

Retail Leakage and Surplus Analysis

The Retail Leakage and Surplus Analysis examines the quantitative aspect of the community's retail opportunities. It is a guide to understanding retail opportunities but it is not an analysis that indicates unconditional opportunities. The analysis is sometimes called "a gap analysis" or "a supply and demand analysis" and can aid in the following:

- Indicating how well the retail needs of local residents are being met
- Uncovering unmet demand and possible opportunities
- Understanding the strengths and weaknesses of the local retail sector
- Measuring the difference between estimated and potential retail sales

Understanding Retail Leakage

Retail leakage means that residents are spending more for products than local businesses capture. Retail sales leakage suggests that there is unmet demand in the trade area and that the community can support additional store space for that type of business.

However, retail leakage does not necessarily translate into opportunity. For example, there could be a strong competitor in a neighboring community that dominates the market for that type of product or store.

Understanding Retail Surplus

A retail surplus means that the community's trade area is capturing the local market plus attracting non-local shoppers. A retail surplus does not necessarily mean that the community cannot support additional business. Many communities have developed strong clusters of stores that have broad geographic appeal. Examples of these types of retailers include: sporting goods stores, home furnishing stores, restaurants, and other specialty operations that become destination retailers and draw customers from outside the trade area.

Examining the quantitative aspects (Leakage/Surplus) is only part of the evaluation of community's retail opportunities. Before any conclusions can be drawn about potential business expansion or recruitment opportunities, qualitative considerations such as trade area psychographics and buying habits must be analyzed in context of other market factors.

Interpreting Leakage Index

- 1.0 = equilibrium, meaning that demand and sales in the area being analyzed are in balance.
- .80 = demand exceeds sales by 20%, meaning that consumers are leaving the area being analyzed.
- 1.2 = sales exceed demand by 20%, meaning that consumers are coming from outside the area being analyzed.

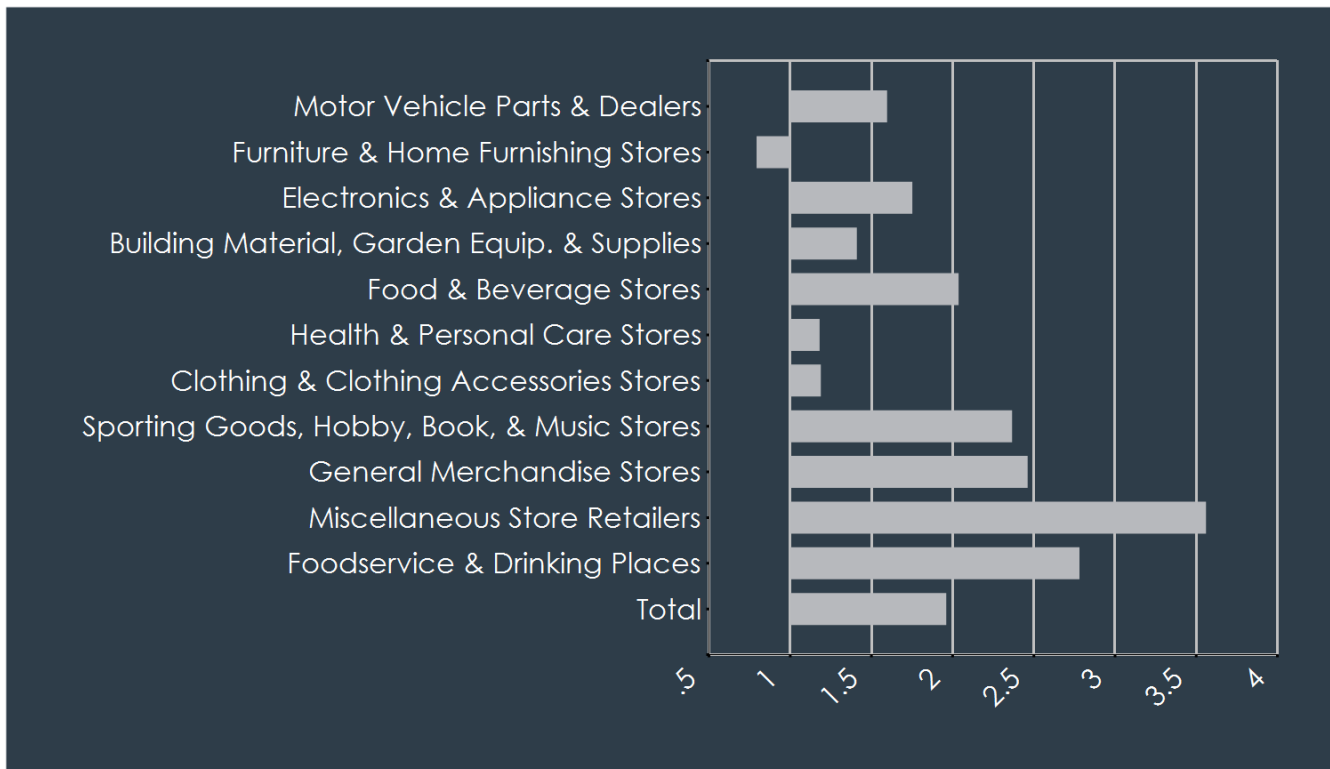
All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Leakage/Surplus Index by Major Store Type

