

Retail Leakage and Surplus Analysis

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

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

Understanding Retail Leakage

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

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

Understanding Retail Surplus

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

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

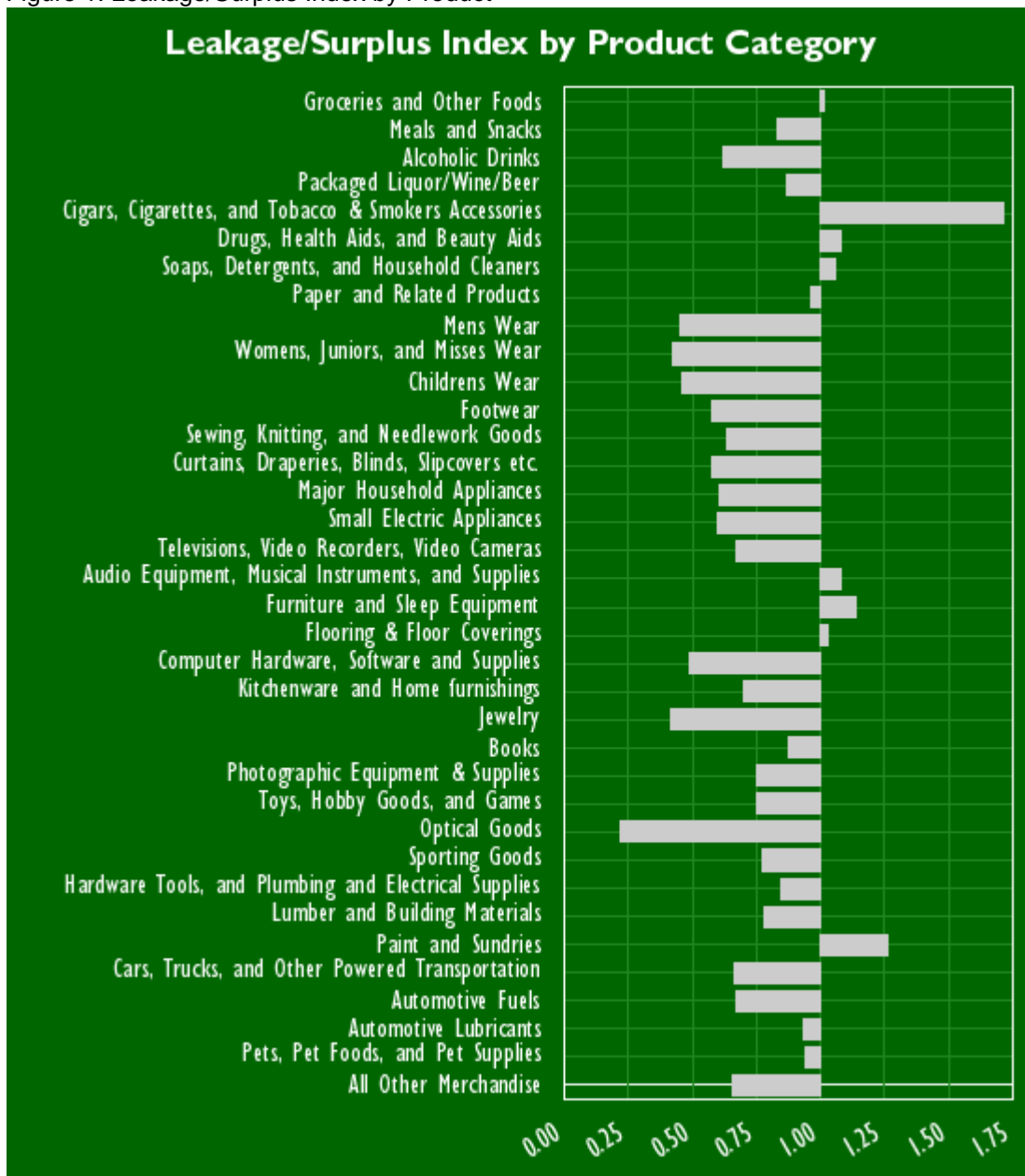
Site	Address	Analysis Geography
Retail Site	10890 San Pablo Avenue El Cerrito, CA 94804	7 Minute Drive Time

