

MEMORANDUM

TO: Downtown Working Group
FROM: Sarah Woodworth, W-ZHA
RE: Market Observations
DATE: March 5, 2010

MARKET OVERVIEW**Population CBSA and Media Market
Louisiana Media Markets
2008**

	Population		
	CBSA	Media Market	Difference
Alexandria	151,802	240,528	1.58
Baton Rouge	786,659	884,438	1.12
Lafayette	261,898	615,326	2.35
Lake Charles	193,213	254,263	1.32
Monroe-El Dorado	173,453	471,206	2.72
New Orleans	1,149,315	1,639,424	1.43
Shreveport-Bossier	390,523	1,002,875	2.57

Source: Sales & Marketing Management.; W-ZHA
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- Shreveport is the urban center for a very large region. Shreveport serves a 1-million person media market – over two-and-a-half times the size of the Metro Area population. The Shreveport media market is the second largest in Louisiana.
- From a culture and entertainment perspective, the Downtown's target market is the *media* market.



Population and Household Trends
Shreveport-Bossier Metro Area, Caddo Parish, Shreveport
1990, 2000, 2008, 2013

Population					
	1990	2000	2008	Avg Annual Change	
				1990-2000	2000-08
Shreveport-Bossier Metro Area	359,687	375,965	390,523	0.4%	0.5%
Caddo Parish	248,253	252,161	254,405	0.2%	0.1%
Shreveport City	200,585	200,145	199,871	0.0%	0.0%

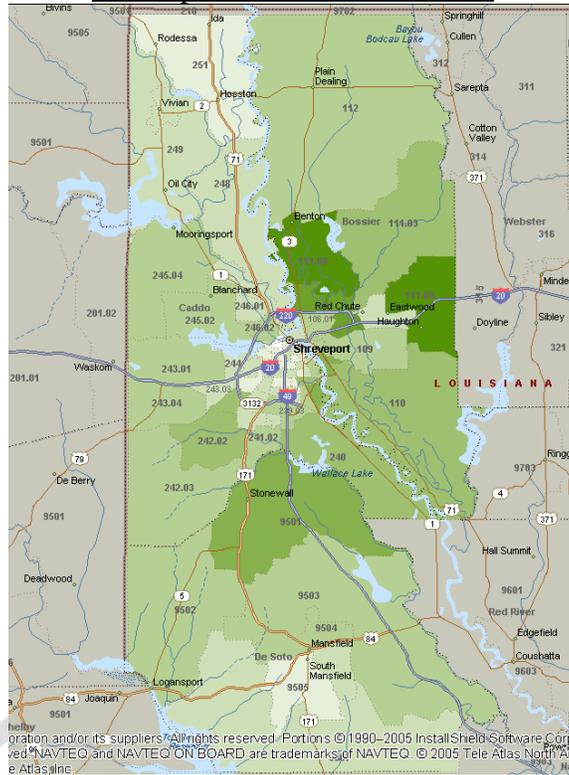
Households					
	1990	2000	2008	Avg Annual Change	
				1990-2000	2000-08
Shreveport-Bossier Metro Area	133,095	144,293	152,321	0.8%	0.7%
Caddo Parish	93,248	97,974	99,790	0.5%	0.2%
Shreveport City	76,356	78,662	79,226	0.3%	0.1%

Source: Claritas, Inc.; W-ZHA

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- The number of City of Shreveport residents has not changed much over the last eighteen years.
- The overall rate of population and household growth in the Metro Area has remained consistent over time.
- Metropolitan Area population and household growth has been strongest outside of Caddo Parish and the City of Shreveport. Both the Parish and the City have experienced a decline in their rate of growth over the last eight years.
- The following page illustrates those areas of the Metropolitan that experienced the highest rates of household growth between 2000 and 2008. Darker green corresponds with higher growth rates.

Household Growth Rate By Census Tract 2000-2008 Shreveport-Bossier Metro Area



Household Growth Rate By Census Tract 2000-2008 Shreveport





**Population and Household Projections
Shreveport-Bossier Metro Area, Caddo Parish, Shreveport
1990, 2000, 2008, 2013**

Population			
	2008	2013	Avg Annual Chng 2008-13
Shreveport-Bossier Metro Area	390,523	399,099	0.4%
Caddo Parish	254,405	255,638	0.1%
Shreveport City	199,871	199,790	0.0%

Households			
	2008	2013	Avg Annual Chng 2008-13
Shreveport-Bossier Metro Area	152,321	157,369	0.7%
Caddo Parish	99,790	100,898	0.2%
Shreveport City	79,226	79,641	0.1%

Source: Claritas, Inc.; W-ZHA
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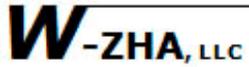
- Claritas, Inc.’s population and household projections indicate that this slower rate of growth will continue for the Parish and the City over the next 5 years.
- The Shreveport-Bossier Metro Area is projected to grow by approximately 5,000 households over the next five years.
- Approximately one-quarter of these new households are projected to reside in Caddo Parish.

**Employment Trends
Shreveport-Bossier Metro Area
1990, 2000, 2008**

	1990	2000	2008	Change			
				1990-00		2000-08	
				#	Avg Ann	#	Avg Ann
Non-Farm Jobs	134,629	170,049	180,900	35,419	2.4%	10,852	0.8%

Source: Moddy's economy.com; W-ZHA

- Between 1990 and 2000, employment in the Metro Area grew faster than both the population and households.



- Metropolitan Area employment growth dropped significantly between 2000 and 2008. The average annual rate of growth dropped from 2.4 percent during the 1990's to 0.8 percent from 2000 to 2008.

**Employment Projections
Shreveport-Bossier Metro Area
1990, 2000, 2008**

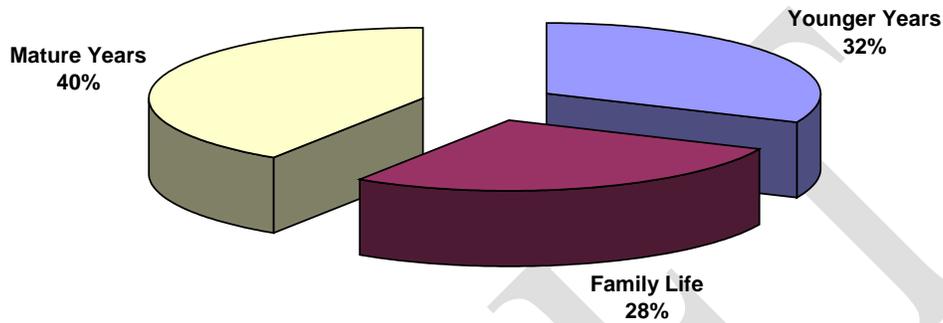
	2008	2020	Change 2008-2020	
			#	Avg Ann
Non-Farm Jobs	180,900	194,487	13,587	0.6%

Source: Moody's economy.com; W-ZHA

The Metropolitan Area is projected to add 13,500 new jobs between 2008 and 2020. This represents an average annual growth rate of 0.6 percent per year.

RESIDENTIAL MARKET POTENTIAL

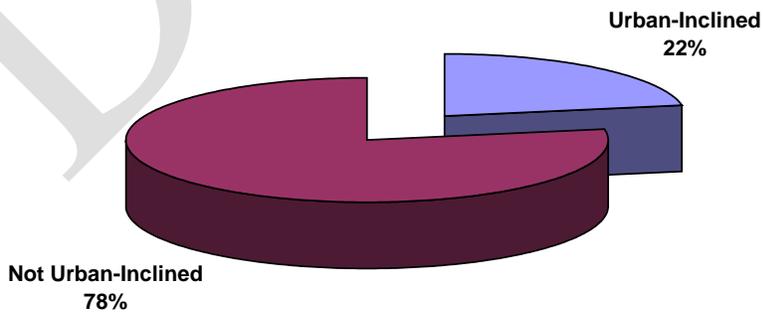
Household Lifestage
Shreveport-Bossier Metro Area
2008



Source: Claritas, Inc.; W-ZHA

- Approximately one-third of the households (48,600 households) in the Metro Area are young without children residing at home. This group makes up the same share of Parish and City households.
- Households with children residing at home make up approximately 28 percent of Metro households. This group only represents 21 percent of the City's households.
- 40 percent of Metro Area households are over 50 years old without children residing at home.

Urban-Inclined Households
Shreveport-Bossier Metro Area
2008



Source: W-ZHA



- Psycho-demographic data indicates that approximately 22 percent of the households in the Metro Area have tastes and preferences conducive to urban living. This amounts to approximately 34,000 households.
- Existing urban-inclined households are a potential market for Downtown housing. Over the next five years, 9,700 of these households will move into a different housing unit.

**Population and Household Projections
Shreveport-Bossier Metro Area, Caddo Parish, Shreveport
1990, 2000, 2008, 2013**

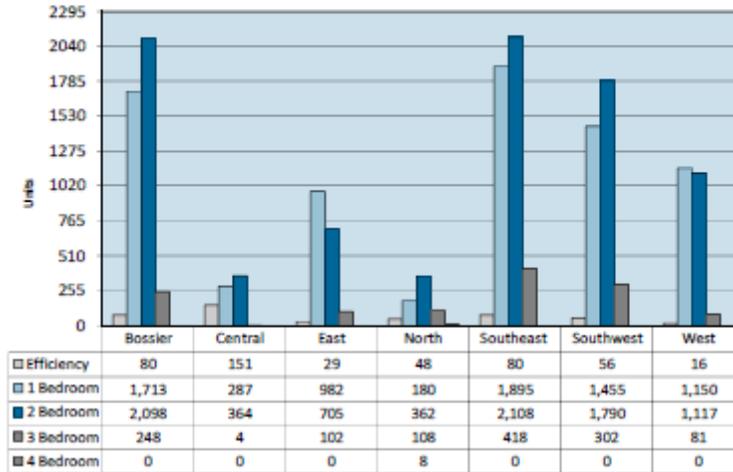
1 & 2 Person Households					
	2008	2013	Change		
			#	%	Avg Annual
Shreveport-Bossier Metro Area	91,161	95,258	4,097	4%	0.9%
Caddo Parish	60,917	61,980	1,063	2%	0.3%
Shreveport City	49,231	49,788	557	1%	0.2%

Other Households					
	2008	2013	Change		
			#	%	Avg Annual
Shreveport-Bossier Metro Area	61,160	62,111	951	2%	0.3%
Caddo Parish	38,873	38,918	45	0%	0.0%
Shreveport City	29,995	29,853	-142	0%	-0.1%

Source: Claritas, Inc.; W-ZHA
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- Over the next five years, household growth will be driven by 1- and 2-person households. These small households represent 81 percent of the household growth projected for the Metro Area and 96 percent of Caddo Parish's growth.
- These households demand single family homes as well as multi-family units.

