CITY OF EDGEWOOD
RETAIL DEMAND ASSESSMENT
Technical Analysis

September 2016

Presented by Community Attributes to the City of Edgewood

cai community attributes inc

Community Attributes tells data rich stories about communities that are important to decision-makers.

Principal: Chris Mefford

Project Manager: Mark Goodman

Lead Analyst: Sudarshan Sampath

Community Attributes Inc.
1411 Fourth Ave, Suite 1401
Seattle, Washington 98101
www.communityattributes.com

Contents

1. Background & Research Topics

What We're Doing 3
Key Retail Trade Area Considerations 5

2. Retail Trade Area

Definition of a Retail Trade Area 7
Defining the Retail Trade Area in Edgewood 8
Demographics within Edgewood's Retail Trade Area 12

3. Retail Sales & Trade Capture

Retail Sales in Edgewood 19
Neighboring Retail Centers 21
Trade Capture 24

4. Retail Growth Scenarios

Population Growth 27
Regional and Local Forecasts 28
Historical, Current and Near-Term Growth Trends 29
Retail Growth Assessment 30
Trade Capture Growth Assessment 31
Retail Typologies 32

5. Key Takeaways

Current Retail Conditions 34
Retail Growth 35
Implementation Considerations 36

1. Background & Research Topics

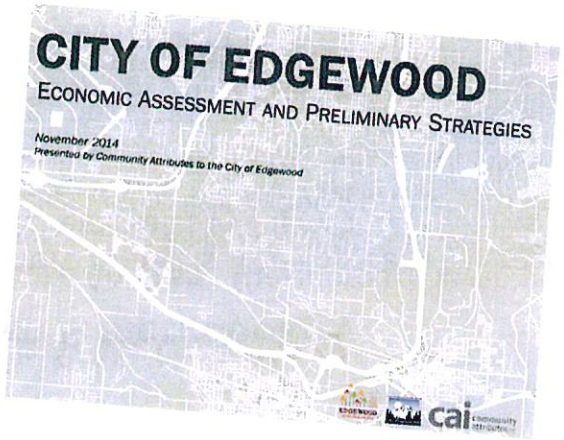
What We're Doing

Background

The City of Edgewood is re-examining its current Town Center regulations. As part of this process the City seeks to understand the potential impacts that code changes may have on development feasibility. Specifically, the City needs an assessment of overall retail demand within it's Primary Trade Area and to quantify what impact current and future population growth will have on the demand for retail space in the City. This in turn will help guide policy-level decisions related to development code requirements in the City's town center and beyond.

Previous Work

In 2014, Community Attributes Inc. (CAI) helped draft a preliminary economic development strategy for the City to help inform an understanding of the City's economy, real estate market and demographics. This economic development strategy was also designed to act as a tool that could leveraged to trigger the development of the City's economic development vision.



Key Research Topics

1. Retail Trade Areas

An overview of the retail landscape in Edgewood as well the key attributes of its retail trade area.

> A retail trade area is defined as the geographic area from which customers are most likely to come.

2. Retail Sales and Edgewood's Trade Capture

Analysis of retail sales and overall retail trade capture in the City of Edgewood.

> Edgewood's retail trade capture is also compared with neighboring cities retail trade capture to understand where Edgewood fall short.

3. Retail Growth Scenarios

Analysis of what retail in Edgewood could look like in the future and how much of that new retail could be supported by Edgewood's natural population growth.

> Focus on current retail trade capture as well as forecasted and realized population growth in the primary trade area

Approach & Methodology

Trade Capture Analysis. The approach leverages an analysis of total taxable retail sales in Edgewood as well as a comparison of per capita sales within Edgewood's primary trade area against neighboring cities per capita taxable retail sales. Also calculated is the average per capita retail sales across King, Pierce and Snohomish Counties which provides a baseline estimate of what the average resident in those counties typically spends in retail.

To evaluate trade capture the tri-county (King, Pierce, Snohomish) average per capita spending power by major retail category is established. This is compared to spending per capita in the City of Edgewood's primary retail trade area to evaluate the types of retail sales Edgewood the City is lacking. It also provides a basis to compare the Edgewood to other Cities and retail centers.

To further understand and leverage the trade capture analysis , the population forecast for Edgewood's primary trade area through 2040 is analyzed. In conjunction with the trade capture analysis, the population forecast helps calculate how much retail can be supported through anticipated population growth. The types of new retail establishments Edgewood could potentially plan for are described within a retail typology framework, which shows how much retail could be supported in terms of square feet along with examples of the size and form they might come in.

Data Sources

The taxable retail sales data for Edgewood and surround cities used in this analysis is taken from the Washington Department of Revenue. City population estimates are from the Washington Office of Financial Management (OFM).

The population forecast is calculated using the Puget Sound Regional Council's (PSRC) Land Use Vision small area forecasts. The annualized growth rate of the PSRC forecast is applied to calculate the expected population growth in the Edgewood primary trade area through 2040.

Hoover's business directory data for Edgewood is used in order to have a baseline understanding of Edgewood's current retail offerings and mix compared to other nearby Cities.

Study Limitations

The analysis is not an appraised valuation. Community Attributes is not a licensed appraiser and this analysis is not intended to be used as a valuation of property in the City of Edgewood. The analysis is an attempt to inform future policy decisions related to zoning requirements in the City's commercially zoned areas.

The analysis seeks to ground the planning effort in the realities of market conditions, while striving to identify opportunities consistent with the City's vision for the study area.

Key Retail Area Considerations

The following are important considerations in defining a specific location or a city's retail trade area. They represent criteria that both retailers and developers may consider when evaluating a new location or expansion option. For the purposes of the analysis and planning for future retail development it is important to consider Edgewood's relevant position and qualities in light of the attributes described.

- **Population of the community**: Generally the larger a community's population, the bigger the trade area.
- **Proximity of other competing business districts**: Typically there is a cut-off point where customers are drawn to the competing center instead of your community.
- **Mix of businesses** : A critical mass of a variety of businesses pulls customers from a further distance than a more limited mix of businesses.
- **Destination attractions**: A significant destination business (such as a large discount department store) or community attraction can expand a trade area—drawing customers from a long distance. However, a single business's trade area cannot be matched to the whole community. Rarely do other businesses match the pull of a prominent destination business.
- **Traffic patterns**: Each region has distinct traffic patterns strongly affected by its network of streets and highways, as well as major landforms such as rivers, lakes, and mountains.

2. Retail Trade Area

Definition of a Retail Trade Area

As the previous criteria emphasize, retail trade areas are dependent on a number of factors as well as the type of retail and geography one is considering. Defining a communities retail trade is valuable in that it provides a focused area from which customers and spending power are likely to be drawn from. Below is a definition of a retail trade area.

RETAIL TRADE AREAS:

The concept of a retail trade area has been used by analysts and practitioners in retail site evaluation and other market studies for a very long time...Retail trade area analysis focuses on locating and describing the target market. This knowledge is critical for both marketing and merchandising purposes, as well as for choosing new retail locations. In site evaluation, trade area analysis is combined with many operational requirements of the retail chain (Jones, Simmons 1993).

or put simply

A trade area is the geographic region that generates the majority of customers for a given commercial district retail location. It can also be thought of as the geographic area from which customers are most likely to come.

For the purposes of evaluating retail in Edgewood, retail trade areas are defined by the location of the City's retail locations and drive times from those sites (**see Exhibits 1-3**). The 5 minute drive time can be considered the City's Primary Trade Area and the 10 minute drive time can be considered the City's Secondary Trade Area. *It is important to note that trade areas vary greatly depending on their size, offerings and the patrons that they serve.*

Defining the Retail Trade Area in Edgewood

Exhibits 1 though 3 on the following pages illustrate the geographic concentrations and relative mix of retail in Edgewood and serve to define the City's retail trade area. The maps and associated boundaries provide context and build towards the City's estimated trade areas found in **Exhibit 3**. The trade area boundaries drive trade capture analysis and retail growth scenarios found later in the analysis.

Maps on following Pages:

- **Exhibit 1. Drive Times, Edgewood, 2016**
  Illustrates the relative drive times from the Edgewood's town center (5 and 10 minute drive times).

- **Exhibit 2. Retail Land Use Concentrations, Edgewood, 2016**
  Illustrates retail parcels in and around the City of Edgewood and highlights locations where shoppers are likely traveling to.

- **Exhibit 3. Retail Trade Areas, Edgewood, 2016**
  The City's primary and secondary trade areas are shown and are based both the location of existing retail concentrations and the drive times from the City's center.

Exhibit 1. Drive Times, Edgewood, 2016

Exhibit 1. illustrates the 5 and 10 minute drive times around the City of Edgewood. The 5-minute drive time around Edgewood represents the City's Primary Trade Area.

Many retail establishments that draw shoppers are under-represented within Edgewood's Primary Trade Area. For example, Food and Beverage Stores (which includes Grocery Stores) represent only 5% of all retail sales in Edgewood.