Leakage/Surplus Index by Product

The Leakage/Surplus Index provides a relative comparison of the supply and demand across retail product categories. It is calculated by dividing actual sales by potential sales. An index greater than 1.0 means that the community is attracting retail sales (surplus) from outside the trade area. If the index is less than 1.0 it means that out-shopping is taking place and the community is not successfully drawing its own residents.

Leakage/Surplus Index (Figure 1) shows the strengths and weaknesses of a community's retail market by product.

Figure 1. Leakage/Surplus Index by Product



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The sales potential and the actual sales potential by product category and the resulting index are shown in Figure 2.

Figure 2. Sales Potential and Actual Sales by Product

Product Type	Potential	Actual Sales	Leakage/Surplus Index
Groceries and Other Foods	466,924,357	473,307,791	1.0
Meals and Snacks	339,028,475	280,769,765	0.8
Alcoholic Drinks	38,635,120	23,981,961	0.6
Packaged Liquor/Wine/Beer	59,473,666	51,531,685	0.9
Cigars, Cigarettes, and Tobacco & Smokers Accessories	25,433,367	43,586,214	1.7
Drugs, Health Aids, and Beauty Aids	200,382,824	216,462,349	1.1
Soaps, Detergents, and Household Cleaners	19,244,319	20,391,502	1.1
Paper and Related Products	21,689,889	20,923,706	1.0
Mens Wear	68,758,467	30,888,460	0.5
Womens, Juniors, and Misses Wear	129,737,911	54,991,444	0.4
Childrens Wear	31,063,251	14,376,485	0.5
Footwear	51,221,826	29,366,109	0.6
Sewing, Knitting, and Needlework Goods	6,384,409	4,050,938	0.6
Curtains, Draperies, Blinds, Slipcovers etc.	23,975,616	13,816,658	0.6
Major Household Appliances	25,270,619	15,338,704	0.6
Small Electric Appliances	10,620,734	6,360,486	0.6
Televisions, Video Recorders, Video Cameras	27,241,083	18,244,651	0.7
Audio Equipment, Musical Instruments, and Supplies	42,570,350	45,937,097	1.1
Furniture and Sleep Equipment	62,638,059	71,420,404	1.1
Flooring & Floor Coverings	25,921,333	26,588,880	1.0
Computer Hardware, Software and Supplies	80,932,646	39,782,356	0.5
Kitchenware and Home furnishings	47,987,095	33,749,391	0.7
Jewelry	48,658,133	20,174,234	0.4
Books	25,313,581	22,114,110	0.9
Photographic Equipment & Supplies	8,176,988	6,170,501	0.8
Toys, Hobby Goods, and Games	27,542,164	20,666,860	0.8
Optical Goods	7,943,585	1,728,770	0.2
Sporting Goods	47,083,239	36,486,857	0.8
Hardware Tools, and Plumbing and Electrical Supplies	194,566,909	164,618,596	0.8
Lumber and Building Materials	150,358,409	116,943,875	0.8
Paint and Sundries	25,099,528	31,690,234	1.3
Cars, Trucks, and Other Powered Transportation	449,334,777	299,734,674	0.7
Automotive Fuels	248,525,245	167,180,471	0.7
Automotive Lubricants	95,293,758	89,114,471	0.9
Pets, Pet Foods, and Pet Supplies	14,364,434	13,560,752	0.9
All Other Merchandise	111,293,830	73,023,939	0.7

