

**Appendix G:
Urban Decay Study**

THIS PAGE INTENTIONALLY LEFT BLANK

bae urban economics

URBAN DECAY ANALYSIS FOR THE IKEA RETAIL CENTER PROJECT IN THE CITY OF DUBLIN, CA

Prepared for:
FirstCarbon Solutions

Prepared by:
BAE Urban Economics

November 2017

San Francisco

2600 10th St., Suite 300
Berkeley, CA 94710
510.547.9380

Sacramento

803 2nd St., Suite A
Davis, CA 95616
530.750.2195

Los Angeles

448 South Hill St., Suite 701
Los Angeles, CA 90013
213.471.2666

Washington DC

1400 I St. NW, Suite 350
Washington, DC 20005
202.588.8945

New York City

49 West 27th St., Suite 10W
New York, NY 10001
212.683.4486

TABLE OF CONTENTS

INTRODUCTION & SUMMARY OF FINDINGS.....	1
Background and Study Purpose.....	1
Report Organization	1
Project Description.....	2
Study Methodology.....	3
Findings Regarding Urban Decay	3
DEMOGRAPHIC OVERVIEW	6
Definition of Market Areas.....	6
Population Trends	8
Household Trends	9
Resident Income	10
Tenure.....	11
RETAIL REAL ESTATE MARKET CONDITIONS.....	12
Overview of Existing Retail Real Estate Market.....	12
Key Competitive Retail Nodes in the Primary Market Area	15
RETAIL SALES ANALYSIS.....	17
Retail Sales Trends	18
Per Capita Taxable Retail Sales	21
Leakage Analysis.....	24
IMPACTS OF PROPOSED PROJECT ON EXISTING RETAIL OUTLETS.....	28
Overview	28
Home Location of Proposed Project Shoppers	28
Estimated Sales at Project Opening.....	29
Potential Capture of Leakage by Proposed Project	30
Capture of Sales from the Secondary Market Area	31
Capture of Sales from Outside the Market Area	32
Summary of Impacts of Project Alone.....	32
Cumulative Impacts	33
Findings Regarding Urban Decay	36
APPENDICES.....	39

List of Figures

Figure 1: Dublin IKEA Market Area	7
Figure 2: Retail Absorption and Vacancy Trends in Tri-Valley Area, 2010-2017	14
Figure 3: Average Asking Rent in the Tri-Valley Area, 2010-2017	14
Figure 4: Taxable Retail Sales Trends for Key Categories in California and the Bay Area.....	19
Figure 5: Taxable Retail Sales Trends for Key Categories in the Bay Area and PMA	20
Figure 6: City of Dublin and PMA Taxable Retail Sales Trends in Key Categories.....	20
Figure 7: Per Capita Taxable Retail Sales Trends for Key Categories, 2010-2016	22
Figure 8: Per Capita Sales in the PMA as Percent of Bay Area Per Capita Sales	23
Figure 9: PMA Retail Sales Leakage for Key Categories	27

List of Tables

Table 1: Development Program Summary	2
Table 2: Population Trends, 2010-2022.....	8
Table 3: Long-Term Population Projections	9
Table 4: Household Trends, 2010-2022.....	10
Table 5: Household Income	10
Table 6: Household Tenure, 2017	11
Table 7: Retail Overview, Q3 2017	13
Table 8: Comparative Per Capita Taxable Retail Sales for Key Categories, 4Q15-3Q16	23
Table 9: Benchmarks for Leakage Analysis	25
Table 10: Summary of Leakage Analysis	26
Table 11: Estimated Retail Sales in Proposed Project.....	30
Table 12: Estimates of Sales Leakage Capture.....	31
Table 13: Estimates of Capture of Sales from Secondary Market Area.....	32
Table 14: Cumulative Sales Impacts in the Primary Market Area	35

List of Appendices

Appendix A: Retail Sales Trends, 2010 to 2016	40
Appendix B: Leakage Analysis Detail.....	48
Appendix C: Secondary Market Area Taxable Retail Sales for Key Categories, 2016	49
Appendix D: Planned and Proposed Retail Projects in the PMA.....	50

INTRODUCTION & SUMMARY OF FINDINGS

Background and Study Purpose

The City of Dublin (the “City”) is currently completing an Environmental Impact Report (“EIR”) for the IKEA Project (the “Proposed Project”). Proposed Project will consist of a very large home furnishings store (IKEA), and approximately 93,000 square feet of additional retail and restaurant space.

The City has retained FirstCarbon Solutions to complete this EIR. In turn, FirstCarbon has retained BAE Urban Economics (“BAE”) to undertake an urban decay analysis for this project as part of the EIR process under the California Environmental Quality Act (CEQA). Urban decay analysis typically is performed on the retail components of large development projects; CEQA requires consideration of the potential economic impacts of a retail development project if such impacts have the potential to indirectly result in adverse changes to the physical environment, generally manifested in the form of urban decay. In this context, urban decay would result only if all of the following occurred: (1) the project results in an economic impact so severe that existing businesses might close as a result; (2) buildings and/or properties, rather than being reused within a reasonable time, would remain vacant; and (3) vacant buildings and/or properties would be allowed to deteriorate, and lead to the physical decline of the associated or nearby real estate. Physical deterioration includes, but is not limited to, abandoned buildings and commercial sites, 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. To constitute a significant impact under CEQA, the physical deterioration would need to be substantial in scale, which would require sizeable business closures and ongoing vacancies (i.e., in terms of the total square footage affected and/or the loss of key “anchor” tenants).

BAE’s estimate of baseline conditions is based on the information available in fall 2017, consistent with Public Resources Code Section 15125(a), which provides an EIR to include a description of the physical environmental conditions at time the Notice of Preparation (NOP) is published; the NOP for the Proposed Project was published on August 17, 2017.

Report Organization

This report contains the following sections, providing background information and addressing issues of concern: this Introduction and Summary of Findings; Demographic Overview; Retail Real Estate Market Conditions; Retail Sales Analysis; and Impacts of Proposed Project on Existing Retail Outlets.

Project Description

The Proposed Project site consists of approximately 26.8 acres directly north of I-580, bounded by Hacienda Drive on the east, Martinelli Drive on the north, and Arnold Road to the west. Regional access to the site is via the adjacent Hacienda Drive interchange with I-580, with I-580 connecting to north- and south-bound I-680 slightly less than two miles to the west. Combined, these two freeways connect to major urban areas and other freeways in the greater Bay Area as well as to the San Joaquin Valley.

The Proposed Project would join an existing cluster of retail around the I-580 Hacienda Drive freeway interchange, including Persimmon Place directly to the north of the site, and Hacienda Crossings to the east and northeast. Persimmon Place is anchored by Whole Foods, Home Goods, and Nordstrom Rack. Hacienda Crossings is home to Any Mountain, Babies "R" Us, Barnes & Noble, Bed Bath & Beyond, Best Buy, Old Navy, T.J. Maxx, and Regal Cinemas & IMAX. Across the freeway and in Pleasanton, the Metro 580 center is anchored by Kohl's, Walmart, and Orchard Supply Hardware.

As studied here, the project will total approximately 432,100 square feet, with IKEA at approximately 339,100 square feet and the "lifestyle" retail at approximately 93,000 square feet. The non-IKEA portion is assumed here to include 34,560 square feet of retail and 58,440 square feet of restaurant space.¹

Table 1: Development Program Summary

<u>Land Use</u>	<u>Development in Gross Square Feet (GSF)</u>
IKEA	339,100
Retail	34,560
Restaurant	58,440
Total Square Feet	432,100

Source: City of Dublin; Fehr & Peers; BAE, 2017.

Based on information provided by the City, the IKEA is assumed to be opening in December 2020, with 2021 being the first full year of operations. While the remainder of the project may lag, for the purposes of the urban decay analysis the entire project is assumed to be fully operational at the beginning of 2021. This "front loads" the impacts and thus is a more conservative approach for this urban decay analysis.

¹ Actual mix may vary somewhat; the assumptions here are consistent with the Fehr & Peers traffic analysis.

Study Methodology

This study provides a comprehensive analysis of current and future anticipated retail shopping patterns in the Market Areas as defined below, leading to an assessment of potential impacts on existing retail facilities and their future reuse or vacancy. The methodology follows these steps, with more detailed explanations included as each step is described in each chapter of the report:

1. Define market areas for the Proposed Project, based on location of existing and planned competitive supply and anticipated shopping patterns of residents.
2. Document and analyze demographic and economic conditions for the market area, including benchmark comparisons to the Bay Area and the State of California.
3. Document and analyze existing retail real estate trends in the project vicinity. It should be noted in many cases shopping centers have life cycles, and may become functionally obsolete or deteriorate in the normal course of events as retail spending patterns change, with or without a significant new project.
4. Document and evaluate existing retail sales trends, in order to understand market area characteristics and variations within the market areas.
5. Estimate existing sales trends and “leakage” of consumer sales out of the market area or capture of consumer sales from outside the area, specifically for the retail categories potentially impacted by the Proposed Project.
6. Estimate impacts of the Proposed Project on market area sales, based on the assumed completion date as noted above.
7. Estimate the impacts of the Proposed Project on existing stores, based on any potential decline in sales for existing stores, as well as the effects of future growth and increased demand in the market area.
8. Assess the potential for urban decay.

Findings Regarding Urban Decay

Urban decay depends on a causal chain as follows:

- The project results in an economic impact so severe that stores might close as a result;
- Buildings and/or properties, rather than being reused within a reasonable time, remain vacant once closed;

- Vacant buildings and/or properties deteriorate; and
- Deterioration occurs on a substantial scale (in terms of total square footage affected and/or the loss of key “anchor” tenants”) and for a substantial duration so as to cause the buildings and/or properties to deteriorate, and lead to the decline of the associated or nearby real estate.

Proposed Project Alone

The analysis here finds that that even with the Proposed Project in place, the ability to capture substantial leakage and the growth in population in the PMA and SMA should result in increased retail demand such that existing retailers would still have sales above baseline 2017 levels with the Proposed Project in place. While adjustments in sales patterns could occur that could lead to closure of some retail outlets directly competitive with Proposed Project, overall demand for space is strong enough that vacant space could be re-tenanted in the short term, or redeveloped in a newer retail format or in other uses. Therefore, the Proposed Project would not result in urban decay.

Cumulative Impacts

Based on the analysis in this report, BAE finds that there are no significant urban decay impacts attributable to the Proposed Project along with other reasonably foreseeable projects. There is the potential for a temporary reduction in sales at existing retail businesses within the PMA when the project first opens, but impacts will decrease over time as the area continues to grow, and by 2026, sales will have recovered to only three percent below baseline levels. It is not possible to state with certainty that particular retail locations are going to be impacted by store closures, because the existing retailers can adjust their marketing strategies in response to new competition in such a way as to lessen losses; furthermore, the specific retail tenants and retail mix of the non-IKEA portion of the Proposed Project, and thus the particular retail locations that might be impacted, are not yet known. In fact, since over the long term the losses dissipate viable existing retail businesses on the whole should survive without closure. Furthermore, properties that become vacant may see conversion to other land uses. Beyond the Primary Market Area, impacts are likely to be diffused across a wide area such that impacts will not be significant.

BAE's own observations show that commercial and retail properties in the PMA, including vacant properties, are generally well maintained. BAE found little evidence of blighted retail buildings marred by broken windows, graffiti, rubbish, overgrown vegetation, or other indicators of urban decay. This suggests that both property owners and local governments are vigilant about preventing physical deterioration of the community. As noted above, the potential for urban decay is also lessened by the probability of market corrections as future conditions evolve. Retail spaces, including those in the Proposed Project, are often planned for development speculatively without

commitment from potential tenants. Even if approvals have been obtained, without those commitments before breaking ground, developers may either cancel or delay projects, often due to the inability to obtain financing. In the absence of those commitments, projects may not move forward on the schedule assumed here, and projects may be delayed until market conditions improve. Failure to construct a retail property on the original schedule does not constitute urban decay.

In the event of closures due to short-term (or long-term) declines, in any market there are often retailers and other “second generation” tenants such as fitness centers trying to enter the market; these prospective tenants see vacant spaces, even large ones, as an opportunity.

As the leakage analysis indicates, there are “gaps” in the PMA’s retail mix, including home furnishings and appliances, restaurants and other food services, and specialty retail. As long as there are opportunities for reuse of properties through re-tenanting of spaces or redevelopment in other uses, property owners are likely to continue to maintain vacated buildings to keep them available in the market, or otherwise redevelop the properties (in either retail or other uses) to meet changing market conditions, and the area will avoid significant urban decay.

DEMOGRAPHIC OVERVIEW

This section presents background information on current and projected demographic conditions in the City of Dublin and the Proposed Project's Primary and Secondary Market Areas, as defined below. Developing a demographic profile of these areas helps in identifying key factors influencing future retail sales in the areas, and in assessing the potential impacts of the Proposed Project and any other planned retail projects on existing retail outlets and centers. Data sources for this demographic overview include the U.S. Census Bureau, the Association of Bay Area Governments, the California State Department of Finance, the Eberhardt School of Business Center for Business & Policy Research at the University of the Pacific, and Esri, a private vendor providing estimates of current and future demographic conditions.

Definition of Market Areas

A market area is the geographic region that encompasses most of a retail outlet's customers. Because IKEA is a destination retailer with potentially strong attraction from both nearby shoppers as well as a broader area, BAE has defined both a Primary Market Area (PMA) and a Secondary Market Area (SMA) for the Proposed Project. BAE defined these Market Areas, based on:

- A tour of the City of Dublin and other communities within the PMA and SMA.
- BAE's understanding of the retail mix for the Proposed Project. The IKEA store will be the primary attraction for shoppers for the center, and thus will largely dictate the market areas.
- Mapping of existing competitive outlets and in the region. In particular, the existing IKEA stores in Emeryville, East Palo Alto, and West Sacramento will serve to limit attraction from shoppers closer to those stores.
- A review of the traffic analysis for the Proposed Project.