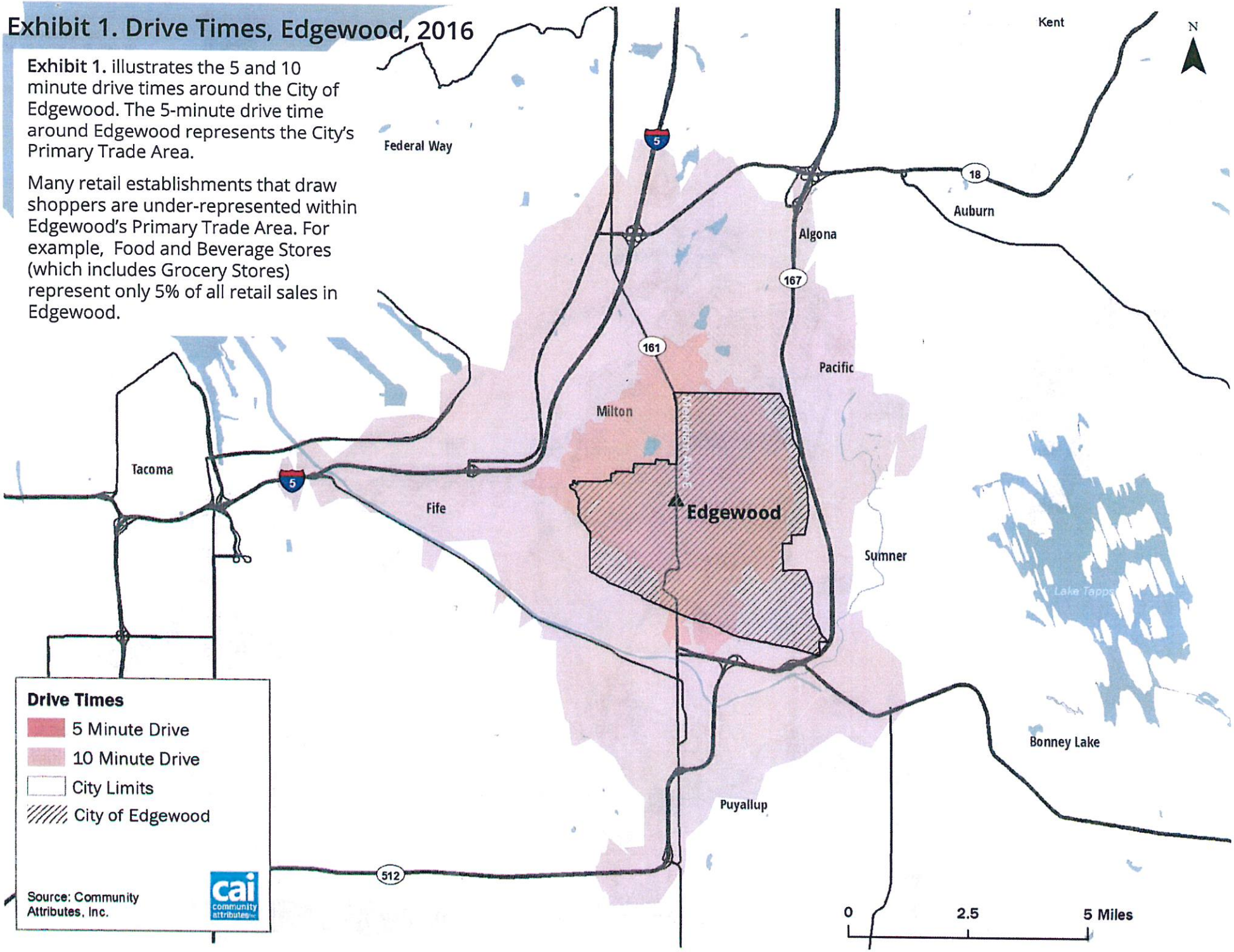


Exhibit 2. Retail Land Use Concentrations, Edgewood, 2015

Exhibit 2. is a map of local retail establishments and along the 5- and 10-minute drive times.

Most of the major retail centers lie outside of Edgewood's projected 5-minute drive time area. This means residents need to drive 10 minutes or more to find a variety of retail establishments.

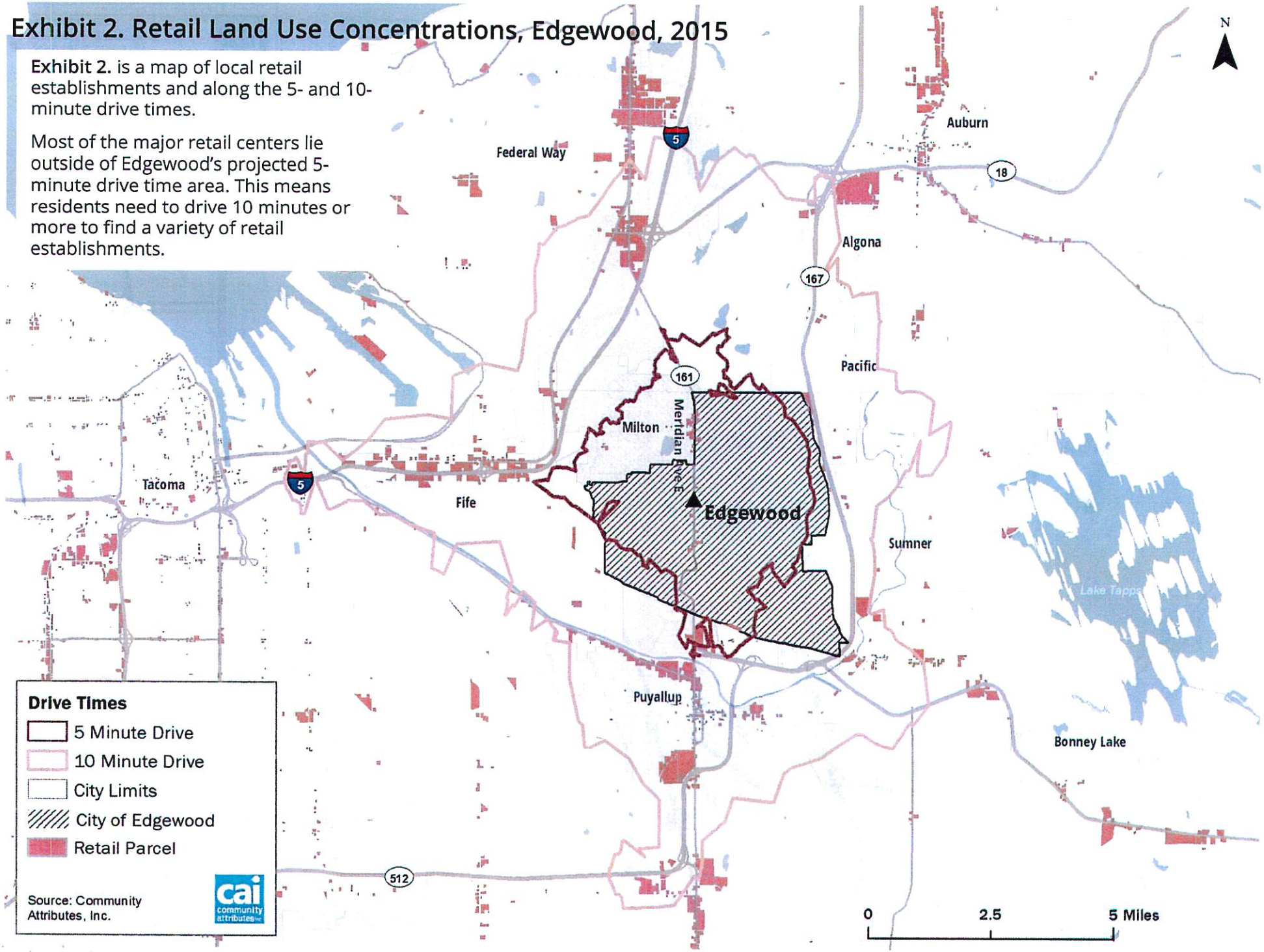
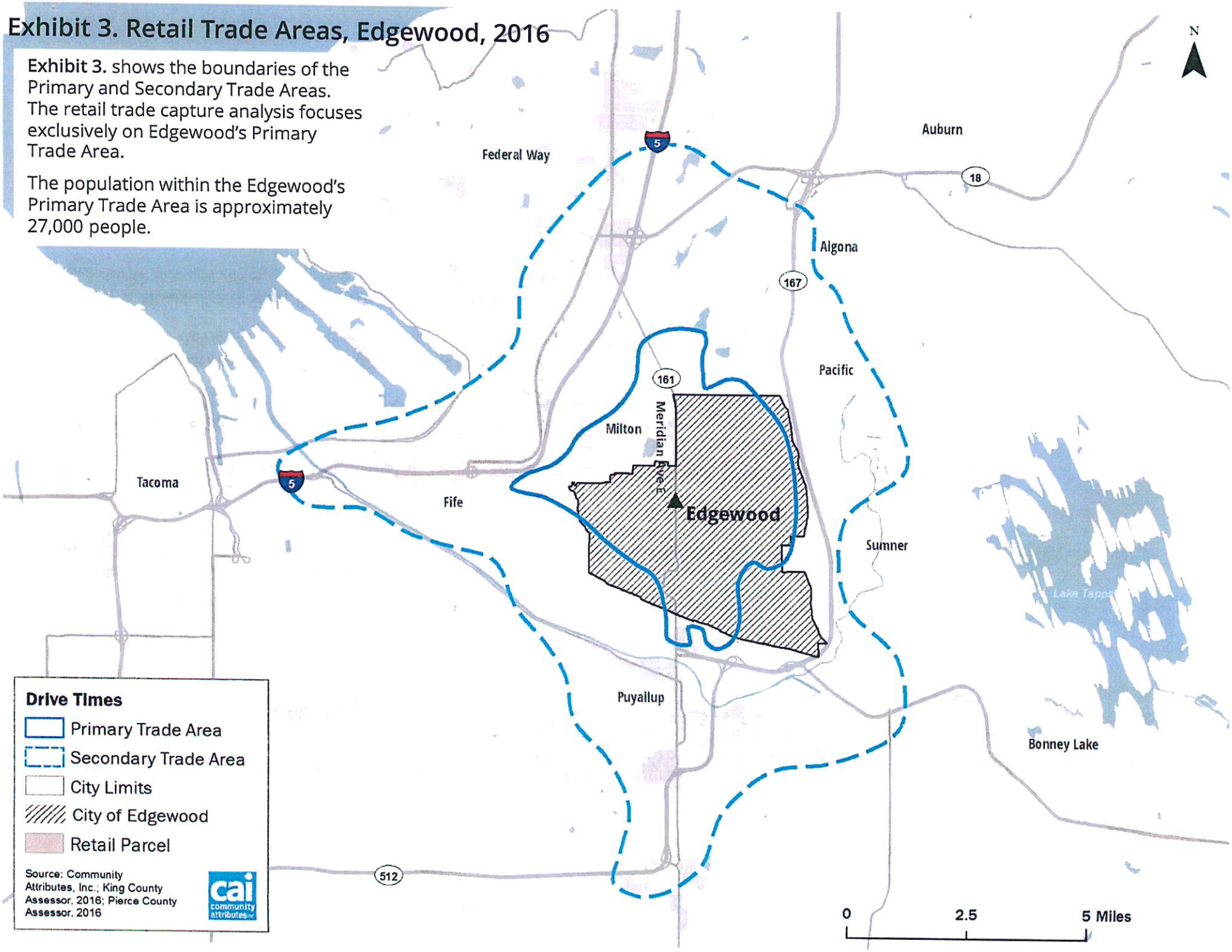


Exhibit 3. Retail Trade Areas, Edgewood, 2016

Exhibit 3. shows the boundaries of the Primary and Secondary Trade Areas. The retail trade capture analysis focuses exclusively on Edgewood's Primary Trade Area.

