

**Urban Decay Prospects  
Associated with  
The Campus Town Specific Plan,  
Seaside, California**

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# I. EXECUTIVE SUMMARY

## INTRODUCTION

The purpose of this study is to determine if there is evidence to suggest that urban decay could result from development of Campus Town, a proposed 122.23-acre mixed-use development project located in Seaside, California (the "Proposed Project"). Campus Town will be developed on a portion of the former Fort Ord Army Base and is planned to include maximum buildout of the following uses: 1,485 housing units, a 250-room hotel, 75 youth hostel beds, 150,000 square feet of retail, dining, and entertainment space, and 50,000 square feet of office, flex, makerspace, and light industrial uses. The Campus Town commercial component is planned to be located near the intersection of Gigling Road and General Jim Moore Boulevard in Seaside.

A Draft Environmental Impact Report (DEIR) was prepared for the Proposed Project. Consistent with the California Environmental Quality Act (CEQA), the DEIR analyzed the Proposed Project's potential to contribute to or cause urban decay. The DEIR concluded, "The Proposed Project would fill a gap in the market that does not currently exist (mixed-use transit oriented development), and the proposed Project is not expected to be in direct competition with nearby retail centers, and would not detract away from existing development such that urban decay would occur" (DEIR, pp. 5-6 to 5-7). During the DEIR's public comment period, a commenter suggested that the Proposed Project's economic effects were inadequately addressed. The purpose of this report, therefore, is to provide additional information to clarify and amplify the conclusion of the DEIR that it is not reasonable to believe that urban decay would result from Campus Town development.

For the purpose of this analysis and in accordance with CEQA and the DEIR, urban decay is defined as, among other characteristics, visible symptoms of physical deterioration that invite vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long term vacancies. This physical deterioration<sup>1</sup> to properties or structures is so prevalent, substantial, and lasting for a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community.

This study specifically focuses on assessing the urban decay potential of the Proposed Project's commercial retail component. This is achieved by performing a general overview of the existing commercial market conditions in the Proposed Project's retail market area. This is then complemented by analysis of the degree to which retail demand generated by the Proposed Project's components can support the on-site commercial space included in the Proposed Project, and thus indicate the degree to which outside support may be needed. This leads to a conclusion regarding whether the development of the Proposed Project's commercial space could be detrimental to other existing commercial retail space. In addition, ALH Economics was asked to review the Specific Plan's

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<sup>1</sup> The manifestations of urban decay include such physical visible conditions as plywood-boarded doors and windows, parked trucks and long term unauthorized use of the properties and parking lots, extensive gang and other graffiti and offensive words painted on buildings, dumping of refuse on site, overturned dumpsters, broken parking barriers, broken glass littering the site, dead trees and shrubbery together with weeds, lack of building maintenance, homeless encampments, and unsightly and dilapidated fencing.

guidelines regarding the retail anchor maximum size, and to provide recommendations regarding any prospective changes to this size guideline based on market trends.

The study findings are presented in this report. Referenced exhibits are included in Appendix A and Appendix B. This report is subject to the appended Assumptions and General Limiting Conditions.

## **SUMMARY OF FINDINGS**

### **Contributing Causes of Urban Decay**

With regard to environmental analysis pursuant to CEQA, the leading court case on the subject of urban decay, *Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal.App.4th 1184, 1204, described the phenomenon as “a chain reaction of store closures and long-term vacancies, ultimately destroying existing neighborhoods and leaving decaying shells in their wake.” The court also discussed prior case law that addressed the potential for large retail projects to cause “physical deterioration of [a] downtown area” or “a general deterioration of [a] downtown area.” (Id. at pp. 1206, 1207).

When looking at the phenomenon of urban decay, it is also helpful to note economic impacts that do not constitute urban decay. For example, a vacant building is not urban decay, even if the building were to be vacant over a relatively long time. Similarly, even a number of empty storefronts would not constitute urban decay. Based on the preceding description regarding urban decay, ALH Economics’ analysis examined whether there was sufficient market demand to support the Proposed Project without affecting existing retailers so severely such as to lead to a downward spiral toward decay of the commercial real estate market.

### **Population Trends and Retail Sales Base**

The Seaside retail market area includes Seaside, Sand City, Del Rey Oaks, and Marina. In 1980, the population in this area totaled almost 59,000. It rose to 67,190 at the time of the 1990 Census, shortly before the 1994 closure of Fort Ord. Following the closure of Fort Ord, the market area population dropped to 58,708 in 2000, and then even further to 54,701 by 2010. Since 2010, modest annual increases in population have occurred, resulting in a 2018 estimated population level of 59,050, comprising 8% growth, resulting in a level generally comparable to the size of the population base from 1980, or approximately 40 years ago.

The taxable retail sales base in the Seaside retail market area in 2018 totaled \$687 million retail sales excluding auto sales and \$1.1 billion including auto sales. The majority of the auto sales were in Seaside, which has a strong auto sales sector, accounting for 40% of all auto sales in Monterey County. Absent these sales, the amount of taxable sales in Seaside, Sand City, and Marina were generally comparable in 2018, ranging from \$209 to \$232 million per city. Taxable sales in Del Rey Oaks are very low at \$35 million. Including all sales, the Seaside retail market area sales comprise one fifth the \$5.1 billion taxable retail store sales base of all of Monterey County.

### **Retail Development Trends and Retail Character**

There has been very little new retail development in the Seaside retail market area in recent years. In the current decade, only one small shopping center was built, with 40,000 square feet. However, since the closure of Fort Ord, at a time when population declined significantly, over 800,000 square

feet of new retail space was built, including two large regional- or sub-regional-serving shopping centers, adding to the inventory of other, older regional-serving retail centers.

There are different types of retail nodes or concentrations located in the Seaside retail market area. These are varied, and include older, standalone building structures on major arterials, local-serving strip retail, regional and sub-regional shopping centers, and auto dealerships. Each of these types of retail nodes attracts different types of retailers, thus serving different population segments of the market area.

The three largest regional and sub-regional shopping centers have good highway accessibility and visibility. These include two centers in Sand City and one in Marina. These centers feature discount oriented shopping (Sand City) as well as slightly more upscale retail tenants (Marina). Overall, these centers are well-occupied, although the two Sand City shopping centers each has one major vacancy with unique attributes presenting market challenges. These vacant spaces, however, are well maintained and do not exhibit any signs of poor maintenance or disrepair.

There are several major retail shopping arterials in some of the market area cities. There are a few small shopping centers along these arterials, including relatively newer centers, with some vacancy, but many other commercial structures along the arterials are older structures, comprising stand-alone buildings or small strip or neighborhood shopping centers, including functionally obsolete space. The retail uses include a range of personal services, restaurants, general merchandise, and other assorted retail uses. In Seaside, there is some vacancy, mostly concentrated among smaller spaces. Very few of these vacancies exhibited signs of urban decay, such as boarded up windows, graffiti, or excessive amounts of trash. In Marina, there is one long-term vacancy along its major retail arterial, but not a lot of other similar vacancies.

Other commercial nodes in Seaside include the downtown area along a stretch of Broadway and Del Monte Boulevard, the latter of which is dominated by auto sales. The downtown area has a pedestrian orientation, reinforced by a \$10 million City of Seaside investment on streetscape improvements. The downtown uses have a strong home improvement orientation interspersed with other uses, including restaurants, thrift store, personal services, and others. Out of approximately 50-55 storefronts, an estimated 10 or so were vacant in October 2019 with no sign of pending occupancy (others had new tenants in progress). Some appeared to have been vacant for longer periods of time than others. Reasons for much of this vacancy include limited offsite parking, lack of major anchor tenants or entertainment venues, and functional obsolescence. The downtown area also includes a satellite Office of Community Planning and Economic Development for the City of Seaside, which demonstrates successful adaptive reuse of downtown's functionally obsolete buildings. The newly opened Other Brother Beer Company and newer coffee shop and recording studio downtown are other examples of successful downtown adaptive commercial reuse projects. Another stretch of Broadway outside the downtown area is also characterized by smaller, functionally obsolete buildings, some of which are boarded up or marked with graffiti, interspersed among civic uses such as County offices and a U.S. postal office.

There is some interest in retail tenants actively looking for space in the Seaside retail market. Interest is greatest in the larger shopping centers. One real estate broker indicated that most tenants seeking space are looking for 1,500 to 4,000 square feet of space, with the sweet spot comprising less than 5,000 square feet. Yet there have been market queries by tenants with larger square requirements, such as 6,000, 10,000, and 25,000 to 30,000 square feet. The largest vacancy in the market, with 40,000 square feet of indoor space, has especially attracted interest among users seeking to subdivide the space into smaller spaces.

## **Campus Town Retail Sales and Demand**

Campus Town's commercial retail space will augment the existing retail offerings in Seaside. Because of its location and total size, it will likely not be targeting regional retail tenants or competing with the regional retail shopping centers in Sand City and Marina. Instead, the Proposed Project will be better suited to satisfy the retail shopping needs of the various population groups served by the Proposed Project as well as other more localized population groups nearby, including community residents, California State University Monterey Bay (CSUMB) students, and other future household growth. Based upon this orientation, the Campus Town commercial center is estimated to operate at annual average retail sales of \$350 per square foot and a stabilized vacancy rate of 10%, resulting in estimated annual sales of \$47.25 million.

The population groups that will be most directly served by the Campus Town commercial space include the residents of the single-family and multifamily units, employees of the various employment-generating uses, and hotel guests. Retail demand and capture rate analysis for all these population groups resulted in an estimate of \$59 million a year spent on retail, of which \$16 million is estimated to be captured at Campus Town. This comprises 34% of the estimated annual Campus town retail sales. This is an illustrative estimate based upon a series of assumptions, but it demonstrates the likelihood that a significant portion of Campus Town retail sales will be supported by internally generated users.

Yet, success of the Campus Town commercial center will be dependent upon other retail support external to Campus Town. The amount of support is estimated at \$31 million. Depending upon when Campus Town is built, this support can be generated from multiple sources, including CSUMB students, nearby residents, nearby employees, and other area employment and household growth. For illustrative purposes, however, the study calculated that if no other new sources of retail demand were generated in the market area, and the existing retail sales base remained stagnant, then this \$31 million figure comprises a potential pool of diverted sales, equal to 2.8% to 4.5% of the existing taxable retail sales base.

However, there will be other new sources of retail demand generated in the market area, most notably the Campus Town Project itself, and the retail demand generated by its residents, employees, and hotel guests not captured within the Project. This level of demand is projected to exceed the potential volume of diverted sales from the existing market area sales base required to support Campus Town. Consequently, prospective sales diversions and negative sales impacts on existing market area retailers would be unlikely. As such, there would then be no Campus Town-induced risk of existing retail business closures, or resulting retail vacancies attributable to Project development.

## **Campus Town Tenant Type and Maximum Size Implications**

Nationally, the retail sector has been experiencing difficulties for several years as shopping habits have changed due in part to online shopping and the rise of discounting. Additionally, many retailers have too much debt, resulting in many retailer bankruptcies and closures of several chain stores, including two that resulted in current vacancies in the Seaside retail market - Orchard Supply Hardware and Payless Shoe Source.

Despite the stress experienced by many retail chains, there are pockets within the retail sector that are growing, with retailer expansions primarily driven by discounter growth, e-commerce moving to storefronts, international expansion, and limited expansion by established mainstream retailers. Identified growth sectors include the restaurant sector, fitness and health, discounters, dollar stores,



and off-price apparel. In particular, food halls, craft breweries, and entertainment attractions are growing. With respect to new retail space construction, most is occurring in the neighborhood and community sector, usually to serve areas with residential growth, typically populated by necessity-, convenience-, and service-based tenants, as well as food and beverage tenants.

Larger (“anchor”) tenants that are opening new stores include discount and dollar stores and grocery stores – however, these growing grocery chains tend to be the smaller-format specialty and discount stores compared to the larger supermarket chains that traditionally required spaces up to 60,000 square feet. The typical size ranges for these tenants are:

- Discount Stores – 20,000 to 35,000 square feet;
- Dollar Stores – 8,000 to 12,000 square feet; and
- Discount/Specialty Grocery – 15,000 to 35,000 square feet.

ALH Economics recommends that the tenant positioning of the Campus Town retail space focus primarily on serving the local needs of the Campus Town community (residents, employees, and hotel guests) plus the nearby residential and college community – with tenants providing mostly (but not exclusively) convenience goods, personal services, and eating and drinking establishments. Thus, anchor tenants are recommended to be targeted towards discount retailers and discount/specialty grocers. The largest space sizes for these types of tenants in the current retail environment more typically range from 25,000 to 35,000 square feet, versus the 60,000 square feet reflected in the Campus Town Specific Plan as the maximum footprint for a retail anchor. Thus, it seems appropriate for the Specific Plan to instead reflect a maximum anchor tenant size of 35,000 up to 40,000 square feet rather than 60,000 square feet.

These anchor size recommendations are presented in the interest of tailoring the Specific Plan to best match market conditions and anticipated tenant requirements. This downward modification does not have an impact on the urban decay conclusions of this report as even without the modification the likelihood that Campus Town will attract and secure an anchor retail tenant in the range of 60,000 square feet is extremely low. Yet, even if a 60,000-square-foot tenant were secured, it would not be anticipated to result in urban decay. In addition to the new retail demand conditions previously reviewed, a tenant of this size might be selling products new to the Seaside market area, thus potentially increasing market draw and attracting new shoppers to the benefit of Campus Town as well as other Seaside market area shopping centers. Or, even if such a large retailer was selling goods competitive with existing market area retailers, in all likelihood the existing retailers would be among the market area’s stronger performing retailers generally located in well maintained, high occupancy shopping centers. The type of retailers located in functionally obsolete, stand-alone buildings along the major arterials or in downtown Seaside would not be the type of retailers that would be competitive with Campus Town tenants. Therefore, these retailers would not likely be at risk of losing retail sales sufficient to result in store closure leading to increased commercial vacancy as a result of Campus Town’s commercial tenanting program, and thus there would likely be no risk for their properties to erode into conditions leading to urban decay.

### **Proposed Project Potential to Cause Urban Decay**

In the Seaside market area, the commercial properties on the whole are moderately to well-maintained, despite the age of much of the retail stock. The market is characterized by both older, functionally obsolete buildings as well as somewhat newer shopping centers with regional or sub-regional retail tenants. Existing vacancies are concentrated more among the older properties,

although some prime shopping centers have vacancies featuring unique characteristics that present marketing challenges. There are also some well-maintained vacancies in relatively newer small shopping centers that retailers see as less attractive as the larger shopping centers with a greater critical mass of retail tenants. While there are no formal market statistics on the vacancy rate in the Seaside market area prepared by a commercial brokerage firm given the size and stature of the market, visual observation and the quantitative information gathered on the shopping centers developed since approximately 1990 suggests that the retail vacancy rate as a whole is within typical retail industry standards of 5% to 10%. This is the range generally deemed sufficient to maintain a healthy retail market, which includes some increment of vacancy to allow for market fluidity and growth of existing retailers.

Analysis of Campus Town's on-site demand generators suggests they will provide a significant portion of support for the Proposed Project's commercial space. This includes Campus Town's residents, on-site employees, and hotel guests. This on-site demand will be complemented by external sources of demand, such as CSUMB students, nearby residents, nearby employees, and other area employment and household growth. A significant contributor to the sales support could be real income growth among existing households by the time the Campus Town commercial component is developed. Depending upon when this occurs, however, there could be the potential for a portion of Campus Town sales to be diverted from some existing market area retailers.

The study analysis indicates there will be new sources of retail demand generated in the market area to offset these potential diverted sales, most notably from the retail demand generated by the residents, employees, and hotel guests of Campus Town not captured within the Proposed Project. This level of demand is projected to exceed the potential volume of diverted sales from the existing market area sales base required to support Campus Town. Consequently, prospective sales diversions and negative sales impacts on existing market area retailers would be unlikely. As such, there would then be no Campus Town-induced risk of existing retail business closures, or resulting retail vacancies attributable to Project development.

Yet, if in the unlikely event any sales diversions do occur, they would be among the sales categories represented by the retail tenants at Campus Town. As there is no identified retail tenant program, these specific categories cannot be identified. However, they could include discount retailers, discount/specialty grocers, convenience goods, personal services, and eating and drinking establishments. If any sales are diverted from existing retailers, the retailers most likely to be impacted would be retailers comparable to the Campus Town tenants. These would be the market area's stronger performing retailers generally located in well maintained, high occupancy shopping centers. The type of retailers located in functionally obsolete, stand-alone buildings along the major arterials or in downtown Seaside would not be the type of retailers that would be competitive with Campus Town tenants. Therefore, these retailers would not likely be at risk of losing retail sales sufficient to result in store closure leading to increased commercial vacancy as a result of Campus Town's commercial tenancing program, and thus there would likely be no risk for their properties to erode into conditions leading to urban decay.

