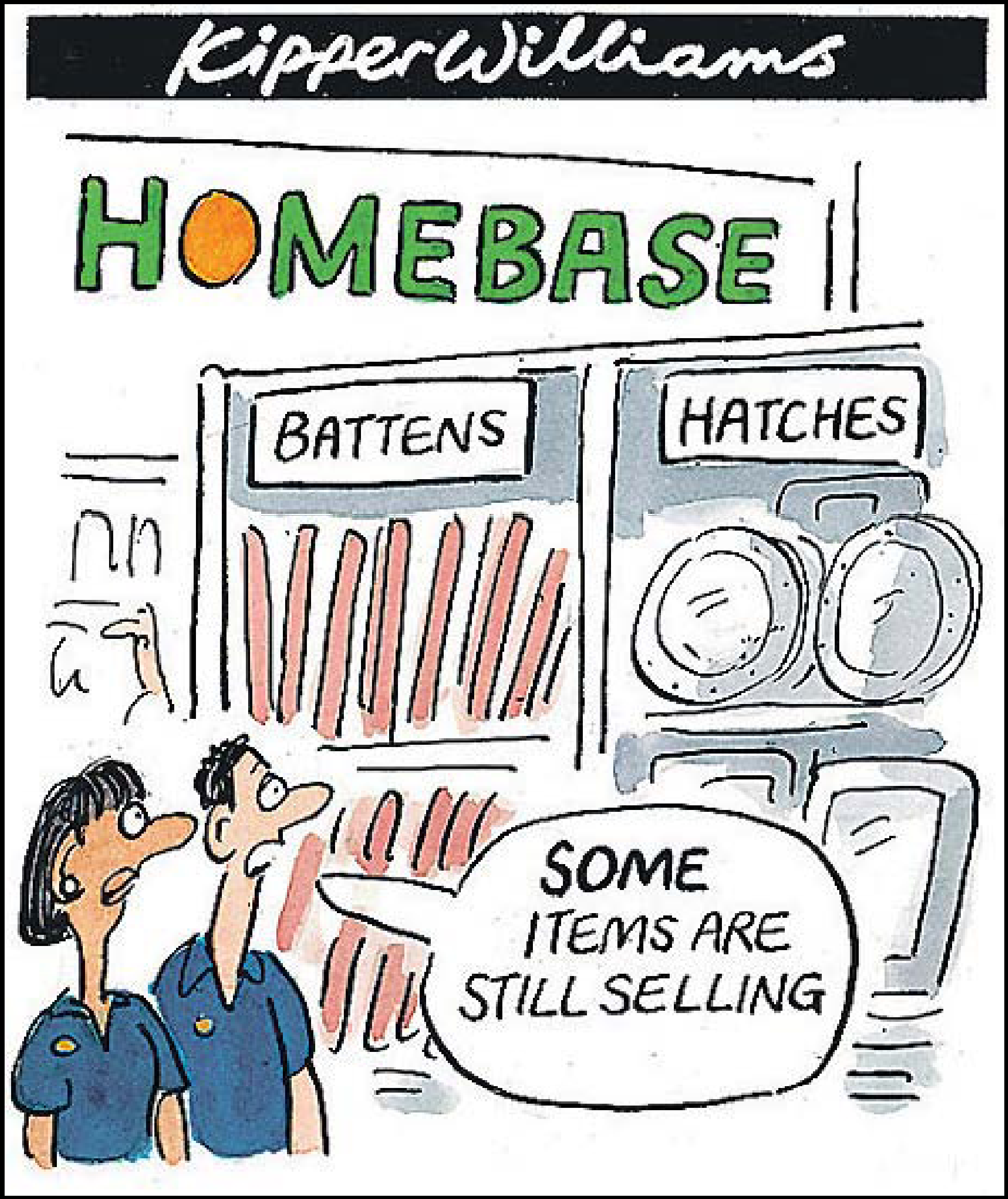
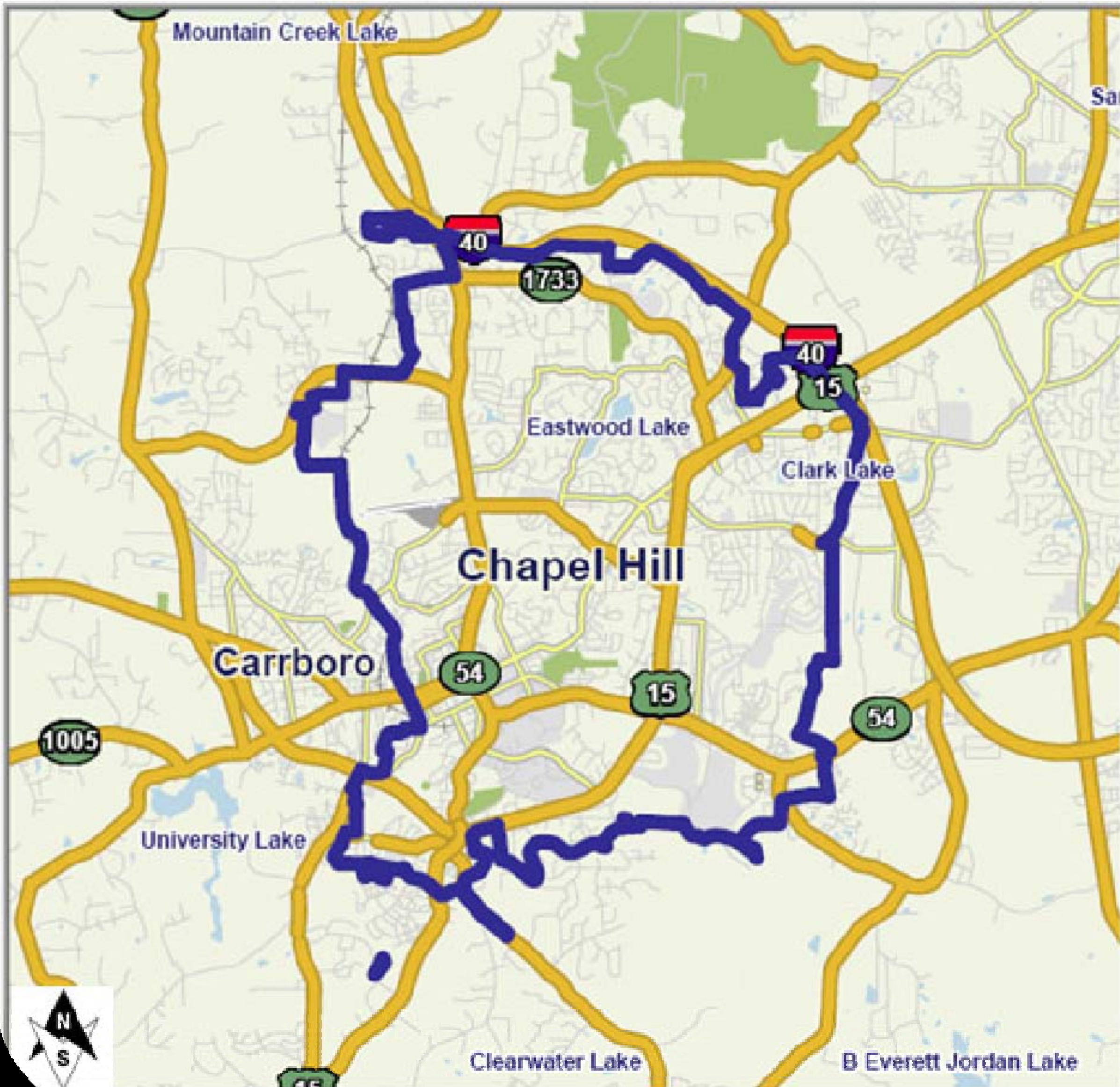
Retail Market Analysis
Chapel Hill, North Carolina