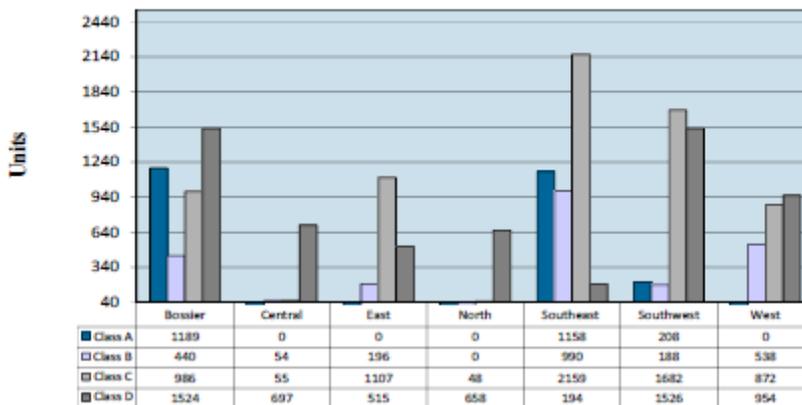
Multi-Family Housing
Unit Inventory by Geographic Sub-market by Type



Source: LSU, "Shreveport-Bossier City: Commercial and Multi-Family Real Estate, Year End 2008"

- According to a 2008 market analysis by LSU's Center for Business and Economic Research, there is very little multi-family residential product in Shreveport-Bossier's Central Sub-market (or Downtown).

Multi-Family Housing
Unit Inventory by Geographic Sub-market by Class



Source: LSU, "Shreveport-Bossier City: Commercial and Multi-Family Real Estate, Year End 2008"



- According to the same study, there is no Class-A multi-family residential product in the Central Sub-market.
- There is essentially no new residential product Downtown available to accommodate the existing urban-inclined households and new households moving into the Metro Area.
- As the only urban, mixed-use center in the region, there is a real opportunity to develop *new* housing targeted to young and old urban-inclined households.

**Downtown Residential Potential
2008-2013**

	Households	Capture		Potential	
		Conservative	Moderate	Conservative	Moderate
New 1- and 2-Person Households	4,100	1%	3%	40	120
Moving Urban-Inclined Households	9,730	1%	3%	100	290
Total Units				140	410

Source: W-ZHA

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- Using conservative capture rates, there is the potential to support a significant amount of new housing Downtown.
- Approximately one-third of this potential is from families seeking new, in-town housing like a rowhouse or a small cottage.
- Two-thirds of the potential is for rental, multi-family units.
- Approximately 80 to 90 percent of the demand will be for rental housing.

**Class-A Apartment Rent Per Month
2008**

	Rent /Month
Average Class-A Multi-Family	\$630
Bossier City	\$682
Southeast	\$720

Source: LSA, "Shreveport-Bossier City: Commercial and Multi-Family Real Estate, Tear End 2008"

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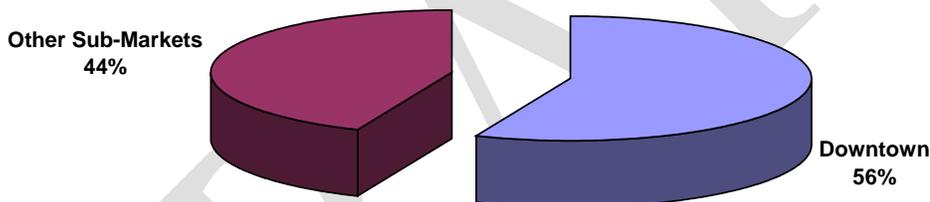
- While there may be market potential, *development* potential is constrained by current rental rates. The average Class-A apartment unit rents for \$1.06 per square foot per month. A private developer cannot make an adequate investment

return at this rent level – subsidy will be required to achieve new rental housing development in the Downtown.

- From a Downtown planning perspective, the Cross Bayou area is well positioned to become a new urban neighborhood. A concentrated mix of new housing types could be developed in this area.
- The Cross Bayou’s success is critically important to all Downtown neighborhoods. As in other Downtowns, when the first residential project is successful, there is immediate recognition of pent-up demand for urban product. Downtown investment in both new product and the adaptive re-use of existing building accelerates once the first project demonstrates market potential.

OFFICE MARKET POTENTIAL

Multi-Tenant Office Space
Shreveport-Bossier Metro Area
2008



Source: LSU, “Shreveport-Bossier City: Commercial and Multi-Family Real Estate, Year End 2008”

- With over two million square feet of office space, Downtown Shreveport contains over half of the multi-tenant office space in the Metropolitan Area.
- Downtown is the office center of the Metropolitan Area. In addition to private office space, Downtown contains the Caddo Parish and City offices, the Louisiana State Attorney’s office and the Federal Courthouse.
- At the end of 2008 Downtown office space was about 90 percent occupied.

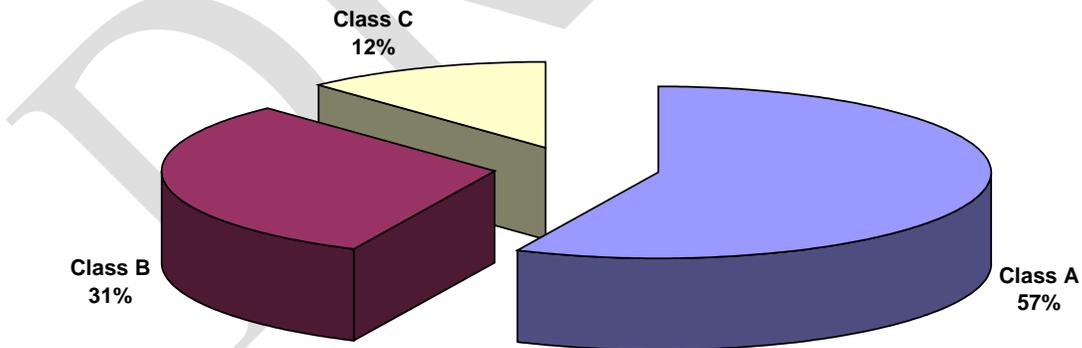
**Multi-Tenant Office Supply
Shreveport-Bossier Metro Area
2008**

Sub-Market	Properties	Rentable	Occupied	Occupancy Rate
Bossier City	6	170,190	163,670	96%
Central	8	356,250	323,050	91%
Downtown	23	2,210,340	1,971,140	89%
East North	7	299,170	268,650	90%
Southeast	4	163,590	136,240	83%
Southwest	12	467,680	436,360	93%
West	3	104,780	87,450	83%
Total	2	149,590	144,320	96%
	<u>65</u>	<u>3,921,590</u>	<u>3,530,880</u>	<u>90%</u>

Source: LSU, "Shreveport-Bossier City: Commercial and Multi-Family Real Estate, Year End 2008"

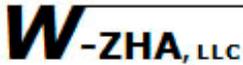
- The remainder of the multi-tenant office space is spread across the Metropolitan Area. The second largest concentration of office space is in the Southwest Sub-Market with 467,000 square feet.

**Downtown Multi-Tenant Office Space By Class
Downtown Shreveport
2008**



Source: Downtown Development Authority of Shreveport

- Downtown contains approximately 90 percent of the Metro Area's Class-A office space. Approximately, 57 percent of the Downtown office supply is considered Class-A.



**Office-Inclined Industry Employment Projections
Shreveport-Bossier Metro Area
2010-2020**

	2010	2020	Change 2010-2020	
			#	Avg Ann
Non-Farm Jobs	24,606	26,043	1,437	0.5%

Source: Moody's economy.com; W-ZHA

- From 2010 to 2020 employment is projected to grow among industries that typically use office space.

**Office-Inclined Industry Employment Projections
Shreveport-Bossier Metro Area and Downtown
2010-2020**

New Office-Inclined Industry Jobs	1,437
Avg. Office Square Feet /Employee	250 sq ft
Total Office Demand	359,200 sq ft
Downtown Share @ 56%	202,460 sq ft

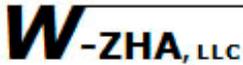
Source: Moody's economy.com; W-ZHA

- This employment growth translates into demand for almost 360,000 square feet of office space. If Downtown maintains its share of the market (56 percent), there is the potential for approximately 202,000 square feet of new office space in the Downtown by 2020.

**Office Rent By Class
Overall Metro Market and Downtown
2008**

	Overall Market		Downtown	
	Low	High	Low	High
Class A	\$10.00	\$22.50	\$10.00	\$16.00
Class B	\$6.00	\$15.68	\$7.00	\$12.00

Source: LSU, "Shreveport-Bossier City: Commercial and Multi-Family Real Estate, Year End 2008"; Downtown Development Authority of Shreveport



- Rent will force new office space to be less than 5-stories in height. Stick-built buildings are less expensive to develop than high-rise buildings.
- New office will have to be able to command rents of at least \$25.00 per square foot to generate developer interest. Even at this rate, parking will have to be subsidized.
- Strategically, new office should be located to support evolving urban districts. Office provides a valuable daytime population that enlivens the street and patronizes restaurants.

RETAIL MARKET POTENTIAL

**Retail and Eating and Drinking Sales Per Capita
United States, Louisiana, Shreveport CBSA and Shreveport City**

	United States	Louisiana	Shreveport CBSA	Shreveport City
Total Retail Sales /Capita	\$15,100	\$15,360	\$17,650	\$18,430
Eating and Drinking Sales /Capita	\$1,360	\$1,360	\$1,540	\$1,680

Source: Sales & Marketing Management; Claritas, Inc.; W-ZHA

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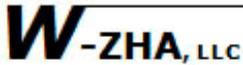
- Retail sales in the Shreveport-Bossier Metropolitan Area and the City of Shreveport are higher than national and state averages with regard to retail sales. One reason for the high retail sales is that the Metropolitan Area and the City service a large trade area outside of their jurisdictional boundaries. Another obvious reason is the gaming industry that draws patrons from a region well beyond the Metropolitan Area boundaries.
- The gaming industry likely drives the area’s high eating and drinking sales per capita.

**Downtown Capture of Eating & Drinking Sales
Shreveport**

	Metropolitan Area	City
Eating and Drinking Sales		
Eating and Drinking	1%	2%
Drinking	12%	15%

Source: Sales & Marketing Management; Claritas, Inc.; W-ZHA

F:\8000s, misc\80036 Shreveport[claritas retail sales.xls]eat drink share



- Successful Downtowns capture 5 to 15 percent of their City’s eating and drinking sales. As defined as Census Tract 201, Downtown Shreveport is capturing 2 percent of the City’s eating and drinking sales and 15 percent of the City’s drinking sales. A large share of eating and drinking sales are likely occurring inside the Riverboat Casinos, not in Downtown storefronts.

**Arts, Entertainment and Recreation Employment Per Capita /1
Select Metropolitan Areas**

	Dallas	Little Rock	Baton Rouge	Shreveport-Bossier
Jobs /Capita	0.0052	0.0043	0.0043	0.0076

1. Excludes jobs in the gambling industry.

Source: Sales & Marketing Management; Claritas, Inc.; W-ZHA

F:\8000s, misc\80036 Shreveport\claritas retail sales.xls\arts jobs

- With such a concentration of arts, entertainment and recreation offerings in the Metro Market, the Downtown should be well positioned to become the cultural center of the region. Developing this niche via the arts, music and movie production will greatly enhance the Downtown’s attractiveness as a restaurant and entertainment center.
- As a cultural and entertainment center, the Downtown’s target market is the region, not just the Downtown population. Downtown’s competitiveness will largely depend on developing a strong cluster of niche restaurants and entertainment outlets. These businesses should be co-located to strengthen Downtown’s position as an eating and drinking and entertainment destination.