Therefore, pursuant to the existing market conditions, projected Campus Town retail demand, and a likely retail tenancing program for Campus Town, ALH Economics concludes there is no reason to consider that development of the Proposed Project would cause or contribute to urban decay.

## II. PROPOSED PROJECT DEFINITION AND STUDY APPROACH

### PROPOSED PROJECT DEFINITION

Campus Town is a proposed mixed-use development project located on a portion of the former Fort Ord Army Base in Seaside, California (the “Proposed Project”). The Proposed Project is planned to include single-family and multifamily housing units, a hotel, youth hostel beds, retail, dining, and entertainment space, and office, flex, makerspace, and light industrial uses. The number and square feet of each use is identified below in Table 1. These figures are presented as maximum buildout projections for the Draft EIR prepared for the Campus Town Specific Plan.

**Table 1**  
**Campus Town Specific Plan**  
**Proposed Project Components and Employment Assumptions**

<b>Land Use Categories</b>	<b>Maximum Allowed</b>	<b>Employees</b>
Housing Units		
Single-family Housing	885	0
Multifamily Housing	600	0
Total	1,485	0
Hotel Rooms	250	141
Youth Hostel Beds	75	NA
Retail, Dining, and Entertainment	150,000 sf	436
Office, Flex, Makerspace, and Light Industrial	50,000 sf	174
		<hr/> 751

Source: Campus Town Specific Plan, Draft Environmental Impact Report, Table 2-2 and Table 4.12-6.

These figures in Table 1 are presented as maximum buildout projections for the Draft EIR prepared for the Campus Town Specific Plan.

### STUDY APPROACH

The purpose of this study is to determine if there is evidence to suggest that urban decay could result from development of the Proposed Project, specifically the Proposed Project’s 150,000 square feet of commercial space. This is achieved by performing a general overview of the existing commercial market conditions in the Proposed Project’s retail market area. This is then complemented by analysis of the degree to which retail demand generated by the Proposed Project’s components can support the on-site commercial space included in the Proposed Project, and thus indicate the degree to which outside support may be needed. This leads to a conclusion regarding whether the development of the Proposed Project’s commercial space could be detrimental to other existing commercial retail space. Therefore, a component of this study is on estimating the retail sales for the Proposed Project’s commercial components and comparing these sales to the levels of demand collectively generated by the residents and users of the Proposed Project’s components. In addition, ALH Economics was asked

to review the Specific Plan's guidelines regarding the retail anchor maximum size, and to provide recommendations regarding any prospective changes to this size guideline based on market trends.

In preparing this study, ALH Urban & Regional Economics relied upon Campus Town-related sources and select third party sources. The Campus Town-related sources include the Proposed Project's Draft Environmental Impact Report and Draft Specific Plan, and the Proposed Project proponent. Third party data sources include the State of California Board of Equalization (now the Department of Tax and Fee Administration); City of Seaside Municipal Code; the State of California Department of Housing and Community Development; Retail Maxim Alternative Retail Risk Analytics for Alternative Capital; emarketer.com; U.S. General Services Administration; Financial aid resources for the California State University of Monterey Bay; the United States Census Bureau, County Business Patterns; United States Department of Labor, Consumer Price Index; United States Bureau of Labor Statistics, Consumer Expenditure Survey; Realquest; The International Council of Shopping Centers; Wikipedia; and local real estate professionals. These and other source materials are cited as warranted in the study's tables, exhibits, and text.

### III. RETAIL MARKET AREA AND CONTEXTUAL TRENDS

#### RETAIL MARKET AREA DEFINITION

The Campus Town commercial component is planned to be located near the intersection of Gigling Road and General Jim Moore Boulevard in Seaside. This intersection is approximately 1.0 mile from the main quad of California State University Monterey Bay, which was the catalyst redevelopment of a portion of the former Fort Ord Army Base. Campus Town is also immediately south of the City of Marina. The cities of Seaside, Sand City, and Del Rey Oaks are contiguous and connected via several major arterials, such as Del Monte and Fremont boulevards. Accordingly, they generally comprise a continuous retail market. They can be easily traversed by traveling local streets without accessing the highway system and thus function as a relatively cohesive commercial market area. Thus, ALH Economics has determined that Seaside, Sand City, and Del Rey Oaks to the south and Marina to the north of the Proposed Project comprise the Campus Town competitive retail market area, or the Seaside retail market area. Beyond this area, the City of Salinas would comprise a separate market area to the northeast and the City of Monterey would comprise a different market area to the south.

#### DEMOGRAPHIC TRENDS

In 1980, population in the Seaside retail market area totaled almost 59,000 (see Table 2). Pursuant to the U.S. decennial census, the retail market area population peaked during the 1990 census at 67,190. This was shortly before the 1994 closure of Fort Ord. As noted in Table 2, population at that time was highest in Seaside and then Marina. There was only a small population base in Del Rey Oaks and a negligible population in Sand City at that time.

Table 2  
Population Trends, 1980 - 2018  
Seaside, Sand City, Marina, and Del Rey Oaks

Year	Seaside	Sand City	Del Rey Oaks	Marina	Total
<b>Decennial Figures</b>					
1980	36,567	182	1,557	20,647	58,953
1990	38,901	192	1,661	26,436	67,190
2000	31,696	261	1,650	25,101	58,708
2010	33,025	334	1,624	19,718	54,701
<b>Annual Figures</b>					
2011	32,910	336	1,635	19,822	54,703
2012	33,407	339	1,649	20,121	55,516
2013	33,644	341	1,652	20,265	55,902
2014	33,747	345	1,668	20,376	56,136
2015	34,172	367	1,682	21,179	57,400
2016	34,088	371	1,685	21,669	57,813
2017	34,295	375	1,719	22,263	58,652
2018	34,382	393	1,727	22,548	59,050
<b>Net Change, 1980-2018</b>					
Amount	(2,185)	211	170	1,901	97
Percent	-6%	116%	11%	9%	0%

Sources: U.S. Bureau of the Census; California State Department of Finance; and ALH Urban & Regional Economics.

Between 1990 and 2000, following the closure of Fort Ord, the market area population dropped to 58,708, equivalent to the level in 1980. Overall, the population dropped by 12% during this time period, and then another 7% between 2000 and 2010, when population fell to a 30-year low of 54,701. This comprised a cumulative decline of 19% over the 20-year time period from the peak year of 1990 to 2010. The greatest cumulative decline occurred in Marina, but the decline in Seaside was also significant.

Since 2010, modest annual increases in population have occurred, resulting in an aggregate 2018 estimated population level of 59,050, which is generally comparable to the year 2000 aggregate level of 58,708. In aggregate, the year 2010 to 2018 market area population growth was about 8%, or 1% on a compound annual basis. In turn, the year 2000 population level generally matched the 1980 level prior to the height of Fort Ord's operational years. Hence despite interim changes, the size of the market area's current population base is virtually unchanged from the size of the population base from 1980, or approximately 40 years ago.

### **RETAIL SALES TRENDS**

Annual taxable sales trend data for the Seaside retail market area as well as the City of Monterey and Monterey County were compiled by ALH Economics for 2010 through 2018. The purpose of these trend data is to demonstrate the comparative size of the retail base in the retail market area cities and to demonstrate recent trends in retail sales. The State of California recently overhauled the time series of available taxable retail sales data. As a result, limited data are available for time periods earlier than 2010. However, the 2010 to 2018 time period provides a time span that corresponds with the modest overall 8% increase in population noted above, is representative of current retail market dynamics, and thus is useful and illustrative for purposes of analysis of current retail market conditions.

ALH Economics assembled taxable retail sales data by major retail sales sector by year for the retail market area locations of Seaside, Sand City, Marina, and Del Rey Oaks. For comparative purposes, data were also assembled for the City of Monterey and Monterey County. The raw, annual data were inflation-adjusted to 2018 dollars to further support comparison. Only the inflation-adjusted data are presented in the analysis, included in Appendix A (see Exhibits 1 through 6). The Appendix also includes summary exhibits (see Exhibits 7 through 9), condensed into the tables inserted in the report text.

Table 3, below, summarizes the annual taxable retail sales data for the retail market area from 2010 onward, excluding auto sales. Auto sales are excluded as they are a specialized sales category, and not representative of any sales at Campus Town. This summary table indicates that on an inflation-adjusted basis, overall non-auto taxable retail sales increased 12%, compared to the area's 8% population growth. The annual sales grew the most in Seaside, where the annual amount increased by 28% from 2010 to 2018. A similar percentage increase of 27% in Del Rey Oaks is misleading as the retail base in Del Rey Oaks is quite nominal. Marina's retail base expanded by only 6% during this time frame, while the Sand City retail base remained relatively constant.

**Table 3**  
**Retail Store Sales, Excluding Auto Sales**  
**Seaside Retail Market Area**  
**2010-2018, in \$000s, in 2018 \$s**

Year	Seaside	Sand City	Del Rey		Total
			Oaks	Marina	
2010	\$181,654	\$204,899	\$27,422	\$199,297	\$613,273
2011	\$188,735	\$212,831	\$29,781	\$192,511	\$623,858
2012	\$206,534	\$215,128	\$30,038	\$191,258	\$642,957
2013	\$214,784	\$213,803	\$29,285	\$198,574	\$656,446
2014	\$225,477	\$211,027	\$29,197	\$194,089	\$659,791
2015	\$226,852	\$210,482	\$32,869	\$191,663	\$661,866
2016	\$228,985	\$206,727	\$36,922	\$192,284	\$664,917
2017	\$229,537	\$208,318	\$36,921	\$205,973	\$680,749
2018	\$231,881	\$209,628	\$34,779	\$210,386	\$686,676
% Change	28%	2%	27%	6%	12%
2018 Share	34%	31%	5%	31%	100%

Source: Exhibits 1 - 4.

By 2018, the three cities that dominate the retail market area had similar-sized non-auto retail bases. The “2018 Share” row on Table 3 indicates that each city’s retail sales base comprised approximately one-third the total non-auto retail market. Factoring in auto sales drastically transforms this relationship, however, as Seaside has a large auto sales sector.

In 2018, Seaside’s total retail sales base was triple the size of any other retail market area city, totaling almost \$650 million. This total is presented in Table 4, along with the benchmark totals in the City of Monterey and Monterey County. Notably, Seaside’s retail store base inclusive of auto sales exceeds the \$574 million total retail store sales base of the City of Monterey.

**Table 4**  
**Total Taxable Retail Sales**  
**2018, in \$000s**

Area	Retail Sales
Seaside	\$645,876
Sand City	\$209,823
Del Rey Oaks	\$34,779
Marina	\$214,305
Total	\$1,104,784
Monterey City	\$573,992
Monterey County	\$5,112,856

Source: Exhibit 7.

As the figures in Table 4 indicate, the Seaside retail market area sales base total of \$1.1 billion is equal to about one fifth the \$5.1 billion retail store sales base of all of Monterey County.

## RETAIL DEVELOPMENT TRENDS

The population and retail sales trends are suggestive of some, but limited growth in the Seaside retail market area in the current decade. These are accompanied by a static real estate development climate in the current decade as well, with very little new retail development. The major shopping centers built in the market area since 1980 are listed in Exhibit 10, and summarized in Table 5, below. These centers total well over 800,000 square feet. As noted, however, only one shopping center has been built in the current decade, comprising a relatively small 40,000-square-foot strip shopping center in Marina. Thus, since 2010, when the market area population grew by 8% and the market area taxable retail sales base grew by 12%, the retail inventory expanded by only a negligible amount.

**Table 5**  
**Retail Market Area Major Retail Development**  
**Approximately 1980 Onward**

Center Name	City	Year Built	Square Feet	Major Tenant(s)
Sand Dollar Shopping Center	Sand City	1989	239,000	Costco, Office Depot, Marshall's, Mattress Firm
Edgewater Shopping Center	Sand City	1995-1999	NA (1)	Target, Lucky, Petsmart, Ross, Home Goods
No Name	Seaside	2003	30,050	Cost Plus, Wing Stop, Panda Express
City Center at Seaside	Seaside	2007	42,624	Grocery Outlet, Doctors on Duty, Buffalo Wild Wings
The Dunes	Marina	2007	375,000	REI, Kohls, Target, Bed Bath & Beyond, Michaels, Party City
Walmart	Marina	2007	94,944	Walmart
The Shops at The Dunes	Marina	2016/17	40,000	Anytime Fitness, Mattress Firm, Blaze Pizza, Chipotle
Total			821,618 +	

Source: Exhibit 10.

(1) Multiple owners, square footage not readily accessible.

Most of the significant new retail development centers that were built after about 1990 are in Sand City and Marina. With the exception of the Sand Dollar Shopping Center, which was built in 1989, all of the identified retail projects were built after the closure of Fort Ord, so they were built at a time when the area's population base was in decline.

## CHARACTER OF MARKET AREA RETAIL

This section describes the different types of retail nodes or concentrations located in the Seaside retail market area. These are varied, and include older, standalone building structures on major arterials, local-serving strip retail, regional and sub-regional shopping centers, and auto dealerships. Each of these types of retail nodes attracts different types of retailers, thus serving different population segments of the market area. Further, the more regional and sub-regional serving retailers and auto dealerships likely attract demand from outside the immediate Seaside retail market area, suggesting a secondary market area beyond the limits of the market area cities. Of note, Seaside is the largest city in the market area, but aside from auto dealerships, it has the least amount of major or national retailers, which is atypical for a city of its size and population base.

### Regional and Sub-regional Serving Retailers

In addition to comprising the centers built since approximately the 1990s, the retail centers listed in Exhibit 10 and Table 5 also include most of the retail shopping centers in the Seaside retail market area that offer regional and sub-regional serving retail shopping opportunities. This especially



includes the three largest shopping centers, comprising Sand Dollar Shopping Center in Sand City (built in 1989), Edgewater Shopping Center in Sand City (built incrementally between 1995 and 1999), and The Dunes in Marina (built in 2007). All three of these centers have good highway accessibility via State Route 1.

The two Sand City shopping centers generally compose the entirety of Sand City's retail base, which comprises a discount oriented shopping node with many national discount retailers, including Costco, Office Depot, Marshall's, Mattress Firm, Target, PetSmart, Ross, and Home Goods. A Lucky grocery store is also located in this node along with many smaller shop tenants. The Sand Dollar Shopping Center has achieved strong continuous occupancy for most of its history, although it currently has a vacant anchor space following the closure of all regional Orchard Supply Hardware chain stores in 2018. This space comprises 40,000 square feet of indoor space and 12,000 square feet of outdoor space. As of October 2019, this space was actively being marketed, with broker expectation of a lease within the next 12 months. ALH Economics was told that national and regional retailers have expressed interest in the space, but that interest may be strongest for dividing the space into smaller tenant spaces, ranging in size from 16,000 to 25,000 to 30,000 square feet. The neighboring Edgewater Shopping Center has three current vacancies, including a former Tilly's with 9,200 square feet, a former GNC with 1,440 square feet, and a former Payless Shoe Source with 2,520 square feet. The Tilly's space has been vacant the longest, and has twice been occupied seasonally by a Halloween Spirit store. The GNC space has also been occupied by seasonal tenants, and the Payless Shoe Source is a recent vacancy resulting from that retailer's 2019 bankruptcy. The Tilly's space is reputedly the most difficult to lease because of its total size and narrow width, making it impossible to demise at a time when a typical user query is more in line with a 5,000- to 6,000-square-foot space requirement.

The other large shopping center in the retail market area with regional-serving retail tenants is The Dunes in Marina. This shopping center totals approximately 375,000 square feet and is a bit more upscale than the shopping opportunities in Sand City. The major tenants at this center include REI, Kohl's, Target, Bed Bath & Beyond, Michaels, and Party City. This center is adjacent to a 5-screen movie theater, a burgeoning business park, a residential community, and the market area's newest strip retail center, The Shops at The Dunes, which was completed at the end of 2016/early 2017 with 40,000 square feet. The Dunes was fully occupied in October 2019, and The Shops had only one small vacancy with approximately 1,200 square feet. Representative tenants at The Shops include a fitness center, mattress store, and restaurants. The tenants at The Shops are more local- than regional-serving, but they benefit from more regional exposure given their adjacency to The Dunes.

Another sub-regional-serving tenant in the market area noted on Exhibit 10 and Table 5 is Walmart. This is an almost 95,000-square-foot standalone store on Beach Road in Marina built in 2007, and is the only Walmart store that serves this market, with two other stores further to the northeast of Marina in Salinas.

Finally, there is another significant center in the market area with a regional-serving tenant that was not included in the earlier exhibit and table because of its age, which is anchored by Home Depot in Seaside. Originally built as a Kmart in the late 1970s, this center now includes a Home Depot, which entered the Seaside market about 12-15 years ago, as well as a Staples, and a Smart & Final store. This Home Depot store is the only major home improvements retailer in the Seaside retail market area, especially since the closure of the Orchard Supply Hardware store. The next nearest Home Depot store is in Salinas, which serves a different market, and there are no nearby stores serving the market south of Seaside. This center, like the discount retail centers in Sand City and The Dunes, has good highway accessibility via State Route 1.

