

MEMORANDUM

To: City of Fort Collins, Planning
From: Economic & Planning Systems
Subject: Peakview Annexation Retail Market Study; EPS #233161
Date: March 21, 2024

Project Overview and Approach

The City of Fort Collins has received an annexation request for a large parcel on the north side of Mulberry Street at Greenfield Court intersection in northeast Fort Collins. The proposed Peakview project is planned to include a mixture of residential, industrial, and commercial uses. The southern portion of the property that fronts Mulberry Street is designated for neighborhood commercial in the existing Mulberry Corridor Plan and neighborhood mixed-use on the CityPlan Structure Map. The neighborhood commercial (NC) designation is intended to allow for a grocery anchored shopping center.

The Peakview developer does not wish to be limited to having to develop a project that includes a grocery store as they are concerned about how long it will take for demand to be sufficient for a store. The developer wishes that the NC designation be changed to allow for greater flexibility of commercial and multifamily residential uses.

To support the consideration of the annexation request, the City of Fort Collins and developer are seeking a study to assess the demand and viability for retail development at this location including demand for a grocery anchored retail center. The specific questions explored are as follows:

- What is the overall demand for retail space at this location and what types of retail are most likely to be attracted?
- Is there sufficient demand (now and within a 20-year forecast period) to support a grocery store at this location?
- What attributes of the site are supportive of or detrimental to a grocery or other anchored commercial center at this site?
- What site and design perimeters are needed to support a store at this location and how does the current NC zoning support those parameters?

The Economics of Land Use



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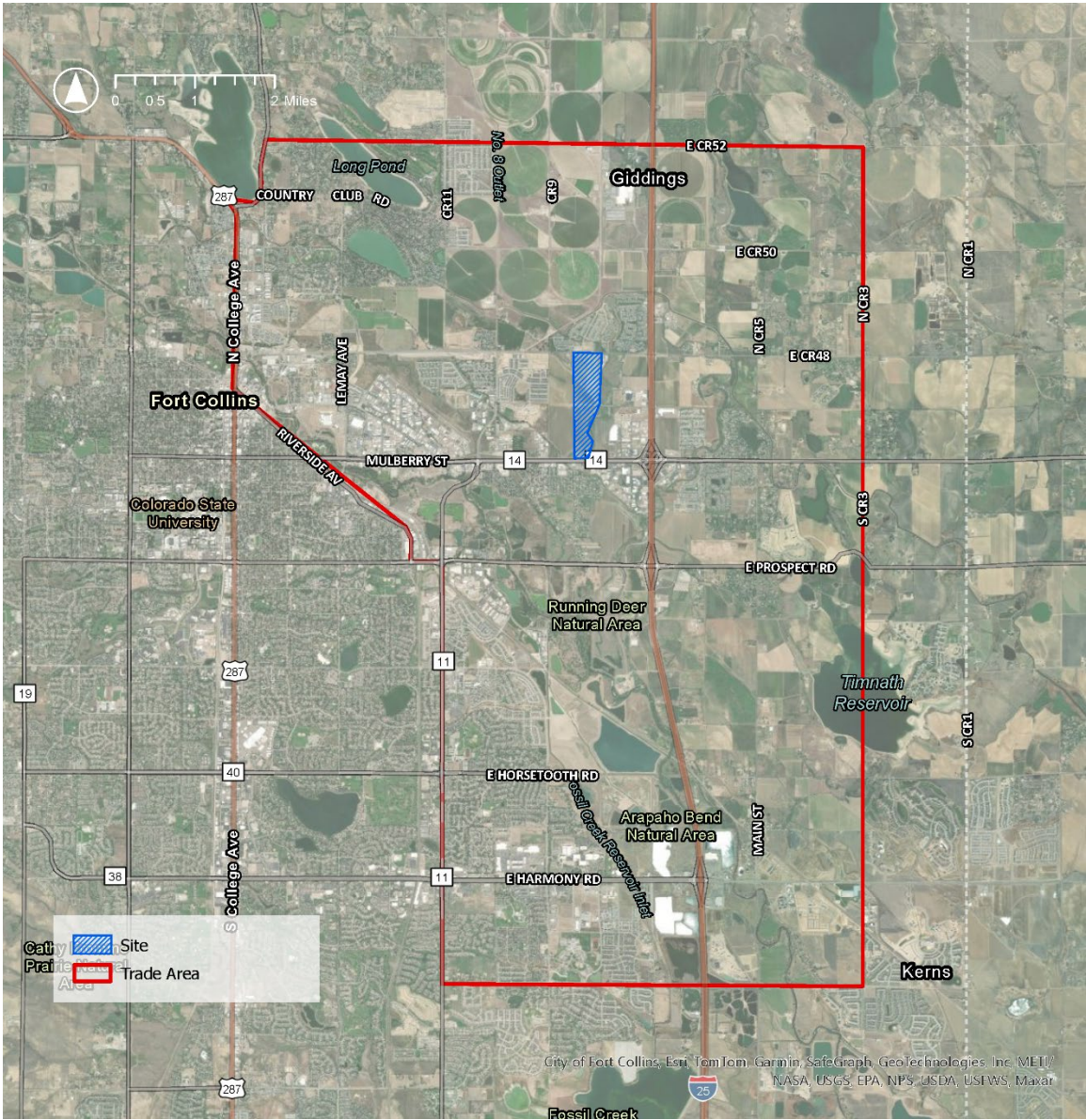
The retail demand at the Peakview site is estimated based on demand for retail spending from residents in the area both now and those forecasted in the 5-, 10-, and 15-year time frame. The estimated demand is then compared to the existing supply of retail stores in the area to determine potential gaps in demand. Specific grocery and other food store categories are assessed in more detail to understand the potential for a store in these categories that can serve as an anchor retailer that drives visitation that supports ancillary retail. Lastly, the specific site identified for retail uses is evaluated to understand its potential assets and constraints to development.

Trade Area Conditions and Trends

The primary trade area for the Peakview site is based on a typical trade area for a neighborhood shopping center anchored by a grocery store. The trade area represents the area that contains the residents that account for the majority of sales made at the stores in the center. A grocery store trade area typically has a radius of 2 to 3 miles depending on the size of the store, location, and the density of development the area.

The trade area is shown in **Figure 1**. Given the proximity and access of the site to I-25, the trade area has a more north/south orientation. The interstate increases the potential access for the site. The largely undeveloped nature of the eastern side of the trade area also lends itself to a more western orientation. The trade area is bounded by approximately Larimer County Road 52 on the north, County Road 3 on the east, Kechter Road on the south, and Timberline Road, Riverside Avenue, and North College Avenue on the north.

Figure 1 Peakview Primary Trade Area



Demographic Conditions

The trade area has a 2023 population of 48,484 residents living in 18,572 households, as shown in **Table 1**. The trade area population is growing at a faster rate (3.5 percent annually) than the City of Fort Collins and Larimer County. The trade area has grown by 546 households per year since 2010, which is 63 percent of the total household growth in the City of Fort Collins.