REVITALIZATION CONSIDERATIONS

- New initiatives need to appeal to the local Shreveport market, not the “tourist” market. In this way, whether it be residential, restaurant, or entertainment development, it needs to be tailored to the region’s tastes and preferences. The strategy needs to shift from the development of anchors to the creation of places. This type of revitalization strategy requires that Downtown districts be established and a series of smaller scale strategies be initiated for each district. Strong management and communication are critical for this type of revitalization strategy to be successful.

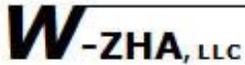
IMPLEMENTATION CONSIDERATIONS: CROSS BAYOU

There is general consensus that Cross Bayou is a near term development opportunity. The following steps will likely be necessary to implement a project like Cross Bayou:

- Establish a vision for the Cross Bayou area.
- Reach consensus on a set of development principles and project objectives. These will provide guidance to interested developers and become important criteria by which development proposals can be evaluated.
- Identify and/or create the implementing organization for the public/private development of Cross Bayou.
- Test development feasibility and identify the initiatives necessary to make private investment feasible. Prepare an implementation schedule that responds to the feasibility issues.
- Reach consensus on the development incentives committed to the project.
- Draft a Developer Request for Proposal that details the vision, development principles, project objectives, the anticipated role of the public and private sectors and the incentives/resources available to the selected developer.
- Select a development partner and negotiate a development agreement.

MEMORANDUM

TO: Larissa Brown, Goody Clancy
FROM: Sarah Woodworth
RE: Willis-Knighton/LSUHSC Area
DATE: July 20, 2010



EXISTING CONDITIONS

The Medical Centers

- The Willis-Knighton/LSUHSC Area contains the headquarters of two of the largest employers in Louisiana.

Louisiana's Largest Employers			
Rank	Employer	Location	Employees
1	Ochsner Clinic Foudation	Jefferson	10,000
2	LA State University Health	New Orleans	7,000
3	LSU Health Services Center	Shreveport	6200 ¹
4	Northrop Grumman Ship Systems	Avondale	6,000
5	Willis-Knighton Health System	Shreveport	5700 ²
6	East Jefferson Hospital	Metairie	5,000
7	LA State Universtiy Health	New Orleans	5,000
8	Lafayette General Medical Center	Lafayette	5,000
9	Medical Center of LA	New Orleans	5,000
10	Our Lady-Lake Regional Medical	Baton Rouge	5,000
11	Tulane University	New Orleans	5,000
12	W K Pierremont Health Center	Shreveport	4,000
13	US Post Office	New Orleans	4,000
6	University of New Orleans	New Orleans	3,114
7	Horsehoe Casino and Hotel	Bossier City	3,000

1. The InfoGroup table quoted employment at the LSU Health Service Center at 5,200. Data was updated given LSUHSC recent data.
2. The InfoGroup table quoted employment at the Willis-Knighton Medical Center at 3,900. Data was updated given W-K more recent data.

Source: InfoGroup; W-ZHA
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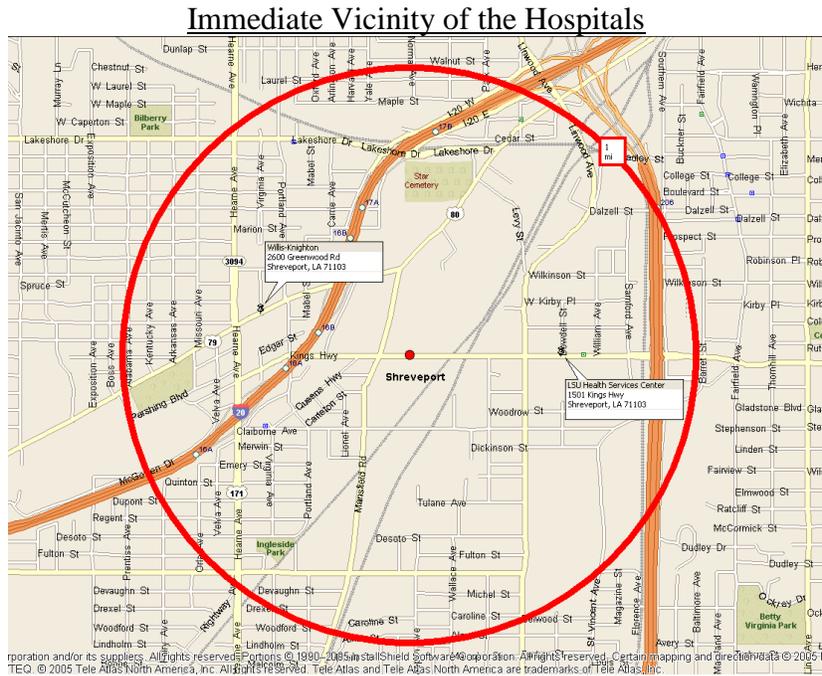
- Willis-Knighton Health System is the largest non-governmental employer in the Shreveport area. Willis-Knighton has a number of facilities in the Metropolitan Area.
- Willis-Knighton's Medical Center campus and senior living facility are in the Willis-Knighton/LSUHSC Area is. The Medical Center contains 750 beds. While the number of employees within the Willis-Knighton/LSUHSC Area is unknown, Willis-Knighton employs approximately 5,700 employees throughout its system.
- 5,300 people go to work everyday at the LSU Health Services Center in the Willis-Knighton/LSUHSC Area.



- There are approximately 2,700 employees in LSU’s University Hospital (475 beds) and approximately 2,000 employees related to the Schools of Medicine, Graduate Studies and Allied Health Professions.
- There are approximately 410 residents, 90 fellow and 80 post-doctoral fellows located in Shreveport at the LSU Health Services Center.
- The Willis-Knighton/LSUHSC Area contains almost as many jobs as Downtown Shreveport (12,000 employees).

The Neighborhood

- There are approximately 2,300 households residing in the immediate vicinity of the Hospitals.



- As the employment in the Hospitals has been increasing, the number of households in the neighborhood has declined.



**Population and Household Trends
Within 1-Mile Radius from Center of Willis-Knighton/LSUHSC Area
1990, 2000, 2008, 2013**

	1-Mile Radius			Avg Annual Change	
	1990	2000	2008	1990-2000	2000-08
Population	8,664	8,075	7,407	-0.7%	-0.9%
Households	2,624	2,487	2,256	-0.5%	-1.0%

Source: Claritas, Inc.; W-ZHA

F:\8000s, misc\80036 Shreveport\[household trend.xls]pop trend

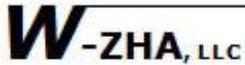
- 37 percent of the households within a mile of the Hospitals are headed by women and over half these households have children at home.
- About one-quarter of the households are single.
- One-third of the households have children at home.

**Estimated Households by Type and Presence of Own Children
Within 1-Mile Radius from Center of Willis-Knighton/LSUHSC Area
2008**

Household Type	Households	%
Single Male Householder	272	12%
Single Female Householder	320	14%
Married-Couple Family	587	26%
<i>With own children</i>	253	11%
<i>No own children</i>	335	15%
Male Householder	142	6%
<i>With own children</i>	56	2%
<i>No own children</i>	86	4%
Female Householder	829	37%
<i>With own children</i>	482	21%
<i>No own children</i>	346	15%
Nonfamily: Male Householder	64	3%
Nonfamily: Female Householder	42	2%

Source: Claritas, Inc.

F:\8000s, misc\80036 Shreveport\[willis-knighton demo.xls]Sheet1



- One and two person households account for over half the households in the immediate vicinity of the Hospitals.

**Household Size
Immediate Area**

Size of Household	Share of Households
1-person household	26.25%
2-person household	25.93%
3-person household	16.61%
4-person household	12.84%
5-person household	8.48%
6-person household	4.93%
7 or more person household	4.95%

Source: Claritas, Inc.; W-ZHA
F:\8000s, misc\80036 Shreveport\[willis-knighton demo.xls]Sheet4

- Over 85 percent of the households within 1-mile from the center of the Willis-Knighton/LSUMSC Area are Black/African American.

**Race
Immediate Area
2008**

Caucasian/White	11.0%
Black/African American	86.8%
Oher	2.3%

Source: Claritas, Inc.; W-ZHA
F:\8000s, misc\80036
Shreveport\[household trend.xls]pop
trend

- 54 percent of the households rent their home.
- The median income is \$21,000 as compared to the City average of \$34,800.
- Approximately 70 percent of commuters travel over 15-minutes to get to work each day.

**Commute Time To Work
Immediate Area
2008**

Less than 15 Minutes	30.9%
15 to 29 Minutes	45.8%
30 to 44 Minutes	15.7%
45 to 59 Minutes	2.2%
60 or more Minutes	5.4%

Source: Claritas, Inc.; W-ZHA

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demo.xls\commute

Neighborhood Land Use

- Willis-Knighton and the LSU Health Care System campuses are only two miles away from each other.
- There is a considerable amount of under-utilized land in the immediate vicinity of the Hospitals.
- Residential uses surround the Hospital campuses.
- Approximately, 80 percent of the residential stock is single family detached.

**Housing Units By Type
Immediate Area
2008**

1 Unit Attached	4.3%
1 Unit Detached	79.8%
2 Units	5.7%
3 to 19 Units	9.0%
20 to 49 Units	1.1%
50 or More Units	1.7%

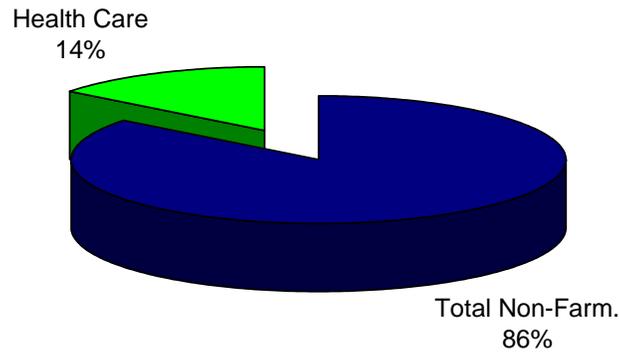
Source: Claritas, Inc.; W-ZHA

- With the exception of the Willis-Knighton retirement community, there has been very little new residential development in the area. Two-thirds of the residential product was built before 1960.
- There are no Class-A apartment complexes in the neighborhood.

ECONOMIC FRAMEWORK

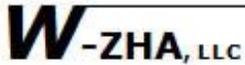
- With approximately 25,000 employees, the health care industry currently accounts for 15 percent of the jobs in the Shreveport-Bossier Metropolitan Area.

2010 Shreveport-Bossier Metropolitan Area Employment



Source: Moody's *economy.com*

- Between 2010 and 2020, Moody's *economy.com* projects that employment in the health care industry will grow more than employment in any other industry. Health care jobs are projected to account for approximately 3 out of 10 new jobs in the Metropolitan Area.
- The health care industry is projected to grow by 5,800 jobs or 23 percent over the next decade. This represents an average annual growth rate of 2.0 percent.