The population within the Edgewood's Primary Trade Area is approximately 27,000 people.



Demographics within Edgewood's Retail Trade Area

Exhibits 4 though 8 on the following pages illustrate important demographic indicators when that related to the City's retail trade area and overall market. Such indicators were also analyzed as part of the City's 2014 Economic Analysis and Preliminary Strategies report. The indicators provide important insight into the types of household living within the primary trade area and also shed light on the spending power of local residents.

Maps on following Pages

- **Exhibit 4. Population Density, Edgewood Area, 2016**
  Population density illustrates the relative concentration of people and spending power within a given area and is an important consideration for many retailers.
- **Exhibit 5. Housing Units Density, Edgewood Area, 2016**
  Similarly to population density, this illustrates the concentration of consumers near existing retail destinations.
- **Exhibit 6. Household Median Income, Edgewood Area, 2016**
  Median household incomes provides insights into household spending power.
- **Exhibit 7. Median Home Values, Edgewood Area, 2016**
  Median home values provides an additional perspective on potential household spending power.
- **Exhibit 8. Household Size, Edgewood Area, 2016**
  Household size provides perspective on household makeup and where family household may be more heavily concentrated.

Exhibit 4. Population Density, Edgewood Area, 2015

Exhibit 4. illustrates the population density per acre within the City of Edgewood's 5 and 10 minute drive times. Also includes are the population density of neighboring cities such as Milton, Puyallup and Federal Way

The population density within the City of Edgewood is relatively low as compared to it's surrounding communities but is rapidly changing with new multifamily development projects being delivered.

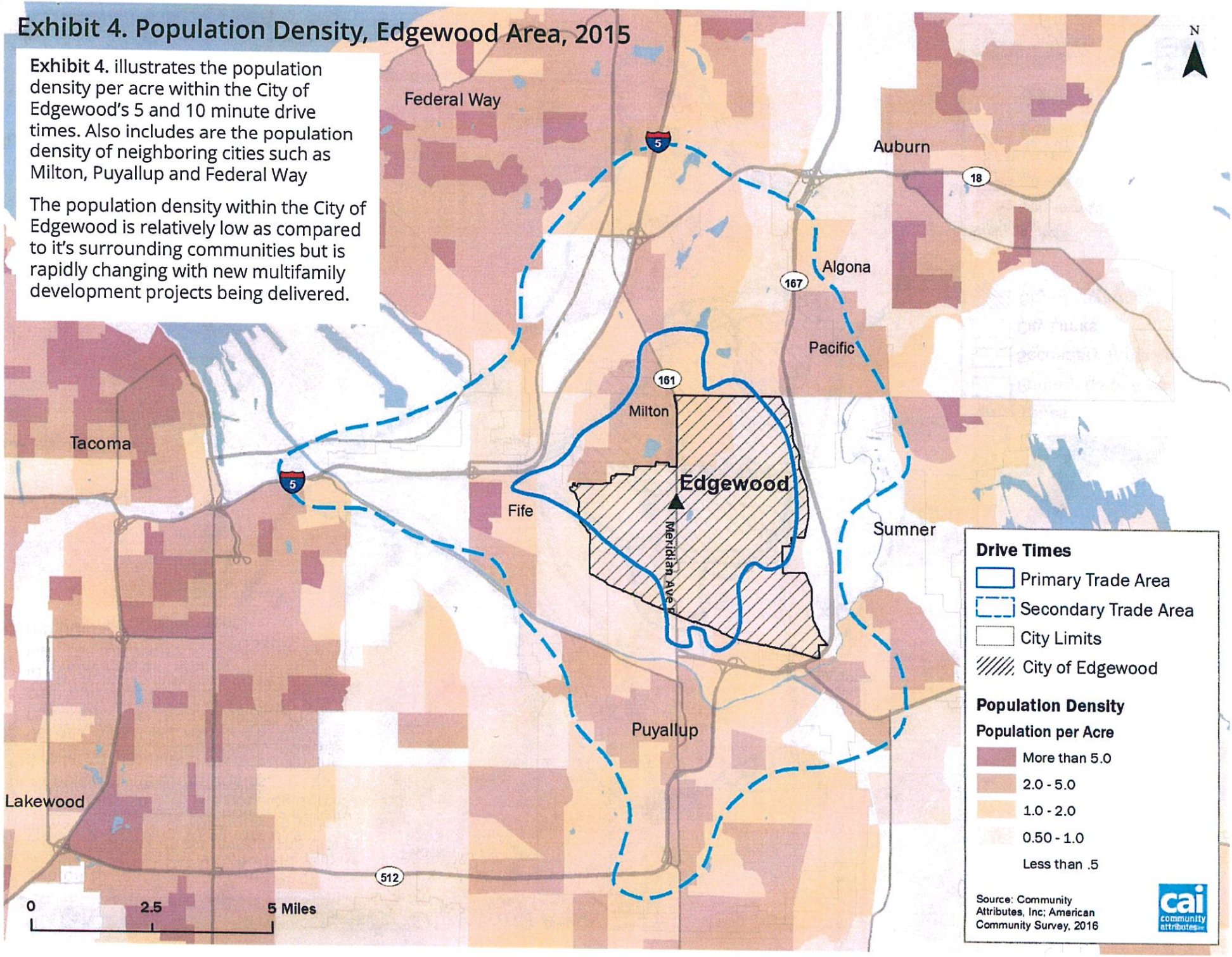


Exhibit 5. Housing Units Density, Edgewood Area, 2015

Exhibit 5. describes the number of housing units per acre within the City of Edgewood's 5 and 10 minute drive times coupled with the housing density of neighboring communities.

Similar to population density, housing density within the City of Edgewood is relatively lower than its neighboring communities. Housing density patterns in Edgewood will change dramatically with the forthcoming occupancy of new multifamily development.

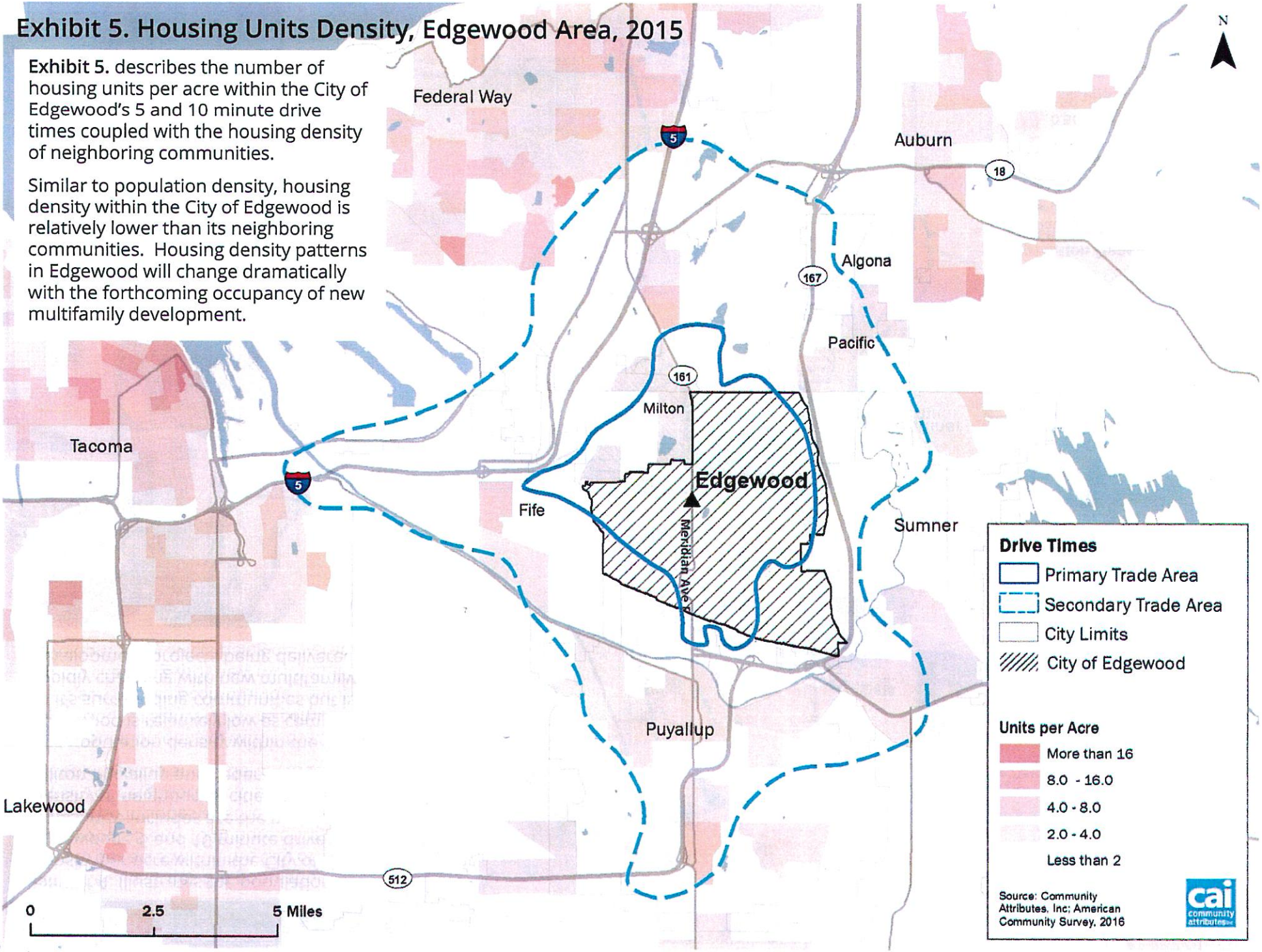


Exhibit 6. Household Median Income, Edgewood Area, 2015

Exhibit 6. shows the household median income within the City of Edgewood and neighboring cities.

Edgewood has a relatively higher household median income as compared to Milton, Puyallup and Federal Way.

