

2008 Two Notch Road Retail Analysis

Columbia, SC



ERA

An Analysis of the Two Notch Road Retail Corridor in Columbia,
SC

March 2008

A decorative graphic consisting of a vertical line and a horizontal line intersecting at the top-left corner of the text area.

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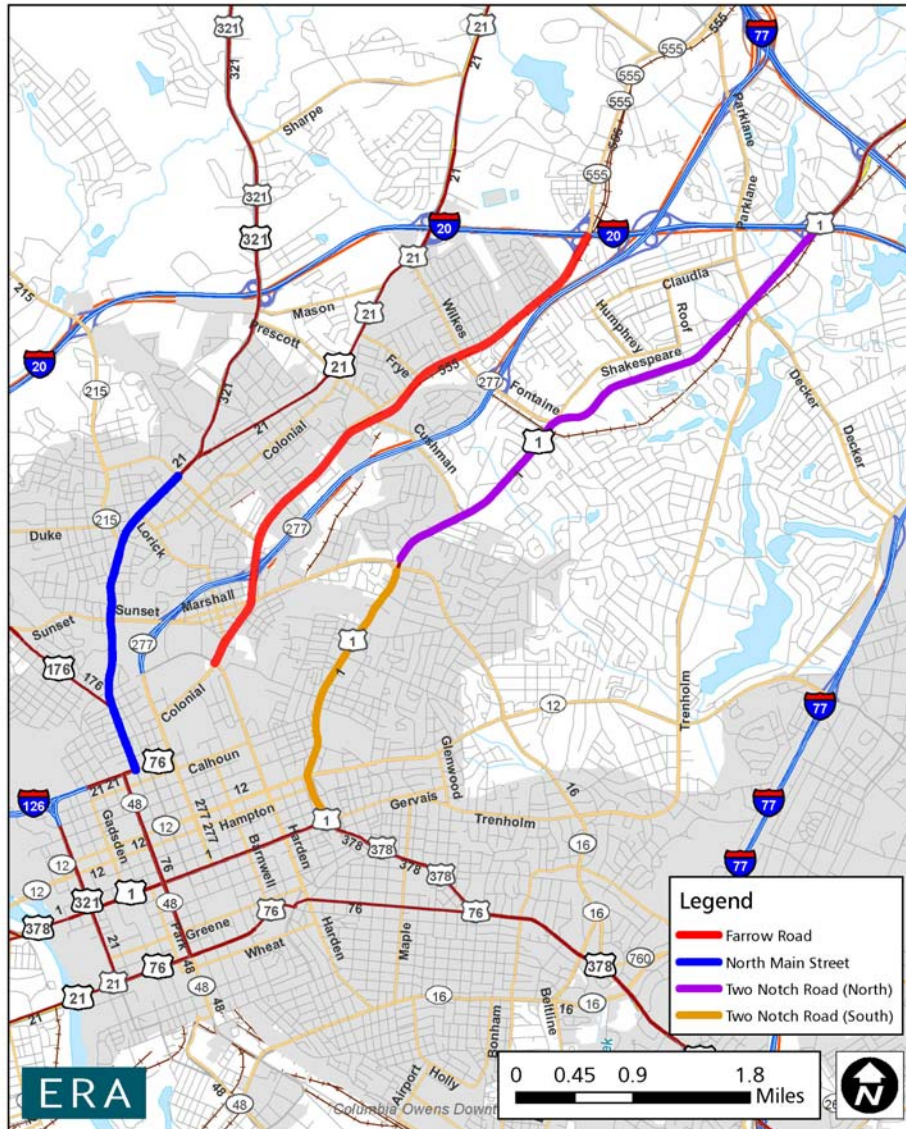
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Two Notch Corridor Overview



Two Notch North Overview

The Two Notch corridor extends from the intersection of Two Notch Road (Route 1) and Taylor Street/Forest Drive (Route 12) in downtown Columbia to the intersection of Two Notch Road (Route 1) and I-20.

Two Notch South is the section of the corridor below West Beltline Road (Route 16). Most of this section of the corridor is within the city limits.

Two Notch North is the section of the corridor above West Beltline Road (Route 16). The majority of this part of the corridor is not within the city limits.

The primary retail segments which this study analyzes are apparel and apparel services, household furnishings and electronics, personal care and services, and eating and drinking places. These categories were chosen in order to focus the analysis and because these are the retail categories which would best enhance the current retail environment.

Methodology/Term Definitions

Summary

In order to calculate the retail potential of the Two Notch corridor, ERA has analyzed the demand generated by several market segments. These segments are residents and office employees within the primary trade area. Students, Inflow, sales to persons outside the trade area, are calculated as a percentage of sales.

The purpose of this study is to analyze retail sales, demand, and opportunities along the corridor in order to suggest ways through which the retail environment can be improved. Because of the limited retail offerings and consumer markets in the City of Columbia, this may entail drawing potential sales from the other corridors or from the downtown area.

The organization of this study is an analysis of each demand segment, calculation of the sales gap and capture rate, a critical analysis of the existing retail environment, and suggestions on how the retail environment can be improved.

Capture Rate

Capture rates identify what portion of demand potential (total annual spending potential of all market segments in the select retail categories.) are captured in a given area (i.e. a capture rate of 10% suggests that \$10 of every \$100 in spending potential is spent in a given area). Given that people typically shop at a variety of locations, a 100% capture rate is not realistic.

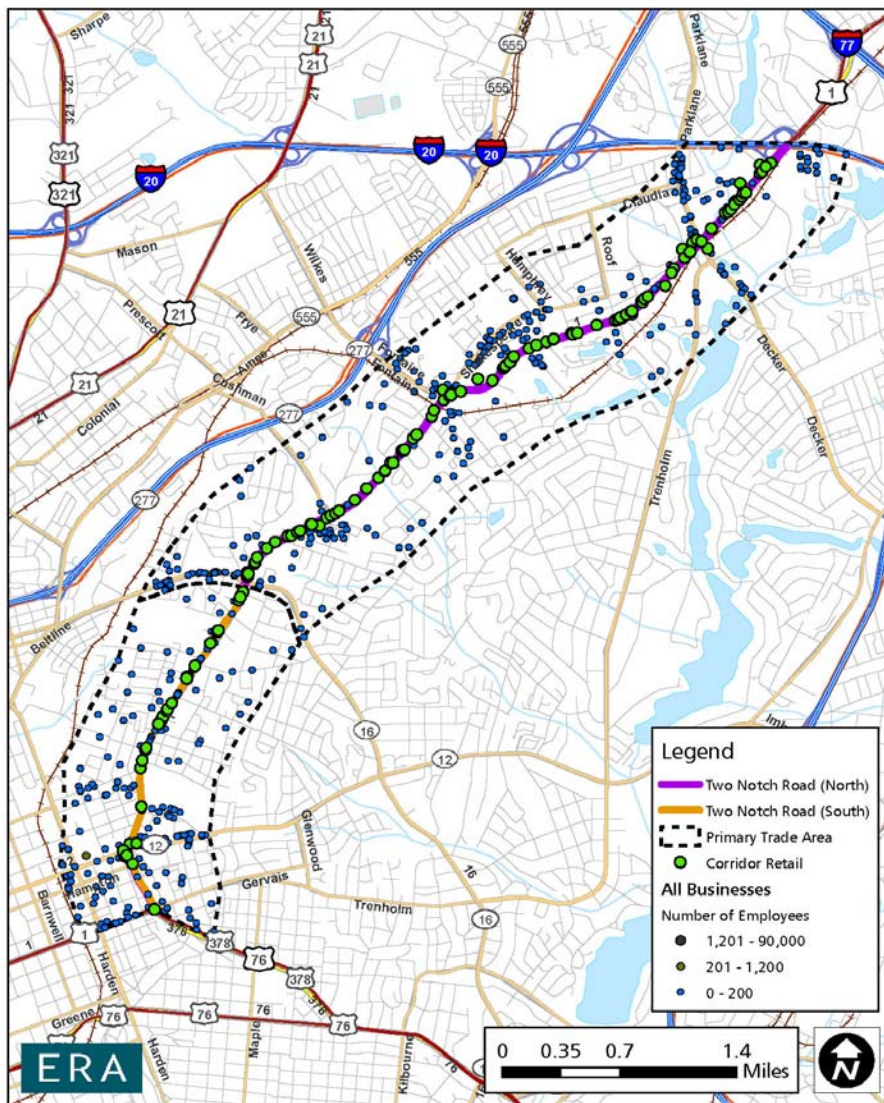
Leakage/Surplus Factor

The Leakage/Surplus factor presents a snapshot of retail opportunity. This metric is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' or retail opportunity inside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. This analysis is included to present all opportunities in a standardized fashion.