The quantitative comparison of retail leakage and surplus in the twelve major store types shown in the chart and table below provides an initial measure of market opportunities. Combining this analysis with the knowledge of the local retail situation will take the process of identifying retail possibilities one step further.

Figure 1 provides the leakage/surplus indices and following is the sales potential and estimated sales for major store types.

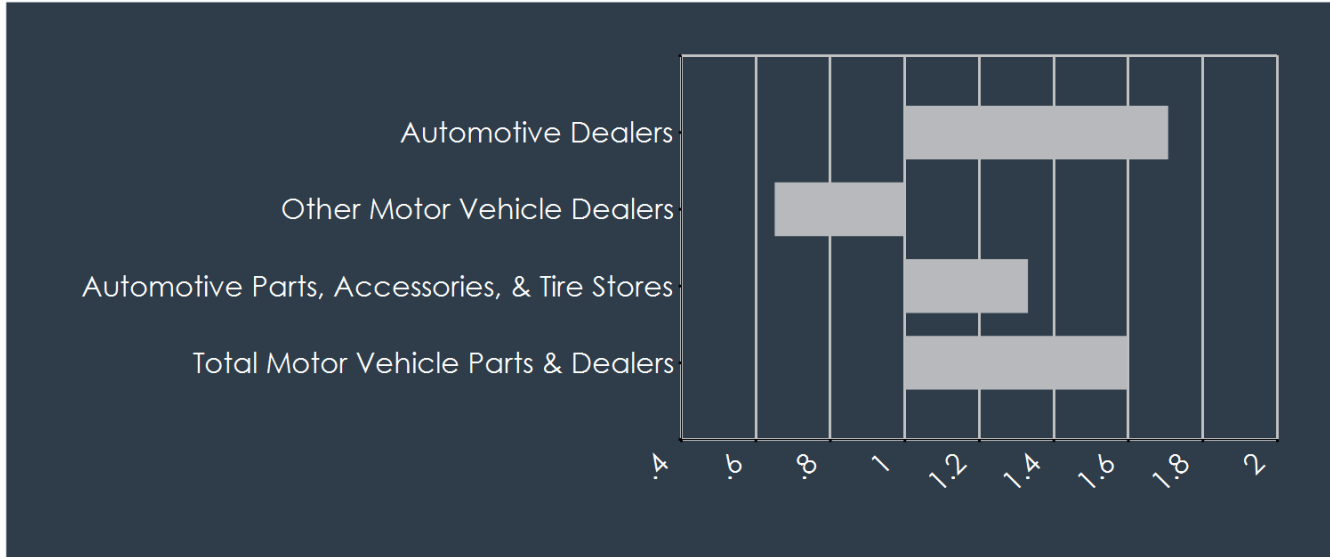
Figure 1. Leakage/Surplus Index and Estimated and Potential Sales by Major Store Types