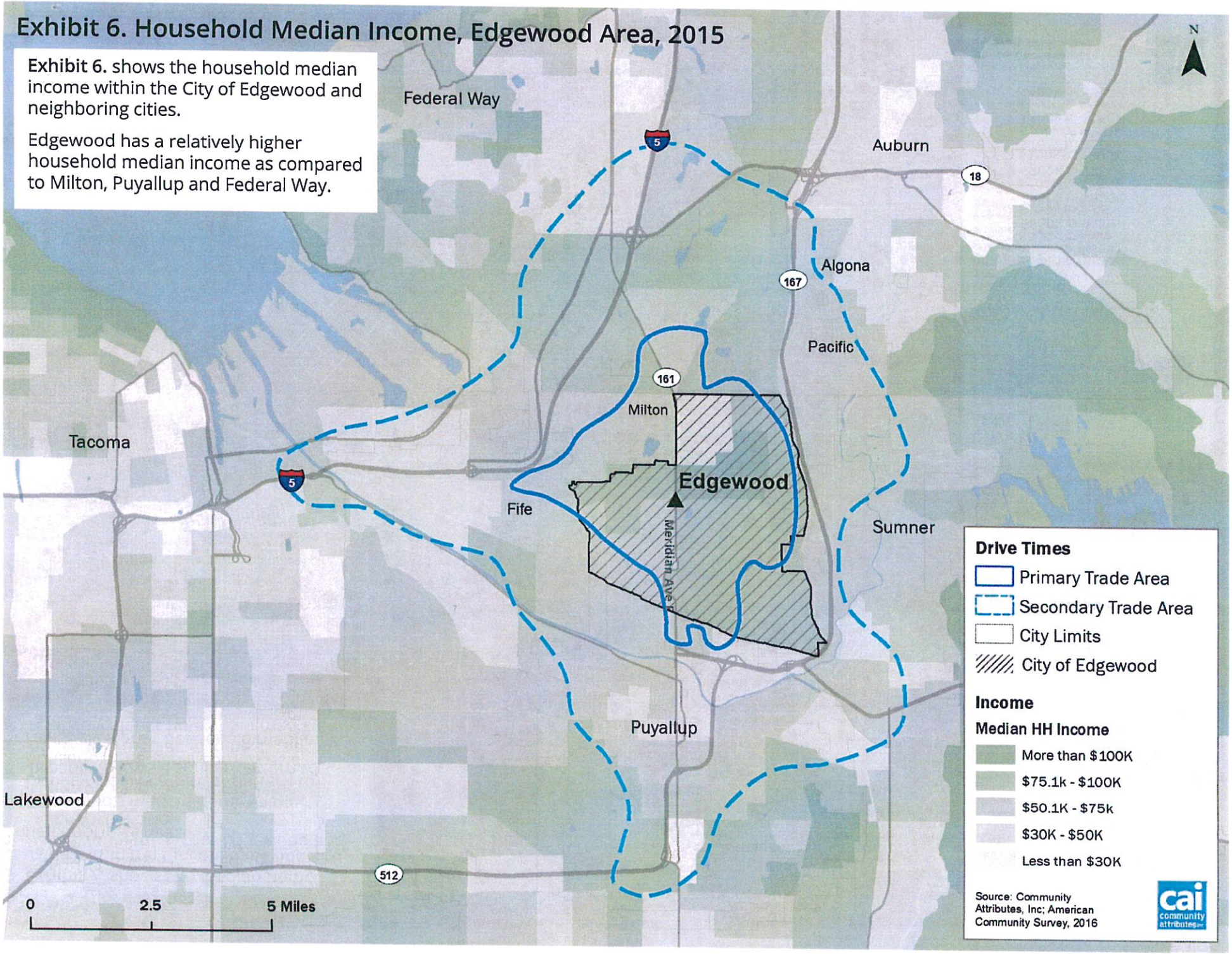


Exhibit 7. Median Home Value, Edgewood Area, 2015

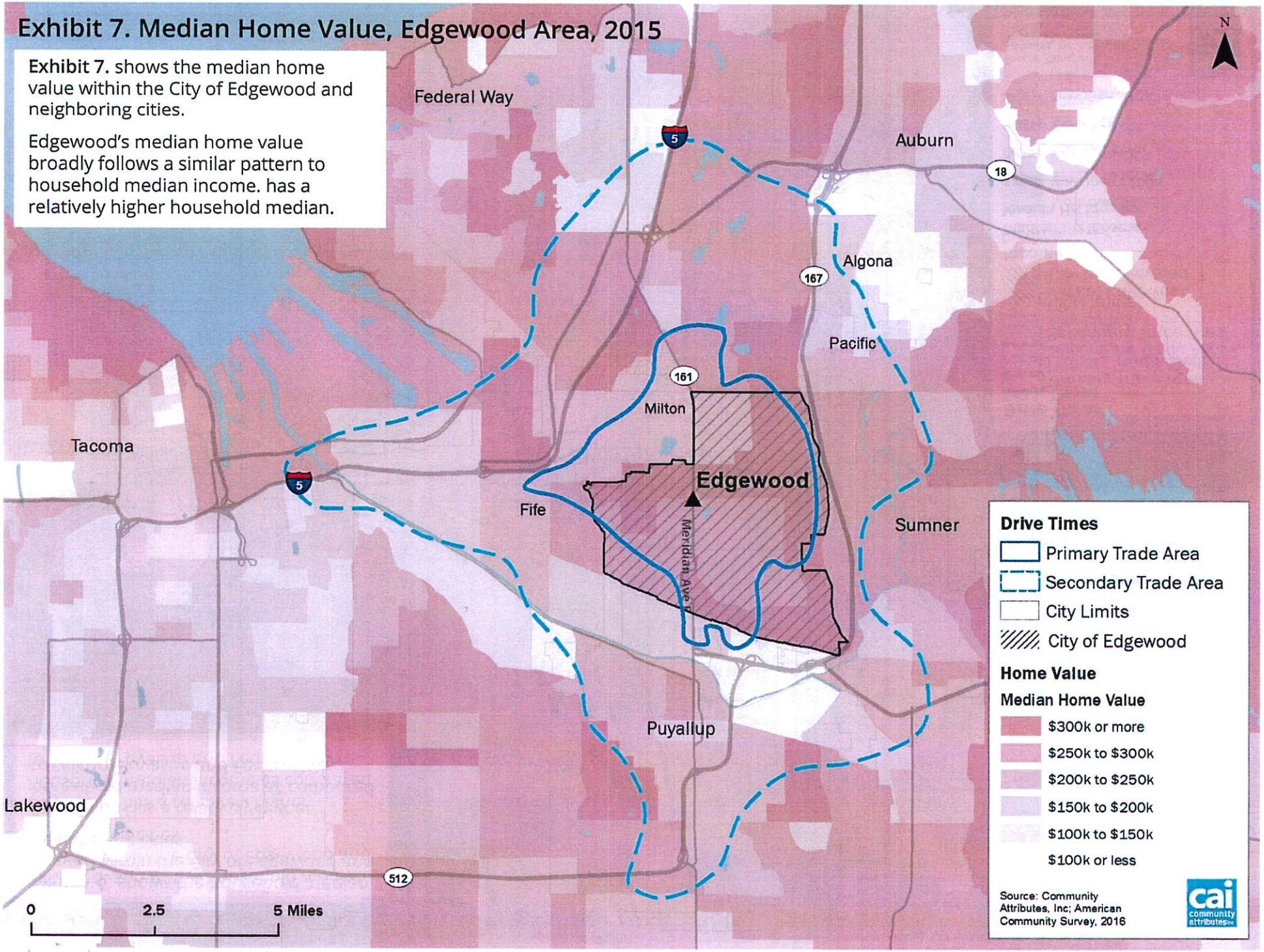
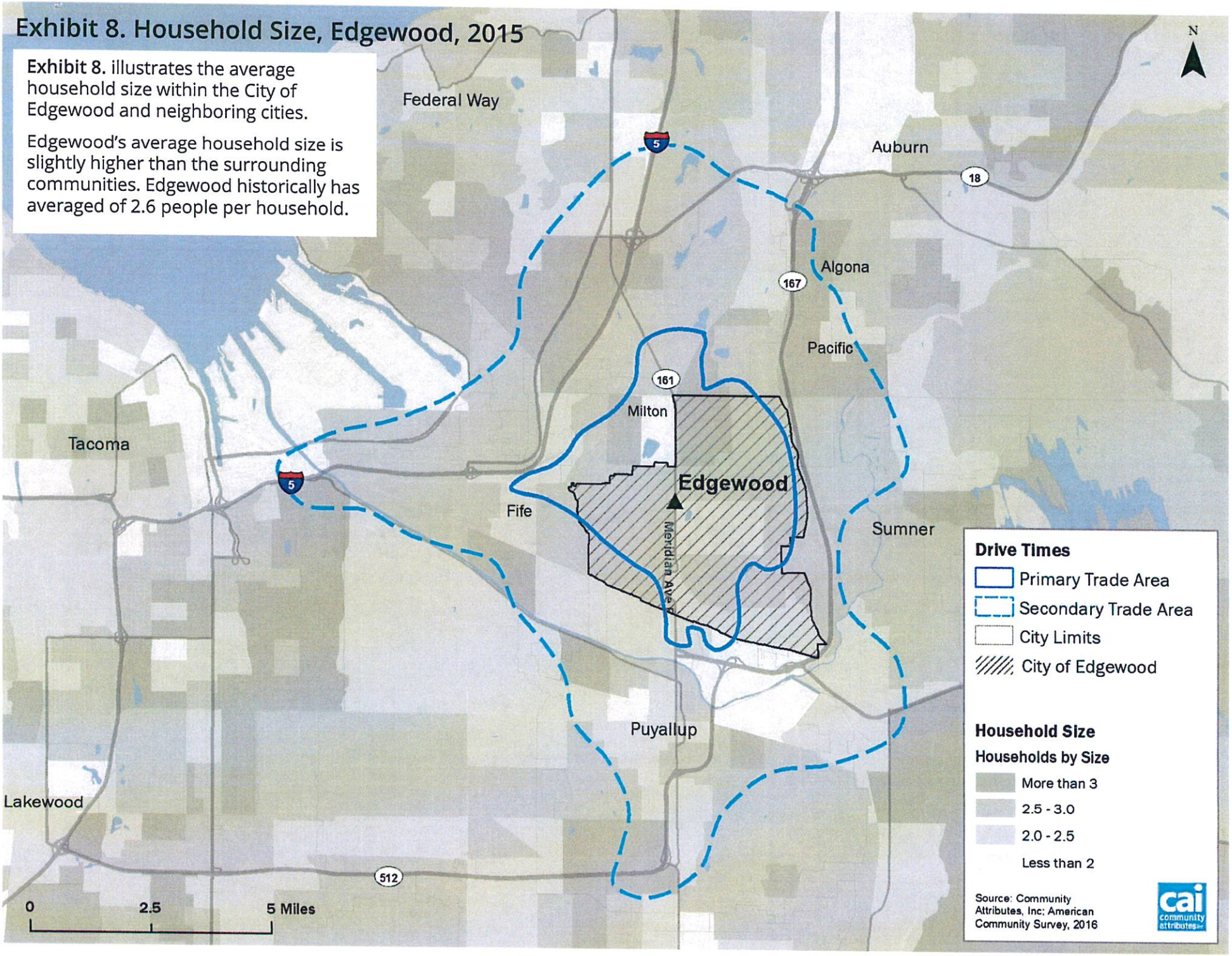


Exhibit 8. Household Size, Edgewood, 2015

Exhibit 8. illustrates the average household size within the City of Edgewood and neighboring cities.