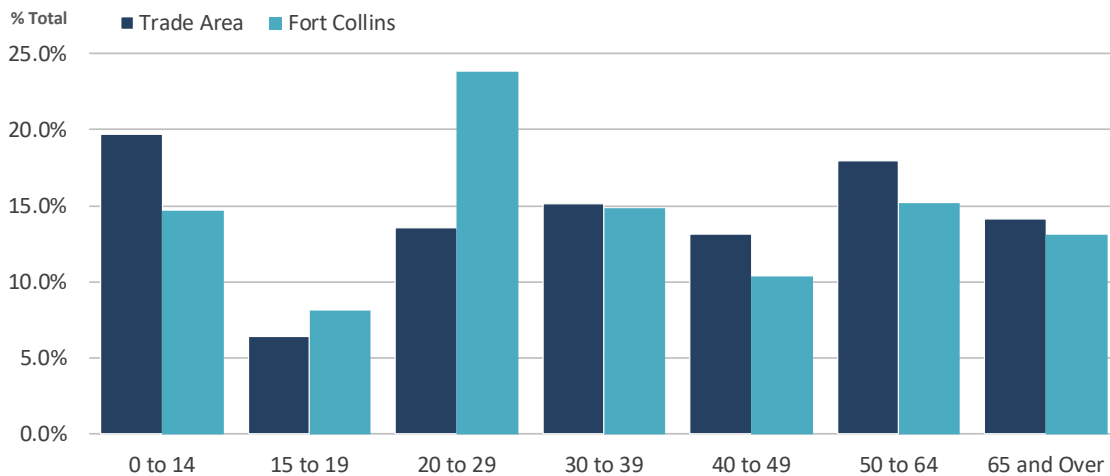
Table 1 Trade Area Population and Households, 2000 to 2023

Description	2000	2010	2023	2000-2010			2010-2023		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Population									
Trade Area	20,350	30,965	48,484	10,615	1,062	4.3%	17,519	1,348	3.5%
Fort Collins	124,377	145,456	172,250	21,079	2,108	1.6%	26,794	2,061	1.3%
Larimer County	251,494	299,630	375,558	48,136	4,814	1.8%	75,928	5,841	1.8%
Households									
Trade Area	7,357	11,472	18,572	4,115	412	4.5%	7,100	546	3.8%
Fort Collins	48,005	58,457	69,662	10,452	1,045	2.0%	11,205	862	1.4%
Larimer County	97,164	120,295	152,401	23,131	2,313	2.2%	32,106	2,470	1.8%

Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

The trade area population has a greater share of residents that are older than 40 years old, as shown in **Table 2**. The trade area also has a greater presence of children (younger than 15 years old).

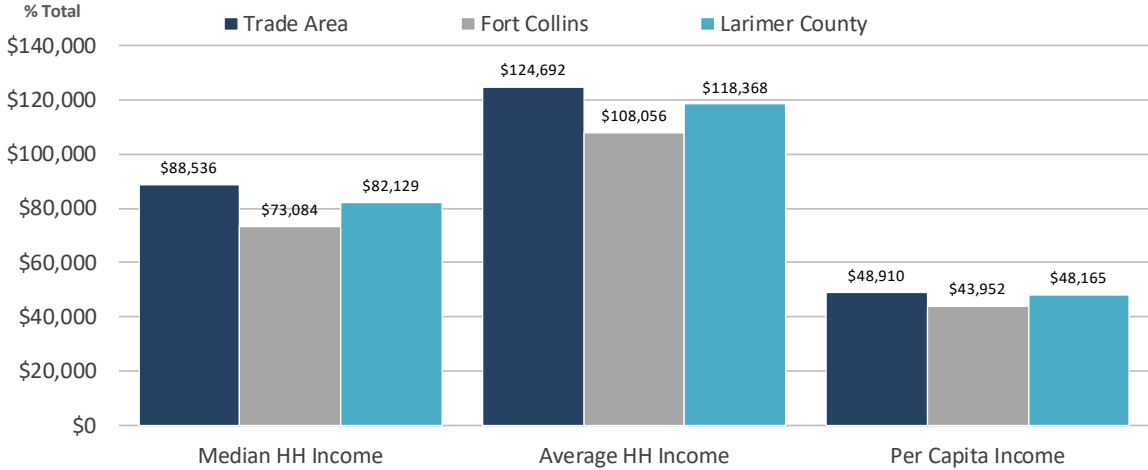
Table 2 Trade Area Population by Age, 2023



Source: Esri Business Analyst; U.S. Census; Economic & Planning Systems

The average household income of the trade area is \$124,692, which is higher than both the city and county, as shown in **Table 3**.

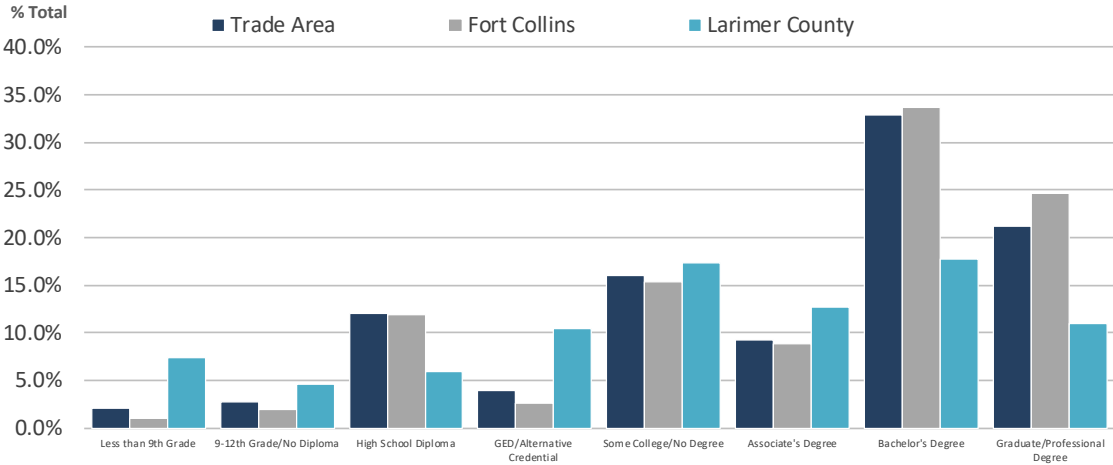
Table 3 Trade Area Household Income, 2023



Source: Esri BusinessAnalyst; U.S. Census; Economic & Planning Systems

The educational attainment of residents of the trade area over the age of 25 is similar to that of the city as a whole. Relative to the county and state, residents of the trade area and city are highly educated.