Store Type	Potential	Estimated Sales	Surplus/Leakage
Motor Vehicle Parts & Dealers	176,775,406	282,229,703	1.6
Furniture & Home Furnishing Stores	16,576,817	13,136,210	0.8
Electronics & Appliance Stores	15,114,008	26,482,453	1.8
Building Material, Garden Equip. & Supplies	63,829,213	89,997,005	1.4
Food & Beverage Stores	126,970,274	258,632,149	2.0
Health & Personal Care Stores	55,170,289	65,157,207	1.2
Clothing & Clothing Accessories Stores	31,089,222	36,950,861	1.2
Sporting Goods, Hobby, Book, & Music Stores	12,848,629	30,404,198	2.4
General Merchandise Stores	115,971,577	285,540,737	2.5
Miscellaneous Store Retailers	19,185,418	68,305,997	3.6
Foodservice & Drinking Places	104,149,221	289,646,316	2.8
Total	737,680,073	1,446,482,835	2.0

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

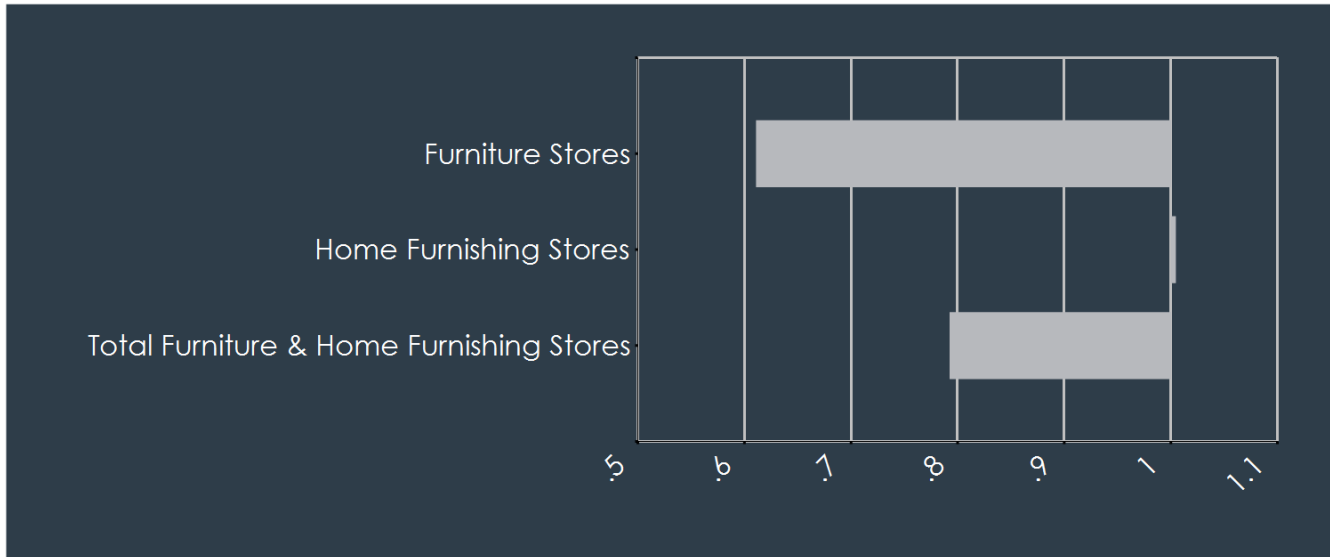
Sub-Categories of Motor Vehicle Parts & Dealers



Store Type	Potential	Estimated Sales	Surplus/Leakage
Automotive Dealers	146,953,430	250,810,686	1.7
Other Motor Vehicle Dealers	12,138,906	7,894,191	0.7
Automotive Parts, Accessories, & Tire Stores	17,683,069	23,524,827	1.3
Total Motor Vehicle Parts & Dealers	176,775,406	282,229,703	1.6