Edgewood's average household size is slightly higher than the surrounding communities. Edgewood historically has averaged of 2.6 people per household.



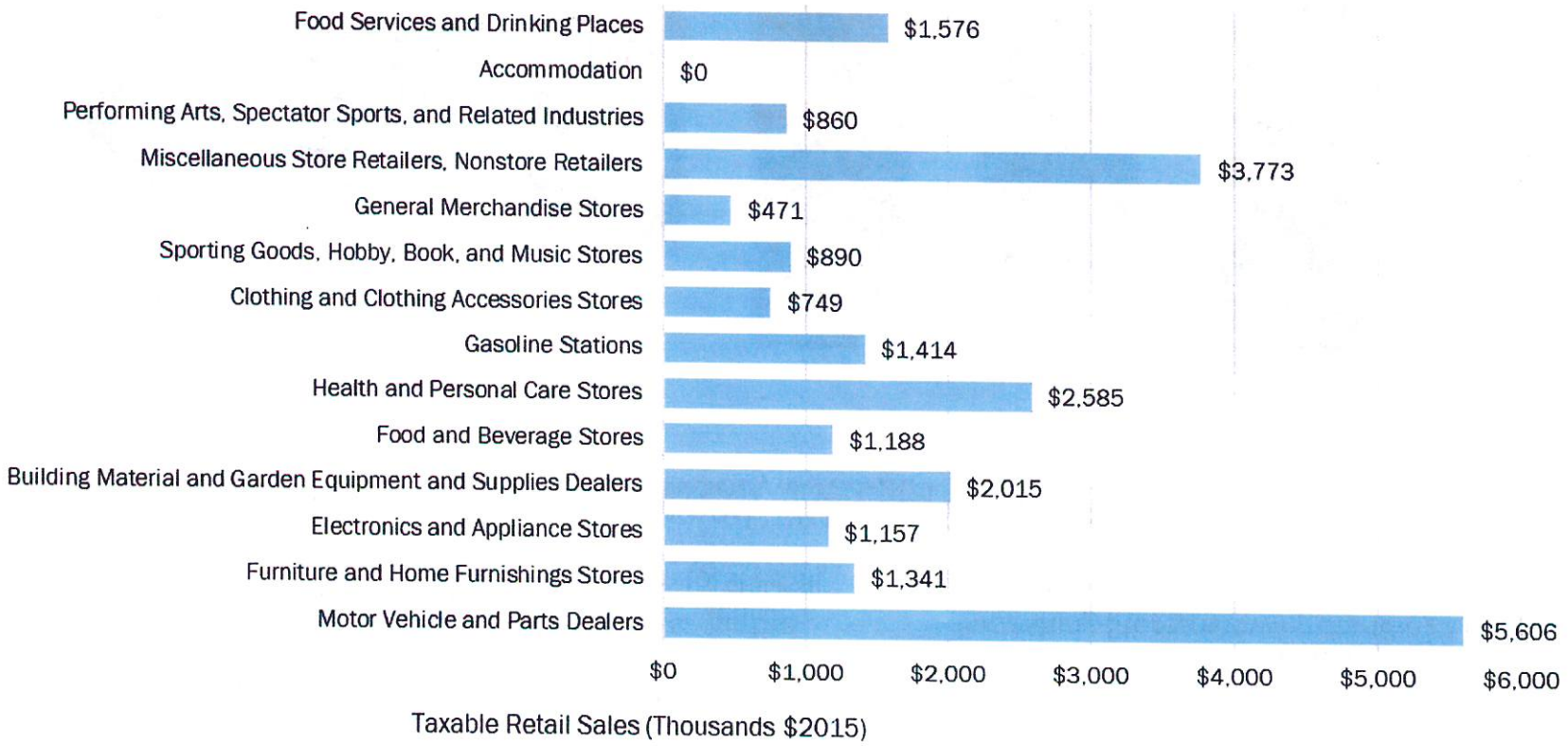
3. Retail Sales & Trade Capture

Retail Sales in Edgewood

Exhibit 9 shows all taxable retail sales in Edgewood in 2015. The largest sales come from Motor Vehicle and Parts Dealers and Miscellaneous Store Retailers. The other major categories include Miscellaneous Store Retailers/Non-store Retailers which is often representative of online sales, as well as Health and Personal Care Stores likely representing the City's Walgreens Store.

Many retail establishments that draw shoppers are underserved within Edgewood's primary trade area. For example, Food and Beverage Stores (which includes Grocery Stores) represent only 5% of all retail sales in Edgewood.

Exhibit 9. Retail Sales, Edgewood, 2015 (Thousands)

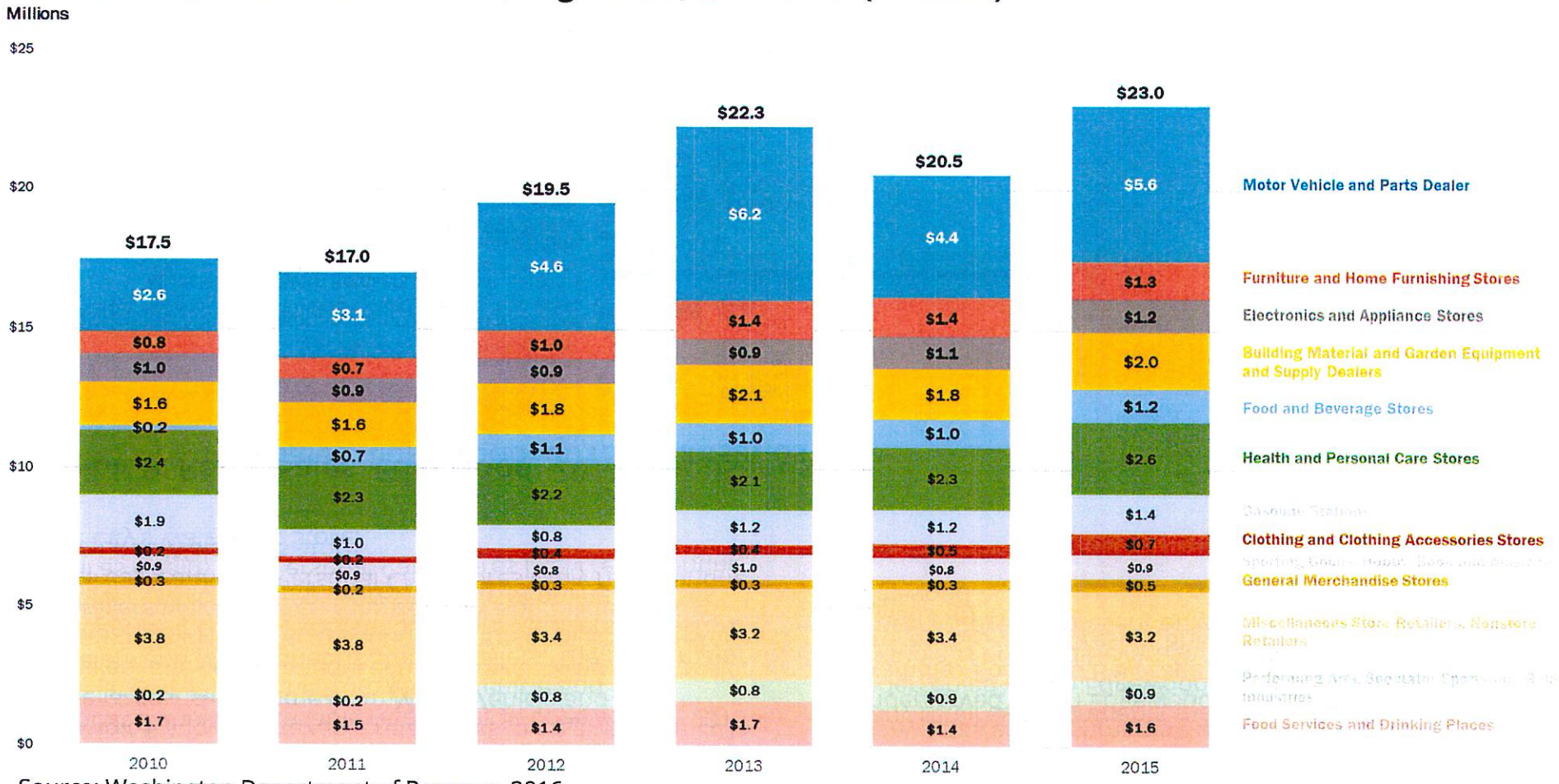


Source: Washington Department of Revenue, 2016.

Retail Sales in Edgewood

Exhibit 10 shows the historical trend of taxable retail sales in Edgewood from 2010 through 2015. Motor Vehicles and Parts have been the largest source of retail sales for the past 5 years. Any variations in the sales of Motor Vehicles and Parts have had the single largest impact on total retail sales in Edgewood. Most other categories of retail sales have remained relatively steady, with Furniture and Home Furnishing Stores showing standing out as a growth category since 2010.

Exhibit 10. Historical Retail Sales, Edgewood, 2010-2015 (Millions)



Source: Washington Department of Revenue, 2016.