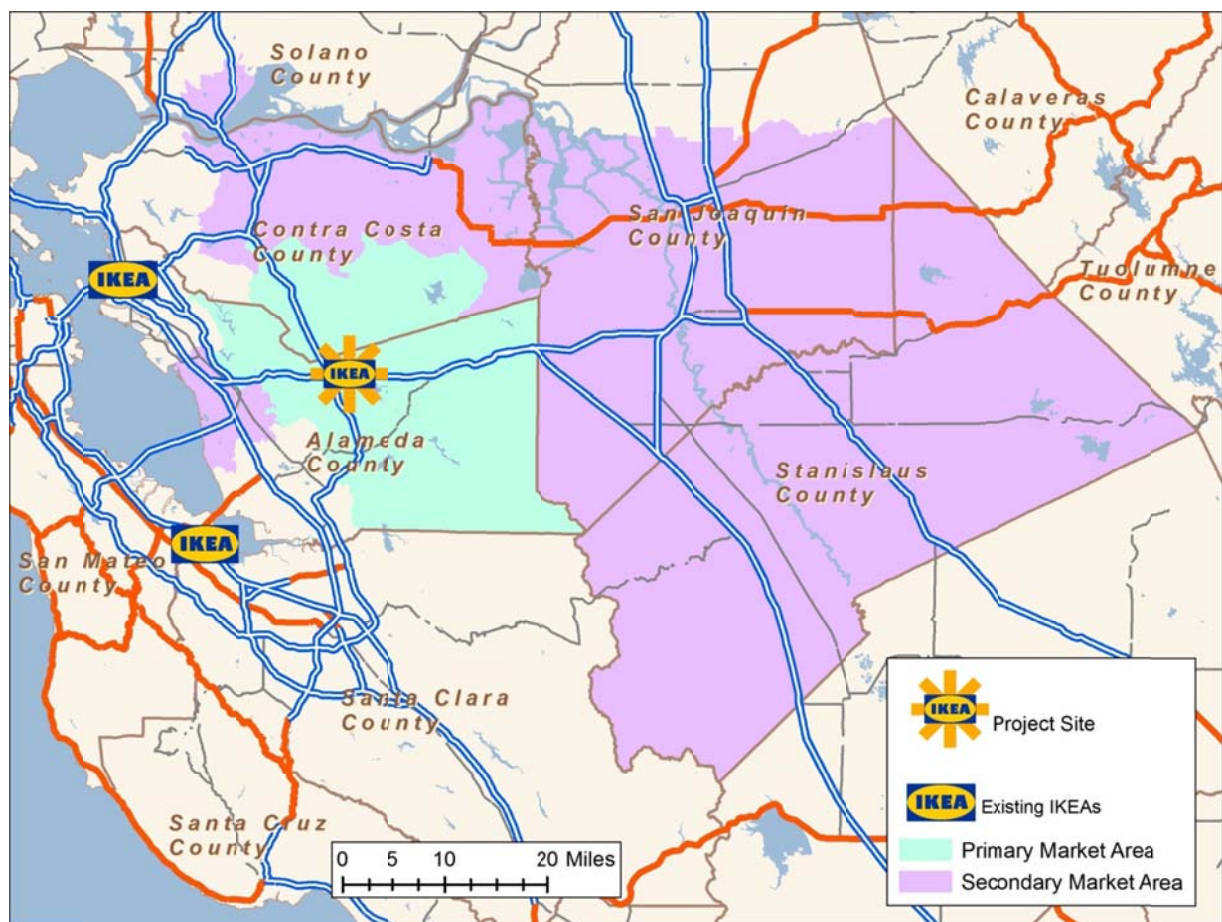
The Proposed Project is located in the Tri-Valley region of the San Francisco Bay Area adjacent to Interstate 580, just east of the interchange with I-680. These two routes are the major routes accessing the project site, providing strong connection to much of the Bay Area, as well as parts of the San Joaquin Valley via the Altamont Pass.

The Proposed Project as envisioned will provide a large destination retailer as well as ancillary retail and restaurant uses, and is likely to attract shoppers from a broad region, not just local shoppers from the City of Dublin and the Tri-Valley. To take into account this region-serving concept, BAE defined a Primary Market Area (PMA) based in part on an approximately 15-mile distance, with the SMA and PMA areas delimited in

part using the drive time or distance to the nearest IKEA, and designated a set of Census Tracts that approximated this area as the PMA. The Fehr & Peers traffic analysis for the Proposed Project also provided information used in defining the PMA and SMA.

These areas are shown on Figure 1. The PMA includes the cities of Dublin, Pleasanton, Livermore, and San Ramon, and the Town of Danville, as well as the unincorporated areas of Alamo, Castro Valley, and Blackhawk. The SMA extends out to the north along the I-680 corridor in Contra Costa County to include Concord, Lafayette, and other areas to the north extending as far as Benicia - Vallejo is closer to the Emeryville IKEA and areas to the north of Benicia are closer to the West Sacramento store. To the east, the SMA extends to include all of Stanislaus County and much of San Joaquin County from Stockton southward. The remainder of San Joaquin County is closer to the West Sacramento store.

Figure 1: Dublin IKEA Market Area



While the majority of shoppers are likely to originate from within these areas, given IKEA’s regional drawing power, additional shoppers will come from throughout the Bay Area and beyond. The following demographic overview provides data for the City of Dublin and the two Market Areas; for comparison and context, the overview also presents statewide data.

Population Trends

Understanding population and household growth trends is crucial in assessing the future performance of retail outlets in any market area. Areas with strong growth can easily absorb additional retail development, since the increasing population will generate additional demand for goods and services. However, other factors being equal, even areas with slower growth will show increasing consumer expenditures as per capita buying power increases gradually along with population.

As shown in Table 2, among the areas shown the most rapid rate of growth is in the City of Dublin, followed in order by the PMA, the SMA, and California overall. The City’s population in 2010 was 46,036, and is projected by ESRI to grow to 66,250 by 2020. The PMA is slated to grow by over 80,000 between 2010 and 2022, with a population of approximately 422,000 in 2010 and 504,000 by 2022. The SMA population is projected to increase by nearly 270,000 over the same period, from 2.0 million to over 2.3 million.

Table 2: Population Trends, 2010-2022

Area	2010	2017	Average Annual % Change 2010-2017	2022	Average Annual % Change 2017-2022
City of Dublin	46,036	59,868	3.8%	66,520	2.1%
Primary Market Area (a)	422,309	471,865	1.6%	503,622	1.3%
Secondary Market Area (a)	2,031,948	2,191,044	1.1%	2,301,687	1.0%
California	37,253,956	39,611,295	0.9%	41,298,900	0.8%

Notes:

(a) PMA and SMA are as shown in Figure 1.

Sources: Esri; BAE, 2017.

Over the long term, projections indicate continued growth in the City of Dublin, the PMA, and the SMA. The City of Dublin is slated to grow more rapidly than the region, as is the SMA. All of these areas are projected to grow at a faster rate than statewide.²

Table 3: Long-Term Population Projections

Area	2015	2040	Average Annual % Change 2015-2040
City of Dublin	50,100	73,900	1.6%
Primary Market Area (a)	447,600	543,100	0.8%
Secondary Market Area (b)	2,047,687	2,743,157	1.2%
California	39,059,809	46,884,801	0.7%

Notes:

Estimates here are from a different source than previous table, and thus may vary from those estimates.

(a) Population projections for the Primary Market Area are based on 2013 ABAG estimates for subregional study areas most closely corresponding to the defined Primary Market Area.

(b) Population projections for the Secondary Market Area are based on two sources: 2013 ABAG estimates for subregional study areas most closely corresponding to the defined SMA within Alameda and Contra Costa Counties, and estimates for San Joaquin and Stanislaus Counties as completed by the Eberhardt School of Business Center for Business & Policy Research at University of the Pacific. Since San Joaquin County is only partially within this market area, available estimates for the incorporated communities and Census Designated Places within the SMA for San Joaquin County are summed. As a result, some population in unincorporated San Joaquin County may be excluded.

Sources: Plan Bay Area Projections 2013; Stanislaus County Forecast Summary and San Joaquin County Forecast Summary, July 2016, Eberhardt School of Business Center for Business & Policy Research, University of the Pacific; CA State Department of Finance; BAE, 2017

Household Trends

As shown in Table 4, household growth trends mirror population trends, with more rapid growth in the City of Dublin, PMA, and SMA than for California. At 2.79 persons in 2017, average household size in the PMA is slightly below the statewide average; at 3.01 persons the SMA's average household size is above the statewide average. Average household size is not projected to change substantially over the next five years for any of these geographies.

² Data for interim years from ABAG projections are below those from Esri and from the State Department of Finance; given the estimated rate of growth to date, these longer-term estimates are likely conservative.

Table 4: Household Trends, 2010-2022

Area	2010	2017	Average Annual % Change 2010-2017	2022	Average Annual % Change 2017-2022
City of Dublin					
Number of Households	14,913	19,364	3.8%	21,548	2.2%
Average Household Size	2.70	2.81		2.83	
Primary Market Area					
Number of Households	150,325	166,126	1.4%	176,583	1.2%
Average Household Size	2.75	2.79		2.80	
Secondary Market Area					
Number of Households	673,155	717,669	0.9%	750,443	0.9%
Average Household Size	2.98	3.01		3.03	
California					
Number of Households	12,577,498	13,264,119	0.8%	13,784,283	0.8%
Average Household Size	2.90	2.92		2.94	

Sources: Esri; BAE, 2017.

Resident Income

Consumer buying power is a critical factor in assessing the potential for retail development, and household income provides a measure of the strength of this disposable income. As shown in Table 5, the City of Dublin and the PMA have very high income levels in comparison to the SMA and California. The median household income for the City of Dublin is estimated at \$126,625 and for the PMA in 2017 is estimated at \$122,108, which are approximately 90 percent higher than either the SMA or California. While the relationship between income and local consumer expenditures is not necessarily linear, these income levels are likely to drive higher consumer expenditures and lead to stronger local retail sales. The SMA, which includes a substantial population from the two San Joaquin Valley counties, shows lower median incomes than statewide, indicating lower per household purchasing power than the PMA, but there are over four times as many households in the SMA as in the PMA.

Table 5: Household Income

Area	Median Household Income
City of Dublin	\$126,625
Primary Market Area	\$122,108
Secondary Market Area	\$63,583
California	\$65,223

Sources: Esri; BAE, 2017.

Tenure

Tenure (owner vs. renter occupancy) can be another indicator of the nature of retail demand as well as overall potential sales volumes, with home owners more likely to spend money on home improvements, appliances, and furniture; since renters tend to be younger, they may be more likely to spend money on meals away from home, entertainment, or other similar items and services.

The City of Dublin, the PMA, and the SMA all have high homeownership rates relative to California overall (see Table 6). The PMA in particular has a very high rate, with nearly three-quarters of all households owning their home, in contrast to only 54 percent statewide. In the City of Dublin, 61 percent of households own their homes, and for the SMA, 59 percent of households are home owners. This indicates that the City of Dublin, the PMA, and the SMA may have strong demand for home furnishings and related goods.

Table 6: Household Tenure, 2017

	Number of Households		Percent of Households	
	Owners	Renters	Owners	Renters
City of Dublin	12,418	6,946	64%	36%
Primary Market Area	118,561	47,565	71%	29%
Secondary Market Area	425,479	292,190	59%	41%
California	7,216,767	6,047,352	54%	46%

Sources: Esri; BAE, 2017.

RETAIL REAL ESTATE MARKET CONDITIONS

This chapter profiles existing retail real estate conditions in the City of Dublin and nearby communities in the Tri-Valley area. The profile is based on published retail real estate data sources and additional research including an area tour and online searches. The primary quantitative data source is CoStar, a commercial real estate research firm with a wide-reaching, comprehensive national database of real estate information.

Overview of Existing Retail Real Estate Market

In any retail market, existing retail space is vacated on a regular basis due to functional obsolescence or the general cycle of retail closures and openings over time. For instance, until recently there has been a long-term trend in the supermarket industry toward larger stores and consolidation, with older stores reused by “second generation” tenants such as dollar stores, furniture outlets, and even non-retail uses such as fitness centers. In some cases, existing obsolete space is replaced by newer retail space or by other land uses. Any retail market is likely to have a certain amount of vacant space due to normal turnover and changes in retailing, and vacancies alone do not necessarily indicate urban decay or physical deterioration. Following is an analysis of overall retail real estate conditions in the Tri-Valley region,³ based on data from CoStar and on an area tour to assess conditions “on the ground.”

Current Conditions

CoStar shows a total retail inventory of approximately 3.9 million square feet in the City of Dublin, and 18.6 million square feet in the Tri-Valley overall (see Table 7 below). The vacancy rate stands at 7.0 percent in the City of Dublin but only 3.6 percent for the Tri-Valley, indicating a strong regional market; even the City of Dublin’s higher rate is not out of the range of vacancies for a stabilized market.⁴ Average asking rents have been stable over the past year, at \$2.02 triple net in the City of Dublin and \$2.35 for the Tri-Valley as of the third quarter of 2017.

The City of Dublin has shown negative net absorption so far in 2017, due in large part to the closure of Sports Authority⁵. Net absorption for the Tri-Valley is nearly flat, indicating that the increased vacancy in Dublin was countered by positive absorption elsewhere in the Tri-Valley. According to CoStar, there have been no additions of new retail space in the City of Dublin so far this year, and a negligible amount of space added in the Tri-Valley overall.

³ For the purposes of the analysis here, the Tri-Valley is defined as the cities of of Dublin, Pleasanton, Livermore, and San Ramon, and the Town of Danville, along with unincorporated Alamo.

⁴ Typical vacancy rates in a stabilized market for shopping centers range from five to ten percent. This level of vacancy allows for normal turnover as stores close and new retailers enter the market.

⁵ While these properties are currently vacant, they are still well-maintained and do not show signs of physical deterioration.

Table 7: Retail Overview, Q3 2017

Summary, Q3 2017	City of Dublin	Tri-Valley (a)
Inventory	3,935,214	18,617,910
Occupied Stock	3,660,476	17,938,650
Vacant Stock	274,738	679,260
Vacancy Rate	7.0%	3.6%
Asking Rents (b)		
Avg Asking Rent, NNN (psf), Q3 2016	\$2.00	\$2.34
Avg Asking Rent, NNN (psf), Q3 2017	\$2.02	\$2.35
% Change	1.0%	0.4%
Net Absorption		
Net Absorption, 2016	10,320	102,981
Net Absorption, YTD 2017 (c)	-49,465	-814
New Activity		
New Construction Deliveries, 2016	15,916	111,735
New Construction Deliveries, YTD 2017 (c)	0	5,399
Under Construction, Q3 2017	74,170	729,194

Notes:

NNN = Triple Net. A triple net lease (triple-Net or NNN) is a lease agreement on a property where the tenant or lessee agrees to pay all real estate taxes, building insurance, and maintenance (the three "nets") on the property in addition to any normal fees that are expected under the agreement (rent, utilities, etc.).

(a) Includes Dublin, Pleasanton, Livermore, San Ramon, Danville, and Alamo.

(b) Asking rents reflect NNN leases.

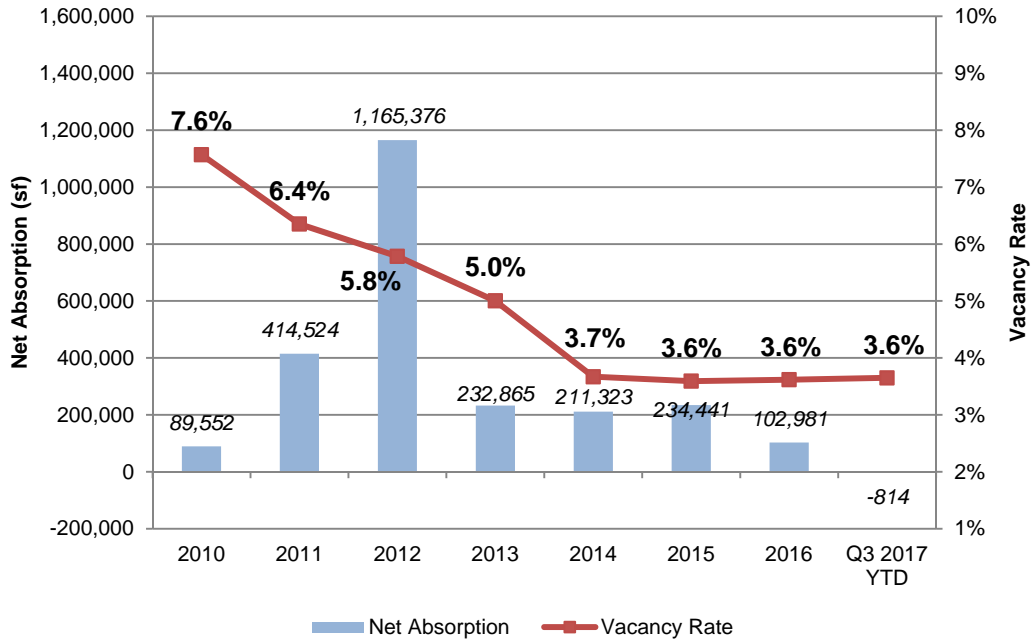
(c) Year to date includes the first three quarters of 2017.