Overall, the shopping centers with regional and sub-regional retailers are well-occupied with the exception of the two Sand City shopping centers, each of which has one major vacancy. These vacant spaces, however, are well maintained and do not exhibit any signs of poor maintenance or disrepair. Moreover, the Tilly's space is occupied seasonally, thereby minimizing the appearance of vacancy.

### **Major Commercial Arterials**

In addition to the shopping centers with regional and sub-regional serving retailers, there are major retail shopping arterials in some of the market area cities, including Del Monte Boulevard (Seaside), Fremont Boulevard (Seaside), Broadway (Seaside), and Reservation Road (Marina). There are a few small shopping centers along these arterials, including the two small Seaside centers with approximately 30,000 and 43,000 square feet, included in Exhibit 10 and Table 5, both of which are located on Fremont Boulevard. These centers are among the newer retail developments in the market area, albeit they were built in 2003 and 2007. In October 2019, these centers both had an approximately 12% vacancy rate, although the 30,000-square-foot center's single vacancy of 3,504 square feet was in lease negotiation with an unspecified national credit tenant. Aside from these "newer" shopping centers, and the regional-serving centers discussed above, most other commercial structures along the market area's arterials are older structures, comprising stand alone buildings or small strip or neighborhood shopping centers. (One exception is a small shopping center in Del Rey Oaks with a Safeway grocery store and Walgreens pharmacy, located off Fremont Boulevard on Canyon Del Rey Boulevard). The type of retail uses in these buildings and strip or neighborhood centers include, but are not limited to, personal services, ethnic restaurants, dollar stores, fast food restaurants, beauty supply stores, convenience stores, grocery stores, doggy day care, bakeries, auto services, cash checking, gift shops, paint stores, liquor stores, butcher shop, home improvement stores, medical services, cellular stores, apparel stores, food markets, pet grooming, pizza, thrift stores, banks, printing services, dry cleaners, pharmacy, tattoo, laundromat, UPS store, and donuts and bagels.

Most of the retail development along these arterials is also older, and as a result comprises functionally obsolete space. In Seaside, there is some vacancy, mostly concentrated among smaller spaces, such as along Broadway (see descriptions below), or with a few scattered vacancies on Fremont Boulevard, including a former Church's Chicken. Very few of these vacancies exhibited any signs of urban decay, such as boarded up windows, graffiti, or excessive amounts of trash. In Marina, there is one long-term vacancy, comprising a former 4,500-square-foot Blockbuster/Hollywood Video store in a Walgreens-anchored strip center. There are not a lot other vacancies similar to this on Reservation Road in Marina.

### **Other Seaside Commercial Nodes**

**Downtown Seaside.** Seaside has a downtown area along Broadway, mostly extending from Fremont Boulevard west to Del Monte Boulevard. The City Center at Seaside shopping center is located right at Fremont Boulevard, and anchors one end of the downtown corridor. There are numerous pedestrian oriented storefronts along Broadway, with a strong home improvement orientation. While there are other uses on Broadway as well, this is a somewhat atypical orientation for a downtown area. The City of Seaside spent \$10 million on streetscape improvements on Broadway, including pedestrian-oriented amenity enrichments such as narrowing the road from four lanes to two and widening the sidewalks and adding newly planted trees. These improvements were part of a vision rooted in the City's West Broadway Urban Village plan approved in 2010. Among events held to engage the public

with the streetscape, there is a seasonal Farmer's Market held on Broadway for four hours every Saturday, August to December.

The type of home improvement commercial services found on Broadway include furniture stores, appliance services and installation, tv services, stove appliance parts distributor, kitchen and cabinet design center, electric contractors, and vacuum and appliance store. Some of the other downtown uses include a cellular phone service provider, day spas, beauty salon, restaurants, a marijuana dispensary, laundromat, pawnshop, thrift store, auto stereo and alarm, Kim's Oriental market, a religious library, automotive paint supply, hobby shop, a new coffee shop and recording studio, a new brew pub (Other Brother Beer Company), and several other tenants in the process of building out space for upcoming tenancy, including The Hem Nutrition.

Out of approximately 50-55 storefronts, an estimated 10 or so were vacant in October 2019 with no sign of pending occupancy. Some appeared to have been vacant for longer periods of time than others. Reasons for much of this vacancy include the limited offsite parking making deliveries difficult for credit tenants, the lack of traditional drivers of customer traffic such as major anchor tenants or entertainment venues, and that the spaces are deep and narrow, making them functionally obsolete for most contemporary tenants.

The downtown area also includes a satellite Office of Community Planning and Economic Development for the City of Seaside. This office serves several purposes. City Hall is not large enough for all City staff, so it serves as overflow space for City Hall, helping to bring people to the downtown area. In addition, it helps draw and bring people needing City services to Broadway, highlighting the City-funded streetscape and pedestrian improvements. It also provides an inviting space for public meetings, inducing people to attend meetings who might not otherwise attend. But most importantly, the City sought to demonstrate and lead by example the successful adaptive reuse of downtown's functionally obsolete buildings. The newly opened Other Brother Beer Company near the Fremont Boulevard end of Broadway is an example of another successful downtown adaptive commercial reuse project, which is also true of the newer coffee shop and recording studio that recently opened.

**Broadway East of Fremont Boulevard.** Broadway extends East of Fremont Boulevard, but this stretch of Broadway is not functionally part of the Downtown area. This area's exclusion from the above-mentioned West Broadway Urban Village plan is proof of this separation from Downtown. This area includes a range of civic and commercial uses as well as older buildings, including small, vacant one-story buildings with former commercial uses, some of which are boarded up or are marked with graffiti. The occupied uses include many small markets, a bakery, County offices, a western wear store, and a U.S. postal office.

**Seaside Auto Sales.** Seaside has a high level of auto sales, comprising approximately 40% of all Monterey County auto sales in 2018. Seaside's auto dealers are concentrated on Del Monte Boulevard, and include dealerships such as Tesla, Porsche, Jeep, Dodge, Toyota, Lexus, Volvo, Jaguar, Hyundai, and Nissan. There are also many other auto-related uses clustered nearby, including auto glass and tire services. These auto and auto-related sales account for close to 66% of all taxable retail store sales in Seaside, dominating Seaside's retail sales base, and likely serving to attract buyers from outside the immediate Seaside retail market area.

## RETAIL TENANTS IN THE MARKET

ALH Economics spoke with several real estate brokers active in the Seaside retail market regarding the type and size of retail tenants looking to locate in the market. Examples of larger tenants include OshKosh with a 6,000-square-foot space requirement, Beverages & More with 10,000 square feet, and Total Wine & More with 25,000 to 30,000 square feet. One broker indicated that most tenants seeking space are looking for 1,500 to 4,000 square feet of space, with the sweet spot comprising less than 5,000 square feet. Retailers that have expressed interest in the former Orchard Supply Hardware Space at Sand Dollar Shopping Center include some regional and national retailers, grocers, home furnishing stores, and an athletic club. Some of these inquiries, as noted earlier, involve subdivision of the existing space. Brokers indicate that the properties with the greatest demand are the larger shopping centers in Sand City, that have synergy and the greatest critical mass of retail tenants. However, the market is limited because some prospective users are constrained from occupancy due to restrictions posed by existing anchor tenants on prospective tenants selling competitive goods. Thus, right-sized space availability alone does not ensure the successful attraction and leasing to new retail tenants. In addition, other market limitations include the fact that many major retailers are already present in the Seaside market and that, according to the brokerage community, the Seaside retail market is perceived as a secondary market, such as to Salinas, and many retailers have a preference for locating in Salinas over the Seaside market.

## IV. CAMPUS TOWN RETAIL SALES AND SALES IMPACT

### CAMPUS TOWN RETAIL ORIENTATION

Campus Town will augment the existing retail offerings in Seaside. Because of its location and total size, it will likely not be targeting regional retail tenants or competing with the regional retail shopping centers in Sand City and Marina. The commercial center’s planned location is not proximate to the highway and thus will not benefit from highway visibility or strong highway accessibility. Instead, the Proposed Project will be better suited to satisfy the retail shopping needs of the various population groups served by the Proposed Project as well as other more localized population groups nearby, including community residents of former military housing, California State University Monterey Bay (CSUMB) students, nearby Monterey College of Law students, and other future household growth. The purpose of this report chapter is to discuss the degree to which the Proposed Project will likely attract internally generated retail demand.

### CAMPUS TOWN RETAIL SALES

ALH Economics prepared an estimate of the potential sales to be achieved by the 150,000 square feet of Campus Town commercial space. The estimate is based upon an assumption of stabilized vacancy at 10% and overall average sales per square foot of \$350, comprising a weighted average figure for retail, restaurant, and other commercial sales. The vacancy assumption is a standard industry assumption, with a 5 to 10% assumption comprising an estimate for market fluidity. The sales assumption is based upon reported industry performance for the type of retailers commonly located in community shopping centers, which typify the size anticipated for Campus Town, primarily derived from a publication by Retail Maxim, which tracks sales performance by retailer and type of retailer, as well as eMarketer.com, which also tracks sales performance by retailer.

**Table 6**  
**Campus Town Specific Plan**  
**Estimated Annual Project Taxable Retail Sales, 2019 Dollars**

<b>Land Use</b>	<b>Sq. Ft. (1)</b>	<b>Stabilized Vacancy (2)</b>	<b>Occupied Sq. Ft.</b>	<b>Sales/ Sq. Ft. (3)</b>	<b>Annual Sales</b>
Retail, Dining, and Entertainment	150,000	10%	135,000	\$350	\$47,250,000

Sources: Campus Town Specific Plan, Draft Environmental Impact Report, Table 4.12-6.; Retail Maxim, "Alternative Retail Risk Analytics for Alternative Capital," July 2014, page 46; eMarketer.com, Store Productivity Index; and ALH Urban & Regional Economics.

(1) See Table 1.

(2) Standard industry assumption for stabilized vacancy (typical range is 5% to 10%).

(3) Generalized sales estimate based on a range of sales figures for community-oriented retailers reported by Retail Maxim and eMarketer.com.

As shown in Table 6, based upon the size of the commercial space, vacancy assumption, and sales per square foot assumption, the Campus Town retail component is estimated to achieve annual sales of \$47.25 million in sales.

## **INTERNALLY GENERATED COMMERCIAL DEMAND**

There are numerous sources of retail and restaurant demand included in Campus Town, with the potential to generate significant on-site support for the Proposed Project's retail and restaurant sales. These include for-sale and multifamily unit residents, employees of the various Campus Town land uses, and guests to the proposed hotel. Estimates of the annual retail spending potential by each of these population groups follows.

### **Market-Rate and Affordable Residential Unit Residents**

The Campus Town residents will be a significant source of demand for the Proposed Project's commercial space. In order to estimate potential retail demand generated by households, it is necessary to first estimate household incomes, and then anticipated household spending on retail. The following analysis addresses this estimation procedure, which is detailed in Exhibit 11.

As noted in the Campus Town description, there are a maximum of 1,485 units planned. These are anticipated to comprise approximately 885 single-family units and 600 multifamily units. The Campus Town Specific Plan indicates development will be compliant with the City of Seaside's inclusionary housing requirements, which generally comprise 20% affordable units, unless other provisions are made. These units are typically to be equally divided between the three household income levels of moderate, low, and very low income. Because Campus Town planning is at the more conceptual stage, unit sizes and prices have not yet been determined. However, for the purpose of estimating household spending, it is useful to develop a general estimate of prospective pricing and hence annual household incomes for residents. For that purpose, ALH Economics assumed that 20% of the total units, or approximately 300 units, would be affordable units, with 100 each targeted to moderate, low, and very low income households. The moderate income units are assumed to comprise the single-family for-sale units while the others are assumed to comprise the multifamily units. Ultimately, the multifamily units may be converted to for-sale product, but the initial marketing is assumed to be focused on rental product. Thus, all of the multifamily units are assumed to comprise rental units, with 100 affordable to low income households and 100 affordable to very low income households.

Market-based pricing estimates for the market-rate units are based on general review of the market, and include \$775,000 for the single-family units and \$2,500 per month for the multifamily units. From these values, formulae were applied to estimate required annual household incomes (see Exhibit 11). For the affordable units, household incomes by size and income status were obtained from the State of California Department of Housing and Community Development, and extrapolated for a 3.3-person household, wherein the 3.3-person average household size is consistent with the demographic assumption in the Campus Town Draft EIR. The extrapolated income levels are the ones reflected in the analysis for the different product types presented in Exhibit 11 and summarized in Table 7. These incomes were then used to derive the allowable pricing by product type, primarily based on percent of income spent on housing (see footnotes in Exhibit 11).

Based upon estimated household incomes for the market-rate and affordable units, the analysis estimates annual household spending on retail. The amount households spend on retail goods varies by household income. Data published by the U.S. Bureau of Labor Statistics, 2017 Consumer Expenditures Survey, provides information regarding household spending on retail based upon income. This information is presented in Exhibit B-1 based on ALH Economics estimates of the percentage of income spent on retail goods aligned with the retail goods tracked by the California State Board of Equalization (now Department of Tax and Fee Administration). As an example,

households in the \$40,000 to \$49,999 annual income range, with an average household income of \$44,771, are estimated to spend 41% of income on retail goods.

**Table 7**  
**Campus Town Specific Plan**  
**Projected Household Annual Retail Spending, 2019 Dollars**

Units	Household Income Required	% Income Spent on Retail	Annual Retail Spending		
			Per Household	Number of Units	All Households
<b>Single-Family Units</b>					
Market-Rate Units	\$155,000	25%	\$38,750	785	\$30,418,750
Affordable Units - Moderate	\$82,670	30%	\$24,801	100	\$2,480,100
<b>Multifamily Units - Rental Units</b>					
Market-Rate Units	\$75,000	32%	\$24,000	400	\$9,600,000
Affordable Units - Low	\$66,845	35%	\$23,396	100	\$2,339,575
Affordable Units - Very Low	\$41,785	41%	\$17,132	100	\$1,713,185
			<b>Total:</b>	<b>1,485</b>	<b>\$46,551,610</b>

Source: Exhibit 11.

Extrapolating all the percentages of income spent on retail matched to the Campus Town average household incomes per unit results in percent of income spending estimates on retail for the anticipated households. The results, as shown in Table 7, include 25% to 30% on average for the market-rate unit residents and 35% to 41% of income for the affordable unit residents. Based on the income and retail spending estimates, the Campus Town residents are then estimated to spend \$46.6 million annually on retail expenditures, including all types of retail, such as groceries, pharmaceutical needs, apparel, and restaurants.

### Student Households

The preceding analysis was conducted based solely on the potential incomes of the unit occupants pursuant to conceptual unit prices and rents. Given the location of Campus Town proximate to the California State University Monterey Bay it is likely that a portion of the rental units will be occupied by students. Therefore, a separate analysis was prepared estimating the retail spending potential of Campus Town residents assuming student occupancy at the same average 3.3-person household size and the off-campus budget cited by the University. This analysis is presented in Table 8, which deduces the minimum combined budget per student for food and personal expenses of \$3,134 for the 9-month academic year, which is equivalent to \$4,179 on an annual basis. This budget is considered minimum because the University's budget cites a monthly cost for a one-bedroom apartment which was netted out of the total budget for food and housing, and thus did not account for likely shared housing costs, which would reduce this housing cost allowance. To equate the household size with the average assumed for the Draft EIR, the per student budget is converted to a 3.3-person household, for a per student household retail spending estimate of \$13,790.

**Table 8**  
**Campus Town Specific Plan**  
**Off-Campus Student Household Annual Retail Spending, 2019 Dollars**

Budget Characteristic	Figure
Student Off-Campus Budget for Food and Housing (1)	\$15,040
Typical Monthly Cost of One-Bedroom Apartment in Seaside (1)	\$1,484
Academic Year Cost of One-Bedroom Apartment in Seaside (2)	\$13,356
Balance of Academic Year Budget for Food	\$1,684
Personal Expenses (1)	\$1,450
Total Academic Year Student Retail Expenses (2)	\$3,134
Annual Adjustment of Student Retail Expenses (3)	\$4,179
Student Retail Expenses Equivalent for a 3.3-person Household (4)	<b>\$13,790</b>

Sources: California State University Monterey Bay, Financial Aid, Cost of Attendance, 2019-2020 Academic Year; and ALH Urban & Regional Economics.

(1) Costs estimated or provided by California State University Monterey Bay. Note costs exclude books, supplies, and transportation.

(2) The academic year comprises 9 months. Thus these costs reflect a 9-month period.

(3) The academic year figures are adjusted upward to reflect a 12-month period.