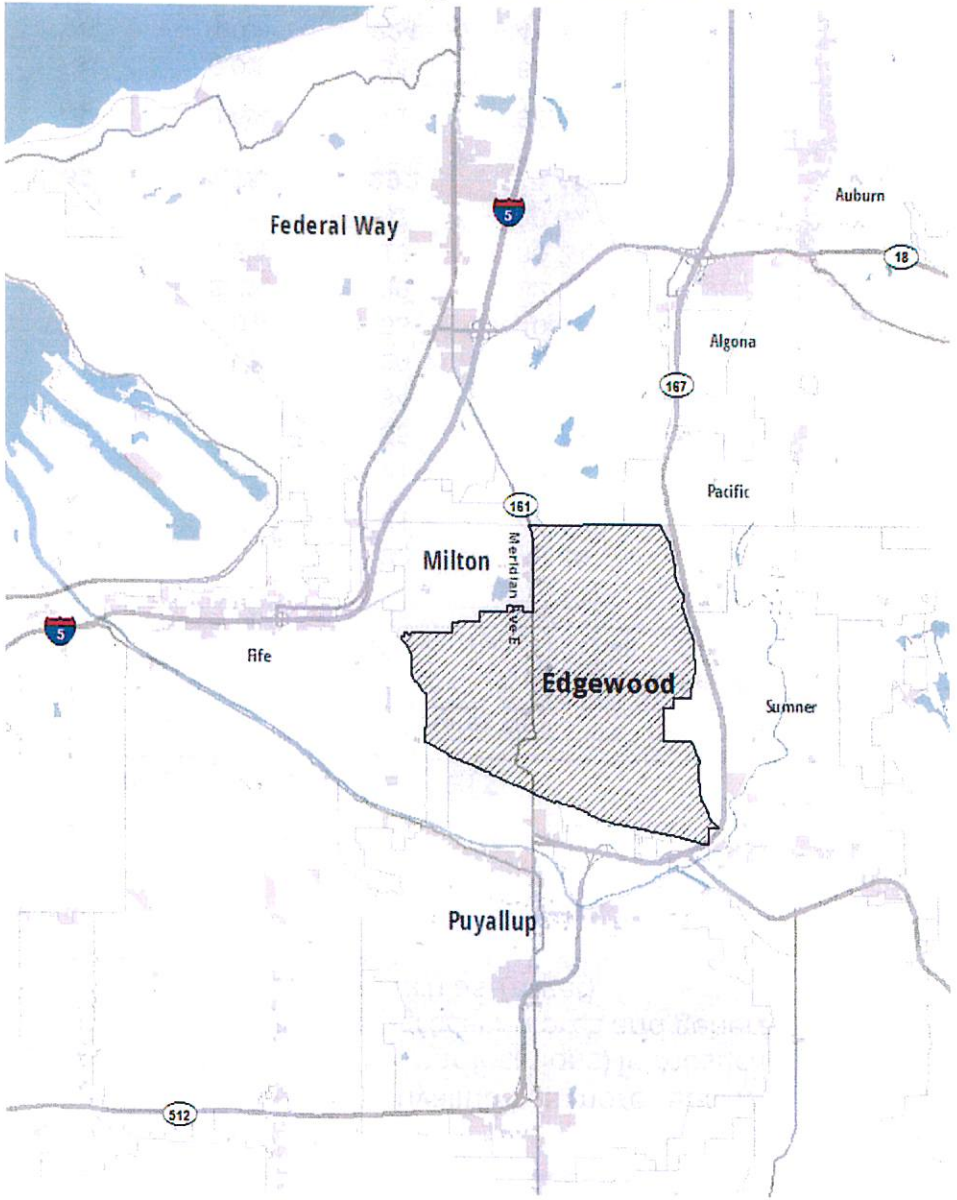
Neighboring Retail Centers

Federal Way, Milton and Puyallup are three adjacent municipalities that directly impact the retail environment in the City of Edgewood. Sumner is also a retail destination for some residents within Edgewood. Important attributes to consider include:

- The aforementioned neighboring retail centers are located within Edgewood's Primary and Secondary Trade Area
- The neighboring retail centers are larger and more diverse in terms of retail offerings than the City of Edgewood
- Thee neighboring retail centers are drawing customers from the City and it's environs
- These areas are also home to potential future retail customers

The retail attributes of these cities illustrate Edgewood's position within the local market and provide context for potential opportunities for growth.

Exhibit 11. Neighboring Retail Centers



Neighboring Retail Centers

Exhibit 12 illustrates the estimated number of retail establishments by major retail category. Milton serves as the community retail center for Edgewood, although both City's have limited retail offering when compared to Puyallup and Federal Way.

When looking at retail offerings amongst the Cities, Federal Way and Puyallup expectedly have more diverse and numerous offerings. Puyallup has more retail locations (in terms of bricks and mortar locations) in most categories, including restaurants, grocery stores and general merchandise stores (such as Target).

Exhibit 12. Retail Mix by Number of Establishments, Competing Retail Centers

	Edgewood		Milton		Federal Way		Puyallup	
Retail Establishment Type	Retail Stores	% of Total Regional Retail	Retail Stores	% of Total Regional Retail	Retail Stores	% of Total Regional Retail	Retail Stores	% of Total Regional Retail
Motor Vehicle and Parts Dealers	6	4.5%	4	3.0%	31	23.3%	92	69.2%
Furniture and Home Furnishings Stores	2	3.1%	4	6.2%	32	49.2%	27	41.5%
Electronics and Appliance Stores	0	0.0%	3	7.0%	21	48.8%	19	44.2%
Building Material and Garden Equipment and Supplies Dealers	3	4.7%	5	7.8%	21	32.8%	35	54.7%
Food and Beverage Stores	2	1.5%	3	2.3%	55	41.7%	72	54.5%
Health and Personal Care Stores	3	3.3%	3	3.3%	34	37.8%	50	55.6%
Gasoline Stations	2	5.1%	1	2.6%	20	51.3%	16	41.0%
Clothing and Clothing Accessories Stores	7	5.4%	0	0.0%	53	40.8%	70	53.8%
Sporting Goods, Hobby, Book, and Music Stores	5	5.6%	2	2.2%	29	32.6%	53	59.6%
General Merchandise Stores	0	0.0%	4	9.3%	13	30.2%	26	60.5%
Miscellaneous Store Retailers, Nonstore Retailers	6	2.7%	10	4.4%	67	29.6%	143	63.3%
Subtotal	**28**	**3.4%**	**39**	**4.7%**	**292**	**35.4%**	**465**	**56.4%**
Performing Arts, Spectator Sports, and Related Industries	5	2.6%	5	2.6%	71	36.6%	113	58.2%
Accommodation	0	0.0%	3	6.0%	31	62.0%	16	32.0%
Food Services and Drinking Places	5	1.0%	20	4.0%	224	44.4%	256	50.7%
Subtotal	**10**	**1.8%**	**23**	**4.1%**	**255**	**45.5%**	**272**	**48.6%**
Total	**46**	**2.6%**	**67**	**3.7%**	**702**	**38.9%**	**988**	**54.8%**

Source: Hoovers, 2016.

Neighboring Retail Centers

Exhibit 13 shows the taxable retail sales of retail in Edgewood, Milton, Federal Way and Puyallup.

Edgewood's total taxable retail sales for 2015 are significantly smaller than the neighboring city of Milton, despite having a larger population.

Both Federal Way and Puyallup have much larger taxable retail sales than both Edgewood and Milton. The per capita retail expenditure of Milton, Federal Way and Puyallup are all higher than the Puget Sound's average per capita retail expenditure.

Exhibit 13. Retail Mix by Taxable Retail Sales, Competing Retail Centers, 2015 (millions)

Retail Establishment Type	Edgewood	Milton	Federal Way	Puyallup
Motor Vehicle and Parts Dealers	$5.6	$22.1	$81.4	$701.8
Furniture and Home Furnishings Stores	$1.3	$2.5	$23.7	$23.6
Electronics and Appliance Stores	$1.2	$1.1	$48.1	$42.5
Building Material and Garden Equipment and Supplies Dealers	$2.0	$0.8	$87.4	$91.7
Food and Beverage Stores	$1.2	$13.4	$53.7	$27.3
Health and Personal Care Stores	$2.6	$2.5	$28.9	$26.7
Gasoline Stations	$1.4	$1.1	$16.9	$14.9
Clothing and Clothing Accessories Stores	$0.7	$0.4	$41.8	$62.2
Sporting Goods, Hobby, Book, and Music Stores	$0.9	$0.4	$45.3	$50.4
General Merchandise Stores	$0.5	$2.1	$277.3	$304.2
Miscellaneous Store Retailers, Nonstore Retailers	$3.8	$5.5	$79.7	$94.1
Subtotal	**$13.1**	**$26.1**	**$631.0**	**$671.6**
Performing Arts, Spectator Sports, and Related Industries	$0.9	$0.0	$32.4	$10.1
Accommodation	N/A	N/A	$27.2	$17.7
Food Services and Drinking Places	$1.6	$13.7	$193.1	$165.7
Subtotal	**$1.6**	**$13.7**	**$220.3**	**$183.4**
Total	**$23.6**	**$65.6**	**$1,037.0**	**$1,632.9**

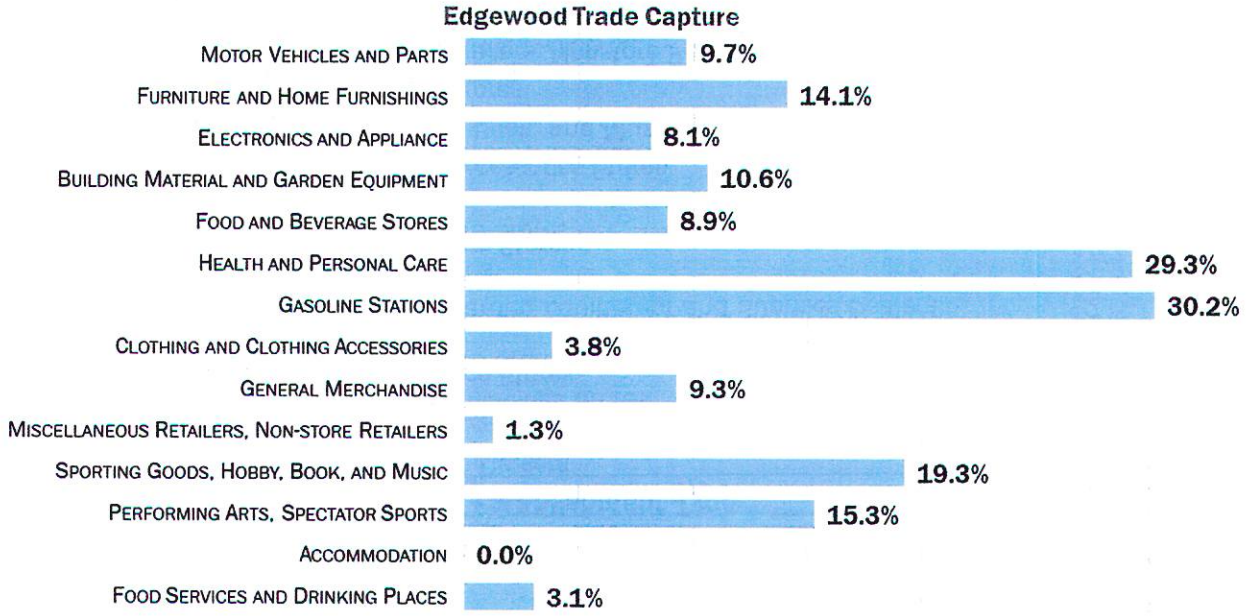
Source: Washington Department of Revenue, 2016.