Sources: CoStar Group; BAE, 2017.

Trends

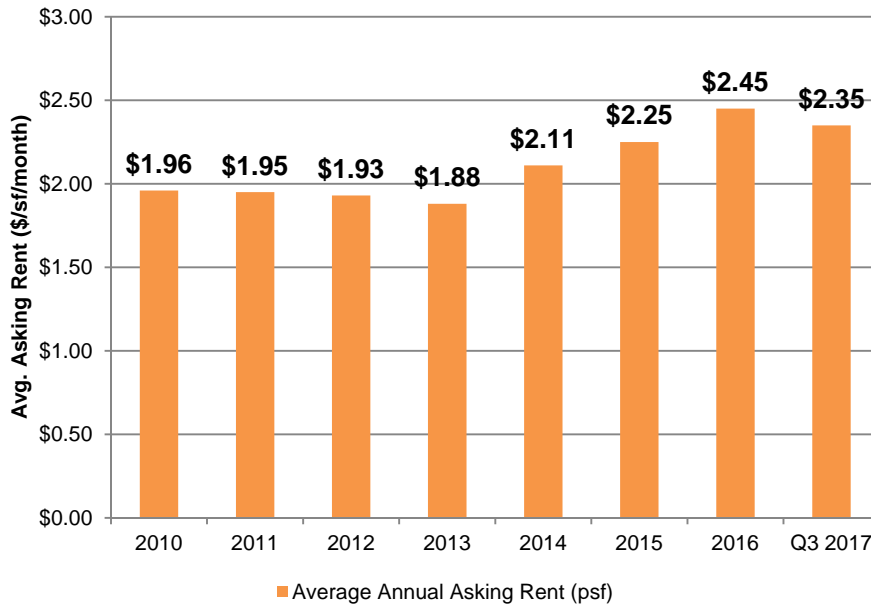
According to CoStar, the retail real estate market in the Tri-Valley has shown a strong recovery since the recession. As of the end of third quarter of 2017, the retail vacancy rate is 7.0 percent for the City of Dublin, down from 10.9 percent in 2010, and only 3.6 percent for the Tri-Valley, down from 7.6 percent in 2010 (see Figure 2). For the Tri-Valley, vacancy rates have remained below four percent since 2014. In 2012, net absorption was extremely high (approximately 1.2 million square feet), due to the opening of the outlet mall in the City of Livermore along with ongoing recovery from the recession. The relative stability of the area's retail market in the face of the opening of the outlet mall shows that a strong destination retail use attracting shoppers from beyond the Tri-Valley can be absorbed without substantial impacts on the area's overall retail market. Even with the addition of this inventory, Tri-Valley vacancy rates continued to decline, although rents also decreased slightly over the next couple of years.

Figure 2: Retail Absorption and Vacancy Trends in Tri-Valley Area, 2010-2017



Source: CoStar; BAE 2017.

Figure 3: Average Asking Rent in the Tri-Valley Area, 2010-2017



Source: CoStar; BAE 2017.

In summary, the retail real estate market in the City of Dublin and the Tri-Valley shows strength, with very low vacancies overall in the Tri-Valley, rent levels that have largely recovered from recession lows, and several years of positive net absorption, including the absorption of the outlet mall, a major regional draw.

Key Competitive Retail Nodes in the Primary Market Area

IKEA, the Proposed Project's anchor store accounting for the majority of the project's retail space, occupies a unique niche in the retail market, with its combination of large size and mix of goods, its emphasis on selling furniture to be assembled by the customer, store design encouraging shoppers to travel through the entire store, the presence of an in-store restaurant and child care, and the large inventory of goods available for immediate purchase.

As noted previously, the Proposed Project would become part of a large retail area at the I-580/Hacienda Drive interchange. The City of Dublin has several large retail centers, contributing to strong per capita sales as discussed in the next section of this report. Much of this retail is located along Dublin Boulevard to the west, especially west of I-680, including the Dublin Place Shopping Center, anchored by Target and Hobby Lobby. Elsewhere in the City of Dublin, located off Dublin Boulevard to the east, is the Grafton Station shopping center, anchored by Lowe's Home Improvement and Fallon Gateway anchored by a second Target store, along with PetSmart, Guitar Center, and a future Lucky Supermarket.

The City of Pleasanton is home to the Tri-Valley's regional mall, the Stoneridge Shopping Center, the Metro 580 center, and other retail nodes including the Downtown. The City of Livermore has the very successful San Francisco Premium Outlets, the Vintage Square Shopping Center anchored by Walmart, Home Depot, and Kohl's, Plaza 580 anchored by Target, and an older Downtown. Elsewhere in the PMA are additional shopping centers and districts in San Ramon, Danville, Alamo, Blackhawk, and Castro Valley.

There are a number of much smaller furniture stores in the area; two larger stores are the Macy's Furniture Gallery in the City of Pleasanton and the JC Penney Home Store next to the Stoneridge Shopping Center. IKEA would be the largest home furnishings store in the PMA, by a wide margin. Other direct competitors in the PMA include but are not limited to Thomasville Home Furnishings, Bassett Home Furnishings, and Ethan Allen in the City of Dublin, La-Z-Boy and Homelife Furniture and Accessories in the City of Pleasanton, and American Living Furniture, Home Furnishings, and Z Gallerie in the City of Livermore. Along with these stores that primarily or exclusively sell furniture are stores such as Home Depot, Lowe's, and Sears, which sell appliances and other related services and goods, stores such as Bed Bath and Beyond and Home Goods which focus

on household goods but carry limited lines of furniture, and big box general merchandisers such as Target and Walmart that also carry some home furnishings.

The above should not be considered an exhaustive list of retail centers in the PMA. There are a number of other centers, stores, and restaurants that could compete with the Proposed Project, depending in large part on the retail mix of the Proposed Project as it responds to market conditions as they change over the development period.

RETAIL SALES ANALYSIS

This section examines retail sales trends in the City of Dublin and nearby communities in the PMA, the area where existing retail development faces the strongest competition from the Proposed Project. The primary source of information on general retail expenditures in California is the taxable retail sales data published by the State Board of Equalization (SBOE). SBOE publishes *Taxable Sales in California*, a quarterly and annual publication that reports taxable sales by major store categories by city and county. With adjustments made to take into account nontaxable sales such as food for home consumption and prescriptions, this source is the best baseline data for jurisdictions for which it is available. The most recent published annual data available at the time of this analysis were from 2015, with additional data from the first three quarters of 2016 also available. For the purposes of the analysis here, the most recently reported four quarters (4Q 2015 through 3Q 2016) are used as a proxy for 2016 annual sales.

Reported taxable sales data do not include nontaxable sales, which consist largely of food items for consumption at home and prescription drugs. To complete the leakage and demand analysis, a factor is applied to the taxable sales to generate an estimate of overall sales that includes non-taxable items. This adjustment factor is based on a comparison by major retail category of 2012 Economic Census data on total sales with SBOE data on taxable sales for the state of California. It is also important to note that SBOE data is provided by type of retail store, not by type of good. For example, apparel is sold in clothing stores, but is also sold in general merchandise stores such as department stores.

As noted above, the published SBOE data are for towns, cities, counties, and the state. The PMA consists of both incorporated places and unincorporated areas. However, since sales data are not available for the unincorporated areas, the leakage analysis has been completed for only the population and sales in incorporated places. These unincorporated areas tend to have more limited retail, with retail focused on local-serving goods.

For the incorporated communities in the PMA, as well as for the Bay Area counties and the state, taxable sales data are available for nine retail/food service⁶ categories and one category for all other outlets.⁷ In some cases, where sales by category have not

⁶ For the purposes of simplification, food services are considered part of retail, per SBOE's "retail and food services" category; however, the analysis here excludes the motor-vehicle-related sectors.

⁷ SBOE disclosure/confidentiality rules restrict the publication of data in any category where that would disclose the sales of an individual firm or establishment in a given jurisdiction. Generally, if taxable sales for a given category are not disclosed, sales are combined into the "Other Retail Group" category.

been disclosed due to confidentiality issues, BAE has estimated sales by category based on the retail mix of the area or based on data from the 2012 Economic Census.⁸ It is important to note, though, that the large majority of the sales by category for the jurisdictions in the PMA are noted in SBOE’s published data.

The analysis here excludes the motor vehicle-related sectors, motor vehicle dealers and parts stores and gasoline stations. For the most part, these sectors have significantly different land use patterns than other retail, and thus do not constitute part of general retail land demand. Simply put, a space vacated by a typical store (e.g., a supermarket) will not be re-tenanted by a car dealer. The remaining categories in total are henceforth referred to as the “key categories” or as “non-automotive” retail sales.

Retail Sales Trends

To provide information on retail sales trends in the market areas, the following section presents SBOE-derived retail sales data for the City of Dublin and the PMA. For comparative purposes sales data from the nine-county Bay Area and California are also presented. All data are shown in constant 2016 dollars, adjusted via the California and Bay Area Consumer Price Indexes. Data are presented for the period from 2010 through 3rd quarter 2016, which was the most recently published data at the time of this analysis.

Overall Retail Sales in Key Categories

Regional Context: California

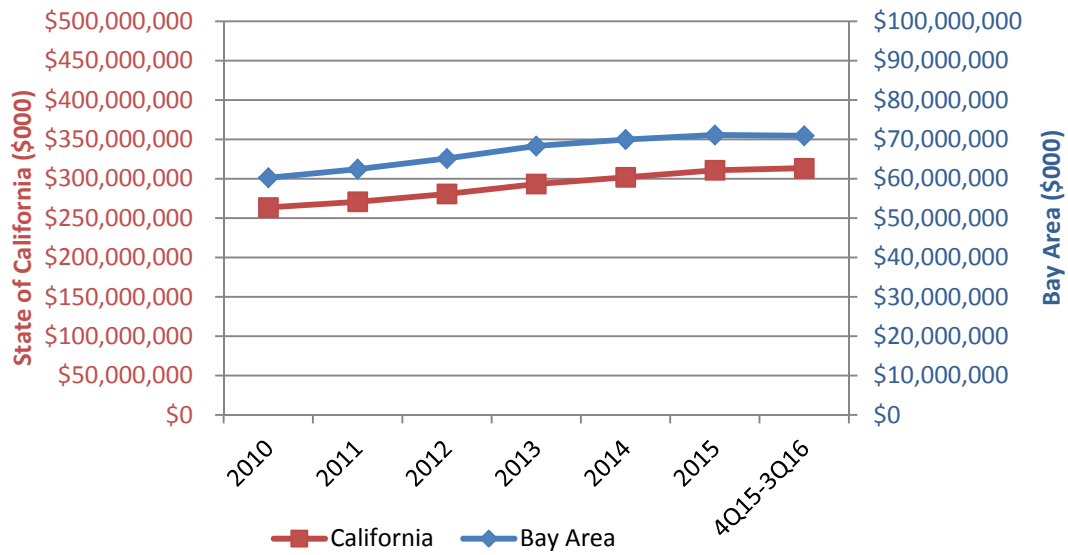
As shown in Figure 4, inflation-adjusted taxable retail sales levels for the key categories in California gradually increased from 2010 through 2016 as the state’s economy gradually recovered from the Great Recession, with year-over-year sales increases across the whole period. For the 4th Quarter 2015 through 3rd Quarter 2016 period (most recent data available), California’s total non-automotive annual taxable retail sales were approximately \$313 billion.

Regional Context: Bay Area

Taxable retail sales in the key categories for the Bay Area generally track with those for the State over the 2010 through 2016 period, gradually increasing, with the exception of the most recently reported year, where sales were essentially flat from 2015. For the most annual period, total non-automotive taxable retail sales were \$70.1 billion.

⁸ Economic Census, *Retail Trade Geographic Series, 2012: California*, U.S. Census Bureau. BAE used the most recent Economic Census data available at time of analysis.

Figure 4: Taxable Retail Sales Trends for Key Categories in California and the Bay Area



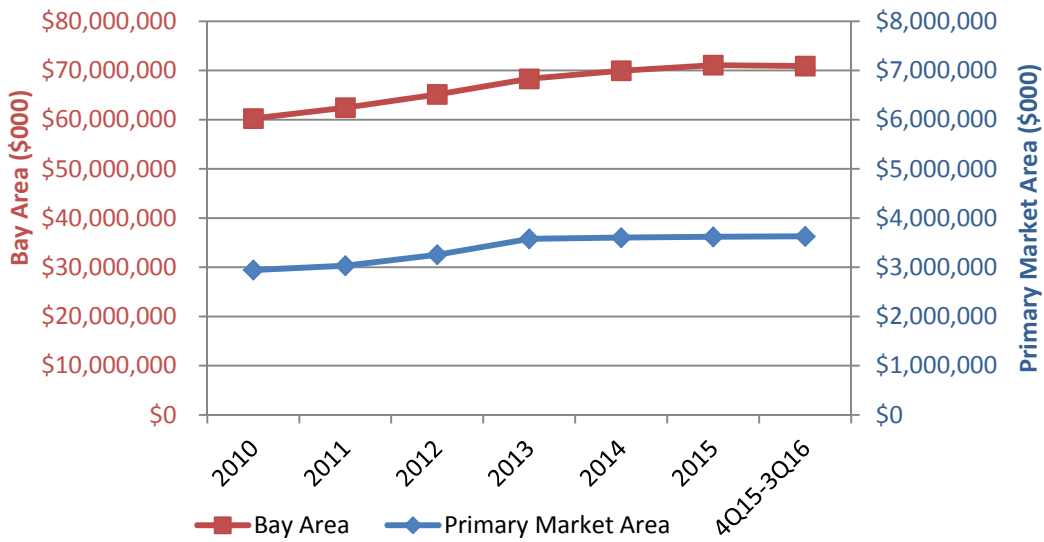
Note: All sales shown in thousands of 2016 dollars. For details, see Appendix A.

Source: BAE 2017, based on sources as noted in Appendix A.

Subregional Context: Primary Market Area

The PMA accounts for approximately five percent all key category taxable retail sales in the Bay Area, a proportion that has increased over the 2010 to 2016 period. As with the statewide trend, Inflation-adjusted taxable sales in the selected categories for the PMA have been increasing gradually year-over year. Inflation-adjusted taxable retail sales in the key categories for the 4th Quarter 2015 through 3rd Quarter 2016 period were \$3.6 billion, compared to \$2.9 billion in 2010.

Figure 5: Taxable Retail Sales Trends for Key Categories in the Bay Area and PMA



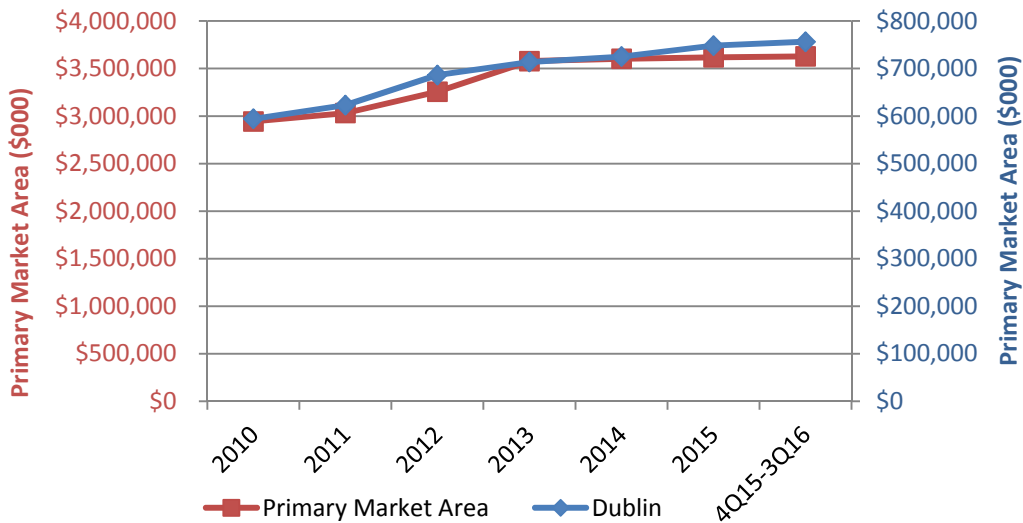
Notes: All sales shown in thousands of 2016 dollars. For details, see Appendix A.