(4) Parallels the average 3.3-person household size reflected in the Draft EIR.

The following section reflects an estimate of Campus Town resident demand for retail adjusted to reflect a portion of residents comprising student households.

### Resident Demand Adjusted for Student Households

An adjusted resident spending analysis assuming student households occupy a portion of the market-rate rental units is presented in Table 9, below.

**Table 9**  
**Campus Town Specific Plan**  
**Household Annual Retail Spending Adjusted to Reflect Student Households**  
**2019 Dollars**

Units	Annual Retail Spending		
	Per Household	Number of Units	All Households
<b>Single-Family Units</b>			
Market-Rate Units	\$38,750	785	\$30,418,750
Affordable Units - Moderate	\$24,801	100	\$2,480,100
<b>Multifamily Units - Rental Units</b>			
Market-Rate Units (1)	\$24,000	268	\$6,432,000
Market-Rate Units - Students (1)	\$13,790	132	\$1,820,227
Affordable Units - Low	\$23,396	100	\$2,339,575
Affordable Units - Very Low	\$17,132	100	\$1,713,185
	<b>Total:</b>	<b>1,485</b>	<b>\$45,203,837</b>

Sources: Exhibit 11 and ALH Urban & Regional Economics.

(1) The market-rate units are adjusted to reflect a portion occupied by student households, i.e., 33%. See Table 8 for the household spending estimate.



This adjusted analysis substitutes the student household spending assumption from the prior table for the household spending assumption for one-third (33%) of the market-rate units. This adjustment reduces the total resident retail spending estimate from \$46.2 million to \$45.2 million.

### **On-Site Employment Support for Retail**

In every city, the employment base is a source of retail and restaurant support associated with workday retail expenditures. Therefore, the employees who will be working at Campus Town will generate daytime retail spending, some of which will likely be spent at Campus Town. As shown in Table 1, Campus Town is estimated to support up to approximately 751 employees. This estimate is drawn from the Draft EIR for the Proposed Project, based upon employment density estimates for each land use category as cited in the DEIR.

For the employee daytime spending estimate, ALH Economics drew upon findings from the International Council of Shopping Centers (ICSC) regarding office worker retail spending during the workday. ICSC conducts this type of survey on a recurring basis, with the most recent survey findings released in early 2012. This survey includes analysis of office worker spending near their work location, including analysis by type of retail good (e.g., restaurants and fast food, groceries, and all other goods and services), as well as spending patterns in urban and suburban areas, including areas with or without ample retail.<sup>2</sup> For this analysis, ALH Economics relied upon the estimates for urban locations, without ample retail, updated to reflect estimated 2019 dollars. The resulting estimate is approximately \$7,000 per year in office worker daytime spending near the work location (see Exhibit 12).

Earnings in office-using sectors in Monterey County are generally less than in the areas where the ICSC survey was conducted. Therefore, ALH Economics applied a downward adjustment to the per office worker daytime retail spending estimate, resulting in a revised estimate of almost \$6,000 per office worker in Monterey County (see Exhibit 13) based on annual average earnings of \$60,000. This revised estimate took into account typical allocations of office worker daytime spending as a percentage of income pursuant to the underlying ICSC study findings by income.

The \$6,000 per year estimate for Monterey County office workers was allocated among the spending categories proportional with the ICSC study findings for office workers. Campus Town's employees will span several industry sectors. Therefore, ALH Economics adjusted the office worker spending estimate on a pro rata basis in accordance with the differential in annual average wages for each type of employee, e.g., Office, Flex, Makerspace, and Light Industrial; Retail, Dining, and Entertainment; and Hotel. The relative wages for each category of worker are summarized in Exhibit 13. These wages are derived from County Business Patterns employment data and payroll for Monterey County for 2016 and inflated to 2019 dollars (See Exhibit B-3). The estimated average earnings range from \$26,000 per year for Hotel workers to \$60,000 for Office, Flex, Makerspace, and Light Industrial workers.

Pursuant to the pro rata wage adjustments, estimated daytime spending per type of Campus Town worker is ranges from \$2,600 per year to approximately \$6,000 per year (see Exhibit 13). Exhibit 13 further presents the cumulative estimates of Campus Town worker daytime spending based upon total estimated employee counts, which is also summarized in Table 10.

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<sup>2</sup> Ample retail locations would include major shopping centers or significant retail nodes near the office location.

**Table 10**  
**Campus Town Specific Plan**  
**Annual Daytime Retail Spending by Campus Town Workers, 2019 Dollars**

Employee Type	Number of Workers	Project Worker Annual Spending			Total
		Restaurants	Groceries	All Other	
Office, Flex, Makerspace, and Light Industrial	174	\$236,640	\$147,900	\$650,760	\$1,035,300
Retail, Dining, and Entertainment	436	\$305,200	\$218,000	\$872,000	\$1,395,200
Hotel	141	\$84,600	\$56,400	\$225,600	\$366,600
Total	751	\$626,440	\$422,300	\$1,748,360	\$2,797,100

Source: Exhibit 13.

As noted in Table 10, Campus Town employees are estimated to generate \$2.8 million per year in retail spending near their workplace.

### Hotel Guests

For hotel guests, this study primarily estimates spending on food, as such spending is generally necessary for visitors to an area staying in lodging facilities. Retail spending is a less certain expenditure, although still likely to some extent; however, spending on food and restaurants is much more likely to occur, including close to the hotel when convenience is a primary concern. The estimate of hotel guest spending on food, incidentals, and retail is presented in Table 11.

As noted in Table 11, the Campus Town Hotel is proposed for 250 rooms. For most hotels, a 75% average annual occupancy rate comprises a desired level of operation. Assuming the Campus Town Hotel achieves this occupancy, this would result in 68,438 room nights of demand per year. The number of annual guests will vary depending upon the average number of guests per room. Assuming an average of 1.5 guests, which reflects a mix of single occupants and larger groups, such as families, results in 102,656 estimated guests per year. Hotel guests make local expenditures on food, retail, entertainment, and other goods. For 2019, the U.S. General Services Administration per diem rate for meals and incidentals in Monterey, CA is \$76. This figure is conservatively factored into the analysis. Higher figures are reported by other sources, such as the Business Travel News Corporate Travel Index. To this, ALH Economics added approximately an addition 50%, or \$35, to account for nominal per guest spending on retail pursuant to guest retail needs or desires, resulting in a \$111 spending estimate per guest.

**Table 11**  
**Campus Town Specific Plan**  
**Estimated Annual Hotel Guest Retail Spending, 2019 Dollars**

Characteristic	Value
Number of Hotel Rooms (1)	250
Average Room Occupancy Rate (2)	75%
Average Room Nights Occupied/Year (3)	68,438
Average Number of Guests per Room (4)	1.5
Average Daily Guest Spending on Food and Incidentals (5)	\$76
Nominal Addition to Average Daily Guest Spending on Retail (6)	\$35
Total Average Daily Guest Spending	\$111
Average Annual Guest Spending on Food and Incidentals	\$11,394,844

Sources: U.S. General Services Administration, 2019 Per Diem Rates for Monterey California; and ALH Urban & Regional Economics.

- (1) See Table 1.
- (2) Industry standard occupancy rate for stabilized occupancy.
- (3) Comprises number of rooms \* average occupancy rate \* 365 days/year.
- (4) Conservative, generalized assumption.
- (5) This figure is the daily U.S. General Services Administration allowance for Meals and Incidental Expense (ME&IE) rate for 2019 for Monterey County.
- (6) Nominal addition to account for various hotel guest retail needs and desires.

As shown in Table 11, based upon the estimated hotel guest count and average daily spending on food, the Campus Town hotel guests are estimated to spend \$11.4 million annually on food and retail in the general Seaside area, a portion of which is likely to be captured by retailers and restaurants located specifically at Campus Town. Thus, this is one component of on-site demand generated for the commercial uses included in the Proposed Project.

#### **SHARE OF CAMPUS TOWN SUPPORTED BY INTERNAL DEMAND**

The individual internally-generated Campus Town retail demand estimates are consolidated in Table 12. These estimates total \$59.4 million a year for all components, including residents, employees, and hotel guests. Not all this demand, however, will be captured by Campus Town. Instead, retail establishments elsewhere in Seaside and the surrounding area will also benefit. The capture rates will vary by component, depending upon the degree of mobility of the population served and the nature of their association with Campus Town. These capture rates, either assumed or derived, are also presented in Table 12, and include 23% for the residents, 66% for employees, and 35% for hotel guests. For residents, the 23% figure is derived in Exhibit 14, which takes into account the likelihood of resident spending by retail category at Campus Town, assuming some categories of retail will likely be represented at Campus Town and others will not. For example, given the location and size of the Campus Town commercial component, it is unlikely to include auto sales, building materials sales, or gas stations. On the other hand, it could include grocery sales, restaurants, clothing stores, auto parts, or other stores focused on home merchandising or convenience goods. While the specific tenanting for Campus Town is unknown, the tenants are most likely to be community retail oriented, and thus would attract a portion of resident spending in these categories. While the percentage capture rates in Exhibit 14 were assigned by ALH Economics, they generally reflect a proclivity for residents to purchase more convenience-oriented items close to home, and shop more competitively for comparison goods.

**Table 12**  
**Campus Town Specific Plan**  
**Summary of Internally Generated Retail Demand, 2019 Dollars**

Land Use Component	Annual Demand	Capture Rate	Campus Town Demand
<b>Source of Internally Generated Retail Demand</b>			
Campus Town Residents (1)	\$45,203,837	23%	\$10,249,070
Campus Town Employees	\$2,797,100	66%	\$1,846,086
Campus Town Hotel Guests	<u>\$11,394,844</u>	35%	<u>\$3,988,195</u>
Total	\$59,395,781		\$16,083,352
<b>Project Annual Retail Sales</b>			\$47,250,000
<b>Percent of Sales Generated Internally</b>			34%
<b>Remaining Sales Requiring Support</b>			\$31,166,648
<b>Remaining Sales as a Percent of Market Area 2018 Sales (2)</b>			2.8% - 4.5%

Sources: Exhibit 14, Exhibit 13, Table 11, and Table 6.

(1) See Exhibit 14 for derived capture rate.

(2) Percent of sales base with and without auto-related taxable sales.

As shown in Table 12, the internally-generated Campus Town demand is estimated to generate approximately 34% of the sales needed to support the commercial shops. This percentage was derived based on a series of assumptions, and thus is illustrative. However, it demonstrates the likelihood that a significant portion of Campus Town retail sales will be supported by internally generated users. The ultimate capture rate will be dependent upon many factors, including the nature of the commercial tenants, interim market area retail sales trends, and other retail changes in the market area.

### **CAMPUS TOWN SALES IMPACT**

As noted in Table 12, success of the Campus Town commercial center will be dependent upon other retail support external to Campus Town. The amount of support is estimated at \$31.2 million. Depending upon when Campus Town is built, this support can be generated from multiple sources, including CSUMB students, nearby residents, nearby employees, and other area employment and household growth. A significant contributor to the sales support could be real income growth among existing households. For illustrative purposes, however, Table 12 also indicates the remaining sales as a percent of the market area's 2018 sales. This figure is 2.8% to 4.5%, depending on the taxable sales base reflected in the analysis (i.e., the higher percentage is based on excluding auto-related sales). Thus, if no other new sources of retail demand were generated in the market area, support of remaining Campus Town sales would require sales to be diverted from some existing market area retailers.

However, **there will be** other new sources of retail demand generated in the market area, most notably the Campus Town Project itself, and the retail demand generated by its residents, employees, and hotel guests not captured within the Project. As noted in Table 12, the total amount of new retail demand generated by the Project's population groups is estimated at \$59.4 million. Of this, \$16.1 million is estimated to be captured by retailers located at Campus Town. This leaves a remaining balance of \$43.3 million in annual retail demand available to support other retailers in the Seaside market area and beyond, such as retailers with an on-line presence, retailers in nearby Salinas, which

has a taxable retail base twice size of the Seaside market area, and retailers in other more distant locations.

Table 13, below, compares the \$43.3 million in additional retail demand generated by the Project's population groups to the \$31.2 million in Campus Town sales required to be generated by sources external to Campus Town. Even if these \$31.2 million in sales are diverted from existing retailers as is posited above, much or a large portion of the sales would likely be offset by the demand generated by the Project's residents, employees, and hotel guests, making retail expenditures elsewhere in the Seaside market area outside of Campus Town.

**Table 13**  
**Campus Town Specific Plan**  
**Summary of Annual Campus Town-Generated Retail Demand and Support for Retail**  
**2019 Dollars**

<b>Campus Town Retail Sales and Demand Characteristic</b>	<b>Sales/Demand Figure</b>
<b>Distribution of Retail Demand Generated by Campus Town Residents, Employees, and Hotel Guests</b>	
<b>Guests</b>	
Campus Town Internally Generated Retail Demand (1)	\$59,395,781
Internally-Generated Demand Captured On-Site (1)	\$16,083,352
Balance of Internally Generated Retail Demand Available for Off-Site Retail Support	\$43,312,429
<b>Surplus of Demand Generated by Campus Town Residents, Employees, and Hotel Guests</b>	
<b>Available to Offset External Demand Required to Support Campus Town Retail</b>	
Balance of Internally Generated Retail Demand Available for Off-Site Retail Support	\$43,312,429
Campus Town Sales Requiring Support External to Campus Town (1)	\$31,166,648
Internally-Generated Retail Demand Surplus in Excess of Offset for External Demand	\$12,145,781

Source: Table 12.

(1) See Table 12.

As shown in Table 13, the \$43.3 million estimated retail demand generated by the Project's population groups remaining after sales capture at Campus Town exceeds the potential existing Seaside market area \$31.2 million retail sales base diversion by \$12.1 million. Consequently, prospective sales diversions and negative sales impacts on existing market area retailers would be unlikely. As such, there would then be no Campus Town-induced risk of existing retail business closures, or resulting retail vacancies attributable to Project development.

## V. CAMPUS TOWN TENANT TYPE AND MAXIMUM SIZE IMPLICATIONS

### CAMPUS TOWN SPECIFIC PLAN MAXIMUM ANCHOR FLOOR FOOTPRINT

The Campus Town Specific Plan includes guidelines for building height and massing for large-footprint anchor retailers. These guidelines include a maximum floor footprint of 60,000 gross square feet.<sup>3</sup> ALH Economics was asked to conduct research to assess if this is an appropriate maximum size space to reflect in the Specific Plan or if an alternative maximum floor footprint should be considered instead. This section includes this research, which includes general research into recent national trends on types of retailers that are expanding, and then the typical size ranges of expanding retailers. This is then paired with information gleaned from commercial brokers active in the Seaside retail market to culminate in a maximum anchor tenant size recommendations for Campus Town and potential tenant type recommendations.

### NATIONAL RETAILER EXPANSION TRENDS

#### National Retailer Expansion Trends

The retail sector has been experiencing difficulties for several years as shopping habits have changed due in part to online shopping and the rise of discounting. Additionally, the country is over-retailed – with too much retail space, and many retailers have too much debt. This has been evidenced by bankruptcies and closures of several chain stores, such as Brookstone, Toys R Us, Sports Authority, The Limited, Orchard Supply Hardware, and more recently Gymboree, Payless Shoe Source, Charming Charlie, and Forever 21. These bankruptcies and closures have affected all forms of retail real estate, from regional malls and power centers, to strip malls, lifestyle centers, and downtown shopping districts. The Seaside retail market has current vacancies resulting from two of these chain bankruptcies or closures – Orchard Supply Hardware and Payless Shoe Source.

Despite the continued stress experienced by many retail chains, there are pockets within the retail sector that are growing. Looking nationally, MSN/Money/Motley Fool reports that retailer expansions in 2019 and into 2020 are primarily driven by discounter growth, e-commerce moving to storefronts, and international expansion, as well as more limited expansion by established mainstream retailers.<sup>4</sup> Specific examples include the following:

- Ross Stores, which is planning 100 stores, including 25 dd's Discounts;
- Dollar General has an aggressive 1,000 new stores planned for 2019;
- TJX Brands (Marshalls, TJ Maxx, and HomeGoods) is expanding across its three brands;
- Target is emphasizing small-format stores in urban or college campus locations (35 stores);
- FiveBelow is a newer discount chain with 150 locations recently opened or planned;
- Gap, while closing Gap and Banana Republic stores, is planning to open Old Navy brand stores;
- Ulta Beauty is planning 80 stores;

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<sup>3</sup> "Campus Town Specific Plan," 4. Private Realm Standards and Guidelines, 4.6 Urban Standards and Guidelines, page 146.

<sup>4</sup> Daniel B. Kline, "These 15 Retailers are Opening Stores (and These 14 are Closing Them)," MSN/Money/Motley Fool, September 13, 2019.