Trade Capture

Exhibit 14 represents the trade capture rate of each major retail category in Edgewood. This provides a representation of the average capture of spending power of people within Edgewood's primary trade area for 2015.

The trade capture analysis indicates that Edgewood captures very little of the it's residents retail dollars. As indicated by the total retail sales analysis, trade capture in Health and Personal Care as well as Gasoline are two categories where trade capture in relatively high.

Exhibit 14. Retail Trade Capture, Edgewood, 2015



TRADE CAPTURE EXPLAINED. Trade capture can be interpreted in the following manner: if a neighborhood retail corridor had a trade capture rate of exactly 100%, then sales in that neighborhood would be equivalent to all trade area residents conducting all of their retail spending within their neighborhood retail corridor.

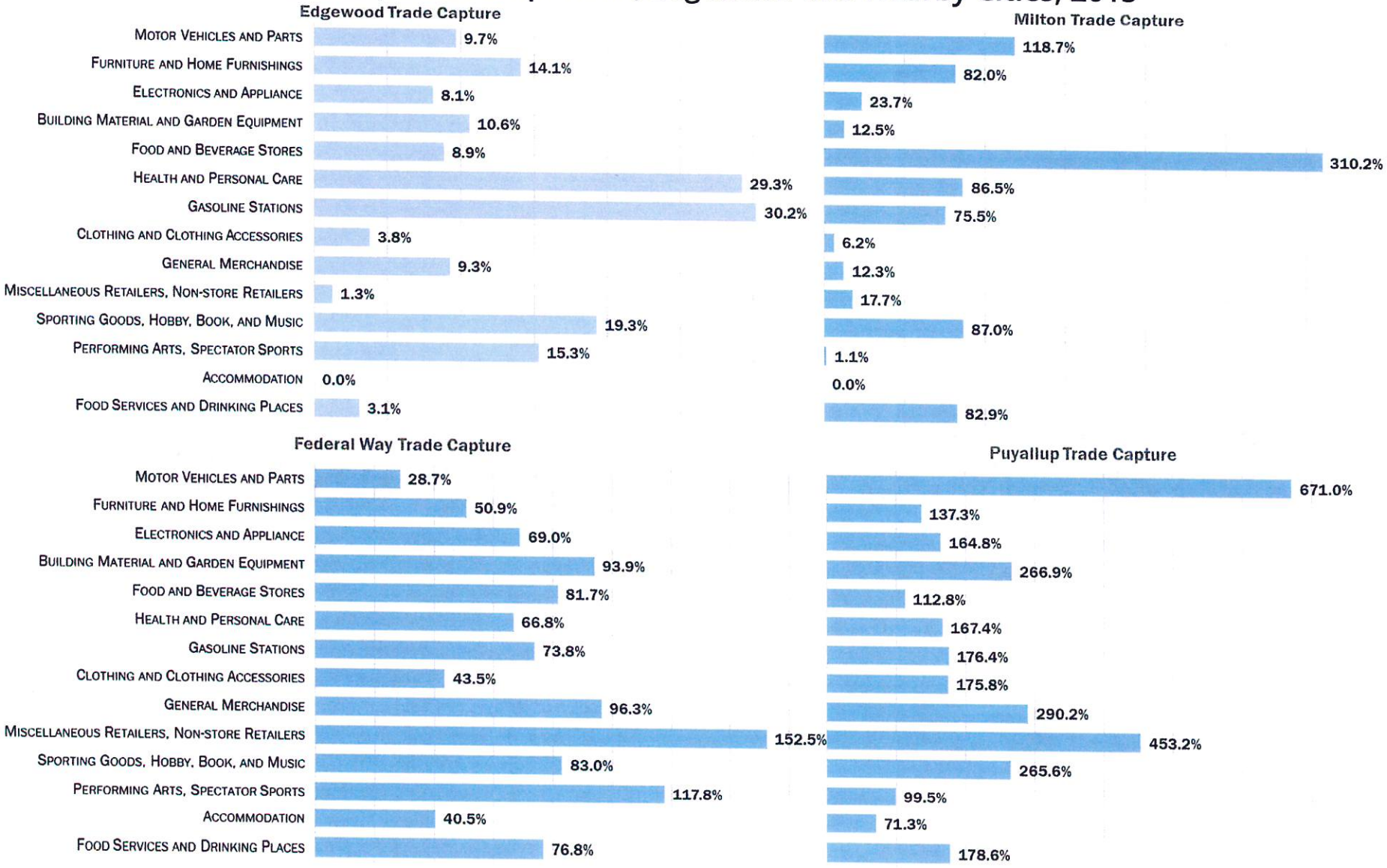
In reality, the trade capture rates for Edgewood represent the percentage of Primary Trade Area retail spending power captured by Edgewood retail businesses.

Source: Washington Office of Financial Management , 2016; Washington Department of Revenue, 2016; Community Attributes Inc., 2016

Exhibit 15 on the following page represents the trade capture rate of each major retail category for each of the three neighboring retail centers.

Compared to Milton, Edgewood captures a significantly lower percentage of most community serving retail dollars. In contrast, Federal Way and Puyallup capture significantly more retail dollars.

Exhibit 15. Retail Trade Capture Comparison, Edgewood and Nearby Cities, 2015

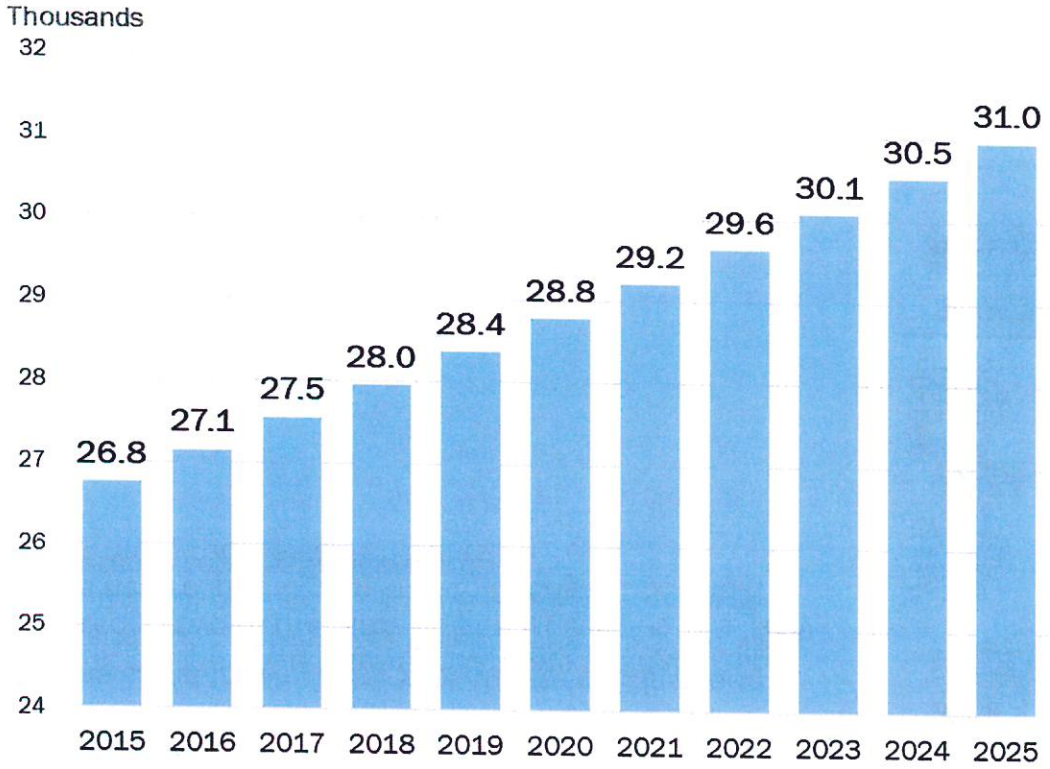


Source: Washington Office of Financial Management , 2016; Washington Department of Revenue, 2016; Community Attributes Inc., 2016

4. Retail Growth Scenarios

Population Growth

Exhibit 16. Forecasted Population, Edgewood Primary Trade Area, 2015-2025



Source: Washington Office of Financial Management, 2016; Puget Sound Regional Council, 2016; Community Attributes Inc., 2016.

Exhibit 16 represents the current and projected population growth within the Primary Trade Area of Edgewood from 2015 through 2025

The annualized projected population growth rate through 2025 is approximately 1.5%

Edgewood's current and projected growing population suggests there is potential opportunity to expand Edgewood's retail offerings

Exhibit 17. shows the current and forecasted population of Edgewood's Primary Trade Area along with neighboring cities. Also included is the current and forecasted population of Seattle, Tacoma and Everett. The forecasted annualized population growth rate in Edgewood is estimated to be 1.5% from 2015 through 2025 before slowing down from 2025 through 2040. The population growth of Edgewood is faster than neighboring Milton and Federal Way but is slower than the growth rate in Puyallup and Pierce County.

Given the comparative faster growth rate of Edgewood compared to two of the three neighboring cities, it is likely that the natural population growth of Edgewood could support more retail establishments.

