

Downtown Market Analysis

V. DOWNTOWN MARKET ANALYSIS

To ensure long-term economic results and success, Coolidge's Downtown enhancement effort must be market-driven. This means that the effort must be one that results in all of Downtown's investors -- business owners, property owners, developers, patrons, the local government, etc. -- being able to realize an increasing return on their investments. This can only be achieved via an enhancement effort that is based on a sound, realistic understanding of Downtown's economic potentials. The following chapter quantifies Downtown's economic potentials in terms of retail, office, and housing development.

Downtown Retail Opportunities

Retail Trade Area

Downtown Coolidge's primary retail trade area has been defined as the geographic area from which the majority of retail customers are currently drawn and the geographic area which presents the greatest opportunity in the immediate future for gaining additional retail customers. Based on current customer travel patterns, discussions with local business leaders and government officials, and the opinion of HyettPalma, Inc., Downtown's primary retail trade area has been identified as the area shown on the following page.

Retail Economic Indicators

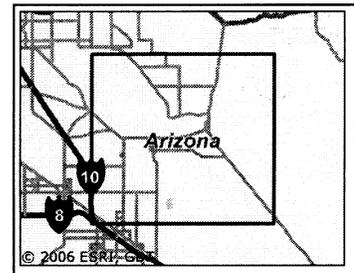
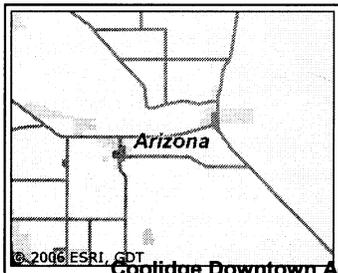
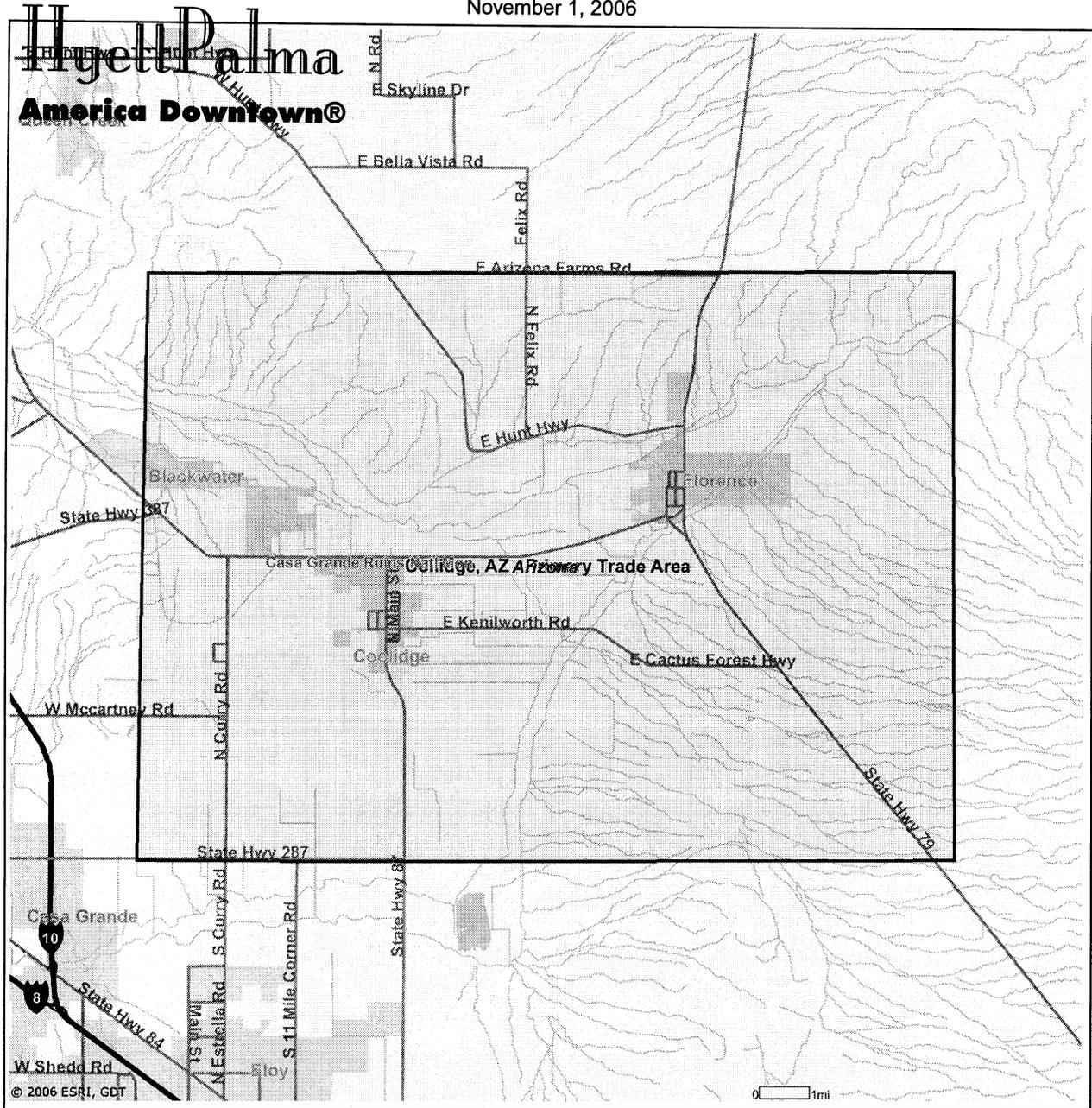
Downtown's primary retail trade area can be currently characterized by the following economic indicators.

