

Market Overview for Edgewood Town Center

Fundamentals: Household Growth

Projections for change from 2009 to 2014 indicate strong household growth within a short set of drive times from Edgewood.

Households by Income	Household Change 2009 to 2014 by Drive Time			
	5 min	5 to 10 min	10 to 15 min	Totals
< \$15,000	23	210	839	1,072
\$15,000 - \$24,999	(17)	(34)	(17)	(68)
\$25,000 - \$34,999	(44)	(202)	(901)	(1,147)
\$35,000 - \$49,999	11	132	383	526
\$50,000 - \$74,999	252	1,180	2,993	4,425
\$75,000 - \$99,999	18	(180)	191	29
\$100,000 - \$149,999	41	575	2,438	3,054
\$150,000 - \$199,999	30	131	666	827
\$200,000+	13	69	420	502
Totals	327	1,881	7,012	9,220

Source: ESRI BIS

- The challenge is financing in the current economy, not market demand
- Project financing can be more difficult than individual mortgage financing
- Area growth is strongest in middle and upper income households

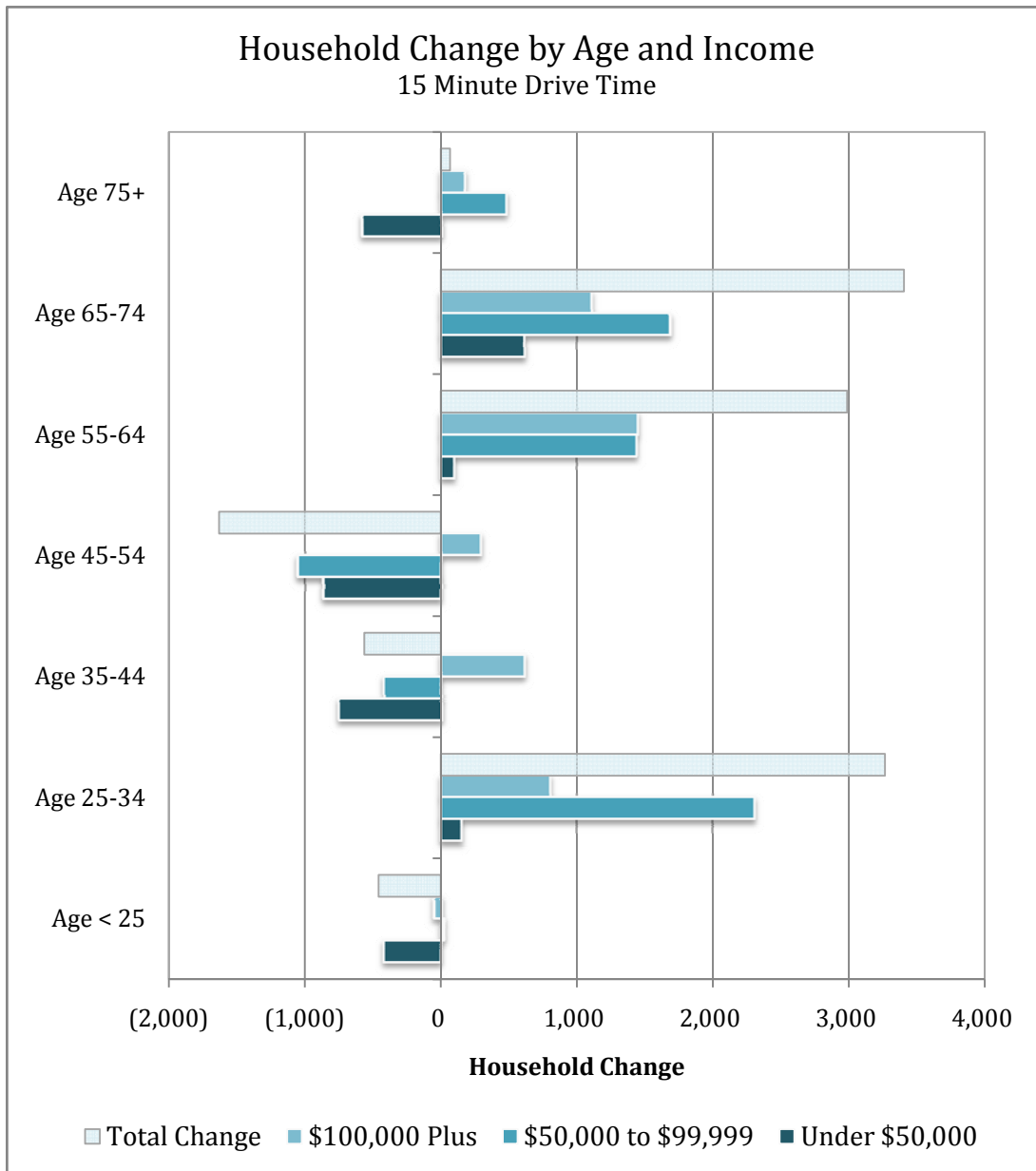
Change in Units by Drive Time by Tenancy 2009 to 2014*

