

**WEST ROUTE 66 SECTOR DEVELOPMENT PLAN
RETAIL OPPORTUNITY SUMMARY**

The following summary is based on the results of a market study completed by Gibbs Planning Group, commissioned in 2010, to analyze the retail and commercial opportunities within the existing West Route 66 Sector Development Plan area (WR66 SDP). During the planning process, a desire to connect the existing WR66 SDP area with the neighborhoods and businesses located immediately east of the river emerged. Consequently, this summary also includes limited market data for this newly added area that will be useful to the planning process. In this summary please notice when information is provided for the existing plan area located west of the bridge, versus the newly added area located east of the bridge.

This study will provide policy guidance for the type of retail development that the Plan should foster. The market study was based on population, consumer expenditure and demographic data; retail gravitational and traffic patterns; and income and employment data of a defined trade area for the existing WR66 SDP. A more limited analysis is included of the newly added plan area east of the bridge. In addition, the study provides an evaluation of most major existing shopping centers and retail concentrations in and surrounding the existing WR66 SDP area.

BOUNDARIES

Existing WR66 SDP Area

The existing WR66 SDP area is characterized as a five-mile strip stretching from the sparse, rural western edge near I-40 to the dense urban eastern edge ending at the bridge on Central Avenue passing over the Rio Grande River. This retail analysis looks at both its primary and secondary trade areas.

Primary Trade Area Boundary of WR66 SDP Area

- Rio Grande River to the east
- Rio Bravo and Dennis Chavez Blvd. to the south
- The western boundary of 114th Street
- Interstate 40 and Fortuna Rd. to the north

Secondary Trade Area Boundary of WR66 SDP Area

- I-25 and Rio Grande Blvd. to the east
- Laguna and Cañoncito Indian Reservations to the west
- Gun Club Rd. to the south
- Montano Road and Double Eagle Airport to the north

Newly Added Plan Area East of the Bridge

This study provides a basic retail analysis of this area based on its primary trade area only.

Primary Trade Area Boundary of Newly Added Area

- I-40 to the north
- Rio Grande River to the west
- Approximately the western edge of the Albuquerque’s downtown business district
- Barelvas Road to the south

FINDINGS

The study finds that a total of 217,900 square feet of additional retail space is currently supportable in the entire study area. Of this amount, 161,700 square feet of additional retail space is currently supportable in the existing WR66 SDP area. This new retail can potentially capture an additional \$38.9 million of expenditure in 2010, growing to \$49.8 million by 2015. In addition, there is 56,200 square feet of additional retail space currently supportable in the newly added plan area east of the bridge.

Commercial/Retail: Current and Future Demand		
	2010	2015
Additional Supportable Retail in square feet (WR66 SDP Area)	161,700	185,800
Additional Revenue	\$38.9M	\$49.8 M
Additional Supportable Retail in square feet (Newly Added Area)	56,200	
Total Supportable Retail Space in square feet	217,900	

The following table lists the current supportable retail and potential tenants by type for both the WR66 SDP area and the newly added area. The entire study area has a total demand for 217,900 square feet of additional retail in 2010.

2010 Supportable Retail by Type		
	WR66 SDP area (sf)	Area East of the Bridge (sf)
Department and Discount Department Stores	66,500	30,000
Electronics, Appliances & Computer retail	16,300	5,000
Food & Restaurant	15,300	
Sporting Goods, Hobby, Books and Music	12,900	1,200
Health Care & Personal Services	12,200	
Apparel, Shoes, and Accessories	11,700	1,200
Hardware, Lawn and Garden Stores	11,300	2,000
Miscellaneous Retail	7,700	NA
Home Furnishings	6,200	6,800
Food and Beverage Stores	1,600	NA
Grocery Stores	NA	10,000
TOTAL	161,700	56,200

Note: The 2010 potential retail of the entire study area is 217,900 square feet. This quantity can be compared to square footage at the Albuquerque Uptown "Lifestyle" Center having 220,000 square feet of retail development.

The following table provides demographic and economic data mostly for the WR66 SDP area. Some limited data is provided at this time for the newly added area east of the bridge. Unless noted as the "Newly Added Area", the data presented below is in regards to the primary trade area of the WR66 SDP boundary. When data for the Primary Trade Area of the section east of the bridge is provided, this is indicated within the table.