**Employment Projections By Industry
Shreveport-Bossier Metropolitan Area
2010-2020**

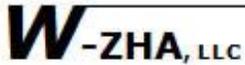
	000's of jobs			2010-2020	
	2010	2015	2020	#	%
Natural Resources & Mining	4.05	3.68	3.50	-0.55	-13.5%
Construction	8.79	8.81	9.21	0.42	4.8%
Manufacturing	9.89	10.23	9.64	-0.25	-2.5%
Wholesale Trade	7.10	7.99	8.28	1.19	16.7%
Retail Trade	20.49	23.20	24.59	4.10	20.0%
Transportation, Warehousing, & Utilities	6.27	6.09	5.73	-0.54	-8.6%
Information	3.07	3.24	3.48	0.41	13.4%
Financial Activities	6.68	7.23	7.06	0.38	5.6%
Professional & Business Services	17.31	18.25	17.81	0.50	2.9%
Educational Services	1.40	1.56	1.58	0.18	13.2%
Health Care and Social Assistance	25.24	29.34	31.04	5.80	23.0%
Leisure & Hospitality	22.40	25.23	25.88	3.48	15.5%
Other Services (except Public Administration)	7.66	8.92	9.88	2.22	29.0%
Government	34.18	36.83	36.81	2.63	7.7%
Total Non Farm Employment	174.52	190.59	194.49	19.97	11.4%

Source: Moody's, economy.com; W-ZHA
 F:\8000s, misc\80036 Shreveport\[employment projection msa.XLS]proj industry

- Households in the Shreveport-Bossier Metropolitan Area are projected to grow at a rate of 0.7 percent per year. At this rate, there will be 5,000 new households in the Metropolitan Area by 2020 – less than new jobs in the healthcare industry.
- Household growth in Shreveport is projected to be even lower at 0.1 percent per year.
- If the employment and household projections hold true, most of the new hospital employees will be living outside of the Metropolitan Area.

THE ISSUE

- There appears to be a classic “spatial mismatch” between jobs and the labor force in this area of Shreveport. If the goal is to attract and retain skilled labor, the lack of quality housing near in Willis-Knighton and LSU Health Services Center is, potentially, a competitive disadvantage.
- Both institutions have an enormous fixed investment in this part of Shreveport. It is imperative this area be an attractive location to attract staff and customers.
- New housing development and existing housing renovation in this area has the potential to be beneficial from the following perspectives:
 - Employee recruitment
 - Employee retention



- Neighborhood revitalization
- Positive community relations
- A recent study “Quantifying the Value Proposition of Employer-Assisted Housing: A Case Study Aurora Health Care” by Lynn Ross concluded that housing proximate to the Hospital resulted in better performing employees and lower turnover rates.¹

Aurora Employee Turnover 2004-2007			
	All Aurora Employees	Metro Employees	Employer Assisted Housing Participants
2004	na	13.4%	7.2%
2005	na	11.0%	5.3%
2006	na	12.1%	3.9%
2007	11.8%	12.6%	4.8%

Source: “Quantifying the Value Proposition of Employer-Assisted Housing: A Case Study Aurora Health Care” (2008) by Lynn Ross; W-ZHA
F:\8000s, misc\80036 Shreveport\willis knighton.xls]aurora

THE OPPORTUNITY

- Institutional presence, projected job growth, available under-utilized land, and a strategic location makes this area a prime location for mixed-income housing development.
- There is essentially no new residential product available to existing Hospital employees and households interested in re-locating to this area.
- Using conservative capture rates, W-ZHA considers there to be potential for 300 to 400 housing units in this area over the next 10 years.

¹ This is a case study of the employer-assisted housing program instituted by Aurora Health Care in Milwaukee, WI. The Aurora Employee Homeownership Program began in 1993 and was initially created as a “walk to work” program. The goal of the original program was to support homeownership in the neighborhoods surrounding the hospital. The program now supports employees who want to purchase an existing or new house anywhere in the City of Milwaukee.



**Housing Potential
Within 1-Mile Radius from Center of Willis-Knighton/LSUHSC Area**

	Existing Households		Low		High
LSUHSC Employees	4,646	1.0%	50	2%	90
LSUHSC Students	575	10%	60	15%	90
Willis-Knighton Systemwide Employment	5,700	1.0%	60	2%	110
Shreveport MSA Existing Households	154,461	0.08%	130	0.07%	110
Total Units			300		400

Source: W-ZHA

F:\8000s, misc\80036 Shreveport\willis knighton.xls]Sheet2

- A mix of housing products and price points are required to fully capture the potential of the Willis-Knighton/LSUHSC Area. The primary markets are:
 - Nurses
 - Students
 - Young singles and couples

- The housing products to be considered are:
 - Lofts
 - Mid-rise apartments
 - Rowhouses
 - Small cottages

- Better housing opportunities can be offered via property renovation and new construction.

MEMORANDUM

TO: Goody Clancy
FROM: Sarah Woodworth
RE: Retail Potential
DATE: April 15, 2010

ECONOMIC FRAMEWORKDemographics**Population and Household Trends
Shreveport-Bossier Metro Area, Caddo Parish, Shreveport
1990, 2000, 2008, 2013**

	Population			Avg Annual Change	
	1990	2000	2008	1990-2000	2000-08
Shreveport-Bossier Metro Area	359,687	375,965	390,523	0.4%	0.5%
Caddo Parish	248,253	252,161	254,405	0.2%	0.1%
Shreveport City	200,585	200,145	199,871	0.0%	0.0%

	Households			Avg Annual Change	
	1990	2000	2008	1990-2000	2000-08
Shreveport-Bossier Metro Area	133,095	144,293	152,321	0.8%	0.7%
Caddo Parish	93,248	97,974	99,790	0.5%	0.2%
Shreveport City	76,356	78,662	79,226	0.3%	0.1%

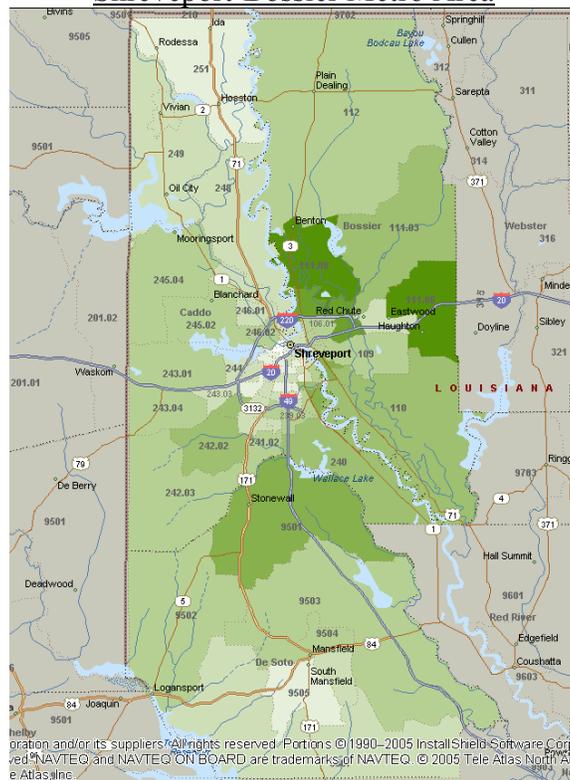
Source: Claritas, Inc.; W-ZHA

F:\8000s, misc\80036 Shreveport\[household trend.xls]pop trend

- The number of City of Shreveport residents has not changed much over the last eighteen years.
- The overall rate of population and household growth in the Metro Area has remained consistent over time.

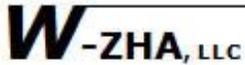
- Metropolitan Area population and household growth has been strongest outside of Caddo Parish and the City of Shreveport. Both the Parish and the City have experienced a decline in their rate of growth over the last eight years.
- The following map illustrates those areas of the Metropolitan Area that experienced the highest rates of household growth between 2000 and 2008. Darker green corresponds with higher growth rates. The southeastern area of the City has grown relatively quickly as well as areas south of the City in the Metropolitan Area.
- Mansfield Road is a major road linking the City to growth areas to the south.

Household Growth Rate By Census Tract
2000-2008
Shreveport-Bossier Metro Area



Shreveport Retail

The major retail center in Shreveport today is on Youree Drive around the East 70th Street. Youree Drive contains well over 2 million square feet of retail. Another retail concentration is located in Mall St. Vincent, a conventional, 555,000 square foot indoor mall. Built in 1976, Mall St. Vincent is located at the intersection of Kings Highway and Fairfield Road. With the advent of Youree Drive, retail has moved from the center of the City to the south and east.



With an average of 53,600 vehicles per day (2004 data) passing through the Youree Drive and East 70th intersection, Youree Drive is one of the most visible locations in the City. In addition, Youree Drive is strategically located to access many households with relatively high average incomes.

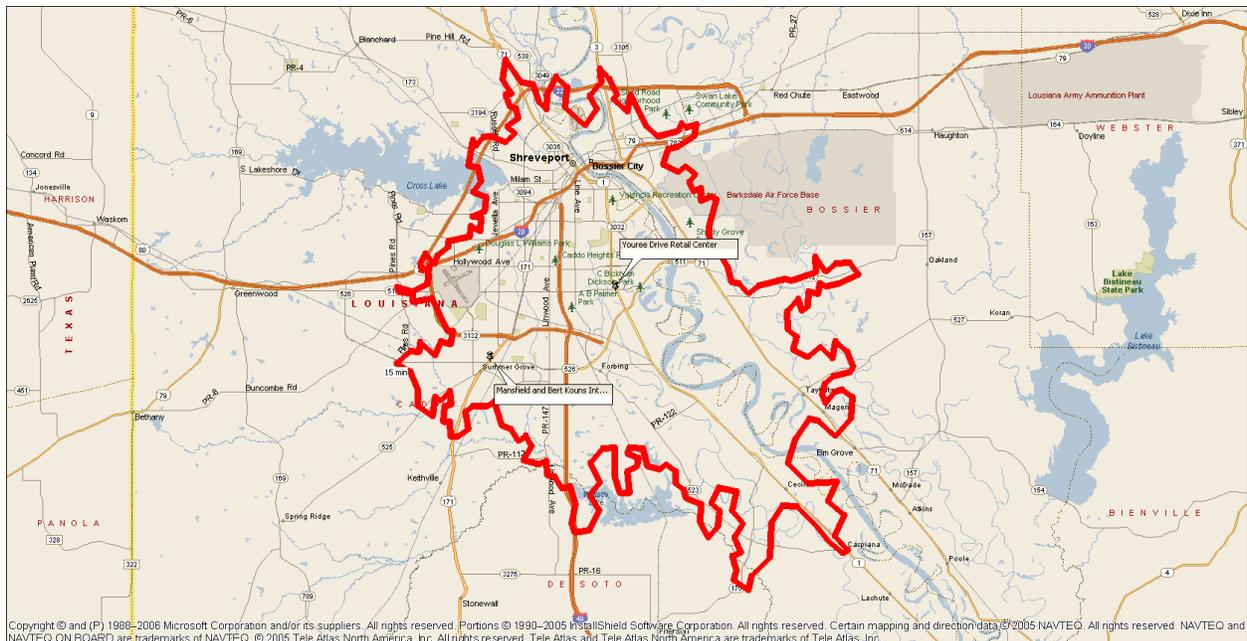
Market Indicators
Shreveport-Bossier Metro Area City of Shreveport, Youree Drive 10-Minute Drive Time
2009

	Metropolitan Area	City of Shreveport	Youree Drive & East 70th
Households	152,321	79,226	49,681
Household Average Annual Growth Rate (2000-2008)	0.7%	0.1%	0.4%
Median Household Income	\$40,146	\$34,798	\$39,244
Average Household Income	\$54,621	\$50,720	\$55,430

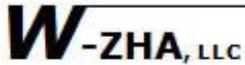
Source: Claritas, Inc.; W-ZHA
 F:\8000s, misc\80036 Shreveport[mansfield.xls]Sheet1

Youree Drive’s success may be driving its greatest market weakness – traffic congestion is a problem. For day-to-day shopping, Youree Drive is not convenient to residents who live outside of the 5- to 7-minute drive time zone. However, because it offers such breadth and depth of shoppers goods stores, for comparison shopping Youree Drive’s primary trade area is likely a 15-minute drive time zone. This trade area encompasses most of the City.