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Furniture & Home Furnishing Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Furniture Stores	8,933,199	5,456,683	0.6
Home Furnishing Stores	7,643,617	7,679,526	1.0
Total Furniture & Home Furnishing Stores	16,576,817	13,136,210	0.8

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Electronics & Appliance Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Household appliance stores	2,921,757	2,939,909	1.0
Electronics Stores	12,192,251	23,542,545	1.9
Total Electronics & Appliance Stores	15,114,008	26,482,453	1.8

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Building Material, Garden Equip. & Supplies



Store Type	Potential	Estimated Sales	Surplus/Leakage
Home Centers	31,991,808	64,830,423	2.0
Paint and Wallpaper Stores	1,849,145	4,661,537	2.5
Hardware Stores	4,381,222	14,126,627	3.2
Other Building Material Dealers	17,928,152	5,827,558	0.3
Outdoor Power Equipment Stores	1,527,755	17,897	0.0
Nursery, Garden Center, & Farm Supply Stores	6,151,130	532,962	0.1
Total Building Material, Garden Equip. & Supplies	63,829,213	89,997,005	1.4

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Food & Beverage Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Supermarkets and Other Grocery (except Convenience) Stores	110,000,645	250,481,770	2.3
Convenience Stores	4,380,994	2,981,937	0.7
Specialty Food Stores	3,526,011	2,288,611	0.6
Beer, Wine, & Liquor Stores	9,062,624	2,879,831	0.3
Total Food & Beverage Stores	126,970,274	258,632,149	2.0

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Health & Personal Care Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Pharmacies and Drug Stores	47,265,626	52,567,927	1.1
Cosmetics, Beauty Supplies and Perfume Stores	3,571,484	4,428,959	1.2
Optical Goods Stores	1,498,935	6,248,315	4.2
Other Health and Personal Care Stores	2,834,244	1,912,005	0.7
Total Health & Personal Care Stores	55,170,289	65,157,207	1.2

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Clothing & Clothing Accessories Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Mens Clothing Stores	833,785	1,583,095	1.9
Womens Clothing Stores	4,795,013	3,217,447	0.7
Childrens and Infants Clothing Stores	766,583	940,459	1.2
Family Clothing Stores	13,275,541	12,082,045	0.9
Clothing Accessories Stores	790,829	2,656,479	3.4
Other Clothing Stores	2,232,787	1,802,256	0.8
Shoe Stores	3,725,126	4,803,740	1.3
Jewelry Stores	4,457,827	9,640,594	2.2
Luggage & Leather Goods Stores	211,731	224,747	1.1
Total Clothing & Clothing Accessories Stores	31,089,222	36,950,861	1.2

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Sporting Goods, Hobby, Book, & Music Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Sporting Goods Stores	7,482,130	19,095,473	2.6
Hobby, Toy, and Game Stores	2,868,597	1,692,020	0.6
Sewing, Needlework, and Piece Goods Stores	382,297	1,513,326	4.0
Musical Instrument and Supplies Stores	539,230	1,551,634	2.9
Book Stores	943,048	3,830,234	4.1
News Dealers and Newsstands	633,327	2,721,511	4.3
Total Sporting Goods, Hobby, Book, & Music Stores	12,848,629	30,404,198	2.4

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of General Merchandise Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Department Stores	18,271,488	65,892,413	3.6
Warehouse Clubs & Superstores	83,492,514	192,724,052	2.3
All Other General Merchandise Stores	14,207,575	26,924,271	1.9
Total General Merchandise Stores	115,971,577	285,540,737	2.5