Table 4 Trade Area Educational Attainment, 2023

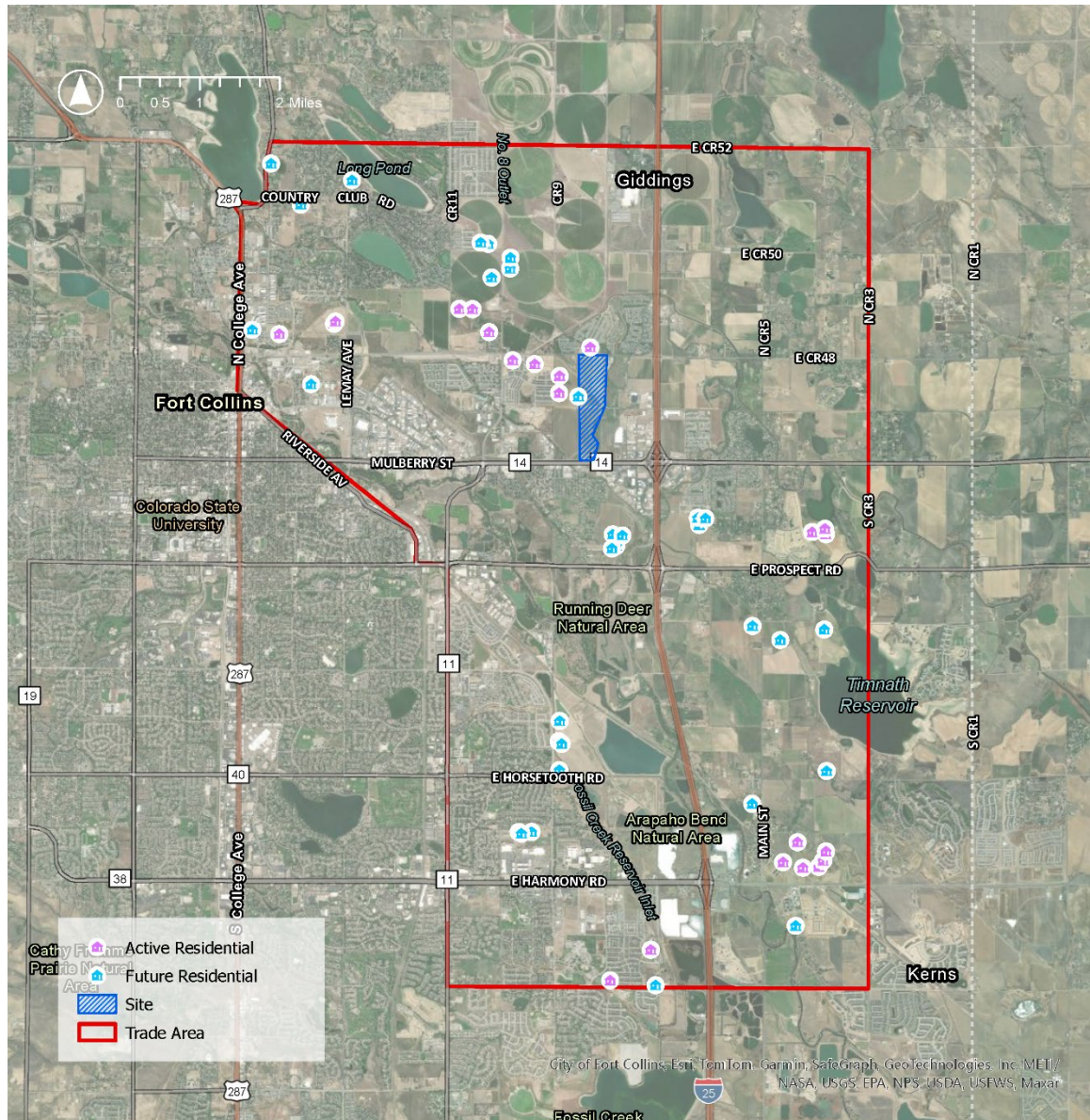


Source: Esri BusinessAnalyst; U.S. Census; Economic & Planning Systems

Development Trends

The active and proposed residential development projects in the trade area are shown in **Figure 2**. The area to the north and east of the Peakview site has a several active and future development projects that will generate new housing in the trade area. The other areas with active projects are largely east of I-25 in the Town of Timnath. There are, however, several future projects planned/proposed in the Fort Collins portion of the trade area.

Figure 2 Trade Area Active and Proposed Residential Projects



The number of for-sale housing starts that occurred in the trade area from 2010 to 2023 are shown in **Table 5**. The trade area ranged between 173 to 609 annual for-sale housing starts, with an average of 380 starts per year. The trade area has accounted for between 11 and 31 percent of countywide housing starts. The inventory of vacant developed lots (lots that are ready for development but have not attracted a housing unit) has grown to nearly 1,000 lots in the last two years.

Table 5 Trade Area For-Sale Housing Starts, 2010 to 2023

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2010-2023	
															Total	Ann. #
Trade Area																
Starts	173	206	301	547	458	282	319	345	191	335	409	609	368	399	4,942	380
% of County	31%	25%	23%	31%	27%	16%	17%	16%	11%	21%	18%	25%	20%	29%		
Closings	171	199	244	512	459	298	280	324	295	242	389	467	454	322	4,656	358
Vacant Developed Lots	1,239	1,042	889	987	587	460	337	467	439	565	610	422	1,090	958	10,092	776
Future Lots	2,634	2,982	3,023	2,881	2,856	3,425	4,232	9,971	10,374	7,185	10,346	10,518	9,714	9,558	89,699	6,900
Larimer County																
Starts	564	826	1,333	1,765	1,706	1,735	1,920	2,139	1,735	1,619	2,321	2,404	1,879	1,369	23,315	1,793
Closings	633	779	1,214	1,644	1,521	1,539	1,848	2,064	1,789	1,655	2,090	2,355	1,950	1,539	22,620	1,740
Vacant Developed Lots	6,006	5,308	4,441	3,984	3,847	3,289	3,041	2,804	3,116	3,737	3,051	2,952	3,854	3,541	52,971	4,075
Future Lots	18,666	20,147	21,032	21,004	20,013	20,958	23,931	30,112	30,716	30,870	34,062	34,266	35,329	36,122	377,228	29,018

Source: Zonda; Economic & Planning Systems

Future housing projects in the trade area are shown in **Table 6**. The trade area has 38 future housing projects that are planned for 9,813 housing units. Roughly half of the units are planned to be single family homes, with the Montava project north of the project site accounting for over 1,600 single family units and an additional 710 attached units.

Table 6 Trade Area Planned/Proposed Housing Projects

Project	Total
Attached/Multifamily	
Fort Collins Habitat - Hartford - Odell (Condo)	140
Montava / (TH)	710
Ziegler & Corbett / Landmark (Live-Work)	8
Ziegler & Corbett / Landmark (Condo)	120
Strauss Lakes / (Condo)	228
Bloom / (Condo)	152
Gateway at Prospect / (Condo)	355
Mountain Vista / (DU)	149
Strauss Lakes / (DU)	144
Gateway at Prospect / (DU)	122
Old Town North / Jerome St Station (TH)	66
Mountain Vista / (TH)	248
Ziegler & Corbett / Landmark (TH)	32
Strauss Lakes / (TH)	611
Gateway at Prospect / (TH)	254
Prospect Ridge-LR / (TH)	104
Macy (TH)	<u>60</u>
Total	3,503
Single Family	
Bruso Subdivision	15
Urban Meadow Estates	15
Gregory Cove	12
Montava	1627
Mountain Vista	688
Strauss Lakes / Carriage	127
Gateway at Prospect	33
4000 Kechter	8
Prospect Ridge	16
Prospect Ridge / Estates	16
Fisher Farm	747
Allison Estates	49
Riverbend	682
Timnath Shores	183
Whitewing at Timnath Manor	<u>40</u>
Total	4,258
Multifamily	
Bloom MF	773
Ziegler & Corbett MF	457
Watermark at Fort Collins	296
TBD Vine	24
Rendezvous Trail Apartments	180
Trailside on Harmony	<u>322</u>
Total	2052
Overall Total 9,813	

Source: Zonda; Economic & Planning Systems

The planned/proposed commercial projects in the trade area are shown in **Table 7**. In total, there are over 350,000 square feet of development planned. There is only 32,950 square feet of retail space proposed or under construction in the trade area.

Table 7 Trade Area Planned/Proposed Commercial Projects

Property	Status	RBA	# of Rooms	Est. Yr Built
Industrial				
<u>NEC I-25 & Prospect Rd</u>	Proposed	<u>272,670</u>		---
Total		272,670		
Hospitality				
Hawthorn Suites by Wyndham Timnath	Final Planning	22,500	45	2025
<u>La Quinta Inns & Suites Fort Collins</u>	Proposed	<u>25,000</u>	<u>80</u>	2025
Total		47,500	125	
Multifamily				
Bloom Multifamily	Proposed	---	773	---
Watermark at Fort Collins	Proposed	413,820	296	2025
TBD Vine	Proposed	25,920	24	---
Rendezvous Trail Apartments	Under Construction	180,000	180	2024
<u>Traisideon on Harmony</u>	Under Construction	<u>100,000</u>	<u>322</u>	2024
Total		719,740	1,595	
Retail				
Nwc International Boulevard & Timberline Rd	Proposed	2,500		2024
3 Bristlecone Dr	Proposed	20,000		2024
944 Jerome St	Under Construction	3,950		2024
<u>2670 Illinois Dr</u>	Proposed	<u>6,500</u>		2025
Total		32,950		
Overall Total		353,120	125	

Source: CoStar; Economic & Planning Systems

Estimated Housing Demand

The trade area has been growing by just over 600 housing units per year since 2010. EPS believes this rate of growth is likely to continue over the next 15+ years. There are an estimated 10,938 housing units in the development pipeline, as shown in X. This represents an 18-year supply of housing that is under construction, planned, or proposed in the trade area. Based on recent trends and the development pipeline, EPS estimates that the trade area will growth by 9,000 housing units over the next 15 years, which is a rate of 600 units per year.