15-Minute Drive Time from Youree Drive and East 70th Street Intersection



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MANSFIELD ROAD AND BERT KOUNS INDUSTRIAL LOOP EXPRESSWAY INTERSECTION AREA

Location and Market Dynamics

As discussed in the Economic Framework section, there is considerable household growth occurring south of the Mansfield Road and Bert Kouns Industrial Loop intersection. The characteristics of the market within a 10-minute drive of the Mansfield intersection is not as strong as the Youree Drive, but the market is stable and growing.

Market Indicators Shreveport-Bossier Metro Area City of Shreveport, Youree Drive & Mansfield 10-Minute Drive Time 2008

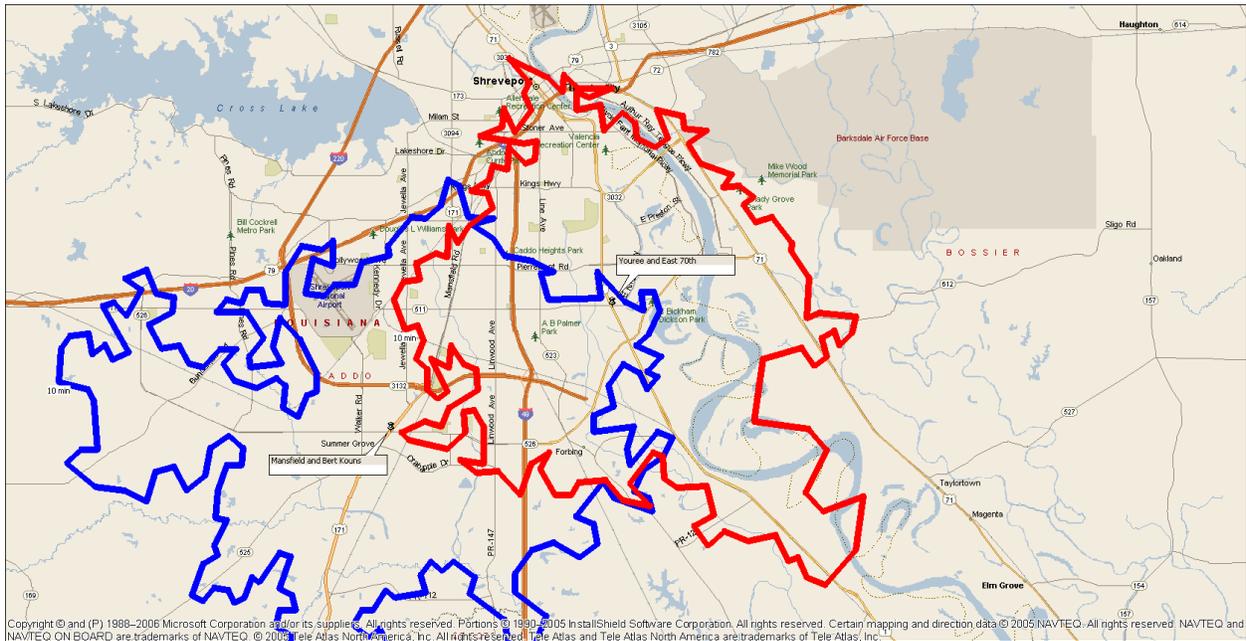
	Metropolitan Area	City of Shreveport	Youree Drive & East 70th	Mansfield & Bert Kouns
Households	152,321	79,226	49,681	28,343
Projected Household Average Annual Growth Rate (2008-2013)	0.7%	0.1%	0.4%	0.2%
Median Household Income	\$40,146	\$34,798	\$39,244	\$33,924
Average Household Income	\$54,621	\$50,720	\$55,430	\$45,998

Source: Claritas, Inc.; W-ZHA
F:\8000s, misc\80036 Shreveport\[mansfield.xls]Sheet2

Trade Areas

Large community centers can draw from a 10-minute drive trade area: it depends on the competition. The following maps illustrate 10-minute drive-times from both the Youree Drive/East 70th intersection and the Mansfield Road/Bert Kouns intersection. The trade areas overlap between Mansfield Road and Youree Drive, south of Hollywood Avenue and north of the Inner Loop.

10-Minute Drive Time
Youree and East 70th Intersection and Mansfield Road and Bert Kouns Industrial Loop
Expressway Intersection

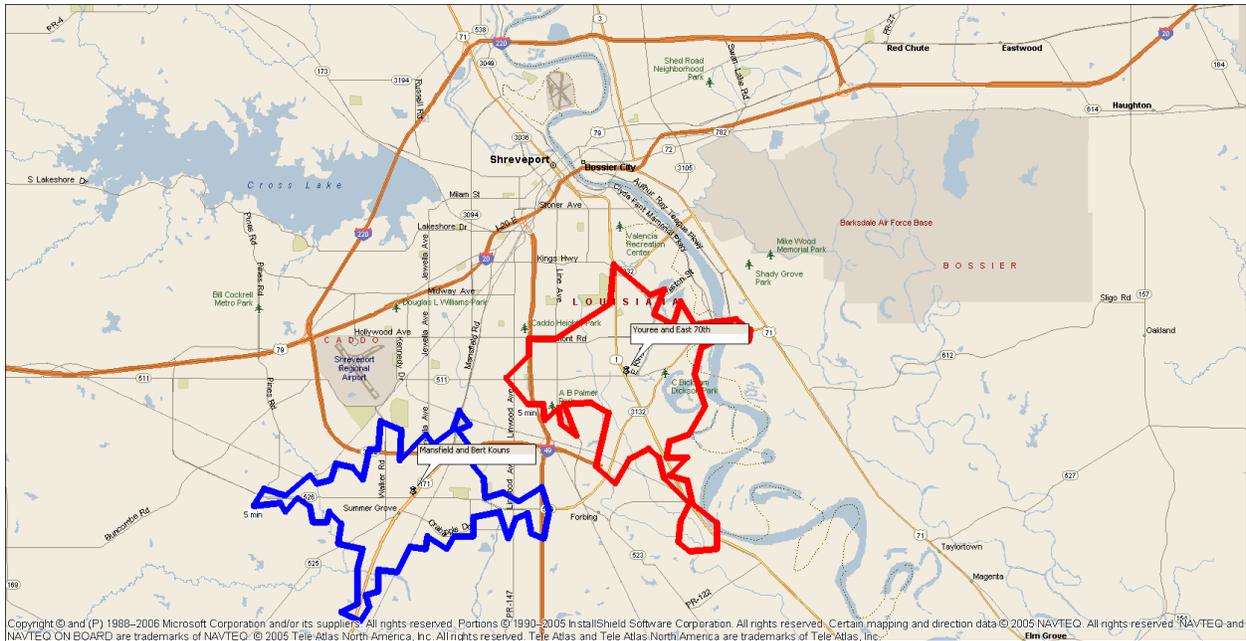


Given the location and character of Youree Drive retail it is likely that it will continue to be a strong investment location for comparison-shopping-type retail. Specialty stores, apparel, jewelry, furniture, and other stores that target the regional market will demand a Youree Drive location because of its depth and breadth of retail offerings. The Mansfield area is not a competitive location for these types of retailers.

Neighborhood retail, like small shopping centers anchored by a grocery store, typically draw a majority of their patronage from households within a 5-minute drive. The following map illustrates the 5-minute drive-time zones for both the Youree Drive/East 70th intersection and the Mansfield Road/Bert Kouns intersection. The trade areas do not intersect.



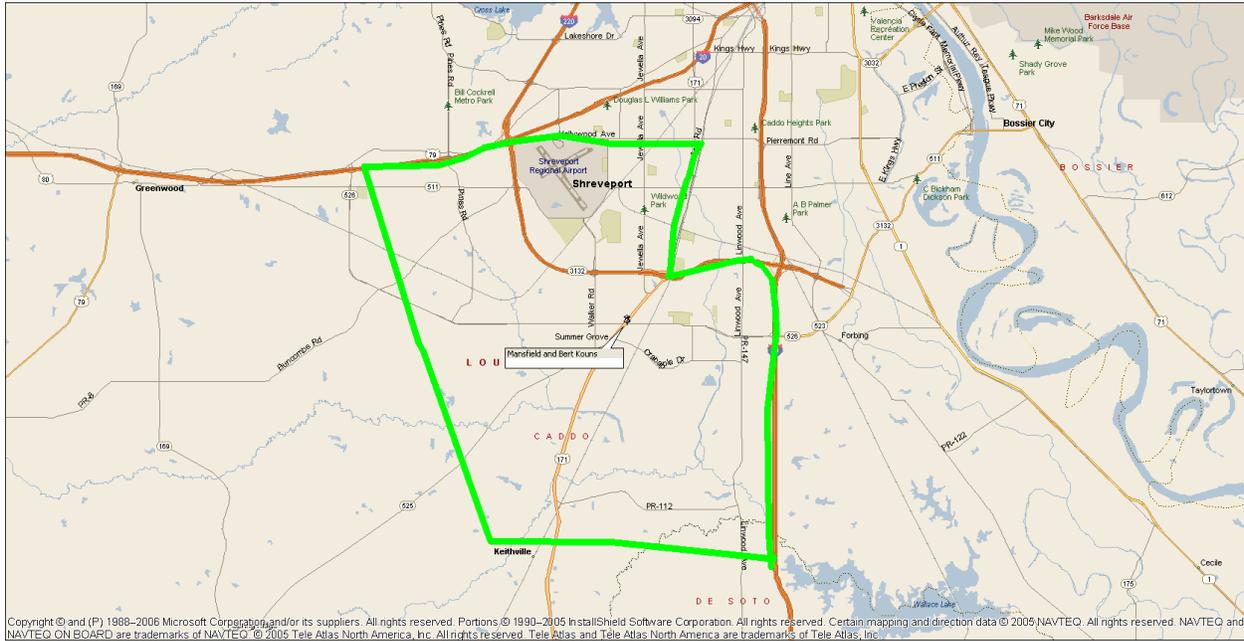
5-Minute Drive Time Youree and East 70th Intersection and Mansfield Road and Bert Kouns Industrial Loop Expressway Intersection



The Mansfield area may have the potential to compete for additional neighborhood and community-oriented retail stores. Youree Drive’s congestion make it less attractive for day-to-day, quick shopping trips. A reasonable trade area for community-oriented retail in the vicinity of the Mansfield Road and Bert Kouns intersection is presented on the following map. The trade area reflects Youree Drive’s impact on the retail landscape.