Available at:
www.townofchapelhill.org/economic_development


Kipper Williams
HOMEBASE
BATTENS
HATCHES
SOME ITEMS ARE STILL SELLING

Town of Chapel Hill, NC



Trade Area Analysis

Tradearea

Interstate Highways

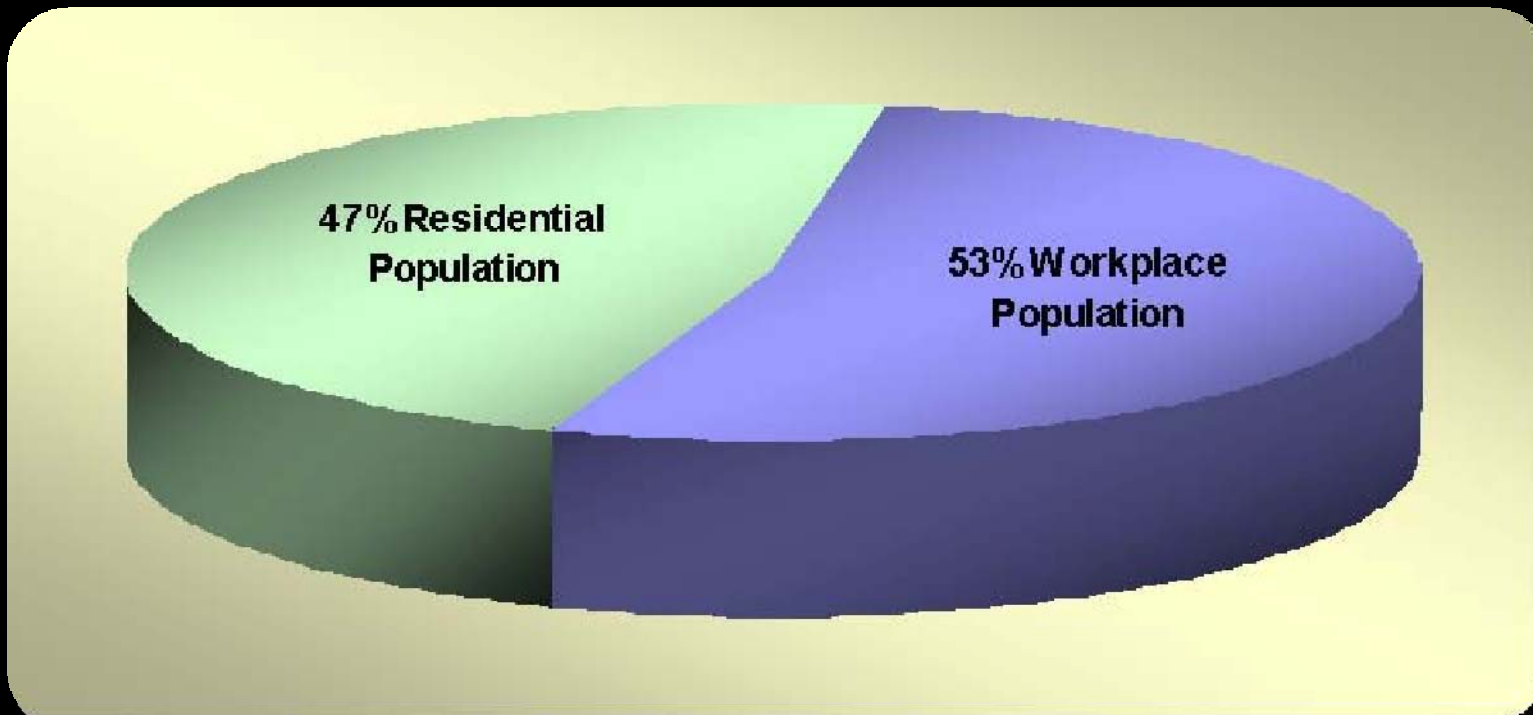
Major Highways

Local Roads

Railroads

CLARITAS CivicIQ

Methodology



Residents versus Employees in the Trade Area

To accurately assess retail shopping behavior, Claritas not only analyzed the residents in the trade area, but also those that work there since they also make significant contributions to store sales based on purchases made during their lunch hour or driving to and from the workplace. Within this study's market area, the total population is 47% residential and 53% employees that work in the area.

Methodology

Claritas' Retail Market Power™ (RMP) database was utilized to provide an actionable portrait of sales opportunity within the Town of Chapel Hill area. The database identifies retail supply and demand data for over 64 retail categories. Sources for this analysis are Census of Retail Trade, annual survey of retail Trade, Claritas Business Facts, Census of Employment and Wages, State sales tax reports, and trade associations.

Project Methodology Overview:

The comprehensive study identified and ranked retailers and restaurants for the Town of Chapel Hill to target using analysis tools and proprietary databases that have been in development by Claritas for over three decades. The study narrowed the retailers to only those that offer the greatest fit and opportunity for success within Chapel Hill.