Table 8 Trade Area Residential Development Pipeline

Description	Short-Term	Medium-Term	Long-Term	Total
Housing Units				
Single Family	660	1,668	4,258	6,586
Attached/Multifamily For-Sale	569	118	3,503	4,190
Multifamily For-Rent	<u>502</u>	<u>0</u>	<u>320</u>	<u>822</u>
Total	1,071	1,786	8,081	10,938

	Annual New Units (2010-2023)	Years of Supply			
Annual New Housing Units	612	2	3	13	18
Annual For-Sale Starts	380	3	5	20	28
Annual Multifamily Units	206	2	0	2	4

Source: Economic & Planning Systems

Retail Supply Analysis

Retail Trends

The trade area has an inventory of 3.2 million square feet of retail space, which accounts for 27 percent of the citywide inventory. The retail inventory increased by 640,178 square feet from 2010 to 2023, which was an average of 49,244 square feet per year, as shown in **Table 9**. The trade area grew by more space than the City of Fort Collins as the Town of Timnath captured a significant amount of the new retail space with Costco completed in 2014 and Floor & Décor in 2023 at I-25 and Harmony Road.

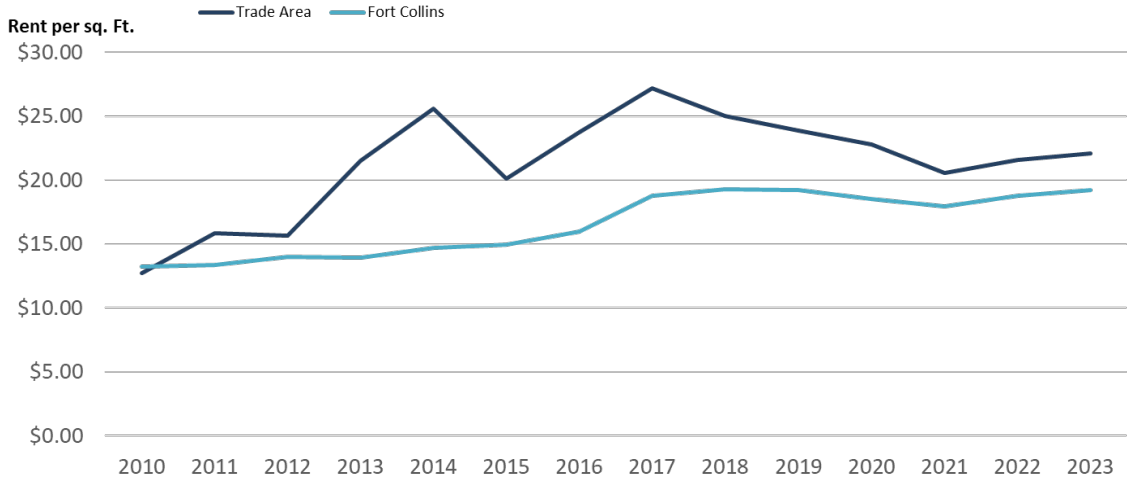
Table 9 Trade Area Retail Inventory, 2010 to 2023

Inventory (sq. ft.)	2010	2015	2023	2010-2015			2010-2023		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Trade Area	2,606,248	3,028,120	3,246,426	421,872	84,374	3.0%	640,178	49,244	1.7%
Fort Collins	11,482,550	11,813,896	11,843,898	331,346	66,269	0.6%	361,348	27,796	0.2%

Source: CoStar; Economic & Planning Systems

The average rental rate for retail space in the trade area increased from \$12.50 per square foot in 2010 to \$22 per square foot in 2023. The rate is greater than the average rate for the city, as shown in **Figure 3**.

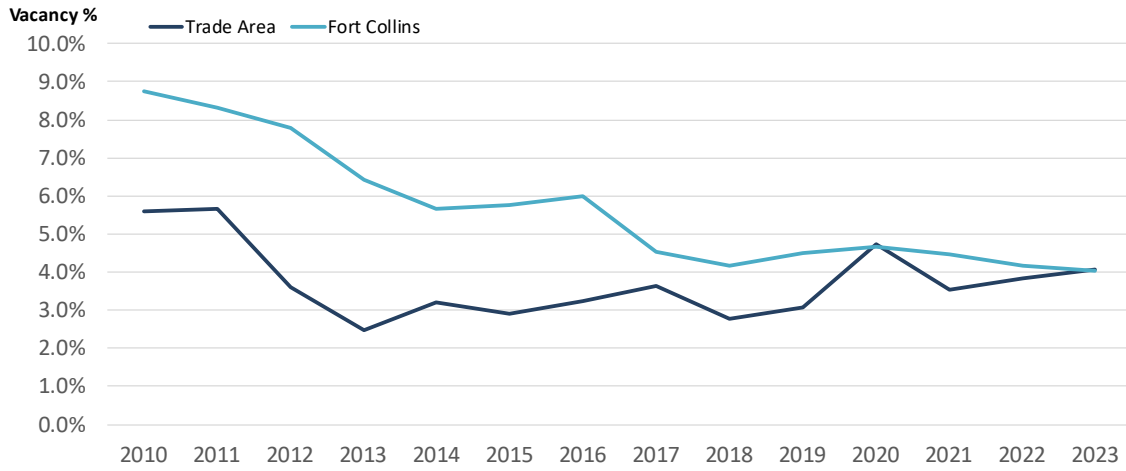
Figure 3 Trade Area Retail Rental Rates, 2010 to 2023



Source: CoStar; Economic & Planning Systems

The average vacancy rate for retail space in the trade area has decreased since 2010 to 4 percent, which is an indication of demand. The vacancy rate in the city is the same but has decreased by more since 2010.

Figure 4 Trade Area Retail Vacancy Rate, 2010 to 2023



Grocery Store Inventory

The potential competitive grocery store trade areas (3 mile radius) that overlap with the trade area for the Peakview site were identified. There are 16 competitive stores that were identified, as shown in **Table 10** and **Figure 5**. Three of the stores are located within the trade area. There are also five supercenters/warehouse clubs that are competitive to a store at the Peakview site, and all but one is in the trade area.