THE PRIMARY TRADE AREA HAS AN ESTIMATED POPULATION OF 31,327 – WITH AN ESTIMATED 7,247 HOUSEHOLDS (Source: ESRI estimate)

Site Map

Collidge, AZ - Primary Trade Area

November 1, 2006



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THE PRIMARY TRADE AREA'S POPULATION IS ESTIMATED TO INCREASE TO APPROXIMATELY 35,987 BY 2011 – WITH AN ESTIMATED 9,124 HOUSEHOLDS BY 2011 (Source: ESRI estimate)

THE AVERAGE HOUSEHOLD SIZE IS 2.71 PERSONS, WHICH IS SLIGHTLY MORE THAN THE NATIONAL AVERAGE OF 2.59 (Source: ESRI estimate)

THE TOTAL COMBINED INCOME OF HOUSEHOLDS WITHIN THE PRIMARY TRADE AREA IS APPROXIMATELY \$368,000,000 PER YEAR (Source: ESRI estimate)

THE AVERAGE HOUSEHOLD INCOME FOR THOSE IN THE PRIMARY TRADE AREA IS APPROXIMATELY \$50,823 AND IS PROJECTED TO INCREASE TO \$61,858 ANNUALLY BY 2011 (Source: ESRI estimate)

Current Retail Businesses

Downtown Coolidge currently contains approximately 12 retail businesses, which occupy approximately 50,450 square feet of building space. The retail inventory was completed by the Downtown Coolidge Process Committee and is shown on the following page.

Retail Potential

Currently, within Downtown's primary trade area, the total estimated demand for retail products is approximately \$108,000,000 per year. This demand is shown on the following graphs. A complete presentation of retail product demand for the primary trade area is shown in **THE RETAIL REPORT®**, contained in the Appendix of this document.

As a conservative estimate, it is assumed that Downtown Coolidge retail businesses now generate an average (blended figure) of approximately \$175 per year per square foot in retail sales.

