Muscle House	S
	2,250			Chiropractic	SVC
	1,350			Fancy Tan	SVC
	36,400			Universal Strike	SVC
	3,625			Resturation Jubille Center	SVC
	7,150	7,150		Vacant	VAC
	2,338			Foot Reflexology	SVC
	1,100			Viper 1 Security	SVC
	1,650			Mexican Restaurant	ED
	825	825		Vacant	VAC
	2,338			Thai Cuisine	ED
	7,438			Happy Buffet	ED
	1,725			Weinerschnitzle	ED

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
GRAHAM SQUARE	4,988	1,181	23.7%		
NEC Alessandro & Graham	1,444			7 Eleven	F
	1,444			Flame Broiler	ED
	1,181	1,181		Vacant	VAC
	919			Access Cash	SVC
UNNAMED CENTER	60,975	8,338	13.7%		
Alessandro & Fredrick	1,250			Ebony Hair	SVC
	1,250			Go Go China	ED
	4,750			Good Times	ED
	5,875			Armed Forces Career Center	SVC
	1,631			Zumba	SVC
	1,631	1,631		Vacant	VAC
	1,631			Cleaners	SVC
	6,706	6,706		Vacant	VAC
	1,631			Plaza Market & Deli	F
	1,631			Pharmacy	S
	1,631			Wash House	SVC
	4,169			99 Cent Market	GM
	3,081			Optometry	SVC
	4,350			Medical Clinic	SVC
	3,444			Dentist	SVC
	7,200			Caliente	ED
	2,363			Tom's	ED
	6,750			PH Woods	ED
MISSION GROVE CENTER	479,514	32,813	6.8%		
SEC Alessandro & Trautwein	59,606			Mission Grove Theater	SVC
	4,250			Cactus Cantina	ED
	2,531			Taco Bell	ED
	10,725			Tarbell Realtors	SVC
	6,563			PRM Mortgage	SVC
	6,563			Ramano's	ED
	2,700			Karate	SVC
	2,700	2,700		Vacant	VAC
	1,350			Dynasty Express	ED
	1,500			Elite Tan	SVC
	1,800			Beauty Supply & Salon	SVC
	3,000			California Braces	SVC
	1,500			Prestige Portraits	SVC
	50,565			Ralphs	F
	3,263	3,263		Vacant	VAC
	2,356			Radioshack	FA
	2,719	2,719		Vacant	VAC
	1,450			Fantastic Sams	SVC
	1,450			GNC	S
	24,750			Stein Mart	A
	1,600	1,600		Vacant	VAC
	5,000	5,000		Vacant	VAC
	1,800	1,800		Vacant	VAC
	2,600	2,600		Vacant	VAC
	106,144			Kmart	GM
	5,525	5,525		Vacant	VAC
	5,156			IHOP	ED
	4,950			Bank of America	SVC
	5,225			McDonalds	ED
	3,263			Teppan Grill	ED
	2,719	2,719		Vacant	VAC
	1,450			Pinapple Joe's Grill	ED
	1,631			Antonio's Pizza	ED
	3,444			Vino Veritas Wine Bar	ED
	3,263			Dentsit	SVC
	3,263	3,263		Vacant	VAC
	1,813			B&J Smoke Shop	S
	1,994			Kim Nails	SVC
	1,631			Cleaners	SVC
	1,450			UPS Store	SVC
	3,094			Shell Gas & Del Taco	GAS
	2,156			Weinerschnitzel	ED
	2,550			Tommy's	ED
	24,543			Sprouts	F
	43,388			LA Fitness	SVC