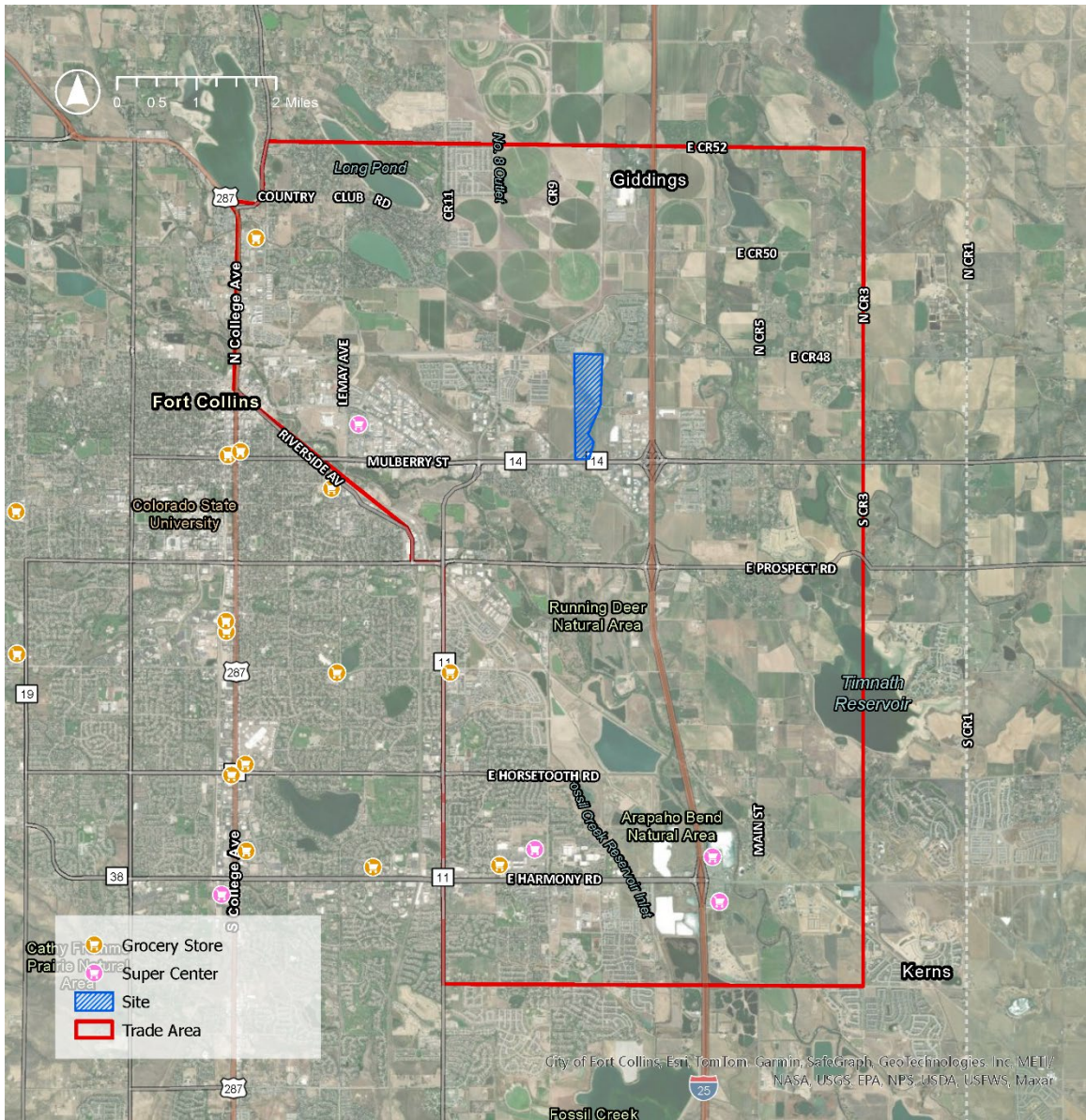
Most of the retailers selling groceries in the trade area are in south Fort Collins or Timnath along Harmony Road. The Harmony and I-25 interchange is well suited for more regionally oriented stores such as Walmart and Costco. Also, a significant amount of housing development has been occurring in the area in south Fort Collins, Timnath, and Windsor. However, these areas have started to become more fully developed and market opportunities for new housing, especially in Fort Collins, have shifted to the north. The needed new housing units to support retail demand, however, have not reached significant size to spur new retail yet.

Table 10 Trade Area Competitive Grocery and Supercenter Stores

Property	Address	Year Built	Store Size (sf)
Grocery Stores			
Cedarwood Plaza (King Soopers)	1015 S Taft Hill Rd	2010	67,848
King Soopers	1842 N College Ave	2011	112,289
King Soopers	2602 S Timberline Rd	2005	67,784
King Soopers	2325 S College Ave	1999	61,000
King Soopers	4503 John F Kennedy Pkwy	2003	66,662
Lucky's Market	425 S College Ave	2018	25,850
Natural Grocers	4318 S College Ave	---	8,750
Target Grocery	460 S College Ave	2014	25,850
Safeway	731 S Lemay Ave	2016	42,699
Safeway	2160 W Drake Rd	1983	54,574
Safeway	1426 E Harmony Rd	1997	52,462
Safeway	3657 S College Ave	1981	40,000
Sprouts	2601 S Lemay Ave	---	49,087
Sprouts	4345 Corbett Dr	2008	24,288
Trader Joe's	3500 S College Ave	2015	12,000
Whole Foods	2201 S College Ave	2004	71,244
Average		2005	48,899
Super Centers/Warehouse Clubs			
Costco (Timnath)	4705 Weitzel St	2014	157,686
Wal-Mart	4625 S Mason St	2013	83,977
Wal-Mart	4500 Weitzel St	2008	191,538
Wal-Mart (Timnath)	1250 E Magnolia St	2011	211,255
Super Target	2936 Council Tree Ave	2008	175,631
Average		2011	164,017

Source: CoStar; Economic & Planning Systems

Figure 5 Trade Area Competitive Grocery and Supercenter Stores



Retail Demand Analysis

This section of the report provides an estimate of the retail demand within the trade area by store category. EPS quantified existing sales flows including the number of sales captured by existing trade area stores by category and the amount of unmet sales potential represented by outflow or retail leakage. Additional retail sale demand associated with new housing development is also estimated for 5-, 10-, and 15-year forecast periods through 2043. The amount of additional retail space by store category supportable in the trade area is then estimated based on average sales per store and per square foot. The potential demand for a grocery store on the Peakview site is then analyzed.

Retail Expenditure Potential and Sales Flow

Expenditure Potential

The expenditure potential for retail sales from trade area residents was estimated to establish an understanding of current and future demand for retail at the Peakview site. To estimate this expenditure potential, the average household income of residents in the trade area is multiplied by the number households. Trade area households have a total personal income (TPI) of \$2.3 billion, as shown in **Table 11**. The trade area is estimated to grow by 9,000 households between 2023 and 2038. This will increase the TPI for the trade area by \$1.1 billion as shown.

Table 11 Trade Area Total Personal Income

Description	2023	2028	2033	2038	2023-2038
					Total
Trade Area					
Households	18,572	21,572	24,572	27,572	9,000
Avg. Household Income	\$124,692	\$124,692	\$124,692	\$124,692	\$124,692
Total Personal Income	\$2,315,779,824	\$2,689,855,824	\$3,063,931,824	\$3,438,007,824	\$1,122,228,000

Source: US Census; ESRI; Economic & Planning Systems

Total personal income is used to estimate the expenditure potential for retail sales by store category. The average Colorado household spends 36.6 percent of their income on retail sales (based on U.S. Census of Retail Trade data).

Retail Store Categories

- Convenience Goods – This category includes grocery stores, supermarkets, convenience stores, as well as beer, wine, and liquor stores, drug stores, and other specialty food stores.
- Shoppers’ Goods – This category includes department stores, other general merchandise, apparel, furniture, appliance, and specialty goods stores such as music, electronics, books, jewelry and gift stores.

- Eating and Drinking Establishments – This category covers restaurants including conventional sit-down and fast food, bars, brewpubs, and the like.
- Building Materials/Nurseries – This category is made up of stores selling hardware, plants and garden supplies, and other retail items related to home improvement.

The retail expenditure potential for the trade area is estimated at \$847 million in 2023 and to grow by \$410 million by 2038, as shown in **Table 12**. The expenditure potential for grocery sales is estimated to increase by \$81.7 million.