	5 min	5 to 10 min	10 to 15 min	Totals
Owned Units	198	888	3772	4858
Rental Units	128	998	3236	4362
	326	1886	7008	9220

* Totals may not match total household change by age and income—household change and unit change are not completely equivalent

Source: ESRI BIS

- There is demand for rental units as well as owner occupied units
- Demand for rental is not restricted to lower income households



Source: ESRI BIS

Household growth in the local area is concentrated in households between 25 to 34 years of age and households over 55 years of age.

Greatest growth is in households with income between \$50,000 to \$99,999 per year, followed by households with income of \$100,000 or more.

This demographic split indicates a need for units of medium value and higher that will appeal to seniors and units for young households.

Retail Fundamentals

The following charts enumerate consumer spending by drive time from the center of Edgewood.

Town Center Retail Spending (Numbers in Thousands)	Change 2009 to 2014		
	5 Min Drive	5 to 10 Min	10 to 15 Min
Apparel and Services	\$849	\$4,922	\$20,568
Computers and Software	\$111	\$643	\$2,683
TV/Video/Sound	\$575	\$3,363	\$14,071
Pets	\$243	\$1,386	\$5,740
Toys, Sports Equip	\$135	\$786	\$3,270
Photo	\$56	\$321	\$1,332
Reading	\$81	\$445	\$1,850
Food/Beverage at Home	\$2,660	\$15,456	\$64,669
Restaurant	\$1,598	\$9,297	\$38,826
Drug	\$301	\$1,723	\$7,182
Eyeglasses	\$37	\$205	\$852
Household Furn/Equip/Supp	\$636	\$3,645	\$15,125
Lawn & Garden	\$197	\$1,076	\$4,420
Personal Care Products	\$187	\$1,097	\$4,584
School Books and Supplies	\$54	\$325	\$1,380
Smoking Products	\$201	\$1,217	\$5,157
Totals	\$7,995	\$46,341	\$193,520

2014 Town Center Retail Spending (Numbers in Thousands)	5 Min Drive	5 to 10 Min	10 to 15 Min
	Apparel and Services	\$12,228	\$54,528
Computers and Software	\$1,594	\$7,122	\$30,558
TV/Video/Sound	\$8,283	\$37,273	\$160,268
Pets	\$3,501	\$15,339	\$65,373
Toys, Sports Equip	\$1,946	\$8,714	\$37,242
Photo	\$812	\$3,550	\$15,174
Reading	\$1,162	\$4,922	\$21,065
Food/Beverage at Home	\$38,331	\$171,246	\$736,551
Restaurant	\$23,019	\$103,019	\$442,210
Drug	\$4,344	\$19,072	\$81,793
Eyeglasses	\$529	\$2,268	\$9,707
Household Furn/Equip/Supp	\$9,165	\$40,363	\$172,261
Lawn & Garden	\$2,834	\$11,887	\$50,339
Personal Care Products	\$2,691	\$12,162	\$52,215
School Books and Supplies	\$774	\$3,605	\$15,719
Smoking Products	\$2,896	\$13,510	\$58,743
Totals	\$115,204	\$513,383	\$2,204,100