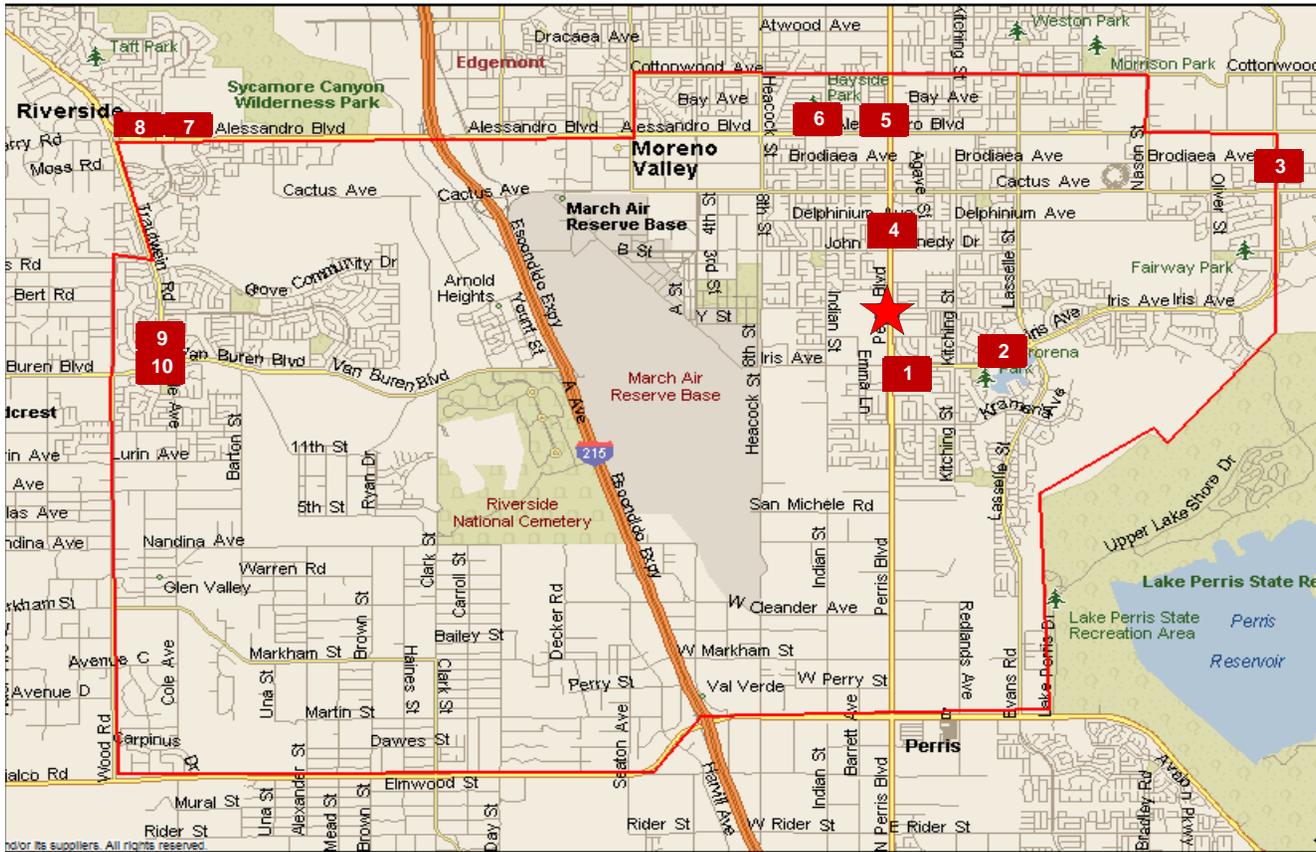
Shopping Center / Location	GLA	Vacant	Vacancy	Tenants	Category
	2,763			Lavish Hair Salon	SVC
	2,763			Dental Impact Center	SVC
	2,763			Smile Builder	SVC
	15,400			CVS	S
	6,475			Wells Fargo	SVC
	5,425			Chilis	ED
	1,625			Jersey Mikes	ED
	1,625			Jilbertos	ED
	1,788			Verizon	S
	1,625	1,625		Vacant	VAC
	2,113			Gra Pow!	ED
	4,163			Arco	GAS
BARTON CENTER	15,000	-	0.0%		
SEC Alessandro & Barton	1,438			Cleaners	SVC
	1,438			Dance	SVC
	1,294			Heavenly Hair	SVC
	1,294			Florist	S
	1,294			Unique Hair & Nails	SVC
	1,294			Dentist	SVC
	3,019			Creola's Dining	ED
	2,975			Alessandro Liquor Wine	F
	956			Mission Grove Grooming	SVC
UNNAMED CENTER	17,050	10,800	63.3%		
1355 E Alessandro Blvd	1,250	1,250		Vacant	VAC
	1,000			Rhoe Chiropractic	SVC
	1,000			Midway Strands	SVC
	3,250			Foot Matrix	SVC
	4,000	4,000		Vacant	VAC
	1,000			Insurance	SVC
	5,550	5,550		Vacant	VAC
ELSWORTH PLAZA	46,169	2,138	4.6%		
SWC Alessandro & Elsworth	1,013			Barber Shop	SVC
	1,013			Beautiful Nails	SVC
	900			Tony's Starters	AD
	1,125			HMS	SVC
	1,575			Stop N Go Smog	SVC
	900			Insurance	SVC
	1,013			Eyebrow Threading	SVC
	1,125	1,125		Vacant	VAC
	3,713			Auto Repair	AD
	10,281			Marinaj Banquets & Events	ED
	1,013			Focus Estates	SVC
	1,013			Crista's Salon	SVC
	1,125			Jr Smoke & Gifts	S
	1,013			Cellinies Nail & Spa	SVC
	1,013			Boost Mobile	S
	1,013			Subway	ED
	1,913			Massage	SVC
	1,013			Dentist	SVC
	1,913			Music Lessons	SVC
	1,125			Baerrybean Café	ED
	1,013	1,013		Vacant	VAC
	1,575			Rancho Foreign Auto Parts	AD
	1,013			Pizza	ED
	1,013			Hookah Bar	ED
	1,013			Hair Creations	SVC
	2,138			Estate Cabinets Furniture Flooring	FA
	3,600			Jack in the Box	ED
UNNAMED CENTER	47,694	18,694	39.2%		
SEC Alessandro & Heacock	3,300			Chuyita's Mexican Food	ED
	1,350			Atlas Travel	SVC
	2,700			PI Grill	ED
	1,350			Pizza Hut	ED
	1,950	1,950		Vacant	VAC
	8,400			Aaron's	FA
	1,050			Amy's Barber Shop	SVC
	3,900	3,900		Vacant	VAC
	1,500			Dentist	SVC