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

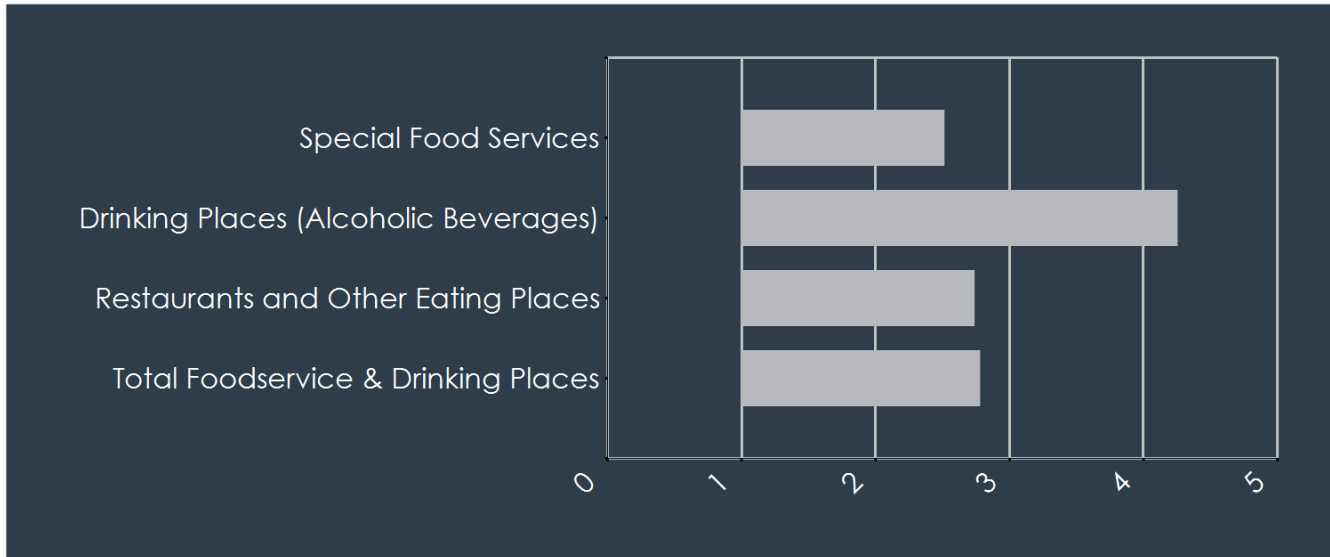
Sub-Categories of Miscellaneous Store Retailers



Store Type	Potential	Estimated Sales	Surplus/Leakage
Florists	786,325	1,284,649	1.6
Office Supplies and Stationery Stores	1,623,999	1,589,710	1.0
Gift, Novelty, and Souvenir Stores	1,959,198	5,027,205	2.6
Used Merchandise Stores	1,940,424	3,988,776	2.1
Other Miscellaneous Store Retailers	12,875,472	56,415,655	4.4
Total Miscellaneous Store Retailers	19,185,418	68,305,997	3.6

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sub-Categories of Foodservice & Drinking Places



Store Type	Potential	Estimated Sales	Surplus/Leakage
Special Food Services	4,438,510	11,162,464	2.5
Drinking Places (Alcoholic Beverages)	3,525,518	15,001,358	4.3
Restaurants and Other Eating Places	96,185,194	263,482,494	2.7
Total Foodservice & Drinking Places	104,149,221	289,646,316	2.8

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.

Sources and Methodology

The primary data sources used in the construction of the database include:

- Current Year CAPE (Census Area Projections & Estimates) Consumer Expenditure Estimates
- Census of Retail Trade, Merchandise Line Sales
- Census Bureau Monthly Retail Trade

The Census of Retail Trade presents a table known as the Merchandise Line summary, which relates approximately 120 merchandise lines (e.g. hardware) to each of the store types. For each merchandise line, the distribution of sales by store type can be computed, yielding a conversion table which apportions merchandise line sales by store type.

The CAPE (Census Area Projections & Estimates) Consumer Expenditure database was re-computed to these merchandise lines by aggregating both whole and partial categories, yielding, at the block group level, a series of merchandise line estimates which are consistent with the CAPE Consumer Expenditure database.

These two components were then combined in order to derive estimated potential by store type. The results were then compared to current retail trade statistics to ensure consistency and completeness.

All estimates, projections or forecasts in this report are subject to errors, including statistical error, error due to the subjective nature of some data, error due to changes in demographics, error based on lagging competitor information or growth data, and error due to factors that are not included in the model. The user assumes all risk of reliance on this information. Powered by Alteryx®.