Retail Categories

This study focuses on retail categories of Apparel and Apparel Services, Household Furnishings and Electronics, Personal Care and Services, and Eating and Drinking Places. These categories were selected as they are typically local serving and make up the bulk of retail demand. The Two Notch corridor has many businesses, such as auto-oriented businesses, which would skew the analysis to show a retail environment with a very high retail surplus and little opportunity for new retail development.

Methodology



Source: ESRI Business Information Solutions; Economics Research Associates, 2008.

Summary

The **primary trade area** contains the main consumer markets for the corridor and is derived from a half mile buffer around the corridor.

- **Resident Market** data is for households within the primary trade area (the dashed line). These households are the main customer base for the nearby retail.
- **Employee Market** data is from all businesses and organizations along the corridor (the blue points). This includes non-profit and government employment.
- **Inflow**, calculated as a percentage of sales, is spending from outside the trade area.
- **Sales data** is the estimated sales or assets of retail business along the corridor (the green points) in the select categories.

North Vs. South

Two Notch North differs from Two Notch South in that:

- **Two Notch South retail is local serving** – it depends on customers from within the trade area as its primary customer base.
- **Two Notch North retail is regional**, it is comprised of national tenants in large shopping centers and malls. These retailers are able to use their brand to draw people from outside the trade area – the city and even outside the county. The majority of sales will be come from inflow.

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Two Notch South: Residential Market

Summary

The Two Notch South residential market is comprised of persons living within a half mile of the corridor. The corridor itself is non-residential with few housing units.

The residential market is comprised of 9,641 persons in 3,210 households. The population is expected to grow by 93 persons and 10 households by 2012. This shift indicates a slight decrease in household size as demographics in the local neighborhoods transition to younger couples and single persons without children, this shift is reflective of national household formation trends.

The average income in the area is expected to increase by \$3,640; from \$33,393 to \$37,033 from 2007 – 2012. This represents a compound annual growth rate of 2.09% and, when adjusted for inflation, a real growth rate of .06%.

The total area income is expected to increase by \$31.65M from 2007 to 2012. This corresponds to an increase in tax base, dollars available to be invested in homes, and dollars available to be spent on local retail.

Annual residential spending in the primary retail categories and at eating and drinking places is estimated at \$9.94M and \$5.58M respectively.

Demographic Summary

2007 Population	9,641
2012 Population	9,548
CAGR 07-12	-0.19%
2007 Households	3,210
2012 Households	3,220
CAGR 07-12	0.06%
2007 Avg Household Income	\$33,393
2012 Avg Household Income	\$37,033
CAGR 07-12	2.09%
Real Growth Rate 1/	-0.06%
2007 Median Household Income	\$18,129
2012 Median Household Income	\$20,055
CAGR 07-12	2.04%
Total Area Income 2007	\$321,941,913
Total Area Income 2012	\$353,591,084
CAGR 07-12	1.89%

Annual Retail Expenditures, Select Categories	Avg HH Retail Expenditures	Annual Market Area Retail Expenditures
Retail	\$ 3,106	\$ 9,942,242
Apparel & Apparel Services	\$ 1,200	\$ 3,840,016
HH Furnishings & Electronics	\$ 1,276	\$ 4,085,148
Personal Care & Services	\$ 630	\$ 2,017,078
Eating & Drinking Places	\$ 1,742	\$ 5,576,097
Subtotal	\$ 4,848	\$ 15,561,970

Total Demand Potential: \$15.56M

Source: ESRI Business Information Solutions; Economics Research Associates, 2008.

Two Notch South: Residential Market Demographics

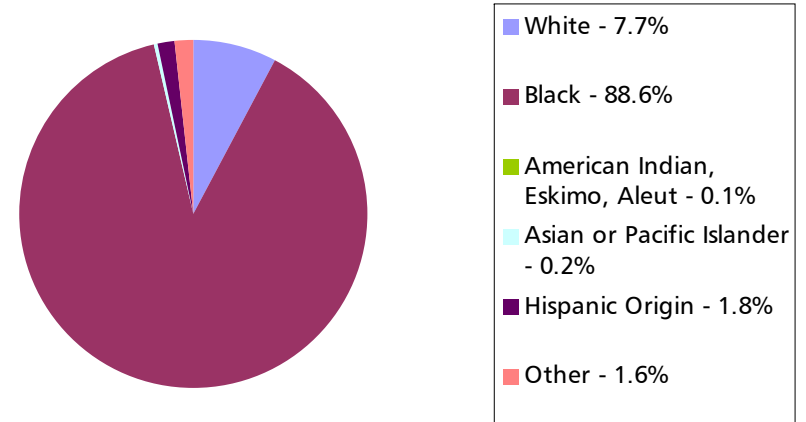
Summary

In order to plan proper retail programming, a cursory knowledge of the market demographics are important.

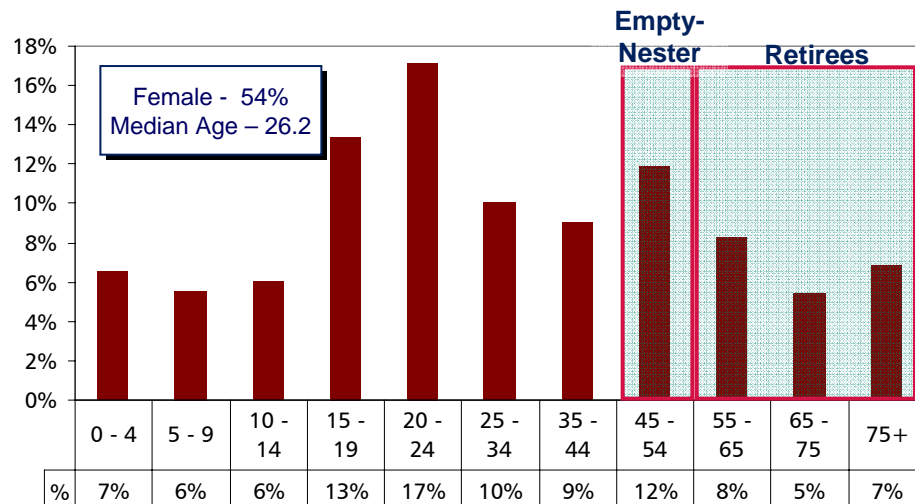
Different demographic groups and sub-groups have different retail spending and dining preferences. For example, the retail spending needs and habits of persons under 18 will be different than those for persons over 65.

The trade area population is 9,641 persons in 3,210 households.