Community-Oriented Retail Trade Area Mansfield Road and Bert Kouns Industrial Loop Expressway Intersection



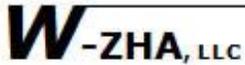
Trade Area Retail Expenditure Potential

The Mansfield trade area contains approximately 20,000 households. The median income among households in the trade area is \$37,750, above the City average of \$34,800.

Demographics Mansfield Trade Area

	2008
Population	49,703
Households	19,864
Per Capita Income	\$18,863
Median Household Income	\$37,751

Source: Claritas, Inc.; W-ZHA
F:\8000s, misc\80036 Shreveport\[mansfield trade area.xls]Sheet1



The Mansfield trade area has been growing and is projected to continue to grow over the next five years.

Household Trends and Projections Mansfield Trade Area							
	2000	2008	2013	Change			
				2000-08		2008-13	
				#	%	#	%
Households	19,433	19,864	20,154	431	2.2%	290	1.5%

Source: Claritas, Inc.; W-ZHA

F:\8000s, misc\80036 Shreveport\[mansfield trade area (version 1).xls]Sheet3

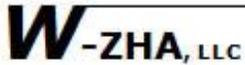
By 2013, trade area households will have the potential to spend approximately \$390 million in retail stores per year. The trade area is large enough to support numerous shopping centers. Assuming that \$350 in retail sales is required to support a square foot of retail space, residents in the trade area have the potential to support over a million square feet of retail. Some retail spending will occur in the trade area, while other spending will occur on Youree Drive and other retail locations.

**Retail Expenditure Potential By Store Type
Mansfield Area Trade Area
2013**

Store Type	Expenditure Potential
General Merchandise	\$78,950,000
Furniture	\$11,538,000
Electronics and Appliances	\$13,495,000
Building Material	\$60,487,000
Food & Beverage	\$76,663,000
Health and Personal Care	\$37,246,000
Apparel and Accessories	\$26,582,000
Sporting Goods, Hobby, Book, Music Stores	\$10,953,000
Miscellaneous Store Types	\$12,549,000
Eating & Drinking Establishments	\$50,369,000
Total Shopping Center-Inclined Expenditure Potential	\$378,832,000

Source: W-ZHA

F:\8000s, misc\80036 Shreveport\[mansfield trade area.xls]Sheet2



Existing Retail Supply

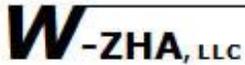
The existing retail supply in the trade area is located in old strip commercial centers or buildings along commercial corridors. A detailed inventory of trade area retail was not conducted. However, the major shopping centers in the trade area contain approximately 620,000 square feet of retail space.

Shopping Centers Mansfield Trade Area		
Shopping Center Name	Address	Square Feet
Summers Grove	9140 Mansfield Rd	177,960
Southpark Village	8900 Mansfield Rd	103,440
South Jewella Plaza	8201 Jewella Ave	37,430
Canterbury Square	2530 Bert Kouns Industrial Loop	40,130
Eastridge Plaza	341 E Bert Kouns	113,000
Mansfield Center (Retail)	9076 Mansfield Rd	150,000
Total		621,960

Source: Claritas, Inc.,; W-ZHA
F:\8000s, misc\80036 Shreveport\[shopping center.xls]Sheet2

There are two Brookshires supermarkets and a Kroger supermarket on Mansfield Road in the immediate vicinity of the Mansfield/Bert Kouns intersection. There is a Super WalMart at 9550 Mansfield Road, south of the Mansfield/Bert Kouns intersection.

While there is considerable retail supply in the Mansfield trade area, the supply is generally old and unattractive. The trade area's demographics and future projected growth suggest that higher quality community retail is warranted in this area. There may be an opportunity to develop a small (75,000 to 100,000 square foot) community shopping center in the Mansfield area. A small department store or a new replacement grocery store could anchor such a center. Stores oriented to day-to-day shopping would fill out the remainder of the center. Only 10 percent of the trade area's expenditure potential would need to be captured to support such a center in the Mansfield area.



PINES ROAD AND INTERSTATE 20

Existing Conditions

There is a WalMart Supercenter and a largely vacant shopping center, Huntington Park, currently located at the intersection of Pines Road and Interstate 20. Approximately 18,000 vehicles are on Pines Road a day in the vicinity of the interchange. Pines Road is an important point of access to the neighborhoods north of the interstate. To the south, Pines Road ends at Bert Kouns Industrial Loop Expressway. To the east of intersection is the Shreveport Regional Airport.

Far fewer households reside near (within a 5-minute drive) the Pines Road intersection as compared to the Mansfield Road intersection. Only 4,000 households reside within a 5-minute drive time to the intersection. This is barely enough to support the WalMart grocery store.

Market Indicators 5-Minute Drive Time 2008

	Mansfield & Bert Kouns	Pines and I-20
Households	9,361	3,882
Median Household Income	\$40,181	\$40,857
Average Household Income	\$47,660	\$48,402

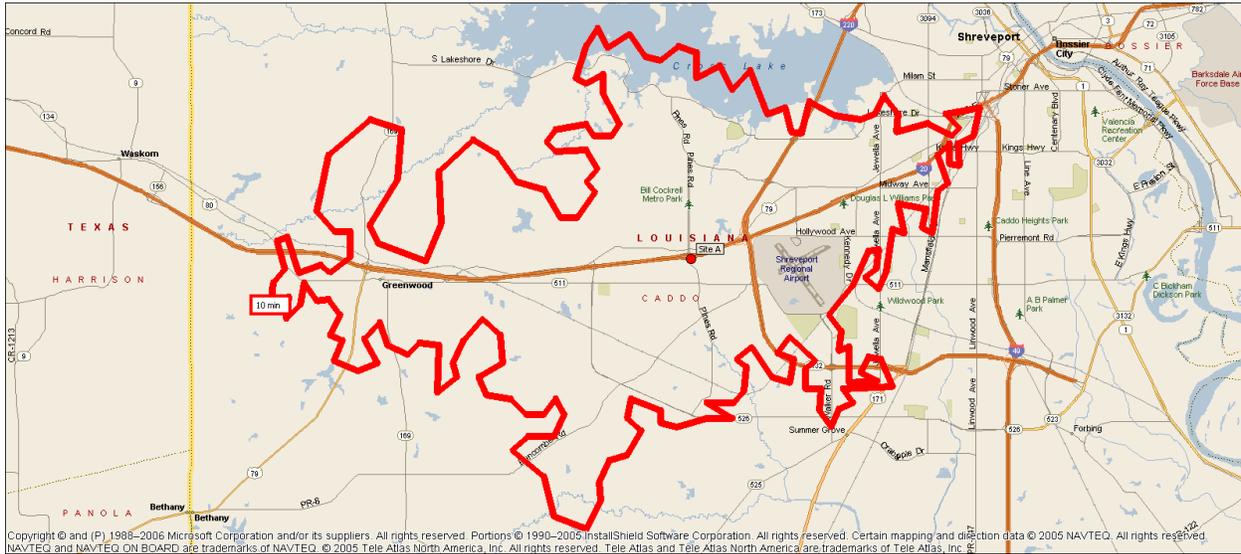
Source: Claritas, Inc.; W-ZHA
F:\8000s, misc\80036 Shreveport\[mansfield.xls]5 minute

Trade Areas

There is relatively little retail in this part of the City. The WalMart is positioned at this intersection to capitalize on the Lake residents and to capture spending from the urban households east on Interstate 20. The WalMart likely draws from residents within a 10-minute drive.



10-Minute Drive Time Pines Road and Interstate 20 Interchange



There is a concentration of households within a 10-minute drive east from the WalMart. This trade area, however, is not projected to grow significantly over the next 5-years.

Household Trends and Projections 10-Minute Drive Time Pines and Interstate 20 Intersection

	Change						
	2000	2008	2013	2000-08		2008-13	
				#	%	#	%
Households	18,213	18,345	18,435	132	0.7%	90	0.5%

Source: Claritas, Inc.; W-ZHA

F:\8000s, misc\80036 Shreveport\pines new demographic.xls]Sheet1

Market Opportunity

The market opportunity for the Pines Road and Interstate 20 area is essentially the same as that for the Mansfield Road and Bert Kouns Industrial Loop Expressway. There is the potential to develop a community shopping center of 75,000 to 100,000 square feet in this part of the City.

In the near term, however, because of household count, traffic volume and projected household growth to the south along Interstate 49, W-ZHA considers the Mansfield Road and Bert Kouns Industrial Loop Expressway area a stronger community shopping retail location than the I-20



location. Further compromising the Pines Road area is the appearance and performance of the Huntington Park Shopping Center.

Household growth within the 5-minute drive time area will be necessary to support additional neighborhood retail. The WalMart retards neighborhood shopping growth because it incorporates the typical anchors to neighborhood centers – general merchandise, grocery and drug stores.

In the near term, it is important to either redevelop or re-tenant with non-retail establishments the Huntington Park Shopping Center.

Martin Luther King Drive and Shreveport Blanchard Highway Intersection Area

Existing Conditions

There is a mix of education, healthcare, transportation and residential uses in the vicinity of Martin Luther King Drive and Shreveport Blanchard Highway. In addition to Southern University, the David Raines Medical Center and Kansas City Southern Railroad are employment centers in this area. The area is primarily residential in character.

The campus of Southern University at Shreveport is located at the intersection of Martin Luther King Drive and Shreveport Blanchard Highway. According to Southern University representatives, the fall 2010 semester will have a student enrollment of approximately 2,835. According to the university's website, it is the 6th fastest growing two- year university in the country. The University has eleven buildings on 103 acres at this location. Southern University offers technical training and associates degrees. There are 240 dormitory rooms on the campus.

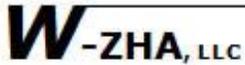
There is very little retail near the University. The shopping area for the University area is on North Market Street where there are two supermarkets, drug stores, and other neighborhood and community retail establishments.

There is a considerable amount of traffic on North Market Street. Over 48,000 vehicles travel through the North Market Street and Martin Luther King Boulevard intersection each day. Only 12,400 vehicles travel through the Martin Luther King Drive and Shreveport Blanchard Highway intersection.

Trade Area

Students and University Employee Spending

Given the prominence of North Market Street, the trade area for retail in this area will be constrained. The target market will likely be the students and employees at Southern University as well as nearby households. The average college student spends approximately \$2,560 per year (nine months) in stores and eating and drinking establishments. Southern University students have the potential to spend \$7 million per year in stores and eating and drinking establishments.



**Annual Student Spending
Southern University at Shreveport**

Students 2,835

Type of Spending	Average Spending /Student	Annual Employee Spending
Shoppers Goods	\$1,160	\$3,289,000
Convenience Goods	\$512	\$1,452,000
Eating and Drinking	\$888	\$2,517,000
Total	\$2,560	\$7,258,000

Source: American Demographics/ Student Monitor; W-ZHA
F:\8000s, misc\80036 Shreveport\[employee students.xls]Sheet5

Almost half of this spending is for shoppers goods like apparel, electronics, and music/books. Food and health-related expenditures represent 20 percent of student spending. Of total student spending, 30 percent occurs in eating and drinking establishments (in excess of meal cards). There are very few eating and drinking outlets on-campus.