Part 1. Receptivity of Residents and Labor Force to Retailers

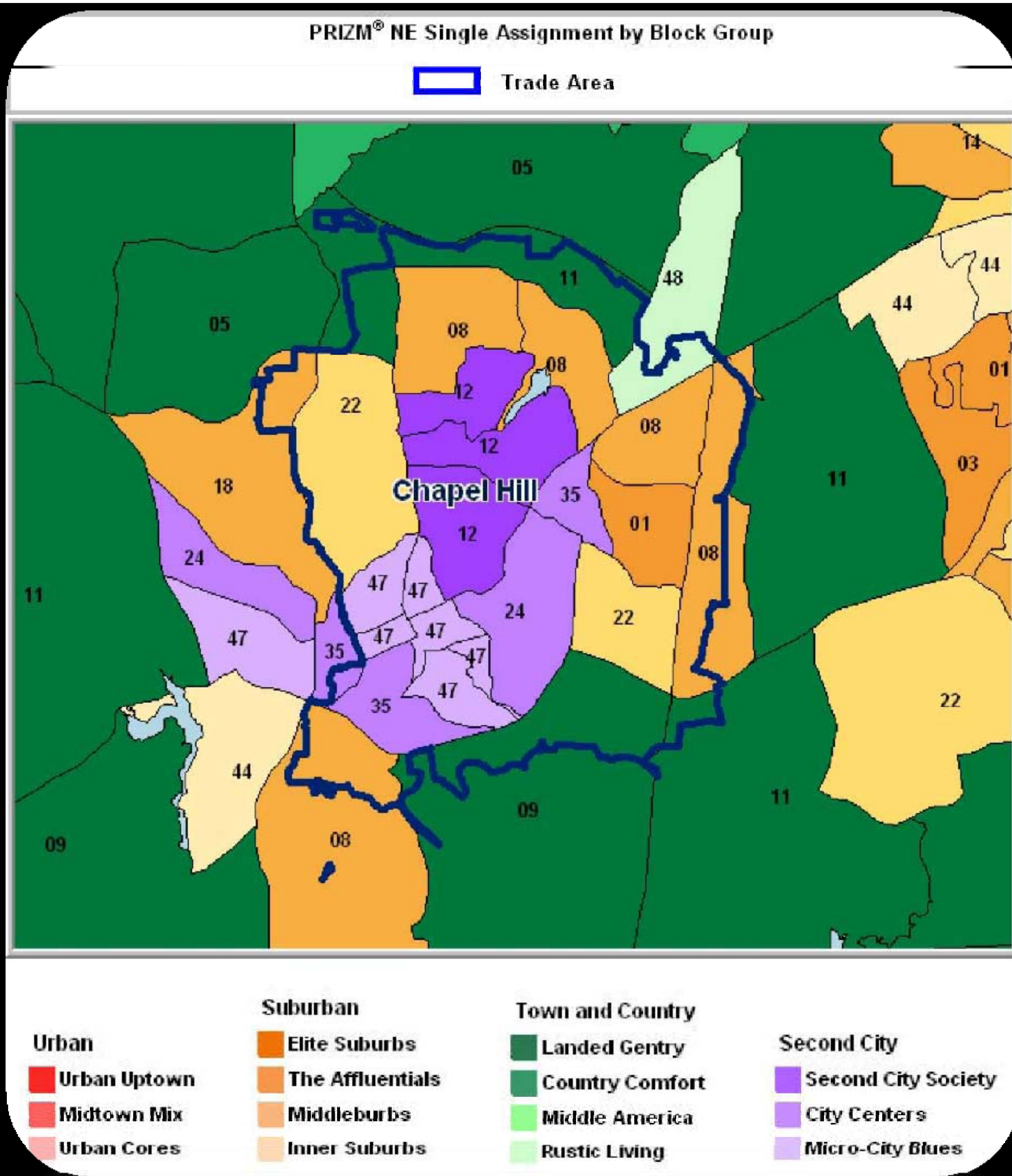
- Urbanicity
- Resident socio-economic status
- Lifestyle characteristics
- Shopping Behavior and Preferences
- Retailer Characteristics
- Fit of Retailers to Residents/Labor Force

Part 2. Retail Gap

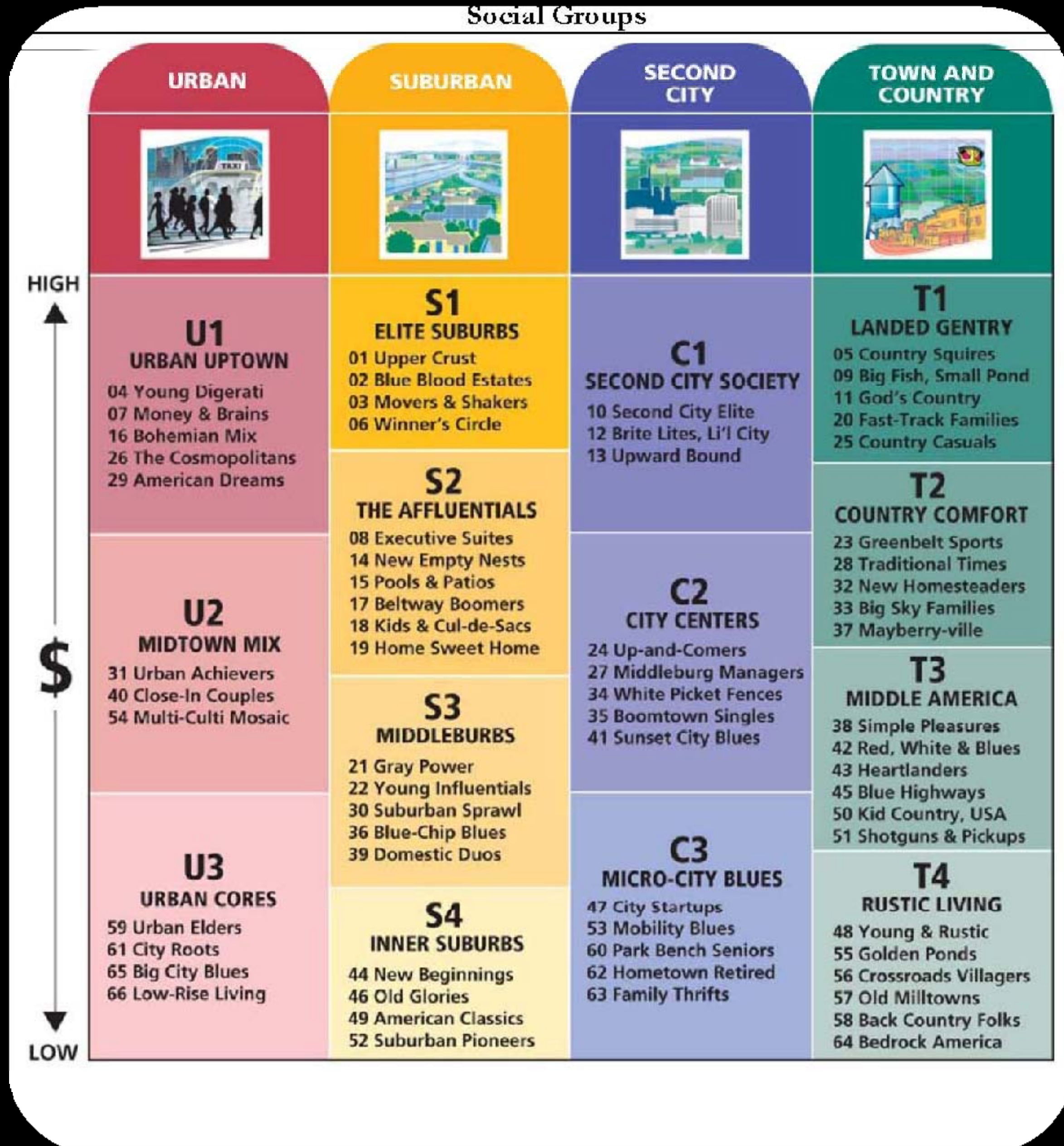
- Gap Potential
- Demand by Category
- Supply by Category

Part 3. Business Saturation

- Existing retailers and restaurants
- Comparison of saturation level to similar sized cities within the U.S.