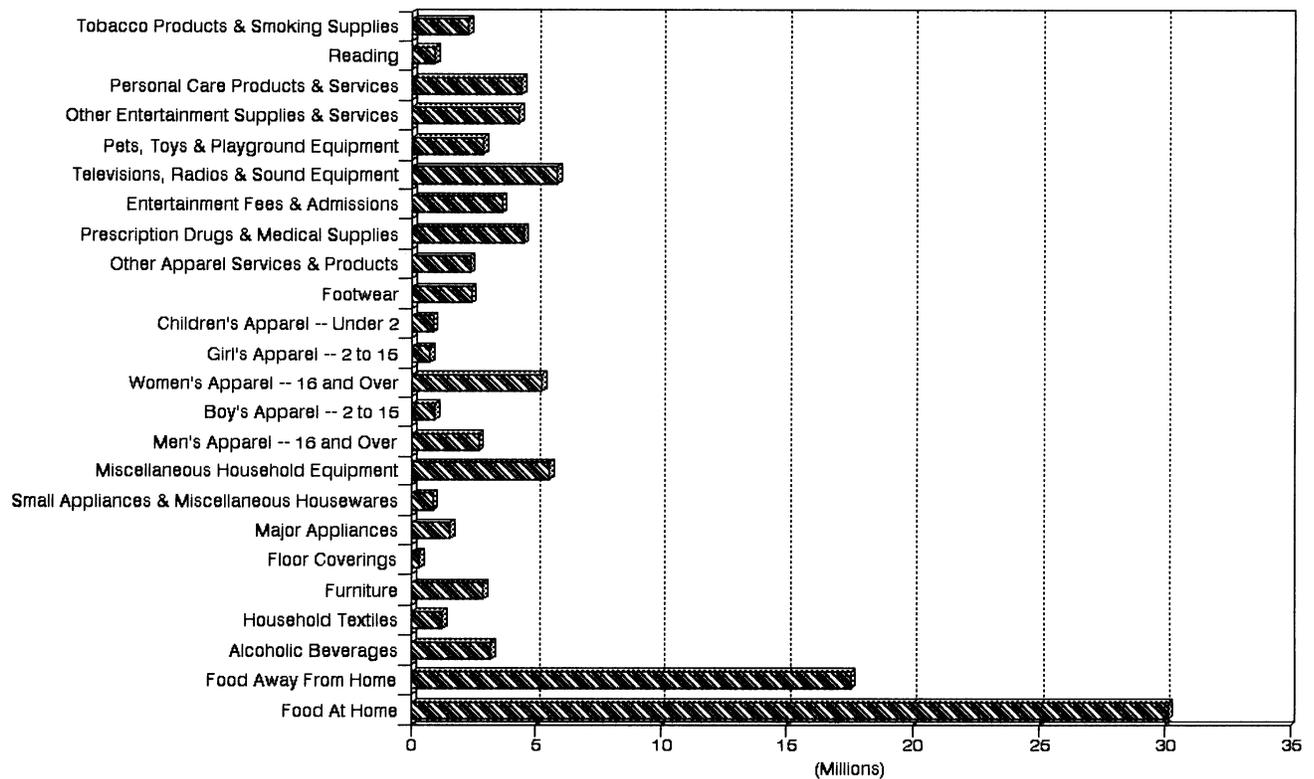
Since Downtown currently contains approximately 50,000 square feet of occupied retail space, Downtown Coolidge should currently be generating approximately \$8,750,000 in retail sales per year.

By dividing the project area's estimated annual retail sales – \$108,000,000 – by the total estimated demand for retail products within the primary trade area – \$8,750,000 – it can be concluded that Downtown Coolidge may currently be capturing approximately 8.1% of the retail sales potential within the primary trade area. And, the balance of the demand is being captured by businesses within other parts of the primary trade area and/or by businesses in other trade areas.

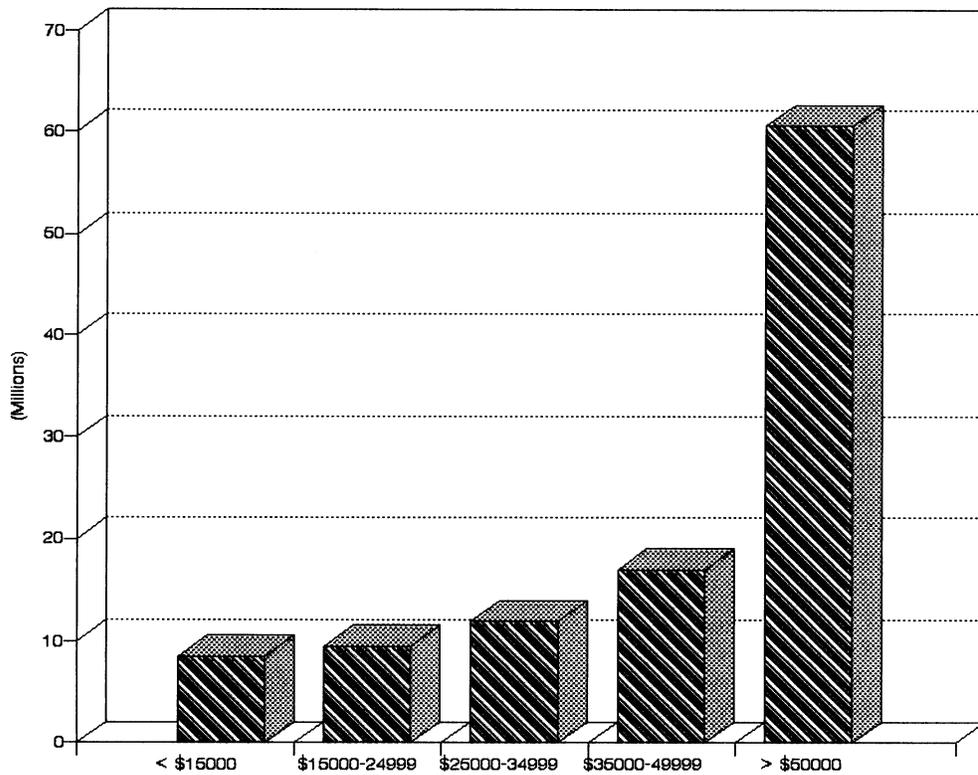
Taking steps to further enhance Downtown Coolidge, and barring a significant decline in the national or regional retail economy, it is conservatively anticipated that Downtown may have the potential to increase its share of retail sales in its primary trade area from the current level of approximately 8.1% to between 9% and 10% by the year 2012. This should be considered a goal of the economic enhancement program.