Potential Capture of 2014 Consumer Spending

Town Center Retail Categories (Spending in Thousands)	5 Min Drive 10.0%	5 to 10 Min 2.5%	10 to 15 Min 1.0%	Total	Sales/SF	SF
Apparel and Services	\$1,223	\$1,363	\$2,343	\$4,929	\$350	14,082
Computers and Software	\$159	\$178	\$306	\$643	\$1,000	643
TV/Video/Sound	\$828	\$932	\$1,603	\$3,363	\$650	5,174
Pet Supplies	\$350	\$383	\$654	\$1,387	\$350	3,964
Toys, Sports Equip	\$195	\$218	\$372	\$785	\$350	2,243
Photo	\$81	\$89	\$152	\$322	\$500	643
Reading	\$116	\$123	\$211	\$450	\$350	1,285
Food/Beverage at Home	\$3,833	\$4,281	\$7,366	\$15,480	\$450	34,400
Restaurant	\$2,302	\$2,575	\$4,422	\$9,299	\$750	12,399
Drug	\$434	\$477	\$818	\$1,729	\$350	4,940
Eyeglasses	\$53	\$57	\$97	\$207	\$350	590
Household Fur/Equip/Supp	\$917	\$1,009	\$1,723	\$3,648	\$350	10,423
Lawn & Garden	\$283	\$297	\$503	\$1,084	\$350	3,097
Personal Care Products	\$269	\$304	\$522	\$1,095	\$350	3,129
School Books and Supplies	\$77	\$90	\$157	\$325	\$350	928
Smoking Products	\$290	\$338	\$587	\$1,215	\$2,000	607

The estimate of support for retail, based upon only a small percentage of capture, shows support for placement or some amount of retail in the town center. The highlights for retail are that:

- There may be support for a small alternative grocer
- There appears to be support for restaurants
- There is demand for apparel and related services
- Some categories that are typically combined, such as drugs, photo, personal care products and smoking products and beverages may allow support for a single retail outlet.
- Other categories result in square footage numbers too low to support a freestanding shop to compete effectively, such as computers or pet supplies

As with housing, a primary barrier to new business despite market trends is the current lack of financing. Many businesses with long-standing credit lines that are necessary to fund gaps between receivables and payables have had these credit lines removed and are unable to expand. New businesses are risky and are currently finding difficulty in financing and meeting equity requirements to allay risk.