Source: BAE 2017, based on sources as noted in Appendix A.

Local Context: City of Dublin

Trends in the City of Dublin mirror the regional trends, albeit at a lower level; the City’s taxable retail sales consistently made up approximately 20 percent of the PMA’s over the seven-year period. For the latest four quarters available, taxable retail sales in the City of Dublin are reported at \$756 million.

Figure 6: City of Dublin and PMA Taxable Retail Sales Trends in Key Categories



Notes: All sales shown in thousands of 2016 dollars. For details, see Appendix A.

Source: BAE 2017, based on sources as noted in Appendix A.

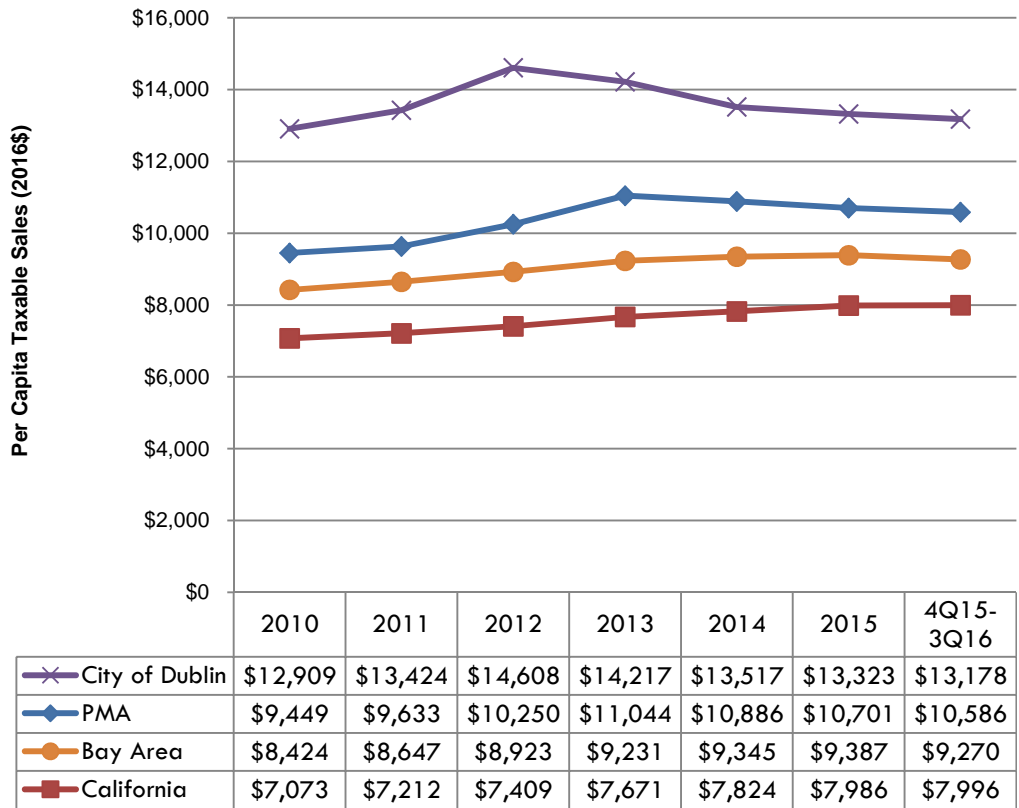
Per Capita Taxable Retail Sales

Total Per Capita Retail Sales

Per capita retail sales are an indicator of the relative strength of a locale as a retail destination; other factors being equal, higher per capita sales relative to a larger benchmark area point toward attraction of shoppers from outside the area, and lower per capita sales indicate that local shoppers are going elsewhere to make their purchases. As shown in Figure 7, inflation-adjusted annual per capita taxable retail sales for the key categories in the City of Dublin are higher than for the PMA, the Bay Area, or California. In the most recent annual period, for the City of Dublin the figure was \$13,178, compared to \$10,586 for the entire PMA, \$9,270 for the Bay Area, and \$7,996 statewide. Given that average household incomes in Dublin are in the same range as the PMA, as shown in Table 5, this is an indicator that the City of Dublin is a net attractor of retail shoppers. The lower levels for the Bay Area and California reflect the lower household incomes for those geographies.

While current inflation-adjusted per capita sales in the City of Dublin and the PMA were higher in 2016 than in 2010, they peaked at higher levels between 2010 and 2016. For the City of Dublin, the peak level was \$14,608 in 2012, and for the PMA, the peak was \$11,044 in 2013. Bay Area per capita sales also declined slightly between 2015 and 2016. However, despite the decline in the City's per capita taxable retail sales, the City still has per capita sales well above California, the Bay Area, or the PMA.

Figure 7: Per Capita Taxable Retail Sales Trends for Key Categories, 2010-2016



Notes: All sales shown in thousands of 2016 dollars. For details, see Appendix A.

Source: BAE 2017, based on sources as noted in Appendix A.

Per Capita Taxable Retail Sales by Major Store Category

The comparison of per capita retail sales by category indicates that the City of Dublin has relatively high per capita sales across most of the key retail categories (see Table 8). Sales are particularly high for the sector including IKEA, home furnishings and appliance stores, with per capita sales at 275 percent of Bay Area levels. This is a strong indicator that the City of Dublin is already a destination for furniture and appliance shoppers. In contrast, the PMA overall has per capita sales below the Bay Area in this category. For the PMA, per capita sales are comparatively highest for the clothing and clothing accessories category (see Figure 8). This is linked to the presence of the San Francisco Premium Outlets in the City of Livermore. The PMA, with its broad array of large general merchandise outlets including club warehouses, discount big box stores, and mall anchors, has sales in general merchandise stores at nearly 150 percent of the Bay Area level.

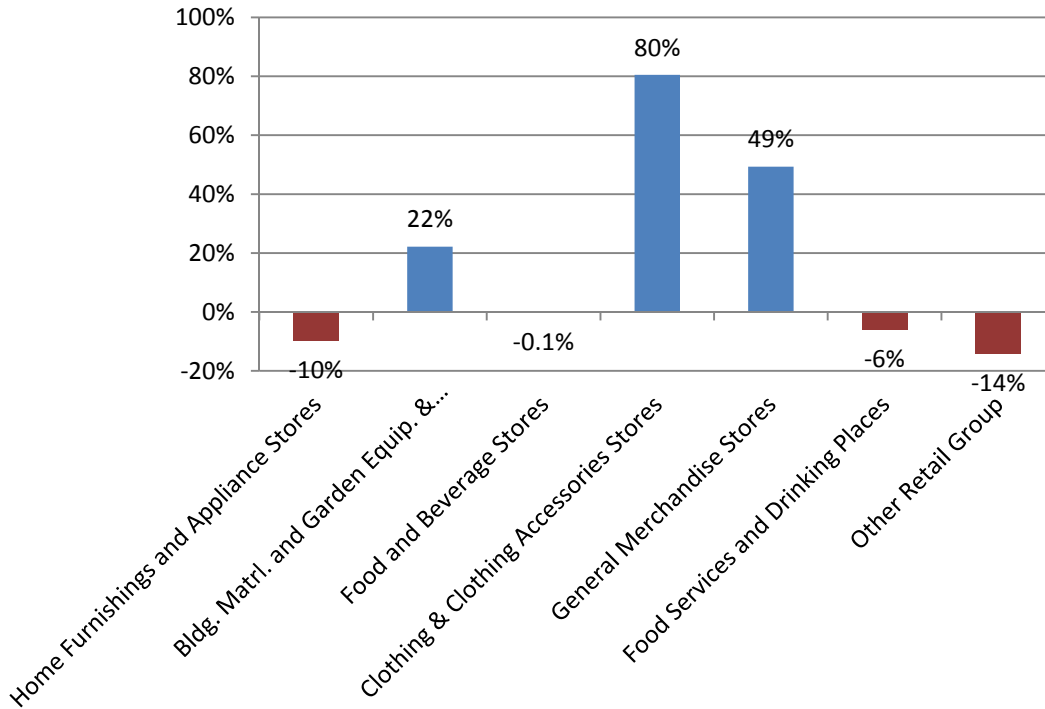
Table 8: Comparative Per Capita Taxable Retail Sales for Key Categories, 4Q15-3Q16

Sales per Capita in 2016 \$ (a) (b) (c)	City of Dublin	PMA (d)	Bay Area	California
Home Furnishings and Appliance Stores	\$2,570	\$843	\$933	\$757
Bldg. Matrl. and Garden Equip. & Supplies	\$1,544	\$1,253	\$1,026	\$893
Food and Beverage Stores	\$686	\$809	\$809.87	\$724
Clothing & Clothing Accessories Stores	\$1,513	\$2,203	\$1,221	\$1,003
General Merchandise Stores	\$1,250	\$1,738	\$1,164	\$1,233
Food Services and Drinking Places	\$3,293	\$2,306	\$2,451	\$1,977
Other Retail Group	\$2,320	\$1,432	\$1,666	\$1,410
Key Categories Total	\$13,178	\$10,586	\$9,270	\$7,996

(a) Retail sales have been adjusted to 2016 dollars based on the Bay Area Consumer Price Index, from the U.S. Bureau of Labor Statistics (BLS) or the California Consumer Price Index, derived by the State Department of Industrial Relations based on data from BLS. Totals may not sum from components due to independent rounding.
 (b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales. Also excludes motor-vehicle related sectors.
 (c) Per capita sales calculated based on sales divided by population. Population from CA State Dept. of Finance.
 (d) Due to data availability issues, PMA sales include only sales for incorporated places within the Market Area, and population estimate is only for incorporated places.

Sources: State Dept. of Finance; State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; BAE, 2017.

Figure 8: Per Capita Sales in the PMA as Percent of Bay Area Per Capita Sales



Notes: Chart shows 4Q 2015- 3Q 2016 per capita sales by category relative to the Bay Area; e.g., per capita general merchandise store sales in the Market Area are 49 percent above Bay Area benchmark. Includes only taxable sales. For additional detail, see Appendix A.

Sources: State Dept. of Finance; State Board of Equalization; U.S. Bureau of Labor Statistics; BAE, 2017.

Leakage Analysis

Overview of Methodology

Retail leakage analysis compares actual retail sales in an area with a selected benchmark that provides a measure of the potential sales generated by that area's residents. If sales levels are below the predicted level, the area may be able to support increased sales, either through the opening of new outlets targeting those leakages or a repositioning of existing outlets such that they could capture that leakage.

A lower-than-predicted sales volume is a strong indicator that consumers are traveling outside the area to shop; thus, the sales are “leaking” out of the study area. Conversely, if the area shows more sales than would be expected from the area's characteristics, there are sales “injections” into the study area. Often, an injection of sales indicates that the study area is serving as the regional shopping destination for a broader area. On the other hand, if an area shows substantial leakage, it may be due to the presence of a region-serving retail node outside but near the study area capturing those “leaked” sales. In such a case, the study area itself may not have sufficient population to support the region-serving retail, so those sales cannot necessarily expect to be captured within the study area.

There are a number of factors that can be used to predict sales levels, with the two most important factors being the number of persons or households in the area and the disposable income available to that population. Additional factors influencing retail spending in an area include household type, age of population, number of workers in the area (i.e., daytime population), tourism expenditures, tenure patterns (owner vs. renter), and cultural factors.

For the purposes of this analysis, Bay Area per capita sales by major SBOE categories of retail stores and food service outlets are used as benchmarks in assessing whether the PMA has injections or leakages of retail sales (see Table 9). Even though the Proposed Project may not include all of the major retail outlet types, it is important to consider the entire retail market, as a measure of the general robustness of the market, since any vacancy potentially linked to the project could be re-tenanted by a different type of outlet.

For the most part, Bay Area consumers are likely to spend their retail dollars within the region, so for the purpose of retail analysis the region is relatively self-contained. This benchmark is conservative in that the PMA has higher income levels than the Bay Area overall, so market potential will be more conservatively estimated. Estimates of taxable sales as discussed above have been adjusted to estimate additional non-taxable sales (e.g., groceries for home consumption). Additionally, sales have been estimated for the non-incorporated portions of the PMA (including Castro Valley, Alamo, and Blackhawk)

based on 2012 Economic Census data to provide a total for the entire PMA. For comparison purposes, overall California sales per capita are also shown.

Table 9: Benchmarks for Leakage Analysis

Sales per Capita in 2016 \$ (a) (b) (c)	PMA (d)	Benchmark (Bay Area)	California
Home Furnishings and Appliance Stores	\$651	\$933	\$757
Bldg. Matrl. and Garden Equip. & Supplies	\$976	\$1,026	\$893
Food and Beverage Stores	\$2,453	\$2,700	\$2,412
Clothing & Clothing Accessories Stores	\$1,666	\$1,221	\$1,003
General Merchandise Stores	\$1,713	\$1,552	\$1,644
Food Services and Drinking Places	\$2,088	\$2,723	\$2,196
Other Retail Group	\$1,607	\$2,221	\$1,880
Key Retail Categories Total	\$11,154	\$12,375	\$10,785

(a) Retail sales have been adjusted to 2016 dollars based on the Bay Area Consumer Price Index, from the U.S. Bureau of Labor Statistics (BLS) or the California Consumer Price Index, derived by the State Department of Industrial Relations based on data from BLS. Adjustments have been made to account for nontaxable sales. Totals may not sum from components due to independent rounding.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) Per capita sales calculated based on sales divided by population. Population from CA State Dept. of Finance, except for PMA, which is from Esri.

Sources: State Dept. of Finance; State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; 2012 Economic Census; BAE, 2017.

The results of the leakage analysis are summarized in Figure 9 and Table 10, with detail on this analysis provided in Appendix B.

Primary Market Area Leakage Analysis

The PMA shows estimated leakages of retail sales in several of the key categories, including home furnishings and appliance stores, the category for the IKEA store, and food services and drinking places, which includes restaurants as assumed for much of the lifestyle portion of the project. There are also leakages for building materials and garden equipment and supplies, food and beverage stores, and the other retail group, which includes a range of store types including pharmacies, sporting goods, books, pet supplies, and other specialty retail. On a per capita percentage basis, the home furnishings and appliance category shows the greatest leakage at 30 percent, while food services and drinking places and the other retail group show leakages of greater than 20 percent of resident expenditures.

For the general merchandise store and clothing and clothing accessories store categories, the PMA is outperforming the Bay Area. The extremely strong apparel-related sales are linked to the outlet mall in the City of Livermore; prior to its opening, the PMA lagged behind the Bay Area for clothing and clothing accessories. The PMA has a broad array of general merchandise stores that attract shoppers, ranging from

club warehouses to big box discounters to the traditional department stores at the Stoneridge Shopping Center.

Overall for the key categories, estimated leakages for the PMA total approximately \$862 million annually and injections total \$286 million.