If Downtown Coolidge is able to increase its market share to between 9% and 10% by the year 2012, it is possible that the project area may be able to increase its total capture of retail sales to between \$10,000,000 and \$11,000,000 by the year 2012 – considered in constant 2007 dollars.

TOTAL PRODUCT DEMAND BY PRODUCT TYPE



TOTAL PRODUCT DEMAND BY INCOME GROUP



This increase in total retail sales could potentially support the development of between approximately 7,500 and 13,000 net square feet of additional retail space by the year 2012 – which could include expansions or sales increases by existing Downtown Coolidge retail businesses and/or the construction of some limited amount of new retail space.

IMPORTANT NOTES:

It must be noted that Downtown's ability to gain a larger market share will be contingent on efforts to enhance its business climate, enhance and expand its existing businesses, and recruit additional retail businesses to the area. If such efforts are aggressively and diligently implemented – on an on-going basis – the actual growth in Downtown's market share could potentially be much higher than projected. Conversely, by the year 2012, Downtown Coolidge's market share could be much less than projected above if efforts to enhance the area and expand/recruit businesses are not diligently and continually pursued.

ADDITIONAL NOTE:

No attempt was made to determine the condition of vacant space. Therefore, no judgment is made concerning the marketability of space based on condition.

Retail Business Development

Based on the findings of this retail market analysis, the opportunity exists to enhance and expand certain types of retail businesses that are currently located in Downtown Coolidge. In addition, the opportunity also exists to attract additional businesses to Downtown. A list of the types of retail businesses recommended for potential enhancement, expansion, and attraction is presented in the chapter of this document titled ***Course of Action***.

Downtown Office Opportunities

Office Market Indicators

Several key economic indicators that characterize the current office operations within Downtown Coolidge follow.

- Downtown Coolidge currently has a modest range of office occupants, with a total of approximately 51 various office occupants occupying approximately 165,000 square feet of building space, as shown by the charts on the following pages of this ***Downtown Action Agenda***.
- Downtown Coolidge has a substantial concentration of financial and related institutions, real estate services, business services, health services, professional services, membership organizations, and city/county government centers.
- Downtown's occupied office space serves, primarily, the personal needs of those who live within the community and primary trade area, with the demand for space expected to increase as the overall trade area continues to grow and prosper.
- Communities nationwide have experienced the fact that – as improvements are made in the overall economic and physical conditions of their Downtowns -- an associated increase in demand for office space normally follows, which is expected to hold true for Downtown Coolidge.

Office Potential

It is anticipated that most of Downtown's office market growth will continue to consist of office uses that serve, primarily, the personal needs of those who live in, or in proximity to, Downtown Coolidge's primary trade area – including those families anticipated to move into the area in the near future, as projected. And, as previously noted, communities nationwide have experienced the fact that – as improvements are made in the overall economic and physical conditions of their Downtowns – an associated increase in demand for office space normally follows, which is expected to hold true for Downtown Coolidge.

Downtown Coolidge Offices by SIC Code

SIC CODE	BUSINESS TYPE	# BUS.	TOT. SQ. FT.
<u>27</u>	<u>Publishing</u>		
271	Newspapers	1	1,950
<u>60</u>	<u>Depository Institutions</u>		
602	Commercial Banks	3	10,800
609	Related Banking Functions	1	1,000
<u>63/64</u>	<u>Insurance</u>		
641	Insurance Agents/Brokers	1	1,000
<u>65</u>	<u>Real Estate</u>		
653	Real Estate Agents/Mgrs.	5	13,700
<u>73</u>	<u>Business Services</u>		
737	Computer/Data Processing	1	2,750
<u>80</u>	<u>Health Services</u>		
801	Offices/Clinics of Doctors	2	4,500
802	Offices/Clinics of Dentists	1	6,800
<u>81</u>	<u>Legal Services</u>		
811	Legal Services	1	1,000
<u>82</u>	<u>Educational Services</u>		
824	Vocational Schools	2	6,150
<u>86</u>	<u>Membership Organizations</u>		
864	Civic/Social Organizations	2	5,850
866	Religious Organizations	3	12,600
<u>87</u>	<u>Engineering/Management Services</u>		
871	Engineering/Architecture	2	2,750
<u>89</u>	<u>Services Not Elsewhere Classified</u>		
899	Services		