PRIZM® NE Single Assignment by Block Group
Trade Area
Chapel Hill
05
11
48
14
44
08
12
22
01
18
35
03
24
47
09
Suburban
Town and Country
Urban
Elite Suburbs
Landed Gentry
Second City
Urban Uptown
The Affluentials
Country Comfort
Second City Society
Midtown Mix
Middleburbs
Middle America
City Centers
Urban Cores
Inner Suburbs
Rustic Living
Micro-City Blues

Retail Market Analysis - PRIZM Lifestyle Segments



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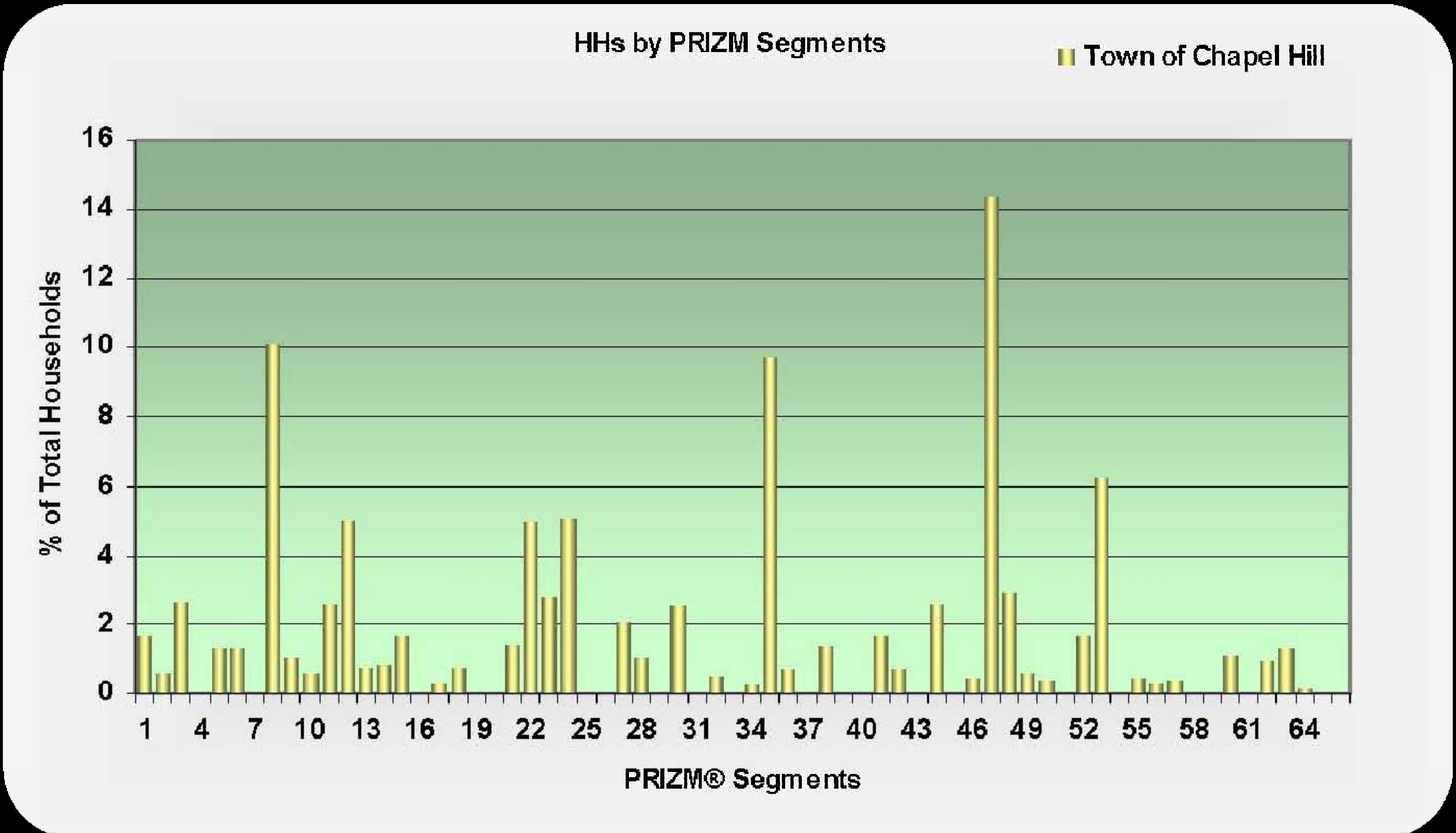
Retail Market Analysis
PRIZM Households Segments



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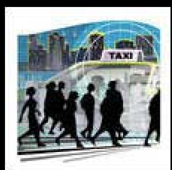
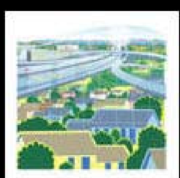
PRIZM Households



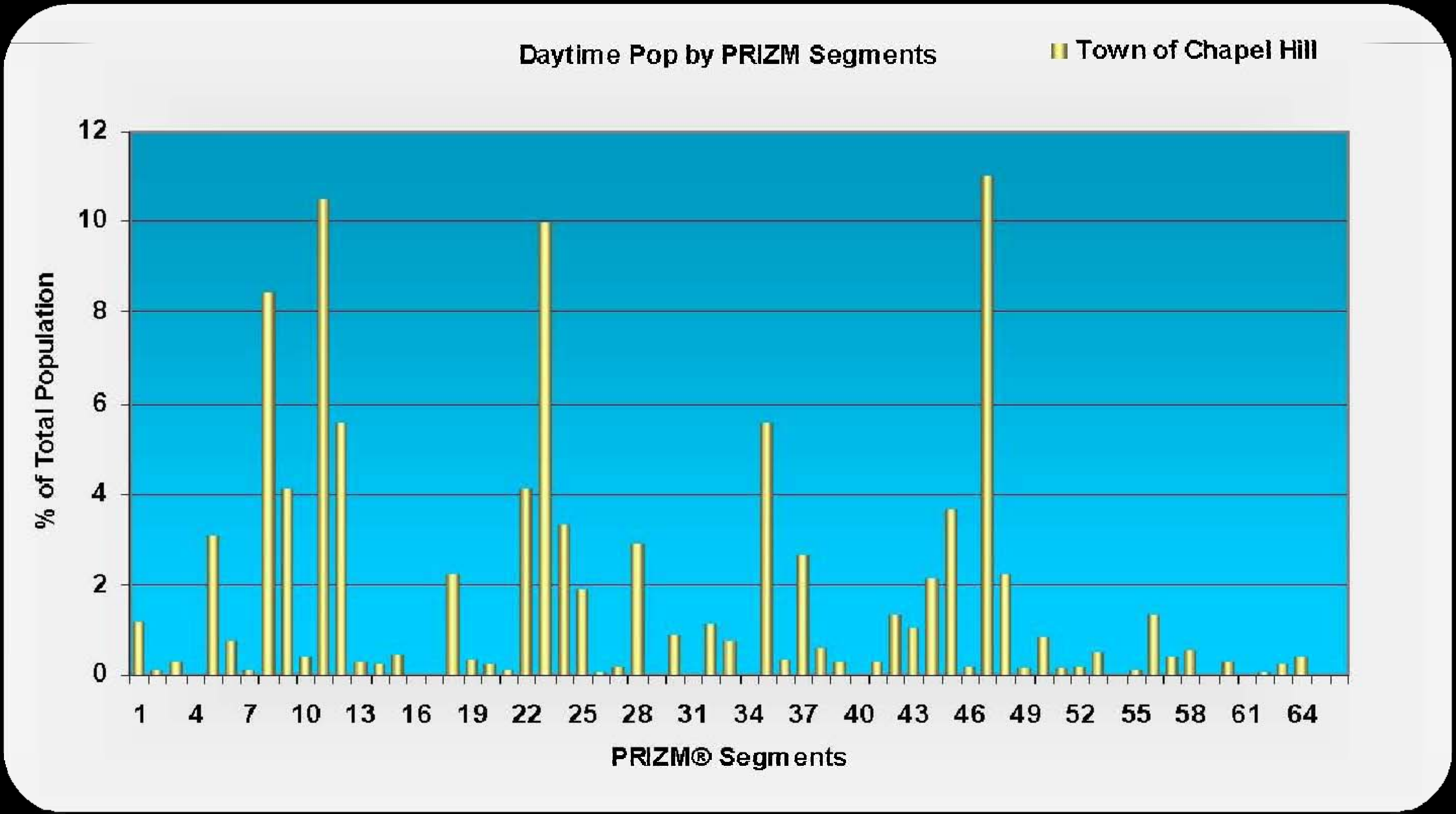
08. Executive Suites – Executive Suites consists of upper-middle-class singles and typically living just beyond the nation's beltways. Filled with significant numbers of Asian Americans and college graduates–both groups are represented at more than twice the national average–this segment is a haven for white-collar professionals drawn to comfortable homes and apartments within a manageable commute to downtown jobs, restaurants and entertainment.