- Warby Parker, specializing in eyewear, and mattress seller Casper are examples of e-commerce companies moving to brick-and-mortar – both with expansion plans;
- Amazon, planning to open more of its bookstores, as well as Amazon Go and 4-Star stores; and
- German discount-oriented supermarket chain, Aldi, plans to open 400 new stores by 2022.

Additionally, the restaurant sector is growing, with restaurant sales nationally increasing by over \$55 billion from the start of 2018 to June 2019.<sup>5</sup> As a result, many restaurant chains, primarily fast food and quick-service restaurants, are in expansion mode. Another strong sector is fitness:

As brick-and-mortar retail stores have taken a beating from the internet, yoga, Pilates, rowing, boxing, cycling, barre and H.I.I.T. studios are entering the spaces formerly inhabited by apparel, books and electronics stores: catering to a consumer class seemingly more interested in investing in the shape of their bodies than the clothes that cover them. Taking a group fitness class, it turns out, is one of the few things you can't order from Amazon. These studios now make up a big part of what's been called the "experiential economy,"<sup>6</sup>

The Cushman & Wakefield publication "Marketbeat U.S. Shopping Center Q2 2019" notes that while department stores and mid-priced apparel retailers are struggling, fitness and health, discounters, dollar stores, off-price apparel, superstores, and restaurants are expanding. In particular, food halls, craft breweries, and entertainment attractions are growing. With respect to new retail space construction, most is occurring in the neighborhood and community sector, usually to serve areas with residential growth, typically populated by necessity-, convenience-, and service-based tenants, as well as food and beverage tenants.

### TYPICAL SIZE RANGES FOR TENANTS THAT ARE EXPANDING

Based on the above information, larger ("anchor") tenants that are opening new stores include discount and dollar stores and grocery stores – however, these growing grocery chains tend to be the smaller-format specialty and discount stores compared to the larger supermarket chains that traditionally required spaces up to 60,000 square feet. According to the **2019 California Retail Analytics: Expanding Retailers and Retail Stores Sales Estimate** by HdL ECONsolutions (prepared in late 2018), the typical size ranges for these tenants types are as follows:

- Discount Stores (TJX Brands, Ross Stores) – 20,000 to 35,000 square feet;
- Dollar Stores (Dollar General, Dollar Tree, FiveBelow) – 8,000 to 12,000 square feet; and
- Discount/Specialty Grocery (Aldi, Grocery Outlet, Smart & Final, Sprouts, Trader Joe's, etc.) – 15,000 to 35,000 square feet.

These anchor tenants could be complemented by in-line stores, likely focusing on services, and restaurants. Based on the HdL ECONsolutions report cited above, these smaller tenants typically range from 1,000 to 5,000 square feet. There may be a restaurant chain interested in a space

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<sup>5</sup> Lee Holman and Greg Buzek, "Retail's Renaissance: The True Story of Store Openings/Closings," IHL Group, 2019.

<sup>6</sup> Katherine Rosman, "The Boutique Fitness Boom: Can \$40 Exercise Classes Save the Attenuated American Mall?" The New York Times, June 17, 2019.

between 5,000 and 10,000 square feet. Additionally, Ulta Beauty is one expanding tenant that does not fit within the above categories – this tenant’s spaces are often around 10,000 square feet.

This information is not presented to indicate or suggest that these specific tenants are appropriate for Campus Town. However, the information is indicative of the general trends in tenant sizing that is occurring in the retail industry, especially at the larger end. The local experience in the Seaside retail market discussed earlier parallels these trends. Specifically, as cited earlier, examples of larger tenants that have been looking in the market include OshKosh with a 6,000 square-foot space requirement, Beverages & More with 10,000 square feet, and Total Wine & More with 25,000 to 30,000 square feet. Further, ALH Economics was told that national and regional retailers have expressed interest in the vacant 52,000-square-foot Orchard Supply Hardware Space (40,000 square feet indoors and 12,000 square feet outdoors), but that interest may be strongest for dividing the space into smaller tenant spaces, ranging in size from 16,000 to 25,000 to 30,000 square feet.

### **RECOMMENDATIONS FOR CAMPUS TOWN RETAIL**

ALH Economics recommends that the tenant positioning of the Campus Town retail space focus primarily on serving the local needs of the Campus Town community (residents, employees, and hotel guests) plus the nearby residential and college community – with tenants providing convenience goods, personal services, and eating and drinking establishments. Thus, anchor tenants are recommended to be targeted towards discount retailers and discount/specialty grocers. The largest space size for these types of tenants in the current retail environment more typically ranges from 25,000 to 35,000 square feet, versus the 60,000 square feet reflected in the Specific Plan. Thus, it seems appropriate for the Specific Plan to reflect a maximum anchor tenant size of 35,000 to 40,000 square feet rather than 60,000 square feet. If a discount retailer and a discount/specialty grocer are both attracted to the center, then two spaces in the 20,000 to 35,000 square foot range would be warranted. These could be complemented by one or two larger in-line spaces of up to 10,000 square feet, and perhaps a restaurant pad with the ability to accommodate a tenant of up to 10,000 square feet in size. Additional, smaller tenants in the 1,000 to 5,000-square-foot range could round out the tenant mix.

These anchor size recommendations are presented in the interest of tailoring the Specific Plan to best match market conditions and anticipated tenant requirements. Inclusion of a larger anchor tenant size provision could establish an unrealistic expectation that could then be considered a measure of implementation failure when tenants that size are not secured, which seems the most likely outcome. Therefore, implementation success would be maximized by rightsizing the Specific Plan from the outset with a maximum floor footprint of 40,000 gross square feet. This downward modification from a maximum of 60,000 to 40,000 square feet does not have an impact on the urban decay conclusions of this report (see following chapter), as even without the modification the likelihood that Campus Town will attract and secure an anchor retail tenant in the range of 60,000 square feet is extremely low. This low likelihood is supported by the Seaside market area findings presented earlier, by the size distribution of retailers in just the City of Seaside, and by the retailer expansion trends reviewed above.



## VI. PROPOSED PROJECT URBAN DECAY IMPLICATIONS

### DEFINITION OF URBAN DECAY

As cited earlier, for the purpose of this analysis and in accordance with CEQA and the DEIR, urban decay is defined as, among other characteristics, visible symptoms of physical deterioration that invite vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long-term vacancies. This physical deterioration to properties or structures is so prevalent, substantial, and lasting for a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community.

### CONTRIBUTING CAUSES OF URBAN DECAY

Before considering how the Proposed Project might affect the market and environs, it is useful to focus on what constitutes the *environmental* impact known as urban decay. The leading court case on the subject, *Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal.App.4th 1184, 1204, described the phenomenon as “a chain reaction of store closures and long-term vacancies, ultimately destroying existing neighborhoods and leaving decaying shells in their wake.” The court also discussed prior case law that addressed the potential for large retail projects to cause “physical deterioration of [a] downtown area” or “a general deterioration of [a] downtown area.” (Id. at pp. 1206, 1207). When looking at the phenomenon of urban decay, it is also helpful to note economic impacts that do not constitute urban decay. For example, a vacant building is not urban decay, even if the building were to be vacant over a relatively long time. Similarly, even a number of empty storefronts would not constitute urban decay. Based on the preceding description regarding urban decay, therefore, ALH Economics’ analysis examined whether there was sufficient market demand to support the Proposed Project without affecting existing retailers so severely such as to lead to a downward spiral toward decay of the commercial real estate market.

### PROPOSED PROJECT POTENTIAL TO CAUSE URBAN DECAY

In the Seaside market area, the commercial properties are on the whole moderately to well-maintained, despite the age of much of the retail stock. The market is characterized by both older, functionally obsolete buildings as well as somewhat newer shopping centers with regional or sub-regional retail tenants. Existing vacancies are concentrated more among the older properties, although some prime shopping centers have vacancies featuring unique characteristics that present marketing challenges, such as the narrow storefront and total size of the former Tilly’s space at Edgewater Shopping Center and the large footprint of the former Orchard Supply Hardware space at Sand Dollar Shopping Center. There are also some well-maintained vacancies in relatively newer small shopping centers that retailers see as less attractive as the larger shopping centers with a greater critical mass of retail tenants. While there are no formal market statistics on the vacancy rate in the Seaside market area prepared by a commercial brokerage firm given the size and stature of the market, visual observation and the quantitative information gathered on the shopping centers developed since approximately 1990 suggests that the retail vacancy rate as a whole is within typical retail industry standards of 5% to 10%. This is the range generally deemed sufficient to maintain a healthy retail market, which includes some increment of vacancy to allow for market fluidity and growth of existing retailers.

Analysis of Campus Town's on-site demand generators suggests they will provide a significant portion of support for the Proposed Project's commercial space. This includes Campus Town's residents, on-site employees, and hotel guests. This on-site demand will be complemented by external sources of demand, such as CSUMB students, nearby residents, nearby employees, and other area employment and household growth. A significant contributor to the sales support could be real income growth among existing households by the time the Campus Town commercial component is developed. Depending upon when this occurs, however, there could be the potential for a portion of Campus Town sales to be diverted from some existing market area retailers.

The analysis prepared earlier indicated there will be new sources of retail demand generated in the market area to offset these potential diverted sales, most notably from the retail demand generated by the residents, employees, and hotel guests of Campus Town not captured within the Proposed Project. This level of demand is projected to exceed the potential volume of diverted sales from the existing market area sales base required to support Campus Town. Consequently, prospective sales diversions and negative sales impacts on existing market area retailers would be unlikely. As such, there would then be no Campus Town-induced risk of existing retail business closures, or resulting retail vacancies attributable to Project development.

Yet, if in the unlikely event any sales diversions do occur, they would be among the sales categories represented by the retail tenants at Campus Town. As there is no identified retail tenant program, these specific categories cannot be identified. However, as suggested in the prior study section, they could include discount retailers, discount/specialty grocers, convenience goods, personal services, and eating and drinking establishments. If any sales are diverted from existing retailers, the retailers most likely to be impacted would be retailers comparable to the Campus Town tenants. These would be the market area's stronger performing retailers generally located in well maintained, high occupancy shopping centers. The type of retailers located in functionally obsolete, stand-alone buildings along the major arterials or in downtown Seaside would not be the type of retailers that would be competitive with Campus Town tenants. Therefore, these retailers would not likely be at risk of losing retail sales sufficient to result in store closure leading to increased commercial vacancy as a result of Campus Town's commercial tenanting program, and thus there would likely be no risk for their properties to erode into conditions leading to urban decay.

Therefore, pursuant to the existing market conditions, projected Campus Town retail demand, and a likely retail tenanting program for Campus Town, ALH Economics concludes there is no reason to consider that development of the Proposed Project would cause or contribute to urban decay.

## ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

ALH Urban & Regional Economics has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although ALH Urban & Regional Economics believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state, or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

## **APPENDIX A: EXHIBITS**

**Exhibit 1**  
**Seaside Taxable Sales Trends, 2010-2018**  
**Sales in Constant 2018 Dollars**

<b>Sales in 2018 \$000 (1)(2)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers	\$229,425	\$229,182	\$268,866	\$297,337	\$315,385	\$361,533	\$380,853	\$380,417	\$413,994
Home Furnishings and Appliance Stores	\$7,216	\$6,927	\$7,475	\$8,055	\$8,540	\$8,470	\$7,538	\$7,179	\$6,221
Bldg. Matrl. and Garden Equip. & Supplies	#	#	#	#	#	\$79,027	\$80,179	\$82,664	\$84,553
Food and Beverage Stores	\$14,699	\$16,329	\$16,401	\$18,234	\$18,717	\$18,959	\$20,017	\$20,714	\$21,117
Gasoline Stations	\$27,380	\$33,277	\$43,224	\$38,988	\$36,838	\$32,031	\$28,179	\$29,243	\$28,536
Clothing & Clothing Accessories Stores	\$1,028	\$1,216	\$1,216	\$961	\$839	\$913	\$938	\$860	\$747
General Merchandise Stores	#	\$6,197	\$6,503	\$6,297	\$6,395	\$6,362	\$5,577	\$5,047	\$4,839
Food Services and Drinking Places	\$37,112	\$36,770	\$39,452	\$44,223	\$52,750	\$53,580	\$60,367	\$58,899	\$58,362
Other Retail Group	\$94,219	\$88,019	\$92,262	\$98,026	\$101,398	\$27,510	\$26,190	\$24,932	\$27,505
<b>Retail Stores Total</b>	<b>\$411,079</b>	<b>\$417,918</b>	<b>\$475,400</b>	<b>\$512,121</b>	<b>\$540,862</b>	<b>\$588,385</b>	<b>\$609,838</b>	<b>\$609,954</b>	<b>\$645,876</b>
All Other Outlets (Non-retail)	\$63,604	\$58,520	\$59,351	\$64,628	\$64,177	\$70,266	\$72,037	\$72,314	\$73,427
<b>Grand Total</b>	<b>\$474,683</b>	<b>\$476,438</b>	<b>\$534,751</b>	<b>\$576,750</b>	<b>\$605,040</b>	<b>\$658,651</b>	<b>\$681,875</b>	<b>\$682,269</b>	<b>\$719,303</b>
<b>Sales per Capita in 2018 \$ (3)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers	\$6,947	\$6,964	\$8,048	\$8,838	\$9,346	\$10,580	\$11,173	\$11,092	\$12,041
Home Furnishings and Appliance Stores	\$219	\$210	\$224	\$239	\$253	\$248	\$221	\$209	\$181
Bldg. Matrl. and Garden Equip. & Supplies	#	#	#	#	#	\$2,313	\$2,352	\$2,410	\$2,459
Food and Beverage Stores	\$445	\$496	\$491	\$542	\$555	\$555	\$587	\$604	\$614
Gasoline Stations	\$829	\$1,011	\$1,294	\$1,159	\$1,092	\$937	\$827	\$853	\$830
Clothing & Clothing Accessories Stores	\$31	\$37	\$36	\$29	\$25	\$27	\$28	\$25	\$22
General Merchandise Stores	#	\$188	\$195	\$187	\$189	\$186	\$164	\$147	\$141
Food Services and Drinking Places	\$1,124	\$1,117	\$1,181	\$1,314	\$1,563	\$1,568	\$1,771	\$1,717	\$1,697
Other Retail Group	\$2,853	\$2,675	\$2,762	\$2,914	\$3,005	\$805	\$768	\$727	\$800
<b>Retail Stores Total</b>	<b>\$12,448</b>	<b>\$12,699</b>	<b>\$14,231</b>	<b>\$15,222</b>	<b>\$16,027</b>	<b>\$17,218</b>	<b>\$17,890</b>	<b>\$17,786</b>	<b>\$18,785</b>
All Other Outlets (Non-retail)	\$1,926	\$1,778	\$1,777	\$1,921	\$1,902	\$2,056	\$2,113	\$2,109	\$2,136
<b>Grand Total</b>	<b>\$14,373</b>	<b>\$14,477</b>	<b>\$16,007</b>	<b>\$17,143</b>	<b>\$17,929</b>	<b>\$19,275</b>	<b>\$20,003</b>	<b>\$19,894</b>	<b>\$20,921</b>
<b>Population by Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Population</b>	33,025	32,910	33,407	33,644	33,747	34,172	34,088	34,295	34,382

Sources: CA State Dept. of Finance; CA State Board of Equalization; California Department of Tax and Fee Administration; California Department of Industrial Relations; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Taxable sales have been adjusted to 2018 dollars based on the California Consumer Price Index, California Department of Industrial Relations and U.S. Bureau of Labor Statistics.

(2) A "#" sign indicates data unavailability for the category due to State Board of Equalization confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales are combined with "Other Retail Group."