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
	1,200	1,200		Vacant	VAC
	1,200			Nails	SVC
	1,050	1,050		Vacant	VAC
	1,350	1,350		Vacant	VAC
	9,244	9,244		Vacant	VAC
	6,650			O'Reiley Auto Parts	AD
	1,500			Dairy Queen	ED
SUNNYMEAD VILLAGE	145,969	38,319	26.3%		
SEC Alessandro & Indian	1,250			Moreno Family Donuts	ED
	3,125			96 Cent World	GM
	2,500	2,500		Vacant	VAC
	1,563			Apple Florist	S
	2,188	2,188		Vacant	VAC
	1,563			Dentist	SVC
	1,563			Lily Hair & Nails	SVC
	1,250			Aqua Cleaners	SVC
	29,400	29,400		Vacant	VAC
	2,731	2,731		Vacant	VAC
	1,294			Master Jewelers	A
	1,150			Hair Plus	SVC
	1,150			Brenda's Beauty Salon	SVC
	1,294			Taqueria Don Jose	ED
	2,588			Chilo's Hamburgers	ED
	2,875			Dentist	SVC
	25,188			Best Furniture & Appliances	FA
	1,875			153 Fish & Chips	ED
	1,875			Zumba	SVC
	1,500			Cleaners	SVC
	1,875			Vouge Nails	SVC
	1,688			Hair Cuts	SVC
	1,688			Mariscos Melgoza	ED
	1,500			DB Sunwear	A
	1,500	1,500		Vacant	VAC
	2,625			World Town Beauty Supply	SVC
	35,175			Swap Meet	GM
	3,600			Papa Joe's Pizza	ED
	8,400			Marinello School of Beauty	SVC
SUNNYMEAD TOWNE CENTER	182,049	19,993	11.0%		
SWC Alessandro & Perris	2,100			Moreno Wellness Center	SVC
	4,020	4,020		Vacant	VAC
	3,900			Marinello School of Beauty	SVC
	4,200			US Laundry	SVC
	1,898	1,898		Vacant	VAC
	5,400			Alessandro Tires	AD
	3,900			Juanita's Market	F
	2,550	2,550		Vacant	VAC
	2,700			Clinica Medica	SVC
	1,350			Kounterpunch Bar & Grill	ED
	1,500	1,500		Vacant	VAC
	2,100			Rosston Barber College	SVC
	4,200			El Rodeo	ED
	4,200			WW Fashion	A
	1,050	1,050		Vacant	VAC
	1,500			Botanica	S
	1,400			Dentist	SVC
	3,425	3,425		Vacant	VAC
	1,688			Agua Pura	S
	2,800	2,800		Vacant	VAC
	1,500			Tobacco	S
	1,400			Shoes	A
	3,000			Little Beijing	ED
	31,200			99 Cents Only	GM
	52,400			El Super	F
	15,863			Rite Aid	S
	3,563			Molina Medical	SVC
	2,531			Ace Cash Advance	SVC
	1,519			Fiesta Auto Insurance	SVC
	1,519			Domino's	ED
	3,544			Pho Ha	ED
	2,750	2,750		Vacant	VAC