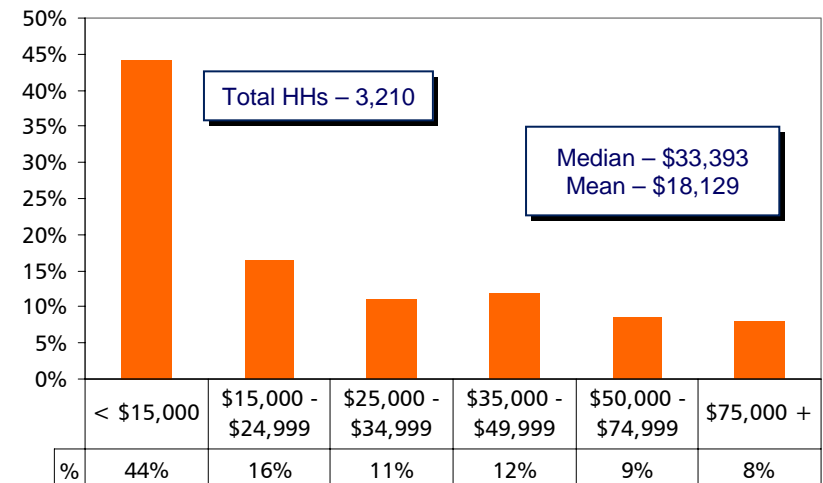
Racial Distribution



Age Distribution



Income Distribution



Two Notch South: Employee Market

Total Businesses	408			
Total Employment	5,351			
	BUSINESSES		EMPLOYMENT	
	Number	Percent	Number	Percent
Agriculture & Mining	1	0.2%	2	0.0%
Mining	1	0.2%	0	0.0%
Utilities	0	0.0%	0	0.0%
Construction	22	5.4%	204	3.8%
Manufacturing	3	0.7%	12	0.2%
Wholesale Trade	11	2.7%	142	2.7%
Retail Trade	61	15.0%	498	9.3%
Transportation & Warehousing	10	2.5%	25	0.5%
Information	7	1.7%	64	1.2%
Finance & Insurance	14	3.4%	33	0.6%
Central Bank/Credit Intermediation & Related Activities	7	1.7%	14	0.3%
Insurance Carriers & Related Activities; Funds, Trusts & Other financial Vehicles	7	1.7%	19	0.4%
Real Estate, Rental & Leasing	20	4.9%	110	2.1%
Professional, Scientific & Tech Services	17	4.2%	70	1.3%
Legal Services	4	1.0%	11	0.2%
Management of companies & Enterprises	1	0.2%	1	0.0%
Administrative & Support & Waste Management & Remediation Services	7	1.7%	16	0.3%
Educational Services	13	3.2%	945	17.7%
Health care & Social Assistance	69	16.9%	2,161	40.4%
Arts, Entertainment, and Recreation	5	1.2%	15	0.3%
Accommodation and Food Services	12	2.9%	140	2.6%
Accommodation	1	0.2%	1	0.0%
Food Services and Drinking Places	11	2.7%	139	2.6%
Other Services (except Public Administration)	104	25.5%	395	7.4%
Automotive Repair & Maintenance	18	4.4%	85	1.6%
Public Administration	28	6.9%	518	9.7%
Unclassified Establishments	2	0.5%	0	0.0%

Two Notch South	2007 Expenditures	2012 Expenditures
Retail	\$ 4,429,400	\$ 4,742,096
Eating & Drinking Places	\$ 5,335,330	\$ 5,711,980
Lunch	\$ 4,900,929	\$ 5,246,913
Dinner/Drinks	\$ 434,401	\$ 465,067
Total	\$ 9,764,730	\$ 10,454,076

Summary

The Two Notch South employee market is comprised of employees from businesses within a half mile of the corridor. This market segment will primarily be for daytime spending for basic retail and at eating and drinking places.

The largest concentrations of employment in the Two Notch South employee market are in Health Care and Social Assistance and Educational Services.

Employee retail spending is estimated to be generated primarily from workers in the fields of Retail Trade, Finance & Insurance, Professional, Scientific & Tech Services, Educational Services, Health Care & Social Services, and Public Administration. These categories represent 81% of the total area employment.

Employee retail demand is estimated to grow from \$9.76M in 2007 to \$10.45M in 2012 based on industry and employment growth projections.

Total Demand Potential: \$10.45M

Source: ESRI Business Information Solutions; ICSC; InfoUSA; Economics Research Associates, 2008.

Two Notch South: Student and Inflow Market

Secondary Market: Inflow

The Two Notch South inflow market is comprised of college and university students, visitors to families in the area, and general inflow generated by traffic. Unlike other markets in which spending potential is estimated, the inflow market is estimated to generally account for 5% of sales in the selected retail categories. Since the inflow market has no geographical constraints it therefore theoretically has unlimited demand potential. As retail sales increase in the primary markets it will increase proportionally as a percentage of sales in the secondary markets.

General Inflow Market (5% of total sales)

Inflow Demand is Generate by:

- College and University Students.
- Visitors staying in the area.
- Persons from outside the primary trade area visiting to shop.

Inflow spending is estimated to account for 5% of retail sales and 5% of sales at eating and drinking places. This amounts to \$62,100 in demand for retail and \$221,450 in demand at eating and drinking places

Total Estimated Sales: \$283,550

Two Notch South: Estimated Current Retail Sales Volume

Retail Sales			
Total Corridor Retail Businesses	28		
Total Sales (Including Food Services and Drinking Places)	\$38,827,000		
	BUSINESSES		SALES VOLUME (ESTIMATE IN
	Number	Percent	000s)
			2006 Sales Total
Retail Trade	21	20.4%	\$34,398
Motor Vehicle and Parts Dealers	8	7.8%	\$16,986
Furniture & Home Furnishings Stores	0	0.0%	\$0
Electronics & Appliance Stores	0	0.0%	\$0
Bldg Material and Garden Equipment and Supplies Dealers	3	2.9%	\$7,773
Food & Beverage Stores	5	4.9%	\$3,131
Health & Personal Care Stores	1	1.0%	\$402
Gasoline Stations	1	1.0%	\$2,320
Clothing and Clothing Accessories Stores	0	0.0%	\$0
Sport Goods, Hobby, Book, & Music Stores	1	1.0%	\$1,575
General Merchandise Stores	0	0.0%	\$0
Miscellaneous Store Retailers	2	1.9%	\$2,211
Nonstore Retailers	0	0.0%	\$0
Food Services and Drinking Places	7	6.8%	\$4,429

Select Categories	
Total Retail Trade	\$38,827,000
Retail in Select Categories	\$ 1,242,000
Apparel & Apparel Services	\$ 840,000
HH Furnishings & Electronics	\$ -
Personal Care & Services	\$ 402,000
Eating and Drinking Places	\$ 4,429,000
Subtotal	\$ 5,671,000

Sales Volume in Selected Categories: \$5.67M

Summary

The total sales volume of \$38.8M represents the total net revenue and assets of all retail business *directly along the corridor*.

For this study the analysis is focused on the retail categories of Apparel and Apparel Services, Household Furnishings and Electronics, Personal Care and Services, and in Eating and Drinking Places.