35. Boomtown Singles – Affordable housing, abundant entry-level jobs and a thriving singles scene–all have given rise to the Boomtown Singles segment in fast-growing satellite cities. Young, single and working-class, these residents pursue active lifestyles amid sprawling apartment complexes, bars, convenience stores and Laundromats.



47. City Startups – In City Startups, young, multi-ethnic singles have settled in neighborhoods filled with cheap apartments and a commercial base of cafés, bars, laundromats and clubs that cater to twenty-somethings. One of the youngest segments in America–with ten times as many college students as the national average–these neighborhoods feature low incomes and high concentrations of Hispanics and African-Americans.

Retail Market Analysis
PRIZM Households Segments



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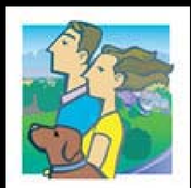
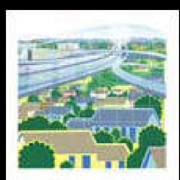
Daytime PRIZM



11. God's Country – When city dwellers and suburbanites began moving to the country in the 1970s, God's Country emerged as the most affluent of the nation's exurban lifestyles. Today, wealthier communities exist in the hinterlands, but God's Country remains a haven for upper-income couples in spacious homes. Typically college-educated Baby Boomers, these Americans try to maintain a balanced lifestyle between high-power jobs and laid-back leisure.



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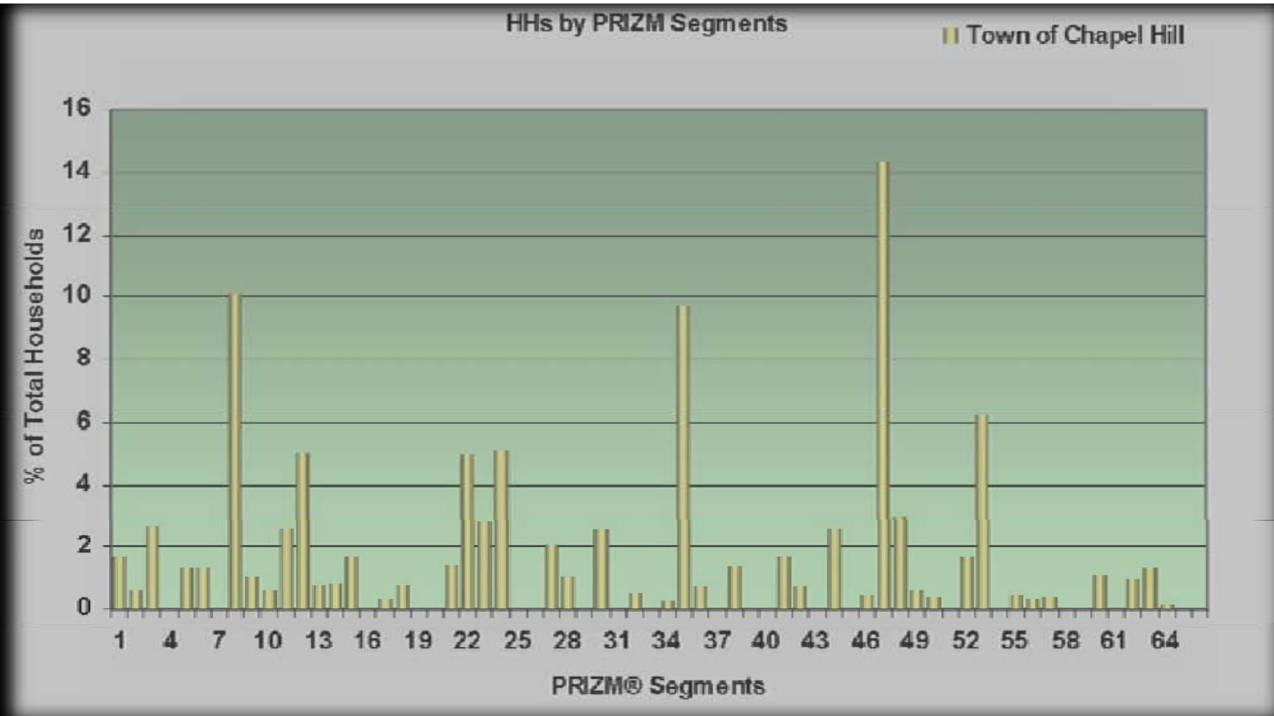
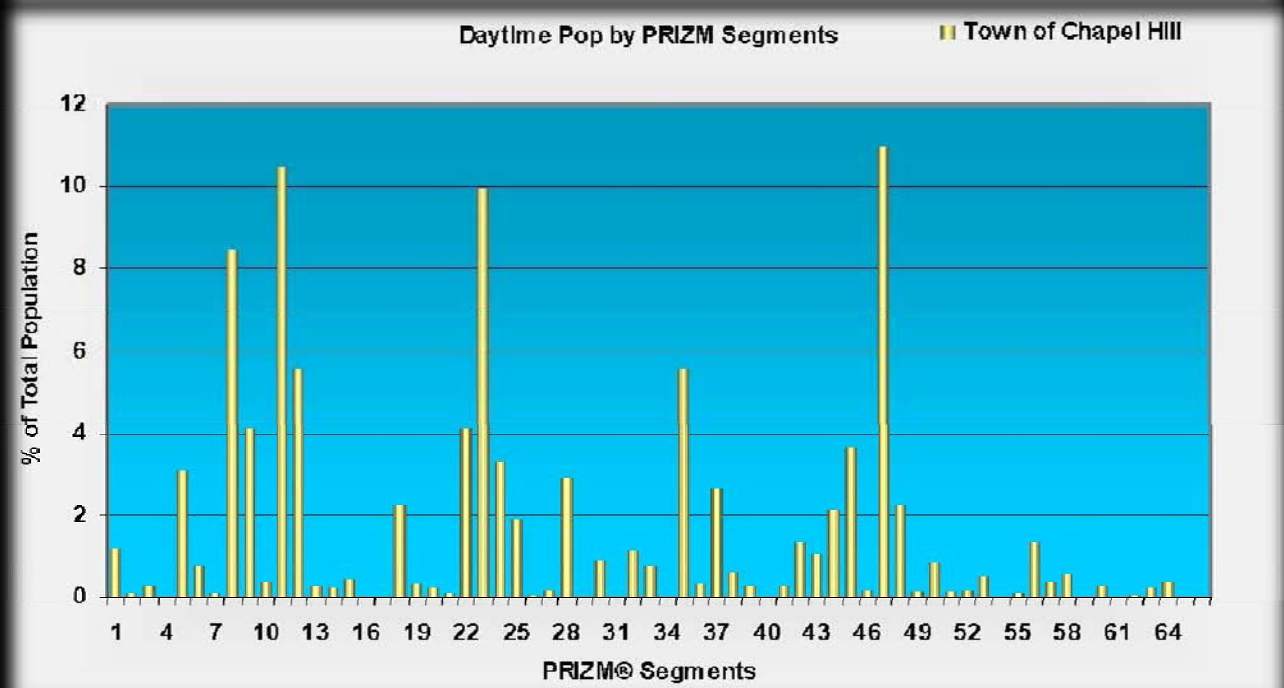
COMPARE