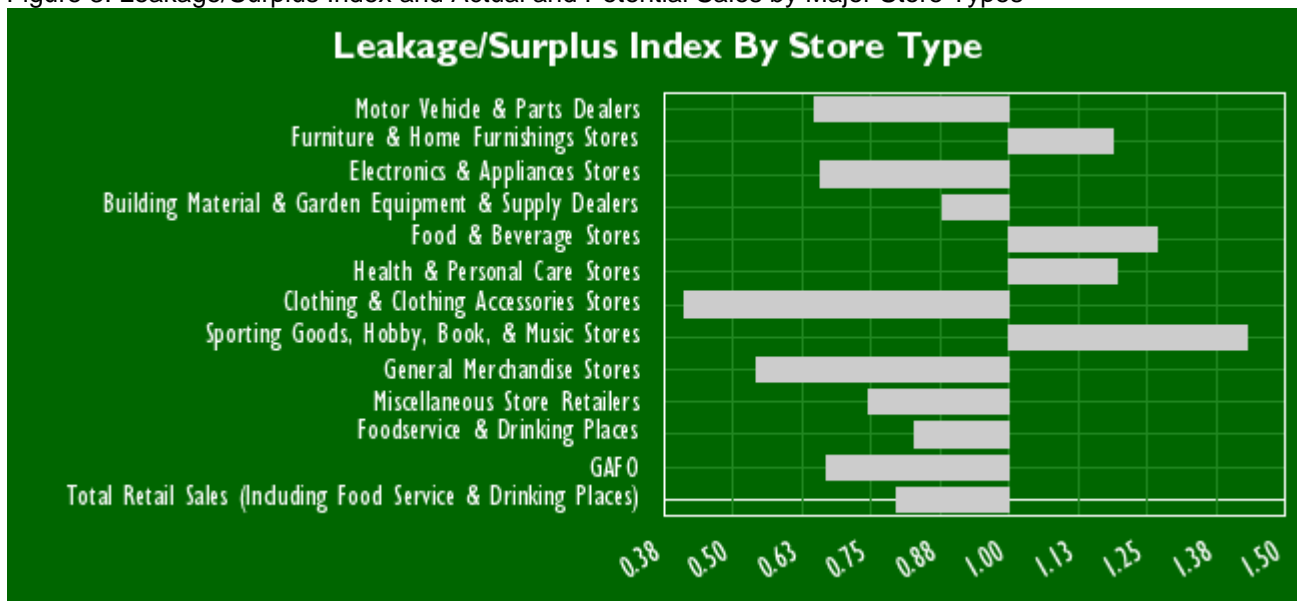
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Leakage/Surplus Index by Major Store Type

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

Figure 3 provides the leakage/surplus indices and following is the sales potential and actual sales for major store types.

Figure 3. Leakage/Surplus Index and Actual and Potential Sales by Major Store Types



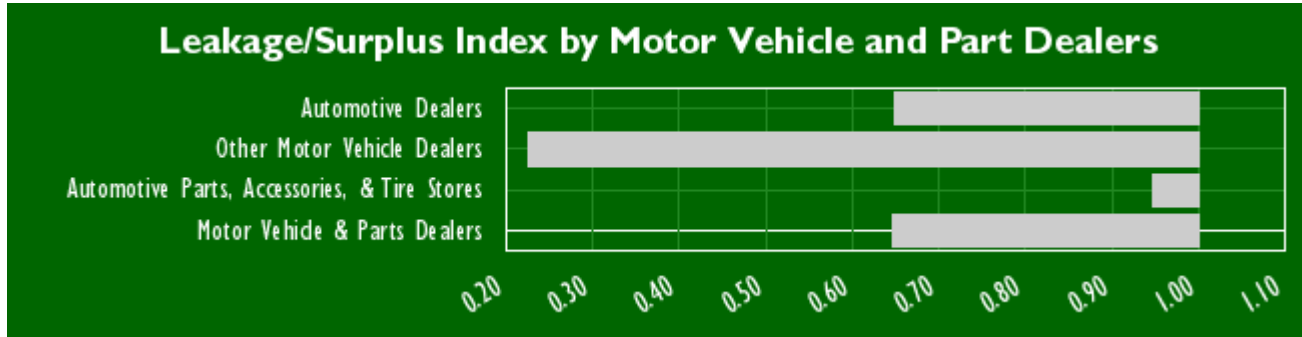
Store Type	Potential	Actual Sales	Leakage/Surplus Index
Motor Vehicle & Parts Dealers	574,695,912	370,928,807	0.65
Furniture & Home Furnishings Stores	93,005,844	110,562,874	1.19
Electronics & Appliances Stores	85,923,579	56,591,983	0.66
Building Material & Garden Equipment & Supply Dealers	345,582,079	303,861,809	0.88
Food & Beverage Stores	393,321,786	498,477,510	1.27
Health & Personal Care Stores	153,481,953	183,514,034	1.20
Clothing & Clothing Accessories Stores	170,428,347	70,180,685	0.41
Sporting Goods, Hobby, Book, & Music Stores	69,201,520	99,104,790	1.43
General Merchandise Stores	405,387,566	219,032,505	0.54
Miscellaneous Store Retailers	88,136,628	65,623,546	0.74
Foodservice & Drinking Places	349,163,986	289,645,679	0.83
GAFO	860,003,281	574,499,391	0.67
Total Retail Sales (Including Food Service & Drinking Places)	3,258,689,976	2,599,075,432	0.80