Table 12 Trade Area Retail Expenditure Potential, 2023 to 2038

Store Type	Retail Sales % TPI (2017)	2023 (\$000s)	2028 (\$000s)	2033 (\$000s)	2038 (\$000s)	2023-2038 (\$000s)
Total Personal Income (TPI)	100%	\$2,315,780	\$2,689,856	\$3,063,932	\$3,438,008	\$1,122,228
Convenience Goods						
Supermarkets and Other Grocery Stores	7.3%	\$168,521	\$195,743	\$222,965	\$250,187	\$81,666
Convenience Stores (incl. Gas Stations)	2.9%	\$68,031	\$79,020	\$90,009	\$100,999	\$32,968
Beer, Wine, & Liquor Stores	1.3%	\$31,123	\$36,150	\$41,177	\$46,204	\$15,082
Health and Personal Care	1.7%	\$40,136	\$46,619	\$53,102	\$59,586	\$19,450
Total Convenience Goods	13.3%	\$307,811	\$357,532	\$407,254	\$456,976	\$149,165
Shopper's Goods						
General Merchandise						
Department Stores	0.5%	\$11,757	\$13,657	\$15,556	\$17,455	\$5,698
Warehouse Clubs & Supercenters	5.7%	\$132,218	\$153,576	\$174,933	\$196,291	\$64,073
Subtotal	6.2%	\$143,975	\$167,232	\$190,489	\$213,746	\$69,771
Other Shopper's Goods						
Clothing & Accessories	2.0%	\$45,605	\$52,972	\$60,338	\$67,705	\$22,100
Furniture & Home Furnishings	1.3%	\$29,061	\$33,755	\$38,449	\$43,143	\$14,083
Electronics & Appliances	1.0%	\$22,309	\$25,912	\$29,516	\$33,120	\$10,811
Sporting Goods, Hobby, Book, & Music Stores	1.1%	\$26,317	\$30,568	\$34,819	\$39,070	\$12,753
Miscellaneous Retail	1.6%	\$36,163	\$42,004	\$47,845	\$53,687	\$17,524
Subtotal	6.9%	\$159,454	\$185,211	\$210,968	\$236,725	\$77,271
Total Shopper's Goods	13.1%	\$303,429	\$352,443	\$401,457	\$450,471	\$147,042
Eating and Drinking	6.8%	\$156,481	\$181,758	\$207,035	\$232,312	\$75,831
Building Material & Garden	3.4%	\$79,284	\$92,091	\$104,899	\$117,706	\$38,421
Total Retail Goods	36.6%	\$847,006	\$983,825	\$1,120,645	\$1,257,465	\$410,459

Source: 2017 Census of Retail Trade; Economic & Planning Systems

Sales Flow

A retail sales flow model was created to estimate what portion of retail sales made in the trade area are from residents of the trade area and to determine how much of the trade area resident spending occurs at stores outside of the trade area. The actual retail sales that occurred (according to estimates provided by Claritas Spotlight) in the trade area are compared to expenditure potential from trade area residents by store category.

EPS estimates that the stores in the trade area capture two-thirds of the retail expenditure potential from trade area residents, as shown in **Table 13**. In total, the retail stores in the trade area serve the demand from trade area residents, however there is leakage of sales in certain store categories. An assessment of demand versus supply per store category is provided below.

- Convenience Goods – Stores in this category have the highest rate of capture of expenditure potential from trade area residents. Supermarkets and grocery stores in the trade area generate \$154 million in store sales and the expenditure potential in the trade area is only slightly higher at \$169 million. There is a portion of grocery store expenditure potential that is estimated to be spent outside the trade area, which is discussed below. The other store categories are well represented with store options and there is not significant unmet demand.
- General Merchandise – The trade area has multiple warehouse clubs and supercenters including two Super Walmarts, a Costco, and a Super Target. Trade area residents spend most of their expenditure potential for this category at these stores. EPS estimates that trade area residents account for 31 percent of sales in the store category. There is not a significant amount of unmet demand in this store category.
- Other Shoppers’ Goods – Store sales in this category exceed the expenditure potential from trade area residents. Stores in this category are most often found in regional retail locations/centers such as malls and power centers. There is a limited presence of these store types in the trade area and there is unlikely sufficient demand to attract larger retailers in this category. As a result, a large portion of trade area residents’ sales in this category will occur outside of the trade area at stores at centers such as Foothills Mall Front Range Village and the Streets at Centerra.
- Eating and Drinking – The expenditure potential from trade area residents exceeds sales in this store category indicating unmet demand.
- Building Materials and Garden – The presence of the Home Depot in the trade area and other stores in this category along Mulberry Road means that the trade area is well supported in this category and there is not significant unmet demand.

Table 13 Trade Area Retail Sales Flow

Store Type	2023 Retail Sales (\$000s)	Trade Area 2022				Estimated TA Leakage (\$000s)
		Exp. Potential (\$000s)	Trade Area Capture %	Est. Sales in TA (\$000s)	% of Sales in TA	
Total Personal Income (TPI)		\$2,315,780				
Convenience Goods						
Supermarkets	\$154,135	\$168,521	75%	\$126,391	82%	\$42,130
Convenience Stores (incl. Gas Stations)	\$59,115	\$68,031	85%	\$57,826	98%	\$10,205
Specialty Food and Beer, Wine, & Liquor Stores	\$37,406	\$31,123	80%	\$24,898	67%	\$6,225
Health and Personal Care	\$33,494	\$40,136	80%	\$32,109	96%	\$8,027
Total Convenience Goods	\$284,150	\$307,811		\$241,224	85%	\$66,587
Shopper's Goods						
General Merchandise						
Department Stores	\$15,883	\$11,757	75%	\$8,818	56%	\$2,939
Warehouse Clubs & Supercenters, other GM	\$355,000	\$132,218	80%	\$105,774	30%	\$26,444
Subtotal	\$370,883	\$143,975		\$114,592	31%	\$29,383
Other Shopper's Goods						
Clothing & Accessories	\$44,652	\$45,605	50%	\$22,802	51%	\$22,802
Furniture & Home Furnishings	\$46,886	\$29,061	50%	\$14,530	31%	\$14,530
Electronics & Appliances	\$22,840	\$22,309	50%	\$11,154	49%	\$11,154
Sporting Goods, Hobby, Book, & Music Stores	\$40,419	\$26,317	50%	\$13,158	33%	\$13,158
Miscellaneous Retail	\$45,120	\$36,163	50%	\$18,081	40%	\$18,081
Subtotal	\$199,918	\$159,454		\$79,727	40%	\$79,727
Total Shopper's Goods	\$570,801	\$303,429		\$194,319	34%	\$109,110
Eating and Drinking	\$119,821	\$156,481	50%	\$78,241	65%	\$78,241
Building Material & Garden	\$146,573	\$79,284	85%	\$67,392	46%	\$11,893
Total Retail Goods	\$1,121,345	\$847,006	69%	\$581,176	52%	\$265,830

Source: 2017 Census of Retail Trade; Claritas Spotlight; Economic & Planning Systems

Competitive Grocery Stores Sales Capture

The retail sales flows for grocery stores and for warehouse clubs/supercenters was broken down in more detail to understand the current capture of retail sales for groceries in the trade area, which is shown in **Table 14**. The three grocery stores in the trade area receive a significant portion of their sales from residents of the trade area, which indicates that there is limited unmet demand currently in the trade area. The warehouse clubs/supercenters are estimated to receive about 30 percent of their sales from trade area residents. This rate of capture also does not indicate unmet demand.