PRIMARY TRADE AREAS - Current and Future Demographic Data		
	2010	2015
People:		
Population		
WR66	98,575	112,501
Newly Added Area	10,160	
% Hispanic Ethnicity	80.7% (state: 45.3%)	81.6%
Median age	29.6 (state median: 35.7)	
Jobs:		
Employed	36,016	
Employees/jobs in trade area	13,121	
Income:		
Per Capita Income		\$19,348
WR66	\$17,792	
Newly Added Area	\$22,250	
% hh w/incomes greater \$75,000	20.9% (state: 24.2%)	23.9%
Families		
Households		
WR66	32,661	37,538
Newly Added Area	4,840	
Average Household Size	3.01	2.99
Average Household income	\$53,614	57,910
Median Household income	\$45,790 (state median: \$44,427)	53,144
Owner occupied households	68.7%	68.2%

Note: 1) The data pertains mostly to the primary trade area of the WR66 SDP area. In limited instances, information is also provided for the newly added portion of the study area east of the Rio Grande River. 2) The annual population growth rate is projected to be 2.68% between 2010 and 2015 for the primary trade area of WR66 SDP area.

ADDITIONAL KEY FINDINGS

1. The strongest direct competition to the WR66 SDP area is the community and neighborhood concentrations found along Coors, Blvd., just north of the junction with I-40, reaching past Ladera Drive, and located within both its primary and secondary trade area. But the convenience of a single-site development, like Unser Crossing, will attract retailers currently situated in the community retail cluster on Coors Blvd.
2. The majority of employed residents of the study area have increased commute times to employment centers outside of the WR66 SDP primary trade area. Possibly as many as 64% of the employed living in this primary trade area commute to places of employment outside of its boundaries.
3. Employment in the WR66 SDP primary trade area favors the Construction, Transportation, and Retail Trade sectors, while being weak in Government, Service and Finance, Insurance & Real Estate categories.
4. New commercial development has been concentrated along the western half of the WR66 SDP area, supported by the housing expansion on Albuquerque's southwest mesa just to the south. The eastern portion of the WR66 SDP area is characterized by older retail and service businesses, and supported by the urban neighborhoods, which are contiguous to it.
5. The older discount-oriented strip centers create a perceptual barrier dissuading consumers in the more affluent areas of central Albuquerque from traveling up the hill to the western half. Residents and workers living east of the river will likely patronize the WR66 SDP area on a business-by-business basis.
6. The Unser Crossing project at Unser/Central is currently a 600,000 square foot community activity center, including roads, street lighting, water detention basins, and sewer water hookups, but has no vertical construction, and advertises no pre-leased tenants.
7. The Albuquerque's southwest mesa is primed for strong residential growth leading to the WR66 SDP primary trade area's expansion southward.
8. Regional linkage to the WR66 SDP area is excellent, with multiple interchanges (Coors Blvd., Unser Blvd., 98th St., Nolasco Rd., Paseo del Volcan and Central Ave.) along Interstate 40.

RATIONALE

The rationale for the findings in this study follows:

1. **Strong demographic growth:** Although average and median household incomes are modest, the annual growth rate of 2.68 percent equates into a total growth rate of 14.1 percent. Regardless of disposable income levels, the growing base of households in the primary study area needs daily goods.
2. **Existing retail infrastructure development:** The suddenness of the 2008 housing crisis and the 2009 financial crisis stopped residential and retail development in its tracks in the West Central District. This study area can fill first generation tenant space overnight at the neighborhood retail centers on Unser Boulevard and Central Avenue, or begin construction of warehouse retailers without the delay of acquisition, approval, demolition, and infrastructure development.
3. **Single site critical mass development:** The West Central District's potential availability of a large, single site development, such as Unser Crossing, if built by an experienced shopping center developer, will likely attract new retailers to the market. In addition, existing retailers presently located along Coors Boulevard seeking to expand may consider relocating into new or infill West Central District shopping centers.
4. **Access to Surrounding Neighborhoods:** Although the West Central District is not located directly along Interstate 40, its convenience to surrounding neighborhoods will appeal to numerous modern retailers.
5. **Impacts on Other Business Districts:** The implementation of new shopping centers and the opening of new types of retailers that are not presently located in the West Central District area will capture projected population growth and household spending that is presently occurring elsewhere in the region, or not at all. This shift in consumer habits will impact existing retailers to various levels, depending on how they respond to the opening of new businesses.

In some cases, retailers will expand promotions, as well as their goods and services in response to new competition, resulting in an overall net gain in sales. Others may lose market share and close. Often, the new shopping centers and retailers tap into an unmet consumer market that does not impact the region's overall sales. This study forecasts that for the most part, the supportable 161,700 square feet of new retail will result in a net gain of up to \$38.9 million in restaurant and retail sales. This is not to warrant that some existing business will not experience a net loss in sales.