(3) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

**Exhibit 2**  
**Sand City Taxable Sales Trends, 2010-2018**  
**Sales in Constant 2018 Dollars**

<b>Sales in 2018 \$000 (1)(2)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers						\$920	#	\$223	\$195
Home Furnishings and Appliance Stores						\$6,708	\$7,455	\$13,301	\$19,314
Bldg. Matrl. and Garden Equip. & Supplies						\$12,693	\$12,726	\$13,379	\$12,978
Food and Beverage Stores						#	#	#	\$5,687
Gasoline Stations						#	#	#	#
Clothing & Clothing Accessories Stores						\$29,268	\$29,575	\$28,303	\$27,166
General Merchandise Stores						#	#	#	#
Food Services and Drinking Places						\$10,403	\$9,238	\$7,780	\$8,851
Other Retail Group						\$151,409	\$147,733	\$145,554	\$135,631
<b>Retail Stores Total</b>	<b>\$204,899</b>	<b>\$212,831</b>	<b>\$215,128</b>	<b>\$213,803</b>	<b>\$211,027</b>	<b>\$211,401</b>	<b>\$206,727</b>	<b>\$208,541</b>	<b>\$209,823</b>
All Other Outlets (Non-retail)	\$28,909	\$23,018	\$26,913	\$27,148	\$29,217	\$34,643	\$36,848	\$36,302	\$31,926
<b>Grand Total</b>	<b>\$233,808</b>	<b>\$235,848</b>	<b>\$242,041</b>	<b>\$240,951</b>	<b>\$240,245</b>	<b>\$246,044</b>	<b>\$243,575</b>	<b>\$244,843</b>	<b>\$241,749</b>
<b>Sales per Capita in 2018 \$ (3)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers						\$2,506	#	\$596	\$496
Home Furnishings and Appliance Stores						\$18,279	\$20,094	\$35,469	\$49,145
Bldg. Matrl. and Garden Equip. & Supplies						\$34,586	\$34,302	\$35,678	\$33,023
Food and Beverage Stores						#	#	#	\$14,471
Gasoline Stations						#	#	#	#
Clothing & Clothing Accessories Stores						\$79,750	\$79,716	\$75,475	\$69,126
General Merchandise Stores						#	#	#	#
Food Services and Drinking Places						\$28,345	\$24,901	\$20,747	\$22,523
Other Retail Group						\$412,560	\$398,202	\$388,144	\$345,118
<b>Retail Stores Total</b>	<b>\$613,471</b>	<b>\$633,425</b>	<b>\$634,595</b>	<b>\$626,987</b>	<b>\$611,673</b>	<b>\$576,026</b>	<b>\$557,215</b>	<b>\$556,109</b>	<b>\$533,902</b>
All Other Outlets (Non-retail)	\$86,553	\$68,504	\$79,390	\$79,613	\$84,688	\$94,395	\$99,321	\$96,806	\$81,236
<b>Grand Total</b>	<b>\$700,024</b>	<b>\$701,929</b>	<b>\$713,985</b>	<b>\$706,600</b>	<b>\$696,362</b>	<b>\$670,421</b>	<b>\$656,537</b>	<b>\$652,915</b>	<b>\$615,138</b>
<b>Population by Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Population</b>	334	336	339	341	345	367	371	375	393

Sources: CA State Dept. of Finance; CA State Board of Equalization; California Department of Tax and Fee Administration; California Department of Industrial Relations; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Taxable sales have been adjusted to 2018 dollars based on the California Consumer Price Index, California Department of Industrial Relations and U.S. Bureau of Labor Statistics.

(2) A "#" sign indicates data unavailability for the category due to State Board of Equalization confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales are combined with "Other Retail Group."

(3) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

**Exhibit 3**  
**Del Rey Oaks Taxable Sales Trends, 2010-2018**  
**Sales in Constant 2018 Dollars**

<b>Sales in 2018 \$000 (1)(2)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers						#	#	#	#
Home Furnishings and Appliance Stores						#	#	#	#
Bldg. Matrl. and Garden Equip. & Supplies						\$0	\$0	\$0	#
Food and Beverage Stores						#	#	#	#
Gasoline Stations						#	#	#	#
Clothing & Clothing Accessories Stores						#	#	#	#
General Merchandise Stores						\$0	\$0	\$0	\$0
Food Services and Drinking Places						\$8,361	\$8,440	\$8,230	\$8,030
Other Retail Group						\$24,508	\$28,481	\$28,691	\$26,750
<b>Retail Stores Total</b>	<b>\$27,422</b>	<b>\$29,781</b>	<b>\$30,038</b>	<b>\$29,285</b>	<b>\$29,197</b>	<b>\$32,869</b>	<b>\$36,922</b>	<b>\$36,921</b>	<b>\$34,779</b>
All Other Outlets (Non-retail)	\$4,521	\$4,704	\$2,413	\$2,247	\$2,501	\$2,374	\$2,989	\$2,835	\$3,536
<b>Grand Total</b>	<b>\$31,944</b>	<b>\$34,485</b>	<b>\$32,451</b>	<b>\$31,532</b>	<b>\$31,698</b>	<b>\$35,243</b>	<b>\$39,911</b>	<b>\$39,756</b>	<b>\$38,316</b>
<b>Sales per Capita in 2018 \$ (3)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers						#	#	#	#
Home Furnishings and Appliance Stores						#	#	#	#
Bldg. Matrl. and Garden Equip. & Supplies						\$0	\$0	\$0	#
Food and Beverage Stores						#	#	#	#
Gasoline Stations						#	#	#	#
Clothing & Clothing Accessories Stores						#	#	#	#
General Merchandise Stores						\$0	\$0	\$0	\$0
Food Services and Drinking Places						\$4,971	\$5,009	\$4,788	\$4,650
Other Retail Group						\$14,571	\$16,903	\$16,691	\$15,489
<b>Retail Stores Total</b>	<b>\$16,886</b>	<b>\$18,215</b>	<b>\$18,216</b>	<b>\$17,727</b>	<b>\$17,504</b>	<b>\$19,542</b>	<b>\$21,912</b>	<b>\$21,478</b>	<b>\$20,139</b>
All Other Outlets (Non-retail)	\$2,784	\$2,877	\$1,463	\$1,360	\$1,499	\$1,411	\$1,774	\$1,649	\$2,048
<b>Grand Total</b>	<b>\$19,670</b>	<b>\$21,092</b>	<b>\$19,679</b>	<b>\$19,087</b>	<b>\$19,004</b>	<b>\$20,953</b>	<b>\$23,686</b>	<b>\$23,128</b>	<b>\$22,186</b>
<b>Population by Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Population</b>	1,624	1,635	1,649	1,652	1,668	1,682	1,685	1,719	1,727

Sources: CA State Dept. of Finance; CA State Board of Equalization; California Department of Tax and Fee Administration; California Department of Industrial Relations; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Taxable sales have been adjusted to 2018 dollars based on the California Consumer Price Index, California Department of Industrial Relations and U.S. Bureau of Labor Statistics.

(2) A "#" sign indicates data unavailability for the category due to State Board of Equalization confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales are combined with "Other Retail Group."

(3) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

**Exhibit 4**  
**Marina Taxable Sales Trends, 2010-2018**  
**Sales in Constant 2018 Dollars**

<b>Sales in 2018 \$000 (1)(2)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers						\$2,637	\$2,812	\$2,998	\$3,919
Home Furnishings and Appliance Stores						\$26,772	\$29,841	\$30,848	\$30,426
Bldg. Matrl. and Garden Equip. & Supplies						\$2,051	\$2,215	\$2,208	#
Food and Beverage Stores						\$12,173	\$11,956	\$12,646	\$12,473
Gasoline Stations						\$23,899	\$21,011	\$24,796	\$27,102
Clothing & Clothing Accessories Stores						\$5,431	\$5,158	\$5,322	\$5,624
General Merchandise Stores						\$69,081	\$69,707	\$70,853	\$71,906
Food Services and Drinking Places						\$27,083	\$27,547	\$33,959	\$35,797
Other Retail Group						\$25,173	\$24,849	\$25,341	\$27,059
<b>Retail Stores Total</b>	<b>\$199,297</b>	<b>\$192,511</b>	<b>\$191,258</b>	<b>\$198,574</b>	<b>\$194,089</b>	<b>\$194,300</b>	<b>\$195,096</b>	<b>\$208,971</b>	<b>\$214,305</b>
All Other Outlets (Non-retail)	\$14,081	\$13,932	\$14,516	\$12,318	\$12,656	\$14,412	\$15,461	\$16,094	\$19,066
<b>Grand Total</b>	<b>\$213,379</b>	<b>\$206,443</b>	<b>\$205,774</b>	<b>\$210,892</b>	<b>\$206,745</b>	<b>\$208,712</b>	<b>\$210,556</b>	<b>\$225,065</b>	<b>\$233,371</b>
<b>Sales per Capita in 2018 \$ (3)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers	\$0	\$0	\$0	\$0	\$0	\$125	\$130	\$135	\$174
Home Furnishings and Appliance Stores	\$0	\$0	\$0	\$0	\$0	\$1,264	\$1,377	\$1,386	\$1,349
Bldg. Matrl. and Garden Equip. & Supplies	\$0	\$0	\$0	\$0	\$0	\$97	\$102	\$99	#
Food and Beverage Stores	\$0	\$0	\$0	\$0	\$0	\$575	\$552	\$568	\$553
Gasoline Stations	\$0	\$0	\$0	\$0	\$0	\$1,128	\$970	\$1,114	\$1,202
Clothing & Clothing Accessories Stores	\$0	\$0	\$0	\$0	\$0	\$256	\$238	\$239	\$249
General Merchandise Stores	\$0	\$0	\$0	\$0	\$0	\$3,262	\$3,217	\$3,183	\$3,189
Food Services and Drinking Places	\$0	\$0	\$0	\$0	\$0	\$1,279	\$1,271	\$1,525	\$1,588
Other Retail Group	\$0	\$0	\$0	\$0	\$0	\$1,189	\$1,147	\$1,138	\$1,200
<b>Retail Stores Total</b>	<b>\$10,107</b>	<b>\$9,712</b>	<b>\$9,505</b>	<b>\$9,799</b>	<b>\$9,525</b>	<b>\$9,174</b>	<b>\$9,003</b>	<b>\$9,386</b>	<b>\$9,504</b>
All Other Outlets (Non-retail)	\$714	\$703	\$721	\$608	\$621	\$680	\$713	\$723	\$846
<b>Grand Total</b>	<b>\$10,822</b>	<b>\$10,415</b>	<b>\$10,227</b>	<b>\$10,407</b>	<b>\$10,146</b>	<b>\$9,855</b>	<b>\$9,717</b>	<b>\$10,109</b>	<b>\$10,350</b>
<b>Population by Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Population</b>	19,718	19,822	20,121	20,265	20,376	21,179	21,669	22,263	22,548

Sources: CA State Dept. of Finance; CA State Board of Equalization; California Department of Tax and Fee Administration; California Department of Industrial Relations; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Taxable sales have been adjusted to 2018 dollars based on the California Consumer Price Index, California Department of Industrial Relations and U.S. Bureau of Labor Statistics.

(2) A "#" sign indicates data unavailability for the category due to State Board of Equalization confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales are combined with "Other Retail Group."

(3) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.



**Exhibit 5**  
**City of Monterey Taxable Sales Trends, 2010-2018**  
**Sales in Constant 2018 Dollars**

<b>Sales in 2018 \$000 (1)(2)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers	#	#	#	#	#	\$41,740	\$38,096	\$45,886	\$42,371
Home Furnishings and Appliance Stores	\$22,033	\$21,407	\$24,096	\$21,742	\$22,776	\$20,300	\$17,304	\$15,389	\$14,407
Bldg. Matrl. and Garden Equip. & Supplies	\$7,020	\$6,827	\$6,935	\$7,818	\$7,405	\$8,452	\$9,320	\$8,449	\$8,820
Food and Beverage Stores	\$40,302	\$41,956	\$43,685	\$43,503	\$43,972	\$43,977	\$38,125	\$35,531	\$32,951
Gasoline Stations	\$56,698	\$67,340	\$74,039	\$69,069	\$67,168	\$55,067	\$52,027	\$50,753	\$57,001
Clothing & Clothing Accessories Stores	\$40,401	\$46,098	\$52,910	\$55,908	\$55,725	\$55,282	\$52,066	\$47,138	\$46,215
General Merchandise Stores	#	#	#	#	#	\$50,095	\$46,564	\$42,619	\$40,969
Food Services and Drinking Places	\$180,595	\$188,652	\$203,466	\$206,246	\$220,973	\$221,127	\$220,525	\$219,547	\$217,923
Other Retail Group	\$215,191	\$216,707	\$208,391	\$203,796	\$208,002	\$120,883	\$124,004	\$118,335	\$113,337
<b>Retail Stores Total</b>	<b>\$562,241</b>	<b>\$588,988</b>	<b>\$613,522</b>	<b>\$608,082</b>	<b>\$626,019</b>	<b>\$616,922</b>	<b>\$598,031</b>	<b>\$583,649</b>	<b>\$573,992</b>
All Other Outlets (Non-retail)	\$181,313	\$172,504	\$182,541	\$182,858	\$189,381	\$204,848	\$191,318	\$192,578	\$197,424
<b>Grand Total</b>	<b>\$743,554</b>	<b>\$761,492</b>	<b>\$796,063</b>	<b>\$790,940</b>	<b>\$815,400</b>	<b>\$821,770</b>	<b>\$789,349</b>	<b>\$776,227</b>	<b>\$771,416</b>
<b>Sales per Capita in 2018 \$ (3)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers	#	#	#	#	#	\$1,463	\$1,332	\$1,599	\$1,488
Home Furnishings and Appliance Stores	\$792	\$763	\$845	\$763	\$801	\$711	\$605	\$536	\$506
Bldg. Matrl. and Garden Equip. & Supplies	\$252	\$243	\$243	\$274	\$260	\$296	\$326	\$294	\$310
Food and Beverage Stores	\$1,449	\$1,495	\$1,532	\$1,527	\$1,546	\$1,541	\$1,333	\$1,238	\$1,157
Gasoline Stations	\$2,039	\$2,399	\$2,596	\$2,425	\$2,362	\$1,930	\$1,820	\$1,769	\$2,002
Clothing & Clothing Accessories Stores	\$1,453	\$1,642	\$1,856	\$1,963	\$1,960	\$1,937	\$1,821	\$1,643	\$1,623
General Merchandise Stores	#	#	#	#	#	\$1,756	\$1,628	\$1,485	\$1,439
Food Services and Drinking Places	\$6,494	\$6,721	\$7,135	\$7,240	\$7,771	\$7,749	\$7,712	\$7,651	\$7,654
Other Retail Group	\$7,738	\$7,720	\$7,308	\$7,154	\$7,314	\$4,236	\$4,337	\$4,124	\$3,980
<b>Retail Stores Total</b>	<b>\$20,217</b>	<b>\$20,984</b>	<b>\$21,516</b>	<b>\$21,347</b>	<b>\$22,014</b>	<b>\$21,620</b>	<b>\$20,915</b>	<b>\$20,338</b>	<b>\$20,159</b>
All Other Outlets (Non-retail)	\$6,520	\$6,146	\$6,402	\$6,419	\$6,660	\$7,179	\$6,691	\$6,711	\$6,934
<b>Grand Total</b>	<b>\$26,737</b>	<b>\$27,129</b>	<b>\$27,917</b>	<b>\$27,766</b>	<b>\$28,674</b>	<b>\$28,799</b>	<b>\$27,605</b>	<b>\$27,049</b>	<b>\$27,093</b>
<b>Population by Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Population</b>	27,810	28,069	28,515	28,486	28,437	28,535	28,594	28,697	28,473

Sources: CA State Dept. of Finance; CA State Board of Equalization; California Department of Tax and Fee Administration; California Department of Industrial Relations; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Taxable sales have been adjusted to 2018 dollars based on the California Consumer Price Index, California Department of Industrial Relations and U.S. Bureau of Labor Statistics.

(2) A "#" sign indicates data unavailability for the category due to State Board of Equalization confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales are combined with "Other Retail Group."