There have been surveys published that quantify annual office employee spending. However, average annual retail spending information is not available for University faculty and administrative employees. W-ZHA has assumed that University faculty and administrative employees are similar to office workers in terms of spending. According to Southern University representatives, there are 168 full- and part-time faculty members at the University. University faculty have the potential to spend approximately half a million dollars annually in stores and eating and drinking establishments on or near the campus.



**Faculty Spending Per Year Estimate
Southern University @ Shreveport**

Faculty Members Estimate

168

Type of Spending	Average Spending /Employee ¹	Annual Faculty Spending
Shoppers Goods	\$796	\$133,800
Convenience	\$618	\$103,800
Eating And Drinking	\$1,712	\$287,600
Total	\$3,126	\$525,200

1. Inflated to 2010 dollars.

Source: ICSC, "Office Worker Spending Patterns, 2003"; W-ZHA

f:\8000s, misc\80036 Shreveport\[faculty spending.xls]Sheet1

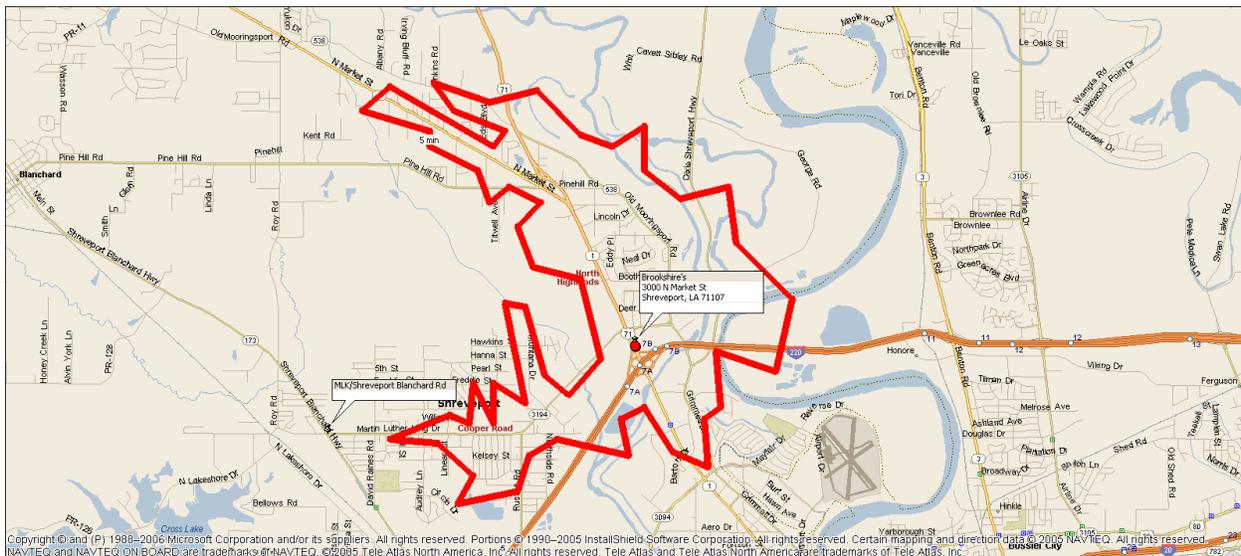
Together the students and faculty have the potential to spend \$7.5 million in stores and restaurants per year. Student spending represents the vast majority of College-related retail spending.



Resident Retail Spending Potential

The map demonstrates the 5-minute drive time from the Brookshire's supermarket (with pharmacy) on North Market Street. The Martin Luther King and Shreveport Blanchard Highway intersection is a 6-minute drive from the supermarket.

5-Minute Drive Time Brookshire's Supermarket (3000 North Market Street)

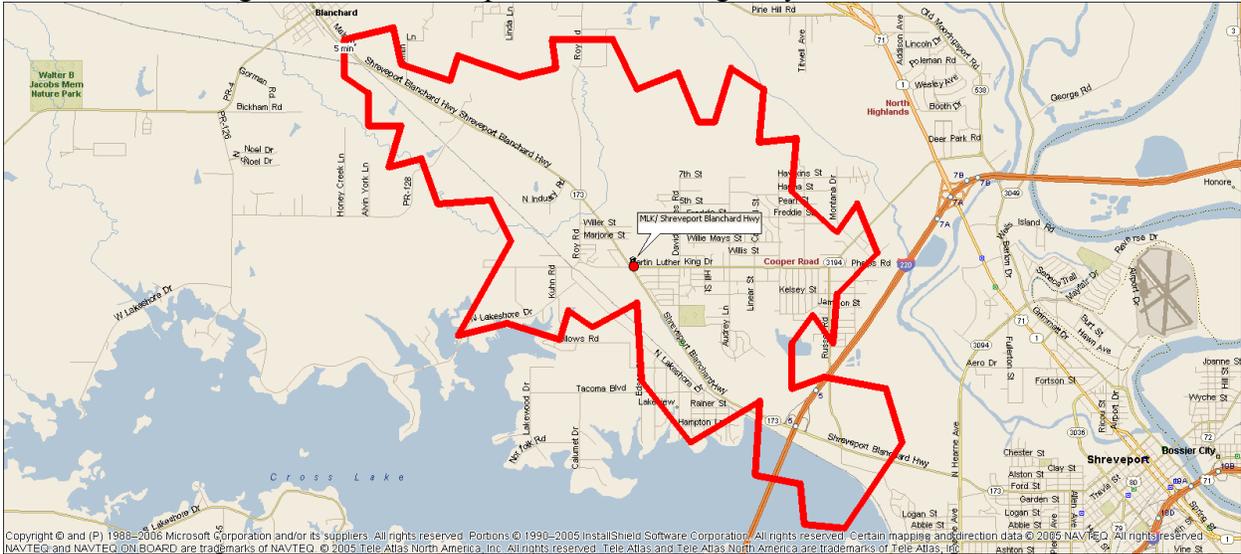


North Market Street retail is very convenient to households residing east of Shreveport Blanchard Highway. North Market Street is more competitive location for large scale community-oriented retail.

There map below illustrates the boundaries of the 5-minute drive from the Martin Luther King Drive and Shreveport Blanchard Highway interchange. Most of the households within this drive time area reside east of Shreveport Blanchard Highway.

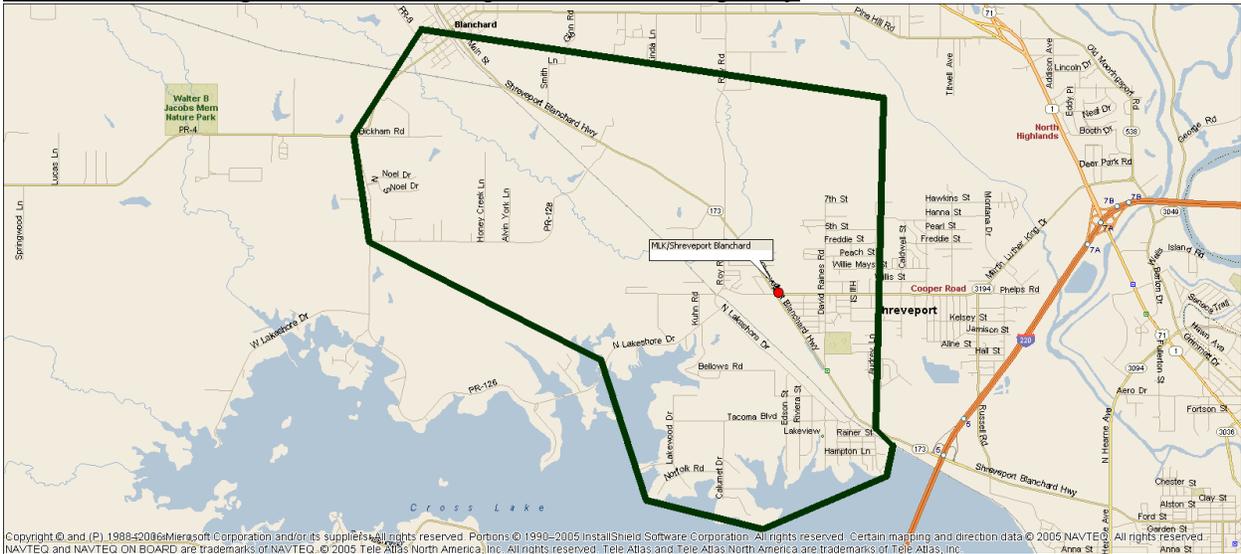


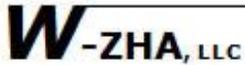
5-Minute Drive Time Martin Luther King Drive and Shreveport Blanchard Highway



A reasonable trade area for neighborhood retail is reflected in the map below.

Trade Area Martin Luther King Drive and Shreveport Blanchard Highway





The trade area contains 3,212 households and is projected to grow.

**Household Trends and Projections
Martin Luther King Trade Area**

	2000	2008	2013	Change			
				2000-08		2008-13	
				#	%	#	%
Households	3,001	3,212	3,318	211	7.0%	106	3.3%

Source: Claritas, Inc.; W-ZHA
D:\shreveport\mlk trade area demo new.xls]Sheet1

Trade area households have the potential to spend \$83.4 million per year in retail stores and eating and drinking establishments.

**Retail Expenditure Potential By Store Type
MLK Trade Area
2013**

<u>Store Type</u>	<u>Expenditure Potential</u>
General Merchandise	\$17,342,786
Furniture	\$2,662,962
Electronics and Appliances	\$3,552,378
Building Material	\$13,039,571
Food & Beverage	\$15,428,866
Health and Personal Care	\$8,137,442
Apparel and Accessories	\$6,033,180
Sporting Goods, Hobby, Book, Music Stores	\$2,801,183
Miscellaneous Store Types	\$3,452,779
Eating & Drinking Establishments	\$10,965,990
Total Shopping Center-Inclined Expenditure	\$83,417,137

Source: W-ZHA
D:\shreveport\mlk trade area2 newest.xls]Sheet2

Market Opportunity

The student, faculty, and resident market have the potential to spend approximately \$91 million in shoppers goods stores, convenience-oriented stores, and eating and drinking establishments.



Total Expenditure Potential MLK Trade Area				
Type of Spending	Students	Faculty	Residents	Total
Shoppers Goods	\$3,289,000	\$133,800	\$48,884,839	\$52,307,639
Convenience Goods	\$1,452,000	\$103,800	\$23,566,308	\$25,122,108
Eating and Drinking	\$2,517,000	\$287,600	\$10,965,990	\$13,770,590
Total	\$7,258,000	\$525,200	\$83,417,137	\$91,200,337

Source: W-ZHA, LLC
D:\shreveport\mlk2.xls\total

Given the competition on North Market Street, it is unlikely that this location could support a grocery-anchored shopping center.

There may be an opportunity, however, to develop a neighborhood center at this location. A small center of 10,000 to 20,000 square feet anchored by a convenience store or a drug store may be possible. Additional tenants potentially include a small café, a dry cleaners, and take-out food establishments.