Table 10: Summary of Leakage Analysis

<u>Store Category</u>	2017 Total Annual Retail Sales in \$000		2017 Total	2017 Per Capita	Injection/Leakage
	Estimated Sales in Area	Estimated Resident Expenditures	Injection/ (Leakage) \$000	Injection/ (Leakage)	as % of Potential Sales
Home Furnishings and Appliance Stores	\$307,254	\$440,401	(\$133,147)	(\$282)	-30%
Bldg. Matr. and Garden Equip. & Supplies	\$460,328	\$483,933	(\$23,605)	(\$50)	-5%
Food and Beverage Stores	\$1,157,607	\$1,273,828	(\$116,220)	(\$246)	-9%
Clothing & Clothing Accessories Stores	\$785,989	\$575,956	\$210,033	\$445	36%
General Merchandise Stores	\$808,303	\$732,250	\$76,053	\$161	10%
Food Services and Drinking Places	\$985,442	\$1,285,034	(\$299,592)	(\$635)	-23%
Other Retail Group	\$758,480	\$1,047,902	(\$289,422)	(\$613)	-28%
Total	\$5,263,404	\$5,839,304	(\$575,901)	(\$1,220)	-5%

All sales and leakages estimates are in 2016 dollars. For detail on methodology and sources, see Appendices.

Sources: BAE, based on sources as noted in supporting tables and appendices.

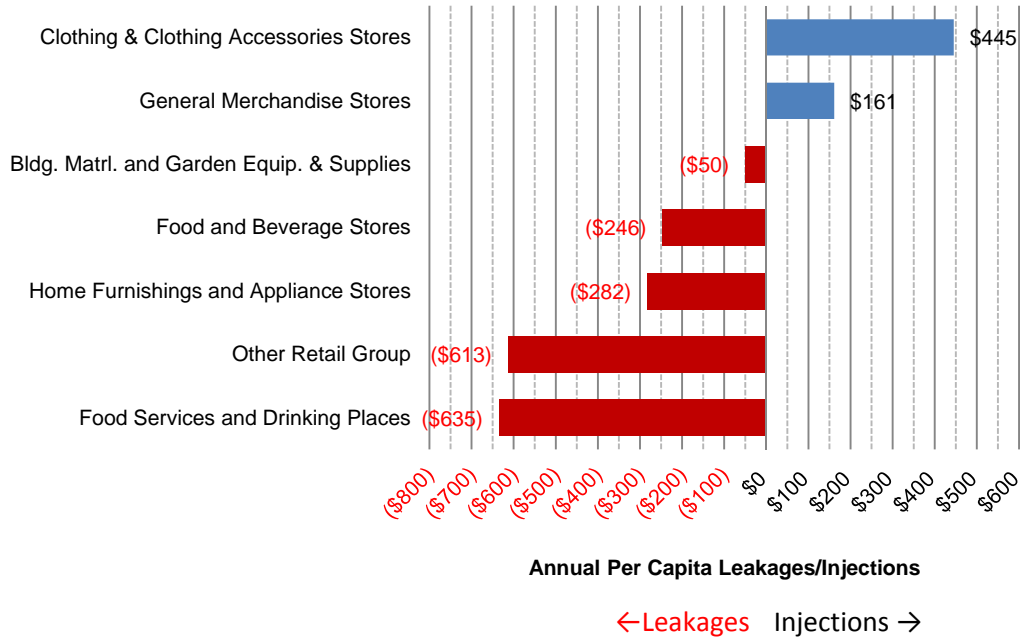
Secondary Market Area

The leakage analysis has been limited to the PMA, since it provides the majority of the shoppers coming from a less populous area. The current population of the PMA is estimated at 471,865, while the SMA population is over four times larger, at 2,191,044. Additionally, the SMA has estimated overall retail sales in the key categories at about 3.75 times those for the PMA,⁹ such that the proportion of demand that might be captured by the Proposed Project would not be substantial even if it were capturing from existing outlets rather than capturing leakage. For additional discussion, including estimates of Proposed Project sales generated by SMA residents, see the next section regarding impacts of the project.

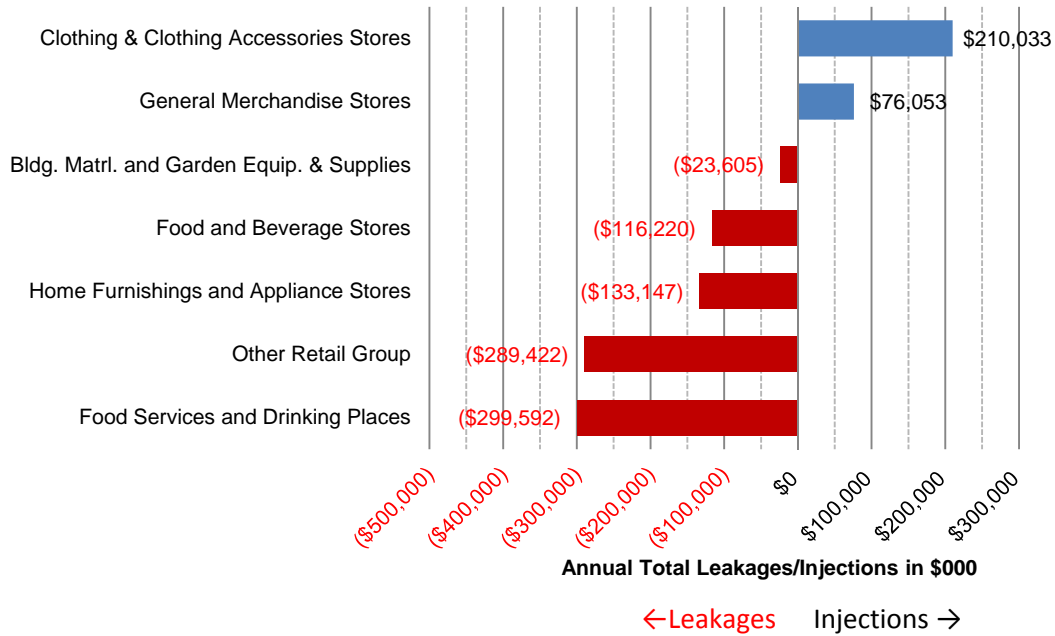
⁹ The ratio for retail sales is likely lower due in large part to the lower household incomes in the SMA vis-à-vis the PMA.

Figure 9: PMA Retail Sales Leakage for Key Categories

Annual Per Capita Retail Sales Injections and Leakages



Annual Total Retail Sales Injections and Leakages in \$000



Source: BAE Urban Economics, based on sources as noted in Appendices.

IMPACTS OF PROPOSED PROJECT ON EXISTING RETAIL OUTLETS

Overview

This chapter evaluates the impacts on sales at existing retail outlets with the Proposed Project in place. The impacts of the Proposed Project alone are considered first, followed by a discussion of cumulative impacts, which takes into consideration other under-construction and reasonably foreseeable proposed retail projects in the PMA. The chapter concludes with findings on urban decay.

Economic impacts resulting in the closure of large retail outlets have greater potential to lead to urban decay than closures of smaller stores, especially for large stores which anchor centers with other smaller retailers present. Vacancies in scattered smaller stores alone are less likely to result in a “downward spiral” to urban decay than the loss of the major anchor of a shopping center or district. Where closure occurs in a diffuse manner, the likelihood of a cumulative effect leading to urban decay is unlikely. Moreover, the retail market responds regularly to scattered small vacancies as part of the normal business cycle, so vacancy of any smaller retail space is far less likely to lead to urban decay.

The following analysis looks at two points in time; first in 2021, immediately following the planned opening date of the Proposed Project, and five years later in 2026, to assess cumulative impacts, including reasonably foreseeable proposed retail projects and the potential for changing demographics (i.e., increased population/customer base) to lessen any potential impacts from the project. As noted previously, the PMA is slated for long-term population growth through at least 2040.¹⁰

Home Location of Proposed Project Shoppers

The traffic analysis for the proposed project analyzed the distribution of shoppers for the existing IKEA stores in Emeryville and East Palo Alto, and found that these stores have extensive market areas, capturing shoppers from as far away as Gilroy (for East Palo Alto) and Sonoma County and eastern Contra Costa County for the Emeryville store. Only approximately half the trips to these stores were from 10 miles away or less, while 75 percent of the trips were 25 miles or less for the Emeryville store and 85 percent were 25 miles or less for the East Palo Alto store. The PMA and SMA definitions here were in part based on this information, taking into account also the location of the three existing stores in northern California. The PMA as defined here extends out beyond 10 miles and thus likely captures somewhat more than half its shoppers from within the

¹⁰ Long-term population projections as shown in Table 3 indicate that the population of the PMA will continue to grow in the years following 2026, and thus the area will show continued increases in retail spending based on current per capita expenditure patterns.

PMA, but does not extend out to 25 miles. Based on the existing IKEA store data, then, the PMA would be likely to account for 50 to 75 percent of the shoppers at the Proposed Project. The analysis here assumes approximately the midpoint of these percentages, at 60 percent of shoppers coming from within the PMA. In order to simplify the analysis, it is assumed that the remaining 40 percent come from the SMA. To the extent that projected sales would come from outside the two areas, the analysis may show greater PMA and SMA impacts than may actually occur. As an additional simplifying assumption for the urban decay analysis, it is assumed that there is no link between distance travelled to the Proposed Project and expenditure per shopper. In other words, all shoppers are assumed on average to spend the same dollar amount regardless of how far they travelled to get there.

Estimated Sales at Project Opening

BAE has made an estimate of the sales performance of the Proposed Project, as shown in Table 11. This estimate is derived from the fiscal impact analysis conducted for the project sponsor,¹¹ with very limited adjustments due to minor differences in the assumed square footage of the lifestyle component. The Proposed Project is estimated to achieve total annual sales of approximately \$166.5 million at full occupancy. This table also shows the estimated breakdown of sales by PMA and SMA. Approximately \$100 million in sales are assumed to come from PMA residents.

These sales estimates are conservatively based on stabilized operations at full performance levels; it is possible that early years would see lower levels of sales as the project reached stabilized benchmark performance levels, and thus impacts in early years of operation could be less than estimated here.

¹¹ *Fiscal and Economic Impacts of Proposed IKEA in Dublin, California*, August 22, 2017, Economic & Planning Systems, Inc. The figures used in that analysis are also consistent with BAE's own analysis of IKEA sales patterns as well as general performance standards for retail and restaurant uses.

Table 11: Estimated Retail Sales in Proposed Project

<u>Project Phase</u>	<u>Completion Date (a)</u>	<u>Square Feet (b)</u>	<u>Annual Sales per Square Foot</u>	<u>Estimated Sales in Proposed Project</u>
IKEA	2021	339,100	\$354	\$120,000,000
Lifestyle Retail	2021			
Retail		34,560	\$500	\$17,280,000
Restaurant		58,440	\$500	\$29,220,000
<i>Subtotal Lifestyle Retail</i>		93,000		\$46,500,000
Total		432,100		\$166,500,000
Sales to PMA Residents	60% of total			
IKEA				\$72,000,000
Lifestyle Retail				
Retail				\$10,368,000
Restaurant				\$17,532,000
<i>Subtotal Lifestyle Retail</i>				\$27,900,000
Total				\$99,900,000
Sales to SMA Residents	40% of total			
IKEA				\$48,000,000
Lifestyle Retail				
Retail				\$6,912,000
Restaurant				\$11,688,000
<i>Subtotal Lifestyle Retail</i>				\$18,600,000
Total				\$66,600,000

All sales estimates in 2016 dollars.

(a) Estimated opening in December 2020 for IKEA. Lifestyle retail is anticipated to begin opening at the same time. For the purposes of the urban decay analysis, it is assumed that the project will be fully occupied at stabilized sales in 2020.

(b) Per site plan. Actual built size may vary slightly.

Source: BAE, 2017, based on information from information provided by IKEA and the City of Dublin.

Potential Capture of Leakage by Proposed Project

As discussed previously, the PMA shows leakages of retail sales across multiple retail categories (see Table 10 above). Based on sales generated from the PMA, the proportion of leakage for home furnishings and appliance stores, food services and drinking places, and a combination of other key categories showing leakage in the PMA, the proportion of leakage captured is then calculated for 2021 and 2026 (see Table 12). Using the expected sales levels, this will indicate whether there is sufficient leakage to capture sales without cannibalizing from existing outlets.

As shown in Table 12, the IKEA store itself would capture approximately half of the PMA's leakage of sales for the home furnishings and appliance store category. Some of this would likely be captured from the existing IKEA stores. For the other two categories

of retail/food service outlets, the capture of leakage is six percent or less. Since full sales at stabilized rates were assumed, the leakage capture decreases slightly as the area's population grows between 2021 and 2026.

Table 12: Estimates of Sales Leakage Capture

2021			
<u>Store Category</u>	Injection/ (Leakage) (a)	Leakage Capture, Proposed Project	Additional Captured Sales (a)
Home Furnishings and Appliance Stores	(\$140,300,000)	51.3%	\$72,000,000
Food Services and Drinking Places	(\$315,600,000)	5.5%	\$17,500,000
All Other Key Categories with Leakage	(\$452,200,000)	2.3%	\$10,400,000
Total, 2021	(\$908,100,000)		\$99,900,000
.....			
2026			
<u>Store Category</u>	Injection/ (Leakage) (a)	Leakage Capture, Proposed Project	Additional Captured Sales (a)
Home Furnishings and Appliance Stores	(\$149,700,000)	48.1%	\$72,000,000
Food Services and Drinking Places	(\$336,900,000)	5.2%	\$17,500,000
All Other Key Categories with Leakage	(\$482,600,000)	2.2%	\$10,400,000
Total, 2026	(\$969,200,000)		\$99,900,000

Notes:

(a) Leakages and captures have been rounded to nearest \$100,000.

Source: BAE 2017, based on data from Esri, CA State Board of Equalization, 2012 Economic Census, City of Dublin, IKEA, and Fehr & Peers.

Capture of Sales from the Secondary Market Area

As discussed above, a complete leakage analysis was not completed for the SMA. This area has a much larger population base and retail sales base. Given the small capture for IKEA and the extremely small capture for the other key retail sectors as shown in Table 13, the impacts in the SMA are likely to be minimal and diffused throughout the area. As with the PMA, the IKEA is probably also going to capture sales currently going to other IKEA stores in the region.

Table 13: Estimates of Capture of Sales from Secondary Market Area

2021			
Store Category	Estimated Sales	Capture, Proposed Project	Sales in Project (a)
Home Furnishings and Appliance Stores	\$1,247,400,000	3.8%	\$48,000,000
Food Services and Drinking Places	\$3,104,200,000	0.4%	\$11,700,000
All Other Key Categories	\$10,692,100,000	0.1%	\$6,900,000
Total, 2021	\$15,043,700,000		\$66,600,000

2026			
Store Category	Estimated Sales	Capture, Proposed Project	Sales in Project (a)
Home Furnishings and Appliance Stores	\$1,310,400,000	3.7%	\$48,000,000
Food Services and Drinking Places	\$3,261,000,000	0.4%	\$11,700,000
All Other Key Categories	\$11,232,000,000	0.1%	\$6,900,000
Total, 2026	\$15,803,400,000		\$66,600,000

Notes:

All sales in 2016 dollars. Estimated sales based on per capita sales from most recently available data, multiplied by population in 2021 and 2026. See Appendix C.

(a) Sales estimates have been rounded to nearest \$100,000.

Source: BAE 2017, based on data from Esri, CA State Board of Equalization, 2012 Economic Census, City of Dublin, IKEA, and Fehr & Peers and other sources as noted in Appendix C.