(3) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

**Exhibit 6**  
**Monterey County Taxable Sales Trends, 2010-2018**  
**Sales in Constant 2018 Dollars**

<b>Sales in 2018 \$000 (1)(2)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers	\$633,772	\$680,518	\$762,565	\$837,237	\$909,977	\$1,015,011	\$1,078,740	\$1,083,234	\$1,051,788
Home Furnishings and Appliance Stores	\$192,364	\$200,630	\$198,378	\$200,504	\$197,579	\$219,019	\$245,158	\$235,204	\$237,138
Bldg. Matrl. and Garden Equip. & Supplies	\$316,519	\$323,783	\$329,313	\$358,549	\$368,341	\$410,914	\$421,165	\$430,135	\$446,515
Food and Beverage Stores	\$335,849	\$338,034	\$337,260	\$347,577	\$355,296	\$357,188	\$349,514	\$352,344	\$338,213
Gasoline Stations	\$603,969	\$722,485	\$750,684	\$726,984	\$692,883	\$593,635	\$529,997	\$558,962	\$608,692
Clothing & Clothing Accessories Stores	\$296,087	\$311,039	\$336,430	\$352,080	\$358,050	\$371,709	\$378,244	\$371,784	\$377,349
General Merchandise Stores	\$589,335	\$576,297	\$572,513	\$571,909	\$577,416	\$575,375	\$563,595	\$572,576	\$559,873
Food Services and Drinking Places	\$665,318	\$680,488	\$729,645	\$764,073	\$823,855	\$863,447	\$888,659	\$886,975	\$897,270
Other Retail Group	\$477,958	\$472,929	\$476,810	\$506,946	\$522,572	\$558,856	\$576,783	\$581,111	\$596,018
<b>Retail Stores Total</b>	<b>\$4,111,170</b>	<b>\$4,306,204</b>	<b>\$4,493,597</b>	<b>\$4,665,860</b>	<b>\$4,805,969</b>	<b>\$4,965,154</b>	<b>\$5,031,855</b>	<b>\$5,072,325</b>	<b>\$5,112,856</b>
All Other Outlets (Non-retail)	\$1,840,030	\$1,909,253	\$1,957,076	\$2,000,222	2,061,463	\$2,079,767	\$2,136,943	\$2,123,351	\$2,226,381
<b>Grand Total</b>	<b>\$5,951,200</b>	<b>\$6,215,457</b>	<b>\$6,450,674</b>	<b>\$6,666,082</b>	<b>\$6,867,431</b>	<b>\$7,044,921</b>	<b>\$7,168,798</b>	<b>\$7,195,675</b>	<b>\$7,339,237</b>

<b>Sales per Capita in 2018 \$ (3)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers	\$1,527	\$1,626	\$1,799	\$1,957	\$2,118	\$2,344	\$2,462	\$2,451	\$2,375
Home Furnishings and Appliance Stores	\$463	\$479	\$468	\$469	\$460	\$506	\$560	\$532	\$535
Bldg. Matrl. and Garden Equip. & Supplies	\$763	\$774	\$777	\$838	\$857	\$949	\$961	\$973	\$1,008
Food and Beverage Stores	\$809	\$808	\$796	\$812	\$827	\$825	\$798	\$797	\$764
Gasoline Stations	\$1,455	\$1,726	\$1,771	\$1,699	\$1,613	\$1,371	\$1,210	\$1,265	\$1,374
Clothing & Clothing Accessories Stores	\$713	\$743	\$794	\$823	\$833	\$859	\$863	\$841	\$852
General Merchandise Stores	\$1,420	\$1,377	\$1,351	\$1,337	\$1,344	\$1,329	\$1,286	\$1,296	\$1,264
Food Services and Drinking Places	\$1,603	\$1,626	\$1,721	\$1,786	\$1,918	\$1,994	\$2,028	\$2,007	\$2,026
Other Retail Group	\$1,152	\$1,130	\$1,125	\$1,185	\$1,216	\$1,291	\$1,316	\$1,315	\$1,346
<b>Retail Stores Total</b>	<b>\$9,905</b>	<b>\$10,290</b>	<b>\$10,600</b>	<b>\$10,905</b>	<b>\$11,187</b>	<b>\$11,468</b>	<b>\$11,484</b>	<b>\$11,478</b>	<b>\$11,543</b>
All Other Outlets (Non-retail)	\$4,433	\$4,562	\$4,617	\$4,675	4,798	\$4,804	\$4,877	\$4,805	\$5,026
<b>Grand Total</b>	<b>\$14,338</b>	<b>\$14,852</b>	<b>\$15,217</b>	<b>\$15,580</b>	<b>\$15,985</b>	<b>\$16,271</b>	<b>\$16,361</b>	<b>\$16,284</b>	<b>\$16,569</b>

<b>Population by Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Population</b>	415,057	418,496	423,920	427,870	429,614	432,964	438,159	441,898	442,940

Sources: CA State Dept. of Finance; CA State Board of Equalization; California Department of Tax and Fee Administration; California Department of Industrial Relations; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Taxable sales have been adjusted to 2018 dollars based on the California Consumer Price Index, California Department of Industrial Relations and U.S. Bureau of Labor Statistics.

(2) A "#" sign indicates data unavailability for the category due to State Board of Equalization confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales are combined with "Other Retail Group."

(3) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

**Exhibit 7**  
**Comparative Retail Store Taxable Sales (1)**  
**Seaside, Sand City, Del Rey Oaks, Marina, City of Monterey, and Monterey County**  
**2018**

<b>Sales in 2018 \$000 (2)</b>	<b>Seaside</b>	<b>Sand City</b>	<b>Del Rey Oaks</b>	<b>Marina</b>	<b>City of Monterey</b>	<b>Monterey County</b>
Motor Vehicle and Parts Dealers	\$413,994	\$195	#	\$3,919	\$42,371	\$1,051,788
Home Furnishings and Appliance Stores	\$6,221	\$19,314	#	\$30,426	\$14,407	\$237,138
Bldg. Matrl. and Garden Equip. and Supplies	\$84,553	\$12,978	#	#	\$8,820	\$446,515
Food and Beverage Stores	\$21,117	\$5,687	#	\$12,473	\$32,951	\$338,213
Gasoline Stations	\$28,536	#	#	\$27,102	\$57,001	\$608,692
Clothing and Clothing Accessories Stores	\$747	\$27,166	#	\$5,624	\$46,215	\$377,349
General Merchandise Stores	\$4,839	#	\$0	\$71,906	\$40,969	\$559,873
Food Services and Drinking Places	\$58,362	\$8,851	\$8,030	\$35,797	\$217,923	\$897,270
Other Retail Group	\$27,505	\$135,631	\$26,750	\$27,059	\$113,337	\$596,018
<b>Retail Outlets Total</b>	<b>\$645,876</b>	<b>\$209,823</b>	<b>\$34,779</b>	<b>\$214,305</b>	<b>\$573,992</b>	<b>\$5,112,856</b>
<b>Retail Outlets Total Less Auto Sales</b>	<b>\$231,881</b>	<b>\$209,628</b>	<b>NA</b>	<b>\$210,386</b>	<b>\$531,622</b>	<b>\$4,061,068</b>

<b>Sales per Capita in 2018 \$ (2)(3)</b>	<b>Seaside</b>	<b>Sand City</b>	<b>Del Rey Oaks</b>	<b>Marina</b>	<b>City of Monterey</b>	<b>Monterey County</b>
Motor Vehicle and Parts Dealers	\$12,041	\$496	#	\$174	\$1,488	\$2,375
Home Furnishings and Appliance Stores	\$181	\$49,145	#	\$1,349	\$506	\$535
Bldg. Matrl. and Garden Equip. and Supplies	\$2,459	\$33,023	#	#	\$310	\$1,008
Food and Beverage Stores	\$614	\$14,471	#	\$553	\$1,157	\$764
Gasoline Stations	\$830	#	#	\$1,202	\$2,002	\$1,374
Clothing and Clothing Accessories Stores	\$22	\$69,126	#	\$249	\$1,623	\$852
General Merchandise Stores	\$141	#	\$0	\$3,189	\$1,439	\$1,264
Food Services and Drinking Places	\$1,697	\$22,523	\$4,650	\$1,588	\$7,654	\$2,026
Other Retail Group	\$800	\$345,118	\$15,489	\$1,200	\$3,980	\$1,346
<b>Retail Outlets Total</b>	<b>\$18,785</b>	<b>\$533,902</b>	<b>\$20,139</b>	<b>\$9,504</b>	<b>\$20,159</b>	<b>\$11,543</b>
<b>Retail Outlets Total Less Auto Sales</b>	<b>\$6,744</b>	<b>\$533,405</b>	<b>NA</b>	<b>\$9,331</b>	<b>\$18,671</b>	<b>\$9,168</b>

<b>Population (4)</b>	<b>Seaside</b>	<b>Sand City</b>	<b>Del Rey Oaks</b>	<b>Marina</b>	<b>Monterey City</b>	<b>Monterey County</b>
<b>Population</b>	34,382	393	1,727	22,548	28,473	442,940

Sources: CA State Dept. of Finance; CA State Board of Equalization; California Department of Tax and Fee Administration; California Department of Industrial Relations; U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

- (1) Excludes all non-retail outlets (business and personal services) reporting taxable sales. Taxable sales are presented for 2018 in 2018 dollars. See Exhibits 1-6.  
(2) A "#" sign indicates data unavailability for the category due to State Board of Equalization confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales are combined with "Other Retail Group."  
(3) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.  
(4) See Exhibits 1-6.

**Exhibit 8****Retail Store Sales and Population Trends, Excluding Auto Sales****Seaside, Sand City, Del Rey Oaks, Marina, City of Monterey, Monterey County, and California  
2010-2018**

Year	Seaside Retail Market Area					City of Monterey	Monterey County
	Seaside	Sand City	Del Rey Oaks	Marina	Total		
<b>Annual Retail Store Sales in \$000s, Excluding Auto Sales, in 2018 \$s (1)</b>							
2010	\$181,654	\$204,899	\$27,422	\$199,297	\$613,273	\$562,241	\$3,477,398
2011	\$188,735	\$212,831	\$29,781	\$192,511	\$623,858	\$588,988	\$3,625,686
2012	\$206,534	\$215,128	\$30,038	\$191,258	\$642,957	\$613,522	\$3,731,033
2013	\$214,784	\$213,803	\$29,285	\$198,574	\$656,446	\$608,082	\$3,828,623
2014	\$225,477	\$211,027	\$29,197	\$194,089	\$659,791	\$626,019	\$3,895,992
2015	\$226,852	\$210,482	\$32,869	\$191,663	\$661,866	\$575,183	\$3,950,144
2016	\$228,985	\$206,727	\$36,922	\$192,284	\$664,917	\$559,935	\$3,953,115
2017	\$229,537	\$208,318	\$36,921	\$205,973	\$680,749	\$537,763	\$3,989,091
2018	\$231,881	\$209,628	\$34,779	\$210,386	\$686,676	\$531,622	\$4,061,068
<b>Annual Percentage Change in Retail Store Sales, Excluding Auto Sales, in Constant 2018 \$s</b>							
2010	-	-	-	-	-	-	-
2011	4%	4%	9%	-3%	2%	5%	4%
2012	9%	1%	1%	-1%	3%	4%	3%
2013	4%	-1%	-3%	4%	2%	-1%	3%
2014	5%	-1%	0%	-2%	1%	3%	2%
2015	1%	0%	13%	-1%	0%	-8%	1%
2016	1%	-2%	12%	0%	0%	-3%	0%
2017	0%	1%	0%	7%	2%	-4%	1%
2018	1%	1%	-6%	2%	1%	-1%	2%
<b>Cumulative Percentage Change in Retail Store Sales</b>							
2010-2018	28%	2%	27%	6%	12%	-5%	17%
<b>Population Increase</b>							
2010-2018	4%	18%	6%	14%	8%	2%	7%

Source: ALH Urban &amp; Regional Economics.

(1) See Exhibits 1-6.

**Exhibit 9**  
**Retail Store Sales and Population Trends**  
**Seaside, Sand City, Del Rey Oaks, Marina, City of Monterey, Monterey County, and California**  
**2010-2018**

Year	Seaside Retail Market Area					City of Monterey	Monterey County
	Seaside	Sand City	Del Rey Oaks	Marina	Total		
<b>Annual Retail Store Sales in \$000s, in 2018 \$s (1)</b>							
2010	\$411,079	\$204,899	\$27,422	\$199,297	\$842,698	\$562,241	\$4,111,170
2011	\$417,918	\$212,831	\$29,781	\$192,511	\$853,040	\$588,988	\$4,306,204
2012	\$475,400	\$215,128	\$30,038	\$191,258	\$911,823	\$613,522	\$4,493,597
2013	\$512,121	\$213,803	\$29,285	\$198,574	\$953,783	\$608,082	\$4,665,860
2014	\$540,862	\$211,027	\$29,197	\$194,089	\$975,176	\$626,019	\$4,805,969
2015	\$588,385	\$211,401	\$32,869	\$194,300	\$1,026,956	\$616,922	\$4,965,154
2016	\$609,838	\$206,727	\$36,922	\$195,096	\$1,048,582	\$598,031	\$5,031,855
2017	\$609,954	\$208,541	\$36,921	\$208,971	\$1,064,387	\$583,649	\$5,072,325
2018	\$645,876	\$209,823	\$34,779	\$214,305	\$1,104,784	\$573,992	\$5,112,856
<b>Annual Percentage Change in Retail Store Sales, in Constant 2018 \$s</b>							
2010	-	-	-	-	-	-	-
2011	2%	4%	9%	-3%	1%	5%	5%
2012	14%	1%	1%	-1%	7%	4%	4%
2013	8%	-1%	-3%	4%	5%	-1%	4%
2014	6%	-1%	0%	-2%	2%	3%	3%
2015	9%	0%	13%	0%	5%	-1%	3%
2016	4%	-2%	12%	0%	2%	-3%	1%
2017	0%	1%	0%	7%	2%	-2%	1%
2018	6%	1%	-6%	3%	4%	-2%	1%
<b>Cumulative Percentage Change in Retail Store Sales</b>							
2010-2018	57%	2%	27%	8%	31%	2%	24%
<b>Population Increase</b>							
2010-2018	4%	18%	6%	14%	8%	2%	7%

Source: ALH Urban & Regional Economics.

(1) See Exhibits 1 - 6.

**Exhibit 10**  
**Major Retail Centers Built in Seaside, Sand City, Del Rey Oaks, and Marina**  
**Approximately 1980 Onward**

Center Name	City	Year Built	Square Feet	Current Vacancy	Major Tenants
Sand Dollar Shopping Center	Sand City	1989	239,000	Former OSH, 40,000 sf indoor, 12,000 sf outdoor	Costco, Office Depot, Marshall's, Mattress Firm
Edgewater Shopping Center	Sand City	1995-1999	NA (1)	Former Payless Shoe Source (2,520), Former Tilly's (9,200 sf), Former GNC (1,440 sf)	Target, Lucky, PetSmart, Ross, Home Goods
No Name, Fremont Boulevard	Seaside	2003	30,050	Corner vacancy, 3,504 (former Sleep Number, moved to Del Monte Center in Monterey, National Credit tenant signed for, long vacancy, for 1 year)	Cost Plus, Wing Stop, Panda Express
City Center at Seaside, Fremont Blvd.	Seaside	2007	42,624	3 small vacancies, approx. 5,435 sf total	Grocery Outlet, Doctors on Duty, Buffalo Wild Wings
The Dunes	Marina	2007	375,000	None	REI, Kohls, Target, Bed Bath & Beyond, Michaels, Party City
Walmart	Marina	2007	94,944	None	Stand-alone Walmart store
The Shops at The Dunes	Marina	2016/17	40,000	Small vacancy, approx. 1,202 sf	Anytime Fitness, Mattress Firm, Blaze Pizza, Chipotle

Sources: Internet articles; Local real estate brokers; Realquest; and ALH Urban & Regional Economics.

(1) Multiple owners, square footage not readily accessible.

**Exhibit 11**  
**Campus Town Specific Plan**  
**Projected Household Annual Retail Spending**  
**2019 Dollars**

Units (1)	Assumed Average Price or Lease Rate (2)		Household Income Required (3)(4)	% Income Spent on Retail (5)	Annual Retail Spending		
					Per Household	Number of Units (6)	All Households (7)
<b>Single-Family Units</b>							
Market-Rate Units	\$775,000		\$155,000	25%	\$38,750	785	\$30,418,750
Affordable Units - Moderate (8)	\$306,500		\$82,670	30%	\$24,801	100	\$2,480,100
<b>Multifamily Units - For-Sale Units</b>							
Market-Rate Units	NA		NA	NA	\$0	0	\$0
Affordable Units	NA		NA	NA	\$0	0	\$0
<b>Multifamily Units - Rental Units</b>							
Market-Rate Units	\$2,500	/mo.	\$75,000	32%	\$24,000	400	\$9,600,000
Affordable Units - Low (9)	\$1,671	/mo.	\$66,845	35%	\$23,396	100	\$2,339,575
Affordable Units - Very Low (9)	\$1,045	/mo.	\$41,785	41%	\$17,132	100	\$1,713,185
					<b>Total:</b>	<b>1,485</b>	<b>\$46,551,610</b>

Sources: KB Homes; City of Seaside Municipal Code, Title 17 Zoning Ordinance Code, Chapter 17.32 Affordable Housing Requirements; Department of Housing and Community Development, Division of Housing Policy Development, Memorandum for Interested Parties, State Income Limits for 2019, May 6, 2019; and ALH Urban & Regional Economics.

- (1) At this juncture, all multifamily units are assumed to comprise rental units, with the potential to convert to condominiums at a future date.
- (2) Market-based pricing estimates are provided for analytical purposes for the market-rate units. General market-based pricing information was provided by KB Homes, and reviewed for reasonableness by ALH Urban & Regional Economics based upon available market information.
- (3) Assumes annual income is 20% the value of the for-sale market-rate units. Assumes annual income is equivalent to 2.5 times annual rent payments for the market-rate units.
- (4) Household incomes for affordable units are benchmarked to an average household size of 3.3 persons, consistent with the average household size in the Campus Town Draft EIR. Household incomes were identified for 3- and 4-person households by inclusionary status (moderate, low, and very low), and then interpolated to the equivalent of a 3.3-person household. These are the 2019 household incomes for Monterey County identified by the State of California Department of Housing and Community Development.
- (5) Percent of income spent on retail is based on analysis of the U.S. Bureau of Labor Statistics Consumer Expenditure Survey, summarized in Exhibit B-1, which demonstrates that as incomes increase the percent of income spent on retail decreases. The selected percentages were identified based upon interpolation of the findings summarized in Exhibit B-1.
- (6) See Table 1 for unit counts. The analysis assumes that 20% of all product types will be affordable units, with these units distributed as 100 moderate income for-sale single-family units and 100 rental units each affordable to low and very low income households. The 20% assumption is pursuant to the City of Seaside's Affordable Housing Requirements, as cited in the City's Municipal Code, Section 17.32, which also includes provisions for the division between household income levels.
- (7) Retail spending estimated for housing units.
- (8) Affordable unit pricing based upon the income assumption and other assumptions for interest rate, loan term, down payment, home insurance, mortgage insurance, property taxes, maximum piti, and homeowners association dues.
- (9) Affordable unit rents assume tenants pay 30% of annual income in rental costs.