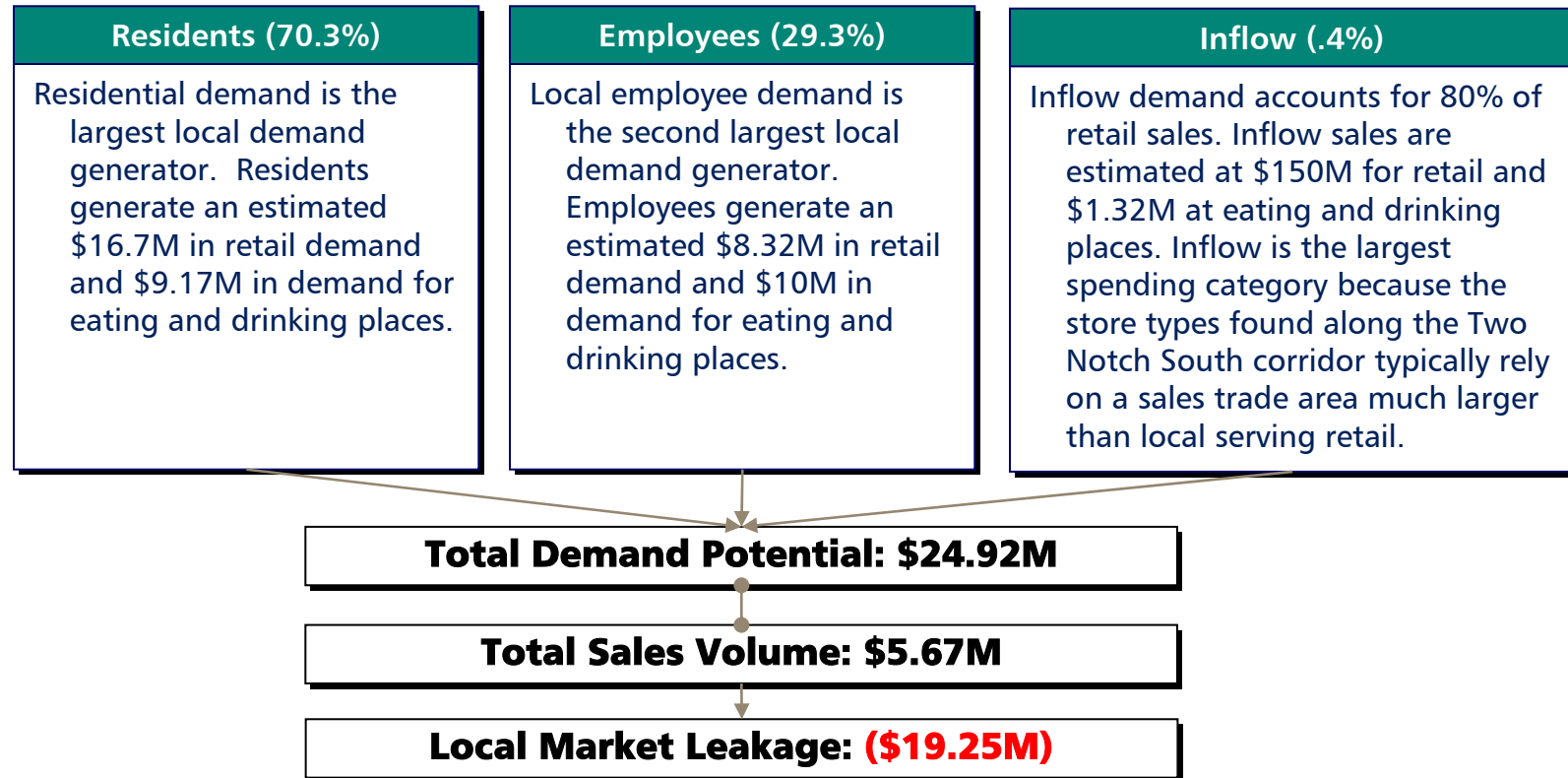
The estimated sales volume for the selected retail categories totals \$5.67M.

The auto dealers and auto service stores account for 49% of retail sales. This includes vehicle sales which most likely are largely to persons outside the trade area.

Two Notch South Retail Environment: Retail Leakage

Two Notch South Trade Area Demand Potential

Demand potential is the sum of residential demand, employee demand, and sales to the inflow market. Retail in the select categories along this part of the corridor are local serving and will rely on residents and employees of the primary trade area to drive sales. The competitive context of the area should be considered, much sales potential will likely go up further to Two Notch north where the retail offerings are greater. The demand sources are distributed as follows:



Source: ESRI Business Information Solutions; InfoUSA; Economics Research Associates, 2008.

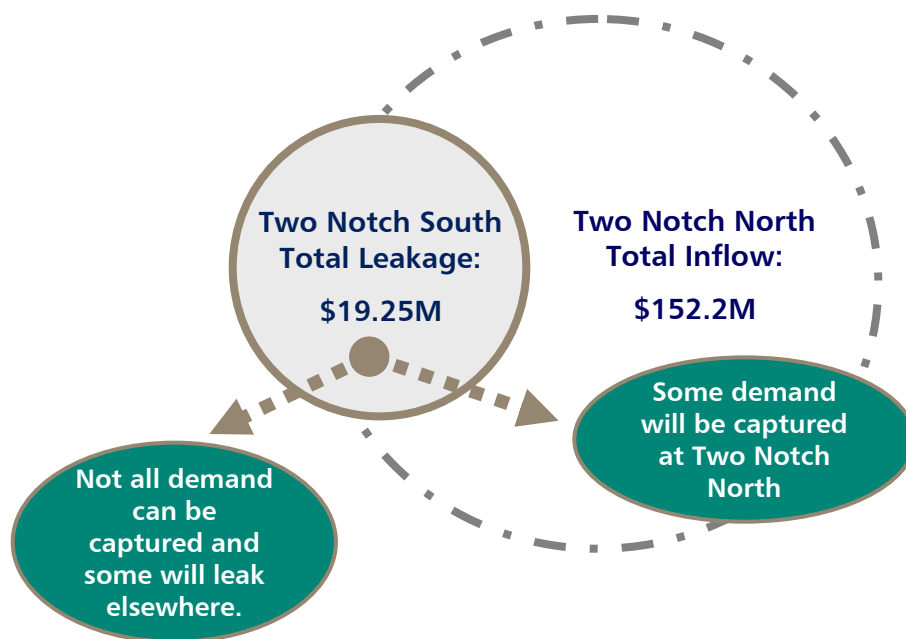
Two Notch South Retail Environment: Competitive Context

Summary

Two Notch North and South have different retail types, however their close proximity to each other means that their markets will overlap. Customers likely do not limit their shopping to either and will choose whichever part of the corridor that has what they need; given the more diverse and higher quality offerings of Two Notch North, it likely captures much of the leaked demand from Two Notch South.

Much of the Leakage from Two Notch South will feed into the Inflow for Two Notch North. Two Notch North is able to offer a solid variety of large national retailers who sell a great variety of goods.

Two Notch North and South Market Overlap



Summary

Two Notch is a retail corridor with shopping centers ranging from regional to neighborhood serving. Given the physical orientation of the corridor, these types of shopping centers work best. The corridor is not conducive to pedestrian travel and these style shopping centers allow for parking.

Two Notch South has a number of car dealers, of varying quality, which take up substantial physical space on the corridor and also make up a great deal of sales. The corridor is very automotive oriented which often breaks up the continuity of retail offerings in the selected categories. Total retail sales numbers are skewed by the automotive dealers which rely on a regional customer base to drive sales.

Source: ESRI Business Information Solutions; Economics Research Associates, 2008.

Corridor Retail Assessment: Strengths, Weaknesses, Needs/Concerns

Overall Retail Demand

Total retail demand in the select categories, including eating and drinking, is \$24.92M. \$14.14M of which will be for retail and \$10.78M which will be for eating and drinking places.

Assessment

ERA's overall assessment of the Two Notch South corridor is that it suitably offers a space in the city for the large car dealers and for local serving shopping centers. New development and infill development should be strip style convenience and neighborhood style shopping centers which fit into the character of the corridor.

The estimated local market leakage of \$19.25M occurs because of the lack of offerings in the selected retail types. Much of this leaked demand is likely captured by Two Notch North which many national retailers.

The car dealerships along the corridor pose a concern in that they break up the retail continuity and when vacant pose an issue in finding suitable tenants for a large space which is not generally oriented for retail.

Market Strengths

- Large local retailers with strong pull outside the trade area work together to attract customers to the mall and the corridor.
- Large unoccupied or underutilized lots are opportunities to develop retail of scale not possible elsewhere in the city.
- Roadway improvements have increased walkability and aesthetical quality of the corridor.

Market Weaknesses

- Large empty lots, many formerly used for auto-service or sales, pose an issue in that they break up the continuity of the retail corridor both physically and visually.
- Lack of architectural ingenuity at many retail offerings, future development should consider that inexpensive development does not necessarily have to equate to a lack in design standards.
- Needs better signage overall.

Future Needs/Concerns

- Consider uses alternate to retail for empty lots. Large lots could potentially house industrial flex or office space.
- Infrastructure improvements were not made consistently along the corridor.
- Attraction and retention of proper retail tenant mix in order to create retail environment that can best enhance and serve local neighborhoods.