Capture of Sales from Outside the Market Area

While the PMA and SMA will likely account for the majority of shoppers for the Proposed Project, market area boundaries are not absolute, and additional shoppers could be attracted from outside these defined market areas. However, for ease of analysis here, it is assumed that all sales at the Proposed Project are generated by residents of the PMA and SMA. In any case, customers living beyond the PMA and SMA would be very dispersed geographically, along with any possible impacts on retail sales at existing outlets. This provides for a conservative “worst case” analysis and may overstate actual project impacts

Summary of Impacts of Project Alone

In summary, the combination of the potential for the Proposed Project to recapture local consumer expenditures leaking from the PMA and the limited capture of sales from the PMA relative to the total size of that area, along with the overall increase in retail demand as the population grows, indicates that the Proposed Project alone would not lead to long-term closure of existing retail outlets or significant urban decay.

Even if a project initially causes retail vacancies due to increased competition, recovery and growth over time would provide strong incentives for owners to maintain vacated properties in good condition such that they are suitable for re-tenanting, even if there is some amount of lag time in the reuse process. Thus, if sales in existing outlets return to

current or near-current levels within a few years, the likelihood is that a vacant space would be kept in good order by the owner through the recovery period, or re-tenanted within a reasonable amount of time such that property owners would maintain their properties and not allow them to fall into disrepair. At the same time, any store closures would not necessarily result immediately upon the opening of the Proposed Project, but if they occur at all, would occur over a period of several years as competing businesses determine whether they can survive in a more competitive economic climate, taking into account long-term growth that could overcome any short-term losses. In the event an existing retail store is already operating at or near its margins or is otherwise struggling to stay open, the addition of a competitor to the marketplace could lead the store to close sooner than it would otherwise have done so. Beyond 2026, the potential entry of other retailers, changes in consumer shopping patterns, general economic conditions, and other factors would make any attempt at urban decay analysis highly speculative.

Cumulative Impacts

While the analysis indicates that the economic impacts of the project alone would not result in significant urban decay impacts per CEQA, the cumulative analysis for the proposed project must take into account other reasonably foreseeable projects in the PMA or elsewhere that might, in combination with the Proposed Project, result in cumulatively significant economic and urban decay impacts. To be considered in the cumulative analysis are projects which have been approved but not yet completed, and projects for which development applications have been filed, and may also include other potential projects which may have been announced but not yet formally proposed to the approving agency. Given the size of the PMA, any planned projects beyond its boundaries would have diffused impacts relative to the size of the PMA's current inventory, and thus would be unlikely to have substantial cumulative impacts linked to the Proposed Project.

As with the project analysis, the cumulative analysis for urban decay assesses impacts as of the assumed first full year of operations in 2021, and five years later in 2026. Since population is projected to increase after that date, along with retail spending power, and it is assumed that all the reasonably foreseeable projects will be open by the 2026, any impacts on sales that could result in urban decay will decline in later years. As a result, it is not necessary to assess cumulative urban decay impacts at a point in time past 2026.

Planned and Proposed Developments

Appendix D provides information gathered from PMA jurisdictions regarding other reasonably foreseeable retail development projects. Within the PMA but excluding the Proposed Project, BAE found approximately 1.8 million square feet of reasonably foreseeable non-motor-vehicle related retail in the pipeline.

With one exception, it is conservatively assumed here that these projects are all completed prior to the opening of the Proposed Project in December 2020, even when it is possible they may not be completed until after that date, so that the analysis assumes PMA would have to absorb this additional square footage as well as the Proposed Project by that time. To the extent these projects are delayed beyond that time, or the Proposed Project is delayed, impacts will be less due to population-generated growth in retail demand in the meantime. The exception to the assumption of project completion by 2021 is the 250,000 square foot commercial component of the Kaiser project in the city of Dublin. Given that at this point, a developer for this project is not known, it is unlikely that it will be complete by 2021. Furthermore, this project may not even be competitive retail, and there are other projects listed that may have non-retail tenants; for instance, some of the square footage shown for the under-development City Center project in the City of San Ramon will likely be occupied by a luxury movie theater rather than retail in the key categories. As a result, the actual square footage of additional competitive retail in the PMA may be lower than the 1.8 million square foot used in the analysis here.

Analysis

As noted just above, some of the space considered is still somewhat speculative (e.g., the Kaiser commercial component), or may be delayed past 2021, or never built, depending on market conditions and other factors, thus potentially lessening the Project's contribution to a cumulative impact.

Table 14 shows the assessment of the potential cumulative impacts of the reasonably foreseeable planned and proposed competitive retail space in the PMA, as specified above. Under this assumed scenario, the total new space including the Proposed Project would capture an estimated 7.9 percent of baseline retail sales in the PMA in 2021; this would decline to only 3.0 percent in 2026, with population and resulting demand growth more than making up for the additional 250,000 square feet of reasonably foreseeable development. Beyond 2026, demand would be able to support existing retail in the key categories along with the new development.

One key assumption in this analysis is that the Proposed Project is open and fully operational at stabilized sales levels in the first full year of operations. To the extent that lease up is gradual, and sales take more time to reach stabilized levels, the analysis here may overstate impacts in early years.

Table 14: Cumulative Sales Impacts in the Primary Market Area

All dollar amounts in thousands		Estimated 2021	Estimated 2026	Line #
Proposed Project Sales	(a)	\$166,500	\$166,500	1
Sales to Residents of PMA	(b)	\$99,900	\$99,900	2
\$ Capture from Existing Outlets	(c)	\$0	\$0	3
Capture from Leakage	(d)	\$99,900	\$99,900	4
<u>Sales in Additional Projects</u>				
Total New Retail SF in 000s	(e)	1,574	1,824	5
		Sales		
		per SF		
Total New Retail Sales in Additional Proposed Projects	(f)	\$786,778	\$911,778	6
Baseline Leakages	(g)	(\$908,100)	(\$969,200)	7
Capture of Leakage by Additional Projects	(h)	10%	(\$96,920)	8
Capture of Sales fr Outside PMA by Additional Projects	(i)	0%	\$0	9
Capture for Additional Proposed Projects from PMA Total	(j)	(\$695,968)	(\$814,858)	10
Net Change for Existing PMA Area Outlets in Given Year	(k)	(\$695,968)	(\$814,858)	11
Sales in Existing Outlets w/o Pipeline Projects	(l)	\$5,544,931	\$5,918,115	12
Estimated Baseline 2017 Sales Existing Outlets	(m)	\$5,263,404	\$5,263,404	13
Change from Baseline Year 2017 w/o Additional Retail or Proposed Project	(n)	\$281,528	\$654,712	14
Net Change from Baseline Sales	(o)	(\$414,440)	(\$160,146)	15
% Loss of Sales in Existing PMA Outlets due to Proposed Projects		-7.9%	-3.0%	16

All sales estimates in 2016 thousands of dollars. Consists of key categories as describe in text, excluding motor-vehicle related retail.

(a) From Table 11.

(b) From Table 11.

(c) Sales capture assumed from leakage.

(d) See Table 12.

(e) Square footages from Appendix D. Assumes Kaiser commercial component occurs after 2021.

(f) Sales per square foot based on assuming a broad mix of retail types. Total sales equals square footage (line 5) times sales per square foot.

(g) From Table 10.

(h) Line 7 times the capture rate in line 8. Assumes additional retail may also capture some of the leakage from the PMA. Even from a substantially larger total square footage, the total capture is assumed at only 10% of leakage, less than estimated for the Proposed Project.

(i) Line 6 times capture rate in line 9. While some of the additional projects are located near the PMA boundary and are likely to draw some of their customer base from outside the PMA, the analysis here conservatively assumes no capture from outside the PMA.

(j) Amount captured from existing store sales after taking into account leakage and sales capture from outside the area. Negative sum of Lines 6, 8, and 9.

(k) Lines 3 plus line 11.

(l) From Appendix B.

(m) From Appendix B.

(n) Line 12 less line 13.

(o) Lines 11 and 14.

(l) Line 15 divided by line 13.

Source: BAE, 2015, based on information from the jurisdictions in the Primary Market Area, State Board of Equalization, 2012 Census of Retail Trade, State Department of Finance, Esri, and other sources as cited in supporting tables.

The cumulative analysis indicates that the potential for long-term declines in sales in existing retail outlets overall is limited. Overall, increasing retail demand in the PMA should be strong enough over the long-term to absorb most of the reasonably foreseeable planned and proposed projects without significant impacts. Furthermore, both the Proposed Project and the other planned projects may delay construction or cut back on the amount of retail space if market conditions indicate an oversupply of space. For instance, even if it is not delayed outright, the Kaiser project commercial component could be developed in part as office space rather than solely retail if market conditions indicate that would lead to higher developer returns. Also, older and functionally obsolete retail spaces may be developed in different land uses that would reduce the area's total retail inventory.

Findings Regarding Urban Decay

As stated in the above Summary of this study, urban decay depends on a causal chain as follows:

- The project results in an economic impact so severe that stores might close as a result;
- Buildings and/or properties, rather than being reused within a reasonable time, would remain vacant;
- Such vacancies would be significant enough in duration to cause the buildings and/or properties to deteriorate; and
- Deterioration would occur on a substantial scale (i.e., in terms of the total square footage affected and/or the loss of key “anchor” tenants) such that the physical decline of the associated or nearby real estate could have a significant effect on the physical environment. Physical deterioration includes, but is not limited to, abandoned buildings and commercial sites, 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.

Proposed Project Alone

The analysis here finds that that even with the Proposed Project in place, the ability to capture substantial leakage and the growth in population in the PMA and SMA should result in increased retail demand such that existing retailers would still have sales above baseline 2017 levels with the Proposed Project in place (see discussion above). While adjustments in sales patterns could occur that could lead to closure of some retail outlets directly competitive with the Proposed Project, low retail vacancy rates in the PMA indicate that overall demand for space is strong enough that vacant space could be re-tenanted in the short-term, or redeveloped in a newer retail format or in other uses. Furthermore, the two larger vacant spaces in the City of Dublin, while

vacant, do not show signs of physical deterioration, indicating that property owners continue to maintain vacant properties with the assumption that they will be re-tenanted. Therefore, the Proposed Project would not result in urban decay.

Cumulative Impacts

Based on the above analysis, BAE finds that there are no significant urban decay impacts attributable to the Proposed Project along with other reasonably foreseeable projects. There is the potential for a temporary reduction in sales at existing retail businesses within the PMA when the project first opens, but impacts will decrease over time as the area continues to grow, and by 2026, sales will have recovered to only three percent below baseline levels. It is not possible to state with certainty that particular retail locations are going to be impacted by store closures, because the existing retailers can adjust their marketing strategies in response to new competition in such a way as to lessen losses; furthermore, the specific retail tenants and retail mix of the non-IKEA portion of the Proposed Project, and thus the particular retail locations that might be impacted, are not yet known. In fact, since over the long term the losses dissipate viable existing retail businesses on the whole should survive without closure. Furthermore, properties that become vacant may see conversion to other land uses. Beyond the Primary Market Area, impacts are likely to be diffused across a wide area such that impacts will not be significant.

BAE's own observations show that commercial and retail properties in the PMA, including vacant properties, are generally well maintained. BAE found little evidence of blighted retail buildings marred by broken windows, graffiti, rubbish, overgrown vegetation, or other indicators of urban decay. This suggests that both property owners and local governments are vigilant about preventing physical deterioration of the community. As noted above, the potential for urban decay is also lessened by the probability of market corrections as future conditions evolve. Retail spaces, including those in the Proposed Project, are often planned for development speculatively without commitment from potential tenants. Even if approvals have been obtained, without those commitments before breaking ground, developers may either cancel or delay projects, often due to the inability to obtain financing. In the absence of those commitments, projects may not move forward on the schedule assumed here, and projects may be delayed until market conditions improve. Failure to construct a retail property on the original schedule does not constitute urban decay.

In the event of closures due to short-term (or long-term) declines, in any market there are often retailers and other "second generation" tenants such as fitness centers trying to enter the market; these prospective tenants see vacant spaces, even large ones, as an opportunity.

As the leakage analysis indicates, there are “gaps” in the PMA’s retail mix, including home furnishings and appliances, restaurants and other food services, and specialty retail, which are the main store type categories in the Proposed Project. As long as there are opportunities for reuse of properties through re-tenanting of spaces or redevelopment in other uses, property owners are likely to continue to maintain vacated buildings to keep them available in the market, or otherwise redevelop the properties (in either retail or other uses) to meet changing market conditions, and the area will avoid significant urban decay. Therefore, since the overall market is strong enough such that any vacant space could be re-tenanting in the short term or redeveloped and physical deterioration would be avoided, impacts would be less than significant.

APPENDICES

Appendix A: Retail Sales Trends, 2010 to 2016

Dublin Taxable Retail Sales Trends, 2010-2016

Sales in 2016 \$000 (a) (b) (c)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$133,778	\$125,122	\$142,129	\$145,499	\$145,427	\$150,584	\$147,528
Bldg. Matrl. and Garden Equip. & Supplies	\$61,408	\$61,858	\$69,185	\$77,585	\$78,767	\$83,819	\$88,644
Food and Beverage Stores	\$28,812	\$30,331	\$30,679	\$30,876	\$31,596	\$36,904	\$39,377
Clothing & Clothing Accessories Stores	\$62,160	\$66,948	\$70,195	\$83,437	\$86,187	\$82,083	\$86,865
General Merchandise Stores	#	#	#	#	#	\$73,546	\$71,744
Food Services and Drinking Places	\$134,688	\$142,934	\$154,313	\$159,558	\$167,071	\$184,423	\$189,016
Other Retail Group	\$173,413	\$195,779	\$219,741	\$216,706	\$216,117	\$136,905	\$133,170
Retail Stores & Food Services Total	\$594,259	\$622,972	\$686,242	\$713,661	\$725,167	\$748,264	\$756,344

Sales per Capita in 2016 \$ (d)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$2,906	\$2,696	\$3,026	\$2,899	\$2,711	\$2,681	\$2,570
Bldg. Matrl. and Garden Equip. & Supplies	\$1,334	\$1,333	\$1,473	\$1,546	\$1,468	\$1,492	\$1,544
Food and Beverage Stores	\$626	\$654	\$653	\$615	\$589	\$657	\$686
Clothing & Clothing Accessories Stores	\$1,350	\$1,443	\$1,494	\$1,662	\$1,607	\$1,461	\$1,513
General Merchandise Stores	#	#	#	#	#	\$1,309	\$1,250
Food Services and Drinking Places	\$2,926	\$3,080	\$3,285	\$3,179	\$3,114	\$3,284	\$3,293
Other Retail Group	\$3,767	\$4,219	\$4,678	\$4,317	\$4,028	\$2,438	\$2,320
Retail Stores & Food Services Total	\$12,909	\$13,424	\$14,608	\$14,217	\$13,517	\$13,323	\$13,178

Population	46,036	46,408	46,976	50,197	53,648	56,164	57,394
-------------------	--------	--------	--------	--------	--------	--------	--------

Notes:

- (a) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
- (b) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category are dominated by one store. Suppressed sales are combined with "Other Retail Group."
- (c) Retail sales have been adjusted to 2016 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics.
- (d) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

Sources: CA State Dept. of Finance; CA State Board of Equalization; U.S. Bureau of Labor Statistics; BAE, 2017.