HHs by PRIZM Segments
Town of Chapel Hill
% of Total Households
0
2
4
6
8
10
12
14
16
1
4
7
10
13
16
19
22
25
28
31
34
37
40
43
46
49
52
55
58
61
64
PRIZM® Segments



Daytime Pop by PRIZM Segments
Town of Chapel Hill
% of Total Population
0
2
4
6
8
10
12
1
4
7
10
13
16
19
22
25
28
31
34
37
40
43
46
49
52
55
58
61
64
PRIZM® Segments

Retail Market Analysis
Chapel Hill, North Carolina

Recommended Retailers

Below are examples of retailers with high ranking performance scores.

SIC Code Category	Overall Score	Receptivity	Retail Gap	Saturation
MEN'S, BOYS' CL STR	100	99	97	89
OPTICIANS	100	96	100	95
LUGGAGE & LEA GOODS	100	97	98	92
CAMERA & PHOTO SUPS	100	94	99	100
OPTICAL GOODS STRS	100	94	98	94
WOMEN'S CL STORES	100	99	82	98
WOMEN'S CL STORES	100	99	82	99
OPTICAL GOODS STRS	100	98	98	94
WOMEN'S CL STORES	99	98	81	98
WOMEN'S CL STORES	99	98	81	97

Retail Market

Retail Category	Demand	5yr Demand	Supply	Opportunity Gap	% Potential
Department Stores excluding leased depts.	$52,936,062	$63,955,544	$6,041,238	$46,894,824	88.59%
Automotive Dealers	$141,465,676	$177,994,755	$97,882,306	$43,583,370	30.81%
Electronic Shopping, Mail-Order Houses	$46,252,569	$56,792,081	$4,222,518	$42,030,051	90.87%
Other General Merchandise Stores	$53,270,837	$64,205,436	$11,408,093	$41,862,744	78.58%
Warehouse Clubs and Super Stores	$45,279,803	$54,460,719	$9,775,040	$35,504,763	78.41%
Clothing Stores	$36,396,627	$42,009,314	$18,469,256	$17,927,371	49.26%
Other Gasoline Stations	$19,396,656	$26,382,144	$8,128,366	$11,268,290	58.09%
Other Motor Vehicle Dealers	$10,842,221	$13,702,709	$0	$10,842,221	100.00%
Gasoline Stations with Convenience Stores	$58,792,224	$77,859,776	$50,218,065	$8,574,159	14.58%
Electronics Stores	$17,351,999	$20,784,877	$9,044,242	$8,307,757	47.88%
Home Furnishing Stores	$10,513,608	$12,773,560	$3,144,399	$7,369,209	70.09%
Women's Clothing Stores	$10,461,294	$12,030,575	$3,505,268	$6,956,026	66.49%
Sporting Goods, Hobby, & Musical Instrument Stores	$13,305,866	$16,452,250	$6,768,806	$6,537,060	49.13%
All Other General Merchandise Stores	$7,991,034	$9,744,717	$1,633,053	$6,357,981	79.56%
Family Clothing Stores	$18,981,303	$21,932,007	$13,209,409	$5,771,894	30.41%
Book, Periodical, & Music Stores	$10,842,932	$12,623,429	$5,503,636	$5,339,296	49.24%
Automotive Parts, Accessories, & Tire Stores	$12,401,498	$13,720,521	$7,695,549	$4,705,949	37.95%
Shoe Stores	$6,699,765	$7,426,284	$2,194,677	$4,505,088	67.24%
Drinking Places -Alcoholic Beverages	$4,387,938	$5,212,897	$842,813	$3,545,125	80.79%
Computer and Software Stores	$5,326,975	$6,576,850	$2,829,966	$2,497,009	46.87%
Convenience Stores	$4,027,442	$4,829,598	$1,624,174	$2,403,268	59.67%
Pharmacies and Drug Stores	$35,568,365	$50,764,272	$33,379,693	$2,188,672	6.15%
Men's Clothing Stores	$2,168,714	$2,449,262	$132,835	$2,035,879	93.87%
Vending Machine Operators	$2,033,380	$2,419,591	$0	$2,033,380	100.00%
Beer, Wine, & Liquor Stores	$7,889,885	$10,029,283	$5,857,821	$2,032,064	25.76%