Strategic Needs Assessment and Recommendations

Strategic Needs Assessment

Two Notch South can best improve its retail environment through making some basic improvements. The corridor needs to address the many empty lots, infrastructure issues, and make some basic upgrades to existing retail.

Any new retail would need to fit into the retail mix and quality currently along the corridor. This would best be achieved through certain types of shopping center development.

While there are many empty lots along the corridor, stiff competition from a broad offering makes new retail development difficult. Alternate, or mixed, uses should be considered.

These strategic recommendations would work to supplement already existing efforts and programs offered by the City of Columbia and the Center City Commission.

Recommendation 1: Corridor Improvements

ERA's interviews with local businesspersons found that uneven infrastructure improvements were a concern along the corridor. Concerns were mostly about roadway, sidewalk, and streetlight improvements. Improvements to lighting would give the area a safer feel, streetscaping would improve the overall aesthetic quality, pedestrian circulation improvements would help pedestrians along the corridor, and signage improvements would give businesses along the corridor greater visibility – an important consideration to driving sales.

Recommendation 2: Consider Alternate Uses

Alternate uses should be considered for the vacant lots which negatively impact the corridor. Two Notch North is currently primarily retail, but different uses could be considered. Possible alternate uses are office, light warehousing/flex industrial, or mixed residential/retail.

Recommendation 3: Convenience and Neighborhood Style Shopping Centers

Convenience and neighborhood style shopping centers would offer basic retail needs to people in the surrounding communities who do not own vehicles. These would be the most appropriate shopping center types but would face difficulty in finding a market niche where their offerings could compete with what is already available.

Recommendation 1: Corridor Improvements

Street Lights

Streetlights are important to minimizing perceived danger. Large parts of the corridor are unlighted, and interviews with business owners found that this fueled perceptions of safety issues that scare away potential customers.



Streetscaping

Streetscaping is basic improvements to sidewalks including additions of streetlights, trees, etc. Streetscaping is important in creating a pedestrian friendly retail environment.



Pedestrian Circulation

Crosswalks with press-button lights would help pedestrian shoppers to travel between either side of the very auto oriented corridor.



Signage

Signage is an important advertising component for every retail business. Increased visibility can equate to increased sales.



Recommendation 2: Consider Alternate Uses

Recommendation 2

The corridor currently has a variety of retail offerings and new small businesses may not be competitive with what is already available. Because of the competition that new retail faces, other land uses can pose a solution to occupy the vacant lots. The large size of parcels along the corridor give the flexibility for new development types.

New land uses may require zoning changes and should fit into the character and visual continuity of the corridor. New development being financially feasible does not necessarily entail abandoning design standards, there should be efforts to ensure new developments will be a visual plus.

Mixed use development aims to create a lively environment, where people live, work, and shop in the same area. The benefit of mixed use development to this area specifically is in attracting a different type of user where retail cannot perform.

Risks of mixed use development are that when uses are combined they must both remain functional for the whole to work. Apartments on top of retail work best when the retail space is occupied just as office on top of retail does. Mixed use developments have concerns different from single use developments because of its dependency of both uses functioning.

Office

Office space could be a new land use along the corridor. New office space could either be formatted as smaller offices to support small local businesses, or larger offices to support large office users, such as the administrative components of surrounding medical complex's. A concern for office development is ensuring proper market support and tenanting.

Office/Warehousing

Office/Warehousing could be integrated into the corridor in order to provide an adaptive reuse of the vacant auto lots. Office/warehousing would be a distribution type center with some office space. The office space is typically situated fronting the street while warehousing and loading docks are in the back.

Mixed Use

Residential space could be mixed in with other uses such as office or retail. Mixed use residential/retail usually consists of storefront retail with condos or apartment on top. For this to work, the retail space needs to maintain a constant level of quality and must remain open and tenanted.

Mixed use retail/office would have storefront retail on the bottom floor and office space on the upper floors. The same concerns of occupancy and operations as with residential/retail apply.

Recommendation 3: Convenience and Neighborhood Style Shopping Centers

Recommendation 3

Two Notch South future retail should have priorities in ensuring the current shopping centers are well tenanted with a variety of offerings and maintained quality. Given that this is ensured, any demand for space should be accommodated in either a convenience or neighborhood style shopping center. These shopping center styles would work best given that most tenants have small space requirements and are frequently locally owned.

Neighborhood style shopping centers often have a grocery store or supermarket as an anchor. Along Two Notch South this may need to be substituted for a different store type given that a local grocer, the Food Lion at 3901 Two Notch, already exists.

Examples of typical tenants

- Apparel 3,500 SF
- Accessories 2,000 – 10,000 SF
- Personal Care 2,000 – 10,000 SF
- Household Furnishings 3,500 – 10,000 SF
- Grocery Stores- 30,000 to 65,000
- Restaurants 3,000 – 6,000+ SF
- Quick Service food 1,200 – 3,500 SF

Convenience Style Shopping Center

The convenience shopping center is oriented toward personal services such as drugstore/pharmacies, flower shops, beauty shops, unisex hair shops, and cleaners. It is not anchored by a supermarket but may contain a convenience market or minimarket.

- Average Size (GLA): 62,000 SF
 - Grocery Store- 30,000 to 65,000
 - Quick Service food 1,200 – 3,500 SF
 - Personal Care 2,000 – 10,000 SF

Neighborhood Style Shopping Center

The neighborhood style shopping center provides merchandise for daily living needs – convenience goods like food, drugs, hardware, and personal services. A supermarket is the principal tenant in this type of shopping center

- Average Size (GLA): 22,480 SF
 - Personal Care 2,000 – 10,000 SF
 - Restaurants 3,000 – 6,000+ SF
 - Quick Service food 1,200 – 3,500 SF
 - Bank 3,000 – 4,000 SF

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Two Notch North: Residential Market

Summary

The Two North North residential market is comprised of persons living within a half mile of the corridor.

The Two Notch North corridor is comprised of 7,246 persons in 3,122 households. The population is expected to grow by 51 persons and 76 households by 2012. This shift indicates a slight decrease in household size as demographics in the local neighborhoods transition to younger couples and single persons without children, this shift is reflective of national household formation trends.

The average income in the area is expected to increase by \$8,535 from \$58,291 to \$66,826 from 2007 – 2012. This represents a compound annual growth rate of 2.77% and, when adjusted for inflation, a real growth rate of .62%.

The total area income is expected to increase by \$65.2M from 2007 to 2012. This corresponds to an increase in tax base, dollars available to be invested in homes, and dollars available to be spent on local retail.

2007 residential spending in the primary retail categories and at eating and drinking places is estimated at \$16.7M and \$9.1M respectively.

Demographic Summary

2007 Population	7,246
2012 Population	7,296
CAGR 07-12	0.14%
2007 Households	3,122
2012 Households	3,198
CAGR 07-12	0.48%
2007 Avg Household Income	\$58,291
2012 Avg Household Income	\$66,826
CAGR 07-12	2.77%
Real Growth Rate 1/	0.62%
2007 Median Household Income	\$45,994
2012 Median Household Income	\$52,238
CAGR 07-12	2.58%
Total Area Income 2007	\$422,376,586
Total Area Income 2012	\$487,562,496
CAGR 07-12	2.91%

Annual Retail Expenditures, Select Categories	Avg HH Retail Expenditures	Annual Market Area Retail Expenditures
Retail	\$ 5,229	\$ 16,737,485
<i>Apparel & Apparel Services</i>	\$ 1,972	\$ 6,312,660
<i>HH Furnishings & Electronics</i>	\$ 2,198	\$ 7,036,694
<i>Personal Care & Services</i>	\$ 1,058	\$ 3,388,130
Eating & Drinking Places	\$ 2,863	\$ 9,165,224
Subtotal	\$ 8,092	\$ 25,263,435

Total Demand Potential: \$25.23M

Source: ESRI Business Information Solutions; Economics Research Associates, 2008.