Table 14 Trade Area Competitive Grocery and Supercenters

Store Category	Address	Store Square Feet	Estimated Store Sales	% of Est. Sales From TA Residents	Estimated Sales From TA Residents	% of TA Expenditure Potential
Supermarket/Grocery Inventory						
Within Trade Area						
King Soopers	1842 N College Ave	112,289	\$81,410,000	85%	\$69,198,500	41%
King Soopers	2602 S Timberline Rd	67,784	\$49,143,000	80%	\$39,314,400	23%
Sprouts	4345 Corbett Dr	24,288	\$17,609,000	85%	\$14,967,650	9%
Other			<u>\$3,580,000</u>	<u>80%</u>	<u>\$2,864,000</u>	<u>2%</u>
Within Trade Area Total			\$151,742,000	83%	\$126,344,550	75%
Outside Trade Area						
Outside Trade Area Total					<u>\$42,176,450</u>	<u>25%</u>
Total Grocery Sales					\$168,521,000	100%
Warehouse Club/Supercenter Inventory						
Within Trade Area						
Costco (Timnath)	4705 Weitzel St	157,686	\$110,000,000	25%	\$27,500,000	21%
Wal-Mart (Timnath)	4500 Weitzel St	191,538	\$85,000,000	25%	\$21,250,000	16%
Wal-Mart	1250 E Magnolia St	211,255	\$85,000,000	50%	\$42,075,000	32%
Super Target	2936 Council Tree Ave	175,631	<u>\$75,000,000</u>	<u>20%</u>	<u>\$15,000,000</u>	<u>11%</u>
Total			\$355,000,000	30%	\$105,825,000	80%
Outside Trade Area						
Outside Trade Area Total					<u>\$26,175,000</u>	<u>20%</u>
Total Warehouse/Super Center Sales					\$132,000,000	100%

Source: Economic & Planning Systems

Retail Demand Potential

The estimated demand for new retail square feet in the trade area generated by new residents in the trade area from 2023 to 2038 is approximately 460,000 square feet, as shown in **Table 15**. The estimated growth in retail expenditure potential for the trade area is \$558 million. EPS estimates that new stores in the trade area can capture 40 percent of this growth expenditure potential. The remainder of expenditure potential is assumed to be captured by existing stores in the trade area or from stores outside the trade area. The Convenience Goods store category has the greatest potential to capture the demand generated by new residents. The estimated demand for Convenience Goods store space is 185,800 square feet. Demand for Supermarkets/Grocery stores is estimated to be 84,500 square feet.

Table 15 Trade Area Estimated Retail Demand Potential, 2023-2038

Store Type	Trade Area 2023 to 2038				
	Change in Exp. Potential (\$000s)	Trade Area Capture %	Estimated Demand (\$000s)	Sales per Square Foot	Estimated Demand Square Feet
Total Personal Income (TPI)	\$1,122,228				
Convenience Goods					
Supermarkets	\$81,666	75%	\$61,249	\$725	84,500
Convenience Stores (incl. Gas Stations)	\$32,968	75%	\$24,726	\$500	49,500
Specialty Food and Beer, Wine, & Liquor Stores	\$15,082	75%	\$11,311	\$500	22,600
Health and Personal Care	<u>\$19,450</u>	75%	<u>\$14,587</u>	<u>\$500</u>	<u>29,200</u>
Total Convenience Goods	\$149,165		\$111,874		185,800
Shopper's Goods					
General Merchandise					
Department Stores	\$5,698	25%	\$1,424	\$300	4,700
Warehouse Clubs & Supercenters, other GM	<u>\$64,073</u>	50%	<u>\$32,036</u>	<u>\$700</u>	<u>45,800</u>
Subtotal	\$69,771		\$33,461		50,500
Other Shopper's Goods					
Clothing & Accessories	\$22,100	25%	\$5,525	\$350	15,800
Furniture & Home Furnishings	\$14,083	25%	\$3,521	\$350	10,100
Electronics & Appliances	\$10,811	25%	\$2,703	\$350	7,700
Sporting Goods, Hobby, Book, & Music Stores	\$12,753	25%	\$3,188	\$350	9,100
Miscellaneous Retail	<u>\$17,524</u>	25%	<u>\$4,381</u>	<u>\$350</u>	<u>12,500</u>
Subtotal	\$77,271		\$19,318		55,200
Total Shopper's Goods	\$294,084		\$52,779		105,700
Eating and Drinking	\$75,831	50%	\$37,915	\$400	94,800
Building Material & Garden	\$38,421	50%	\$19,211	\$250	76,800
Total Retail Goods	\$557,501	40%	\$221,779		463,100

Source: 2017 Census of Retail Trade; Claritas Spotlight; Economic & Planning Systems

A more detailed estimate of potential demand for a grocery store is provided in **Table 16**. The demand for two potential store formats was evaluated. A traditional store format is approximately 60,000 square feet in size and generates sales of between \$45 and \$50 million annually. A large store format, similar to the King Sooper Marketplace concept, is approximately 117,000 square feet in size and generates sales between \$70 and \$75 million annually.

Existing demand from the trade area through recapture of sales made outside the trade area (leakage) and increased inflow of sales from people in the trade area is estimated to be \$25 million, which is about half the required demand for a traditional format and a third of the demand for a large format store.

The demand from future residents spending at five-year increments was added to the existing demand to gauge when a new store may be in demand in the trade area. The estimated grocery sales in the trade area in five years (2028) is \$46 million, which is close to sufficient demand for a traditional format store. The demand for a large format store will likely require 10 or more years to be sufficient without an additional inflow of sales from households outside the trade area. The total demand after 15 years of housing growth is estimated to be \$87 million.

Table 16 Potential Grocery Store Demand

Store Type	Annual Sales	
	\$	%
Potential Store Sales		
Traditional Format	\$48,750,000	---
Large Format	\$73,800,000	---
<hr/>		
Existing Demand		
Trade Area Leakage		
Grocery	\$42,130,365	
% Capture of Leakage	25%	
Recaptured Grocery Sales	\$10,532,591	
General Merchandise	\$26,443,592	
% Capture of Leakage	25%	
Recaptured Gen. Merch. Sales	\$6,610,898	
Sales from Leakage	A	\$17,143,489 35%
New Inflow Sales	B	\$8,159,413 17%
Existing Demand	A+B=C	\$25,302,903 52%
<hr/>		
Future Demand		
5 - Years		
Expenditure Potential		\$27,221,860
Estimated Captured Sales	D	\$20,416,395
Total Demand (Existing + Future)	C+D	\$45,719,298
10 - Years		
Expenditure Potential		\$54,443,720
Estimated Captured Sales	E	\$40,832,790
Total Demand (Existing + Future)	C+E	\$66,135,693
15 - Years		
Expenditure Potential		\$81,665,580
Estimated Captured Sales	F	\$61,249,185
Total Demand (Existing + Future)	C+F	\$86,552,088

Source: Economic & Planning Systems

Site Evaluation

This section provides an overview of the Peakview site and its attributes that may be supportive of retail and grocery stores.

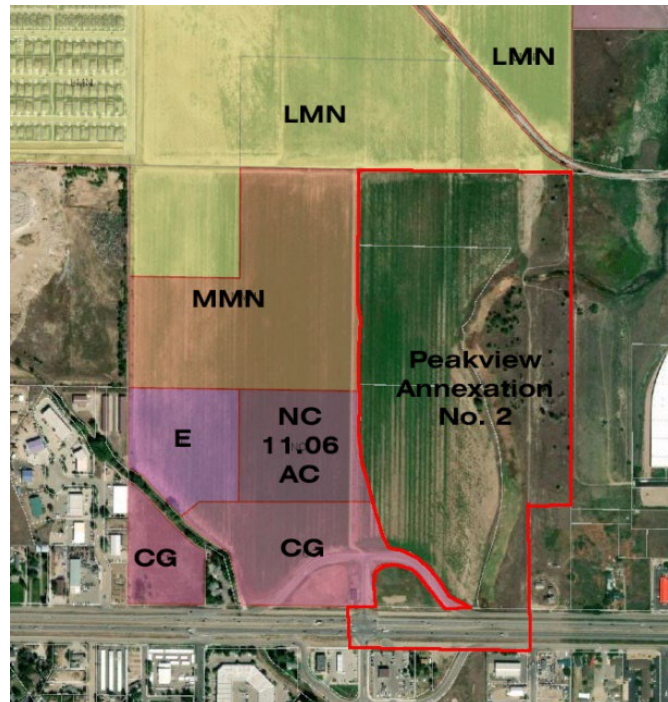
Site Overview

The Peakview site is located on the north side of Mulberry Road (State Highway 14) about a half mile to the west of I-25. The site is accessed off a future signalized intersection at Mulberry Road and a planned arterial road, Greenfields Street. Greenfields is planned to connect to Suniga Street to the north providing north/south access to the site. Greenfields divides the recently annexed planned development being constructed by Hartford Homes on the west side of Greenfields. The

Peakview site is on the east side of Greenfields and is approximately 80 acres, as shown in **Figure 6**. The site is bisected by the Copper Slough drainage way, which significantly impacts the amount of developable land on the site. The area on the west side of the slough that is developable is estimated to be approximately 35 acres.