Livermore Taxable Retail Sales Trends, 2010-2016

Sales in 2016 \$000 (a) (b) (c)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$31,539	\$28,765	\$35,698	\$30,536	\$34,194	\$40,786	\$39,724
Bldg. Matrl. and Garden Equip. & Supplies	\$106,994	\$114,817	\$123,354	\$132,606	\$130,282	\$152,811	\$151,642
Food and Beverage Stores	\$60,955	\$59,709	\$71,516	\$72,939	\$72,949	\$73,574	\$74,249
Clothing & Clothing Accessories Stores	\$14,211	\$17,047	\$75,854	\$265,918	\$303,826	\$396,365	\$452,593
General Merchandise Stores	\$223,419	\$230,479	\$249,697	\$261,891	\$246,486	\$193,739	\$187,856
Food Services and Drinking Places	\$134,081	\$139,574	\$151,604	\$169,561	\$179,645	\$191,878	\$194,824
Other Retail Group	\$82,496	\$89,994	\$98,227	\$122,488	\$123,942	\$114,532	\$132,472
Retail Stores & Food Services Total	\$653,694	\$680,384	\$805,950	\$1,055,938	\$1,091,324	\$1,163,685	\$1,233,360

Sales per Capita in 2016 \$ (d)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$390	\$351	\$431	\$364	\$401	\$471	\$450
Bldg. Matrl. and Garden Equip. & Supplies	\$1,321	\$1,401	\$1,490	\$1,580	\$1,528	\$1,765	\$1,719
Food and Beverage Stores	\$753	\$729	\$864	\$869	\$856	\$850	\$842
Clothing & Clothing Accessories Stores	\$176	\$208	\$916	\$3,167	\$3,564	\$4,578	\$5,131
General Merchandise Stores	\$2,759	\$2,812	\$3,016	\$3,119	\$2,891	\$2,238	\$2,130
Food Services and Drinking Places	\$1,656	\$1,703	\$1,831	\$2,020	\$2,107	\$2,216	\$2,209
Other Retail Group	\$1,019	\$1,098	\$1,186	\$1,459	\$1,454	\$1,323	\$1,502
Retail Stores & Food Services Total	\$8,073	\$8,303	\$9,733	\$12,578	\$12,801	\$13,441	\$13,983

Population	80,968	81,948	82,804	83,954	85,250	86,578	88,207
-------------------	--------	--------	--------	--------	--------	--------	--------

Notes:

- (a) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
- (b) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category are dominated by one store. Suppressed sales are combined with "Other Retail Group."
- (c) Retail sales have been adjusted to 2016 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics.
- (d) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

Sources: CA State Dept. of Finance; CA State Board of Equalization; U.S. Bureau of Labor Statistics; BAE, 2017.

Pleasanton Taxable Retail Sales Trends, 2010-2016

Sales in 2016 \$000 (a) (b) (c)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$50,972	\$55,200	\$58,057	\$62,303	\$74,172	\$81,311	\$67,626
Bldg. Matrl. and Garden Equip. & Supplies	\$51,966	\$53,311	\$56,254	\$59,945	\$58,657	\$61,294	\$59,782
Food and Beverage Stores	\$64,578	\$68,480	\$72,437	\$74,102	\$71,650	\$69,704	\$69,384
Clothing & Clothing Accessories Stores	\$206,521	\$216,392	\$224,789	\$231,276	\$218,448	\$194,384	\$179,287
General Merchandise Stores	\$261,155	\$252,200	\$237,041	\$232,854	\$217,184	\$204,793	\$190,679
Food Services and Drinking Places	\$164,988	\$170,617	\$177,523	\$182,485	\$192,123	\$200,465	\$198,291
Other Retail Group	\$118,533	\$120,530	\$117,725	\$117,271	\$112,622	\$112,013	\$105,228
Retail Stores & Food Services Total	\$918,713	\$936,731	\$943,825	\$960,238	\$944,855	\$923,965	\$870,277

Sales per Capita in 2016 \$ (d)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$725	\$780	\$815	\$870	\$1,023	\$1,094	\$901
Bldg. Matrl. and Garden Equip. & Supplies	\$739	\$753	\$790	\$837	\$809	\$824	\$797
Food and Beverage Stores	\$919	\$967	\$1,017	\$1,035	\$988	\$938	\$925
Clothing & Clothing Accessories Stores	\$2,938	\$3,056	\$3,157	\$3,229	\$3,013	\$2,615	\$2,389
General Merchandise Stores	\$3,716	\$3,561	\$3,329	\$3,251	\$2,995	\$2,755	\$2,541
Food Services and Drinking Places	\$2,347	\$2,409	\$2,493	\$2,548	\$2,650	\$2,696	\$2,642
Other Retail Group	\$1,686	\$1,702	\$1,653	\$1,637	\$1,553	\$1,507	\$1,402
Retail Stores & Food Services Total	\$13,071	\$13,228	\$13,254	\$13,408	\$13,032	\$12,428	\$11,598

Population	70,285	70,813	71,213	71,618	72,505	74,344	75,040
-------------------	--------	--------	--------	--------	--------	--------	--------

Notes:

- (a) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
- (b) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category are dominated by one store. Suppressed sales are combined with "Other Retail Group."
- (c) Retail sales have been adjusted to 2016 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics.
- (d) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

Sources: CA State Dept. of Finance; CA State Board of Equalization; U.S. Bureau of Labor Statistics; BAE, 2017.

Danville Taxable Retail Sales Trends, 2010-2016

Sales in 2016 \$000 (a) (b) (c)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$14,692	\$23,898	\$24,285	\$15,491	\$12,813	\$12,618	\$10,556
Bldg. Matrl. and Garden Equip. & Supplies	\$11,652	\$11,012	\$11,318	\$10,991	\$12,062	\$12,404	\$12,054
Food and Beverage Stores	\$36,912	\$36,717	\$35,722	\$37,123	\$36,998	\$37,425	\$36,919
Clothing & Clothing Accessories Stores	\$27,519	\$28,543	\$28,643	\$30,707	\$30,426	\$28,240	\$27,000
General Merchandise Stores	#	#	#	#	#	\$87,004	\$85,015
Food Services and Drinking Places	\$74,904	\$81,443	\$84,718	\$88,597	\$93,401	\$96,906	\$99,007
Other Retail Group	\$186,457	\$186,724	\$191,100	\$191,912	\$189,103	\$62,040	\$60,367
Retail Stores & Food Services Total	\$352,136	\$368,337	\$375,785	\$374,820	\$374,803	\$336,636	\$330,918

Sales per Capita in 2016 \$ (d)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$349	\$565	\$576	\$367	\$301	\$294	\$244
Bldg. Matrl. and Garden Equip. & Supplies	\$277	\$261	\$268	\$261	\$283	\$289	\$278
Food and Beverage Stores	\$878	\$869	\$847	\$880	\$870	\$871	\$853
Clothing & Clothing Accessories Stores	\$655	\$675	\$679	\$728	\$715	\$658	\$624
General Merchandise Stores	#	#	#	#	#	\$2,026	\$1,964
Food Services and Drinking Places	\$1,782	\$1,927	\$2,009	\$2,101	\$2,195	\$2,256	\$2,287
Other Retail Group	\$4,435	\$4,418	\$4,531	\$4,551	\$4,444	\$1,445	\$1,395
Retail Stores & Food Services Total	\$8,376	\$8,715	\$8,911	\$8,888	\$8,809	\$7,838	\$7,645

Population	42,039	42,263	42,172	42,173	42,549	42,948	43,287
-------------------	--------	--------	--------	--------	--------	--------	--------

Notes:

- (a) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
- (b) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category are dominated by one store. Suppressed sales are combined with "Other Retail Group."
- (c) Retail sales have been adjusted to 2016 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics.
- (d) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

Sources: CA State Dept. of Finance; CA State Board of Equalization; U.S. Bureau of Labor Statistics; BAE, 2017.

San Ramon Taxable Retail Sales Trends, 2010-2016

Sales in 2016 \$000 (a) (b) (c)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$30,240	\$29,272	\$47,557	\$55,015	\$47,191	\$27,346	\$23,570
Bldg. Matrl. and Garden Equip. & Supplies	\$90,393	\$95,381	\$100,666	\$112,294	\$114,766	\$115,857	\$117,293
Food and Beverage Stores	\$55,953	\$56,062	\$58,509	\$58,627	\$58,054	\$57,811	\$57,352
Clothing & Clothing Accessories Stores	\$12,559	\$12,962	\$12,789	\$12,577	\$9,891	\$9,647	\$9,185
General Merchandise Stores	#	#	#	#	#	\$62,693	\$60,294
Food Services and Drinking Places	\$97,533	\$99,594	\$101,116	\$105,758	\$109,467	\$110,340	\$109,114
Other Retail Group	\$137,696	\$129,631	\$123,544	\$128,570	\$126,364	\$61,090	\$59,539
Retail Stores Total	\$424,374	\$422,902	\$444,180	\$472,840	\$465,733	\$444,784	\$436,347

Sales per Capita in 2016 \$ (d)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$419	\$400	\$638	\$724	\$613	\$351	\$299
Bldg. Matrl. and Garden Equip. & Supplies	\$1,253	\$1,302	\$1,351	\$1,478	\$1,492	\$1,486	\$1,490
Food and Beverage Stores	\$776	\$765	\$785	\$772	\$755	\$741	\$728
Clothing & Clothing Accessories Stores	\$174	\$177	\$172	\$166	\$129	\$124	\$117
General Merchandise Stores	#	#	#	#	#	\$804	\$766
Food Services and Drinking Places	\$1,352	\$1,360	\$1,357	\$1,392	\$1,423	\$1,415	\$1,386
Other Retail Group	\$1,909	\$1,770	\$1,658	\$1,692	\$1,643	\$783	\$756
Retail Stores Total	\$5,882	\$5,774	\$5,962	\$6,224	\$6,054	\$5,703	\$5,542

Population	72,148	73,248	74,500	75,976	76,925	77,991	78,729
-------------------	--------	--------	--------	--------	--------	--------	--------

Notes:

- (a) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
- (b) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category are dominated by one store. Suppressed sales are combined with "Other Retail Group."
- (c) Retail sales have been adjusted to 2016 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics.
- (d) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

Sources: CA State Dept. of Finance; CA State Board of Equalization; U.S. Bureau of Labor Statistics; BAE, 2017.

Primary Market Area Taxable Retail Sales Trends, 2010-2016

Sales in 2016 \$000 (a) (b) (c)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$261,222	\$262,258	\$307,726	\$308,843	\$313,797	\$312,644	\$289,004
Bldg. Matrl. and Garden Equip. & Supplies	\$322,413	\$336,379	\$360,776	\$393,420	\$394,535	\$426,185	\$429,415
Food and Beverage Stores	\$247,210	\$251,298	\$268,863	\$273,668	\$271,246	\$275,418	\$277,280
Clothing & Clothing Accessories Stores	\$322,970	\$341,892	\$412,271	\$623,915	\$648,779	\$710,719	\$754,930
General Merchandise Stores (b)	\$484,574	\$482,678	\$486,737	\$494,745	\$463,670	\$621,776	\$595,588
Food Services and Drinking Places	\$606,194	\$634,162	\$669,273	\$705,959	\$741,706	\$784,012	\$790,254
Other Retail Group (b)	\$698,594	\$722,657	\$750,337	\$776,947	\$768,148	\$486,580	\$490,776
Key Retail Categories Total	\$2,943,176	\$3,031,325	\$3,255,983	\$3,577,497	\$3,601,882	\$3,617,334	\$3,627,246

Sales per Capita in 2016 \$ (d)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$839	\$833	\$969	\$953	\$948	\$925	\$843
Bldg. Matrl. and Garden Equip. & Supplies	\$1,035	\$1,069	\$1,136	\$1,215	\$1,192	\$1,261	\$1,253
Food and Beverage Stores	\$794	\$799	\$846	\$845	\$820	\$815	\$809
Clothing & Clothing Accessories Stores	\$1,037	\$1,086	\$1,298	\$1,926	\$1,961	\$2,103	\$2,203
General Merchandise Stores	\$1,556	\$1,534	\$1,532	\$1,527	\$1,401	\$1,839	\$1,738
Food Services and Drinking Places	\$1,946	\$2,015	\$2,107	\$2,179	\$2,242	\$2,319	\$2,306
Other Retail Group	\$2,243	\$2,296	\$2,362	\$2,399	\$2,322	\$1,439	\$1,432
Key Retail Categories Total	\$9,449	\$9,633	\$10,250	\$11,044	\$10,886	\$10,701	\$10,586

Population	311,476	314,680	317,665	323,918	330,877	338,025	342,657
-------------------	---------	---------	---------	---------	---------	---------	---------

Notes:

- (a) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales. Also excludes motor-vehicle-related retail.
- (b) For 2010 through 2014, sales in general merchandise stores for Dublin, Danville, and San Ramon were not disclosed due to SBOE confidentiality rules. Non-disclosed sales for that category for those three cities are combined with "Other Retail Group" for those years.
- (c) Retail sales have been adjusted to 2016 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics.
- (d) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

Sources: CA State Dept. of Finance; CA State Board of Equalization; U.S. Bureau of Labor Statistics; BAE, 2017.

Bay Area Taxable Retail Sales Trends, 2010-2016

Sales in 2016 \$000 (a) (b) (c)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$6,393,840	\$6,617,960	\$6,811,853	6,764,520	\$6,906,884	\$7,098,682	\$7,138,104
Bldg. Matrl. and Garden Equip. & Supplies	\$6,123,448	\$6,299,279	\$6,599,624	7,191,082	\$7,438,917	\$7,845,338	\$7,843,675
Food and Beverage Stores	\$5,564,001	\$5,655,636	\$5,816,308	5,940,623	\$6,060,028	\$6,219,668	\$6,193,930
Clothing & Clothing Accessories Stores	\$7,580,952	\$8,096,088	\$8,607,667	9,156,689	\$9,403,095	\$9,520,077	\$9,335,198
General Merchandise Stores	\$10,484,392	\$10,663,712	\$10,780,749	10,791,918	\$10,543,958	\$9,278,625	\$8,901,334
Food Services and Drinking Places	\$13,817,926	\$14,625,091	\$15,481,320	16,399,696	\$17,371,905	\$18,516,817	\$18,745,257
Other Retail Group	\$10,271,614	\$10,477,175	\$11,043,312	12,061,550	\$12,225,891	\$12,614,458	\$12,738,443
Retail Stores & Food Services Total	\$60,236,174	\$62,434,939	\$65,140,833	\$68,306,078	\$69,950,679	\$71,093,666	\$70,895,942

Sales per Capita in 2016 \$ (d)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$894	\$917	\$933	\$914	\$923	\$937	\$933
Bldg. Matrl. and Garden Equip. & Supplies	\$856	\$872	\$904	\$972	\$994	\$1,036	\$1,026
Food and Beverage Stores	\$778	\$783	\$797	\$803	\$810	\$821	\$809.87
Clothing & Clothing Accessories Stores	\$1,060	\$1,121	\$1,179	\$1,237	\$1,256	\$1,257	\$1,221
General Merchandise Stores	\$1,466	\$1,477	\$1,477	\$1,458	\$1,409	\$1,225	\$1,164
Food Services and Drinking Places	\$1,932	\$2,026	\$2,121	\$2,216	\$2,321	\$2,445	\$2,451
Other Retail Group	\$1,436	\$1,451	\$1,513	\$1,630	\$1,633	\$1,666	\$1,666
Retail Stores & Food Services Total	\$8,424	\$8,647	\$8,923	\$9,231	\$9,345	\$9,387	\$9,270

Population	7,150,739	7,220,443	7,300,094	7,399,574	7,485,463	7,573,915	7,648,074
------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

Notes:

- (a) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
- (b) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category are dominated by one store. Suppressed sales are combined with "Other Retail Group."
- (c) Retail sales have been adjusted to 2016 dollars based on the Bay Area Consumer Price Index, U.S. Bureau of Labor Statistics.
- (d) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

Sources: CA State Dept. of Finance; CA State Board of Equalization; U.S. Bureau of Labor Statistics; BAE, 2017.