<u>Shopping Center / Location</u>	<u>GLA</u>	<u>Vacant</u>	<u>Vacancy</u>	<u>Tenants</u>	<u>Category</u>
	2,100			Wing Stop	ED
	1,050			Latin American Real Estate	SVC
	1,050			Y&Y Auto Registration	SVC
	1,181			Cleaners	SVC
UNNAMED CENTER	7,631	-	0.0%		
25020 Filaree	3,325			Rene's Cocktails	ED
	731			Mexican Food	ED
	731			Barber Shop	SVC
	1,463			El Mercadito	F
	650			Smoke Shop	S
	731			TV Repair	SVC
FREESTANDING					
19040 Van Buren Blvd	3,000			Circle K	F
15030 Perris Blvd	4,050			Jack in the Box	ED
15020 Perris Blvd	3,544			7 Eleven	GAS
13261 Perris Blvd	3,088			Circle K	GAS
13945 Perris Blvd	1,925			KFC	ED
15025 Perris Blvd	13,000			CVS	S
15075 Perris Blvd	12,863			Family Dollar	GM
15975 Perris Blvd	96,788			Home Depot	BHG
15991 Perris Blvd	2,363			Farmer Boys	ED
24491 Alessandro Blvd	3,019			ABC Food Store	F
24491 Alessandro Blvd	3,019			Beauty Trendz	SVC
24570 Alessandro Blvd	7,350			Autozone	AD
1119 E Alessandro Blvd	2,275			Magnolia Pool & Spa Supply	S
22585 Alessandro Blvd	2,763			Taco Bell	ED
23501 Alessandro Blvd	2,888			Arco	GAS
SWC Alessandro & Moreno Beach	2,700			Chevron	GAS
4040 N Perris Blvd	4,263			Arco	GAS
21110 Cajalco Rd	3,600			Mead Valley Market	F
22470 Cactus Ave	3,613			76 Station	GAS
SEC Heacock & JFK	3,025			Circle K	GAS

Source: TNDG; Riverside County Assessors Office; shopping center site plans.

**Figure B-1
Supermarket Locations
Moreno Valley Retail Trade Area**



MAP KEY	
	PROPOSED PROJECT (distance in miles to supermarket)
	1 Fresh & Easy - 13,929 SF (0.5 mi) 16100 Perris Blvd, Moreno Valley
	2 Stater Bros - 44,054 SF (1.0 mi) 25900 Iris Ave, Moreno Valley
	3 Stater Bros - 45,002 SF (3.3 mi) 14425 Moreno Beach Dr, Moreno Valley
	4 Cardenas - 36,642 SF (0.7 mi) 14940 Perris Blvd, Moreno Valley
	5 El Super - 52,400 SF (1.6 mi) 24899 Alessandro Blvd, Moreno Valley
	6 Food 4 Less - 78,523 SF (1.6 mi) 24440 Alessandro Blvd, Moreno Valley
	7 Sprouts - 24,543 SF (5.7 mi) 475 E Alessandro Blvd, Riverside
	8 Ralphs - 50,565 SF (5.8 mi) 315 E Alessandro Blvd, Riverside
	9 Fresh & Easy - 14,925 SF (5.6 mi) 8765 Trautwein, Riverside
	10 Albertsons - 50,247 SF (5.6 mi) 8938 Trautwein Rd, Riverside

APPENDIX C:

**PICTURES OF EXISTING
HIGH VACANCY RATE CENTERS**



1 Bear Valley Shopping Center

PROJECT LOCATION: NEC Perris Blvd / Alessandro Blvd
Moreno Valley 92553

GROSS LEASABLE AREA: 86,225 SF
VACANT SQUARE FEET: 40,050 SF
VACANCY RATE: 46.4%





2 Sunnymead Village Shopping Center

PROJECT LOCATION: SEC Alessandro Blvd / Indian St
Moreno Valley 92553

GROSS LEASABLE AREA: 145,969 SF
VACANT SQUARE FEET: 38,319
VACANCY RATE: 26.3%