* GAFO refers to discount retailers that typically include the following departments: general merchandise; clothing and clothing accessories; furniture and home furnishings; electronics and appliances; sporting goods, hobby, books and music; and office supplies.

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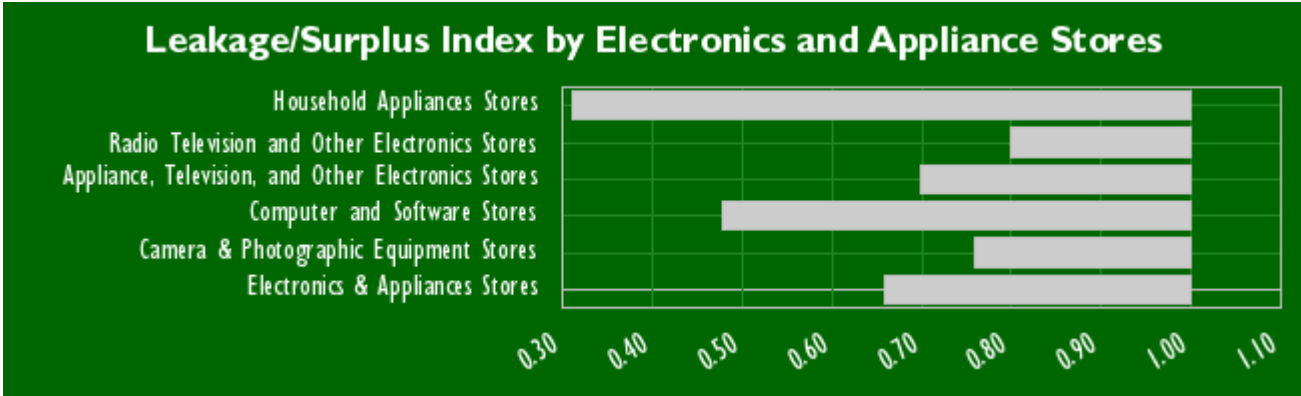
Leakage/Surplus Analysis by Sub-Categories of Major Retail Types

Additional leakage/surplus details are provided on subcategories of stores in each of the twelve major store types. These details can help further identify possible business expansion opportunities.