Downtown Coolidge Offices by SIC Code

SIC CODE	BUSINESS TYPE	# BUS.	TOT. SQ. FT.
<u>91</u>	<u>General Government</u>		
919	General Government	4	20,150
<u>92</u>	<u>Courts/Justice/Public Safety</u>		
922	Public Safety	2	5,000
<u>94</u>	<u>Admin. of Human Services</u>		
941	Admin. of Educational Programs	1	3,000
<u>96</u>	<u>Admin. of Economic Programs</u>		
963	Admin. of Utilities Programs	1	3,000
	<u>Offices Not Elsewhere Classified</u>		
	Not Elsewhere Classified	18	62,800
TOTAL NUMBER OF OFFICE BUSINESSES		51	
TOTAL SQUARE FEET OF OCCUPIED OFFICE BUSINESS SPACE			164,800

Source: Downtown Coolidge Process Committee

Therefore, it is estimated that approximately 15,000 to 25,000 square feet of additional office space could potentially be supported in Downtown Coolidge between now and the year 2012. This should be considered an economic goal for the enhancement effort.

It must be noted that the actual growth in Downtown's office demand could be higher if Downtown is able to attract general offices, or back office operations from outside the area; to attract office occupants currently located elsewhere in the community; or to experience significant expansion by current Downtown office operations. Also, as the broader community continues to prosper, it is anticipated that Downtown Coolidge will continue to experience increased demand for quality office space in Downtown.

NOTE:

No attempt was made to determine the condition of vacant space. Therefore, no judgment is made concerning the marketability of space based on condition.

Office Business Development

A listing of office types recommended for recruitment and expansion in Downtown Coolidge is presented in the chapter of this document titled ***Course of Action***.

Downtown Housing Opportunities

The Downtown project area contains 128 housing units at this time. The inventory was recently prepared by the Downtown Coolidge Process Committee.

The estimated 128 housing units include:

- 98 single-family homes; and
- 30 apartment units.

As was stated earlier in this document, most of Downtown's housing units are located in the center of Downtown, literally surrounded by commercial development. While this type of development pattern is unique for a Downtown –

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with Downtowns developed in most communities with commercial development in the center and with housing surrounding the commercial development – the existing residential area in the center of Downtown has always supplied a significant portion of Downtown’s demand and it is anticipated that this will be the case in future years, particularly as Downtown is further enhanced and as Downtown’s housing stock is further enhanced and intensified.

While Downtown does not have an abundant amount of upper floor vacant space, there are properties in Downtown with upper floors that do not contain housing units and are used for either storage or not at all at this time. And, based on successful housing development in similar Downtowns throughout the nation, the potential for development of additional Downtown housing units, particularly market-rate, loft-style units above shops or in large, older, underutilized buildings, should be explored with and promoted to property owners and interested developers.

As has been found throughout the nation during the past four decades – regardless of community size – as a Downtown’s physical environment and mix of businesses is improved, it is very likely that the demand for housing in and near that Downtown will also increase. This can also be expected in Downtown Coolidge. In addition, as more and more housing is developed in outlying areas – with the suburban sameness it usually displays – it is likely that Downtown’s “urban” atmosphere will be an attractive and unique alternative to living in the “suburbs.”

Every effort should be made, consistent with the implementation of the ***Downtown Action Agenda***, to introduce more quality housing – particularly market-rate housing – in and in proximity to Downtown Coolidge, including:

- Loft apartments in the upper floors of existing structures throughout Downtown;
- Single-family, townhome, and garden-style housing – market-rate and affordable – in the center and at the edges of Downtown and on underutilized redevelopment properties; and

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- Both owner-occupied and rental units.

Rather than placing arbitrary or artificial limits on the number of housing units appropriate for Downtown Coolidge, it is suggested that the absorption of units in the marketplace be used as the indicator of demand. And, that every effort be made to develop the greatest number of quality units possible in and near Downtown when market conditions allow.