Retail Market

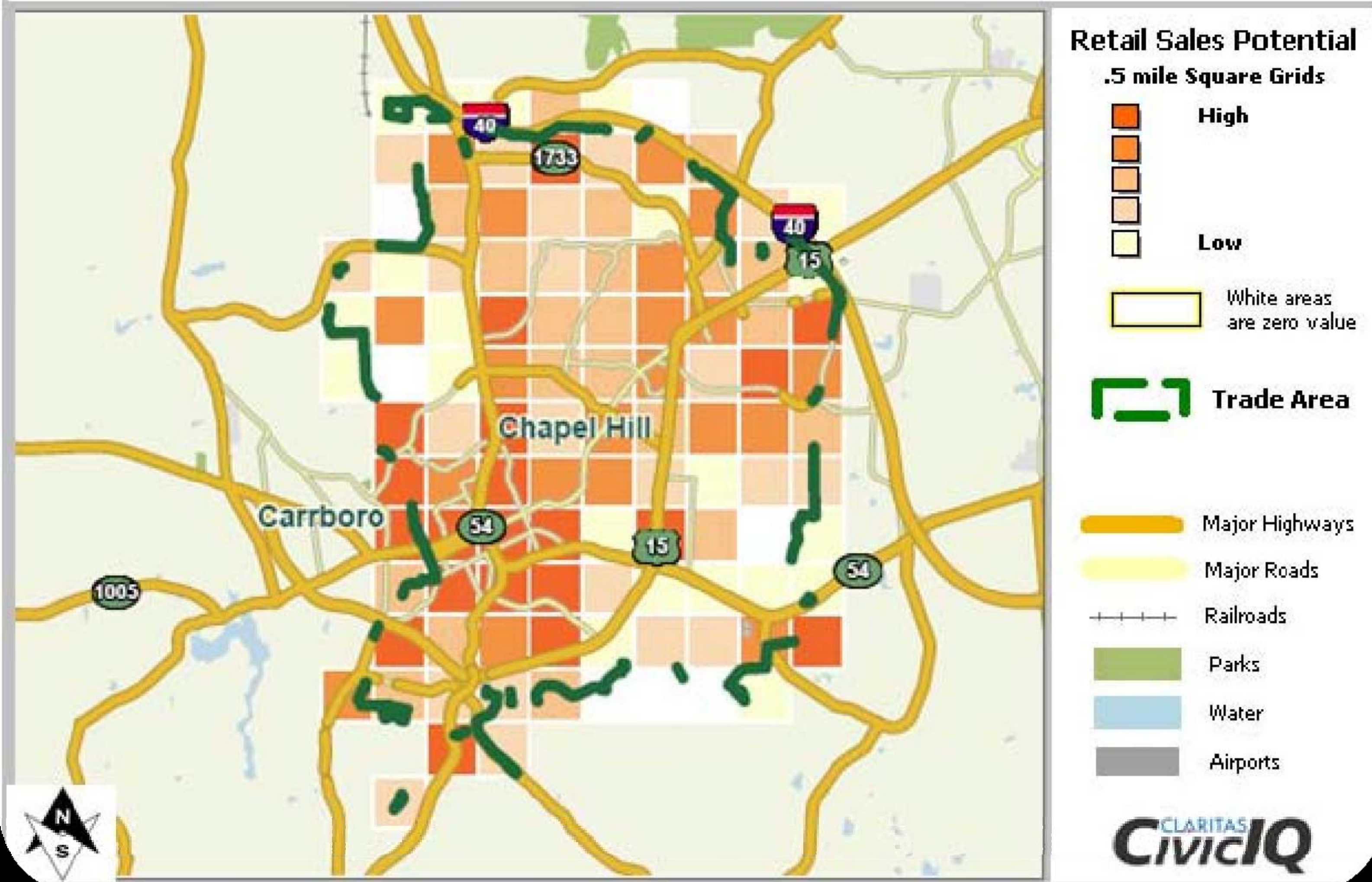
Retail Category	Demand	5yr Demand	Supply	Opportunity Gap	% Potential
Other Clothing Stores	$2,584,325	$2,960,197	$1,142,429	$1,441,896	55.79%
Optical Goods Stores	$1,388,528	$1,777,870	$0	$1,388,528	100.00%
Office Supplies, Stationery, & Gift Stores	$10,009,352	$12,059,711	$9,074,882	$934,470	9.34%
Children's and Infants' Clothing Stores	$1,292,861	$1,564,047	$396,056	$896,805	69.37%
Equipment Stores	$883,531	$994,045	$0	$883,531	100.00%
Clothing Accessories Stores	$908,130	$1,073,226	$83,259	$824,871	90.83%
Other Health and Personal Care Stores	$2,622,624	$3,799,376	$2,184,729	$437,895	16.70%
Used Merchandise Stores	$2,427,908	$2,886,641	$2,606,691	($178,783)	-7.36%
Cosmetics, Beauty Supplies and Perfume Stores	$1,482,895	$2,177,380	$1,727,649	($244,754)	-16.51%
Hardware Stores	$5,655,850	$6,712,678	$6,013,165	($357,315)	-6.32%
Jewelry, Luggage, & Leather Goods Stores	$7,608,845	$9,291,279	$8,041,313	($432,468)	-5.68%
Other Miscellaneous Store Retailers	$10,020,867	$12,117,144	$10,657,513	($636,646)	-6.35%
Lawn and Garden Equipment and Supplies Stores	$7,332,753	$8,400,431	$8,125,029	($792,276)	-10.80%
Direct Selling Establishments	$9,892,768	$11,835,914	$11,173,195	($1,280,427)	-12.94%
Florists	$1,592,225	$1,907,624	$2,887,565	($1,295,340)	-81.35%
Paint and Wallpaper Stores	$2,002,088	$2,230,232	$3,770,001	($1,767,913)	-88.30%
Specialty Food Stores	$2,596,269	$3,033,655	$4,605,839	($2,009,570)	-77.40%
Special Foodservices	$7,226,780	$9,178,731	$9,533,931	($2,307,151)	-31.93%
Furniture Stores	$12,659,799	$15,970,635	$16,329,356	($3,669,557)	-28.99%
Home Centers	$26,149,791	$29,083,419	$42,093,069	($15,943,278)	-60.97%
Full-service Restaurants	$41,427,808	$52,160,569	$65,349,941	($23,922,133)	-57.74%
Limited-service Eating Places	$37,501,680	$47,804,897	$65,483,244	($27,981,564)	-74.61%
Other Building Materials Dealers	$34,406,129	$37,216,456	$87,787,739	($53,381,610)	-155.15%
Building Material & Supply Dealers	$68,213,858	$75,242,785	$139,663,974	($71,450,116)	-104.74%
Grocery Stores	$78,386,236	$93,792,557	$172,172,297	($93,786,061)	-119.65%
Supermarkets and Other Grocery Stores	$74,358,794	$88,962,959	$170,548,123	($96,189,329)	-129.36%
TOTALS	$1,085,217,367	$1,321,366,909	$1,144,962,212	($59,744,845)	Average 17%
			Growth	17.87%	