The Developers proposed zoning for the site upon annexation is shown in **Figure 7**. The Developer's plan is to have the northern half of the property be zoned MMN, which calls for medium density residential uses. The southern half, west of the slough is planned for general commercial, which allows for a variety of retail and commercial uses and multifamily residential. The CityPlan designation for the site to be a mix of Neighborhood Mixed-Use and Mixed Neighborhood. Neighborhood Mixed-Use calls for a principal land use of a grocery store or other neighborhood-oriented anchor such as a drug store. Supporting land uses include retail, professional office, and other commercial services. The Mixed Neighborhood designation calls for a diversity of housing types to be built.

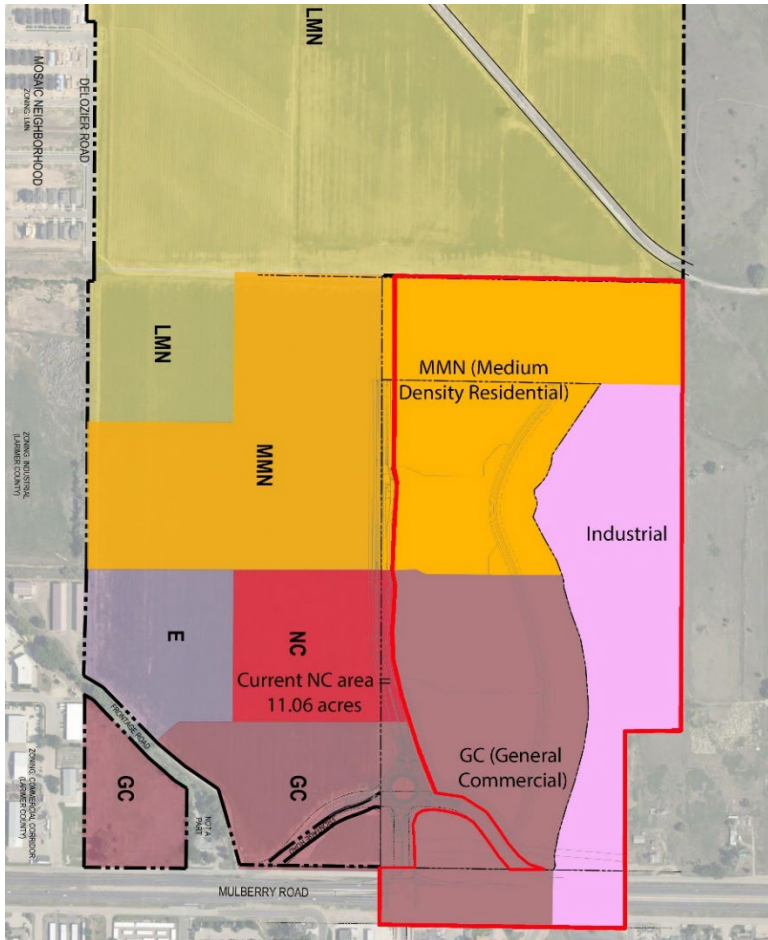
Figure 6 Peakview Annexation Boundary



The recently annexed Hartford homes development that borders Peakview to the west has a mixture of zoning designations that were approved. The site has an 11-acre neighborhood center area along Greenfields, with general commercial zoning along Mulberry, employment to the west of the neighborhood center and residential districts approved to the north.

Based on input from the East Mulberry Street Corridor Plan effort and the CityPlan Structure Map, the City of Fort Collins wants to preserve the opportunity for a grocery store(s) along Mulberry to support current and future resident needs. The Developer does not feel there is sufficient demand for additional land to be zoned neighborhood commercial, which would necessitate attraction of a grocery or pharmacy anchor store. A grocery store that can be attracted to this area would fit within the neighborhood center district in the Hartford Homes development. Instead, the developer is asking for general commercial zoning, which is more permissive. The City's concern is that the developer will use most of the land zoned for general commercial for multifamily housing, which will diminish the opportunity for retail uses to locate in the area.

Figure 7 Peakview Annexation Proposed Zoning



Comparable Grocery Store Site Requirements

EPS evaluated the site requirements and building sizes for the recently developed King Sooper stores along the front range of Colorado. King Soopers stores, both developed in the recent past by the parent Kroger Corporation or the partner Dillon Companies, in Colorado have primarily been the larger format Marketplace concept. These stores are typically 120,000 to 125,000 square feet in size, as shown in **Table 17**. The one exception is a 79,000 square foot store that was part the redevelopment of an existing store in Aurora at Parker Road and I-225. The larger format Marketplace concepts are located in mixed use or larger retail centers with an average size of 24 acres. The average individual store parcel size for the Marketplaces has been 11.5 acres, which includes the store and its parking fields and sometimes the associated gas station.

Table 17 Recently Built/Planned King Sooper Grocery Stores

City	Location	Store Size	Total Development Size (acres)	Store Parcel (acres)
Arvada	Indiana and Candelas Pkwy	123,000	22.0	14.0
Thornton	Quebec and 136th Ave	123,000	14.0	11.5
Aurora	Parker Road and I-225	79,000	22.0	6.5
Lone Tree	RidgeGate Parkway	123,000	40.0	---
Greeley	W 10th Street and 71st Avenue	120,536	19.0	11.4
Fountain	Mesa Ridge Pkwy and Syracuse St	123,000	21.0	11.2
Erie	Sheridan and CO Highway 7	125,000	30.0	14.3
Average		116,648	24.0	11.5

Source: Economic & Planning Systems

Findings

Planning for and requiring commercially zoned land around the intersection of Greenfields and Mulberry Street creates the opportunity to capture the estimated retail demand. Two major considerations were identified to provide input to the proposed zoning plan for the Peakview site.

What is demand for grocery stores along Mulberry Street and over what time frame?

- EPS believes that there is likely only demand for one grocery store along Mulberry Street over the next 10 to 15 years. There will be demand for additional commercial and retail space that will be attracted by a grocery store if it is located along Greenfields. The potential demand will also be impacted by the Montava development to the north that is also planning for a grocery store component for its project.

Is the land designated for grocery uses along Mulberry Street sufficient enough to accommodate future demand?

- EPS believes that the site within the Hartford Homes project zoned for neighborhood center is sufficient enough to accommodate a grocery store. The surrounding land zoned general commercial in the Hartford Homes development and proposed in the Peakview Annexation is also sufficient to accommodate the supporting retail uses that can be attracted to the site. However, if the general commercial land designated in the Hartford Homes and/or Peakview project is used primarily for multifamily residential, the opportunity to accommodate supporting inline retail and other retail uses at the intersection is limited and greatly impacted. Also, the attractiveness of developing a grocery store may be diminished for a developer without space to locate support retail pads and inline space.