MEMORANDUM

TO: Goody Clancy
FROM: Sarah Woodworth
RE: Market Considerations: Whole Foods and Food Stores In General
DATE: March 8, 2009

WHOLE FOODS

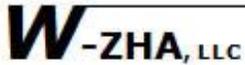
With 275 stores in the United States and Canada, Whole Foods is the world's number one natural food store. Perishable foods account for approximately two-thirds of the store's sales.

Whole Foods' market thresholds are proprietary information. W-ZHA has researched Whole Foods and, generally speaking, Whole Foods targets locations with a high concentration of well-educated and affluent households. Households without children at home are another target market.

W-ZHA researched the economic and demographic characteristics of households within a 10-minute drive time of a Whole Foods store. As comparables we analyzed stores in Metropolitan Areas where there is a single Whole Foods store. The Whole Foods markets we analyzed were in the following locations:

- Portland, OR
- Milwaukee, WI
- Winston-Salem, NC
- Louisville, KY
- Lexington, KY
- Birmingham, AL
- Indianapolis, IN
- Tulsa, OK
- Omaha, NE

Our research indicates that there needs to be at a minimum approximately \$700 million of gross income among educated households within a 10-minute drive of the store location.



**Whole Food Market Trade Area Characteristics
Single Store Metropolitan Areas
10-Minute Drive Time From Store**

	Households	Median Income	Average Income	% <Bachelor's Degree	Income Among 25 Yr+ Population with Bachelor's Degree+
Comparable 1	45,868	\$48,800	\$65,300	35%	\$795,673,000
Comparable 2	49,368	\$34,100	\$53,200	41%	\$697,844,000
Comparable 3	61,901	\$40,700	\$59,700	31%	\$817,512,000
Comparable 4	94,158	\$52,300	\$74,100	43%	\$2,254,706,000
Comparable 5	91,547	\$44,300	\$61,500	39%	\$1,541,832,000
Comparable 6	49,906	\$51,600	\$88,900	52%	\$1,643,487,000
Comparable 7	42,599	\$59,400	\$83,300	52%	\$1,430,290,000
Comparable 8	52,972	\$39,800	\$60,600	34%	\$740,135,000
Comparable 9	60,058	\$52,000	\$69,100	40%	\$854,063,000
Shreveport: East 70th and Youree Drive	49,253	\$39,000	\$55,400	27%	\$487,714,000

Source: Claritas, Inc.; W-ZHA
G:\shreveport\wholefoods analysis.xls\comps

In Shreveport, we analyzed the characteristics of the market within a 10-minute drive time to the corner of East 70th and Youree Drive (“Youree Drive market”). This is one of the city’s strongest locations from market perspective. The profile of the Youree Drive market does not favorably compare to the other Whole Food locations. While household density is comparable to some locations, the Youree Drive market’s income and educational attainment are below the comparables. It may be difficult to recruit a Whole Foods for these reasons.

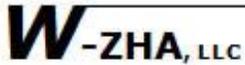
GROCERY STORES MARKET REALITIES

There are a number of criteria grocery stores apply when selecting a location. The two primary criteria are market potential and site visibility/accessibility. In terms of market potential, grocery stores consider the number of households and the character of the competition. Grocery stores typically locate in market areas that are growing.

Grocery stores prefer sites that are easily accessed from major thoroughfares. High traffic volume is considered an asset especially if the site is on the side of the street where traffic volume is high on the trip home. Sites visible from the road and convenient to growth areas are valuable to grocery stores as well.

Households spend approximately 10 to 15 percent of total income in food stores. Lower income households spend a higher share and upper income households spend a lower share. Approximately 5.7 percent of the disposable income in America is spent on “food at home”.

To be profitable, grocery stores need to achieve sales of \$350 to \$500 per square foot of store space per year. For non-specialty grocery stores (like Whole Foods or Trader Joes) 70 to 80 percent of store sales are derived from households within 3-miles of the store.



Supermarkets range in size from 50,000 to 75,000 square feet. By definition, Supermarkets bring in at least \$2 million in sales per year, although according to the Food Marketing Institute the average is above \$18 million. W-ZHA estimates that it takes \$200 to \$300 million in income or a minimum of 4,500 to 5,000 households in the primary market to support a supermarket. The number of households required to support a supermarket increases with the presence of competition.

Smaller markets like a Trader Joe's range in size from 10,000 to 15,000 square feet. Neighborhood markets can be 5,000 to 10,000 square feet. W-ZHA considers 2,000 households the minimum number households to support a food store that is not a convenience store.

GETTING A FOOD STORE – OTHER COMMUNITY EXPERIENCES

There are a number of strategies community's adopt to recruit a grocery store. These strategies fall into two broad categories: 1) data and marketing and 2) financial incentives.

In terms of data and marketing, there is clearly evidence that urban markets can be under-served simply because the buying power of the market is not understood or well documented. Communities perform their own market analyses to demonstrate to potential grocers market opportunities. The market analysis documents household characteristics and buying power as well as the current lack of supply to tap this market.

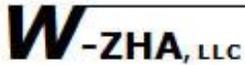
There are a number of incentives cities have offered in order to have a quality food store locate in a community. One strategy is to assemble a site of sufficient size to accommodate a grocery store. This site is transferred to a store for a nominal fee. Other strategies include the use of tax increment financing to underwrite development costs. Another strategy is to offer property tax abatements to lower operating costs. Empowerment zone incentives can be used in eligible areas. New Market Tax Credits have been used to support the development of a grocery store in larger, mixed-use projects.

PolicyLink is a research and action institute that deals with issues facing communities. In a report entitled "Increase Access to Healthy Food" PolicyLink explored the issue of expanding food choices in under-served markets. The report highlights the following initiatives taken by other communities to attract food stores to under-served locations.

West Fresno Food Maxx Supermarket

In 1995, little new development was occurring in West Fresno, a once thriving community composed of mostly African American and some Latino residents. For many years, residents had hoped that the Fresno City Council would allocate funds to improve neighborhood conditions. Concerned residents gathered together to prioritize what they most wanted from the city to spur development and decided construction of a supermarket was at the top of their list. The small food stores in the area charged high prices for little selection, and many residents had to depend on the bus to access the selection, quality, and prices available at supermarkets in other parts of the city.

Residents began advocating for a supermarket in their community. The Affordable Housing Coalition, which included churches and community groups, held a news conference in front of a supermarket in another part of the city, where members carried empty grocery bags and demanded that the Fresno City Council set aside money from its \$11 million Community Development Block Grant to build a shopping center in their community. Over several years, these concerned residents continued to strategize and



advocate in a variety of settings. They attended public hearings conducted by the city on community development block grant funds and met with city council members, the director of the city's redevelopment agency, and other public officials. Coalition members got residents to sign petitions and turned out hundreds of residents at city council meetings. They also worked with the media, held press conferences, wrote editorials, built relationships with local reporters, and received ongoing coverage of their struggle in the *Fresno Bee*.

Once their supermarket campaign gained political support, the coalition continued to move the project forward. They ensured that the city allocated redevelopment funds to help build the supermarket; helped local government officials negotiate with local property owners to secure the land for the site; worked to ensure that jobs went to local residents; urged the city to make an agreement with a developer; got a police station built to ensure security at the shopping center; and urged the city to approve final zoning for the market.

Four years later, the supermarket opened. It has now been serving the community successfully for more than five years.

Harlem's Pathmark Supermarket

In Harlem, two community organizations--The Community Association of East Harlem Abyssinian Triangle (EHAT) and the Abyssinian Development Corporation--worked for ten years to bring a supermarket to the community. When it opened in 1999, the 64,000 square foot, \$15 million retail center anchored by a Pathmark supermarket was one of the new real estate developments that catalyzed Harlem's recent commercial renaissance.

Community involvement was critical to the project. EHAT and Abyssinian secured project financing, leveraging three dollars of private sector funds for every dollar of public funding. They also negotiated an agreement with Pathmark to guarantee that at least 75 percent of the new jobs would go to local residents.

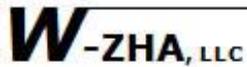
The store faced many challenges along the way. Small local grocers, worried that they would be driven out of business by the new supermarket, protested the development. The majority of residents, however, welcomed the new store. EHAT helped them advocate for the development, the smaller grocers' protest subsided, and the building process continued.

The store has been extremely successful. Data from 1999 showed that the supermarket met or exceeded industry averages in almost every category. An in-store bank branch has opened in the supermarket and provides residents with a safe, secure environment where they can do their banking. The store now has one of the largest produce departments in New York City.

Project 5000: Reclaiming Land for Grocery Stores

Baltimore mayor Martin O'Malley has prioritized returning the city's vacant properties to productive use as well as bringing new grocery stores to the city. In January 2002, he launched Project 5000, a plan to reclaim 5,000 of the city's 14,000 vacant and abandoned parcels.

The city is making progress with acquiring properties, and the Baltimore Development Corporation, the city's quasi-public economic development arm, works closely with developers to assemble land for grocery store development. The city has also developed CitiStat, a parcel-based information system that



enables the city to track its progress toward to Project 5000 goal.

Actively reclaiming properties and prioritizing supermarket development is a winning combination for healthy food access: since O'Malley took office, 18 new grocery stores have located in the city.

The Food Trust and Pennsylvania's Legislation to Finance Fresh Food Markets in Underserved Communities

In April 2003, Pennsylvania passed the nation's first statewide economic development initiative aimed at improving access to markets that sell healthy food in underserved rural and urban communities. The legislation devotes \$100 million of Governor Ed Rendell's \$2.3 billion economic stimulus package to agriculture projects, including the development of grocery stores and farmers' markets. At the same time, the governor created an innovative new \$40 million leveraged fund (the Fresh Food Financing Initiative), which will support the development of 10 new stores in underserved urban and rural communities across Pennsylvania.

The supermarket legislation could not have been passed without the extensive research, advocacy, and leadership of The Food Trust, a nonprofit organization that develops programs and policies to promote food access and healthy eating. In 2001, the Trust released a report, *Food For Every Child: The Need for More Supermarkets in Philadelphia*, which found that poor supermarket access in Philadelphia is linked to the high incidence of diet-related diseases in many low-income neighborhoods. In response to the findings, Philadelphia City Councilman Blondell Reynolds Brown asked The Food Trust to convene a task force to produce a report recommending policy changes to improve the availability of affordable, nutritious food in underserved areas of Philadelphia. This task force comprised over 40 experts from city government, the supermarket industry, and the civic sector. One of the group's recommendations was a statewide initiative to fund the development of new food retailers. State Representative Dwight Evans stepped forward to help make this recommendation a reality by pushing for its inclusion in the state's economic stimulus package.

Along with the Greater Philadelphia Urban Affairs Coalition and The Reinvestment Fund (TRF), The Food Trust is now charged with implementing the Fresh Food Financing Initiative (FFFI). The initiative was awarded \$10 million by the Governor, and TRF is leveraging this money with private bank loans and its New Markets Tax Credits allocation to form a \$40 million financing pool for fresh food retailers that locate in communities that are underserved by conventional financial institutions. The initiative will provide a range of financing resources such as pre-development grants and loans, land acquisition and equipment financing, capital grants for project funding gaps and construction, and permanent finance. The first supermarket to be funded by FFFI, ShopRite of Island Avenue in southwest Philadelphia, opened on September 20, 2004. The 57,000 square foot supermarket created 258 jobs, over half of which went to local residents.