Employment Space Fundamentals

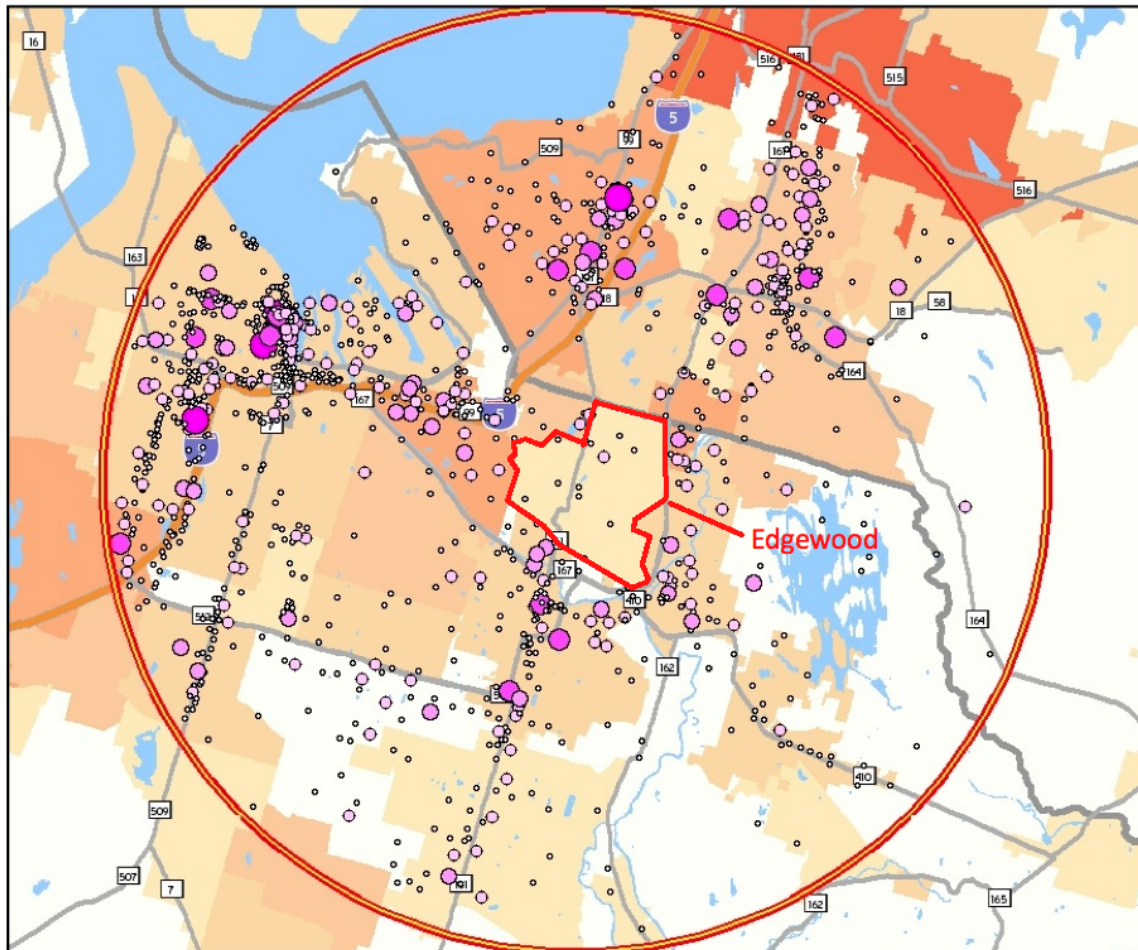
Employment in the Tacoma metropolitan statistical area has suffered with the national downturn in the economy, as shown in the table below (losses shown shaded).

Tacoma MSA Employment			
Sector	July 06	July 09	Change
Total Nonfarm	270,600	267,200	(3,400)
Total Private	217,400	210,500	(6,900)
Goods Producing	44,100	36,700	(7,400)
Service-Providing	226,500	230,500	4,000
Individual Sectors			
Natural Resources and Mining	400	400	-
Construction	23,400	19,900	(3,500)
Specialty trade contractors	14,200	13,000	(1,200)
Manufacturing	20,300	16,400	(3,900)
Trade, Transportation, and Utilities	53,700	52,400	(1,300)
Wholesale Trade	10,700	10,600	(100)
Retail Trade	31,500	31,200	(300)
Food and beverage stores	5,300	5,500	200
General merchandise stores	6,400	7,000	600
Transportation and Warehousing	11,500	10,600	(900)
Information	3,600	3,400	(200)
Financial Activities	14,700	12,800	(1,900)
Professional and Business Services	24,300	24,000	(300)
Administrative and waste services	14,600	13,000	(1,600)
Administrative and support services	13,600	11,600	(2,000)
Education and Health Services	37,700	40,600	2,900
Ambulatory health care services	13,000	14,100	1,100
Hospitals	8,700	10,200	1,500
Leisure and Hospitality	26,700	27,800	1,100
Food services and drinking places	21,400	21,400	-
Other Services	12,600	12,800	200
Government	53,200	56,700	3,500

Source: Washington State Employment Security Department

While this presents difficulty for most commercial real estate categories, there is still growth in Health Services and Other Services, indicating some potential for new space. There has been a proposal to build healthcare space in Edgewood and given employment trends this is the most likely sector of the local economy to complete such a project.

Currently, Edgewood has few employers in comparison to employment outside the city boundaries.



Source: *Local Employment Dynamics, US Census, 2006*

Given the condition of the local and national economy and financing constraints that have not yet eased, planning for some commercial space may be useful but employment space demand is unlikely to rise in the near term for a wide range of services.

Conclusions

- Underlying fundamentals for housing indicate demand over a five-year period that may be pent up for several years due to financial and economic uncertainty.
- Underlying demand for retail over the next five years exists, but again will likely be pent up until financial constraints ease and consumers experience more confidence in outlook.
- There is little or no demand for employment space other than in Health and Education Services.