Two Notch North: 2007 Residential Market Demographics

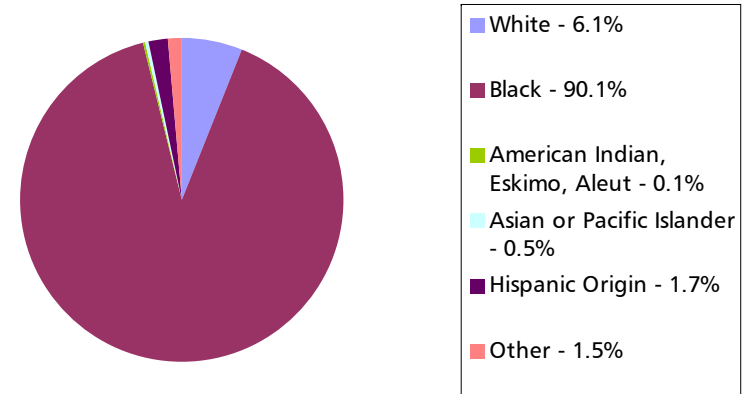
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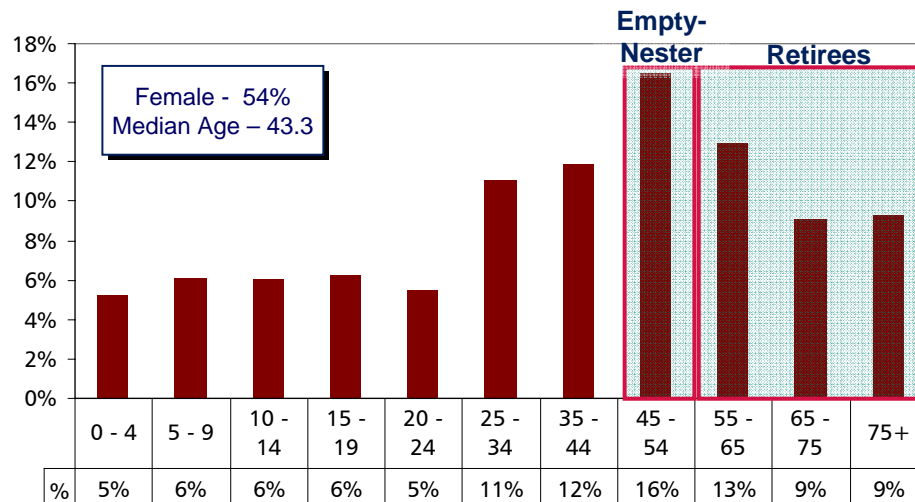
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The trade area population is 7,246 persons in 3,122 households.

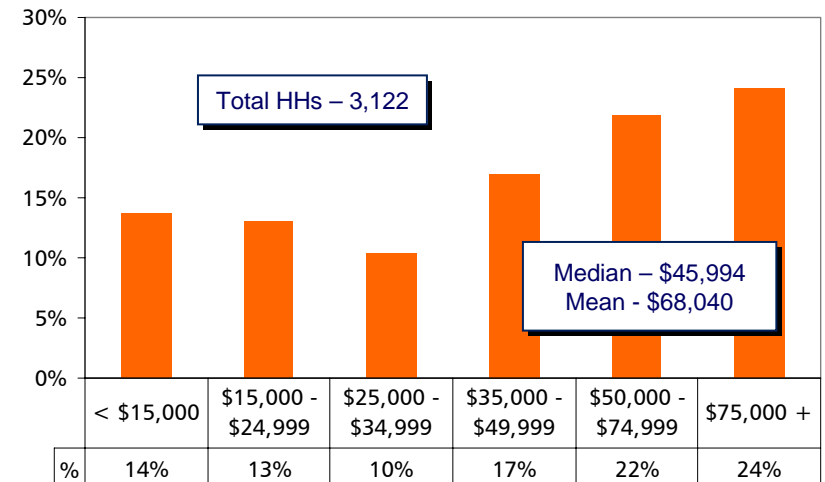
Racial Distribution



Age Distribution



Income Distribution



Two Notch North: Employee Market

Total Businesses	1,205			
Total Employment	12,294			
	BUSINESSES		EMPLOYMENT	
	Number	Percent	Number	Percent
Agriculture & Mining	1	0.1%	2	0.0%
Mining	1	0.1%	0	0.0%
Utilities	0	0.0%	0	0.0%
Construction	66	5.5%	574	4.7%
Manufacturing	23	1.9%	425	3.5%
Wholesale Trade	34	2.8%	272	2.2%
Retail Trade	294	24.4%	2,726	22.2%
Transportation & Warehousing	15	1.2%	42	0.3%
Information	24	2.0%	225	1.8%
Finance & Insurance	79	6.6%	220	1.8%
Central Bank/Credit Intermediation & Related Activities	47	3.9%	152	1.2%
Insurance Carriers & Related Activities; Funds, Trusts & Other financial Vehicles	29	2.4%	68	0.6%
Real Estate, Rental & Leasing	58	4.8%	303	2.5%
Professional, Scientific & Tech Services	70	5.8%	251	2.0%
Legal Services	12	1.0%	24	0.2%
Management of companies & Enterprises	1	0.1%	1	0.0%
Administrative & Support & Waste Management & Remediation Services	28	2.3%	127	1.0%
Educational Services	24	2.0%	1,310	10.7%
Health care & Social Assistance	105	8.7%	2,478	20.2%
Arts, Entertainment, and Recreation	17	1.4%	64	0.5%
Accommodation and Food Services	66	5.5%	880	7.2%
Accommodation	4	0.3%	41	0.3%
Food Services and Drinking Places	62	5.1%	839	6.8%
Other Services (except Public Administration)	254	21.1%	961	7.8%
Automotive Repair & Maintenance	54	4.5%	258	2.1%
Public Administration	41	3.4%	1,431	11.6%
Unclassified Establishments	4	0.3%	2	0.0%

Two Notch North	2007 Expenditures	2012 Expenditures
Retail	\$ 8,908,868	\$ 9,537,794
Eating & Drinking Places	\$ 10,730,966	\$ 11,488,524
Lunch	\$ 9,857,255	\$ 10,553,133
Dinner/Drinks	\$ 873,711	\$ 935,391
Total	\$ 19,639,834	\$ 21,026,318

Summary

The Two Notch North employee market is comprised of employees from businesses within a half mile of the corridor.

The largest employment concentration in the primary trade area are in Retail Trade (employees at the local malls), Other Services (except Public Administration), and Health Care and Social Assistance.

Employee spending is estimated to be generated primarily from office workers in the fields of Retail Trade, Finance & Insurance, Professional, Scientific & Tech Services, Educational Services, Health Care & Social Services, and Public Administration. This represents 70.9% of total employment. Employment in these categories is expected to grow by 769 persons in 2012 based on MSA industry trends.

Total retail demand is estimated to grow from \$19.6M in 2007 to \$21M in 2012 based on industry and employment growth projections.

Total Demand Potential: \$19.6M

Source: ESRI Business Information Solutions; ICSC; InfoUSA; Economics Research Associates, 2008.

Two Notch North: Inflow Sales

Inflow Market

Two Notch North differs from the other corridors in that its malls and shopping centers can be classified as 'destination shopping'. The retail along this corridor attracts persons from beyond the primary residential and office worker markets. The diverse retail offering are able to attract a much larger customer base than the other corridors which are more local serving and limited in their offering. The concentration of retail varieties is able to further capture spending through creating a critical mass of retail.

Inflow Market (77.5% of total sales)

Inflow demand is generate by:

- Persons residing in Columbia and throughout the county.
- Business Visitors.
- Passing through traffic.
- Visitors to residents within the primary trade area.

Inflow spending is estimated to account for \$150.87M of retail sales and \$1.33M of sales at eating and drinking places.