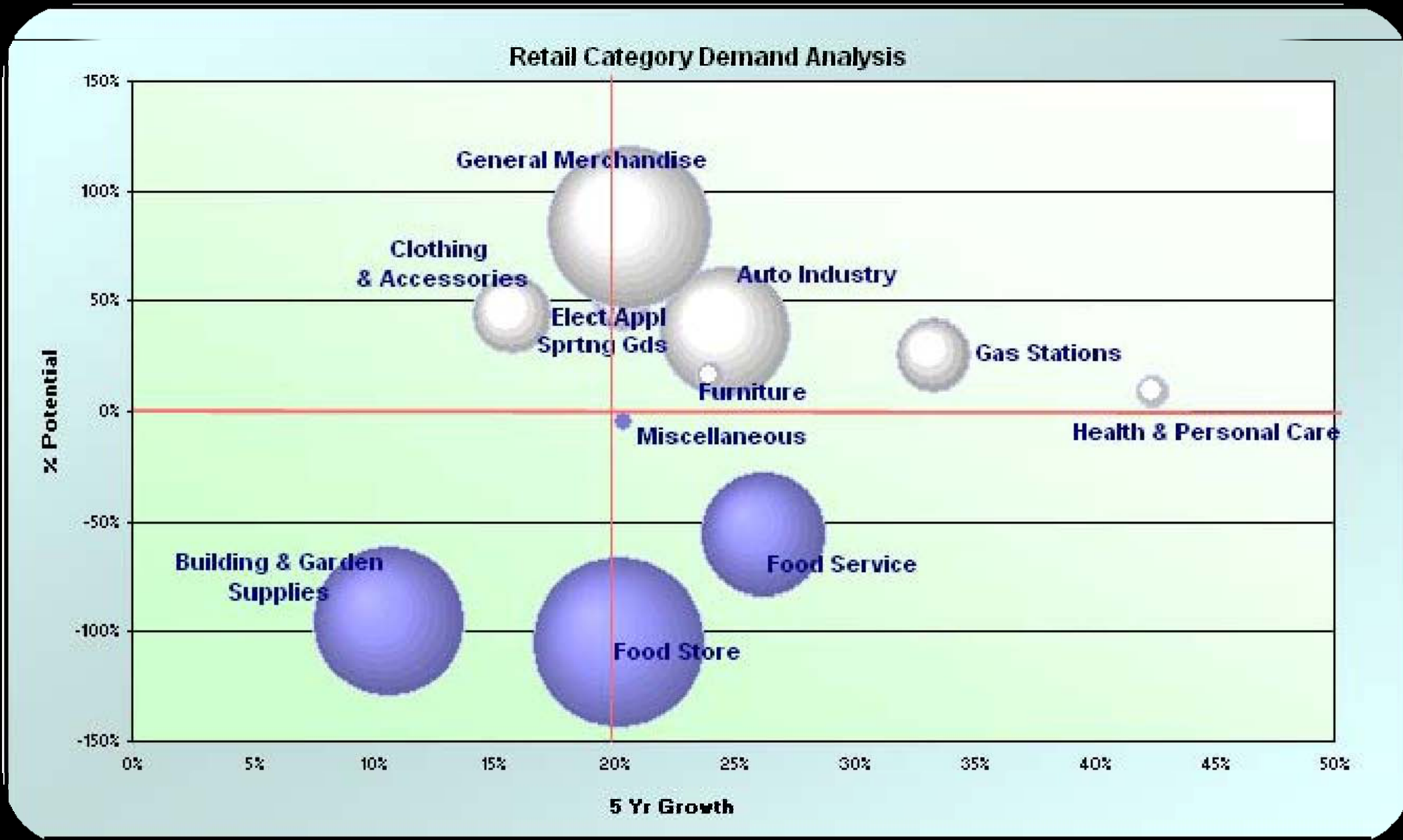
All analysis was completed using categorical SIC codes. Definitions can be found at:

http://www.osha.gov/pls/imis/sicsearch.html

EXAMPLE Definition: 5311 Department Stores, Retail stores generally carrying a general line of apparel, such as suits, coats, dresses, and furnishings; home furnishings, such as furniture, floor coverings, curtains, draperies, linens, and major household appliances; and housewares, such as table and kitchen appliances, dishes, and utensils. These stores must carry men's and women's apparel and either major household appliances or other home furnishings. These and other merchandise lines are normally arranged in separate sections or departments with the accounting on a departmentalized basis. The departments and functions are integrated under a single management. The stores usually provide their own charge accounts, deliver merchandise, and maintain open stocks. These stores normally have 50 employees or more. Establishments which sell a similar range of merchandise with less than 50 employees are classified in Industry 5399. Establishments which do not carry these general lines of merchandise are classified according to their primary activity.

Town of Chapel Hill Retail Sales Potential




Retail Category Demand Analysis
150%
100%
50%
0%
-50%
-100%
-150%
% Potential
0%
5%
10%
15%
20%
25%
30%
35%
40%
45%
50%
5 Yr Growth
General Merchandise
Clothing & Accessories
Elect Appl Sprtng Gds
Auto Industry
Gas Stations
Furniture
Health & Personal Care
Miscellaneous
Food Service
Building & Garden Supplies
Food Store

Overall Retail Sales

$1,085,217,367	Total Available Retail Sales 2009
$1,321,366,909	17.87% Growth (2014)
31.13%	Estimated Current Market Gap *

* Based on market gap of $337,881,446, does not include segments that exceed market potential

Sales per square foot

Average sales per square foot nationally ranges between;

- $100 for locally owned (Under 5 years old)

Up to

- $400 for big box retailers

Based on those figures, let us use a conservative $200 for the general average.

Potential SF Demand for retailers

Retail Type	Opportunity Gap	Square foot to meet demand
Department Stores excluding leased depts.	$46,894,824	234,474
Automotive Dealers	$43,583,370	217,917
Electronic Shopping, Mail-Order Houses	$42,030,051	210,150
Other General Merchandise Stores	$41,862,744	209,314
Warehouse Clubs and Super Stores	$35,504,763	177,524
Clothing Stores	$17,927,371	89,637
Other Gasoline Stations	$11,268,290	56,341
Other Motor Vehicle Dealers	$10,842,221	54,211
Gasoline Stations with Convenience Stores	$8,574,159	42,871
Electronics Stores	$8,307,757	41,539
Home Furnishing Stores	$7,369,209	36,846
Women's Clothing Stores	$6,956,026	34,780
Sporting Goods, Hobby, & Musical Instrument Stores	$6,537,060	32,685
All Other General Merchandise Stores	$6,357,981	31,790

Potential SF Demand for retailers

Retail Type	Opportunity Gap	Square foot to meet demand
Family Clothing Stores	$5,771,894	28,859
Book, Periodical, & Music Stores	$5,339,296	26,696
Automotive Parts, Accessories, & Tire Stores	$4,705,949	23,530
Shoe Stores	$4,505,088	22,525
Drinking Places -Alcoholic Beverages	$3,545,125	17,726
Computer and Software Stores	$2,497,009	12,485
Convenience Stores	$2,403,268	12,016
Pharmacies and Drug Stores	$2,188,672	10,943
Men's Clothing Stores	$2,035,879	10,179
Vending Machine Operators	$2,033,380	10,167
Beer, Wine, & Liquor Stores	$2,032,064	10,160
Other Clothing Stores	$1,441,896	7,209
Optical Goods Stores	$1,388,528	6,943
Cumulative SF	**1,669,519 SF**	
* Based on an average of $200 PSF sales		
Square foot sales range from $100 - $400 nationally		

Conclusions & Observations

- Over-saturated in the restaurant, building materials and grocery store categories.
- Tremendous growth potential in the retail industry in Chapel Hill overall (17% growth in the next 5 years). Conservatively, we have the opportunity for additional retail square feet to capture market share.
- Work to find creative ways to fill market gaps based existing demands.
- We have the ability to determine receptivity of market to retail categories.
- Potential growth in retail sales tax base.
- Need to follow through with a in-depth understanding of the retail market related to our tourism industry.

Questions ?