Exhibit 17. Population Growth Calculations, Puget Sound Region, 2016

Population	2015	2020	2025	2030	2035	2040
Edgewood*	26,756	28,785	30,968	32,534	33,567	35,288
Milton	7,385	7,614	7,851	7,860	7,863	7,917
Puyallup	38,950	42,467	46,302	51,069	58,347	68,736
Federal Way	90,760	94,073	97,506	100,012	102,521	104,477
CAGRS		**2015-2020**	**2020-2025**	**2025-2030**	**2030-2035**	**2025-2040**
Edgewood		1.5%	1.5%	1.0%	0.6%	1.0%
Milton		0.6%	0.6%	0.0%	0.0%	0.1%
Puyallup		1.7%	1.7%	2.0%	2.7%	3.3%
Federal Way		0.7%	0.7%	0.5%	0.5%	0.4%
Seattle	662,400	687,891	714,363	732,529	757,461	782,640
Tacoma	202,300	223,971	247,963	271,628	296,918	324,797
Everett	105,800	117,964	131,526	142,702	154,871	167,671
CAGRS		**2015-2020**	**2020-2025**	**2025-2030**	**2030-2035**	**2035-2040**
Seattle		0.8%	0.8%	0.5%	0.7%	0.7%
Tacoma		2.1%	2.1%	1.8%	1.8%	1.8%
Everett		2.2%	2.2%	1.6%	1.7%	1.6%

*Representative of Edgewood's Primary Trade Area

Source: Washington Office of Financial Management, 2016; Puget Sound Regional Council, 2016; Community Attributes Inc., 2016.

Historical, Current and Near-Term Forecast

Exhibit 18 illustrates the historical, current and near-term forecasts for total population, household population and housing units in the Edgewood Primary Trade Area through 2025

Historically, the Primary Trade Area population per household has consistently been 2.4 residents per housing unit since 2000. Applying this 2.4 people per household ratio to the projected household population provides an estimated 12,879 housing units by 2025.

Much of this forecasted growth is occurring now. Currently there are approximately 1,750 units under construction, recently completed or proposed in the City of Edgewood

With recent and forthcoming increases in population it is much more likely that Edgewood can support modest additions to its retail offerings.

The table on the following page illustrates the potential for retail growth and conceptualizes what retail growth may look like in the future (**Exhibit 19**). Population growth forecasts for Edgewood's primary trade area suggest an additional 3,800 more residents in the area by 2025. New residents help naturally support more demand for new retail options. Similarly, new office and institutional uses drive daytime populations thereby increasing the demand for retail types such as restaurants, cafes and coffee shops.

Exhibit 18. Historical, Current & Near-term Population and Housing, Edgewood Primary Trade Area, 2015-2025

Primary Trade Area	2000	2010	2015	2025
Total Population	22,483	25,904	26,756	30,968
Household Population	22,385	25,853	26,705	30,909
Housing Units	9,479	11,046	11,307	12,879

Source: Washington Office of Financial Management, 2016; Puget Sound Regional Council, 2016; CoStar, 2016; Community Attributes Inc., 2016.

Retail Growth Assessments

Given Edgewood's relatively low estimated retail capture, initial investments into retail space will be supported by the current population. However, further retail development will require an incremental increase in trade capture. For example, development of 100,000 square feet of net new retail space will require an increase in trade capture of approximately 3%, meaning that residents within the primary trade capture would need to spend 3% more to justify the additional retail development. This suggests that relatively small increases in spending habits could support significantly more retail within Edgewood's primary retail trade area.

Exhibit 19. Retail Growth Calculations, Edgewood, 2016

	Additional Retail Sq Ft Desired			
	50,000	**100,000**	**250,000**	**500,000**
Retail Sales Required (per sf per year)		$300		
Total Sales Required (per year)	$15,000,000	$30,000,000	$75,000,000	$150,000,000
% from Primary Trade Area		50%		
Additional Sales Req'd from Primary Trade Area Residents	$7,500,000	$15,000,000	$37,500,000	$75,000,000
Increased Sales from Pop. Growth w/n Primary Trade Area	$5,102,000	$5,102,000	$5,102,000	$5,102,000
Net New Retail sf from Pop. Growth (all Trade Areas)	34,000	34,000	34,000	34,000
New Trade Capture Required (in Sales)	*$2,400,000*	*$9,900,000*	*$32,400,000*	*$69,900,000*
Additional Sales per Capita in Trade Area	$70	$300	$1,000	$2,150

	Primary Trade Area (10 Minute Drive Area)			
Current Trade Capture	8.3%	8.3%	8.3%	8.3%
Trade Capture Target	9.0%	11.2%	17.8%	28.6%

	Primary Trade Area Population
Population 2015	26,756
Population 2030	32,534
Growth	5,778
CAGR	1.31%

Source: Washington Office of Financial Management, 2016; Puget Sound Regional Council, 2016; Community Attributes Inc., 2016.

Trade Capture Growth Assessments

Exhibit 20 focuses on the necessary trade capture growth as Edgewood adds additional retail within its Primary Trade Area

Modest gains in retail offerings will easily be supported by Edgewood's current and projected population growth within its Primary Trade Area.

However, despite Edgewood's low trade capture it is important to note that residents within Edgewood's Primary Trade Area already shop at established retail centers outside of Edgewood. As such it may be unrealistic to expect those set patterns to change drastically with additional retail offerings in Edgewood.

It is important for the City to consider current spending patterns and the ability to encourage current residents to stay within the City to shop (rather than traveling to Milton, Puyallup or Federal)

Exhibit 20. Trade Capture Growth, Edgewood, 2016

	Additional Retail Sq Ft Desired			
	50,000	**100,000**	**250,000**	**500,000**
Current Trade Capture	8.3%	8.3%	8.3%	8.3%
Trade Capture Target	9.0%	11.2%	17.8%	28.6%

Source: Washington Office of Financial Management, 2016; Puget Sound Regional Council, 2016; Community Attributes Inc., 2016.

Retail Typologies

Exhibit 21 provides context for the aforementioned square footage scenarios in terms of potential retail offerings. The three scenarios show (50,000 sf, 100,000 sf and 250,000 sf) are based on the aforementioned square footage and trade capture scenarios described in **Exhibits 19 and 20**. The examples provide context for how retail may develop in the City and what may be realistic and/or desirable for the City to plan for. Development of 100,000 square of retail for example, would likely occur within a larger neighborhood retail center with smaller retail spaces being potentially developed as part of other mixed use developments.

Exhibit 21. Retail Typologies

Retail sf Growth	Location Examples	Retail Equivalent	Avg Unit Size
50,000	**Small neighborhood center combined with mixed use development retail tenants**	1 small grocer	15,000
		2 family restaurants	3,000
		2 boutique shops	2,000
		1 small general retailer	25,000
100,000	**Large neighborhood Center plus mixed use development retail tenants**	1 boutique grocer	15,000
		1 major grocer	50,000
		2 family restaurants	3,000
		2 boutique shops	2,000
		1 small general retailers	25,000
250,000	**Power center anchored by 1 or more big box general merchandise retailer plus mixed use development retail tenants**	1 small grocer	15,000
		1 major grocer	50,000
		5 family restaurants	3,000
		5 boutique shops	3,000
		1 small general retailers	25,000
		1 Big box	125,000

Source: Community Attributes Inc., 2016; International Council of Shopping Centers (ICSC), 2016

5. Key Takeaways

Key Takeaways- Current Conditions

Below are findings and takeaways related to current retail conditions within the City of Edgewood. The findings correlate directly with current sales and trends within the City's primary trade area as well as demographic trends and growth patterns within the City. The findings inform the retail trade capture and growth scenarios analysis and associated conclusions, which are included on the following page.

> The City's Primary Trade Area is largely defined by a 5-minute drive time from the planned town center and encompasses a majority of the City of Edgewood, Milton and also includes portions of unincorporated Pierce County.

> There are approximately 27,000 people that live within the City's Primary Trade Area – which includes portions of Milton and other surrounding communities, meaning the primary retail trade area for the City's town center is accessible to a relatively large number of people.

> Geographically, Edgewood has relatively high concentrations of high income households when compared to the surrounding area. In addition, home values are relatively higher as well.

> Edgewood offers limited retail services and residents are traveling elsewhere to shop for basic goods and services

- Within the City's Primary Trade Area there are limited retail offering outside of the neighborhood retail center located in Milton, meaning many households are likely travelling to retail centers in Federal Way and Puyallup for basic retail services.

> Edgewood is currently experiencing a historically fast rate of population and housing growth, at a faster rate than forecasted for the City and in new forms of development such as high density multifamily housing.

> The Primary Trade Area's demographic characteristics will likely evolve as the community continues to grow and new housing products are added to the City.

> With 1,750 housing units proposed, under construction or recently completed, Edgewood's population gains would support a modest increase in retail.

Key Takeaways- Retail Growth

Below are findings and takeaways related to future population and retail growth in the City of Edgewood and its primary trade area. The findings and analysis can be leveraged to inform future policy decisions and provide a baseline from which the City can plan for future retail growth.

> In terms of retail trade capture, Edgewood is underperforming, per capita, when compared to Milton, Puyallup and Federal Way

> There is opportunity to improve trade capture based on:

- There is limited competing retail in the primary trade area.
- Current and projected population growth in the City and region.

> Edgewood can support modest additional retail establishments without large changes in current retail spending and trade capture rates.

> It is likely unrealistic to expect major changes in the retail spending patterns of residents within Edgewood's Primary Trade Area – meaning major increased in trade capture rates. This is because:

- Both Federal Way and Puyallup both contain established retail centers
- Neighboring Milton is an established neighborhood retail center located adjacent to the City.

> With recent and planned growth in housing units in Edgewood, the City's Primary Trade Area Population likely can support additional retail beyond what currently exists.

- In the range of 25,000 to 50,000 square feet without major changes to retail trade capture rates.

> The City could set policies and goals to support and encourage more retail - 100,000 square feet of new retail would require a relatively modest increase in trade capture (approximately 3%).

- Such a scenario, while impactful on the community and overall development patterns
- The City will need to evaluate what an appropriate amount is and how it fits within the City's designated zones and planning areas.

Implementation Considerations

While trade capture rates are low and there is opportunity for increased retail trade capture in the City, other factors are important to consider when evaluating retail potential and zoning code requirements. The following represent important factors for the City to consider when considering retail growth and future policy changes.

> The number and size of available properties within the City's commercial areas.

> Property ownership patterns and overall willingness to sell or redevelop their land.

> Competition from neighboring communities like Milton where ambitious retail and town center developments are desired and/or planned.

> Ability to leverage City owned land to encourage and/or facilitate retail development.

> Alignment of future zoning code requirements (retail square footage required for example) with realistic retail typologies and square footages that the City may hope to achieve (see retail square footage findings for potential retail square footage amounts).

> Encouragement and facilitation of retail development in concentrated areas within the City's Town Center or other desirable locations.