Total Estimated Inflow Sales: \$180.7M

Two Notch North: Retail Sales

Retail Sales			
Total Corridor Retail Businesses	196		
Total Sales (Including Food Services and Drinking Places)	\$736,702		
	EMPLOYMENT		SALES VOLUME (ESTIMATE)
	Number	Percent	IN 000s) 2006 Sales Total
Retail Trade	1,575	42.7%	\$716,184
Motor Vehicle and Parts Dealers	457	12.4%	\$408,885
Furniture & Home Furnishings Stores	109	3.0%	\$35,627
Electronics & Appliance Stores	185	5.0%	\$59,555
Bldg Material and Garden Equipment and Supplies Dealers	206	5.6%	\$67,151
Food & Beverage Stores	49	1.3%	\$11,247
Health & Personal Care Stores	51	1.4%	\$10,349
Gasoline Stations	6	0.2%	\$2,784
Clothing and Clothing Accessories Stores	366	9.9%	\$70,095
Sport Goods, Hobby, Book, & Music Stores	60	1.6%	\$9,581
General Merchandise Stores	9	0.2%	\$29,508
Miscellaneous Store Retailers	77	2.1%	\$11,402
Nonstore Retailers	0	0.0%	\$0
Food Services and Drinking Places	418	11.3%	\$20,518

Retail Sales Volume	
Total Retail Trade	\$736,702,000
Retail in Select Categories	\$ 175,926,000
<i>Apparel & Apparel Services</i>	\$ 70,395,000
<i>HH Furnishings & Electronics</i>	\$ 95,182,000
<i>Personal Care & Services</i>	\$ 10,349,000
Eating and Drinking Places	\$ 20,518,000
Subtotal	\$ 196,444,000

↓

Sales Volume in Selected Categories: \$196.4M

Summary

The total sales volume of \$736.7M represents the total net revenue and assets of all retail business *directly along the corridor*

Total retail sales are skewed by automotive dealers and service places which account for 57% of sales.

For this study the analysis is focused on the retail categories of Apparel and Apparel Services, Household Furnishings and Electronics, Personal Care and Services, and in Eating and Drinking Places.

Total sales volume for the selected retail categories total \$11.4M or 20.7% of all retail sales.

Retail Environment: Shopping Centers

Summary

The local shopping centers make up a large part of areas retail sales and offerings and attract people to the corridor. There are three full malls along the corridor, Columbia Place Mall, Capitol Centre, and Park Centre. Columbia place mall is the largest and best performing, the graphic below illustrates its share of area retail sales.

The malls have a strong pull outside the trade area. They draw customers from across the city and the county. The malls make Two Notch North more of a 'destination' shopping area than Two Notch South.

Local Malls

Columbia Place Mall

- Opened 1977 (last renovated 2002)
- 122 stores total, 1M+ Sq ft GLA.
- Anchored by Macy's, Dillard's, Sears, Burlington Coat Factory

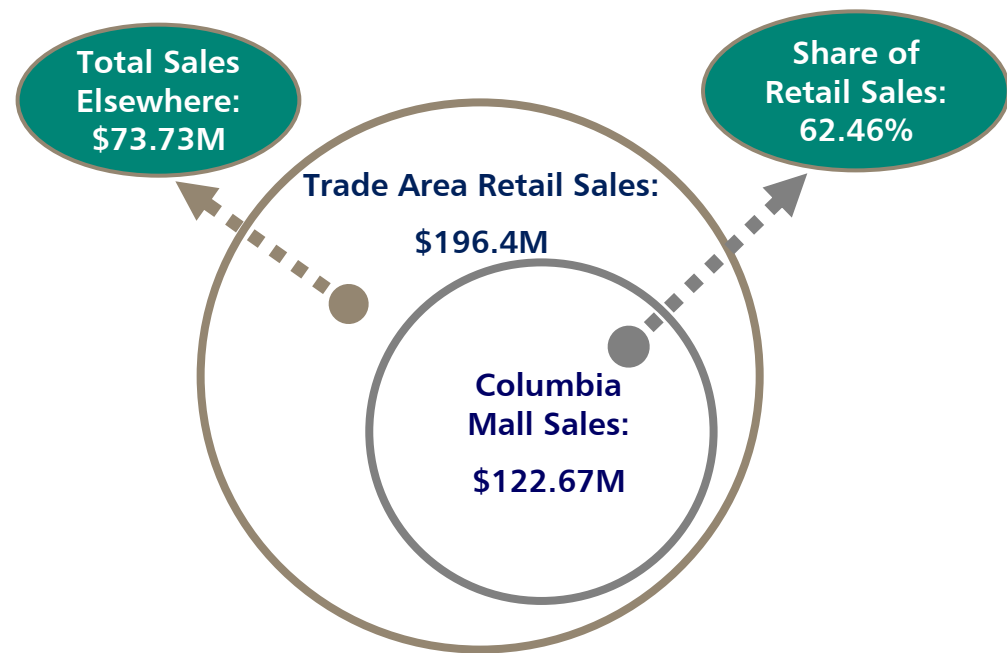
Capitol Centre

- Opened 1991.
- 20 Stores, 226,705 sq ft GLA.

Park Centre

- 7 Stores, 226,705 sq ft GLA.
- Anchored by Circuit City and Office Max.

Columbia Mall Share of Retail Sales



Source: ESRI Business Information Solutions; Economics Research Associates, 2008.

Retail Environment: Retail Leakage

Two Notch North Demand Potential

Demand potential is the sum of residential demand, employee demand, and sales to the inflow market. Actual sales are much higher than the local demand potential since a large part of the sales are driven by inflow. Any short term growth in total demand potential will likely occur primarily through the corridor increasing its inflow sales volume. The demand sources are distributed as follows:

Employees (5%)

Local employee demand is the second largest local demand generator. Employees generate an estimated \$8.32M in retail demand and \$10M in demand for eating and drinking places. This category is for a large part employees at the local malls and shopping centers.

Residents (10%)

Residential demand is the largest local demand generator. Residents generate an estimated \$16.7M in retail demand and \$9.17M in demand for eating and drinking places.

Inflow (86%)

Inflow demand accounts for 80% of retail sales. Inflow sales are estimated at \$150.87M for retail and \$1.32M at eating and drinking places. Inflow is the largest spending category because the store types found along the Two Notch North corridor typically rely on persons from throughout the region to drive sales..

Total Demand Potential: \$196.4M

Total Sales Volume: \$196.4M

Local Market Leakage: (\$0)

Source: ESRI Business Information Solutions; InfoUSA; Economics Research Associates, 2008.

Corridor Assessment: Strengths, Weaknesses, Needs/Concerns

Overall Retail Demand

Total retail demand in the select categories, including eating and drinking places, is \$196.4M. \$175.92M of which will be for retail in the select categories and \$20.52 for eating and drinking places.

Assessment

ERA's overall assessment of the Two Notch North corridor is that it suitably offers a space in the city for large scale retail. It is not local serving and should be considered differently from other corridors; retail offerings consist of a variety of medium to large format national chain retailers.

The area has some large empty lots and streetscaping issues which break up its continuity, these are very similar to the issues mentioned for Two Notch South.

The estimated local market leakage of \$0 occurs because of the large amount of inflow spending. Any future growth in retail sales will likely rely on an increased capture of outside spending, not an increase in captured spending from the local market segments.

Market Strengths

- Local malls are have a huge outside draw. They are able to attract a customer base from outside the trade area because of the many offerings.
- Good quality retail corridor – successful in what it aims to do.
- Large variety of both local and national retail tenants.

Market Weaknesses

- Many payday loan shops, few full service banks.
- Concerns of Two Notch South also apply also to Two Notch North:
 - Finding uses for former auto lots.
 - Signage, roadway, pedestrian circulation, and lighting.
 - Maintaining variety and quality of retail offerings.