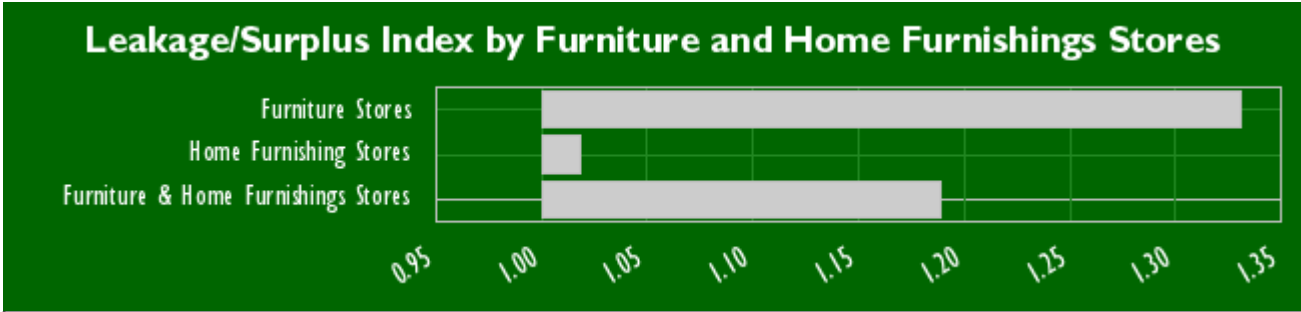
Motor Vehicle and Parts Dealers	Potential	Actual Sales	Leakage/Surplus Index
Automotive Dealers	492,258,897	319,398,874	0.65
Other Motor Vehicle Dealers	36,866,646	8,326,389	0.23
Automotive Parts, Accessories, & Tire Stores	45,570,369	43,203,544	0.95
Motor Vehicle & Parts Dealers	574,695,912	370,928,807	0.65

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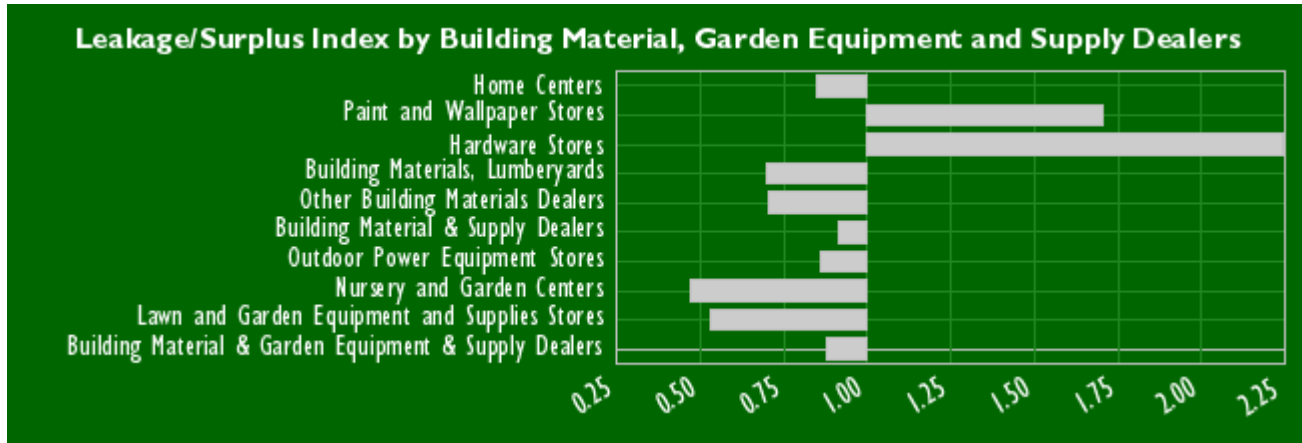
Electronics and Appliance Stores	Potential	Actual Sales	Leakage/Surplus Index
Household Appliances Stores	13,635,570	4,235,088	0.31
Radio Television and Other Electronics Stores	52,555,149	42,046,738	0.80
Appliance, Television, and Other Electronics Stores	66,190,720	46,281,826	0.70
Computer and Software Stores	16,575,953	7,913,980	0.48
Camera & Photographic Equipment Stores	3,156,905	2,396,176	0.76
Electronics & Appliances Stores	85,923,579	56,591,983	0.66