**Exhibit 12**  
**Average Annual Estimated Daytime Retail Spending**  
**Office Workers in Urban Locations**  
**2019 Dollars (1)**

<b>Category of Spending (2)</b>	<b>Weekly Spending</b>		<b>Annual Spending</b>	
	<b>Urban Locations</b>	<b>Urban Ample Locations (3)</b>	<b>Urban Locations</b>	<b>Urban Ample Locations (3)</b>
Full-Service Restaurants and Fast Food	\$30.47	\$43.55	\$1,584.50	\$2,264.49
Goods and Services				
Groceries	\$18.52	\$26.47	\$963.11	\$1,376.44
All Other (4)	\$84.99	\$121.47	\$4,419.59	\$6,316.27
<b>Total</b>	<b>\$133.98</b>	<b>\$191.48</b>	<b>\$6,967.20</b>	<b>\$9,957.20</b>
Taxable (5)				
Total	\$121.02	\$172.96	\$6,293.03	\$8,993.69
Percent	90%	90%	90%	90%

Sources: International Council of Shopping Centers "Office-Worker Retail Spending in a Digital Age"; United States Bureau of Labor Statistics, CPI for Urban West; and ALH Urban & Regional Economics.

(1) The data were reported for 2011. ALH Urban & Regional Economics inflated the figures to mid 2019 by using the Urban West CPI Index, with adjustments from January 2011 to June 2019, resulting in a 1.16% (rounded) adjustment.

(2) Excludes spending on transportation and online purchases.

(3) Reflects an increase in spending by office workers in location with more ample retail, restaurant, and services offerings in the vicinity of the office building, such as major shopping centers. This adjustment is based upon analysis reflected in the cited International Council of Shopping Centers source document. In suburban locations the increment was approximately 75% more.

(4) All other includes a range of retail purchases, such as personal care shops, office supplies, department stores, drug stores, electronics, jewelry stores, entertainment, clothing, and other goods.

(5) Sales for Groceries have been adjusted to account for non-taxable sales; only 30.0% of all food store sales are estimated to be taxable.



**Exhibit 13**  
**Campus Town Specific Plan**  
**Retail Demand Generated by Specific Plan Employees**  
**2019 Dollars**

Spending Category	Employee Type (1)			Total
	Office, Flex, Makerspace, & Lt. Industrial	Retail, Dining and Entertainment	Hotel	
<b>Average Wage (2)</b>				
Annual Average Wage	\$60,000	\$32,000	\$26,000	NA
Wage Benchmarked to Office Wage (3)	100%	53%	43%	NA
<b>Average Annual Spending (4)</b>				
Restaurants/Fast Food	\$1,360	\$700	\$600	NA
Groceries	\$850	\$500	\$400	NA
All Other	\$3,740	\$2,000	\$1,600	NA
Total Spending	\$5,950 (5)	\$3,200	\$2,600	NA
<b>Number of Employees (6)</b>				
	174	436	141	751
<b>Total Annual Employee Retail Spending</b>				
Restaurants/Fast Food	\$236,640	\$305,200	\$84,600	\$626,440
Groceries	\$147,900	\$218,000	\$56,400	\$422,300
All Other	\$650,760	\$872,000	\$225,600	\$1,748,360
Total Spending	\$1,035,300	\$1,395,200	\$366,600	\$2,797,100

Sources: United States Census Bureau, County Business Patterns, Monterey County 2016; and ALH Urban & Regional Economics.

(1) The Campus Town Specific Plan is anticipated to primarily comprise retail, dining, and entertainment workers, but with additional workers in other commercial categories. The purpose of this analysis is to benchmark the other worker wages and spending to office workers wages, as annual spending is based on office worker spending assumptions. See Exhibit B-3.

(2) See Exhibit B-3. Figures rounded to the nearest \$1,000.

(3) Wages are benchmarked relative to office wages, since workers are assumed to make retail purchases in a pattern similar to office workers, but in proportion to their wages relative to office worker wages. For the purpose of this analysis, office worker wages are a proxy for the "Office, Flex, Makerspace, and Light Industrial" space included in the Campus Town Specific Plan.

(4) See Exhibit 12. Figures rounded to the nearest \$100.

(5) The total annual office worker figure of \$7,000 shown in Exhibit 12 is adjusted downward to reflect lower wage profiles in Monterey County relative to the locations reflected in the national survey employee base that generated the data findings. The results also better match the relationship in the underlying data between annual office worker spending and office worker earnings.

(6) See Table 1.

**Exhibit 14**  
**Campus Town Specific Plan**  
**Resident-Generated Retail Demand**  
**Estimated Campus Town Capture Rate**  
**2019 Dollars**

<b>Type of Retailer</b>	<b>Campus Town Resident Retail Demand (1)</b>	<b>Campus Town Capture Rate (2)</b>	<b>Resident-Generated Campus Town Retail Demand</b>
Motor Vehicle & Parts Dealers	\$7,056,973	0%	\$0
Home Furnishings & Appliances	\$2,450,639	15%	\$367,596
Building Materials & Garden Equipment	\$3,042,735	0%	\$0
Food & Beverage Stores	\$7,788,286	75%	\$5,841,214
Gasoline Stations	\$3,848,416	0%	\$0
Clothing & Clothing Accessories	\$3,261,951	15%	\$489,293
General Merchandise Stores	\$5,338,664	20%	\$1,067,733
Food Services & Drinking Places	\$6,681,435	20%	\$1,336,287
Other Retail Group	\$5,734,739	20%	\$1,146,948
<b>Total</b>	<b>\$45,203,837</b>	<b>23%</b>	<b>\$10,249,070</b>

Source: ALH Urban & Regional Economics.

(1) Total retail demand is distributed consistent with the percent distribution of retail sales in the State of California as displayed in Exhibit B-2 and based upon the total Campus Town resident retail spending estimate adjusted for student households in Table 9.

(2) Assumption developed by ALH Urban & Regional Economics. Reflects the expectation that some retail categories will not be appropriate for a shopping center of the size, nature, and orientation of the 150,000-square-foot Campus Town retail center.

**Exhibit 15**  
**City of Seaside Taxable Sales Estimate (1)**  
**2018**

<b>Type of Retailer</b>	<b>Total Taxable Sales City of Seaside</b>	<b>City of Seaside Taxable Sales Adjusted to Total Retail</b>
Motor Vehicles & Parts Dealers	413,994,474	\$413,994,474
Home Furnishings & Appliance Stores	6,221,342	\$6,221,342
Building Materials & Garden Equip .	84,553,330	\$84,553,330
Food & Beverage Stores	21,117,303	\$70,391,010 (2)
Gasoline Stations	28,536,402	\$28,536,402
Clothing & Clothing Accessories Stores	747,486	\$747,486
General Merchandise Stores	4,838,547	\$6,451,396 (3)
Food Services & Drinking Places	58,362,227	\$58,362,227
Other Retail Group	27,504,809	\$34,134,356 (4)
<b>Total (5)</b>	<b>\$645,875,920</b>	<b>\$703,392,023</b>

Sources: California Department of Tax and Fee Administration (CDTFA), "Table 4. Taxable Sales in California Cities, By Type of Business, 2018"; "Retail Trade: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States: 2007"; and ALH Urban & Regional Economics.

(1) Taxable sales are pursuant to reporting by the State of California Department of Tax and Fee Administration

(2) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30.0% of all food store sales are estimated to be taxable.

(3) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 25% of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on analysis of the 2007 U.S. Economic Census, which attributes 26% of General Merchandise Stores sales to food.

(4) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33.0% of drug store sales are taxable, based on discussions with the former California Board of Equalization (predecessor to CDTFA) and examination of U.S. Census data. In California, drug store sales in 2018 represented approximately 11.87% of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(5) Totals may not add up due to rounding.

**Exhibit 16**  
**City of Seaside**  
**Retail Demand, Sales Attraction, and Spending Analysis (1)**  
**2018**

<b>Type of Retailer</b>	<b>Per Household</b>		<b>City of Seaside</b>	<b>City of</b>	<b>Retail Sales Attraction/(Leakage)</b>	
	<b>Spending (2)</b>	<b>Sales (3) (4)</b>	<b>Household Spending (4)</b>	<b>Seaside Sales (3)</b>	<b>Amount</b>	<b>Percent</b>
Motor Vehicles & Parts Dealers	\$4,141	\$40,747	\$42,068,318	\$413,994,474	\$371,926,156	90%
Home Furnishings & Appliance Stores	\$1,438	\$612	\$14,608,850	\$6,221,342	(\$8,387,508)	-57%
Building Materials & Garden Equip (5)	\$1,785	\$8,322	\$18,138,479	\$84,553,330	\$66,414,851	79%
Food & Beverage Stores	\$4,570	\$6,928	\$46,427,850	\$70,391,010	\$23,963,160	34%
Gasoline Stations	\$2,258	\$2,809	\$22,941,337	\$28,536,402	\$5,595,065	20%
Clothing & Clothing Accessories Stores	\$1,914	\$74	\$19,445,275	\$747,486	(\$18,697,789)	-96%
General Merchandise Stores	\$3,132	\$635	\$31,825,061	\$6,451,396	(\$25,373,665)	-80%
Food Services & Drinking Places	\$3,920	\$5,744	\$39,829,645	\$58,362,227	\$18,532,582	32%
Other Retail Group (6)	\$3,365	\$3,360	\$34,186,160	\$34,134,356	(\$51,804)	0%
<b>Total</b>	<b>\$26,523</b>	<b>\$69,231</b>	<b>\$269,470,975</b>	<b>\$703,392,023</b>	<b>\$433,921,048</b>	<b>62%</b>

Sources: State of California, Department of Finance, "Table 2: E-5 City/County Population and Housing Estimates, 1/1/2018,"; U.S. Bureau of the Census, American Community Survey, average household income data for 2017, five-year estimate; and ALH Urban & Regional Economics.

(1) All figures are expressed in 2018 dollars.

(2) The per household spending estimates for the City of Seaside were generated by ALH Urban & Regional Economics by taking the estimated average household income figure of \$71,462 for 2017 from the ACS, inflating it to a 2018 figure, and multiplying by 36%, utilizing the assumption that 36% of household income is spent on CDTFA type retail at the resulting average income level. This figure was then multiplied by the percentages calculated from the ratio of the CDTFA sales for the State of California. See Exhibit B-2.

(3) See Exhibit 15.

(4) Represents per household spending multiplied by the respective household count (e.g., occupied housing units) for the City of Seaside of 10,160.

(5) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.

(6) Other Retail Group includes drug stores, health and personal care, pet supplies, gifts, art goods and novelties, sporting goods, florists, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

## **APPENDIX B: SUPPORT EXHIBITS**

**Exhibit B-1**  
**Household Income Spent on Retail (1)**  
**United States**  
**2017**

Characteristic	All Consumer Units	Household Income Range							
		\$15,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 to \$99,999	\$100,000 to \$149,999	\$150,000 to \$199,999	\$200,000 and more
Average HH Income	\$73,573	\$22,315	\$34,685	\$44,771	\$59,382	\$83,829	\$120,288	\$170,234	\$306,051
Amount Spent on Retail (2)	\$22,911	\$13,370	\$17,130	\$18,277	\$22,028	\$25,418	\$33,044	\$40,565	\$52,002
Percent Spent on Retail (3)	31%	60%	49%	41%	37%	30%	27%	24%	17%

Sources: Table 1203. Income before taxes: Annual expenditure means, shares, standard errors, and coefficient of variation, Consumer Expenditure Survey, 2017, U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Includes retail categories estimated to be equivalent to the retail sales categories compiled by the State of California, Board of Equalization (now Department of Tax and Fee Administration).

(2) Includes the Consumer Expenditures categories of: food; alcoholic beverages; laundry and cleaning supplies; other household products; household furnishings and equipment; apparel and services; vehicle purchases, gasoline and motor oil; 1/2 of maintenance and repairs (as a proxy for taxable parts); drugs; medical supplies; audio and visual equipment and services; pets, toys, hobbies, and playground equipment; personal care products and services; reading; and tobacco products and smoking supplies.

(3) Percentages may be low as some expenditure categories may be conservatively undercounted by ALH Urban & Regional Economics.

**Exhibit B-2****State of California Board of Equalization Taxable Retail Sales Estimate by Retail Category****2018**

<b>Type of Retailer</b>	<b>Total Taxable Sales (1)</b>	<b>State of California Taxable Sales Adjusted to Total Retail</b>	<b>Percent of Total</b>
Motor Vehicle & Parts Dealers	\$89,696,668,865	\$86,983,283,145	15.6%
Home Furnishings & Appliances	\$31,099,159,205	\$30,206,241,172	5.4%
Building Materials & Garden Equipment	\$39,469,798,311	\$37,504,338,446	6.7%
Food & Beverage Stores	\$29,697,424,447	\$95,997,345,380 (2)	17.2%
Gasoline Stations	\$54,302,231,927	\$47,435,051,665	8.5%
Clothing & Clothing Accessories	\$42,233,560,412	\$40,206,357,448	7.2%
General Merchandise Stores	\$56,416,292,603	\$65,803,636,835 (3)	11.8%
Food Services & Drinking Places	\$85,226,196,681	\$82,354,452,662	14.8%
Other Retail Group	\$61,018,669,056	\$70,685,604,584 (4)	12.7%
<b>Total (5)</b>	<b>\$489,160,001,507</b>	<b>\$557,176,311,337</b>	<b>100%</b>

Sources: California Department of Tax and Fee Administration (CDTFA), "Statewide Taxable Sales by Type of Business, 2018"; U.S. Economic Census, "Retail Trade: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States and States: 2007"; and ALH Urban & Regional Economics.

(1) Taxable sales are pursuant to reporting by the California Department of Tax and Fee Administration.

(2) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30.0% of all food store sales are estimated to be taxable.

(3) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 25% of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on analysis of the 2007 U.S. Economic Census, which attributes approximately 26% of

(4) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33.0% of drug store sales are taxable, based on discussions with the (former) California BOE and examination of U.S. Census data. In California, drug store sales in 2018 represented approximately 11.87% of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(5) Totals may not add up due to rounding.

**Exhibit B-3**  
**Annual Average Salaries for Select Industries**  
**Monterey County**  
**2016, In 2019 Dollars**

<b>NAICS Code</b>	<b>Industry Code Description (1)</b>	<b>Number of Employees</b>	<b>Annual Payroll</b>	<b>Avg. Salary (2016)</b>	<b>Avg. Salary (2019) (2)</b>
<b>Manufacturing/R&amp;D</b>					
31-33	Manufacturing	7,660	\$406,459,000	\$53,063	
54	Professional, scientific, and technical services	107,865	\$4,836,357,000	\$44,837	
	Combined	115,525	\$5,242,816,000	\$45,383	\$49,509
<b>Retail</b>					
44-45	Retail trade	17,472	\$520,144,000	\$29,770	\$32,477
<b>Lodging</b>					
72	Accommodation and food services	21,802	\$526,896,000	\$24,167	\$26,365
<b>Office-Using Sectors</b>					
51	Information	1,645	\$94,656,000	\$57,542	
52	Finance & insurance	2,793	\$228,451,000	\$81,794	
53	Real estate and rental and leasing	2,010	\$82,709,000	\$41,149	\$44,890
54	Professional, scientific, and technical services	7,115	\$382,669,000	\$53,783	
55	Management of companies and enterprises	1,140	\$98,832,000	\$86,695	
56	Administrative and support and waste mgmt and remediation services	5,248	\$185,294,000	\$35,308	
	<b>Combined - Total</b>	<b>19,951</b>	<b>\$1,072,611,000</b>	<b>\$53,762</b>	<b>\$58,650</b>
	<b>Combined - Excluding Low and High Outliers (4)</b>	<b>11,910</b>	<b>658,866,000</b>	<b>\$55,320</b>	<b>\$60,350</b>

Sources: United States Census Bureau, County Business Patterns, San Mateo County 2015; U.S. Department of Labor, Consumer Price Index, West Urban through June 2019; and ALH Urban & Regional Economics.

(1) Some sectors include duplicate industries due to overlap in potential employee employment categories.

(2) Inflated to 2019 based upon CPI for July 2016 (mid-year 2016) and June 2019 (mid-year 2019). Inflation factor is 1.0909.

(3) The low and high outliers are excluded to result in a more moderate income estimate.