California Taxable Retail Sales Trends, 2010-2016

Sales in 2016 \$000 (a) (b) (c)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$25,305,400	\$25,842,662	\$26,459,095	\$26,849,706	\$27,555,905	\$29,163,347	\$29,652,928
Bldg. Matrl. and Garden Equip. & Supplies	\$27,846,809	\$28,567,802	\$29,413,722	\$31,360,452	\$32,475,490	\$34,419,700	\$35,006,208
Food and Beverage Stores	\$25,637,753	\$25,873,397	\$26,276,644	\$26,721,005	\$27,286,842	\$28,570,482	\$28,361,246
Clothing & Clothing Accessories Stores	\$30,678,157	\$32,443,013	\$34,687,371	\$36,894,995	\$38,206,208	\$39,305,935	\$39,289,092
General Merchandise Stores	\$52,118,183	\$52,850,243	\$53,596,372	\$54,342,975	\$53,968,801	\$49,463,139	\$48,313,417
Food Services and Drinking Places	\$57,697,082	\$60,015,012	\$63,288,216	\$66,330,577	\$70,415,312	\$75,558,002	\$77,459,059
Other Retail Group	\$44,206,468	\$45,136,026	\$46,949,265	\$50,809,488	\$51,894,390	\$54,288,857	\$55,261,730
Retail Stores & Food Services Total	\$263,489,853	\$270,728,155	\$280,670,685	\$293,309,199	\$301,802,948	\$310,769,463	\$313,343,679

Sales per Capita in 2016 \$ (d)	2010	2011	2012	2013	2014	2015	4Q15-3Q16
Home Furnishings and Appliance Stores	\$679	\$688	\$698	\$702	\$714	\$749	\$757
Bldg. Matrl. and Garden Equip. & Supplies	\$747	\$761	\$776	\$820	\$842	\$884	\$893
Food and Beverage Stores	\$688	\$689	\$694	\$699	\$707	\$734	\$724
Clothing & Clothing Accessories Stores	\$823	\$864	\$916	\$965	\$991	\$1,010	\$1,003
General Merchandise Stores	\$1,399	\$1,408	\$1,415	\$1,421	\$1,399	\$1,271	\$1,233
Food Services and Drinking Places	\$1,549	\$1,599	\$1,671	\$1,735	\$1,826	\$1,942	\$1,977
Other Retail Group	\$1,187	\$1,202	\$1,239	\$1,329	\$1,345	\$1,395	\$1,410
Retail Stores & Food Services Total	\$7,073	\$7,212	\$7,409	\$7,671	\$7,824	\$7,986	\$7,996

Population	2010	2011	2012	2013	2014	2015	2016
	37,253,956	37,536,835	37,881,357	38,238,492	38,572,211	38,915,880	39,189,035

Notes:

(a) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(b) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category are dominated by one store. Suppressed sales are combined with "Other Retail Group."

(c) Retail sales have been adjusted to 2016 dollars based on the Bay Area Consumer Price Index, from the U.S. Bureau of Labor Statistics (BLS) or the California Consumer Price Index, derived by the State Department of Industrial Relations based on data from BLS. Totals may not sum from components due to independent rounding.

(d) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

Sources: CA State Dept. of Finance; CA State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; BAE, 2017.

Appendix B: Leakage Analysis Detail

2017

Store Category	Baseline Per Capita Retail Sales (a)		2017 Total Annual Retail Sales in \$000 (c)		2017 Total Injection/ (Leakage) \$000	2017 Per Capita Injection/ (Leakage)	Injection/ Leakage as % of Potential Sales
	Estimated Sales in Area (a)	Estimated Resident Expenditures (b)	Estimated Sales in Area	Estimated Resident Expenditures			
Home Furnishings and Appliance Stores	\$651	\$933	\$307,254	\$440,401	(\$133,147)	(\$282)	-30%
Bldg. Matrl. and Garden Equip. & Supplies	\$976	\$1,026	\$460,328	\$483,933	(\$23,605)	(\$50)	-5%
Food and Beverage Stores	\$2,453	\$2,700	\$1,157,607	\$1,273,828	(\$116,220)	(\$246)	-9%
Clothing & Clothing Accessories Stores	\$1,666	\$1,221	\$785,989	\$575,956	\$210,033	\$445	36%
General Merchandise Stores	\$1,713	\$1,552	\$808,303	\$732,250	\$76,053	\$161	10%
Food Services and Drinking Places	\$2,088	\$2,723	\$985,442	\$1,285,034	(\$299,592)	(\$635)	-23%
Other Retail Group	\$1,607	\$2,221	\$758,480	\$1,047,902	(\$289,422)	(\$613)	-28%
Total	\$11,154	\$12,375	\$5,263,404	\$5,839,304	(\$575,901)	(\$1,220)	-10%

2021

w/o Proposed Project

Store Category

Store Category	Total Annual Retail Sales in \$000		Total Injection/ (Leakage) \$000	Per Capita Injection/ (Leakage)
	Estimated Sales	Potential Sales		
Home Furnishings and Appliance Stores	\$323,688	\$463,957	(\$140,269)	(\$282)
Bldg. Matrl. and Garden Equip. & Supplies	\$484,950	\$509,818	(\$24,867)	(\$50)
Food and Beverage Stores	\$1,219,525	\$1,341,962	(\$122,437)	(\$246)
Clothing & Clothing Accessories Stores	\$828,029	\$606,763	\$221,267	\$445
General Merchandise Stores	\$851,537	\$771,417	\$80,121	\$161
Food Services and Drinking Places	\$1,038,151	\$1,353,767	(\$315,616)	(\$635)
Other Retail Group	\$799,049	\$1,103,952	(\$304,903)	(\$613)
Total	\$5,544,931	\$6,151,636	(\$606,704)	(\$1,220)

2026

w/o Proposed Project

Store Category

Store Category	Total Annual Retail Sales in \$000		Total Injection/ (Leakage) \$000	Per Capita Injection/ (Leakage)
	Estimated Sales	Potential Sales		
Home Furnishings and Appliance Stores	\$345,473	\$495,183	(\$149,709)	(\$282)
Bldg. Matrl. and Garden Equip. & Supplies	\$517,588	\$544,129	(\$26,541)	(\$50)
Food and Beverage Stores	\$1,301,602	\$1,432,279	(\$130,677)	(\$246)
Clothing & Clothing Accessories Stores	\$883,757	\$647,599	\$236,159	\$445
General Merchandise Stores	\$908,847	\$823,334	\$85,513	\$161
Food Services and Drinking Places	\$1,108,021	\$1,444,878	(\$336,858)	(\$635)
Other Retail Group	\$852,827	\$1,178,250	(\$325,423)	(\$613)
Total	\$5,918,115	\$6,565,652	(\$647,537)	(\$1,220)

Notes:

All sales and leakages are in 2016 dollars.

(a) From Table 9.

(b) Estimated benchmark expenditures per capita derived from Bay Area per capita expenditure levels. See Table 9.

(c) Total sales = Sales/expenditures per capita times area population in designated year.

2017 Market Area Population 471,865 based on Esri.

2021 Market Area Population 497,104 based on Esri.

2026 Market Area Population 530,560 based on Esri.

2021 population has been estimated by applying the compound annual growth rate for the Market Area for the 2017 to 2022 period using Esri estimates. 2026 population estimate uses Nielsen 2022 as base, and extends the 2017-2022 compound annual growth rate to the 2022-2026 period.

Sources: CA State Board of Equalization; CA State Department of Finance; U.S. Bureau of Labor Statistics; U.S. Economic Census, 2012; Esri; BAE, 2015.

Appendix C: Secondary Market Area Taxable Retail Sales for Key Categories, 2016

Sales in 2016 \$000 (a) (b) (c)	4Q15-3Q16
Home Furnishings and Appliance Stores	\$1,186,373
Bldg. Matrl. and Garden Equip. & Supplies	\$2,057,749
Food and Beverage Stores	\$1,289,649
Clothing & Clothing Accessories Stores	\$1,558,653
General Merchandise Stores	\$3,054,569
Food Services and Drinking Places	\$2,952,308
Other Retail Group	\$2,208,203
Key Retail Categories Total	\$14,307,503

Sales per Capita in 2016 \$ (d)	4Q15-3Q16
Home Furnishings and Appliance Stores	\$547
Bldg. Matrl. and Garden Equip. & Supplies	\$949
Food and Beverage Stores	\$595
Clothing & Clothing Accessories Stores	\$719
General Merchandise Stores	\$1,409
Food Services and Drinking Places	\$1,362
Other Retail Group	\$1,019
Key Retail Categories Total	\$6,601

Population 2,167,575

Notes:

(a) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales. Also excludes motor-vehicle-related retail.

Taxable sales are for cities and towns in SMA in Alameda, Contra Costa, San Joaquin, and Solano Counties, and the entirety of Stanislaus County. For some small communities, sales in some categories may be with the other retail group due to SBOE disclosure rules.

(b) Retail sales have been adjusted to 2016 dollars based on the California Consumer Price Index from the CA Dept. of Industrial Relations, based on data from the U.S. Bureau of Labor Statistics.

(c) Per capita sales calculated based on sales divided by population. Population estimates from Esri.

Sources: CA State Dept. of Finance; CA State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; BAE, 2017.

Appendix D: Planned and Proposed Retail Projects in the PMA

Project/ Location	New Retail Square Footage	Comments
Under Construction		
<u>Dublin</u>		
Aster (Bay West Mixed Use) 7544 Dublin Blvd	17,000	313-unit apartment building with 17,000 sf of ground-floor commercial.
Fallon Gateway (Phase 3) 2880 Dublin Blvd	74,170	Construction of two sub anchor spaces: Lucky's and PetSmart.
<u>Livermore</u>		
The Shoppes at Livermore	120,850	Shopping center across the street from Premium Outlets.
Republic Square 2000 Freisman Rd	151,406	250,000-square-foot mixed use project with retail, restaurant, hotel and auto dealership uses. Includes 54,645 sf of restaurant uses and 96,761 sf of retail uses.
<u>Pleasanton</u>		
Spring Street Mixed Use Project 273 Spring St	1,101	Mixed use development with 4,074 sf of commercial (office/retail) and five residential apartments. Construction started March 2017.
Essex Site 1 (formerly BRE) Owens Dr and Willow Rd	5,700	Mixed use development with 251 residential units, 4 live/work units, and 5,700 sf of retail space.
Pacific Pearl 2693-2733 Stoneridge Dr	112,000	Grocery anchored community shopping center.
Vintage Retail Village 3150 Bernal Ave	33,647	Shopping center in a mixed use village containing 345 luxury apartments. The first commercial building opened in August 2016.
377 St. Mary's St	1,169	Conversion of an existing single-family residence into restaurant commercial use and construction of three new single-family residences.
<u>San Ramon</u>		
City Center (Phase 1) 6201 Bollinger Canyon Rd	300,000	Mixed use center including 489 residential units and shopping, dining, and entertainment uses.
2277 San Ramon Valley Blvd	-1,200 6,200	Building with restaurant, retail, and office uses.
2017 San Ramon Valley Blvd	17,000	Two buildings.
21001 San Ramon Valley Blvd	2,200	Starbucks coffee shop with a drive-thru.
<u>Danville</u>		
Retail on Railroad 302-312 Railroad Ave	10,500	Commercial (retail/office) building.
Approved (Construction Not Yet Commenced)		
<u>Dublin</u>		
Dublin Place 7300 Amador Plaza Rd	-13,500 17,000	Demolition of existing 13,500 sf building and construction of 3 new commercial pad buildings totaling 17,000 sf. Anticipated tenant mix is 35% retail and 65% restaurant uses.
Grafton Plaza Grafton St	34,500-55,400	Mixed use development with approximately 34,500-55,400 sf of retail, a 127-room hotel, and 115 residential townhomes.
Kaiser Dublin Medical Center (Commercial Component)	250,000	950,000 sf medical campus, including medical offices and 250,000 sf of commercial space. Commercial uses could include retail, office, and ancillary health-related facilities.
Grafton Station Dublin Blvd at Grafton St	118,000	Two retail pads at an existing shopping center anchored by Lowe's. Pad A is 100,000 sf and Pad E is 18,000 sf. Pad E includes 10,000 sf of restaurant.
The Shops at Tralee (Pad 1) 6633 Dublin Blvd	4,025	Pad at existing neighborhood center.

Appendix D, continued: Planned and Proposed Retail Projects in the Market Area

Project/ Location	New Retail Square Footage	Comments
<u>Livermore</u>		
2491 1st St	5,000	Second of two buildings in Downtown Livermore. Seeking restaurants and quick service food users. First building built and fully leased.
<u>Pleasanton</u>		
4791 Augustine St	948	Demolition of existing structures and construction of a mixed-use building with office/retail on first floor. Project includes three apartment units and three single-family homes.
TK Builders		
3 and 19 Wyoming St	21,060	21,060 sf commercial building to be occupied by a single tenant or up to seven tenants.
725 Main St	4,503	Commercial (restaurant/retail) building on vacant lot.
Rosewood Commons		
4400-4460 Rosewood Dr	7,520	Mixed use development with 305 residential units and 7,520 sf of retail space.
<u>San Ramon</u>		
Gateway Centre (Drive-Through)	2,200	Drive-through coffee shop at existing shopping center.
Gale Ranch Phase 4 Village Center		
Bollinger Canyon Rd & Dougherty Rd	125,000	Neighborhood center.
ROEM-SRVB Apartments		
2251 San Ramon Valley Blvd	6,146	Ground-floor commercial in mixed use residential project with 169 units.
Pending Approval		
<u>Dublin</u>		
Dublin Retail LLC 7080 San Ramon Rd	8,000	2,600 sf drive-thru coffee shop and 5,400 sf commercial building.
7505 Dublin Blvd	-5,000 9,000	Demolition of existing 5,000 sf building (formerly Coco's Bakery) and construction of new commercial pad building totaling 9,000 sf
<u>Livermore</u>		
Chick-fil-A 1754 North Livermore Ave.	4,634	New restaurant and drive-through
<u>Pleasanton</u>		
234, 300, and 310 Main St	10,900	Two new commercial buildings plus addition to an existing building.
Commercial Center		
6455 Owens Dr	-8,000 8,660	Demolition of existing restaurant building and construction of two commercial buildings totaling 8,660 sf.
Johnson Drive EDZ Project		
Costco (Club Retail)	148,000	EIR and General Plan Amendment approved Nov 2017. Final ordinance adoption planned for Dec 2017. Costco and 5,000 SF of other retail in near-term, remainder longer-term.
Other retail	184,037	
<u>San Ramon</u>		
Magnolia Square	-6,520 10,800	Demolition of existing restaurant building and construction of new 10,800 sf retail building at existing shopping center.
2015 Crow Canyon Pl	-6,500 10,500	Demolition of existing restaurant building and construction of new 10,500 sf commercial building.
Under Construction	851,743	
Approved, Construction not yet Commence	603,302	
Pending Approval	368,511	
Planned Net New Retail (square feet)	1,823,556	

Sources: Jurisdictions of the Primary Market Area; BAE, 2017.