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Furniture and Home Furnishings Stores	Potential	Actual Sales	Leakage/Surplus Index
Furniture Stores	50,652,428	67,432,932	1.33
Home Furnishing Stores	42,353,416	43,129,942	1.02
Furniture & Home Furnishings Stores	93,005,844	110,562,874	1.19

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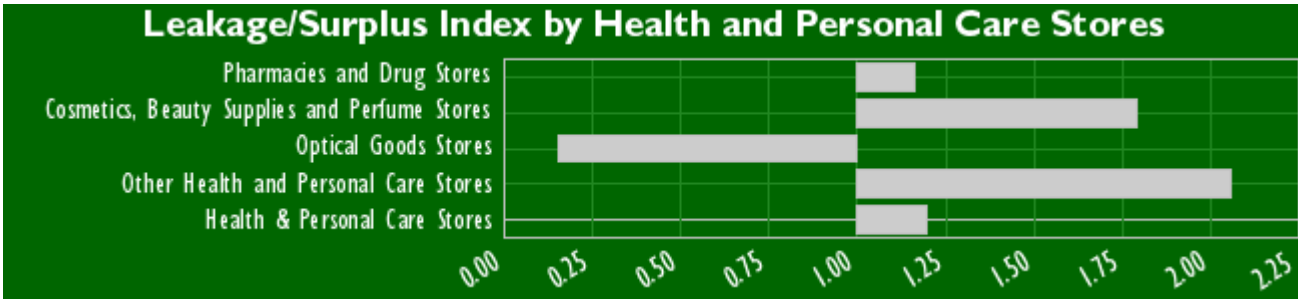
Building Material, Garden Equipment and Supply Dealers	Potential	Actual Sales	Leakage/Surplus Index
Home Centers	120,841,166	102,337,046	0.85
Paint and Wallpaper Stores	8,540,472	14,564,933	1.71
Hardware Stores	26,107,105	58,641,524	2.25
Building Materials, Lumberyards	54,503,399	38,010,789	0.70
Other Building Materials Dealers	158,205,109	111,464,945	0.70
Building Material & Supply Dealers	313,693,854	287,008,449	0.92
Outdoor Power Equipment Stores	4,716,017	4,046,332	0.86
Nursery and Garden Centers	27,172,208	12,807,027	0.47
Lawn and Garden Equipment and Supplies Stores	31,888,225	16,853,359	0.53
Building Material & Garden Equipment & Supply Dealers	345,582,079	303,861,809	0.88

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Food and Beverage Stores	Potential	Actual Sales	Leakage/Surplus Index
Supermarkets and Other Grocery (except Convenience) Stores	338,731,533	456,187,650	1.35
Convenience Stores	16,234,403	6,273,966	0.39
Grocery Stores	354,965,937	462,461,617	1.30
Specialty Food Stores	12,556,787	10,741,819	0.86
Beer, Wine, & Liquor Stores	25,799,061	25,274,073	0.98
Food & Beverage Stores	393,321,786	498,477,510	1.27

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Health and Personal Care Stores	Potential	Actual Sales	Leakage/Surplus Index
Pharmacies and Drug Stores	131,385,066	152,276,795	1.16
Cosmetics, Beauty Supplies and Perfume Stores	5,465,114	9,792,793	1.79
Optical Goods Stores	6,699,953	1,011,658	0.15
Other Health and Personal Care Stores	9,931,819	20,432,786	2.06
Health & Personal Care Stores	153,481,953	183,514,034	1.20