Future Needs/Concerns

- Many of the same concerns of Two Notch South apply to Two Notch North and should be addressed in the same way, however given that Two Notch North is outside of the city limits, these issues may required different approached.
- Maintaining quality and moving forward with improvements are a primary concern. Two Notch North is the strongest retail 'corridor' and its future will depend on staying competitive to draw customers.

Strategic Needs Assessment and Recommendations

Strategic Needs Assessment

Two Notch North is a primarily commercial corridor occupied for the most part by strip style shopping centers, malls, and large retailers. The future of the corridor will depend on maintaining a level of quality for the current offerings.

ERA does not have recommendations for **new** retail development along Two Notch North. The focus should be on maintaining the quality level at the local shopping centers and malls.

Recommendations made for Two Notch South apply in some ways to Two Notch North. The corridors are similar in that both have some large empty lots and have similar streetscaping and signage issues.

These strategic recommendations would work to supplement already existing efforts and programs offered by the City of Columbia and the Center City Commission.

Recommendation 4: Maintain Quality

Two Notch North contributes to the city by offering a space for large format retail. With no improvements, the area can continue to attract customers from throughout the region because of its unique offerings. No improvements also mean that the corridor will continue being largely disjointed and retail at smaller businesses along the corridor will not fully benefit from their location next to the mall.

Maintaining the quality at local malls and shopping centers is the duty of the property managers. Primary concerns are:

- Balancing a proper tenant mix.
- Maintaining a constant level of quality at the malls.
- Keep storefronts occupied and vacancy low.
- Remaining competitive with other offerings.
- Supporting local tenants as well as national tenants.

Recommendation 5: Small Business Assistance

Given the many franchise tenants along the corridor which benefit from corporate assistance and leadership, outreach to new small business will be important to ensure that they can be competitive. New business owners may need assistance developing a business plan, deciding on a merchandise mix, advertising, and with general strategy and execution to remain competitive.

Recommendation: Maintain Corridor Quality

Columbia Place Mall

Columbia place mall makes up a large part of sales for the Two Notch North Corridor. The mall is well tenanted and offers a good mix of retail - both national and local tenants. Anchored by a Dillards, Macy's, and Sears, and movie theater, the mall is able to attract a great deal of people from throughout the city and the county. Maintaining the malls quality is critical to the future of the corridor.



Local Shopping Centers

Local shopping centers should have a good mix of tenants and offerings in order to be successful and remain competitive with the mall. There are a large amount of payday loan shops and offering 'real' banking alternatives should be a priority. Most small shopping centers focus on basic services such a hair saloons, financial services, groceries, clothing and clothing accessories, and quick service food.



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Two Notch Corridor, North and South Wrap Up

Summary

Two Notch corridor offers a variety of medium to large scale retail. It relies on persons from throughout the city and county to drive sales and can be considered a destination shopping corridor.

Two Notch South has weaknesses similar to Two Notch North – streetscaping, lighting, and signage; improvements would better the overall quality of the retail environment. The corridor also suffers from many vacant or underutilized lots which would benefit from new uses or a mix of new uses.

Without change, there are no immediate risks or threats that ERA has analyzed for the Two Notch corridor. The corridor offers large scale retail and is able to draw many customers. It suffers from issues which while noticeable, most likely do not have a large impact over changing the corridor completely.

Future sales growth will depend on increasing inflow sales by competitively drawing more customers from outside the trade areas.

Summary of Recommendation 1

Physical improvements to the corridor can overall improve its quality. Streetscaping, lighting, signage, and pedestrian circulation are the most noticeably lacking. While these physical improvements may not dramatically increase sales, they will create an overall better retail environment and help customer draw.

Summary of Recommendation 2

A mix of uses presents the opportunity to diversify the local economy of the corridor. A combination of office, retail, residential, of light industrial/warehousing and distribution may be a new way to occupy large empty parcels. Risks with mixed use development are that if one use is unsuccessful it will negatively impact the other uses.

Summary of Recommendation 3

Convenience and neighborhood style shopping centers would best fit the character of the corridor. These shopping centers would be able to offer the basics which are needed by local residents who do not have the means or desire to travel up further to Two Notch North.

Summary of Recommendation 4

The future of the corridor relies primarily on maintaining quality and remaining competitive. The competitive context of the city should be taken into consideration as new retail is development and staying competitive by satisfying the needs and wants of shoppers will be a priority.

Summary of Recommendation 5

Small business often may lack the necessary knowledge to compete with large national franchise stores. Reaching out to small businesses will assist them to remain competitive and provide the knowledge and tools they need to stay competitive.

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Appendix – Two Notch South

Two Notch South Corridor Trade Area Overview

Summary Demographics	2007	2012	CAGR	Real Growth Rate
Population	9,641	9,548	-0.19%	
Households	3,210	3,220	0.06%	
Average Household Income	\$33,393	\$37,033	2.09%	-0.06%
Median Household Income	\$18,129	\$20,055	2.04%	
Total Area Income	\$321,941,913	\$353,591,084	1.89%	

Workforce	2007	2012
Businesses	408	
Employees	5,351	
Office Employees	4,335	4,772

Demand (Retail Spending Potential)	2007		2012	
	Retail	F&B	Retail	F&B
Residents	\$9,942,242	\$5,576,097	\$9,912,637	\$5,559,493
Employees	\$4,137,324	\$4,983,516	\$4,554,604	\$5,486,141
<u>Inflow</u>	<u>\$62,100</u>	<u>\$221,450</u>	<u>\$62,100</u>	<u>\$221,450</u>
Total	\$14,141,666	\$10,781,063	\$14,529,341	\$11,267,084

Supply (Retail Sales)	2007
Retail (Select Categories)	\$1,242,000
Apparel & Apparel Services	\$840,000
HH Furnishings & Electronics	\$0
Personal Care & Services	\$402,000
<u>Food and Beverage</u>	<u>\$4,429,000</u>
Total	\$5,671,000

Area Surplus/Retail Gap (2007)		
Retail	-\$12,899,666	-\$19,251,729
Food and Beverage	-\$6,352,063	
Leakage/Surplus Factor	-62.9%	

Source: ESRI Business Information Solutions; InfoUSA; Economics Research Associates, 2008.

Appendix – Two Notch North

Two Notch North Corridor Trade Area Overview

Summary Demographics	2007	2012	CAGR	Real Growth Rate
Population	7,246	7,296	0.14%	
Households	3,122	3,198	0.48%	
Average Household Income	\$58,291	\$66,826	2.77%	0.62%
Median Household Income	\$45,994	\$52,238	2.58%	
Total Area Income	\$422,376,586	\$487,562,496	2.91%	

Workforce	2007	2012
Businesses	1,205	
Employees	12,294	
Office Employees	8,719	9,488

Demand (Retail Spending Potential)

	2007		2012	
	Retail	F&B	Retail	F&B
Residents	\$16,737,485	\$9,165,224	\$17,262,934	\$9,452,953
Employees	\$8,321,414	\$10,023,362	\$9,055,039	\$10,907,034
<u>Inflow</u>	<u>\$150,867,102</u>	<u>\$1,329,414</u>	<u>\$150,867,102</u>	<u>\$1,329,414</u>
Total	\$175,926,000	\$20,518,000	\$177,185,075	\$21,689,400

Supply (Retail Sales)	2007
Retail (Select Categories)	\$175,926,000
Apparel & Apparel Services	\$70,395,000
HH Furnishings & Electronics	\$95,182,000
Personal Care & Services	\$10,349,000
<u>Food and Beverage</u>	<u>\$20,518,000</u>
Total	\$196,444,000

Area Surplus/Retail Gap (2007)

Retail	\$0
Food and Beverage	\$0
Leakage/Surplus Factor	0.0%

Source: ESRI Business Information Solutions; InfoUSA; Economics Research Associates, 2008.

General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of Economics Research Associates and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of February, 2008 and Economics Research Associates has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by Economics Research Associates that any of the projected values or results contained in this study will actually be achieved.

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