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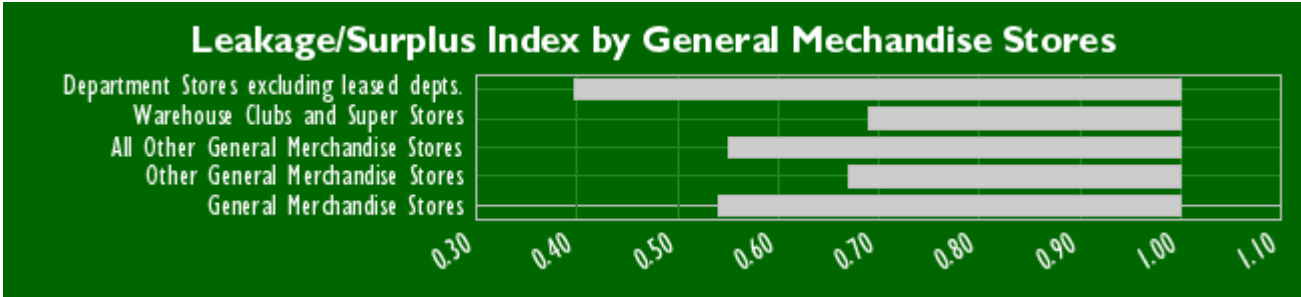
Clothing and Clothing Accessories Stores	Potential	Actual Sales	Leakage/Surplus Index
Mens Clothing Stores	7,461,977	4,853,433	0.65
Womens Clothing Stores	31,014,184	17,320,440	0.56
Childrens and Infants Clothing Stores	6,355,907	2,825,804	0.44
Family Clothing Stores	63,199,413	15,000,480	0.24
Clothing Accessories Stores	3,040,318	2,125,049	0.70
Other Clothing Stores	7,996,749	3,126,200	0.39
Clothing Stores	119,068,551	45,251,408	0.38
Shoe Stores	23,005,789	13,736,657	0.60
Jewelry Stores	26,363,454	10,791,571	0.41
Luggage, & Leather Goods Stores	1,990,552	401,048	0.20
Jewelry, Luggage, & Leather Goods Stores	28,354,006	11,192,619	0.39
Clothing & Clothing Accessories Stores	170,428,347	70,180,685	0.41

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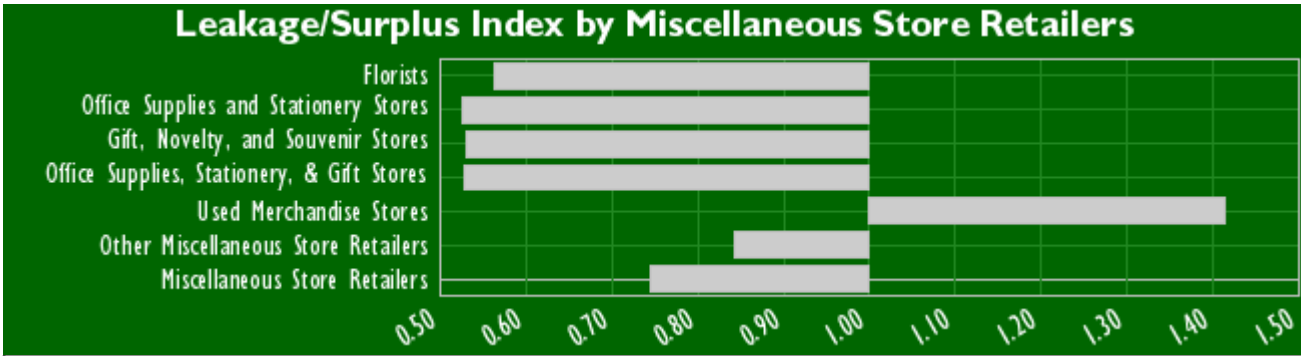
Sporting Goods, Hobby, Book and Music Stores	Potential	Actual Sales	Leakage/Surplus Index
Sporting Goods Stores	23,501,955	32,807,021	1.40
Hobby, Toys and Games Stores	14,010,183	14,570,154	1.04
Sew/Needlework/Piece Goods Stores	3,874,419	2,997,683	0.77
Musical Instrument and Supplies Stores	4,853,373	13,318,632	2.74
Sporting Goods, Hobby, & Musical Instrument Stores	46,239,931	63,693,491	1.38
Book Stores	14,618,167	18,743,601	1.28
News Dealers and Newsstands	720,688	596,296	0.83
Book Stores and News Dealers	15,338,855	19,339,897	1.26
Prerecorded Tape, Compact Disc, and Record Stores	7,622,732	16,071,401	2.11
Book, Periodical, & Music Stores	22,961,588	35,411,298	1.54
Sporting Goods, Hobby, Book, & Music Stores	69,201,520	99,104,790	1.43

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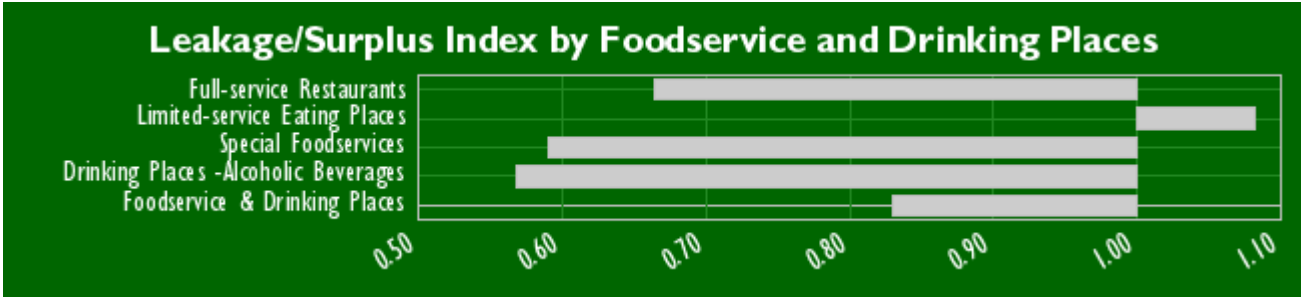
General Merchandise Stores	Potential	Actual Sales	Leakage/Surplus Index
Department Stores excluding leased depts.	192,804,774	76,613,896	0.40
Warehouse Clubs and Super Stores	181,732,801	125,436,034	0.69
All Other General Merchandise Stores	30,849,990	16,982,574	0.55
Other General Merchandise Stores	212,582,791	142,418,608	0.67
General Merchandise Stores	405,387,566	219,032,505	0.54

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Miscellaneous Store Retailers	Potential	Actual Sales	Leakage/Surplus Index
Florists	6,572,484	3,707,127	0.56
Office Supplies and Stationery Stores	20,278,622	10,674,337	0.53
Gift, Novelty, and Souvenir Stores	15,777,801	8,352,215	0.53
Office Supplies, Stationery, & Gift Stores	36,056,423	19,026,552	0.53
Used Merchandise Stores	8,028,207	11,346,532	1.41
Other Miscellaneous Store Retailers	37,479,512	31,543,333	0.84
Miscellaneous Store Retailers	88,136,628	65,623,546	0.74

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Foodservice and Drinking Places	Potential	Actual Sales	Leakage/Surplus Index
Full-service Restaurants	158,754,297	105,361,450	0.66
Limited-service Eating Places	147,119,061	159,077,467	1.08
Special Foodservices	28,170,231	16,619,181	0.59
Drinking Places -Alcoholic Beverages	15,120,396	8,587,579	0.57
Foodservice & Drinking Places	349,163,986	289,645,679	0.83



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Sources and Methodology

Household demand estimates are derived by combining data from the Consumer Expenditures Survey by the Bureau of Labor Statistics with current household demographic estimates from Claritas. The demand estimates only account for household expenditures. Demand is defined as the estimated dollar amount spent by a household that resides in the area of analysis for a specified retail store type or merchandise line item.

Supply estimates are generated from the Census of Retail Trade, a component of the Economic Census. County-level sales tax data is allocated to low levels of geography using business sales estimates, business locations, and employee counts provided by Claritas' Business Facts® database. Supply includes all products sold at retail outlets in a specified area for a one-year period. Supply is defined as the estimated total retail sales for a retail store type or merchandise line item.

Source: Retail Market Power™ (Claritas).